START

OF

ROLL

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William L. Carter
Signature of Scanner Operator

4/2/2012
Date

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1/28/09 OVERVIEW: ALASKA MENTAL HEALTH TRUST AUTHORITY

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The TRUST
The Alaska Mental Health Trust Authority

FACT SHEET

The Trust

The Alaska Mental Health Trust Authority is a state corporation that administers the Alaska Mental Health Trust, a perpetual trust managed on behalf of Trust beneficiaries. The Trust operates much like a private foundation, using its resources to ensure that Alaska has a comprehensive integrated mental health program to provide treatment and services for Trust beneficiaries. The Trust works with the Alaska Department of Health and Social Services to coordinate planning for this program, makes recommendations to the governor and Legislature regarding funding of the program, and advocates for funding and policies that support the systems serving Trust beneficiaries.

Trust Beneficiaries

Trust beneficiaries include:

- people with mental illness,
- people with developmental disabilities,
- people with chronic alcoholism and
- people with Alzheimer's disease and related disorders.

Trust History

Prior to statehood, there were limited services available in the Territory of Alaska for individuals who experienced mental illness or developmental disabilities. Instead, these individuals were sent by the federal government to live in an institution in Oregon. During Alaska's transition to a state, Congress passed the Alaska Mental Health Enabling Act of 1956 to help bring these individuals home. This act transferred the responsibility for providing mental health services from the federal government to the Territory of Alaska and ultimately the State of Alaska, by creating the Alaska Mental Health Trust. To fund The Trust, the state selected one million prime acres of land that would be managed to generate income to pay for a comprehensive integrated mental health program.

Though the Alaska Legislature held a fiduciary responsibility to manage the land on behalf of Alaskans with mental disabilities, it did not do so. Instead, by 1982, only about 35 percent of the land remained in state ownership. The majority of the land had been transferred to individuals or municipalities, or designated by the Legislature as forests, parks or wildlife areas.

In 1982, Vern Weiss filed a lawsuit on behalf of his son, who required mental health services that were not available in Alaska. Other beneficiary groups joined *Weiss v State of Alaska* in a class action suit. The case was ruled on in 1984 by the State Supreme Court, which ordered that the original trust be restored. Ten years later, in 1994, a final settlement reconstructed The Trust with 500,000 acres of original Trust land, 500,000 acres of replacement land and $200 million in cash.

Trust Governance

The Trust settlement established an independent Board of Trustees appointed by the governor and confirmed by the Legislature. The appointments are for five-year, staggered terms. Current Trustees are:

- Dr. William Doolittle, Chair
- Laraine Derr, Vice Chair
- Paula Easley, Secretary/Treasurer
- Tom Hawkins
- Larry Norene
- Timothy Schuerch

Trust Advisors

The Trust works closely with several advocacy boards that represent Trust beneficiaries:

- **Advisory Board on Alcoholism and Drug Abuse**
  - Call 907-465-8920 in Juneau or 888-464-8920 (toll free
  - http://www.hss.state.ak.us/abada
- **Alaska Mental Health Board**
  - Call 907-465-8920 in Juneau or 888-464-8920 (toll free)
  - http://hss.state.ak.us/amhb
- **Governor's Council on Disabilities and Special Education**
  - Call 907-268-8990 in Anchorage or 888-269-8990 (toll free)
  - http://health.hss.state.ak.us/gcdse
- **Alaska Commission on Aging**
  - Call 907-465-3250 in Juneau
  - http://www.alaska.aging.org
- **Alaska Brain Injury Network**
  - Call 907-274-2824 in Anchorage or 888-574-2824 (toll free)
  - http://www.alaskabraininjury.net
- **Statewide Suicide Prevention Council**
  - Call 907-465-8536 or 877-383-2287 (toll free)
  - http://www.hss.state/ak.us/suicideprevetion

Trust Assets

The Trust employs the expertise of several organizations to manage its cash and non-cash assets. The Alaska Permanent Fund Corporation and the Alaska Department of Revenue Treasury Division manage The Trust's cash assets. The Trust Land Office, a separate unit within the Alaska Department of Natural Resources, manages the land and other non-cash assets on behalf of The Trust.

Trust Funding

The majority of The Trust's annual operating and capital budgets is spent in two areas:

- Trust Focus Areas -- based on recommendations from the focus area workgroups.
- Programs initiated by The Trust's advisory boards through the annual Request for Recommendation process.

These expenditures along with other state funds comprise the Separate Mental Health Budget Bill and must be approved by the Legislature.

A small portion of The Trust's annual operating budget is available for grants to non-profits, providers, tribal entities, governmental agencies and other organizations that serve Trust beneficiaries. Grant funds are spent at the discretion of the Board of Trustees or Trust staff.

Trust Focus Areas

Currently The Trust is focusing on five program areas that address issues with significant impact on Trust beneficiaries:

1. **Bring the Kids Home** – bringing home to Alaska those children who experience severe emotional disturbances and are being treated in out-of-state psychiatric institutions, and increasing treatment, services statewide so they remain in Alaska;
2. **Affordable Appropriate Housing** – increasing a continuum of housing options for Trust beneficiaries;
3. **Disability Justice** – reducing the involvement and recidivism of Trust beneficiaries in the criminal justice system;
4. **Beneficiary Projects Initiative** – supporting grassroots, peer-to-peer programs for Trust beneficiaries;
5. **Workforce Development** – creating an available and competent workforce for Trust beneficiary service providers.

Alaska State Senate
Senate Finance Committee

Official Business

Mail Stop 3100
State Capitol
Juneau, Alaska 99801-1182

AGENDA

Wednesday, January 28, 2009 — 9:00 AM

OVERVIEW:
ALASKA MENTAL HEALTH TRUST AUTHORITY BUDGET

Jeff Jessee, Executive Director, Alaska Mental Health Trust Authority
Laraine Derr, ~~Vice-Chair~~, Alaska Mental Health Trust Authority

Alaska Scorecard

Key Issues Impacting Alaska Mental Health Trust Beneficiaries

The Trust
The Alaska Mental Health Trust Authority

Key to Scorecard Status Symbols

	AK vs. US % variation		Trend		Definition	Status
If	Less than 15%	and	Getting better	then	Satisfactory	▲
If	Less than 15%	and	Getting worse or flat	then	Uncertain	⇔
If	Greater than 15% to the positive	and	Getting better or flat	then	Satisfactory	▲
If	Greater than 15% to the positive	and	Getting worse	then	Uncertain	⇔
If	Greater than 15% to the negative	and	Getting better	then	Uncertain	⇔
If	Greater than 15% to the negative	and	Getting worse or flat	then	Needs Improvement	▼
If	An unacceptably large rate to the negative	then	Trend becomes irrelevant	then	Needs Improvement	▼

Charts showing trend data can be found in the Drilldown Information by Key Population Indicator.

Scorecard indicator #8 on teen depression is labeled with a "down" arrow because even though a clear trend cannot be determined, the Comprehensive Integrated Mental Health Program Executive Committee finds it unacceptable that more than 20 percent of Alaska teens experience depression.

The TRUST
The Alaska Mental Health Trust Authority

Background/Facts about Trust Advisors

The Trust works closely with several advisory boards that represent Trust beneficiaries:

- **Advisory Board on Alcoholism and Drug Abuse**
  - Call 907-465-8920 in Juneau or 888-464-8920 (toll free
  - http://www.hss.state.ak.us/abada
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- **Statewide Suicide Prevention Council**
  - Call 907-465-8536 or 877-383-2287 (toll free)
  - http://www.hss.state/ak.us/suicideprevetion

Details about each of these advisory groups are attached.

Advisory Board on Alcoholism and Drug Abuse

Prevention & Treatment work! Recovery happens!

http://www.hss.state.ak.us/abada
Toll free **(888) 464-8920**
In Juneau (907) **465-8920**

The Advisory Board on Alcoholism and Drug Abuse (ABADA) is a statutorily authorized Governor's advisory board charged with assisting in planning and offering oversight of Alaska's behavioral health system. Through our mandate, we work to support a comprehensive, effective and accountable behavioral health system of prevention and treatment of substance abuse for Alaskans. Our members' vision is of all Alaskans living healthy, productive lives. The shared plan to achieve that vision is on our web site at www.hss.state.ak.us/abada.

Advocacy priorities

ABADA supports:

- a comprehensive and effective behavioral health service system;
- effective evidence-based prevention programs that target young people and families to help reduce the tendency and/or predisposition to becoming an alcoholic or addict;
- effective evidence-based treatment programs that work in the community and in detention facilities to guide alcoholics and addicts in changing their thinking and subsequently their behavior as it relates to addiction;
- reducing stigma about substance abuse disorder.

The American Medical Association has determined that addiction is a disease, like diabetes or heart disease. And, like other diseases, recovery from addiction is possible. ABADA supports programs that help individuals with addiction disorders realize their potential in recovery.

Evidence shows that incarcerated individuals with addiction disorders are less likely to reoffend if they receive treatment services while in prison and during the transition back into their communities. Evidence-based treatment programs are proven to decrease recidivism when an individual is treated closer to his/her family and community. ABADA supports partnering with the Alaska Department of Corrections to implement programs for supportive housing, employment and social/emotional skill development during the transition after incarceration.

The social and economic costs of substance abuse are shared by all Alaskans. Public safety, health care and public assistance are all impacted by substance abuse. However, funding for prevention and treatment of behavioral health programs that treat substance abuse has not kept pace with community need.

Some facts about substance abuse in Alaska

In 2003, the total cost of substance dependence in was estimated to be $738 million.*

- $367 million from productivity losses
- $154 million from criminal justice and protective services
- $178 million from health care
- $35 millions from traffic crashes
- $4 million from public assistance

Approximately 17,400 offenses and 1,190 incarcerations were attributed to alcohol and other drug abuse in Alaska's prisons. It is estimated that alcohol and other drug abuse plays a role in 85% to 95% of all incarcerations in the state.*

Alcohol and other drug abuse is a primary contributor to child abuse in Alaska. A 1999 study found that parents were three times more likely to abuse their children and four times more likely to neglect their children if the parents were substance abusers.*

About half of all U.S. fatal traffic crashes are caused by alcohol use. In Alaska in 2002, 32% of the 78 deaths from traffic crashes were attributed to alcohol.*

* *Economic Costs of Alcohol and Other Drug Abuse in Alaska, 2005 – McDowell Group, Inc.*

Alaska Mental Health Board

Prevention & Treatment work! Recovery happens!

http://www.hss.state.ak.us/amhb
Toll free **(888) 464-8920**
In Juneau (907) **465-8920**

The Alaska Mental Health Board (AMHB) is statutorily charged with assisting in planning and offering oversight and evaluation of Alaska's behavioral health system. AMHB also provides advocacy for Alaskans affected by mental illness. Our vision is for all Alaskans to live healthy, productive lives.

Advocacy priorities

AMHB supports:

- Promoting evidence-based recovery models and treatment services for people with mental illness – including children, veterans and the elderly – in both rural and urban communities and in detention facilities;
- Treating children with emotional disorders at home in their own communities;
- Innovative housing for people with mental illness;
- Defining behavioral health needs of aging Alaska citizens;
- Reducing the stigma associated with mental illness.
- Promoting workforce development for both providers in the behavioral health field and beneficiaries in all fields.

AMHB supports evidence-based services such as tele-psychiatry and on-call emergency service teams to support rural community service needs. Making acute care services available in rural areas promotes quality treatment as close to home as possible while also reducing the costs associated with transporting people in crisis to Anchorage.

Too many Alaskans with serious mental illnesses end up in a corrections facility. The AMHB advocates for effective community-based programs available to serve individuals with serious mental illnesses so that they are less likely to offend, or to re-offend when released into the community.

With the Alaska Mental Health Trust Authority (Trust) and others, we continue to support the need for community-based care for children who experience severe emotional disorders. The Bring the Kids Home initiative has dramatically reduced the number of children in out-of-state treatment — we support maintaining the services to keep our children in Alaska.

We continue to support developing innovative housing for individuals experiencing mental illness, including consumer-run programs.

Alaska's senior population is growing rapidly. AMHB is working closely with the Alaska Commission on Aging and other partners to better define the behavioral health needs and resources for this group. Alaska and other states are finding that depression and substance abuse within the senior population are very serious problems that require specialized services.

Some facts about mental health in Alaska

The Division of Juvenile Justice reported that in a one-day count, 40% of the youth in their custody or care have a mental health diagnosis.

According to a one-day snapshot study conducted for the Department of Corrections in 2007, 42% of those in the corrections system experience a mental health disorder. "Among those identified, findings indicate that Trust beneficiaries spend more time in custody than other inmates, are more likely to recidivate post-release, and more than ¼ do not get reconnected with community-based mental health service providers upon release," the study said.

Alaska has the highest percentage of veterans in the nation (17% of all adults). The Veterans Administration reports that one in three veterans returning from Afghanistan and Iraq face behavioral health problems. Post traumatic stress disorders (PTSD), depression, substance abuse and traumatic brain injuries are very real problems for Alaska's veterans. The only four VA Centers are located on the road system, making it difficult for veterans in rural areas to access care. Alaskan veterans with severe mental health problems are sent to the Lower 48 for treatment.

Governor's Council on Disabilities and Special Education

Creating Change That Improves the Lives of People with Disabilities
And Students Receiving Special Education Services

The more than 87,000 children and adults in Alaska with developmental disabilities are as varied as any group of people. They go to school or work; have families and friends; nurture hopes and dreams; fulfill expectations and potential. These individuals and their families, like all of us, want to determine their own lifestyles and be valued, participating members of their communities.

Alaska is a better place than it used to be for people with developmental disabilities. We have more accessible, affordable housing, and better transportation and family support systems. But we also have long waiting lists for available services. And in many communities, services aren't available at all.

Large gaps exist between adults with developmental disabilities and other adults in employment, education, income and other important standards of living. Many public buildings still aren't accessible. Lack of affordable health care is also a major barrier to independent living.

For students with disabilities, getting an appropriate education is challenging. Education issues rank second in the number of complaints with the Disability Law Center. Successful transitions throughout the educational process are inconsistent statewide. Very few Alaskans with developmental disabilities receive any post-secondary education, which limits their employment options and opportunities for career advancement.

Rather than creating separate boards to comply with the requirements of the Developmental Disabilities Assistance and Bill of Rights Act and the Individuals with Disabilities Education Act, the Alaska Legislature established the Governor's Council on Disabilities and Special Education. The Council serves as the:

- State Council on Developmental Disabilities
- Special Education Advisory Panel
- Interagency Coordinating Council on Infants and Toddlers with Disabilities
- Beneficiary Board of the Alaska Mental Health Trust Authority
- Governing Board of the Special Education Service Agency (SESA)

The Council is a 28-member Governor-appointed body made up of people with disabilities, parents, and representatives of principal state agencies and private providers. We use planning, evaluation, capacity building, and advocacy to create change. We analyze trends and study population characteristics. To influence attitudes we conduct public awareness campaigns. We strive to coordinate services through interagency working groups. We develop coalitions to bring about change through legislation and regulation. We also provide information to assist individuals and families to access services and advocate to policymakers on their own behalf.

Our Major Areas of Focus

- **Community Participation**: We seek to make certain people with disabilities have access to fully participate in all aspects of their community by increasing their knowledge regarding consumer rights and responsibilities, self-determination, self-advocacy and

systems navigation. This promotes communication between people with disabilities and their policymakers.

- **Education:** Alaska students should have educational experiences that allow them to reach their goals, and achieve their hopes and dreams. We work to ensure students with disabilities succeed at a rate as closely as possible to that of the general population. We also work to ensure that youth graduating from high school are equipped with skills to successfully participate in adult life.

- **Transportation:** We believe everyone should be able to get where they want to go when they want to get there. Only a few Alaska communities have public transportation. In other communities, what transportation that is available is uncoordinated and unnecessarily expensive. We work to improve statewide availability and accessibility of adequate transportation.

- **Health Care**: Everyone should have the opportunity to be healthy and benefit from the full range of needed health care services. As more people receive services, more attention needs to be given to assuring their health and safety. We work to promote the recruiting and retaining of high quality staff; exterminating wait lists; and giving more attention to people with complex needs, as well as those in remote areas of the state.

- **Housing**: We believe Alaskans who experience disabilities should be able to secure accessible, affordable and integrated housing in their communities. We work to increase the availability of accessible housing options for people with disabilities.

- **Self-Determination**: People should have control, choice, and flexibility in the services and supports they receive. We strive to ensure every individual is a valued, participating member of their community by helping them learn how to gain more control over their own supports and services. In this way, they learn and practice skills that enhance their abilities for self-determination.

- **Employment**: It is our goal that every Alaska is able to get and keep employment consistent with his or her interests, abilities, and needs. We work to develop strategies to significantly increase career opportunities for people with disabilities.

The Governor's Council on Disabilities and Special Education is one of several boards/commissions that the Alaska Mental Health Trust Authority (The Trust) represents.

For more information, call or check these websites:

Governor's Council on Disabilities and Special Education
(907) 269-8990 – http://health.hss.state.ak.us/gcdse/

Alaska Mental Health Trust Authority
907-269-7960 -- www.mhtrust.org

The Alaska Commission on Aging

Alaska's Seniors – a Resource and a Responsibility

907-465-3250 www.alaskaaging.org

Alaska's senior population is the second most rapidly growing senior population in the nation. We experienced more than a 100% increase in the 60 and older population from 1990 to 2006, with the number of older Alaskans now growing by over five percent per year. By 2030, seniors age 60 and older will comprise 17% of Alaska's population – the same proportion as Florida's age 65+ population today.

Older Alaskans provide enormous benefits to the state, their communities, and their families. Contributing over $1.5 billion a year to the Alaskan economy (from retirement income and health care payments), seniors comprise one of the state's most basic economic "industries" – and one with many positive features, such as stability; local spending, triggering the economic multiplier effect; support of a diverse job mix year-round; an environmentally benign profile; non-enclave character where spending is distributed throughout the state); and creation of economies of scale in the provision of goods and services, especially in health care.

In addition to their economic assets, older Alaskans also contribute to their communities through high levels of volunteering, and they frequently serve as unpaid caregivers for children, other seniors, and younger adults with disabilities. The leadership and historical knowledge elders provide to our state is priceless and irreplaceable.

As the number of older Alaskans increases, the network of services for seniors must be strengthened and its capacity significantly expanded. This includes the information and referral resources upon which seniors rely to find the programs and services they need. Most seniors do not use any services – but when the need arises, they wish to have those services available and accessible.

Alaska Commission on Aging

The Alaska Commission on Aging (ACoA), formerly known as the Older Alaskans Commission, has been in existence since 1982. Its mission is to ensure dignity and independence for Alaska's seniors and to assist them, through planning, advocacy, education, and inter-agency coordination, to lead useful and meaningful lives.

What are the major challenges?

Alaska's senior population is expected to more than double by 2030, and the number of those age 85+ (the age group most likely to be affected by Alzheimer's Disease and Related Disorders – ADRD) will more than triple. There are an estimated 5,000 older Alaskans with ADRD today. While 80% of care for individuals with ADRD is provided at home, it is essential for families to be able to rely on an effective support system comprised of government, non-profit agencies, churches, businesses, and volunteers.

According to a 2005 senior survey conducted by the ACoA, financial security was the top concern of older Alaskans, followed closely by accessible, affordable health care. The survey provided an early alert to the growing problem of access to primary care for seniors on Medicare, with more and more physicians declining to serve patients enrolled in this program (they cite very low reimbursement rates). Other important concerns identified by the survey included the need for appropriate housing, fears of inadequate funding of senior services, a growing demand for senior transportation, and a perception that government and political leaders in Alaska should be more responsive to senior issues.

State- and municipally-funded programs (for example, the Senior Benefits program, the senior municipal property tax exemption, and senior grant services) are an important part of the economic and supportive resources of many senior households. However, they by no means constitute an adequate safety net for seniors. Only about one in five older Alaskans receives Medicaid services. The remaining 80%, often of very modest income, can have great difficulty obtaining the supportive services they may need. Even those with the requisite low income are deemed ineligible for Medicaid waiver services if their primary diagnosis is ADRD. Available funds for senior grant services have increased only marginally over the past decade, while the number of seniors has grown by over five percent per year.

How has the Commission addressed these challenges?

The Alaska Commission on Aging has undertaken a number of activities related to planning, advocacy, public awareness, and inter-agency coordination to address these challenges.

The State Plan for Senior Services, FY 2008 – FY 2011, approved by the U.S. Administration on Aging in June 2007, provides a broad vision of the status and needs of Alaskan seniors and offers an extensive set of goals, objectives and strategies chosen to move this vision forward among the state's aging network and other relevant agencies. Developed with the

assistance and ongoing support of multiple agency partners, the State Plan was intended to actively guide their work for the next four years, leveraged by the synergy of annual implementation meetings in which partners share ideas and report on their plan-related activities.

In 2006, the ACoA formed the Alaska Aging Advocacy Network (AAAN), a group of about 125 individuals (seniors and senior advocates) with an interest in joining the ACoA in advocating for legislation of particular interest to Alaska seniors. In 2007, the efforts of the AAAN assisted the Commission and other advocates in successfully obtaining a Senior Benefits program and several other bills benefiting seniors.

Each year, the Commission develops a list of advocacy priorities, which it posts on its website. One of the ACoA's top priority issues, a substantial operating budget increment for senior grant services (and an accompanying capital budget item for facility upgrades for senior grant providers), remains the focal point of the Commission's advocacy work in 2008.

Each year, the ACoA holds a series of senior legislative teleconferences during session, giving seniors at host sites across the state the opportunity to learn about and discuss a wide range of bills that may potentially impact them.

In 2007, the Commission and other partner agencies published a Report on the Economic Well-Being of Alaska Seniors, a long-awaited description of the economic status of older Alaskans and the variety of State programs available to them.

The ACoA engages in a variety of public awareness campaigns ranging from an Older Americans Month celebration each May featuring posters carrying messages about healthy aging, to participation in The Trust's "You KNOW Me..." campaign and the recent launching of the Healthy Body, Healthy Brain Campaign aimed at educating seniors and baby boomers about the links between healthy lifestyles (physical activity, healthy eating, socializing, and mental challenges) and a lower risk of developing ADRD.

The Commission's popular website is frequently updated with new features and news stories of interest to older Alaskans.

The Alaska Mental Health Trust Authority

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The settlement established an independent Board of Trustees who are appointed by the governor and confirmed by the legislature for five-year, staggered terms. The Trustees are responsible for oversight of The Trust's investments and land and non-cash assets. The investments are managed by the Alaska Permanent Fund Corporation, and the land and non-cash assets are managed under a contract with the Trust Land Office, a separate unit within the Alaska Department of Natural Resources.

The Trust works with the Alaska Department of Health and Social Services to coordinate planning for a comprehensive mental health program, makes recommendations to fund the program, and advocates for funding and policies that support the systems serving Trust beneficiaries.

alaska brain injury network

Every 15 seconds someone sustains a traumatic brain injury (TBI) in the U.S.

Thirty years ago, only half of all people with brain injury survived; now 78% survive. This means that many individuals now live with significant disability requiring a full range of services.

Every year the Alaska Department of Health & Social Services reports about 800 traumatic brain injury (TBI) cases resulting in hospitalization or fatality. There is an estimated 3000 emergency department visits. The TBI rate in rural Alaska is one of the highest in the nation.

It is estimated that at least 10,000 Alaskans are living with brain injury today. This number accumulates each year. Brain Injury can be a life-long disability.

The goal for every brain injury survivor is the best possible recovery for a fulfilling and productive life. Achieving that goal requires full range of services close to home.

The Alaska Brain Injury Network, Inc. (ABIN) is a non-profit organization dedicated to Alaskans whose lives have been changed by brain injury.

ABIN's Board of Directors represent all regions of Alaska and the extended brain injury community – survivors, family members, service providers, health educators, researchers and those who write laws and policy.

ABIN works with Department of Health and Social Services, the Alaska Mental Health Trust Authority, and partner boards to advocate for policy changes, programs, and facilities to better serve Alaskans with disability due to brain injury.

ABIN connects survivors and family members with others. Please contact us to learn about brain injury programs in your region.

What you can do...

- **Support FY10 TBI Budget items:**

  "Care Coordination with specialty in brain injury"

  Department of Health and Social Services,
  Senior and Disability Services

  $50.0 (General Fund/Mental Health)
  Matching funds $150.0 MHTAAR
  Visit www.alaskabraininjury.net to learn more.

- **Be aware of the fiscal and social burden of brain injury to the state**
- **Recognize emerging populations i.e. military and the elderly.**
- **Join Alaska Brain Matters online forum to meet and learn from Alaskans who have been affected by TBI.**

10 Year TBI State Plan Priorities

Visit www.alaskabraininjury.net to read the full report

Brain Injury Waiver – Develop TBI Waiver and/or improve the current Medicaid waiver system to accommodate the services needed by brain injury survivors: neuropsychological assessment; cognitive and functional therapy; case management; counseling, home modifications; transportation; and respite care.

In-state rehab facility – many Alaskans are left in a hospital setting because there is no post-acute rehabilitation option in Alaska. Others are sent out of State. Research shows outcomes improve with quality and timely rehabilitation.

Implement full continuum of TBI Services: I & R, Care Coordination, Acute and Post-Acute Rehab, Educational and related supports, Vocational Training and Rehabilitation, Long-term Care and Community Supports.

Continue TBI System Development: Public Awareness, Prevention and Advocacy; Outreach and Identification; Training and Workforce Development; and Statewide Planning and Coordination.

alaska brain injury network
www.alaskabraininjury.net
3745 Community Park Loop, Ste 140
Anchorage, AK 99508
(907) 274-2824

Alaska Brain Injury Network, Inc. mission is to educate, plan, coordinate, and advocate for a comprehensive service delivery system for Alaskans with traumatic brain injury and their families.

You KNOW us ...

The Public Health Burden of Brain Injury (prevalence)

5.3 million Brain Injuries

5 million persistent Mental Illness
4 million Alzheimer's
3 million Stroke
2 million Epilepsy
900,000 HIV/AIDS
500,000 Cerebral Palsy
400,000 Spinal Cord Injury

Brain injury prevalence is higher than most other disabilities.

Research shows outcomes after brain injury improve with quality TBI services at the right time.

The Financial Burden of Brain Injury

- Cost of care for a severe TBI survivor can range from $600,000 and $1,875,000.
- Direct medical costs and indirect costs of TBI such as lost productivity totaled an estimated $60 billion in the United States in 2000. *(Centers for Disease Control and Prevention)*
- Every dollar used for brain injury rehabilitation saves up to $35 in future medical costs. (Rhode Island Brain Injury Association)

Prevention is the <u>only</u> cure for Brain Injury

- The three leading causes of brain injury in Alaska are:
  1) falls 2) motor vehicles crashes and 3) assaults
  (ATV and Snowmachine accidents combined are a close fourth)
- One-third of all TBIs recorded in the Alaska Trauma Registry were alcohol related.
- The use of safety belts is the single most effective measure to prevent traumatic brain injuries.
- Using a helmet increases your chance of surviving a motorcycle crash by 37 percent. (*National Highway Traffic Safety Administration)*
- Bicycle helmets are 85-88 percent effective in mitigating head and brain injuries. Every dollar spent on a bike helmet saves $40 in direct medical costs and other costs to society. *(National Highway Traffic Safety Administration)*
- 14-20 percent of returning service members return from Iraq and Afghanistan with a TBI. Elmendorf Hospital recognizes the need for a Mild TBI clinic in Alaska. In the past year, 1400 soldiers have visited the local mild TBI clinic. *(KTUU News, 8/27/08)*

Traumatic Brain Injury is a beneficiary group in the Alaska Mental Health Trust Authority "You Know Me" Anti-Stigma and Treatment Works Campaign.

Alaska Statewide Suicide Prevention Council

[Alaska Statute 44.29.300-390]

The Statewide Suicide Prevention Council is the state planning and coordinating agency for issues surrounding suicide and suicide prevention. The powers, duties and responsibilities of the Council are to act in the advisory capacity to the Governor and the legislature with respect to what actions can and should be taken to:

- ✓ Improve health and wellness throughout the state by reducing suicide and its effect on individuals, families, and communities;
- ✓ Broaden the public's awareness of suicide and the risk factors related to suicide;
- ✓ Enhance suicide prevention services and programs throughout the state;
- ✓ Develop healthy communities through comprehensive, collaborative, community-based approaches;
- ✓ Develop and implement a statewide suicide prevention plan; and
- ✓ Strengthen existing and build new partnerships between public and private entities that will advance suicide prevention efforts in the state.

Our beneficiaries are families, friends, and neighbors –

They are Alaskans in our schools, churches and workplaces. They deserve the quality of care and level of service that will allow them to live as independently as possible. Healthy people are Alaska's most important natural resource.

Services make a difference –

An individual who receives appropriate services can live a fuller, more dignified life. We have made great strides in understanding the challenges facing Trust beneficiaries and how to better help them. Adequate services allow beneficiaries to become more self-sufficient, improving the quality of life for them, their families and communities.

Investment produces dividends –

Wisely investing resources today in early intervention and prevention helps people build healthy lives and decreases the prospect of more costly services in the future. Individuals, families, communities, and the state reap the dividends.

What are some major challenges?

Funding for prevention and treatment has not kept pace with community need. Increasing reliance on Medicaid funds to be eligible for treatment excludes all but the very needy. Reaching out to families, returning veterans, older Alaskans, and others with moderate needs is critical to decreasing high costs, both financially and in addictions that take more effort to treat.

The Alaska Mental Health Trust Authority

The Alaska Statewide Suicide Prevention Council is one of several boards/commissions that represent beneficiaries of the Alaska Mental Health Trust Authority (The Trust). Trust beneficiaries include people with mental illness, people with developmental disabilities, people with chronic alcoholism, and people with Alzheimer's disease and related disorders.

Prior to statehood, there were limited services available in the Territory of Alaska for individuals who experienced mental illness or developmental disabilities. Instead, these individuals were sent by the federal government to live in an institution in Oregon. During Alaska's transition to a state, Congress passed the Alaska Mental Health Enabling Act of 1956 to help bring these individuals home. This act transferred the responsibility for providing mental health services from the federal government to the Territory of Alaska and ultimately the State of Alaska, by creating the Alaska Mental Health Trust. To fund The Trust, the state selected one million prime acres of land that would be managed to generate income that would pay for a comprehensive integrated mental health program.

Though the state legislature held a fiduciary responsibility to mange the land on behalf of Alaskans with disabilities, it did not do so. Instead, by 1982, only about 35 percent of the land remained in state ownership. The majority of the land had been transferred to individuals or municipalities, or designated by the legislature as forests, parks or wildlife areas.

In 1982, Vern Weiss filed a lawsuit on behalf of his son, who required mental health services that were not available in Alaska. Other beneficiary groups joined *Weiss v State of Alaska* in a class action suit. The case was ruled on in 1984 by the State Supreme Court, which ordered that the original trust be restored. Ten years later, in 1994, a final settlement reconstructed The Trust with 500,000 acres of original Trust land, 500,000 acres of replacement land and $200 million.

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The Trust works with the Alaska Department of Health and Social Services to coordinate planning for a comprehensive mental health program, makes recommendations to fund the program and advocates for funding and policies that support the systems serving Trust beneficiaries.

For more information, call or check these websites:

Alaska Mental Health Trust Authority	907-269-7960 -- www.mhtrust.org
Advisory Board on Alcoholism and Drug Abuse	907-465-8920 or 888-464-8920 – www.hss.state.ak/abada
Alaska Commission on Aging	907-465-3250 --www.alaskaaging.org
Alaska Mental Health Board	907-465-8920 -- www.hss.state.ak/amhb
Governor's Council on Disabilities and Special Education	907-269-8990 -- www.hss.state.ak.us/gcdse
Statewide Suicide Prevention Council	907-451-2017 -- www.hss.state.ak/suicideprevention
Alaska Brain Injury Network	907-274-2824 – www.alaskabraininjury.net

Alaska Scorecard

Key Issues Impacting Alaska Mental Health Trust Beneficiaries

The Trust — The Alaska Mental Health Trust Authority

▲ Satisfactory ⇔ Uncertain ▼ Needs Improvement

	Key Population Indicators for Alaska	*Alaska Data*	*U.S. Data*	*2012 AK Target*	*Status*
	Health				
	Suicide				
1	Suicide rate per 100,000	19.6	10.9	18	▼
2	Non-fatal suicide attempts (rate per 100,000)	104.9	54.5	95	▼
	Substance Abuse				
3	Alcohol-induced deaths per 100,000	20.7	7	17	▼
4	Adults who engage in heavy drinking	6.4%	5.2%	5.2%	▼
5	Adults who engage in binge drinking	19.2%	15.7%	18%	▼
6	Illicit drug users (age 12 and older)	11.1%	8.3%	10%	▼
	Mental Health				
7	Days of poor mental health in past month (adults)	3.2	3.2	3	⇔
8	Teens who experienced depression during past year	26.9%	28.5%	22.5%	▼
	Access				
9	Population without health insurance	17.4%	15.5%	14.6%	⇔
	Safety				
	Protection				
10	Children abused and neglected (rate per 1,000)	14.3	12.3	12.3	▼
11	Injuries to elders due to falls — rate per 100,000	1,369	1,176	1,176	⇔
12	Rate of non-fatal traumatic brain injury per 100,000	87.3	not avail.	82	▲
	Justice				
13	Percent of incarcerated adults with mental illness or mental disabilities	42%	38.7%	40%	▼
14	Criminal recidivism rates for incarcerated adults with mental illness or mental disabilities	36.2%	not avail.	34%	⇔
15	Percent of arrests involving alcohol or substance abuse (State Troopers)	58.4%	not avail.	not avail.	▼
	Living with Dignity				
	Accessible, Affordable Housing				
16	Rate of chronic homelessness per 100,000	91.8 *(2008)*	41.1 *(2007)*	63.5	▼
	Educational Goals				
17	High school graduation rate	63%	not avail.	not avail.	▼
18	Percent of youth who received special education who are employed and/or enrolled in post-secondary education one year after leaving school	68.4%	not avail.	71.4%	⇔
	Economic Security				
19	Percent of minimum wage income needed for average 2-bedroom housing	85%	not avail.	30%	▼
20	Average annual unemployment rate	7%	5.7%	not avail.	⇔
21	Percent of SSI recipients with blindness or disabilities who are working	7.1%	5.7%	8%	▲

Prevalence Estimates: Alaska Mental Health Trust Beneficiaries		
Trust Beneficiary Population	***Number (and population rate)***	
Mental Illness: Alaskan Adults with Serious Mental Illness	21,754	(4.6%)
Mental Illness: Alaskan Children with Serious Emotional Disturbance	12,725	(6%)
Alaskans with Alzheimer's Disease and Related Disorders	5,100	(.8%)
Alaskans with Traumatic Brain Injury	11,900	(1.8%)
Alaskans with developmental disabilities	12,185	(1.8%)
Alaskan adults dependent on alcohol	17,000	(3.6%)

Alaska Scorecard, December 2008 | www.hss.state.ak.us/dph/healthplanning/scorecard/

Health: Suicide

1. Suicide rate per 100,000. Alaska rate is almost twice the national rate. (2005)[1]

2. Non-fatal suicide attempts per 100,000. Rate of non-fatal attempts requiring hospitalization for at least 24 hours. AK ranks no. 2 in the U.S. (2006)[2]

Health: Substance Abuse

3. Alcohol-induced deaths per 100,000. Includes fatalities from alcoholic psychoses, alcohol dependence syndrome, non-dependent abuse of alcohol, alcohol-induced chronic liver disease and cirrhosis, and alcohol poisoning. (2006)[1]

4. Adults who engage in heavy drinking. Percent of adults who reported heavy drinking in past 30 days (2 or more drinks daily for men and 1 or more daily for women). AK ranks no. 8 in the U.S. (2007)[3]

5. Adults who engage in binge drinking. Percent who reported drinking 5 or more drinks on one occasion in past 30 days. AK ranks no. 6 in the U.S. (2007)[3]

6. Illicit drug users. % population age 12 and older who report using illicit drugs, including marijuana/hashish, cocaine (including crack), heroin, hallucinogens, inhalants, or prescription-type psychotherapeutics used non-medically. Alaska ranks no. 2 in the U.S. (2006)[4]

Health: Mental Health

7. Days of poor mental health in past month (adults). Mean number of reports of poor mental health. (2007)[3]

8. Teens who experienced depression during past year. Percent of high school students who felt so sad or hopeless almost every day for two weeks or more in a row that they stopped doing some usual activities during past 12 months. (2007)[5]

Health: Access

9. Population without health insurance. Percent of Alaskans without health insurance for entire year. (2007)[6]

Safety: Protection

10. Children abused and neglected. Rate of child abuse and neglect per 1,000 children ages 0-17. AK rate is number 6 in U.S. (2006).[7]

11. Injuries to elders due to falls — rate per 100,000. Non-fatal injuries, ages 65+, hospitalized 24 hours or more. (2005)[2]

12. Rate of non-fatal traumatic brain injury per 100,000. Hospitalized 24 hours or more. (2005)[2]

Safety: Justice

13. Percent of incarcerated adults with mental illness or mental disabilities. (2006)[8]

14. Statewide criminal recidivism rates for incarcerated adults with mental illness or mental disabilities. Rate of re-entry into ADOC for a new crime occurring within one year of initial date of discharge. (2006)[8]

15. Percent of arrests involving alcohol or substance abuse. Arrest offenses with Division of AK State Troopers or Wildlife Troopers that were flagged as being related to alcohol and/or drugs. This data does not include municipalities. (2007)[9]

Living with Dignity: Housing

16. Rate of chronic homelessness per 100,000 population. AHFC Point-in-Time Survey. (2007)[10]

Living with Dignity: Education

17. High school graduation rate. Percent graduating public schools with a regular diploma. (2007)[11]

18. Percent of youth who received special education who are employed and/or enrolled in post-secondary education one year after leaving school. (2007)[12]

Economic Security

19. Percent of minimum wage income needed for average 2-bedroom housing in Alaska. "Affordable" housing defined as 30% of one's income. (2007)[13]

20. Average annual unemployment rate. Rate represents the number unemployed as a percent of the labor force. (2007)[14]

21. Percent of SSI recipients with blindness or disabilities who are working. (2007)[15]

Data Sources

1. DHSS Division of Public Health, Bureau of Vital Statistics and CDC National Vital Statistics Reports

2. DHSS Div. of Public Health, Alaska Trauma Registry and US Centers for Disease Control, WISQARS

3. AK DHSS Div. of Public Health, Behavioral Risk Factor Surveillance Survey (BRFSS) and U.S. CDC

4. SAMHSA, Office of Applied Studies, National Survey on Drug Use and Health

5. AK DHSS Div. of Public Health, Youth Risk Behavior Survey (YRBS)

6. US Census Bureau, Current Population Reports, P60 Series, Consumer Income

7. AK DHSS Office of Children's Services, 253 and 257 reports from the ORCA Online Report Manager

8. Hornby Zeller Associates, Inc. (December, 2007). A Study of Trust Beneficiaries in the Alaska Department of Corrections.

9. Alaska Public Safety Information Network (APSIN) case data for AK Dept of Public Safety Division of AK State Troopers and Wildlife Troopers (personal communication 11/5/08)

10. Alaska Housing Finance Corporation

11. Alaska Department of Education and Early Development

12. Alaska Department of Education and Early Development, Special Education

13. National Low Income Housing Coalition "Out of Reach" reports

14. Alaska Dept. of Labor and Workforce Development; U.S. Dept. of Labor, Labor Force Statistics from the Current Population Survey

15. Social Security Administration Annual Statistical Reports

Population Rates: AK Dept. of Labor & Workforce Development Population Estimates

Prevalence Data — Sources

Mental Illness (SMI and SED). WICHE Mental Health Program and Holzer, Charles (January 15, 2008). 2006 Behavioral Health Prevalence Estimates in Alaska: Serious Behavioral Health Disorders in Households

Alzheimer's Disease. Alaska Commission on Aging (2008)

Traumatic Brain Injury. Univ. of AK Center for Human Development (2003). The Alaska Traumatic Brain Injury (TBI) Planning Grant Needs and Resources Assessment, June 2001 - January, 2003 and AK Brain Injury Network director

Developmental Disabilities. Gollay, E. (1981). Summary Report on the Implications of Modifying the Definition of a Developmental Disability. U.S. Department of Health, Education and Welfare; and GCDSE

Alcohol dependence. U.S. DHHS, SAMHSA, State Estimates of Substance Use from the 2005-2006 National Surveys on Drug Use & Health

2007 Annual Report

Creating a formula for Success

The Trust

The Alaska Mental Health Trust Authority

THE ALASKA MENTAL HEALTH TRUST AUTHORITY

Board of Trustees

Dr. William Doolittle, Chair

Laraine Derr

Paula Easley

Tom Hawkins

Roy Huhndorf

Margaret Lowe

John Malone

FY07 Year in Review

As we assess the many things we accomplished at the Alaska Mental Health Trust (The Trust) during fiscal year 2007, there is clear evidence that we have continued to improve and refine our efforts because we are reaping more targeted results for Trust beneficiaries than ever. We attribute this success to the many collaborative relationships we are engaged in and the strategic thinking that evolves from these relationships. We have found this formula to be very successful and it will continue to guide us through the coming year. Thus, the theme for this annual report is "*committed partners + strategic thinking = results for Trust beneficiaries.*"

At the center of our success are our relationships with hundreds of committed partners, including local, state and federal agencies, our advisory groups, non-profits, service providers, philanthropic organizations and private sector leaders. Working with these partners has reinforced the old adage that "two heads are smarter than one," because together we have developed strategic, well-thought-out programs that are helping make a difference in the lives of Trust beneficiaries.

Like any organization, we work to learn from the past so that we are continuously improving and innovating. Over the years we have discovered that we are most successful when we focus our efforts like a laser beam on a few critical issues rather than scattering our funding across diverse program areas. From this knowledge evolved the concept of "focus areas," in which we concentrate funding and other resources on a few specific issues in an effort to substantially improve services and delivery systems across the state, and ultimately improve the lives of Trust beneficiaries. Currently The Trust is working on five focus areas that address issues with significant impact on Trust beneficiaries:

1. Bring the Kids Home – bringing home to Alaska children who are being treated in out-of-state psychiatric institutions and increasing treatment services statewide;
2. Affordable Appropriate Housing – increasing the availability of a continuum of housing options for Trust beneficiaries;
3. Justice for Persons with Disabilities – reducing the involvement and recidivism of Trust beneficiaries in the criminal justice system;
4. Trust Beneficiary Projects Initiative – supporting grassroots, consumer-driven programs and small, one-time projects that improve the lives of beneficiaries; and
5. Workforce Development – creating an available and competent workforce for Trust beneficiary service providers.

In each focus area we have partnered with agencies and organizations that can bring the most influence to the table or that are essential in helping us navigate through the current landscape of services and support available for beneficiaries. In many instances we have directly engaged beneficiaries or their family members – after all, who can better speak about these issues – to get guidance and feedback. From all these discussions we have fashioned specific performance measures that help us gauge how we are doing and whether we are turning the curve when it comes to improving the lives of beneficiaries. This annual report will address each of these focus areas and describe how we are making a difference.

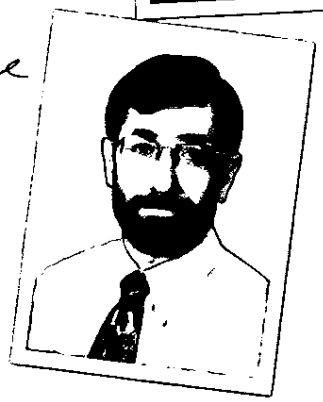
All of this effort takes funding, of course, and fortunately The Trust had a highly successful financial year in FY07. Investments with the Alaska Permanent Fund increased approximately 14 percent over the previous year. As a result approximately $26 million was available to support programs of direct benefit to Trust beneficiaries in FY07. We expect to fund at a similar level in FY08 and in FY09. The full details of our financial performance are included later in this report.

The Trustees take their fiduciary responsibilities at The Trust very seriously. Trustees are also conscious of the need to develop Trust policies and programs that adequately and appropriately reflect the needs of beneficiaries, especially as state and federal funding tightens and philanthropic support is spread more thinly. We are committed to a prudent investment plan that will result in sustained growth over time and stability for the work of The Trust. At the beginning of FY08, The Trustees hired Harry Noah as the new executive director for the Trust Land Office and he has been tasked with seeking new ways to take advantage of the investment opportunities created by our land and non-cash assets.

We urge you to read through this annual report to see the progress we made in FY07 using our formula for success, and what lies ahead for FY08 as we continue to collaborate with our partners for the betterment of our beneficiaries.

William Doolittle, M.D.
Chair

Jeffrey L. Jessee
Chief Executive Officer



Bring the Kids Home Focus Area

The **Bring the Kids Home Focus Area** is a model example of how committed partners, strategic thinking and measurable outcomes provide results for Trust beneficiaries.

THE PROBLEM OR COMMUNITY NEED:

The events that led to formation of the Bring the Kids Home Focus Area began building in the late 1990s when the number of Alaska children being sent at state expense for treatment in out-of-state psychiatric institutions began rising dramatically. The situation was devastating to the children and their families, and it was expensive for the state.

By 2005, the state was paying almost $40 million for out-of-state care for more than 700 Alaskan children with severe emotional disturbances. That same year the Department of Health and Social Services and The Trust partnered to bring home the kids who were being treated in out-of-state psychiatric institutions. We also began building a continuum of services from in-home supports to foster and group homes, which are needed in order to curtail the practice in the future. By improving the treatment delivery system, we hope to improve the lives of these youth and their families, and control the state's cost for children's mental health care.

COMMITTED PARTNERSHIPS:

The Bring the Kids Home Focus Area is one of the most complicated efforts The Trust has undertaken because it involves so many players, including representatives from the Department of Health and Social Services, the Denali Commission, behavioral health providers, Trust partner boards, a parent advocacy group, individual parents, Alaska Housing Finance Corporation and The Trust. Plus, this initiative requires service system redesign, capital infrastructure development and workforce development, each of which can involve complex and protracted solutions.

STRATEGIC THINKING:

The initial planning and funding efforts focused on the following:

- ensuring that each child is treated at the appropriate level of care as close to home as possible,
- building appropriate treatment facilities in state,
- increasing the capacity and core competencies of in-state providers so they can provide services that meet the needs of kids with severe emotional disturbances,
- ensuring youth and their parents are supported as they navigate the system of care, and
- involving parents and youth in the entire process so they are part of the solution.

From the outset, the partners in the initiative agreed that this process would be data-driven and success would be gauged by significant changes in areas directly impacting the children, namely treatment location, length of stay, recidivism, functional improvements, and service satisfaction. In addition, we began tracking increases in service capacity and shifts in funding from out of state to more in state. Our goal is to achieve significant improvements in all these areas by fiscal year 2012.

RESULTS FOR BENEFICIARIES:

After two years of intense work, our data-driven effort is showing signs of impacting the problem and changing service delivery for this group of children. Some key indicators are:

- The number of youth admitted to out-of-state residential treatment facilities has dropped 39.3 percent, from 489 when this focus area launched in FY05 to 297 at the close of FY07.
- With the infusion of capital funding from the State and The Trust's partners, service capacity – the number of beds available in state – has increased from 668 in FY05 when the initiative launched to 804 in FY07. Another 349 beds are expected to be added by the close of FY09, bringing total capacity to 1,153 for a 72.6 percent increase over FY05.

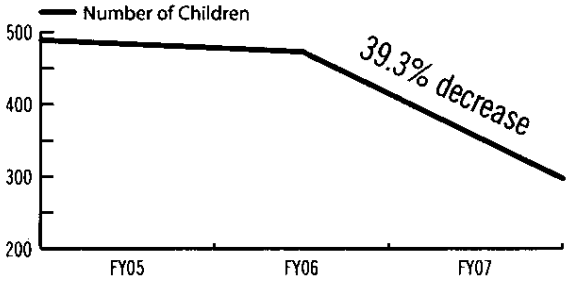
In order to bring the kids home, Alaska needed to increase the number of in-state services.

Construction began in late FY07 to increase capacity at the ARCH residential treatment facility in Eagle River.

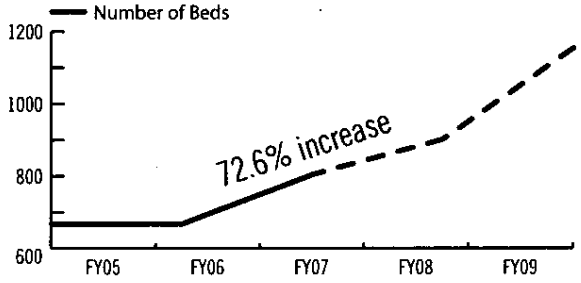
The ARCH is increasing its beds from 16 to 24 for children experiencing severe emotional disturbances.

New residential treatment facilities and group homes are also underway or operating in Fairbanks, Juneau, Mat-Su Valley and Dillingham.

CHILDREN IN OUT-OF-STATE RESIDENTIAL TREATMENT FACILITIES



RESIDENTIAL TREATMENT CAPACITY IN ALASKA



AHEAD FOR '08:

Our initial efforts in FY06 and FY07 focused heavily on increasing in-state residential treatment capacity in order to bring home the kids who were being treated in out-of-state psychiatric facilities. In FY07 we began to shift our focus to early intervention programs. These are primarily home and community-based programs involving families, schools and day care centers. This effort will receive greater attention in FY08 and FY09 in an attempt to help children experiencing severe emotional disturbances get assistance early in their lives. Our goal is to prevent these kids from advancing to residential treatment.

Capacity building remains an issue, however, and several capital projects are on the horizon in FY08 that will help increase capacity and improve the state's service delivery system. For example, in early FY08 bids were being accepted to build a 44-bed facility in Eklutna, which is expected to be complete sometime in FY09. Plus, construction began in late FY07, expanding the ARCH residential treatment facility in Eagle River from 16 to 24 beds. This project is expected to be complete by late FY08.

While great strides were made in FY07 and are ahead for FY08, creating a sensible and sustainable program that keeps Alaska's children home and controls out-of-state spending will take years of continuous effort.

Affordable Appropriate Housing Focus Area

The goal of The Trust's Affordable Appropriate Housing Focus Area is to increase the availability of a continuum of housing options that are best suited to Trust beneficiary needs, and that will improve or sustain their quality of life.

THE PROBLEM OR COMMUNITY NEED:

Statistics from around the state are conclusive: many Alaskans of all ages do not have a place to truly call home. What is most disturbing to The Trust is that the statewide housing shortage disproportionately affects Trust beneficiaries. Having safe, decent, affordable, accessible and appropriate housing is often the key for beneficiaries in maintaining a healthy lifestyle.

The high incidence of homelessness among Trust beneficiaries can be linked to challenges associated with disabling conditions, lack of opportunities for economic advancement, the need for supportive living situations, or accommodations required to meet special needs. Increasingly, the cost of providing these supportive services, such as treatment, crisis intervention, job counseling or life-skills training, is too expensive for mainstream landlords and challenging even for skilled social service providers.

RurAL CAP celebrated 10 years of offering supportive housing to Alaskans.

Housing advocates across the state support the Alaska Housing Trust.

Kenai Peninsula Housing Initiatives completed Crestview, supported housing in Soldotna.

Valley Residential Services operates several supported housing units in Mat-Su.

COMMITTED PARTNERS:

A steering committee was formed in 2006 to examine possible ways to increase the number of affordable housing units in Alaska and how to maintain them securely over time. Among the models examined was creation of a housing trust. The committee included representatives from the governor's office, The Trust, Alaska Housing Finance Corporation, Alaska Department of Health and Social Services, several regional tribal housing authorities, U.S. Department of Housing and Urban Development, U.S. Department of Agriculture Rural Development, Wells Fargo Bank, Rasmuson Foundation, social service providers, and homebuilders.

STRATEGIC THINKING:

Based on the success of housing trusts in more than 30 states, The Trust and its partners agreed to create the Alaska Housing Trust. A housing trust is a pot of non-federal funds devoted to housing activities for individuals and families with greater housing needs. It allows flexibility in spending and the opportunity to be innovative and entrepreneurial in solving housing problems.

By creating a housing trust, Alaska can increase the number of affordable units available for rent and help maintain them securely over time. Funding from a housing trust can serve as the glue to meld federal resources and social service funding, and can subsidize areas of supported housing projects that are not covered by traditional funding streams. With assistance from a housing trust, these units are more affordable and secure for tenants because additional support services and subsidies are built into the overall project costs. These service-enriched units are also attractive to developers and landlords because they create mechanisms for tenants to afford their rents, become reliable, long-term residents, and receive assistance with skills training and crisis management.

RESULTS FOR TRUST BENEFICIARIES:

In tandem with our efforts to create a housing trust, this focus area also funded several programs in FY07 that provide or promote stable housing for Trust beneficiaries. For instance, The Trust, the Denali Commission, the Rasmuson Foundation and The Foraker Group partnered to create a predevelopment program that offers technical assistance to housing and social service agencies interested in expanding or retaining their existing portfolio of special needs housing units. The Trust also collaborated with the Division of Behavioral Health's Supported Housing Office in developing a supported housing business plan for small housing developers that takes into account the cost of providing support to Trust beneficiaries. Additionally, in FY07, The Trust helped fund rental subsidies at Bridge Home, a transitional living facility which provided stable housing to about 40 individuals who had been cycling through hospital emergency rooms and psychiatric facilities.

During the 2007 legislative session, Gov. Sarah Palin issued an Administrative Order maintaining and expanding the Alaska Council on the Homeless, which was formed in 2004 to address homelessness in Alaska. The governor also included directions to develop a framework for the housing trust and legislation that will enact it. This legislation has been drafted and is ready for release once the Council, AHFC, the Alaska Housing Trust steering committee and the state administration determine the best mechanism to move the legislation ahead.

In recognition that the Alaska Housing Trust is moving forward, The Trust allocated $1 million in FY07 to support the housing trust and the Rasmuson Foundation granted a matching $1 million. In addition, the Alaska Housing Trust Coalition formed in FY07 in support of the Alaska Housing Trust and has nearly 70 members, including representatives from United Way organizations across the state, the Municipality of Anchorage, social service providers, private housing developers and the Alaska Chapter of AARP.

AHEAD FOR '08:

As a first step in administering the $2 million in pilot funds contributed in FY07 to support the housing trust, AHFC, the Municipality of Anchorage and The Trust combined application processes for AHFC's FY08 capital projects. This improved procedure gives applicants access to state and local funding, plus the housing trust pilot money, in a single competitive bid, demonstrating how the housing trust model streamlines the funding process.

Already several communities have begun examining how the Alaska Housing Trust may assist in meeting their need for housing for special populations, including plans for a pilot project in Anchorage to support the chronic homeless, and coordination of services in Juneau and Fairbanks to ensure seasonal housing demands are met.

WORK HOURS NEEDED TO PAY RENT

Area	Work hours per week at minimum wage needed to afford 1 bedroom	Work hours per week at minimum wage needed to afford 2 bedroom	Work hours per week at minimum wage needed to afford 3 bedroom	Work hours per week at minimum wage needed to afford 4 bedroom
	Alaska minimum wage = $7.14/hour			
Anchorage	81	101	146	178
Fairbanks	72	92	134	141
Mat-Su Borough	67	86	122	148
Bethel	108	131	156	229
Juneau	94	118	159	199
Kenai Peninsula	65	79	108	138
Ketchikan	86	104	151	182
Kodiak	85	111	160	169

Source: National Low Income Housing Coalition "Out of Reach 2006"

Disability Justice Focus Area

THE PROBLEM OR COMMUNITY NEED:

A 1997 study showed that 37 percent of persons under the supervision of the Department of Corrections had a mental illness and most also had a co-occurring substance abuse disorder for either drugs or alcohol. By 2006 the statistics had not improved and a large number of Trust beneficiaries continued to be incarcerated, spurring The Trust to form the Disability Justice Focus Area. This focus area has two primary goals: (1) reduce the involvement and recidivism of Trust beneficiaries in the criminal justice system and (2) increase the criminal justice system's ability to effectively accommodate the needs of victims and offenders who are Trust beneficiaries.

Trust beneficiaries are at increased risk of involvement with the criminal justice system both as defendants and as victims. Each year, hundreds of Trust beneficiaries, who have committed no crime, are incarcerated for their safety because appropriate service alternatives are not available. Thousands more are arrested, prosecuted and incarcerated for status offenses resulting from behaviors associated with the symptoms of their mental disorders.

COMMITTED PARTNERS:

Several strong partnerships were formed to address this issue with The Trust, including the Alaska Court System, the departments of Corrections, Health and Social Services, Law, and Public Safety, the University of Alaska, local governments, law enforcement, and behavioral health treatment providers.

STRATEGIC THINKING:

The partners quickly identified cross system communication, early identification of beneficiaries when they enter the criminal justice system, and training as the key components needed to assist Alaska's criminal justice and health and social service systems in preventing the inappropriate or avoidable arrest, prosecution, and incarceration of Trust beneficiaries.

RESULTS FOR BENEFICIARIES:

In FY07, The Trust and its partners focused on two key areas: training criminal justice personnel to be more familiar with beneficiaries and their needs, and discharge planning for beneficiaries exiting the corrections system and re-entering Alaska's communities as a strategy to reduce recidivism among beneficiaries.

The Alaska Court System, the Alaska Bar Association, the Public Defender Agency and The Trust partnered to develop and implement a six-part Continuing Legal Education (CLE) series entitled "Managing Cases Involving Persons with Mental Disorders." The curriculum assists judges, lawyers and other professionals in understanding and more effectively handling legal cases involving Trust beneficiaries. There were 450 participants in the CLE series, of which 262 worked in the legal field. The training sessions were videotaped and are available for those who were unable to attend or for new lawyers entering the field who are unfamiliar with mental health disorders and law.

The departments of Corrections and Health and Social Services, behavioral health treatment providers and other stakeholders from around the state developed and implemented a discharge planning program for beneficiaries who leave corrections and re-integrate into Alaska's communities. It is based on a national best-practice model called Assess, Plan, Identify, Coordinate (APIC). The program was operational in the fourth quarter of FY07 in Anchorage, Fairbanks, Juneau and Palmer.

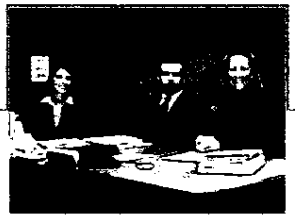
AHEAD FOR '08:

Goals for FY08 include release of a comprehensive, four-year, retrospective analysis of beneficiaries who entered, were served within, and were released from the Department of Corrections. This data will assist the Disability Justice Focus Area partners to strategically plan and develop effective programs that will divert and reduce the number of Trust beneficiaries who are incarcerated. The Trust has also committed funds in FY08 for additional training on disorders experienced by beneficiaries and intervention techniques for law enforcement officers in Anchorage and Fairbanks. Planning will begin for introduction of additional therapeutic courts in Southeast Alaska.

Finally, The Trust plans to develop, in partnership with the departments of Corrections and Health and Social Services, local governments and stakeholders, an enhanced continuum of detoxification and treatment services in several locations that will reduce the inappropriate and avoidable incarceration of beneficiaries under Alaska's protective custody laws.

District Court Judge Stephanie Rhoades presides over the Anchorage Mental Health Court.

Law enforcement and correctional officers completed Trust funded Crisis Intervention Team training.



Prosecutors are key team members of therapeutic courts in Anchorage, Fairbanks, Palmer, Bethel, Juneau and Ketchikan.

District Court Judge Greg Heath presides over the Palmer Mental Health Court.

Beneficiary Projects Initiative Focus Area

What better way to demonstrate The Trust's commitment to improving the lives and circumstances of Trust beneficiaries than putting funds directly into beneficiaries' hands for beneficiary-directed projects they conceive and operate.

THE PROBLEM OR COMMUNITY NEED:

Involving consumers in defining and mapping out their recovery is a well-known treatment tactic and may forestall the need for more intensive traditional service. While plenty of beneficiaries and their family members have keen interest in developing consumer-driven services, not all have the expertise or training to organize, manage and sustain the programs they envision.

In FY07, the Beneficiary Projects Initiative Focus Area committed about $1.3 million for Trust beneficiaries to develop grassroots projects that focus on peer-to-peer support. This means beneficiaries are helping each other find and maintain their individual path to recovery and wellness. The Trust also funded a $1.2 million mini-grant program for projects that provide Trust beneficiaries with a broad range of equipment and services essential to directly improving their quality of life and increasing independent functioning. In addition, The Trust allocated $250,000 for The Trust's Small Projects program, which provided small amounts of one-time funding for more than 30 beneficiary-directed projects in FY07.

COMMITTED PARTNERS:

The most significant partners in this focus area are the beneficiary grantees, of which there has been 25 since the program began in 2006, including 15 who received funding in FY07. They all have committed to delivering safe, effective services and running stable, well-managed organizations. They are succeeding because of the help they receive from a host of committed partners, including The Trust's advisory boards, federal agencies such as SAMHSA, state agencies such as the Division of Behavioral Health, Native organizations such as First Alaskans Institute, major foundations such as the Rasmuson Foundation, and national and state technical assistance providers.

STRATEGIC THINKING:

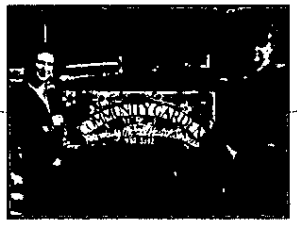
Among the goals for this focus area are providing grantees with seed money and technical assistance so their projects get off the ground, operate smoothly and are sustainable. The program is administered through a contract with The Foraker Group where staff can answer basic operating questions, help develop business plans, or assist beneficiaries in getting a program started and running effectively.

RESULTS FOR BENEFICIARIES:

Some of the services initiated by Trust beneficiaries include peer-support services, clubhouses and drop-in centers, community outreach, and illness self-management in communities that range from Nenana to Ketchikan. By funding these projects, The Trust has helped increase the capacity of the state's mental health treatment delivery system for beneficiary-directed services. But more importantly, these projects and services are improving beneficiaries' lives by creating a sense of empowerment and promoting recovery among both the beneficiary providers and the recipients. In 2007, more than 1,600 Trust beneficiaries received both direct and indirect services through the Beneficiary Projects Initiative Focus Area, nearly all of which were provided by fellow beneficiaries and/or family members.

AHEAD IN '08:

In FY08 an "incubator" program will assist beneficiaries in developing their project ideas more thoroughly. Overall initiative capacity building will take two distinct forms. First, through leadership training, we want to grow the expertise of individual beneficiaries who are already serving; and, second, we will recruit other skilled individuals who have interest in serving their communities. Finally, an evaluation of the initiative will be conducted to provide focus area guidance and establish appropriate performance measures.



The Trust funded the Petersburg Community Garden as a small project.

The annual Key Campaign raises awareness about developmental disabilities.

Beneficiaries developed peer-support services, club houses and drop-in centers.

Young self-advocates give back to their community by participating in a tree-planting program.

Workforce Development Focus Area

THE PROBLEM OR COMMUNITY NEED:

Having an available and competent workforce are enormous challenges for all Trust beneficiary service providers. A shortage of health care workers in Alaska has been at a near-crisis level for many years, yet the health services industry is the fastest growing sector of Alaska's economy, employing more than 7 percent of the state's workforce, according to a 2007 study commissioned by The Trust. Much of the reason for this worker shortage lies in Alaska's remoteness, harsh climate, rural isolation, low population density, high cost of living and scarce training resources. Exacerbating this already difficult situation is a burgeoning demand now for increased health services for the state's steadily growing and aging population, some of whom are among The Trust's beneficiaries. The Workforce Development Focus Area is aimed specifically at increasing the available pool of qualified employees in Alaska who serve Trust beneficiaries and keeping that workforce adequately trained.

COMMITTED PARTNERSHIPS:

More than 20 partners worked in FY07 to develop strategies that will address the goals set out by this focus area. These partners included service providers, the departments of Health and Social Services and Labor and Workforce Development, non-profit and faith-based organizations, and educational institutions such as the University of Alaska system, including the campuses in Anchorage, Fairbanks and Sitka.

STRATEGIC THINKING:

After studying data around the workforce issues it became clear that there are many dimensions to the problem and that multiple strategies are needed to reduce the problems. We have developed strategies around recruitment, retention and training issues to accomplish our goal of having a competent workforce to serve Trust beneficiaries. The strategies address a diverse array of problems including adequate pay and benefits, affordable housing, access to training and professional development, and competent supervision.

RESULTS FOR BENEFICIARIES:

The Trust partnered with the University of Alaska to conduct a state-wide vacancy study in 2007 to assess the number and length of time positions have been open in a broad array of physical and behavioral health organizations. The results were staggering, especially among the occupations that serve Trust beneficiaries. The vacancy study shows the most severe shortages in the behavioral health field were for occupations that fell under the category of human services worker, with both extremely high vacancy numbers and high vacancy rates. Overall, all behavioral health occupation vacancies were high – around 29 percent of all estimated vacancies – and ranked higher than any other occupational group. This means organizations that serve beneficiaries are understaffed, which results in delayed treatment or no services available to some people, resulting in negative impacts to individuals, families and communities.

AHEAD FOR '08:

Because the Workforce Development Focus Area is the newest of The Trust's focus areas, most of the work was just being planned in 2007 so many of the strategies are expected to gain traction or launch in FY08. A new Trust Training Cooperative formed in 2007 will address training needs in the field, helping to tie together and maximize available on-the-job training and necessary continuing education for the workforce. Additionally, new recruitment and retention strategies are beginning or expanding in FY08 in a wide variety of venues. For instance, a demonstration project for a new Student Loan Repayment Program for behavioral health professionals is expected to commence in 2008 that will serve as a recruitment and retention tool.

REGIONAL VACANCY RATES

Occupational Group	Regions (Study Sample – n = 476)						
	North/West (n=10)	Southwest (n=17)	Interior (n=72)	Anchorage Mat-Su (n=232)	Gulf Coast (n=69)	Southeast (n=70)	Statewide Multiregional (n=6)
Physicians	26.7%	21.2%	21.6%	12.6%	10.4%	6.8%	30.3%
Professional Nurses	26.0%	21.6%	5.9%	11.1%	8.0%	5.9%	12.1%
Other Nursing Staff	18.6%	18.8%	5.8%	6.2%	4.6%	2.3%	8.8%
Dentists/Pharmacists/Therapists	32.4%	32.4%	20.7%	15.9%	16.5%	16.3%	12.4%
Behavioral Health	19.0%	22.7%	13.1%	8.3%	7.1%	11.1%	11.6%
Allied Health	17.0%	24.6%	7.3%	6.5%	8.4%	7.7%	8.6%
Public Health/Nutrition	30.0%	6.3%	0.0%	4.0%	18.9%	0.0%	10.5%
Other Primary Care (PA & CHA/P)	19.7%	18.6%	24.5%	9.0%	9.1%	4.0%	0.0%
Managers	13.8%	2.4%	3.5%	3.2%	6.4%	11.7%	4.0%
Health Information/Reimbursement	15.9%	16.9%	2.0%	5.3%	6.6%	2.8%	7.2%
All Occupations	20.1%	20.3%	9.0%	8.6%	8.1%	7.7%	10.2%

The 2007 Alaska Health Workforce Vacancy Study was conducted by the Alaska Center for Rural Health – Alaska's AHEC, at the University of Alaska, Anchorage. The study was funded by The Trust and by the Office of Associate VP for Health, University of Alaska Anchorage, through the Centers for Disease Control and Prevention. The full report may be downloaded at http://nursing.uaa.alaska.edu/acrh/.

Trust Fund Experiences Record Growth in FY07

Due to strong investment markets throughout the 2007 fiscal year, the cash assets of the Alaska Mental Health Trust Authority reached a record high balance. Investments with the Alaska Permanent Fund (APFC) increased 13.8 percent, rising from $385,366,600 at the end of FY06 to $438,513,700 at the end of FY07.

Income from these investments was $62,448,000 for FY07 and $36,046,700 for FY06. Statutory net income determined by APFC (which does not include unrealized gains) was $31,756,200 for FY07 and $39,733,300 for FY06. Statutory net income increases the Budget Reserve and can be used to fund the mental health budget, while unrealized net income can only be applied to inflation proof our Principal investment.

The Budget Reserve is set at 400 percent of the annual payout, to allow for disbursements during market downturns without eroding Trust Principal. The Budget Reserve investment is split between the Alaska Permanent Fund and the Treasury Division of the Alaska Department of Revenue.

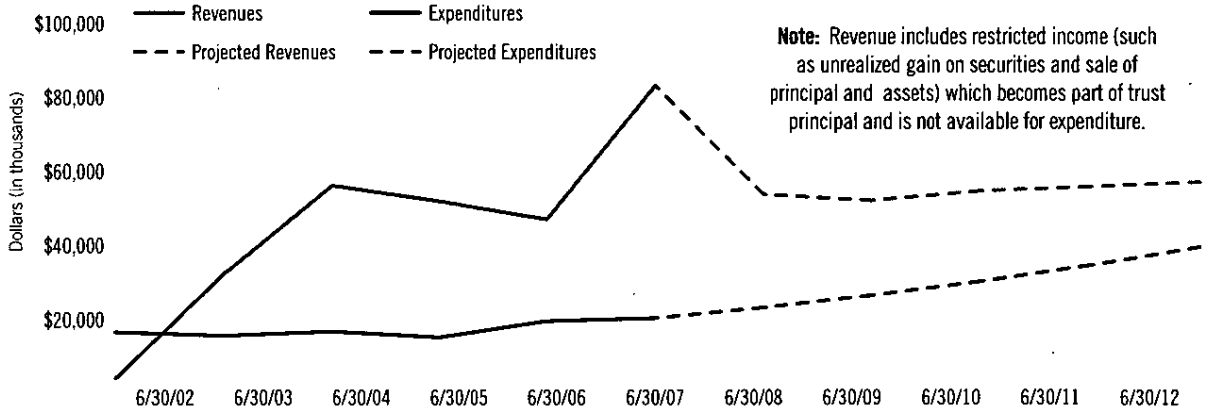
The Treasury Division Budget Reserve investments were reallocated during FY07 according to the recommendation of financial consultants Callan Associates, Inc. Due to this change, combined with strong investment performance, the earnings on this portion of the Budget Reserve soared tenfold from $445,740 in FY06 to $4,586,200 in FY07.

The Trust's payout rate, which is used to calculate the disbursement (or payout) for the mental health budget, was increased at the end of FY06 from 3.75 percent to 4.0 percent beginning with the FY07 budget. This rate is applied to the balance in the Trust Fund (Principal and Budget Reserve) at the end of a fiscal year to calculate the payout for the subsequent year.

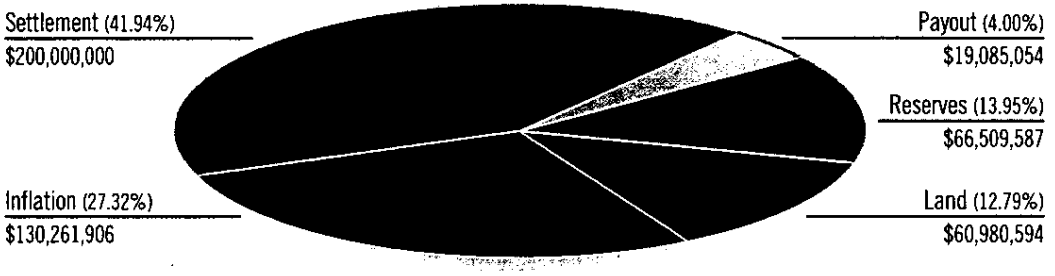
The following financial performance from FY07 is available for funding in FY08:

- Disbursement (payout) rate of 4.0 percent, for a payout of $19,085,054. This represents an increase of 14.8 percent over FY06.
- Resource management revenue allocated as income was $3,428,312.
- Interest on the Income Account at Treasury Division was $1,620,108.
- Lapsed funds from prior fiscal years were $2,770,922.
- Total funding available for FY08 is $26,904,396. This is a 17 percent increase from FY07 availability of $23,032,672.

REVENUES AND EXPENDITURES



TRUST CASH ASSETS AT END OF FY07



Trust Land Office Generated $8.1 Million

Revenue-generating uses of Trust land include land leasing and sales; commercial timber sales; mineral exploration and production; coal, oil and gas exploration and development; sand, gravel and rock sales; and other general land uses.

The Trust Land Office (TLO) is a small 11-person unit in the Department of Natural Resources that manages approximately one million acres of land and non-cash assets throughout Alaska on behalf of the beneficiaries of the Alaska Mental Health Trust. Gross revenue in FY07 totaled about $8.1 million, of which about $3.3 million was Spendable Income and about $4.7 million was Principal revenue.

Revenue-generating uses of Trust land include land leasing and sales; commercial timber sales; mineral exploration and production; coal, oil and gas exploration and development; sand, gravel and rock sales; and other general land uses. Rents, fees and 15 percent of timber revenue from Trust land uses are considered "Spendable Income' and are available to The Trust for use in the following fiscal year. Land Sale revenue, hydrocarbon and mineral royalties, and 85 percent of timber revenue are considered "Principal" and are deposited in The Trust corpus, which is held and managed by the Alaska Permanent Fund Corporation.

[illegible]:

- Completed subdivision and re-plat of The Trust's Juneau waterfront parcel known as The Subport, and sold a parcel adjacent to Centennial Hall to the City and Borough of Juneau for $2.93 million.
- Fairbanks Gold Mining Inc. paid The Trust a royalty of more than $700,000 for its 2006 calendar year production from its mine located on Trust land north of Fairbanks.
- Sold 67 parcels in The Trust's annual land sale for a value of $2.17 million.
- Responded quickly to approve an authorization for the expedited recovery of spilled fuel from a DC-4 that crashed on Trust land near Nenana carrying 3,000 gallons of heating oil.
- Worked with the Department of Natural Resources to establish a new replacement land list, and prioritized conveyances of the lands owed to The Trust under the Settlement Agreement for lands that were originally conveyed to The Trust in error or had other encumbrances that significantly affected the land.
- After a 10-year hiatus, the Board of Land Management began adjudication of the remaining Mental Health Enabling Act selections as part of the agreement to close out The Trust's federal entitlement.
- Talon Gold began mineral exploration on Trust land near Livengood. Early results from that program continue to provide encouraging news for the precious metals prospect.
- Worked with various communities throughout Alaska on issues affecting management of Trust lands.

[illegible]:

The TLO will begin long-term planning for Trust timber lands, commercial real estate and resort properties. In addition, the office will strive to build or rebuild relationships with local communities or individuals that live or work near lands managed by The Trust.

Key projects will include:

- Planning for development of the Juneau Waterfront Property (formerly titled the Juneau Subport);
- Researching potential timber land exchanges in Southeast Alaska with the U. S. Forest Service;
- Developing a long-term property and land management program for use by TLO staff;
- Resolving a back log of land use issues;
- Developing a preliminary feasibility study for monitoring resort quality properties;
- Offering for sale potential subdivision lots; and
- Continuing to offer oil, gas and mineral properties for lease.

Trust land along Juneau's waterfront is being redeveloped.

Typical timberland owned by The Trust in Southeast Alaska.

Saw logs waiting to be processed at Silver Bay Mill in Wrangell.

Yellow cedar dimensional lumber waiting for shipment in Wrangell.

The TRUST

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This report was printed at a cost of $0.32 each.

Continuing our formula for Success

The TRUST

The Alaska Mental Health Trust Authority

2008 Annual Report

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People with developmental disabilities

People with chronic alcoholism

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Alaska Mental Health Board

Governor's Council on Disabilities and Special Education

Alaska Commission on Aging

Commissioner of Health and Social Services

Commissioner of Natural Resources

Commissioner of Revenue

Commissioner of Corrections

An Overview of 2008

Last year we reported that we have developed a formula for achieving our goal of improving the lives and circumstances of Trust beneficiaries. We defined the formula as *"committed partners + strategic planning = results for Trust beneficiaries."* Throughout FY2008, we continued to rely on this formula to guide our work on behalf of Trust beneficiaries. As a result, our theme for this annual report is *"continuing our formula for success,"* which reflects our ongoing commitment to serve as a catalyst for change in the systems that serve Trust beneficiaries.

We urge you to read through this report to learn how we are collaborating with our many partners to ensure and improve the comprehensive integrated mental health program in Alaska. We hope that by reading this report you will have a better understanding of how the issues we address affect virtually all Alaskans.

WHAT IS THE TRUST

The Alaska Mental Health Trust Authority is a state corporation that manages the Mental Health Trust, which was established at statehood. Our goal is to serve as a catalyst for change and improvement in Alaska's mental health continuum of care. We do not provide individual services; instead we operate much like a private foundation, using our resources to fund projects and activities that promote system change, including capacity building, demonstration projects, funding partnerships, technical assistance, and other activities that will improve the lives and circumstances of Trust beneficiaries.

TRUST BENEFICIARIES

Our beneficiaries are a diverse group. They include people with mental illness, developmental disabilities, chronic alcoholism, and Alzheimer's disease and related dementia. They live throughout Alaska and range from newborns to the oldest members of our communities. You probably know someone who is represented by The Trust; it could be a family member, a neighbor, a coworker or even yourself. As a result, the issues addressed by The Trust touch nearly every Alaskan, either directly or indirectly.

HOW WE FUND PROGRAMS

The amount Trustees have available to spend each year includes a portion of the earnings from our cash and non-cash assets. Because of favorable market conditions in recent years our investments have done well. As a result, Trustees have disbursed about $25 million per year to support programs of direct benefit to Trust beneficiaries. The economic downturn in FY2009, however, indicates The Trust will have a smaller funding stream available in FY2010.

FOCUS OF TRUST FUNDING

Most of The Trust's annual operating and capital budgets are spent on five focus areas that address issues with significant impact on Trust beneficiaries. These focus areas are:

1. Bring the Kids Home – bringing home to Alaska children who are being treated in out-of-state residential psychiatric institutions and increasing early detection, intervention and treatment services for these children statewide;
2. Affordable Appropriate Housing – increasing the availability of a continuum of housing options for Trust beneficiaries to reduce homelessness and improve their quality of life;
3. Disability Justice – reducing the involvement and recidivism of Trust beneficiaries in the criminal justice system;
4. Trust Beneficiary Projects Initiative – supporting grassroots, consumer-driven programs and small, one-time projects that improve the lives of beneficiaries; and
5. Workforce Development – creating an available and competent workforce for Trust beneficiary service providers.

OUR PARTNERS

In many instances, we directly engage beneficiaries and family members for guidance and feedback. We also depend on input regarding funding and policy recommendations from several advisory boards that serve as a link between The Trust and our beneficiaries, their families, caregivers and legal guardians. In addition, we rely on participation and collaboration from a number of state agencies, community partners and stakeholders to help reform and improve the systems that serve Trust beneficiaries.

The Trustees and Trust staff are committed to working with Governor Palin, the Legislature and our many partners to continue applying our formula for achieving the systemic change needed to make long-term improvements in the lives and circumstances of Trust beneficiaries.

William Doolittle, M.D.
Chair

Jeffrey L. Jessee
Chief Executive Officer

Keeping Beneficiaries Out of Corrections

The Disability Justice Focus Area aims to reduce the involvement and recidivism of Trust beneficiaries in the criminal justice system and increase the system's ability to effectively accommodate the needs of victims and offenders who are Trust beneficiaries.

Study of Trust Beneficiaries in the Department of Corrections — More than 40 percent of Alaska inmates have a mental illness or a cognitive impairment, according to a study commissioned by The Trust and the Alaska Department of Corrections, in coordination with the Department of Health and Social Services. The 2008 study revealed that inmates identified as Trust beneficiaries are more likely to return to prison, return sooner and spend more time in custody than other inmates. The four-year study also revealed that Trust beneficiaries who receive community health services upon release from prison have a lower rate of recidivism. The Trust and its partners are using the study results to promote increased funding for correctional and community-based treatment, improve integration among the systems serving Trust beneficiaries, and provide better links with community health care services to help ease the burden of care on Alaska's criminal justice system.

Alaska District Court Judge Greg Heath presides over the Palmer Mental Health Court.

Therapeutic Court System Studies — Evaluations of the Anchorage and Palmer Mental Health Courts in FY2008 demonstrated that the courts save public funds, reduce crime, and better meet the needs of defendants with significant mental disabilities than the traditional criminal justice approach. The courts are a collaborative effort between The Trust, Alaska Court System, the departments of Administration-Public Defender Agency, Corrections, Health and Social Services, Law, and Public Safety; local law enforcement and community treatment providers.

According to the 2008 study of beneficiaries in the Department of Corrections, Trust beneficiaries are part of a "revolving door" system of justice that is expensive, does not serve the interests of public safety, and does not benefit the defendants. The retention and program completion rates at Anchorage and Palmer compare favorably with therapeutic courts nationally. As a result, other communities are being assessed for expansion of mental health and substance abuse courts statewide.

Fairbanks Enhanced Detox Facility — A $4.6 million, 16-bed detox treatment facility aimed at reducing the inappropriate and avoidable incarceration of beneficiaries under Alaska's protective custody laws opened in January 2009 in Fairbanks. Construction of the Gateway to Recovery – Fairbanks Community Enhanced Detox Center began in FY2008 after several years of planning by a coalition of community providers, including Fairbanks Memorial Hospital, Tanana Chiefs Conference, Fairbanks Community Behavioral Health Center, and the Fairbanks Native Association, which also operates the facility. The new center increases detoxification capacity in Fairbanks by 60 percent. The new facility is located on Trust land and received major financial support from the Department of Health and Social Services; the Department of Commerce, Community and Economic Development; Rasmuson Foundation; Greater Fairbanks Community Hospital Foundation; The Trust; Doyon Ltd.; Tanana Chiefs Conference and private donors.

Overall Distribution of Trust Beneficiaries in Custody of the Alaska Department of Corrections

Incarcerations	FY 2003	FY 2004	FY 2005	FY 2006
Total Incarcerations	36,597	39,067	39,260	37,165
Trust Beneficiary Incarcerations	14,996	16,570	16,309	15,175
Trust Beneficiary Percent	41.0%	42.4%	41.5%	40.8%
Unique Offenders	17,258	18,246	17,998	17,220
Unique Trust Beneficiaries	5,820	6,267	6,265	6,071
Trust Beneficiary Percent	33.7%	34.3%	34.8%	35.3%

Results from "A Study of Trust Beneficiaries in the Alaska Department of Corrections" conducted by Hornby Zeller Associates, Inc.
To read the full report, see http://www.mhtrust.org/documents_mhtrust/12-07%20Final%20DOC%20Trust%20Beneficiary%20Study.pdf.

Providing Affordable, Supportive Housing

The Appropriate Affordable Housing Focus Area is directed at expanding the availability of supportive housing for Trust beneficiaries. Safe, affordable, secure housing is critical for all Trust beneficiaries to be successful in their communities. Yet, finding permanent, appropriate housing is a problem for all our beneficiary groups. The problem is compounded by the fact that Trust beneficiaries typically need more than just a roof over their heads. They often need housing that also provides training and support services such as budgeting, financial management, social-skills training, problem solving and assistance with cognitive or behavioral issues to help them become stable, dependable tenants. The Appropriate Affordable Housing Focus Area workgroup has developed and is piloting several innovative, flexible strategies to address the housing needs of Trust beneficiaries.

Special Needs Housing Grant Program Expanded — The Special Needs Housing Grants or SNHG (pronounced snug) program is a long-time partnership between Alaska Housing Finance Corporation and The Trust that provides capital funds for supported housing for Trust beneficiaries. The program was expanded in FY2008 to provide more operations assistance and more flexible funding so the units are affordable and have increased outreach and assistance for residents. This innovation represents important first steps to retooling the special needs housing systems in our state. The program is managed and funded by AHFC, with additional funding from The Trust and the Department of Health and Social Services. Competitive grants are available to non-profit service providers and housing developers for planning and construction activities and may provide for group, supportive and transitional housing.

Housing Trust Pilot Projects — The Rasmuson Foundation and The Trust each committed $1 million in FY2008 for supportive housing pilot projects in Southcentral Alaska. The projects replicate the approach used in 35 other states that have implemented housing trusts. Housing trusts are a tool that states and communities use to increase the outreach and social services available to housing developments. As a result, these housing developments offer long-term support for individuals with special needs and preserve the community's investment.

Restructured Housing in Fairbanks — The Trust and the Department of Health and Social Services were instrumental in assisting Fairbanks Community Behavioral Health Center in restructuring its housing programs, allowing the center to reopen 24 previously closed units for individuals with serious mental illness.

Bridge Home Reduces Institutionalization — The Trust's main program in the housing focus area, the Bridge Home, is aimed at reducing the number of beneficiaries cycling through the Alaska Department of Corrections and Alaska Psychiatric Institute. In a four-year analysis of program participants, there was a significant reduction in the number of admissions to these facilities and a reduction in the costs related to these visits. This program will be expanding in FY2009 to include more beneficiaries with histories of cycling through the system.

Top: Supportive housing in Fairbanks assists Trust beneficiaries with training in daily life skills.

Left: Residents in a supportive housing program in Anchorage helped landscape the area around their home.

Bridge Home Supportive Housing Results*

	Prior to Program	During Program	Reduction in Use
Alaska Psychiatric Institute Admits	79	49	38%
Days in Alaska Psychiatric Institute	1,707	1,167	32%
Department of Corrections Admits	51	27	48%
Days in Department of Corrections	2,124	674	68%

*Number of residents = 47

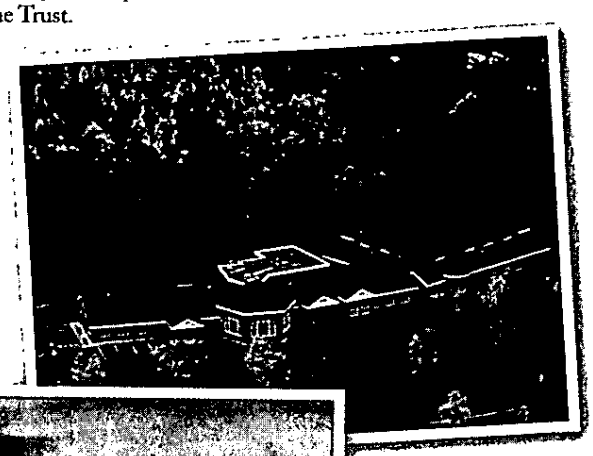
Reforming Mental Health Care for Children

The Bring the Kids Home Focus Area is reforming Alaska's mental health care for children and adolescents by increasing community-based services, providing early detection and intervention, and coordinating with families and schools to promote healthy learning environments. Bring the Kids Home began in 2005 as an initiative to return children with severe emotional disturbances from out-of-state residential facilities to treatment in Alaska and to keep additional children from moving into out-of-state care. Funded by The Trust and the Department of Health and Social Services, this initiative is a good example of how The Trust uses its resources to affect systemic change on behalf of Trust beneficiaries. Besides improving recovery at the lowest level of appropriate care, the State expects to benefit from this initiative by gaining better control of the future cost for children's mental health care.

Out-of-State Placements Dropped 59 Percent — The number of children admitted into out-of-state psychiatric treatment facilities dropped 32 percent, from 297 in FY2007 to 202 in FY2008. That is an overall 59 percent decline from the 489 kids who were admitted into out-of-state residential programs when the initiative began in 2005.

In-State Capacity Increased — In order for children in out-of-state treatment facilities to come home, there must be treatment available in Alaska. Planning and construction of new facilities take time and have not caught up with the need, but there were some small increases in FY2008 and at least one facility has opened in FY2009. The Boys & Girls Homes of Alaska in FY2008 opened a residential center in Fairbanks with a capacity of 130 kids. A five-bed group home opened in Dillingham in FY2008, with financial support from the Denali Commission, the Department of Health and Social Services and The Trust. In December 2008, the Volunteers of America-Alaska opened its expanded 24-bed adolescent residential center in Anchorage, increasing its capacity in FY2009 by 50 percent.

Individualized Services Increased — Developing in-state capacity for children with severe emotional disturbances is only a partial solution. The rest of the answer lies in preventing the need for residential care by providing youth the services and supports they need to stay at home. This requires investments in early intervention for children and families to keep problems from becoming severe. The Individualized Services program provides assistance to children and their families specifically geared to each child that will keep them safe, stable and at home. Services range from transportation to attend after-school activities to crisis intervention; and from family therapy to medication management. Without these services, many recipients would be destined for residential treatment, which would separate them from their families and home communities and cost more. The program is funded by the Department of Health and Social Services and The Trust.

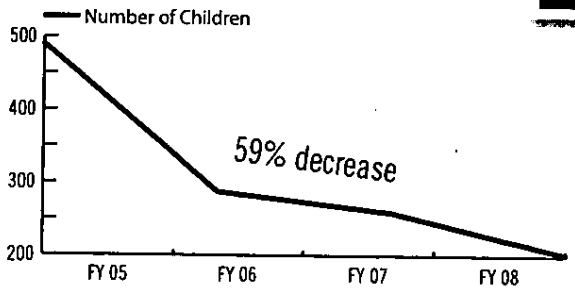


Top: Construction of new treatment facilities in Alaska is helping bring home those youth being treated out of state.

Left: Volunteers of America-Alaska increased capacity in their Anchorage residential facility by 50 percent.

Bottom: Early detection and intervention programs help children get help sooner and in their home communities.

Children Admitted into Out-of-State Residential Treatment Facilities



Bring the Kids Home Initiative

Offering the Wind Beneath Their Wings

The Beneficiary Projects Initiative Focus Area supports and funds grassroots, beneficiary-driven, peer-to-peer programs and small, one-time projects that improve the lives of Trust beneficiaries. In FY2008, The Trust authorized $1.25 million for this focus area, which is the only focus area that puts funds directly into the hands of beneficiaries to help them map out their recovery and long-term wellbeing. During the year, nine projects were funded that focused on everything from peer-to-peer support services and activities to early intervention programs, education, advocacy and outreach.

Technical Assistance — A panel of experts in the non-profit field is available to assist beneficiary groups in getting their programs developed, funded and running smoothly. The panel provided technical assistance in FY2008 to 23 beneficiary-led projects regarding organizational development, project implementation, business planning and board development. The panel is funded by The Trust and coordinated by The Foraker Group.

Alaska Peer Support Consortium — A network of 20 beneficiary-run programs organized into the Alaska Peer Support Consortium to advocate for beneficiaries, share information and provide training opportunities for peer-to-peer support services. The group is proving to be a critical partner to policymakers for developing peer-to-peer support services.

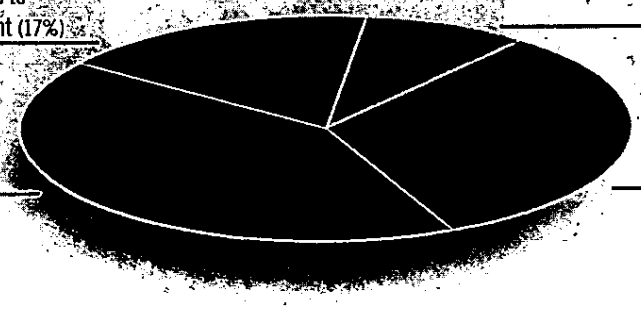
Beneficiaries Participate in Public Process — Partners in Policymaking is a Trust-funded program that provides training to Trust beneficiaries about how to participate in policymaking at various levels of government. The program is a collaboration with the Governor's Council on Disabilities and Special Education and the University of Alaska Center for Human Development. Program graduates have been successful in securing funds for peer-operated support services, serving on Beneficiary Projects Initiative grantee boards and participating in public advisory boards and commissions.

Top: Polaris House participants learn CPR at their Juneau clubhouse.

Left: Peer-run clubhouses offer participants life-skills training such as cooking.

Bottom: Beneficiaries produced costumes for an Anchorage poetry jam as part of their recovery.

Beneficiary Programs Initiative FY2008 Grants

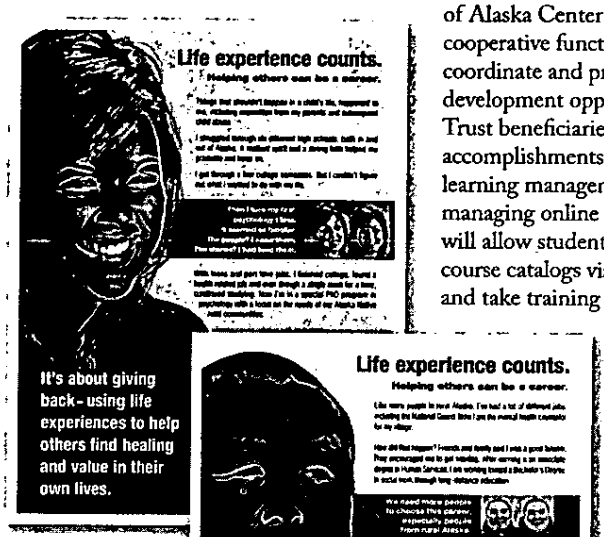


Recruiting, Retaining and Educating Workers

The overarching goal of the Workforce Development Focus Area is for service providers across the state to have access to a capable, culturally competent workforce that supports Trust beneficiaries, their families and communities. The focus area workgroup has identified three objectives to help make this happen: workforce recruitment, retention, and training and education. FY2008 was the first year of implementation in this focus area. During the year, more than 20 activities and programs were launched that targeted from entry-level personnel to paraprofessionals and professionals in a wide variety of beneficiary-related jobs across the state.

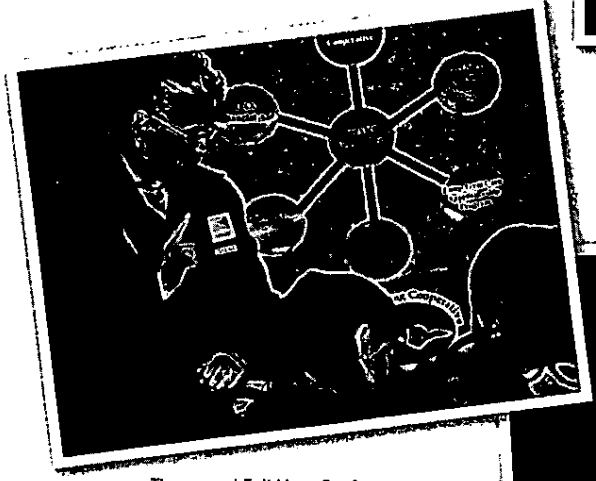
Student Loan Repayment Program — Under this incentive program, workers are being recruited into jobs in the behavioral health field that have been identified as having high vacancy rates in communities across the state. Professionals who graduated from an accredited college or university with a master's degree or higher are eligible for loan repayment in exchange for working in Alaska for two years. The program structure was developed in FY2008; five eligible job sites were selected for FY2008 and an additional five for FY2009.

Trust Training Cooperative — Many service providers lack access to education and training for employees who serve Trust beneficiaries, especially at small agencies and agencies in rural areas. To help ease this problem, The Trust in FY2008 funded the Trust Training Cooperative, which is coordinated by and housed at the University of Alaska Center for Human Development. The cooperative functions as a clearinghouse to identify, coordinate and provide training, education and career development opportunities for the workforce that serves Trust beneficiaries. One of the cooperative's major accomplishments in 2008 was purchasing and piloting a learning management system for delivering, tracking and managing online training. When fully implemented, it will allow students to manage their training records, view course catalogs via the Internet, and register for, pay for and take training online.



"Life Experience Counts" Marketing Campaign — A television and print campaign was launched in FY2008 targeting Alaska Natives and individuals living in rural Alaska where there is a high percentage of vacancies in jobs serving Trust beneficiaries. The campaign ran in media outlets across the state with the slogan "Life Experience Counts" and featured the professional stories of two Alaska Natives. The ads encouraged individuals to use their experiences as caregivers as building blocks for jobs in the direct service field.

Above: TV and print ads encouraged people to turn their life experiences into job skills, helping and caring for Trust beneficiaries.



The annual Full Lives Conference provides motivational, educational and networking opportunities for direct service staff.

A loan repayment program is offering to repay student loans in exchange for working in behavioral health jobs in high vacancy areas of the state.

Trust Land Office Generated $11.8 Million

The Trust Land Office (TLO) is a 12-person unit in the Department of Natural Resources that manages approximately one million acres of land and other non-cash assets throughout Alaska on behalf of the Alaska Mental Health Trust. Gross revenues on these assets totaled about $11.8 million in FY2008, of which about $2.7 million was Spendable Income and about $9.1 million was Principal revenue.

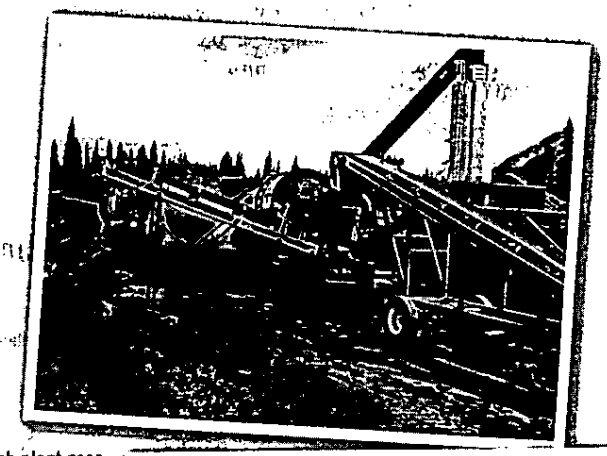
Revenue-generating uses of Trust land include land leasing and sales; commercial timber sales; mineral exploration and production; coal, oil and gas exploration and development; sand, gravel and rock sales; and other general land uses. Rents, fees and 15 percent of timber revenue from Trust land uses are considered "Spendable Income" and are available to The Trust for use in the following fiscal year. Land Sale revenue, hydrocarbon and mineral royalties, and 85 percent of timber revenue are considered "Principal" and are deposited in The Trust corpus, which is held and managed by the Alaska Permanent Fund Corporation.

Highlights of FY2008 — The TLO completed a number of projects in FY2008 that resulted in increased revenue and helped build or strengthen relationships with individuals, communities and agencies that interact with the TLO. These included:

- Completed demolition and cleanup on Trust-owned waterfront property in Juneau, setting the stage for future development of the area.
- Received a royalty of more than $1.4 million from Fairbanks Gold Mining Inc. for 2008 production from its mine on Trust land north of Fairbanks. FGMI also paid $4.2 million for land assets involved in the mining operation.
- Sold 55 parcels in The Trust's annual land sale for $2.2 million.
- Signed a ground lease between The Trust and Fairbanks Behavioral Health Center for land on which a new enhanced detox center was built in FY2008.
- Sent the final Federal Entitlement close-out agreement to the Bureau of Land Management for review.
- Hired staff in Ketchikan and Petersburg, where large blocks of Trust land impact the local community.

Future Focus — The TLO, in conjunction with The Trust's Resource Management Committee, will continue developing long-term plans for its natural resource portfolio and working with local communities and individuals to increase public awareness of Trust lands and other non-cash assets and our mission. Key projects will include:

- Continued planning for the development of Juneau waterfront property;
- Exploring commercial real estate opportunities, specifically in the Anchorage University-Medical District and resort properties;
- Pursuing development of new mining projects on Trust lands;
- Developing a plan for future land sale programs;
- Developing large-block land management programs at Icy Cape and Haines;
- Seeking new business opportunities such as wind power or biomass development.



Top: This asphalt batch plant near Cantwell used aggregate from a quarry on Trust land to repair a section of the Parks Highway.

Right: The Trust has received more than $4 million in revenue over the past three years from timber harvested on Trust land near Leask Lake in Southeast Alaska.

Trust property adjacent to South Point Higgins Beach is being purchased by Ketchikan Gateway Borough. The property is highly valued by Ketchikan residents for its recreation and beach access.

Sluggish Economy Slows Trust Fund Growth

Due to the economic slowdown during the 2008 fiscal year, the cash assets of the Alaska Mental Health Trust decreased 7.2 percent from the record-high balance of the prior year. Our investments managed by the Alaska Permanent Fund Corporation (APFC) declined from $438,513,700 at the close of FY2007 to $406,981,200 at the end of FY2008.

These investments experienced a $15,575,000 loss for FY2008 compared to earnings of $62,448,000 for FY2007. Statutory net income determined by APFC (which does not include unrealized gains or losses) was $33,912,300 for FY2008 and $39,733,300 for FY2007. Statutory net income increases the Budget Reserve and can be used to fund the mental health budget, while unrealized net income can only be applied to inflation proof our Principal investment.

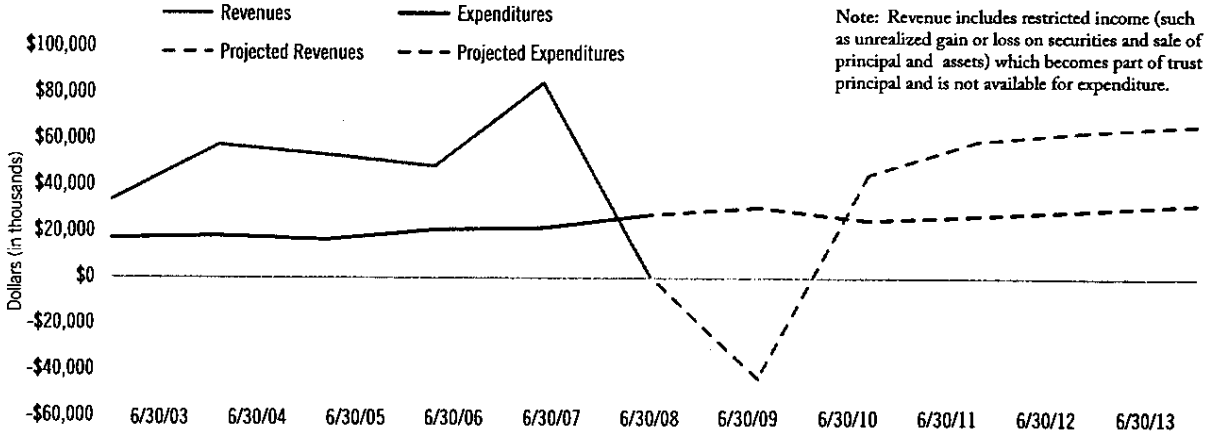
The reserve investments managed on behalf of The Trust by the Treasury Division of the Department of Revenue were also impacted by the economic uncertainty of 2008. The loss on this account was $1,914,200 in FY2008, compared to earnings of $4,586,200 in FY2007.

The Trust's payout rate, which is used to calculate the disbursement (or payout) for the mental health budget, was increased at the end of FY2007 from 4 percent to 4.25 percent beginning with the FY2008 budget. The following financial performance from FY2008 is available for funding in FY2009:

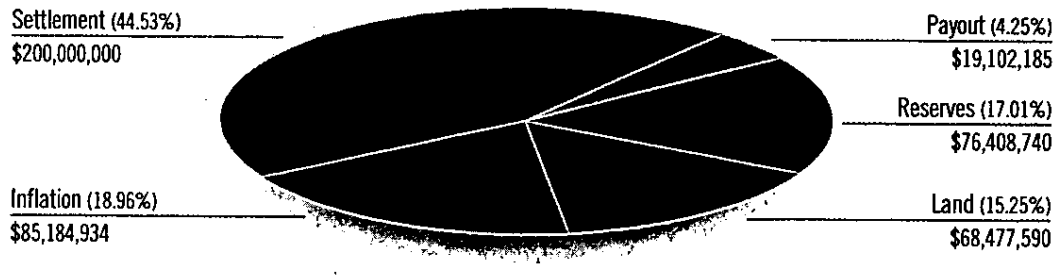
- Disbursement (payout) rate of 4.25 percent, for a payout of $19,102,185.
- Resource management revenue allocated as income was $2,579,683.
- Interest on the Income Account at Treasury Division was $1,846,172.
- Lapsed funds from prior fiscal years were $4,356,596.
- Total funding available for FY2009 is $27,884,636. This is a 3.6 percent increase from FY2008 availability of $26,904,396.

Since the end of FY2008, the financial slowdown has become a full-blown recession with the investments market falling sharply. In the first quarter of FY2009, we experienced more than a 25 percent reduction in our total asset value. Based on this trend, we are expecting FY2010 available income to fund the budget to be substantially less than FY2009.

Revenues and Expenditures



Trust Cash Assets at End of FY2008



Senate Finance Committee FY 2010 Budget

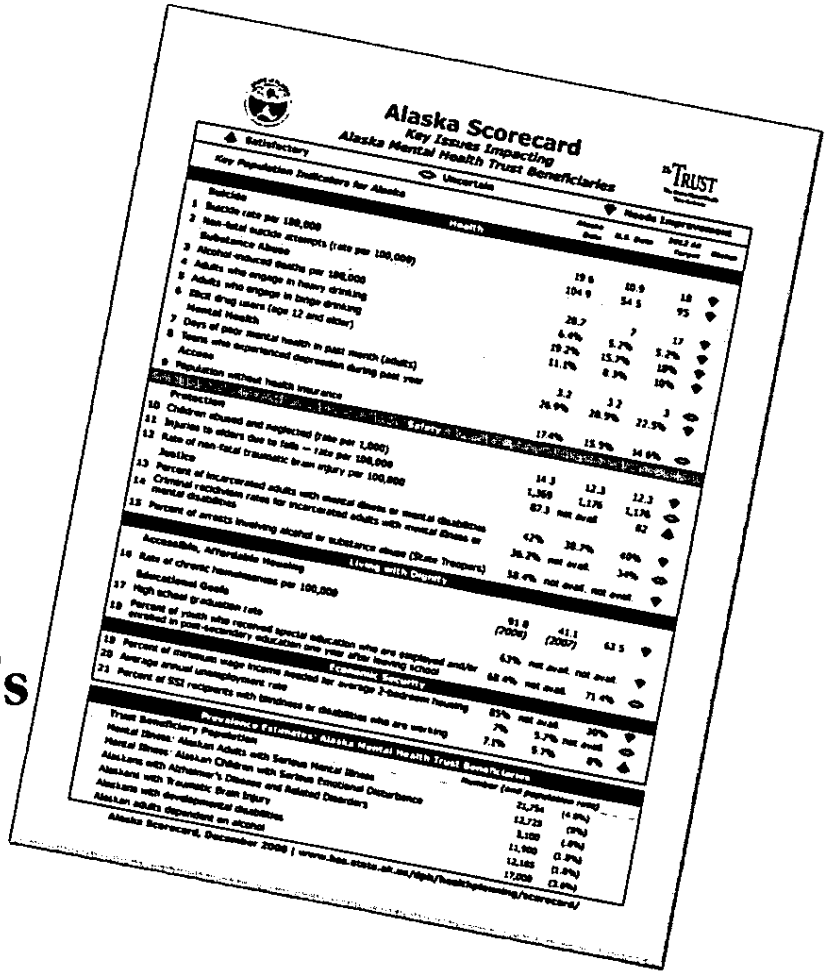
Alaska Mental Health Trust Authority

January 28, 2009

The TRUST
The Alaska Mental Health Trust Authority

Trust Beneficiaries

- People with mental illness
- People with developmental disabilities
- People with chronic alcoholism
- People with Alzheimer's disease and other dementia



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Trust Advisors

- Alaska Mental Health Board
- Advisory Board on Alcoholism & Drug Abuse
- Governor's Council on Disabilities & Special Education
- Alaska Commission on Aging
- Commissioners of Health and Social Services, Natural Resources, Revenue and Corrections
- Alaska Brain Injury Network
- Statewide Suicide Prevention Council

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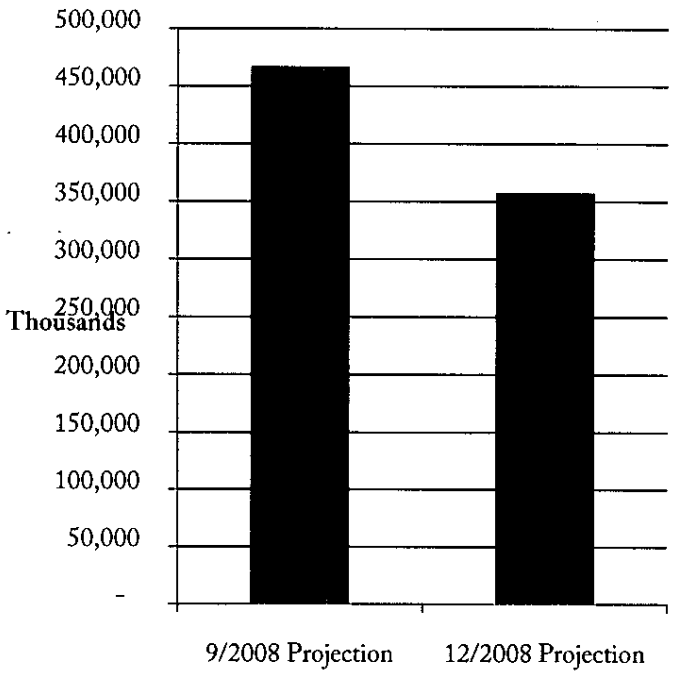
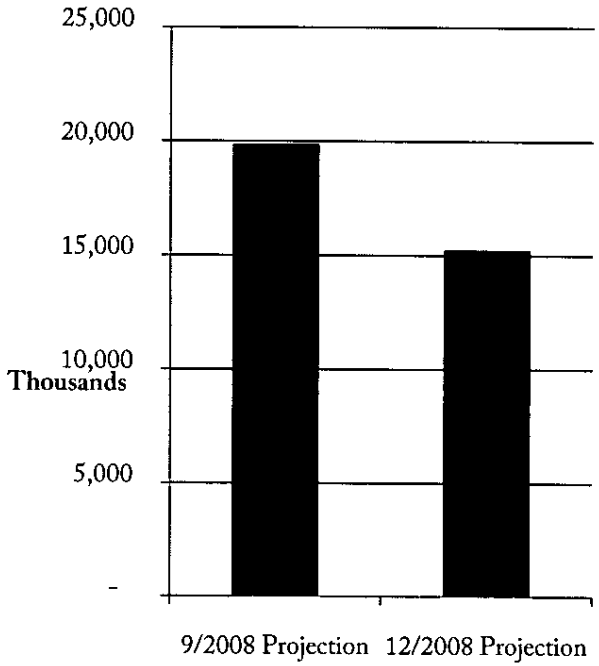
FY2010 Budget Projections

Changes in Financial Projects between September 2008 and January 2009

Endowment



Projected Payout



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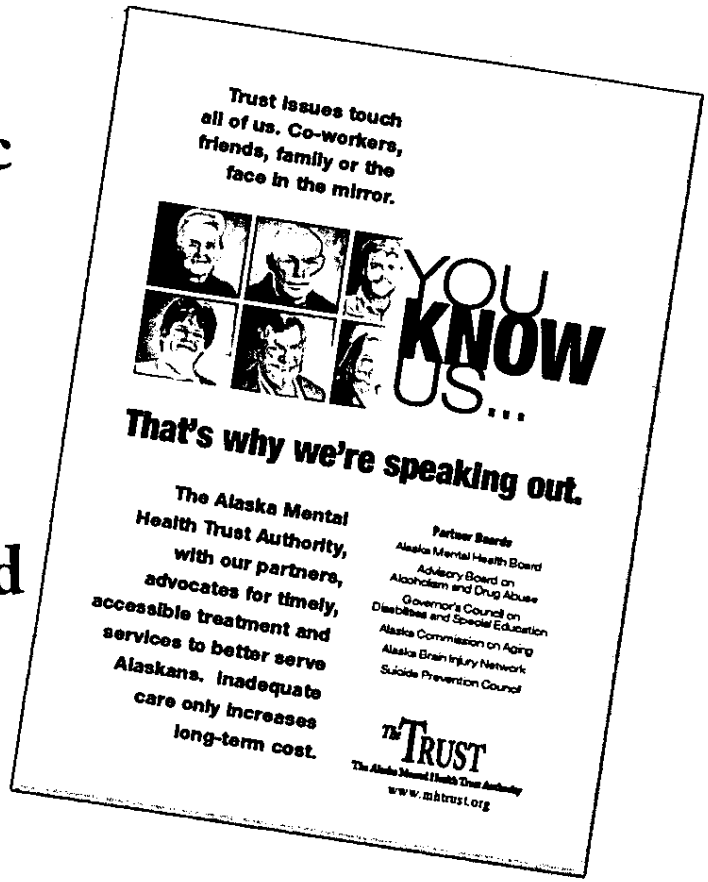
Trust Funding FY2010

Distributable Income	
Trust Fund Payout 4.25%	$15,205,253
Prior Year Lapse	$ 4,049,000
Land Office Income	$ 1,800,000
Interest	$ 800,000
Total Trust Projected	$21,854,253

The Trust
The Alaska Mental Health Trust Authority

Joint FY2010 Legislative Priorities

- Reauthorize adult dental Medicaid services
- Establish regular and periodic schedule of rate reviews for home and community-based services
- Fund 10-year plan to reduce homelessness
- Fund community-coordinated transportation systems



Priorities shared by The Trust and its advisors: Alaska Mental Health Board, Advisory Board on Alcoholism and Drug Abuse, Governor's Council on Disabilities and Special Education, Alaska Commission on Aging

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Formula for Success

- **Identify a problem or community need**
- **Collaborate with governmental agencies, advisory groups, non profits, service providers, philanthropic organizations and private sector**
- **Develop strategic, sharply focused solutions**
- **Make lasting system improvements for Trust beneficiaries**

committed partners + strategic thinking = results for Trust beneficiaries

The TRUST
The Alaska Mental Health Trust Authority

Five Focus Areas

- **Bring the Kids Home**
- **Affordable, Appropriate Housing**
- **Disability Justice**
- **Workforce Development**
- **Beneficiary Projects Initiative**

Bring the Kids Home

- **Problem or community need**
  - FY06: a total of 743 Alaskan children with severe emotional disturbances received service in out-of-state residential psychiatric treatment centers
    - separated from families, communities
    - length of stay varies from several months to multiple years
  - FY06: $40 million for out-of-state Medicaid care
- **Committed partners**
  - DHSS, Denali Commission, Trust partner boards, Alaska Native health providers, other service providers, parents, advocacy groups, AHFC
- **Strategic thinking**
  - Each child treated at appropriate level of care as close to home as possible
    - Build appropriate treatment facilities in Alaska
    - Increase capacity/core competence for outpatient services
    - Provide family supports
    - Involve parents and youth in the solutions

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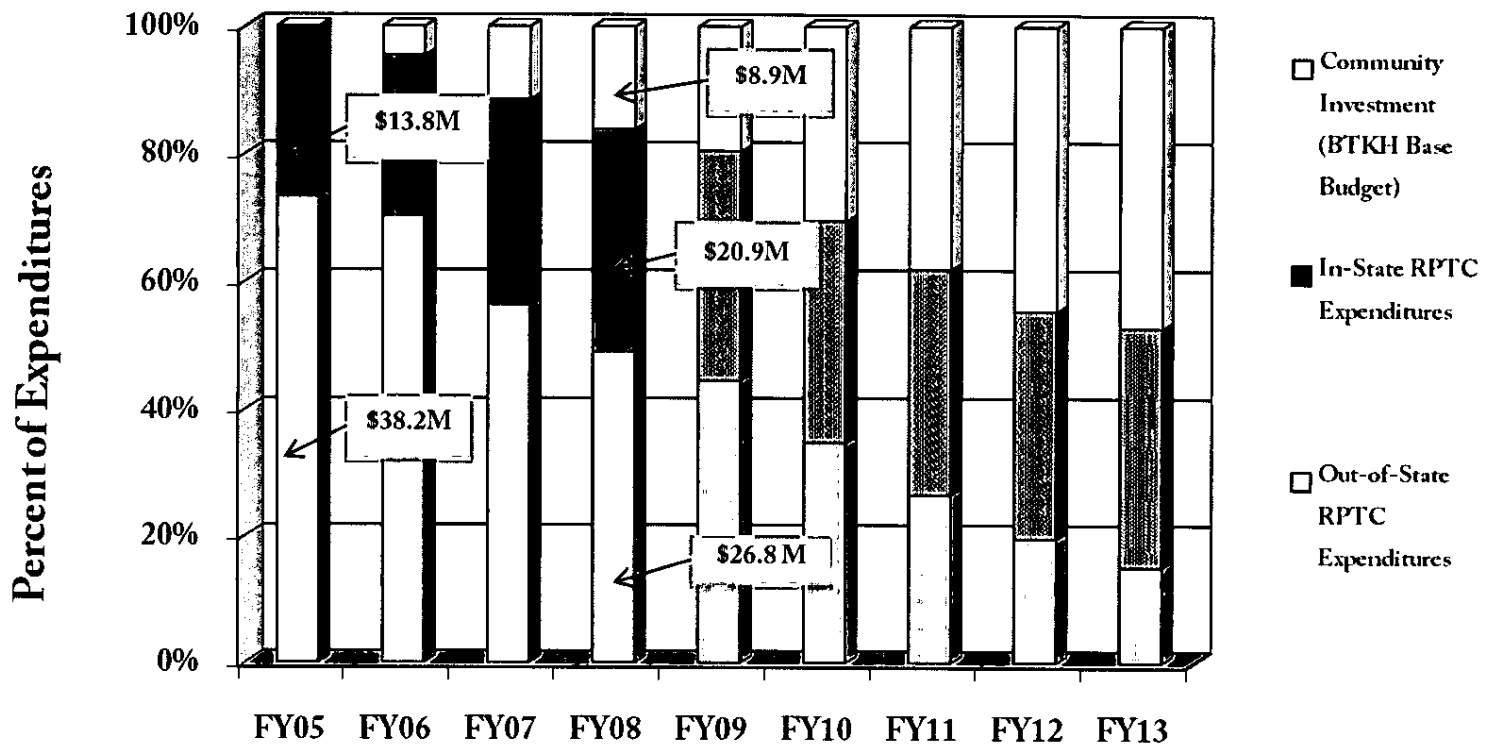
Projected BTKH Reinvestment

FY05-FY08 = Actual Expenditures *FY09 – FY13 = Projected Expenditures*



$52,115.3* $56,895.5* $65,192.8* $56,648.6* $58,433.0* $57,526.2* $56,462.2* $56,004.0* $53,054.0*

*** Total per year cost in thousands of dollars**

Data for FY05-07 are from Behavioral Health based on paid claims for Medicaid data. Expenditure data for FY08 are from Finance Management Services and includes all claims incurred and paid in FY08 and claims incurred in FY08 and paid in the first quarter of FY09.

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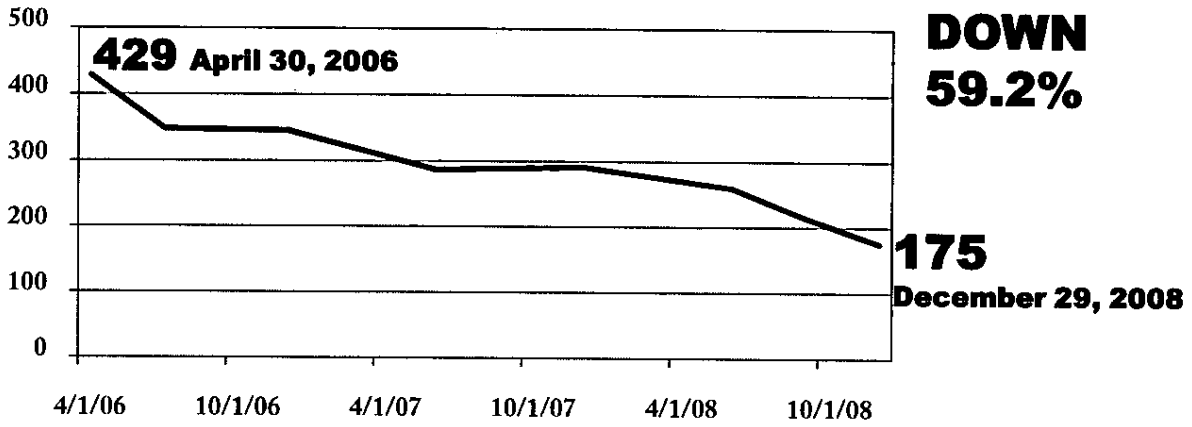
Results for Beneficiaries

Youth Out-of-State Census



- Census of youth in out-of-state residential psychiatric treatment facilities DROPPED 59.2% from 429 on 4/30/06 to 175 on 12/29/08
- IN STATE services continue to increase. During FY08:
  - 300+ youth received INDIVIDUALIZED SERVICES
  - 500+ youth received services via new COMMUNITY behavioral health capacity
  - 150+ RESIDENTIAL BEDS were added

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Ahead in FY2010

Transition into BTKH Base Budget:	MHTAAR	GF/MH	Total
• Individualized services		$ 800.0	$ 800.0
• Behavioral Health Technical Assistance	$ 100.0	$ 225.0	$ 325.0
Build capacity within BTKH Base Funding:			
• Community BH capacity development	$ 250.0	$ 2,000.0	$ 2,250.0
• Crisis Bed Stabilization	$ 150.0		$ 150.0
• Tribal/rural system development	$ 400.0	$ 400.0	$ 800.0
• Transitional-aged youth	$ 200.0	$ 300.0	$ 500.0
• Early childhood mental health	$ 255.0	$ 200.0	$ 455.0
• School based services	$ 300.0		$ 300.0
• Foster parent/parent services	$ 75.0		$ 75.0
• Strong family voice	$ 25.0	$ 25.0	$ 50.0
BTKH Capital Funding:			
• Matching for Denali Commission funds		$ 2,316.8	$ 2,316.8

Funding in thousands of dollars

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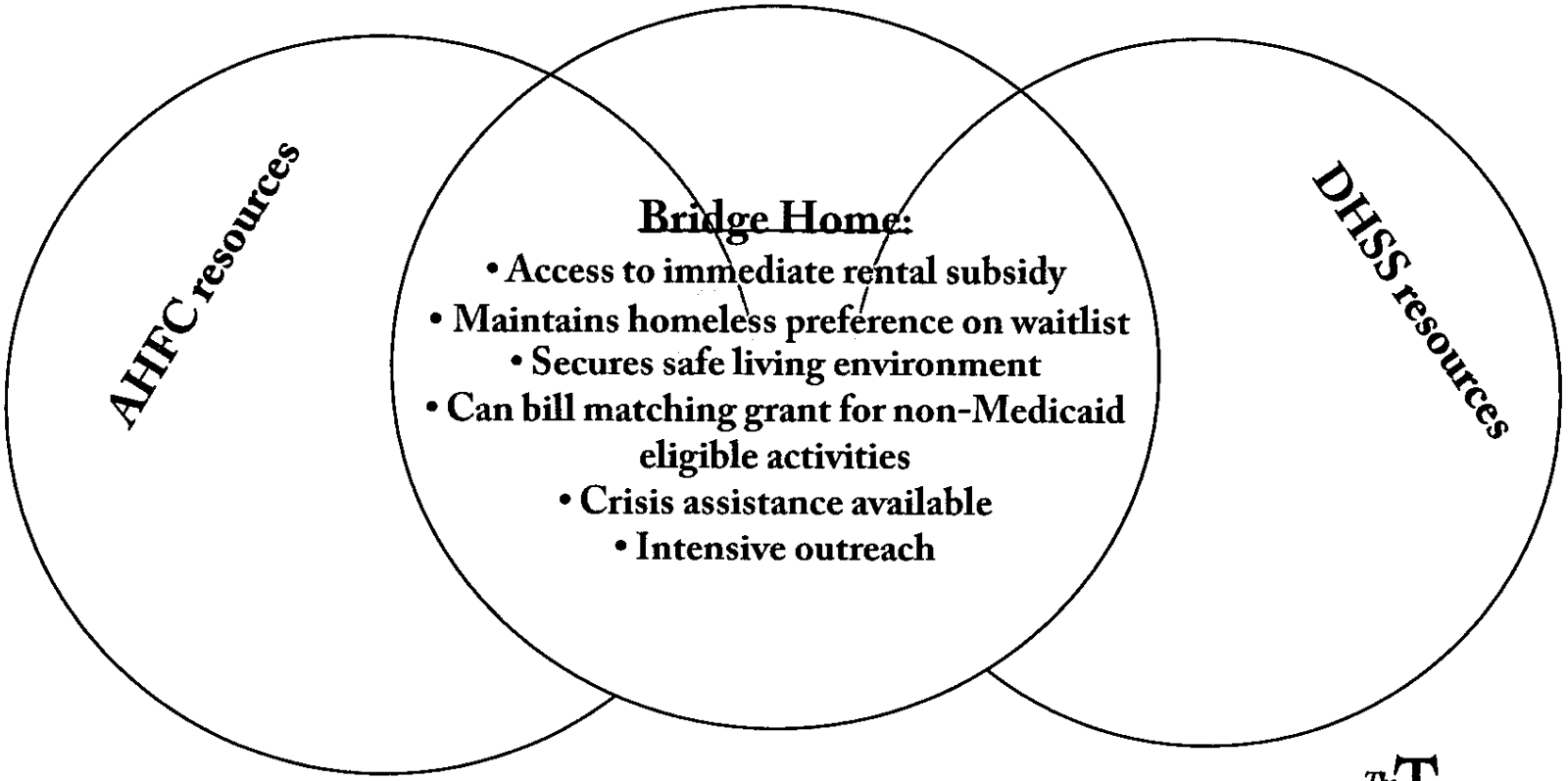
Affordable, Appropriate Housing

- **Problem or community need**
  - **3,500 Alaskans homeless on any given night**
    - **1,600 are in families with children**
    - **4,000 + and growing are number of people on rental assistance waitlist**
    - **Wait time on the list can be 2 years or longer**
  - **Lack of housing disproportionately affects Trust beneficiaries**
    - **challenges associated with disabling conditions**
    - **lack of opportunities for economic advancement**
    - **need for supportive living situations**
    - **physical accommodations required to meet special needs**
    - **need assistance locating and maintaining independent apartment units**

Bridge Home Pilot Project

Program replicates housing trust programs Outside by combining resources



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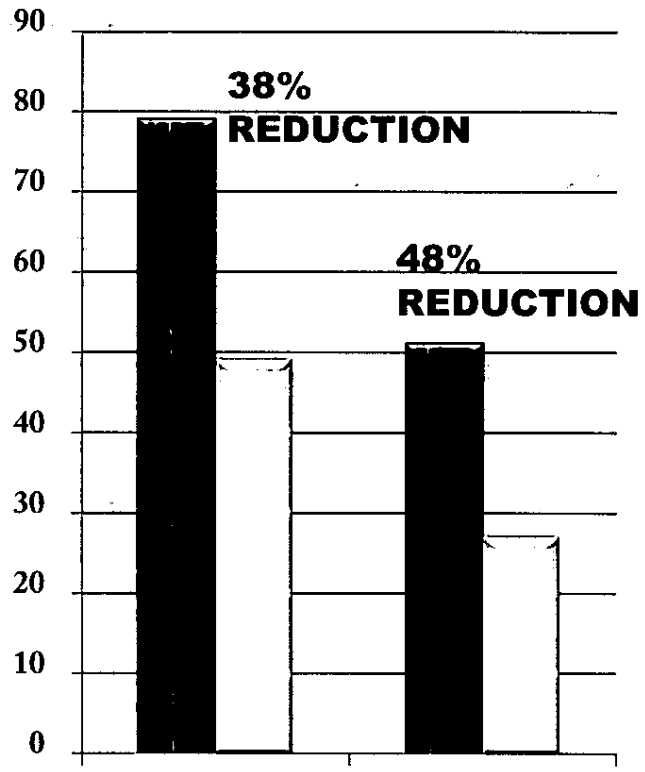
Bridge Home Results

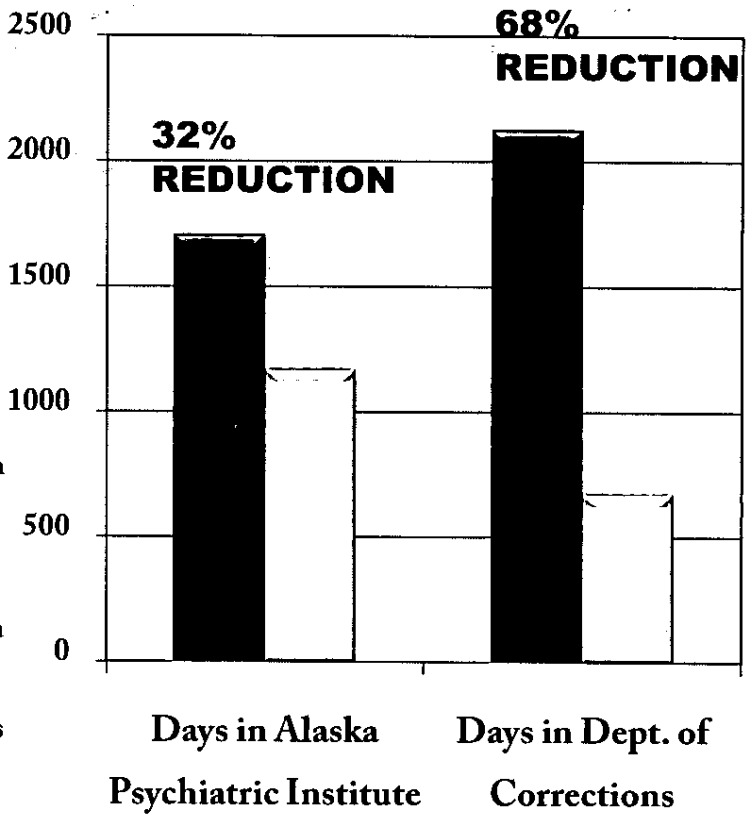
Reductions in institutionalization and incarceration



Prior to Program

During Program

•N = 47 participants



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A Proven Model

- Each $1 spent leverages $7 in other funds
- 600 housing trusts operating in more than 30 states using these components
- Investment in permanent, affordable housing
- Include supportive services and skills training
  - case management
  - access to treatment
  - crisis intervention
  - financial literacy
  - home maintenance/upkeep
  - tenant education and responsibilities
  - job counseling and building work routines
  - transportation
  - money management
  - nutrition
  - life-skills training

Results for Beneficiaries

- Reduces public funding for other services
  - public safety
  - courts
  - jails
- Promotes strong families and community stability
- Children more successful in school
- Seniors and persons with disabilities can live independently with dignity
- Encourages partnerships between Alaska's social service and business sectors
- Helps keep Alaska's housing construction industry strong

Ahead in FY2010

- **Policy - Governor's Council on the Homeless**
  - interagency collaboration
  - creating and overseeing 10-year homeless plan and budget recommendations
  - adapting programs to replicate successful homeless programs
- **Budget - $10 million in Governor's capital budget to begin implementing 10-year plan**
  - The Trust, AHFC, GF/MH and other sources
  - National Housing Trust funds possible in FY2010
- **Projects - Working on implementation of more responsive projects**
  - AHFC grants in FY08 and FY09 Special Needs Grant rounds
  - Trust/DHSS Bridge Home pilot project
  - Trust/Rasmuson Foundation pilot projects - $2 million
  - Office of Public Advocacy intensive needs housing project

Disability Justice

- **Problem or community need**
  - at least 42% of those incarcerated in DOC are Trust beneficiaries
  - incarcerated beneficiaries
    - have more difficulty adjusting to incarceration
    - are more likely to be victimized by other prisoners
    - spend a disproportionate amount of time in custody
  - hundreds of beneficiaries incarcerated for "safety" because services not available
- **Committed partners**
  - Alaska Court System
  - Dept. of Law
  - Dept. of Public Safety
  - Local governments
  - Dept. of Corrections
  - Public Defender Agency
  - University of Alaska
  - Local law enforcement
  - Dept. of Health & Social Services
  - Community treatment providers

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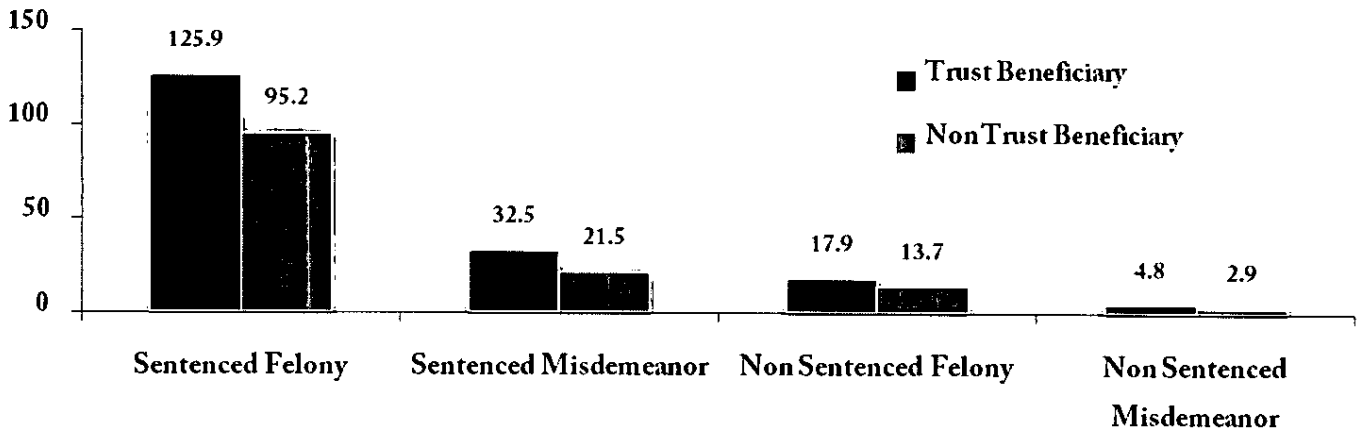
Incarcerated Beneficiaries

Distribution of Beneficiaries in DOC Custody

	FY2003	FY2004	FY2005	FY2006
Total Incarcerations	36,457	39,067	39,260	37,165
Trust Beneficiary Incarcerations	14,996	16,570	16,309	15,175
Trust Beneficiary Percent	41.0%	42.4%	41.5%	40.8%

Comparison of Number of Days in Correctional Facilities



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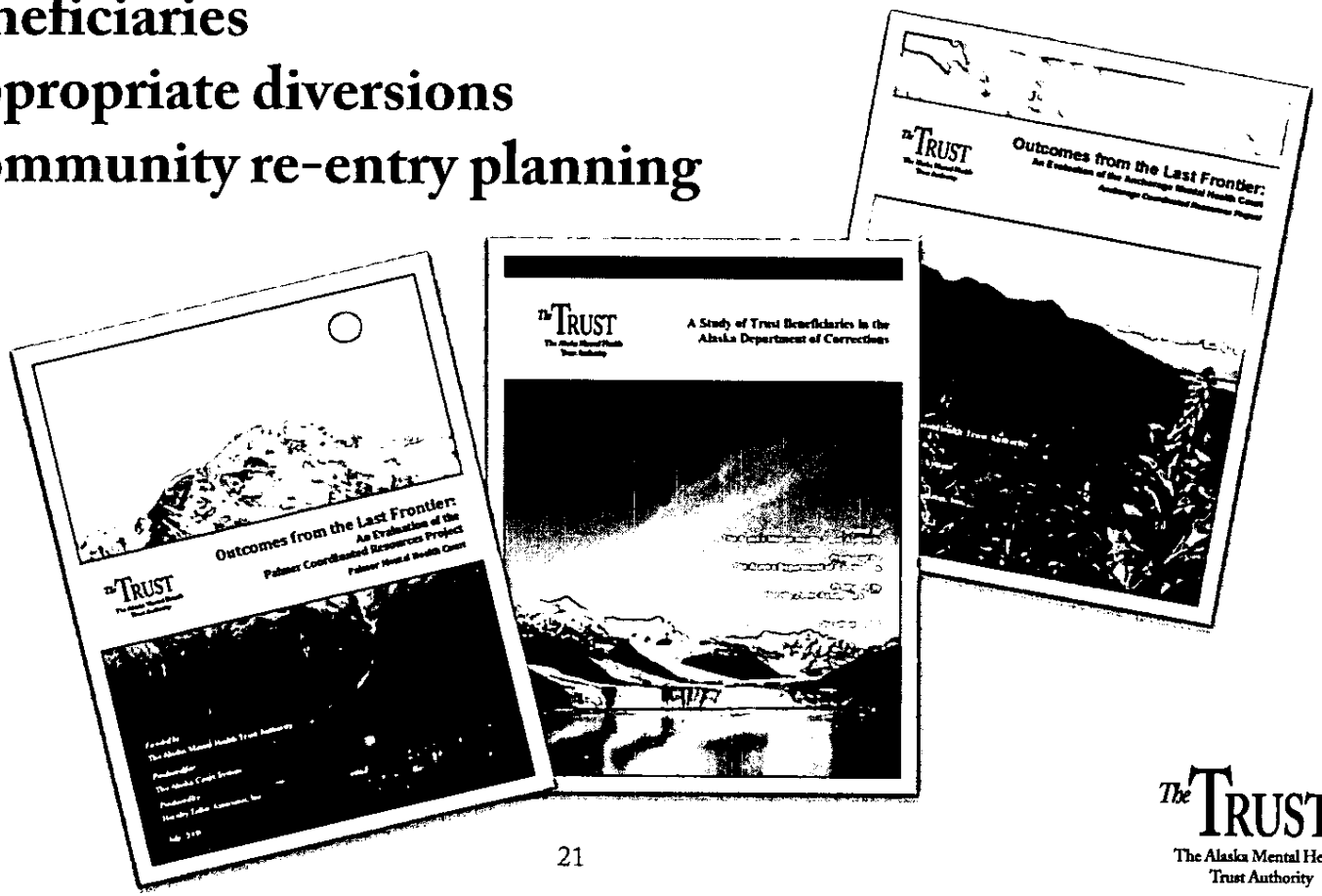
Strategic Thinking

- Access to comprehensive community mental health and substance abuse treatment
- Early screening and assessment to identify beneficiaries
- Appropriate diversions
- Community re-entry planning



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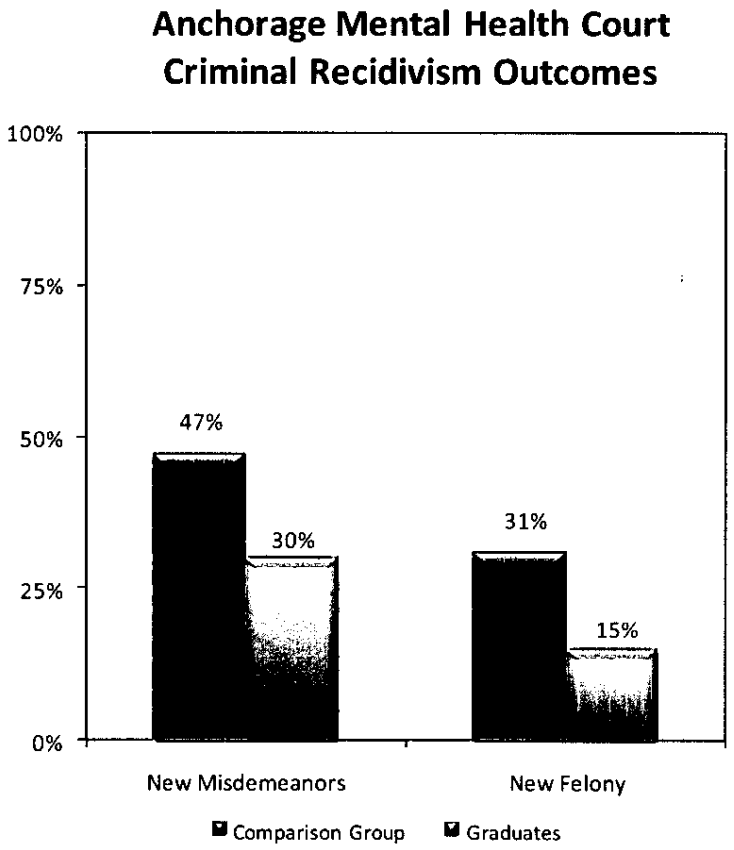
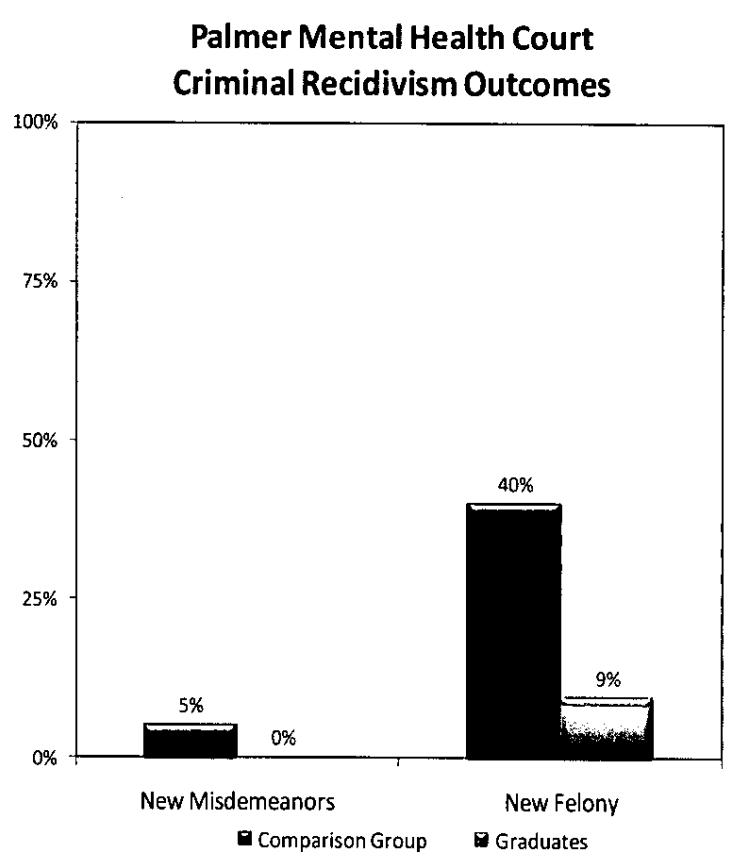
Improving Outcomes for Trust Beneficiaries Involved with the Criminal Justice System





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Ahead in FY2010

	MHTAAR	GF/MH	Other	Total
Sustain & Expand Therapeutic Models & Practices				
• Fairbanks Juvenile Mental Health Court	$255.9			$255.9
◦ Mental Health Court Expansion in Targeted Community	$204.4			$204.4
• Anchorage Mental Health Court		$ 99.4		$ 99.4
• Treatment Funding for Therapeutic Court participants		$500.0		$500.0
• Adult Guardianship/Mediation Project		$147.7		$147.7
Transitional Planning for Beneficiaries Involved with Criminal Justice System				
• APIC Discharge Planning Model	$210.0			$210.0
• Increased Mental Health Clinician Capacity	$164.0	$164.0		$328.0
• Mental Health Services			$444.8	$444.8
• Substance Abuse Treatment			$500.0	$500.0
• Increased Mental Health Clinician Capacity for Juveniles	$189.2			$189.2
• Develop Alternatives to Incarcerations for Title 47 Substance Abuse Protective Custody Holds	$500.0			$500.0

Funding in thousands of dollars

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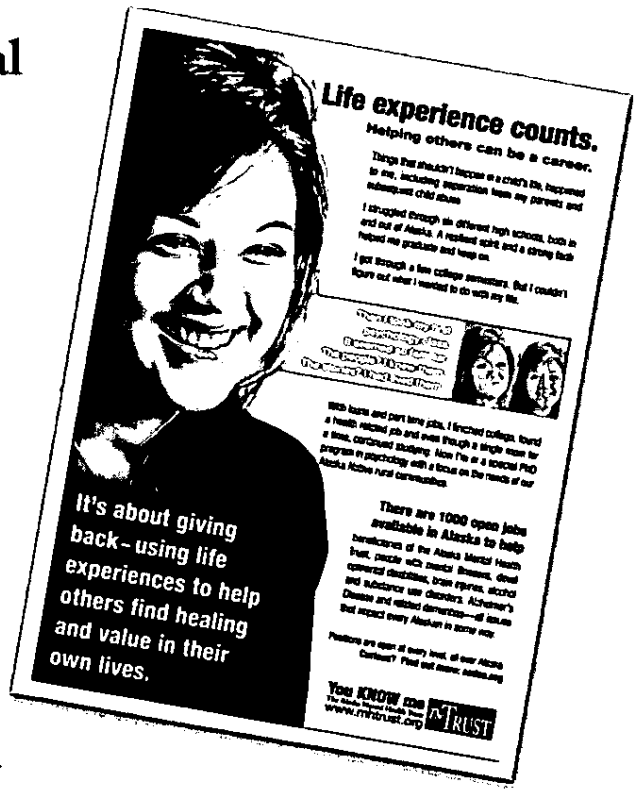
Workforce Development

- Problem or community need
  - shortage of health care workers in Alaska at a near-crisis level
  - health services industry fastest growing sector of Alaska's economy, more than 7% of workforce
  - burgeoning demand for increased health services for the state's steadily growing and aging population, some are Trust beneficiaries
  - need to increase pool of qualified employees in Alaska who serve Trust beneficiaries and keep adequately trained
- Committed partnerships
  - more than 20 partners
    - service providers, Dept. of Health and Social Services, Dept. Labor and Workforce Development, non-profit and faith-based organizations, University of Alaska system
- Strategic thinking
  - key focus areas
    - recruitment,
    - retention
    - training

Results for Beneficiaries

- 990 professionals/providers across Alaska received training and education on behavioral health related topics through the Trust Training Cooperative
- 1,194 providers trained by the Geriatric Education and Training Center on issues regarding Alzheimer's and related disorders
- 1,550 people received behavioral health training through the University of Alaska, a 13% increase in enrollment in beneficiary related degree programs
- 958 professionals across the state received training through the Training and Technical Assistance for Providers program, increasing the number of professionals trained to respond to cases of disability related abuses



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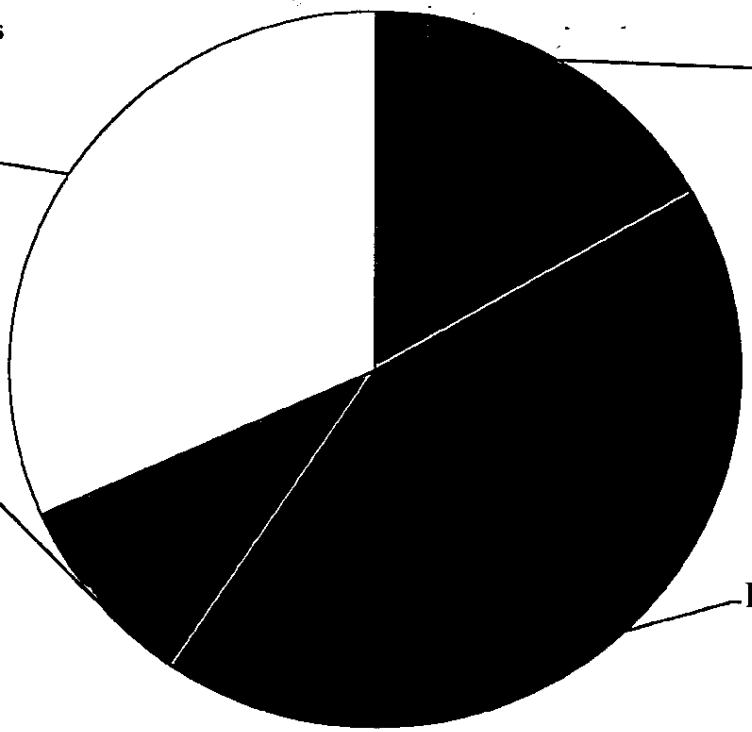
Ahead in FY2010

- Support student loan repayment strategies for health professionals
- Support increments for University of Alaska health programs
- Researching a psychiatric residency program in Alaska
- Finalizing plans for a PhD psychologist internship program in Alaska

Trust Beneficiary Projects Initiative

- **Community need:**
  - consumers active in defining and delivering recovery support
  - beneficiaries/families desire consumer-driven services yet need expertise and training
  - peer services, benefit of lower cost, prevention
- **Partners:**
  - 27 beneficiary grantees since 2006
  - Alaska Peer Support Consortium
  - Division of Behavioral Health, Rasmuson Foundation, Division of Vocational Rehabilitation, UAA-Center for Human Development
  - Partner Boards - Advisory Board on Alcohol and Drug Abuse, Alaska Mental Health Board, Governors Council on Disabilities and Special Education
- **Strategic thinking:**
  - Provide funding and technical assistance for beneficiary group projects
    - safe, sustainable and effective
  - Mini grants to improve beneficiaries' quality of life
  - Small projects grants for small, beneficiary-directed projects
    - $250,000 annually

FY08 Beneficiary Projects Grants



27 grantees serving
- people with mental illness
- people with developmental disabilities
- people with chronic alcoholism

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Results for Beneficiaries

- 27 beneficiary grantees since 2006
- Promotes recovery and stability
- Provides sense of empowerment
- Wide range of beneficiary-run programs
  - peer-support services
  - clubhouses
  - drop-in centers
  - community outreach
  - illness self-management
- In communities from Fairbanks to Sitka

Thank You

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The Trust
The Alaska Mental Health Trust Authority

1/30/09 OVERVIEW: COMMERCIAL PASSENGER VESSEL EXCISE TAX UPDATE

<target><bill></bill><subject>1-30-09 OVERVIEW COMMERCIAL PASSENGER VESSEL EXCISE TAX UPDATE</subject><comm>SFIN26</comm></target>

Annual Report

2008

Available online at www.revenue.state.ak.us

This annual report covers fiscal year 2008 ended June 30, 2008.

This report provides an overview of programs administered by the Tax Division and statistics of revenue collections and other information related to those programs.

The figures in this Tax Division Annual Report differ slightly from those of the Revenue Sources Book (www.tax.state.ak.us) due to timing issues. Some amounts which should have been recorded in the following fiscal year were recorded in FY 2008 in the state accounting system.

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Overview

The Tax Division administers the following programs. The programs generate a significant portion of General Fund revenue used for funding state government and programs throughout Alaska.

Programs Administered by the Tax Division

Oil and Gas Taxes
- Conservation Surcharge
- Corporate Income
- Production
- Property

Excise Taxes
- Commercial Passenger Vessel
- Alcoholic Beverages
- Mining License
- Motor Fuel
- Tire Fee
- Tobacco
- Vehicle Rental

Other Taxes
- Electric Cooperative
- Estate
- Large Passenger Vessel Gambling Tax
- Regulatory Cost Charges
- Telephone Cooperative

Corporate Income Tax
(Other than oil and gas)

Fisheries Taxes
- Dive Fishery Management
- Fisheries Business
- Fishery Resource Landing
- Salmon Enhancement
- Seafood Development
- Seafood Marketing

Other Programs
- Gaming
- Revenue Sources Reporting
- Salmon Price Reporting
- Unclaimed Property

Retrospect

Fiscal year 2008 was a busy and challenging year for the Tax Division on many fronts. The division met many demands during the fiscal year; most notable were implementation of oil and gas production tax legislation enacted from both 2006 and 2007 special sessions and use of technologies to streamline operations.

Oil and gas production revenue. As a result of high oil prices and new oil and gas production tax legislation (see below) enacted in 2007, oil and gas production tax revenues increased significantly in FY 2008, setting a record high of $6.8 billion in general fund collections. In comparison, oil and gas production tax revenue was $2.3 billion and $1.2 billion in FY 2007 and FY 2006, respectively.

Oil and gas production tax legislation. The Legislature passed two major pieces of legislation that revamped the oil and gas production tax structure. In August 2006, the Legislature passed legislation (Petroleum Profits Tax – PPT) that made sweeping changes to the oil and gas production tax structure; changing the tax structure from a production to profits-based tax. In November 2007, the Legislature passed legislation (Alaska's Clear and Equitable Share – ACES) that revised the PPT tax structure to increase tax rates and expand credit provisions.

The division met challenges associated with the implementation of these two major pieces of legislation in a very short period by

- holding extensive public workshops and hearings to develop and promulgate regulations
- implementing several regulations
- developing monthly reporting forms
- developing a tax return form to conform to new reporting requirements
- developing a web site to accommodate online tax payments/ tax filings
- developing new account structures to separately account for revenues collected under PPT and ACES
- preparing and accounting for a true-up payment under ACES in March 2008
- hiring and training auditors and staff
- responding to numerous legislative and public information requests

Large Passenger Vessel (LPV) Gambling Tax. Ballot initiative measure 2, passed in the August 2006 primary election, authorized a tax on gambling activities on large passenger vessels (such as cruise ships). First year returns for the LPV gambling tax (for calendar year 2007 gambling activities) were due April 15, 2008. The Tax Division successfully implemented the LPV gambling tax by

- implementing regulations
- developing a tax return form
- developing a web site to accommodate online tax payments/ tax filings
- developing new revenue accounting codes
- hiring and training staff
- responding to numerous legislative and public information requests

Imaging. The division expanded imaging from corporate income tax to other tax programs. The division initiated imaging in late FY 2006 and began with imaging corporate income tax files. After completing imaging corporate income tax files – the largest volume of files maintained by the division - in FY 2007, the division expanded imaging to fisheries business and excise tax files in FY 2008. The division anticipates that files for all other tax programs will be imaged in FY 2009. Current period returns and documents are imaged on an ongoing basis. Imaging has streamlined operations, increased staff productivity, enhanced customer service and freed up space needed for staff and operations.

Online technology. The division implemented its Online Tax Information System (OTIS) - an online portal for taxpayers to pay taxes, file returns and view account information online. Taxpayers can pay taxes for any tax type through OTIS. The division implemented its first OTIS return form with the implementation of an online Commercial Passenger Vessel return. An online LPV gambling tax return followed. The division plans to implement online filing for tire fee, vehicle rental and alcoholic beverages tax returns in FY 2009.

Online permitting and licensing – The division initiated efforts to increase online licensing and permitting for fisheries business and gaming through OPAL (Online Permit and License) which was implemented in 2007. The fisheries business unit changed its annual application notification process for 2008 licenses by mailing a postcard rather than a paper application booklet. The postcard encouraged applicants to apply online and directed them to the OPAL web site. Staff encouraged applicants to apply online when corresponding with them via telephone and email. The percentage of online fisheries business license applications increased from 17% in 2007 to 44% in 2008. Online gaming permit applications increased from 27% in 2007 to 36% in 2008. Applications filed through OPAL are processed more efficiently because the online applications are available immediately and free of data entry errors, and information is complete (OPAL edits required data fields before an application can be submitted online).

Internet cigarette tax compliance – The Tobacco Audit group assessed individuals who purchased cigarettes over the internet without paying cigarette taxes and obtaining a required license. In FY 2008, the Tax Division collected $465,143 in cigarette taxes, penalties and interest as a result of the compliance project.

Mining license tax compliance – The Excise Audit Group conducted a mining tax compliance project by identifying and contacting non-filers. Staff evaluated Department of Natural Resources data against internal data to identify non-filers and educated taxpayers, the Alaska Miner's Association and CPAs in Alaska to educate them on Alaska's mining tax statutes and regulations.

Investigations enhanced – The Tax Division's investigations staff obtained special commissions with the Department of Public Safety and entered an information sharing agreement with U.S. Customs. These efforts will improve the effectiveness of tax investigations. The Investigations Unit implemented a fraud tip hotline for Alaskans to report fraudulent activity.

Figure 1 – Three-Year Comparison of Revenue Collections

Program (All Funds)	FY 2008	% Fund	FY 2007	% Fund	FY 2006	% Fund
Oil and Gas						
Production[1]	$6,874,597,863	80.89%	$2,288,986,515	64.55%	$1,194,317,635	51.14%
Corporate Income[1]	996,991,095	11.73%	676,111,422	19.07%	702,211,982	30.06%
Property[1]	81,565,946	0.96%	65,692,167	1.85%	54,557,701	2.34%
Oil & Gas Conservation Surcharge	11,685,189	0.14%	10,103,767	0.29%	7,758,733	0.33%
Total Oil and Gas	7,964,840,093	93.72%	3,040,893,871	85.76	1,958,846,051	83.87%
Corporate Income - Other than Oil and Gas	182,586,156	2.15%	177,011,212	4.99%	137,993,460	5.91%
Tobacco[2]	73,420,572	0.87%	72,675,033	2.05%	65,450,975	2.80%
Mining License	54,408,228	0.64%	79,141,526	2.23%	18,637,996	0.80%
Commercial Passenger Vessel	46,839,178	0.55%	15,981,734	0.45%	N/A	N/A
Motor Fuel[3]	41,583,607	0.49%	39,685,312	1.12%	42,110,897	1.80%
Alcoholic Beverages[4]	38,165,200	0.45%	36,038,464	1.02%	35,225,076	1.51%
Fisheries Business[3]	34,992,328	0.41%	35,589,331	1.00%	32,487,173	1.39%
Fishery Resource Landing[3]	13,661,758	0.16%	11,011,954	0.31%	10,478,888	0.45%
Seafood Marketing	8,713,682	0.11%	7,680,949	0.22%	6,357,576	0.27%
Vehicle Rental	8,452,873	0.10%	8,018,609	0.23%	7,657,116	0.33%
Regulatory Cost Charges	8,407,631	0.10%	7,885,161	0.22%	7,131,107	0.31%
Large Passenger Vessel Gambling	6,757,501	0.08%	N/A	N/A	N/A	N/A
Salmon Enhancement[3]	5,484,160	0.06%	4,356,969	0.12%	4,379,249	0.19%
Gaming	2,711,404	0.03%	2,445,627	0.07%	2,409,819	0.10%
Electric Cooperative[3]	2,093,229	0.02%	2,029,554	0.06%	1,971,690	0.08%
Telephone Cooperative[3]	1,998,127	0.02%	2,062,277	0.06%	1,905,896	0.08%
Tire Fee	1,498,216	0.02%	1,511,917	0.04%	1,618,687	0.07%
Seafood Development	1,386,282	0.02%	1,266,333	0.04%	152,465	0.01%
Dive Fishery Management	373,120	0.0%	426,006	0.01%	273,521	0.01%
Estate	0	0.0%	133,081	0.00%	576,261	0.02%
Salmon Marketing	0	0.0%	20,981	0.00%	48,795	0.00%
Total All Funds	**$8,498,373,345**	**100.00%**	**$ 3,545,865,901**	**100.00%**	**$2,335,712,698**	**100.00%**

[1] *Includes amounts transferred to Constitutional Budget Reserve Fund. Oil and gas property tax amounts are net of credits for local government property tax paid. Amounts paid to local governments are $276,693,851 in FY 2008, $247,159,729 in FY 2007, and $233,512,602 in FY 2006.*

[2] *Includes amounts transferred to School Fund and Tobacco Use Education and Cessation Fund.*

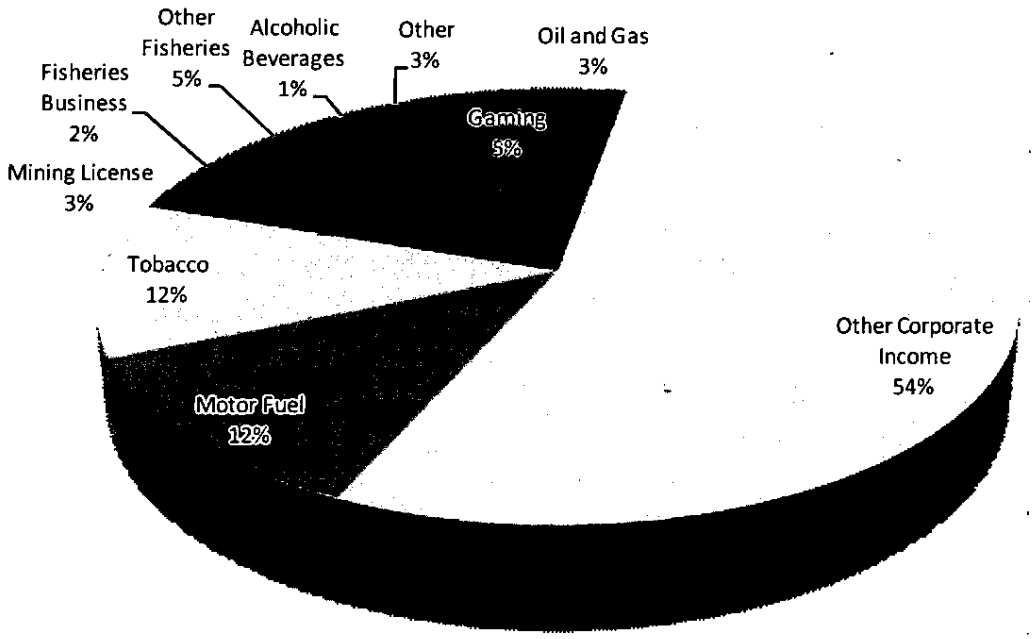
[3] *Prior to sharing with municipalities or aquaculture associations.*

[4] *Includes amounts transferred to the Alcohol and Other Drug Abuse Treatment and Prevention Fund.*

Note: The following are included in program revenue collections above. These amounts were required to be transferred to designated funds under provisions of the Alaska Constitution or Alaska Statutes.

Constitutional Budget Reserve Fund						
Oil & Gas Corporate Income	$391,092,988	89.22%	$83,518,505	82.63%	$41,140,602	94.05%
Oil & Gas Production	47,228,656	10.78%	17,510,672	17.32%	2,556,312	5.84%
Oil and Gas Property	8,641	0.00%	50,640	0.05%	50,268	0.11%
Total CBRF	**$438,330,285**	**100.00%**	**$101,079,817**	**100.00%**	**$43,747,182**	**100.00%**
School Fund	**$24,918,332**	**100.00%**	**$26,972,936**	**100.00%**	**$27,391,201**	**100.00%**
Alcohol and Other Drug Abuse Treatment and Prevention Fund	**$19,080,505**	**100.00%**	**$3,282,925**	**100.00%**	**$2,694,038**	**100.00%**
Tobacco Use Education and Cessation Fund	**$3,614,401**	**100.00%**	**$18,018,504**	**100.00%**	**$17,612,538**	**100.00%**

Figure 2
Tax Returns Filed



Total Tax Returns Filed 29,661

Oil and Gas	**822**
Production	18
Corporate Income	52
Property	752
Other Corporate Income	**16,010**
Motor Fuel	**3,539**
Tobacco	**3,399**
Mining	**841**

Fisheries Business	**665**
Other Fisheries	**1,465**
Salmon Enhancement	872
Seafood Marketing	309
Seafood Development	182
Fishery Resource Landing	71
Dive Fishery Management	31
Alcoholic Beverages	**410**

Other	**998**
Tire Fee	417
Vehicle Rental	392
Commercial Passenger Vessel	158
Electric Cooperative	18
Telephone Cooperative	8
LPV Gambling	5
Regulatory Cost Charges	N/A
Gaming*	**1,512**

**Annual financial statements and reports filed by permittees, operators, multiple beneficiary permittees, distributors and manufacturers.*

N/A - Not Applicable. Returns are filed with the Regulatory Commission of Alaska

2008 Legislation

HB 321 (Ch 8 SLA 08) – Salmon Product Development Tax Credit. This legislation extends the salmon product development tax credit program by three years. The legislation extended the ending date for placing specified property in service to qualify for the credit from December 31, 2008 to December 31, 2011. Credits may only be claimed against fisheries business tax liabilities attributable to salmon processing only. This legislation expanded the list of qualified property to include conveyors used for producing value-added salmon products and requires that the Department of Revenue develop and implement procedures for determining if investments qualify for the salmon product development tax credit.

The Alaska Legislature amended the oil and gas production tax with passage of ACES legislation in a special session ended November 2007.

SB 256 (Ch 11 SLA 08) – Commercial Passenger Vessel (CPV) Tax Sharing. This bill authorizes the department to share CPV taxes in FY 2008 from taxes collected in calendar year 2007. The CPV tax program took effect in 2007, and this bill allows for sharing taxes on a calendar year basis rather than fiscal year basis, as is the case with all other taxes subject to sharing.

SB 59 (Ch 20 SLA 08) – Gaming: Broadcasts/Cabbage Classics/ Prizes. This legislation authorizes broadcasting for dog mushers' contests, charitable raffles and lotteries (in addition to fish derbies and classics that were previously authorized for broadcasting). The legislation recognizes the cabbage classic at the Giant Cabbage Weigh-off at the Alaska State Fair in Palmer operated by the Palmer Rotary Club as an authorized gaming activity. The legislation also raised the maximum award of non-bingo prizes that a permittee may award each year in self-conducted (without an operator) gaming activity raises the maximum award of prizes that may be awarded each year from $1 million to $2 million. The legislation took effect July 18, 2008.

HB 61 (Ch 48 SLA 08) – Tax Credit for Contributions to Vocational Education. This legislation expanded the education credit program, authorizing tax credits for contributions to vocational education courses and programs in public secondary schools (grades 7 through 12) and state-operated vocational technical education and training schools. Credits may be claimed against the following taxes: insurance premiums; corporate income; oil and gas production; oil and gas property; mining license; fisheries business; and fishery resource landing. Under this legislation, contributions for vocational education are combined with contributions for postsecondary education for determining the education credit. The maximum annual credit of $150,000 did not change. This legislation took effect January 1, 2009.

SB 230 (Ch 63 SLA 08) – Transferable Film Tax Credits. This legislation authorizes tax credits for qualified film production expenditures incurred in Alaska. Credits may be applied against corporate income tax liabilities. Credits range from 30% to 44% of qualified expenditures. Tax credits may be sold, transferred, exchanged, or conveyed and must be used within three years after being granted by the Alaska Department of Commerce, Community and Economic Development (DCCED). The maximum of credits claimed by all taxpayers over the life of the credit program may not exceed $100 million. The film credit program takes effect after regulations are adopted by DCCED.

HB 4001 (Ch 1 4SSLA 08) – Aviation Fuel Tax Sharing. This legislation appropriates funds necessary to share aviation fuel tax revenues for fiscal year 2009. Due to the suspension of all motor fuel tax as enacted under SB 4002 (see below), aviation fuel tax collections for fiscal year 2009 will be significantly reduced. Aviation fuel tax sharing is based on the amount of taxes collected. This legislation compensates communities for the amount of aviation fuel taxes that would have been collected and shared under AS 43.40.010(e) had the aviation fuel tax not been suspended.

SB 4002 (Ch 2 4SSLA 08) - Motor Fuel Tax Suspension. This legislation suspended motor fuel taxes on all fuel types effective September 1, 2008 through August 31, 2009 and requires motor fuel taxpayers to submit monthly reports of all fuel sales during the period of suspension. This legislation authorizes the Department of Revenue to assess a penalty of up to $5,000 against persons who fail to file a monthly report.

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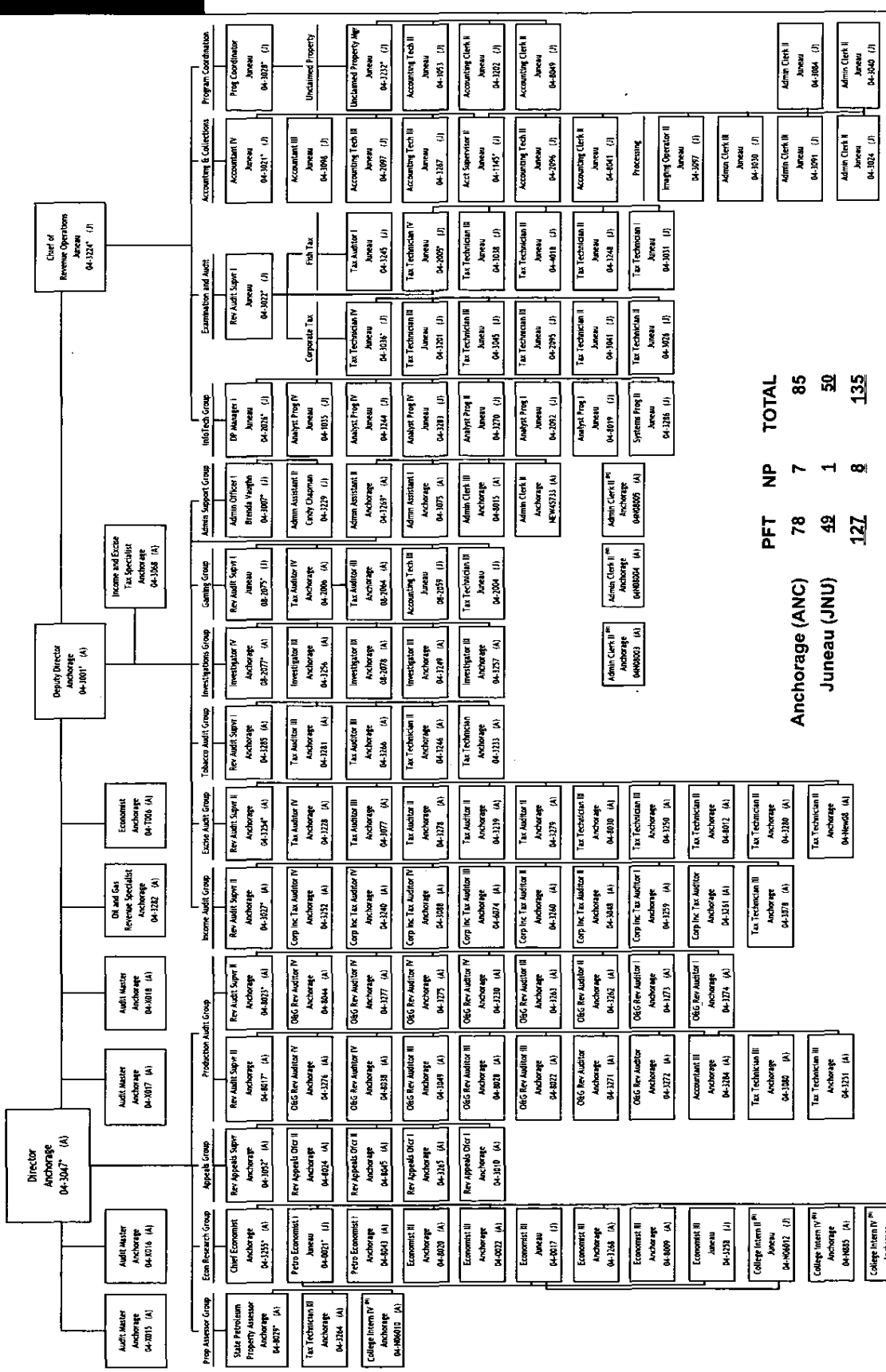
Organization Chart
As of May, 13, 2008



Division Functions

During fiscal year 2008, the Tax Division was staffed by 127 full-time and 8 non-permanent or college intern positions; and maintained offices in Juneau and Anchorage. The division's FY 2008 operating budget was $12.8 million.

The division is organized according to the functional groups of Accounting and Collections, Appeals, three Audit Units, Economic Research, Fisheries Tax Examination and Audit, Gaming, Investigations, Oil and Gas Property Tax and support groups; Administrative Support and Information Technology.

Operations

Overview
Operations receives and processes all tax returns and payments, except oil and gas production and property tax returns which are processed in Anchorage. Operations is comprised of Accounting and Collections, Data Entry and Processing, and FisheriesTax Examination and Audit.

Operations accounts for oil and gas settlement payments received by the state in conjunction with provisions for the Constitutional Budget Reserve Fund.

The Tax Division's FY 2008 operating budget was $12.8 million.

Accounting and Collections
Accounting and Collections processes payments and reconciles Tax Accounting System (TAS) revenues to the state's accounting system (AKSAS). The unit collects delinquent tax accounts, takes enforcement actions such as filing liens and levying assets, PFDs and wages. This unit also approves clearances from state agencies that are making final payment on state contracts.

Accounting and Collections distributes taxes and fees to municipalities in accordance with statutory requirements and periodically issues warrants to communities for the statutory portion of tax collected. The amount shared is based upon where the tax or fee is derived. In FY 2008, Accounting and Collections distributed $37,726,534 to 122 Alaska communities. The following taxes and fees are subject to sharing:

- Aviation Motor Fuel
- Commercial Passenger Vessel
- Electric Cooperative
- Fisheries Business
- Fishery Resource Landing
- Telephone Cooperative
- Alcoholic Beverage License

Taxes collected for fisheries business and resource landing activities in an unorganized borough are shared with municipalities through an allocation program administered by the Department of Commerce Community and Economic Development (DCCED). The Tax Division transmits funds to DCCED each year for allocation. For FY 2008, the division transmitted $3,023,518 for additional sharing.

The division publishes an annual shared tax report which summarizes the amounts shared with each community. The annual report is available online at www.tax.alaska.gov.

The Accounting and Collections unit summarizes and reports financial data, and provides financial oversight and control of agency accounting functions.

The unit data enters tax return information into the division's databases – TAS (Tax Accounting System) and DEE (Data Entry and Examination). More than 30,000 returns are processed annually through this unit, distributed to the appropriate examination unit and ultimately imaged or archived.

The Gaming group publishes an annual report that is available at www.tax.alaska.gov.

Appeals
The Appeals unit conducts informal conferences on protested assessments, issues informal conference decisions, and represents the division in formal hearings before the Office of Administrative Hearings. In addition, Appeals provides assistance for all programs and tax types administered by the division.

Audit and Examination
The audit groups are the division's core technical and analytical resource that provide support for many functions in the division. Audit drafts and implements regulations, conducts special projects and provides support to Appeals.

The audit and examination function consists of the following groups.

- **Corporate Income –** examines and audits corporate net income tax returns, including oil and gas corporate income tax returns.

The group's examination section receives and examines corporation, partnership and other informational returns and assists with updating corporate tax return forms to reflect changes in federal and Alaska tax laws.

The unit conducts compliance activities such as securing returns from businesses and individuals required to file tax returns, comparing internal data with information from external agencies (IRS and Alaska Department of Commerce, Community and Economic Development) to identify potential taxpayers, and following up on compliance leads from internal and external sources.

- **Excise Taxes -** Licenses mining operations, alcholic beverage manufacturers and distributors, tobacco manufacturers and distributors, and motor fuel qualified dealers. The unit examines and audits returns for the following tax types: alcoholic beverages, commercial passenger vessel, large passenger vessel gambling, mining license, motor fuel, tire fee, tobacco and vehicle rental.

- **Fisheries Taxes**
The Fisheries Tax unit examines and audits returns for the following tax types: fisheries business, fishery resource landing, salmon enhancement, seafood development, dive fishery management, and Alaska seafood marketing assessments.

The unit also licenses fisheries businesses that process or export fisheries resources from the state. As part of the licensing function, the unit accounts for cash prepayments and other forms of security submitted by processors to secure payment of their fisheries business tax liabilities.

The unit also administers the fish processor surety bonding program as surety against future claims from employees and fishermen.

- **Oil & Gas Production Tax -** The Production Tax unit is responsible for issuing exploration and other oil and gas tax credit incentive certificates and processing refund requests for eligible tax credit certificates. The unit examines and audits oil and gas production tax returns and tax credit certificates. The unit collects oil and gas sales data used in audits, economic analyses and the department's prevailing value, and collects oil and gas lease expenditure and cost information used in audit and economic analyses. The unit also issues Advisory Bulletins on oil and gas matters and regulatory

interpretations, and assists in development and drafting of regulations.

Economic Research
Economic Research is responsible for monitoring and forecasting state revenues.

Economic Research monitors state and national economic conditions, national and international oil markets, and conducts research needed to anticipate economic and business trends that affect state tax revenue. The unit works with other state agencies to compile information for the Revenue Sources Book, an annual publication that contains historical and forecasted revenue information to assist the governor and legislature in developing the state's budget; the book is available at www.tax.alaska.gov.

The Economic Research group also provides monthly updates on the state's cash flow and a comparison to the amounts projected in the Revenue Sources Book to provide the most up-to-date information.

The Economic Research group publishes average Alaska North Slope crude oil and natural gas price information. The price information, known as "prevailing value," is one of the key variables used to determine tax liability from oil and gas production. The group provides daily and weekly updates on prices, with a comparison of the recent data to that forecast in the Revenue Sources Book.

The Economic Research group prepares and presents to the legislature fiscal notes projecting the costs and revenues from proposed legislation that would affect the state fiscal system.

The Economics Research group responds to requests from the legislature, administration, taxpayers and the public on a host of issues. The group also serves as an interface for the state with the media on issues related to state revenue and oil production.

Gaming
Gaming issues annual permits to not-for-profit organizations to conduct gaming activities and licenses operators to conduct gaming activities on behalf of permittees. Gaming also issues licenses to pull-tab manufacturers and distributors.

Gaming processes reports and monitors financial compliance of permittees, operators, and distributors. The unit conducts compliance audits to ensure gaming activities are conducted within the scope of gaming laws.

The unit publishes an annual report that includes more detailed information and descriptions of the program. The report is available at www.tax.alaska.gov.

Information Technology
The Information Technology Unit maintains databases and provides technical computer support to the division. The unit also maintains online applications, the division's websites, imaging systems, and provides assistance in forms publishing.

The unit researches, coordinates, develops and implements technical upgrades that enhance customer service to Alaska's taxpayers.

Investigations
The Investigations unit focuses on gaming and tobacco tax investigations by conducting field inspections. The group investigates and inspects gaming operations and

The Economic Research group publishes a Revenue Sources Book that is available at www.tax.state.ak.us.

The Investigations group investigates and inspects gaming operations and tobacco distributors and retailers.

tobacco distributors and retailers. The unit investigates leads for all tax programs administered by the division.

Oil & Gas Property Tax
Oil and Gas Property Tax conducts appraisals on all oil and gas related property in the state of Alaska. It also performs compliance and collection functions and processes oil and gas property tax returns.

Additionally, the division or municipalities may initiate audits. Audits and appraisals conducted by the unit are typically highly specialized valuations. The municipalities share in some of the unit's duties under a Memorandum of Agreement (MOA). Engineering and appraisal experts assist under contract as needed.

Unclaimed Property

Transferred to Treasury Division effective July, 1, 2008

Unclaimed Property receives and accounts for personal property that is abandoned by persons who live in or had nexus with Alaska. Properties are presumed abandoned after a period of time of no activity. Abandoned properties, mostly in the form of funds from bank accounts, uncashed checks, and stocks and bonds, are required to be reported and remitted to Unclaimed Property annually.

Unclaimed Property processes claims submitted by owners who learn they have unclaimed property held by the state. Staff verify the owner's identity and remit funds or property to owners upon verification. Unclaimed Property is affiliated with a national website, www.missingmoney.com, that lists unclaimed property information by owner name for properties held by Alaska and other states.

Figure 3 - Revenue Collections Detail

Listed in order of total amount of revenue collected

TAX TYPE	FY 2008	FY 2007	FY 2006
OIL AND GAS TAXES			
General Fund revenue			
Production	$6,827,369,207	$2,271,475,843	$1,191,761,323
Conservation Surcharge	11,685,189	10,103,767	7,758,733
Property Tax	358,251,156	312,801,256	288,020,035
Local credits	(276,693,851)	(247,159,729)	(233,512,602)
Property tax total	*81,557,305*	*65,641,527*	*54,507,433*
Corporate Income Tax	606,354,607	593,049,417	661,418,505
Alaska Education Credit	(456,500)	(456,500)	(347,125)
Corporate Income tax total	605,898,107	*592,592,917*	*661,071,380*
Total Receipts - General Fund	**7,526,509,808**	**2,939,814,054**	**1,915,098,869**
Constitutional Budget Reserve Fund - CBRF			
Corporate Income Tax	391,092,988	83,518,505	41,140,602
Production Tax	47,228,656	17,510,672	2,556,312
Property	8,641	50,640	50,268
Total Receipts - CBRF	**438,330,285**	**101,079,817**	**43,747,182**
Total Receipts - All Funds	**$7,964,840,093**	**$3,040,893,871**	**$1,958,846,051**
CORPORATE INCOME TAX - Non Oil and Gas Corporations			
Corporate Income Tax	$179,614,285	$172,207,487	$130,374,320
Penalties and Interest	3,813,015	5,536,438	8,519,784
Alaska Education Credit	(841,144)	(732,713)	(900,644)
Total Receipts	**$182,586,156**	**$177,011,212**	**$137,993,460**
MINING LICENSE			
Tax Before Credits	$54,569,042	$79,393,532	$18,759,872
Mineral Exploration Incentive Credit	0	(1,380)	0
Alaska Education Credit	(160,814)	(250,626)	(121,876)
Total Receipts	**$54,408,228**	**$79,141,526**	**$18,637,996**

Figure 3 - Revenue Collections Detail

Listed in order of total amount of revenue collected

TAX TYPE	FY 2008	FY 2007	FY 2006
TOBACCO			
Cigarette	$64,451,094	$64,235,755	$58,251,891
Tobacco Products	9,234,129	8,506,365	7,614,005
Penalties and Interest	150,976	334,989	176,380
Cigarette License Fees	6,275	$6,200	$6,255
Deductions and Stamp Discounts	(421,902)	(408,276)	(597,556)
Total Receipts	**73,420,572**	**72,675,033**	**65,450,975**
School Fund*	(24,912,057)	(26,972,936)	(27,391,201)
Tobacco Use Education and Cessation Fund	(3,614,401)	(3,282,925)	(2,694,038)
Amount Retained in General Fund	**$44,894,114**	**$42,419,172**	**$35,365,736**
**All cigarette license fees are included in this amount.*			
COMMERCIAL PASSENGER VESSEL			
Total Receipts	**$46,839,178**	**$15,981,734**	
Taxes Shared to Municipalities	(9,232,830)	(744,580)	Not Applicable
Amount Transferred to Regional Cruise Ship Impact Fund	(11,684,836)	(3,995,434)	
Amount Retained by the State of Alaska	**$25,921,512**	**$11,241,720**	
MOTOR FUEL			
Highway	$30,675,818	$29,360,245	$30,871,634
Marine	5,627,878	5,576,852	5,487,931
Jet	4,526,804	4,124,896	5,039,832
Aviation	673,940	685,844	710,663
Total Tax	41,504,440	39,747,837	42,110,060
Penalties and Interest	79,167	(62,525)	837
Total Receipts	**41,583,607**	**39,685,312**	**42,110,897**
Aviation Tax Shared	(148,051)	(147,322)	(129,337)
Amount Retained by State	**$41,435,556**	**$39,537,990**	**$41,981,560**

Figure 3 - Revenue Collections Detail

Listed in order of total amount of revenue collected

TAX TYPE	FY 2008	FY 2007	FY 2006
ALCOHOLIC BEVERAGES			
Liquor	$18,719,422	$17,323,104	$16,642,283
Beer	13,317,219	13,063,186	13,155,523
Wine	5,140,482	4,852,715	4,616,542
Beer (small breweries)	801,127	797,543	810,080
Penalties, Interest and Refunds	186,950	1,916	648
Total Receipts	**38,165,200**	**$36,038,464**	**$35,225,076**
Amount transferred to Alcohol and Other Drug Abuse Treatment and Prevention Fund	(19,080,505)	(18,018,504)	(17,612,538)
Amount Retained in General Fund	**$19,084,695**	**$18,019,960**	**$17,612,538**
FISHERIES BUSINESS			
Established			
Shore-based	$24,865,940	$21,838,661	$22,489,848
Floating	5,769,466	4,461,717	5,583,427
Cannery	5,218,570	3,603,230	4,115,868
Developing			
Shore-based	54,486	4,040	8,553
Floating	802	2,523	6,117
Total Tax	35,909,264	29,910,171	32,203,813
Prepayments	3,694,083	5,546,512	3,735,334
Penalties and Interest	504,207	169,178	24,450
License Fees	13,975	14,725	15,001
Less Credits			
A.W. "Winn" Brindle	(177,228)	(167,000)	(132,909)
Alaska Education	(450,000)	(300,000)	(300,000)
Salmon Product Development and Utilization	(4,501,973)	415,745	(3,058,516)
Total Receipts	**34,992,328**	**35,589,331**	**32,487,173**
Fisheries Business Tax Shared			
Direct to Municipalities	(18,268,399)	(16,079,365)	(15,268,647)
DCCED* Municipal Allocation	(1,920,635)	(1,530,472)	(1,867,596)
Amount Retained by State	**$14,803,294**	**$17,979,494**	**$15,350,930**

** Department of Commerce, Community and Economic Development*

Figure 3 - Revenue Collections Detail

Listed in order of total amount of revenue collected

TAX TYPE	FY 2008	FY 2007	FY 2006
FISHERY RESOURCE LANDING			
Tax Before Credits	$14,085,200	$12,002,293	$11,315,026
Penalties, Interest and Refunds	1,042,373	583,309	549,781
Less Credits			
Alaska Education	(1,050,000)	(1,200,000)	(1,200,000)
CDQ Contributions	(415,815)	(373,648)	(185,919)
A.W. "Winn" Brindle	0	0	0
Total Receipts	**13,661,758**	**11,011,954**	**10,478,888**
Landing Tax Shared			
Direct to Municipalities	(5,286,500)	(4,617,769)	(4,508,020)
DCCED* Municipal Allocation	(1,102,883)	(875,527)	(1,235,290)
Amount to be Retained by State	**$7,272,375**	**$5,518,658**	**$4,735,578**
SEAFOOD MARKETING ASSESSMENT			
Fisheries Business	$6,447,727	$5,862,128	$5,363,911
Fishery Resource Landing	2,265,955	1,818,821	993,665
Total Receipts	**$8,713,682**	**$7,680,949**	**$6,357,576**
VEHICLE RENTAL			
Passenger	$8,050,884	$7,635,227	$7,246,318
Recreational	384,398	360,289	346,439
Penalties and Interest	17,591	23,093	64,359
Total Receipts	**$8,452,873**	**$8,018,609**	**$7,657,116**
REGULATORY COST CHARGES			
Total Receipts	**$8,407,631**	**$7,885,161**	**$7,131,107**

* *Department of Commerce, Community and Economic Development*

Figure 3 - Revenue Collections Detail

Listed in order of total amount of revenue collected

TAX TYPE	FY 2008	FY 2007	FY 2006
LARGE PASSANGER VESSEL GAMBLING			
Tax	$6,757,501		
Penalties and Interest	0	Not Applicable	Not Applicable
Total Receipts	**$6,757,501**		
SALMON ENHANCEMENT			
Tax by Aquacultural Region			
Southern Southeast	$1,496,031	$1,020,406	$1,052,179
Northern Southeast	1,296,163	1,501,978	1,138,883
Prince William Sound	1,440,700	785,835	878,906
Kodiak	662,473	614,891	528,003
Cook Inlet	458,668	304,677	647,610
Chignik	120,714	112,352	126,036
Total Tax	5,474,749	4,340,139	4,371,617
Penalties and Interest	9,411	16,830	7,632
Total Receipts	**$5,484,160**	**$4,356,969**	**$4,379,249**
GAMING			
Pull-Tab Tax	$2,219,335	$2,013,865	$1,980,234
Net Proceeds Fee	351,996	293,358	289,201
License and Permit Fees	140,073	138,404	140,384
Total Receipts	**$2,711,404**	**$2,445,627**	**$2,409,819**
ELECTRIC COOPERATIVE			
Total Receipts	$2,093,229	$2,029,554	**$1,971,690**
Taxes shared	(2,016,589)	(1,953,262)	(1,893,770)
Amount Retained by State	**$76,640**	**$76,292**	**$77,920**
TELEPHONE COOPERATIVE			
Total Receipts	$1,998,127	$2,062,277	**$1,905,896**
Taxes shared	(1,884,515)	(1,953,132)	(1,804,506)
Amount Retained by State	**$113,612**	**$109,145**	**$101,390**

Figure 3 - Revenue Collections Detail

Listed in order of total amount of revenue collected

TAX TYPE	FY 2008	FY 2007	FY 2006
TIRE FEE			
Non-Studded	$1,089,972	$1,075,505	$1,146,502
Studded	404,564	409,979	446,771
Penalties and Interest	3,680	26,433	25,414
Total Receipts	**$1,498,216**	**$1,511,917**	**$1,618,687**
SEAFOOD DEVELOPMENT			
Tax by Development Region			
Bristol Bay	$1,032,860	$978,504	Not Applicable
Prince William Sound	352,686	285,984	152,465
Penalties and Interest	736	1,845	0
Total Receipts	**$1,386,282**	**$1,266,333**	**$152,465**
DIVE FISHERY MANAGEMENT ASSESSMENT			
Total Receipts *	**$373,120**	**$426,006**	**$273,521**
* All receipts are derived from Southeast Alaska Management area A			
ESTATE			
Total Receipts	**$0**	**$133,081**	**$576,261**

Figure 4
Program Revenue and Cost Detail

Sorted by Revenue	FY 2008 Statistics		FY 2008 Program		FY 2008 Per FTE[8]	
	Returns	Revenue	Cost[2]	FTE[1]	Revenue	Cost
Program						
Oil and Gas Production[3]	18	$6,886,283,052	$3,590,555	35.8	$192,354,275	$100,295
Oil and Gas Corporate Income[4]	52	996,991,095	441,515	4.4	226,588,885	100,344
Corporate Income - Other than Oil and Gas	16,010	182,586,156	2,957,609	29.4	6,210,413	100,599
Oil and Gas Property[5]	752	81,565,946	368,999	3.5	23,304,556	105,428
Tobacco[6]	3,399	73,420,572	1,374,979	13.2	5,562,165	104,165
Mining License	841	54,408,228	501,450	5.1	10,668,280	98,324
Commercial Passenger Vessel	158	46,839,178	118,799	1.2	39,032,648	98,999
Motor Fuel	3,539	41,583,607	600,884	6.0	6,930,601	100,147
Alcoholic Beverages[7]	410	38,165,200	125,077	1.2	31,804,333	104,231
Fisheries Business	665	34,992,328	542,648	5.5	6,362,241	98,663
Fishery Resource Landing	71	13,661,758	171,475	1.7	8,036,328	100,868
Seafood Marketing	309	8,713,682	30,749	0.3	See Note 8	See Note 8
Vehicle Rental	392	8,452,873	133,586	1.4	6,037,766	95,419
Regulatory Cost Charges	N/A	8,407,631	2,351	<.1	See Note 8	See Note 8
Large Passenger Vessel Gambling	5	6,757,501	105,428	1.1	6,143,183	95,844
Salmon Enhancement	872	5,484,160	135,906	1.4	3,917,257	97,076
Gaming	1,512	2,711,404	1,023,492	10.2	265,824	100,342
Electric Cooperative	18	2,093,229	1,514	<.1	See Note 8	See Note 8
Telephone Cooperative	8	1,998,127	504	<.1	See Note 8	See Note 8
Tire Fee	417	1,498,216	113,247	1.1	1,362,015	102,952
Seafood Development	182	1,386,282	21,088	0.2	See Note 8	SeeNote 8
Dive Fishery Management	31	373,120	10,396	0.1	See Note 8	See Note 8
Unclaimed Property	N/A	N/A	419,478	4.2	N/A	99,876
Total All Programs	**29,661**	**$8,498,373,345**	**$12,791,729**	**127.0**	**$66,916,326[9]**	**$100,722[9]**

[1] Full-time Equivalent staff positions

[2] Based on total operating costs of the Tax Division

[3] Includes oil and gas conservation surchage revenue of $11,685,189; surcharges are reported on production returns, Includes Constitutional Budget Reserve Fund receipts of $47,228,656

[4] Includes Constitutional Budget Reserve Fund Receipts of $391,092,998

[5] Includes Constitutional Budget Reserve Fund receipts of $8,641

[6] Includes amounts transferred to School Fund and Tobacco Use Education and Cessation Fund: $24,912,057 and $3,614,401

[7] Includes Alcohol and Other Drug Abuse Treatment and Prevention Fund receipts: $19,080,505.

[8] Combined program revenues ($21,585,789) and costs ($45,514) required .4 FTE.

[9] Reflects total revenue and total cost divided by FTE.

Figure 5
Revenue Collected from Assessments

	FY 2008 Data		
Program	**Audit**	**Exam**	**Total**
Oil & Gas Corporate Income	$391,092,988	$0	$391,092,988
Oil & Gas Production	47,228,656	0	47,228,656
Corporate Income	4,620,415	1,395,656	6,016,071
Fisheries Business	1,772,473	115,407	1,887,880
Fishery Resource Landing	27,174	699,447	726,621
Tobacco	1,748	608,542	610,290
Commercial Passenger Vessel	0	87,748	87,748
Alcoholic Beverage	57,672	26,615	84,287
Seafood Marketing	0	69,185	69,185
Vehicle Rental	25,442	33,617	59,059
Motor Fuel	90	40,169	40,259
Oil and Gas Property	8,641	0	8,641
Tire Fee	0	6,180	6,180
Salmon Enhancement	0	2,913	2,913
Charitable Gaming	0	2,473	2,473
Dive Fisheries	0	1,122	1,122
Seafood Development	0	49	49
Total	**$444,835,299**	**$3,089,123**	**$447,924,422**

Alcoholic Beverages Tax AS 43.60

Description
Alaska levies a tax on alcoholic beverages sold in Alaska. The tax is collected primarily from wholesalers and distributors of alcoholic beverages.

Rates

Product	Rate Per Gallon
Liquor (more than 21% alcohol)	$12.80
Wine (21% alcohol or less)	$2.50
Beer (Malt Beverages and Cider)	$1.07
Beer (Small Breweries)	$0.35

Returns
Taxpayers file returns and pay tax monthly. The returns and payment are due by the last day of the month following the month of sale.

Exemptions
Sales to facilities operated by one of the uniformed services of the United States are exempt.

Fifty percent of taxes on alcoholic beverages is available to fund alcohol and drug abuse treatment programs.

Disposition of Revenue
The division deposits all alcoholic beverage tax revenue into the General Fund. The Department of Administration separately accounts for 50 percent of the tax collected and deposits it into the Alcohol and Other Drug Abuse Treatment and Prevention Fund.

History
The alcoholic beverage tax dates back to **1933** when the Legislature enacted a tax on beer and wine at a rate of 5¢ per gallon. Taxpayers filed alcoholic beverage tax returns monthly.

In **1937**, the territorial legislature enacted a tax on liquor at a rate of 50¢ per gallon. At the same time, the rate for wine increased to 15¢ per gallon.

Since **1937**, the legislature has made minor changes to the alcoholic beverage tax statutes. In addition, between 1937 and 1983, the legislature increased Alaska's tax rates to correspond with rate changes made by other states.

2002 – The legislature significantly increased the tax rates on all three alcoholic beverages effective October 1, 2002. However, this legislation allows breweries meeting the qualifications of 26 U.S.C. 5051(a)(2) (small breweries) to pay tax at the lower rate of 35 cents per gallon on the first 60,000 barrels of beer (malt beverages) sold in Alaska. At the same time, the legislature created the Alcohol and Other Drug Abuse Treatment and Prevention Fund and directed that 50 percent of the alcoholic beverage tax be deposited into this fund for alcohol and drug abuse treatment programs.

Between 1937 and 2002, alcoholic beverage tax rates have changed as follows.

Liquor	Per Gallon
1937	$.50
1941	$1.00
1945	$1.60
1946	$2.00
1947	$3.00
1957	$3.50
1961	$4.00
1983	$5.60
2002	$12.80

Wine	Per Gallon
1933	$.05
1937	$.15
1947	$.25
1957	$.50
1961	$.60
1983	$.85
2002	$2.50

Beer (Malt Beverages)	Per Gallon
1933	$.05
1947	$.10
1957	$.25
1983	$.35
2002	$1.07

Beer (Small Breweries)	Per Gallon
2002	$.35

FY 2008 Statistics

Product	Gallons	Tax Collected
Liquor	1,291,438	$18,719,422
Beer, Malt Beverage & Cider	11,379,512	13,317,219
Wine	1,877,200	5,140,482
Beer, Small Brewery	2,047,460	801,127
Penalties, Interest and Refunds	N/A	186,950
Total Tax Collected	**16,595,610**	38,165,200
Transferred to Alcohol and Other Drug Abuse Treatment and Prevention Fund		(19,080,505)
Total Tax Collections – General Fund		**$19,084,695**
Number of Returns		410
Number of Taxpayers		35
Program Cost		$125,077
Staffing (full-time equivalent)		1.2

Commercial Passenger Vessel (CPV) Excise Tax AS 43.52.200 – 295

Description
Alaska imposes an excise tax on travel on commercial passenger vessels, typically cruise ships that have 250 or more berths and provide overnight accommodations in the state's marine waters. Passengers traveling on qualified commercial passenger vessels are liable for the tax.

Rate
The commercial passenger vessel excise tax rate is $46 per passenger per voyage.

Returns
Cruise ship companies and commercial passenger vessel owners file returns and pay taxes monthly. The due date is the last day of the month following the month in which voyages ended.

The first full year of CPV excise tax collections was in FY 2008. Total tax collections were $44.5 million.

Exemptions
The CPV excise tax does not apply to passengers on board a commercial passenger vessel that does not anchor or moor in state marine waters with the intent to allow passengers to disembark.

Disposition of Revenue
The division deposits all proceeds from the CPV excise tax into the Commercial Vessel Passenger Tax (CVP) Account in the general fund. Subject to appropriation by the legislature from this account, the division distributes $5 per passenger to each of the first five ports of call in Alaska unless the port of call imposes a tax on travel on commercial passenger vessels engaged in activities involving overnight accommodations. If the port of call is a city located within a borough, the division distributes $2.50 to the city and $2.50 to the borough. Each port of call receiving funds shall use the funds in a manner calculated to improve port and harbor facilities and other services to properly provide for vessel or watercraft visits and to enhance the safety and efficiency of interstate and foreign commerce.

The division transfers 25% of the revenue deposited in the CVP Tax Account into a Regional Cruise Ship Impact (RCSI) Fund, a sub-account of the CVP Tax Account. Subject to appropriation and regulations adopted by the Department of Revenue, the division distributes funds from the RCSI Fund to municipalities and other governmental entities within the Prince William Sound Region, Southeast Alaska, or any other distinctive region impacted by cruise ship related tourism activities but not entitled to receive funds under port of call provisions above. Funds distributed from the RCSI Fund shall be used to provide services and infrastructure directly related to passenger vessel or watercraft visits or to enhance the safety and efficiency of interstate and foreign commerce related to vessel or watercraft activities.

History
2006 - The CPV excise tax was enacted by 2006 Primary Election Ballot Measure No. 2. The measure was approved by voters at the primary election of August 26, 2006. The results of the election were certified September 18, 2006 and the initiative's provisions became effective December 17, 2006.

FY 2008 Statistics*

Tax Collections	$46,839,178
Number of Returns	158
Number of Taxpayers	10
Program Cost	$118,799
Staffing (full time equivalent)	1.2

Corporate Income Tax AS 43.20

Description
Alaska levies a corporate income tax on Alaska taxable income.

For purposes of computing taxable income, Alaska like many states, adopts the federal Internal Revenue Code (IRC) by reference, unless excepted to or modified by specific Alaska statutes.

For a corporation doing business only in Alaska, its taxable income is federal taxable income with certain Alaska modifications.

A corporation that does business both inside and outside Alaska apportions income to Alaska using a formula. The formula apportions a percentage of the corporation's total income to Alaska. The Alaska percentage or "apportionment factor" is an average of three fractions based upon property, payroll and sales, inside and outside the state.

When a corporation is part of a group of corporations that operate as a unit in the conduct a single business, the separate corporations are treated as divisions of a single corporation. The taxpayer must apportion to Alaska a percentage of the combined incomes of all of the corporations in the "unitary" or "combined" group.

For unitary groups that are not oil and gas companies, Alaska adopts "water's edge combination". The combined group includes only those corporations with significant U.S. activity.

Oil and gas companies combine on a worldwide basis. Also, oil companies use a "modified" apportionment formula of property, sales and extraction. The extraction factor is the production of oil and gas in Alaska divided by production everywhere.

Corporate income is taxed at graduated rates running from 1 percent to 9.4 percent.

Rate
Alaska taxes corporate income at graduated rates ranging from 1 percent to 9.4 percent.

Credits
Under Alaska's blanket adoption of the IRC, taxpayers can claim all federal incentive credits. Federal credits that refund other federal taxes are not allowed. Multistate taxpayers apportion their total federal incentive credits. Alaska specific credits include:

Education - Taxpayers that contribute to vocational education programs or accredited Alaska universities or colleges for educational purposes may claim a tax credit for 50 percent of the first $100,000 and 100 percent of the next $100,000 of contributions. The maximum credit is $150,000 for each tax year.

Minerals Exploration Incentive - Taxpayers may claim a credit for 100 percent of eligible costs of exploration activities related to determining existence, location, extent, or quality of a locatable mineral or coal deposit. An approved exploration incentive credit may not exceed $20 million and must be applied within 15 tax years after the credit is approved. Application of the credit is limited to the lesser of 50 percent of the mining license tax liability or 50 percent of the corporate tax liability.

Oil and Gas Exploration Incentive – Taxpayers may take a credit for up to 50 percent on state land (or 25 percent on non state lands) of eligible oil and gas exploration costs. An approved oil and gas exploration incentive credit may not exceed $5 million per project and is limited to $30 million

per taxpayer. Taxpayers may apply the credit against 100 percent of corporation net income taxes due.

Gas Exploration and Development Tax Credit – Taxpayers may take a corporate income credit for 10 percent of qualifying expenditures incurred in exploration and development of natural gas reserves in Alaska, except for the North Slope.

Exemptions

Generally, Alaska follows the IRC when determining an entities taxable status.

Alaska adopts the flow-through federal provisions that exempt S-Corporations from tax.

Federally, S-Corporations are treated as partnerships and S-Corporation shareholders report their proportionate share of the corporation's earnings.

Alaska treats Limited Liability Companies (LLCs) as partnerships if they file as partnerships federally. Electric and telephone cooperatives pay tax under AS 10.25 and are exempt from the corporate income tax.

Returns and Payments

Corporations file returns annually, with the return due three and one-half months after the close of the tax year, one month after the federal tax return is due. Alaska honors the federal filing extensions.

Corporations must make quarterly estimated payments and the total tax is due two and one-half months from the end of the tax year. There are no extensions to pay the tax. Estimated payments of more than $100,000 and payments accompanying a return greater than $150,000 must be made online through the Tax Online Payment System (TOPS) or by wire transfer.

Disposition of Revenue

The Division deposits most corporate net income tax collections into the General Fund. For oil and gas corporations only, the Division deposits collections from audit assessments into the Constitutional Budget Reserve Fund.

History

1949 - The territorial legislature enacts the Alaska Net Income Tax Act. It is 10 percent of the federal income tax liability on income earned in Alaska. The tax applies to individuals and corporations.

1959 - Alaska adopts the Uniform Division of Income for Tax Purposes Act (UDITPA) within AS 43.20. This is a model statute that developed by the states to address concerns of the U.S. Congress that collectively, the states were taxing more than 100% of the earnings of multistate corporations. UDITPA requires multistate corporations to apportion a percentage of their total income to the state by the apportionment formula of property payroll and sales. The standard UDITPA formula apportions 100% of the corporation's income among the states where the taxpayer does business, no more, no less.

1970 - Alaska enacts the Multistate Tax Compact in AS 43.19, and becomes one of the early members of the Multistate Tax Commission. The Compact incorporates the standard three-factor apportionment formula of UDITPA. A main purpose of the Compact and the Commission is to promote the enactment of UDITPA, and the uniform application of UDITPA apportionment formula by the states. Uniform application of UDITPA promotes the full reporting of income by taxpayers and avoids the taxation of the same income by more than one state.

A voter initiative passed in August 2006 subjects cruise ship operators to the Alaska corporate income tax.

1975 - The legislature repeals the original tax and makes major revisions. Alaska enacts its own tax rates rather than basing the tax on the federal tax liability. Alaska adopts the federal Internal Revenue Code by reference, unless excepted to, or modified by other Alaska statutes. The tax rate was 5.4% of Alaska taxable income with a surtax of 4 percent based on federal surtax exemptions. For 1975, the surtax exemption was $50,000.

1978 - The legislature finds that the standard three-factor apportionment formula does not fairly reflect Alaska income for oil and gas corporations. Alaska enacts AS 43.21 and requires oil and gas companies to calculate Alaska taxable income using separate accounting. The oil and gas companies challenge AS 43.21.

1980 - The legislature repeals the parts of AS 43.20 that impose the individual income tax and retains the exemption for S-Corporations.

1981 - In an effort to stem the growing amount of disputed oil and gas income taxes and related litigation, the legislature seeks a compromise tax method. The legislature repeals separate accounting under AS 43.21, and enacts AS 43.20.072, the current "modified" apportionment formula for oil and gas corporations. The modified formula drops the payroll factor and adds the "extraction factor". The legislature also enacts the current graduated tax rate structure with a maximum rate of 9.4%.

1987 - The legislature enacts the Alaska Education Credit.

1991 - The legislature enacts water's edge apportionment with AS 43.20.073. AS 43.20.073 does not apply to oil and gas taxpayers, who continue to report on a worldwide basis.

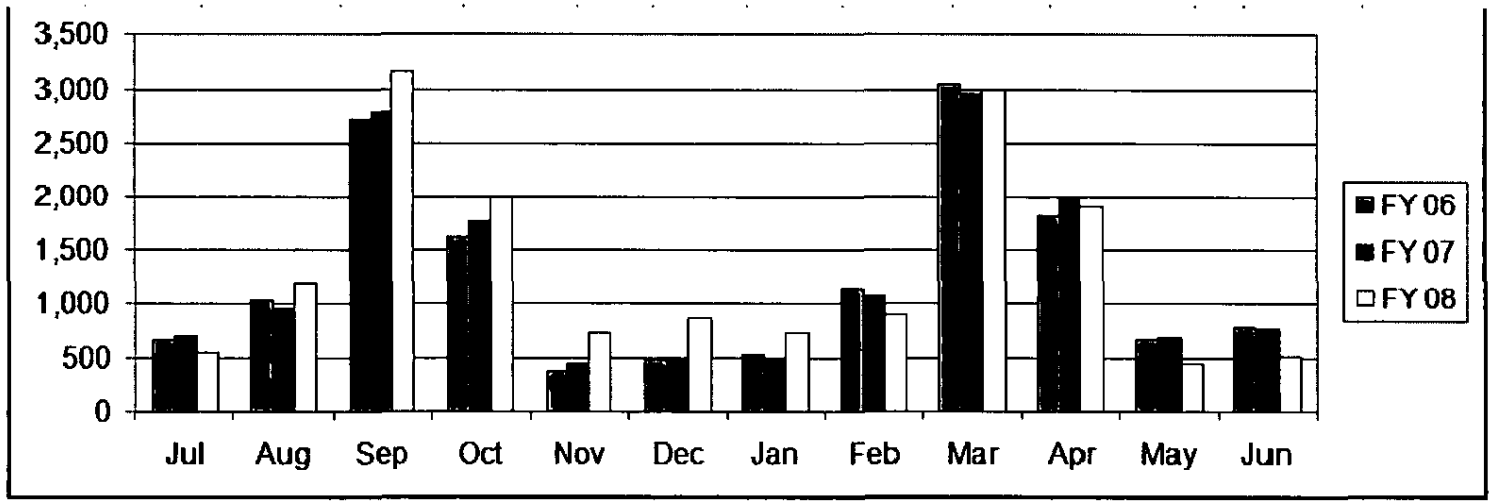
1998 - The Department of Revenue wins the OSG Bulkships case. The Alaska Supreme Court holds that AS 43.20 does not adopt Internal Revenue Code Section 883 by reference. Federally, Sec. 883 exempts from tax foreign corporations that operate ships and aircraft, and avoids double taxation. The Court says that formulary apportionment in AS 43.19 also avoids double taxation and therefore AS 43.19 is an exception to Sec. 883. During the next session, the legislature specifically adopts Sec. 883 and grants explicit tax exemption to the foreign corporations operating cargo ships, cruise ships, and aircraft in Alaska.

2006 - A voter initiative that subjects cruise ship operators to Alaska corporate income tax passed in August 2006. Prior to the initiative, cruise ship operators were exempt from taxation through the department's adoption of Internal Revenue Code Section 883.

2008 – The legislature amended education credit provisions to include cash contributions accepted for secondary level vocational courses and programs by a school district in Alaska and by a state-operated vocational technical education and training school.

The legislature authorized tax credits for qualified film production expenditures incurred in Alaska. Tax credits may be sold, transferred, exchanged, or conveyed and must be used within three years after being granted by the Alaska Department of Commerce, Community and Economic Development (DCCED). The maximum of credits claimed by all taxpayers over the life of the credit program may not exceed $100 million.

Figure 7
Corporations Filing Activity for Fiscal Years 2006, 2007 and 2008



Fiscal Year	FY 2008	FY 2007	FY 2006
Total Returns Filed	16,062	15,185	14,920

Detail of FY 2008 Filing Activity

Entity Type	Original	Amended	NOL[1]	Total
Subchapter C	7,072	784	134	7,990
Subchapter S	7,320	42	3	7,365
Exempt	76	1	1	78
Homeowners Assoc.	469	1	1	471
Other[2]	100	6	0	106
Total Non Oil & Gas	**15,037**	**834**	**139**	**16,010**
Oil & Gas	26	26	0	52
Grand Total	**15,063**	**860**	**139**	**16,062**

[1]Net operating loss carryback
[2]All Subchapter C

Figure 7
Corporation Tax Liabilities Statistics – Original Returns

Tax Liability Reported	# Filers	Amount	% Total	# Filers	Amount	% Total	# Filers	Amount	% Total
Above $1 million	11	$621,088,155	99.87%	21	$95,577,633	65.68%	32	$716,665,788	93.39%
$500,000 - $1 million	0	0	0.00%	23	14,922,921	10.26%	23	$14,922,921	1.94%
$100,000 - $499,999	2	671,002	0.11%	89	18,812,235	12.93%	91	$19,483,237	2.54%
$50,000 - $99,999	0	0	0.00%	101	7,108,276	4.89%	101	$7,108,276	0.93%
$10,000 - $49,999	4	114,781	0.02%	286	6,869,048	4.72%	290	$6,983,829	0.91%
$1,000 - $9,999	0	0	0.00%	526	1,954,822	1.34%	526	$1,954,822	0.26%
$100 - $999	0	0	0.00%	611	233,264	0.16%	611	$233,264	0.03%
$1 - $99	0	0	0.00%	1,085	31,184	0.02%	1,085	$31,184	0.00%
Zero Tax	9	0	0.00%	12,295	0	0.00%	12,304	$0	0.00%
Total	**26**	**$621,873,938**	**100.00%**	**15,037**	**$145,509,383**	**100.00%**	**15,063**	**$767,383,321**	**100.00%**

Note: Amounts reflect tax liabilities reported on the taxpayer original returns. Liabilities may differ from amounts remitted by the taxpayer during the fiscal year due to timing differences resulting from estimated tax payments, credits and final payment of taxes reported.

Dive Fishery Management Assessment AS 43.76.150

Description
The dive fishery management assessment is an elective assessment on the value of fisheries resources taken using dive gear. The assessment only applies to designated management areas and species, and is assessed at a rate elected by a vote of permit holders.

Rate
Southeast Alaska region commercial dive fishermen elected the following rates for the Southeast Alaska administrative area (Management Area A):

Geoduck	7%
Sea Cucumber	5%
Sea Urchin	7%

Returns
Buyers file returns and pay tax quarterly. The due date is the last day of the month following the calendar quarter of purchase.

Buyers file returns for bonus payments made to fishermen after the close of the fishing season. Returns for these payments are due with additional taxes by the last day of the month following the payment.

Fishermen selling to unlicensed buyers or exporting from the region file returns and pay taxes annually. The due date is March 31 following the year of sale or export.

The dive fishery management assessment is current imposed in Southeast Alaska only.

Disposition of Revenue
The division deposits all revenue derived from the dive fishery management assessment into the General Fund.

Under AS 43.76.200, the legislature may appropriate dive fishery management assessment revenue to the Department of Fish and Game for the purpose of funding the regional dive fishery development association.

History
1997 - The legislature enacted the dive fishery management assessment statute effective June 1997.

1999 - The Southeast Regional Dive Fishery Association elected a dive fishery management assessment on geoducks, sea cucumbers and sea urchins harvested in the Southeast Alaska administrative area (Management Area A). The assessment, effective April 1999, set rates of 5 percent for geoduck and sea cucumber and 7 percent for sea urchin.

2004 – The legislature authorized three additional rates: 2 percent, 4 percent and 6 percent. Geoduck fishermen subsequently elected to increase the geoduck assessment to 7 percent as of November 1, 2004.

2005 - The legislature authorized an annual filing due date of March 31 for dive fishermen who export or sell to unlicensed buyers, effective January 1, 2005.

FY 2008 Statistics	
Tax Collections	$373,120
Number of Returns	31
Number of Taxpayers	18
Program Cost	$10,396
Staffing (full time equivalent)	0.1

Electric Cooperative Tax AS 10.25.555

Description
Alaska levies an electric cooperative tax on kilowatt-hours furnished by qualified electric cooperatives recognized under AS 10.25.

Rate
The electric cooperative tax is based on a rate per kilowatt hour (kWh) and on the length of time the cooperative has furnished electricity to consumers as follows.

Length	Rate Per kWh
Less than 5 years	.25 mill
5 years or longer	.5 mill
	(1 mill = .1¢)

Electric cooperatives pay the electric cooperative tax in lieu of corporate net income tax.

Returns
Electric cooperatives file calendar year returns that are due with payment before March 1 of the following year.

Exemptions
All qualified electric cooperatives are subject to the cooperative tax. Cooperatives pay the electric cooperative tax in lieu of corporate net income tax.

Disposition of Revenue
The division deposits all revenue derived from electric cooperative taxes into the General Fund.

Electric cooperative taxes sourced from within municipalities are shared 100 percent to respective municipalities less the amount expended by the state in their collection.

The state retains electric cooperative taxes sourced from outside of municipalities.

History
1959 – The legislature enacted the electric cooperative tax as part of the "Electric and Telephone Cooperative Act" which was adopted to promote cooperatives around the state. The due date for filing electric cooperative tax returns was April 1 of the following year.

1960 – The legislature changed the due date for paying taxes to March 1.

1980 – The legislature changed the tax base for calculating the electric cooperative tax from gross revenue to kilowatt-hours. The legislature adopted the current mill rates.

FY 2008 Statistics

Tax Collections	$2,093,229
Number of Returns	18
Number of Taxpayers	18
Program Cost	$1,514
Staffing (full time equivalent)	<0.1

Note: Program Costs reflect the cost of the program. The amount retained by the state after sharing (Table 2) represents prior year costs and unshared tax collected in the current year outside an organized borough or incorporated city.

The Estate tax was phased out by federal law – it no longer applies to estates of decedents whose date of death is January 1, 2005 or later.

Estate Tax
AS 43.31

Description
Alaska levies an estate tax on the transfer of an estate upon death.

Rate
The Alaska estate tax is the amount of state credit allowed on the estate's federal tax return.

Returns
State returns are required only for estates of decedents whose date of death was before January 1, 2005, and the estate has a federal filing requirement. Estates of decedents whose date of death is January 1, 2005 or later are not required to file a report.

Estate returns and tax payments are due 15 months from the decedent's date of death.

The tax payment due date may be extended in one-year increments, not to exceed 5 years. Interest accrues on the amount of tax due during the extension period. The return filing due date may be extended for up to 15 years.

Exemptions
Estates under $1.5 million were generally exempt from paying estate taxes prior to 2005, taking into consideration the estate tax credit (formerly the unified credit) allowed under the Internal Revenue Code.

Disposition of Revenue
The division deposits all revenue derived from estate taxes into the General Fund.

History
1919 - The territorial legislature adopted a tax on inheritances and transfers of property from estates. Tax rates varied from 1 percent to 17.5 percent of the property's value.

1970 - The Alaska legislature enacted the current estate tax statutes. Estate tax statutes tie to the state credit allowed under Internal Revenue Code estate tax laws.

1991 - Interest on delinquent tax subject to compound interest under AS 43.05.225. Beginning FY 2003, the state estate tax will phase out as a consequence of changes in federal law.

2001 – The federal Economic Growth and Tax Relief Reconciliation Act enacted. As a consequence of the federal act, the state tax credit was phased out gradually over a four-year period. The state tax credit no longer applies to estates of decedents whose date of death is January 1, 2005 or later. However, the division may continue to collect tax from estates for years prior to January 1, 2005, as a result of returns filed, audits, or other enforcement activities.

Fisheries Business Tax AS 43.75

Description
Alaska levies a fisheries business tax (also known as the "raw fish tax") on fisheries businesses and persons who process fisheries resources in or export unprocessed fisheries resources from Alaska. The tax is based on the price paid to commercial fishermen for the raw resource or fair market value when there is no arms length transaction prior to processing or export. The division collects fisheries business taxes from processors and persons who export unprocessed fishery resources from Alaska.

Rate
Fisheries business tax rates are based on the location and type of processing activity and whether a fishery resource is classified as "established" or "developing" by the Alaska Department of Fish and Game. Rates are as follows:

Processing Activity

Established	Rate
Floating	5%
Salmon Cannery	4.5%
Shore-based	3%

Developing	Rate
Floating	3%
Shore-based	1%

Returns
Fisheries businesses file calendar year returns that are due with payment on March 31 of the following year.

After filing the calendar year return, taxpayers file returns to report post-season, bonus payments made to fishermen. Returns for these payments are due with additional taxes by the last day of the month following the month of bonus payments.

Exemptions
Commercial fishermen who process and freeze fish on board to maintain its quality before sale to a licensed processor are exempt.

Credits
Education - Taxpayers that contribute to vocational education programs or accredited Alaska universities or colleges for educational purposes may claim a tax credit for 50 percent of the first $100,000 and 100 percent of the next $100,000 of contributions. The maximum credit is $150,000 for each tax year.

Scholarship Contributions - Taxpayers that contribute to the A.W. "Winn" Brindle memorial scholarship account may claim a tax credit for the amount of contribution not to exceed 5 percent of their tax liability.

Salmon Product Development Credit - Taxpayers are allowed tax credits against the fisheries business tax on salmon for expenditures promoting the development of salmon products. The credit on salmon for expenditures promoting the development of salmon products was extended to December 31, 2011.

Disposition of Revenue
The division deposits all revenue derived from the fisheries business tax into the General Fund. The legislature may appropriate revenue from the tax for revenue sharing as follows:

The Fisheries Business Tax is Alaska's oldest tax, enacted in 1949.

The first fisheries business tax was enacted in 1899 by the U.S. Congress.

Processing Activity Inside Municipality

The division shares 50 percent of tax collected with the incorporated city or organized borough in which the processing took place. If an incorporated city is within an organized borough, the division divides the (50 percent) shareable amount equally between the incorporated city and the organized borough.

Processing Activity Outside Municipality

The division shares 50 percent of tax collected from processing activities outside an incorporated city or an organized borough through an allocation program administered by the Department of Commerce, Community and Economic Development.

History

1899 – the U.S. Congress adopted a "salmon case" tax to fund fisheries-related activities in pre-territorial Alaska. The Organic Act passed in 1912 established an organized territorial government in Alaska. In 1913, the First Territorial Legislature adopted the "salmon pack" tax which applied to salmon canneries based on canned salmon (7¢ per case); and the "cold storage" tax which applied to other fisheries and was based on business receipts. Between 1913 and 1949, the legislature amended the tax several times by changing tax rates and expanding the tax base to include different fisheries.

1949 – The territorial legislature restructured the fisheries business tax to be based on value of the fisheries rather than volumes (case or business receipts). The new "raw fish" tax applied to salmon (4 percent), crab and clams (2 percent), and other fishery products (1 percent) processed in canneries.

1951 – The territorial legislature enacted a fishery business license requirement with a $25 license fee, a tax on floating processors at 4 percent of value and increased the tax rate for salmon canneries to 6 percent.

1962 – The legislature adopted provisions for sharing taxes (10 percent) and requiring calendar year returns for all businesses.

1967 – The tax rate on salmon canneries was amended to 3 percent and provisions were adopted requiring security for a fishery business license under certain conditions.

1979 – The legislature adopted the modern tax structure with different tax rates for established and developing species, as well as increasing the shared tax percentage to 20 percent.

1981 – The shared tax percentage was increased to 50 percent.

1986 – The legislature authorized a fisheries business tax credit of up to 50 percent of fisheries business taxes for capital expenditures associated with constructing and improving shore-side processing operations. The tax credit program was effective for 1987 through 1989 with a carryforward provision through 1991. Taxpayers claimed approximately $47.5 million of credits under this program. The legislature also enacted the A.W. "Winn" Brindle scholarship credit allowing a credit of up to 5 percent of fisheries business taxes due.

1987 – The legislature enacted the Alaska education tax credit program allowing a tax credit on educational contributions of up to $100,000 against fisheries business taxes due.

The Alaska Legislature extended the Salmon Product Development credit in 2008 to end in December 2011.

1990 – The legislature enacted provisions for a civil penalty for processing without a license. The division may progressively assess penalties in increments of up to $5,000 for each infraction to a maximum of $25,000 for the fifth and subsequent assessments. The legislature also enacted a provision that authorized sharing of 50 percent of taxes sourced from processing activities in the unorganized borough, effective July 1992.

1991 – The legislature restructured the Alaska education credit and increased the maximum amount to $150,000.

1995 – The legislature reduced the amount of surety bonding for small processors from $10,000 to $2,000.

2001 – The legislature modified the tax payment security requirements necessary to obtain a fisheries business tax license. The legislature expanded the existing requirement for a whole-salmon exporter to include any exporter of any unprocessed fisheries resource. Under the legislation, exporters of unprocessed fish can obtain a fisheries business license by posting a $50,000 surety bond and paying their taxes monthly.

2002 – The legislature authorized credits of up to 50 percent for contributions of not more than $100,000 and 75 percent of the next $100,000 in contributions made to the Alaska Veterans' Memorial Endowment Fund. The tax credit expired July 1, 2003.

2003 - The legislature authorized a Salmon Product Development/ Utilization Credit that allows tax credits against fisheries business taxes for expenditures promoting the value added processing of salmon products and the utilization of salmon waste in Alaska. The amount of the tax credit cannot exceed 50 percent of the taxpayer's fisheries business liability for processing of salmon during the tax year.

Effective June 11, 2003 and retroactive to January 1, 2003, the legislation sunsetted on December 31, 2005. Unused credits earned may be carried forward for three years.

2003 – Legislation allowed for monthly payment of the fisheries taxes in lieu of existing forms of security or prepayment as a prerequisite to being licensed. Fisheries businesses that elect the monthly payment option must post a $50,000 bond or have $100,000 equity in real property in the state. The provisions of this legislation took effect September 8, 2003.

2004 – Legislation authorized a new Direct Marketing Fisheries Business License and tax structure set at the shore based rate of 1 percent of the value of developing fish species and 3 percent of the value of established fish species. The provisions of this legislation took effect January 1, 2005.

2005 – Effective May 18, 2005, the legislature modified the surety and tax payment requirements for obtaining a fisheries business license. The legislature reduced the amount of surety bonding for small primary fish buyers from $10,000 to $2,000. The legislation added as a condition for obtaining a fisheries business license full payment of delinquent: taxes under AS 43, seafood marketing assessments, employment security contributions, OSHA penalties, and local fishery sales taxes.

2006 – The legislature extended the Salmon Product Development Credit for expenditures made through December 31, 2008. The Salmon Utilization Credit was not extended.

2008 – The legislature amended education credit provisions to include cash contributions accepted for secondary level vocational courses and programs by a school district in Alaska and by a state-operated vocational technical education and training school.

The legislature enacted legislation to extend the salmon product development tax credit program by three years. The legislation extended the ending date for placing specified property in service to qualify for the credit from December 31, 2008 to December 31, 2011. This legislation expanded the list of qualified property to include conveyors used for producing value-added salmon products and requires that the Department of Revenue develop and implement procedures for determining if investments qualify for the salmon product development tax credit.

FY 2008 Statistics

Fisheries Business Tax

License Fees and Tax Collections	$34,992,328

Including penalties, interest and credits.

Fisheries Business Licenses Issued	**Online**	**Paper**	**Total**
Direct Marketer	93	143	236
Shore-based	79	90	169
Catch/Processor	33	35	68
Floating	16	21	37
Cannary	12	14	26
Exporter	8	9	17
Total	**241**	**312**	**553**

Number of Returns	665
Number of Taxpayers	486
Program Cost	$542,648
Staffing (full time equivalent)	5.5

Fishery Resource Landing Tax
AS 43.77

Fishery resource landing tax revenues are primarily derived from fish processed in the Bering Sea and landed in Unalaska.

Description
Alaska levies a fishery resource landing tax on fishery resources processed outside and first landed in Alaska, based on the unprocessed value of the resource. The unprocessed value is determined by multiplying a statewide average price per pound (derived from Alaska Department of Fish and Game data) by the unprocessed weight.

Alaska collects the fishery resource landing tax primarily from factory trawlers and floating processors that process fishery resources outside of the state's 3-mile limit and bring their products into Alaska for transshipment.

Rate
Tax rates are based on whether the resource is classified as "established" or "developing" by the Alaska Department of Fish and Game. Tax rates are:

Classification	Rate
Established	3%
Developing	1%

Returns
Taxpayers file returns and pay tax on a calendar year basis with a due date of March 31 of the following year. Taxpayers are required to make quarterly estimated tax payments that are due on the last day of each calendar quarter.

The division grants an automatic extension to file the landing return if it does not provide statewide average prices to taxpayers at least 30 days prior to the due date. If the extension applies, the due date is the last day of the month following the month in which the division issues statewide average prices.

Exemptions
Unprocessed fishery resources landed in the state are exempt from the fishery resource landing tax, although they may be subject to the fisheries business tax.

Credits
Education - Taxpayers that contribute to vocational education programs or accredited Alaska universities or colleges for educational purposes may claim a tax credit for 50 percent of the first $100,000 and 100 percent of the next $100,000 of contributions. The maximum credit is $150,000 for each tax year.

Scholarship Contributions - Taxpayers that contribute to the A.W. "Winn" Brindle memorial scholarship account may claim a tax credit for the amount of contributions not to exceed 5 percent of their tax liability.

CDQ - Taxpayers that harvest a fishery resource under a community development quota (CDQ) may claim a credit of up to 45.45 percent of fishery resource landing taxes for contributions to Alaska nonprofit corporations that are dedicated to fisheries industry-related expenditures.

Other Taxes - Taxpayers that paid taxes on fishery resources to another jurisdiction may claim a credit against the fishery resource landing tax. The credit, equal to the amount of taxes paid in the other jurisdiction, may not exceed the fishery resource landing tax.

Disposition of Revenue
The division deposits all revenue from the fishery resource landing tax into the General Fund. The legislature may appropriate revenue from the tax for revenue sharing as described below.

Fishery resource landing tax revenues are shared with municipalities for taxes attributable to landings within a municipality.

Landings Inside Municipality
The division shares 50 percent of taxes from landings within a municipality with the respective municipalities in which landings occurred. If a municipality is within a borough, the division divides the (50 percent) shareable amount between the municipality and borough.

Landings Outside Municipality
The division shares 50 percent of the taxes from landings outside a municipality (unorganized borough) through an allocation program administered by the Alaska Department of Commerce, Community and Economic Development.

History
1993 – The legislature enacted the fishery resource landing tax effective January 1994. The rate was 3.3 percent of the unprocessed value of the resource. The Department of Revenue adopted regulations regarding administration of the tax, effective April 1994.

1994 – The American Factory Trawler Association (AFTA) filed litigation challenging the constitutionality of the landing tax.

1995 – The Alaska Supreme Court rejected AFTA's request based on AFTA's failure to exhaust administrative remedies with the Department of Revenue.

1996 – The landing tax was restructured to mirror the fisheries business tax program. The legislature revised the tax rate to 3 percent for established species and 1 percent for developing species. The 0.3 percent portion of the previous 3.3 percent tax rate was incorporated into seafood marketing assessment statutes (AS 16.51). The legislature also amended the landing tax statutes to provide for tax credits for education and A.W. "Winn" Brindle scholarship contributions. All changes were retroactive to January 1994, the inception date of the landing tax.

1997 – AFTA dismissed its challenge to the landing tax and in June the state issued a formal hearing decision upholding the constitutionality of the tax. Shared tax amounts from calendar year 1994 and 1995 returns, previously held in escrow, were released to municipalities.

1999 – The American Fisheries Act (P.L. 105-277) required a fishery cooperative to execute a contract with each cooperative member that obligated the member to make a payment to the state for pollock harvested in the Alaska pollock fishery that is not landed in Alaska. AS 43.77.015 required that those payments be treated as if they were landing taxes.

2001 – The legislature amended landing tax statutes to require quarterly payment of estimated fishery resource landing taxes, effective calendar year 2002.

2002 – The legislature authorized credits of up to 50 percent for contributions of not more than $100,000 and 75 percent of the next $100,000 in contributions made to the Alaska Veterans' Memorial Endowment Fund. The tax credit expired July 1, 2003.

2008 – The legislature amended education credit provisions to include cash contributions accepted for secondary level vocational courses and programs by a school district in Alaska and by a state-operated vocational technical education and training school.

FY 2008 Statistics

Tax Collections	$13,661,758
Including penalties, interest and credits.	
Number of Returns	71
Number of Taxpayers	53
Program Cost	$171,475
Staffing (full time equivalent)	1.7

Municipalities and qualified nonprofits may conduct certain gaming activities that benefit nonprofits in Alaska.

Gaming
AS 05.15

Description
Under Alaska law, municipalities and qualified nonprofit organizations may conduct certain gaming activities. The purpose of these activities is to derive public benefit in the form of money for nonprofits and revenues for the state.

To ensure that the appropriate level of public benefit is being derived, the division performs the following: 1) issues permits to nonprofits; 2) licenses all operators, and pull-tab distributors and manufacturers; 3) collects fees and taxes; 4) audits various permittees and licensees; 5) inspects gaming locations; and 6) investigates complaints. The division also provides educational and orientation information to the public and to prospective permittees and licensees.

Rate
Annual permit and license fees for games of chance and contests of skill are as follows.

Permits
- $20 if an applicant did not have a permit during the preceding year
- $20 if an applicant had gaming gross receipts of less than $20,000 during the preceding year
- $50 if an applicant had gaming gross receipts of $20,000 or more but not exceeding $100,000 during the preceding year
- $100 if an applicant had gaming gross receipts exceeding $100,000 during the preceding year

Licenses
- $500 for an operator license
- $1,000 for a pull-tab distributor license
- $2,500 for a pull-tab manufacturer license

Reports
The division requires the following reports:
- Municipalities and qualified organizations file quarterly reports that are due the 45th day following each calendar quarter in which the permittee had gross receipts of $50,000 or more.
- Permittees file annual reports on a calendar year basis, accompanied with payment of the additional fee, if required under AS 05.15.020(b), by March 15th of the following year. Under this statute, if the gross receipts for the activities were $20,000 or more, an additional fee of 1 percent of the net proceeds received during the preceding year is due.
- Operators and multiple-beneficiary permittees file quarterly reports that are due on the last business day of the month following each calendar quarter. Annual reports for the calendar year are due no later than February 28 of the following year. (See below for explanation of the multiple-beneficiary permit.)
- Operators are required to submit a report to permittees monthly. The report must include a daily summary of activity conducted under the permit and an accounting of gross receipts, expenses and net proceeds for the month.
- Pull-tab manufacturers must report by the last business day of the month on each series of pull-tabs distributed in the preceding month.
- Distributors must collect a tax of 3 percent of an amount equal to the gross receipts less prices awarded on each series of pull-tabs distributed. Distributors must report by the last business day of each month, each pull-tab series distributed in the preceding month and pay the taxes collected.

Exemptions
There are no exemptions that apply to gaming.

Disposition of Revenue
The division deposits permit and license fees, net proceeds fees and pull-tab taxes into the General Fund.

History
1960 – The legislature legalized gaming and gives oversight for all gaming activities to the Department of Revenue.

1984 – The Department authorized pull-tabs.

1988 – The legislature legalized operators. Pull-tabs legalized by statute, and prize limits are increased.

1989 – Under Administrative Order, gaming functions transferred to the Department of Commerce, Community and Economic Development.

1993 - Under Administrative Order, gaming functions transferred to the Department of Revenue.

HB 168 significantly changed various aspects of the statutes governing charitable gaming in Alaska. Third-party vendors were brought under statutory control which allow permittees to contract with them directly to sell pull-tabs and the Department was authorized to issue Multiple-Beneficiary Permits (MBP). MBPs enable two to six permittees to conduct gaming activities jointly. Minimum payments increased from 15 percent to 30 percent of adjusted gross income for pull-tab games and require a minimum of 10 percent of adjusted gross income for all other activities.

1995 - The legislature legalized cruise ship gambling activities in Alaska waters during the 1995 season. The gaming statutes required that cruise ships pay a fee to game in Alaska, and this generated more than $500,000 in State revenue during the 1995 season. This law expired after 1995. Additionally, the legislature eliminated Monte Carlo nights.

1996 – The legislature authorized three new gaming activities – "Sled Dog Race Classic," "Deep Freeze Classic" and "Snow Machine Classic." The legislature also created the McGrath Kuskokwim River Ice Classic and the Creamer's Field Goose Classic. The legislature prohibited the donation of net proceeds from pull-tabs and bingo activities to registered lobbyists and certain political organizations.

2001 - The legislature added the Bristol Bay Native Corporation Education Foundation to the list of qualified organizations allowed to conduct "salmon classic" games of chance, effective January 1, 2002.

The Alaska Supreme Court in Botehlo v. Griffin, 25 P3d at 693 ruled that "Alaska's gaming laws create the effective equivalent of a charitable trust" by requiring a portion of the money spent on gaming to benefit the public generally.

2002 - Effective January 1, 2003, the legislature added the Boys and Girls Club of the Kenai Peninsula to the list of qualified organizations allowed to conduct "mercury classic" games of chance.

2003 – Effective January 1, 2005, the legislature allows a permittee that conducts a contest of skill and awards more than $500,000 in prizes to the participants in that contest of skill, to exclude $500,000 in prizes awarded to those participants from the $1,000,000 maximum prize limitation.

2004 - The legislature authorized the Department of Revenue to issue permits for animal classic games, providing the animal classic was in existence prior to November 1, 2002, effective July 25, 2004.

2005 – The legislature authorized the Department of Revenue to issue permits for two new games of chance – "Calcutta pools" (related to amateur and professional sporting events) and a "crane classic" (the best guess of the time of arrival of the first Sandhill Crane to a particular place), effective September 5, 2005.

2008 – The legislature authorized broadcasting for dog mushers' contests, charitable raffles and lotteries (in addition to fish derbies and classics that were previously authorized for broadcasting). The legislation recognizes the cabbage classic at the Giant Cabbage Weigh-off at the Alaska State Fair in Palmer operated by the Palmer Rotary Club as an authorized gaming activity. The legislation also raised the maximum award of non-bingo prizes that a permittee may award each year in self-conducted (without an operator) gaming activity from $1 million to $2 million. The legislation took effect July 18, 2008.

FY 2008 Statistics

Taxes and Fees Collected	$2,711,404
Program Cost	$1,023,492
Staffing (full time equivalent)	10.2

Applications*	**Online**	**Paper**	**Total**
Permittees	396	696	1,092
Operators	N/A	29	29
Multiple-beneficiary Permittees	1	14	15
Distributors	7	5	12
Manufacturers	5	3	8
Total Applications	**409**	**747**	**1,156**

N/A - Online application not available

Reports	
Permittees	1080
Operators	140
Multiple-beneficiary Permittees	68
Distributors	134
Manufacturers	90
Total Reports	**1,512**

* *The application count is based on a calendar year. Total applications received are not an accurate indicator of how many licenses or permits were issued, nor does it include a count of submitted ammended applications.*

Large Passenger Vessel (LPV) Gambling Tax AS 05.16

The first full year of LPV gambling tax collections was in FY 2008. Total tax collections were about $6.8 million.

Description
Alaska imposes a tax on adjusted gross income of gambling activities aboard large passenger vessels in the state. Gambling activities include the use of playing cards, dice, roulette wheels, coin-operated instruments or machines; or other objects or instruments used for gaming or gambling, and any other gambling activities aboard large passenger vessels in Alaska. The tax is imposed on the operator of gaming or gambling activities.

Rate
The large passenger vessel gambling tax rate is 33% of adjusted gross income. Adjusted gross income means gross income less prizes awarded and federal and municipal taxes paid or owed on the income.

Returns
Operators of gaming and gambling activities on large passenger vessels file calendar year returns that are due April 15 of the following year.

Exemptions
There are no exemptions for the LPV gambling tax.

Disposition of Revenue
The division deposits all proceeds from the LPV gambling tax into the commercial vessel passenger tax (CVP) account in the general fund.

History
The LPV gambling tax was enacted by 2006 Primary Election Ballot Measure No. 2. The measure was approved by voters at the primary election of August 26, 2006. The results of the election were certified September 18, 2006 and the initiative's provisions became effective December 17, 2006.

FY 2008 Statistics

Tax Collections (all General Fund)	$6,757,501
Number of Returns	5
Number of Taxpayers	5
Program Cost	$105,428
Staffing (full time equivalent)	1.1

Mining License Tax
AS 43.65

Description
Alaska levies a mining license tax on mining net income and royalties received in connection with mining properties and activities in Alaska. The Tax Division collects mining license taxes primarily from businesses engaged in coal and hard rock mining.

Mining Net Income	Rate
$0 - 40,000	No Tax
$40,001 - $50,000	$1,200 plus 3% over $40,000
$50,001 - $100,000	$1,500 plus 5% over $50,000
Over $100,000	$4,000 plus 7% over $100,000

The mining license tax structure adopted in 1955 is still in place today.

Returns
Mining licensees file annual returns based on the mining business' fiscal year. Calendar year returns and payment of tax are due April 30; fiscal year returns and payment are due before the first day of the fifth month after the close of the fiscal year.

Exemptions
Except for sand and gravel operations, new mining operations are exempt from the mining license tax for a period of 3½ years after production begins.

Credits
Education - Taxpayers that contribute to vocational education programs or accredited Alaska universities or colleges for educational purposes may claim a tax credit for 50 percent of the first $100,000 and 100 percent of the next $100,000 of contributions. The maximum credit is $150,000 for each tax year.

Minerals Exploration Incentive - Taxpayers may claim a credit for eligible costs of exploration activities related to determining existence, location, extent, or quality of a locatable mineral or coal deposit. An approved exploration incentive credit may not exceed $20 million and must be applied within 15 tax years after the credit is approved. Application of the credit is limited to the lesser of 50 percent of the person's mining license tax liability related to the mining operation for which eligible mining costs were incurred or 50 percent of the person's total mining license tax liability for all mining operations.

Disposition of Revenue
The division deposits revenue from the mining license tax into the General Fund. Payments received after a tax assessment are deposited into the Constitutional Budget Reserve Fund (CBRF).

History
The mining license tax dates back to 1913 and the legislature restructured it several times over the years. The original mining license tax, enacted in 1913, imposed a 0.5 percent tax on mining net income of more than $5,000. There was no tax on net income less than $5,000.

1915 – The territorial legislature increased the tax rate to 1 percent. The tax-free net income base remained at $5,000.

1927 – The tax-free net income base was increased to $10,000 and a three-tier tax rate structure was adopted with rates ranging from 1 percent to 1.75 percent for net income of more than $1 million.

1935 – The territorial legislature restructured the tax to an eight-tier tax structure with rates ranging from 0.75 percent to 4 percent for net income of more than $1 million. The legislature decreased tax-free net income to $5,000.

1937 – The tax-free net income base was eliminated and all net income was subject to tax. A nine-tier tax structure was adopted with tax rates ranging from 0.75 percent to 8 percent for net income of more than $1 million.

1947 – The mining license tax was restructured by reinstating a tax-free net income base of $1,000 and restructuring the tax rates to a five-tier structure with rates ranging from 4 percent to 8 percent for net income of more than $100,000.

1951 – The legislature authorized a 3½ year exemption for new mining operations. This exemption does not apply to sand and gravel mining operations.

1953 – The tax-free net income base was increased to $10,000 and rates changed to range from 3 percent to 7 percent for net income of more than $100,000.

1955 – The rate structure as it exists today was adopted.

1987 – The Alaska education tax credit program was enacted allowing for a tax credit up to $100,000.

1991 – The Alaska education credit was restructured and the maximum amount was increased to $150,000.

1995 – The legislature authorized the minerals exploration incentive credit. The credit is limited to $20 million and taxpayers may apply the credit against 50 percent of mining license liabilities over a 15-year period.

2002 – The legislature authorized credits of up to 50 percent for contributions of not more than $100,000 and 75 percent of the next $100,000 in contributions made to the Alaska Veterans' Memorial Endowment Fund. The tax credit expired July 1, 2003.

2008 – The legislature amended education credit provisions to include cash contributions accepted for secondary level vocational courses and programs by a school district in Alaska and by a state-operated vocational technical education and training school.

FY 2008 Statistics

Tax Collections (all General Fund)	$54,408,228
Number of Returns	841
Number of Taxpayers	374
Program Cost	$501,450
Staffing (full time equivalent)	5.1

The motor fuel tax dates back to 1945 when the legislature imposed a tax of 1¢ per gallon on all motor fuel.

Motor Fuel Tax
AS 43.40

Description
Alaska levies a motor fuel tax on motor fuel sold, transferred or used within Alaska. The division collects motor fuel taxes primarily from wholesalers and distributors that hold "qualified dealer" licenses issued by the division.

Rates

Fuel Type	Rate per Gallon
Highway	8¢
Marine	5¢
Aviation Gasoline	4.7¢
Jet Fuel	3.2¢

Returns
Taxpayers file returns and make payment monthly. There are four separate returns: diesel, gasoline, aviation and gasohol.

The due date is the last day of the month following the month of sale or taxable use. Taxpayers may deduct 1 percent of the tax due, limited to a maximum of $100 per return, as a timely filing credit.

Refunds
Consumers may claim a refund for the full tax rate if the consumer used the fuel for exempt purposes; or for the difference between the tax rate and 2¢ per gallon if the consumer used the fuel off-highway.

Resellers, usually retailers, may claim a refund for the full tax if the reseller paid the tax, and then sold the fuel for exempt use and did not collect the tax.

Exemptions
In addition to sales between qualified dealers, the following sales and use are exempt from motor fuel tax:
- Heating
- Federal, state and local government agencies
- Foreign flights (jet fuel)
- Exports
- Power plants/utilities
- Charitable institutions
- Bunker fuel (residual fuel oil or #6 fuel oil)

Disposition of Revenue
The division deposits revenue derived from motor fuel taxes into the General Fund. Revenue from each category of fuel is accounted for separately in the division's tax accounting system. For example, proceeds from tax on motor fuel used in boats and watercraft are deposited in a special watercraft fuel tax account and proceeds from tax on motor fuel used in highway vehicles are deposited in a special highway fuel tax account within the General Fund.

The division shares with the respective municipalities 60 percent of taxes attributable to aviation fuel sales at municipally owned or operated airports. All other proceeds of the taxes on aviation fuel are deposited into a special aviation fuel tax account.

History
The motor fuel tax dates back to 1945 when the legislature imposed a tax of 1¢ per gallon on all motor fuel. Over time, the legislature enacted separate tax rates for each of the fuel categories as they exist today. Motor fuel tax rates have changed as follows.

Highway	Rate Per Gallon
1945	1¢
1947	2¢
1955	5¢
1960	7¢
1961	8¢
1964	7¢
1970	8¢

Gasohol	Rate Per Gallon
1997	8¢ / 2¢

(2¢ November through February where required)

Marine	Rate Per Gallon
1945	1¢
1947	2¢
1955	5¢
1957	2¢
1960	3¢
1971	4¢
1977	5¢

Aviation Gasoline	Rate Per Gallon
1945	1¢
1947	2¢
1955	3¢
1968	4¢
1994	4.7¢

Jet Fuel	Rate Per Gallon
1957	1.5¢
1968	2.5¢
1994	3.2¢

1994 – The legislature enacted a tax decrease for bunker fuel. The tax rate decreases from 5¢ to 1¢ per gallon on bunker fuel sales exceeding 4.1 million gallons. The tax decrease expired on June 30, 1998.

1997 – The legislature repealed the gasohol exemption. The legislature enacted a provision that reduces the tax on gasohol from 8¢ to 2¢ per gallon in areas and at times when the use of gasohol is required. However, gasohol has not been required since the winter of 2002-2003 and gasohol is currently taxed at the full tax rate of 8¢.

Legislation was also passed that fully exempted gasohol blended with at least 10 percent alcohol derived from wood or seafood waste. This legislation expired on June 30, 2004.

The legislature expanded the foreign flight exemption to include flights originating from foreign countries in addition to the existing exemption for flights with a foreign destination. This legislation included a permanent exemption for bunker fuel (residual fuel oil known as #6 fuel oil) which nullified the 1994 bunker fuel tax rate reduction.

1998 - The legislature authorized taxpayers to take a "bad debt" credit for sales deemed to be worthless and for sales to persons who file bankruptcy.

2003 – The legislature enacted legislation that made it easier for the state to issue motor fuel excise tax refunds for credit card purchases made by federal, state and local government agencies.

2004 – The provision that exempted gasohol blended with at least 10 percent alcohol derived from wood or

seafood waste from the motor fuel tax expired on June 30, 2004. Currently all gasohol is taxed at the rate of 8 cents per gallon.

2008 – In special session, the legislature suspended the motor fuel tax on all fuel types effective September 1, 2008 through August 31, 2009. Motor fuel distributors are required to file monthly reports of all fuel sales during the period of suspension.

FY 2008 Statistics

Tax Collections	
Highway	$30,675,818
Marine Fuel	5,627,878
Jet Fuel	4,526,804
Aviation Gasoline	673,940
Penalties & Interest	79,167
Total Tax Collections	$41,583,607
Less Aviation Fuel Tax Shared	(148,051)
Total Amount Retained by State	**$41,435,556**

Motor Fuel Type	**Gallons**
Highway	369,568,110
Marine Fuel	115,536,050
Jet Fuel	142,874,628
Aviation Gasoline	14,822,878
Gasohol	388,300

** *Gallons noted may not compute if calculated as: Gallons X Tax Rate = Tax Collected Gallons are recorded on the tax return and calculated based on the return tax period, whereas tax collections are calculated based on the amount received within a time period and may include payments or refunds from a previous tax period.*

Number of Returns	3,539
Number of Taxpayers	234
Program Cost	$600,884
Staffing (full time equivalent)	6.0

The Oil and gas conservation surcharge revenues fund a hazardous substance release emergency fund.

Oil and Gas Conservation Surcharge AS 43.55

Description

The Conservation Surcharge on Oil applies to all oil production within Alaska. The surcharge is a per barrel tax on oil production intended to fund the oil and hazardous substance release prevention account of the oil and hazardous substance release prevention and response fund. The Oil and Gas Production Tax (AS 43.55) and Conservation Surcharge on Oil are severance taxes.

Rate

The surcharge is comprised of two components: 1) a $.04/bbl charge on all oil production excluding public royalty barrels and 2) an additional $.01/bbl charge on all oil production whenever the balance in the state oil and hazardous substance release prevention and response fund falls below $50 million. The balance of the fund was less than $50 million for all of FY 2007 so that the surcharge was $.04/bbl for the entire fiscal year.

History

1989 - Following the grounding of the Exxon Valdez, this tax was enacted in order to provide a hazardous substance release emergency fund. A $.05/bbl hazardous release surcharge is imposed on oil production until the newly created hazardous substance release fund achieves a balance of $50 million.

1994 - The hazardous release surcharge is modified to the so-called "split nickel" with an ongoing charge of $.03/bbl and an additional charge of $.02/bbl whenever the hazardous substance release fund balance falls below $50 million.

2006 - Ongoing "split nickel" charge increased from $.03 to $.04 per barrel and the additional charge was decreased from $.02 to $.01 per barrel.

FY 2008 Statistics

Tax Collections	$11,685,189
Number of Returns*	
Number of Taxpayers*	

** The Conservation Surcharge on oil is reported on the same return and by the same taxpayers as is Alaska's other production tax, Oil and Gas Production Tax (AS 43.55). The Division has not segregated program cost and staffing related to each individual tax. The division reports the total production tax cost and staffing in the discussion of Oil and Gas Production Tax.*

Oil and Gas Production Tax
AS 43.55

Description

Alaska levies a tax on oil and gas production income derived from production activities in the state.

The legislature amended oil and gas production tax statutes in a special session that ended November 2007 that culminated in the passage of the Alaska Clear and Equitable Share (ACES).

Like the PPT legislation enacted in 2006, the ACES tax is levied on the net value of oil and gas production. The ACES system continues to authorize credits for capital expenditures, exploration costs, prior year investments and small producer incentives, as the PPT did, but there were some amendments to the rate and timing of these credits, and enhancements to certain credits to further encourage investments in Alaska.

The ACES tax also subjects legacy fields Prudhoe Bay and Kuparuk to a standard deduction for operating expenditures. The standard deduction amount is based on 2006 operating expenditures reported by respective companies with a 3% per year inflation component. The standard deduction provision will sunset at the end of calendar year 2009, unless the legislature votes to extend it.

In regard to administrative changes, the ACES legislation requires more thorough reporting from companies. Companies will be required to report volumes and expenditures used to calculate their estimated monthly installments. On March 31st of each year, companies will submit an annual tax return that will "true-up" any tax liabilities or overpayments made throughout the year. Twice yearly, companies will be required to provide the Department of Revenue with their best estimates of future oil production and lease expenditures. These reporting requirements will greatly enhance the department's ability to forecast expenditures and revenues from oil and gas production.

Among other administrative changes, ACES provides for audit masters who are exempt from the state classified pay scale, and specifies that auditors have six years to complete production tax audits. The department expects that these two provisions will enable the state to be more thorough in its review of company-reported expenditures.

The majority of the ACES tax is retroactive to July 1, 2007, although some provisions are retroactive to the implementation of the PPT (April 1, 2006). Work on regulations began December 2007 and the first ACES monthly estimated payments were filed at the end of February 2008. The first annual filing and "true-up" of five months difference between PPT and ACES tax rates from July 1, 2007 through December 31, 2007 were due March 31, 2008.

The legislature passed ACES legislation in a November 2007 Special Session.

Rate

The base tax rate under ACES is 25% (it was 22.5% under PPT) and the progressive surcharge tax rate under ACES is 0.4% for every dollar the net profit per barrel exceeds $30 (it was 0.25% on profits exceeding $40 per barrel under PPT). For production tax values greater than $92.50, the progressivity rate changes to 0.1% for every additional dollar of profit & on a barrel of oil.

In 2006, the filing requirement for the oil and gas production tax changed from monthly to calendar year. Taxpayers still make monthly estimated payments.

Returns

Oil and gas taxpayers file calendar year returns that are due with payment on March 31 of the following year. Taxpayers are required to make monthly estimated payments, based on activities of the prior month, due the last day of the following month.

Exemptions

The tax on oil is levied on all production except for public (government) royalty production. The tax on gas is levied on all production except for public (government) royalty production and gas used in production operations including enhanced recovery, or flared for safety purposes.

Credits

Education - Taxpayers that contribute to vocational education programs or accredited Alaska universities or colleges for educational purposes may claim a tax credit for 50 percent of the first $100,000 and 100 percent of the next $100,000 of contributions. The maximum credit is $150,000 for each tax year.

Disposition of Revenue

All revenue derived from the Oil and Gas Production Tax is deposited in the General Fund except that payments received as a consequence of an assessment or litigation are deposited in the Constitutional Budget Reserve Fund (CBRF).

History

1955 – The legislature enacts an oil and gas production tax of 1 percent of production value.

1967 – A 1 percent disaster production tax is enacted to provide relief after the Fairbanks flood.

1968 – The legislature increases oil and gas production tax from 1 percent to 3 percent of production value.

1970 – The legislature repeals the disaster oil and gas production tax. The legislature changes the oil production tax to a graduated tax with rates of 3 percent on the first 300 barrels per day per well, 5 percent on the next 700 barrels per day per well, 6 percent on the next 1500 barrels per day and 8 percent on production exceeding 2500 barrels per day per well.

1972 – The legislature establishes a minimum oil production tax based on "cents per barrel" equivalent to percent of value tax on oil with wellhead value of $2.65 per barrel.

1973 – The legislature revises the "stairstep" rate schedule to lower production levels. The legislature indexes the cents per barrel minimum to the wholesale price index for crude oil published by the US Bureau of Labor Statistics.

1977 – The legislature raises the nominal gas production tax rate to 10 percent. The legislature raises the nominal oil production tax rate to 12.25 percent and adopts the oil and gas economic limit factors.

1981 – As part of legislation that repealed the separate accounting oil and gas corporation income tax, the nominal tax rate on oil produced prior to 1981 was raised to 15 percent and fields coming into production after 1981 are taxed at 12.25 percent for five years after which the rate increases to 15 percent. The oil economic limit factor is now subject to a rounding rule so that if the calculated factor is greater than or equal to 0.7 during the first 10 years of production, the factor is set to 1.0.

The Alaska Legislature amended the oil and gas production tax with passage of ACES legislation in a special session ended November 2007.

1989 – The legislature changes the economic limit factor for oil production taxes to include a field size factor in the formula, fixes the production at the economic limit (not rebuttable) at 300 barrels per well per day, and drops the rounding rule. The legislature fixes production at the economic limit for gas production at 3000 mcf per well per day.

2002 – The legislature authorized credits of up to 50 percent for contributions of not more than $100,000 and 75 percent of the next $100,000 in contributions made to the Alaska Veterans' Memorial Endowment Fund. The tax credit expired July 1, 2003.

2003 – To encourage drilling for oil and gas within the state, AS 43.55.025 provided a new tax credit for exploration costs. The minimum credit is 20 percent and the maximum 40 percent for qualified expenditures.
2005 - Prudhoe Bay area oil fields are aggregated for purposes of calculating the economic limit factor, effective February 1, 2005.

2005 – To expand the exploration credit enacted the previous year, the deadline was extended until July 1, 2010 for qualifying work south of the Brooks Range (i.e. non-North Slope). New rules also changed the 3 mile and 25 mile rules for the Cook Inlet allowing closer distances between potential exploration targets and existing wells and production units.

2005 – The legislature amended royalty received by the state on gas production by directing the commissioner of the Department of Natural Resources to accept the transfer price of gas as established by the Regulatory Commission of Alaska under certain conditions. The legislation also extended and amended the requirements applicable to the credit that may be claimed for certain oil and gas exploration expenses incurred in Cook Inlet against oil and gas production (severance) taxes. This legislation also amended the credit against those taxes for certain exploration expenditures from leases or properties in the state. The legislation was signed in to law July 21, 2005 with an immediate effective date.

2006 – The legislature passed sweeping legislation in a special session that ended in August 2006 that established an income based tax (Petroleum Profits Tax - PPT); established new tax rates on oil and gas production; repealed the Economic Limit Factor (volume based tax), and provided credits for certain qualifying expenditures and taxpayers.

2007 – The legislature amended PPT legislation in a special session that ended November 2007 that culminated in the passage of the Alaska Clear and Equitable Share (ACES). Like the PPT legislation enacted in 2006, the ACES tax is levied on the net value of oil and gas production. The base tax rate under ACES is 25% (it was 22.5% under PPT) and the progressive surcharge tax rate under ACES is 0.4% for every dollar the net profit per barrel exceeds $30 (it was 0.25% on profits exceeding $40 per barrel under PPT). For production tax values greater than $92.50, the progressivity rate changes to 0.1% for every additional dollar of profit on a barrel of oil.

2008 – The legislature amended education credit provisions to include cash contributions accepted for secondary level vocational courses and programs by a school district in Alaska and by a state-operated vocational technical education and training school.

FY 2008 Statistics

Tax Collections	
General Fund	$6,827,369,207
Constitutional Budget Reserve Fund	47,228,656
Total	**$6,874,597,863**
Number of Returns	18
Number of Taxpayers	13
Program Cost	$3,590,555
Staffing (full time equivalent)	35.8

Oil and Gas Property Taxes (Exploration, Production and Pipeline Transportation Properties) AS 43.56

Oil or gas pipeline transportation systems owned and operated by a public utility are exempt from property tax.

Description
Alaska levies an oil and gas property tax on the value of taxable exploration, production and pipeline transportation property in the state. The division has established procedures for the three distinct classes of property.

- **Exploration Property** – valued on the estimated price which the property would bring in an open market and under the then prevailing market conditions in a sale between a willing seller and a willing buyer, both conversant with the property and with prevailing general price levels.
- **Production Property** – valued on the basis of replacement cost of similar new property, less depreciation based on the economic life of the proven reserves.
- **Pipeline Transportation Property** – generally valued on its economic value relative to the reserves feeding into the pipeline.

Rate
The state tax rate is 20 mills, or 2%, of the assessed value.

Returns
Taxpayers file annual returns reporting taxable property as of January 1 of the assessment year. Returns are due on or before January 15. Payment is due on or before June 30.

Exemptions
Oil and gas reserves, oil or gas leases, and the lease or rights to explore or produce oil or gas are exempt, as are intangible drilling and exploration expenditures. Certain aircraft, motor vehicles, communication facilities, and buildings may be exempt even though they are associated with oil or gas exploration, production, or pipeline transportation. Oil or gas pipeline transportation systems owned and operated by a public utility are exempt.

Credits
Municipal property taxes paid. Taxpayers receive a credit against state oil and gas property tax for property taxes paid to municipalities on taxable property. The credit is limited to the amount of state tax otherwise due.

Oil or Gas Property Education Credit. - Taxpayers that contribute to vocational education programs or accredited Alaska universities or colleges for educational purposes may claim a tax credit for 50 percent of the first $100,000 and 100 percent of the next $100,000 of contributions. The maximum credit is $150,000 for each tax year.

Disposition of Revenue
The division deposits revenue from oil and gas property taxes into the General Fund. Payments received after a tax assessment are deposited into the Constitutional Budget Reserve Fund (CBRF).

History
The legislature enacted this tax in 1973 during the first special session of the eighth legislature. The state assists local governments by assessing property subject to the tax, insuring uniform treatment of all taxable property.

2008 – The legislature amended education credit provisions to include cash contributions accepted for secondary level vocational courses and programs by a school district in Alaska and by a state-operated vocational technical education and training school.

FY 2008 Statistics

Property Taxes Billed	$358,251,156
Less Municipal Tax Credit	(276,693,851)
Net Tax Due to State - General Fund	**81,557,305**
CBRF Tax Collections	8,641
Total Tax Collections	**$81,565,946**
Number of Returns	752
Number of Taxpayers	121
Program Cost	$368,999
Staffing (full time equivalent)	3.5

The Alaska legislature enacted the RCC program in 1992 to fund the cost of regulating utilities.

Regulatory Cost Charges Utilities AS 42.05.254(e) Pipeline AS 42.06.286(c)

Description

Alaska levies regulatory cost charges (RCC) on regulated utilities. The charges fund the Regulatory Commission of Alaska (RCA) that regulates utilities and pipeline carriers in Alaska. Regulated utilities collect charges from consumers, and remit the collections to the Tax Division.

Rate

Rates are available on the Alaska Regulatory Commission's web site at https://rca.alaska.gov/RCAWeb/RCALibrary/FormsLibrary.aspx. Select the RCC Quarterly Report Form for calendar year of interest to obtain rates for that period.

Returns

Quarterly returns and payment of RCCs are due on the 30th day following the calendar quarter. Utilities and carriers are required to file a copy of the return with RCA.

Exemptions

Utilities not regulated by RCA are exempt from the RCC program.

Disposition of Revenue

The division deposits all revenue derived from the RCC program into the General Fund. The legislature may make appropriations from the General Fund to fund RCA based on regulatory cost charges collected.

History

1992 – The Alaska legislature enacted the RCC program to fund RCA's costs of regulating utilities. The RCC legislation provided for a sunset date of December 1994. Rates went into effect through regulations, which became effective November 1992.

1994 – In the fall of 1994, RCA promulgated regulations which established RCC rates for FY 1995 on an annualized basis. The regulations took effect December 1994.

1995 – The legislature reauthorized the RCC program that became effective June 1995. In October 1995, RCA adopted regulations to reestablish quarterly payments.

1999 – The legislature authorized separate RCC rates for each regulated utility and changed the methodology for calculating rates.

2007 – Alaska Regulatory Commission implemented online report filing through their web site. RCA assumed responsibility for processing returns and collecting data; the division continues to collect revenue as required by statute.

FY 2007 Statistics

Total RCC Collections	$8,407,631
Electric, Telephone, Pipeline Carriers and Other Utilities	
Program Cost	$2,351
Staffing (full time equivalent)	<0.1

Salmon Enhancement Tax AS 43.76

Description

The salmon enhancement tax is an elective tax levied on salmon sold in or exported from established aquaculture regions in Alaska.

Fishermen pay salmon enhancement taxes to licensed buyers at the time of sale, or to the division for salmon sold to unlicensed buyers or exported from the region. Buyers remit taxes collected from fishermen to the division.

The salmon enhancement tax is an elective tax levied on salmon sold in or exported from established aquaculture regions.

Rate

Commercial fishermen elected tax rates for the following regional aquaculture associations:

Region	Rate	Effective
Southern Southeast	3%	1981
Northern Southeast	3%	1981
Cook Inlet	2%	1981
Prince William Sound	2%	1985
Kodiak	2%	1988
Chignik	2%	1991

Returns

Buyers file returns and pay tax monthly. The due date is the last day of the month following the month of purchase.

Buyers file returns for bonus payments made to fishermen after the close of the fishing season. Returns for these payments are due with additional taxes by the last day of the month following the payment.

Fishermen selling to unlicensed buyers or exporting from the region file returns and pay taxes annually. The due date is March 31 following the year of sale or export.

Exemptions

Salmon harvested under a special harvest area permit (typically, salmon harvested on behalf of salmon hatcheries) is exempt from the salmon enhancement tax.

Disposition of Revenue

The division deposits all salmon enhancement tax revenue into the General Fund.

Under AS 43.76.025(c), the legislature may appropriate salmon enhancement tax revenue to provide financing for qualified regional aquaculture associations.

History

The legislature adopted the Salmon Enhancement Act in 1980. The Act authorized a 2 percent or 3 percent tax, upon election by commercial fishermen within established aquaculture regions, on salmon transferred to buyers in Alaska. Commercial fishermen in Southern and Northern Southeast aquaculture regions elected a 3 percent tax and Cook Inlet region elected a 2 percent tax.

1981 – The legislature amended the Act to subject salmon exported from Alaska to the tax.

1985 – Commercial fishermen in the Prince William Sound aquaculture region elected a 2 percent tax.

1988 – Commercial fishermen in the Kodiak aquaculture region elected a 2 percent tax.

1989 – The legislature amended statutes to allow for a 1 percent tax

1991 – Commercial fishermen in the Chignik aquaculture region elected a 2 percent tax.

2004 – The legislature authorized additional salmon enhancement tax rates, subject to permit holder elections held by qualified regional associations. In addition to the current 1 percent, 2 percent or 3 percent options, 10 additional options were made available, ranging from 4 percent to 30 percent. This legislation clarified who must pay the Salmon Enhancement Tax. When a buyer does not withhold the tax, fishermen must pay the tax with an annual return. The legislation took effect January 1, 2005.

FY 2008 Statistics

Tax Collections *Including interest and penalties*	$5,484,160
Number of Returns	872
Number of Taxpayers	210
Program Cost	$135,906
Staffing (full time equivalent)	1.4

Seafood Development Tax AS 43.76.350

Description
The seafood development tax is an elective tax levied on certain fishery resources using specific gear types sold in or exported from designated seafood development regions. Fishermen pay seafood development taxes to licensed buyers at the time of sale or to the division for resources sold to unlicensed buyers or exported from Alaska. Buyers remit taxes collected from fishermen to the division.

Rate
Commercial fishermen harvesting salmon by drift gillnet elected tax rates for the following development regions:

Region	Rate	Effective
Prince William Sound	1%	2005
Bristol Bay	1%	2006

Returns
Buyers file returns and pay tax monthly. The due date is the last day of the month following the month of purchase. Buyers file returns for bonus payments made to fishermen after the close of the fishing season. Returns for these payments are due with additional taxes by the last day of the month following the bonus payment. Fishermen selling to unlicensed buyers or exporting from Alaska file returns and pay taxes annually. The due date is March 31 following the year of sale or export.

The seafood development tax is an elective tax levied on certain fishery resources using specific gear types.

Exemptions
Resources harvested under special harvest area permit (typically, salmon harvested on behalf of salmon hatcheries) is exempt from the seafood development tax.

Disposition of Revenue
The Division deposits all seafood development tax revenue into the General Fund. Under AS 43.76.380(d), the legislature may appropriate seafood development tax revenue to provide financing for qualified regional seafood development associations.

History
2004 – The legislature adopted the Seafood Development Tax Act. The Act authorized a tax of between ½ and 2 percent, upon election by commercial fishermen harvesting within designated regions, on fishery resources transferred to buyers in or exported from Alaska.

2005 – Commercial salmon drift gillnet fishermen in the Prince William Sound seafood development region elected a 1% tax.

2006 - Commercial salmon drift gillnet fishermen in the Bristol Bay seafood development region elected a 1% tax.

FY 2008 Statistics	
Tax Collections	$1,386,282
Including interest and penalties	
Number of Returns	182
Number of Taxpayers	48
Program Cost	$21,088
Staffing (full time equivalent)	0.2

The seafood marketing assessment is levied on seafood processed or first landed in Alaska. Assessments fund the Alaska Seafood Marketing Institute.

Seafood Marketing Assessment AS 16.51.120

Description
Alaska levies a seafood marketing assessment on seafood processed or first landed in Alaska. The state also levies the assessment on unprocessed fisheries products exported from Alaska. The Tax division collects the assessment from fisheries processors and fishermen who export fish out of Alaska.

Rate
The seafood marketing assessment is 0.5 percent of the value of seafood products exported from, processed or first landed in Alaska.

Returns
Taxpayers file calendar year returns with payment by April 1 of the following year. Taxpayers file monthly returns for postseason (bonus) payments made to fishermen after the filing of the calendar year return. Returns for these payments are due with additional assessments by the last day of the month following the bonus payments.

Exemptions
Processors and fishermen who produce less than $50,000 of seafood products during a calendar year are exempt from the assessment.

Disposition of Revenue
The division deposits all seafood marketing assessments into the General Fund. The legislature may appropriate funds to the Alaska Seafood Marketing Institute.

History
1981 - The legislature enacted an elective seafood marketing assessment of 0.1 percent, 0.2 percent or 0.3 percent (elected by large processors in Alaska). In 1981, processors elected a 0.3 percent assessment to take effect in calendar year 1982.

1996 - The legislature amended seafood marketing assessment statutes to include fishery resources landed in Alaska. The legislation was retroactive to January 1994. Prior to FY 96, revenue collected from the 0.3 percent portion of the original 3.3 percent landing tax rate was accounted for in a separate account designated as (landing tax) seafood marketing assessments.

2004 - The legislation directed ASMI to hold elections and determine whether to retain the assessment and a second election to determine whether to increase the assessment from 0.3 percent to 0.5 percent. Elections were held as prescribed by law. The vote retained the Seafood Marketing assessment, increased the Seafood Marketing rate to 0.5 percent and eliminated the Salmon Marketing Tax effective January 1, 2005.

FY 2008 Statistics	
Assessment Collections	$8,713,682
Number of Returns	309
Number of Taxpayers	261
Program Cost	$30,749
Staffing (full time equivalent)	0.3

Telephone cooperatives pay the telephone cooperative tax in lieu of corporate net income tax.

Telephone Cooperative Tax AS 10.25.550

Description
Alaska levies a telephone cooperative tax on gross revenue of qualified telephone cooperatives under AS 10.25. The Tax Division collects taxes from cooperatives.

Rate
The telephone cooperative tax rate is based on revenue and the length of time in which the cooperative has furnished telephone service to consumers as follows:

Length	Percent of Revenue
Less than 5 years	1%
5 years or longer	2%

Returns
Telephone cooperatives file calendar year returns that are due with payment before March 1 of the following year.

Exemptions
All qualified telephone cooperatives are subject to the cooperative tax.

Cooperatives pay the telephone cooperative tax in lieu of corporate net income tax.

Disposition of Revenue
The division deposits revenue from the telephone cooperative tax into the General Fund.

Telephone cooperative taxes sourced from within municipalities are shared 100 percent to respective municipalities less the amount expended by the state for collection of taxes.

The state retains telephone cooperative taxes sourced from outside of municipalities.

History
1959 – The legislature enacted the telephone cooperative tax as part of the "Electric and Telephone Cooperative Act" to promote cooperatives around the state. The due date for filing telephone cooperative tax returns was April 1 of the following year.

1960 – The legislature changed the due date for filing returns to March 1.

FY 2008 Statistics	
Tax Collections	$1,998,127
Number of Returns	8
Number of Taxpayers	8
Program Cost	$504
Staffing (full time equivalent)	<0.1

Note: Program Costs reflect the cost of the program. The amount retained by the state after sharing (Table 2) represents these costs and unshared tax collected outside an organized borough or incorporated city.

Tire Fee
AS 43.98.025

Description
Alaska imposes a tire fee on all new tires sold in Alaska. An additional tire fee is imposed on the sale of tires with metal studs weighing more than 1.1 grams each (heavy studs). The additional tire fee also applies to the installation of heavy studs in new or used tires. The division collects tire fees primarily from tire dealerships.

Rate
A $2.50 tire fee applies to each new tire. An additional $5 fee applies to each studded tire ($7.50 total tire fee for new studded tires).

Returns
Taxpayers are required to file returns and remit fees quarterly. Returns and payment are due 30 days following the calendar quarter in which the new tires were sold or studs were installed.

Taxpayers may retain 5 percent of the amount collected, limited to a maximum of $900 per quarter, to cover expenses associated with collecting and remitting fees.

Exemptions
The following tires and services are exempt if the purchaser provides the tire seller with a certificate of use:
- Tires and services sold to federal, state or local government agencies for official use.
- Tires for resale.

The $2.50 tire fee does not apply to used tires and certain replacements of defective tires.

Disposition of Revenue
The division deposits all revenue from the tire fee into the General Fund.

History
2003 - The legislature enacted the tire fee, effective 9/26/2003.

Alaska imposes a tire fee on all new tires sold in Alaska.

FY 2008 Statistics

New Tires (non-studded)	$1,089,972
Studded tires and stud installations	404,564
Penalties & Interest	3,680
Tax Collections	**$1,498,216**
Number of Returns	417
Number of Taxpayers	98
Program Cost	$113,247
Staffing (full-time equivalent)	1.1

Tobacco Tax
AS 43.50

Description

Alaska levies a tax on cigarettes and other tobacco products. The cigarette tax is levied on cigarettes imported into the state for sale or personal consumption. The tobacco products tax is levied on other tobacco products (other than cigarettes) imported into the state for sale. The division collects tobacco taxes primarily from licensed wholesalers, distributors and retailers.

Rates

Cigarettes – See rates table below. The cigarette tax must be paid through purchase of cigarette tax stamps. A stamp must be affixed to the bottom of every pack of cigarettes imported into the state for sale or personal consumption.

Nonparticipating Manufacturer Equity Tax – An additional tax of 12.5 mills (25 cents per pack of 20 cigarettes is levied on each cigarette imported or acquired from a manufacturer that did not sign the tobacco Master Settlement Agreement. All revenue collected from this tax is deposited in the General Fund.

Other Tobacco Products – The tax rate on Other Tobacco Products, which includes tobacco products other than cigarettes such as cigars and chewing tobacco, is 75 percent of the wholesale price. The wholesale price is the established price at which a manufacturer sells tobacco products to a distributor. The division may adjust the wholesale price upon which tax was calculated if the wholesale price was not established in an arms-length transaction.

Legislation passed during a special legislative session in June 2004 increased the cigarette tax rate to 90 mills (9 cents) per cigarette on July 1, 2006 and 100 mills (10 cents) per cigarette on July 1, 2007. In addition, as of January 1, 2005, there is an additional tax of $.25 per pack of 20 cigarettes on cigarette brands that are manufactured by manufacturers that did not sign the tobacco Master Settlement Agreement (NPM cigarettes). There was no increase in the other tobacco products tax rate.

Tobacco tax revenues have increased significantly due to recent rate increases.

Returns

Taxpayers must pay the cigarette tax by purchasing cigarette tax stamps. The other tobacco products tax is paid at the time a tax return is filed. Tax returns are required to be filed on a monthly basis and are due the last day of the month following the month that cigarette tax stamps were purchased or other tobacco products were imported into the state for sale.

Cigarette Tax Rates

July 1, 2007	Per cigarette		Per 20
Base Rate (School Fund)	38 mills	$0.038	$0.76
Additional Tax (General Fund)	62 mills	0.062	1.24
Total	**100 mills**	**$0.10**	**$2.00**

8.9% of tax revenues from cigarettes are deposited into a Tobacco Use Education and Cessation Fund.

Taxpayers that purchase cigarette tax stamps are entitled to a stamp discount of 3 percent on the first $1,000,000 and 2 percent on the second $1,000,000 of cigarette tax stamps purchased in a calendar year. The total stamp discount in each calendar year may not exceed $50,000. Taxpayers who import other tobacco products for sale may deduct 0.4 percent of the other tobacco products tax due to cover expenses of accounting and filing returns. There is no limit on this deduction.

Exemptions

Sales to authorized military personnel by a military exchange, commissary, or ship store; and sales by an Indian reservation business located within an Indian reservation to members of the reservation are not subject to the tax.

Disposition of Revenue

Cigarette Taxes – Revenue from the base rate is deposited in the School Fund. Revenue from the additional tax is initially deposited into the General Fund. Of the amount deposited in the General Fund, 8.9 percent of revenue is deposited into the Tobacco Use Education and Cessation Fund, a subfund of the General Fund.

The division deposits all cigarette and tobacco products license fees into the School Fund, to be used for the rehabilitation, construction, repair and associated insurance costs of state school facilities.

History

The tobacco tax dates to 1949 when the legislature enacted a tax of 3 cents per pack on cigarettes and 2 cents per ounce on tobacco. There were no exemptions provided in the tax legislation.

1951 – The legislature increased the cigarette tax to 5 cents per pack.

1955 – The legislature eliminated the tobacco products tax and, although the cigarette tax rate remained at 5 cents, the legislature converted the rate to a mill rate per cigarette (2.5 mills per cigarette). The legislature enacted a 1 percent deduction provision to cover accounting expenses. The legislature also created the School Fund and directed all proceeds from the cigarette tax be deposited in this fund.

1961 – The legislature increased the cigarette tax to 4 mills per cigarette (8 cents per pack). The legislature dedicated revenue from the additional 3 cents to the General Fund.

1977 – The legislature exempted military sales from the cigarette tax.

1983 – The Department of Revenue adopted regulations exempting sales of cigarettes by Indian Reservation businesses to members of the reservation.

1985 – The legislature increased the cigarette tax to 8 mills per cigarette (16 cents per pack).

1988 – The legislature enacted the tobacco products tax imposing a tax of 25 percent of the product wholesale price. The legislature authorized taxpayers to deduct 1 percent of the tax to cover accounting expenses.

1989 – The legislature increased the cigarette tax rate to 14.5 mills (29 cents per pack of 20).

1997 – Effective October 1, 1997, the legislature increased the cigarette tax rate to 50 mills or $1

per pack of 20; and the tobacco products tax rate was increased to 75 percent of wholesale price. The legislature reduced the deduction percentage to cover accounting expenses from 1 percent to 0.4 percent.

1999 – Effective June 3, 1999, Alaska became a signatory to the nationwide tobacco Master Settlement Agreement (MSA). The MSA is an agreement between 46 states, including the State of Alaska, and certain cigarette manufacturers which have voluntarily agreed to reimburse states for costs associated with cigarette smoking. The Agreement applies only to "participating manufacturers" (those manufacturers who have agreed to participate in the settlement).

The Agreement includes language to prevent "nonparticipating manufacturers" (those manufacturers who have not agreed to participate in the settlement) from deriving short-term profits and from becoming judgment-proof before liability arises. This language requires every nonparticipating manufacturer to place funds in an escrow account for each cigarette sold in the state. Per the agreement, the state is responsible to obtain data to determine the amount required to be placed in an escrow account by each nonparticipating manufacturer.

In the last of a series of tax increase enacted in 2004, the tax rate on cigarettes increased from $1.80 to $2.00 effective July 1, 2007.

2001 – Effective July 1, 2001, the Department of Revenue gained new tools to enforce the nationwide Master Settlement Agreement signed by the major cigarette producers and states. It allows the department to share information with other states and entities that may aid in the enforcement of the agreement. It also prohibits tobacco products licensees from importing and selling cigarettes in Alaska made by nonparticipating manufacturers that fail to comply with the agreement.

2003 – The legislature required all cigarette manufacturers to certify to the division that they are either a signatory to the tobacco Master Settlement Agreement (MSA) or in compliance with Alaska Statute 45.53. The division is required to post on its website a list of the compliant cigarette manufacturers and their brands. Only those brands of cigarettes included in the list may be sold in Alaska.

2004 – Effective January 1, 2004, the cigarette tax must be paid through the use of cigarette tax stamps. An Alaska cigarette tax stamp must be affixed to each cigarette pack prior to sale, distribution or consumption. Cigarettes found in the state that do not bear a cigarette tax stamp are contraband and subject to immediate seizure by the Department of Revenue or any other law enforcement agency in the state. Additionally, the sale of cigarettes at less than cost is prohibited.

During a special session in June 2004, the legislature passed legislation that:

- Increased the cigarette tax by 30 mills to 8 cents per cigarette or $1.60 per pack of 20 cigarettes, effective January 1, 2005.
- Levied an additional tax of 12.5 mills or 25 cents per pack of 20 cigarettes on cigarettes imported into the state for sale or personal consumption if the cigarettes were manufactured by a nonparticipating manufacturer (NPM). A nonparticipating manufacturer is a manufacturer that did not sign the tobacco Master Settlement Agreement. Revenue from the entire cigarette tax increase and the additional tax on NPM product is deposited in the General Fund.
- Required 8.9 percent of cigarette tax revenue deposited in the General Fund to be deposited into the Tobacco Use Education and

Cessation Fund, effective January 1, 2005. Amounts deposited in the fund may be appropriated by the legislature for tobacco use education and cessation programs.

- Increased the cigarette tax by 10 mills to 9 cents per cigarette or $1.80 per pack of 20 cigarettes, effective July 1, 2006. The revenue from this increase will be deposited in the General Fund.
- Increased the cigarette tax by 10 mills to 10 cents per cigarette or $2.00 per pack of 20 cigarettes, effective July 1, 2007. The revenue from this increase will be deposited in the General Fund.

FY 2008 Statistics

Tax Collections	
General Fund	$44,894,114
School Fund	24,912,057
Tobacco Use Education and Cessation Fund	3,614,401
Total Tax Collections All Funds	**$73,420,572**
Tax Collections by Product	
Cigarettes	$64,451,094
Other Tobacco Products	9,234,129
Subtotal	73,685,223
License Fee Collections	6,275
Penalties & Interest	150,976
Accounting Expense & Tax Stamp Deduction	(421,902)
Total Collections by Product	**$73,420,572**
Cigarettes sold or imported into the state – (individual cigarettes) as reported on returns*	
Total Cigarettes	660,319,624
Military and Indian Exempt Sales	(6,293,000)
Credits for Returns	(12,091,708)
Taxable Cigarettes	**641,934,916**
**Does not include cigarettes for which tax stamps were purchased, but were not yet sold or imported into the state*	
Other Tobacco Products (value) as reported on returns	
Total products	$12,797,086
Military and Indian Exempt Sales	(141,386)
Credits for Returns	(324,018)
Taxable Other Tobacco Products	**$12,331,682**
Number of Returns	3,399
Number of Taxpayers	640
Program Cost	$1,374,979
Staffing (full time equivalent)	13.2

Unclaimed Property
AS 34.45

Description

Property is considered unclaimed when a holder has no record of an owner or knows the name of an owner but does not have a correct address. Unclaimed property statutes apply only to intangible and personal property.

Unclaimed property is considered abandoned after it remains unclaimed for a period of time (dormancy period). Following the dormancy period, holders are required to report and remit unclaimed property to the state. Dormancy periods vary by type of property as prescribed by statutes.

Since 1981, Unclaimed Property has transferred several million dollars to the General Fund.

Before reporting property to the Tax Division, holders are required to make reasonable efforts in locating owners.

Unclaimed property is held in trust by the state until the property is claimed by its rightful owner.

Most unclaimed property is in the form of cash (checking and savings accounts), stocks and bonds (including dividends) and safe-deposit contents. Other property includes uncashed utility deposits, traveler checks and wages.

Each year, Unclaimed Property receives reports of thousands of names of persons who cannot be located by holders. The state lists owner names on a searchable database at www.missingmoney.com. If an owner finds their name a claim form is completed and upon verification, property is promptly returned to its rightful owner.

Unclaimed Property maintains an inventory of safe-deposit contents and other personal property submitted by holders under this program.

Following are abandonment periods for property commonly reported under the unclaimed property program.

Type of Property	Years
Safe deposit box contents	1
Utility deposits	1
Wages	1
Life insurance proceeds	2
Customer overpayments	3
Savings & checking accounts	5
Stocks and bonds	5
Travelers' checks	15

Reports

Holders are required to report and remit unclaimed property by November 1 each year. The reports include property that is deemed unclaimed as of June 30 each year.

Exemptions

The following properties are exempt from the unclaimed property program:

- Unused airline tickets
- Unemployment compensation overpayments
- Permanent Fund dividends after March 1990
- ANCSA (Native) corporation stocks

Disposition of Funds

All funds received through the unclaimed property program are deposited into the Unclaimed Property Trust account in the General Fund.

Because not all unclaimed property owners are located, amounts received from holders exceed refunds to owners. The Tax Division maintains a balance in the trust account and periodically transfers excess funds to the General Fund.

Since the program's inception, the division has transferred approximately $54.6 million to the General Fund.

History

1986 – the Alaska legislature adopted the Uniform Unclaimed Property Act which went into effect September 7, 1986. Stocks issued by corporations organized under ANCSA were exempted from unclaimed property statutes.

1988 – unused airline tickets were exempted retroactive to September 7, 1986.

1989 – overpaid contributions by employers to the unemployment compensation fund were exempted retroactive to September 7, 1986.

1992 – as part of the 1992 Budget Act (Ch 405 SLA 92), IEAD was ordered to privatize the unclaimed property program effective July 1, 1992. The program was not privatized because vendor proposals to a Request for Proposal issued by the Division exceeded the state's budgeted costs for administering the program. Also in 1992, permanent fund dividends were exempted effective April 1, 1992.

1996 – provisions for simultaneous report and remit were enacted and the aggregate reporting amount was increased to $100. Insurance companies were put on the same reporting cycle as all other holders. Maximum percentages were established for fee finders: 20% for property less than $500; and 10% for property $500 or more.

1997 – Unclaimed Property became part of the information superhighway. Information may be obtained via the internet at www.unclaimedproperty.alaska.gov or the National Association of Unclaimed Property Administrators (NAUPA) website at www.unclaimed.org.

2001 – Purchased an unclaimed property software program (UPMS).

2004 – Dormancy periods shortened based on 1995 version of the Uniform Unclaimed Property Act and added insurance demutualization language to AS 34.45.110 – 780.

2005 – Upgraded the unclaimed property software system to allow reports to be uploaded and claims to be imported from a website (UPS2K).

2006 – Unclaimed Property Program moved from Treasury to Tax Division on July 1, 2006.

2008 - Unclaimed Property Program moved from Tax Division to Treasury Division on July 1, 2008.

The Unclaimed Property program was transferred to the Treasury Division July 1, 2008.

FY 2008 Statistics

Program Cost	$419,478
Staffing *(full-time equivalent)*	4.2

The legislature may appropriate the balance in the vehicle rental tax account for tourism development and marketing.

Vehicle Rental Tax
AS 43.52

Description
Alaska levies an excise tax on fees and costs charged for the lease or rental of a passenger or recreational vehicle. The tax is levied on individuals renting vehicles and is collected by the rental/lease agency.

Rate

Vehicle Type	Rate (fees & costs)
Passenger	10%
Recreational	3%

Returns
Vehicle rental/lease agencies file tax returns and remit taxes quarterly. The returns and payments are due the last day of the month following the end of the calendar quarter in which the rental/lease agencies collected the tax.

Exemptions
Vehicle rental tax does not apply to:
- rentals or leases to federal, state, or local government agencies or employees on official business
- a lease or rental that contains a term exceeding 90 consecutive days or to the rental of taxicabs by taxicab drivers
- trucks rented by individuals for moving personal property and for vehicles provided to customers by automobile dealers as replacement transportation during warranty, recall or service contract repairs.

Disposition of Revenue
The division deposits all revenue from the vehicle rental tax into a special vehicle rental account in the General Fund. The legislature may appropriate the balance in the vehicle rental tax account for tourism development and marketing.

History
2003 – The legislature enacted the vehicle rental tax on August 20, 2003. The tax became effective January 1, 2004.

2004 – The legislature exempted the rental of taxicabs by taxicab drivers from the vehicle rental tax. Effective May 8, 2004 and retroactive to January 1, 2004, the division refunded any tax collected or remitted for taxi cab rentals between January 1 and May 8, 2004.

2006 – The legislature exempted trucks rented by individuals for moving personal property and for vehicles provided to customers by automobile dealers as replacement transportation during warranty, recall or service contract repairs, effective January 27, 2006.

FY 2008 Statistics	
Passenger vehicle rental	$8,050,884
Recreational vehicle rental	384,398
Penalties & interest	17,591
Total Tax Collections	**$8,452,873**
Number of Returns	392
Number of Taxpayers	117
Program Cost	$133,586
Staffing (full time equivalent)	1.4

The Investigations Group is called upon to investigate potential violations of any of the tax types administered by the division.

Investigation Function

Description Investigative Function

The Investigations Group consists of a Chief Investigator and four Investigator III's. The focus of the Investigations Group is Cigarette / Tobacco Tax Investigations, and Gaming Regulatory Compliance. The Investigators frequently conduct both administrative and criminal cases related to other tax types including Motor Fuel, Vehicle Rental, Mining, and other Excise Taxes. The investigations are generally initiated by periodic field inspections, tips from the public, and referral from various law enforcement agencies.

Tobacco Investigations

The Investigations Group ensures that all cigarettes imported or sold in Alaska are properly stamped with the Alaska Tax Stamp in accordance of AS 43.50. The investigators seize unstamped or improperly stamped cigarettes and any other tobacco products designated as contraband within the provisions of Alaska statutes. At the time of the investigation, investigators determine potential violations of cigarette minimum pricing and shipping statutes. Most of the tobacco investigations are initiated by field inspections, complaints by citizens, referral from the Internet Tobacco Auditors, and from law enforcement referrals.

Gaming Investigations

The Investigations Group investigates potential gaming statute violations and law violations by licensed vendors, permitees, operators, and distributers. These investigations are generally initiated by routine inspections of premises where licensed activity is conducted, citizen complaints, and requests from Gaming Auditors.
During these inspections, the investigators educate the permitees, licensees, and the public about gaming laws and regulations.

Other Investigations

The Investigations Group provides investigative support to all groups with in the Tax Division and may be called upon to investigate any of the tax types administered by the division, frequently including tax fraud and other tax evasion related crimes.

FY 2008 Statistics

	Gaming	Tobacco	Other	Total
Inspections	106	530	27	663
Other Action	97	141	15	253
Total	**203**	**671**	**42**	**916**

Appeals conducts informal conferences and issues decisions in taxpayer appeals of assessments for all tax types

Appeals Function

Description

The Appeals Group consists of four appeals officers and a supervisor. The appeals officers and supervisor conduct informal conferences and issue informal conference decisions in taxpayer appeals of assessments for all tax types administered by the Department of Revenue along with charitable gaming appeals. Appeals officers work with Department of Law attorneys to resolve issues related to audit and compliance actions. Appeals officers also participate with Department of Law attorneys as a team to represent the Department of Revenue in formal hearings before the Office of Administrative Hearings and in settlement negotiations.

Appeals officers also work with the Department of Law attorneys in drafting statutes and regulations for the tax types administered by the Department of Revenue. For example, an appeals officer spent considerable time this year working with Department of Law attorneys drafting the PPT and ACES statutes and regulations. Appeals officers also advise audit staff regarding issues involved in active or past litigation.

Oil and gas production tax cases and corporate income tax cases are a priority due to the complexity of the issues and the amount of tax revenue involved. These cases require more resources to complete than the other tax types administered by the Department of Revenue.

FY 2008 Statistics

	Tax Periods*	Taxpayer Count
Beginning Inventory	159	87
Plus New Cases	368	115
Less Closed Cases	(326)	(134)
Ending Inventory	**201**	**68**

** Tax periods correspond to periodic tax return filing requirements of taxpayers. One taxpayer may have several tax periods in appeals at the same time.*

Audit Function

The income audit group is responsible for auditing corporate income taxes, including oil and gas corporate income tax returns.

The production audit group is responsible for auditing oil and gas production and property tax returns.

The excise audit group is responsible for auditing excise tax returns including alcoholic beverages, commercial passenger vessel, large passenger vessel, mining license, motor fuel, vehicle rental and tobacco taxes, and tire fees.

The gaming audit group is responsible for financial compliance of permittees, operators and distributors.

The fish audit group is responsible for auditing fisheries-related tax returns including fisheries business, fishery resource landing, salmon enhancement, seafood development taxes, and seafood marketing assessments.

The audit group includes income audit, production audit, excise audit, gaming audit and fish audit.

FY 2008 Statistics

	Audit Collections	Total Tax Collections
Income Audit (Corporate Net Income)		
Oil and Gas Corporations	$391,092,988	$996,991,095
Other Corporations	4,620,415	182,586,156
Total Income Audit	**$395,713,403**	**$1,179,577,251**
Production Audit		
Oil and Gas Production	$47,228,656	$6,886,283,052
Oil and Gas Property	8,641	81,565,946
Total Production Audit	**$47,237,297**	**$6,967,848,998**
Fish Audit		
Fisheries Business	$1,772,473	$34,992,328
Fishery Resource Landing	27,174	13,661,758
Total Fish Audit	**$1,799,647**	**$48,654,086**
Excise Audit		
Tobacco	$1,748	$73,420,572
Alcoholic Beverages	57,672	38,165,200
Vehicle Rental	25,442	8,452,873
Total Exise Audit	**$84,862**	**$120,254,365**
Other Tax Types	-0-	**$182,254,365**
Total	**$444,835,209**	**$8,498,373,345**

Appendix A
Historical Overview of Tax Programs

Tax Type	Legal Reference	First Enacted	Original Tax	Current Tax Structure	Latest Change
Alcoholic Beverages	AS 43.60	1933	Wine 5¢/gallon Beer 5¢/gallon	Per Gallon Liquor $12.80 Wine $2.50 Beer (Malt Beverage) and Cider $1.07 Beer (Small Breweries) $0.35	Effective 10/1/2002, tax rates increased for alcoholic beverages as referenced under current tax structure.
Commercial Passenger Vessel	AS 43.52	2006	$46/passenger	$46/passenger	2006 - voter initiative passed authorizing $46 tax
Conservation Surcharge on Oil	AS 43.55	1989	5¢/bbl	1¢/bbl increasing to 4¢/bbl when fund balance drops below $50m	2006 - rates changed to 1¢/bbl and 4¢/bbl.
Corporate Income	AS 43.20	1949	10% of federal income tax liability	1% to 9.4% of net income	2008 – The legislature expanded the education credit to include contributions for vocational education and authorized a credit for film productions in Alaska.
Dive Fishery Management Assessment	AS 43.76.150	1997	Voluntary tax of 1, 3, 5, or 7% of value	SE AK Mgmt Area A Geoduck = 7% Sea Cucumber = 5% Sea Urchin = 7%	2005 - The legislature authorized an annual filing due date of March 31 for dive fishermen who export or sell to unlicensed buyers, effective January 1, 2005.
Electric Cooperative	AS 10.25.555	1959	1% of gross revenue if operating < 5 years 2% of gross revenue if operating ≥ 5 years	1/4 mill ($.00025) per kWh if < 5 years; 1/2 mill ($.0005) per kWh if ≥ 5 years	1980 - tax base on kWh rather than gross revenue
Estate	AS 43.31	1919	(Inheritance Tax) Based on value of property	State tax credit on federal estate tax return	1991 - interest on delinquent tax subject to compound interest under AS 43.05.225. Beginning FY 2003, the state estate tax will phase out as a consequence of changes in federal law
Fisheries Business	AS 43.75	1913	7¢ per case of canned salmon; Other -- dollar amount based on revenue	Floating 5%[1] and 3%[2] of value Shore-based 3%[1] and 1%[2] of value Cannery 4.5% of value Direct Market 3%[1] and 1%[2] of value	2008 - The legislature expanded the education credit to include contributions for vocational education and extended the salmon product development tax credit program by 3 years.

[1] Established species [2]Developing species

Appendix A (Continued)

Tax Type	Legal Reference	First Enacted	Original Tax	Current Tax Structure	Latest Change
Fishery Resource Landing	AS 43.77	1993	3.3% of unprocessed value	3% of value[1] 1% of value[2]	2008 - The legislature expanded the education credit to include contributions for vocational education.
			[1] Established species [2]Developing species		
Gaming	AS 05.15	1960		$20 annual permit fee for new and renewal permittees. $50 renewal permit fee for permittees with $20,000 to $100,000 in gross receipts. $100 renewal permit fee for permittees with over $100,000 in gross receipts. $500 annual operator license fee. $1,000 annual distributor fee. $2,500 annual manufacturer license fee. 3% tax of an amount equal to the gross receipts less prizes awarded on each series of pull tabs distributed.	2008 – The legislature authorized broadcasting for dog mushers' contests, raffles and lotteries; and authorized the cabbage classic at the Alaska state fair.
Large Passenger Vessel Gambling	AS 05.16	2006	33% of adjusted gross income from gambling activities	33% of adjusted gross income from gambling activities	2006 - voter initiative passed authorizing gambling tax
Mining License	AS 43.65	1913	5% tax on mining net income of more than $5,000	On net income <$40,000 no tax. >$40,001 $1,200 plus 3% >$50,001 $1,500 plus 5% >$100,000 $4,000 plus 7%	2008 - The legislature expanded the education credit to include contributions for vocational education.
Motor Fuel	AS 43.40	1945	1¢ per gallon on all fuels	Highway - 8¢/gallon Marine - 5¢/gallon Aviation Gas- 4.7¢/gallon Jet Fuel - 3.2¢/gallon	2008 – Effective September 1, 2008 through August 31, 2009, motor fuel taxes on all fuel types are suspended.
Oil & Gas Property	AS 43.56	1973	20 mills on full and true value	20 mills on full and true value	2008 - The legislature expanded the education credit to include contributions for vocational education.
Oil & Gas Production	AS 43.55	1955	1% of production value	12.25% of production value during first five years of production, 15% thereafter	2008 - The legislature expanded the education credit to include contributions for vocational education.

Appendix A (Continued)

Tax Type	Legal Reference	First Enacted	Original Tax	Current Tax Structure	Latest Change
Regulatory Cost Charge	AS 42.05.253 (Utilities) AS 42.06.285 (Pipelines)	1992	Electric Utilities: $.000626/kWh Other Utilities: .653% gross revenue Pipelines: .653% gross revenue	Electric Utilities: $.000364/ kWh Other Utilities: .786% gross revenue Pipelines: .786% gross revenue	2006 - rates increased by regulation.
Salmon Enhancement	AS 43.76	1980	Voluntary tax of 1%, 2% or 3% of value as elected by fishermen in an aquaculture region	Southern Southeast 3% Northern Southeast 3% Cook Inlet 2% Pr. William Sound 2% Kodiak - 2% Chignik - 2%	2004 - SB 286 clarified the incidence of the tax; when selling to a buyer who does not withhold the tax, fishermen must now pay the tax on an annual return. Ten additional rates ranging from 4 to 30%
Seafood Development	AS 43.76.350	2005	0.5%-2%	Pr. William Sound 1% Bristol Bay 1%	2006 - Commercial salmon drift gillnet fishermen in the Bristol Bay seafood development region elected a 1% tax.
Seafood Marketing	AS 16.51.120	1981	Voluntary assessment of .1%, .2% or .3% of value as elected by processors	Rate set at 0.5% effective January 1, 2005.	2004 - SB 273 directed a member election of the Alaska Seafood Marketing Institute (ASMI). Fall election determined retention of Seafood Marketing Assessment and increased the rate to 0.5%.
Telephone Cooperative	AS 10.25.550	1959	1% of gross revenue if operating < 5 years; 2% of gross revenue if operating ≥ 5 years or longer	1% of gross revenue if operating < 5 years; 2% of gross revenue if operating ≥ 5 years or longer	1960 – The legislature changed the due date for filing returns to March 1.
Tire Fee	AS 43.98	2003	$2.50 per new tire for highway-use motor vehicles Additional $5 per tire with studs over 1.1 grams	$2.50 per new tire for highway-use motor vehicles Additional $5 per tire with studs over 1.1 grams	No changes since tire fee enacted in 2003.
Tobacco	AS 43.50	1949	Cigarettes - 3¢ per pack of 20; Tobacco - 2¢ per ounce	90 mills/cigarette ($1.80 per pack of 20) 75% of wholesale price	2004 - SB 1001 increases the tax to $1.60 per pack on Jan. 1, 2005, to $1.80 per pack on July 1, 2006, and to $2.00 on July 1, 2007. An additional tax of $.25 per pack is imposed on manufacturers that did not sign the Master Settlement Agreement.

Appendix A (Continued)

Tax Type	Legal Reference	First Enacted	Original Tax	Current Tax Structure	Latest Change
Vehicle Rental	AS 43.52	2004	10% on passenger vehicle rentals of 90 days or less 3% on recreational vehicle rentals of 90 days or less	10% on passenger vehicle rentals of 90 days or less 3% on recreational vehicle rentals of 90 days or less	2006 - exemptions for trucks for moving personal property and vehicles as replacement transportation.
Repealed Tax Programs					
Business License	AS 43.70	1949	$25 license fee plus .5% of gross receipts > $20,000 plus .25% of gross receipts > $50,000	Repealed	Tax repealed effective January 1, 1979. License program transferred to DCCED by Executive Order effective July 1, 1988.
Oil & Gas Conservation	AS 43.57	1955	5 mills per barrel of oil or 50,000 cubic feet of natural gas	Repealed	Tax repealed effective July 1, 1999.
Coin-operated Devices	AS 43.35	1941	12.5% of gross receipts on coin-operated machines	Repealed	Tax repealed effective January 1, 1999.
Individual Income	AS 43.20	1949	10% of federal income tax liability	Repealed	Tax repealed retroactive to 1979.
Salmon Marketing	AS 43.76	1993	1% of value of salmon	1% of value of salmon	Repealed effective January 1, 2005.
School	AS 43.45	1919	$5 tax on each male person	Repealed	Tax repealed retroactive to 1980.

Appendix B
Comparison of Alcohol Tax Rates – Liquor
January 2008

State	Rate ($ per gallon)	Rank*
Alabama	Footnote[1]	N/A
Alaska	**12.80**	**1**
Arizona	3.00	21
Arkansas	2.50	24
California	3.30	19
Colorado	2.28	29
Connecticut	4.50	9
Delaware	5.46	7
Florida	6.50	2
Georgia	3.79	15
Hawaii	5.98	5
Idaho	Footnote[1]	N/A
Illinois	4.50	9
Indiana	2.68	23
Iowa	Footnote[1]	N/A
Kansas	2.50	24
Kentucky	1.92	31
Louisiana	2.50	24
Maine	Footnote[1]	N/A
Maryland	1.50	32
Massachusetts	4.05	13
Michigan	Footnote[1]	N/A
Minnesota	5.03	8
Mississippi	Footnote[1]	N/A
Missouri	2.00	30
Montana	Footnote[1]	N/A
Nebraska	3.75	16
Nevada	3.60	18
New Hampshire	Footnote[1]	N/A
New Jersey	4.40	11
New Mexico	6.06	4
New York	6.44	3
North Carolina	Footnote[1]	N/A
North Dakota	2.50	24
Ohio	Footnote[1]	N/A
Oklahoma	5.56	6
Oregon	Footnote[1]	N/A
Pennsylvania	Footnote[1]	N/A
Rhode Island	3.75	16
South Carolina	2.72	22
South Dakota	3.93	14
Tennessee	4.40	11
Texas	2.40	28
Utah	Footnote[1]	N/A
Vermont	Footnote[1]	N/A
Virginia	Footnote[1]	N/A
Washington	Footnote[1]	N/A
West Virginia	Footnote[1]	N/A
Wisconsin	3.25	20
Wyoming	Footnote[1]	N/A

[1] Sales are through state stores. Revenue is generated from various taxes, fees and net profits.

* Out of 32 states which levy a per gallon tax, highest to lowest.

N/A - Not Applicable

Source: Federation of Tax Administrators

Appendix B
Comparison of Alcohol Tax Rates – Wine
January 2008

State	Rate ($ per gallon)	Rank*
Alabama	1.70	4
Alaska	2.50	1
Arizona	.84	17
Arkansas	.75	19
California	.20	43
Colorado	.32	37
Connecticut	.60	25
Delaware	.97	12
Florida	2.25	2
Georgia	1.51	6
Hawaii	1.38	8
Idaho	.45	34
Illinois	.73	20
Indiana	.47	33
Iowa	1.75	3
Kansas	.30	38
Kentucky	.50	31
Louisiana	.11	46
Maine	.60	25
Maryland	.40	35
Massachusetts	.55	28
Michigan	.51	30
Minnesota	.30	38
Mississippi	.35	36
Missouri	.30	38
Montana	1.06	10
Nebraska	.95	13
Nevada	.70	22
New Hampshire	Footnote[1]	N/A
New Jersey	.70	22
New Mexico	1.70	4
New York	.19	45
North Carolina	.79	18
North Dakota	.50	31
Ohio	.30	38
Oklahoma	.72	21
Oregon	.67	24
Pennsylvania	Footnote[1]	N/A
Rhode Island	.60	25
South Carolina	.90	15
South Dakota	.93	14
Tennessee	1.21	9
Texas	.20	43
Utah	Footnote[1]	N/A
Vermont	.55	28
Virginia	1.51	6
Washington	.87	16
West Virginia	1.00	11
Wisconsin	.25	42
Wyoming	Footnote[1]	N/A

[1] Sales are through state stores. Revenue is generated from various taxes, fees and net profits.

* Out of 46 states which impose a per gallon tax, highest to lowest.

N/A - Not Applicable

Source: Federation of Tax Administrators

Appendix B
Comparison of Alcohol Tax Rates – Beer
January 2008

State	Rate ($ per gallon)	Rank
Alabama	.53	4
Alaska	1.07	1
Arizona	.16	30
Arkansas	.23	20
California	.20	21
Colorado	.08	44
Connecticut	.19	23
Delaware	.16	30
Florida	.48	6
Georgia	.32	12
Hawaii	.93	2
Idaho	.15	34
Illinois	.185	26
Indiana	.115	39
Iowa	.19	23
Kansas	.18	27
Kentucky	.08	44
Louisiana	.32	12
Maine	.35	11
Maryland	.09	43
Massachusetts	.11	40
Michigan	.20	21
Minnesota	.15	34
Mississippi	.4268	7
Missouri	.06	48
Montana	.14	36
Nebraska	.31	14
Nevada	.16	30
New Hampshire	.30	15
New Jersey	.12	38
New Mexico	.41	8
New York	.11	40
North Carolina	.53	4
North Dakota	.16	30
Ohio	.18	27
Oklahoma	.40	10
Oregon	.08	44
Pennsylvania	.08	44
Rhode Island	.10	42
South Carolina	.77	3
South Dakota	.27	16
Tennessee	.14	36
Texas	.19	23
Utah	.41	8
Vermont	.265	17
Virginia	.26	19
Washington	.261	18
West Virginia	.18	27
Wisconsin	.06	48
Wyoming	.02	50

Source: Federation of Tax Administrators

Appendix B
Comparison of Highway Gasoline Tax Rates
January 2008

State	Rate (¢ per gallon)	Other Tax[1] (¢ per gallon)	Total (¢ per gallon)	Rank
Alabama	16	2	18	39
Alaska	**8**	**0**	**8**	**51**
Arizona	18	0	18	39
Arkansas	21.5	0	21.5	23
California	18	0	18	39
Colorado	22	0	22	21
Connecticut	25	0	25	11
Delaware	23	0	23	19
Dist of Columbia	20	0	20	29
Florida	4	11.6	15.6	48
Georgia	7.5	11	18.5	37
Hawaii	17	0	17	45
Idaho	25	1	26	10
Illinois	19	1.1	20.1	14
Indiana	18	0	18	39
Iowa	20.7	0	20.7	27
Kansas	24	0	24	15
Kentucky	19.6	1.4	21	25
Louisiana	20	0	20	29
Maine	27.6	0	27.6	8
Maryland	23.5	0	23.5	18
Massachusetts	21	0	21	25
Michigan	19	0	19	35
Minnesota	20	0	20	29
Mississippi	18	0.4	18.4	38
Missouri	17	0.55	17.55	43
Montana	27	0	27	9
Nebraska	23	0.9	23.9	17
Nevada	24	0.055	24.055	14
New Hampshire	18	1.625	19.625	34
New Jersey	10.5	4	14.5	49
New Mexico	17	1.875	18.875	36
New York	8	16.4	24.4	13
North Carolina	29.9	0.25	30.15	6
North Dakota	23	0	23	19
Ohio	28	0	28	7
Oklahoma	16	1	17	44
Oregon	24	0	24	15
Pennsylvania	12	19.2	31.2	4
Rhode Island	30	1	31	5
South Carolina	16	0	16	47
South Dakota	22	0	22	21
Tennessee	20	1.4	21.4	24
Texas	20	0	20	29
Utah	24.5	0	24.5	12
Vermont	19	1	20	29
Virginia	17.5	0	17.5	44
Washington	36	0	36	1
West Virginia	20.5	11.7	32.2	3
Wisconsin	30.9	2	32.9	2
Wyoming	13	1	14	50

[1] Includes state sales tax, gross receipts tax and underground storage tank taxes.

Source: Federation of Tax Administrators

Appendix B
Comparison of Aviation Fuel Tax Rates
January 2008

State	Jet Fuel (¢ per gallon)	Rank[1]	Aviation Gas (¢ per gallon)	Rank[2]
Alabama	0.8	33	2.4	36
Alaska	**3.2**	**21**	**4.7**	**31**
Arizona	3.05	22	5.0	25
Arkansas	Sales Tax	N/A	Sales Tax	N/A
California	2.0	26	18.0	6
Colorado	4.0	17	6.0	21
Connecticut	None	N/A	None	N/A
Delaware	None	N/A	23.0	1
Florida	6.9	8	6.9	19
Georgia	Sales Tax	N/A	1.0	38
Hawaii	1.0	31	1.0	38
Idaho	4.5	16	5.5	24
Illinois	11.0	2	11.0	11
Indiana	0.8	33	18.0	6
Iowa	3.0	23	8.0	15
Kansas	Sales Tax	N/A	Sales Tax	N/A
Kentucky	Sales Tax	N/A	18.3	5
Louisiana	Sales Tax	N/A	20.0	3
Maine	3.4	20	22.0	2
Maryland	7.0	7	7.0	18
Massachusetts	6.2	9	14.7	9
Michigan	3.0	23	3.0	35
Minnesota	5.0	12	5.0	25
Mississippi	5.25	11	6.4	20
Missouri	Sales Tax	N/A	Sales Tax	N/A
Montana	4.0	17	4.0	33
Nebraska	3.0	23	5.0	25
Nevada	2.0	26	1.0	38
New Hampshire	2.0	26	4.0	33
New Jersey	12.5	1	12.5	10
New Mexico	Sales Tax	N/A	17.0	8
New York	8.0	5	8.0	15
North Carolina	Sales Tax	N/A	Sales Tax	N/A
North Dakota	8.0	5	8.0	15
Ohio	Sales Tax	N/A	Sales Tax	N/A
Oklahoma	0.08	35	0.08	41
Oregon	1.0	31	9.0	13
Pennsylvania	2.0	26	4.3	32
Rhode Island	None	N/A	None	N/A
South Carolina	Sales Tax	N/A	Sales Tax	N/A
South Dakota	4.0	17	6.0	21
Tennessee	1.4	30	1.4	37
Texas	None	N/A	None	N/A
Utah	9.0	4	9.0	13
Vermont	None	N/A	20.0	3
Virginia	5.0	12	5.0	25
Washington	11.0	2	11.0	11
West Virginia	4.85	15	4.85	30
Wisconsin	6.0	10	6.0	21
Wyoming	5.0	12	5.0	25

[1]Out of 35 states with tax rates
[2]Out of 41 states with tax rates

Source: National Business Aircraft Association, Inc. 2007 State Aviation Tax Report

Appendix B
Comparison of Cigarette Tax Rates
January 2008

State	Rate ($ per pack)	Rank	State	Rate ($ per pack)	Rank
Alabama	0.425	42	Montana	1.70	13
Alaska	2.00	4	Nebraska	0.64	35
Arizona	2.00	4	Nevada	0.80	32
Arkansas	0.59	38	New Hampshire	1.08	24
California	0.87	30	New Jersey	2.575	1
Colorado	0.84	31	New Mexico	0.91	29
Connecticut	2.00	4	New York	1.50	16
Delaware	1.15	23	North Carolina	0.35	45
Florida	0.339	46	North Dakota	0.44	41
Georgia	0.37	43	Ohio	1.25	20
Hawaii	1.80	10	Oklahoma	1.03	25
Idaho	0.57	39	Oregon	1.18	22
Illinois	0.98	28	Pennsylvania	1.35	19
Indiana	0.995	27	Rhode Island	2.46	2
Iowa	1.36	18	South Carolina	0.07	51
Kansas	0.79	33	South Dakota	1.53	14
Kentucky	0.30	47	Tennessee	0.62	36
Louisiana	0.36	44	Texas	1.41	17
Maine	2.00	4	Utah	0.695	34
Maryland	2.00	4	Vermont	1.79	11
Massachusetts	1.51	15	Virginia	0.30	47
Michigan	2.00	4	Washington	2.025	3
Minnesota	1.23	21	West Virginia	0.55	40
Mississippi	0.18	49	Wisconsin	1.77	12
Missouri	0.17	50	Wyoming	0.60	37

Source: Federation of Tax Administrators

Appendix B
Comparison of Tobacco Products Tax Rates
January 2008

State	Rate
Alabama	.6¢ - 5.25¢/ounce
Alaska	75% Wholesale Price
Arizona	23.8¢/ounce
Arkansas	32% Manufacturer Price
California	45.13% Wholesale Price
Colorado	40% Manufacturer Price
Connecticut	20% Wholesale Price
Delaware	15% Wholesale Price
Florida	25% Wholesale Price
Georgia	10% Wholesale Price
Hawaii	40% Wholesale Price
Idaho	40% Wholesale Price
Illinois	18% Wholesale Price
Indiana	24% Wholesale Price
Iowa	50% Wholesale Price
Kansas	10% Wholesale Price
Kentucky	7.5% Wholesale Price
Louisiana	33% Manufacturer Price
Maine	78% Wholesale Price
Maryland	15% Wholesale Price
Massachusetts	90% Wholesale Price
Michigan	32% Wholesale Price
Minnesota	70% Wholesale Price
Mississippi	15% Manufacturer Price
Missouri	10% Manufacturer Price
Montana	50% Wholesale Price
Nebraska	20% Wholesale Price
Nevada	30% Wholesale Price
New Hampshire	19% Wholesale Price
New Jersey	30% Wholesale Price
New Mexico	25% Product Value
New York	37% Wholesale Price
North Carolina	3% Wholesale Price
North Dakota	16¢ - 60¢/ounce
Ohio	17% Wholesale Price
Oklahoma	60% - 80% Factory List Price
Oregon	65% Wholesale Price
Pennsylvania	N/A
Rhode Island	40% Wholesale Price
South Carolina	5% Manufacturer Price
South Dakota	35% Wholesale Price
Tennessee	6.6% Wholesale Price
Texas	40% Manufacturer Price
Utah	35% Manufacturer Price
Vermont	41% Manufacturer Price
Virginia	10% Wholesale Price
Washington	75% Wholesale Price
West Virginia	7% Wholesale Price
Wisconsin	50% Manufacturer Price
Wyoming	20% Wholesale Price

Tobacco products include chewing tobacco and snuff.

N/A - Not Applicable

Source: Federation of Tax Administrators

Appendix B
Comparison of Corporate Income Tax Rates
January 2008

State	Rate (%)	Tax Brackets		Number of Brackets
		Lowest	Highest	
Alabama	6.5		Flat Rate	1
Alaska	**1.0 - 9.4**	**$10,000**	**$90,000**	**10**
Arizona	6.968		Flat Rate	1
Arkansas	1.0 - 6.5	$3,000	$100,000	6
California	8.84		Flat Rate	1
Colorado	4.63		Flat Rate	1
Connecticut	7.5		Flat Rate	1
Delaware	8.7		Flat Rate	1
Florida	5.5		Flat Rate	1
Georgia	6.0		Flat Rate	1
Hawaii	4.4 - 6.4	$25,000	$100,000	3
Idaho	7.6		Flat Rate	1
Illinois	7.3		Flat Rate	1
Indiana	8.5		Flat Rate	1
Iowa	6.0 - 12.0	$25,000	$250,000	4
Kansas	4.0		Flat Rate	1
Kentucky	4.0 - 6.0	$50,000	$100,000	3
Louisiana	4.0 - 8.0	$25,000	$200,000	5
Maine	3.5 - 8.93	$25,000	$250,000	4
Maryland	8.3		Flat Rate	1
Massachusetts	9.5		Flat Rate	1
Michigan	4.95		Flat Rate	1
Minnesota	9.8		Flat Rate	1
Mississippi	3.0 - 5.0	$5,000	$10,000	3
Missouri	6.25		Flat Rate	1

Appendix B
Comparison of Corporate Income Tax Rates
January 2008
(Continued)

State	Rate (%)	Tax Brackets		Number of Brackets
		Lowest	Highest	
Montana	6.75		Flat Rate	1
Nebraska	5.58 - 7.81	$50,000		2
Nevada	No Corporation Income Tax			N/A
New Hampshire	8.5		Flat Rate	1
New Jersey	9.0		Flat Rate	1
New Mexico	4.8 - 7.6	$500,000	$1,000,000	3
New York	7.5		Flat Rate	1
North Carolina	6.9		Flat Rate	1
North Dakota	2.6 - 6.5	$3,000	$30,000	5
Ohio	5.1 - 8.5	$50,000		2
Oklahoma	6.0		Flat Rate	1
Oregon	6.6		Flat Rate	1
Pennsylvania	9.99		Flat Rate	1
Rhode Island	9.0		Flat Rate	1
South Carolina	5.0		Flat Rate	1
South Dakota	No Corporation Income Tax			N/A
Tennessee	6.5		Flat Rate	1
Texas	Tax Based on Capital and Surplus			N/A
Utah	5.0		Flat Rate	1
Vermont	6.0 - 8.5	$10,000	$250,000	3
Virginia	6.0		Flat Rate	1
Washington	No Corporation Income Tax			N/A
West Virginia	8.5		Flat Rate	1
Wisconsin	7.9		Flat Rate	1
Wyoming	No Corporation Income Tax			N/A
Federal	15.0 - 39.0	$50,000	$18,333.333	8

Source: Federation of Tax Administrators

Appendix B
Comparison of Individual Income Tax Rates*
January 2008

State	Rate (%)	Tax Brackets		Number of Brackets
		Lowest	Highest	
Alabama	2.0 - 5.0	$500	$3,000	3
Alaska	No State Income Tax			N/A
Arizona	2.59 - 4.54	$10,000	$150,000	5
Arkansas	1.0 - 7.0	$3,699	$31,100	6
California	1.0 - 9.3	$6,827	$44.815	6
Colorado	4.63	Flat Rate		1
Connecticut	3.0 - 5.0	$10,000	$10,000	2
Delaware	2.2 - 5.95	$5,000	$60,000	6
Florida	No State Income Tax			N/A
Georgia	1.0 - 6.0	$750	$7,000	6
Hawaii	1.4 - 8.25	$2,400	$48,000	9
Idaho	1.6 - 7.8	$1.237	$24.736	8
Illinois	3.0	Flat Rate		1
Indiana	3.4	Flat Rate		1
Iowa	.36 - 8.98	$1.379	$62.055	9
Kansas	3.5 - 6.45	$15,000	$30,000	3
Kentucky	2.0 - 6.0	$3,000	$75,000	6
Louisiana	2.0 - 6.0	$12,500	$25,000	3
Maine	2.0 - 8.5	$4,849	$19,450	4
Maryland	2.0 - 5.5	$1,000	$500,000	7
Massachusetts	5.3	Flat Rate		1
Michigan	4.35	Flat Rate		1
Minnesota	5.35 - 7.85	$21,800	$71,591	3
Mississippi	3.0 - 5.0	$5,000	$10,000	3
Missouri	1.5 - 6.0	$1,000	$9,000	10

Appendix B
Comparison of Individual Income Tax Rates*
January 2008
(Continued)

State	Rate (%)	Tax Brackets		Number of Brackets
		Lowest	Highest	
Montana	1.0 - 6.9	$2,500	14,900	7
Nebraska	2.56 - 6.84	$2,400	$27,001	4
Nevada	No State Income Tax			N/A
New Hampshire	Tax Limited to Dividends and Interest			N/A
New Jersey	1.4 - 8.97	$20,000	$500,000	6
New Mexico	1.7 - 5.3	$5,500	$16,000	4
New York	4.0 - 6.85	$8,000	$20,000	5
North Carolina	6.0 - 7.75	$12,750	$60,000	3
North Dakota	2.1 - 5.54	$31,850	$349,701	5
Ohio	0.618 - 6.24	$5,000	$200,000	9
Oklahoma	0.5 - 5.5	$1,000	$8.701	7
Oregon	5.0 - 9.0	$2,900	$7,300	3
Pennsylvania	3.07	Flat Rate		1
Rhode Island	25% Federal Tax Liability			N/A
South Carolina	0 - 7.0	$2,670	$13,350	6
South Dakota	No State Income Tax			N/A
Tennessee	Tax Limited to Dividends and Interest			N/A
Texas	No State Income Tax			N/A
Utah	5.0	Flate Rate		1
Vermont	3.6 - 9.5	$32,550	$357,700	5
Virginia	2.0 - 5.75	3,000	17,000	4
Washington	No State Income Tax			N/A
West Virginia	3.0 - 6.5	$10,000	$60,000	5
Wisconsin	4.6 - 6.75	$9,700	$145,460	4
Wyoming	No State Income Tax			N/A

* Rates apply to unmarried individuals

Source: Federation of Tax Administrators

Appendix B
Comparison of Sales Tax Rates
January 2008

State	Rate (%)
Alabama	4.0
Alaska	No State Sales Tax
Arizona	5.6
Arkansas	6.0
California	7.25
Colorado	2.9
Connecticut	6.0
Delaware	No State Sales Tax
Florida	6.0
Georgia	4.0
Hawaii	4.0
Idaho	6.0
Illinois	6.25
Indiana	6.0
Iowa	5.0
Kansas	5.3
Kentucky	6.0
Louisiana	4.0
Maine	5.0
Maryland	6.0
Massachusetts	5.0
Michigan	6.0
Minnesota	6.5
Mississippi	7.0
Missouri	4.225
Montana	No State Sales Tax
Nebraska	5.5
Nevada	6.5
New Hampshire	No State Sales Tax
New Jersey	7.0
New Mexico	5.0
New York	4.0
North Carolina	4.25
North Dakota	5.0
Ohio	5.5
Oklahoma	4.5
Oregon	No State Sales Tax
Pennsylvania	6.0
Rhode Island	7.0
South Carolina	6.0
South Dakota	4.0
Tennessee	7.0
Texas	6.25
Utah	4.65
Vermont	6.0
Virginia	5.0
Washington	6.5
West Virginia	6.0
Wisconsin	5.0
Wyoming	4.0

Source: Federation of Tax Administrators

STATE OF ALASKA

OFFICE OF THE GOVERNOR

OFFICE OF MANAGEMENT AND BUDGET

SARAH PALIN, GOVERNOR

P.O. BOX 110020
JUNEAU, ALASKA 99811-0020
TELEPHONE: (907) 465-4660
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February 26, 2009

The Honorable Lyman Hoffman
Co-Chair, Senate Finance Committee
Alaska State Legislature
State Capitol, Room 518
Juneau, AK 99801-1182

The Honorable Bert Stedman
Co-Chair, Senate Finance Committee
Alaska State Legislature
State Capitol, Room 516
Juneau, AK 99801-1182

Dear Co-Chairs Hoffman and Stedman:

The following is provided in response to questions from the committee during Johanna Bales' presentation on Friday, January 30, 2009, on the Commercial Passenger Vessel (CPV) excise tax and Large Passenger Vessel (LPV) gambling tax. The Departments of Law, Revenue, Transportation & Public Facilities, Administration, and the Office of Management & Budget, collaborated on the response to the committee's questions.

1. In the Governor's FY09 Capital Budget submission CPV tax money was not appropriated. At the time, the administration testified that it was the legislature's responsibility to appropriate the money. In addition, the Department of Law advised the legislature to fully appropriate the money because not doing so might open the state up for class action litigation by passengers. The legislature appropriated most of the money but the Governor vetoed $18.3 million. Given that these funds have restricted uses, there were ample funds available in the accounts, and the administration had encouraged the legislature to appropriate the funds, what was the rationale for the Governor's vetoes?

The Department of Law, Assistant Attorneys General Mike Ford and Chris Poag met with legislators and their staff last year to discuss questions they had about restrictions on the expenditure of CPV tax proceeds. They advised that not spending the money or holding these proceeds for a number of years could increase the chance of the cruise industry or its passengers filing suit. The advice was not meant to imply that all funds should be appropriated at one time to avoid potential litigation.

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The Governor carefully reviewed the FY2009 capital budget and vetoed all or a portion of nine projects funded with CPV tax revenues indicating they would be considered in a future budget.

2. There were several questions about what exactly was meant by the various veto categories: "Low Priority," "Consider in the Future," etc.

Enclosed is a copy of the governor's May 23, 2008, transmittal letter that outlines the various categories and their broad definition. Each project was reviewed and considered on its own merits.

3. This year, the Governor has proposed $39 mill in her FY10 Budget. Has the administration changed its position on who should propose spending this money? How did the administration come up with the projects that are proposed and the amount of spending proposed?

The Governor has proposed spending $39 million on direct CPV tax funded projects. Rather than implement a new process with additional administrative costs, we asked the Departments of Transportation & Public Facilities and Commerce, Community, and Economic Development for assistance. DOTPF gathered project information from their regional planning staff. They provided information that had been coordinated with local governments. The projects were reviewed and prioritized based on need and the cruise ship industry impact to the communities and the specific projects. DCCED assisted with the review of the projects. Previously vetoed projects were included in the review.

4. Is it the administration's position that the unappropriated balances ($32 million Regional Impact Fund/$20 million Commercial Vessel Passenger Tax Fund) are available for legislative priorities?

The available balances are expected to be $22 million and $44 million, respectively, based on the Department of Revenue's forecast of FY09 receipts still to come. We have, however, proposed FY10 capital projects of $39.2 million from the Commercial Vessel Passenger Tax Fund.

5. How is the money that is sitting in the Commercial Vessel Passenger Tax Account (CVPTA) invested? Is it generating additional revenue?

The CVPTA is part of the general fund: the amount collected is accounted for separately, but otherwise the money is in no way treated differently from any

other tax receipts. The unappropriated CVPTA money sweeps to the CBRF at the end of the fiscal year, but starting with FY2009, will be reverse swept back to the newly created subfunds. The CVPTA funds are invested in GEFONSI as part of the general fund and earnings are deposited in the unrestricted general fund. Forecast earnings are 4.07% annually: though from July 1, 2008 to December 31, 2008, a 5.29% return was realized.

6. Are there communities that are eligible for the $5 per port call revenue sharing who didn't apply for it? Are there communities that applied for the funds that were turned down? Does the administration have a process for notifying communities of their eligibility?

There is no application process to obtain funds under the "first 5 ports of call rule." DOR accumulates the data from the cruise ship tax returns and identifies all communities eligible to receive funds. All communities entitled to share under this provision received funds.

The Administration has not implemented an application process for communities to apply for funds under the Regional Cruise Ship Impact fund or the CVPTA funds.

7. In the FY09 Operating Budget, we included language that authorized the Department of Revenue to make revenue sharing payments for the calendar year 2008 cruise session. The FY08 budget language had limited payments to the first the fiscal year. Have the 2008 payments gone out as expected? Johanna testified that the checks are going out the week of January 26. Isn't there a way to get that money out to the communities more expeditiously or on a monthly basis?

Sharing of 2008 revenues happened in January 2009. Unless there is a provision for DOR to share monthly, it is not possible for Revenue to reconcile all receipts from a specific cruise ship season and make payment before mid to late December. Since there are sailings in October, final tax returns are not due until the end of November. Since returns can be mailed, DOR does not receive all returns until around the 7th of December. DOR then has to then reconcile returns to AKSAS to ensure payment was made, input all data regarding ports of call and then verify the numbers. This process takes a couple of weeks. The only way to speed up this process would be to require monthly sharing.

8. Senators Stedman and Elton also wanted to know if Juneau and Ketchikan qualify for funds from the regional cruise ship impact fund because their local passenger levies preclude them from receiving funds under the first 5 ports of call rule.

AS 43.52.230(c) prohibits distribution of the regional tourist impact funds to municipalities "entitled to receive funds based on port call visitation as allowed by (b) of this section." Juneau and Ketchikan are entitled to receive port of call funds under AS 43.52.230(b). Juneau and Ketchikan do not receive port of call funds to which they were entitled because they did not effectuate a repeal of their local passenger tax levies under AS 43.52.250. So, under AS 43.52.230(c), Juneau and Ketchikan are not eligible to receive regional tourist impact funds because they are entitled to receive port of call funds under AS 43.52.230(b).

This interpretation makes sense in light of the fact that if a city has their own passenger fee, they are in essence receiving money under a port of call scenario. That said, we believe that money remaining in the commercial vessel passenger tax account after the first 5 ports of call receive revenue sharing can be used to fund projects in these communities. Additionally, it bears noting that the guidelines contained under AS 43.52.230 do not create dedicated funds.

9. The CVPTA Fund is currently classified as designated (a subaccount of the GF). However, federal constitutional restrictions (Tonnage Clause, Commerce Clause) effectively dedicate these funds. Should we make a statutory change?

The Alaska Constitution allows for state funds to be dedicated as a requirement of federal law, however, the Department of Law does not think we are in a position to dedicate these tax proceeds without running afoul of the state constitution. So, Law is advising that these tax proceeds not be dedicated.

10. LPV Gambling Tax is unrestricted GF but by the initiative specifies that it be deposited into the CVPTA Fund. Is this an accounting or transparency issue for Department of Revenue? Should we fix/change this legislatively?

Unappropriated tax revenue received in FY2008 has been swept to the CBR. The Division of Finance is establishing subfunds so that with the customary reverse sweep language in each year's budget bill, any unappropriated funds will revert

back to the subfunds and be available for future appropriation. This will rectify the situation for FY2009 and future years.

Please contact me if you have additional questions.

Sincerely,

Karen J. Rehfeld
Director

Enclosure

cc: David Teal, Legislative Finance Division
Senate Finance Committee members

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STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

May 23, 2008

The Honorable Lyda Green
President of the Senate
Alaska State Legislature
State Capitol, Room 111
Juneau, AK 99801-1182

Dear President Green:

On this date I signed with line item vetoes the following bill passed by the second regular session of the Twenty-Fifth Alaska State Legislature and am transmitting the engrossed and enrolled copies to the Lieutenant Governor's Office for permanent filing:

HCS CSSB 221(FIN) am H

"An Act making and amending appropriations, including capital appropriations, supplemental appropriations, and appropriations to capitalize funds; ratifying certain expenditures; and providing for an effective date."

Chapter No. 29, SLA 2008

The budget goals for this administration have been very clear: to slow the growth of government, live within our means, and save for the future. The capital budget presented for legislative consideration this past session was designed to meet these goals. I appreciate the careful consideration and support from the Legislature of this request.

Senate Bill 221 as passed by the Legislature contained operating and capital appropriations for Fiscal Year 2008 and FY2009, totaling $3.9 billion. The capital budget totals nearly $3.0 billion, including $1.2 billion in general funds. Through line-item vetoes, I have reduced the operating and capital appropriations in SB 221 by $268.2 million of which $152 million is general funds. Making these reductions now means

that this revenue will be available for additional savings and vital services for Alaskans in the future.

I appreciate the increased level of communication between my administration and the Legislature before, during, and following completion of the first 90-day session. I believe we share similar priorities for funding including basic government services for life, health, public safety, transportation, infrastructure development, and education. Alaska is blessed with the unique opportunity through this time of extraordinary revenue to invest in our communities and citizens and also be able to put a significant amount of surplus revenues into savings.

We conducted a comprehensive review of the operating and capital items included in SB 221. I asked our departments to look closely at items we included in our operating and capital budgets as well as legislative changes to the budget. I also instructed the Office of Management and Budget to contact each legislator and ask for a prioritized list of projects within each district and to ensure that we had complete backup for each project. We also contacted communities to confirm that we had correct information and understanding of the community priorities.

There are some broad areas that are important to note in the overall approach to the budget.

SB 256 Supplemental Capital Projects – We had very positive and productive meetings with legislators during the regular session to discuss specific projects that were inserted into the supplemental bill. As a result, there were 155 projects totaling $35.4 million that I recommended be moved from SB256 for consideration in the capital budget.

The SB 256 "moved" and some of the vetoed projects were included in SB 221 in sections 7, 10, and 13. In some cases the amount of the projects increased from what was originally requested in SB 256. There were 162 projects totaling $59.8 million. Of the 162 projects, 102 projects are funded entirely for a total of $45.8 million, 22 projects are reduced by $4.2 million, and 36 projects are vetoed for a total $5.4 million. Individual reasons for those reductions are noted on the enclosed spreadsheet.

SB 221 includes a number of legislative designated grants to schools and education organizations in support of operating programs, books, and materials at local schools. While I have let a number of these appropriations remain, I believe that this is not a fair way to address the needs of schools. All schools need supplies, books, laptops, and

ongoing repairs that are not typically funded through the state's major maintenance program.

The Anchorage School District implemented a process at the school building level to identify projects by priority and to have those projects approved by the Anchorage School Board. I appreciate the efforts of the district to develop a public process for these projects. However, I am concerned that these additions create an unfair advantage to some schools. The education funding formula is designed to create parity between school districts. Elected school boards are authorized to make funding decisions for schools within their districts. We also have a statewide school construction and major maintenance grant and debt reimbursement program to help districts pay for significant capital costs. I would encourage school districts to address their building needs through the state funding already provided and local community funding in the future.

Inclusion of operating funds to various organizations through the capital budget is also an area of concern. I have retained some of these grants, particularly where there are extraordinary circumstances or transitional funding needs. These appropriations should be considered as one-time to help the organization secure other operating funds for the future. Many of the appropriations that remain in the budget are also flagged with the caveat that these state funds are one-time and other funds should be sought for future costs. In many cases, I have vetoed funds for new programs or facilities that would require additional state funds in the future.

In reviewing the budget, I found that many of the requests included matching funds or the ability to leverage additional funds based on the state's contribution. The presence of matching funds was an important element of our decision to retain projects in the budget. A number of projects were reduced to demonstrate the state's commitment to be a partner in the project but to also encourage the recipient to seek other funds for the project.

The enclosed spreadsheet lists the projects I have vetoed including the appropriation cite, funding source, and the reason I have vetoed the appropriation. The reasons for veto fall into several categories:

1. Fund at reduced level

   There are many services where the state has some responsibility and has a proper role in providing some funding. Several projects that were reduced are also flagged as one-time items.

2. Lower priority for funding
   Projects that address life, health, safety, transportation, infrastructure, and education are funding priorities. Many projects included in the budget were reduced or vetoed because they were a lower funding priority.

3. Consider in future budget
   Many projects met the funding criteria and may be considered in a future budget.

4. Other funding options available
   There are numerous state programs and other sources of funding that make grants and other resources available. In some instances, it may be possible to perform the work within existing agency resources.

5. Legal concerns
   The Department of Law provides a review of all expenditures for compliance with state laws and regulations. Each appropriation must clearly be for services and programs that meet public funding requirements.

6. Duplicate funding
   Funding for some projects was included more than once in error.

7. Request reduced or withdrawn
   Recipients of funding or their legislative sponsors indicated that they no longer were requesting approval or could move forward with the project at a reduced amount.

8. Inadequate funding provided
   Some projects and programs were provided insufficient amounts of money in order to provide meaningful achievement.

9. Creation of new facilities and programs
   Given current funding shortfalls for existing programs and the ongoing need to address a backlog of deferred maintenance of public facilities, few projects for new facilities or programs were approved.

Our process for evaluating these projects attempted to review each appropriation based on a policy applied consistently and even-handedly. No one region, community, or legislative district was singled out at any time.

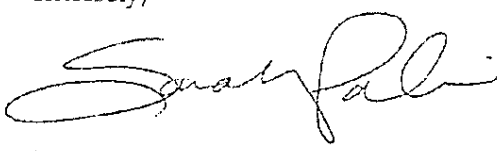
I have vetoed two appropriations from the Railbelt Energy Fund. These projects will be considered under the efforts of the Alaska Energy Authority on the unified plan to serve all the consumers in the region in a cost effective and efficient manner. The unified system plan will be a key component of the Statewide Energy Plan that will be completed later this year. It is premature to fund these distinct projects without the benefit of the unified plan.

Education is a top priority for legislators and this administration. Alaska's public schools will receive nearly $1 billion in FY2009. SB 221 contains $20.7 million in supplemental funds for energy relief grants to schools in addition to an increase of $112.5 million for changes approved in the public school funding formula under HB 273.

This budget focuses on the state's basic responsibilities, schools, public safety, and needed transportation improvements that are essential to getting Alaska's infrastructure ready for the state's economic future, especially the gas pipeline.

There is more work to be done. I am committed to working with the legislature to move Alaska forward.

Sincerely,



Sarah Palin
Governor

Enclosures

13009 SP

Said
Announced
Addressed
Aired
Commented
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Disclosed
Divulged
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Set forth
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bill #32

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June 23 2003

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Detailed
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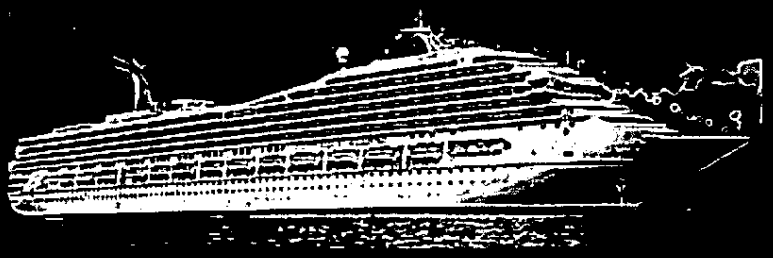
Cameryn.Flynn@PREMERA.com

Commercial Passenger Vessel Excise Tax



Presented by
Johanna Bales
Deputy Director, Tax Division
Alaska Department of Revenue

Initiative Overview (Revenue Provisions)

Effective 12/17/2006

- Imposes a $46 commercial passenger vessel excise tax on large cruise ships (over 250 berths)
- Levies a tax at the rate of 33% of adjusted gross income on cruise ship gambling activities in state waters
- Subjects cruise ship companies to Alaska's corporate net income tax
- Assesses a $4 per passenger berth fee to cover the cost of state-employed marine engineers (Ocean Rangers) to observe health, safety and wastewater treatment and discharge operations

Initiative Overview (Other Provisions)

- Requires cruise ship operators to gather and report more information and get a new type of permit for sewage, graywater or other wastewater before discharging in state marine waters
- Authorizes citizen lawsuits against an owner or operator of a large cruise ship for an alleged violation of any permit condition
- Enables a person who provides information leading to enforcement of a law to receive 25 to 50 percent of fines imposed
- Imposes additional requirements on disclosures about on-ship promotions of shore-side businesses

CPV Revenues

- Commercial Passenger Vessel Excise Tax - $46 per person traveling on a vessel providing overnight accommodations in state marine waters.
- Ocean Ranger Fee - $4 per person
- Total cost per passenger - $50

Department of Revenue Responsibilities

- Administer & collect the corporate net income tax
- Administer & collect the 33% cruise ship gambling tax
- Administer & collect the $46 commercial passenger vessel excise tax (commonly referred to as the cruise ship "head tax")
- Account for and disburse proceeds of the tax as directed by the legislature
- Draft regulations for all tax types

Administer & collect the corporate net income tax

- Cruise ship owners are subject to the corporate income tax just like all other corporations in Alaska
- Money collected is deposited in general fund (no current estimate of revenues)
- First tax returns due April 15, 2008
- There is no revenue sharing to municipalities from this tax type
- Regulations effective October 2007

Administer & collect the 33% cruise ship gambling tax

- Regulations effective April 11, 2008
- Tax is imposed on adjusted gross income received from gambling activities conducted in state waters
- Adjusted gross income is gross gambling proceeds less prizes paid out and federal and municipal taxes imposed on the income
- Annual return with first returns due April 15, 2008
- Revenue deposited in Commercial Vessel Passenger Tax Account

Administer & collect the $46 commercial passenger vessel excise tax ("head tax")

- Levied on the cruise ship passenger per voyage
- Paid by cruise ship owner or operator
- Due by the end of the month following the month in which the voyage ended
- Due for each voyage lasting longer than 72 hours
- Must report the number of passengers at each Alaska port of call

Account for and disburse proceeds of the CVP tax as directed by the legislature

- Commercial passenger vessel excise tax is deposited into a sub account of the general fund as follows:
  - Commercial Vessel Passenger Tax Account – 75% of proceeds or $34.50 per person
  - Regional Cruise Ship Impact Fund – 25% of proceeds or $11.50 per person

Receipts from the Commercial Passenger Vessel Excise Tax

Account	2007 Cruise Ship Season Revenue[1]	2008 Cruise Ship Season Revenue[1]
Commercial Vessel Passenger Tax Account	$34,730,080	$35,066,559
Regional Cruise Ship Impact Fund	$11,576,694	$11,688,853
Total Receipts[2]	$46,306,774	$46,755,412

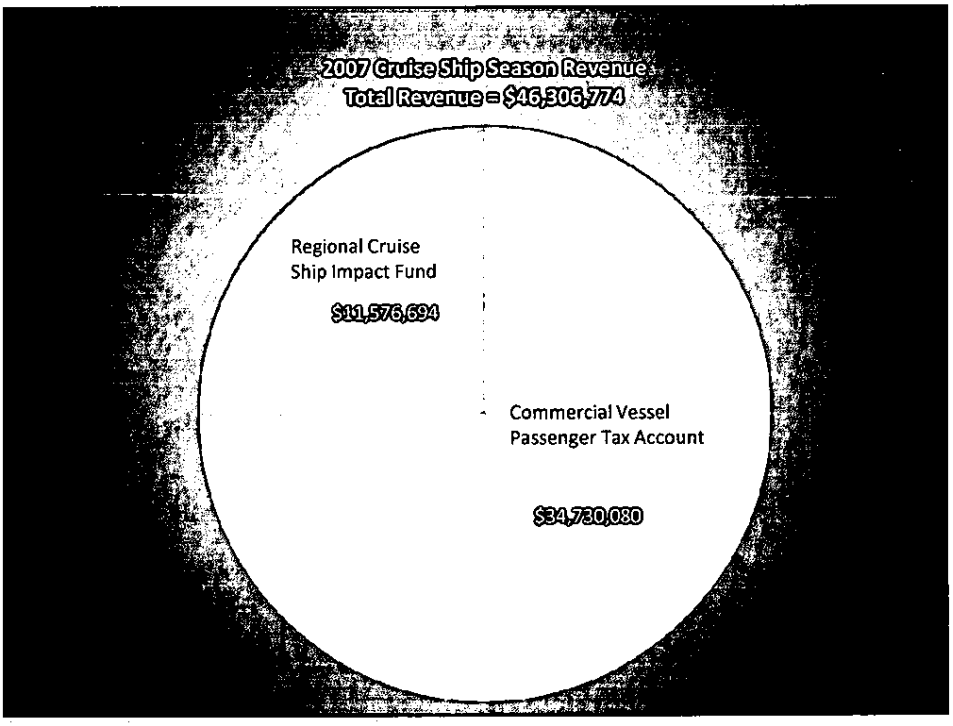
[1] 1,006,669 passengers in 2007; 1,016,422 passengers in 2008

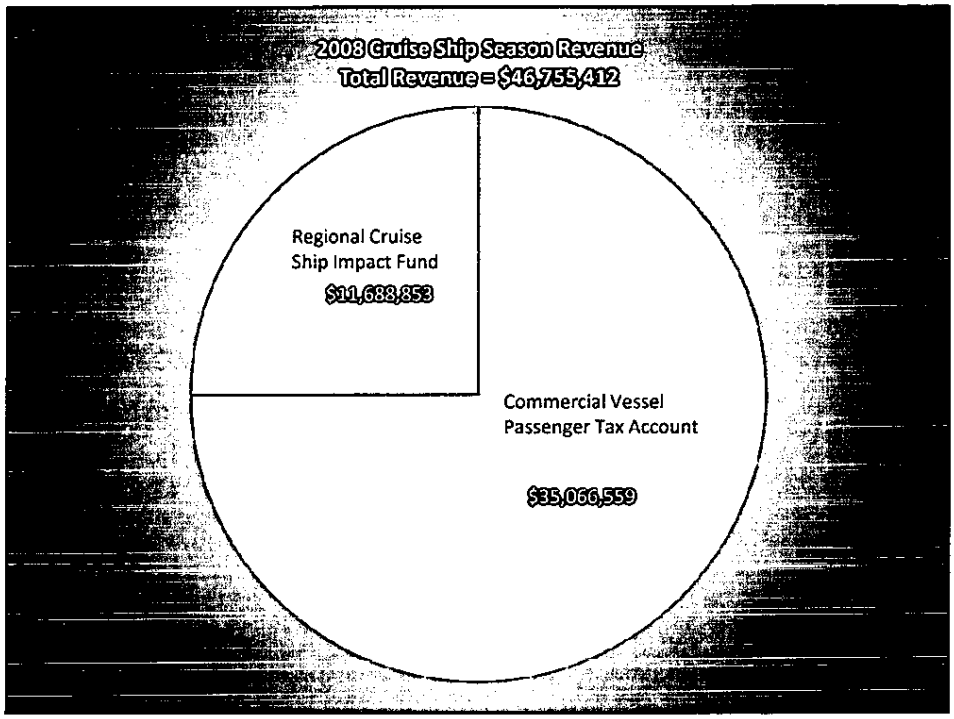
[2] Does not include gambling tax revenue

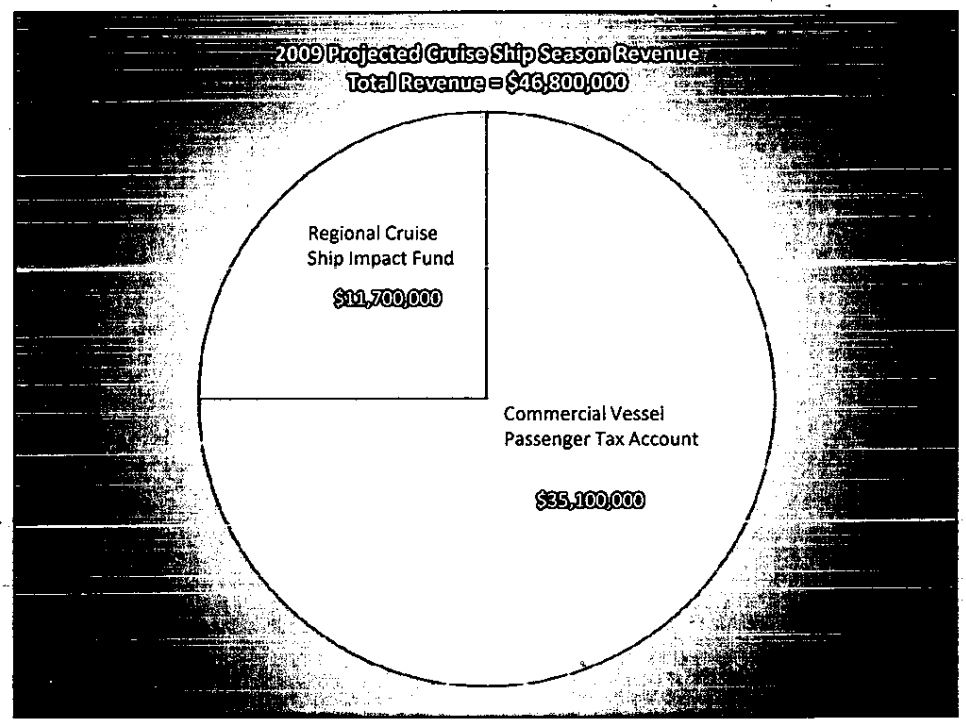
Total Revenue Collections by Month

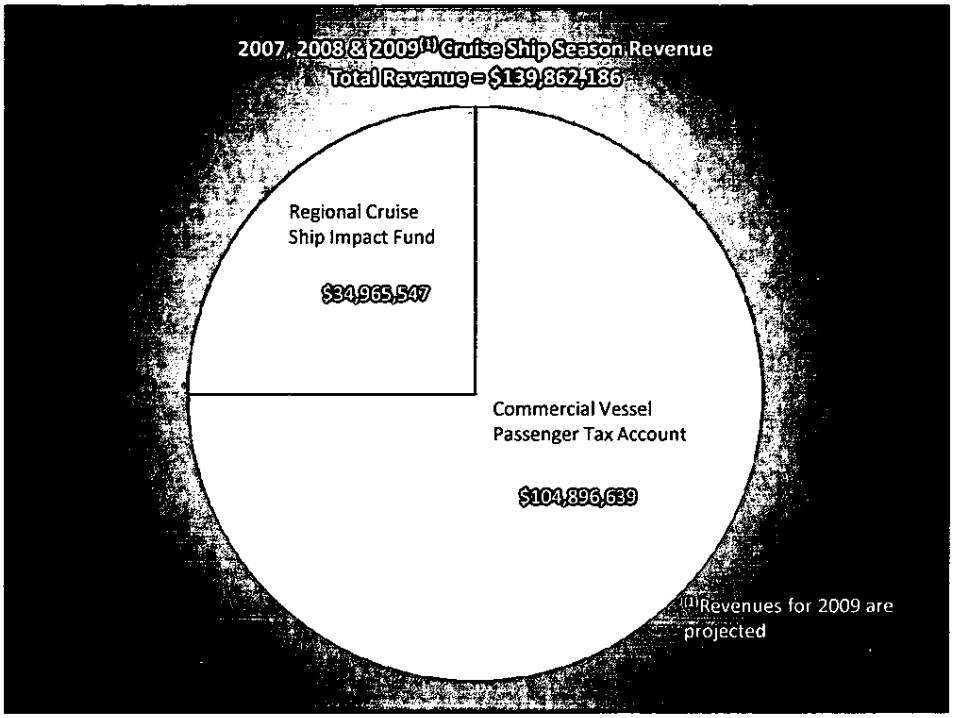
Month	2007 # of Passengers	Total Tax 2007	2008 # of Passengers	Total Tax 2008
May	106,865	$4,915,790	131,049	$6,028,254
June	238,708	10,980,568	228,478	$10,509,988
July	236,415	10,875,090	222,615	$10,240,290
August	233,830	10,756,180	260,395	$11,978,170
September[2]	190,851	8,779,146	173,885	$7,998,710
Total	1,006,669	$46,306,774	1,016,422	$46,755,412

[1] Includes October sailings




2008 Cruise Ship Season Revenue
Total Revenue = $46,755,412
Regional Cruise
Ship Impact Fund
$11,688,853
Commercial Vessel
Passenger Tax Account
$35,066,559


2009 Projected Cruise Ship Season Revenue
Total Revenue = $46,800,000
Regional Cruise
Ship Impact Fund
$11,700,000
Commercial Vessel
Passenger Tax Account
$35,100,000



Commercial Vessel Passenger Tax Account

(estimated amount available for appropriation = $34.8 million annually + cruise ship gambling tax proceeds)

- Revenue disbursed to communities under "first 5 ports of call" rule come from this account
- Gambling tax revenue deposited in this account
- Legislature may appropriate money from this fund "for state-owned port and harbor facilities, other services to properly provide for vessel or watercraft visit, to enhance the safety and efficiency of interstate and foreign commerce and such other lawful purposes"

First 5 Ports of Call

(estimated disbursement - $10 million annually)

- $5 per passenger shared with first 5 ports of call
- Port of Call
  - Must be a municipality or borough
  - Must be location where passengers embark or disembark (includes lightering of passengers)
  - Cannot have its own passenger tax
  - Boroughs not unified with a municipality may receive $2.50 per passenger
  - Cannot also receive funds from "Regional Cruise Ship Impact Fund."

Revenue Sharing

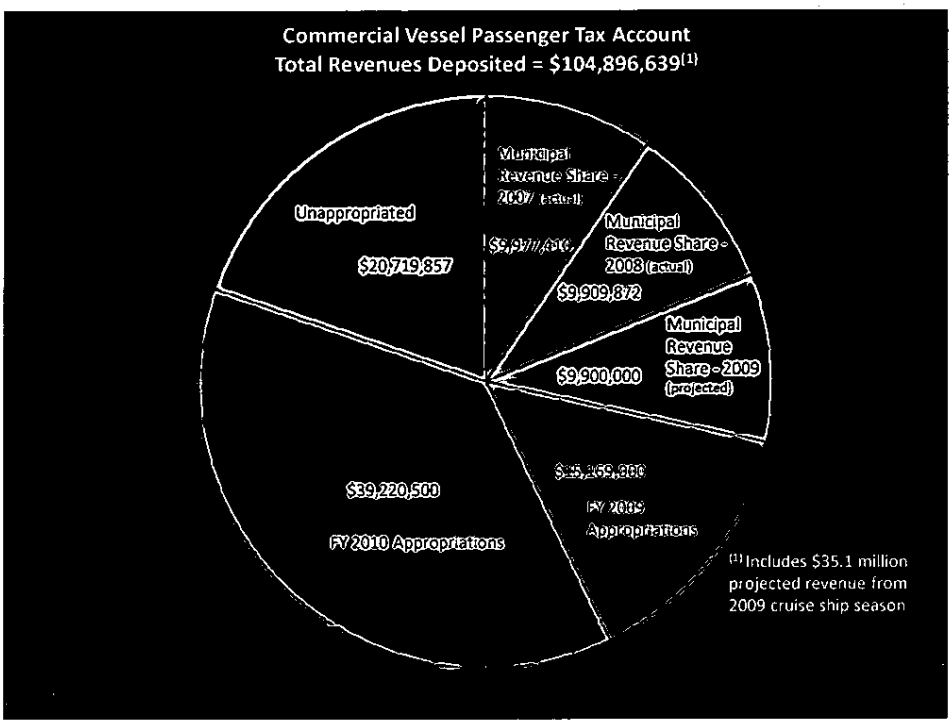
- Commercial Vessel Passenger Tax Account
  - First 5 ports of call
    - Legislature appropriated amount needed for community revenue sharing from 2007 cruise ship season – 2 disbursements made to communities (December 2007 & June 2008)
    - Legislature appropriate amount needed for community revenue sharing from 2008 cruise ship season – 1 disbursement made to communities (January 2009)

Municipal Revenue Sharing
(first 5 ports of call)

City/Borough	2007 Revenue Shared	2008 Revenue Shared
Haines	$114,220.00	$215,410.00
Hoonah	550,025.00	359,155.00
Homer	-0-	2,897.50
Ketchikan Borough	2,244,585.00	2,326,147.50
Kenai Peninsula Borough	383,652.50	348,645.00
Kodiak, City of	5,102.50	24,777.50
Kodiak, Borough	5,102.50	24,777.50
Seward	383,652.50	345,747.50
Sitka, City and Borough	1,128,995.00	1,359,030.00
Skagway	4,057,265.00	3,862,970.00
Valdez	-0-	28,355.00
Whittier	1,104,810.00	1,001,985.00
Wrangell	-0-	9,975.00
Total Disbursements	$9,977,410.00	$9,909,872.50

CPV Tax Account

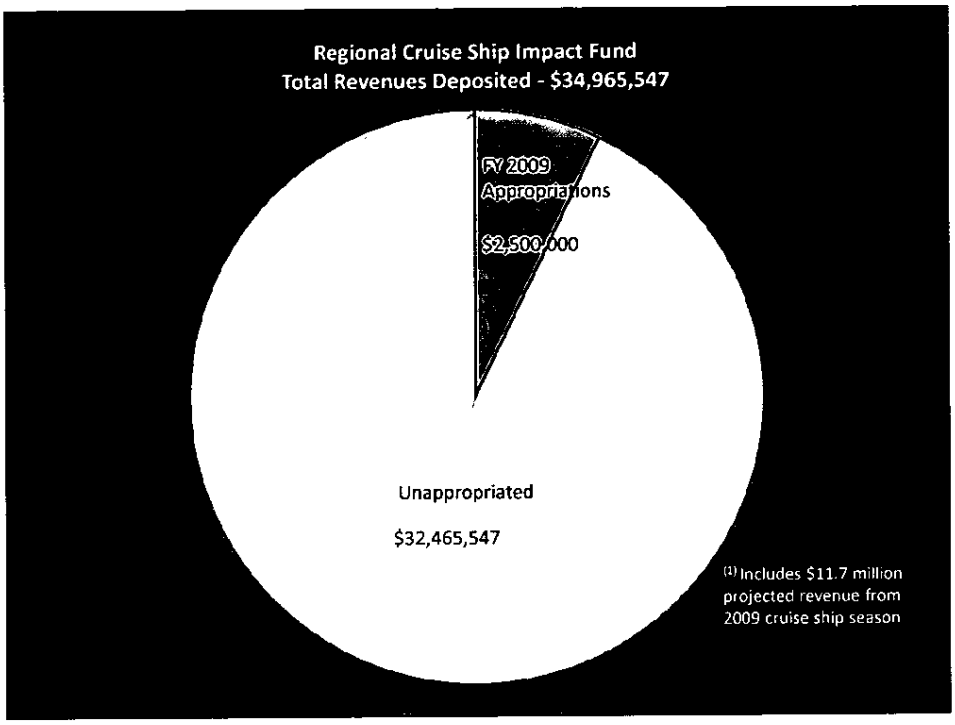
- Commercial Vessel Passenger Tax Account
  - Remaining revenue (after sharing with first 5 ports of call) is ***not*** shared with communities
  - Funds can be used to "for state-owned port and harbor facilities, other services to properly provide for vessel or watercraft visit, to enhance the safety and efficiency of interstate and foreign commerce and such other lawful purposes"
  - Funds can be used for state projects in specific communities
  - Appropriation is required by the Legislature



Regional Cruise Ship Impact Fund

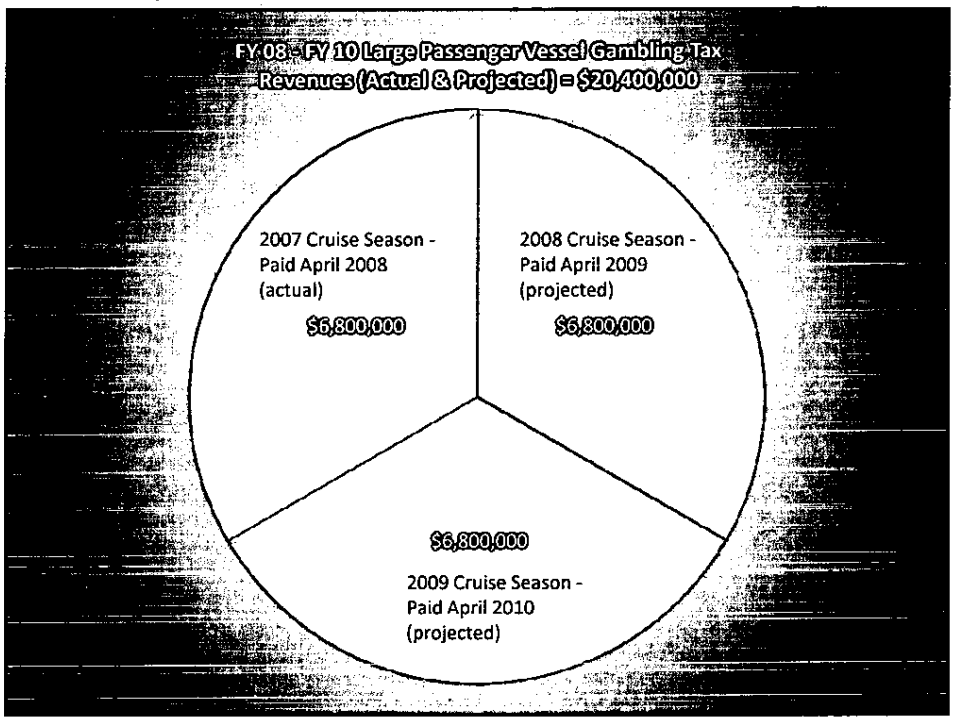
(estimated amount available for appropriation - $11.6 million annually)

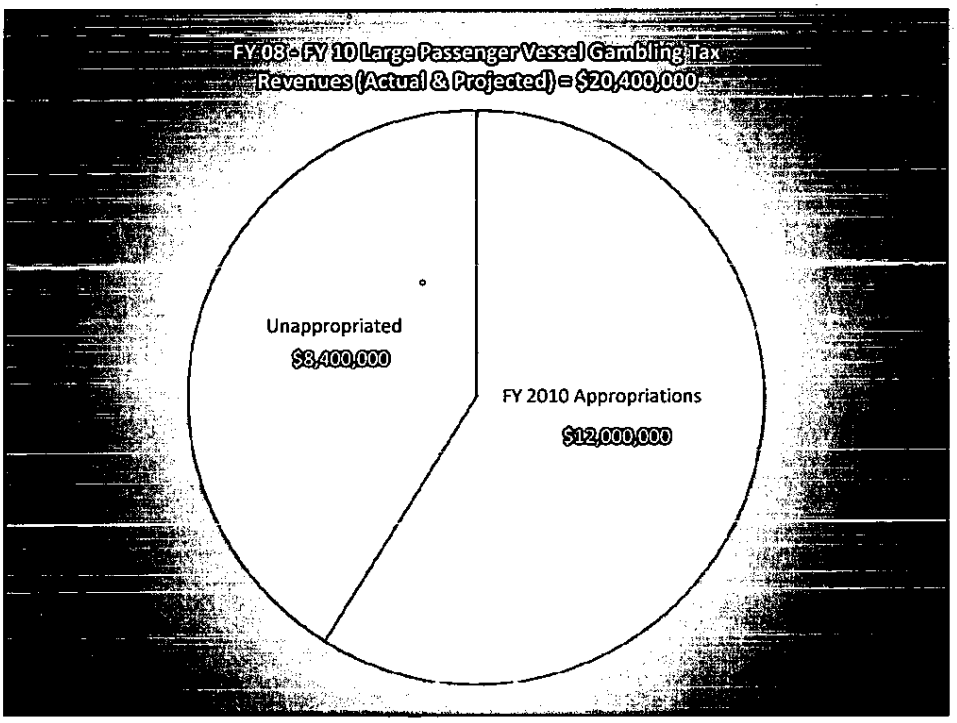
- Disbursements from this fund must be appropriated by Legislature
- Funds can only go to municipalities and other governmental entities "impacted" by cruise ship activity
- Funds cannot go to communities receiving revenue under "first 5 ports of call" rule



Large Passenger Vessel Gambling Tax

- First returns were filed April 15, 2008
- Actual revenue for calendar year 2007 was $6.8 million
- Revenue deposited in Commercial Vessel Passenger Tax Account
- No constitutional restrictions on how this money can be spent


FY 08 - FY 10 Large Passenger Vessel Gambling Tax
Revenues (Actual & Projected) = $20,400,000
2007 Cruise Season - Paid April 2008 (actual)
$6,800,000
2008 Cruise Season - Paid April 2009 (projected)
$6,800,000
$6,800,000
2009 Cruise Season - Paid April 2010 (projected)


FY 08 - FY 10 Large Passenger Vessel Gambling Tax
Revenues (Actual & Projected) = $20,400,000
Unappropriated
$8,400,000
FY 2010 Appropriations
$12,000,000

Questions

?

Contact:
Johanna Bales, Deputy Director
Alaska Department of Revenue
Tax Division
907-269-6628
johanna.bales@Alaska.gov

1/30/09

Commercial Passenger Vessel Excise Tax FY09 Capital Budget Projects (SB221)

FUND	PROJECT_TITLE	HD_NU	HD_NAME	CVP Tax	RCS Impact	Total	Vetoed	Enacted	Gov's Reason
2009	Seward - Dredging Cruise Ship Berthing Basins and Approaches	90	Kenai Areawide	4,500,000	-	4,500,000	(4,500,000)	-	Consider in Future
2009	Fairbanks North Star Borough - Ruth Barnett Hatchery Tourist and Cr	60	Fairbanks Areawide	-	3,600,000	3,600,000	(3,600,000)	-	Low Priority
2009	Anchorage - Ship Creek Tourist and Cruise Passenger Salmon Learni	50	Anchorage Areawide	-	3,500,000	3,500,000	(3,500,000)	-	Low Priority
2009	Sitka - Commercial Passenger Vessel Lightering Facility Improvemen	2	Sitka/Petersburg/Wran	2,000,000	-	2,000,000	(2,000,000)	-	Consider in Future
2009	Kake - Cruise Vessel First Responder and Oil Skimming Vessel	5	Cordova/Southeast Isla	-	1,500,000	1,500,000	(1,500,000)	-	Low Priority
2009	Wrangell - Commercial Passenger Vessel Berthing and Power Upgrad	2	Sitka/Petersburg/Wran	1,250,000	-	1,250,000	(1,250,000)	-	Consider in Future
2009	Juneau - Centennial Hall Cruise Passenger Emergency Relief Center	80	Juneau Areawide	1,200,000	-	1,200,000	(1,200,000)	-	Consider in Future
2009	Hoonah - Cruise Ship Mooring Buoy System	5	Cordova/Southeast Isla	1,000,000	-	1,000,000	(500,000)	500,000	Consider in Future
2009	Kodiak (City of) - Cruise Ship/Pier II Master Plan	36	Kodiak	500,000	-	500,000	(250,000)	250,000	Fund at Reduced Level
2009	Haines Borough - Port Chilkoot Cruise Ship Dock Repairs and Debt R	5	Cordova/Southeast Isla	1,543,700	-	1,543,700		1,543,700	
2009	Juneau - Airport Cruise Passenger Baggage and Facility Safety Impro	80	Juneau Areawide	1,300,000	-	1,300,000		1,300,000	
2009	Juneau - Commercial Passenger Vessel Dock Retaining Wall Repair	80	Juneau Areawide	1,500,000	-	1,500,000		1,500,000	
2009	Ketchikan (City of) - Port of Ketchikan Berths I and II Replacement Pr	1	Ketchikan	3,000,000	-	3,000,000		3,000,000	
2009	Petersburg - Commercial Passenger Vessel Berthing and Power Upgr	2	Sitka/Petersburg/Wran	1,250,000	-	1,250,000		1,250,000	
2009	Saxman - Saxman Community Center Visitor and Cruise Passenger F	1	Ketchikan	1,500,000	-	1,500,000		1,500,000	
2009	Skagway - Seawalk Intermodal Cruise Ship Access Project	5	Cordova/Southeast Isla	2,000,000	-	2,000,000		2,000,000	
2009	Valdez - Cruise Ship Dock Renovation and Uplands Repair	12	Richardson/Glenn High	1,675,000	-	1,675,000		1,675,000	
2009	Yakutat - Fuel Dock With Cruise Ship Platform	5	Cordova/Southeast Isla	650,000	-	650,000		650,000	
				24,868,700	8,600,000	33,468,700	(18,300,000)	15,168,700	

	CVP Tax	RCS Impact	Total
Available for Approp:	$ 24,872,873	$ 11,617,818	$ 36,490,690
Balance after SB 221	$ 4,173	$ 3,017,818	$ 3,021,990
Balance Post Vetoes:	$ 9,704,173	$ 11,617,818	$ 21,321,990

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Prepared by Sen Stedman's Office

1/30/2009

1/30/09

ORI	FUND	PROJECT_TITLE	HD_NU	HD_NAME	CVP Tax	RCS Impact	Total	Vetoed	Enacted	Gov's Reason
S	2009	Seward - Dredging Cruise Ship Berthing Basins and Approaches	90	Kenai Areawide	4,500,000	-	4,500,000	(4,500,000)	4,500,000	Consider in Future
H	2009	Fairbanks North Star Borough - Ruth Barnett Hatchery Tourist and Cr	60	Fairbanks Areawide	-	3,600,000	3,600,000	(3,600,000)	3,600,000	Low Priority
H	2009	Anchorage - Ship Creek Tourist and Cruise Passenger Salmon Learni	50	Anchorage Areawide	-	3,500,000	3,500,000	(3,500,000)	3,500,000	Low Priority
S	2009	Sitka - Commercial Passenger Vessel Lightering Facility Improvemen	2	Sitka/Petersburg/Wran	2,000,000	-	2,000,000	(2,000,000)	2,000,000	Consider in Future
S	2009	Kake - Cruise Vessel First Responder and Oil Skimming Vessel	5	Cordova/Southeast Isla	-	1,500,000	1,500,000	(1,500,000)	1,500,000	Low Priority
S	2009	Wrangell - Commercial Passenger Vessel Berthing and Power Upgrad	2	Sitka/Petersburg/Wran	1,250,000	-	1,250,000	(1,250,000)	1,250,000	Consider in Future
S	2009	Juneau - Centennial Hall Cruise Passenger Emergency Relief Center	80	Juneau Areawide	1,200,000	-	1,200,000	(1,200,000)	1,200,000	Consider in Future
S	2009	Hoonah - Cruise Ship Mooring Buoy System	5	Cordova/Southeast Isla	1,000,000	-	1,000,000	(500,000)	1,500,000	Consider in Future
S	2009	Kodiak (City of) - Cruise Ship/Pier II Master Plan	36	Kodiak	500,000	-	500,000	(250,000)	750,000	Fund at Reduced Level
S	2009	Haines Borough - Port Chilkoot Cruise Ship Dock Repairs and Debt R	5	Cordova/Southeast Isla	1,543,700	-	1,543,700		3,087,400	
S	2009	Juneau - Airport Cruise Passenger Baggage and Facility Safety Impro	80	Juneau Areawide	1,300,000	-	1,300,000		2,600,000	
S	2009	Juneau - Commercial Passenger Vessel Dock Retaining Wall Repair	80	Juneau Areawide	1,500,000	-	1,500,000		3,000,000	
S	2009	Ketchikan (City of) - Port of Ketchikan Berths I and II Replacement Pr	1	Ketchikan	3,000,000	-	3,000,000		6,000,000	
S	2009	Petersburg - Commercial Passenger Vessel Berthing and Power Upg	2	Sitka/Petersburg/Wran	1,250,000	-	1,250,000		2,500,000	
S	2009	Saxman - Saxman Community Center Visitor and Cruise Passenger F	1	Ketchikan	1,500,000	-	1,500,000		3,000,000	
S	2009	Skagway - Seawalk Intermodal Cruise Ship Access Project	5	Cordova/Southeast Isla	2,000,000	-	2,000,000		4,000,000	
H	2009	Valdez - Cruise Ship Dock Renovation and Uplands Repair	12	Richardson/Glenn High	1,675,000	-	1,675,000		3,350,000	
S	2009	Yakutat - Fuel Dock With Cruise Ship Platform	5	Cordova/Southeast Isla	650,000	-	650,000		1,300,000	
					24,868,700	8,600,000	33,468,700	(18,300,000)	48,637,400	

STATE OF ALASKA

OFFICE OF THE GOVERNOR

OFFICE OF MANAGEMENT AND BUDGET

SARAH PALIN, GOVERNOR

P.O. BOX 110020
JUNEAU, ALASKA 99811-0020
TELEPHONE: (907) 465-4660
FAX: (907) 465-3008

March 10, 2009

The Honorable Lyman Hoffman
Co-Chair, Senate Finance Committee
Alaska State Legislature
State Capitol, Room 518
Juneau, AK 99801-1182

The Honorable Bert Stedman
Co-Chair, Senate Finance Committee
Alaska State Legislature
State Capitol, Room 516
Juneau, AK 99801-1182

Dear Co-Chairs Hoffman and Stedman:

Since my February 26 letter to you on the Commercial Passenger Vessel (CPV) excise tax and the Large Passenger Vessel (LPV) gambling tax, I have received updated information from the Departments of Administration and Revenue.

The updated projections result in a CPV tax unobligated balance available for appropriation by the end of FY2009 of $39,225,557.54, not the $44 million I had stated in my letter. Our FY2010 capital budget requests appropriations from the CPV tax of $39,220,500, which if all were funded, would leave a balance at the end of FY2009 of $5,057.54.

The Regional Cruise Ship Impact Fund unobligated balance available for appropriation by the end of FY2009 is now expected to be $23,393,902, not the $22 million stated in my February 26 letter.

Additionally, the Department of Revenue forecasts FY2010 collections of the CPV tax to be $46.9 million. Approximately $10 million of the FY2010 CPV tax will go towards the first five ports of call funding distribution and approximately $11.7 million of the CPV tax will be deposited into the Regional Cruise Ship Impact Fund. That leaves an estimated FY2010 CPV tax balance for appropriation of $25.2 million.

Please note that these amounts are projections for both the remainder of FY2009 and FY2010. The FY2009 amounts are still fluid because a portion of the FY2009 revenue is dependent on this upcoming cruise ship season. Given the current economic climate of the country and recent indications that Alaska

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tourism may be significantly reduced this spring and summer, we need to recognize that these projections may be adjusted downward.

Please contact me if you have additional questions.

Sincerely,

Karen J. Rehfeld
Director

cc: David Teal, Legislative Finance Division
Senate Finance Committee members

2/5/09 REVENUE FORECAST: PAT GALVIN, COMMISSIONER DEPARTMENT OF REVENUE

<target><bill></bill><subject>2-5-09 REVENUE FORECAST PAT GALVIN, COMMISSIONER, DEPARTMENT OF REVENUE</subject><comm>SFIN26</comm></target>

TITLE: Response to Questions about FY 09 Investment Revenue Forecast

PREPARED BY: Department of Revenue, Tax Division

PURPOSE:

To respond to questions from Senate Finance about the FY 2009 investment revenue forecast presented to the committee on February 5, 2009. The committee requested a listing of the components of the investment revenue forecast and the fiscal year - to - date actual and estimate for the remainder of the year for each component. This information was requested using actuals as of December 31, 2008 and as of January 31, 2009.

DATA SOURCES: Department of Revenue, Tax and Treasury Divisions
Alaska Permanent Fund Corporation
Alaska State Accounting System

ASSUMPTIONS: Forecast assumptions based on tax laws in place as of January 1, 2009.
Revenue forecasts for January-June and February-June are based on the best information available as of January 2009 and February 2009, respectively.

FY 2009 investment forecasts include actual data through Dec 31, 2008 and Jan 31, 2009 and projections for the remainder of FY 2009.

DISCLAIMER: Due to continued financial market volatility, forecasts shown are subject to review and adjustment.
Actuals and forecasts as of January 31, 2009 are preliminary and unofficial.

Response to Questions about FY 2009 Investment Revenue Forecast

Detail for FY 2009 Investment Earnings Estimates - All Amounts in $ Millions

Prepared Feb 19, 2009 by Alaska Department of Revenue

FY 2009 Forecast - Based on actuals through Dec 31, 2008

	Actual through 12-31-08	Forecast through 06-30-09	Total FY 09
UNRESTRICTED			
Investments	172.0	103.1	275.1
Interest Paid by Others	0.3	1.1	1.4
TOTAL UNRESTRICTED	**172.3**	**104.2**	**276.5**
RESTRICTED			
Investments	35.8	25.5	61.3
CBRF - Main Account	*87.6*	*52.1*	*139.7*
CBRF - Special Sub Account	*(875.5)*	*138.8*	*(736.7)*
CBRF - Total [1]	(787.9)	190.9	(597.0)
Other Treasury Managed Funds [2]	(46.1)	12.9	(33.2)
Alaska Permanent Fund	(7,507.5)	1,128.7	(6,378.8)
TOTAL RESTRICTED	**(8,305.7)**	**1,358.0**	**(6,947.7)**
GRAND TOTAL	**(8,133.4)**	**1,462.2**	**(6,671.2)**

FY 2009 Forecast - Based on actuals through Jan 31, 2009

	Actual through 01-31-09	Forecast through 06-30-09	Total FY 09
UNRESTRICTED			
Investments	172.6	93.4	266.0
Interest Paid by Others	0.5	0.9	1.4
TOTAL UNRESTRICTED	**173.1**	**94.3**	**267.4**
RESTRICTED			
Investments	35.8	23.6	59.4
CBRF - Main Account	*79.0*	*42.4*	*121.4*
CBRF - Special Sub Account	*(1,074.4)*	*116.1*	*(958.3)*
CBRF - Total	(995.4)	158.5	(836.9)
Other Treasury Managed Funds	(59.2)	10.4	(48.8)
Alaska Permanent Fund	(8,790.6)	898.0	(7,892.6)
TOTAL RESTRICTED	**(9,809.4)**	**1,090.5**	**(8,718.9)**
GRAND TOTAL	**(9,636.3)**	**1,184.8**	**(8,451.5)**

Notes:

See cover page for assumptions and disclaimers.

For more information about these revenue sources please see Chapter 7 of the Fall 2008 Revenue Sources Book.

(1) Total presented in January interim forecast was (574.7); this number did not include the expected reduction in earnings to the main account due to the anticipated FY 2009 CBRF draw.

(2) Total presented in January interim forecast was (31.1); this number did not reflect the final estimate for this component.

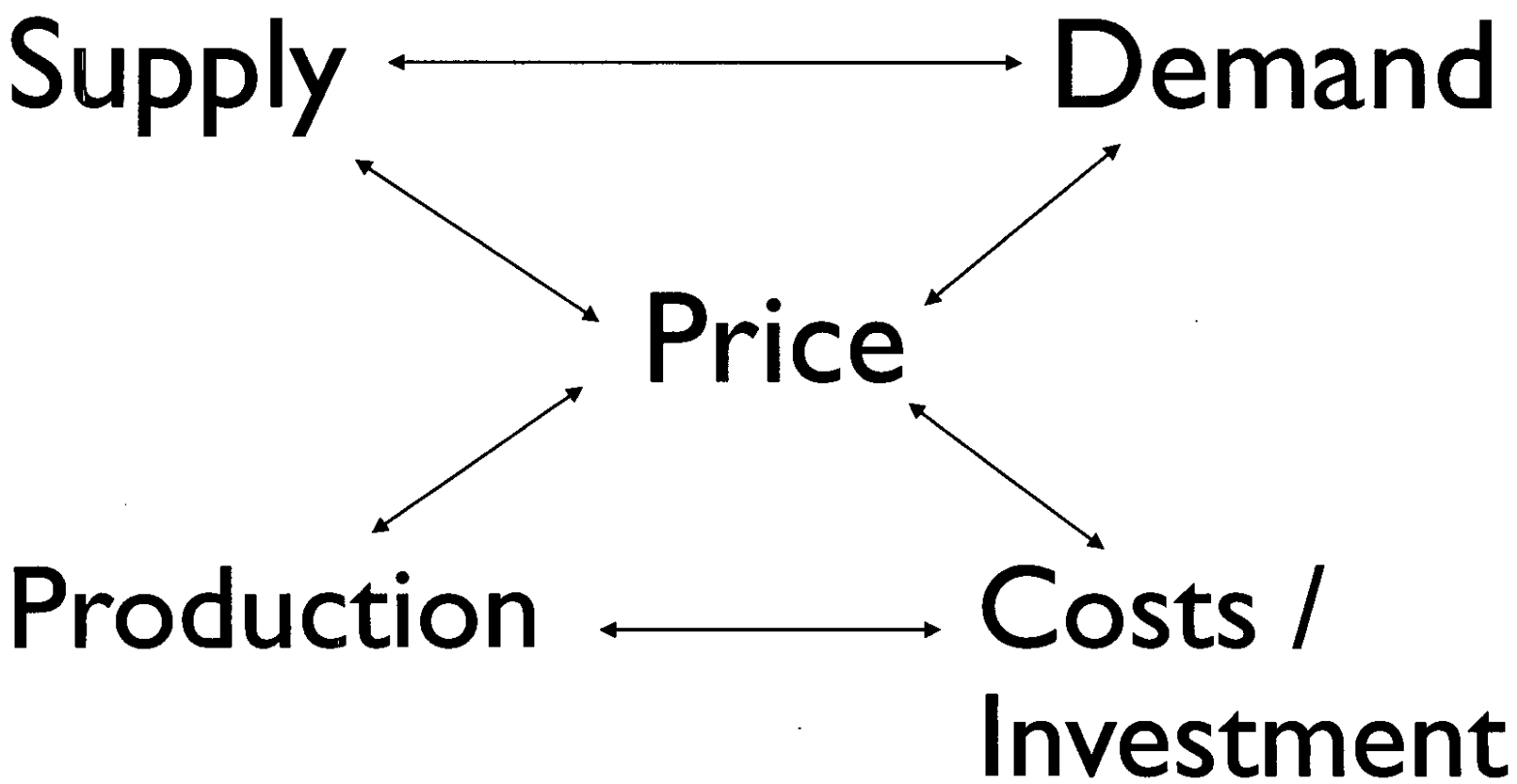
Overview of Fall 2008 Revenue Forecast & January 2009 Update

Presentation to the
Senate Finance Committee
February 5, 2009
Alaska Department of Revenue

Oil and Gas Revenue Forecast Variables

- Production
- Price
- Costs / Investment

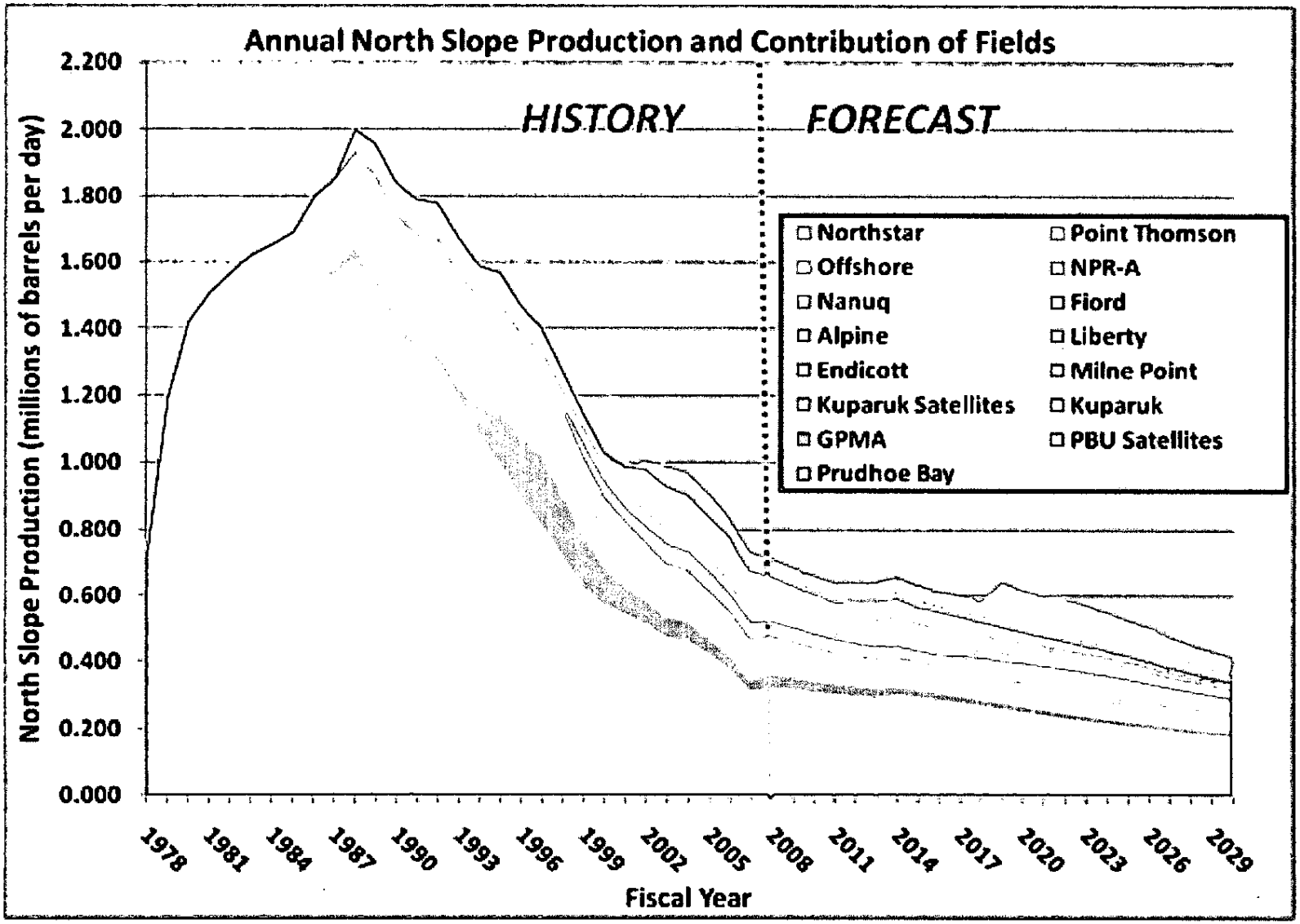
Interdependency of Forecast Variables



Oil and Gas Revenue Forecast Variables

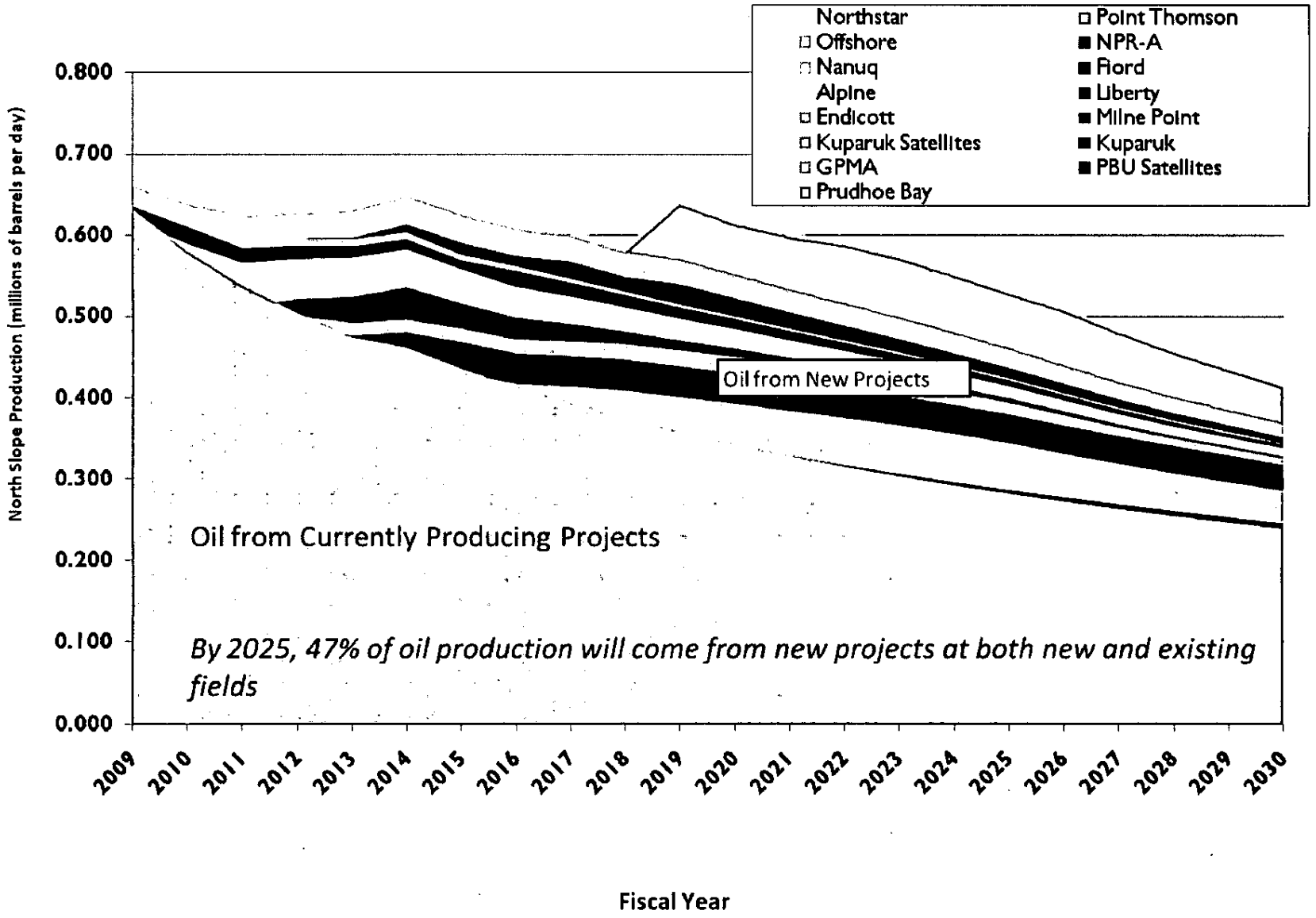
- Production
- Price
- Costs / Investment

ANS Production, History & Forecast



Source: Fall 2008 Revenue Sources Book

Forecasted ANS Production, FY 2009 - 2030

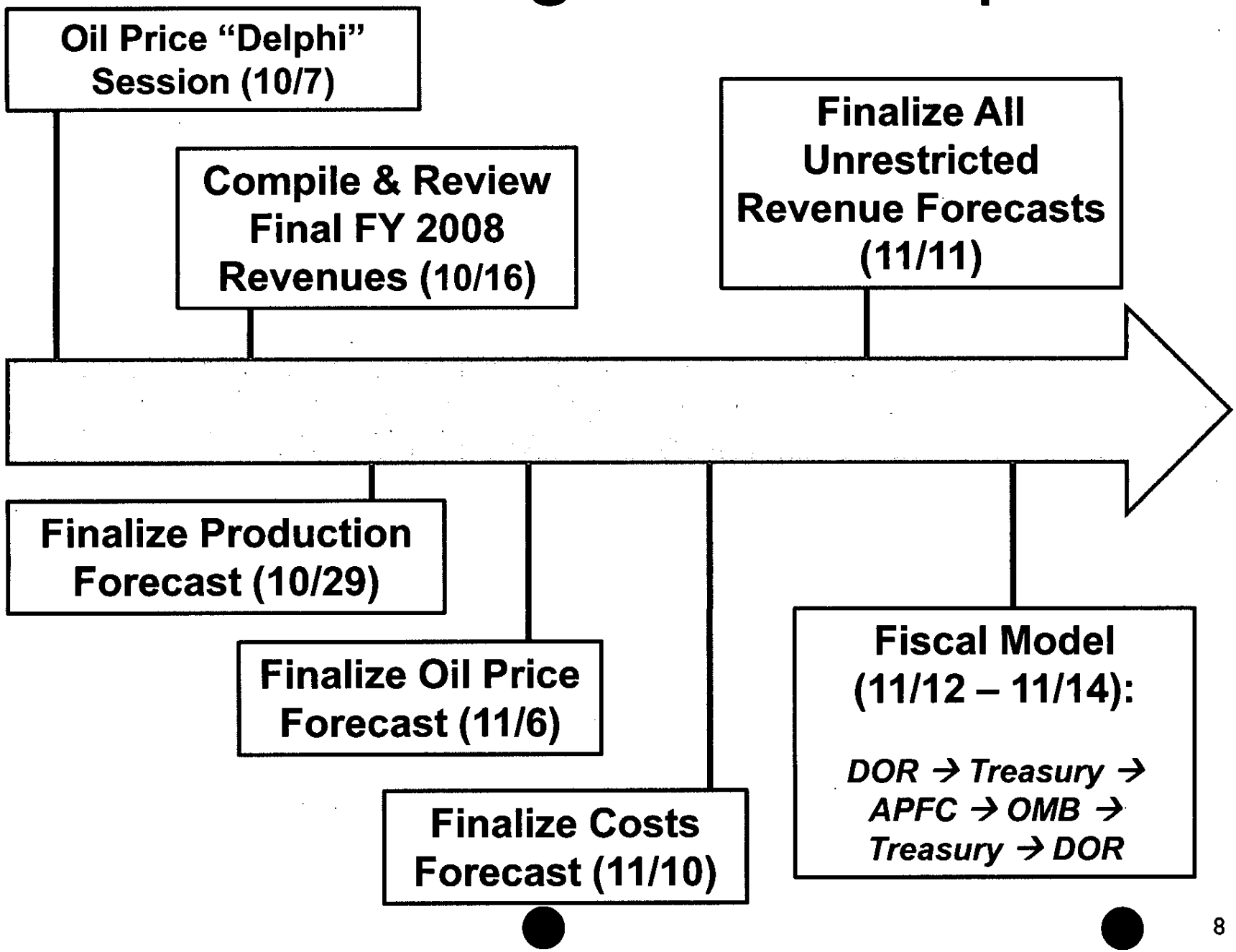


Source: Fall 2008 Revenue Sources Book

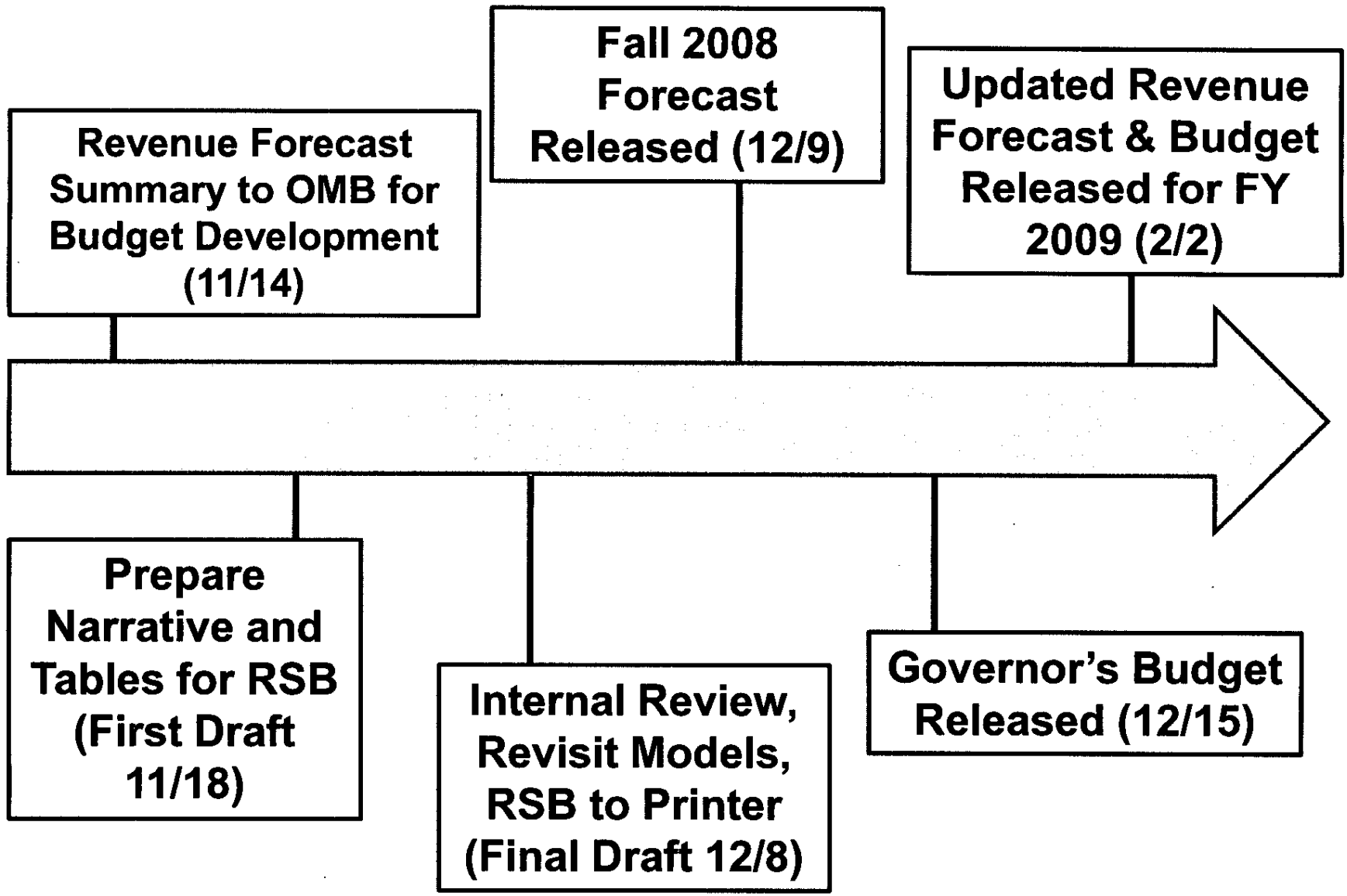
Oil and Gas Revenue Forecast Variables

- Production
- Price
- Costs / Investment

The Forecasting Timeline – part I



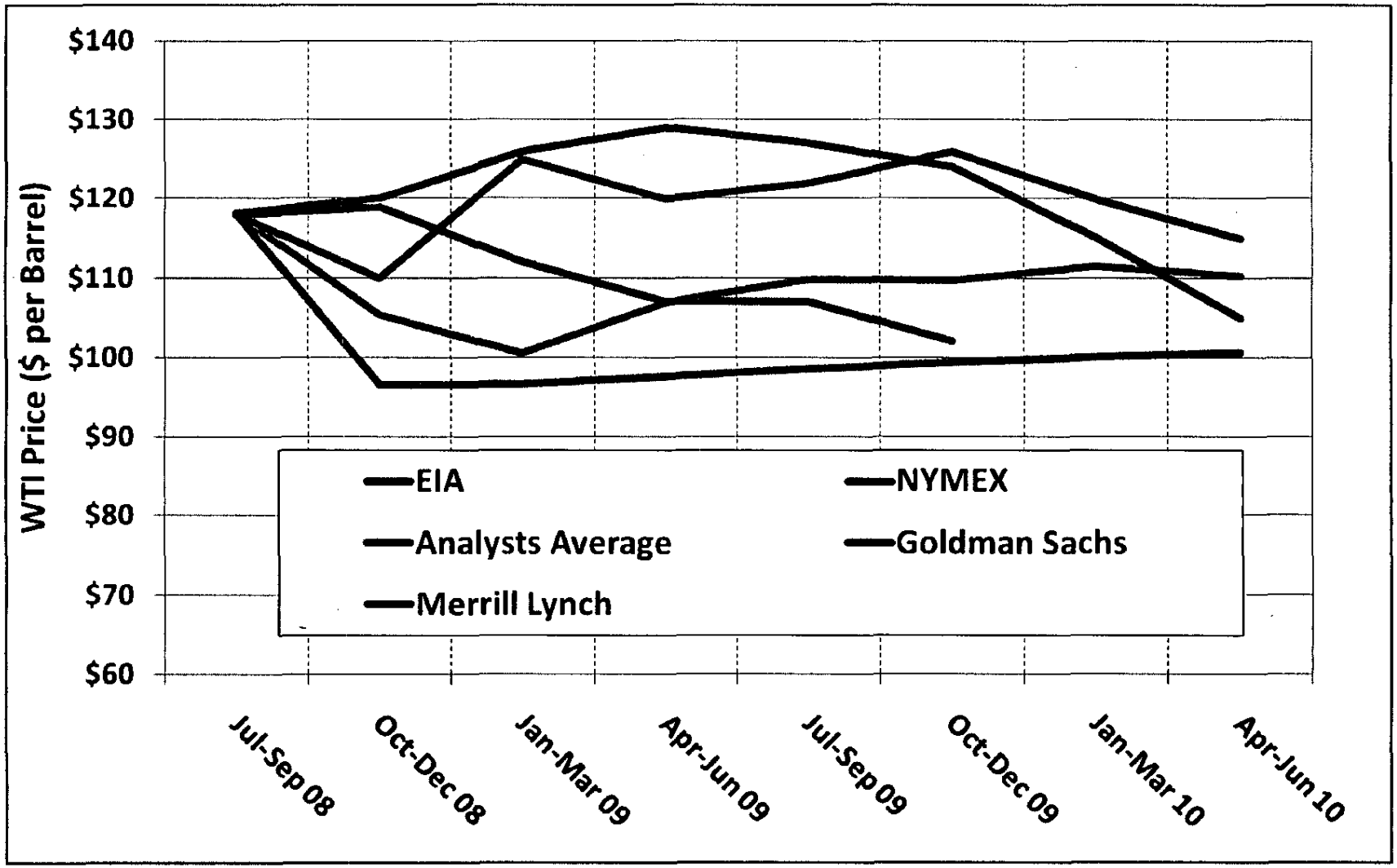
The Forecasting Timeline – part II



The "Delphi" Session

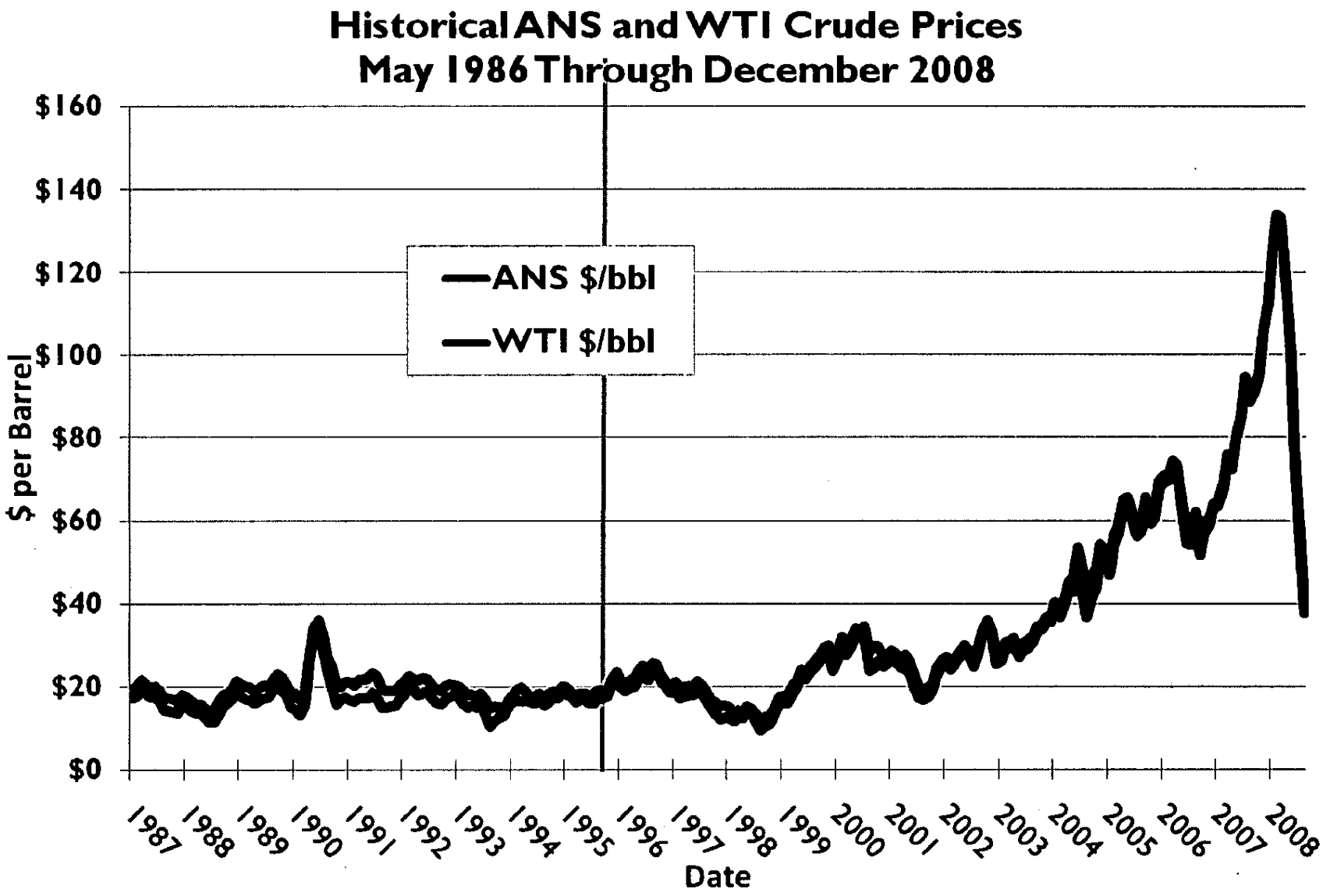
- **Modified "Delphi" technique**
- **Oct 7, 2008: Prices averaging $92.85**
- **Expanded Invitee List: 50 Invitees, 29 Participants from DOR, DNR, DOL, OMB, University, Legislative Finance, Legislature, outside participants**
- **Presentations: Fundamentals (supply & demand), geopolitics, financial markets, analyst expectations, etc.**
- **28 forecasts received; Delphi forecast is the "median" forecast of the participants**

Price Forecasts Available At Delphi



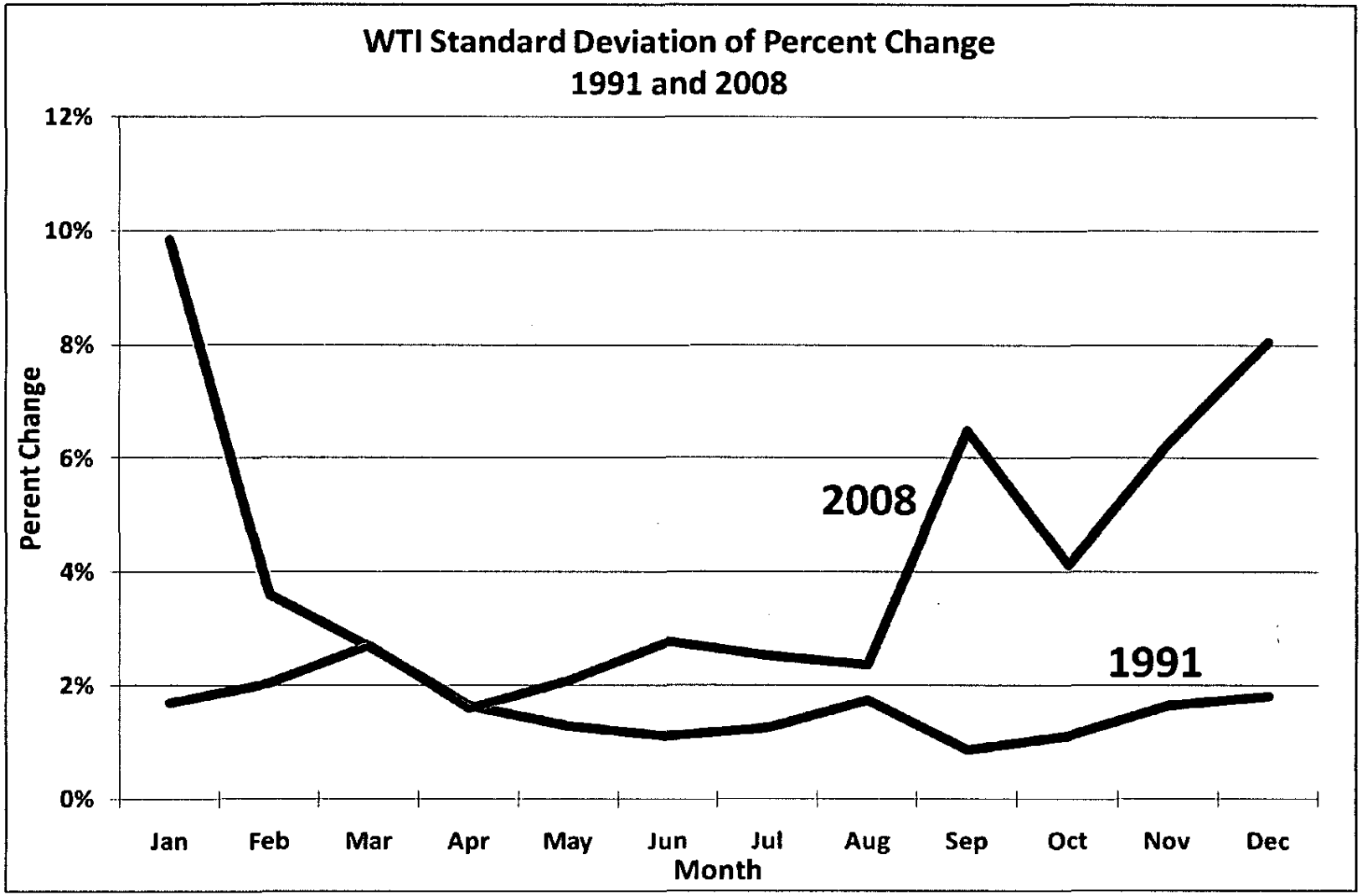
Sources: Bloomberg, New York Mercantile Exchange, Energy Information Agency
Note: Only Analyst Average, EIA and NYMEX were presented at Delphi.
Merrill Lynch and Goldman Sachs were included in Analyst Average.

Oil Price Volatility – 80% decline in 5 months



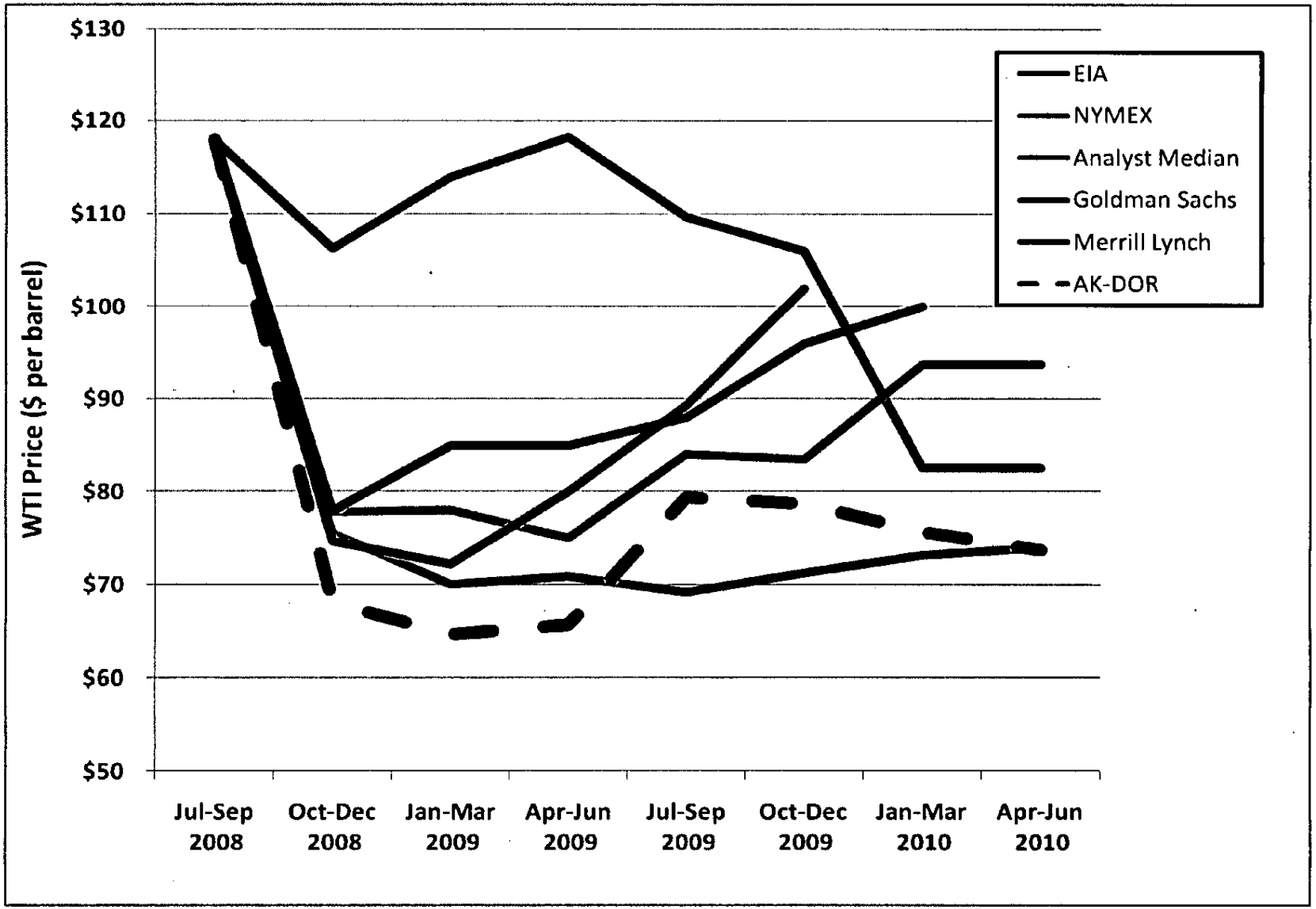
Source: Reuters, Bloomberg

Oil Price Volatility – Two of the Most Volatile Years in History



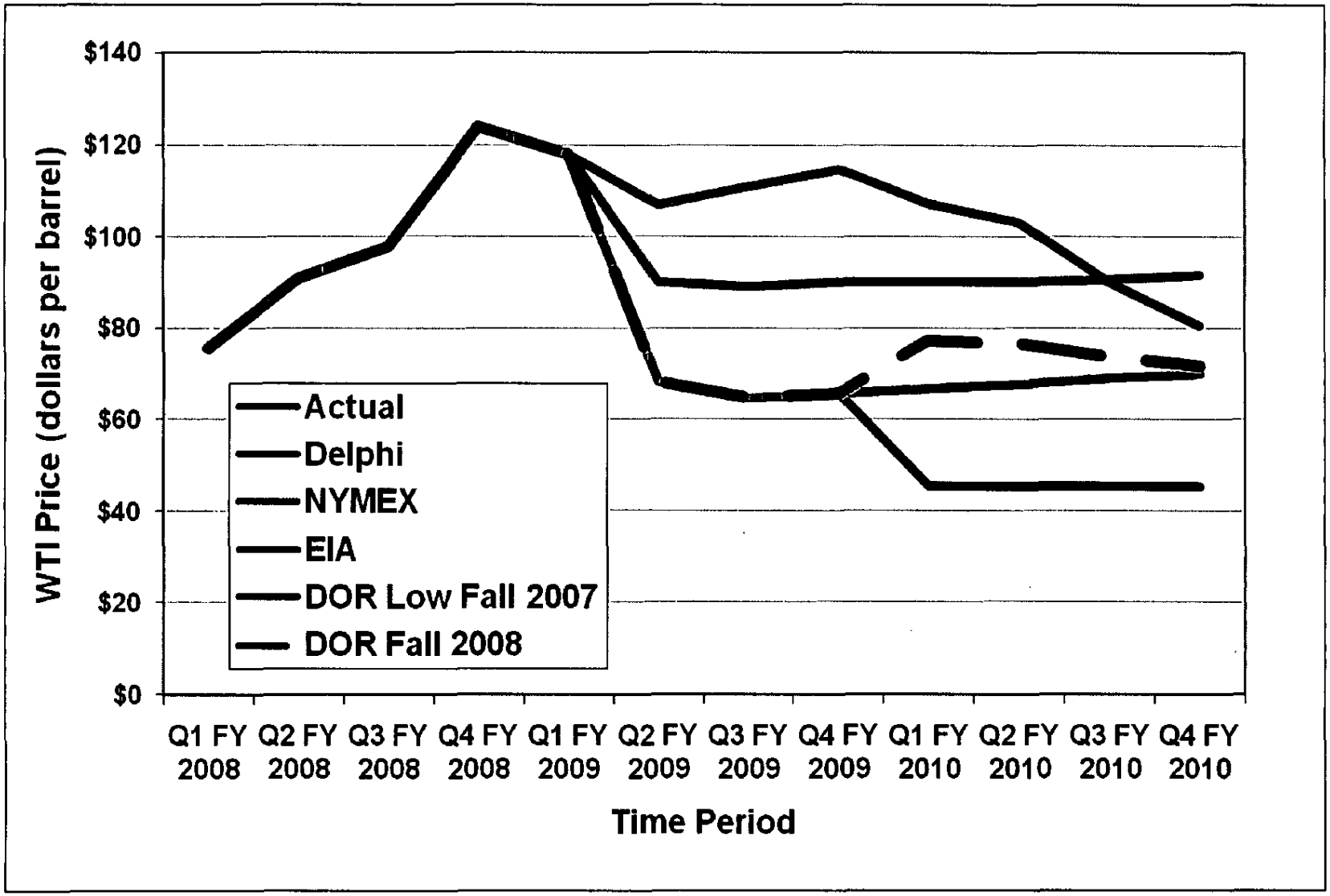
Source: Reuters, Bloomberg, DOR Analysis

Price Forecasts as of 11/6/2008



Source: Bloomberg, Wall St Journal, Energy Information Agency

Our Forecast Was a Blend…



Source: EIA, NYMEX, Alaska Department of Revenue

How Did We Get to Our Price Forecast?

WTI in Real $	Delphi Median Oct 7, 2008	NYMEX Oct 24, 2008	EIA Oct 2008	DOR Fall 2007 Low Scenario	Official Fall 2008 Forecast	Explanation
1st Quarter FY 09	118.05	118.05	118.05	118.05	118.05	Actual prices
2nd Quarter FY 09	90.00	68.16	107.00	–	68.16	NYMEX price, dated Oct 24, 2008
3rd Quarter FY 09	89.00	64.76	110.90	–	64.76	
4th Quarter FY 09	90.00	65.78	114.80	–	65.78	
FY 09 Average	***96.76***	***79.19***	***112.69***	***118.05***	***79.19***	
1st Quarter FY 10	90.00	66.80	107.10	45.28	77.30	Average of Delphi, NYMEX, EIA, and Fall 2007 Low
2nd Quarter FY 10	90.00	67.89	103.20	45.28	76.59	
3rd Quarter FY 10	90.50	69.02	90.00	45.28	73.70	
4th Quarter FY 10	91.50	70.06	80.50	45.28	71.84	
FY 10 Average	***90.50***	***68.44***	***95.20***	***45.28***	***74.86***	

*Note: Revenue forecasts for FY2009 included one more month of actual prices, which changed the ANS FY2009 average price to $77.66.

Source: Alaska Department of Revenue

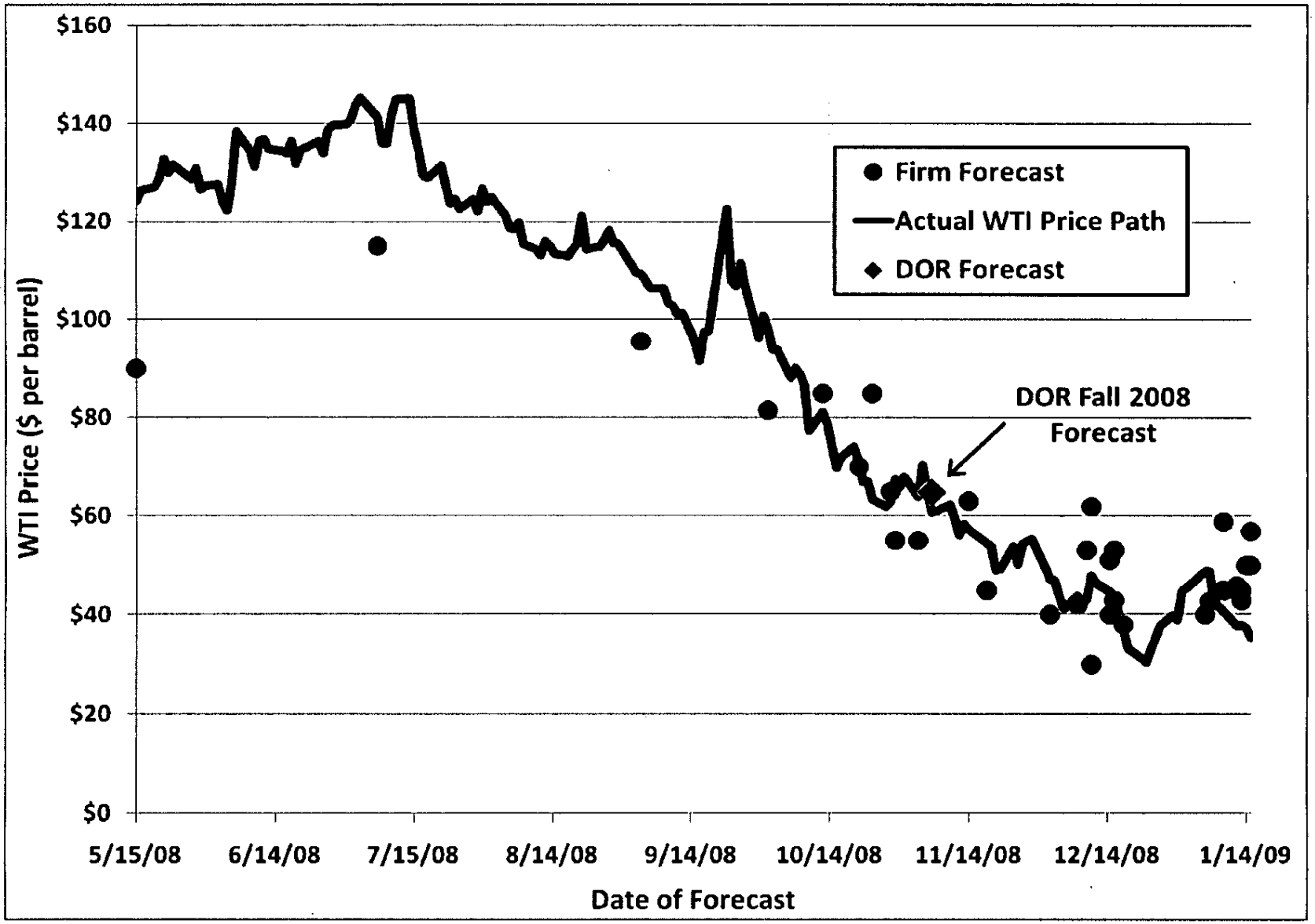
Fall 2008 DOR Oil Price Forecast

	Nominal $		Real $	
	WTI	ANS	WTI	ANS
1st Quarter FY 2009	118.05	115.55	118.05	115.55
2nd Quarter FY 2009	68.16	65.66	68.16	65.66
3rd Quarter FY 2009	64.76	62.26	64.76	62.26
4th Quarter FY 2009	65.78	63.28	65.78	63.28
FY 2009 Average	***79.19***	***76.69***	***79.19***	***76.69***
1st Quarter FY 2010	79.42	76.92	77.30	74.86
2nd Quarter FY 2010	78.70	76.20	76.59	74.16
3rd Quarter FY 2010	75.73	73.23	73.70	71.27
4th Quarter FY 2010	73.81	71.31	71.84	69.40
FY 2010 Average	***76.92***	***74.41***	***74.86***	***72.42***

*Note: Revenue forecasts for FY2009 included one more month of actual prices, which changed the ANS FY2009 average price to $77.66.

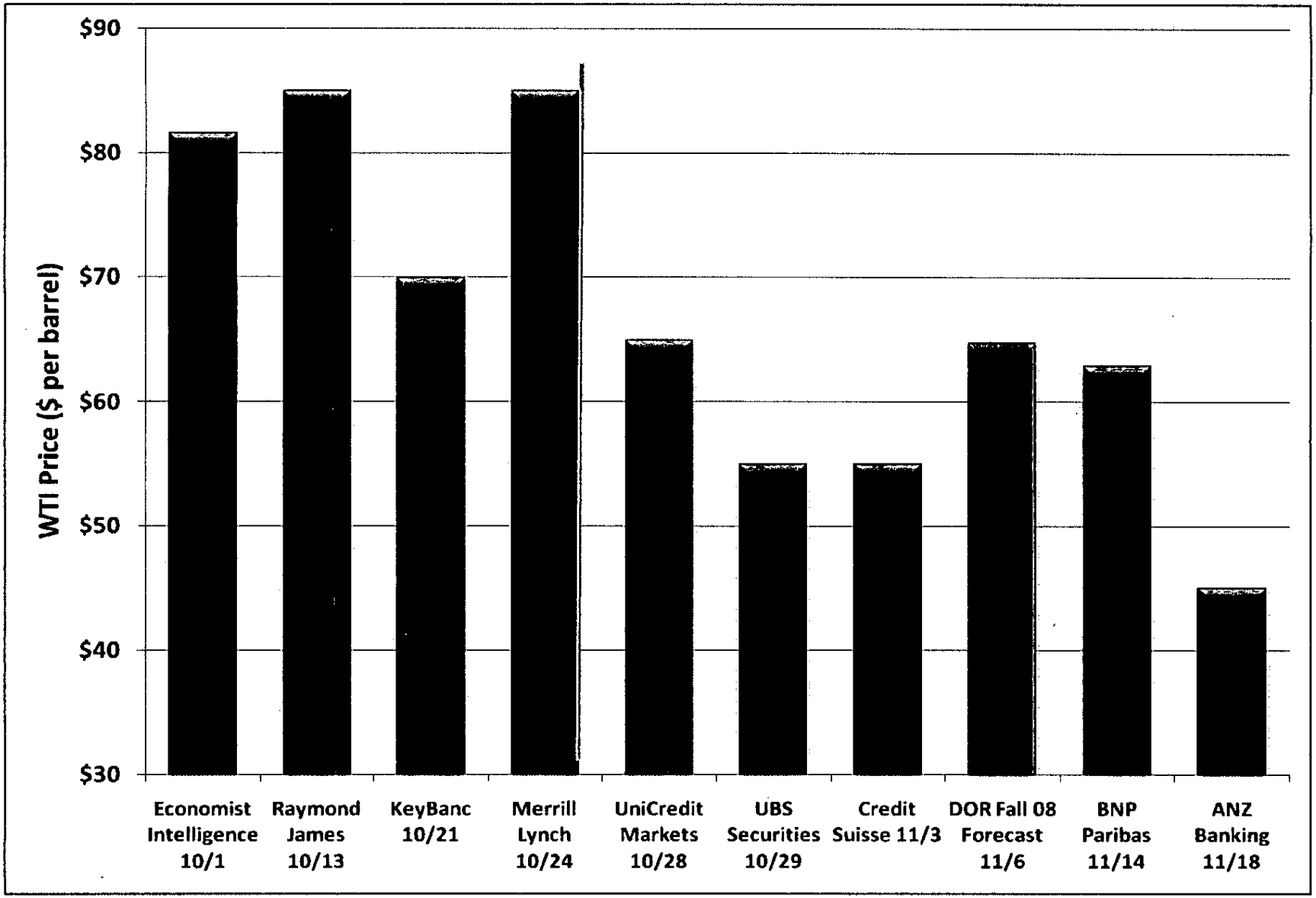
Source: Fall 2008 Revenue Sources Book

Price Forecasts for Jan-Mar 2009



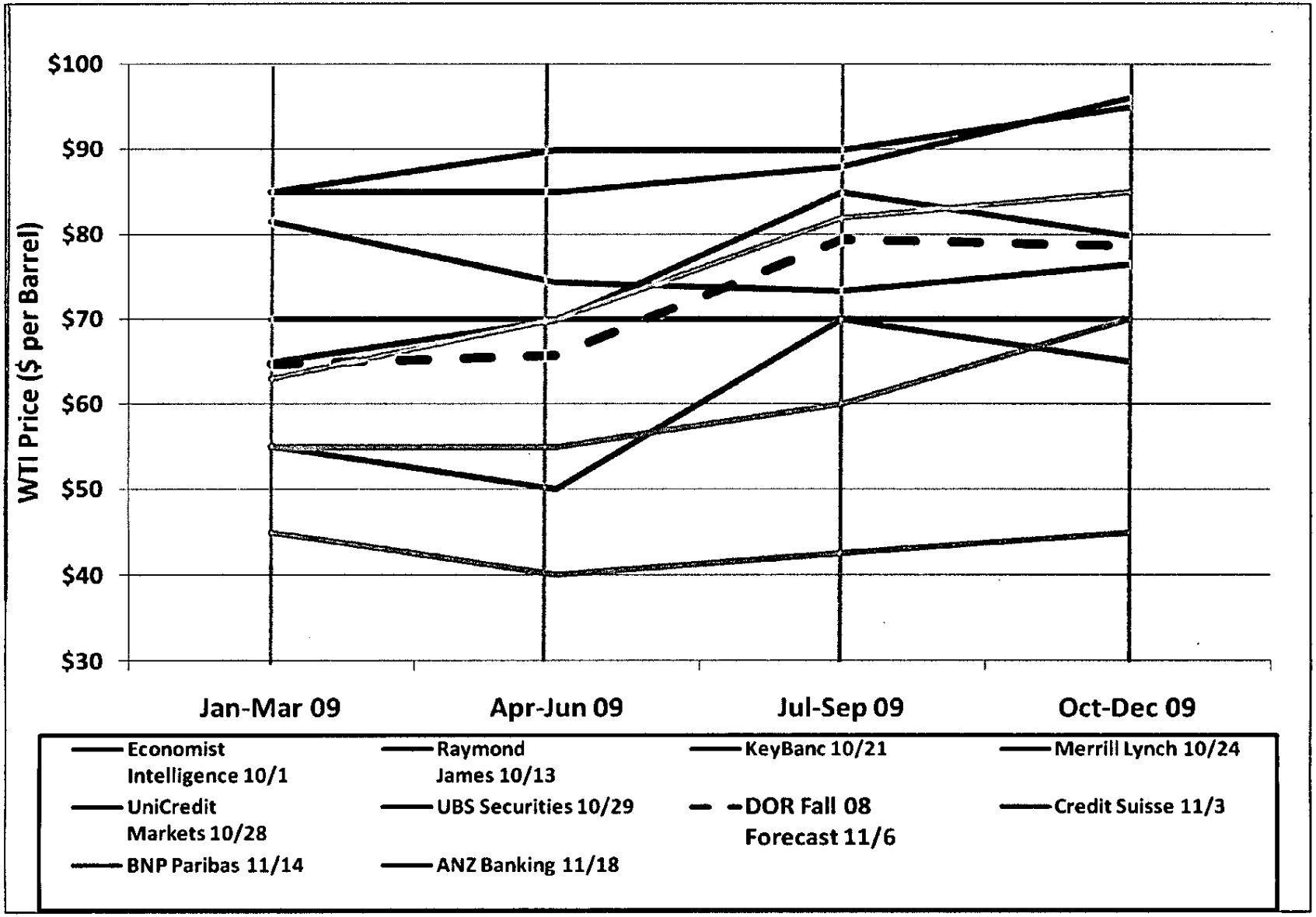
Source: Bloomberg Analyst Survey

Price Forecasts for Jan-Mar 2009



Source: Bloomberg Analyst Survey

Price Forecasts for Calendar 2009



Source: Bloomberg Analyst Survey

Updated FY 2009 Oil Price Forecast

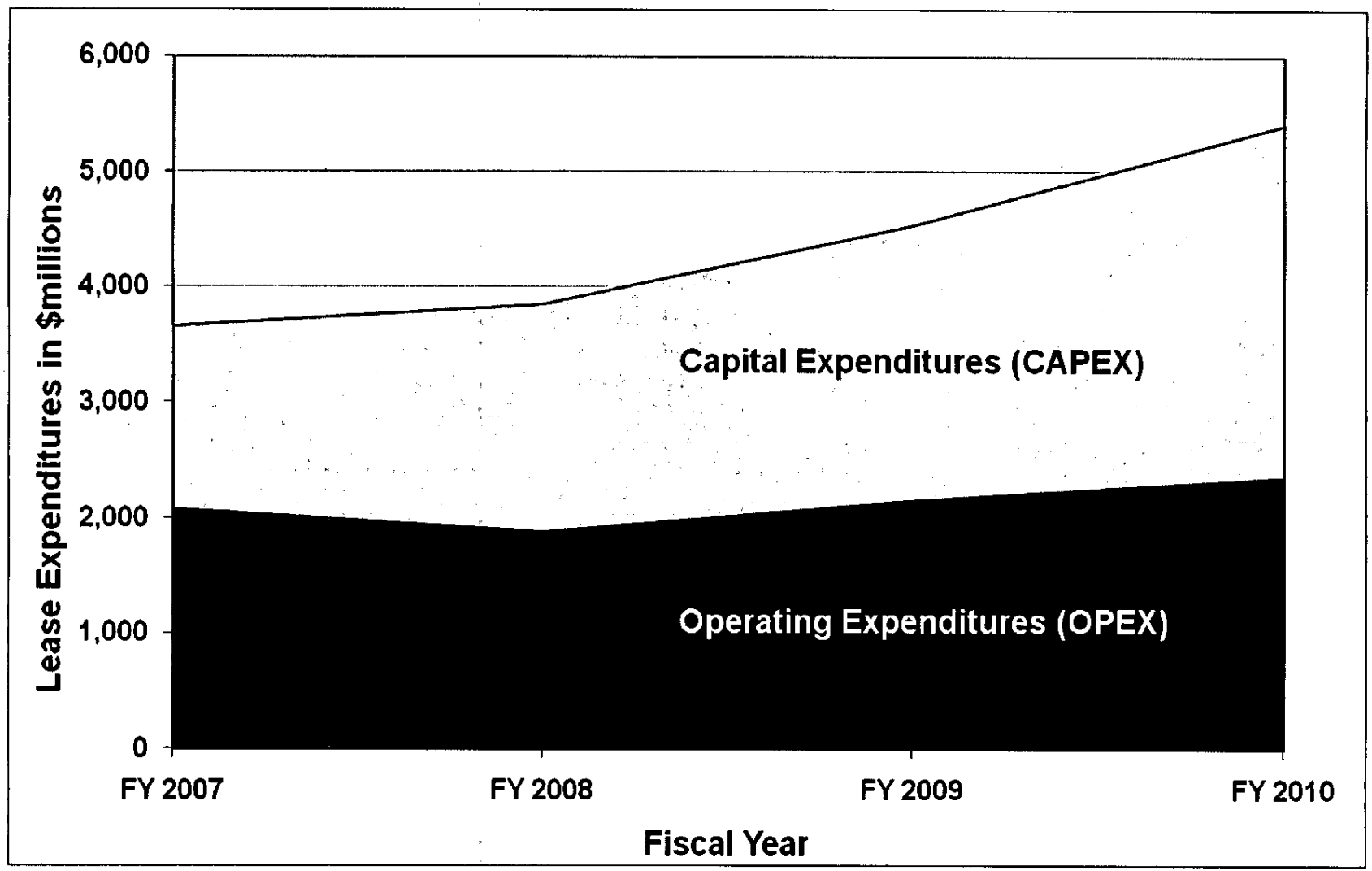
	January Update		Change from Fall 2008	
	WTI	ANS	WTI	ANS
1st Quarter FY 2009	118.05	115.55	0.00	0.00
2nd Quarter FY 2009	58.47	56.34	-9.69	-9.32
3rd Quarter FY 2009	39.97	37.47	-24.79	-24.79
4th Quarter FY 2009	46.26	43.76	-19.52	-19.52
FY 2009 Average	***65.69***	***63.28***	***-13.50***	***-13.41***

Source: January 2009 Forecast Update

Oil and Gas Revenue Forecast Variables

- Production
- Price
- Costs / Investment

Lease Expenditures (Costs)



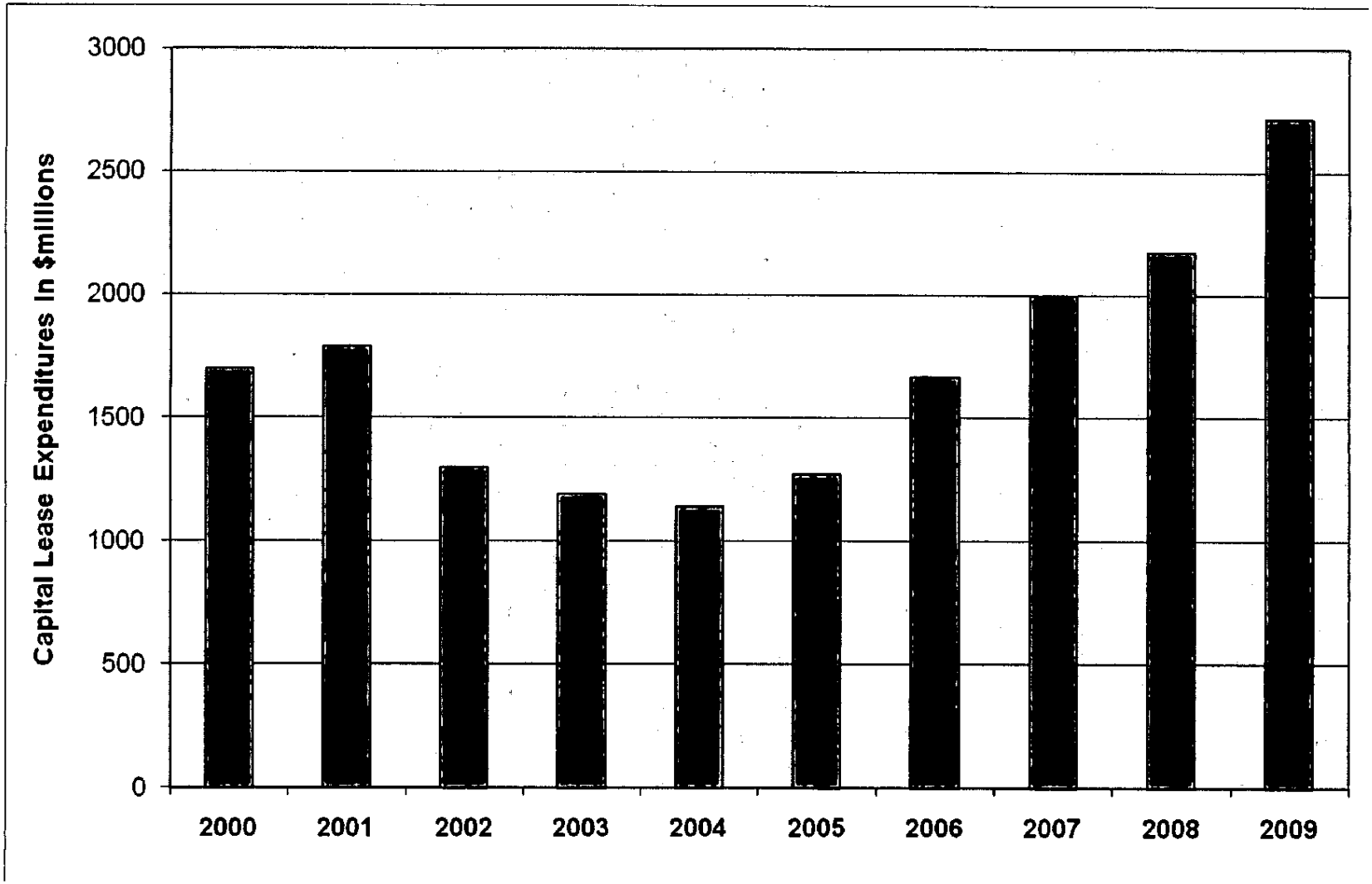
Source: Alaska Department of Revenue

Lease Expenditures per Barrel

	FY 2007	FY 2008	FY 2009	FY 2010
Lease Expenditures ($ millions)				
Operating (OPEX)	2,081	1,881	2,153	2,352
Capital (CAPEX)	1,578	1,967	2,379	3,052
Production (barrels per day)	739,702	715,950	688,880	664,557
Lease Expenditures per barrel ($)				
OPEX per barrel ($)	7.71	7.20	8.56	9.70
CAPEX per barrel ($)	5.84	7.53	9.46	12.58

Source: Alaska Department of Revenue

North Slope Investment
(Historical and Projected)



Source: Alaska Department of Revenue

FY 2009 Total Revenue

	$ Millions
Unrestricted Revenue	
Oil Revenue	4,796.8
Other Revenue (except Federal & Investment)	448.9
Investment Earnings	276.5
Subtotal Unrestricted	**5,522.2**
Restricted Revenue	
Oil Revenue	627.6
Other Revenue (except Federal & Investment)	632.8
Investment Earnings	(6,923.3)
Federal Revenue	2,523.4
Subtotal Restricted	**(3,139.4)**
Total Revenue	**2,382.7**

Source: January Forecast Update

Restricted vs. Unrestricted Revenues

- **All revenue is classified as either "Restricted" or "Unrestricted"**
- **All amounts in the presentation are Unrestricted Revenue only.**
- **Restricted = Use of this revenue is restricted by constitution, state or federal law, trust or debt restrictions, or customary practice.**
- **Unrestricted = Revenue available for general appropriation. This is the amount typically discussed in budget context.**

Sources of Unrestricted Revenue

- **Oil – Property tax, Corporate Income Tax, Production Tax (ACES), Royalties.**
  - ***Oil will make up 87% of unrestricted revenue in FY 2009***
- **Investment Earnings – On General Fund**
- **Other Non-Oil – Taxes, Charges for Services, Fines and Forfeitures, Licenses and Permits, Rents and Royalties, Miscellaneous**

FY 2009 Revenue Overview

(General Fund Unrestricted Revenue)

	$ Millions	Share of Total
Royalty - Net PF / SF	1,498.4	27.1%
Production Tax	2,700.8	48.9%
Corp Income Tax	525.0	9.5%
Property Tax	72.5	1.3%
Subtotal Oil Revenue	**4,796.8**	**86.9%**
Non-Oil Revenue	725.4	13.1%
Total Revenue	**5,522.2**	**100.0%**

Source: January 2009 Forecast Update

FY 2009 Non-Oil Revenue Detail

	$ Millions	Share of Total
Taxes		
Corporate Income	125.0	17.2%
Mining	41.3	5.7%
Insurance Premium	48.5	6.7%
Tobacco	45.4	6.3%
Motor Fuel	10.9	1.5%
Other Taxes	62.4	8.6%
Subtotal Taxes	**333.5**	**46.0%**
Investments	**276.5**	**38.1%**
Other *	**115.4**	**15.9%**
Total Non-Oil	**725.4**	**100.0%**

*Other includes Charges for Services, Fines and Forfeitures, Licenses & Permits, Rents & Royalties, and Miscellaneous non-oil revenues.

Source: January 2009 Forecast Update

FY 2009 Revenue Forecast Comparison

	Fall 08 Forecast	Jan 09 Update	*Change*
Revenues:			
Royalty	1,755.1	1,498.4	*-14.6%*
Production Tax	3,588.8	2,700.8	*-24.7%*
Corp Income Tax	635.0	525.0	*-17.3%*
Property Tax	72.5	72.5	*0.0%*
Non-Oil	700.0	725.5	*3.6%*
Total Revenue	**6,751.4**	**5,522.2**	***-18.2%***
Key Forecast Inputs:			
ANS Oil Price $/bbl	77.66	63.28	*-18.5%*
Production mmbd	0.689	0.686	*-0.4%*
Costs/Investment	4,526.0	4,526.0	*0.0%*

Note: Revenues and Costs are in $ Millions

Source: Fall 2008 Revenue Sources Book and January 2009 Update

Conclusions

- Record level oil price volatility
- Price forecast in "ballpark" when issued
  - *Reduced for interim forecast*
- Minimum production level changes from previous forecast
- Lower prices likely to impact future costs and possibly investment

Historical Production and Price Changes as of Fall 2008

Change in Revenue Forecasting from "cash basis" to "accrual" accounting

- Timing Issue: Production, prices, and revenue received in July for June production changed from June to July
- Necessary due to significant monthly variation in oil revenues
- Shift in fiscal year affected historical production and price, not revenue
- Greater accuracy in reporting
- Alignment with state financial documents

Alaska State Senate
Senate Finance Committee

Mail Stop 3100
State Capitol
Juneau, Alaska 99801-1182

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AGENDA

Thursday, February 5, 2009 — 9:00 AM

Revenue Forecast:
Pat Galvin, Commissioner, Department of Revenue
Jerry Burnett, Deputy Commissioner, Division of Treasury, DOR
Cheryl L Nienhuis, Acting Chief, Revenue Economist, DOR
Dudley Platt, Consultant, Department of Revenue

2/6/09 PRESENTATION STATE BUDGET RESERVES SAVINGS ACCOUNTS & SWEEP MECHANICS

<target><bill></bill><subject>2-6-09 PRESENTATION STATE BUDGET RESERVES SAVINGS ACCOUNTS and SWEEP MECHANICS</subject><comm>SFIN26</comm></target>

Mechanics of Sweep
Notes for Senate Finance Meeting 2/6/08

Good morning. For the record, my name is Kim Garnero and I serve as the director of finance in the department of administration.

We were invited here this morning to explain some of the nitty-gritty of the sweep process. This is an esoteric topic, truly understood by only a few individuals in the Division of Finance and your Division of Legislative Audit. The sweep calculation is something that we spend substantial quality time on with the auditors every year to ensure it is correct.

If you have questions as I go through the presentation, we will be happy to answer them.

To understand sweep, we must first understand the general fund from an accountant's perspective. It is not the same as general fund from a budgeter's standpoint, because funds are not the same as funding sources.

The fund structure of the State of Alaska is determined by Generally Accepted Accounting Principles, and it is clearly reflected in the audited financial statements contained in the Comprehensive Annual Financial Report. A copy of this document was delivered to your office at the beginning of session, and it is available online.

For accountants, the overall general fund is fund 11-thousand in AKSAS, the statewide accounting system. It is comprised of all the subfunds, most of which were established by the legislature and whose names you would recognize, as well as the lower level, primary general fund designated as 11-thousand-100 in the accounting system. This primary general fund is still very large, and it accounts for themajority of the financial activity of the state of Alaska. Most funding sources that you appropriate are revenue streams into this general fund, including federal funds, program receipts, and receipt-supported services.

So now that we have the accountant's definition of general fund, what is sweep? It is the annual transfer of available balance in the general fund to the Constitutional Budget Reserve Fund (or CBR) to repay amounts previously borrowed or drawn. The reverse sweep is an appropriated transfer that restores the balances of the subfunds

We do the sweep as the last step in preparing the Comprehensive Annual Financial Report, so it is actually done in early December, but the available balance is calculated as of June 30 of the previous fiscal year.

Sweep is required under the Alaska Constitution to repay previous borrowing every year with the general fund available balance. Under the terms of the Constitution, anything spent from the CBR must be repaid by the GF. Reverse sweep, on the other hand, is a legislative appropriation from the CBR, and it adds to the repayment requirement.

Now we're at the nitty-gritty. The "available for appropriation" calculation is the key to sweep. We start with the potential universe of all funds rolling up to the overall general fund of 11-thousand. Within this universe, only available balances are swept. First, we set aside encumbered amounts and amounts for continuing and specific appropriations of the subsequent year. Then we use one of two criteria for determining which subfunds are excluded from the sweep requirement:

1. if it meets the definition of "available for appropriation" as determined by the Supreme Court of Alaska; or
2. if it is legally restricted to a specific purpose by an outside entity.

If a subfund meets either of these criteria, the available balance is not swept. Obviously, the balance in the primary general fund 11-thousand-100 is available for sweep, and in years of reverse sweep appropriation language, this is the only amount retained in the subsequent fiscal year as repayment of CBR borrowing.

That's the theory. Now, I'd like to take you next to the Available Balance in the CBR spreadsheet from our website so you can see sweep in action.

This spreadsheet starts with the available balance of the CBR at the beginning of the fiscal year. Then you'll notice that from FY 2002 – 2005, borrowing occurred during the fiscal year to address cash flow needs of the general fund. This borrowing was authorized by appropriation language and follows a process established in an inter-agency MOU.

In FY 2002 and 2003, there was net cash flow borrowing at June 30th. In FY 2004 and 2005, we were able to repay the cash flow borrowing by June 30th.

The additional (deficit borrowing) or repayment is the based on the available balance calculation in the primary general fund 11-thousand-100. You'll see that in FY 2002-2005, more borrowing was required to bring a negative available balance in the general fund up to zero.

In FY 2006 the general fund available balance was appropriated to the Public Education Fund, and in FY 2007, it was appropriated to the Alaska Capital Income Fund, both of which are subfunds of the general fund.

FY 2008, the general fund actually had an available balance to repay previous CBR borrowing, and $582 million was transferred for this purpose.

The next two rows show the subfund sweep, and reverse sweep in the subsequent fiscal year, so you can track them across the page.

{Designated fund balance is the oil and gas production tax revenues budgeted in the next year.

There is an annual direct appropriation from the CBR to Treasury to pay management fees.}

Dropping down two roes, you'll see the new revenues less expenditures is the net operating income for the CBR.

The next row reflects appropriated transfers from the general fund to the CBR which repay borrowing.

So, you can see the ending available balance of the CBR increased about $5 billion during FY 2008. This was the result of $3 billion appropriated to the CBR, $1 billion net sweep and reverse sweep; $582 million additional general fund repayment, and the operating income of $416 million.

The last handout in your packet is a description of each subfund of the general fund, indicating whether or not it is swept, and if so, how much was swept for FY 2008.

A few subfunds I'd like to draw your attention to. First, the CBR itself is a subfund of the general fund. It is obviously not swept to repay itself. Next, the Budget Reserve Fund established in statute is a sweepable subfund. So is the Alaska Capital Income Fund. Any fund which is established with language along the lines of "may be appropriated for X" is sweepable, because if it can be appropriated that, it can be appropriated for anything.

What statutory language meets the Supreme Court definition to exclude from sweep? Language that establishes the fund as spendable without further appropriation. Some examples here are the Public Education Fund and Permanent Fund Dividend Fund.

That concludes the presentation. We'd be happy to answer any questions you may have on this topic. Thank you for your time.

Alaska State Senate
Senate Finance Committee

Official Business

Mail Stop 3100
State Capitol
Juneau, Alaska 99801-1182

AGENDA

Friday, February 6, 2009 9:00 AM

Presentations

Sweep Mechanics

Kim Garnero, Director, Division of Finance, DOA
Kevin Brooks, Deputy Commissioner, Department of Administration

State Budget Reserves/Savings Accounts

David Teal, Director, Legislative Finance Division

Available Balance in Constitutional Budget Reserve Fund

in thousands

	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Beginning balance as of July 1	$3,110,104	$2,466,918	$2,093,556	$2,155,078	$2,235,693	$2,423,695	$3,015,179	$8,062,989
Cash flow (borrowing) and repayment:								
	(100,000) 8/10	(100,000) 7/12	(100,000) 7/23	(100,000) 8/12	-	-	-	-
	(100,000) 8/15	(100,000) 8/12	(100,000) 8/12	(100,000) 8/17				
	(100,000) 11/13	(50,000) 9/17	(100,000) 9/11	100,000 11/4				
	(100,000) 12/10	(100,000) 10/11	100,000 1/6	100,000 12/7				
	(100,000) 12/13	(100,000) 11/14	100,000 4/12					
	(100,000) 1/25	(50,000) 2/18	100,000 6/28					
	(100,000) 2/15							
	(100,000) 5/13							
	50,000 6/27	85,000 6/27						
Net cash flow borrowing	(750,000)	(415,000)	0	0	0	0	0	0
Additional (deficit borrowing) or repayment	(134,312)	(83,120)	(10,785)	(34,923)	-	-	582,159	See Note
Subfunds swept per Article IX, section 17(d)	130,695	88,755	94,627	85,514	156,697	416,165	1,466,159	See Note
Subfund balances appropriated back	(101,947)	(130,695)	(88,755)	(94,627)	(85,514)	(156,697)	(416,165)	(1,466,159)
Designated fund balance	-	-	-	-	-	(524)	(117)	See Note
Direct appropriations: Treasury operations	(125)	(121)	(109)	(126)	(191)	(118)	(467)	See Note
New revenues less expenditures	212,503	166,819	61,627	124,777	117,010	282,658	416,241	See Note
Appropriated fund transfer from GF			4,917			50,000	3,000,000	See Note
Ending balance as of June 30 (audited)	$2,466,918	$2,093,556	$2,155,078	$2,235,693	$2,423,695	$3,015,179	$8,062,989	See Note

Please direct any questions about this information to Lisa Pusich, State Accountant at (907) 465-5616.

Note: Amounts are not known until year end.

Mechanics of Sweep

What?
"Sweep" is the term used to describe the annual transfer of available balances in the General Fund (including its subfunds) to the Constitutional Budget Reserve Fund (CBR).

"Reverse sweep" describes the appropriated transfers back from the CBR to the subfunds of the General Fund from where they came.

Who?
Division of Finance calculates the available balances for transfer as the final step in completing the Comprehensive Annual Financial Report (CAFR).

When?
The calculations are finalized following all audit adjustments to the CAFR in early December. The sweep amounts are calculated ***as of June 30*** of the prior fiscal year. The reverse sweep transfers the subfund amounts back ***as of July 1*** of the current fiscal year.

Why?
Article IX, section 17(d) of the Alaska Constitution requires that all appropriations from the CBR be repaid with General Fund available for appropriation at the end of each succeeding fiscal year.

How?
Calculating "available for appropriation" is the key to sweep. The potential universe includes all funds under the general fund 11000 (fund 11100 and all subfunds).[1]

Within this universe, only ***available balances*** are swept. Encumbered amounts and amounts for continuing and specific appropriations of the subsequent year are set aside by reserving them before calculating the available balance amount. Finally either of the following two criteria are used to determine which subfunds of the General Fund are swept:

1. Whether it meets the meaning of the term "general fund available for appropriation" as determined by an evaluation of the examples used in the Supreme Court of Alaska Case Nos. S-6294, S-6304, May 27, 1994.

2. Whether it is legally restricted to a specific purpose by an outside entity, such as federal law.

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[1] All funds under 11000 are swept to repay the CBR as of June 30. All those except 11100 are restored as of July 1 by the reverse sweep. After reverse sweep, only the available balance from 11100 remains in the CBR to repay previous borrowing.

Kim Garnero, Director of Finance, 465-3435

General Fund

The General Fund means something different to accountants and budgeters. For accountants, it is comprised of the State's primary operating fund (11100 in the State accounting system) and the accounts and funds which have been created by law which also report to the overall General Fund (11000 in the accounting system). These are treated as subfunds of the General Fund and are accounted for as individual funds for accounting purposes, but they are included in the General Fund for annual financial reporting purposes. The following lists those funds and accounts.

- **Adak Airport Operations Fund (Fund 11181)** – PL 101-510 – The Alaska Department of Transportation and Public Facilities and the United States Department of Defense entered into a cooperative agreement under which the State will undertake operation and maintenance of a portion of the former Naval Air Facility known as the Adak Airport. In accordance with the agreement, the Navy paid the State $10,000,000 to operate and maintain the airport. ***SWEPT? NO***
- **Alaska Capital Income Fund (Fund 11185)** – AS 37.05.545 – Administered by the Department of Revenue. This fund consists of money deposited to the fund from income earned on money awarded in or received as a result of State v. Amerada Hess and of appropriations to the fund. Money may be appropriated from this fund for any public purpose, including covering annual debt service and reserves for debt service on bonds authorized by state law. ***SWEPT? YES FY 2008 = $233,141,102***
- **Alaska Children's Trust Fund (Fund 34050)** – AS 37.14.200 – Administered by the Department of Health and Social Services and the Alaska Children's Trust Board established in the Office of the Governor. The income from this endowment is used to provide a continuing source of revenue for grants to community-based programs for the prevention of child abuse and neglect. ***SWEPT? NO***
- **Alaska Debt Retirement Fund (Fund 11138)** – AS 37.15.011 – The fund consists of all money appropriated to it. The fund was established to help meet the General Fund debt obligations of the State and its political subdivisions, to fund lease-purchases, and to finance capital projects with money remaining after debt obligations are paid. ***SWEPT? YES FY 2008 = $8,994,418***
- **Alaska Gasline Inducement Act Reimbursement (Fund 11188)** – AS 43.90.400 – Administered by the Office of the Governor. This fund consists of money appropriated to it by the legislature for reimbursing a percentage of qualified expenditures as authorized under AS 43.90.110. These state matching contributions serve as an inducement to aid in the construction of a natural gas pipeline. ***SWEPT? NO***
- **Alaska Historical Commission Receipts Account (Fund 11111)** – AS 41.35.380 – Administered by the Department of Natural Resources. Consists of all monetary gifts, grants, bequests, royalties, and other income received by the Alaska Historical Commission and is used for commission projects. ***SWEPT? YES FY 2008 = $67,460***
- **Alaska Marine Highway System Fund (Fund 12135)** – AS 19.65.060 – Administered by the Department of Transportation and Public Facilities, Alaska Marine Highway System. Gross revenues of the Alaska Marine Highway System are deposited into the fund. The fund also consists of legislative appropriations of amounts necessary to provide stable services to the public, after consideration of gross revenue. ***SWEPT?YES FY 2008 = $7,376,320***
- **Alaska Marine Highway System Vessel Replacement Fund (Fund 11137)** – AS 37.05.550 – Managed by the Department of Revenue. The fund consists of money appropriated to it by the legislature. The legislature may appropriate money from the fund for refurbishment of existing state ferry vessels, acquisition of additional state ferry vessels, or replacement of retired or outmoded state ferry vessels. ***SWEPT? YES FY 2008 = $60,000,000***
- **Alaska Technical and Vocational Education Program Fund (Fund 11166)** – AS 23.15.830 – Administered by the Department of Labor and Workforce Development. The fund consists of amounts collected under AS 23.15.835. The legislature may appropriate the annual estimated balance in the fund to the Alaska Workforce Investment Board to implement AS 23.15.820 – 23.15.850. The legislature may appropriate the lapsing balance of the fund to the Unemployment Compensation Fund established in AS 23.20.130. ***SWEPT? YES FY 2008 = $1,302,182***
- **Alaska Transportation Infrastructure Bank (Fund 21653)** – Section 350 of the National Highway System Designation Act of 1995 Federal Law – Managed by the Department of Transportation and Public Facilities.

This fund was established as a pilot program with the U.S. Department of Transportation to increase infrastructure investment in the private sector. The fund has the ability to make loans and provide other forms of credit assistance to public and private entities to carry out highway construction and transit capital projects. ***SWEPT? NO***

- **Alaska Veterans' Memorial Endowment (Fund 36010)** – AS 37.14.700(a) – Administered by the Department of Military and Veterans' Affairs. The fund is used to maintain and develop veteran or military memorials. The fund consists of appropriations to the fund, donations to the fund, and income earned on investments of fund assets. ***SWEPT? NO***

- **Alcohol and Other Drug Abuse Treatment and Prevention Fund (Fund 11178)** – AS 43.60.050 – Administered by the Department of Health and Social Services. The fund is used to establish and maintain programs for the prevention and treatment of alcoholism, drug abuse, and misuse of hazardous volatile materials and substances by inhalant abusers under AS 47.37.030. ***SWEPT? YES FY 2008 = $5,066,154***

- **Anatomical Gift Awareness Fund (Fund 11183)** – AS 13.50.160(a) – Administered by the Department of Administration. This fund was established to promote gifts under AS 13.50 the Health Care Decisions Act and to administer the donation program established under AS 13.50.130. The fund consists of donations and fees collected to support the Donor Registry Program. ***SWEPT? NO***

- **Art in Public Places Fund (Fund 11124)** – AS 44.27.060 – Administered by the Alaska State Council on the Arts. This fund consists of one percent of the construction cost of buildings exempt from AS 35.27. The money is used to commission or purchase art for public state-owned or leased buildings or facilities. ***SWEPT? NO***

- **Assistive Technology Loan Guarantee Fund (Fund 11154)** – AS 23.15.125 – Administered by the Department of Labor and Workforce Development, Division of Vocational Rehabilitation (DVR). The fund consists of money appropriated to it. DVR may solicit and accept available public and private money for distribution from the fund. Money in the fund may be used to guarantee 90 percent of the principal amount of a loan or to subsidize the interest rate of a loan guaranteed by DVR for appropriate assistive technology. ***SWEPT? NO***

- **Budget Reserve Fund (Fund 11115)** – AS 37.05.540 – Administered by the Department of Revenue. This fund consists of appropriations to the fund. Money received by the State that is subject to the appropriation limit under AS 37.05.540(b) and that exceeds that limit may be appropriated to the budget reserve fund. ***SWEPT? YES FY 2008 = $1,000,000,000***

- **Building Safety Account (Fund 11177)** – AS 44.31.025 – Administered by the Department of Labor and Workforce Development. The collection of fees associated with building inspection and the issuance of certificates of fitness will be deposited in the Building Safety Account. The legislature may appropriate money from the account for necessary costs incurred by the Department of Labor and Workforce Development in the administration of AS 18.60.180 – 18.60.395, 18.60.800 – 18.60.620 and AS 18.62 relating to building safety and certificates of fitness. ***SWEPT? YES FY 2008 = $128,080***

- **Commercial Passenger Vessel Environmental Compliance Fund (Fund 11174)** – AS 46.03.482 – Administered by the Department of Environmental Conservation. Sources of income for this fund include: (1) money received by the department in payment of fees under AS 46.03.480; (2) money received as a result of a violation; (3) money appropriated to the fund by the legislature; (4) earnings on the fund. The legislature may make appropriations from this fund to the department to pay for the department's operational costs necessary to prepare reports that assess the information received by the department for the cruise ship seasons of 2000, 2001, 2002, and 2003 and for the department's operational costs necessary to carry out activities under AS 46.03.460 – 46.03.490 relating to commercial passenger vessels. ***SWEPT? YES FY 2008 = $6,210,770***

- **Community Revenue Sharing Fund (Fund 11200)** – AS 29.60.850 - Administered by the Department of Commerce, Community and Economic Development. The Fund provides community revenue sharing payments to municipalities, reserves, and communities for any public purpose. The fund consists of appropriations. Income earned on money in the fund may be appropriated to the fund. The legislature may appropriate 20 percent of the money received by the State during the previous calendar year under AS 43.55.011(g). ***SWEPT? NO***

- **Constitutional Budget Reserve Fund (Fund 33041)** – Alaska Constitution, Article IX, Section 17; AS 37.13 – Administered by the Department of Revenue. All money received by the State as a result of the termination of administrative proceedings or litigation in a state or federal court involving mineral lease bonuses, rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments or bonuses, or involving taxes imposed on mineral income, production, or property are deposited in the fund, except for the share of those proceeds that are deposited into the Alaska Permanent Fund. ***SWEPT? NO, RECIPIENT OF SWEEP***

- **Disaster Relief Fund (Fund 12120)** – AS 26.23.300 – Administered by the Office of the Governor and the Department of Military and Veterans Affairs. This fund provides resources to alleviate the effects of disasters wherever and whenever they may occur in the State. ***SWEPT? NO***

- **Donated Commodity Fee Fund (Fund 11120)** – USC 7 CFR, Part 250 – Administered by the Department of Education and Early Development. This fund consists of monies from federal agencies and recipients of goods. It is intended to cover the cost of the distribution of federal surplus food to schools, childcare institutions, nonprofit camps for children, charitable institutions for minors, nutrition programs for the elderly, and assistance to needy persons. ***SWEPT? NO***

- **Educational Facilities Maintenance and Construction Fund (Fund 11142)** – AS 37.05.560 – Administered by the Department of Education and Early Development. Money in the fund may be appropriated to finance the design, construction, and maintenance of public school facilities and for maintenance of the University of Alaska facilities. ***SWEPT? YES FY 2008 = $45***

- **Election Fund (Fund 11179)** – Federal H.R. 3295, "The Help America Vote Act" – Administered by the Office of the Lieutenant Governor, Division of Elections. Funds will be used for election administration improvements, for replacement of voting equipment, to improve accessibility for individuals with disabilities, and to provide alternative language accessibility. ***SWEPT? NO***

- **Employment Assistance and Training Program Account (Fund 11134)** – AS 23.15.625 – Administered by the Department of Labor and Workforce Development. The account consists of amounts collected under the provision of AS 23.15.630. The annual estimated balance in the account may be appropriated by the legislature to the department to implement AS 23.15.620 – 23.15.660. The legislature may appropriate the lapsing balance of the account to the Unemployment Compensation Fund established in AS 23.20.130. ***SWEPT? YES FY 2008 = $4,550,795***

- **Exxon Valdez Oil Spill Unincorporated Rural Community Grant Fund (Fund 11161)** – AS 44.33.115 – Administered by the Department of Commerce, Community, and Economic Development. The department may use the fund to make grants to unincorporated rural communities in the area affected by the Exxon Valdez oil spill for capital projects for purposes of restoring, replacing, or enhancing subsistence resources or services or other services damaged or lost as a result of the Exxon Valdez oil spill. ***SWEPT? NO***

- **FHWA - Airspace Leases Fund (Fund 11126)** – Section 156 of the Surface Transportation and Uniform Relocation Assistance Act of 1987 requires that the State shall charge fair market value for the sale, use, or lease rentals of right-of-way airspace and that the federal share of these net incomes be used by the State for highway projects. This fund accounts for those revenues. The revenues are available for appropriation by the legislature for highway projects. ***SWEPT? YES FY 2008 = $19,049***

- **FICA Administration Fund (Fund 11110)** – AS 39.30.050 – Administered by the Department of Administration. The fund consists of the pro rata share of expenses incurred in the administration of 39.30.010 – 39.30.080 and collected from participating political subdivisions and from the State. ***SWEPT? NO***

- **Fisheries Disaster Fund (Fund 11180)** – PL 108-7, SEC 2, Division N, Title V – Fisheries Disasters, Sec. 501(a) – Administered by the Office of the Governor. $35,000,000 shall be made available as a direct lump sum payment to the State of Alaska to make payments to persons or entities that have experienced significant economic hardship. Funds in Alaska shall be used to provide personal assistance; assistance for small businesses including fishermen, fish processors, and related business serving the fishing industry; assistance for local borough governments adversely affected by reductions in fish landing fees and other fishing-related revenue; and product development and marketing. ***SWEPT? NO***

- **Fuel Emergency Fund (Fund 11125)** – AS 26.23.400 – Administered by the Office of the Governor. This fund is used when the governor determines that a shortage of fuel is sufficiently severe to justify state assistance to make grants to a city or borough, or to a village or unincorporated community to purchase emergency supplies of fuel. ***SWEPT? NO***

- **Fund for the Improvement of School Performance (Fund 11145)** – AS 14.03.125 – Administered by the Department of Education and Early Development. It is used to make grants to a district located in the State for the purpose of improving school performance. ***SWEPT? NO***

- **Major Maintenance Grant Fund (Fund 11144)** – AS 14.11.007 – Administered by the Department of Education and Early Development. The fund is used to make grants for the cost of school major maintenance. ***SWEPT? NO***

- **Memorial Education Revolving Loan Fund (Fund 21611)** – AS 14.43.255 – Administered by the Department of Education and Early Development. The fund was created to pay tribute to the memory of Alaskans who, by

example of their lives, or by their distinguished contribution and service to the State, their community, or their profession, exemplified the best that is the challenge of "The Great Land." The funds shall be used to provide education loans to students selected under AS 14.43.250-325. ***SWEPT? NO***

- **Municipal Capital Project Matching Grant Fund (Fund 11146)** – AS 37.06.010 – Administered by the Department of Commerce, Community, and Economic Development. The money in the fund is held by the department in custody for each municipality. Each fiscal year the department allocates individual grants for each municipality. ***SWEPT? YES FY 2008 = $129,112***

- **Municipal Harbor Facility Grant Fund (Fund 11187)** – AS 29.60.800 – Administered by the Department of Transportation and Public Facilities. The money appropriated to the fund may be expended by the department for municipal harbor grants. ***SWEPT? NO***

- **Oil and Gas Tax Credit Fund (Fund 11189)** – AS 43.55.028 – Administered by the Department of Revenue. The purpose of this fund is to purchase certain transferable tax credit certificates issued under AS 43.55.023 and certain production tax credit certificates issued under AS 43.55.025. The fund consists of money appropriated to it, including any appropriation of the percentage provided under (c) of this section of all revenue from taxes levied by AS 43.55.011 that is not required to be deposited in the constitutional budget reserve fund established in art. IX, sec. 17 (a), Constitution of the State of Alaska; and earnings on the fund. ***SWEPT? NO***

- **Oil and Hazardous Substance Release Prevention and Response (Fund 11128 rollup; Fund 11122 prevention; Fund 11129 response)** – AS 46.08.010 – Administered by the Department of Environmental Conservation. This fund is composed of two accounts: (1) the prevention account and (2) the response account. The fund consists of appropriations by the legislature of money from private donors, money recovered from parties responsible for cleanup of oil or a hazardous substance, and fines, penalties, or damages recovered under Chapter 46. This money is for the containment and cleanup of oil or a hazardous substance; monitoring, assessing, investigating, and evaluating the release or threatened release of oil or a hazardous substance; and recovery of the cost to the State of the containment and cleanup of oil or a hazardous substance. ***SWEPT? NO FOR FUND 11129; YES FOR FUND 11122 FY 2008 = $13,676,743***

- **Oil and Hazardous Substance Release Prevention Mitigation Account (Fund 11139)** – AS 46.08.020(b) – Administered by the Department of Environmental Conservation. This account consists of money received from other state sources, from federal or other sources, or from a private donor; money recovered or otherwise received from parties responsible for the containment and cleanup of oil or a hazardous substance; and fines, penalties, or damages recovered under AS 46.08.005–46.08.080. The legislature may appropriate the amount received in this account (during the preceding calendar year) to the prevention account in the Oil and Hazardous Substance Release Prevention and Response Fund. ***SWEPT? YES FY 2008 = $8,053,827***

- **Oil and Hazardous Substance Release Response Mitigation Account (Fund 11153)** – AS 46.08.025(b) – Administered by the Department of Environmental Conservation. This account consists of money received from other state sources, from federal or other sources, or from a private donor; money recovered or otherwise received from parties responsible for the containment and cleanup of oil or a hazardous substance at a specific site for which the State expended money from the former oil and hazardous substance release response fund before October 2, 1994, or for which the State expended money from the response account. The legislature may appropriate the amount received in this account (during the preceding calendar year) to the response account in the Oil and Hazardous Substance Release Prevention and Response Fund. ***SWEPT? YES FY 2008 = $195,086***

- **Permanent Fund Dividend Fund (Fund 33020)** – AS 43.23.045 – Administered by the Department of Revenue. This fund consists of 50 percent of the income earned by the Alaska Permanent Fund during the fiscal year ending on June 30 that is paid out to eligible Alaska residents. ***SWEPT? NO***

- **Public Education Fund (Fund 11184)** – AS 14.17.300 – Administered by the Department of Education and Early Development. This account may be expended only in aid of public schools and for centralized correspondence study programs under Chapter 17 – Financing of Public Schools, and for transportation of pupils under AS 14.09.010. ***SWEPT? NO***

- **Railbelt Energy Fund (Fund 11123)** – AS 37.05.520 – Managed by the Department of Revenue. The legislature may appropriate money from the fund for programs, projects, and other expenditures to assist in meeting Railbelt energy needs, including projects for retrofitting state-owned buildings and facilities for energy conservation. ***SWEPT? YES FY 2008 = $90,858,733***

- **Randolph-Sheppard Small Business Fund (Fund 11118)** – AS 23.15.130, 20 USC 107-107(f) – Administered by the Department of Labor and Workforce Development. This fund consists of receipts from

vending facilities on federal properties and is used to aid only blind licensees in operating vending machine facilities. ***SWEPT? NO***

- **Real Estate Surety Fund (Fund 11121)** – AS 08.88.450 – Administered by the Department of Commerce, Community, and Economic Development. This fund is composed of payments made by real estate licensees under AS 08.88.455 and filing fees under AS 08.88.460, income earned on investment of the money in the fund, and money deposited in the fund under AS 08.88.450(c). Amounts in the fund may be appropriated for claims against the fund, for hearing and legal expenses directly related to fund operations and claims, and real estate educational purposes. ***SWEPT? NO***

- **School Construction Grant Fund (Fund 11143)** – AS 14.11.005 – Administered by the Department of Education and Early Development. The fund shall be used to make grants for the costs of school construction. Legislative appropriations for school construction shall be deposited in the fund and the proceeds from the sale of general obligation bonds for school construction may be deposited in the fund. ***SWEPT? NO***

- **School Trust Land Sales (Fund 11162)** – Established per attorney general memo regarding Public School Trust Litigation. Used to separately account for the sales of 21 parcels of public school trust land, the status of which is in litigation. ***SWEPT? NO***

- **Senior Care Fund (Fund 11182)** – Chapter 3, SLA 2004 amended the uncodified law of the State of Alaska by creating the Senior Care Fund to be used by the Department of Health and Social Services. The fund is used to pay for the costs incurred for the provision of senior services under the senior care program. The department shall provide cash assistance and prescription drug benefits as far as practicable under appropriations provided by law. ***SWEPT? YES FY 2008 = $260,515***

- **State Insurance Catastrophe Reserve Account (Fund 11133)** – AS 37.05.289 – Administered by the Department of Administration. Assets of the account may be used to obtain insurance, to establish reserves for the self-insurance program, and to satisfy claims or judgments arising under the program. ***SWEPT? NO***

- **State Land Disposal Income Fund (Fund 11164)** – AS 38.04.022(a) – Administered by the Department of Natural Resources. The fund consists of revenue from the state land disposal program. ***SWEPT? YES FY 2008 = $0***

- **State Land Reforestation Fund (Fund 12130)** – AS 41.17.300 – Administered by the Department of Natural Resources. The money in the state land reforestation fund may be used only for the reforestation of state land, including site preparation; seed and seedling acquisition and cultivation; planting and other reforestation measures; timber stand improvement; and the development of materials and techniques for the reforestation of state land. ***SWEPT? YES FY 2008 = $194***

- **Storage Tank Assistance Fund (Fund 11136)** – AS 46.03.410 – Administered by the Department of Environmental Conservation. The fund consists of money appropriated to it by the legislature. The receipts of the fund may be used for certain costs as defined in AS 46.03.410(a) relating to underground petroleum storage tank systems and for grants and loans. ***SWEPT? NO***

- **Surplus Property Revolving Fund (Fund 11112)** – AS 37.05.500(a)(2), AS 44.68.130 – Administered by the Department of Administration. This fund is to account for revenues from the users or purchasers of excess federal property that the State has acquired and is used to pay the administrative expenses incurred in managing this property. ***SWEPT? NO***

- **Tobacco Use Education and Cessation Fund (Fund 11175)** – AS 37.05.580 – Administered by the Department of Health and Social Services. This fund consists of 20 percent of the annual revenue derived from the settlement of State of Alaska v. Philip Morris, Incorporated, et al, No. 1JU-97-915 CI (Alaska Super. 1997). The purpose of this fund is to provide a source to finance the comprehensive smoking education, tobacco use prevention, and tobacco control program authorized by AS 44.29.020(a)(15). ***SWEPT? YES FY 2008 = $10,497,239***

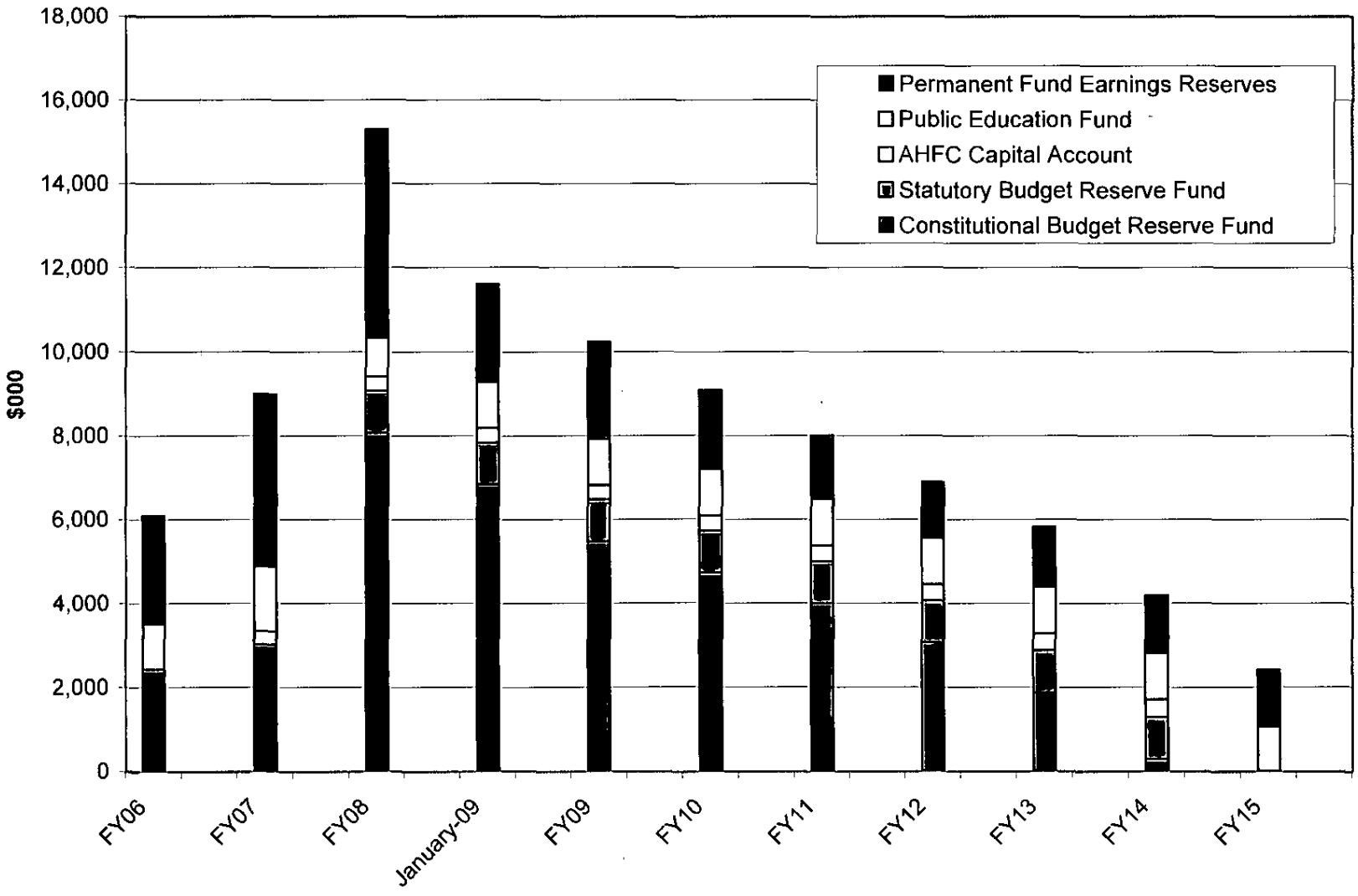
- **TAPS Rebate Fund (Fund 11163)** – Federal PL 101-380, sec. 8102(a)(B)(I) – The federal government has rebated the pro rata share of the federal TAPS (Trans-Alaska Pipeline Liability Fund) to the State of Alaska for its contributions as an owner of oil. The funds are to be used for the remediation of above-ground storage tanks. ***SWEPT? NO***

- **Training and Building Fund (Fund 12121)** – AS 23.20.130(d) – Administered by the Department of Labor and Workforce Development. This fund consists of interest and penalties for failure to file timely reports and pay contributions to the Unemployment Compensation Fund. It may be used for the administration of the Employment Security Act when federal funds are not available and for the acquisition of land and buildings for the purpose of providing office space for the department. ***SWEPT? NO***

- **Unincorporated Community Capital Project Matching Grant Fund (Fund 11147)** – AS 37.06.020 – Administered by the Department of Commerce, Community, and Economic Development. This fund was created for unincorporated communities to acquire or improve an asset with an anticipated life exceeding one year and includes land acquisition, construction, repair or structural improvement of a facility, engineering and design for a facility, and acquisition or repair of equipment. ***SWEPT? YES FY 2008 = $47,438***
- **Vocational Rehabilitation Small Business Enterprise Revolving Fund (Fund 11116)** – AS 23.15.130 – Administered by the Department of Labor and Workforce Development, Division of Vocational Rehabilitation. This fund consists of receipts from the net proceeds of vending facilities on public property. The annual estimated receipts of the fund may be used by the legislature to make appropriations to the department to aid licensees in operating vending machine facilities. ***SWEPT? YES FY 2008 = $87,524***
- **Workers' Compensation Benefits Guaranty Fund (Fund 11186)** – AS 23.30.082 – Administered by the Department of Labor and Workforce Development. This fund is composed of civil penalty payments made by employers under AS 23.30.080, income earned on investment of the money in the fund, money deposited in the fund, and appropriations to the fund. The fund may be appropriated for claims against the fund, for expenses directly related to fund operations and claims, and for legal expenses. ***SWEPT? YES FY 2008 = $765,453***
- **Workers' Safety and Compensation Administration Account (Fund 11173)** – AS 23.05.067 – Administered by the Department of Labor and Workforce Development. This fund is used to account for the annual service fees collected from employers for the administrative expenses of the State for workers' safety programs under AS 18.60 and the workers' compensation program under AS 23.30. ***SWEPT? YES FY 2008 = $13,797,650***

Compiled by the Division of Finance, Department of Administration

Reserve Balances--State of Alaska



Annual Budget Inflator:	103%
Oil Price after FY2009:	$ 65

Op Bud	5,273	4,573	4,710	4,851	4,997	5,147	5,301
Cap Bud	669	500	515	530	546	563	580
Total	7,124	5,073	5,225	5,382	5,543	5,710	5,881

Constitutional Budget Reserve Fund

	FY08		FY07		FY08		January-09		FY09		FY10		FY11		FY12		FY13		FY14		FY15	
	Cash Flow	Notes	Cash Flow	Notes	Cash Flow	Notes	Cash Flow	Notes	Cash Flow	Notes	Cash Flow	Notes	Cash Flow	Notes	Cash Flow	Notes	Cash Flow	Notes	Cash Flow	Notes	Cash Flow	Notes
Beginning Balance	2,236		2,424		3,015		6,063		6,828		6,466		5,978		6,597		7,110		7,502		7,159	
Appropriations	200		668		5,525		1,020		0		20		20		20		20		20		20	
Dedicated Revenues	44		102		476		20	placeholder			20	placeholder	20	placeholder	20	placeholder	20	placeholder	20	placeholder	20	placeholder
Sweep	157		416		2,048																	
Direct Appropriations			50	Ch. 30, SLA 2007, Sec. 57	2,600	Ch. 11, SLA 2008, Sec. 33(e)	1,000	Ch. 27, SLA 2008, Sec. 29(e)														
Direct Appropriations					400	Ch. 29, SLA 2008, Sec 72(e)																
Expenditures	88		(157)		(417)		(1,468)		(1,363)		274		121		(35)		(197)		(363)		(534)	
Reverse Sweep	86		(157)		(416)		(1,468)															
Mgmt Fees	0		(1)		(1)																	
Withdrawal									(1,363)		274		121		(35)		(197)		(363)		(534)	
4.0% Earnings	73		181		(60)		(789)	Forecast		Forecast	218	Forecast	478	Forecast	528		589		0		0	
Ending Balance	2,424		3,015		8,063		6,828		5,466		5,978		6,597		7,110		7,502		7,159		6,644	

Statutory Budget Reserve Fund

	FY08		FY07		FY08		January-09		FY09		FY10		FY11		FY12		FY13		FY14		FY15	
	Cash Flow	Notes	Cash Flow	Notes	Cash Flow	Notes	Cash Flow	Notes	Cash Flow	Notes	Cash Flow	Notes	Cash Flow	Notes	Cash Flow	Notes	Cash Flow	Notes	Cash Flow	Notes	Cash Flow	Notes
Beginning Balance	0		0		0		1,000		1,000		1,000		1,000		1,000		1,000		1,000		1,000	
Appropriations	0		0		1,000		0		0		0		0		0		0		0		0	
					1,000	Ch. 11, SLA 2008, Sec. 21(c)																
Expenditures	0		0		0		0		0		0		0		0		0		0		0	
Withdrawal											0		0		0		0		0		0	
Earnings	0		0		0		0		0		0		0		0		0		0		0	
Ending Balance	0		0		1,000		1,000		1,000		1,000		1,000		1,000		1,000		1,000		1,000	

AHFC Capital Savings Account

	FY08		FY07		FY08		January-09		FY09		FY10		FY11		FY12		FY13		FY14		FY15	
	Cash Flow	Notes	Cash Flow	Notes	Cash Flow	Notes	Cash Flow	Notes	Cash Flow	Notes	Cash Flow	Notes	Cash Flow	Notes	Cash Flow	Notes	Cash Flow	Notes	Cash Flow	Notes	Cash Flow	Notes
Beginning Balance	0		0		318		336		351		351		365		380		395		411		427	
Appropriations	0		300		0		0		0		0		0		0		0		0		0	
			300	Ch. 13, SLA 2008, Sec. 14																		
Expenditures	0		0		0		0		0		0		0		0		0		0		0	
Withdrawal									0		0		0		0		0		0		0	
Earnings	0		18		18		15	Forecast		Forecast	14	Forecast	15	Forecast	15	Forecast	16	Forecast	16	Forecast	17	Forecast
Ending Balance	0		318		336		351		351		365		380		395		411		427		444	

Public Education Fund

	FY06		FY07		FY08		January-09		FY09		FY10		FY11		FY12		FY13		FY14		FY15	
	Cash Flow	Notes	Cash Flow	Notes	Cash Flow	Notes	Cash Flow	Notes	Cash Flow	Notes	Cash Flow	Notes	Cash Flow	Notes	Cash Flow	Notes	Cash Flow	Notes	Cash Flow	Notes	Cash Flow	Notes
Beginning Balance	417		1,082		1,536		925		1,101		1,101		1,111		1,111		1,111		1,111		1,111	
Appropriations	1,647		1,409		291		1,180		0		1,062		1,112		1,112		1,112		1,112		1,112	
	473	Sec. 4(d), Ch. 6, SLA 2005--includes nonGF	278	Sec. 25(m), Ch. 33, SLA 2006--FY07 $ for FY07	291	Sec. 14, Ch 28, SLA 2007	1,004	In the HCS operating bill (FY2010 before HB 13)			1,062		1,112		1,112		1,112		1,112		1,112	
	300	Sec. 18(a), Ch.13, SLA 2006--FY06 $	131	Fiscal Note to HB 13--ESA, 6438 and DCF			176	HB 13, revised 2/22 by HFC to include FY08 and FY2010 costs (excludes FY2010 Pupil Trans)														
	565	Sec. 20(a), Ch 82, SLA 2006--FY06 $	1,000	Sec 1, Ch 10, SLA 2007																		
	209	Sec. 18(b), Ch.13, SLA 2006--FY06 GF Sweep																				
Expenditures	(882)		(955)		(903)		(1,003)				(1,053)		(1,112)		(1,112)		(1,112)		(1,112)		(1,112)	
	(882)		(955)		(903)		(1,003)				(1,053)		(1,112)		(1,112)		(1,112)		(1,112)		(1,112)	
Withdrawal											0		0		0		0		0		0	
Earnings	0		0		0		0				0		0		0		0		0		0	
Ending Balance	1,082		1,536		925		1,101		1,101		1,111		1,111		1,111		1,111		1,111		1,111	

Permanent Fund Earnings (Realized Only)

	FY06		FY07		FY08		January-09		FY09		FY10		FY11		FY12		FY13		FY14		FY15	
	Cash Flow	Notes	Cash Flow	Notes	Cash Flow	Notes	Cash Flow	Notes	Cash Flow	Notes	Cash Flow	Notes	Cash Flow	Notes	Cash Flow	Notes	Cash Flow	Notes	Cash Flow	Notes	Cash Flow	Notes
Beginning Balance	1,440		2,584		4,131		4,968		2,320		2,320		1,883		1,534		1,336		1,427		1,377	
Appropriations	0		0		0		0		0		0		0		0		0		0		0	
Statutory Net Income																						
Expenditures	(1,545)		(1,882)		(2,101)		(2,241)		0		(1,800)		(1,811)		(1,736)		(1,597)		(1,876)		(1,984)	
Dividends	(689)		(1,022)		(1,293)		(1,092)				(927)		(906)		(779)		(596)		(830)		(893)	
Inflation Proofing	(856)		(860)		(808)		(1,149)				(873)		(915)		(957)		(1,001)		(1,046)		(1,091)	
Withdrawal															0		0		0		0	
Earnings	2,689		3,429		2,938		(407)		0		1,353		1,482		1,538		1,688		1,826		1,963	
Ending Balance	2,584		4,131		4,968		2,320		2,320		1,883		1,534		1,336		1,427		1,377		1,356	

Permanent Fund Ear	2,584	0	4,131	0	4,968	0	2,320	0	2,320	0	1,883	0	1,534	0	1,336	0	1,427	0	1,377	0	1,356	0
Constitutional Budget	2,424	0	3,015	0	6,063	0	6,828	0	5,486	0	5,078	0	6,597	0	7,110	0	7,502	0	7,199	0	6,644	0
Statutory Budget Res	0	0	0	0	1,000	0	1,000	0	1,000	0	1,000	0	1,000	0	1,000	0	1,000	0	1,000	0	1,000	0
AHFC Capital Accour	0	0	318	0	336	0	351	0	351	0	365	0	380	0	395	0	411	0	427	0	444	0
Public Education Fur	1,082	0	1,536	0	925	0	1,101	0	1,101	0	1,111	0	1,111	0	1,111	0	1,111	0	1,111	0	1,111	0
Total Reserves	6,090		9,000		15,292		11,601		10,238		10,337		10,622		10,951		11,450					
Budget	1	Inflates FY201D budget							6,899		5,073	Cap=500	5,225		5,381		5,543		5,709		5,880	
Revenue	75	Oil $/bbl							5,536		5,348		5,348		5,348		5,346		5,346		5,346	
Surplus/Deficit									(1,363)		274		121		(35)		(197)		(363)		(534)	
CBR								available	6,828		5,704		6,476		7,145		7,699		7,522		7,179	
								deficit	1,363		(274)		(121)		35		197		363		534	
								wd	1,363		(274)		(121)		35		197		363		534	
								remaining defic	0		0		0		0		0		0		0	
SBR								available	1,000		1,000		1,000		1,000		1,000		1,000		1,000	
								deficit	0		0		0		0		0		0		0	
								wd	0		0		0		0		0		0		0	
								remaining defic	0		0		0		0		0		0		0	
AHFC								available	351		365		380		395		411		427		444	
								deficit	0		0		0		0		0		0		0	
								wd	0		0		0		0		0		0		0	
								remaining defic	0		0		0		0		0		0		0	
PEF								available	1,101		2,183		2,223		1,111		1,111		1,111		1,111	
								deficit	0		0		0		0		0		0		0	
								wd	0		0		0		0		0		0		0	
								remaining defic	0		0		0		0		0		0		0	
PF earnings								available	2,320		3,683		3,345		3,072		3,024		3,253		3,340	
								deficit	0		0		0		0		0		0		0	
								wd	0		0		0		0		0		0		0	
								remaining defic	0		0		0		0		0					
Total Reserves																						
								withdrawn	1,363		(274)		(121)		35		197		363		534	
								deficit	(1,363)		274		121		(35)		(197)		(363)		(534)	
									0		0		0		0		0		0		0	

2/10/10 CALLAN ECONOMIC & MARKET OUTLOOK

<target><bill></bill><subject>2-10-10 CALLAN ECONOMIC and MARKET OUTLOOK</subject><comm>SFIN26</comm></target>

Alaska Senate Finance Committee
Market & Economic Review
2009 Capital Market Projections
APFC Performance

February 2009

Michael J. O'Leary CFA
Executive Vice President
Prepared 2-03-09

Fourth quarter overview

- Terrible market environment for all major asset classes
- Credit markets froze around the world
- Extraordinary governmental policy actions initiated quickly but not as rapidly as many had hoped
- Flight to quality resulted in sharp declines in short-term government rates and increases in "risk" premiums.
- Commodity prices fell sharply as expectations regarding the length and depth of economic slowdown mounted
- U.S. dollar strengthened significantly hurting profits for multinationals, unhedged international investors and returns on international investments for U.S. based investors.

Second Half of 2008: Startling

- Fannie Mae and Freddie Mac placed into conservatorship.
- Lehman Brothers declared bankruptcy.
- AIG rescued by government.
- Merrill Lynch sold to Bank of America.
- Morgan Stanley and Goldman Sachs convert to bank holding companies, vol placing themselves under the regulatory oversight of the Fed.
- Washington Mutual seized by regulators, assets sold to JP Morgan.
- $750 billion rescue plan passed.
- Money market funds "break the buck" for the first time.
- Oil drops by $100/barrel, commodity prices cool.
- Wachovia bought by Wells Fargo.
- U.S. and other sovereign governments make direct investments in banks.
- Nowhere to hide - virtually all asset classes except nominal Treasury bonds suffer steep declines.
- Housing market remains locked in a death spiral.
- Global economies follow the U.S. into deep recession.

Exhibit 1: 2008 Timeline

Mar	16	J.P. Morgan acquires Bear Stearns
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	21	Goldman Sachs and Morgan Stanley convert to bank holding companies
	25	Washington Mutual seized by FDIC and sold to J.P. Morgan Chase
Oct	3	Bush signs modified TARP plan into law
	7	The U.S. Federal Reserve announces Commercial Paper Funding Facility
	12	European leaders announces a recapitalization plan for Europe's banks
	27	U.S. government announces recapitalization of major U.S. banks
Nov	4	United States elects Barack Obama
	10	Government of China announces $586 billion stimulus package
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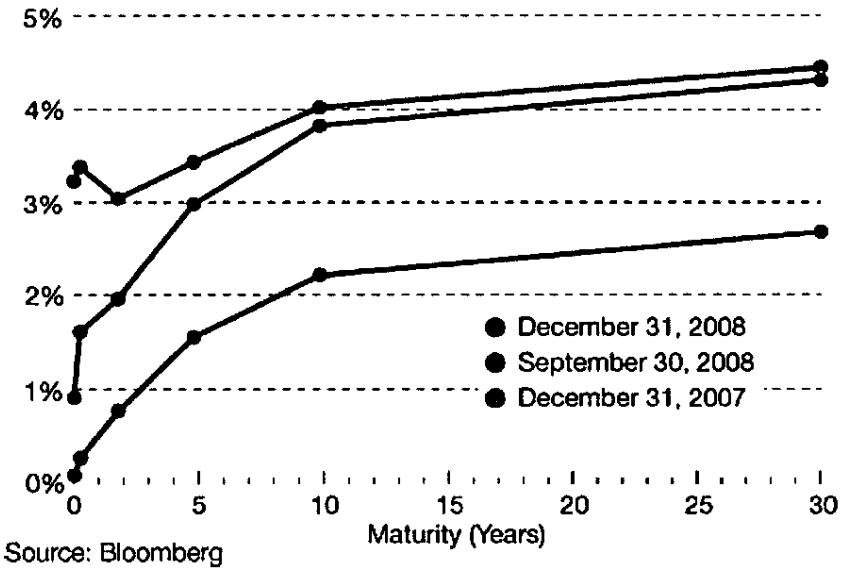
	25	Fed announces a $500 billion program to buy the direct obligations of housing-related GSEs
Dec	15	Bernard Madoff fraud discovery
	16	Fed cuts target interest rate to between zero to 0.25%
	19	U.S. government sends $17.4 billion lifeline to U.S. automakers
	26	Oil dips below $35, down more than $112 from its July peak

Timeline from Principal Global Investors

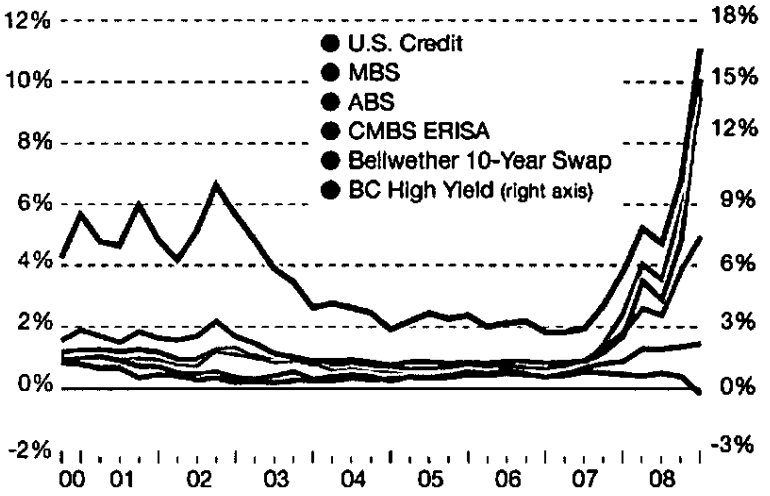
U.S. Fixed Income

U.S. Treasury Yield Curves



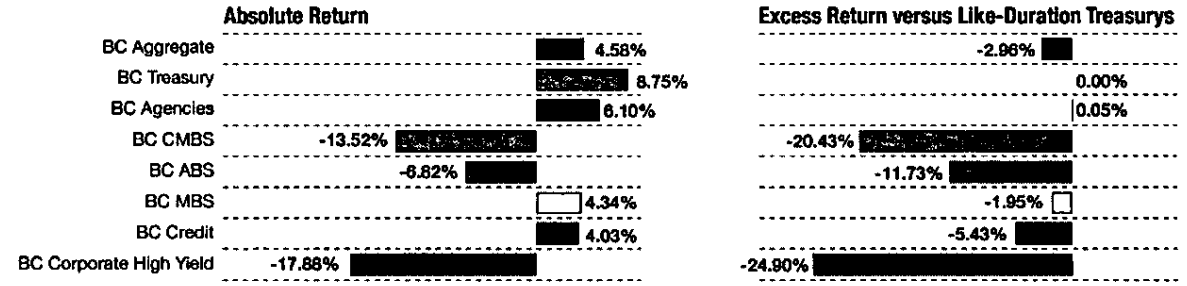
Source: Bloomberg

Effective Yield Over Treasurys



Source: Barclays Capital Inc.

Fixed Income Index Returns



Source: Barclays Capital Inc.

The Capital Markets

What a Difference One Year Can Make

	2003	2004	2005	2006	2007	2008	Average Annual Return: Five Years 2003-07	Five Years 2004-08	Ten Years 1998-07	Ten Years 1999-08	Fifteen Years 1993-07	Fifteen Years 1994-08
Broad U.S. Stock Market												
Russell 3000	31.06	11.95	6.12	15.72	5.14	-37.31	13.63	-1.95	6.22	-0.80	10.49	6.36
S&P Super Composite 1500	29.59	11.78	5.66	15.34	5.47	-36.72	13.23	-1.89	6.35	-0.76	10.66	6.59
Large Cap U.S. Stocks												
Russell 1000	29.89	11.40	6.27	15.46	5.77	-37.60	13.43	-2.04	6.20	-1.09	10.58	6.47
S&P 500	28.80	10.88	4.91	15.79	5.49	-37.00	12.83	-2.19	5.91	-1.38	10.49	6.46
Small Cap U.S. Stocks												
Russell 2000	47.25	18.33	4.55	18.37	-1.57	-33.79	16.25	-0.93	7.08	3.02	10.10	5.89
S&P 600 Small Cap	38.79	22.65	7.68	15.11	-0.30	-31.07	16.04	0.88	9.03	5.18	11.78	7.80
Non-U.S. Stock Markets												
EAFE ($US)	38.59	20.25	13.54	26.34	11.17	-43.38	21.59	1.66	8.66	0.80	9.56	3.52
MSCI Emerging Markets	56.28	25.95	34.54	32.59	39.78	-53.18	37.46	8.02	14.53	9.31	12.16	2.73
Fixed Income Markets												
LB Aggregate	4.10	4.33	2.43	4.33	6.97	5.24	4.42	4.65	5.97	5.63	6.47	6.18
Citi Non-US Bonds	18.52	12.14	-9.21	6.95	11.45	10.11	7.54	5.97	6.30	5.59	6.79	6.47
Cash Market												
90-day T-bill	1.15	1.33	3.07	4.85	5	2.06	3.07	3.25	3.77	3.45	4.09	4.02
Inflation												
CPI-U*	1.88	3.26	3.42	2.54	4.08	0.09	3.03	2.67	2.67	2.51	2.64	2.47

* Annual CPI-U data are measured as year-over-year change.

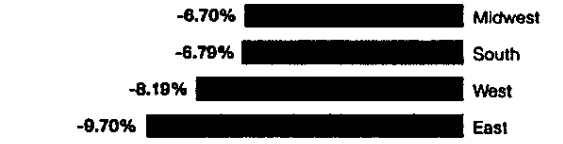
- **Results for 2008 substantially reduce equity returns across all periods.**
- **Five-year returns through 2007 were very robust for equity, now they are negative. Ten-year results are weak as the tech bubble years continue roll out of the calculations. Fifteen-year results are now weak, and roughly on par with those of fixed income.**

Real Estate

NCREIF Property Index

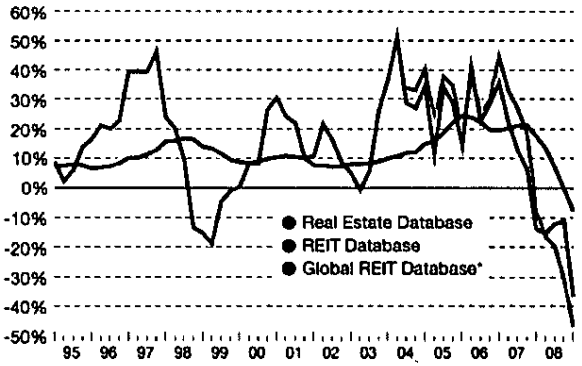
Returns by Property Type

Returns by Region



Source: NCREIF

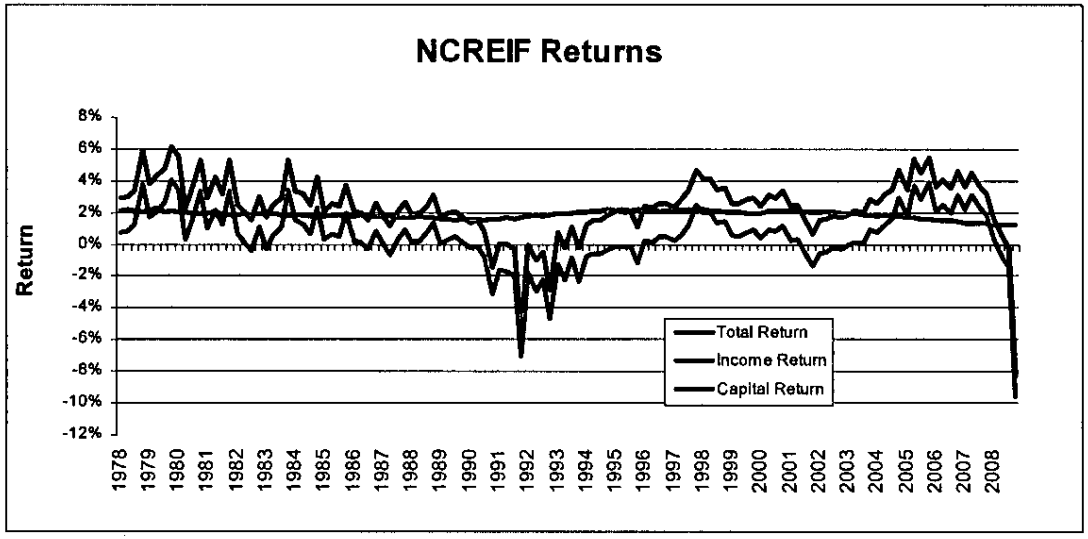
Rolling One-Year Returns



*Global REIT returns from 2Q04

Source: Callan Associates Inc.

NCREIF Returns



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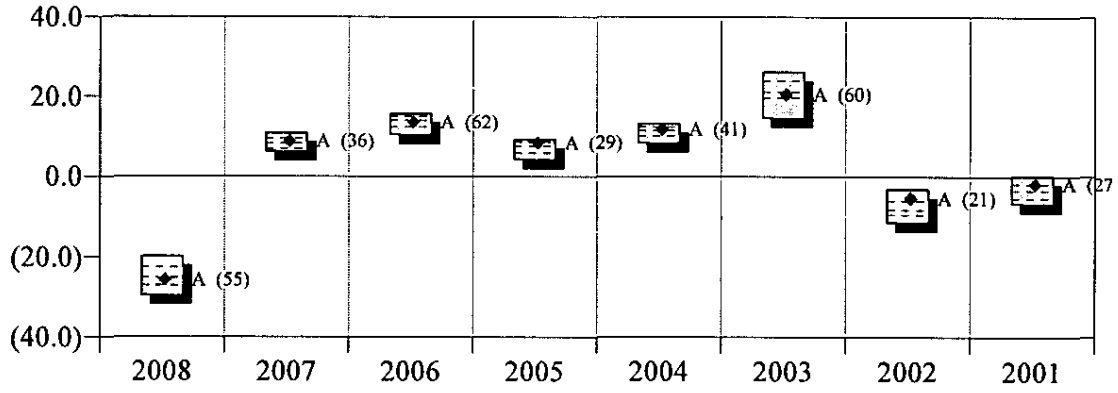
Timeline from Principal Global Investors

APFC Calendar Period Performance

Returns
for Calendar Years
8 Years Ended December 31, 2008
Group: CAI Public Fund Sponsor Database



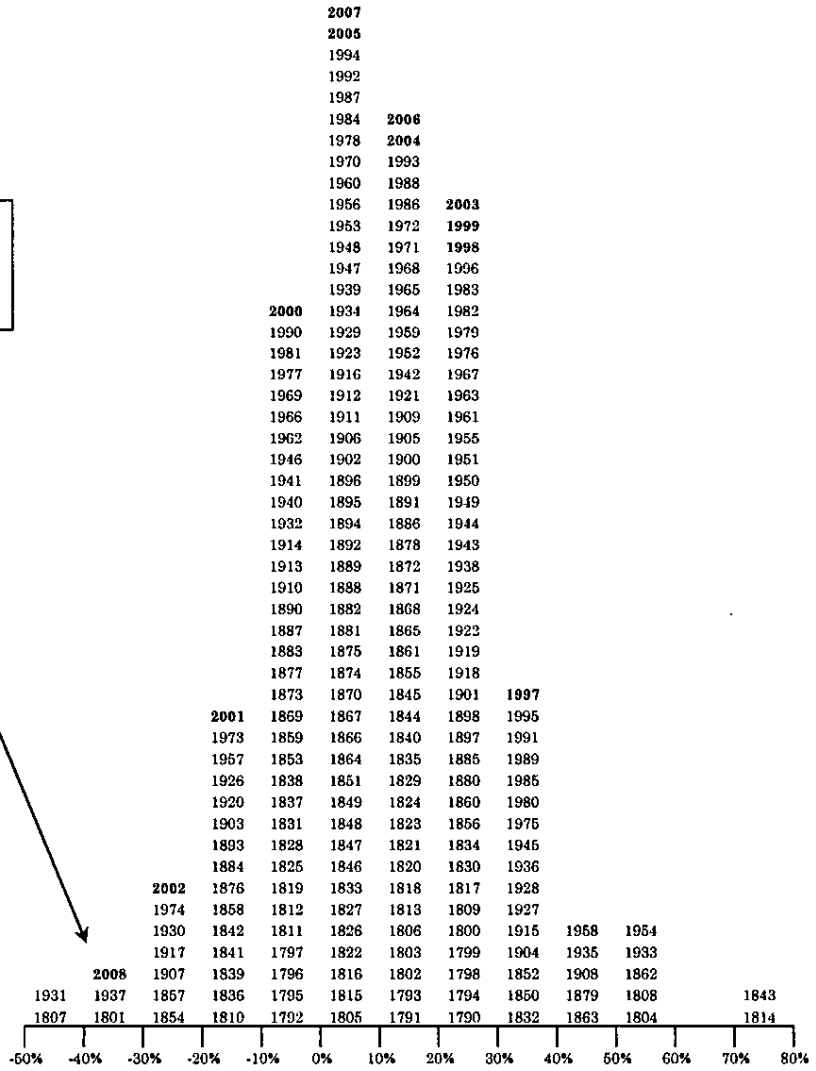
		2008	2007	2006	2005	2004	2003	2002	2001
10th Percentile		(19.84)	10.87	15.76	9.34	13.13	26.12	(3.07)	0.20
25th Percentile		(22.66)	9.57	15.05	8.61	12.31	23.99	(5.96)	(1.79)
Median		(25.27)	8.20	14.04	7.54	11.47	21.14	(8.26)	(3.46)
75th Percentile		(27.14)	6.86	12.29	5.86	10.17	19.68	(9.52)	(5.38)
90th Percentile		(29.71)	6.15	10.37	4.23	8.26	14.55	(11.46)	(6.67)
APFC	◆ A	(25.70)	8.90	13.63	8.46	11.83	20.59	(5.39)	(1.85)

Please note returns are preliminary. Background data for other public funds may be distorted owing to valuation policies regarding illiquid investments. APFC returns include current estimates for real estate (with 1 exception). Many others lag such returns by ¼ year.

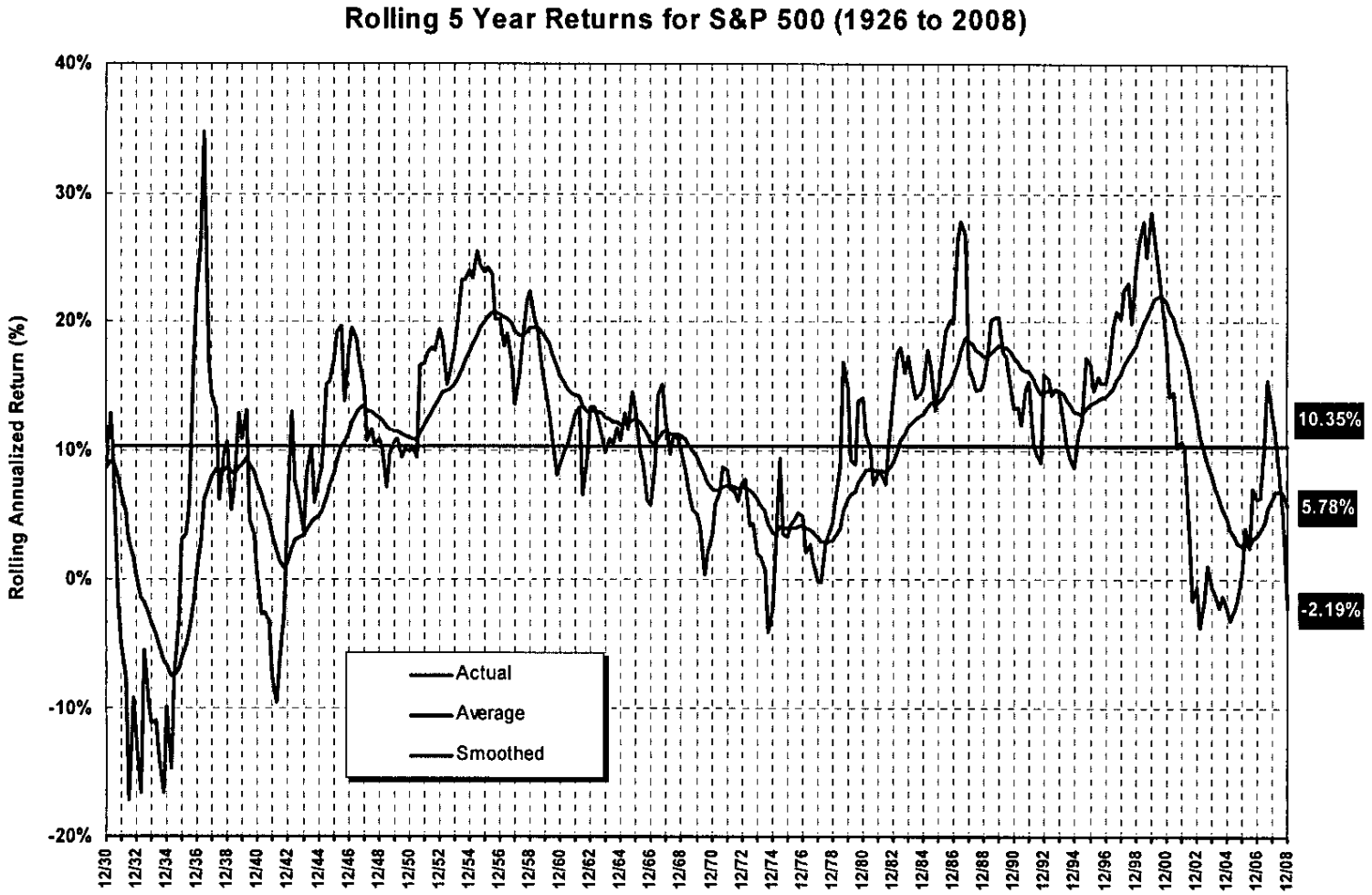
Stock Market Returns by Calendar Year

2008 Performance in Perspective - History of the U.S. Stock Market
218 Years of Returns

2008 return = negative 37.0%

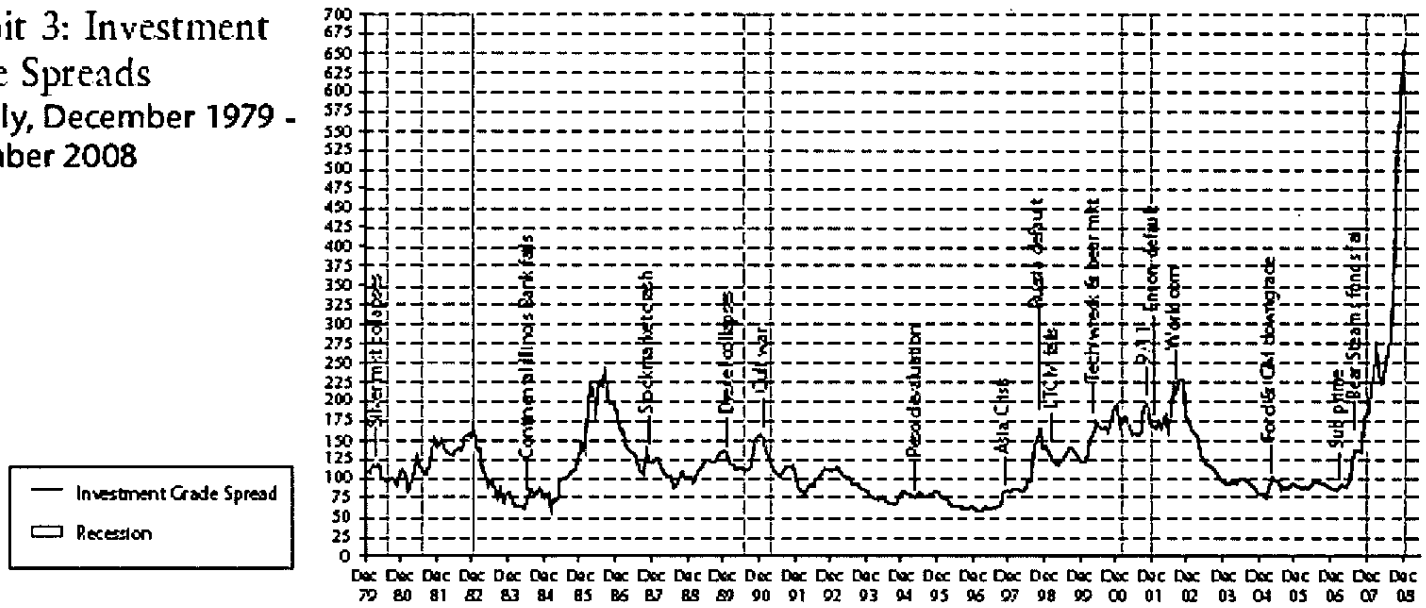


Rolling 5-Year Geometric Returns



Credit Spreads Exceed Historic Highs

Exhibit 3: Investment Grade Spreads
Monthly, December 1979 - December 2008



Sources: Barclays Capital, Merrill Lynch & Principal Global Investors

Investment Credit Spreads over Treasury Instruments

Potential Implications of Financial Crisis

- **Structure of U.S. financial system is changed permanently.**
  - End of traditional investment banks.
  - Consolidation of financial institutions into large, highly regulated commercial banks.
  - More government oversight and regulation.
  - Lower leverage and ultimately lower risk in financial system.
  - Tighter credit conditions for foreseeable future.

- **U.S deficit and overall federal debt will expand dramatically.**
  - Trillion dollar plus deficits likely in near term.
  - Risk of devaluation of U.S. dollar elevated.
  - Long-term risk of higher real interest rates and crowding out of private borrowing.

- **U.S. consumer is being forced to delever.**
  - Loss of wealth in housing and equities will change behavior.
  - Less spending and consumption.
  - Postponed retirements, second jobs, will expand labor force.

- **Financial markets become smaller and less efficient.**
  - Fewer market makers with smaller balance sheets.
  - Derivative markets shrink due to increased regulation and tighter risk controls.
  - Lower leverage from Wall Street firms suggests lower profitability and lower compensation, pushing human capital away from finance into other areas.

U.S. Economic Growth by Sector

(Annual percent change)

	2007 Share of GDP	2002	2003	2004	2005	2006	2007	2008	Direction of Change
Real GDP	100%	1.6	2.5	3.6	2.9	2.8	2.0	1.2	Contracting now
Consumption	72%	2.7	2.8	3.6	3.0	3.0	2.8	0.3	Contracting now
Residential Investment	4%	4.8	8.4	10.8	6.3	-7.1	-17.8	-21.8	Falling Sharply
Bus. Fixed Investment	12%	-9.2	1.0	5.8	7.2	7.5	4.9	1.9	Surge halted abruptly
Federal Government	7%	7.0	6.8	4.2	1.2	2.3	1.6	5.7	Surging higher
State & Local Govt.	11%	3.1	0.2	-0.2	-0.1	1.3	2.3	1.2	Tax revenue in jeopardy
Exports	12%	-2.3	1.3	9.7	7.0	9.1	8.4	6.4	Reversing course
Imports	17%	3.4	4.1	11.3	5.9	6.0	2.2	-3.1	Oil Prices

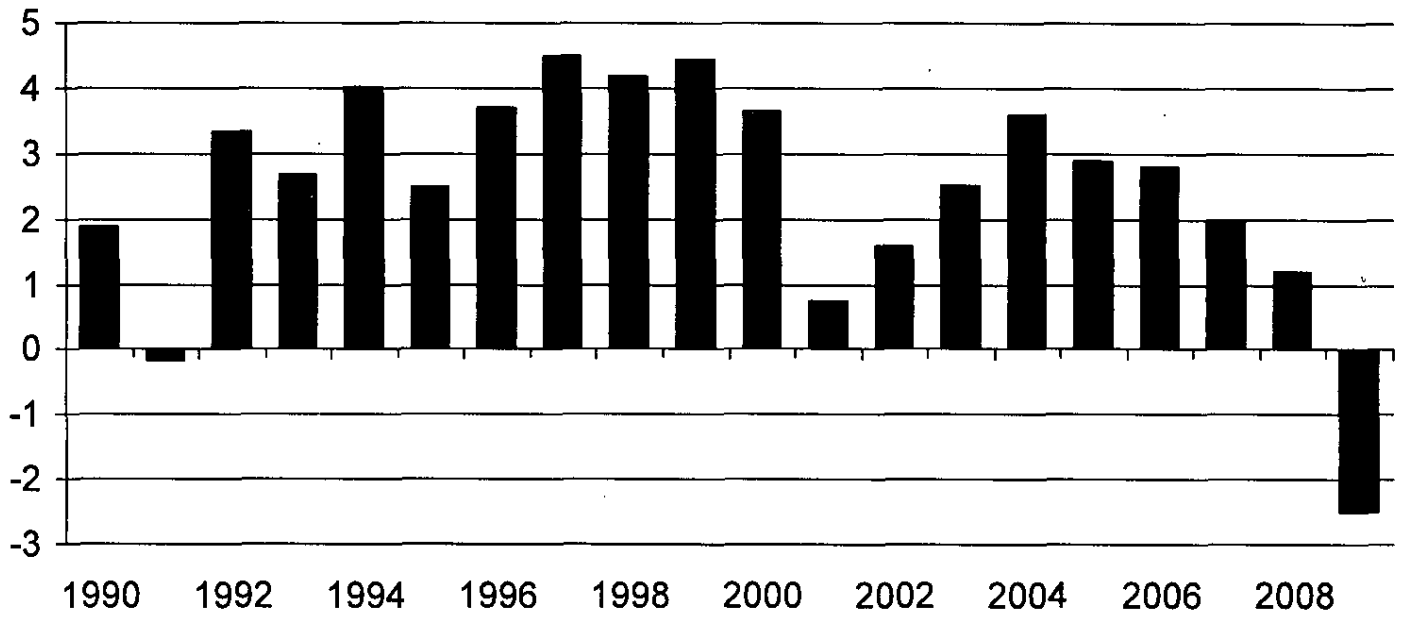
- **Housing downturn reduced GDP growth by over 1.0% each year in 2007 and 2008 through direct effect on construction alone.**
- **Note: Imports are a negative number in the calculation of GDP.**

Source: Global Insight

Hard Landing for the U.S. Economy

(Real GDP - annual percent change)

***2009 estimate - Global Insight**



Source: Global Insight

The Current Economic Environment

Worst Recession in the Post-War Era?

- **Largest global housing and credit bubble in history has burst.**
- **Households, businesses and governments face tight (or no access to) credit and massive wealth destruction.**
- **The U.S. economy entered recession in December 2007.**
  - Better than expected growth in the first half of 2008 was an illusion conjured by trade and the stimulus package.
- **Housing has been in recession for three years, subtracting at least a percentage point from GDP growth in both 2007 and 2008.**
  - Offset by strength in non-residential construction and the closing of the trade gap – each added back half a point of growth in 2007.
  - Housing market has another bad year in front of it.
- **Consumer confidence is deep in recession territory.**
  - Job market has turned sour, piling on to the woes from the housing and stock markets.
- **Rest of the world is going into severe recession, undermining exports.**
- **Economy is in a free-fall right now – recession may be long and deep.**
- **Lower oil prices offer some cushion.**
- **Fed is doing all it can; major fiscal stimulus is coming.**
- **Sustained upturn may have to wait until the second half of 2009.**

The Current Economic Environment

Slow going until 2010.

- **Optimistic outlook: government intervention stabilizes credit markets, fiscal stimulus kick-starts rapid upswing. Beware of inflation lurking in the wings.**
- **Pessimistic scenario: vicious downward spiral between the economy and credit markets worsens. Specter of deflation looms.**
- **Most likely scenario: severest declines in GDP will be recorded in fourth quarter of 2008 and first quarter of 2009. GDP resumes modest growth in the second half of 2009, as credit markets slowly unthaw and confidence returns.**
- **Impact of policy will take time.**
  - Monetary policy impact is famously "long and variable".
  - Substantial fiscal policy has prospects for quicker success, but infrastructure spending will take years, not months, to show up.
- **Policy is not cheap: fiscal 2008 deficit beat the 2004 record; 2009 deficit will more than double.**
- **Economy will feel like it is in recession well into 2010, when unemployment will peak, potentially reaching 10%.**
- **Equity markets tend to begin recovering before recession ends. Experience after major bear markets since WWII suggests strong performance in the subsequent period.**

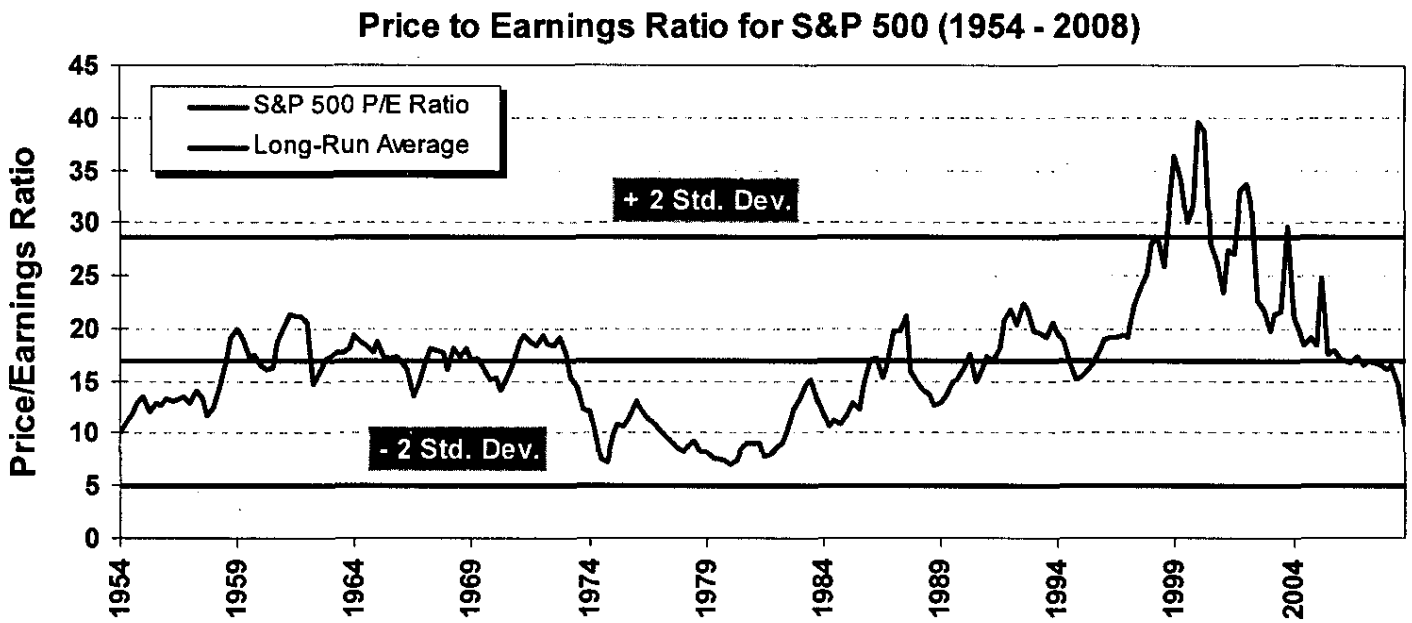
The Current Economic Environment

Slow going until 2010.

- **The Fed cut rates 500 basis points in response to the financial turmoil that began unfolding in 2007.**
  - The Federal Funds Rate is now down to 0.25%.
  - The Fed is focused on stabilizing the financial system and kick-starting the economy. Deflation is a real problem once again; future inflationary pressures of Fed and Treasury actions are less of a concern.
- **Callan's outlook:**
  - Inflation will be contained and low interest rates will persist.
  - Historic nominal return averages may be hard to achieve over the long run, but...
  - Stocks will likely lead the economic recovery, and could generate above-trend results coming off the bottom. The timing is unclear.
  - Solvency rather than liquidity is the real problem that must be worked through in the capital markets – liquidity is emotion, solvency is hard numbers.
  - The dollar will likely remain down as the Fed focuses on fighting a recession, but U.S. Treasuries will continue to be valued as the safest store of value in a time of uncertainty.
- **Biggest challenge facing investors – determining when we might hit bottom in the slowdown, and how the capital markets will respond.**

Equity Is More Reasonably Priced

Trailing P/E Dips Below Its Long Run Average



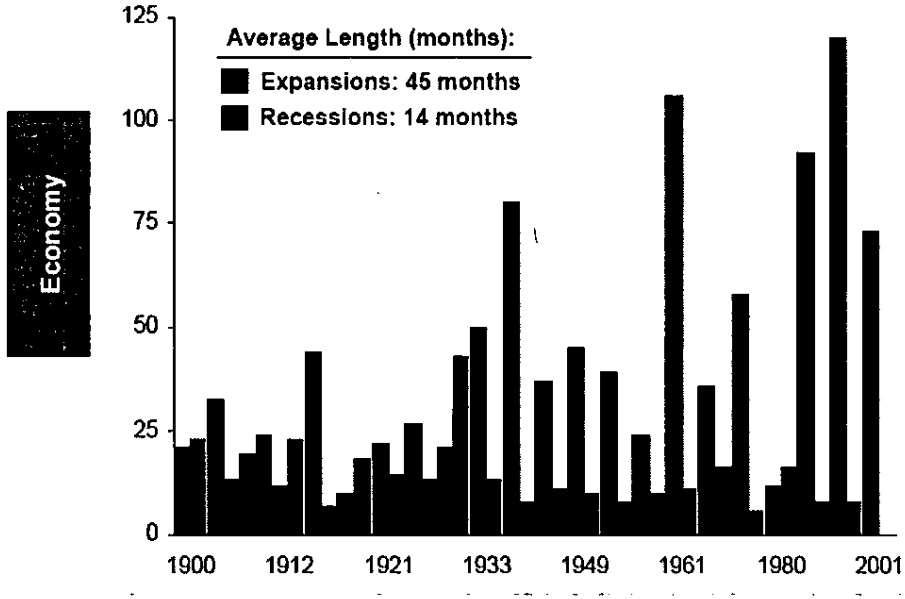
Trailing earnings as reported for the fiscal year; includes negative earnings from 1998 onward.

Past Recessions and Subsequent Market Performance

Economic Expansions and Recessions

Market Insight Series

Length of Economic Expansions and Recessions Since 1900



Recessions and Market Returns

Year	Length (months)	Return During Recession	Return 6-mo's After
1948	11	3.9%	12.2%
1953	10	18.3%	16.4%
1957	8	-7.6%	20.4%
1960	10	11.6%	9.0%
1969	11	-7.5%	20.6%
1973	16	-17.9%	1.1%
1980	6	8.1%	8.2%
1981	16	7.0%	18.8%
1990	8	3.4%	4.0%
2001	8	-4.7%	-4.5%
AVG	10	1.4%	10.6%

Source: NBER, Standard & Poor's, JPMorgan Asset Management.

(Left chart) Data for length of economic expansions and recessions obtained from the National Bureau of Economic Research (NBER). This data can be found at www.nber.org/cycles/ and reflects data through December 2007.

(Right chart) Data computed using the S&P 500 Index price return (does not include dividends). Dates used are based on NBER dates for the beginning and end of recession periods. Dates shown reflect the year in which each respective recession began. Returns are calculated based on the average monthly S&P 500 Index value as recessions do not begin or end on a specified day.

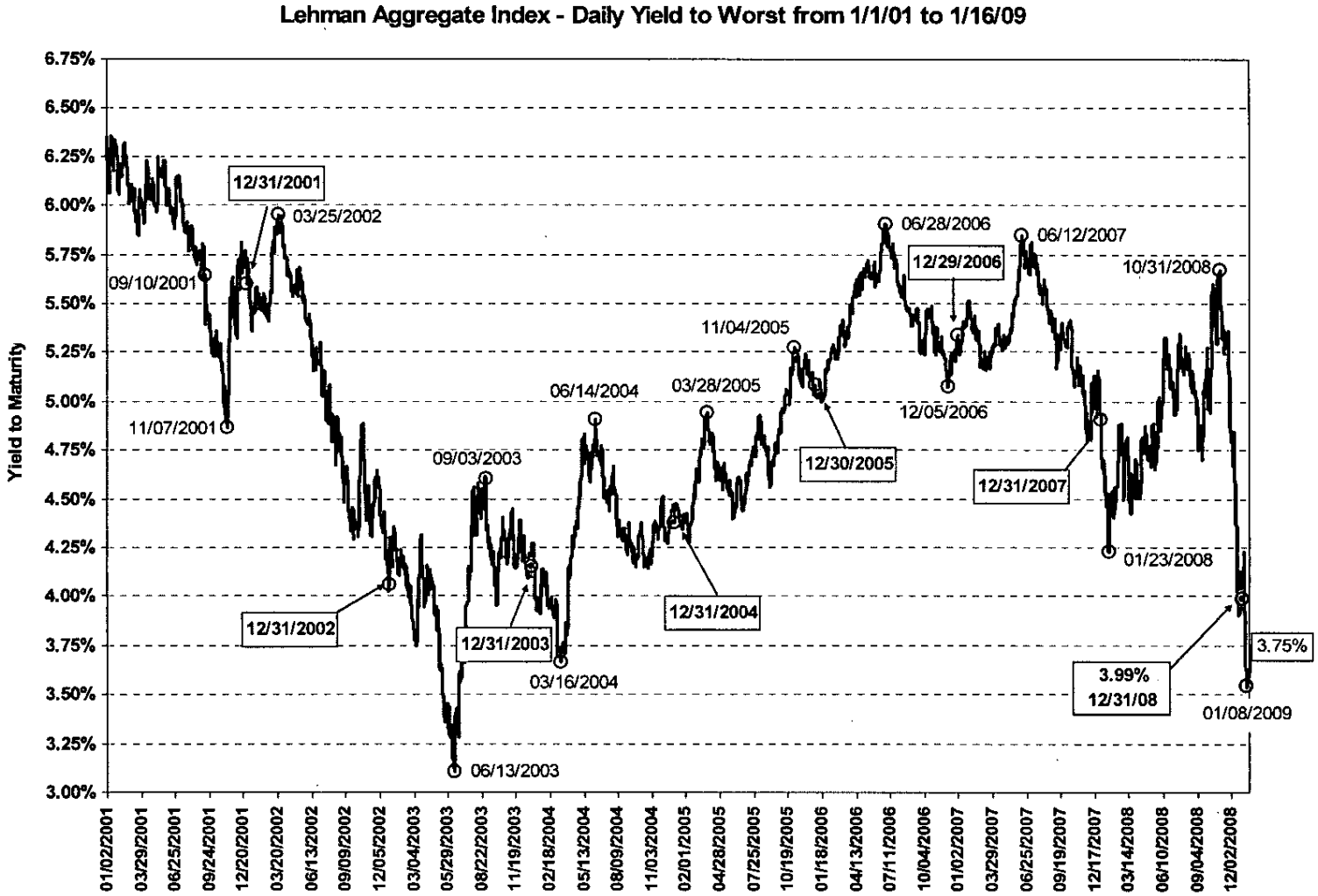
JPMorgan
Asset Management

12

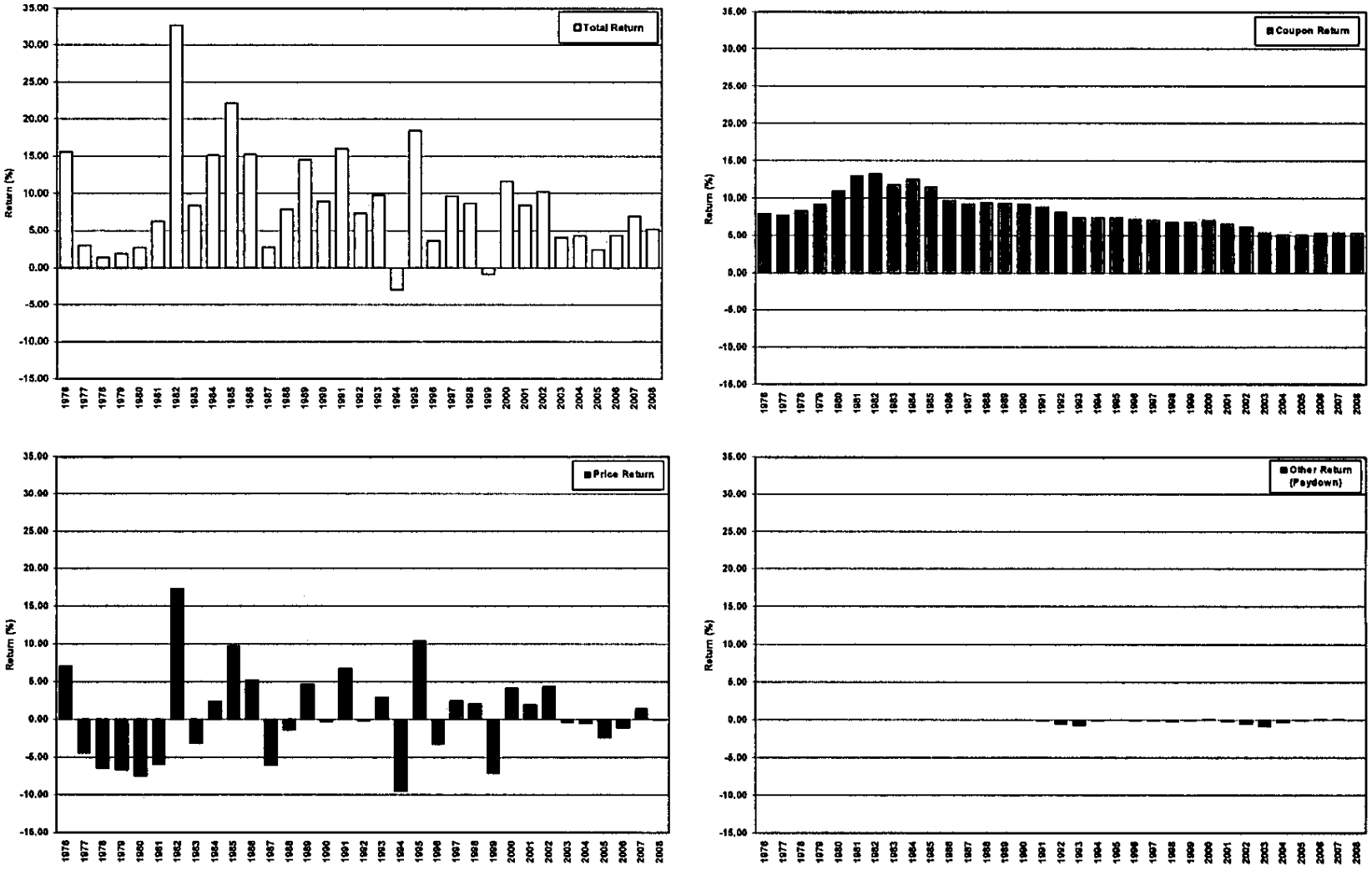
- **Reproduced from JP Morgan Guide to the Markets, December 31, 2008.**

Current Yield is Exceptionally Low

Aggregate Masks Substantial Divergence in Sector Yields

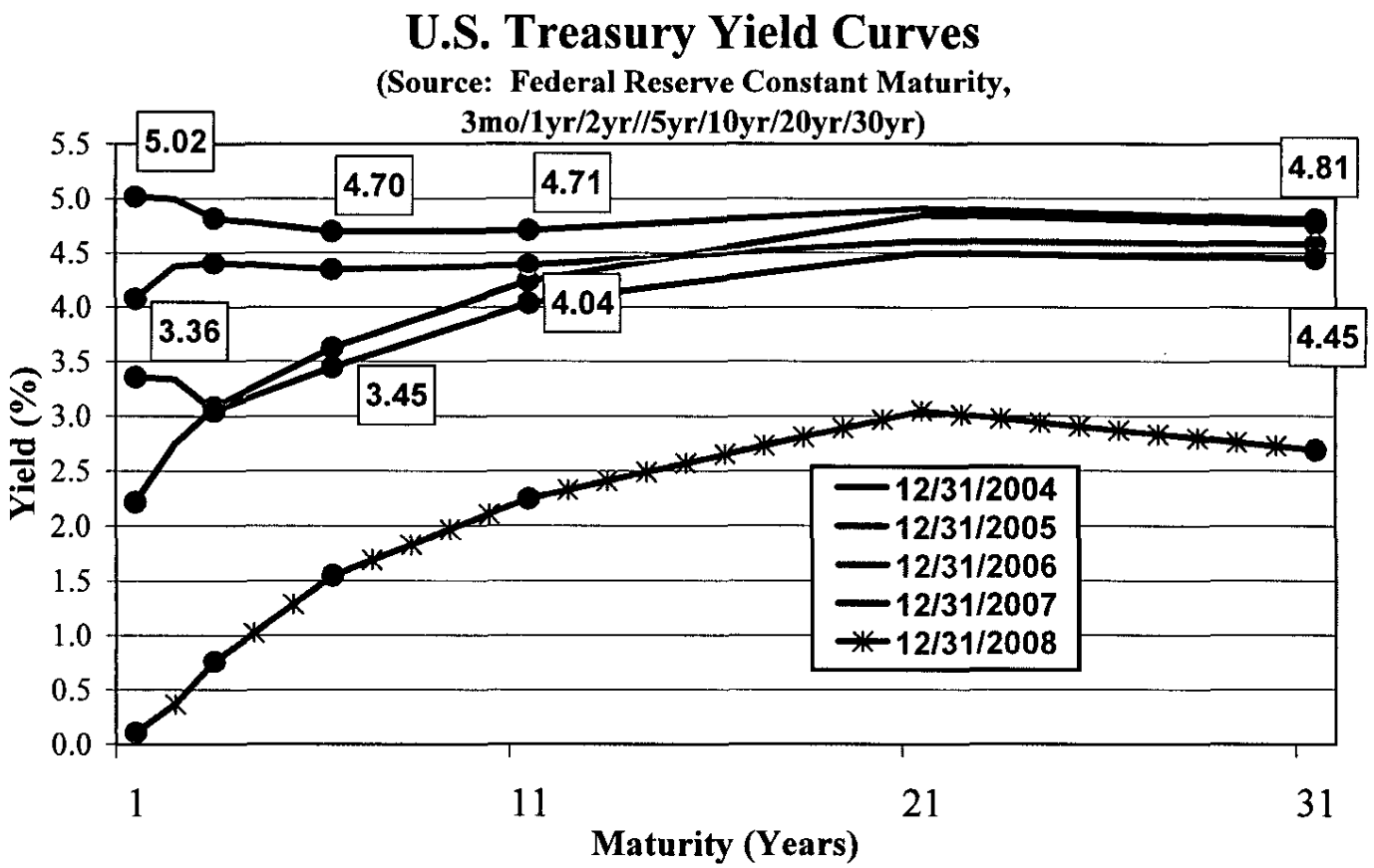


BC Aggregate Index - Annual Return Breakdown



Source: www.lehmanlive.com.

Does the Treasury Yield Curve Relate to Broad Market Opportunities?



Bond Market Opportunities

- We don't know when markets will react positively to the extraordinary governmental policy actions taken to restore liquidity to credit markets, but we are confident that they will.
- We believe that risk spreads (both credit and equity) have reached very attractive levels and patient investors will be handsomely rewarded from recent price levels.
- We do not expect credit spreads to return to the slim premiums of 2004 to early 2007.
- The extraordinarily low yield and duration on the Aggregate mask the extreme divergence between the component sectors of the index, and therefore the potential opportunities.
- Very large increase in specialized "distress" oriented fixed investing.

2009 Capital Market Expectations

- Major question - Did we go through a "game-changing" experience, or a somewhat extreme but within-the-bounds-of-expected bump in the long-term capital markets road?
- All asset classes repriced in the recent market dislocation. Value opportunities are emerging throughout the capital markets. General theme: this revaluation suggests better potential returns going forward, and a steeper capital market line.
- We held our inflation expectation at 2.75%. Inflation topped 5% in mid-2008 yet finished the year with a decline. A recession solved our inflation problem over the short term, and the reversal in oil prices played a large role. Inflation could easily resume, especially given the massive monetary and fiscal stimulus in the pipeline.
- Cash is projected to generate a slight positive real return (3.0%). We do not expect current low rates to persist over a five- to ten-year time horizon.

2009 Capital Market Expectations

- Bond returns held at 5.25%. Current measures of the broad market are very unusual. We expect Treasury rates to rise, but spreads will narrow and opportunities abound in the non-Treasury portion of the market.
- Project an upward sloping yield curve, with a risk premium for bonds over cash (2.25%).
- Building equity returns from long-term fundamentals gets us to about 9%: 3-4% real GDP growth, which means 5.75%-6.75% nominal earnings growth, 2% dividend yield, 0.5%-1.0% "buyback yield". Shorter term, these fundamentals may look weak, but equity looks cheap relative to longer-term valuations. Equity markets tend to perform well after substantial declines, and typically lead the economy out of recession. Broad U.S. equity expectations are increased 50 bps, from 9.0% to 9.5%. Non-U.S. equity returns are increased by a similar amount.
- Real estate return held at 7.6%; returns may not recover as quickly as liquid equity markets.
- Private equity return held at 12%, narrowing its premium over public equity markets.

National Assoc. of College & University Business Officers

NACUBO Study – Data as of 6/30/08
How are others with similar objectives invested?

Average Asset Class Allocation of Total Assets

Investment Pool Assets	Equity %	Fixed Income %	Real Estate %	Cash %	Hedge Funds %	Private Equity %	Venture Capital %	Natural Resources %	Other %
Greater Than $1 Billion	39.4	10.8	6.4	1.4	22.6	10.0	3.6	5.3	0.5
> $500 Million to ? $1 Billion	42.5	14.6	6.1	1.9	19.2	7.7	2.8	3.5	1.7
> $100 Million to ? $500 Million	50.4	16.5	4.1	2.5	16.4	4.3	1.2	3.0	1.7
> $50 Million to ? $100 Million	54.1	20.3	4.2	4.4	11.5	1.8	0.5	.19	1.4
> $25 Million to ? $50 Million	57.6	20.8	4.1	3.4	10.4	1.0	0.3	1.2	1.1
Less Than or Equal to $25 Million	55.9	27.1	2.2	8.1	3.3	0.6	0.3	0.4	2.1
Public	51.7	21.4	3.5	4.8	11.0	2.9	0.8	2.4	1.6
Private	52.0	18.1	4.4	3.4	13.8	3.5	1.2	2.2	1.5
Equal-weighted Average	51.9	19.2	4.1	3.9	12.9	3.3	1.1	2.2	1.5
Dollar-weighted Average	40.0	13.1	6.5	0.5	21.0	8.4	3.2	6.5	0.9

774 institutions provided investment pool asset class data in 2008. Table data are equal weighted unless otherwise noted. Natural resources include: Timber, Oil and Gas Partnerships, and Commodities.

2009 Capital Market Expectations

Return and Risk

Asset Class	Arithmetic Mean	5-Year Geometric Mean	10-Year Geometric Mean	Projected S.D.
Broad Domestic Equity	10.35	9.63	9.49	16.39
Large Cap	9.95	9.36	9.23	15.25
Small/Mid Cap	11.95	10.33	10.05	22.60
International Equity	10.60	9.47	9.26	19.30
Emerging Markets Equity	13.00	10.54	10.13	27.00
Global	10.28	9.63	9.49	15.85
Domestic Fixed	5.25	5.25	5.24	5.00
Non US Fixed	5.15	4.88	4.83	9.60
Real Estate/Infrastructure	8.55	7.75	7.61	16.10
Private Equity	17.25	12.38	11.59	37.00
Absolute Return	7.20	6.99	6.93	10.00
Cash Equivalents	3.00	3.03	3.03	0.80

Source: Callan Associates Inc.

2009 Capital Market Expectations

Correlation Coefficient Matrix

Key to Constructing Efficient Portfolios

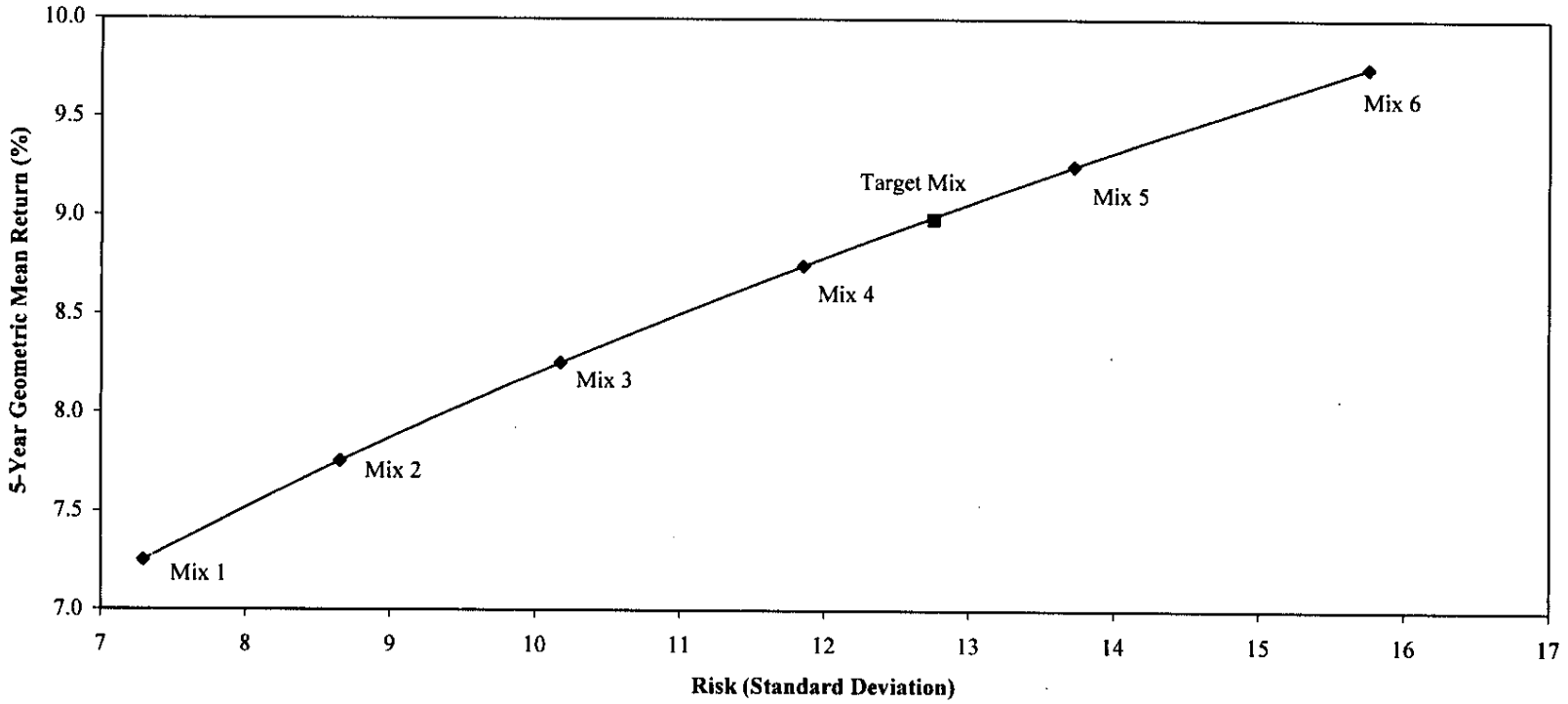
	Broad Domestic Equity	Large Cap	Small/ Mid Cap	Interna-tional Equity	Emerging Markets Equity	Global	Domestic Fixed	Non US Fixed	Real Estate/ Infra	Private Equity	Absolute Return	Cash Equiv-alents
Broad Domestic Equity	1.00	0.98	0.94	0.68	0.79	0.89	0.15	-0.04	0.54	0.92	0.56	-0.12
Large Cap	0.98	1.00	0.90	0.68	0.79	0.89	0.17	-0.02	0.54	0.91	0.56	-0.10
Small/Mid Cap	0.94	0.90	1.00	0.64	0.74	0.82	0.07	-0.06	0.51	0.87	0.51	-0.15
International Equity	0.68	0.68	0.64	1.00	0.75	0.94	0.14	0.18	0.51	0.85	0.60	-0.20
Emerging Markets Equity	0.79	0.79	0.74	0.75	1.00	0.84	0.05	0.05	0.53	0.85	0.53	-0.15
Global	0.89	0.89	0.82	0.94	0.84	1.00	0.17	0.10	0.57	0.96	0.63	-0.17
Domestic Fixed	0.15	0.17	0.07	0.14	0.05	0.17	1.00	0.43	0.15	-0.02	0.41	0.30
Non US Fixed	-0.04	-0.02	-0.06	0.18	0.05	0.10	0.43	1.00	0.05	0.02	0.24	0.10
Real Estate/Infrastructure	0.54	0.54	0.51	0.51	0.53	0.57	0.15	0.05	1.00	0.55	0.43	-0.06
Private Equity	0.92	0.91	0.87	0.85	0.85	0.96	-0.02	0.02	0.55	1.00	0.54	-0.10
Absolute Return	0.56	0.56	0.51	0.60	0.53	0.63	0.41	0.24	0.43	0.54	1.00	0.15
Cash Equivalents	-0.12	-0.10	-0.15	-0.20	-0.15	-0.17	0.30	0.10	-0.06	-0.10	0.15	1.00

Source: Callan Associates Inc.

Illustrative Efficient Mixes Using 2009 Projections

Portfolio Component	Target	Min	Max	Mix 1	Mix 2	Mix 3	Mix 4	Mix 5	Mix 6
Large Cap	21	0	100	15	17	20	23	26	29
Small/Mid Cap	5	0	100	4	5	6	7	8	9
International Equity	8	0	100	3	4	5	6	7	9
Global	14	0	100	6	8	10	12	14	17
Emerging Markets Equity	5	0	100	1	2	3	3	4	4
Domestic Fixed	19	0	100	56	47	38	28	18	5
Non US Fixed	3	0	100	4	3	2	1	0	0
Real Estate/Infrastructure	13	0	100	6	7	7	8	9	10
Private Equity	6	0	100	2	3	4	6	7	8
Absolute Return	6	0	100	3	4	5	6	7	9
Cash Equivalents	0	0	100	0	0	0	0	0	0
Totals	100			100	100	100	100	100	100
Expected Return	9.35			7.27	7.83	8.41	9.02	9.68	10.38
5 Yr. Avg. Simulated Return	9.00			7.25	7.75	8.25	8.75	9.25	9.75
10 Yr. Avg. Simulated Return	8.91			7.22	7.71	8.19	8.67	9.15	9.62
Standard Deviation	12.82			7.30	8.65	10.17	11.85	13.72	15.75

Efficient Frontier Graph



Supplemental Material

Housing Information

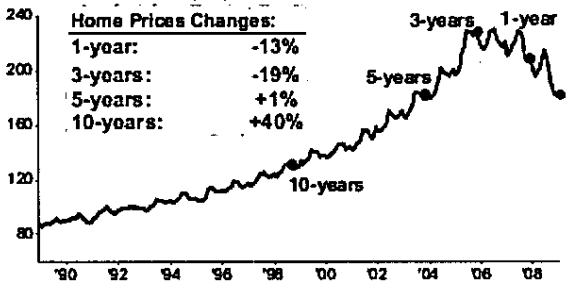
The Aftermath of the Housing Bubble

Market Insight Series

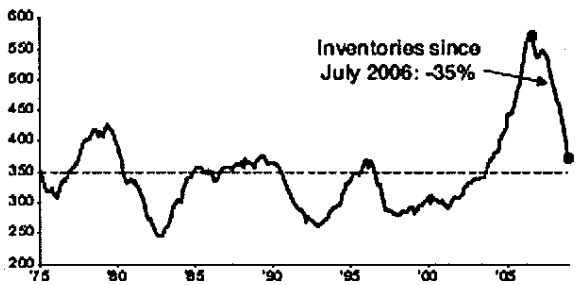
Economy

Median Home Prices
Thousands, non-seasonally adjusted

Home Prices Changes:	
1-year:	-13%
3-years:	-19%
5-years:	+1%
10-years:	+40%

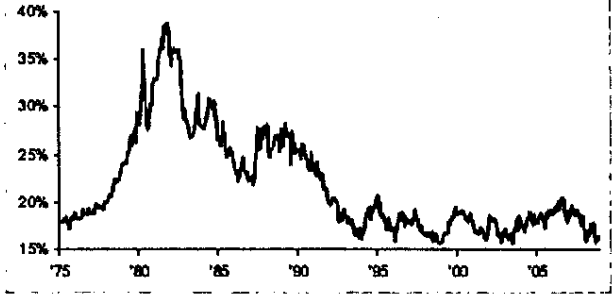


Unsold New Homes
Thousands, seasonally adjusted



Housing Starts
Thousands, seasonally adjusted annual rate

Mortgage Payment on Average New Home
% of average household personal income



Source: Census Bureau, FactSet, EcoWin, JPMorgan Asset Management.

Data reflects most recently available as of 12/31/08.

Home price based on median sales price of existing homes and are cumulative, not annualized. Existing-home sales include single-family, townhomes, condominiums and co-ops.

Source: (top chart) Census Bureau, FactSet, EcoWin, JPMorgan Asset Management.

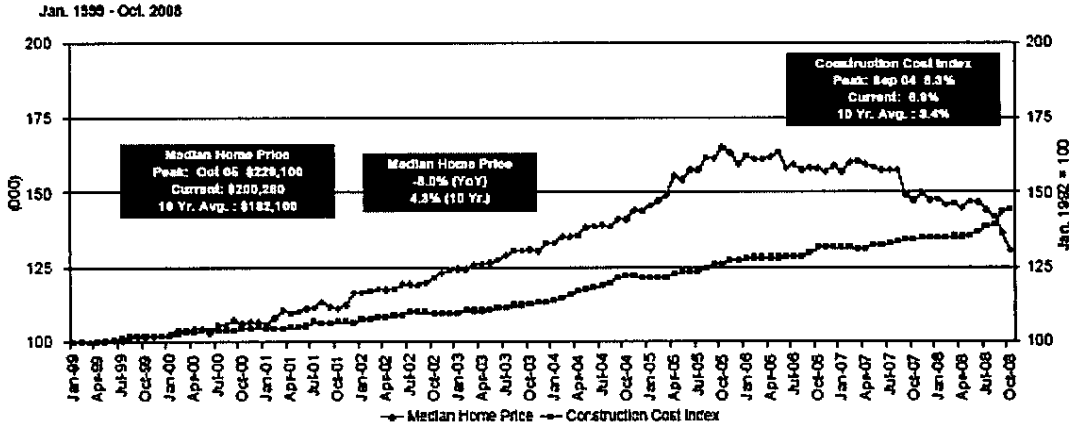
Source: (bottom chart) Census Bureau, Federal Reserve Board, BEA, JPMorgan Asset Management.

Data reflects most recently available as of 12/31/08.

JPMorgan
Asset Management

Home Prices

Exhibit 7
SF Median Home Prices



	1999-2008 Avg.	Oct-08	Oct-07	Oct-06	Oct-05	Oct-04	Oct-03	Oct-02	Oct-01	Oct-00	Oct-99
Median Home Price	$182,100	$200,260	$217,630	$222,670	$213,333	$189,893	$176,370	$163,000	$152,590	$144,900	$139,440
Median HP YoY %	4.3%	-8.0%	-2.3%	4.4%	12.3%	7.7%	7.5%	7.5%	5.3%	3.9%	4.1%
Construction Cost YoY %	3.4%	6.5%	3.7%	3.0%	3.3%	6.3%	2.3%	3.1%	2.7%	1.6%	2.8%

Median Home Price – Single Family detached units only – Seasonally adjusted – Based on NAR, Case Shiller data as compiled by Moody's Economy.com

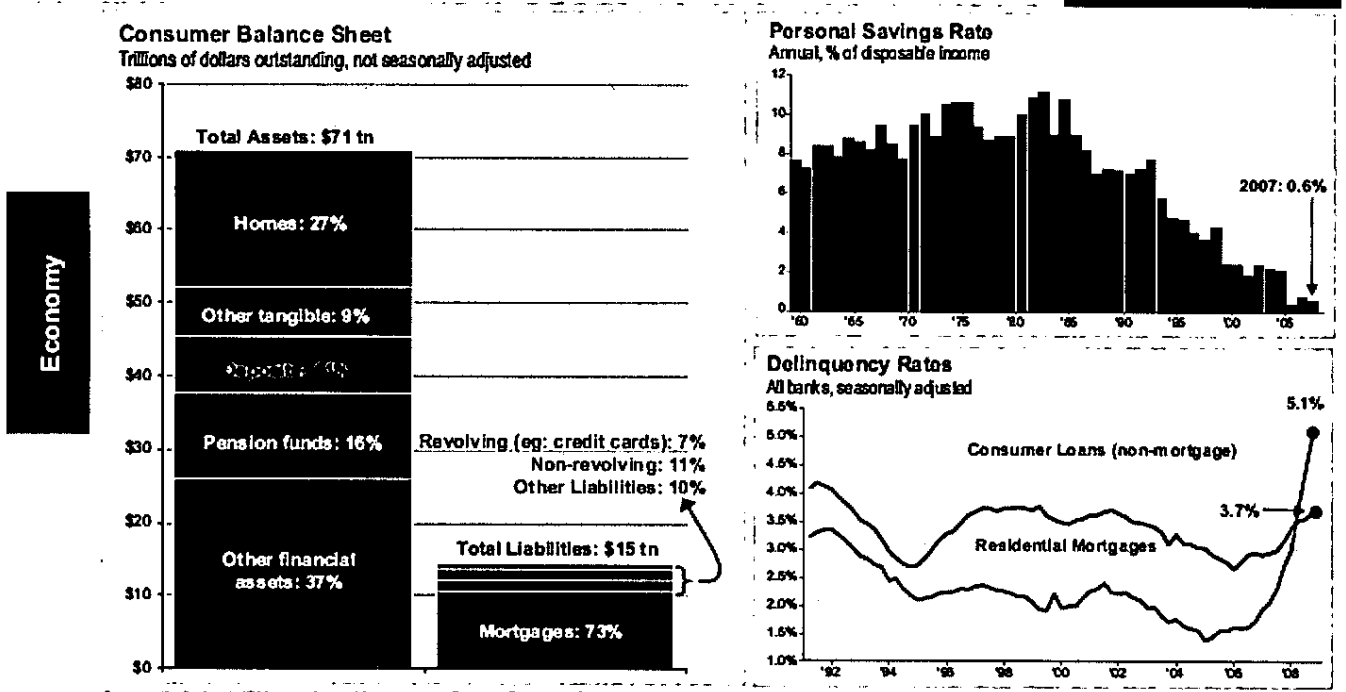
Source: Moody's Economy.com and Engineering News-Record

Consumer Balance Sheet

The U.S. Consumer

Market Insight

Economy



Source: (Left chart) JPMorgan Asset Management, Federal Reserve. Data includes households and nonprofit organizations. (Right charts) JPMorgan Asset Management, BEA, Federal Reserve.

Personal savings rate is calculated as personal savings (after-tax income – personal outlays) divided by after-tax income. Employer and employee contributions to retirement funds are included in after-tax income but not in personal outlays, and thus are implicitly included in personal savings.

Data are as of 3Q08.

JPMorgan
Asset Management

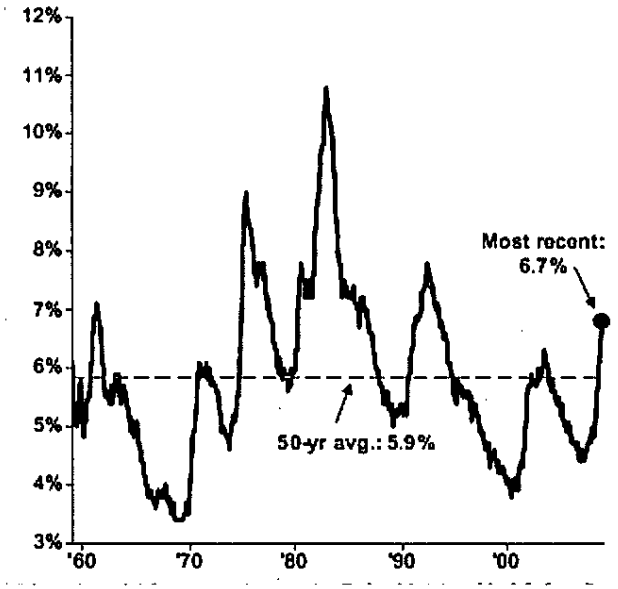
Unemployment & Employment Trends

Employment

Market Insight Series

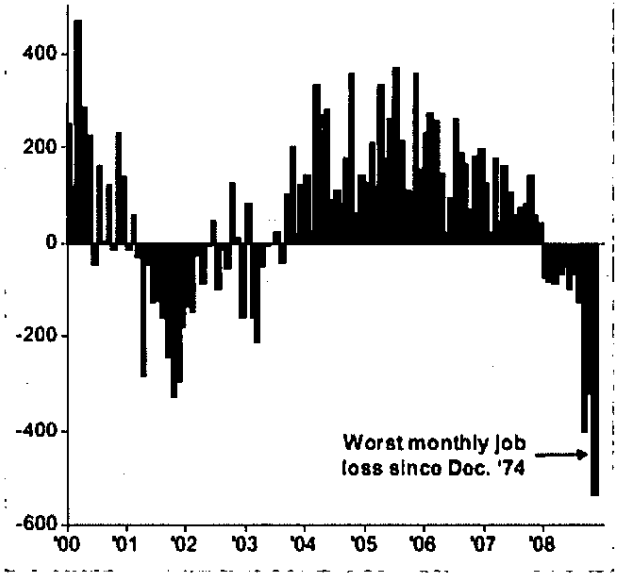
Economy

Civilian Unemployment Rate
Seasonally adjusted



Source: BLS, JPMorgan Asset Management.
Data reflects most recently available as of 12/31/08.

Employment - Total Non-farm Payroll
Total job gain/loss (thousands)



Source: BLS, JPMorgan Asset Management.
Data reflects most recently available as of 12/31/08.

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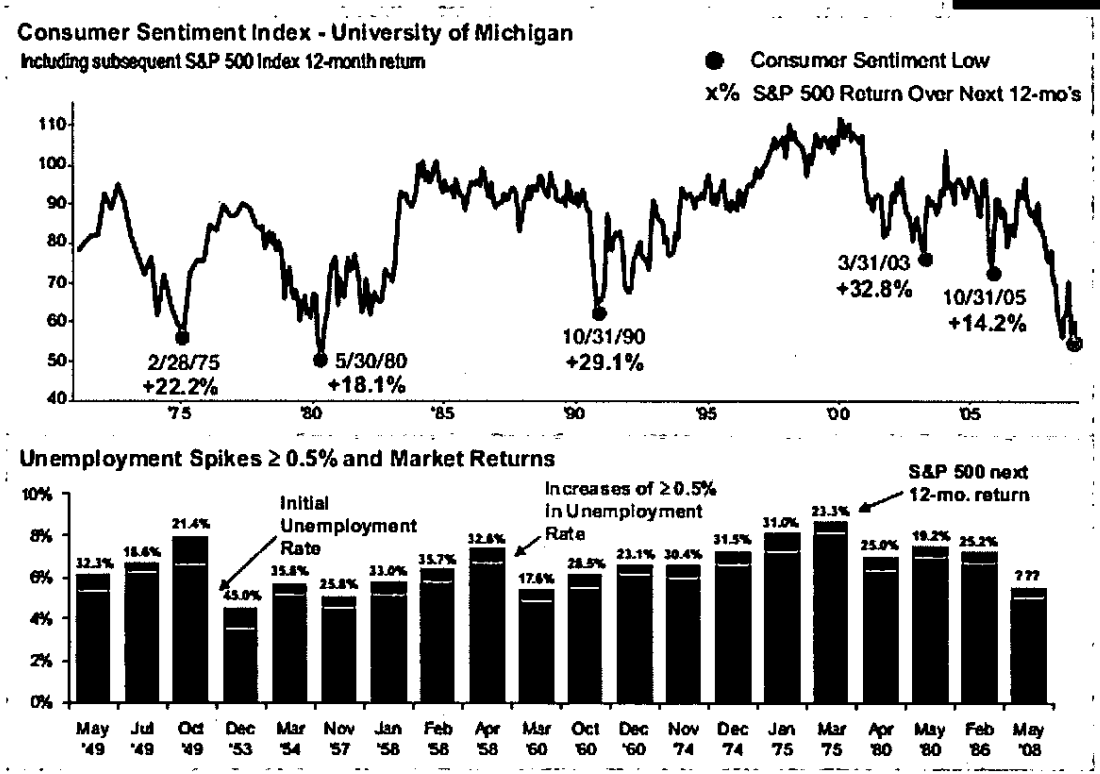
Consumer Sentiment

Lagging Economic Indicators

Market Insight Series

Economy



Source: Standard & Poor's, BLS, FactSet, University of Michigan, JPMorgan Asset Management.

Market return reflects S&P 500 Price Index return (not including dividends) for 12-month period following each low in consumer sentiment and unemployment spike, as indicated in chart. Returns are calculated using month-end values. The top chart does not imply that November 2008 is a new low in consumer sentiment.

JPMorgan Asset Management

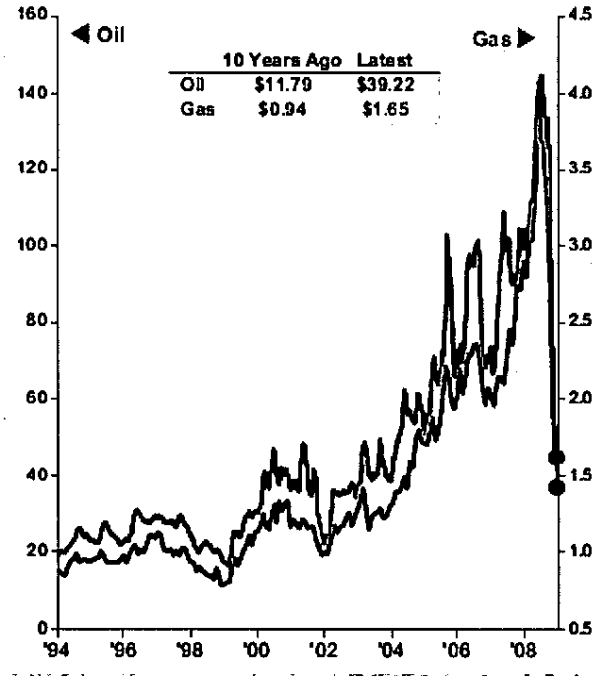
Oil Prices & Impact

Oil and the Economy

Market Insight Series

Economy

WTI Crude Oil & Retail Gasoline Prices



Source: EcoWin, U.S. Department of Energy, FactSet, JPMorgan Asset Management.
Data reflects most recently available as of 12/31/08.

Economic Drag of Oil Prices

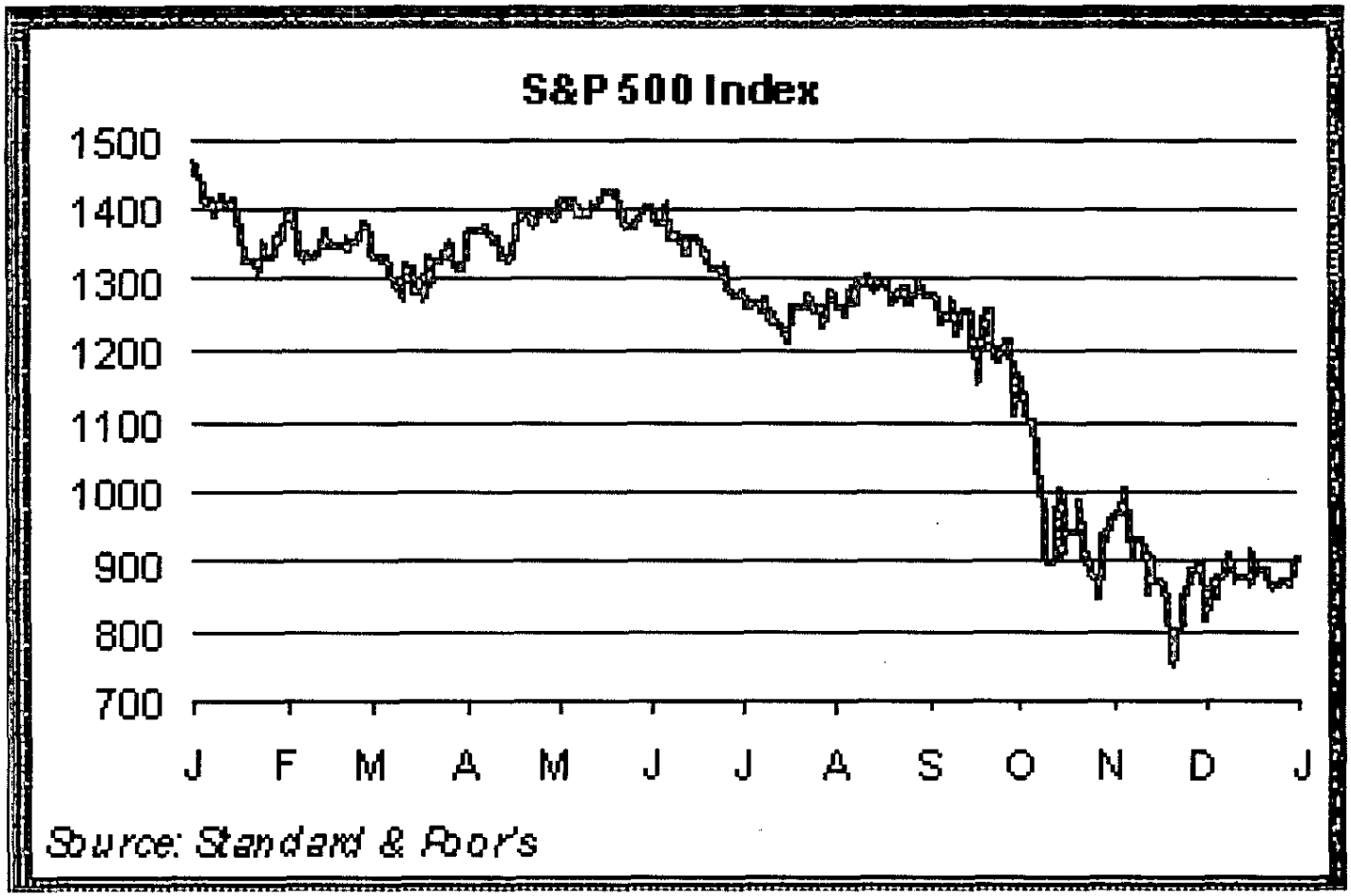
U.S. Petroleum Imports as a % of GDP

World Oil Consumption - Percent Change, millions of barrels

Source: Bureau of Economic Analysis, U.S. Department of Energy, JPMorgan Asset Management.
Data reflects most recently available as of 12/31/08.

JPMorgan Asset Management

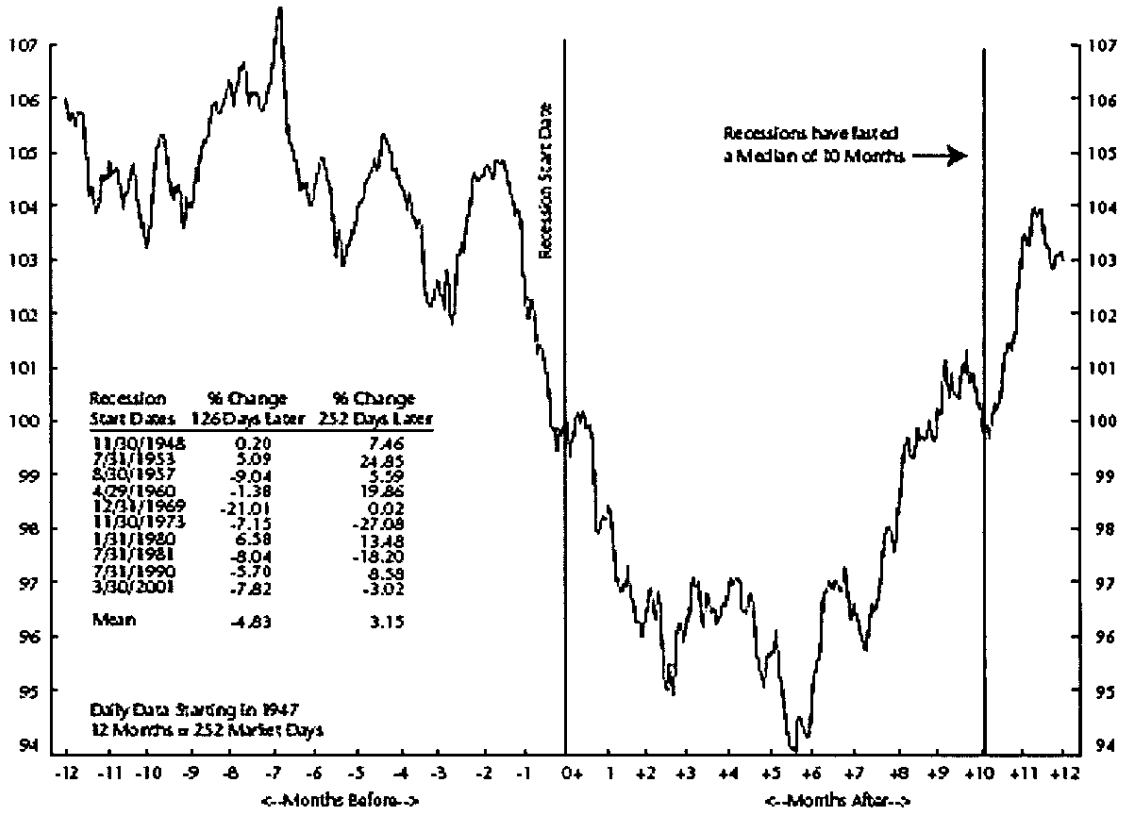
S&P 500 2008


S&P 500 Index
1500
1400
1300
1200
1100
1000
900
800
700
J F M A M J J A S O N D J
Source: Standard & Poor's

Performance during recessions

Exhibit 2: Stock Market Behavior during Post-War Recessions

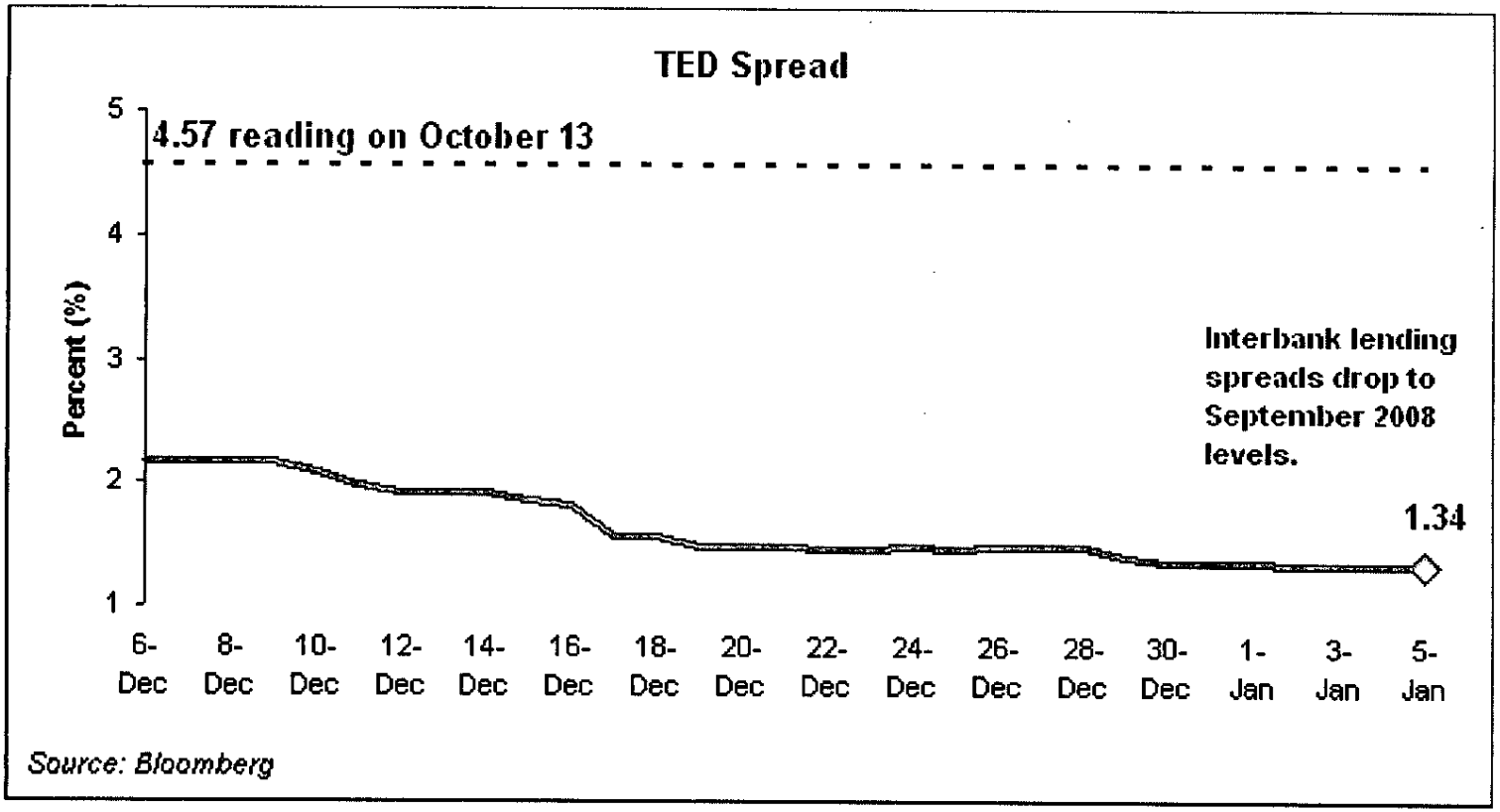
S&P 500 Around Post-War Recession Start



Recession Start Dates	% Change 126 Days Later	% Change 252 Days Later
11/30/1948	0.20	7.46
7/31/1953	5.09	24.85
8/30/1957	-9.04	5.59
4/29/1960	-1.38	19.86
12/31/1969	-21.01	0.02
11/30/1973	-7.15	-27.08
1/31/1980	6.58	13.48
7/31/1981	-8.04	-18.20
7/31/1990	-5.70	8.58
3/30/2001	-7.82	-3.02
Mean	-4.83	3.15

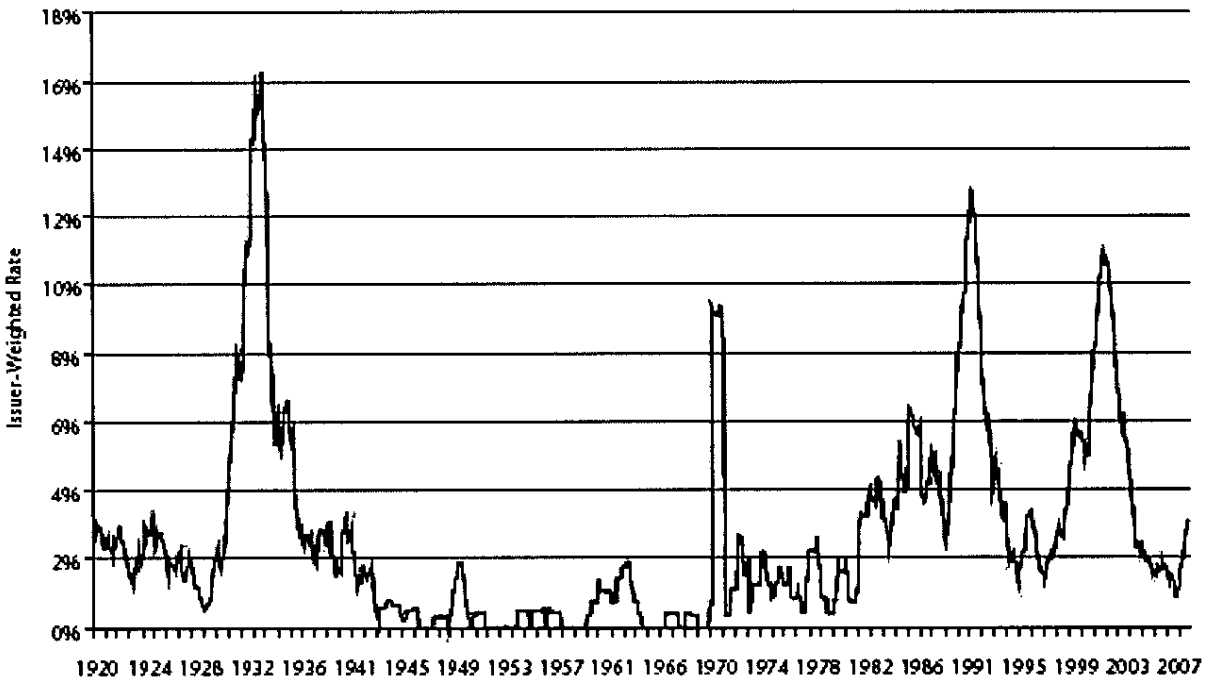
Source: Ned Davis Research, Inc.

Ted Spread – Huge Improvement From Sept – Nov.



Long-term High Yield Default Experience

Exhibit 5: Moody's Speculative Grade Default Rates
Global Issuers
Monthly, April 1920 - November 2008



Source: Moody's Investors Service

Graph reproduced from Principal Global Investors Jan. 2009

Tax Exempt Yields vs. Treasury

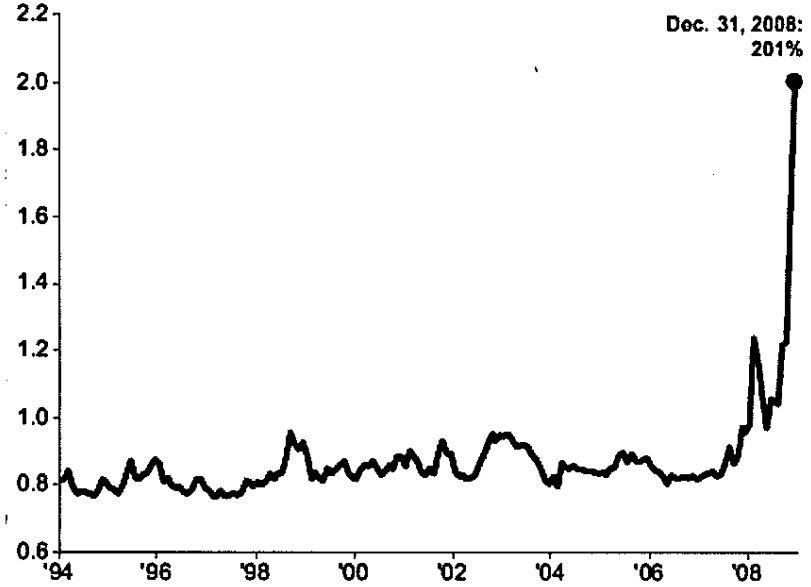
Municipal Bonds

Market Insight Series

Fixed Income

Ratio of Municipal Bond Index Yield to the 10-year Treasury Yield

In theory, the Municipal yield should equal the Treasury yield x (1- tax rate)



Interest Rate Sensitivity: Change in yield (bps) of Treasuries vs. Muni's

Year	Treasury	Muni
1994	204	159
1995	-226	-140
1996	84	20
1997	-68	-53
1998	-109	-26
1999	179	100
2000	-133	-77
2001	-8	-4
2002	-121	-87
2003	43	-20
2004	-4	11
2005	18	34
2006	31	-3
2007	-68	2
2008	-178	60

Source: FactSet, Barclays Capital Inc., JPMorgan Asset Management.

This above chart is shown for illustrative purposes only, and is shown using monthly data and a 3-month moving average. Interest Rate Sensitivity (right-hand chart) represents change in yield (bps) for the U.S. 10-year Treasury and the Barclays Capital Municipal Bond 10-Year as provided by FactSet. Data are as of 12/31/08.

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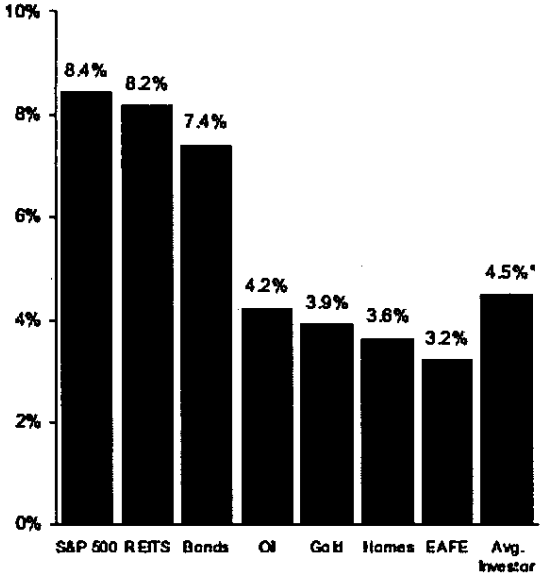
Market Background

Long-term Returns and Bear Market Cycles

Market Insight Series

20-Year Annualized Returns



Bear Market Cycles vs. Subsequent Bull Runs

Market Peak	Market Low	Bear Return	Length of Decline	Bull Run	Bull Run Length	Yrs to Reach Prev. Peak
5/29/46	5/19/47	-28.6%	12	257.6%	122	3.1 yrs
7/15/57	10/22/57	-20.7%	3	86.4%	50	0.9 yrs
12/12/61	6/26/62	-28.0%	6	79.8%	44	1.2 yrs
2/9/66	10/7/66	-22.2%	8	48.0%	26	0.6 yrs
11/29/68	5/26/70	-36.1%	18	74.2%	31	1.8 yrs
1/5/73	10/3/74	-48.4%	21	125.6%	74	5.8 yrs
11/28/80	8/12/82	-27.1%	20	228.8%	60	0.2 yrs
8/25/87	12/4/87	-33.5%	3	582.1%	148	1.6 yrs
3/24/00	10/9/02	-49.1%	31	101.5%	60**	4.6 yrs
Average:		-32.6%	14 mo's	176.0%	68 mo's	2.2 yrs

Asset Class

Source: Standard & Poor's, FTSE, MSCI Inc., Nymex, Barclays Capital Inc., NAR, EcoWin, JPMorgan Asset Management.

The above charts are shown for illustrative purposes only. Past returns are no guarantee of future results.

The indexes used are as follows (left chart): S&P 500 Index: Standard & Poor's 500 Index, REITS: NAREIT Equity Reits Index, EAFE: MSCI EAFE, Oil: West Texas Intermediate Index, Bonds: Barclays Capital U.S. Aggregate Index, Homes: Median Sales Price of Existing Single-family homes, Gold: USD/troy oz. All returns are annualized (and total return where applicable), and represent the 20-year period ending 12/31/07. Average equity investor return is based on an analysis by Dalbar, Inc. which utilizes the net of aggregate mutual fund sales, redemptions and exchanges each month as a measure of investor behavior. *DALBAR returns are through 2007, next update due in 1Q09.

In the table to the right, a bear market is defined as a peak-to-trough decline in the S&P 500 Index (price only) of 20% or more. The bull run data reflect the market expansion from the bear market low to the subsequent market peak. All returns are S&P 500 Index returns, and do not include dividends.

**Most recent bull run is through market peak of 10/9/07.

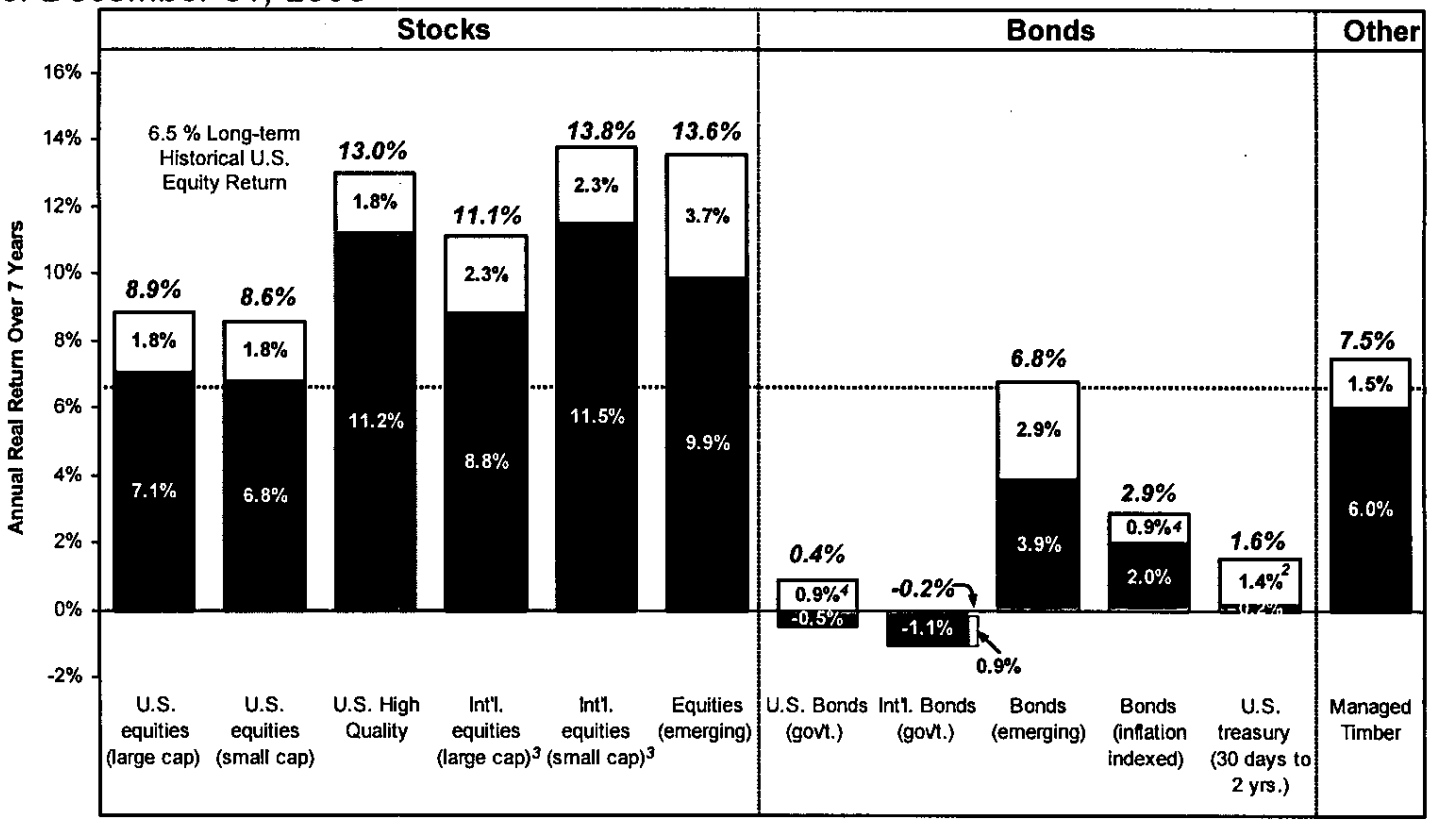
JPMorgan Asset Management

Projections from others - GMO

GMO 7-Year Asset Class Return Forecasts*

- Expected Value Added
- Real Return (Asset Class Index)

As of December 31, 2008



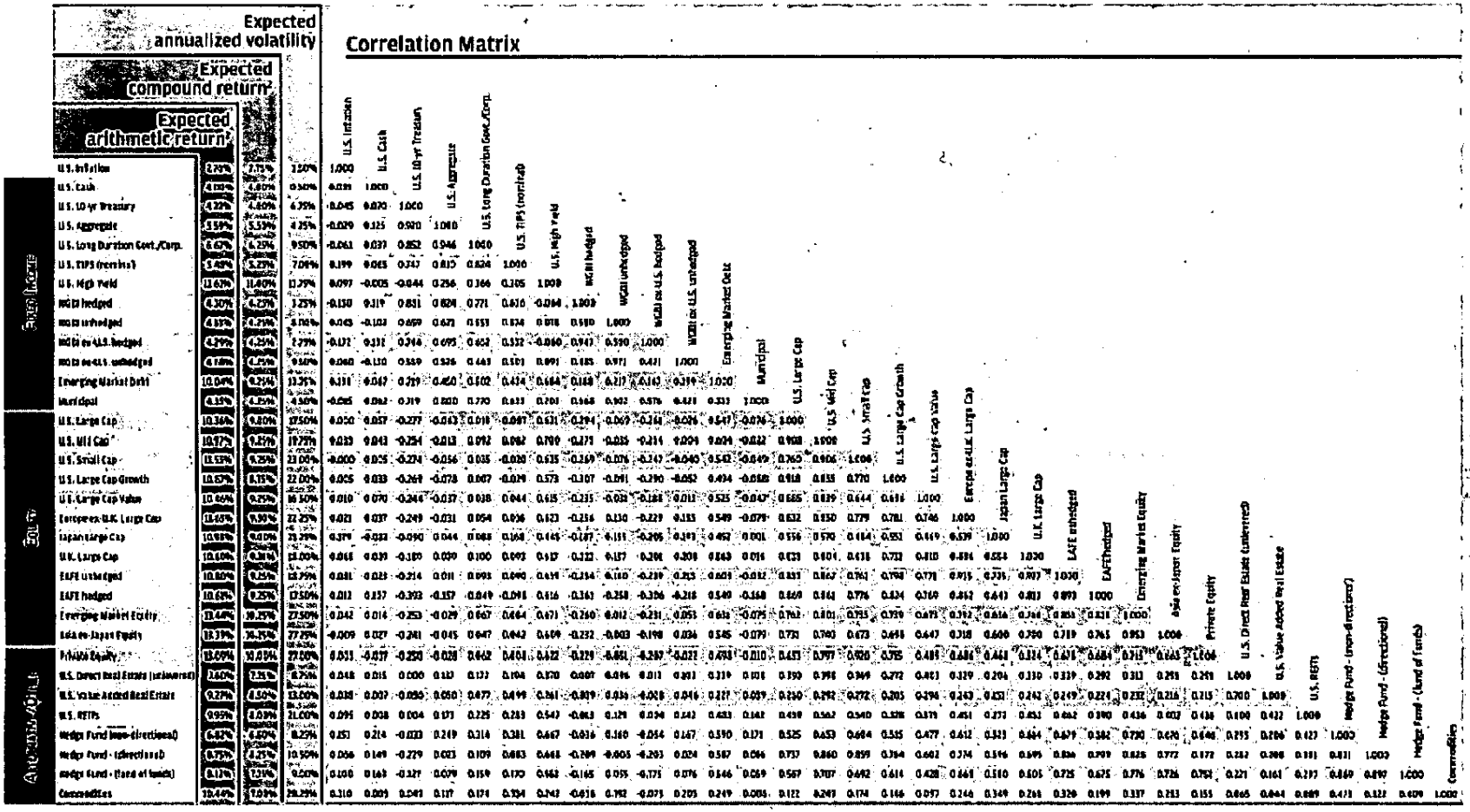
Estimated Range of 7-Year Annualized Returns	±6.5	±7.0	±6.0	±6.5	±7.0	±10.5	±4.0	±4.0	±8.5	±1.5	±1.5	±5.5

*The chart represents real return forecasts[1] for several asset classes and an estimate of value expected to be added from active management. These forecasts are forward-looking statements based upon the reasonable beliefs of GMO and are not a guarantee of future performance. Actual results may differ materially from the forecasts above.

[1] Long-term inflation assumption: 2.5% per year.
[2] Alpha transported from management of global equities.
[3] Return forecasts for international equities are ex-Japan.
[4] Alpha transported from management of global bonds.

Source: GMO

JP Morgan Asset Class Projections



Source JP Morgan 11/30/08

Year-end Strategists Projections

Strategists' 2009 S&P 500 Price Targets			
Firm	Strategist	2009 Price Target	Expected 2009 % Change
UBS	David Bianco		
Deutsche Bank	Binky Chadha	1,140	26.2
Goldman Sachs	David Kostin	1,100	21.8
Strategas	Jason Trennert	1,100	21.8
JP Morgan	Thomas Lee	1,100	21.8
Credit Suisse	Andrew Garthwaite	1,050	16.2
Citi	Tobias Levkovich	1,000	10.7
HSBC	Kevin Gardiner	1,000	10.7
Morgan Stanley	Abhijit Chakrabortti	975	7.9
Merrill Lynch	Richard Bernstein	975	7.9
Barclays	Barry Knapp	874	-3.2
	Average	1,056	16.9

Alaska State Senate
Senate Finance Committee

Official Business

Mail Stop 3100
State Capitol
Juneau, Alaska 99801-1182

AGENDA

Tuesday, February 10, 2009 9:00 AM

Overview:
Economic and Capital Market Outlook & Permanent Fund Performance Review

Michael O'Leary, EVP, Callan Associates
Mike Burns, Executive Director, Alaska Permanent Fund Corporation

Questions:
Steve Frank, Chair, Alaska Permanent Fund Corporation Board
(VIA TELE)
Jerry Burnett, Deputy Commissioner, Division of Treasury, DOR
Michael Barnhill, Assistant Attorney General, Department of Law

ALASKA PERMANENT FUND
FUND FINANCIAL HISTORY & PROJECTIONS
as of December 31, 2008

Projections will extend ten years, and are based on best available information ($ in millions)

		Reserved Fund Balance - Principal							Unreserved Fund Balance								TOTAL FUND	
		FY-Begin Contrib. Balance	Appro-priations [1]	Dedicated State Revenues [2]	Inflation Proofing	FY-End Balance Contributions	Unrealized Gain (Loss) Net Change	Unrealized Gain (Loss) FY-End Balance	FY-End Reserved Balance	Acct. Net Income [3]	Statutory Net Income [3]	Distributions of Statutory Net Income: Dividends	Distributions of Statutory Net Income: Inflation Proofing	Distributions of Statutory Net Income: Gen. Fund / Other [4]	Realized Earnings: Net Change	Realized Earnings: FY-End Balance		FY-End Balance	
	FY																		
	77-00	0	7,039	6,731	6,244	20,014	3,529	3,529	23,543	25,080	23,433	9,806	6,244	274	2,972	2,972	77-00	26,515	
	01	20,014	8	339	686	21,047	(2,146)	1,383	22,430	(924)	1,199	1,113	686	4	(588)	2,384	01	24,814	
	02	21,047	(23)	258	602	21,884	(878)	505	22,389	(617)	257	926	602	5	(1,248)	1,136	02	23,525	
	03	21,884	354 [5]	398	352	22,988	601	1,106	24,094	963	355	691	352	0	(1,035)	100	03	24,194	
	04	22,988	(339) [5]	353	524	23,526	1,909	3,015	26,541	3,434	1,502	581	170 [5]	0	759	859	04	27,400	
	05	23,526	0	480	641	24,647	859	3,874	28,522	2,640	1,754	532	641	27 [4]	581	1,440	05	29,962	
	06	24,647	0	601	856	26,104	347	4,221	30,325	3,072	2,689	689	856	37	1,145	2,585	06	32,910	
	07	26,104	0	532	860	27,497	1,977	6,198	33,694	5,448	3,429	1,022	860	42	1,547	4,132	07	37,826	
	08	27,497	0	844	808	29,149	(4,434)	1,763	30,912	(1,463)	2,938	1,293	808	33	837	4,969	08	35,881	
10%	09	29,149	0	705	1,149	31,004	(7,706)	(5,943)	25,061	(8,293)	(586)	1,074	1,149	0	(2,809)	2,159	09	27,220	10%
25%	09	29,149	0	705	1,149	31,004	(7,036)	(5,273)	25,731	(7,537)	(500)	1,083	1,149	0	(2,732)	2,236	09	27,967	25%
Mid	09	29,149 [6]	0	705 [2]	1,149	31,004	(5,969)	(4,206)	26,798	(6,376) [6]	(407)	1,092	1,149	0	(2,649)	2,320	09	29,118	Mid
25%	09	29,149	0	705	1,149	31,004	(5,086)	(3,323)	27,681	(5,381)	(295)	1,104	1,149	0	(2,548)	2,421	09	30,101	25%
10%	09	29,149	0	705	1,149	31,004	(4,099)	(2,336)	28,667	(4,277)	(178)	1,116	1,149	0	(2,444)	2,525	09	31,193	10%
	10	31,004	0	724	873	32,600	899	(3,307)	29,293	2,283	1,363	927	873	21	(436)	1,884	10	31,177	
	11	32,600	0	659	915	34,174	961	(2,346)	31,828	2,444	1,462	896	915	21	(349)	1,535	11	33,363	
	12	34,174	0	639	957	35,771	1,027	(1,319)	34,452	2,617	1,568	779	957	21	(168)	1,367	12	35,819	
	13	35,771	0	630	1,001	37,401	1,102	(217)	37,185	2,811	1,688	596	1,001	21	91	1,458	13	38,642	
	14	37,401	0	619	1,046	39,065	1,188	971	40,037	3,035	1,826	830	1,046	21	(49)	1,408	14	41,445	
	15	39,065	0	591	1,091	40,747	1,273	2,245	42,991	3,257	1,963	893	1,091	21	(21)	1,388	15	44,379	
	16	40,747	0	618	1,138	42,503	1,363	3,608	46,110	3,492	2,107	961	1,138	21	9	1,397	16	47,507	
	17	42,503	0	620	1,186	44,308	1,458	5,066	49,374	3,740	2,261	1,034	1,186	21	41	1,438	17	50,812	
	18	44,308	0	620	1,236	46,164	1,559	6,625	52,789	4,003	2,423	1,111	1,236	21	76	1,514	18	54,303	
	19	46,164	0	674	1,288	48,126	1,667	8,292	56,418	4,284	2,596	1,192	1,288	21	116	1,630	19	58,047	
	Cumulative Totals Proj. for 2009-2019		0	7,099	11,878		6,528			25,591	18,850	10,311	11,878	212	(3,339)				

Assumptions:		Total Return	Inflation	Total Real Return		Statutory Return
10%	FY 2009	-5.08%	3.85%	-8.93%	10%	3.02%
25%	FY 2009	0.10%	3.85%	-3.75%	25%	3.61%
Mid	FY 2009	8.05%	3.85%	4.20%	Mid	4.25%
25%	FY 2009	14.87%	3.85%	11.02%	25%	5.02%
10%	FY 2009	22.43%	3.85%	18.58%	10%	5.82%
	FY 2010-2019 [7]	8.05%	2.75%	5.30%		5.00%

Income year-to-date as of December 31, 2008

FY09 Statutory net income		
Interest, dividends, real estate & other income	$	518.1
Realized gains (losses) on the sale of invested assets		(1,465.0)
Less operating exp / Legis. Appropriations		(36.7)
Less AK Capital Inc. Fund committed realized earnings		-
Statutory net income (loss)	$	(983.6)

FY09 Accounting (GAAP) net income		
Statutory net income (loss)	$	(983.6)
Unrealized gains (losses) on invested assets		(6,523.9)
AK Capital Income Fund committed realized earnings		-
Accounting (GAAP) net income (loss)	$	(7,507.5)

Notes related to financial history and projections FY1977 - FY2019

[1] Appropriations include special general fund, realized earnings, and other miscellaneous appropriation transfers into principal.

[2] Dedicated State Revenues in current and future fiscal years is based on the Fall 2008 Department of Revenue forecast.

[3] Accounting net income is based on United States Generally Accepted Accounting Principles (GAAP). Statutory net income is accounting net income, exlcuding any unrealized gains and losses on investments.

[4] FY05 and forward, Amerada Hess, et al. settlement earnings are transferred to Alaska Capital Income Fund per AS 37.13.145(d).

[5] FY03 Senate Bill 100 transferred $354 million from realized earnings to principal. FY04 Senate Bill 283 defined that appropriation as pre-FY04 inflation proofing, so it was moved from appropriations to inflation proofing, along with the balance of $170 necessary to fully inflation proof the Fund. $15 million in settlement earnings remained in appropriations per AS 37.13.145(d).

[6] Current year returns are based actuals through December plus 6 months of Callan capital market assumptions (2008). A range of possible returns illustrates potential outcomes across various market scenarios.

[7] Future returns are based on 2008 Callan capital market assumptions and median expected returns (the mid case). Actual results will vary.

PERFORMANCE SUMMARY (preliminary as of December 31, 2008)	Current Month	Last 3 Months	Fiscal Y-T-D	Calendar Y-T-D	Last 12 Months	Last 3 Years	Last 5 Years
Alaska CDs	0.07%	0.33%	0.80%	2.07%	2.07%	3.99%	3.32%
Domestic Fixed Income	3.85%	0.81%	-1.65%	-0.94%	-0.94%	3.34%	3.40%
Non-Domestic Fixed Income	5.16%	6.89%	3.70%	6.48%	6.48%	6.37%	5.41%
Domestic Equities	1.72%	-22.96%	-29.20%	-36.65%	-36.65%	-8.61%	-1.75%
Non-Domestic Equities	6.45%	-22.47%	-39.91%	-45.75%	-45.75%	-6.74%	2.13%
Global Equities	3.90%	-21.30%	-34.65%	-41.43%	-41.43%		
Real Estate	0.99%	-5.16%	-7.23%	-7.76%	-7.76%	5.80%	12.14%
Absolute Return	-0.93%	-8.92%	-17.62%	-18.61%	-18.61%	-0.15%	
Total Fund	2.80%	-12.16%	-20.22%	-24.67%	-24.67%	-2.31%	2.49%
Total Fund Benchmark Return	3.31%	-12.64%	-19.95%	-24.61%	-24.61%	-1.99%	2.53%

For more information see www.apfc.org

ALASKA PERMANENT FUND
FUND FINANCIAL HISTORY & PROJECTIONS
USER GUIDE

Reserved Fund Balance: The portion of the Fund that may not be spent. Contains all contributions into the Fund and all unrealized gains (losses) as of the date shown.

Fiscal Year (FY): The State of Alaska's fiscal year begins on July 1 of the previous calendar year and ends on June 30.

FY - Begin. Contrib. Balance: The sum of all historical contributions to the Fund's principal on the first day of the fiscal year. This includes constitutionally mandated mineral revenues, inflation proofing transfers from income and other appropriations to principal.

Appropriations: Legislative appropriations to principal for the fiscal year.

Dedicated State Revenues: Constitutionally and statutorily mandated mineral revenues for the fiscal year (currently 25% of the total mineral revenue received by the state).

Inflation Proofing: The inflation proofing transfer from realized earnings to principal for the fiscal year.

FY-End Balance Contributions: The sum of the first four columns at each June 30; fiscal year-end (sum of all dedicated state revenues, other appropriations into the Fund and all inflation proofing transfers).

Unrealized Gain (Loss) Net Change: The change in net unrealized gains (losses) over the previous fiscal year-end value.

Unrealized Gain (Loss) FY-End Balance: The balance of net unrealized gains (losses) on invested assets at the end of the fiscal year.

FY-End Reserved Balance: The sum of the FY-end balance of contributions and net unrealized gains (losses) at the end of the fiscal year. This value represents the protected assets at fiscal year-end.

Unreserved Fund Balance: Also referred to as realized earnings; this represents the portion of the Fund that may be appropriated (spent) by the Legislature.

Acct. Net Income: Income of the Fund as determined using Generally Accepted Accounting Principals, including net unrealized gains (losses).

Statutory Net Income: Income of the Fund as determined using Alaska State Statutes. Statutory net income is only the realized income of the Fund, (with minor adjustments) and is used in determining the annual dividend payment. Realized earnings consist primarily of interest, dividends, real estate income and net gains (losses) on the sale of invested assets. Realized income is reduced by the costs to manage the Fund assets, and other Fund related expenses.

Distributions of Statutory Net Income: The three columns below this heading represent all money appropriated (spent) by the Legislature from the Permanent Fund's earnings.

Dividends: The lump sum recorded for the annual Permanent Fund Dividend for the fiscal year and subsequently transferred to the Permanent Fund Dividend Division.

Inflation Proofing: The inflation proofing transfer made from realized earnings to principal for the fiscal year.

General Fund/Other: Earnings transferred to the State's General Fund and other incidental appropriations from the Fund.

Realized Earnings Net Change: The change in the realized earnings balance over the previous fiscal year-end value.

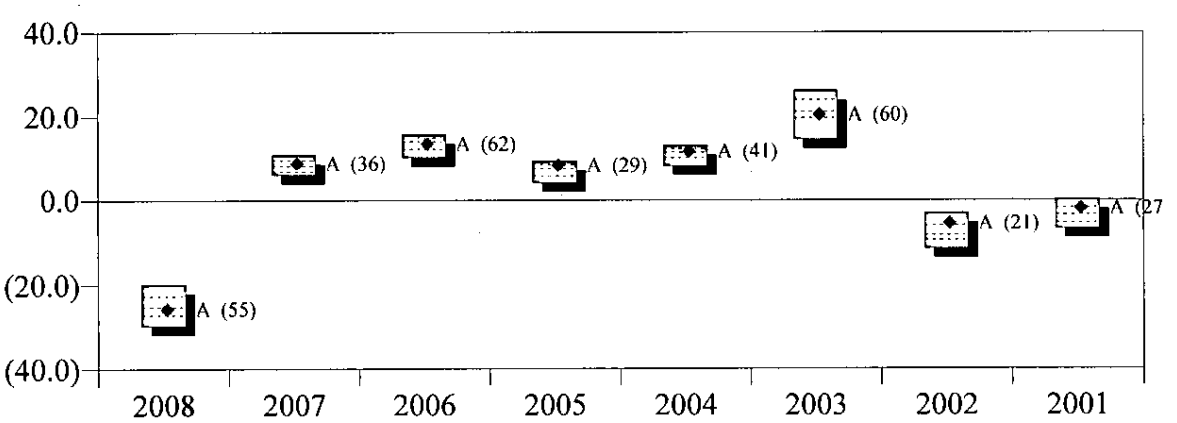
Realized Earnings FY-End Balance: The balance of realized earnings after accounting for fiscal year end distributions.

Total Fund FY-End Balance: The sum of the FY-End Reserved Fund Balance and the Realized Earnings FY-End Balance at the end of the fiscal year.

FY07 projections: The current fiscal year shows the possible realized and unrealized gains (losses) for the fiscal year based on the assumptions listed in the box to the bottom left of the projection table on the prior page. The median expectation is not the most likely, but rather the mid-point in the array of statistically likely outcomes. For more information see www.apfc.org or AS 37.13.140 and 37.13.145

APFC Preliminary Performance
Calendar Year Returns

Returns
for Calendar Years
8 Years Ended December 31, 2008
Group: CAI Public Fund Sponsor Database



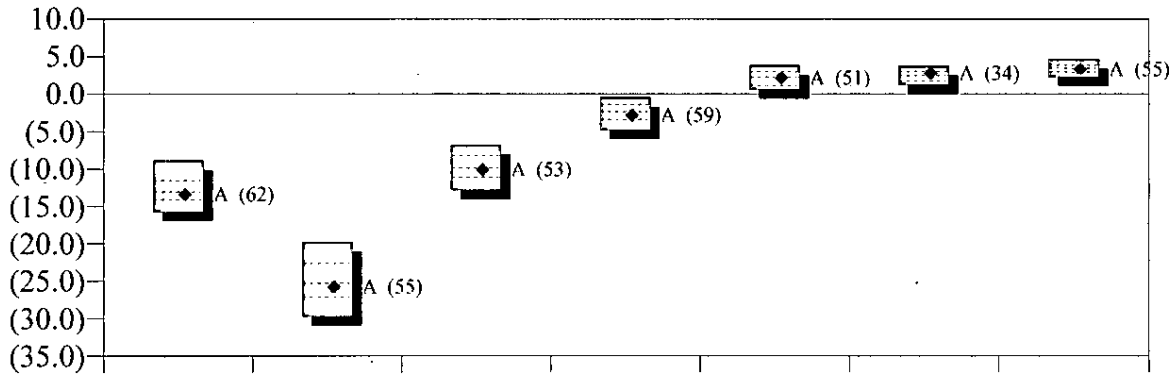
		2008	2007	2006	2005	2004	2003	2002	2001
10th Percentile		(19.84)	10.87	15.76	9.34	13.13	26.12	(3.07)	0.20
25th Percentile		(22.66)	9.57	15.05	8.61	12.31	23.99	(5.96)	(1.79)
Median		(25.27)	8.20	14.04	7.54	11.47	21.14	(8.26)	(3.46)
75th Percentile		(27.14)	6.86	12.29	5.86	10.17	19.68	(9.52)	(5.38)
90th Percentile		(29.71)	6.15	10.37	4.23	8.26	14.55	(11.46)	(6.67)
APFC	◆ A	(25.70)	8.90	13.63	8.46	11.83	20.59	(5.39)	(1.85)

Callan Associates - Feb 2009

Cumulative Returns

2008 Results Preliminary

Returns
for Periods Ended December 31, 2008
Group: CAI Public Fund Sponsor Database



	Last Quarter	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 8 Years	Last 10 Years
10th Percentile	(8.85)	(19.84)	(6.81)	(0.47)	3.81	3.76	4.67
25th Percentile	(11.55)	(22.66)	(8.23)	(1.41)	3.00	3.03	3.90
Median	(13.08)	(25.27)	(9.86)	(2.33)	2.27	2.51	3.45
75th Percentile	(14.11)	(27.14)	(11.10)	(3.41)	1.14	1.74	2.92
90th Percentile	(15.74)	(29.71)	(12.81)	(4.77)	0.61	1.26	2.31
APFC ◆ A	(13.37)	(25.70)	(10.05)	(2.76)	2.20	2.82	3.37

2/11/09 RETIREMENT TRUST & CONSTITUTIONAL BUDGET RESERVE PERFORMANCE REVIEWS

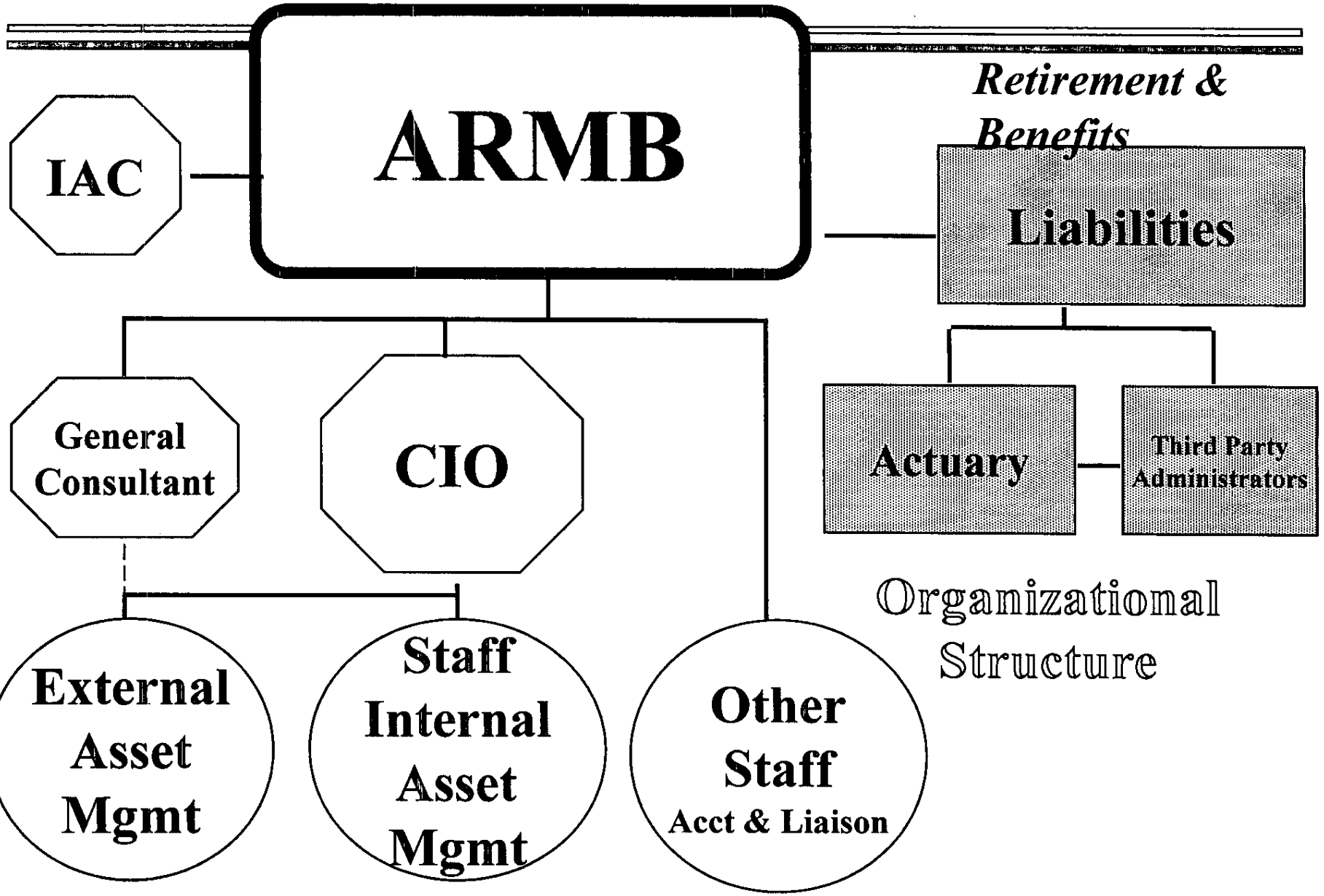
<target><bill></bill><subject>2-11-09 RETIREMENT TRUST and CONSTITUTIONAL BUDGET RESERVE PERFORMANCE REVIEWS</subject><comm>SFIN26</comm></target>

State of Alaska Department of Revenue

Investment Operation Orientation

Treasury Division, Portfolio Management Section

February 2009



Organizational Structure

Alaska Retirement Management Board

Fiduciary of the Fund

- AS 14.25.007
- Consider status of the fund's investments and liabilities
- Determine the appropriate investment objectives
- Establish investment policies to achieve objective
- Act only in regard to the best interest of the system's plan and beneficiaries

Alaska Retirement Management Board

- Nine Members
- Establish Investment Policies
- Review Actuarial Earnings Assumption
- Establish Asset Allocation
- Provide Investment Options

Alaska Retirement Management Board

Consultant

- Asset Allocation/Strategy
- Performance Measurement
- General Consulting
  - General
  - Specific
  - Assist in Asset Manager Searches

Alaska Retirement Management Board

Investment Advisory Council

- Permitted by Statute
- Three to Five Members
- Review and Advise on Investment Policy, Strategy & Procedures
  - Dr. Jerrold Mitchell
  - Dr. William W. Jennings
  - George Wilson

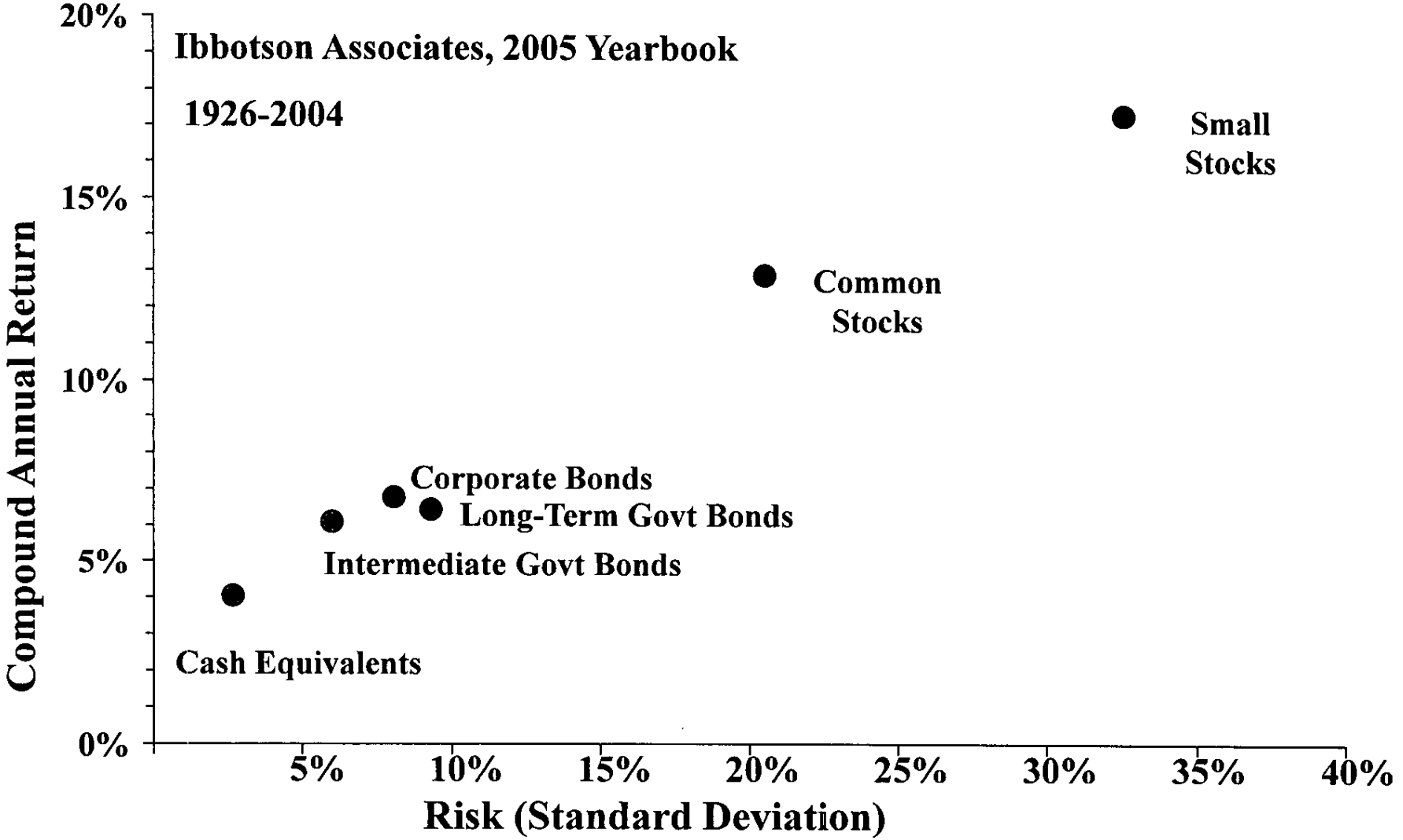
Alaska Retirement Management Board

Asset Allocation Decision

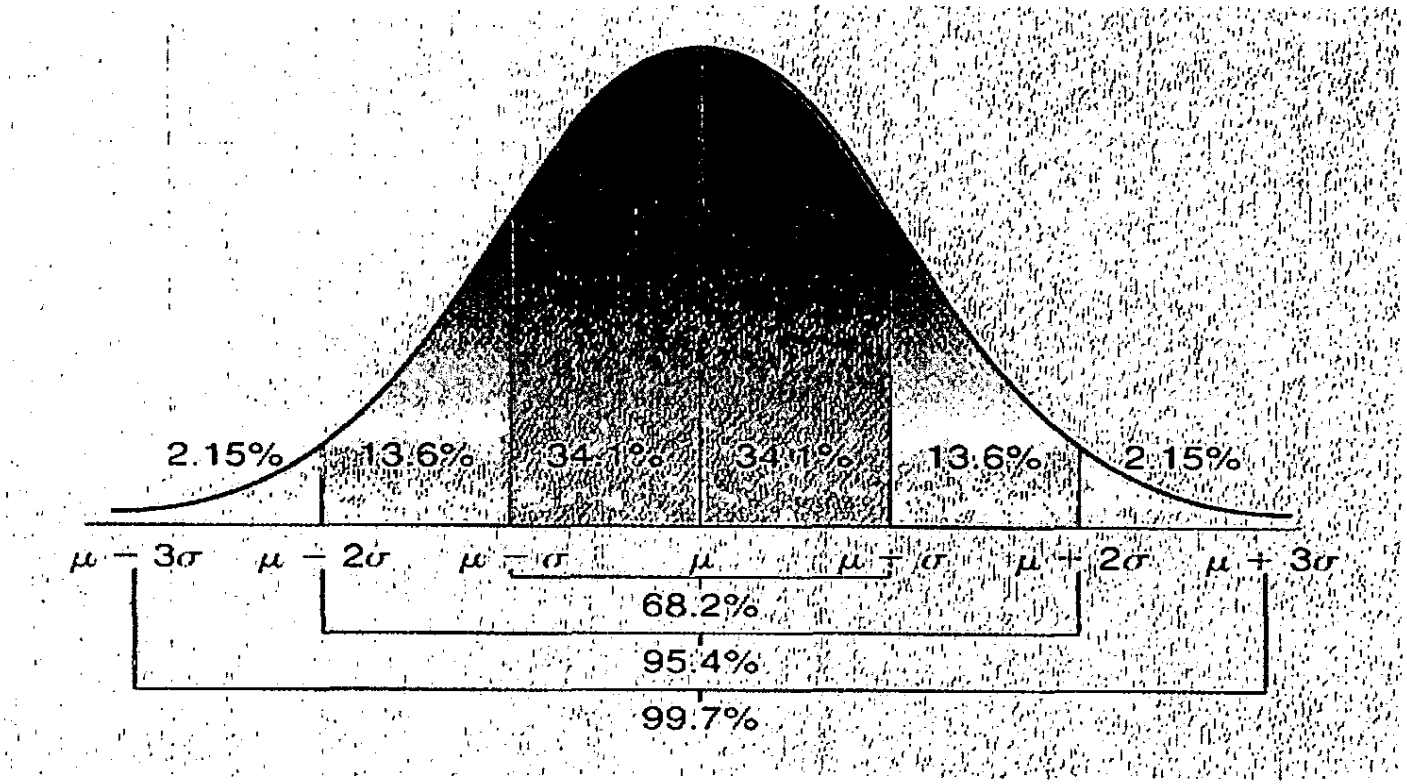
- Investment Objective
- Risk Tolerance
- Expected Return of Each Asset Class
- Expected Volatility of Each Asset Class
- Correlation of Performance Between Asset Classes
- Efficient Frontier

Alaska Retirement Management Board

Historical Risk/Return Tradeoff



Normal Curve and Standard Deviation



Alaska Retirement Management Board

Correlation of Asset Class Returns

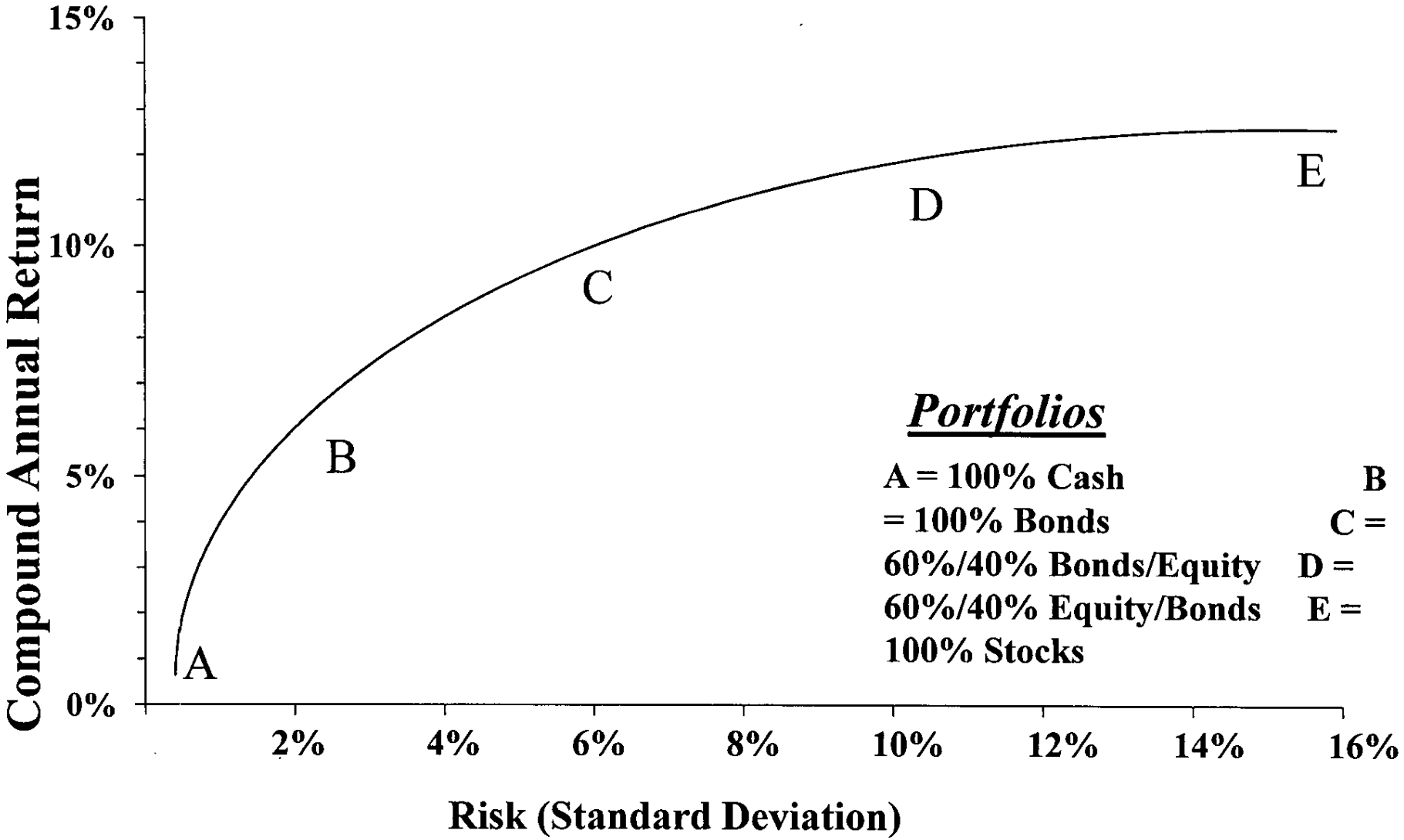
Ibbotson Associates, 2005 Yearbook

1926 to 2004

	Large Stocks	Small Stocks	LT Corp Bonds	LT Govt Bonds	Int Govt Bonds	US T-Bills
Large Stocks	**1.00**					
Small Stocks	**0.79**	**1.00**				
LT Corp Bonds	**0.19**	**0.08**	**1.00**			
LT Govt Bonds	**0.12**	**-0.02**	**0.93**	**1.00**		
Int Govt Bonds	**0.04**	**-0 .07**	**0.90**	**0.90**	**1.00**	
US T-Bills	**-0.02**	**-0.10**	**0.20**	**0.23**	**0.48**	**1.00**

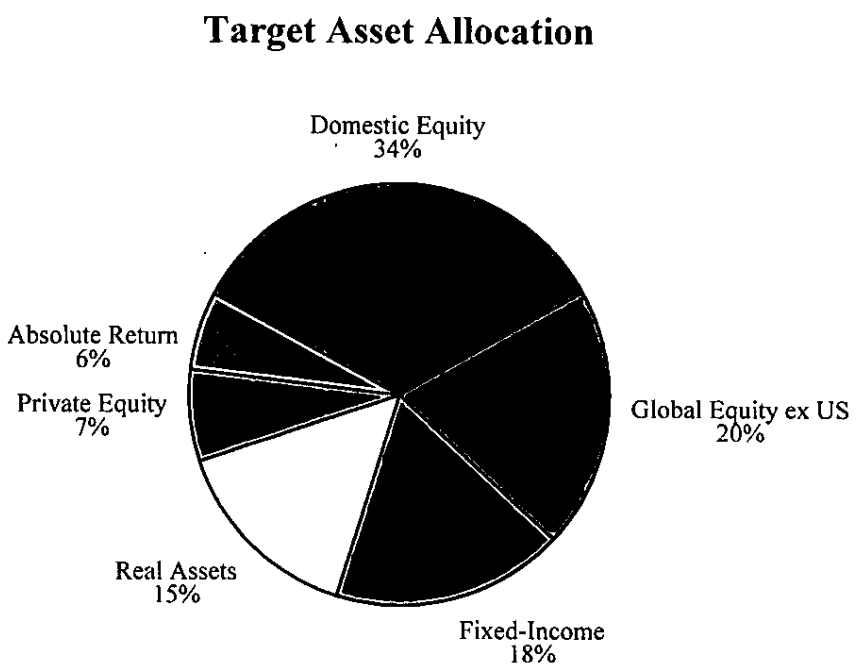
Alaska Retirement Management Board

Efficient Frontier



Alaska Retirement Management Board

Target Asset Allocation 2009



Expected Rate of Return 8.15%
Standard Deviation (Risk) 12.85%

Alaska Retirement Management Board

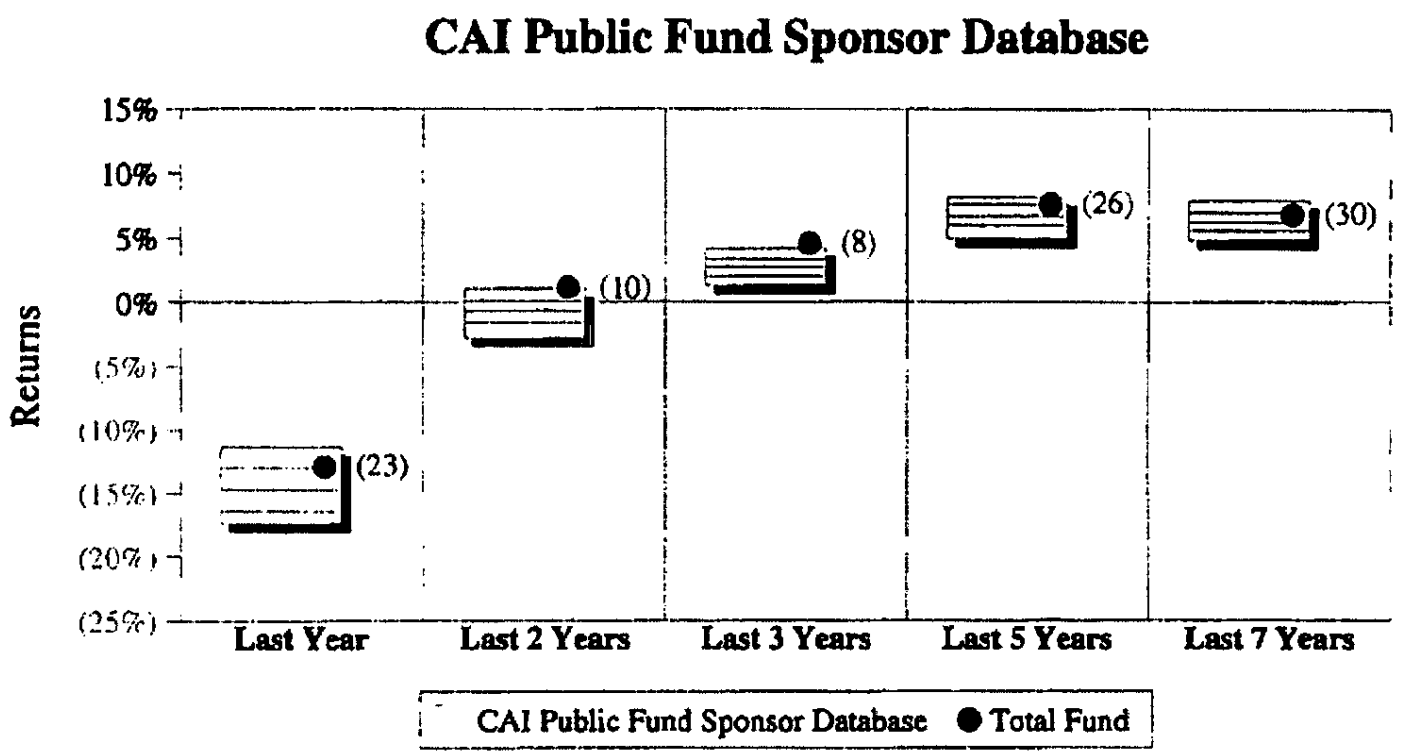
One Year Cumulative Attribution Effects

Asset Class	Effective Weight	Avg Trgt Weight	Actual Return	Target Return	Manager Effect	Asset Allocation
Domestic Equity	34%	36%	(21.61%)	(22.05%)	0.15%	0.16%
Fixed-Income	18%	18%	2.05%	2.59%	(0.09%)	0.02%
High Yield	2%	2%	-	-	0.02%	(0.03%)
Real Assets	13%	11%	0.20%	2.74%	(0.30%)	0.19%
International Equity	19%	17%	(29.28%)	(31.22%)	0.41%	0.01%
Int'l Fixed-Income	2%	2%	-	-	0.01%	(0.01%)
Private Equity	8%	7%	0.47%	(22.27%)	1.73%	(0.07%)
Absolute Return	4%	5%	(2.28%)	7.82%	(0.33%)	(0.17%)
Other	1%	2%	-	-	0.05%	(0.13%)

Total	(12.89%)	=	(14.51%)	+	1.65%	+	(0.03%)

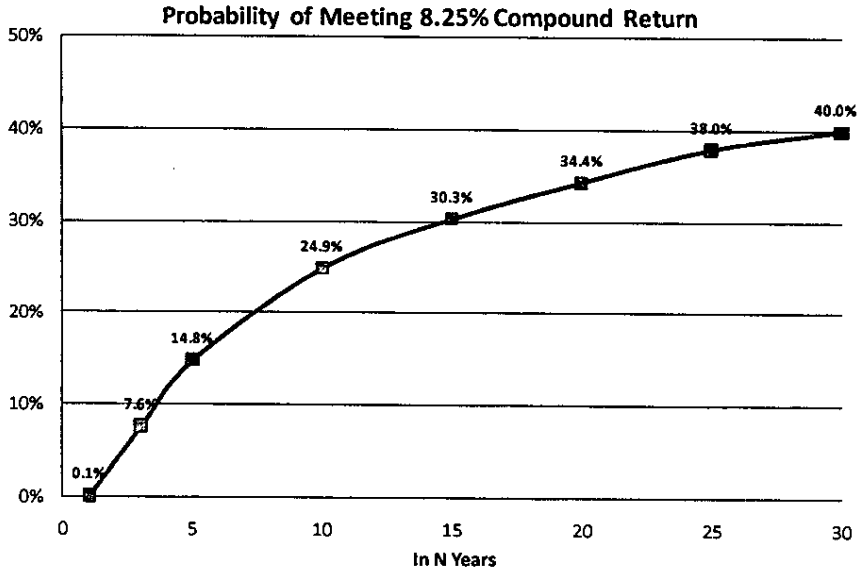
Current Quarter Target = 34.0% Russell 3000 Index, 20.0% MSCI ACWI ex-US Index, 12.6% BC Aggregate Index, 9.0% NCREIF Total Index, 6.0% month Treasury Bill+5.0%, 3.0% BC US TIPS Index, 2.3% MSCI EAFE Index, 2.3% S&P 500 Index, 2.3% Russell 2000 Index, 1.8% Citi Non-US Gvt Bd x, 1.8% 3-month Treasury Bill, 1.8% Hi Yld II Index, 1.5% NCREIF Farmland Index and 1.5% NCREIF Timberland Index.

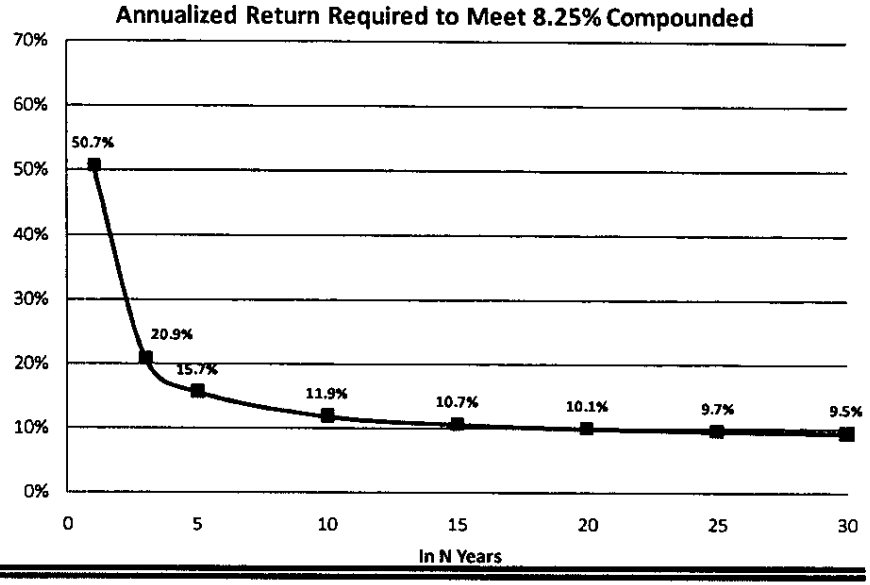
Alaska Retirement Management Board



PERS Probability of Meeting 8.25% Compound Return

- Simulation Approach:
  - 2007 was the base year for the simulation. The tracking portfolio was increased at a compounded rate of 8.25% per annum for 31 years.
  - The PERS portfolio assumed the 2008 estimated loss of -22.24% and simulated returns for 30 years using the 2008 asset allocation and 2009 capital market assumptions.
  - Cash flows were not modeled.
  - PERS portfolio and tracking portfolio started at the same level in 2007.
- The upper graph is the probability of the PERS portfolio exceeding the 8.25% tracking portfolio in 1, 3, 5, 10,…, 30 years.
- The lower graph is the annualized return required to meet the 8.25% compounded return in 1, 3, 5, 10,…, 30 years.





Alaska Retirement Management Board

Comparative Analysis of the General Fund, CBRF, PERS and TRS retirement plans and APFC.

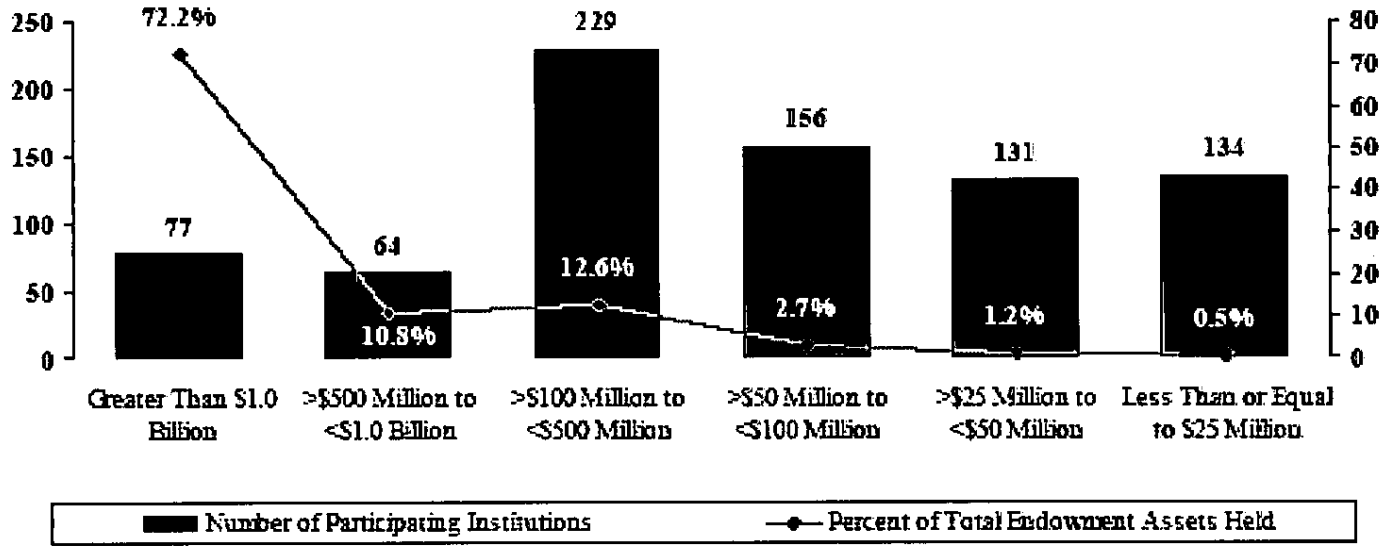
Account	Purpose	Market Value 12/31/07	Market Value 12/31/08	Estimated Market Value 1/31/09	Investment Objective	Target Asset Allocation		Fiduciary Oversight	Calander YTD Returns	3 year Actual Returns	Returns Forecast
General Fund (and other nonsegregated investments)	Operating Fund	$5,269.3 million	$7,466.4 million	$7,274.5 million	Moderate Risk, Short to Intermediate investment horizon	100% Fixed Income: Short term 37% Intermediate term 63%		Commissioner of Revenue	4.66%	5.29%	4.07%
Constitutional Budget Reserve (main fund)	Main Savings account	$2,521.4 million	$3,240.8 million	$3,232.3 million	Moderate Risk, Intermediate investment horizon	100% Fixed Income: Short term 5% Intermediate term 75% Broad Market 20%		Commissioner of Revenue	5.67%	5.71%	4.53%
Constitutional Budget Reserve (sub fund)	Long-term Savings Account	$576.9 million	$3,590.8 million	$3,382.2 million	High Risk, Moderately Long investment horizon	Fixed Income 37% Dom Equity 44% Int'l Equity 19%		Commissioner of Revenue	-29.34%	-5.17%	7.61%
PERS Retirement Defined Benefit	Public Employees Retirement Savings Account	$11,129.1 million	$8,359.8 million	$7,958.0 million	Moderate Risk, Long Term investment horizon	Fixed Income 18% Dom Equity 34% Int'l/Global Equity 20% Real Assets 15% Alternatives 13%		Alaska Retirement Management Board	-22.24%	-0.35%	8.25%
TRS Retirement Defined Benefit	Teachers Retirement Savings Account	$5,003.7 million	$3,705.8 million	$3,551.3 million	Moderate Risk, Long Term investment horizon	Fixed Income 18% Dom Equity 34% Int'l/Global Equity 20% Real Assets 15% Alternatives 13%		Alaska Retirement Management Board	-22.33%	-0.38%	8.25%
APFC	Constitutionally Dedicated Fund for All Alaskans	$39,463.5 million	$29,500.7 million	$28,050.0 million	Long term Investment Goal is to achieve a real rate of return of 5% per year	Fixed Income 22% Dom Equity 26% Int'l/Global Equity 27% Real Assets 10% Alternatives/Infras. 15%		APFC Board	-25.64%	-2.74%	8.05%

Initial Response to Committee Questions

Michael O'Leary CFA
Executive Vice President
Callan Associates Inc.
2/10/09

Callan Presentation, Slide #26 (Sen. Hoffman) Please provide more detail on the institutions within the "Greater Than $1 Billion" category. How many of the 774 surveyed are in that group?

Exhibit 8
Participants by Endowment Size and Percent of Total Assets Held



All data is taken from the 2008 NACUBO Study

The NACBUO Study Discloses Participating Institutions But Protects Some Information Such the Individual Asset Allocation Policies of Individual Institutions

The listing details the largest institutions participating in the study. In a separate document we have provided a listing of actual & target asset allocation by unidentified institution. That listing is not segmented by fund size.

All Institutions Listed by Fiscal Year 2008 Market Value of Endowment Assets with Percentage Change Between 2007 and 2008 Endowment Assets

Rank	Institution	State	2008 Endowment Funds ($000)	2007 Endowment Funds ($000)	*Percentage Change in Endowment (2008 - 2007)
1	Harvard University	MA	36,556,284	34,634,906	5.5%
2	Yale University	CT	22,869,700	22,530,200	1.5%
3	Stanford University	CA	17,200,000	17,164,836	0.2%
4	Princeton University	NJ	16,349,329	15,787,200	3.6%
5	University of Texas System	TX	16,111,184	15,613,672	3.2%
6	Massachusetts Institute of Technology	MA	10,068,800	9,980,410	0.9%
7	University of Michigan	MI	7,571,904	7,089,830	6.8%
8	Northwestern University	IL	7,243,948	6,503,292	11.4%
9	Columbia University	NY	7,146,806	7,149,803	0.0%
10	The Texas A&M University System and Foundations	TX	6,659,352	6,590,300	1.0%
11	University of Chicago	IL	6,632,311	6,204,189	6.9%
12	University of Pennsylvania	PA	6,233,281	6,635,187	-6.1%
13	University of Notre Dame	IN	6,225,688	5,976,973	4.2%
14	University of California	CA	6,217,340	6,439,436	-3.4%
15	Duke University	NC	6,123,743	5,910,280	3.6%
16	Emory University	GA	5,472,528	5,561,743	-1.6%
17	Cornell University	NY	5,385,482	5,247,097	2.6%
18	Washington University	MO	5,350,470	5,567,843	-3.9%
19	Rice University	TX	4,610,164	4,669,544	-1.3%
20	University of Virginia	VA	4,572,613	4,370,209	4.6%
21	Dartmouth College	NH	3,660,159	3,760,234	-2.7%
22	University of Southern California	CA	3,589,225	3,715,272	-3.4%
23	Vanderbilt University	TN	3,524,338	3,519,253	0.1%
24	University of Minnesota	MN	2,750,770	2,804,466	-1.9%
25	Brown University	RI	2,746,832	2,633,924	4.3%
26	Johns Hopkins University	MD	2,524,575	2,800,377	-9.8%
27	New York University	NY	2,475,200	2,161,800	14.5%
28	University of North Carolina at Chapel Hill and Foundations	NC	2,358,676	2,164,444	9.0%
29	University of Pittsburgh	PA	2,333,602	2,254,379	3.5%
30	University of Washington	WA	2,262,149	2,184,374	3.6%
31	Ohio State University and Foundation	OH	2,075,853	2,338,103	-11.2%
32	The Rockefeller University	NY	2,020,647	2,144,271	-5.8%
33	California Institute of Technology	CA	1,891,523	1,860,052	1.7%
34	Williams College	MA	1,808,280	1,892,055	-4.4%
35	Pomona College	CA	1,794,453	1,760,902	1.9%
36	Case Western Reserve University	OH	1,766,478	1,841,234	-4.1%
37	Purdue University	IN	1,735,660	1,786,592	-2.9%
38	University of Wisconsin Foundation	WI	1,735,456	1,645,250	5.5%
39	University of Rochester	NY	1,730,772	1,726,318	0.3%
40	Amherst College	MA	1,705,917	1,662,377	2.6%
41	University of Richmond	VA	1,704,350	1,654,988	3.0%
42	University of Toronto	ON	1,702,481	1,763,764	-3.5%
43	Boston College	MA	1,630,626	1,670,092	-2.4%

Only 20 funds had assets of more than $4 Bill

ARMB & APFC Policies Through Recent Years

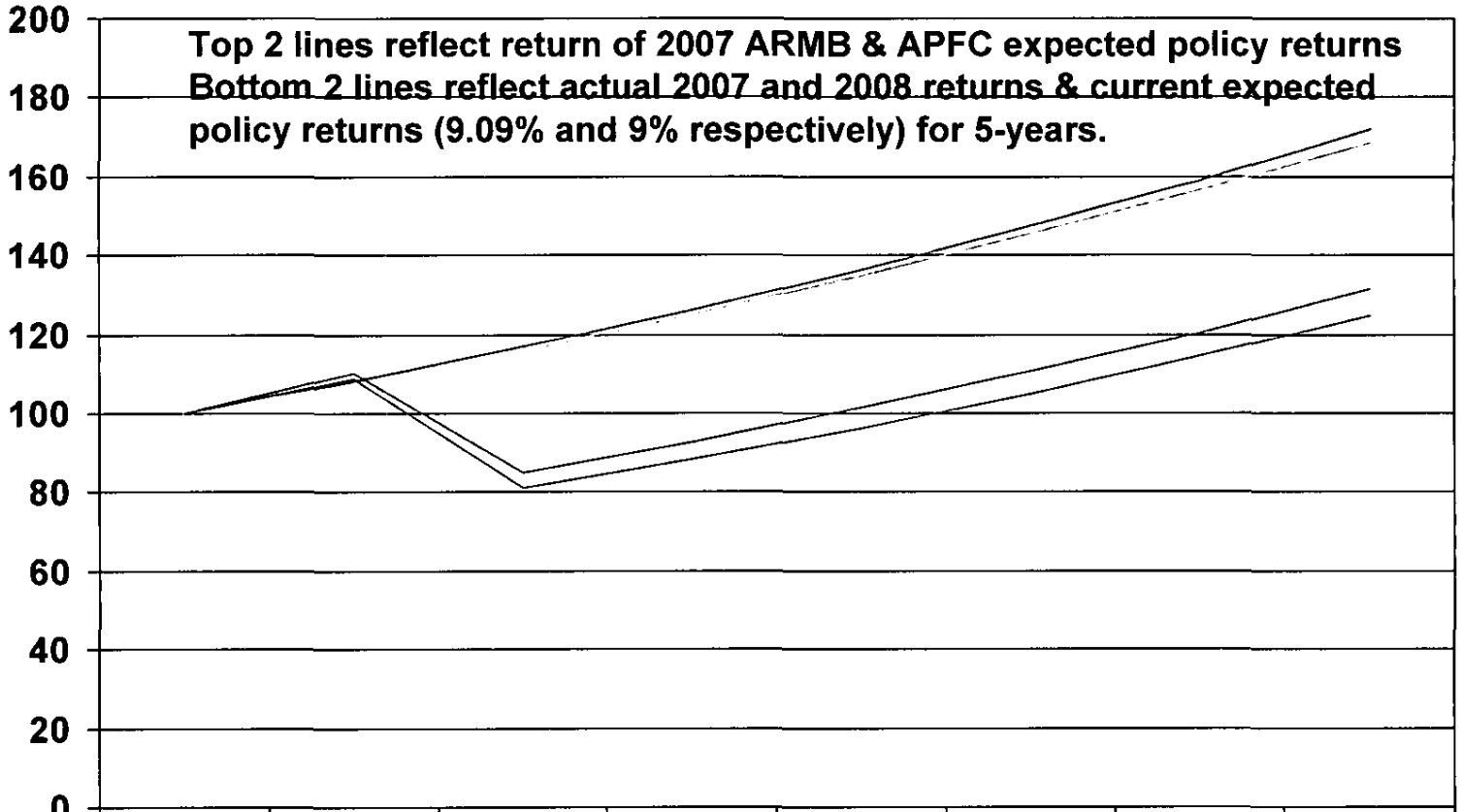
Policy is adopted each fiscal year

Asset Class	ARMB 06-07	APFC 06-7	ARMB 07-08	APFC 07-08	ARMB 08-09	APFC 08-09	ARMB 09-10	APFC 09-10
Broad Domestic Equity	36	34	37	34	34	33	34	33
International Equity	16	19	16	20	20	20	20	20
Private Equity	7	4	7	4	7	6	7	6
Fixed Income	24	29	23	26	18	22	18	22
Real Estate	10	10	10	10	10	10	10	10
Absolute Return	4	4	4	4	6	6	6	6
Other-real	3	0	3	2	5	3	5	3
5-Year Expected Return	8.05	7.77	8.12	7.89	8.15	8.05	9.09	9.00
Volatility	12.27	11.62	12.52	11.54	12.85	12.30	13.23	12.82

Important notes

1. Composition of "other" category varies by fund
   - ARMB – farmland, energy, timber & TIPS
   - APFC - Infrastructure
2. Both funds include sub-sectors within fixed income
3. APFC actual allocation to Private Equity is much more recent and therefore underfunded relative to ARMB
4. Implementation (structure) approaches to public equity allocation vary by fund. Big difference is the use of "global" equity managers by APFC. We have apportioned global to domestic & international to help ease of comparison.
5. Neither Board has yet adopted a policy for the 2009-10 fiscal period. We simply applied new projections to the current policies.

Cumulative Wealth



	2006	2007	2008	2009	2010	2011	2012	2013
8.05% per year	100	108.05	116.75	126.15	136.3	147.27	159.13	171.94
7.77% per year	100	107.77	116.14	125.17	134.89	145.38	156.67	168.84
Act + ARM Proj	100	110.17	85.11	92.84	101.28	110.49	120.53	131.49
Act + APF Proj	100	108.9	80.98	88.27	96.21	104.87	114.31	124.6

Note that 2008 ARMB return does not fully reflect q4 real estate returns. Such returns will not be provided to Callan until next week (for preliminary real estate returns from real estate consultant).

Alaska State Senate
Senate Finance Committee

Official Business

Mail Stop 3100
State Capitol
Juneau, Alaska 99801-1182

AGENDA

Wednesday, February 11, 2009 9:00 AM

Overview:
Retirement Trust Performance Review
Constitutional Budget Reserve Performance Review

Pat Galvin, Commissioner, Department of Revenue
Michael O'Leary, EVP, Callan Associates ole
Jerry Burnett, Deputy Commissioner, Division of Treasury, Revenue
Gary Bader, Chief Investment Officer, Treasury Division, Revenue
Mike Burns

Alaska Statutes
AS 37.10.430

Sec. 37.10.430. Management of the budget reserve fund.

(a) The Department of Revenue may transfer management responsibility over all or a portion of the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska) to the Alaska Permanent Fund Corporation.

(b) By March 15 of each year, the Department of Revenue shall, after consulting with the Alaska Permanent Fund Corporation, prepare a report setting out the balance in the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska) on January 1 and on December 31 of the previous calendar year. The report shall state the nominal, real, and realized return on the budget reserve fund compared to the nominal, real, and realized return on the permanent fund and the general fund during the previous calendar year.

(c) A special subaccount is established in the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska). Money in the subaccount shall be invested to yield higher returns than might be feasible to obtain with other money in the budget reserve fund. In establishing or modifying the investment policy for the subaccount in the constitutional budget reserve fund, the commissioner of revenue shall assume that those funds will not be needed for at least five years. Income earned on money in the subaccount shall be retained in the subaccount by the department.

Yupiit School District		42,442

* **Sec. 33.** CONSTITUTIONAL BUDGET RESERVE FUND. (a) The sum of $2,600,000,000 is appropriated from the general fund to the constitutional budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska) for repayment of amounts owed the constitutional budget reserve fund.

(b) It is the intent of the legislature that the Department of Revenue invest the assets of the constitutional budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska) in a manner maximizing the long-term earnings of the fund while meeting the minimum liquidity requirements of the state.

* **Sec. 34.** LAPSE. (a) The appropriations made by secs. 10, 13, 19(h), 22(b), 22(c), 26(b), and 26(c) of this Act are for capital projects and lapse under AS 37.25.020.

(b) The appropriations made by sec. 21 of this Act are for the capitalization of funds and do not lapse.

* **Sec. 35.** CONTINGENCY. (a) The appropriation made in sec. 21(d) of this Act is contingent on passage by the Twenty-Fifth Alaska State Legislature and enactment into law of a measure creating the community revenue sharing fund.

(b) The appropriations made in sec. 32 of this Act are contingent on passage by the Twenty-Fifth Alaska State Legislature and enactment into law of a version of SB 125.

* **Sec. 36.** Sections 1, 16 - 20, 21(a), 21(b), 21(d), and 34 of this Act take effect March 10, 2008.

* **Sec. 37.** Section 21(c) of this Act takes effect June 30, 2008.

* **Sec. 38.** Except as provided in secs. 36 and 37 of this Act, this Act takes effect April 13, 2008.

Alaska Permanent Fund Corporation
P. O. Box 115500 Juneau, AK 99801
Tel: (907) 796-1500 Fax: (907) 586-2057

Permanent Fund asset allocation
Comparison of target allocation and actual allocations

	Target allocation band	Actual Allocation	
		12/31/08	02/03/09
US Fixed Income	19% +/- 6%	26.91%[1]	26.67%[1]
US Equities	26% +/- 6%	23.79%	23.11%
Non-US Equities	13% +/- 3%	11.02%	10.53%
Global Equities	14% +/- 4%	12.08%	11.57%
Non-US Fixed Income	3% +/- 3%	3.93%	3.99%
Real Estate	10% +/- 3%	12.64%	13.09%[2]
Private Equity	6% +/- 5%	2.20%	2.13%
Absolute Return	6% +/- 3%	6.57%	7.58%
Infrastructure	3% +/- 3%	0.85%[1]	1.33%[1]

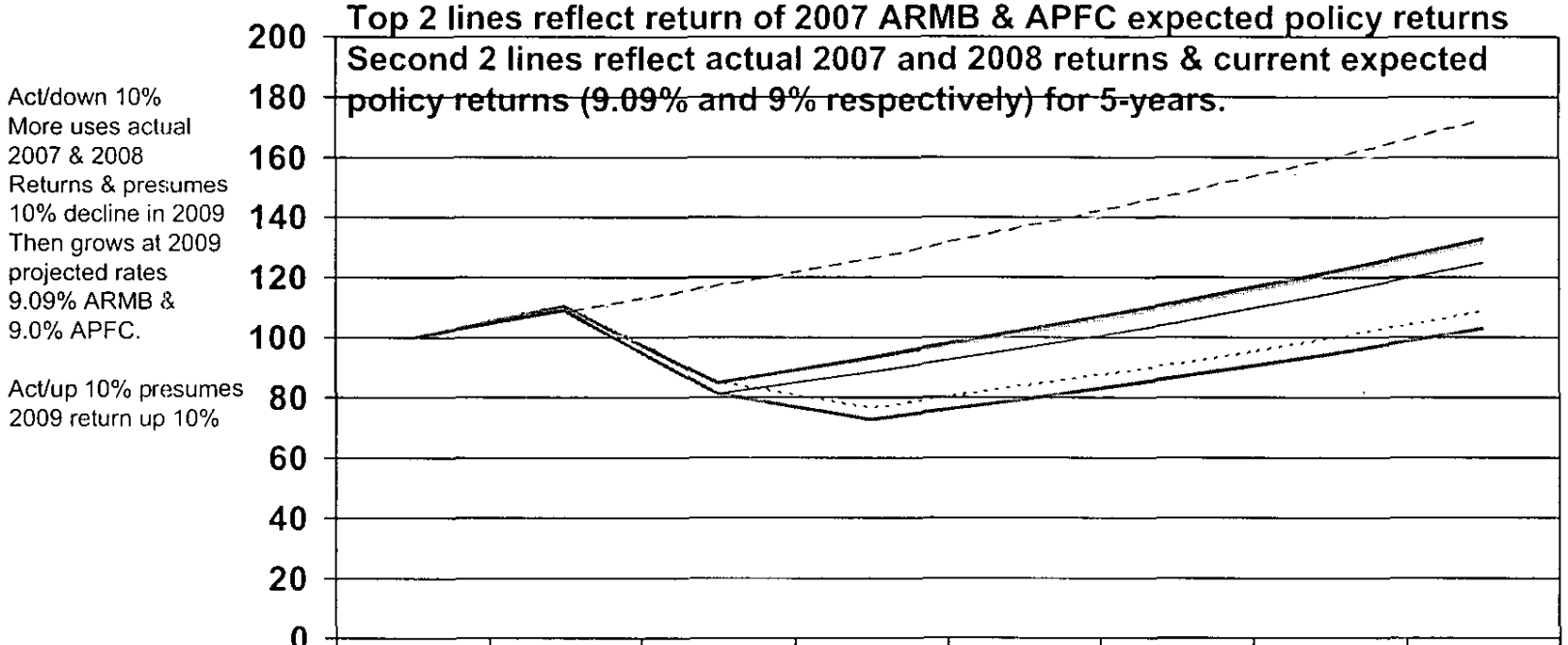
[1] Infrastructure is a new asset class for the Permanent Fund, and while commitments have been made, managers are still seeking out suitable properties for investment. In the interim, funds designated for infrastructure are currently held in US fixed income.

[2] APFC anticipates that write-downs in the value of some directly held properties will bring this asset allocation into compliance with its target band in the near future.

Follow-up Response To 2/11/09 Senate Finance Committee Question

Michael J. O'Leary CFA
Executive Vice President
Callan Associates Inc.
2-11-09

Cumulative Wealth



	2006	2007	2008	2009	2010	2011	2012	2013
8.05% per year	100	108.05	116.75	126.15	136.3	147.27	159.13	171.94
7.77% per year	100	107.77	116.14	125.17	134.89	145.38	156.67	168.84
Act + ARM Proj	100	110.17	85.11	92.84	101.28	110.49	120.53	131.49
Act + APF Proj	100	108.9	80.98	88.27	96.21	104.87	114.31	124.6
Act/down 10%more	100	110.17	85.11	76.6	83.56	91.16	99.44	108.48
Act/up 10%2009	100	110.17	85.11	93.62	102.13	111.42	121.54	132.59
AP/down 10%	100	108.9	80.98	72.88	79.44	86.59	94.38	102.88
AP/up 10%	100	108.9	80.98	88.27	96.21	104.87	114.31	124.6

Note that 2008 ARMB return does not fully reflect q4 real estate returns. Such returns will not be provided to Callan until next week (for preliminary real estate returns from real estate consultant).

2/12/09

DEPT. OF TRANSPORTATION STATEWIDE CAPITAL PROJECTS

<target><bill></bill><subject>2-12-09 DEPARTMENT OF TRANSPORTATION STATEWIDE CAPITAL PROJECTS</subject><comm>SFIN26</comm></target>

2/12/09

Senate Finance Committee

2009 Stimulus Program
for Transportation
American Recovery & Reinvestment Act 2009

February 12, 2009

(1)

Presentation Outline

- Rules of the Funding
- How much funding is expected?
- Steps taken; steps needed
- How projects were identified and prioritized
- Anchorage and Fairbanks set-asides
- Impact to DOT&PF's work load

12

Why Important?

- Putting Alaskan's to work
- Reduces backlog of highway, aviation and transit (including ferry) needs
- Repairs aging infrastructure
- Jump starts gas line infrastructure needs

Rules of the Program

- Highway funds follow FHWA rules
- Transit funds follow FTA rules
- Aviation funds follow FAA rules
- Federal rules not relaxed
  - Must be in an approved STIP or TIP (not FAA)
  - Must be eligible for fund category
  - Must have begun as a federal project
    - NEPA (1-2 years)
    - ROW certification
    - Permits from all relevant authorities
  - Give emphasis to economically distressed regions

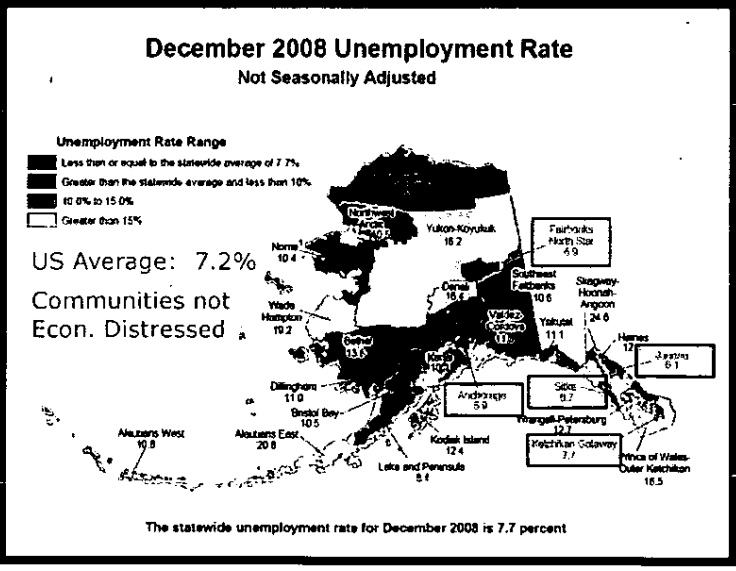
5

Economically Distressed

- H.R. 1 encourages projects in economically distressed areas
- 42 USC 3161 defines:
  - Unemployment rate > US rate + 1%
  - All areas of Alaska meet this definition, except:
    - Boroughs at: North Slope, Fairbanks, Anchorage, Juneau, Sitka and Ketchikan

6

DOL Unemployment Data



7

Use or Lose Provision

- Congress demands fast use of funds
- Use 50% of funds in 90 days (HR 1)
  - AMATS & FMATS to use in 75 days
- Funds not used will go to states who can use
- This means:
  - Must use >50% by ~May 15
  - Be ready to obligate further to capture funds other states lose

8

Maintenance of Effort

- 30 days from enactment: Governor to certify the state will maintain state funding scheduled for highways
  - Can not supplant stimulus funds for state funds to transportation
  - Certification must extend to Sep 2010 (SFY 09 – SFY 11)
- Non-certification will trigger loss of funds entirely

9.

Big Picture (H.R. 1)

$829 Billion Total

$46 Billion for Transportation

Alaska Receives:

$500+ Million Transportation for AK

16

How Much Funding to Alaska?

Type of Funds	House H.R. 1	Senate S. 1
Hwy & Bridges	$238.3 Million	$131.5 Million
--AMATS Hwy. Share	$22.4 M	$23.0 M
--FMATS Hwy. Share	$8.1 M	$5.1 M
--Enhancements	$7.4 M	--
--CMAQ Share	--	$5.2 M
--State & non-MPO Share	$187.0 M	$79.6 M
Transit	$74.3 Million	~$35.0 Million
--AMATS Share	$40.0 M	~$27.0 M
--Buses and related	$9.5 M	~$8.0 M
--Ferries and trains	$25.8 M	--
Use or Lose Rule	90 days; 18 months	6 months; 12 months

Funding breakdown subject to near daily adjustments and revisions.

11

How Much Funding?

Type of Funds	House H.R. 1	Senate S. 1
Aviation	Up to $231 M	Up to $84.7 M
FAA determines how much $ and priorities to state.		
Rural Aviation Program		
Number of Possible Projects	27	Same
Dollar value of Possible Projects	$271.3 M	Same
International Aviation Program		
Number of Possible Projects	12	Same
Dollar value of Possible Projects	$104.7 M	Same
Use or Lose Rule	90 days; 18 months	6 months; 12 months

Funding breakdown subject to near daily adjustments and revisions.

12

Steps Taken Already

- DOT&PF has been proactive
  - Identified universe of eligible projects that can meet criteria
  - Prioritized the list
  - STIP amendment (#18) released
  - Authorized work needed to get projects bid ready (bi-weekly meetings)
  - Prepared supplemental budget request

13

Further Steps Needed

- Complete designs, permits and other clearances on *fast list* projects by April (all modes)
- Highway and Transit Funding:
  - Take public comments on *fast list* STIP amendment #18; then final
  - Seek FTA and FHWA approval of STIP
  - Issue Federal Aid Agreements on *fast list* projects
  - Issue bid advertisements on *fast list*
- Aviation Funding: advised FAA of our list

14

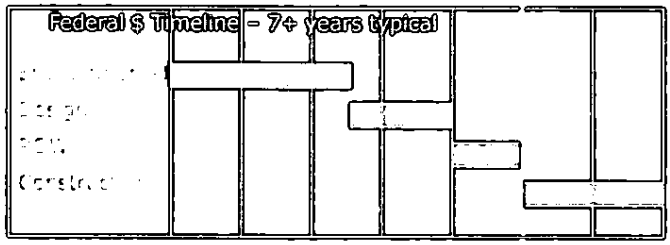
How were Projects Selected?

- Know the rules:
  - Eligibility
  - Rapid Timing expected
  - Economic distress criteria
  - Mandatory setasides in law
  - STIP, NEPA, permits not waived
- A small list of eligible projects met the criteria
  - No NEPA, no ROW purchase, and no long-lead projects could be considered
- Success requires laser-like focus on above
- Aviation: FAA decides projects to fund

15

Stimulus Funds Prerequisite

Stimulus Projects Must be Here



Implication: Virtually impossible for a new project to meet the stimulus timeline.

16

Criteria to Prioritize

(Highways)

- Mandatory set-asides
- Governor's Gas Line readiness announced projects
- Safety
- Economic Distress criterion
- Leverage other dollars
- Jobs created in 2009 season

- (FAA decides for Aviation Funds)

17

Fairbanks and Anchorage

- The two MPOs, AMATS and FMATS will select projects in their boundaries
  - Same rules apply
  - Each MPO amending their TIP to show stimulus projects
  - Focus, must be to projects that are soon bid-ready
  - $72.9 M sub-allocated to two MPOs (transit and highways in HR 1)

18

Why did DOT look to Existing Projects?

- Congressional rules quickly focused the universe of relevant projects to a very small list…
  - Already federally started
    - Meet eligibility rules
    - Many steps previously completed
  - Fast track: can be obligated in 90 days
    - Few projects meet this goal
  - Existing projects have strong support
    - Prior community and/or legislative actions

19

Summary of Work Funded (HR 1)

- 272 center line miles of roads resurfaced (+18 miles trails)
- 16 bridges replaced or repaired
  - 5 local class bridges
- 2 new ferries (partial)
- Ferry rehabilitation & two terminals
- Safety: passing lanes, lighting, roundabout
- Buses/vans in 8 communities
- Airports: 2 Internationals + up to 18 other (possible)

20

'Slow' List

- Q. Could projects be added and make the due date for the slow list?
- A. No.
  - Federal aid projects take 2-7 years
  - Even slow list projects must be in capital budget this year
    - Jul 2010 (SFY '11) is too late to obligate slow funding under Senate goal of Feb. 2010
    - Only practical slow projects are those still well along in a current design effort

21

New Projects Are Helped Too

- Q. How can new projects benefit from Stimulus?
- A. Every Stimulus project accomplishes work that would have been priority for 2010 STIP or AIP funds
  - HR 1: More than a typical year's worth of Highway and Aviation construction is being funded, opening up room for the next generation of projects

22

Adding Other Projects

- It's understood communities want other projects considered…
  - But, the rules are tight and fixed in law
  - Success means we focus limited resources on what can proceed
  - Time and resources diverted will harm outcome

Sub-Allocation

- Q. Can DOT&PF sub-allocate to communities and let them proceed?
- A. No. DOT&PF remains responsible and the federal rules (Highways and Aviation) are too complex for this to successfully occur.
  - FHWA concurs:
    http://www.fhwa.dot.gov/[illegible]
  - AMATS and FMATS projects mostly undertaken by DOT&PF
    - MPOs select projects; DOT&PF executes

Why Two STIPs underway?

- 2009 STIP year must be amended for Stimulus projects
  - Draft amendment to 2009 out now
- 2010 – 2013 STIP document requires a new effort:
  - Project nominations and scoring occurring now
  - Draft then Final STIP covering 4 years (May to August)
- Both efforts are legally required and both must be started at this time

25

Impact to DOT's Workload

(All modes)

- By May: Must obligate > $240 M in stimulus projects
- Jun - Aug '09: Must obligate > $450 M in regular federal-aid
- Oct – Aug '10: Must obligate $650 M in regular federal-aid + stimulus
- Bottom line: >50% increase in workload for next 18 months!
  - Work is now occurring on a sprint-like pace

Questions/Comments:

2/12/09

How Much Highway/Transit Funding?

Type of Funds	Senate S. A. 570 to H.R. 1
Hwy & Bridges	$132.4 Million
--AMATS Hwy. Share	$20.95 M
--FMATS Hwy. Share	$4.87 M
--CMAQ Share	$6.62 M
--State & non-MPO Hwy. Share	$99.98 M
Transit	~$35.0 Million
--AMATS Share	~$27.0 M
--Buses and related	~$8.0 M
--Ferries and trains	--
Use It or Lose It Rule	6 months; 12 months

Updated to Conference Committee Action on Feb. 11, 2009

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How Much Aviation Funding?

Type of Funds	Senate S. A. 570 to H.R. 1
Aviation (7.7% typical share)	Up to $84.7 M
FAA determines how much $ and priorities to state.	
Rural Aviation Program	
Number of Possible Projects	27
Dollar value of Possible Projects	$271.3 M
International Aviation Program	
Number of Possible Projects	12
Dollar value of Possible Projects	$104.7 M
Use or Lose Rule	6 months; 12 months

Updated to Conference Committee Action on Feb. 11, 2009

STATE OF ALASKA

2/12/09

SARAH PALIN, GOVERNOR

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES
OFFICE OF THE COMMISSIONER

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March 2, 2009

The Honorable Lyman Hoffman
Co-Chair, Senate Finance Committee
State Capitol, Room 516
Juneau, AK 99811

The Honorable Bert Stedman
Co-Chair, Senate Finance Committee
State Capitol, Room 518
Juneau, AK 99811

Dear Senator Hoffman and Senator Stedman:

The following are responses to questions asked during the Department of Transportation and Public Facilities (DOT&PF) presentation before Senate Finance on February 12, 2009.

Enclosure #1 contains excerpts from HR 1, The American Recovery and Reinvestment Act (ARRA). The Governor is required to certify that the state will maintain its efforts with regard to state funding for the types of projects funded by this act and that the funds will be used to create jobs and promote economic growth. Additionally the "chief executive" must certify the infrastructure investment has received the full review and vetting required by law and assures this is an appropriate investment of taxpayer dollars. Senator Thomas asked questions about how well local area unemployment rates capture local economic conditions, and the use of unemployment rates in determining economically distressed areas. Brynn Keith at the Department of Labor and Work Force Development provided the following information.

Local Area Unemployment Rates

As key indicators of local economic conditions, local area unemployment rates (which are never seasonally adjusted) reflect not only the normal seasonal patterns that tend to be repeated year after year, but also the hiring (and layoff) patterns of local firms as reflected in the employment status of local residents. Unemployment rate estimates are used by Federal and state agencies to determine the eligibility of an area for benefits, to determine the distribution of funds, for planning and budgetary purposes and to determine the need for local employment and training services and programs.

Unemployment rates are imperfect estimates of labor underutilization and are subject to both sampling and non-sampling error. Additionally, the official definition of unemployment (determined by the US Bureau of Labor Statistics) excludes anyone who has not made an active attempt to find work in the preceding four week period; rural residents may not meet the official definition of unemployed because they have not conducted an active job search. Yet, even though the unemployment rates for rural Alaska may be understated, the level shifts over time should capture the changes in local economic conditions.

Denali Commission Distressed Communities
Under a contractual agreement with the Denali Commission, DOLWD's Research and Analysis Section annually produces a list of distressed communities. Multiple criteria are used to determine the designation; proxy data are used to determine average income and labor market attachment. Given the detailed level of geography under consideration, official unemployment rates are not used in the calculation.

Senator Elton asked about the Indian Reservation Roads (IRR) Program in relation to the economic stimulus bill. Enclosure #2 provides information about Indian Reservations Roads and ARRA. The DOT&PF does not administer this program.

Frank Richards, Deputy Commissioner for Highways and Public Facilities, can be contacted at 465-3906 for additional information. Additional information on ARRA and transportation issues can be found at
http://www.fhwa.dot.gov/economicrecovery/index.htm

Sincerely,

Leo von Scheben, P.E., L.S., M.B.A.
Commissioner

Enclosures (2)
cc: Frank Richards, Deputy Commissioner for Highways & Public Facilities
Jeff Ottesen, Director, Division of Program Development
Mary Siroky, Legislative Liaison
Nancy Slagle, Administrative Services Director

Attachment # 1

General Provision - Department of Transportation

SEC. 1201. (a) MAINTENANCE OF EFFORT.-Not later than 30 days after the date of enactment of this Act, for each amount that is distributed to a State or agency thereof from an appropriation in this Act for a covered program, the Governor of the State shall certify to the Secretary of Transportation that the State will maintain its effort with regard to State funding for the types of projects that are funded by the appropriation. As part of this certification, the Governor shall submit to the Secretary of Transportation a statement identifying the amount of funds the State planned to expend from State sources as of the date of enactment of this Act during the period beginning on the date of enactment of this Act through September 30, 2010, for the types of projects that are funded by the appropriation.

(b) FAILURE To MAINTAIN EFFORT.-If a State is unable to maintain the level of effort certified pursuant to subsection (a), the State will be prohibited by the Secretary of Transportation from receiving additional limitation pursuant to the redistribution of the limitation on obligations for Federal-aid highway and highway safety construction programs that occurs after August 1 for fiscal year 2011.

Subtitle A-Transparency and Oversight Requirements

1511. CERTIFICATIONS. With respect to covered funds made available to State or local governments for infrastructure investments, the Governor, mayor, or other chief executive, as appropriate, shall certify that the infrastructure investment has received the full review and vetting required by law and that the chief executive accepts responsibility that the infrastructure investment is an appropriate use of taxpayer dollars. Such certification shall include a description of the investment, the estimated total cost, and the amount of covered funds to be used, and shall be posted on a website and linked to the website established by section 1526. A State or local agency may not receive infrastructure investment funding from funds made available in this Act unless this certification is made and posted.

Additional Funding Distribution and Assurance of Appropriate Use of Funds

SEC. 1607. (a) Certification By Governor.-Not later than 45 days after the date of enactment of this Act, for funds provided to any State or agency thereof, the Governor of the State shall certify that: (1) the State will request and use funds provided by this Act, and (2) the funds will be used to create jobs and promote economic growth.

(b) ACCEPTANCE BY STATE LEGISLATURE.-If funds' provided to any State in any division of this Act are not accepted for use by the Governor, then acceptance by the State legislature, by means of the adoption of a concurrent resolution, shall be sufficient to provide funding to such State.

(c) DISTRIBUTION.-After the adoption of a State legislature's concurrent resolution, funding to the State will be for distribution to local governments, councils of government, public entities, and public-private entities within the State either by formula or at the State's discretion.

Attachment #2

Indian Reservation Roads (IRR) Program
Recovery Act Provisions
02/09/09

House (H.R. 1) As passed by House of Representatives	Senate (S. 1) As reported by Appropriations Committee
• $300 million • Seek to maximize job creation and economic benefit • • Administered in accordance with Chapter 2 of Title 23. • Distributed to Tribes using FY 2008 distribution figures • No PM&O/PRAE funding identified for DOI/BIA. • FHWA overall administration and oversight funded from other funds designated for FHWA • Priority to projects able to award in 90 days, included in STIP or TIP, completed in 3 years, and located in economically distressed areas • Any unobligated funds by 08/01/2010 go to States able to obligate amounts • Lake Tahoe MPO takedown will likely apply • Mandatory reporting requirements apply	• $320 million • Seek to maximize job creation and economic benefit • Administered in accordance with Chapter 2 of Title 23. • No specific year identified for distribution • Up to 4% may be used by DOI/BIA for program management & oversight and project related administrative expenses. Portion may be provided to FLH for oversight of FHWA Tribes • FHWA overall administration and oversight funded from other funds designated for FHWA • Priority to capital investments and to projects that can be completed within 2 years of enactment • 1 year after enactment, can redistribute unobligated funds within IRR Program • Lake Tahoe MPO takedown on FLHP does not apply • Mandatory reporting requirements apply

Indian Reservation Roads (IRR) Program Q&As

PLANNING

1. Is the Indian Reservation Roads Program included in the Economic Recovery Bill?

Answer 1: The IRR Program is included in both H.R.1 passed by the House of Representatives and in the current legislation under consideration by the Senate. Final inclusion and figures will not be known until the measure is passed by Congress and signed by the President.

2. **What should Tribes be doing to ensure their projects are "ready to go" as part of the Economic Recovery Program?**

Answer 2: In order for an IRR eligible project to advance using the recovery funds, the project must be included on an FHWA approved IRR Transportation Improvement Program (IRRTIP) or Statewide Transportation Improvement Program (STIP). Therefore, we strongly encourage Tribes to review their current approved IRRTIP and reach out either to their BIA Regional Office or FHWA/Federal Land's IRR Coordinator to begin work **as soon as possible** if an update is required in order to place a new project on the IRRTIP. Please note that transit related projects should be coordinated with the relevant transit operating agency as well. Tribes should begin public involvement and determine conformity and other planning process steps that are required for the proposed projects so as to have the projects ready as soon as possible after the proposed bill is signed. For purposes of fiscal constraint, it is reasonable to assume a doubling of the Tribe's FY08 tribal share allocation of IRR Program funds for FY09.

3. Can economic recovery funds be used to replace IRR funds in the first year of the IRRTIP to allow that money to be used on other projects?

Answer 3: Yes, provided that the project on which the funds are to be used has not yet been obligated. In addition, the recovery funds can be used for a project previously scheduled for FY09 IRR Program funding as long as those FY09 IRR Program funds are then used for another eligible transportation project/activities within FY09. Because we are in the final year of SAFETEA-LU, it is imperative that minimal IRR Program funds be left unobligated at the end of FY09.

4. **Can FHWA/BIA adopt "Emergency" rules with regard to environmental processing to save time?**

Answer 4: No, FHWA cannot adopt emergency procedures. The emergency action procedures referred to in 23 CFR 771.131 only apply to emergency circumstances addressed in the Council on Environmental Quality (CEQ) regulations 40 CFR 1506.11.

5. What if FHWA or the States are challenged on the cumulative impacts of such a large investment package like this? Are we prepared to address this issue?

Answer 5: The recovery package provides funding for delivering the "ready-to-go" projects. The package itself cannot be challenged under NEPA, as it will be an Act of Congress. Individual projects are subject to legal provisions and can be challenged like any other project that is outside of the recovery package. "Ready-to-go" may have been advanced through environmental processes already or do not require any major environmental review. For these reasons, they are unlikely to be challengeable solely because they are part of a large investment package.

6. Are there any streamlining measures or waivers that can be granted when post-NEPA right-of-way acquisition has not been completed?

Answer 6: Yes. The regulations at 23 CFR 635.309 allow for a fund authorization to be issued while the State DOT continues to acquire the necessary right-of-way post-NEPA. This can be applied to IRR Projects as well. In those cases where the right-of-way acquisition may not be finalized the bid documents should clearly specify those parcels that may not be available along with estimated dates for possession. BIA and Tribes should consider the actual construction start date to determine when the property will actually be needed. For those parcels that have occupants of residences, businesses, farms or non-profit organizations who have not moved from the right-of-way, the bid proposal must include provisions to protect them from disturbance or inconvenience.

FUNDING

7. Will the economic recovery funds be 100% Federal share?

Answer 7: We will not know the response to this question until the Congress acts. However, current legislation indicates that the funds will be up to 100% Federal share.

8. Can Tribes use these funds for winter or other maintenance?

Answer 8: Yes, in accordance with 25CFR170 and SAFETEA-LU, tribes may use up to 25% of the Recovery funds they receive for maintenance activities.

9. If these are General Fund dollars, will Title 23 requirements apply?

Answer 9: Unless the Economic Recovery bill specifies otherwise, the projects funded under the bill will be required to follow all normal Title 23 and IRR Program funding requirements.

10. What will be the eligible activities for the Economic recovery funds?

Answer 10: Unless the Economic Recovery bill specifies otherwise, the list of eligible activities will be the same as those for the IRR Program. These are shown in 25 CFR 170.

11. What happens to Economic Recovery funds that have not been obligated by the due date?

Answer 11: We will not know the response to this question until the legislation is signed by the President. However, both the House and Senate versions contain language depicting how and when the funds will be redistributed. The Senate version does include language that would allow the funds to be redistributed within the IRR Program to Tribes with remaining eligible and ready projects.

12. Beyond advancing pure construction projects what other types of projects or operational considerations should Tribes be considering?

Answer 12: There is an opportunity to include operational, safety, and/or maintenance projects. Maintenance is included because thee funds will be administered per Chapter 2 of Title 23 and up to 25% of the funds that a Tribe receives can be used for maintenance purposes. Project examples include chip seal and dust suppression projects, traffic signal upgrades, traffic monitoring and weigh-in-motion equipment, dynamic message signs, road weather information systems, guardrail replacement, and traffic sign upgrades. Many operational investments require limited or no environmental review time, making them very attractive for quick deployment.

13. How will economic recovery funds be distributed and redistributed?

Answer 13: We will not know the answer to this until the Bill is signed by the President. At this time, the language included in both the House and Senate versions indicate that the funds will be administered in accordance with Chapter 2 of title 23. This means that the funds will be allocated by tribal share per the RNDF formula included in 25 CFR170. The House version indicates that FY08 numbers will be used. No specific year is referenced in the Senate version.

Exact procedures have not yet been developed for the redistribution of funds, but the Senate version specifically indicates that funds left unobligated 1 year after passage of the Act will be pulled back to FHWA and then redistributed to Tribes that have additional projects ready for award.

Project Authorization and Contracting

14. What design elements or standards can be waived or streamlined?

Answer 14: Unless the Economic Recovery bill specifies otherwise, the IRR projects funded under the bill will need to be developed and designed in accordance with 25 CFR170.

Project Management and Oversight

15. Are there specific actions that the BIA and Tribes should be considering related to tracking these economic recovery/recovery funded projects in case of audit?

Answer 15: In addition to the normal stewardship and oversight that is applied to the administration of projects, there will be very specific and detailed tracking requirements related to funding, projects, and employment on projects funded by the Economic recovery funds. The forms will be developed by FHWA/FLH for the IRR recovery funds and distributed to the Tribes and BIA after final passage of the legislation and determination of the required data and timeframes. It will be the responsibility of the Tribes and BIA to provide the required information to FHWA for inclusion in a report to Congress on these activities.

2/12/09

From: Richards, Frank T (DOT)
Sent: Thursday, February 12, 2009 3:20 AM
To: Katz, John W (GOV)
Cc: Kelly, Russell T (GOV); Von Scheben, Leo (DOT); Ottesen, Jeffery C (DOT)
Subject: Meeting with Obama Administration-- Feb. 11

Yesterday I met with US DOT's Secretary LaHood along with 40 other state DOT Commissioners/Secretaries to discuss the impact of the Economic Stimulus package on our infrastructure and state economies. The meeting was scheduled at the request of COS Emmanuel who was unable to attend. The purpose of the meeting was for the administration to hear from the states the benefits and the challenges that we will experience from the Stimulus funding.

Secretary LaHood stressed the following points on the stimulus funding:

- # 1 goal of this bill is to put people to work
- President recognizes that infrastructure reconstruction will provide good paying jobs
- Bill will provide funds that will be distributed by existing modal formulas
- US DOT and state DOT's must follow law – "By the Book, No shortcuts and No Earmarks"
- UD DOT has formed TIGER team to get the funding to the states quickly, cut through the red tape
- White House has set up website to monitor job creation – Recovery.com
- President's message is to "get it done" by working together (fed's and state) quickly and provide for accountability and transparency

Secretary LaHood priorities for US DOT:

- Work with Congress to get Aviation re-authorization bill done this year
- Work with Congress on the Amtrack bill
- Start discussions immediately on the Highway re-authorization bill
- Building a Hi-speed rail system
- Find people to head the modal administrations
- Special emphasis in "Livable Communities"

Alaska was one of three states asked to highlight projects that would be funded using economic stimulus funds. I presented the benefits of the Dalton Highway projects and their direct impacts on the Natural Gas Pipe Line project. (My remarks are attached.)

States stressed to Secretary LaHood the urgent need to start work on the highway re-authorization bill. The projects funded by the stimulus will put Americans to work now but the future needs more certainty for companies to go out and buy new equipment and invest in their companies. Without a defined 6 year program people will be more conservative and not spend the funds that will help re-stabilize the country.

Copy on File

Many states said that they will award contracts within 90 days and expend all of the stimulus funds in 2009.

Session ended with commitment by LaHood that the US DOT will be a partner to assist with rapid expenditure of the funds

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Oral comments presented by Frank Richards to US DOT Secretary LaHood, follow on next page:

Thank you COS Emmanuel and Secretary LaHood,

I am honored to represent the Alaska Department of Transportation and Public Facilities. Governor Sarah Palin sent me to tell you Alaska is ready to use the recovery and reinvestment funds for projects to put Alaskans to work and to help achieve the nation's energy independence priorities. Alaska used simple and straight forward criteria to select projects. We choose projects that are shovel ready, of national significance, provide work in economically distressed areas of the state and increase the safety of the roads Alaskan's drive on.

Alaska's highest priority projects support the Alaska Natural Gas Pipeline, the nation's largest civil works project that will deliver 4.5 billion cu. Ft. of natural gas to the nation's heartland. Alaska has almost 200 Trillion Cu. Ft of natural gas representing about 100 years of domestic energy demand.

Our goal is to ensure our highways and bridges are capable of handling the massive amount of heavy freight and pipe that will be hauled during gas line construction. We have 6 projects that meet this goal and can be obligated within Congress's aggressive 90-day timeline.

Our highest priority is a Dalton Highway Project to reconstruct 22 miles of this immensely important transportation corridor. Few Americans, and frankly not many Alaskans, have driven this road. The Dalton Highway is the only surface transportation link between interior Alaska and the oil and gas fields of Prudhoe Bay. The Dalton Highway's 414 miles traverse challenging terrain, underlain by ice rich permafrost in one of the least populated regions of the United States. This two-lane gravel road crosses the Arctic Circle and the Brooks Range before descending to the Prudhoe Bay oil and gas fields on the coastal plane. This road link is critical to the existing oil and gas developments that provide 18% of America's domestically produced crude oil. This project will raise the grade, widen the embankment, add shoulders, repair 5 bridges, install new culverts to protect fish habitat and provide a suitable driving surface.

Additional projects will provide jobs from Ketchikan in southeast Alaska to the small native villages of Kipnuk and Emmonak out on our west coast. We will be reconstructing 10 bridges, purchasing new transit buses and vans, upgrading pathways and waysides, and constructing 2 new ferries. Nearly 70% of Alaska's projects are in Economically Distressed areas, some with unemployment over 20%.

Thank you Mr. Secretary for allowing me to share our plans for use of the Economic Stimulus funding and how it benefits not only Alaskans but all of America.

2/12/09

DOT&PF&PF SURFACE TRANSPORTATION NEEDS LIST AND 2010-2013 STIP FACT SHEET

The State Transportation Improvement Program (STIP) is the federally required means by which states receive federal funds for surface transportation projects: roads, ferries, buses and trails.

A new STIP (2010-2013) must be in place by Oct. 1, 2009 to receive federal fiscal year 2010 federal funds. There are 3 important parts to this process:

1. Developing the "Needs List" of local projects nominated by communities
2. Evaluating and ranking the local projects using the "project scoring criteria"
3. Preparation and public notice on the draft STIP list identifying both local and state projects proposed for receipt of federal transportation funds

The "Needs List" is a state-maintained list of surface transportation (road, ferry, bus, trail) priorities including community-owned and maintained infrastructure. The "Needs List" is important, as it is the reservoir of surface transportation projects to be considered for the STIP and thus to be eligible for receipt of federal funds.

A new "Needs List" is being created as the current list is over 13 years old and

- Community priorities have changed reflecting changes in their community
- All the projects need to be re-ranked

Communities **do not need to re- nominate active projects** for them to remain on the "Needs List. An active project is one that has the design and environmental underway using the federal process.

Communities **must nominate new projects** to get them on the Needs List by March 2, 2009.

Forms and further information are available at http://dot.alaska.gov/stwdplng/cip_stip/index.shtml or follow the links from the DOT&PF home page www.dot.state.ak.us (left hand side under highlights is the link "Call for nomination and comments for 2010-2013 STIP)

Projects on the needs list are prioritized and ranked using Alaska specific "project scoring criteria". These criteria have been revised slightly and are available for comment through March 2nd by following the above links.

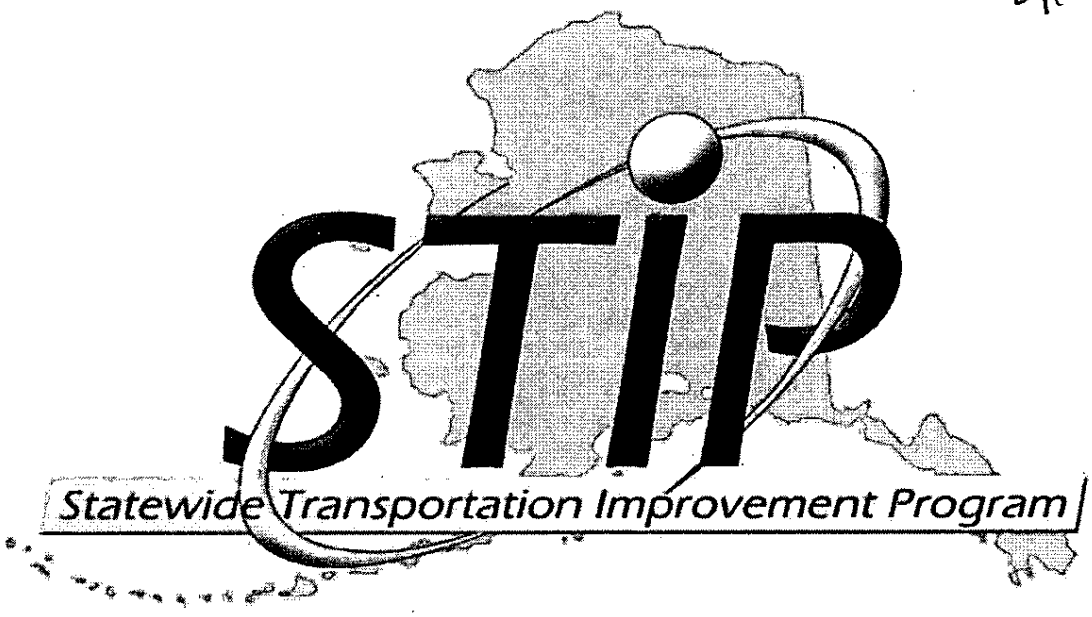
The STIP will go through an extensive public notice process including public meeting in May and June prior to federal review in Aug/Sept.

Communities having problems completing forms or understanding the process are encouraged to contact their regional planners at:

Central Region - Jennifer Witt (907-269-0520)
Northern Region - Jerry Rafson (907-451-5150)
Southeast Region - Andy Hughes (907-465-1776)

Prepared by DOT&PF&PF 2/2/09

2/12/09



2006 - 2009 STIP
Draft Amendment # 18
Published February 10, 2009

Comments Due March 13, 2009

Alaska Department of Transportation & Public Facilities

"Providing for the safe movement of people and goods and the delivery of state services"

How to Reach Us

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STIP Public Process

State regulations published in the Alaska Administrative Code, 17 AAC 05.165 – 990, govern the public process used to prepare this draft STIP. These regulations comprise the Alaska DOT&PF's Public Involvement Procedures (PIP) required by federal regulations. You can view a copy of the state's transportation planning regulations at: http://dot.alaska.gov/stwdplng/cip_stip/assets/regulations/17_aac_05_am_05_07_05.pdf

Comments due by March 13, 2009

STATE OF ALASKA

SARAH PALIN, GOVERNOR

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

OFFICE OF THE COMMISSIONER

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February 10, 2009

Dear Alaskan:

Alaska, as the rest of the nation, is facing serious economic upheaval. Recent economic forecasts by both the state Department of Labor and private firms predict that for the first time in 22 years Alaska will lose jobs in 2009. While the economists may quibble over the extent of the job loss, they do agree our economy is in for a contraction this year.

To address the situation, Congress is expected to adopt a significant economic stimulus package this month. The details are being hammered out in the nation's capital. We can reasonably expect that a significant portion of the final bill will include funding for "shovel ready" transportation projects. The Alaska Department of Transportation and Public Facilities and the transportation planning organizations in Anchorage and Fairbanks have a number of projects that meet the criteria and timeframes being discussed in the bill.

In recognition of the gravity of the economic challenges facing the nation and the need to act quickly to forestall more job losses, the time limits in the stimulus package are tight. At least half of the funding must be committed within 90 days of the bill's passage (under the House passed version of the stimulus package). To move ahead, however, the projects must be included in the Statewide Transportation Improvement Program or STIP, and put out for your review and comment. That's the purpose of this amendment #18 to the 2006-2009 STIP. In it, we propose to fund a number of previously designed projects and to accelerate the schedule of others in order to take advantage of the federal funding, and, of course, to make jobs available to Alaskan workers. (You will note in the draft STIP document that each proposed stimulus funded project is denoted with a Stimulus logo prepared for this effort.)

Time is critical to our ability to take full advantage of these time-limited funds. Your comments must be delivered to us no later than March 13, 2009.

Later this year, we will prepare a new STIP that will cover the period from 2010 to 2013 to take advantage of the funds anticipated from our normal flow of federal-aid for transportation expected in those four years.

This STIP amendment also includes updated project scope, schedule and cost estimate information for projects not part of the federal stimulus package. We are optimistic that the projects listed in the amended STIP will meet the essential transportation needs of Alaska for the coming years.

This amendment was developed in compliance with Title 23 - Section 135 and the State Planning Regulations. Projects that are in air quality non-attainment areas are in conformity with the State Implementation Plan for Air Quality.

The State's transportation system is vital to the economy of the state. The projects listed in this STIP amendment will continue to improve the transportation network for years to come and the combined list of regular and stimulus funded projects will help to mitigate the economic downturn we all face at this time. We look forward to your comments and appreciate your thoughts.

Sincerely,

Leo von Scheben, P.E., L.S., M.B.A.
Commissioner

Purpose of this STIP Amendment

This is Amendment 18 to the 2006-2009 Statewide Transportation Improvement Program or STIP. It is developed to address the funding we anticipate to receive from the currently-named *American Recovery and Reinvestment Act of 2009* that can be used for surface transportation projects in Alaska, as well as other project adjustments. After it is passed by Congress and signed by the President, the act will provide economic stimulus funding in a number of areas, including education and training, energy, infrastructure, health care and more. While transportation projects are often prominently cited in news reports about the bill, transportation-related funding, including surface transportation, transit, airports and railroads, make up only 5 to 6% of the total expenditures.

The details of this economic stimulus package are being developed in the Congress. A cornerstone of the bill is providing funding for "shovel ready" transportation projects, essentially projects that have completed or nearly completed design, have obtained the necessary rights-of-way and environmental permits, and are ready to go to construction. The Alaska Department of Transportation and Public Facilities and the transportation planning organizations in Anchorage and Fairbanks have a number of projects that meet the criteria being discussed, or are close to meeting them within the time frames outlined in the bill.

Since the stimulus bill is not yet final, we have prepared this STIP amendment that includes a sufficient number and dollar value of projects to cover both the highest expected funding amount, and some additional projects should the state receive extra funds under the "use it or lose it" provisions in the bill. This approach is necessary given the great degree of variability in the level of expected funding. It is anticipated that the bill will have been signed into law in the next few weeks, and thus the final STIP amendment will be adjusted to better reflect the actual funding levels contained in the pending law.

The time limits in the stimulus package are tight. At least half of the funding must be committed within a few months of the bill's passage. If the State is unable to sign contracts within that time, we lose the funds to other states that are able to commit them to projects immediately. To meet that challenge, this STIP amendment contains a small number of previously designed projects or accelerates the schedule of others in order to take advantage of the federal funding. They were selected from a pool of eligible projects after consideration of the following factors:

- Improves or enhances Safety
- Serves Economic Distress Area
- Benefits Gas Pipeline Logistics
- Leverages Other Funding
- Creates Jobs in 2009
- Mandatory Distribution set forth in the bill language

Despite the urgency of the economic conditions, the projects selected still must meet the requirements laid out in state and federal law, one of which is inclusion in the STIP and subject to public review and comment.

The purpose of the STIP is to inform Alaskans of decisions about the surface transportation programs and projects and the factors influencing those decisions. The STIP is not meant to serve as an accounting document. Rather, it is a snapshot of expected projects, their schedules and fund sources. Since both the nature of the projects and the funding is dynamic, and subject to many sources of change, the STIP is inherently fluid.

Projects in the STIP must conform to the Statewide Long-Range Transportation Policy Plan: *Let's Get Moving 2030.* The plan was recently updated to comply with new federal planning regulations implemented following the passage of SAFETEA-LU in 2005. SAFETEA-LU is the "Safe, Accountable, Flexible, Effective Transportation Equity Act: A Legacy for Users". It's the current five-year surface transportation authorization act Congress passed in August 2005, and runs through the end of the Federal fiscal year 2009. The plan is available on the DOT&PF website at www.dot.alaska.gov/2030.

The current STIP covers the four federal fiscal years 2006, 2007, 2008 and 2009 (the time period from October 2005 through September 2009). For clarity, this STIP amendment shows only the projects we expect to program using the funding in the *American Recovery and Reinvestment Act of 2009* and other 2009 amendments. All STIPs that are created after July 1, 2007, must cover four-year time periods. They must be updated at least every four years, but may – at the state's option – be updated more frequently. Subsequent amendments to the STIP, such as this one, do not need to show all four years.

The STIP covers only surface transportation projects including roads, ferries, transit, and trails. The Federal Aviation Administration provides funding for airport projects. A program of spending for airport projects, the Airport Improvement Program, is published separately. Ports and harbors projects are funded by the Corps of Engineers with State and local match funds, or solely with State and local funds. Neither aviation nor ports and harbors projects are included in the STIP.

The STIP is required by federal law (23 USC 135). It must be fiscally constrained to reflect reasonably expected funding. The projects listed in this STIP amendment are based on our best estimate of the funding that will become available with the passage of *American Recovery and Reinvestment Act of 2009.* Projects not immediately funded become part of our illustrative list of projects that would advance if funding becomes available. Should a project encounter delays and is not able to advance, or funding in the bill increases above what we have estimated; or if other states are unable to meet the "use it or lose it" provisions of the federal bill and more funding becomes available to us, we will select a project from the illustrative list in order to make maximum use of the funding.

Frequently, projects listed in the STIP are delayed from the schedule presented; some projects may take longer to develop than expected, or a project may incur unexpected costs. When there are delays beyond the federal fiscal year, the department advances other projects that may be ready so as not to lose the annual allocation of federal funds. Depending on the size of the project and the funding allocated to it, these changes may require amendment of the STIP. Smaller changes may require only an administrative modification.

The STIP is a financially constrained spending program. The department must estimate the total amount of transportation funding, by year and by category, from all anticipated sources for the four-year period, 2006 - 2009. The primary source of funds for surface transportation projects in Alaska is from the Federal Highway Administration. Other key sources of funding include the public transportation funds from the Federal Transit Administration and general funds appropriated by the Alaska Legislature

The estimate of available funding limits the projects placed in the STIP. Most of the funding available to the department is allocated within specific categories such as safety, National Highway System, surface transportation, transportation enhancements, air quality (CMAQ) and transit funding according to the federal funding programs. The *American Recovery and Reinvestment Act of 2009,* still being debated in Congress, is expected to allocate funds to the states using one or more of these categories. We, in turn, must consider these special categories, and their eligibility criteria in assigning funds to projects in Alaska.

Federal regulations (23 CFR 450.216) require that each state transportation agency develop a STIP for all areas of the state outside of metropolitan planning areas (MPOs). For metropolitan areas, the MPOs develop their own TIPs (Transportation Improvement Programs), which are approved by the Governor or her delegate and incorporated in total or by reference into the STIP. Additional requirements are placed on the nature and form of projects that are placed in the STIP. The final STIP is subject to approval by the Federal Highway Administration (FHWA) and Federal Transit Administration (FTA), both agencies of the US Department of Transportation.

The TIP for the Anchorage area, AMATS, can be found at:
http://home.muni.org/transplan/TIP.cfm

The TIP for the Fairbanks area, FMATS, can be found at:
http://dot.alaska.gov/nreg/planning/fmats/fmats_tip.shtml

Two STIPS

You may notice that there are two STIP reviews underway. In order to meet the tight timelines of the *American Recovery and Reinvestment Act of 2009,* this amendment to the 2006-2009 STIP is necessary. Because of the time restrictions, the stimulus projects in this amendment consist only of projects that are, or are close to being, bid-ready and thus able to meet the "shovel ready" requirement of Congress.

The Department still has the on-going responsibility to develop a program of projects for future years, and has begun development of the 2010 – 2013 STIP. A request for comments on the criteria for the 2010 - 2013 STIP, and a request for new project nominations was issued just before the New Year with comments and nominations due in early March. Projects will be developed for that effort based on the new criteria, and in light of projects we are able to complete through the *American Recovery and Reinvestment Act of 2009.* We will then offer that list of projects for public review in late spring or early summer this year.

Comments

Comments on this STIP amendment should be emailed to: dot.stip@alaska.gov no later than March 13, 2009. Questions about specific projects should be directed to the area planners in the region in which the project is located. Contact information is listed inside the front page.

Surface Transportation Funding Sources

Funding available to the state comes from several funding agencies, most notably the Federal Highway Administration and Federal Transit Administration. The state receives several categories of funding from each of these agencies. Each category has distinctive rules for project eligibility, match ratios, and other programming factors. The following descriptions address the most significant of these categories, called apportionments.

In the project tables we've identified tentative apportionment designations for each proposed project. These apportionment assignments are estimates and are subject to change. The following paragraphs describe the apportionment categories, eligible project types, apportionment code and the ratio of federal funds. The proportion not paid by federal funds is the state, local or third party match.

New apportionment designations

The following list includes four new apportionment designations for the funding anticipated from the American Recovery and Reinvestment Act of 2009: ESFX, ESWL, ESFG, and ESRT. We expect we will need to revise the codes once the act is finalized and implemented by the Federal agencies. That information will be added in the final amendment.

3PF (Third Party Funds) – Funding contributed by parties other than the State usually to provide required matching funds.

1934 (Transportation Improvement Earmarks) – Funds for transportation improvement projects specified in Section 1934 of SAFETEA-LU. Funds are available only for the projects specified in the legislation. The federal funds ratio is 90.97%.

AC (Advance Construction) – An innovative financing tool permitted under FHWA rules that, with approval of the FHWA, allows the state to begin a project using state funds prior to the availability of federal funds. This tool allows the state flexibility to use its resources to more efficiently schedule project start-ups.

ACC (Advance Construction Conversion) – Accounting tool to track the repayment of state funds used to begin a project prior to the availability of federal funds.

AC-T (Targeted Advance Construction) – An innovative financing tool permitted under FHWA rules that, with approval of the FHWA, allows the state to begin a project using state funds prior to the availability of federal funds. These funds typically are budgeted for ongoing or recurring projects.

ACC-T (Targeted Advance Construction Conversion) – An accounting tool used to track the repayment of state funds used for Targeted Advance Construction projects.

BIA (Bureau of Indian Affairs) – Funding provided through the Bureau of Indian Affairs for transportation planning, research, engineering, and construction of the highways, roads, and parkways, or of transit facilities serving federally-recognized Indian tribes. BIA projects are funded using IRR (Indian Reservation Roads) funds; see also: *IRR*

BR (Bridge) – These funds are available for deficient highway bridges eligible for replacement or rehabilitation and must be over waterways, other topographical barriers, other highways or railroads. They must also be significantly important and unsafe because of structural deficiencies, physical deterioration, or functional obsolescence. The federal funds ratio varies, typically 93.4% if spent on Interstate routes or 90.97% otherwise.

CM (Contributed Match) – Match funds contributed by parties other than the State.

CMAQ (Congestion Mitigation/Air Quality) – These funds are for projects that can be proven to reduce traffic congestion and/or improve air quality in federally designated non-attainment areas. Projects such as park and ride lots, transit bus replacement, vehicle inspection and maintenance program improvements, signal coordination, ride sharing, and paving for dust control qualify for these funds. The federal funds ratio varies and is either 90.97% or 100% depending upon the specific category of work.

DBP (Discretionary Bridge Program) – This is a nationwide competitive program for rehabilitation or replacement of bridges that cost more than $10 million. The bridges must be on a federal-aid highway. Alaska receives funds earmarked in this program. The federal funds ratio varies, typically 93.4% if spent on interstate routes or 90.97% otherwise.

E112 (Section 112 Earmarks) – In the Federal FY 2006 Tranportation Appropriations Act, Congress earmarked funds for projects in Alaska. These funds are not available for other projects. The federal share is 100%.

E115 (Section 115 Earmarks) – In the Federal FY 2004 Consolidated Appropriations Act, section 115 of Division F, dealing with Transportation Appropriations, Congress earmarked funds for projects in Alaska. These funds are not available for other projects. The federal share is 100%.

E117 (Section 117 Earmarks) – In the Federal FY 2005 Consolidated Appropriations Act, PL 108-447, section 117 of Division H, dealing with Transportation Appropriations, Congress earmarked funds for projects in Alaska. These funds are not available for other projects. The federal share is 100%

E330 (Section 330 Earmarks) – In the Federal FY 2003 Consolidated Appropriations Resolution, PL 108-7, section 330 of Division I, dealing with Transportation Appropriations, Congress earmarked funds for projects in Alaska. These funds are not available for other projects. The federal share is 100%

EMFX (Earmark Flexible) – Section 186 of the FFY 2006 federal appropriations bill changed the availability of several deductive and non-deductive earmarks for the Knik Arm and Gravina Island bridge projects, allowing the state to use them for any eligible purpose. The match ratio is determined by the type of project funded from this source.

ESFX (Economic Stimulus Flexible) – One-time funding made available to the states as part of the American Recovery and Reinvestment Act of 2009. Federal funding is anticipated to be 100%; strict time limits and other restrictions apply.

ESWL (Economic Stimulus Western Federal Lands) – One-time funding made available to the FHWA Western States Federal Lands program as part of the American Recovery and Reinvestment Act of 2009. These funds do not flow directly to Alaska; they are managed by the Western Federal Lands Highway Division in Washington State. Federal funding is anticipated to be 100%; strict time limits and other restrictions apply.

ER (Emergency Relief) – Special federal funding allocated to projects that repair damage caused by natural disasters and catastrophic failures. The federal funds ratio varies.

FBD (Ferry Boat Discretionary Funds) – Each year, the Federal Highway Administration receives applications from states for the nationwide allocation of Ferry Boat Discretionary funds. Projects must be for the construction or improvements to ferryboats or ferry terminal facilities on National Highway System routes. Funds are available only in the year approved. While a portion is setaside for Alaska (see FBDA below) Alaska may also apply for the nationwide funds. The federal funds ratio is 80%.

FBDA (Ferry Boat Discretionary Funds – Alaska set aside) – A portion of the Ferry Boat Discretionary funds, for the construction or improvements to ferryboats or ferry terminal facilities on National Highway System routes, is set aside for projects in Alaska. Funds are available only in the year approved. The federal funds ratio is 80%.

Federal Lands Highway Program – Other federal surface transportation funding programs, not generally allocated to the states, include the Park Roads and Parkways, Forest Highways, and Indian Reservation Roads. In addition, there is a competitive program called Public Lands Discretionary funding. Most of these programs are shown in the Federal Lands section of the STIP, however we do reflect them if used jointly with the state's highway projects. The federal funds ratio is 100%. The individual programs are described below:

- *Park Roads and Parkways* – planning, research, engineering, and construction of the highways, roads, and parkways, or of transit facilities within national parks.
- *FH (Forest Highways)* – planning, research, engineering, and construction of the highways, roads, and parkways, or of transit facilities within forestlands. These funds may be seen in conjunction with projects in the Tongass or Chugach National Forests.
- *IRR (Indian Reservation Roads)* – transportation planning, research, engineering, and construction of the highways, roads, and parkways, or of transit facilities serving federally-recognized Indian tribes.
- *PLD (Public Lands Discretionary Funds)* – This is a nationwide competitive program. Eligible projects are on roads that are in or adjacent to federal lands. Most of the projects will be found in the Alaska Highway System. The federal share is 100%.

GARV (GARVEE or *Grant Anticipation Revenue Vehicle)* – An innovative financing option that allows states to issue bonds to pay for Federal-aid transportation projects, which the state pledges to repay using future federal funds and state match.

HIPR (High Priority 1602) – In TEA-21 section 1602, Congress earmarked funds for over 1,800 projects in many states. Alaska received over $68 million for sixteen projects. These funds are not available for other projects. The federal share is 80%.

HPRL (High Priority 1702) – In SAFETEA-LU section 1702, Congress earmarked funds for over 5,000 projects nationwide. Generally, these funds are not available for other projects; although the funding for some projects may be loaned to other projects within the list. The federal share is 90.97%.

IM (Interstate Maintenance) – Funds used for resurfacing, restoration, rehabilitation and reconstruction of the Interstate Highway System. The state selects and prioritizes all IM projects for funding. The federal funds ratio is 93.4%

IRR (Indian Reservation Roads) – transportation planning, research, engineering, and construction of the highways, roads, and parkways, or of transit facilities serving federally-recognized Indian tribes.

NCPG (National Corridor Infrastructure Improvement Program) – Alaska received earmarked funds under this program in TEA-21. The program was revised by SAFETEA-LU into two separate programs; Coordinated Border Infrastructure Program and this one. The new program provides funding for construction of highway projects in corridors of national significance to promote economic growth and international or interregional trade. The federal funds ratio varies from 90.97% to 100% depending on the type of project and its location.

NHS (National Highway System) – A system of highways considered most important to interstate travel, national defense, connection with other modes of transportation, and are essential to international commerce. The system includes the current interstate highways and much of the old primary system. Federal law designated Alaska's system of NHS routes in December 1995. Currently, over 2,100 miles of highway and all the vessels of the Alaska Marine Highway System, including designated terminals, are eligible for NHS funding. The federal funds ratio is 93.4% if used on a section of interstate, or 90.97% if it is not.

OSF (Other State Funds) – Funding from non-federal state funds that have been appropriated.
PLD (Public Lands Discretionary Funds) – See Federal Lands Highway Program

PPP (Public-Private Partnership Financing) – Funds intended to be provided by a private entity in a partnership with a public entity (state, federal or local government) to support construction of a project, the funds to be repaid typically by the collection of tolls.

PLNG (State Planning) – These funds are designated for the mandatory planning tasks the department undertakes, including preparation of the Statewide Transportation Plan (SwTP) and State Transportation Improvement Program (STIP), statistical measurements of the transportation system (traffic volumes, pavement condition, accident locations, causes and severity, and physical characteristics of roads and highways), mapping, and management systems. The federal funds ratio is 80%.

PSF (Proposed State Funds) – Funding proposed from non-federal state funds that are not yet appropriated but are believed to be sufficiently likely that we have included them in a project's budget.

RES (Research) – These funds are designated for research tasks the department undertakes, including engineering and economic studies and applied research. The federal funds ratio is 80%.

RHE (Rail Hazard Elimination Program) – This purpose of this program is to reduce the number of fatalities and injuries at public highway-rail grade crossings through the elimination of hazards and/or the installation/upgrade of protective devices at crossings. This program funds the federal requirement that each state conduct and systematically maintain a survey of all highways to identify railroad crossings that may require separation, relocation, or protective devices, and establish and implement a schedule of projects for this purpose. The federal funds ratio is 90%.

RTP (Recreational Trails Program) – This funding category is intended to develop and maintain recreational trails and trail related facilities for both non-motorized and motorized recreational trail uses. This program is administered by the Department of Natural Resources. The federal funds ratio is 90.97%.

SA (Safety) – Safety projects include hazard elimination, railroad crossing, and railroad protective devices. In order to qualify, the project must be identified through the Highway Safety Improvement Program, which seeks to identify hazardous locations throughout the state based on accident histories. The federal funds ratio varies and is either 90% or 100% depending upon the specific category of work.

SA40 (Safety Sanction) – This special category of safety funds addresses highway hazard eliminations similar to *Safety (SA)* above, 100% federal. The funds are made available by a sanction or reduction to Alaska's Interstate Maintenance, National Highway System and Surface Transportation Program apportionments. Each year, 3% of these program funds are reallocated because Alaska does not have conforming laws addressing repeat DUI and open alcoholic containers on motorcycles.

SCBY (Scenic Byways) – This is a small category designated for planning, design and development of scenic byways programs on existing surface transportation routes. The funds Alaska receives under this program are based on successful competition with applicants nationwide. The federal funds ratio is 80%.

SM (State Match) – The State's share of project costs required to match federal program funds. Depending on the particular federal program requirements, the state's share of the costs, the state match required, will vary from as little as zero percent to as much as 50%. Most often the state's share will range from 9.03% to 20%.

SRTS (Safe Routes to School) – This new funding category created by SAFETEA-LU is intended to fund the planning, design, and construction of projects that will substantially

improve the ability of students to walk and bicycle to school. Between 10% and 30% of the funds must be allocated for non-infrastructure-related activities to encourage walking and bicycling to school. The federal funds ratio is 100%.

STP (Surface Transportation Program) – Flexible funding that may be used by the state and localities for projects on any Federal-aid highway, including the NHS, bridge projects on any public road, transit capital projects, and intracity and intercity bus terminals and facilities. Unlike other states, Alaska is allowed to use these funds on any public road in Alaska, regardless of classification. The federal funds ratio varies, typically 93.4% if spent on interstate routes or 90.97% otherwise.

STR (Transportation Research Program Earmark) – Earmark funds from the Environmental Research Program managed by FHWA. Congress has recently earmarked these funds for analyzing dust in Western Alaska villages.

TCSP (Transportation and Community and System Preservation) – A discretionary grant program that provides funds to states, MPOs, local and tribal governments for projects that address the relationships among transportation, community, and system preservation plans and practices and identify private sector-based initiatives to improve those relationships. The federal share is 90.97%.

TE (Transportation Enhancements) – These funds are for projects that go beyond routine highway projects to enhance the transportation experience, including projects such as bicycle and pedestrian facilities, landscaping, historic preservation, and the reduction of wildlife deaths caused by vehicles. The federal funds ratio is 90.97%. To be eligible for TE funding a project must relate to surface transportation and fall within one or more of twelve specific transportation enhancement activities defined by federal law.

URPL (Metropolitan Planning) – In Alaska, these funds can be used in any urban area within the state. Planning processes and special planning studies are eligible activities within this program. The federal funds ratio is 90.97%.

Public Transportation (Transit) funding sources (Federal Transit Administration)

The Federal Transit Administration (FTA) administers several public transportation grant programs that provide financial assistance to develop new transit systems and to improve, maintain, and operate existing systems. Like highway federal-aid programs, each public transportation program has different requirements intended to meet specific needs as determined by Congress. While some funds flow directly from FTA to designated recipients with the legal authority to receive and dispense federal funds, such as cities, towns, regional governments, or transit authorities, DOT&PF administers many of the grant programs in Alaska according to the specific requirements of each..

3037 (Job Access and Reverse Commute TEA-21) – This discretionary program funded new or expanded transportation projects for low-income individuals who may live in the city core and work in suburban locations, or work non-traditional work schedules. SAFETEA-LU

revised this program (see 5316) to allocate funds to the states on a formula basis instead of the discretionary program it was under TEA-21. The federal funds ratio for the remaining TEA-21 program funds is 50%.

3044 (Bus and bus-related projects) – Section 3044 of SAFETEA-LU earmarked funding for specific bus and bus-related projects and clean-fuel projects using section 5309 funding. These projects are now tracked using the 5309BU program designation.

5307 (Capital and Operating Funds for Urbanized Areas) – These funds are distributed to eligible urban areas according to a federally mandated formula based on population, population density, and level of public transportation service. The eligible transit operations in Alaska for this program are in Anchorage and Fairbanks. Urban areas with populations over 200,000 (Anchorage) receive funds directly from FTA and may use their funds for capital investments. Urban areas with populations under 200,000 (Fairbanks) may use the funds for both operations and capital projects. In each case the project selections are made by the MPO and are listed in its TIP.

5307RR (Urban Rail Setaside) – A portion of Section 5307 funds, *Capital and Operating Funds for Urbanized Areas* specifically set aside for railroad projects in Anchorage and Fairbanks.

5309 (Capital Program) – This program provides capital assistance for three primary activities:

- *(5309BU)* New and replacement buses and facilities
- *(5309FG)* Modernization of existing rail and ferry systems
- *(5309NS)* (New Starts) New fixed-guideway systems (including ferry systems)

Congress usually fully earmarks all available funding. In SAFETEA-LU Congress set aside a portion of the New Start funds for capital improvements on Alaska and Hawaii ferry systems (the two states split the set-aside). Congress also set aside a portion of the Capital Program New Starts funds for the Denali Commission for docks, waterfront development projects, and related transportation infrastructure. On occasion, a recipient agency will apply for section 5309 funds on behalf of transit agencies throughout the state and ask DOT&PF to administer these funds. When this happens, the funds are distributed through the annual Alaska Community Transportation Grant application process. The federal funds ratio is 80%.

5310 (Elderly and Persons with Disabilities Program) – This program funds transportation services to meet the special needs of the elderly and persons with disabilities. Funds are apportioned to the states based on the number of elderly and persons with disabilities in each state. Grants are available to nonprofit organizations for the purchase of vehicles, related equipment, and the purchase of rides. SAFETEA-LU listed Alaska as one of a select group of states to participate in a pilot program that would allow a portion of these funds to be used to cover operating costs (at a 50% match) of projects that meet the special needs of elderly individuals and individuals with disabilities. The federal funds ratio for the remainder of these funds is 90.97%.

5311 (Nonurbanized Area Formula Program) – This program provides funding to enhance public transportation in rural and small urban areas. It also assists in the maintenance,

development, improvement, and use of public transportation systems. A component of this program is the Rural Transit Assistance Program (RTAP), which provides training and technical assistance to transit operators. The federal funds ratio is 90.97% for capital projects and up to 56.86% for operating assistance. RTAP projects are 100% federally funded.

5316 (Job Access and Reverse Commute) – This program funds new or expanded transportation projects for low-income individuals who may live in the city core and work in suburban locations, or work non-traditional work schedules. Formula allocations are based on the number of low-income persons in the state and are apportioned to urban areas over 200,000 residents, urban areas under 200,000, and to the state for non-urban areas. SAFETEA-LU revised this program to allocate funds to the states on a formula basis instead of the discretionary program it was under TEA-21. The federal funds ratio is 50% for operating assistance and 80% for capital. The federal funds ratio for the remaining TEA-21 program funds is 50%.

5317 (New Freedom Program) – This new program created by SAFETEA-LU provides for service and facility improvement to address the transportation needs of persons with disabilities that go beyond those required by the Americans with Disabilities Act. This provides for both capital and operating costs. The federal funds ratio is 50% for operations and 80% for capital.

5320 (Alternative Transportation in Parks and Public Lands (ATPPL) Program) – This new discretionary program created by SAFETEA-LU funds capital and planning expenses for alternative transportation systems in national parks and public lands. The program is administered by the Federal Transit Administration (FTA), in partnership with the U.S. Department of the Interior (DOI) and the U.S. Department of Agriculture Forest Service (USFS). Projects in or in the vicinity of a national park, National Wildlife Refuge, BLM area, Bureau of Reclamation (BR) area, or National Forest System area are eligible for funding. The federal funds ratio varies.

ESFG (Economic Stimulus Fixed Guideway) – One-time funding made available to the states as part of the American Recovery and Reinvestment Act of 2009. These are funds for fixed guideway transit projects such as railroads, subways and streetcars. The federal definition includes use on ferry projects such as the Alaska Marine Highway. Federal funding is anticipated to be 100%; strict time limits and other restrictions apply.

ESRT (Economic Stimulus Rural Transit) – One-time funding made available to the states as part of the American Recovery and Reinvestment Act of 2009. These are funds for non-urbanized public transportation projects – projects outside of major metropolitan areas. Federal funding is anticipated to be 100%; strict time limits and other restrictions apply.

RRBOND (FTA Capital Grant Receipt Revenue Bonds) – Bonds issued by the Alaska Railroad to be repaid in part by future Federal Transit Administration sections 5307 and/or 5309 funds. Section 5307 funds are made available on a yearly basis to urbanized areas to finance capital and planning assistance for mass transportation; section 5309 funds are made available to finance new capital projects.

Federal highway funds may be used for some public transportation projects. These projects are selected using scoring criteria for public transportation (transit) projects in the CTP program. Public transportation projects funded in this manner are included in the STIP project detail in the Community Transportation Program project table. The federal funds ratio is 90.97%

Fiscal Summary - Programmed Funds

Programmed Funds (in thousands)	Acronym	Carryover	2009
Federal Highway Administration (FHWA) Funding[1]			
American Recovery and Reinvestment Act	ESFX		238,322.4
Bridge / Ferry Replacement	144M		0.0
Bridge Rehabilitation & Replacement Program	BR		30,344.0
Contributed Match	CM		451.5
Mandatory Congestion Mitigation & Air Quality	CMAQ		4,583.1
Section 115, FFY 2004 Federal Appropriations Earmark	E115		9,015.0
Section 117, FFY 2005 Federal Appropriations Earmark	E117		2,514.8
Section 330, FFY 2003 Federal Appropriations Earmark	E330		3,282.8
Earmark Flexible	EMFX		60,745.1
Emergency Relief	ER		0.0
Ferry Boat Discretionary	FBD		0.0
Ferry Boat Discretionary - Alaska Setaside	FBDA		27,574.1
Grant Anticipated Revenue Vehicle (GARVEE)	GARV		0.0
TEA-21 High Priority Projects	HIPR		100.0
SAFETEA-LU - High Priority Projects	HPRL		61,652.3
Interstate Maintenance	IM		44,487.7
National Corridor Planning & Border Development Program Earmarks	NCPD		1,000.0
National Highway System	NHS		52,722.0
Public Lands Discretionary	PLD		0.0
Planning	PLNG		3,496.8
Research	RES		1,189.8
Rail Hazard Elimination	RHE		841.5
Recreational Trails Program	RTP		919.4
Highway Safety Improvement Program	SA		7,860.3
Safety Sanction Funds	SA40		18,630.0
Scenic Byways	SCBY		400.0
SHAKWAK	SHAK		0.0
Safe Routes To Schools	SRTS		749.3
Surface Transportation Program & Other Flexible Funds[2]	STP		97,350.0
Surface Transportation Research Earmark	STR		0.0
Transportation Improvements	1934		3,941.3
Transportation Enhancements	TE		4,826.0
Metropolitan Planning	URPL		1,292.0
Federal Transit Administration (FTA) Funding			
American Recovery and Reinvestment Act (5309FG)	ESFG		31,800.0
American Recovery and Reinvestment Act (5311)	ESRT		11,479.0
Job Access and Reverse Commute - TEA-21	3037		99.1
Urbanized Area Formula Program Program Passenger Operations - Alaska Railroad	5307RR		25,531.1
Capital Program - Bus and Bus Facilities	5309BU		17,471.9
Capital Program - Fixed Guideways	5309FG		13,735.0
Capital Program - New Starts	5309NS		36,488.2
Elderly and Persons with Disabilities Program	5310		864.3
Nonurbanized Area Formula Program	5311		6,494.9
Job Access and Reverse Commute - SAFETEA-LU	5316		303.0
New Freedom Program	5317		146.3
Alternate Transportation In Parks and Federal Lands	5320		4,200.0
Alternate Transportation - RR In Parks and Federal Lands	5320RR		0.0
Other Funding			
Advance Construction	AC		155,546.8
Targeted Advance Construction	AC-T		32,738.2
Advance Construction Conversion (Payback)	ACC		-30,828.5
Targeted Advance Construction Conversion (Payback)	ACC-T		-33,748.9
Bureau of Indian Affairs	IRR		332.3
Other Available State Funds	OSF		50,751.9
State Match & Unforseseen Ineligible Funds	SM		56,720.0
Third Party Funds	3PF		14,917.4
Public-Private Partnership Financing	PPP		61,626.6
Proposed State Funds	PSF		113,700.0
Rail Road Bonds (FTA Capital Grant Receipt Revenue Bonds)	RRBOND		27,852.4
Denali Commission	1960		0.0
	Total		**1,038,189.7**

[1]FHWA Funds and earmarks are discounted to more closely approximate available obligation authority. Obligation ratio in FFY07 - 89%, FFY08 - 92% and FFY09 - 75%.

[2]Surface Transportation Program & Flexible Funds includes STIP; Flexible CMAQ; Equity Bonus Certain Authorized, Special & Exempt.

Fiscal Summary - Available Funds

Available Funds (in thousands)	Acronym	Carryover	2009
Federal Highway Administration (FHWA) Funding[1]			
American Recovery and Reinvestment Act	ESFX		238,322.4
Bridge / Ferry Replacement	144M		0.0
Bridge Rehabilitation & Replacement Program	BR		33,240.0
Contributed Match	CM		451.5
Mandatory Congestion Mitigation & Air Quality	CMAQ		4,583.0
Section 115, FFY 2004 Federal Appropriations Earmark	E115	26,638.9	0.0
Section 117, FFY 2005 Federal Appropriations Earmark	E117	14,040.4	0.0
Section 330, FFY 2003 Federal Appropriations Earmark	E330	3,535.3	0.0
Earmark Flexible	EMFX	149,628.3	63,476.2
Emergency Relief	ER	18,000.8	0.0
Ferry Boat Discretionary	FBD		0.0
Ferry Boat Discretionary - Alaska Setaside	FBDA	21,035.0	10,000.0
Grant Anticipated Revenue Vehicle (GARVEE)	GARV		0.0
TEA-21 High Priority Projects	HIPR	7,278.5	0.0
SAFETEA-LU - High Priority Projects	HPRL	100,564.5	48,341.2
Interstate Maintenance	IM		43,117.0
National Corridor Planning & Border Development Program Earmarks	NCPD	364.3	1,034.0
National Highway System	NHS		54,055.0
Public Lands Discretionary	PLD	0.0	0.0
Planning	PLNG		3,901.5
Research	RES		1,300.5
Rail Hazard Elimination	RHE		916.0
Recreational Trails Program	RTP		919.0
Highway Safety Improvement Program	SA		8,189.0
Safety Sanction Funds	SA40	7,566.3	10,285.0
Scenic Byways	SCBY		400.0
SHAKWAK	SHAK		0.0
Safe Routes To Schools	SRTS		749.3
Surface Transportation Program & Other Flexible Funds[2]	STP		88,671.0
Surface Transportation Research Earmark	STR		0.0
Transportation Improvements	1934	2,552.7	8,250.0
Transportation Enhancements	TE		4,826.0
Metropolitan Planning	URPL		1,139.0
Federal Transit Administration (FTA) Funding			
American Recovery and Reinvestment Act (5309FG)	ESFG		31,800.0
American Recovery and Reinvestment Act (5311)	ESRT		11,479.0
Job Access and Reverse Commute - TEA-21	3037	99.1	0.0
Urbanized Area Formula Program Program Passenger Operations - Alaska Railroad	5307RR	65.4	25,465.7
Capital Program - Bus and Bus Facilities	5309BU	9,173.3	8,298.6
Capital Program - Fixed Guideways	5309FG	1,255.9	12,479.1
Capital Program - New Starts	5309NS	12,856.2	23,632.0
Elderly and Persons with Disabilities Program	5310	566.0	298.3
Nonurbanized Area Formula Program	5311	370.4	6,124.5
Job Access and Reverse Commute - SAFETEA-LU	5316	195.6	107.4
New Freedom Program	5317	92.7	53.6
Alternate Transportation In Parks and Federal Lands	5320	4,200.0	0.0
Alternate Transportation - RR In Parks and Federal Lands	5320RR	0.0	0.0
Other Funding			
Advance Construction	AC		155,546.8
Targeted Advance Construction	AC-T		32,738.2
Advance Construction Conversion (Payback)	ACC		-30,828.5
Targeted Advance Construction Conversion (Payback)	ACC-T		-33,748.9
Bureau of Indian Affairs	IRR		332.3
Other Available State Funds	OSF		50,751.9
State Match & Unforseseen Ineligible Funds	SM		56,763.7
Third Party Funds	3PF		12,573.9
Public-Private Partnership Financing	PPP		176,089.3
Proposed State Funds	PSF		113,700.0
Rail Road Bonds (FTA Capital Grant Receipt Revenue Bonds)	RRBOND		27,852.4
Denali Commission	1960		0.0
	Total	**380,079.6**	**1,069,353.5**

[1]FHWA Funds and earmarks are discounted to more closely approximate available obligation authority. Obligation ratio in FFY07 - 89%, FFY08 - 92% and FFY09 - 75%.

[2]Surface Transportation Program & Flexible Funds include STP; Flexible CMAQ; Certain Authorized, Equity Bonus Special & Exempt.

Economic Stimulus Projects

Region	Need ID	Project Name	Location	Changes
CR	2481	Mat-Su: Seward Meridian Phase I Const. & Utilities	Mat-Su	Previously designed, construction funded by ES
CR	2563	Parks Highway Willow to Kashwitna	Parks Hwy	Previously designed, construction funded by ES
CR	6040	Glenn Hwy: Lighting Birchwood to Palmer Hay Flats	Glenn Hwy	Funded by ES
CR	6460	AMATS Highway and Bridge Funds	AMATS	Additional funding by ES
CR	6461	AMATS TE Funds	AMATS	Additional funding by ES
CR	9548	Dillingham: Wood River Road	Dillingham	Design in process, completion with ES
CR	14487	TE: Glenn Highway Bike Trails Pavement Refurbishment: Eagle River to Birchwood	Glenn Hwy	Previously designed, construction funded by ES
CR	15979	Kuskokwim Delta: Kipnuk Boardwalk Improvements Ph II	Kipnuk	Augments existing project
CR	18336	Sterling Highway: Sterling Weigh Station Scale Replacement	Sterling Hwy	New Project - current scale is inoperative
CR	18646	Kodiak Island Borough: Chiniak Road MP 23.7 Safety Improvements	Kodiak	Previously designed, construction funded by ES
CR	22675	Glenn Highway Rut Repair, Hiland to Eklutna	Glenn Hwy	Portions previously designed, limits expanded with ES
CR	22676	Kodiak: Rezanof Drive Rut Repair, Airport to Marine Way	Kodiak	Funded by ES
CR	22677	Sterling Highway Rut Repair, MP 96.5 to MP 110, Soldotna to N. Cohoe Loop Rd.	Sterling Hwy	Funded by ES
CR	22695	Minnesota Dr. Resurfacing, C St to Int'l Airport Rd.	Anchorage	Previously designed, construction funded by ES
CR	22696	Minnesota Dr. Resurfacing, Int'l Airport Rd to 13th	Anchorage	Previously designed, construction funded by ES
CR	22698	Glenn Highway MP 34-42, Parks I/C to Palmer Rut Repair	Glenn Hwy	Funded by ES
CR	22758	Mat-Su Borough Area: Off-System Bridges Rehab or Replace	Mat-Su	Funded by ES
CR	22796	M/V Susitna Ferry landings	Mat-Su	Funded by ES Transit
HQ	22762	Transit: Rural Formula Capital (Public Transit)	Statewide	Augmented by ES Transit
HQ	22763	Alaska Class Ferry: Vessel #1	Statewide	Augmented by ES Transit
HQ	22777	Ferry Vessel Refurbishment	Statewide	Funded by ES Transit
M	22795	Hoonah Marine Terminal Improve.	Hoonah	Funded by ES Transit
NR	2138	Tok Cutoff Highway MP 2, Gakona River Bridge #0646	Tok Cutoff	Augments existing project

Economic Stimulus Projects (continued)

Region	Need ID	Project Name	Location	Changes
NR	3784	Kotzebue: Shore Ave Reconstruction	Kotzebue	Increased costs; funding augmented by ES
NR	3948	TE: Denali Highway MP 7 Wayside	Denali Hwy	Previously designed, construction funded by ES
NR	16088	Marshall Bridge Repair or Replacement	Marshall	Previously designed, construction funded by ES
NR	17662	FMATS Highway and Bridge Funds	FMATS	Additional funding by ES
NR	17681	FMATS TE FUNDS	FMATS	Additional funding by ES
NR	18638	Nome Road Improvements	Nome	Augments existing project
NR	20734	Emmonak: Community Roads Upgrade and Surfacing	Emmonak	Augments existing project
NR	22301	Alaska Highway: Tok Weigh Station Inspection Facilities	Alaska Hwy	Funded by ES; augments existing project
NR	22321	Alaska Highway, MP 1412 to 1422	Alaska Hwy	Previously designed, construction funded by ES
NR	22364	Richardson Highway: Moose Creek RR Overcrossing	Richardson Hwy	Previously designed, construction funded by ES
NR	22365	Richardson Highway, MP 276 - 286 Rehabilitation	Richardson Hwy	Funded by ES
NR	22445	Dalton Highway, MP 175 to 197	Dalton Hwy	Project split, this portion advanced with ES
NR	22448	Dalton Highway, MP 260 to 321 Culverts	Dalton Hwy	Increased costs; funded by ES
NR	22742	TE: Valdez: Areawide Bike and Ped Trail Pavement Refurbishment	Valdez	Funded by ES
NR	22755	Delta Jct: City Street Improvements	Delta Junction	Funded by ES
SE	6172	KTN: Tongass Ave Viaduct Rehabilitation, Stage II	Ketchikan	Previously designed, construction funded by ES
SE	11045	Sitka: Sawmill Creek/Halibut Point Road Roundabout Construction	Sitka	Previously designed,funding augmented by ES
SE	16416	Gustavus Causeway Replacement	Gustavus	Previously designed,funding augmented by ES
SE	18272	Juneau: Egan Drive and Glacier Highway Resurfacing, Mendenhall Loop to Ferry Terminal	Juneau	Funded by ES
SE	22155	Haines Highway: Front Street to Union Street	Haines Hwy	Previously designed, construction funded by ES
SE	22715	Yakutat: Areawide Paving	Yakutat	Augments existing project
SE	22735	Juneau: Jordan Creek Bridge at Trout Street Replacement and Basin Road Trestle Rehabilitation	Juneau	Funding augmented by ES
SE	22736	Skagway: Dyea Road Bridge Rehabilitation	Skagway	Funding augmented by ES
SE	22737	Hoonah: Airport Road Paving, Ferry Terminal to the Airport	Hoonah	Funded by ES

Economic Stimulus Projects (continued)

Region	Need ID	Project Name	Location	Changes
SE	22738	Sitka: Japonski Island Utility and Road Improvements	Sitka	Previously designed,funding augmented by ES
SE	22761	M/V Bob Ellis Replacement Vessel	Ketchikan	Augmented by ES Transit
SE	22876	USFS 3030 Road Cleanup Project	Prince of Wales	Western Federal Lands; funded by other ES
SE	22877	Walden Point Paving Project	Metlakatla	Western Federal Lands; funded by other ES

Changes to the Existing STIP

Region	Need ID	Highway Project Name	Location	Changes
CR	19114	Matsu Transit Needs	Mat-Su	Funding carryover from previous years
HQ	19119	Special Needs for Elderly	Statewide	Funding carryover from previous years
HQ	19120	Non-Urbanized Transit & RTAP	Statewide	Funding carryover from previous years
HQ	19241	Denali Commission	Statewide	Funding carryover from previous years
HQ	19256	Job Access Reverse Commute	Statewide	Funding carryover from previous years
HQ	21195	AMC - Work Related Transit	Statewide	Funding carryover from previous years
HQ	21954	AMC - Capital Projects	Statewide	Funding carryover from previous years
M	16961	Terminal: Metlakatla, Annette Bay Construct New Terminal	Metlakatla	Funding source change
M	18358	Ferry: Ferry Refurbishment	Statewide	Increased funding available for additonal work
M	18359	Ferry: Design/Construct/Lease/Purchase Ferryboats & Terminals	Statewide	Increased funding available
M	18776	Terminal: AMHS Headquarters Building & Grounds	Statewide	Funding revised to meet project schedule
NR	2107	Steese Highway/3rd Street Widening	Fairbanks	Project delayed because utilities slipped from FFY09 to FFY10
NR	2130	MP 353 to 357 Access/Safety Improvements	Richardson Hwy	Slipped from FFY08 to FFY09
NR	3653	Sanitation Road	Stevens Village	Slipped from FFY08 to FFY09
NR	3811	Huslia Landfill Road	Huslia	Cost estimate increase
NR	3827	Community Roads Improvements and Construction	Gambell	Project delayed awaiting environmental
NR	3887	MP 108 to 120 Rehabilitation (Minto Jct. Area)	Elliot Hwy	Slipped from FFY08 to FFY09
NR	6382	MP 172 to 189 Rehabilitation - Tolsona River to Richardson Hwy. Jct.	Glenn Hwy	Augment existing project
NR	7371	Richardson Highway, Fairbanks, New Weigh Station	Richardson Hwy	Cost estimate increase

Changes to the Existing STIP (continued)

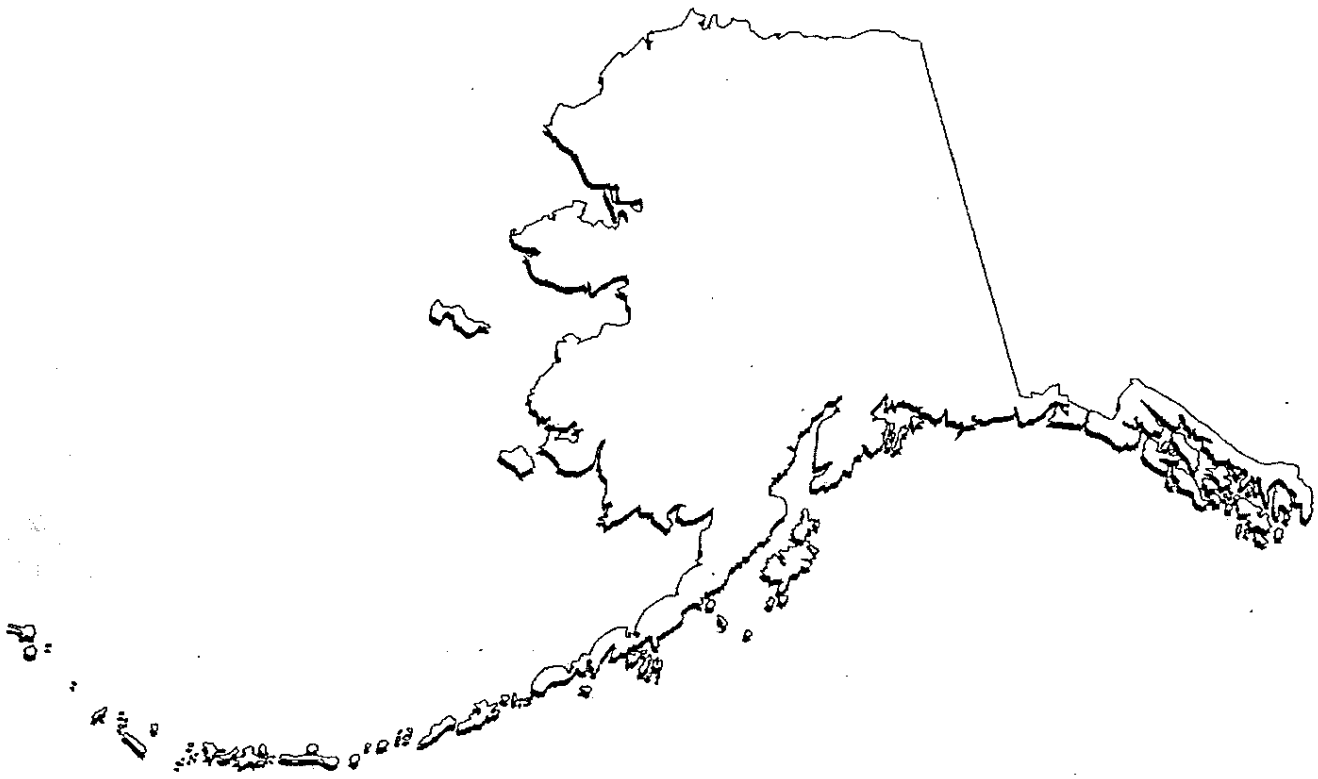
Region	Need ID	Highway Project Name	Location	Changes
NR	8984	Emmonak Landfill Road	Emmonak	Cost estimate increase
NR	10554	MP 228 One Mile Creek Bridge #0591	Richardson Hwy	Phase 2 slipped from FFY08 to FFY09
NR	12625	MP 197 to 209 Reconstruction	Dalton Hwy	Project split, this portion design in 09
NR	15439	Evacuation Road Repairs and Extension	Gambell	Project slipped to FFY10, environmental docs not completed
NR	17223	Nome Highway Bridge Improvements	Nome	Slipped from FFY08 to FFY09
NR	18005	FMATS Allocation for grandfathered projects	FMATS	Changed to fit construction schedule
NR	18372	Snake River Bridge Replacement	Nome	Project converting to GO Bond project , federal funds not needed.
NR	18633	Road Resurfacing	Galena	Slipped from FFY08 to FFY09
NR	18905	Dust Control Mitigation	Tanana	Project Completed
NR	19175	Airport Access Road Permanent Repairs	Emmonak	Slipped from FFY08 to FFY09
NR	21634	North Slope Borough Transit	Borough	Funding carryover from previous years
NR	22298	Tok River Bridge	Alaska Hwy	New project, gasline infrastructure
SE	16663	Captain William Moore bridge	Klondike Hwy	New project
SE	18785	Wrangell Ferry Infrastructure	Wrangell	Funding carryover from previous years
SE	19074	Juneau Bus Acquisition/Center	Juneau	Funding carryover from previous years
SE	19095	Ketchikan Transit Needs	Ketchikan	Funding carryover from previous years
SE	19116	Sitka Transit Needs	Sitka	Funding carryover from previous years
SE	19117	Skagway Intermodal Facility	Skagway	No funding in FFY09, funds previously obligated
SE	19239	Craig Transit Service JARC	Craig	Funding carryover from previous years

2/17/09 OVERVIEW: LEGISLATIVE FINANCE OVERVIEW OF GOVERNOR'S FY10 BUDGET

<target><bill></bill><subject>2-17-09 OVERVIEW LEGISLATIVE FINANCE OVERVIEW OF GOVERNOR'S FY10 BUDGET</subject><comm>SFIN26</comm></target>

The Fiscal Year 2010 Budget:

Legislative Fiscal Analyst's Overview of the Governor's Request



Legislative Finance Division

http://www.legfin.state.ak.us/

The Legislative Fiscal Analyst Office has a professional, non-partisan staff that provides general budget analysis for members of the legislature and specifically supports the Legislative Budget and Audit Committee and the House and Senate standing finance committees. Each fiscal analyst is assigned agency areas of responsibility. Duties of the office are to:

(1) analyze the budget and appropriation requests of each department, institution, bureau, board, commission or other agency of state government;
(2) analyze the revenue requirements of the state;
(3) provide the finance committees of the legislature with comprehensive budget review and fiscal analysis services;
(4) cooperate with the Office of Management and Budget in establishing a comprehensive system for state budgeting and financial management as set out in the Executive Budget Act (AS 37.07);
(5) complete studies and prepare reports, memoranda or other materials as directed by the Legislative Budget and Audit Committee;
(6) with the Governor's permission, designate the legislative fiscal analyst to serve ex officio on the Governor's budget review committee. [AS 24.20.231]

Legislative Finance Budget System. The system tracks budget transactions and provides comparative reports for committees and subcommittees. In addition, the system is used to produce the Governor's budget request books, the general appropriations bills, Conference Committee reports and a breakdown of the capital budget by House district.

LEGISLATIVE FINANCE DIVISION
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Introduction

As required by law, the Governor released her FY2010 budget proposal to the public and the legislature on December 15, 2008. The Legislative Finance Division prepared this Overview of the Governor's proposal and "subcommittee books" for each agency in accordance with AS 24.20.211-231.

Alaska's Fiscal Situation

For the first time in five years, State Senators and Representatives will begin a legislative session facing the prospect of a fiscal gap. Although the fiscal summary prepared at the end of the 2008 session anticipated a surplus of $350 million for FY09, an unprecedented drop in oil prices since then has turned a projected surplus into a projected $360 million deficit. And that projection is based on an average FY09 oil price of $78/barrel. If oil averages $40/barrel for the remainder of FY09, the deficit will be almost $2 billion—after paying $745 million as a resource rebate and depositing $1 billion into the Constitutional Budget Reserve Fund. (See the FY09 Sensitivity Chart on page 2.)

The FY2010 fiscal situation is equally sensitive to oil prices. The official Department of Revenue projection is that oil will average $74/barrel during FY2010. At that price, revenue will be sufficient to support the budget proposed by the Governor; as shown on line 46 of the fiscal summary on page 4, a pre-savings surplus of about $150 million is projected.

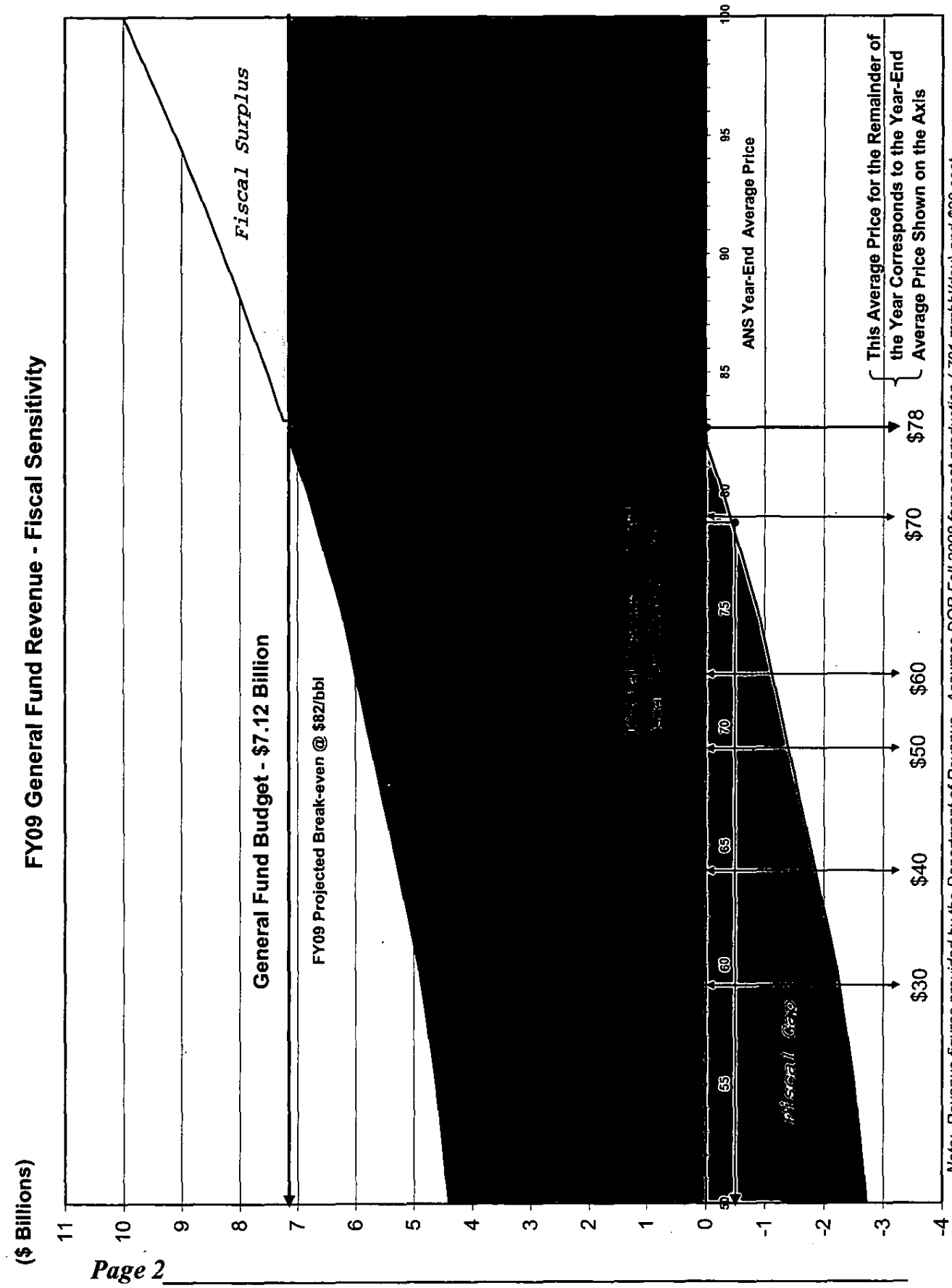
With oil now selling at less than $40/barrel, some legislators have questioned whether the official revenue forecast ($74/barrel oil) for FY2010 is a useful planning tool. Legislative Finance has used the official forecast for years, but finds a sensitivity chart to be a more useful tool than a specific dollar projection. The FY2010 Sensitivity Chart on page 3 shows how the surplus/deficit situation changes with oil prices (assuming adoption of the Governor's proposed spending level of $5.13 billion general funds):

- $74 oil (the official forecast) produces a surplus of $148 million;
- $73 oil produces a balanced budget;
- $55 oil produces a deficit of about $2 billion; and
- $35 to $40 oil produces a deficit of about $3.5 billion.[1]

In summary, Alaska may be challenged with unprecedented levels of deficits (or budget reductions) unless and until oil prices rebound significantly. The combined deficit for FY09 and FY2010 could reach $5 billion.

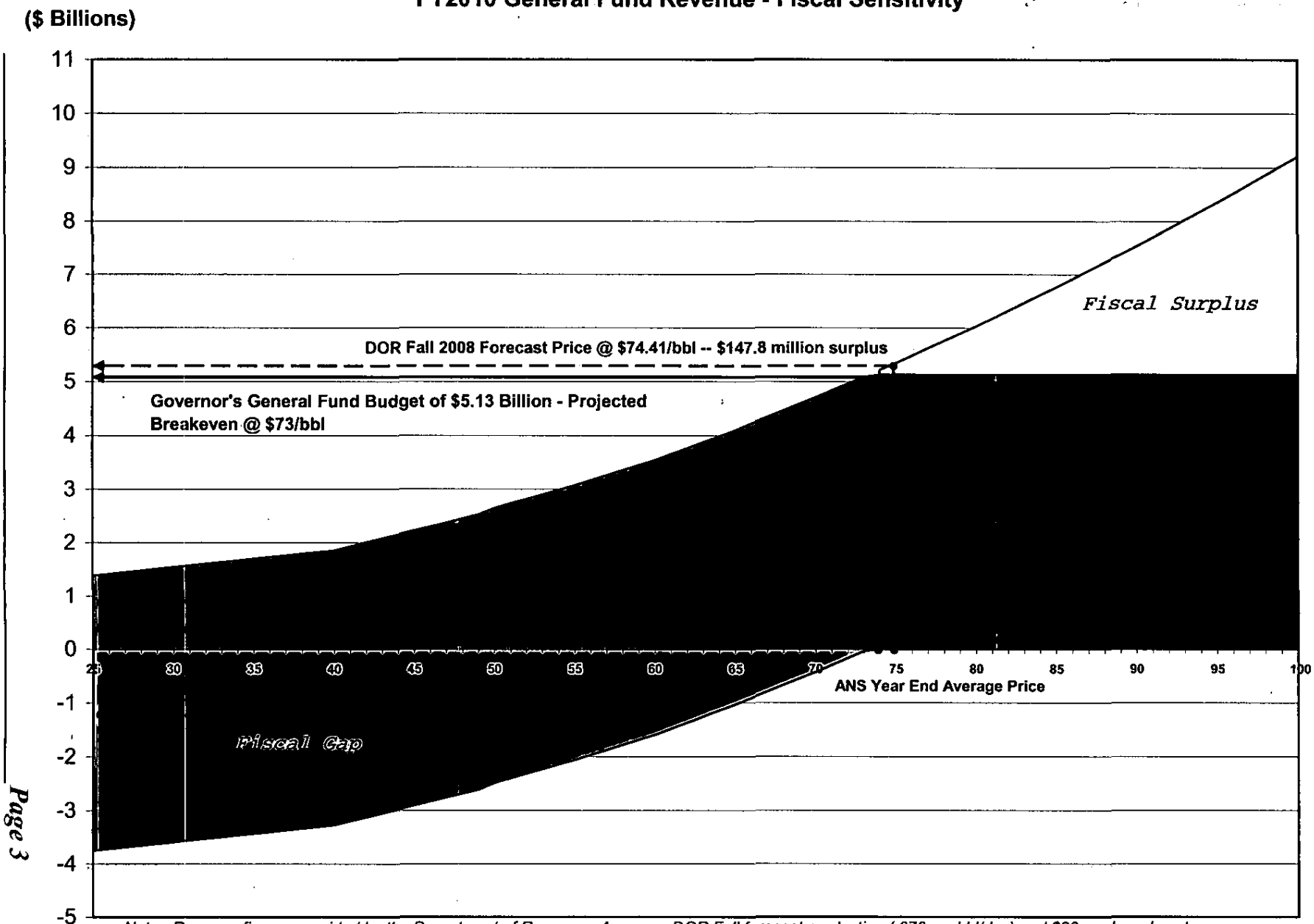
Perhaps the only good news related to oil prices is that historically high prices in recent years allowed Alaska to develop an unprecedented level of reserves. As an example of the massive savings effort in recent years, consider the status of the Constitutional Budget Reserve Fund (CBRF). Withdrawals from the CBRF have been used to fill budget gaps almost every year since 1991, and it took 15 years to accrue a general fund debt to the CBRF of $5.2 billion. The legislature repaid over $4.6 billion of that liability since oil prices began climbing. Even with

[1] The sensitivity charts are vast oversimplifications of revenue forecasting techniques. They show only average oil prices for the year, while revenue at any average price is affected significantly by month-to-month price volatility because of the progressive nature of the tax. Although the charts can easily misstate annual revenue by $100 million or more at any price point, they are useful as a guide to determining the surplus/deficit at various oil prices.



Note: Revenue figures provided by the Department of Revenue. Assumes DOR Fall 2008 forecast production (.701 mmbbl/day) and $20 cost estimates. Revenue figures include sources not directly affected by oil prices. Budget figures include operating, capital and savings.

FY2010 General Fund Revenue - Fiscal Sensitivity



Note: Revenue figures provided by the Department of Revenue. Assumes DOR Fall forecast production (.676 mmbbl/day) and $20 per barrel cost estimates. Revenue figures include sources not directly affected by oil prices. Budget figures include operating and capital.

State of Alaska Fiscal Summary

($ millions)

		FY09 Authorized				FY2010 Governor's Proposed				GF Change	
		GF	Federal	Other	Total	GF	Federal	Other	Total	$	%
1	**REVENUE** (Excludes Permanent Fund Earnings)	6,765.5	2,561.5	3,836.7	13,163.7	5,275.4	2,803.8	3,384.7	11,463.9	(1,490.1)	-22.0%
2	Unrestricted General Fund Revenue (Fall 2008) (1)	6,751.4			6,751.4	5,275.4			5,275.4	(1,476.0)	-21.9%
3	Unrestricted General Fund Revenue (2008 Interim) (1)	0.0			0.0	0.0			0.0		
4	Unrestricted General Fund Revenue (Spring 2009) (1)	0.0			0.0	0.0			0.0		
5	Carryforward (2)	14.1	4.6	1.4	20.0				0.0		
6	Net Corporate Dividends (3)			87.6	87.6			84.5	84.5		
7	Federal and Other Funds		2,556.9	3,747.7	6,304.6		2,803.8	3,300.1	6,103.9		
8	**APPROPRIATIONS**										
9	**TOTAL OPERATING APPROPRIATIONS**	5,273.4	1,754.0	1,093.9	8,121.3	4,572.5	1,699.9	954.4	7,226.8	(700.9)	-13.3%
10	**Agency Operations**	3,427.9	1,713.4	991.9	6,133.2	3,569.9	1,667.9	987.1	6,224.9	141.9	4.1%
11	Current Fiscal Year Appropriations	3,427.9	1,713.4	991.9	6,133.2	3,519.9	1,667.9	987.1	6,174.9	91.9	2.7%
12	Agency Operations (Non-Formula)	1,775.8	869.8	968.0	3,613.7	1,800.1	840.4	966.3	3,606.8	24.3	1.4%
13	K-12 Formula	1,003.3	20.8	14.3	1,038.4	1,054.6	20.8	12.9	1,088.3	51.3	5.1%
14	Other Formula Programs	648.9	810.8	9.2	1,468.8	640.2	806.7	7.8	1,454.7	(8.6)	-1.3%
15	Amendments	0.0	12.0	0.3	12.3	20.0	0.0	0.0	20.0		
16	New Legislation (other than those affecting K-12 Foundation)	0.0	0.0	0.0	0.0	5.0	0.0	0.0	5.0		
17	*Duplicated Authorization (non-additive) (4)*	*0.0*	*0.0*	*705.7*	*705.7*	*0.0*	*0.0*	*708.9*	*708.9*		
18	Supplemental Appropriations (placeholder)	0.0	0.0	0.0	0.0	50.0	0.0	0.0	50.0	50.0	
19	**Statewide Operations**	1,845.4	40.7	102.0	1,988.1	1,002.6	32.0	(32.6)	1,002.0	(842.8)	-45.7%
20	Current Fiscal Year Appropriations	1,845.4	40.7	102.0	1,988.1	1,002.6	32.0	(32.6)	1,002.0	(842.8)	-45.7%
21	Debt Service	144.3	13.1	74.1	231.4	157.0	12.0	76.8	245.8	12.7	8.8%
22	Fund Capitalization	791.5	27.6	28.0	847.1	34.5	20.0	(109.4)	(55.0)	(757.1)	-95.6%
23	Direct Appropriations to Retirement	449.6	0.0	0.0	449.6	451.2	0.0	0.0	451.2	1.6	0.3%
24	Revenue Sharing	60.0	0.0	0.0	60.0	60.0	0.0	0.0	60.0	0.0	0.0%
25	Oil & Gas Investment Credits	400.0	0.0	0.0	400.0	300.0	0.0	0.0	300.0	(100.0)	-25.0%
26	*Duplicated Authorization (non-additive) (4)*	*0.0*	*0.0*	*136.2*	*136.2*	*0.0*	*0.0*	*0.0*	*0.0*		
27	Supplemental Appropriations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
28	Debt Service	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
29	Fund Capitalization	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
30	Local Government Support	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
31	Deposits to Retirement Accounts	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
32	Oil & Gas Investment Credits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
33	**TOTAL CAPITAL APPROPRIATIONS**	669.0	807.4	276.8	1,753.2	555.1	1,103.9	247.2	1,906.3	(113.8)	-17.0%
34	Current Fiscal Year Appropriations	669.0	807.4	276.7	1,753.1	535.1	1,103.9	247.2	1,886.3	(133.8)	-20.0%
35	Project Appropriations & RPLs (Revised Programs)	529.0	807.3	248.7	1,585.0	415.1	1,103.9	219.2	1,738.3	(113.8)	-21.5%
36	Fund Capitalization	140.0	0.1	28.0	168.1	120.0	0.0	28.0	148.0	(20.0)	-14.3%
37	*Projects Funded w/ General Obligation Bonds (non-add) (5)*	*0.0*	*0.0*	*315.1*	*315.1*	*0.0*	*0.0*	*0.0*	*0.0*		
38	*Projects Funded w/ Other Debt Proceeds (non-additive) (5)*	*0.0*	*0.0*	*28.6*	*28.6*	*0.0*	*0.0*	*24.3*	*24.3*		
39	*Capital Vetoes (non-additive)*	*(71.4)*	*0.0*	*(43.3)*	*(114.7)*	*0.0*	*0.0*	*0.0*	*0.0*		
40	*Duplicated Authorization (non-additive) (4)*	*0.0*	*0.0*	*529.7*	*529.7*	*0.0*	*0.0*	*310.2*	*310.2*		
41	Supplemental Appropriations	0.0	0.0	0.1	0.1	20.0	0.0	0.0	20.0		
42	Capital Projects (net of Duplication)	0.0	0.0	0.1	0.1	20.0	0.0	0.0	20.0		
43	Capital Project Vetoes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
44	Fund Capitalization	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
45	**Pre-Savings Authorization** (unduplicated)	5,942.3	2,561.5	1,370.7	9,874.5	5,127.6	2,803.8	1,201.7	9,133.1	(814.7)	-13.7%
46	*Pre-Savings Surplus (Draw From CBRF)*	*823.1*	*12%*	*of Revenue*		*147.8*	*3%*	*of Revenue*			
47	**SAVINGS**	1,181.3	0.0	0.0	1,181.3	(234.8)	0.0	0.0	(234.8)	(1,416.1)	-120%
48	Current Fiscal Year Appropriations	1,181.3	0.0	0.0	1,181.3	(234.8)	0.0	0.0	(234.8)	(1,416.1)	-119.9%
49	Constitutional Budget Reserve Fund	1,000.0	0.0	0.0	1,000.0	0.0	0.0	0.0	0.0	(1,000.0)	-100.0%
50	Statutory Budget Reserve Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
51	Public Education Fund	175.3	0.0	0.0	175.3	9.6	0.0	0.0	9.6	(165.7)	-94.5%
52	Cruise Ship Gambling Tax Receipts	6.0	0.0	0.0	6.0	(6.0)	0.0	0.0	(6.0)	(12.0)	-200.0%
53	AHFC Savings Account	0.0	0.0	0.0	0.0	(238.4)	0.0	0.0	(238.4)	(238.4)	
54	Supplemental Savings	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
55	Constitutional Budget Reserve Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
56	Statutory Budget Reserve Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
57	Community Revenue Sharing Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
58	**Post-Savings Authorization** (unduplicated)	7,123.6	2,561.5	1,370.7	11,055.8	4,892.8	2,803.8	1,201.7	8,898.3	(2,230.9)	-31.3%
59	*Post-Savings Surplus (Draw From CBRF)*	*(358.2)*	*-5%*	*of Revenue*		*382.6*	*7%*	*of Revenue*			
60	Permanent Fund Appropriations	0.0	0.0	2,466.0	2,466.0	0.0	0.0	2,183.0	2,183.0		
61	Permanent Fund Dividends	0.0	0.0	1,286.0	1,286.0	0.0	0.0	1,311.0	1,311.0		
62	Permanent Fund Inflation Proofing	0.0	0.0	1,180.0	1,180.0	0.0	0.0	872.0	872.0		
63	Other Deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
64	**Total Authorization** (unduplicated)	7,123.6	2,561.5	3,836.7	13,521.8	4,892.8	2,803.8	3,384.7	11,081.3	(2,230.9)	-31.3%
65	**FISCAL YEAR SUMMARY**	7,123.6	2,561.5	1,370.7	11,055.8	4,892.8	2,803.8	1,201.7	8,898.3	(2,230.9)	-31.3%
66	Agency Operations	3,427.9	1,713.4	991.9	6,133.2	3,569.9	1,667.9	987.1	6,224.9	141.9	4.1%
67	Statewide Operations	1,845.4	40.7	102.0	1,988.1	1,002.6	32.0	(32.6)	1,002.0	(842.8)	-45.7%
68	Total Operating	5,273.4	1,754.0	1,093.9	8,121.3	4,572.5	1,699.9	954.4	7,226.8	(700.9)	-13.3%
69	Capital	669.0	807.4	276.8	1,753.2	555.1	1,103.9	247.2	1,906.3	(113.8)	-17.0%
70	Savings	1,181.3	0.0	0.0	1,181.3	(234.8)	0.0	0.0	(234.8)	(1,416.1)	-119.9%

January 15, 2009

Notes:

(1) The Fall 2008 revenue forecast for FY09 is 0.701 mmbd at $77.66 per barrel; the FY2010 forecast is 0.676 mmbd at $74.41/bbl.

(2) Carryforward is money that was appropriated in a prior year that is made available for spending in FY09 via multiyear appropriations or reappropriations.

(3) Corporate dividends include funds made available to the State by the boards of AHFC, AIDEA, and ASLC. Dividends retained by AHFC for debt service on state capital project bonds are excluded from the stated amount. Net dividends for FY09 and FY2010, respectively, are AHFC-$59.7 million and $65.5, AIDEA-$23.8 million and $22.7 million, and ASLC-$4.1 million and $0.0 million.

(4) Duplicated authorizations are in the budget twice, such as when funds flow in and out of a holding account or one agency pays another for services provided. Duplicated authorization also includes the expenditure of bond proceeds when debt service on bonds (which includes repayment of principal) will be reflected in future operating budgets.

(5) The state is responsible for future debt service payments on airport revenue bonds and GO bonds. Bond proceeds are included on line 36 and 37 and are deducted on line 40.

recent investment losses, the balance in this savings account exceeds $6 billion. The legislature has added to other savings accounts as well:

- $1 billion to the Statutory Budget Reserve Fund;
- $1.1 billion to the Public Education Fund; and
- $300 million to the AHFC Capital Corporation savings account.

Without these reserves, Alaska's FY2010 budget could resemble a list of catastrophic spending reductions. Alaska's more than $8 billion in reserves (excluding money held by the Permanent Fund) allows the state to take a studied approach to the fiscal situation—turning what could be a short-term crisis into a longer-term planning challenge.

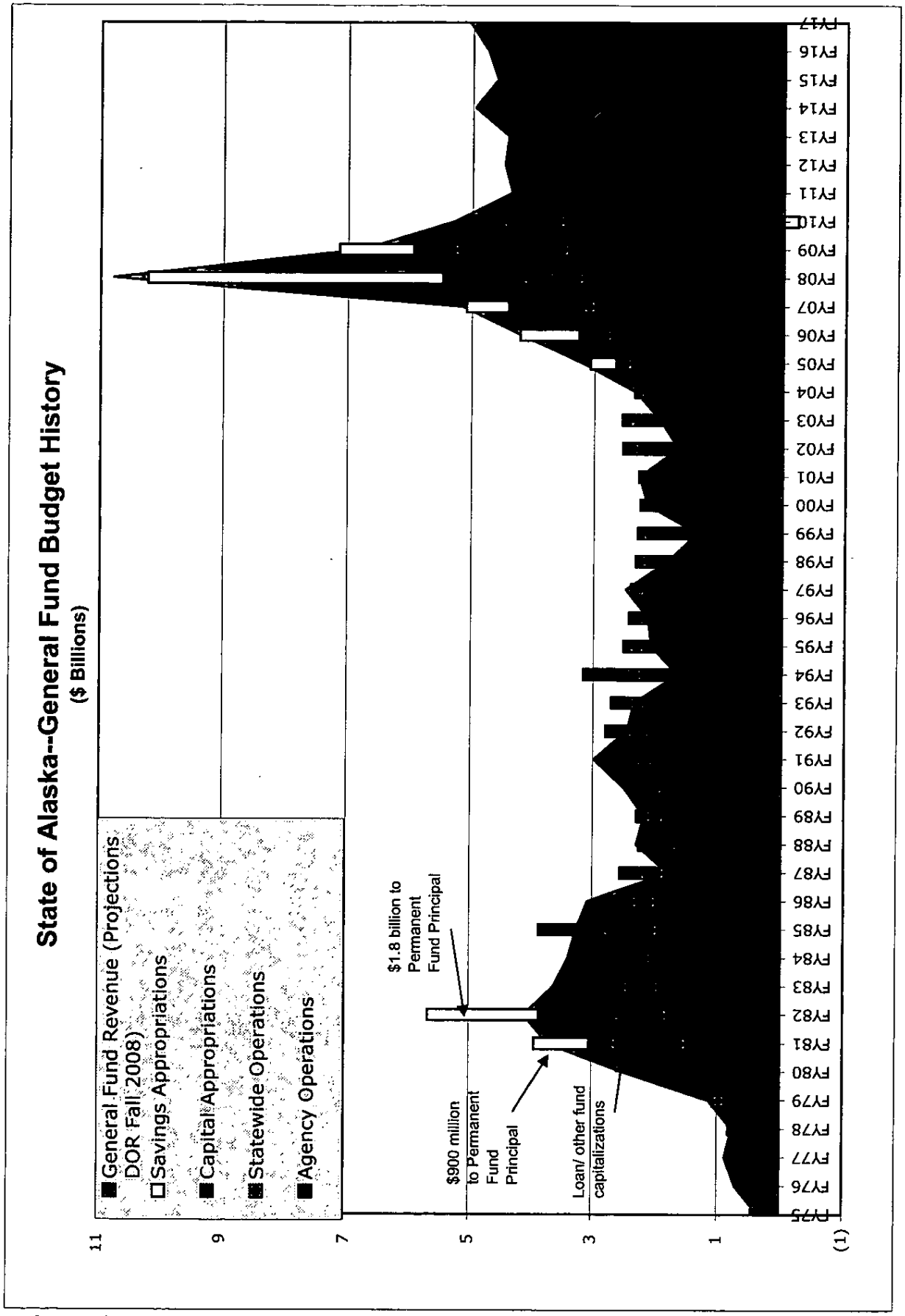
The Governor's Response to the Fiscal Situation

This discussion focuses on what the Governor proposed in her budget, not on whether the Governor's budget shows too much or too little response to the fiscal situation. That topic will undoubtedly be fodder for legislative debate; this review is intended to give context to that debate by dividing the budget into four topics:

1. **Agency operating budgets** are perhaps the best description of the public perception of "the budget"—they include money for Medicaid, K-12 education and other grant programs as well as the money to operate all public agencies. Because they are often perceived as providing necessary public services, agency operating budgets are notoriously difficult to cut, even in response to declining revenue.
2. **Statewide operations** include some items that are sticky in the sense that they depend on prior commitments and are difficult to change in the short term. These items include debt service and retirement system costs. Other items—community revenue sharing and the resource rebate, for example—are designed to spend money only when money is available. This part of the budget can be more responsive to changes in revenue.
3. **Capital budgets** act as shock absorbers in many states; capital spending increases when revenue is available and decreases—in some cases to little more than the matching amount required to receive federal grants—when state revenue declines. In Alaska, capital spending is sometimes perceived as more desirable than operating spending because it "brings the money home" to the people that want infrastructure and economic development.
4. **Savings** is the portion of the budget that is most responsive to revenue spikes. That status does little to reduce controversy; "How much should be saved?" was certainly a topic when oil revenue spiked. Similarly, revenue declines are sure to lead to questions/debate: "Should we withdraw from savings or focus on cutting expenses?" "Which savings account should be the source of withdrawals?" "How long will savings last if we.....?".

The graph on page 6 breaks Alaska's general fund budgets into the four topics described above. There are a few patterns worth noting:

- Agency budgets grew rapidly during the revenue spikes in the early 1980s and 2005-2008, but were stable when revenue did not support growth.
- Statewide operations were a decreasing part of the budget as GO bonds were repaid by FY00. The recent increase is due primarily to the cost of retirement contributions, capital expense credits against oil and gas production taxes, and the FY09 resource rebate.


State of Alaska--General Fund Budget History
($ Billions)
General Fund Revenue (Projections DOR Fall 2008)
Savings Appropriations
Capital Appropriations
Statewide Operations
Agency Operations
$1.8 billion to Permanent Fund Principal
$900 million to Permanent Fund Principal
Loan/ other fund capitalizations
11
9
7
5
3
1
(1)
FY75
FY76
FY77
FY78
FY79
FY80
FY81
FY82
FY83
FY84
FY85
FY86
FY87
FY88
FY89
FY90
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FY17

- Capital budgets jump during periods of surplus revenue and fade to little more than the minimum required for federal match when money is tight.
- Savings occur only during revenue spikes.

This review focuses on general funds, not because other funds are unimportant, but because the difference between unrestricted general fund spending and unrestricted general fund revenue defines the fiscal gap.[2]

1. **Agency operating budget** growth was $336 million (11%) from FY08 to FY09. The Governor's proposed increase from FY09 is less than one-third as large—$92 million (2.7%).

   - Most of the increase in agency operations can be categorized as "unavoidable".
     - $51 million is due to K-12 education formula changes that were specified in advance,
     - $31 million is associated with salary increases for state employees, and
     - $3 million is associated with a Governor's bill that reduced business license fees.

   The sum of these items may appear to imply that the Governor's budget contains few increases other than "unavoidable" items. But there were some items in FY09 agency operating budgets that are not repeated in the FY2010 request. These items understate the FY2010 increase by $43 million.

   - Funding for Power Cost Equalization was increased by $23 million for FY09 due to extraordinarily high fuel prices. The FY09 funding was a short-term fix and the issue is to be readdressed this session; it will be interesting to see the Governor's proposal for permanent changes to the program.
   - Funding for increased fuel and utility costs was $44 million in FY09, and is $24 million in FY2010. Given current fuel prices, the reduction is not out of line. It is, however, inconsistent with the official oil price forecast (see discussion of section 13 of the Governor's proposed language). At the official forecast, the fuel appropriation should be $7 million higher in order to match the schedule used in FY09.

   Beyond a few large items, attempting to classify increases as "unavoidable" or "discretionary" is not particularly productive; opinions will always vary. But reviewing recent budget growth can help put the FY2010 budget in perspective. The 2.7% increase in agency operations in FY2010 is the smallest in several years. Since FY05, agency operating costs have increased between ten and 15% annually.

2. **The statewide operating budget** proposed for FY2010 is $843 million less than the statewide operating budget for FY09. This decline does not indicate any significant change in policy direction; the decline is due to:

   - Elimination of the $1,200 per person one-time resource rebate—$745 million.

[2] State unduplicated funds should arguably be the focus of any multi-year budget analysis. That fund group is more comprehensive, more consistently defined and more informative than the general fund group. Finance Committee Co-chairs have indicated an interest in reviewing the budget reporting system in order to provide clearer, more meaningful information on state spending and revenue.

- A reduction in anticipated claims for oil and gas development credits—$100 million.
- Elimination of one-time capitalization of loan funds—$16 million ($11 million for fuel purchases and $5 million for improved safety electronics in private aircraft).

There is a $13 million increase in debt service, almost all of it associated with the sale of $315 million in general obligation bonds for FY09 capital projects and an increase in debt for correctional centers.

Retirement contributions offer substantial flexibility. Actuarial recommendations allow the state to reduce retirement contributions by about $160 million in FY2010. The Governor proposed no reduction of contributions. But there is more to this story:

- State retirement systems have an unfunded liability of several billion dollars. Although there is considerable flexibility in determining a repayment schedule, the liability must eventually be disposed of.
- The legislature has avoided actions that would have reduced state retirement contribution rates—essentially opting to pay down the unfunded liability when revenue was high.
- The fiscal situation has changed—the outlook is for deficits rather than surpluses.
- Maintaining savings balances offers a more flexible planning environment than can be achieved by paying down retirement system unfunded liability. In the current fiscal situation, the legislature may wish to reexamine its policy positions on "extra" retirement payments and on making changes (to actuarial methods) that could modify the shape of the long-term curve representing required retirement contributions.

3. **Capital budgets** are put together under a different concept than operating budgets. While operating budgets are incremental—meaning that each year there are increments (and more rarely, decrements) to a base budget that moves forward from one year to the next—capital budgets start over every year. Compared to operating budgets, capital budgets are often far more responsive to changes in revenue.

   The Governor's capital budget proposal is $114 million (20%) less than the FY09 capital budget adopted by the legislature. It is perhaps more useful/interesting to compare the FY2010 proposal with the FY09 proposal. In that regard, the FY2010 proposal is $194 million greater in general funds and $310 million greater in federal funds than the Governor's FY09 proposal. Other funds are down $416 million; the FY09 Governor's budget proposed spending $300 million in bond proceeds and $168 million from the capital income fund. Please see the capital budget discussion in this *Overview* for additional details.

4. **Savings** is the portion of the Governor's budget that most clearly exhibits a policy position. Saving for the future was one of the Governor's two major policy initiatives in FY09. She proposed making deposits to a transportation endowment, an energy fund, the Permanent Fund and the Public Education Fund. While few of these plans came to fruition, the legislature deposited nearly $1.2 billion to savings in FY09 (along with over $5 billion of FY08 revenue).

   As shown in the fiscal summary (line 47), the Governor's proposed budget spends $235 million from savings accounts. Given a pre-savings surplus of $148 million (line 46), withdrawing from savings accounts is a peculiar policy decision. After withdrawing from savings accounts, there is a projected FY2010 surplus of $383 million (line 59) that (absent an appropriation to the contrary) will be swept into the Constitutional Budget

Reserve Fund (CBRF) at year end. Effectively, the proposed budget transfers $235 million from other savings accounts to the CBRF.

- The proposed budget spends $238 million from the Alaska Housing Capital Corporation account---a savings account the legislature created with a $300 million general fund deposit in FY07. The Legislative Finance fiscal summary shows this item as a withdrawal from the savings account and a corresponding increase in general fund expenditures. The Governor shows the item as an expenditure of "other" funds rather than of general funds. Further, the expenditure is classified in the Governor's budget as a duplicated expenditure so it shows as a net zero item.

- Section 18(w) of the Governor's operating budget bill appropriates $1.062 billion from the general fund to the Public Education Fund (PEF) in FY2010. This amount is $9.5 million more than required to fund K-12 education in FY2010, so the fiscal summary shows a $9.5 million deposit to savings.

  But there has been an effort to forward fund K-12 education in recent years. The concept of forward funding is that the amount appropriated in a given year will be the amount required in the following year. In this regard, the Governor's $1.062 billion appropriation is $50 million short of forward funding the anticipated $1.112 billion cost of K-12 education in FY2011.

  Although the Governor's action leaves the Public Education Fund with a balance (nearly) sufficient to fund anticipated FY2011 K-12 expenditures, this is possible only because the balance of the Public Education Fund included a surplus that was intended to provide a cushion in case expenditures exceed expectations. While not technically a withdrawal from savings, the Governor's proposal reduces the PEF balance by $50 million compared to the forward funding concept adopted by the legislature.

- The Governor's budget also calls for spending $12 million of proceeds from the Cruise Ship Gambling Tax. The Governor classifies the revenue as "other" funds despite their inclusion (by the Department of Revenue) in the forecast of unrestricted general funds. To further complicate the matter, the FY2010 budget spends revenue from both FY09 and FY2010 ($6 million from each year). The Legislative Finance fiscal summary shows the use of gambling tax proceeds as a $6 million savings deposit in FY09 offset by a $6 million withdrawal in FY2010 (line 52).

Further Analysis

Although the fiscal summary provides a concise statement (and comparison) of projected revenue, appropriations and the size of the anticipated surplus or deficit, it has the limitation of being Alaska's budget-on-a-page. This *Overview* contains more detailed discussions of the proposed FY2010 budget:

- Agency summaries (operating budget on pages 11 & 12 and capital budget beginning on page 49) provide a quick comparison of the Governor's proposed budget with FY09 spending.
- Greater detail is available in the discussions of the operating budget (and subtopics) and the agency write-ups beginning on page 67.

Also, subcommittee members will want to review the detailed agency books available in the Finance Committee rooms.

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Operating Budget

The fiscal summary provides a "big picture" of the budget, including not only the operating budget, but also the capital budget, revenue, debt service, transfers and new legislation. This introduction to the operating budget focuses on how to put the Governor's operating request in perspective.

Budget comparisons across fiscal years are always difficult—there are so many adjustments required to get an "apples-to-apples" comparison that a complete discussion would push the limits of the term "overview." These details are better left to subcommittees. The agency discussions in this overview serve as a starting point for subcommittee discussion, and subcommittee books provide more detailed information.

Each subcommittee book compares the Governor's request to two scenarios: FY09 Management Plan and FY2010 Adjusted Base. The advantages and disadvantages of using each of the comparisons are discussed in the paragraphs below. The following table highlights items included throughout each stage of the budget.

		GF Only	Change from FY09 Mgt Plan	Change from FY2010 Adj Base
FY2009 Management Plan (GF Only)		**3,428,123.5**		
	One-Time Items removed	(142,788.3)		
	Transfers between Agencies (nets zero statewide)	-		
	FY2010 Contractual Salary and Health Increases	26,917.0		
	Misc Adjustments	50,408.6		
FY2010 Adjusted Base Budget (GF Only)		**3,362,660.8**	**(65,462.7)**	
	FY2010 Unrealizable Salary Fund Source Changes	3,886.6		
	FY2010 Governor's GF Increment/Decrements/Fund Changes	128,335.0		
FY2010 Governor's Request (GF Only)		**3,494,882.4**	**66,758.9**	**132,221.6**

FY09 Management Plan to the Governor's request: $66.8 million. Management Plan is the most accurate picture of the previous year's budget. It incorporates all appropriations that can be spent in FY09, including reappropriations and carryforward from multi-year appropriations, and reflects the latest estimates for open-ended language appropriations. Management Plan excludes supplemental appropriations (because they have not yet occurred) but any FY2010 supplemental appropriations that may occur are also excluded, so there is no distortion from this source.

However, the Governor's FY2010 budget does not include reappropriations and carryforward from multi-year appropriations, so comparing the FY09 Management Plan to the Governor's FY2010 request tends to understate spending in FY2010 relative to FY2009. The amount carried forward to FY09 was about $20 million.

One-time items are a far larger source of distortion. For example, a $23 million appropriation to Power Cost Equalization is included in the FY09 Management Plan, but it is not expected to be repeated in FY2010. The PCE appropriation makes the FY2010 budget $23 million lower than the FY09 budget.

FY2010 Adjusted Base to Governor's request: $132.2 million. The adjusted base attempts to reduce distortion in comparing budgets across fiscal years. It is the first FY2010 budget scenario and can be described as the "cost of doing the same functions in FY2010 as in FY09." The adjusted base is the starting point for subcommittee discussion of the Governor's request.

- It removes one-time appropriations, reappropriations, and carryforward of multi-year appropriations that were included in the FY09 Management Plan.
- It incorporates the FY2010 nondiscretionary increases that the legislature may accept or reject on a statewide basis. If the legislature rejects these nondiscretionary increases, such as contractual salary increases, the costs of these increases will have to be absorbed by the agencies.

The FY2010 Adjusted Base includes increases for the salary adjustments below:

- **Contractual Wage and Health Insurance Increases for Bargaining Units**—Negotiated agreements for covered employees for contractual salary increases (which vary by bargaining unit) and increased health insurance costs add $56.6 million statewide ($31.7 million GF, $5.6 million Federal Receipts and $19.3 million in Other Funds).

The **Governor's column** includes program increments and fund source changes that the legislature may wish to consider on an individual basis. Note that the concept of adjusted base is useful only for agency operating budgets. Savings deposits and statewide items—debt service, fund transfers, retirement contributions, etc.—are not budgeted on an incremental basis and are not reviewed by subcommittees.

The following summary tables make the comparisons discussed above. Note that Agency Summary reports include duplicated fund sources, while the fiscal summary removes these items from the operating portion of the budget. Also note that the adjusted base is set at the Governor's request for items other than agency operating budgets.

Please see the agency narratives for details on significant issues in each agency's budget.

In addition to summaries of agency budgets, the *Overview* contains discussions of fund source changes for increased salary costs (general funds replacing federal and "other" fund sources), position changes and details of debt obligations.

Agency Summary - FY 2010 Operating Budget - Total Funds

Agency	08Actual	09 CC	09 Auth	09MP Rev	Adj Base	Gov	09MP Rev to Gov		Adj Base to Gov	
Administration	257,686.3	278,564.8	282,368.1	282,301.3	282,162.8	292,249.9	9,948.6	3.5%	10,087.1	3.6%
Commerce, Community & Economic Dev	142,580.5	165,993.7	195,643.5	195,643.5	172,035.8	187,618.1	-8,025.4	-4.1%	15,582.3	9.1%
Corrections	232,269.9	244,460.5	246,337.5	244,577.5	245,180.4	248,963.4	4,385.9	1.8%	3,783.0	1.5%
Education & Early Development	1,260,266.0	304,663.1	1,308,954.5	1,308,786.7	1,358,470.4	1,358,553.2	49,766.5	3.8%	82.8	0.0%
Environmental Conservation	64,924.2	73,369.0	73,486.0	73,375.0	73,861.6	74,135.0	760.0	1.0%	273.4	0.4%
Fish and Game	150,397.5	179,723.3	180,044.5	179,816.7	179,218.3	180,079.0	262.3	0.1%	860.7	0.5%
Office of the Governor	18,989.2	75,580.5	27,546.0	78,836.8	21,157.3	48,631.7	-30,205.1	-38.3%	27,474.4	129.9%
Health & Social Services	1,772,116.1	2,083,489.5	2,097,266.2	2,095,506.2	2,070,422.5	2,101,336.6	5,830.4	0.3%	30,914.1	1.5%
Labor & Workforce Development	141,237.3	170,238.9	173,485.0	172,521.4	170,259.1	175,185.1	2,663.7	1.5%	4,926.0	2.9%
Law	71,379.6	78,237.5	83,652.2	80,152.2	72,969.8	80,472.4	320.2	0.4%	7,502.6	10.3%
Military & Veterans Affairs	44,858.0	45,349.1	46,348.3	45,388.2	45,364.9	46,230.1	841.9	1.9%	865.2	1.9%
Natural Resources	122,536.4	129,722.4	143,820.4	142,085.6	127,444.4	136,421.0	-5,664.6	-4.0%	8,976.6	7.0%
Public Safety	137,740.3	149,261.2	158,261.8	157,458.5	153,939.9	163,355.0	5,896.5	3.7%	9,415.1	6.1%
Revenue	239,215.7	263,041.7	269,653.2	268,432.2	262,159.9	270,142.6	1,710.4	0.6%	7,982.7	3.0%
Transportation & Public Facilities	507,907.0	504,126.8	543,918.1	510,918.1	505,253.0	513,953.3	3,035.2	0.6%	8,700.3	1.7%
University of Alaska	716,481.6	839,086.0	842,956.7	838,116.7	851,268.2	822,063.8	-16,052.9	-1.9%	-29,204.4	-3.4%
Alaska Court System	81,539.9	87,655.2	87,655.2	87,655.2	89,098.1	92,319.0	4,663.8	5.3%	3,220.9	3.6%
Legislature	49,077.8	62,919.6	65,212.1	65,212.1	66,293.0	67,085.5	1,873.4	2.9%	792.5	1.2%
Debt Service	346,019.9	367,601.2	367,601.2	367,601.2	395,914.3	395,914.3	28,313.1	7.7%	0.0	0.0%
Fund Capitalization	1,468,316.9	1,459,381.9	1,389,081.9	1,389,081.9	1,256,497.4	1,256,497.4	-132,584.5	-9.5%	0.0	0.0%
Direct Approps to Retirement	454,992.3	449,622.5	449,622.5	449,622.5	451,172.5	451,172.5	1,550.0	0.3%	0.0	0.0%
Special Appropriations	48,685.6	235,000.0	1,204,000.0	1,204,000.0	360,000.0	360,000.0	-844,000.0	-70.1%	0.0	0.0%
Savings	808,552.3	1,995,292.9	2,375,292.9	2,375,292.9	643,150.2	643,150.2	-1,732,142.7	-72.9%	0.0	0.0%
Total - Operating Budget	**9,137,770.3**	**10,242,381.3**	**12,612,207.8**	**12,612,382.4**	**9,853,293.8**	**9,965,529.1**	**-2,646,853.3**	**-21.0%**	**112,235.3**	**1.1%**
General Funds	3,792,386.1	4,390,238.8	6,468,653.5	6,468,828.1	4,136,403.1	4,268,624.7	-2,200,203.4	-34.0%	132,221.6	3.2%
Federal Receipts	1,455,062.8	1,737,903.7	1,742,039.4	1,742,039.4	1,726,721.5	1,699,916.0	-42,123.4	-2.4%	-26,805.5	-1.6%
Other Funds	3,890,321.4	4,114,238.8	4,401,514.9	4,401,514.9	3,990,169.2	3,996,988.4	-404,526.5	-9.2%	6,819.2	0.2%

Agency Summary - FY 2010 Operating Budget - General Funds

Agency	08Actual	09 CC	09 Auth	09MP Rev	Adj Base	Gov	09MP Rev to Gov		Adj Base to Gov	
Administration	65,754.2	70,025.4	73,701.4	73,634.6	71,775.9	73,172.5	-462.1	-0.6%	1,396.6	1.9%
Commerce, Community & Economic Dev	9,986.3	9,687.0	38,161.9	38,161.9	14,798.0	19,627.0	-18,534.9	-48.6%	4,829.0	32.6%
Corrections	206,334.9	210,910.0	212,787.0	211,027.0	211,944.0	214,041.4	3,014.4	1.4%	2,097.4	1.0%
Education & Early Development	1,035,855.9	53,476.4	1,057,642.4	1,057,474.6	1,107,118.3	1,108,404.5	50,929.9	4.8%	1,286.2	0.1%
Environmental Conservation	18,290.3	18,888.7	19,002.4	18,891.4	18,893.1	19,140.5	249.1	1.3%	247.4	1.3%
Fish and Game	45,519.3	57,790.0	58,105.8	57,878.0	56,214.1	58,726.4	848.4	1.5%	2,512.3	4.5%
Office of the Governor	17,376.5	73,805.1	25,381.4	76,672.2	20,005.3	47,751.6	-28,920.6	-37.7%	27,746.3	138.7%
Health & Social Services	783,199.8	903,387.5	917,186.4	915,426.4	902,263.0	950,020.4	34,594.0	3.8%	47,757.4	5.3%
Labor & Workforce Development	23,488.6	29,278.8	30,786.4	29,822.8	25,992.6	31,001.0	1,178.2	4.0%	5,008.4	19.3%
Law	43,134.0	51,053.4	55,539.3	52,039.3	45,021.1	52,174.3	135.0	0.3%	7,153.2	15.9%
Military & Veterans Affairs	12,975.8	11,312.6	12,288.5	11,328.4	11,096.9	11,276.9	-51.5	-0.5%	180.0	1.6%
Natural Resources	66,194.4	67,997.8	81,509.8	79,775.0	66,959.7	71,233.6	-8,541.4	-10.7%	4,273.9	6.4%
Public Safety	110,584.5	114,631.5	119,868.3	119,065.0	118,936.3	123,186.6	4,121.6	3.5%	4,250.3	3.6%
Revenue	40,960.6	17,176.2	19,105.2	17,884.2	17,118.5	21,240.8	3,356.6	18.8%	4,122.3	24.1%
Transportation & Public Facilities	224,888.6	209,286.5	245,472.9	212,472.9	205,345.1	216,837.7	4,364.8	2.1%	11,492.6	5.6%
University of Alaska	295,807.6	308,985.5	312,675.5	307,835.5	316,933.0	321,476.9	13,641.4	4.4%	4,543.9	1.4%
Alaska Court System	79,488.6	84,485.8	84,485.8	84,485.8	86,916.5	89,627.1	5,141.3	6.1%	2,710.6	3.1%
Legislature	48,357.7	61,956.0	64,248.5	64,248.5	65,329.4	65,943.2	1,694.7	2.6%	613.8	0.9%
Debt Service	120,424.0	144,274.7	144,274.7	144,274.7	156,957.8	156,957.8	12,683.1	8.8%	0.0	0.0%
Fund Capitalization	40,086.6	31,914.5	47,514.5	47,514.5	34,461.8	34,461.8	-13,052.7	-27.5%	0.0	0.0%
Direct Approps to Retirement	454,992.3	449,622.5	449,622.5	449,622.5	451,172.5	451,172.5	1,550.0	0.3%	0.0	0.0%
Special Appropriations	48,685.6	235,000.0	1,204,000.0	1,204,000.0	360,000.0	360,000.0	-844,000.0	-70.1%	0.0	0.0%
Savings	0.0	1,175,292.9	1,195,292.9	1,195,292.9	-228,849.8	-228,849.8	-1,424,142.7	-119.1%	0.0	0.0%
Total - Operating Budget	**3,792,386.1**	**4,390,238.8**	**6,468,653.5**	**6,468,828.1**	**4,136,403.1**	**4,268,624.7**	**-2,200,203.4**	**-34.0%**	**132,221.6**	**3.2%**

Position Comparison

The Governor's FY2010 operating budget request increases permanent full-time (PFT) positions by 45 from the FY09 Revised Management Plan. In addition, 70 PFTs were added during FY09 to the number authorized by the legislature, so the total increase from the FY09 authorized level is 115. Overall, the Governor's FY2010 statewide budget contains 24,496 total positions (full-time, part-time, and temporary).

AS 39.25 (State Personnel Act) establishes the system of personnel administration within the state and describes the governor's authority to create and appoint positions within the executive branch. Positions (i.e. Position Control Numbers – PCNs) do not necessarily equate to the number of actual employees. More than one person can fill a single PCN, and many PCNs are vacant.

Permanent Full-time Positions Only

Agency	FY09 Authorized	FY09 Revised Management Plan	FY2010 Governor	Positions Added by Agencies in FY09	Additional Positions Requested in FY2010	TOTAL Change from FY09 to FY2010
Administration	1,048	1,068	1,068	20	-	20
Commerce, Community and Economic Development	521	523	525	2	2	4
Corrections	1,512	1,513	1,513	1	-	1
Education and Early Development	332	332	332	-	-	-
Environmental Conservation	529	531	532	2	1	3
Fish and Game	915	917	910	2	(7)	(5)
Office of the Governor	157	160	160	3	-	3
Health and Social Services	3,437	3,436	3,465	(1)	29	28
Labor and Workforce Development	835	833	825	(2)	(8)	(10)
Law	548	551	552	3	1	4
Military and Veterans Affairs	283	283	283	-	-	-
Natural Resources	759	778	780	19	2	21
Public Safety	837	844	844	7	-	7
Revenue	871	875	867	4	(8)	(4)
Transportation and Public Facilities	3,188	3,197	3,202	9	5	14
University of Alaska	4,694	4,694	4,697	-	3	3
Alaska Court System	728	729	754	1	25	26
Legislature	246	246	246	-	-	-
TOTAL -- ALL Agencies	**21,440**	**21,510**	**21,555**	**70**	**45**	**115**

Non-Duplicated State Funding

Traditionally, comparisons of the Governor's operating budget have been made using two "Agency Summary" reports—a report comparing *total funds* (includes all federal, general, and other funds) and a report comparing only *general funds.*

This Overview includes a third report comparing differences in *non-duplicated state funding.* Over the years, several fund sources have moved from the general funds (GF) group to the "other funds" group. Although transferring funding from GF to the "other fund" group does not affect total spending, it does make it more difficult to see the true level of overall state spending.

The *State Funds* report shows all non-duplicated funds except federal receipts. Duplicate counting occurs when money is appropriated more than once. For example, an appropriation of general funds may be used to capitalize the Debt Retirement fund, and money in the Debt Retirement Fund may then be appropriated to pay debt service. Appropriations from the Debt Retirement Fund are classified as "duplicated." Reports using this fund group will not match the appropriations bill because the appropriations bill includes duplicated appropriations.

Agency Summary - FY 2010 Operating Budget - Non-Duplicated State Funds

Agency	08Actual	09 CC	09 Auth	09MP Rev	Adj Base	Gov	09MP Rev to Gov		Adj Base to Gov	
Administration	110,098.1	117,918.0	121,700.6	121,633.8	120,310.4	127,240.8	5,607.0	4.6%	6,930.4	5.8%
Commerce, Community & Economic Dev	56,543.7	65,913.5	94,932.2	94,932.2	71,590.5	72,715.5	-22,216.7	-23.4%	1,125.0	1.6%
Corrections	212,927.3	218,899.5	220,776.5	219,016.5	219,590.3	222,074.2	3,057.7	1.4%	2,483.9	1.1%
Education & Early Development	1,061,562.8	82,666.8	1,086,953.0	1,086,785.2	1,136,253.8	1,136,116.8	49,331.6	4.5%	-137.0	0.0%
Environmental Conservation	28,427.3	32,461.8	32,575.5	32,464.5	32,552.0	32,802.4	337.9	1.0%	250.4	0.8%
Fish and Game	85,228.2	104,986.7	105,303.4	105,075.6	103,777.8	105,701.7	626.1	0.6%	1,923.9	1.9%
Office of the Governor	18,020.8	74,553.8	26,150.9	77,441.7	20,100.3	47,846.6	-29,595.1	-38.2%	27,746.3	138.0%
Health & Social Services	848,815.6	981,767.5	995,576.1	993,816.1	972,589.3	1,029,050.6	35,234.5	3.5%	56,461.3	5.8%
Labor & Workforce Development	48,039.2	61,030.9	64,259.5	63,295.9	59,716.3	65,471.1	2,175.2	3.4%	5,754.8	9.6%
Law	46,368.4	54,666.6	59,152.5	55,652.5	48,679.6	55,857.8	205.3	0.4%	7,178.2	14.7%
Military & Veterans Affairs	13,053.5	11,760.0	12,736.0	11,775.9	11,544.4	11,724.4	-51.5	-0.4%	180.0	1.6%
Natural Resources	92,327.5	101,879.1	115,974.5	114,239.7	99,300.7	107,737.8	-6,501.9	-5.7%	8,437.1	8.5%
Public Safety	115,363.1	120,863.7	126,100.5	125,297.2	125,242.2	129,468.6	4,171.4	3.3%	4,226.4	3.4%
Revenue	191,857.9	211,359.8	217,911.3	216,690.3	209,344.3	215,630.5	-1,059.8	-0.5%	6,286.2	3.0%
Transportation & Public Facilities	353,973.1	339,933.5	379,370.0	346,370.0	337,853.1	348,829.0	2,459.0	0.7%	10,975.9	3.2%
University of Alaska	536,983.1	605,336.5	610,207.3	605,367.2	616,518.7	617,514.3	12,147.1	2.0%	995.6	0.2%
Alaska Court System	79,713.0	85,558.6	85,558.6	85,558.6	87,001.5	90,222.4	4,663.8	5.5%	3,220.9	3.7%
Legislature	48,357.7	61,956.0	64,248.5	64,248.5	65,329.4	65,943.2	1,694.7	2.6%	613.8	0.9%
Debt Service	201,426.8	218,353.2	218,353.2	218,353.2	233,742.8	233,742.8	15,389.6	7.0%	0.0	0.0%
Fund Capitalization	1,438,132.8	1,431,881.9	1,361,481.9	1,361,481.9	1,236,038.2	1,236,038.2	-125,443.7	-9.2%	0.0	0.0%
Direct Approps to Retirement	454,992.3	449,622.5	449,622.5	449,622.5	451,172.5	451,172.5	1,550.0	0.3%	0.0	0.0%
Special Appropriations	48,685.6	235,000.0	1,204,000.0	1,204,000.0	360,000.0	360,000.0	-844,000.0	-70.1%	0.0	0.0%
Savings	808,000.0	1,995,292.9	2,375,292.9	2,375,292.9	643,150.2	643,150.2	-1,732,142.7	-72.9%	0.0	0.0%
Total - Operating Budget	**6,898,897.8**	**7,663,662.8**	**10,028,237.4**	**10,028,411.9**	**7,261,398.3**	**7,406,051.4**	**-2,622,360.5**	**-26.1%**	**144,653.1**	**2.0%**
General Funds	3,792,386.1	4,390,238.8	6,468,653.5	6,468,828.1	4,136,403.1	4,268,624.7	-2,200,203.4	-34.0%	132,221.6	3.2%
Other Funds	3,106,511.7	3,273,424.0	3,559,583.8	3,559,583.8	3,124,995.2	3,137,426.7	-422,157.1	-11.9%	12,431.5	0.4%

Fund Source Changes for Salary Adjustments

The Governor's FY2010 budget includes increases for rising insurance costs and negotiated salary agreements. There is a two-step process for allocating these cost increases among the various fund sources that pay the salaries and benefits of state employees.

- **Step One: allocate costs in proportion to current funding.** This allocation of costs goes in the *adjusted base* column—meaning that the costs are considered unavoidable and that there will be a single decision to incorporate the costs in the FY2010 budget. If the Finance Committee Chair decide to incorporate the cost increases at a statewide level, subcommittees will not be discussing the associated increments.
- **Step Two: replace "unavailable" fund sources with general funds.** Fund change transactions that reallocate costs among fund sources appear in the *Governor* column—meaning that subcommittees will be discussing the requested fund changes on an agency-by-agency basis.

The Governor's request replaces $3.9 million of federal and "other" funds with general funds. There are several reasons a fund source may be replaced. Finance Subcommittees need to examine each agency's fund source changes to determine whether the changes are justified. The following discussion highlights issues around some of the fund source changes, followed by questions subcommittees may want to consider to help them make decisions.

Fund source changes for programs supported by revenue, fund balances, or grants.

- **Revenue.** Many programs are supported by revenue generated by the programs. For instance, fees for use of the state parks are used to support the parks. If salary costs increase, should fees be increased to cover these costs? Or, due to statutory or other considerations, is a fee increase desirable?
- **Funds and accounts with "low" balances.** Some examples are the Fish and Game Fund, Commercial Fisheries Entry Commission receipts, Agricultural Revolving Loan Fund and the Oil/Hazardous Release Prevention & Response Fund. These funds are (or have been) spending at an unsustainable rate.
- **Grants that don't increase when costs increase.** Many grants are a set amount that does not increase as costs increase. Other grants have limits on overhead costs.

Fund source examples for the **revenue, fund balances,** and **grants** issues:

1002 Fed Rcpts	1027 IntAirport	1109 Test Fish	1180 A/D T&P Fd
1014 Donat Comm	1052 Oil/Haz Fd	1141 RCA Rcpts	1189 SeniorCare
1016 CSSD Fed	1053 Invst Loss	1153 State Land	1194 F&G NonDed
1005 GF/Prgm	1054 STEP	1154 Shore Fish	1201 CFEC Rcpts
1018 EVOS Trust	1055 IA/OIL HAZ	1155 Timber Rcp	
1021 Agric RLF	1076 Marine Hwy	1156 Rcpt Svcs	
1024 Fish/Game	1092 MHTAAR	1157 Wrkrs Safe	

Questions subcommittees may want to ask agencies:

- Is there a possibility of collecting more revenue for the program/project?

- If a fund balance exists, is it possible (or desirable) to draw more from the fund?
- Should the program absorb the cost of the salary adjustments?
- Should the state use GF for this program?
- Should the state subsidize a program that has been self-sustaining?

Fund source changes for contractual services.

- **Statutorily Designated Program Receipts (SDPR) (1108)** consists of program receipts for projects initiated by a third party that are outside the scope of an agency's normal business.
  - If a third party is contracting with the state to do something outside the scope of the agency's normal business, should the contract reflect the full costs of doing the third party's work?
- **Interagency (I/A) Receipts (1007)** consists of amounts transferred between appropriations under contractual Reimbursable Services Agreements (RSAs). For example, the Department of Labor and Workforce Development (Labor) may contract with the Department of Administration (DOA) for human resources services. Because Labor is primarily funded with federal funds, federal funds are used to pay DOA (it shows in DOA's budget as I/A Receipts). When general funds replace I/A receipts in DOA's budget, the state pays for the federal government's fair share of the cost of providing human resources to Labor.
- **Highways Equipment Working Capital Fund (Hwy Capital) (1026)** are receipts from rental fees and surcharges to various departments for equipment rental, repair and supplies.

The following questions apply to SDPR, I/A, and HwyCapital:

- When the cost of doing business rises, should the agency receiving services pay for the increment with the appropriate fund source?
- Would it be preferable to appropriate GF to the recipient of services rather than the provider of services? An increment in the receiving agency makes the budget clearer.

Fund source changes for Capital Improvement Project (CIP) Receipts

- **CIP Receipts (1061)** consist of amounts transferred from capital projects to the operating budget for project operating costs. As a project's operating costs increase, are additional CIP receipts available?

Language Sections of the Governor's FY2010 Operating Budget

Section Deleted; appeared in FY09 Operating Budget

LEGISLATIVE INTENT. (a) It is the intent of the legislature that the amounts appropriated by this Act are the full amounts that will be appropriated for those purposes for the fiscal year ending June 30, 2009.

Legislative Fiscal Analyst Comment: *In recent years the legislature has taken steps to reduce the need for routine supplemental appropriations. The intent of this section was to emphasize that supplemental operating appropriations are designed to be limited to needs that are truly unanticipated.*

(b) It is the intent of the legislature that money appropriated from the general fund be expended conservatively. If an appropriation includes the unexpended and unobligated balance of program receipts collected in a prior fiscal year, it is the intent of the legislature that the program receipts be expended, as allowed, before the expenditure of other money appropriated from the general fund. It is the intent of the legislature that the office of management and budget and the Department of Administration assist the legislature in carrying out this intent.

Legislative Fiscal Analyst Comment: *The legislature may wish to discuss the impact of this section, in terms of both general fund savings and accounting headaches. The legislature may wish to consider revising the language to allow a limited amount of carryforward of program receipts in those programs in which carryforward acts as a cushion against fluctuations in receipts.*

Section Deleted; appeared in FY09 Operating Budget

COSTS OF JOB RECLASSIFICATIONS. The money appropriated in this Act includes the amount necessary to pay the costs of personal services due to reclassification of job classes during the fiscal year ending June 30, 2009.

Legislative Fiscal Analyst Comment: *This section was added by the legislature several years ago in response to agency requests for supplemental appropriations to cover the costs of reclassification of selected job classes that the legislature was not informed of in advance. The section clarifies that the cost of reclassifying positions is to be absorbed in an agency's existing budget.*

Section Deleted; appeared in FY09 Operating Budget

PERSONAL SERVICES TRANSFERS. It is the intent of the legislature that agencies restrict transfers to and from the personal services line. It is the intent of the legislature that the office of management and budget submit a report to the legislature on January 15, 2009, that describes and justifies all transfers to and from the personal services line by executive branch agencies during the first half of fiscal year 2009. It is the intent of the legislature that the office of management and budget submit a report to the legislature on August 1, 2009, that describes and justifies all transfers to and from the personal services line by executive branch agencies during the second half of fiscal year 2009.

* **Sec. 4.** ALASKA AEROSPACE DEVELOPMENT CORPORATION. Federal receipts and other corporate receipts of the Alaska Aerospace Development Corporation received during the

fiscal year ending June 30, 2010, that are in excess of the amount appropriated in sec. 1 of this Act are appropriated to the Alaska Aerospace Development Corporation for operations during the fiscal year ending June 30, 2010.

Legislative Fiscal Analyst Comment: *This section is intended to maximize the AADC's ability to attract launch activity by eliminating all questions regarding the corporation's ability to accept and spend receipts in a timely manner.*

Funding: The estimated impact of this section is zero. Historically, the appropriations to AADC in section 1 have been sufficient to avoid application of this section.

* **Sec. 5.** ALASKA PERMANENT FUND CORPORATION. (a) The amount authorized under AS 37.13.145(b) for transfer by the Alaska Permanent Fund Corporation on June 30, 2010, is appropriated from the earnings reserve account (AS 37.13.145(a)) to the dividend fund (AS 43.23.045(a)) for the payment of permanent fund dividends and administrative and associated costs for the fiscal year ending June 30, 2010.

Subsection a appropriates funds from the earnings reserve account to the dividend fund for payment of dividends and administrative and associated costs. Earnings in FY2010 (as calculated on the last day of the fiscal year) will be used to pay PFDs in FY2010 and associated costs throughout FY2010.

Funding: The projected amount of dividend transfer for FY2010 is $1,168 billion, including administrative and associated costs. Administrative and associated costs for FY2010 are reflected in section 1 of the budget. They include the cost of operating the PFD Division, hold-harmless provisions that affect people served by the Department of Health & Social Services and "cost recovery" programs in various departments.

(b) After money is transferred to the dividend fund under (a) of this section, the amount calculated under AS 37.13.145(c) to offset the effect of inflation on the principal of the Alaska permanent fund during fiscal year 2010 is appropriated from the earnings reserve account (AS 37.13.145(a)) to the principal of the Alaska permanent fund.

Subsection b is an "inflation proofing" provision, which transfers money from the Earnings Reserve Account to principal.

Funding: The projected amount of inflation proofing for FY2010 is $872 million.

(c) The amount required to be deposited under AS 37.13.010(a)(1) and (2) during fiscal year 2010 is appropriated to the principal of the Alaska permanent fund in satisfaction of that requirement.

Subsection c appropriates 25% of mineral lease rentals, royalties, royalty sales, etc. to the principal of the Permanent Fund as required by constitution or statute.

Funding: These deposits to the Permanent Fund do not appear in the bill summary or in Legislative Finance reports because the deposits are constitutionally dedicated rather than appropriated. The Permanent Fund projects that dedicated deposits will be $659 million during FY2010.

* **Sec. 6.** DEPARTMENT OF ADMINISTRATION. The amount necessary to fund the uses of the state insurance catastrophe reserve account described in AS 37.05.289(a) is appropriated from that account to the Department of Administration for those uses during the fiscal year ending June 30, 2010.

This section references the statute that allows up to $5 million to be swept from lapsing general fund appropriations for the catastrophe reserve account. It appropriates funds from the catastrophe reserve account to the Department of Administration to obtain insurance, establish reserves for the self-insurance program, and to satisfy claims or judgments arising under the program.

Legislative Fiscal Analyst Comment: *This section re-emphasizes the state's authority to expend funds from the state insurance catastrophe reserve account described in AS 37.05.289(a). The language may not be necessary, but it does no harm.*

Legislative Fiscal Analyst Comment: *The catastrophe reserve account sweeps lapsing general fund appropriations annually to maintain a balance not to exceed $5 million. If these funds were not available, two opportunities would remain for meeting catastrophic situations: 1) supplemental appropriations by the legislature; and 2) judgment legislation. Delays that could occur with legislative remedies would cause difficulty in situations that require immediate action.*

Funding: This provision has no FY2010 fiscal impact; it allows money appropriated elsewhere to be transferred/spent but does not increase total appropriations.

* **Sec. 7.** DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT. (a) The unexpended and unobligated balance of federal money apportioned to the state as national forest income that the Department of Commerce, Community, and Economic Development determines would lapse into the unrestricted portion of the general fund June 30, 2010, under AS 41.15.180(j) is appropriated as follows:

(1) up to $170,000 is appropriated to the Department of Transportation and Public Facilities, commissioner's office, for road maintenance in the unorganized borough, for the fiscal year ending June 30, 2010;

(2) the balance remaining after the appropriation made by (1) of this subsection is appropriated to home rule cities, first class cities, second class cities, a municipality organized under federal law, or regional educational attendance areas entitled to payment from the national forest income for the fiscal year ending June 30, 2010, to be allocated among the recipients of national forest income according to their pro rata share of the total amount distributed under AS 41.15.180(c) and (d) for the fiscal year ending June 30, 2010.

Subsection 1 appropriates $170,000 of National Forest Receipts to DOT&PF for road maintenance in the unorganized borough.

Subsection 2 appropriates any remaining balance to be paid as grants to local governments in the unorganized borough.

Legislative Fiscal Analyst Comment: *National Forest receipts consist of national forest income received by DCCED for the portion of national forests located within the unorganized borough. By law, 75 percent of the income is allocated to public schools and 25 percent for maintenance of public roads in the unorganized borough.*

Legislative Fiscal Analyst Comment: *AS 41.15.180(j) states that the amount in the national forest receipts fund remaining at the end of the fiscal year lapses into the general fund and shall be used for school and road maintenance in the affected areas of the unorganized borough for which direct distribution has not been made. The amount appropriated in subsection 1 ($170.0) has not changed for several years.*

Legislative Fiscal Analyst Comment: *Subsection 2 appears to change the intended purpose of lapsing receipts. Under AS 41.15.180(j) lapsing money must be spent in areas*

that do not receive money under AS 41.15.180(c) and (d). Subsection 2 takes money that would otherwise be spent in unorganized areas and appropriates it to local governments.

(b) An amount equal to the salmon enhancement tax collected under AS 43.76.010 - 43.76.028 in calendar year 2008 and deposited in the general fund under AS 43.76.025(c) is appropriated from the general fund to the Department of Commerce, Community, and Economic Development for payment in fiscal year 2010 to qualified regional associations operating within a region designated under AS 16.10.375.

Funding: These "pass through" amounts are excluded from Legislative Finance reports on the operating bill.

(c) An amount equal to the seafood development tax collected under AS 43.76.350 - 43.76.399 in calendar year 2008 and deposited in the general fund under AS 43.76.380(d) is appropriated from the general fund to the Department of Commerce, Community, and Economic Development for payment in fiscal year 2010 to qualified regional seafood development associations.

Funding: These "pass through" amounts are excluded from Legislative Finance reports on the operating bill.

(d) If the amount necessary to pay power cost equalization program costs without proration from the power cost equalization and rural electric capitalization fund (AS 42.45.100) exceeds the amount appropriated in sec. 1 of this Act, the amount necessary to pay those costs is appropriated from the power cost equalization and rural electric capitalization fund (AS 42.45.100) to the Department of Commerce, Community, and Economic Development, Alaska Energy Authority, power cost equalization allocation, for the fiscal year ending June 30, 2010.

NEW SUBSECTION: Subsection d makes the appropriation from the power cost equalization (PCE) fund to the PCE open-ended; if program costs exceed the amount appropriated in section 1, Subsection d authorizes additional transfers up to the amount required to fully fund PCE.

Funding: The estimated impact of this section is zero.

Legislative Fiscal Analyst Comment: *Subsection d addresses the (fairly common) problem of a shortage in the PCE program despite the availability of money in the PCE fund. However, it goes beyond addressing that situation when combined with the language in section 18(c), which is an open-ended appropriation that ensures the PCE formula is fully funded.*

Section Deleted; appeared in FY09 Operating Budget

DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT. The sum of $4,800,000 is appropriated from the general fund to the Department of Education and Early Development for the school incentive program for the fiscal year ending June 30, 2009.

Legislative Fiscal Analyst Comment: *The legislature decided not to extend the pilot program.*

* **Sec. 8.** DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT. (a) If the amount necessary to pay benefit payments from the fishermen's fund (AS 23.35.060) exceeds the amounts appropriated in sec. 1 of this Act, the additional amount necessary to pay those benefit payments is appropriated from that fund to the Department of Labor and Workforce Development, fishermen's fund allocation, for the fiscal year ending June 30, 2010.

This section allows benefit payments to exceed the amount appropriated in section 1, ensuring that expenditure authorization will be sufficient to pay benefits required by law.

Funding: The estimated impact of this section is zero.

(b) If the amount necessary to pay benefit payments from the second injury fund (AS 23.30.040(a)) exceeds the amount appropriated in sec. 1 of this Act, the amount necessary to make those benefit payments is appropriated from the second injury fund to the Department of Labor and Workforce Development, second injury fund allocation, for the fiscal year ending June 30, 2010.

This section allows benefit payments to exceed the amount appropriated in section 1, ensuring that expenditure authorization will be sufficient to pay benefits required by law.

Funding: The estimated impact of this section is zero.

(c) If the amount necessary to pay benefit payments from the workers' compensation benefits guaranty fund (AS 23.30.082) exceeds the amount appropriated in sec. 1 of this Act, the additional amount necessary to pay those benefit payments is appropriated from that fund to the Department of Labor and Workforce Development, workers' compensation benefits guaranty fund allocation, for the fiscal year ending June 30, 2010.

This section allows benefit payments to exceed the amount appropriated in section 1, ensuring that expenditure authorization will be sufficient to pay benefits required by law.

Funding: The estimated impact of this section is zero.

* **Sec. 9.** DEPARTMENT OF MILITARY AND VETERANS' AFFAIRS. Five percent of the market value of the average ending balances in the Alaska veterans' memorial endowment fund (AS 37.14.700) for the fiscal years ending June 30, 2007, June 30, 2008, and June 30, 2009, is appropriated from the Alaska veterans' memorial endowment fund to the Department of Military and Veterans' Affairs for the purposes specified in AS 37.14.730(b) for the fiscal year ending June 30, 2010.

Funding: Endowment payout is expected to be about $12,500. Proceeds may be used for maintenance, repair and construction of monuments to the military.

* **Sec. 10.** DEPARTMENT OF NATURAL RESOURCES. Federal receipts received for fire suppression during the fiscal year ending June 30, 2010, are appropriated to the Department of Natural Resources for fire suppression activities for the fiscal year ending June 30, 2010.

This section appropriates an open-ended amount of federal receipts received for fire suppression to the Department of Natural Resources.

Funding: A $2 million federal receipts estimate for fire suppression has been used for several years.

Section (b) Deleted; appeared in FY09 Operating Budget

The sum of $523,000 is appropriated from the general fund to the Department of Natural Resources for the petroleum systems integrity office for the fiscal year ending June 30, 2009.

Legislative Fiscal Analyst Comment: *The Governor's FY2010 budget includes this item in section 1.*

* **Sec. 11.** DEPARTMENT OF PUBLIC SAFETY. (a) The sum of $1,393,200 is appropriated from the general fund to the Department of Public Safety, division of Alaska state troopers, narcotics task force, for drug and alcohol enforcement efforts during the fiscal year ending June

30, 2010.

Subsection a appropriates $1.4 million in general funds for drug and alcohol enforcement efforts.

(b) If the amount of federal receipts received by the Department of Public Safety from the justice assistance grant program during the fiscal year ending June 30, 2010, for drug and alcohol enforcement efforts exceeds $1,289,100, the appropriation in (a) of this section is reduced by the amount by which the federal receipts exceed $1,289,100.

Subsection b is contingency language that requires a dollar-for-dollar reduction of the previous subsection's general funds if DPS receives over $1.3 million in federal grants for drug and alcohol enforcement efforts.

Legislative Fiscal Analyst Comment: *The FY09 operating budget included similar language. DPS received $1,560,940 of federal funds for this purpose—resulting in a reduction of $271,840.*

Funding: Because the amount of federal funds for FY2010 is unknown, Legislative Finance is estimating the cost of the section to be the full $1.4 million in general funds.

(c) The sum of $1,270,000 is appropriated from the general fund to the Department of Public Safety, division of Alaska state troopers, special projects, for rural alcohol interdiction efforts during the fiscal year ending June 30, 2010.

Subsection c appropriates $1.3 million in general funds for rural alcohol interdiction efforts.

(d) If federal receipts are received by the Department of Public Safety for the rural alcohol interdiction program during the fiscal year ending June 30, 2010, the appropriation in (c) of this section is reduced by the amount of the federal receipts.

Subsection d is contingency language that requires a dollar-for-dollar reduction of the previous subsection's general funds if DPS receives over $1.3 million in federal grants for drug and alcohol enforcement efforts.

Legislative Fiscal Analyst Comment: *The FY09 operating budget included similar language. DPS received $715.5 of federal funds for this purpose—resulting in an equal reduction of general funds.*

Funding: Because the amount of federal funds for FY2010 is unknown, Legislative Finance is estimating the cost of the section to be the full $1.3 million in general funds.

* **Sec. 12.** DEPARTMENT OF REVENUE. (a) The minimum amount of program receipts received during the fiscal year ending June 30, 2010, by the child support services agency that is required to secure the federal funding appropriated from those program receipts for the child support enforcement program in sec. 1 of this Act is appropriated to the Department of Revenue, child support services agency, for the fiscal year ending June 30, 2010.

Subsection a permits an unspecified amount of program receipts collected by the Child Support Services Division (CSSD) to be spent to capture the federal receipts appropriated in section 1.

Legislative Fiscal Analyst Comment: *The Federal Deficit Reduction Act of 2005 changed the way states could use money earned from federal incentives. In the past, state child support programs could use federal incentive receipts as part of the required 34%*

match to federal receipts; this practice reduced the amount of state funds needed to maximize the federal receipts. Effective in federal fiscal year 2008, federal rules prohibit using federal incentive receipts as matching funds for federal receipts from the child support program. As a result, the division requested $1.9 million of general funds in section 1. This section is unlikely to have any effect. The section could be deleted, but it does no harm.

Funding: The estimated impact of this section is zero.

(b) Program receipts collected as cost recovery for paternity testing administered by the child support services agency, as required under AS 25.27.040 and 25.27.165, and as collected under AS 25.20.050(f), are appropriated to the Department of Revenue, child support services agency, for the fiscal year ending June 30, 2010.

Subsection b appropriates (to CSSD) receipts collected to recover the costs of paternity testing.

Funding: The Department estimates that paternity testing will generate $47,000 in program receipts.

*** Sec. 13.** OFFICE OF THE GOVERNOR. (a) If the 2010 fiscal year-to-date average price of Alaska North Slope crude oil exceeds $35 a barrel on August 1, 2009, the amount of money corresponding to the 2010 fiscal year-to-date average price, rounded to the nearest dollar, as set out in the table in (b) of this section is appropriated from the general fund to the Office of the Governor for distribution to state agencies to offset increased fuel and utility costs.

(b) The following table shall be used in determining the appropriation amount in (a) of this section:

2010 FISCAL YEAR-TO-DATE AVERAGE PRICE OF ALASKA NORTH SLOPE CRUDE OIL	AMOUNT
$60 or more	$24,000,000
59	23,500,000
58	23,000,000
57	22,000,000
56	21,000,000
55	20,000,000
54	19,000,000
53	18,000,000
52	17,000,000
51	16,000,000
50	15,000,000
49	14,000,000

48	13,000,000
47	12,000,000
46	11,000,000
45	10,000,000
44	9,000,000
43	8,000,000
42	7,000,000
41	6,000,000
40	5,000,000
39	4,000,000
38	3,000,000
37	2,000,000
36	1,000,000
35	0

(c) It is the intent of the legislature that a payment under (a) of this section be used to offset the effects of higher fuel and utility costs for the fiscal year ending June 30, 2010.

(d) The governor shall allocate amounts appropriated in (a) of this section as follows:

(1) to the Department of Transportation and Public Facilities, 65 percent of the total plus or minus 10 percent;

(2) to the University of Alaska, eight percent of the total plus or minus three percent;

(3) to the Department of Health and Social Services and the Department of Corrections, not more than five percent each of the total amount appropriated;

(4) to any other state agency, not more than four percent of the total amount appropriated;

(5) the aggregate amount allocated may not exceed 100 percent of the appropriation.

Subsection a appropriates up to $24 million—depending on the year-to-date average price of crude oil on August 1, 2009. This funding is to be distributed to agencies to offset increased fuel and utility costs.

Subsection b indicates, based on the price of oil, how much funding is appropriated in subsection a.

Subsection c states legislative intent that the funding is to offset fuel and utility cost increases.

Subsection d provides guidelines for allocating the money among agencies.

Funding: OMB included a $24 million appropriation for fuel in its budget transmittal.

Legislative Fiscal Analyst Comment: *Similar trigger mechanisms appear to have*

functioned as designed—providing funding for fuel during the past few years without permitting high fuel costs to become part of the base budget—and the legislature may wish to continue the concept. Note, however, that the above schedule is inconsistent with the official oil price forecast; the schedule shows oil prices up to $60 while the official oil forecast is $74. In theory, the schedule should extend beyond the forecast price. Extending the schedule to the official forecast would add $7 million to the estimate of the appropriation. Extending the schedule beyond the forecast price adds nothing to the estimated appropriation, but it would cover the contingency of higher-than-anticipated oil prices.

Subsection Deleted; appeared in FY09 Operating Budget

(e) The sum of $3,670,800 is appropriated from the general fund to the Office of the Governor, division of elections, for costs associated with conducting the statewide primary and general elections for the fiscal year ending June 30, 2009.

Subsection e appropriates general funds to cover the costs of 2008 statewide elections.

Legislative Fiscal Analyst Comment: *This one-time funding for elections was removed from the FY2010 base.*

* **Sec. 14.** UNIVERSITY OF ALASKA. The amount of the fees collected under AS 28.10.421(d) during the fiscal year ending June 30, 2009, for the issuance of special request university plates, less the cost of issuing the license plates, is appropriated from the general fund to the University of Alaska for support of alumni programs at the campuses of the university for the fiscal year ending June 30, 2010.

Funding: The University expects to receive about $2,000 under this section.

* **Sec. 15.** BOND CLAIMS. The amount received in settlement of a claim against a bond guaranteeing the reclamation of state, federal, or private land, including the plugging or repair of a well is appropriated to the agency secured by the bond for the fiscal year ending June 30, 2010, for the purpose of reclaiming the state, federal, or private land affected by a use covered by the bond.

This section is standard language that appropriates claims against bonds for land reclamation to the agencies that will direct the reclamation.

Funding: The Department of Natural Resources estimates the impact of this section to be $25,000.

* **Sec. 16.** GAS PIPELINE DEVELOPMENT. The following amounts are appropriated to the named department and components from the following sources in the amounts stated for work associated with development of a natural gas pipeline for the fiscal year ending June 30, 2010:

DEPARTMENT AND COMPONENT	SOURCE	APPROPRIATION AMOUNT
(1) Fish and Game		
Habitat and restoration	Interagency receipts	$180,000
(2) Labor and Workforce Development		
(A) Labor market information	General fund	145,000
(B) Business services	General fund	585,000
(C) Alaska Workforce		
Investment Board	General fund	130,000
(3) Law		
Oil, gas, and mining	General fund	1,250,000
(4) Natural Resources		
(A) Oil and gas development	General fund	391,700
(B) Pipeline coordinator	Statutory designated	
	Program receipts	2,500,000
(5) Revenue		
Natural gas commercialization	General fund	771,000

NEW SECTION: This section appropriates funding to multiple departments for development work associated with the natural gas pipeline.

Legislative Fiscal Analyst Comment: *In FY09, the legislature consolidated oil and gas development funding requests in the Office of the Governor, with direction to distribute the one-time funding of $7.3 million GF to the departments of Labor and Workforce Development, Natural Resources, Law, and Revenue as needed for work associated with the Natural Gas Pipeline. Consolidation was intended to increase flexibility and track how much was being appropriated for gasline work. OMB did not take advantage of the flexibility provided, and consolidation in section 16 has the advantage of correctly identifying each appropriation with an agency.*

* **Sec. 17.** FEDERAL AND OTHER PROGRAM RECEIPTS. (a) Federal receipts, designated program receipts as defined in AS 37.05.146(b)(3), information services fund program receipts as described in AS 44.21.045(h), Exxon Valdez oil spill trust receipts described in AS 37.05.146(b)(4), receipts of the Alaska Housing Finance Corporation, receipts of the Alaska marine highway system fund described in AS 19.65.060(a), receipts of the University of Alaska as described in AS 37.05.146(b)(2), and receipts of the Alaska Fire Standards Council described in AS 37.05.146(b)(5) that are received during the fiscal year ending June 30, 2010, and that

exceed the amounts appropriated by this Act, are appropriated conditioned on compliance with the program review provisions of AS 37.07.080(h).

(b) If federal or other program receipts as defined in AS 37.05.146 and in AS 44.21.045(b) that are received during the fiscal year ending June 30, 2010, exceed the amounts appropriated by this Act, the appropriations from state funds for the affected program shall be reduced by the excess if the reductions are consistent with applicable federal statutes.

(c) If federal or other program receipts as defined in AS 37.05.146 and in AS 44.21.045(b) that are received during the fiscal year ending June 30, 2010, fall short of the amounts appropriated by this Act, the affected appropriation is reduced by the amount of the shortfall in receipts.

Subsection a provides open-ended appropriations of the types of receipts listed. Although the appropriations are conditioned on review by the Legislative Budget and Audit Committee, the Governor can increase authorization for listed fund sources without the approval of the Committee.

NEW FUND SOURCE LISTED: Receipts of the University of Alaska is a FY2010 addition to the list of funds that can be increased upon LB&A committee review. There is no indication of the reason for the addition.

Subsection b is standard language that permits state authorization to be reduced if unanticipated money is received for projects funded by general funds. There is no formal process for tracking potential reductions.

Subsection c is standard language that automatically limits authorization of federal and other receipts to the amount actually received.

Funding: Although requests for approval to spend additional receipts will almost certainly be received, there is no way to determine where the increases will be, how much they will be, or what fund sources would be appropriate. Legislative Finance reports place no dollar value on appropriations made in this section.

* **Sec. 18.** FUND TRANSFERS. (a) The following amounts are appropriated to the Alaska debt retirement fund (AS 37.15.011):

(1) the sum of $118,670,100 from the general fund;

(2) the sum of $12,007,700 from federal receipts for state-guaranteed transportation revenue anticipation bonds, series 2003B;

(3) the sum of $2,837,400 from the investment earnings on the bond proceeds deposited in the capital project funds for the series 2003A general obligation bonds;

(4) the sum of $877,400 from the investment earnings on the bond proceeds deposited in the capital project fund for the state guaranteed transportation revenue anticipation bonds, series 2003B;

(5) the sum of $26,000 from the investment loss trust fund (AS 37.14.300);

(6) if the debt retirement fund balance is insufficient to pay the debt service obligations on the State of Alaska general obligation bonds, series 2003A and 2009A, the amount necessary is appropriated from the general fund.

Subsection a is summarized below:

Capitalization of the Debt Retirement Fund

Subsec	Fund Source	FY2010 Debt Service	Details
1	General Funds	118,670.1	Non-specific capitalization
2	Federal Receipts	12,007.7	Federal receipts to pay series 2003B GO Bonds
3	Capital Project Fund	2,837.4	Investment earnings receipts to pay series 2003A GO Bonds
4	Capital Project Fund	877.4	Investment earnings receipts to pay series 2003B GO Bonds
5	ILTF	26.0	Non-specific capitalization
6	General Funds	.0	Contingency funding for GO Bonds
	TOTAL DEPOSITS	**$134,418.6**	

New Subsection a (6) is an open-ended appropriation that appears to be intended to ensure that there is sufficient money to pay GO bond debt service.

Legislative Fiscal Analyst Comment: *The provision makes sense on the surface, given that the series 2009 bonds have not yet been sold, so the amount of debt service is unknown. However, because the various appropriations to the fund are not tied to specific debt service payments, the effect is that any shortage in the fund could be attributed to debt service on GO bonds. The weakness of this funding method is that it allows the amount of general fund capitalization to be understated. This situation could be avoided by specifying what type of debt service each appropriation to the fund is intended for, but that approach runs the risk of underfunding debt service. The legislature may prefer to simply deposit enough money to the debt retirement fund to leave a margin of safety.*

(b) The sum of $20,892,700 from the power cost equalization endowment fund (AS 42.45.070) is appropriated to the power cost equalization and rural electric capitalization fund (AS 42.45.100).

Subsection b capitalizes the PCE Fund with seven percent of the average value of the PCE Endowment ($20.9 million).

(c) The amount necessary, estimated to be $10,379,300, is appropriated from the general fund to the power cost equalization and rural electric capitalization fund (AS 42.45.100) for payment of power cost equalization for the fiscal year ending June 30, 2010.

Subsection c capitalizes the PCE Fund with $10.4 million in general funds. When combined with the appropriation in (b) this appropriation provides the $32.2 million needed to fully fund the PCE program appropriations made in section 1.

Legislative Fiscal Analyst Comment: *The appropriation in (c) is open-ended. This appropriation, in combination with section 7(d), ensures full funding of the PCE formula. The PCE program is up for review this session; section 18(c) will provide full funding under any changes made to the formula.*

(d) The federal funds received by the state under 42 U.S.C. 6506a(l) or former 42 U.S.C. 6508 not appropriated for grants under AS 37.05.530(d) are appropriated as follows:

(1) to the principal of the Alaska permanent fund and the public school trust fund (AS 37.14.110), according to AS 37.05.530(g)(1) and 37.05.530(g)(2); and

(2) to the principal of the Alaska permanent fund, the public school trust fund (AS 37.14.110), and the power cost equalization and rural electric capitalization fund (AS 42.45.100), according to AS 37.05.530(g)(3).

Subsection d (per AS 37.05.530(g)) appropriates the lapsing balance of NPR-A grants. No lapsing balance is anticipated.

Funding: The estimated fiscal impact of this section is zero.

(e) An amount calculated under AS 43.55.028(c), not to exceed $300,000,000 is appropriated from the general fund to the oil and gas tax credit fund (AS 43.55.028(a)).

Legislative Fiscal Analyst Comment: The amount appropriated to this fund—which is used to purchase transferable tax credit certificates and production tax certificates—in FY09 was $400 million. The legislature may wish to ask the Department of Revenue to describe cash flows into and out of the fund.

(f) The following amounts of revenue collected during the fiscal year ending June 30, 2010, are appropriated to the fish and game fund (AS 16.05.100):

(1) receipts from the sale of crewmember fishing licenses (AS 16.05.480(a)) that are not deposited into the fishermen's fund under AS 23.35.060;

(2) range fees collected at shooting ranges operated by the Department of Fish and Game (AS 16.05.050(a)(15));

(3) fees collected at boating and angling access sites described in AS 16.05.050(a)(6) and managed by the Department of Natural Resources, division of parks and outdoor recreation, under a cooperative agreement;

(4) receipts from the sale of waterfowl conservation stamp limited edition prints (AS 16.05.826(a));

(5) fees collected for sanctuary access permits (AS 16.05.050(a)(15)).

Subsection f appropriates revenue generated by the named licenses and fees into the Fish and Game Fund. Appropriations from this revenue source use the Fish and Game Nondedicated Receipts fund code (1194) to differentiate these appropriations (which are essentially GF appropriations) from the dedicated portion of the Fish and Game Fund.

Funding: The estimated fiscal impact of this subsection is $2.3 million.

(g) The following amounts are appropriated to the oil and hazardous substance release prevention account (AS 46.08.010(a)(1)) in the oil and hazardous substance release prevention and response fund (AS 46.08.010) from the sources indicated:

(1) the balance of the oil and hazardous substance release prevention mitigation account (AS 46.08.020(b)) in the general fund on July 1, 2009, not otherwise appropriated by this Act;

(2) the amount collected for the fiscal year ending June 30, 2009, estimated to be $11,100,000, from the surcharge levied under AS 43.55.300.

Subsection g is standard language appropriating (to the Oil and Hazardous Substance Release Prevention Account) the balance of the Release Prevention Mitigation Account and the FY09 collections from the 4 cent per barrel surcharge on oil produced in the state. Amendments effective April 1, 2006 changed the per barrel surcharge from $0.03 to $0.04.

(h) The following amounts are appropriated to the oil and hazardous substance release response account (AS 46.08.010(a)(2)) in the oil and hazardous substance release prevention and response fund (AS 46.08.010) from the following sources:

(1) the balance of the oil and hazardous substance release response mitigation account (AS 46.08.025(b)) in the general fund on July 1, 2009, not otherwise appropriated by this Act;

(2) the amount collected for the fiscal year ending June 30, 2009, from the surcharge levied under AS 43.55.201;

Subsection h is standard language appropriating (to the Oil and Hazardous Substance Release Response Account) the balance of the Release Response Mitigation Account and the FY09 collections from the $0.01 cent per barrel surcharge on oil produced in the state. Amendments effective April 1, 2006 changed the per barrel surcharge from $0.02 to $0.01.

Funding: Based on a five-year average, the projected balance of the response mitigation account that will be transferred under this section is approximately $600,000. The surcharge collected under paragraph (2) became effective when the balance of the Response Account dropped below $50 million. The drop in the balance is due to a Department of Law request for $8.8 million to investigate two oil spills which occurred in 2006 from transit pipelines operated by BP in Prudhoe Bay oil field.

Legislative Fiscal Analyst Comment: *Based on the current balance and annual collections of $2.3 million from the one cent surcharge, the surcharge may be in effect for a few more years.*

(i) The portions of the fees listed in this subsection that are collected during the fiscal year ending June 30, 2010, are appropriated to the Alaska children's trust (AS 37.14.200):

(1) fees collected under AS 18.50.225, less the cost of supplies, for the issuance of birth certificates;

(2) fees collected under AS 18.50.272, less the cost of supplies, for the issuance of heirloom marriage certificates;

(3) fees collected under AS 28.10.421(d) for the issuance of special request Alaska children's trust license plates, less the cost of issuing the license plates.

Subsection i appropriates (to the Alaska Children's Trust) net receipts collected during FY2010 from sales of heirloom birth certificates, heirloom marriage certificates and Trust license plates.

The Alaska Children's Trust was created by Chapter 19, SLA 88. The legislature appropriated $6 million from the investment loss trust fund to the principal of the trust in Chapter 123, SLA 96. The trust was established to provide a continuing source of revenue for grants to community-based programs for the prevention of child abuse and neglect.

Funding: *OMB projects $39.5 net proceeds from the sale of certificates/plates.*

(j) The loan origination fees collected by the Alaska Commission on Postsecondary Education for the fiscal year ending June 30, 2010, are appropriated to the origination fee account (AS 14.43.120(u)) within the education loan fund (AS 14.42.210) of the Alaska Student Loan Corporation for the purposes specified in AS 14.43.120(u).

Subsection j appropriates origination fees charged on student loans to the origination fee account within the student loan fund. The fees are intended to offset loan losses due to death, disability, bankruptcy and default.

Funding: The amount of the loan origination fee is capped by regulation at 5% and set annually by the corporation. For FY2010, the Alaska Commission on Postsecondary Education has indicated that the maximum fee of 5% will be set. It is currently set at 3%. Because the appropriation earmarks money within a fund, there is no impact on state expenditures.

(k) The amount of federal receipts received for disaster relief during the fiscal year ending June 30, 2010, is appropriated to the disaster relief fund (AS 26.23.300).

Subsection k is standard language appropriating federal receipts for disaster relief to the Disaster Relief Fund. The Governor needs no specific appropriations to spend money in the Disaster Relief Fund; money can be spent upon declaration of a disaster.

Funding: A $9 million estimate for federal disaster relief receipts has been used for several years.

(l) The sum of $7,500,000 is appropriated from the general fund to the disaster relief fund (AS 26.23.300).

Subsection l capitalizes the Disaster Relief Fund with $7.5 million of general funds. FY09 capitalization was $16 million.

(m) The balance of the mine reclamation trust fund income account (AS 37.14.800(a)) on June 30, 2009, and money deposited in that account during the fiscal year ending June 30, 2010, is appropriated to the mine reclamation trust fund operating account (AS 37.14.800(a)) for the fiscal year ending June 30, 2010. The amount necessary for the purposes specified in AS 37.14.820 for the fiscal year ending June 30, 2010, is appropriated from the mine reclamation trust fund operating account (AS 37.14.800(a)) to the Department of Natural Resources.

Subsection m authorizes an internal transfer of funds from the income account to the operating account, where it is available to DNR to spend without further appropriation.

Funding: The agency estimates the amount needed for mine reclamation expenditures is about $75,000.

(n) The sum of $6,000,000 is appropriated to the Alaska clean water fund (AS 46.03.032) for the Alaska clean water loan program from the following sources:

Alaska clean water fund revenue bond receipts	$1,000,000
Federal receipts	5,000,000

(o) The sum of $7,660,000 is appropriated to the Alaska drinking water fund (AS 46.03.036) for the Alaska drinking water loan program from the following sources:

Alaska drinking water fund revenue bond receipts	$1,660,000
Federal receipts	6,000,000

Subsections n and o provide money to develop sewer and water systems in Alaska communities through revolving loan programs. The state typically issues short-term

bonds that are repaid with earnings from the loan programs, and uses the bond proceeds to match federal money.

(p) The amount of municipal bond bank receipts determined under AS 44.85.270(h) to be available for transfer by the Alaska Municipal Bond Bank Authority for the fiscal year ending June 30, 2009, is appropriated to the Alaska municipal bond bank authority reserve fund (AS 44.85.270(a)).

Subsection p appropriates earnings of the Bond Bank to its earnings reserve fund.

Funding: *Earnings for FY09 were $250,000 and a similar amount is expected in FY2010.*

(q) The bulk fuel revolving loan fund fees established under AS 42.45.250(j) and collected under AS 42.45.250(k) from July 1, 2008, through June 30, 2009, estimated to be $45,000, are appropriated from the general fund to the bulk fuel revolving loan fund (AS 42.45.250).

Subsection q attempts to appropriate fee revenues to the bulk fuel revolving loan fund.

Legislative Fiscal Analyst Recommendation: *If the legislature chooses to capitalize the loan fund, the subsection should begin with "An amount equal to..." in order to clarify that this is an appropriation of FY2010 general funds. The effective date of the section is July 1, 2009, which means that the specified FY09 collections will no longer be accessible. The associated budget transaction uses FY2010 general funds to capitalize the loan fund.*

(r) The sum of $8,400,000 is appropriated from the Alaska sport fishing enterprise account (AS 16.05.130(e)) in the fish and game fund (AS 16.05.100) to the Alaska fish and game revenue bond redemption fund (AS 37.15.770).

Subsection r transfers the amount collected under the surcharge on sport fish licenses (created by SB 147 (Ch 94, SLA 2005)) from the sport fish enterprise account, where the revenue is deposited, to the bond redemption fund. The transfer is for payment of debt service on bonds authorized for hatchery construction. As both funds are subfunds of the Fish and Game Fund, this section has no fiscal impact; it is an attempt to preempt legal issues associated the fisheries revenue bonds.

(s) An amount equal to the federal receipts deposited in the Alaska sport fishing enterprise account (AS 16.05.130(e)), not to exceed $1,584,200, as reimbursement for the federally allowable portion of the principal balance payment on the sport fishing revenue bonds series 2006 is appropriated from the Alaska sport fishing enterprise account (AS 16.05.130(e)) to the fish and game fund (AS 16.05.100).

Subsection s clarifies that the Department chooses to use $1.58 million of current federal funding as reimbursement. They may use federal operating receipts as reimbursement for a portion of debt service payments on the "Sportfish Bonds" issued in 2006 (see Section 23(u)).

Legislative Fiscal Analyst Comment: *The Department's action increases flexibility in the use of existing federal receipts by placing federal money in the sport fishing enterprise account. Once there, the money can be used for sport fishing facilities intended to directly benefit license purchasers.*

Funding: The section simply transfers funds between accounts within the Fish and Game Fund; there is no direct fiscal impact.

NEW SUBSECTION

(t) The sum of $459,200 is appropriated from the permanent fund dividend (PFD) appropriation in lieu of dividends to criminals account within the dividend fund (AS 43.23.045(a)) to the crime victim compensation fund (AS 18.67.162).

NEW SUBSECTION

(u) An amount received under AS 18.67.162, during the fiscal year ending June 30, 2010, is appropriated from the applicable fund source to the crime victim compensation fund (AS 18.67.162).

Subsection t capitalizes the Crime Victim Compensation Fund with $459.2 of "PFD in lieu of Dividends to Criminals" receipts.

Subsection u capitalizes the Crime Victim Compensation Fund with "money from donations, recoveries of or reimbursements for awards made from the fund, income from the fund, and other program receipts."

Legislative Fiscal Analyst Comment: *Chapter 112 SLA 2008 added language to the effect that money appropriated to the fund "may include donations, recoveries of or reimbursements for awards made by the fund, income from the fund, and other program receipts." The fund source cited in subsection t is not mentioned in AS 18.67.182, but lack of mention does not preclude the legislature from appropriating PFD criminal funds for this purpose.*

(v) An amount equal to 20 percent of the revenue collected under AS 43.55.011(g), not to exceed $60,000,000, is appropriated from the general fund to the community revenue sharing fund (AS 29.60.850).

Subsection v appropriates 20% of receipts from the progressive portion of the oil and gas production tax, to a limit of $60 million, for revenue sharing.

Legislative Fiscal Analyst Comment: *The revenue sharing fund was established with an FY08 supplemental appropriation of $180 million. Per AS 29.60.850, 1/3 of the FY08 year end balance ($60 million) was distributed to communities in FY09. The amount distributed was replaced by $60 million of FY09 revenue from the progressive portion of the oil and gas production tax. The FY2010 distribution to communities will be $60 million (1/3 of the FY09 year end balance). As long as oil prices are high enough to generate more than $60 million from the progressive production tax, the cycle of $60 million annual deposits/distribution will continue. At prices less than about $60/barrel, the progressive tax generates no revenue and annual distributions will decline. If there is no progressive tax revenue in FY2010, the year end fund balance will be $120 million and the amount available for distribution in FY2011 will be $40 million. If there is no progressive tax revenue in FY2011, the year end fund balance will be $80 million and the amount available for distribution in FY2012 will be $27 million. If the fund balance falls below $60 million (as it would in FY2012 if oil remains below about $60/barrel) there would be no distribution in FY2013.*

Funding: The full $60 million potential amount of the appropriation is included in all Legislative Finance and OMB reports.

(w) The sum of $1,062,127,700 is appropriated from the general fund to the public education fund (AS 14.17.300).

Subsection w appropriates $1.062 billion to the Public Education Fund (PEF).

***Legislative Fiscal Analyst Comment**: The legislature began making deposits to the PEF in FY06, with the expectation of making continued deposits until reaching the goal of a balance sufficient to fund K-12 education one year in advance. The goal was reached last year, and FY2010 education was "forward funded". The concept of forward funding is that the amount appropriated in a given year will be the amount required in the following year. In this regard, the Governor's $1.062 billion appropriation is $50 million short of forward funding the anticipated $1.112 billion cost of K-12 education in FY2011.*

Although the Governor's proposal leaves the Public Education Fund with a balance (nearly) sufficient to fund anticipated FY2011 K-12 expenditures, this is possible only because the balance of the Public Education Fund included a surplus that was intended to provide a cushion in case expenditures exceed expectations. While not technically a withdrawal from savings, the Governor's proposal reduces the PEF balance by $50 million compared to the forward funding concept adopted by the legislature.

Section Deleted; appeared in FY09 Operating Budget

The sum of $5,000,000 is appropriated from the general fund to the information services fund (AS 44.21.045(a)).

***Legislative Fiscal Analyst Comment**: The Information Services Fund is capitalized in the capital appropriations bill.*

Section Deleted; appeared in FY09 Operating Budget

The sum of $19,099,558 is appropriated from the Alaska capital income fund (AS 37.05.565) to the school construction grant fund (AS 14.11.005).

***Legislative Fiscal Analyst Comment:** The fund is not capitalized in the Governor's budget proposal.*

Section Deleted; appeared in FY09 Operating Budget

The sum of $80,702,477 is appropriated from the Alaska capital income fund (AS 37.05.565) to the major maintenance grant fund (AS 14.11.007).

***Legislative Fiscal Analyst Comment:** The fund is capitalized in the capital appropriations bill.*

*** Sec. 19.** RETAINED FEES AND BANKCARD SERVICE FEES. (a) The amount retained to compensate the collector or trustee of fees, licenses, taxes, or other money belonging to the state during the fiscal year ending June 30, 2010, is appropriated for that purpose to the agency authorized by law to generate the revenue. In this subsection, "collector or trustee" includes vendors retained by the state on a contingency fee basis.

Subsection a allows the state to compensate vendors that collect fees on behalf of the state. The provision originally addressed Fish and Game fishing, hunting and trapping license sales in which the vendor retained a portion of the sale. It also applies to several programs in the Department of Administration, Department of Natural Resources and Trial Courts.

Funding: These fees do not appear in the bill summary or in Legislative Finance reports on the grounds that the state has no effective control over the money.

(b) The amount retained to compensate the provider of bankcard or credit card services to the state during the fiscal year ending June 30, 2010, is appropriated for that purpose to each agency of the executive, legislative, and judicial branches that accepts payment by bankcard or credit card for licenses, permits, goods, and services provided by that agency on behalf of the

state, from the funds and accounts in which the payments received by the state are deposited.

Subsection b allows credit card service providers to retain fees charged for using a credit card.

Funding: These fees do not appear in the bill summary or in Legislative Finance reports on the grounds that the state has no effective control over the money.

(c) The amount retained to compensate the provider of bankcard or credit card services to the state during the fiscal year ending June 30, 2010, is appropriated for that purpose to the Department of Law for accepting payment of restitution in accordance with AS 12.55.051 by bankcard or credit card, from the funds and accounts in which the restitution payments received by the Department of Law are deposited.

Subsection c allows credit card service providers to retain fees charged for using a credit card for *payment of restitution.*

Funding: These fees do not appear in the bill summary or in Legislative Finance reports on the grounds that the state has no effective control over the money.

*** Sec. 20.** RETIREMENT SYSTEM FUNDING. (a) The sum of $206,300,000 is appropriated from the general fund to the Department of Administration for deposit in the defined benefit plan account in the teachers' retirement system as an additional state contribution for the fiscal year ending June 30, 2010, under AS 14.25.085.

(b) The sum of $241,600,000 is appropriated from the general fund to the Department of Administration for deposit in the defined benefit plan account in the public employees' retirement system as an additional state contribution for the fiscal year ending June 30, 2010, under AS 39.35.280.

Legislative Fiscal Analyst Comment: *During the past five years, Alaska's retirement systems accrued a multi-billion dollar unfunded liability due to a combination of investment losses, escalating health care costs, modification of actuarial assumptions and capped contribution rates. Beginning in FY08, the state began making direct contributions to retirement systems in order to stabilize employer contribution rates while repaying that unfunded liability. Actuarial rates for both TRS and PERS declined for FY2010, which means that required contributions decline as well. As shown below, the appropriations in subsections a and b contribute about $135 million "extra" to PERS and about $23 million extra to TRS. With the decline in state revenue, the legislature may wish to consider reducing extra contributions to retirement systems.*

Direct Payments to Retirement Systems ($ millions)

Retirement System	Fiscal Year	Estimated Salary Base	Actuarial Rate	Employer Share	State Share	Direct Payments	Amount Appropriated	Suplus Direct Payment
PERS	FY09	$ 1,813	35.22%	22.00%	13.22%	$ 239.7	$ 241.6	$ 1.9
	FY2010	$ 1,886	27.65%	22.00%	5.65%	$ 106.5	$ 241.6	$ 135.1
TRS	FY09	$ 652	44.17%	12.56%	31.61%	$ 206.2	$ 206.3	$ 0.1
	FY2010	$ 678	39.53%	12.56%	26.97%	$ 182.9	$ 206.3	$ 23.4
Joint	FY09	$ 2,465	79.39%	34.56%	44.83%	$ 445.9	$ 447.9	$ 2.0
	FY2010	$ 2,564	67.18%	34.56%	32.62%	$ 289.5	$ 447.9	$ 158.4

(c) The sum of $1,722,500 is appropriated from the general fund to the Department of Military and Veterans' Affairs for deposit in the defined benefit plan account in the Alaska National Guard and Alaska Naval Militia retirement system for the purpose of funding the Alaska National Guard and Alaska Naval Militia retirement system under AS 26.05.226.

Legislative Fiscal Analyst Comment: *A $10 million FY08 supplemental appropriation to the retirement fund was intended to payoff the unfunded liability of the system. The appropriation in subsection c may not be necessary; except for recent investment losses, the system has little unfunded liability.*

(d) The sum of $1,550,000 is appropriated from the general fund to the Department of Administration for deposit in the defined benefit plan account in the judicial retirement system for the purpose of funding the judicial retirement system under AS 22.25.046.

Legislative Fiscal Analyst Comment: *A $49 million FY08 supplemental appropriation to the retirement fund was intended to payoff the unfunded liability of the system. The appropriation in subsection d may not be necessary; except for recent investment losses, the system has little unfunded liability. Repayment of the unfunded liability reduced the actuarial rate that applies to the retirement system, permitting a reduction in the contribution rate paid by the Court System. FY2010 decrements totaling $3.5 million are reflected in the Court's budget request in section 1.*

* **Sec. 21.** SALARY AND BENEFIT ADJUSTMENTS. (a) The operating budget appropriations made in sec. 1 of this Act include amounts for salary and benefit adjustments for public officials, officers, and employees of the executive branch, Alaska Court System employees, employees of the legislature, and legislators and to implement the terms for the fiscal year ending June 30, 2010, of the following ongoing collective bargaining agreements:

(1) Alaska Public Employees Association, for the confidential unit;

(2) Alaska State Employees Association, for the general government unit;

(3) Alaska Public Employees Association, for the supervisory unit;

(4) Alaska Vocational Technical Center Teachers' Association – National Education Association, for the employees of the Alaska Vocational Technical Center;

(5) Public Safety Employees Association, representing the regularly Commissioned public safety officers unit.

(b) The operating budget appropriations made to the University of Alaska in this Act include amounts for salary and benefit adjustments for the fiscal year ending June 30, 2010, for university employees who are not members of a collective bargaining unit and for implementing the monetary terms of the collective bargaining agreements including the terms of the agreement providing for the health benefit plan for university employees represented by the following entities:

(1) Alaska Higher Education Crafts and Trades Employees;

(2) University of Alaska Federation of Teachers;

(3) United Academics;

(4) United Academics-Adjuncts.

(c) If a collective bargaining agreement listed in (b) of this section is not ratified by the

membership of the respective collecting bargaining unit, the appropriations made by this Act that are applicable to that collective bargaining unit's agreement are reduced proportionately by the amount for that collective bargaining agreement, and the corresponding funding source amounts are reduced accordingly.

Legislative Fiscal Analyst Comment: *"collecting" should be replaced with "collective" on the second line.*

Funding: This section appropriates no money; it specifies that various salary adjustments are funded with money appropriated in section 1.

*** Sec. 22.** SHARED TAXES AND FEES. (a) The amount necessary to refund to local governments their share of taxes and fees collected in the listed fiscal years under the following programs is appropriated to the Department of Revenue from the general fund for payment to local governments in fiscal year 2010:

REVENUE SOURCE	FISCAL YEAR COLLECTED
Commercial passenger vessel excise tax (AS 43.52.230(a))	2009
Fisheries business tax (AS 43.75)	2009
Fishery resource landing tax (AS 43.77)	2009
Aviation fuel tax (AS 43.40.010)	2010
Electric and telephone cooperative tax (AS 10.25.570)	2010
Liquor license fee (AS 04.11)	2010

Funding: These "pass through" amounts are excluded from Legislative Finance reports on the operating bill.

(b) The amount necessary, estimated to be $55,000, to pay to municipalities that amount of aviation fuel tax proceeds to which the municipalities would have been entitled under AS 43.40.010(e) for aviation fuel taxes that would have been due under AS 43.40.410 during the fiscal year ending June 30, 2010, but were not collected during a suspension from July 1, 2009 through August 31, 2009, of motor fuel taxes imposed under AS 43.40.010 is appropriated from the general fund to the Department of Revenue for the fiscal year ending June 30, 2010, for payment to municipalities of the amounts to which the municipalities would have been entitled to under AS 43.40.010(e) had the motor fuel tax not been suspended.

NEW SUBSECTION: Subsection b appropriates money to offset the loss of aviation fuel tax receipts that (if collected by the state) would have been distributed to municipalities under subsection a. The tax is suspended until August 31, 2009.

(c) It is the intent of the legislature that the payments to local governments set out in (a) and (b) of this section may be assigned by a local government to another state agency.

Subsection c is intended to allow a municipality to assign a payment under subsection a to a state agency. For example, the City of Homer might receive Fisheries Business tax payments under subsection a, but owe the Department of Administration contributions for PERS. Homer could assign the payment to DOA, thus avoiding cash flow from the state

to the city and back to the state.

* **Sec. 23.** STATE DEBT AND OTHER OBLIGATIONS. (a) The amount required to pay interest on any revenue anticipation notes issued by the commissioner of revenue under AS 43.08 during the fiscal year ending June 30, 2010, is appropriated from the general fund to the Department of Revenue for payment of the interest on those notes.

Subsection a appropriates general funds to pay interest on any revenue anticipation notes that may be issued during the year.

Legislative Fiscal Analyst Comment: *No notes are expected to be issued.*

(b) The amount required to be paid by the state for principal and interest on all issued and outstanding state-guaranteed bonds is appropriated from the general fund to the Alaska Housing Finance Corporation for the fiscal year ending June 30, 2010, for payment of principal and interest on those bonds.

Subsection b appropriate general funds to pay principal and interest on state-guaranteed bonds (veterans mortgage bonds) if the revenue stream from the mortgage loans is insufficient to make those payments. The only purpose of the state general obligation pledge is to gain tax-exempt status for the bonds. Because the bonds are general obligations of the state, they must be authorized by law, ratified by the voters, and approved by the State Bond Committee.

Funding: The revenue stream from mortgage loans is expected to be sufficient to cover bond payments, so the expected fiscal impact of this subsection is zero. However, a potential general fund obligation exists.

(c) The sum of $30,455,300 is appropriated to the state bond committee from the Alaska debt retirement fund (AS 37.15.011) for payment of debt service, accrued interest, and trustee fees on outstanding State of Alaska general obligation bonds, series 2003A, for the fiscal year ending June 30, 2010.

(d) The sum of $14,200 is appropriated to the state bond committee from State of Alaska general obligation bonds, series 2003A bond issue premium, interest earnings, and accrued interest held in the debt service fund of the series 2003A bonds for the fiscal year ending June 30, 2010, for payment of debt service, accrued interest, and trustee fees on outstanding State of Alaska general obligation bonds, series 2003A.

Subsections c and d appropriates $30.5 million from the debt retirement fund and $14,200 from bond premiums and interest, respectively, to pay debt service on series 2003A general obligation bonds. The bonds were authorized by the voters in 2002 for construction of schools and university facilities.

(e) The sum of $11,275,000 is appropriated to the state bond committee from the Alaska debt retirement fund (AS 37.15.011) for payment of debt service, accrued interest, and trustee fees on outstanding State of Alaska general obligation bonds, series 2009A, for the fiscal year ending June 30, 2010.

Subsection e appropriates $11.3 million from the debt retirement fund to pay debt service on series 2009A general obligation bonds. The bonds were authorized by voters in 2009 for road and harbor construction/renovation.

(f) If the amount necessary to pay the debt service obligations on the outstanding State of Alaska general obligation bonds, series 2003A and 2009A, exceed the amounts appropriated in (c), (d), or (e) of this section, the additional amount necessary is appropriated from the Alaska debt retirement fund (AS 37.15.011) for payment of those obligations for the fiscal year ending

June 30, 2010.

NEW SUBSECTION f ensures full payment of debt service on GO bonds.

(g) The sum of $12,885,100 is appropriated to the state bond committee from the Alaska debt retirement fund (AS 37.15.011) for payment of debt service, accrued interest, and trustee fees on outstanding state-guaranteed transportation revenue anticipation bonds, series 2003B, for the fiscal year ending June 30, 2010.

(h) The sum of $1,300 is appropriated to the state bond committee from state-guaranteed transportation revenue anticipation bonds, series 2003B bond issue premium, interest earnings, and accrued interest held in the debt service fund of the series 2003B bonds for the fiscal year ending June 30, 2010, for payment of debt service and trustee fees on outstanding state-guaranteed transportation revenue anticipation bonds, series 2003B.

Subsections g and h appropriate $12.9 million from the debt retirement fund and $1,300 from bond premiums and interest, respectively, to pay debt service on series 2003B state guaranteed transportation revenue anticipation bonds. The bonds were authorized by voters in 2002 for road and harbor construction/renovation.

Legislative Fiscal Analyst Comment: *Although these bonds were issued with a GO pledge by the state, they are more appropriately referred to as GARVEE bonds. The majority of the debt service is paid using eligible federal-aid highway formula funding coupled with a state matching component.*

(i) The sum of $50,028,700 is appropriated to the state bond committee for the fiscal year ending June 30, 2010, for payment of debt service and trustee fees on outstanding international airports revenue bonds from the following sources in the amounts stated:

SOURCE	AMOUNT
International Airports Revenue Fund (AS 37.15.430)	$46,828,700
Passenger facility charge	3,200,000

Subsection i appropriates funding for payment of debt service and fees on outstanding international airport revenue bonds.

(j) The sum of $1,005,000 is appropriated from interest earnings of the Alaska clean water fund (AS 46.03.032) to the Alaska clean water fund revenue bond redemption fund (AS 37.15.565) for payment of principal and interest, redemption premium, and trustee fees, if any, on bonds issued by the state bond committee under AS 37.15.560 during the fiscal year ending June 30, 2010.

(k) The sum of $1,670,000 is appropriated from interest earnings of the Alaska drinking water fund (AS 46.03.036) to the Alaska drinking water fund revenue bond redemption fund (AS 37.15.565) for payment of principal and interest, redemption premium, and trustee fees, if any, on bonds issued by the state bond committee under AS 37.15.560 during the fiscal year ending June 30, 2010.

Subsections j and k appropriate the interest earnings of the clean water and drinking water funds to their respective bond redemption funds. Both funds are capitalized annually with federal receipts for drinking and clean water bond receipts (see sections 18(n) and (o)). The federal receipts require a state match. Federal restrictions on the loan funds, however, limit their use to making loans and paying debt service. This section takes advantage of the ability to use the funds to pay debt service. Issuing short-term bonds (secured by the assets of the loan fund) allows the "restricted" earnings of the

funds to be used to pay off the bonds. Essentially, the earnings of the funds are used as match.

(l) The sum of $8,036,300 is appropriated from the Alaska debt retirement fund (AS 37.15.011) to the state bond committee for the fiscal year ending June 30, 2010, for trustee fees and lease payments relating to certificates of participation issued for real property.

Subsection l appropriates funds from the debt retirement fund to the state bond committee for payment of trustee fees and lease payments related to state-issued certificates of participation. Certificates of participation (COPs) are sold by the state to finance construction or purchase of state facilities. COPs represent fractional interest in the ownership of the lease payments that are paid over time by the state. Eventually, the state owns the facility outright.

(m) The sum of $3,467,100 is appropriated from the general fund to the Department of Administration for the fiscal year ending June 30, 2010, for payment of obligations to the Alaska Housing Finance Corporation for the Robert B. Atwood Building in Anchorage.

Subsection m appropriates $3.5 million for obligations associated with the Atwood Building. AHFC purchased the Robert B. Atwood Building for approximately $39 million in cash and then issued revenue bonds secured by the building itself and lease payments from the state. The state will own the building at the end of the lease.

(n) The sum of $25,968,100 is appropriated from the general fund to the Department of Administration for the fiscal year ending June 30, 2010, for payment of obligations and fees for the following facilities:

FACILITY	ALLOCATION
(1) Anchorage Jail	$5,103,900
(2) Spring Creek Correctional Center	2,102,400
(3) Goose Creek Correctional Center	17,810,000
(4) Yukon-Kuskokwim Correctional Center	951,800

Subsection n appropriates $5.1 million to pay lease costs for the Anchorage Jail. Anchorage issued municipal bonds to pay for the construction of the Anchorage Jail, which the state leases.

Legislative Fiscal Analyst Comment: *In common language, the contract with the Municipality of Anchorage is a lease, but terms of the contract are such that Governmental Accounting Standards Board's (GASB) rule #34 classifies it as a Capital Lease. This means that a default on lease payments could affect the state's credit rating. Because of the potential impact on credit rating, the obligation is categorized as debt.*

Legislative Fiscal Analyst Comment: *Chapter 160, SLA 2004 (SB 65) authorized lease-purchase agreements for the Spring Creek Correctional Center (SCCC) expansion, the Yukon-Kuskokwim Correctional Center (YKCC) expansion, and the Goose Creek Correctional Center construction. Upon renovation, the state will pay the debt service and utilize the facilities (a capital lease arrangement). SCCC is a $22 million project with projected FY2010 debt service of $2.1 million (25 year term @ 5.25%). YKCC is a $12.5 million project with projected FY2010 debt service of $952,000 (25 year term @ 5.25%).*

The latest construction cost estimates for the 1,536 bed Point McKenzie jail project, named Goose Creek Correctional Center, range from $257 to $259 million. The 25-year state lease is capped in statute at $11,600 per bed, and annual debt service is limited to $17.8 million. In order to remain within these financing parameters, bond rates would have needed to be about 4.75%. The administration proposed putting up $20 million as "gap" funding so that only $240 million would need to be raised through bond proceeds. The bonds were finally issued in that amount on December 22nd, 2008 at 5.95%. At this rate and term, annual debt service is expected to be in the $17.6 million range ($200 thousand less than the amount requested for FY2010).

(o) The sum of $3,303,500 is appropriated from the general fund to the Department of Administration for the fiscal year ending June 30, 2010, for payment of obligations to the Alaska Housing Finance Corporation for the Linny Pacillo Parking Garage in Anchorage.

***Subsection o** appropriates $3.3 million for obligations associated with the Linny Pacillo parking garage. The obligation is a lease purchase similar to the obligation for the Robert B. Atwood Building.*

(p) The sum of $98,937,100 is appropriated to the Department of Education and Early Development for state aid for costs of school construction under AS 14.11.100 from the following sources:

Alaska debt retirement fund (AS 37.15.011)	$75,937,100
School fund (AS 43.50.140)	23,000,000

Subsection p appropriates funds for municipal school debt reimbursement. AS 14.11.100 authorizes the state to reimburse municipalities for selected bonds issued for school construction (from 60-90% of principal and interest depending on the authorization). The amount of this appropriation is the projected need for full reimbursement.

(q) The sum of $5,548,923 is appropriated from the general fund to the following agencies for the fiscal year ending June 30, 2010, for payment of debt service on outstanding debt authorized by AS 14.40.257, AS 29.60.700, and AS 42.45.065, respectively, for the following projects:

AGENCY AND PROJECT	APPROPRIATION AMOUNT
(1) University of Alaska	$1,412,615
- Anchorage Community and Technical College Center Juneau Readiness Center/UAS Joint Facility	
(2) Department of Transportation and Public Facilities	
(A) Nome (port facility addition and renovation)	127,500
(B) Matanuska-Susitna Borough (deep water port and road upgrade)	755,120
(C) Aleutians East Borough/False Pass (small boat harbor)	101,840

AGENCY AND PROJECT (Cont.)	APPROPRIATION AMOUNT (Cont.)
(D) Lake and Peninsula Borough/Chignik (dock project)	117,844
(E) City of Fairbanks (fire headquarters station replacement)	872,115
(F) City of Valdez (harbor renovations)	225,743
(G) Aleutians Ease Borough/Akutan (small boat harbor)	303,948
(H) Fairbanks North Star Borough (Eielson AFB Schools, major maintenance and upgrades)	337,343
Department of Transportation and Public Facilities Subtotal	2,841,453
(3) Alaska Energy Authority	
(A) Kodiak Electric Association (Nyman combined cycle cogeneration plant)	943,676
(B) Copper Valley Electric Association (cogeneration projects)	351,179
Alaska Energy Authority subtotal	1,294,855

Subsection q appropriates $5.5 million to various state agencies for reimbursement to municipalities and public entities for debt service on projects authorized in Ch. 115, SLA 2002 (HB 528). This level of reimbursement is lower than that enacted for FY09 ($8.0 million). The level of reimbursement is discretionary.

(r) The sum of $8,900,000 is appropriated from the Alaska fish and game revenue bond redemption fund (AS 37.15.770) to the state bond committee for payment of debt service, accrued interest, and trustee fees on outstanding sport fish hatchery revenue bonds. It is the intent of the legislature that the sum of $3,600,000 of the appropriation made by this subsection be used for early redemption of the bonds.

Subsection r appropriates the majority of the surcharge levied on sport fish licenses authorized under Ch 94, SLA 2005—and transferred to the bond redemption fund in Section 18(r) of this bill—for payment of debt service on bonds issued for sport fish hatchery development. The appropriation exceeds the debt service due on the bonds, allowing the bonds to be paid off ahead of schedule.

* **Sec. 24.** CONSTITUTIONAL BUDGET RESERVE FUND. (a) Deposits in the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska) for fiscal year 2009 that are made from subfunds and accounts other than the operating general fund (state accounting system fund number 11100) by operation of art. IX, sec. 17(d), Constitution of the State of Alaska, to repay appropriations from the budget reserve fund are appropriated from the budget reserve fund to the subfunds and accounts from which those funds were transferred.

Subsection a is "sweep reversal language." The Constitution requires that year-end general fund balances be used to repay withdrawals from the CBRF. All general fund subaccounts are "swept" into the CBRF; this provision reverses that action.

(b) Unrestricted interest earned on investment of the general fund balances for the fiscal year ending June 30, 2010, is appropriated to the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska). The appropriation made by this subsection is intended to compensate the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska) for any lost earnings caused by use of the fund's balance to permit expenditure of operating and capital appropriations in the fiscal year ending June 30, 2010, in anticipation of receiving unrestricted general fund revenue. The amount appropriated by this subsection may not exceed an amount equal to the earnings lost by the budget reserve fund as the result of the use of money from the budget reserve fund to permit expenditure of operating and capital appropriations in the fiscal year ending June 30, 2010, in anticipation of receiving unrestricted general fund revenue.

Subsection b appropriates general fund earnings to the CBRF as compensation for earnings lost by the CBRF as a result of draws to meet the Treasury's cash flow requirements.

(c) The sum of $1,673,000 is appropriated from the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska) to the Department of Revenue, treasury division, for operating costs related to management of the budget reserve fund for the fiscal year ending June 30, 2010.

Subsection c appropriates $1.7 million from the budget reserve fund to the Department of Revenue, Treasury Division, for investment management fees for FY2010.

(d) The appropriations made by (a) and (c) of this section are made under art. IX, sec. 17(c), Constitution of the State of Alaska.

Subsection d stipulates that appropriations made from the CBRF must be approved by at least three-quarters of the members of each house of the legislature.

Legislative Fiscal Analyst Comment: *The bill contains no language appropriating funds from the CBRF to cover any shortfall in unrestricted revenue.*

* **Sec. 25.** NONLAPSE OF APPROPRIATIONS. The appropriations made by secs. 5, 18, 20, 23(j), and 23(k) of this Act are for the capitalization of funds and do not lapse.

* **Sec. 26.** RETROACTIVITY. Those portions of the appropriations made in sec. 1 of this Act that appropriate either the unexpended and unobligated balance of specific fiscal year 2009 program receipts or the unexpended and unobligated balance on June 30, 2009, of a specified account are retroactive to June 30, 2009, solely for the purpose of carrying forward a prior fiscal year balance.

* **Sec. 27.** Section 26 of this Act takes effect June 30, 2009.

* **Sec. 28.** Except as provided in sec. 27 of this Act, this Act takes effect July 1, 2009.

Debt Summary Table

(thousands)	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10Gov	FY09 to FY010	Comments
Alaska Debt Retirement Fund (ADRF)											
Capitalization											
General Funds	33,678.4	8,000.0	2,702.4	-	45,784.1	41,491.9	102,298.0	107,043.3	118,670.1	11,626.8	
Federal Receipts	-	-	3,894.5	8,606.4	8,043.1	9,295.1	11,788.0	13,055.2	12,007.7	(1,047.5)	
Investment Loss Trust Funds	-	100.0	2,500.0	104.0	77.8	12.7	376.5	171.9	26.0	(145.9)	
Municipal Bond Bank Receipts (Earnings)	-	-	775.0	775.0	250.0	250.0	-	458.7	-	(458.7)	
AHFC Dividend	6,000.0	18,700.0	8,861.1	27,568.0	18,854.6	17,441.7	-	-	-	-	
AIDEA Dividend	-	-	-	13,837.4	8,812.0	16,649.5	-	-	-	-	
ASLC Dividend	-	783.1	-	-	3,100.0	-	-	-	-	-	
ASLC Bonds	-	-	-	24,815.0	22,000.0	-	-	-	-	-	
Statutory Designated Program Receipts	723.0	-	-	-	-	-	-	-	-	-	
State Land Fund	-	-	2,500.0	-	-	-	-	-	-	-	
Chugach Interetie Earnings (Misc. Earnings)	-	-	30,469.0	-	-	-	-	-	-	-	
International Trade and Business Endowment	-	-	4,382.0	-	-	-	-	-	-	-	
Lease Payment Accounts Residual (Misc. Earnings)	-	-	-	109.8	-	-	-	-	-	-	
AATP Bond Proceeds (Misc. Earnings)	-	-	-	436.6	-	-	-	-	-	-	
GO Bond Interest - Series 2003A (Misc. Earnings)	-	-	-	2,473.1	3,720.3	6,829.8	5,173.0	-	2,837.4	2,837.4	
GO Bond Interest - Series 2003B (Misc. Earnings)	-	-	-	-	1,196.9	2,367.0	1,434.7	-	877.4	877.4	
Total	**40,401.4**	**27,583.1**	**56,084.0**	**78,727.3**	**111,838.8**	**94,337.7**	**121,070.2**	**120,729.1**	**134,418.6**	**13,689.5**	
DEBT SERVICE/ REIMBURSEMENT											
ADRF Debt Payments											
GO Bonds -Schools/Roads (Series 2003A)	-	-	-	19,706.2	31,772.1	31,470.9	31,148.6	30,803.3	30,455.3	(348.0)	
GO Bonds -GARVEES (Series 2003B)	-	-	4,194.5	9,045.0	9,241.0	11,662.0	13,222.7	13,062.5	12,885.1	(177.4)	
GO Bonds-Transportation(Series 2009A)									11,275.0	11,275.0	
Certificates of Participation (COPs)	15,979.4	17,842.1	15,751.4	17,290.7	13,782.1	13,147.6	11,170.1	8,061.3	8,036.3	(25.0)	
School Debt Reimbursement	27,971.4	27,372.1	37,424.1	51,670.1	59,463.5	66,935.0	70,497.0	73,621.2	75,937.1	2,315.9	
Administrative Systems Replacement	-	-	-	-	400.0	-	2,302.0	-	-	-	
AMHS Vessel Overhaul	-	-	-	-	764.0	-	-	-	-	-	
Subtotal	**43,950.8**	**45,014.2**	**57,370.0**	**97,712.0**	**115,422.7**	**123,215.5**	**128,340.4**	**125,548.3**	**138,588.8**	**13,040.5**	
Other Debt Payments (Including GF)											
GO Bonds -Schools/Roads (Series 2003A)	-	-	15,192.6	12,609.3	98.8	44.5	11.4	13.6	14.2	0.6	GO Bond Premium and Interest
GO Bonds -GARVEES (Series 2003B)	-	-	-	5,045.6	4,543.3	1,860.1	56.3	6.9	1.3	(5.6)	GO Bond Premium and Interest
International Airport Revenue Bonds	16,750.0	17,444.0	28,907.3	31,557.9	33,125.9	45,426.3	49,085.7	50,027.4	50,028.7	1.3	IARF and PFC's
Clean Water Fund Bonds	1,680.0	1,680.0	1,640.0	1,630.0	1,630.0	1,539.3	831.8	2,050.0	1,005.0	(1,045.0)	ACWF Receipts
Drinking Water Fund Bonds	850.0	1,060.5	1,040.0	1,030.0	1,105.0	1,075.3	1,109.8	1,115.0	1,670.0	555.0	ADWF Receipts
School Fund - School Debt Reimbursement	29,049.1	29,006.3	28,600.0	30,200.0	27,000.0	27,000.0	24,500.0	23,400.0	23,000.0	(400.0)	School Fund
Sport Fish Hatchery Revenue Bonds	-	-	-	-	-	8,219.0	7,000.0	7,500.0	8,900.0	1,400.0	Sport Fish License Surcharge
GF - Capital Project Reimbursement (HB 528)	-	-	2,818.7	2,736.0	3,634.1	10,209.9	10,459.0	8,036.2	5,548.9	(2,487.3)	GF
Atwood Building	3,549.4	3,549.4	3,549.4	3,549.4	3,549.4	3,467.1	3,467.1	3,467.1	3,467.1	-	GF
Atwood Parking Garage	-	-	-	-	-	-	3,443.0	3,303.5	3,303.5	-	GF
Anchorage Jail (Capital Lease)	3,555.7	5,262.8	5,264.5	5,274.1	5,275.1	5,091.8	5,102.0	5,091.2	5,103.9	12.7	GF
Spring Creek Correctional Center	-	-	-	-	-	-	-	1,755.6	2,102.4	346.8	GF
Yukon-Kuskokwim Correctional Center	-	-	-	-	-	-	-	951.8	951.8	-	GF
Goose Creek Correctional Center	-	-	-	-	-	-	-	-	17,810.0	17,810.0	GF
AHFC State Capital Project Bonds	45,000.0	51,000.0	56,001.7	53,892.5	59,895.4	31,935.0	6,138.6	6,139.6	6,139.9	0.3	Diverted AHFC Dividends
NTSC Tobacco Settlement Bonds (off budget)	19,900.0	20,000.0	17,100.0	16,900.0	16,000.0	16,400.0	27,600.0	28,300.0	27,400.0	(900.0)	Diverted Tobacco Settlement Revenue (to NTSC)
Subtotal	**120,334.2**	**129,003.0**	**160,114.2**	**164,424.8**	**155,855.0**	**152,268.3**	**138,804.7**	**141,157.9**	**156,446.7**	**15,288.8**	
TOTAL DS/ Reimbursement	**164,285.0**	**174,017.2**	**217,484.2**	**262,136.8**	**271,277.6**	**275,483.8**	**267,145.1**	**266,706.2**	**295,035.5**	**28,329.3**	
Debt Payments by Type											
GO Bonds	-	-	19,387.1	46,406.1	45,653.2	45,037.5	44,439.0	43,886.3	54,630.9	10,744.6	
Lease-Purchase Financing	23,084.5	26,454.3	24,565.3	26,114.2	22,606.6	21,706.5	23,182.2	22,630.5	40,775.0	18,144.5	COP's, Atwood Building/ Garage, Anchorage Jail/ Correct. Centers
Revenue Bonds	16,750.0	17,444.0	28,907.3	31,557.9	33,125.9	53,645.3	58,085.7	57,527.4	58,928.7	1,401.3	International Airport, Sport Fish
Debt Reimbursement	57,020.5	56,378.4	68,842.8	84,606.1	90,861.6	104,144.9	105,456.0	105,057.4	104,486.0	(571.3)	School Debt, Municipal Capital Debt
Corporate Debt for State Capital Projects	64,900.0	71,000.0	73,101.7	70,792.5	75,895.4	48,335.0	33,738.6	34,439.6	33,539.9	(899.7)	AHFC, NTSC
Short Term Financing/ Credit Line	2,530.0	2,740.5	2,660.0	2,660.0	3,135.0	2,614.6	4,243.6	3,165.0	2,675.0	(490.0)	Clean and Drinking Water, Master Lease LOC

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Capital Budget

The Governor has proposed capital projects of $1.9 billion and a total capital budget of $2.02 billion for FY2010.[3] The budget includes $535 million in general funds, $1.1 billion in federal funds, and $380 million of other state funds.[4] Compared with the budget proposed last year (on 12/15/2007), it is $194 million greater in general funds, $310 million greater in federal funds, but down $416 million in other state funds for a $88 million net increase over the Governor's FY09 proposal.

Funding

General Funds

General funds are up $194 million over the Governor's FY09 proposal. This amount includes money from a savings account set aside by the legislature in FY07. The legislature placed $300 million of general funds in a sub-corporation of AHFC, with the intent that the money be used for future capital projects. The Governor proposes using $238.4 million of the $300 million (plus approximately $45 million of earnings) available.

Other State Funds

The large drop in other state funds is attributable to:

- The inclusion of much more bond funding in FY09. A total of $300 million of general obligation and Alaska Student Loan bonds were proposed. This year, only airport bonds ($24.3 million) are included as a bond fund source.
- A substantial reduction in expenditures from the Alaska Capital Income Fund. Last year's appropriation level was supported by infusions of cash into the fund.[5] The fund was essentially drained in FY09 and the FY2010 budget contains roughly the amount of income expected in FY2010 (approximately $28 million).

The Governor's FY2010 proposal includes over $39 million in cruise-ship-related projects funded from the Commercial Passenger Vessel Tax Fund. Last year the legislature appropriated $25 million from this fund, of which $10 million was vetoed by the Governor.

Federal Funds

Federal receipt authority is up over $300 million. Much of this is attributable to two projects:

- DNR's $58 million Coastal Impact Assistance Program and
- the University's $100 million Arctic Research Vessel.

The remaining increase is in the DOT&PF Airport Improvement and Surface Transportation programs. Due to the very complex environment for federal funding (see *Issues* later in this section), the DOT&PF capital budget appears to include some "extra" projects. This is not an uncommon strategy by DOT&PF; it provides the flexibility to manage federal programs so as to best capture available federal funding. Once a new federal transportation authorization bill is

[3] The total budget includes fund transfer appropriations which, as duplicated appropriations, do not actually put more "money on the street." The Capital Budget Summary table on page 62 reflects this best. The report differs from the depiction on the Fiscal Summary, in which all duplicate funds are removed.

[4] The Fiscal Summary shows FY2010 GF spending of $555 million. That figure includes a $20 million placeholder for FY2010 supplemental projects which is excluded here.

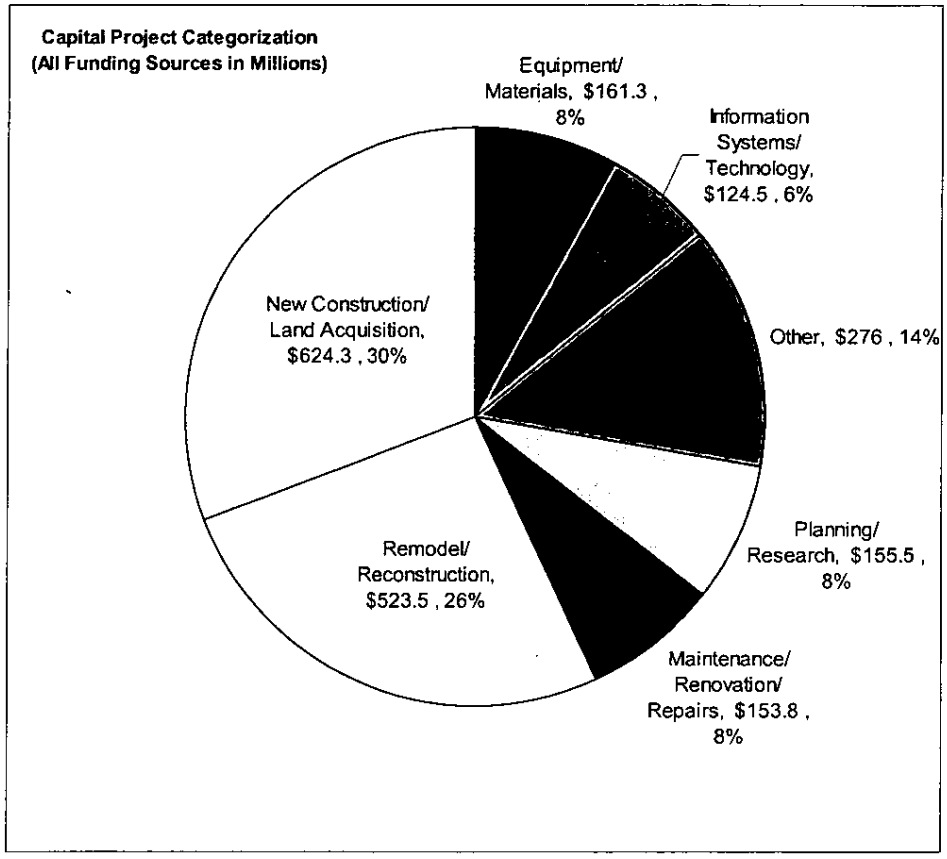
[5] In FY07, a general fund sweep provision caused over $140 million to be swept into the fund. In FY08, over $50 million of corporate dividends was placed into the fund.

passed and plans for economic stimulus are revealed, the direction of future federal funding will be clearer.

Budget Composition

The pie chart below provides a categorical breakdown of the proposed capital spending plan.[6] Further project details may be addressed in the individual agency narratives.

Figure 1



Construction

Construction projects—both new and remodel—comprise over 56% of the Governor's proposed capital budget. New construction involves adding infrastructure to the state's capital stock, and includes both new roads and new square footage. Reconstruction involves modifying or changing the function of existing roads or space. The Surface Transportation Program and the Airport Improvement Program within DOT&PF make up the majority of the construction budget at $602 million. Other significant construction projects are in the Village Safe Water and Waste Water Program and the Municipal Water Sewer Matching Grants Program at $110 million. Large, stand-alone *state funded* construction appropriations include:

- $20 million (AHCC Funds) - Goose Creek Correctional Center gap funding
- $20 million (AHCC Funds) - AVTEC 3rd Avenue Dorm Replacement

[6] Please see the last page of this section for the methodology of the project categorization.

- $12 million (AHCC Funds) - AVTEC Heavy Equipment and Diesel Shop
- $15 million (University Receipts) – UAF Energy Technology Building
- $20.6 million (University Receipts) – UAF Life Sciences Facility
- $50 million (GF) – Federal Aid Highway/ Aviation State Match
- $10.8 million (GF) – School Major Maintenance Projects

Maintenance/Renovation/Repairs

This category includes deferred/scheduled maintenance or repair projects for agency facilities, state parks, harbors, highways, bridges, rural airports, aircraft and vessels. The category accounts for 8% of the total capital budget. Notable projects include:

- $32 million (GF) – School Major Maintenance Projects
- $9.8 million (GF) – AMHS Vessel/Terminal Overhaul
- $18 million (Federal) – AMHS Mainline Ferry Refurbishment
- $11.4 million (Federal) – Richardson Highway Flood Repairs
- $10 million (GF) – UA Annual Facility Maintenance, Renewal/Renovation
- $32.9 million (various) – Various Agency Facility Maintenance Projects

Planning/Research

Another 8% of the budget is for the planning/research category, primarily federal highway and airport pre-construction appropriations. At $45 million and $18 million, respectively, these highway and airport projects fund the preliminary design, engineering, environmental analysis, right-of-way and utility work for the federal Airport Improvement Program and Surface Transportation Program. Other sizable projects include:

- $4.2 million (AHCC Receipts) – DEC Girdwood Wastewater Treatment Facility
- $22 million (Federal) – DF&G Pacific Coastal Salmon Recovery Fund
- $3 million (AHCC) – DNR Gas Pipeline Implementation
- $6 million (AHCC) – DNR Reservoir Studies Oil and Gas Resources
- $5 million (AHCC) – DOR Gas Spur Line Development
- $2 million (AHFC Dividend) – AHFC Energy Efficiency Monitoring Research

Information Systems/Technology

Information technology projects make up a significant portion of the budget at 6%. This is substantial given that the funding is made up of almost entirely state funds. Spread throughout state agencies, projects include network upgrades/replacements, security projects, document imaging projects, and two notable projects comprising over half the category:

- $23.4 million (AHCC/Gamble Tax) – DOR Tax Management System
- $50 million (AHCC) - DOA Statewide System Replacement (accounting and payroll system)

Equipment/Materials

This category, totaling $161 million, is much larger than normal because it includes $100 million of federal receipt authority for the UAF Alaska Region Research Vessel project. This funding, along with $80 million of previous authority, will allow for construction of a 236 foot ice-capable research vessel. Other significant equipment/ materials projects include:

- $15 million (Hwy Working Capital Funds) – State Equipment Fleet Replacement
- $13.6 million (Federal) – Snow Removal Equipment
- $2.3 million (AHCC Receipts) – Fairbanks Pipeline Training Center Equipment

Other

The Other category, 14% of the budget, is comprised of projects outside the other project categories. They include projects of economic assistance, training, safety grants/ programs, fund capitalizations and others. Notable projects include:

- $58 million (Federal) – DNR Coastal Impact Assistance Program
- $10 million (various) – AHFC Homeless Assistance Program
- $11.5 million (Federal) – DOT&PF Statewide Safety Program
- $20 million (AHCC) – AGIA Reimbursement Fund

ISSUES

Federal Funding

Last summer the Congressional Budget Office projected a Federal Highway Trust Fund shortfall of $3.3 billion for 2009. This shortfall was addressed by Congress, albeit temporarily, by an $8 billion infusion from the general treasury. Current projections have the Trust Fund remaining solvent through federal fiscal year 2009. The infusion fixes the immediate shortfall in funding, but does not address the structural problem with regard to the Trust Fund. Congress will need to address the funding mechanism of the fund on a long-term basis in the transportation authorization bill to follow SAFETEA-LU.

An unprecedented fiscal stimulus package is expected soon after the inauguration of President Obama. How it will affect Alaska is unknown at this time. Conjecture has Alaska receiving upwards of $300 million dollars very soon after the package is signed into law. The stimulus is intended to be very swift, and strings are likely to be attached. There is speculation that projects must be fully vetted through the normal federal rules and be "shovel ready" in short order, or states may lose the funding to a state that is ready to move more rapidly.

The Governor has submitted a $140 million request to the Alaska Congressional Delegation that some regard as less-than-sufficient given the situation. On the list were three gas pipeline infrastructure projects and one for Central Region general surface repairs. It is expected that these projects would come off the top of the $300 million, leaving approximately $160 million for statewide ready-to-build projects.

In order to avoid losing "stimulus funds," DOT&PF may use the new money for projects currently scheduled to receive regular federal program funding. They would then replace the projects removed from the regular funding list with projects scheduled for later years. A supplemental bill addressing the stimulus package is expected from the administration. Fast tracking the bill may be in order to maximize the federal funds. Environmental infrastructure, the Alaska Railroad and other infrastructure may also be included.

Gas Pipeline Infrastructure

The Department of Transportation and Public Facilities previously outlined $2 billion in transportation infrastructure projects that are deemed necessary in order to build the gas pipeline. "Every day, week, month or year that we wait to complete infrastructure will add cost to the project (gas pipeline) and could in fact be the main reason that this project doesn't get built," Federal Pipeline Coordinator Drue Pearce recently said. With only five construction seasons remaining before planned pipeline construction, the 86 identified projects along the Dalton, Elliot, Richardson, Parks, Glenn and Alaska Highways will need to be screened for "mission critical" items. The $2 billion estimate came when oil was over $100/bbl. In this $30-$40/bbl environment, projects may be limited to "must haves" for the safe and efficient construction of the pipeline. The governor has included one pipeline transportation infrastructure project, Dalton Highway MP 9-11 ($26.3 million), in her current bill.

Distribution by House District

The pie charts on the following page (Figures 2 & 3) detail the proportional breakdown of the budget by house district on an "impact" basis.[7] Figure 2 contains all funding sources, while Figure 3 is state funds only. As can be seen, the majority of projects are assigned to the "Statewide" House District. Projects falling under this assignment are generally broad appropriations that span multiple regions or the state. The types of projects included are large deferred maintenance projects, information technology projects, and federal grant programs. The Capital Budget Summary table on page 62 breaks out the funding sources by fund group (general, federal and other funds) for each house district. Project detail reports by House District (along with project back-up) can be found on the Legislative Finance website.

Project Categorization Methodology

The pie chart beginning this section and the spreadsheets accompanying each agency narrative categorize the capital budget by project groups. The groupings have been developed with the intent of creating a mutually exclusive set. This allows for the totaling of projects into a Project Group Summary report that reflects the entire capital budget without duplication. As with any task of categorization, subjectivity exists.

The rules used to define the projects in each group are provided in the table below.

Project Group	Description
Planning and Research	Projects involving planning, design, engineering, research, or studies
Maintenance, Renovation and Repairs	Projects involving the repair of deteriorated conditions, restoration, bringing back to a preexisting or improved state
Remodel and Reconstruction	Projects modifying existing space, changing the function of existing space
New Construction and Land Acquisition	Projects involving the addition of new space
Information Systems and Technology	Projects related to information technology regardless of whether they are in a planning phase or construction (programming) phase - segregated due to their unique nature
Other	Projects that do not fit elsewhere

[7] Legislative Finance assigns two house districts to each project: 1) by the house districts impacted by a project, and 2) by the geographic location of a project.

Figure 2

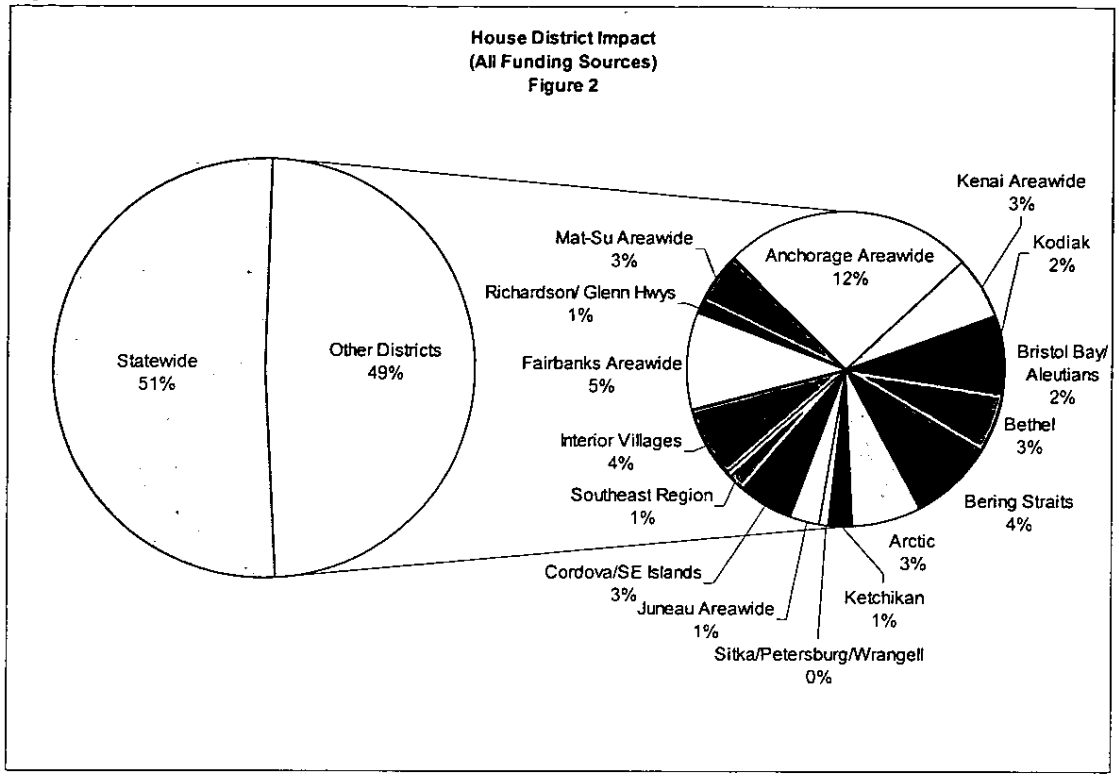
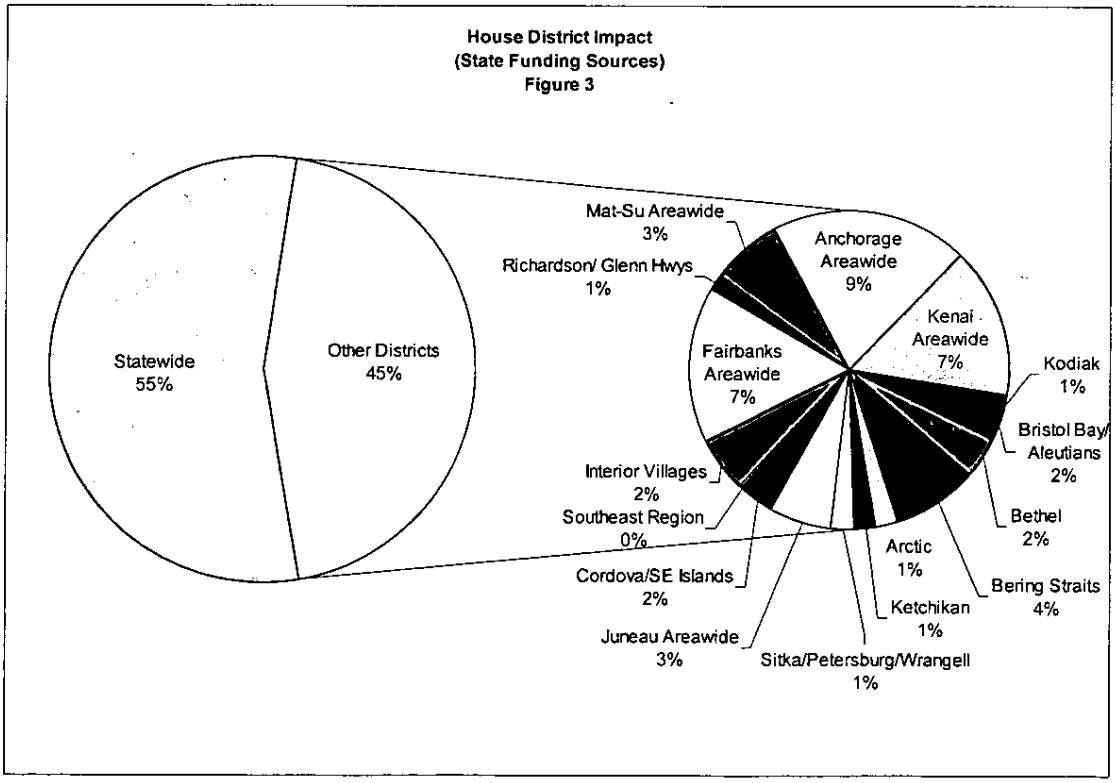


Figure 3



Capital Budget Summary

	Agency Comparison - All Funds (Includes MH)			FY2010 Governor by House District				
Agency	FY09 Governor (12/15/2007)	FY2010 Governor (12/15/2008)	Change FY09-FY2010	House District	HD #	General Funds	Federal Funds	Other Funds
Administration	38,118,000	65,325,000	27,207,000	Ketchikan	1	4,171,984	15,104,817	3,842,164
Commerce, Community & Econ Dev	88,282,802	138,311,401	50,028,599	Sitka/Petersburg/Wrangell	2	2,636,306	641,322	5,126,513
Corrections	14,761,700	27,690,400	12,928,700	Juneau Areawide	3-4	13,437,695	4,700,000	8,790,000
Education and Early Development	106,256,035	42,514,065	(63,741,970)	Cordova/SE Islands	5	815,575	39,325,231	12,161,763
Environmental Conservation	121,328,992	120,605,996	(722,996)	Southeast Region	1-5	275,000	18,600,000	-
Fish and Game	43,190,400	30,918,000	(12,272,400)	Interior Villages	6	7,038,489	49,899,688	12,581,618
Office of the Governor	100,000	12,185,183	12,085,183	Fairbanks Areawide	7-11	15,905,164	34,480,476	40,407,600
Health and Social Services	39,693,400	21,254,277	(18,439,123)	Richardson/ Glenn Hwys	12	13,255	8,263,360	4,875,000
Labor and Workforce Development	22,446,700	39,178,100	16,731,400	Mat-Su Areawide	13-16	25,414,260	23,250,000	-
Law	200,000	-	(200,000)	Anchorage Areawide	17-32	22,021,700	162,294,950	48,744,141
Military and Veterans Affairs	33,511,915	13,400,000	(20,111,915)	Kenai Areawide	33-35	47,100,923	6,433,428	6,500,000
Natural Resources	70,139,000	97,682,000	27,543,000	Kodiak	36	3,743,180	24,625,097	3,236,143
Public Safety	121,660,000	13,072,500	(108,587,500)	Bristol Bay/Aleutians	37	8,562,103	32,522,464	619,965
Revenue	83,933,700	114,526,000	30,592,300	Bethel	38	13,274,139	42,303,356	1,110,259
Transportation & Public Facilities	880,129,150	966,718,791	86,589,641	Bering Straits	39	10,545,596	47,607,247	20,566,140
University of Alaska	114,450,000	164,697,000	50,247,000	Arctic	40	7,372,827	56,315,014	-
Alaska Court System	9,776,000	2,500,000	(7,276,000)	Statewide	1-40	252,801,862	537,556,791	182,964,108
Fund Capitalization (1)	10,000,000	20,000,000	10,000,000					
Total Capital - "Money on the Street" (3)	**1,797,977,794**	**1,890,578,713**	**92,600,919**			**435,130,058**	**1,103,923,241**	**351,525,414**
Fund Transfers (2)	132,902,035	128,014,065	(4,887,970)	Statewide	1-40	100,014,065	-	28,000,000
Total - Including Fund Transfers	**1,930,879,829**	**2,018,592,778**	**87,712,949**			**535,144,123**	**1,103,923,241**	**379,525,414**
General Funds	341,337,982	535,144,123	193,806,141					
Federal Funds	794,323,817	1,103,923,241	309,599,424					
Other State Funds	795,218,030	379,525,414	(415,692,616)					

Notes:

1) Fund Capitalization in this context refers to funding appropriated to a program not requiring further appropriation for expenditure (e.g.- Harbor Facility Grant Fund, AGIA Reimbursement Fund).

2) Fund Transfers is the funding appropriated from one "fund" to another "fund," not actually adding any new capital project funding to the total.

3) "Money on the Street" is the total amount of funding for capital projects, net of fund transfers. Duplicated fund sources are not removed. Doing so would underestimate the actual amount of funding going toward capital projects. This is the opposite of operating budget duplicate funds, whereby the duplicate fund sources would double the actual money paying for services.

Language Sections of the Governor's FY2010 Capital Budget

*** Sec. 10.** ENTERPRISE INFORMATION TECHNOLOGY PROJECTS. (a) The sum of $7,564,659 is appropriated to the Office of the Governor from the following sources in the amounts stated and allocated for department information technology security projects:

DEPARTMENT AND PROJECT		SOURCE	ALLOCATION BY SOURCE	PROJECT TOTAL ALLOCATION
(1)	Administration Enterprise security projects	Information services fund	$5,000,000	$5,000,000
(2)	Health and Social Services			
(A)	Personal information protection data encryption	Federal receipts	81,814	818,141
		General fund match	736,327	
(B)	Health insurance portability and accountability compliance	Federal receipts	668,724	1,337,448
		General fund match	668,724	
(C)	Disaster recovery	Federal receipts	40,907	409,070
		General fund match	368,163	

(b) The sum of $4,160,800 is appropriated to the Office of the Governor from the following sources in the amounts stated and allocated for department information technology imaging and document management projects:

DEPARTMENT AND PROJECT		SOURCE	ALLOCATION BY SOURCE	PROJECT TOTAL ALLOCATION
(1)	Administration Document management system – microfilm conversion phase 1	General fund	$4,600	$328,000
		Group health and life benefits fund	94,500	
		FICA administration fund account	2,000	
		Public employees retirement trust fund	160,100	
		Teachers retirement trust fund	63,200	
		Judicial retirement system	400	
		National guard retirement system	3,200	

DEPARTMENT AND PROJECT			SOURCE	ALLOCATION BY SOURCE	PROJECT TOTAL ALLOCATION
(2)	Commerce, Community, and Economic Development				
	(A)	Banking and securities management systems	Receipt supported services	890,000	890,000
	(B)	Community and regional affairs imaging	General fund	690,000	690,000
	(C)	Banking and securities imaging	Receipt supported Services	580,000	580,000
(3)	Health and Social Services				
	Contract management automation system		Federal receipts General fund match	47,300 425,500	472,800
(4)	Natural Resources				
	DNR document management system phase 2 or 2		General fund	1,200,000	1,200,000

(c) The distribution to the respective state agencies of the appropriations allocated in (a) and (b) of this section is contingent on the respective state agencies signing an agreement to participate in the Department of Administration's enterprise collaboration model for information technology projects.

Subsections a appropriates $7.6 million to the Office of the Governor for information technology security projects. There are four allocations to various departments.

Subsection b appropriates $4.2 million to the Office of the Governor for information technology imaging and document management projects. There are six allocations to various departments.

Subsection c limits distribution of project funding to agencies that agree to meet unspecified requirements regarding collaboration.

Although details are not yet available, the Enterprise Investment Board (EIB) recently voted to establish a model of collaboration between agencies for IT projects of common scope. The intent is to "leverage opportunities in integration and take advantage of efficiencies and economies of scale." The EIB also voted to group similar projects into appropriations to the Office of the Governor, the intent of which is to compel collaborative work; OMB will hold the purse strings until agencies sign Project Charter Agreements identifying scope, timelines, etc. The minutes from the October 30, 2008 EIB meeting are available online and provide additional information on the topic.

Legislative Fiscal Analyst Comment: *While collaboration is a laudable goal, there may be alternative appropriation language that achieves the same end while allowing the projects to be formally associated the applicable agency.*

* **Sec. 11.** FEDERAL AND OTHER PROGRAM RECEIPTS. (a) Federal receipts, designated program receipts as defined in AS 37.05.146(b)(3), information services fund program receipts as defined in AS 44.21.045(b), receipts of the University of Alaska as described in AS 37.05.146(b)(2), receipts of commercial fisheries test fishing operations under AS 37.05.146(c)(21), corporate receipts of the Alaska Housing Finance Corporation, corporate receipts of the Alaska Aerospace Development Corporation, Exxon Valdez oil spill trust receipts as defined in AS 37.05.146(b)(4), and receipts of the Alaska Fire Standards Council under AS 37.05.146(b)(5), that exceed the amounts appropriated by this Act are appropriated conditioned on compliance with the program review provisions of AS 37.07.080(h).

Subsection a lists types of unanticipated additional receipts that are appropriated subject to review by the Legislative Budget and Audit (LB&A) Committee. Corporate receipts of the AHFC have been added to the list since FY08.

Legislative Fiscal Analyst Comment: *This standard language permits requests for additional capital authorization to be submitted to the LB&A committee for approval. Similar language in the operating budget applies only to operating authorization. The operating language excludes test fisheries receipts and corporate receipts of the Alaska Aerospace Development Corporation.*

(b) If federal or other program receipts as defined in AS 37.05.146 and in AS 44.21.045(b) exceed the estimates appropriated by this Act, the appropriations from state funds for the affected program may be reduced by the excess if the reductions are consistent with applicable federal statutes.

Subsection b permits state authorization to be reduced if unanticipated money is received for projects funded by state funds. There is no formal process for tracking potential reductions.

(c) If federal or other program receipts as defined in AS 37.05.146 and in AS 44.21.045(b) fall short of the estimates appropriated by this Act, the affected appropriation is reduced by the amount of the shortfall in receipts.

Subsection c automatically limits authorization of federal and other receipts to the amount actually received. The language applies to all appropriations in the Act, not merely to appropriations subject to LB&A review.

* **Sec. 12.** FUND TRANSFERS. (a) The income earned during fiscal year 2010 on revenue from the sources set out in AS 37.13.145(d) is appropriated to the Alaska capital income fund (AS 37.05.565).

Subsection a appropriates the FY2010 earnings associated with the State vs Amerada Hess settlement (held within the Permanent Fund) to the Alaska Capital Income Fund. This fund was established in FY05 and is customarily appropriated for capital projects.

Funding: The Amerada Hess settlement portion of the Permanent Fund is "fenced off" from the rest of the Permanent Fund principal. The earnings on this $425 million portion have historically been projected at $28 million per year based on the expected rate of return on Permanent Fund investments. Historically, earnings have averaged almost $35 million per year, and FY09 earnings are currently projected at $18 million.

(b) The interest earned on amounts in the election fund are appropriated to the election fund required by the federal Help America Vote Act.

(c) The following appropriations are made from the general fund to the following funds in the amounts stated:

FUND	APPROPRIATION
(1) Information services fund (AS 44.21.045(a))	$9,500,000

This subsection capitalizes the Information Services Fund for capital projects in Section 1. Typically, project appropriations equal the amount capitalizing the fund.

Legislative Fiscal Analyst Comment: *This cumbersome method of funding projects is intended to identify and track projects so that expenditures can be recouped via IT service charges. Given the high level of IT chargeback rates and the pushback from agencies on rate increases, it is doubtful that capital investments will be recouped.*

Funding: The projects in Section 1 utilizing the Information Services Fund (ISF) total $10.8 million. This exceeds the capitalization by $1.3 million.

Legislative Fiscal Analyst Comment: *Spending in excess of the capitalization of the fund begs questions concerning the available cash balance in the ISF. The balance is approximately $28 million, but the amount of that balance free of future replacement obligations is unknown at this time. Finance committees may wish to examine this issue.*

(2) Renewable energy grant fund (AS 42.45.045(a))	50,000,000

This subsection capitalizes the Renewable Energy Grant Fund created last session in HB 152 (Chapter 31, SLA 2008) and capitalized at $50 million. The fund was capitalized with an additional $50 million in HB4001, the special session appropriation bill.

Legislative Fiscal Analyst Comment: *Despite intent to distribute $100 million during the interim, most of the FY09 deposits remain in the fund. Requests for grants are expected to be part of the regular capital budget process.*

(d) The sum of $40,514,065 is appropriated from Alaska housing capital corporation receipts to the major maintenance grant fund (AS 14.11.007).

This subsection capitalizes the Major Maintenance Grant Fund set up in statute for school maintenance projects. Projects are scored and ranked by the Department of Education and Early Development (DEED). This amount would fund projects 1-23 on the DEED Major Maintenance List. The list contains 138 approved projects of which the state's share amounts to $269.6 million (approximately 75% of the total estimated cost).

Funding: The Alaska Housing Capital Corporation fund source refers to a $300 million general fund appropriation to a subcorporation established within the Alaska Housing Finance Corporation.

Legislative Fiscal Analyst Comment: *The AHCC savings account is a "parking spot" for surplus revenue. The account was created within AHFC in FY07 because doing so made the balance exempt from the annual sweep of unspent general funds to the Constitutional Budget Reserve Fund. Legislative Finance classifies withdrawals from the savings account as general funds; the Governor classifies them as duplicated funds.*

Legislative Fiscal Analyst Comment: *Note that the proposed budget does not address capitalization of—or spending from—the School Construction Grant Fund. The school construction list contains 32 schools projects that have an estimated state cost of $475 million.*

Legislative Fiscal Analyst Comment: *Legislative Finance prefers the Major Maintenance and School Construction Grant Funds be capitalized in the numbers section of the capital bill. The appropriation can go directly to the specific fund in DEED with the projects listed as allocations. Last year, this change was made in the capital bill (see*

page 136, line 13 through page 138 line 17, Section 13, Chapter 29, SLA 2008. The advantages of the FY09 approach are reduced fund source duplication in the budget (which adds clarity), and faster bill writing and modification.

(e) The sum of $20,000,000 is appropriated from Alaska housing capital corporation receipts to the Alaska Gasline Inducement Act reimbursement fund (AS 43.90.400(a)) for the natural gas pipeline project construction inducement under AS 43.90.110(a)(1).

This section appropriates $20 million to the AGIA reimbursement fund for expenses associated with the $500 million inducements provided to TransCanada Alaska with the issuance of the AGIA license. $30 million from the general fund was appropriated to the fund in the special session authorizing the license.

* **Sec. 13.** INSURANCE CLAIMS. The amounts to be received in settlement of insurance claims for losses and the amounts to be received as recovery for losses are appropriated from the general fund to the

(1) state insurance catastrophe reserve account (AS 37.05.289(a)); or

(2) appropriate state agency to mitigate the loss.

This section allows an agency to receive insurance claim settlement payments directly from a third party. Without this provision, settlements would remain in the general fund and would not be available to offset an agency's loss without a specific appropriation.

* **Sec. 14.** NATIONAL PETROLEUM RESERVE - ALASKA IMPACT GRANT PROGRAM. The amount received by the National Petroleum Reserve - Alaska special revenue fund (AS 37.05.530) under 42 U.S.C. 6506a(*l*) or former 42 U.S.C. 6508 by August 31, 2009, estimated to be $22,500,000, is appropriated from that fund to the Department of Commerce, Community, and Economic Development for capital project grants under the National Petroleum Reserve - Alaska impact grant program.

This section appropriates the entire amount received (estimated at $22.5 million for FY2010) from the revenue shared by the federal government from sales, rentals, bonuses, and royalties on leases issued within the NPR-A to the NPR-A Impact Grant Program. Grants are awarded to municipalities impacted by oil and gas development in the NPR-A. AS 37.05.530(g) states that receipts not appropriated as grants are to be distributed as follows: 25% to Permanent Fund Principal, ½% to the Public School Trust Fund, and any remaining amount to the Power Cost Equalization and Rural Electric Capitalization Fund.

Legislative Fiscal Analyst Comment: *The FY09 capital bill contained an itemized listing of all grantees and the projects to be funded. The benefits of listing the grantees in the bill include the ability to search for specific grant recipients.*

* **Sec. 15.** RURAL ELECTRIFICATION REVOLVING LOAN FUND; ELECTRICAL EMERGENCIES PROGRAM. (a) Notwithstanding AS 42.45.020(g), the balance of the rural electrification revolving loan fund (AS 42.45.020) on June 30, 2009, estimated to be $80,400, is appropriated to the Department of Commerce, Community, and Economic Development, Alaska Energy Authority, for the electrical emergencies program.

This section is effectively a general fund appropriation; it makes an FY09 supplemental appropriation of the balance of the Rural Electrification Revolving Loan fund to AEA before the receipts are deposited into the general fund. The balance consists of the loan payments on the remaining loans outstanding. These loan payments totaled approximately $330,000 annually until recently, when several loans accounting for over 70% of the outstanding balance were paid in full. The remaining loan payments will total

approximately $80,000 ($80,400 for FY2010) until 2020, when they will drop to approximately $65,000.

(b) The sum of $250,000 is appropriated from the general fund to the Department of Commerce, Community, and Economic Development, Alaska Energy Authority, for the electrical emergencies program.

The $250,000 is the difference between the $330,000 customary amount appropriated for electrical emergencies and the energy loan repayments of $80,000 appropriated in subsection a.

Legislative Fiscal Analyst Comment: *Scooping a lapsing balance may have made sense when no additional appropriation was necessary, but the legislature may wish to consider deleting this section in favor of a numbers section appropriation of $330,000 general funds.*

*** Sec. 16.** CLIMATE CHANGE IMPACT MITIGATION PROGRAM. Section 10, ch. 11, SLA 2008, page 57, lines 30 - 31, is amended to read:

ALLOCATIONS	APPROPRIATION ITEMS	GENERAL FUND	OTHER FUNDS
Climate Change Impact Mitigation Program (HD 1-40)	**1,400,000** [1,100,000]	**1,400,000** [1,100,000]	

This section adds $300,000 from the general fund to the listed appropriation.

Legislative Fiscal Analyst Comment: *Unless a supplemental adjustment is required, there is no need to amend the original appropriation. This project can be moved to the numbers section of the bill, which would then include a new project in the amount of $300,000 for Climate Change Impact Mitigation. If the section was intended to have a supplemental effective date, it can remain in language, but the effective date clause would need to be revised.*

*** Sec. 17.** LAPSE. (a) The appropriations made by secs. 12 and 13(1) of this Act are for the capitalization of funds and do not lapse.

(b) The appropriations made by secs. 10 and 14 - 16 of this Act are for capital projects and lapse under AS 37.25.020.

This section states that the projects lapse under AS 37.25.020 which provides that the appropriation is for the life of the project. The belief that capital appropriations have a five-year lapse is a common misunderstanding.

(c) A grant awarded in secs. 1 - 16 of this Act to a named recipient under AS 37.05.316 is for a capital project, unless specifically identified in this Act as an operating grant, and lapses under AS 37.25.020 unless otherwise stated or designated for a fiscal year.

This new subsection is included to clarify that all grants under AS 37.05.316 are to be considered capital projects and are to lapse like other capital projects. There has been confusion in the past on whether some grants are intended to be operating grants with a one-year lapse. This language should clarify the situation.

*** Sec. 18.** Section 15(a) of this Act takes effect June 30, 2009.

This effective date makes the $80,000 appropriation for electrical emergencies in section 15 (a) an FY09 supplemental appropriation.

*** Sec. 19.** Except as provided in sec. 18 of this Act, this Act takes effect July 1, 2009.

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Comprehensive Integrated Mental Health Program

The Alaska Mental Health Trust Authority (Authority) administers the Mental Health Trust established in perpetuity. The Authority has a fiduciary responsibility to enhance and protect the Trust and to provide leadership in advocacy, planning, implementation, and funding of a comprehensive integrated mental health program (CIMHP) to improve the lives and circumstances of its beneficiaries. **The Trust's beneficiaries include:**

- People with mental illness;
- People with developmental disabilities;
- People with chronic alcoholism; and
- People with Alzheimer's disease and related disorders.

The Trust

The Mental Health Lands Trust Settlement reconstituted the Trust established by the Alaska Mental Health Enabling Act of 1956 with trust land totaling approximately 930,000 acres. **The settlement required the state to:**

- provide a cash payment of $200 million into a newly created mental health trust fund;
- establish a Trust Authority;
- return the principal of the trust fund to the Authority; and
- perpetually use the income of the trust to pay for trust administration costs and ensure improvements and continuation of the integrated, comprehensive mental health program.

Chapter 6, SLA 1994 appropriated $200 million to the mental health trust fund from the following sources:

Mental health trust income account	$33,000.0
DNR mental health trust income in the general fund	$11,700.0
Proceeds from sale of DNR land sale contract portfolio	$25,000.0
Budget reserve fund	$130,300.0

This appropriation was finalized after the superior court of the State of Alaska made its final determination that the state had satisfied its obligation to reconstitute the Mental Health Trust.

Management of the Trust: The Permanent Fund Corporation manages the trust principal, the Mental Health Trust Lands Office (Dept. of Natural Resources) manages the land, and the Mental Health Trust Authority (Dept. of Revenue) and its Board make recommendations for program funding.

Mental Health Funding: The Trust Authority sources of income for annual spending include:

- a percentage of net asset value of the Trust Fund Corpus (Principal);
- lapsed funds from the prior year;
- income from the Trust's account in the treasury; and
- income from rents, fees, purchase contract interest, and 15% of timber sales from the Trust Land Management.

The Mental Health Budget Process

Separate Appropriation Bill: AS 37.14.001 establishes the responsibilities and authority for management of the Mental Health Trust. The statute requires the Governor to submit a separate appropriation bill limited to appropriations for the state's integrated comprehensive mental health program. If appropriations in the bill submitted by the Governor or the bill approved by the legislature differ from those proposed by the Authority, the bills must be accompanied by a report explaining the reasons for the differences from the Trust's recommendations.

Mental Health Trust Authority Authorized Receipts: The Mental Health Trust generates revenue from the investment earnings on the $200 million trust, land sale/lease proceeds, and land use royalties. Mental Health Trust income, identified in the appropriation bill as MHTAAR or Mental Health Trust Authority Authorized Receipts, provides approximately $10 million per year for CIMHP funded programs and mental health trust administrative costs.

A unique provision of the settlement grants the Authority the power to spend mental health trust income without legislative approval. This provision does not, however, remove the legislature from spending decisions. The Trust's spending plans typically allocate substantial money to state agencies, which cannot spend the money without legislative authorization.

This approach to budgeting requires extensive cooperation between the Authority and the agencies that receive MHTAAR. The Authority considers requests from relevant agencies and beneficiary boards, and then submits a list of approved projects and funding proposals to the Governor. Although the budget is developed cooperatively, the Governor's request makes changes in MHTAAR funding without the approval of the Authority. Similarly, the legislature typically works with the Authority on any revisions to the Authority's plan.

Zero-Based Budgeting: FY2010 is the second year of zero-based budgeting of MHTAAR for the Trust, meaning that all MHTAAR in state agencies was removed from the FY2010 adjusted base budget. This approach emphasizes that MHTAAR funding is not based on prior year appropriations, but is an independent decision made by the Authority each year. The approach has the advantage (from the Authority's perspective) of specifying the purpose of all MHTAAR that appears in the budget. In prior years, the purpose of continuing funding was not stated in budget transactions.

Other Funds Appropriated in the Mental Health Budget: Other state funds and federal funding are typically included in the CIMHP. These might include general funds, AHFC Dividend funds, and Alcohol and Other Drug Abuse Treatment & Prevention Funds. The Authority does not exercise as much control over this portion of the Mental Health budget. Although the Authority is typically consulted about expenditure of non-MHTAAR for mental health purposes, the Authority cannot dictate where other funds may or may not be used. Allocation of state and federal funding for mental health purposes is similar to the process that applies to the regular operating and capital budgets; state agency operating requests show changes to appropriations made the previous fiscal year. Capital requests are typically independent of prior year appropriations.

The FY2010 Mental Health Budget

The Trustees approved five focus areas for the FY2010 budget cycle, with the goals affecting significant system changes in the areas of:

- Bring The Kids Home;
- Affordable, Appropriate Housing for Trust Beneficiaries;
- Disability Justice for Trust Beneficiaries;

- Trust Beneficiary Group Initiatives; and
- Workforce Development

OPERATING

The net increase in state-controlled funding **(GF/MH)** from FY2009 to FY2010 is approximately $12.5 million. Mental Health Trust recommendations do not typically address all Mental Health funding. The Governor's budget request includes the following items not addressed by the Trust:

- FY2009 GF/MH funding included in the base for FY2010; and
- FY2010 Salary Wage and Health Insurance increases.

The FY2010 Trust **MHTAAR** recommended budget totals $12.7 million. The following items are Trust recommendations that are not yet included in the Governor's FY2010 budget request:

- New student loan repayment program to be used as a recruitment and retention tool for providers serving Trustee beneficiaries;
- Pilot program to provide coordinated services to individuals with traumatic brain injury, and their families not otherwise eligible for such services from other agencies or programs; and
- Support for a rural secure treatment provider program under Title 47, which provides for involuntary commitment of clients incapacitated by alcohol and/or drugs. Title 47 client services are the highest level of treatment and the most expensive in providing secure treatment services.

Statewide Total Appropriations for Mental Health Programs

	FY06	FY07	FY08	FY09	AMHTA FY2010 Request	FY2010 Gov
State-Controlled	114,652.0	127,712.4	131,568.6	159,818.2	17,918.6	172,269.9
MH Trust	10,063.5	11,446.4	12,308.7	13,714.2	12,698.4	12,143.9
Total Operating	**124,715.5**	**139,158.8**	**143,877.3**	**173,532.4**	**30,542.0**	**184,413.8**
State-Controlled	9,049.2	12,200.0	13,600.0	10,050.0	18,816.8	16,209.7
MH Trust	3,100.0	2,650.0	2,500.0	3,500.0	2,780.0	2,330.0
Total Capital	**12,149.2**	**14,850.0**	**16,100.0**	**13,550.0**	**21,596.8**	**18,539.7**

CAPITAL

The Governor's FY2010 Capital Budget Request of $18.5 million for Mental Health programs is $3.1 million less than the Trust's recommendations of $21.6 million. The Trust's recommendations include $2.7 million MHTAAR, $6.1 million GF/MH, and $12.8 million AHFC Dividends. Below are some of the significant projects contained in both the Trust's recommendations and the Governor's Mental Health budget (funding levels shown below are from the Governor's budget):

- MH AHFC Homeless Assistance Program (ED 99) $10.0 million
- MH AHFC Beneficiary and Special Needs Housing (ED 99) $1.8 million
- MH Coordinated Transportation and Vehicles (ED 99) $1.1 million
- MH Home Modification and Upgrades to Retain Housing $1.1 million

Agency Narratives and Funding Summaries

Department of Administration

All Dollars in Thousands

	(GF Only)	Change	% Change	See Note:
FY09 Conference Committee (GF Only)	**$70,025.4**			
FY09 Fiscal Notes	2,144.9			
CarryForward	1,450.6			
Special Appropriations	7.5			
Agency Transfers (excludes fuel/utility &gasline)	-			
09 Contractual Salary Adjustments	6.2			
09 Salary Fund Changes	-			
Misc Adjustments	-			
Vetoes	-			
FY09 Revised Management Plan (GF only)	**$73,634.6**	$3,609.2	5.2%	
One-time Items removed	(3,175.3)			
Transfers between Agencies (nets zero statewide)	-			
FY10 Contractual Salary and Health Increases	1,316.6			
Misc Adjustments	-			
FY10 Adjusted Base Budget (GF only)	**$71,775.9**	($1,858.7)	-2.5%	
FY 10 Unrealizable Salary Fund Source Changes	1,095.1			4
FY 10 Governor's GF Increments/Decrements/Fund Changes	301.5			
FY10 Governor's Request (GF only)	**$73,172.5**	$1,396.6	1.9%	

FY10 Governor's Increments, Decrements and Fund Changes Less Unrealizable Salary Fund Source Changes	FY10 Adjusted Base Budget + Salary Fund Changes (GF Only)	FY10 Governor's Request (GF only)	Change from Revised FY10 Adj Base to FY10 Governor's Request	See Note:
Allocation			**$301.5**	
Finance	6,111.0	6,251.0	140.0	2
Retirement and Benefits	419.6	169.4	(250.2)	
Elected Public Officers Retirement System Benefits	1,778.1	1,898.1	120.0	3
Enterprise Technology Services	8,103.3	8,403.3	300.0	1
Violent Crimes Compensation Board	8.3	-	(8.3)	

Non-General Fund Agency Summary	FY10 Adjusted Base Budget + Salary Fund Changes	FY10 Governor's Request	Change from Revised FY10 Adj Base to FY10 Governor's Request	See Note:
Federal Funds (all allocations)	2,782.4	2,782.4	-	
Other funds (all allocations)	206,509.4	216,295.0	9,785.6	
Total Non-General Funds (all allocations)	**$209,291.8**	**$219,077.4**	**$9,785.6**	
Position Changes (From FY09 Management Plan to Gov)	**1,121**	**1,121**	**0**	
PFT	1,068	1,068	-	
PPT	20	20	-	
Temp	33	33	-	

Governor's Capital Request	State Funds (GF + Other)	Federal Funds	Total	See Note:
Planning and Research	-	-	-	
Maintenance, Renovation, and Repairs	3,050.0	-	3,050.0	
Remodel and Reconstruction	-	-	-	
New Construction and Land Acquisition	-	-	-	
Equipment and Materials	-	-	-	
Information Systems and Technology	62,275.0	-	62,275.0	
Other	-	-	-	
TOTAL CAPITAL	**$65,325.0**	**$0.0**	**$65,325.0**	

Department of Administration

The mission of the Department of Administration (DOA) is to provide consistent and efficient support services to state agencies so that they may better serve Alaskans. As a liaison between the Governor's Office and the Legislature, DOA steps in to establish policies and coordinate services among divisions. DOA provides statewide leadership and policy direction in the following areas:

- finance and accounting;
- payroll;
- information technology;
- human resources;
- labor relations;
- procurement, including final administrative decisions on statewide procurement appeals;
- facility leasing and management;
- risk management; and
- employee and retiree benefits programs for state and local governments.

Direct public services are provided through the Division of Motor Vehicles, Public Defender Agency, Office of Public Advocacy, and the Office of Administrative Hearings. The Department also oversees administrative functions of four independent boards and commissions (the Alaska Public Broadcasting Commission, the Alaska Public Offices Commission, the Alaska Oil and Gas Conservation Commission, and the Violent Crimes Compensation Board).

SIGNIFICANT ISSUES

The FY2010 Department of Administration general fund operating budget as submitted by the Governor is $462.1 below the FY09 Revised Management Plan (which excludes fuel/utility & gasline one-time funding of $66.8). The Governor's net GF change from Adjusted Base is $1,396.6.

The following notes correspond to numbers in the last column on the preceding spreadsheet:

1. **Enterprise Technology Services: $300.0 GF.** Additional funding is requested to pay cost increases associated with operation and maintenance of the State of Alaska Telecommunications System (SATS) microwave transmission network. The cost increases include fuel and power for SATS microwave sites and transportation costs, including costs for helicopter access to remote sites. This increment will assist in maintaining the physical operations of the SATS Microwave Network System and telephonic and network communications outside the Anchorage area. These sites are important to daily operations of state agencies, including the Alaska State Troopers. Areas of the state that rely on the SATS Microwave System include Kodiak, the Anchorage-Fairbanks-Delta-Tok-Glennallen highway corridors, the Kenai Peninsula, Valdez and Cordova.

2. **Finance Operations: $140.0 GF/Program Receipts.** The Governor requests additional authority to spend receipts anticipated under a new contract with U.S.

Bank for *One Card*. During FY09, the budgeted credit card rebate was increased by $250.0 for a new total of $463.2. Current projections suggest a rebate of between $550.0 and $600.0 will be available under the new contract with U.S. Bank in FY2010. The Department is asking for the authority to spend these receipts to partially offset cost increases related to supporting the Alaska Data Enterprise Reporting (ALDER) Data Warehouse ($100.0) and to provide for vacancy factor reduction ($40.0).

Per AS 37.05.142-144: Program receipts may not be collected unless authorized by law. An appropriation is required before funds may be expended, and expenditures are restricted to the lesser of the amount collected or amount authorized. Program receipts may be used to administer the program generating the receipts, implement the laws related to the functions generating the receipts, or cover the cost of collecting the receipts. They may not be used directly for programs other than the program that generates the receipts. Because it is not clear that receipts generated by a credit card program can be used for a data warehouse or vacancy factor reduction, subcommittees may wish to consider changing the fund source to GF.

3. **Elected Public Officers Retirement System (EPORS) Benefits: $120.0 GF.** EPORS currently has 39 members (25 retirees and 14 surviving dependents) who are receiving benefits. Increased costs are due to mandatory benefit increases based upon the salaries of the positions from which members retire. Another contributing factor for this increment is the projected rise in the cost of health insurance, which is also a member benefit.

4. **Salary Fund Source Changes: $1,095.1 GF.** The Governor's budget proposes using general funds to replace a portion of other funding sources that could be used to pay for contractual wage and health benefits increases. Subcommittees should carefully examine each of these salary adjustment fund changes. Please see ***Fund Source Changes for Salary Adjustments*** on page 18 for further discussion of this issue. Within the Department of Administration, $1.1 million in GF fund changes have been included to replace Inter-agency Receipts that are "not available" in customer agency budgets. The largest of these fund switches are in Personnel ($472.2) and Enterprise Technology Services ($415.9). As an alternative to these fund source changes, DOA could charge agencies for services and let any necessary fund source changes occur in the agencies. The latter approach would provide more information regarding agencies that are unable to pay for DOA services using existing fund sources.

ORGANIZATIONAL CHANGES

There are no significant changes requested.

CAPITAL REQUEST

The Governor's 2010 capital budget contains $50 million from the Alaska Housing Capital Corporation (AHCC) "savings account" to continue the massive undertaking of replacing accounting (AKSAS) and payroll (AKPAY) systems. The accounting and payroll systems are nearing the end of their useful lives and the Department is attempting to replace them while they are still functioning. Previous appropriations for this project total $41 million. The future anticipated GF requests from FY11 through FY15 would add another $105 million.

Legislative Fiscal Analyst Comment: *The AHCC fund source is classified as GF in Legislative Finance Division's view of the world. The Governor classifies these receipts as "Other" Funds, leading to a discrepancy in how the Department of Administration's largest capital project—the Statewide System Replacement—is classified.*

Section 10 of the capital budget appropriates $11.7 million in Information Technology Projects to the Governor's Office. Two of these projects are allocated to the Department of Administration:

- Administration Enterprise security projects for $5 million funded through the Information Services Fund, and
- Administration Document Management System – Microfilm Conversion Phase 1 for $328,000 funded by a variety of retirement system accounts and a small amount of GF.

The Information Services Fund is capitalized by a $9.5 million GF appropriation in Section 12(c)(1) of the Governor's bill.

The capital request presented by the Governor also includes $930.0 GF for four smaller projects. The most significant of those GF projects is the Lease Management System that will replace the existing systems currently used to project lease and facility costs (in service since approximately July 2002) with one that will interface with the state accounting system. The Department's goal for managing statewide leases, facilities information, and budgets is to provide effective space management, cost tracking, reporting, and projections for leases and facilities.

Legislative Fiscal Analyst Comment: *As in FY09, direct appropriations for costs associated with public employees' retirement systems are segregated from the Department's budget in order to avoid overstating the Department of Administration's budget. A total of $451.2 million in direct appropriations for retirement include:*

(a) ***$206,300.0 GF for the teachers' retirement system*** *defined benefit plan account;*

(b) ***$241,600.0 GF for the public employees' retirement system*** *defined benefit plan account;*

(c) ***$1,722.5 GF for the Department of Military and Veterans' Affairs AK National Guard and Alaska Naval Militia*** *defined benefit plan account; and*

(d) ***$1,550.0 GF for the judicial retirement system*** *defined benefit plan account.*

Department of Commerce, Community, and Economic Development

All Dollars in Thousands

	(GF Only)	Change	% Change	See Note:
FY09 Conference Committee (GF Only)	**$9,687.0**			
FY09 Fiscal Notes	5,310.9			
CarryForward	-			
Special Appropriations	23,164.0			
Agency Transfers (excludes fuel/utility &gasline)	-			
09 Contractual Salary Adjustments	-			
09 Salary Fund Changes	-			
Misc Adjustments	-			
Vetoes	-			
FY09 Revised Management Plan (GF only)	**$38,161.9**	$28,474.9	293.9%	
One-time Items removed	(23,450.0)			
Transfers between Agencies (nets zero statewide)	-			
FY10 Contractual Salary and Health Increases	86.1			
Misc Adjustments	-			
FY10 Adjusted Base Budget (GF only)	**$14,798.0**	($23,363.9)	-61.2%	
FY 10 Unrealizable Salary Fund Source Changes	132.9			4
FY 10 Governor's GF Increments/Decrements/Fund Changes	4,696.1			
FY10 Governor's Request (GF only)	**$19,627.0**	$4,829.0	32.6%	

FY10 Governor's Increments, Decrements and Fund Changes Less Unrealizable Salary Fund Source Changes	FY10 Adjusted Base Budget + Salary Fund Changes (GF Only)	FY10 Governor's Request (GF only)	Change from Revised FY10 Adj Base to FY10 Governor's Request	See Note:
Allocation			**$4,696.1**	
Administrative Services	1,256.2	1,258.5	2.3	
Community and Regional Affairs	1,839.0	4,204.3	2,365.3	1
Office of Economic Development	624.8	639.8	15.0	
Alternative Energy & Efficiency	340.1	771.4	431.3	3
Alaska Seafood Marketing Institute	785.3	2,667.5	1,882.2	2

Non-General Fund Agency Summary	FY10 Adjusted Base Budget + Salary Fund Changes	FY10 Governor's Request	Change from Revised FY10 Adj Base to FY10 Governor's Request	See Note:
Federal Funds (all allocations)	54,503.8	64,377.2	9,873.4	
Other funds (all allocations)	102,578.9	103,613.9	1,035.0	
Total Non-General Funds (all allocations)	**$157,082.7**	**$167,991.1**	**$10,908.4**	
Position Changes (From FY09 Management Plan to Gov)	**535**	**539**	**4**	
PFT	521	525	4	
PPT	2	2	-	
Temp	12	12	-	

Governor's Capital Request	State Funds (GF + Other)	Federal Funds	Total	See Note:
Planning and Research	690.0	-	690.0	
Maintenance, Renovation, and Repairs	250.0	-	250.0	
Remodel and Reconstruction	12,125.0	-	12,125.0	
New Construction and Land Acquisition	47,525.0	56,500.0	104,025.0	
Equipment and Materials	-	-	-	
Information Systems and Technology	10,565.0	-	10,565.0	
Other	4,026.4	6,630.0	10,656.4	
TOTAL CAPITAL	**$75,181.4**	**$63,130.0**	**$138,311.4**	

Department of Commerce, Community, and Economic Development

The Department of Commerce, Community, and Economic Development (DCCED) provides a wide range of development services to private businesses, aids in protecting the public by regulating certain industries, and provides services to communities. The Department:

- provides general assistance and access to capital markets for businesses;
- coordinates numerous state grant and loan programs;
- manages programs aimed at key economic sectors such as electric power generation, tourism, aerospace, mining, and fishing;
- participates in the marketing of Alaskan products and visitor attractions;
- regulates banking, securities and corporations, insurance, occupations and public utilities;
- provides services to local governments and unincorporated communities in the form of grants and direct technical assistance; and
- administers programs offering assistance in the areas of government and financial management, utilities, planning, and energy management.

SIGNIFICANT ISSUES

The FY2010 Department of Commerce, Community, and Economic Development general fund operating budget submitted by the Governor is $18.5 million less than the FY09 Revised Management Plan (which excludes fuel/utility and gasline one-time funding). In FY09, the legislature made a special appropriation of $23.0 million GF for distribution through the Power Cost Equalization Program. This amount is included in the FY09 Management Plan but is removed from the FY2010 base. The Governor's net GF increase from Adjusted Base is $4.8 million, comprised of salary fund source changes and several increments described in the numbered paragraphs below.

Power Cost Equalization (PCE). PCE was an issue in the special session when the legislature raised the cap on subsidies for rural electric rates in response to higher fuel costs. This was intended to be a one-year solution that would be readdressed during the 2009 session. The Governor's FY2010 request reflects a return to FY08 parameters. The FY2010 funding level is $32.8 million—down from $51.1 million in FY09. PCE is not typically addressed by subcommittees.

Core Service Increases. The Department's request includes several increments for "Core Services." According to the Department, the core services increment in the Commissioner's Office is primarily to record *intra-agency* charges, while the core services increments in various divisions are primarily to record *inter-agency* costs.

Most of the $171.0 I/A Receipts increment in the Commissioner's Office reflects indirect cost plan charges that have been collected (but not budgeted) for years. The request is not so much an increment as a clarification of the budget. According to the Department, the core services increments in various divisions cover FY09 and FY2010 increased charges (imposed by the Departments of Administration and Law) that the Department cannot absorb. Subcommittees may

wish to ask the Department to provide additional detail on all the core service increments, including where the money comes from, where it will go and what it will purchase.

Federal Program Funding for National Forest Receipts and Payment in Lieu of Taxes (PILT), $9.9 million Federal Funding. The Department anticipates receiving and distributing (to local governments) $6.3 million in National Forest Receipts and $3.6 million through the PILT formula.

The following notes correspond to the numbers in the last column of the preceding spreadsheet:

1. Community and Regional Affairs: $2.36 million GF.

- **Fund Change, $2 million GF.** Passage of HB 111 (effective 10/1/09), reduced business license fees to $50/year (from $100/year). The approved fiscal note for HB111 showed replacement of lost Business License Receipts revenue with general funds. This appropriation implements the fiscal note. In FY09, $6.26 million of Business License and Corporation Fees was spent to support Community and Economic Development and Operations on issuing licenses. Receipts in FY2010 are expected to be about $4.4 million. Thus, $1.97 million GF funding will be needed to maintain services at current levels.

- **Alaska Legal Services: $200.0 GF.** The Department did not remove this one-time item from the base budget for FY2010. The Department seeks to continue FY09 one-time funding for the Alaska Legal Services Program. Legislative Finance removed the amount from the base, and then added an increment in order to match the Governor's request.

- **Grant Administrators: $164.0 GF.** Two grant administrators were added as a one-time item in FY09 in response to an increasing number of grants appearing in the budget as oil prices (and state revenue) climbed from FY06 through FY09. The Department is requesting these positions be continued in the FY2010 budget. The number of grants distributed/monitored by the Department remains high and the grant administrators are needed to provide technical assistance to recipients. The subcommittee may wish to explore adding these positions to the base budget if the number of grants administered by the Department remains at current levels. On the other hand, if revenue reductions result in a significant reduction in the number of grants appropriated, retaining the one-time designation may be appropriate.

2. Alaska Seafood Marketing Campaign: $1,882.2 GF. The Department's Seafood Marketing program seeks to replace $1,500.0 in Federal grants ($500.0 in direct federal funds and $1 million SDPR from the Alaska Fisheries Marketing Board (AFMB)—federal funds passed through the AFMB). In addition, ASMI claims that $378.0 of authority to receive and spend revenue from fish taxes will be uncollectible and requests that this amount be replaced with general funds. Subcommittees may wish to examine the reasons for declining receipts in this program and the desirability of adding general funds to the base budget.

3. Statewide Project Development, Alternative Energy Efficiency: $431.3 GF.

- **Support for Energy Planning: $150.0 GF.** This request is intended to provide the resources necessary to fund support staff for energy planning.

- **AEA Executive Director for Statewide Energy Coordination: $210.3 GF.** The AEA Executive Director/Statewide Energy Coordinator was funded in FY09 with

CIP receipts from a statewide energy plan capital project. Because the need for this position will not end when the statewide energy plan is completed, the agency is requesting base funding in the FY2010 budget.

- **Renewable Energy Fund/Task Force: $71.0 GF.** The fiscal note for HB 152 identified $71.0 as a one-time FY09 appropriation. The Department did not remove this amount from the base budget for FY2010. Legislative Finance added an increment in order to match the Governor's request, but subcommittees should consider deleting the start-up costs from the budget request.

4. **Fund Changes for salary adjustments: $132.9 GF.** Three fund changes have been requested to "correct unrealizable fund sources in the salary adjustment for bargaining units." The Department states that additional I/A Receipts funds are not available for programs and requests a replacement with GF. Please see ***Fund Source Changes for Salary Adjustments*** on page 18 for further discussion of this issue.

ORGANIZATIONAL CHANGES

There are no significant organizational changes.

CAPITAL REQUEST

DCCED's total capital budget is nearly $140 million; $63 million of which is federal money. The budget consists of a diverse mix of grants and capital projects, most of which are more clearly described as *passing through DCCED* rather than *to DCCED*. The pass-through projects include rural power and transportation systems, community economic assistance, port expansion and cruise ship industry enhancements. Projects requested by DCCED include:

- $17.5 million to build two facilities at the Kodiak Launch complex: a dedicated rocket motor storage facility and an additional launch pad.
- Several information technology projects, including $565.0 appropriated directly to the Department and $2.2 million for imaging and management systems appropriated through the Governor's Office.

Department of Corrections

All Dollars in Thousands

	(GF Only)	Change	% Change	See Note:
FY09 Conference Committee (GF Only)	**$210,910.0**			
FY09 Fiscal Notes	-			
CarryForward	45.0			
Special Appropriations	-			
Agency Transfers (excludes fuel/utility &gasline)	-			
09 Contractual Salary Adjustments	72.0			
09 Salary Fund Changes	-			
Misc Adjustments	-			
Vetoes	-			
FY09 Revised Management Plan (GF only)	**$211,027.0**	$117.0	0.1%	
One-time Items removed	(552.2)			
Transfers between Agencies (nets zero statewide)	-			
FY10 Contractual Salary and Health Increases	1,469.2			
Misc Adjustments	-			
FY10 Adjusted Base Budget (GF only)	**$211,944.0**	$917.0	0.4%	
FY 10 Unrealizable Salary Fund Source Changes	14.9			
FY 10 Governor's GF Increments/Decrements/Fund Changes	2,082.5			
FY10 Governor's Request (GF only)	**$214,041.4**	$2,097.4	1.0%	

FY10 Governor's Increments, Decrements and Fund Changes Less Unrealizable Salary Fund Source Changes	FY10 Adjusted Base Budget + Salary Fund Changes (GF Only)	FY10 Governor's Request (GF only)	Change from Revised FY10 Adj Base to FY10 Governor's Request	See Note:
Allocation			**$2,082.5**	
Research and Records	298.8	478.8	180.0	3
Out-of-State Contractual	21,485.0	21,866.1	381.1	1
Wildwood Correctional Center	12,494.7	12,796.9	302.2	1
Community Residential Centers	16,827.6	17,546.8	719.2	1
Inmate Health Care	25,728.1	26,228.1	500.0	2

Non-General Fund Agency Summary	FY10 Adjusted Base Budget + Salary Fund Changes	FY10 Governor's Request	Change from Revised FY10 Adj Base to FY10 Governor's Request	See Note:
Federal Funds (all allocations)	3,003.4	3,174.4	171.0	3
Other funds (all allocations)	30,233.0	31,747.6	1,514.6	2
Total Non-General Funds (all allocations)	**$33,236.4**	**$34,922.0**	**$1,685.6**	
Position Changes (From FY09 Management Plan to Gov)	**1,516**	**1,516**	**0**	
PFT	1,513	1,513	-	
PPT	3	3	-	
Temp	-	-	-	

Governor's Capital Request	State Funds (GF + Other)	Federal Funds	Total	See Note:
Planning and Research	-	-	-	
Maintenance, Renovation, and Repairs	2,500.0	-	2,500.0	
Remodel and Reconstruction	2,550.0	-	2,550.0	
New Construction and Land Acquisition	20,000.0	-	20,000.0	
Equipment and Materials	890.4	-	890.4	
Information Systems and Technology	1,750.0	-	1,750.0	
Other	-	-	-	
TOTAL CAPITAL	**$27,690.4**	**$0.0**	**$27,690.4**	

Department of Corrections

The mission of the Department of Corrections (DOC) is to provide secure confinement, reformative programs, and a process of supervised community reintegration to enhance the safety of Alaskan communities. The Department:

- provides secure confinement;
- provides reformative programs; and
- provides supervised re-entry.

SIGNIFICANT ISSUES

The FY2010 Department of Corrections general fund operating budget as submitted by the Governor is $3,014.4 above the FY09 Revised Management Plan (which excludes fuel/utility & gasline one-time funding of $1,760.0). The Governor's net GF change from Adjusted Base is $2,097.4.

The following notes correspond to the numbers in the last column of the preceding spreadsheet:

1. **Prison population** has declined recently; however, population increases during the past few years have continued to drive departmental costs upward. The state prisoner population typically exceeds 100% of approved institutional emergency capacity. With increased law enforcement by local and state agencies, the Department has no expectation of a long-term decline in the offender population. The Department addresses the prison population issue with several increments;

   Legislative Fiscal Analyst Comment: *Subcommittee members may wish to inquire about the unprecedented decrease (roughly 5%) in the Department's in and out-of-state prisoner count (from December 2007 to present) and what impact these latest statistics have on costs.*

   - **Community Residential Centers (CRC): $719.2 GF.** Funding is requested for 43 additional regular beds to assist in managing the in-state offender population. In FY2008, the DOC contracted for 710 CRC beds (602 regular beds and 108 per-diem beds) of which approximately 50% of the per-diem beds were funded. DOC used 93% of available funding. In FY2009, DOC received funding for 710 CRC beds but was able to contract for 733 (625 regular beds and 108 per-diem beds) of which approximately 70% of the per-diem beds are funded.

   - **Increased contractual costs for Arizona: $381.1 GF.** The Department is requesting funding for a $1.23/bed/day contract rate increase at the Red Rock Arizona facility that houses Alaska's overflow prisoners. As of October 31, 2008, out-of-state institutional capacity was at 98% (882 of 900 beds filled) with no expectation of a decline in offender population. The DOC anticipates continuing to place prisoners in the contract facility throughout the next fiscal year.

   - **Wildwood Correctional Center: $302.2 GF.** In FY09, the Department received a one-time increment of $302.2 to convert two existing buildings in order to house 80 prisoners. The housing units are scheduled to become available in late FY09. The Department also received $1.1 million to cover ¾ of FY09 operating costs of the new housing units. The $1.1 million remains in the FY2010 base, and an increment for

$353.3 (for ¼ year operating costs) was expected. Instead, the Department request retains the $302.2 one-time funding and adds it to the base budget. The DOC intends to manage the new units at the requested funding level.

- **Goose Creek Correctional Center: $218.6 GF Transfer.** The Department is transferring two positions from the Prison System Expansion component to the new Goose Creek Correctional Center component that is expected to open in FY2012. In anticipation of future staffing needs, the Training Academy has established an annual schedule consistent to meet the needs of the new prison that will be located at Point MacKenzie.

2. **Inmate Health Care** cost increases are primarily due to increased costs for medical services and are associated with the degree of care that is being required for chronic conditions (i.e. dialysis, cardiac, oncology, geriatrics, diabetes, etc). The Department is requesting the following increments to address rising costs and expansion of services:

- **Substance Abuse Treatment Programs: $500.0 GF.** This request provides funding for a second year of expansion of the institutional out-patient treatment programs. This increment would implement two institutional out-patient treatment programs at Anchorage Correctional Complex and Anvil Mountain Correctional Center. In FY09, the Department received $801.0 GF to implement five intensive outpatient treatment programs at Spring Creek Correctional Center, Palmer Correctional Center, Fairbanks Correctional Center, Yukon-Kuskokwim Correctional Center, Lemon Creek Correctional Center, and the Anchorage Community Residential Treatment Centers.

- **Mental Health Services: $444.8 PFD Criminal.** Additional funding is requested to support the increase in Mental Health Trust beneficiaries committed to the custody of the Department. Of the 38,000 bookings processed annually by DOC, 14,000 have a mental health diagnosis. In FY09, the legislature approved a $246.0 increment ($123.0 GF/$123.0 MHTAAR) for this purpose.

- **Sex Offender Treatment: $200.0 PFD Criminal.** This increment is requested to establish an institutional sex offender treatment program within the Wildwood Correctional Center. The sex offender treatment program will enhance community safety by providing more offenders with intensive, offense-specific assessment and treatment prior to release.

Legislative Fiscal Analyst Comment: *As part of the new management strategy of the Palin administration, the agency is working to restore or expand many offender rehabilitation programs. Subcommittees may wish to inquire about the effectiveness of these programs on recidivism.*

- **Criminal Sentencing and Polygraphing: $485.3 PFD Criminal.** This request is the third year of funding associated with the passage of legislation relating to periodic polygraph testing and treatment of all sex offenders on probation or parole [Ch 14 SLA06 (SB 218)]. Previous appropriations for these activities total $786.8 GF in FY08 and $752.5 GF in FY09.

Legislative Fiscal Analyst Comment: *The amount of PFD Criminal funds available varies with the amount of the Permanent Fund dividend and the number of felons incarcerated. Recent investment losses are likely to reduce PFDs in the future, with a*

corresponding decrease in PFD Criminal funds available. The likely result is future requests to replace PFD Criminal funds with general funds.

3. **Administration and Support** has requested the following two increments:

- **Research and Records: $180.0 GF.** This increment replaces one-time funding in the Department's FY09 budget for a File Imaging Program in order to manage the increasing number of criminal records. According to the Department, continued funding is necessary to fully implement the program as well as maintain files as imaged records rather than as hard-copies.
- **Information Technology MIS: $183.9 Federal Receipts.** The Department is requesting authority to receive one-time funding for the second year of the Statewide Automated Victim Information and Notification (SAVIN) grant through the United States Department of Justice/Bureau of Justice Assistance (BJA). The Department will use the grant to enhance Alaska's existing automated victim notification system (VINES) which provides self-registered victims with information regarding the custody status of a given offender. DOC received the first year of funding ($122.6 in FY09) through RPL #20-9-0010.

  The Department will use their existing GF operating appropriation to fund their matching portion (50%) of this grant as required by the BJA.

ORGANIZATIONAL CHANGES

The Department has moved the Correctional Academy and Prison System Expansion allocations from Administration and Support to the Population Management Appropriation. The Substance Abuse Treatment and Sex Offender Programs have been relocated from Offender Habilitation / Population Management to the Inmate Health Care Appropriation.

CAPITAL REQUEST

The Agency's $27.7 million capital budget is primarily comprised of a $20 million dollar appropriation for the Goose Creek Correctional Center scheduled to begin construction in calendar year 2009. With the recent collapse of financial markets, the cost of selling bonds for this project has increased significantly. The Department of Corrections has responded by cutting back elements of construction where possible, however, the gap between the revised construction budget and the bond sale is still short by approximately $20 million. This request to support the construction and occupancy of the new prison utilizes Alaska Housing Capital Corporation (AHCC) Receipts.

Legislative Fiscal Analyst Comment: *Legislative Finance classifies the Alaska Housing Capital Corporation savings account as general funds. The Governor classifies the account as "other" funds.*

Some of the Department's other large capital projects include:

- Annual Facilities Maintenance and Repairs: **$2.5 million GF**
- Combined Hiland Mountain Correctional Center Lead Abatement and Buffer Fence: **$2.0 million GF**
- Medical Information System: **$1.5 million PFD Criminal**

Department of Education & Early Development

All Dollars in Thousands

	(GF Only)	Change	% Change	See Note:
FY09 Conference Committee (GF Only)	**$53,476.4**			
FY09 Fiscal Notes	700.2			
CarryForward	-			
Special Appropriations	-			
Agency Transfers (excludes fuel/utility &gasline)	-			
09 Contractual Salary Adjustments	5.2			
09 Salary Fund Changes	-			
Misc Adjustments	1,003,292.8			1
Vetoes	-			
FY09 Revised Management Plan (GF only)	**$1,057,474.6**	$1,003,998.2	1877.5%	
One-time Items removed	(1,003,322.8)			1
Transfers between Agencies (nets zero statewide)	-			
FY10 Contractual Salary and Health Increases	404.2			
Misc Adjustments	1,052,562.3			1
FY10 Adjusted Base Budget (GF only)	**$1,107,118.3**	$49,643.7	4.7%	
FY 10 Unrealizable Salary Fund Source Changes	174.8			
FY 10 Governor's GF Increments/Decrements/Fund Changes	1,111.4			
FY10 Governor's Request (GF only)	**$1,108,404.5**	$1,286.2	0.1%	

FY10 Governor's Increments, Decrements and Fund Changes Less Unrealizable Salary Fund Source Changes	**FY10 Adjusted Base Budget + Salary Fund Changes (GF Only)**	**FY10 Governor's Request (GF only)**	**Change from Revised FY10 Adj Base to FY10 Governor's Request**	**See Note:**
Allocation			**$1,111.4**	
Foundation Program	992,268.5	994,268.5	2,000.0	2
Boarding Home Grants	1,340.8	1,690.8	350.0	8
Special Schools	3,132.8	3,127.5	(5.3)	
School Performance Incentive Program	4,800.0	-	(4,800.0)	11
Alaska Challenge Youth Academy	6,243.9	6,429.1	185.2	3
Executive Administration	1,307.7	2,131.9	824.2	4
School Finance & Facilities	1,512.8	1,732.7	219.9	10
Student and School Achievement	8,033.4	8,583.4	550.0	6
Early Learning Coordination	6,999.7	7,799.7	800.0	5
Professional Teaching Practices Commission	22.9	275.0	252.1	9
EED State Facilities Rent	1,835.2	2,045.8	210.6	
WWAMI Medical Education	2,130.1	2,654.8	524.7	7

Non-General Fund Agency Summary	**FY10 Adjusted Base Budget + Salary Fund Changes**	**FY10 Governor's Request**	**Change from Revised FY10 Adj Base to FY10 Governor's Request**	**See Note:**
Federal Funds (all allocations)	214,572.0	214,958.5	386.5	
Other funds (all allocations)	36,605.3	35,190.2	(1,415.1)	
Total Non-General Funds (all allocations)	**$251,177.3**	**$250,148.7**	**($1,028.6)**	
Position Changes (From FY09 Management Plan to Gov)	**347**	**347**	**0**	
PFT	332	332	-	
PPT	15	15	-	
Temp	-	-	-	

Governor's Capital Request	**State Funds (GF + Other)**	**Federal Funds**	**Total**	**See Note:**
Planning and Research	-	-	-	
Maintenance, Renovation, and Repairs	31,753.3	-	31,753.3	
Remodel and Reconstruction	10,760.8	-	10,760.8	
New Construction and Land Acquisition	-	-	-	
Equipment and Materials	-		-	
Information Systems and Technology	-	-	-	
Other	-	-	-	
TOTAL CAPITAL	**$42,514.1**	**$0.0**	**$42,514.1**	

Department of Education and Early Development

The Department of Education and Early Development (DEED) is committed to ensuring quality standards-based instruction to improve academic achievement for all students. The Department is responsible for funding and regulating the state's K-12 schools as well as administering school debt reimbursement and grants for school construction/major maintenance. Core services include the following:

- Provide and evaluate a Comprehensive Student and School Standards, Assessment and Accountability System for all students and schools in Alaska that is based on student, school, educator, and culturally responsive standards and state and federal requirements;
- Provide and support standards-based professional development and mentoring for Alaska's educators to ensure high quality and student achievement;
- Provide a statewide program to ensure all students have the foundational skills required for a successful transition to college and/or the workforce after high school;
- Secure and award state, federal, and private educational funding to school districts and other educational organizations to result in higher student achievement; and
- Provide high quality data to school districts and stakeholders through the use of the Alaska Statewide Longitudinal Data System.

The Department also houses Commissions and Boards (including the Professional Teaching Practices Commission, the Alaska State Council on the Arts and the Alaska Postsecondary Education Commission) and is responsible for Mt. Edgecumbe Boarding School, EED State Facilities Maintenance, and Alaska Library and Museums.

SIGNIFICANT ISSUES

The FY2010 Department of Education and Early Development general fund operating budget as submitted by the Governor is $50,929.9 above the FY09 Revised Management Plan (which excludes fuel/utility & gasline one-time funding of $167.8). The Governor's net GF change from Adjusted Base is $1,286.2.

The following notes correspond to the numbers in the last column of the preceding spreadsheet:

1. K-12 Education Formula Funding. Because education funding changes are likely to come through legislation rather than subcommittee action, the discussion here is brief and general. The Governor's general fund request of $994.3 million for the foundation program is $49.5 million more than the FY09 Management Plan.

Last year the Governor presented a three-year education plan that closely followed the legislative Education Task Force recommendations. The legislature approved HB 273 (Ch. 9, SLA 2008) with fiscal notes that provided for GF appropriations to capitalize the Public Education Fund for increases to the Foundation Program and Pupil Transportation. On the basis of this legislation, the Base Student Allocation (BSA) will increase $100/student/year for FY09, FY2010, and FY2011. There are also approximately 2,000 intensive-needs students in Alaska who experience health conditions and disabilities requiring daily monitoring and assistance with their school day activities. The second

year of a three-year phase-in with significantly higher payments to school districts to educate and care for these students is also included in the Governor's request.

Section 18(w) of the Governor's operating budget bill appropriates $1.062 billion from the general fund to the Public Education Fund for FY2010. This amount is $9.5 million more than required to fund K-12 education in FY2010, but is $50 million less than required to fund education in FY2011.

The concept of forward funding is that the amount appropriated in a given year will be the amount required in the following year. In this regard, the Governor's budget is $50 million short of forward funding K-12 education. However, the Public Education Fund target balance is 3% above the anticipated cost of K-12 in the following year. By using the "cushion" in the fund, the Governor's budget is only about $1 million short of funding anticipated FY2011 K-12 needs.

2. **Pre-Kindergarten Pilot Program: $2,000.0 GF.** Initial program implementation funds are included for an "Age 4 Pre-Kindergarten Pilot Program". According to the Department, this new preschool program would provide a voluntary, comprehensive, half-day for four-year olds and early five-year olds based on the standards set forth in the Alaska Early Learning Guidelines. Participating school districts would be funded through a competitive grant process. It is anticipated that the preschools would serve 500 children statewide.

3. **Alaska Challenge Youth Academy (ACYA): $185.2 GF.** The academy is operated by the Department of Military and Veterans Affairs and is funded through a Reimbursable Services Agreement with DEED in accordance with AS 14.30.740. With this increment, the total general fund budget for the ACYA will be $6,429.1.

Legislative Fiscal Analyst Comment: *The legislature may wish to revisit this formula program. The current statutory program support formula provides seven times the base student allocation for ACYA residential students plus a smaller non-resident amount. The legislature may wish to consider a direct appropriation to DMVA, as DEED has no legal responsibility for the ACYA and, therefore, should not act as a pass-through agency.*

4. **Executive Administration: $824.2 GF.** The Executive Administration allocation includes a request for additional funds ($600.0 GF) aimed at district improvement support services. According to the Department, specialist contracts in the amount of $600.0 are needed to meet the mandate in legislation passed last session (SB285—Ch. 70, SLA2008) which provides for DEED to work toward district improvement in the areas of math, science, arts, IT, culture, and social studies. A second increment ($224.2 GF) funds implementation of school improvement plans and district interventions on a statewide basis.

5. **Early Learning Coordination: $800.0 GF.** An increase of $800.0 GF for Head Start Grants would serve approximately 60-80 additional children. Approximately 1,000 Alaska children remain on wait lists for this program. The legislature increased funding for Head Start by $600.0 in FY09. With approval of this FY2010 increment, overall funding for Head Start grants would be $7,393.3 (GF $7,353.3/Fed $40.0).

6. **Student and School Achievement: $550.0 GF.** General Fund increments in this area are divided into three requests:

   (a) $250.0 for the Alaska Comprehensive System of Statewide Assessments Contractual Increase based on current contract change order costs plus a 4% annual anticipated increase;

   (b) $150.0 (GF/MH) for the GF match portion of the Mental Health Trust Authority's recommendation for an Autism Resource Center. This on-going project to provide education, consultation, and support to families plus resources for mental health community members is managed by DEED through a contract with the Special Education Service Agency. An additional increment of $200.0 Mental Health Trust Authority Authorized Receipts (MHTAAR) provides Trust Authority funding; and

   (c) $150.0 GF/MH funds for the Governor's Council for Rural Secondary Transition—a project managed by DEED to identify the skills of rural residents and seeks to team those residents with youth and communities in transition planning and service delivery. This FY2010 request continues the momentum of the project from FY09 which is currently funded with $50.0 MHTAAR plus $50.0 GF/MH.

7. **WWAMI Medical Education: $524.7 GF.** In the spring of 2007, the Alaska WWAMI program expanded class size to 20 incoming students per year. This increment is required under Alaska's contract with the University of Washington School of Medicine (UWSM). The basis for the funding structure is determined by the partnership contract between the UWSM, the University of Alaska, and the State of Alaska. Students attend the first year of training at the University of Alaska, Anchorage campus, before continuing training at the UWSM in Seattle, Washington. The Postsecondary Education Commission acts as the state's fiscal agent and administers WWAMI participants' services agreements/loans. Funds are used for education and administrative costs for second, third and fourth year students, which average over $40,000 per student per year. In addition, the program provides support for clinical sites in Alaska. WWAMI program administration and community clinical unit costs run about $300,000 per year. Since the inception of the program in 1971, approximately 400 students have been enrolled in this program which to date has a 95% graduation rate.

8. **Boarding Home Grants: $350.0 GF.** In accordance with regulation, Galena City School District is requesting an increase in funding for an additional 55 beds (from 120 to 175 students) for the Galena Boarding Home Residential Program. The capacity increase is due to continued growth of the program and increased dormitory capacity.

9. **Professional Teaching Practices Commission: $252.1 GF.** The Governor's FY2010 budget includes a funding switch from Receipt Supported Services to GF in the amount of $252.1. For the most part, in the past the Professional Teaching Practices Commission (PTPC) has received their revenue from receipts collected through Teacher Certification fees. The fees collected from Teacher Certification services also support the Teacher Certification allocation. For FY2010, the Department has determined that in order to remain self-supporting, the Teacher Certification program no longer has the ability to distribute a portion of their receipts to the PTPC, which has resulted in the increment request. There is neither a plan to increase Teacher Certification fees, nor are additional applications expected.

10. School Finance & Facilities: $219.9 GF. General Fund increments in this area are divided into three requests:

(a) $24.7 for the FY2010 School Bus Transportation contract, which increased due to negotiated CPI adjustments;

(b) $45.2 for school bus driver training program increases; and

(c) $150.0 to provide additional auditors for intensive students. The Department states that these funds will allow for contracts for auditors to review *new* claims regarding intensive students. Currently new claims are backlogged as staff focus on federal programs and current claims. These contracts would take place regionally in Juneau, Anchorage and Fairbanks.

11. School Performance Incentive Program: ($4,800.0) GF: *Decrement* to remove funding for the School Performance Incentive Program, which was initially authorized as a three-year program (FY07 – FY09) and which will sunset at the completion of the FY09 incentive award distributions.

ORGANIZATIONAL CHANGES

There are no significant changes requested.

CAPITAL REQUEST

In addition to school district major maintenance grants totaling over $40 million, the Department of Education and Early Development's FY2010 capital budget includes $2 million GF for continued work on deferred maintenance and construction projects from the Mt. Edgecumbe High School six-year plan. Specific projects are determined by an annual review including verification that the school is performing maintenance and operation tasks in accordance with the requirements of AS 14.11.011.

Legislative Fiscal Analyst Comment: *The school debt reimbursement program is shown in a separate section of this overview that addresses debt obligations (see table on page 47).*

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Department of Environmental Conservation

All Dollars in Thousands

	(GF Only)	Change	% Change	See Note:
FY09 Conference Committee (GF Only)	**$18,888.7**			
FY09 Fiscal Notes	-			
CarryForward	-			
Special Appropriations	-			
Agency Transfers (excludes fuel/utility &gasline)	-			
09 Contractual Salary Adjustments	2.7			
09 Salary Fund Changes	-			
Misc Adjustments	-			
Vetoes	-			
FY09 Revised Management Plan (GF only)	**$18,891.4**	$2.7	0.0%	
One-time Items removed	(184.0)			
Transfers between Agencies (nets zero statewide)	-			
FY10 Contractual Salary and Health Increases	185.7			
Misc Adjustments	-			
FY10 Adjusted Base Budget (GF only)	**$18,893.1**	$1.7	0.0%	
FY 10 Unrealizable Salary Fund Source Changes	63.4			
FY 10 Governor's GF Increments/Decrements/Fund Changes	184.0			
FY10 Governor's Request (GF only)	**$19,140.5**	$247.4	1.3%	

FY10 Governor's Increments, Decrements and Fund Changes Less Unrealizable Salary Fund Source Changes	FY10 Adjusted Base Budget + Salary Fund Changes (GF Only)	FY10 Governor's Request (GF only)	Change from Revised FY10 Adj Base to FY10 Governor's Request	See Note:
Allocation			**$184.0**	
Air Quality	1,440.3	1,624.3	184.0	1

Non-General Fund Agency Summary	FY10 Adjusted Base Budget + Salary Fund Changes	FY10 Governor's Request	Change from Revised FY10 Adj Base to FY10 Governor's Request	See Note:
Federal Funds (all allocations)	21,497.6	21,497.6	-	
Other funds (all allocations)	33,407.5	33,496.9	89.4	2, 3
Total Non-General Funds (all allocations)	**$54,905.1**	**$54,994.5**	**$89.4**	
Position Changes (From FY09 Management Plan to Gov)	**537**	**538**	**1**	**2**
PFT	531	532	1	
PPT	1	1	-	
Temp	5	5	-	

Governor's Capital Request	State Funds (GF + Other)	Federal Funds	Total	See Note:
Planning and Research	4,474.6	877.7	5,352.2	
Maintenance, Renovation, and Repairs	5,000.0	-	5,000.0	
Remodel and Reconstruction	-	-	-	
New Construction and Land Acquisition	58,256.4	51,247.4	109,503.8	
Equipment and Materials	750.0	-	750.0	
Information Systems and Technology	-	-	-	
Other	-	-	-	
TOTAL CAPITAL	**$68,481.0**	**$52,125.0**	**$120,606.0**	

Department of Environmental Conservation

The Department of Environmental Conservation (DEC) is responsible for protecting human health and the environment. This agency provides the following core services:

- develop and enforce standards for protection of the environment;
- provide controls and enforcement for the prevention and abatement of pollution to the environment; and
- provide controls and enforcement to protect citizens from unsafe sanitary practices.

SIGNIFICANT ISSUES

The FY2010 Department of Environmental Conservation general fund operating budget submitted by the Governor is $249.1 GF above the FY09 Revised Management Plan (which excludes fuel/utility and gasline one-time funding of $111.0). The Governor's net GF change from Adjusted Base is $247.4, comprised of salary fund source changes and one GF increment in Air Quality.

The following notes correspond to the numbers in the last column of the preceding spreadsheet:

1. **Climate Change Sub-Cabinet Activity: $184.0 GF.** The Department anticipates that during 2009 and 2010, The Alaska Sub-Cabinet on Climate Change will provide climate change mitigation and adaptation recommendations to the Governor. These recommendations will require coordination between the public and private sectors, between state agencies, and within the Department of Environmental Conservation. The 2008 Legislature added a one-time $184.0 GF increment associated with the Climate Impact Work Group (as part of the Alaska Climate Change Sub-Cabinet established by Administrative Order #238). The Sub-Cabinet's work is not yet done, and the Department requests funds in Air Quality for its completion. Currently, over one hundred Alaskans are serving on various advisory and technical committees providing recommendations to the Sub-Cabinet. The draft strategy is scheduled to be available in late 2009 for public comment before submission to the Governor for approval. The requested funding would pay for contractual costs for preparing final recommendations, public meeting participation costs, advisor travel costs, and a small amount for commodities and personal services. The subcommittee may wish to consider classifying the increment as a one-time item.

2. **Oversight of Activities Associated with Increased Mining Activity: $145.0 Inter-Agency Receipts.** Because mining activities have increased during the last few years, the Division of Water requests funding to provide additional oversight by adding one permanent, full-time Environmental Engineer position (as well as funding for part-time positions) to work with federal agencies to complete a viable and protective mine permitting framework. The receipts come from existing Department of Natural Resources funds within the Large Project Permitting allocation, Resource Development appropriation.

3. **Continuation of Ocean Ranger Program: $4.0 million Ocean Ranger Funds.** The 2008 Legislature approved $4.0 million and implemented a new FY09 fund source code to track expenditures for the Ocean Ranger program and other oversight measures as called for by a ballot initiative passed in August 2006. The

FY2010 Governor's request continues funding for this program. During the 2008 cruise ship season, the Department implemented a full Ocean Ranger program on large cruise ships. Ocean Rangers rode approximately 89% of voyages while a ship was in Alaskan waters. The other vessel voyages were covered using in-port inspections. The $4.0 million annual cost of the program equals the Department's estimate of fees that will be collected from a $4 per berth tax imposed to provide funds for the State to hire or retain Coast Guard licensed marine engineers (Ocean Rangers) to observe health, safety, and wastewater treatment and discharge operations.

ORGANIZATIONAL CHANGES

There are no significant changes requested.

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Department of Fish and Game

All Dollars in Thousands

	(GF Only)	Change	% Change	See Note:
FY09 Conference Committee (GF Only)	**$54,916.9**			
FY09 Fiscal Notes	59.8			
CarryForward	-			
Special Appropriations	-			
Agency Transfers (excludes fuel/utility &gasline)	2,899.9			
09 Contractual Salary Adjustments	1.4			
09 Salary Fund Changes	-			
Misc Adjustments	-			
Vetoes	-			
FY09 Revised Management Plan (GF only)	**$57,878.0**	$2,961.1	5.4%	
One-time Items removed	(2,306.7)			
Transfers between Agencies (nets zero statewide)	-			
FY10 Contractual Salary and Health Increases	642.8			
Misc Adjustments	-			
FY10 Adjusted Base Budget (GF only)	**$56,214.1**	($1,663.9)	-2.9%	
FY 10 Unrealizable Salary Fund Source Changes	708.6			5
FY 10 Governor's GF Increments/Decrements/Fund Changes	1,803.7			
FY10 Governor's Request (GF only)	**$58,726.4**	$2,512.3	4.5%	

FY10 Governor's Increments, Decrements and Fund Changes Less Unrealizable Salary Fund Source Changes	FY10 Adjusted Base Budget + Salary Fund Changes (GF Only)	FY10 Governor's Request (GF only)	Change from Revised FY10 Adj Base to FY10 Governor's Request	See Note:
Allocation			**$1,803.7**	
AYK Region Fisheries Mgmt.	5,421.2	5,501.2	80.0	3
Westward Region Fisheries Mgmt.	6,692.4	7,486.1	793.7	2
Wildlife Conservation Special Projects	912.9	1,842.9	930.0	1

Non-General Fund Agency Summary	FY10 Adjusted Base Budget + Salary Fund Changes	FY10 Governor's Request	Change from Revised FY10 Adj Base to FY10 Governor's Request	See Note:
Federal Funds (all allocations)	55,114.5	54,612.5	(502.0)	
Other funds (all allocations)	67,181.1	66,920.1	(261.0)	4
Total Non-General Funds (all allocations)	**$122,295.6**	**$121,532.6**	**($763.0)**	
Position Changes (From FY09 Management Plan to Gov)	**1,739**	**1,739**	**0**	
PFT	910	910	-	
PPT	767	767	-	
Temp	62	62	-	

Governor's Capital Request	State Funds (GF + Other)	Federal Funds	Total	See Note:
Planning and Research	2,455.0	22,000.0	24,455.0	
Maintenance, Renovation, and Repairs	1,850.0	-	1,850.0	
Remodel and Reconstruction	-	-	-	
New Construction and Land Acquisition	775.0	2,325.0	3,100.0	
Equipment and Materials	-	-	-	
Information Systems and Technology	763.0	-	763.0	
Other	750.0	-	750.0	
TOTAL CAPITAL	**$6,593.0**	**$24,325.0**	**$30,918.0**	

Department of Fish and Game

The Department of Fish and Game (ADF&G) is charged with protecting and improving the fish, game, and aquatic plant resources of the state, and managing their use and development in the best interests of the economy and the people of the state, consistent with the sustained yield principle.

Core Services:

- Provide opportunity to utilize fish and wildlife resources;
- Ensure sustainable and harvestable surplus of fish and wildlife resources;
- Provide information to all customers;
- Involve the public in management of fish and wildlife resources; and
- Protect the state's sovereignty to manage fish and wildlife resources.

Goals:

- Optimize habitats and economic benefits from fish and wildlife resources;
- Optimize public participation in fish and wildlife pursuits; and
- Increase public knowledge and confidence about management of fish and wildlife.

SIGNIFICANT ISSUES

The FY2010 Department of Fish & Game general fund operating budget submitted by the Governor is $848.4 above the FY09 Revised Management Plan (which excludes fuel/utility and gasline one-time funding of $227.8). The Governor's net GF change from Adjusted Base is $2,512.3 comprised of salary fund source changes and a limited number of increments described in the numbered paragraphs below.

The Department of Fish and Game's request for FY2010 does not indicate any significant policy changes. The following are noteworthy items reflected in the budget request:

Use of Loan Funds. The Department of Commerce, Community, and Economic Development remains concerned about the long-term health of the Commercial Fisheries Revolving Loan Fund (CFRLF), which the Department of Fish and Game has used as a funding source for several years. Because loan interest rates are linked to the prime rate, and prime rate has fallen to an all-time low, fund income is in decline. Continuing to withdraw money from the loan fund for purposes not related to lending will eventually limit the ability to make loans. Subcommittees may wish to replace $1.3 million of CFRLF receipts used by the Department of Fish and Game with general funds. However, it should be noted that the CFRLF will receive no less than $10 million in direct payments from assignments of Exxon Valdez Oil Spill (EVOS) settlements in FY2011. Subcommittees may wish to examine use of Commercial Fisheries Entry Commission receipts as well.

Federal Funding Issues. For the past four fiscal years, the Department has budgeted federal receipts in excess of actual revenue by an average of $10.7 million per year. The Department states it is making efforts to reduce surplus federal authority for FY2010. The Governor's budget contains decrements that cut surplus federal funding authority by $572.0. Subcommittees may wish to request the Department to further reduce surplus federal authority.

The following notes correspond to the numbers in the last column of the preceding spreadsheet:

1. **Wildlife Conservation (W.C.) Special Projects: $930.0 GF.** In FY09, the legislature made a one-time appropriation of $1,180.0 GF for Pinniped Research (stellar sea lion, harbor seal, ice seals). The Department now requests that a portion of this funding be continued in FY2010. The ADF&G marine mammal program hopes to continue the research and data collection project, which the Department states has provided critical information on commercial fisheries, predation, oil and gas activities, and environmental variability as well as marine mammal populations protected under the Endangered Species Act (ESA).

2. **Commercial Fisheries, Westward Region Fisheries Mgmt.: $793.7 GF.** This general fund increment replaces a portion of a $1,043.7 one-time amount added in FY09 to support the Bering Sea crab research program. The Department states this funding is needed so the division can continue to provide supervision and perform data collection and analyses needed for abundance-based management of commercial king and Tanner crab stocks throughout the Bering Sea and Aleutian Islands area.

3. **Commercial Fisheries, AYK Region Fisheries: Mgmt.: $80.0 GF.** The Department is requesting GF to replace lost federal receipts that had been part of the funding for two subsistence programs in the AYK Region through the Office of Subsistence Management.

4. **Increased Specific Capital Receipt Authority from Pacific Coastal Salmon Recovery Fund (PCSRF) Program to fund CIP Position Costs in Commercial Fisheries Special Projects: 600.0 CIP.** The Division of Commercial Fisheries has additional PCSRF projects that will be funded in the FY10 budget which will require an additional $600.0 of CIP receipt authority to fund positions in the Special Projects Component.

5. **Fund Source Changes.** The Department is seeking $708.6 GF as fund source changes for Salary Adjustments. Subcommittees may wish to examine these fund source changes carefully to ensure that the funds being replaced with general funds are truly unavailable. Please see ***Fund Source Changes for Salary Adjustments*** on page 18 for further discussion of this issue.

ORGANIZATIONAL CHANGES

The Office of Habitat Management and Permitting (OHMP) of the Alaska Department of Natural Resources became the Division of Habitat, a part of the Alaska Department of Fish and Game, effective July 1, 2008, as a result of Executive Order 114. As part of this reorganization, special area planning, permitting functions, and staff, became part of the Division of Habitat, and offices have physically relocated.

CAPITAL REQUEST

The Department of Fish and Game's capital budget is primarily comprised of the following larger projects:

- **Pacific Coastal Salmon Recovery Fund: $22.0 million Federal Receipts**. Federal fiscal year 2009 (FFY09) appropriations legislation contains funding for the Pacific Coastal Salmon Recovery Fund (PCSRF). The Alaska portion of the federal appropriation is estimated to be up to $22.0 million. Funding comes to the state through a Memorandum of Understanding with the U.S. Department of Commerce designating the Alaska Department of Fish and Game as the program manager. This program seeks to maintain salmon populations for sustainability.

- **Genetic Analysis: $1.5 million GF.** This project proposes to continue the use of genetic stock identification to identify the stock composition of western Alaska chum and sockeye salmon fisheries. Upon completion, ADF&G and the stakeholders will have unprecedented information on the numbers and distribution in space and time of the various stocks of AYK (Alaska Yukon Kuskokwim) salmon to allow improved estimation of productivity and fishery impacts on a stock-specific basis.

- **Hazardous Site Cleanup: $750.0 GF.** The Department of Fish and Game has identified several sites across the state that have known, or suspected, hazardous substances contained at the location. This project provides funds to contract for hazardous substances/contamination site assessments and cleanup designs, and (pending funding) follow up with the actual site cleanup contracts. The funds would be allocated approximately as follows: Glennallen $250,000, Kodiak $250,000, and other smaller ADF&G facilities across the state $250,000.

- **Annual Maintenance and Repair: $1.1 million GF.** This request provides for repair, maintenance and renovation of department facilities statewide and vessel and aircraft repair and maintenance. This is an annual ongoing request.

- **Wildlife Conservation Response Team: $750.0 GF.** This project adds teams of trained wildlife technicians to take responsibility for the public education, proactive enforcement, and incidence responses regarding the increased interactions with wildlife in populated areas of the state. A Wildlife Conservation Response Team will be piloted for Anchorage, Kenai/Soldotna, Palmer, and Southeast communities beginning during the spring of 2010. The goal of the team is to save wildlife and work with the public to reduce inappropriate behaviors and practices that serve to entice wildlife into populated areas.

- **Sport Fish Recreational Access: $3.1 million ($2.3 million federal funds & $775.0 Fish/Game Funds).** This annual request authorizes the Division of Sport Fish to continue to construct and upgrade boating and sport fish access facilities statewide from funds comprised of 75% federal assistance and 25% Fish and Game Fund state match. Projects include: boat launches, mooring floats, parking lots, restrooms, fish cleaning facilities, and other services for recreational boaters.

The remainder of ADF&G's request is in seven projects totaling $791.0 in the areas of software development, salmon assessment, and interagency cooperation resources.

Office of the Governor

All Dollars in Thousands

	(GF Only)	Change	% Change	See Note:
FY09 Conference Committee (GF Only)	**$73,805.1**			
FY09 Fiscal Notes	92.3			
CarryForward	2,769.8			
Special Appropriations	10.0			
Agency Transfers (excludes fuel/utility &gasline)				
09 Contractual Salary Adjustments	-			
09 Salary Fund Changes	-			
Misc Adjustments	-			
Vetoes	(5.0)			
FY09 Revised Management Plan (GF only)	**$76,672.2**	$2,867.1	3.9%	
One-time Items removed	(57,083.5)			2, 4
Transfers between Agencies (nets zero statewide)	-			
FY10 Contractual Salary and Health Increases	416.6			
Misc Adjustments	-			
FY10 Adjusted Base Budget (GF only)	**$20,005.3**	($56,666.9)	-73.9%	
FY 10 Unrealizable Salary Fund Source Changes	3.7			
FY 10 Governor's GF Increments/Decrements/Fund Changes	27,742.6			
FY10 Governor's Request (GF only)	**$47,751.6**	$27,746.3	138.7%	

FY10 Governor's Increments, Decrements and Fund Changes Less Unrealizable Salary Fund Source Changes	FY10 Adjusted Base Budget + Salary Fund Changes (GF Only)	FY10 Governor's Request (GF only)	Change from Revised FY10 Adj Base to FY10 Governor's Request	See Note:
Allocation			**$27,742.6**	
Human Rights Commission	1,743.5	1,918.5	175.0	1
Redistricting Planning Commission	-	1,000.0	1,000.0	3
Executive Office	9,745.3	11,091.6	1,346.3	1
Governors House	378.9	478.9	100.0	1
Contingency Fund	710.0	800.0	90.0	1
Lieutenant Governor	1,001.0	1,201.0	200.0	1
Facilities Rent	422.9	526.2	103.3	1
Leasing	447.2	532.6	85.4	1
Office of Management and Budget	2,333.5	2,560.0	226.5	1
Elections	3,226.7	3,642.8	416.1	1
Branch-wide Fuel	-	24,000.0	24,000.0	2

Non-General Fund Agency Summary	FY10 Adjusted Base Budget + Salary Fund Changes	FY10 Governor's Request	Change from Revised FY10 Adj Base to FY10 Governor's Request	See Note:
Federal Funds (all allocations)	187.6	187.6	-	
Other funds (all allocations)	964.4	692.5	(271.9)	
Total Non-General Funds (all allocations)	**$1,152.0**	**$880.1**	**($271.9)**	
Position Changes (From FY09 Management Plan to Gov)	**205**	**183**	**(22)**	
PFT	160	160	-	
PPT	-	-	-	
Temp	45	23	(22)	4

Governor's Capital Request	State Funds (GF + Other)	Federal Funds	Total	See Note:
Planning and Research	-	-	-	
Maintenance, Renovation, and Repairs	-	-	-	
Remodel and Reconstruction	-	-	-	
New Construction and Land Acquisition	-	-	-	
Equipment and Materials	-	-	-	
Information Systems and Technology	11,320.9	864.3	12,185.2	
Other	-	-	-	
TOTAL CAPITAL	$11,320.9	$864.3	$12,185.2	

Office of the Governor

The Governor's Office is responsible for the operation of the executive branch of Alaska State government, with fiscal and policy duties conferred by the Alaska Constitution and statutes.

SIGNIFICANT ISSUES

The Governor's Office request for FY2010 reveals no significant changes in policy.

The practices of placing branch-wide appropriations (fuel costs and gasline development) in the Governor's Office and removing one-time items from the base budget make year-to-year budget comparisons difficult. Note that the FY09 budget of $76.7 million includes $57 million that is not carried into the FY2010 base budget. The result is that comparing the FY2010 request with the FY09 budget shows a decrease of $19 million, while comparing the request with the adjusted base shows an increase of $27.7 million. A more meaningful comparison focuses only on the FY2010 base increments; these include $2.7 million for various purposes (see the discussion of carryforward below) and $1 million for redistricting.

The following notes correspond to the numbers in the last column of the preceding spreadsheet:

1. Use of Carryforward from FY08. The Governor's Office has been permitted to carry forward unexpended operating appropriations for several years. Over $2.7 million of Governor's Office general funds was carried forward into FY09. The Governor's Executive Contingency Fund is the allocation that has been used in recent years to record the annual carryforward appropriation, which has historically been used by the Governor's Office for operational and unanticipated expenditures. Carryforward is considered to be a one-time item and is backed-out of the budget each year.

Last year, legislative leadership suggested that the annual carryforward appropriation should be eliminated and that the FY2010 Governor's Office budget should reflect appropriate funding levels in all allocations. The Governor's budget request shows FY09 Executive Contingency funds ($2.7 million) being carried forward into FY2010 and then transferred to various allocations within the Office of the Governor as follows:

Human Rights Commission	$175.0
Executive Office	1,346.3
Governors House	100.0
Contingency Fund	90.0
Lieutenant Governor	200.0
Facilities Rent	103.3
Leasing	85.4
Office of Management and Budget	226.5
Elections	416.1

Because the carryforward appropriation lapses at the end of FY09, the $2.7 million is not available for carryforward or transfer in FY2010. Legislative Finance replaced the

Governor's transfers with increments in order to match the amounts appearing in the Governor's request. Subcommittees may wish to ask the Governor's Office to provide information regarding the purpose of each amount in the table above.

2. **Special Fuel/Utility Cost Adjustment: $24 million GF contingency funding.** Section 13 of the Governor's operating budget bill appropriates up to $24 million (depending on the price of crude oil) to be distributed to agencies to cover increased fuel costs in FY2010.

   An FY09 appropriation of $44 million for increased fuel costs was distributed to agencies. The transfers were considered one-time items and were removed from agencies' FY2010 base budgets. The practice of including one-time branch-wide fuel appropriations in the Governor's Office budget inflates the apparent growth in the Governor's Office budget by $24 million; money appropriated via the fuel trigger will be spent by other agencies.

   Legislative Fiscal Analyst Comment: *The maximum amount of the appropriation corresponds to an average oil price of $60 per barrel. The table in section 13 is truncated before it reaches the projected FY2010 price of $74 per barrel. For further discussion, see section 13 of the review of language provisions in the Governor's operating bill.*

3. **Redistricting Planning Committee: $1,000.0 GF.** Chapter 4, SLA 1999 (now AS 15.10.300) established a Redistricting Planning Committee to make advance preparations for the Redistricting Board, which convenes in September of 2010. The Committee may obtain office space, staff and equipment, and procure a computerized system of data and maps for use by the Redistricting Board. This request kicks off the planning process for redistricting per the 2010 census.

4. **Elections: $3,670.8 GF Reduction.** The entire amount of the FY09 increment for general elections has been removed from the FY2010 budget. The reduction includes 29 temporary employees.

CAPITAL REQUEST

The Governor's Office capital budget contains several Information Technology projects that are to be allocated to various agencies. These projects are discussed in the reviews of the various agencies. The Governor's Office has no capital projects that apply to that Office.

ORGANIZATIONAL CHANGES

There are no structural changes, but several allocations no longer have funding. These include:

- the Statehood Celebration Commission,
- Arctic Wildlife Refuge, and
- Alaska Resources Marketing and Development.

In addition, $200.0 GF for the State Energy Coordinator has been moved to the Alaska Energy Authority.

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Department of Health and Social Services

All Dollars in Thousands

	(GF Only)	Change	% Change	See Note:
FY09 Conference Committee (GF Only)	**$903,387.5**			
FY09 Fiscal Notes	(42.0)			
CarryForward	-			
Special Appropriations	12,002.9			
Agency Transfers (excludes fuel/utility &gasline)	-			
09 Contractual Salary Adjustments	78.0			
09 Salary Fund Changes	-			
Misc Adjustments	-			
Vetoes	-			
FY09 Revised Management Plan (GF only)	**$915,426.4**	$12,038.9	1.3%	
One-time Items removed	(17,610.6)			
Transfers between Agencies (nets zero statewide)	-			
FY10 Contractual Salary and Health Increases	4,447.2			
Misc Adjustments	-			
FY10 Adjusted Base Budget (GF only)	**$902,263.0**	($13,163.4)	-1.4%	
FY 10 Unrealizable Salary Fund Source Changes	123.5			
FY 10 Governor's GF Increments/Decrements/Fund Changes	47,633.9			
FY10 Governor's Request (GF only)	**$950,020.4**	$47,757.4	5.3%	

FY10 Governor's Increments, Decrements and Fund Changes Less Unrealizable Salary Fund Source Changes	FY10 Adjusted Base Budget + Salary Fund Changes (GF Only)	FY10 Governor's Request (GF only)	Change from Revised FY10 Adj Base to FY10 Governor's Request	See Note:
Allocation			**$47,633.9**	
Behavioral Health Grants	9,114.0	13,608.2	4,494.2	**1, 4**
Services for Severely Emotionally Disturbed Youth	9,445.2	11,645.2	2,200.0	**7**
Front Line Social Workers	24,644.8	29,155.7	4,510.9	**2**
Family Preservation	4,075.0	6,698.8	2,623.8	**2, 5, 8**
Subsidized Adoptions and Guardianship	10,192.3	12,153.1	1,960.8	**5**
Infant Learning Programs	5,167.4	7,182.3	2,014.9	**5, 7**
Adult Preventative Dental Medicaid Services	-	2,602.0	2,602.0	**1**
Child Care Benefits	8,918.9	12,224.3	3,305.4	**6**
Energy Assistance Program	3.6	5,003.6	5,000.0	**3**
Senior and Disabilities Medicaid Services	156,993.2	171,612.6	14,619.4	**1**
All Other Increments	673,832.1	678,134.6	4,302.5	

Non-General Fund Agency Summary	FY10 Adjusted Base Budget + Salary Fund Changes	FY10 Governor's Request	Change from Revised FY10 Adj Base to FY10 Governor's Request	See Note:
Federal Funds (all allocations)	1,003,436.4	987,422.6	(16,013.8)	**1, 2, 8**
Other funds (all allocations)	164,599.6	163,893.6	(706.0)	
Total Non-General Funds (all allocations)	**$1,168,036.0**	**$1,151,316.2**	**($16,719.8)**	
Position Changes (From FY09 Management Plan to Gov)	**3,641**	**3,671**	**30**	
PFT	3,436	3,465	29	
PPT	94	95	1	
Temp	111	111	-	

Governor's Capital Request	State Funds (GF + Other)	Federal Funds	Total	See Note:
Planning and Research	-	-	-	
Maintenance, Renovation, and Repairs	4,750.0	203.9	4,953.9	
Remodel and Reconstruction	10,550.0	-	10,550.0	
New Construction and Land Acquisition	2,200.0	-	2,200.0	
Equipment and Materials	1,974.3	540.8	2,515.1	
Information Systems and Technology	820.2	215.2	1,035.4	
Other	-	-	-	
TOTAL CAPITAL	**$20,294.5**	**$959.8**	**$21,254.3**	

Department of Health and Social Services

The Department of Health and Social Services (DHSS) promotes and protects the health and well-being of Alaskans through the following core services:

- providing the highest quality of life in a safe home environment for older Alaskans and veterans;
- providing an integrated and comprehensive behavioral health system based on sound policy, effective practices, and open partnerships;
- promoting stronger families, and safer children;
- managing health care coverage for Alaskans in need;
- holding juvenile offenders accountable for their behavior, promoting the safety and restoration of victims and communities, and assisting offenders and their families in developing skills to prevent crime;
- promoting self-sufficiency and providing basic living expenses to Alaskans in need;
- protecting and promoting the health of Alaskans;
- promoting independence of Alaska seniors and people with physical and developmental disabilities; and
- providing quality administrative services supporting the Department's mission.

SIGNIFICANT ISSUES

The FY2010 Department of Health and Social Services general fund operating budget as submitted by the Governor is $34.6 million above the FY09 Revised Management Plan (which excludes fuel/utility and gasline one-time funding of $1,760.0). The Governor's net GF change from Adjusted Base is $47.8 million. This is the smallest increase requested since FY2005.

The Department is targeting five program areas in meeting their theme of, "helping individuals and families create safe and healthy communities." The targeted areas include:

1. Substance Abuse;
2. Health and Wellness;
3. Health Care Reform;
4. Long-Term Care Programs; and
5. Protecting Vulnerable Alaskans.

The largest general fund cost increases in the Governor's FY2010 budget are for the following:

- Medicaid costs—$35.5 million, with reductions of $21.2 million, for a net increase of $14.3 million for Medicaid;
- Children's Services programs and Child Care programs—$7.1 million;
- Alaska Heating Assistance Program—$5.0 million; and
- Substance Abuse and Mental Health programs—$4.5 million GF.

Some requested increases in general funds are attributable to decreases in federal receipts (resulting in the need for general funds to replace federal funds in order to maintain service levels):

- Temporary Assistance for Needy Families (TANF)—the estimated FY2010 cost to continue assisting families with children is $5.1 million GF; and
- Child Advocacy Centers (including the cost of establishing two new centers)—the estimated FY2010 cost is $1.1 million GF.

Significant increases in the Governor's budget are discussed below. The following notes correspond to the numbers in the last column of the preceding spreadsheet:

1. **Medicaid Increments: $35.5 million GF.** Medicaid-related increases appear in the Behavioral Health, Adult Preventative Dental Medicaid Services, Health Care Services, and Senior/Disabilities Medicaid appropriations. Increases in Medicaid programs are attributable to the additional capacity expected as a result of the completion of new facilities and to proposed increases in provider reimbursement rates. Additional funding requests include the re-enrollment and updating of provider information in the Department's current Medicaid information system (required by the Federal Centers for Medicare and Medicaid Services), and adding new positions for performing eligibility assessments for Medicaid recipients.

   The Department's request includes the following reductions, which give a net overall Medicaid increase of $14.3 million:

   - Cost containment measures and reduced Medicaid authorizations ($13.5 million). Reductions in this year's budget are due to expanding the use of a Preferred Drug List, requiring prior authorization for certain medical services, and the continued use of the supplemental rebate program; and
   - FFY2010 Federal Medical Assistance Percentage (FMAP) rate increase of 0.9 percentage point ($7.7 million). The rate change reduces GF and increases federal funds in the Behavioral Health, Children's Services, Health Care Services, and the Senior and Disabilities Services appropriations. The rate change affects three-quarters of state FY2010.

     The federal fund reimbursement rate is set by the Centers for Medicare and Medicaid and is outside the control of state government. The FMAP rate is based on the state's national rank of per capita personal income but can be no less than 50%. The amount of federal funds the state receives for its Medicaid program depends on a complex array of reimbursement rates, some of which change each October 1st with the start of a new federal fiscal year.

     This is the first FMAP rate increase since FFY2004. During the period from FFY2004 through FFY2009, the FMAP rate (which is the percentage of program expenses reimbursed by the federal government) decreased by 10.81 percentage points, which shifted a larger share of increasing health care costs to the state.

     The FMAP rate change also affects the State Children's Health Insurance Program (SCHIP) and the Breast and Cervical Cancer program (BCC), both of which are part of Alaska's Medicaid program. Eligible claims for SCHIP and BCC are reimbursed at an enhanced FMAP rate which reduces the state share of costs by 30% over the regular FMAP.

Legislative Fiscal Analyst Comment: *According to the "check write" information available on-line, the FY09 authorization may exceed Medicaid projections by as much as $40 million. Subcommittees may wish to discuss Medicaid expenditure projections and whether further GF surpluses may exist in the FY2010 budget.*

2. **Temporary Assistance for Needy Families (TANF): $5.1 million GF.** General funds are requested to replace lost federal receipts for the state's TANF program within the Children's Services Appropriation (Front Line Social Workers and Family Preservation allocations). The availability of TANF funding has diminished due to the effects of:

- elimination of TANF high performance bonuses (Alaska earned over $12 million in four years) and limiting the extension of supplemental grants to states with high population growth through FFY2009 (Alaska's annual high population grant is about $7 million);
- slower growth in the number of families on temporary assistance; and
- reductions in Alaska's annual TANF block grant as more Tribal TANF programs are established.

Under the welfare reform legislation of 1996 (the Personal Responsibility and Work Opportunity Reconciliation Act), TANF replaced the welfare program known as Aid to Families with Dependent Children (AFDC). The TANF block grant is designed and operated to accomplish:

- assisting needy families so that children can be cared for in their own homes;
- reducing the dependency of needy parents by promoting job preparation, work, and marriage;
- preventing out-of-wedlock pregnancies; and
- encouraging the formation and maintenance of two-parent families.

Alaska's temporary assistance program uses a "Work First" approach, which focuses on getting a job, then developing skills and work habits on the job in order to advance sufficiently to leave temporary assistance.

3. **Alaska Heating Assistance Program: $5.0 million GF.** The requested GF would be added to the base operating budget of the Energy Assistance Program allocation to maintain services beyond FY09. Last year's enacted budget included $10.0 million GF in one-time funding.

In FY09, the legislature appropriated $10.0 million GF and established a state heating assistance program that extended the federal Low-Income Home Energy Assistance Program (LIHEAP). LIHEAP program eligibility is capped at 150% of the federal poverty level and benefit amounts are based on a point system that considers household size and income, fuel costs and the type of housing. The state program provides home heating assistance to households with income levels between 150% and 225% of the federal poverty guidelines for Alaska. The Department estimates that as many as 8,800 households could qualify for the program in FY2010.

4. **Substance Abuse Programs: $4.5 million GF.** The increments requested provide funding in the Behavioral Health Grants allocation to various community based

grantees, the Palmer Mental Health Court participants, and the new Fairbanks Enhanced Detoxification Center. The funding would provide assessment and treatment of Alaskans with substance abuse and/or mental health illnesses. Increments include:

- $1.8 million GF for hard-to-serve adults with severe and persistent mental health illnesses, substance abuse problems, as well as repeated hospitalization, incarceration, and homelessness. Funding would provide treatment capacity for nursing care, 24 hour/day case manager support, daily medication administration, residential dual diagnosis, and transportation to services;
- $1.8 million GF for a 9% increase in statewide grant funding for substance abuse treatment services. The request would provide funding to agencies that are not able to bill Medicaid (due to Medicaid-related exclusions and non-eligible populations);
- $500.0 GF to cover the costs for Alaskans who don't have Medicaid or private insurance coverage. The funding fills the gap (for the new Fairbanks Enhanced Detoxification Center) between total operating costs and the amount of revenue that can be generated from Medicaid and other third-party billings;
- $419.2 GF for grant programs providing prevention and treatment services for substance abuse and mental health clients. The intent is to enhance community based models by recruiting and retaining a qualified workforce; and
- $75.0 GF to continue treatment capacity for Therapeutic Court Participants with co-occurring disorders (mental health and substance abuse), and providing assessment and treatment services (Palmer Mental Health Court program).

5. Children's Services Grantee and Rate Increases: $3.8 million GF. The GF increments include both grantee cost-of-operating increases and provider rate increases within the Family Preservation, Subsidized Adoptions and Guardianship, Residential Child Care, and Infant Learning Program allocations.

- $863.7 GF to address a 4.6% increase in grantee operating costs. According to the Department, without this increment, existing grant funds would need to be used to cover overhead costs, thereby reducing the services currently being provided to vulnerable Alaskans.
- $1.4 million GF for adoption subsidies to foster care base rate levels. Subsidized adoption rates are negotiated using the foster care base rate as the cap. According to the Department, most rates are negotiated at about 85% of the foster care base rate. In FY09 the foster care base rate increased by 28.9%, which affects subsidized adoption rates negotiated since FY06.
- $1.5 million GF increase for Early Intervention/Infant Learning Program (EI/ILP) provider rate increases. The intent of the funding is to adjust for inflation from 2003 for increases in therapy services, travel, fuel and personnel costs. The request is expected to recover up to 20 providers and one training coordinator. The EI/ILP program was not included in last year's provider rate increases.

In 2003, Congress reauthorized the Child Abuse and Prevention and Treatment Act (CAPTA). This required a referral for all children under the age of three with a substantiated report of abuse or neglect to the EI/ILP. Since 2003, EI/ILP has seen a 50% increase in referrals and a corresponding increase in children eligible for services. The federal reauthorization mandate did not include funding for the increase in referrals or services.

6. **Child Care Provider Rate Increases: $3.3 million GF.** This GF increase in the Child Care Benefits allocation is for adjusting the Child Care Provider Rates and grantee cost-of-operating increases for the Anchorage Bowl area. Increments include:

   - $3.0 million GF to increase Child Care Rates to bring the state subsidy rates closer to the 75th percentile, as recommended by the federal government. The rates are currently at the 50th percentile, according to the Department's 2007 Child Care Market Rate Survey. The Department plans to conduct another Child Care Market Rate Survey in March of 2009. The information will be used in conjunction with the Department's comprehensive rate study to develop standardized methodologies for calculating child care rates and recommendations for the FY2010 rate increase.

     Legislative Fiscal Analyst Comment: *The requested increment, as stated by the Department, is an estimate of the cost to bring the rates closer to the 75th percentile. However, the next scheduled Child Care Market Rate Study is not expected to be completed until March of 2009. The subcommittees may wish to explore postponing the increment request until the March 2009 Child Care Market Rate Study is completed and a more accurate figured is calculated.*

   - $305.4 GF to maintain service levels and avoid service reductions for grantees in the Anchorage Bowl area. Eligibility determinations for Child Care Assistance, Child Care Resource and Referral services, and Child Care Licensing in the Anchorage Bowl are provided through community grantees. The inflation adjustment is estimated to be 4.6% in FY2010.

7. **Youth Experiencing Serious Emotional Disturbances (SED): $2.2 million GF.** Increment requests within the Services for Severely Emotionally Disturbed Youth and Infant Learning Program allocations focus on reducing the need for more costly residential level services for youth experiencing serious emotional disturbances. General fund increments include the following:

   - $1.1 million to expand grant funding to Community Behavioral Health Centers for enhancing outpatient services using innovative programs and training. The emphasis will be for youth from birth to age six with Fetal Alcohol Syndrome;
   - $500.0 for continued care of youth experiencing SED who are not qualified under Medicaid or need non-Medicaid eligible services to stay at lower levels of care and avoid more costly Residential Psychiatric Treatment Centers (RPTC);
   - $400.0 to assist in establishing treatment services for SED children in rural areas and to support tribal expansion in the delivery of this health service; and
   - $200.0 to establish an early childhood mental health learning network, add a state coordinator, and provide grant funding for early childhood screening and intervention services at day care programs and Head Start programs to intervene early with youth at-risk of experiencing SED. The funding is part of the Bring-The-Kids Home Initiative in intervening early with youth at risk and avoiding placements in costly out-of-state RPTCs.

8. **Support for Child Advocacy Centers (CAC): $1.1 million GF.** This request for $1.1 million in general funds is to replace lost federal receipts to operate existing centers and support new centers in Homer and Glenallen.

A federal grant from the United States Department of Justice, Office of Juvenile Justice and Delinquency Prevention, provided funding to establish Alaska's Child Care Advocacy Centers over the last five years. At the end of FY09, this federal funding will be exhausted. According to the Department's latest data, reports of child sexual abuse and physical abuse increased 7% from FY07 to FY08.

During the five-year period, Alaska established Child Advocacy Centers in Anchorage, Wasilla, Juneau, Bethel, Nome, Fairbanks, and Dillingham. Child Advocacy Centers provide services for child sexual abuse victims and severe physical abuse victims, ages 0 through 18, and their non-offending parents. This includes a safe, child-friendly place to interview and receive forensic medical examinations and mental health services or referrals. Each victim is assigned a specialized family advocate who will remain with the child and family throughout the investigative process.

ORGANIZATIONAL CHANGES

Behavioral Health Appropriation:

- **Alaska Psychiatric Institute Advisory Board:** In July of 2008, the Governor established the Alaska Psychiatric Institute Advisory Board (Administrative Order Number 241). The advisory board will provide advice and recommendations to the Department's commissioner for meeting the needs of the state and the institute's patients and their families.
- **Alaska Mental Health & Alcohol & Drug Abuse Boards:** According to a Department press release, the above entity will move from the Boards and Commissions appropriation to the Behavioral Health appropriation to more closely align the constituent groups represented by the board or commission.

Health Care Services Appropriation:

- **Health Facilities Survey:** The new allocation's core service is to have certification and licensing surveyors inspect health care facilities in the state to determine whether they meet state and federal standards, and investigate complaints made against care providers. The purpose of the inspection is to determine a care provider's ability to offer services that are safe and meet acceptable standards. The Health Facility Survey program was previously housed in the Certification and Licensing allocation in FY09.

Public Health Appropriation:

- **Preparedness Program:** This newly created allocation's focus will be on the coordination and management of public health and emergency medical disaster preparedness activities such as planning, training, exercises and resource development. The program will provide expertise and funding for public health and emergency medical disaster preparedness to the Municipality of Anchorage, Alaska Native Tribal Health Consortium, all Alaska hospitals, nursing homes and primary care clinics.

Senior and Disabilities Services:

- **Governor's Council on Disabilities and Special Education and the Alaska Commission on Aging:** According to a Department press release, the above entities

will move from the Boards and Commissions appropriation to the Senior and Disabilities appropriation to more closely align the constituent groups represented by the board or commission.

CAPITAL REQUEST

The agency's $21.3 million capital budget includes the following:

- Phase 1 of 4 for renovating the Johnson Youth Center ($9.5 million GF). This phase includes renovation and expansion of the detention unit, new medical suite, and new admissions and police entry areas. Phases 2 through 4 would occur in FY12 – FY14 and are expected to cost an additional $8.1 million GF.
- The Johnson Youth Center is located in Juneau and is the State's fourth oldest facility. According to the Department's 2007 Assessment Study, threats to safety and security in this facility are a result of aging infrastructure, overcrowding, and an increase in behavioral health issues. The original structure is 50 years old and, according to the Department, needs safety and security issues addressed in order to expect positive results from the staff. Examples of deficiencies include antiquated door locking systems and design flaws that prevent adequate observation of the residents.

Section 10 of the Governor's capital budget appropriates $11.7 million in Information Technology Projects to the Governor's Office. Four of these projects are allocated to the Department of Health and Social Services for $2.2 million GF and $838.7 Federal Receipts as follows:

- Personal Information Protection Data Encryption, $736.3 GF/$81.8 Federal Receipts;
- Health Insurance Portability and Accountability Act Compliance, $668.7 GF/$668.7 Federal Receipts;
- Disaster Recovery, $368.2 GF/$40.9 Federal Receipts/$40.9 Federal Receipts; and
- Contract Management Automation System, $425.5 GF/$47.3 Federal Recipts.

Department of Labor and Workforce Development

All Dollars in Thousands

	(GF Only)	Change	% Change	See Note:
FY09 Conference Committee (GF Only)	**$29,278.8**			
FY09 Fiscal Notes	148.6			
CarryForward	395.4			
Special Appropriations	-			
Agency Transfers (excludes fuel/utility &gasline)	-			
09 Contractual Salary Adjustments	-			
09 Salary Fund Changes	-			
Misc Adjustments	-			
Vetoes	-			
FY09 Revised Management Plan (GF only)	**$29,822.8**	$544.0	1.9%	
One-time Items removed	(4,115.4)			
Transfers between Agencies (nets zero statewide)	-			
FY10 Contractual Salary and Health Increases	285.2			
Misc Adjustments	-			
FY10 Adjusted Base Budget (GF only)	**$25,992.6**	($3,830.2)	-12.8%	
FY 10 Unrealizable Salary Fund Source Changes	308.6			
FY 10 Governor's GF Increments/Decrements/Fund Changes	4,699.8			
FY10 Governor's Request (GF only)	**$31,001.0**	$5,008.4	19.3%	

FY10 Governor's Increments, Decrements and Fund Changes Less Unrealizable Salary Fund Source Changes	FY10 Adjusted Base Budget + Salary Fund Changes (GF Only)	FY10 Governor's Request (GF only)	Change from Revised FY10 Adj Base to FY10 Governor's Request	See Note:
Allocation			**$4,699.8**	
Data Processing	501.1	526.1	25.0	
Labor Market Information	1,325.2	1,470.2	145.0	4
Occupational Safety & Health	22.8	12.6	(10.2)	7
Workforce Investment Board	5.1	135.1	130.0	5
Business Services	2,329.3	2,914.3	585.0	2
SW AK Voc Educ Ctr Ops Grant	-	195.0	195.0	3
Construction Academy Training	-	3,500.0	3,500.0	1
Client Services	4,127.1	4,257.1	130.0	6

Non-General Fund Agency Summary	FY10 Adjusted Base Budget + Salary Fund Changes	FY10 Governor's Request	Change from Revised FY10 Adj Base to FY10 Governor's Request	See Note:
Federal Funds (all allocations)	86,594.7	85,751.6	(843.1)	
Other funds (all allocations)	57,363.2	58,432.5	1,069.3	
Total Non-General Funds (all allocations)	**$143,957.9**	**$144,184.1**	**$226.2**	
Position Changes (From FY09 Management Plan to Gov)	**962**	**963**	**1**	
PFT	825	825	-	
PPT	114	115	1	
Temp	23	23	-	

Governor's Capital Request	State Funds (GF + Other)	Federal Funds	Total	See Note:
Planning and Research	-	-	-	
Maintenance, Renovation, and Repairs	-	-	-	
Remodel and Reconstruction	1,500.0	-	1,500.0	
New Construction and Land Acquisition	32,000.0	-	32,000.0	
Equipment and Materials	2,310.5	-	2,310.5	
Information Systems and Technology	3,367.6	-	3,367.6	
Other	-	-	-	
TOTAL CAPITAL	**$39,178.1**	**$0.0**	**$39,178.1**	

Department of Labor and Workforce Development

The Department of Labor and Workforce Development (DOLWD) is responsible for providing safe and legal working conditions and advancing employment opportunities. It has also been charged with developing a statewide training program for an Alaskan workforce capable of managing, constructing, operating, and maintaining a gasline. To accomplish these goals the Department provides the following core services:

- Employment Assistance;
- Training and Education;
- Workforce and Economic Development;
- Injured Worker and Unemployment Compensation;
- Statutory and Regulatory Assistance and Enforcement; and
- Assistance to people with disabilities to obtain and maintain employment.

SIGNIFICANT ISSUES

The FY2010 Department of Labor and Workforce Development's general fund operating budget submitted by the Governor is $1,178.2 more than the FY09 Revised Management Plan (which excludes fuel/utility and gasline one-time funding of $963.6). The Governor's net GF change from Adjusted Base is an increase of $5,008.4 million, which is comprised of salary fund source changes and the increments described in the numbered paragraphs below. The Department's request for FY2010 does not indicate any significant policy changes. The following notes correspond to the numbers in the last column of the preceding spreadsheet:

1. **Construction Academy Training: $3,500.0 GF.** The Alaska Construction Academy received funding in the capital budget in FY07 and FY08, and in FY09 funding was moved to the operating budget. This request seeks to continue the appropriation that was received in FY09 as a one-time item. The Department states that an aging workforce and lack of available training opportunities for young Alaskans leave the construction, mining, transportation and energy industries with a significant shortage of skilled workers. The Department believes the shortage can be remedied in part through continuation of this program. The training takes place in existing facilities throughout the state.

2. **Workforce Development Business Services: $585.0 GF: $575.1 STEP Funds, & $128.5 Votech Ed Funds.** A requested GF one-time increment of $585.0 reestablishes one-time funds received in FY09 as part of the Department's Gasline Training Program. The increment is intended to provide:

   - Training to at least 70 apprentices at Regional Training Centers for gasline related occupations ($180.1);
   - Funding for cooperative training agreements with business and industry for registered apprentices and on-the-job training for approximately 125 workers ($321.7); and
   - Funding for Division of Business Partnerships staff assigned to assist in development of this project ($83.2).

The Business Services Unit is also requesting base increments of State Training & Employment Program (STEP) ($575.1) funds for training and Technical Vocational Education Program Receipts (TVEP) ($128.5) funds for administrative functions.

3. **SW AK Vocational Education Center Ops Grant: $195.0 GF.** The proposed Governor's budget seeks to reestablish one-time funds of $195.0 GF, received in FY09, by Southwest Alaska Vocational and Education Center (SAVEC). The Department says these funds represent approximately one-quarter of the current SAVEC annual operating budget and that a loss of the funds would present SAVEC with significant challenges to continued operations and services. As submitted, the increment would be added to base budgets in future years.

4. **Labor Market Information, Gasline Training Program Guide: $145.0 GF.** The Department requests continuation of a one-time FY09 appropriation for development of a web and print-based Alaska Training Program guide and for development and dissemination of regional employment data products. The guide is intended to identify training programs including Regional Training Centers, State Training Centers, University of Alaska, Registered Apprenticeships, the Pipeliner Training facility and associated career opportunities. The subcommittee may wish to inquire why the guide is not yet completed and to determine how much more time and money are needed to complete and maintain the Program Guide.

5. **Workforce Investment Board – AGIA Training Program: $130.0 GF.** The Department seeks to continue a FY09 one-time appropriation as part of the Department's Gasline Training Program. These funds will support an existing Education Specialist II position and associated costs. The Education Specialist will serve as the education skills coordinator for the Department of Labor and Workforce Development, to implement vocational education strategies contained in the Department's Gasline Training Strategic Plan. The Department requests that the increment be added to base budgets in future years.

6. **Client Services, Voc Rehab Lease Cost Increase: $130.0 GF.** The University of Alaska chose not to renew the lease for the space occupied by the Vocational Rehabilitation Office on University Lake Drive in Anchorage. That lease expires February 28, 2009. An agreement for new space was reached with the Municipality of Anchorage. However, the new space will cost $387,000 per year as compared to $257,000 for the space being vacated. Without this additional $130.0 GF funding, the Department states it may need to layoff a counselor, serving approximately 115 individuals, to pay the additional lease amount.

7. **Workers' Compensation Fund Change, ($10.2) GF, Occupational Safety and Health, Mech. Inspection Program Fund Change: $294.5 Workers' Safety Account (WSA).** The Department is proposing a change to the funding source for a portion of the elevator, boiler/pressure vessel, electrical and plumbing inspections. This change is dependent on approval of a requested $294.5 increase to WSA funding in the OSH component. Inspections are currently fee-supported, but revenue is not sufficient to cover all program and training costs. Nearly all mechanical inspections provide a significant degree of workplace safety. Consequently, the Department proposes to fund a portion of all inspection costs from the Workers' Safety Account instead of from the Building Safety Account. The statutory authority for WSA funding is maintained by the Occupational Safety and Health (OSH) component.

Through a reimbursable services agreement, OSH will contract with Mechanical Inspection to provide these inspections in places of employment.

ORGANIZATIONAL CHANGES

The Construction Academy Training was a separate appropriation in FY09. The FY2010 proposed structure makes it an allocation under the Workforce Development appropriation. Subcommittees may wish to consider retaining this program as a separate appropriation.

CAPITAL REQUEST

The Department of Labor and Workforce Development's capital budget totals $39.2 million, of which $36.1 is GF. These projects are:

- **AVTEC Dormitory Replacement: $20 million Alaska Housing Capital Corporation (AHCC) funds**. The Department requests these funds for replacement of an existing 120-bed facility that has several Americans with Disabilities Act (ADA) code and life-and-safety-deficiencies. The new facility will be fully accessible and reflect the current style dorm preferred by prospective students and will have handicap access.

  Legislative Fiscal Analyst Comment: *The AHCC fund source is classified as GF in Legislative Finance Division's view of the budget. The Governor classifies these receipts as "Other" Funds, leading to a discrepancy in how the capital project is classified.*

- **AVTEC Heavy Equipment Shop and Pipe Welding Program: $12.0 million AHCC funds.** The Department seeks funding to add a 16,000 square foot steel fabricated building to AVTEC's Applied Tech campus to house the Heavy Equipment and Diesel programs. The Heavy Equipment program relocation will facilitate the demolition of the existing building which has Americans with Disabilities Act (ADA) code and life-and-safety deficiencies.

- **Fairbanks Pipeline Training Center: $2.3 million AHCC funds.** The Department requests equipment funding for the Fairbanks Pipeline Training Center. With this additional equipment, the center will have the capacity to train up to 200 students per year initially, increasing to 400 per year during the peak construction phase of the natural gas pipeline.

- **AVTEC Deferred Maintenance and Expansion: $1.5 million GF**. This funding is requested for deferred maintenance in order to obtain materials and equipment for ongoing work performed by AVTEC's maintenance staff, or contractors, especially in the Industrial Electric training facility. Ability to take care of deferred maintenance allows AVTEC to provide safe environments for AVTEC students receiving training for future employment in Alaska.

- **Social Security and Employment Data Interface: $275.4 GF.** Funds are requested for the Division of Vocational Rehabilitation to create an electronic interface between the Division's management information system, the Social Security Administration's (SSA) beneficiary database housed in the Department of Health and Social Services and the unemployment insurance database in the Department of Labor and Workforce Development. The interface is needed to process state reimbursement

claims under SSA's Ticket to Work program and to help clients become more economically self-sufficient.

- **WC Computer Application/Platform Upgrade: $3.1 million Workers Safety funds**. The Workers' Compensation system, at the direction of the Department of Administration, needs to be upgraded to the ".Net" programming application because the old platform "VB6" will no longer be supported by Microsoft. The upgrade appears essential to the program's continued efficient functioning.

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Department of Law

All Dollars in Thousands

	(GF Only)	Change	% Change	See Note:
FY09 Conference Committee (GF Only)	**$51,053.4**			
FY09 Fiscal Notes	428.8			
CarryForward	700.0			
Special Appropriations	-			
Agency Transfers (excludes fuel/utility &gasline)	-			
09 Contractual Salary Adjustments	-			
09 Salary Fund Changes	-			
Misc Adjustments	-			
Vetoes	(142.9)			
FY09 Revised Management Plan (GF only)	**$52,039.3**	$985.9	1.9%	
One-time Items removed	(8,400.0)			
Transfers between Agencies (nets zero statewide)	-			
FY10 Contractual Salary and Health Increases	1,381.8			
Misc Adjustments	-			
FY10 Adjusted Base Budget (GF only)	**$45,021.1**	($7,018.2)	-13.5%	
FY 10 Unrealizable Salary Fund Source Changes	16.3			
FY 10 Governor's GF Increments/Decrements/Fund Changes	7,136.9			
FY10 Governor's Request (GF only)	**$52,174.3**	$7,153.2	15.9%	

FY10 Governor's Increments, Decrements and Fund Changes Less Unrealizable Salary Fund Source Changes	FY10 Adjusted Base Budget + Salary Fund Changes (GF Only)	FY10 Governor's Request (GF only)	Change from Revised FY10 Adj Base to FY10 Governor's Request	See Note:
Allocation			**$7,136.9**	
Third Judicial District: Anchorage	6,370.1	6,721.3	351.2	2
Deputy Attorney General's Office	508.6	748.1	239.5	2
Oil, Gas and Mining	3,443.2	9,802.4	6,359.2	1
Statehood Defense	879.8	1,066.8	187.0	3

Non-General Fund Agency Summary	FY10 Adjusted Base Budget + Salary Fund Changes	FY10 Governor's Request	Change from Revised FY10 Adj Base to FY10 Governor's Request	See Note:
Federal Funds (all allocations)	3,233.7	3,233.7	-	
Other funds (all allocations)	24,715.0	25,064.4	349.4	
Total Non-General Funds (all allocations)	**$27,948.7**	**$28,298.1**	**$349.4**	
Position Changes (From FY09 Management Plan to Gov)	**559**	**559**	**0**	
PFT	551	552	1	
PPT	8	7	(1)	
Temp	-	-	-	

Governor's Capital Request	State Funds (GF + Other)	Federal Funds	Total	See Note:
Planning and Research	-	-	-	
Maintenance, Renovation, and Repairs	-	-	-	
Remodel and Reconstruction	-	-	-	
New Construction and Land Acquisition	-	-	-	
Equipment and Materials	-	-	-	
Information Systems and Technology	-	-	-	
Other	-	-	-	
TOTAL CAPITAL	$0.0	$0.0	$0.0	

Department of Law

The mission of the Department of Law is to provide legal services to state government and to prosecute crime. The Department represents the state in:

- prosecuting violators of state criminal laws;
- representing the state in legal actions;
- providing legal services in the resolution of tax and royalty disputes;
- providing consumer protection;
- providing legal services for extraordinary proceedings such as oil and gas litigation; and
- advising state agencies in areas of legal concern, including promulgating regulations and drafting legislation.

The Criminal Division protects the public by prosecuting all violations of state criminal law committed by adults and juveniles, and by placing them under appropriate controls. The Civil Division serves the interest of Alaska's citizens by providing legal counsel to the executive branch in all civil actions. The Administrative Services Division provides the core administrative services that are essential to the day-to-day operation of the Department and to managing the resources of the Department.

SIGNIFICANT ISSUES

The FY2010 Department of Law GF operating budget as submitted by the Governor is $135.0 above the FY09 Revised Management Plan (which excludes fuel/utility & gasline one-time funding of $3.5 million). The Governor's net GF change from Adjusted Base is $7,153.2, which is comprised primarily of increments in the Oil, Gas and Mining appropriation.

The following notes correspond to the numbers in the last column of the preceding spreadsheet:

1. Oil, Gas and Mining: $6,359.2 GF. The Department is requesting funds in order to continue to play a role in the Governor's top priority project (the construction of a gas pipeline and bringing natural gas to market). Additionally, the Department has a number of other major projects underway that will continue to require outside counsel and experts beyond the funding included in the Department's base budget.

- **$5,109.2 GF** added to the base budget for ongoing oil and non-gas pipeline matters including Pt. Thomson Litigation, proceedings before the Federal Energy Regulatory Commission, TransAlaska Pipeline Service tariff issues, and two major corporate income tax matters.
- **$1,250.0 GF** one-time increment to assist the Department in the preparation of legislation and implementation of a comprehensive plan to commercialize North Slope gas.

  In FY09, the Department received $3.0 million dollars for "Gas Pipeline and Other Oil & Gas Projects" as one-time funding as well as $3.5 million dollars through an Oil and Gas Development transfer from the Governor's Office. Subcommittees may wish to ask the following questions of the Department:

  - How were the one-time increments (totaling $6.5 million) in FY09 broken out between gasline and non-gasline work?

- When does the agency anticipate resolution to the litigation issues mentioned in this request (i.e. Pt. Thomson)? Should the $5.1 million be added to the base budget?

2. **Lease Costs: $590.7 GF.** Additional funding is requested to cover increased lease costs, the largest factors of which are the Whale and Brady buildings in Anchorage. Lease expenses are expected to rise 34% between FY08 and FY2010, primarily due to higher rates per square foot.

   - **$351.2 GF:** Third Judicial District: Anchorage
   - **$239.5 GF:** Deputy Attorney General's Office

3. **Statehood Defense: $187.0 GF.** In FY08 the Department of Law reduced its general fund budget for Statehood Defense by $167.0. The reduction had no operational impact because an FY04 reappropriation of $350.0 (lapsing balance from the legislature) was available for statehood defense. The reappropriation was a multi-year appropriation with a lapse date of FY09, and none of the available funding was spent through FY07. The Department is seeking general funds in the FY2010 budget to cover the costs of an attorney assigned to statehood defense issues. The increment would be included in the base budget in future years. The subcommittee may wish to ask for an explanation of statehood defense issues, with focus on whether this increment should be added to the base budget or be identified as an increment tied to a specific project with an end date in sight.

ORGANIZATIONAL CHANGES

There are no significant changes requested.

CAPITAL REQUEST

The Department of Law has no capital projects for FY2010.

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Department of Military and Veterans Affairs

All Dollars in Thousands

	(GF Only)	Change	% Change	See Note:
FY09 Conference Committee (GF Only)	**$11,312.6**			
FY09 Fiscal Notes	-			
CarryForward	-			
Special Appropriations	-			
Agency Transfers (excludes fuel/utility &gasline)	-			
09 Contractual Salary Adjustments	15.8			
09 Salary Fund Changes	-			
Misc Adjustments	-			
Vetoes	-			
FY09 Revised Management Plan (GF only)	**$11,328.4**	$15.8	0.1%	
One-time Items removed	-			
Transfers between Agencies (nets zero statewide)	(328.5)			
FY10 Contractual Salary and Health Increases	97.0			
Misc Adjustments	-			
FY10 Adjusted Base Budget (GF only)	**$11,096.9**	($231.5)	-2.0%	
FY 10 Unrealizable Salary Fund Source Changes	-			
FY 10 Governor's GF Increments/Decrements/Fund Changes	180.0			
FY10 Governor's Request (GF only)	**$11,276.9**	$180.0	1.6%	

FY10 Governor's Increments, Decrements and Fund Changes Less Unrealizable Salary Fund Source Changes	FY10 Adjusted Base Budget + Salary Fund Changes (GF Only)	FY10 Governor's Request (GF only)	Change from Revised FY10 Adj Base to FY10 Governor's Request	See Note:
Allocation			**$180.0**	
Veterans' Services	987.6	1,037.6	50.0	2
Retirement Benefits	750.8	880.8	130.0	1

Non-General Fund Agency Summary	FY10 Adjusted Base Budget + Salary Fund Changes	FY10 Governor's Request	Change from Revised FY10 Adj Base to FY10 Governor's Request	See Note:
Federal Funds (all allocations)	21,435.3	21,935.3	500.0	4
Other funds (all allocations)	12,832.7	13,017.9	185.2	3
Total Non-General Funds (all allocations)	**$34,268.0**	**$34,953.2**	**$685.2**	
Position Changes (From FY09 Management Plan to Gov)	**286**	**286**	**0**	
PFT	283	283	-	
PPT	2	2	-	
Temp	1	1	-	

Governor's Capital Request	State Funds (GF + Other)	Federal Funds	Total	See Note:
Planning and Research	250.0	-	250.0	
Maintenance, Renovation, and Repairs	1,750.0	1,750.0	3,500.0	
Remodel and Reconstruction	-	-	-	
New Construction and Land Acquisition	-	-	-	
Equipment and Materials	-	-	-	
Information Systems and Technology	-	-	-	
Other	50.0	9,600.0	9,650.0	
TOTAL CAPITAL	**$2,050.0**	**$11,350.0**	**$13,400.0**	

Department of Military and Veterans Affairs

The mission of the Department of Military and Veterans Affairs (DMVA) is to provide military forces to accomplish military missions in the state or around the world; provide homeland security and defense; emergency response; veterans' services; and youth military training and education. The Department accomplishes this mission by providing core services for the following:

- Alaska National Guard Joint Forces Headquarters;
- National Guard Support;
- Homeland Security and Emergency Services Management & Coordination;
- Alaska Statewide Emergency Communications (IT);
- Veterans' Services;
- Alaska Military Youth Academy;
- Administrative Services Support; and
- Special Operations.

SIGNIFICANT ISSUES

The FY2010 Department of Military and Veterans Affairs GF operating budget as submitted by the Governor is $51.5 below the FY09 Revised Management Plan (which excludes fuel/utility & gasline one-time funding of $960.1). The Governor's net GF change from Adjusted Base is $180.0.

The following notes correspond to the numbers in the last column of the preceding spreadsheet:

1. National Guard Retirement Normal Cost Administrative Fees: $130.0 GF. As with other state retirement plans, employer contributions to the Alaska National Guard and Naval Militia Retirement System (NGNMRS) are identified as "normal" costs (the cost of future benefits for current employees) and "unfunded liability" (the cost associated with bringing the fund balance to the actuarially recommended level). DMVA pays the normal costs of the system while the state makes direct contributions to the retirement fund to pay down the unfunded liability.

For FY2010, the Alaska Retirement Management (ARM) Board recommends the same amount of contributions made in FY09, with the addition of a $130.0 GF "expense load" that is equal to a two-year average of the administrative costs incurred by the Department of Administration. In the past, normal contributions did not include administrative costs.

Legislative Fiscal Analyst Comment: *During the last session, the legislature appropriated $10 million to pay off the unfunded liability of the NGNMRS. Although this payment permits the state to eliminate direct payments to the retirement fund, the ARM Board recommends that the state make the same direct contribution ($1,722.5) that was made in FY09. While the recommendation may fail to account for the $10 million contribution, the legislature may wish to make the recommended contribution in order to offset investment losses.*

2. **Expand Outreach to Veterans: $50.0 GF.** These funds will be used to expand the information delivery system on issues pertaining to veterans' benefits and eligibility criteria in order to ensure that Alaskan veterans are receiving benefits to which they are entitled.

3. **Alaska Military Youth Academy formula: $185.2 I/A Receipts.** The Alaska Military Youth Academy (AMYA) ChalleNGe program is a military school program for at-risk youth. The program is funded by a formula set in statute (AS 14.30.740), with general funds appropriated to the Department of Education and Early Development (DEED) and transferred to AMYA.

   The formula was originally designed to produce a specific dollar amount at a specific point in time. It provides seven times the base student allocation (BSA set forth by the Department of Education and Early Development) for each AMYA ChalleNGe program residential student.

   In FY2010, the BSA increased $100 dollars per student (to $5,580) which brings the Department's FY2010 request to $6.4 million ($185.2 more than the amount appropriated in FY09).

   Legislative Fiscal Analyst Comment: *Subcommittees may wish to discuss plans for future enrollment and estimates of operating costs at various student counts. The legislature may wish to consider a direct appropriation to DMVA; as DEED has no legal responsibility for the AMYA and, therefore, should not act as a pass-through agency.*

4. **Army Guard Facilities Maintenance: $500.0 Federal Receipts.** The Department is requesting additional federal authorization for ongoing operating maintenance costs such as snow removal, utilities, general day-to-day maintenance, etc. The federal fund increase reflects the anticipated amount of receipts for army guard facilities eligible for 100% funding from the National Guard Bureau. The Department does not have adequate operating federal authorization to utilize these available funds to meet costs.

ORGANIZATIONAL CHANGES

There are no significant changes requested.

CAPITAL REQUEST

A few of the larger projects included in the Governor's $13.4 million capital request for the Department of Military and Veterans Affairs are:

- **State Homeland Security Grant Program: $9.5 million Federal Receipts.** The 100% federally funded State Homeland Security grant program is annually awarded by the U.S. Department of Homeland Security. Programs include homeland security planning, equipment, training, and exercises to support local first responders, private sector critical infrastructure and state preparedness. This funding has been requested to assist in life-safety citizen preparedness.
- **Army Guard Facilities Project: $2.5 million ($1.75 million Federal Receipts/$750.0 GF Match).** With 237 Alaska Army National Guard buildings at 96 various locations with an average age of approximately 30 years, deferred

maintenance, renewal and replacement are a high priority. Alaska National Guard preventative maintenance is performed on a schedule, yet building components have a limited life requiring eventual renewal and replacement.

- **Military Youth Academy Deferred Maintenance: $1.0 million GF.** The Alaska Military Youth Academy (AMYA) operates at Camp Carroll on Fort Richardson. The campus currently has 23 buildings totaling 61,805 sq ft. with an average building age of 35+ years. Inadequacies include basic life-safety issues, outdated and inefficient heating/ventilation systems, restrooms, showers, and laundry facilities. This request will fund the modification of the Academy's ChalleNGe facilities to improve safety and living conditions (in compliance with ADA regulations), as well as improve technical training and educational training platforms.

Department of Natural Resources

All Dollars in Thousands

	(GF Only)	Change	% Change	See Note:
FY09 Conference Committee (GF Only)	**$70,870.9**			
FY09 Fiscal Notes	114.0			
CarryForward	6,088.6			
Special Appropriations	5,500.0			
Agency Transfers (excludes fuel/utility &gasline)	(2,899.9)			
09 Contractual Salary Adjustments	19.7			
09 Salary Fund Changes	-			
Misc Adjustments	-			
Vetoes	(92.9)			
FY09 Revised Management Plan (GF only)	**$79,600.4**	$8,729.5	12.3%	
One-time Items removed	(13,313.6)			
Transfers between Agencies (nets zero statewide)	-			
FY10 Contractual Salary and Health Increases	672.9			
Misc Adjustments	-			
FY10 Adjusted Base Budget (GF only)	**$66,959.7**	($12,640.7)	-15.9%	
FY 10 Unrealizable Salary Fund Source Changes	99.1			
FY 10 Governor's GF Increments/Decrements/Fund Changes	4,174.8			
FY10 Governor's Request (GF only)	**$71,233.6**	$4,273.9	6.4%	

FY10 Governor's Increments, Decrements and Fund Changes Less Unrealizable Salary Fund Source Changes	FY10 Adjusted Base Budget + Salary Fund Changes (GF Only)	FY10 Governor's Request (GF only)	Change from Revised FY10 Adj Base to FY10 Governor's Request	See Note:
Allocation			**$4,174.8**	
Oil & Gas Development	7,489.0	9,898.8	2,409.8	1
Claims, Permits, & Leasing	7,043.0	7,093.0	50.0	6
Title Acquisition & Defense	1,365.5	1,665.5	300.0	4
Geological Development	3,948.3	4,548.3	600.0	3
N. Latitude Plant Material Ctr	882.8	1,607.8	725.0	2
Fire Suppression Preparedness	15,030.4	15,120.4	90.0	5

Non-General Fund Agency Summary	FY10 Adjusted Base Budget + Salary Fund Changes	FY10 Governor's Request	Change from Revised FY10 Adj Base to FY10 Governor's Request	See Note:
Federal Funds (all allocations)	15,894.3	15,804.3	(90.0)	
Other funds (all allocations)	44,491.3	49,383.1	4,891.8	
Total Non-General Funds (all allocations)	**$60,385.6**	**$65,187.4**	**$4,801.8**	
Position Changes (From FY09 Management Plan to Gov)	**1,096**	**1,102**	**6**	
PFT	778	780	2	
PPT	245	246	1	
Temp	73	76	3	

Governor's Capital Request	State Funds (GF + Other)	Federal Funds	Total	See Note:
Planning and Research	14,077.0	2,360.0	16,437.0	
Maintenance, Renovation, and Repairs	5,780.0	3,900.0	9,680.0	
Remodel and Reconstruction	3,200.0	-	3,200.0	
New Construction and Land Acquisition	3,750.0	600.0	4,350.0	
Equipment and Materials	850.0	-	850.0	
Information Systems and Technology	215.0	-	215.0	
Other	1,000.0	61,950.0	62,950.0	
TOTAL CAPITAL	**$28,872.0**	**$68,810.0**	**$97,682.0**	

Department of Natural Resources

The Department of Natural Resources (DNR) develops, conserves, and maximizes the use of Alaska's natural resources on state-owned land consistent with public interest by providing the following core services:

- provide opportunities to utilize state land and water resources;
- acquire and provide hydrologic, geologic, geographic, historical site, and other land record and natural resource information;
- acquire land;
- make land available for sale to the public, and transfer land to municipalities;
- preserve and enhance the value of state land and water resources and Alaska's coastal areas;
- mitigate potential disasters and hazards; and
- comply with federal regulations and programs related to natural resources.

SIGNIFICANT ISSUES

The FY2010 Department of Natural Resources general fund operating budget submitted by the Governor is $8,366.8 million *less* than the FY09 Revised Management Plan (which excludes fuel/utility and gasline one-time funding of $1,904.4). The Governor's net GF change from Adjusted Base is an increase of $4,273.9 million, which is comprised primarily of salary fund source changes and the increments described in the numbered paragraphs below. The Department's request for FY2010 does not indicate any significant policy changes.

The following notes correspond to the numbers in the last column of the preceding spreadsheet:

1. Oil & Gasline Initiatives: $2.4 million GF. The Division of Oil and Gas Development is seeking to stabilize its base funding for Oil and Gas Development and to enhance its capacity to collect royalty revenues for the state. It is requesting the addition of previous one-time items, which have been renewed, to its base budget. Some of these items are as follows:

- **Workload Base Adjustment: $1.3 million GF.** The Division of Oil and Gas is requesting that this funding, which has been one-time funding each year for five years, be added to the base operating budget. This annual funding has been utilized since FY05 to address workload issues in the Division of Oil and Gas. This money is not related to any specific project and is not related to gasline coordination.
- **Royalty Valuation Litigation: $500.0 GF.** This request is to pay the costs of outside legal counsel and consultants to develop and defend the state's position in royalty disputes and to represent the state in the reopening of royalty arbitration proceedings. (This funding was requested as a capital project in FY09 but was approved as an operating appropriation.) The Department seeks to add this amount to its base budget.
- **Contract Royalty Auditors: $200.0 GF.** The Department is requesting a base increment to cover the ongoing cost of outside auditors to reduce or eliminate the

backlog of royalty and net profit share lease audits. The increment would be added to the base budget in future years. The increment continues a one-time increment of $200.0 GF appropriated in FY09 with the understanding that use of contract auditors solved an anticipated problem with filling auditor positions in the agency. Subcommittees may wish to inquire about the continued use of contract auditors.

- **Gas Pipeline Coordination: $391.0 GF.** This request is made to provide ongoing funding for gasline coordination in DNR's budget. This funding was included in the FY09 operating budget as a one-time distribution from the Governor's Office. DNR is now requesting this funding as part of the base budget. Subcommittees may wish to consider continuing to segregate gasline startup costs from the base budget.

2. North Latitude Plant Material Center (PMC) – AK State Seed Lab: $725.0 GF. In FY09, the PMC received one-time funding to maintain the state's foundation seed program after a loss of federal funds, and to provide certified and pathogen-free seed potatoes to local farmers. The foundation seed program ensures the availability of healthy native seed stock in Alaska, which growers use to supply seeds to construction companies, state and federal agencies, the mining industry, and others tasked with reseeding/revegetation projects. The PMC is the only source of native plant seed stocks.

3. Geological Development – Mineral Survey and Volcano Observatory, $600.0 GF as follows:

- **Alaska Geophysical and Geological Mineral Inventory Fund Source Change: $350.0 GF.** The Department requests a fund source change of $350.0 for its geological survey program. The FY09 operating budget included $450.0 from GF and $350.0 authorization from industry (SDPR) for surveys. Collection of funding from industry was only marginally successful, despite the Department's claim that an increased interest in precious metals has increased the demand for survey data. The Department states that in order to contract for surveys, including airborne mapping, it is necessary to replace the $350.0 SDPR authorization with general funds. The general funds would remain in the base budget in future years.

- **Alaska Volcano Observatory Fund Source Change: $250.0 GF.** The Department requests a fund source change (to replace the expected federal funding decrease in FY2010) to allow functions of the observatory to continue at current levels. The observatory monitors volcanic activity and ash clouds potentially affecting aeronautic conditions for aircraft traffic and local communities along the Aleutian and Cook Inlet volcanic chain and sends alerts as necessary. The general funds would remain in the base budget in future years.

4. Title Acquisition and Defense – Statehood Entitlement Transfers: $300.0 GF. The Department requests funding for the final stages of the Bureau of Land Management (BLM) 2009 Conveyance Project. The state will receive approximately eleven million acres still owed to the state under the Statehood Act. The project will also result in the transfer of over eight million acres of federal land to Alaska Native Corporations formed under Alaska Native Claims Settlement Act (ANCSA). Special attention must be given to these conveyances to protect state ownership interests and public access and ensure that the state receives clear title. The federal government provided money in FY06 for implementation of the transfers, and positions were created, but federal funds were reduced and are no longer available to address public access and

state ownership interests (such as navigable waters). Subcommittees may wish to discuss the status of the land transfers, with a focus on whether the appropriation should be part of the base budget in future years or be identified as project funding with an end in sight.

5. **Fire Suppression Preparedness – Interagency Cost Increases: $90.0 GF.** The Alaska Interagency Coordination Center (AICC), located on Ft. Wainwright, serves as the focal point for initial attack resource coordination, logistics support, and predictive services for all state and federal agencies involved in wildland fire management and suppression in Alaska. Cooperators include the Bureau of Land Management, DNR, USDA Forest Service, National Park Service, Bureau of Indian Affairs, and the Fish and Wildlife Service. This funding will cover DNR's share of cost increases of the AICC, including lightning detection and weather station costs.

6. **Resource Development – Guide Service Initiative: $50.0 GF.** At the request of the guiding industry, the Department is seeking funds to develop a big game guide program that would establish a prospectus review procedure to allocate leased guide areas to specific guides for big game guide services on state land. The money is intended to cover the cost of drafting related regulations and statutes. Subcommittees may wish to consider identifying the funding as a one-time item.

ORGANIZATIONAL CHANGES

The Office of Habitat Management and Permitting (OHMP) of the Alaska Department of Natural Resources became the Division of Habitat, a part of the Alaska Department of Fish and Game (ADF&G), effective July 1, 2008, as a result of Executive Order 114.

CAPITAL REQUEST

DNR has requested a total capital budget of $97.7 million, of which $68.8 is Federal Funds. The budget consists of a diverse mix of capital projects from snowmobile trail development to parks maintenance, coastal management, fire suppression, bear viewing, technology upgrades, boating access, and trails, among others. Through the Governor's Office, DNR has also requested a $1.2 million GF Document Management System. A few of the larger DNR capital projects are:

- **Coastal Impact Assistance Funds: $58 million federal receipts**. The Division of Coastal and Ocean Management is the lead state agency to administer the approximately $29 million annually in Coastal Impact Assistance Program (CIAP) funding disbursed under the Energy Policy Act of 2005 (R.R. 6). As required by law, 35% of these funds will be paid to the coastal districts of the state, and the remaining 65% will be allocated as identified in the approved program. The $58 million reflected in the FY2010 amount includes the amount allocated but not yet received in FY09, as well as the FY2010 amount.

- **Gas Pipeline Implementation: $3.2 million GF**. Implementing the Alaska Gasline Inducement Act (AGIA) will involve contracting with numerous experts and specialists to advise the state on such issues as pipeline engineering, pipeline commercial terms, including analysis of and advice on tariffs, tariff terms, pipeline access, and terms for addressing cost overruns, royalty valuation methodology, enforcement, and remedies. Success of the initial and subsequent open seasons will

depend on the Department's ability to retain these services. This project may be more appropriately placed in the operating budget.

- **Reservoir Studies to Evaluate Oil and Gas Resources on the N. Slope, Phase 2 of 2: $6 million GF.** The primary purpose of this phase of reservoir studies is to determine the best way to maximize remaining Prudhoe oil recovery while optimizing gas for a North Slope gas pipeline. Qualified consultants will be hired through the Request for Proposals (RFP) process to work on the project. Results will enable the state to make informed technical decisions with regards to the impact of gas production on the recovery of remaining Prudhoe Bay oil reserves. This project may be more appropriately placed in the operating budget.

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Department of Public Safety

All Dollars in Thousands

	(GF Only)	Change	% Change	See Note:
FY09 Conference Committee (GF Only)	**$114,631.5**			
FY09 Fiscal Notes	434.4			
CarryForward	-			
Special Appropriations	-			
Agency Transfers (excludes fuel/utility &gasline)	-			
09 Contractual Salary Adjustments	4,168.1			
09 Salary Fund Changes	31.0			
Misc Adjustments	-			
Vetoes	(200.0)			
FY09 Revised Management Plan (GF only)	**$119,065.0**	$4,433.5	3.9%	
One-time Items removed	(2,704.2)			
Transfers between Agencies (nets zero statewide)	-			
FY10 Contractual Salary and Health Increases	1,919.2			4
Misc Adjustments	656.3			
FY10 Adjusted Base Budget (GF only)	**$118,936.3**	($128.7)	-0.1%	
FY 10 Unrealizable Salary Fund Source Changes	96.2			
FY 10 Governor's GF Increments/Decrements/Fund Changes	4,154.1			
FY10 Governor's Request (GF only)	**$123,186.6**	$4,250.3	3.6%	

FY10 Governor's Increments, Decrements and Fund Changes Less Unrealizable Salary Fund Source Changes	FY10 Adjusted Base Budget + Salary Fund Changes (GF Only)	FY10 Governor's Request (GF only)	Change from Revised FY10 Adj Base to FY10 Governor's Request	See Note:
Allocation			**$4,154.1**	
Special Projects	37.1	1,433.6	1,396.5	1
AK Bureau of Judicial Services	8,170.0	8,258.0	88.0	3
Rural Trooper Housing	1,279.3	1,706.6	427.3	2
Narcotics Task Force	812.1	2,205.3	1,393.2	1
AST Detachments	46,933.0	47,561.1	628.1	2
Alaska Wildlife Troopers	16,061.7	16,155.7	94.0	2
Laboratory Services	4,349.7	4,476.7	127.0	2

Non-General Fund Agency Summary	FY10 Adjusted Base Budget + Salary Fund Changes	FY10 Governor's Request	Change from Revised FY10 Adj Base to FY10 Governor's Request	See Note:
Federal Funds (all allocations)	11,636.0	15,191.2	3,555.2	6
Other funds (all allocations)	23,367.6	24,977.2	1,609.6	5, 7
Total Non-General Funds (all allocations)	**$35,003.6**	**$40,168.4**	**$5,164.8**	
Position Changes (From FY09 Management Plan to Gov)	**875**	**874**	**(1)**	
PFT	844	844	-	
PPT	16	16	-	
Temp	15	14	(1)	

Governor's Capital Request	State Funds (GF + Other)	Federal Funds	Total	See Note:
Planning and Research	-	-	-	
Maintenance, Renovation, and Repairs	3,007.0	-	3,007.0	
Remodel and Reconstruction	-	-	-	
New Construction and Land Acquisition	2,500.0	-	2,500.0	
Equipment and Materials	1,200.0	-	1,200.0	
Information Systems and Technology	3,865.5	-	3,865.5	
Other	-	2,500.0	2,500.0	
TOTAL CAPITAL	**$10,572.5**	**$2,500.0**	**$13,072.5**	

Department of Public Safety

The mission of the Department of Public Safety (DPS) is to ensure public safety and enforce fish and wildlife laws. The Department's core services include the following items:

- perform criminal and traffic law enforcement and investigations;
- manage and perform search and rescue operations for lost and missing persons;
- provide wildlife law enforcement and investigations;
- provide support to rural law enforcement entities;
- provide security to the Alaska Court System, transport inmates to and from court and between correctional institutions, and perform extradition of wanted persons to and from the state;
- provide criminal laboratory and forensic services, administer the statewide breath alcohol program, maintain Alaska's DNA identification system, and provide expert testimony in court proceedings;
- maintain accurate and complete Alaska criminal records and information for use by law enforcement agencies in Alaska and elsewhere;
- manage building and fire codes (development, adoption, interpretation, and review), conduct building plan reviews of commercial buildings and 4-plex and larger housing units, conduct fire and life safety inspections of priority facilities; and
- enforce alcoholic beverage laws.

SIGNIFICANT ISSUES

The FY2010 Department of Public Safety general fund operating budget as submitted by the Governor is $4,121.6 above the FY09 Revised Management Plan (which excludes fuel/utility & gasline one-time funding of $803.3). The Governor's net GF increase from Adjusted Base is $4,250.3.

The following notes correspond to the numbers in the last column of the preceding spreadsheet:

1. Drug Enforcement and Rural Alcohol Interdiction: $2,789.7 GF.

According to the Department, alcohol and drug enforcement remains a significant challenge, particularly with tenuous federal funding. The Department requests continued one-time funding, which could be restored based upon the amount of federal money received by DPS.

- **$1,393.2 GF (Language):** Narcotics Task Force
- **$1,270.0 GF (Language):** Rural Alcohol Interdiction Program (includes $400.0 for prosecution efforts by the Department of Law).

Legislative Fiscal Analyst Comment: *The legislature has included "reduce general funds if federal funds are forthcoming" language for the Narcotics Task Force Program since FY07. Similar language was added for the Rural Alcohol Interdiction Program in FY09. Because the language may imply that federal funds are anticipated, there may be an expectation that these increments will have no GF*

impact. The majority of federal funds have not materialized ($271,840 in FY08 and $715,479 in FY09 were returned to the general fund as a result of these language sections) and the subcommittees may wish to consider placing both funding items into the base budget (numbers section of the operating bill) with intent language stating that the general funds are not to be used if federal funding is received.

- **$126.5 GF: Alaska State Troopers Special Projects** requests funding to replace a federal grant for reducing illegal drug and alcohol use. The grant is no longer available. A portion of this increment will be used to fund cold case homicide investigations.

2. Departmental Overhead and Service Costs: $1,276.4 GF. The Department is requesting increments to pay increased overhead and service costs throughout the agency. Overhead costs include utilities, leases, housing, and medical and laboratory services and supplies. Increments have been requested as follows:

- **Rural Trooper Housing: $427.3 GF.** The Department requests funding to cover the increased cost of housing Alaska State Troopers (AST) located in rural posts. This increment request is for higher lease and utility costs and will assist in the leasing of eight replacement trooper units in Galena and Aniak. The Public Safety Employees Association (PSEA) bargaining unit contract states that troopers are required to pay a portion of their salary for rent with the remaining costs to be borne by the state.
- **Rising Lease Costs: $318.4 GF.** The Department is requesting an increment of $230.3 to cover rising office lease expenses for the AST Detachment component in the following communities: Aniak, Galena, King Salmon, Cooper Landing, Seward, and Wasilla.

  Additionally, $88.1 GF is requested for office and aircraft hangar lease increases in the Wildlife Troopers allocation.
- **Statewide Dispatch Services: $208.3 GF.** The Department is requesting funds for increased costs of contracts with local police departments to provide dispatch services in Wasilla and Kodiak partially funded in a similar increment request in FY09.
- **Ammunition and Uniforms: $31.4 GF.** Additional base funding is requested for the Alaska State Troopers ($25.5) and Wildlife Troopers ($5.9)
- **Medical Exams: $164.0 GF**. Additional funding in the AST Detachment allocation is also requested to offset the rising expense of medical forensic exams of victims of sexual assault and sexual abuse of a minor. Actual costs for these mandated services (AS 18.68.040) have exceeded authorization by roughly $164.0 per year since FY08.
- **Laboratory Services: $127.0 GF.** Overhead expenses for the Scientific Crime Detection Laboratory have increased significantly since FY07. Included in this increment are:
  - **$40.0** for the purchase of enough DNA reagent kits to process 400 additional violent crime and property crime cases and 6,000 Combined DNA Index System (CODIS) cases per year
  - **$40.0** to cover freight and courier service costs to return evidence to the submitting agency to be available for trial and to free up limited laboratory storage space.

3. **Prisoner Transportation: $88.0 GF.** In FY09, the legislature approved a $656.3 GF increment for six new Court Service Officer positions (attributable to a court settlement between DPS and the Municipality of Anchorage that transferred responsibility for prisoner transportation to the Department). A Legislative Finance error in recording conference committee action omitted the funding from the FY09 operating budget (a supplemental request should be expected). The amount was added to the FY2010 adjusted base. The Department requests an additional $88.0 for increased transportation costs.

4. **Corrected FY09 PSEA Salary Adjustments: $50.5 GF.** The Public Safety Employees Association (PSEA) contract negotiations for FY09 occurred late in the 2008 session and a portion of the monetary terms for uniform allowances was omitted from the budget request. This amount has been added to the FY2010 base budget; however, the Department could request supplemental funding for FY09 costs.

5. **Council on Domestic Violence and Sexual Assault (CDVSA): $1,677.9 PFD Criminal.** In FY09, the legislature replaced $1,341.5 GF with PFD Criminal Funds (PFD appropriations in lieu of dividends to incarcerated felons). As permanent fund dividends increase, more PFD Criminal funds are available for program costs.

Legislative Fiscal Analyst Comment: *The amount of PFD Criminal funds available varies with the amount of the Permanent Fund dividend and the number of felons incarcerated. Recent investment losses are likely to reduce PFDs in the future, with a corresponding decrease in PFD Criminal funds available. The likely result is future requests to replace PFD Criminal funds with general funds.*

6. **Department Carryforward: $3,660.2 Federal Receipts.** Beginning in FY08, the department received a $5,000.0 federal multi-year appropriation for domestic violence and sexual assault prevention programs which lapses on June 30, 2010. This amount represents the unspent balance of that appropriation as of July 1, 2008.

7. **State Oversight of Hazardous Pipeline Facilities: $142.0 I/A Receipts.** Funding is requested to staff the new Office of Oil and Gas Systems Facilities within the Department via interagency receipts from the Department of Natural Resources (DNR). This office will provide one-stop servicing for fire inspection, plan review, fire investigation, fire detection and suppression system maintenance, and review of emergency response plans and fire response training for the whole oil and gas industry, statewide, to include onshore and offshore facilities. The new office will be located with the Joint Pipeline Office within DNR and will act as liaison supporting governmental oversight agencies for Trans-Alaska Pipeline System (TAPS) and all hazardous pipeline facilities located throughout the state.

ORGANIZATIONAL CHANGES

There are no significant changes requested.

CAPITAL REQUEST

Some of the larger projects in the Governor's $13.1 million capital budget for the Department of Public Safety are:

- Anchorage Aircraft Hangar Replacement – Phase II: $2.5 million ($2.43 million AHFC Receipts and $.07 million GF)
- Marine Fisheries Patrol Improvements: $2.5 million Federal
- Alaska Public Safety Information Network (APSIN) Redesign: $2.0 million GF
- Statewide Facilities Maintenance, Repairs, and Improvements: $1.5 million GF
- Aircraft and Vessel Repair and Maintenance: $1.5 million GF

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Department of Revenue

All Dollars in Thousands

	(GF Only)	Change	% Change	See Note:
FY09 Conference Committee (GF Only)	**$17,176.2**			
FY09 Fiscal Notes	8.0			
CarryForward	-			
Special Appropriations	700.0			
Agency Transfers (excludes fuel/utility &gasline)	-			
09 Contractual Salary Adjustments	-			
09 Salary Fund Changes	-			
Misc Adjustments	-			
Vetoes	-			
FY09 Revised Management Plan (GF only)	**$17,884.2**	$708.0	4.1%	
One-time Items removed	(1,247.0)			
Transfers between Agencies (nets zero statewide)	-			
FY10 Contractual Salary and Health Increases	481.3			
Misc Adjustments	-			
FY10 Adjusted Base Budget (GF only)	**$17,118.5**	($765.7)	-4.3%	
FY 10 Unrealizable Salary Fund Source Changes	34.3			
FY 10 Governor's GF Increments/Decrements/Fund Changes	4,088.0			
FY10 Governor's Request (GF only)	**$21,240.8**	$4,122.3	24.1%	

FY10 Governor's Increments, Decrements and Fund Changes Less Unrealizable Salary Fund Source Changes	FY10 Adjusted Base Budget + Salary Fund Changes (GF Only)	FY10 Governor's Request (GF only)	Change from Revised FY10 Adj Base to FY10 Governor's Request	See Note:
Allocation			**$4,088.0**	
Tax Division	13,383.4	14,228.4	845.0	**4, 5**
Treasury Division	1,575.9	2,147.9	572.0	**3**
Child Support Services Division	174.7	2,074.7	1,900.0	**1**
Natural Gas Commercialization	-	771.0	771.0	**2**

Non-General Fund Agency Summary	FY10 Adjusted Base Budget + Salary Fund Changes	FY10 Governor's Request	Change from Revised FY10 Adj Base to FY10 Governor's Request	See Note:
Federal Funds (all allocations)	37,903.4	39,588.3	1,684.9	**6**
Other funds (all allocations)	207,103.7	209,313.5	2,209.8	**7,8,9**
Total Non-General Funds (all allocations)	**$245,007.1**	**$248,901.8**	**$3,894.7**	
Position Changes (From FY09 Management Plan to Gov)	**942**	**925**	**(17)**	
PFT	875	867	(8)	
PPT	50	41	(9)	
Temp	17	17	-	

Governor's Capital Request	State Funds (GF + Other)	Federal Funds	Total	See Note:
Planning and Research	7,000.0	-	7,000.0	
Maintenance, Renovation, and Repairs	10,450.0	6,500.0	16,950.0	
Remodel and Reconstruction	14,992.5	2,640.0	17,632.5	
New Construction and Land Acquisition	27,250.0	5,000.0	32,250.0	
Equipment and Materials	-	-	-	
Information Systems and Technology	24,850.8	142.7	24,993.5	
Other	9,800.0	5,900.0	15,700.0	
TOTAL CAPITAL	**$94,343.3**	**$20,182.7**	**$114,526.0**	

Department of Revenue

The Department of Revenue's responsibilities include:

- administration and enforcement of Alaska's tax laws;
- management of the treasury;
- administration of the Permanent Fund Dividend Program;
- collection and distribution of child support; and
- administrative support to the following independent boards and corporations:
  - Alaska Permanent Fund Corporation;
  - Alaska Housing Finance Corporation;
  - Alaska Municipal Bond Bank Authority;
  - Alaska Natural Gas Development Authority;
  - Alaska Retirement Management Board; and
  - the Alaska Mental Health Trust Authority.

SIGNIFICANT ISSUES

The Governor's FY2010 general fund operating budget for the Department of Revenue (DOR) is $3,356.6 above the FY09 Revised Management Plan (excludes fuel/ utility & gasline one-time funding of $1,221.0). The net GF change from Adjusted Base is $4,122.3.

The following notes correspond to the numbers in the last column of the preceding spreadsheet:

1. **Child Support Services Division Match: Fund Change $1,900.0 GF Match/($1,900.0) Receipt Supported Services (RSS).** Continued decline in receipts received by the division, as a result of the decline in Temporary Assistance for Needy Families (TANF) cases, is expected to result in a shortfall of state matching funds. General funds are requested to supplement the shortfall.

   Legislative Fiscal Analyst Comment: *TANF cases continue to decline for a variety of reasons (see H&SS analysis). The Child Support Services Division (CSSD) retains child support when a family is on TANF and splits the funding with the federal government (the state retains 47% as RSS). The retained funding is then utilized by the agency and counted toward the 34% state match. During the last two years, CSSD has been authorized to carry forward prior year receipts, thereby reducing the need for an alternate matching fund source. That funding source has been exhausted.*

2. **Natural Gas Pipeline Development: $771.0 GF.** For FY09, DOR received $1,221.0 for gas line development. This was the amount identified in the fiscal note to HB 177 or the Alaska Gasline Inducement Act (AGIA). The agency continues to follow that fiscal note and is requesting the $771.0 itemized for FY2010.

   Legislative Fiscal Analyst Comment: *Considering that the fiscal note was written almost two years ago, it seems unlikely that the agency's expenditure plan remains*

exactly as written. Subcommittees may wish to ask the Department for further information regarding this request.

3. **Treasury Revised Cost Allocation Plan: Net Increase $572.0 GF/($420.0) Other.** Many agencies utilize federal program revenue for state retirement contributions. The Treasury Division invests these funds and has recently received federal approval of a new cost allocation plan. The plan requires a reallocation of funding sources to be in compliance. According to the Department, the plan will be used to develop budgets and agreements for charging users of Treasury services, and for allocating costs equitably among each fund/trust/client agency. The method is devised to address all costs and all users in a consistent, easily-administered manner, utilizing actual, quantifiable statistics.

Legislative Fiscal Analyst Comment: *The FY2010 cost allocation plan is based on fund net asset value at year end FY08. The plan is effective retroactive to July 1, 2008, making it effective for all of FY09. Adjustments in the supplemental process should be expected.*

4. **Contract Audit Assistance: $540.0 GF.** Last session, Revenue requested just over $1 million for contractual audit assistance during the recruitment of four Audit Master positions. A one-time increment of $540.0 was intended to fund two contract auditors and associated overhead. The Department did not remove this one-time item from the base budget for FY2010. Legislative Finance removed the amount from the base and added an increment in order to match the Governor's request. Contract audit assistance was identified in the fiscal note to AGIA (the oil production tax legislation) as a four-year need at over $1 million per year. The purpose is to supplement auditor functions during recruitment and provide training to less experienced staff. Subcommittees may want to examine the continued use of contract auditing.

5. **Fourth Audit Master: $200.0 GF.** Funding was requested last session for four Audit Master positions created during revision of the oil production tax. Funding for three of the positions ($600.0) was approved in anticipation of a recruitment lag. Funding for the final position is requested for FY2010.

6. **Federal "Moving to Work" Program Adjustments: $1,634.0 Federal Receipts/($674.3) Other.** The Alaska Housing Finance Corporation (AHFC) has recently become a Federal Housing and Urban Development (HUD) "Moving to Work (MTW)" eligible agency. This does not entitle AHFC to receive any additional federal funding per se, but it does allow considerable flexibility regarding how funding is programmed and accounted for. $674.3 of AHFC Receipts are being reclassified as federal receipts (per a rule change in FY08, these were changed from Federal Receipts to AHFC Receipts) while significant other federal funding is essentially being reprogrammed and brought on budget.

7. **Constitutional Budget Reserve (CBR) Fees: $1,673.0 CBR Funds.** As a result of high oil prices, the CBR has grown substantially. As a consequence of higher balances, additional funding for management fees are required (fees are typically a percentage of asset value). For FY09, $4.3 million was budgeted for fees. This amount exceeded the FY09 requirements and expenditure authority is expected to lapse. The amount requested for FY2010 reflects anticipated needs.

8. **Independent Actuary Audit: $300.0 Other Funds.** A one-time increment for an independent audit of the state's actuary was included in the FY09 budget. Per AS 37.10.220(10), an audit is to be performed not less than once every four years. The Department did not remove this one-time item from the base budget for FY2010. Legislative Finance removed the amount from the base, then added an increment in order to match the Governor's request. Subcommittees may wish to delete this increment.

9. **Mental Health Trust Zero-based Budgeting: $2,650.0 Other Funds.** The Alaska Mental Health Trust Authority has implemented zero-based budgeting for all of their programs. The goal of the Trust is to be able to identify how Trust funding is being allocated on a year-by-year basis. Yearly increments will be clearly identifiable as Trust recommended programs.

Legislative Fiscal Analyst Comment: *This concept works very well for Trust targeted program funding. However, there is no benefit to zero-based budgeting of the Trust's own administrative budget. The Trust may wish to return to incremental budgeting of administrative costs.*

ORGANIZATIONAL CHANGES

There are no significant changes requested.

CAPITAL REQUEST

The Alaska Housing Finance Corporation capital budget makes up the majority of DOR's annual request (74% of the budget for FY2010). AHFC has over $84 million budgeted for their housing programs, including $20 million of federal receipts, and almost $63 million of the $68.7 million AHFC dividend to the state. A few of the larger projects are:

- the Supplemental Housing Development Program ($10 million AHFC Dividend);
- the Senior Citizen's Housing Development Program ($7.5 million AHFC Dividend);
- the Homeless Assistance Program ($6 million AHFC Dividend); and
- the Loussac Manor Renovation and Replacement Phase 3 ($8.5 million AHFC Dividend).

The remainder of DOR's request is primarily two large projects totaling $28.5 million:

Gas Spur Line: $5,000.0 AHCC Funds. The Alaska Natural Gas Development Authority (ANGDA) is working to develop a spur line off the future gas pipeline from the North Slope. The intended route is from Delta Junction to Cook Inlet. During the special session last year, ANGDA had requested $25 million for this project, but received no funding. Current estimates for the spur line vary from $1 to 1.5 billion, depending on timing and other factors. This $5 million will allow efforts for right-of-way acquisition and engineering/ design to continue.

Legislative Fiscal Analyst Comment: *The ownership structure of the spur line is presently unclear. It may be prudent to identify ownership rights, revenue flow, and operational aspects before additional state funding is allocated to this project.*

Tax Revenue Management System: $23.4 million GF. DOR received $3.9 million in the FY09 capital budget for tax system(s) replacement. This project will create a single, comprehensive management system that will accommodate all tax types. The prior year funding will be combined with this funding to cover anticipated total project cost of just over $27 million.

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Department of Transportation and Public Facilities

All Dollars in Thousands

	(GF Only)	Change	% Change	See Note:
FY09 Conference Committee (GF Only)	**$209,286.5**			
FY09 Fiscal Notes	157.5			
CarryForward	328.2			
Special Appropriations	2,297.6			
Agency Transfers (excludes fuel/utility &gasline)	-			
09 Contractual Salary Adjustments	396.2			
09 Salary Fund Changes	6.9			
Misc Adjustments	-			
Vetoes	-			
FY09 Revised Management Plan (GF only)	**$212,472.9**	$3,186.4	1.5%	
One-time Items removed	(7,570.9)			1,9
Transfers between Agencies (nets zero statewide)	-			
FY10 Contractual Salary and Health Increases	443.1			
Misc Adjustments	-			
FY10 Adjusted Base Budget (GF only)	**$205,345.1**	($7,127.8)	-3.4%	
FY 10 Unrealizable Salary Fund Source Changes	1,015.2			10
FY 10 Governor's GF Increments/Decrements/Fund Changes	10,477.4			
FY10 Governor's Request (GF only)	**$216,837.7**	$11,492.6	5.6%	

FY10 Governor's Increments, Decrements and Fund Changes Less Unrealizable Salary Fund Source Changes	FY10 Adjusted Base Budget + Salary Fund Changes (GF Only)	FY10 Governor's Request (GF only)	Change from Revised FY10 Adj Base to FY10 Governor's Request	See Note:
Allocation			**$10,477.4**	
Leased Facilities	1,972.1	1,930.1	(42.0)	
Program Development	369.2	400.3	31.1	
Central Region Facilities	5,892.6	5,945.3	52.7	3
Northern Region Facilities	8,415.5	8,666.7	251.2	3,4
Southeast Region Facilities	1,243.8	1,267.8	24.0	4
Central Region Highways and Aviation	38,551.2	39,051.2	500.0	2
Southeast Region Highways and Aviation	11,817.0	12,062.2	245.2	2,5
Whittier Access and Tunnel	100.0	2,600.0	2,500.0	7
Marine Vessel Operations	66,875.4	73,790.6	6,915.2	9

Non-General Fund Agency Summary	FY10 Adjusted Base Budget + Salary Fund Changes	FY10 Governor's Request	Change from Revised FY10 Adj Base to FY10 Governor's Request	See Note:
Federal Funds (all allocations)	4,157.0	4,157.0	-	
Other funds (all allocations)	294,735.7	295,458.6	722.9	6,7,8
Total Non-General Funds (all allocations)	**$298,892.7**	**$299,615.6**	**$722.9**	
Position Changes (From FY09 Management Plan to Gov)	**3,837**	**3,845**	**8**	
PFT	3,197	3,202	5	
PPT	441	444	3	
Temp	199	199	-	

Governor's Capital Request	State Funds (GF + Other)	Federal Funds	Total	See Note:
Planning and Research	9,327.3	91,469.0	100,796.3	
Maintenance, Renovation, and Repairs	28,591.9	32,670.0	61,261.9	
Remodel and Reconstruction	67,118.6	395,612.1	462,730.8	
New Construction and Land Acquisition	90,651.0	172,753.4	263,404.4	
Equipment and Materials	24,688.0	27,050.0	51,738.0	
Information Systems and Technology	1,265.5	2,250.0	3,515.5	
Other	400.0	22,871.9	23,271.9	
TOTAL CAPITAL	**$222,042.3**	**$744,676.5**	**$966,718.8**	

Department of Transportation and Public Facilities

The Department of Transportation and Public Facilities (DOT&PF) is responsible for planning, research, design, construction, operation, maintenance, and protection of all state transportation systems and many public facilities. This includes approximately 258 state-owned airports and seaplane bases, 6,000 miles of state roads, 700 buildings ranging from maintenance shops to state office complexes, and 25 ports and harbors. In addition, the Department owns and operates the Alaska Marine Highway System (AMHS). The Department also owns and operates the State Equipment Fleet, which provides full maintenance support and replacement activities for all departments and state agencies, including 7,800 light and heavy duty vehicles and attachments.

SIGNIFICANT ISSUES

The Governor's FY2010 general fund operating budget for the Department of Transportation and Public Facilities is $4,364.8 above the FY09 Revised Management Plan (excludes fuel/ utility & gasline one-time funding of $33 million). The net GF change from Adjusted Base is $11,492.6.

The following notes correspond to numbers in the last column on the preceding spreadsheet:

1. Commodities Market: ($33,000.0) GF. The last three budget cycles have seen unprecedented commodity price inflation that has affected every family, business, organization and government unit in the state. The recent collapse of commodity prices—particularly fuel prices—relieves considerable budgetary pressure on DOT&PF.

The fuel "trigger" appropriation created by the legislature performed as intended. By making fuel appropriations one-time items, and backing them out of base budgets each year, the legislature has avoided excessive base budget build-up due to high fuel prices.

The Governor's budget retains a fuel trigger appropriation for FY2010, even with fuel prices far below the levels of FY09. Legislative Finance believes a trigger mechanism to be prudent given the volatility of markets, but suggests that the table (in section 13 of the Governor's operating bill) extend at least as high as the official forecast of $74 per barrel of oil. Limiting the trigger price to $60 per barrel may provide insufficient funding if oil prices rebound. If oil prices remain low, there is no harm in a higher cap.

DOT&PF received $33 million of the fuel appropriation for FY09. This is their maximum allocation (75%) of the $44 million appropriated. Under the Governor's proposal, DOT&PF would receive a maximum of $18 million in FY2010.

Legislative Fiscal Analyst Comment: *As of this writing, Alaska North Slope is trading near $30 per barrel. If oil stays at this level for the rest of the fiscal year, the year-end average price will be near $60 per barrel (see Fiscal Sensitivity on page 18). This price level would have provided DOT&PF with $18 million for fuel in FY09. The legislature may wish to explore the potential for supplemental appropriations that recover/reallocate a portion of the FY09 fuel appropriation.*

2. Sidewalk Snow Removal: $547.1 GF. $1.25 million was approved in the FY09 capital budget to purchase snow removal equipment for sidewalks on state roads, specifically those in the Anchorage Bowl. The sidewalk snow removal equipment was a legislative addition after discussion in the DOT&PF subcommittee last year revealed the lack of necessary tools to clear the sidewalks. Now part-time man-power is requested to run the equipment. An increment of $500.0 and eight part-time positions is requested for

snow removal operations in Central Region Highways and Aviation. An additional $47.1 is requested for the Southeast Region.

3. **Specialized Contracting Services: $170.0 GF.** The costs of various specialized contracting services in the Northern and Central Regions are increasing. An additional $110.0 in the Northern Region is requested for new Direct Digital Control (DDC) systems coming online, along with other specialized contract services such as elevator maintenance and insulation services. An increment was approved in FY09 for a position to maintain all of the DDC systems in the Northern Region. In FY2010 $60.0 is requested for similar Central Region contract cost increases.

4. **Janitorial Contracts: $165.2 GF.** Northern and Southeast Regions are requesting additional funding for janitorial contracts. In prior years, the cost for janitor contracts has been absorbed. The agency contends that contract prices have reached the point where they require additional funding.

5. **Striping Contracts: $169.3 GF.** Southeast Region Highways and Aviation is requesting funding for increased costs associated with highway and airport runway striping. The current budget for striping in the region is $180.7. Recent striping costs put the required amount near $350.0.

6. **Motor Carrier Safety Assistance Program Expansion: $250.0 Receipt Supported Services (RSS).** Through DOT&PF, Alaska became a Unified Carrier Program (UCR) state during FY09. This federal program authorized in SAFETEA-LU, allows states to mandate commercial motor vehicle registration under the UCR program. Program revenue is required to be used for increased motor carrier safety and motor carrier enforcement along with any administrative costs related to the program. This increment request would allow for expenditure of the additional revenue for motor carrier safety and enforcement activities.

7. **Whittier Tunnel Extended Operating Hours: $500.0 Cruise Ship Gambling Tax.** Last session, a special $500.0 appropriation was made in the capital bill for extended operating hours at the Whittier Tunnel. The extended hours were to benefit cruise ship passengers and industry merchants. An increment is being requested to maintain those extended hours during FY2010. In addition to the increment, a $2 million fund source change is requested from CIP Receipts (via federal capital projects) to gambling tax revenue.

Legislative Fiscal Analyst Comment: *The funding used in FY09 was from the Regional Cruise Ship Impact Fund established by the cruise ship head tax initiative passed in 2006. Present legal opinion is that the head tax revenue may be used only to mitigate cruise ship impacts or to benefit cruise ship passengers (in order to avoid violation of U.S. Constitution Commerce/Tonnage Clauses). The FY2010 request uses cruise ship gambling tax proceeds. Although this revenue source was also created as part of the head tax initiative, use of the fund source is not restricted by the same legal issues. Legislative Finance and the Department of Revenue classify the head tax as restricted Other State Funds, and the gambling tax revenue as part of the unrestricted general fund. Using the same funding source as FY09 may be warranted.*

Legislative Fiscal Analyst Comment: *Upon completion of the Whittier Tunnel, the Federal Highway Administration agreed to partially fund operation and maintenance of the tunnel until such time that it could be self-supporting. This contract expires in February of 2009. The switch from federal funds to state funds appears, however, to be a*

state choice. The federal government is not mandating the fund source change and federal funding may still be available as an option for tunnel operations. That said, using federal funds for tunnel operations makes them unavailable for road construction projects.

8. **International Economic Impacts on International Airports: ($2,153.0) International Airport Revenue Funds.** The global financial situation has caused considerable pressure on both passenger and cargo airlines. The airline association has asked DOT&PF to reduce landing fees given this operating environment. FY09 year-to-date combined cargo/passenger landing weight is approximately 16% below FY08. International Airport revenue is expected to be lower commensurately. The airport system is planning reductions for the FY2010 budget totaling over $2 million. Cost containment has already begun in FY09 and supplemental budget reductions are expected.

9. **Alaska Marine Highway System Maintenance Budget: $8,865.2 GF.** AMHS received two one-time appropriations for FY09. They have requested a continuation of that funding for FY2010 and beyond. $4.6 million was added during the operating budget process as a one-time fleet reconfiguration cost increase during Tustemena and other vessel overhaul. Additionally, $4.2 million was added in the capital bill as a one-time expansion of service to Southwest Alaska during the Tustemena overhaul.

Legislative Fiscal Analyst Comment: *FY2010 will require a different mix of vessels and likely have a different cost structure to maintain the same service level. The finance committees may wish to evaluate whether maintaining the same funding level is appropriate.*

10. **Salary Fund Source Changes: $1,015.2 GF.** The Governor's budget proposes using general funds to replace a portion of other funding sources that could be used to pay for contractual wage and health benefits increases. Subcommittees should carefully examine each of these salary adjustment fund changes. Please see **Fund Source Changes for Salary Adjustments** on page 18 for further discussion of this issue.

ORGANIZATIONAL CHANGES

There are no significant changes requested.

CAPITAL BUDGET

The DOT&PF capital budget comprises the majority of the statewide capital budget each year. Typical programs include the Surface Transportation Program (receipts from the Federal Highway Administration) and the Airport Improvement Program (receipts from the Federal Aviation Administration). Both programs require a state match component that are usually budgeted separately to allow for agency flexibility. The budget also typically has appropriations from the general fund for facility, harbor, airport, highway and Alaska Marine Highway vessel/ terminal deferred maintenance, and for the stockpiling of materials for construction. The Governor's proposal contains elements of all of the aforementioned. See the capital budget section on page 49 for further details.

University of Alaska

All Dollars in Thousands

	(GF Only)	Change	% Change	See Note:
FY09 Conference Committee (GF Only)	**$308,985.5**			
FY09 Fiscal Notes	-			
CarryForward	-			
Special Appropriations	-			
Agency Transfers (excludes fuel/utility &gasline)	-			
09 Contractual Salary Adjustments	-			
09 Salary Fund Changes	-			
Misc Adjustments	-			
Vetoes	(1,150.0)			
FY09 Revised Management Plan (GF only)	**$307,835.5**	($1,150.0)	-0.4%	
One-time Items removed	(95.0)			
Transfers between Agencies (nets zero statewide)	328.5			
FY10 Contractual Salary and Health Increases	8,864.0			
Misc Adjustments	-			
FY10 Adjusted Base Budget (GF only)	**$316,933.0**	$9,097.5	3.0%	
FY 10 Unrealizable Salary Fund Source Changes	-			
FY 10 Governor's GF Increments/Decrements/Fund Changes	4,543.9			
FY10 Governor's Request (GF only)	**$321,476.9**	$4,543.9	1.4%	

FY10 Governor's Increments, Decrements and Fund Changes Less Unrealizable Salary Fund Source Changes	FY10 Adjusted Base Budget + Salary Fund Changes (GF Only)	FY10 Governor's Request (GF only)	Change from Revised FY10 Adj Base to FY10 Governor's Request	See Note:
Allocation			**$4,543.9**	
Statewide Services	14,364.1	14,714.1	350.0	
Anchorage Campus	97,697.1	99,470.4	1,773.3	
Small Business Development Center	257.2	807.2	550.0	
Fairbanks Campus	104,897.1	105,296.9	399.8	
Fairbanks Organized Research	20,849.5	21,349.5	500.0	
Cooperative Extension Service	3,902.5	4,314.1	411.6	
Interior-Aleutians Campus	1,813.9	1,909.6	95.7	
College of Rural & Community Development	4,831.2	4,912.9	81.7	
Tanana Valley Campus	5,792.0	5,886.3	94.3	
Juneau Campus	21,014.9	21,302.4	287.5	

Non-General Fund Agency Summary	FY10 Adjusted Base Budget + Salary Fund Changes	FY10 Governor's Request	Change from Revised FY10 Adj Base to FY10 Governor's Request	See Note:
Federal Funds (all allocations)	156,076.9	131,558.5	(24,518.4)	
Other funds (all allocations)	378,258.3	369,028.4	(9,229.9)	
Total Non-General Funds (all allocations)	**$534,335.2**	**$500,586.9**	**($33,748.3)**	
Position Changes (From FY09 Management Plan to Gov)	**4,916**	**4,919**	3	
PFT	4,694	4,697	3	
PPT	222	222	-	
Temp	-	-	-	

Governor's Capital Request	State Funds (GF + Other)	Federal Funds	Total	See Note:
Planning and Research	500.0	-	500.0	
Maintenance, Renovation, and Repairs	10,000.0	-	10,000.0	
Remodel and Reconstruction	-	-	-	
New Construction and Land Acquisition	35,925.0	15,000.0	50,925.0	
Equipment and Materials	1,072.0	100,000.0	101,072.0	
Information Systems and Technology	-	-	-	
Other	2,200.0	-	2,200.0	
TOTAL CAPITAL	**$49,697.0**	**$115,000.0**	**$164,697.0**	

University of Alaska

The major goals of the University are to inspire learning, and to advance and disseminate knowledge through teaching, research, and public service, emphasizing the North and its diverse peoples by fostering and promoting the following:

- a high quality postsecondary educational system;
- appropriate vocational education development and training;
- advancement and extension of knowledge, learning, and culture; and
- the University as the state's primary research facility with focus on the application of new knowledge and emerging technologies.

SIGNIFICANT ISSUES

The FY2010 University of Alaska operating budget as submitted by the Governor is $13,641.4 GF above the FY09 Revised Management Plan (which excludes fuel/utility & gasline one-time funding of $4.8 million). The Governor's net GF change from Adjusted Base is $4,543.9 (which includes, a requested fund source change, switching FY09 Business License & Corporation Filing Fees and Taxes funding to $550.0 GF for FY2010).

According to the University, the program enhancements in the University's FY2010 budget are critical to meeting the Board of Regents' goals in the following growth priorities:

- K-12 Outreach;
- Energy, Engineering, Climate;
- Health Programs; and
- Workforce and Campus Programs.

The University of Alaska Board of Regents requested an overall increase of $11.6 million (a net result of a $32.3 million GF increase and a net *decrease of $20.7 million* in non-GF). The Governor's budget mirrors the Regents' request in several categories but the end result is less than the Board of Regents' request by $24.6 million ($16.2 million GF and $8.4 million non-GF). (see following table)

- **Compensation Increases** – The compensation package requested by the University and submitted by the Governor includes salary increases for all union-represented groups and for non-represented faculty and staff totaling $14.5 million (including $8.9 million GF). It is based on projections of contractual increases for current employee agreements. This request includes a reduction for the University's Optional Retirement Program (ORP) for FY2010 of $2.4 million ($1.3 million of which is GF). It further includes a reduction of $234.4 GF for a one-time workforce development stipend of $800 per retained Alaska Community Colleges' Federation of Teachers member. As with similar salary adjustments in other agencies, compensation increases were added to the base budget.

The Governor made cuts to some areas as shown in the table on the next page:

UNIVERSITY OF ALASKA	FY10 Board of Regents Request			FY10 Governor's Request			Difference between Board of Regents and FY10 Governor's Request		
	GF	non-GF	TOTAL	GF	non-GF	TOTAL	GF	non-GF	TOTAL
FULLY FUNDED BY GOVERNOR									
Compensation Increases with decrements for ORP ($1.3 million GF/$1.1 million non-GF) and one-time ACCFT Stipend reflected ($.2GF) (All Represented & Non-Represented Faculty & Staff including Executives) (No Health increase requested for FY10)	**$8,864.0**	**$5,676.5**	**$14,540.5**	**$8,864.0**	**$5,676.5**	**$14,540.5**	No Differences		
PARTIALLY FUNDED BY GOVERNOR									
Other Cost Increases Categorized as Fixed (by the University)									
Non-Personnel Services Fixed Cost Increases	$3,214.9	$7,614.3	$10,829.2	$0.0	$7,614.3	$7,614.3	($3,214.9)	$0.0	($3,214.9)
Compliance Mandates (personnel)	$654.0	$400.0	$1,054.0	$0.0	$400.0	$400.0	($654.0)	$0.0	($654.0)
Utility Cost Increases	$1,700.0	$1,100.0	$2,800.0	$0.0	$0.0	$0.0	($1,700.0)	($1,100.0)	($2,800.0)
New Facility Operating and Maintenance Costs	$2,790.5	$344.3	$3,134.8	$350.0	$344.3	$694.3	($2,440.5)	$0.0	($2,440.5)
Other Cost Increases Subtotal	**$8,359.4**	**$9,458.6**	**$17,818.0**	**$350.0**	**$8,358.6**	**$8,708.6**	($8,009.4)	($1,100.0)	($9,109.4)
	GF	non-GF	TOTAL	GF	non-GF	TOTAL	GF	non-GF	TOTAL
Priority Program Enhancement and Growth									
K-12 Outreach	**$2,628.1**	**$846.6**	**$3,474.7**	**$800.0**	**$230.0**	**$1,030.0**	($1,828.1)	($616.6)	($2,444.7)
Bridging Programs, Tech Prep and Career Awareness	$1,490.0	$305.0	$1,795.0	$800.0	$230.0	$1,030.0			
Outreach, Testing, Placement and Teacher Preparation	$1,138.1	$541.6	$1,679.7	$0.0	$0.0	$0.0			
Energy, Engineering, Climate	**$3,823.4**	**$7,120.0**	**$10,943.4**	**$1,000.0**	**$3,968.1**	**$4,968.1**	($2,823.4)	($3,151.9)	($5,975.3)
Energy and Cooperative Extension Service	$1,438.4	$3,968.1	$5,406.5	$1,000.0	$3,968.1	$4,968.1			
Engineering	$1,560.0	$651.9	$2,211.9	$0.0	$0.0	$0.0			
Climate	$825.0	$2,500.0	$3,325.0	$0.0	$0.0	$0.0			
Health Programs	**$3,073.2**	**$3,213.5**	**$6,286.7**	**$1,843.9**	**$299.5**	**$2,143.4**	($1,229.3)	($2,914.0)	($4,143.3)
BioMed Capacity	$1,229.3	$2,914.0	$4,143.3	$0.0	$0.0	$0.0			
Academic Programs	$1,843.9	$299.5	$2,143.4	$1,843.9	$299.5	$2,143.4			
Workforce and Campus Programs	**$2,341.8**	**$619.9**	**$2,961.7**	**$0.0**	**$0.0**	**$0.0**	($2,341.8)	($619.9)	($2,961.7)
Workforce Programs	$1,216.5	$290.4	$1,506.9	$0.0	$0.0	$0.0			
Advanced Indigenous Studies	$335.3	$215.0	$550.3	$0.0	$0.0	$0.0			
Student Achievement	$790.0	$114.5	$904.5	$0.0	$0.0	$0.0			
Priority Program Enhancement and Growth Subtotal	**$11,866.5**	**$11,800.0**	**$23,666.5**	**$3,643.9**	**$4,497.6**	**$8,141.5**	**($8,222.6)**	**($7,302.4)**	**($15,525.0)**
TOTAL INCREASES	**$29,089.9**	**$26,935.1**	**$56,025.0**	**$12,857.9**	**$18,532.7**	**$31,390.6**	**($16,232.0)**	**($8,402.4)**	**($24,634.4)**

In addition to (fully supported) compensation increases, Board of Regents' increments partially supported by the Governor include the following:

- **Non-Personnel Services Fixed Cost Increases** – $7,614.3 non-GF. This increase is intended to cover:
  - projected FY2010 travel for intercollegiate athletic teams at UAA and UAF, as well as academic and research travel, to offset airline travel costs that have risen 30%;
  - annual maintenance and repair calculated at a minimum 1.5% of current building value and other increases in non-discretionary costs (estimated at 2% of contractual services and commodities).
- **Compliance Mandates (personnel)** – $400.0 non-GF. This area includes risk management increases to support required insurance, risk assessment, and operation increases.
- **New Facility Operating and Maintenance Costs** – Total $694.3 ($350.0 GF, $344.3 non-GF) Additional funding in this area would cover:
  - the Bragaw Building Lease Expense in Anchorage for space expansion related to Development, Corporate Programs, Risk and Land Management functions;
  - the Integrated Science Building (ISB) East Campus Parking Garage; and
  - ISB support positions funding.

Legislative Fiscal Analyst Comment: *As in 2009, the Governor has included a contingent appropriation in the operating budget to offset increased fuel and utility costs of agencies. The University Board of Regents requested funds in excess of that contingency (estimating that costs will rise another 10% for FY2010), but that increment was not included in the Governor's budget submission. The University anticipates a possible supplemental request to cover excess fuel costs for FY09.*

The Governor's request does not include the entire Board of Regents' proposal in Priority Program Enhancement and Growth. A total of $15,525.0 ($8,222.6 GF and $7,302.4 non-GF) was cut from the Board of Regents' FY2010 operating budget submittal in these areas. Partial program funding is included in the Governor's budget for the following:

- **K-12 Outreach** – Total $1,030.0 ($800.0 GF, $230.0 non-GF) Funding in this category is intended to support partnerships with the Department of Education and Early Development and school districts, as well as summer camps, career awareness, outreach, special education teacher training, and early testing, assessment and placement. Examples of proposed program investments include expanding the following:
  - UAA Engineering Bridging Activities/Summer Camps;
  - UAA Alaska Native Science and Engineering Program;
  - UAF Alaska Summer Research Academy Engineering Components;
  - UAF Interior Aleutians Campus Early College High School Initiative;
  - UAF Individual Technology Based Math and Summer Bridge Programs; and
  - UAS Summer Bridge, Early College Advising and Programs.
- **Energy, Engineering, Climate** – Total $4,968.1 ($1,000.0 GF, $3,968.1 non-GF)

- The Governor's request focuses on funding to address solutions to the state's most pressing energy issues, including outreach through the Alaska Cooperative Extension Service.
- Operating support for energy is intended to provide the core expertise and support to address the needs expressed through state plans, including a plan prepared by the Alaska Energy Authority.

- **Health Programs** – Total $2,143.4 ($1,843.9 GF, $299.5 non-GF)
  - This priority program request is designed to support the University's next step in building strong health occupation training programs. Specific examples include:
    - Anchorage Campus – Clinical Rotations/Health Pipeline partnering with industry leaders to encourage Alaskans in health careers and support health students to select employment in underserved areas and with underserved populations; UAA distance social work program in partnership with the Alaska Mental Health Trust Authority; Human Services Practicum Coordination to meet accreditation guidelines; faculty/liaisons in the areas of pharmacy careers and physical therapy; and, expansion of the Physician Assistant Program;
    - Fairbanks Campus – increased funding for the UAF Psychology Clinic as the training site and behavioral health research facility for doctoral student clinicians;
    - College of Rural and Community Development – UAF Rural Human Services Faculty to work toward a culturally appropriate training program designed for rural human service workers;
    - Tanana Valley Campus – addition of a tenure-track faculty position to the Allied Health/Medical Assisting Certificate and Associate of Applied Science (AAS) program to expand the Medical Assisting program to rural locations; and
    - Juneau Campus – addition of a UAS Career and Health Coordinator to work with the Health Distance Education Partnership, Student Success Coordinator to work with students prior to and after enrollment in any regional health occupation program, and a biological sciences laboratory technician for the Sitka-based program.

Although the Board of Regents had requested funds for Workforce and Campus Programs, no funds were included in the Governor's request for that purpose.

The Governor's University of Alaska FY2010 budget adds three new PFT positions for a total of 4,919 (4,697 PFT and 222 PPT) positions.

ORGANIZATIONAL CHANGES

For FY2010, the Governor's Office is supporting a single appropriation structure for the University of Alaska. Although this was the structure maintained for many years, in FY09 the legislature determined that seven appropriations would allow more oversight and control from a legislative perspective.

In addition to the single University of Alaska appropriation, an allocation for the Small Business Development Center (SBDC) has been created. In FY09, an appropriation was set up to allow movement of the SBDC from the capital budget to the operating budget. For FY2010, this program is also singled out with a transfer of $337.2 ($257.2 GF, $80.0 non-GF) from the Anchorage Campus operating budget (which supplemented the capital budget appropriation each year) to a newly created allocation which adds to and continues the FY09 funding of $550.0. The University's intent is to keep this allocation complete and separate to track all SBDC activities for the federal match requirements, BuyAlaska and the Procurement Technical Assistance Program.

CAPITAL REQUEST

There are two general fund projects in the University's FY2010 capital budget:

(1) $10 million GF to maintain existing facilities (renewal and renovation annual requirement), and

(2) $2.2 million GF designed as a pass thru to Providence Alaska Medical Center for the Alaska Family Medicine Residency Program which trains medical school graduates who intend to practice family medicine in Alaska. This is the only residency program in the Northwest that does not receive annual direct state appropriations from their state university or higher education system.

Legislative Fiscal Analyst Comment: *Prior funding for this program was provided in the Department of Commerce, Community and Economic Development as a Grant to a Named Recipient ($2.0 million each in FY08 and FY09). If funding for this purpose is approved, the legislature may wish to add it to the operating budget as an ongoing appropriation.*

One other item in the University's capital request is funded by AHCC Receipts – $1,072.0 for University of Alaska Gasline Workforce Development to enable acquisition of a machinery simulator package that would support training for any occupation utilizing heavy equipment. The AHCC fund source is classified as GF by Legislative Finance. The Governor classifies these receipts as "Other" Funds.

Alaska Court System

All Dollars in Thousands

	(GF Only)	Change	% Change	*See Note:*
FY09 Conference Committee (GF Only)	**$84,485.8**			
FY09 Fiscal Notes	-			
CarryForward	-			
Special Appropriations	-			
Agency Transfers (excludes fuel/utility &gasline)	-			
09 Contractual Salary Adjustments	-			
09 Salary Fund Changes	-			
Misc Adjustments	-			
Vetoes	-			
FY09 Revised Management Plan (GF only)	**$84,485.8**	$0.0	0.0%	
One-time Items removed	-			
Transfers between Agencies (nets zero statewide)	-			
FY10 Contractual Salary and Health Increases	2,430.7			
Misc Adjustments	-			
FY10 Adjusted Base Budget (GF only)	**$86,916.5**	$2,430.7	2.9%	
FY 10 Unrealizable Salary Fund Source Changes	-			
FY 10 Governor's GF Increments/Decrements/Fund Changes	2,710.6			
FY10 Governor's Request (GF only)	**$89,627.1**	$2,710.6	3.1%	

FY10 Governor's Increments, Decrements and Fund Changes Less Unrealizable Salary Fund Source Changes	**FY10 Adjusted Base Budget + Salary Fund Changes (GF Only)**	**FY10 Governor's Request (GF only)**	**Change from Revised FY10 Adj Base to FY10 Governor's Request**	**See Note:**
Allocation			**$2,710.6**	
Apellate Courts	6,522.4	6,306.6	(215.8)	**1,2,3**
Trial Courts	69,934.7	72,221.8	2,287.1	**1,2,3,4,6,7**
Administration and Support	9,366.1	9,928.0	561.9	**1,2**
Commission on Judicial Conduct	359.0	362.6	3.6	**1**
Judicial Council	943.9	1,017.7	73.8	**5**

Non-General Fund Agency Summary	**FY10 Adjusted Base Budget + Salary Fund Changes**	**FY10 Governor's Request**	**Change from Revised FY10 Adj Base to FY10 Governor's Request**	**See Note:**
Federal Funds (all allocations)	1,675.6	1,675.6	-	
Other funds (all allocations)	506.0	1,016.3	510.3	**7**
Total Non-General Funds (all allocations)	**$2,181.6**	**$2,691.9**	**$510.3**	
Position Changes (From FY09 Management Plan to Gov)	**819**	**843**	**24**	
PFT	729	754	25	
PPT	62	61	(1)	
Temp	28	28	-	

Governor's Capital Request	**State Funds (GF + Other)**	**Federal Funds**	**Total**	**See Note:**
Planning and Research	-	-	-	
Maintenance, Renovation, and Repairs	-	-	-	
Remodel and Reconstruction	2,500.0	-	2,500.0	
New Construction and Land Acquisition	-	-	-	
Equipment and Materials	-	-	-	
Information Systems and Technology	-	-	-	
Other	-	-	-	
TOTAL CAPITAL	**$2,500.0**	**$0.0**	**$2,500.0**	

Alaska Court System

The Alaska Court System constitutes the Judicial Branch of the state's government. Alaska has a unified, centrally administered, and completely state-funded judicial system. The mission of the Alaska Court System is to provide an accessible and impartial forum for the just resolution of all cases that come before it, and to decide such cases in accordance with the law, expeditiously and with integrity.

There are four levels of courts in the Alaska Court System, each with different powers, duties and responsibilities. The four levels of courts are the Supreme Court, the Court of Appeals, the Superior Court, and the District Court. The Supreme Court and the Superior Court were established in the Alaska Constitution. The District Court was established by state statute in 1959. The Court of Appeals was established by state statute in 1980. Jurisdiction and other areas of the judicial responsibility for each level of court are set out in Title 22 of the Alaska Statutes.

The Alaska Court System budget is presented in three appropriation requests - the Alaska Court System, the Commission on Judicial Conduct, and the Judicial Council.

SIGNIFICANT ISSUES

The FY2010 Alaska Court System GF operating budget as submitted by the Alaska Court System is $5,141.3 above the FY09 Revised Management Plan (which excludes fuel/utility & gasline one-time funding). The net GF change from Adjusted Base is $2,710.6.

The following notes correspond to the numbers in the last column of the preceding spreadsheet:

1. **Improve Public Service: $3,202.0 GF.** The Court System has been experiencing difficulty in recruiting and retaining qualified staff to manage the department's increased caseloads throughout the state. The agency has addressed this problem by adding twenty-five full-time positions to the FY2010 request. Increments for these purposes include:

   - **$2,085.0 GF:** Adding judicial, clerical, and administrative support positions where appropriate in communities with the largest need and expanding some positions from part-time to full-time;
   - **$474.0 GF:** Increasing salaries for Magistrates and Pro Tem Judges and Justices in an effort to maintain parity with employees in the classified and partially exempt state service;
   - **$639.4 GF:** Eliminating vacancy factors that currently exacerbate the number of backlogged caseloads by forcing delays in filling judgeships; and
   - **$3.6 GF:** Reducing personal services underfunding in the office of Judicial Conduct.

2. **Operating Expenses: $2,045.1 GF.** Operating costs are increasing for the Court System in the areas of lease costs, building maintenance, utilities, service contracts, office supplies and equipment, information technology and travel. Increments for these purposes include:

   - **$725.0 GF:** Utilities and service contracts to keep up with the rising cost of fuel and building service contractors (snow removal, janitorial and security services);

- **$492.8 GF:** Update operating systems and replace outdated equipment in addition to the purchase and maintenance of critical software licenses;
- **$297.5 GF:** Office and library products including paper, toner and other consumable supplies;
- **$268.3 GF:** Public Building Fund increases in Palmer and Juneau as well as increased lease costs for the other 22 facilities leased through private landlords;
- **$236.5 GF:** Increased travel costs, largely due to an 8.1% rise in domestic airfares from the second quarter of 2007; and
- **$25.0 GF:** Replacement of aging workstations and furniture.

3. **Judicial Retirement System Savings: $3,529.9 GF Reduction.** During the last session, the legislature appropriated $49 million to pay off the unfunded liability of the Judicial Retirement System (JRS). This reduction of debt enabled the Alaska Retirement Management (ARM) Board to reduce the contribution rate from 57.7% to 26.2%. This rate is expected to be stable for the foreseeable future; individual benefit costs under the Judicial Retirement System are more than twice the cost of individual benefit costs under the Public Employees Retirement System.

4. **Transcript Costs for Criminal Proceedings: $125.0 GF.** With an increase in criminal caseloads, the demand for transcripts has dramatically increased. Coupled with this increased demand, fewer contractors are willing to accept work from the court because the payment rates are below market standards. The Court System is currently paying a per page rate of $2.65 - $3.05, while federal courts are paying a per page rate of $3.65 - $4.85.

5. **Judicial Selection: $63.6 GF.** This increment will assist the Commission on Judicial Conduct in meeting its workload requirements in the judicial application and selection processes.

6. **Juror Mileage Reimbursement: $35.0 GF.** By court rule, jurors must reside in excess of 30 miles away from the court to be entitled to receive mileage reimbursement. The Court System is seeking a rule change to permit mileage expenses to be reimbursed after the juror has driven more than 60 miles to perform their service as a juror. This change is particularly important for jurors serving multiple days in rural locations.

7. **Mental Health Programs: $510.3 MHTAAR and $747.1 GF/MH.** FY2010 will be the second year of zero-base budgeting for Mental Health Trust Authority Authorized Receipts (MHTAAR) – meaning that all MHTAAR funding in state agencies is removed from the adjusted base and reconsidered by the Mental Health Trust Authority each fiscal year.

   For FY2010, The Mental Health Trust is recommending $510.3 ($477.5 less than FY09 Authorized) in MHTAAR funding for the MH Trust Disability Justice Initiative. The majority of the funding is for:

   - preventative treatment for youth intended to avoid future costs of more expensive treatment services associated with the adult correctional and judicial systems; and

- developing court ordered treatment plans that address clients treatment needs and are monitored by the court, thus reducing risk of future contacts with the criminal justice system.

The proposed reductions in MHTAAR authorization would be offset by a $747.1 increase in GF/MH funding for additional Disability Justice Initiative programs. Replacement of $647.7 MHTAAR authorization with GF/MH will ensure continued access to treatment services for existing and new therapeutic courts. The remainder of the GF/MH increase will replace FY2009 MHTAAR authorization for the Anchorage Mental Health Court ($99.4).

ORGANIZATIONAL CHANGES

There are no significant changes requested.

CAPITAL REQUEST

Anchorage Campus Project – Phase II: $2.5 Million GF. The Court System's sole capital project included in the Governor's request is a major remodel to all floors of the Boney Courthouse and a minor remodel in the Nesbett Courthouse to accommodate additional judges, provide safe prisoner transport to additional courtrooms in the Boney Courthouse, and provide spaces that are more conducive to efficient customer service.

Alaska Legislature

All Dollars in Thousands

	(GF Only)	Change	% Change	See Note:
FY09 Conference Committee (GF Only)	**$61,956.0**			
FY09 Fiscal Notes	-			
CarryForward	2,292.5			
Special Appropriations	-			
Agency Transfers (excludes fuel/utility &gasline)	-			
09 Contractual Salary Adjustments	-			
09 Salary Fund Changes	-			
Misc Adjustments	-			
Vetoes	-			
FY09 Revised Management Plan (GF only)	**$64,248.5**	$2,292.5	3.7%	
One-time Items removed	(292.5)			
Transfers between Agencies (nets zero statewide)	-			
FY10 Contractual Salary and Health Increases	1,373.4			
Misc Adjustments	-			
FY10 Adjusted Base Budget (GF only)	**$65,329.4**	$1,080.9	1.7%	
FY 10 Unrealizable Salary Fund Source Changes	-			
FY 10 Governor's GF Increments/Decrements/Fund Changes	613.8			
FY10 Governor's Request (GF only)	**$65,943.2**	$613.8	0.9%	

FY10 Governor's Increments, Decrements and Fund Changes Less Unrealizable Salary Fund Source Changes	**FY10 Adjusted Base Budget + Salary Fund Changes (GF Only)**	**FY10 Governor's Request (GF only)**	**Change from Revised FY10 Adj Base to FY10 Governor's Request**	**See Note:**
Allocation			**$613.8**	
Council and Subcommittees	3,288.4	3,580.9	292.5	2
Office of Victims Rights	287.2	108.5	(178.7)	3
Legislative Operating Budget	11,137.4	11,637.4	500.0	1

Non-General Fund Agency Summary	**FY10 Adjusted Base Budget + Salary Fund Changes**	**FY10 Governor's Request**	**Change from Revised FY10 Adj Base to FY10 Governor's Request**	**See Note:**
Federal Funds (all allocations)	63,329.4	65,943.2	2,613.8	
Other funds (all allocations)	963.6	1,142.3	178.7	3
Total Non-General Funds (all allocations)	**$64,293.0**	**$67,085.5**	**$2,792.5**	
Position Changes (From FY09 Management Plan to Gov)	**526**	**526**	**-**	
PFT	246	246	-	
PPT	280	280	-	
Temp	-	-	-	

Governor's Capital Request	**State Funds (GF + Other)**	**Federal Funds**	**Total**	**See Note:**
Planning and Research	-	-	-	
Maintenance, Renovation, and Repairs	-	-	-	
Remodel and Reconstruction	-	-	-	
New Construction and Land Acquisition	-	-	-	
Equipment and Materials	-	-	-	
Information Systems and Technology	-	-	-	
Other	-	-	-	
TOTAL CAPITAL	**$0.0**	**$0.0**	**$0.0**	

Alaska Legislature

The Alaska State Legislature sets policy through the adoption of laws and has the power of appropriation as provided in the Alaska Constitution and in state statute. The legislature includes the following appropriations and allocations:

- Legislative Budget and Audit Committee
  - Legislative Audit
  - Legislative Finance
  - Committee Expenses
  - Legislature State Facilities Rent
- Legislative Council
  - Legislative Salaries and Allowances
  - Administrative Services
  - Session Expenses
  - Council and Subcommittees
  - Legal and Research Services
  - Select Committee on Ethics
  - Office of Victims Rights
  - Office of the Ombudsman
- Legislative Operating Budget

SIGNIFICANT ISSUES

The budget submitted to the Governor is traditionally a preliminary draft that has not been formally reviewed by legislative leadership. The FY2010 submittal is essentially identical to the FY09 budget, with the exception of salary adjustments and the following:

1. An increment of $500.0 general funds for potential cost increases during interims.

2. Two one-time appropriations that were carried forward into the FY2010 budget—$100.0 for the Legislative Outdoor Heritage Caucus and $192.5 for a Council of State Governments meeting – lapse at the end of FY09. In keeping with a legislative policy decision (made last session) to minimize carryforward, the legislature may wish to delete these FY09 one-items from the FY2010 budget.

3. A fund change that replaces $178.7 of general funds with PFD Criminal funds.

Legislative Fiscal Analyst Comment: *The amount of PFD Criminal funds available varies with the amount of the Permanent Fund dividend and the number of felons incarcerated. Recent investment losses are likely to reduce PFDs in the future, with a corresponding decrease in PFD Criminal funds available. The likely result is future requests to replace PFD Criminal funds with general funds.*

There are no capital projects or organizational changes requested.

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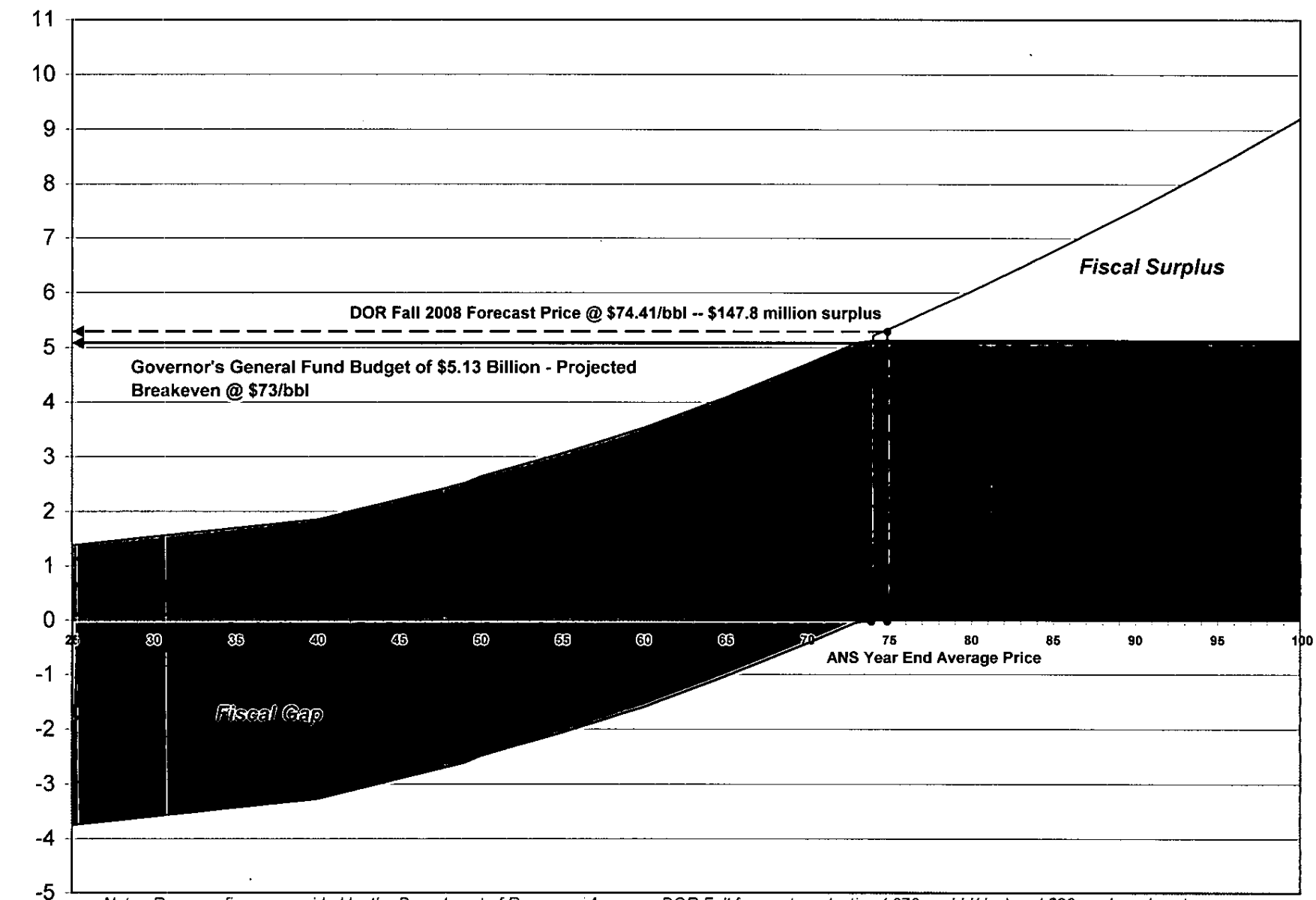
The Fiscal Year 2010 Budget:

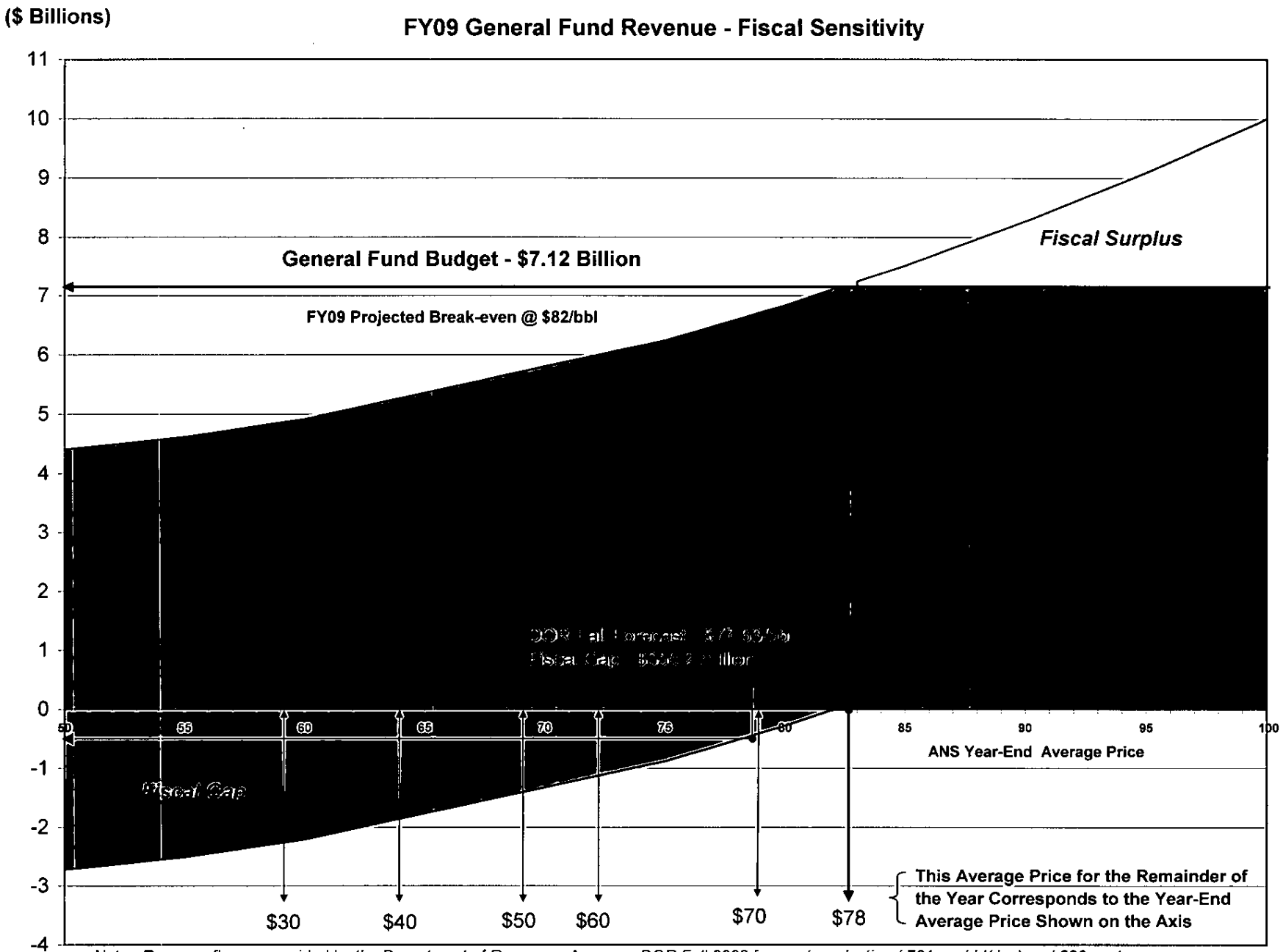
Legislative Fiscal Analyst's Overview of the Governor's Request

Senate Finance Committee
February 17, 2009

FY2010 General Fund Revenue - Fiscal Sensitivity



Note: Revenue figures provided by the Department of Revenue. Assumes DOR Fall forecast production (.676 mmbbl/day) and $20 per barrel cost estimates. Revenue figures include sources not directly affected by oil prices. Budget figures include operating and capital.



Note: Revenue figures provided by the Department of Revenue. Assumes DOR Fall 2008 forecast production (.701 mmbbl/day) and $20 cost estimates. Revenue figures include sources not directly affected by oil prices. Budget figures include operating, capital and savings.

State of Alaska Fiscal Summary

($ millions)

		FY09 Authorized				FY2010 Governor's Proposed				GF Change	
		GF	Federal	Other	Total	GF	Federal	Other	Total	$	%
1	**REVENUE** (Excludes Permanent Fund Earnings)	6,765.5	2,561.5	3,836.7	13,163.7	5,275.4	2,803.8	3,384.7	11,463.9	(1,490.1)	-22.0%
2	Unrestricted General Fund Revenue (Fall 2008) (1)	6,751.4			6,751.4	5,275.4			5,275.4	(1,476.0)	-21.9%
3	Unrestricted General Fund Revenue (2008 Interim) (1)	0.0			0.0	0.0			0.0		
4	Unrestricted General Fund Revenue (Spring 2009) (1)	0.0			0.0	0.0			0.0		
5	Carryforward (2)	14.1	4.6	1.4	20.0				0.0		
6	Net Corporate Dividends (3)			87.6	87.6			84.5	84.5		
7	Federal and Other Funds		2,556.9	3,747.7	6,304.6		2,803.8	3,300.1	6,103.9		
8	**APPROPRIATIONS**										
9	**TOTAL OPERATING APPROPRIATIONS**	5,273.4	1,754.0	1,093.9	8,121.3	4,572.5	1,699.9	954.4	7,226.8	(700.9)	-13.3%
10	**Agency Operations**	3,427.9	1,713.4	991.9	6,133.2	3,569.9	1,667.9	987.1	6,224.9	141.9	4.1%
11	Current Fiscal Year Appropriations	3,427.9	1,713.4	991.9	6,133.2	3,519.9	1,667.9	987.1	6,174.9	91.9	2.7%
12	Agency Operations (Non-Formula)	1,775.8	869.8	968.0	3,613.7	1,800.1	840.4	966.3	3,606.8	24.3	1.4%
13	K-12 Formula	1,003.3	20.8	14.3	1,038.4	1,054.6	20.8	12.9	1,088.3	51.3	5.1%
14	Other Formula Programs	648.9	810.8	9.2	1,468.8	640.2	806.7	7.8	1,454.7	(8.6)	-1.3%
15	Amendments	0.0	12.0	0.3	12.3	20.0	0.0	0.0	20.0		
16	New Legislation (other than those affecting K-12 Foundation)	0.0	0.0	0.0	0.0	5.0	0.0	0.0	5.0		
17	*Duplicated Authorization (non-additive) (4)*	*0.0*	*0.0*	*705.7*	*705.7*	*0.0*	*0.0*	*708.9*	*708.9*		
18	Supplemental Appropriations (placeholder)	0.0	0.0	0.0	0.0	50.0	0.0	0.0	50.0	50.0	
19	**Statewide Operations**	1,845.4	40.7	102.0	1,988.1	1,002.6	32.0	(32.6)	1,002.0	(842.8)	-45.7%
20	Current Fiscal Year Appropriations	1,845.4	40.7	102.0	1,988.1	1,002.6	32.0	(32.6)	1,002.0	(842.8)	-45.7%
21	Debt Service	144.3	13.1	74.1	231.4	157.0	12.0	76.8	245.8	12.7	8.8%
22	Fund Capitalization	791.5	27.6	28.0	847.1	34.5	20.0	(109.4)	(55.0)	(757.1)	-95.6%
23	Direct Appropriations to Retirement	449.6	0.0	0.0	449.6	451.2	0.0	0.0	451.2	1.6	0.3%
24	Revenue Sharing	60.0	0.0	0.0	60.0	60.0	0.0	0.0	60.0	0.0	0.0%
25	Oil & Gas Investment Credits	400.0	0.0	0.0	400.0	300.0	0.0	0.0	300.0	(100.0)	-25.0%
26	*Duplicated Authorization (non-additive) (4)*	*0.0*	*0.0*	*136.2*	*136.2*	*0.0*	*0.0*	*0.0*	*0.0*		
27	Supplemental Appropriations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
28	Debt Service	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
29	Fund Capitalization	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
30	Local Government Support	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
31	Deposits to Retirement Accounts	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
32	Oil & Gas Investment Credits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
33	**TOTAL CAPITAL APPROPRIATIONS**	669.0	807.4	276.8	1,753.2	555.1	1,103.9	247.2	1,906.3	(113.8)	-17.0%
34	Current Fiscal Year Appropriations	669.0	807.4	276.7	1,753.1	535.1	1,103.9	247.2	1,886.3	(133.8)	-20.0%
35	Project Appropriations & RPLs (Revised Programs)	529.0	807.3	248.7	1,585.0	415.1	1,103.9	219.2	1,738.3	(113.8)	-21.5%
36	Fund Capitalization	140.0	0.1	28.0	168.1	120.0	0.0	28.0	148.0	(20.0)	-14.3%
37	*Projects Funded w/ General Obligation Bonds (non-add) (5)*	*0.0*	*0.0*	*315.1*	*315.1*	*0.0*	*0.0*	*0.0*	*0.0*		
38	*Projects Funded w/ Other Debt Proceeds (non-additive) (5)*	*0.0*	*0.0*	*28.6*	*28.6*	*0.0*	*0.0*	*24.3*	*24.3*		
39	*Capital Vetoes (non-additive)*	*(71.4)*	*0.0*	*(43.3)*	*(114.7)*	*0.0*	*0.0*	*0.0*	*0.0*		
40	*Duplicated Authorization (non-additive) (4)*	*0.0*	*0.0*	*529.7*	*529.7*	*0.0*	*0.0*	*310.2*	*310.2*		
41	Supplemental Appropriations	0.0	0.0	0.1	0.1	20.0	0.0	0.0	20.0		
42	Capital Projects (net of Duplication)	0.0	0.0	0.1	0.1	20.0	0.0	0.0	20.0		
43	Capital Project Vetoes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
44	Fund Capitalization	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
45	**Pre-Savings Authorization** (unduplicated)	5,942.3	2,561.5	1,370.7	9,874.5	5,127.6	2,803.8	1,201.7	9,133.1	(814.7)	-13.7%
46	*Pre-Savings Surplus (Draw From CBRF)*	*823.1*	*12%*	*of Revenue*		*147.8*	*3%*	*of Revenue*			
47	**SAVINGS**	1,181.3	0.0	0.0	1,181.3	(234.8)	0.0	0.0	(234.8)	(1,416.1)	-120%
48	Current Fiscal Year Appropriations	1,181.3	0.0	0.0	1,181.3	(234.8)	0.0	0.0	(234.8)	(1,416.1)	-119.9%
49	Constitutional Budget Reserve Fund	1,000.0	0.0	0.0	1,000.0	0.0	0.0	0.0	0.0	(1,000.0)	-100.0%
50	Statutory Budget Reserve Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
51	Public Education Fund	175.3	0.0	0.0	175.3	9.6	0.0	0.0	9.6	(165.7)	-94.5%
52	Cruise Ship Gambling Tax Receipts	6.0	0.0	0.0	6.0	(6.0)	0.0	0.0	(6.0)	(12.0)	-200.0%
53	AHFC Savings Account	0.0	0.0	0.0	0.0	(238.4)	0.0	0.0	(238.4)	(238.4)	
54	Supplemental Savings	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
55	Constitutional Budget Reserve Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
56	Statutory Budget Reserve Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
57	Community Revenue Sharing Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
58	**Post-Savings Authorization** (unduplicated)	7,123.6	2,561.5	1,370.7	11,055.8	4,892.8	2,803.8	1,201.7	8,898.3	(2,230.9)	-31.3%
59	*Post-Savings Surplus (Draw From CBRF)*	*(358.2)*	*-5%*	*of Revenue*		*382.6*	*7%*	*of Revenue*			
60	Permanent Fund Appropriations	0.0	0.0	2,466.0	2,466.0	0.0	0.0	2,183.0	2,183.0		
61	Permanent Fund Dividends	0.0	0.0	1,286.0	1,286.0	0.0	0.0	1,311.0	1,311.0		
62	Permanent Fund Inflation Proofing	0.0	0.0	1,180.0	1,180.0	0.0	0.0	872.0	872.0		
63	Other Deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
64	**Total Authorization** (unduplicated)	7,123.6	2,561.5	3,836.7	13,521.8	4,892.8	2,803.8	3,384.7	11,081.3	(2,230.9)	-31.3%
65	**FISCAL YEAR SUMMARY**	7,123.6	2,561.5	1,370.7	11,055.8	4,892.8	2,803.8	1,201.7	8,898.3	(2,230.9)	-31.3%
66	Agency Operations	3,427.9	1,713.4	991.9	6,133.2	3,569.9	1,667.9	987.1	6,224.9	141.9	4.1%
67	Statewide Operations	1,845.4	40.7	102.0	1,988.1	1,002.6	32.0	(32.6)	1,002.0	(842.8)	-45.7%
68	**Total Operating**	5,273.4	1,754.0	1,093.9	8,121.3	4,572.5	1,699.9	954.4	7,226.8	(700.9)	-13.3%
69	**Capital**	669.0	807.4	276.8	1,753.2	555.1	1,103.9	247.2	1,906.3	(113.8)	-17.0%
70	**Savings**	1,181.3	0.0	0.0	1,181.3	(234.8)	0.0	0.0	(234.8)	(1,416.1)	-119.9%

Notes:

January 15, 2009

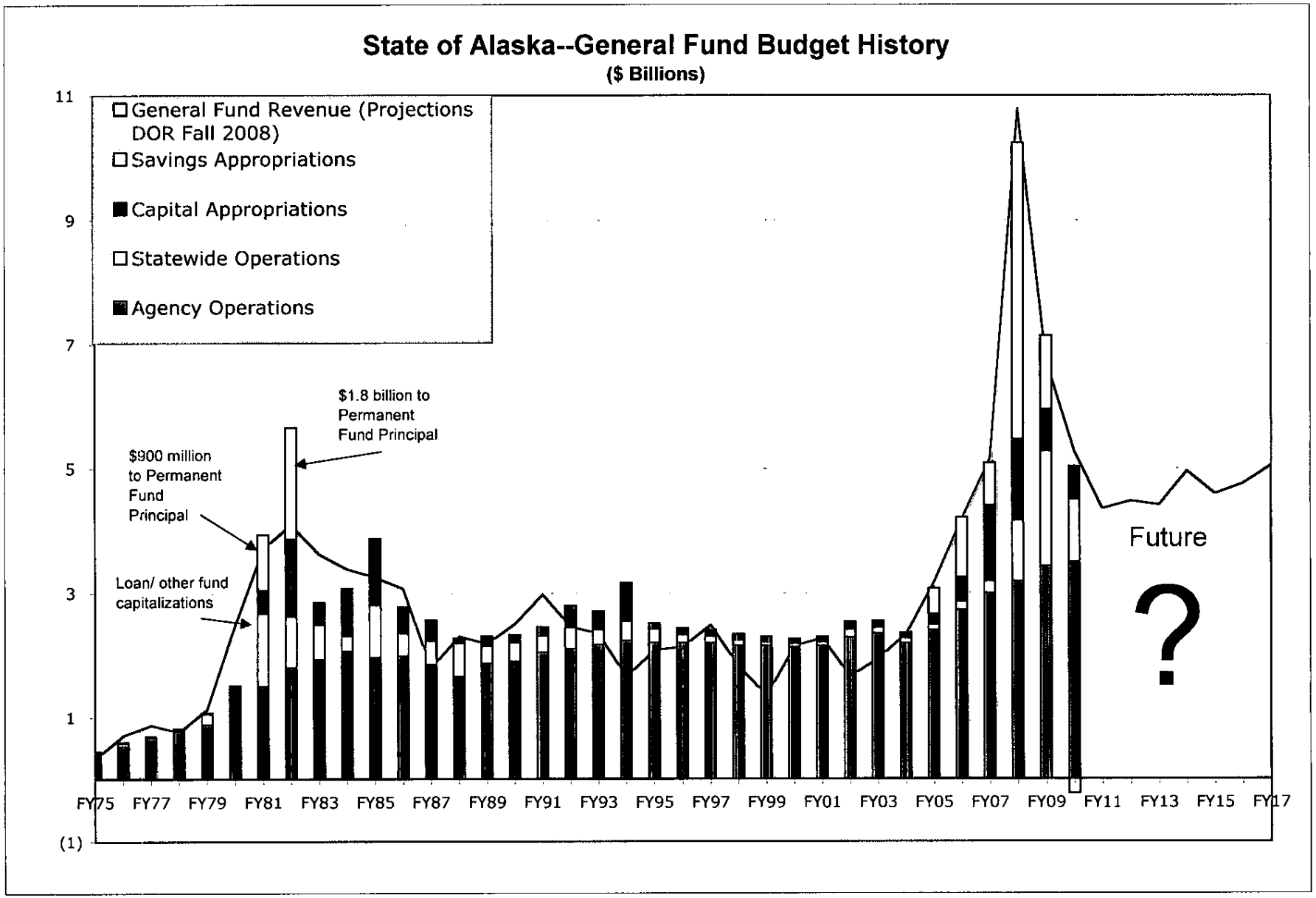
(1) The Fall 2008 revenue forecast for FY09 is 0.701 mmbd at $77.66 per barrel; the FY2010 forecast is 0.676 mmbd at $74.41/bbl.

(2) Carryforward is money that was appropriated in a prior year that is made available for spending in FY09 via multiyear appropriations or reappropriations.

(3) Corporate dividends include funds made available to the State by the boards of AHFC, AIDEA, and ASLC. Dividends retained by AHFC for debt service on state capital project bonds are excluded from the stated amount. Net dividends for FY09 and FY2010, respec

(4) Duplicated authorizations are in the budget twice, such as when funds flow in and out of a holding account or one agency pays another for services provided. Duplicated authorization also includes the expenditure of bond proceeds when debt service on bonds

(5) The state is responsible for future debt service payments on airport revenue bonds and GO bonds. Bond proceeds are included on line 36 and 37 and are deducted on line 40.


State of Alaska--General Fund Budget History
($ Billions)
General Fund Revenue (Projections DOR Fall 2008)
Savings Appropriations
Capital Appropriations
Statewide Operations
Agency Operations
$1.8 billion to Permanent Fund Principal
$900 million to Permanent Fund Principal
Loan/ other fund capitalizations
Future
?
11
9
7
5
3
1
(1)
FY75 FY77 FY79 FY81 FY83 FY85 FY87 FY89 FY91 FY93 FY95 FY97 FY99 FY01 FY03 FY05 FY07 FY09 FY11 FY13 FY15 FY17

2/18/09 CONSTITU-TIONAL BUDGET RESERVE PERFORMANCE REVIEW

<target><bill></bill><subject>2-18-09 CONSTITUTIONAL BUDGET RESERVE PERFORMANCE REVIEW</subject><comm>SFIN26</comm></target>

2/18/09

Constitutional Budget Reserve Fund

January 31, 2009 results

Account	Balance	Combined YTD Income Stmt		Performance Forecast	3yr Prfrmnc Act (as of 1.31.09)
Corpus	$ 3,232,290,988	$ 5,601,231,159	7.1.08 Balance	4.53%	5.56%
Sub	3,391,967,086	2,019,188,597	Net Cont(draw)*	7.61%	-7.76%
		(996,161,683)	Income (Loss)		
Total	$ 6,624,258,074	$ 6,624,258,074	Balance		

Account	Balance	Asset Allocation	Actual Alloc	YTD Income Statement	
Corpus (AKSAS FU 33040)					
Broad Market Fixed Income	$ 642,727,790	20% ± 8%	19.88%	$ 1,134,052,535	7.1.08 Balance
Intermediate-Term Fixed Income	2,413,666,582	75% ± 8%	74.67%	2,019,188,597	Net Cont(draw)*
Short-Term Fixed Income	175,896,616	5% ± 5%	5.44%	79,049,856	Income (Loss)
Total	$ 3,232,290,988		100.00%	$ 3,232,290,988	Balance
Sub (AKSAS FU 33042)				YTD Income Statement	
Domestic Equity	$ 1,431,484,171	44% ± 7%	42.20%		
International Equity	629,202,479	19% ± 5%	18.55%		
Conservative Aggregate	1,256,622,519	36% ± 7%	37.05%	$ 4,467,178,624	7.1.08 Balance
Emerging Income Plus Fund	74,656,363	1% -1%/+3%	2.20%	-	Net Cont(draw)*
Short-Term Fixed Income	1,553	0% + 2%	0.00%	(1,075,211,538)	Income (Loss)
Total	$ 3,391,967,086		100.00%	$ 3,391,967,086	Balance

* Net Contributions and withdrawals are calculated on a cash basis. Some activity in FY09 is due to FY08 appropriations.

Total Fixed Income Investments	$ 4,563,571,424	68.89%
Total Equity Investments	2,060,686,650	72.34%
Total Equity and Fixed Income Investments	$ 6,624,258,074	100.00%

Contributions (Withdrawals) >$10M FY08 thru Present

Date	Amount	Account
07.12.07	50,000,000	Corpus
10.11.07	11,702,122	Corpus
12.31.07	379,000,000	Corpus
01.03.08	28,372,692	Corpus
02.05.08	19,815,031	Corpus
04.16.08	1,000,000,000	Sub
04.30.08	(1,499,801,052)	Corp to sub
04.30.08	3,100,000,000	Sub-includes ↑
08.20.08	400,000,000	Corpus
09.02.08	1,000,000,000	Corpus
12.30.08	582,158,713	Corpus

Sub funds of the General Fund and Public Employees'/Teachers' Retirement Funds

January 31, 2009 results

Account	Balance	Performance Forecast	3yr Prfrmnc Act (as of 1.31.09)
AHFC Capital Fund (Type 1)	$ 345,544,073	4.07%	5.20%
Alaska Capital Income Fund (Type 2)	$ 353,988,098	4.07%	5.20%
Public Education Fund (Type 2)	$ 1,562,651,833	4.07%	5.20%
Statutory Budget Reserve (Type 2)	$ 1,000,000,000	4.07%	5.20%

DB Retirement Plans		Performance Forecast	3yr Prfrmnc Act (as of 1.31.09)
PERS	$ 7,988,919,326	8.25%	-2.73%
TRS	3,528,765,007	8.25%	-2.79%
JRS	89,922,810	8.25%	-3.16%
MRS	24,257,659		0.16%
Total	$ 11,631,864,802		

Note: Sub fund performance rates are for the GeFonsi, which includes the Sub funds.

2/18/09

1	Yupiit School District	42,442

2 * **Sec. 33.** CONSTITUTIONAL BUDGET RESERVE FUND. (a) The sum of
3 $2,600,000,000 is appropriated from the general fund to the constitutional budget reserve fund
4 (art. IX, sec. 17, Constitution of the State of Alaska) for repayment of amounts owed the
5 constitutional budget reserve fund.
6 (b) It is the intent of the legislature that the Department of Revenue invest the assets
7 of the constitutional budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska)
8 in a manner maximizing the long-term earnings of the fund while meeting the minimum
9 liquidity requirements of the state.
10 * **Sec. 34.** LAPSE. (a) The appropriations made by secs. 10, 13, 19(h), 22(b), 22(c), 26(b),
11 and 26(c) of this Act are for capital projects and lapse under AS 37.25.020.
12 (b) The appropriations made by sec. 21 of this Act are for the capitalization of funds
13 and do not lapse.
14 * **Sec. 35.** CONTINGENCY. (a) The appropriation made in sec. 21(d) of this Act is
15 contingent on passage by the Twenty-Fifth Alaska State Legislature and enactment into law of
16 a measure creating the community revenue sharing fund.
17 (b) The appropriations made in sec. 32 of this Act are contingent on passage by the
18 Twenty-Fifth Alaska State Legislature and enactment into law of a version of SB 125.
19 * **Sec. 36.** Sections 1, 16 - 20, 21(a), 21(b), 21(d), and 34 of this Act take effect March 10,
20 2008.
21 * **Sec. 37.** Section 21(c) of this Act takes effect June 30, 2008.
22 * **Sec. 38.** Except as provided in secs. 36 and 37 of this Act, this Act takes effect April 13,
23 2008.

559 CBR Main (AY19)

2/18/09

AY19: FY 2009 Proposed CBRF Investment Guidelines
Main Account

Investment Topic	Current Policy	Proposed Policy
Risk Tolerance	Moderate – Fixed Income	No change
Investment Objective	Moderate exposure of principal loss in return for higher expected longer-term returns. Limited current income requirement. Moderate inflation protection needed. Increasing liquidity requirement.	No change
Time Horizon	Intermediate	No change
Asset Allocation	20% ± 8% Broad Market Fixed Income Pool 76% ± 8% Intermediate-term Fixed Income Pool 4% ± 4% Short-term Fixed Income Pool	20% ± 8% Broad Market Fixed Income Pool 75% ± 8% Intermediate-term Fixed Income Pool 5% ± 5% Short-term Fixed Income Pool
Benchmark	20% Lehman Brothers Aggregate 76% Merrill Lynch 1-5 year Govt. Bond Index 4% Three-month U.S. Treasury Bill	20% Lehman Brothers Aggregate 75% Merrill Lynch 1-5 year Govt. Bond Index 5% Three-month U.S. Treasury Bill

The approved policy for the Constitutional Budget Reserve Fund main account is effective July 1, 2008.

Approved

560

CBR Subs (AY10)

2/18/09

AY10: FY 2009 Proposed CBRF Investment Guidelines
Subaccount

Investment Topic	Current Policy	Proposed Policy
Risk Tolerance	High (Required by statute)	No change
Investment Objective	High exposure of principal to loss in return for higher expected longer-term returns. Limited current income requirement. Limited inflation protection needed. Moderate liquidity requirement.	No change
Time Horizon	Moderately Long	No change
Asset Allocation	36% ± 7% Broad Market Fixed Income Pool 45% ± 7% Domestic Equity Pool 19% ± 5% International Equity Pool	36% ± 7% Conservative Aggregate Pool 45% ± 7% Domestic Equity Pool 19% ± 5% International Equity Pool 0% + 2% Short Term Fixed Income Pool
Benchmark	36% Lehman Brothers Aggregate 45% Russell 3000 Stock Index 19% Morgan Stanley Capital International (EAFE)	36% Lehman Aggregate / Lehman Treasury (90%/10%) 45% Russell 3000 Stock Index 19% Morgan Stanley Capital International (EAFE)

The approved policy for the Constitutional Budget Reserve Fund subaccount is effective July 1, 2008.

Approved

2/18/06

Alaska Statutes
AS 37.10.430

Sec. 37.10.430. Management of the budget reserve fund.

(a) The Department of Revenue may transfer management responsibility over all or a portion of the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska) to the Alaska Permanent Fund Corporation.

(b) By March 15 of each year, the Department of Revenue shall, after consulting with the Alaska Permanent Fund Corporation, prepare a report setting out the balance in the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska) on January 1 and on December 31 of the previous calendar year. The report shall state the nominal, real, and realized return on the budget reserve fund compared to the nominal, real, and realized return on the permanent fund and the general fund during the previous calendar year.

(c) A special subaccount is established in the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska). Money in the subaccount shall be invested to yield higher returns than might be feasible to obtain with other money in the budget reserve fund. In establishing or modifying the investment policy for the subaccount in the constitutional budget reserve fund, the commissioner of revenue shall assume that those funds will not be needed for at least five years. Income earned on money in the subaccount shall be retained in the subaccount by the department.

2/19/09 OVERVIEW: DEPARTMENT OF TRANSPORTATION STATEWIDE CAPITAL PROJECTS & STIP PROCESS

<target><bill></bill><subject>2-19-09 OVERVIEW DEPARTMENT OF TRANSPORTATION STATEWIDE CAPITAL PROJECTS and STIP PROCESS</subject><comm>SFIN26</comm></target>

ALASKA DEPARTMENT OF TRANSPORTATION & PUBLIC FACILITIES

SOUTHEAST REGION

DESIGN & CONSTRUCTION PROJECTS 2009 – 2010

February 18, 2009

ANGOON

AVIATION

Angoon Airport
Estimated Bid Date: Beyond 2010
Estimated Construction Cost: $25,000,000
Funding: FAA
Scope: Construct new airport and airport access road.

MARINE

Angoon-Ferry Terminal Improvements
Estimated Bid Date: Fall 2009
Estimated Construction Cost: $8,000,000
Funding: FHWA
Scope: Reconstruct to accommodate Fast Vehicle Ferry and Leconte class ferry.

ELFIN COVE & PELICAN

FACILITIES

Elfin Cove & Pelican Boardwalks
Estimated Bid Date: March 2009
Estimated Construction Cost: $500,000
Funding: Denali Commission
Scope: Repair, refurbish/reconstruct community boardwalk using Denali funds.

GUSTAVUS

AVIATION

Gustavus-Airport RSA
Estimated Bid Date: Spring 2010
Estimated Construction Cost: $5,000,000
Funding: FAA
Scope: Expand Runway Safety Area.

MARINE

Gustavus-Dock Replacement

Estimated Bid Date: February 2009
Estimated Construction Cost: $21,000,000
Funding: FHWA (bridge rehab) & NPS; Economic Stimulus project.
Scope: Replace the aging Gustavus dock and approach trestle.

Gustavus-Small Boat Float

Estimated Bid Date: Spring 2010
Estimated Construction Cost: $1,200,000
Funding: Denali Commission
Scope: Replace existing mooring floats with heavy duty mooring float that will also serve as a breakwater.

HAINES

HIGHWAY

Haines-Ferry Terminal to Front Street

Contractor: SECON
Award Date: July 7, 2008
Award Amount: $15,409,330
Funding: FHWA
Contract Completion Date: June 30, 2010
Percent Complete: 20%
Scope: Reconstruct Lutak Road from the ferry terminal to downtown. Surveying, clearing and grubbing, and earthwork have been suspended for winter.

Haines-Storm Damage Repair

Contractor: Southeast Road Builders
Award Date: August 5, 2008
Award Amount: $1,775,455
Funding: FHWA (maintenance rehab)
Contract Completion Date: August 30, 2009
Percent Complete: 20%
Scope/Status: Replace culverts and repair roads that were damaged by flooding in 2005. Culvert work is suspended for winter.

Haines-Highway, Front Street to Union Street
Estimated Bid Date: May 2009
Estimated Construction Cost: $3,000,000
Funding: FHWA (Economic Stimulus)
Scope: Reconstruction.

Haines-Highway MP 3.5 to 25.3 / Airport to Bluffs
Estimated Bid Date: Beyond 2010
Estimated Construction Cost: $42,500,000
Funding: No construction funding identified at this time.
Scope: Realign and widen highway to meet 55 mph design speed and replace Chilkat River Bridge.

MARINE

Haines-Terminal Improvements
Estimated Bid Date: Spring 2010
Estimated Construction Cost: $4,500,000
Funding: FHWA
Scope: Replace the failing dock face at the ferry terminal and construct a new stern berth.

HOMER

FACILITIES

Homer-AMHS Warehouse
Estimated Bid Date: September 2009
Estimated Construction Cost: $400,000
Funding: FHWA
Scope: Construct a warehouse for the storage of AMHS supplies.

HOONAH

HIGHWAY

Hoonah-Airport Road Paving, Ferry Terminal to Airport
Estimated Bid Date: June 2009
Estimated Construction Cost: $3,000,000
Funding: FHWA (Economic Stimulus)
Scope: Grind and repave from Ferry Terminal to Airport.

AVIATION

Hoonah-Airport Runway Extension

Estimated Bid Date: Spring 2010
Estimated Construction Cost: $3,000,000
Funding: FAA
Scope: Extend the runway safety area.

MARINE

Hoonah-Ferry Terminal

Estimated Bid Date: July 2009
Estimated Construction Cost: $3,500,000
Funding: FHWA & FTA (Earmark)
Scope: Reconstruct Ferry Terminal building, parking lot, and staging.

Hoonah-Ferry Terminal (Marine)

Estimated Bid Date: July 2009
Estimated Construction Cost: $3,500,000
Funding: FHWA (Economic Stimulus)
Scope: Reconstruct moorings and transfer bridge.

HYDER

HIGHWAY

Hyder-Salmon River Road

Estimated Bid Date: August 2009
Estimated Construction Cost: $6,000,000
Funding: FHWA ($3,400,000) & U.S. Forest Highway Program. Forest Highway Program funding uncertain; project scope may be reduced to match available funding.
Scope: Reconstruct the Salmon River Road from downtown to the Fish Creek wildlife observation site.

Hyder-Causeway Reconstruction

Estimated Bid Date: August 2009
Estimated Construction Cost: $8,000,000
Funding: FHWA (bridge rehab)
Scope: Replace the existing trestle at the Hyder waterfront.

MARINE

Hyder-Harbor Float Rehabilitation

Estimated Bid Date: March 2009
Estimated Construction Cost: $600,000
Funding: State General Fund
Scope: Rehabilitate and replace floats in the Inner Harbor.

JUNEAU

HIGHWAY

Juneau-Whittier & Willoughby Intersection Improvements

Contractor: Chatham Electric
Award Date: May 27, 2008
Award Amount: $986,546
Funding: FHWA
Contract Completion Date: June 15, 2009
Percent Complete: 0%
Scope/Status: Install a 4-way traffic signal at Egan/Whittier Street. Also, add a traffic island to Willoughby/Egan to prohibit left turns from Willoughby on to Egan. Site work will begin March 2009.

Juneau-Areawide Paving

Contractor: SECON
Award Date: July 21, 2008
Award Amount: $688,850
Funding: FHWA
Contract Completion Date: June 30, 2009
Percent Complete: 5%
Scope/Status: Conduct pavement repairs at four locations in Juneau area. Work will begin May 2009.

Juneau-Glacier Highway, Amalga Harbor to Eagle Beach

Estimated Bid Date: March 2009
Estimated Construction Cost: $12,200,000
Funding: FHWA (Economic Stimulus)
Scope: Reconstruct and widen Highway.

Juneau-Areawide Signal Upgrade
Estimated Bid Date: May 2009
Estimated Construction Cost: $500,000
Funding: FHWA
Scope: Upgrade controls and detection equipment at five valley intersections.

Juneau-Egan/Glacier Resurfacing, Loop Road to Ferry Terminal
Estimated Bid Date: May 2009
Estimated Construction Cost: $3,500,000
Funding: FHWA (Economic Stimulus)
Scope: Grind and repave.

Juneau-Stephen Richards Intersection
Estimated Bid Date: Spring 2010
Estimated Construction Cost: $700,000
Funding: FHWA (HSIP)
Scope: Reconfigure turn lanes.

Juneau-Jordan Cr. Br. Replacement & Basin Rd. Trestle Rehab.
Estimated Bid Date: Spring 2010
Estimated Construction Cost: $1,500,000
Funding: FHWA (Bridge)
Scope: Repair Basin Road Trestle and replace Jordan Creek Bridge on Trout Street.

Juneau-Glacier Highway Eagle Beach to Bessie Creek
Estimated Bid Date: Beyond 2010
Estimated Construction Cost: $13,000,000
Funding: No construction funding identified at this time.
Scope: Reconstruct and widen highway.

Juneau-Brotherhood Bridge Widening
Estimated Bid Date: Beyond 2010
Estimated Construction Cost: $10,000,000
Funding: No construction funding identified at this time.
Scope: Widen Brotherhood Bridge to 4 lanes and modify approaches.

Juneau-Salmon Creek Intersection Improvements

Estimated Bid Date: Beyond 2010
Estimated Construction Cost: $15,000,000
Funding: No construction funding identified at this time.
Scope: Construct a grade separated intersection on Egan Drive at the Salmon Creek Intersection.

MARINE

Juneau-Auke Bay West Terminal Modifications

Estimated Bid Date: Beyond 2010
Estimated Construction Cost: $15,000,000
Funding: No construction funding identified at this time.
Scope: Construct multiple stern berths to support overnight moorage and hub and spoke day boat service.

FACILITIES

Juneau-Auke Bay Ferry Terminal FVF Building & Embankment

Contractor: Miller Construction
Award Date: February 25, 2008
Award Amount: $2,781,438
Funding: FHWA
Contract Completion Date: April 30, 2009
Percent Complete: 90%
Scope/Status: Expand parking area to the east of the existing area and add a 4,010 S.F. Support Building (Shop). Building exterior is completed, interior work nearing substantial completion.

Juneau-Library, Archive, and Museum Facility

Estimated Bid Date: Beyond 2010
Estimated Construction Cost: $15,000,000
Funding: No construction funding identified at this time.
Scope: Construct library, archive and museum facility in Juneau.

KAKE

HIGHWAY

Kake to Petersburg Road & Shuttle Ferry Terminals (State)
Estimated Bid Date: Beyond 2010
Estimated Construction Cost: $120,000,000
Funding: No construction funding identified at this time.
Scope: Construct two lane paved road from Kake to Petersburg with shuttle ferry terminals on either side of Wrangell Narrows.

KETCHIKAN

HIGHWAY

Ketchikan-Third Avenue Drainage Improvements (Tremont Street)
Estimated Bid Date: February 2009
Estimated Construction Cost: $500,000
Funding: FHWA
Scope: Improve surface drainage below Third Avenue, down Tremont St.

Ketchikan-Hoadly Creek Bridge
Estimated Bid Date: February 2009
Estimated Construction Cost: $50,000
Funding: FHWA (bridge rehab)
Scope: Repair the north bridge abutment to prevent further scour.

Ketchikan-North Tongass Highway Safety Improvements
Estimated Bid Date: March 2009
Estimated Construction Cost: $2,000,000
Funding: FHWA (HSIP)
Scope: Realignment of the curve between Collins Road and Gena Road to a wider radius, widen shoulders and improve sight distance.

Ketchikan-South Tongass Highway Guardrail Replacement
Estimated Bid Date: March 2009
Estimated Construction Cost: $2,000,000
Funding: FHWA (HSIP)
Scope: Installation of new guardrail and end treatments between MP 10.5 and 15.5.

Ketchikan-Tongass Avenue Viaduct Rehabilitation, Stage II

Estimated Bid Date: Fall 2009
Estimated Construction Cost: $7,200,000
Funding: FHWA (Economic Stimulus)
Scope: Increase the life of the structure by installing cathodic protection.

Ketchikan-North Tongass, Ward Cove to Refuge Cove

Estimated Bid Date: Spring 2010
Estimated Construction Cost: $8,500,000
Funding: State GO Bond
Scope: Rehabilitate pavement and improve drainage.

Ketchikan-Water Street Sidewalk Improvements

Estimated Bid Date: Spring 2010
Estimated Construction Cost: $2,500,000
Funding: No construction funding identified at this time.
Scope: Sidewalk improvements on Tongass Avenue in the vicinity of new City of Ketchikan Berth 4. Project funding dependent on Earmark language change to allow use for work desired by City.

Ketchikan to Shelter Cove Road

Estimated Bid Date: Spring 2010
Estimated Construction Cost: $14,000,000
Funding: $10,000,000 available in GO Bond; remainder not identified.
Scope: Construct 5.5 miles of new road (single lane with turnouts) and rehabilitate 4.5 miles of existing road from end of Harriet Hunt Road to Shelter Cove on Carroll Inlet.

Ketchikan-Airport Creek Bridge

Estimated Bid Date: Summer 2010
Estimated Construction Cost: $1,000,000
Funding: FHWA & USFS
Scope/Status: Construct bridge on Lewis Reef Road across Airport Creek under agreement with the US Forest Service.

Ketchikan-South Tongass, Saxman to Surf St. Pavement Rehab.

Estimated Bid Date: Beyond 2010
Estimated Construction Cost: $6,800,000
Funding: No construction funding identified at this time.
Scope: Reconstruct and widen highway.

Ketchikan-Viaducts Replacement
Estimated Bid Date: Beyond 2010
Estimated Construction Cost: $12,000,000
Funding: No construction funding identified at this time.
Scope: Replace sections of the viaduct with fill.

Ketchikan-North Tongass, D-1 to Whipple Creek
Estimated Bid Date: Beyond 2010
Estimated Construction Cost: $13,800,000
Funding: No construction funding identified at this time. (Potential Economic Stimulus project).
Scope: Widen and reconstruct North Tongass Highway.

AVIATION

Ketchikan-Airport SRE Building
Contractor: McGraw Custom Construction
Award Date: September 4, 2007
Award Amount: $4,289,000
Funding: FAA
Contract Completion Date: April 15, 2009
Percent Complete: 80%
Status: Airport Maintenance has moved in to the first half of the building. Second half of building is framed up and walled in.

MARINE

Ketchikan-Airport Ferry M/V Bob Ellis Replacement
Estimated Bid Date: Bids opened on January 8, 2009
Estimated Construction Cost: $9,670,000 ($12,200,000 if federalized)
Funding: State General Fund
Scope/Status: Construct replacement airport ferry similar to the M/V Oral Freeman. Bids exceed the available funding. Investigating possible alternate funding sources.

Ketchikan-Layup Berth
Estimated Bid Date: Fall 2010
Estimated Construction Cost: $20,000,000
Funding: $4,500,000 State General Fund available at this time; remainder not identified.
Scope: Construct floating dock, bridges, and mooring structures for lay-up of AMHS vessels.

Ketchikan-AMHS HQ Building
Estimated Bid Date: Beyond 2010
Estimated Construction Cost: $6,000,000
Funding: $1,500,000 FTA available at this time; remainder not identified.
Scope: Acquire or construct permanent AMHS HQ building in Ketchikan.

Ketchikan-South Tongass Ferry Terminal
Estimated Bid Date: Beyond 2010
Estimated Construction Cost: $12,000,000
Funding: No construction funding identified at this time.
Scope: Construct marine terminal to serve the Ketchikan/Annette day boat.

KODIAK

MARINE
Kodiak-Ferry Terminal
Estimated Bid Date: Spring 2011
Estimated Construction Cost: $20,000,000
Funding: No construction funding identified at this time.
Scope: New ferry terminal location, including uplands, building and marine structures.

METLAKATLA

MARINE
Metlakatla-Walden Pt. Ferry Terminal
Estimated Bid Date: June 2009
Estimated Construction Cost: $7,000,000
Funding: FTA
Scope: Construct a ferry terminal in Annette Bay at the end of the Army Corps of Engineers' Walden Point Road.

PETERSBURG

HIGHWAY
Petersburg-Mitkof Highway Rehabilitation
Estimated Bid Date: May 2009
Estimated Construction Cost: $6,000,000
Funding: State GO Bond
Scope: Rehabilitate pavement and improve drainage.

Petersburg-Mitkof Highway Fish Culverts
Estimated Bid Date: May 2009
Estimated Construction Cost: $400,000
Funding: USFS
Scope: Replace culverts at MP 25.4 and MP 28.0 to facilitate fish passage.

Petersburg-Road Improvements
Estimated Bid Date: Spring 2010
Estimated Construction Cost: $3,000,000
Funding: FHWA (earmark)
Scope: Street improvements.

AVIATION

Petersburg-Airport Runway Safety Area Expansion, Phase I
Contractor: Kiewit
Award Date: July 11, 2008
Award Amount: $19,775,000
Funding: FAA
Contract Completion Date: October 31, 2009
Percent Complete: 60%
Scope/Status: Widen the Runway Safety Area, with major culvert replacement. RSA widening is mostly complete. Replacement of culverts will occur during scheduled runway closure (March 23 to April 21, 2009).

Petersburg-Airport RSA, Phase II
Estimated Bid Date: June 2009
Estimated Construction Cost: $28,000,000
Funding: FAA
Scope: Lengthen Runway Safety Area, pave, and relocate threshold.

FACILITIES

Petersburg-Falls Creek Fish Ladder
Estimated Bid Date: February 2009
Estimated Construction Cost: $140,000
Funding: FAA
Scope/Status: Reconstruct the fish ladder at Falls Creek as part of Petersburg Airport Environmental Mitigation.

PORT ALEXANDER

FACILITIES

Port Alexander Boardwalk

Estimated Bid Date: March 2009
Estimated Construction Cost: $400,000
Funding: Denali Commission
Scope: Repair, refurbish/reconstruct community boardwalk using Denali funds.

PRINCE OF WALES ISLAND

HIGHWAY

Coffman Cove Streets Paving

Estimated Bid Date: May 2009
Estimated Construction Cost: $1,200,000
Funding: FHWA & Denali Commission
Scope/Status: Pave selected City Streets.

Craig to Klawock Paving

Estimated Bid Date: May 2009
Estimated Construction Cost: $4,000,000
Funding: State GO Bond
Scope: Pavement rehabilitation.

Thorne Bay Bridges Painting

Estimated Bid Date: September 2009
Estimated Construction Cost: $2,000,000
Funding: FHWA (bridge rehab)
Scope: Paint superstructures on Rio Roberts, Rio Beaver and Thorne River Bridges.

Klawock to Hollis Pavement Rehabilitation

Estimated Bid Date: Beyond 2010
Estimated Construction Cost: $20,600,000
Funding: No construction funding identified at this time.
Scope: Rehabilitate pavement from Klawock to Hollis and replace culverts.

SE REGION-WIDE

MARINE

Ferry Dock Hoist Controls Upgrade (Wrangell, Valdez, Haines, & Whittier)
Contractor: Boreal Controls
Award Date: March 4, 2008
Award Amount: $353,052
Funding: FHWA
Contract Completion Date: April 30, 2009
Percent Complete: 80%
Status: Valdez, Whittier and Wrangell completed. Haines underway now.

SITKA

HIGHWAY

Sitka-Indian River Road
Contractor: McGraw Custom Construction
Award Date: January 7, 2009
Award Amount: $1,852,511
Funding: FHWA (earmark) & City
Contract Completion Date: July 31, 2009
Percent Complete: 0%
Scope/Status: Widen, add pedestrian path or sidewalk, and pave Indian River Road and adjacent streets. Work to begin in April.

Sitka-HPR/SCR Roundabout
Estimated Bid Date: February 2009
Estimated Construction Cost: $1,980,000
Funding: FHWA (Economic Stimulus)
Scope: Construct a Roundabout to replace the existing 4-way stop intersection.

Sitka-Japonski Island Roads
Estimated Bid Date: Fall 2009
Estimated Construction Cost: $2,000,000
Funding: FHWA & City (Economic Stimulus)
Scope: Improve CBS utilities and reconstruct streets accessing MEHS.

Sitka-Sawmill Creek Road, Phase III
Estimated Bid Date: Spring 2010
Estimated Construction Cost: $10,200,000
Funding: State GO bond
Scope: Widen and reconstruct roadway.

AVIATION

Sitka-Airport Slotted Drain
Contractor: TM Construction
Award Date: Pending
Award Amount: Pending, bids have been opened
Funding: State General Fund
Contract Completion Date: July 31, 2009
Percent Complete: 0%
Scope: Improve apron drainage by installing a slotted drain. Work to begin in May.

Sitka-Airport RSA, Phase I
Estimated Bid Date: Spring 2010
Estimated Construction Cost: $27,000,000
Funding: FAA
Scope: Expand Runway Safety Area.

SKAGWAY

HIGHWAY

Skagway-Dyea Road Safety Improvements
Estimated Bid Date: Spring 2010
Estimated Construction Cost: $3,000,000
Funding: FHWA
Scope: Widen and straighten sections of the road to improve sight distance.

Skagway-Captain William Moore Bridge Replacement
Estimated Bid Date: Spring 2010
Estimated Construction Cost: $22,000,000
Funding: FHWA (Bridge)
Scope: Replace Captain William Moore Creek Bridge and approaches.

TENAKEE

MARINE

Tenakee-Harbor Float Rehab
Estimated Bid Date: March 2009
Estimated Construction Cost: $1,000,000
Funding: State General Fund
Scope: Rehab and replace a portion of the floats at the small boat harbor.

WRANGELL

HIGHWAY

Wrangell-Road Improvements
Estimated Bid Date: Spring 2010
Estimated Construction Cost: $3,000,000
Funding: FHWA (earmark)
Scope/Status: Reconstruct Front Street.

YAKUTAT

HIGHWAY

Yakutat-Areawide Paving
Estimated Bid Date: May 2009
Estimated Construction Cost: $3,800,000
Funding: FHWA (Economic Stimulus project)
Scope: Pave Airport Road and several local streets.

ALASKA DEPARTMENT OF TRANSPORTATION & PUBLIC FACILITIES

CENTRAL REGION

DESIGN & CONSTRUCTION PROJECTS 2009 – 2010

February 18, 2009

AKHIOK

AIRPORT

AKHIOK AIRPORT RECONSTRUCTION
Estimated Bid Date: Summer 2010
Estimated Construction Cost: $4,900.0 (06)
Fund Source: FAA
Scope: Widen and extend runway, construct new taxiway, apron, SRE building, resurface airport access road, and install runway and taxiway edge lighting.
Status: Final design underway.

AKIACHAK

AIRPORT

AKIACHAK AIRPORT RELOCATION
Estimated Bid Date: Spring 2010
Estimated Construction Cost: $21,000.0 (08)
Fund Source: FAA
Scope: Relocate and construct a new runway, apron, taxiway and airport access road, construct a 2 new single bay snow removal equipment buildings, and install fencing and airport lighting.
Status: Final design and ROW appraisal and acquisitions underway.

HIGHWAY

AKIACHAK SANITATION RD RECONSTRUCTION (VSW)
Contractor: n/a Force Account
Award Date: n/a
Award Amount: $3,200.0
Fund Source: FHWA
Contract Completion Date:
Scope & Status: Reconstruction of road to eastern portion of the village is underway with completion scheduled for the fall of 2009.

AKUTAN

AIRPORT/HIGHWAY

AKUTAN AIRPORT
AKUTAN ACCESS ROAD
Estimated Bid Date: Spring 2009
Estimated Construction Cost: see below
Fund Source: FHWA, FAA, Bond, GF, and TBD
Scope: Design/Build contract to construct a new airport on Akun Island to serve the community of Akutan. Approximately $44 million currently available through federal highway, aviation, state and local bond funds.
Status: Design/Build RFP complete, pending funding.

Year 1 Design/Build $44,000.0
Year 1 Desgin/Build $26,000.0

AMATS

HIGHWAY

ABBOTT RD REHAB - LAKE OTIS TO BIRCH

Estimated Bid Date: N/A
Estimated Construction Cost: $N/A
Fund Source: FHWA
Scope: Improvements are not specific at this time, could range from an improved 2-lane to 4-lane roadway depending on long-term traffic need, includes intersection and pedestrian imp.
Status: Project to be closed. Future project to be identified after Elmore Road traffic impact analysis completed.

BONIFACE PARKWAY / 48TH AVENUE EXTENSION

Contractor: AIC
Award Date: September 2008
Award Amount: $24,200.0
Fund Source: General Fund
Contract Completion Date: July 2010
Scope & Status: Contract to construct new major arterial to connect Tudor/Boniface Intersection with 48th Ave/Elmore Road Intersection is being managed by the Municipality of Anchorage through a Memorandum of Agreement. Work began in fall 2008 with utility relocations, and excavation of muck material and backfill.

CHESTER CR TRAIL CONNECTION & UAA SPUR TRAIL

Estimated Bid Date: Spring 2009
Estimated Construction Cost: $3,400.0 (08)
Fund Source: FHWA
Scope: Construct multi-use trail connection to existing Chester Cr Trail that parallels Northern Lights Blvd, and construct a trail spur to connect UAA student housing to main campus.
Status: Final design and ROW nearing completion.

EAST DOWLING RD EXTENSION & RECONSTRUCTION

Contractor: QAP
Award Date: August 2008
Award Amount: $9,586.9
Fund Source: General Fund
Contract Completion Date: August 2009
Scope & Status: Project to widen and reconstruct East Dowling Road as a 4 lane roadway from Lake Otis to Norm Drive and extend road to newly constructed Elmore Road began in fall of 2008 with clearing and grubbing, and placement of surcharges.

FIREWEED LANE: SEWARD HWY TO SPENARD RD

Estimated Bid Date: TBD
Estimated Construction Cost: $TBD
Fund Source: FHWA
Scope: Convert existing 4-lane facility into a 3-lane facility with a continuous left turn lane. Project development by Municipality, may be re-scoped.
Status: Project on hold.

GLENN HWY TRAIL REHAB: MULDOON TO N. BIRCHWOOD

Estimated Bid Date: Winter 2010/2011
Estimated Construction Cost: $2,700.0 (07)
Fund Source: FHWA
Scope: Resurface the existing Glenn Hwy trail, construct a memorial at MP 8.6, and pave existing parking area at westbound weigh station.
Status: Final design underway.

HUFFMAN RD REHAB- OLD SEWARD HWY TO LAKE OTIS PKWY

Estimated Bid Date: Winter 2009/2010
Estimated Construction Cost: $12,600.0 (07)
Fund Source: FHWA
Scope: Reconstruct and widen to four- lane with a two- way center left turn lane, and roundabouts at Brandon Street and the New Seward Highway Ramps. Project will also provide missing links in pedestrian facilities.
Status: Final design underway.

MULDOON RD PEDESTRIAN & LANDSCAPING, PHASE III

Estimated Bid Date: Spring 2010
Estimated Construction Cost: $5,500.0 (07)
Fund Source: FHWA
Scope: Install pathways, pedestrian amenities, and landscaping from Fred Meyer to Boundary Ave.
Status: Final design underway, ROW acquisitions in 2009.

OLD SEWARD HWY, BRANDON TO O'MALLEY RECONST

Contractor: QAP
Award Date: December 2008
Award Amount: $16,750.0
Fund Source: FHWA
Contract Completion Date: Oct 2010
Scope & Status: Construction to begin in spring 2009 for widening of the existing road to accommodate two lanes of northbound and southbound traffic, and construction of a center two-way left-turn lane. The project also includes lighting, pedestrian improvements, and a roundabout intersection at Huffman Road.

O'MALLEY RD RECON: NEW SEWARD HWY TO HILLSIDE

Estimated Bid Date: Spring 2011
Estimated Construction Cost: $22,000.0 (07)
Fund Source: FHWA
Scope: Reconstruct roadway to improve safety and capacity, includes pedestrian facilities. Likely to be built in phases.
Status: Final design underway.

SPENARD RD RECONST, MINNESOTA DR TO MINNESOTA ON-RAMP

Estimated Bid Date: Spring 2013
Estimated Construction Cost: $14,700.0 (06)
Fund Source: FHWA & Muni Bonds
Scope: Rehabilitate roadway, includes pedestrian facilities. Municipality has proposed constructing the segment between Benson Blvd and Minnesota on-ramp with bond funds in 2009.

Status: Final design underway.

TUDOR / BRAGAW INTERSECTION IMP

Contractor: Granite Construction Co.
Award Date: September 2008
Award Amount: $4,084.5
Fund Source: General Fund
Contract Completion Date: July 2009
Scope & Status: Contractor completed work required for first interim completion date – construction of dual left turns off Tudor Road on to Elmore Road. Final lift paving, signing, striping, and signalization improvements to be completed in 2009 season.

TUDOR ROAD/LAKE OTIS PARKWAY INTX IMP

Estimated Bid Date: Spring 2009
Estimated Construction Cost: $9,000.0 (08)
Fund Source: FHWA Earmark
Scope: Construct intersection improvements for congestion relief.
Status: Final design by Municipal forces nearing completion.

TOILSOME HILL AND CANYON ROAD IMP

Estimated Bid Date: TBD
Estimated Construction Cost: $TBD
Fund Source: General Fund
Scope: Reconnaissance study for improvements on Toilsome Hill and Canyon Road, access routes to Chugach State Park. Work is being accomplished by the Municipality of Anchorage through a Memorandum of Agreement.
Status: Recon study underway, completion 2010.

VICTOR RD, DIMOND BLVD. TO 100TH AVE

Estimated Bid Date: Spring 2010
Estimated Construction Cost: $13,500.0 (08)
Fund Source: FHWA & GO Bond
Scope: Upgrade roadway to minor arterial standards with pedestrian facilities. Funding recently approved in the GO Bond package.
Status: Final design and ROW acquisitions underway.

W.DOWLING RD PH I, OLD SEWARD HWY TO C ST

Estimated Bid Date: Winter 2010/2011
Estimated Construction Cost: $26,800.0 (07)
Fund Source: General Fund
Scope: Widen to 5 lanes and extend W. Dowling Rd. from Old Seward Hwy to C St. Replace Cambell Creek Bridge, install a new traffic signal at C Street, re-align the Cambell Creek Trail to go under the new bridge.
Status: Environmental document approved, final Design underway.

W.DOWLING RD PH II, EXT C ST TO MINNESOTA DR

Estimated Bid Date: Spring 2011
Estimated Construction Cost: see below
Fund Source: General Fund
Scope: Extend W. Dowling Rd 5 lanes wide from C Street to Minnesota Drive. Includes a new bridge over the ARR lines and Arctic Avenue, new traffic signals and separated trails along both sides.
Status: Environmental document approved, final design just underway in 2009.

Year 1 Design $2,500.0
Year 1-2 ROW $6,000.0
Year 2-3 Utilities/Construction $16,250.0
Year 2-3 Utilities/Construction $30,520.0

AMATS – EAGLE RIVER

HIGHWAY

EAGLE RIVER GREENBELT ACCESS & PATHWAY

Estimated Bid Date: TBD
Estimated Construction Cost: $TBD
Fund Source: FHWA
Scope: Construct a new multi-use, ADA accessible, paved trail on a new trail route within the Eagle River Greenbelt.
Status: Environmental document underway, needs additional funding to complete.

EAGLE RIVER LOOP ROAD REHAB: OLD GLENN-EAGLE RIVER RD

Contractor: Wilder Construction Company
Award Date: April 2008
Award Amount: $10,612.2
Fund Source: FHWA
Contract Completion Date: August 2009
Scope & Status: Roadway reconstruction to arterial standards including adding shoulders, turn lanes, and pedestrian facilities is now 80% complete. Remaining work for 2009 includes completion of top lift paving, sidewalks, guardrail, landscaping and signal modifications at Eagle River Loop and Old Glenn Hwy.

EAGLE RIVER RD REHAB: MP 5.3 TO MP 12.6

Estimated Bid Date: Fall 2010
Estimated Construction Cost: $26,400.0 (08)
Fund Source: FHWA
Scope: Upgrade and resurface road with widened shoulders for pedestrians.
Status: Final design underway, ROW acquisitions in 2009.

EKLUTNA RIVER BRIDGE REHABILITATION

Estimated Bid Date: TBD
Estimated Construction Cost: $TBD
Fund Source: FHWA
Scope: Rehab or remove and replace old bridge with a new structure.
Status: Project to be re-evaluated.

OLD GLENN HWY, FIRE LAKE TO SOUTH BIRCHWOOD

Contractor: Pruhs Construction Company
Award Date: Sept 2008
Award Amount: $10,216.5
Fund Source: FHWA
Contract Completion Date: Oct 2010
Scope & Status: Roadway construction for new shoulders and surfacing, a new pedestrian pathway and channelization improvements will begin in the spring.

OLD GLENN HWY, S. BIRCHWOOD LOOP TO PETERS CR

Estimated Bid Date: Fall 09
Estimated Construction Cost: $21,200.0 (08)
Fund Source: FHWA

Scope: Construct new shoulders and surfacing, includes new pedestrian pathway, channelization improvements, truck climbing lane, and replaces bridge at Peters Creek.
Status: Final design underway.

AMATS – GIRDWOOD

HIGHWAY

CROW CREEK ROAD **Contractor:** Fike Industrial Construction, LLC
Award Date: Jan 2008
Award Amount: 2,372.0
Fund Source: FHWA Earmark
Contract Completion Date: Oct 08
Scope & Status: Roadway rehabilitation and paving from Alyeska Highway to the school bus turnaround was substantially completed in 2008. Minor work remaining for 2009 includes approach slabs and waterproof membrane on California Creek Bridge , striping and seeding.

GIRDWOOD ROADS (SEC 330,115 EARMARKS) AK021
Estimated Bid Date: Spring 2009
Estimated Construction Cost: $4,100.0 (08)
Fund Source: FHWA Earmark
Scope: Improve Hightower Rd from Alyeska Hwy to Lindblad Ave, Girdwood Place, Landbald Ave, and Holmgren Place to two lane urban roadways with parallel on-street parking, drainage and sidewalks. Improve roadside drainage swales in Town Park vicinity, and provide flood relief culverts under Alyeska Hwy west of California Creek.
Status: Final design nearing completion.

ANCHORAGE AREA– NON AMATS

HIGHWAY

ANCHORAGE AREAWIDE RR GRADE SEPARATIONS
Estimated Bid Date: TBD
Estimated Construction Cost: $TBD
Fund Source: FHWA Safety
Scope: Reconnaissance level study to review at grade roadway/pathway/railroad crossings and analyze for potential grade separations and recommend a prioritized program for improvements.
Status: Study underway.

ANCHORAGE AREA SAFETY IMPROVEMENTS, CONST 2008
HSIP: CENTRAL REGION SAFETY IMPROVEMENTS, 2008
Estimated Bid Date: Winter 2008/2009
Estimated Construction Cost: $5,437.0 (08)
Fund Source: FHWA Safety
Status: Intersection improvements to include 5th Ave @ C St; Dearmoun Rd @ Hillside Dr; Debarr Rd: Boniface Pkwy to Beaver Place; Dimond Blvd @ Jewel Lake Rd; Lucille St @ Spruce St; Seward Hwy @36th Ave.; Boniface & Mt. View Drive: 4th Ave and Eagle St Intx; 6th Ave & Fairbanks St Intx; and the Dowling and Seward Roundabout.
Status: PS&E Complete.

ANCHORAGE AREA SAFETY IMPROVEMENTS, CONST 2010

Estimated Bid Date: Spring 2010
Estimated Construction Cost: $3,100.0 (07)
Fund Source: FHWA Safety
Scope: Safety improvements at five locations within Anchorage Bowl: 6th Ave @ H St; Brayton Dr @ Lore Rd; Dimond Blvd @ Briarwood St; Homer Dr @ 74th Ave Seward Hwy Off Ramp; and 16thAve @ A St Channelization.
Status: Environmental document expected Spring 09.

GLENN / BRAGAW INTERCHANGE DESIGN-BUILD

Contractor: Wilder Construction Co.
Award Date: May 2007
Award Amount: $30,500.0
Fund Source: General Fund
Contract Completion Date: June 09
Scope & Status: Construction of a new interchange on the Glenn Highway at Bragaw is substantially complete and open to the public. Landscaping and aesthetics to be completed in 2009

GLENN HWY, GAMBELL TO AIRPORT HEIGHTS

Contractor: Alaska Interstate Construction (AIC)
Award Date: April 2008
Award Amount: $13,603.0
Fund Source: FHWA
Contract Completion Date: Oct 2009
Scope & Status: Widening of the existing road to provide three lanes in each direction between Medfra St and Airport Heights was completed and open for traffic in September 2008. Remaining work for the 2009 season includes the finish lift of pavement, pavement markings, installation of permanent lighting and signals, and landscaping.

GLENN HWY, EMERGENCY BRIDGE REPAIRS, 2009

Estimated Bid Date: Spring 2009
Estimated Construction Cost: $900.0 (08)
Fund Source: General Fund
Scope: Replace bridge rails on the southbound Glenn Hwy Bridges at Eagle River, Peters Creek, and Eklutna-Glenn Hwy RR Overpass which have been damaged by vehicle impacts.
Status: Final design underway.

GLENN HWY: HILAND TO ARTILLERY RESURFACING

Estimated Bid Date: Spring 09
Estimated Construction Cost: $6,000.0 (08)
Fund Source: FHWA
Scope: Resurface pavement on Glenn Highway, interchange ramps, and interchange cross roads from Hiland Interchange to Artillery Road Interchange. Remove and replace defective guardrail.
Status: Final design underway.

GLENN HWY RUT REPAIRS: ANCH TO PALMER, 2009

Estimated Bid Date: Spring 2009

Estimated Construction Cost: $10 to 25 million (08)
Fund Source: General Fund & Potential FHWA Economic Stimulus
Scope: Resurface the Glenn Hwy southbound lanes between S. and N. Birchwood exits and all lanes between Peters Creek and Eklutna, and additional areas as funding allows.
Status: Final design underway.

HSIP: 2004 & 2005 PROGRAM PROJECTS

Estimated Bid Date: Winter 2009/2010
Estimated Construction Cost: $1,770.0 (07)
Fund Source: FWHA Safety
Scope: Intersection safety improvements at 6 locations in the Anchorage Bowl: 36th Ave @ Lacarno/Cottonwood Dr; 36th Ave @ Latouche St; Downtown Curl Bulbs; Raspberry Rd @ Jewel Lake; Ingra St-4th Ave to 3rd Ave; and Old Seward Hwy @ 34th Ave.
Status: Environmental document expected spring 09.

HSIP: 2001 GROUP 5A

Estimated Bid Date: Winter 2009/2010
Estimated Construction Cost: $2,700.0 (07)
Fund Source: FHWA Safety
Scope: Channelization and sight distance improvements on Arctic Blvd @ Potter Drive.
Status: Final design underway, ROW acquisition in 2009.

HSIP: GROUP B

Estimated Bid Date: Winter 2009/2010
Estimated Construction Cost: $1,670.0 (07)
Fund Source: FHWA Safety
Scope: Channelization modifications at Lake Otis Pkwy and 68th Ave; and 13th Ave and Gambell St.
Status: Environmental document expected spring 09.

HSIP: MULDOON & NORTHERN LIGHTS INTX IMP
HSIP: INTERNATIONAL AIRPORT RD @ OLD SEWARD HWY

Estimated Bid Date: Summer 2009
Estimated Construction Cost: $2,910.0 (07)
Fund Source: FHWA Safety
Scope: Construct south bound right turn lane at N. Lights Blvd Intersection with Muldoon Road, and construct safety improvements at the intersection of International Airport Road and the Old Seward Highway.
Status: Final design and ROW acquisition underway.

MINNESOTA DR RESURFACING, C ST TO INTL AIRPORT RD I/C

Estimated Bid Date: Spring 2009
Estimated Construction Cost: $7,900.0 (08)
Fund Source: FHWA
Scope: Pavement resurfacing
Status: Final design nearing completion.

MINNESOTA DR RESURFACING, INTL AIRPORT RD I/C TO 13TH AVE

Estimated Bid Date: Spring 2009
Estimated Construction Cost: $6,000.0 (07)
Fund Source: FHWA
Scope: Pavement resurfacing.
Status: Final design nearing completion.

MULDOON ROAD RESURFACING, 36TH TO GLENN HWY
HSIP: 6th AVENUE @ MULDOON RD SAFETY IMPROVEMENTS

Estimated Bid Date: Spring 2009
Estimated Construction Cost: $6,320.0
Fund Source: FHWA
Scope: Pavement resurfacing to include safety improvements at the intersection of 6th Avenue and Muldoon Road.
Status: PS&E Complete.

SEWARD HWY TO GLENN HWY CONNECTION (H2H)

Estimated Bid Date: TBD
Estimated Construction Cost: $750,000.0
Fund Source: FHWA & TBD
Scope: Reconnaissance Study and Environmental analysis for a controlled access freeway link between the New Seward and Glenn Highways.
Status: Environmental document underway.

SEWARD HWY: DOWLING - TUDOR RECONST

Estimated Bid Date: Spring 2011
Estimated Construction Cost: See below
Fund Source: FHWA
Scope: Widen the New Seward Hwy from 4 to 6 lanes, provide improvements to both frontage roads, multi-use trails, replace 5 bridges, and construct an overpass at International Airport Road. Project may be built in increments. Design underway. Received $13M GF appropriation in 2009.
Status: Final design underway.
Year 1-2 ROW $7,200.0
Year 3-4 Utilities/Construction $62,530.0

SEWARD HWY: 92ND AVENUE GRADE SEPARATION IMP

Estimated Bid Date: Winter 2010/2011
Estimated Construction Cost: $20,000+
Fund Source: General Funds
Scope: Construct new grade separation. Design underway. $20M GF appropriated in 2008. Existing funding is sufficient for design, ROW acquisition and partial construction.
Status: Environmental document underway.
Year 1-2 ROW
Year 2-3 Utilities/Construction $20,000+

SEWARD HWY: BIRD PT – POTTER MARSH PASSING LANES & PATHWAY (MP 99-105)

Estimated Bid Date: Spring 2012
Estimated Construction Cost: see below
Fund Source: FHWA
Scope: Project to develop the environmental document for construction of alternating passing lanes from Potter Marsh to Bird Point, and various pathway improvements.
Status: Environmental document underway.

Year 1-2 Design $2,250.0
Year 2-3 ROW $2,250.0

Year 4-5 Utilities/Construction $60,247.7

SEWARD HWY REC IMP, BIRD CREEK CAMPGROUND

Estimated Bid Date: Summer 2009
Estimated Construction Cost: $350.0 (07)
Fund Source: FHWA Earmark
Scope: Provide improved RV circulation, parking, highway access, and pedestrian facilities. Design and construction administration by the Department of Natural Resources through a Reimbursable Services Agreement.
Status: Final design underway.

SEWARD HWY: MP 105-107 WINDY CORNER

Estimated Bid Date: Winter 2011/2012
Estimated Construction Cost: $32,000.0
Fund Source: General Fund & GO Bond
Scope: Improvements may include highway and railroad relocation, passing lanes and sheep viewing turnout.
Status: Construction project scoping being finalized based on voter approval of additional $20M in GO bonds in 2008.

Year 3-4 Utilities/Construction $32,000.0

AVIATION

BIRCHWOOD AIRPORT PROPERTY ACQUISITION

Estimated Bid Date: N/A
Estimated Construction Cost: ROW Acquisition $11,000.0
Fund Source: FAA
Scope: Purchase right of way in support of airport improvements.
Status: Start up of project pending completion of Environmental Assessment funded under Master plan effort.

ANCHORAGE INTERNATIONAL AIRPORT (AIA)

AIRPORT

AIA CONCOURSE A APRON RECONSTRUCTION

Estimated Bid Date: Winter 2009/2010
Estimated Construction Cost: $4,000.0 (06)
Fund Source: FAA
Scope: Reconstruct Concourse A, Apron.
Status: Preliminary engineering and environmental document underway.

AIA REMOTE OVERNIGHT PARKING 12-14

Estimated Bid Date: Spring 2009
Estimated Construction Cost: $21,600.0 (08)
Fund Source: FAA
Scope: Rehabilitate the RON parking positions 12 through 14 to design group VI standards.
Status: Final design underway.

AIA RUNWAY 7R/25L EXTENSION

Estimated Bid Date: Spring 2010
Estimated Construction Cost: $26,800.0 (08)
Fund Source: AIA
Scope: Extend runway to the west, reconstruct Taxiway G.
Status: Preliminary engineering and environmental document underway.

AIA RUNWAY 7R/25L REHABILITATION

Estimated Bid Date: Spring 2010
Estimated Construction Cost: $76,400.0 (08)
Fund Source: FAA
Scope: Rehabilitate runway to meet standards for Design Group VI aircraft.
Status: Preliminary engineering and environmental document underway.

AIA S. AIRPARK ACCESS ROAD

Estimated Bid Date: Spring 2009
Estimated Construction Cost: $15,600.0 (08)
Fund Source: AIA
Scope: Construct a .4 mile new access road to South Airpark from Raspberry Road.
Status: Final design underway.

AIA LAKE HOOD BANK STABILIZATION

Estimated Bid Date: Spring 2010
Estimated Construction Cost: $2,500.0 (07)
Fund Source: FAA
Scope: Construct long term solutions to deal with erosion from aircraft slips around the lake.
Status: Preliminary engineering and environmental document underway. Prototype to be constructed in summer 09.

AIA NORTH TERMINAL GATE N8 APRON RECONSTRUCTION

Estimated Bid Date: TBD
Estimated Construction Cost: $TBD
Fund Source: FAA
Scope: Reconstruct gate aprons. Expand the concrete section to provide better support for ground service equipment.
Status: Project currently on hold at the request of AIA management.

AIA SNOW DISPOSAL FACILITY

Estimated Bid Date: N/A Force Account – Summer 2009
Estimated Construction Cost: $1,000.0
Fund Source: AIA
Scope: Construct a new snow disposal site area that is centrally located to the airport controlled aprons and remote overnight parking. New snow area will be for snow with deicing and anti-icing materials mixed in.
Status: Final design underway.

ATKA

AIRPORT

ATKA AIRPORT RUNWAY EXTENSION & RESURFACING, II

Contractor: Brice Inc.
Award Date: June 2008
Award Amount: $17,966.0
Fund Source: FAA
Contract Completion Date: Oct 2009
Scope & Status: Project will extend, widen, and resurface the existing runway and runway safety area to current standards, construct new SRE building, install airport lighting. Contractor placed surcharge for the runway extension prior to winter shutdown in 2008.

BETHEL

AIRPORT

BETHEL AIRPORT IMPROVEMENTS, PHASE 5

Estimated Bid Date: Summer 2011
Estimated Construction Cost: $3,000.0 (06)
Fund Source: FAA
Scope: Acquire ROW for Cross-wind Runway and future GA apron location. Reconstruct the GA apron and taxiway to cargo standards.
Status: Preliminary engineering and environmental document underway.

BETHEL AIRPORT IMP, COMPLETE PARALLEL RUNWAY PH 3, STG 2

Contractor: Knik Construction Co., Inc.
Award Date: June 2008
Award Amount: $9,743.3
Fund Source: FAA
Contract Completion Date: August 2009
Scope & Status: The surcharge for the construction of B-11 ARC parallel runway was removed, and excavation and backfill of dig outs completed prior to winter shutdown. Placement of surfacing material, and paving remaining for 2009 season. PAPI and REIL hardware may be added to project at the request of the FAA.

HIGHWAY

BETHEL TUNDRA RIDGE RD PAVING

Estimated Bid Date: Spring 2010
Estimated Construction Cost: $3,310.0 (06)
Fund Source: FHWA
Scope: Resurface roadway. Project was delayed for right of way acquisition, BIA is now assisting in resolving this issue.
Status: Final design underway and ROW acquisition underway.

CENTRAL REGION: WINTER TRAIL MARKINGS, 2009
Estimated Bid Date: N/A – Force Account
Estimated Construction Cost: $300.0 (08)
Fund Source: FHWA
Scope: Install high-visibility trail markers in the rural communities in the Bethel area to improve transportation safety.
Status: Environmental document underway.

CHEFORNAK

AIRPORT

CHEFORNAK AIRPORT RELOCATION
Estimated Bid Date: Spring 2010
Estimated Construction Cost: $23,700 (08)
Fund Source: FAA
Scope: Complete construction of a new airport. Reshape embankments and place surfacing material on runway, taxiway, apron and access road, includes airport lighting, equipment storage building.
Status: Preliminary engineering and environmental document underway.

CHIGNIK

AIRPORT

CHIGNIK LAGOON AIRPORT RESURFACING
Estimated Bid Date: TBD
Estimated Construction Cost: $TBD
Fund Source: FAA
Scope: Runway resurfacing, apron and access road construction.
Status: Project on hold until master plan for area is complete.

CHIGNIK LAGOON RUNWAY REPAIRS
Estimated Bid Date: Spring 09
Estimated Construction Cost: $4,000.0 (08)
Fund Source: General Funds
Scope: Runway repairs.
Status: PS&E Complete.

CHIGNIK LK RESURFACING, LIGHTING & SRE BUILDING
Estimated Bid Date: Fall 2011
Estimated Construction Cost: $5,600.0 (08)
Fund Source: FAA
Scope: Reconstruct, widen, and extend existing runway, safety areas, improve taxiway, aircraft parking apron, and access road, construct SRE building, lighting.
Status: Preliminary engineering and environmental document underway.

HIGHWAY

CHIGNIK CONNECTORS
Estimated Bid Date: TBD
Estimated Construction Cost: $TBD
Fund Source: FHWA Earmark
Scope: Reconnaissance study for a 21 mile new gravel road linking the communities of Chignik Bay, Chignik Lagoon, and Chignik Lake is complete.
Status: Reconnaissance Report complete. Project is suspended at this time due to insufficient earmark funds to design and construct.

COLD BAY

FACILITY

COLD BAY AIRPORT RESCUE & FIREFIGHTING BLDG
Estimated Bid Date: Spring 2010
Estimated Construction Cost: $1,610.0 (08)
Fund Source: FAA
Scope: Construct a one-bay addition to the existing Airport Rescue & Firefighting building.
Status: Preliminary engineering and environmental document underway.

CROOKED CREEK

AIRPORT

CROOKED CREEK AIRPORT IMPROVEMENTS
Estimated Bid Date: Spring 2011
Estimated Construction Cost: $15,585.0 (07)
Fund Source: FAA
Scope: Runway extension, a new taxiway and apron, new access roads, Medium Intensity Runway Lighting, a double bay Snow Removal Equipment Building.
Status: Preliminary engineering and environmental document underway.

DILLINGHAM - ALEKNAGIK

AIRPORT

ALEKNAGIK AIRPORT IMPROVEMENTS
Estimated Bid Date: TBD
Estimated Construction Cost: $TBD
Fund Source: FAA
Scope: Extend the existing runway, install runway lighting, and construct SRE building.
Status: Project on hold and may be cancelled after Aleknagik Wood River Bridge is constructed.

DILLINGHAM AIRPORT IMPROVEMENTS
Estimated Bid Date: Spring 2013

Estimated Construction Cost: $36,189.0 (07)
Fund Source: FAA
Scope: RSA expansion, a new parallel T/W, 2 additional exit T/W's, new Chemical Storage Bldg, realign part of Wood River rd., repave main apron.
Status: Preliminary engineering and environmental document underway.

FACILITY

DILLINGHAM 3-BAY CHEMICAL STORAGE BUILDING
Estimated Bid Date: Spring 2009
Estimated Construction Cost: $2,700.0 (08)
Fund Source: FAA
Scope: Construct a 3-bay Chemical Storage Building with a 20,000 gallon storage tank.
Status: Final design underway.

HIGHWAY

ALEKNAGIK WOOD RIVER BRIDGE
Estimated Bid Date: Spring 2010
Estimated Construction Cost: $21,000.0 (08)
Fund Source: FHWA Earmark, GO Bond
Scope: Construct a new two-lane bridge at the Wood River crossing, and .6 miles of roadway between Aleknagik (North Shore) and the Dillingham-Aleknagik Road.
Status: Final design underway, ROW acquisitions in 2009.

ALEKNAGIK FLOAT PLANE ROAD
Estimated Bid Date: TBD
Estimated Construction Cost: $950.0
Fund Source: FHWA Earmark
Scope: Provide access to new city floatplane area.
Status: Design by City of Aleknagik, funding insufficient to construct project.

DILLINGHAM: DOWNTOWN STREETS REHABILITATION
Estimated Bid Date: Fall 2011
Estimated Construction Cost: $2,835.0 (06)
Fund Source: FHWA
Scope: Realign and rehabilitate three streets forming a loop in the downtown area of Dillingham to include pedestrian facilities.
Status: Environmental document underway.

DILLINGHAM: WOOD RIVER ROAD RECONSTRUCTION
Estimated Bid Date: Spring 2012
Estimated Construction Cost: $8,800.0 (08)
Fund Source: FHWA & General Fund for ROW only
Scope: Realign and reconstruct approx 2.8 miles of the Wood River Road to include pedestrian facilities.
Status: Final design underway, ROW acquisitions in 2009.

EKWOK

FACILITY

EKWOK TWO BAY SNOW REMOVAL EQUIPMENT BUILDING

Contractor: Pro-West Contractors, LLC
Award Date: June 2008
Award Amount: $1,228.5
Fund Source: FAA
Contract Completion Date: October 2009
Scope & Status: Foundation for the new two bay snow removal equipment building in completed. Final shipment of building components and building completion weather dependant.

FALSE PASS

AIRPORT

FALSE PASS AIRPORT IMPROVEMENTS

Estimated Bid Date: Spring 2010 (AIP Contingency)
Estimated Construction Cost: $22,000.0 (08)
Fund Source: FAA
Scope: Extend airport to 2,700 feet with adequate safety areas, edge lighting and a 2-bay snow removal equipment building.
Status: Preliminary engineering and environmental document underway.

HIGHWAY

FALSE PASS AIRPORT ACESS ROAD

Estimated Bid Date: Spring 2010
Estimated Construction Cost: $2,600.0 (08)
Fund Source: FHWA Earmark
Scope: Project will resurface the existing gravel access road between the City and the airport to include repairs to the False Pass Creek Bridge. Work to be done in conjunction with airport improvements.
Status: Environmental document to begin in 2009.

GOODNEWS BAY

AIRPORT

GOODNEWS BAY AIRPORT IMPROVEMENTS

Contractor: Knik Construction Co., Inc.
Award Date: September 2008
Award Amount: $13,852.3
Fund Source: FAA

Contract Completion Date: Dec 2009
Scope & Status: Embankment for the extension of the runway and fish ditch excavation began as winter work in October. Remaining work to reconstruct and extend the existing runway, construct new safety area, apron, taxiway, access road, a SRE building, and install lighting to begin in the spring of 2009.

HOMER

AIRPORT

HOMER BELUGA FLOAT PLANE FACILITIES IMPROVEMENTS
Estimated Bid Date: Spring 2010 (AIP Contingency)
Estimated Construction Cost: $1,113.0 (04)
Fund Source: FAA
Scope: Construct access ramp, rescue boat house and lake side floats for transient aircraft parking.
Status: Preliminary engineering and environmental document underway.

HIGHWAY

HOMER: EAST END ROAD RECONST, MP 3.75 TO 8.40
Estimated Bid Date: Spring 2011
Estimated Construction Cost: $18,500.0 (08)
Fund Source: FHWA
Scope: Rehabilitation and safety improvements to include shoulder widening, realignments, and slope flattening.
Status: Final design underway, ROW acquisitions in 2009.

HOOPER BAY

AIRPORT

HOOPER BAY AIRPORT IMPROVEMENTS
Estimated Bid Date: Summer 2011
Estimated Construction Cost: $45,500.0 (08)
Fund Source: FAA
Scope: Repave and extend the runway, and make improvements to apron, taxiway, access road and SREB as necessary to bring the airport up to current standards for a B-II ARC.
Status: Preliminary engineering and environmental document underway.

ILIAMNA

FACILITY

ILIAMNA SRE STORAGE/OFFICE BUILDING
Contractor: G and S Management Services, LLC
Award Date: Pending
Award Amount: $3,500.0
Fund Source: FAA
Contract Completion Date:
Scope & Status: Construct a new SRE storage/office building at the Iliamna Airport. Construction to begin in spring 2009.

HIGHWAY

ILIAMNA-NONDALTON ROAD / BRIDGES
Estimated Bid Date: Summer 2010
Estimated Construction Cost: $18,800.0 (06)
Fund Source: FHWA
Scope: Construct a road and bridge to connect the communities of Iliamna and Nondalton.
Status: Final design on hold pending Cumulative Impacts Analysis.

KENAI PENINSULA

HIGHWAY

KALIFORNSKY BEACH RD, COAL CREEK FISH PASSAGE
Estimated Bid Date: Fall 2009
Estimated Construction Cost: $2,015.0 (08)
Fund Source: FHWA Earmark
Scope: Fix a 9-foot diameter culvert in a large fill that is perched and impeding fish passage.
Status: Environmental document underway.

KALIFORNSKY BEACH RD, PEDESTRIAN PATHWAY
Estimated Bid Date: Spring 2009
Estimated Construction Cost: see below
Fund Source: General Funds
Scope: Construct a pedestrian pathway between Bridge Access Road and Cannery Road. Project will also include approximately 1,000 feet of roadway work from K-Beach Road at MP 16 up to the intersection with Bridge Access at approximately 16.2. The work will include repaving to match existing width, a fish passage culvert, loop detectors, striping and signing.
Status: Final design underway. General fund appropriation of $1.1 million is inadequate for scope of work identified in legislation and desired by community.

Year 1 Final Design $100.0
Year 1-2 Utilities/Contruction $1,000.0
Year 1-2 Utilities/Construction $1,664.0

KENAI AREA ROADS RESURFACING, 2009
Estimated Bid Date: Spring 2009
Estimated Construction Cost: $2,387.0 (08)
Fund Source: General Funds
Scope: Resurface Gas Well Road / Wendy Lane.
Status: Final design nearing completion.

KENAI PEN FLOOD OCT 02, FEMA NINILCHIK RV BR#427 PERMANENT
Estimated Bid Date: TBD
Estimated Construction Cost: $1,400.0 (04)
Fund Source: FEMA
Scope: Replace the damaged bridge on the Ninilchik River.
Status: Project on hold for EPA permit issues.

KENAI PEN FLOOD OCT 02, PERMANENT REPAIRS, PH II

Estimated Bid Date: TBD
Estimated Construction Cost: $500.0 (03)
Fund Source: FHWA-ER
Scope: Embankment repairs, drainage restoration, riprap protection at stream / river crossings on the Sterling Hwy.
Status: Project on hold for EPA permit issues.

KENAI SPUR ROAD EXTENSION

Estimated Bid Date: TBD
Estimated Construction Cost: $TBD
Fund Source: FHWA Earmark
Scope: Extend the Kenai Spur Road north from Captain Cook State Recreational Area. Executed Memorandum of Agreement with Kenai Peninsula Borough to perform environmental studies.
Status: Environmental study stalled at Kenai Peninsula Borough. Insufficient earmark funding to design and construct.

KENAI: VARIOUS RD IMP, 2009

Estimated Bid Date: Spring 09
Estimated Construction Cost: $935.0 (08)
Fund Source: FHWA Earmark
Scope: Improvements to HEA Access Road and Baron Park Lane off of Marathon Road to include roadway rehabilitation and paving, curb and gutter, and lighting if funding allows.
Status: Final design nearing completion.

KEYSTONE DRIVE IMPROVEMENTS

Contractor: Wolverine Supply, Inc.
Award Date: September 2008
Award Amount: $4,146.9
Fund Source: FHWA Earmark
Contract Completion Date: July 2010
Scope & Status: Project to reconstruct Keystone Drive to Kenai Peninsula Borough Standards. Contract approximately 30% complete with placement of surcharge material, some culverts, and utility relocations. Construction to resume in the spring.

SEWARD HWY BRIDGE REPAIR – TRAIL RV, FALLS CR, PTARMIGAN

Estimated Bid Date: Winter 08/09
Estimated Construction Cost: $5,300.0 (09)
Fund Source: GO Bond
Scope: Fix type B Emergency at Trail River, Falls Creek and Ptarmigan Creek Bridges on the Seward Hwy.
Status: Temporary signal system at Trail River to restrict bridge to one lane to be completed by January 31. Contract for installation of Bailey style bridges at Falls Creek and Ptarmigan Creek Bridges to be advertised in February.

SEWARD HWY: MP 21-25, SNOW RIVER TO FALLS CREEK, PH I

Estimated Bid Date: Winter 2010/2011
Estimated Construction Cost: see below
Fund Source: FHWA
Scope: Construct a railroad grade separation at Crown Point, replace Trail River Bridge.
Status: Final design underway.

Year 1 ROW $1,000.0
Year 2-3 Utilities/Construction $31,130.0

SEWARD HWY: MP 25.5-36, TRAIL RIVER TO STERLING WYE

Estimated Bid Date: Summer 2012
Estimated Construction Cost: see below
Fund Source: FHWA
Scope: Resurfacing, restoration and rehabilitation (3R) to include a pedestrian pathway and passing lanes.
Status: Environmental document complete.

Year 1 Design $2,000.0
Year 2-3 ROW $700.0
Year 4-5 Utilities/Construction $23,630.0

SEWARD HWY: MP 43-50 SURFACE REHABILITATION

Estimated Bid Date: Winter 2008/2009
Estimated Construction Cost: $11,422.3 (08)
Fund Source: FHWA
Scope: Pavement resurfacing.
Status: PS&E Complete, currently advertising.

SEWARD HWY: MP 75-90 INGRAM CR TO GIRDWOOD RD & BR REHAB

Estimated Bid Date: Winter 2012/2013
Estimated Construction Cost: see below
Fund Source: FHWA
Scope: Rehabilitate pavement and rehabilitate or replace 8 bridges. Project may include road realignment, grade separations at Portage Valley Road and the Alyeska Hwy, passing lanes, and pedestrian facilities. Project currently in Environmental Document stage (TBD).
Status: Environmental document underway.

Year 2-3 Design $9,500.0
Year 4-5 Utilities/Construction $181,000.0

STERLING HWY BRIDGE REHAB, DEEP CR, NINILCHIK, KASILOF RIVERS

Contractor: Mowat Construction Company
Award Date: Pending
Award Amount: $3,356.0
Fund Source: FHWA
Contract Completion Date: July 2010
Scope: Rehabilitate the bridge decks and steel superstructures.
Status: Construction pending award.

STERLING HWY: MP 37-60: SUNRISE TO SKILAK LAKE ROAD

Estimated Bid Date: Summer 2012
Estimated Construction Cost: see below
Fund Source: FHWA
Scope: Reconstruct/rehabilitate roadway to current standards to include possible 11 mile realignment. Project currently in Environmental Document stage (EIS).
Status: Environmental document underway.

Year 1-2 EIS underway
Year 2-3 Design $2,400.0
Year 3-4 ROW $3,100.0
Year 4-5 Utilities/Construction $180,700.0

STERLING HWY: MP 60-79, SKILAK LK RD - STERLING REHAB & PASS LN

Estimated Bid Date: Spring 2010
Estimated Construction Cost: see below
Fund Source: FHWA
Scope: Rehabilitate roadway to include resurfacing, widening shoulders and adding passing lanes where applicable.
Status: Final design underway.

Year 1-2 Design underway
Year 2-3 Utilities/Construction $24,350.0

STERLING HWY: MP 89.8-91, S. BLUFF ST-FOREST LN PASSING LANES

Estimated Bid Date: Winter 2010/2011
Estimated Construction Cost: see below
Fund Source: FHWA Safety & TBD
Scope: Construct a 4-lane divided highway segment (opposing traffic separated by a depressed median) along the Sterling Hwy between Southern Bluff Street and Forest Lane/Jim Dahler Road.
Status: Environmental document in process.

Year 1-2 Design, ROW $300.0
Year 2-3 Utilities/Construction $5,940.0

STERLING HWY: MP 157-169 RECONST-ANCHOR PT TO BAYCREST HILL

Estimated Bid Date: Winter 2012/2013
Estimated Construction Cost: see below
Fund Source: FHWA
Scope: Reconstruct and upgrade roadway along the existing corridor, to include rehabilitation/replacement of North Fork Anchor River and Anchor River Bridges.
Status: Environmental document underway.

Year 1-2 Design $1,300.0
Year 2-3 ROW $$2,600.0
Year 4-5 Utilities/Construction $34,300.0

STERLING HWY: NINILCHIK INTX IMP AND ILLUMINATION

Estimated Bid Date: Summer 2009
Estimated Construction Cost: $1,326.0 (08)

Fund Source: FHWA & GF
Scope: Provide turning improvements and illumination along the Sterling Hwy in Ninilchik at the intersection of Kingsley/Oilwell Road and Deep Creek Access Road.
Status: Final design underway.

TUSTUMENA, CROOKED CR, JOHNSON LKS RD PAVING

Estimated Bid Date: Fall 2009
Estimated Construction Cost: $5,600.0 (08)
Fund Source: General Fund
Scope: Pave gravel surface.
Status: Final design underway.

KING COVE

HIGHWAY

KING COVE – COLD BAY CONNECTOR

Estimated Bid Date: Summer 2011
Estimated Construction Cost: see below
Fund Source: General Fund and TBD
Scope: Complete road from King Cove to hovercraft terminal.
Status: Environmental document completed by AEB. Preparing Memorandum of Agreement with AEB for next phase of work.

Year 1-2 Design $1,900.0
Year 3-4 Construction $25,000.0

AIRPORT

KING COVE FENCING

Estimated Bid Date: Summer 2009
Estimated Construction Cost: $800.0 (08)
Fund Source: FAA
Scope: Provide perimeter fencing for the King Cove Airport.
Status: Final design underway.

KING SALMON - NAKNEK

AIRPORT

KING SALMON AIRPORT TAXIWAY

Estimated Bid Date: Spring 2009
Estimated Construction Cost: $21,850.0 (08)
Fund Source: FAA
Scope: Construct taxiway improvements.
Status: Final design underway.

HIGHWAY

NAKNEK BRIDGE #1563

Estimated Bid Date: TBD

Estimated Construction Cost: $50,000.0+
Fund Source: FHWA Earmark & TBD
Scope: Evaluation of a bridge crossing the Naknek River at Fishery Point based on recommendations from the Naknek Crossing Intermodal Economic and Land Use Study. Earmark funding insufficient to construct.
Status: Reconnaissance study underway.

KIPNUK

AIRPORT

KIPNUK AIRPORT RELOCATION, PHASE II
Estimated Bid Date: Summer 2009
Estimated Construction Cost: $18,120.0 (07)
Fund Source: FAA
Scope: Surfacing for new realigned runway and connecting taxiway constructed under phase 1, to include runway lighting and a snow removal equipment building.
Status: Final design underway.

HIGHWAY

KIPNUK BOARDWALK IMPROVEMENTS, PH II (IHS)
Estimated Bid Date: Spring 2010
Estimated Construction Cost: $8,000.0 (04)
Fund Source: FHWA
Scope: Construct 4.7 miles of new and replacement boardwalks.
Status: Environmental document underway.

KODIAK

AIRPORT

KODIAK AIRPORT RSA EXPANSION
Estimated Bid Date: Summer 2011
Estimated Construction Cost: $75,100.0 (07)
Fund Source: FAA
Scope: Expand Runway Safety Areas (RSA) to comply with current FAA standards, construct new taxiway from the terminal apron, and resurface R/W 18/36. Project currently in Environmental Document state (EIS).
Status: Preliminary engineering and environmental document underway.

FACILITY

KODIAK AIRPORT CHEMICAL STORAGE BUILDING
Estimated Bid Date: Winter 2009/2010
Estimated Construction Cost: $2,460.0 (08)
Fund Source: FAA
Scope: Construct a building for chemical mixing and storage operations at the Kodiak Airport.
Status: Preliminary engineering and environmental document underway.

HIGHWAY

KODIAK: CHINIAK ROAD MP 23.7 IMPROVEMENTS
Estimated Bid Date: Summer 2010

Estimated Construction Cost: $5,250.0 (05)
Fund Source: FHWA
Scope: Realign roadway, pave, drainage improvements.
Status: Final design underway, ROW acquisitions in 2009.

KODIAK ISLAND ROADS-North Star Student Safety Access

Contractor: Twin Peaks Construction, Inc
Award Date: January 2009
Award Amount: $362.5
Fund Source: FHWA Earmark
Contract Completion Date: October 2009
Scope & Status: Construct a short segment of new pathway behind the guardrail on the curve where Lilly Drive Crosses Island Lake Creek. Construction to begin in the spring.

KODIAK-OTMELOI WAY REHABILITAION

Estimated Bid Date: TBD
Estimated Construction Cost: $TBD
Fund Source: General Funds
Scope: Reconnaissance engineering study to evaluate the proposed rehabilitation of approximately one mile of Otmeloi Way.
Status: Study underway.

KODIAK PASAGSHAK ROAD SURFACING IMP, 2005

Contractor: Brechan Enterprises
Award Date: Dec 2006
Award Amount: $11,314.0
Fund Source: FHWA & General Funds
Contract Completion Date: June 2009
Scope & Status: Roadway surfacing, drainage improvements and minor realignments complete in 2008. Supplemental agreement to add lighting system at the Rezanof Drive and Mill Bay Road Intersection to be constructed Spring 09.

KOLIGANEK

AVIATION

KOLIGANEK AIRPORT RECONSTRUCTION

Estimated Bid Date: Spring 2011
Estimated Construction Cost: $5,800.0 (08)
Fund Source: FAA
Scope: Reconstruct the runway to community class recommendations, replace runway lighting, and improve runway surface.
Status: Preliminary engineering and environmental document underway.

KONGIGANAK

AIRPORT

KONGIGANAK AIRPORT IMPS-STAGE 1

Contractor: Brice Inc.
Award Date: Sept 2007

Award Amount: $16,120.2
Fund Source: FHWA
Contract Completion Date: July 2009
Status: Runway extension, new apron construction, lighting, and access boardwalk work began in Spring 08 continuing with a winter haul.

KWIGILLINGOK

HIGHWAY

KWIGILLINGOK SANITATION BOARDWALK, PH 2 (IHS)
Estimated Bid Date: n/a Force Account – Summer 09
Estimated Construction Cost: $4,023.0 (04)
Fund Source: FHWA
Scope: Construct 2.4 miles of replacement boardwalk connecting housing units. Design and force account construction to be managed by ANTHC under a Memorandum of Agreement between ADOT&PF and the Indian Health Service.
Status: Final design underway.

LAKE & PENINSULA BOROUGH

HIGHWAY

WILLIAMSPORT TO PILE BAY RD SPOT REPAIRS
Estimated Bid Date: Winter 2008/2009
Estimated Construction Cost: $8,500.0 (08)
Fund Source: FHWA Earmark
Scope: Drainage repairs and improvements, erosion protection, grade raise, roadway widening with turnouts along the Williamsport-Pile Bay Road from MP 3 to MP 9. Work will also include re-decking of the Four Mile Creek and Timberline Creek bridges.
Status: PS&E Complete.

LIME VILLAGE

AIRPORT

LIME VILLAGE AIRPORT RELOCATION
Estimated Bid Date: TBD
Estimated Construction Cost: $TBD
Fund Source: FAA
Scope: Relocate airport outside of Stony River floodplain.
Status: Project on indefinite hold due to a drop in population below 20 people.

MATANUSKA-SU VALLEY

HIGHWAY

BIG LAKE SOUTH BIG LAKE ROAD REALIGNMENT
Estimated Bid Date: Winter 2010/2011
Estimated Construction Cost: $15,900.0
Fund Source: General Funds

Scope: Reconstruct on a new or existing alignment, to rural collector standards.
Status: Reconnaissance study underway.

BURMA RD: PT MACKENZIE TO W. SUSITNA/MARION DR

Estimated Bid Date: Winter 2012/2013
Estimated Construction Cost: $50,000.0
Fund Source: General Funds
Scope: Improve Burma Road to NHS standards. Sufficient funding for design and possibly ROW only.
Status: Environmental document underway.

GLENN HWY: MP 34-42 PARKS TO OLD GLENN

Estimated Bid Date: Summer 2011
Estimated Construction Cost: see below
Fund Source: FHWA
Scope: Reconstruct to four lanes to include pathway and shoulders, channelization, traffic and safety improvements as necessary.
Status: Environmental document underway.

Year 1 Design (funded)
Year 1-2 ROW $950.0
Year 2-3 Utilities/Construction $53,100.0

GLENN HWY, MP 49 SLIDE REPAIR

Estimated Bid Date: Spring 2012
Estimated Construction Cost: $5,250.0 (06)
Fund Source: FHWA
Scope: Roadway repairs at the slide are on the Glenn Highway.
Status: Environmental phase to begin in spring 2009.

GLENN HWY MP 53 TO 56 RECONST-MOOSE CK CANYON

Estimated Bid Date: Fall 2013
Estimated Construction Cost: see below
Fund Source: FHWA
Scope: Reconstruct roadway including replacement of the Moose Creek Bridge. Project straightens horizontal curve.
Status: Environmental document underway.

Year 1 Design $2,250.0
Year 3-4 ROW $4,300.0
Year 5-6 Utilties/Construction $33,500.0

GLENN HWY: MP 66.5 TO 80 RECONST - CHICKALOON

Estimated Bid Date: Winter 2013/2014
Estimated Construction Cost: see below
Fund Source: FHWA
Scope: .Reconstruct roadway to current standards, to include major realignments.
Status: Project to be re-scoped.

Year 2-3 Design $5,300.0
Year 4-5 ROW $4,300.0
Year 5-6 Utilities/Construction $82,400.0

GLENN HWY: MP 80 TO 92 CHICKALOON TO CASCADE

Estimated Bid Date: Fall 2012
Estimated Construction Cost: see below
Fund Source: FHWA
Scope: Reconstruct roadway to current standards, to include major realignments.
Status: Project to be re-scoped.

Year 1-2 Design $3,000.0
Year 3-4 ROW $5,500.0
Year 4-5 Utilities/Construction $58,000.0

LITTLE SUSITNA RIVER ACCESS RD & BRIDGE

Estimated Bid Date: TBD
Estimated Construction Cost: $TBD
Fund Source: FHWA Earmark
Scope: Provide Environmental Document and design for new road access and bridge over the Little Susitna River west of Big Lake Area.
Status: Project on hold. Insufficient earmark funds to complete environmental document.

HATCHER PASS RD MP 18-25

Estimated Bid Date: TBD
Estimated Construction Cost: $7,000.0 (03)
Fund Source: FHWA
Scope: Recondition and pave existing gravel road.
Status: Environmental document underway.

PALMER-WASILLA HWY ENVIRONMENTAL STUDY

Estimated Bid Date: n/a
Estimated Construction Cost: $TBD
Fund Source: General Fund
Scope: Provide state project environmental checklist for widening roadway between the Parks Highway and the Glenn Highway.
Status: Environmental document underway.

PALMER-WASILLA HWY INTERSECTION IMP, PH II
KNIK GOOSE BAY & FAIRVIEW LOOP INTERSECTION
KNIK GOOSE BAY & VINE INTERSECTION IMP

Contractor: QAP
Award Date: September 2008
Award Amount: $8,693.3
Fund Source: General Fund
Contract Completion Date: October 2009
Scope & Status: Construction to begin in the spring for signalization of 4 intersections on the Palmer-Wasilla Highway: Shoreline Dr, Midtown, Golden Hills, and Shennum, and upgrade of 5 intersection signals at Knik-Goose Bay Rd, Roberts St, Parks Hwy, Fred Meyer, and the Glenn Highway. Construction also includes installation of traffic signals at Knik Goose Bay Rd and Fairview Loop and Knik Goose Bay and Vine St.

PARKS HWY: 44-52.3 RECON – LUCUS RD TO BIG LAKE CUTOFF

Estimated Bid Date: Fall 2012
Estimated Construction Cost: see below
Fund Source: FHWA
Scope: Widen highway to four lanes to improve safety and reduce congestion.
Status: Environmental document underway.

Year 1-2 Design $5,000.000
Year 3-4 ROW $15,300,000
Year 5-6 Utilities and Construction $109,100,000

PARKS HWY MP 72-83 REHAB: WILLOW CR TO KASHWITNA

Estimated Bid Date: February 09
Estimated Construction Cost: $30,000.0
Fund Source: GO Bond (5.8m) & Potential FHWA Economic Stimulus
Scope: Rehabilitate pavement, reconstruct embankment at failed areas, widen roadway, build passing lanes and bridge improvements, and construct safety improvements.
Status: PS&E complete. Contract advertising contingent on final Economic Stimulus package authorization.

PARKS HWY MP 83-90 WEIGHT RESTRICTION ELIMINATION

Estimated Bid Date: Spring 2010
Estimated Construction Cost: $8,586.5 (08)
Fund Source: GO Bond
Scope: Embankment reconstruction at locations of known pavement fatigue cracking MP 83-84, and MP 89-90), repaving the entire length, widening and turn lanes.
Status: Final design underway.

PT MACKENZIE ROAD IMPROVEMENT

Estimated Bid Date: Spring 2009
Estimated Construction Cost: $2,692.0 (07)
Fund Source: FHWA Earmark
Scope: Improve vehicle access to the Port area by reconstructing roughly a 1.6 mile access road to lessen the vertical grade. Re-grade road sideslopes and ditches to improve drainage and lessen ice buildup. Expand dock and public boat ramp facilities with added fill and armor rock.
Status: Final design underway by the Matanuska Susitna Borough.

PETERSVILLE ROAD REHABILITATION

Estimated Bid Date: Spring 2012
Estimated Construction Cost: $9,500.0 (03)
Fund Source: FHWA
Scope: Rehabilitate roadway to Forks Roadhouse at MP 18.6.
Status: Final design to resume in 2009.

TRUNK ROAD RECONST, PH I PARKS HWY TO PALMER-WASILLA HWY

Estimated Bid Date: Spring 09
Estimated Construction Cost: $40,264.6 (08)
Fund Source: FHWA & GF

Scope: Reconstruct and widen Trunk Road to 4 lanes to include major realignments, includes intersection improvements at the Palmer-Wasilla Hwy, and pedestrian facilities.
Status: PS&E Complete.

TRUNK ROAD RECONST, PH II PALMER-WASILLA HWY TO FISHOOK

Estimated Bid Date: Spring 2010
Estimated Construction Cost: see below
Fund Source: FHWA
Scope: 3R rehabilitation, widen and straighten on existing alignment.
Status: Final design and ROW underway, will need supplemental funding to completed.

Year 1-2 Design, ROW underway
Year 2 Utilities/Construction $27,800.0

MAT-SU: PALMER

HIGHWAY

PALMER URBAN REVITALIZATION

Contractor: Prosser-Dagg Construction Company, LLC
Award Date: November 2008
Award Amount: $762.5
Fund Source: FHWA Earmark
Contract Completion Date: Oct 2009
Scope & Status: Contractor to begin work in spring to construct a pedestrian / bicycle corridor within the railroad right of way from E. Fireweed Ave to East Arctic Ave through the City of Palmer.

PALMER– WASILLA COUPLET

Estimated Bid Date: Spring 2012
Estimated Construction Cost: see below
Fund Source: General Funds
Scope: Project to improve east-west mobility at the Palmer end of the Palmer-Wasilla Highway, while maintaining access to the Palmer City core, and maintaining the function of the Glenn Highway.
Status: Preliminary engineering and environmental document underway.

Year 1 Design $3,250.0
Year 1-2 ROW $13,025.0
Year 3-4 Utilities/Construction $1,800.0
Year 3-4 Utilities/Construction $28,500.0

OLD GLENN HWY, PLUMLEY TO PALMER
HSIP: OLD GLENN, MAT-SU RIVER BRIDGE-GLENN CHANNELIZATION

Contractor: Pruhs Construction Company, LLC
Award Date: May 2008
Award Amount: $9,884.3
Fund Source: FHWA Safety & GO Bond
Contract Completion Date: July 2009
Scope & Status: Construction substantially complete for rehabilitation of roadway to include shoulder widening, channelization, illumination, signalization upgrades, and extension of the separated pathway from Palmer to Clark Wolverine. Final paving remaining in 2009.

MAT-SU: TALKEETNA

AIRPORT

TALKEETNA AIRPORT IMPROVEMENTS - STAGE 2

Estimated Bid Date: Summer 2009 (AIP Contingency 2009, 2010)
Estimated Construction Cost: $7,000.00 (07)
Fund Source: FAA
Scope: Construct new commercial apron, taxiway; new lease lots; new lease lot/commercial apron and taxiway, new GA aprons, and vehicle parking. Final project scope to fit available AIP funding of 7million.
Status: Preliminary engineering and environmental document underway.

MAT-SU: WASILLA

HIGHWAY

FAIRVIEW LOOP RECONSTRUCTION

Estimated Bid Date: TBD
Estimated Construction Cost: $11,000.0
Fund Source: GO Bond
Scope: Rehabilitate existing Fairview Loop Road. Scope consists of adding shoulders and rehabilitating pavement along existing alignment as required under 3R process.
Status: Project scoping underway. Environmental to begin in 2009.

SEWARD MERIDIAN PARKWAY RD IMP - PH I PARKS TO PALMER-WASILLA HWY

Estimated Bid Date: Summer 2010
Estimated Construction Cost: see below
Fund Source: FHWA
Scope: Upgrade to four lanes with a center left-turn lane and a separated pathway to improve safety and increase capacity.
Status: Final design and advance ROW acquisition underway.

Year 1 ROW $5,200.0
Year 2-3 Utilities/Construction $13,100.0

SEWARD MERIDIAN RD, PH II - PAL-WASILLA TO SELDON ROAD

Estimated Bid Date: Summer 2011
Estimated Construction Cost: see below
Fund Source: FHWA
Scope: Upgrade roadway to four lanes, and extend to Seldon Road.
Status: Environmental document complete, final design pending funding.

Year 1 Design $2,100,000
Year 2-3 ROW $10,000,000

Year 3-4 Utilities & Construction $25,300.0

WASILLA – FISHOOK RD – MAIN STREET REHABILITATION

Estimated Bid Date: TBD
Estimated Construction Cost: $12,650.0 (06)
Fund Source: FHWA
Scope: Construct a one-way couplet in downtown Wasilla to improve mobility and circulation in the Main Street and core area. The couplet will extend between the Knik-Goose Bay Road and Centaur Avenue on the south and Bogard Road on the north. The couplet will consist of three lanes southbound on Main Street and Knik-Goose Bay Road and three lanes northbound on Talkeetna Street and Yenlo St.
Status: Environmental document to begin in 2009.

WASILLA GRAVEL ROAD PAVING

Estimated Bid Date: Winter 2008/2009
Estimated Construction Cost: $900.0
Fund Source: General Fund
Scope: Pave existing gravel roads in the City of Wasilla.
Status: PS&E Complete.

WASILLA: LUCUS ROAD IMPROVEMENTS

Estimated Bid Date: TBD
Estimated Construction Cost: $7,000.0
Fund Source: FHWA
Scope: Upgrade between the Parks Hwy and Spruce Ave to include shoulders, turning lanes, and pedestrian facilities.
Status: Environmental document is complete, final design pending funding.

MEKORYUK

AIRPORT

MEKORYUK AIRPORT IMPROVEMENTS

Estimated Bid Date: Summer 2011 (AIP Contingency)
Estimated Construction Cost: $6,300.0 (05)
Fund Source: FAA
Scope: Extend runway, expand safety area, construct SRE building, install lighting, rehabilitate access road.
Status: Preliminary engineering and environmental document underway.

NAPAKIAK

HIGHWAY

NAPAKIAK LANDFILL ACCESS ROAD (VSW)

Contractor: N/A Force Account
Award Date:

Award Amount: $2,075.0
Fund Source: FHWA
Scope & Status: Reconstruction / surface 3,100 feet of community road for access to the new landfill. Construction administration by Alaska Dept of Environmental Conservation, Village Safe Water through a Reimbursable Services Agreement. Work to begin in the spring with project completed in fall 2010.

NAPASKIAK

HIGHWAY

NAPASKIAK: SANITATION BOARDWALK IMP (VSW)
Estimated Bid Date: N/A Force Account, Summer 2009
Estimated Construction Cost: $6,400.0 (06)
Fund Source: FHWA
Scope: Construct 4 miles of new and replacement boardwalks to access new sewage lagoon.
Status: Final design underway.

NEWTOK - MERTARVIK

FACILITY

MERTARVIK BARGE FACILITY
Estimated Bid Date: Winter 2008/2009
Estimated Construction Cost: $1,800.0 (08)
Fund Source: Denali Commission & General Fund
Scope: Construct a barge landing ramp and staging area.
Status: Final design underway.

HIGHWAY

NEWTOK-MERTARVIK RELOCATION
Estimated Bid Date: TBD
Estimated Construction Cost: TBD
Fund Source: General Fund
Scope: Scope, coordinate effort and develop a Project Management Plan to relocate the community of Newtok to the proposed location of Mertarvik. Coordination efforts will include the Mertarvik Barge Landing, the USACE road design, a DCCED proposed evacuation center, and planning for a local airport.
Status: Project Management Plan being developed.

NELSON ISLAND

HIGHWAY

NELSON ISLAND ROADS
Estimated Bid Date: TBD
Estimated Construction Cost: $TBD
Fund Source: General Fund

Scope: Construct an inter-village road system to connect Toksook Bay, Tununak, Nightmute, Umkumiut.
Status: Environmental document anticipated in 2009. No funding identified to continue beyond this stage.

NIGHTMUTE

AIRPORT

NIGHTMUTE AIRPORT IMPROVEMENTS

Contractor: Knik Construction Company, Inc.
Award Date: Sept 2007
Award Amount: $12,421.5
Fund Source: FAA
Contract Completion Date: August 2009
Scope & Status: Work to extend the runway, reconstruct the apron and access road, install runway taxiway edge lighting and construct a new equipment storage building is 45% complete with embankment for the runway extension, widening and apron expansion area in place, riprap stockpiled, and select borrow and crushed aggregate mined and ready to place in spring after embankment has dried out.

NUNAPITCHUK

AIRPORT

NUNAPITCHUK AIRPORT AND ACCESS IMP

Contractor: Bering Pacific Construction
Award Date: Sept 2007
Award Amount: $13,033.6
Fund Source: FAA
Contract Completion Date: July 2009
Scope & Status: Construction of runway extension, safety area, lighting, and SRE building is substantially complete. Remaining work for 2009 includes completion of the final surface course placement on safety area, taxiway, and apron.

OUZINKIE

AIRPORT

OUZINKIE AIRPORT STAGE 1

Estimated Bid Date: Spring 2009
Estimated Construction Cost: $24,970.0 (08)
Fund Source: Potential FAA Economic Stimulus
Scope: Construct a new airport and access road.
Status: PS&E Complete. Contract advertising in 2009 contingent upon Economic Stimulus package authorization. AIP Contingency project in 2009, Expected in 2010.

PLATINUM

AIRPORT

PLATINUM AIRPORT RELOCATION
Contractor: BC Contractors, Inc.
Award Date: Pending
Award Amount: $4,978.0
Fund Source: FAA
Contract Completion Date: October 2010
Scope: Relocate airport and construct a new runway, apron, taxiway, airport access road, new equipment storage building, and install airport lighting.
Status: Award pending. Construction to begin spring 2009.

REGIONWIDE

AIRPORT

CR: EQUIPMENT PROCUREMENT, 09
Estimated Bid Date: Summer 2009
Estimated Construction Cost: $4,726.0 (08)
Fund Source: FAA
Scope: This project will purchase equipment in support of airport maintenance and operations. The airports supported by this purchase are: Aniak, Sleetmute, Cold Bay, Dillingham, False Pass, Illiamna, King Salmon, Kodiak, McGrath, Scammon Bay, and Tuntutuliak. See PMP for details.
Status: Final design underway.

HIGHWAY

CENTRAL REGION HIGHWAY DATA EQUIPMENT FY07
Estimated Bid Date: Spring 2009
Estimated Construction Cost: $1,782.0 (08)
Fund Source: FHWA
Scope: Upgrade, install, and demolish Highway Data Collection Equipment permanent traffic recorder sites at various locations.
Status: PS&E Complete.

CENTRAL REGION GUARDRAIL END TREATMENT UPGRADE
Estimated Bid Date: Summer 2009 (07)
Estimated Construction Cost: $1,000.0
Fund Source: FHWA
Scope: Replace guardrail end terminals that do not meet current crashworthiness standards on NHS routes that have been recently paved.
Status: Final design underway.

CENTRAL REGION RUMBLE STRIPS, PH II

Estimated Bid Date: Winter 2008/2009
Estimated Construction Cost: $2,212.0 (08)
Fund Source: FHWA Safety
Scope: Installation of continuous milled rumble strips on major rural routes in the region.
Status: PS&E Complete

CENTRAL REGION SCHOOL ZONE UPGRADES

Estimated Bid Date: Spring 2010 (07)
Estimated Construction Cost: $1,700.0
Fund Source: FHWA
Scope: Upgrade school zone traffic control devices on Central Region highways. Improvements include flashing beacons where warranted, advance school zone signing, and school zone crossing signing and marking.
Status: Final design underway.

HSIP: NHS WARNING & DELINEATION IMPROVEMENTS

Estimated Bid Date: Summer 2010
Estimated Construction Cost: $2,052.0 (08)
Fund Source: FHWA Safety
Scope: Install signs, delineators, advance curve warning signs, and guardrail at various locations on NHS routes to improve safety.
Status: Final design underway.

STRIPING AND MARKING PERFORMANCE IMP

Estimated Bid Date: Spring 2009
Estimated Construction Cost: $1,500.0 (08)
Fund Source: FHWA & General Fund
Scope: Project includes performing and managing all striping and marking maintenance activities associated with roadway pavement for 5 years for the Glenn Hwy from McCarrey St to Glenn/Parks Interchange and the Parks Hwy from the Glenn/Parks Interchange to Seward Meridian Road.
Status: Final design underway.

WEIGH-IN-MOTION REHAB: STERLING HWY, MINN DR

Estimated Bid Date: Fall 2009
Estimated Construction Cost: $1,100.0 (07)
Fund Source: FHWA
Scope: Rehabilitate existing WIM sites including installation of more reliable and lower life cycle cost load cells.
Status: Final design underway.

SELDOVIA

FACILITY

SELDOVIA SRE BUILDING

Estimated Bid Date: Spring 09
Estimated Construction Cost: $2,950.0 (08)
Fund Source: FAA
Scope: Construct new equipment storage building.
Status: Final design underway.

STONY RIVER

AIRPORT

STONY RIVER AIRPORT IMPROVEMENTS

Estimated Bid Date: Spring 2010 (AIP Contingency)
Estimated Construction Cost: $8,851.0 (08)
Fund Source: FAA
Scope: Construct new runway, taxiway, apron, access road, and equipment storage buildings. Install runway and taxiway edge lighting.
Status: Final design and ROW acquisitions underway.

TAKOTNA

AIRPORT

TAKOTNA AIRPORT RELOCATION

Estimated Bid Date: Spring 09
Estimated Construction Cost: $20,050.0 (08)
Fund Source: FAA
Scope: Relocate airport, construct new gravel runway, safety area, access road, and SRE building, install lighting.
Status: Final design underway.

TOGIAK

HIGHWAY

TOGIAK MAIN ROAD REHABILITATION

Estimated Bid Date: TBD
Estimated Construction Cost: $2,000.0 (07)
Fund Source: Denali Commission & General Fund
Scope: Project to improve safety and reduce dust in community.
Status: Currently on hold for clarification of funding issues.

TULUKSAK

AIRPORT

TULUKSAK AIRPORT RELOCATION

Estimated Bid Date: Spring 2009
Estimated Construction Cost: $18,400.0 (08)
Fund Source: FAA

Scope: Relocate the airport to a new location about a mile east of the community. This will include acquiring property and constructing the following to current standards: new runway, taxiway, apron, airport lighting and visual aids, SRE building and an airport access road.
Status: Final design and ROW acquisitions underway.

TUNUNAK

AIRPORT

TUNUNAK AIRPORT IMPROVEMENTS
Estimated Bid Date: Spring 2011
Estimated Construction Cost: $15,600.0 (06)
Fund Source: FAA
Scope: Extend, widen, and resurface existing runway and safety area, install lighting, construct SRE building.
Status: Preliminary engineering and environmental document underway.

UNALASKA

FACILITY

UNALASKA 2-BAY CHEMICAL STORAGE BUILDING
Estimated Bid Date: Spring 2010
Estimated Construction Cost: $1,670.0 (08)
Fund Source: FAA
Scope: Construct a 3-bay Chemical Storage Building to include storage tanks, mixing tank, and storage area for the de-icing truck.
Status: Environmental document underway.

UNALASKA TORPEDO BUILDING DEMOLITION & CLEAN UP
Estimated Bid Date: Spring 2012
Estimated Construction Cost: $2,300.0 (06)
Fund Source: FAA
Scope: Project will resolve safety concerns with the deteriorating condition of the building in the Fort Mears National Historical Landmark.
Status: Project on hold pending outcome of master plan.

HIGHWAY

UNALASKA: E POINT/BALLYHOO RD REHAB, A/P BEACH RD PV/PATHWY
Estimated Bid Date: TBD
Estimated Construction Cost: $TBD
Fund Source: FHWA
Scope: Rehabilitate roadway with curb, gutter, paving and sidewalks.
Status: Project on hold pending identification of future funding.

ALASKA DEPARTMENT OF TRANSPORTATION & PUBLIC FACILITIES

NORTHERN REGION

DESIGN & CONSTRUCTION PROJECTS 2009 – 2010

February 18, 2009

Alaska Department of Transportation and Public Facilities

Northern Region Construction & Design Projects

February 2009

ALAKANUK

ALAKANUK AIRPORT RELOCATION STAGE II

Contractor: Knik Construction Co., Inc.
Award Date: 9/25/07
Award Amount: $5,000,000
Fund Source: Federal
Scope: Grade and surface the runway, safety area, taxiway, access road, apron; install segmented circle, lighting, wind cone; construct a SREB, PAPI, REIL and AWOS pads and SREB.
Estimated Completion Date: 6/15/09
Status: Construction is 67% complete.

ALAKANUK AIRPORT RELOCATION STAGE III

Contractor: Knik Construction Co. Inc
Award Date: Pending
Estimated Construction Cost: $4,800,000
Fund Source: Federal
Scope: Place sub-base on airport.
Estimated Completion Date: TBD
Status: Award pending

ALASKA HIGHWAY

ALASKA HIGHWAY MP 1222 - 1235 REHABILITATION

Estimated Bid Date: 7/1/09
Estimated Construction Cost: $16,500,000
Fund Source: Federal
Scope: Rehabilitate, resurface and improve drainage from MP 1222 (Canadian Board) to MP 1235.
Estimated Completion Date: TBD
Status: Environmental approved.

ALASKA HIGHWAY MP 1267 – 1314 REHABILITATION

Contractor: Great Northwest Inc.
Award Date: 5/8/08
Award Amount: $18,961,000
Fund Source: Federal
Scope: Embankment repairs, drainage improvements, and resurfacing at selected locations between and bridge upgrades on the Beaver Creek and Tok River Bridges. Also includes wayside enhancements.
Estimated Completion Date: 7/31/09
Status: Construction is 84% complete.

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ALASKA HIGHWAY MP 1303 TANANA RIVER BRIDGE REPLACEMENT
Estimated Bid Date: 2/19/09
Estimated Construction Cost: $39,000,000
Fund Source: Federal Earmark, General Funds, Federal
Scope: Construct a new 903 foot, six-span bridge, over the Tanana River and demolishing the old bridge. Construct approximately one mile of new highway; reconstruct the boat ramp/parking area; and construct an interpretive wayside and a new pullout.
Estimated Completion Date: TBD
Status: Project is advertised.

ALASKA HIGHWAY MP 1308 TOK WEIGH STATION
Estimated Bid Date: April 2009
Estimated Construction Cost: $7,800,000
Fund Source: Stimulus, Federal
Scope: Construct multi-platform scales, new weighing system to facilitate simultaneous axle group and gross weight indications for truck weight enforcement.
Estimated Completion Date: TBD
Status: Anticipate advertising in March 2009.

ALASKA HWY MP 1354 - 1364 REHABILITATION
Estimated Bid Date: TBD
Estimated Construction Cost: $6,500,000
Fund Source: Federal, construction funding not identified
Scope: Rehabilitate, resurface and wayside improvements.
Estimated Completion Date: TBD
Status: Design underway

ALASKA HWY MP 1412 - 1422 REHABILITATION
Estimated Bid Date: May 2009
Estimated Construction Cost: $5,300,000
Fund Source: Stimulus, Federal
Scope: Rehabilitate, resurface and improve drainage.
Estimated Completion Date: TBD
Status: Design complete and anticipate advertising April 2009.

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ALLAKAKET

ALLAKAKET AIRPORT IMPROVEMENTS
Estimated Bid Date: Contingency 2009
Estimated Construction Cost: $9,600,000
Fund Source: AIP
Scope: Repair and stabilize the runway embankment and apron to correct settlement areas.
Estimated Completion Date: TBD
Status: Anticipate advertising, pending funding availability.

AMBLER

AMBLER AIRPORT REHABILITATION
Estimated Bid Date: Beyond 2011
Estimated Construction Cost: $9,500,000
Funding Source: AIP
Scope: Extend and widen main and crosswind runway. Resurface operational surfaces.
Estimated Completion Date: TBD
Status: Project on hold to assess environmental issues (asbestos).

AMBLER SEWAGE LAGOON ACCESS ROAD
Estimated Bid Date: unknown
Estimated Construction Cost: $1,500,000
Funding Source: Federal, construction funding not identified
Scope: Construct a new access road to the sewage lagoon.
Estimated Completion Date: TBD
Status: Plans are ready to advertise and working with NANA to resolve environmental issues (asbestos).

BARROW

BARROW (WILEY POST/ WILL ROGERS MEMORIAL) RUNWAY AND APRON PAVING
Contractor: SKW Eskimos Inc.
Award Date: 5/30/03
Award Amount: $25,500,000
Funding Source: AIP
Scope: Pave runway, taxiways, and apron; install new lighting and expand runway safety areas; relocate navigation aids.
Estimated Completion Date: 10/30/10
Status: Project is 65% complete.

BARROW (WILEY POST/ WILL ROGERS MEMORIAL) AIRPORT APRON EXPANSION
Estimated Bid Date: Beyond 2011
Estimated Construction Cost: $7,000,000
Funding Source: AIP
Scope: Expand apron and construct aviation support areas.
Estimated Completion Date: TBD
Status: Design underway.

BARROW ARCTIC RESEARCH CENTER ACCESS ROAD
Estimated Bid Date: 9/15/09
Estimated Construction Cost: $3,000,000
Funding Source: Federal Earmark
Scope: Construct a new road connecting Cake Eater Road to the new Barrow Arctic Research Center.
Estimated Completion Date: TBD
Status: Currently working on environmental documents and preliminary design.

NORTH SLOPE BOROUGH ROAD IMPROVEMENTS (BARROW)
Estimated Bid Date: 11/30/09
Estimated Construction Cost: $3,000,000
Funding Source: Federal Earmark
Scope: Extend the existing Laura Madison Road to Cake Eater Road; repair and upgrade the existing road to the new landfill; and rehabilitate and repair damage to the Dam Road caused by weather erosion.
Estimated Completion Date: TBD
Status: Currently working on environmental documents and preliminary design.

CHALKYITSIK

CHALKYITSIK AIRPORT IMPROVEMENTS
Estimated Bid Date: Contingency 2010
Estimated Construction Cost: $10,500,000
Funding Source: AIP
Scope: Resurface runway and taxiway and place a dust palliative on the surfaces at the Chalkyitsik Airport. Relocate the apron and access road, replace the snow removal equipment building (SREB), rehabilitate the airport lighting system and correct drainage problems at the end of the runway.
Estimated Completion Date: TBD
Status: Design and environmental work underway.

CIRCLE

CIRCLE DUST CONTROL

Estimated Bid Date: Spring 2009
Estimated Construction Cost: $900,000
Funding Source: Denali Commission
Scope: Resurface and provide an asphalt treated surface on Steese Highway near Circle.
Estimated Completion Date: TBD
Status: DOT&PF Maintenance and Operations will be doing the dust control project.

COLDFOOT

COLDFOOT AIRPORT IMPROVEMENTS

Estimated Bid Date: Beyond 2011
Estimated Construction Cost: $6,500,000
Funding Source: AIP, construction funding not identified
Scope: Resurface airport, replace lighting, clear obstructions. Protect runway and access road from erosion from the Koyukuk River.
Estimated Completion Date: TBD
Status: Design underway.

COPPER RIVER HIGHWAY

COPPER RIVER HIGHWAY: MP 38 - 43 HIGHWAY PROTECTION

Estimated Bid Date: Summer 2009
GO Bond Amount: $5,100,000
Funding Source: GO Bond
Scope: Raise highway grade approximately 4-6 feet through this section of the Copper River Highway. The highway embankment adjacent to the Copper River would also be armored to protect against future erosion and install new culverts.
Estimated Completion Date: TBD
Status: Design and permitting underway.

COPPER RIVER HIGHWAY MILLION $ BRIDGE – PHASE 2

Estimated Bid Date: Unknown
Estimated Construction Cost: $11,800,000
Fund Source: Federal, construction funding not identified
Scope: Replace bridge bearings, reconstruct abutment back walls, reinforce Piers #1 and #2, repair the underlying caissons and fix the piers to the caissons.
Estimated Completion Date: TBD
Status: Shelf project

CORDOVA

CORDOVA AIRPORT IMPROVEMENTS – STAGE I

Contractor: Swanson General Contractors Inc.
Award Date: 7/9/08
Award Amount: $3,800,000
Funding Source: AIP
Scope: Complete lighting and regulator building upgrades necessary to support the existing airport as well as the proposed partial parallel taxiway and connecting taxiways planned for the Cordova Airport.
Estimated Completion Date: 9/1/09
Status: Construction is 10% complete.

CORDOVA AIRPORT APRON, TAXIWAY AND GA IMPROVEMENTS, Stage II

Estimated Bid Date: August 2009
Estimated Construction Cost: $14,000,000
Funding Source: AIP
Scope: Construct transient air parking, general aviation parking, access roads, heliport pad, aviation support areas and complete obstruction removal. Expand existing apron area, resolve drainage problems and construct partial parallel and connecting taxiways.
Estimated Completion Date: TBD
Status: In final design

CORDOVA AIRPORT RUNWAY SAFETY AREA IMPROVEMENTS AND DRAINAGE

Estimated Bid Date: Beyond 2011
Estimated Construction Cost: $5,500,000
Funding Source: AIP
Scope: Rehabilitate the runway safety areas including grading and drainage improvements.
Estimated Completion Date: TBD
Status: Design underway

CORDOVA SHEPARD POINT ROAD
Estimated Bid Date: TBD
Estimated Construction Cost: $32,000,000 (for entire facility)
Funding Source: Federal, Exxon Oil Spill Funds, BIA and other unidentified
Scope: Construct approximately 4 miles of road from Orca Cannery to the deep water port site at Shepard Point.
Estimated Completion Date: TBD
Status: DOT&PF will provide $5,000,000 toward construction once the Oil Spill Response Facility has been designed and funding secured. BIA has record of decision for environmental impact assessment and it is signed. BIA is responsible for design.

DALTON HIGHWAY

DALTON HIGHWAY IMPROVEMENTS (MP 144-175 and MP 335-362)
Estimated Bid Date: Spring 2009
GO Bond Amount: $14,000,000
Funding Source: GO Bond
Scope: MP 144-175 and MP 335-362: Heavy deferred maintenance, some crushing and material haul to be contracted out.
Estimated Completion Date: TBD
Status: Design and permitting underway.

DALTON HWY MP 362 - 414 REHABILITATION
Estimated Bid Date: Ready to bid 2012
Estimated Construction Cost: $53,000,000
Funding Source: Federal, construction funding not identified
Scope: Rehabilitate, resurface, and widen 42 miles of highway.
Estimated Completion Date: TBD
Status: Design underway.

DALTON HIGHWAY MP 260 – 321 CULVERTS
Estimated Bid Date: May 2009
Estimated Construction Cost: $26,300,000
Funding Source: Stimulus
Scope: Replace existing culverts at various locations between MP 260 – 321, install one new bridge and raise the grade between MP 311.7 - 313.6.
Estimated Completion Date: TBD
Status: Anticipate advertising April 2009.

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DALTON HIGHWAY MP 274 – 289 RECONSTRUCTION
Estimated Bid Date: 8/1/09
Estimated Construction Cost: $24,000,000
Funding Source: Federal Earmark, Federal
Scope: Reconstruct the Dalton Highway between MP 274 – 289.
Estimated Completion Date: TBD
Status: Design underway.

DALTON HWY MP 175 - 197 REHABILITATION
Estimated Bid Date: May 2009
Estimated Construction Cost: $29,600,000
Funding Source: Stimulus
Scope: Rehabilitate, resurface and replace the Marion Creek Bridge.
Estimated Completion Date: TBD
Status: Anticipate advertising April 2009.

DALTON HWY MP 197 – 209 REHABILIATION
Estimated Bid Date: Ready to bid Summer 2009.
Estimated Construction Cost: $16,400,000
Funding Source: Federal, construction funding not identified
Scope: Rehabilitate, resurface.
Estimated Completion Date: TBD
Status: Design underway.

DALTON HWY MP 11 - 18 RECONSTRUCTION
Estimated Bid Date: Ready to advertise 2012
Estimated Construction Cost: $15,000,000
Funding Source: Federal Earmark; Federal, construction funding not identified.
Scope: Reconstruct, widen and pave seven miles of highway.
Estimated Completion Date: TBD
Status: Design underway.

DALTON HWY MP 9 MILE HILL NORTH
Estimated Bid Date: Ready to bid Fall 2009
Estimated Construction Cost: $26,300,000
Funding Source: Federal, construction funding not identified
Scope: Reconstruct and realign 3 miles of highway to remove excessive grades and curves.
Estimated Completion Date: TBD
Status: Design underway.

DENALI HIGHWAY

DENALI HIGHWAY MP 7 WAYSIDE

Estimated Bid Date: May 2009
Estimated Construction Cost: $590,000
Funding Source: Stimulus, construction funding not identified
Scope: Construct a wayside with enhancements near MP 7 of the Denali Highway. Enhancements include a kiosk shelter, information displays and a vault toilet.
Estimated Completion Date: TBD
Status: Anticipate advertising April 2009.

DELTA JUNCTION

DELTA JUNCTION CITY STREET REHABILATION

Estimated Bid Date: Summer 2009
Estimated Construction Cost: $4,000,000
Funding Source: Stimulus
Scope: Rehabilitate city streets within Delta Junction.
Estimated Completion Date: TBD
Status: Design underway

ELLIOTT HIGHWAY

ELLIOTT HWY MP 108 - 120 REHABILITATION

Estimated Bid Date: Ready to bid Spring 2011
Estimated Construction Cost: $9,200,000
Funding Source: Federal, construction funding not identified
Scope: Reconstruct the highway between MP 108 and 120 (near Minto).
Estimated Completion Date: TBD
Status: Design underway.

EMMONAK

EMMONAK AIRPORT REHABILITATION – Stage II

Contractor: Bering Pacific Company
Award Date: 12/30/08
Award Amount: $9,400,000
Funding Source: AIP
Scope: Rehabilitate the main apron including the taxiway intersection and access road. Place surface course on the rehabilitated apron.
Contract Completion Date: TBD
Status: Awarded, to begin spring 2009.

EMMONAK AIRPORT CLINIC ROAD REPAIRS
Estimated Bid Date: Summer 2009
Estimated Construction Cost: $2,500,000
Funding Source: Federal
Scope: Repair damage to airport access road caused by flooding.
Contract Completion Date: TBD
Status: Design underway.

EMMONAK COMMUNITY ROAD IMPROVEMENTS AND DUST CONTROL
Estimated Bid Date: Summer 2010
Estimated Construction Cost: $10,000,000
Funding Source: Denali Commission; Federal Earmark; BIA; General Funds; GO Bond; Stimulus
Scope: Rehabilitate community roads and apply a dust palliative.
Estimated Completion Date: TBD
Status: Design underway.

EMMONAK LANDFILL ROAD
Estimated Bid Date: Summer 2009
Estimated Construction Cost: $2,000,000
Funding Source: see Emmonak Community Road
Scope: Construct a new road to the new landfill site.
Estimated Completion Date: TBD
Status: Design underway.

FAIRBANKS/FMATS

2ND AVE AND MOORE STREET REALIGNMENT
Estimated Bid Date: Unknown
Estimated Construction Cost: $2,125,000
Funding Source: State Earmark
Scope: Realign 2nd Avenue/ Moore Street from Wilbur Street to the Airport Way frontage road.
Estimated Completion Date: TBD
Status: Design underway.

3RD STREET WIDENING
Estimated Bid Date: Ready to bid Summer 2011
Estimated Construction Cost: $12,900,000
Funding Source: Federal, General Funds
Scope: Widen 3rd Ave. from Hamilton Avenue to Minnie Street.
Estimated Completion Date: TBD
Status: Design underway and Right of Way acquisition underway.

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23rd AVENUE IMPROVEMENTS
Estimated Bid Date: Spring 2010
Estimated Construction Cost: $2,400,000
Funding Source: Federal Earmark
Scope: Upgrade 23rd Avenue (Cushman Street to Lathrop Street). Project will include new drainage, curbing, sidewalk, and asphalt resurfacing improvements.
Estimated Completion Date: TBD
Status: Design underway

AIRPORT WAY WEST IMPROVEMENTS
Estimated Bid Date: Spring 2011
Estimated Construction Cost: $4,450,000
Funding Source: Federal, construction funds not identified
Scope: Construct intersection improvements at Airport Road, Dale Road and the Airport Access Road.
Estimated Completion Date: TBD
Status: Design underway

BARNETTE STREET: 7TH - GAFFNEY
Estimated Bid Date: Summer 2009
Estimated Construction Cost: $1,100,000
Funding Source: FMATS State Earmark
Scope: Convert Barnette Street to two-way from 7th to Gaffney
Estimated Completion Date: TBD
Status: Design underway

CARTWRIGHT ROAD IMPROVEMENTS
Estimated Bid Date: Spring 2010
Estimated Construction Cost: $2,500,000
Funding Source: State
Scope: Reconstruct Van Horn Road West (Cartwright Road) from Peger Road towards the Fairbanks International Airport, as funding allows.
Estimated Completion Date: TBD
Status: Design underway.

CHENA HOT SPRINGS MP 24 – 56 REHABILITATION
Estimated Bid Date: 3/10/09
Estimated Construction Cost: $12,500,000
Funding Source: Federal
Scope: Resurface and rehabilitate Chena Hot Springs Road from MP 24 – 56.
Estimated Completion Date: TBD
Status: Advertised

CHENA PUMP/ SMALL TRACTS SAFETY IMPROVEMENTS
Estimated Bid Date: Summer 2011
Estimated Construction Cost: $5,000,000
Funding Source: FMATS Federal, construction funding not identified
Scope: Widen Chena Pump Road from Palo Verde to Despain Lane including a new bridge.
Estimated Completion Date: TBD
Status: Design underway

COLLEGE ROAD/ ANTOINETTE AVE INTERSECTION IMPROVEMENTS
Estimated Bid Date: Spring 2011
Estimated Construction Cost: $1,400,000
Funding Source: Federal
Scope: Reconstruct the intersection at College Road/ Margaret/ Antoinette.
Estimated Completion Date: TBD
Status: Design underway.

COLLEGE ROAD REHABILITATION (Univ. to Danby)
Estimated Bid Date: Summer 2011
Estimated Construction Cost: $7,500,000
Funding Source: FMATS Federal, construction funding not identified
Scope: Rehabilitate the pavement on College Road between University Avenue and Danby Street.
Estimated Completion Date: TBD
Status: Design underway

COLLEGE ROAD RIGHT TURN LANES
Estimated Bid Date: 5/16/11
Estimated Construction Cost: $1,200,000
Funding Source: Federal
Scope: Construct right turn lanes at College Road and Old Steese Highway and College Road and the Steese Expressway.
Estimated Completion Date: TBD
Status: Design underway.

COWLES STREET UPGRADE
Contractor: Exclusive Paving
Award Date: 9/5/08
Award Amount: $3,479,000
Funding Source: Federal
Scope: Upgrade Cowles St. (19th-23rd Ave) and 21st Ave (Cowles-Lathrop). Work will include grading, paving, drainage, sidewalks, & illumination improvements.
Estimated Completion Date: TBD
Status: Awarded with work to begin spring 2009.

CUSHMAN STREET RECONSTRUCTION
Estimated Bid Date: Summer 2009
Estimated Construction Cost: $6,000,000
Funding Source: State Earmark
Scope: Convert Cushman Street two-way from 1st Avenue to 10th Avenue, including traffic signal revision, pavement and sidewalk rehabilitation.
Estimated Completion Date: TBD
Status: Stage one (7th to 10th) to be bid this summer. Stage two to be determined. Design by City of Fairbanks is underway.

FAIRBANKS ALASKA RAILROAD FREIGHT YARD (Fairbanks Intermodal Distribution Pilot Grant Program)
Estimated Bid Date: Summer 2009
Estimated Construction Cost: $1,800,000
Funding Source: Federal Earmark
Scope: AKRR Danby Street Improvements: Construct truck staging area for freight movements, two new track crossings, realign the existing access road, and drainage improvements.
Estimated Completion Date: TBD
Status: Alaska Railroad designed project and the under review by Design section.

FIA RUNWAY 1L-19R RECONSTRUCTION
Contractor: Exclusive Paving
Award Date: 10/3/07
Award Amount: $33,000,000
Funding Source: AIP, Entitlements
Scope: Rehabilitate the pavement of Runway 1L-19R and construct a new regulator building.
Estimated Completion Date: 9/1/10
Status: Construction is 30% complete.

FMATS PREVENTATIVE MAINTENANCE PROGRAM
Estimated Bid Date: Summer 2009
Estimated Construction Cost: $900,000
Funding Source: Federal
Scope: Various projects such as pavement surface maintenance, traffic control signal upgrades, street lighting load center rehab, storm drain maintenance, reclaim/double chip seal coat, crack sealing, roadway striping, dust control, signage replacement and intersection upgrades.
Status: Design underway

GAFFNEY ROAD RECONSTRUCTION
Estimate Bid Date: Summer 2009
Estimated Construction Cost: $1,600,000
Funding Source: State Earmark
Scope: Disconnect the sanitary sewer from the storm drain at the intersection of Cushman and Gaffney. Provide new storm drain system east of Cushman and reconnect to the existing Airport Way system. Convert Gaffney two way (west of Cushman) Cushman to Barnette.
Estimated Completion Date: TBD
Status: Design by City of Fairbanks is underway.

ILLINOIS STREET RECONSTRUCTION
Estimated Bid Date: 8/1/10
Estimated Construction Cost: $26,000,000
Funding Source: FMATS Federal, State Earmark
Scope: Reconstruct Illinois Street (1st Avenue to College Road) including the new Barnette Street Bridge across the Chena River and Noyes Slough crossings.
Estimated Completion Date: TBD
Status: Design underway
Note: New Barnette Bridge may be broken out as an FMATS Stimulus Project.

JOHANSEN EXPRESSWAY OFFSET LIGHTING
Estimated Bid Date: 8/1/09
Estimated Construction Cost: $450,000
Funding Source: Federal
Scope: Relocate existing light poles on the Johansen Expressway between Danby Street and College Road.
Estimated Completion Date: TBD
Status: Design underway

LEASURE SUBDIVISION IMPROVEMENTS
Estimated Bid Date: Spring 2010
Estimated Construction Cost: $750,000
Funding Source: Federal Earmark
Scope: Reconstruct 3.0 miles of gravel roads in the Leasure Subdivision area. Resurface and improve drainage.
Estimated Completion Date: TBD
Status: Design underway

NOBLE STREET RECONSTRUCTION
Estimated Bid Date: Spring 2011
Estimated Construction Cost: $10,920,000
Funding Source: FMATS Federal
Scope: Reconstruct Noble Street.
Estimated Completion Date: TBD
Status: Design underway

NORDALE ROAD PAVEMENT REHABILITATION: FNSB
Estimated Bid Date: 6/1/09
Estimated Construction Cost: $7,600,000
Funding Source: FMATS Federal, possible Stimulus for FMATS portion
Scope: Rehabilitate and resurface Nordale Road.
Estimated Completion Date: TBD
Status: In final design. Project to split into two construction projects: Badger Road to Chena River Bridge (FMATS area) and Chena River Bridge to Chena Hot Springs Road. If FMATS portion is not stimulus funded, than no construction funding is identified for entire project.

PHILLIPS FIELD ROAD UPGRADE
Estimated Bid Date: 5/15/09
Estimated Construction Cost: $3,000,000
Funding Source: FMATS Stimulus
Scope: Rehabilitate Phillips Field Road between Illinois Street and Peger Road.
Estimated Completion Date: TBD
Status: Design underway

SOUTH CUSHMAN IMPROVEMENTS
Estimated Bid Date: Summer 2012
Estimated Construction Cost: $9,000,000
Funding Source: Federal, FMATS Federal
Scope: Improve South Cushman Street from the Mitchell Expressway to Van Horn Road.
Estimated Completion Date: TBD
Status: Design underway

STEESE HIGHWAY/ JOHANSEN EXPRESSWAY AREA TRAFFIC IMPROVEMENTS
Estimated Bid Date: Summer 2010 Stage 1; Summer 2012 Stage 2
Estimated Construction Cost: $11,000,000
Funding Source: GO Bond
Scope: Improve the Steese Expressway between College Road and the Johansen Expressway. Include a traffic study to examine traffic circulation issues surrounding the Bentley Trust commercial property on the Steese Expressway, Johansen Expressway and College Road areas.
Estimated Completion Date: TBD
Status: Design underway

TRAINOR GATE AND FAREWELL INTERSECTION IMPROVEMENTS
Estimated Bid Date: Spring 2009
Estimated Construction Cost: $300,000
Fund Source: State Earmark
Scope: Construct intersection improvements to the intersection of Trainor Gate and "F" Street.
Estimated Completion Date: TBD
Status: Under design by the City of Fairbanks.

UNIVERSITY AVENUE WIDENING
Estimated Bid Date: 8/16/11
Estimated Construction Cost: $24,500,000 Stage 1
Funding Source: Federal, GO Bond, State Earmark
Scope: Widen University Avenue to 5 lanes, replace bridge and improve intersections improvements
Estimated Completion Date: TBD
Status: Design underway

WENDELL STREET ADA IMPROVEMENTS
Estimated Bid Date: Summer 2009
Estimated Construction Cost: $800,000
Funding Source: FMATS Federal – possible FMATS Stimulus
Scope: Pedestrian facility improvements to meet American with Disability Act standards.
Estimated Completion Date: TBD
Status: Design underway

WICKERSHAM STREET UPGRADE:
Estimated Bid Date: Summer 2009
Estimated Construction Cost: $3,000,000
Funding Source: State Earmark
Scope: Reconstruct Wickersham Street from 1st Avenue to 6th Avenue and 2nd and 3rd Avenues from Barnette to Cowles.
Estimated Completion Date: TBD
Status: Under design by the City of Fairbanks

WILBUR STREET EXTENSION
Estimated Bid Date: Unknown
Estimated Construction Cost: $850,000
Funding Source: State Earmark
Scope: Extend Wilbur Street from 2nd Avenue to the North and terminate with a cul-de-sac.
Estimated Completion Date: TBD
Status: Design underway.

YANKOVICH/MILLER HILL MULTI-USE PATH
Estimated Bid Date: Summer 2011
Estimated Construction Cost: $800,000
Funding Source: State Earmark
Scope: Construct a multi-use path along Yankovich Road and Mill Hill Road.
Estimated Completion Date: TBD
Status: Design underway

FORT YUKON

FORT YUKON DUST CONTROL

Estimated Bid Date: Summer 2009
Estimated Construction Cost: $1,800,000
Funding Source: Denali Commission
Scope: Provide dust control on Fort Yukon area roads.
Estimated Completion Date: TBD
Status: Design underway

FORT YUKON RUNWAY REHAB

Estimated Bid Date: March 2009
Estimated Construction Cost: $16,000,000
Funding Source: AIP - Stimulus
Scope: Resurface and include a dust palliative on the apron, taxiway, and runway at the Fort Yukon Airport. Construct a snow removal equipment building, correct drainage problems, clear overgrown vegetation, and complete other improvements as funding allows.
Estimated Completion Date: TBD
Status: Anticipate adverting February 2009.

GALENA

GALENA CAMPION ROAD EROSION PROTECTION

Estimated Bid Date: Ready to bid Summer 2010
Estimated Construction Cost: $7,000,000
Funding Source: Federal, construction funding not identified
Scope: Relocate 2 miles of Campion Road to avoid river erosion and install new large diameter culverts.
Estimated Completion Date: TBD
Status: Design underway

GALENA ROAD RESURFACING

Estimated Bid Date: Summer 2009
Estimated Construction Cost: $1,200,000
Funding Source: Federal Earmark
Scope: Raise grade, provide surfacing and apply a dust palliative on area roads.
Estimated Completion Date: TBD
Status: Design underway

GALENA SRE BUILDING
Estimated Bid Date: Summer 2009
Estimated Construction Cost: $1,000,000
Funding Source: AIP
Scope: Refurbish existing USAF building to house snow removal equipment.
Estimated Completion Date: TBD
Status: Design underway

GAMBELL

GAMBELL EVACUATION ROAD REPAIRS AND EXTENSION
Estimated Bid Date: Summer 2010
Estimated Construction Cost: $4,800,000
Funding Source: Earmark
Scope: Repair and extend the evacuation road.
Estimated Completion Date: TBD
Status: Design underway

GLENN HIGHWAY

GLENN HIGHWAY MP 172-189 (GO Bond, MP 181-189)
Estimated Bid Date: Winter 2009
Estimated Construction Cost: $7,500,000 (MP 172-189); $13,000,000 (MP 181-189)
Funding Source: GO Bond
Scope: This project will be split into two construction projects:

MP 172-181: Rehabilitate pavement, improve drainage and replace the Tolsana Creek Bridge. Estimated bid date: Summer 2009

MP 181-189 (GO Bond $13,000,000): Rehabilitate pavement, improve drainage, and construct a separated bike path to the school. Estimated bid date: Summer 2009

Estimated Completion Date: TBD
Status: Design underway

GOLOVIN

GOLOVIN AIRPORT IMPROVEMENTS
Estimated Bid Date: Beyond 2011
Estimated Construction Cost: $7,500,000
Funding Source: AIP, construction funding not identified
Scope: Resurface and widen runway and taxiway; and lighting work.
Estimated Completion Date: TBD
Status: Design underway

GRAYLING

GRAYLING AIRPORT RECONSTRUCTION
Contractor: Cruz Construction Inc.
Award Date: 7/29/08
Award Amount: $14,400,000
Funding Source: AIP
Scope: Lengthen and widen runway and safety area.
Contract Completion Date: 10/31/2010
Status: Construction is 10% complete.

GULKANA

GULKANA AIRPORT APRON AND TAXIWAY REPAVING
Estimated Bid Date: Beyond 2011
Estimated Construction Cost: $1,900,000
Funding Source: AIP, construction funding not identified
Scope: Reconstruct the apron and taxiway pavement.
Estimated Completion Date: TBD
Status: Design underway

HOLY CROSS

HOLY CROSS RUNWAY REHABILITATION
Estimated Bid Date: Beyond 2011
Estimated Construction Cost: $9,000,000
Funding Source: AIP, construction funding not identified
Scope: Relocate airport, raise grade, install new lighting, and resurface all operational surfaces.
Estimated Completion Date: TBD
Status: Design underway

HUGHES

HUGHES LANDFILL ROAD
Contractor: Indian Health Service
Award Date: 8/29/06
Award Amount: $988,000
Funding Source:
Scope: Construct a new landfill access road.
Contract Completion Date: 8/31/09
Status: Construction is 75% complete; under supervision and administration by ANTHC).

HUSLIA

HUSLIA AIRPORT IMPROVEMENTS

Estimated Bid Date: Summer 2010
Estimated Construction Cost: $7,900,000
Funding Source: AIP
Scope: Rehabilitate the safety areas and resurface the runway, taxiway and apron at the Huslia Airport. Apply dust palliative and improve the access road.
Estimated Completion Date: TBD
Status: Design underway

HUSLIA LANDFILL ROAD

Estimated Bid Date: Summer 2009
Estimated Construction Cost: $1,400,000
Funding Source: Federal
Scope: Upgrade the road to the new landfill site.
Estimated Completion Date: TBD
Status: Design underway

KALTAG

KALTAG AIRPORT IMPROVEMENTS

Estimated Bid Date: Beyond 2011
Estimated Construction Cost: $5,000,000
Funding Source: AIP, construction funding not identified
Scope: Resurface runway, reconstruct taxiway and apron, and apply dust palliative.
Estimated Completion Date: TBD
Status: Design underway

KIVALINA

KIVALINA AIRPORT PERMANENT REPAIRS

Estimated Bid Date: Spring 20009
Estimated Construction Cost: $1,000,000
Funding Source: Federal
Scope: Repair the eroded side slopes and safety area at the Kivalina Airport. Protect the most severely damaged portions of the side slopes with stone revetment.
Estimated Completion Date: TBD
Status: Design underway

KOTZEBUE

KOTZEBUE AIRPORT RUNWAY 17-35 RESURFACING

Estimated Bid Date: Beyond 2011
Estimated Construction Cost: $6,600,000
Funding Source: AIP, construction funding not identified
Scope: Resurface runway, install new lighting, expand runway safety area and apply dust palliative.
Estimated Completion Date: TBD
Status: Design underway

KOTZEBUE GENERAL AVIATION (GA) APRON IMPROVEMENTS

Estimated Bid Date: Summer 2009
Estimated Construction Cost: $14,500,000
Funding Source: AIP - Stimulus
Scope: Construct a new taxiway and general aviation apron, pavement and lighting.
Estimated Completion Date: TBD
Status: Design underway

KOTZEBUE SHORE AVENUE

Estimated Bid Date: April 2009
Estimated Construction Cost: $38,000,000
Funding Source: Stimulus, Federal Earmark, Federal
Scope: Reconstruct Shore Avenue and provide beach protection.
Estimated Completion Date: TBD
Status: Anticipate advertising March 2009

LAKE MINCHUMINA

LAKE MINCHUMINA AIRPORT IMPROVEMENTS

Estimated Bid Date: Beyond 2011
Estimated Construction Cost: $5,000,000
Funding Source: AIP, construction funding not identified
Scope: Repair runway settlement areas and re-route airport access road.
Estimated Completion Date: TBD
Status: Design underway

MANLEY

MANLEY AIRPORT RELOCATION
Estimated Bid Date: Contingency 2009
Estimated Construction Cost: $13,800,000
Funding Source: AIP
Scope: Relocate the Manley Airport, near its current location.
Estimated Completion Date: TBD
Status: Design underway, pending right of way acquisition

MARSHALL

MARSHALL BRIDGE REPLACEMENT
Estimated Bid Date: Bid ready Spring 2010
Estimated Construction Cost: $2,800,000
Funding Source: Stimulus
Scope: Replace existing structure on the Marshall Airport Access Road.
Estimated Completion Date: TBD
Status: Design underway, pending right of way acquisition

McCARTHY ROAD / EDGERTON HIGHWAY

McCARTHY ROAD / EDGERTON HWY PERMANENT FLOOD REPAIRS (various locations)
Estimated Bid Date: Summer 2009
Estimated Construction Cost: $1,000,000 - $5,000,000
Funding Source: Federal
Scope: Repair damage caused by October 2006 flooding (embankment, drainage, resurfacing).
Estimated Completion Date: TBD
Status: Design underway

McCARTHY ROAD/ EDGERTON FLOOD PERMANENT REPAIRS: KOTSINA BLUFF
Estimated Bid Date: Summer 2010
Estimated Construction Cost: $10,000,000
Funding Source: Federal
Scope: Repair damage caused by October 2006 flood damage to McCarthy Road from approximately MP 1.6 to 2.8 (Kotsina Bluff).
Estimated Completion Date: TBD
Status: Design underway

MINTO

MINTO AIRPORT IMPROVEMENTS

Contractor: Alaska Interstate Construction
Award Date: 9/10/07
Award Amount: $7,000,000
Funding Source: AIP
Scope: Construct a new runway, taxiway, apron, and aviation support area, PAPI pads, AWOS pad, segmented circle, SREB, new access road and lighting system.
Estimated Completion Date: 8/1/09
Status: Construction is 67% complete.

NOATAK

NOATAK AIRPORT RELOCATION

Estimated Bid Date: Beyond 2011
Estimated Construction Cost: $13,600,000
Funding Source: AIP, construction funding not identified
Scope: Relocate existing runway to avoid river erosion.
Estimated Completion Date: TBD
Status: Design underway

NOME

NOME AIRPORT GENERAL AVIATION IMPROVEMENTS

Estimated Bid Date: Beyond 2011
Estimated Construction Cost: $2,500,000
Funding Source: AIP
Scope: Acquire land and construct general aviation tie-down area. Project will include excavation, grading surface preparation, obstruction and/or hazard removal, storm drainage improvements, security fencing and gates, marking, signage, electrical hook-ups, establishment of lease lot sites and lighting.
Estimated Completion Date: TBD
Status: Design underway

NOME BYPASS ROAD IMPROVEMENTS

Contractor: Pro West Contractors LLC
Award Date: 12/16/08
Award Amount: $2,730,000
Funding Source: Earmark, Federal and SAFETEA-LU
Scope: Upgrade Nome Bypass Road from N Street to the Nome-Teller Highway.
Estimated Completion Date: 10/1/09
Status: Awarded.

NOME CITY STREETS REHABILITATION
Estimated Bid Date: Summer 2009
Estimated Construction Cost: $6,000,000
Funding Source: Stimulus, Federal Earmark
Scope: Rehabilitate Bering, Front and Seppala Streets; provide sidewalk/ pedestrian improvements along Front Street (Being to Steadmen Street).
Estimated Completion Date: TBD
Status: Design underway

NOME COUNCIL ROAD MP 4 - 15 REHABILITATION
Estimated Bid Date: Ready to bid Summer 2010
Estimated Construction Cost: $7,000,000
Funding Source: Federal, construction funding not identified
Scope: Repair, resurface and raise grade.
Estimated Completion Date: TBD
Status: Design underway

NOME HIGHWAY BRIDGE IMPROVEMENTS
Estimated Bid Date: Summer 2009
Estimated Construction Cost: $800,000
Funding Source: Federal Earmark, Federal
Scope: Construct improvements to eight Nome area bridge approaches, to include installing guardrail end treatments, vegetative clearing and slope flattening.
Estimated Completion Date: TBD
Status: Design underway

NOME ROAD IMPROVEMENTS
Estimated Bid Date: Fall 2009
Estimated Construction Cost: $800,000
Funding Source: Stimulus, Federal Earmark
Scope: Construct drainage improvements, resurfacing and provide dust control on Nome area roads.
Estimated Completion Date: TBD
Status: Design underway

NOME SNAKE RIVER BRIDGE REPLACEMENT
Estimated Bid Date: Spring 2010
Estimated Construction Cost: $10,000,000
Funding Source: GO Bond
Scope: Replace the Snake River Bridge in Nome.
Estimated Completion Date: TBD
Status: Design underway

NORTH POLE/FMATS

BADGER/ PEEDE ROAD CURVE RECONSTRUCTION
Estimated Bid Date: Summer 2009
Estimated Construction Cost: $590,000
Funding Source: Federal
Scope: Reconstruct the horizontal curve at Badger Road MP 5.5 at the intersection of Peede and Holmes Road.
Estimated Completion Date: TBD
Status: Design underway

DENNIS ROAD EXTENSION
Estimated Bid Date: Unknown
Estimated Construction Cost: $8,800,000
Funding Source: Federal Earmark, construction funding not identified
Scope: Extend Dennis Road from Badger Raod to Seawolf Drive, to provide access to an existing residential area. Will include pedestrian facility from Badger Road to the north side of the Chena River.
Estimated Completion Date: TBD
Status: Design underway. Earmark for construction lapsed.

NORTH POLE HOMESTEAD ROAD/ NPHS BOULEVARD EXTENSION
Contractor: Exclusive Paving
Award Date: Pending
Award Amount: $1,379,000
Contract Completion Date: TBD
Fund Source: Federal Earmark, State Earmark
Scope: Extend Homestead Road and North Pole High School Boulevard in North Pole to connect the two roadways.
Status: Awarded to Exclusive Paving on January 29, 2009.

NORTH POLE INTERCHANGE PEDESTRIAN FACILITIES
Estimated Bid Date: Beyond 2012
Estimated Construction Cost: $1,700,000
Funding Source: FMATS Federal
Scope: Construct pedestrian facilities along St. Nicholas Drive.
Estimated Completion Date: TBD
Status: Design underway

PLACK ROAD BIKE/ PEDESTRIAN FACILITY
Estimated Bid Date: Beyond 2012
Estimated Construction Cost: $3,820,000
Funding Source: FMATS Federal
Scope: Construct pedestrian facilities along Plack Road.
Estimated Completion Date: TBD
Status: Design underway

NORTHWAY

NORTHWAY AIRPORT PERMANENT REPAIRS
Contractor: Alaska Interstate Construction
Award Date: 11/28/07
Award Amount: $15,300,000
Funding Source: FEMA
Scope: Rehabilitate and repave the airport from the damage caused by the 2002 earthquake.
Estimated Completion Date: 10/31/09
Status: Construction is 45% complete, anticipated completion fall 2009.

NULATO

NULATO AIRPORT IMPROVEMENTS
Estimated Bid Date: Beyond 2011
Estimated Construction Cost: $3,200,000
Funding Source: AIP
Scope: Resurface all operational surfaces.
Estimated Completion Date: TBD
Status: Design underway

NUNAM IQUA (SHELDON POINT)

NUNAM IQUA RUNWAY EXTENSION
Estimated Bid Date: Beyond 2011
Estimated Construction Cost: $14,000,000
Funding Source: AIP
Scope: Widen and extend the existing runway.
Estimated Completion Date: TBD
Status: Design underway

PARKS HIGHWAY

PARKS HIGHWAY MP 194 BROAD PASS RR OVERCROSSING
Estimated Bid Date: Bid ready Summer 2010
Estimated Construction Cost: $25,200,000
Funding Source: Federal
Scope: Construct an at grade separated crossing.
Estimated Completion Date: TBD
Status: The design is complete, construction funding not identified.

PARKS HIGHWAY MP 240 - 262 REHABILITATION
Estimated Bid Date: Bid ready Summer 2011
Estimated Construction Cost: $26,400,000
Funding Source: Federal, construction funding not identified
Scope: Rehabilitate, resurface and construct passing lanes.
Estimated Completion Date: TBD
Status: Design underway

PARKS HIGHWAY MP 287 - 305 RESURFACING
Estimated Bid Date: June 2009
Estimated Construction Cost: $11,000,000
Funding Source: Federal
Scope: Rehabilitate and resurface the Parks Highway between MP 287 – 305.
Estimated Completion Date: TBD
Status: Design underway

PILOT STATION

PILOT STATION AIRPORT RELOCATION
Estimated Bid Date: Contingency 2010
Estimated Construction Cost: $15,700,000
Funding Source: AIP
Scope: Relocate existing airport.
Estimated Completion Date: TBD
Status: Design underway

Alaska Department of Transportation and Public Facilities

Northern Region Construction & Design Projects

February 2009

POINT HOPE

POINT HOPE EVACUATION ROAD REPAIRS AND EXTENSION

Contractor: Ridge Contracting, Inc.
Award Date: Pending
Award Amount: $1,661,000 (summer 2009 portion)
Fund Source: Federal Earmark
Scope: Repair and extend the existing Point Hope evacuation road. There will be another project summer 2010.
Estimated Completion Date: 10/31/09
Status: Awarded.

RICHARDSON HIGHWAY

RICHARDSON HWY MP 148 - 173 RECONSTRUCTION

Estimated Bid Date: Bid ready 2009
Estimated Construction Cost: MP 148-159 $25,000,000; MP 159-168 $24,600,000; MP 167-173 $20,700.000
Funding Source: Federal, construction funding not identified
Scope: Reconstruct the Richardson Highway from MP 148 - 173.
Estimated Completion Date: TBD
Status: Design complete for MP 148-159. Other sections will be completed summer 2009.

RICHARDSON HWY MP 173 - 185 RECONSTRUCTION

Estimated Bid Date: Bid ready 2010
Estimated Construction Cost: $19,200,000
Funding Source: Federal, construction funding not identified
Scope: Reconstruct the Richardson Hwy from MP 174 and 185.
Estimated Completion Date: TBD
Status: Design underway

RICHARDSON HIGHWAY MP 210 & 216 CURVE RECONSTRUCTION

Estimated Bid Date: Bid ready Summer 2009
Estimated Construction Cost: $500,000
Funding Source: Federal
Scope: Reconstruct horizontal curve at MP 210 and 216.
Estimated Completion Date: TBD
Status: Design underway

RICHARDSON HIGHWAY PERMANENT FLOOD REPAIRS (various locations)
Estimated Bid Date: Bid ready Spring 2010
Estimated Construction Cost: $11,400,000
Funding Source: Federal
Scope: Repair damage caused by October 2006 flood event (embankment, surfacing and drainage).
Estimated Completion Date: TBD
Status: Design underway

RICHARDSON HIGHWAY PERMANENT PIPE REPAIRS (Oct. '06)
Contractor: Hamilton Construction
Award Date: 1/16/09
Award Amount: $1,407,000
Funding Source: Federal
Scope: Repair damage drainage structures caused by October 2006 flooding.
Estimated Completion Date: 8/15/09
Status: Awarded.

RICHARDSON HWY PERMANENT FLOOD REPAIRS (various locations)
Estimated Bid Date: Bid ready Winter 2009
Estimated Construction Cost: $11,400,000
Funding Source:
Scope: Repair damage caused by October 2006 flood event (embankment, surfacing and drainage).
Estimated Completion Date: TBD
Status: Design underway.

RICHARDSON HIGHWAY MP 228 ONE MILE CREEK BRIDGE REPLACEMENT
Estimated Bid Date: Bid ready Spring 2010
Estimated Construction Cost: $7,000,000
Funding Source: Federal, construction funding not identified
Scope: Replace the One Mile Creek Bridge and improve approaches.
Estimated Completion Date: TBD
Status: Design underway

Alaska Department of Transportation and Public Facilities

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RICHARDSON HWY MP 257 - 265 RECONSTRUCTION
Estimated Bid Date: Bid ready Summer 2011
Estimated Construction Cost: $15,400,000
Funding Source: Federal, construction funding not identified
Scope: Reconstruct the Richardson Hwy between MP 257 and 265 and replace the Jarvis Creek Bridge.
Estimated Completion Date: TBD
Status: Design underway

RICHARDSON HIGHWAY MP 276 – 286 RESURFACE
Estimated Bid Date: Bid ready Summer 2009
Estimated Construction Cost: $4,500,000
Funding Source: Stimulus
Scope: Rehabilitate and resurface between MP 276 (Tanana River Bridge) and MP 286 (Shaw Creek Bridge)
Estimated Completion Date: TBD
Status: Design underway

RICHARDSON HIGHWAY MP 287 SHAW CREEK BRIDGE REPLACEMENT
Estimated Bid Date: Bid ready Summer 2009
Estimated Construction Cost: $8,400,000
Funding Source: State earmark
Scope: Replace the Shaw Creek Bridge.
Estimated Completion Date: TBD
Status: Design underway

RICHARDSON HIGHWAY MP 345 SHAW Moose Creek RR Overpass
Estimated Bid Date: Bid ready Spring 2009
Estimated Construction Cost: $14,000,000
Funding Source: Stimulus
Scope: Construct a grade separated railroad crossing at approximately MP 345.
Estimated Completion Date: TBD
Status: Design underway

RICHARDSON HIGHWAY NORTH POLE INTERCHANGE (GARVEE)
Contractor: HC Contractors
Award Date: 9/25/07
Award Amount: $21,800,000
Contract Completion Date: 8/15/09
Scope: Construct a grade separated interchange on the Richardson Highway in North Pole. Reconfigure 5th Ave./Mission Road and Laurance Road intersections to allow only right-in and right-out movements. Acceleration and deceleration lanes will be lengthened.
Status: Project is 65% complete.

RICHARDSON HWY MP 354 - 357 ACCESS/SAFETY IMPROVEMENTS
Estimated Bid Date: Bid ready Summer 2010
Estimated Construction Cost: $3,500,000
Funding Source: Federal, construction funding not identified
Scope: Improve existing access control and provide turn and acceleration lanes.
Estimated Completion Date: TBD
Status: Design underway

RICHARDSON HIGHWAY MP 357 NEW WEIGH STATION
Estimated Bid Date: Summer 2009
Estimated Construction Cost: $12,700,000
Funding Source: Federal
Scope: New weighing system facilities to facilitate simultaneous group axle and gross weight indications for truck weight enforcement.
Estimated Completion Date: TBD
Status: In final design

RUBY

RUBY AIRPORT IMPROVEMENTS
Estimated Bid Date: Beyond 2011
Estimated Construction Cost: $6,300,000
Funding Source: AIP, construction funding not identified
Scope: Reconstruct runway to minimize grade changes.
Estimated Completion Date: TBD
Status: Design underway

SAVOONGA

SAVOONGA AIRPORT IMPROVEMENTS

Contractor: Brice, Inc.
Award Date: 10/24/08
Award Amount: $14,800,000
Funding Source: AIP
Scope: Rehabilitate the Savoonga Airport.
Contract Completion Date: 10/31/10
Status: Bids recently awarded. Construction to begin in spring 2009.

SELAWIK

SELAWIK BOARDWALK AND LANDFILL ROAD

Contractor: Northern Construction Services
Award Date: 4/4/08
Award Amount: $5,200,000
Funding Source: Denali Commission
Scope: Construct a 6,200' gravel road from Selawik to the new landfill and replace approximately 2 miles of boardwalk.
Contract Completion Date: 9/30/09
Status: Construction is 45% complete.

SELAWIK RUNWAY EXTENSION

Estimated Bid Date: Beyond 2011
Estimated Construction Cost: $5,000,000
Funding Source: AIP, construction funding not identified
Scope: Expand the existing runway.
Estimated Completion Date: TBD
Status: Design underway

SHAGELUK

SHAGELUK AIRPORT ACCESS ROAD IMPROVEMENTS

Estimated Bid Date: Bid ready Spring 2012
Estimated Construction Cost: $6,200,000
Funding Source: Federal, construction funding not identified
Scope: Realign and improve the airport access road.
Estimated Completion Date: TBD
Status: Design underway

Alaska Department of Transportation and Public Facilities

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ST. MARY'S

ST. MARY'S CROSSWIND RUNWAY REHABILITATION
Estimated Bid Date: Contingency 2009
Estimated Construction Cost: $6,000,000
Funding Source: AIP
Scope: Resurface existing runway and obstruction removal.
Estimated Completion Date: TBD
Status: Design underway, funding pending availability

ST. MICHAELS

ST. MICHAELS AIRPORT IMPROVEMENTS
Estimated Bid Date: Beyond 2011
Estimated Construction Cost: $7,500,000
Funding Source: AIP, construction funding not identified
Scope: Rehabilitate operational surfaces, install lighting, and resurface.
Estimated Completion Date: TBD
Status: Design underway

STEBBINS

STEBBINS AIRPORT IMPROVEMENTS
Estimated Bid Date: Beyond 2011
Estimated Construction Cost: $3,000,000
Funding Source: AIP, construction funding not identified
Scope: Extend and widen existing runway.
Estimated Completion Date: TBD
Status: Design underway

STEESE HIGHWAY

STEESE HIGHWAY MP 62 - 81 REHABILITATION
Estimated Bid Date: Bid ready
Estimated Construction Cost: MP 62-69, $7,000,000 and MP 69-8, $9,200,000
Funding Source: Federal, construction funding not identified
Scope: Resurface and improve drainage.
Estimated Completion Date: TBD
Status: Shelf project

TAYLOR HIGHWAY

TAYLOR HIGHWAY MP 64 TO THE CANADIAN BORDER
Estimated Bid Date: varies see status
Estimated Construction Cost: $43,500,000
Funding Source: Federal, construction funding not identified
Scope: Rehabilitate the Taylor Hwy between MP 64 and the Canadian Border.
Estimated Completion Date: TBD
Status: Design underway. Construction would be broken down into three shorter sections.
MP 70 Lost Chicken Slide; $5,000,000; Bid ready Summer 2010
MP 95-Border; $10,700,000; Bid ready Summer 2010
MP 64-82; $16,400,000; Bid ready Summer 2010
MP 82-95; $11,500,000; Bid ready Summer 2011

TOK CUTOFF

TOK CUTOFF MP 2 GAKONA RIVER BRIDGE REPLACEMENT Estimated Bid Date: Summer 2009
Estimated Construction Cost: $8,100,000
Funding Source: Stimulus
Scope: Replace the Gakona River Bridge.
Estimated Completion Date: TBD
Status: Design underway

UNALAKLEET

UNALAKLEET AIRPORT PAVING
Contractor: QAP
Award Date: 8/10/06
Award Amount: $21,100,000
Funding Source: AIP
Scope: Runway, taxiway & apron repaving/reconstruction; replace fencing & lighting.
Estimated Completion Date: 9/30/09
Status: Project is 75% complete.

UNALAKLEET AIRPORT SNOW REMOVAL EQUIPMENT BUILDING
Estimated Bid Date: Fall 2009
Estimated Construction Cost: $6,300,000
Funding Source: AIP
Scope: Construct a new snow removal equipment building.
Estimated Completion Date: TBD
Status: Design underway

VALDEZ

VALDEZ: BIKE/ PED AND PAVEMENT REHABILITATION

Estimated Bid Date: Bid ready Summer 2010
Estimated Construction Cost: $3,300,000
Funding Source: Stimulus
Scope: Repave the bike path along the Richardson Highway from Egan Drive to Robe River Subdivision (7 miles). Rehabilitate and pave the access road to the Blueberry Lake Campground.
Estimated Completion Date: TBD
Status: Design underway

WHITE MOUNTAIN

WHITE MOUNTAIN AIRPORT IMPROVEMENTS

Estimated Bid Date: Beyond 2011
Estimated Construction Cost: $3,600,000
Funding Source: AIP, construction funding not identified
Scope: Extend and widen existing crosswind runway.
Estimated Completion Date: TBD
Status: Design underway

2/20/09 PRESENTATION: SEISMIC HAZARDS SAFETY COMMISSION

<target><bill></bill><subject>2-20-09 PRESENTATION SEISMIC HAZARDS SAFETY COMMISSION</subject><comm>SFIN26</comm></target>

ALASKA SEISMIC HAZARDS SAFETY COMMISSION

A LOOK AT CURRENT ACTIVITIES WITH AN EMPHASIS ON SCHOOLS

Presented at a joint Meeting of
the Senate Education and
Finance Committees

Dr. JOHN L. AHO, Ph.D., Sc.D.

February 20, 2009

ASHSC Alaska Seismic Hazards Safety Commission

Presentation Summary

- A Brief History of the Alaska Seismic Hazards Safety Commission (ASHSC)
- ASHSC Standing Committees (with an emphasis on schools)
- An Historic Perspective of School Failures and a Look at Resultant Mitigation Legislation
- An Alaskan Communities' Experience
- Presentation Closure and Next Steps Forward
  - » http:www.dggs.dnr.state.ak.us/seismic_hazards_safety_commission.htm

ASHSC Alaska Seismic Hazards Safety Commission

History of ASHSC

- HB 53 established ASHSC in 2002
- 11 Members
- Policy Recommendations
- ASHSC Goals
- Standing Committees
- Administered by DNR

ASHSC Alaska Seismic Hazards Safety Commission

ASHSC Standing Committees

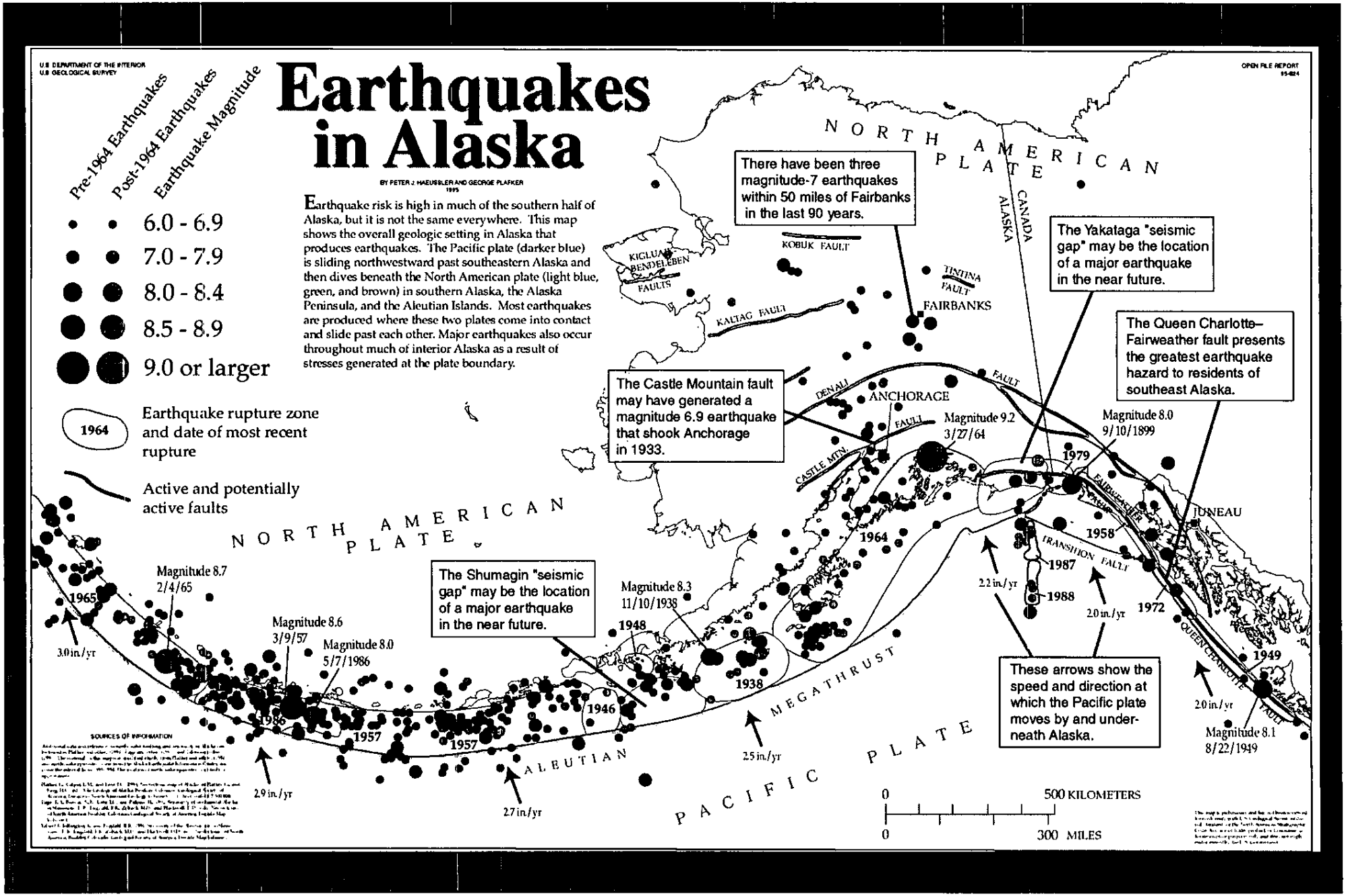
- Insurance
- Schools
- Earthquake Scenarios
- Education & Outreach
- Hazards Identification
- Response, Recovery, & Loss Estimation
- Post-Earthquake Planning
- Partnership

ASHSC Alaska Seismic Hazards Safety Commission

Schools Committee Tasks

- Identify previously accomplished work
- Identify legislation affecting design & construction
- Examine current plan review/inspection procedures
- Examine Code provisions relating to schools
- Identify seismically at-risk facilities
- Identify and interview stakeholders
- Develop conclusions/recommendations and way forward

ASHSC Alaska Seismic Hazards Safety Commission


U.S. DEPARTMENT OF THE INTERIOR
U.S. GEOLOGICAL SURVEY
OPEN FILE REPORT
95-624
Earthquakes in Alaska
BY PETER J. HAEUSSLER AND GEORGE PLAFKER
1995
Earthquake risk is high in much of the southern half of Alaska, but it is not the same everywhere. This map shows the overall geologic setting in Alaska that produces earthquakes. The Pacific plate (darker blue) is sliding northwestward past southeastern Alaska and then dives beneath the North American plate (light blue, green, and brown) in southern Alaska, the Alaska Peninsula, and the Aleutian Islands. Most earthquakes are produced where these two plates come into contact and slide past each other. Major earthquakes also occur throughout much of interior Alaska as a result of stresses generated at the plate boundary.
Pre-1964 Earthquakes
Post-1964 Earthquakes
Earthquake Magnitude
6.0 - 6.9
7.0 - 7.9
8.0 - 8.4
8.5 - 8.9
9.0 or larger
1964
Earthquake rupture zone and date of most recent rupture
Active and potentially active faults
There have been three magnitude-7 earthquakes within 50 miles of Fairbanks in the last 90 years.
The Yakataga "seismic gap" may be the location of a major earthquake in the near future.
The Queen Charlotte–Fairweather fault presents the greatest earthquake hazard to residents of southeast Alaska.
The Castle Mountain fault may have generated a magnitude 6.9 earthquake that shook Anchorage in 1933.
The Shumagin "seismic gap" may be the location of a major earthquake in the near future.
These arrows show the speed and direction at which the Pacific plate moves by and underneath Alaska.
NORTH AMERICAN PLATE
PACIFIC PLATE
ALEUTIAN MEGATHRUST
CANADA
ALASKA
KOBUK FAULT
KIGLUAIK
BENDELEBEN
FAULTS
KALTAG FAULT
TINTINA FAULT
FAIRBANKS
DENALI FAULT
ANCHORAGE
CASTLE MTN. FAULT
Magnitude 9.2
3/27/64
Magnitude 8.0
9/10/1899
1979
FAIRWEATHER FAULT
JUNEAU
1958
TRANSITION FAULT
1987
1988
1972
QUEEN CHARLOTTE FAULT
1949
Magnitude 8.1
8/22/1949
1964
Magnitude 8.7
2/4/65
1965
Magnitude 8.6
3/9/57
Magnitude 8.0
5/7/1986
1986
1957
1957
1946
Magnitude 8.3
11/10/1938
1948
1938
3.0 in./yr
2.9 in./yr
2.7 in./yr
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0
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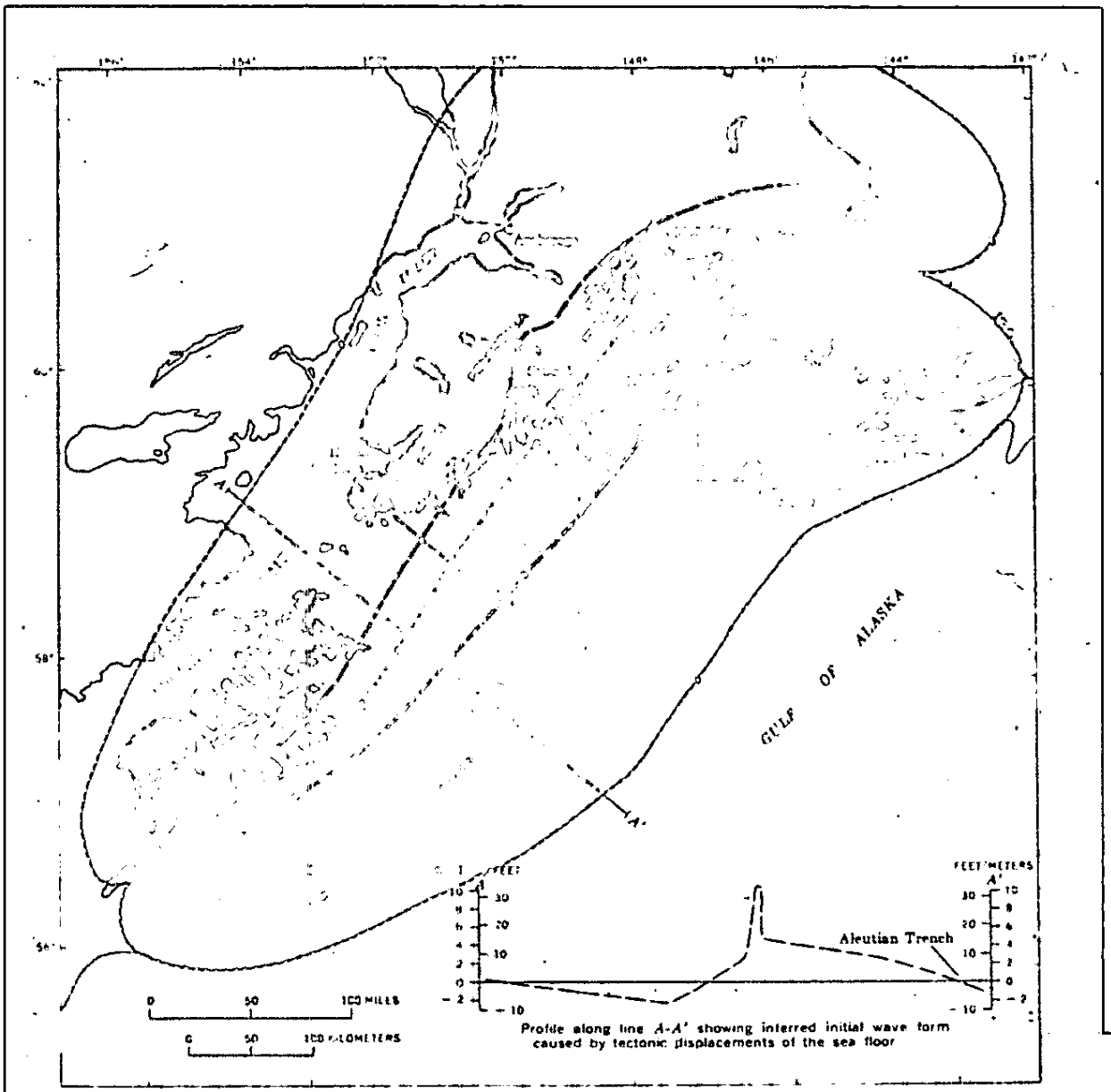
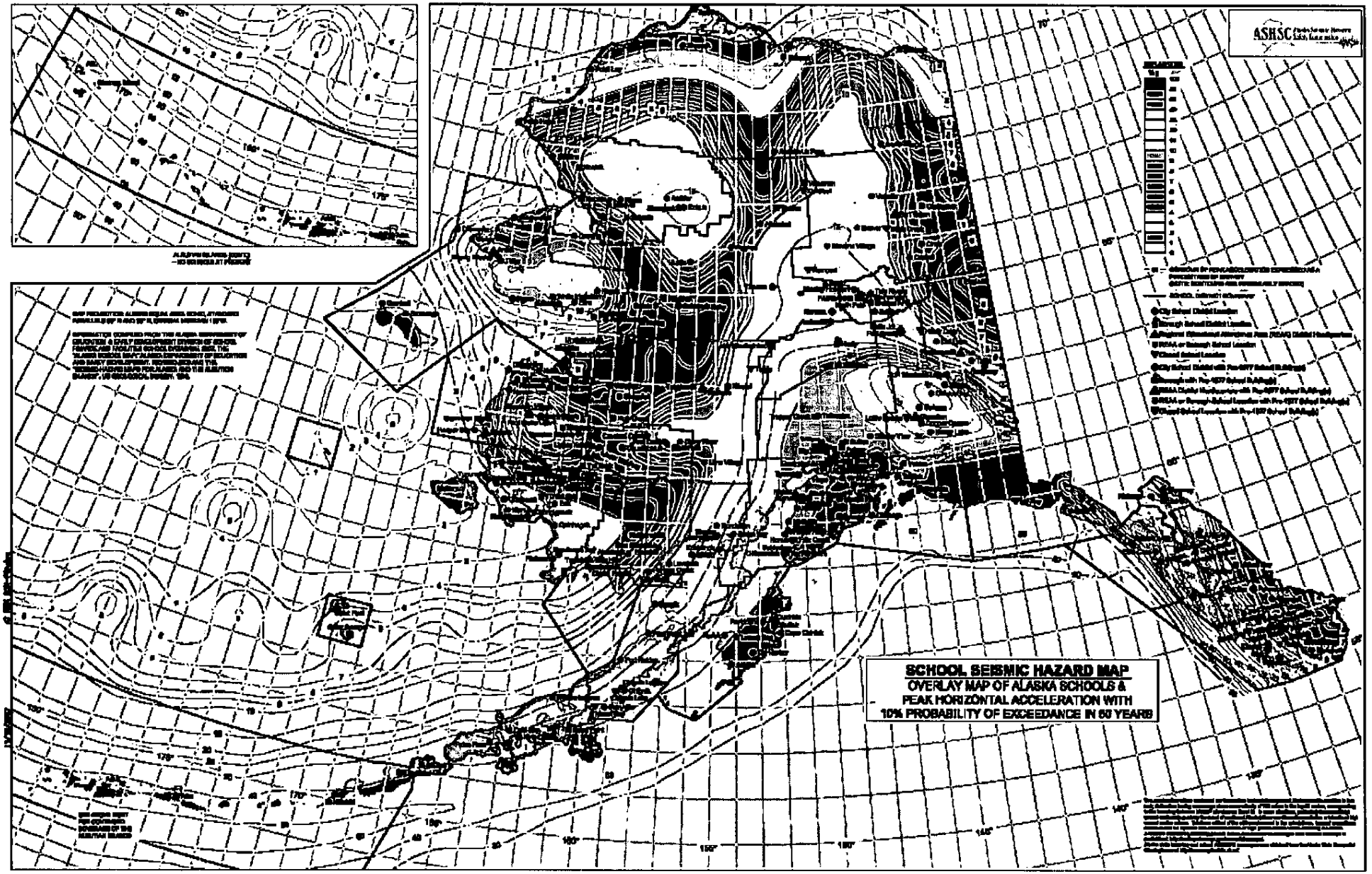
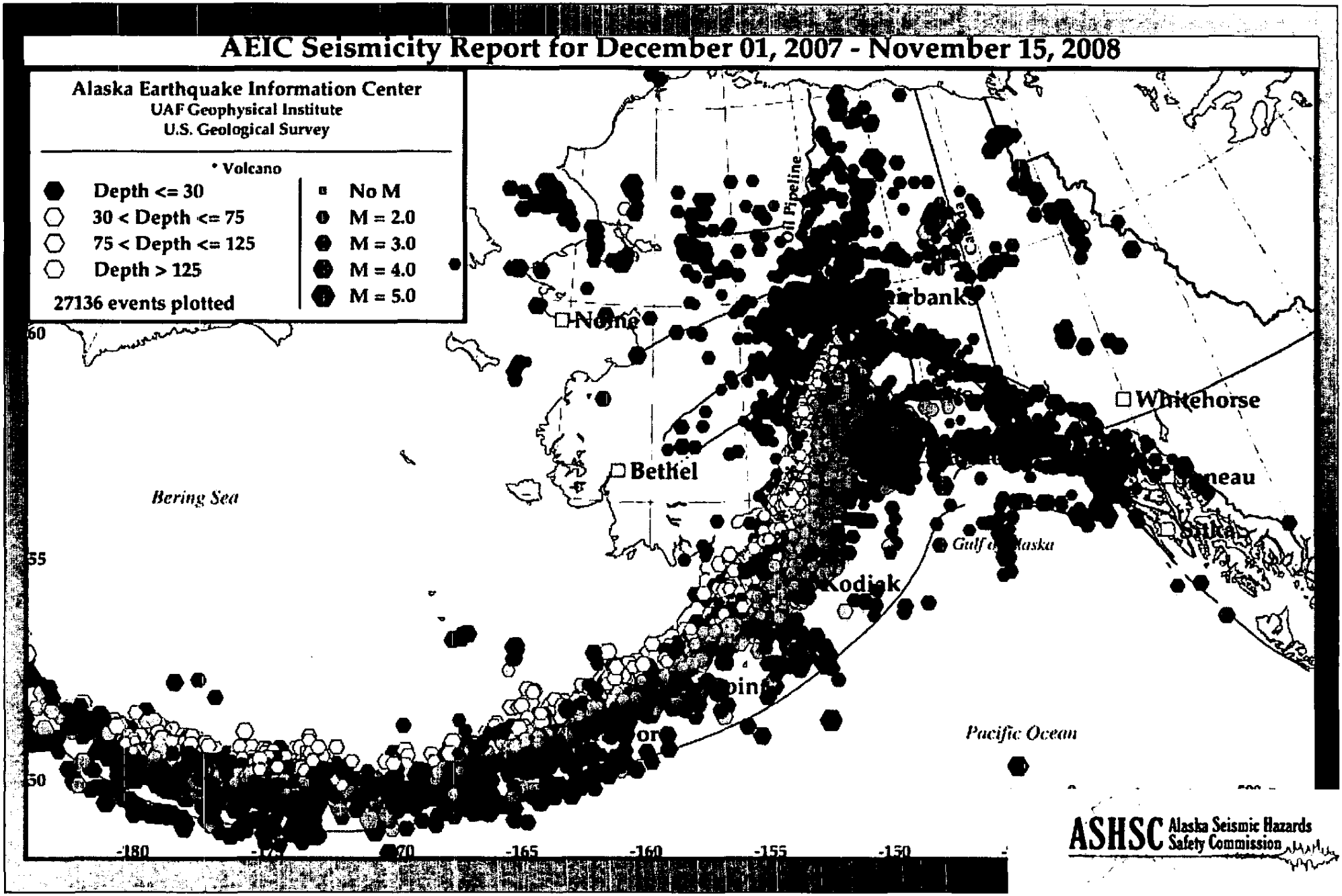
0
300 MILES

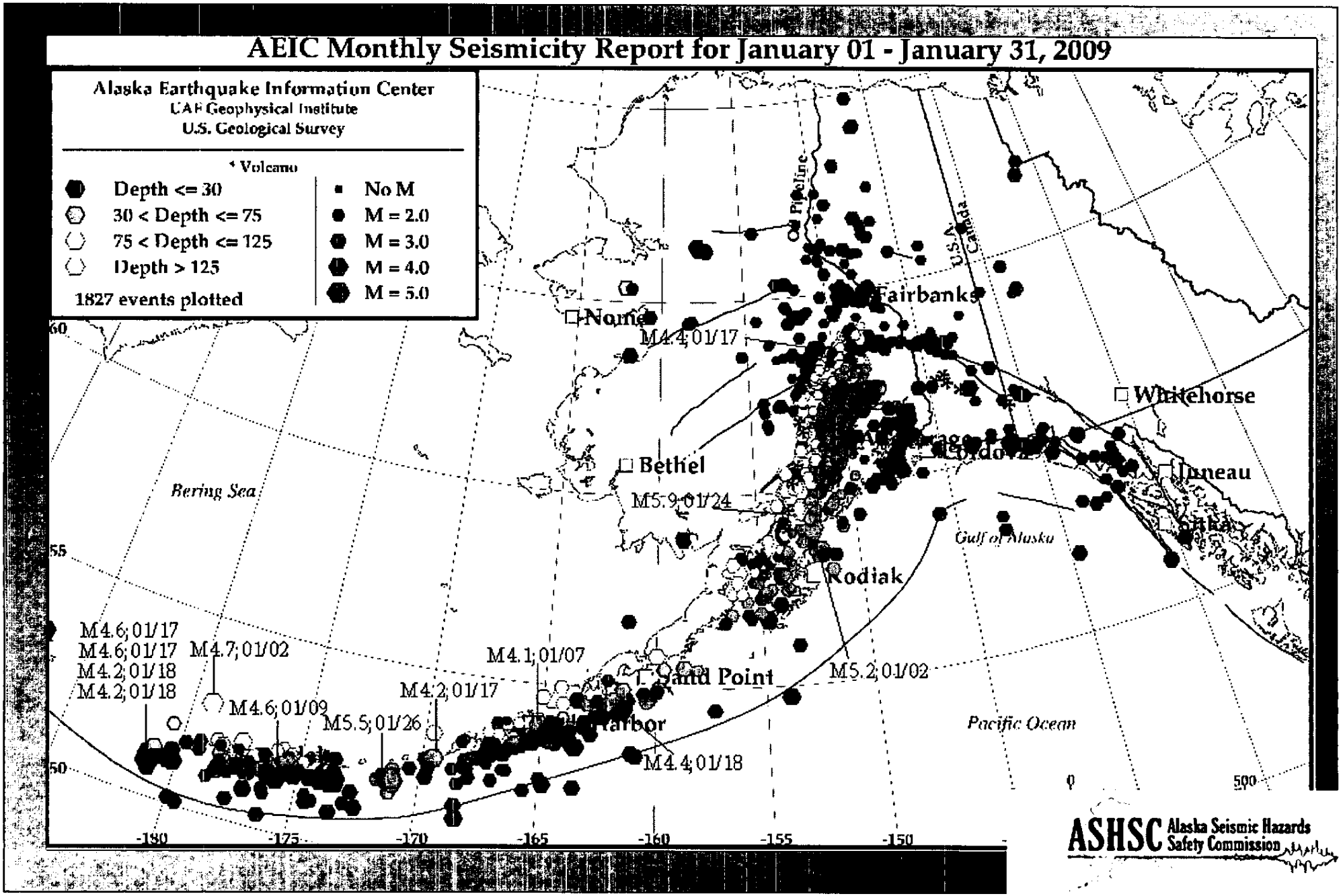


Profile along line A-A' showing inferred initial wave form caused by tectonic displacements of the sea floor

ASHSC Alaska Seismic Hazards Safety Commission


ASHSC
SCHOOL SEISMIC HAZARD MAP
OVERLAY MAP OF ALASKA SCHOOLS &
PEAK HORIZONTAL ACCELERATION WITH
10% PROBABILITY OF EXCEEDANCE IN 50 YEARS


AEIC Seismicity Report for December 01, 2007 - November 15, 2008
Alaska Earthquake Information Center
UAF Geophysical Institute
U.S. Geological Survey
* Volcano
Depth <= 30
30 < Depth <= 75
75 < Depth <= 125
Depth > 125
27136 events plotted
No M
M = 2.0
M = 3.0
M = 4.0
M = 5.0
Nome
Bethel
Whitehorse
Kodiak
Bering Sea
Pacific Ocean
Gulf of Alaska
Oil Pipeline
-180
-165
-160
-155
-150
ASHSC Alaska Seismic Hazards Safety Commission

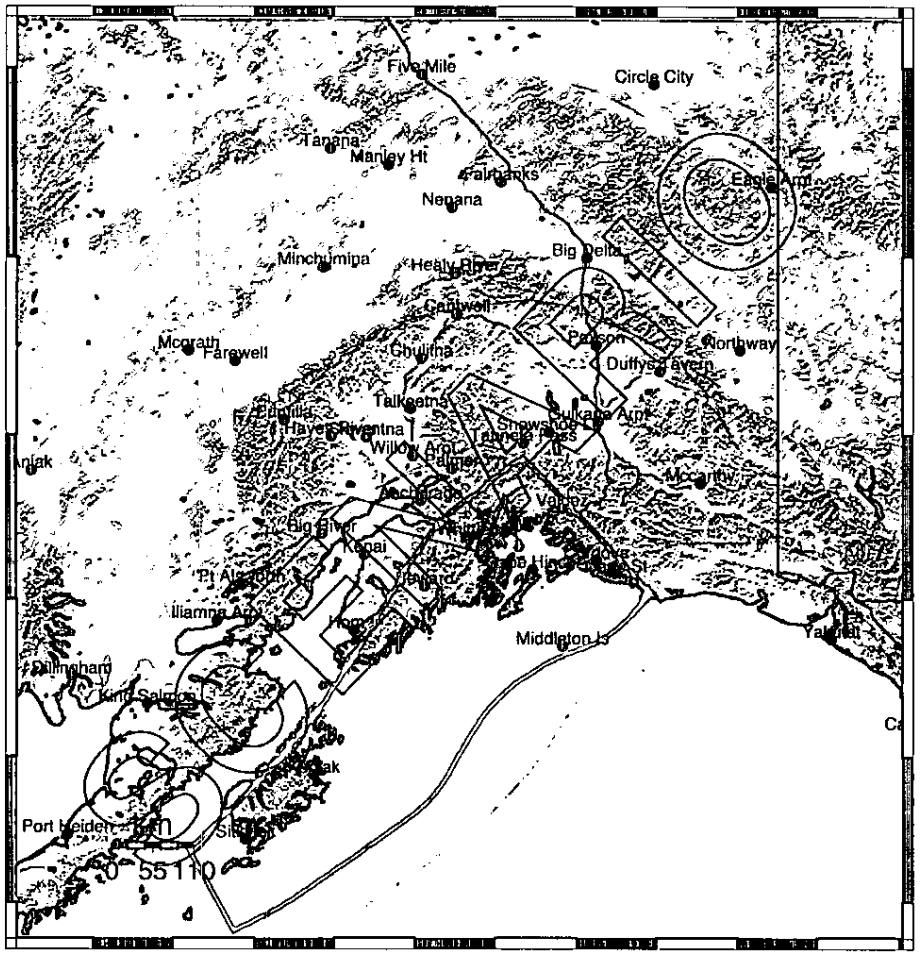

AEIC Monthly Seismicity Report for January 01 - January 31, 2009
Alaska Earthquake Information Center
UAF Geophysical Institute
U.S. Geological Survey
Volcano
Depth <= 30
30 < Depth <= 75
75 < Depth <= 125
Depth > 125
1827 events plotted
No M
M = 2.0
M = 3.0
M = 4.0
M = 5.0
Oil Pipeline
U.S.A.
Canada
Fairbanks
Nome
M4.4;01/17
Whitehorse
Bethel
M5.9;01/24
Juneau
Sitka
Bering Sea
Gulf of Alaska
Kodiak
M4.6;01/17
M4.6;01/17
M4.2;01/18
M4.2;01/18
M4.7;01/02
M4.6;01/09
M5.5;01/26
M4.2;01/17
M4.1;01/07
Sand Point
M5.2;01/02
Harbor
M4.4;01/18
Pacific Ocean
60
55
50
-180
-175
-170
-165
-160
-155
-150
0
500
ASHSC Alaska Seismic Hazards Safety Commission

999

-- Earthquake Planning Scenario --

Rapid Instrumental Intensity Map for 1964 Anchorage Scenario

Scenario Date: Wed Mar 27, 1964 05:36:14 PM GST M 9.2 N61.00 W147.80 Depth: 25.0km



PLANNING SCENARIO ONLY -- PROCESSED: Tue Feb 18, 2003 10:52:15 PM GST

PERCEIVED SHAKING	Not felt	Weak	Light	Moderate	Strong	Very strong	Severe	Violent	Extreme
POTENTIAL DAMAGE	none	none	none	Very light	Light	Moderate	Moderate/Heavy	Heavy	Very Heavy
PEAK ACC.(%g)	<.17	.17-1. 4	1.4-3. 9	3.9-9. 2	9.2-18	18-34	34-65	65-124	>124
PEAK VEL.(cm/s)	<0.1	0.1-1.1	1.1-3.4	3.4-8.1	8.1-16	16-31	31-60	60-116	>116
INSTRUMENTAL INTENSITY	I	II-III	IV	V	VI	VII	VIII	IX	X+

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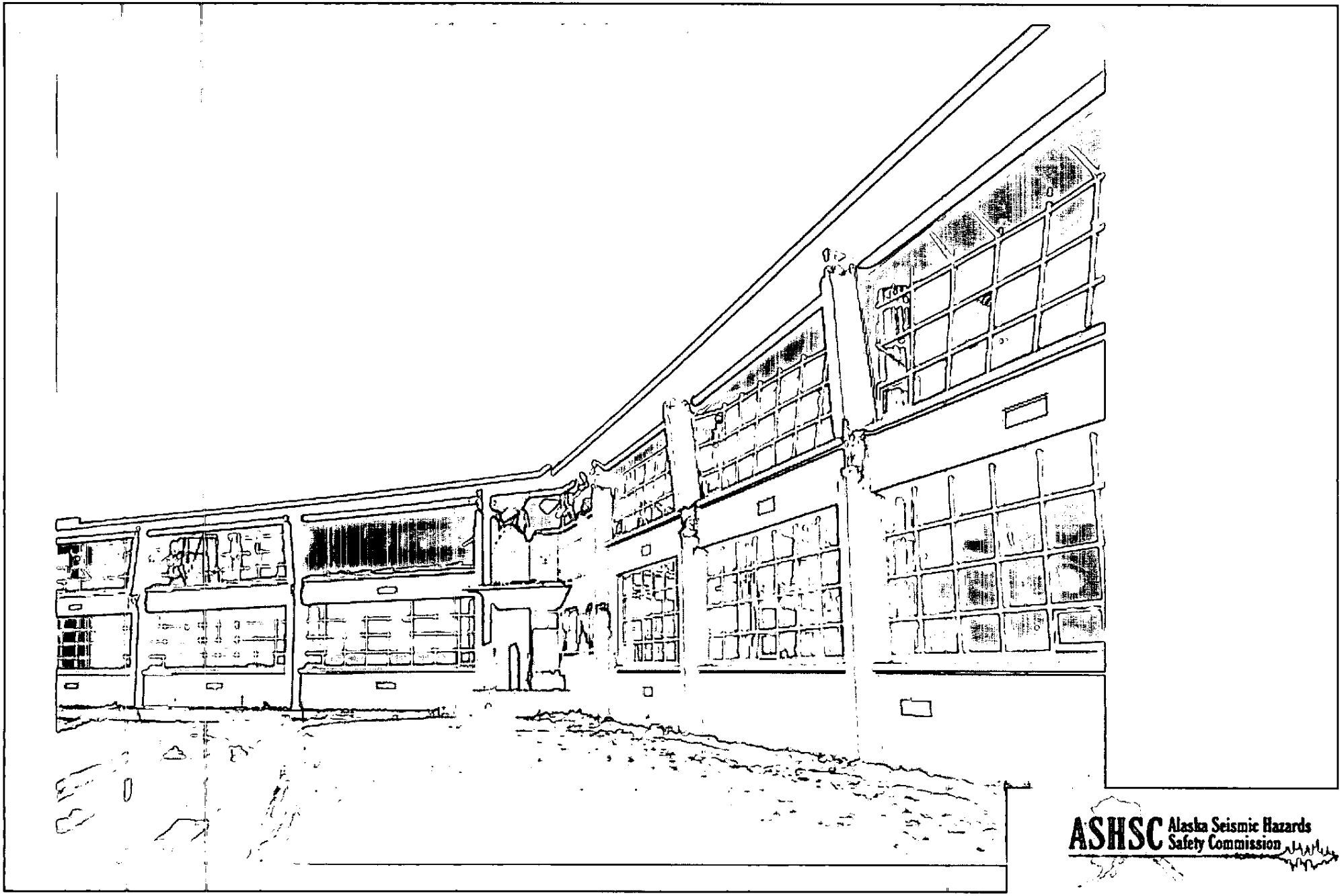

ASHSC Alaska Seismic Hazards Safety Commission

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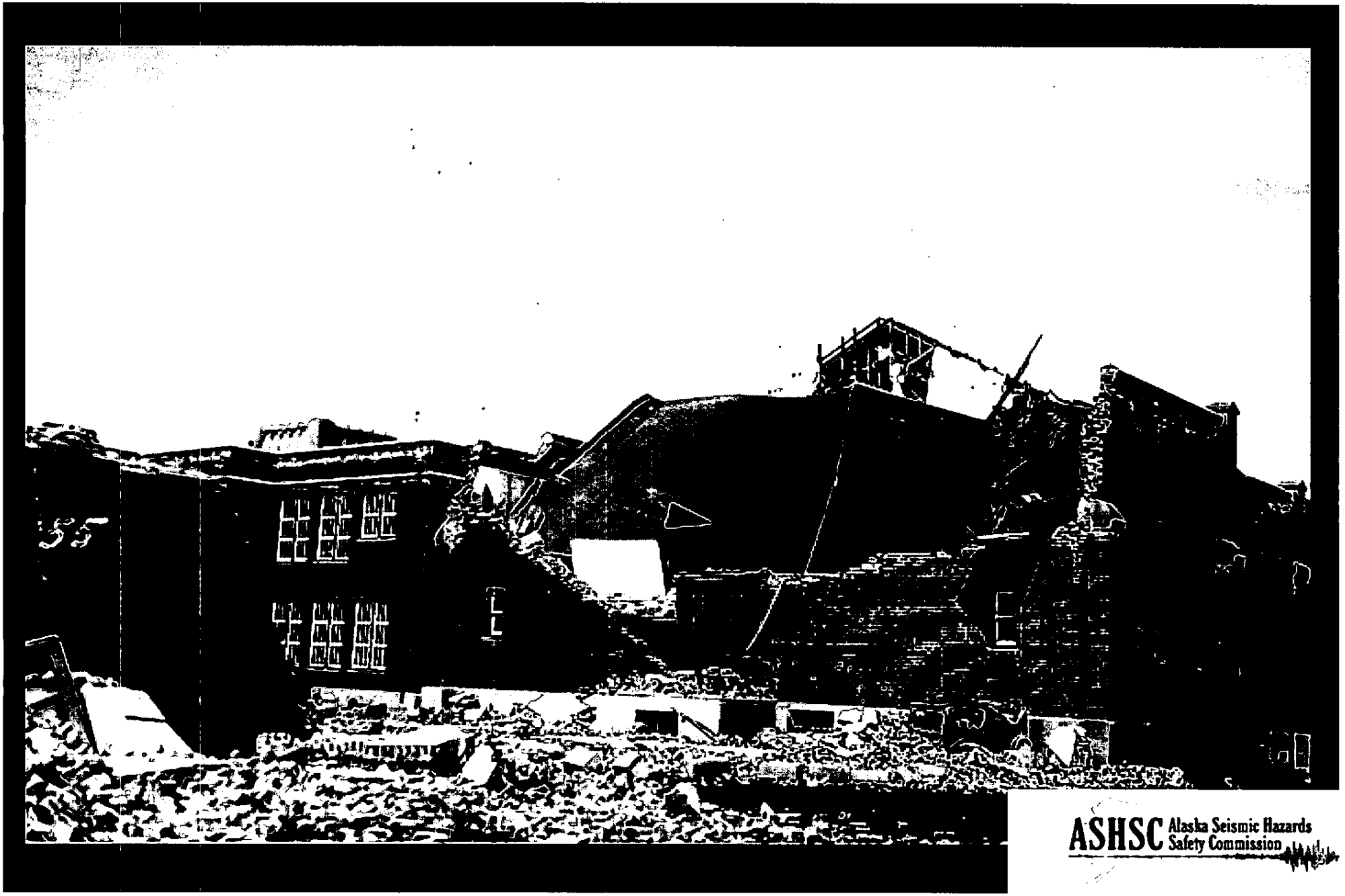

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Pertinent Legislation

- FEMA's Hazard Mitigation Grant Program (HMGP)
- FEMA's Pre-Disaster Mitigation Grant Program (PDM)
- National Earthquake Hazards Reduction Program (NEHRP)
- California (Field Act)
- Oregon, Washington, Nevada, Utah

ASHSC Alaska Seismic Hazards Safety Commission

The Kodiak Island Borough Experience

- Seismic Vulnerability Assessment for 13 Schools
- Evaluated 6 Seismic Hazards
- Recommended Structural Seismic Upgrades
- Recommended Higher Standard for New Construction
- Considered Non-Structural Hazards
- Performed Benefit cost Analysis

ASHSC Alaska Seismic Hazards Safety Commission

Lessons Learned

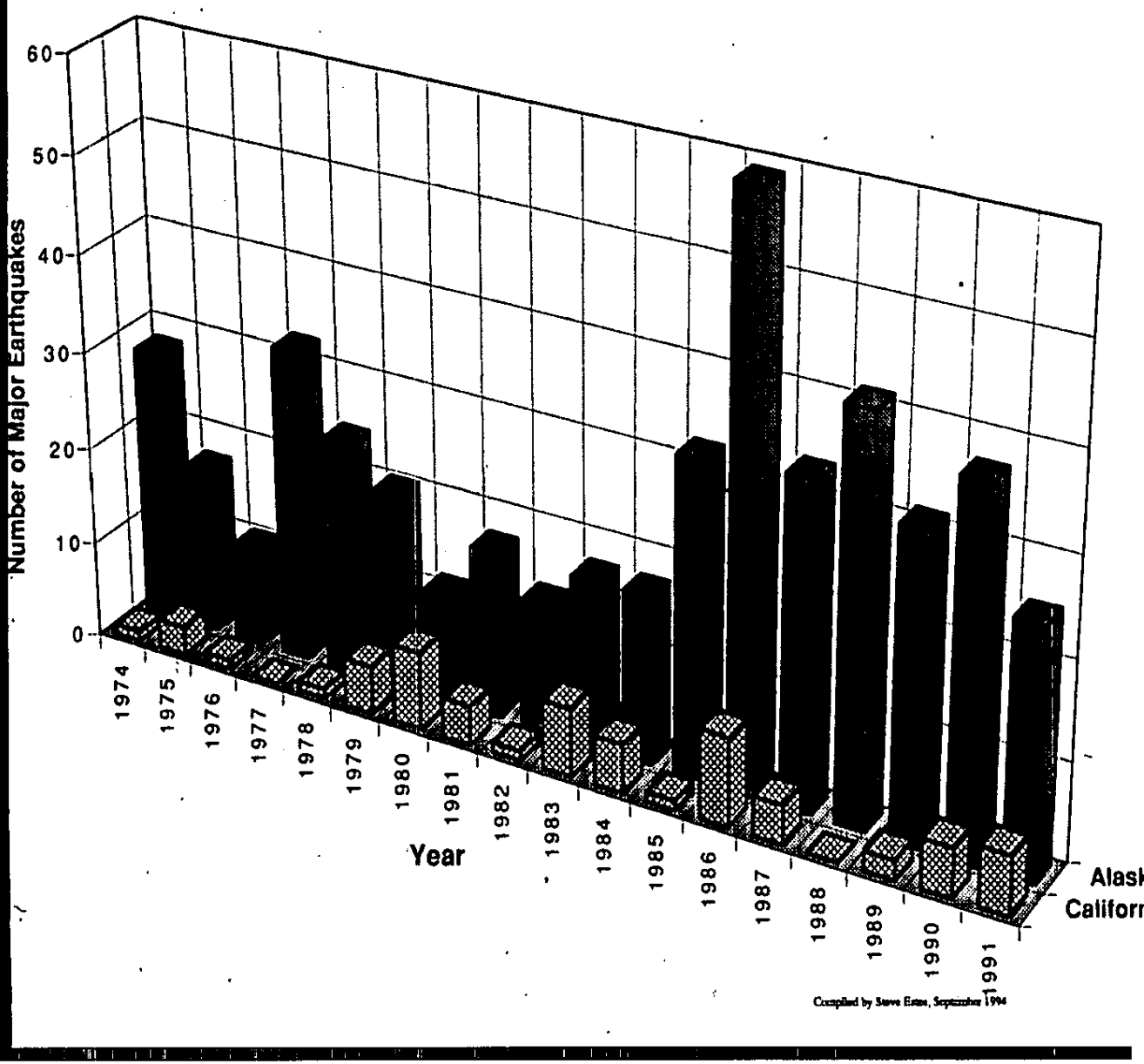
- Recognition of the Problem
- Identification of Structures at Risk
- Prioritization of Mitigation
- Final Determination of Mitigation Projects

ASHSC Alaska Seismic Hazards Safety Commission

Closure and Next Steps

- ASHSC to Refine Tasks & Continue Its Efforts Identifying Existing At-Risk Schools
- Currently Working on a School's Brochure
- Studying Seismic Requirements that Would Be Particular to Schools
- For New Schools & Major Renovations
  - » Require independent peer review of lateral force resisting element design
  - » Require resident observation of construction.

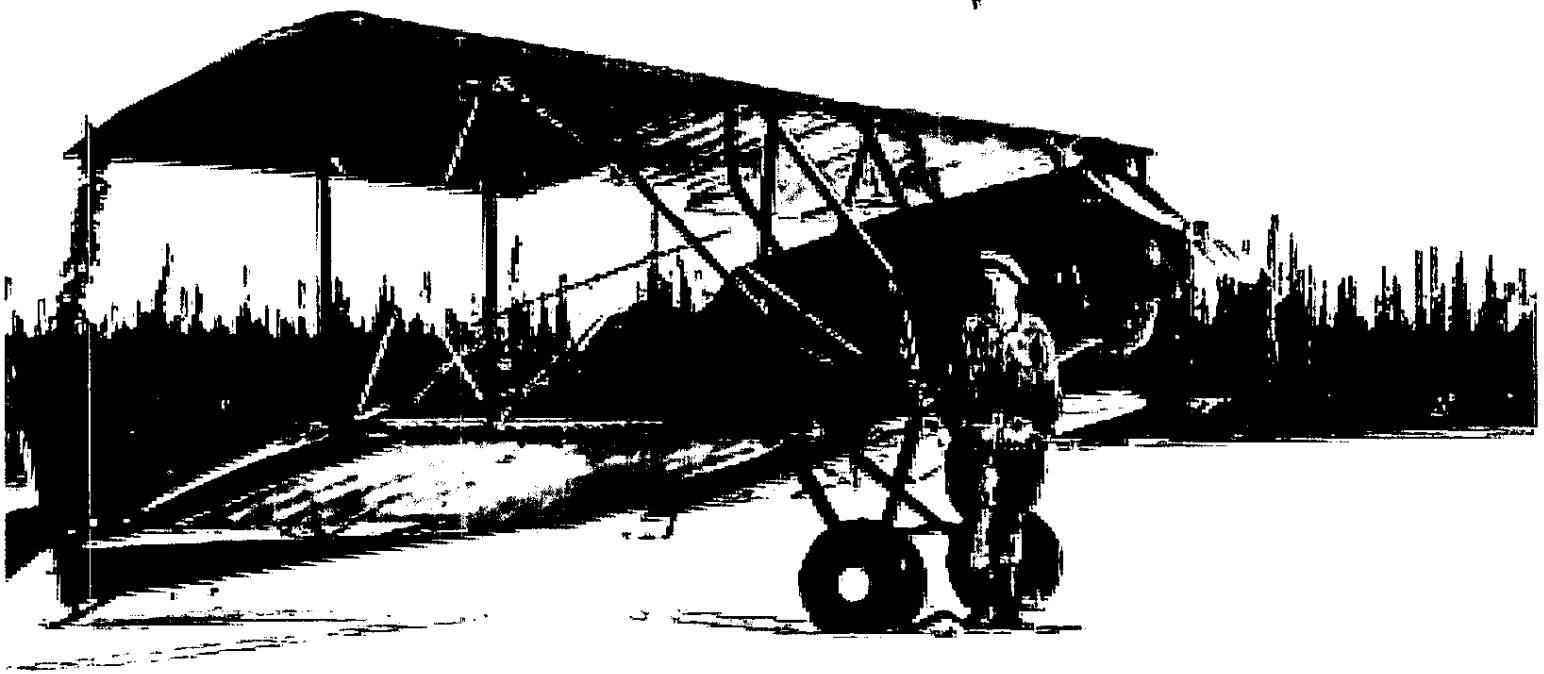
ASHSC Alaska Seismic Hazards Safety Commission



ASHSC Alaska Seismic Hazards Safety Commission

QUESTIONS?

9/11 ends now in Alaska

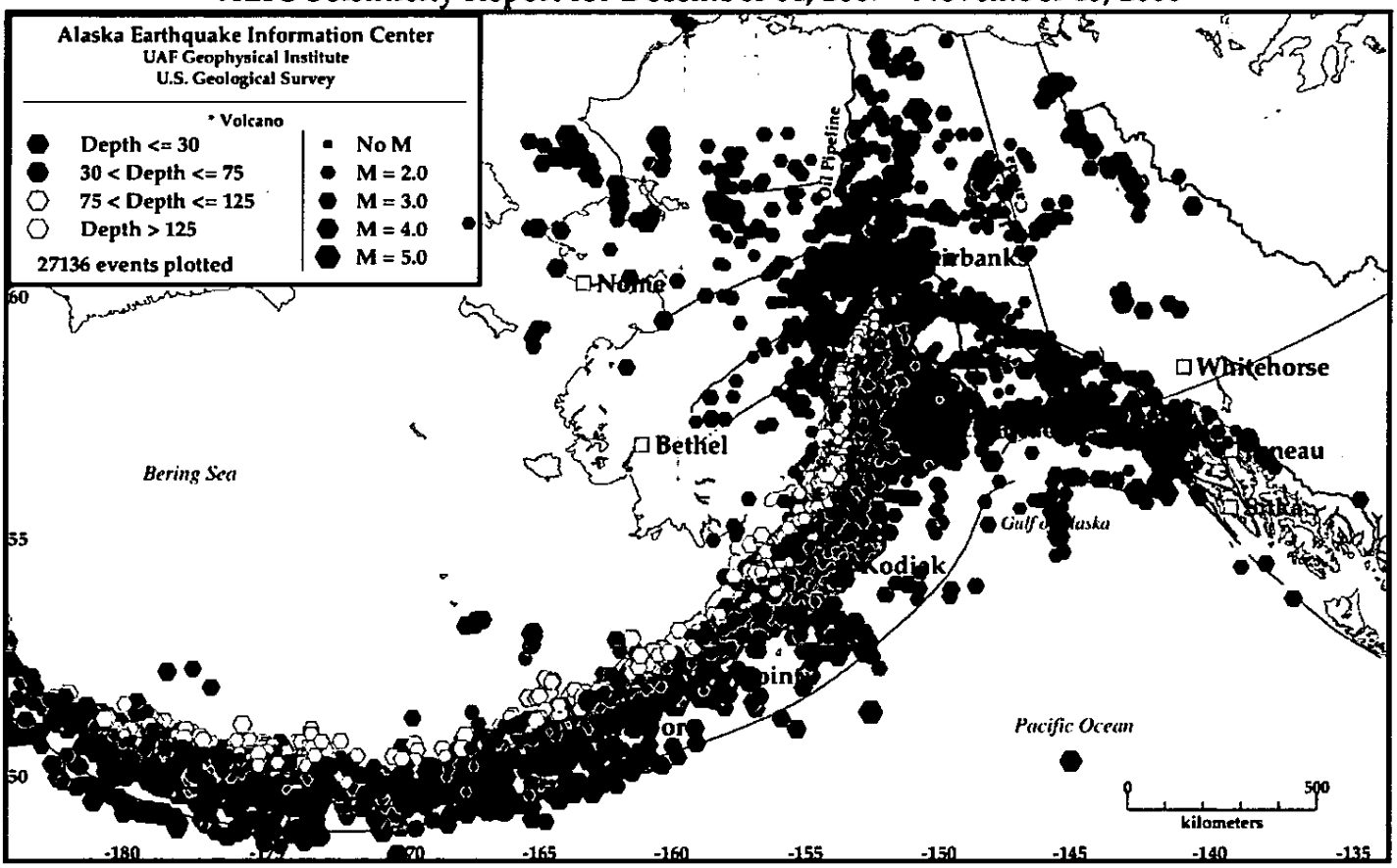


ASHSC Alaska Seismic Hazards Safety Commission

Alaska Seismic Hazards Safety Commission

Report to the Governor and State Legislature
FEBRUARY 2009

AEIC Seismicity Report for December 01, 2007 - November 15, 2008



ASHSC Alaska Seismic Hazards Safety Commission

ALASKA SEISMIC HAZARDS SAFETY COMMISSION

Report to the Governor and State Legislature

FEBRUARY 2009

EXECUTIVE SUMMARY

This annual report to the Governor and Legislature from the Alaska Seismic Hazards Safety Commission (ASHSC) reiterates the priority issues and goals of the Commission and identifies its 2008 accomplishments. The report updates the history and status of the Commission, identifies the current membership, lists the accomplishments to date, describes various committee functions, and presents the Commission's recommendations to improve seismic safety in Alaska.

The Commission operates under the powers and duties prescribed by its enacting legislation (Appendix A) and is guided by its Charter (Appendix B) which provides a clear understanding of the Commission's roles and expectations, empowers Commission members, and provides operating guidelines agreed to by all members.

During the past year the Commission has invited numerous governmental and private organizations to give presentations describing their approaches to seismic risk mitigation. These briefings have provided the members of the Commission with opportunities to gain an understanding of current programs and various approaches to seismic risk mitigation, identify areas of concern, and to focus initial mitigation efforts in these areas. These briefings are available for viewing on the Commission web site.

The Commission's efforts in 2008 have reinforced its belief that seismic risk mitigation issues can be addressed in an economical way that will result in improving the quality of life and public safety in Alaska. The Commission continues to address the following policy recommendations:

- Structural stability of critical facilities
- Earthquake insurance necessity and availability
- Approaches to seismic risk mitigation in future construction
- Response and recovery practices to mitigate future seismic risk
- Hazard identification and public education

These policy recommendations are currently being addressed through the following standing committees:

- Insurance
- Schools
- Earthquake Scenarios
- Education and Outreach
- Hazards Identification
- Response, Recovery, and Loss Estimation
- Post-earthquake Planning
- Partnership

The 2008 activities of these committees are described in more detail in subsequent paragraphs.

Our basic public-policy goal areas remain unchanged from the 2007 Commission report:

- Education
- Guidance
- Assistance
- Implementation

INTRODUCTION

The Alaska Seismic Hazards Safety Commission ("the Commission") is charged by statute (AS 44.37.067; Appendix A) to recommend goals and priorities for seismic hazard mitigation to the public and private sectors; recommend policies to the governor and the legislature, including needed research, mapping, and monitoring programs; review the practices for recovery and reconstruction after a major earthquake; recommend improvements to mitigate losses from similar future events; and to gather, analyze, and disseminate information of general interest on seismic hazard mitigation, among other duties to reduce the state's vulnerability to earthquakes. The Commission consists of eleven members appointed by the Governor from the public and private sectors for three-year terms. It is administered by the Department of Natural Resources, Division of Geological & Geophysical Surveys (DGGS).

Commission members include: A representative from the University of Alaska, three representatives from local government; a representative from the Department of Natural Resources; a representative of the Department of Military and Veterans' Affairs; a representative from an appropriate federal agency; a representative of the insurance industry; and three members of the public who are experts in the fields of geology, seismology, hydrology, geotechnical engineering, structural engineering, emergency services, or planning. Six members constitute a quorum. The Commission membership elects its own chair and vice-chair. There is no executive director, although DGGS provides administrative, travel, and publication support.

History and status of the Commission

In 2002, the 22nd Alaska Legislature passed, and the Governor signed into law, House Bill 53 establishing the Alaska Seismic Hazards Safety Commission with nine members. The legislation originally placed the Commission in the Office of the Governor, but in January 2003, Governor Frank Murkowski issued Executive Order Number 105 transferring the Commission to the Department of Natural Resources. Governor Murkowski appointed nine members to the Commission in 2005.

In 2005, the House of Representatives passed House Bill 83 (HB 83) to extend the Commission to June 30, 2008, add tsunami risks to its purview, and provide two additional Commission positions representing local government. In 2006, the Senate passed a substitute version of HB 83 including the two additional local government positions but omitting specific mention of tsunamis in the Commission's powers and duties. The Senate bill extended the Commission through June 30, 2012. The House concurred with the Senate version and Governor Murkowski signed the bill into law at a Commission meeting on June 16, 2006. Although the revised statute does not specifically include tsunami hazards in the Commission's powers and duties, the definitions in AS 44.37.069 include tsunami inundation as a seismic hazard. Consequently the Commission addresses tsunamis in its discussions and recommendations. As a result of passage of HB 83, the Commission currently has 11 members.

The Commission first met on October 28, 2005, at which time it elected a Chair and Vice Chair, listened to briefings from the California Seismic Safety Commission and various state and local agencies in Alaska with responsibilities in earthquake-risk mitigation, and began developing goals and priorities for its activities. There were twelve meetings of the Commission through December 2006, six of which were via teleconference. In both 2007 and 2008, the Commission held nine meetings, seven of which were via teleconference. The Commission published its first annual report to the governor and legislature on April 18, 2006. A Commission Web site posts basic information about its mission, earthquake risk in Alaska, meeting agendas, minutes, presentations, and appropriate links. The Web site address is:

http://www.dggs.dnr.state.ak.us/seismic_hazards_safety_commission.htm.

Membership

Name	Representation	Contact information
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Rodney A. Combellick	Alaska Department of Natural Resources	Div. of Geological & Geophysical Surveys 3354 College Rd. Fairbanks, AK 99709 Phone: (907) 451-5007 Email: rod.combellick@alaska.gov
Gay Dunham	Local government	City of Valdez P.O. Box 2975 Valdez, AK 99686 Phone: (907) 835-2339 Email: runninghorse@cvinternet.net

Roger A. Hansen	University of Alaska	UAF, Geophysical Institute P.O. Box 757320 Fairbanks, AK 99775-7320 Phone: (907) 474-5533 Email: roger@giseis.alaska.edu
Robert E. Hicks	Local government	City of Seward PO Box 167 Seward, AK 99664 Phone: 907-224-4020 Email: bhicks@cityofseward.net
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Laura W. Kelly	Vice-chair, Federal agency	U.S. Coast Guard P.O. Box 195025 Kodiak, AK 99619-5025 Phone: (907) 487-5320 Email: laura.w.kelly@uscg.mil
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EARTHQUAKE RISK IN ALASKA

Alaska has more earthquakes than any other region of the United States and is, in fact, one of the most seismically active areas of the world. The second largest earthquake ever recorded occurred on the Prince William Sound portion of the Alaska-Aleutian megathrust in southern Alaska on March 27th, 1964, with a moment magnitude of 9.2. The largest on-land earthquake in North America in almost 150 years occurred on the Denali fault in central Alaska on November 3rd, 2002, with a magnitude of 7.9. In 2008 alone, the Alaska Earthquake Information Center recorded about 27,000 earthquakes (see Cover photograph), including over 400 events with magnitude 4.0 or greater, 73 events of magnitude 5.0 or greater and nine events of magnitude 6.0 or greater. It is not possible to predict the time and location of the next big earthquake, but the active geology of Alaska guarantees that major, potentially damaging earthquakes will continue to occur.

Alaska has changed significantly since the great 1964 earthquake. The population has more than doubled, but many new buildings are designed to prevent collapse during intense shaking. Some older buildings have been reinforced, and development has been discouraged in some particularly hazardous areas. However, despite these improvements, and because practices to reduce vulnerability to earthquakes and tsunamis are not applied uniformly in regions of high risk, future earthquakes may still cause life-threatening damage to buildings, cause items within buildings to be dangerously tossed about, and disrupt the basic utilities and critical facilities that we take for granted.

With the occurrence of the 1964 Prince William Sound and 2002 Denali fault events in recent decades, damaging earthquakes in the near future may be more likely to occur on other geologic sources. These include the Castle Mountain fault in lower Matanuska-Susitna valley, the Wadati-Benioff zone beneath Anchorage, the active belt of faulting and folding in northern Cook Inlet, the Fairbanks seismic zone, and Yakataga seismic gap near Yakutat, among others. While the seismic provisions of current Alaska building codes are largely geared toward preventing collapse from the types of shaking that occurred in 1964, earthquakes on these other sources may affect structures differently, in ways that may or may not be ameliorated by the current codes.

As discussed below, earthquakes of magnitudes that could cause major structural damage and injury to residents continue to occur in Alaska.

Earthquake activity in 2008

On April 15, 2008, at 2:59 pm ADT, a strong earthquake, magnitude 6.4, occurred in the Andreanof Islands region. It was followed by a larger earthquake of magnitude 6.6 on April 15 at 9:54 pm ADT (red stars on fig. 1). The events were about 124 km (77 miles) ENE of Amchitka and 179 km (112 miles) W of Adak. The Alaska Earthquake Information Center (AEIC) located over 550 aftershocks through the end of April (crosses). The largest aftershock of magnitude 5.0 occurred on April 18 at 12:51 pm ADT. These earthquakes are the largest to occur in this region since the magnitude 7.2 event on December 19, 2007 (large white star on the map).

The April, 2008 earthquakes occurred in the area separating rupture zones of the 1965 M8.7 Rat Islands earthquake to the west and the 1957 M8.6 Andreanof Islands earthquake to the east (approximate extent of the rupture zones is shown in red). In the last five years, sixteen M6-7 and three M7+ earthquake occurred within the area shown on the above map. Most of these events occurred on the plate interface between the subducting Pacific and overriding North American plates.

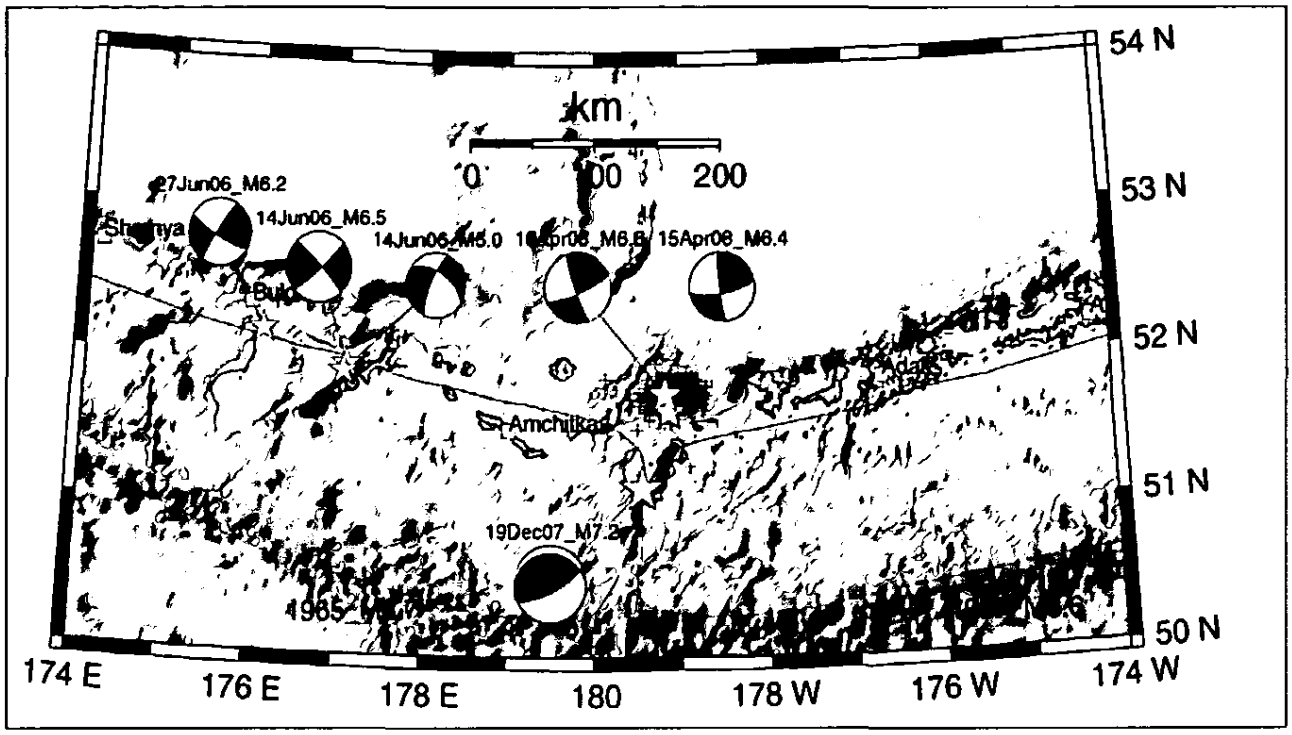

Figure 1. April 15 and 16, 2008 M6.4 and 6.6 Andreanof Islands earthquakes.

On May 2, 2008, at 5:33 pm ADT, a strong earthquake, magnitude 6.6, occurred in the Andreanof Islands region of the Aleutian Islands (see fig. 2). The event was about 64 km (40 miles) W of Adak and 238 km (149 miles) E of Amchitka. It was felt strongly on Adak. No reports of damage have been received. The AEIC recorded nearly 1500 aftershocks through the end of May. The largest aftershock was magnitude 5.0 and occurred on May 8 at 6:12 am ADT. On April 15 and 16, magnitude 6.4 and 6.6 earthquakes, respectively, occurred about 110 km (69 miles) west of the May 2 event (red stars).

The strongest known earthquakes in this region are the 1965 M8.7 Rat Islands earthquake to the west and the 1957 M8.6 Andreanof Islands earthquake to the east (approximate extent of the rupture zones is shown in red). In the last five years, eighteen M6-7 and three M7+ earthquake occurred within the area shown on the above map. Most of these events occurred on the plate interface between the subducting Pacific and overriding North American plates.

On August 6, 2008, a vigorous seismic swarm occurred in the vicinity of Kasatochi volcano in Andreanof Islands (see fig. 3). Starting at 7:00 am ADT on August 6, the intensity and frequency of the earthquakes rapidly increased resulting in ~1,100 events located over the course of 48 hours during the most energetic part of the swarm. The largest earthquake, magnitude 5.8, occurred about 27 hours into the sequence and about 3.5 hours before the first aerial ash discharge from Kasatochi was detected by the Alaska Volcano Observatory through satellite data. This discharge was followed by two more explosions, also detected via satellite monitoring. The 3rd explosion consisted of nearly continuous ash emissions and declined in frequency and intensity through about 2:00 pm ADT on August 8. The seismic swarm intensity started to decline at about 10:00 am ADT on August 8, and continued to decline through the end of August. Overall, there is a strong causative relation between behavior of the seismic swarm and the eruption episodes. Due to seismic network limitations in the region (all stations

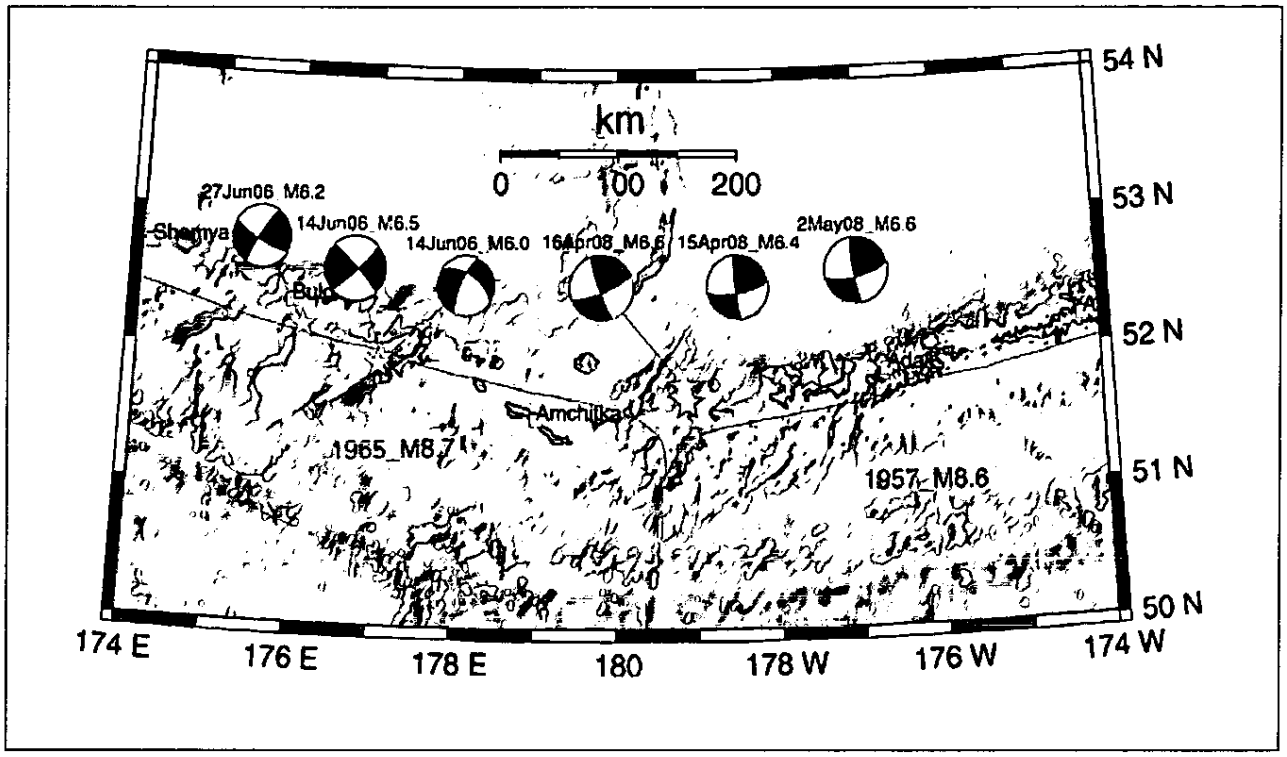

Figure 2. May 2, 2008 M6.6 Andreanof Islands earthquake.

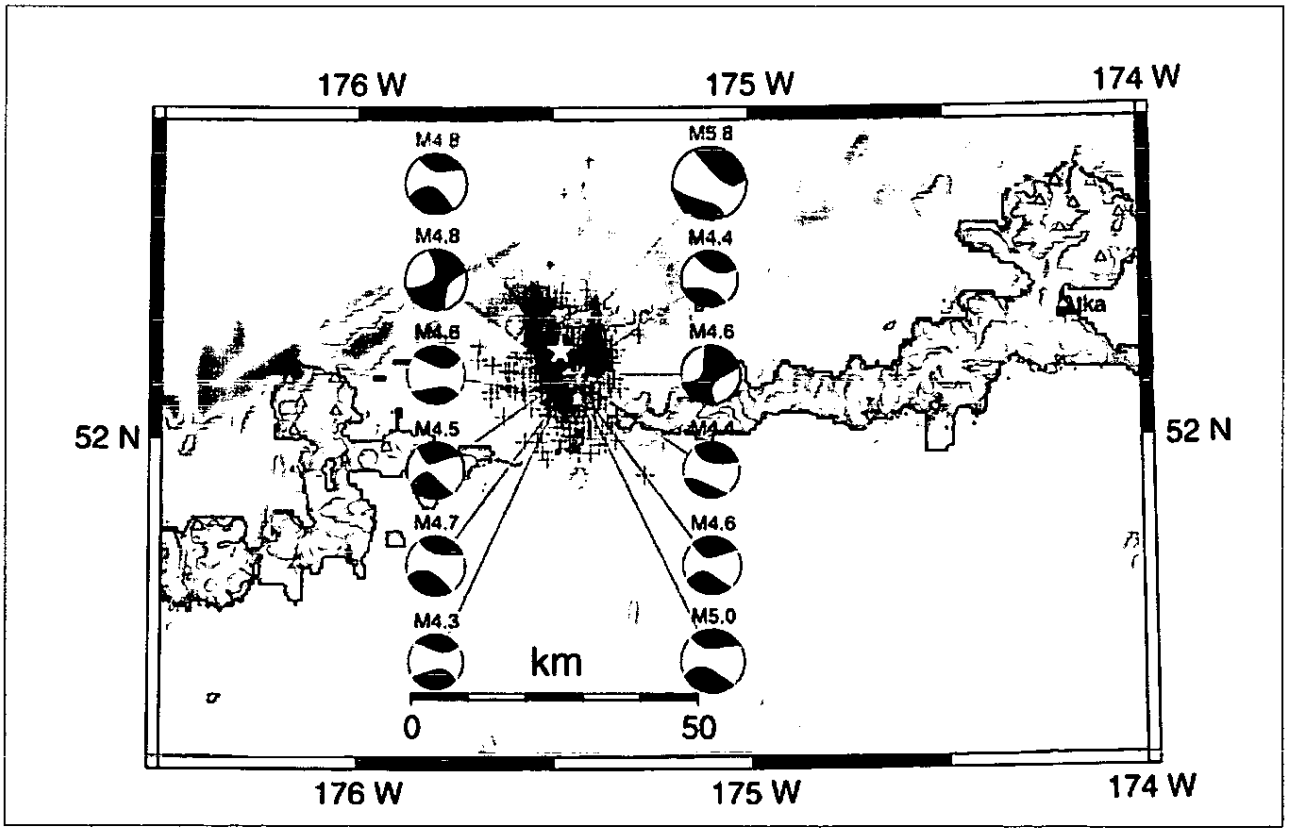

Figure 3. Earthquake swarm associated with the August 2008 Kasatochi volcano eruption.

are in a linear array along the island arc), determining accurate locations of the Kasatochi seismicity became a challenge. The locations have much larger uncertainties in the N-S direction than in the E-W direction, and overall are poorly constrained.

Some additional earthquake statistics for Alaska

- Eleven percent of the world's recorded earthquakes have occurred in Alaska.
- Alaska has more frequent earthquakes than the entire rest of the United States.
- Three of the eight largest earthquakes in the world were in Alaska (see fig. 4).
- Seven of the ten largest earthquakes in the United States were in Alaska.

Since 1900, Alaska has had an average of:

- One "great" earthquake (magnitude 8) or larger earthquake every 13 years
- One magnitude 7 to 8 earthquake every year.
- Six magnitude 6 to 7 earthquakes per year.
- Forty five magnitude 5 to 6 earthquakes per year.
- Three hundred twenty magnitude 4 to 5 earthquakes per year.
- About 1,000 earthquakes recorded in the state each month.

It is not possible to predict the time and location of the next big earthquake, but the active geology of Alaska guarantees that major potentially damaging earthquakes will continue to occur. Scientists have estimated where large earthquakes are most likely to occur, and the probable levels of ground shaking to be expected throughout the state. With this information, as well as information on soil properties and landslide potential, it is possible to estimate earthquake risks in any given area. It is also possible to estimate the potential for earthquakes to generate tsunamis, and to model the extent to which tsunamis will inundate coastal areas.

The Federal Emergency Management Agency[1] estimates that with the present infrastructure and policies, Alaska will have the second highest average annualized earthquake-loss ratio (ratio of average annual losses to infrastructure) in the country. Reducing those losses requires public commitment to earthquake-conscious siting, design, and construction. The Seismic Hazards Safety Commission is committed to addressing these issues. Earthquake-risk mitigation measures developed by similar boards in other states have prevented hundreds of millions of dollars in losses and significant reductions in casualties when compared to other seismically active areas of the world that do not implement effective mitigation measures.

COMMISSION ACCOMPLISHMENTS IN 2008

General

- Held seven telephonic and two face-to-face meetings of the Commission.
- Four Commission members were invited, and attended, a national workshop on development of Earthquake Planning and Response Scenarios, sponsored and funded by the Earthquake Engineering Research Institute with a grant from the National Earthquake Hazards Reduction Program.

[1]HAZUS 99 Estimated Annualized Earthquake Losses for the United States, Federal Emergency Management Agency Report 366, September 2000.

- The Commission sponsored the Kodiak Island Borough School District's nomination to the Western States Seismic Policy Council (WSSPC) for recognition of their seismic safety efforts. The School District won the national overall Award for Excellence in Seismic Mitigation for these activities.
- ASHSC Commission Chairman John Aho gave a presentation to DNR Commissioner Tom Irwin concerning Commission activities.
- Heard briefings on seismic risk reduction and current research from seven individuals representing external organizations.
- Developed and published its third annual report to the governor and legislature in March 2008.
- The Commission cosponsored, with the University of Alaska Anchorage and the Earthquake Engineering Research Institute (EERI), the Joyner Lecture given by Chris Poland of Degenkolb Engineers, titled '*Building a Resilient Community: Preparing for the Next Earthquake*".
- Commissioner Laura Kelly was named 2009 Engineer of the Year by the United States Coast Guard (USCG). This award recognizes the outstanding engineer throughout the entire USCG. She is also nominated as a candidate for Federal Engineer of the Year.
- Delivered Commission correspondence to Department of Geological and Geophysical Services (DGGS) Director Robert Swenson that encouraged the mapping of existing earthquake faults. Director Swenson responded favorably indicating that fault tectonics is on the short-term planning list.
- Continued work associated with the existing six standing committees: Insurance, Schools, Earthquake Scenario, Education and Outreach, Hazards Identification, and Response, Recovery and Loss Estimation.
- ASHSC Commission Chairman John Aho gave presentations concerning Commission activities specifically related to seismic risk mitigation for schools to the State of Alaska Board of Education and Early Development and to the Council of Educational Facility Planners International.
- Toured the Alaska Division of Homeland Security and Emergency Management (ADHS&EM) Emergency Operations Center.
- The Commission heard a short presentation by Department of Natural Resources (DNR) Commissioner Tom Irwin in support of their activities.

Policy Recommendations

- Assess the structural stability of critical facilities
- Address the importance of earthquake insurance
- Address approaches to seismic risk mitigation in future building construction
- Address response and recovery practices to mitigate future seismic risk
- Address hazard identification and public education

The following Standing Committees are now functional with chairpersons named and members assigned

- Insurance
- Schools
- Earthquake Scenario
- Education and Outreach
- Hazards Identification
- Response, Recovery, and Loss Estimation
- Post Earthquake Planning
- Partnership

ONGOING COMMISSION ACTIVITIES

The Alaska Seismic Hazards Safety Commission (ASHSC) continues to operate within its budget of $10,000 per year. The eleven (11) Commission members, representing over 250 years of combined experience in seismic risk identification and mitigation activities, continue to donate their time and effort to addressing the seismic safety issues so important to Alaska's residents.

The activities of the various Commission standing committees are discussed in the following paragraphs.

Insurance Committee

A 1985 Federal Emergency Management Agency (FEMA) document titled "Earthquake Insurance: A Public policy Dilemma" examined the issues and problems associated with the availability and procurement of earthquake insurance. This dilemma has touched residents of Alaska with the announcement that the number two carrier, with slightly more than 21 percent of the Alaska earthquake insurance market, recently announced that it is withdrawing its optional earthquake coverage nationwide. Many previously insured Alaska residents are now without property earthquake insurance.

The committee is currently addressing the following issues and concerns:

- Expertise required by Division of Insurance regarding the use of modeling for earthquake insurance premiums.
- Public understanding of the consequences of inaction concerning obtaining insurance protection.
- Public expectations of post-event assistance from the government.
- The current public perception of earthquake insurance rates and availability.
- The potential of providing incentives for earthquake risk mitigation efforts such as cost savings for individual efforts.
- Consider approaches to addressing public apathy toward obtaining earthquake insurance.
- How can earthquake insurance be offered that is equitable, fair, and affordable?
- How can the public be motivated to consider earthquake insurance?

The following deliverable items are being considered to address the issues and concerns;

- Work with the Alaska Department of Insurance (ADOI) to assist in establishing and developing standards for rate modeling for earthquake insurance premiums.
- Partner with ADOI to develop public information and awareness.
- Develop a topic paper to disseminate to the public regarding earthquake insurance issues focusing on insurance availability and coverage and what assistance is, or is not, available.
- Develop instructions to the public on how to make informed decisions regarding the need for earthquake insurance.

Schools Committee

The Commission considers the safety of children in Alaska's schools during a major seismic event of paramount importance. Schools are also considered critical public facilties because they are often

used as temporary shelter following earthquakes and other disasters. The committee is considering existing, renovated, and new school facilities. While seismic safety of existing facilities will continue to be addressed there will be an increased concentration on addressing the appropriate design and construction oversight of new and renovated facilities. The committee will develop recommendations to be presented to the Alaska Board of Education and Early Development and, if required, the Legislature requesting:

- That all new school design projects be required to have an independent review of the seismic design calculations and details.
- That major renovations to existing facilities be required to have a review, and modification if necessary, of their existing lateral force resisting system.
- That qualified resident observation be required of construction of the facility's lateral force resisting system.

The committee's goals include mitigating the potential for damage as shown in figures 4 & 5.

The Anchorage High School failure (fig. 4) was a result of strong ground shaking during the 1964 Great Alaska Earthquake and the inadequate lateral force resistance of the non-ductile concrete material design. Although most are probably safe, many structures designed prior to 1973 have the potential for similar damage in major seismic event. All schools in areas of high seismic risk should be evaluated.

Figure 5 shows an entire gymnasium roof collapse initiated by a heavy snowfall and inadequate structural design and improper construction. Research relating to the roof failure also uncovered the fact that the entire building was inadequately designed and constructed for lateral force (wind and seismic) resistance. The redesigned facility was constructed at a cost that exceeded the original cost of the facility.

Figure 4. Anchorage High School, 1964 Alaska earthquake (photo credit Anchorage Museum).

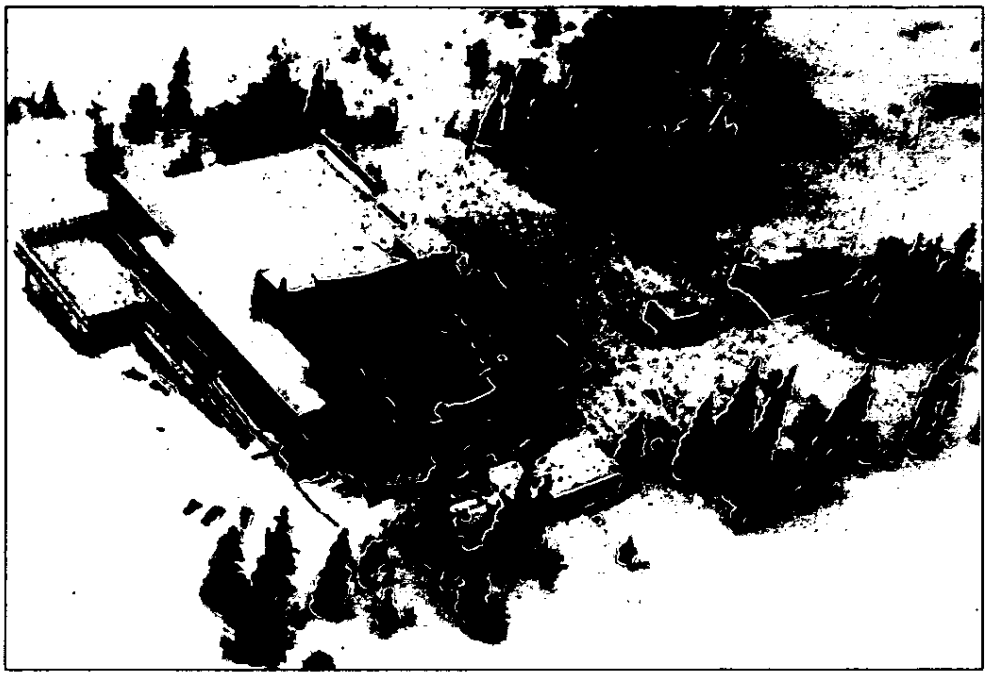

Figure 5. Aleknagik gym roof failure, snow load 1983 (photo credit John Aho).

The Anchorage High School failure reinforces the need for independent peer review of designs. The Aleknagik School failure reinforces the need for not only independent peer reviews of school designs but also qualified resident observation of construction.

Earthquake Scenario Committee

Earthquake planning scenarios have been used successfully in other areas of the U.S. to identify weaknesses in the built environment as well as vulnerable interdependencies among utility systems that could result in multiple or cascading failures if even only one system fails. These planning scenarios describe a hypothetical but geologically realistic earthquake; define the types and severity of shaking and ground breakage likely to occur; describe the likely impacts to facilities, including disruptions to utilities and transportation systems; describe secondary effect such as fire and toxic materials release; estimate the numbers of deaths, injuries, and dollar value of losses by building type; and estimate the long-term business losses and socioeconomic consequences. The resulting information provides the basis for planning earthquake response exercises, prioritizing and pre-locating response resources, and developing mitigating measures for reducing vulnerability to future earthquake damage.

Developing an earthquake planning scenario requires assembling pertinent geologic and seismologic data for a realistic event, compiling building and utility system inventory information for the affected region, assigning seismic fragilities to the building stock, assembling current data on population demographics, using loss-estimation technology such as HAZUS software to model the event using all the compiled data, and documenting the results in one or more reports and presentations. The Earthquake Engineering Research Institute (EERI) has noted in a document titled "An Overview of Scenario Planning" that: "A well crafted scenario provides a powerful tool for members of private industry, government officials, and the general public to begin to draft mitigation policies and programs."

Committee members attended a national workshop on developing earthquake scenarios sponsored by the Earthquake Engineering Research Institute and are now considering the requirements and funding necessary to develop planning earthquake scenarios for Alaskan urban and rural communities.

Education and Outreach Committee

Initial ASHSC Education and Outreach Committee efforts will be to focus on legislators, the governor's office, administrative agencies, local governments, local emergency planning committees, and industry groups. The Committee strives to avoid duplicating efforts by other groups with responsibility for addressing earthquake education and outreach.

The Committee is currently working on the following future deliverables:

- Periodic press releases addressing Commission activities or interesting facts relating to seismic risk mitigation
- Periodic newsletter to the governor's office and legislators
- Develop a directory of speakers with an expertise in seismic risk mitigation issues
- Develop a media education package with materials to explain basic seismic risk information to students and the public (see for example fig. 6)
- Develop potential model legislation

Figure 6. Mentasta children iImmediately after 2002 Denali Fault earthquake (photo credit John Aho).

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The reaction of residents of rural communities following the 2002 Denali Fault Earthquake underscores the need to begin considering methods of educating residents of Alaska's smaller isolated communities of the potential consequences of a major earthquake and what they can do to mitigate potential effects of such an event.

Hazards Identification Committee

Earthquake-risk mitigation authors have noted that any earthquake loss reduction program entails three basic elements: (1) understanding the nature and extent of the earthquake risk, (2) taking actions to reduce that risk, and (3) establishing policy to guide the development of effective earthquake risk reduction programs. The purpose of the ASHSC Hazards Identification Committee is to address item 1 above.

Goals of the Committee continue to be to promote:

- Identification and characterization of the seismic hazards
- Definition and description of the seismic risks
- Seismic risk and hazard research
- Dissemination of seismic hazard and risk information to state and local governments, the public, business and industry, and the scientific and professional communities

The committee continues to address approaches to identifying and mapping previously unknown earthquake faults through its own activities and requests to the State of Alaska for mapping existing known fault systems. The ultimate result will be to prevent situations such as shown in figure 7 where construction occurred over an active earthquake fault. In addition we hope to make residents aware of massive landslides and other ground failures that can occur during a major seismic event (see fig. 8).

Figure 7. Denali Fault 2002 (photo credit John Aho).

Figure 8. Massive land sliding, Black Rapids Glacier, Denali earthquake 2002 (photo credit USGS).

The Commission also heard a presentation on the Sechuan Earthquake by UAA professor Dr. Joey Yang concerning the relatively common phenomenon called "quake lakes". These are large bodies of water that form when earthquake-initiated landslides dam rivers. These can have detrimental effects on land and infrastructure downstream from the dams and bordering the rivers, particularly when the water overtops the dam, breaches the loosely deposited material, and drains catastrophically.

Response, Recovery, and Loss Estimation Committee

Among the powers and duties assigned to the commission by enacting legislation are to "offer advice on coordinating disaster preparedness and seismic mitigation activities of government at all levels, review the practices for recovery and reconstruction after a major earthquake, and recommend improvements to mitigate losses from future similar events.

The ASHSC Response, Recovery, and Loss Estimation Committee, chaired by the Commission member from the Division of Homeland Security and Emergency Management will address such tasks as:

- The need for an integrated approach to building design, land use, and emergency planning
- Creation of standard protocols for the various functions necessary in managing an earthquake disaster
- Address warning systems and the appropriate distribution of warnings
- Develop an understanding of the recovery process
- Address the provision of shelter and relief supplies

Important issues to be addressed prior to a damaging earthquake include the approaches to be used for victim extraction and debris removal. These are often areas that are neglected in earthquake risk reduction planning.

For example, development of a local guidance plan for debris removal is important. This would include pre-disaster agreements with public and private equipment and service providers and identification of disposal sites.

The committee will address approaches to situations as shown in figure 9 should they occur.

The Committee will develop work tasks for their efforts in 2009.

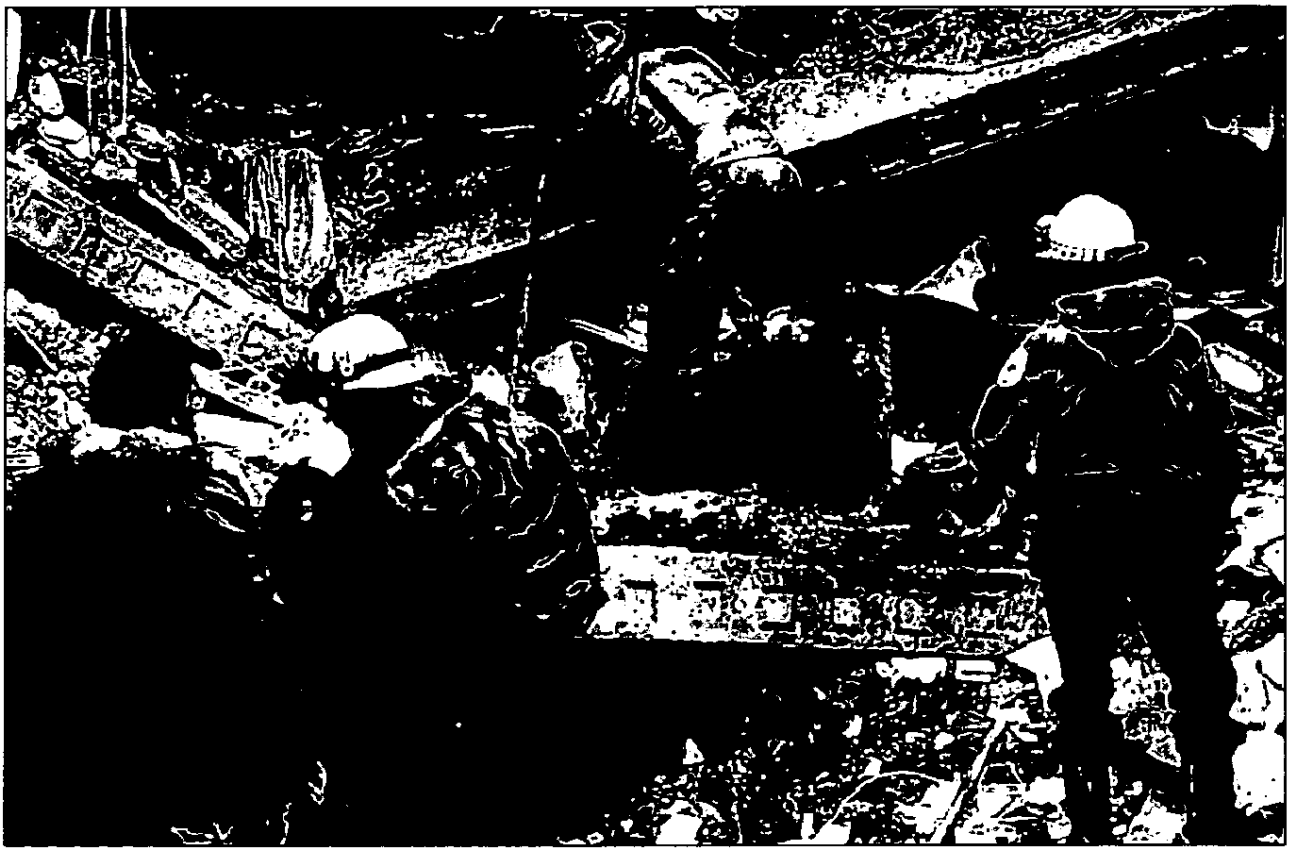

Figure 9. Rescue efforts in Mexico City, 1985 (photo credit EERI).

Post-Earthquake Planning Committee

This committee will be combined with the Response, Recovery, and Loss Estimation Committee and the new committee will be renamed to reflect its new tasks.

The tasks associated with the current ASHSC Post-Earthquake Planning Committee are currently being developed. The purpose of the Committee is to recommend future recommendations and draft policies that will be developed in advance and made available during the window of opportunity after a major seismic event when public and legislative interest is high. The deliverables might address specific response approaches based on the size of the event and resultant damages, as well as proposed new policies to prevent similar damage from future earthquakes.

Partnership Committee

Commission enacting legislation charges them to "establish and maintain necessary working relationships with other public and private agencies". The purpose of the ASHSC Partnership Committee is to investigate potential relationships.

The committee partnered with the Earthquake Engineering Research Institute and the University of Alaska Anchorage to present the "Joyner Lecture" given by Chris Poland, an internationally known structural engineer. Poland's lecture focused on the responsibility of earthquake professionals to deliver expertise on earthquake resilience in an understandable fashion that can be interwoven into public policy. "No one else has the technical knowledge to bring that perspective to the policy table." Poland observed that progress on implementing an action plan for reducing losses to acceptable levels in future earthquakes appears to be stalled due to a lack of funding and political will caused by complacency, misunderstanding, and an absence of persistent lobbying by the earthquake experts. He believes that the way to help policy makers understand how much damage the built environment will experience is to craft a message in broad-based, usable terms that name the hazard, define performance, and establish a set of performance goals that make clear the resiliency needed to enhance a community's natural ability to rebound.

Future committee activities will include beginning initial planning for the 2014 International Earthquake Engineering Conference to be held in Anchorage, Alaska. This conference will draw 1000-1500 earthquake risk mitigation specialists from all over the world in commemoration of the fiftieth anniversary of the Great Alaska Earthquake of 1964.

SEISMIC-RISK ISSUES BEING ADDRESSED BY THE ALASKA SEISMIC HAZARDS SAFETY COMMISSION

The following issues relating to seismic risk mitigation continue to serve as a guide to developing the path forward for the Commission and for the formation of standing committees.

1. Assess the Structural Stability of Critical Facilities

Description of the Issue: Some existing critical buildings in the state may not be constructed in a manner to withstand future earthquake and tsunami events. A specific concern is school buildings. Hospitals, clinics, and fire, rescue and police stations across the state may also be vulnerable to

failure. Also at possible risk are large Federal, State and private complexes such as military bases, Coast Guard stations, airports, college campuses, harbors, power-generating stations, communication centers, water and waste-water treatment facilities, jails and detention facilities, pipelines, and highways and bridges.

Importance of the Issue: If attention is not brought to bear on this issue before a damaging earthquake or tsunami, communities in the State could see massive structural failure of important community facilities, resulting in human casualties, economic loss, and environmental damage. Furthermore, Alaska's remote nature and extreme weather conditions can cause delays in response efforts and put displaced building occupants at severe risk from exposure. Adequate preparedness is imperative for timely rapid response and recovery from a significant seismic event.

Benefits of Addressing the Issue: Some private and public entities have taken important steps to improve the seismic resistance of key facilities and infrastructure. For example, prior to constructing the Trans-Alaska Pipeline System, Alyeska hired geologists and engineers to specifically address seismic hazards. The resulting design and earthquake-resistant construction prevented the spillage of any oil during the M7.9 Denali fault earthquake of November 3, 2002. The Alaska Department of Transportation and Public Facilities is undertaking a seismic retrofit program for State-owned bridges, and is focusing on upgrading bridges that provide critical access to communities. Some boroughs and cities across the State have taken the initiative to identify and begin retrofitting seismically vulnerable school buildings and other essential facilities.

Despite the recency of most construction in Alaska and implementation of modern building codes, many buildings and key infrastructure remain vulnerable due to proximity to seismic hazards, some of which are known and others of which are poorly understood. Building codes continue to change and have been significantly upgraded in the period between 1976 and 1997. The Federal Emergency Management Agency (FEMA) and earthquake consortia such as the Cascadia Regional Earthquake Workgroup (CREW) in the Pacific Northwest have long recognized that addressing the problems prior to a catastrophic event can have long-standing benefits in the future. However, building codes are often inadequately implemented and recommendations of advisory bodies are often ignored.

How the Commission Can/Will Address the Issue: The Commission will encourage mitigation efforts by presenting information about earthquake hazards and risk and suggesting approaches to addressing the strengthening of at-risk critical facilities. Public education must include the correct mix of information on potential damage and suggestions of effective actions to be taken.

2. Address the Importance of Earthquake Insurance

Description of the Issue: Catastrophic natural perils, particularly earthquakes, are unpredictable, relatively infrequent, and can be financially disastrous. Earthquake risk is especially difficult to insure against because insurers are unable to accumulate adequate reserves for such high severity, low frequency losses.

Importance of the Issue: Insurers are unwilling to provide insurance in a market where premium rates are inadequate to create the reserves necessary to pay for damages in the event of a major

earthquake. This can create a severe deficiency in availability of insurance as existing insurers withdraw from the market and new insurers are unwilling to enter.

Benefits of Addressing the Issue: Improved pre-loss mitigation efforts, such as retrofitting existing structures; emergency planning to speed post-loss recovery; and actuarially sound earthquake insurance rates encourage additional insurers to enter the market. This in turn improves availability of insurance products and results in more competitive premiums.

How the Commission Can/Will Address the Issue: The Commission can encourage development of public-private partnerships that provide education and mitigate the potential impact of future events. We will examine the seismic-hazard information needs of the insurance industry and provide recommendations for improvement.

3. Approaches to Seismic Risk Mitigation in Future Building Construction

Description of the Issue: Sustainable development entails maintaining environmental quality, improving a community's quality of life, and fostering social equity while maintaining a healthy economy. Therefore, sustainable development includes incorporating disaster resilience and mitigation into a community's decisions and actions. Building codes normally have a performance goal of life safety, which is considered a minimum safety level, but typically become the maximum level to which buildings are designed. Codes do not appropriately address the effects of ground failure, ground-shaking amplification, or provide guidance to designers and construction contractors.

Importance of the Issue: Communities need to know the potential earthquake risk and impacts at a structure site and should implement appropriate standards to mitigate the identified risk so new buildings are not subjected to the effects of massive ground failure and strong ground shaking.

Benefits of Addressing the Issue: The results of addressing the issue are more effective mitigation and an assurance that countermeasures are not only adequate but the cost of implementation is not prohibitive.

How the Commission Can/Will Address the Issue: The Commission will encourage continued Federal, State, and private partnerships in updating ground failure susceptibility mapping of Anchorage, ground shaking characterization in high-risk Alaskan communities, and determination of structural response of buildings and bridges. We will work with the technical community and the construction industry to inform, educate and work with communities to provide guidance to improve building and land-use codes.

4. Response and Recovery Practices to Mitigate Future Seismic Risk

Description of the Issue: Communities don't have a good understanding of the costs and resources needed for response and recovery. First responders to a damaging earthquake in one of Alaska's major cities will be overwhelmed in the initial hours following the event. Damage to transportation systems will make movement of people and goods difficult. Demand for emergency shelter, food, and water will strain a communities' resources. Disruptions to lifeline systems will complicate recovery.

Importance of the Issue: An understanding of response and recovery issues is critical to assessing the impacts to State and local resources.

Benefits of Addressing the Issue: Implementing effective response and recovery practices will reduce economic and social costs of recovery and will help mitigate risks from future events.

How the Commission Can/Will Address the Issue: The Commission will promote and assist in the development and use of "earthquake planning scenarios" to define the impact of future damaging earthquakes and will communicate lessons learned from past events to provide guidance to communities on recovery planning and preparation.

5. Hazard Identification and Public Education

Description of the Issue: A damaging earthquake has not affected a major population region in Alaska since 1964. The majority of the population is unaware of the consequences of a major seismic event. The 2002 Denali fault earthquake resulted in relatively minor damage to smaller rural communities but had little effect in larger communities such as Anchorage and Fairbanks. It was evident, during damage assessment evaluations after the Denali fault event, that the residents of the smaller at-risk communities had little understanding of the earthquake hazard, had not implemented measures to mitigate damage, and were unprepared to respond to the consequences of damage. It is important that the population of Alaska be aware of the earthquake hazard and be informed of the measures that can be taken to mitigate risk.

Importance of the Issue: There is a high probability that Alaskans will experience the results of a damaging earthquake in the future. All Alaskans will be better prepared to take measures ahead of time to reduce losses and casualties and to respond to the event if they are informed of, and truly understand, the hazard and the resultant risk.

Benefits of Addressing the Issue: An educated public has a greater potential of responding appropriately before, during, and after a damaging earthquake. Improved knowledge and public awareness of hazard and risk can change behavior and lead to more cost-effective mitigation.

How the Commission Can/Will Address the Issue: The Commission will examine the need for greater public investment in identification and assessment of earthquake hazards, and the most effective ways of communicating this information to the public. The Commission will examine and promote the concept of seismic resilience of communities, addressing reduced failure probabilities, reduced consequences of failure, and reduced time to recovery..

6. Recommended Public-policy Goals of the Commission

a. Education
   - Develop an effective public education and outreach program.
   - Convey scientific and technical information from credible authorities.
   - Communicate information in a manner that is understandable by the public.

b. Guidance
   - Provide advice on seismic risk mitigation and recommend policies to improve preparedness.

- Recommend goals and priorities for risk mitigation to public and private sectors.
- Recommend needed research, mapping, and monitoring programs.
- Offer advice on coordinating disaster preparedness and seismic risk mitigation.

c. Assistance
- Review seismic and tsunami hazard notifications and recommend appropriate response.
- Review predictions and warnings and suggest appropriate responses.

d. Implementation
- Establish and maintain working relationships with other private and public agencies.
- Gather, analyze, and disseminate information.
- Conduct public hearings.
- Appoint committees from Commission membership and/or external advisory committees to address risk mitigation issues.
- Accept grants, contributions, and appropriations.

APPENDIX A

Alaska Seismic Hazards Safety Commission statute

Sec. 44.37.065. Commission established; membership.

(a) The Alaska Seismic Hazards Safety Commission is established in the Department of Natural Resources. The Department of Natural Resources shall provide staff support to the commission.

(b) The commission is composed of 11 members appointed by the governor for terms of three years. A vacancy is filled for the unexpired term.

(c) The governor shall appoint to the commission

(1) a representative from the University of Alaska;

(2) three representatives, each from a local government in a separate seismically active region of the state;

(3) a representative from the Department of Natural Resources;

(4) a representative from the Department of Military and Veterans' Affairs;

(5) a representative from an appropriate federal agency;

(6) a representative of the insurance industry; and

(7) three members from members of the public who are expert in the fields of geology, seismology, hydrology, geotechnical engineering, structural engineering, emergency services, or planning.

(d) The commission shall elect annually from its members a chair and vice-chair. A majority of the commission may vote to replace an officer of the commission.

(e) Six members constitute a quorum.

(f) Members of the Alaska Seismic Hazards Safety Commission serve without compensation but are entitled to per diem and travel expenses authorized for boards and commissions under AS 39.20.180.

Sec. 44.37.067. Powers and duties.

(a) The commission shall

(1) recommend goals and priorities for seismic hazard mitigation to the public and private sectors;

(2) recommend policies to the governor and the legislature, including needed research, mapping, and monitoring programs;

(3) offer advice on coordinating disaster preparedness and seismic hazard mitigation activities of government at all levels, review the practices for recovery and reconstruction after a major earthquake, and recommend improvements to mitigate losses from similar future events;

(4) gather, analyze, and disseminate information of general interest on seismic hazard mitigation;

(5) establish and maintain necessary working relationships with other public and private agencies;

(6) review predictions and warnings issued by the federal government, research institutions, and other organizations and persons and suggest appropriate responses at the state and local levels; and

(7) review proposed seismic hazard notifications and supporting information from state agencies, evaluate possible socioeconomic consequences, recommend that the governor issue formal seismic hazard notifications when appropriate, and advise state and local agencies of appropriate responses.

(b) The commission may
(1) advise the governor and the legislature on disaster preparedness and seismic hazard mitigation and on budgets for those activities and may recommend legislation or policies to improve disaster preparedness or seismic hazard mitigation;
(2) conduct public hearings;
(3) appoint committees from its membership and appoint external advisory committees of ex-officio members; and
(4) accept grants, contributions, and appropriations from public agencies, private foundations, and individuals.

Sec. 44.37.069. Definitions.
In AS 44.37.065 - 44.37.069,
(1) "commission" means the Alaska Seismic Hazards Safety Commission;
(2) "disaster preparedness" means establishing plans and programs for responding to and distributing funds to alleviate losses from a disaster as defined in AS 26.23.900 ;
(3) "seismic hazard" means an earthquake-induced geologic condition that is a potential danger to life and property; in this paragraph, "geologic condition" includes strong ground shaking, landslide, avalanche, liquefaction, tsunami inundation, fault displacement, and subsidence;
(4) "seismic hazard mitigation" or "mitigation" mean activities that prevent or alleviate the harmful effects of seismic hazards to persons and property, including identification and evaluation of the seismic hazards, assessment of the risks, and implementation of measures to reduce potential losses before a damaging event occurs;
(5) "tsunami" means a large ocean wave produced by an earthquake, landslide, or volcanic eruption.

JANUARY 2007

ASHSC Alaska Seismic Hazards Safety Commission

Charter

Vision

Eliminate losses from future earthquakes and tsunamis. Gain public recognition for enhancing Alaska's approach to seismic risk mitigation issues.

Mission

Advise the public and private sectors on approaches for mitigating earthquake and tsunami risk. Make recommendations to the governor and legislature for reducing the State's vulnerability to these seismic hazards.

Act in an Advisory Capacity

Advise the Governor, the Legislature, and the public and private entities on seismic risk mitigation issues.

Provide Information and Technical Guidance

Recommend studies and programs that will mitigate the risks associated with seismic hazards.

Recommend Educational Programs

Recommend and participate in programs that will disseminate information to government agencies and the public.

Support Seismic Hazards Risk Mitigation Efforts

Support efforts to address the issues related to seismic hazards risk mitigation

By achieving this mission, we create an opportunity to be an effective body in mitigating the potential damaging effects of major seismic events.

Core Values

- Honesty
- Integrity
- Trust
- Diligence

- Service to the State
- Responsibility for One's Own Work
- Support for Other Commission Members
- Commitment to Complete Accepted Assignments
- Provide Value to Stakeholders
- Be Objective and Reasonable
- Advocate for Seismic Risk Mitigation Efforts
- Recognize exemplary seismic risk mitigation efforts

Key Success Factors and Measures of Success

Success Factor	Measure
• Stakeholder Satisfaction	• Facilitate Governor & Legislature understanding of seismic risk mitigation issues • Meet or exceed SOA expectations • Advice is sought • Advice is accepted • SOA endorsement • Positive feedback from staff
• Advocate Seismic Risk Mitigation	• Provide advocacy for seismic risk mitigation programs • Create opportunities for seismic risk mitigation advocacy • Become familiar with current programs • Develop stakeholder support
• Advocate Public Outreach Programs	• Encourage social environment where seismic risk mitigation is accepted • Examine existing programs within the State • Be available for public educational presentations
• Critical Facilities Earthquake Risk Mitigation	• Identify at-risk facilities • Develop work plan(s) • Initiate cost/benefit analysis • Identify current legislation/programs • Identify pertinent code requirements • Recommend improvements
• Earthquake Insurance in Alaska	• Review and advise on issues • Develop "White Paper" on issues • Recommend improvements
• Promote Seismic Hazard Identification	• Promote improved seismic monitoring • Promote identification, mapping, and characterization of seismic sources and seismically induced hazards (e.g., tsunamis, liquefaction, landslides)
• Facilitate Partnerships for Seismic Risk Reduction	• Identify potential partners to address Commission goals • Involvement with Federal, State, Municipal, and Priva sector organizations to address Commission goals

ENDORSEMENT

We, the members of the State of Alaska Seismic Hazards Safety Commission, enthusiastically and fully endorse this Commission Charter for guiding and enhancing efforts in seismic risk mitigation.

John Aho/Chairman_____

Gary Carver/Vice Chairman_____

Rod Combellick_____

Linda Freed_____

Robert Hicks_____

Kathy Hosford_____

Laura Kelly_____

Dennis Nottingham_____

Scott Simmons_____

Dean Maxwell_____

Roger Hansen_____

This publication was released by the Department of Natural Resources. Its purpose is to report the findings and recommendations of the Alaska Seismic Hazards Safety Commission to the Governor and to the Legislature of Alaska. It was printed at the Division of Geological & Geophysical Surveys office in Fairbanks, Alaska. This publication is required by AS 44.37.067.

State of Alaska

Office of Boards and Commissions Roster

SEISMIC HAZARDS SAFETY COMMISSION (208)

Member	Date Appointed	Reappointed	Term Expires
John L. Aho, Ph.D., D.Sc., Ph.D. Public/Restricted -- Chair CH2M Hill 2015 Shepherdia Drive Anchorage, AK 99508	5/26/2005	6/16/2006	6/30/2009
Gary A. Carver, Ph.D. Public/Restricted -- Vice-Chair Carver Geologic Inc. P.O. Box 52 Kodiak, AK 99615	5/26/2005	12/3/2008	6/30/2011
David A. Cole, Jr., P.E. Public/Restricted DOWL Engineers 4040 B Street Anchorage, AK 99503	9/21/2007		6/30/2010
Rod Combellick DNR Representative Department of Natural Resources P.O. Box 82422 Fairbanks, AK 99708	5/26/2005	9/21/2007	6/30/2010
Gay O. Dunham Local Governments Representative P.O. Box 2975 Valdez, AK 99686	12/3/2008		6/30/2011
Roger A. Hansen, Ph.D. University of Alaska Representative UAF, Geophysical Institute P.O. Box 757320 Fairbanks, AK 99709	10/13/2005	6/16/2006	6/30/2009
Robert E. Hicks, J.D. Local Government Representative/Seismically Active Regions Alaska SeaLife Center P.O. Box 1329 P. O. Box 1329 Seward, AK 99664	9/8/2006		6/30/2009

Kathy Hosford Local Government Representative/Seismically Active Regions Chilkoot Trail Outpost P.O. Box 286 Skagway, AK 99840	9/8/2006		6/30/2009
Laura W. Kelly, P.E. Federal Agency Representative United States Coast Guard Facilities Engineering Division P.O. Box 195025 Kodiak, AK 99619-5025	5/26/2005	12/3/2008	6/30/2011
Dean Maxwell Insurance Industry Representative State Farm Insurance 2351 North Love Drive Palmer, AK 99645	6/16/2006		6/30/2009
Mark Roberts DMVA Representative P.O. Box 5750 Fort Richardson, AK 99505	12/10/2007		6/30/2011

Return to the fact sheet

3/10/09 PRESENTATION: ALASKA HOUSING FINANCE CORPORATION

<target><bill></bill><subject>3-10-09 PRESENTATION ALASKA HOUSING FINANCE CORPORATION</subject><comm>SFIN26</comm></target>

Alaska Housing
FINANCE CORPORATION
Built to Last.

Alaska's Housing Market 2009

Alaska Housing Finance Corporation

www.ahfc.us

Alaska Housing
FINANCE CORPORATION
Built to Last.

Alaska's Housing Market

- Interest rates are historically low
- Prices are stable
- New construction
  - Extremely low
  - Contractors busy with remodeling

Alaska Housing
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What Happened Outside?

- Collapse of housing market
  - Economy – Loss of jobs
  - Excessive speculation
    - Buying
    - Construction
  - Subprime mortgages defaulted
  - Depreciating home values

Alaska Housing
FINANCE CORPORATION
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The good news is…

- Alaska is different from the Lower 48
  - Adjustable rate mortgages (ARMs) were a very small proportion of total market
  - Small lending community that didn't participate in riskier loan products
  - AHFC did not participate in them
  - Minimal speculative development or buying
  - Continued moderate growth in economy expected

Alaska Housing
FINANCE CORPORATION
Built to Last.

Delinquencies—Are we in trouble?
4th Quarter 2008

- Mortgage Bankers Association survey – 7.88 percent nationally
  - In Alaska our rate was 3.81 percent — the second lowest in the nation
  - AHFC's delinquencies—4.11 percent

- Alaska's delinquency rate reached 5.9 percent in 2000 and 2001

Alaska Housing
FINANCE CORPORATION
Built to Last.

Foreclosures
4th Quarter 2008

- Alaska ranks 50th in foreclosures at .90 percent
- Less than one-third the national average of 3.3 percent

720

Alaska Housing
FINANCE CORPORATION
Built to Last.

Market is cooling

- 2008 end-of-year numbers of homes for sale in Anchorage much lower than '90s
- From 1999 to 2005, market hot for sellers
- Now a more moderate pace

Alaska Housing
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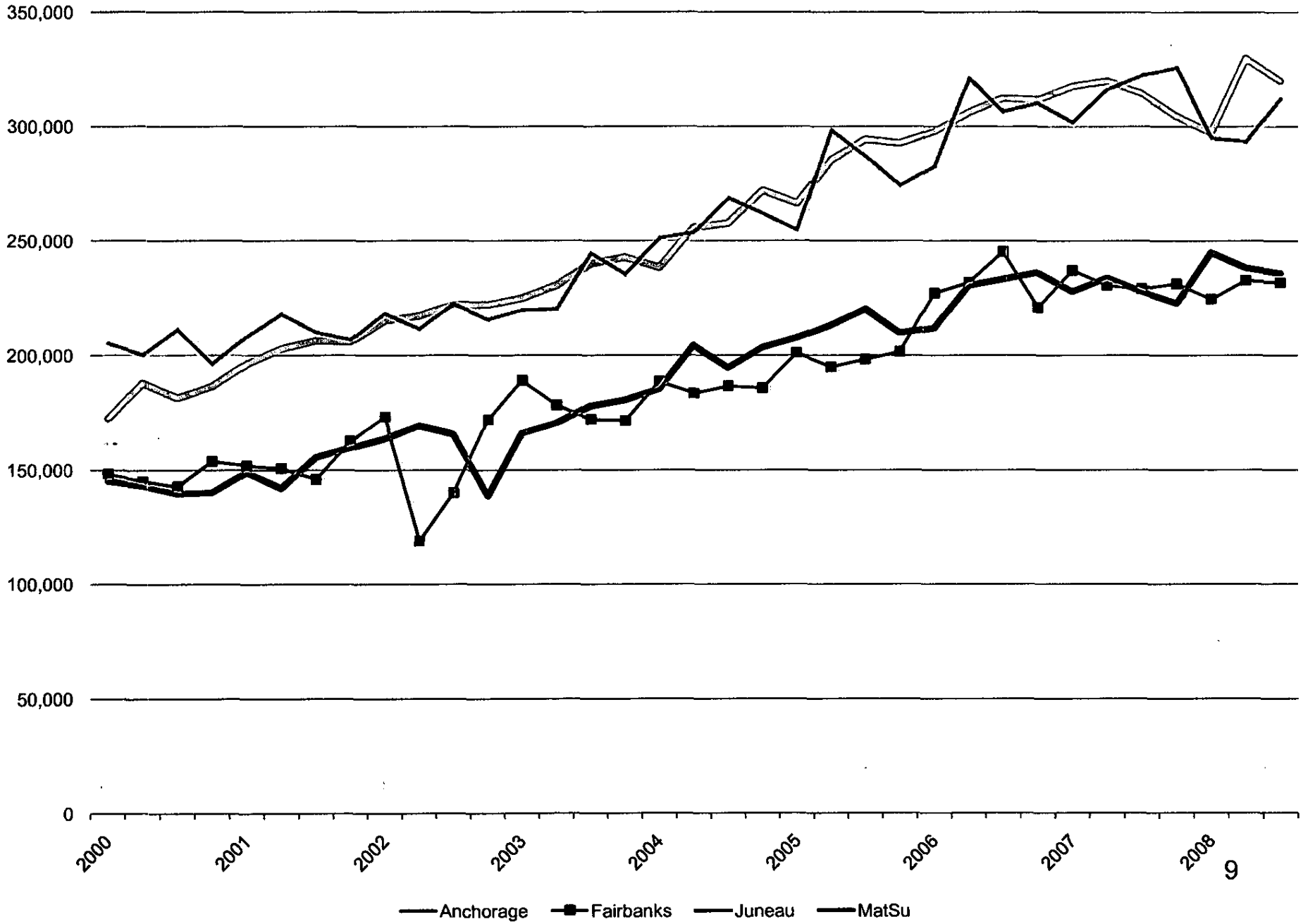
Average Sales Price as of Dec. 2008

- Anchorage $326,000 (stable)
- Bethel $233,213 (-2.3%)
- Fairbanks $214,000 (-.004%)
- Mat-Su $221,000 (stable)
- Nome $185,000 (-15.9%)
- Sitka $295,333 (-12.3%)

Average Sales Price Reported By Lenders



Alaska Housing
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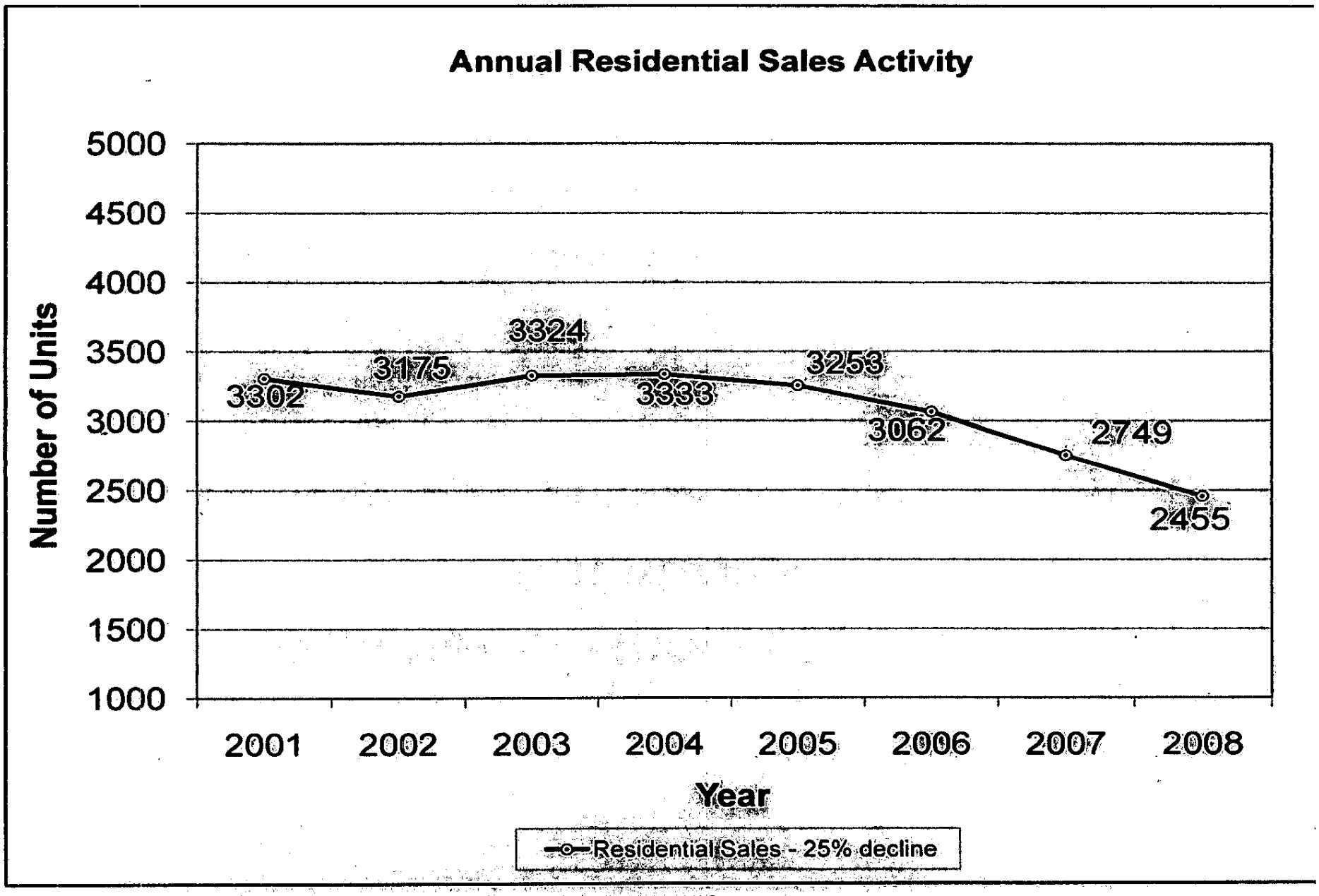
Statewide Housing Market – 2008

Sales Activity

- Anchorage -10%
- Mat-Su -20%
- Fairbanks -14%
- Kenai -17%
- Kodiak -.05%


Annual Residential Sales Activity
Number of Units
5000
4500
4000
3500
3000
2500
2000
1500
1000
3302
3175
3324
3333
3253
3062
2749
2455
2001
2002
2003
2004
2005
2006
2007
2008
Year
Residential Sales - 25% decline

Alaska Housing
FINANCE CORPORATION
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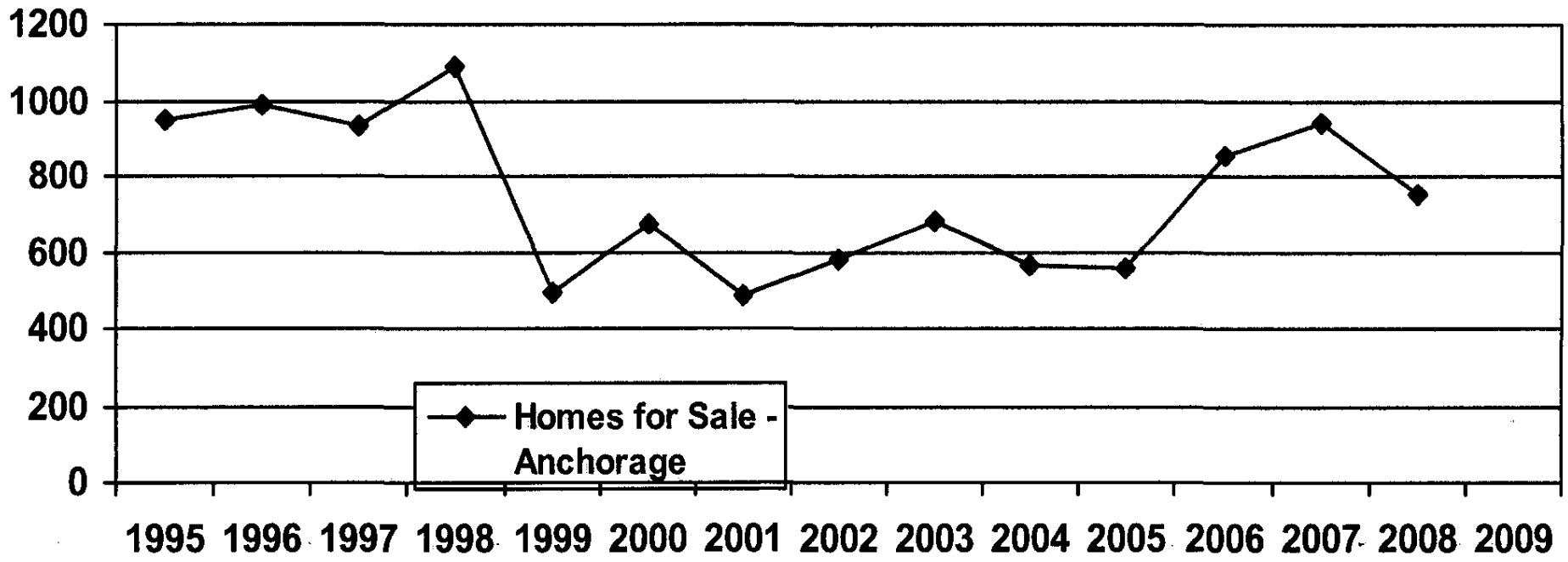
Number of Homes for Sale - Anchorage



Alaska Housing
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Average Market Days – Statewide Through Dec. 2008

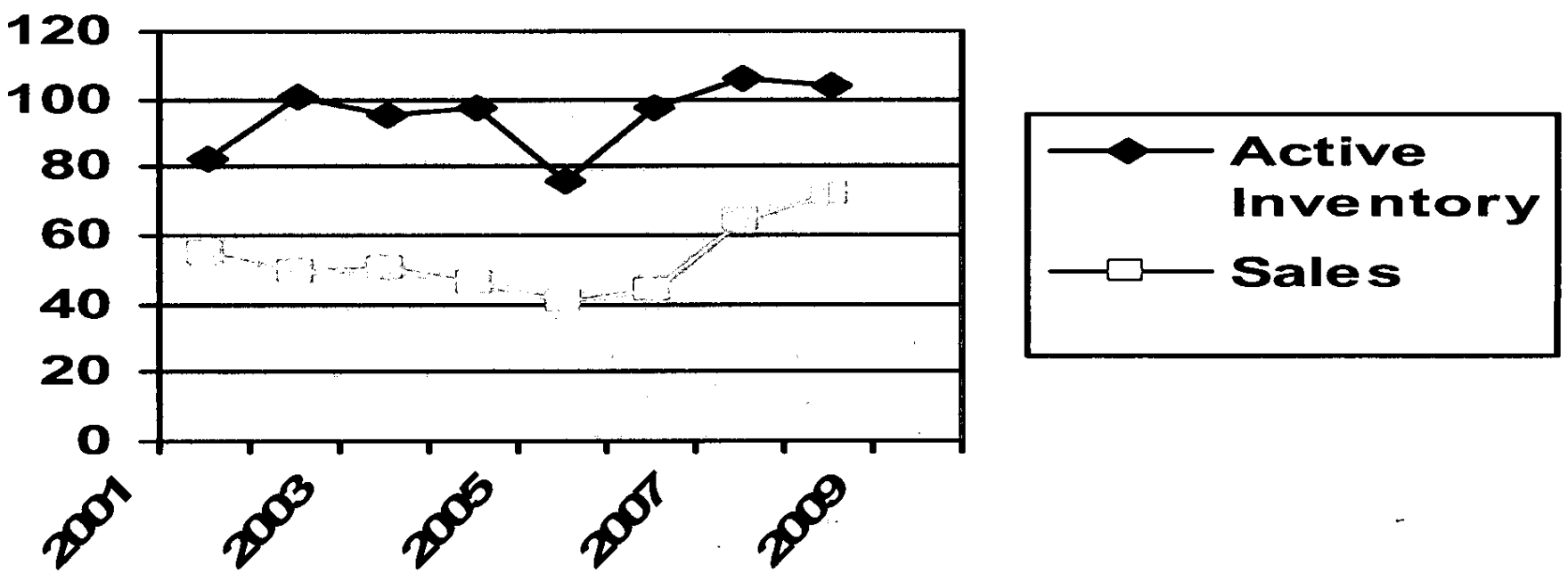
	2007	2008	
• Anchorage	64	72	(+13 percent)
• Mat-Su	79	92	(+16 percent)
• Fairbanks	50	74	(+48 percent)
• Kenai:	103	116	(+13 percent)
• Kodiak:	68	85	(+25 percent)

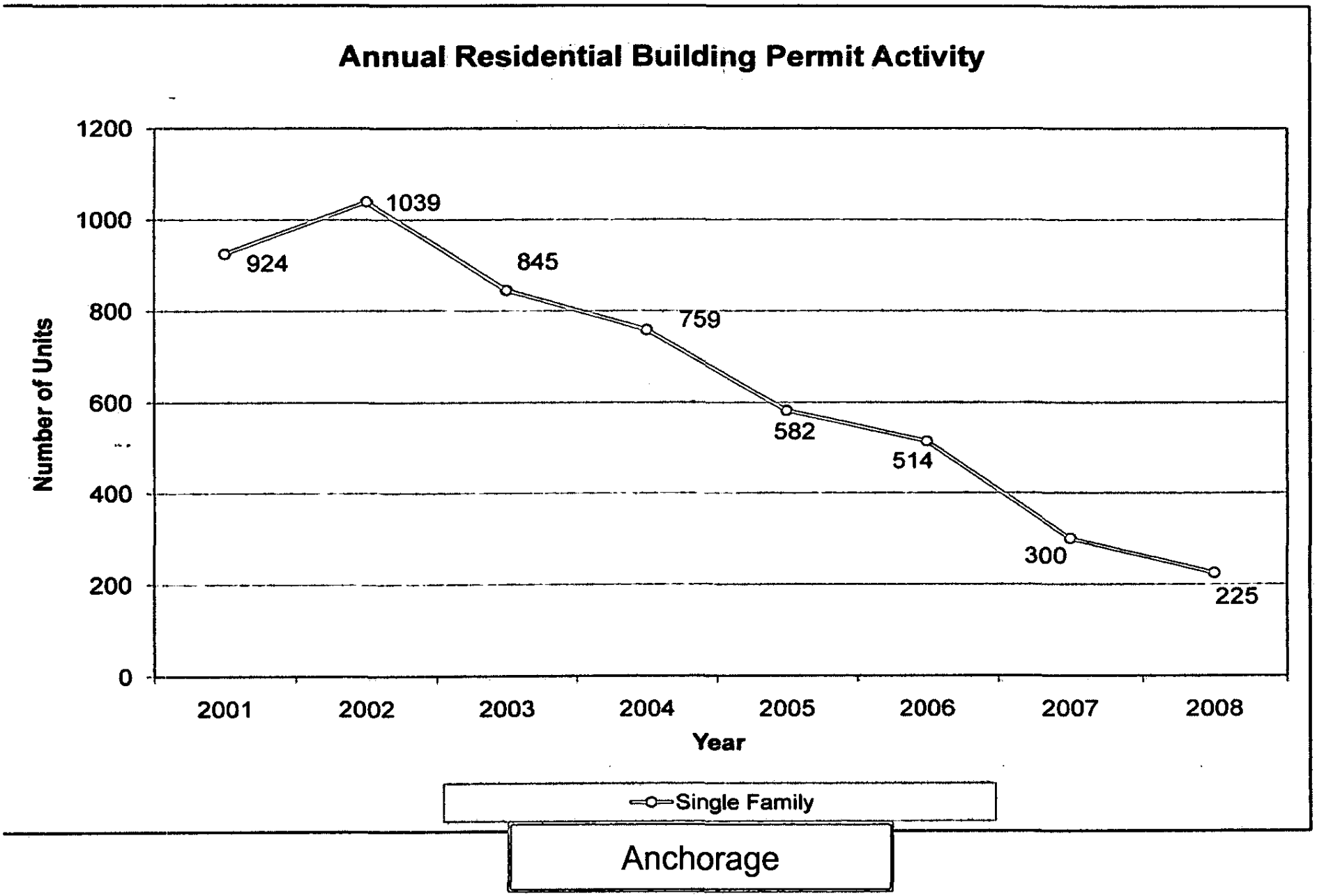
*as of Sept. 2008

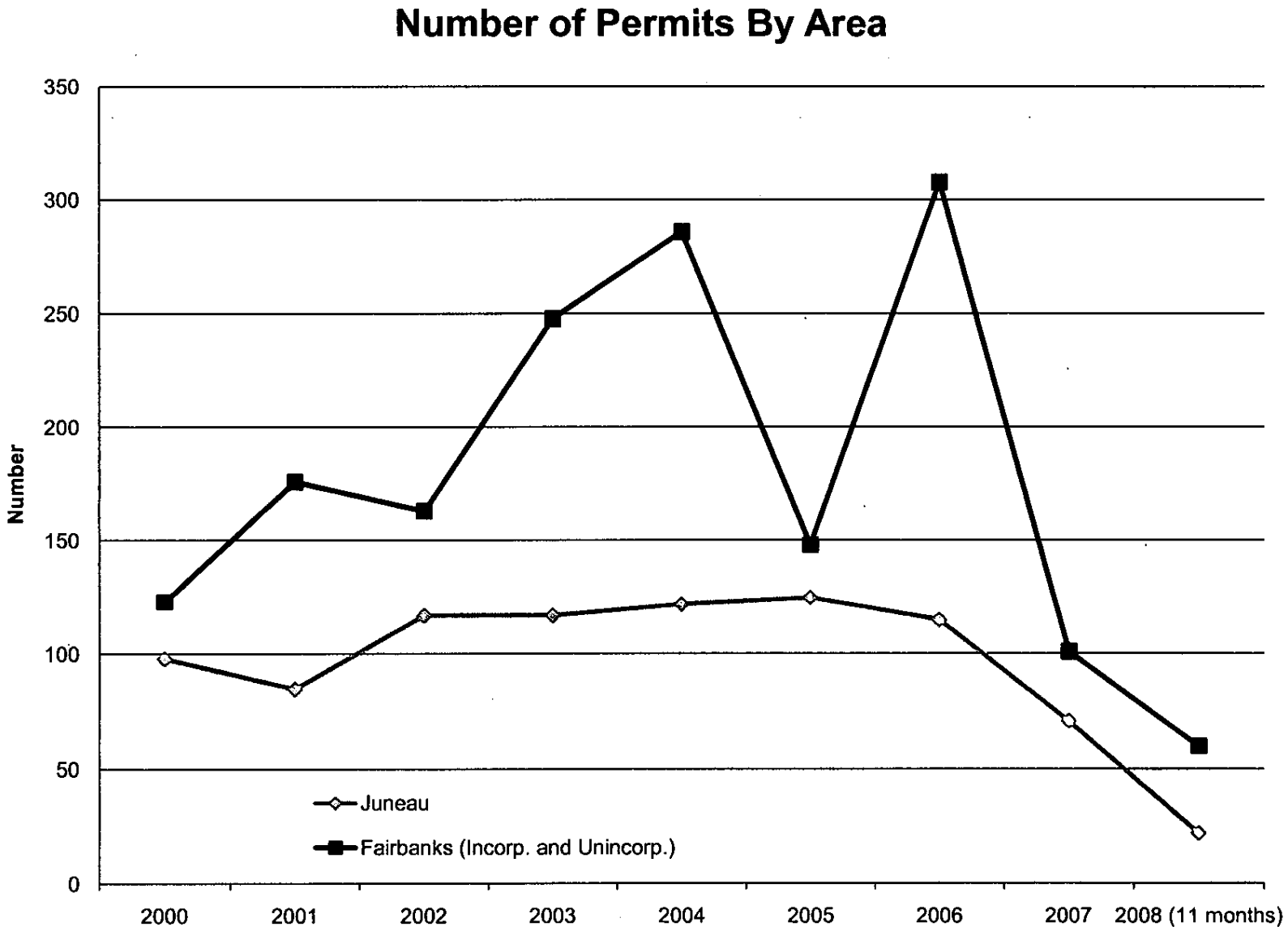
Alaska Housing
FINANCE CORPORATION
Built to Last.

How long does it take to sell?

Average time on the market – Anchorage




Annual Residential Building Permit Activity
1200
1000
800
600
400
200
0
Number of Units
924
1039
845
759
582
514
300
225
2001
2002
2003
2004
2005
2006
2007
2008
Year
Single Family
Anchorage


Number of Permits By Area
350
300
250
200
150
100
50
0
Number
Juneau
Fairbanks (Incorp. and Unincorp.)
2000
2001
2002
2003
2004
2005
2006
2007
2008 (11 months)

Alaska Housing
FINANCE CORPORATION
Built to Last.

Apartment Vacancies
Feb. 2009

- Anchorage - 5.0 percent
- Juneau - 4.7 percent
- Fairbanks - 21.2 percent
- Wasilla/Palmer - 2.1 percent
- Kenai/Wasilla - 8.6 percent

See detailed chart next slide.

ANCHORAGE					
Unit Type	**Eff.**	**1BR**	**2BR**	**3BR**	**Total**
# Units	304	1,831	1,642	115	3,892
# Vacant	22	101	68	3	194
Vacancy Rate	**7.2%**	**5.5%**	**4.1%**	**2.6%**	**5.0%**

JUNEAU					
Unit Type	**Eff.**	**1BR**	**2BR**	**3BR**	**Total**
# Units	65	167	107	23	362
# Vacant	11	2	4	0	17
Vacancy Rate	**16.9%**	**1.2%**	**3.7%**	**0%**	**4.7%**

FAIRBANKS					
Unit Type	**Eff.**	**1BR**	**2BR**	**3BR**	**Total**
# Units	70	501	580	54	1,205
# Vacant	19	140	88	8	255
Vacancy Rate	**27.1%**	**27.9%**	**15.2%**	**14.8%**	**21.2%**

PALMER/WASILLA					
Unit Type	**Eff.**	**1BR**	**2BR**	**3BR**	**Total**
# Units	13	128	72	20	233
# Vacant	0	5	0	0	5
Vacancy Rate	**0%**	**3.9%**	**0%**	**0%**	**2.1%**

KENAI/SOLDOTNA					
Unit Type	**Eff.**	**1BR**	**2BR**	**3BR**	**Total**
# Units	5	102	95	30	232
# Vacant	0	11	7	2	20
Vacancy Rate	**0%**	**10.8%**	**7.4%**	**6.7%**	**8.6%**

via phone surveys Feb. 2 – 6, 2009

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How about interest rates?

- Let's look at the average interest rates over time…
- The following four slides are reprinted with permission from Mortgage X Mortgage Information Service.

(Copyright © 2007 Mortgage-X.com
Source: www.mortgage-x.com
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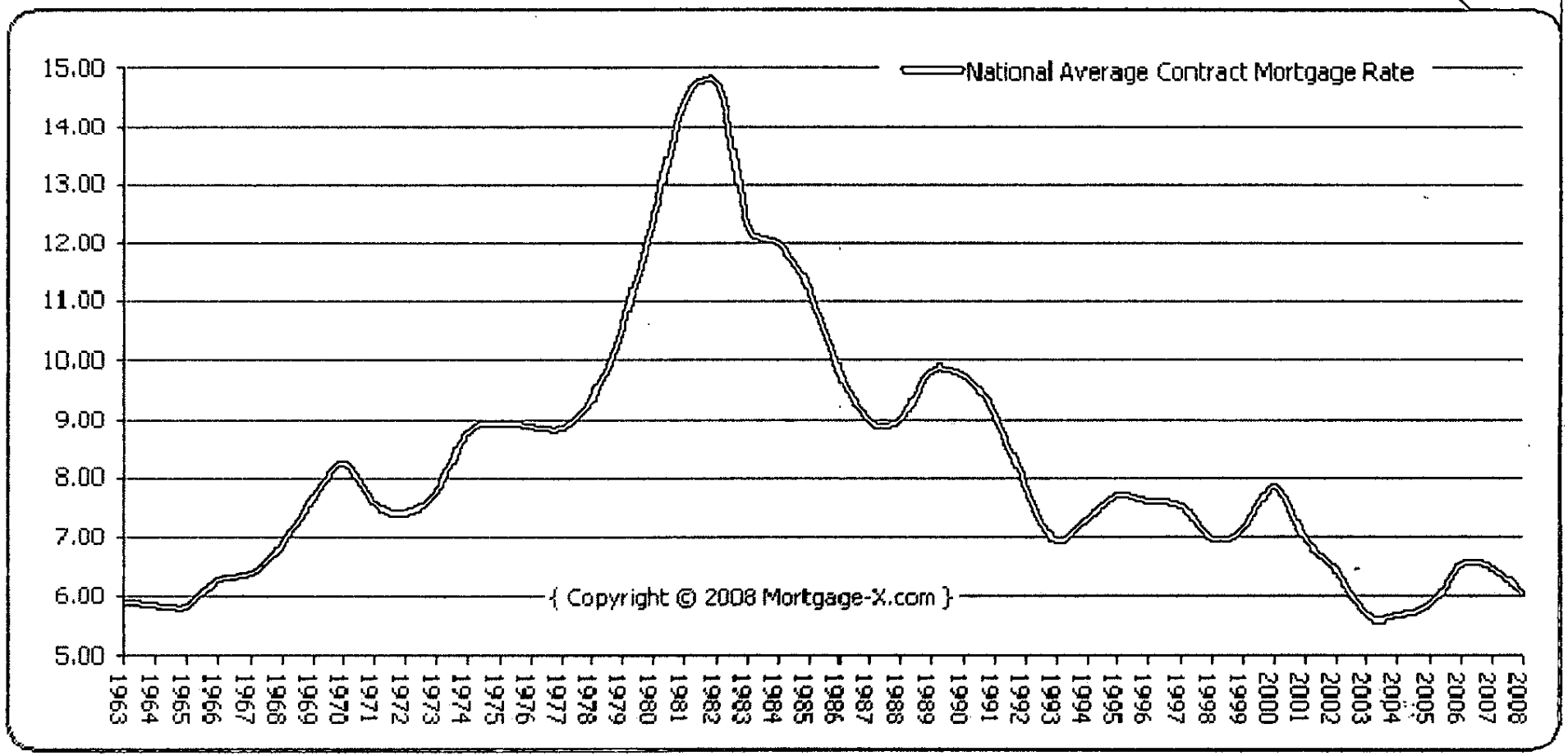
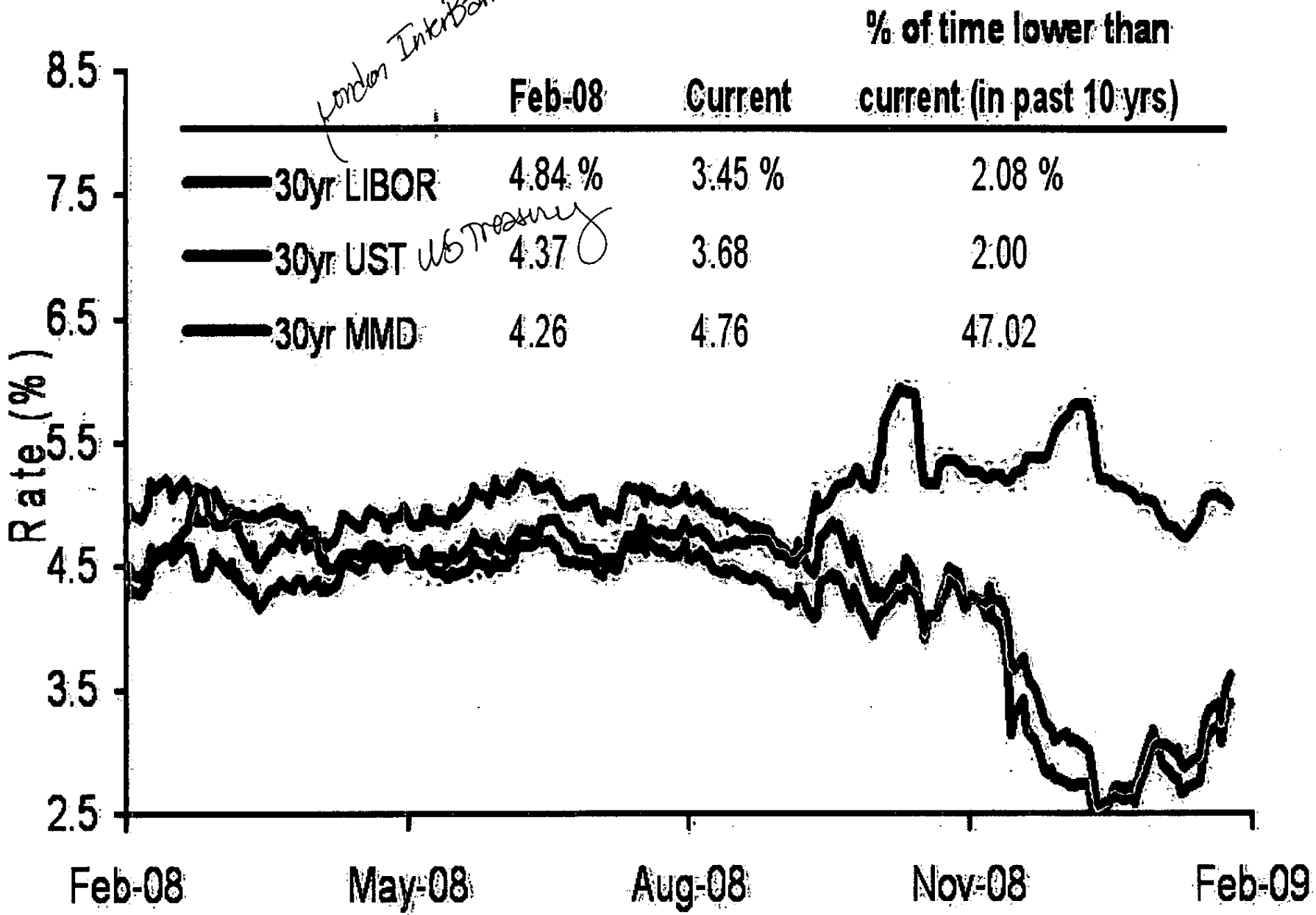
Interest rates as low as the '60s
National Average Mortgage Rate 1963 - 2008



London InterBank Offering Rate



AHFC Tax-Exempt 30-year vs. Conventional 30-year
Interest Rate, %
4.500%
5.000%
5.500%
6.000%
6.500%
7.000%
01/02/04
03/02/04
05/02/04
07/02/04
09/02/04
11/02/04
01/02/05
03/02/05
05/02/05
07/02/05
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09/02/07
11/02/07
01/02/08
03/02/08
05/02/08
07/02/08
09/02/08
11/02/08
01/02/09
AHFC Daily T/E FTHB 30-Year
FHLMC PMMS 30-year Fixed Conventional

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Mortgage Rate Trend Survey Predictions as of 02/09/09

Over the next 30 days:

- rates will rise significantly: 0.0%
- rates will rise slightly: 17.9%
- rates will remain unchanged: 14.3%
- rates will decline slightly: 64.3%
- rates will decline significantly: 3.6%

Over the next 90 days:

- rates will rise significantly: 0.0%
- rates will rise slightly: 17.9%
- rates will remain unchanged: 25.0%
- rates will decline slightly: 42.9%
- rates will decline significantly: 14.3%

Low Interest Rates – What has changed?

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Built to Last.

- Eligible borrowers have diminished 30 – 40 percent
  - Loan investors & mortgage insurance companies tightened credit standards
    - Higher down payment required
    - Higher FICO score required
    - Jumbo loan financing limited
    - No more exotic loans
      - No income; no jobs; no assets; interest-rate teaser; payment option (interest-only, half-interest, etc., payments)
  - FHA
    - increased fees
    - no seller-financed down payment assistance
  - People don't qualify to refinance
    - Decrease in property values
    - Shouldn't have gotten the loan in the first place & don't qualify

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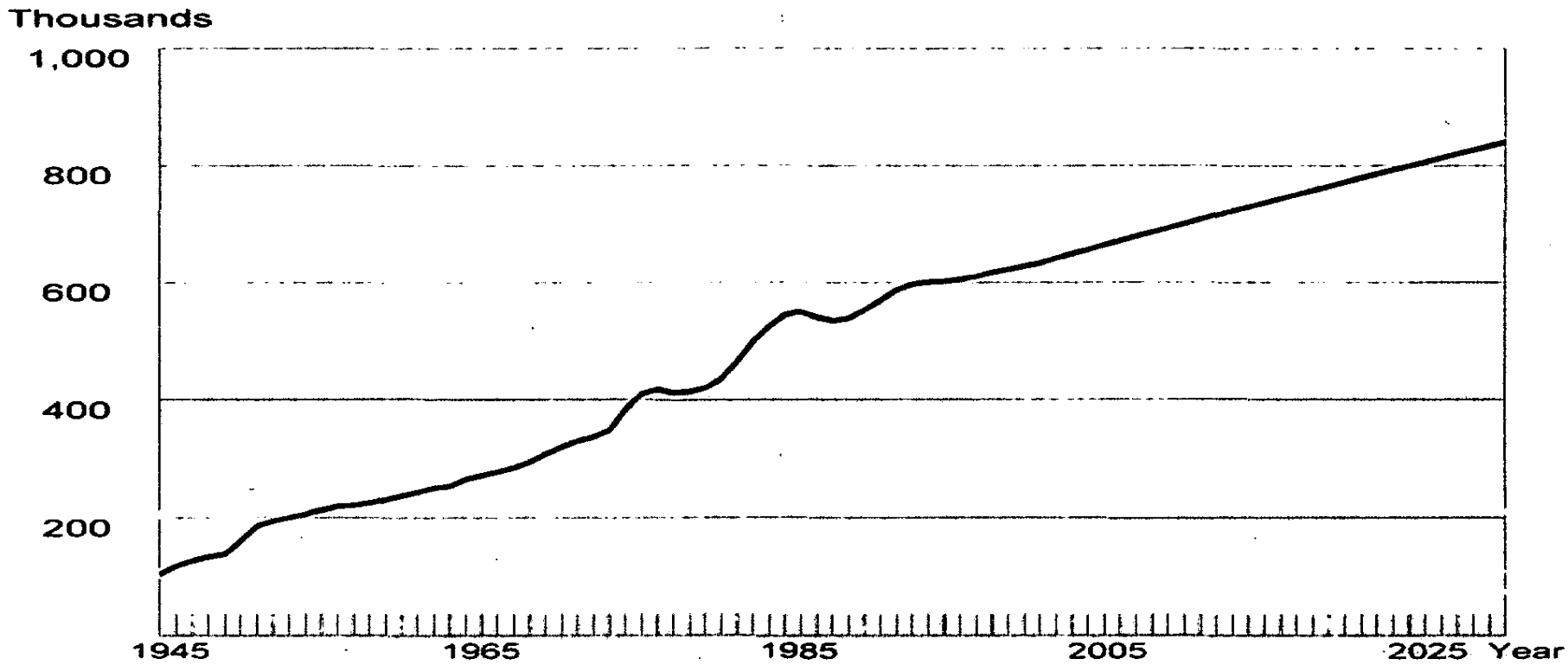
Interest Rates Equate to Buying Power

- 1 percent decrease in interest rates roughly translates into a 10 percent increase in homebuyer purchasing power

Demand for housing isn't likely to subside...

- State demographers forecast population growth in Alaska = increased likelihood of demand for housing. (Source: Alaska Dept. of Labor & Workforce Development, Research & Analysis Sec.)

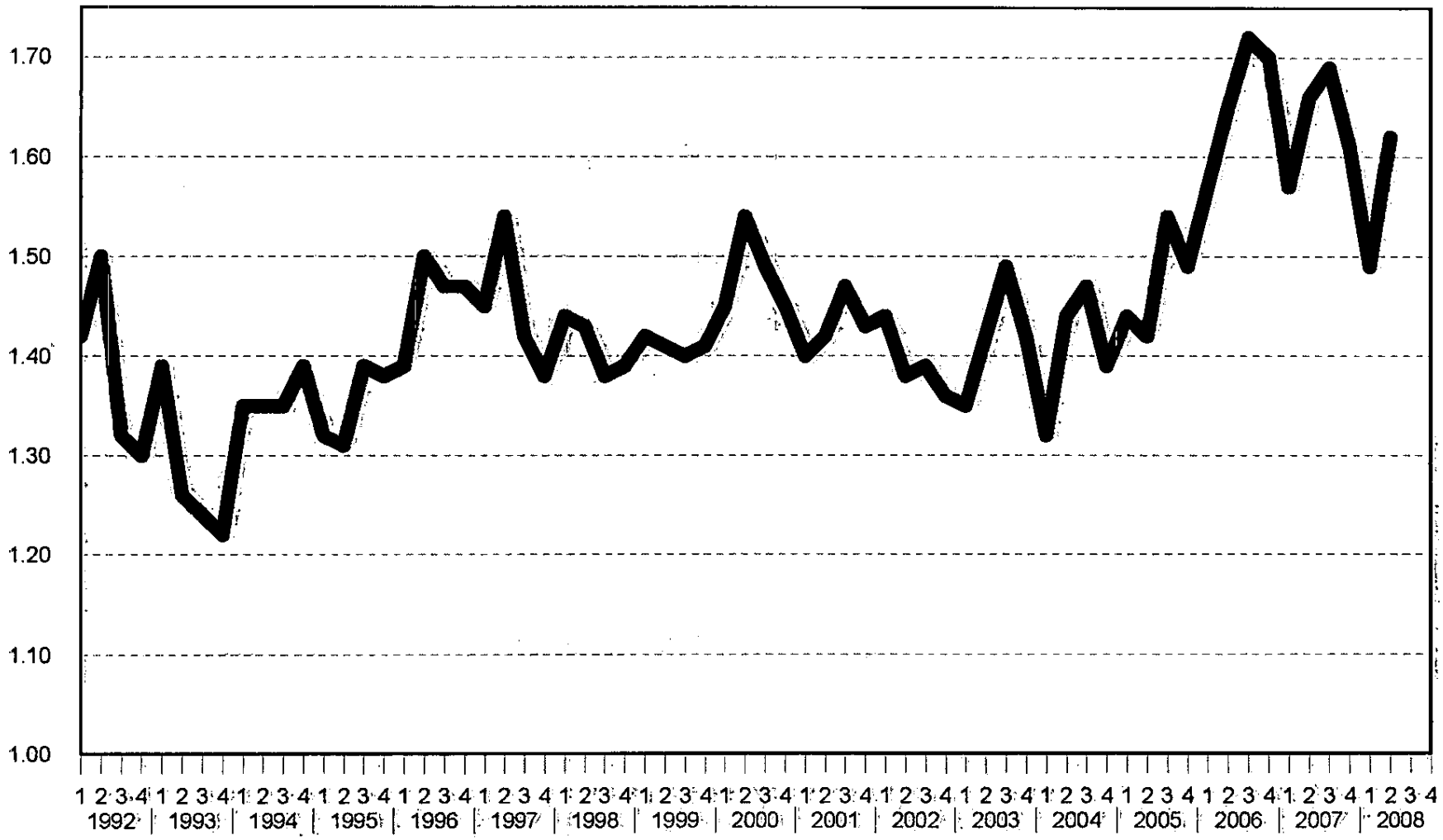
Figure 1.4
Alaska Population 1945 - 2030*



Alaska Affordability Index

Single-Family Homes, Private and Public Agency Lenders

1st Quarter 1992 - 2nd Quarter 2008



Note: The index value for the most recent quarter is preliminary.
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section.

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AHFC's Loan Volume

- AHFC's loan volume:
  - FY2007 – 2,808 loans; $565.7 million
  - FY2008 – 2,012 loans; $493.5 million
  - Projected through FY2009 – 1,500 loans; $368 million (down 25 percent)

Alaska Housing
FINANCE CORPORATION
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Construction Spending 2009 Forecast – Alaska

- Total spending
  - $7.1 billion, down 3 percent
- Private-sector spending
  - $4.3 billion, down 12 percent
- Public-sector spending
  - $2.7 billion, up 16 percent

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How did Alaska compare? 2008

- Nationwide: Median home **values** fell for ninth straight quarter – 15.3 percent for the year
- Anchorage: Median home **values** up 3 percent
- Nationwide: Existing home **sales** down 3.5 percent
- Western states: Existing home **sales** down 31.6 percent
- Alaska: Existing home **sales** down 9 percent

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What's the Big Picture?

- Average home prices stable
- Home sale activity down
- Time on market up
- Delinquencies low
- Foreclosures low
- Interest rates low
- Overall construction outlook good
  - New home construction down
- Additional $1 billion estimated in Stimulus Package
- Population growth forecasted

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Thank You –

Alaska Housing Finance Corporation

330-6100

1-800-478-2432

www.ahfc.us

Alaska Housing FINANCE CORPORATION

Housing for Alaskans.

Energy-Efficiency Programs

Progress Update for Alaska Legislature 3.4.2009

Weatherization PROGRAM

Home Energy Rebate PROGRAM

Overview

- $200 million for **weatherization**
  (income-based, no-cost program)
- $100 million for **rebates**
  (for those NOT qualifying for weatherization program:
  rebates for eligible improvements - ratings required)
- $60 million additional for rebates 9/2008
  (to carry program into next calendar year)
- Large training component for both programs

Allocations

	Rebate	Weatherization
Anchorage Region	$26 million	• $34 million
Southcentral Region	$16 million	• $24 million
Fairbanks Region	$17 million	• $29 million
Interior Region	$2 million	• $12 million
Juneau Region	$4 million	• $12 million
Southeast Region	$5 million	• $14 million
Northern Region	$4 million	• $18 million
Western Region	$5 million	• $20 million
Southwest Region	$2 million	• $12 million

Program Start-Up

- April 2008: Programs approved
  - AHFC operates under emergency regulations
  - Training & personnel ramp-up started
- May 2008: Programs launched
- July 2008: Public hearing & final regulations adopted
- Summer 2008: Continued ramp-up & training

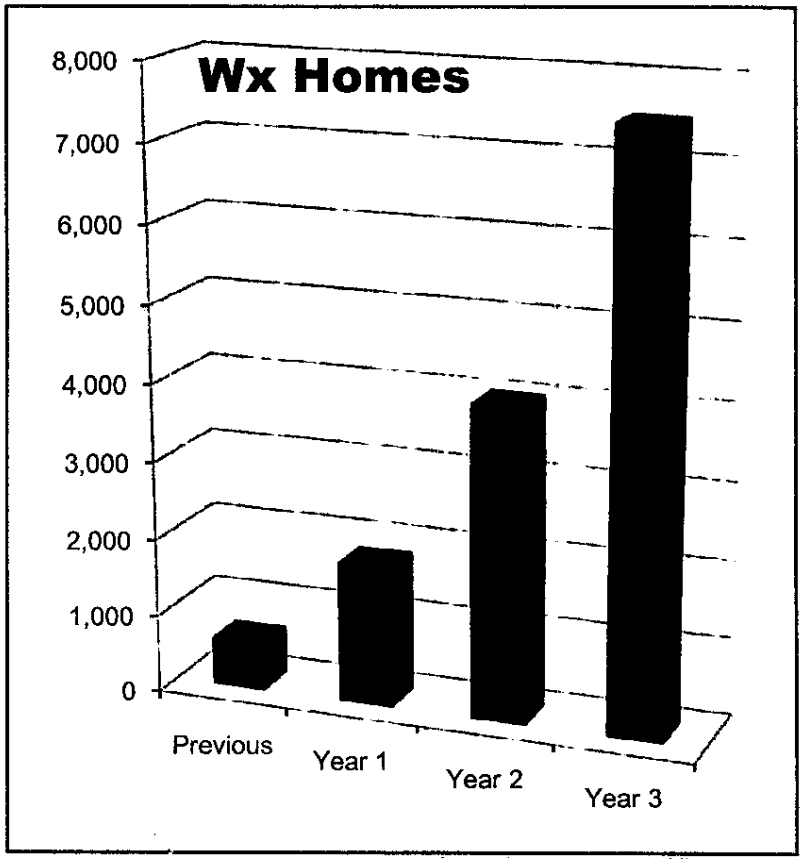
Weatherization
PROGRAM

www.ahfc.state.ak.us/energy

Weatherization PROGRAM

Progress Report

- Previous program weatherized 600 homes.
- This year that number will triple to 1800.
- Year 2: 4000
- Year 3: 7500
- Statewide weatherization providers and housing authorities continue ramping up.



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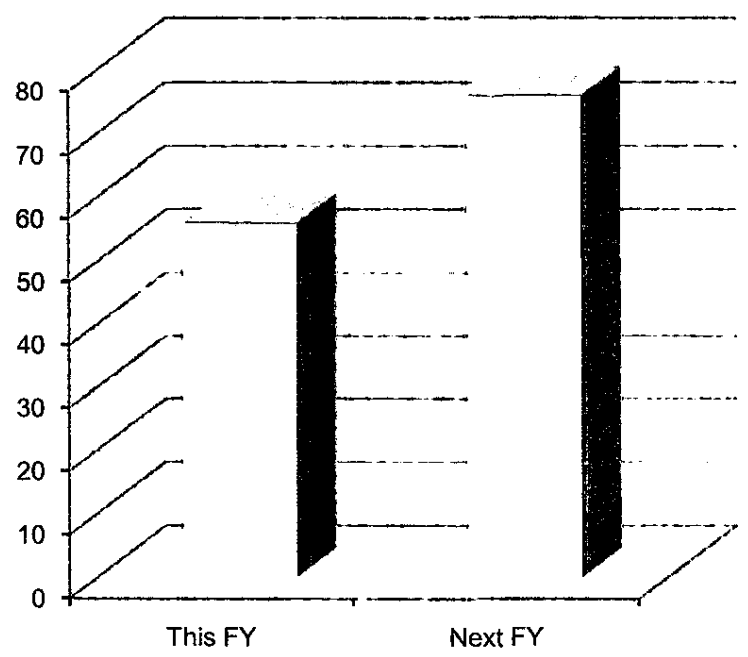
Weatherization PROGRAM

Progress Report

- **$30 million** currently on the street.
- **$59.9 million** projected for next fiscal year.
- Communities and surrounding areas served: **56** this year and 90 ~~76~~ next year.
- Statewide weatherization providers & housing authorities continue ramping up.

Wx Communities/Areas Served



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Weatherization PROGRAM

Program Snapshot

Weatherization homes this fiscal year

Current Status of Wx Homes

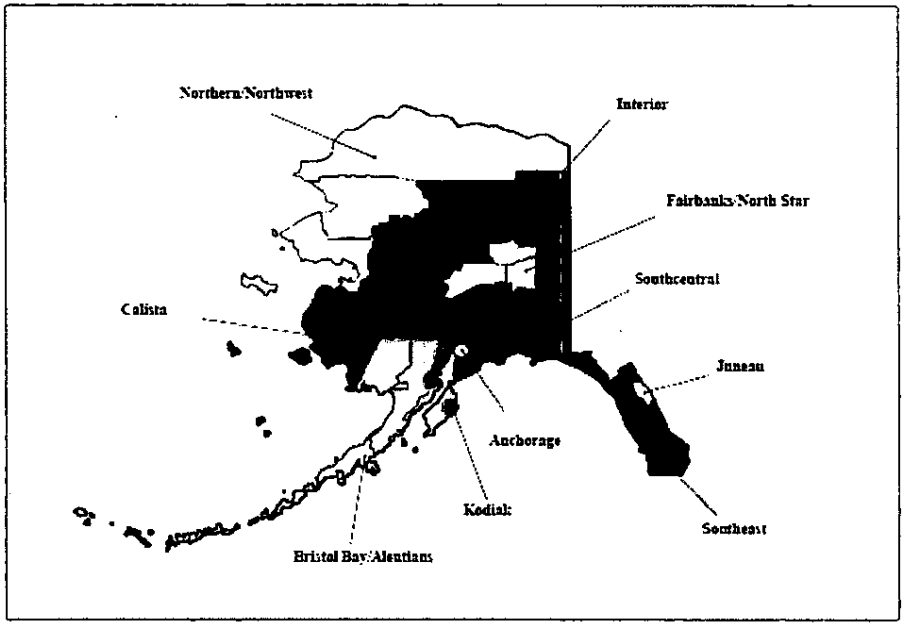
700	Completed
500	Near Completion
600	Assessment/Early Construction

Alaska Housing FINANCE CORPORATION www.ahfc.state.ak.us/energy

Weatherization
PROGRAM

Statewide Weatherization Providers

- Alaska Community Development Corporation
- Interior Weatherization
- Municipality of Anchorage
- Rural Community Action Program
- RuralCap-Juneau
- Tanana Chiefs Conference



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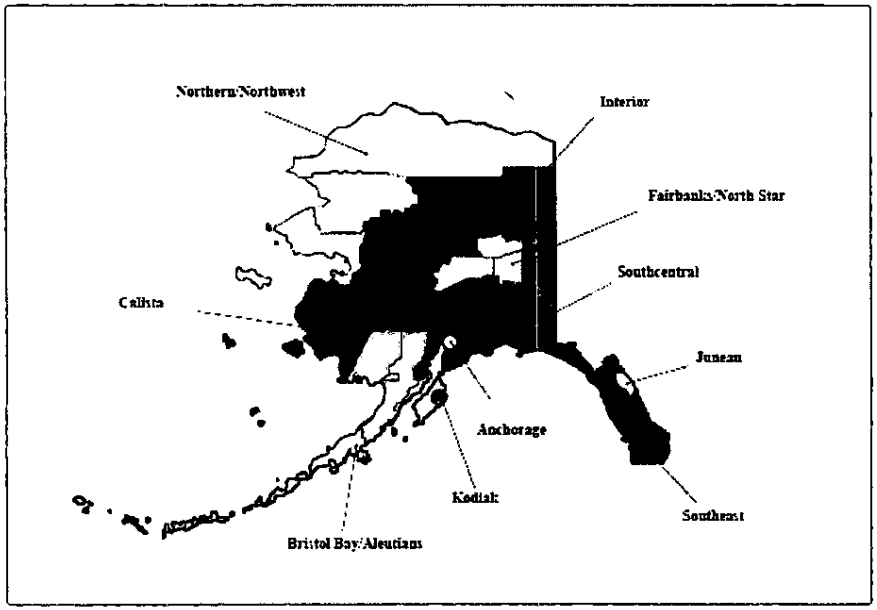
Weatherization
PROGRAM

Alaska Housing Authorities Weatherization



- Aleutian Housing Authority
- AVCP Regional Housing Authority
- Baranof Island Housing Authority
- Bering Straits Regional Housing Authority
- Bristol Bay Housing Authority
- Cook Inlet Housing Authority
- Copper River Basin Reg. Housing
- Interior Regional Housing Authority
- Kodiak Island Housing Authority
- North Pacific Rim Housing Authority
- Northwest Inupiat Housing Authority
- Tagiugmiullu Nunamiullu (TNHA) through North Slope Borough
- Tlingit-Haida Regional Housing Authority
- Ketchikan Indian Community
- Metlakatla Housing Authority

Alaska Housing FINANCE CORPORATION

www.ahfc.state.ak.us/energy

Home Energy Rebate
PROGRAM

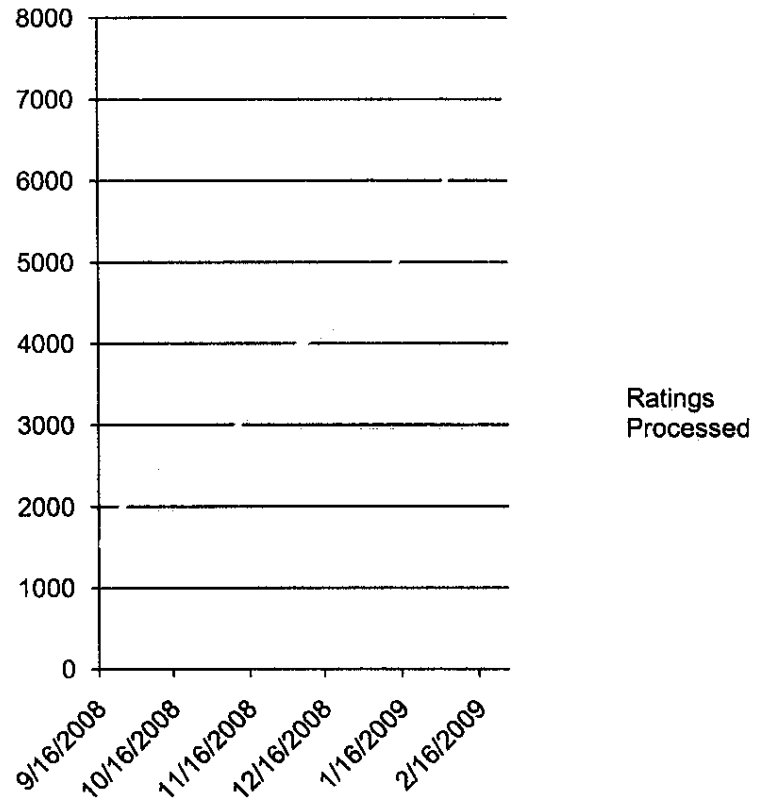
Alaska Housing Finance Corporation

www.ahfc.state.ak.us/energy

Home Energy Rebate PROGRAM

Ratings Processed

- *Estimate: Over* 8000 ratings performed by raters
- **7002** ratings processed
- Approximately **$66.3 million** committed
- 100-150 applications received per day
- Over 200 inquiries per day
- **417** Post-Improvement rebates paid average: **$5909**
- **187** New 5 Star Plus rebates paid totaling **$1.4 million**



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www.ahfc.state.ak.us/energy

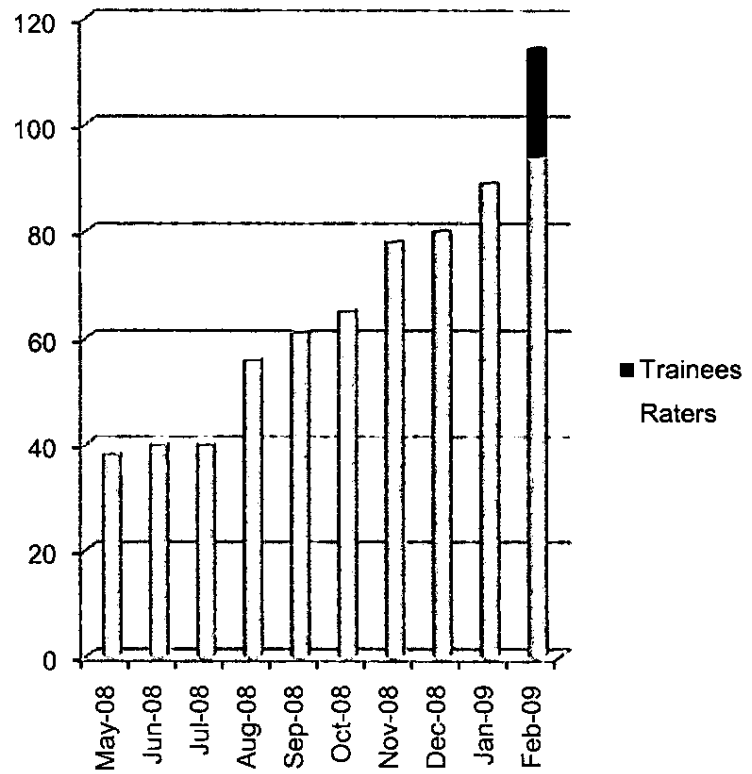
2/27/2009

//

Home Energy Rebate PROGRAM

Rater Availability

- Raters
  - 38 at program start
  - 94 at present
  - 20 in training status
- Roving rater program
- Centralized sign-up list
  - www.akrebate.com or call 1-877-AK-REBATE
  - Ability to check place on waiting list



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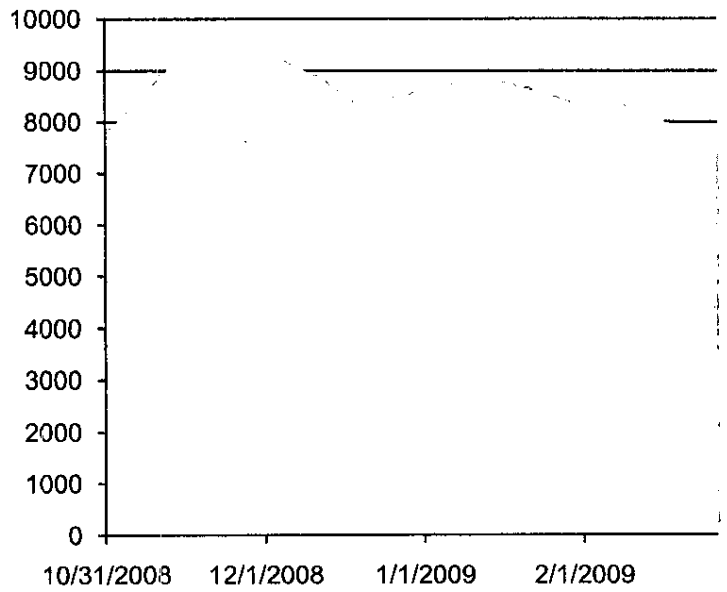
www.ahfc.state.ak.us/energy

2/25/2009

Home Energy Rebate PROGRAM

Wait List

Statewide: 7724



Sample Communities

Anchorage-5888

Kodiak-182

Juneau-128

Fairbanks-25

Dillingham-6

Total Dispatched: 8323

Alaska Housing Finance Corporation

www.ahfc.state.ak.us/energy

2/27/2009

Home Energy Rebate PROGRAM

Program Snapshot

Rebates vs. Amount Spent by Sampled Homeowners

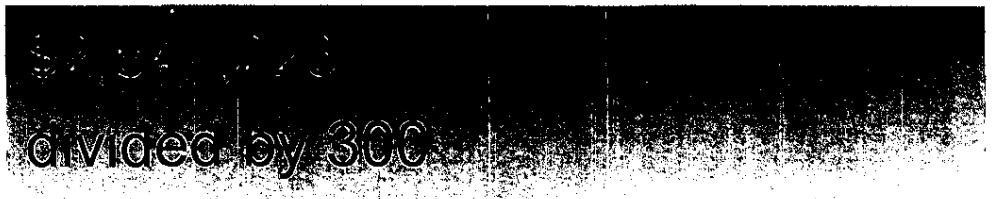
AHFC Rebate Amount

$1,782,664

divided by 300 rebates

= **$5942** average rebate

Homeowner Paid Costs



=$9,470 average spent

-$5942 average rebate

=$3528 homeowner investment

Alaska Housing Finance Corporation

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Home Energy Rebate PROGRAM

Program Snapshot

Energy & CO2 Impacts from Sampled Homes

HOMES	Before	After	Total Savings	Per Home
Energy Cost	$1,211,080	$941,242	$269,837	**$1355/year**
CO2 lbs/year	9,627,880	7,194,342	2,433,538	**12,228 lbs/yr**
Rating Stars	2.8	4.1		1.21 increase

Total energy saved in BTUs = 17.2 billion

Alaska Housing Finance Corporation

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1.26.2009

Home Energy Rebate PROGRAM

Average Savings per Home by Fuel Type

Fuel Type	Average Saved	Sampled Homes
Electric	699 kwh	260
Natural Gas	783 ccf	150
#1 Oil	444 gallons	24
#2 Oil	668 gallons	85
Propane	149 gallons	17
Spruce	3 cords	9
Birch	1 cord	11
Coal	2 tons	1

Home Energy Rebate PROGRAM

	Allocated	Encumbered
Anchorage Region	$26 million	• $19.8 million
Southcentral Region	$16 million	• $12.8 million
Fairbanks Region	$17 million	• $17.9 million
Interior Region	$2 million	• $0.36 million
Juneau Region	$4 million	• $4 million
Southeast Region	$5 million	• $3.7 million
Northern Region	$4 million	• $0.37 million
Western Region	$5 million	• $0.25 million
Southwest Region	$2 million	• $0.2 million

Allocations do not include additional $60 million

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www.ahfc.state.ak.us/energy

Last Update 2.11.2009

Training

Training/Education

Massive training effort underway for:

- Weatherization Service Providers
- Housing Authorities
- Energy Raters
- Contractors
- General Public

Training Progress Report

April-December 2008

Professional Classes: 121

Professional Students: 2615

Consumer Classes: 13

Consumer Students: 464

TOTAL Classes: 134

TOTAL Students: 3079

Training provided in 14 regional communities

- Cordova
- Fairbanks
- Juneau
- Hydaburg
- Ketchikan
- King Salmon
- Kodiak
- Kotzebue
- Nome
- Palmer/Wasilla
- Seward

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Weatherization PROGRAM

Home Energy Rebate PROGRAM

Training Partners

- Alaska Building Science Network
- Alaska Works
- Alaska Craftsman Home Program
- Northern Building Science Group
- UAF Cooperative Extension
- UAS Building Science Program
- Wisdom & Associates
- Cold Climate Housing Research Center
- Denali Commission
- Opportunity Council
- Building Performance Institute

Alaska Housing
FINANCE CORPORATION

Housing for Alaskans.

Energy-Efficiency Programs

Weatherization
PROGRAM

Home Energy Rebate
PROGRAM

3/17/09 PRESENTA-TION: ALASKA RAILROAD CORPORATION

<target><bill></bill><subject>3-17-09 PRESENTATION ALASKA RAILROAD CORPORATION</subject><comm>SFIN26</comm></target>

FROM : ASRC AEROSPACE FAX NO. 770

About the Alaska Railroad

March 2009

AlaskaRailroad.com

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Alaska Railroad Quick Facts

Purchase Price (January 5, 1985)

Paid to federal government	$ 22.3 million
Start-up costs & contributed capital	$ 11.9 million
Total Investment-State of Alaska	$ 34.2 million

Organization (following State purchase)

- Independent corporation owned by State
- Managed by a seven-member board of directors. Position qualifications are spelled out in law, members appointed by the Governor.
- Mandated to be self-sustaining, responsible for all its own financial and legal obligations

Financial Statistics (Jan. 1 - Dec. 31, 2008)

Total Assets	$ 856 million
Total 2008 revenues	$ 138 million
Total 2008 expenses	$ 125.4 million
2008 net income	$ 12.6 million
2009 net income budget	$ 16.8 million

Operating Data

Miles of main line	467
Miles of branch line	54
Miles of yards and sidings	135
Total miles of track	656
Freight cars (owned & leased)	1,381
Passenger cars	51
Locomotives	57

Operating Statistics (Jan. 1 - Dec. 31, 2008)

Passenger ridership	541,019 passengers
Freight tonnage	5.82 million tons

Employees (as of January 2008)

Number of year-round employees	715
Average years of service	11.5
Average age	45
Male	585
Female	130

Unions (as of January 2008)

Most ARRC employees are members in 1 of 5 unions:

United Transportation Union	121
Transportation Communication Union	44
International Association of Machinists	63
American Federation of Govt. Employees	283
American Train Dispatchers Association	10

Benefits

- Corporation provides a defined benefit pension plan
- Corporation provides health and life insurance
- Corporation provides retiree medical benefits

Leg. Library test.doc

ARRC Guiding Principles

Alaska Railroad Mission

Safety... Service... Profitability

Alaska Railroad Vision

Building a great Railroad across the Greatland.

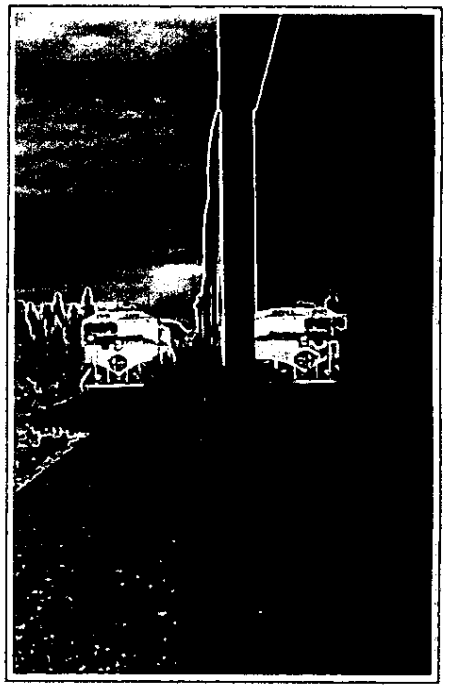
An important element in fulfilling this vision is ARRC's success since 1996 in qualifying for federal funding...an entitlement afforded by the railroad's public status and its passenger service mission. As a result, ARRC has been able to greatly accelerate long overdue mainline maintenance and upgrades.

ARRC Core Values

- Integrity
- Service
- Excellence

ARRC Operating Style

- Safe
- Secure
- Customer responsive
- Financially solid
- Environmentally sound
- Employee friendly corporation



"We must provide a stable, reliable foundation that can be counted on to enhance the future economic growth of the state and the municipalities we support," Pat Gamble, President and CEO.

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Different from Other State Agencies

The Alaska Railroad Corporation Act of 1984 established an independent state-owned corporation that is governed by a seven-member board of directors appointed by the Governor. The President and CEO of the corporation reports to the board. Although ARRC is not covered under the State's Executive Budget Act, the state government ensures oversight of ARRC's operation and management practices through the following controls:

- The ARRC Board of Directors is responsible for initiating both a financial and a performance audit each year conducted by independent auditors and management companies. The annual performance audit is conducted by a recognized railroad management expert to ensure that ARRC is being managed and operated effectively and efficiently.
- The Legislative Budget and Audit Committee can review ARRC's operation, management and financial practices.
- ARRC must file an oversight report with the Legislature and Governor before it undertakes certain expansion, reduction, or diversification of services.
- Legislative approval is required for certain corporate actions, such as sale or transfer of the Railroad's entire interest in land, or leasing land for longer than 55 years.
- ARRC's procurement procedures are required to be substantially equivalent to state procurement requirements.
- ARRC employees and directors are subject to the Executive Branch Code of Ethics.
- ARRC's spill prevention and response plans are filed and regulated by the State and ARRC is required by state law to show sufficient financial responsibility to respond to spills.
- Bond authorizations must be approved by the Legislature.
- ARRC is required by law to submit an annual report with audited financial statements
- ARRC is required by law to adopt a long-range capital improvement plan each year and shall share that plan with the Governor and Legislature.
- ARRC is defined as an interstate commerce carrier by the Federal Alaska Railroad Transfer Act of 1982 (ARTA).

Alaska's Railroad

- Contributes to health care, business services, and retail payrolls
- Principal transport for heavy and/or bulk commodities to tidewater
- Major mover of jet fuel to Anchorage International Airport.
- Viable passenger alternative to long-distance driving
- Supports the U.S. military with the transport of equipment to and from the "DOD Strategic Port" of Anchorage
- Potential to reduce pressure on State road system … commuting
- Potential to significantly contribute to the Alaska Natural Gas Pipeline

Creates 3,000 jobs and $150 million in payroll across the State

Source: "Economic Significance of Alaska Railroad", December 2004, ISER report, University of Alaska

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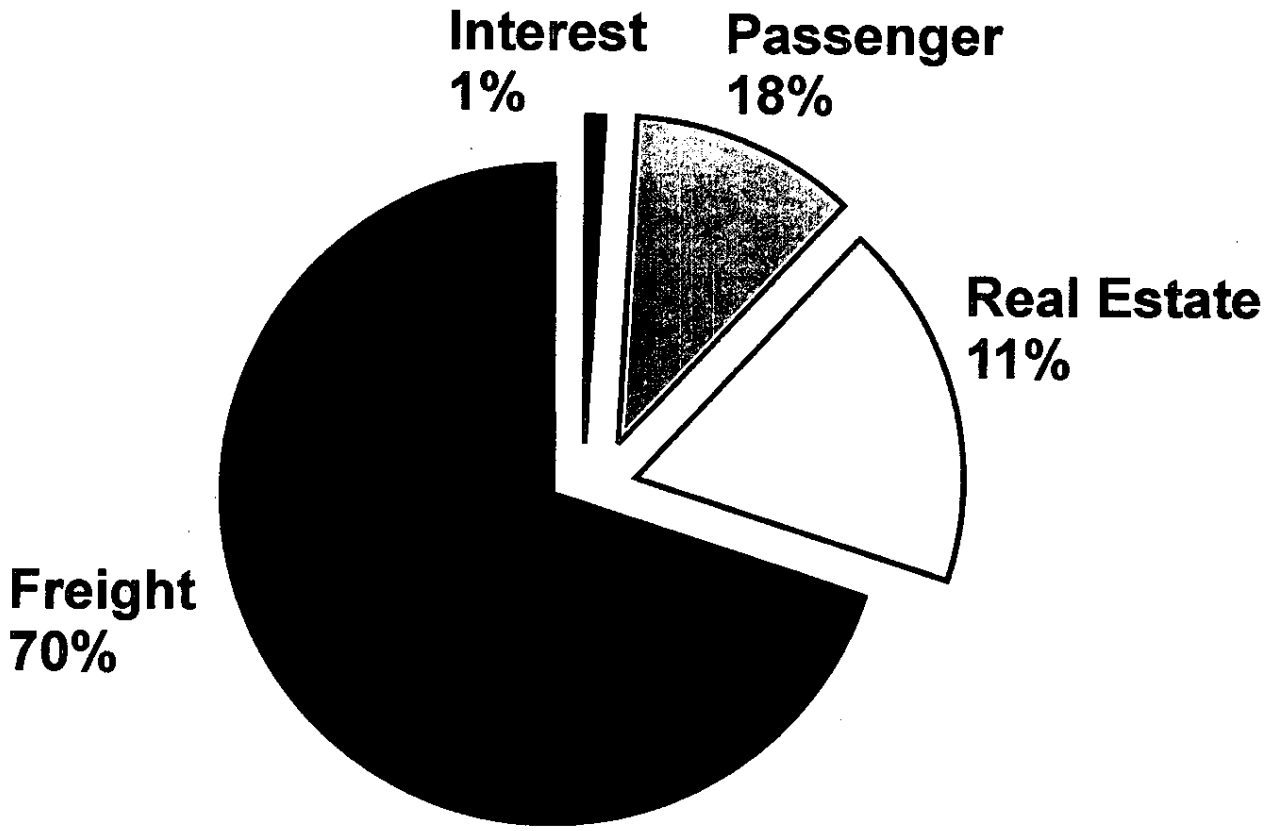
2008 Sources of Revenue



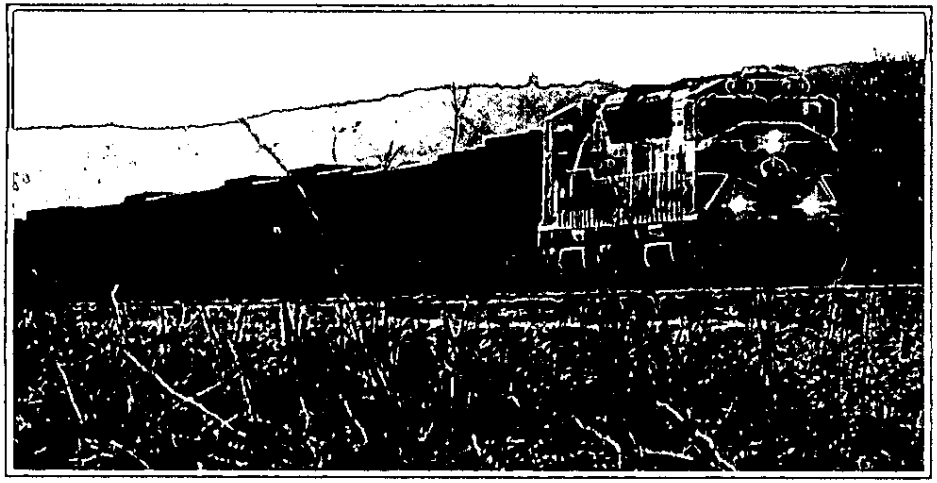
Freight and Passenger Service

Freight Service in 2008:

- 5.82 million tons moved

Passenger Service in 2008:

- 541,019 passengers moved
- Award Winning Service
- Homegrown high school tour guide hosts and hostesses



7/7/9

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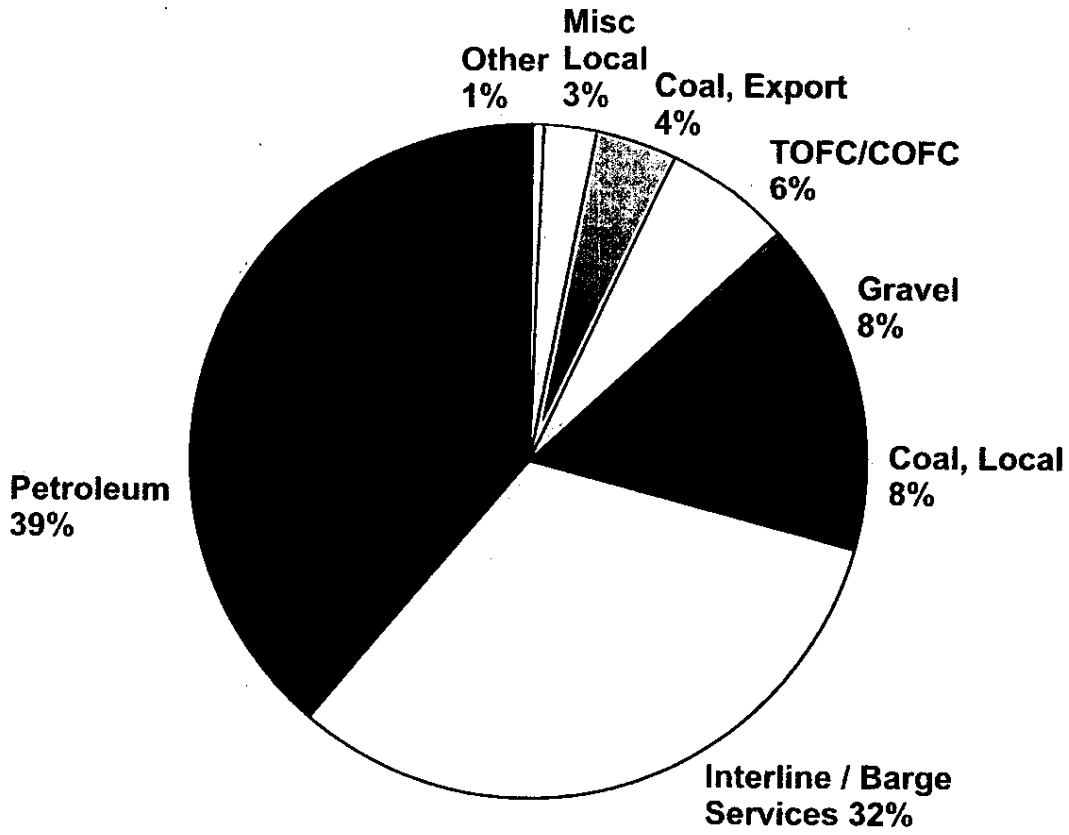
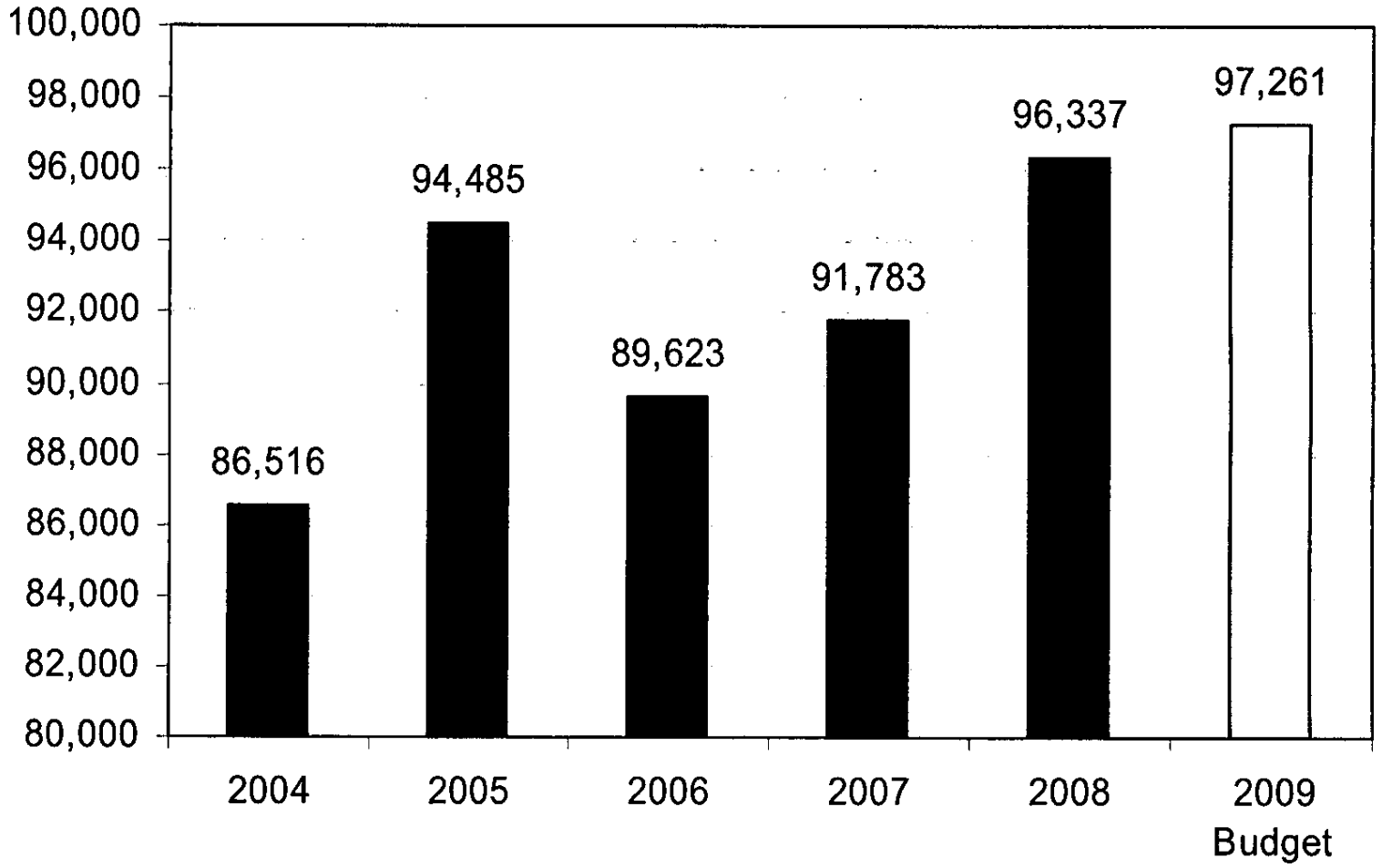
2008 Freight Revenue Mix



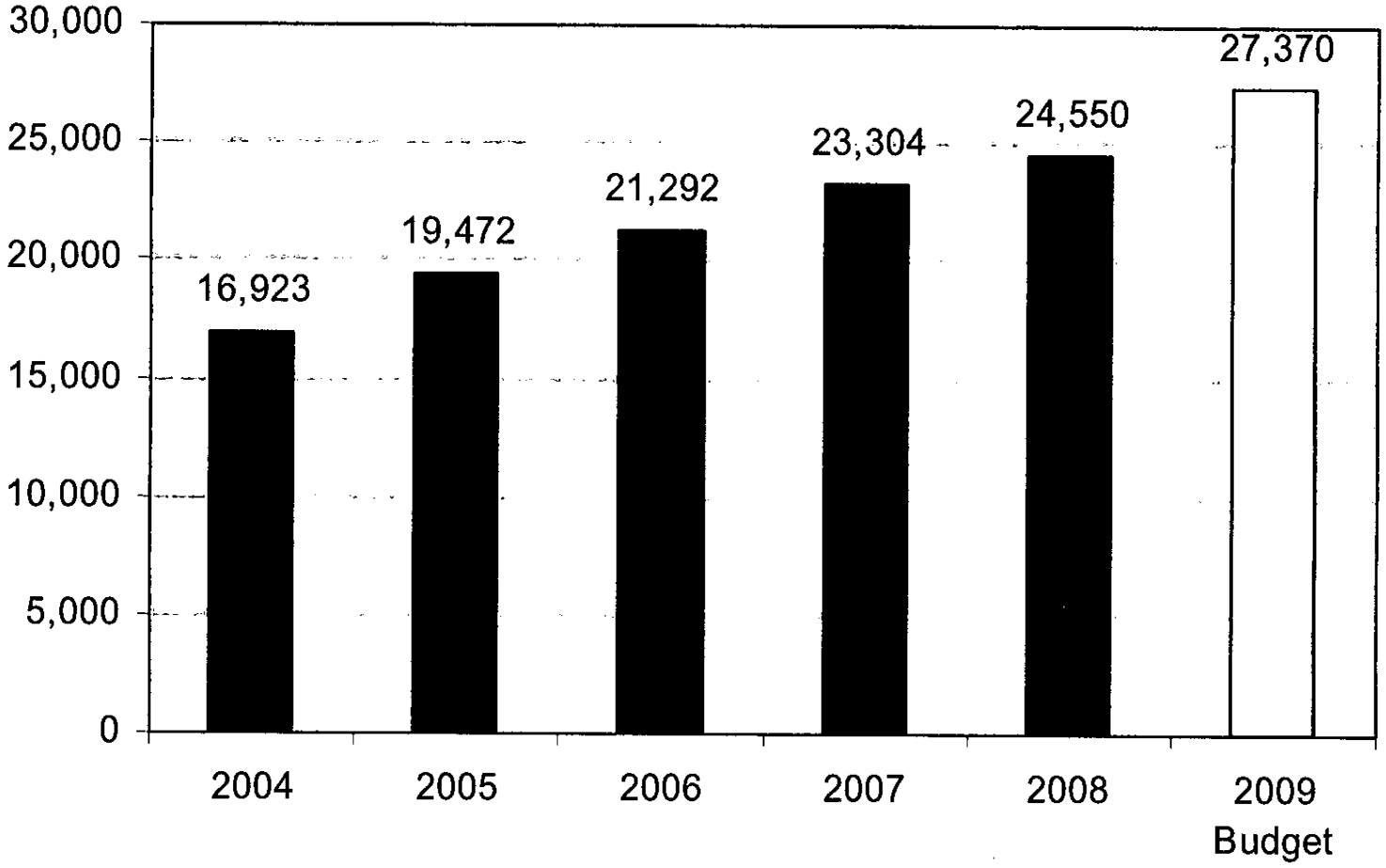
TOFC: Trailers on Flat Cars
COFC: Containers on Flat Cars

Freight Revenue



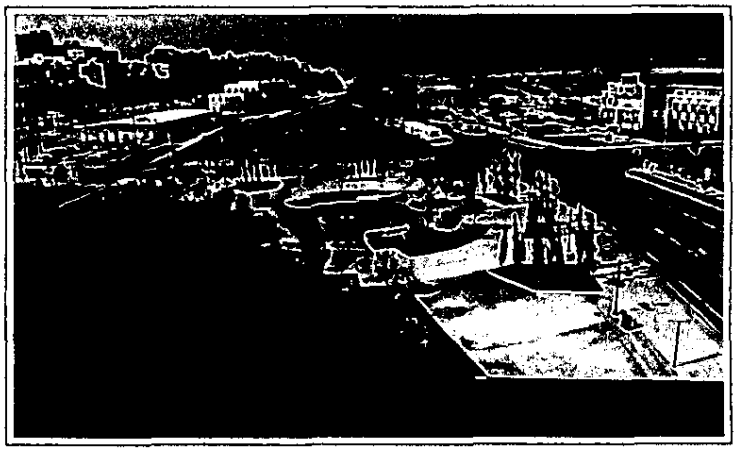
778

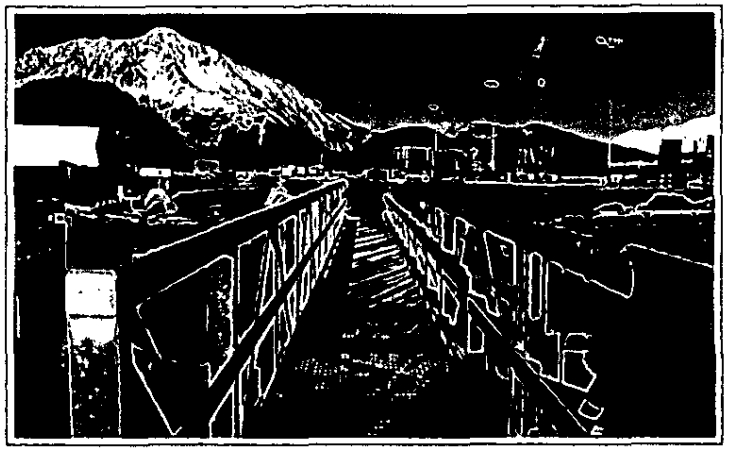
Passenger Revenue



Real Estate

- Property Development
- Leases and Permits
- Dockage and Wharfage
- Facilities Maintenance and Management

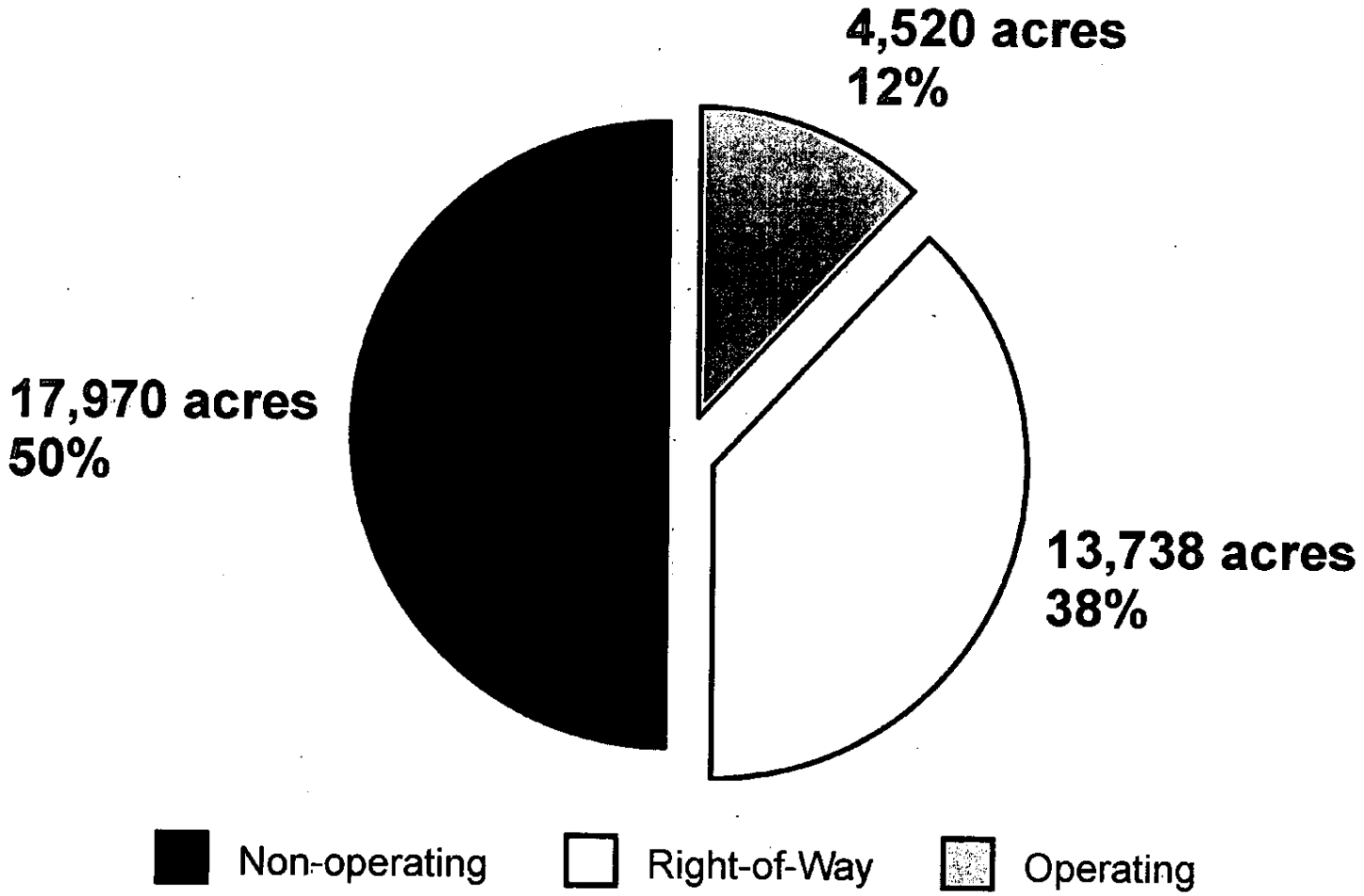




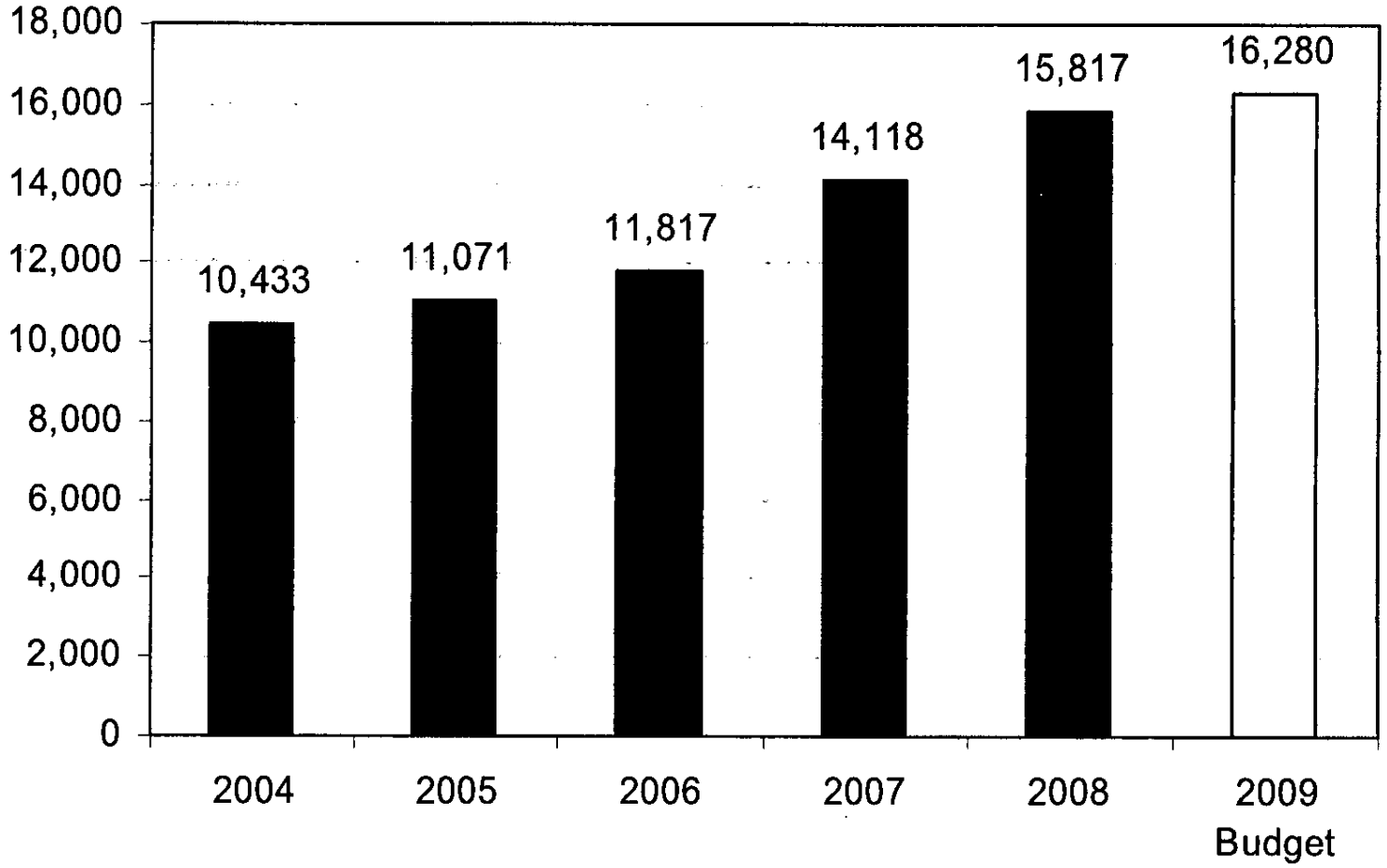
Clockwise from bottom left: New depot in Fairbanks; Ship Creek basin includes highly valuable leasable land; upland from the Seward freight dock is being developed

780

Distribution of Land By Category



Real Estate Revenue



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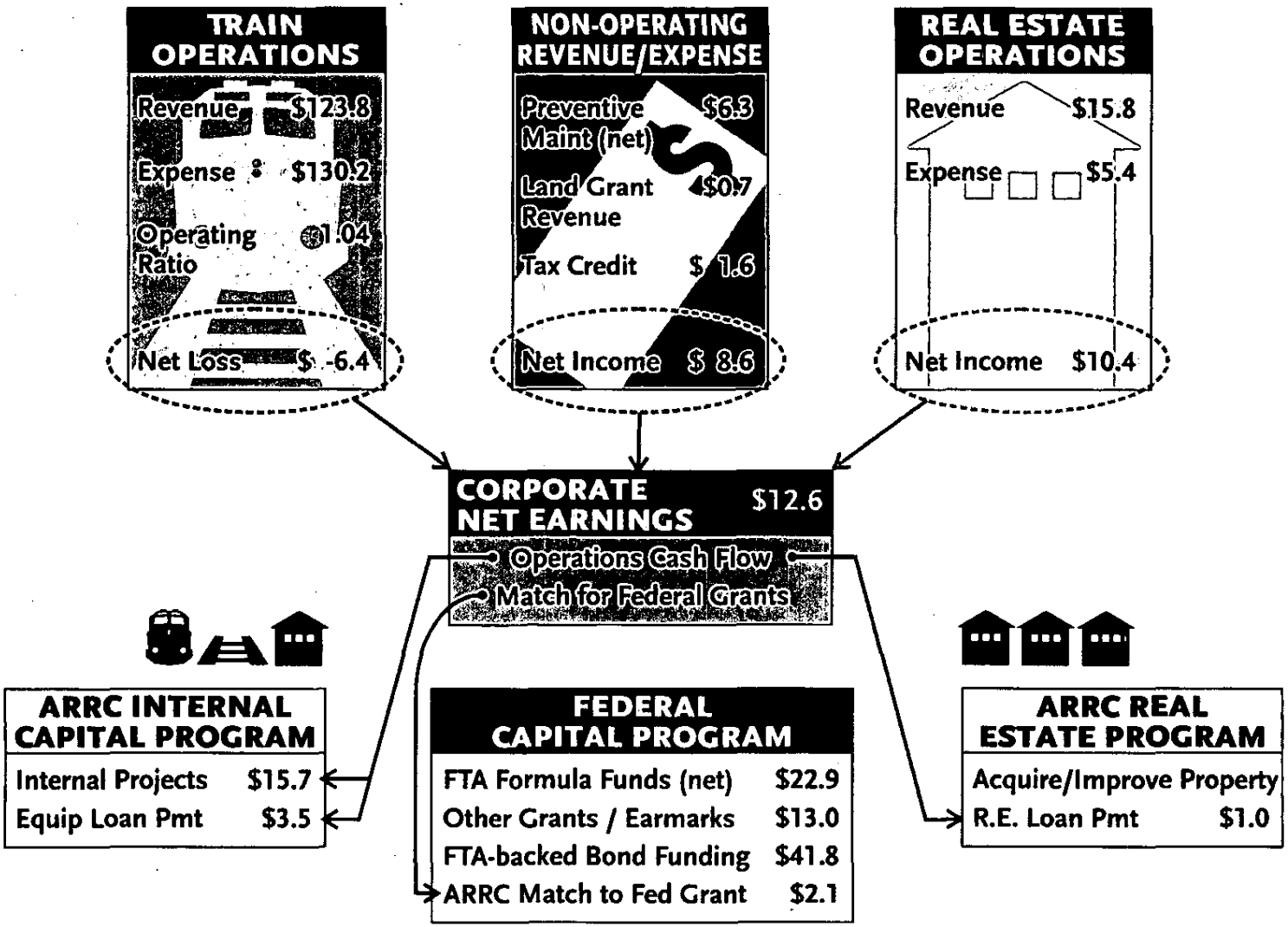
ARRC Fund Flow Model: 2008 Data



Overall Growth Pattern

	2001	2008	% difference
Total Assets	$ 306.0 M	$856 M	180%
Total Earnings	$ 6.6 M	$ 12.6 M	91%
Total Revenue	$ 105.0 M	$ 138 M	31%
Passenger Train Starts	771	839	9%
Freight Train Starts	3,386	2,524	-25%
Freight Cars and Intermodal Units Moved	96,453	92,190	-4%
Capital Investments	$ 67 M	$ 135 M	101%
Employees (FTE*)	788	897	14%

* FTE: Full Time Equivalent. Accounts for seasonal and capital project jobs; includes overtime.

Passenger Bi-level Dome Cars (4 to 6) 50%

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Capital Projects

2009 Program

Major Projects

Capital Funding Sources

- ARRC Internal Funding
- DOT/Federal Railroad Administration
  - Alaska Railroad Track Rehabilitation funds
  - Department of Defense Allocations
- DOT/Federal Transit Administration
  - Formula Funds; Grants
  - 9-20% ARRC Match Required
- DOT/FHWA
- Federal funds allocated to ARRC do not routinely affect federal funding for other state transportation projects
- ARRC federal match is *not* from State of Alaska general fund or gas tax...match is solely from ARRC earnings.
- ARRC does not receive operating funds or reimbursements from the State Budget.

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2009 Capital Budget

- $785 million+ in federal grant money received since 1996, including $109 million budgeted for 2009:
  - $60 million Department of Defense (administered through FRA)
  - $15 million Federal Transit Administration (FTA)
  - $31 million from Bond sales (repaid by FTA formula funds)
  - $1 million Federal Highway Administration
  - $2 million Federal Emergency Management Administration
- ARRC has provided $42 million in federal grant matching funds since 1996, including $1.3 million budgeted for 2009.
- Additional $214 million ARRC funds spent on non-federally-funded projects since 1996, including $29 million budgeted for 2009.
- **Total capital budget for 2009 is $138 million**
- **Stimulus likely to add $26 million**

Stimulus Package Funding

American Recovery and Reinvestment Act of 2009 Final Bill (as of February 17, 2009) Estimated Funding for ARRC		
Funding Pot	Program Amount	Alaska Railroad
Sec 5307 Urbanized Area Formula	$ 5,399,200,000	$ 25,825,000
Energy Program	$ 100,000,000	TBD
Multimodal Discretionary Funds*	$ 1,500,000,000	TBD
Total estimated increased funding from the Economic Stimulus Package		**$ 25,825,000**

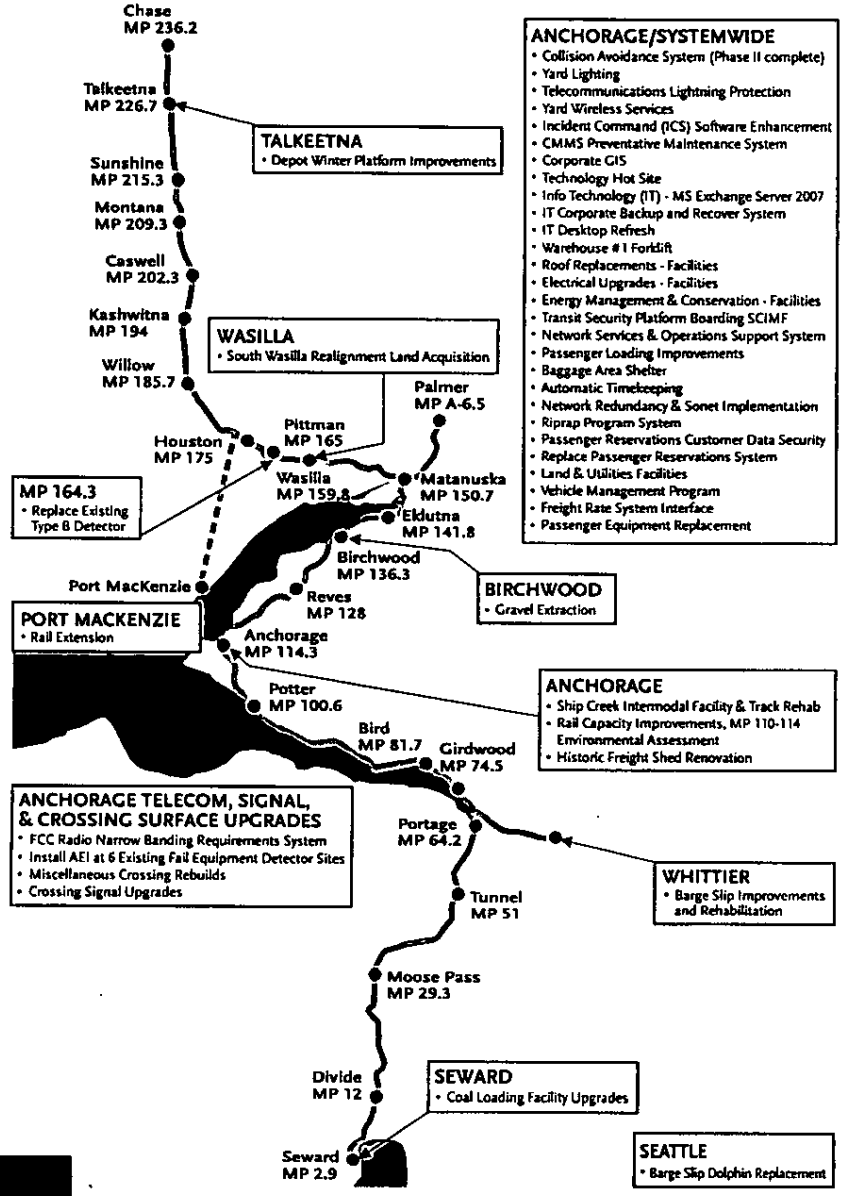
* This program is very competitive, with many criteria. Grant minimum $20 million to maximum $300 million.

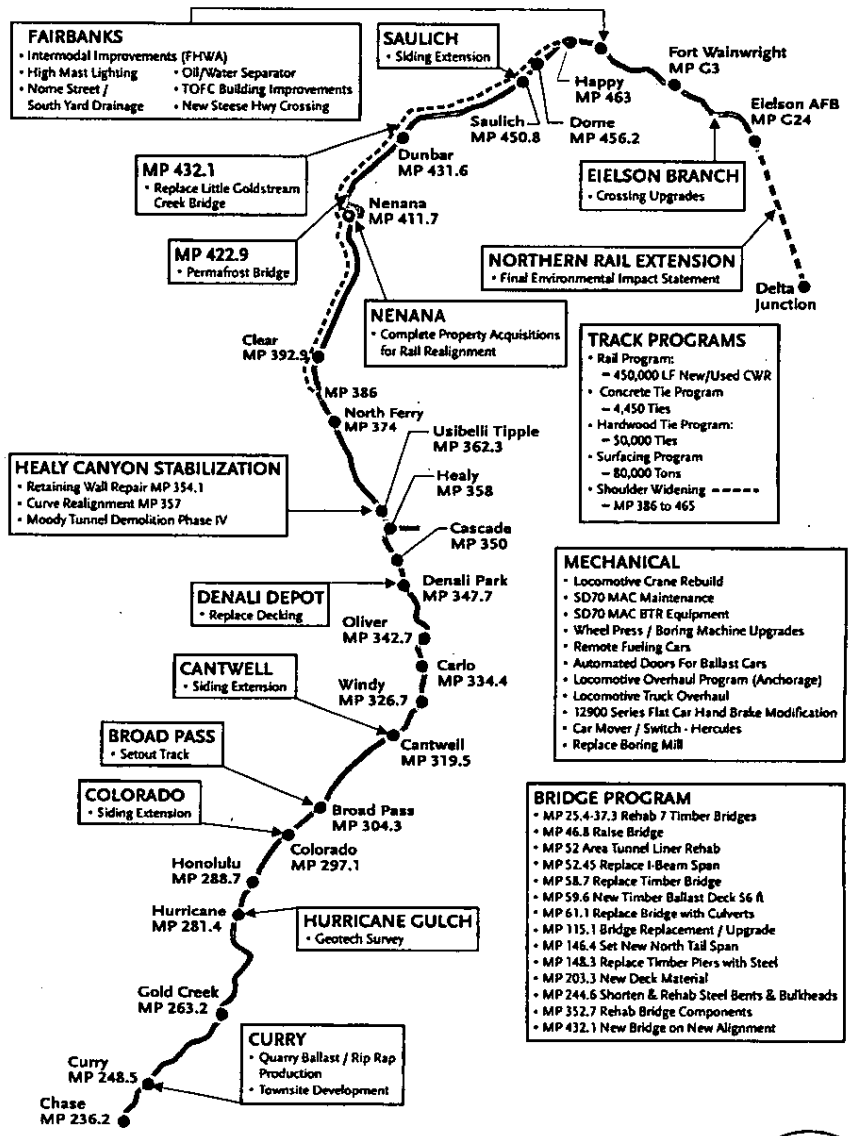
788

Major Capital Categories

■ Rail	$	18.7 M
■ Ties	$	7.5 M
■ Ballast/Surfacing/Widening	$	3.9 M
■ Bridges / Docks	$	6.9 M
■ Slope Stabilization	$	2.0 M
■ Track Realignment/Extension	$	60.9 M
■ Technology / Signal / Collision Avoidance System	$	10.8 M
■ Equipment/Vehicle Purchase	$	2.7 M
■ Rip Rap / Gravel	$	0.8 M
■ Mechanical / Equip Maint.	$	3.1 M
■ Facilities	$	4.4 M

Capital projects started, continued or completed in 2009 are all along the railroad.

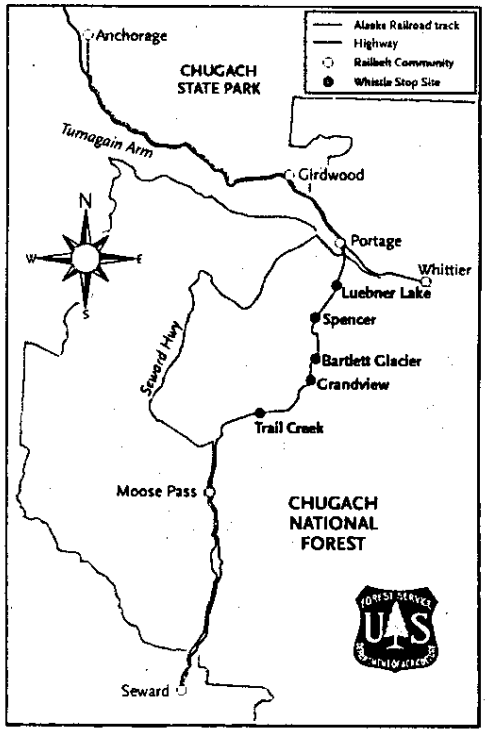




790

Chugach Forest Whistle Stop

- Joint venture with Forest Service to develop camping and viewing facilities at 5 whistle stop sites, interconnected by a system of trails, along the track between Portage and Moose Pass.
- Spencer built 2007-08, with a water well to be installed in 2009. Grandview site is conceptual.
- Self-propelled railcar to be delivered early 2009.

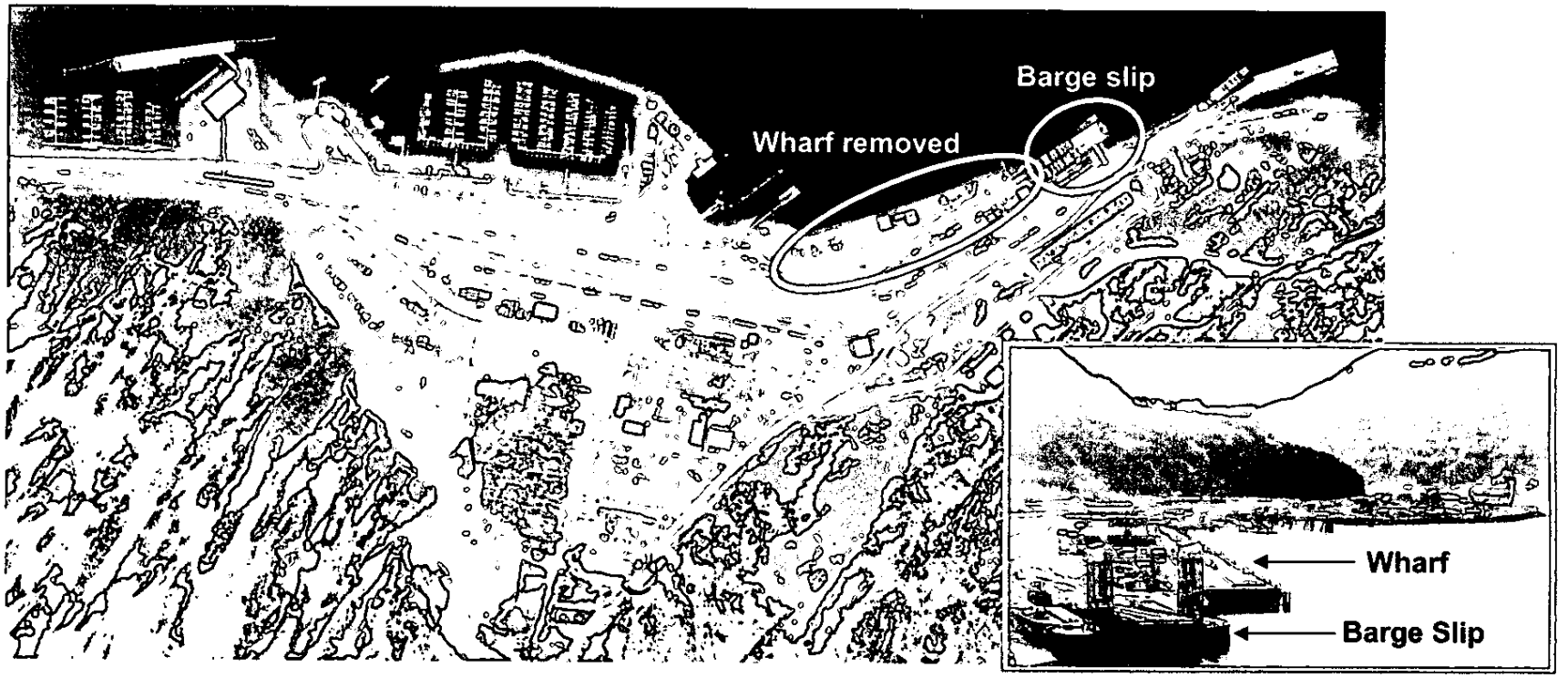


Spencer construction in 2007

Grandview is next.

Whittier Infrastructure

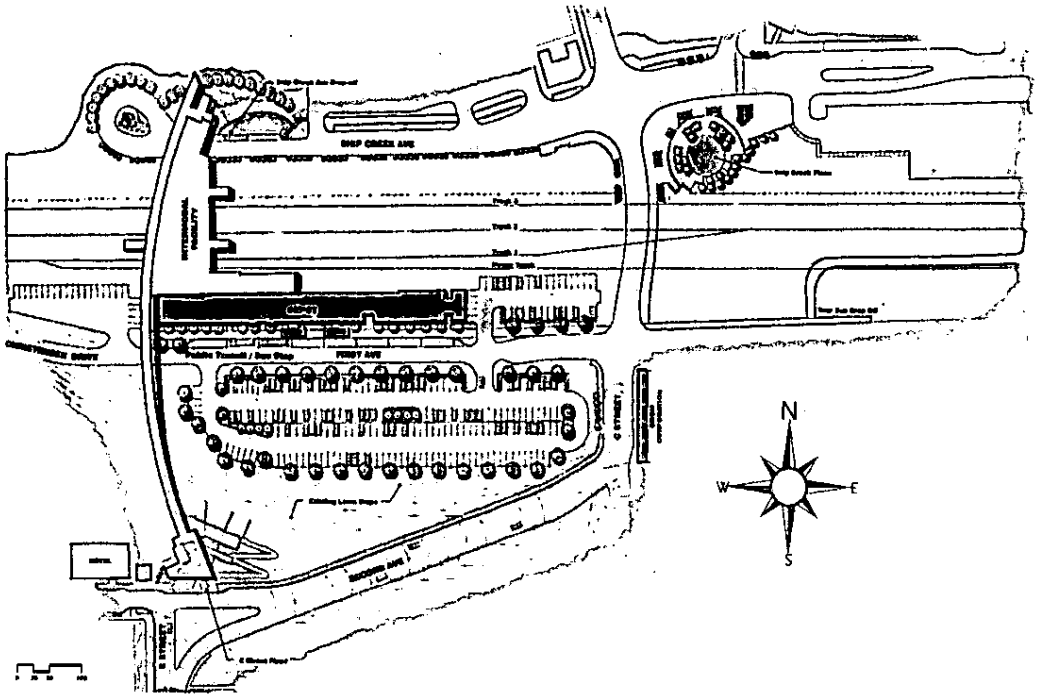
- Marginal Wharf demolished and new winch installed in 2008; Long-term plans for a passenger dock and intermodal facility.
- Freight Barge Slip repairs budgeted for 2009.

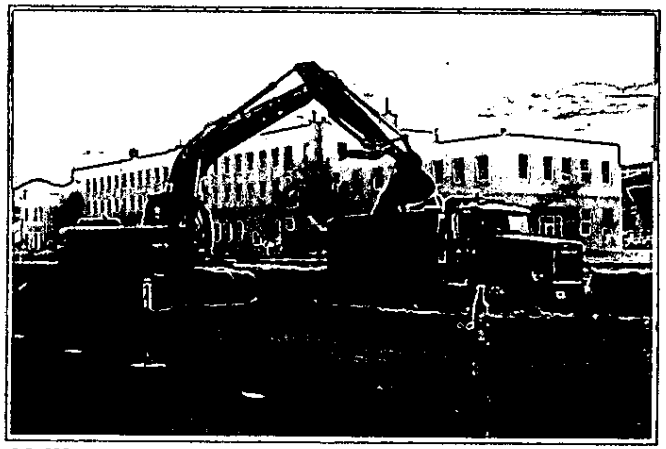


792

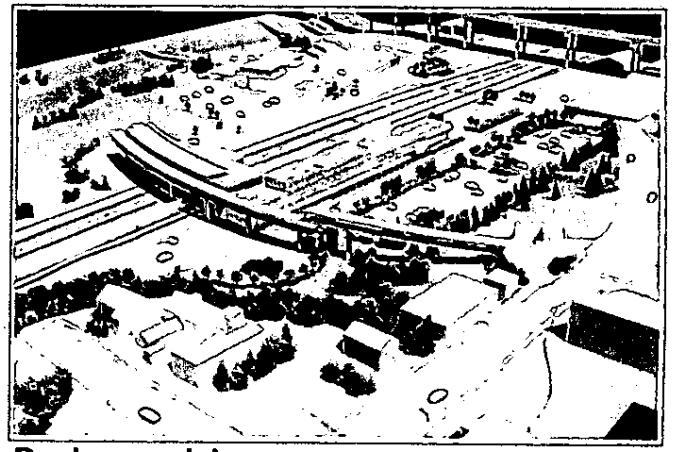
Ship Creek Intermodal Center

- Multi-phased project to build an intermodal hub that incorporates the Historic Depot.
- Phase 1 utility and track work 2007-09.





Utility and track construction



Design model

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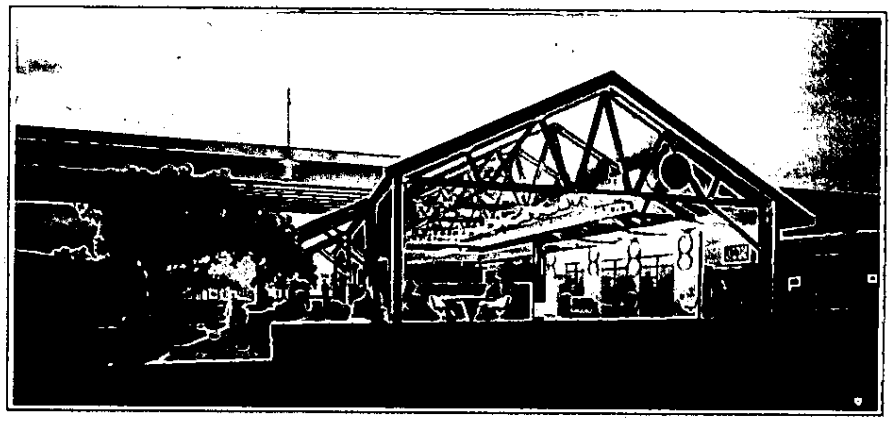
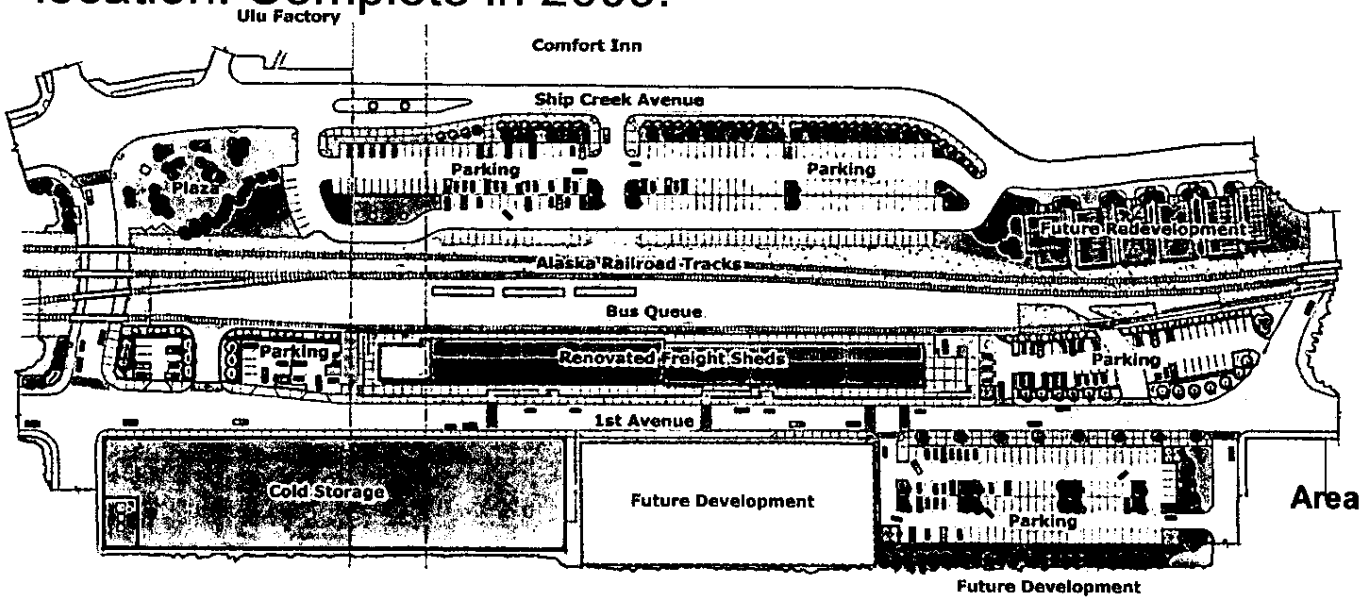
Historic Freight Shed

- Renovate a 36,000 sf historic large timber freight shed into a LEED-certified office building.
- Green design, ample parking, raised sidewalk, downtown location. Complete in 2009.



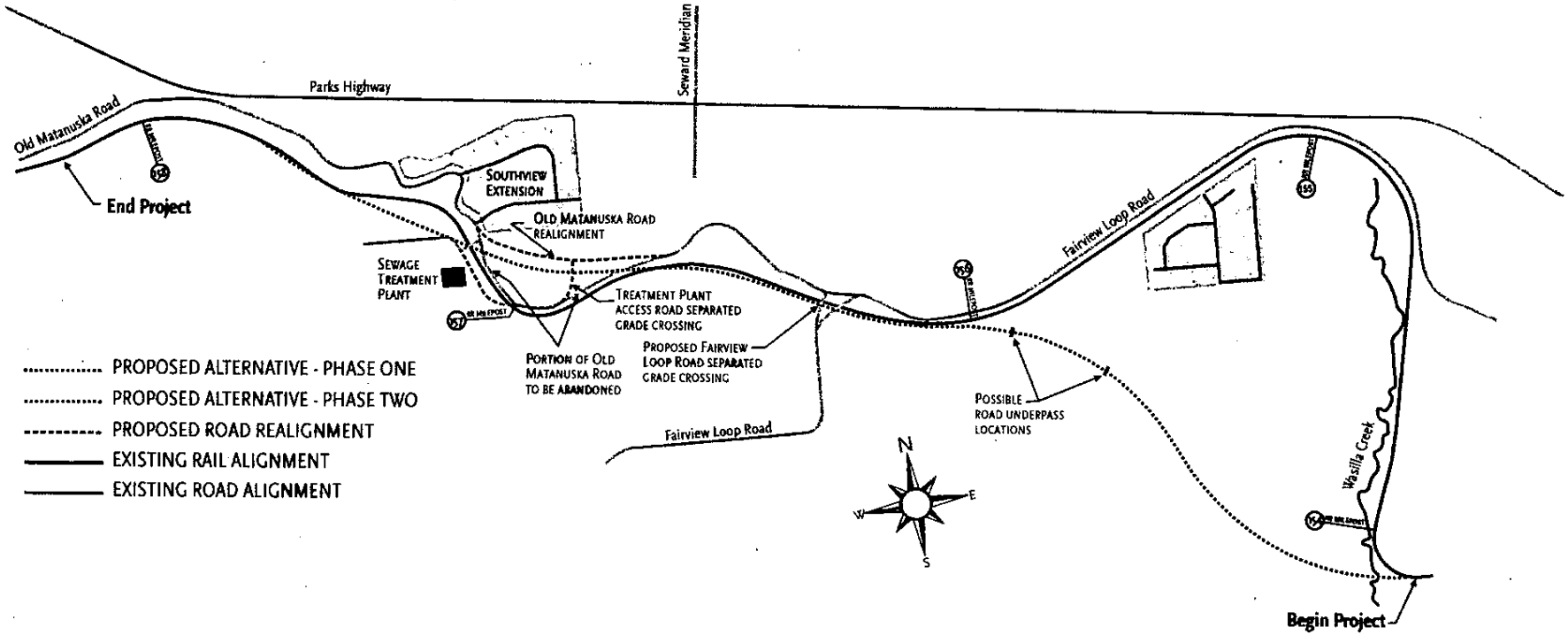
Architect's rendition.

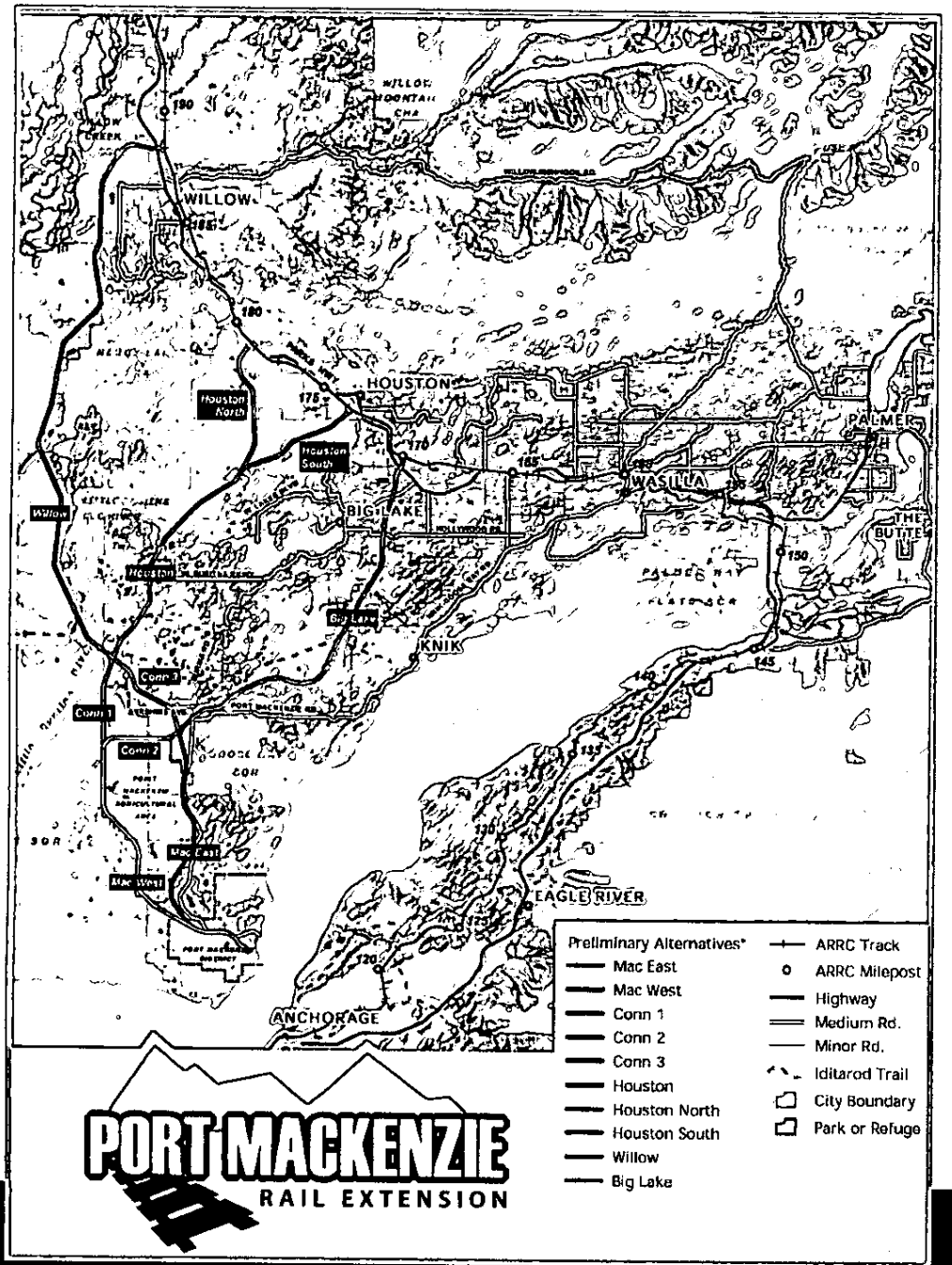


Area Site Plan

South Wasilla Rail Relocation

- Straighten curves along a 4-mile stretch in south Wasilla to eliminate at-grade crossings and increase track speed.
- EA complete, and new ROW land acquisition is underway. Construction cost of $30 million is not yet funded.





Port MacKenzie Rail Extension

- Construct a 30- to 45-mile rail line to connect the port to the main line.
- Sponsored by the Mat-Su Borough, with $27.5 funds allocated to date by the State Legislature to fund an EIS.
- Surface Transportation Board (STB) is overseeing EIS.

AlaskaRailroad.com

ALASKA RAILROAD CORPORATION EST. 1914

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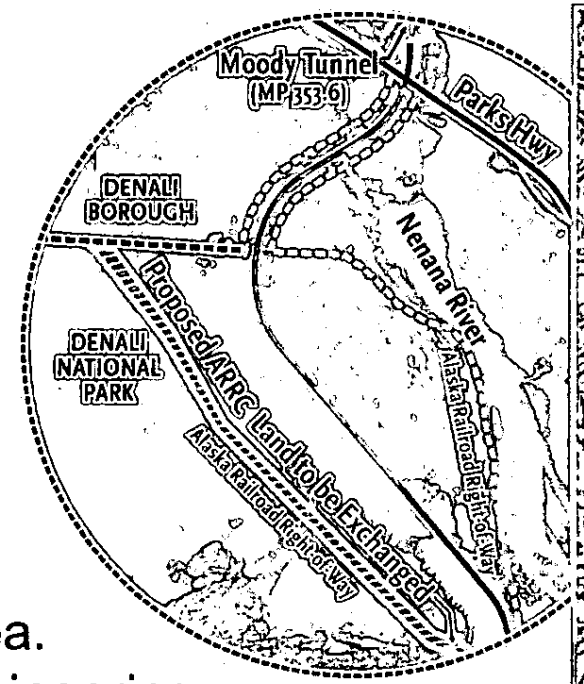
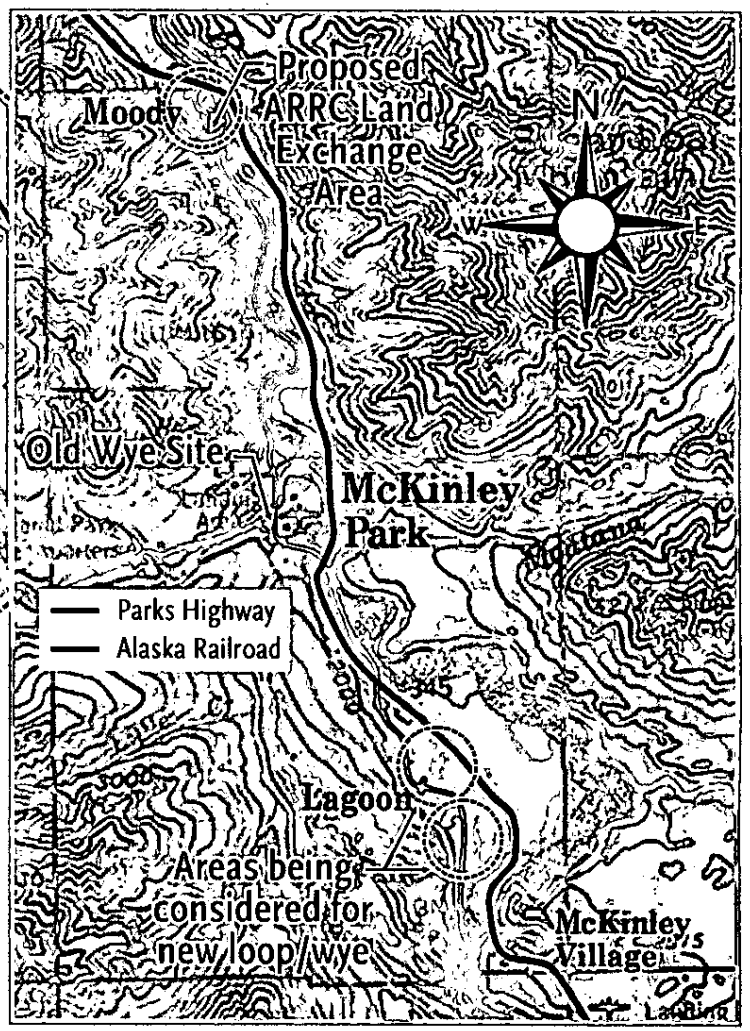
Denali Park Turnaround Track

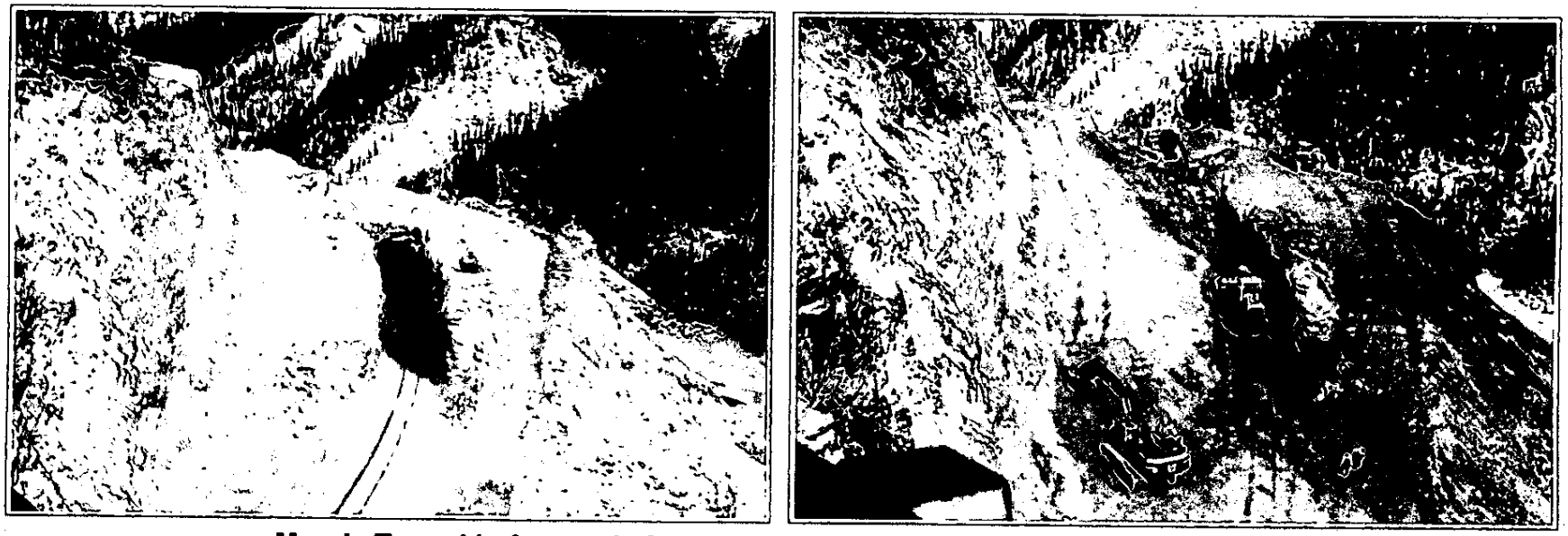
Re-establish a loop or wye track to allow passenger trains to turn around in the Denali Park area. Conceptual engineering recommends a small land exchange, which requires Congressional and Alaska Legislative approval. The National Park Service is preparing the environmental document.





Healy Canyon Stabilization

- Series of projects to stabilize track bed, control rock falls, reinforce tunnels and realign the track.
- 2009 Program: **$900,000**. Moody Tunnel Phase 4

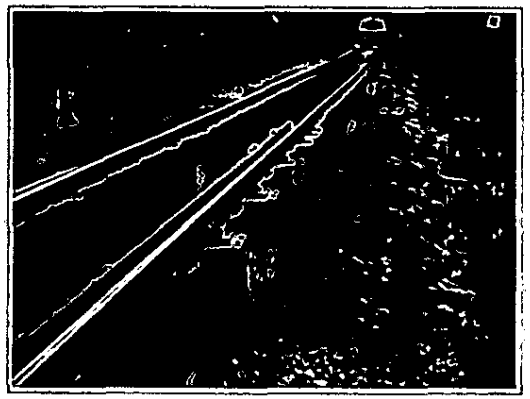


Moody Tunnel before and after a final blast to remove the top in April 2008.

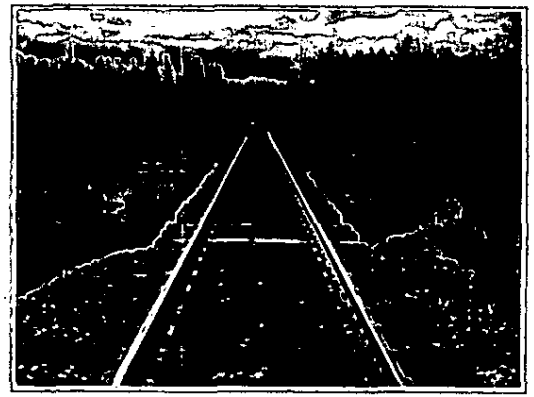
798

FEMA: Track Flood Repair

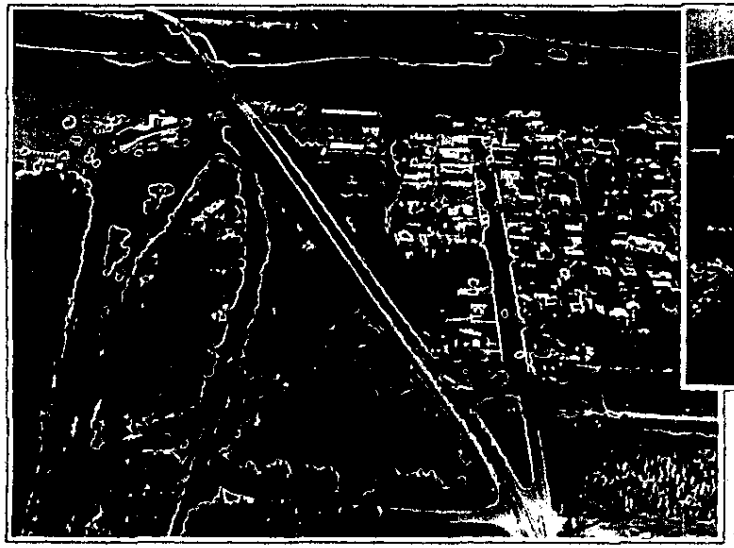
- In August 2008, three Alaska rivers overflowed, flooding several communities, such as Nenana, where road and rail were submerged.

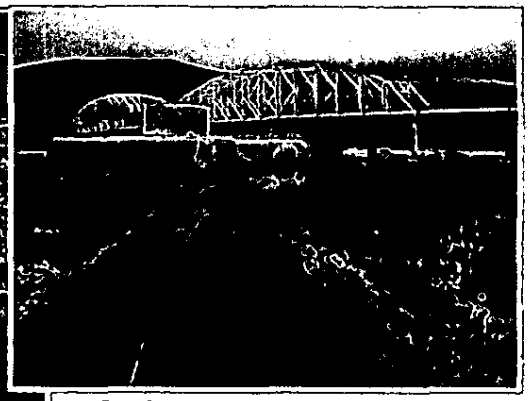


Flood waters flow over the track.

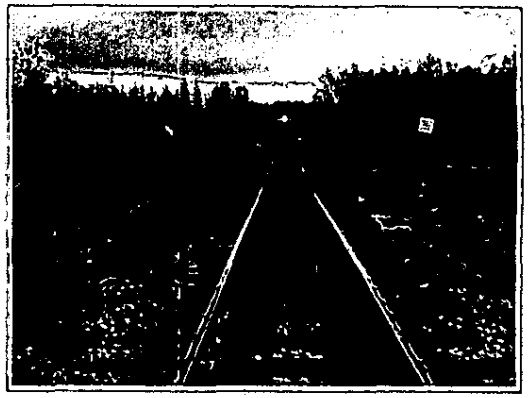


Track bed and ballast washout.





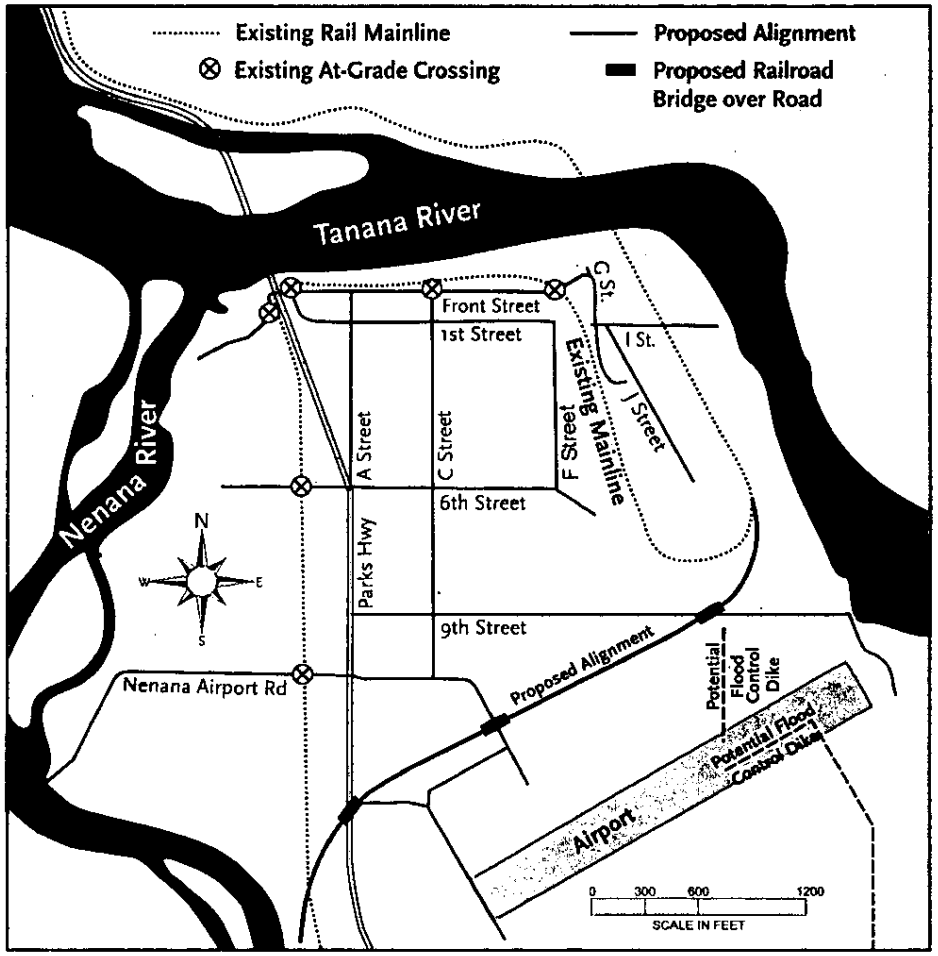
Left: Aerial view show road and rail submerged near the bank of the Nenana River. Above: Submerged rail.



Work trains respond immediately to repair the washouts and other serious track damage.

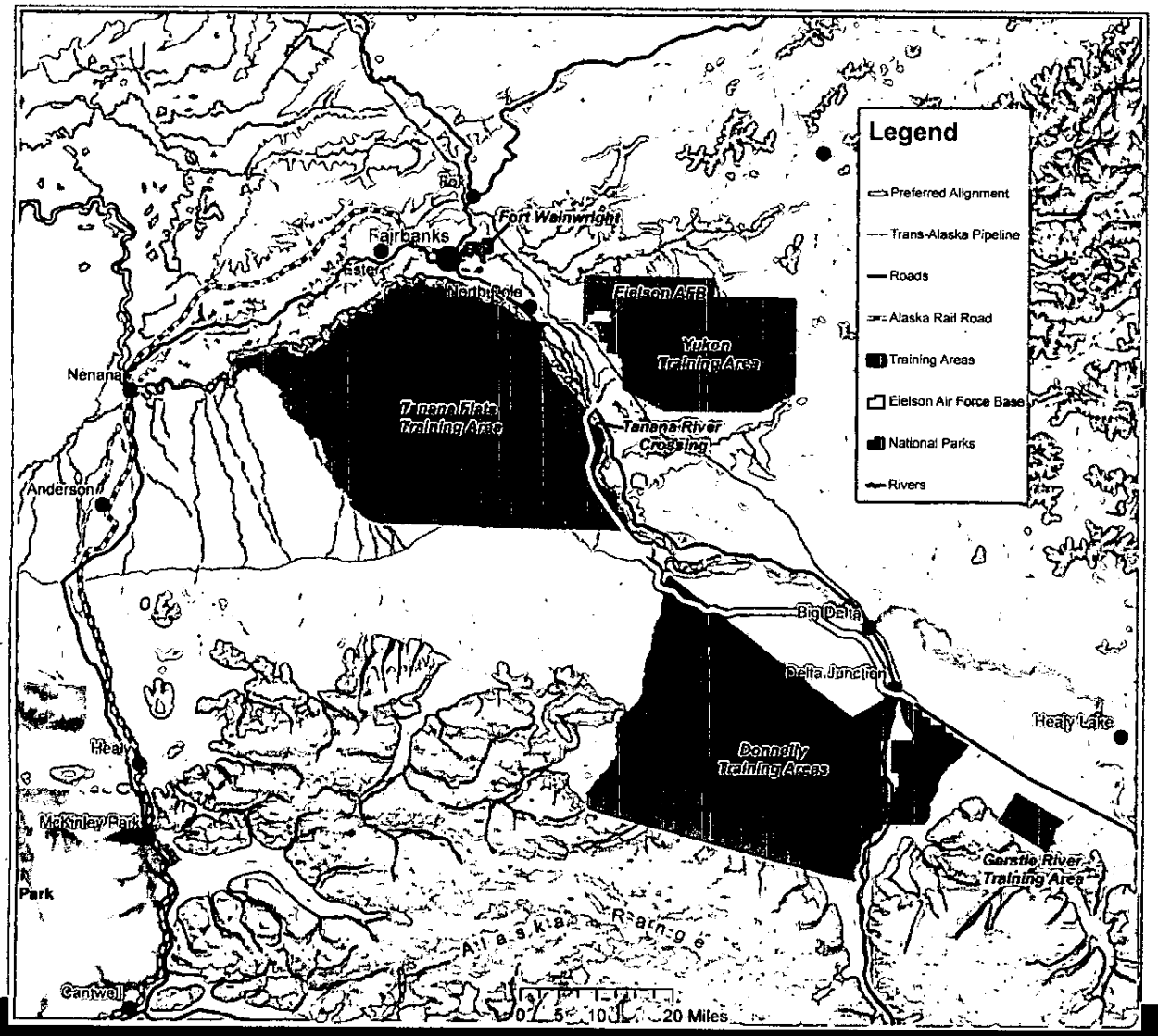
Nenana Rail Realignment

Started in 2008 the project seeks to relocate the tracks around downtown Nenana. The EA was complete in 2004. Right-of-way land acquisition will be complete in 2009. Construction estimate of $25M is not funded.



800

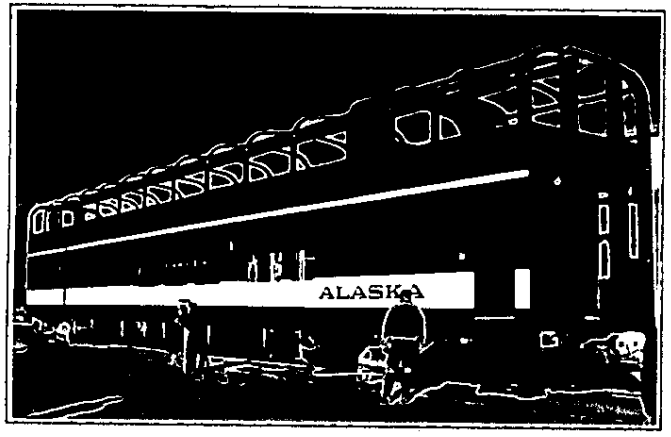
Northern Rail Extension



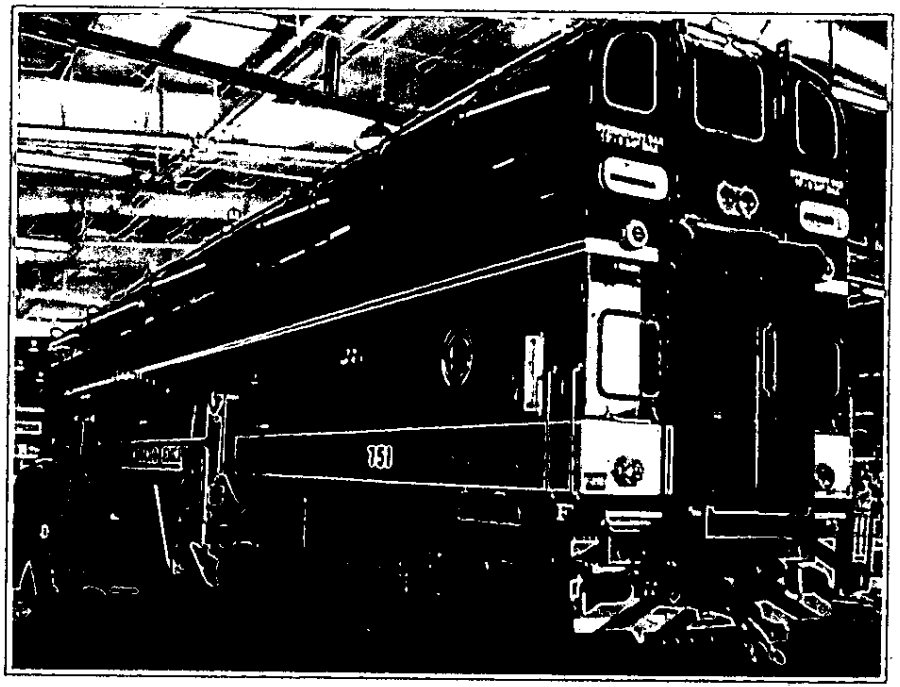
- Construct an 80-mile rail line between North Pole and Delta Junction
- Surface Transportation Board (STB) released draft EA for public comment in December 2008
- STB decision expected in 2009

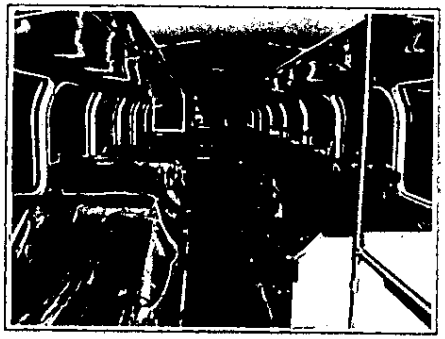
Passenger Rolling Stock

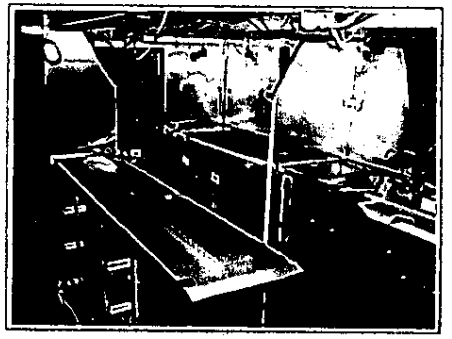
- Colorado Rail Car built one self-propelled DMU and two bi-level railcars for 2009 service.
- Additional Passenger Equipment rehabilitation scheduled for 2009.



Two bi-level dome cars were delivered for *GoldStar* first-class service in 2009.



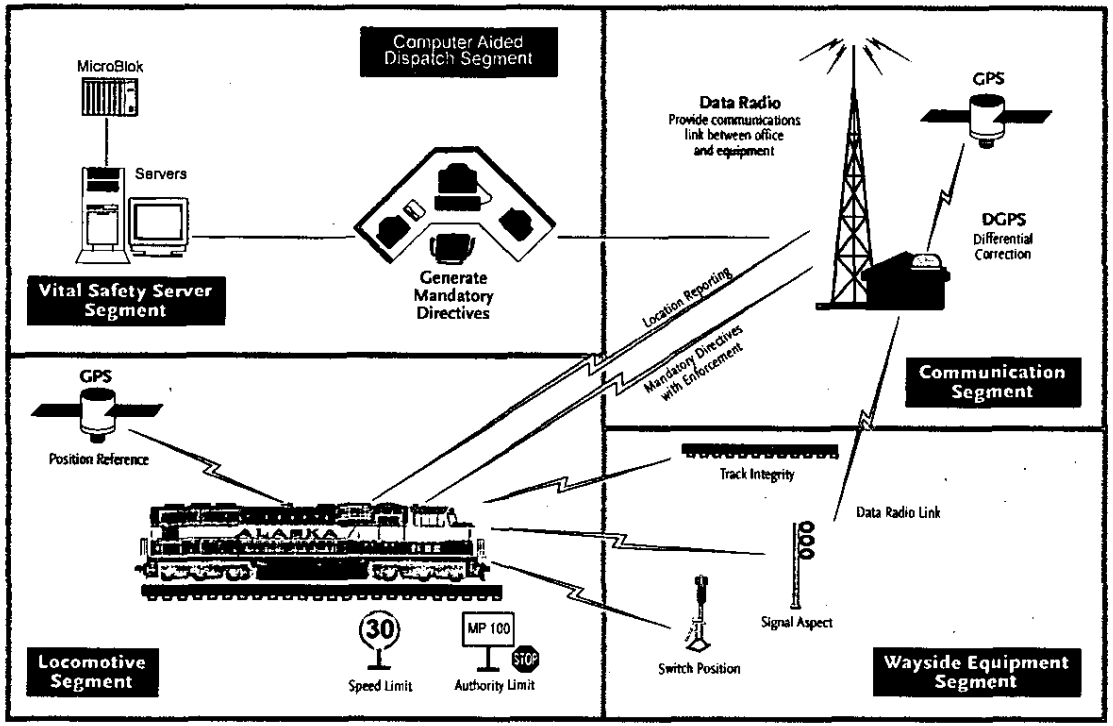




Delivery of the new DMU for service in 2009.

Collision Avoidance System

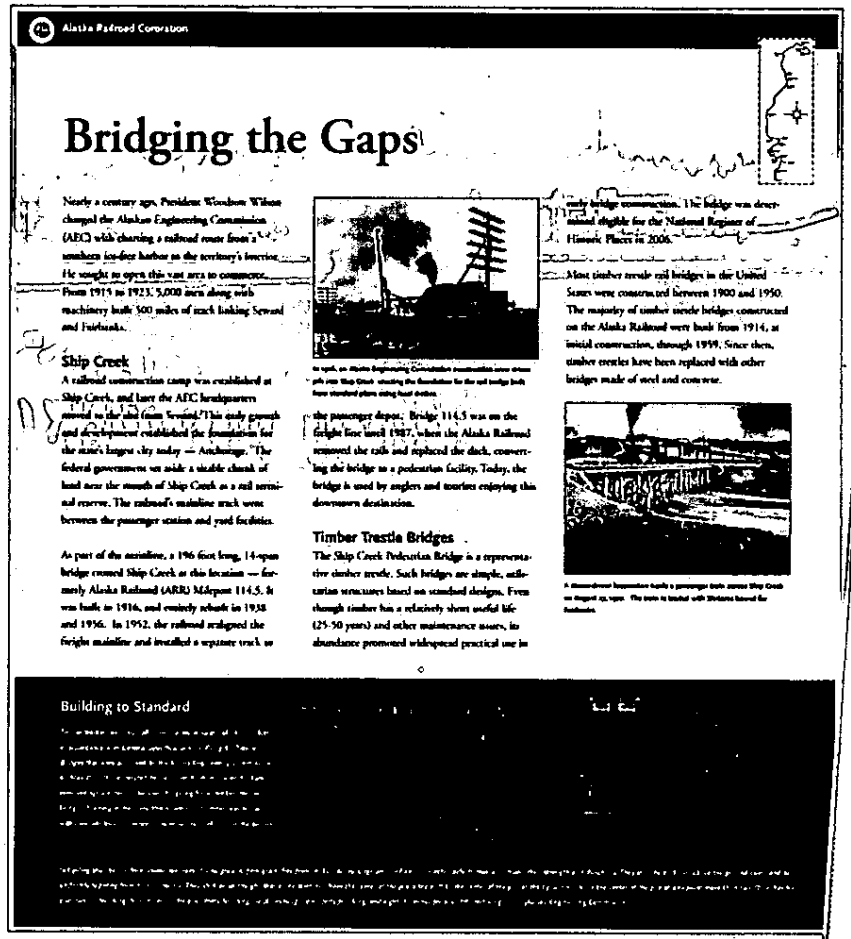
- Multi-phased project to develop and implement a train control system that greatly reduces the risk of human error.
- Integrates a computer aided dispatch system, locomotive on-board computer system, GPS locator, track-side detection devices and a dedicated communications network.



Historic Preservation

ARRC works with state and federal historic preservation agencies and organizations to preserve railroad history.

Preservation efforts include educational and informational materials.


Alaska Railroad Corporation

Bridging the Gaps

Nearly a century ago, President Woodrow Wilson charged the Alaskan Engineering Commission (AEC) with charting a railroad route from a southern ice-free harbor in the territory's interior. He sought to open this vast area to commerce. From 1915 to 1923, 5,000 men along with machinery built 500 miles of track linking Seward and Fairbanks.

Ship Creek

A railroad construction camp was established at Ship Creek, and later the AEC headquarters moved to the site from Seward. This early growth and development established the foundation for the state's largest city today — Anchorage. The federal government set aside a sizable chunk of land near the mouth of Ship Creek as a rail terminal reserve. The railroad's mainline track went between the passenger station and yard facilities.

As part of the mainline, a 196 foot long, 14-span bridge crossed Ship Creek at this location — formerly Alaska Railroad (ARR) Milepost 114.5. It was built in 1916, and entirely rebuilt in 1938 and 1956. In 1952, the railroad realigned the freight mainline and installed a separate track so the passenger depot. Bridge 114.5 was on the freight line until 1987, when the Alaska Railroad removed the rails and replaced the deck, converting the bridge to a pedestrian facility. Today, the bridge is used by anglers and tourists enjoying this downtown destination.

Timber Trestle Bridges

The Ship Creek Pedestrian Bridge is a representative timber trestle. Such bridges are simple, utilitarian structures based on standard designs. Even though timber has a relatively short useful life (25-50 years) and other maintenance issues, its abundance promoted widespread practical use in early bridge construction. The bridge was determined eligible for the National Register of Historic Places in 2006.

Most timber trestle rail bridges in the United States were constructed between 1900 and 1950. The majority of timber trestle bridges constructed on the Alaska Railroad were built from 1914, at initial construction, through 1959. Since then, timber trestles have been replaced with other bridges made of steel and concrete.

Building to Standard

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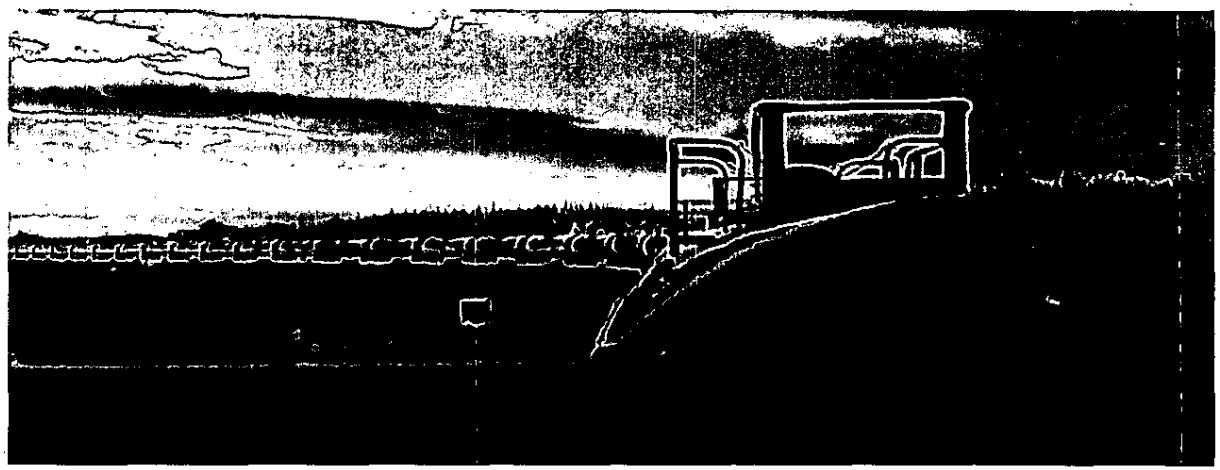
1st Five Year Plan



2002 - 2006

Here Is What Guides Us

President's Overview	Foundation	ARRC Today	Milestones	Landscape	5-Year Strategic Program
Setting the tone for this working document	History, early vision & amendment components	Assessing where we've been, who and what we are	Operating/capital benchmarks and forecasts	Issues impacting the railroad environment	Plan components and supporting initiatives
2	5	7	11	15	20

808

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The Methodology: Effects Based Thinking

- A way to help stay focused on the strategic level
- What is the high order *effect* we are trying to achieve?
- Formulate the desired outcome *first*, freeze it, then consider only the timely, affordable, relevant paths that can get you there

Components of ARRC Planning

- **Strategic** Level – *"Forest"*
  - Describing the desired corporate outcome … effects
- Operational Level – *"Trees"*
  - Major independent elements which jointly compromise the desired outcome.
- Tactical Level – *"Weeds"*
  - Bits and pieces that compromise each operational element.
  - ARRC project list goes here.

Desired Strategic Effects

- Continue to improve safety
- Recruit, train, and retain quality employees
- Establish effective railroad security
- Improve financial soundness
- Improve productivity
- Build constructive community relationships
- Position for growth and sustainability

Productivity

- **A product of:**

  People x Stuff

- Both need attention if you are trying to maximize the outcome
- Depends upon the concept of "balance" across the entire company, regardless of job
- The more employees "feel the love", the more productivity you gain

Productivity Comes From Satisfied Employees, But We Had ...

- No 401K match
- No retirement health care account
- Unhappiness over profit sharing
- Working conditions/quality of life needs repeatedly deferred ... failing to make the cut in the capital budget
- Extensive wage tiers creating resentment
- Guard/reserve considerations outdated
- Corporate training program lacking
- Sick leave abuse rampant

Conclusion: We needed to do much more

Tactical Activity: We Began Budgeting to Improve Productivity

- Pay
- Benefits
- Workplace tool modernization
- Break/Rest Areas
- Workplace facility improvements
- Recruiting
- Schedules
- Rewards
- Training
- Mentoring

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First Five-Year Plan Achievements

2002 - 2006

Safety

- Incident Command Center created
- Response plan, training, field exercises
- Employees create a user friendly Safety Manual
- National Safety Employee of the Year
- Harriman Award

Four record years out of last six

2006 Best Ever !!

814

Safety (continued)

- 65% reduction in FRA reportable injuries
- 72% reduction in derailments
- ARRC FRA reportable train accidents 82% below US Railroad average
- Employee lost time down 60%

Wholesale Change in Safety Culture

External Affairs

- ARRC public opinion poll approval: 63% → 85%
- Six favorable bills passed in Juneau
- Employee Recognition Program started
- Corporate Branding Program started
- Moose Salvage Program started
- Rebuilt Corporate "Charitable" Giving program, ARRC external website, All Aboard, Community Ties newsletters
- Created Dispatch, Tenant Ties newsletter
- Community outreach visits increased to over 1,000/year
- Sea Train … All Anchorage 5th graders to Sea Life Center
- Conducted 3 employee cultural surveys (2002, 2004, 2008)

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Corporate Recognition

Corporate Awards

- 2004: Public Relation Society of America (PRSA):
  - Award of Excellence for 2004 Annual Report
- 2005: International Silver Davey Awards:
  - Consumer Magazine Advertisement – Industrial Strength
  - Print Collateral Annual Report – Alaska Railroad Annual Report
  - Print Collateral (safety advertisement) – Planes, Trains

Corporate Recognition

Marketing Sales & Service Awards

- 2003: Seven awards given from *Onboard Services*. Overall best Railroad; 1st place in safety, Equipment, entertainment, uniforms, and food services; 2nd for onboard services.
- 2004: Rob Halpin receives Distinguished Service Award from National Defense Transportation Association

818

Corporate Recognition

Operations Awards

- 2005: Dwight West for Safety Person of the Year, American Short Line and Regional Railroad Association (ASLRRA).
- 2004, 2005: "Jake" Award from the ASLRRA for exceeding the industry safety average.
- 2006: Wasilla Chamber "Gold Award" for significant contributions to the visitor industry

Real Estate

- New facilities brought on line
  - Airport, Denali and Fairbanks Depots
  - Anchorage Operation Center
  - Consolidated Projects and Signals Building
  - Facilities Maintenance Shop
  - Seward Intermodal Facility upgrades
  - Railroad Police / Security Building
- Ship Creek property development continues
  - The Bridge
  - C-Street Park
  - Paved parking lots, curbs, landscaping
  - Purchased Railroad HQ building
  - Trail improvements
- Fairbanks Terminal/Yard Heat Conversion Project completed…coal fired boiler plant shut down

820

Real Estate

- Facilities department created
  - Cradle to grave comprehensive property management and maintenance
  - Owner-user concept applied
  - Standards developed for design, architecture, energy efficiency
  - $11M account
- Real estate facilities acquisition strategy developed
  - "Bundling" for better market response, using debt

Passenger Service

- 2008 sets another passenger revenue record
- GoldStar… first class upgraded service a big winner
- 2009: 2 New luxury bi-level coaches and a new self-propelled DMU to fit growing demand
- New charters:
  - 2007: Cruise Train and Princess "Straight to the Wilderness"
- New Services
  - 2008: U.S. Forest Service Whistle Stop – first site completed at Spencer

822

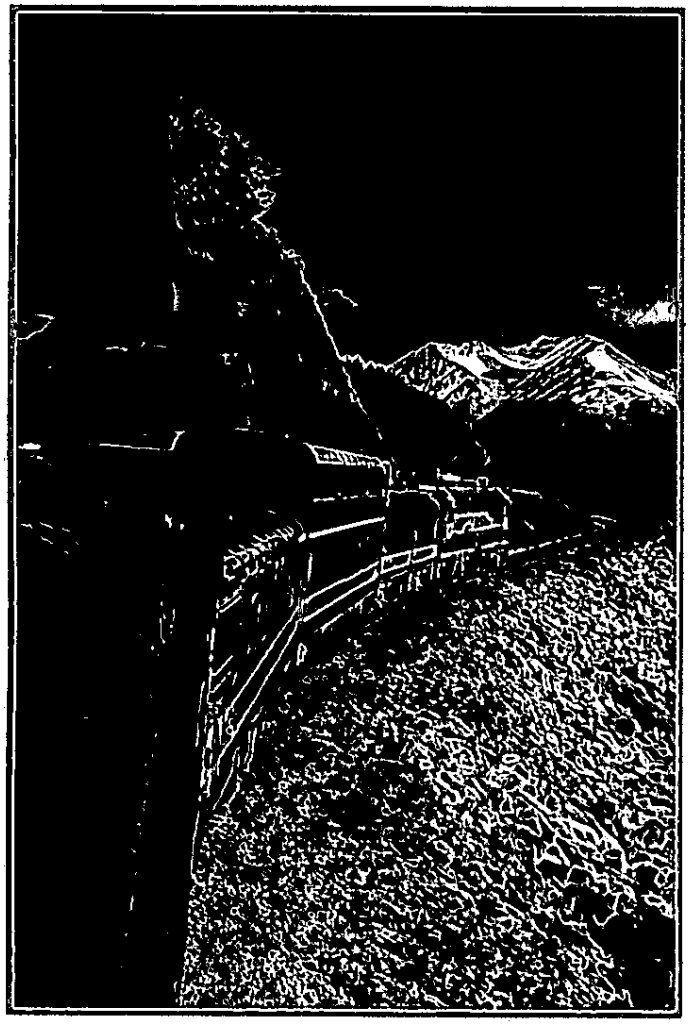
Track Rehabilitation Program

2006 - 2012

Project	2007 Actual	2001 Actual
Wooden Ties	61,052	30,600
Concrete ties	22,224	0
Welded Rail	45.72 miles	7.6 miles
Surfacing	319.38 miles	242 miles
Rail Grinding	500 miles	0
Rail Detection	2,000 miles	0
Bridge Replace/Rehab	10	6
Siding Upgrades	0	3

Productivity!

What's in Our Future?



Second Five Year Plan

2008 – 2012

824

2009 Budget: Challenges

- Core Business… train income from operations … should be profitable
- Financial security … betting the farm on Federal Entitlements is too risky
- Must reverse Operating Ratio trend line
- Railroad must create a culture of thrift throughout
- Railroad must improve ability to control costs despite a tough environment of seasonal demands

Directions from the ARRC Board

- Improve Net Income from Operations and Operating Ratio in the 2009 Budget
- Look at ALL railroad areas for possible cost savings, including manpower

826

Personnel Impacts, So Far

- 79 positions eliminated (attrition)
  - 39 Management (8 received layoff notices)
  - 26 Represented (attrition)
  - 14 Special Services
- 3 more management reclassified from expense to all capital
- 1 Assistant Vice President position downgraded
- 1 Assistant Vice President position eliminated
- 4 Director-level positions eliminated

2009 Revenue Wild Cards

Possible Gains

- Gravel
- Coal
- Pipe

Probable Losses

- Petroleum

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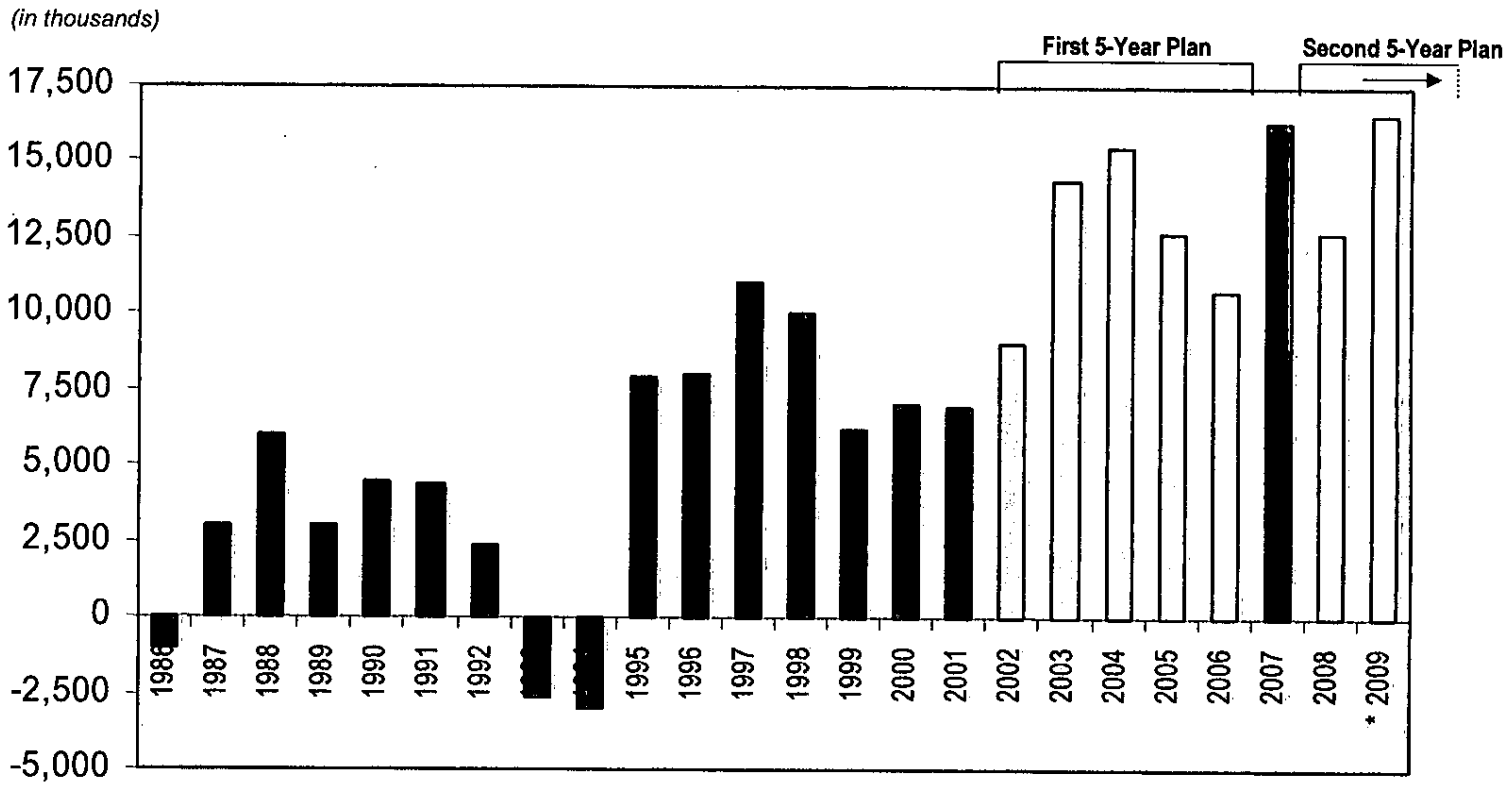
Forecast Impact on ARRC Corporate Net Income



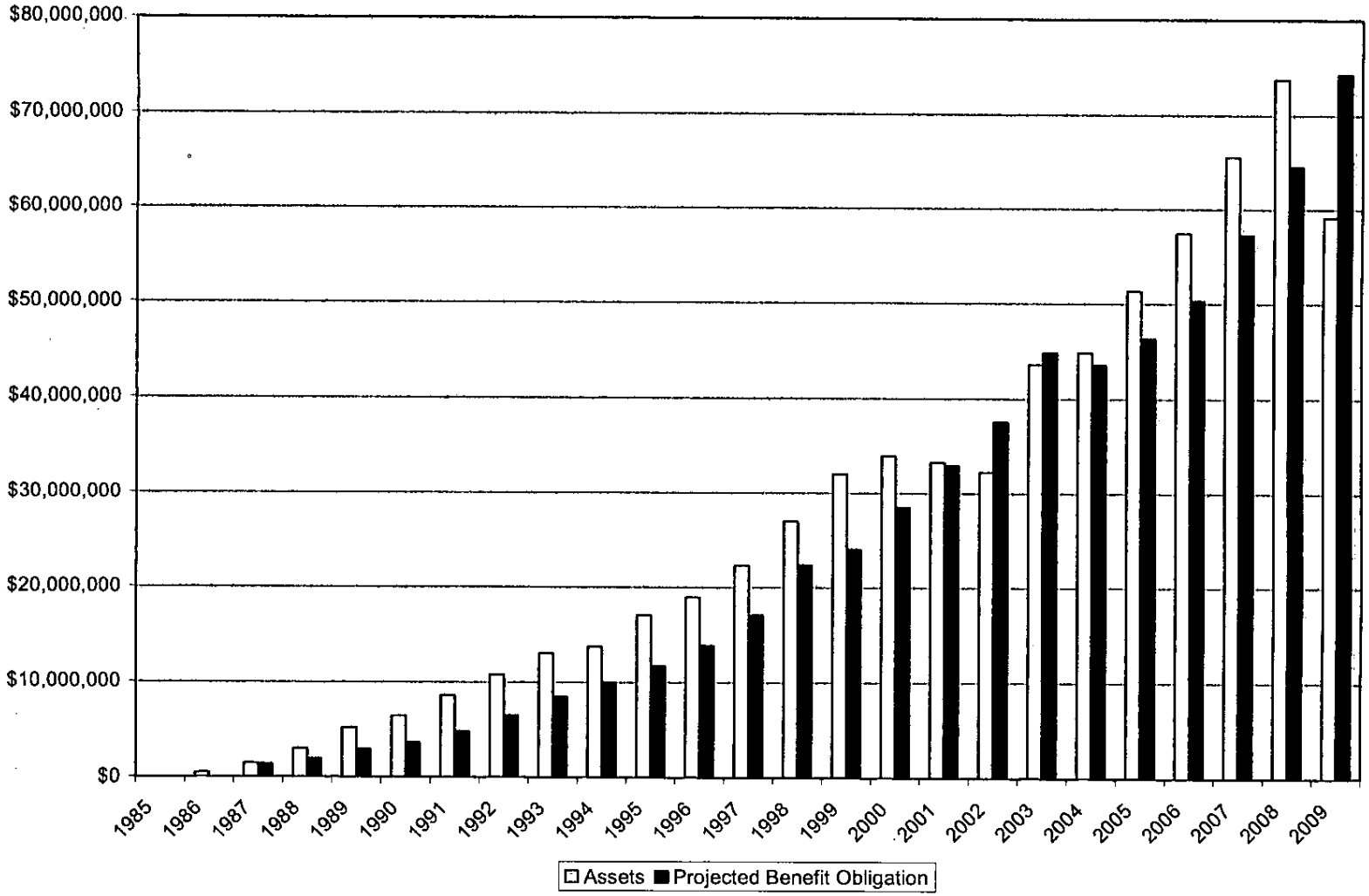
* 09 - Budget

2009 Status of Benefit Trust Funds

- Defined benefit pension trust fund totaled $59.8 million
  - Down $13.8.1 million from year end 2007
  - Liability exceeds funding by $15.1 million (79.6% funding ratio)
- Retiree medical trust fund totaled $19.0 million
  - Down $2.6 million from year end 2007
- Considerable down-market impact

830

Funded Status of the Pension Plan



Pension Plan Administration

- ARRC Pension and Represented 401(k) Committee
  - Two Union Members
  - Three Management Representatives
- Retirement Specialist in Human Resources

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How Does It Work?

Alaska Railroad Post Retirement Medical Program

Post-Retirement Medical

- ARRC Labor Contracts (5 union contracts) provide that retirees can purchase ARRC medical insurance by paying 60% of the monthly premium.
- Non-represented employees are eligible for retiree medical coverage under ARRC policy
- Eligible retirees must be:
  - 62 or older under the ARRC Pension Plan (represented)
  - 58 or older under the ARRC Pension Plan (non-represented)
  - With the Civil Service Retirement System
  - On disability retirement

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Post-Retirement Medical

- Retirees who don't meet the criteria above can participate by paying 100% of the premium
- Certain surviving annuitants and family members can continue their participation following the death of the retiree on the same cost sharing basis
- Surviving dependent children of an ARRC pension plan participant are eligible to participate on the same cost sharing basis, without the requirement that there be a pension plan recipient

Post Retirement Medical

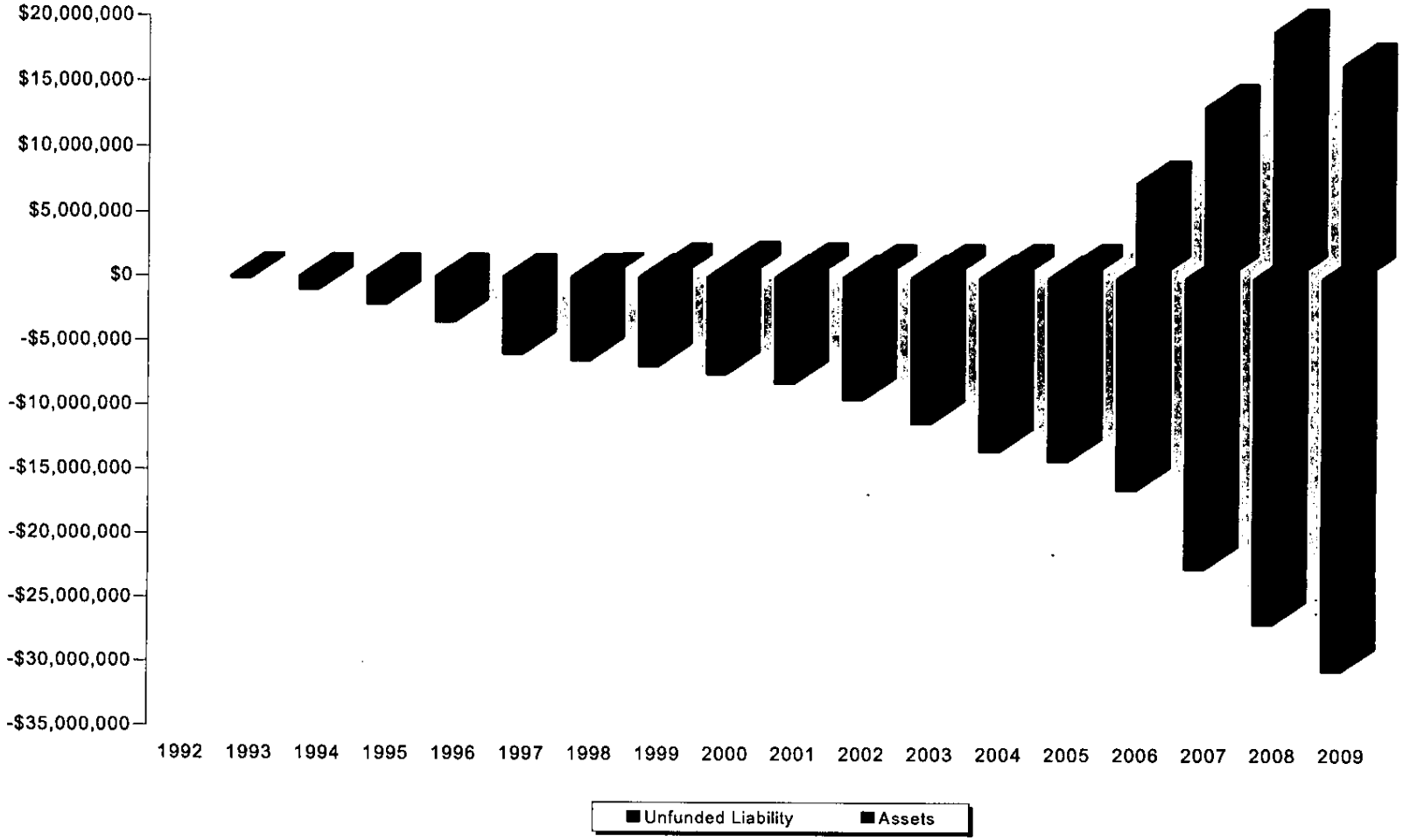
- Deductible: $500
- Co-insurance: $80/20 up to $1,500
- Includes prescription drug benefit
- Does not include audio, vision and dental coverage
- Medical Plan for retiree is identical to the plan for active ARRC employees

836

ARRC Contributions

- In addition to the premium contributions, ARRC makes annual contributions to the Post Retirement Medical Trust based on the recommendations of the actuary. The 2008 contribution was $2.8 million.

Post Retirement Medical Expense/Accrued Liabilities/Assets



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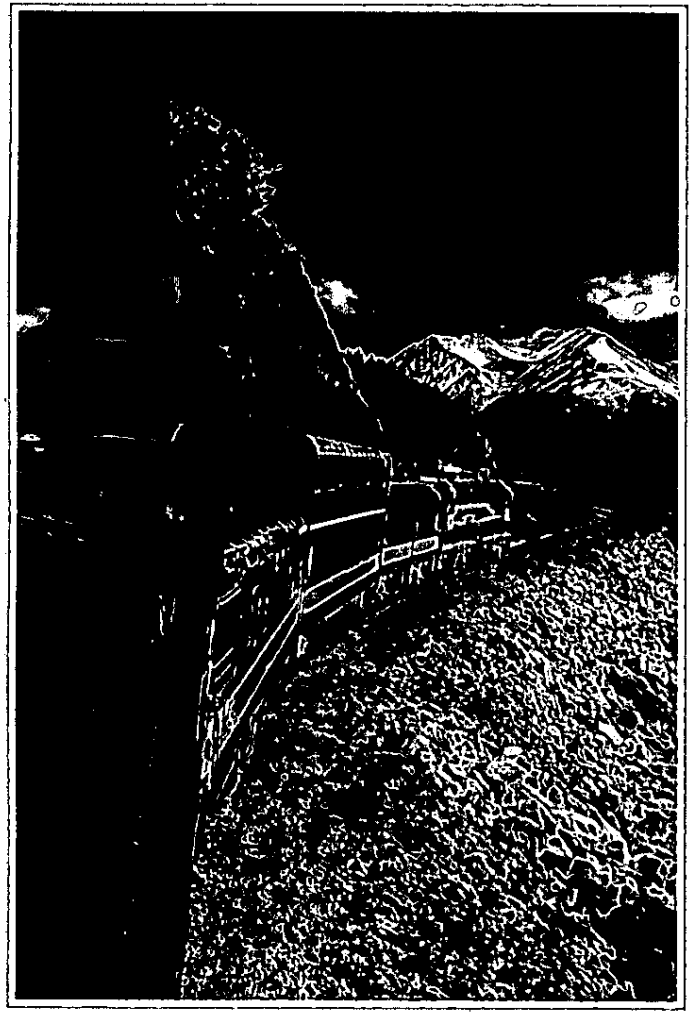
Hot Topics



Issues impacting the rail belt

Importance of Flint Hills to ARRC

- **By far, ARRC's largest and most important customer**
  - 2007 Freight Revenue from Flint Hills Resources (FHR) - $43.6M
    - 45% of total freight revenue
  - Year-round, high-margin business line buffers highly seasonal passenger/gravel revenue fluctuations
  - Land lease revenue >$1.2 million/yr
  - ARRC contracts to maintain FHR leased fleet of ~400 tank cars at > $1 million/yr

- **Partnership that heralded great potential when Flint Hills purchased the North Pole Refinery in 2004… but,**
  - While the petroleum compound annual growth rate (CAGR) between 1998 – 2003 = 11.5%... …the Flint Hills CAGR 2004 – 2008 = 1.2%
  - We have already experienced a 25% volume reduction (200 million gal/yr) between 2004-2008

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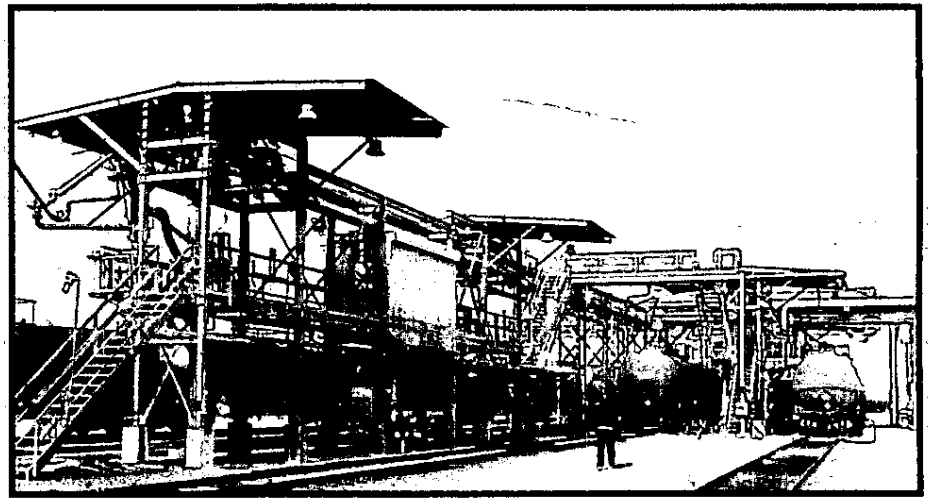
Flint Hills Resources at Crossroads

- FHR had originally indicated it was considering 3 alternatives, with a decision to be made by end of 2008:

1. [redacted]
   Major capital investment into North Pole Refinery, significantly increasing production capabilities to Alaska, Pacific Rim.

2. **Practical Option:**
   Give up on Alaska… sell North Pole Refinery.

3. **Last Resort:**
   Convert to "terminal operation." Minor amount of refined fuel is shipped north to Fairbanks and there distributed by truck. Refinery closed.
   Flint Hills jobs lost ~165.

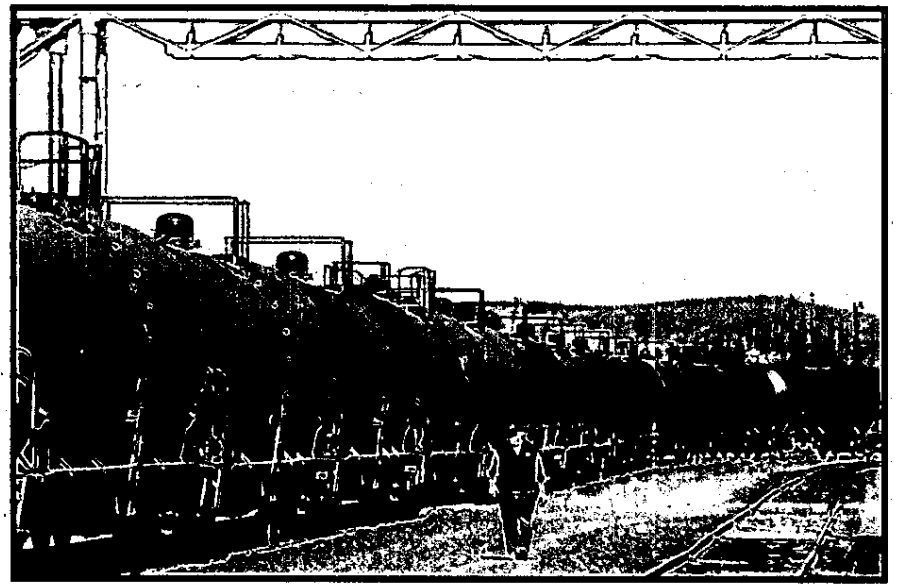


Impact of Terminal Scenario

- **Option #3 would devastate ARRC's economic contribution to the State of Alaska**
- **To fulfill statutory mandate of self-sufficiency, massive restructuring of ARRC would be required**
  - Roughly $25-30 million/yr in expense reductions would need to be offset
  - **200+ high-paying railroad position eliminations**, divestiture of locomotives/track equipment, draconian reductions in rail service and railbelt capital programs necessary
  - Precipitous drop in winter cash flow would necessitate a close look at the ability to provide year-round interior train service.

Railroad Bottom Line

Almost overnight, the Alaska Railroad would cease to be one of the State's most successful and well-recognized annual economic contributors.



Impact of Terminal Scenario

- **Economic Impact to Alaskan communities significant**
  - —ISER quantified impact of ARRC reductions on Alaskan communities
    - **250 non-ARRC jobs lost due to ARRC reductions**
    - **Another $21 million/yr in non-ARRC payroll lost**
  - —Many, many more Alaskan jobs at serious risk from economic shockwave
    - Fairbanks, North Pole, Municipality of Anchorage, Anchorage International Airport, Port of Anchorage
  - —**Loss of annual capital expenditures in the tens of millions/yr.** Significant annual railbelt work that typically uses Alaskan-owned businesses, labor and material purchases, dries up.
  - —Anchorage International Airport left with a single source of jet fuel.
  - —Alaska would need to import POL products and ship them north.

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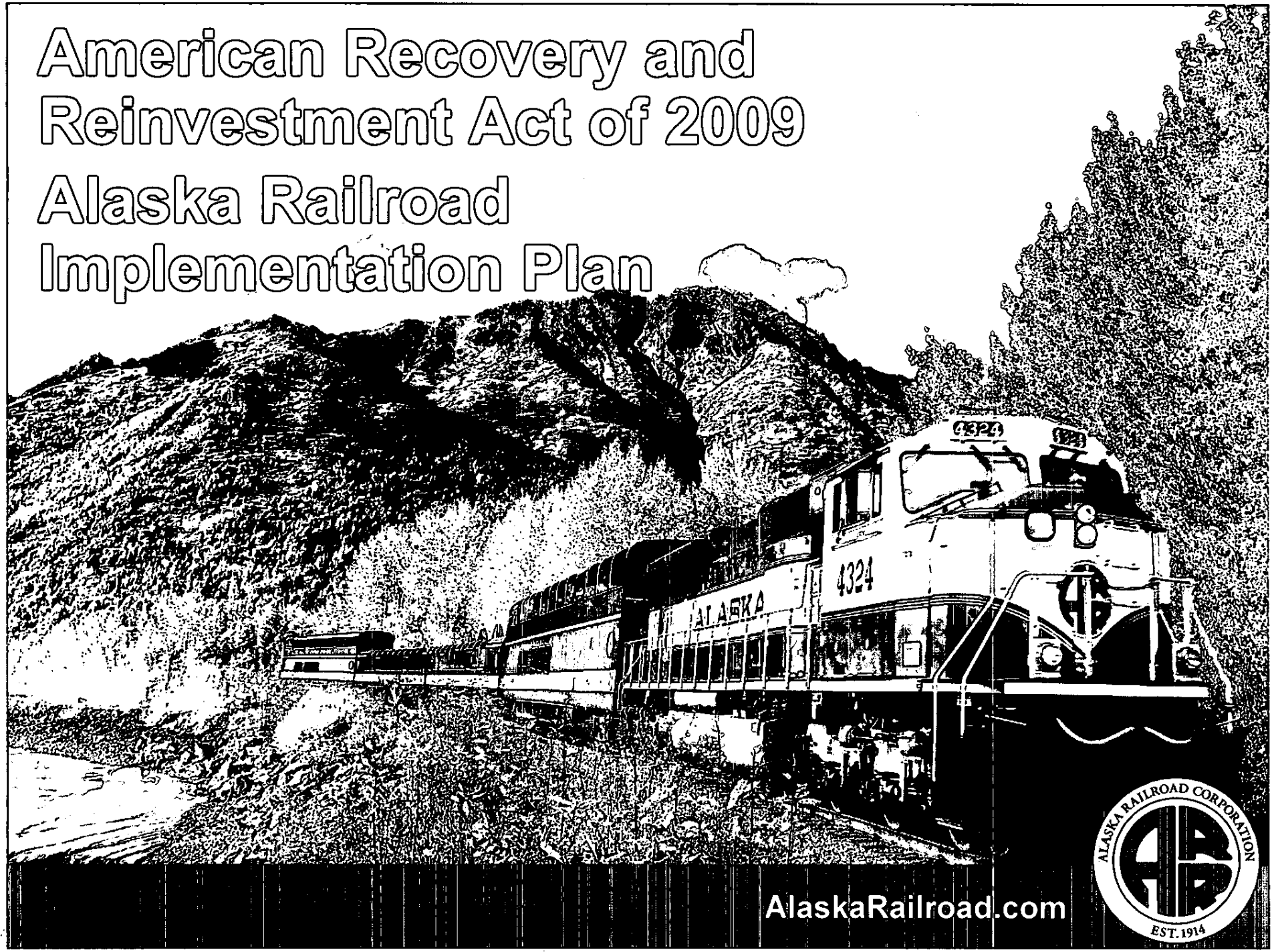
American Recovery and Reinvestment Act of 2009

Alaska Railroad Implementation Plan



$26 million

American Recovery and Reinvestment Act – 2009 (ARRA-09)

Anchorage UZA Fund Allocation

FEDERAL TRANSIT ADMINISTRATION

Breakdown of ARRA Section 5307 Apportionment for the Anchorage, AK UZA					
FTA Program/Formula	**UZA Total**	**Bus Non-incentive Tier**	**Bus Incentive Tier**	**Rail Non-incentive Tier**	*** Rail Incentive Tier**
Section 5307 Urbanized Area Formula	$31,508,087	$5,368,329	$314,491	**$25,823,761**	**$1,507**
Section 5340 Growing States Formula	$277,491				
Total	$31,785,578	$5,368,329	$314,491	**$25,823,761**	**$1,507**

$5,960,310

Amount Attributable to People Mover for Anchorage bus service only

$25,825,268

Amount Attributable to Alaska Railroad for passenger operations from Seward to Fairbanks

ARRA-2009 Federal Rules

- ✓ **Passenger related projects only:** Federal Transit Administration (FTA) Section 5307 funding mandate
- ✓ **Project in federal planning document:** Must be included in a federally approved plan, such as:
  - Statewide Transportation Improvement Program (STIP)
  - Transportation Improvement Program (TIP) in Anchorage and Fairbanks
- **Project meets standard regulations and guidelines:**
  - Environmental, air quality conformity, Disadvantaged Business Enterprises, Buy America, Department of Labor, etc.
- **Meet time certain deadlines:** If obligating fund deadlines are not met, *funds will be withdrawn*
- **First report deadline: April 4, 2009.** Includes project list, certifications, jobs created, jobs sustained, etc.

New Reporting Requirements

Requirement Drivers: "Transparency and Accountability"

- ✓ **CEO Certification:** Chief Executive Officer must certify investments made under ARRA-2009
- ✓ **Quarterly Reporting:** Reports required no later than 10 days after end of each quarter
- ✓ **Jobs Report:** Indicate jobs created and jobs sustained
- ✓ **Website Posting:** requires posting to *local and federal websites*
- ✓ **Purpose and Rationale:** Define and outline for each investment
- ✓ **Subcontract Details:** Complete information on subcontracts

FTA developing ***more*** reporting requirements

www.Recovery.gov

State Certifications | Recovery.gov - Microsoft Internet Explorer

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STATE CERTIFICATIONS

When President Obama signed the American Recovery and Reinvestment Act into law on February 17, 2009, it marked the beginning of a 45-day window for each state to claim the funds allocated to it by the act.

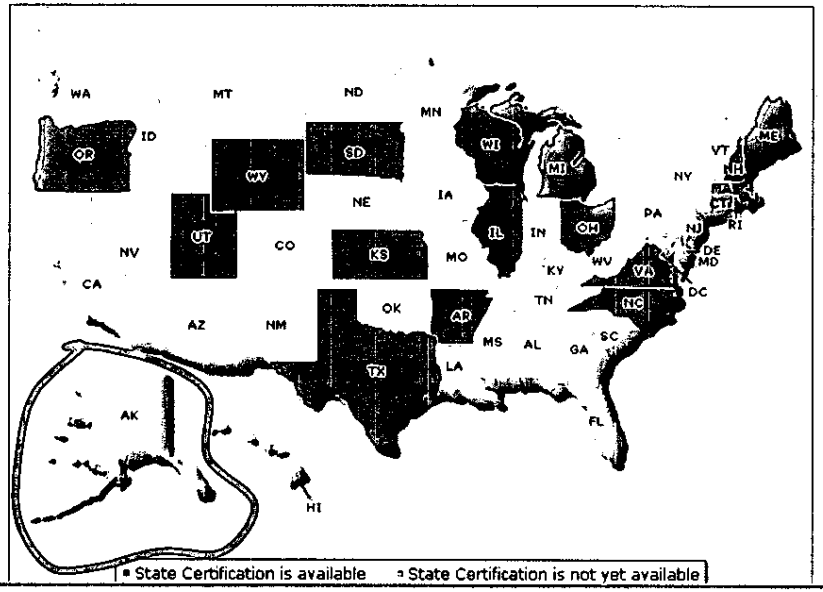
IN THIS SECTION

State Recovery Sites

In order to receive funds from the ARRA, governors have 45 days to certify that they will first of all "request and use" funds from the ARRA and second of all use them to create jobs and promote economic growth.

If a governor does not accept funds allocated to his or her state before that window expires, the state's legislature then has the option of certifying those two conditions itself.

Check out the list below to see which states have accepted funds and examine the certifications they have submitted. This list will expand as more states issue their responses, so check back often.



Accountability and Transparency

This is your money. You have a right to know where it's going and how it's being spent. Learn what steps we're taking to ensure you can track our progress every step of the way.

Share your Recovery Story

Tell us how the Recovery Act is affecting you. What's working? What isn't? We want to hear from you.

State Progress and Resources

Curious about the recovery progress in your state? Learn more about statewide recovery efforts here.

Agency Progress and Resources

We're bringing transparency and accountability to all areas of government. Learn about Recovery investments and grant programs at government agencies and departments.

Internet

Congressional Oversight

- ✓ **Congressional reports:** Reporting mandates *in addition* to FTA required reports
- ✓ **Committee reports:** Direct reporting to Congressional committee(s)
- ✓ **Same info, shorter deadlines:** Congress wants similar reporting information, but *sooner.*
  - Congress information deadline - April 4
  - Agency information deadline - April 10

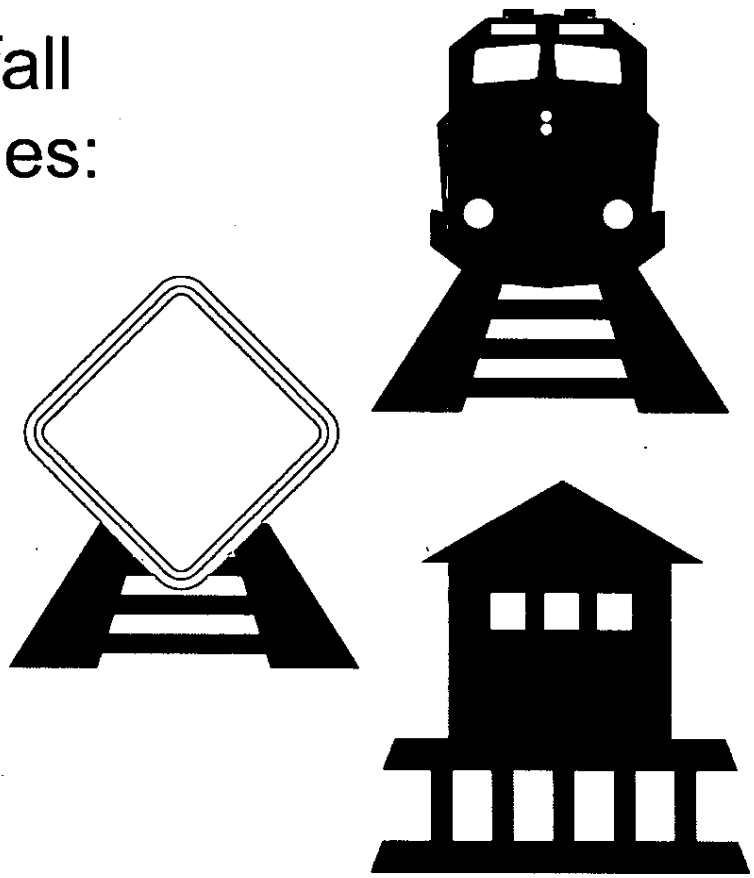
ARRC Implementation Plan

- ✓ **Identify eligible projects:** Meet eligibility requirements and contained in current federal planning documents
- ✓ **Confirm "shovel ready" status:** Ensure projects are ready to implement and can meet obligation deadlines
- ✓ **Verify other requirements:** Able to meet security mandates, enhancement rules, buy-America rules and other criteria
- ✓ **Submit grants ASAP:** FTA processing takes up to three months; ensure prompt qualified applications.

Project Candidate Categories

Proposed eligible projects fall primarily into three categories:

- Infrastructure
- Safety
- Passenger facilities



Alaska State Senate
Senate Finance Committee

Official Business

Mail Stop 3100
State Capitol
Juneau, Alaska 99801-1182

AGENDA

Tuesday, March 17, 2009 — 9:00 AM

Presentation on the Alaska Railroad Corporation by Patrick Gamble, CEO

SB 75-BUDGET: CAPITAL, SUPP. & OTHER APPROPS
Department of Commerce, Community and Economic Development

Alaska Gas Pipeline
Alaska Railroad Corporation
Transportation Infrastructure Enabler Projects

Capital Project	Cost and Spending	*Jobs Impact	Status
Fairbanks Airport Branch & Eielson Branch Staging Areas	$ 12 million	40	
Seward Freight Dock Extension and Uplands Staging Area	$ 23 million	75	✓
Fairbanks Freight Intermodal Terminal Rail/Truck Staging Area	$ 18 million	60	
Valdez Staging Area Rehabilitation	$ 6 million	20	
Whittier Wharf Replacement and Staging Areas	$ 60 million	200	✓
Port of Anchorage Track Improvements	$ 8 million	26	✓✓
Fairbanks Area Rail Line Relocation - Phase One (North Pole to Milepost 9 on Richardson Hwy)	$ 50 million	165	
Total Infrastructure Enabler Projects	**$ 177 million**	**586**	

* Source: Institute of Social & Economic Research (University of Alaska Anchorage) study, March 2005 "Alaska Railroad Pulls Jobs & Income into State Economy," Research Summary #63. (As a measure of conservatism, only 25% of estimated jobs created or sustained is used for the purposes of this presentation.)

** Double check (✓✓) indicates the project is "shovel ready" within 90 days. Single check (✓) indicates the project is "shovel ready" within six to 12 months.

- These projects are not eligible for Federal Transit Administration (FTA) formula funds because they are freight-related, not passenger-related.
- For additional information, please contact:
  Bruce Carr, Director, Strategic Planning • Alaska Railroad Corporation • (907) 265-2468 • carrb@akrr.com

FEB. 03, 2009

State of Alaska • Alaska Railroad • Enabler Project Details

✓✓= Economic Stimulus Project "shovel ready" within 90 days. ✓ = Economic Stimulus Project "shovel ready" within 6-12 months.

Fairbanks Airport Branch and Eielson Branch Staging Areas ○$ 12M ○40 jobs

The branch track to Fairbanks Airport and Eielson Branch skirt large undeveloped areas that could be utilized as major staging areas for pipe and gas pipeline construction materials. Upon completion of the short-term construction phase, the land at the Fairbanks Airport is designated by the Airport Master Plan for expansion. Both areas include excellent highway access. Undeveloped land near Eielson Air Force Base is comprised of old gravel pits easily developed into a gas pipeline and construction material staging area.

Seward Freight Dock Extension & Uplands Staging Area ○$ 23M ○75 jobs ✓

Expansion of 200-by-620-foot freight dock by widening 120 feet and extending 500 feet to handle additional freight ships carrying gas pipeline construction and re-supply materials. Includes track rehabilitation in the yard, and uplands development for pipe and construction material storage and staging.

Fairbanks Freight Intermodal Terminal Rail/Truck Staging ○$ 18M ○60 jobs

Fairbanks space is tight for handling containers- and trailers-on-flat-car traffic, creating a bottleneck for this service. Containers and trailers carrying gas pipeline construction and supply materials from Anchorage, Whittier and Seward can move by rail to this terminal. This cargo will then travel onto the Johansen Expressway headed to the North Slope and along the proposed Alaska Gas Pipeline Corridor.

Valdez Staging Area Rehabilitation ○$ 6M ○20 jobs

ARRC owns ~86 acres of land in Valdez that was used extensively during construction of the TransAlaska Pipeline. We anticipate similar use of this area for staging gas pipeline construction and supply materials for the Alaska Gas Pipeline. Project will rehabilitate land that is strategically located at water's edge with barge capacity, near the airport for air cargo transport, and has access to the Richardson Highway for rubber tire distribution of gas pipeline materials.

Whittier Wharf Replacement and Staging Areas ○$ 60M ○200 jobs ✓

Construction of a replacement wharf to serve freight ships carrying gas pipeline construction and supply materials for the Alaska Gas Pipeline. Also build additional track from Whittier port to the rail tunnel leading to Anchorage and Fairbanks terminals.

State of Alaska • Alaska Railroad • Enabler Project Details

✓✓= Economic Stimulus Project "shovel ready" within 90 days. ✓ = Economic Stimulus Project "shovel ready" within 6-12 months.

Port of Anchorage Track Improvements

○$ 8M **○26 jobs** **✓✓**

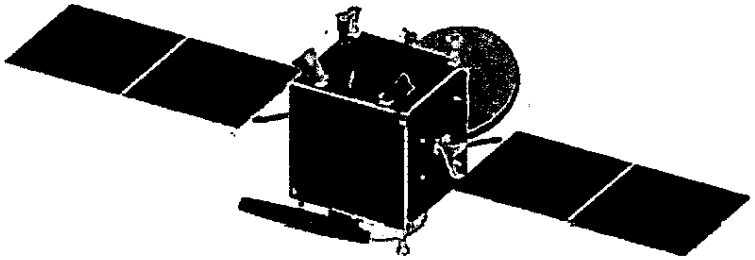
Request two additional tracks be extended to the port's new north end barge facility, in anticipation of extensive port use for unloading break bulk equipment, containers, trailers and other pipeline support material best moved on barges. Includes construction of a new 6,000-foot receiving / departing track within the Anchorage yard to expedite movement of train traffic between Anchorage, Whittier, Seward and Fairbanks.

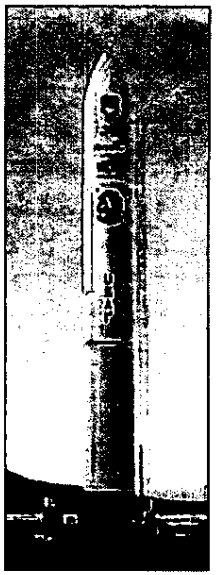
Fairbanks Area Rail Line Relocation: Phase One

○$ 50M **○165 jobs**

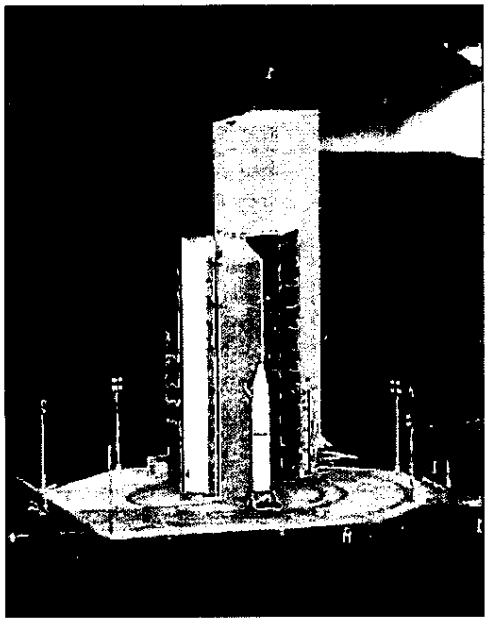
ARRC anticipates development of a gas pipeline construction and supply material staging area near Eielson Air Force Base. This staging area will create a corresponding increase in train traffic through North Pole. Phase One would realign the mainline track outside the community's downtown and residential areas.

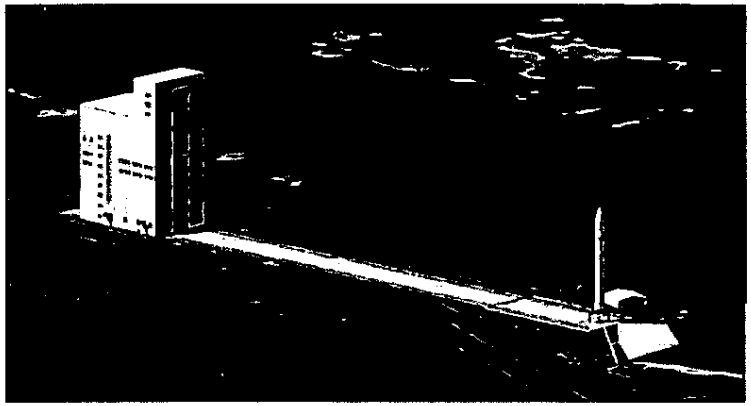
Alaska Aerospace Development Corporation briefing to the Senate Finance – Capital Budget

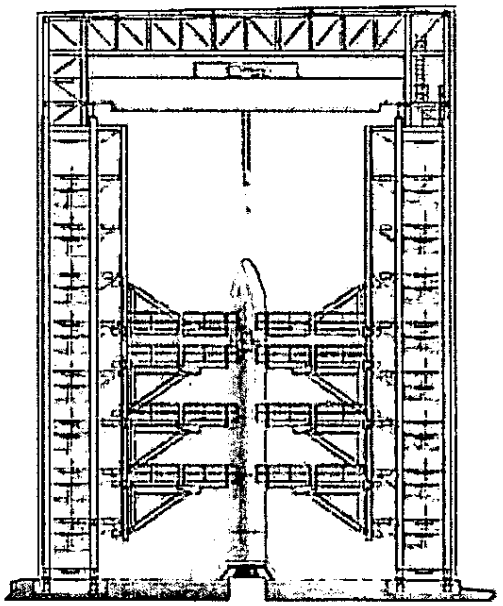




Dale Nash, CEO
Tom Case, LtGen (Ret), Pres/COO
17 March 2009



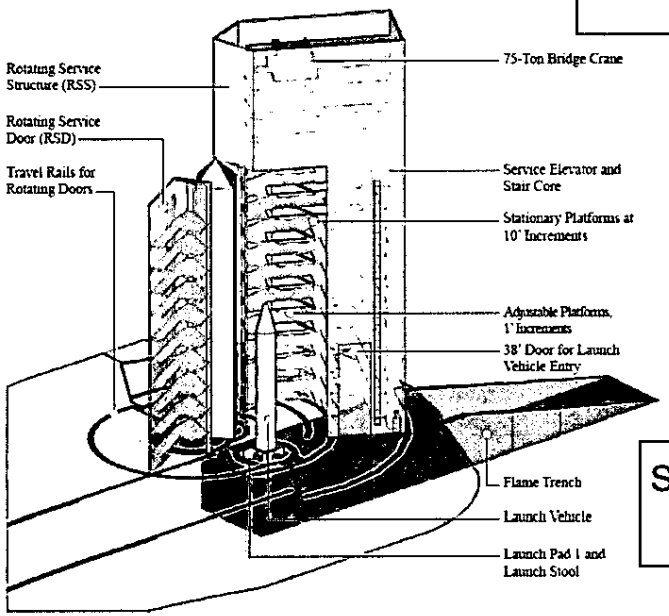




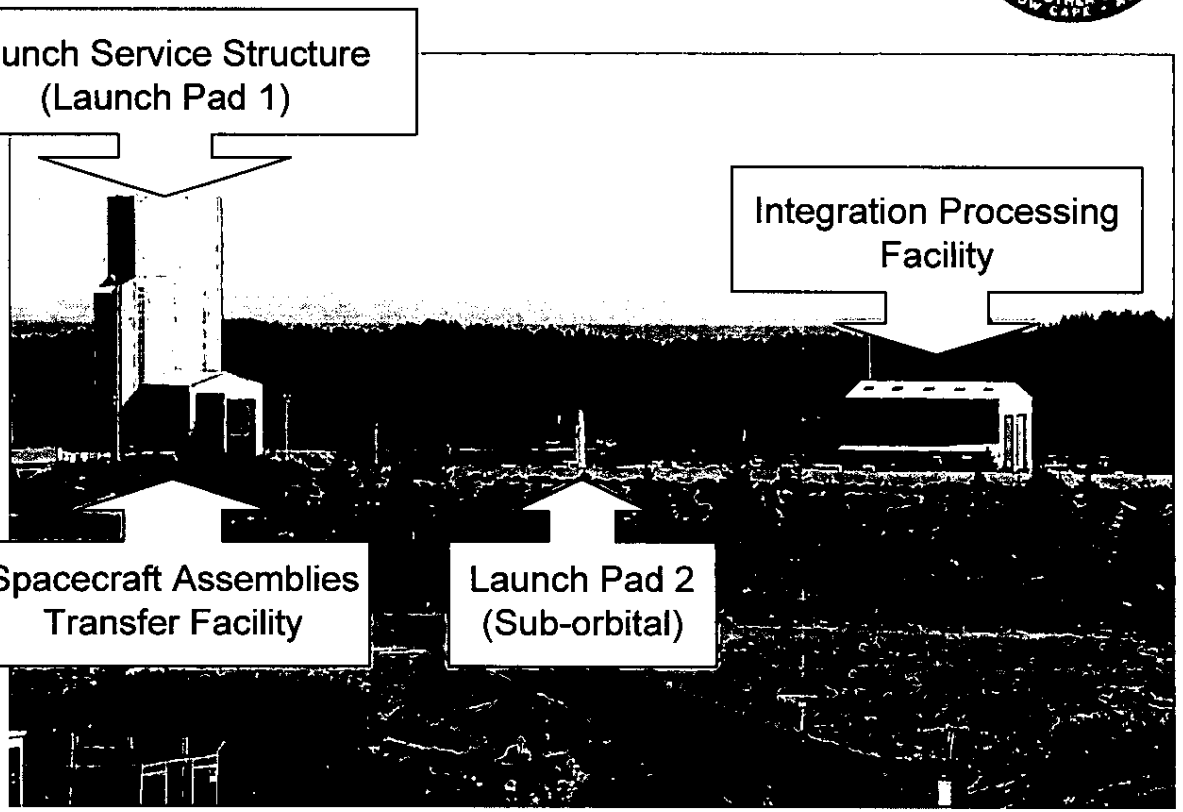
ALASKA AEROSPACE DEVELOPMENT CORPORATION

Current Launch Complex

KODIAK LAUNCH COMPLEX — THE OTHER CAPE — NARROW CAPE · ALASKA



Kodiak Launch Complex
Launch Service Structure and Launch Pad 1

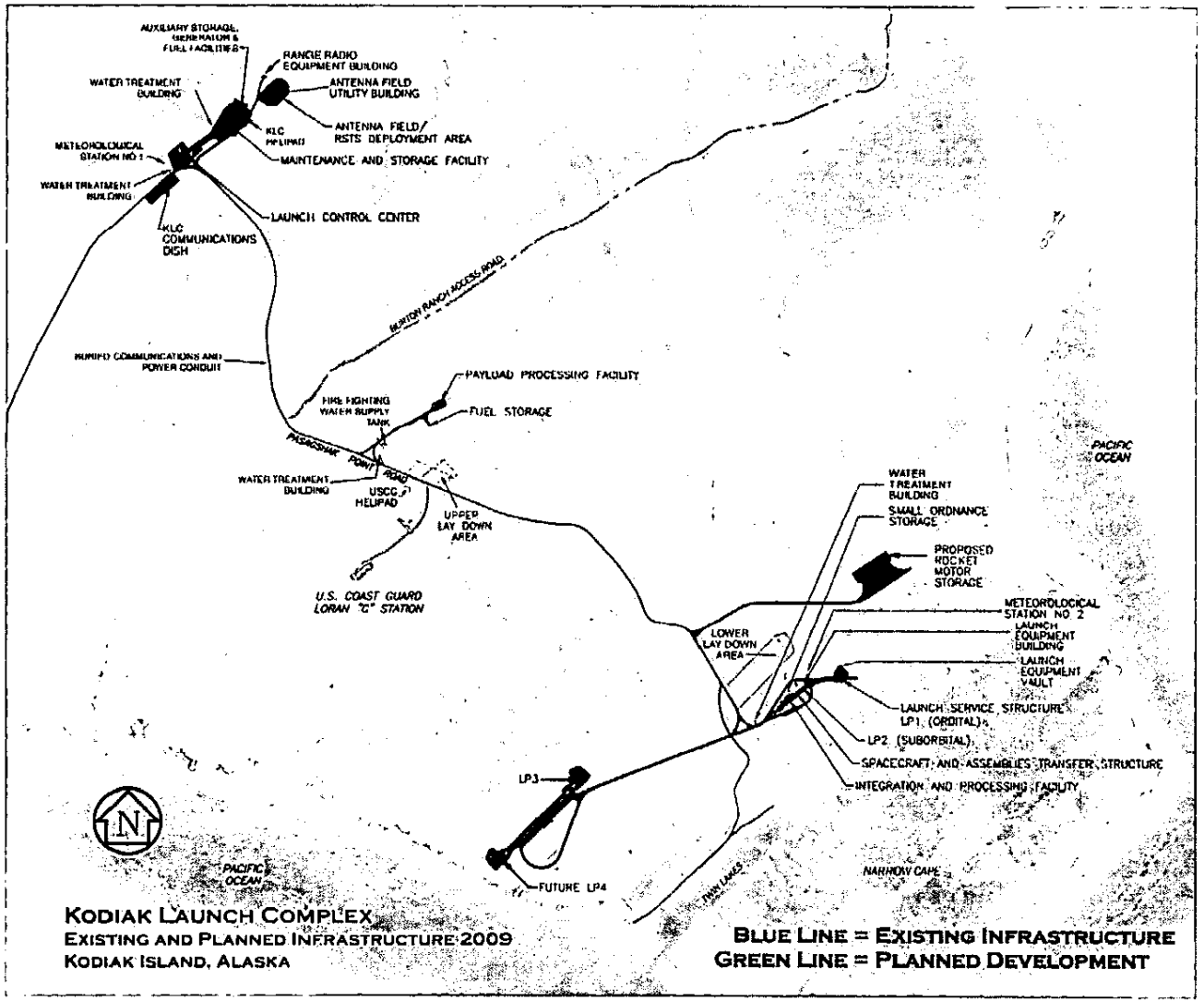


The current launch complex includes three buildings and two launch pads. The Launch Service Structure (LSS) houses Launch Pad 1 which is capable of supporting up to Castor 120 boosted (Minotaur, SLV, Athena, & Taurus), Trident C-4 Class vehicles and Minuteman derivatives.

ALASKA AEROSPACE DEVELOPMENT CORPORATION

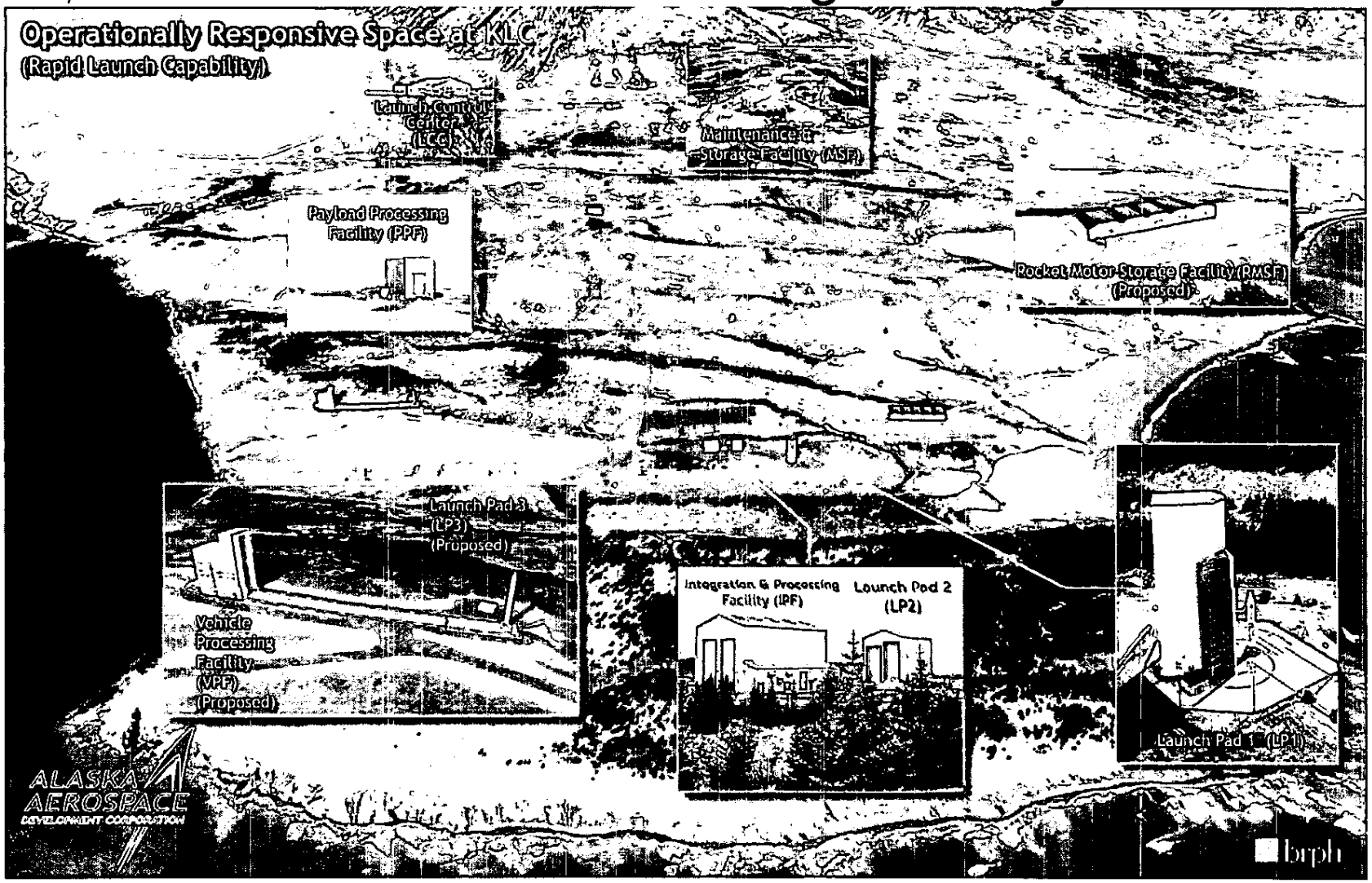
KODIAK LAUNCH COMPLEX — THE OTHER CAPE — NARROW CAPE · ALASKA

Launch Pad 3
Rocket Motor Storage Facility



ALASKA AEROSPACE DEVELOPMENT CORPORATION

Launch Pad 3
Rocket Motor Storage Facility



ALASKA AEROSPACE DEVELOPMENT CORPORATION

Launch Activity

KODIAK LAUNCH COMPLEX — THE OTHER CAPE — BARROW CAPE · ALASKA

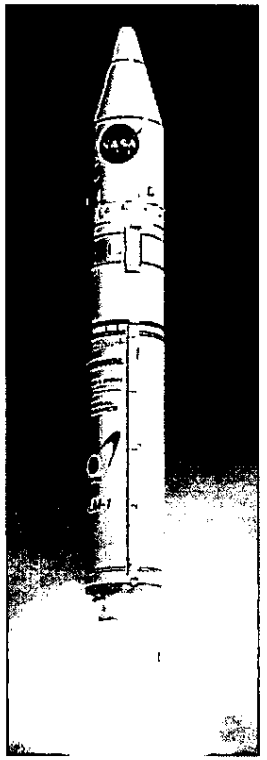
Successful Launches

Year	Date	Launch
1998	5 Nov	AIT-1, USAF
1999	15 Sep	AIT-2, USAF
2001	22 Mar	QRLV-1, USAF-Northern Edge
2001	29 Sep	Lockheed/NASA Kodiak Star
2001	9 Nov	SMDC STARS, U.S. Army
2002	24 Apr	QRLV-2, USAF-Northern Edge
2004	14 Dec	IFT-13C, MDA–Target Missile
2005	13 Feb	IFT-14, MDA–Target Missile
2006	23 Feb	FT04-1, MDA–Target Missile
2006	1 Sep	FTG-02, MDA–Target Missile
2007	25 May	FTG-03, MDA–Target Missile
2007	28 Sep	FTG-03a, MDA–Target Missile
2008	18 Jul	FTX-03, MDA–Target Missile
2008	5 Dec	FTG-05, MDA–Target Missile

Planned Launches

Year	Date	Launch
2009	Sep	TacSat-4, USAF–Orbital Sat
2009	Dec	STP-S26,USAF- Orbital Sat.
2010	Mar	FTG-07, MDA–Target Missile

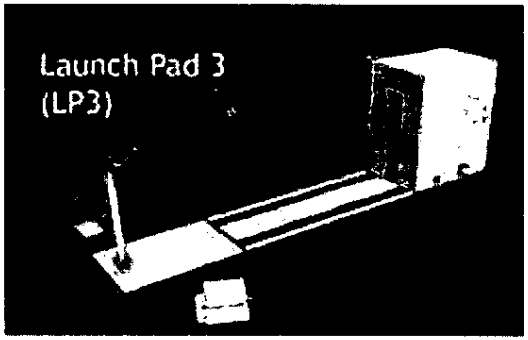
- 14 Successful launches to date
- 3 future launches on contract
- AADC is conducting proactive business development to win launches in the growing small and medium satellite industry.
- Several major telecommunication companies and rocket providers are expressing active interest in using KLC

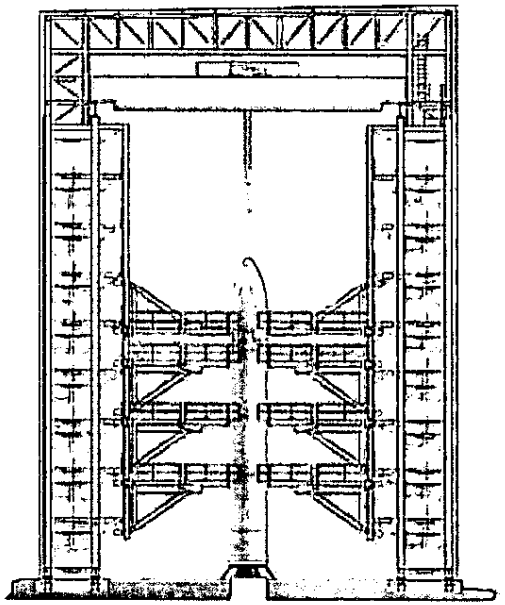


ALASKA AEROSPACE DEVELOPMENT CORPORATION

Rapid Launch

- Rapid launch is a proposal to build a new Launch Pad and Rocket Motor Storage Facility that to allow payload launch into orbit 24 hours after notification.
- Rapid launch has many unique applications
  - Replace damaged or aging satellites in days, not years.
  - Provide responsive satellite communications to areas damaged by natural disasters
  - Increase satellite communications for peacekeeping forces.
- No other launch facility in the US has rapid launch capabilities.



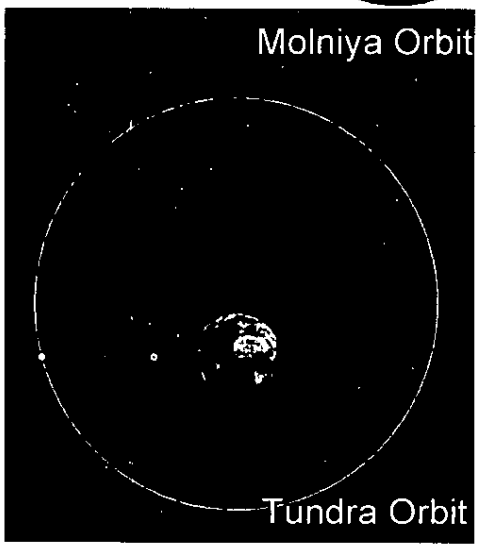


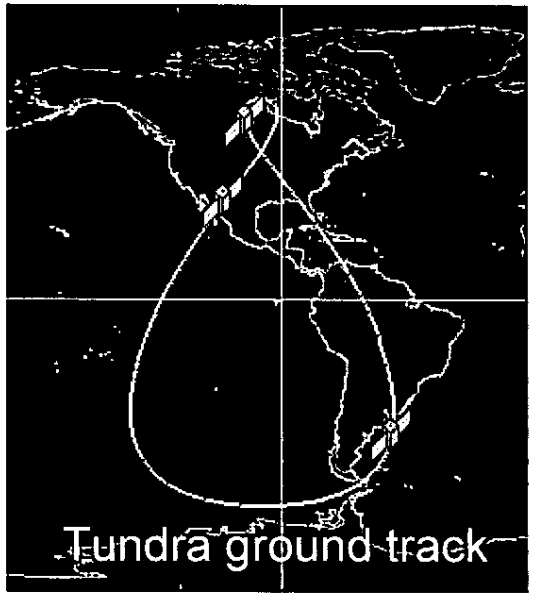
ALASKA AEROSPACE DEVELOPMENT CORPORATION

Unique Orbits from KLC Tundra and Molniya

KODIAK LAUNCH COMPLEX — THE OTHER CAPE — BARROW CAPE — ALASKA

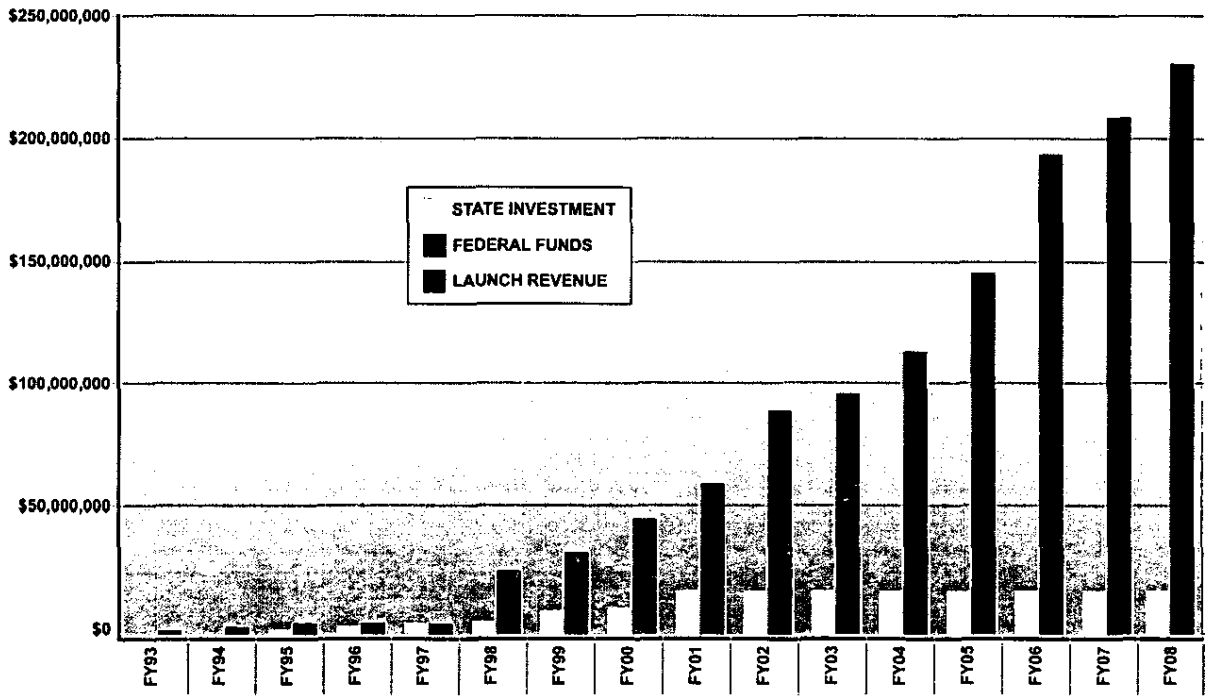
- Near polar (high inclination-63.4 degrees) elliptical orbits
  - Tundra orbit allows geosynchronous coverage because orbital period is timed with the earth's rotation.
  - Molniya has a long dwell time over two geographic areas
- Developed by the Russians because they do not have a launch complex close enough to the equator to allow equatorial geostationary orbits.
- **Advantages**
  - **2 to 3 satellites can provide continuous coverage over a singe area**
  - High "look angle" for northern latitudes, not low on the horizon
  - **Good for communication and earth-monitoring**
  - Avoid crowding of equatorial geosynch orbits and their associated regulations
  - **Ideal for northern launch complexes** (less horizontal velocity from the Earth's rotation)
- US has not used these orbits because there has not been a major northern launch facility until KLC.
- Sirius Satellite Radio uses three satellites in Tundra orbit to cover the entire US.
- **KLC's latitude and launch azimuths make it the best launch facility in the U.S. for these orbits**.





ALASKA AEROSPACE DEVELOPMENT CORPORATION

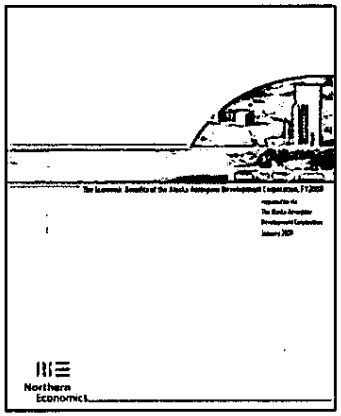
Leverage of Initial State of Alaska Investment



- **Every Alaska dollar invested has been leveraged**
- **Initial financial investment of <u>$15.6 million provided by State of Alaska</u>**
  - Alaska Science and Technology Foundation (ASTF)
  - $9 million for capital expenditures; $6.6 million for operations
- **The initial State of Alaska investment has <u>returned a total of $232.5 million</u>**
  - $93.5 million in launch revenues (MDA, Air Force, Lockheed Martin)
  - $139 million in capital investments (NASA, US Air Force and US Army)

ALASKA AEROSPACE DEVELOPMENT CORPORATION

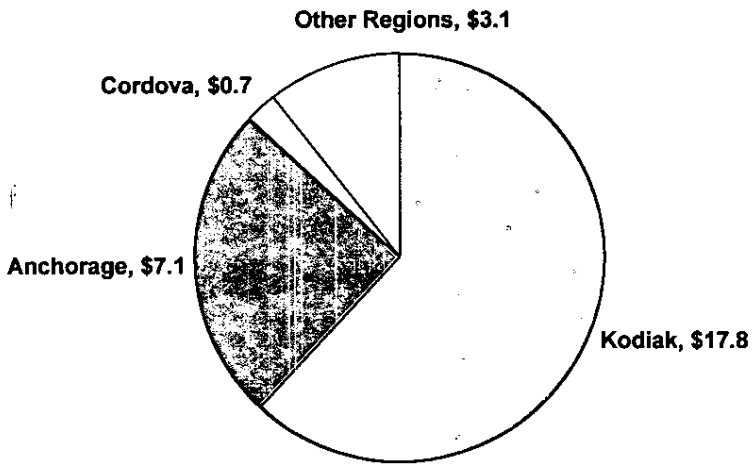
Economic Benefits



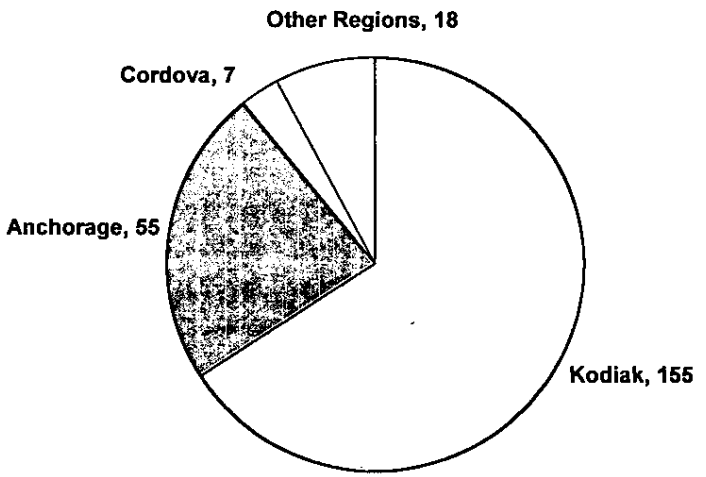
2008 Economic Impact Report

- 2008 Economic Impact Report prepared by Northern Economics, an independent economic consulting firm.
- AADC activities contributed $17,800,000 to the Kodiak economy.
- AADC activities generated 155 jobs in Kodiak.

FY08 Total Economic Contribution ($millions)
Total Impact: $28.7 million



FY08 Total Jobs Generated



ALASKA AEROSPACE DEVELOPMENT CORPORATION

Summary

KODIAK LAUNCH COMPLEX — THE OTHER CAPE — NARROW CAPE, ALASKA

- Launch Pad 3 and the Rocket Motor Storage Facility upgrade at KLC
  - More than Doubles the Launch Capacity
  - Rapid Launch Capability (Only US Spaceport)
    - Meets National Strategic Need
  - Concurrent Customers and Launches
    - Reduces OH Costs per Launch
    - Will help attract more Customers/Launches
  - Construction can begin this Spring
    - RMSF can complete Fall 2009
    - Launch Pad 3 with Vehicle Processing Facility can be fully operational Summer 2011
  - Continuing to Pursue Federal Funding
    - Congressional Delegation, Governor, Key Customers

3/23/09 PRESENTATION: AVIATION INDUSTRY

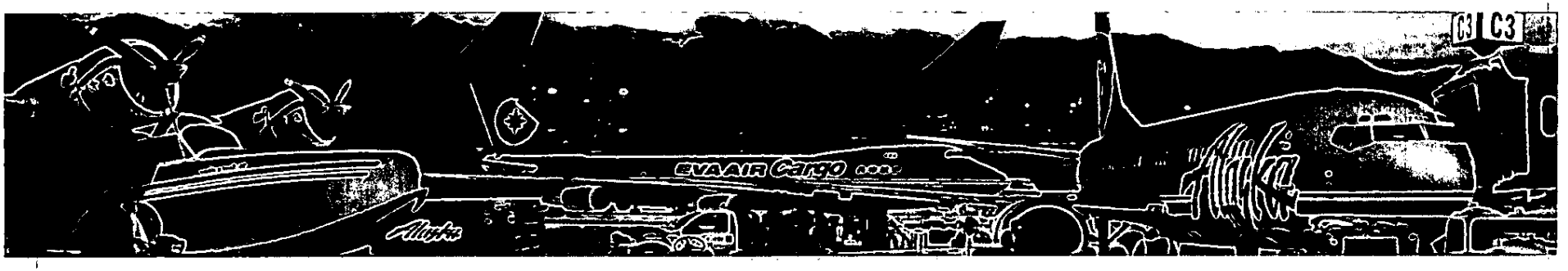
<target><bill></bill><subject>3-23-09 PRESENTATION AVIATION INDUSTRY</subject><comm>SFIN26</comm></target>

Alaska International Airports

Alaska Dept. of Transportation
Legislative Update

March 23, 2009

Christine Klein, AAE
Deputy Commissioner



Overview:

I. System Advantages & Strengths

1. Alaska System Global Advantage
2. Airport System Strengths
3. Economic Impacts

II. Traffic, Trends, Concerns

1. Growth of Past 10 Years
2. Weakening of 2008 Events
3. AIAS Responses

III. Future Outlook

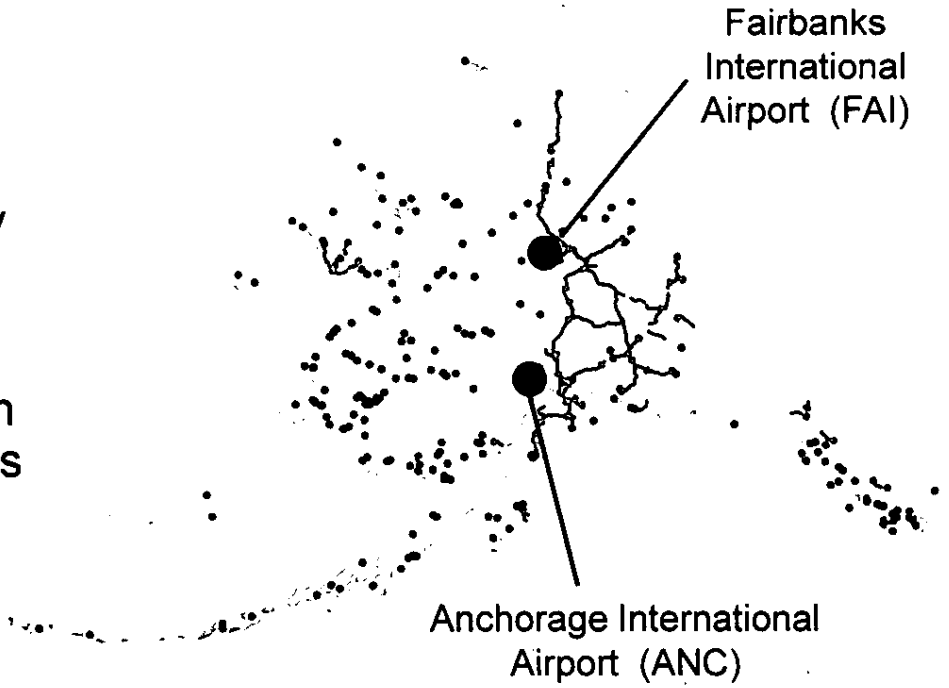
1. AIAS Tie to Global & National Markets
2. Responsiveness and Competitive
3. Cautious Stable Growth

I. System Advantage & Strengths

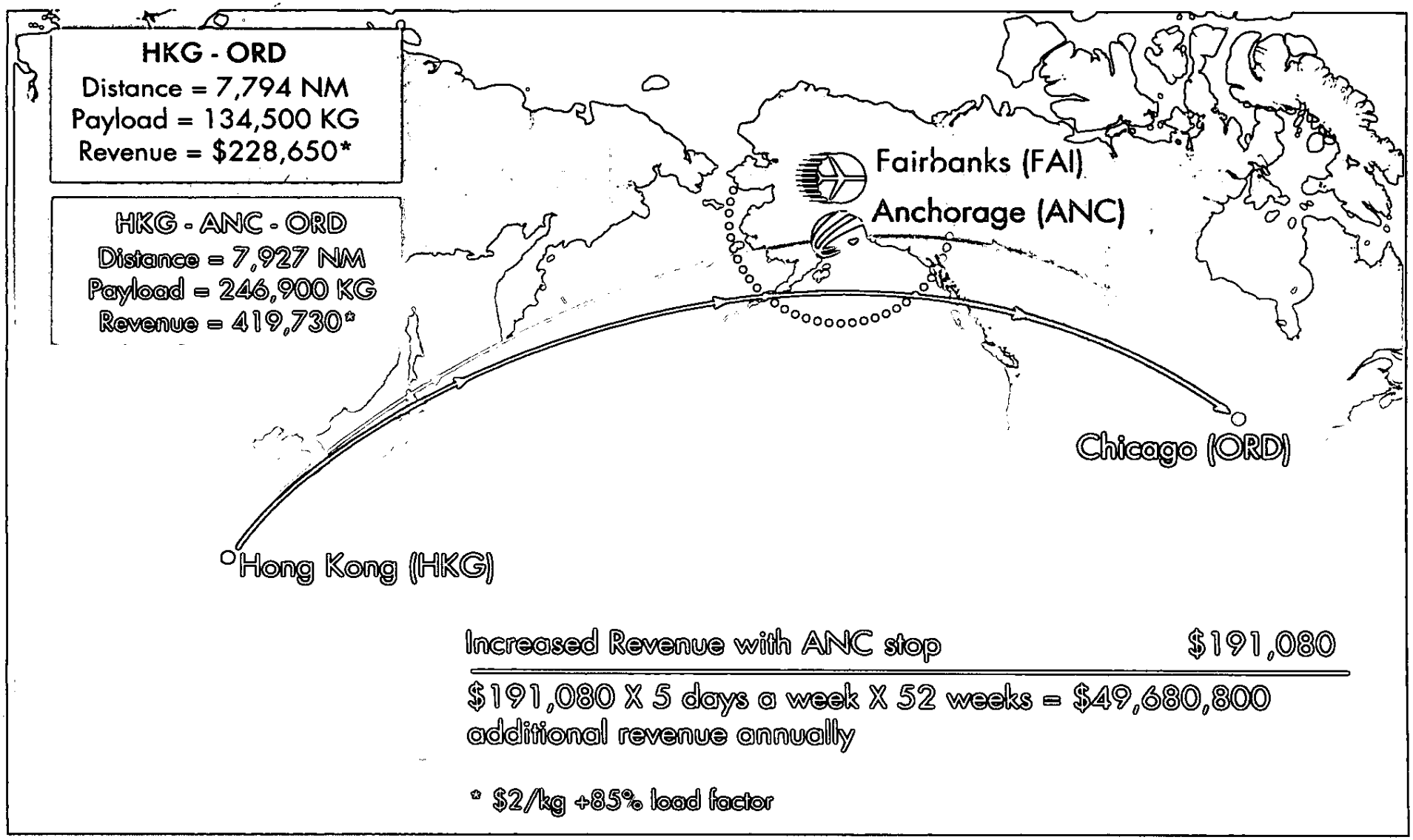
1. Alaska International Airport System
2. System Strengths
3. Economic Impact

Alaska International Airport System (AIAS)

- **Established in 1961**
- **Airports of ANC and FAI**
  - Shared Assets & Resources
  - Capital & Bonding Capability
- **Aviation Support across vast and remote distances**
  - Aircraft Alternate & Diversion Options for weather/disasters
- **Serving Alaska and World**
  - Part of the National Priority International Airport System



Alaska's Global Advantage
Payload vs Range



Increased Revenue with ANC stop $191,080

$191,080 X 5 days a week X 52 weeks = $49,680,800 additional revenue annually

* $2/kg +85% load factor

Alaska System Advantages

Regulatory:

- Progressive Clearance
- International to International Cargo Transfers
- USDOT awarded Cargo Transfer Flexibility in '96
  - On-line transfers
  - Commingling foreign domestic Foreign-domestic, foreign-foreign transfers
- Expanded Cargo Transfer '03
  - Expands transfer authority for foreign carriers with revenue relationship w/U.S. carrier

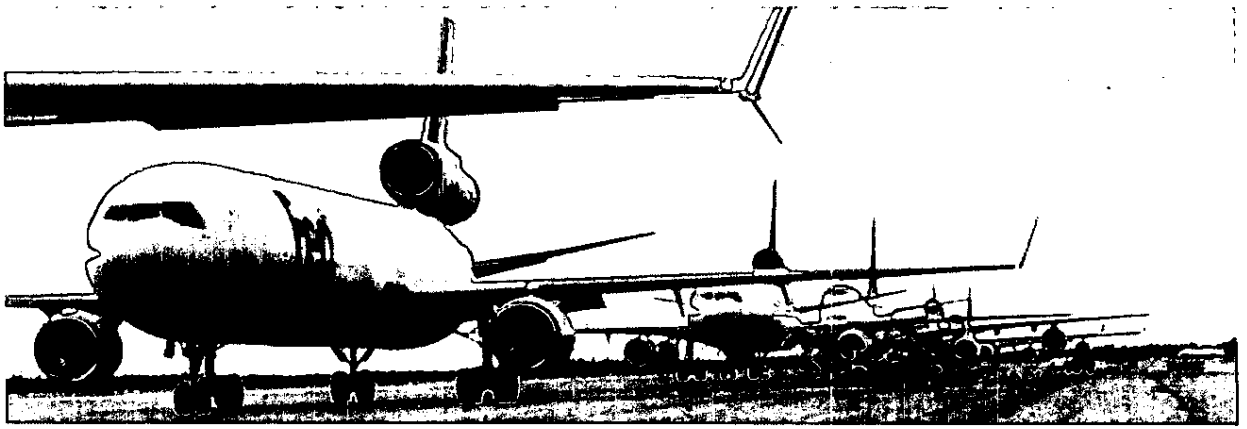
Location & Cost:

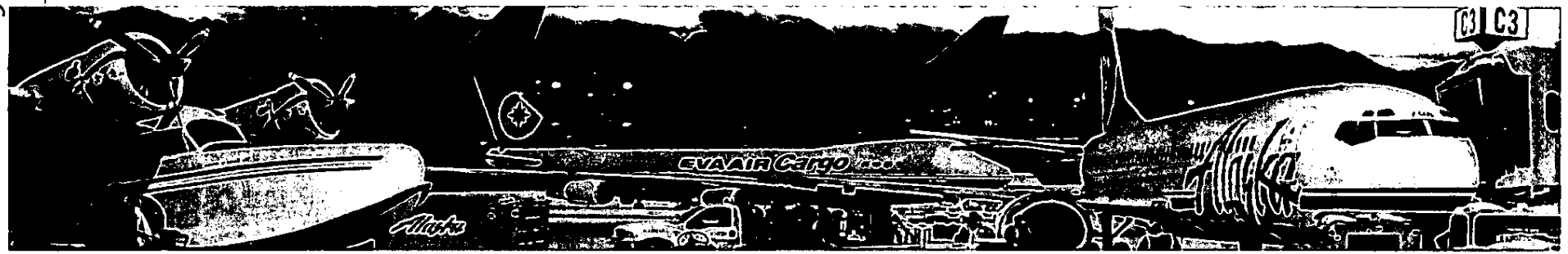
- Strategic Location for Trans-Pacific Asia Cargo
- Pay-load vs Range
  - Aids Carrier Profit Margin
- Growing Asia Market and Base of Chinese Freighters
- Close alternate airport
- No Slots or Curfews
- Parts exchange program
- Competitive airports: each with same low rates & fees

AIAS Strengths

- One Revenue System
- Two Large Intl. Airports
- Competitive Rates & Fees
- Diverse Revenue Sources
- Wide Mix of Air Carriers
- Air Cargo center for Asia
- Long-term Commitments
- System Capacity for Growth
- Economic Engines for the State of Alaska and the Local Communities

19 wide-body aircraft diverted from ANC to FAI October 2008 and all revenues kept in Alaska

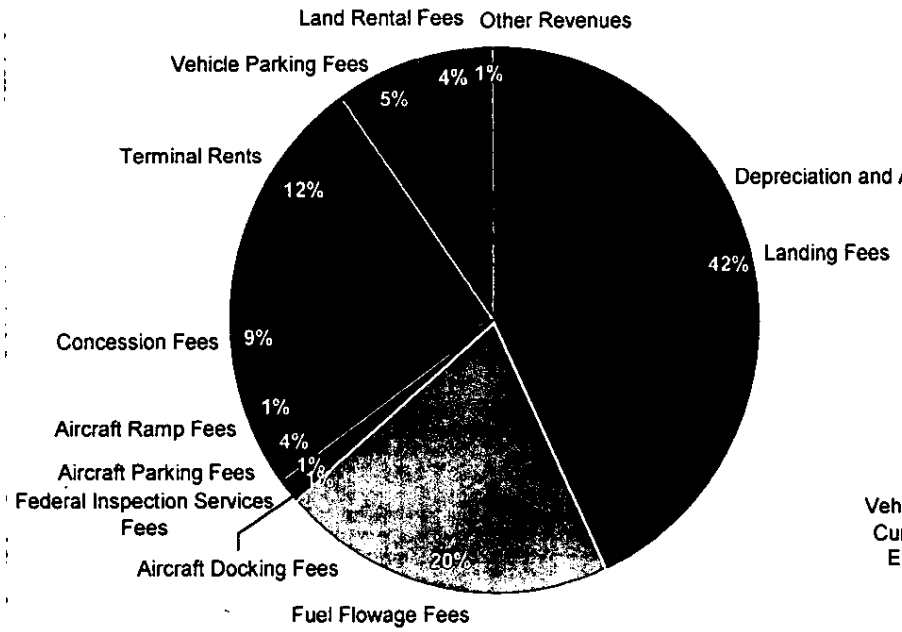




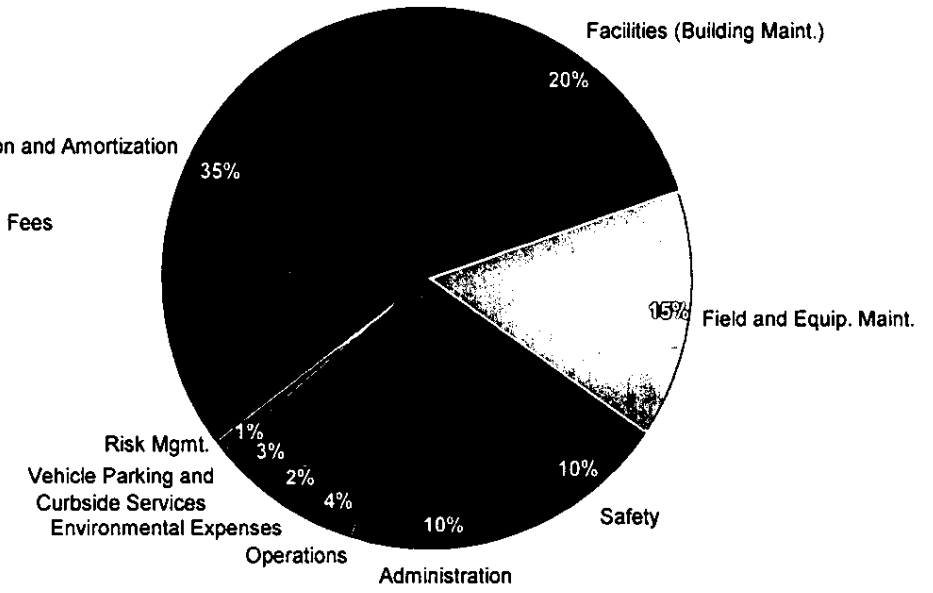
Strength: Diverse Business Revenues

FY 2008 Operating Revenues & Expenses

Operating Revenues
($118.87 million)



Operating Expenses
($111.52 million)



Cargo and Diversity of Carriers

Cargo Carriers by Home Country:

• USA	14
• China	5
• Japan	3
• Korea	2
• Taiwan	2
• Hong Kong	1
• Singapore	1
• Australia	1
• Canada	1

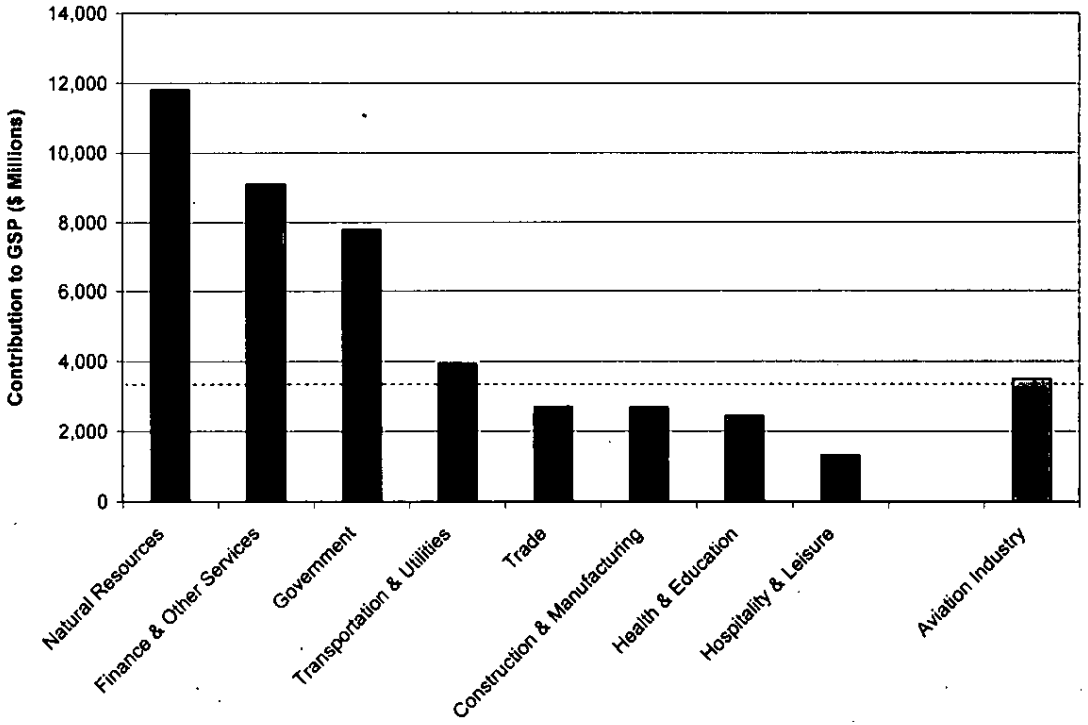
Current Carriers (35):

- ACE Air Cargo
- ANA
- Air Atlanta Icelandic
- Air Canada
- Air China
- Alaska Airlines
- Asiana Airlines
- Atlas Air
- Cargo 360
- Cathay Pacific Airways
- China Airlines
- China Cargo
- China Southern
- Empire Airlines
- Eva Airways
- Evergreen International
- Everts Air Cargo
- Federal Express
- Focus Air Cargo
- Japan Airlines
- Kalitta Air
- Korean Air Cargo
- Lynden Air Cargo
- Nippon Cargo Airlines
- Northern Air Cargo
- Northwest Air Cargo
- Polar Air Cargo
- Qantas
- Shanghai Airlines
- Singapore Airlines
- Southern Air
- TradeWinds Airlines
- United Parcel Service
- World Airways
- Yangtze River Express

878

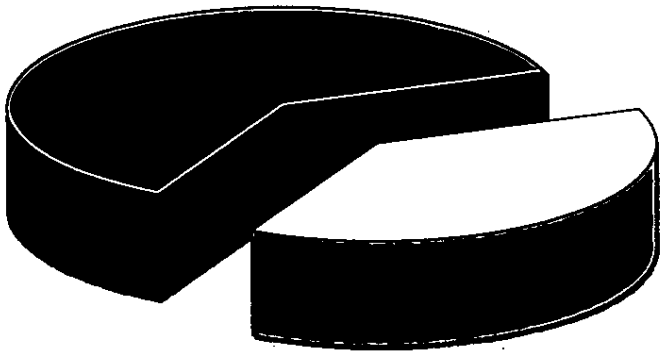
Overall Statewide Aviation Economic Contribution to Alaska

- **47,000 Aviation Jobs Statewide in Alaska**
- **5th Largest Provider of Alaska's GSP**
- **Over $3.5 Billion of Alaska's $44 Billion Economy**



(Economic Contribution from All Aviation Statewide in Alaska) Source: Northern Economics March 2009.

Anchorage Specific Economic Impact: 18,434 Jobs

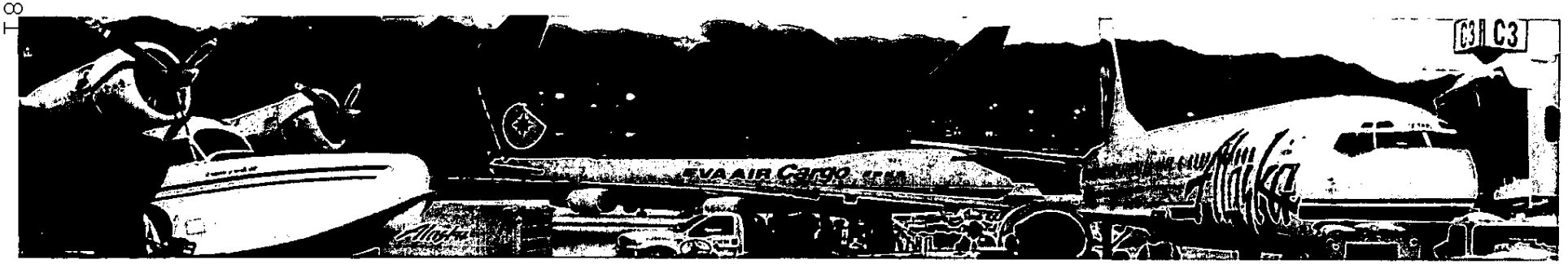


- One in eight jobs
- About $562 million direct annual payroll
- Another $288 million in annual community jobs payroll
- $2.36 billion total annual Anchorage impact

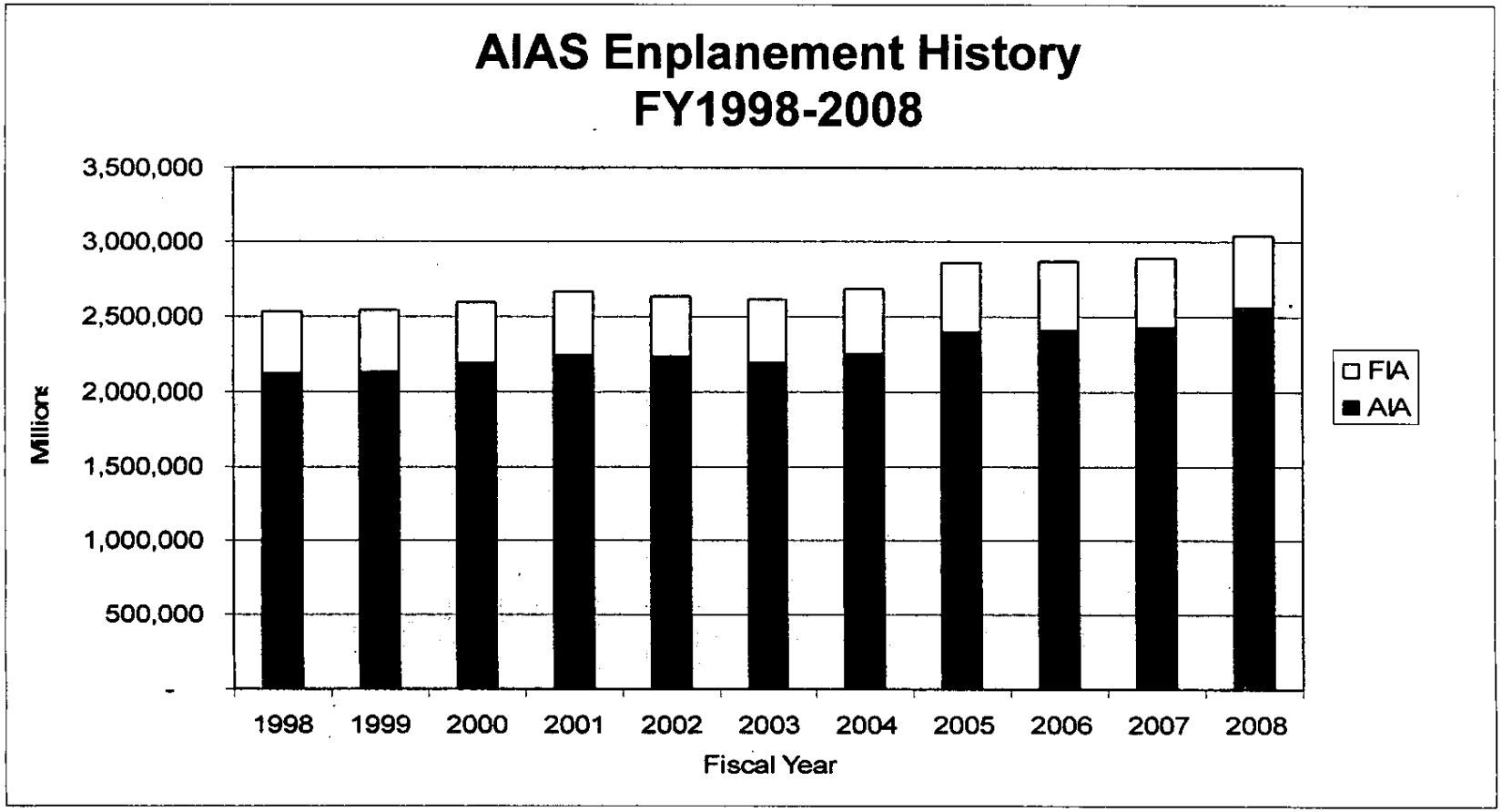
Source: Institute of Social and Economic Research, University of Alaska Anchorage, September 2007

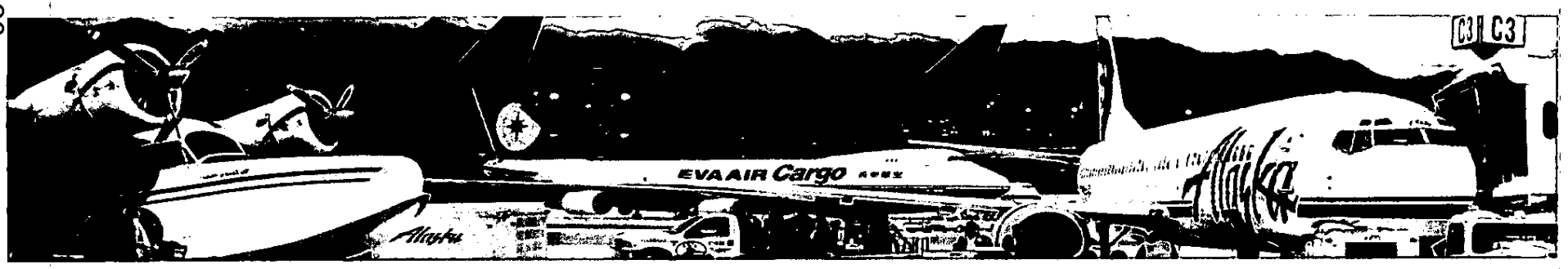
II. Traffic, Trends, and Concerns

1. Growth Past 10 Years
2. Past Year 2008 Weakened
3. Traffic Downturn & Concerns
4. AIAS Responses

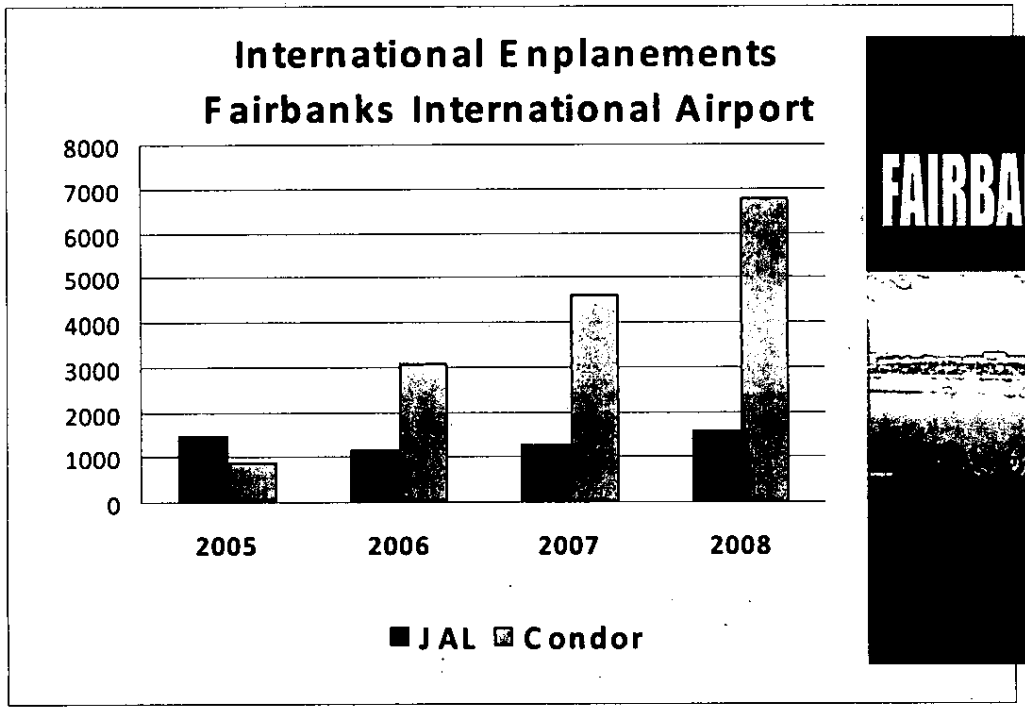


Traffic: Passenger Growth

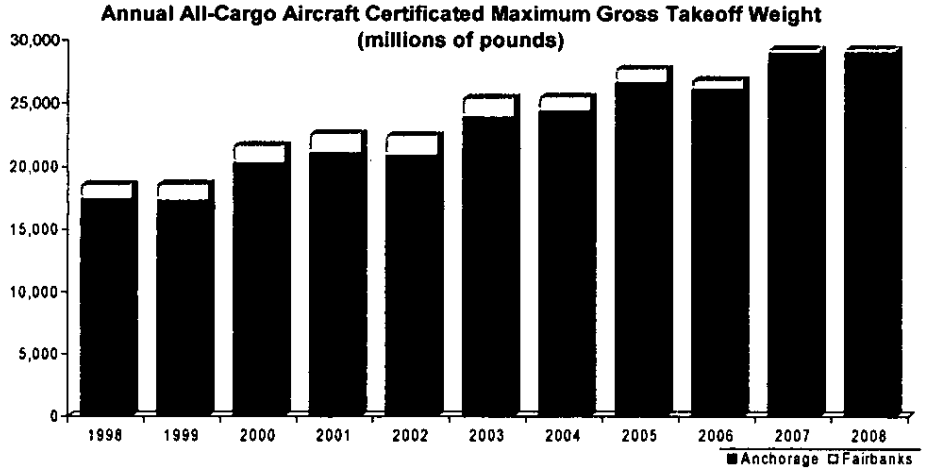


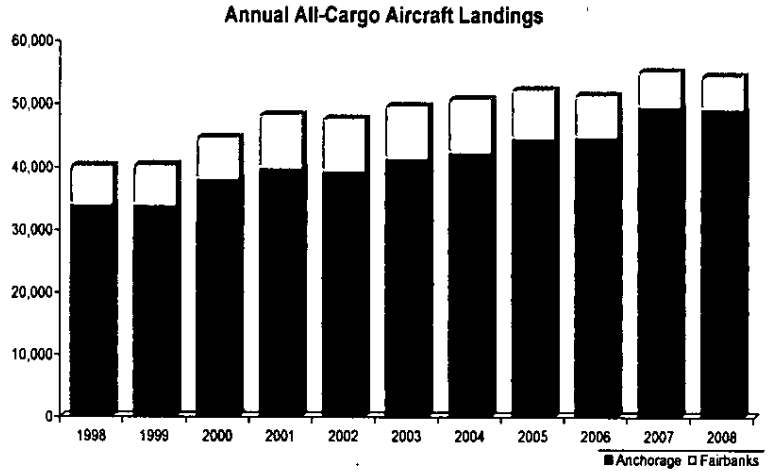


Fairbanks: a Star in Winter
International Passenger Enplanements



Traffic: Cargo Growth

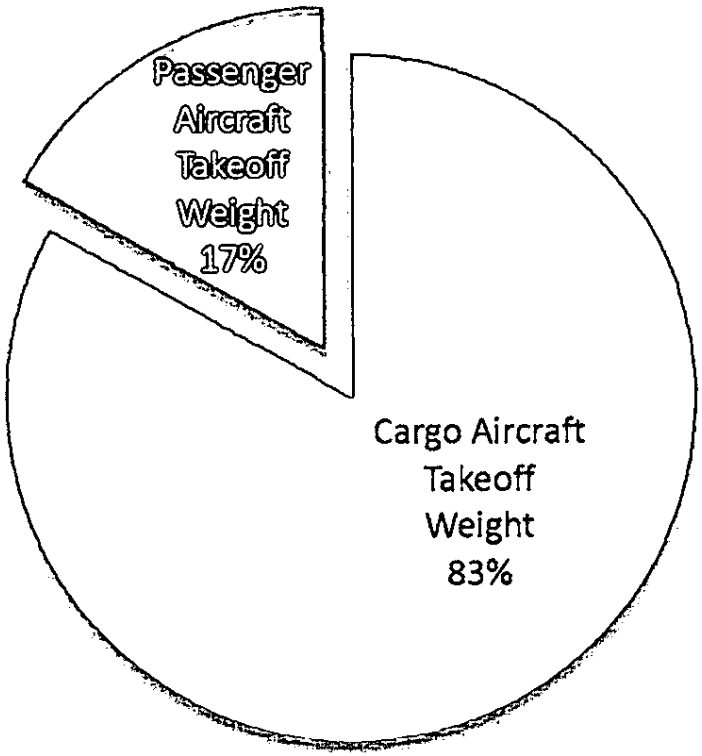




Compound Annual Growth Rate		
	All-Cargo Take-off Weight	All-Cargo Aircraft Landings
1998-2008	4.26%	2.80%
2006-2008	4.48%	6.04%

884

International Cargo is Big Business



Air cargo dominates airfield activity at ANC and generates most of ANC aircraft landing fees

- Nearly 35% of AIAS International Cargo traffic is from China
- 2000 – 15 landings per week
- 2006 - 198 lpw
- 2007 - 260 lpw

Total China-US air cargo market in 2007 is equal to 36.7% of all Asia North America air cargo

International Cargo at Anchorage

FY 2008 Cargo Market Share

By Take-Off Share

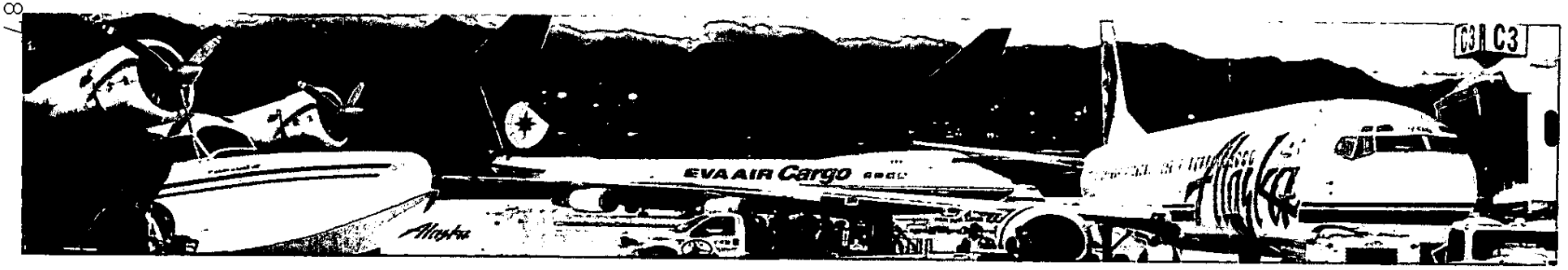
Airline	Total lbs. (000's)	Market Share
Federal Express	3,203,331	11.70%
United Parcel Service	3,155,728	11.53%
Cathay Pacific Airlines	2,602,562	9.51%
China Airlines	2,556,930	9.34%
Korean Airlines	2,361,720	8.63%
Eva Airways Corporation	1,938,868	7.08%
Northwest Airlines, Inc.	1,636,800	5.98%
Japan Airlines International	1,382,469	5.05%
Southern Air, Inc.	1,102,520	4.03%
Asiana Airlines	911,760	3.33%
Singapore Airline Cargo	841,192	3.07%
Nippon Cargo Airlines	660,366	2.41%
Air China	512,164	1.87%
Kalitta Air	498,126	1.82%
China Eastern/Cargo Airlines	454,429	1.66%
All Others (23 Airlines)	3,714,816	12.99%
Total	27,533,781	100.00%

By Revenues

Carrier	Revenues	Market Share
Federal Express	$7,943,319	11.10%
United Parcel Service	7,728,110	10.80%
Cathay Pacific Airlines	7,720,284	10.79%
China Airlines	7,563,925	10.57%
Korean Airlines	6,550,629	9.15%
Eva Airways Corporation	5,735,710	8.01%
Northwest Airlines, Inc.	5,460,525	7.63%
Japan Airlines International	3,785,451	5.29%
Asiana Airlines	2,338,233	3.27%
Singapore Airline Cargo	2,033,132	2.84%
Nippon Cargo Airlines	2,025,426	2.83%
Southern Air, Inc.	1,944,774	2.72%
Air China	1,437,394	2.01%
Kalitta Air	1,239,042	1.73%
Northern Air Cargo, Inc.	1,023,806	1.43%
All Others (23 Airlines)	7,045,916	9.84%
Total	$71,575,676	100.00%

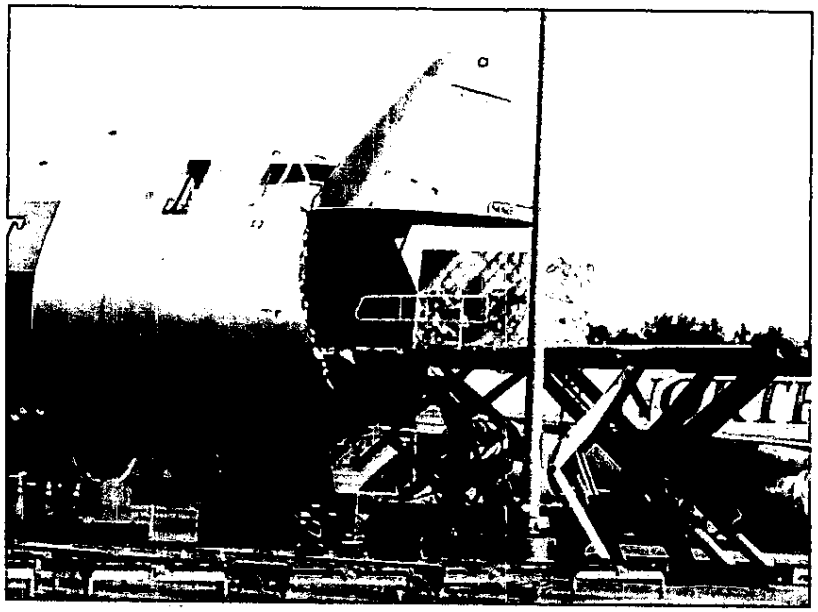
2007 ACI Cargo Traffic Stats (Metric Tons)

Rank	Airport	Total Cargo	% Change
1	MEMPHIS (MEM)	3 840 491	4.0
2	HONG KONG (HKG)	3 773 964	4.5
3	**ANCHORAGE (ANC)**	**2 825 511**	**0.6**
4	SHANGHAI (PVG)	2 559 310	18.0
5	INCHEON (ICN)	2 555 580	9.4
6	PARIS (CDG)	2 297 896	7.9
7	TOKYO (NRT)	2 254 421	(1.2)
8	FRANKFURT (FRA)	2 127 646	8.4
9	LOUISVILLE (SDF)	2 078 947	4.8
10	MIAMI (MIA)	1 922 985	5.1



Weakening in 2008

- **US Economic Recession**
  - Passenger downturn elsewhere
- **Aviation Industry in Crisis**
  - Airline Bankruptcies & Mergers
  - High Fuel Costs
  - Fewer Flights & Capacity
- **AIAS Activity & Revenue**
  - Cargo Activity Declines
  - Fuel Flowage Down
  - High Debt



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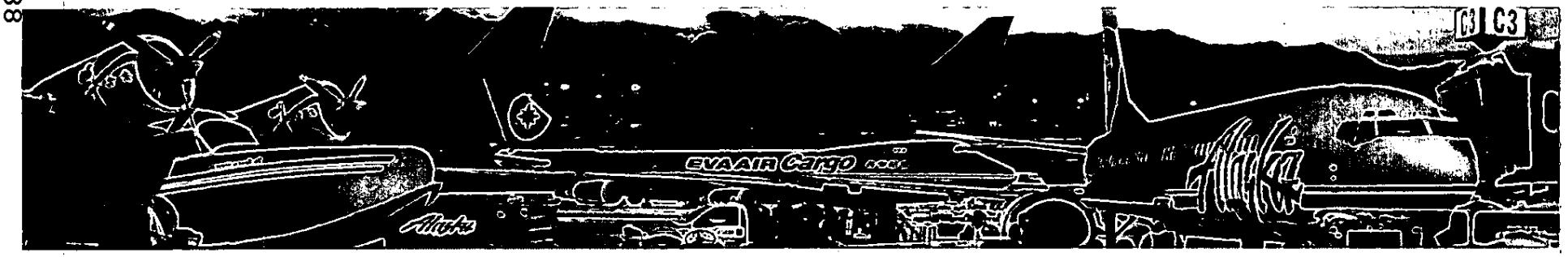
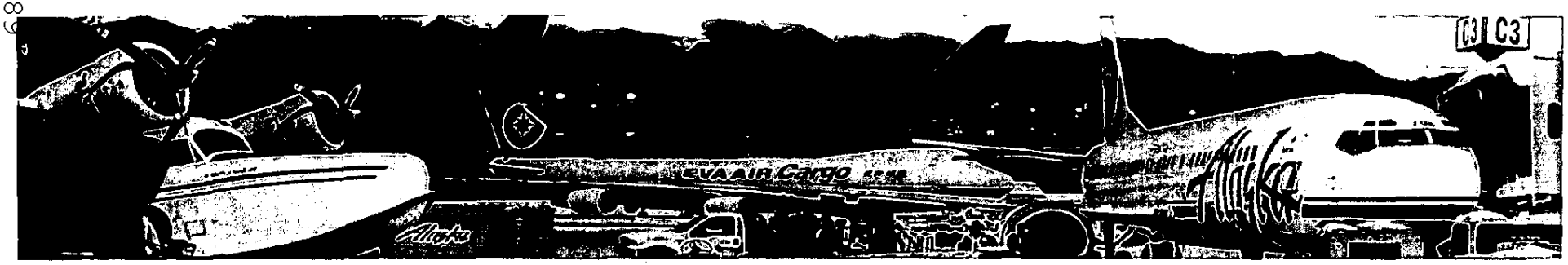


Summary of Fiscal Year 2008

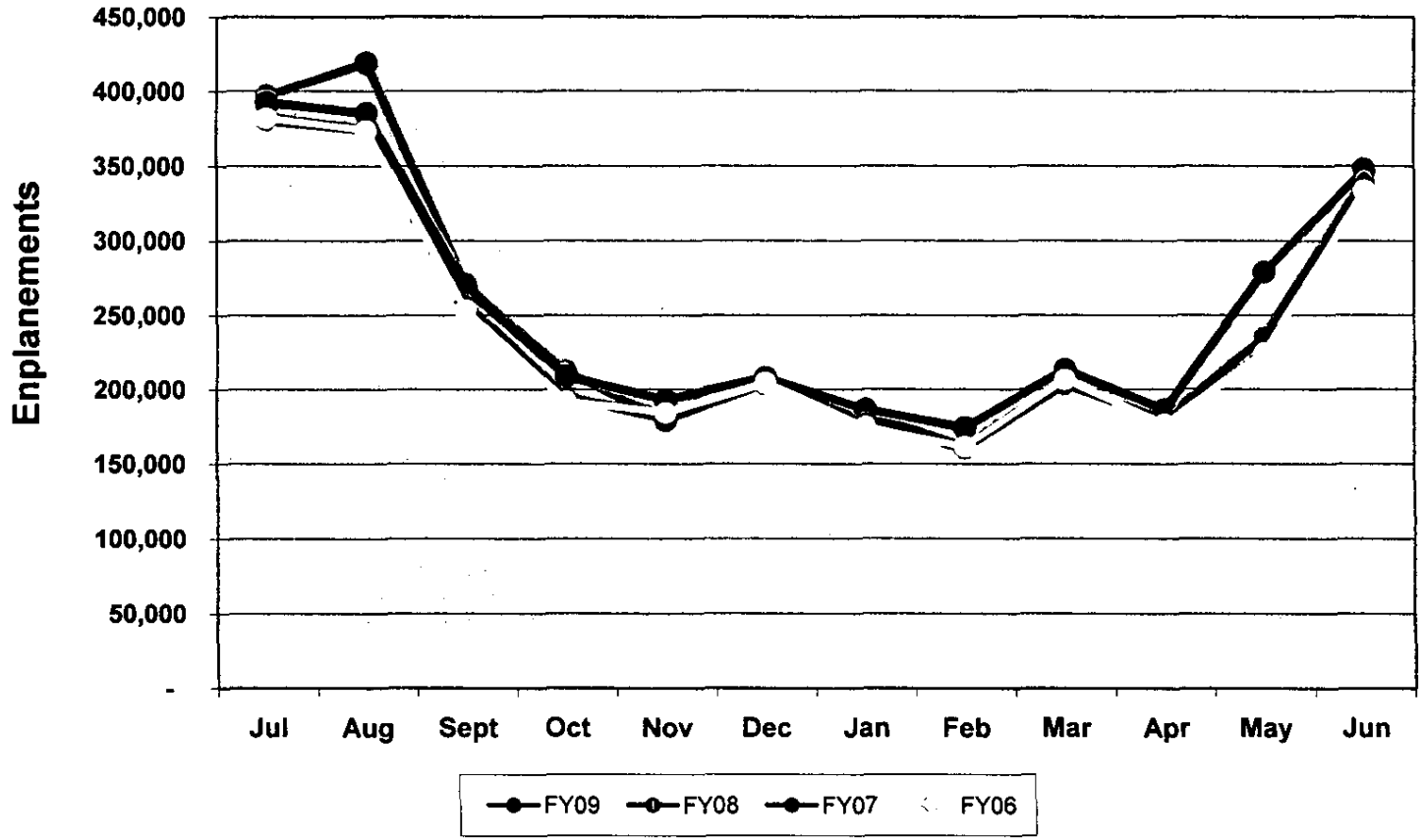
Alaska International Airport System (AIAS) Activity

- Total Landings = 101,863 (-05%)
- Cargo by Landings = 46,965 (-5.4%)
- Passengers by seats = 5,380,811 (+4.4%)
- Fuel Flowage = 865 million gallons (-6.6%)

(Fiscal Year 2008 is July 1, 2007 through June 30, 2008)



AIAS FY06-FY09 YTD
Monthly Passenger Enplanements

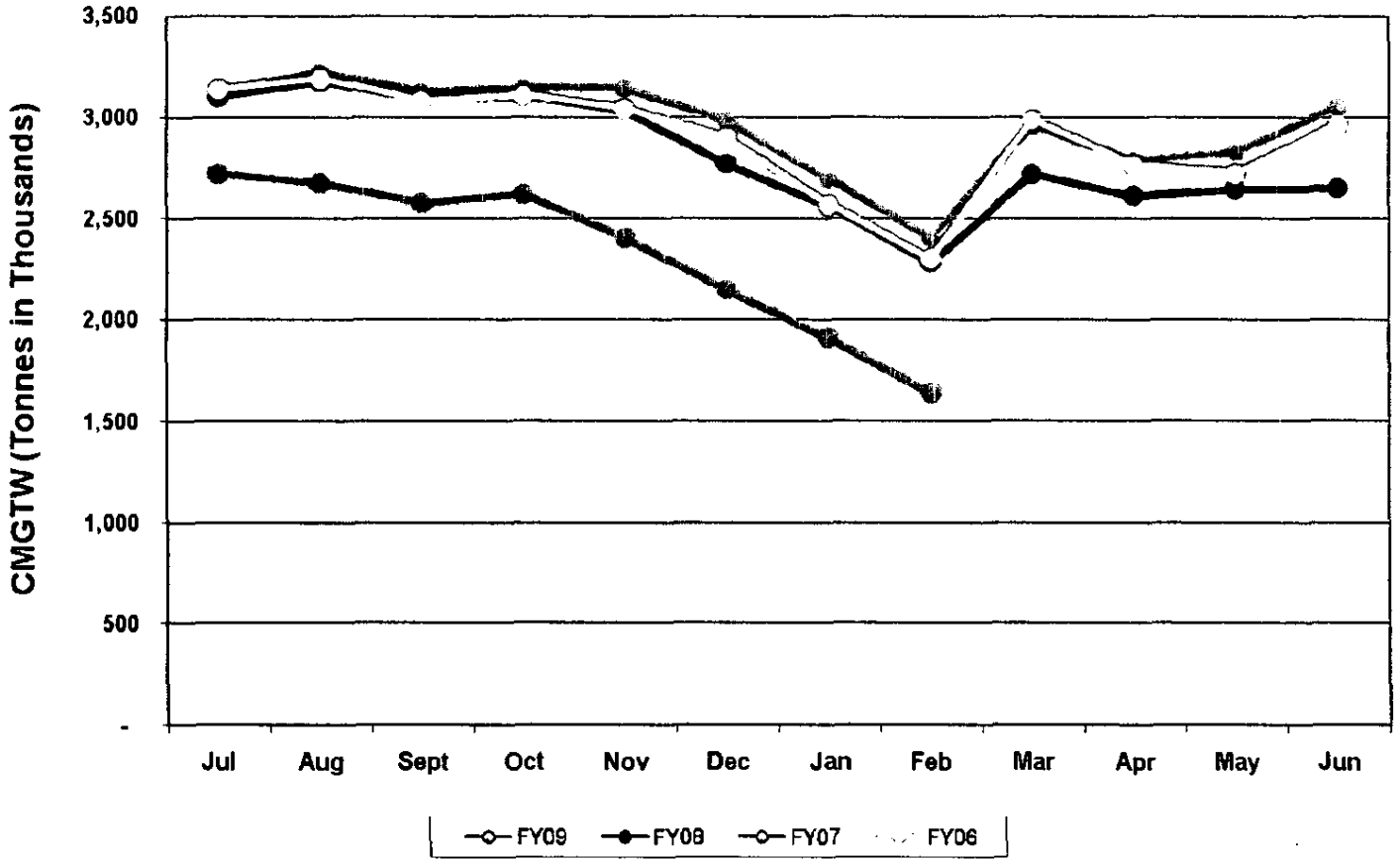


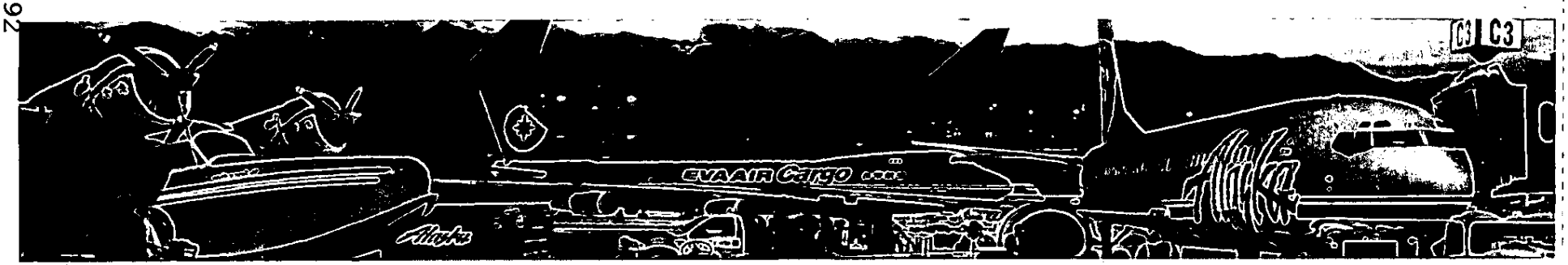
Landing Revenue by Aircraft Certified Maximum Gross Take-Off Weight

- Cargo aircraft
- Passenger (Pax) aircraft
- Airport's as a standard, charge landing fees to air carriers for use
- Airport Landing Fees are charged by the aircraft manufacturer's Certified Maximum Gross Take-Off Weight (CMGTW) for each use
- Air Carriers are required to report aircraft weights monthly in certified activity reports (CAR's) to the airport's they utilize

T68

AIAS FY06 - FY09 YTD
Monthly Combined Cargo - Pax CMGTW





Airport CMGTW Concerns and Comparisons

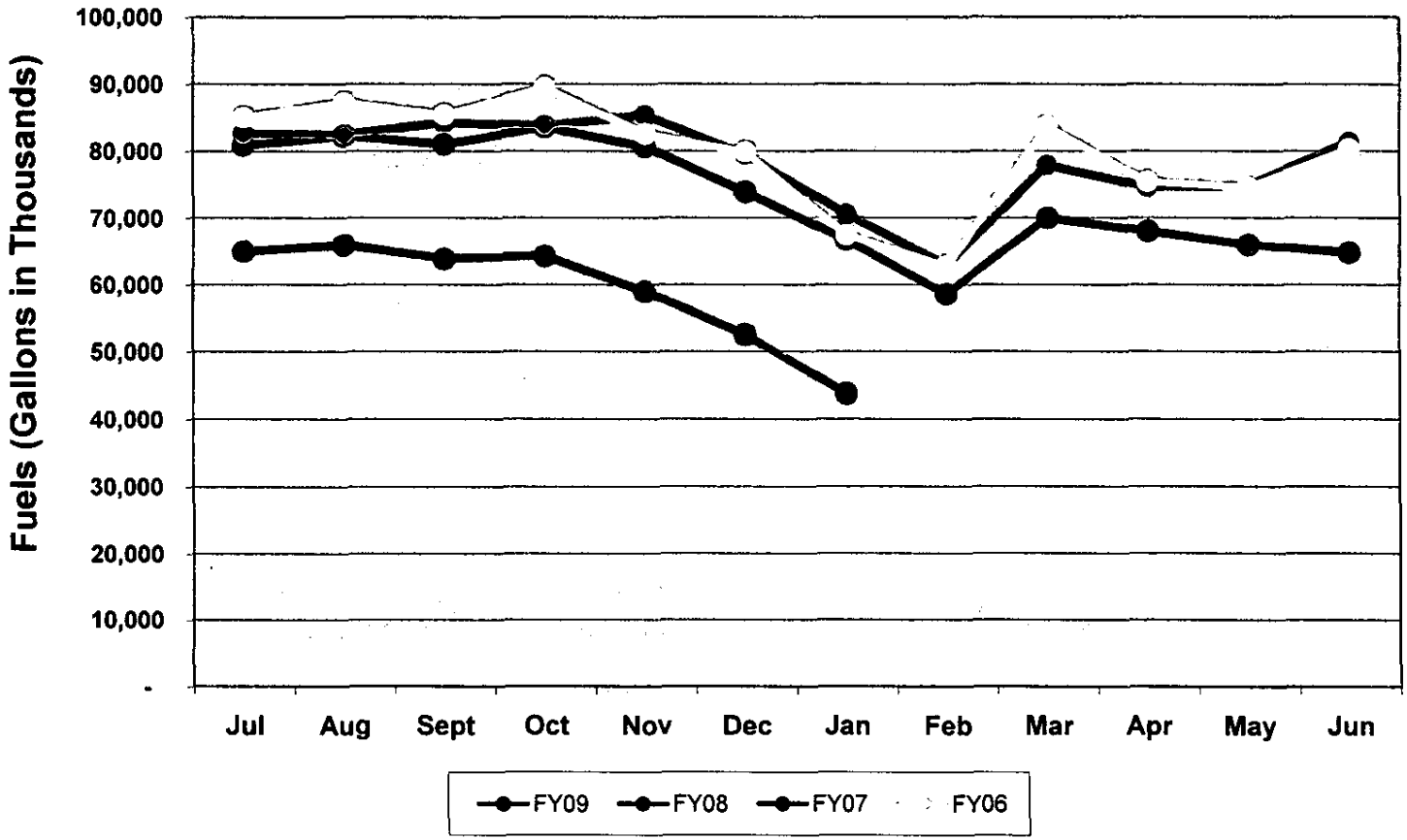
AIAS:

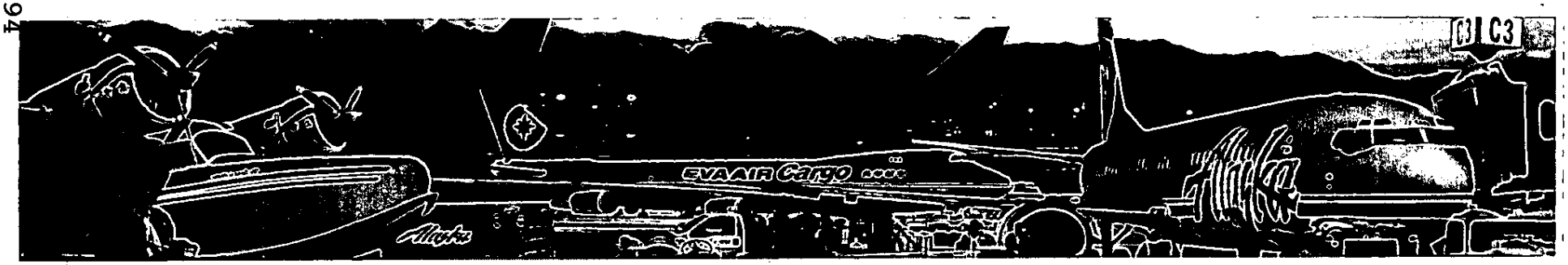
- Month of December CMGTW compared to same month of prior year down 22.50%
- FY09 (with 7 months of year) shows a CMGTW average decline 19.92%

Other Airports:

- San Francisco freight for December down 43%
- Los Angeles freight for December down 24.3%
- *IATA reports "22.6% collapse in air freight volumes for December as export volumes fell 20-30% in the US, Asia, and Europe"*

AIAS FY06 - FY09 YTD
Monthly Fuels





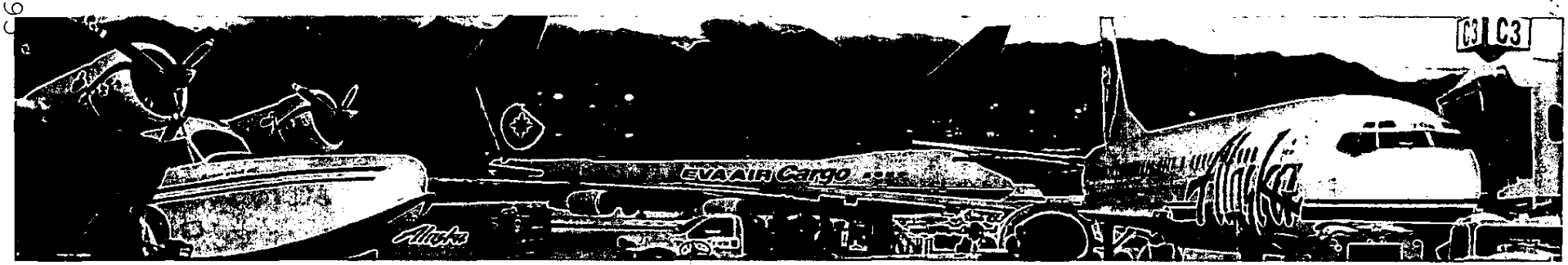
AIAS Fuel Trends

Fuel Flowage Fees

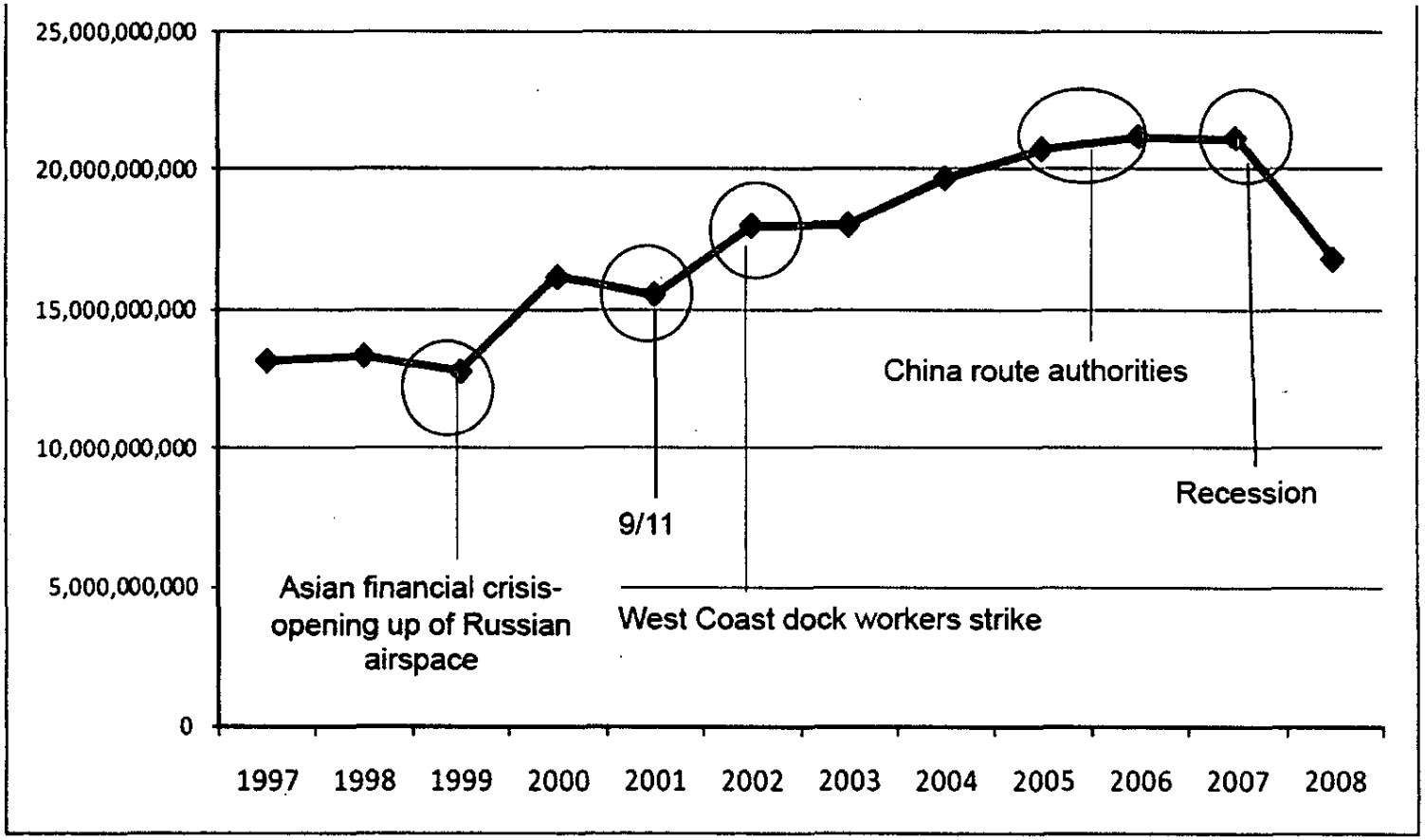
- Charged on each gallon of fuel
- $0.027 per gallon for aircraft >12,500 (signatory carriers)
- Accounts for ~20% of the AIAS Revenue

Changes

- Cargo Freight Down
- Old Aircraft Being Parked
- Airlines Improved Efficiencies
- Carrying Less Fuel Weight



Trends in International Freight



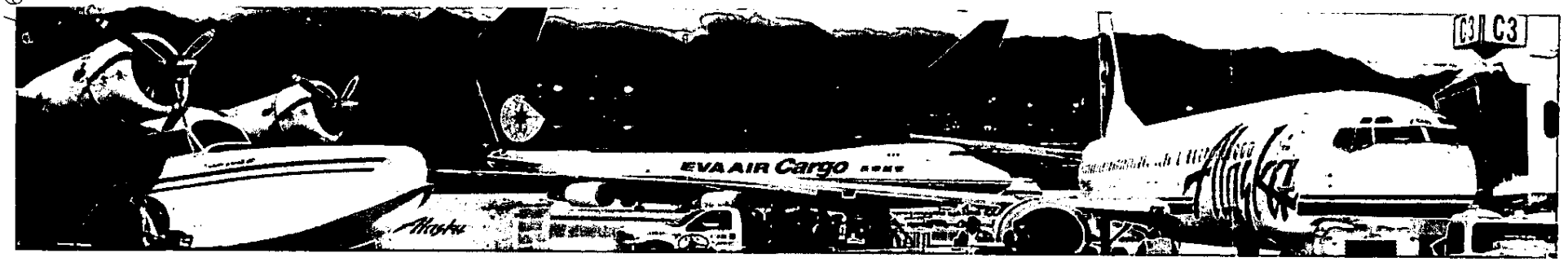
AIAS Responded Early to Trends

Reduced Operating Costs:

- June: reduce '08 budget spending
- July: defer, delay, and cut capital projects by $300 Million
- August: projected year traffic declines of 15 - 20%
  - Cut development funds
  - Hold utility increases & costs flat
  - Put TSA reimbursement to debt
- October: reduce '09 operating budget by $3 Million (3%)
- March: further cost containment

Stay Competitive:

- September: Initiated independent 3rd Party Asian Cargo Analysis Report… *(Keiser Phillips)*
- Assess and Track Other US Competing Airports…
- December: Airport Operating Agreement Lease completed in partnership with airlines



III. AIAS and the Future Outlook

1. Tied to National & Global Economy
2. Responsive & Competitive Airport
3. Cautious Positive Growth

AIAS Linked to the World

Global Economy

- AIAS tied to World and US trends
  - Passengers US
  - Cargo International
- Economic Recession

Response & Vigilence

- Respond to Market & Costs
- Track Airport Competition
- Assess Over-flights to US

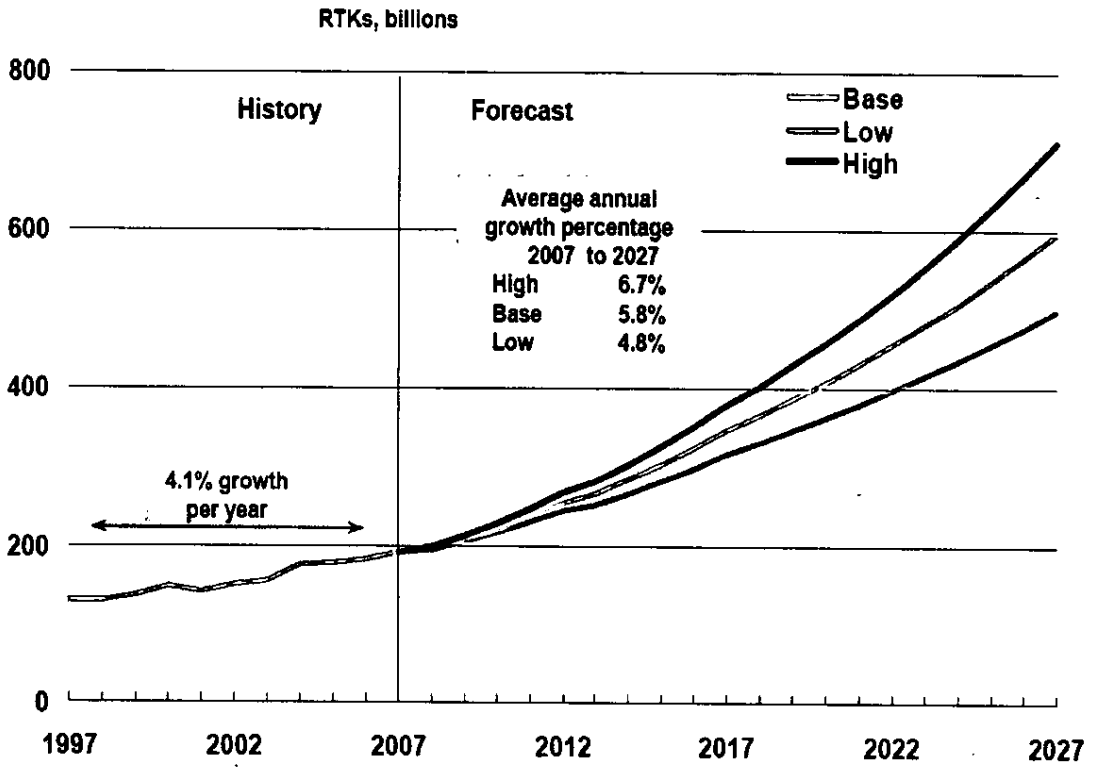
Realize Limitations

- Surface & Intermodal Limited
- Northern Climate Disadvantage
- No local manufacturing
- Limited air exports

Alaska Tied to World Air Trade

Projections:

- Air Freight Growing Worldwide by 6% year
- Market size doubles every 10 years
- World Air Cargo will Triple over next two Decades (Boeing)
- US Cargo Share of Air Freight Revenue:
  - 5% Domestic Majors
  - 15% European Majors
  - 20-50% Asian Majors

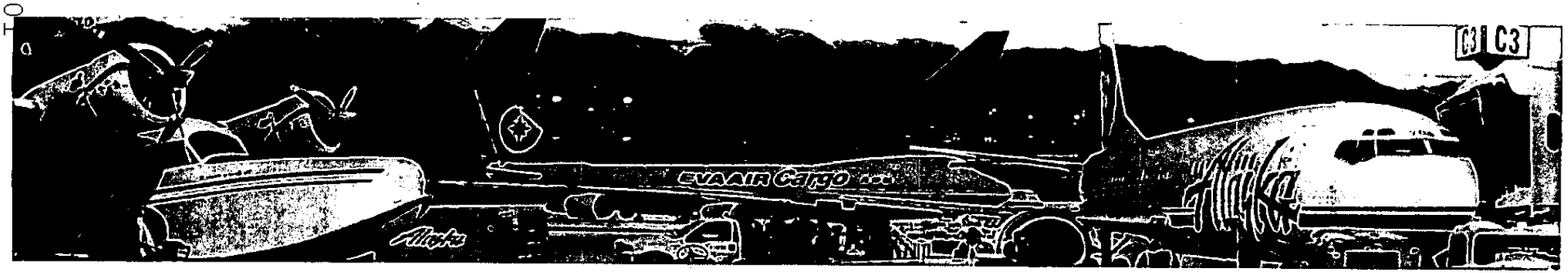


Source: ANC Air Cargo Market Profile, Keiser Phillips Associates March 2009

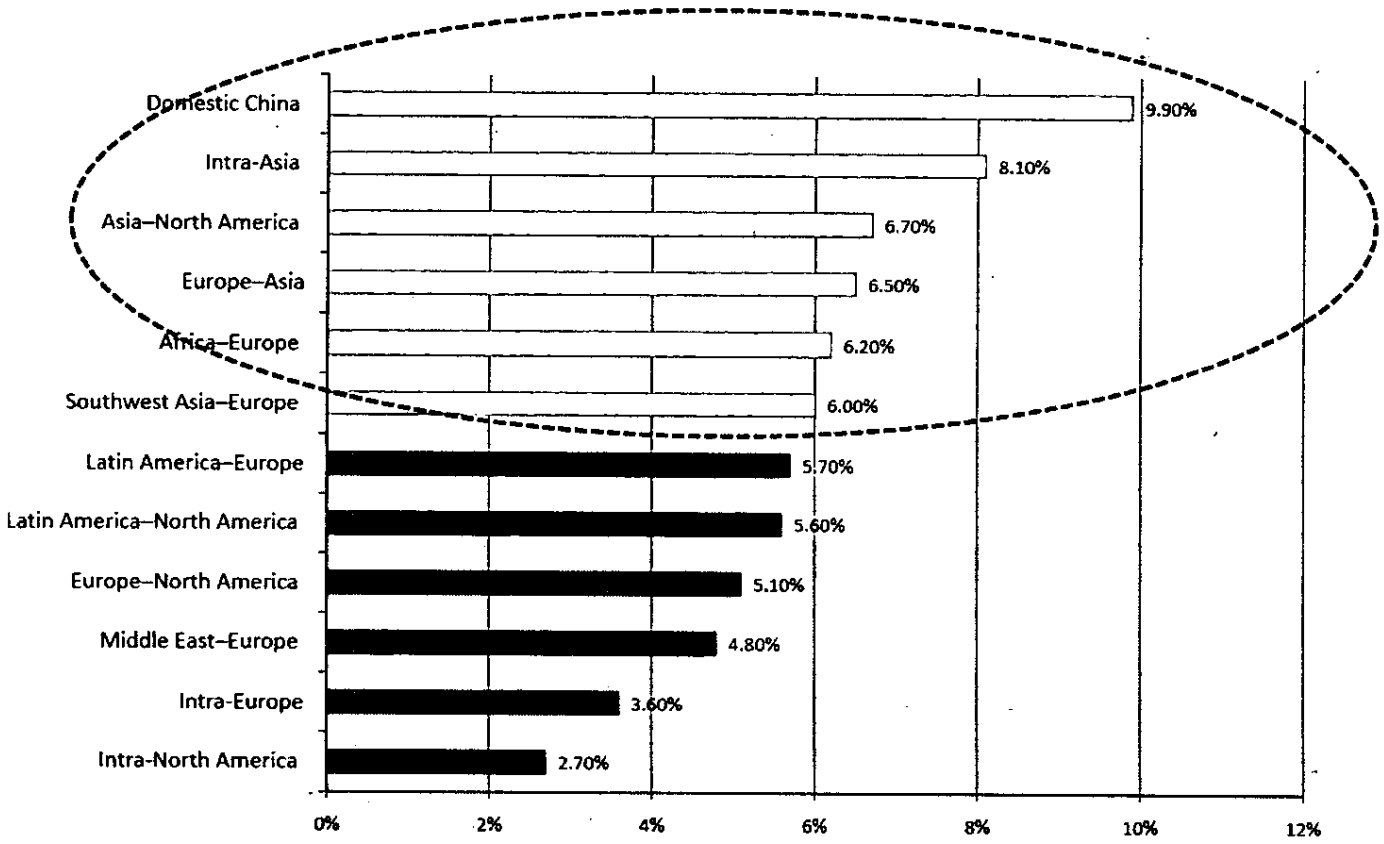
AIAS on the Forefront

Responsive:

- **Early Response to USA Economic Downturn**
  - Responded to Carrier's Requests for Relief (Fuel)
  - Focused on Debt & Rate Stability (Finance)
  - Reduced Operating Expenses
  - Lower Landing Fees
- **International Trade Impacts**
  - Asian Producers
  - USA Consumers



Asian Market Projected to Lead Growth



Source: ANC Air Cargo Market Profile, Keiser Phillips Associates, March 2009.

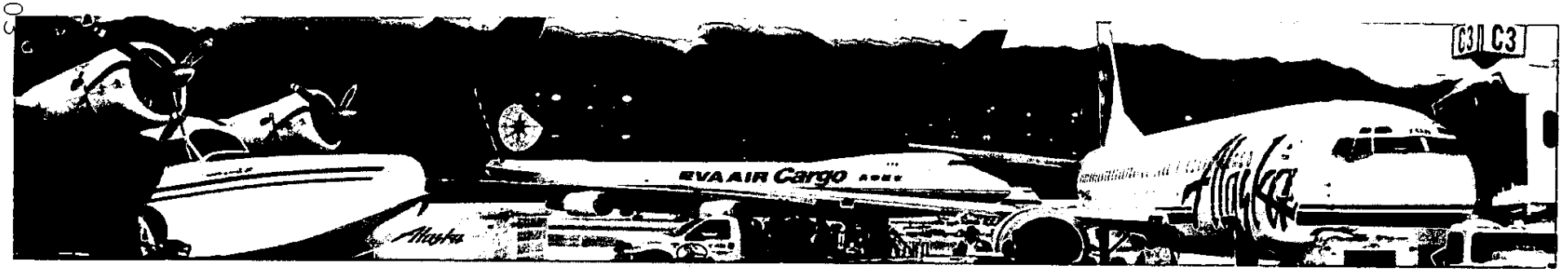
AIAS Remains Competitive

Terminal Rent

	Ticket Counter/Gate
Seattle	$396.01/$237.60
Portland	$242.00/$218.00
Ontario	$139.99/$139.99
Reno	$117.04/ $93.63
Boston	$100.21/$100.21
AIAS	$61.50/$61.50

Landing Fee

	Cost 747-400
Toronto	$12,799.08
Tokyo	$7,405.37
Newark	$4,789.75
New York	$4,456.55
Dallas	$3,349.98
Seoul	$2,982.14
Chicago	$2,759.24
Seattle	$1,918.00
Vancouver	$1,837.08
AIAS	$1,174.53



Conclusion: AIAS Leads the Way

Responsive, Vigilant, and Serving

- **Assess the Competitors**
  - Other USA Cargo Airports
  - Asian Cargo Carriers & Markets
- **New Carrier Partnerships**
  - **NCA** - JFK Station
  - **Cathay Pacific** - New freighters and new stations
  - **Evergreen/Kalitta** - New China designation
  - **UPS** - Anchorage Training Center, China frequencies

- #1 Airport for excellent service
- #1 Airport in North America for landed weight of cargo aircraft
- #3 Airport in the world for cargo throughput
- New four-wide body cargo aircraft apron
- 11,800-foot runway
- International and domestic processing facilities

Thank you

Christine Klein, AAE

Deputy Commissioner
Airports & Aviation
907-269-0724

3/24/09 PRESENTATION: EPA CRUISE SHIP DILUTION STUDY

<target><bill></bill><subject>3-24-09 PRESENTATION EPA CRUISE SHIP DILUTION STUDY</subject><comm>SFIN26</comm></target>

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3/24/09

Cruise Ship Stationary Dilution Study Presentation

Senate Finance Committee
March 24, 2009

Department of Environmental Conservation
Division of Water
Cruise Ship Program

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What is a dilution factor?

- A dilution factor is a measure of the dye concentration in the marine water relative to the concentration of the dye in the ship's treated wastewater.

- If the concentration of a dye in the ship's treated wastewater is 100 and the measured concentration of the dye in the receiving water is 5, then the dilution factor is 20.

What is a dilution factor important?

- DEC must evaluate both the pollutant sample results and the dilution of the wastewater in the environment to estimate whether wastewater would exceed Water Quality Standards (WQS) in marine waters.

Dilution of Wastewater while Vessel is Moving

- Wastewater is subject to a tremendous amount of dilution when cruise ships are moving.

- Based upon field studies, Science Advisory Panel estimated a conservative dilution factor of 50,000.

(min speed of 6 knots and discharge at 200 cubic meters/hour)

Dilution of Wastewater while Vessel is Stationary

- DEC partnered with EPA to collect field data to examine the dilution factors (mixing) for a stationary cruise ship.

- This study collected field data in order to calculate the dilution that occurs to wastewater when it is discharged under worst case conditions -- from a stationary cruise ship into a confined receiving environment with limited flushing.

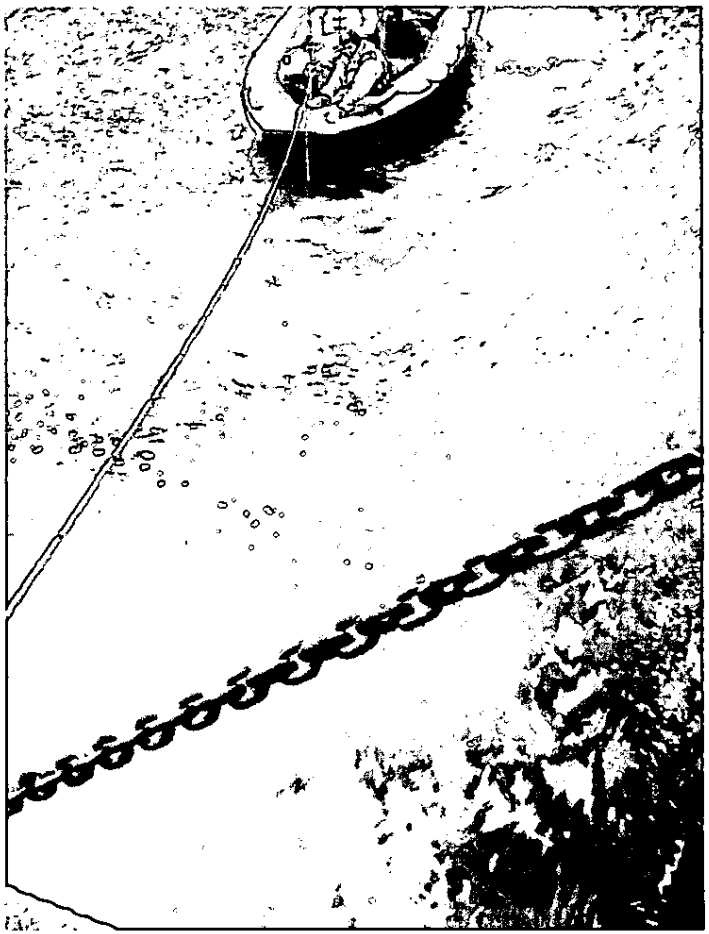
Methods Used to Collect Dilution Data for Stationary Cruise Ships

- This is a near field dilution study.
- Measurements were taken in the receiving water between the hull of the vessel at intervals up to 15 meters (49 feet; 1 meter = 3.28 feet) away.
- Six cruise ships volunteered to participate.

Methods Used to Collect Dilution Data for Stationary Cruise Ships

- A fluorescent dye (Rhodamine WT) of a known concentration was injected into the treated sewage and graywater discharges on each cruise ship.
- Outside of the vessel, a small boat with a fluorometer recorded the concentration of the dye in the receiving water.

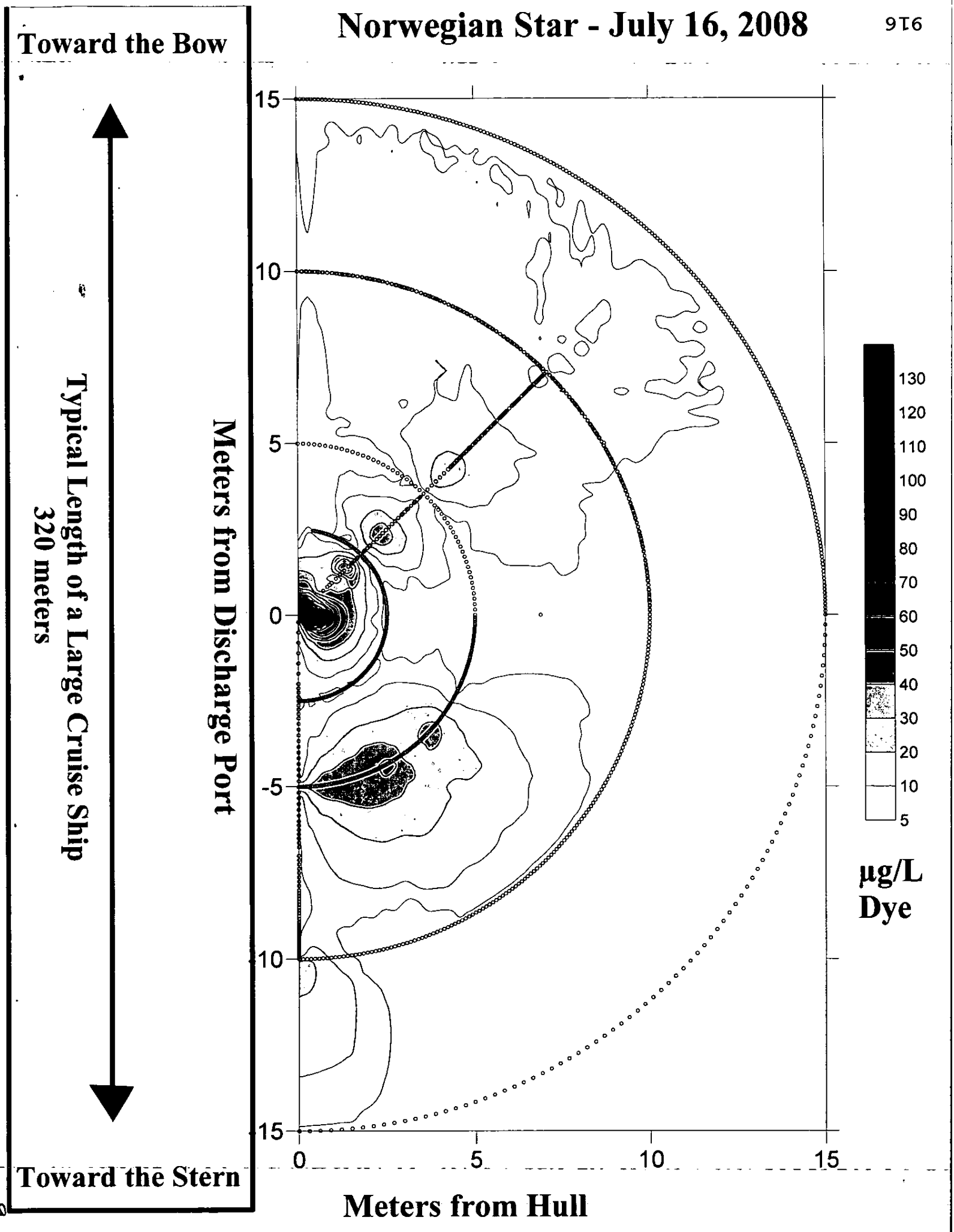
Release of dye from cruise ship and measurements being taken in receiving waters



Results

- Enormous and complex data set that fills >1,400 pages.
- Summary of a complex data set.
- "Time Lapse" plot of plume on Norwegian Star

Norwegian Star - July 16, 2008



How do you apply the dilution results to cruise ship sample data to determine where Water Quality Standards are met in the harbor?

- The cruise ship general permit requires that the discharges must meet the Alaska Water Quality Standards at the point of discharge.

- Ships meet most standards but are not able to consistently meet this stringent requirement for ammonia, copper, nickel and zinc.

How do you apply the dilution results to cruise ship sample data to determine where Water Quality Standards are met in the harbor?

- A standard scientific approach to a complex data set is to look first at the potential worst case scenario. If there is no exceedance in Water Quality Standards from the worst case scenario, then you will be confident that Water Quality Standards will be met in other situations.

- Skagway + max conc of pollutants + lowest dilution factor = worst case scenario

Dilution Factor at 2.5 meters from Ship

- The dilution factors ranged from about 4 to 12

- When the maximum pollutant concentration detected for ammonia, copper, nickel, and zinc for all ships during the 2008 season is divided by a factor of 4 (i.e. worst case dilution), the pollutants will exceed Water Quality Standards in the receiving water.

Dilution Factor at 2.5 meters from Ship

- If we divide the maximum pollutant concentrations by the highest (best case dilution) of 12, nickel and zinc will meet the WQS in the receiving water. However, the concentration of ammonia and copper found in the harbor will still exceed Water Quality Standard at 2.5 meters. (See Table 3 of DEC Draft Report for pollutant concentrations.)

Dilution Factor at 15 meters from Ship

- The lowest dilution factor (i.e. the least dilution or "worst case") was 28.
- The highest dilution factor (i.e. best case – most dilution) was 63.

Dilution Factor at 15 meters from Ship

- If you apply the highest dilution (e.g. best case) to the maximum concentration (e.g. worst case), all four parameters will meet WQS at 15 meters.

- A worst case combination of a maximum pollutant concentration for ammonia and copper with the minimum dilution (28) will exceed the Water Quality Standards in the receiving water at 15 meters.

Comparison with Interim Limits in Cruise Ship Permit

- If a similar procedure is used to divide the interim limits in the current permit for ammonia, copper, nickel, and zinc concentrations by the worst case dilution factor (4), they will exceed Water Quality Standards for all four parameters at 2.5 meters.

Comparison with Interim Limits in Cruise Ship Permit

- If we applied this same procedure using the worst case dilution found in this study, all four parameters will meet Water Quality Standards at 15 meters.

- Based upon the data from the four ships in this study, a ship whose wastewater complies with the interim limits will meet the Water Quality Standards at 15 meters (49 feet).

Validation of the Computer Models

- DEC compared the observed dilution to what was estimated by computer modeling software.
- In the near field (0 – 15 meters) that the computer models were fairly accurate at predicting the dilution factor.
- The models actually estimated a lower dilution factor (i.e. less dilution) than was observed.

3/24/09

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An Assessment of the Cruise Ship Plume Dilution Study Performed in Skagway, Alaska, July 2008

Alaska Department of Environmental Conservation

March 24, 2009

DISCLAIMER: This report is a work in progress and is still being finalized.

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Executive Summary

This report describes a plume dilution study conducted as a partnership between the Alaska Department of Environmental Conservation (DEC) and the U.S. Environmental Protection Agency (EPA). The study was conducted by EPA's Ocean Survey Vessel *Bold* in July 2008. It was designed to characterize the near-field dilution that occurs to wastewater that is discharged from a stationary cruise ship.

The dilution factors in this study were calculated by taking the known concentration of a pollutant in the pipe before discharge and dividing it by the concentration measured in the receiving water. For example, if a value of 100 concentration units was determined in the pipe and a concentration of 5 was measured after the wastewater was discharged into the receiving water, the dilution factor would be 100 / 5 which equals 20.

None of the vessels that visited Alaska in 2008 could consistently meet the State of Alaska Water Quality Standards for ammonia and selected metals at the point of discharge.

After undergoing turbulent mixing in the first 2.5 meters, plumes remained relatively intact to a distance of 15 meters.

In order to determine where cruise ship effluent would be diluted to the point where it would meet water quality standards in the receiving water, DEC divided the maximum reported concentrations for ammonia, copper, nickel, and zinc effluent levels from all ships that discharged in Alaska during the 2008 season by the highest dilution factor of 63 found at 15 meters. In this case water quality standards would be met in the receiving water for ammonia, copper, nickel, and zinc. When you take the most conservative approach of dividing the maximum concentration of pollutants by the lowest dilution factor of 28, ammonia and copper concentrations in the receiving water would exceed water quality standards at 15 meters.

We then looked at the interim limits that are currently in the cruise ship permit. If a similar procedure is used to divide the interim limits in the current permit for ammonia, copper, nickel, and zinc concentrations by the worst case dilution factor, they will exceed Water Quality Standards for all four parameters at 2.5 meters. If we applied this same procedure using the worst case dilution found in this study, all four parameters will meet Water Quality Standards at 15 meters.

Based upon the data from the four ships in this study, a ship whose wastewater complies with the interim limits will meet the Water Quality Standards at 15 meters (49 feet).

DEC also compared the near field dilution factors that were predicted by the PLUMES and CORMIX computer dilution models to the observed dilution. The maximum dye concentrations that were measured were in fair agreement with the modeled values in the 5 – 15 meter range. The modeled values were conservative and predicted higher maximum plume concentrations compared to those that were observed in the field. This means that the models are more protective of the environment. However, the PLUMES and CORMIX models diverged greatly when attempting to predict dilution factors beyond 15 meters and may not be appropriate for determining far-field dilutions.

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Introduction

The Alaska Department of Environmental Conservation (DEC) has had the regulatory responsibility of protecting the waters of Alaska through the Cruise Ship Program since 2001. DEC provides detailed information about the Cruise Ship Program at the following web page:

http://www.dec.state.ak.us/water/cruise_ships/index.htm

As a part of the Cruise Ship Program DEC has completed and participated in studies that have provided information on the impacts that cruise ship discharges have on water quality. In 2001, DEC participated in a study of the dilution of wastewater discharge plumes from large moving cruise ships (Cruise Ship Wastewater Science Advisory Panel, 2002). The Science Advisory Panel concluded that very high dilution factors of 1/50,000 would conservatively be achieved behind a moving vessel.

In 2004, DEC used computer models to estimate the concentration and distribution of cruise ship discharges at three Alaska harbors; Juneau, Ketchikan and Skagway (DEC, 2004). The input conditions to the models in that study assumed the ships were stationary, and that normal tidal and hydrographic conditions existed. Individual characteristics such as discharge pipe diameter, flow rates and temperature of the discharge were based on individual data from eighteen vessels. DEC used the EPA approved computer modeling packages PLUMES and CORMIX to estimate the expected dilutions from each individual ship. Concentrating only on the modeling that was reported for the conservative conditions in Skagway harbor, the dilution factors achieved in the first 2 meters ranged from 1/10 to 1/20. At a distance of 5 meters the dilution factors were between 1/24 and 1/60.

In July 2008, DEC worked in partnership with the United States Environmental Protection Agency (EPA) on a study in Skagway harbor to directly measure the dilution of waste water discharge plumes from stationary cruise ships. The study was performed by DEC and EPA personnel and supported by the crew of the EPA research vessel *Bold*. Discharges from six cruise ships were tested between July 7, 2008 and July 17, 2008. Discharges from two of the ships were sampled twice so that a total of eight visits were completed. The purpose of this study was to measure the real world dilution factors that exist in the marine waters in order to assess whether the Alaska water quality standards are currently being met, and in addition, to compare these actual dilutions to the values predicted by the computer models.

Over the years, the cruise ship industry has, in general, worked to continually reduce the concentration of pollutants through major upgrades to advanced treatment systems onboard the vessels. There have been reductions in the levels of fecal coliform bacteria, biological oxygen demand (BOD), total suspended solids (TSS), pH (a measure of acidity) and chlorine. In 2008, however, four parameters continue to exceed the water quality standards that are mandated by law to be met at the point of discharge. The four parameters are ammonia, copper (Cu), nickel (Ni) and zinc (Zn). This report will focus on these parameters when assessing compliance with water quality standards.

Figure 1 provides a detailed map of the study area in Skagway harbor. It depicts the three areas where large cruise ships dock, the Ore Terminal, Broadway, and Railroad docks. The locations of the Alaska Marine Highway System Ferry dock and the City of Skagway domestic waste water outfall are also shown.

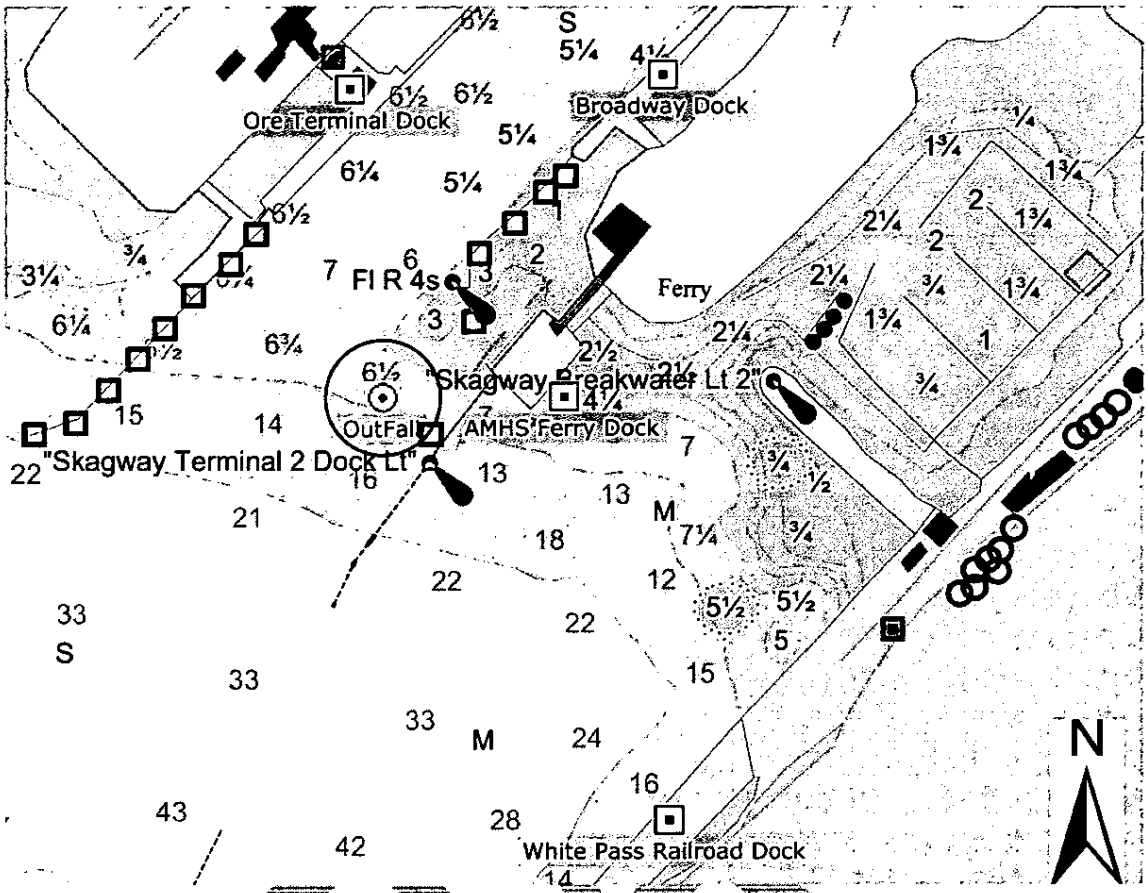

Figure 1 Skagway Harbor Showing Cruise Ship Sampling Sites.**Methods**

Criteria for selecting the ships that were tested.

DEC acknowledges the tremendous cooperation and support that this project received from the officers and crew members on the vessels that were sampled during this work. One of the main criteria for selection in the project was that the ship volunteered to participate. Another important factor was that, as far as possible, DEC tried to include ships that were studied in 2004. Of the six ships that were sampled, four had been included in the previous study. While the ships were not selected randomly, DEC also attempted to select ships with a wide variety of treatment systems.

The following section provides a summary of the methods that were followed in introducing dye into the individual cruise ship wastewater streams and then in tracing the resultant dye plumes that formed in the receiving water. This summary of the methods used is based on the US EPA report entitled "Sampling

Episode Report Cruise Ship Plume Dilution Study, Skagway, Alaska", February 25, 2009. That report should be consulted for further sampling details and to locate all the raw data that was gathered during the plume dilution study.

Pre-Sampling Activities

Visits to each of the six ships were conducted during the week prior to the start of the sampling episode to establish ship contacts, communications, and safety and emergency procedures, and to inspect sampling ports and associated fittings.

Dye Injection Methodology

A variable speed peristaltic pump was used to inject the fluorescent dye, Rhodamine WT, into the waste discharge stream at a point downstream of the wastewater treatment system. The flow in the pipe was monitored using an ultrasonic flow meter. The in-situ concentration of the dye was calculated from the known input concentration, the discharge flow rate, and injection rate. In addition, the concentration of the dye was measured directly downstream using a calibrated fluorometer. This instrument was used successfully in three of the four surveys where plume distributions were mapped outside the ships. Usable data was not obtained in the other cases due to instrument failures.

Vessel	Target Concentration µg/L	Used by DEC µg/L
Star Princess	420	420
Coral Princess	1050	1050
Ryndam	754	700
Millennium	663	573 ± 218
Norwegian Star	893	606 ± 140
Volendam	918	787 ± 100

Table 1 Target Concentrations and actual Measured Concentration.

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DEC used the measured concentration to calculate the dilution factors. Table 1 lists the concentration of dye that DEC used as the maximum in-pipe concentration for each ship surveyed. The value used for the Star Princess, Coral Princess and Ryndam was based on the calculated target concentration. For the Millennium, Norwegian Star and Volendam the maximum input was based on the mean value measured by the fluorometer and the standard deviation.

Plume Monitoring Methodology

A Sea-Bird SBE-19 CTD (conductivity, temperature, and depth) was deployed to provide detailed measurements of the ambient hydrographic conditions. In addition, this instrument package, which is pictured in Figure 2, was outfitted with a fluorometer and turbidimeter to measure the dye concentrations and possible interferences. Conductivity was an important parameter because it is used to calculate salinity which is a measure of the amount of dissolved salts in the seawater. This parameter along with temperature is used by the models to calculate density of the water and predict the behavior of the plumes. All of the parameter readings were measured two times a second and transmitted by cable to a laptop computer. It is important to note that the sensors and seawater intake hoses are located at the bottom of the instrument. In the case of the vessel Star Princess this feature prevented characterization of the surface plumes that formed.

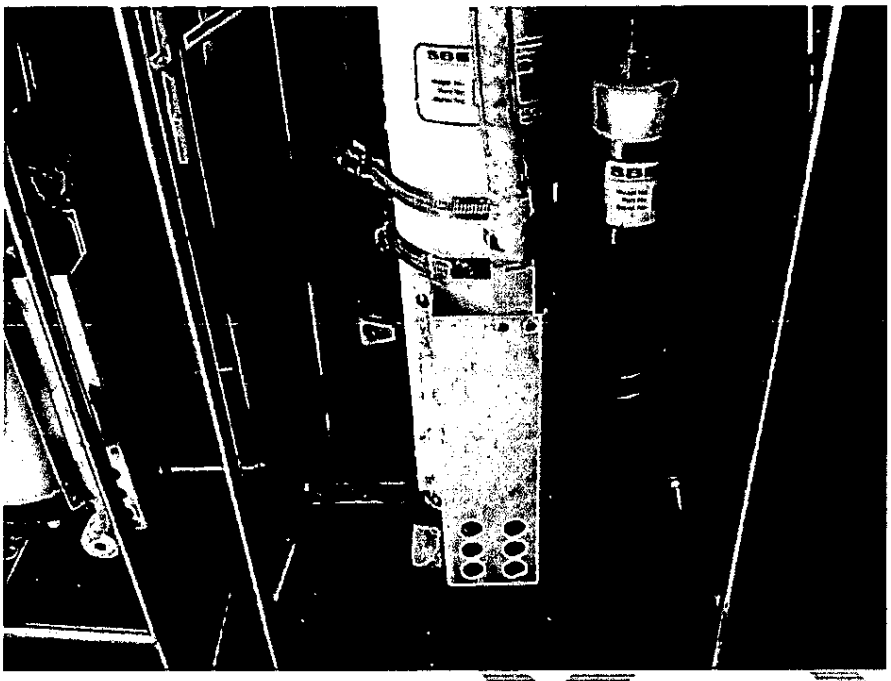

Figure 2. Sea-Bird SBE-19 CTD Sensor with Integrated SCUFA® Fluorometer

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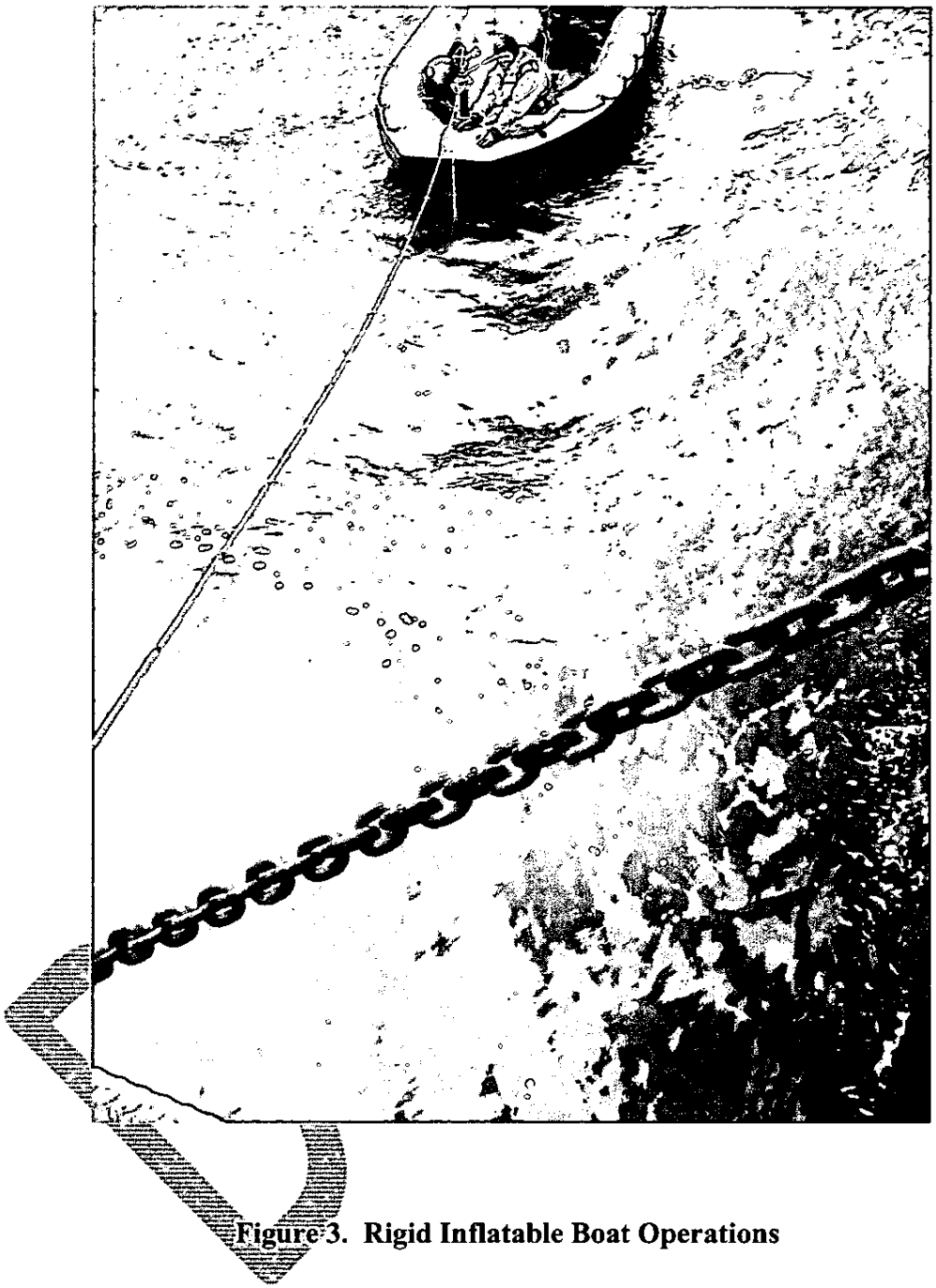

Figure 3. Rigid Inflatable Boat Operations

The CTD was deployed from the bow of a rigid inflatable boat (RIB). At times the CTD was lowered and raised at a stationary position to provide a vertical profile of the water column. In order to track the plume concentration distributions a series of arc transects were performed. To accomplish these, a hull magnet was first attached above the discharge port. The RIB then traversed a semicircle path at the nominal distances of 2.5, 5, 7.5, 10 and 15 meters away from the port. This

pattern was repeated with the CTD held at the nominal depths of 1.5, 3, 5 and 7.5 meters deep.

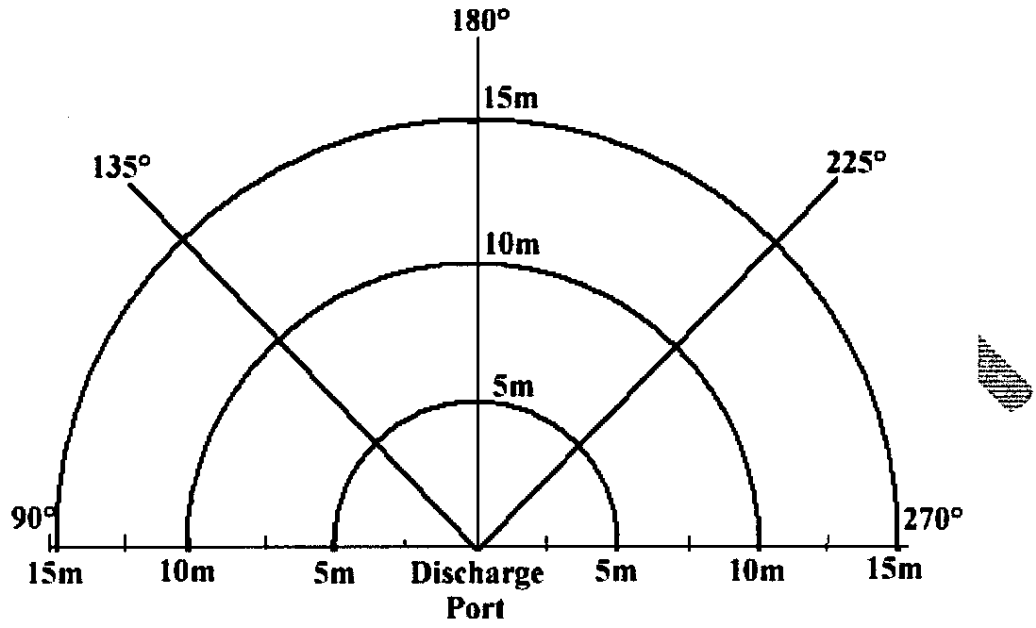

Figure 4 Sampling transect pattern used to locate dye plumes

Another type of transect was performed in order to maximize the definition of the plume distribution is shown in figure 4. The RIB was directed either toward or away from the discharge port along a straight course at constant depth where the plumes were expected to have the least dilution and greatest concentration of dye, i.e. in the center of the plumes.

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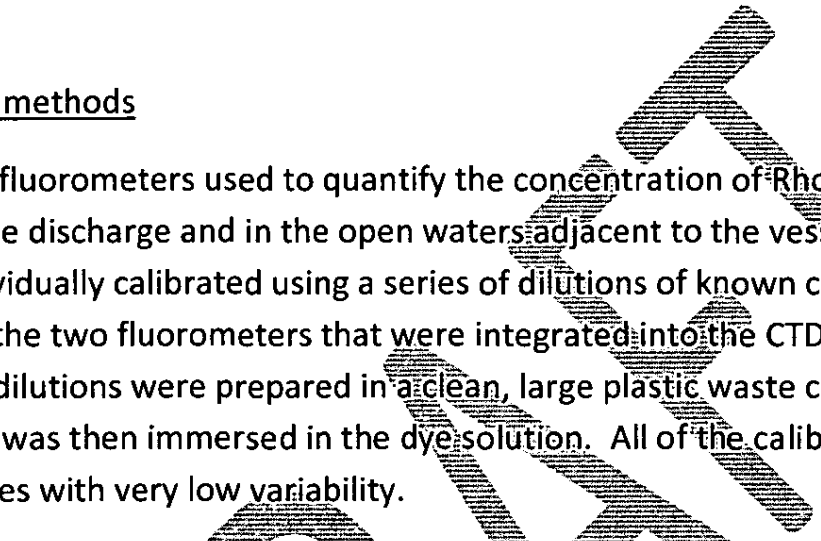
Current and Weather Measurements

Current meters were used to record the major currents in the vicinity of the discharge port during the plume surveys. They were deployed at 1, 3 and sometimes 5 meters.

Personnel on the OSV Bold recorded weather conditions during the surveys.



DEC methods

The fluorometers used to quantify the concentration of Rhodamine WT dye both in the discharge and in the open waters adjacent to the vessels hulls were individually calibrated using a series of dilutions of known concentrations of dye. For the two fluorometers that were integrated into the CTD instrument packages, the dilutions were prepared in a clean, large plastic waste container. The entire CTD was then immersed in the dye solution. All of the calibrations produced curves with very low variability.

Raw data from the transects were first converted to the equivalent concentration of dye in micrograms/Liter (µg/L) using the calibration curves described above. The position of the instruments was estimated for each arc and linear transect by apportioning the angle to the ship based on the total time of the transect (assuming that the motion of the RIB was relatively constant). These positions were then converted from polar to rectangular coordinates and the dye distributions were plotted for a given depth using the commercially available software, Surfer8. Since the CTD/fluorometer instrument package was recording data for conductivity, depth, temperature and dye concentration at an interval of once every ½ second, the sampling coverage for defining the extent of the plumes appears to have been adequate. The resulting plots are a time average, not a snapshot of where the plumes were found, since the individual plumes were moving at speeds of about 10cm/sec and the entire process of mapping the area next to the ships out to a distance of 15 meters took up to ½ an hour.

Results

General

The initial attempts to characterize the dye plumes from the cruise ships were made on July 7, 2008 on the Millennium and July 9, 2008 on the Norwegian Star. In both cases no usable plume data was obtained.

After modifying procedures, dye plumes were detected during the sampling of the Star Princess on July 10, 20008. The plumes were observed at the surface moving away from the discharge port at an angle of 225° and directly along the ship's hull at about 270°. When the CTD is used at the surface the actual depth of the seawater that is sampled is about 0.8 meters. This configuration prevented the determination of plume values that were between the surface and 0.8 meters. A maximum plume value of 48 µg/L was detected at 1.3 meters depth at a distance of 10 meters from the discharge port. It is possible that higher concentrations were present nearer to the surface. No arc transects were completed for this sampling.

Coral Princess

For most of the sampling effort during the July 11, 2008 survey of the Coral Princess, the discharge was extremely intermittent. Near the end of the sampling period the Rhodamine WT dye concentration was increased to approximately 1050 µg/L and substantial plumes were detected at a depth of about 3.6 meters and a distance of 5 meters from the ship. Concentrations that were >158 µg/L were found at angles of 180°, 220°, from 235° to 240°.

Ryndam

The vessel Ryndam was sampled on July 12, 2008. Figure 5 provides a time-averaged mapping of the plume concentrations. The nominal depth for this plot is 3 meters. Extensive transects were also performed at depths of 1.5, 2.5, and 4.5 meters without detecting plumes. Using an arbitrary convention for compass rose direction, zero is looking directly at the discharge port and the angle increases clockwise such that 90 is to the stern, 180 directly away from the ship and 270 to the bow. See Figure 4. The plume is primarily distributed along an angle of 135° from the hull. The semi-circular arcs that are shown on the plot give the position of the CTD instrument at the ½-second interval sampling frequency. While the plot is not an instantaneous snapshot of the plume locations, it does

represent a useful tool to compare the plume density between the different sampling events.

In this plot the ship is on the left axis with the direction toward the stern at the top and direction toward the bow and Northeast is at the bottom. The plume distribution is very different from the smooth and continuously varying results that both model s predict. The empirical data show that outside a distance of 5 meters from the ship the plumes are defined by roughly circular zones of high dye concentration that appear to be advected away from the ship. There is very good agreement between the 135° angle of the plume train and the direction of the 4 cm/sec tidal current that was measured at 3 meters depth.

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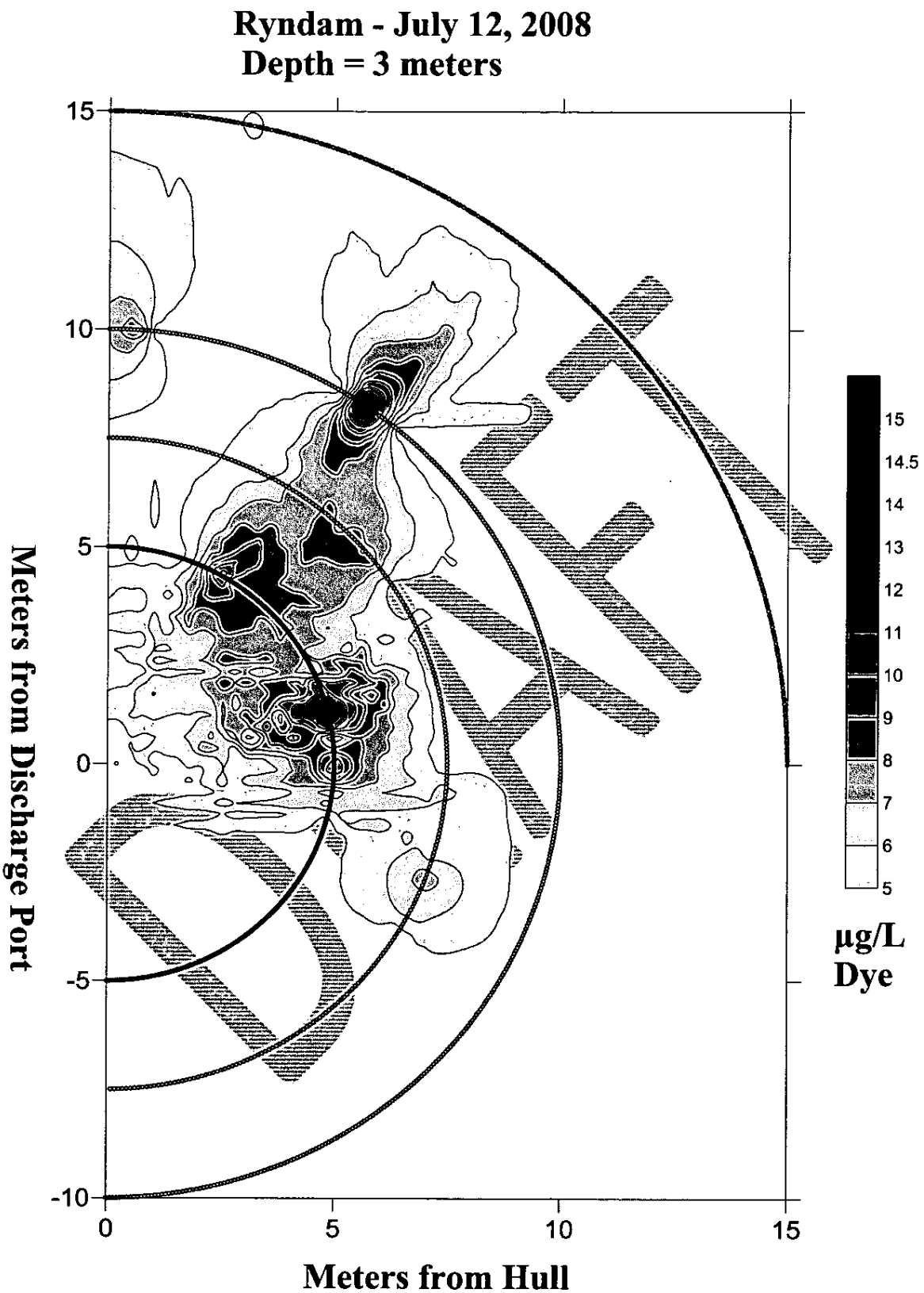

Figure 5 Plume distributions near the Ryndam at 3 meters depth

Figure 6 is a plot of the comparison between the measured value for the plume maximum concentration and the values predicted by the CORMIX and PLUMES computer models. The modeling was evaluated at 5, 10 and 15 meters from the discharge port. The average modeled dilution factor for the 5 to 15 meter range away from the discharge port is about 1/30. If the measured value at 7.5 meters is included the actual dilution factor is found to be 1/50. In this case, the models are predicting less dilution than was actually observed. In figure 6 the error bars that are plotted for the measured values are based on the variation of the input dye concentration that resulted from the variation in flow in the waste water.

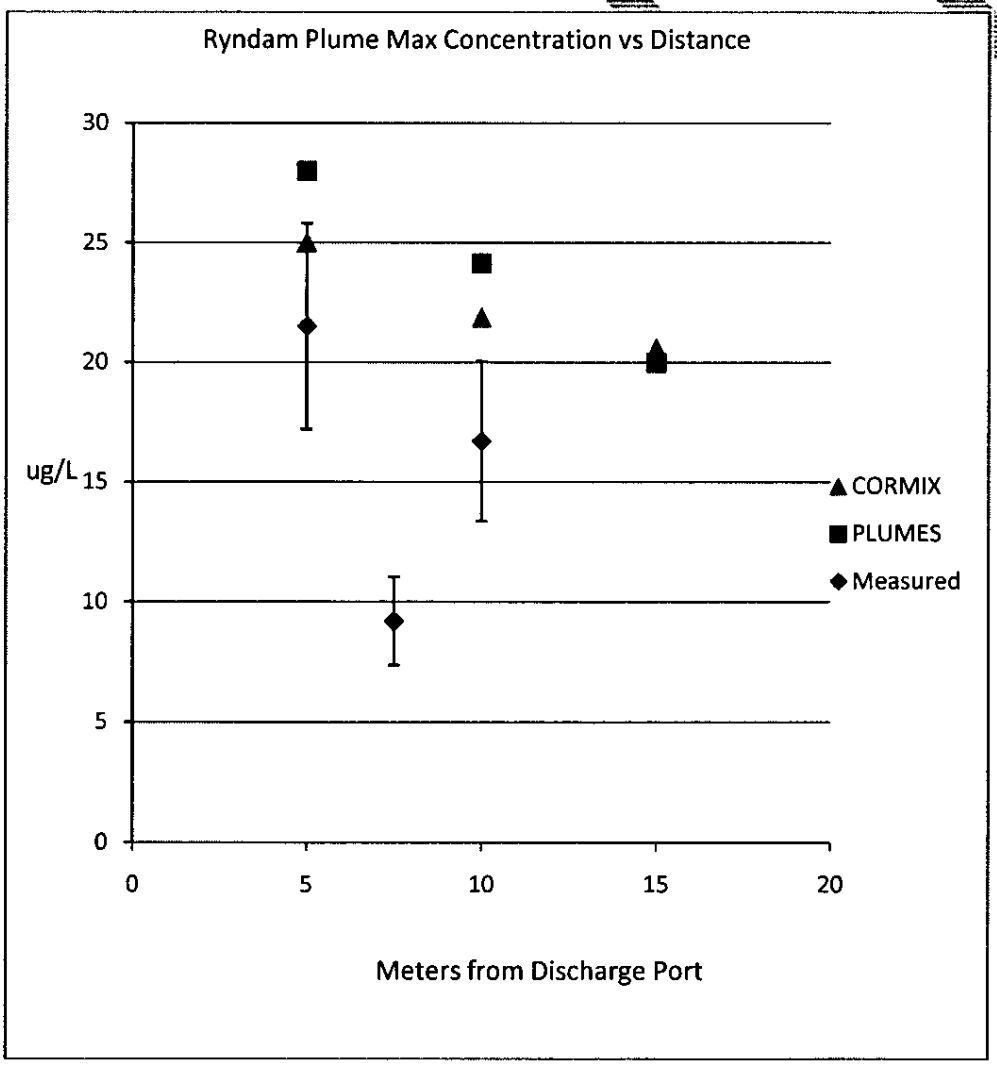

Figure 6 Plume maximum dye concentration vs distance from the discharge port at 3 meters depth.

Millennium

The vessel Millennium was sampled on July 15, 2008 and the results of the plume distribution survey are plotted in Figure 7. In this case the plume was located primarily at 5 meters depth and although the orientation of the ship and structure of the plumes were similar to those seen in the Ryndam survey, the direction that the plumes were moving was completely reversed, near 270°. In the case of the Millennium sampling, the tide was flowing in toward the harbor and during the Ryndam sampling it was ebbing away. Unfortunately the nearest current meter data that we have from the Millennium survey is at 3 meters depth and the results do not correlate well with the observed plume movements.

The maximum plume concentrations that were observed during the Millennium survey appeared to be higher than the Ryndam values. In addition to the 5 meter depth transects that are plotted in Figure 7, extensive transects were also completed for depths of 1.5, 3, and 7.5 meters, however, no major plumes were detected.

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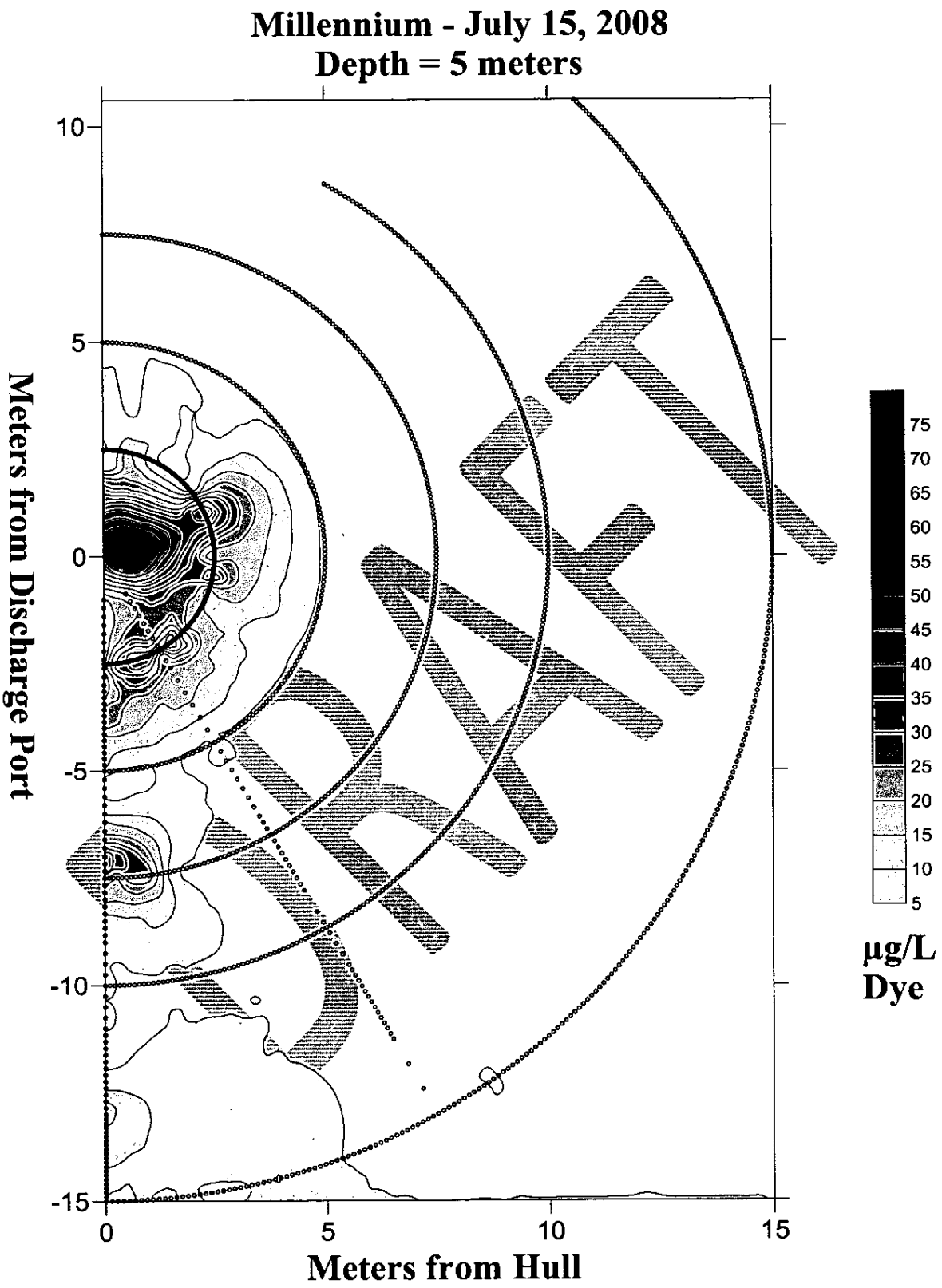

Figure 7 Plume Distribution Near the Millennium at 5 meters Depth

Figure 8 details the maximum concentration that was measured for the Millennium. The average dilution factor for the measured maximum was 1/39 for the 5 to 15 meter range. The PLUMES model generated an average dilution factor of 1/20. The CORMIX model generated an average dilution factor of 1/12. The modeled values again predicted less dilution than was observed, but the agreement between the models show considerable divergence. The large estimated error for the observed values are based on the measured variation in the input dye concentration.

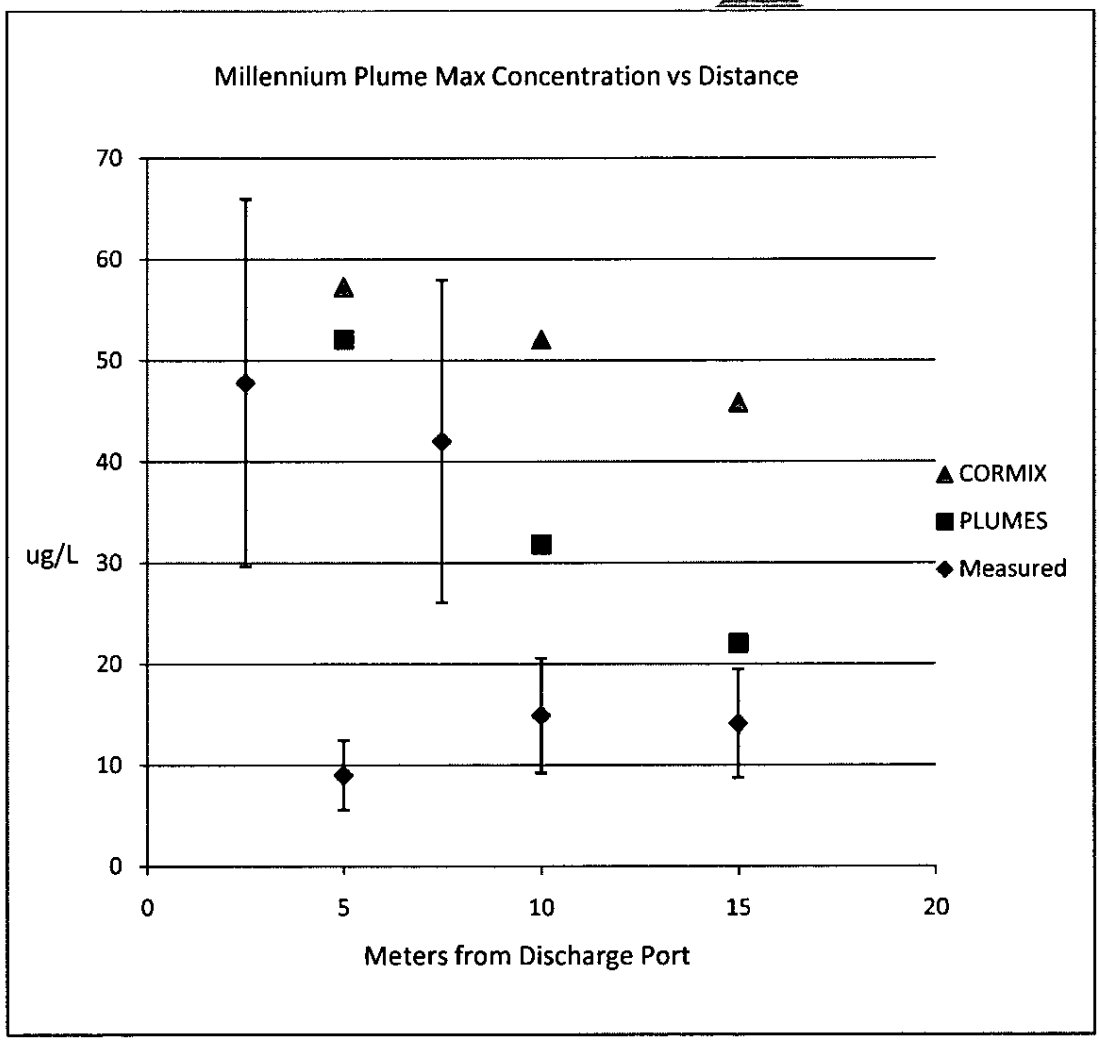

Figure 8 Plume Maximum vs Distance from the Discharge Port for the Millennium

Norwegian Star

Significant plumes were found over a wider range of depths when the Norwegian Star was surveyed on July 16, 2008. Plumes were detected at 3, 4 and 5 meter depths. No plumes were found at 1.5, 2.5 and 7.5 meters. Figure 9 provides a visualization of the plumes at two levels, approximately 3.5 and 5 meters. In this plot the upper left corner would point forward toward the bow and the Northeast. The ship would still be on the left of the plot. The plumes in both the upper and lower zones appear to be advecting along an angle of 135 ° where 90 ° is at the top left corner. One apparent difference between the two plots is an extensive plume that was mapped at the 3.5 meter level but was not seen at the 5 meter depth.

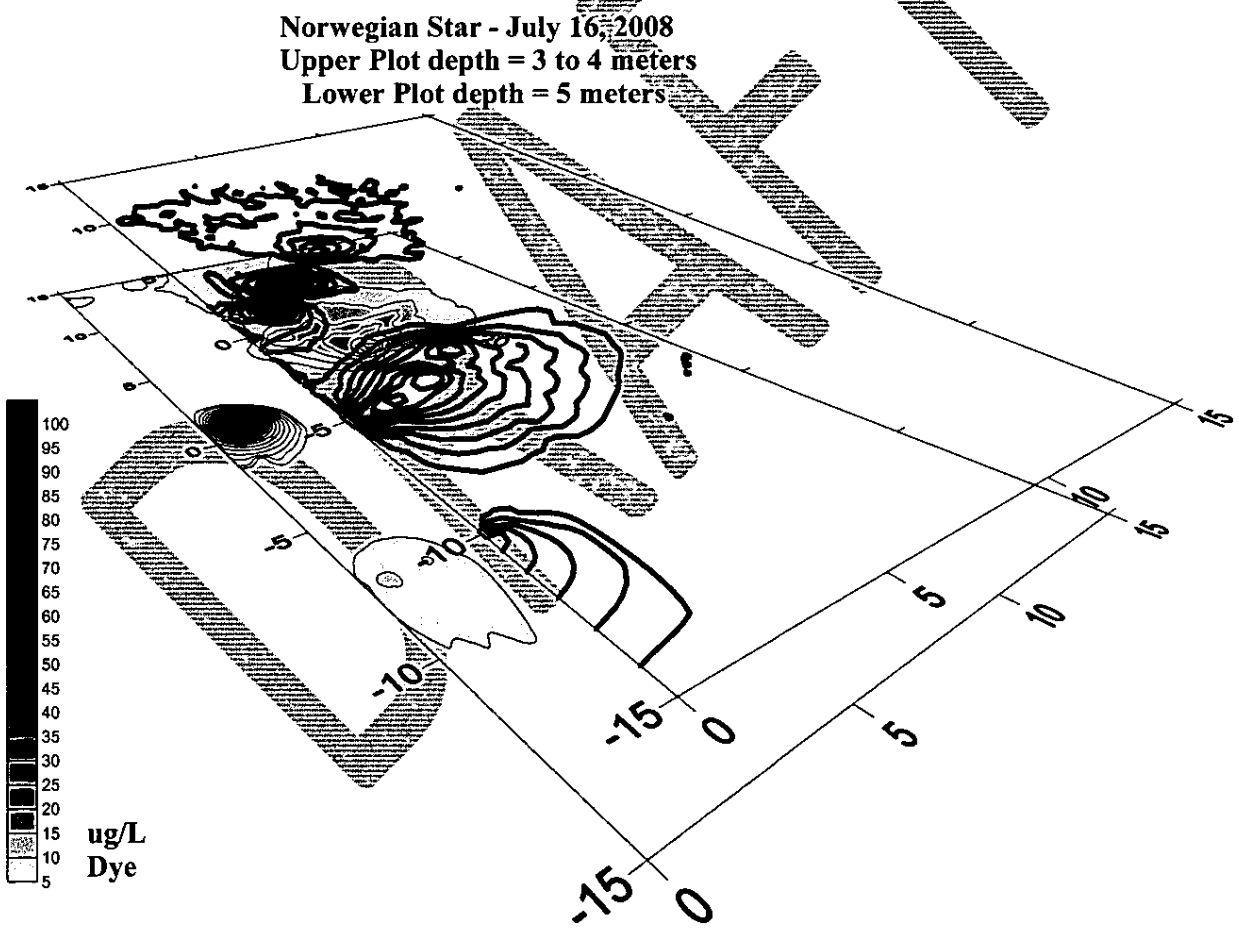

Figure 9 Plumes detected near the Norwegian Star at multiple depths.

Figure 10 details the maximum concentration that was observed for the Norwegian Star. The average dilution factor that was observed in the 5 to 15 meter distance from the discharge port was 1/22. The PLUMES model average was 1/19 and CORMIX predicted 1/12. The PLUMES model, while still conservative, did appear to provide a closer approximation to the observed plume maximums.

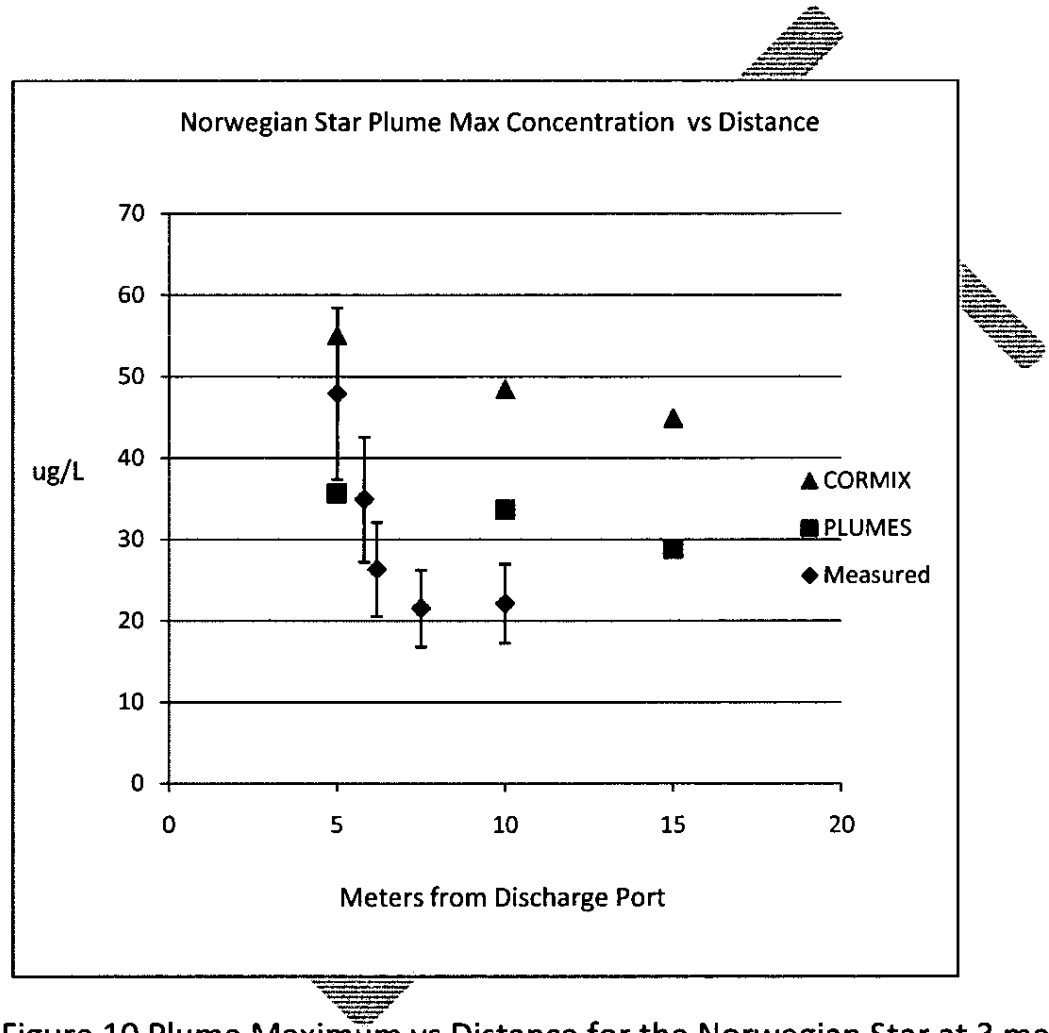

Figure 10 Plume Maximum vs Distance for the Norwegian Star at 3 meters depth.

In Figure 11 the upper level from plot 9 is shown in greater detail. While not in perfect alignment with the plume's directions, currents with a speed of 10 cm/sec were recorded at 3meters depth and they likely contributed to the measured plume distributions.

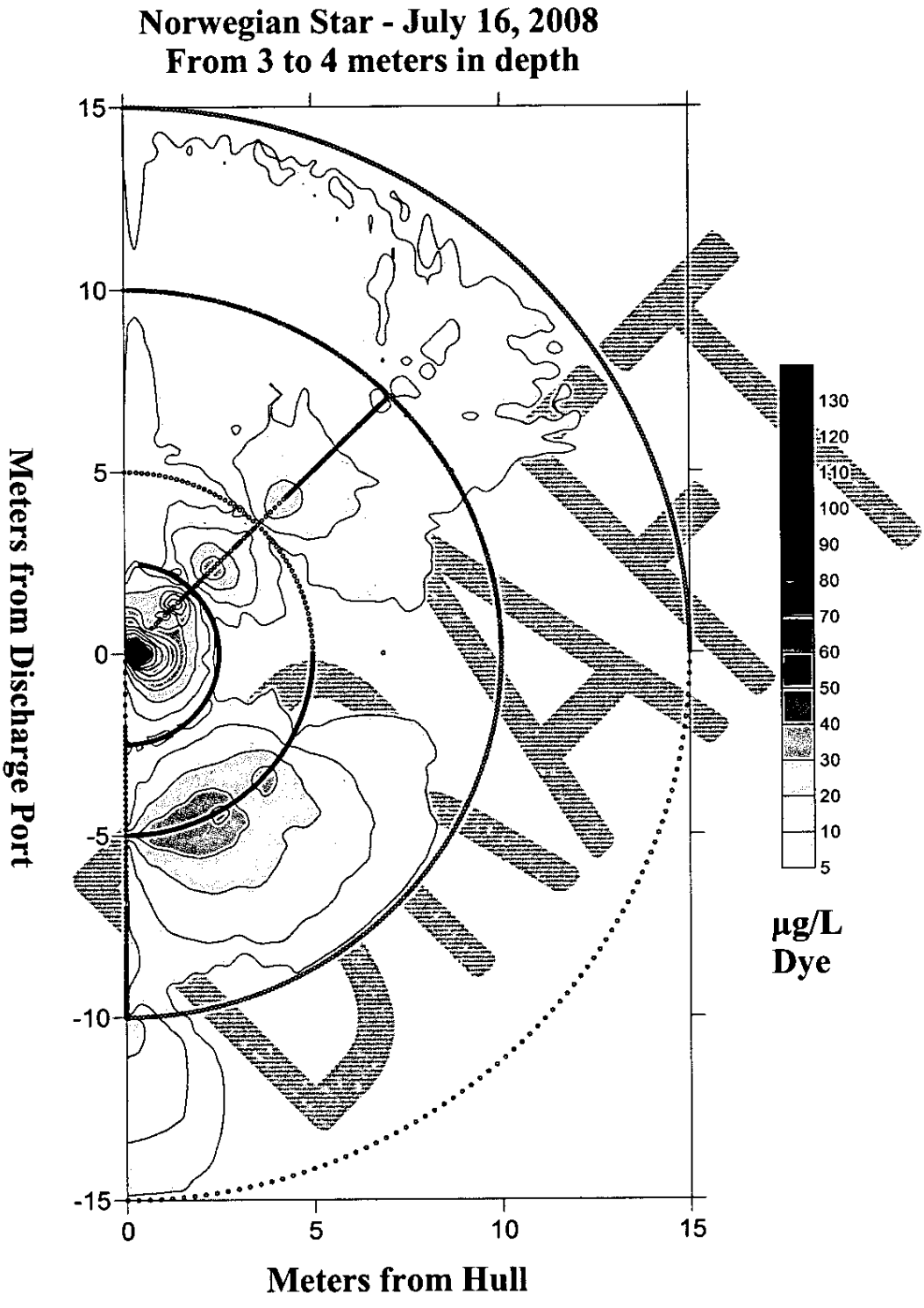

Figure 11 Plume distributions near the Norwegian Star between 3-4 meters depth from the surface.

Volendam

In Figure 12 the stern of the vessel Volendam lies in the direction of the top of the page and bow and Northeast are toward the bottom. The majority of the plumes were detected at 5 meters depth and appear to be advected away at an angle of 225°, which is consistent with the direction of the incoming tide. The dominant 10 cm/sec current that was recorded for this depth is in fairly good agreement with the plume direction, but is about 15° from overlaying it directly. The maximum dye concentrations and the general patterns of plume distributions appear to be consistent with the conditions found in the previous surveys.

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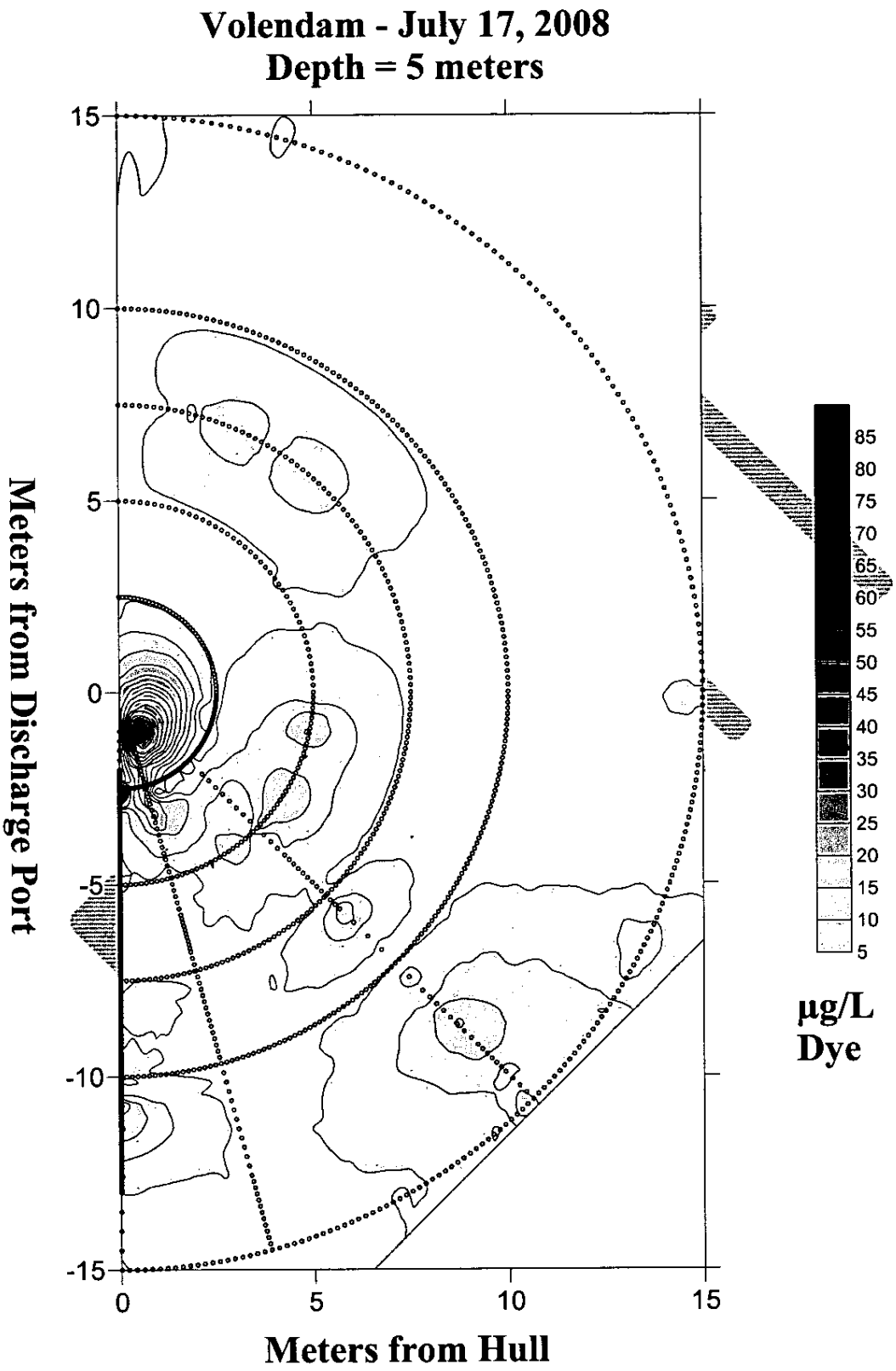

Figure 12 Plume distributions near the Volendam at 5 meters depth.

The average measured plume dilution factor for the measurements between 5 and 15 meters from the ship was 1/48. In contrast to the other surveys that were done, the PLUMES generally predicted greater dilution factors with associated lower plume maximum values than were measured. The PLUMES average dilution factor was 1/59. This value is nearly identical to value that was calculated in 2004 for the Volendam for a distance of 5 meters. Compared to the measured maximum plume concentrations the PLUMES model overestimates the dilution seen near the Volendam. The CORMIX model did predict a mean dilution factor of 1/44 that was closer to the observed value of 1/48. In Figure 13 the value for the CORMIX calculated plume maximum actually overlays the observed value at 5 meters.

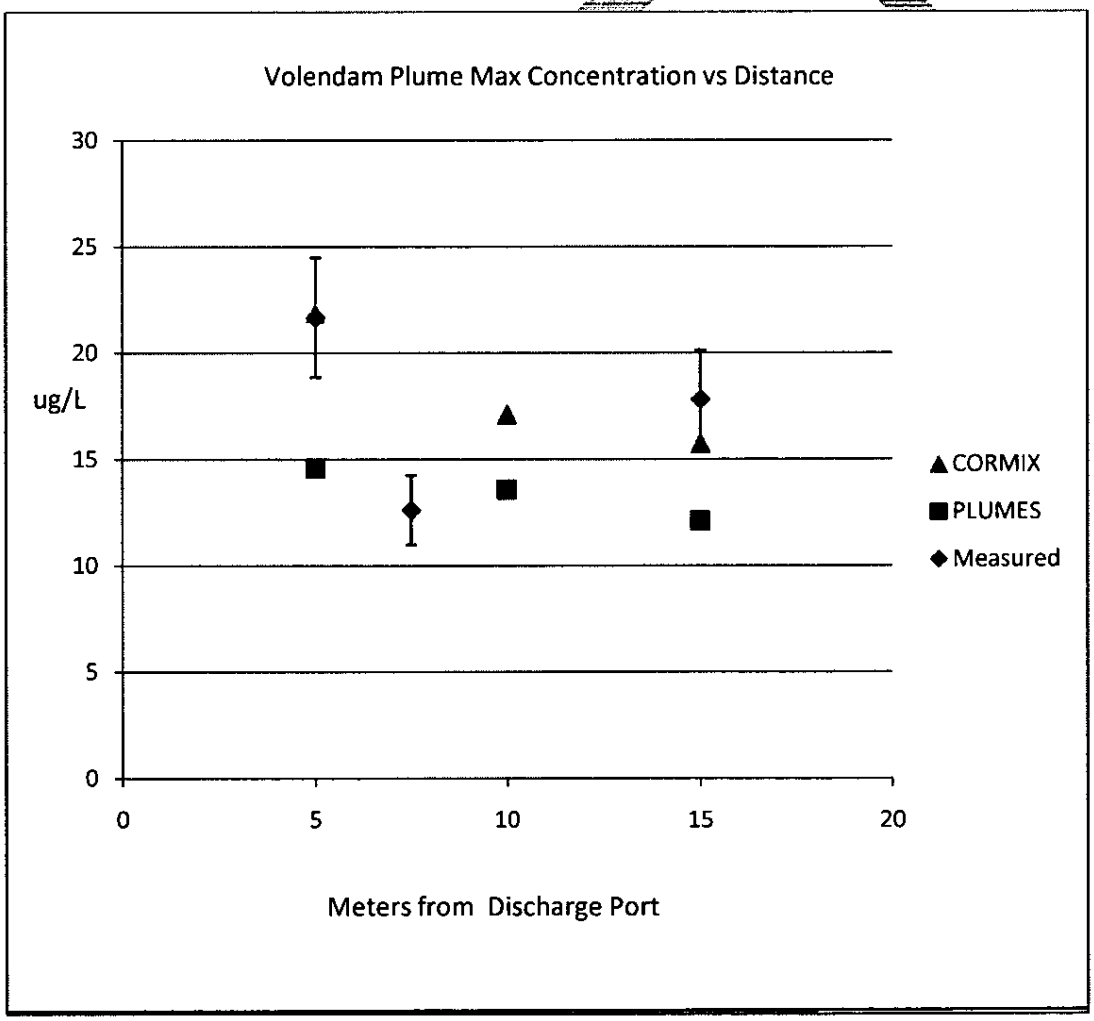

Figure 13 Plume maximum vs distance near the Volendam at 5 meters depth.

Discussion

In order to assess the significance of the dilution factors that were measured for each of the six cruise ships in this study, we will focus attention on the permit requirement that the discharges must meet the Alaska Water Quality Standards for ammonia, copper, nickel and zinc at the point of discharge. The data that have been reported to DEC by these ships for the 2008 cruise season show that the criteria for these four parameters are not consistently being met.

Water Quality Standard	Ammonia	Cu	Ni	Zn
	mg/L	ug/L	ug/L	ug/L
Salt water	2.9	3.1	8.2	81
Vessel				
	mg/L	ug/L	ug/L	ug/L
Millennium	[illegible]	2.3	[illegible]	65
Ryndam	[illegible]	[illegible]	[illegible]	[illegible]
Volendam	[illegible]	[illegible]	[illegible]	[illegible]
Norwegina Star	[illegible]	[illegible]	[illegible]	[illegible]
Star Princess	[illegible]	[illegible]	[illegible]	[illegible]
Coral Princess	[illegible]	[illegible]	[illegible]	[illegible]
Generic worst case	[illegible]	[illegible]	[illegible]	[illegible]

Table 2 Maximum measured concentrations of ammonia, Cu, Ni, and Zn found in 2008 in the discharge of the cruise ships that were surveyed in this study as well as the overall maximum values from all ships that discharged in 2008 (e.g. Generic worst case) at the point of discharge.

Table 2 lists the maximum value for each of the four parameters of concern that were measured in cruise ship effluent during 2008. The generic worst case entry indicates the maximum value detected by any large cruise ship that discharged into Alaska waters during 2008. Of the six ships that participated in the plume dilution survey only the Millennium would meet the Water Quality criteria for Cu and Zn. During 2008, only one large cruise ship out of the 23 that reported data to DEC for 2008 met the criteria for the water quality standards for all the parameters listed above. That vessel only discharged selected streams of accommodation graywater.

Immediately after the discharge leaves the port, it begins an initial dilution characterized by rapid and turbulent entrainment and a vertical rise usually of a few meters. The dilutions that result in the near field zone which extends out to about 2.5 meters were measured during this study and they ranged from about 1/4 to 1/12. The results of applying these measured near field dilution factors to the concentrations from Table 2 are listed in Table 3. The highlighted values represent calculated concentrations that still exceed the Water Quality Criteria for ammonia and copper even after the initial mixing. When dividing by worst case dilution (1/4), all parameters exceed water quality standards at 2.5 meters.

Water Quality Standard		Ammonia	Cu	Ni	Zn
		mg/L	ug/L	ug/L	ug/L
Salt water		2.9	3.1	8.2	81
Vessel	Factor				
Millennium	1/12	0.4	0.2	1.3	5.4
Ryndam	1/4	1.4	[redacted]	4.3	25
Volendam	1/6	[redacted]	[redacted]	2.6	17
Norwegian Star	1/4	[redacted]	1.6	3.7	42
Star Princess	1/9	[redacted]	[redacted]	2.4	47
Coral Princess	1/7	[redacted]	[redacted]	2.5	30
Generic worst case	1/4	[redacted]	[redacted]	[redacted]	[redacted]

Table 3. Calculated Concentrations Expected after Initial Dilution (2.5 meters from discharge port)

Table 4 summarizes the information that was plotted in figures 6, 8, 10 and 13 above. Those figures compared the mean measured dilution to the modeled values for the range 5 to 15 meters from the discharge port. In almost all cases where a comparison can be made, the average dilution predicted by combining both model outputs would predict a maximum concentration that is higher than the measured concentration. Therefore, the models are conservative and more protective of the environment. The one standard deviation error that is reported for the observed values was computed based on the measured plume concentrations. For each ship this value is larger than that calculated based on the changing dye concentration caused by pipe flow variation. The range in

plume maximum concentration is most likely the result of highly turbulent mixing that takes place near the ship's hull in addition to the discharge flow variation.

In the case of all four vessels where the plume distributions were mapped in detail between 5 and 15 meters away, using the actual maximum reported ammonia, Cu, Ni, and Zn concentrations from the 2008 season, the discharge from these ships would have met the water quality standards. The measured dilutions in that range were sufficiently adequate to reduce the concentrations below the criteria. For the range 0 to 5 meters away, however, most of the discharges from these ships would have exceeded the water quality standards for ammonia and copper.

	2008 Field Study			2008 Model		2008 Model		Average
	5 to 15 meter distance			PLUMES		CORMIX		Modeled
	n	dilution		n	dilution	n	dilution	dilution
Millennuim	4	39	±20	3	18	3	11	14
Ryndam	3	50	±23	3	30	3	31	30
Volendam	3	48	±13	3	58	3	49	54
Norwegian Star	5	22	±7	3	19	3	12	16
Star Princess		*			*		*	
Coral Princess		*		3	27	3	17	22

* not determined

Table 4 Compare Averaged Measured Dilutions to 2008 Models for 5 to 15 meters.

The modeling in this study in 2008 produced dilutions that were considerably smaller than those produced in the 2004 study, probably because more of the input parameters needed for the models were measured and not estimated.

Parameter		Ammonia (mg/L)	Cu (µg/L)	Ni (µg/L)	Zn (µg/L)
Alaska Water Quality Standard		2.9	3.1	8.2	81
2008 Maximum Measured Concentration		150	140	43.2	501
Highest Dilution Factor	63	2.4	2.2	0.7	7.9
Lowest Dilution Factor	28	[redacted]	[redacted]	1.5	17.9

Table 5 The maximum plume concentration based on measured dilutions at 15 meters

If the comparison to water quality standards is based on the measured dilution factors and the maximum concentrations for the four parameters and the lowest the dilution factor (28) is applied, then the concentrations of ammonia and copper still exceed the respective water quality standards. As shown in table 5 even at a dilution of (63) the results for ammonia and copper are higher than the water quality standard.

Based upon the maximum concentrations for ammonia (150 mg/L) and copper (140 µg/L) that were recorded for all ships in the 2008 season, a dilution factor necessary to achieve the water quality criteria would be 1/135 for ammonia and 1/117 for copper. This value includes a 2.6 factor to accommodate 'reasonable potential' and would provide a conservative design criteria in order to meet the requirement of state regulations. "Reasonable Potential" is a term used to increase the maximum observed value to what one may expect over the life of a permit. It is a statistically determined multiplier from EPA's Technical Support Document for Water Quality-based Toxics Control (EPA, 1991).

The distance away from any large stationary cruise ship that is required to achieve that level of dilution varies between vessels and the environmental conditions found at each Alaskan port. Using the PLUMES model as a guide for the ships in this study, the range of distances to reach a dilution factor of 1/135 for ammonia is from 40 to 150 meters from the discharge port. In the case of the CORMIX model, the distances range from 460 to 1040 meters (between 0.29 and 0.64 miles) for ammonia. The distances are smaller for copper.

The differences in results between the two models is probably due to the way the size and location of a plume is calculated. With the PLUMES program a deeper, narrower plume was calculated. For CORMIX, the plume flattened out due to "trapping" in a stratified water column, i.e. one with less dense fresh water above more dense saline water, and became thin and wide.

Vessel	PLUMES		COREMIX	
	Distance (m) to reach 1/135 ammonia	Distance (m) to reach 1/117 copper	Distance (m) to reach 1/135 ammonia	Distance (m) to reach 1/117 copper
Coral Princess	40	26	553	523
Ryndam	57	44	556	510
Millennium	150	132	673	619
Norwegian Star	105	89	1040	958
Volendam	49	42	460	381

Table 6 Modeled Distances to Reach Dilutions that Achieve Water Quality Standards

Both the CORMIX and the PLUMES models correlate well with the measured field data for distances up to 15 meters from the discharge point. However, the results from applying the two computer models to greater distances vary significantly. Therefore, it may not be appropriate to use these two computer models to predict the concentration of the pollutants in the receiving water at distances far from the discharge port.

A one-way analysis of variance (ANOVA) was applied to the 2008 monitoring data for ammonia to determine if the averages from the individual cruise ships could be summarized into an overall average. Table 7 lists the results of that calculation.

	Sum of Squares	df	Mean Square	F
Between ships	140782.28	18	7821.24	22.16
Within each ship	64237.11	182	352.95	
Total	205019.39	200		

Table 7 Results of ANOVA

The calculated F value equals 22.16 which greatly exceeds the expected value of 2. This indicates that it is statistically not valid to combine the individual ammonia averages of the ships into one pooled mean. Data from each ship must be treated separately when evaluating the dilutions of effluent from stationary vessels.

A one-way analysis of variance was also performed for the 2008 monitoring data for copper and the calculated F value of 13.68 is also much greater than the expected value. The copper data cannot be pooled.

It is important to note that when the individual input parameters from each vessel were used, including the pipe diameters, port size and shape and the flow characteristics, that the measured and modeled plume concentrations were reasonably consistent. In order to use the models effectively to predict the attainment of water quality standards, a number of requirements must be met. Each ship should be modeled individually so that the physical characteristics of the discharge systems are included as inputs. The concentration of pollutants in the waste stream needs to be measured and characterized. In addition, realistic hydrographic inputs should be developed for each harbor where the vessel docks.

While the comparison of the actual and modeled plume values that were determined in this study do appear to be in reasonable agreement, it is important to stress the limitation of the models to capture all the parameters that lead to variability in the real world. The disclaimers for the models routinely state that the resulting values have a variability of 50%. It was found during sensitivity testing of both models in this study that the results from CORMIX were much more sensitive to the angle and velocity assigned to the external tidal currents.

This information is often not available to the modeler and it is assumed the discharge is perpendicular to the current.

Conclusions

None of the vessels that were surveyed in this study in Skagway harbor in July 2008 can currently meet the State of Alaska Water Quality Standards for ammonia and selected metals at the point of discharge.

The initial dilution which occurs within the first 2.5 meters from ship is insufficient to bring the discharges into compliance for ammonia and copper in 5 of the 6 ships that were studied.

Between 5 and 15 meters away from the ships after additional dilution has taken place, the maximum measured dye concentrations were in fair agreement with the modeled values predicted by the PLUMES and CORMIX models. The modeled values calculated in this study produced somewhat higher maximum plume concentrations compared to those that were observed. Therefore, the models are more conservative and more protective of the environment.

Using the highest reported concentrations from the 2008 season for ammonia and copper as a worst case guide, modeled distances as great as 1040 meters and 958 meters from a discharge (0.64 and 0.59 mile respectively) may be needed to ensure compliance with the Water Quality Standards criteria.
Both the CORMIX and the PLUMES models correlate well with the measured field data for distances up to 15 meters from the discharge point. However, the results from applying the two computer models to greater distances vary significantly. Therefore, it may not be appropriate to use these two computer models to predict the concentration of the pollutants in the receiving water at distances far from the discharge port.

Acknowledgements

DEC wishes to thank the Captain and crew of the OSV Bold for their tireless efforts in support of this project.

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United States Environmental Protection Agency

Sampling Episode Report
Cruise Ship Plume Dilution Study
Skagway, Alaska

U.S. Environmental Protection Agency

Oceans and Coastal Protection Division
Office of Wetlands, Oceans, and Watersheds

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Washington, D.C. 20460

February 25, 2009

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ACKNOWLEDGMENT AND DISCLAIMER

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EXECUTIVE SUMMARY

Sampling Episode Report for Cruise Ship Plume Dilution Study

This Sampling Episode Report (SER) describes a plume dilution study conducted under the direction of the U.S. Environmental Protection Agency (EPA) in collaboration with the Alaska Department of Environmental Conservation (ADEC). This study, part of a survey conducted in Alaska by EPA's Ocean Survey Vessel *Bold* in July 2008, was designed to characterize near-field cruise ship discharge plumes from six cruise vessels while they were docked in Skagway Harbor, Alaska. Sampled vessels represented three cruise lines and a variety of advanced wastewater treatment system types, wastewater discharge flow rates, discharge port sizes, and port depths below the waterline. This study was conducted as a continuation of EPA's assessment of standards for sewage and graywater discharges from large cruise ships operating in Alaska.

Using in-situ measurements of Rhodamine WT dye in the effluent plume, the survey team determined the location and concentration of each vessel's treated sewage and graywater discharge plume. A metering pump injected Rhodamine WT dye into the discharge line upstream of the discharge port, with a target dye discharge concentration of 700 µg/L (ppb). Dye concentrations in the resulting discharge plume were measured using a submersible fluorometer. Additional parameters (temperature, conductivity, depth, turbidity, and salinity) were measured simultaneously with plume discharge dye concentration, while manual notations of distance and location from the discharge port were made. Performing transects for plume characterization required approximately two hours per ship, with one ship tested per day. Measurements of the harbor current in the vicinity of the discharge plumes were collected using magnetic current meters. Dye concentrations in discharge plumes typically decreased by a factor of 65 or more within 15 meters of the discharge port.

1. INTRODUCTION

This Sampling Episode Report describes sampling and analysis activities to characterize graywater and sewage discharge plumes from six cruise vessels (Star Princess, Coral Princess, Holland America Ryndam, Celebrity Millennium, Norwegian Star, and Holland America Volendam) discharging at port in Skagway Harbor, Alaska. This study, which was conducted from July 7 through July 17, 2008, is a collaboration of EPA's Oceans and Coastal Protection Division and the Alaska Department of Environmental Conservation (ADEC). This sampling study was partially funded via an interagency agreement between EPA and ADEC.

This study was part of a survey conducted in Alaska by EPA's Ocean Survey Vessel *Bold* and is a continuation of EPA's assessment of the need for additional standards for sewage and graywater discharges from large cruise ships operating in Alaska under the "Certain Alaskan Cruise Ship Operations" law (also known as "Title XIV"; 33 USC 1901 Note). The data and information gathered through this sampling episode were collected using EPA's authority under Section 308 of the Clean Water Act, as also provided by Title XIV. The cruise lines voluntarily provided information and data gathered for and represented in this report, notwithstanding the above authority, in the interest of research for the improvement of wastewater treatment standards.

This plume dilution study was designed to provide information on near-field cruise ship treated sewage and graywater effluent discharge plume characteristics in harbor waters. The study will also provide preliminary information on whether these plumes behave as predicted by modeling performed by ADEC (Assessment of Cruise Ship and Ferry Wastewater Impacts in Alaska, 2004). ADEC used EPA's *Visual Plumes* model system[1] to simulate the dilution of discharges from both large and small vessels. ADEC's estimated dilution factor for initial dilution of discharges from stationary cruise ships in Skagway during a neap tide ranged from 5 to 60. The objectives of this study were to (1) determine the effluent dilution characteristics of discharges from stationary cruise ships; (2) track the near-field mixing dynamics of the effluent plume; and (3) provide information that can be used to validate the modeling studies (see Survey Plan, Appendix I).

Other sampling programs supporting EPA's assessment of cruise ship wastewater discharge standards in Alaska include two onboard sampling programs conducted during the 2004 and 2005 Alaska cruise seasons that focused on characterizing pollutants found in wastewater (graywater and sewage) onboard cruise vessels and evaluating the performance of the advanced wastewater treatment systems. The results of these sampling programs can be found on EPA's website at www.epa.gov/owow/oceans/cruise_ships/results.html.

Section 2 of this report describes the cruise vessels selected to participate in this study. Section 3 describes the data collection methodology. Section 4 presents the results. Section 5 provides a quality assurance assessment of the study.

[1] EPA's Visual Plumes model system is a Windows-based software application for simulating surface water jets and plumes. http://www.epa.gov/ceampubl/swater/vplume/

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3. DATA COLLECTION METHODOLOGY

3.1 Pre-Sampling Activities

Visits to each of the six ships were conducted during the week prior to the start of the sampling episode. Visits were made to establish ship contacts, communications, and safety and emergency procedures, and to inspect sampling ports and associated fittings.

3.2 Sampling Schedule

Discharge plumes from six different cruise ships were monitored per the schedule in Table 3-1. Only one plume dilution study was conducted per day.

Table 3-1. Sampling Schedule

Cruise Vessel	Date of Study	Times of Study	Skagway Pier
Star Princess	July 10, 2008	1025 to 1230	Railway
Coral Princess	July 11, 2008	1040 to 1245	Railway
Holland America Ryndam	July 12, 2008	1025 to 1205	Railway
Celebrity Millennium*	July 15, 2008	0950 to 1135	Railway
Norwegian Star*	July 16, 2008	1000 to 1145	Ore
Holland America Volendam	July 17, 2008	1005 to 1140	Broadway

* Trial testing was also conducted on the Celebrity Millennium on July 7, 2008, and the Norwegian Star on July 9, 2008, to refine sample collection methodology.

3.3 Dye Injection Methodology

Metering pumps (Series 2001HEC-30 Variable Speed Peristaltic Pump, Flomotion Systems) were used to inject Rhodamine WT dye (Rhodamine WT Liquid, ORCO Organic Dyestuffs Corporation) into the cruise ships' treated sewage and graywater discharge. The pumps were installed downstream of the advanced wastewater treatment system, but as far upstream of the discharge port as possible so that multiple pipe bends and fittings provided thorough mixing of the dye.

Strap-on ultrasonic flow meters (BE 6000 Ultrasonic Flow Meter, Flomotion Systems) were installed on the discharge piping to record discharge rates (presented in Appendix G). Measured discharge rates were multiplied by the known Rhodamine WT dye feed stock concentration to calculate and adjust discharge dye concentration to attain the target concentration (discussed below). Discharge dye concentration also was measured directly on three cruise vessels (Celebrity Millennium, Norwegian Star, and Holland American Volendam) using a fluorescence sensor with a flow-through cell (SCUFA®, Turner Designs) installed on the discharge piping as close as possible to the discharge port. While the shipboard survey team was able to monitor discharge dye concentration via laptop computer connected to the SCUFA® sensor, it was not possible to electronically log these data. Therefore, the survey team kept manual logs of discharge dye concentrations. Tables F-1 through F-4 of Appendix F contain the raw data obtained from the fluorometer (see Section 5.1).

Trial dilution studies conducted on the Celebrity Millennium and the Norwegian Star revealed that the originally planned target discharge dye concentration of 100 ppb (see Survey Plan, Appendix I) was too low to be detected outside the cruise vessel (see Section 5.1, Accuracy and Calibration). Therefore, the target discharge Rhodamine WT dye concentration was increased to 700 ppb for most transects (Table 3-2). Target dye concentration was decreased during the Star Princess study because the plume was visible on the surface of the water (most likely because of the relatively shallow discharge port; see Table 2-1); this was the only vessel where the plume was visible on the surface of the water. Target dye concentration was increased during the Coral Princess study because the highly intermittent nature of the discharge; in addition strong water currents made plume detection difficult (see Section 4.1).

Table 3-2. Target Discharge Rhodamine WT Dye Concentrations by Cruise Vessel

Cruise Vessel	Discharge Rhodamine WT Dye Concentration (ppb)
Star Princess	700 (cast 4), then 420 (casts 5 through 11)
Coral Princess	700 (casts 2 through start of 5), 875 (portion of cast 5), 1,050 (end of cast 5 through cast 7)
Holland America Ryndam	700
Celebrity Millennium	700
Norwegian Star	700
Holland America Volendam	700

Discharge dye concentrations are the product of the known initial dye concentration, dye injection rate, and discharge flow rate. While the initial dye injection concentration and dye injection rate were constant (with the exception of the Coral Princess; see Section 4.1), discharge flow rates varied, resulting in variability of the discharge dye concentration. Any analysis of the data collected in this study should consider this variability when calculating near-field discharge plume dilution.

On four cruise vessels, temperature, turbidity, and pH of the treated effluent also were recorded from the ship's wastewater treatment control panel. These data are provided in Appendix F. Similar data were not available for the remaining two ships.

3.4 Plume Monitoring Methodology

Dye was injected into the treated sewage and graywater discharge for approximately two hours on each cruise vessel. During that time, dye concentrations in the water outside the cruise vessel were measured to determine near-field plume dilution after discharge. (The cruise vessels all were positioned so that the discharge ports faced the harbor and not the piers.) Prior to dye injection, measurements were taken of background fluorescence concentrations in the water. These measurements verified that no background seawater fluorescence was detected above the detection limit of fluorometer, which was approximately 1.6 ppb. For most ships, a salinity depth profile also was performed prior to dye injection to locate the halocline.

Dye concentrations were measured using an in-situ fluorometer (SCUFA®, Turner Designs) integrated into a Sea-Bird SBE-19 conductivity, temperature, and depth (CTD) sensor

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package (Sea-Bird SBE-19, Sea-Bird Electronics, Inc.) (Figure 3-1). This sampling array was deployed from a rigid inflatable boat (RIB) conducting transects at low speed (Figure 3-2).

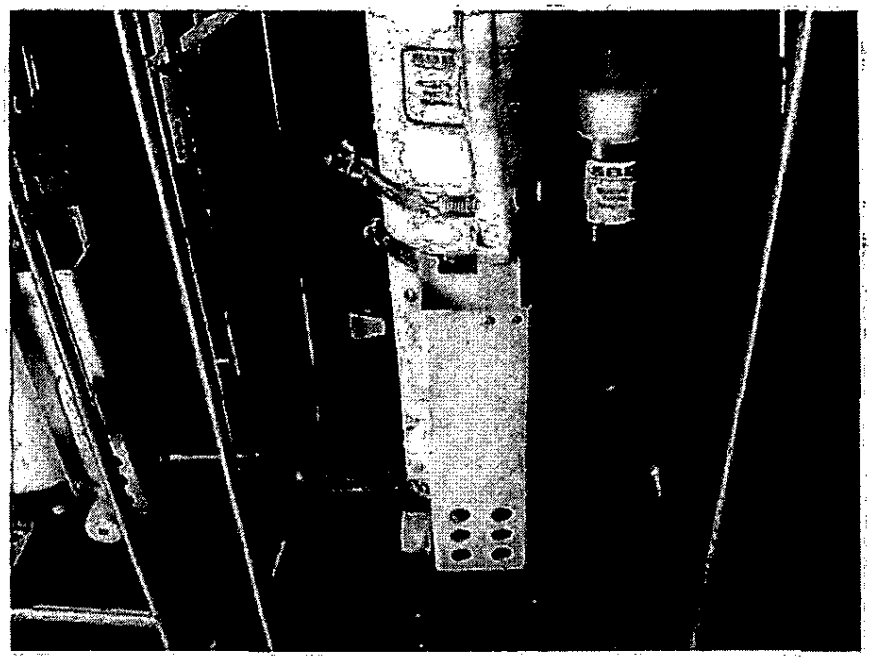

Figure 3-1. Sea-Bird SBE-19 CTD Sensor with Integrated SCUFA® Fluorometer

Figure 3-2. Rigid Inflatable Boat

One rope was used to control the depth of the towed array, while a second rope was used to control the distance of the towed array from the discharge port. This second rope was tied to the

bow of the RIB and attached to the cruise vessel via a hull magnet affixed just above the waterline at the location of discharge port. Sensor depth was recorded electronically by the sampling array, while RIB location relative to the hull magnet was recorded manually by the sampling team onboard the RIB. The RIB sampling team also monitored sensor measurements, including Rhodamine WT dye concentrations, in real time using a laptop computer. The following measurements were collected by CTD + SCUFA® sampling array at 0.5 second intervals during the plume transects: dye concentration (uncorrected; see Section 5.1); temperature; conductivity; depth (of the sensor array); turbidity; and salinity.

For most ships, a variety of transect types were conducted to provide detailed characterization of the discharge plumes (see Appendix A). Transects can be described by visualizing polar axes on the water surface, with the location of the hull magnet corresponding to the origin, and the array location and movement indicated by a radius (distance from cruise vessel) and polar angle (estimated in degrees by the RIB sampling crew) (see Figure 3-3). For example, 90° indicates the array is located to the right of the discharge port at the ship's hull, while 270° indicates the array is located to the left of the discharge port at the ship's hull. Four different types of transects were performed to characterize the discharge plumes:

- Arc. Array was moved in an arc (e.g., 90° to 270°) at a fixed distance from the hull magnet. Arc transects at varying water depths and distances from the hull magnet were the most common type of transect performed, and were the primary means to locate and characterize discharge plumes.

- Inward or Outward Profile. Array was moved toward or from a fixed position on the hull (i.e., the hull magnet) at a constant angle (e.g., 225°). Inward and/or outward profiles were performed after the location of the discharge plume was determined using arc transects. These profiles produced continuous dye dilution profiles determined by distance from the hull magnet.

- Stationary. Array was maintained at a fixed location (depth, distance, and angle from the ship) over a period of time. This profile produced a continuous dye dilution profile at a fixed array location as the plume moved past the array over time. This was the primary type of transect used for the Star Princess because the plume was visible on the surface of the water (most likely because of the relatively shallow discharge port on the vessel; see Table 2-1), therefore an arc transect was unnecessary to find the plume. This type of profile also was used frequently for the Coral Princess, where ship discharge flow rates were highly variable and/or intermittent.

- Depth Profile. Array was maintained at a fixed distance and angle from the ship while the array was raised or lowered through the water column. These profiles produced continuous dye dilution profiles by depth.

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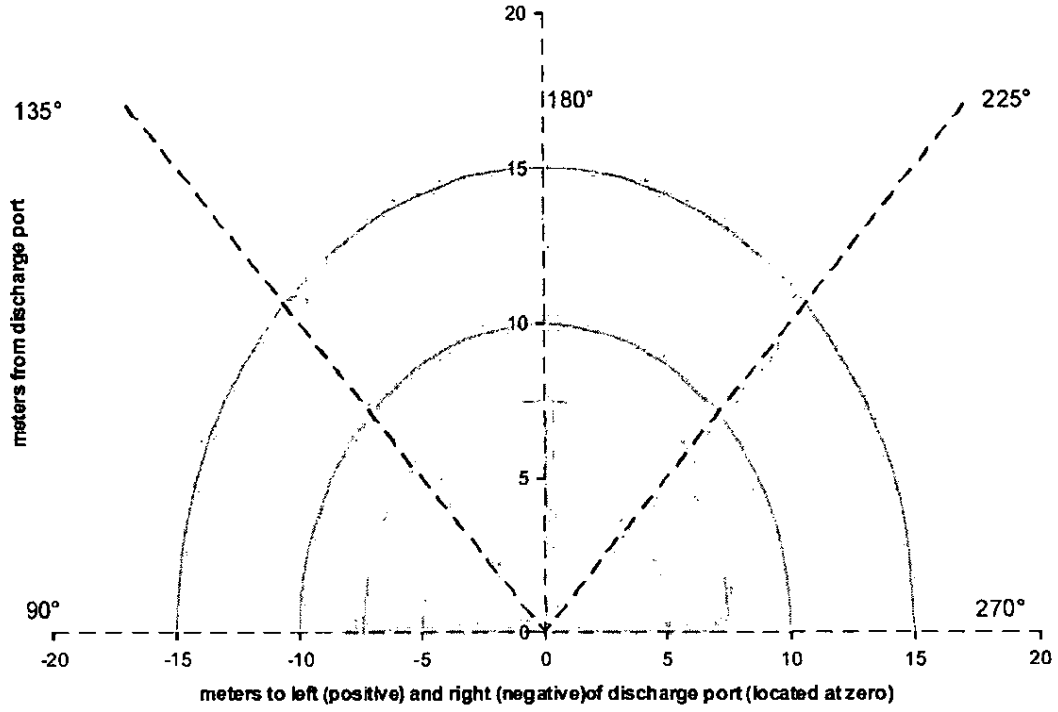

Figure 3-3. Orientation of Arc Transects for Dye Measurements

3.5 Current and Weather Measurements

At least two current meters (S4 current meters, InterOcean Systems, Inc.) were deployed to collect current measurements during the dilution studies for each cruise vessel (in some cases, three meters were used). The meters were deployed from the cruise vessels (to negate current meter motion relative to the vessels), approximately 15 meters away from the discharge port and approximately three meters out from the hull (to avoid interference from the vessel's metallic hull with the magnetic sensor of the current meter). The current meters were deployed at depths of one and three meters (or at depths of one, three, and five meters if a third current meter was used). Current measurements documented the ambient currents that affected the trajectory and dilution of the plume.

Weather conditions (e.g., air temperature, wind speed, and wind direction) were recorded by OSV *Bold* personnel during the dilution studies.

4. RESULTS

4.1 Discharge Plumes

Uncorrected dye concentration data for all transects are provided in Appendix B (see Section 5.1). In general, it appears that most near-field dilution occurs within the first 2.5 meters from the discharge port, with an average minimum dilution factor of approximately 50. After the first 2.5 meters, the plumes remained relatively intact to distances of 15 meters. At a distance of 15 meters, the average of the minimum dilution factors was approximately 65. These data will be further analyzed by the Alaska Department of Environmental Conservation to validate previous modeling studies on nearfield dilution of these treated sewage and graywater discharges.

Star Princess. This ship's discharge port was the shallowest of all the sampled cruise vessels (see Table 2-1). The discharge plume was the only one visible from the water surface; it moved along the hull at an angle between 255 and 270° from the discharge port location. Detected dye concentrations ranged up to approximately 57 ppb. It is unknown whether higher concentrations may have been detected if the CTD + SCUFA® array was able to measure dye concentrations near the surface of the water column (see section 5.1). Detected dye concentrations observed along the 270° transect were approximately similar at distances of 5 meters and 7.5 meters from the discharge port, and somewhat lower at a distance of 10 meters; however, the highest concentration was observed along the 255° transect at a distance of 10 meters. EPA did not prepare a profile of arc transect results for the Star Princess because arc transects were not performed.

Coral Princess. Discharge from the Coral Princess was highly intermittent. During periods of no flow, the shipboard survey team suspended dye injection to minimize dye accumulation in the discharge piping which would cause spikes and variability in discharge Rhodamine WT dye concentration. As a result, dye concentration data in Appendix B for the Coral Princess represent intermittent wastewater discharge with discharge dye concentration variability that is not well characterized. Because of this variability and strong water currents, the discharge plume was difficult to detect. Toward the end of the sampling period, detected plume dye concentrations ranged up to 270 ppb and were highly variable in concentration and in location as measured both by depth and degrees from the discharge port. EPA did not prepare a profile of arc transect results for the Coral Princess due to the highly intermittent nature of the discharge.

Holland America Ryndam. The discharge plume was most clearly characterized moving at an angle of 135° from the discharge port. Plumes were also detected at angles of 180° and 90°, particularly toward the end of the sampling period. Detected plume dye concentrations ranged from 5 ppb to approximately 20 ppb. During the arc transects, the minimum dilution factor, approximately 34, was observed at a distance of 5 meters from the discharge port. Maximum dye concentrations observed during arc transects, at various distances and depths are presented in Figure 4-1.

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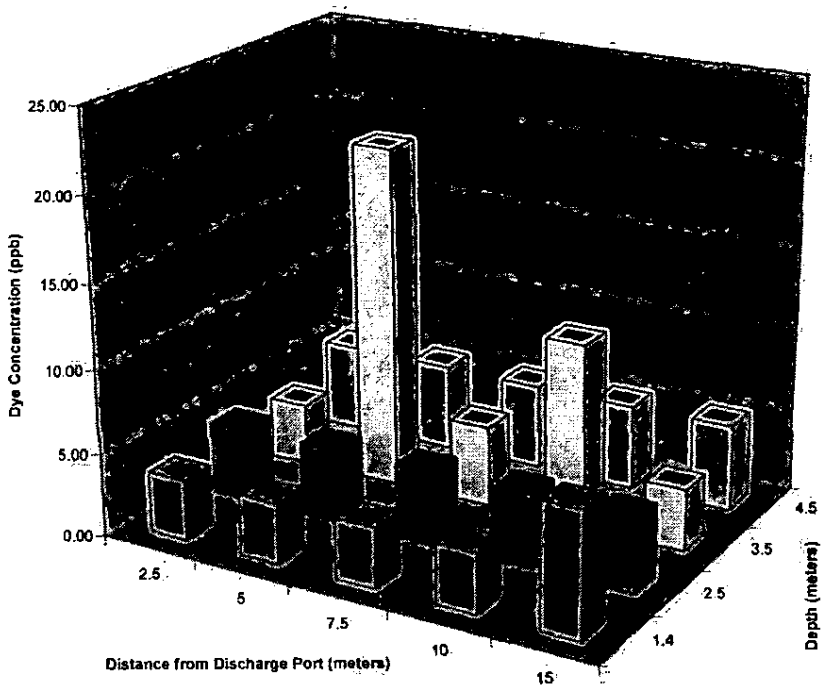

Figure 4-1. Profile of Arc Transect Results for Holland America Ryndam

Celebrity Millennium. The discharge plume was most clearly characterized moving at angles ranging from 240° to 270° from the discharge port. The discharge plume was observed at depths ranging from 5 to 7 meters. Detected plume dye concentrations ranged up to 47 ppb. During the arc transects, the minimum dilution factor, approximately 11, was observed at a distance of 2.5 meters from the discharge port. Maximum dye concentrations observed during arc transects, at various distances and depths are presented in Figure 4-2.

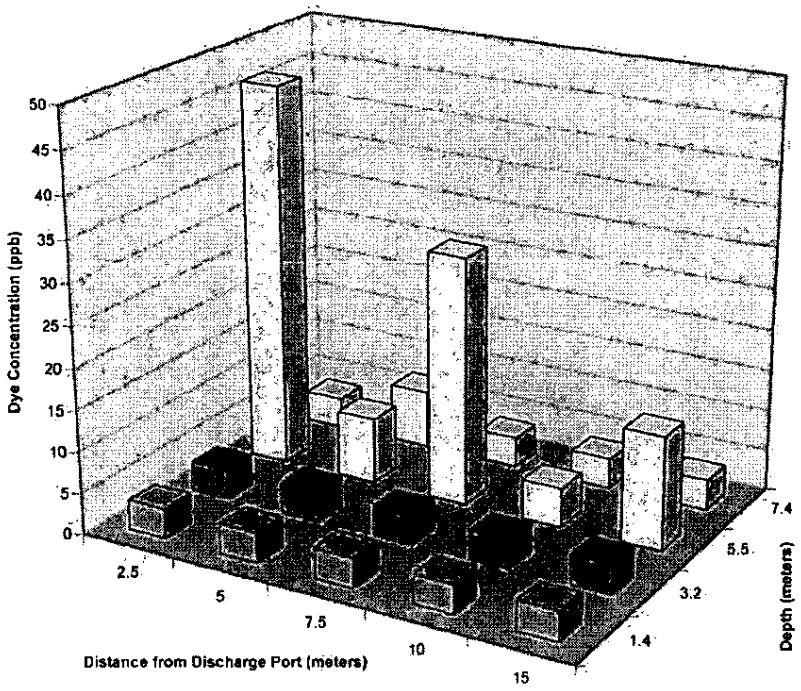

Figure 4-2. Profile of Arc Transect Results for Celebrity Millennium

Norwegian Star. The discharge plume was most clearly characterized moving at angles ranging from 250° to 270° from the discharge port. The discharge plume was observed at depths ranging from 3 to 5.5 meters. Detected plume dye concentrations ranged up to approximately 88 ppb. During the arc transects, the minimum dilution factor, approximately 13, was observed at a distance of 5 meters from the discharge port. Maximum dye concentrations observed during arc transects, at various distances and depths are presented in Figure 4-3.

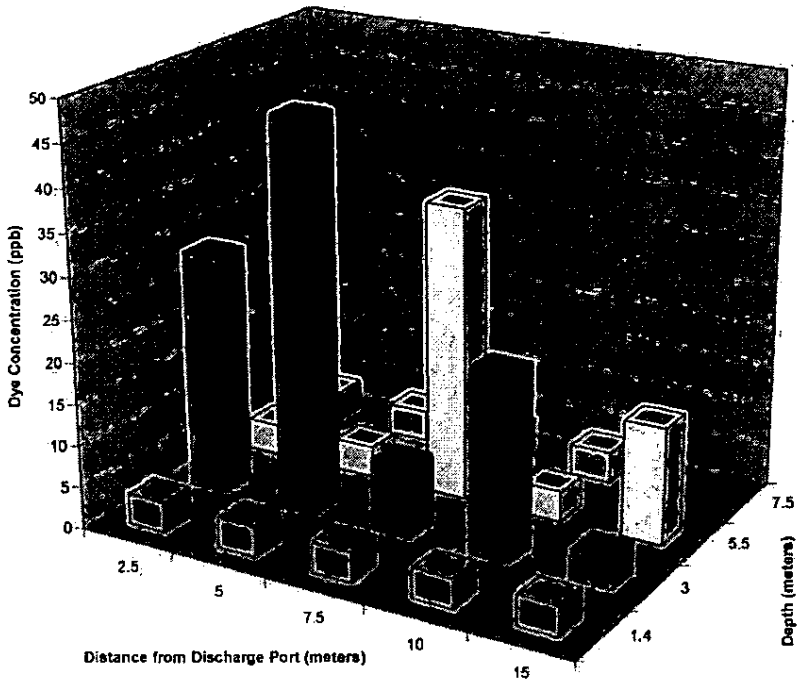

Figure 4-3. Profile of Arc Transect Results for Norwegian Star

Holland America Volendam. The discharge plume was most clearly characterized moving at angles within the range of 125° to 225°. The discharge plume was generally observed at a depth of 5.3 meters with detected dye concentrations ranging up to approximately 21 ppb. During the arc transects, the minimum dilution factor, approximately 37, was observed at a distance of 5 meters from the discharge port. Maximum dye concentrations observed during arc transects, at various distances and depths are presented in Figure 4-4.

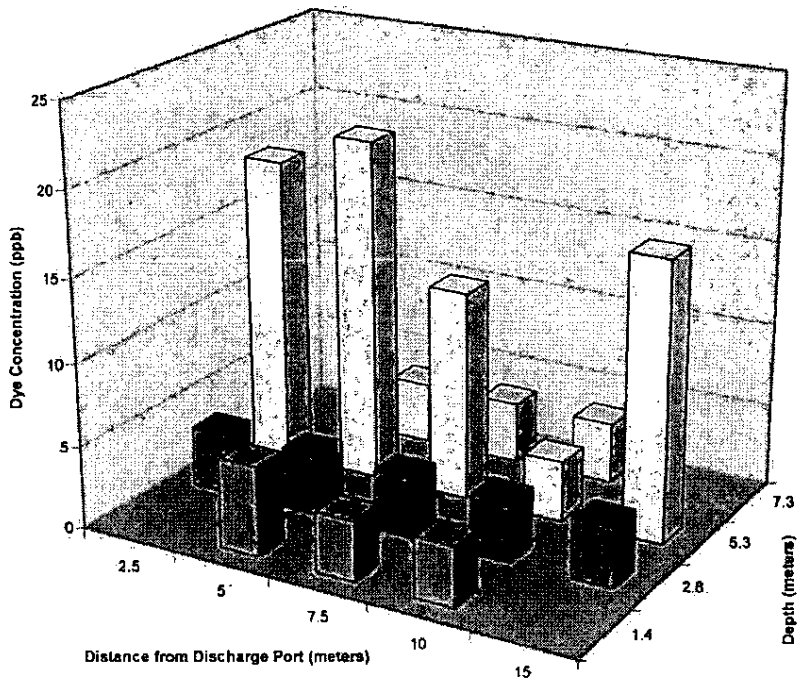

Figure 4-4. Profile of Arc Transect Results for Holland America Volendam

4.2 Transect Water Quality Data

Data on water temperature, conductivity, depth (of the sensor array), turbidity, and salinity from each transect are provided in Appendix B. Skagway Harbor salinity depth profiles (from the pre-dye transects for most ships) are provided in Appendix C. For all vessels, the halocline appeared to be below the discharge port depth (see Figures C-1 through C-4 in Appendix C).

4.3 Current Measurements and Weather Data

Current measurements collected during the cruise ship plume dilution studies are provided in Appendix D (see Figures D-1 through D-13 in Appendix D). For the polar plots, magnetic north corresponds to 0°. In Skagway, true north is 22.6° east from magnetic north. The heading of all the cruise vessels in this study was 40° east from true north. Therefore, when analyzing the current data, the ships' heading was 62.6° east from magnetic north.

The current meters were pre-programmed to begin data collection well before actual deployment from the cruise ships, and that the meters continued to collect data until the data were downloaded after their retrieval. Current data presented in this report include only the subset of data collected during the cruise ship plume dilution studies (see Table 3-1).

National Oceanic and Atmospheric Administration Tide Tables for Skagway for July are provided in Appendix E. These tide tables are provided to supplement and inform the current measurements.

Weather data (air temperature, wind speed, and wind direction) recorded during the cruise ship plume dilution studies are provided in Appendix H.

5. DATA QUALITY

Quality assurance/quality control (QA/QC) procedures applicable for this program are outlined in the *Quality Assurance Project Plan for Support for OSV Bold Survey of Large Cruise Ship Wastewater Impacts in Alaskan Waters (QAPP)*, which is reproduced in Appendix J. This section provides an assessment of the QAPP project data quality objectives specific to the cruise ship plume dilution study, which were established for the key measurements of the concentration of Rhodamine WT dye in the near-field plume and in the cruise ship discharge. In addition, this section provides a brief quality assurance assessment of non-key measurements.

Trial dilution studies were conducted on the Celebrity Millennium on July 7 and on the Norwegian Star on July 9 to refine the sample collection and analysis methodologies. Data from these trial studies are not presented in this report. Sampling on the Celebrity Millennium and the Norwegian Star was repeated on July 15 and July 16, respectively.

5.1 Quality Assurance Assessment of Key Plume Dilution Study Measurements

For the cruise ship plume dilution study, the key measurements identified in the QAPP are the concentration of Rhodamine WT dye in the near-field plume and in the cruise vessel discharge (end-of-pipe). The data quality objectives for these measurements are defined in terms of completeness, accuracy, precision, representativeness, and comparability.

Completeness (Near Field Plume Dye Concentrations)

Dye concentration data in the near-field plume are complete for all vessels surveyed except the Star Princess. The discharge plume for the Star Princess was visible at the surface of Skagway Harbor. The CTD + SCUFA® array is designed to take measurements at approximately 1.5 meters of depth and deeper. As a result, data for the Star Princess do not characterize the entire plume, but only the portion of the plume at depths of approximately 1.5 meters or greater.

Completeness (Cruise Ship Discharge Dye Concentrations)

Discharge dye concentration was calculated by multiplying the measured discharge rates by the known feedstock dye concentration. On three cruise vessels (Celebrity Millennium, Norwegian Star, and Holland American Volendam), a SCUFA® fluorescence sensor was installed on the discharge piping to verify dye concentration. For the other three vessels, the SCUFA® sensor could not be used to verify dye concentration due to damage sustained during an unannounced emergency generator power drill on one of the ships. On these three ships, the survey team verified dye discharge by visual observation. Dye concentration was assumed to be the nominal calculated concentration..

Accuracy and Calibration

Dilution series performed for the three SCUFA® fluorometers prior to field testing showed excellent accuracy, with a highly linear response from approximately 5 ppb through 300 ppb. The dilution series and initial trial testing on Celebrity Millennium on July 7 revealed that the practical detection limit for the fluorometers was the seawater background signal of

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approximately 1.6 ppb (contrary to the detection limit of 0.04 ppb reported by the manufacturer[2]). A calibration curve for the range of 5 to 50 ppb was found to be linear ($R^2 > 0.99$). Actual dye concentrations are obtained using the following expression:

$$C = 0.768*C' + 4$$

where C equals dye concentration and C' is the uncorrected fluorometer response.

In consideration of the loss of two orders of magnitude of SCUFA® sensitivity, the survey team increased the target shipboard dye concentration from the planned 100 ppb to 700 ppb. Consequently, a second calibration curve was prepared for high dye concentrations. For the calibration range of 84 to 660 ppb, the calibration curve was linear ($R^2>0.99$) and fit the following expression:

$$C = 1.02*C' + 9$$

where C equals dye concentration and C' is the uncorrected fluorometer response.

Precision and Representativeness

The QAPP specified collection of duplicate CTD+SCUFA® data using a pair of arrays towed side-by-side from the rigid inflatable boat. Field duplicate sampling using two adjacent CTD+SCUFA® arrays was not performed. The secondary CTD+SCUFA® array was dismantled to provide a SCUFA® to replace the shipboard unit that was damaged during an emergency generator power drill onboard one of the cruise vessels.

Comparability (Among Ship Discharge Tests)

The sample collection and analysis methodology was consistent for all cruise ship plume dilution studies. Dilution study transects were generally consistent among ships, with some deviations to account for ship-specific conditions and weather conditions during each test.

Overall Data Quality Assessment

This data quality assessment indicates that the key measurements collected during the cruise ship plume dilution study are of sufficient quality for use in analyzing near-field mixing dynamics of the effluent plumes from stationary cruise ships in Skagway Harbor.

5.2 Quality Assurance Assessment of Non-Key Plume Dilution Study Measurements

Discharge Flow Measurements

Ship discharge flows were measured on all cruise vessels except the Norwegian Star. For the Norwegian Star, discharge flows were measured only during the set-up period because the meter malfunctioned at the start of the sampling period. Repeated attempts to reinstall the flow

[2] Telephone contact with the manufacturer revealed that the reported detection limit can be achieved only under ideal, laboratory conditions.

meter were unsuccessful. For this Norwegian Star, discharge dye concentration was measured using a SCUFA® sensor (as it could not be calculated using flow rates).

While discharge flow data were monitored by the shipboard survey team, they were not reliably logged electronically because of a smaller than expected data-logging buffer capacity. For the Star Princess, Coral Princess, Holland America Ryndam, and Celebrity Millennium sampling events, electronic data logs are available for only the last 7 to 15 minutes of testing. For the Norwegian Star, electronic data logs are available for the last 2 hours of testing. For the Holland America Volendam, electronic data logs are complete for the entire period of testing. Electronically logged discharge flow data are supplemented by field logs taken by the shipboard survey team (see Appendix F).

Two ships, Holland America Ryndam and Holland America Volendam, operated flow meters on their discharge. On both of these ships, ultrasonic flow meter measurements closely matched measurements made by these ships' installed meters.

Current Measurements

Harbor current was measured during all sampling events for all 6 ships. For two of the six ships tested, current meters were deployed at 1m, 3m, and 5m depths. For the other four ships current meters were deployed only at 1m and 3m depths due to the difficulty of deploying the meters. For one ship (Norwegian Star), current was not measured at the 1m depth due to water seepage into the connector cover. Current measurements are reasonable, based on their correlation to the location and direction of the detected plume.

Weather Data

Weather conditions (e.g., air temperature, wind speed, and wind direction) were recorded by the OSV *Bold* personnel during the dilution studies, with the exception of the Coral Princess plume dilution study on July 11.

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ISER FUEL COST STUDY

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Components of Fuel Costs III
For Sen. Stedman and Sen. Hoffman

Proposed Scope of Work and Budget

August 28, 2009

Institute of Social and Economic Research
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Abstract
This study is designed to be *both* an update *and* an evolution of previous "Components of Fuel Costs" studies. It will update the most recent Components study by collecting and reporting the most recent fuel prices. It will be an evolution of the previous studies in that the investigation and analysis will attempt to describe in greater detail and scope the structure of Alaska fuel markets as well as identify possible ways to lower the cost of fuel in Alaska.

Purpose of this Project
Many Alaskans face extremely high, volatile and variable fuel prices. Little is publically known about the actual structure of Alaska's various fuel markets and what drives the price for each community. Alaska State Senators Burt Stedman and Lyman Hoffman are interested in investigating ways to lower the price and cost of fuel to Alaska communities. They have asked ISER to investigate Alaska fuel markets and to identify any fuel market inefficiencies that could be targeted by legislative action in order to reduce fuel prices.

Scope of Work
As a starting point, ISER will update the fuel prices for the ten study communities that were investigated in the previous two fuel cost analyses. ISER will expand the Discussion section of the previous reports to specifically address issues identified by Senators Stedman and Hoffman including an investigation of possible market inefficiencies. In its analysis of Alaska fuel markets, ISER will collaborate with Alaska's fuel markets participants including: refineries, distributors, retailers, fuel purchasing co-ops and government agencies involved in community fuel purchases. The work will be completed in five stages outlined below.

1. Update the prices of the previous report. This will entail surveying the ten communities to determine the current price of retail fuel oil. Information regarding the timing of fuel deliveries, the landed price, timing of pricing and accounting and inventory practices will be investigated. The report will contain the same community by community descriptions of the components of fuel cost.

2. Describe the structure of Alaska fuel markets in detail. We will indentify different Alaska heating fuel and propane markets (including interior, remote rural, southern coastal and southeast markets) and describe the structure of each market. We will identify which refineries the fuel likely originates from, where it is stored and for how long, how many times it changes hands, the transportation and delivery methods for reaching the final community, and how the fuel is stored, distributed and sold within the community.

3. Identify potential "market inefficiencies" that could result in higher than necessary costs/prices. Based on the analysis of the structure of Alaska fuel markets we will identify areas of potential market inefficiencies.
Examples of potential market inefficiencies:

- Using market power to generate excess profits
- Communities and fuel users who fail to coordinate purchases to take advantages of economies of scale
- Inefficiencies in transportation, distribution and storage systems
- Communities and fuel users who pay unnecessarily high finance costs because they do not have adequate cash or access to low cost loans
- Deficient infrastructure that increases the cost of fuel transportation, delivery and storage.

4. Allow for "comment" on market inefficiencies. Instead of directly trying to explain or determine whether the potential market inefficiencies are actually driving up prices we will allow for involved parties, businesses, and agencies to directly comment on and "explain" why or why not the identified costs are increasing prices. This section will clearly identify the words and ideas of third parties as not the words and ideas of ISER. The inclusion of this section is meant to facilitate greater participation of those directly affected by this study by giving them a direct voice.

5. Discussion of policy solutions. ISER will identify potential state actions that could reduce high fuel costs. ISER will identify the potential economic impact of alternative state policies on fuel markets and prices.

Key Contacts and Collaborators

ISER will work with the following people and companies. These contacts have expertise and many years of experience regarding the structure of Alaska fuel markets.

Mark Smith, formerly of Crowley and Yukon Fuel. We will explore using Mr. Smith as a contracted consultant as he has unparalleled insight into Western Alaska fuel markets.

Office of the Attorney General, State of Alaska. The Office of the Attorney General is investigating Alaska fuel markets and will share information with ISER. However, ISER's research and report will be an independent analysis.

Del Conrad, Rural Alaska Fuel Services (RAFS). Rural Alaska Fuel Services is a not-for-profit corporation organized to contract for the operation and maintenance of rural Alaska bulk fuel storage facilities constructed by the Denali Commission and granted to selected communities. RAFS can provide insight on fuel markets from their experience and expertise managing fuel deliveries and cooperative buying to rural tank farms.

Alaska fuel distributors. Including, Crowley, Delta Western, Petro Marine, Ruby Marine and Shoreside Petroleum.

Meera Kohler, Alaska Village Electric Association (AVEC). AVEC is a large purchaser of fuel in rural Alaska and can share insight into the pricing structure and the benefits of large, coordinated fuel purchases.

Budget and budget justification

This project has a total budget of $49,974. The following table shows budget expenditures for salary, leave and benefits for each study task as well as non-labor components, including $10,000 to be paid to Mark Smith for subcontracting services.

Detailed Hours by Task

	Total	Nick Szymoniak	Ginny Fay	Ben Saylor	Toby Schwoerer	Steve Colt	Student Intern	Clemencia Merril
Update Previous Study								
Phone survey of 10 study communities	94	27	0	0	0	0	67	0
Gather community, crude oil and refinery data	42	0	0	8	0	0	34	0
Update text and tables	55	13	0	8	0	0	34	0
Analysis of Alaska Fuel Markets								
Compile existing studies and data	17	17	0	0	0	0	0	0
Contact with industry experts for initial draft	122	67	34	0	8	0	13	0
Draft "Structure of Alaska Fuel Markets"	138	67	34	0	17	7	13	0
Contact with industry experts	58	34	17	0	0	0	7	0
Report								
Draft Report	108	67	34	0	0	0	7	0
Final Report	84	34	17	0	0	7	13	13
Total	718	326	136	16	25	14	188	13

Budget Summary – UAA Categories

	Hourly Rate FY10	hours	Amount	
Salaries and Wages				
Ginny Fay	50.48	136	6,865	
Nick Szymoniak	23.70	326	7,726	
Ben Saylor	23.70	16	379	
Toby Schwoerer	27.45	25	686	
Steve Colt	69.44	14	972	
Student Intern	14.92	188	2,805	
Clemcia Merril	23.02	13	299	
Leave Allowance	Rate	Base	Amount	
Ginny Fay	1.7%	6,865	117	
Nick Szymoniak	20.2%	7,726	1,561	
Ben Saylor	20.2%	379	77	
Toby Schwoerer	20.2%	686	139	
Steve Colt	18.7%	972	182	
Student Intern	0.0%	2,805	-	
Clemcia Merril	21.3%	299	64	
Total Salaries & Wages				**21,872**
Staff Benefits	Rate	Base	Amount	
Ginny Fay	31.9%	6,982	2,227	
Nick Szymoniak	44.1%	9,287	4,096	
Ben Saylor	44.1%	456	201	
Toby Schwoerer	44.1%	825	364	
Steve Colt	28.2%	1,154	325	
Student Intern	8.0%	2,805	224	
Clemcia Merril	57.0%	363	207	
Total Staff Benefits				**7,644**
Total Personnel				**29,517**
Travel	miles	rate		
[no travel planned]			-	
Total Travel				-
Contractual	hours	rate		
Task order to Mike Smith			10,000	
Duplication			50	
Long distance phone			400	
Total Contractual				**10,450**
Commodities -- no commodities planned				
Total Direct Costs				**39,967**
Facilities & Admin	Rate	Base	Amount	
F&A on ISER direct	25.0%	29,967	7,492	
F&A on 1st 25k of subcontrac	25.0%	10,000	2,500	
Total F&A				**9,992**
Total Cost				**49,958**

Budget Summary – RSA Categories

Personal Services	29,517
Travel	-
Contractual	10,450
Supplies	-
Equipment	-
Grants	-
Other (Facilities & Admin	9,992
Total	**49,958**

10/14 & 10/15/09 OVERVIEW: UNIVERSITY OF ALASKA BUDGET

<target><bill></bill><subject>10-14 and 10-15-09 OVERVIEW
UNIVERSITY OF ALASKA
BUDGET</subject><comm>SFIN26</comm></target>

ALASKA STATE LEGISLATURE

SENATE FINANCE COMMITTEE

Senator Bert Stedman, Co-Chair
State Capitol, Room 516
Juneau, AK 99801-1182
(907) 465- 3873 - Phone
(907) 465-3922 - Fax
Senator_Bert_Stedman@legis.state.ak.us

Official Business

Senator Lyman Hoffman, Co-Chair
State Capitol, Room 518
Juneau, AK 99801-1182
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Senator_Lyman_Hoffman@legis.state.ak.us

MEMORANDUM

TO: **Senate Finance Committee Members**

FROM: **Senator Bert K. Stedman, Co-Chair**

DATE: **October 9, 2009**

SUBJECT: **Senate Finance Committee Meeting Agenda**

Senate Finance Committee Agenda
University of Alaska Budget Overview
Globe Room - Elvey Building
UAF Campus, Fairbanks

October 14, 2009

9 a.m. Working Breakfast - UA Budget/Finance Overview

1. Overview of UA campus and system structure & organization
   - a. Fiduciary responsibility of Regents;
   - b. State and Federal oversight;
   - c. Executive roles and responsibilities;
2. Fiscal Oversight/Accountability
   - a. External/internal audit;
   - b. Revenue sources, e.g. general fund, federal university receipts, auxiliary receipts, TVEP;
   - c. Banner system v. state accounting system;
   - d. Debt capacity/authority/credit rating;
   - e. Facilities and infrastructure assets and responsibility;
   - f. Internal operating and management reviews;
   - g. Accountability initiatives;

Dosch — Rogers Thibacz —

h. Economics of Research;

12:00 p.m. Lunch For Senate Finance Committee Members and Staff

1:00 p.m.

3. UA Budget Development

a. Regents budget directions/campus process;
b. Determination of fixed costs: compensation; utilities; new facility costs; other;
c. Determination of Regents operating/capital priorities;
d. Performance Measures
e. Deferred maintenance: problem/solutions
f. Budget presentation to Governor & Legislature.

5:30 p.m. Community Reception: Morris Thompson Cultural and Visitors Center

October 15, 2009

9:00 a.m. – Continental Breakfast

1. What the University of Alaska is doing with state funding
   a. Workforce Development: Programs and Funding
   b. Community College Mission – Vocational Education, Transfer of Credits and Cooperation
   c. Health Programs
   d. Energy Programs
   e. Teacher Preparation, Continuing Education and Placement
   f. Distance Education/Information Technology
   g. Other Programs of Interest, e.g. Engineering, Rural Student Services

2. Noon – Adjournment

October 14, 2009
SENATE FINANCE HEARING

Attachment #1	**UA Strategic Plan** *The Plan provides a summary of campus missions and UA program priorities. It serves as the basis for UA budget deveolpment as well as internal allocations, reallocations and investments.*
Attachment #2	**UA Financial Statement - 2008**
Attachment #3	**UA Financial Audit for Federal Funds**
Attachment #4	**Fund Source & NCHEM Definitions**
Attachment #5	**Operating Budget Revenue Trend by Fund Source**
Attachment #6	**Operating Budget Revenue Trend by NCHEM Categories**
Attachment #7	**Expenditure by Category and Revenue Type**
Attachment #8	**Authorized v Actuals FY86-FY10**
Attachment #9	**Research as an Economic Enterprise**
Attachment #10	**Spring Management Report & Operating Budget Review** *The Spring Review is principally a financial review. The questions focus on management of funds, facilities, reallocations, and end-of-year contingencies. All campus reports are available for distribution.*
Attachment #11	**Fall Financial and Performance Review** *The Fall Review highlights alignment between revenue and expenditures with a focus on program investments, strategic choices, and performance, as well as specific fiscal issues facing each MAU during the current fiscal year. These reviews are held during October and all reports will be available for distribution.*
Attachment #12	**MacTaggart/Rogers Review of SW Administration** *President Hamilton and the Board of Regents commissioned a study to review the current statewide administrative organization to determine ways to increase efficiency, effectiveness and cost savings.*
Attachment #13	**FY 11 Operating Budget Development Guidelines**
Attachment #14	**FY 11 Capital Budget Development Guidelines**
Attachment #15	**September 2009 Performance Report to OMB/Legislature**

Note:
UA in Review is available online at http://www.alaska.edu/swbir/ir/ua-in-review/
UA Budget Requests are available at http://www.alaska.edu/swbir/budget/
UA Performance Measures are available at <http://www.alaska.edu/swbir/performance/>

Louanne Christian

From: Jake Carpenter
Sent: Wednesday, October 14, 2009 9:27 AM
To: Steve Ricci; Louanne Christian
Subject: SFIN Parts, Prelim

Senators: Egan, Ellis, Thomas, Stedman, Hoffman, Olson, Huggins

U of A Regents:

Tim Brady
Cyntia Henry
Ashton Compton

Regent Cowell

Parts at tables:

Wendy Redman VP of UA
Michelle Rizk Assoc VP of Budget, UA
Joe Trubacz VP of UA
Myron Dosch Controller, UA

Fuller Cowell

Chancellors:

John Pugh, UAS
Brian Rogers, UAF
Fran Ulmer, UAA

I'll give you more when i get it.

Fuller Cowell

thurs.
Huggins

Wed
Sen. G. Stevens
Rep. M Kelly
Sen. Joe Paskvan
Rep David Guttenberg
Rep. Anna Fairclough
R. Jay Ramras

990

2010 SENATE FINANCE
COMMITTEE ATTENDANCE

DATE: _____

Circle Meeting Chair: Stedman Hoffman

Hoffman

	MEMBER	PRESENT	ABSENT
XDE	SEN. EGAN	✓	
XJE	SEN ELLIS	✓	
XCH	SEN. HUGGINS	✓	
XDO	SEN. OLSON	✓	
XJT	SEN. THOMAS	✓	
XLH	SEN. HOFFMAN	✓	
XBS	SEN. STEDMAN	✓	

Louanne Christian

From: Miles Baker
Sent: Wednesday, October 14, 2009 10:34 AM
To: Louanne Christian
Subject: FW: Senat Finance Work Session - October 14/15

Here is an email that has most of the names and titles of the potential testifiers today.

From: Wendy Redman [wredman@alaska.edu]
Sent: Monday, October 12, 2009 3:45 PM
To: Miles Baker; Darwin Peterson; Joe Hardenbrook
Subject: Senat Finance Work Session - October 14/15

Hi Miles and Darwin....

At this time these are the Regents I think will be at the meeting: Cynthia Henry, Erik Drygas, Ashton Compton, Carl Marrs, Kirk Wickersham, Bob Martin (Mary Hughes is out of state; Tim Brady had a death in the family; Pat Jacobson & Fuller Cowell are questionable as of today). Regents profiles are available at: <http://www.alaska.edu/bor/members/>. You have to click on each member's name to get the bio info.

The three chancellors will be there: Fran Ulmer, UAA, Brian Rogers, UAF, and John Pugh,UAS. The Vice Chancellors for Administration will also be there: Bill Spindle, UAA, Pat Pitney, UAF, and Carol Griffin, UAS.

The SW Administrative Staff making presentations will be: me, Joe Trubacz, VP Finance; Myron Dosch, Assoc. VP Finance & Controller; Michelle Rizk, Assoc. VP Budget; Steve Smith, Chief Information Officer; Beth Behner, Chief Human Resource Office; and Kit Duke, Assoc. VP Facilities Planning & Development.

Any questions.....give me a call. President Hamilton will not be here. He is traveling out of the country and alternative arrangements weren't possible.

--
Wendy Redman, Vice President
University Relations
University of Alaska Statewide System
950 Yukon Drive; Fairbanks, AK 99775

907.450.8007 (wk) 907.687.5043 (Cell)

Louanne Christian

From: Miles Baker
Sent: Wednesday, October 14, 2009 10:05 AM
To: Louanne Christian
Subject: RE: docs

Henry was reading from personal notes.

Wendy Redman, VP, University Relations was the speaker right after Ms. Henry's comments at the start of the second session.

Myron Dosch, Associate VP Finance & Controller is now speaking and will be going through Handout #2, University of Alaska, Financial Statements and #3 the UA Audit

---

From: Louanne Christian
Sent: Wednesday, October 14, 2009 10:01 AM
To: Miles Baker
Subject: docs

Do you know which document Ms. Henry was reading from? Attachment description is posted. lou

-----Original Message-----
From: Miles Baker
Sent: Wednesday, October 14, 2009 9:33 AM
To: Louanne Christian
Subject:

Currently -

Cynthia Henry, Chairmen, Board of Regents Tim Brady, Board of Regents

Are the testifiers.....

THE UNIVERSITY OF ALASKA SYSTEM STRATEGIC PLAN 2009:

BUILDING HIGHER EDUCATION FOR ALASKA'S GOLDEN ANNIVERSARY

This strategic plan seeks to set forth the goals and assumptions, strategic planning principles, and action strategies that will guide the University of Alaska between now and the "Golden Anniversary" of statehood in 2009. Just as the University of Alaska is a system, a whole made of many varied parts, this strategic plan is a synthesis of the myriad ongoing planning efforts of our system and its campuses. As such, it reflects the true value of any plan - what we learn about ourselves and our environment while we are planning.

Mark R. Hamilton
President
University of Alaska

Approved September 2003

Revised February 2009

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- Current Areas of Statewide Leadership 17

The Vision for Public Higher Education in Alaska

Alaska is a great land, vast in area and rich in history and cultural diversity. Alaska has provided a harsh test for its men and women: the Alaska Natives who have sustained vibrant lives and rich cultures in one of the most formidable climates on Earth; the miners, risking all for the promise of riches; the soldiers and airmen taking back invaded American soil; the searchers for black gold, finding it at last near the shores of the Beaufort Sea; and the many others seeking adventure in this most challenging place we call "The Great Land."

Alaska provides a harsh test for a University system as well:

- Serve a land 1/5th the size of the continental United States;
- Operate 16 different campuses up to 1,300 miles apart, many of which are inaccessible by land, in order to deliver post-secondary education beyond the major cities;
- Offer academic programs from certificate through baccalaureate to PhD;
- Admit all Alaskans wherever they may live and wherever they may be in their academic preparation;
- Conduct research that solves problems of importance to the state, the nation, the north, and the world;
- Meet the educational, cultural, and economic needs of the diverse peoples of Alaska; and
- Demonstrate responsible stewardship of the treasures of the state with which we are entrusted.

Our vision at the University of Alaska is to meet all of these exacting requirements and to go beyond. Through our excellent faculty, staff, and students, we will produce the social, economic, scientific, civic, and cultural leadership of the state. We will be the source, the example, and often the forum for informed and rigorous debate. We will offer practical advice to policy makers. We will develop the state's workforce. We will make the discoveries that solve problems and create opportunities. We will be fully accountable – regents, faculty, staff, students, and administration - to each other in the pursuit of shared governance, and, most important, to those we serve. We will not surrender excellence.

We will build by 2009 a University system, highly respected and strongly supported by the citizens of Alaska, and by scholars and policy makers the world over.

Vision is a light, illuminating our present status and stature by the accomplishments of our past. We hope that in 2009 we will have both increased the lumens and added to our stature. Until then our plan is one we may expect ourselves to achieve, and one the great land of Alaska will depend upon.

Mission

The University of Alaska is hereby established as the state University...and shall be governed by a board of regents...The board shall, in accordance with law, formulate policy and appoint the president of the University. Alaska Constitution, Article 7, Sections 2-3

Pursuant to its constitutional and statutory powers and responsibilities, the Board of Regents has established the following mission for the University of Alaska system:

> The University of Alaska inspires learning, and advances and disseminates knowledge through teaching, research, and public service, emphasizing the North and its diverse peoples.

The Board of Regents also has established missions for its several major administrative units.

> *The University of Alaska Anchorage* inspires learning and enriches Alaska, the nation, and the world through UAA teaching, research, creativity, and service. UAA is a comprehensive university that provides opportunities to all who can benefit from education programs of high quality in an inclusive environment rich in diversity. Located in Anchorage and on community campuses serving Southcentral Alaska, UAA is committed and uniquely situated to serve the needs of its communities, the state, and its diverse peoples.
>
> *The University of Alaska Fairbanks*, as the nation's northernmost Land, Sea, and Space Grant University and international research center, advances and disseminates knowledge through creative teaching, research, and public service with an emphasis on Alaska, the North, and their diverse peoples.
>
> *The University of Alaska Southeast* is an open enrollment, public University that provides postsecondary education for a diverse student body. UAS promotes student achievement and faculty scholarship, lifelong learning opportunities, and quality academic programs.

There is a significant degree of consistency in missions across the three units, in undergraduate and selected graduate programs, and the "community college mission." This includes providing vocational and occupational instruction, the first two years of undergraduate education, preparatory and developmental instruction, and other credit and non-credit courses and programs designed to be responsive to the needs of local communities and to adult learners in particular.

Differentiation is also realized through the designation of statewide leadership and centers of excellence in specific focus areas. UAA and UAS focus on undergraduate and graduate education through the master's degree, with particular emphasis on fields such as business, public health, public administration, engineering, English and the liberal arts, biology, and teacher education. UAF is the state's primary academic research institution; it provides undergraduate and graduate education including the doctoral degree.

Values

And we who are gathered here today do most solemnly dedicate these grounds and this cornerstone to the everlasting support of the principles of free government, free speech and free schools for which our forefathers fought.

Territorial Delegate James Wickersham
At the dedication of the Alaska Agricultural College and School of Mines, July 4, 1915.

Our approach to the future reflects these fundamental values set by the Board of Regents:

Unity in promoting communication and collaboration.

Effective operation of a system as culturally diverse and geographically distributed as the University of Alaska requires a strong and constant commitment to communication and collaboration among the numerous academic and administrative units that comprise the system.

Accountability to our students, faculty, staff, alumni, and the diverse peoples of Alaska.

As an institution largely supported by public funds, the University must be accountable to those who contribute to its work, whether through tuition and fees, scholarship and teaching, research funding, administrative support, employment of our graduates, or public advocacy.

Leadership for Alaska's people and institutions.

Through its University, a state produces social, economic, civic, and cultural leadership. The University of Alaska has a strong commitment to the development of leadership through our teaching and training of the present and future workforce, our discovery of new knowledge and practical application of our intellectual property, and our outreach to the diverse peoples and communities we serve.

Excellence in our programs and services.

The University community pledges to perform its work to the very highest standards of excellence. In everything we do - from providing preparatory education, to preparing students for the workforce and the professions, to conducting cutting edge research, to helping small businesses and community groups - we aspire to perform at the very highest level of excellence.

Accessibility to all Alaskans.

As an open admission institution, the University is committed to providing the greatest possible access to higher education and, therefore, to the opportunities afforded those with advanced education. This requires a physical presence in communities smaller and more diverse than national norms, and innovative and culturally sensitive means of distance delivery and the opportunity of access to every Alaskan.

Dedication to serving diverse community needs.

The University's 16 campuses, from the largest in Anchorage to the smallest in Kotzebue, are dedicated to meeting community needs through training citizens for the workforce, serving small businesses and community organizations with relevant research and practical advice, enhancing our community engagement programs, and providing facilities for community athletic and cultural events.

Stewardship of our resources.

The University is a responsible steward of the financial, physical, land, and human resources it is entrusted to invest and develop for the betterment of the state.

Goals and Objectives

The University system priorities and decisions through 2009 will be guided by key goals and objectives. Examples of the major decisions that must be made are the following:

- What students should be recruited, at what level of tuition, with what advising programs, and with what opportunities for employment or additional study once they graduate?
- What academic programs should be developed, modified, or eliminated? How much are we looking to gain from, or willing to pay, for these decisions? Where should we focus this review effort?
- What research programs should be supported, where, and for how much financial, space, and other resources?
- Who (faculty and staff) should be recruited, in what academic or administrative fields, for how much, and with what opportunities for career development?
- What are the needs of the state, at present and in the foreseeable future, and how can the University meet those needs through its teaching, research, and outreach?
- What facilities and information technology are required to support our mission? Where should we expand our facilities? How much will it cost? How long will it take?

The key goals and objectives of the Board of Regents, in the context of the University's values and available resources, will guide University system decision-making. More detailed implementation plans will be developed for each goal, with direction for each MAU based on its mission, capabilities, opportunities, and resources.

Goal 1: Student Success

The University will provide the learning environments, support systems, academic programs, facilities, technology, and faculty to enable the life-long success of our students, with their diverse needs, interests, capabilities, and ambitions. We seek to increase the number and share of traditional and non-traditional student attending a University campus. We are particularly committed to the success of Alaska Native students.

Objectives

- Enhance efforts in student recruitment and retention.
    - Develop recruitment programs that target traditional, non-traditional students, Alaska Native, and former students.
    - Enroll college-bound Alaskans at the national average rate.
    - Expand the Emerging Scholars program to all three MAUs.
    - Expand on-line student resources.
    - Obtain funding for the Alaska Scholars program.
    - Support a needs-based financial aid program and increase coordination between financial aid and admissions offices.
- Continue placing students in good jobs.
    - Increase partnerships with major employers.
    - Provide additional internship programs.
- Build life-long relationships with alumni.
    - Complete construction of an alumni database.
    - Create a network of alumni groups and events at various locations in and outside Alaska.
    - Develop alumni publications, including a periodic magazine.
    - Enlist alumni in student recruitment efforts.

Goal 2: Educational Quality

The University will offer the highest quality in our educational offerings, from non-degree training programs to graduate degrees. Our campuses will provide the highest possible quality programs and services within their respective missions.

Objectives

- Emphasize the community college mission.
    - Increase the number of programs, course sections, and scheduling options in the areas of vocational/technical training, community interest, and professional workforce development.
    - Increase partnerships with high schools in vocational/technical fields.
- Improve collaboration among campuses.
    - Expand collaborative graduate programs across MAUs and with other institutions.
    - Develop additional degree programs that rely on content from the several campuses.
    - Erase technology barriers to communicate and share content between campuses and beyond campuses.
- Ensure efficient allocation of programs.
    - As new programs are introduced and existing programs reviewed, determine the most appropriate location(s) and methods for program delivery.
- Develop new and relevant programs.
    - Expand the range of degree programs to that of comparable university systems.
    - Provide additional staff support for entrepreneurial program development.
    - Expand opportunities through distance delivery for graduate training (including the PhD level) for place-committed Alaskans.
- Strengthen advising services for our diverse student community.
    - Add to campus-based academic advising resources.
    - Build new on-line advising services.
- Accreditation Alignment: The University of Alaska shall engage in policy coordination, communication and alignment, prior to requesting substantive changes to institutional or programmatic accreditation which may have an impact on institutional or system resources. Such accreditation changes, if warranted, shall reflect institutional and programmatic priorities as set forth in the Academic Master Plan

Goal 3: Research Excellence

The University will be a globally recognized leader in areas of research for which Alaska has special competitive capabilities or unique environments in key areas of culture, economy, and health, using approaches that integrate the human dimension with natural sciences, and expand from basic processes to synthesis and policy advice.

Objectives

- Enhance competitive capacity.
    - Rely to a greater extent on competitively obtained financial support for research.
    - Recruit/inspire the faculty in areas of comparative advantage and provide the research facilities and administrative support required to compete effectively.
- Increase opportunities for undergraduate and graduate student participation in research.

- Capture Alaska-specific opportunities for the State and the University.
    - Establish strong research relationships with the private sector and government agencies that address issues of importance to Alaska.
    - Focus on fields where the University has an advantage, e.g., cold climates and coastal engineering, ocean science, arctic biology, climate change, telecommunications, fisheries, and health.
- Account for the value and cost of research.
    - Communicate the value of University research in terms of the University's educational quality and Alaska's economy.
    - Ensure that the costs of research are fully accounted for and weighed in the balance with alternative priorities.
- Expand support for the transfer of University intellectual property to private economic development.
    - Enhance support for faculty with interests in the development of intellectual property.
    - Create opportunities for the private sector to be informed about University development works.
- Grow percentage of Alaska Native participation to a part with the population.

Goal 4: Faculty and Staff Strength

The University will recruit, develop, and retain a culturally diverse faculty and staff who bring excellence to our research, teaching, and public service and through innovative and mission-focused academic and staff human resources programs and services.

Objectives

- Invest in faculty and staff development.
    - Regularly assess development needs including career planning and professional development.
    - Provide development programs that reflect University priorities and are suited to particular faculty and staff, relying where possible on existing University resources and expertise.
    - Routinely use visiting committees and other peer review mechanisms.
- Reward faculty and staff for innovation, creativity, and excellence.
    - Ensure merit-based and market competitive recognition, promotion, and compensation programs.
    - Provide venues for faculty and staff to demonstrate excellence.
- Ensure alignment between institutional goals and workload, productivity, and selection.
    - Regularly review faculty and staff workloads in appropriate comparative context and standards of their fields.
    - Distinguish faculty selection criteria and professional expectations based on the respective mission of the MAU and its academic programs.
- Ensure excellent administrative practices that are integrated with the university's strategic priorities.
- Ensure high quality teaching.
    - Maintain a rigorous faculty evaluation system.

Goal 5: Responsiveness to State Needs

The University will continuously enhance its capacity to meet the changing needs of Alaska's people and work through core programs as well as creative, entrepreneurial arrangements and partnerships to meet those needs. Among the changing conditions affecting the state's needs are continued rapid population growth in Anchorage and surrounding communities, the need for economic diversification, particularly in rural Alaska, and uncertainty regarding the state's ability to provide for its own economic future.

Objectives

- Assess and meet Alaska's current and projected workforce needs.
    - Continue to survey employers and work with the cognizant state agencies to assess workforce demand.
    - Build strong partnerships with employers to ensure our graduates possess needed skills and abilities.
    - Strengthen the University's continuing education and corporate programs.
    - Streamline review processes for non-degree programs.
- Focus on rural Alaska needs.
    - Continue to build health research programs that address the needs of Alaska Natives.
    - Expand vocational/technical training programs in rural Alaska to provide greater employment opportunities for local people.
    - Explore new technologies that will create economic development opportunities in rural Alaska.
- Provide support for cultural needs.
    - Celebrate the unique contributions to Alaska that come from its Native Peoples.
    - Continue to conduct research and provide instruction in Alaska Native languages and cultures.
    - Build on the role University campuses play as centers for cultural activity, e.g., arts and lectures.
- Increase public policy analysis.
    - Expand the study of critical public policy issues.
    - Develop the means to more rigorously identify critical public policy issues and expand faculty participation across the University.
    - Protect the role of the University as a venue for the exploration of potentially contentious issues.
- Build community engagement programs.
    - Encourage faculty, student, and staff involvement in service to Alaska's diverse communities.
    - Integrate community service with research and instructional programs.
    - Increase partnerships with Alaska Native corporations and social service agencies to foster stronger communities.
- Enhance responsiveness to workforce needs.
    - Expand programs to train graduates in high demand fields.
    - Continue to survey industry, small business, and governments for their workforce needs.
    - Continue to reallocate faculty, staff, and other resources to high need areas.

Goal 6: Technology and Facility Development

The University will provide students, faculty, and staff the facilities and technology they need to most effectively pursue their research, education, and public service goals.

Objectives

- Address process issues: facility planning and facility utilization.
  - Develop campus master plans that are aligned with University system priorities, institutional missions, funding opportunities, and needs.
  - Create culture of facilities responsiveness to needs and concerns of faculty and students.
  - Increase effective utilization of facilities, to include times not traditionally in use.
  - Obtain land near University campuses to accommodate expansion.
- Explore privatization and partnering.
  - Focus University resources on its educational mission by privatizing those services that may be performed at a higher level of performance and/or lower cost.
  - Explore creative, opportunistic approaches with the private sector to providing needed research, instruction, telecommunications, or residential facilities.

- Support distance education through additional technology and faculty development.
  - Work with the provider community to provide internet connectivity among all University facilities sufficient to support distance delivery of academic programs, collaboration between researchers, and administrative coordination.
  - Provide all faculty the support necessary to develop and deliver high quality curricula with appropriate technologies, based on research into the effectiveness of various distance education pedagogies.
  - Work with the provider community to provide affordable access for every Alaskan, regardless of location, to university programs and services offered online.

- Expand access through appropriate technologies to as many university programs and services as possible.
  - Develop an integrated, interactive interface for students that is comprehensive and customizable by each student as educational needs and goals change.

Goal 7: Diverse Sources of Revenue

Engaging major stakeholders to increase their investment in the University is a critical precondition for the achievement of the above six goals. These stakeholders include all citizens of Alaska, but especially alumni, state, federal, and local governments; businesses, including non-profit organizations; and private philanthropy.

Objectives

- Diversify funding sources to reduce reliance on the state's general fund.
  - Increase tuition rates so they bear an appropriate share of the University's revenue base.
  - Increase financial support from alumni, faculty, and staff.
  - Increase financial participation from partnerships with industry and government agencies.
  - Increase financial support from corporate and individual donors giving to the University of Alaska Foundation.

- Pursue land for long term endowment and growth.
  - Ensure the University obtains a sufficient land grant.
  - Manage proceeds from the land grant to the maximum benefit of the University.

- Encourage the commercial utility and application of University intellectual property.
  - Increase the number of patents filed by University supported investigators.
  - Expand interaction between University faculty and the state's business community.

Appendix

System Structure and Functions

The University of Alaska System

The University of Alaska System is composed of several major units: the system office; three separately accredited institutions, University of Alaska Anchorage (UAA), University of Alaska Fairbanks (UAF), and University of Alaska Southeast (UAS); and one separately accredited community college, Prince William Sound Community College that reports through UAA.

Each of the three major institutions is led by a chancellor who reports to the president of the University system, who in turn reports to the Board of Regents[1]. The Board has 10 members with 8-year appointments and a student regent with a 2-year appointment; they are appointed by the governor and confirmed by the legislature. System administrators reporting to the president include the University's executives in the areas of finance, University relations, research, information technology, legal counsel, human resources, health programs, and student services. While the system office does not deliver any academic degrees or certificates, direct any research programs, or engage in any public service *per se*, it plays important internal coordinating and external advocacy roles. As well, it provides services to the campuses that are not replicated at the campus level.

Examples of this coordinating function include:

- overseeing the development of academic initiatives, including the state and federal agendas;
- articulating course credits for students transferring between campuses;
- linking the University's training programs with large statewide employers;
- ensuring an appropriately focused academic mission for each major campus;
- encouraging collaborative research and instructional programs across campuses;
- supporting campus-based student services and enrollment management systems;
- leading and staffing a wide variety of consultative councils and governance groups;
- developing the annual operating and capital budgets; and
- ensuring appropriate information technology investment.

Examples of direct services provided by the system to the campuses include providing:

- direction for the University's annual drives for funding from the state legislature and Congress;
- enhancement of the image of the University system with the public of the state;
- aspects of the human resources and labor relations functions, e.g., payroll, benefits, labor relations, classification and compensation;
- legal counsel;
- numerous financial services including the accounting system, land management, risk management, institutional research and management reporting, audit, treasury, debt management, control, and procurement oversight;
- staff support for the Board of Regents and primary responsibility for ensuring implementation of Board policy and direction;
- representation of the University with state and federal officials and agencies; and
- information technology networks and student, finance, and human resources information system services.

[1] The president of the separately accredited Prince William Sound Community College reports to the UAA chancellor.

The University of Alaska Anchorage

The Anchorage campus has evolved from the merger of a large community college and Anchorage –Senior College to an urban "master's college and University" with programs ranging currently from certificate to master's degrees in fields such as business and public policy, health care, process technology, English and the liberal arts, biology, teacher education, psychology, social work, engineering, and global transportation logistics. Through a collaborative arrangement with the Fairbanks campus, UAA faculty members have contributed to the preparation of several recipients of the doctoral degree.

In the state's largest city, UAA also provides the first year of medical school training to Alaskans participating in a consortium of northwestern states led by the University of Washington Medical School, leads outreach to the state's several military communities, and has several research institutes, most notably the Institute for Social and Economic Research, the state's Small Business Development Center, and a program providing business education to students in Russia.

UAA is rightly proud of its innovative community engagement focus, bringing the broad range of expertise among faculty and staff together to bear on the needs of the Anchorage community and the state. The campus has several NCAA Division II athletics programs and its debate team won the national championship in 2001. The community campuses in Homer, Kenai, Kodiak, Palmer, and the separately accredited Prince William Sound Community College in Valdez are units of UAA. UAA particularly treasures the Edward Albee Theater Festival held in Valdez, a nationally renowned program that annually hosts Pulitzer Prize winning authors and provides a venue for young artists.

The University of Alaska Fairbanks

Established as the original home of the University of Alaska in 1917, the Fairbanks campus has developed into a widely respected "doctoral/research intensive University" with programs ranging from certificate to doctoral degrees, the latter in fields closely related to its geographic location and research strengths (e.g., arctic biology, anthropology, chemistry, geophysics, climate change, marine science, and cold regions engineering). UAF is particularly proud of its numerous programs and facilities serving Alaska Native students.

In the hub of Alaska's interior, the Fairbanks campus had research revenues in fiscal year 2002 in excess of $90 million, about 91 percent of the system total. It is the home of the Arctic Region Supercomputing Center and numerous research institutes including the Geophysical Institute, the Institute for Arctic Biology, the School of Fisheries and Ocean Science, and the International Arctic Research Center. Among its many facilities, UAF operates the nation's largest arctic biology field station, the nation's only University-based rocket range, and the nation's largest volcano observational network.

Like UAA, UAF participates in NCAA Division II athletics and boasts the nation's top rifle team over the last three years. In 2002, UAF's men's basketball team became the first Division II team to win a Division I tournament. The community campuses in Bethel, Dillingham, Fairbanks, Interior-Aleutians, Kotzebue, and Nome are units of UAF.

The University of Alaska Southeast

Leading UAS is the Juneau campus, a dynamic "master's college and University" with emphases on certificate through master's degree programs in teacher education, distance education, business and public administration, natural sciences, liberal arts, and career education.

Current and emerging research focus areas include fisheries/marine science, distance education, environmental science, and government. The Juneau campus collaborates with Middlebury College in offering the nationally recognized Breadloaf summer program and has developed training and graduate programs in public administration, taking advantage of its location in the state's capital city and by extensive use of distance education technology. The community campuses in Ketchikan and Sitka are components of UAS.

Strategic Planning Principles

Commitment

The University is committed to the development of a systemwide strategic plan and planning process that is responsive to the needs of the state and consistent with the University's values of unity, accountability, leadership, excellence, accessibility, dedication, and stewardship.

Leadership

The president oversees the development of the plan with leadership from the Board of Regents' planning and development committee. The process will assure appropriate collection and consideration of input from key internal and external stakeholders.

Focus

The plan will reflect the focus of each major campus such that there is clear and cost-effective mission differentiation and, within those missions, full opportunity for campus aspiration in the quality and quantity of its programs and services.

Scope

The plan will emphasize universal access to higher education, expanded professional and workforce development programs, a greater concentration of advanced training and research, and the important role of the university in providing lifelong learning through its outreach and extension functions.

Engagement

The plan will underscore the importance of outreach and engagement, fostering a culture of connection and collaboration across campuses and with communities.

Conditions

The plan will be informed by key internal and external conditions such as student demographics, admissions policies, operating efficiencies, campus plans, geographic location, faculty and staff recruitment and retention, facility condition, access to information technology, and funding opportunities and constraints.

Development

The plan will reflect a distinct focus for each campus which will recognize opportunities for and guide the future development of both academic and non-academic programs, facilities and information technology infrastructure, student recruitment and retention plans, faculty and staff services, and research and outreach/extension initiatives.

Strategic Planning Process

The University of Alaska Board of Regents (BOR), through its Planning and Development Committee, commenced a strategic planning process to guide the University's continued development through the coming years to 2009. The planning process did not start from scratch; nor was it driven from the top. Instead, it synthesizes into a single document the wide variety of planning activities that are occurring on our campuses and at the system level over the last several years. Examples of activities, reports, and other sources that contribute to this effort include the Regents' Issue Focus Areas, UA Values, mission statements, Major Administrative Unit (MAU) self assessments, MAU accreditation reports and master plans, external reviews, missions and measures, academic initiatives, and needs assessments.

Planning Timeline

August 27- September 11	President's Office prepares for BOR review.
September 12	BOR P&D Committee reviews above.
October 12	President's Office prepares working draft.
October 15	President's Cabinet (chancellors) reviews draft
October 16	BOR P&D Committee reviews working draft
October-December	Internal and external groups provide input to working draft.
December 5	BOR P&D Committee receives update.
January 18, 2003	BOR P&D Committee receives update.
February 20	BOR P&D Committee receives update.
April 18	BOR P&D Committee receives update.
June 10	BOR approves plan.

Lead Staff

President's Office	Jim Johnsen, Chief of Staff
Academic Programs	Paul Reichardt, Chair, System Academic Council
University Relations	Wendy Redman, Vice President, University Relations
Research	Craig Dorman, Vice President, Research
Finance and Facilities	Joe Beedle, Vice President, Finance
Information Technology	Steve Smith, Chief Technology Officer
Human Resources	Janet Jacobs, Executive Director, Human Resources
Student Services and Health Programs	Mike Sfraga, Associate Vice President for Student Services Karen Perdue, Associate Vice President for Health Programs

Preliminary Planning Questions

1. What are the most important documentary sources for strategic planning?
2. What internal and external groups should be consulted in this process?
3. What is the overall assessment of current activity in your area of focus?
4. What is your vision for your area of focus?
5. What goals would you recommend to realize this vision?
6. What changes are necessary in order to meet these goals?
7. How should these changes be accomplished (e.g., communication, information, reorganization, reallocation, new resources, new vision)?
8. How should these changes be measured and be aligned with decisions regarding resources?

Documentary Sources

Board of Regents:
- University of Alaska Values
- Board of Regents Issue Focus Areas
- Board of Regents Policy - MAU Missions
- FY02-04 Operating and Capital Budget Requests

MAU Accreditation:
- UAS Accreditation Report 1999
- UAA Accreditation Self Study 2000
- UAF Accreditation Self Study 2001

MAU and System Plans:
- UAS: The Next Decade, Strategic Plan for the University of Alaska Southeast 2000-2010
- UAA Goals 2005
- UAF Academic Plan, May 2001
- UAF Campus Master Plan 2002
- UAF 2005
- Prior UA System Strategic Plans

External Reviews of UA:
- Findings and Recommendations of External Site Visit of Research Administration and Management, July 2000
- Facility Planning and Implementation Process Review Report, November 2001
- Review and Recommendations: Student Services and Enrollment Management, February 2002
- Report on Academic Decision Making in the University of Alaska System, April 2002
- An External Review of Information Technology at the University of Alaska, June 2002
- The University of Alaska Information and Communications Technology: Strategic Findings, Observations and Associated Recommendations, July 2002
- Report of Findings and Recommendations on Human Resources Management at the University of Alaska System, August 2002
- Commonwealth North Study of the University of Alaska, 20 November 2002

Academic and Research and Other Initiatives:
- FY03 Systemwide Academic Council Recommendations
- FY04 Systemwide Academic Council Recommendations
- UA Federal Initiatives

Additional Reports and Sources:
- UA in Review 2002
- Employee Attitude Surveys
- Student Satisfaction Surveys
- Noel-Levitz College-Bound Student Survey (mid- September 2002).
- Alaska Workforce Board Strategic Plan
- Healthy Alaskans 2010
- Alaska 20/20
- ASHNA Report on Nursing Shortage and other reports defining the training needs, trends, etc. for specific industry sectors

Local/Statewide service organization reports that relate to economic, social, cultural development, e.g. Commonwealth North; chambers of commerce; Alaska Humanities Forum; etc.
Alaska Science and Technology Plan, Alaska Science and Technology Foundation
President's Office of Science and Technology Policy Memo on Interagency
R&D Priorities for likely Presidential Initiatives
Major research sponsor web sites (e.g., NSF, NOAA, NIH, DOD)
Summary of Campus Responsibilities for Statewide Service Delivery

Groups Consulted

Internal to the University of Alaska:
Faculty Alliance
Staff Alliance
Coalition of Student Governance Groups
Systemwide Academic Council
Deans and directors
Research Advisory Council
Student services, enrollment management, recruitment executives
Distance Education Council
Information Technology Council
Business Council
Facilities Council
Human Resources Council
UA Foundation Board of Trustees
UA Foundation Colleges of Fellows
Campus Advisory Councils
Program/Department Advisory Councils
Campus IT/Library Advisory Groups
Campus Student Technology Fee Advisory Groups
Campus Teaching-Learning-Technology Roundtable Groups
Alaska Committee to Stimulate Competitive Research

External to the University of Alaska:
Commonwealth North
Alaska Chamber of Commerce
Alaska Human Resource Investment Council
Alumni
Selected state executive and legislative leaders
Selected HR executives (e.g., State of Alaska, Municipality of Anchorage)
Former Regents
Alaska High Tech Business Council
State Telecommunications Information Council
Alaska Distance Education & Technology Consortium
Alaska Telehealth Council
External Review Teams
Federal agency representatives in Alaska
Selected congressional staff
Federal Research Work Groups & Task Forces
Selected representatives of the US and international scientific community

UNIVERSITY OF ALASKA
Current Areas of Statewide Leadership

	UA Anchorage	UA Fairbanks	UA Southeast
Instruction	Degree programs at the AA/AS, BA/BS, and MA/MS levels in: * nursing * special education * education leadership * logistics * public health * engineering management * aviation * process technology * automotive mechanics * social work * medicine (first year program in conjunction with the University of Washington) * biological sciences	Degree programs at the AA/AS, BA/BS, MA/MS and PhD levels in: * biological sciences * fisheries and ocean sciences * geophysical sciences * computer science * electrical, mechanical, and petroleum engineering * Alaska Native languages and culture * rural development *land resource management	Degree programs at the AA/AS, BA/BS, MA/MS levels in: * education (distance) * public administration (distance) * education technology * early childhood education * rural water/wastewater certificate
Research	Centers and institutes with focus on research in: * social and economic policy * health systems * community engagement environment and natural resources * biocomplexity * transportation	Centers and institutes with focus on research in: * biological science/informatics * engineering * fisheries and ocean science * energy * remote sensing * supercomputing * geophysics * natural resources * climate change * arctic contaminants * neuroscience * cold climates testing *health and biomedicine	Faculty with focus on applied research in: * government * fisheries and ocean science * environmental science * distance education
Public Service	*business development and technology transfer * service learning/ engagement	* cooperative extension service * marine advisory program *agriculture extension	* legislative intern program

#2

UNIVERSITY OF ALASKA

(A Component Unit of the State of Alaska)

Financial Statements

June 30, 2008 and 2007

(With Independent Auditors' Report Thereon)

University of Alaska
(A Component Unit of the State of Alaska)
Financial Statements
June 30, 2008 and 2007

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MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited – see accompanying accountants' report)

Introduction

The following discussion and analysis provides an overview of the financial position and activities of the University of Alaska (university) for the years ended June 30, 2008 (fiscal year 2008) and June 30, 2007 (fiscal year 2007), with selected comparative information for the year ended June 30, 2006. This discussion has been prepared by management and should be read in conjunction with the financial statements including the notes thereto, which follow this section.

Using the Financial Statements

The university's financial report includes the basic financial statements of the university and the financial statements of the University of Alaska Foundation (foundation), a legally separate, non profit component unit. The three basic financial statements of the university are: the Statement of Net Assets, the Statement of Revenues, Expenses and Changes in Net Assets and the Statement of Cash Flows. These statements are prepared in accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) pronouncements. The university is presented as a business-type activity. GASB Statement No. 35, *Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities,* establishes standards for external financial reporting for public colleges and universities and classifies resources into three net asset categories – unrestricted, restricted, and invested in capital assets, net of related debt.

The University of Alaska Foundation is presented as a component unit of the university in accordance with GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units.* The foundation's financial statements include the Statement of Financial Position and the Statement of Activities and these statements are presented as originally audited according to generally accepted accounting principles and Financial Accounting Standards Board (FASB) pronouncements.

The foundation was established to solicit donations and to hold and manage such assets for the exclusive benefit of the university. Resources managed by the foundation and distributions made to the university are governed by the foundation's Board of Trustees (operating independently and separately from the university's Board of Regents). The component unit status of the foundation indicates that significant resources are held by the foundation for the sole benefit of the university. However, the university is not accountable for, nor has ownership of, the foundation's resources.

Statement of Net Assets

The Statement of Net Assets presents the financial position of the university at the end of the fiscal year and includes all assets and liabilities of the university. The difference between total assets and total liabilities (net assets) is one indicator of the financial condition of the university, while the change in net assets is an indicator of whether the financial condition has improved or declined during the year.

A summarized comparison of the university's assets, liabilities and net assets at June 30, 2008, 2007 and 2006 follows ($ in thousands):

	2008	2007	2006
Assets:			
Current assets	$ 105,847	$ 101,667	$ 106,614
Other assets	306,979	296,233	251,405
Capital assets, net of depreciation	792,161	736,894	731,010
Total assets	1,204,987	1,134,794	1,089,029
Liabilities:			
Current liabilities	88,894	84,421	80,444
Noncurrent liabilities	177,290	162,923	161,730
Total liabilities	266,184	247,344	242,174
Net assets:			
Invested in capital assets, net of debt	671,700	619,665	608,596
Restricted – expendable	73,856	82,736	58,590
Restricted – nonexpendable	126,752	124,114	123,275
Unrestricted	66,495	60,935	56,394
Total net assets	$ 938,803	$ 887,450	$ 846,855

Major changes to assets and liabilities during fiscal year 2008 include increased operating and restricted cash and cash equivalents, a decline in endowment investments, increased accounts receivable, growth in net capital assets, and increased liabilities due to construction activity and new debt issuance. In fiscal year 2008, the university experienced overall growth in net assets of $51.4 million, or 5.8 percent. Each of these changes is discussed in more detail in the following sections.

Total assets increased by $70.2 million during fiscal year 2008 to a total of $1.2 billion. Total assets are categorized as either current assets or noncurrent assets on the Statement of Net Assets. Key components of current assets include cash and cash equivalents, short-term investments and accounts receivable. Noncurrent assets are comprised mainly of restricted cash and cash equivalents, investments and net capital assets.

Operating cash and cash equivalents at June 30, 2008 were a positive $8.6 million as compared to a negative $0.5 million at June 30, 2007. Operating cash and cash equivalents includes checking accounts, change funds, and the university's repurchase agreements. Near the end of fiscal year 2008 funds were moved from short-term investments to cash to cover liabilities such as payroll, that were due in July.

Restricted cash and cash equivalents increased from $4.1 million at June 30, 2007 to $19.7 million at June 30, 2008. Increased restricted cash and cash equivalents are mostly attributed to unexpended general revenue bond proceeds from the issuance of Series O general revenue bonds in January 2008.

Short-term investments decreased from $39.3 million at June 30, 2007 to $26.5 million at June 30, 2008. As discussed earlier, funds were moved from this category to cash at year end. These funds were invested in the Commonfund's Short Term Fund and Intermediate Term Fund, which

had a 5.25 percent and 5.54 percent total return for the year ended June 30, 2007 and a 3.21 percent and 0.54 percent total return for the year ended June 30, 2008, respectively.

Long-term investments increased $0.4 million to $83.9 million for fiscal year 2008. Approximately, $47.6 million was invested in the Commonfund's Absolute Return Fund, $27.4 million in the Commonfund's Multi-Strategy Bond Fund, and $8.9 million in various bond or construction-related funds. The Absolute Return Fund had a negative 1.89 percent total return for the year ended June 30, 2008 and a positive 13.17 percent total return for the year ended June 30, 2007. The Multi-Strategy Bond Fund had a 6.14 percent total return for the year ended June 30, 2008 and 6.98 percent total return for the year ended June 30, 2007.

Endowment investments at June 30, 2008 were $145.2 million as compared to $148.7 million at June 30, 2007. This decrease was primarily caused by a negative 2.4 percent total return in 2008 as compared to a positive 17.9 percent total return in 2007.

Net accounts receivable increased $8.2 million from $53.6 million at June 30, 2007 to $61.8 million at June 30, 2008. Growth in accounts receivable is primarily due to an increase in capital construction activity in process at year end which increased capital receivables from $6.6 million at June 30, 2007 to $12.6 million at June 30, 2008. Year end construction activity attributed to increased receivables includes $4.6 million for the University of Alaska Anchorage (UAA) Integrated Science Building, $0.7 million for the University of Alaska Fairbanks (UAF) Tanana Valley Campus renovation, and $0.6 million for UAA fire alarm system upgrades. The other components of accounts receivable consist of tuition and fees, sponsored programs, and auxiliary services. See Note 3 of the financial statements for accounts receivable detail.

Net capital assets at June 30, 2008 were $792.2 million as compared to $736.9 million at June 30, 2007. For further discussion, see Note 6 of the financial statements for capital asset detail, and the *Capital and Debt Activities* section which follows.

Total liabilities are categorized as either current liabilities or noncurrent liabilities on the Statement of Net Assets. Current liabilities are primarily comprised of accounts payable, accrued payroll and other expenses, insurance and risk management payables, current debt and student deposits. Noncurrent assets are comprised mostly of long-term debt and net pension and OPEB obligations. Total liabilities increased by $18.8 million during fiscal year 2008 to a total of $266.2 million. Increased liabilities are mainly attributed to:

- The increase in accounts payable from $10.8 million at June 30, 2007 to $13.6 million at June 30, 2008 is reflective of increased capital construction activity in process at year end. Construction activity constituted 70 percent, or $9.4 million of the accounts payable balance at year end as compared to 55 percent or $5.9 million, the year before. The remaining accounts payable balance represents amounts due for recurring supplies and services for operations.

- Long-term debt financing increased with the issuance of Series O general revenue bonds totaling $23.8 million in fiscal year 2008. The majority of this bond is for the UAA Parking Garage as discussed in the *Capital and Debt Activities* section that follows.

Unrestricted net assets increased $5.6 million from June 30, 2007 to June 30, 2008. At year end, $29.8 million of the $66.5 million total is designated for specific purposes or otherwise limited by

contractual agreements with external parties. See Note 7 of the financial statements for a detailed list of these designations.

Fiscal Year 2007 Comparisons (Statement of Net Assets)

Significant comments about changes between 2006 and 2007 that were noted in fiscal year 2007 *Management's Discussion and Analysis* are summarized below:

Major changes from 2006 to 2007 on the Statement of Net Assets included a reduction in cash and cash equivalents and short-term investments, long-term investment growth, increased accounts receivable and increased liabilities due to the net pension and other postemployment benefit obligations, and accrued expenses. Overall, the financial position of the university improved in fiscal year 2007 as indicated by the growth in net assets of $40.6 million or 4.8 percent. For comparative purposes, cash and cash equivalents, short-term investments, and long-term investments in the June 30, 2007 financial statements have been reclassified to conform to the presentation in the June 30, 2008 financial statements.

The Statement of Net Assets reflected a decrease in cash and cash equivalents and short-term investments, and an increase in long-term investments. Cash and cash equivalents at June 30, 2007 were a negative $0.5 million as compared to a positive $1.3 million in 2006. Additionally, short-term investments decreased from $47.1 million at June 30, 2006 to $39.3 million at June 30, 2007. In fiscal year 2007, the university began investing more of the university's core operating funds in long-term investments. At June 30, 2007, long-term investments were $83.5 million as compared to $65.6 million at June 30, 2006. Approximately, $41.5 million was invested in the Commonfund's Absolute Return Fund, $33.2 million in the Commonfund's Multi-Strategy Bond Fund, and $8.8 million in various operating and capital bond or construction-related funds. The Absolute Return Fund had a total return of 13.17 percent for the year ended June 30, 2007 and a 10.77 percent total return for the year ended June 30, 2006. The Multi-Strategy Bond Fund (a new university investment in fiscal year 2006) had a 6.98 percent total return for the year ended June 30, 2007.

Net accounts receivable increased 11.5 percent, from $48.1 million at June 30, 2006 to $53.6 million at June 30, 2007. This growth was primarily due to an increase in net sponsored program receivables.

Total liabilities increased 2.1 percent from $242.2 million at June 30, 2006 to $247.3 million at June 30, 2007. Increased liabilities were attributed to:

- The State of Alaska Public Employees' Retirement System (PERS) combined net pension and OPEB obligations increased from $25.4 million at June 30, 2006 to $30.8 million at June 30, 2007.

- Accrued expenses increased from $4.2 million at June 30, 2006 to $9.5 million at June 30, 2007 due to agreed upon net settlement costs of $4.65 million for the University of Alaska Museum of the North construction activity.

Unrestricted net assets increased $4.5 million from June 30, 2006 to June 30, 2007.

Statement of Revenues, Expenses and Changes in Net Assets

The Statement of Revenues, Expenses and Changes in Net Assets presents the results of operations for the university as a whole. Revenues, expenses and other changes in net assets are reported as either operating or nonoperating. Significant recurring sources of university revenue, such as state appropriations and investment earnings, are defined by GASB Statement No. 35 as nonoperating.

A summarized comparison of the university's revenues, expenses and changes in net assets for the years ended June 30, 2008, 2007 and 2006 follows ($ in thousands):

	2008	2007	2006
Operating revenues	$ 356,624	$ 352,410	$ 341,205
Operating expenses	(716,476)	(672,802)	(631,372)
Operating loss	(359,852)	(320,392)	(290,167)
Net nonoperating revenues	325,545	320,205	272,422
Gain (loss) before other revenues, expenses, gains, or losses	(34,307)	(187)	(17,745)
Other revenues, expenses, gains or losses	85,660	40,782	30,541
Increase (decrease) in net assets	51,353	40,595	12,796
Net assets at beginning of year	887,450	846,855	834,059
Net assets at end of year	$ 938,803	$ 887,450	$ 846,855

The Statement of Revenues, Expenses and Changes in Net Assets reflects an overall increase in net assets of 5.8 percent, or $51.4 million. Revenue sources contributed positively to the increase in net assets. These revenue sources include: capital appropriations and capital grants and contracts revenue, tuition and fee revenue, and State of Alaska general fund appropriations. However, net health care costs and salaries and employee benefits offset overall growth in net assets.

- Net health care costs increased by $5.9 million to $50 million for fiscal year 2008.
- Salaries and employee benefits increased by $19.7 million for fiscal year 2008.

In 2008, the university recorded a $0.5 million net pension and OPEB expense (and related liability) for the state-administered PERS defined benefit plan. This expense represents the difference between contribution amounts based on actuarially determined rates and contributions actually paid to PERS. The university made the contributions required by the PERS plan, and these amounts were based on a capped rate that was 6.23 percentage points lower than the actuarially computed rate. For further discussion on PERS, see the *Other Economic and Financial Conditions* section which follows.

Capital appropriations and capital grant and contract revenue increased from $40.8 million in 2007 to $85.7 million in 2008. Revenue from capital sources is generally recognized as expenditures occur. The State of Alaska appropriated capital funds totaling $107.9 million in 2007 and $12.9 million in 2008. For further discussion on capital activity, see the *Capital and Debt Activities* section which follows.

Gross student tuition and fee revenue increased to $99.9 million in fiscal year 2008 as compared to $91.5 million in fiscal year 2007. This was due in large part to a 7 percent increase in tuition rates for students for academic year 2007 – 2008, and a $2.4 million increase in total fee revenue from $16.4 million at June 30, 2007 to $18.8 million at June 30, 2008.

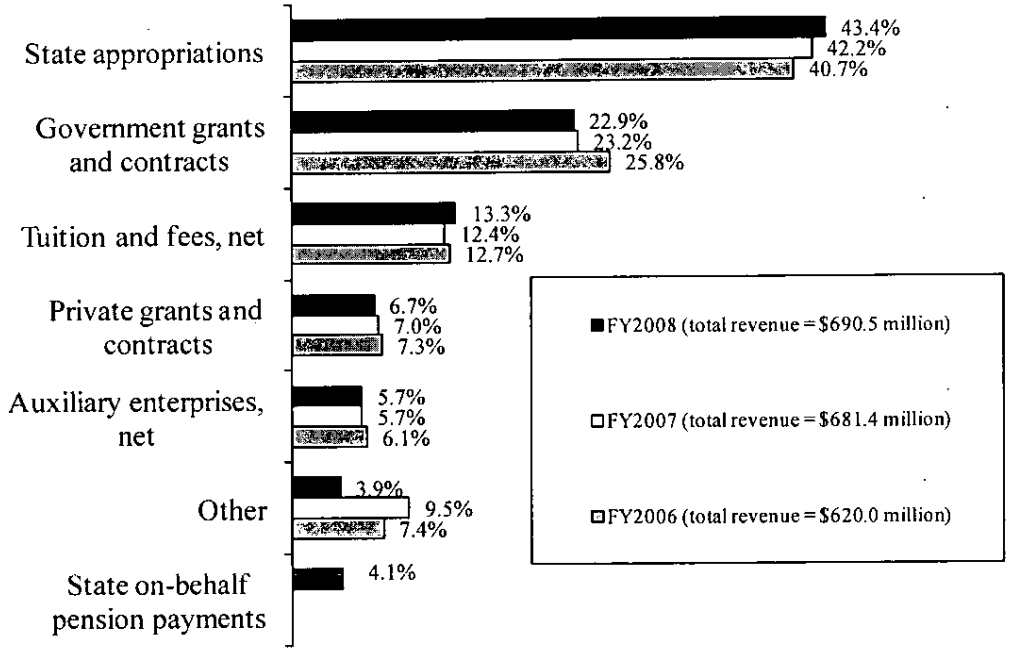
Endowment investments experienced a $4.6 million loss in 2008 as compared to a $22.3 million gain, in the prior year. Total return was a negative 2.4 percent in 2008 as compared to a positive 17.9 percent in 2007.

Endowment gifts, sales and other proceeds totaled $5.6 million in fiscal year 2008 as compared to $7.7 million in fiscal year 2007. The $2.1 million decline in revenue between fiscal year 2007 and fiscal year 2008 is due mostly to receipt of a $2.6 million pledge in fiscal year 2007. This category also includes yield from, or sales of, trust land, timber and mineral interests, the net proceeds of which are generally deposited to the land grant endowment trust fund.

State of Alaska general fund appropriations continue to be the single major source of revenue for the university, providing $300 million in 2008, as compared to $287.4 million in 2007. Historically, the Legislature has funded the university at an amount equal to or above the prior period's appropriation.

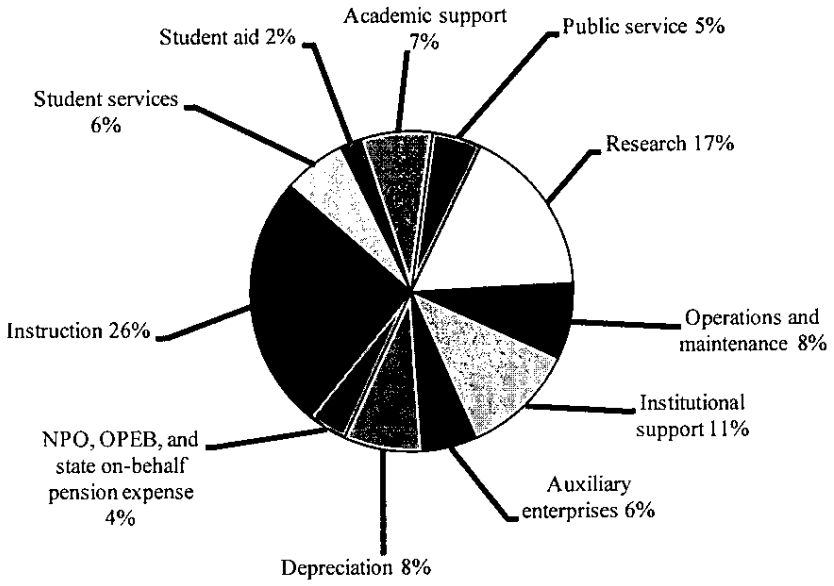
A comparison of operating and nonoperating revenues by source for fiscal year 2008, 2007 and 2006 follows:

Operating and Nonoperating Revenues (excluding capital) by Year



A comparison of operating expenses by functional and natural classification for selected fiscal years follows (see Note 16 of the financial statements for more information):

Fiscal Year 2008
Functional Classification



Operating Expenses
Functional Classification (in millions)

	FY2008		FY2007		FY2006	
Instruction	$183.2	25.6%	$181.2	26.9%	$163.5	25.9%
Student Services	45.4	6.3%	41.9	6.2%	38.5	6.1%
Student Aid	14.9	2.1%	13.5	2.0%	13.4	2.1%
Academic Support	52.2	7.3%	50.7	7.6%	44.6	7.1%
Student and Academic	$295.7	41.3%	$287.3	42.7%	$260.0	41.2%
Public Service	36.1	5.0%	32.9	4.9%	32.1	5.1%
Research	121.8	17.0%	131.3	19.5%	126.3	20.0%
Operations and Maintenance	55.0	7.7%	50.2	7.5%	44.2	7.0%
Institutional Support	82.6	11.5%	69.6	10.3%	61.8	9.8%
Auxiliary Enterprises	39.4	5.5%	38.7	5.8%	37.2	5.9%
NPO,OPEB, State On-Behalf	29.0	4.1%	5.4	0.8%	9.9	1.5%
Depreciation	56.9	7.9%	57.4	8.5%	59.8	9.5%
Total Operating Expenses	$716.5	100.0%	$672.8	100.0%	$631.3	100.0%

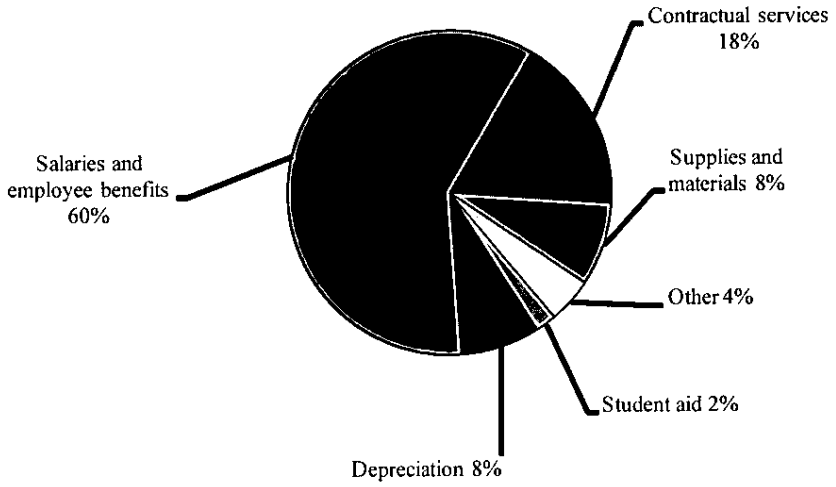
Student aid expense increased from $13.5 million in fiscal year 2007 to $14.9 million in fiscal year 2008. Certain amounts applied to student accounts for tuition, fees, or room and board are not reported as student aid expense, but are reported in the financial statements as a scholarship allowance, directly offsetting student tuition and fee revenue or auxiliary revenue. Allowances totaled $9.1 million in 2008 and $8.3 million in 2007. In addition to the allowances, students participate in governmental financial aid loan programs. The loans are neither recorded as revenue nor expense in the financial statements, but are recorded in the Statements of Cash Flows as direct lending receipts totaling approximately $67.4 million and $64.8 million in fiscal year 2008 and 2007, respectively.

Net pension, OPEB and state on-behalf pension payments increased to $29 million in fiscal year 2008 as compared to $5.4 million in fiscal year 2007. This was primarily due to first-time state on-behalf pension payments, totaling $28.5 million, paid directly to the PERS and TRS defined benefit plans to reduce the PERS and TRS employers' contributions for fiscal year 2008. The pension payments were made on-behalf of the university and are presented as revenue and expenses in the university's financial statements in accordance with GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance.*

Research expenses decreased $9.5 million from $131.3 million at June 30, 2007 to $121.8 million at June 30, 2008. The decreases in recent years reflects loss or reduction in congressionally directed funding, plus stagnant competitive federal research budgets and lack of new state base support for research.

Institutional support expenses fluctuate due to the accounting method used to record employee benefits. The university employs a central benefits pool concept, and uses a staff benefit rate, to charge estimated employee benefits, such as pension and healthcare costs, to labor recorded in the various functional expense categories. Institutional support expenses are impacted when the amounts charged exceed, or are less than, actual benefits paid to third parties. Over recovery or under recovery of charges in one year are built into the rate building process the following year. When considered in total, operating expenses across all functional categories include the correct amount of employee benefit expense each fiscal year.

Fiscal Year 2008
Natural Classification



Operating Expenses
Natural Classification (in millions)

	FY2008		FY2007		FY2006	
Salaries and Employee Benefits	$426.7	59.6%	$407.0	60.5%	$370.3	58.6%
Contractual Services	126.2	17.6%	124.8	18.5%	119.7	19.0%
Supplies and Materials	59.8	8.3%	61.7	9.2%	56.2	8.9%
Other	32.0	4.5%	8.3	1.2%	11.9	1.9%
Student Aid	14.9	2.1%	13.6	2.0%	13.4	2.1%
Depreciation	56.9	7.9%	57.4	8.6%	59.8	9.5%
	$716.5	100.0%	$672.8	100.0%	$631.3	100.0%

Salaries and employee benefits increased 4.8 percent, or $19.7 million, in fiscal year 2008. Employee benefits, such as pension plan contributions and health care costs, increased 2.9 percent and comprised $3.5 million of the change. Salaries and wages increased 5.7 percent, or $16.2 million. Other expenses increased by $23.7 million in fiscal year 2008 and are primarily attributed to the State of Alaska PERS and TRS on-behalf pension payments.

Fiscal Year 2007 Comparisons (Statement of Revenues, Expenses and Changes in Net Assets)

Significant comments about changes between 2006 and 2007 that were noted in fiscal year 2007 *Management's Discussion and Analysis* are summarized below:

The Statement of Revenues, Expenses and Changes in Net Assets reflected an overall increase in net assets of 4.8 percent or $40.6 million. Revenue sources contributed positively to the increase

in net assets. These revenue sources included: capital appropriations and capital grants and contracts revenue, tuition and fee revenue, endowment investment income and other proceeds, and State of Alaska general fund appropriations. However, increased costs in pension plans, net health care costs, salaries and wages, and the PERS net pension and OPEB obligations offset overall growth in net assets.

- PERS, TRS, and ORP costs increased by $12.2 million for the year ended June 30, 2007.
- Net health care costs increased by $9.9 million for fiscal year 2007.
- Salaries and wages increased by $14.3 million for fiscal year 2007.
- The PERS net pension and OPEB obligations increased by $5.4 million for the year ended June 30, 2007.

The increase in revenue recognized from capital funding sources also contributed to increases in net assets. Capital appropriations and capital grants and contracts revenue increased from $30.5 million in 2006 to $40.8 million in 2007.

Other major revenue sources included state general fund appropriations, tuition and fee revenue, and endowment investment income. State general fund appropriations were $287.4 million in 2007, as compared to $252.5 million in 2006. Gross tuition and fee revenue increased to $91.5 million in fiscal year 2007 as compared to $85.3 million in fiscal year 2006. This was due in large part to a 10 percent increase in tuition rates for students in academic year 2006 – 2007. Student full-time equivalent enrollment for Fall 2006 was 17,541, a 0.8 percent increase from the prior Fall period. Additionally, endowment investment income was approximately $22.3 million in 2007 as compared to $13.9 million in 2006.

Capital and Debt Activities

The University of Alaska has continued to modernize various facilities and to build new facilities to address emerging state needs. Net capital additions totaled $97.7 million in 2008, as compared with $57.4 million in 2007 and $44.5 million in 2006. These capital additions primarily comprise replacement, renovation, code corrections and new construction of academic and research facilities, as well as investments in equipment and information technology. State capital appropriations for 2008 and 2007 were $12.9 million and $107.9 million, respectively. At June 30, 2008, $88.8 million remains unexpended from current and prior year capital appropriations and general revenue bond proceeds, of which $61.9 million is committed to existing construction contracts. The balance is for projects still in design or preconstruction, or is held for contingencies for work in progress.

Construction in progress at June 30, 2008 totaled $92.9 million and includes the following major projects:

- University of Alaska Anchorage Integrated Science Building (ISB): This $91 million facility will incorporate the existing science facility into expanded instructional, student, and administrative space. Features include state of the art science academic labs and technology associated with distance delivery. The facility is designed to incorporate program growth in integrated sciences, including integrated science instruction for majors and non-majors, environmental studies and systems research, biomedical research, and

complex system studies to prepare students to meet the employment needs of the state of Alaska. The estimated occupancy date is fall 2009.

- University of Alaska Anchorage Parking Garage associated with the ISB, Loop Road and Amenities Building: This $17.2 million structure will consist of a three level parking garage for 445 vehicles, a loop road connecting ISB service entrance to the Fine Arts building parking lot and a detached amenities/auxiliary building that will house the elevator, stairs, mechanical and electrical support for the garage. The estimated completion date is August 2009.

- University of Alaska Fairbanks School of Fisheries and Ocean Sciences (SFOS) Facility at Lena Point in Juneau, Alaska: This $26.2 million facility will provide long-term support for the SFOS's academic and research mission. The facility will allow for consolidation of classes, research facilities and faculty currently spread between two locations.

State of Alaska capital appropriations for fiscal year 2009 total $107.2 million. The main components of this appropriation include $15 million designated for a new UAA Sports Arena, $46 million for the new UAA Health Sciences Building, $3 million for the UAF Tanana Valley Campus Revitalization, and $42.8 million for maintaining existing facilities and equipment.

At June 30, 2008, total debt outstanding was $136.7 million, comprised of $110.1 million in general revenue bonds, $24.6 million in notes payable, and $2 million in bank financing contracts. In December 2007, Moody's Investors Service raised its previous university credit rating of A1 to Aa3 with stable outlook, and in January 2008, Standard & Poor's affirmed its rating of AA- with stable outlook. Moody's Investors Service's upgrade of the university's credit rating is the university's first rating change since its general revenue issues were first rated in 1992.

The university issued Series O general revenue bonds totaling $23.8 million in fiscal year 2008. The bonds mature annually each October 1, through 2033, and bear coupon interest rates ranging from 3.375 percent to 4.25 percent. Series O bond proceeds are being used for capital projects.

In previous years, other bonds were issued to finance construction of student residences at three campuses, the West Ridge Research Building, student recreation centers, a research facility to house the International Arctic Research Center, the acquisition and renovation of several properties adjacent to or near the university's campuses, additions to the university's self-operated power, heat, water and telephone utility systems in Fairbanks, purchase of the University Center Building in Anchorage, and to refund previously issued general revenue bonds and other contractual obligations in order to realize debt service savings.

The university has traditionally utilized both tax exempt and non-tax exempt equipment lease financings to provide for its capital needs or to facilitate systematic renewals. Short-term lines of credit or working capital is available to provide interim cash flow financing for facilities intended to be funded with general revenue bond proceeds.

Other Economic and Financial Conditions

The following is a description of currently known facts, decisions, or conditions that are expected to have a significant effect on the financial position (net assets) or results of operations (revenues, expenses, and other changes in net assets) of the university.

At their September 2007 meeting, the Board of Regents approved a 5 percent increase in tuition for the 2008 – 2009 and 2009 – 2010 academic years. At their September 2008 meeting, the Board of Regents approved a 4 percent increase in tuition for 100 to 200 level courses and a 7 percent tuition increase for 300 to 400 level courses in the 2010 – 2011 academic year.

The rising cost of participation in the state-administered defined benefit PERS and TRS has been a challenge for several years. Since fiscal year 2005, the university has accrued a total PERS net pension and OPEB liability of $31.3 million and in addition to the university's annual fiscal year 2008 employer contributions to PERS and TRS, the state contributed a combined $28.5 million in on-behalf pension payments directly to both defined benefit plans. Continued employer relief has been sought through recently enacted state legislation, Alaska Legislature Senate Bill 125 (SB 125), effective July 1, 2008. SB 125 converted PERS from an agent multiple-employer plan to a cost-sharing plan, like the TRS, and provided for one integrated system of accounting for all employers. SB 125 further amended AS 39.35.255 (PERS) and reenacted AS 14.25.070 (TRS) as follows:

- The bill established one uniform rate for PERS employers at 22 percent for fiscal year 2009, with the state contributing the difference between total PERS actuarial required contributions and the employer contribution rate. The Alaska Retirement and Management Board (ARMB) fiscal year 2009 adopted rate for the actuarial required contributions is 35.22 percent.

- The bill established the TRS employer contribution rate at 12.56 percent for fiscal year 2009, with the state contributing the difference between total TRS actuarial required contributions and the employer contribution rate. The ARMB fiscal year 2009 adopted rate for the actuarial required contributions is 44.17 percent.

With the enactment of SB125, it is expected the university will no longer have a net pension and OPEB obligation reported on its Statement of Net Assets, effective July 1, 2008. In accordance with generally accepted accounting principles, net pension and OPEB obligations are not reported by each employer in a cost-sharing pension plan when an employer contributes the contractually required amounts.

For fiscal year 2009, state appropriations for operations and debt service reimbursement total $321 million, a 7 percent increase over fiscal year 2008. The level of annual state appropriation funding is conditional upon the legislative process, which is directly influenced by current economic conditions and other factors. The university continues to seek additional revenues from sources other than state appropriations.

Subsequent to June 30, 2008, several major U.S. financial institutions and investment banks experienced significant financial difficulties primarily as a result of the decline in value of risky investments. The risky investments are often referred to as "sub-prime" mortgages. These entities were either purchased by other entities, or were otherwise aided by federal funding in an effort to keep them in business.

Consequently, there has been significant unrest in the financial markets, decrease in stock values and a substantial decrease in inter-bank lending and the extension of credit. At the time of this writing, there remains uncertainty and instability in the financial markets. The university has experienced a decline in the value of its investments subsequent to June 30, 2008. In addition, the university experienced the closure of one of its cash management accounts on September 29, 2008 as further described in Note 2 of the financial statements. Management continues to monitor these events, and at this time, does not anticipate any significant disruption to its activities, functions and operations.

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KPMG LLP
Suite 600
701 West Eighth Avenue
Anchorage, AK 99501

Independent Auditors' Report

The Board of Regents
University of Alaska:

We have audited the accompanying basic financial statements of the University of Alaska and its discretely presented component unit (University), a component unit of the State of Alaska, as of and for the years ended June 30, 2008 and 2007 as listed in the table of contents. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the University of Alaska and its discretely presented component unit at June 30, 2008 and 2007, and the respective changes in its financial position and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards,* we have also issued our report dated November 4, 2008 on our consideration of the University of Alaska's control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis, on pages 1 through 13, and the Schedule of Funding Progress for PERS on page 49 are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

KPMG LLP

November 4, 2008

KPMG LLP, a U.S. limited liability partnership, is the U.S. member firm of KPMG International, a Swiss cooperative.

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UNIVERSITY OF ALASKA
(A Component Unit of the State of Alaska)
Statements of Net Assets
June 30, 2008 and 2007
(in thousands)

	2008	2007
Assets		
Current assets:		
Cash and cash equivalents	$ 8,642	$ (524)
Short-term investments	26,463	39,317
Accounts receivable, less allowance of $5,239 in 2008 and $4,678 in 2007	61,858	53,646
Other assets	774	684
Inventories	8,110	8,544
Total current assets	105,847	101,667
Noncurrent assets:		
Restricted cash and cash equivalents	19,692	4,092
Notes receivable	4,583	5,329
Endowment investments	145,212	148,713
Land Grant Trust property and other assets	45,001	46,272
Long-term investments	83,922	83,503
Education Trust of Alaska	8,569	8,324
Capital assets, net of accumulated depreciation of $681,520 in 2008 and $634,883 in 2007	792,161	736,894
Total noncurrent assets	1,099,140	1,033,127
Total assets	1,204,987	1,134,794
Liabilities		
Current liabilities:		
Accounts payable	13,582	10,800
Accrued expenses	5,215	9,476
Accrued payroll	21,292	20,852
Deferred revenue	4,974	4,303
Accrued annual leave	10,459	9,926
Deferred lease revenue - current portion	1,281	1,281
Long-term debt - current portion	9,659	6,278
Insurance and risk management	19,283	18,168
Deposits from students and others	3,149	3,337
Total current liabilities	88,894	84,421
Noncurrent liabilities:		
Capital appropriation advances	5,464	6,313
Deferred lease revenue	6,085	7,366
Long-term debt	127,019	112,732
Net pension and OPEB obligations	31,325	30,786
Security deposits and other liabilities	7,397	5,726
Total noncurrent liabilities	177,290	162,923
Total liabilities	266,184	247,344
Net Assets		
Invested in capital assets, net of related debt	671,700	619,665
Restricted:		
Expendable:		
Restricted funds	519	881
Student loan funds	271	270
Education Trust of Alaska	5,173	6,413
Capital projects	2,992	1,678
Debt service	4,311	3,528
Endowment	60,590	69,966
Nonexpendable		
Endowment	94,571	89,949
Land Grant Trust	32,181	34,165
Unrestricted (see Note 7)	66,495	60,935
Total net assets	$ 938,803	$ 887,450

The accompanying notes are an integral part of the financial statements.

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UNIVERSITY OF ALASKA FOUNDATION
(A Component Unit of the University of Alaska)
Statements of Financial Position
June 30, 2008 and 2007
(in thousands)

Assets	2008	2007
Cash and cash equivalents	$ 904	$ 3,593
Interest receivable	110	57
Short-term investments	6,668	9,339
Contributions receivable	16,548	6,640
Escrows receivable	155	189
Inventory	77	77
Other assets	425	425
Pooled endowment funds	116,221	119,528
Other long-term investments	38,172	29,365
Total assets	$ 179,280	$ 169,213
Liabilities		
Due to the University of Alaska	$ 2,033	$ 1,920
Other liabilities	15	-
Remainder trust obligations	328	332
Term endowment liability	1,000	1,000
Total liabilities	3,376	3,252
Net Assets		
Unrestricted	41,379	43,757
Temporarily restricted	81,280	71,759
Permanently restricted	53,245	50,445
Total net assets	175,904	165,961
Total liabilities and net assets	$ 179,280	$ 169,213

The accompanying notes are an integral part of the financial statements.

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UNIVERSITY OF ALASKA
(A Component Unit of the State of Alaska)
Statements of Revenues, Expenses and Changes in Net Assets
For the Years Ended June 30, 2008 and 2007
(in thousands)

	2008	2007
Operating revenues		
Student tuition and fees	$ 99,921	$ 91,473
less scholarship allowances	(7,838)	(7,004)
	92,083	84,469
Federal grants and contracts	136,497	139,361
State grants and contracts	17,885	15,605
Local grants and contracts	3,472	3,214
Private grants and contracts	45,985	47,859
Federal appropriations	2,991	3,811
Local appropriations	717	717
Sales and services, educational departments	3,345	3,688
Sales and services, auxiliary enterprises, net of scholarship allowances of $1,264 in 2008 and $1,246 in 2007	39,192	38,849
Other	14,457	14,837
Total operating revenues	356,624	352,410
Operating expenses		
Instruction	183,190	181,175
Academic support	52,174	50,659
Research	121,843	131,283
Public service	36,063	32,926
Student services	45,437	41,890
Operations and maintenance	54,983	50,216
Institutional support	82,611	69,562
Student aid	14,879	13,566
Auxiliary enterprises	39,410	38,681
Depreciation	56,883	57,455
Pension expense - NPO, OPEB and state on-behalf payments	29,003	5,389
Total operating expenses	716,476	672,802
Operating loss	(359,852)	(320,392)
Nonoperating revenues (expenses)		
State appropriations	300,027	287,414
State on-behalf contributions - pension	28,464	-
Investment earnings	4,408	11,656
Endowment investment income (loss)	(4,595)	22,254
Endowment gifts, sales and other proceeds	5,559	7,710
Interest on debt	(4,895)	(4,295)
Other nonoperating expenses	(3,423)	(4,534)
Net nonoperating revenues	325,545	320,205
Loss before other revenues, expenses, gains or losses	(34,307)	(187)
Capital appropriations, grants and contracts	85,660	40,782
Net increase in net assets	51,353	40,595
Net assets		
Net assets - beginning of year	887,450	846,855
Net assets - end of year	$ 938,803	$ 887,450

The accompanying notes are an integral part of the financial statements.

UNIVERSITY OF ALASKA FOUNDATION
(A Component Unit of the University of Alaska)
Statements of Activities
For the years ended June 30, 2008 and 2007
(in thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2008
Revenues, gains and other support				
Contributions	$ 857	$ 25,652	$ 2,622	$ 29,131
Investment income	1,889	1,494	-	3,383
Net realized and unrealized investment gains (losses)	(1,797)	(4,405)	-	(6,202)
Other revenues	1	97	-	98
Actuarial adjustment of remainder trust obligations	-	(6)	(7)	(13)
Losses on disposition of other assets	-	(115)	-	(115)
Administrative assessments	1,214	(981)	(18)	215
Support from University of Alaska	858	-	-	858
Net assets released from restriction	12,023	(12,023)	-	-
Total revenues, gains and other support	15,045	9,713	2,597	27,355
Expenses and distributions				
Operating expenses	1,983	-	-	1,983
Distributions for the benefit of the University of Alaska	15,429	-	-	15,429
Total expenses and distributions	17,412	-	-	17,412
Excess (deficit) of revenues over expenses	(2,367)	9,713	2,597	9,943
Transfers between net asset classes	(11)	(192)	203	-
Increase (decrease) in net assets	(2,378)	9,521	2,800	9,943
Net assets, beginning of year	43,757	71,759	50,445	165,961
Net assets, end of year	$ 41,379	$ 81,280	$ 53,245	$ 175,904

The accompanying notes are an integral part of the financial statements.

Unrestricted	Temporarily Restricted	Permanently Restricted	2007
$ 4,150	$ 13,033	$ 2,850	$ 20,033
1,833	1,915	-	3,748
4,512	12,671	-	17,183
1	125	-	126
-	(2)	(7)	(9)
-	(83)	-	(83)
340	(131)	(17)	192
830	-	-	830
11,744	(11,744)	-	-
23,410	15,784	2,826	42,020
1,620	-	-	1,620
15,511	-	-	15,511
17,131	-	-	17,131
6,279	15,784	2,826	24,889
249	(237)	(12)	-
6,528	15,547	2,814	24,889
37,229	56,212	47,631	141,072
$ 43,757	$ 71,759	$ 50,445	$ 165,961

The accompanying notes are an integral part of the financial statements.

UNIVERSITY OF ALASKA
(A Component Unit of the State of Alaska)
Statements of Cash Flows
For the Years Ended June 30, 2008 and 2007
(in thousands)

	2008	2007
Cash flows from operating activities		
Student tuition and fees, net	$ 90,481	$ 84,566
Grants and contracts	202,720	199,562
Sales and services, educational departments	3,345	3,688
Sales and services, auxiliary enterprises	39,101	39,124
Federal appropriations	2,991	3,811
Local appropriations	717	717
Other operating receipts	13,176	13,556
Payments to employees for salaries and benefits	(424,880)	(406,846)
Payments to suppliers	(193,640)	(186,785)
Payments to students for financial aid	(14,889)	(13,567)
Net cash used by operating activities	(280,878)	(262,174)
Cash flows from noncapital financing activities		
State appropriations	300,027	287,290
Other payments	(1,085)	92
Direct lending receipts	67,427	64,771
Direct lending payments	(67,334)	(64,901)
Net cash provided by noncapital financing activities	299,035	287,252
Cash flows from capital and related financing activities		
Capital appropriations, grants and contracts	78,903	40,631
Proceeds from issuance of capital debt	23,795	-
Purchases of capital assets	(109,026)	(65,233)
Principal paid on capital debt	(6,280)	(5,272)
Interest paid on capital debt	(4,843)	(4,577)
Net cash used by capital and related financing activities	(17,451)	(34,451)
Cash flows from investing activities		
Proceeds from sales and maturities of investments	472,790	403,506
Purchases of investments	(465,825)	(412,344)
Interest received on investments	5,802	6,566
Interest and other sales receipts from endowment assets	11,293	7,464
Net cash provided by investing activities	24,060	5,192
Net increase (decrease) in cash and cash equivalents	24,766	(4,181)
Cash and cash equivalents, beginning of the year	3,568	7,749
Cash and cash equivalents, end of the year	$ 28,334	$ 3,568
Cash and cash equivalents (current)	$ 8,642	$ (524)
Restricted cash and cash equivalents (noncurrent)	19,692	4,092
Total cash and cash equivalents	$ 28,334	$ 3,568

The accompanying notes are an integral part of the financial statements.

UNIVERSITY OF ALASKA
(A Component Unit of the State of Alaska)
Statements of Cash Flows
For the Years Ended June 30, 2008 and 2007
(in thousands)

Reconciliation of operating loss to net cash used by operating activities:	2008	2007
Operating loss	$ (359,852)	$ (320,392)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	56,883	57,455
State on-behalf payments	28,464	-
Changes in assets and liabilities:		
Accounts receivable, net	(3,300)	(6,069)
Other assets	(90)	395
Inventories	434	499
Accounts payable	(565)	(1,152)
Accrued expenses	(4,675)	5,329
Accrued payroll	440	(1,459)
Deferred revenue	671	(262)
Accrued annual leave	533	749
Deferred lease revenue - current portion	(1,281)	(1,281)
Insurance and risk management	1,115	(1,601)
Deposits from students and others	(194)	226
Net pension and OPEB obligations	539	5,389
Net cash used by operating activities	$ (280,878)	$ (262,174)

Noncash Investing, Capital and Financing Activities:

For the Year Ended June 30, 2008

Additions to capital assets include $0.9 million expended and capitalized but not paid for at year end.

The university financed the purchase of equipment totaling $0.2 million.

Book value of capital asset disposals totaled $0.7 million.

The university received on-behalf pension payments from the state of Alaska totaling $28.5 million.

For the Year Ended June 30, 2007

Additions to capital assets include $0.6 million expended and capitalized but not paid for at year end.

The university financed the purchase of equipment totaling $1.2 million.

Book value of capital asset disposals totaled $4.6 million.

Interest expense on general revenue bond financed projects totaling $0.2 million was capitalized during the year.

Endowment assets increased $0.1 million through receipt of donated real property.

Endowment investment real property was purchased in part through issuance of a note totaling $4.6 million.

1. Organization and Summary of Significant Accounting Policies:

Organization and Basis of Presentation:

The University of Alaska (university) is a constitutionally created corporation of the State of Alaska which is authorized to hold title to real and personal property and to issue debt in its own name. The university is a component unit of the State of Alaska for purposes of financial reporting. As an instrumentality of the State of Alaska, the university is exempt from federal income tax under Internal Revenue Code Section 115, except for unrelated business activities as covered under Internal Revenue Code Sections 511 to 514.

The University of Alaska Foundation (foundation) is a legally separate, non profit component unit of the university. The foundation was established to solicit donations and to hold and manage such assets for the exclusive benefit of the university. Resources managed by the foundation and distributions made to the university are governed by the foundation's Board of Trustees. Governmental Accounting Standards Board (GASB) Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, required the university to include the foundation as part of its financial statements to better report resources benefiting the university. The university is not accountable for, nor has ownership of, the foundation's resources. The foundation's financial statements include the Statement of Financial Position and the Statement of Activities and these statements are presented in their original audited format according to Financial Accounting Standards Board (FASB) pronouncements.

In preparing the financial statements, management is required to make estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the statement of net assets. Actual results could differ from those estimates. The more significant accounting and reporting policies and estimates applied in the preparation of the accompanying financial statements are discussed below.

GASB Statement No. 35 establishes standards for external financial reporting for public colleges and universities and requires that resources be classified for accounting and reporting purposes into the following net asset categories:

- **Unrestricted Net Assets:** Assets, net of related liabilities, which are not subject to externally-imposed restrictions. Unrestricted net assets may be designated for specific purposes by the Board of Regents or may otherwise be limited by contractual agreements with outside parties.
- **Restricted Net Assets:**

  Expendable – Assets, net of related liabilities, which are subject to externally-imposed restrictions that may or will be met by actions of the university and/or that expire with the passage of time.

  Non-expendable – Assets, net of related liabilities, which are subject to externally-imposed restrictions requiring that they be maintained permanently by the university.
- **Invested in capital assets, net of related debt** – Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

Summary of Significant Accounting Policies:

The accompanying financial statements have been prepared on the economic resources measurement focus and the accrual basis of accounting. All significant intra-university transactions have been eliminated. The university reports as a business type activity, as defined by GASB Statement No. 35. Business type activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

The university has the option to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. The university has elected not to apply FASB pronouncements issued after the applicable date.

Cash and Cash Equivalents

All highly liquid investments, not held for long-term investment, with original maturities of three months or less are reported as cash and cash equivalents.

Inventories

Inventories are stated at the lower of cost (first-in, first-out method) or market.

Investments

Investments are stated at fair value. Investments in fixed income and equity marketable securities are stated at fair value based on quoted market prices. Investments in private partnership interests are valued using the most current information provided by the general partner. General partners typically value privately held companies at cost as adjusted based on recent arms' length transactions. Public companies are valued using quoted market prices and exchange rates, if applicable. Real estate partnerships and funds are valued based on appraisals of properties held and conducted by third-party appraisers retained by the general partner or investment manager. General partners of marketable alternatives provide values based on quoted market prices and exchange rates for publicly held securities and valuation estimates of derivative instruments. General partners of oil and gas partnerships use third-party appraisers to value properties. Valuations provided by the general partners and investment managers are evaluated by management and management believes such values are reasonable at June 30, 2008. When, in the opinion of management, there has been a permanent impairment in the asset value, the asset is written down to its fair value. Income from other investments is recognized when received.

Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statement of net assets. Investments also include securities with contractual cash flows such as asset-backed securities, collateralized mortgage obligations and commercial mortgage-backed securities. The value, liquidity and related income of these securities are sensitive to economic conditions, including real estate value, delinquencies or defaults, or both, and may be adversely affected by shifts in the market's perception of the issuers and changes in interest rates. Long-term investments include those restricted by outside parties as to withdrawal or use for other than current operations, or are designated for expenditure in the acquisition or construction of noncurrent assets or held with an intent not to be used for operations.

Capital Assets

Capital assets are stated at cost when purchased and at fair value when donated. Equipment with a unit value of $5,000 or greater is capitalized. Buildings and infrastructure with a unit value of $100,000 or greater are capitalized. Other capitalizable assets with a unit value of $50,000 or greater are capitalized. Certain land and other resources acquired through land grants and donated museum collections for which fair value at date of acquisition was not determinable are reported at zero basis in the financial statements.

Depreciation is computed on a straight-line basis with useful lives of building and building components ranging from 12 to 50 years, 10 to 35 years for infrastructure and other improvements, and 5 to 11 years for equipment. Library and museum collections are not depreciated because they are preserved and cared for and have an extraordinarily long useful life.

Endowments

Endowments consist primarily of the land grant endowment trust fund established pursuant to the 1929 federal land grant legislation and its related inflation proofing funds. Alaska Statute 14.40.400 provides that the net income from the sale or use of grant lands must be held in trust in perpetuity. At June 30, 2008 and 2007 the accumulated net earnings and appreciation on investments is $60.7 million and $70 million, respectively. These amounts, which are recorded in the restricted expendable net asset category, are available for expenditure in accordance with spending policies established by the Board of Regents in its capacity as trustee. Alaska Statute 14.40.400 provides the Board of Regents with authority to manage the fund under the total return principles which are intended to preserve and maintain the purchasing power of the endowment principal. The investable resources of the fund are invested in the consolidated endowment fund, a unitized investment fund. The annual spending allowance is currently based on five percent of a five-year moving average of the invested balance. Withdrawals of net earnings appreciation to meet the spending allowance are limited to the unexpended accumulated net earnings of the endowments.

Operating Activities

The university's policy for defining operating activities as reported on the statement of revenues, expenses and changes in net assets are those that generally result from exchange transactions such as payments received for providing services and payments made for services or goods received. Certain significant revenue streams relied upon for operations are recorded as non-operating revenues, as defined by GASB Statement No. 35, including state appropriations and investment earnings.

Scholarship Allowances

Student tuition and fee revenues and certain other revenues from students are reported net of scholarship allowances in the statement of revenues, expenses and changes in net assets. Scholarship allowances are the difference between the stated charge for tuition and room and board provided by the university and the amount paid by the student and/or third parties making payments on the students' behalf.

Lapse of State Appropriations

Alaska Statutes provide that unexpended balances of one-year appropriations will lapse on June 30 of the fiscal year of the appropriation; however, university receipts in excess of expenditures may be expended by the university in the next fiscal year. University receipts include student tuition and fees, donations, sales, rentals, facilities and administrative cost recovery, interest income, auxiliary and restricted revenues. The unexpended balances of capital appropriations lapse upon completion of the project or upon determination that the funds are no longer necessary for the project.

Reclassifications

Certain amounts in the June 30, 2007 financial statements have been reclassified for comparative purposes to conform to the presentation in the June 30, 2008 financial statements.

2. Deposits and Investments:

Deposits and investments at June 30, 2008 were as follows ($ in thousands):

Investment Type	Operating	Capital Funds	Endowment	College Savings Program	Total
Cash and Deposits	$ (4,010)	$ -	$ -	$ -	$ (4,010)
Repurchase Agreement	15,743	-	-	-	15,743
Short Term Fund	21,696	898	6,815	-	29,409
Intermediate Term Fund	5,429	-	98	-	5,527
Multi-Strategy Bond Fund	27,380	-	8,834	-	36,214
Hedge Funds	47,647	-	27,325	-	74,972
Money Market Mutual Funds	-	23,060	6	405	23,471
Equities:					
Domestic	-	-	46,586	3,323	49,909
International	-	-	14,861	-	14,861
Global	-	-	7,809	-	7,809
Emerging Markets	-	-	3,886	-	3,886
Debt-related:					
Federal Agency	-	876	-	-	876
Fixed Income Funds	-	-	9,198	4,841	14,039
Alternative Investments:					
Commodities	-	-	2,820	-	2,820
Natural Resources	-	-	3,835	-	3,835
Venture Capital	-	-	1,314	-	1,314
Mezzanine	-	-	1,672	-	1,672
Real Estate	-	-	7,069	-	7,069
Other	-	-	3,084	-	3,084
	$ 113,885	$ 24,834	$ 145,212	$ 8,569	$ 292,500

Deposits and investments at June 30, 2007 were as follows ($ in thousands):

Investment Type	Operating	Capital Funds	Endowment	College Savings Program	Total
Cash and Deposits	$ (5,266)	$ -	$ -	$ -	$ (5,266)
Repurchase Agreement	6,333	-	-	-	6,333
Short Term Fund	18,613	3,786	5,762	-	28,161
Intermediate Term Fund	20,704	-	548	-	21,252
Multi-Strategy Bond Fund	33,184	-	8,322	-	41,506
Balanced Portfolio	-	-	-	31	31
Hedge Funds	41,490	-	23,743	-	65,233
Money Market Mutual Funds	-	566	184	422	1,172
Equities:					
Domestic	-	-	54,076	3,357	57,433
International	-	-	18,482	-	18,482
Global	-	-	4,604	-	4,604
Emerging Markets	-	-	4,938	-	4,938
Debt-related:					
Federal Agency	-	854	-	-	854
U.S. Treasury Securities	-	3,948	-	-	3,948
Fixed Income Funds	-	-	10,501	4,514	15,015
Commercial Paper	-	2,176	-	-	2,176
Alternative Investments:					
Commodities	-	-	1,993	-	1,993
Natural Resources	-	-	2,480	-	2,480
Venture Capital	-	-	964	-	964
Mezzanine	-	-	1,328	-	1,328
Real Estate	-	-	6,906	-	6,906
Other	-	-	3,882	-	3,882
	$ 115,058	$ 11,330	$ 148,713	$ 8,324	$ 283,425

Operating funds consist of cash on hand, time deposits, an overnight repurchase agreement and investments in Commonfund pooled investment funds. Alaska Statutes and Board of Regents' policy provide the university with broad authority to invest funds. Generally, operating funds are invested according to the university's liquidity needs. The Commonfund is a not-for-profit provider of pooled multi-manager investment vehicles for colleges and universities. The university invests in a variety of these funds according to its investment objectives.

Within the operating funds, the university uses the Commonfund Short Term Fund for regular cash management activities and liquidity. In prior years, the Short Term Fund had been classified as a cash and cash equivalent. However, $18.6 million in the Short Term Fund that had been previously classified as a cash and cash equivalent in the June 30, 2007 financial statements, has been classified as a short-term investment for operating purposes in these financial statements. For further discussion, see the *Subsequent Events* section which follows.

Capital funds include unexpended general revenue bond proceeds and related reserves, advances from state capital appropriations and other reserves designated for capital purposes. General revenue bond proceeds of $19.6 million and related reserves totaling $4.3 million are invested with a third party trustee in accordance with terms of a trust indenture, requiring purchase of investment securities that are investment grade.

Endowment funds primarily consist of $143.1 million in investable resources of the university's land grant endowment trust fund and are invested in a consolidated endowment fund (fund) managed by the University of Alaska Foundation (foundation). These resources are combined with the foundation's pooled endowment funds for investment purposes, and managed by the foundation's investment committee and treasurer on a total return basis in accordance with an investment policy approved by the Board of Regents.

College savings program investments include the operating funds of the Education Trust of Alaska, established pursuant to state statute by the Board of Regents to facilitate administration of the state's Internal Revenue Code Section 529 College Savings Program. Program investments are in mutual funds of T. Rowe Price Associates, Inc., the program manager. See Note 4 for further information.

Certain funds held in trust for the benefit of the university are not included in the financial statements as the university has only limited control over their administration. These funds are in the custody of independent fiduciaries and at June 30, 2008 had an estimated fair value of approximately $5.1 million.

At June 30, 2008, the university has approximately $100.8 million in investments which are not readily marketable. Approximately $53.2 million is invested in the consolidated endowment fund managed by the foundation and $47.6 million is invested in hedge funds within the university's operating funds. These investments represent 34.5 percent of total deposits and investments and 10.7 percent of net assets at June 30, 2008. These investment instruments may contain elements of both credit and market risk. Such risks include, but are not limited to, limited liquidity, absence of regulatory oversight, dependence upon key individuals, and nondisclosure of portfolio composition. Because these investments are not readily marketable, their estimated value is subject to uncertainty and therefore may differ from the value that would have been used had a ready market for such investments existed. Such difference could be material.

Disclosures for deposits and investments are presented according to GASB Statement No. 40, *Deposit and Investment Risk Disclosures* (GASB 40). Accordingly, the following information addresses various risk categories for university deposits and investments and the investment policies for managing that risk.

Credit Risk:

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The university does not have a policy regarding credit risk since it does not normally invest its operating and capital funds in individual debt securities. The consolidated endowment fund investment policy requires all purchases of debt securities to be of investment grade and marketable at the time of purchase unless otherwise approved by the foundation's investment committee. At June 30, 2008, investments consisted of securities with credit quality ratings issued by nationally recognized statistical rating organizations as follows ($ in thousands):

Investment Type	Rating	Operating	Capital Funds	Endowment	College Savings Program
Money Market Mutual Fund	Aaa	-	$ 23,060	-	-
Money Market Mutual Funds	Not Rated	-	-	$ 6	$ 405
Short Term Fund	AAA	$ 21,696	$ 898	$ 6,815	-
Intermediate Term Fund	AA+	$ 5,429	-	$ 98	-
Multi-Strategy Bond Fund	AA	$ 27,380	-	$ 8,834	-
Hedge Funds	Not Rated	$ 47,647	-	$ 27,325	-
Debt-related:					
Federal Agency	AAA	-	$ 876	-	-
Fixed Income Funds	Baa2	-	-	$ 276	-
Fixed Income Funds	Not Rated	-	-	$ 8,922	$ 4,841

Concentration of Credit Risk:

Concentration of credit risk is the risk of loss attributed to the magnitude of the university's investment in a single issuer. GASB 40 requires disclosure when the amount invested with a single issuer, by investment type, exceeds five percent or more of that investment type. At June 30, 2008, the university did not have any material concentrations of credit risk.

The consolidated endowment fund investment policy limits debt investments to five percent by issuer (except for mutual and pooled funds and U.S. government and agencies) for each specific managed portfolio within the consolidated endowment fund unless approved by the treasurer. The university does not have a policy regarding concentration of credit risk since it does not normally invest its operating and capital funds in individual debt investments.

Interest Rate Risk:

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The university uses the modified duration measurement to evaluate interest rate risk. Modified duration measures a debt investment's exposure to fair value changes arising from changing interest rates. For example, a modified duration of 2 means that for a rise in interest rates of one percent, the value of the security would decrease two percent. The university does not have a policy regarding interest rate risk. At June 30, 2008, the university had the following debt investments and corresponding modified duration ($ in thousands):

	Fair Value				
Investment Type	Operating	Capital Funds	Endowment	College Savings Program	Modified Duration
Short Term Fund	$ 21,696	$ 898	$ 6,815	-	3.10
Intermediate Term Fund	$ 5,429	-	$ 98	-	1.90
Multi-Strategy Bond Fund	$ 27,380	-	$ 8,834	-	4.80
Federal Agency	-	$ 876	-	-	1.82
Fixed Income Fund	-	-	-	$ 4,841	4.66
Fixed Income Fund	-	-	$ 8,922	-	4.68
Collateralized Loan Obligation	-	-	$ 276	-	5.42

Hedge funds totaling $75 million are exposed to interest rate risk, however, underlying fund data is not available to measure the interest rate risk.

Custodial Credit Risk:

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository institution, the university will not be able to recover deposits or will not be able to recover collateral securities in the possession of an outside party. For investments, custodial credit risk is the risk that, in the event of failure of the counterparty to a transaction, the university will not be able to recover the value of investment or collateral securities in the possession of an outside party.

At June 30, 2008, the university does not have custodial credit risk. Deposits of the university are covered by Federal Depository Insurance or securities pledged by the university's counterparty to its repurchase agreement held at the Bank of New York. The collateral is held in the name of the university and at June 30, 2008, provided $5.2 million coverage in excess of deposits.

Foreign Currency Risk:

Foreign currency risk is the risk that changes in exchange rates could have an adverse affect on an investment's value for investments denominated in foreign currencies. GASB 40 requires disclosure of value in U.S. dollars by foreign currency denomination and investment type. The university does not have a policy regarding foreign currency risk. At June 30, 2008, the university did not have any foreign currency risk.

Subsequent Events:

Effective September 29, 2008, Wachovia Bank, N.A., as Trustee of the Commonfund for Short Term Investments (the "Short Term Fund") announced its decision to terminate and liquidate the Short Term Fund. No additional contributions to the Short Term Fund will be accepted. Under the liquidation plan, investors in the Short Term Fund will be allowed to withdraw balances based on their proportional interest in the Short Term Fund as assets mature or are sold.

The university's balance in the Short Term Fund was $29.4 million and $46.3 million as of June 30, 2008 and October 29, 2008, respectively. As of October 29, 2008, approximately 16.2 percent of Short Term Fund assets were available for withdrawal. The value of the liquidation proceeds received by the university is not expected to vary significantly from the fair value carried on the fund's books based on the current net asset value of the Short Term Fund. However, the realization of this value will depend upon market conditions including the liquidity of the Short Term Fund's assets during the liquidation period. The university is not anticipating any adverse effects on its available working capital.

Subsequent to June 30, 2008, the fair value of the university's investments had declined due to deterioration in market conditions. Further deterioration in the markets could more likely than not result in further declines.

3. Accounts Receivable:

Accounts receivable consisted of the following at June 30, 2008 and 2007 ($ in thousands):

June 30, 2008	Gross	Allowance	Net
Student tuition and fees	$ 11,857	$ (3,748)	$ 8,109
Sponsored programs	42,176	(1,414)	40,762
Auxiliary services and other operating activities	510	(77)	433
Capital appropriations, grants and contracts	12,554	-	12,554
	$ 67,097	$ (5,239)	$ 61,858

June 30, 2007	Gross	Allowance	Net
Student tuition and fees	$ 9,846	$ (2,888)	$ 6,958
Sponsored programs	40,330	(1,699)	38,631
Pledge receivable	1,100	-	1,100
Auxiliary services and other operating activities	401	(91)	310
Capital appropriations, grants and contracts	6,647	-	6,647
	$ 58,324	$ (4,678)	$ 53,646

4. Education Trust of Alaska:

Assets held in trust include operating funds of the Education Trust of Alaska (Trust). The Trust was established pursuant to state statute on April 20, 2001 by the Board of Regents to facilitate administration of the state's Internal Revenue Code (IRC) Section 529 College Savings Program. The program is a nationally marketed college savings program developed in accordance with IRC Section 529 and includes the resources of the university's former Advance College Tuition (ACT) Program. Participant account balances of approximately $3.2 billion and $3.1 billion at June 30, 2008 and 2007, respectively, are not included in the financial statements. Separately audited Trust financial statements are available upon request from the University of Alaska Controller's office.

Assets of the Trust are invested in various mutual funds at the direction of T. Rowe Price Associates, Inc., the program manager. The net assets of the Trust, which include a reserve for University of Alaska (UA) Tuition Value Guarantees, are available for payment of program administrative costs, benefits and other purposes of the Trust. Based on actuarial studies, management estimates reserve requirements for the UA Tuition Value Guarantees to be approximately $3.5 million and $1.9 million at June 30, 2008 and 2007, respectively.

5. Land Grant Trust Property and Other Assets:

Land Grant Trust property and other assets consist of real property and timber and other rights. By Acts of Congress in 1915 and 1929, approximately 110,000 acres of land was granted to the territory of Alaska to be held in trust for the benefit of the university. The lands were managed by the territory, and later the state of Alaska. In accordance with a 1982 agreement, the lands were subsequently transferred to the Board of Regents, as trustee. In 1982 and 1988 certain state lands including timber and other rights were transferred to the trust as replacement for lands disposed of or adversely affected during the period of administration by the territory and the state. These lands and property interests were recorded at their fair value as of the date of transfer. The net proceeds from timber, land and other rights are deposited in the land grant endowment trust fund as described in the *Endowment* section in Note 1 above. At June 30, 2008 and 2007, approximately 108,614 and 83,200 acres, respectively, were held in trust at no basis because fair value at the date of transfer was not determinable.

On October 23, 2005 House Bill 130, granting to the University of Alaska approximately 250,000 acres of state land, passed into law. The intent of the Legislature is to provide the university with an equitable land grant as originally envisioned in the federal land grant of 1915 and to provide the university ownership of a significant portfolio of income producing land to help fund public higher education in the state of Alaska. Because of restrictions in the legislation related to native allotments, municipal entitlements and the University Research Forest, and delays in the conveyance of two parcels from the federal government to the state of Alaska, only 49 parcels, totaling approximately 198,900 acres, are eligible for immediate conveyance to the university. As of June 30, 2008, the state of Alaska has conveyed 25,902 acres of the state grant lands to the university. Net proceeds and royalties received from property development will be deposited into the land grant endowment trust fund. The lands will be recorded at zero basis when no determinable fair value is available at the time of transfer. The legislation has been challenged and management does not believe the outcome will have a material effect on the financial statements.

6. Capital Assets:

A summary of capital assets follows ($ in thousands):

	Balance July 1, 2007	Additions/ Transfers	Reductions	Balance June 30, 2008
Capital assets not depreciated:				
Land	$ 27,969	$ 145	$ 31	$ 28,083
Construction in progress	28,188	97,733	33,003	92,918
Library and museum collections	54,976	1,128	-	56,104
Other capital assets:				
Buildings	981,143	31,608	32	1,012,719
Infrastructure	54,726	141	-	54,867
Equipment	177,383	14,234	11,042	180,575
Leasehold improvements	25,851	781	-	26,632
Other improvements	21,541	242	-	21,783
Total	1,371,777	146,012	44,108	1,473,681
Less accumulated depreciation:				
Buildings	455,474	38,151	32	493,593
Infrastructure	27,032	1,578	-	28,610
Equipment	131,018	14,997	10,214	135,801
Leasehold improvements	5,835	1,336	-	7,171
Other improvements	15,524	821	-	16,345
Total accumulated depreciation	634,883	56,883	10,246	681,520
Capital assets, net	$ 736,894	$ 89,129	$ 33,862	$ 792,161

	Balance July 1, 2006	Additions/ Transfers	Reductions	Balance June 30, 2007
Capital assets not depreciated:				
Land	$ 27,129	$ 850	$ 10	$ 27,969
Construction in progress	38,722	57,362	67,896	28,188
Library and museum collections	53,353	1,623	-	54,976
Other capital assets:				
Buildings	920,885	60,476	218	981,143
Infrastructure	49,986	4,740	-	54,726
Equipment	189,929	11,025	23,571	177,383
Leasehold improvements	25,707	144	-	25,851
Other improvements	20,928	613	-	21,541
Total	1,326,639	136,833	91,695	1,371,777
Less accumulated depreciation:				
Buildings	417,425	38,235	186	455,474
Infrastructure	25,332	1,700	-	27,032
Equipment	133,646	15,387	18,015	131,018
Leasehold improvements	4,563	1,272	-	5,835
Other improvements	14,663	861	-	15,524
Total accumulated depreciation	595,629	57,455	18,201	634,883
Capital assets, net	$ 731,010	$ 79,378	$ 73,494	$ 736,894

7. Unrestricted Net Assets:

At June 30, unrestricted net assets included the following ($ in thousands):

	2008	2007
Designated:		
Auxiliaries	$ 6,394	$ 9,053
Working capital fund	4,715	4,715
Working capital advances	(955)	(2,302)
Service centers	9,705	9,158
Debt service funds	1,494	1,404
Renewal and replacement funds	7,498	6,360
Quasi-endowment funds	79	79
Net pension and OPEB obligations	(31,325)	(30,786)
Employee benefit funds	9,537	6,987
Endowment earnings	12,346	11,296
Encumbrances	10,307	12,256
Total designated	29,795	28,220
Undesignated	36,700	32,715
Total unrestricted net assets	$ 66,495	$ 60,935

Unrestricted net assets include non-lapsing university receipts of $56.7 million at June 30, 2008. Non-lapsing university receipts of $54.1 million from 2007 were fully expended in 2008.

At June 30, 2008 and 2007, $31.8 million and $32.4 million, respectively, of auxiliary funds, encumbrances and other unrestricted net assets were pledged as collateral for the university's general revenue bonds, as calculated under the terms of the 1992 General Revenue Bonds Trust Indenture.

8. Long-term Debt:

Debt service requirements at June 30, 2008 were as follows ($ in thousands):

Year ended June 30,	Principal	Interest	Total
2009	$ 9,659	$ 5,469	$ 15,128
2010	6,280	4,955	11,235
2011	6,469	4,733	11,202
2012	6,685	4,501	11,186
2013	6,916	4,258	11,174
2014-2018	34,935	17,486	52,421
2019-2023	33,913	10,659	44,572
2024-2028	22,376	4,510	26,886
2029-2033	7,775	1,056	8,831
2034-2036	1,670	76	1,746
	$ 136,678	$ 57,703	$ 194,381

Long-term debt consisted of the following at June 30, 2008 and 2007 ($ in thousands):

	2008	2007
Revenue bonds payable 1.40% to 5.45% general revenue bonds due serially to 2036, secured by a pledge of unrestricted current fund revenue generated from tuition, fees, recovery of facilities and administrative costs, sales and services of educational departments, miscellaneous receipts and auxiliaries.	$ 110,120	$ 90,280
Note payable – capital construction 1.826% assisted note to the Alaska Housing Finance Corporation (AHFC) to finance construction of Anchorage campus housing, due semiannually through February 2024.	20,732	21,838
Note payable – real property purchase 8.00% note for purchase of Bunnell Park property adjacent to the University of Alaska Fairbanks campus. The note was fully paid off in September 2008.	3,852	4,646
Equipment financings 3.52% to 4.77% notes for the purchase of equipment and vehicles due in quarterly installments through June 2017.	1,974	2,246
	$ 136,678	$ 119,010

On January 31, 2008, the university issued Series O general revenue bonds totaling $23,795,000. The bonds mature annually each October 1, through 2033 and bear coupon interest rates ranging from 3.375 percent to 4.25 percent. Series O bond proceeds are being used for capital improvement projects.

In fiscal year 2008, the state reimbursed the university $1,411,900 for debt service on Series K general revenue bonds. Subject to annual appropriation, the state will reimburse the university for principal and interest on $18,205,000 of the remaining bond principal. Annual debt service on this portion of the bonds is approximately $1.4 million.

Under the terms of the 1992 General Revenue Bonds Trust Indenture, the university is required to maintain a reserve account with a trustee at an amount equal to one-half of the maximum annual general revenue bond debt service. The balance in the reserve account at June 30, 2008 and 2007 was $4.9 million and $4.2 million, respectively. The reserve balance at June 30, 2008 includes a reserve fund policy, purchased with the issuance of Series L, totaling $0.6 million.

In fiscal year 2006, the university defeased certain maturities of Series G general revenue bonds by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments on the old bonds. Trust assets and related liabilities for the defeased bonds are not included in the university's financial statements. Outstanding defeased bonds were $7.9 million for the year ended June 30, 2007. At June 30, 2008, outstanding defeased bonds were fully paid.

9. Deferred Lease Revenue:

In fiscal year 1997, the university entered into an agreement to construct a facility and establish the International Arctic Research Center (IARC). The university received $19,215,000 through a Japanese non-profit corporation to support the construction of the IARC in exchange for a commitment to provide research facilities to various Japanese research organizations and agencies for a period of 25 years, including lease extensions. The Japanese research organizations began occupying the IARC in fiscal year 1999. The deferred lease revenue at June 30, 2008 is $7,365,750 and is reduced at the rate of $1,281,000 per year with a corresponding increase to other operating revenue.

10. Long-term Liabilities:

Long-term liability activity was as follows ($ in thousands):

	Balance July 1, 2007	Additions	Reductions	Balance June 30, 2008	Amounts due within one year
Capital appropriation advances	$ 6,313	$ 1,903	$ 2,752	$ 5,464	$ -
Deferred lease revenue	8,647	-	1,281	7,366	1,281
Long-term debt	119,010	23,948	6,280	136,678	9,659
Net pension and OPEB obligations	30,786	539	-	31,325	-
Security deposits and other liabilities	5,726	1,671	-	7,397	-
	$ 170,482	$ 28,061	$ 10,313	$ 188,230	$ 10,940

	Balance July 1, 2006	Additions	Reductions	Balance June 30, 2007	Amounts due within one year
Capital appropriation advances	$ 8,116	$ 1,562	$ 3,365	$ 6,313	$ -
Deferred lease revenue	9,928	-	1,281	8,647	1,281
Long-term debt	118,383	5,899	5,272	119,010	6,278
Net pension and OPEB obligations	25,397	5,389	-	30,786	-
Security deposits and other liabilities	6,387	25	686	5,726	-
	$ 168,211	$ 12,875	$ 10,604	$ 170,482	$ 7,559

11. Capital Appropriations and Construction Commitments:

Major construction projects of the university are funded primarily by state of Alaska appropriations and university revenue bonds. The appropriations are financed through state-issued general obligation bonds or capital project bonds issued by the Alaska Housing Finance Corporation, a component unit of the state of Alaska, while other appropriations are received directly from the state or state agencies.

Unexpended and unbilled capital funds appropriated by the state of Alaska in prior years, which are not reflected as appropriation revenue or receivables on the university's books at June 30, 2008, totaled $70.5 million. In addition, unexpended proceeds of university-issued general revenue bonds designated for construction projects totaled $18.3 million at June 30, 2008.

Construction commitments at June 30, 2008 aggregated $61.9 million. At June 30, 2008, the university had received $5.5 million from State of Alaska capital appropriations and other sources in advance of expenditures.

12. Pension Plans:

Substantially all regular employees hired before July 1, 2006 participate in one of the following pension plans:

- The State of Alaska Public Employees' Retirement System (PERS), an agent multiple-employer defined benefit plan,
- The State of Alaska Teachers' Retirement System (TRS), a cost-sharing multiple-employer defined benefit plan,
- The University of Alaska Optional Retirement Plan (ORP), a single-employer defined contribution plan.

In addition, substantially all eligible employees participate in the University of Alaska Pension Plan, a supplemental single-employer defined contribution plan.

State legislation enacted in July 2005 offers new eligible employees hired on or after July 1, 2006 defined contribution retirement plans under PERS and TRS.

The University of Alaska Retirement Program, a single-employer defined contribution plan, which includes participation in both the ORP (Tier III) and the University of Alaska Pension Plan, is also effective for new participants hired on or after July 1, 2006.

Each new eligible employee will have a choice to participate in the applicable state plan or the University of Alaska Retirement Program.

None of the retirement systems or plans own any notes, bonds or other instruments of the university.

Defined Benefit Plans:

State of Alaska Public Employees' Retirement System (PERS)

Plan Description

The university contributes to PERS, a defined benefit, agent multiple-employer public employee retirement system established and administered by the state of Alaska. PERS provides pension, postemployment health care, death and disability benefits to eligible participants. Benefit and contribution provisions are established by state law and may be amended only by the state legislature.

Each fiscal year, PERS issues a publicly available financial report which includes financial statements and required supplementary information. That report may be obtained by writing to the State of Alaska, Department of Administration, Division of Retirement and Benefits, P.O. Box 110203, Juneau, Alaska, 99811-0203 or by calling (907) 465-4460.

Funding Policy and Annual Pension Cost

Employee contribution rates are 7.5 percent for peace officers and firefighters and 6.75 percent for other employees, as required by state statute. The funding policy for PERS provides for periodic employer contributions at actuarially determined rates that, expressed as a percentage of annual covered payroll, are sufficient to accumulate the assets to pay benefits when due. However, the 2008 actuarially determined rate was 28.23 percent of applicable gross pay and the employer contribution rate was capped by the state at 22 percent. Additionally, the state appropriated funding directly to the PERS defined benefit plan to augment the PERS employers' contribution for fiscal year 2008. The university recognized $7,672,429 in state on-behalf pension payments for the PERS defined benefit plan.

The university's annual pension cost for the current year and related information is as follows:

	Pension	Postemployment healthcare	Total
Contribution rates:			
Employee:			
Peace officers and firefighters	3.83%	3.67%	7.50%
Other employees	3.44%	3.31%	6.75%
Employer	11.22%	10.78%	22.00%
Annual pension/OPEB cost	$18,391,477	$17,656,104	$36,047,581
Contributions made	$18,116,422	$17,392,050	$35,508,472
Actuarial assumptions:			
Inflation rate	3.50%	Same	
Investment return	8.25%	Same	
Projected salary increase:			
Inflation	3.50%	N/A	
Productivity and merit:			
Peace officers and firefighters	2.50%	N/A	
Others	2.00%	N/A	
Health cost trend			
Medical	N/A	8.50%	
Pharmacy	N/A	12.00%	

An actuarial valuation as of June 30, 2005 set the contribution rates for the year ended June 30, 2008. The projected unit credit method was used and the initial unfunded accrued liability and future gains/losses are being amortized on a 25-year fixed period level percentage of pay.

The university's net pension obligation (NPO) for fiscal year 2008 was as follows:

Annual required contribution	$ 18,116,422
Interest on net pension obligation	1,295,840
Adjustment to annual required contribution	(1,020,785)
Annual pension cost (APC)	18,391,477
Contributions made	(18,116,422)
Increase in net pension obligation	275,055
Net pension obligation beginning of year	18,733,288
Net pension obligation end of year	$ 19,008,343

Three year trend information for pension benefits follows:

Year Ended June 30	APC	Percentage of APC Contributed	NPO
2006	$18,116,634	66.92%	$15,572,221
2007	$18,801,669	83.19%	$18,733,288
2008	$18,391,477	98.50%	$19,008,343

The university's net other postemployment obligation (OPEB) for fiscal year 2008 was as follows:

Annual required contribution	$ 17,392,050
Interest on net OPEB obligation	1,244,026
Adjustment to annual required contribution	(979,972)
Annual OPEB cost	17,656,104
Contributions made	(17,392,050)
Increase in net OPEB obligation	264,054
Net OPEB obligation beginning of year	12,052,964
Net OPEB obligation end of year	$ 12,317,018

Three year trend information for postemployment healthcare benefits follows:

Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2006	$12,107,981	66.92%	$ 9,824,318
2007	$13,255,737	83.19%	$12,052,964
2008	$17,656,104	98.50%	$12,317,018

Funding Status and Funding Progress

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for pension and other postemployment healthcare benefits. The funded status of PERS for pension and other postemployment healthcare benefits (OPEB) as of June 30, 2006, was as follows ($ in thousands):

	Pension	OPEB	Total
Actuarial accrued liability (AAL)	$ 522,315	$ 468,355	$ 990,670
Actuarial value of plan assets	456,238	195,281	651,519
Unfunded actuarial accrued liability (UAAL)	$ (66,077)	$(273,074)	$(339,151)
Funded ratio (actuarial value of plan assets/AAL)	87%	42%	66%
Covered payroll (active plan members)	$ 135,451	$ 135,451	$ 135,451
UAAL as a percentage of covered payroll	49%	202%	172%

PERS Defined Benefit Pension Plan Changes

The Alaska Legislature Senate Bill 125, signed into law April 9, 2008, converts PERS from an agent multiple-employer plan to a cost-sharing plan effective July 1, 2008. This change provided for an integrated system of accounting for all employers. Under the integrated system, the PERS defined benefit plans' unfunded liability will be shared among all employers. The Bill also established a uniform PERS employer contribution rate of 22 percent of participating employees' covered payroll.

State of Alaska Teachers' Retirement System (TRS)

Plan Description

TRS provides pension, postemployment health care, death and disability benefits to participants. Benefit and contribution provisions are established by state law and may be amended only by the state legislature.

Each fiscal year, TRS issues a publicly available financial report which includes financial statements and required supplementary information. That report may be obtained by writing to the State of Alaska, Department of Administration, Division of Retirement and Benefits, P.O. Box 110203, Juneau, Alaska, 99811-0203 or by calling (907) 465-4460.

Funding Policy

Employees contribute 8.65 percent of their base salary as required by state statute. The funding policy for TRS provides for periodic employer contributions at actuarially determined and ARMB approved rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due. During fiscal year 2008, contractually required employee and employer contribution rates were 8.65 percent and 12.56 percent, respectively. No net pension or OPEB obligation is recorded for TRS, since according to GASB 27 and GASB 45 no such obligation is recorded for cost-sharing defined benefit plans when an employer's contribution equals the contractually required contribution. The amounts contributed to TRS by the university during the years ended June 30, 2008, 2007 and 2006 were $5,444,878, $11,177,596, and $9,167,681, respectively, equal to the required employer contributions for each year.

The actuarially determined employer contribution rate for 2008 was 42.26 percent. Upon consideration of actuarial reports on the funded status of the TRS defined benefit plan, the ARMB approved an employer contribution rate of 54.03 percent for FY08. As provided by Alaska Statute AS 14.25.070(a), the Legislature appropriated funding directly to the TRS defined benefit plan to augment the TRS employers' contribution for FY08. For fiscal year 2008, the university recognized $20,790,988 in state on-behalf pension payments for the TRS defined benefit plan.

Defined Contribution Plans:

State of Alaska Public Employees' Retirement System (PERS)

For eligible employees hired on or after July 1, 2006, the university contributes to PERS (Tier IV), a hybrid defined contribution and OPEB cost-sharing defined benefit plan established and administered by the state of Alaska. PERS provides pension, post employment health care, and occupational death and disability benefits to eligible participants. Benefit and contribution provisions are established by state law and may be amended only by the state legislature.

Each fiscal year, PERS issues a publicly available financial report which includes financial statements and required supplementary information. That report may be obtained by writing to the State of Alaska, Department of Administration, Division of Retirement and Benefits, P.O. Box 110203, Juneau, Alaska, 99811-0203 or by calling (907) 465-4460.

Employee contribution rates are 8 percent and employer contributions are 5 percent of covered payroll for fiscal years 2008 and 2007. For the years ended June 30, 2008 and 2007, the university's total covered payroll for the PERS plan was approximately $3.2 million and $1.3 million, and contributions made by the university totaled $158,626 and $66,682, respectively.

On July 1, 2006, the Public Employees' and Teachers' Retiree Major Medical Insurance Plan (RMP) and Health Reimbursement Arrangement Plan (HRA) were created. A separate stand-alone financial report that includes financial statements and required supplementary information is issued for RMP and HRA. These reports may be obtained by writing to the State of Alaska, Department of Administration, Division of Retirement and Benefits, P.O. Box 110203, Juneau, Alaska, 99811-0203 or by calling (907) 465-4460.

PERS defined contribution participants are eligible members of RMP and HRA. The employer RMP contribution rates for fiscal year 2008 and 2007 are 0.99 percent and 1.75 percent for medical coverage, and 0.58 percent and 0.3 percent (1.33 percent and 0.4 percent for peace officers and firefighters) for occupational death and disability benefit contributions, respectively. For fiscal years 2008 and 2007, the HRA employer contributions are at 3 percent of the employer's average annual employee compensation, based on the participant's employment classification.

The amounts contributed to the RMP by the university during the years ended June 30, 2008 and 2007 were $50,374 and $27,183, respectively, equal to the required employer contributions for each year.

Contributions to the HRA by the university during the years ended June 30, 2008 and 2007 were $137,148 and $70,096, respectively.

State of Alaska Teachers' Retirement System (TRS)

For eligible employees hired on or after July 1, 2006, the university contributes to TRS (Tier III), a hybrid defined contribution and OPEB cost-sharing defined benefit plan established and administered by the state of Alaska. TRS provides pension, postemployment health care, and occupational death and disability benefits to eligible participants. Benefit and contribution provisions are established by state law and may be amended only by the state legislature.

Each fiscal year, TRS issues a publicly available financial report which includes financial statements and required supplementary information. That report may be obtained by writing to the State of Alaska, Department of Administration, Division of Retirement and Benefits, P.O. Box 110203, Juneau, Alaska, 99811-0203 or by calling (907) 465-4460.

Employee contribution rates are 8 percent and employer contributions are 7 percent of covered payroll for fiscal years 2008 and 2007. For the years ended June 30, 2008 and 2007, the university's total covered payroll for the TRS plan was approximately $1.8 million and $0.9 million, and contributions made by the university totaled $129,000 and $60,403, respectively.

On July 1, 2006, the Public Employees' and Teachers' Retiree Major Medical Insurance Plan (RMP) and Health Reimbursement Arrangement Plan (HRA) were created. A separate stand-alone financial report that includes financial statements and required supplementary information is issued for RMP and HRA. These reports may be obtained by writing to the State of Alaska, Department of Administration, Division of Retirement and Benefits, P.O. Box 110203, Juneau, Alaska, 99811-0203 or by calling (907) 465-4460.

TRS defined contribution participants are eligible members of RMP and HRA. The employer RMP contribution rates for fiscal year 2008 and 2007 are 0.99 percent and 1.75 percent for medical coverage, and 0.62 percent and 0 percent for occupational death and disability benefit contributions, respectively. For fiscal years 2008 and 2007, the HRA employer contributions are at 3 percent of the employer's average annual employee compensation, based on the participant's employment classification.

The amounts contributed to the RMP by the university during the years ended June 30, 2008 and 2007 were $29,682 and $15,087, respectively, equal to the required employer contributions for each year.

Contributions to the HRA by the university during the years ended June 30, 2008 and 2007 were $53,701 and $28,415, respectively.

University of Alaska Optional Retirement Plan (ORP)

The ORP is comprised of three layers of participants, the original ORP or ORP Tier 1, ORP Tier 2 which was created for participants hired on or after July 1, 2005, and ORP Tier 3 which was created for participants hired on or after July 1, 2006. For ORP Tier 1 and ORP Tier 2, faculty classified as regular and certain administrators made a one-time election to participate in the ORP as an alternative to participation in the defined benefit plans, PERS or TRS. For ORP Tier 3, each new eligible employee may make a one-time election to participate in the University of Alaska Retirement Program (includes ORP Tier 3 and the University of Alaska Pension Plan) as an alternative to participation in the State of Alaska defined contribution plans, PERS or TRS. The ORP is an employer funded defined contribution plan which operates in conjunction with a companion mandatory tax-deferred annuity plan.

ORP Tier 1

The ORP Tier 1 participants make employee contributions to one of the plan's annuity programs at a rate of 8.65 percent of covered payroll. The university contributes to one of the plan's authorized employee-selected annuity providers or investment managers at a rate equal to the three-year moving average of the TRS employer contribution rates (19.85 percent for FY08 and 21 percent for FY07).

In fiscal year 2008 and 2007, the university's total covered payroll for the ORP Tier 1 plan was approximately $50.1 million and $52 million, respectively. The amounts contributed to the ORP Tier 1 by the university during the years ended June 30, 2008, 2007, and 2006 were $9,945,730, $10,927,908 and $8,907,978, respectively.

ORP Tier 2

The ORP Tier 2 participants make employee contributions to one of the plan's annuity programs at a rate of 8.65 percent of covered payroll. The university contributed to one of the plan's authorized employee-selected annuity providers or investment managers at a rate of 12 percent of covered payroll for fiscal years 2008 and 2007.

In fiscal year 2008 and 2007, the university's total covered payroll for the ORP Tier 2 plan was approximately $5.1 million and $5.7 million, respectively. The amounts contributed to the ORP Tier 2 by the university during the years ended June 30, 2008, 2007 and 2006 were $614,390, $683,786 and $484,288, respectively.

The ORP Tier 2 plan was available for newly-hired ORP benefit-eligible employees hired in fiscal year 2006. As of July 1, 2006, the ORP Tier 2 plan was no longer available to newly-hired ORP benefit-eligible employees.

ORP Tier 3

The ORP Tier 3 is eligible for employees hired on or after July 1, 2006. The ORP Tier 3 participants make employee contributions to one of the plan's annuity programs at a rate of 8 percent of covered payroll. The university contributed to one of the plan's authorized employee-selected annuity providers or investment managers at a rate of 12 percent of covered payroll for fiscal years 2008 and 2007.

In fiscal years 2008 and 2007, the university's total covered payroll for the ORP Tier 3 plan was approximately $30.8 million and $12.3 million, respectively. The amounts contributed to the ORP Tier 3 by the university during the years ended June 30, 2008 and 2007 were $3,700,880 and $1,473,090, respectively.

Plan Assets

At June 30, 2008 and 2007, plan assets (participants' accounts attributable to employer contributions) had a net value of approximately $98.9 million for ORP Tier 1, ORP Tier 2 and ORP Tier 3, and $92.3 million for ORP Tier 1, ORP Tier 2 and ORP Tier 3, respectively. ORP Tier 1 and ORP Tier 2 participants are 100 percent vested at all times. University contributions for ORP Tier 3 participants are 100 percent vested after three years of service.

University of Alaska Pension Plan (Pension)

In addition to the other retirement plans, substantially all regular employees (hired before July 1, 2006) and certain faculty classified as temporary participate in the Pension plan which was established effective January 1, 1982, when the university withdrew from the federal social security program. Eligible employees, hired on or after July 1, 2006, electing to participate in the University of Alaska Retirement Program also participate in the Pension plan. Effective January 1, 2008, employer contributions for regular employees were 7.65 percent of covered wages up to a maximum of $42,000 and $102,000 for certain faculty classified as temporary. The plan provides for employer contributions to be invested in accordance with participant-directed investment elections to the plan's fixed income and/or equity funds. Participants hired before July 1, 2006 are 100 percent vested at all times. University contributions for participants hired on or after July 1, 2006 are 100 percent vested after three years of service.

In 2008 and 2007, the university's total covered payroll for the Pension plan was approximately $175.7 million and $175.3 million, respectively. The university's costs to fund and administer the plan totaled $13.4 million, or 7.65 percent of covered payroll. At June 30, 2008 and 2007, plan assets (participants' accounts) had a net value of approximately $298.9 million and $318.8 million, respectively.

13. Insurance and Risk Management:

The university is exposed to a wide variety of risks including property loss, bodily and personal injury, intellectual property, errors and omissions, aviation and marine. Exposures are handled with a combination of self-insurance, commercial insurance, and membership in a reciprocal risk retention group. The university is self-insured up to the maximum of $2 million per occurrence for casualty claims and $250,000 for property claims. Commercial carriers provide coverage in excess of these amounts. Health care, workers' compensation and unemployment claims are fully self-insured.

Liabilities have been established to cover estimates for specific reported losses, estimates for unreported losses based upon past experience modified for current trends, and estimates of expenses for investigating and settling claims.

Changes in applicable liability amounts follow ($ in thousands):

	Balance July 1, 2007	Provision for Claims	Claims Payment	Balance June 30, 2008
Health	$ 6,862	$ 49,052	$ (48,116)	$ 7,798
General liability	5,075	857	(570)	5,362
Workers' compensation	6,161	1,688	(1,798)	6,051
Unemployment	70	303	(301)	72
	$ 18,168	$ 51,900	$ (50,785)	$ 19,283

	Balance July 1, 2006	Provision for Claims	Claims Payment	Balance June 30, 2007
Health	$ 6,404	$ 45,764	$ (45,306)	$ 6,862
General liability	7,518	743	(3,186)	5,075
Workers' compensation	5,778	2,075	(1,692)	6,161
Unemployment	69	316	(315)	70
	$ 19,769	$ 48,898	$ (50,499)	$ 18,168

14. Commitments and Contingencies:

Amounts received and expended by the university under various federal and state grants, contracts and other programs are subject to audit and potential disallowance. From time to time the university is named as a defendant in legal proceedings or cited in regulatory actions related to the conduct of its operations. In the normal course of business, the university also has various other commitments and contingent liabilities which are not reflected in the accompanying financial statements. In the opinion of management, the university will not be affected materially by the final outcome of any of these legal proceedings, environmental investigations, audit adjustments, or other commitments and contingent liabilities. In addition, an ongoing environmental assessment for the Northwest Campus Front Street property is discussed below:

- The university received a Potentially Responsible Party (PRP) letter from the Alaska Department of Environmental Conservation (ADEC) in August 2006. The letter identified the university as one of the potential parties that may be responsible for cleanup costs of soil contamination found during a water line improvement project next to Northwest Campus property. The extent of the contamination source, the number of potentially responsible parties, and remediation costs are being assessed but the outcome is unknown.

15. University of Alaska Foundation:

The University of Alaska Foundation (foundation) is a legally separate, non profit organization formed in 1974 to solicit donations for the exclusive benefit of the University of Alaska. During 2008 and 2007, the university transferred $1.1 million and $1 million, to the foundation, of which institutional support comprised $0.9 million and $0.8 million, respectively. For the same periods, the foundation reimbursed the university for operating expenses totaling $1.8 million and $1.5 million, respectively. At June 30, 2008 and 2007, distributions and expenditures by the foundation for the benefit of the university totaled $15.4 million and $15.5 million, of which $14.9 million and $15.2 million were direct reimbursements to the university. Additionally, the foundation owed the university $2 million at June 30, 2008 and $1.9 million at June 30, 2007, primarily for reimbursement of expenditures on grants provided by the foundation.

The investable resources of the university's land grant endowment trust fund and the foundation's pooled endowment funds are combined into a consolidated endowment fund for investment purposes. At June 30, 2008 and 2007, the fair value of the fund was $259.3 million and $266.5 million, respectively. The university's share of this fund was $143.1 million and $147.0 million, which is reflected in endowment investments. The fund is managed by the foundation's investment committee and treasurer on a total return basis in accordance with an investment policy approved by the Board of Regents. The net assets and related activity for the university's land grant endowment trust's investment in the fund is reflected in the university's financial statements.

16. Functional Classifications with Natural Classifications:

The university's operating expenses by natural classification were as follows ($ in thousands):

	Year ended June 30, 2008						
	Compensation & Benefits	Contractual Services	Supplies & Materials	Other	Student Aid	Depre-ciation	Total
Instruction	$ 149,943	$ 23,768	$ 9,199	$ 280	$ -	$ -	$ 183,190
Academic support	39,300	5,926	6,888	60	-	-	52,174
Research	83,739	29,198	8,751	155	-	-	121,843
Public service	23,905	9,919	2,042	197	-	-	36,063
Student services	33,020	9,817	2,536	64	-	-	45,437
Operations and maintenance	25,065	15,692	12,998	1,228	-	-	54,983
Institutional support	62,328	15,153	4,243	887	-	-	82,611
Student aid	-	-	-	-	14,879	-	14,879
Auxiliary enterprises	9,378	16,712	13,194	126	-	-	39,410
Depreciation	-	-	-	-	-	56,883	56,883
NPO, OPEB and state on-behalf payments	-	-	-	29,003	-	-	29,003
	$ 426,678	$ 126,185	$ 59,851	$ 32,000	$ 14,879	$ 56,883	$ 716,476

	Year ended June 30, 2007						
	Compensation & Benefits	Contractual Services	Supplies & Materials	Other	Student Aid	Depre-ciation	Total
Instruction	$ 146,619	$ 24,561	$ 9,869	$ 126	$ -	$ -	$ 181,175
Academic support	37,301	6,524	6,781	53	-	-	50,659
Research	83,740	37,427	10,071	45	-	-	131,283
Public service	22,556	8,422	1,661	287	-	-	32,926
Student services	30,183	8,714	2,803	190	-	-	41,890
Operations and maintenance	23,638	13,528	11,963	1,087	-	-	50,216
Institutional support	53,602	10,679	4,339	942	-	-	69,562
Student aid	-	-	-	-	13,566	-	13,566
Auxiliary enterprises	9,338	14,967	14,217	159	-	-	38,681
Depreciation	-	-	-	-	-	57,455	57,455
NPO and OPEB	-	-	-	5,389	-	-	5,389
	$ 406,977	$ 124,822	$ 61,704	$ 8,278	$ 13,566	$ 57,455	$ 672,802

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress for PERS
($ in thousands):

	Actuarial valuation year ended June 30	Actuarial value of plan assets	Actuarial accrued liability (AAL)	(Unfunded) overfunded actuarial accrued liability (UAAL)	Funded ratio	Covered payroll	UAAL as a percentage of covered payroll
Pension benefits:							
	2004	$ 326,815	$ 444,092	$ (117,277)	74%	$ 116,156	101%
	2005	$ 307,243	$ 441,742	$ (134,499)	70%	$ 124,699	108%
	*2006	$ 456,238	$ 522,315	$ (66,077)	87%	$ 135,451	49%
Postemployment healthcare benefits:							
	2004	$ 230,444	$ 313,137	$ (82,693)	74%	$ 116,156	71%
	2005	$ 294,945	$ 424,061	$ (129,116)	70%	$ 124,699	104%
	*2006	$ 195,281	$ 468,355	$ (273,074)	42%	$ 135,451	202%
Total:							
	2004	$ 557,259	$ 757,229	$ (199,970)	74%	$ 116,156	89%
	2005	$ 602,188	$ 865,803	$ (263,615)	70%	$ 124,699	106%
	*2006	$ 651,519	$ 990,670	$ (339,151)	66%	$ 135,451	172%

Note: On July 1, 2008, PERS became a cost sharing plan and the state of Alaska will not be publishing a *Supplement to the Actuarial Valuation Report as of June 30, 2007.*

* The actuarial cost method was changed from Projected Unit Credit to Entry Age Normal effective with the June 30, 2006 valuation.

#3

UNIVERSITY OF ALASKA

Audit in Accordance with OMB A–133

Year ended June 30, 2008

UNIVERSITY OF ALASKA

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Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program, Internal Control over Compliance and Supplementary Schedule of Expenditures of Federal Awards in Accordance with OMB Circular A-133

The Board of Regents
The University of Alaska:

Compliance

We have audited the compliance of the University of Alaska with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The University of Alaska's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the University of Alaska's management. Our responsibility is to express an opinion on the University of Alaska's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the University of Alaska's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the University of Alaska's compliance with those requirements.

In our opinion, the University of Alaska complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2008. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2008–1.

Internal Control over Compliance

The management of the University of Alaska is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the University of Alaska's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal

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control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University of Alaska's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the University of Alaska's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2008-1 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We did not consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of the University of Alaska and its discretely presented component unit as of and for the year ended June 30, 2008, and have issued our report thereon dated November 4, 2008. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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This report is intended for the information of the Board of Regents, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

November 4, 2008, except for compliance with requirements applicable to each major program and internal control over compliance which is as of December 18, 2008.

University of Alaska
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2008

CFDA NUMBER	FEDERAL PROGRAM TITLE	PASS-THROUGH ID#	EXPENDITURES
STUDENT FINANCIAL AID			
Department of Education			
84.007	Federal Supplemental Educational Opportunity Grants		$ 620,170
84.032	Federal Family Education Loans		45,869,030
84.033	Federal Work - Study Program		651,498
84.063	Federal Pell Grant Program		9,847,651
84.375	Academic Competitiveness Grants		86,550
84.376	National Science and Mathematics Access to Retain Talent (SMART) Grants		205,201
TOTAL STUDENT FINANCIAL AID			57,280,100
RESEARCH AND DEVELOPMENT			
Department of Agriculture			
10.000	Miscellaneous		484,332
	Pass-through Organic Seed Alliance	CONTRACT SIGNED 1-9-07	1,822
	Pass-through The Nature Conservancy	SA# TNC/AKNHP_LDFIRE_2007	7,219
Agricultural Research Service			
10.001	Agricultural Research - Basic and Applied Research		985,187
Animal and Plant Health Inspection Service			
10.025	Plant and Animal Disease, Pest Control, and Animal Care		3,934
Cooperative State Research, Education, and Extension Service			
10.200	Grants for Agricultural Research, Special Research Grants		4,526,711
	Pass-through Utah State University	041535053	1,826
	Pass-through Utah State University	061553007	75,180
10.202	Cooperative Forestry Research		216,323
10.203	Payments to Agricultural Experiment Stations Under the Hatch Act		114,875
10.206	Grants for Agricultural Research - Competitive Research Grants		258,119
	Pass-through University of Maryland	Z507223/2005-35605-15388 PENDI	352,407
10.228	Alaska Native Serving and Native Hawaiian Serving Institutions Education Grants		164,009
10.303	Integrated Programs		37,968
10.500	Cooperative Extension Service		113,833
	Pass-through University of California, Davis	K007797-02	(104)
Assistant Secretary for Administration			
Office of Outreach			
10.443	Outreach and Assistance for Socially Disadvantaged Farmers and Ranchers		
	Pass-through University of Hawaii, HILO	PO Z738018	4,538
Forest Service			
10.652	Forestry Research		190,401
10.664	Cooperative Forestry Assistance		49,213
10.680	Forest Health Protection		104,373
Total Department of Agriculture			7,692,166
Department of Commerce			
11.000	Miscellaneous		11,514
	Pass-through North Pacific Research Board	F0401	(1,267)
	Pass-through University of Maryland - UMCES	CA- 07-11 Z7315-1	107,688
National Oceanic and Atmospheric Administration			
11.400	Geodetic Surveys and Services (Geodesy and Applications of the National Geodetic Reference System)		
	Pass-through State of Alaska	RS# 1185060	15,193
11.417	Sea Grant Support		1,687,152
11.419	Coastal Zone Management Administration Awards		
	Pass-through State of Alaska	RSA EN831612 20GA-148 COMPGRNT	(384)
11.420	Coastal Zone Management Estuarine Research Reserves		8,719
11.430	Undersea Research		1,159,646
11.431	Climate and Atmospheric Research		1,856,212
11.432	Office of Oceanic and Atmospheric Research (OAR) Joint and Cooperative Institutes		2,608,648
11.437	Pacific Fisheries Data Program		
	Pass-through State of Alaska	RSA 1175138	172,943
11.438	Pacific Coast Salmon Recovery - Pacific Salmon Treaty Program		
	Pass-through Seward Association for Advancement of Science (SAAMS)	L1300-01	10,704
11.439	Marine Mammal Data Program		754,560
	Pass-through State of Alaska	ADN# 1175033	135
	Pass-through North Pacific Marine Science Foundation	NA05NMF4391068	16,638
11.460	Special Oceanic and Atmospheric Projects		518,330
11.463	Habitat Conservation		
	Pass-through National Fish and Wildlife Foundation	2006-0093-012	3,380
National Marine Fisheries Service			
11.454	Unallied Management Projects		
	Pass-through Bering Sea Fisherman's Association	AC-598	32,351

University of Alaska
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2008

CFDA NUMBER	FEDERAL PROGRAM TITLE	PASS-THROUGH ID#	EXPENDITURES
11.472	Unallied Science Program		
	Pass-through North Pacific Research Board	509	$ 99,125
	Pass-through North Pacific Research Board	511	39,223
	Pass-through North Pacific Research Board	# 520 (NPRB 603)	2,561
	Pass-through North Pacific Research Board	#522	14,437
	Pass-through North Pacific Research Board	512 PROJECT NUMBER	53,348
	Pass-through North Pacific Research Board	602 NPRB PROJECT#	(2,233)
	Pass-through North Pacific Research Board	B51	19,335
	Pass-through North Pacific Research Board	B52	1,037
	Pass-through North Pacific Research Board	B53	18,606
	Pass-through North Pacific Research Board	B67	52,159
	Pass-through North Pacific Research Board	F2631	93,700
	Pass-through North Pacific Research Board	NPRB AGREEMENT #704	99,440
	Pass-through North Pacific Research Board	PROJECT # 604	54,520
	Pass-through North Pacific Research Board	PROJECT # 607	48,831
	Pass-through North Pacific Research Board	PROJECT # 635	8,532
	Pass-through North Pacific Research Board	PROJECT #614	30,937
	Pass-through North Pacific Research Board	PROJECT #617	59,729
	Pass-through North Pacific Research Board	PROJECT #706	38,223
	Pass-through North Pacific Research Board	PROJECT #708	222,983
	Pass-through North Pacific Research Board	PROJECT #714	14,837
	Pass-through North Pacific Research Board	PROJECT 514	18,237
	Pass-through North Pacific Research Board	PROJECT 702	94,822
	Pass-through North Pacific Research Board	PROJECT 727	9,476
	Pass-through North Pacific Research Board	PROJECT NO. 632	38,422
	Pass-through North Pacific Research Board	PROJECT# 627	39,018
	Pass-through North Pacific Research Board	R0320	(252)
	Pass-through University of California, San Diego	PO 10263677	8,461
	Pass-through Woods Hole Oceanographic Institution	A100501	39,548
National Weather Service			
11.467	Meteorologic and Hydrologic Modernization Development		
	Pass-through University Corporation for Atmospheric Research (UCAR)	S07-62784	5,000
	Pass-through University Corporation for Atmospheric Research (UCAR)	S08-68871	5,120
National Ocean Service (NOS)			
11.473	Coastal Services Center		
	Pass-through Alaska Ocean Observing System	H2100-11	15,441
	Pass-through Alaska Ocean Observing System	H2211-00	155,318
	Pass-through Alaska Ocean Observing System	PROJECT NO. H2100-13: AMD 2	35,070
	Pass-through Seward Association for Advancement of Science (SAAMS)	H-2201	448,784
	Pass-through University of Maryland - UMCES	07-5-25535.3734 CA05-22	127,261
11.478	Center for Sponsored Coastal Ocean Research - Coastal Ocean Program		72,762
NOAA Research			
11.481	Educational Partnership Program		
	Pass-through North Carolina Agricultural and Technical State University	SUBAGREEMENT NO. 270040E	136,818
Total Department of Commerce			11,180,798
Department of Defense			
12.000	Miscellaneous		418,134
	Pass-through Johns Hopkins University	885205	742
	Pass-through RTI International	2-340-0210766	45,673
	Pass-through University of Michigan	SUB UNDER CA W56HZV-04-2-0001	55,150
	Pass-through University of Mississippi	SUB UM 07-04-095	19,833
Department of the Army			
Office of the Chief of Engineers			
12.114	Collaborative Research and Development		
	Pass-through University of Mississippi	UM 07-11-041	340,465
Army Research and Material Command			
12.420	Military Medical Research and Development		1,885,157
Department of the Navy			
Office of Naval Research			
12.300	Basic and Applied Scientific Research		2,431,344
	Pass-through Florida State University	R00427 FSU#091004-520-015474	18,203
	Pass-through Wayne State University	INDEX# 332520 PO426688	81,332
	Pass-through Woods Hole Oceanographic Institution	A100585	31,074
National Guard Bureau			
12.401	National Guard Military Operations and Maintenance (O&M) Projects		
	Pass-through State of Alaska	RSA EN/ADN 0981017	22,207
Army Research Office			
Army Material Command			
12.431	Basic Scientific Research		167,812
Office of the Secretary of Defense			
12.630	Basic, Applied, and Advanced Research in Science and Engineering		395,375

University of Alaska
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2008

CFDA NUMBER	FEDERAL PROGRAM TITLE	PASS-THROUGH ID#	EXPENDITURES
Department of the Air Force			
HQ Air Force Material Command, Air Force Office of Scientific Research, Armstrong Laboratory, Phillips Laboratory, Rome Laboratory, Wright Laboratory			
12.800	Air Force Defense Research Sciences Program		$ 161,969
	Pass-through New Mexico State University	SUB Q01193	132,349
Defense Advanced Research Projects Agency			
12.910	Research and Technology Development		1,932,157
Total Department of Defense			8,138,976
Department of the Interior			
15.000	Miscellaneous		1,771,416
	Pass-through State of Alaska	ADN#1078006/45-7-0805	39,145
	Pass-through Bering Sea Fisherman's Association	AC-299	53,313
	Pass-through Hoonah Indian Association	MOA DATED 8-21-07	11,784
	Pass-through National Fish and Wildlife Foundation	2005-0011-036	5,695
	Pass-through Rutgers	(PO) 0000326714-21833	32,265
	Pass-through University of Vermont	18394-UAF INT	615
	Pass-through University of Vermont	19758 INITIAL 2006 (21199)	32,299
	Pass-through University of Vermont	20118 INITIAL 2002	9,808
15.900	Disposal of Surplus Wildlife		416,420
Bureau of Land Management			
15.224	Cultural Resource Management		35,564
	Pass-through State of Alaska	1076020	24,675
	Pass-through Montana State University	G245-06-W0094	(13)
15.225	Recreation Resource Management		95,806
15.231	Fish, Wildlife and Plant Conservation Resource Management		(394)
Minerals Management Service			
15.421	Alaska Coastal Marine Institute		158,236
15.423	Minerals Management Service (MMS) Environmental Studies Program (ESP)		65,871
Fish and Wildlife Service			
15.608	Fish and Wildlife Management Assistance		32,326
15.615	Cooperative Endangered Species Conservation Fund		
	Pass-through State of Alaska	1175191	1,721
15.630	Coastal Program		939
15.631	Partners for Fish and Wildlife		9,455
15.634	State Wildlife Grants		
	Pass-through State of Alaska	1175087	928
	Pass-through State of Alaska	RSA #1185081	23,347
	Pass-through State of Alaska	RSA EN 1155095	(539)
15.642	Challenge Cost Share		24,932
15.643	Alaska Migratory Bird Co-Management Council		1,589
15.650	Research Grants (Generic)		1,247
Geological Survey			
15.805	Assistance to State Water Resources Research Institutes		96,892
15.807	Earthquake Hazards Reduction Program		540,952
15.808	U.S. Geological Survey - Research and Data Collection		2,947,852
	Pass-through State of Alaska	ADN # 1056014	9,820
	Pass-through America View, Incorporated	AV04-AK01	37,673
15.811	GAP Analysis Program		(2,730)
15.812	Cooperative Research Units Program		548,795
National Park Service			
15.904	Historic Preservation Fund Grants-In-Aid		93,693
Total Department of the Interior			7,121,397
Department of Justice			
16.000	Miscellaneous		28,335
Office of Juvenile Justice and Delinquency Prevention			
16.542	Part D - Research, Evaluation, Technical Assistance and Training		
	Pass-through Purdue University Indianapolis	AGRMT DTD 5/25/05 PO39607-0169	13,332
Bureau of Justice Statistics			
16.550	State Justice Statistics Program for Statistical Analysis Centers		57,164
Office of Justice Programs			
National Institute of Justice			
16.560	National Institute of Justice Research, Evaluation, and Development Project Grants		200,452
Total Department of Justice			299,283
Department of Transportation			
Federal Aviation Administration			
20.109	Air Transportation Centers of Excellence		5,366
Federal Highway Administration			
20.200	Highway Research and Development Program		10,514

University of Alaska
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2008

CFDA NUMBER	FEDERAL PROGRAM TITLE	PASS-THROUGH ID#	EXPENDITURES
Research and Innovative Technology Administration			
20.701	University Transportation Centers Program		$ 1,618,383
Total Department of Transportation			1,634,263
United States Treasury			
21.000	Miscellaneous		612,718
General Services Administration			
39.009	Federal Citizen Information Center		14,154,048
National Aeronautics and Space Administration			
43.000	Miscellaneous		10,468,750
	Pass-through SETI Institute	SUB NO. NNG06GH12G-06-002	12,037
	Pass-through University of California, Berkeley	1-0001080910	8,917
	Pass-through University of California, Los Angeles	0965 G FB372	19,705
	Pass-through University of Colorado	1541927	(477)
	Pass-through University of Maryland	Z627201	49,382
	Pass-through University of Pittsburgh	0000251 (FORMERLY 402256-1)	(3,448)
	Pass-through University of Washington	UW # 471380	18,950
43.001	Aerospace Education Services Program		320,134
	Pass-through University of Maryland	SUB Z631501	31,633
	Pass-through University of Washington	478959	(2,072)
Total National Aeronautics and Space Administration			10,923,511
National Foundation on the Arts and the Humanities			
Institute of Museum and Library Services			
Office of Museum Services			
45.301	Museums for America		
	Pass-through Alaska SeaLife Center	PROJECT #E0802-01	10,000
National Science Foundation			
47.000	Miscellaneous		385,233
47.041	Engineering Grants		361,482
47.049	Mathematical and Physical Sciences		270,891
	Pass-through Stanford University	SUBAWARD NO. 30891-A	154,610
47.050	Geosciences		2,567,568
	Pass-through Embry-Riddle Aeronautical University	SUB 1703-01 PO126669	102,727
	Pass-through Marine Biological Laboratory	MBL SUBCONTRACT #10705	10,066
	Pass-through SRI International	59-001127	665,668
	Pass-through UNAVCO, Inc.	SUBAWARD EAR-0350028-11	143,944
	Pass-through University of Nevada, Reno	UNR-02-72 P.O.12GC0000075	12,800
	Pass-through University of Washington	#892069	33,417
	Pass-through Woods Hole Oceanographic Institution	A100521	15,118
47.070	Computer and Information Science and Engineering		595,315
47.074	Biological Sciences		3,075,073
	Pass-through University of California, Berkeley	SA5573-11487, PO 1382500	31,615
47.075	Social, Behavioral, and Economic Sciences		478,311
	Pass-through Iowa State University	420-40-46	402
47.076	Education and Human Resources		3,805,619
47.078	Polar Programs		12,237,710
	Pass-through Aleut International Association	AGRMT# BSSN-SA-4 / ARC-0634079	3,683
	Pass-through Arctic Research Consortium of the United States (ARCUS)	ARCUS CONTRACT8.26.04	52,410
	Pass-through Idaho State University	05-143C	7,331
	Pass-through San Diego State University	SDSU SUB#E0003588,E0004159	30,122
	Pass-through University of Colorado	SPO 0000061551	10,645
	Pass-through University of Delaware	3872	30,439
	Pass-through University of Maryland - UMCES	CA 08-09	13,815
	Pass-through University of New Hampshire	SUB# PZ07010	23,340
	Pass-through Universlty of Washington	NO. 153556	457
	Pass-through University of Wisconsin-Madison	AGREEMENT # X424034	19,390
	Pass-through Woods Hole Oceanographic Institution	PO #S115043	6,885
47.079	International Science and Engineering (OISE)		489,770
Total National Science Foundation			25,635,856
Environmental Protection Agency			
66.000	Miscellaneous		
	Pass-through UNGA Tribal Council	AWARD DTD 05/25/2007	9,090
66.606	Surveys, Studies, Investigations and Special Purpose Grants		
	Pass-through Fairbanks North Star Borough	PO# 600663	80,233
Office of Water			
66.419	Water Pollution Control State, Interstate, and Tribal Program Support		
	Pass-through State of Alaska	RS#1880025 EN#1880505	35,027

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University of Alaska
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2008

CFDA NUMBER	FEDERAL PROGRAM TITLE	PASS-THROUGH ID#	EXPENDITURES
Office of Research and Development			
66.511	Office of Research and Development Consolidated Research / Training / Fellowships		
	Pass-through State of Alaska	1860059	$ 18,853
	Pass-through State of Alaska	ADN# 18650153	351,169
Office of Congressional and Intergovernmental Relations			
66.605	Performance Partnership Grants		
	Pass-through State of Alaska	RS# 1880065 EN# 1880513	22,276
	Pass-through State of Alaska	RSA EN 1880506/ADN1880026	64,259
	Pass-through Bristol Bay Native Association	SUBAWARD DTD 9/27/2007	11,609
Total Environmental Protection Agency			592,516
Department of Energy			
81.000	Miscellaneous		2,381,412
	Pass-through University of Oregon	AGREEMENT 234041A	(223)
Office of Fossil Energy			
81.089	Fossil Energy Research and Development		166,452
Nuclear Security Administration			
81.113	Defense Nuclear Nonproliferation Research		
	Pass-through University of Mississippi	UM03-02-074	96,760
Total Department of Energy			2,644,401
Department of Education			
84.000	Miscellaneous		
	Pass-through Alaska Humanities Forum	AGRMNT DTD 6/06 AMEND 1/08	57,509
	Pass-through Anchorage School District	SVC AGRMT DTD 12/19/2007	50,385
84.306	National Institute on the Education of At-Risk Students		(323)
Office of Innovation and Improvement			
84.330	Advanced Placement Program		
	Pass-through Anchorage School District	AGMT DATED 3/30/06 AMENDMENT 1	23,741
Office of Elementary and Secondary Education			
84.356	Alaska Native Educational Programs		
	Pass-through Alaska Pacific University	PROF SVCS AGMT DTD 4/21/08	853
	Pass-through Association of Alaska School Boards	AMENDED PO # 100-ISER-06	8,599
	Pass-through Copper River Native Association	SUBAWARD DTD 4/9/05 AMEND #4	29,395
Total Department of Education			170,159
Denali Commission			
90.100	Denali Commission Program		30,238
Election Assistance Commission			
90.401	Help America Vote Act Requirements Payments		
	Pass-through State of Alaska	EN0187006 / RS0180021 PHASE 2	189,133
	Pass-through State of Alaska	RS 0180032 EN 0187012 AMEND 1	70,682
Total Election Assistance Commission			259,815
Department of Health and Human Services			
93.000	Miscellaneous		98,228
	Pass-through Fairbanks Native Association	258-070-2-1-12	39,882
	Pass-through UCLA School of Public Health	1935 S JB147	854,512
Administration on Aging			
93.048	Special Programs for the Aging - Title IV - and Title II - Discretionary Projects		258,965
Health Resources and Services Administration			
93.110	Maternal and Child Health Federal Consolidated Programs		
	Pass-through University of Arizona, Tucson	PO Y432109 MOD 3	9,650
93.247	Advanced Education Nursing Grant Program		
	Pass-through Oregon Health and Science University	SUB GSONO0130A B AMEND 2	63
93.300	National Center for Health Workforce Analysis		14,153
93.888	Specially Selected Health Projects		103,884
93.912	Rural Health Care Services Outreach and Rural Health Network Development Program		
	Pass-through Southeast Alaska Regional Health Consortium	AGREEMENT #78399	58,255
	Pass-through Southeast Alaska Regional Health Consortium	PO 76643 AMENDMENT 1	80,546
93.928	Special Projects of National Significance		
	Pass-through Alaska Native Tribal Health Consortium	ANTHC-03-U-6877 MOD 009	(23,980)
Agency for Healthcare Research and Quality			
93.226	Research on Healthcare Costs, Quality and Outcomes		19,829
National Institutes of Health			
93.242	Mental Health Research Grants		1,290,757
93.273	Alcohol Research Programs		279,478

University of Alaska
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2008

CFDA NUMBER	FEDERAL PROGRAM TITLE	PASS-THROUGH ID#	EXPENDITURES
93.279	Drug Abuse and Addiction Research Programs		$ 422,243
	Pass-through Pacific Institute for Research and Evaluation, Louisville Center	0057.01.01-1R01DA019640 MOD 1	(1,180)
	Pass-through Pacific Institute for Research and Evaluation, Louisville Center	0057.01.01-1R01DA019640 MOD 1	30,084
	Pass-through Pacific Institute for Research and Evaluation, Louisville Center	SUB 320020-1R01DA015966-01A2	(86)
	Pass-through Pacific Institute for Research and Evaluation, Louisville Center	SUB 320020-1R01DA015966-01A2	4,975
93.307	Minority Health and Health Disparities Research		640,763
93.375	Pharmacology, Physiology, and Biological Chemistry Research		2,270
93.389	National Center for Research Resources		5,693,817
93.837	Heart and Vascular Diseases Research		133,918
	Pass-through MedStar Research Institute	938G SUBAWARD MOD #1	(1,059)
93.848	Digestive Diseases and Nutrition Research		379,276
93.849	Kidney Diseases, Urology and Hematology Research		
	Pass-through Children's Hospital Los Angeles	8018-TGF004134-01 AGRMT 210	1,080
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders		203,784
Administration for Children and Families			
93.587	Promote the Survival and Continuing Vitality of Native American Languages		
	Pass-through Kenaitze Indian Tribe IRA	CONTRACT DATED 12/5/07	26,802
Total Department of Health and Human Services			10,620,909
United States Agency for International Development			
98.001	USAID Foreign Assistance for Programs Overseas		
	Pass-through University Of Maryland - College Park	280/000-08-1146	8,049
USAID	USAID		
	Pass-through University Of Hawaii	65338	53
Total United States Agency for International Development			8,102
TOTAL RESEARCH AND DEVELOPMENT			101,729,156
OTHER PROGRAMS			
Department of Agriculture			
10.000	Miscellaneous		368,557
	Pass-through State of Arizona Women, Infants and Children	ALF $120,000 4/31/08	36,865
Cooperative State Research, Education and Extension Service			
10.200	Grants for Agricultural Research, Special Research Grants		66,984
10.206	Grants for Agricultural Research - Competitive Research Grants		80,403
10.228	Alaska Native Serving and Native Hawaiian Serving Institutions Education Grants		1,668,908
10.303	Integrated Programs		6,476
	Pass-through University of California, Davis	K009607-AK AMENDMENT 5	29,639
	Pass-through University of Idaho	BJKE27-UA (PO013815)	53,937
10.304	Homeland Security - Agricultural		
	Pass-through University of California, Davis	07-002558-12	36,512
10.500	Cooperative Extension Service		1,797,860
	Pass-through Kansas State University	KSU S08107	4,788
	Pass-through Kansas State University	S05043.01 (AMENDMENT 2)	1,324
	Pass-through Kansas State University	S07048	11,320
	Pass-through Kansas State University	S08023	35,946
	Pass-through University of Wyoming	UTSTUNV46460AK	4,992
	Pass-through Washington State University	104777-G00189_0	236,253
	Pass-through Washington State University	G002219	19,800
Risk Management Agency			
10.455	Community Outreach and Assistance Partnership Program		35,059
Food and Nutrition Service			
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children		
	Pass-through State of Alaska	EN 0683048	27,854
	Pass-through State of Alaska	EN 0683049	38,949
	Pass-through State of Alaska	EN 0683050	42,453
	Pass-through State of Alaska	EN 683073	72,160
	Pass-through Oklahoma State Department of Health	P.O. #3409010318 REV 1	12,576
10.578	WIC Grants to States (WGS)		
	Pass-through State of Hawaii - Department of Health, Honolulu	ASO LOG NO. 08-092	23,810
Rural Utilities Service			
10.760	Water and Waste Disposal Systems for Rural Communities		129,972
10.861	Public Television Station Digital Transition Grant Program		
	Pass-through Alaska One	LETTER DATED 07/01/2006	50,435
Rural Business - Cooperative Service			
10.769	Rural Business Enterprise Grants		21,096
10.771	Rural Cooperative Development Grants		86,364
Total Department of Agriculture			5,001,292

University of Alaska
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2008

CFDA NUMBER	FEDERAL PROGRAM TITLE	PASS-THROUGH ID#	EXPENDITURES
Department of Commerce			
11.000	Miscellaneous		$ 27,206
	Pass-through State of Alaska	ADN #180022	40,765
Economic Development Administration			
11.303	Economic Development - Technical Assistance		110,104
National Oceanic and Atmospheric Administration			
11.400	Geodetic Surveys and Services (Geodesy and Applications of the National Geodetic Reference System)		13,530
11.417	Sea Grant Support		632,898
11.419	Coastal Zone Management Administration Awards		
	Pass-through State of Alaska	EN 1081502	7,593
11.438	Pacific Coast Salmon Recovery - Pacific Salmon Treaty Program		
	Pass-through State of Alaska	EN 1185968	108,695
11.439	Marine Mammal Data Program		119,327
National Marine Fisheries Service			
11.472	Unallied Science Program		
	Pass-through North Pacific Research Board	503	17,842
	Pass-through North Pacific Research Board	PROJECT #615	23,573
	Pass-through North Pacific Research Board	R0326 F0326-00	8,963
National Ocean Service (NOS)			
11.473	Coastal Services Center		
	Pass-through Alaska Ocean Observing System	H2100-12	1,334
NOAA Research			
11.481	Educational Partnership Program		194,728
Total Department of Commerce			1,306,558
Department of Defense			
12.000	Miscellaneous		
	Pass-through Academy of Applied Science (AAS)	06-84 AND 06-85	372
Defense Logistics Agency			
12.002	Procurement Technical Assistance for Business Firms		260,696
Army Research Office			
Army Material Command			
12.431	Basic Scientific Research		3,958
	Pass-through Academy of Applied Science (AAS)	07-40	2,600
	Pass-through Academy of Applied Science (AAS)	07-41	1,209
Total Department of Defense			268,835
Department of Housing and Urban Development			
Policy Development and Research			
14.515	Alaska Native / Native Hawaiian Institutions Assisting Communities		2,040,219
Department of the Interior			
15.000	Miscellaneous		1,401,323
15.900	Disposal of Surplus Wildlife		1,769
Bureau of Indian Affairs			
15.114	Indian Education - Higher Education Grant Program		29,473
Bureau of Land Management			
15.224	Cultural Resource Management		205,642
Fish and Wildlife Service			
15.608	Fish and Wildlife Management Assistance		
	Pass-through National Fish and Wildlife Foundation	ALF $125,000 5/23/08	116,632
Total Department of the Interior			1,754,839
Department of Justice			
16.000	Miscellaneous		5,655
Office on Violence Against Women			
16.529	Education, Training, and Enhanced Services to End Violence Against and Abuse of Women With Disabilities		
	Pass-through State of Alaska	EN 0683063	78,808
Total Department of Justice			84,463
Department of Labor			
Employment and Training Administration			
17.261	WIA Pilots, Demonstrations, and Research Projects		595,766
	Pass-through State of Alaska	EN 786119 AMEND 1	26,811
	Pass-through State of Alaska	EN 786128	52,685
17.266	Work Incentive Grants		
	Pass-through State of Alaska	EN 785004	44,267
17.268	H-1B Job Training Grants		112,696
17.269	Community Based Job Training Grants		53,597
Mine Safety and Health Administration			
17.600	Mine Health and Safety Grants		38,260

University of Alaska
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2008

CFDA NUMBER	FEDERAL PROGRAM TITLE	PASS-THROUGH ID#	EXPENDITURES
Office of Disability Employment Policy			
17.720	Disability Employment Policy Development		
	Pass-through State of Alaska	ADN 0680508	$ 44,739
	Pass-through State of Alaska	EN 680466	48,945
	Pass-through State of Alaska	EN 683068	328,560
	Pass-through State of Alaska	EN 683074	11,919
Total Department of Labor			1,358,245
Department of State			
19.000	Miscellaneous		349,803
Department of Transportation			
20.000	Miscellaneous		
	Pass-through Embry-Riddle Aeronautical University	61043-UAA/04-C-GA-ERAU #10	(4,523)
	Pass-through Embry-Riddle Aeronautical University	61049 04-C-GA-ERAU 011/031/054	2,501
Federal Aviation Administration			
20.109	Air Transportation Centers of Excellence		
	Pass-through Embry-Riddle Aeronautical University	61069-UAADTFACT-02-D-00037#12	123,356
Federal Highway Administration			
National Highway Institute			
20.215	Highway Training and Education		255,023
Total Department of Transportation			376,357
Office of Personnel Management			
27.011	Intergovernmental Personnel Act (IPA) Mobility Program		145,428
General Services Administration			
39.000	Miscellaneous		177
National Aeronautics and Space Administration			
43.000	Miscellaneous		18,139
	Pass-through George Mason University	SUB 200707-E	4,027
Total National Aeronautics and Space Administration			22,166
National Foundation on the Arts and the Humanities			
National Endowment for the Arts			
45.024	Promotion of the Arts - Grants to Organizations and Individuals		
	Pass-through State of Alaska	FY07CAD35	(61)
45.025	Promotion of the Arts - Partnership Agreements		
	Pass-through State of Alaska	FY08CAD0050	2,000
	Pass-through State of Alaska	FY08PG0013	6,000
National Endowment for the Humanities			
45.129	Promotion of the Humanities - Federal / State Partnership		
	Pass-through Alaska Humanities Forum	G08-0044	4,898
45.149	Promotion of the Humanities - Division of Preservation and Access		73,592
45.164	Promotion of the Humanities - Public Programs		971
45.169	Promotion of the Humanities - Digital Humanities Initiative		417
Institute of Museum and Library Services			
45.312	National Leadership Grants		96,280
Office of Library Services			
45.310	Grants to States		
	Pass-through State of Alaska	0580687	78,605
	Pass-through State of Alaska	ADN 0580629	25,804
	Pass-through State of Alaska	EN 0580642 AMEND 2	277,713
	Pass-through State of Alaska	EN0550664	(275)
	Pass-through State of Alaska	LETTER DATED 4/23/07	20
Total National Foundation on the Arts and the Humanities			565,964
National Science Foundation			
47.000	Miscellaneous		
	Pass-through Bristol Bay Native Association	AGREEMENT DATED 7/24/2006	17,278
47.050	Geosciences		2,650,022
	Pass-through Incorporated Research Institutions for Seismology	SUB 20-E&O	7,350
	Pass-through WGBH Educational Foundation	SERVICE AGRMNT DATED 5/15/08	25,541
47.070	Computer and Information Science and Engineering		81,832
	Pass-through Carnegie Mellon University	1120822-184882	16,974
47.074	Biological Sciences		187,615
47.076	Education and Human Resources		1,498,565
47.078	Polar Programs		1,010,071
	Pass-through Barrow Arctic Science Consortium	PENDING	(17,400)
Total National Science Foundation			5,477,848
Small Business Administration			
59.009	Procurement Assistance to Small Businesses		154,008

University of Alaska
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2008

CFDA NUMBER	FEDERAL PROGRAM TITLE	PASS-THROUGH ID#	EXPENDITURES
59.037	Small Business Development Center		$ 488,491
Total Small Business Administration			642,499
Environmental Protection Agency			
66.000	Miscellaneous		110,282
66.202	Congressionally Mandated Projects		180,495
	Pass-through Alaska Native Tribal Health Consortium	SUB-AWARD	51,089
66.606	Surveys, Studies, Investigations and Special Purpose Grants		180,682
Office of Research and Development			
66.514	Science to Achieve Results (STAR) Fellowship Program		16,229
Office of the Administrator			
66.610	Surveys, Studies, Investigations and Special Purpose Grants Within the Office of the Administrator		3,550
Office of Prevention, Pesticides and Toxic Substances			
66.708	Pollution Prevention Grants Program		9,686
Total Environmental Protection Agency			552,013
Department of Energy			
81.000	Miscellaneous		10,897
	Pass-through Washington State University	109081 G002315	20,999
Office of Energy Efficiency and Renewable Energy			
81.041	State Energy Program		
	Pass-through State of Alaska	470032	2,149
Office of Fossil Energy			
81.089	Fossil Energy Research and Development		7,066
Total Department of Energy			41,111
Department of Education			
84.000	Miscellaneous		
	Pass-through State of Alaska	0570602	20,306
	Pass-through National Writing Project Corporation	92-AK01	86,034
Office of Vocational and Adult Education			
84.002	Adult Education - State Grant Program		
	Pass-through State of Alaska	AD#4570714	(50)
	Pass-through State of Alaska	ADN# 770016	(74)
	Pass-through State of Alaska	EN 785606	96,160
	Pass-through State of Alaska	GRANT 2008-15	65,124
84.243	Tech - Prep Education		
	Pass-through State of Alaska	RSA EN#0570522	87
	Pass-through State of Alaska	RSA EN 0560634	(462)
	Pass-through State of Alaska	RSA EN# 0580593 AMMEND #1	237,099
Assistant Secretary for Postsecondary Education			
84.031	Higher Education - Institutional Aid		4,695,910
Office of Assistant Secretary for Vocational and Adult Education			
84.048	Career and Technical Education - Basic Grants to States		
	Pass-through State of Alaska	0580521 EN 0815401	84,926
	Pass-through State of Alaska	ADN #580522	157,371
	Pass-through State of Alaska	ADN 0580592	108,231
	Pass-through State of Alaska	EL 08.163.01	107,698
	Pass-through State of Alaska	EN 0580591 AMEND 1	103,410
Office of Assistant Secretary for Postsecondary Education			
84.116	Fund for the Improvement of Postsecondary Education		104,276
84.200	Graduate Assistance in Areas of National Need		42,085
84.336	Teacher Quality Enhancement Grants		1,879,653
Office of Special Education and Rehabilitative Services			
84.181	Special Education - Grants for Infants and Families		
	Pass-through State of Alaska	EN 683071	16,364
	Pass-through State of Alaska	EN 683705	14,090
84.323	Special Education - State Personnel Development		
	Pass-through State of Alaska	ADN #0570529	(282)
	Pass-through State of Alaska	ADN 0580527	316,127
	Pass-through State of Alaska	EN 0570524	7,000
84.325	Special Education - Personnel Development to Improve Services and Results for Children With Disabilities		251,441
Office of Elementary and Secondary Education			
84.213	Even Start - State Educational Agencies		
	Pass-through State of Alaska	RSA EN 0540646	(7,127)
84.356	Alaska Native Educational Programs		4,628,057
	Pass-through Doyon Foundation	MOA 11-30-06	56,523
	Pass-through Project GRAD Kenai Peninsula	MOA DATED 3/27/2006	15,777

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University of Alaska
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2008

CFDA NUMBER	FEDERAL PROGRAM TITLE	PASS-THROUGH ID#	EXPENDITURES
84.366	Mathematics and Science Partnerships		
	Pass-through State of Alaska	PENDING GI 06-118	$ 2,602
	Pass-through State of Alaska	PM 07.159.01	102
	Pass-through State of Alaska	RSA 0580617	637,717
	Pass-through State of Alaska	RSA ADN 0570603	(19)
84.367	Improving Teacher Quality State Grants		
	Pass-through State of Alaska	HE 08.159.02	321,950
Office of Assistant Secretary for Educational Research and Improvement			
84.215	Fund for the Improvement of Education		216,827
Institute of Education Sciences			
84.305	Education Research, Development and Dissemination		250,427
Office of Postsecondary Education			
84.333	Demonstration Projects to Ensure Students With Disabilities Receive a Higher Education		209,229
Office of Innovation and Improvement			
84.350	Transition to Teaching		12,553
Total Department of Education			14,737,142
National Archives and Records Administration			
89.003	National Historical Publications and Records Grants		
	Pass-through Whitworth College	AGREEMENT DATED 08/09/2005	(129)
Denali Commission			
90.100	Denali Commission Program		360,381
	Pass-through State of Alaska	0760002	(208)
	Pass-through State of Alaska	0760004	(201)
	Pass-through State of Alaska	760017	(151)
	Pass-through State of Alaska	770048	7,246
	Pass-through State of Alaska	ADN 780101 EN786121	618,881
	Pass-through State of Alaska	ADN#780197/EN#786203	98,288
	Pass-through Corporation For Public Broadcasting	LETTER AWARD 10/31/05	5,339
Total Denali Commission			1,089,575
Department of Health and Human Services			
93.000	Miscellaneous		(800)
Administration on Aging			
93.043	Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services		
	Pass-through State of Alaska	EN# 683055	25,834
Health Resources and Services Administration			
93.110	Maternal and Child Health Federal Consolidated Programs		79,671
	Pass-through Children's Hospital Los Angeles	AGREEMENT 228	31,021
93.178	Nursing Workforce Diversity		212,727
93.358	Advanced Education Nursing Traineeships		7,200
93.822	Health Careers Opportunity Program		1,100
93.824	Basic / Core Area Health Education Centers		1,001,662
93.888	Specially Selected Health Projects		58,320
93.969	Geriatric Education Centers		277,143
Centers for Disease Control and Prevention			
93.283	Centers for Disease Control and Prevention - investigations and Technical Assistance		293,912
	Pass-through State of Alaska	EN 0680483	763
	Pass-through Southeast Alaska Regional Health Consortium	U58/CCU024463	2,180
Administration for Children and Families			
93.558	Temporary Assistance for Needy Families		
	Pass-through State of Alaska	0683069	20,752
93.632	University Centers for Excellence in Developmental Disabilities Education, Research, and Service		475,840
93.648	Child Welfare Services Training Grants		71,930
93.658	Foster Care - Title IV-E		
	Pass-through State of Alaska	EN 0683053 AMDMT 1	180,049
Centers for Medicare and Medicaid Services			
93.768	Medicaid Infrastructure Grants to Support the Competitive Employment of People With Disabilities		
	Pass-through State of Alaska	EN 0683064	207,613
93.786	State Pharmaceutical Assistance Programs		
	Pass-through State of Alaska	EN 683047	169,954
Substance Abuse and Mental Health Services Administration			
93.959	Block Grants for Prevention and Treatment of Substance Abuse		
	Pass-through State of Alaska	602-08-009	55,050
Total Department of Health and Human Services			3,171,921

University of Alaska
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2008

CFDA NUMBER	FEDERAL PROGRAM TITLE	PASS-THROUGH ID#	EXPENDITURES
Corporation for National and Community Service			
94.005	Learn and Serve America - Higher Education		
	Pass-through Princeton University	SUB # 00001316	$ 4,365
94.013	Volunteers in Service to America		3,578
Total Corporation for National and Community Service			7,943
Social Security Administration			
96.008	Social Security - Work Incentives Planning and Assistance Program		72,961
United States Agency for International Development			
USAID	USAID		146,467
Bureau for Economic Growth			
Agriculture and Trade, Office of Education			
98.012	USAID Development Partnerships for University Cooperation and Development		
	Pass-through International Research Exchange Board (IREX)	FY06-ARO2-U-ALASKA-02	(265)
	Pass-through International Research Exchange Board (IREX)	FY07-ARO3-U-ALASKA-03	109,383
	Pass-through International Research Exchange Board (IREX)	FY08-AR03-U-ALASKA-01	53,552
Total United States Agency for International Development			309,137
TOTAL OTHER PROGRAMS			39,376,367
PUBLIC WORKS AND ECONOMIC DEVELOPMENT			
Department of Commerce			
Economic Development Administration			
11.307	Economic Adjustment Assistance		256,251
WORKFORCE INVESTMENT ACT (WIA)			
Department of Labor			
Employment and Training Administration			
17.258	WIA Adult Program		
	Pass-through State of Alaska	EN 786150 AMENDMENT 1	100,000
17.260	WIA Dislocated Workers		5,643
	Pass-through State of Alaska	DBA FILE NO 6-801	(2,368)
	Pass-through State of Alaska	EN 786145	149,370
TOTAL WORKFORCE INVESTMENT ACT (WIA)			252,645
HIGHWAY PLANNING AND CONSTRUCTION			
Department of Transportation			
Federal Highway Administration			
20.205	Highway Planning and Construction		
	Pass-through State of Alaska	ADN# 2572052	9,879
	Pass-through State of Alaska	EN.2573008	67,307
TOTAL HIGHWAY PLANNING AND CONSTRUCTION			77,186
SPECIAL EDUCATION			
Department of Education			
Office of Special Education and Rehabilitative Services			
84.027	Special Education - Grants to States		
	Pass-through State of Alaska	EN 0580524	99,113
	Pass-through State of Alaska	EN 0580526	94,847
	Pass-through State of Alaska	EN0580525	14,996
84.173	Special Education - Preschool Grants		
	Pass-through State of Alaska	RSA EN#0570869	(600)
TOTAL SPECIAL EDUCATION			208,356
TRIO			
Department of Education			
Office of Postsecondary Education			
84.042	TRIO - Student Support Services		648,423
84.044	TRIO - Talent Search		665,544
84.047	TRIO - Upward Bound		1,394,417
84.066	TRIO - Educational Opportunity Centers		462,686
TOTAL TRIO			3,171,070
GRAND TOTAL			$ 202,351,131

UNIVERSITY OF ALASKA

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2008

(1) General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the University of Alaska. The University of Alaska is a constitutionally created corporation and a component unit of the State of Alaska. Federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies is included on the schedule.

(2) Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the economic resources measurement focus and accrual basis of accounting, which is described in note 1 to the University of Alaska's financial statements.

(3) Noncash Federal Awards

The University receives Federal awards under the Perkins Loan Program (CFDA #84.638). The outstanding loan balances under this program totaled ($2,327) as of June 30, 2008.

(4) Subrecipients

The University of Alaska passed through $6,187,553 of federal awards to subrecipients during the year ended June 30, 2008. Expenditures incurred by the subrecipients are listed below by federal program. These amounts are included in the Schedule of Expenditures of Federal Awards.

Federal Agency and Program	CFDA#	Expenditures
Department of Agriculture		
Agricultural Research – Basic and Applied Research	10.001	$ 295,664
Grants for Agricultural Research, Special Research Grants	10.200	504,560
Alaska Native Serving and Native Hawaiian Serving Institutions Education Grants	10.228	8,580
Cooperative Extension Service	10.500	7,851
Forestry Research	10.652	7,695
Cooperative Forestry Assistance	10.664	3,050
		827,400
Department of Commerce		
Miscellaneous	11.000	36,034
Sea Grant Support	11.417	9,007
Undersea Research	11.430	361,132
Office of Oceanic and Atmospheric Research (OAR) Joint and Cooperative Institute	11.432	38,830
Coastal Services Center	11.473	60,553
		505,556

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UNIVERSITY OF ALASKA

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2008

Federal Agency and Program	CFDA#	Expenditures
Department of Defense		
Basic and Applied Scientific Research	12.300	$ 314,064
Basic, Applied, and Advanced Research in Science and Engineering	12.630	1,718
		315,782
Department of Housing and Urban Development		
Alaska Native / Native Hawaiian Institutions Assisting Communities	14.515	872,572
Department of the Interior		
Miscellaneous	15.000	190,271
Assistance to State Water Resources Research Institutes	15.805	10,750
		201,021
Department of Justice		
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	77,180
Department of Labor		
Community Based Job Training Grants	17.269	34,900
Disability Employment Policy Development	17.720	36,645
		71,545
Department of Transportation		
University Transportation Centers Program	20.701	76,587
General Services Administration		
Federal Citizen Information Center	39.009	2,931
National Aeronautics and Space Administration		
Miscellaneous	43.000	169,277
National Science Foundation		
Miscellaneous	47.000	27,794
Engineering Grants	47.041	147,859
Geosciences	47.050	24,286
Computer and Information Science and Engineering	47.070	9,453
Biological Sciences	47.074	221,254
Education and Human Resources	47.076	6,227
Polar Programs	47.078	625,852
		1,062,725

UNIVERSITY OF ALASKA

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2008

Federal Agency and Program	CFDA#	Expenditures
Environmental Protection Agency		
Miscellaneous	66.000	$ 62,097
Pollution Prevention Grants Program	66.708	1,512
		63,609
Department of Energy		
Miscellaneous	81.000	137,742
Department of Education		
TRIO – Upward Bound	84.047	166,574
Career and Technical Education – Basic Grants to States	84.048	20,000
Fund for the Improvement of Education	84.215	5,764
Special Education – Personnel Development to Improve Services and Results for Children with Disabilities	84.325	24,868
Teacher Quality Enhancement Grants	84.336	237,426
Alaska Native Educational Programs	84.356	250,531
Mathematics and Science Partnerships	84.366	46,001
		751,164
Denali Commission		
Denali Commission Program	90.100	59,232
Department of Health and Human Services		
Maternal and Child Health Federal Consolidated Programs	93.110	10,559
Mental Health Research Grants	93.242	145,760
National Center for Research Resources	93.389	3,156
Basic / Core Area Health Education Centers	93.824	800,485
Digestive Diseases and Nutrition Research	93.848	33,270
		993,230
Total Federal Expenditures – Subrecipients		$ 6,187,553

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UNIVERSITY OF ALASKA

Schedule of Findings and Questioned Costs

June 30, 2008

(1) Summary of Auditors' Results

Financial Statements:				
Type of auditor's report issued	Unqualified			
Internal control over financial reporting:				
Material weakness(es) identified?		yes	X	no
Significant deficiency(ies) identified that are not considered to be material weaknesses?		yes	X	none reported
Noncompliance material to financial statements noted?		yes	X	no
Federal Awards:				
Internal control over major programs:				
Material weakness(es) identified?		yes	X	no
Significant deficiency(ies) identified that are not considered to be material weaknesses?	X	yes		no
Type of auditor's report issued on compliance for major programs	Unqualified			
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	X	yes		no

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
Various	Student Financial Aid Cluster
84.031	Department of Education, Higher Education-Institutional Aid
84.356	Department of Education, Alaska Native Education Grants

Dollar threshold used to distinguish between type A and type B programs:	$ 3,000,000			
Auditee qualified as low-risk auditee?	X	yes		no

(2) Findings Relating to General Purpose Financial Statements Reported in Accordance with *Government Auditing Standards*

None.

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(3) Findings and Questioned Costs Related to Federal Award

Finding 2008–1

Department of Education (DOE), Student Financial Assistance (SFA) Programs Cluster, Federal Family Education Loans (FFEL) (CFDA #84.032) and Federal Pell Grant Program (CFDA #84.063)

Criteria or Specific Requirements – According to the Code of Federal Regulations (CFR), Title 34, Section 668-22, when a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period in which the recipient began attendance, the institution must determine the amount of Title IV assistance earned by the student as of the student's withdrawal date. If the total amount of Title IV assistance earned by the student is less than the amount that was disbursed to the student or on his or her behalf as of the date of the institution's determination that the student withdrew, the difference must be returned to the Title IV programs. In accordance with CFR, Title 34, Section 668-22, returned funds are to be allocated in the following order: unsubsidized, subsidized and then Pell Grants.

According to the CFR, Title 34, Section 668-173, returns of Title IV funds are required to be deposited or transferred into the Student Financial Assistance account or electronic fund transfers initiated to the Department of Education or the appropriate Federal Family Education Loans lender as soon as possible, but no later than thirty days after the date the institution determines the student withdrew.

Condition – For the program year 2007-2008, the University of Alaska Fairbanks failed to identify withdrawn Title IV recipients in a timely manner, incorrectly calculated return amounts for some students, and allocated one return to the wrong fund.

For the program year 2007-2008, the University of Alaska Anchorage and the University of Alaska Southeast failed to identify withdrawn Title IV recipients in a timely manner.

Questioned Costs – None.

Context – Isolated to Federal Family Education Loans and Federal Pell Grant Program.

Effect – The University of Alaska Fairbanks returned Title IV funds untimely for 11 students that withdrew from the institution. For 9 of the 11 returns, no return of funds calculation was made for $2,095, $2,394, and $1,854 in subsidized loans, unsubsidized loans and Pell Grant awards, respectively. In addition, due to a manual entry error, a return for $2,036 was allocated to the wrong loan fund.

The University of Alaska Anchorage returned Title IV funds untimely for 5 students that withdrew from the institution.

The University of Alaska Southeast returned Title IV funds untimely for 3 students that withdrew from the institution.

Recommendation – The University should make every effort to properly calculate and return Title IV funds within the allowable time period.

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Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Board of Regents
The University of Alaska:

We have audited the financial statements of the University of Alaska and its discretely presented component unit as of and for the year ended June 30, 2008, and have issued our report thereon dated November 4, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the University of Alaska's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University of Alaska's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the University of Alaska's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University of Alaska's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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This report is intended for the information of the Board of Regents, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

November 4, 2008

Revenue Descriptions

State appropriated funds:

General Fund (1004): Monies received from the general operating fund of the state used to finance the general operations of the university.

General Fund Match (1003): Monies received from the general operating fund of the state specifically authorized for funding matching requirements of restricted funds and are reserved for these purposes exclusively.

GF/Mental Health (1037): GF/Mental Health revenues help fund the Masters of Social Work program at UAA. This program provides specialized curriculum for working with the beneficiary groups of the Mental Health Trust Authority and Alaska Native populations, providing an in-state avenue for social workers in Alaska to earn a Master's Degree. This degree is required for licensing for many federal and state positions, including clinical social workers. Licensed clinical social workers are the primary providers of mental health services in much of Alaska, particularly communities served by and dependent upon community mental health centers.

Science & Technology (1025): Alaska Science & Technology funds were first appropriated directly to the university in FY93 as a replacement for general funds for agricultural, forestry and other land resource programs. They were the primary source of unrestricted revenue for these programs and provided match for federal and other restricted grants. This fund source was changed to Alaska Science and Technology Endowment Funding (1176) in FY03 and eliminated in FY04.

Alaska Science and Technology Endowment Fund (1176): Alaska Science and Technology Endowment Fund was appropriated in FY03 to UA to replace part of the annual funds UA has received from Alaska Science and Technology Foundation (1025).

Statutory Designated Program Receipts (1108): Statutory Designated Program Receipts include UA Alumni License Plate Funds.

ACPE (1150): Alaska Commission on Postsecondary Education (FY01 and FY02 only)

Technical and Vocational Education (1151): Since 2001 Senate Bill 137 (established in 2000 by SB289), has provided Technical Vocational Education Program (TVEP) funding to be used for workforce development (WFD) programs at UA.

Business License and Corporate Filing Fees and Taxes (1175): Used in FY09 as the funding source for UAA's Small Business Development Center (previously funded through the capital budget). This fund source was changed to General Fund (1004) in FY10.

University Receipts:

Interest Income (1010): Interest Income includes income generated from short-term investments from grant receipts and auxiliary enterprises.

Auxiliary Receipts (1015): Auxiliary Receipts include all revenues associated with self-support activities such as the bookstore, food service and housing operations.

Student Tuition/Fees (1038): Student Tuition/Fees includes revenues generated from tuition charged to students for instructional programs as well as fees charged in support of specific activities such as material, lab, activity and health center fees.

Revenue Descriptions (continued)

Indirect Cost Recovery (1039): Indirect Cost Recovery (ICR) revenues are generated from federal and other restricted grants, and are used to help offset administrative and support costs that can not be efficiently tracked directly to grant programs. ICR rates vary according to rates audited and approved by the university's cognizant federal oversight agency.

University Receipts (1048): University Receipts include restricted revenues received from corporate sources, private donations, and local governments, as well as revenues received from publication sales, non-credit self-support programs, recreational facility use fees, and other miscellaneous sources. As of FY03, University Receipts does not include current State Intra-Agency Receipts (1007), those funds are now reported as State Intra-Agency Receipts (1007), while funds previously reported using code 1007 are now under a new code (1174) as UA Intra-Agency Receipts.

Other Funds:

Federal Receipts (1002): Federal Receipts include all revenues received from the federal government. These include restricted federal grants from such agencies as the National Science Foundation, U.S. Small Business Administration, U.S. Dept. of Defense and other federal agencies, as well as federal funding for student financial aid and work-study programs.

State Inter-Agency Receipts (1007): State Inter-Agency Receipts includes contractual obligations between state agencies. University account code 9330 only, which prior to FY03 was included in state code 1048. Prior to FY03 state code 1007 was UA Intra-Agency Receipts. UA account codes that went to state code 1007 prior to FY03 now are captured in state code 1174.

MHTAAR (1092): Mental Health Trust Authority Authorized Receipts

CIP Receipts (1061): CIP receipts are generated by chargeback to capital improvement projects to support CIP personal service administrative costs.

UA Intra-Agency Receipts (1174): Previously this Fund Source was UA Intra-Agency Receipts (1007). UA Intra-Agency Receipts include all internal charges for services provided by central service departments to other university departments. This includes services such as physical plant work orders, printing, and computer repairs, and certain administrative functions such as risk management and labor relations.

Fund Types:

Unrestricted Funds: Unrestricted funds are those current funds which are available for use within the current operating period, i.e., fiscal year, for which there is no apparent use restriction.

Auxiliary Funds: Auxiliary funds are unrestricted current funds of enterprises which furnish services directly or indirectly to students, faculty or staff and which charge fees directly relating to, but not necessarily equal to, the costs of the services. Bookstores and housing systems are examples of enterprises which generally meet the accounting criteria for classification as auxiliary enterprises.

Designated Funds: Designated funds are unrestricted current funds which have internal restrictions but which do not meet the accounting guidelines for restricted funds. Funds for UA Scholars is an example of designated funds.

Restricted Funds: Restricted funds are current funds received by the university but their use is limited to specific projects or purposes by grantors, donors or other external sources.

NCHEMS Descriptions

The University of Alaska classifies all expenditures into standardized categories that are nationally recognized and are generally utilized by most institutions of higher education. These categories, which were first developed by the National Center for Higher Education Management Systems (NCHEMS), are described below:

Instruction and Student Related:

Academic Support: The academic support category includes expenditures related to academic administration and governance to the institution's academic programs; academic program advising; course and curriculum planning, research, development and evaluation, including faculty development; and academic computing, including regional academic mainframes and the student micro-computer labs.

Instruction: The instruction service category includes expenditures for all activities, which are part of the system's instruction programs. Instructional services include all credit and non-credit courses for academic and vocational instruction.

Intercollegiate Athletics: Intercollegiate athletic sports are organized in association with the NCAA or NAIA. The intercollegiate athletics category includes expenditures for the necessary support staff associated with the athletic programs.

Library Services: The library services category includes expenditures for services, which directly support the collection, cataloging, storage and distribution of published materials -- periodical, subscription and book holdings, microfiche and other reference technology aids and inter-library bibliographic access through networks such as Online Computer Library Center (OCLC) and Alaska Library Network.

Scholarships: The scholarships category includes scholarships and fellowships in the form of grants to students, as well as trainee stipends, prizes, and student awards.

Student Services: The student services category includes expenditures related to admissions, the registrar and those activities whose primary purpose is to contribute to the students' emotional and physical well-being and to their intellectual, cultural, and social development outside the context of the formal instruction program. Student services include social recreational, and cultural activities; counseling services which include personal, career guidance and placement, and vocational testing; student health medical services; financial aid management and student employment; student admissions, registration and student records administration; and student recruitment marketing and counseling.

Infrastructure:

Institutional Support: The institutional support category includes expenditures related to executive services including the office of the President, chancellors' offices, and other institutional support functions including business offices, accounting, budget development, EEO/AA, educational properties management, facilities planning and construction, finance, human resources, information services, institutional research, internal audit, investment properties management, legal counsel, payroll, procurement, records, risk and hazardous materials management, systems maintenance, university relations and support for the assemblies and the Board of Regents.

Debt Service: The debt service category includes expenditures for the repayment of debt obligations.

NCHEMS Descriptions (continued)

Physical Plant: The physical plant category includes expenditures related to plant administrative services; building maintenance services including routine and preventative repair and maintenance of buildings and structures; remodeling and renovation projects; custodial services including janitorial and elevator operations; landscaping and grounds maintenance services; utilities services including electricity, heating fuel, garbage and sewage disposal; and specialized safety and code compliance management services including campus security and hazardous materials management. Also included are expenditures for fire protection, property insurance, and similar items.

Other:

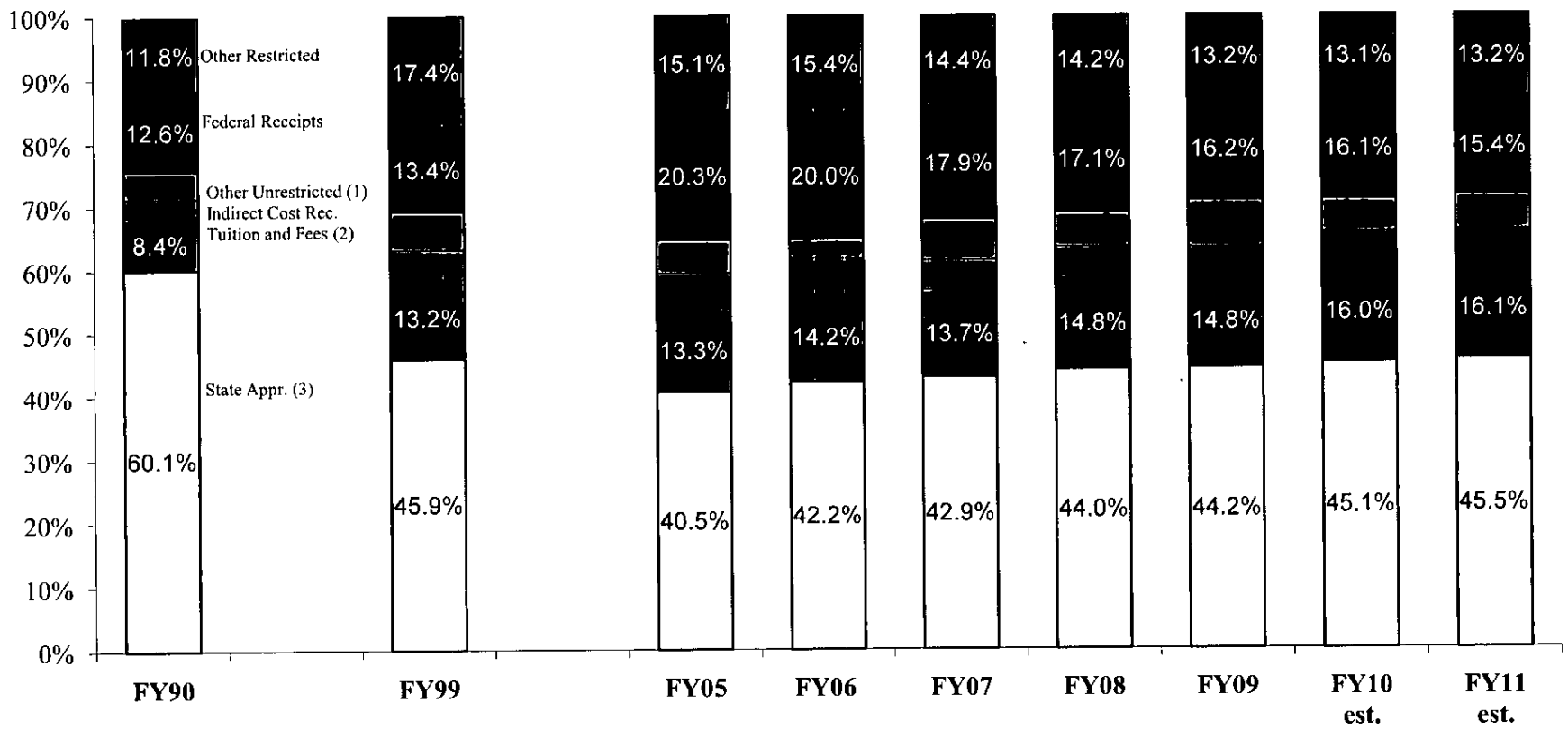
Public Service: The public service category includes expenditures for activities whose primary purpose is to make available to the public the various unique resources and capabilities of the university in response to a specific community need or problem. The major public service units are the Cooperative Extension Service, KUAC Radio and TV, small business development programs and other community service programs produced in cooperation with community organizations and local governments.

Research: The research category includes expenditures for activities directly related to scientific and academic research. The majority of the research is funded by non-general funds.

Auxiliary Services: The auxiliary services category includes expenditures for conveniences and services needed by students to maintain an on-campus, resident student body. These services include resident student housing, food service dining halls, retail stores' operations such as the bookstore and vending machines, and specialized services such as child care.

Unallocated Authority: The unallocated authority category is not part of the standardized NCHEMS categories used by other institutions of higher education. It is a special category created by the University of Alaska to hold additional budget authority separate from other NCHEMS until such a time as it is needed.

University of Alaska Revenue by Source
FY90, FY99, FY05-FY09, FY10-FY11est



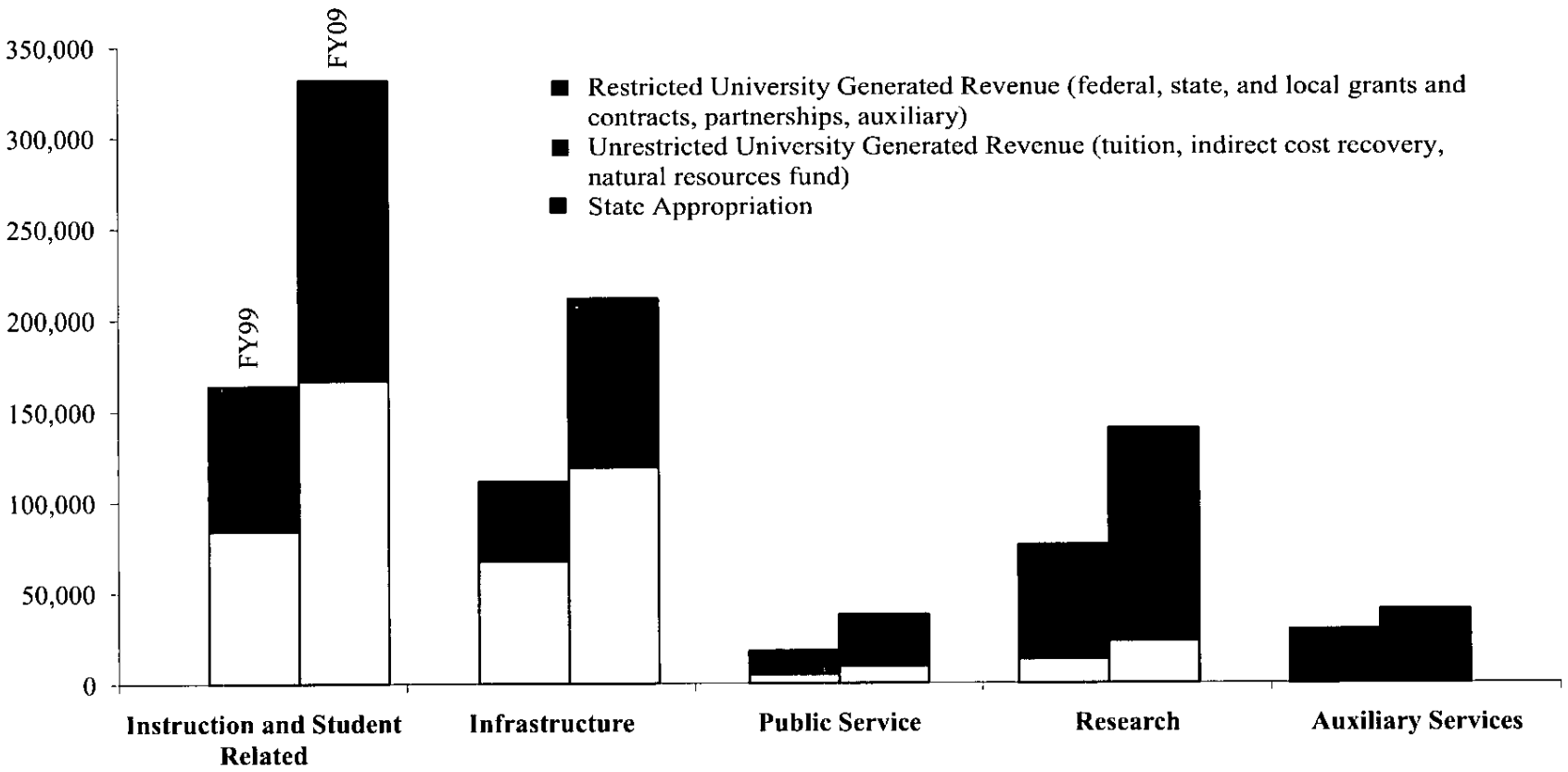
1. UA Intra Agency Receipts are excluded from this table, but are included in the totals in the rest of the publication.

2. This table provides the gross tuition and fees amount whereas tables in the rest of the publication provide figures in accordance with the accounting rules used, thus gross figures through FY02 and net figures FY05-FY11.

3. State Appropriation includes one-time funding for utility increases: FY06 $2,355.6, FY07 $2,640.0, FY08 $2,640.0 & $2,317.9, FY09 $4,840.0.

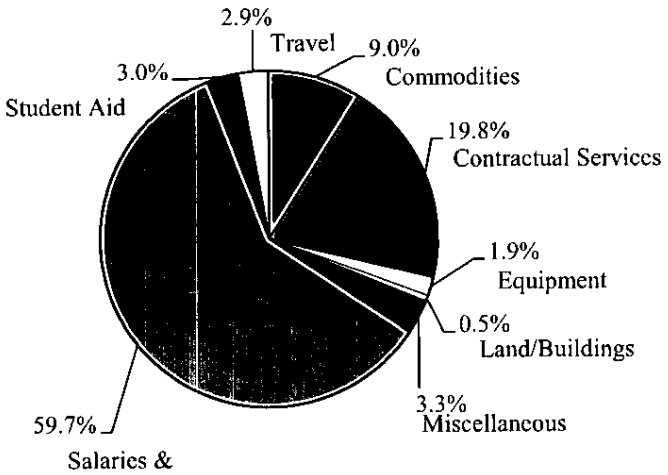
#6

University of Alaska
FY99 & FY09 Expenditures by NCHEMS Category and Fund Type

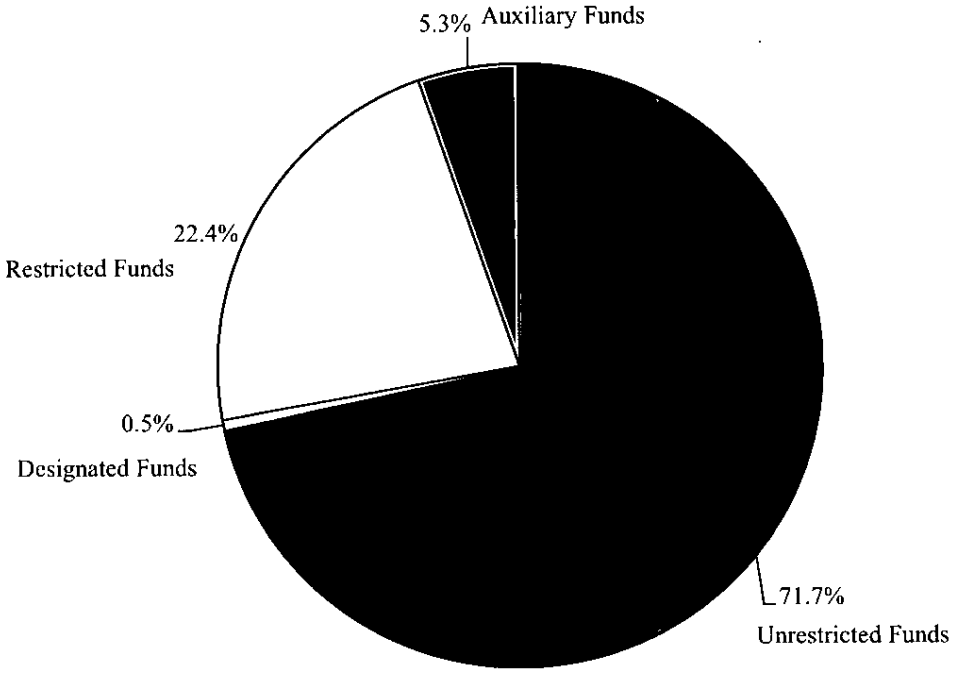


University of Alaska
Expenditure by Category and Revenue by Fund Type
FY09

Expenditure by Category

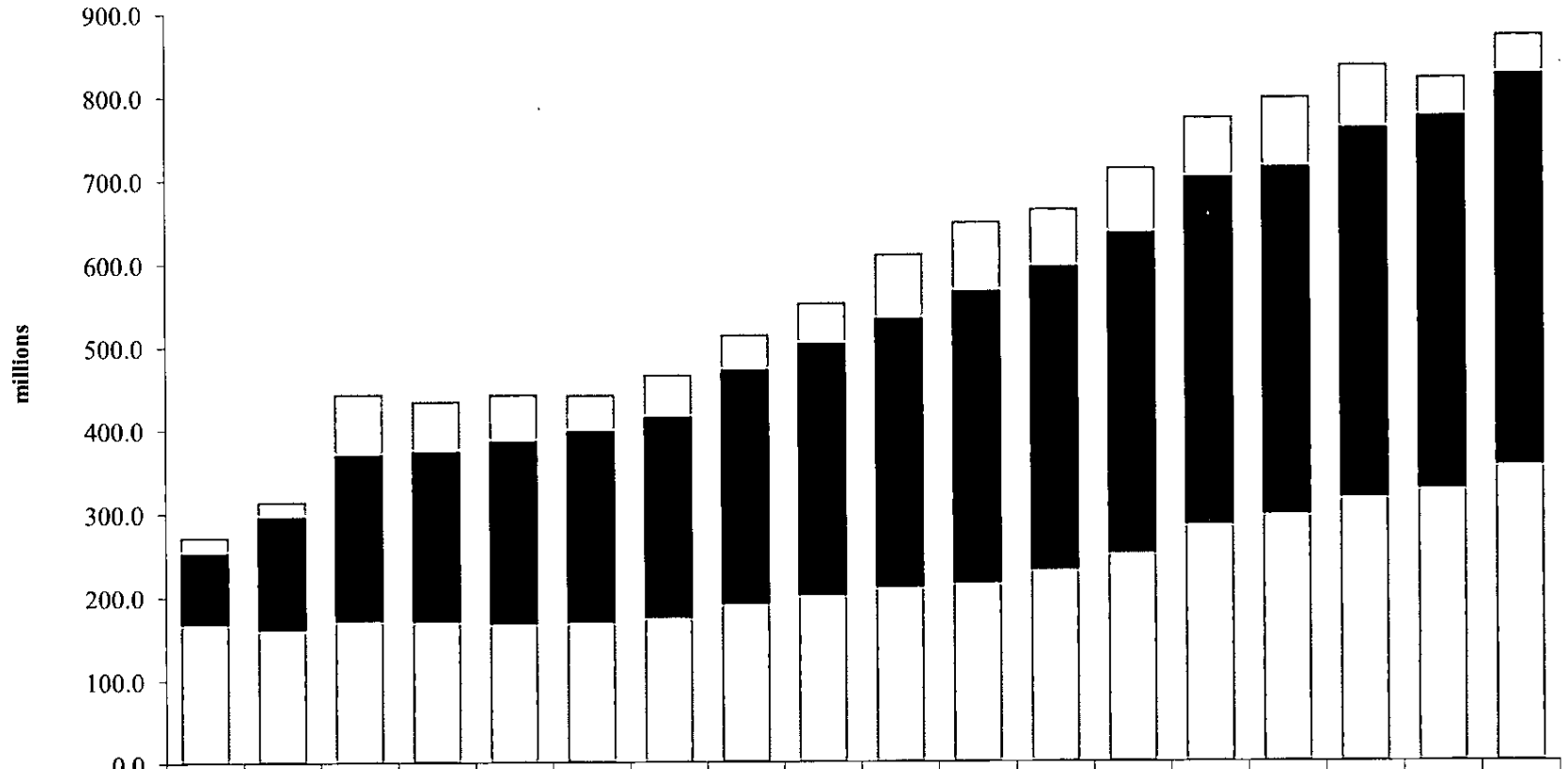


Revenue by Fund Type



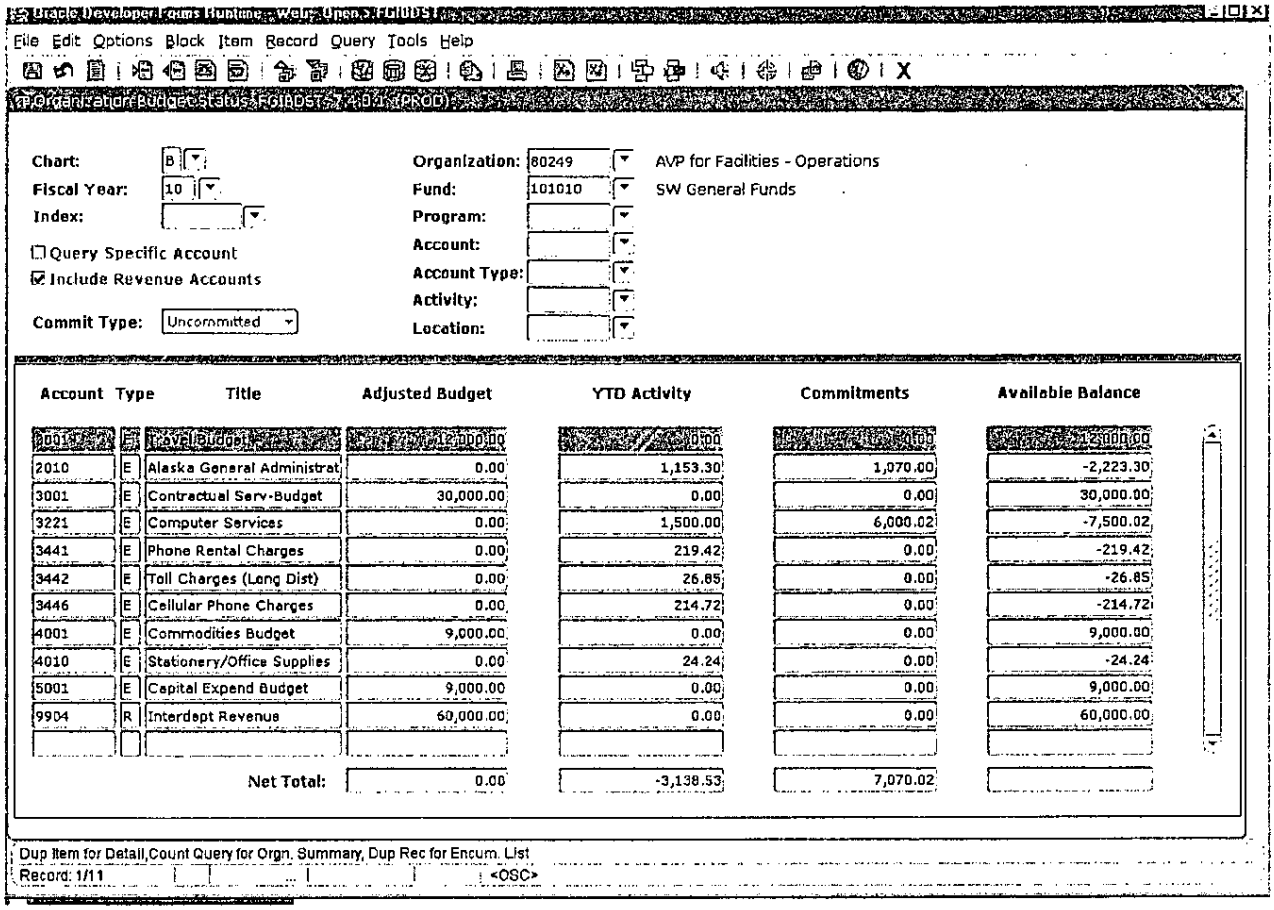
Unrestricted Funds	$596.9
Restricted Funds	170.9
Designated Funds	4.1
Auxiliary Funds	40.6
Sub-Total	812.5
UA Intra-Agency (UAIAR)	(51.0)
Total (in Millions)	$761.5

University of Alaska
Actuals vs. Authorized Budget



	FY86	FY90	FY96	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10*	FY11*
□ Available Receipt Authority	19.4	18.2	73.2	60.4	57.5	43.9	51.1	42.6	49.4	77.9	82.7	68.5	77.6	71.5	83.8	76.6	47.5	47.5
■ UA Intra Agency Receipts	13.6	28.8	28.4	28.1	28.6	29.4	30.7	33.5	32.2	38.4	45.7	40.2	42.9	44.2	46.7	51.0	52.1	52.5
■ Non-state Revenue	71.9	106.9	170.7	176.4	189.8	200.2	209.9	248.1	270.2	284.5	305.6	325.4	343.1	373.3	370.8	392.6	395.4	417.6
□ State Appropriations	167.6	161.0	171.6	170.3	167.5	169.0	175.0	190.6	201.3	211.0	215.6	231.1	250.6	285.1	297.5	317.9	328.2	356.4

*FY10 and FY11 are estimated



Banner Report (live)

Subledger Balance (RPTS)

This page was produced by the **PL/SQL Web ToolKit** on October 12, 2009 01:44 PM

Criteria: 10 : U: 80043 : 101010 : % : % : OP/SAL/REV

DRILL	ORG	FUND	PROG	ACCT	ACTV	ADJ_BUD	RSRV	ENCB	YTD	BALANCE
	80043	101010	1560GA							
O				1000		19,200.00	.00	.00	.00	19,200.00
O				2000		9,500.00	.00	94.00	4,056.24	5,349.76
O				3000		27,900.00	.00	.00	1,934.83	25,965.17
O				4000		3,800.00	.00	.00	572.28	3,227.72
O				8000		.00	.00	.00	54.50	-54.50
					TOTAL	60,400.00	.00	94.00	6,617.85	53,688.15

Close Window

Q Menu report

Subledger Detail (RPTS)

This page was produced by the **PL/SQL Web ToolKit** on October 12, 2009 01:44 PM

Criteria: 10 : U : 80043 : 101010 : 1560GA : 4% :

DRILL	ORG	FUND	PROG	ACCT	ACTV	DESC	ADJ_BUD	RSRV	ENCB	YTD	BALANCE
	80043	101010	1560GA								
○				4001		Commodities Budget	3,800.00	.00	.00	.00	3,800.00
◉				4010		Stationery/Office Supplies	.00	.00	.00	512.28	-512.28
○				4221		Printed Subscriptions	.00	.00	.00	60.00	-60.00
						4000 SUBTOTAL	3,800.00	.00	.00	572.28	3,227.72
						TOTAL	3,800.00	.00	.00	572.28	3,227.72

Close Window

1097

FY10 80249-101010 Sept Close_10-12-09

Printed: 10/12/2009

					Qtr 1			Qtr 1 Sum	Grand Total
LEVEL2	ORG	TITLE	FUND	SBS Account Title	Jul	Aug	Sept		
SWTOT	80249	AVP for Facilities - Operations	101010	Travel		120.50	1,032.80	1,153.30	1,153.30
				Contractual Services	1,642.70	302.18	16.11	1,960.99	1,960.99
				Commodities			24.24	24.24	24.24
			101010 Total		1,642.70	422.68	1,073.15	3,138.53	3,138.53
	80249 Total				1,642.70	422.68	1,073.15	3,138.53	3,138.53
SWTOT Total					1,642.70	422.68	1,073.15	3,138.53	3,138.53
Grand Total					1,642.70	422.68	1,073.15	3,138.53	3,138.53

Data Browser report

Sum of YTD									Cycle2	Cycle			
									Qtr 1			Qtr 1 Total	Grand Total
LEVEL2	ORG	TITLE	FUND	SBS Account Title	ACCT	DATE	DESCRIPTION	DOCUMENT	Jul	Aug	Sept		
SWTOT	80249	AVP for Facilities - Operations	101010	Travel	2010	8/31/09	Duke, Katherine A..	I0599050		120.50		120.50	120.50
						9/18/09	QT025476 Alaska Airline 09/09/09	J0283053			177.70	177.70	177.70
							QT025476 Alaska Airlines	J0283053			855.10	855.10	855.10
					2010 Total					120.50	1,032.80	1,153.30	1,153.30
				Travel Total						120.50	1,032.80	1,153.30	1,153.30
				Contractual Services	3221	7/28/09	AssetWorks Inc	I0593462	750.00			750.00	750.00
								I0593461	750.00			750.00	750.00
					3221 Total				1,500.00			1,500.00	1,500.00
					3442	9/4/09	JUL FY10 Toll Expense	TL1007AD		10.74		10.74	10.74
						9/29/09	AUG FY10 Toll Expense	TL1008AD			16.11	16.11	16.11
					3442 Total					10.74	16.11	26.85	26.85
					3446	7/28/09	ATTM *287004273247	QP148985	142.70			142.70	142.70
						9/1/09	ATTM *287004273247	QP151981		72.02		72.02	72.02
					3446 Total				142.70	72.02		214.72	214.72
					3441	9/4/09	JUL FY10 Equip Expense	TL1007AD		219.42		219.42	219.42
					3441 Total					219.42		219.42	219.42
				Contractual Services Total					1,642.70	302.18	16.11	1,960.99	1,960.99
				Commodities	4010	9/15/09	SEARS.COM 9300	QP153277			24.24	24.24	24.24
					4010 Total						24.24	24.24	24.24
				Commodities Total							24.24	24.24	24.24
			101010 Total						1,642.70	422.68	1,073.15	3,138.53	3,138.53
	80249 Total								1,642.70	422.68	1,073.15	3,138.53	3,138.53
SWTOT Total									1,642.70	422.68	1,073.15	3,138.53	3,138.53
Grand Total									1,642.70	422.68	1,073.15	3,138.53	3,138.53

1099

ORT FGRBDSC
CAL YEAR: 10

University of Alaska
Budget Status (Current Period)
AS OF 30-SEP-2009

RUN DATE: 10/06/2009
TIME: 07:40 PM
PAGE: 119

N HIERARCHY: 80249 D8FVPA 8FVPA 8VPF SWTOT UA

S: B University of Alaska
D: 101010 SW General Funds
D ORG: D8FVPA Associate VP Facilities Operations
: 80249 AVP for Facilities - Operations

COUNT	ACCOUNT TITLE	ADJUSTED BUDGET	CURRENT PERIOD ACTIVITY	YEAR TO DATE ACTIVITY	BUDGET RESERVATIONS	AVAILABLE BALANCE	CMT TYP
04	Interdept Revenue	60,000.00	.00	.00	.00	60,000.00	U
TAL	Inter/Intra Campus Revenue	60,000.00	.00	.00	.00	60,000.00	
01	Travel Budget	12,000.00	.00	.00	.00	12,000.00	U
10	Alaska General Administrative	.00	1,032.80	1,153.30	1,070.00	-2,223.30	U
TAL	Travel	12,000.00	1,032.80	1,153.30	1,070.00	9,776.70	
01	Contractual Serv-Budget	30,000.00	.00	.00	.00	30,000.00	U
11	Computer Services	.00	.00	1,500.00	6,000.02	-7,500.02	U
41	Phone Rental Charges	.00	.00	219.42	.00	-219.42	U
42	Toll Charges (Long Dist)	.00	16.11	26.85	.00	-26.85	U
46	Cellular Phone Charges	.00	.00	214.72	.00	-214.72	U
TAL	Contractual Services	30,000.00	16.11	1,960.99	6,000.02	22,038.99	
01	Commodities Budget	9,000.00	.00	.00	.00	9,000.00	U
10	Stationery/Office Supplies	.00	24.24	24.24	.00	-24.24	U
TAL	Commodities	9,000.00	24.24	24.24	.00	8,975.76	
01	Capital Expend Budget	9,000.00	.00	.00	.00	9,000.00	U
TAL	Capital Expenditures	9,000.00	.00	.00	.00	9,000.00	
TAL	ORGANIZATION						
49	AVP for Facilities - Operations						
TAL	Revenue	60,000.00	.00	.00	.00	60,000.00	
TAL	Direct Expenditures	60,000.00	1,073.15	3,138.53	7,070.02	49,791.45	
T		.00	-1,073.15	-3,138.53	-7,070.02	10,208.55	

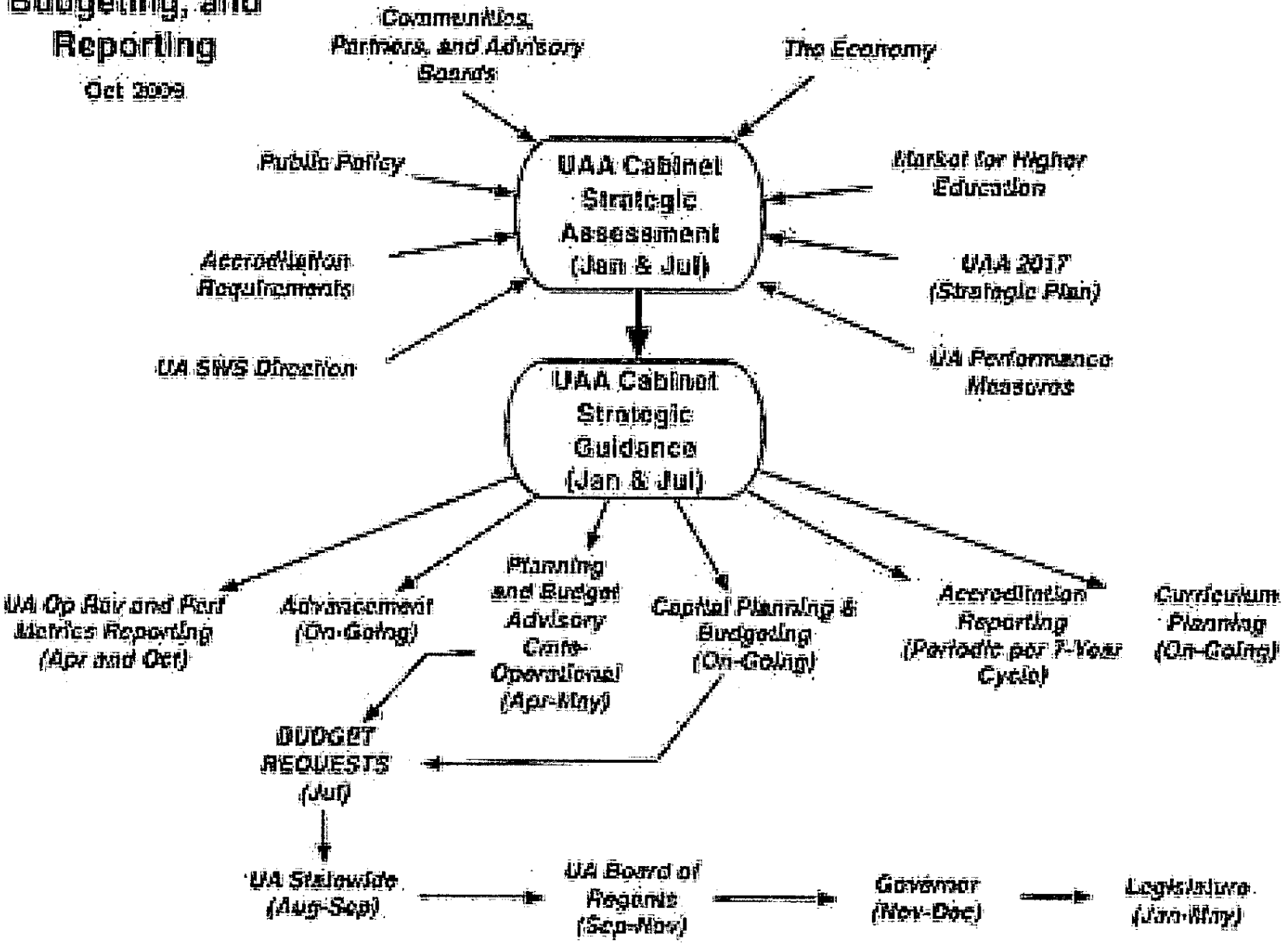
Vista Plus report

1100

Ulmer handout
10/14/09

UAA Planning, Budgeting, and Reporting

Oct 2009



#9

Planning the Future:

Streamlining Statewide Services in the University of Alaska System

Prepared for the
Office of the President
University of Alaska

Dr. Terrence MacTaggart
Brian Rogers

February 1, 2008

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Executive Summary

Over the past decade, the University of Alaska System has developed into a remarkably high performing organization. Under the strong leadership of its president, the System has defined and implemented a vision that links the universities with the most important aspirations of the people of the state. This "public agenda" along with the president's communications skills and the commitment of faculty and staff at the universities have resulted in unprecedented levels of financial support from the legislature. Thanks to well-placed political representatives in Washington, D.C., the System has also garnered substantial federal investment. The additional resources from state and federal sources, plus tuition increases, have led to increases in programs and services at the system level that are unparalleled in the history of the state.

Recognizing that this rate of increasing government investment may drop off in the next few years, the System commissioned a review of Statewide offices and functions with an eye toward reducing their costs. There are several rationales for this study. Following a decade of unprecedented public investment in academic programs and services in support of the economic, social and cultural life of the state, many observers believe that there will be fewer state and federal dollars available in the near future. Thus it seemed prudent to engage outside experts with substantial experience in Alaska higher education to objectively review the System's Statewide services for, broadly speaking, efficiency and cost-effectiveness. In addition, some policy makers and others have questioned the costs of the central administration, irrespective of the available resources. Again, an external review of Statewide operations seemed a useful way to dispassionately respond to these expressions of concern. Finally, it is a widely recognized best practice to periodically review administrative operations with an eye toward making them less costly and more effective. After all, the business of higher education is education. The university exercises its responsibility for ensuring a prudent approach to administrative costs by commissioning this review.

During the course of October and November 2007, we interviewed administrative leaders at the System and campus levels, as well as current and former Regents. Along with an Advisory Committee we conducted open hearings during which the vice-presidents and directors of all the major Statewide units reported on their areas of responsibility and responded to questions from members of the Advisory Committee and the consulting team.

The gist of the recommendations is that the core virtues of the System would remain, but that operations could be conducted at lower cost and with greater collaboration with the campuses. A streamlined UA System would retain the critical strengths that have made it so successful over the past decade. Strong executive leadership, the clear public agenda so consistently articulated by that leadership, stringent fiscal management, and the readiness to engage in critical self-appraisal and create change based on those assessments would remain distinguishing features of the UA System.

But some things would change. There would be a clearer understanding among all parties of the division of authority and responsibility between Statewide and the campuses. The division we have suggested — governance, service and program functions—may be useful template in clarifying these distinctions. The central administration would be a more lean operation with fewer staff and lower overall costs. There would be more conversations among campus and System leaders earlier in the process of decision-making. This more integrated model of arriving at strategic and operational policy decisions does not diminish the executive authority of the president, but it does ensure more dialogue before policy and administrative choices are made. Our recommendations are intended to assist this high performing system to continue its exemplary service to the people of Alaska in a time when there may be fewer resources to carry out that noble purpose.

Introduction

In October 2007, the University of Alaska System contracted with two consultants, Dr. Terry MacTaggart and Mr. Brian Rogers, principal consultant at Information Insights (an Alaska-based consulting firm) to review the organizational structure of the System's Statewide offices and operations. The System asked MacTaggart, the former system head of the Minnesota State University System, the University of Maine System and the author of many publications dealing with system organization, to serve as lead consultant for the project. Rogers, former member and chair of the University of Alaska Board of Regents and former vice president for finance for the System, co-authored the report, and his company, Information Insights, Inc., provided logistical and informational support. Appendix A provides professional biographies of both consultants.

There are several rationales for this study. Following a decade of unprecedented public investment in academic programs and services in support of the economic, social and cultural life of the state, many observers believe that there will be fewer state and federal dollars available in the immediate future. Thus the president's office determined it prudent to engage outside experts with substantial experience in Alaska higher education to objectively review System services for, broadly speaking, efficiency and cost-effectiveness. In addition, some policy makers and others have questioned the costs of the central administration, irrespective of the available resources. Again, an external review of Statewide operations seemed a useful way to dispassionately respond to these expressions of concern. Finally, it is a widely recognized best practice to periodically review administrative operations with an eye toward making them less costly and more effective. After all, the business of higher education is education. The university exercised its responsibility for ensuring that administrative costs are kept to the minimum necessary by commissioning this review.

During the course of October and November 2007, we interviewed administrative leaders at the System and campus levels, as well as current and former Regents. Along with an Advisory Committee (whose membership is listed in Appendix B), they conducted open hearings during which the vice-presidents and directors of all the major Statewide units reported on their areas of responsibility and responded to questions from members of the Advisory Committee as well as the consulting team. Appendix C contains the schedule of interviews and hearings.

The consultants also discussed Statewide services with System officers as well as campus leaders in private settings and in confidence. We guaranteed that while some of the ideas presented in these private meetings would find their way into the report, we would not connect any specific comments with the name or office of the individual who voiced them.

The consultants and the Advisory Committee also reviewed dozens of reports, studies, commentaries, and university financial records. The input to this report, then, included substantial public testimony and discussion; private meetings to probe more deeply on

particular issues; volumes of other external reviews and internal reports; and our own sense of what makes for the most effective System leadership and management.

The Advisory Committee represented faculty and staff and commented on the draft report and recommendations.

The Questions We Asked

The consultants pursued the following questions during the open sessions as well as in the more private discussions with University officers:

- What are the major officers, functions and initiatives of the System currently? Of these, which are essential to fulfilling the Regents' legislative and constitutional responsibilities for fiduciary and academic oversight, and which are more discretionary? Among the essential functions, which, if any, can be conducted at lower cost or more effectively?

- Of the more or less discretionary functions, we found it important to distinguish those which serve an important educational support function from others that are less critical, or have outlived their usefulness or simply don't work. Relevant questions here include:

    1. Is this function, program or service so effective and important to the educational or research mission that it should be retained?
    2. Can it be conducted in a less costly, more effective way?
    3. What would be the consequences of locating the service at a campus rather than in a System office in Fairbanks or Anchorage?
    4. What are the pros and cons of outsourcing this function to a non-university provider?
    5. What would be the consequences of discontinuing this function, program or service?

The people we spoke with were not shy in expressing opinions beyond the scope of these questions. A clear majority of campus officials expressed concern, and often dismay, on what might be best summarized as the *working relationships and communications* between some System staff and the campuses. We did not seek out these views, but came to feel that perceptions of the quality of communications and relationships are so important to effective management of the System, that they deserved to be noted.

Characteristics of High Performing Systems

What separates high functioning systems of colleges and universities from those that are merely adequate? Our experience is that the best systems, regardless of their structures, feature seven important attributes. The following list of characteristics of high performing systems derives from the literature on successful organizations generally and the authors' own experience with what works best in system administration.

1. Strong Executive Leadership

The senior leader of the most effective systems—be the title president, chancellor, or commissioner—are politically adroit, credible, imaginative in linking public needs with academic capacity, and strong willed. The senior executive heads a team with a few, able, tough minded players. The essential roles are chief financial and operations officer, chief academic officer, and a person to provide leadership in student affairs. Other critical members of the leadership team include system legal counsel, the chief of human resources management and increasingly a chief information officer. In the most effective systems, trustees are deeply engaged in setting strategic policies, but leave the implementation and the politics up to their senior executive.

2. A Simple, Clear Public Agenda

Historically, systems were formed to plan, coordinate, respond to legislative inquiries and provide some equilibrium among competing regions of the state. For the past decade and a half, the best systems have asserted leadership in the most critical economic (and to a lesser degree social and cultural) issues facing their states. Many systems erect a "public agenda" for the system and the component institutions that focuses on economic development, workforce preparation, commercializing university-based research, sustaining communities, and providing a more seamless linkage with the schools. This agenda, often developed through a grassroots process of meetings with community leaders as well as ordinary citizens, underpins the funding request to the legislature, and indeed has become a fundamental goal of most systems.

3. Fiduciary Capacity

Effective systems harbor the administrative capacity to carry out the core fiduciary responsibilities entrusted by the state to the governing board. Usually, this means strengths in the areas of budgeting, finance, legal affairs, human resource management, academic affairs, information technology, and political and public advocacy. This resource management role includes not only the oversight and audit functions, but leading processes to ensure that resources are allocated fairly and consistently with public needs. The best systems effectively balance a purely rational approach to distributing resources with the practical wisdom that acknowledges the political clout of institutions and the regions they serve.

4. Clarity of Responsibilities and Authority

The most effective systems have achieved clarity of understanding of the roles, responsibilities and authority of the campus and the central administration. While "who does what" and "who decides" may be spelled out in administrative policies, these understandings are also widely understood and accepted, if sometimes grudgingly.

5. Models of Frugality

The best systems are highly disciplined in their use of resources, recognizing that their function is to support the colleges' and universities' educational efforts and that administration is not an end in itself. Effective systems resist the temptation to step into the education business by offering academic programs themselves, except to get a new effort involving several institutions off the ground and then only for a defined period of time.

6. Integral Decision-making

While the most adroit systems enjoy strong, decisive executives, the *process* leading up to making decisions is a highly collaborative one. Campus executives are systematically consulted. Periodic retreats to engage in strategic planning, to address major problems and evaluate current practices are the norm. Dissent from campus leaders and within the system during these discussions is accepted as a healthy component to arriving at good decisions and in securing buy-in. In the most effective systems, working relationship are described as cordial, friendly, and mutually respectful.

7. Critical Self-Appraisal and Change

The best managed systems periodically secure external evaluations of how they conduct their business and whether they are doing the right things. They seek unedited reviews of their core functions. They also stay alert to how changing political, economic and social realities demand changes in system behavior. Recent downsizing of the central administrations in Maine, Missouri and California in response to public criticism of system costs as well as reduced resources illustrate this kind of responsiveness.

Comparisons with Other Systems

Effective systems of higher education in the U.S. display nearly infinite variety in terms of the number of constituent institutions, enrollment, budget, locus of authority, relative reliance on rules and regulations versus less formal relationships, and costs. There is no one template that works in all states under all conditions. Having said that, comparing the UA System with others in the lower 48 helps to raise questions about the relationships between size (number of institutions, enrollment), organizational complexity, decision-making processes and relative system costs.

Size and Complexity

Systems designed to govern, coordinate and lead public colleges and universities in the United States come in all shapes and sizes. The State University of New York (SUNY) is the largest with some 64 institutions enrolling 400,000 students. At the other end of the spectrum, the Vermont system is comprised of 5 state colleges with a combined enrollment of less than 12,000 students.

Figure 1 on the next page compares operating budgets per student for the UA System and six of its peer institutions. The UA Office of Institutional Research identifies three peer systems with less than 30,000 FTE students – Maine, Montana and Southern Illinois – and seven peer systems with 30,000 to 60,000 FTE students, of which four – Massachusetts, Nebraska, Hawaii and Colorado – are shown in the figure.

Among the eight institutions shown, Alaska's $17,100 state appropriation per FTE student is highest, but only two percent above Colorado's $16,900. The total operating budget of $42,200 per student is also highest, but again only four percent higher than Massachusetts' $40,700 per student.

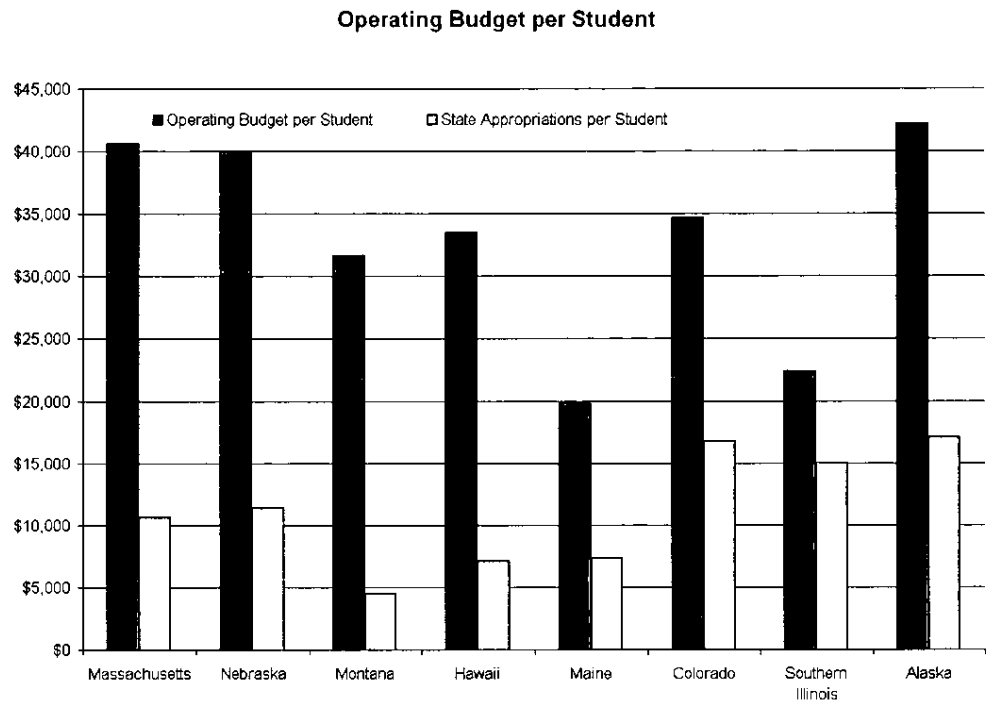

Figure 1 Operating Budget per Student

With three universities, the University of Alaska System would appear at first glance to be a relatively simple organization. However, because of the distinctive missions of each of the universities, the community college functions embedded in various ways in each, the shear geographic reach of their service areas, the extensive distance education network, the number of separate bargaining units within the System, the ethnic and cultural diversity of the state and the cost of doing business in a state this large with its climatic and geographic extremes, the University of Alaska is anything but organizationally simple.

Authority and Working Relationships

Systems also vary greatly in the degree of authority of the central administration, their relative reliance on rules and regulations to ensure compliance and the character of the working relationships among players within the organization. The SUNY System is notorious for its bureaucracy, multiple layers of authority, and Dickensian levels of obscurity when it comes to getting a decision made. Others Systems like those in Maine, the Southern Illinois University System and Vermont rely more on informal relationships and interactions to get their business done.

The University of Wisconsin System with 26 institutions ranging from the internationally recognized flagship in Madison to the generally superior regional universities to the network of two-year centers spread across the state concentrates authority in the system

office of the president. Yet the working relationships within the system are cordial, and mutually respectful. There is no question where the ultimate authority lies, but there is high level of campus participation upstream before policy decisions are presented to the Regents for action. Much the same can be said for the high functioning well regarded University of North Carolina System.

The locus of authority within the University of Alaska System, for reasons partially explained in the Points of Inflection section below, lies with the central administration in the Butrovich Building. Alaska shares the penchant for centralized leadership and control with systems in New York and Wisconsin, among others. We will comment later in the report on perceptions of decision-making processes and working relationships within the Alaska System.

Responses to Reduced Resources

Unfortunately, there are no reliable studies comparing system costs across the fifty states. Thus we cannot do a table of standard costs of systems in light of their number of component institutions, enrollment, or structure. This lack is explained by the immense variety of system structures, the fact that some systems present their total costs as a separate line item while others provide less clarity, and resistance on the part of some of these agencies to participate in comparative studies.

However, there are lessons to be learned from the experiences of systems in reducing their operational costs. The chief models for reducing administrative costs are summarized below.

The three main approaches to reducing overall system costs are consolidation, privatization, and reduction. Consolidation requires the merging of campuses as illustrated by the merger of several two-year campuses in Minnesota or the subordination of smaller campuses under larger ones, as occurred in Montana with the clustering of regional campuses under the two larger universities. During its most recent restructuring, Alaska pursued this model by locating the community colleges under the three regional universities. It is unlikely that further consolidation is either politically or managerially feasible in Alaska. Thus further campus consolidation is not an option.

A variant on the consolidation theme is to aggregate administrative functions, rather than campuses, either at a central location in the System office or at one of the institutions. The University of Maine System attempted this approach during a period of centralization from 2002 to 2005. South Dakota recently completed an initiative to capture scale economies by consolidating administrative functions. The South Dakota model involved at least temporarily reducing campus personnel in human relations, admissions processing and information technology in order to enhance the system capacity to offer these services centrally. Officials in South Dakota report that they believe this effort reduced costs. They also surmise that the campuses have in fact replaced some of the staff, resulting in some duplication of effort. Since the effort in Maine did not include a reduction in campus personnel, the System has not realized any

net savings, and likely increased total administrative costs. The last few years have witnessed substantial consolidation of services in the UA System's Fairbanks headquarters. The benefits have been greater consistency of service, but central administrative costs have risen as well.

Privatization in its purest form is turning to non-governmental organizations to provide functions historically conducted by governmental entities. In a more general sense, creating independent nonprofit enterprises to fulfill public functions represents another form of privatization. Oregon pursued the second option when it removed its health science center from the state's university system, granted it administrative independence from state control, and drastically reduced its funding. While the UA System has occasionally turned to outsourcing for specific administrative functions requiring specialized technical talent, it has not outsourced its core educational and research functions. What worked in Oregon with health sciences would likely not be successful in Alaska due to the relatively small market for higher education services and the lack of any independent institution with the capacity to replace Alaska's higher education institutions.

The third and more common option is to review administrative functions with an eye toward reducing or eliminating them, or transferring some of the functions to campuses with the capacity to manage the service. Following the effort to save through the consolidation mentioned above, the University of Maine System engaged in this process and reduced central costs by $2.6 million or about 11 percent. That System is about to engage in a second round of reductions aimed at reducing central costs by another five percent. In 2004, the Oregon University System undertook a dramatic downsizing of its central office, which led to the elimination of over 100 positions (from 187 to 82). This shift included the transfer of some 35 positions from the central office to Oregon State University for implementing the BANNER information system for all the universities and the central office.

This report follows the third model of seeking cost reductions following a review of administrative functions. As noted above, Alaska has consolidated its major campus units, and further aggregation of campuses holds little promise. Large-scale privatization of the sort accomplished in Oregon is unlikely to work in Alaska's competitive landscape. The only practical alternative at this point is to patiently review, analyze and prune or transfer central functions and costs.

Budget Growth and Constraints

The University's Budget

The University of Alaska has seen three periods of significant budget growth in the post-statehood era.

The discovery of oil at Prudhoe Bay in 1969 brought new wealth into a small state government, which responded with significant increases in budgets for education, at both the K12 and post-secondary level. At the time, the University of Alaska was its Fairbanks campus, with community colleges in Anchorage, Juneau and Ketchikan, some university courses in Anchorage and some extension programs. The state budget expansion of the early 1970s brought new campus buildings, new community colleges, and establishment of the University of Alaska at Anchorage.

While state money was flowing to the university, its fiscal control systems weren't keeping up with the more complex institution. Following the failure of a university bond issue in 1976, the university found itself with significant cash flow problems, poor accounts receivable management, and an inability to fully account for its financial performance. The state administration and legislature responded by clamping down on the university, requiring new financial controls and segregation of funds between campuses and among functions within campuses. One result of the 1977 troubles was the establishment of firm financial controls for the whole university in the System office. In many ways significant aspects of the System office of today reflect the control tone set by the problems of 30 years ago.

In 1979 oil prices skyrocketed. Over the following two years, the university budget blossomed again, rising as much as 40 percent in a single fiscal year, and new buildings were added throughout the System. Unfortunately, what goes up usually comes down, and in 1986 oil prices crashed, resulting in a $25 million reduction in the FY87 UA state appropriation, a whopping 15 percent reduction in a single year. The Regents cancelled capital projects to generate enough cash to avoid financial exigency, and directed the administration to retrench, ultimately restructuring the System to its current configuration of three multi-campus, multi-mission institutions and a Statewide administration.

In the ten years following System restructuring in 1988, state appropriations were essentially flat, allowing growth in only those areas that could find other sources of funding, including growing tuition income.

On his arrival as president in 1998, Mark Hamilton characterized the years following restructuring as the UA System's "decade in the desert," and proceeded to lead the System out of the desert. In the following ten fiscal years, the UA state appropriation increased each year, up to 14 percent in a single year. Non-state funds increased by as much as 21 percent in a single year. From FY99 through FY07, actual spending of state appropriated funds grew by 73 percent, and of non-state funds by 89 percent. Without a

doubt, this is the best consistent positive budget growth for the UA System since statehood, and is one of the longest runs of consistent budget growth in American public higher education.

Future Constraints

The outlook for the future is less rosy; and the university may need to prepare for tighter times. A variety of factors are coming together that increase the probability of flat funding, or perhaps even budget declines.

At the state level, declining state oil production will over time reduce the ability of the state to meet increasing budget needs. While the production decline is ameliorated in the short term by record high oil prices and the significant recent tax increase, the state administration is talking of budget problems within five years. And lower oil production will, over time, reduce the donations by BP Exploration (Alaska) and Conoco-Phillips made under their 1998 Compact commitment.

At the same time, the federal picture isn't looking good. Federal budget constraints caused by the demands of the Iraq war are likely to hit research spending; Congress is tightening the earmarking process; and Alaska's delegation has warned of diminishing ability to direct funding for Alaska priorities. Tighter budgets are also affecting the indirect cost picture, as the federal climate is to cap or reduce indirect rates.

The university has few opportunities to make up for flat or falling state and federal funds with other fund sources. Tuition rates have increased in the past decade at rates exceeding inflation, leaving little headroom for significant growth beyond inflationary increases in the future. As interest rates fall, university interest income also falls. On a very positive note, charitable gifts and donations to the university are increasing significantly, but these funds are unlikely to become a major source of operating revenue in the near term.

The combined effect of these potential budget constraints is an increased likelihood that the UA System will need to be increasingly frugal, with increased need to reallocate funds from low priority programs to meet its priorities for growth. The System office that has guided the remarkable growth of the university's programs and services in the last decade will need to be retooled to guide the System in a time of scarcity. This examination of the System office provides an opportunity to begin that process of examination, reallocating System office funds and functions to the highest System priorities.

System Office Roles

Our examination of the System office found three very different roles in the university's Statewide Major Administrative Unit (MAU):

- System governance – the portions of Statewide that have fiduciary responsibility for UA as a corporate entity, maintaining the constitutional, statutory and regulatory responsibilities for the System set by the state and federal governments, and the policy requirements set by the Board of Regents;
- Statewide services – the portions of Statewide that are established to provide central administrative services for the entire System for reasons of economy of scale, efficiency or effectiveness;
- Statewide programs – the portions of Statewide that deliver academic, research or public service programs on a statewide basis.

We find that virtually everyone involved understands the requirement of the fiduciary governance role of the System office, and we have few recommendations to make for change to the functions therein.

In the Statewide services arena, there is room for honest disagreement about centralized versus decentralized services, and whether each of the central services can be provided at lower cost, higher efficiency, or higher effectiveness. And there is room for disagreement as to when lower cost is more important than higher effectiveness. That said, there are several choices that can be made for any administrative service:

- Centralized Statewide – the service can be provided by the System office on behalf of all campuses
- Centralized Lead MAU – the service can be provided by one MAU on behalf of all the MAUs
- Centralized Consortium – the service can be provided by a consortium formed by the MAUs
- Decentralized MAU – the service can be provided at the MAU level by each of the MAUs, without coordination between MAUs
- Distributed – the service can be provided at the campus level within each MAU, without coordination between campuses or MAUs
- Outsourced – the service can be provided by the private sector
- Ignored – the System office can ignore whether the service is provided or not
- Discontinued – the service can end
- Hybrid – the service can be provided by a hybrid of one or more of the above choices

Our examination raised several questions that go beyond the basic tradeoffs among cost, efficiency and effectiveness. For example, which delivery mode is best suited to the nature of the service being delivered? Do Statewide services display a sufficient degree

of customer orientation when the campus is the customer? Have some Statewide functions that began as a service morphed into control functions?

The third Statewide role, responsibility for administration or delivery of academic and research programs, was the most problematic. We admit our bias going into this work, that the administration and delivery of academic, research and service programs belongs in the accredited academic institutions, the campuses. We see a clear planning role at the System office – of coordination, adjudication of competing claims for program resources, of academic planning and quality control.

Other key roles for the System office in academic programs include:

- As incubator, or initiator, of new Statewide academic programs, with a clear plan to transition the program to an MAU or campus
- As a receiver, when a campus program is failing and the campus is unable to perform its mission, with a plan to transition the program back to an MAU or campus
- As a transition, for programs that are within the UA System but are being readied for movement outside the System to a state agency or nonprofit, or for programs transferred from a state agency or nonprofit pending the decision on which campus or whether the campus should take on the function
- As a budget holder, to ensure a single MAU doesn't cut back on program delivery outside its core service area during a time of retrenchment without the concurrence of the other MAUs or president, but actual program delivery should be by an MAU or campus.

Reduction in the size and scope of the System office can come in three ways:

- Reducing the function at the System office
- Transferring the function from System office to MAU or campus
- Eliminating the function from the System office

Those recommendations we make that affect budgets generally fall into the first two categories.

System Office Budget Growth

An examination of the relative growth of units within the University System shows that the System office has grown at a more rapid rate than that for the UA System as a whole. As shown in Figure 2, in total funds, the Statewide budget grew from FY99 through FY07 by roughly 225 percent, compared to a growth of other units averaging 170 percent. Figure 3 shows a similar trend in state appropriations, as Statewide's general fund budget grew over the same period by about 210 percent compared to 170 percent in other units.

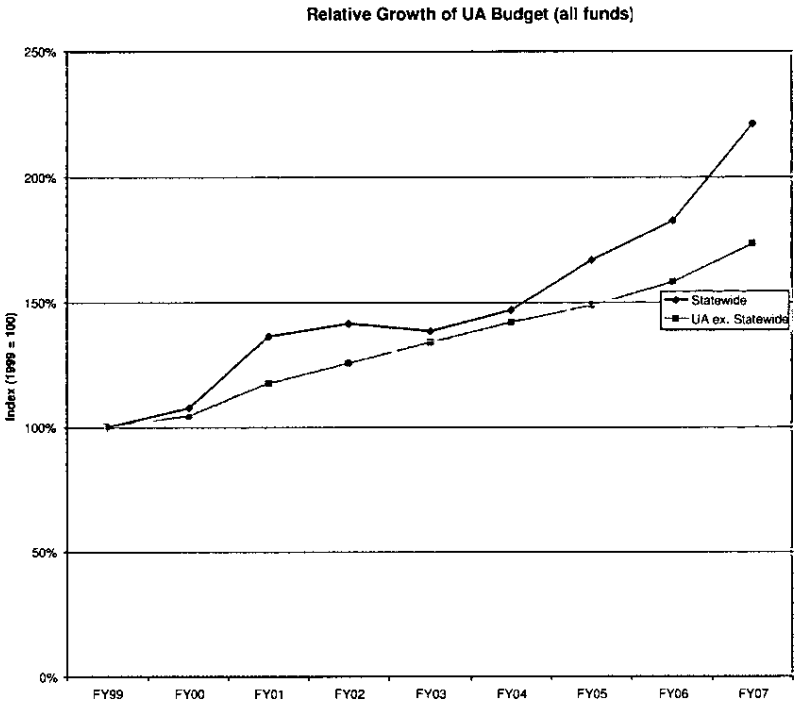

Figure 2 Relative Growth of UA Budget (all funds)

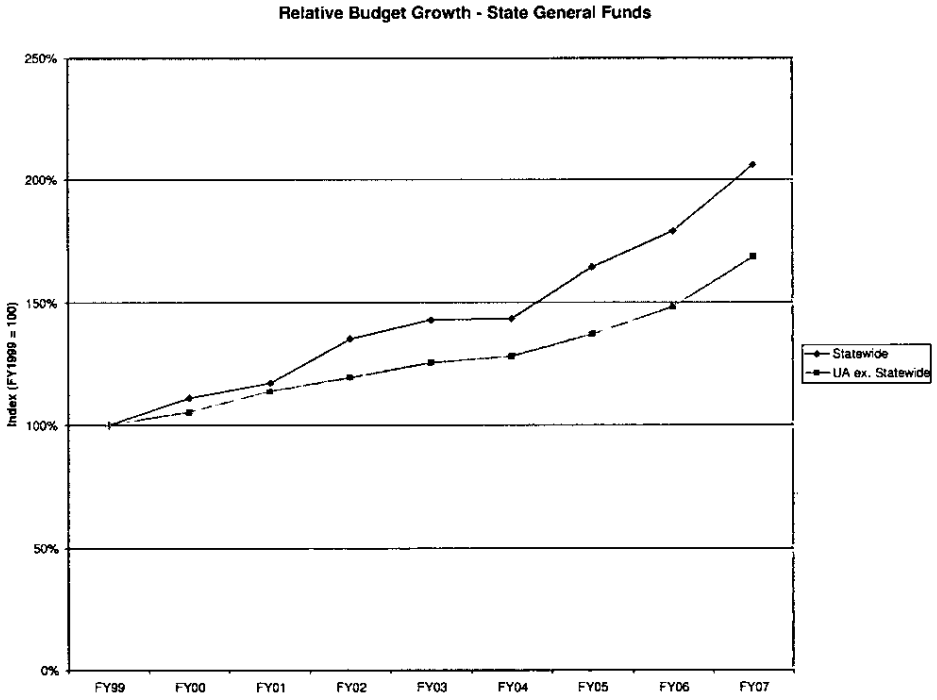

Figure 3 Relative Growth of UA Budget - General Fund

The result of this growth can be shown in the following Figure 4, showing the Statewide share of total funds and of general fund, growing from about 6.2 percent of the UA total budget (6.3 percent of general funds) to about 8 percent (7.7 percent of general funds).

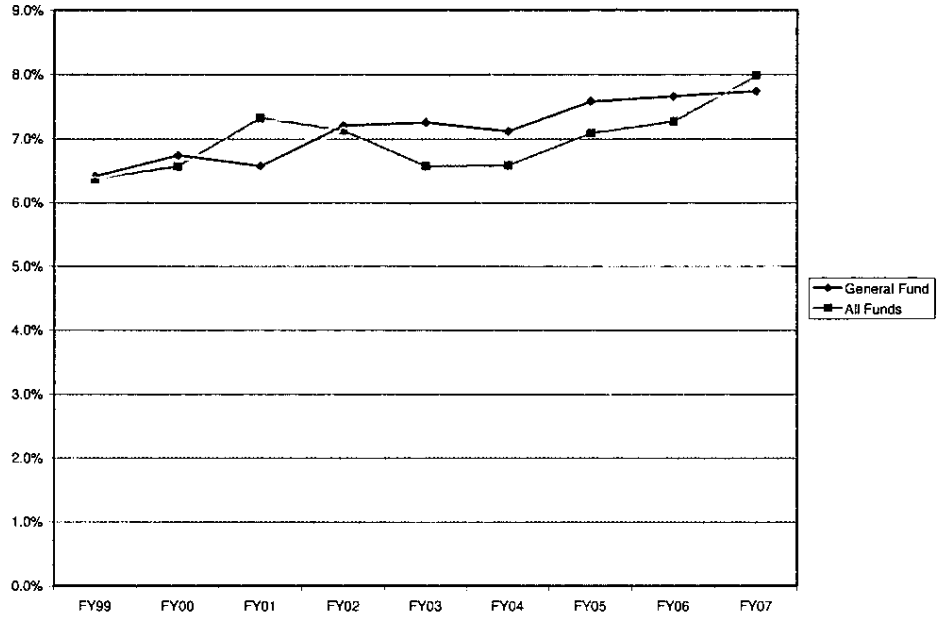

Figure 4 Statewide Share of UA Budget

The increase in the System office's percentage share of the UA budget represents about $15 million more in total FY07 spending ($5.2 million in general fund appropriations and $9.8 million in other funds) than would be the case if the Statewide MAU had the same percentage in FY07 as in FY99.

This look at the total System office budget masks the true growth, however. As mentioned earlier, we examined the System office in three different, but somewhat overlapping, categories:

- System governance – the portions of Statewide that are responsible for UA as a corporate entity, maintaining the constitutional, statutory and regulatory responsibilities for the System set by the state and federal governments, and the policy requirements set by the Board of Regents;
- Statewide services – the portions of Statewide that are established to provide central services for the entire System for reasons of efficiency or effectiveness [recognizing that some central services can be or are being provided by one institution for the other institutions, while others are provided by the System office];

- Statewide programs – the portions of Statewide that deliver academic, research or public service programs on a statewide basis.

When we analyze the Statewide budget among these three categories, it becomes clear that the majority of recent growth has been in the third category – the delivery of statewide programs, as shown in Figure 5 below.

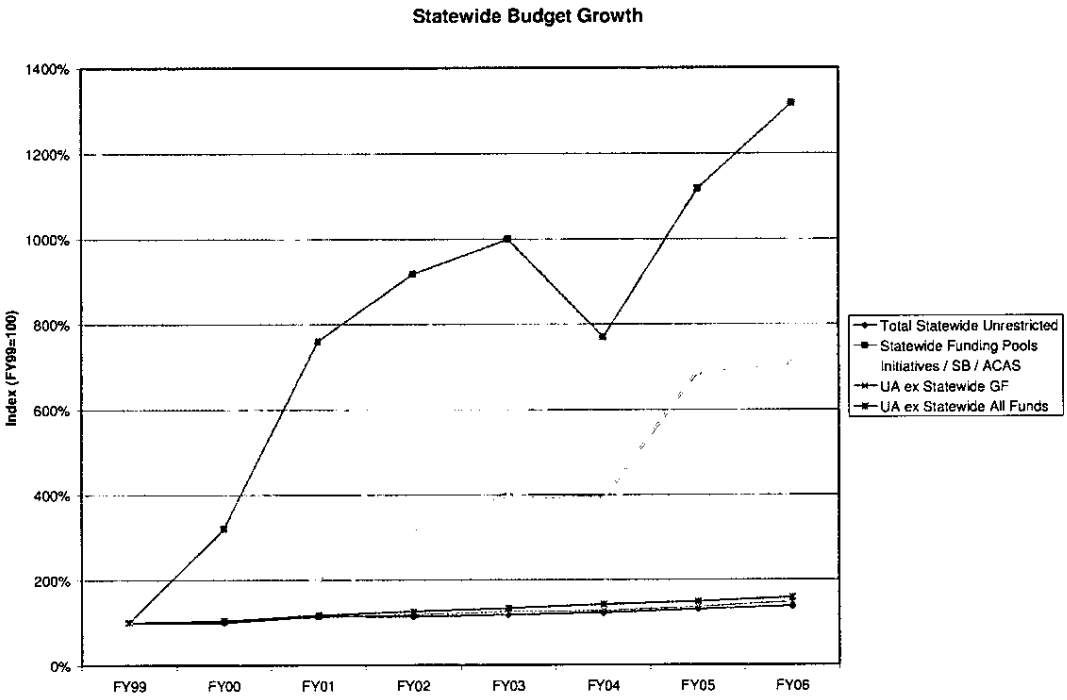

Figure 5 Unrestricted Statewide Budget Growth by category

This figure demonstrates that the largest percentage growth of the System office budget has been in the areas of Statewide Funding Pools, Initiatives, Staff Benefits, and the Accountability and Sustainability processes. Major portions of this funding are shared with campus programs, and do not represent growth of the System office governance or service functions.

The following figures show growth in System offices by functional area. Figure 6 shows growth on a percentage basis among the Statewide offices. The highest percentage growth areas have been Academic Affairs, Planning and Budget, and University Relations, each of which exceeded the average growth of the university as a whole. The smallest percentage increases were in the areas of President/Board of Regents/General Counsel, Information Technology, and Administration, each of which lagged behind the average growth of the university as a whole.

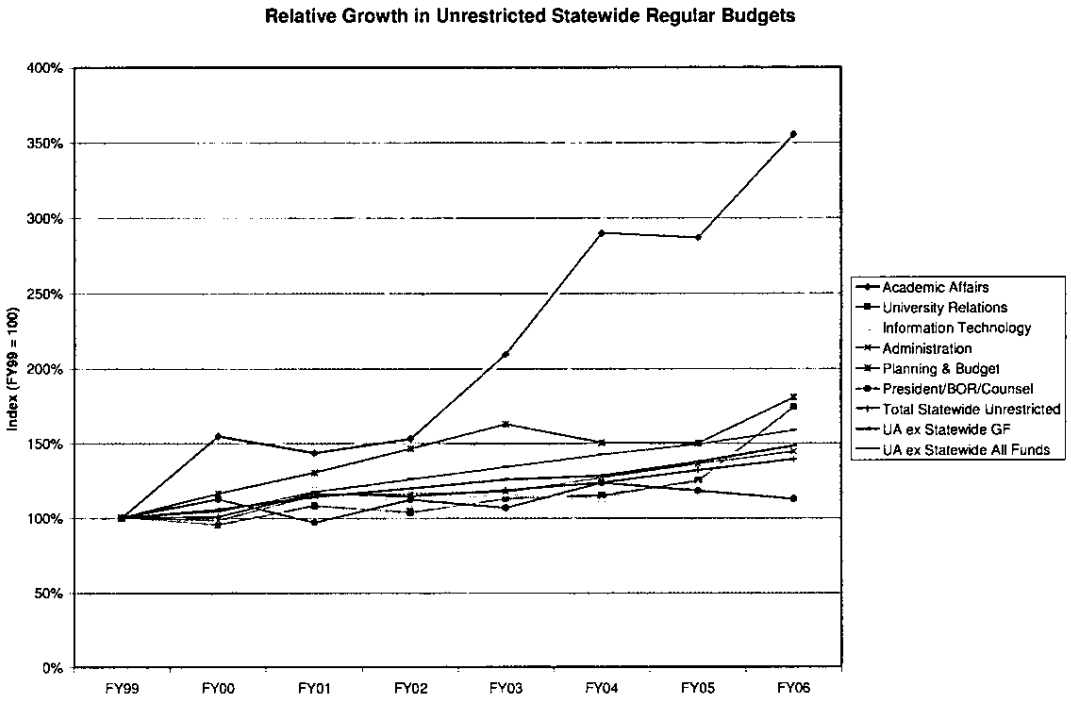

Figure 6 Unrestricted Statewide Budget Growth by function

Figure 7 shows budget trends in the largest Statewide functional areas – those with annual budgets exceeding $1 million.

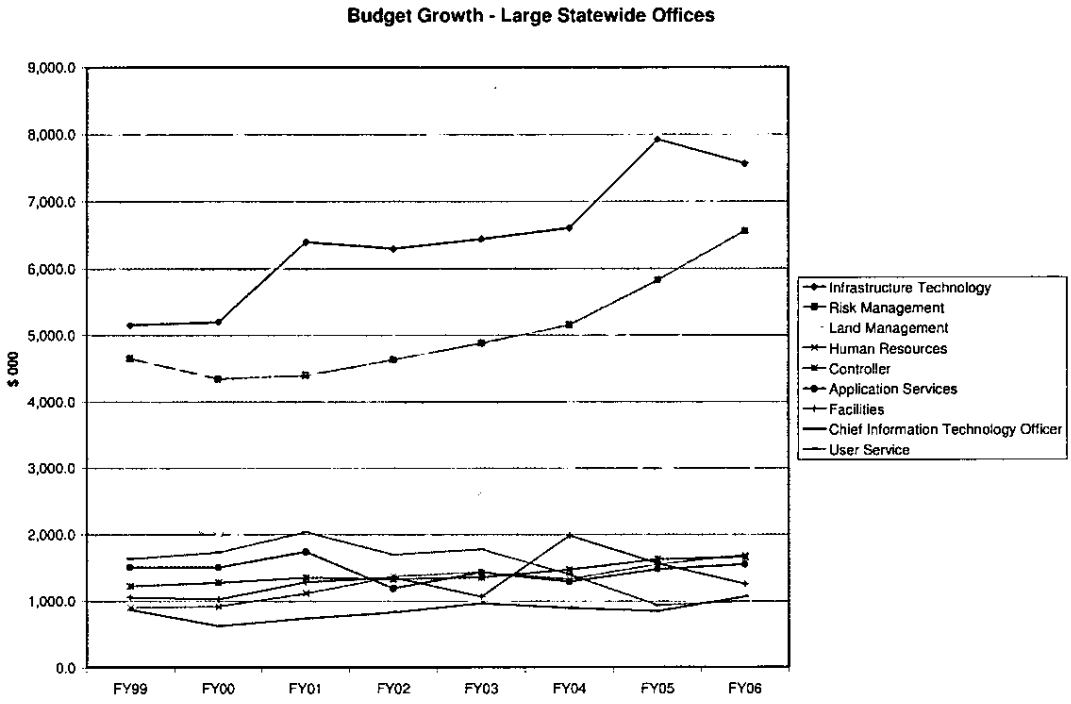

Figure 7 Budget trends in large Statewide offices

In unrestricted dollars, the largest growth has occurred in the following budget lines, each of which increased by more than $250,000 over the 7-year period:

System Budget Unit	FY99	FY06	Growth
IT – Infrastructure Technology	$ 5,145.7	$ 7,558.0	$ 2,412.3
Administration – Risk Management	4,636.6	6,550.8	1,914.2
Administration – Human Resources	893.2	1,683.8	790.6
Administration – Controller Initiatives/ACAS	0.0	606.8	606.8
University of Alaska Foundation	164.7	759.5	594.8
Administration – Land Management	2,139.6	2,669.5	559.5
Academic Affairs – Student Services	0.0	547.4	547.4
IT – Infrastructure Technology Initiatives/ACAS	149.0	666.6	517.6
Planning & Budget	622.5	1,123.0	500.5
Academic Affairs – Workforce Development	0.0	466.0	466.0
University Relations – Public Affairs	266.1	712.2	446.1
Administration – Controller	1,215.6	1,649.0	433.4
Academic Affairs – Research Funding Pool	0.0	400.3	400.3
Administration – Financial Systems	372.4	763.1	390.7
Academic Affairs	319.9	646.1	326.2
Administration – College Savings Program	161.6	435.4	273.8

Table 1 Statewide Budget Units with Largest Growth FY99-FY06

Conclusions

The conclusions regarding the relatively high costs in absolute terms and measured with respect to student enrollment, number of institutions and faculty derive from several realities:

- In recent years, the UA System has pursued a high service model in which the central office takes leadership for and funds educational and service programs that the campuses are unable or unwilling to support.
- In Alaska, the unavoidable fixed costs of System administration are spread over relatively few institutions, students and faculty. If the enrollment were to double in size, the per student costs of System administration would be cut nearly in half.
- Though small in population, Alaska is large in terms of the numbers of distinct groups needing educational services. To be responsive to the needs of these different groups means the System delivers directly and through its universities a host of important, but relatively high cost, low volume programs and services.
- While the Alaska System is organized under three MAUs, in fact there are multiple distinct campuses or learning centers spread across the largest state in the nation. In other states, the community college campuses might well be in a separate system altogether. Using the number of institutions in determining system costs per major unit dramatically exaggerates the result.
- As often stated, there are substantial additional costs to doing business in a state the size of Alaska with its extremes of geography and climate.

In sum, the UA System is a high cost system for a variety of legitimate reasons. There is no evidence that System administrators are wasteful or profligate. But with shrinking state and federal support highly likely, substantial recent tuition increases, and increasing demands for educational services, it is clear to us that the System would be well advised to streamline its operations and reduce its costs.

Working Relationships between Statewide and the Universities

What We Heard

One or Three?

It will surprise few in the UA System that there continues to be a question: Are we one university or are we three universities? This fundamental question, and the organizational principles that flow from its answer (or lack thereof) continue to create confusion at the campus and Statewide levels. For purposes of this study, we answer as follows:

> This is one university System comprised of three accredited universities, each of which is itself a mini-system.

What is Statewide's Role?

There is a lack of clarity in the role of the System office that flows in large part from the first question. The decision flow process is clear to few people, and the plethora of councils and task forces diffuses accountability and responsibility. Campuses see a mixing of headquarters functions with operational functions, with "situational floating spheres of influence" among the Statewide offices. Many campus leaders believe they spend too much time in meetings or preparing for System meetings (although they also call for more collaboration). Both System and campus interviews recognized that the System office possesses specialized expertise not found on the campuses. Our interviews of current and former regents indicated that Statewide offers a more consistent and responsive attitude toward external authorities and the regents.

Does Father Know Best?

Campus interviews repeatedly brought out resentment to an "autocratic attitude" among some Statewide staff, characterized by some as "father knows best." Campuses believe some Statewide offices are second guessing, interfering and attempting to micro manage operational decisions at the campus level, rather than adopting a team approach. They saw a lack of perspective of campus needs, the campus environment, and the campus calendar. This sense is particularly acute toward the finance and budget arenas, where control functions appear strongest. In our System office interviews, we saw concern in the other direction – if functions are devolved to the campuses, what fiduciary accountability is there to the corporate whole, and what should happen if campuses fail or outright refuse to meet statutory, regulatory or policy requirements?

Where is the Sauce for the Gander?

The System office has developed increasingly stringent metrics for campus performance in order to demonstrate accountability for public funds and to use a rational process for allocation of resources. There is some campus feeling that the metrics do not completely capture the broad missions of their multi-mission, multi-campus institutions. More troubling is a perceived lack of metrics for the System office – what are the standards of performance for Statewide, what are the peers, how can the performance of individual Statewide offices be evaluated.

System Office Functions

Academic Affairs:

Since 2002, the UA System has invested heavily in developing its academic affairs program. As Figure 5 presented earlier suggests, academic affairs stands out as the unit with the greatest budget increases. This rate of growth is explained by the fact that prior to 2002, the System lacked a chief academic officer and many of the programs associated with a centralized academic affairs unit.

The efforts of the new vice president for academic affairs to reach out to the campuses, to meet personally with faculty and staff, and to jointly identify priority areas for this unit have received broad approval at the campuses.

Campuses cited the health programs initiatives regularly as a positive example of what the System office can do in a new initiative. There was a very high confidence in the open, collaborative process used to respond to the needs of the health industry. There was general agreement that the responsibility for health programs should be centered at UAA, with the understanding that delivery of nursing and allied health programs outside the UAA core service area is important and requires a shared campus and Statewide decision before any changes are made.

We heard support for an academic affairs agenda that included clarifying the missions of the universities, leading discussions on the location and levels of new graduate programs, supporting the community college function within the universities, and leading in the development of a multi-year strategic plan for academic affairs.

Administration:

Finance: There were concerns about the strong control culture that derived from the 1977 fiscal crash of the System, that some procedures, such as those involving campus spending of foundation receipts, require documentation equivalent to pre-audit of transactions. Internal audit was seen as a positive, service-oriented function that is responsive to campus needs. The legal and policy role of Statewide in purchasing was clearly recognized, as was the lead role being taken by campuses –

UAF in complex procurements, UAA in construction procurements. Risk management was seen as too controlling, even in those functions that are primarily services to campuses. The indirect cost process was a touchy issue, with several key campus officers not clear about the process for determining rates or allocating revenues.

Facilities was seen as "a mess," but campuses saw the need for a System office role in keeping a level playing field, reviewing campus work for consistency with the plan, helping campuses needed, and advising the president and the board on policies. The campuses generally agree that there needs to be Statewide oversight of capital planning and construction, but there is less agreement about oversight of maintenance and operations, with the general thought being that Statewide should set parameters and require a plan, but leave the rest up to campuses. Campus leaders think Statewide should be the voice of capital construction, understand master planning, and ensure that space utilization studies are completed as a part of campus planning. Campuses think they should take the lead on facilities planning, and should be responsible for facilities construction and maintenance.

Human Resources: All campuses recognize that UA is one employer, and that employees need to be treated similarly across campuses in issues such as job classification, pay and benefits, retention and dismissal. Several campus interviewees felt the System office—perhaps under direction of the Legal office— makes it too difficult to dismiss at-will employees; that there is too much fear of litigation so poor employees are kept on, or passed around. Some also said that campuses need to be more involved in contract negotiations. There is a feeling that Statewide doesn't recognize what campuses are doing well; UAA has a robust training program but the Statewide human resources department hired new resources rather than using UAA's program. The compensation project, originally set to be a three-year project, has stretched out to six years, costing more without fully addressing the needs it was designed to serve. The biggest campus concern is over the UAF-Statewide human resource merger, which creates a different relationship between Statewide and the other campuses than that between UAF and Statewide. Both UAA and UAS are concerned that either "they're next" or that UAF concerns will have priority in Statewide initiatives, while the Statewide perspective is that UAF was in serious need of help and the 'shared services model' is commonly employed at other universities across the country.

Land Management is seen, with some exceptions, as a real help to the campuses, not questioning why a campus wants to do something but rather providing help and understanding of the rules. People recognize the clear focus on making money; the one area of concern is when to override financial with educational issues, or when community or political concerns should delay or revise the process.

ACAS: The Ad-hoc Committee on Accountability and Sustainability process was seen as generating good ideas, and identifying significant savings potential in automation. It was criticized for lack of clear project management, recognizing that

the new Project Executive Group was created to address that concern. There is a desire for stronger efforts to prioritize the rollout of ACAS projects, and to utilize project management expertise at the campus level.

Legal:

The System legal office received generally high marks everywhere, with clear acknowledgement that it should be a core System governance and service function. Some expressed concern that the office is overly risk-averse, particularly on personnel matters, which results in a system-wide culture of offices passing their personnel problems on to others rather than addressing problems. UAA interviews indicated a desire for stationing one lawyer in Anchorage. Statewide staff pointed out that has been done in the past, and spoke of concerns about the connection to other Statewide functions.

Planning and Budget:

Budget Development: There are concerns about the relationship and timing issues; campuses do not see budget development as a collaborative process but rather as driven from the top-down, in direction and format, contrasting with a stronger campus role in the past. Campus leaders want earlier involvement in the process, so that their budget development can align with System priorities; they feel that university budget priorities are set in the budget office rather than by a collaborative process among university leaders. Some campus leaders see performance-based budgeting as a punitive process, not recognizing what they do well. All would like to see more upfront discussion of PBB and other budget processes.

Institutional Research has a larger staff than the campus institutional research staff, which campuses think should mean Statewide IR provides campuses with Banner reports rather than asking campuses to produce the reports. All recognize that Statewide and campuses need to agree on the process for generating numbers used in university reports; it does little good to argue over who is right. Campuses would like more communication on analyses of faculty workload.

Information Technology:

This area was one of the most challenging in our study; information technology underlies all of the university's administrative and academic processes; it is critical to the mission and people have passionate views about the issues.

The Statewide IT offices were seen as strongest in management of the network backbone, network planning, central data systems and quality assurance. The System office has a role in developing multi-institutional consortia, working with national and state organizations for research and educational networks, and on group purchasing efforts to hold down costs. It also has a role in mediating technology

disputes between the campuses, as with the current difference between UAA and UAF over deployment of DegreeWorks.

UAA is strongest in student services, enrollment management, and instructional technology. UAF has the strongest database and research network capabilities. UAS has the best user interface. Information Technology is one arena where the lead campus model is already in use – UAA operates E-live and hosts UAS and UAF, and provides telephone billing and licensing for OneCard for UAS. Statewide is seen as significantly better staffed than the campuses, and as not making a clear business case for all new major initiatives.

Network: Statewide provides the wide area network and commodity internet, and is the primary point of contact for the private data carriers in the state. Campuses would like to see an improved backbone, with particular attention paid to backup and restoration plans for outages. Creation of the capability to allow advanced users to provision their own circuits will be a positive development.

Banner Administrative Systems: Campuses perceive that the financial systems, human resources and student services staff are stretched too thin to fully address campus needs [note: Banner support functions are shared between IT and the Statewide system users in Finance, Human Resources, and Student Services.] Campuses see the Project Executive Group as providing needed project management, but would like to see an outsource contractor or contractors selected for special projects. Urgent needs of one campus are often not addressed in the decision-making process, which favors multi-campus needs, even if less urgent. Statewide often does not use the best of campus implementations, for example UAA's operational Banner dashboard should be considered for use elsewhere in the System.

MyUA: Campus interviewees used this system as an emblem of "what's wrong with Statewide." It was frequently cited as a Statewide mandate that did not take into account campus needs and priorities, or the changing nature of the students who are expected to use it. There is, however, also a perception—that few disputed—that campus participants actively undermined the implementation process. When originally proposed, it did not have clear buy-in from campuses; they had higher priorities for spending of the significant funding required. The campus customers use a variety of methods to access UA services today. The question now is to determine which portions of this system are likely to be used (absent a decision to make usage mandatory, which would be very controversial), and which deserve further investment. Campuses believe that Statewide is not recognizing what campuses are already doing for identity management, and how best to get directory services and identity management under control.

Statewide-UAF IT: There was general agreement that combining IT functions by location makes sense, but as with human resources real concern at UAA and UAS that the combination will mean UAF issues get first priority at Statewide. A more favored model would be to combine functions at the local level under campus control

– UAF for Fairbanks IT support, UAA for Anchorage IT support. UAF needs stronger IT leadership and support in order to resume management of Fairbanks IT, and will need to determine how to centralize at the campus level identity management, server support and some storage issues.

University Relations:

Foundation and Development: The development staff were seen as working well together, but there is some concern about the differentiation in roles between Statewide and campus leadership. Campuses see their leadership role in the development of local and alumni donors, and the Statewide role in reaching major donors outside Alaska and the biggest companies that give to multiple campuses. Some campus leaders cite a problem when Statewide staff work directly with campus alumni donors, bypassing campus leadership. Campuses support the centralized back room functions providing service to them.

Legislative liaison: The advocacy and lobbying role is a generally recognized central role, and the federal initiatives process is seen as generally successful. UAA interviews indicated the need for a stronger connection to Anchorage, with a broader base of contacts and follow-through.

Public Affairs was cited by campus interviewees as a positive, can-do office, particularly in the media relations and publications portions of its work. Statewide is helping smaller campuses with branding, which continues to be an issue with some disagreement – is it better to brand as UA or, for example, UAS, when reaching different audiences for university services? Most see a beneficial effect for campus-level branding for student enrollment, recruitment and retention, and for employee and alumni giving, but it's not as clear for other processes.

Our Perspective on the Relationships

Relationships and attitudes between System administrations and the campuses are always complex amalgams of positives and negatives. Even the most harmonious systems harbor conflicting attitudes as resentment of authority mingles with respect for the talents of colleagues at both levels, frustration over "one more eleventh hour request for information" is balanced by appreciation for success in securing state resources. Understandably, the campus priority for serving their region often positions campus leaders at odds with a Statewide agenda. The question is not over whether there is conflict between the system and the campuses—conflict always exists. The critical question centers on whether or not the inevitable conflict is sufficiently managed to ensure successful joint efforts in delivering to Alaskans the education they need and deserve.

In most instances, the Statewide administration and the campuses have effective working relationships. However this is not universally the case. We found that mutual trust and respect seem to be missing in several Statewide-campus relationships. There is a sense at the campuses that Statewide too often bypasses campus leadership to achieve its objectives, and some campus deans and directors end run their campus leadership by going directly to Statewide. Campuses perceive that some Statewide staff don't understand campus culture or work schedule, and have little appreciation of what's on the campus plate. In campus terms, they view the essential Statewide service role as facilitating campus work, in a service mode responsive to the campus needs and recognizing that sometimes effectiveness at the local level is more important than efficiency or cost savings to the System. Statewide interviews yielded a concern that campuses are often institution-centric rather than student-centric, and can be blind to the needs of students who utilize the services of multiple campuses. At times, Statewide leaders argue that because "the campuses simply won't or can't" solve some problem, the System needs to take responsibility for an entire function rather than insisting that the campus address the problem.

We emphasize that in the midst of disagreement, frustration and conflict, we consistently heard campus leaders express great respect for the talent and intentions of their Statewide colleagues. This fundamental reservoir of respect will underpin whatever efforts the UA System makes to improve negative relations where they exist. Several of our recommendations, especially those calling for earlier and deeper engagement of campus leaders in decision-making, will help to strengthen the working culture in the System.

Recommendations for a High Performing UA System

In our view, under the leadership of President Mark Hamilton and his team, the UA System has developed over the past decade into a high performing system. The catalogue of achievements is familiar to most in the System and the state. Increased public awareness of the importance of higher education to economic and social opportunity in the state, greater public investment, the addition of important programs and services all speak to a System that has substantially increased its service to the people of the state. The task facing the president and his team of System and campus leaders is to sustain the achievements of the past decade while substantially reducing the cost of delivering many of them.

Merely reducing costs, regardless of the consequences for quality, accountability, and service, would be easy for these experienced administrators. The challenge instead is to exercise good judgment in order to reorganize System offices, programs and services so as to reduce net costs while maintaining high levels of performance.

A useful template in responding to this challenge is to organize recommendations for streamlining and other changes in terms of the characteristics of high performance in systems.

Strong Executive Leadership

- The University of Alaska enjoys exceptionally able executive leadership in its president. His team of senior System officers is recognized even by critics of the System as being bright, talented and committed to high standards of service. The current chancellors combine extensive experience in public affairs in Alaska and elsewhere with practical skill in getting things done. Few systems in the country can match this array of talent and experience.
- This group would be an even more effective team were the System to more deeply engage the chancellors in decision-making on the most important System problems, in setting strategic directions and addressing concerns over such perennially difficult topics as approving new doctoral programs, the budget request to the legislature, resource allocation among the campuses and the like. Monthly face to face meetings of the resident, the chancellors and the vice presidents (not the staff who report to them) is a commonly used venue for discussions at this level in many systems. In University systems, campus heads (whatever their titles) are far more than unit managers. As spokespersons for their institutions and powerful – and often very popular – symbols in their communities, these individuals in fact strengthen the public presence of the System as a whole.
- At the same time, collaboration would be improved if the chancellors routinely involved senior System executives in campus decisions that have implications for

the System office, or for the UA System as a whole, and particularly those decisions with visible impacts to significant external constituencies.

- Currently, there are too many System officers and functions reporting directly to the president. This flat reporting structure threatens to detract either from the time the chief executive can devote to his leadership and representational duties, or give short shrift to important administrative functions. We believe that aggregating planning and budget development, facilities management, and possibly information technology under the office of the vice president for administration would be a useful way of aligning responsibility, helping to ensure coordination in these interconnected administrative areas.

A Simple, Clear Public Agenda

- Everyone we spoke to credits the president with communicating a clear, strong message about the linkage between investing in the University and a brighter economic future for the people of the state. The president defines this vision, articulates it cogently to policy makers and opinion leaders, and uses it to garner more resources for higher education. The University is acknowledged as understanding the needs of the state and doing a great job in focusing on workforce development. There is still work to be accomplished in obtaining public buy-in for research, and the public service role is uneven in its application.
- Having defined the agenda and secured support and funding for it, the trick for System leaders is to create incentives for the campuses to actually implement it. As a general rule, Statewide should resist the temptation to directly manage educational programs themselves, but instead should provide resources and other incentives for the universities—individually or in cooperation with each other—to get the job done. The argument that "the campuses won't do it" represents a failure of management or leadership, and should not serve as an excuse for the System stepping in prematurely. Statewide initiatives need linkage to the university's strategic plan, with accountability for outcomes.

Fiduciary Capacity

- By all accounts, the System under President Hamilton's leadership has been highly effective at securing resources from the state legislature (and from the federal government as well). Judging from the opinions of the external auditors, there is also a high standard of accountability for funds as well. The accounting deficiencies of the 1970s have clearly been addressed.
- Planning and budget development appear to be well managed from a technical viewpoint. But we heard numerous tales from the campuses of problems with the *process* of assembling the budget. Campus officials complained of last minute demands for information and indifference to campus work schedules. Converting what is widely regarded as a highly directive process into a more collaborative one, with early campus engagement, would increase buy-in, and might improve the quality of the resulting product as well.

- The System has an effective, somewhat decentralized approach to facilities planning and management in which the bulk of the actual work is performed at the campuses, while a coordinator at the System level presents capital planning information to the Regents. A senior, experienced (preferably with an engineering background) facilities coordinator with good communications skills should be hired to replace the individual who recently resigned. This position should be located in Fairbanks to be close to other senior officers, and to the campus with the largest physical plant.
- Like every other statewide system, the UA System has become more sensitive to the importance of risk management. Currently, this is a highly centralized function. Other systems have found it more effective to divide responsibility for risk management such that the central office, with input from the campuses, defines the template for assessing risk, but the chancellors are charged with implementing risk assessment reviews and steps for remediation at their campuses. An annual report to the Regents on this process and its findings would help ensure that it remains a priority for campus leaders. The service function of insurance procurement, claims processing, and self-insured retention allocation should be clearly separated from risk management's governance and control functions to ensure a service philosophy pervades those functions. We recognize that the System office has in the past stepped in to fill risk management functions neglected at the campus level. Returning responsibility to the campus level will require a commitment of time and resources to risk management by campus leadership that exceeds past efforts.
- Information technology is mission critical to the UA System. The System office should maintain its primary responsibility for connecting the UA networks to the world, and providing sufficient bandwidth for internal traffic. It should develop a clear Enterprise Architecture model, communicating with the campuses to ensure MAUs align their strategic plans with Statewide's.
- OIT should develop a clear service catalog to identify all service lines and services, working with campus IT leadership to determine on a service-by-service basis which ones should remain in OIT and which should devolve to campuses. OIT should recognize itself as a service business, responding to the customer base and rolling out best practices of customer service.
- OIT, the IT Council, and the Project Executive Group should clearly articulate the requirements for future projects and the problems they are designed to serve: they should solicit ideas and practices from campuses before developing new solutions. The PEG should clearly communicate priorities and timelines for IT system improvements, and outsource when necessary to accomplish key automation improvements.
- The IT Council should focus on strategic information technology issues, leaving decisions on the business needs of the information systems to the Banner system owners (finance, human resources and student services). This could allow membership of the IT Council to be streamlined; its current over-inclusiveness comes at the cost of decision-making efficiency.

- The Banner support functions should include an outsource contractor for surge projects and to address, at campus cost, unique campus concerns. The Statewide office should focus on quality assurance and system security.
- OIT should begin a dialog with campus leaders on the future of MyUA, recognizing that past efforts are sunk costs, to determine where any future investment should be focused. An early decision needs to be made on the directory environment – whether monolithic or federated – to allow progress on directory services and identity management. Resolving identity management issues should be a high priority.
- Help desk and desktop support should be campus functions; Statewide staff needs in Anchorage and Fairbanks can be supported (through reimbursement contracts if necessary) by the campuses.

Clarity of Responsibility and Authority

- At the most senior level in the System, there is no doubt that President Hamilton is in charge and provides overall leadership for public higher education in the state.
- But the System as a whole would be more effectively led and managed if there were a more precise and agreed-upon understanding of the apportionment of responsibility, accountability and authority between the System and the campuses. In general, we recommend that the decision-making processes, and indeed the whole culture, of the System evolve from a highly centralized model to a more collaborative one. The first step to achieving this would be for the president, the chancellors, and senior vice presidents to meet in a retreat setting with a well-defined agenda to develop a written statement of their *modus operandi*.
- The president and chancellors should delineate the responsibilities and roles of the various System councils. They should adopt a charter, clear delineation of responsibility, and chart the decision process flow for those Systemwide councils deemed necessary. We understand the current councils to be the Business Council, Community Campus Council, Development Council, Distance Education Steering Board, Educational Technology Team, Facilities Council, Human Resources Council, Information Technology Council, Public Relations Council, Risk Management Council, Statewide Academic Council, and Student Services Council. As useful as the councils are, it should be remembered that an advisory council member drawn from a campus is not a substitute for consultation with the formal leaders at the campus, especially the chancellor.
- It is critical that the System office differentiate between governance, service and program functions, focusing on the core governance mission and those service functions that provide the clearest benefits to campuses and the System.
- The University campuses need to reassume responsibility and accountability for administration and delivery of academic and research programs. This would require transfer of current Statewide health programs, corporate programs, teacher mentoring, K-12 outreach, and the Alaska Teacher Placement Program to

appropriate university campuses. We recognize a crucial Statewide role in incubating new programs and from time to time acting as "receiver" for problematic academic and support functions, but believe System office placement of academic programs should be limited to two or three years. Any System office hiring for academic programs should be in term positions to emphasize the temporary nature of Statewide academic programs.

- In the same vein, we believe that "mergers" of functions between the System office and any single university campus create role confusion and stimulate negative perceptions by the other campuses. It is politically far safer for a campus to provide services for Statewide staff and functions that are located in the campus' community than for Statewide to assume responsibility for one campus.
- We thus recommend that the combined human resource functions – recruitment, hiring, payroll, retention and dismissal – for UAF and Statewide's Fairbanks staff be managed by UAF, with Statewide retaining the System human resource policy functions and those functions serving all campuses. These roles could be performed by UAA for Statewide functions and staff located in Anchorage. Alternatively, if the System and campus leadership determine that additional human resource functions should operate on a service center basis, the Statewide-UAF model should be implemented on a system-wide basis, including UAA and UAS, with shared decision-making on key issues.
- As with HR, we recommend that the combined information technology functions for UAF and Statewide be managed by UAF, with Statewide retaining those functions that it provides for all the universities.
- There should be a stronger System office presence in Anchorage. Statewide is seen in Anchorage as allied with Fairbanks, even if Fairbanks doesn't see it that way. There are important programmatic reasons for a change, too – the University of Alaska Foundation and development functions need a visible Anchorage presence to accomplish their mission; legal services would be easier for UAA leadership to access with an Anchorage office; information technology staff recruitment would be easier in the larger Anchorage labor market; the legislative center for the state is in Anchorage for most of the year. We believe the Anchorage-based System offices should be co-located to avoid the isolation experienced by earlier efforts to base System office staff there, and to provide opportunities for sharing of support staff, equipment, and specialized space. Statewide should negotiate with UAA for human resources and information technology support to the Anchorage System offices.

Models of Frugality

- Our perception is that System staff members are uncommonly talented and committed to their work. It is also our view that this may be too much of a good thing. In comparison with central offices elsewhere in the country, and indeed with the Alaska System itself a decade ago, the number of staff has increased significantly and the budget has grown by over 100 percent.

- We believe that total System expenditures can be reduced to the FY99 relative level in a combination of absolute reductions and the shifting of some programs and activities to the campuses, a total reduction of $15 million ($5 million in general funds and $10 million in other funds). The intention of this recommendation is not to create unfunded mandates that burden the universities, but to shift appropriate resources from the System to the campuses to cover the additional assignments.
- The System should make the process for calculating indirect cost recovery fully transparent to campus leaders, with annual review of the cost drivers and allocation based on those cost drivers. There should be an open periodic review of the allocation of indirect cost recovery revenues, and by reducing the current System office share of the indirect cost recovery rate below the current 12.8 percent. A decision to designate a portion of the reduction for support and incentives for research in areas critical to the economic future of the state would send a strong signal about System priorities. In short, greater transparency in both the cost recovery and revenue allocation process would benefit all parties.
- Greater transparency in the allocation of indirect cost recovery revenues, coupled with the current transparency on Statewide's allocation of other funds (such as UA Land Grant Trust Funds, and funds from BP Exploration (Alaska) and ConocoPhillips Alaska, for example), would for example make it readily apparent that the System office is now contributing significantly to UAF research efforts, to an extent greater than the System office has received in indirect cost recovery from UAF.

Integral Decision-Making

- The importance of more deeply engaging the chancellors in discussions and decisions regarding fundamental System issues has been emphasized elsewhere in this report. When it comes to advocacy for resources in particular, greater engagement of campus and student leaders, both urban and rural, in a coalition in support of shared priorities would help make the case for sustained public support.
- We also recommend an effort across the board to engage campus personnel far upstream in decisions that affect their functional areas. In particular, the campus perceptions of arrogance on the part of a few System staff and of indifference to peak work times at the universities when requesting information need to be addressed by changes in staff communication and attitude.
- We recommend the System and campus human resources offices work together to create employment incentives for Statewide staff to have campus experience. Establishing an exchange program for Statewide staff to campuses, and vice versa, would improve the understanding of both parties' roles. Statewide hiring decisions for most positions should include campus experience as a factor (as is the case for Statewide human resources positions), and development of specific career paths between campus and Statewide should be a priority.

- Prior to initiating new projects at the System office, Statewide staff should be soliciting campuses for their expertise and ideas, and should be willing to modify project goals based on campus experience.

Critical Self-Appraisal and Change

- The external reviews and reports commissioned by the System and focused on its own operations testify to a willingness to seek evaluations of processes and performance.
- By commissioning this study, and especially in naming an Advisory Committee of campus-based persons who were forthright in their criticism, System leaders provided further evidence of seeking constructive suggestions for improvement. Actually acting to implement some of the recommendations will further confirm the System's enthusiasm for reforming itself.
- The System office could show its commitment to continued self-appraisal by increasing budget transparency in the Statewide budget units. At a minimum, the budget should differentiate between governance, service and program functions, perhaps at the allocation level.
- The System office should begin development of a new UA strategic plan, since the current plan only extends through 2009. Under the leadership of the vice president for academic affairs, a new six-year planning process should build from the previous plan, incorporating the new campus and state environment and the campus planning efforts of the past several years. The plan should include a clear academic program review process in anticipation of the changing fiscal environment.
- We recommend that the System identify, in collaboration with campus colleagues, a set of metrics to evaluate System performance. Examples of measures might include System office cost per student, administrative cost per faculty member, changes in System office expenditures and staffing levels compared to expenditures and staffing changes at the MAUs, and total costs compared to peer systems (recognizing that the substantial differences in systems makes the 'peer' choice a challenging one).

These recommendations will take time to implement; they cannot be accomplished overnight. Many of the recommendations need further refinement that cannot be accomplished by outside consultants; they require the active participation and collaboration of System and campus officers. We believe the president, his key System office staff, and chancellors should develop a three-year plan to implement the recommendations.

What a Streamlined UA System Would Look Like

A streamlined UA System would retain the critical strengths that have made it so successful over the past decade. Strong executive leadership, the clear public agenda so consistently articulated by that leadership, stringent fiscal management, and the readiness to engage in critical self-appraisal and create change based on those assessments would remain distinguishing features of the UA System.

But some things would change.

There would be a clearer understanding among all parties of the division of authority and responsibility between Statewide and the campuses. The division we have suggested—governance, service and program functions—may be a useful template in clarifying these distinctions. The System administration would become a leaner operation with fewer staff and lower overall costs. There would be more conversations among campus and System leaders earlier in the process of decision-making.

This more integrated model of arriving at strategic and operational policy decisions does not diminish the executive authority of the president, but it does ensure more dialogue before policy and administrative choices are made. Our recommendations are intended to assist this high-performing system to continue its exemplary service to the people of Alaska in a time when there may be fewer resources to carry out that noble purpose.

Appendices

Appendix A – Authors' Backgrounds

Terry MacTaggart is an experienced leader and scholar in higher education. He recently completed a one-year assignment as the chancellor of the University of Maine System of seven universities, ten campuses, thirteen centers, a hundred learning sites and a distance education network. His consulting and research work focuses on higher education leadership and policy, strategic planning, turning around troubled institutions, trustee development and leadership evaluation. He has served as a faculty member and administrator at several public and independent colleges and universities where he has led or participated in substantial institutional turnarounds. He has held the chancellor's position at the Minnesota State University System and the University of Maine System, where he was asked to return for the 2006-2007 academic year.

He has served as a consultant and facilitator of board retreats for numerous colleges, universities and systems including the University of Connecticut, Rutgers, University of Nebraska System, the University System of Maryland, the University of North Carolina at Chapel Hill, East Carolina University, the Oregon University System, the University of Alaska System, the University of Northern British Columbia, the University of Victoria in British Columbia, the University of Houston System, Texas Southern University, the Texas Tech University System, the Massachusetts Maritime Academy, Johnson & Wales University, New England College, Endicott College, Fielding Graduate University and others.

He has served as Chair of the Commission on Institutions of Higher Education (CIHE) of the New England Association of Schools and Colleges (NEASC). He has led multiple visiting teams for several regional accrediting associations. He has served as a Fulbright Scholar to Thailand and to Vietnam as an expert on accreditation and quality assurance.

His research and publications focus on governance, improving relations between institutions and the public, and restoring institutional vitality. His most recent book, published by ACE/Praeger in 2007, is titled *Academic Turnarounds: Restoring Growth and Vitality to Challenged American Colleges and Universities.* With James Mingle, he authored *Pursuing the Public's Agenda: Trustees in Partnership With State Leaders.* In 1996, he served as the editor and lead author of *Restructuring Public Higher Education—What Works and What Doesn't in Reorganizing Public Systems.* Two years later he produced *Seeking Excellence Through Independence*, which focuses on rebalancing campus autonomy and accountability in order to achieve better results. In 2000, he wrote, along with Robert Berdahl, a study of the partial privatization of public institutions entitled *Charter Colleges: Balancing Freedom and Accountability.*

His academic credentials include a doctorate and master's degree in English Literature from Saint Louis University, a Master of Business Administration degree from St. Cloud University, and an honorary doctor of law degree from the American College of Greece. He is a member of Phi Beta Kappa.

BRIAN ROGERS

Professional

Information Insights, Inc. Fairbanks, Alaska

Principal Consultant and Chief Financial Officer, 1996 to present.

Management, economics, and public policy consulting firm. Principal author of a variety of economic and public policy research projects for state and local governments, nonprofit organizations, tribes and the private sector. Facilitator and mediator for stakeholder and regulatory processes, strategic planning and policy summits for a variety of Alaska clients.

University of Alaska Statewide System, Fairbanks, Alaska

Vice President for Finance, 1988-95. Director of Budget Development, 1984-87.

Policy-level position with broad responsibilities to the president. Led system office staff in finance, accounting, budget, facilities, computing, telecommunications, risk management, investment land management, and financial systems development.

Superior Court, State of Alaska, Juneau, Alaska Special Master, 1992.

With two other special masters, in accordance with instructions from the Superior Court, developed and mapped proposed Interim Reapportionment Plan for Alaska's Legislative districts for the 1992 election.

Alaska State House of Representatives State Representative, Fairbanks, 1979 – 1982.

Chaired University Budget Subcommittee; co-chaired Workers' Compensation Study Commission, Constitutional Convention Committee, Power Alternatives Committee, GO Bond Conference Committees. Served on Finance, Labor and Commerce, Permanent Fund, Transportation, Oil and Gas Taxation and Leasing Policy Committees.

Education

Kennedy School of Government, Harvard University

Masters in Public Administration, 1984

Attended Trinity College, Brown University, University of Alaska.

Selected Civic and Professional

Director, Alaska Communications Systems (NASDAQ: ALSK), since 2001, serve on Audit Committee, Compensation and Personnel Committee; Director, Usibelli Coal Mine, since 2007; Member, University of Alaska Foundation Investment Committee, since 1995.

Formerly: Regent, University of Alaska, 1999-2007, chair from 2003-3005; Co-Chair, Creating Alaska Advisory Committee for 50th Anniversary of State Constitutional Convention, 2004 – 2006; Trustee, Northern International University (Magadan, Russian Far East), 1992-2005; Member, University of Alaska Foundation Board of Trustees, 2000 – 2002; Member, Governor's Task Force on Jobs and the Economy, 2001; Chair, State of Alaska Long-Range Financial Planning Commission 1995 – 1996; Member, Governor-elect's Fiscal Policy Transition Team 1995, vice chairman, 1986; Member, Alaska Statehood Commission, 1980 – 1983

Appendix B – Members of the Advisory Committee

Ro Bailey, Vice Chancellor of Administrative Services, University of Alaska Fairbanks

Megan Carlson, Chair, UA Staff Alliance; President, UAA Classified Employee Council; and Assistant to Associate Provost, University of Alaska Anchorage

Cathy Connor, President, UAS Faculty Senate and Associate Professor of Geology, University of Alaska Southeast

Jan Gehler, Dean, Community and Technical College, University of Alaska Anchorage

Jon Genetti, President, UAF Faculty Senate and Associate Professor of Computer Science, University of Alaska Fairbanks

Carol Griffin, Vice Chancellor for Administrative Services, University of Alaska Southeast

Lee Haugen, Director, University of Alaska Fairbanks, Northwest Campus

Bogdan Hoanca, Chair, Faculty Alliance; President, UAA Faculty Senate, and Associate Professor of Computer Information Systems, University of Alaska Anchorage

Linda Lazzell, Vice Chancellor for Student Affairs, University of Alaska Anchorage

Buck Sharpton, Vice Chancellor for Research, University of Alaska Fairbanks

Bill Spindle, Vice Chancellor for Administrative Services, University of Alaska Anchorage

Appendix C – Interview Schedule and Hearing Participants

Interview Schedule

October 1: Fairbanks
- President's Office
- Advisory Committee
- Hearing: Statewide – VP Administration departments

October 2: Juneau
- UAS Chancellor's executive team
- Hearing: Statewide – Information Technology departments

October 3: Anchorage
- UAS Chancellor's executive team
- Hearing: VP Academic Affairs departments
- Assoc. VP Budget and Planning
- Anchorage area regents and former regents

October 4: Fairbanks
- UAF Chancellor's executive team
- Hearing: Human Resources
- Fairbanks area regents and former regents

October 5: Fairbanks
- Advisory Committee

November 1: Juneau / Fairbanks
- UAS Chancellor
- VP Administration staff
- UAF Chancellor

November 2: Anchorage
- UAA Chancellor
- Statewide executives
- UAF Facilities
- UA Foundation
- UAA Director, Information Technology

November 5: Anchorage
- Chair, Board of Regents
- UAA faculty/staff open session
- UAA Director Business Services

Interviewees and Hearing Participants

Statewide

Mark R. Hamilton, President
Julie Baecker, Chief Risk Officer, Risk Management
Beth Behner, Associate Vice President Human Resources
Roger Brunner, General Counsel
Rebekah Cadigan, Risk Management
Myron Dosch, Controller
John Duhamel, Human Resources
Jim Durkee, Technology Oversight
Vickie Gilligan, Director HR Systems & Accounting
Mike Humphrey, Director Benefits
James Johnsen, Vice President, Administration
Dan Julius, Vice President Academic Affairs
Karl Kowalski, User Services
Julie Larweth, Business Office, Information Technology
Guy Lee, Information Technology
Linda Luper, Program Director, UA College Savings Plan
Jim Lynch, Chief Procurement Officer; Associate Vice President Finance, Procurement
Richard Machida, Senior Planning Engineer
Ramona McAfee, Director, Distance Education & Military Services
Mari Montgomery, Director, Land Management
Jim Mullen, Labor Relations Director
Saichi Oba, Assistant Vice President Student & Enrollment Management
Russell O'Hare, Chief Records Officer
Rory O'Neill, Applications Services
Karen Perdue, Associate Vice President Health Programs
Pat Pitney, Vice President Budget
Kris Racina, Director Labor Relations
Dave Read, Director, Internal Audit
Wendy Redman, Vice President University Relations
Kate Ripley, Director, Statewide Public Affairs
Michelle Rizk, Director, Budget
RayeAnn Robinson, Assistant Controller, Financial Systems
Anne Sakumoto, Director Training & Development
Richard Schointuch, Associate Vice President, Facilities
Jeanine Senechal, Director Classification, Comp & Recruitment
Steve Smith, Chief Information Technology Officer
Fred Smits, Infrastructure Technology Services
Joe Trubacz, Associate Vice President, Finance
Dave Veazey, Assistant Vice President Academic Affairs
Fred Villa, Associate Vice President Workforce Programs
Tammi Weaver, Chief Investment Officer, Cash Management & Investments
Gwen White, Director, Institutional Research

UA

Mary Hughes, Chair, Board of Regents
Tim Brady, regent
Fuller Cowell, regent
Erik Drygas, regent
Cynthia Henry, regent
Carl Marrs, regent
Jeff Cook, former regent
Sharon Gagnon, former regent
Joe Henri, former regent
Ann Parrish, UA Foundation Chair and former regent
Joe Thomas, Alaska State Senator and former regent
Jeannie Phillips, Board of Regents Officer

UA Anchorage

Fran Ulmer, Chancellor
Lauren Bruce, Center for Advancing Faculty Excellence
Denise Burger, Special Assistant to the Chancellor
Diane Byrne, IT Service Center Director
Megan Carlson, Chair, UA Staff Alliance; President, UAA Classified Employee Council; and Assistant to Associate Provost, University of Alaska Anchorage
Renee Carter Chapman, Vice Provost
Mike Driscoll, Provost
Larry Foster, Assistant Professor Mathematics
Jan Gehler, Dean, Community and Technical College
Bogdan Hoanca, Chair, Faculty Alliance, President, UAA Faculty Senate, and Associate Professor
Pam Jacobs, HRS Consultant
Linda Lazzell, Vice Chancellor Student Affairs
Tom Miller, Assistant Provost for Academic Affairs
Mia Oxley, Administration, School of Social Work
Stu Roberts, Associate Vice Chancellor Budget and Finance
Bill Spindle, Vice Chancellor Administrative Services
Rich Whitney, Chief Information Officer

UA Fairbanks

Steve Jones, Chancellor
Ro Bailey, Vice Chancellor for Administrative Services
Jon Genetti, President, UAF Faculty Senate and Associate Professor
Lee Haugen, Director, Northwest Campus
Kathleen Schedler, Associate Vice Chancellor Facilities and Safety
Buck Sharpton, Vice Chancellor Research
Dana Thomas, Assistant Provost for General Studies

UA Southeast

John Pugh, Chancellor
Mike Ciri, Director, Information Technology Services
Cathy Connor, President, UAS Faculty Senate and Associate Professor
Dick Dent, Vice Chancellor Student Services
Keith Gerken, Director, Facilities Services
Carol Griffin, Vice Chancellor Administrative Services
Kirk McCallister, Director Human Resources
Kevin Meyer, Director Public Affairs
Robbie Stell, Provost

We want to thank all of these individuals, and others whose names were inevitably missed in this listing, for the energy and enthusiasm they gave to this project.

DATE: March 2, 2009

TO: Chancellor Ulmer, Rogers, Pugh

FROM: Mark Hamilton

SUBJECT: MAU Operating Review Guidelines – Spring 2009

To set the framework, the operating review discussions will begin with a recap of the management review information presented at the March 25th Business Council Meeting. Then a focus on FY10 distribution and implementation plans to achieve stated targets and goals, and strategic issues to consider for FY11 and beyond. The 2009 Operating Review dates are listed below.

UAF	April 21	9:00 am – 3:00pm
UAS	April 29	8:00 am – 2:00pm
UAA	April 30	9:00 am – 3:00pm
SW	May 4	10:00 am – 4:00pm

Proposed Schedule:

1 hrs Management Report Recap:

- The Management Report Review will be March 25th. The operating review recap will be spent discussing the highlights of that meeting. Questions provided by Myron Dosch via email (Appendix A).
- In addition as a follow up to the Management Report meeting, please answer the following questions.
  1) Comment on maintenance and repair (M&R) and renewal and replacement (R&R) expenditure requirements per BOR policy. Please report FY08 operating and capital expenditures for M&R and R&R support; FY09 budgeted operating and capital commitment for M&R and R&R. Comments should include the major projects funded with those funds in FY08, and expected to be funded in FY09 and FY10. If specific equipment or maintenance costs are funded through the capital budget in FY10, how will that affect the FY10 operating plan?
  2) Provide a status of all active capital accounts.
  3) Specify and quantify (to the best of your ability) major cost savings and efficiency actions/efforts taken to date in FY09, and any additional actions anticipated through year end. Identify whether these actions generate one-time or ongoing savings and the projected amount.

2 hrs FY10 Conditions/Distributions

- What are your MAU conditions and anticipated operating assumptions?
- FY10 distribution and relative impact to your MAU.
- Provide a brief update on FY09 projected final performance for common system measures, including non-credit instruction, and actively managed MAU strategy measures, focusing on strategies implemented and review of FY10 performance targets given environment and progress on planned strategies.
- What criteria will be used to create and distribute the one percent general fund performance funding pool within your MAU?

2 hrs FY11 Budget and 3-5 year Planning Horizon

- Chancellor will present expected outcomes 1-2 page summary submitted as part of the FY11 budget planning process to include quantitative impacts on primary performance measures as well as MAU strategy measures.
- Discussions will focus on:
  - Recognizing your MAU's priorities and compelling advantages particularly those that align most directly to the Systemwide Priorities (priorities are in discussion phase with MAU leadership but will be similar to FY09's), system performance goals, and BOR strategic plan goals.
  - MAU specific program needs outside of the systemwide priorities and MAU fixed cost needs.
- MAU Campus Master Plan and 6-year Capital Plan
  - Report status of MAU and Community Colleges campus master plans; indicate expected schedule for review and update of these plans.
- Discuss your MAU's method for monitoring and controlling space allocation. What efforts are made to increase space utilization for rooms in the master schedule and for those controlled by departments? Identify your MAU's optimization target for space utilization.
- Discuss your MAU's 3-5 year planning horizon addressing, as specifically as possible, facilities/IT, students changes, academic programs, research emphasis, faculty/staff impact, and key performance measure targets/goals.

Presentations should be by the chancellor, provost or vice-chancellor. Please invite appropriate leadership you want in the room to attend. Sufficient time should be included within the presentation for discussion.

The information prepared for this review has become a valuable reference. In addition to the management and operating review information, please be sure to include copies or preferably web links to your MAU strategic plan, campus master plan, and academic, enrollment, and research plan documents. Similar to last year, one week prior to the scheduled visit, please provide 15 copies of the information requested to Michelle Rizk, Statewide Planning & Budget, P.O. Box 755260, Fairbanks, AK, 99775-5260 (907.450.8182 /michelle.rizk@alaska.edu). In addition to the paper copies, please send an electronic copy as well.

cc: Provost Driscoll, Henrichs, Everett
Vice Chancellor Spindle, Pitney, Griffin
SW Executive Staff

Myron J. Dosch, CPA
Controller
Phone: (907) 450-8079
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910 Yukon Drive, Suite 209
PO Box 756540
Fairbanks, AK 99775-6540

APPENDIX A

January 16, 2009

To: Vice Chancellors Spindle, Griffin, and Pitney

From: Myron Dosch, Controller

Subject: FY09 Spring Management Report Meeting

On behalf of President Hamilton, the questions for the spring management report reviews follow. The first eight questions should be covered at the March 3rd Business Council meeting, while all of the questions should be covered at the April Operational Reviews. Many of the questions should be answered during the preparation of your regular management reports. Using the management reports submitted for the period ended January 31, 2009, please cover the following topics:

1. Carryforward analysis – What is the anticipated carryforward for FY09? What is the projected unrestricted carryforward (i.e. not including recharges) as a percent of unrestricted and restricted revenues? What are the primary factors influencing the projected balance? What is the plan to expend the carryforward? Discussion of how the plan was developed and projects/expenditures were prioritized.

2. FY09 budget building process and status – FY09 budget distribution challenges or flexibility. Was carryforward used to balance the FY09 budget? Any additional flexibility created through new revenue or reduced expenditure requirements? Discussion of each revenue source and projections through year-end. Discussion of expenditures by allocation and program.

3. Management of contingencies - What contingency level is built into the initial budget load? How is this managed throughout the year? As additional funding becomes available during the year, through salary savings, additional tuition, etc., what process do you use to allocate those funds? How much additional funding have you had this year? At what point in the fiscal year did you become aware of the additional funding? How does the amount and timing compare to previous years? How are you allocating these funds this year? How are your extended sites included in the allocation process? Describe your progress in accumulating the 2% of unrestricted revenues flexibility for priority internal reallocation.

4. FY09 initiative and initiative pool, SB137 status - Describe how pool funds and SB137 funds are being monitored, and expectations of ability to spend by the end of the fiscal

year. Identify those pool projects that are not progressing as planned and dollar amounts that may be unexpended at year end.

5. Specify debt strategies and plans – What projects are you anticipating needing debt financing? When would debt service payments begin? What would be the source for paying debt service? Discuss why debt is a necessary or desirable funding source.

6. FY10 initial budget analysis – Discuss status of FY10 budget analysis. Do you anticipate a certain amount of carryforward from FY09 necessary to balance the FY10 operating budget?

7. Accounts Receivable (A/R) analysis - For purposes of this question, A/R includes grants and contracts only. Please report the trend of these A/R balances for the three years ending December 31, 2008. Use quarterly data points, or more frequent if you desire. What caused changes in the balances? How has the grants and contracts A/R balance changed for the last three fiscal years as a percent of total grant and contract revenue (federal, state, local and private)?

8. Discuss the impact of reduced endowment payouts and UA Foundation available funds for the development function.

9. Specify and quantify (to the best of your ability) major cost savings and efficiency actions/efforts taken to date in FY09, and any additional actions anticipated through year end. Identify whether these actions generate one-time or ongoing savings. (Operational Review Only – April)

10. Report on maintenance and repair (M&R) and renewal and replacement (R&R) expenditure requirements per BOR policy. Please report FY08 operating and capital expenditures for M&R and R&R support; FY09 budgeted operating and capital commitment for M&R and R&R; and the FY09 and FY10 annual calculated need for M&R and R&R. Comments should include the major projects funded with those funds in FY08, and expected to be funded in FY09 and FY10. If specific equipment or maintenance costs are funded through the capital budget in FY10, how will that affect the FY10 operating plan? (Operational Review Only – April)

Let me know if you have questions or comments prior to the meetings. Thanks for your help and I look forward to learning more about your challenges and opportunities.

cc: Hamilton, Redman, Julius, Rogers, Ulmer, Pugh, Hyde, Orley, Harings, Roberts, Trubacz, Harrington, Stockwell, Coker, Rutherford

#11

UNIVERSITY of ALASKA
Many Traditions One Alaska

September 8, 2009

TO: Chancellor Fran Ulmer
Chancellor Brian Rogers
Chancellor John Pugh

FROM: Mark Hamilton, President

SUBJECT: MAU Financial and Performance Review Guidelines

The 2009 MAU Financial and Performance Review dates are listed. Access via video conference will be available for additional Statewide and MAU off site participants as well as the option for other MAU interested individuals to observe.

UAA	Oct. 8	11:00 am – 5:00pm
UAF	Oct. 20	9:00 am – 3:00pm
UAS	Oct. 27	9:00 am – 3:00pm
SW	Oct. 29	8:30 am – 12:30pm

The financial review section (Attachment 1) should highlight alignment between revenue and expenditure changes relative to program investments, strategic choices, and performance, as well as specific fiscal issues facing your MAU.

The performance review portion will be supported by MAU Performance Evaluation submissions, due no later than September 15th, 2009. The Performance Evaluation information submitted by each MAU will serve as the primary reference for performance-related related discussions, and alignment between the strategic direction outlined in the MAU Performance Evaluation and your presentations is expected. In the presentation, please highlight the following for the six "End Result" performance measures being submitted to the State in conjunction with the FY11 budget request:

- Execution and performance impact of FY08, FY09 and FY10 program funding increments
- Targets and goals on subcategories significant to strategies and program investments (i.e. engineering, fisheries, specific health programs, space alignment for F&A rate impact, development targets)
- Strategies that worked and did not work, and why

The information prepared for reviews has proven to be a valuable reference. Similar to last year, one week prior to the scheduled visit, please provide fifteen copies of the information requested to Antonia Trice, Statewide Planning and Budget, P.O. Box 755260, Fairbanks, AK, 99775-5260 (907.450.8180 /snabt20@email.alaska.edu). In addition to the paper copies, please send an electronic copy as well.

Please let me know if you have any questions.

cc: Pat Pitney, Carol Griffin, Bill Spindle, Michelle Rizk, Saichi Oba, Joe Trubacz, Myron Dosch, Jim Lynch, Susan Henrichs, Dan Julius, Robbie Stell, Beth Behner, Karen Perdue, Fred Villa, Steve Smith, Wendy Redman, Gwen White

Attachment 1 ---- Finance, Facilities, Administrative Review Instructions:

Financial reporting will be based on the S report definitions and totals (FBB2SBD tables in RPTS public). Unit level reporting is available from SW Planning and Budget at http://www.alaska.edu/swbir/ir/publications-reports/ or, you may use school/college level reporting consistent with the S report.

As you identify significant changes that can be explained by accounting difference - adjust for the accounting differences so that the schedule shows a normalized view of the information (i.e., tuition revenue with discounting verses gross tuition revenue) then provide a brief explanation of the changes and significant findings.

Section 1-- Expenditure and Revenue Trend Reports

A. Five-year trend and one-year changes in revenue by source, fund, MAU, and Campus. Note significant trend and one-year changes.

B. Five-year and one-year changes in general fund and non-general fund revenue by unit (School/College/Institute/Division). Note significant trends and one-year changes and provide a brief explanation of the programmatic activity generating the trend/change.

C. Five-year trend and one-year changes in general fund/state appropriation authorized budget and actuals by allocation with explanation of the changes in actuals and the differences between authorized budget and actuals.

D. Five-year trend and one-year changes in expenditures by NCHEMS and Fund Type for the MAU and campus level noting significant changes. Although outside of the five-year trend, note how the following percentages have changed since FY99.
   - Instruction expenditures relative to total
   - Student services expenditures relative to total
   - Research expenditures relative to total; provide context for FY10-FY15 targets and goals for restricted research expenditures
   - Public Service expenditures relative to total
   - Academic support relative to total
   - Institutional support relative to total
   - Physical plant relative to total

E. Five-year trend and one-year changes in expenditures by major account code and fund for the MAU and campus level noting significant changes. Please note MAU and campus authorized budget vs. year-end actuals by major account code and explain variances that exceed 3%.

Section 2 - Revenue Projections

A. Provide projections for University Receipts, State RSAs, Federal Receipts, Indirect Cost Recovery and Tuition for FY10 and FY11, in context of MAU FY10-FY15 targets and goals for University Generated Revenue. Note units where significant change (increase or decrease) is expected. Using information prepared in previous financial reviews and performance evaluations, compare FY08, FY09, and FY10 projections by revenue source to actuals to give an idea of the accuracy of previous projections.

Section 3 - Auxiliary and Recharge Schedule

A. Use the same format as last year to report on auxiliary and recharge operations. Highlight any significant changes, areas of concerns, and trends of lowering fund balances.

B. Provide a three-year trend of housing capacity by building and occupancy. Note buildings that are off-line and why, and the effect of any configuration changes on capacity and occupancy.

C. Note any MAU plans to internally fund growth of auxiliary or recharge operations.

Section 4 - Process for Requesting and Distributing Contingency and/or Reallocated Resources

A. Report five-year trend and one-year changes of carry forward by allocation and fund. Identify units that contribute significantly to the carry forward amount. Discuss how the carry forward is managed. Provide an initial estimate for the FY10 carry forward. What can you do to better predict FY10 carry forward in the March/April estimate?

B. Discuss your MAU's plan to accumulate the FY10 and FY11, 2% available funding target for priority internal reallocation. Specifically, what programs have been reduced to garner funds for reallocation?

C. Report the use of FY09 contingency, including carry forward. Report the FY10 planned contingency and any pending issues.

D. Describe the process used to determine how requests are forwarded and reviewed for consideration of contingency/reallocation of resources. Note how community campus requests are forwarded and considered and how many community campus requests are currently being reviewed.

E. Report the net amount of contingency/reallocation invested in community campuses each year, FY06 to FY09

Section 5 -- Facilities and IT Issues

A. Briefly review your MAU projects that are included in the draft FY11 capital request that will be funded in-full or in-part by non-state funding source. Address your plans to secure the necessary revenue sources.

B. What steps have you made or intend on making to improve the facilities aspect of the F&A rate? This should include analysis of space utilization on your campus. (Changed – from last year's specific approach on classroom utilization only)

C. Provide a listing of construction in progress (projects over $250K) and detail important issues

D. Lease, Joint Use, Debt and Rental:
    1. As part of the capital budget process, your MAU submits a list of current leased properties, with corresponding annual payments and terms. Please review this list and provide the following information:
        a. What percentage of total MAU utilized space is leased?
        b. What are the actions planned for those leases that expire in the next 24 months?
        c. Provide a listing by building and space of MAU owned space leased to a third party. What percentage of total MAU owned space is leased to a third party?
        d. What are the actions planned for these leases that expire in the next 24 months and what new efforts are planned to lease out additional space?
        e. Provide a list of non-UA owned and non-UA occupied facilities/space that are situated on your MAU educational property.

E. Provide an annual listing of all debt payments (by building/project/vehicles/equipment) and the term of the debt (FY09 to FY19). Include new debt payments projected through FY14 based on your MAU's master plan and projects in the six-year capital plan.

F. Address new opportunities and review issues that pertain to joint use, collaborative, non-UA buildings on campus, and other partnerships and creative solutions (examples include UAS Joint Readiness Facility, UAF Cold Climate Housing Research, State Virology Lab, etc.)

G. IT infrastructure: describe any significant IT infrastructure issues your MAU addressed in FY09 and planned projects in FY10 and FY11. How do MAU IT investments reflect alignment with MAU strategic plans and performance goals? Is there a plan in place, including funding, for renewal and replacement of core administrative and academic IT infrastructure? Are the community campuses included in this plan? What is the plan for adoption, including training, for the ACAS and other systemwide automation services being introduced (such as digital document delivery).

Section 6 - Human Resources

A. Address staffing changes at your MAU from FY99 to FY09, highlighting any expected changes in FY10. For your convenience, Statewide Human Resources will provide for you with headcount data for regular employees (including term positions) at the school and college level by September 15th. The trend data provided will include FY99 and the last three Fiscal Years (FY07, FY08 and FY09).

B. What are the primary issues and concerns regarding the MAU's current/future workforce, specific areas affected, and steps being taken to address these issues. For example: recruitment and retention, turnover, retirements, succession planning, knowledge transfer of departing employees. To assist with this analysis, Statewide Human Resources will provide you with recruitment and turnover data for the last two fiscal years (FY08 and FY09) by September 15th.

Section 7 – Risk Management

A. What program goals/objectives have been established for your campuses to meet this upcoming year in the following areas:
   a. Emergency management
   b. Business Continuity
   c. Student health and safety
   d. Occupational health and safety

Section 8 – Other

A. Specify and quantify major cost savings and efficiency actions/efforts taken FY09 and any additional actions anticipated in FY10. Identify whether these actions generate one-time or ongoing savings. Include information related to utilities and how building operating and maintenances costs are being monitored and controlled.

B. Distance and Technology Delivered Programs and Courses (including hybrid) - Please report on FY09 activity, successes, and challenges for the following two areas, noting financial, academic, advising and financial aid resources directed to these activities:

   1) MAU's programs and courses delivered by distance and/or technology to students across the entire UA system;
   2) Distance and/or technology delivery of another MAU's programs and courses to students affiliated with this MAU.

<u>State Budget Narrative Reminder: Updated</u>

As these review presentations are being developed, keep in mind that each campus and MAU must provide operational narratives in conjunction with UA's budget submission to the Governor (referred to as "ABS narrative" (Alaska Budget System)). To the degree that the ABS narratives, MAU Performance Evaluations and the fall reviews are coordinated, the ABS narrative will be easier to develop than in past years. The topics required for the ABS narrative include:

- Contribution of the campus/MAU to UA's mission (Referred to in 'ABS' as **Contribution to Dept Mission**) which describes why the campus/MAU exists
- Significant challenges facing the campus and MAU (**Key RDU/Component Challenges**)
- Provide the results on "End Results" measures as well as campus and MAU based measures associated with strategies (**Changes in Results Delivered**). This is to identify the impacted measures and expected performance results that would be realized with new funding being requested.
- Describe the accomplishments the campus and MAU is celebrating. To the extent these accomplishments are in the context of UA's Performance measures or accepted campus/MAU measures, it will add additional credibility (**Accomplishments**). The accomplishments must be within 2009.

Items that were previously included and updated in ABS, but are now populated using the State's "Performance Evaluation" framework include:

- Strategic and/or primary activities-at UA and MAU levels only (**Activities**)
- Core services of the campus and MAU (**Core Services**)
- What specific actions and strategies are planned (**Goals/Strategy**)

#12

UNDERSTANDING ALASKA UPDATE

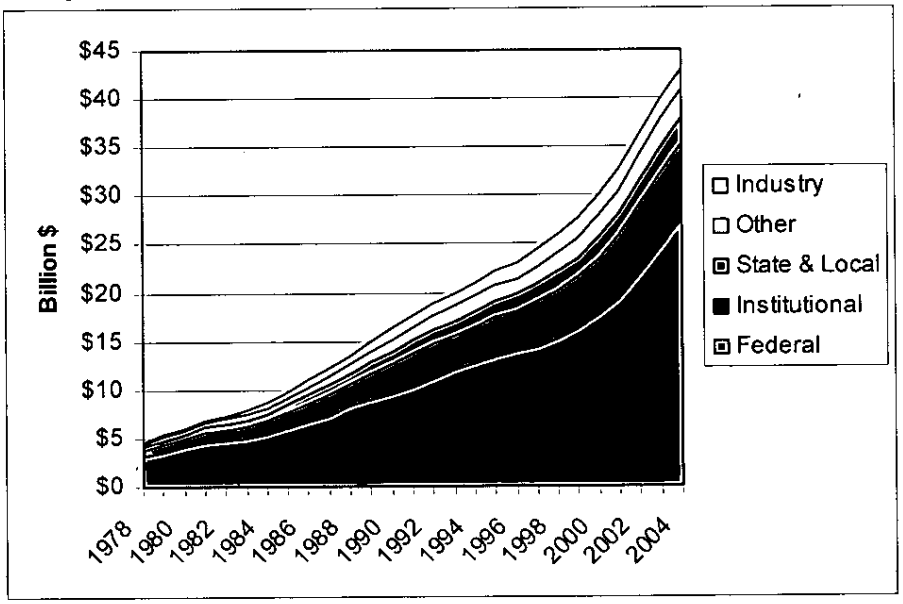
University of Alaska Research: An Economic Enterprise[1]

Scott Goldsmith, Professor of Economics
Institute of Social and Economic Research (ISER)
University of Alaska Anchorage
March 2007

National Trends in University Research

Nearly $50 billion of the $312 billion of total U.S. research and development expenditures in 2004 (preliminary) consisted of university research. Excluding federally funded research and development centers administered by universities, like the Los Alamos National Laboratory, total research-related revenues of U.S. universities were $43 billion in FY 2004, continuing a positive trend stretching back at least to the early 1950s.

Figure 1. U.S. University Research Revenues: Historical Growth



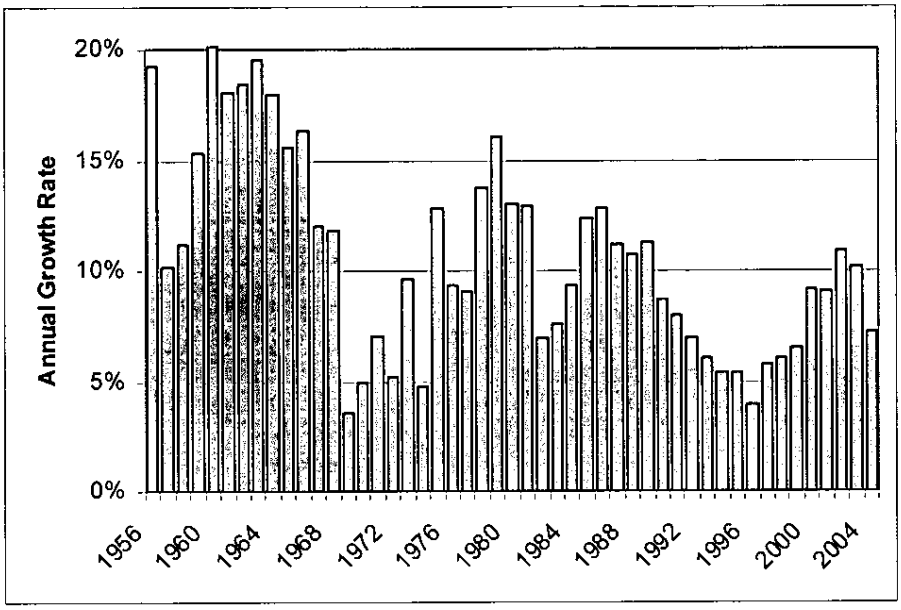
Source: National Science Foundation

[1] This paper updates the June 2004 ISER analysis entitled The Economics of University Research.

1154

In the last 50 years the annual increase in research revenues has ranged between 4 and more than 20 percent, and since 1978 it has averaged 9 percent--considerably above the overall growth rate for the U.S. economy.

Figure 2. U.S. University Research Revenues: Annual Growth Rate



Source: National Science Foundation

The federal government is the largest source of funding for university research, accounting for 64 percent in 2004. Internal university funding (institutional funding) is next in order of importance, contributing 18 percent of the total. State and local governments account for nearly 7 percent, as does the category of other (including nonprofit organizations). Private industry is the smallest category of contributor, providing less than 5 percent.

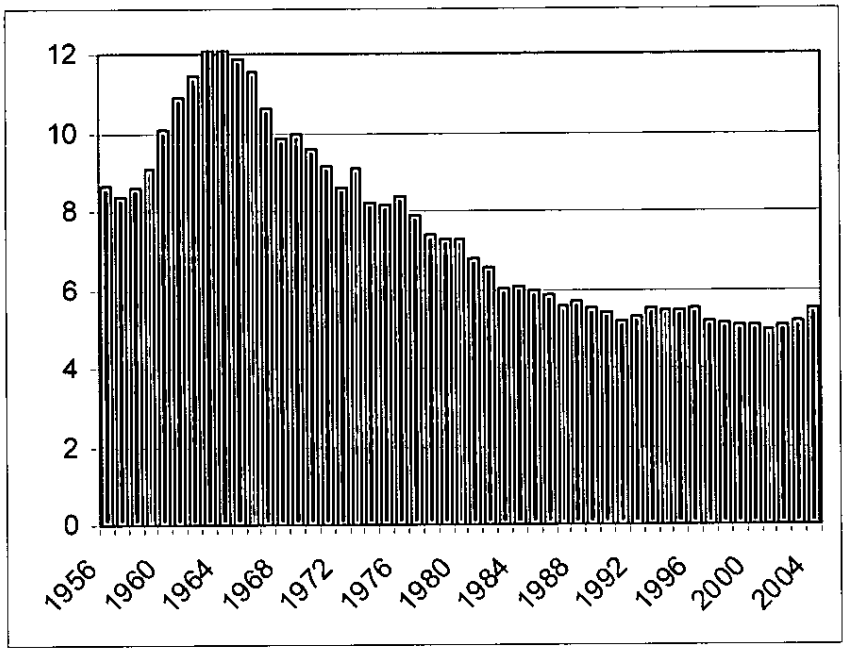
Table 1. Sources of U.S. University Research Funding, 2004

	Billion $	Share
TOTAL	$ 42.95	100%
Federal Government	$ 27.38	63.8%
Institutional Funds	$ 7.77	18.1%
State and Local Govt	$ 2.85	6.6%
Other	$ 2.84	6.6%
Industry	$ 2.11	4.9%
Source: National Science Foundation		

A research multiplier is one way to summarize the productivity of internal (institutional) research funding in generating external funds for research. It is defined as the ratio of total research dollars to internal (institutional) university funding. Nationally the multiplier has trended downward over time, but in the last 20 years it has stabilized in a range between 5 and 6. The

multiplier was 5.5 in 2004 meaning that each internal dollar of university funding generated total research funding of $5.50.

Figure 3. U.S. University Research Multiplier



Source: ISER from National Science Foundation data

University of Alaska Research Revenues

Total research and development spending (including not only academic but also government and private research) in Alaska in 2003, the most recent year for which complete information is available, was $321 million. Alaska ranked 48th among the states, consistent with the size of its economy, measured by gross state product. Academic research was a higher share of total research and development, as reflected by Alaska's rank of 43rd among the states.

Table 2. Alaska Research and Development (R&D) Profile, 2003

	Amount (Million $)	State Rank
Total	$321	48
Industry	$36	51
Academic	$141	43
Other	$144	Na
Gross State Product (Billion 2004 $)	$34	47
Source: National Science Foundation		

The importance of academic research in Alaska is also reflected in the amount of spending in relation to population and the work force. In 2003 university research was $215 per capita in Alaska compared with the U.S. average of $135.

Table 3. Alaska Academic Research and Development (R&D) Spending per Person in 2003, Alaska and U.S.			
	Alaska	U.S. Average	Ratio
Per Capita	$215	$135	1.59
Per Worker	$422	$269	1.57
Source: ISER from National Science Foundation data			

University of Alaska research revenues have been increasing for at least a decade, and in FY 2006 exceeded $151 million. Of this total, less than $20 million came from the state general fund (institutional funds). At the same time the research multiplier, a measure of the productivity of internal funding (institutional or state general fund), has been trending upward. In 2006 it was 7.6, indicating that each state general fund dollar allocated to research produced $7.60 in total research funding for the university.

Table 4. Sources of University of Alaska Research Revenue (Million $)					
	State General Fund (a)	All Other	Total (b)	Research Multiplier (b / a)	Growth Rate of Total Revenue
FY98	$15.1	$62.1	$77.2	5.1	
FY99	$13.0	$68.5	$81.5	6.3	5.5%
FY00	$15.4	$75.3	$90.7	5.9	11.3%
FY01	$16.3	$92.9	$109.4	6.7	20.7%
FY02	$16.3	$103.4	$119.8	7.3	9.5%
FY03	$16.6	$116.5	$133.1	8.0	11.1%
FY04	$16.8	$121.4	$138.3	8.2	3.9%
FY05	$18.7	$126.3	$145.0	7.7	4.9%
FY06	$19.9	$131.5	$151.3	7.6	4.3%
Source: University of Alaska Statewide Budget and Institutional Research					

As is the case nationally, university research in Alaska is highly dependent on federal spending, which provided $111 million in 2006, including funds that passed through state government and private (and nonprofit) enterprises.

Table 5. University of Alaska's Direct Research Expenditures by Source of Funds (Million $)							
	Direct From Federal	Total From State		Total From Other		Total	Item: Total Federal
		Direct	Fed Pass Through	Direct	Fed Pass Through		
	a		b		c		(a+b+c)
FY01	$ 54.7	$ 1.8	$ 2.3	$ 8.3	$ 19.0	$ 86.1	$ 76.0
FY02	$ 67.2	$ 2.5	$ 3.0	$ 9.7	$ 14.6	$ 97.1	$ 84.9
FY03	$ 80.7	$ 2.0	$ 2.4	$ 10.0	$ 15.7	$ 110.8	$ 98.8
FY04	$ 91.4	$ 1.4	$ 1.6	$ 10.4	$ 10.7	$ 115.5	$ 103.7
FY05	$ 97.1	$ 1.8	$ 1.1	$ 13.9	$ 8.6	$ 122.6	$ 106.8
FY06	$ 100.4	$ 2.4	$ .7	$ 15.0	$ 10.0	$ 128.6	$ 111.1
These figures exclude state general fund support.							
Expenditures differ from awarded amounts because many grants are multiyear awards.							
Source: Data supplied by MAUs via UA Information Systems: Banner SI Closing Extracts 2001- 2006. Compiled by Statewide Budget and Institutional Research							

University Research's Direct Economic Impact

Over half of the University of Alaska's research budget in 2006 (excluding $13.1 million of indirect cost recovery that provided general university support) was paid out in wages and benefits to 1,292 university employees.[2] The next largest budget item was contracted services, comprising a diverse array of purchases, from computer and aircraft maintenance to facilities rental to freight services. Purchases of capital equipment were largely computer related and miscellaneous research equipment, but also included items such as safety and transportation equipment. Commodity purchases included a variety of items such as field camp supplies, food for animals, and fuel for planes and boats. Travel included both in-state and out-of-state travel. Small amounts were budgeted for student aid and miscellaneous expenses.

Table 6. University of Alaska Research: Direct Expenditures by Category, 2006		
	Million $	Share
Total	**$ 138.2**	
Wages	$ 52.6	38 %
Benefits	$ 25.0	18 %
Contracted Services	$ 33.2	24 %
Capital Equipment	$ 7.3	5 %
Commodities	$ 8.5	6 %

[2] Full-time equivalent employees

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Travel	$ 6.3	5 %
Student Aid	$ 3.5	3 %
Miscellaneous	$ 1.7	1 %
Source: University of Alaska Statewide Budget and Institutional Research		

Although some of these purchases, like computer and other research equipment, were made outside the state and had little effect on the Alaska economy, most of the research budget funds either wages paid to Alaska workers or purchases from Alaska businesses. Because of this, the total effect on Alaska's economy is large, relative to the total amount spent on university research.

Adding to the direct effect of university research on the economy is the spending associated with visiting scholars who travel to Alaska to conduct their own research activities, funded through their home academic institutions in other states.[3] The economic effect of these visitors is analogous to that of tourists visiting Alaska from other parts of the world, bringing outside money into the state and spending it to the benefit of the Alaska economy.[4]

Growth Since 2003

Total university research spending increased 14 percent between FY 2003 and 2006, with most of the growth occurring in personal services and benefits. Payroll growth of 16 percent contributed to an increase of 5 percent in total employment, after taking into account growth in the average wage. The rapid increase in costs of employee benefits, which grew by 53 percent, absorbed a large share of the total increase in spending.

Table 7. University of Alaska Research: Recent Growth (Million $)

	FY 2003	FY 2006	Change	% Change
TOTAL	$ 121.6	$ 138.2	$ 16.6	13.7%
Personal Services and Benefits	$ 62.8	$ 77.6	$ 14.9	23.7%
Staff Benefit Expense*	$ 12.9	$ 19.7	$ 6.9	53.4%
Payroll	$ 45.3	$ 52.6	$ 7.4	16.3%
Average Wage	$ 36,852	$ 40,753	$ 3,900	10.6%
Direct Jobs	1,228	1,292	64	5.2%

[3] For example, Toolik Field Station in Northern Alaska every year hosts large numbers of non-resident researchers during the summer field season. The effect of these non-resident researchers is not included in our estimate of the total economic effect of university research on the state economy.

[4] University and other research facilities in Alaska also attract tourist visitors to the state and help to enhance the quality of the experience of visitors. Examples include the Sealife Center in Seward and the museum at the University in Fairbanks.

*Benefits here excludes sick and holiday pay and tuition wavers.
Source: ISER

University Research Total Economic Effect

Most of the money that funds university research in Alaska comes from sources outside the state, or in-state sources that could spend their research dollars elsewhere. So university research can be viewed as an economic enterprise similar to the metal mining industry, the seafood industry, the timber industry, the oil and gas industry, or any of the other basic industries that drive the state economy. Each brings new dollars into the state.

The infusion of research dollars into Alaska leads to expansion of the economy. These dollars pay the salaries of Alaska workers and support sales to Alaska businesses. Their economic effect extends beyond the direct effect of paying for the cost of research. The economic multiplier generates employment, payroll, and business sales throughout the state.

The total economic effect of university research can be measured by the number of jobs supported, total payroll produced, and business sales generated within the state by research dollars. In 2006 2,392 jobs could be traced back to university research spending. Of this total, 1,292 jobs were within the university—faculty, staff, student assistants, and others—and 1,100 were in a broad range of private businesses scattered throughout the state—in industries like construction, transportation, wholesale and retail trade, and services.

The total payroll associated with these jobs was more than $92 million, with a little over half going to university employees and the rest to workers in the private economy.

We estimate direct in-state procurement of $49 million was associated with the university research budget. As indicated, this includes purchases of a wide array of services and commodities, as well as some construction and transportation services. Employees spending their paychecks, and companies doing business with the university that also made local procurement purchases generated an estimated $76 million more in business sales throughout Alaska, for a total of $125 million in sales.

Table 8. University of Alaska Research: Total Economic Effect in 2006 (Million $)

Jobs	
Total	2,392
University	1,292
Private	1,100
Payroll (Million $)	
Total	$ 92.1
University	$ 52.6
Private	$ 39.5
Private Business Sales (Million $)	

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Total	$ 125.2
Direct Procurement	$ 49.3
Other Sales	$ 75.9
Source: ISER calculations	

Characteristics of the Research Industry

Viewed as an economic enterprise, university research has a number of attractive features.

- Labor Intensive—Over 1/3 of the revenues from this industry (38 percent) went directly into payroll.
- High Wage—The average wage is higher than the economy-wide average.
- Quality Jobs—Most jobs come with a full benefits package that adds considerable value over and above the wage.
- Year-Round Employment—Although some jobs are seasonal or only for the academic year, most are year-round, and may offset the summer seasonal decline in teaching activity at the university.
- Diverse Job Mix—The variety of research activities generates a diverse mix among the private sector jobs that depend on research spending.
- High Resident Job Share—Residents hold most of the jobs in university research.
- Stable—Spending on university research nationally has increased each year for at least the last 50 years and for at least the last 10 within Alaska.
- Growing—Growth in spending on university research has outpaced growth in the overall U.S. economy.
- Footloose—Research can be conducted wherever there is a decent laboratory with support for the scientists. It need not be located in proximity to resource deposits, as is the case for our natural resource industries, or close to markets, as is the case for most services.
- Environmentally Benign—University research is a clean industry with minimal effects on the quality of the environment.
- Low Burden on Government—Government regulation and oversight is not required.
- Non-Competitive with Other Industry—University research does not generate conflicts over appropriate and conflicting uses of the environment and natural resources.

- Stable Potential Tax Base—Although it does not directly create a product that is taxable, the large payroll and in-state procurement per dollar of spending on research create potential tax bases of personal and business income.

- Backward Linkages—Unlike some industries (like oil and gas and rural tourism) that are "enclaves" physically located in Alaska but not linked to the rest of the economy through purchases of local inputs, the large procurement budget and urban location for most research activities result in strong backward linkages that foster economic activity in support industries.

- Forward Linkages—There are no direct forward linkages in the form of sales to other sectors of the economy from university research, but most of Alaska's resource industries also lack forward linkages.

Benefit to Cost Comparison

The state general fund appropriation to the university for general support of research in 2006 was $19.8 million, about 8 percent of the total university general fund budget of $248 million. Total university research expenditures in that year were $151.3 million, producing 2,392 jobs and $92.1 million in payroll.[5]

If we think of the state general fund appropriation for research as "seed money," then we can calculate the return to the economy from that expenditure as the jobs and income created. Specifically the "bang per buck" for each $1 million of general fund appropriation for research in 2006 was 121 jobs and $4.7 million in payroll within the state.

There are indirect benefits to the university from research activities as well. World-class research adds prestige to the university, which in turn leads to a greater demand among potential students and an increased ability to attract quality faculty.[6]

The Product of University Research

The value of the output of private basic industry is reflected in the prices of their products, and their objective is profit for their shareholders. Increasing knowledge, productivity, and personal well-being are incidental to what they produce. In contrast, the objective of university research is new knowledge that can be applied to increase productivity in business and government and improve the well-being of households. These value added spin-offs, difficult to quantify, are a unique feature of university research—and an added bonus that other Alaska basic industries do not provide.

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[5] Not counting the impact of the $13.1 million of reallocated indirect cost recovery.

[6] For example the research of Brian Barnes of UAF's Geophysical Institute has been highlighted on the cover of Science magazine. The first Rasmuson Chair in Economics was held by Dr. Vernon Smith, a Nobel Prize Laureate.

Comparisons With Some Other Alaska Basic Industries

Each Alaska basic sector industry has different features and characteristics. In this section we review some features of selected industries to provide some general comparisons with university research as an economic enterprise.

Each of these industries receives support from state government through a variety of mechanisms. These include the operating expenditures of government agencies for public resource management, tax incentives, capital grants, and loans. We have not attempted to quantify the support provided each industry to make any comparisons with our "bang per buck" calculation for university research, because such data is not readily available for most industries.

Metal Mining. The value of metal minerals production in Alaska--primarily zinc, gold, and silver--was $1.3 billion in 2005,[7] generating a payroll of $96 million and annual average employment of 1,298 in the mining sector[8]. Mining is very capital intensive (as reflected in the low ratio of payroll to value of production), high wage, resource dependent (subject to market price fluctuations and location-dependent), and environmentally sensitive. It generated $25.4 million in revenues to the state in 2005, as well as $12 million to local governments.[9]

Tourism. Non-resident vacationers spent $811 million in Alaska in 1998, directly generating 12,835 wage and salary jobs and 3,584 proprietor jobs for a total of 16,419 jobs. Wages were $249 million and proprietor income was an additional $65 million.[10] These jobs were concentrated in the lodging, restaurant, retail, and transportation services sectors of the economy. Tourism-related employment tends to be highly seasonal with a large non-resident share. Tourism is a rapidly expanding industry and the growth potential is significant for Alaska.

There has not been a comprehensive analysis of either the public expenditures or public revenues associated with the tourism industry in Alaska.[11] However, continued expansion of this industry will require substantial public investments in infrastructure, marketing, and other services.

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[7] Alaska's Mineral Industry 2005, Division of Geological and Geophysical Surveys, and Alaska Department of Labor.

[8] Alaska Department of Labor, Employment and Earnings.

[9] Alaska Mineral Industry 2005, op. cit. A Department of Commerce, Community, and Economic Development study reported mining industry revenues to the state in FY 2005 of $13.9 million compared to state expenditures related to mining of $1.8 million. See, "The Net Return to the State of Alaska from Timber, Tourism, Minerals, and Commercial Fisheries," March 21, 2006. An earlier study by Legislative Research in June 1996 however reported state revenues of $4 million and state expenditures related to mining of $8 million.

[10] Alaska Visitor Industry Economic Impact Study, 1999 Update, McDowell Group, 1999.

[11] "The Net Return to the State of Alaska from Timber, Tourism, Minerals, and Commercial Fisheries" reported state revenues from tourism in FY 05 of $49.8 million compared to state expenditures related to tourism of $29.2 million. However, half of revenues and expenditures consisted of state ferry operations but none of the fixed costs of the system were attributed to tourists. Similarly a large share of revenues were attributed to hunting and fishing licenses, but none of the costs of management of the state fish and game resources were included.

Seafood. The annual value of the Alaska seafood harvest exceeds $1 billion and after processing it has a wholesale value in excess of $2 billion. During 2000 45,550 people were engaged seasonally in commercial fishing and seafood processing from both Alaska waters and the adjacent federally managed waters. This was equivalent to 27,877 full time jobs, of which Alaskans held 36 percent. Total personal income generated was $437 million.[12] Taxes from fishing activity averaged $47 million in the 1990s, with about half going to local communities.[13] In FY 2005 state seafood revenues were reported to be $53 million.[14]

International Air Cargo. Employment associated with international air cargo operations at Ted Stevens International Airport in 2000 has been estimated to be 3,058 with a payroll of $126 million.[15] The operation is labor intensive and is part of a rapidly expanding industry. It is somewhat sensitive to environmental issues and the business cycle, as well as to technological developments that could affect the relative attractiveness of Anchorage as a location for air cargo services.

Air cargo operations produce revenues for the airport, but the amount of revenue generated for the state general fund has not been calculated. State expenditures in support of the industry have also not been specifically studied. They are probably modest, although the industry does enjoy a tax advantage on fuel sales.

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[12] Alaska Economic Performance Report 2002, Alaska Department of Community and Economic Development., 2003.

[13] Ibid. A 1996 analysis calculated state revenues of $67 million from commercial fishing and $21 million from sport fishing, compared to $102 million in fisheries-related state expenditures. See State of Alaska Natural Resource Revenues and Expenditures in FY 95, Legislative Research Series, June 1996.

[14] Alaska Economic Performance Report 2005, Alaska Department of Commerce, Community, and Economic Development, 2006.

[15] Ted Stevens Anchorage International Airport: Economic Significance 2000, ISER, 2001.

#13
MAU
main administrative unit

University of Alaska
Approved FY11 Operating Budget Development
Guidelines and Process

Guidelines

The Operating Budget Request Guidelines incorporating a longer term 3 to 5 year budget planning horizon will be used to align the University of Alaska's Budget Request with existing resources to maximize progress toward the Board of Regents' strategic plan goals, while maintaining administrative and program efficiencies.

The State is setting its course for the next thirty years. A strong University System is a key element for the State's success. Through preparing the workforce, providing expertise and leadership in a variety of fields, and serving as the driving force for research in Alaska, the University of Alaska (UA) contributes significantly to the State's economic success and its citizens' quality of life.

UA is committed to building a strong workforce foundation for the future as well as meeting State workforce needs by delivering programs responding to expected employment growth over the next five years. UA's competitive research capacity is remarkably situated to address State, Arctic, and global solutions, particularly in climate change mitigation and adaptation, and energy.

The UA Operating Budget Request will include compensation and other fixed cost increases for maintaining existing programs and services, as well as program growth requests. Program requests will be driven by the program enhancement priorities with continued emphasis on three themes:

- Enhancing Student Success and College Readiness
- Preparing Alaskans for the State's High Demand Jobs
- Enhancing Competitive Research and benefits of research as an industry in Alaska

In addition, there will continue to be greater attention on strategies to align public service and outreach efforts within each of these three themes.

The University of Alaska recognizes that funding availability will be challenging in FY11. Priorities for the University have not changed significantly and the focus will remain on providing services to the State of Alaska. To ensure UA's resources are used most effectively to meet State needs, a continued emphasis is being placed on systemwide planning efforts in strategic areas.

The MAUs will review the prior year requests and leverage the significant work already done as part of the FY10 budget process. If there have been significant changes in conditions, the MAUs will recommend and justify changes to the respective planning groups.

Through this participatory process, each MAU will be represented in the budget process to accomplish its underlying mission and strengthen the MAU and campus compelling strategic advantages.

Proposed systemwide planning groups include: (see pages 5-6 for Roles and Responsibilities)

Enhancing Student Success and College Readiness
- Student Success
- Social Sciences, Humanities, Arts

Preparing Alaskans for Jobs:
- Health
- Energy, Engineering
- Career and Vocational Tech. Workforce
- Teacher Education

Alaska Relevant Research (inclusive research planning group)
- Climate, Energy, Engineering, Biomedical/Health

The FY11 total program request level will range between $10-13 million with each MAUs program growth amount 3-4% over the current year budget. The FY11 Operating Budget Request will include MAU specific requests as well.

Factors to be considered in the final request include; demonstrated efficiency and effectiveness of existing programs; ability to successfully execute the program request; strategic linkage to and impact on meeting performance goals; and responsibility for executing systemwide priorities.

Additionally, the following mechanisms will be used throughout the year to maintain UA's high standard of accountability and transparency:
- Performance assessment and performance measure tracking
- Annual operating and management reviews
- Systemwide academic program planning and monitoring
- Systemwide internal and external reviews

Timeline:

January 8th	FY11 Systemwide Joint Council Meeting
Jan-Feb	Meetings with various councils and President's cabinet to discuss FY11 Systemwide Priorities
February	Statewide assign facilitators to planning groups
March	Instructions to MAUs providing outline for one-page outcomes summary, Draft of FY11 Operating Budget Guidelines, and FY11 Budget Request Form
March	Chancellors assign members to strategic planning groups
April 8th-9th	BOR approval of the FY11 budget guidelines
Late April	Chancellors submit MAU expected outcomes document with the Operating Review
Late April	MAU Operating Reviews: FY09 Status Review; FY10 Expectations; 3-5 year Outlook
May 4th	MAUs submit initial program list to respective planning groups
May 8th	BC, SAC, RAC, SSC, and ITEC joint council meeting to review Chancellor's expected outcomes summary and initial program list
May-June	Planning groups review MAU program priorities
July 1st	Planning Groups submit prioritized budget requests to MAU budget offices
July 28th	MAUs submit prioritized FY11 Budget Request and 3-5 year Planning Horizon considerations to the Statewide Budget Office
August 4th	Face-to-Face MAU Budget Request Briefing
August 11th	BC, SAC, RAC, SSC, ITEC, FAC review of priorities

Process Considerations

Integration of Performance Reporting: As a part of the FY11 operating request submission process, each MAU will be required to input:

- The quantitative positive impact of the request on each of the system wide performance measures, or for replacement funding requests the quantitative positive impact of the current program on each measure; and
- What MAU strategy specific sub-metric(s) will be tracked to measure intermediate progress toward moving common, system wide metric goals. For example, a budget request for a new high-demand program might propose tracking applications and enrollment in the program as a preliminary indicator of eventual increases in high demand graduates.

Many strategy specific sub-metrics could be appropriate to report in the MAU performance evaluations. The information submitted will be used to note the impact of the Governor's proposed budget on the system wide performance measures in relation to the Board of Regents' request.

Each MAU will control the distribution of its FY11 performance funding pool, to be used in support of performance-related strategies. One percent of general funds is the expected funding pool size, although annual circumstances will dictate the exact amount chosen by the MAU for internal reallocation. These performance funds should be allocated to appropriate strategic investments and reported as part of the overall performance and accountability process. It is important to note that, although performance awards are MAU-based, accountability reporting for performance funding distributions and strategy success will continue to be required in the future.

In the FY11 budget and planning process, MAU performance evaluation and reporting requirements are based on the State of Alaska's requirements. In addition, the university will begin external reporting of the new Non-Credit Instruction performance measure[1], approved in 2007. MAU performance evaluation submissions to the Office of Planning and Budget will be used in conjunction with MAU increment request detail to compile final performance evaluations submitted to the state. The system and MAU performance evaluations will be updated to reflect the BOR approved FY11 request, as well as, the Governor's proposed FY11 budget.

Expected Outcomes: Each Chancellor will prepare a 1 to 3 page summary (instructions on pg. 4) for the MAU of expected outcomes that will recognize MAU priorities and compelling advantages, particularly those that align most directly to systemwide strategic planning group areas, the system performance goals, the BOR strategic plan goals, and will help align the internal MAU budget process with the systemwide process.

In addition, as part of the August Face-to-Face MAU Budget Request Briefing, to more clearly articulate anticipated outcomes into the planning process, each planning group will create a 1 to 3 page summary. The summary document, similar to the ones produced last year, will be developed by the appropriate planning group facilitator and lead. There will be various levels of detail depending on the maturity of the discipline planning to-date, and in addition to addressing planned outcomes it will include basic statistics such as current funding level, efficiency ratios, and past investments, and the 3-5 year planning horizon.

[1] See http://www.alaska.edu/swbir/performance/metrics/Non-CreditMetric.pdf for more information on the non-credit instruction performance measure.

Each planning group will have a statewide person assigned to it as a facilitator, an MAU-based lead or co-leads, campus/program representatives (assigned by each MAU Chancellor), and service/outreach representatives (see the planning group roles and responsibilities with draft recommendations for leads and SW facilitators, with campus/program representative TBD pages 5 and 6).

Fixed Costs/Administrative Requests: Fixed Costs/Administrative Requests will be developed using systemwide standards. Information Technology (IT) and business process improvement initiatives will be vetted through the Information Technology Executive Council (ITEC), Information Technology Council (ITC), and Business Council (BC) respectively. No request range will be set on these requests, however, it is important to know that few administrative increases are funded and the need to reallocate to address these improvements is predictable.

Process: The web-based budget request submission process used last year will be used again this year. Each MAU must submit all requests related to their campuses.

Chancellor's Expected Outcomes Document Instructions

Guiding Principles

- This document demonstrates the alignment of the MAU's key goals to the systemwide priorities.

Timeline

Please submit this document to Statewide Planning and Budget as part of the Spring Operating Review.

Areas to address

- MAU priorities and compelling advantages aligned with systemwide strategic planning group areas (listed below) – incorporate appropriate Outreach, Cooperative Extension
    - Climate Change
    - Energy
    - Engineering
    - Health and Biomedical
    - Social Sciences, Humanities, Arts
    - Student Success/Teacher Education
    - Workforce Development
- The BOR strategic plan goals including system performance measures
- Specific MAU strategy measures (i.e. Anchorage requested external sponsored program expenditures in addition to external sponsored research, Fairbanks wanted Bacc. retention rates, and specific external research measures)
- MAU 3-5 year outlook
- Identify planning assumptions, environmental scan, key internal and external conditions

FY11 Budget and Planning Guidelines Planning Groups Roles and Responsibilities:

Planning Group MAU-based Lead/Co-Lead:
Role: Serves as the chair of the planning group.
Responsibilities:
Acts as the primary spokesperson for the planning group.
Communicates progress and issues of the planning group at various budget and planning meetings.
Communicates progress and issues of the planning group at President Cabinet meetings.
Contributes to and assures criteria are established for prioritizing program requests.
Assures the various campus issues are addressed in the planning process.

Statewide Facilitator:
Role: Supports and coordinates planning group meetings, and serves as primary liaison between the planning group and the President, Planning and Budget Office, and SW executive staff.
Responsibilities:
Provides support to the MAU-based lead for planning group activities.
Assures the planning group is aware of deadlines and process requirements.
Assures the various campus issues are addressed in the planning process.
Provides assessment of program requests within the established criteria.
Provides input, feedback, and perspective regarding criteria, program alignment, and system overview.
Communicates progress and issues of the planning group at various meetings to the President, Planning and Budget Office, and SW executive staff.

Campus-based Planning Group Representatives:
Role: Represent campus program needs and provide program specific expertise.
Responsibilities:
Submits campus program/budget request proposal for planning group consideration.
Informs campus leadership and budget personnel of planning group recommendations in regards to MAU program requests.
Provides expertise, advice, and information required for planning group activities.

Public Service/Outreach/Development/Engagement Representatives:
Role: Assure formal public service, and outreach and development offices emphasize and are aligned with program priorities.
Responsibilities:
Provides input and recommendation to strengthen outreach and service activities in support of the overall program group goals. May prompt related budget requests to be considered by the planning group.
Participation: It is expected that public service and outreach and development personnel will participate in each of the planning groups. In addition, all group members should advance appropriate service/outreach activities in conjunction with program proposals.

Strategic Planning Group Leads, SW Facilitator and Campus Representatives

Planning Group MAU-based Lead	Statewide Facilitator	Campus Representatives and Service/Outreach Representatives[2]
Climate Change Brian Rogers, UAF Interim Chancellor	Dan Julius	UAA-Steve Colt, Kim Peterson, Jeff Welker UAF-Larry Hinzman, Buck Sharpton, Sarah Trainor UAS-Eran Hood, Matt Heavner
Energy Gwen Holdmann,UAF	Dan Julius	UAA-Dennis Clark, Orson Smith, Ginny Fay UAF-Gwen Holdmann, Dan White, Fred Schlutt UAS-Karen Schmitt, Marquam George
Engineering Rob Lang, UAA Doug Goering, UAF	Fred Villa	UAA-Rob Lang UAF-Doug Goering, Charlie Mayer UAS-not assigned
Health and Biomedical Fran Ulmer, UAA Chancellor	Karen Perdue Jan Harris	Health: UAA-Cheryl Easley, Sandra Carroll-Cobb, Jim Liszka, Jan Harris UAF- Jennie Carroll (alt. Pete Pinney), Anita Hartmann UAS-Karen Schmitt BioMedical: UAF- John Blake UAS-Karen Schmitt SW-Karen Perdue
Social Sciences, Humanities, Arts Jim Liszka, UAA Susan Henrichs, UAF James Everett, UAS	Dan Julius	UAA-Patty Linton, John Petraitis, Carol Swartz UAF-Susan Henrichs, Eric Heyne UAS-James Everett, Kevin Krein
Student Success (Co-leads) John Pugh, UAS Chancellor Mike Driscoll, UAA Dana Thomas, UAF James Everett, UAS	Saichi Oba Melissa Hill	Student Success: UAA-Mike Driscoll, Bruce Schultz UAF-Dana Thomas UAS- James Everett, Larry Harris Teacher Education: UAA-Mary Snyder UAF-Eric Madsen UAS-Larry Harris SW-John Monahan

Workforce Development (Co –leads) Renee Carter-Chapman, UAA Bonnie Nygard, UAA Jennie Carol, UAF Karen Schmitt, UAS	Fred Villa	UAA-Renee Carter-Chapman, Bonnie Nygard UAF-Jennie Carroll (alt. Pete Pinney) UAS-Karen Schmitt

Additional Notes:

1. Service/Outreach/Development/Engagement Representatives: Service, Outreach, Development and Engagement representatives will be invited to participate in all 7 of the planning groups. Small Business Development Center (SBDC), Center for Economic Development and other units focused on external partnerships may also attend. Additionally, campus program representatives and campus leaders are encouraged to define the service activities that will take place when a program is proposed.

2. It is encouraged that each group identify existing external advisory groups that should be informed and/or consulted throughout the process. The broader awareness of existing program performance and the next logical programs step, the stronger our chances are to be successful.

Programmatic areas will be incorporated into an overall academic plan for the University of Alaska being led by Dan Julius, VPAA

University of Alaska
Approved FY11 Capital Budget Request and
FY11-FY16 Capital Improvement Plan

Development Guidelines

The goal of the Board of Regents' University of Alaska (UA) FY11-FY16 Capital Plan is to ensure that the necessary facilities, equipment and infrastructure are in place for the continued growth, refinement and improvement of the University as prescribed in the UA Strategic Plan and the Board approved MAU strategic and campus master plans. A six-year capital plan that mirrors the needs of the University provides the Board, President, executive staff, and university community a clear understanding of the needed resources for capital projects and the annual operating costs associated with those projects. The six-year capital plan, which is based on the assumption of full funding by the State, will balance the required capital improvements with realistic expectations of UA's ability to systematically implement such improvements.

The guidelines are organized in the following sections: Background, Guiding Principles, General Development Process, Capital Project Categories, and Capital Project Scoring Criteria.

Background

- Facility renewal and renovation (R&R), deferred renewal, code corrections, and upgrades for University facilities are significant capital budget priorities. UA maintains nearly 400 buildings worth in excess of $1.7 billion. These facilities comprise 6.4 million gross square feet and have annual depreciation totaling $57 million. More than half of UA's buildings are more than 30 years old. UA must assure adequate funding requests for major renewal and renovation and deferred renewal projects for University facilities. Given the magnitude of its facilities, UA requires an annual minimum investment of $50 million for facility renewal and renovation. UA has received an average of $16.1 million over the last ten years.

- Through its operating budget the University dedicates funding every year to maintenance and repair (M&R), and in FY08 dedicated about $31 million (approximately 1.5% of adjusted facility value) of its operating budget to this category. National industry standards prescribe 2-4 percent of current replacement value as the appropriate annual investment for M&R. Factors such as the age of the buildings, level of building use, and climate will determine the specific percentage.

- In November 2002 the State approved a significant General Obligation (GO) Bond, the first in over 20 years. As a result of the GO Bond, UA received partial funding for three major science facilities. Since that time, full funding has been appropriated for the UAA Integrated Sciences Facility (FY03, FY06 and FY07); for the UAF School of Fisheries and Ocean Sciences Lena Point facility in Juneau (final $6.8 million in non-state funding received in FY08); and for the UAA Health Sciences Building ($46 million in FY09). Additional funding is still required for the final phase of the biological and computational sciences (BiCS) concept, the UAF Life Sciences Innovation and Learning Facility in Fairbanks satisfies the biosciences research and teaching components of this concept (FY10 request: GF $82.195 million, NGF $20.625 million).

- Prior to FY07, an average of $7 million in state capital funding was appropriated for maintaining existing facilities, thus elevating UA's deferred maintenance need from $200 million in 2000 to over $800 million as of August 2008. State funding for UA's capital project priorities averaged $46.5 million annually in the ten year period 2000 to 2009. Since 2000, UA has received $464.8 million of state capital funding. The Board requested, as its highest capital budget priority, $98 million and $120 million in FY07 and FY08 respectively, for maintaining existing facilities and equipment. The legislature appropriated $49 million and $46 million toward those priorities.

- The current six-year capital plan totals $2.3 billion. The UA FY10 Capital Budget Request totaled $717.2 million, with $541.8 million requested from state funding and $175.4 million from receipt authority. Of the $717.2 million request, $200 million was requested for maintaining existing UA facilities and equipment.

Guiding Principles

- Project requests addressing renewal, renovation, deferred renewal, and code corrections for existing University facilities will be the highest priority for funding in the FY11 capital request and the six-year capital plan.

- New facility project requests included in UA's current six-year capital plan for which partial funding has been appropriated will be the second highest priority.

- Consistent with the Board of Regents' strategic plan and the MAU's academic and research plan, key strategies will include:
    - Enhancing student success and college readiness with an emphasis on increasing student enrollment
    - Preparing Alaskans for the state's high-demand jobs
    - Enhancing competitive research and taking advantage of UA's position in the international research community and benefits of research as an industry in Alaska

- Project requests to be fully funded through university-generated revenue (UA Revenue Bonds or Partnership Funding) will be categorized separately from project requests requiring partial or full State funding.

- The FY11-FY16 capital plan total cost will reflect the actual amounts of total project needs based on the best available project budget information at the time of the request.

- Project requests requiring university-generated revenue must be accompanied by an appropriate business plan, which includes review of the debt payment impact on the operating unit, the MAU, and on UA's operating budget.

- Facilities used primarily for instructional and administrative activities that have limited revenue generating capacity should be contingent upon State funding. Facilities used primarily for sponsored research or auxiliary enterprises that have moderate to significant revenue generating capacity must evaluate a funding plan that includes university-generated funding.

General Development Process

- The capital budget will be developed in accordance with the timeframe set forth in the budget development calendar.

- Each MAU will submit its capital request bifurcated between main and community campuses and will rank the projects from the highest to lowest in terms of MAU priority.

- Submitted projects will be reviewed, scored and ranked system-wide by appropriate councils including the Facility Council, Business Council, System-wide Academic Council and Information Technology Council. Sufficient time will be allocated in the process to allow for appropriate input from the chancellors.

- Based on this input the President will submit a draft of the six-year plan—including details of any changes to the current plan—to the Board of Regents for review at the September meeting.

- All projects proposed for the FY11 budget request and the six-year capital plan will be entered into the capital database and obtain the Preliminary Administrative Approval in accordance with Board of Regents' Policy P05.12, through this capital budget process.

Capital Project Categories
Projects will be presented in draft form to the Board of Regents using these categories:

- Renewal and Renovation (includes deferred renewal), Code, ADA, and Expansion

- Essential Renewal and Renovation of Academic (including technical) Equipment and Administrative (communications) Equipment

- New Construction, Expansion (if the project only includes expansion)

- Land, Property and Facilities Acquisition

New construction projects for the present year will be scored and ranked. The final draft will be presented to the administration for approval in the thematic approach.

Capital Project Scoring Criteria
In addition to the specific category criteria below, projects demonstrating responsiveness to programs and services directed at the following goals will be given priority consideration:

  - Enhancing student success and college readiness
  - Preparing Alaskans for the state's high demand jobs
  - Enhancing competitive research and taking advantage of UA's position in the international research community and benefits of research as an industry in Alaska

- Renewal and Renovation Code and ADA will address the following criteria without scoring:
  - Code and ADA requirements
  - Impact on students, programs, faculty, and staff
  - Impact on meeting accepted performance goals
  - Impact on accountability and sustainability efforts
  - Impact on existing and planned space utilization
  - MAU/Campus priority
  - Reduction of legal liability; general improvement of well being; consequences of not proceeding with the project
  - Developed plan/project readiness/ability to execute
  - Demonstrates responsiveness to UA Strategic Plan and state needs
  - Potential for non-state funding
  - Actual non-state funding in hand

- New Construction will address the following criteria with scoring:
  - Impact on students, programs, faculty, and staff
  - Impact on meeting accepted performance goals
  - Impact on accountability and sustainability efforts
  - Impact on existing and planned space utilization
  - MAU/Campus priority
  - Developed plan/project readiness/ability to execute
  - Responsiveness to UA Strategic Plan and state needs

- Potential for non-state funding
- Actual non-state funding in hand

- Academic and Administrative Equipment
  - Impact on students, programs, faculty, and staff
  - Impact on meeting accepted performance goals
  - Impact on accountability and sustainability efforts

- Land, Property and Facilities Acquisition
  - Conformance with the UA Strategic Plan, Campus Master Plan and campus land acquisition plan
  - Likelihood of adverse development/redevelopment by another party versus time horizon before campus use

Criteria Descriptions

- Addresses Code and ADA requirements
  - Does this project correct immediate code or ADA requirements issues? Those projects that address code issues will rate higher than those that do not.
  - The extent to which a project addresses health and code issues for students, faculty, staff and the general public.

- Impact on students, programs, faculty, and staff
  - To what extent does the project enhance the students' educational experience and how many students will be served by the technology/service/new facility? A project that a large number of students will benefit from will rate higher than a project that benefits few students.
  - To what degree does the project enhance the ability to deliver programs and how many programs will be served by the technology/ service/new facility? A project impacting several programs will rate higher on this criteria than a project benefiting few programs. Programs may be instructional, research, outreach or administrative in nature.
  - To what extent will the project enhance the faculty/staff career/employment experience and strengthen the ability to recruit and retain faculty and staff?
  - To what extent does it strengthen research competitiveness?
  - To what extent will this project align with community and student demographic trends?

- Impact on meeting accepted performance goals
  - To what extent will the project enhance the MAU's ability to meet its accepted performance goals?
  - Which performance measures does this project impact?

- Impact on accountability and sustainability efforts
  - To what extent will the project enhance the MAU's efforts toward efficiency and cost savings?

- Impact on existing and planned space utilization
  - To what extent will the project enable the MAU to maximize its existing space?
  - What is the MAU existing space utilization?
  - Has an analysis of space utilization determined that this project is the best solution to meet the space needs?

- MAU/Campus priority

- To what extent does the project meet the priority goals and objectives of the MAU academic/service plan? A project high on the MAU (campus) list will rate higher on this criteria than a project lower on the campus priority.

- Developed plan/ project readiness/ability to execute
  - What stage of the planning process is the project currently in (i.e. an identified project concept/vision/idea, project scope has been developed, the schema is developed, the project is bid ready)? A bid ready project will rate higher than a project in the idea stage. Additionally, added weight will be given to projects, which clearly demonstrate all operating cost and potential sources of funding for these costs.

- Demonstrates responsiveness to UA Strategic Plan and state needs
  - The extent to which the project supports the delivery of programs in strategic initiative areas and objectives outlined in the UA Strategic Plan. Projects that support identified goals addressed in academic initiatives, strategic plans or other goal setting processes will rate higher than projects that do not.

- Potential for non-state funding
  - What are the potential NGF funding sources (both construction and operating costs)?
  - What level of participation is expected?
  - What is the current commitment of partners?

- Strategic plan, campus master plan and campus land acquisition plan conformance
  - What is the necessity of the project within the framework of appropriate MAU and system goals and objectives as articulated in the UA Strategic Plan and MAU planning documents?

- Likelihood of adverse development/redevelopment by another party versus time horizon before campus use
  - What is the possibility that this acquisition will not be available if not included in the current six-year capital plan or one year capital budget request?

University of Alaska
Preliminary Performance Evaluation
September 2009

This document provides an overview of recent performance and future expectations for key measures. The information presented here will be updated based on comprehensive MAU performance evaluations due September 15th, discussions at the fall financial and performance reviews in October, and feedback from the Governor's Office of Management and Budget (OMB). Initial UA performance evaluations are due to OMB mid-September, with later refinements made to reflect the Board of Regents' approved FY11 budget request and the Governor's proposed FY11 budget. Updated information will be presented for discussion at the October 30th Board of Regents' meeting.

UA's performance evaluation process, in place since FY04, is the mechanism used to communicate, drive and measure resource alignment and progress toward meeting the Board of Regents' strategic goals. Performance impacts are a key consideration in the development of budget request and distribution recommendations, and the long-range fiscal and performance plan. The university currently utilizes six common, system wide performance measures, referred to as "End Results" by the State of Alaska, including: high demand job area program awards, student retention, student credit hour enrollment, non-credit instruction, grant-funded research expenditures, and university generated revenue.

As part of the annual budget request cycle, each MAU submits an in-depth assessment of recent performance, in the context of UA and MAU mission, strategies, and established expectations. In addition, each MAU proposes and/or updates the targets and goals for the upcoming five-year period. The president and each chancellor agree on appropriate targets and goals for each MAU. Throughout the year MAUs monitor the impact of implemented strategies and operating condition changes on performance and adjust strategies as needed to meet, or understand the difference between results and targets.

Each MAU controls the distribution of its performance funding pool, to be used in support of performance-related strategies. One percent of general funds is the expected funding pool size, although annual circumstances dictate the amount chosen by the MAU for internal reallocation. These performance funds are allocated to appropriate strategic investments and reported as part of the overall performance and accountability process.

Recent performance trends as well as future targets and goals for UA's common, system wide performance measures are provided the table starting on page 2, followed by a brief discussion of each measure.

Table 1. University of Alaska Performance Results, Targets and Goals, FY06 - FY15

Future year targets and goals will be updated based on discussion of MAU performance evaluations due September 15, 2009. Updates will reflect the impact of the FY10 budget distributions and the assumption of full funding for UA's proposed FY11 operating and capital budget requests.

High Demand Job Graduates	FY06 Actuals	FY07 Actuals	FY08 Actuals	FY09 Actuals	FY09 Targets	*FY10 Targets*	*FY11 Targets*	*FY12 Goals*	*FY13 Goals*	*FY14 Goals*	*FY15 Goals*	*Average Annual % Change, FY10 - FY15*
UAA	1,358	1,555	1,535	1,554	1,646	*1,728*	*1,815*	*1,905*	*2,001*	*2,091*	*2,164*	*5.7%*
UAF	727	741	731	646	760	*790*	*820*	*850*	*880*	*910*	*942*	*6.7%*
UAS	198	205	259	236	265	*278*	*289*	*301*	*312*	*331*	*343*	*6.5%*
Health	671	721	764	701	790	*830*	*872*	*915*	*961*	*1,003*	*1,038*	*6.9%*
Baccalaureate Engineering	85	72	81	94	110	*120*	*150*	*200*	*200*	*200*	*200*	*14.3%*
High Demand Job Graduates	**2,283**	**2,501**	**2,525**	**2,436**	**2,671**	***2,796***	***2,924***	***3,056***	***3,193***	***3,332***	***3,449***	***6.0%***
Percent Change from Prior Year	**9.2%**	**9.5%**	**1.0%**	**-3.5%**	**5.8%**	***14.8%***	***4.6%***	***4.5%***	***4.5%***	***4.4%***	***3.5%***	

Note: To provide a valid trend comparison, historical information is adjusted to reflect the programs currently classified as High Demand.

First-Time, Full-Time Undergraduate Retention	FY07 Actuals	FY08 Actuals	FY09 Actuals	*FY10 Estimate**	FY10 Targets	*FY11 Targets*	*FY12 Goals*	*FY13 Goals*	*FY14 Goals*	*FY15 Goals*	*Average Annual % Change, FY10 - FY15*
UAA	67.6%	66.7%	68.7%	*70.0%*	68.0%	*68.0%*	*68.0%*	*68.0%*	*68.0%*	*68.1%*	*-0.2%*
UAF	65.7%	63.9%	66.0%	*63.0%*	67.0%	*68.0%*	*69.0%*	*70.0%*	*71.0%*	*71.0%*	*1.2%*
UAS	57.5%	51.8%	53.7%	*57.0%*	55.0%	*57.0%*	*59.0%*	*61.0%*	*63.0%*	*63.0%*	*2.7%*
Baccalaureate Degree Seekers	73.0%	71.6%	73.6%	*74.0%*	74.4%	*75.6%*	*76.7%*	*77.8%*	*77.8%*	*77.8%*	*0.9%*
Baccalaureate UA Scholars	79.6%	83.0%	85.2%	*86.0%*	86.5%	*87.0%*	*87.2%*	*87.5%*	*87.9%*	*88.0%*	*0.5%*
Retention	**66.1%**	**64.6%**	**67.2%**	***67.0%***	**67.7%**	***68.1%***	***68.6%***	***69.0%***	***69.1%***	***69.4%***	***0.5%***
Percent Change from Prior Year	**3.3%**	**-2.3%**	**4.0%**	***-0.3%***	**0.7%**	***0.7%***	***0.7%***	***0.7%***	***0.0%***	***0.5%***	

* Figures as of August 28, 2009; these will increase through the fall 2009 opening extract. FY10 retention is the proportion of fall 2008 first-time, full-time freshmen who returned in fall 2009. FY06 Retention rates were UAA 64.4%, UAF 63.4%, UAS 66.0%, Bacc. 69.7%, Bacc. UA Scholars 79.2%, UA 64.0%.

Student Credit Hours Attempted (Thousands)	FY06 Actuals	FY07 Actuals	FY08 Actuals	FY09 Actuals	FY09 Targets	*FY10 Targets*	*FY11 Targets*	*FY12 Goals*	*FY13 Goals*	*FY14 Goals*	*FY15 Goals*	*Average Annual % Change, FY10 - FY15*
UAA	336	339	340	344	344	*347*	*349*	*352*	*354*	*358*	*359*	*0.7%*
UAF	169	171	172	174	175	*178*	*179*	*181*	*183*	*185*	*186*	*1.2%*
UAS	52	49	47	49	48	*49*	*51*	*52*	*54*	*56*	*56*	*2.4%*
SCH Attempted	**558**	**559**	**559**	**566**	**567**	***574***	***579***	***585***	***591***	***598***	***601***	***1.0%***
Percent Change from Prior Year	**0.3%**	**0.2%**	**0.0%**	**1.3%**	**1.4%**	***1.3%***	***0.8%***	***1.1%***	***1.0%***	***1.2%***	***0.5%***	

Note: Figures include year-long courses.

Table 1. University of Alaska Performance Results, Targets and Goals, FY06 - FY15, Continued

Future year targets and goals will be updated based on discussion of MAU performance evaluations due September 15, 2009. Updates will reflect the impact of the FY10 budget distributions and the assumption of full funding for UA's proposed FY11 operating and capital budget requests.

Non-Credit Instructional Activity	FY09 Baseline	*FY10 Targets*	*FY11 Targets*	*FY12 Goals*	*FY13 Goals*	*FY14 Goals*	*FY15 Goals*	*Average Annual % Change, FY10 - FY15*
UAA	6,537							
UAF	2,732							
UAS	1,604							
Non-Credit Instructional Activity	**10,873**							

Note: This is the first year MAUs will report non-credit instructional activity, and MAUs have indicated that additional data entry refinements are in progress. Future year targets and goals will be provided in the FY09 performance reports submitted by the MAUs in September, 2009

Research Expenditures (Million $)	FY06 Actuals	FY07 Actuals	FY08 Actuals	FY09 Actuals	FY09 Targets	*FY10 Targets*	*FY11 Targets*	*FY12 Goals*	*FY13 Goals*	*FY14 Goals*	*FY15 Goals*	*Average Annual % Change, FY10 - FY15*
UAA	13.7	10.3	8.8	8.1	8.8	*9.0*	*9.0*	*9.0*	*9.0*	*9.0*	*9.0*	*1.9%*
UAF	114.1	112.9	107.8	106.2	108.6	*113.5*	*116.1*	*118.8*	*124.0*	*127.2*	*136*	*4.2%*
UAS	0.8	1.2	2.1	1.5	1.0	*1.0*	*1.0*	*1.0*	*1.0*	*1.0*	*1.0*	*-*
Research Expenditures	**128.6**	**124.4**	**118.7**	**115.8**	**118.4**	***123.5***	***126.1***	***128.8***	***134.0***	***137.2***	***146.1***	***4.0%***
Percent Change from Prior Year	**4.9%**	**-3.3%**	**-4.6%**	**-2.4%**	**-0.3%**	***6.6%***	***2.1%***	***2.1%***	***4.0%***	***4.0%***	***4.0%***	

University Generated Revenue (Million $)	FY06 Actuals	FY07 Actuals	FY08 Actuals	FY09 Actuals	FY09 Targets	*FY10 Targets*	*FY11 Targets*	*FY12 Goals*	*FY13 Goals*	*FY14 Goals*	*FY15 Goals*	*Average Annual % Change, FY10 - FY15*
UAA	118	122	127	132	135	*141*	*148*	*156*	*164*	*173*	*181*	*5.4%*
UAF	204	210	211	212	216	*225*	*233*	*242*	*253*	*264*	*275*	*4.4%*
UAS	20	19	20	19	20	*21*	*21*	*22*	*22*	*23*	*23*	*3.0%*
SW	22	28	21	18	22	*23*	*24*	*26*	*27*	*28*	*29*	*8.6%*
University Generated Revenue	**364**	**379**	**379**	**381**	**394**	***410***	***427***	***445***	***466***	***487***	***507***	***4.9%***
Percent Change from Prior Year	**7.9%**	**4.2%**	**0.1%**	**0.5%**	**3.8%**	***7.7%***	***4.0%***	***4.3%***	***4.6%***	***4.6%***	***4.0%***	

Performance Measure Highlights

A discussion of FY09 performance for each of the six common, system wide End Result measures follows. For more detail and historical activity on each End Result measure and supporting Strategy performance measures, see: http://www.alaska.edu/swbir/performance.

High Demand Job Area Program Degree, Certificate and Endorsement Awards

In FY09, UA awarded nearly 2,440 degrees, certificates and endorsements in programs qualifying students to work in high demand job areas (HDJA). This represents a decrease of about 90 awards (-3.5 percent) from the FY08 level. Observed FY09 performance fell below the FY09 target, which represented a 6 percent increase (150 additional awards) over the FY08 performance level. The university must average a 6 percent annual increase to achieve the existing goal of 3,450 HDJA awards by FY15. Additional context related to recent performance, as well as updated targets and goals will be available in October 2009.

Although growth on this measure is expected to continue, recent performance demonstrates a relative plateau, due in part to some programs reaching capacity. Another factor impacting this measure is the additional time required for many students to successfully complete preparatory math or other coursework in addition to the standard course requirements of each academic program. To maintain the expected level of performance, it will be necessary to continue focusing resources over time.

Undergraduate Retention

The University of Alaska undergraduate retention rate reached an all-time high at 67.2 percent in FY09, an increase of 4 percent (2.6 percentage points) from the FY08 performance level. This level exceeded the FY09 target of 66.4 percent undergraduate retention. Preliminary information for FY10 suggests UA is on track to meeting the FY10 target of 67.7 percent undergraduate retention.

UA must increase undergraduate retention by an average of half a percent each year to meet the existing FY15 performance goal. Additional context related to recent performance, as well as updated targets and goals will be available in October 2009.

Future growth on this performance measure will rely on increased outreach and partnerships with K-12 to better prepare high school students for college. Across the nation and in Alaska, the issue of college and career readiness has become a focal point for higher education. The job landscape has changed such that individuals must be able to succeed at some form of post-secondary education in order to succeed and advance economically. UA will continue to work collaboratively with K-12, employers, and others to address these issues in the short and long-term.

Student Credit Hours

In FY09, UA delivered a total of 566,000 student credit hours (SCH), representing an increase of 7,000 SCH (1.3 percent) from the FY08 level and very nearly meeting the FY09 target increase of 1.4 percent. Significant, steady enrollment gains of 1 percent per year will have to be made to meet the existing

FY15 performance goal. Additional context related to recent performance, as well as updated targets and goals will be available in October 2009.

The University of Alaska is forecasting continued growth on this metric primarily resulting from the current economic situation driving more individuals to post-secondary education. Without corresponding state support, UA will be challenged to meet any dramatic long-term increases in demand. Projected growth is also in anticipation of positive results stemming from UA's strategic investments in student recruitment, student success, workforce development and the addition of new academic programs. Achieving this growth may be a challenge due to external conditions, such as an anticipated decrease in the number of recent Alaska high school graduates over time.

Non-Credit Instructional Unit Production

UA delivered nearly 10,900 non-credit instructional units (NCUs) in FY09. Each MAU will report on NCU baseline performance for the first time this year, and have indicated that additional data entry process refinements are in progress to improve data quality going forward. Additional context related to FY09 performance, as well as future targets and goals for this measure will be available in October 2009.

Grant Funded Research Expenditures

In FY09, UA had $115.8 million in grant-funded research expenditures, a decrease of $2.9 million (-2.4 percent) from the FY08 level. Observed performance fell short of the FY09 target, which was to remain essentially level with FY08 grant funded research expenditures. To achieve the current FY15 research focus goal of $146.1 million, UA would have to increase grant-funded research expenditures by an average annual rate 4 percent. Additional context related to recent performance, as well as updated targets and goals will be available in October 2009.

The University of Alaska is struggling with space constraints, and future growth in research is likely not possible without additional space.

University Generated Revenue

University generated revenue (UGR) reached $381 million in FY09, an increase of $2 million (0.5 percent) over the FY08 performance level of $379 million. This fell short of the FY09 target increase of $15 million (3.8 percent) from the observed FY08 level. The primary factor impacting performance on this measure was investment losses sustained in FY09. For a number of years the university has been able to rely on investments for interest income, however this was not the case in FY09. Additional context related to recent performance, as well as updated targets and goals will be available in October 2009.

Growth in university generated revenue is expected to be moderate due to modest increases in tuition revenue mitigated by the current financial market crisis, a more competitive federal funding environment, as well as challenges with other major external, temporary funding sources.

UNIVERSITY
of ALASKA

Many Traditions One Alaska

Alaska's University for Alaska's Schools
Prepared for the State of Alaska

In Accordance with:
Senate Bill 241 (2008) 25th Legislative Session
Source Chapter No. HCS CSSB 241 (HES)

AN ACT
Relating to a report to the legislature on teacher preparation, retention, and recruitment by the Board of Regents of the University of Alaska

Prepared by:
Melissa Hill, Director UA Alaska Teacher Placement
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In collaboration with:
John Pugh, Chancellor of UAS
Larry Harris, Dean of the School of Education UAS
Eric Madsen, Dean of the School of Education UAF
Mary Snyder, Dean of College of Education UAA

Presented by:
The University of Alaska Board of Regents
Regent Cynthia Henry, Chair of the Board
Regent Patricia "Pat" Jacobson, Chair of the Academic & Student Affairs Committee

On February 18, 2009

PURPOSE STATEMENT

In 2008, the 25th Alaska State Legislature passed Senate Bill 241. This legislation required the University of Alaska Board of Regents to deliver a report titled "Alaska's University for Alaska's Schools" no later than the 30th legislative day of the first session of each legislature, which for the 26th Legislature is on or before February 19, 2009.

OVERVIEW

The following report describes the efforts the university is making to attract, train, and retain qualified public school teachers. This report includes information on teacher graduation data; a gap analysis documenting the shortage areas in the teaching workforce; a three to five year plan outlining the university's priorities to address the gap; and existing efforts to attract, train, and retain school teachers for Alaska.

HIGHLIGHTS

Teacher preparation, retention, and recruitment at the University of Alaska

- The University of Alaska (UA) on average produces 190 new teachers each year, about half of whom are certified in elementary education, and half in secondary education.
- Teacher recruitment and retention in Alaska is a complex issue not limited to simple solutions that one single entity or agency can resolve; there is no magic bullet.
- The University of Alaska offers a combination of over 120 programs dedicated to K-12 Outreach, including college preparation, professional development, or teacher recruitment and retention.
- To increase the number of Alaska prepared teachers will require more Alaska students going to college. Thus, the University of Alaska has made K-12 Outreach a top priority.

Alaska's Teacher Workforce

- 8,902 public school classroom teachers currently work in Alaska.
- Teacher shortage areas in Alaska include special education, mathematics, and science.
- Each year, Alaska school districts hire roughly 900 to 1,100 teachers.
- Roughly 800 to 900 vacant positions are a result of teachers exiting a teaching position.
- The average teacher salary in Alaska is $56,757.
- In 2010, roughly thirty-four percent (34%) of current teachers will be eligible for retirement.
- Sixty-five percent (65%) of Alaska's teachers are currently over the age of 40.
- Alaska Native teachers make up six percent (6%) of the teaching workforce.
- Forty-one percent (41%) of special education teachers exit the Alaska school system after four years.

RECOMMENDATIONS

Invest in Special Education Teacher Preparation

Invest in growing the special education teacher preparation programs at the University of Alaska Fairbanks. Currently, UAF is the only school of education in the university system without a special education program. Funding to support this effort would expand the universities' teacher preparation capacity and provide a new source for teachers in a high-demand area for Alaska.

Invest in Education Studies and Research for the State of Alaska

Invest in expanding and updating data collection systems, and workforce development studies in education for the State of Alaska. Expanding the universities' capacity to conduct studies and research in education will enable the following:

- Provide valuable ongoing information and data analysis for the standing Senate and House Education Committees, and ensure future reports meet state expectations.

- Support the State Education Plan prepared by the Alaska Department of Education & Early Development, including the following goals and activities:

  Collaborate with Alaska's postsecondary institutions to ensure that education-related degree programs and staff development programs reflect research, best practices, Alaska's diverse cultures, and alignment to academic standards, and are sufficient in scale and scope to meet the public school workforce needs.

  Develop a staff development infrastructure that is collaborative, need-based, research proven, and provides opportunities for continuous growth for new and experienced teachers.[1]

Expand Scholarship Opportunities for Education Majors

Expand scholarship opportunities for students in high-demand job areas such as education with specific emphasis on shortage areas. Re-evaluate loan forgiveness programs, and sustain and increase funding for programs that demonstrate efficacy in preparing and supporting teacher recruitment and retention.

[1] Source: Alaska Department of Education and Early Development (2008) Draft Alaska Education Plan retrieved from: http://www.eed.state.ak.us/edsummit/pdf/Education_Plan_Draft.pdf.

TEACHER EDUCATION GRADUATION DATA

This section of the report includes aggregate data on University of Alaska graduates eligible to enter the K-12 education workforce as licensed teachers, administrators, counselors, or district office administrators. The data reflects three-year trends in graduate rates reported by Academic Year (AY) starting in 2006 and ending in 2008.

GAP ANALYSIS: SHORTAGES IN THE TEACHING WORKFORCE

The Gap Analysis on the teacher workforce is based on survey data collected from K-12 school administrators. It also includes hiring data for the K-12 education system made available through collaboration between the University of Alaska Anchorage Institute for Social and Economic Research (ISER), the Alaska Department of Labor (DOL), the Alaska Department of Education & Early Development (EED), and the Alaska Teacher Placement (ATP). It provides a general overview of the K-12 education work and highlights turnover data in specific shortage areas.

EFFORTS TO ATTRACT, TRAIN, AND RETAIN QUALIFIED SCHOOL TEACHERS

Programs and activities that directly impact K-12 teachers employed in Alaska include professional development, curriculum and resources, mentoring, and research efforts sponsored through the University of Alaska system. This section highlights many of the programs UA offers.

THREE TO FIVE YEAR PLAN FOR TEACHER PREPARATION

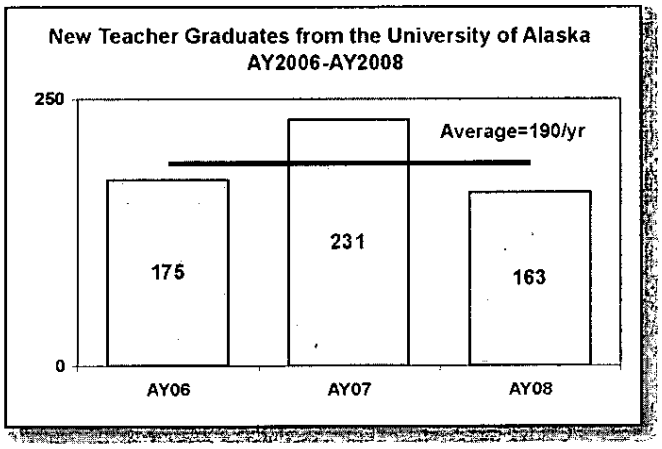
Senate Bill 241 (2008) reads,"*The report must include an outline of the university's current and future plans to close the gap between known teacher employment vacancies in the state and the number of state residents who complete teacher training. The information reported under this subsection may also include short-term and five-year strategies with accompanying fiscal notes and outcome measures.*"[2]

[2] Source: Sec. 2. AS 14.40.190(b) Laws of Alaska (2008) Source Chapter No. HCS CSSB 241(HES) of the 25th Legislative Session.

TEACHER EDUCATION GRADUATION DATA

New Teachers for Alaska

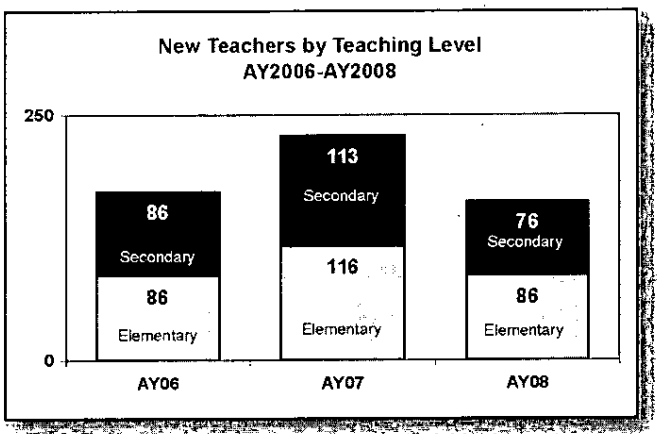
The University of Alaska graduated 175 new teachers in Academic Year (AY) 2006, 231 in AY07, and 163 in AY08. This number reflects bachelor's degrees, master's degrees, and licensure degrees in elementary, secondary, and early childhood for the three universities: University of Alaska Anchorage, University of Alaska Fairbanks, and University of Alaska Southeast. The increase from AY06 and AY07 reflects a variance due in part to the use of the start and end dates necessary to eliminate duplicate counts of graduates.



The three-year average of 190 graduates per year reflects the most accurate number of graduates eligible to enter the K-12 teacher workforce each year.

Of the teacher graduation count, the total breakdown by grade level shows that annually the University of Alaska graduates slightly more elementary teachers than secondary teachers each year. This trend may be the result of several factors, including that students can earn a bachelor's degree in elementary education in four years. A degree in elementary education is also offered at all three campuses and is available onsite or via distance delivery.

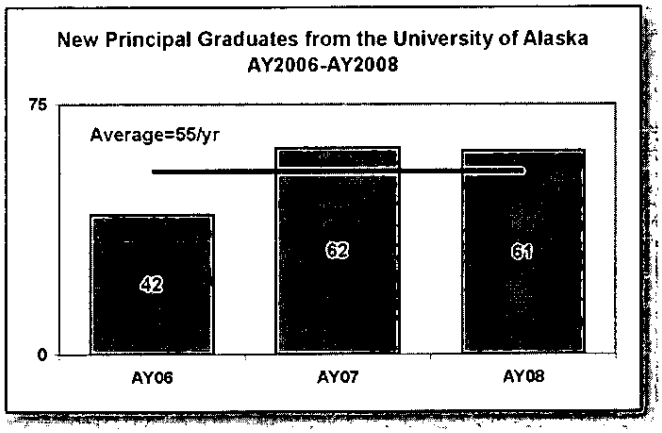
The majority of the secondary degree programs in education typically require five years of college before a student is eligible to teach. Most secondary programs require students to transfer into a master's program with a bachelor's degree in a core content area. Students with advanced degrees in mathematics and science in Alaska have many more employment opportunities in the state compared to a student graduating with a degree in elementary education.



Note: Does not include UA K-12 Art or K-12 Music graduates

New Principals for Alaska

The University of Alaska graduated 42 new principals in Academic Year (AY) 2006, 62 in AY07, and 61 in AY08. The average number of graduates completing a licensure program for administration is 55. However, not all graduates seek an administrative position following graduation; some continue as classroom teachers, mentors, or pursue district office positions.



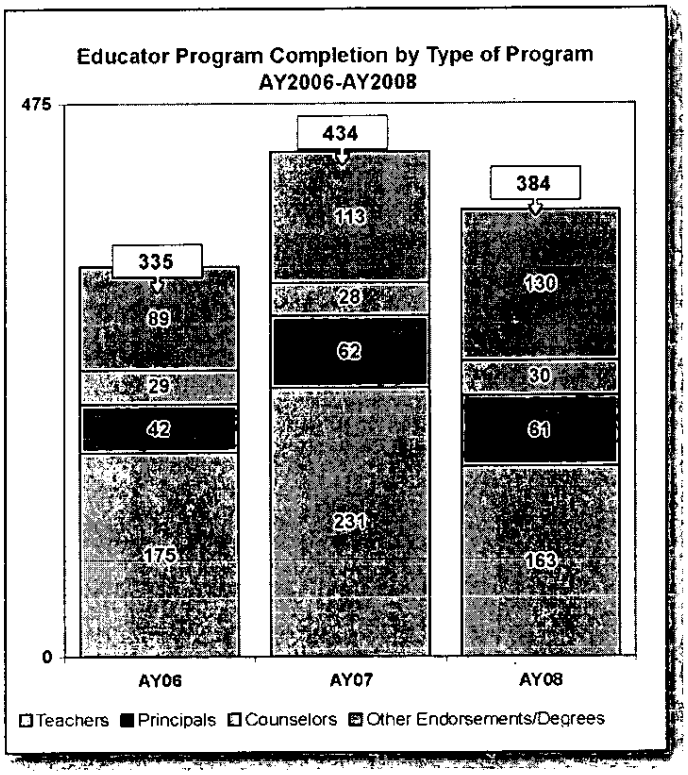
The University of Alaska Anchorage is currently the only campus offering a principal licensure program. The University of Alaska Southeast in Juneau will be launching a new program in 2009. The summer cohort has 20 new applicants, some of whom are former and current Alaska Statewide mentors.

Other Endorsements & Degree Programs

Each campus offers a variety of endorsement programs that lead to an advanced degree or, in some cases, a certificate of completion. Some of these programs are designed for current teachers who seek to add an endorsement and/or complete a master's degree while also fulfilling requirements for state certification.

The University of Alaska Anchorage offers degree programs in Special Education, Reading, and the state's only Superintendent degree program. UAA also has an affiliated speech language pathology program with East Carolina University (ECU). UAA provides the preparatory coursework via distance delivery to candidates applying to the ECU graduate program to become a speech-language pathologist.

The University of Alaska Southeast Masters of Arts in Teaching prepares teachers statewide, and enrollment in that program has increased 24% between 2006 and 2008. In addition, UAS expect to graduate in AY09 an additional 30 special education teachers.

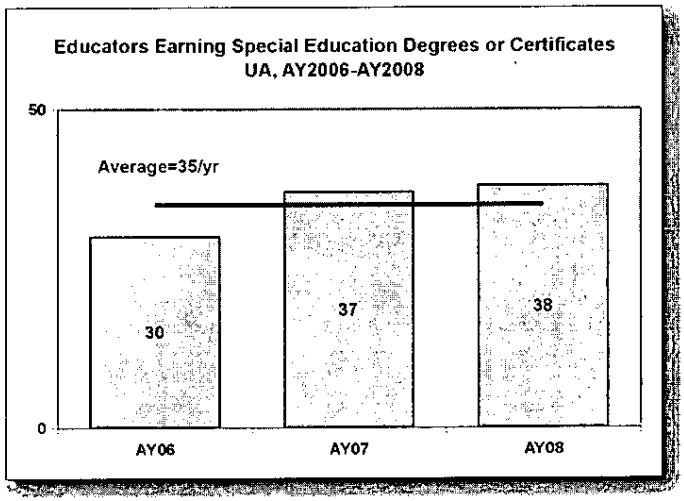


The University of Alaska Fairbanks offers the only terminal degree for educators through the Interdisciplinary Studies Ph.D. program. The UAF Elementary Licensure Program is a post baccalaureate, year-long elementary licensure program. UAF also offers Masters of Education degrees in Curriculum and Instruction, Cross-Cultural Education, Language and Literacy, Guidance and Counseling, and Reading. UAF is seeking to expand their teacher preparation program to include Special Education. The University of Alaska campuses in both Fairbanks and Anchorage offer degrees in Counseling and Guidance. Over the three-year average, collectively they graduate 29 counselors a year.

Over half, fifty-three percent (53%) of the University of Alaska education graduates are new teachers. According to trend data, each year the state of Alaska can expect 190 new teachers prepared to enter the K-12 education teacher workforce. However, not all students enroll in high demand teacher certification areas, nor do all graduates go on to teach after completing a degree in education.

New Special Education Teachers

The University of Alaska produces an average of 35 special education teachers each year. Special education teachers have a higher rate of turnover compared to other teaching positions; thus, administrators must replace teachers who leave a district or the teaching profession, and replace vacant positions in special education when teachers move from a special education position to a regular classroom teacher position within their district. As a result, special education teachers are in high demand each year. According to the Alaska Department of Education and Early Development, Special Education is also a federally designated teacher shortage area. Additional information is provided in the following sections on special education teacher turnover rates in Alaska. Enrollment in special education programs at UA is growing.



New Math & Science Teachers

Secondary teaching degrees awarded by the University of Alaska in mathematics and science over the three-year period averages out to 11 mathematics certificates and 24 science certificates a year.

Number of UA Graduates in Mathematics and Science
UA, AY2006-AY2008

	AY06	AY07	AY08	3 Year Average
Mathematics	9	14	9	11
Science	23	35	13	24

* Data gathered from UA Teacher Preparation programs, not reflected in UA Institutional Research Student Banner data.

GAP ANALYSIS: SHORTAGES IN THE TEACHING WORKFORCE

Understanding the Alaska Teaching Workforce

- 8,902 public school classroom teachers currently work in Alaska.
- Teacher shortage areas in Alaska include special education, mathematics, and science.
- Each year, Alaska school districts hire roughly 900 to 1,100 teachers.
- Roughly 800 to 900 vacant positions are a result of teachers exiting the system.
- The average teacher salary in Alaska is $56,757.
- In 2010, roughly thirty-four percent (34%) of current teachers will be eligible for retirement.
- Sixty-five percent (65%) of Alaska's teachers are currently over the age of 40.
- Alaska Native teachers make up six percent (6%) of the teaching workforce.

Annually, Alaska districts hire roughly 900 to 1,100 teachers for vacant positions in every teaching subject. However, special education and secondary content areas are in disproportionately high-demand. Of the estimated 1,000 new positions, roughly 150-200 reflects "movers" – teachers who leave one school district for another, rather than exiting the system. Movers are common in Alaska as teachers migrate from district to district. The majority of vacancies are often in rural Alaska, yet the majority of the Alaska teachers live in urban areas.

Average Number of Teachers by School District Region FY06 to FY08

Number of Teachers by Region	Number of Teachers
Urban	5,580
Southeast	411
Road System/Other	236
Off the Road System/Rural	1,864
Total	8,091

Source: ISER tabulations of DEED Certified Staff Accounts.
Urban: Anchorage, Fairbanks, Kenai, Juneau, and Mat-Su
Southeast: All districts from Yakutat to Ketchikan (including Haines and Skagway)
Road System/Other: Denali, Alaska Gateway, Copper River, Delta Greeley, Nenana, and Valdez
Off the Road System/Rural: All other districts, typically accessible only by air

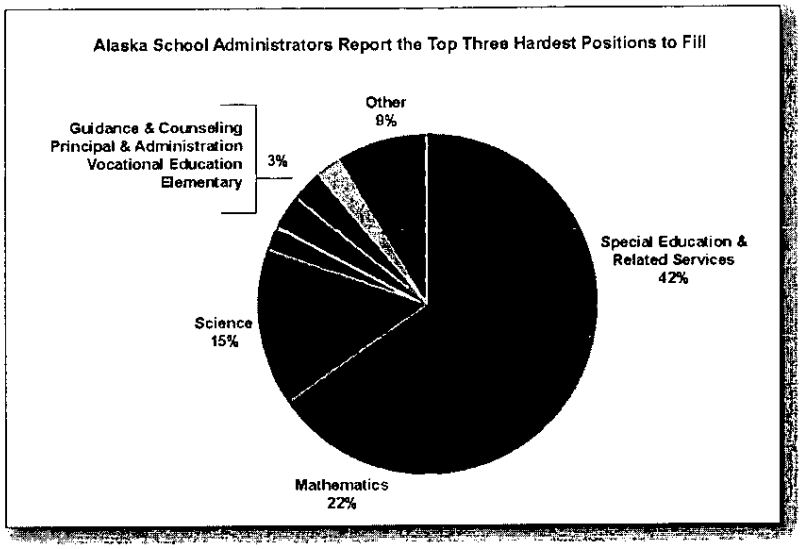
The Economics of Education in Alaska

In 1998 the Alaska Department of Labor Economic Trends reported, "*Jobs with local school districts in kindergarten through 12th grade number over 20,000— nearly seven percent of all wage and salary jobs in Alaska. No other industry in Alaska is more ubiquitous than education. Often local education is the single largest employer in a community. In fact, two of the state's 10 largest employers are school districts. In many communities, one of the few employers is the local school district.*"[3]

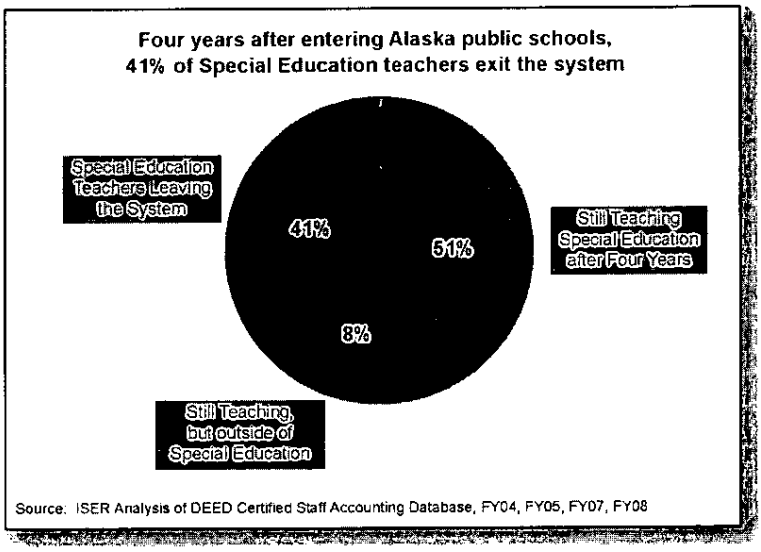
Further, the report finds education dollars represent economic activity in the state and in all of the communities education is present. Local education spending in Alaska is not only an investment in education but also has immediate economic impacts statewide. Ten years later, the report's findings still hold true, however the analysis needs to be updated to reflect the current economic impact of education accurately.

[3] Alaska Economic Trends (1998) Kelm, Diana, Editor Alaska Dept. of Labor. February 1998, Volume 18, Number 2

Gap Analysis for Special Education, Mathematics, and Science



Special education vacancies are unquestionably the hardest to fill. This trend is equally common on a national level. While the need for special education teachers is not unique to Alaska, teaching in Alaska, especially rural Alaska, remains unique compared to the rest of the United States. In a recent survey conducted by Alaska Teacher Placement (M. Hill, 2008) school administrators reported the hardest K-12 education positions to fill include special education and related services at forty-two percent (42%) of the total responses, followed by mathematics (22%) and science (15%). Additional studies could be conducted to better understand the complexities of these trends.



According to a recent report by the Institute of Social and Economic Research at UAA, (A. Hill & Hirshberg, 2008) special education teacher turnover is higher compared to statewide turnover. Four years after entering a teaching position, forty-nine percent (49%) of special education teachers were no longer teaching special education, and of those, only eight percent (8%) remained in the Alaska system, but teaching outside of special education. However, simply producing more teachers in these areas may not address the issue of retention. The Alaska Statewide Mentor Project (ASMP) reported, "*Through grant funding, ASMP has been able to increase focus on mentoring special education teachers by pairing mentors with special education certifications to work with early career special education teachers. Working with a sub-sample of about a third of all new special education teachers, ASMP has retained over 80% each year.*"[4]

[4] Source: Alaska Statewide Mentor Project Research Summary 2004-08, Barbara L. Adams, Ph.D. Fall 2008

The table below shows the average number of teaching positions, vacancies, and filled vacancies from 2006 to 2008 in the following three key shortage areas: special education, mathematics, and science. The average number of new University of Alaska graduates prepared in those fields (last row in the table), coupled with the difference between the average number of new teachers needed and the supply (UA graduates) shows that even if every University of Alaska graduate takes a job with Alaska schools, districts across the state would still need to recruit from outside the state to fill the gap.

Special Education Gap

After accounting for the teachers who move within the state, districts need to hire about 100 new special educators each year. UA graduates, based on a three year average, account for roughly 35 new special educators each year; – thus, districts need to find at least 64 teachers from outside of Alaska.

Mathematics Gap

Mathematics shows the greatest percentage gap. Districts need an average of 48 new mathematics teachers each year, and the University of Alaska prepares roughly 11, which equates to one-fourth the number needed.

Science Gap

The science numbers, aggregated across all science areas, demonstrates the universities' capacity to prepare teachers. Across the state, districts need to hire 41 new science teachers, and the University of Alaska graduates 24. However, Superintendents report their hardest-to-fill fields includes the physical sciences. Again, for a variety of reasons, many outside of the university's sphere of influence, newly prepared teachers might not accept a position after completing a teacher preparation program

Shortage Teacher Assignments in Alaska
Average, AY2006-AY2008

	Special Education	Math	Science
Average Number of Teaching Positions Districts Must Fill			
Total Teacher Positions	1,068	593	494
Filled by:			
Teachers Continuing in their Districts	907	516	432
Alaska Teachers Changing Districts (movers)	63	29	21
Number of New Teachers Needed:	**99**	**48**	**41**
Filled by:			
Experienced Teachers New to Alaska	47	16	16
New Teachers	51	32	25
The number of University of Alaska Graduates			
Average Number of UA Teacher Graduates	**35**	**11**	**24**

EFFORTS TO ATTRACT, TRAIN, AND RETAIN QUALIFIED SCHOOL TEACHERS

To increase the number of teachers prepared in Alaska, more Alaska students will need to enroll and complete degree programs in education. The University of Alaska has an array of programs and activities designed to support teacher recruitment and retention of K-12 educators. In addition, the university has made K-12 Outreach and Bridging Programs a priority for future operating requests to the legislature. This section lists over 100 programs, activities, and initiatives underway at the university in this area. Expansion of the data collection methods for future reports will include a more comprehensive analysis of these efforts.

K-12 Student Outreach and Bridging Efforts

UA Geography Program National Geographic Society Traveling Maps	UAF
Engineering Career Academy	UAF
Lego Robotics	UAF
Boys Project: Developing group mentoring model for Black adolescents	UAF
History Day at UAF	UAF
Jazz Camp	UAF
Fairbanks Summer Arts Festival	UAF
USA Artists Visiting Artist Residency	UAF
Che'ghutsen Systems of Care	UAF
Alaska Summer Research Academy	UAF
Alaska Statewide High School Science Symposium	UAF
TASK Teaching Alaskans/Sharing Knowledge Professors in the Classroom	UAF
Science Potpourri	UAF
Rural Student Services	UAF
Interior-Aleutians Campus Early College	UAF
Tech Prep	UAF
Upward Bound	UAF
2008 Elders' Academy	UAF
UA Geographic Alliance	UAF
Partnership with Alaska Geographic Association	UAF
UA Geographic Alliance Glacier Girls Program	UAF
UA Geographic Alliance Stories of Culture and Place	UAF
Finance Camp for Middle School & High School	UAF
Shelton Leadership Institute	UAF
TVC Tech-Prep	UAF
TVC Hutchison High School partnership	UAF
Interior Alaska Career Academy at TVC	UAF
Fairbanks Youth Facility TVC career exploration session/yearly	UAF
TVC Workforce Scholarship for Fairbanks Students	UAF
TVC Career Tech Expo	UAF
TVC "brush-up" Math for High School Exit Exam	UAF
TVC & Effie Kokrine Charter School - Early College program	UAF
TVC and Delta Junction Workforce Development TVEP	UAF
RAVE: Rural Alaska Vocational Exploration	UAF
TVC Career Exploration in Diesel/Heavy Equipment	UAF
Explore Alaska Museum	UAF

Geophysical Institute UAF Science Education Outreach Network	UAF
Science for Alaska Lecture Series	UAF
UAF Summer Youth Programs Jump Start	UAF
Fairbanks Suzuki Institute	UAF
Visual Arts Academy	UAF
Earn and Learn	UAF
4-H Statewide: Nome, Mat-Su, Cordova, Kodiak, Anchorage, Eielson and Juneau	UAF
Spanish for Young Adventurers	UAF
Cooperative Extension Summer Youth Activities	UAF
Bristol Bay Campus Natural History of Salmon/Salmon Camp for HS students	UAF
Kuskokwim Campus Educational Talent Search	UAF
Summer Science Field Camps	UAF
Summer KuC Jr. Bridge Sciences STEM	UAF
NW Campus Partnership with Chugach School District Summer EXCEL Camp	UAF
UAF Rural Alaska Honors Institute	UAF
Health Programs	UAF
K-12 Outreach Elementary School, I Know I Can Program & I'm Going to College	UAS
Summer Theatre Arts Rendezvous Program, STAR	UAS
High School Dual Enrollment	UAS
JDHS Career Expo/SERRC Academy/Apprentice Fair/Independent Living	UAS
JDHS Geometry Bridge Math	UAS
Do the Math	UAS
Juneau Science Fair	UAS
Tech Prep	UAS
Alaska Native Early Scholars	UAS
Latseen	UAS
Native Oratory	UAS
Alaska Native Oratory Society, AKNOS	UAA
Alaska Native Science and Engineering Program, ANSEP	UAA
ANSEP Engineering Jump Start	UAA
Undergraduate Research and Scholarship, OURS	UAA
Career Connections	UAA
College Readiness Project	UAA
Disability Support Services, DK-12 Student Outreach Program	UAA
Doyon Foundation Education Summits	UAA
Education Talent Search, ETS	UAA
Engineering Academy	UAA
I'm Going to College	UAA
Native K-12 Student Outreach Program Triple-O Program	UAA
Natives in Early Transition, NET	UAA
Secondary School Student Enrollment	UAA
Tech Prep Program	UAA
Upward Bound	UAA
UAA Preview Days	UAA
Tanana Child Development Center	UAA
Alaska Native Science and Engineering Program Summer Bridge Programs	UAA
Della Keats/UDOC Summer Enrichment Program	UAA

NIDDKD Summer Enrichment Program	UAA
Culinary Boot Camp	UAA
Theater for Young People	UAA
Community Service Arts for Visual Integration and Educational Work, AVIEW	UAA
College Goal Sunday (Systemwide)	UAA
Community Campaign for Title I Schools in Anchorage	UAA
Reading with the Seawolves	UAA
UA I Know I Can and I am Going to College	Systemwide
UA College Savings Plan	Systemwide
February FAFSA Frenzy, FFF Students & Families focus on Financial Aid	Systemwide

Teacher Professional Development and Educational Resources

Interior Native Educators Cross-Cultural Studies	UAF
National Park Service Cross-Cultural Studies	UAF
Teachers Domain Alaska Cross-Cultural Studies	UAF
Fairbanks School District Theatre/Film Studies	UAF
Fairbanks North Star Borough Office of Public History Teaching American History	UAF
Math Fix	UAF
UA Geographic Alliance	UAF
Partnership with Alaska Geographic Association	UAF
Math in a Cultural Context MCC	UAF
MapTEACH: Mapping Technology Experiences with Alaska's Cultural Heritage	UAF
UA Geographic Alliance Google Earth Collaboration	UAF
UA GeoPortal	UAF
GIS Teacher in-Service	UAF
Alaska in Maps	UAF
Global Learning and Observations to Benefit the Environment, GLOBE	UAF
Future Farmers of America, FFA	UAF
Reindeer Research Program, RRP	UAF
School of Education & Statewide Mentor Collaborative	UAF
School of Education and Fairbanks SD host the State Writing Consortium 2009	UAF
Geophysical Institute UAF Science Education Outreach Network	UAF
Experimental Discoveries in Geoscience Education, EDGE	UAS
Teacher and Counselor Retreat	UAS
UAS School of Education Professional Education Center	UAS
Alaska Educational Innovations Network, AEIN	UAA
Office of Professional and Continuing Education, PACE	UAA
International Polar Year K-12 Outreach Educator Resource Guide	Systemwide
Community and Technical College and Career and Technical Education	Systemwide

Teacher Recruitment and Retention

Reach to Teach	UAF
Preparing Indigenous Teachers & Administrators for Alaska Schools, PITAAS	UAS
Alaska Statewide Mentor Project	Systemwide
Future Teachers of Alaska	Systemwide
Alaska Teacher Placement, Recruiting Teachers for Today and Tomorrow	Systemwide

THREE TO FIVE YEAR PLAN FOR TEACHER PREPARATION

The University of Alaska is committed to meeting the workforce needs of Alaska public schools. Producing quality teachers and administrators for Alaska who are likely to remain teaching in Alaska is the primary concern for the Teacher Education Planning Group. Additionally, the Teacher Education Planning Group is tasked with development and implementation of a three-to-five year plan. This group has established the following priorities to be addressed in the UA Teacher Education Statewide Plan for Teacher Preparation. This effort will maximize resources and increase collaborations internally and system-wide. The group has engaged stakeholders in education, industry, and state agencies in this effort. Collaborations are focused around the workforce needs of Alaska.

Senate Bill 241 (2008) states, "*The report must include an outline of the university's current and future plans to close the gap between known teacher employment vacancies in the state and the number of state residents who complete teacher training. The information reported under this subsection may also include short-term and five-year strategies with accompanying fiscal notes and outcome measures.*"[5]

Members of the Teacher Education Planning Group

- John Pugh, Chancellor of UAS, Lead
- Melissa Hill, Director of ATP at Statewide Office of Academic Affairs
- Dean Larry Harris, School of Education UAS
- Dean Eric Madsen, School of Education UAF
- Dean Mary Snyder, College of Education UAA

Priorities for the Teacher Education Planning Group

The following priorities are to be addressed over the next three to five years under SB241.

1. Expansion of Special Education Teacher Preparation Program
2. Recruitment of New Teacher Through Outreach
3. Program Access Through Distributed Teaching and Learning
4. Focus Efforts in Science, Technology, Engineering and Mathematics, STEM
5. Early Childhood Education

[5] Source: Sec. 2. AS 14.40.190(b) Laws of Alaska (2008) Source Chapter No. HCS CSSB 241(HES) of the 25th Legislative Session.

1. Special Education

According to data collected through the statewide supply and demand studies and school district administrators, special education is the hardest position to fill and has the highest turnover rate. The Teacher Education group will work collaboratively to implement a cross-MAU endorsement and degree program in special education system-wide offered via distance. Funding for Special Education would provide a faculty member at UAF to ensure that each program has the capacity to support the needs of school districts. UAF is the only campus that does not have a special education program in the school of education. This funding will respond to the highest need identified by former Fairbanks Northstar Borough School District Superintendent Ann Shortt, current Superintendent Nancy Wagner, and virtually all other Alaska superintendents.

2. Recruitment Efforts

It has become apparent schools and colleges of education need to focus more on recruiting students in high-demand jobs as early as intermediate grades to encourage college and high school students to become teachers. Education units need to connect with other departments on campus and with school districts to set up recruitment activities. Each campus may need to look at their existing recruiting resources and engage their enrollment and student services offices in this effort. The MAUs will work collectively to develop a system-wide marketing effort that each of the schools of education would implement.

3. Program Access Through Distributed Teaching and Learning

Serving students in rural areas where the need for teachers is greater due to teacher turnover is a priority for the State and University. Data suggests that teachers trained in their region have a higher retention rate. Providing access to education to students in rural areas will require resources from distance education programs and school districts to build infrastructure to deliver courses and monitor practicum students via distance.

4. STEM Resources

Science and Mathematics are core areas under No Child Left Behind. Additionally, those positions are the second "hardest to fill" according to survey data from K-12 school administrators. Meeting the needs in secondary core content areas will require increased faculty awareness and the capacity to engage STEM colleagues across the campuses in a dialog about ways to produce more STEM teachers. This effort will require the campus administration to enlist the assistance of the appropriate deans and directors who supervise faculty and researchers in the STEM areas.

5. Early Childhood Education

Better coordination and alignment is needed to develop career paths in programs, and increase the university's involvement in early childhood education. This alignment and articulation will provide students with programs that will meet their needs, as well as those of the State. However, compensation is a barrier the state may want to examine to increase recruitment and retention of early childhood providers. The University of Alaska applauds the State's effort to increase the number of children receiving early childhood services, and welcomes collaboration with the Alaska Department of Education & Early Development on this very important issue.

Long Term Goals of the Planning Group

1. Establish the UA Teacher Education consortium or taskforce, which will continues to meet with school districts and industry representatives to engage these stakeholders in the planning effort.

2. Develop an ongoing, long-range planning process for Teacher Education based on the priorities identified by stakeholders and the University of Alaska Board of Regents.

3. Work with school districts and policymakers to research current recruitment and retention challenges, best practices, and alignment of K-12 and college ready.

4. Develop an integrated, cross-MAU marketing campaign to recruit students into the teaching profession with the goal of increasing enrollment in and awareness of the advantages of completing a teacher preparation program. Similar to the "Hot Jobs" and other industry career guides, education needs to develop resources and materials for education.

RECOMMENDATIONS & FISCAL NOTE REQUEST

Invest in Education Studies and Research for the State of Alaska

Invest in expanding and updating data collection systems, including workforce development studies in education for the State of Alaska. Expanding the university's capacity to conduct studies and research in education will enable the following:

- Provide ongoing valuable information and data analysis for the standing Senate and House Education Committees, and ensure future reports meet state expectations.

- Support the State Education Plan prepared by the Alaska Department of Education & Early Development, including the following goals and activities:

  Collaborate with Alaska's postsecondary institutions to ensure that education-related degree programs and staff development programs reflect research, best practices, Alaska's diverse cultures, and alignment to academic standards, and are sufficient in scale and scope to meet the public school work force needs.

  Develop a staff development infrastructure that is collaborative, need-based, research proven, and provides opportunities for continuous growth for new and experienced teachers.[6]

[6] Source: Alaska Department of Education and Early Development (2008) Draft Alaska Education Plan retrieved from: http://www.eed.state.ak.us/edsummit/pdf/Education_Plan_Draft.pdf.

Invest in Special Education Teacher Preparation

Invest in growing the special education teacher preparation programs at the University of Alaska Fairbanks. Currently, UAF is the only school of education in the university system that does not have a special education program. Funding to support this effort would increase the number of special education teachers for the state of Alaska.[7]

Expand of Scholarship Opportunities for Education Majors

Expand scholarship opportunities for students in high-demand job areas such as education with specific emphasis on shortage areas. Re-evaluate current loan forgiveness programs, and sustain and increase funding for programs that demonstrate efficacy in preparing and supporting teacher recruitment and retention.

University Receipts Received in One Year and Expended in the Succeeding Fiscal Year

Regarding the request, "The University of Alaska shall, in the report required under 24 AS 14.40.190(a) [AS 14.40.190], report the amount of university receipts received in one year and expended in the succeeding fiscal year. The University of Alaska shall, in the report required under 24 AS 14.40.190(a) [AS 14.40.190], report the amount of university receipts received in one year and expended in the succeeding fiscal year."[8]

This information can be found in Note #7 of the Financial Statements submitted by the University of Alaska finance department.

Requests for Additional Information

For additional copies of the report, information on specific items, or questions, please contact Melissa Hill at the University of Alaska at (907) 450-8400.

[7] Reference: University of Alaska Fiscal Year 2010, Operating & Capital Budget Request, pg. 17

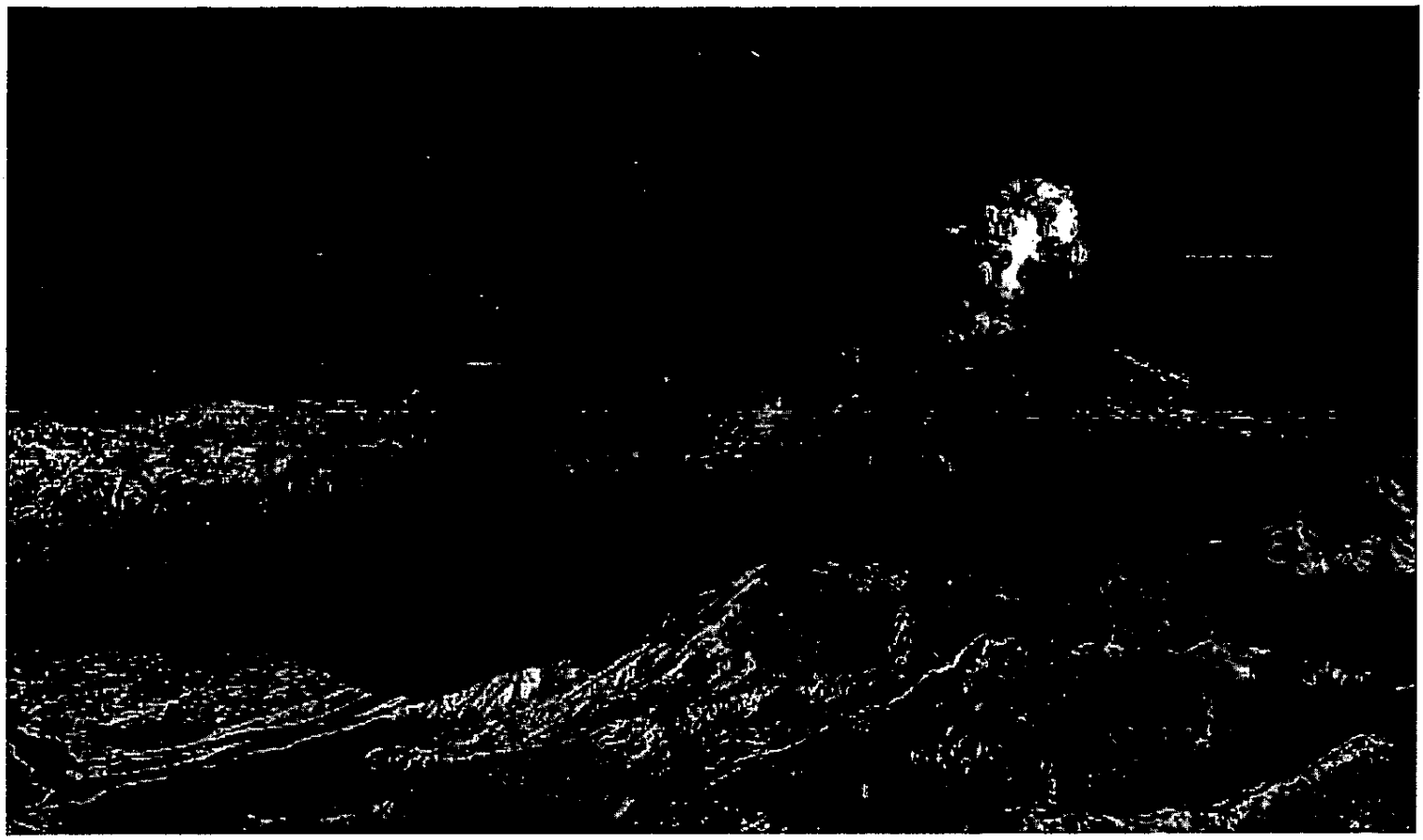
[8] Source: Sec. 2. AS 14.40.190(b) Laws of Alaska (2008) Source Chapter No. HCS CSSB 241(HES) of the 25th Legislative Session.

1/26/10 DEPT. OF REVENUE FORECASTS

<target><bill></bill><subject>1-26-10 DEPARTMENT OF REVENUE FORECASTS</subject><comm>SFIN26</comm></target>

Revenue Sources Book

Alaska Department of Revenue – Tax Division



FALL 2009

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Revenue Sources Book

Alaska Department of Revenue – Tax Division

FALL 2009

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About the Cover

April 4, 2009 Eruption of Mount Redoubt, taken by Game McGimsey

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STATE OF ALASKA

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December 10, 2009

The Honorable Sean Parnell, Governor of Alaska
P.O. Box 110001
Juneau, Alaska 99811-0001

Dear Governor Parnell,

I am pleased to present to you the Department of Revenue's Fall 2009 *Revenue Sources Book* (RSB). The RSB is a compilation of revenues received in Fiscal Year 2009 and projections of revenues for FY 2010 through FY 2019, and is prepared for the purpose of informing you, the Alaska Legislature, and the public of Alaska's revenue outlook. The RSB represents a collaborative effort between the Department of Revenue Tax and Treasury divisions, the Permanent Fund Corporation, and the Office of Management and Budget.

Alaska's revenue is presented in four categories, unrestricted and restricted oil revenue, and unrestricted and restricted revenue from non-oil sources. Revenue from oil production continues to dominate the state's revenue picture, providing close to 89% of the general fund unrestricted revenue in FY09. We project that oil revenue will provide at least 87% of general fund unrestricted revenue throughout the forecast period, to FY 2019.

The amount of oil revenue received depends heavily on oil prices, and oil prices in FY 2009 were exceptionally volatile, climbing to $133 per barrel early in the fiscal year, and dropping to $38 per barrel five months later. Oil prices have stabilized significantly since the beginning of FY 2010, and we forecast continued stabilization for the remainder of the year, with FY 2010 prices averaging $66.93 per barrel. This is $8.64 above our previous FY 2010 forecast of $58.29, provided in Spring 2009. Our longer term oil price forecast is based upon an expectation of gradual economic recovery for the U.S. and other developed nations, and a corresponding gradual increase in demand for petroleum products. Under this scenario, we forecast oil prices increasing to $76.35 and $83.93 in FY 2011 and FY 2012, respectively.

Oil production on the North Slope continues to decline, with 3.3% less oil produced in FY 2009 than in FY 2008. Production in FY 2010 is expected to decline 4.8%, to 659,000 barrels per day, and a decline of another 5.4% is expected in FY 2011. We project some improvement

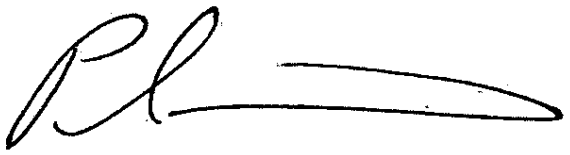
in production beginning in FY 2012, with new projects coming online. Our forecast calls for first oil production in the Nikaitchuq Unit in FY 2011 and in the Point Thomson Unit in FY 2014.

Total unrestricted revenue in FY 2009 was approximately $5.8 billion. For FY 2010 and FY 2011, we forecast total unrestricted revenue to be $4.8 billion, and $5.2 billion, respectively. Non-oil sources are projected to make up $610 million and $589 million of the FY 2010 and FY 2011 unrestricted totals.

Relatively high oil prices since 2005 have enabled the state to set aside some of the excess revenue in the state's Constitutional Budget Reserve Fund (CBRF). We devote this RSB's feature chapter to the establishment and history of the CBRF, its use over the years, its current balance, and its future. More about the CBRF—the state's "other" savings account—can be found in Chapter 3 of this publication.

We hope you find the information provided in the Fall 2009 *Revenue Sources Book* to be useful. Our next forecast for FY 2010 and FY 2011 will be published in the spring of 2010.

Sincerely,



Patrick Galvin
Commissioner

Revenue Sources Book

Alaska Department of Revenue – Tax Division

FALL 2009

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   A historical look at the Constitutional Budget Reserve Fund.

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   In FY 2010, oil revenues are projected to contribute 87% of the state's General Purpose Unrestricted Revenue. Oil revenues will continue to play a key role in Alaska's future.

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   Revenue from non-oil sources includes non-oil taxes, charges for services, fines and forfeitures, licenses and permits, rents and royalties and other revenue sources.

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    The appendices provide 10 years of historical data and 10 years of forecast data on oil revenue, prices and production.

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Revenue Sources Book

Alaska Department of Revenue – Tax Division

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1. Introduction

General Discussion

The purpose of the Revenue Sources Book is to provide the governor, legislature and citizens of the state a summary of our past collections of state revenue and a forecast of future revenue. Revenues are categorized into four major components: oil revenue, income from sources other than oil, federal revenue and investment revenue.

Oil revenue continues to dominate the unrestricted revenue picture—and is projected to provide more than 87% of General Purpose Unrestricted Revenue through FY 2019. However, North Slope oil production is declining. In FY 2009, Alaska North Slope (ANS) output was 0.692 million barrels per day compared to a peak of 2.006 million barrels per day in FY 1988. While production declined by about 65% over that period, the market price of oil has more than tripled. For FY 2010, we project ANS oil production will decrease to 0.659 million barrels per day.

Before 2003, the Constitutional Budget Reserve Fund (CBRF) was used to balance the state's budget in 10 of the previous 15 years. Fiscal Year 2008 was a banner revenue year, in which surpluses exceeding $5 billion were deposited in the CBRF. Lower prices in the future, combined with the fall in North Slope crude oil volumes, could lead to future budget shortfalls and draws on the CBRF.

The oil and gas production tax known as Alaska's Clear and Equitable Share (ACES) was signed into law on December 19, 2007. This tax is designed to encourage investment in Alaska by the petroleum industry, while providing an open, transparent tax system in which both the industry and the people of the state can have confidence that the state is receiving a fair share of the revenue from Alaska's petroleum resources.

Alaska's total revenue picture also includes earnings from investments in the Permanent Fund and CBRF, federal revenue and other sources, such as taxes, charges for services, licenses, permits, and fines and forfeitures. The information in this book will provide greater insight into not only the sources of revenue that support the state today, but also into future revenue from potential new sources.

Please note that totals in some tables throughout this publication may not equal the sum of components due to rounding.

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Revenue Sources Book

Alaska Department of Revenue – Tax Division

FALL 2009

2. Executive Summary

Total State Revenue

Figure 2-1. FY 2009 Total State Revenue: $2.5 billion

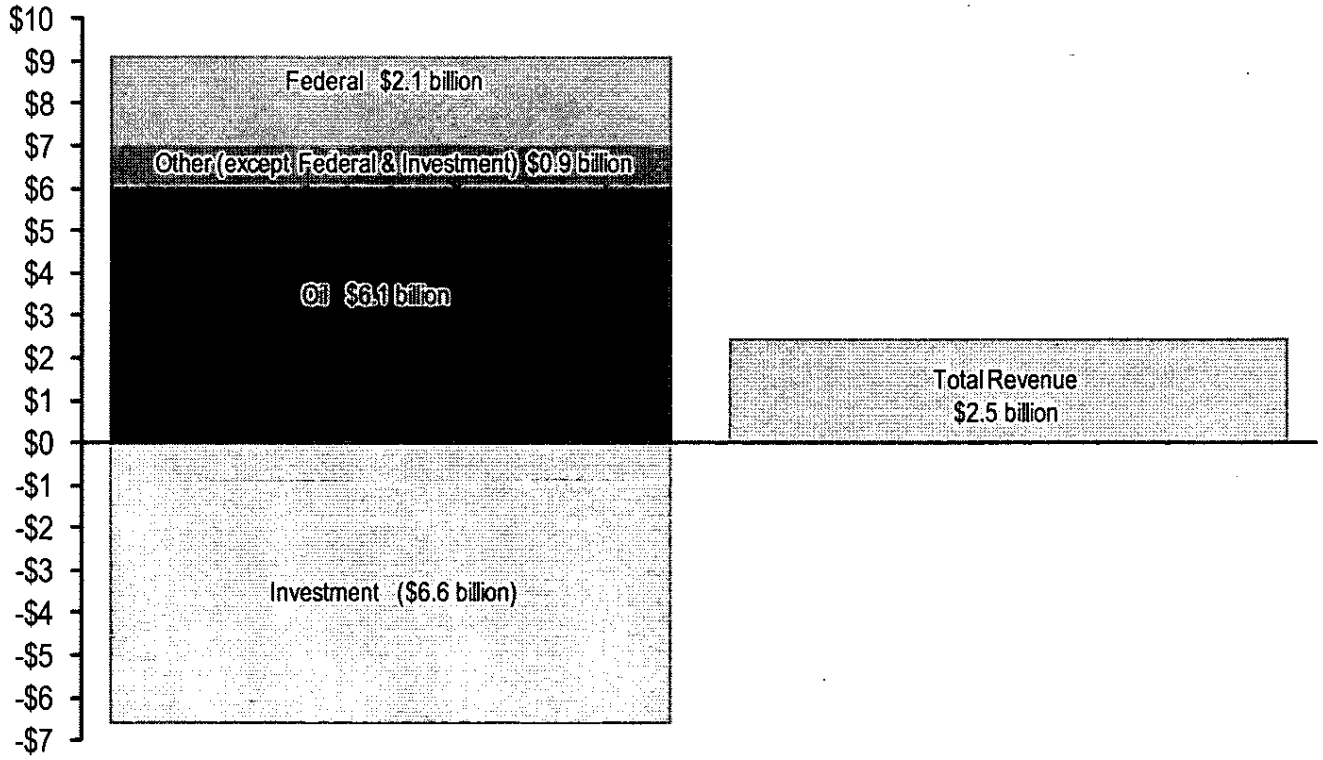

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Figure 2-2. Total State Revenue by Major Component, FY 2009 and Forecasted FY 2010-2011 ($ million)

Oil Revenue	History	Forecast	
Unrestricted	FY 2009	FY 2010	FY 2011
Petroleum Property Tax	111.2	101.1	96.3
Petroleum Corporate Income Tax	492.2	470.0	580.0
Production Tax	3,112.0	2,126.1	2,430.9
Royalties (including Bonuses, Rents, & Interest)	1,465.6	1,470.3	1,540.4
Subtotal	**5,181.0**	**4,167.5**	**4,647.7**
Restricted			
Royalties to Perm. Fund & School Fund (includes Bonuses & Rents)	670.8	611.7	683.4
Tax Settlements to CBRF	202.6	440.7	20.0
NPR-A Royalties, Rents & Bonuses	14.8	4.9	4.9
Subtotal	**888.2**	**1,057.3**	**708.3**
Total Oil Revenue	**6,069.2**	**5,224.8**	**5,356.0**

Other Revenue (except Federal & Investment)	History	Forecast	
Unrestricted	FY 2009	FY 2010	FY 2011
Taxes	294.7	284.4	298.8
Charges for Services	19.3	20.0	23.2
Fines and Forfeitures	10.5	8.9	8.9
Licenses and Permits	35.5	40.5	38.8
Rents and Royalties	15.6	13.6	14.2
Other	27.0	21.9	21.9
Subtotal	**402.6**	**389.3**	**405.8**
Restricted			
Taxes	155.4	138.9	138.7
Charges for Services	250.9	257.2	258.4
Fines and Forfeitures	39.1	36.1	34.9
Licenses and Permits	34.7	39.2	39.5
Rents and Royalties	7.4	9.0	9.6
Other	58.3	108.5	108.5
Subtotal	**545.8**	**588.9**	**589.6**
Total Other Revenue	**948.4**	**978.2**	**995.4**

Figure 2-2. Continued

Federal Revenue

	History	Forecast	
	FY 2009	FY 2010	FY 2011
Restricted	2,088.4	2,916.7	2,916.7
Total Federal Revenue	**2,088.4**	**2,916.7**	**2,916.7**

Investment Revenue

Unrestricted

Investments	247.4	219.7	181.8
Interest Paid by Others	0.2	1.4	1.4
Subtotal	**247.6**	**221.1**	**183.2**

Restricted

Investments	57.1	51.7	45.5
Constitutional Budget Reserve Fund	(526.6)	968.2	578.5
Other Treasury Managed Funds	(30.6)	49.9	26.3
Alaska Permanent Fund (GASB) [1]	(6,394.4)	2,237.6	2,602.5
Subtotal	**(6,894.5)**	**3,307.3**	**3,252.8**
Total Investment Revenue	**(6,646.9)**	**3,528.4**	**3,436.0**
Total Unrestricted & Restricted Revenue	**2,459.1**	**12,648.1**	**12,704.1**

[1] Both realized and unrealized gains and losses are included per GASB 34 as interpreted by the Finance Division of the Department of Administration in its Comprehensive Annual Financial Report.

Figure 2-3. Total State Revenue by Major Component, FY 2009 ($ billion)

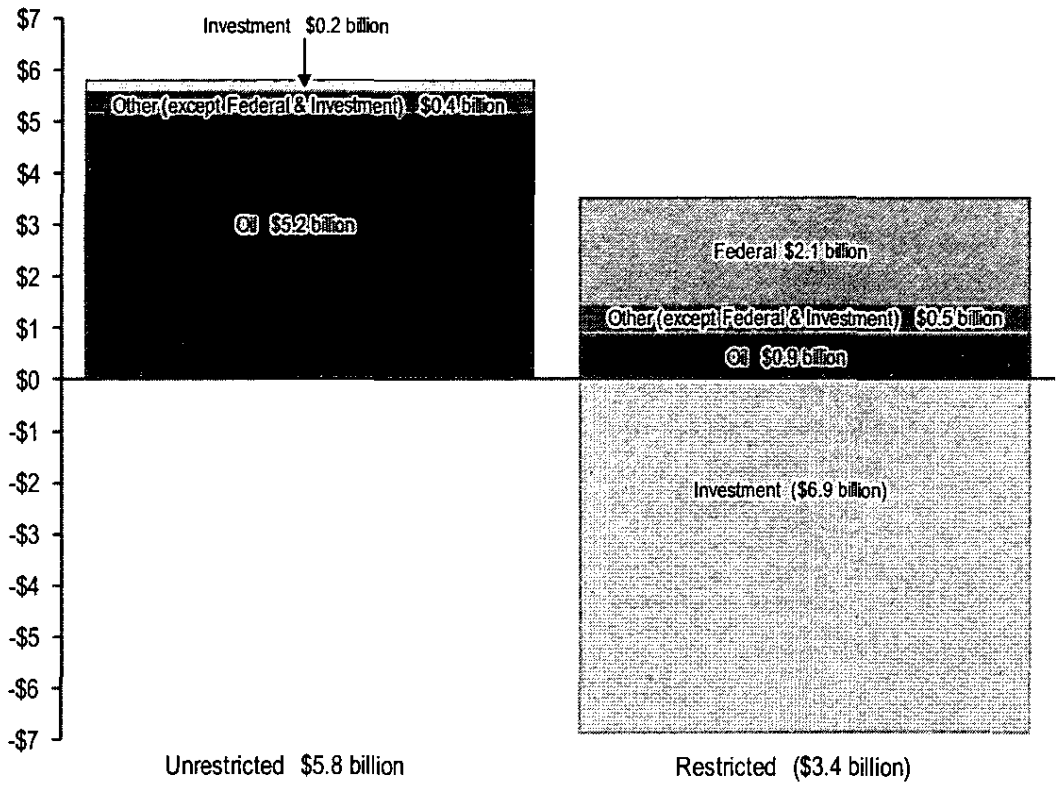

Figure 2-4. Total State Revenue, FY 2009 and Forecasted FY 2010-2011 ($ million)

	History	Forecast	
Unrestricted	FY 2009	FY 2010	FY 2011
Oil Revenue	5,181.0	4,167.5	4,647.7
Other Revenue (except Federal & Investment)	402.6	389.3	405.8
Investment Earnings	247.6	221.1	183.2
Subtotal	**5,831.2**	**4,777.9**	**5,236.6**
Restricted			
Oil Revenue	888.2	1,057.3	708.3
Other Revenue (except Federal & Investment)	545.8	588.9	589.6
Investment Earnings	(6,894.5)	3,307.3	3,252.8
Federal Revenue	2,088.4	2,916.7	2,916.7
Subtotal	**(3,372.1)**	**7,870.2**	**7,467.4**
Total Unrestricted & Restricted Revenue	**2,459.1**	**12,648.1**	**12,704.1**

Unrestricted Revenue and Restricted Revenue

Throughout this forecast, we report two categories of revenue: General Purpose Unrestricted Revenue (frequently referred to as unrestricted revenue) and restricted revenue. These two types of revenue are based on the two components of the General Fund in the Alaska State Accounting System (AKSAS)—the unrestricted component and the restricted component—with certain adjustments.

General Purpose Unrestricted Revenue (GPUR)

General Purpose Unrestricted Revenue reflects revenue that is not restricted by the constitution, state or federal law, trust or debt restrictions, or customary practice. Most legislative and public debate centers on this category of revenue, and this is the amount generally used for budget planning purposes and designated in budget documents as General Fund revenue. In this forecast, General Purpose Unrestricted Revenue includes funds deposited into the unrestricted component of the General Fund, with certain adjustments:

- Reductions might include (a) revenue earmarked for specific programs, (b) pass-through revenue for qualified regional aquaculture and dive fishery associations and (c) revenue shared with municipal governments and organizations (e.g., fisheries taxes).
- Additions might include transfers from the unclaimed property trust to the state treasury.

The Department of Revenue uses a three-step process to make its final estimate of General Purpose Unrestricted Revenue.

Step 1. We estimate all revenue for the unrestricted component of the General Fund in AKSAS, as well as certain program receipts, by using our forecast models and obtaining estimates from other state agencies.

Step 2. We then consult the Governor's Office of Management and Budget and Legislative Finance for their input.

Step 3. Finally, following analysis, we adjust our initial projection to derive a forecast of total General Purpose Unrestricted Revenue.

Figure 2-5 on the next two pages sets out FY 2009 General Purpose Unrestricted Revenue and our forecast for FY 2010 and 2011.

Restricted Revenue

Restricted revenue represents any revenue that is not considered General Purpose Unrestricted Revenue. This includes revenue restricted by the constitution, state or federal law, trust or debt restrictions, or customary practice. Restricted revenue reported in this forecast includes money deposited into the restricted component of the General Fund with certain additions. Additions might include (a) receipts deposited in funds other than the General Fund and (b) receipts that are deposited into the unrestricted component of the General Fund but are restricted by statute or customarily appropriated for a particular purpose or program, such as sharing of fish tax revenue with municipalities.

Article IX, Section 15 of the Alaska constitution requires that at least 25% of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments and bonuses received by the state be placed in the Permanent Fund. Until 2003, Alaska Statute 37.13.010 required the placement of 50% of royalties from certain leases into the permanent fund. House Bill 11, passed by the legislature in 2003, changed the law so that 25% from all leases would be placed into the Permanent Fund, contingent on the impact of this change to the Permanent Fund Dividend. On October 1, 2008, the impact of HB 11 on the Permanent Fund Dividend had exceeded the limitations provided in HB 11, and HB 11 was repealed. As of October 1, 2008, 50% of the royalties from applicable leases are paid to the Permanent Fund, while 25% from other leases are paid to the fund. This change is reflected in this revenue forecast as a decrease in unrestricted revenue and an increase in restricted revenue.

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Figure 2-5. General Purpose Unrestricted Revenue, FY 2009 and Forecasted FY 2010-2011 ($ million)

	History	Forecast	
Oil Revenue	FY 2009	FY 2010	FY 2011
Petroleum Property Tax	111.2	101.1	96.3
Petroleum Corporate Income Tax	492.2	470.0	580.0
Production Tax			
Oil & Gas Production	3,100.9	2,115.6	2,421.0
Oil & Gas Hazardous Release	11.1	10.5	9.9
Subtotal Production Tax	**3,112.0**	**2,126.1**	**2,430.9**
Royalties (including Bonuses, Rents, & Interest)			
Mineral Bonuses & Rents	12.4	18.3	14.1
Oil & Gas Royalties	1,451.2	1,447.0	1,521.3
Interest	2.0	5.0	5.0
Subtotal Royalties	**1,465.6**	**1,470.3**	**1,540.4**
Total Oil Revenue	**5,181.0**	**4,167.5**	**4,647.7**

Other Revenue (except Federal & Investment)

Taxes			
Excise Tax			
Alcoholic Beverage	19.5	19.0	19.5
Tobacco Product – Cigarette	36.4	32.9	31.6
Tobacco Product – Other	10.2	10.6	11.5
Insurance Premium	45.5	43.9	43.0
Electric and Telephone Cooperative	0.1	0.1	0.1
Motor Fuel	10.1	30.0	40.3
Vehicle Rental	8.0	8.1	8.4
Tire Fee	1.5	1.5	1.5
Subtotal Excise Tax	**131.3**	**146.1**	**155.9**
Subtotal Corporate Income Tax	**120.9**	**86.6**	**89.1**
Fisheries Tax			
Fisheries Business	19.3	15.1	16.4
Fishery Resource Landing	4.7	4.7	6.1
Subtotal Fisheries Tax	**24.0**	**19.8**	**22.5**

Figure 2-5. Continued

Other Revenue (except Federal & Investment)	History FY 2009	Forecast FY 2010	Forecast FY 2011
Other Tax			
Mining	15.5	29.2	28.6
Estate	0.2	0.0	0.0
Charitable Gaming	2.8	2.7	2.7
Subtotal Other Tax	**18.5**	**31.9**	**31.3**
Subtotal Taxes	**294.7**	**284.4**	**298.8**
Charges for Services			
General Government	8.8	9.5	12.7
Natural Resources	2.0	2.0	2.0
Other	8.5	8.5	8.5
Subtotal Charges for Services	**19.3**	**20.0**	**23.2**
Subtotal Fines & Forfeitures	**10.5**	**8.9**	**8.9**
Licenses & Permits			
Alcoholic Beverage Licenses	1.0	1.0	1.0
Motor Vehicle	33.5	38.0	36.3
Other	1.0	1.5	1.5
Subtotal Licenses & Permits	**35.5**	**40.5**	**38.8**
Rents & Royalties			
Other Non-Petroleum Rents & Royalties	7.4	7.4	8.0
Coal Royalties	8.2	6.2	6.2
Subtotal Rents & Royalties	**15.6**	**13.6**	**14.2**
Other			
Miscellaneous	23.2	17.9	17.9
Unclaimed Property	3.8	4.0	4.0
Subtotal Other	**27.0**	**21.9**	**21.9**
Total Other Revenue (except Federal & Investment)	**402.6**	**389.3**	**405.8**
Investment Revenue			
Investments	247.4	219.7	181.8
Interest Paid by Others	0.2	1.4	1.4
Total Investment Revenue	**247.6**	**221.1**	**183.2**
Grand Total Unrestricted Revenue	**5,831.2**	**4,777.9**	**5,236.6**

Crude Oil Price Forecast

Oil revenue is projected to provide more than 87% of forecasted General Purpose Unrestricted Revenue through FY 2019. Three elements are critical to the oil revenue forecast: price, volume, and to a lesser extent lease expenditures.

There is no price for Alaska crude oil on the New York Mercantile Exchange (NYMEX)[1] or other commodity exchanges. The price of Alaska North Slope (ANS) crude oil is calculated by subtracting a market differential from the price of West Texas Intermediate (WTI) quoted on the NYMEX. Four different reporting services estimate that market differential and report a daily spot price for ANS.

All of Alaska's oil production is delivered to refineries on the U.S. West Coast (including Alaska and Hawaii). Consequently, Alaska's royalty and production tax revenue depends in large part on the average market price of ANS crude oil at U.S. West Coast refining centers.

Figure 2-6 shows crude oil prices for FY 2009 and the Department of Revenue's forecast of prices for the 10-year period beginning with the current fiscal year FY 2010 and continuing through FY 2019. The oil price forecast is based on a subjective assessment of market dynamics and trend analysis by participants at a Department of Revenue price forecasting session and other commercial price forecasting sources.

Figure 2-6. Nominal WTI, ANS West Coast and ANS Wellhead, FY 2009 and Forecasted FY 2010-2019 ($ per barrel)

Fiscal Year	WTI	ANS West Coast	ANS Wellhead
2009	69.71	68.34	61.86
2010	68.71	66.93	61.03
2011	78.85	76.35	70.36
2012	86.43	83.93	77.78
2013	88.74	86.24	80.02
2014	91.11	88.61	82.27
2015	93.55	91.05	84.57
2016	96.05	93.55	86.89
2017	98.63	96.13	89.22
2018	101.27	98.77	91.54
2019	103.99	101.49	93.84

[1] The NYMEX futures market is one source for a WTI quote. Several reporting services also report a daily WTI price quote.

Figure 2-7 shows: (1) the monthly ANS West Coast market price from November 2004, through October 2009, (2) the 60-month moving average of the ANS West Coast market price for the same period and (3) estimated ANS futures price for December 2009 to December 2014.

The figure illustrates a number of issues with respect to oil prices:

- Month-to-month crude oil price volatility—monthly ANS West Coast prices during this time period ranged from $36.66 per barrel to $133.78 per barrel.
- The 60-month moving average is $68.44 per barrel and has more than doubled since 2004.
- Futures prices from November 2009 are dramatically lower than July 2008 record highs, but higher than the 60-month moving average.

We project that ANS oil prices will average $66.93 per barrel in FY 2010, $76.35 per barrel in FY 2011 and $83.93 per barrel in 2012 in nominal dollars. ANS oil prices are projected to increase at approximately 2.75% per year starting in FY 2013, based on inflation.

Figure 2-7. Monthly Nominal ANS West Coast and Futures Oil Prices ($ per barrel)

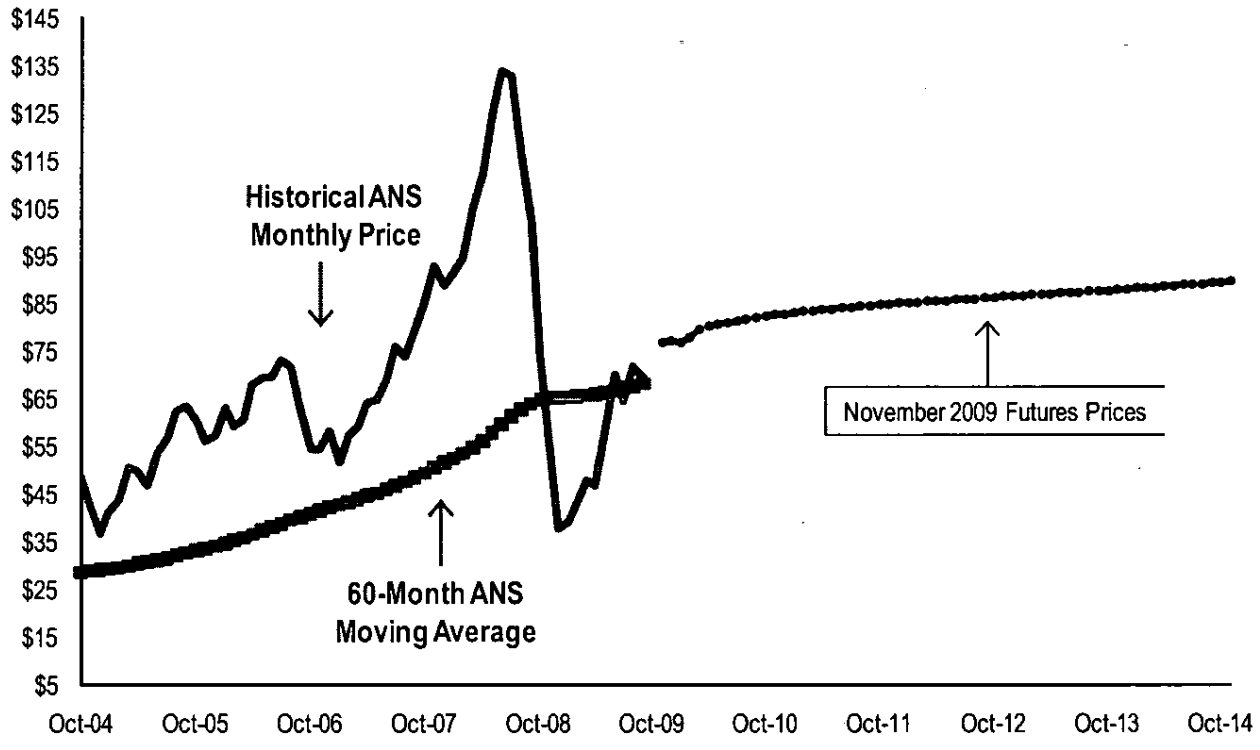

Figure 2-8. Alaska Crude Oil and NGL Production, FY 2009 and Forecasted FY 2010-2011 (million barrels per day)

	History	Forecast	
Alaska North Slope	**FY 2009**	**FY 2010**	**FY 2011**
Prudhoe Bay [1]	0.290	0.280	0.261
Aurora	0.008	0.007	0.007
Borealis	0.014	0.013	0.014
Midnight Sun	0.002	0.001	0.001
Orion	0.010	0.009	0.010
Polaris	0.004	0.004	0.005
Lisburne [2]	0.008	0.008	0.007
Niakuk	0.004	0.004	0.003
Point McIntyre	0.025	0.023	0.021
Raven	0.001	0.001	0.001
Kuparuk	0.106	0.099	0.091
Meltwater	0.002	0.002	0.002
Tabasco	0.002	0.002	0.002
Tarn	0.014	0.014	0.015
West Sak [3]	0.018	0.019	0.017
Milne Point [4]	0.021	0.020	0.020
Schrader Bluff	0.010	0.009	0.008
Endicott [5]	0.014	0.014	0.012
Badami	0.000	0.000	0.000
Alpine [6]	0.063	0.057	0.056
Fiord [7]	0.021	0.029	0.029
Nanuq [8]	0.022	0.013	0.009
Oooguruk	0.004	0.008	0.010
Nikaitchuq	0.000	0.000	0.006
Northstar	0.027	0.020	0.016
Total Alaska North Slope	0.692	0.659	0.623
increase/decrease from prior period	(0.024)	(0.033)	(0.036)
% change from prior period	(3.3%)	(4.8%)	(5.4%)
Total Cook Inlet[9]	**0.010**	**0.009**	**0.008**
increase/decrease from prior period	(0.004)	(0.001)	(0.001)
% change from prior period	(27.2%)	(13.1%)	(12.0%)
Total Alaska[9]	**0.702**	**0.668**	**0.631**
increase/decrease from prior period	(0.028)	(0.035)	(0.037)
% change from prior period	(3.8%)	(4.9%)	(5.5%)

[1] Includes NGLs

[2] Includes West Beach

[3] Includes Northeast West Sak

[4] Includes Sag River & Ugnu

[5] Includes Sag Delta

[6] Includes Qannik

[7] Includes Fiord-Kuparuk

[8] Includes Nanuq-Kuparuk

[9] Percent change calculation may vary from calculation using production amounts due to rounding

Crude Oil Production Forecast

Alaska North Slope crude oil production peaked at 2.006 million barrels per day in FY 1988 and has steadily declined since. We anticipate volumes will decline by 4.8% in FY 2010 to about 0.659 million barrels per day. For FY 2011, we project a 5.4% decrease in North Slope production. More discussion of the Fall 2009 oil production forecast can be found in Section 4. Oil Revenue. Also, a detailed field-by-field production forecast is included in the appendices of this forecast.

Crude Oil Expenditures Forecast

A third component of oil revenue forecasting is the expenditures forecast. Under the new ACES production tax, companies are allowed to deduct certain lease expenditures from the gross value of their production before applying the tax rate. Future tax collections, therefore, are dependent not only on the oil price and the level of production, but on the cost of that production. Costs of production may include fixed and variable operating expenses, such as labor costs and the expense to run a facility, and they may include costs to acquire production equipment or to drill a well—usually deemed to be capital expenses. A portion of capital expenses is also allowed as a credit against the ACES production tax.

Lease expenditures for the exploration for, and production of, crude oil have risen over the three-year period that they have been reported. In FY 2007, over $3.6 billion was spent producing and exploring for oil on the North Slope. In FY 2008, reported expenditures totaled $4.6 billion, and in FY 2009, reported expenditures totaled $4.9 billion. It is important to note that these are unaudited lease expenditures. We project spending in FY 2010 to moderate somewhat, partially due to cost reductions attributable to operational efficiencies and lower costs, with a total of $4.5 billion. For FY 2011, we expect capital spending to increase, with totals reaching $5 billion. These spending estimates are contingent on oil prices staying at current levels or increasing.

Long-Term Unrestricted Revenue Outlook

Using the price, volume and lease expenditure components developed for this fall forecast, Figure 2-9 summarizes the department's forecast of total General Purpose Unrestricted Revenue through FY 2019.

Figure 2-9. Total General Purpose Unrestricted Revenue, FY 2009 and Forecasted FY 2010-2019 ($ million)

Fiscal Year	Unrestricted Oil Revenue	Unrestricted Other Revenue (except Federal & Investment)	Unrestricted Investment Revenue	Total Unrestricted Revenue	Percent From Oil
2009	5,181.0	402.6	247.6	5,831.2	89%
2010	4,167.5	389.3	221.1	4,777.9	87%
2011	4,647.7	405.8	183.2	5,236.6	89%
2012	4,972.7	417.4	183.2	5,573.3	89%
2013	5,329.0	419.4	183.2	5,931.6	90%
2014	5,722.9	434.1	183.2	6,340.2	90%
2015	5,772.0	444.7	183.2	6,399.8	90%
2016	5,532.0	455.5	183.2	6,170.7	90%
2017	5,477.7	459.3	183.2	6,120.1	90%
2018	5,399.1	487.3	183.2	6,069.5	89%
2019	5,321.6	498.0	183.2	6,002.7	89%

Spending, Revenue Forecast and the Constitutional Budget Reserve Fund

As approved by voters in 1990, all receipts from mineral tax and royalty settlements are deposited into the Constitutional Budget Reserve Fund (CBRF). The state has deposited about $14.3 billion into the fund and generated another $1.9 billion in investment earnings. Through September 30, 2009, approximately $3.9 billion had been borrowed from the CBRF to balance the budget and another $4.1 billion had been spent through direct appropriations. During the years of FY 2007, 2008, and 2009, all borrowed funds were repaid from the General Fund into the CBRF. The net asset value in the CBRF as of September 30, 2009 was about $8.3 billion. Since the increase in oil prices beginning in 2003, no significant CBRF withdrawals were necessary to balance the state's budget, however given price volatility and the decline in expected oil volumes from the North Slope, the state may have to depend on the CBRF in the future.

Figure 2-10 is presented to help the reader understand the time period in which the CBRF could be depleted, based on the current revenue forecast and the assumption that all excess revenue would be deposited into the CBRF. This figure shows that, given the current revenue forecast and up to 10% in budget growth from FY 2010, the CBRF would not be depleted before 2020. If oil prices were to fall below our forecasted level and stay at that low level, we expect the CBRF to be depleted as early as July 2014, if the budget increases at a rate of 10% per year. If oil prices were to decline to an annual average of $50 per barrel, and the budget increases at 3% per year, the CBRF could be depleted by July 2017.

Figure 2-10. CBRF Run-Out Date With Revenue Surpluses Deposited into CBRF

Annual State Budget (% change)	Fall 2009 Oil Price Forecast[1]	Fiscal Model of Oil Revenue & CBRF Performance at Selected Prices ($ per barrel)[2]					
		$40	$45	$50	$55	$60	$65
+10%	Dec-2020	Jul-2014	Jan-2015	Sep-2015	Sep-2016	Apr-2018	Feb-2020
+5%	Dec-2020	Dec-2014	Sep-2015	Oct-2016	Jul-2018	Dec-2020	Dec-2020
+4%	Dec-2020	Jan-2015	Dec-2015	Feb-2017	Feb-2019	Dec-2020	Dec-2020
+3%	Dec-2020	Mar-2015	Feb-2016	Jul-2017	Nov-2019	Dec-2020	Dec-2020
+2%	Dec-2020	May-2015	May-2016	Dec-2017	Dec-2020	Dec-2020	Dec-2020
+1%	Dec-2020	Jul-2015	Sep-2016	Aug-2018	Dec-2020	Dec-2020	Dec-2020
Baseline Fall Forecast	Dec-2020	Oct-2015	Feb-2017	May-2019	Dec-2020	Dec-2020	Dec-2020
-1%	Dec-2020	Nov-2015	Jun-2017	Jun-2020	Dec-2020	Dec-2020	Dec-2020
-2%	Dec-2020	Mar-2016	Jan-2018	Dec-2020	Dec-2020	Dec-2020	Dec-2020
-3%	Dec-2020	Jun-2016	Sep-2018	Dec-2020	Dec-2020	Dec-2020	Dec-2020
-4%	Dec-2020	Nov-2016	Oct-2019	Dec-2020	Dec-2020	Dec-2020	Dec-2020
-5%	Dec-2020	Apr-2017	Dec-2020	Dec-2020	Dec-2020	Dec-2020	Dec-2020
-10%	Dec-2020	Dec-2020	Dec-2020	Dec-2020	Dec-2020	Dec-2020	Dec-2020

Baseline Expenditure Forecast ($ million)

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
$4,350	$4,700	$4,700	$4,700	$4,700	$4,700	$4,700	$4,700	$4,700	$4,700	$4,700	$4,700

[1] See Figure 2-6 for the Fall 2009 ANS oil price forecast used in the highlighted scenario.

[2] Matrix allows reader to select specific fiscal year price (from FY 2011-beyond) to determine CBRF exhaustion date. Fall 2009 forecasted production volumes are used. A date of Dec-2020 indicates that the CBRF does not run out during matrix timeframe.

Revenue Sources Book

Alaska Department of Revenue – Tax Division

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3. The Constitutional Budget Reserve Fund: Its Purpose, History and Use

Boom and Bust History of Natural Resource Revenues

For all of recorded history, Alaska has been a resource extraction state. From sea otter fur to timber, to gold, and finally to oil and natural gas, Alaskans have relied on natural resources as the major economic driver in the state. Because of its economic dependence on natural resources, Alaska has had a long history of boom and bust cycles.

As early as 1778, Captain Cook observed that traders would likely find a lucrative market for sea otter pelts or "sea-beaver" as they were called at the time. In fact, Captain Cook went so far as to call the sea otter pelts "soft gold."[1] Fur from sea otters and seals did indeed become a major source of revenue for Alaskan traders. Yet less than fifty years after Captain Cook correctly predicted the value of the sea otter trade in Alaska, a "fur boom" ensued and sea otters were hunted to virtual extinction.[2] This pattern of discovery of a resource in commercial quantities, followed by a subsequent rush to harvest the resource and ultimately the depletion of the resource, sadly played out again and again in Alaska over the next hundred years. Gold caused the next natural major resource boom for Alaska only to crash in the early 1940s. Fishing, specifically salmon, was a leading source of revenue for the Alaskan economy during World War II.

Another significant source of revenue in Alaska is federal spending, especially military spending. During World War II, over a billion dollars in federal money flowed into the state over a relatively short period of time, leading some to refer to the period as a "defense rush." Yet Alaska experienced a painful contraction within a few years of the end of World War II.

While federal revenues were flowing into the state at a record pace, tax revenues from the two leading sources of government revenue, fishing and mining, were dropping. Revenues from fishing and mining dropped so dramatically in the 1940s that by 1948, alcohol taxes had overtaken fishing and mining to become Alaska's main source of revenue.[3] At the same time, spending for state services skyrocketed, leaving Alaska with a multi-million dollar budget shortfall in 1947.

[1] Barnett, James K. *Captain Cook in Alaska and the North Pacific*, Todd Communications, Anchorage, Alaska, 2008.
[2] ibid.
[3] Cole, Terrance. *Blinded by Riches: The Permanent Funding Problem and the Prudhoe Bay Effect.* University of Alaska Institute of Social and Economic Research. Anchorage, Alaska, 2004.

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Over the years there were numerous discussions of the need to stabilize revenues and protect Alaska from the boom and bust cycles associated with reliance on natural resources, but there never seemed to be enough of a surplus or a willingness to save until oil was discovered in Alaska in world-class quantities.

The Permanent Fund

By the late 1970s, numerous groups and individuals had pointed out the need for Alaska to establish a savings fund to protect against swings in commodity prices for natural resources. As early as 1941, then Territorial Governor Ernest Gruening called for a budget stabilization fund to guard against the revenue volatility experienced by a natural resources dependent economy.[4]

Gruening's dream of an "Alaska fund" came true in the form of the Alaska Permanent Fund. While one purpose of the Permanent Fund was arguably to create a "rainy day account" for government spending when oil revenues dwindled, it has not been used for that purpose. Former Governor Jay Hammond is credited with the idea of generating public support for protecting the Alaska Permanent Fund by paying out dividends to Alaskans. The idea has been quite effective.

While legislators may appropriate money from the earnings of the Alaska Permanent Fund for government projects, the dividend program has made any dipping into the Alaska Permanent Fund for purposes other than dividends extremely controversial.

The 1980s Bust and Impetus for CBR

In the mid-1980s, roughly a decade after the Alaska Permanent Fund was established, Alaska experienced another severe resource bust as the price of oil dropped to roughly $10 per barrel, bringing widespread foreclosures and bankruptcies to Alaska.

The 1980s bust was the same painful story Alaskans weathered through for over a century: resources flowed in and government spending grew, resources played out or values dropped and suddenly Alaskans were faced with a tremendous shortfall. As the individual income tax and several other state taxes were repealed in 1979-1980 as a result of soaring oil revenues, taxes paid by Alaskan residents plummeted. As Stephen Jackstadt and Dwight Lee noted, "real taxes paid to the state by individual Alaskans after 1980 were only 14 to 16 percent of the real taxes they paid during fiscal year 1976."[5]

Revenues were declining and state spending was expanding. Over the seven years from 1981 to 1988, state spending increased almost 2,000% with state spending representing approximately $70,000 per Alaskan.[6]

Statutory Budget Reserve

In 1986 as the Alaskan economy cratered under the pressure of $10 per barrel oil, the legislature created another "rainy day" account: the Statutory Budget Reserve. The Statutory Budget Reserve was created to cover General Fund shortfalls using "excess revenues" from more profitable years.

The Alaska Legislature seeded the Statutory Budget Reserve with the balance of the remaining General Funds at the end of fiscal year 1991, $696.3 million.[7] By fiscal year 1994, the legislature had appropriated all of the money in the Statutory Budget Reserve leaving it with a zero balance. However, in 2008 the Legislature deposited approximately $1 billion in the Statutory Budget Reserve, which remains in the account today.

The Statutory Budget Reserve served its purpose for a short period of time before lying empty for over a decade. There was concern among some state legislators that the problem with the Statutory Budget Reserve was that funds were available through a simple majority vote. Some felt the Statutory Budget Reserve was doomed to fail because the money in the fund was simply too easy to spend.

Constitutional Budget Reserve History and Passage

The statutory reserve fund alone was not sufficient to protect Alaska from declining oil production and volatile prices. In the late 1980s, Alaskan legislators began discussing the idea of creating another budget reserve to be enshrined in the Alaska Constitution. The concept of the Constitutional Budget Reserve (CBR) as we know it today (an account containing oil and

[4] Cole, Terrance. *Blinded by Riches: The Permanent Funding Problem and the Prudhoe Bay Effect.* University of Alaska Institute of Social and Economic Research. Anchorage, Alaska, 2004.
[5] Jackstadt, Stephen L., and Dwight R. Lee. "Economic Sustainability: The Sad Case of Alaska." *Society.* Vol. 32 Issue 3. 1995.
[6] ibid.
[7] State of Alaska, Department of Revenue, Treasury Division. *Investment Policies and Procedures.* Ver. 3.0. Juneau, Alaska. 2007.

gas settlements from which appropriations generally require a three-quarter majority vote) came about as the state was considering the possibility of a large windfall from an oil settlement. Currently, CBR funds consist of revenues from the settlement of litigation over mineral taxes and royalties and the interest earned on those funds.

The legislation that created the CBR was sponsored by Senator Jan Faiks. Senator Faiks was the Chair of the Senate Judiciary Committee at the time and had just finished two years as the first female president of the Alaska State Senate from 1987 to 1988. Although Senator Faiks was the prime sponsor of the bill that created the CBR, the legislature changed the bill, which was ultimately combined with elements of a House Finance bill shepherded by Representative Kay Brown.

Originally, Senator Faiks' bill contained a number of provisions related to budgeting, one of which was labeled the Budget Stabilization Fund. Several other major sections in Faiks' bill were removed through the committee process including a constitutional spending limit to accompany the budget stabilization fund.

Today, under most circumstances the legislature can appropriate funds from the CBR only with a three-quarters majority vote. However, it is possible to make appropriations from the CBR with a simple majority vote under certain circumstances as provided in section 17(b) of the Constitution, and the legislature did so in 2003. Withdrawals from the CBR are required to be repaid.

The CBR was established in 1991, and since that time more than a dozen pieces of legislation have been introduced that would amend or change the CBR. However, the only significant changes to the CBR have been the asset allocation and the establishment of the CBR sub-account, a separate fund invested and managed with a longer time horizon than the main fund.

The CBR has been used heavily since 1991 and its exhaustion date is regularly forecasted as part of the official fall revenue forecast each year. There have been warnings that the State of Alaska will face a "fiscal gap" when the CBR is exhausted.

CBR Legislative and Balance History

Mary Halloran of the Governor's Office of Management and Budget summed up the impetus for the legislation in her comments before the Senate Finance Committee, which ultimately authorized the Constitutional Budget Reserve: "In mentioning the outstanding oil and gas litigation, [Halloran] said that, though the timeline is uncertain, it looks like the State could have some 'windfalls' during the next five years. [Halloran] said the Legislature has taken some very strong steps over the last couple of years to try to stabilize the spending limit, but there are still a number of programs 'out of control.'"[8]

Former Senator Jan Faiks recalled the passage of Senate Joint Resolution 5 (SJR 5) and creation of the CBR reserve as a bipartisan effort: "The decision was contentious because hardly anyone wanted to change the terms and conditions of the original Permanent Fund without approval from the people. So most Senators... insisted on another statewide vote and I think most House members agreed; thus, it was a bipartisan decision to propose a constitutional amendment. The Governor [Cowper] gets credit for recognizing the state had a real financial problem and he wanted to find a permanent solution. We knew the current situation of relying on the ups and downs of oil revenues was not good for either state or local governments. A bipartisan solution had to be found."[9]

Originally, SJR 5 was an updated version of a bill that had passed the Senate nearly unanimously in 1987. The bill called for a 50-30-20 distribution of the income of the Permanent Fund. Fifty percent of the Permanent Fund's earnings would have gone to the payment of dividends, thirty percent to inflation proofing and twenty percent to a budget stabilization fund. The twenty percent of earnings in Senator Faiks' bill as originally introduced eventually became the CBR as we know it today. One major piece of Senator Faiks' bill that was removed in the process was an appropriation limit. Another was a sunset clause under which the constitutional amendment would have expired after five years.

Just getting the bill out of the Senate was a challenge, even for the former Senate President Faiks. After failing to pass once and being returned to the Rules Committee on a motion by Senator Arliss Sturgulewski, SJR 5 was reported out of the Rules Committee and brought to the Senate Floor under a supplemental calendar on April 18,

[8] Testimony of Mary Halloran. 16th Alaska State Legislature, Senate Finance Committee. February 2, 1990. Transcribed by Alaska Legislative Records Dept.
[9] Faiks, Jan. "CBR." Email to Department of Revenue. November 10, 2009.

1990. The bill passed the Senate by a vote of 15-5 with Senators John Binkley and Michael Szymanski switching their votes to support passage.

Meanwhile, in the State House of Representatives, a bill with similar intent was making progress. House Joint Resolution 66 (HJR 66), while nominally sponsored by the House Finance Committee, was heavily supported by Representative Kay Brown. In fact, the legislative record describes Representative Brown as the Prime Sponsor of HJR 66. Co-Chairman of the House Finance Committee Ron Larson explained that the bill, "...evolved from the House Finance Fiscal Policy Subcommittee, chaired by Representative Brown, and was modified by the House Judiciary Committee."[10] The two bills (SJR 5 and HJR 66) finally collided in May of 1990 in the House Finance Committee.

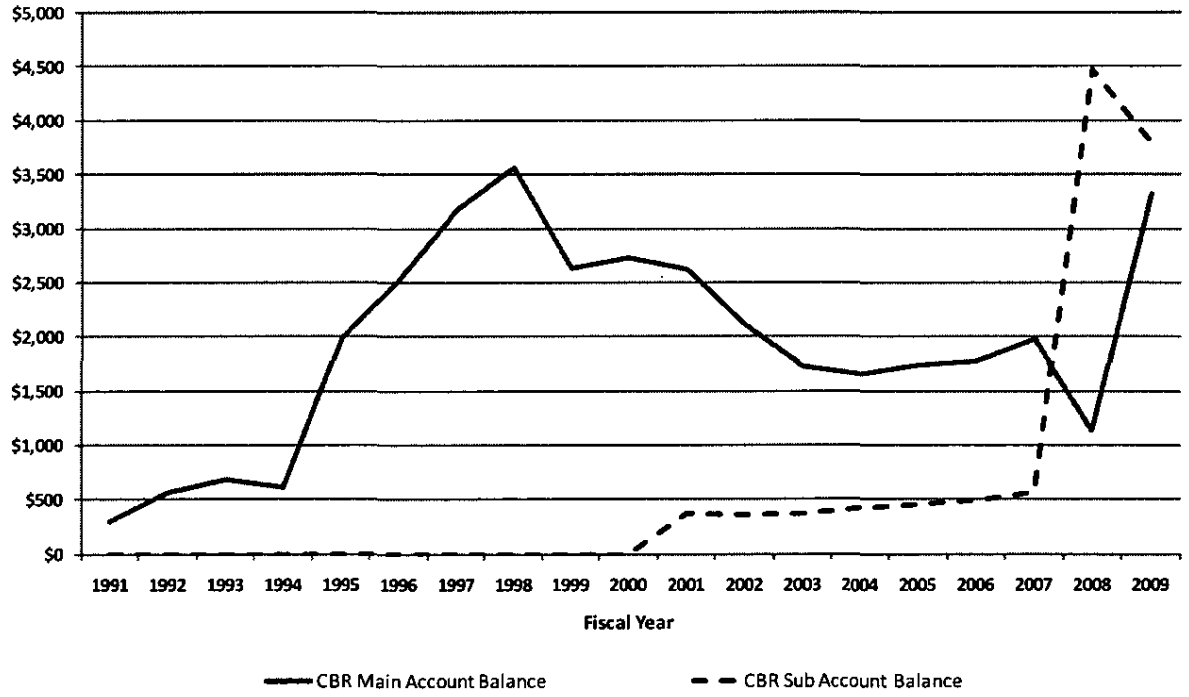
As is often the case with two pieces of similar legislation introduced separately in the House and Senate, the first bill to pass its respective house of origin typically becomes the "vehicle" or version to pass into law. In this case, SJR 5 by Senator Faiks had already passed the Senate and was assigned to the House Finance Committee for a hearing. HJR 66 never passed the House. However, the language from HJR 66 relating to the budget reserve, including the use of the term "budget reserve" rather than "budget stabilization fund" as it was referred to in SJR 5, was incorporated into SJR 5. Representative Brown testified before the House Finance Committee that the language in SJR 5 was nearly identical to the language in HJR 66 after the House Finance Committee had amended SJR 5.

In essence, SJR 5 was amended in the House to reflect the language of HJR 66. In the process, the spending limit in SJR 5 was eliminated. Numerous legislators and the Alaska Public Employees Association, a public employees union, opposed the constitutional spending limit.[11] Because the spending limit was deemed not politically viable, it was removed.

The Senate concurred with the House in a vote of 15-5 on May 8, 1990. The bill was sent to the governor on May 24, 1990, for signature. Governor Steve Cowper signed the bill almost exactly two months later on July 23, 1990.

Despite the passage of SJR 5 and the creation of the CBR, some question

Figure 3-1. Balance of the Constitutional Budget Reserve Main Account and Sub Account ($ million)



[10] Testimony of Ron Larson. 16th Alaska State Legislature, Senate Finance Committee. May 1, 1990. Transcribed by Alaska Legislative Records Dept.
[11] Testimony of Margaret Branson and Fran Ulmer. 16th Alaska State Legislature, Senate Finance Committee. May 1, 1990. Transcribed by Alaska Legislative Records Dept.

remained about which funds were to be deposited into the CBR. Former Governor Cowper and a number of legislators sued then Governor Wally Hickel, Department of Revenue Commissioner Darrel Rexwinkle and the State of Alaska in 1993 to dispute the State's interpretation of "administrative proceeding." Former Governor Cowper and the legislators argued that the State had been improperly depositing funds received during the informal conference stage of dispute[12] into the General Fund when they should have been deposited into the CBR. The Alaska Superior Court ruled in favor of former Governor Cowper and required the state to properly fund the CBR, with interest and foregone earnings, by the end of the regular session of the 18th Alaska Legislature in 1994.[13]

In another instance, nearly a billion dollars in funds which should have been deposited in the CBR were spent instead. When oil companies ARCO, Unocal, BP Exploration and Chevron agreed to pay the state $1.7 billion to settle long-running disputes over payments of back taxes and royalties in 1992 and 1993, the governor and legislature appropriated over half the amount. By spending this settlement rather than saving it, the state was able to maintain overall spending and more than double capital spending, from $300 million to $616 million.[14]

Historically, funds from the CBR were usually appropriated for general purposes. However, the CBR has also been used to fund specific programs in a number of instances. For example, a 2004 legislative research report listed the following expenditures from the CBR for specific programs: expenditures for oil and gas litigation and state title to oil and gas lands, capitalization of the Alaska Mental Health Trust, Y2K assessment, compliance, and remediation, and establishment of the Power Cost Equalization endowment fund.[15]

Figure 3-1 illustrates the history of the balances in the Constitutional Budget Reserve and the sub-account of the CBR from the first deposit through fiscal year 2009. Figures 3-2 and 3-3 illustrate the balance of each the Constitutional Budget Reserve and the Constitutional Budget Reserve sub-account with contributions and withdrawals by year. Figure 3-4 presents this information in tabular form.

CBR as a Stabilization Fund or Alternative to Hedging

The CBR as it exists today functions as a budget stabilization fund in the same manner as funds in many other states and oil producing nations. Like many resource producing states, the State of Alaska is exposed to tremendous commodity price risk. This is a difficult position for a government as expenses typically cannot be scaled back as quickly as revenues fall.

As a result of commodity price exposure, a number of resource producing states and nations from Texas to Mexico have actively hedged oil prices. The State of Alaska has studied hedging oil prices on a number of occasions with the most detailed discussion occurring in 2002 under the direction of Department of Revenue Commissioner Wilson Condon. In its hedging report, the Department of Revenue raised some concerns with using the CBR to protect the State from commodity price volatility, but also recognized the role the CBR plays in smoothing state revenues. However, because the CBR already insulates the state from the volatility of commodity prices, the report concluded that hedging oil prices was not ideal until the CBR was depleted or nearly depleted.[16]

"Alaska has not yet needed to pay the costs or take the risks of hedging its future oil revenues because our cushion against fluctuating oil prices for the past decade has been the Constitutional Budget Reserve Fund (CBRF). The fund was established a decade ago for exactly that purpose — to fill the gap between a fluctuating revenue source and a constant need for public services," wrote the Department in 2002.[17]

[12] The informal conference stage is the appeal to the regulatory agency.
[13] State of Alaska, Legislative Audit Division. Audit of Natural Resources and Department of Revenue: Constitutional Budget Reserve Fund. By Welker Randy. Juneau, Alaska. 1994.
[14] Jackstadt, Stephen L., and Dwight R. Lee. "Economic Sustainability: The Sad Case of Alaska." *Society*. Vol. 32, No. 3. March 1995.
[15] State of Alaska, Legislative Research Division. Appropriations from the Constitutional Budget Reserve Fund for Special Purposes. By Kathleen Wakefield. Juneau, Alaska. 2004.
[16] State of Alaska, Department of Revenue. *Hedging Oil Revenues: What Is It? When Should Alaska Do It, If At All? Why Should Alaska Consider It?* Juneau, Alaska. 2002.
[17] State of Alaska, Department of Revenue. *Oil Hedging Summary*. Juneau, Alaska. 2002.

Conclusion

Alaska's economy has always been at the mercy of commodity production and prices. After centuries of exhilarating resource booms followed all too regularly by severe busts, the State of Alaska created a budget stabilization fund in 1990: Alaska's Constitutional Budget Reserve. The CBR was created shortly after a time of economic crisis and with a view toward several large windfall settlements for the state.

Over nearly two decades, the CBR has almost single-handedly staved off massive budget shortfalls. In some years, withdrawals from the CBR reached a billion dollars in nominal terms. Yet the CBR remains vulnerable to prolonged overspending and the potential that oil prices may fall.

While the CBR is still vulnerable to overspending, and has at times appeared on the verge of exhaustion, the fund has acted as a buffer against commodity price volatility for almost two decades and can be expected to do so for the near future.

Figure 3-2. Constitutional Budget Reserve Main Account Contributions/Withdrawals and Balance ($ million)

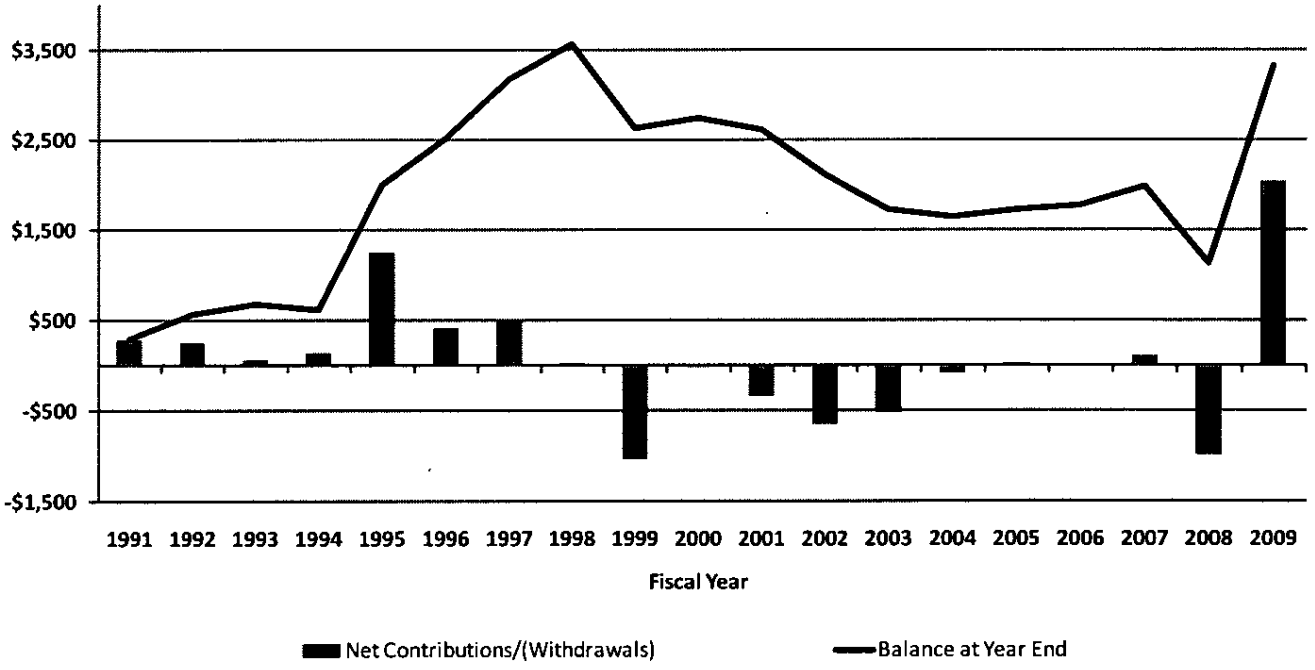


Figure 3-3. Constitutional Budget Reserve Sub-Account Contributions/Withdrawals and Balance ($ million)

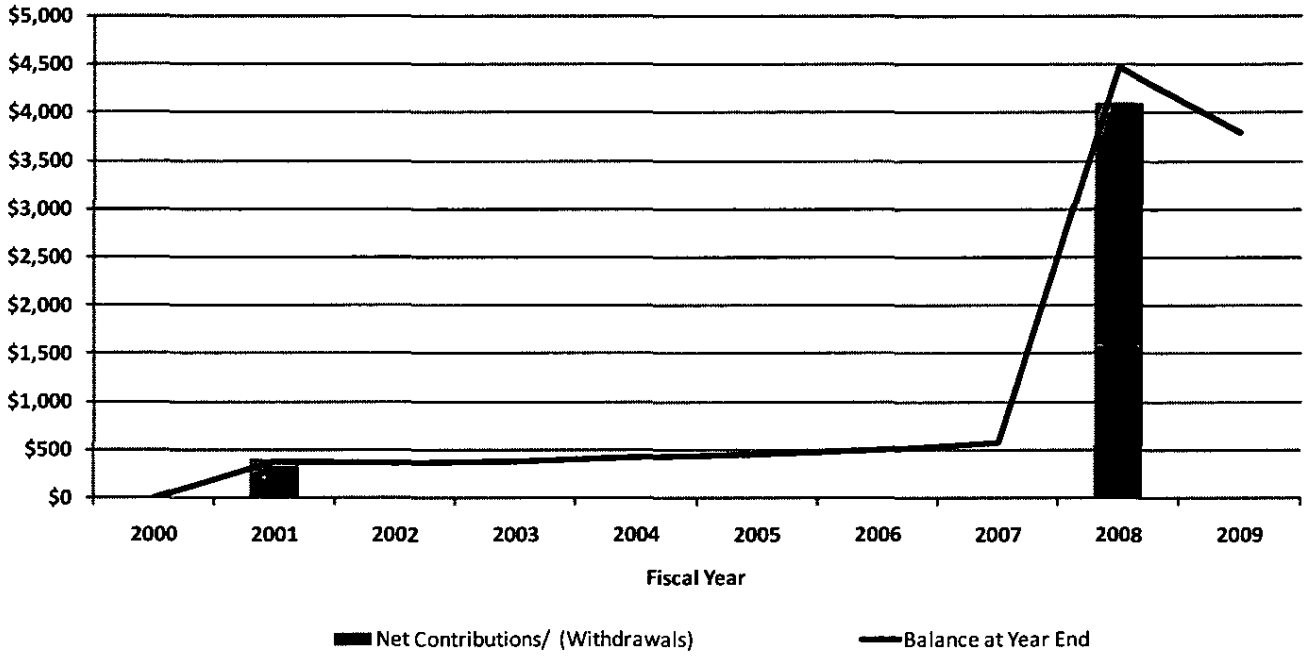


Figure 3-4. Constitutional Budget Reserve Main & Sub-Account Contributions/Withdrawals and Balance ($ million)

	MAIN ACCOUNT				SUB-ACCOUNT			
Fiscal Year	Beginning Balance	Net Contributions (Withdraws)	Investment Income	Ending Balance	Beginning Balance	Net Contributions (Withdraws)	Investment Income	Ending Balance
1991	0.0	291.0	6.0	297.0	0	0.0	0.0	0.0
1992	297.0	247.0	19.0	563.0	0.0	0.0	0.0	0.0
1993	563.0	65.0	57.0	685.0	0.0	0.0	0.0	0.0
1994	685.0	132.0	61.0	614.0	0.0	0.0	0.0	0.0
1995	614.0	1,258.0	122.0	1,994.0	0.0	0.0	0.0	0.0
1996	1,994.0	413.0	111.0	2,518.0	0.0	0.0	0.0	0.0
1997	2,518.0	487.0	167.0	3,172.0	0.0	0.0	0.0	0.0
1998	3,172.0	18.0	369.0	3,559.0	0.0	0.0	0.0	0.0
1999	3,559.0	(1,045.0)	114.0	2,628.0	0.0	0.0	0.0	0.0
2000	2,628.0	(9.0)	115.0	2,734.0	0.0	0.0	0.0	0.0
2001	2,734.0	(342.0)	227.0	2,619.0	0.0	400.0	(24.0)	376.0
2002	2,619.0	(648.0)	143.0	2,114.0	376.0	0.0	(21.0)	355.0
2003	2,114.0	(521.0)	127.0	1,720.0	355.0	0.0	18.0	373.0
2004	1,720.0	(81.0)	8.0	1,646.0	373.0	0.0	45.0	418.0
2005	1,646.0	23.0	62.0	1,731.0	418.0	0.0	36.0	454.0
2006	1,731.0	9.0	34.0	1,774.0	454.0	0.0	39.0	493.0
2007	1,774.0	101.0	106.0	1,981.0	493.0	0.0	75.0	568.0
2008	1,981.0	(987.0)	140.0	1,134.0	568.0	4,100.0	(200.0)	4,467.0
2009	1,134.0	2,040.0	144.0	3,317.0	4,467.0	0.0	(670.0)	3,797.0

Revenue Sources Book

Alaska Department of Revenue – Tax Division

FALL 2009

4. Oil Revenue

Figure 4-1. FY 2009 Oil Revenue: $6.1 billion

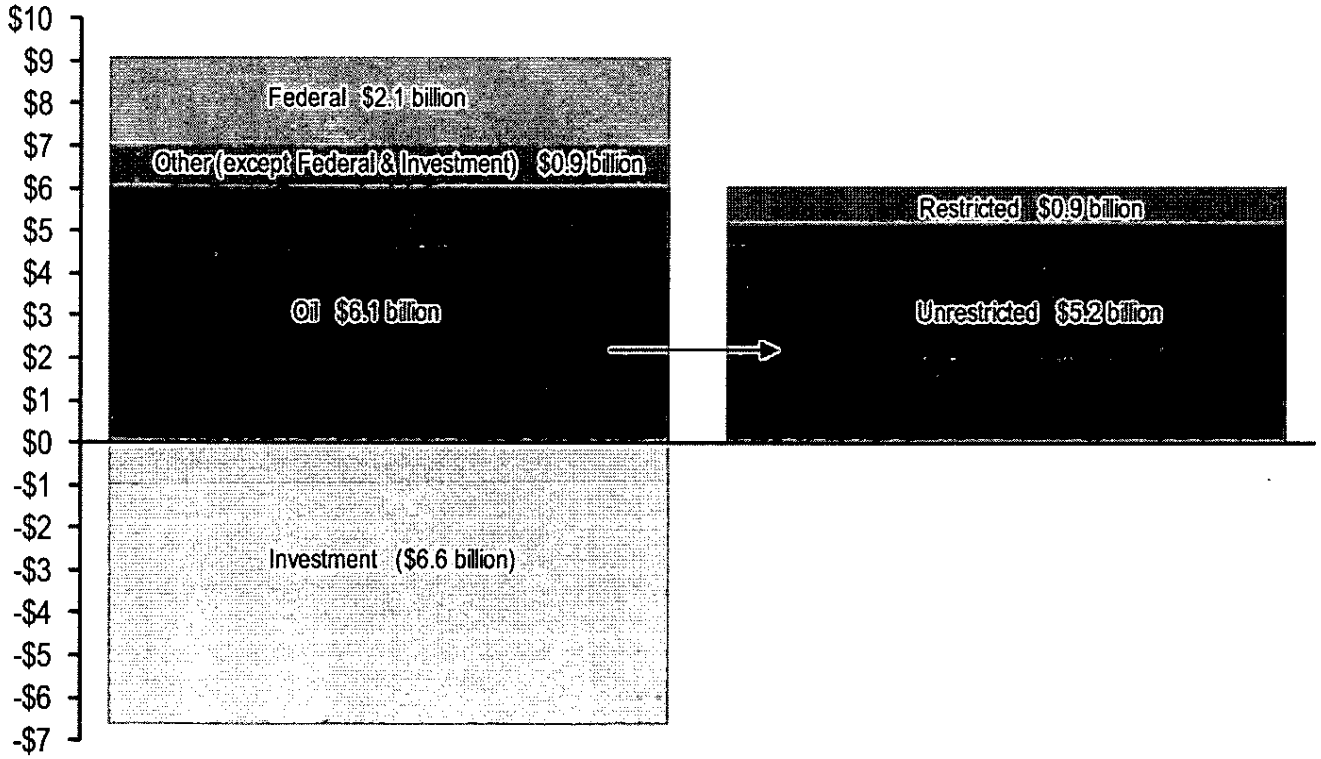


Figure 4-2. Total Oil Revenue, FY 2009 and Forecasted FY 2010-2011 ($ million)

Oil Revenue

	History	Forecast	
Unrestricted	FY 2009	FY 2010	FY 2011
Petroleum Property Tax	111.2	101.1	96.3
Petroleum Corporate Income Tax	492.2	470.0	580.0
Production Tax	3,112.0	2,126.1	2,430.9
Royalties (including Bonuses, Rents & Interest)	1,465.6	1,470.3	1,540.4
Subtotal	**5,181.0**	**4,167.5**	**4,647.7**
Increase/Decrease from Prior Period	(4,775.0)	(1,013.5)	480.2
% Change from Prior Period	(48.0%)	(19.6%)	11.5%
Restricted			
Royalties to Permanent Fund & School Fund	670.8	611.7	683.4
Tax Settlements to CBRF	202.6	440.7	20.0
NPR-A Royalties, Rents & Bonuses	14.8	4.9	4.9
Subtotal	**888.2**	**1,057.3**	**708.3**
Increase/Decrease from Prior Period	(443.9)	169.1	(349.0)
% Change from Prior Period	(33.3%)	19.0%	(33.0%)
Total Oil Revenue	**6,069.2**	**5,224.8**	**5,356.0**
Increase/Decrease from Prior Period	(5,218.9)	(844.4)	131.2
% Change from Prior Period	(46.2%)	(13.9%)	2.5%

Unrestricted Oil Revenue

Figure 4-3. Unrestricted Oil Revenue, FY 2009 and Forecasted FY 2010-2019 ($ million)

Fiscal Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Petroleum Property Tax	111.2	101.1	96.3	91.9	87.4	83.2	79.3	75.5	71.8	68.2	64.9
Petroleum Corporate Income Tax	492.2	470.0	580.0	600.0	615.0	635.0	645.0	655.0	665.0	670.0	695.0
Production Tax	3,112.0	2,126.1	2,430.9	2,631.5	2,966.8	3,323.2	3,362.8	3,131.5	3,066.5	3,043.9	3,013.7
Royalties-Net [1]	1,465.6	1,470.3	1,540.4	1,649.4	1,659.8	1,681.5	1,684.9	1,670.0	1,674.5	1,617.0	1,548.0
Total Oil Revenues	**5,181.0**	**4,167.5**	**4,647.7**	**4,972.7**	**5,329.0**	**5,722.9**	**5,772.0**	**5,532.0**	**5,477.7**	**5,399.1**	**5,321.6**
Increase/Decrease from Prior Period	(4,775.0)	(1,013.5)	480.2	325.1	356.3	393.9	49.0	(240.0)	(54.3)	(78.6)	(77.5)
% Change from Prior Period	(48.0%)	(19.6%)	11.5%	7.0%	7.2%	7.4%	0.9%	(4.2%)	(1.0%)	(1.4%)	(1.4%)

[1] Includes bonuses and interest

General Discussion

The state receives oil and gas revenue from four sources: oil and gas production tax, property tax, royalties and corporate income tax. The bulk of the revenue goes into the General Fund for general purpose spending. With the repeal of HB 11,[1] approximately 30% of oil and gas royalties goes into the principal of the Alaska Permanent Fund and 0.5% goes into the Public School Trust Fund. There also are two other funds that receive specific oil and gas revenues: the National Petroleum Reserve-Alaska (NPR-A) Fund,[2] which receives the state's share of all lease bonuses from sales in the NPR-A; and the Constitutional Budget Reserve Fund (CBRF), which receives settlements of tax and royalty disputes between the state and oil and gas producers.

Figure 4-2 shows the actual amount of each tax and royalty source in FY 2009 and the forecast for FY 2010 and FY 2011. As can be seen from the figure, royalties and production tax constitute the largest part–81% for FY 2010–of restricted and unrestricted oil revenue combined. Figure 4-3 shows the department's unrestricted oil revenue forecast from the current fiscal year through FY 2019 by revenue category.

This section begins with a discussion of production taxes and royalties, both of which are driven by price and volume. We then review the price forecasting methodology that underlies this report, and discuss the linkage between market prices and wellhead values. We also review our production forecast and close this section with a discussion of oil and gas property taxes, oil and gas corporate income taxes and the restricted portions of oil revenue.

[1] For more discussion on deposits to the Permanent Fund and HB 11, see the Executive Summary section.

[2] This fund implements a federal requirement that the state use its share of NPR-A oil revenue to satisfy the needs of local communities most affected by development in the NPR-A. For detailed information on this fund, see Section XII-P of Treasury's Investment Policies and Procedure Manual.

Crude Oil and Natural Gas Production Taxes

All oil and gas production in Alaska, except the federal and state royalty share and a small amount used in production operations, is subject to the state's production tax, and to the hazardous release surcharge, which is levied only on crude oil. Taxes and surcharges are estimated and collected on a monthly basis.

The Production Tax Known as "Alaska's Clear and Equitable Share" (ACES)

In November 2007, the Alaska Legislature passed the Alaska's Clear and Equitable Share plan (ACES), which made changes to the state's production tax system, retroactive to July 1, 2007. The previous production tax, known as the Petroleum Profits Tax (PPT), had been in place for one year prior to the passage of ACES. Both production tax systems are based on net profits of oil and gas production (see Figure 4-4). For more than 20 years prior to the enactment of the PPT, the state used a production tax system that was based on the gross value at the point of production as adjusted by the Economic Limit Factor (ELF).

The ACES tax calculation starts with the value at the point of production, and then subtracts upstream costs, including costs capitalized on company financial statements, from this value to arrive at the "production tax value." Each company that produces oil in Alaska has a production tax value based on this calculation, which is conceptually similar to a company's net profit. The production tax value is multiplied by the tax rate—25%—to arrive at the base tax. Should the production tax value exceed $30 per barrel of oil produced (or the equivalent in gas), the tax rate increases 0.4% for every dollar the per-barrel production tax value is over $30. For production tax values greater than $92.50, the progressivity factor changes to 0.1% for every additional dollar of profit on a barrel of oil. The maximum total tax rate is 75%.

Under ACES, a company's production tax liability is reduced to the extent that it invests in equipment, projects, or other items that are deemed "capital expenditures." Capital expenditures generally include costs related to the purchase of drilling rigs or other equipment, infrastructure, exploration, and facility expansion. Capital costs are eligible for a 20% credit against the company's ACES liability and the credits must be spread over two years. The 20% capital expenditure credit is intended to encourage investment in Alaska.

ACES also encourages investment in Alaska through three other tax credits. Companies producing less than 100,000 barrels of oil per day may be eligible for a tax credit of up to $12 million per year. Net losses are eligible for a 25% tax credit in the year following the loss. ACES also expanded the Exploration Incentive Credit, changing the credit rates from 20% and 40% to 30% and 40% of qualified exploration expenditures.

Figure 4-5 shows the credits that companies reported on their annual tax returns filed March 31, 2008 and March 31, 2009. Note that most of the credits were applied against tax liabilities; those that could not be immediately applied against a tax liability will be carried forward or sold to the state or another company.

Figure 4-4. ACES Tax Liability Calculation

ACES Tax Liability = [(Value – Costs) * Tax Rate] – Credits

The terms used in the equation are defined as follows:

Value = Volume of Oil & Gas Produced * Wellhead Value

Costs = Operating Expenditures + Capital Expenditures

Tax Rate = 25% + 0.4% for every $1 per barrel that this "net profit" exceeds $30 up to $92.50, then 0.1%

Credits = (20% * Capital Expenditures)(1) + (20% * Eligible Transition Expenditures)(2) + Base Allowance

(1) Spread over two years

(2) Limited to those credits earned while the PPT was in effect and could not be used

The oil and gas tax credit fund, authorized under AS 43.55.028, was created to fund the state's purchase of production tax credit certificates. In FY 2009, the fund paid out $193 million, and thus far in FY 2010, the fund has paid out $49 million to purchase credits. As of November 2009, the fund balance was $138.5 million.

Hazardous Release Surcharge

The Oil and Hazardous Substance Release Prevention and Response Fund was created by the legislature in 1986 to provide a "readily available funding source to investigate, contain, and clean up oil and hazardous releases." An amendment in 1994 divided the fund into two separate accounts comprised of: (1) the Response Account, which requires a surcharge on all oil production, except federal and state royalty barrels, that may be used to finance the state's response to an oil or hazardous substance release declared a disaster by the governor; and (2) the Prevention Account which is an additional surcharge on all oil production, except federal and state royalty barrels, that may be used for the clean up of oil and hazardous substance releases not declared a disaster by the governor. This account can also be used to fund oil and hazardous substance release prevention programs in Alaska.

The Response surcharge (AS 43.55.201) is $.01 per taxable barrel of oil and the Prevention surcharge (AS 43.55.300) is $.04 per taxable barrel of oil produced.

The Response surcharge is suspended when the balance of the Response account is equal to or exceeds $50 million. As of September 30, 2009, the cumulative balance of the account was $45.8 million. The Response Surcharge was re-imposed effective April 1, 2007, by the Department of Revenue.

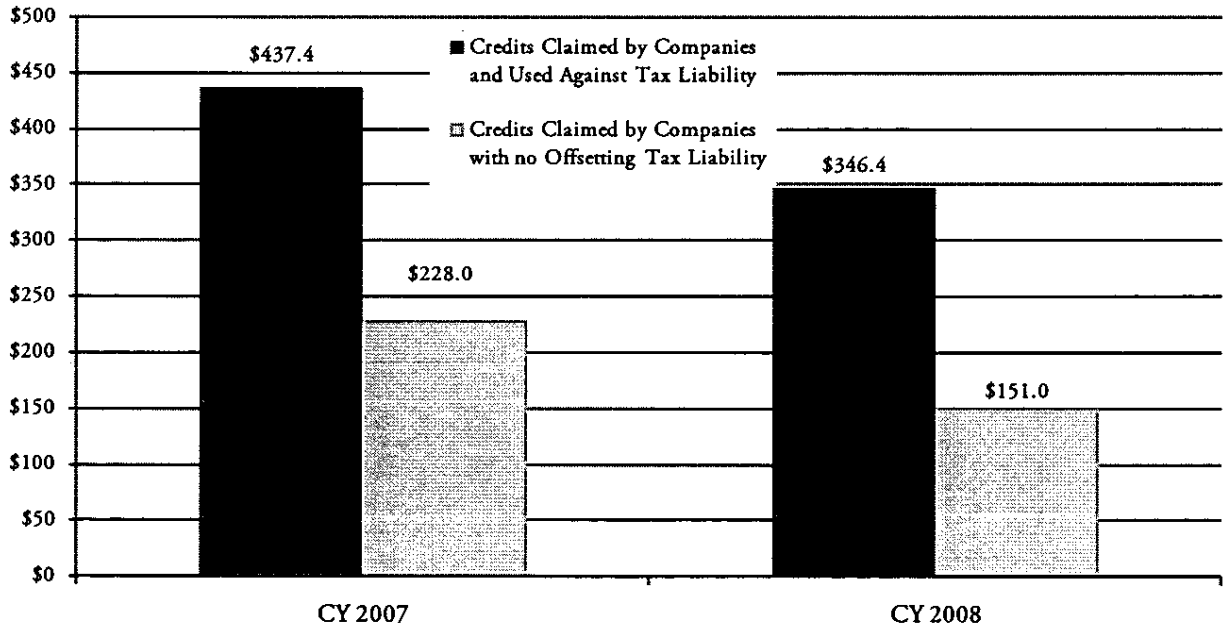
Oil Royalties

Almost all Alaska oil and gas production occurs on state lands leased for exploration and development. As the land owner, the state earns revenue from leasing as: (1) upfront bonuses, (2) annual rent and (3) a royalty interest in oil and gas production.

Typically the state issues leases based on a competitive bonus bid system. The state generally retains a royalty interest of at least 12.5%. The vast majority of current production is from leases that carry that rate. Some currently producing leases carry rates as high as 20%, and some leases also have a net profit-share production agreement.

State oil and gas leases provide that the state may take its oil royalty in barrels (in-kind) or as a percentage of the production value (in-value). In FY 2009, the state took approximately 56,000 barrels per day of North Slope

Figure 4-5. Production Tax Credits Reported, CY 2007 and CY 2008 ($ million)



production in-kind and sold it to Flint Hills Resources Alaska, LLC for their refinery at North Pole.

The royalty oil taken in-value is valued according to a formula using a market basket of spot crude oil prices closely approximating the ANS West Coast spot price of oil less a transportation allowance back to the lease. Royalties are based on a destination price—the higher of the actual sales price or the prevailing value.[3] Pipeline and marine transportation costs are deducted from the destination value to derive the taxable wellhead value of the oil or gas.

Crude Oil Prices, Lease Expenditures, Transportation Costs and Crude Oil Production: Forecasting Methodology & Assumptions

For many years, the level of revenues accruing to the state from oil production have been contingent primarily on oil prices and production volumes. With the implementation of the production tax on net profits, a third factor influences the level of revenues anticipated from oil production—costs related to exploring for, developing and producing oil, all or part of which are deductible and/or creditable under the production tax as "lease expenditures."

Estimating oil revenue for the state entails projecting four factors:

1. Crude oil prices
2. Lease expenditures
3. Transportation charges
4. Crude oil production

This section reviews each of these factors.

To forecast oil prices, the department conducts a day-long price forecasting session to review and discuss petroleum supply and demand price drivers. The session includes professionals from the Department of Revenue, Department of Natural Resources, Department of Labor, the Governor's Office of Management and Budget, the Division of Legislative Finance, the University of Alaska and industry experts.

To forecast crude oil production volumes, the Department of Revenue uses an engineering consultant in conjunction with assistance from the Department of Natural Resources and the Alaska Oil and Gas Conservation Commission. The statewide production volume forecast is summed from projections of oil and gas production by field.

To forecast lease expenditures, the department uses data from earlier filings for a base and projects short-term future expenditures from company documents. Mid and long-term expenditure forecasts take into account long-term development plans as detailed in company documents and are intended to coincide with our production forecast.

Transportation charges include tariffs on pipelines, marine transportation and other cost adjustments for moving crude oil to market. ACES allows "reasonable" costs to be subtracted as transportation charges.

Each of these forecasted items play an important role in determining the level of revenue anticipated from oil production. These four items are used as inputs into the department's revenue model.

More information about expenditures and tax calculations is provided later in this section.

1. Crude Oil Prices

Methodology for Forecasting Prices

The department compiles its oil price forecast from several sources, including a day-long price forecasting session with attendees from various agencies in the state government. Session attendees are asked for their projections for West Texas Intermediate (WTI) crude oil for three cases–a low case, a high case and a base case. The prices are forecast in real 2009 dollars. The Department of Revenue projects the differential between WTI and ANS and uses a projection of inflation to arrive at the nominal dollar forecast used in this publication. Among the other forecasting sources reviewed by the department are those prepared by the Energy Information Administration (EIA), the New York Mercantile Exchange (NYMEX), and industry analysts.

Oil prices were extremely volatile in FY 2009, due in large part to the economic crisis experienced in the U.S. and other developed nations. Although prices have stabilized thus far in FY 2010, there is still a significant amount of uncertainty about whether or not the economy is on a sustained path of recovery and if so, what impact that will have on oil demand and supply. In the 11 months since oil prices reached their recent low of $25 per barrel (December 2008), prices have rebounded to triple that amount, currently holding fairly steady in the $70 range for the past six months. Yet, many impacts of the recession continue to be felt, including high unemployment, shaky financial

[3] ANS West Coast prevailing value per 15 AAC 55.171 is the monthly average of daily spot market prices reported by Platt's Oilgram, Reuters and Dow Jones Energy reporting services. This price is published monthly on the Tax Division website at www.tax.state.ak.us.

markets and lower than normal consumer spending. Oil markets are intricately linked to the health of economies in the world and with so much potential for economic volatility still in the mix, it is difficult to predict with any accuracy the direction oil prices will go in the longer term.

Due to these uncertainties, we focused our oil price forecast on the near term, forecasting only out to 2012. Our forecast for the following seven years was held flat in real terms and escalated with inflation. The following observations and assumptions were considered in the preparation of our oil price forecast.

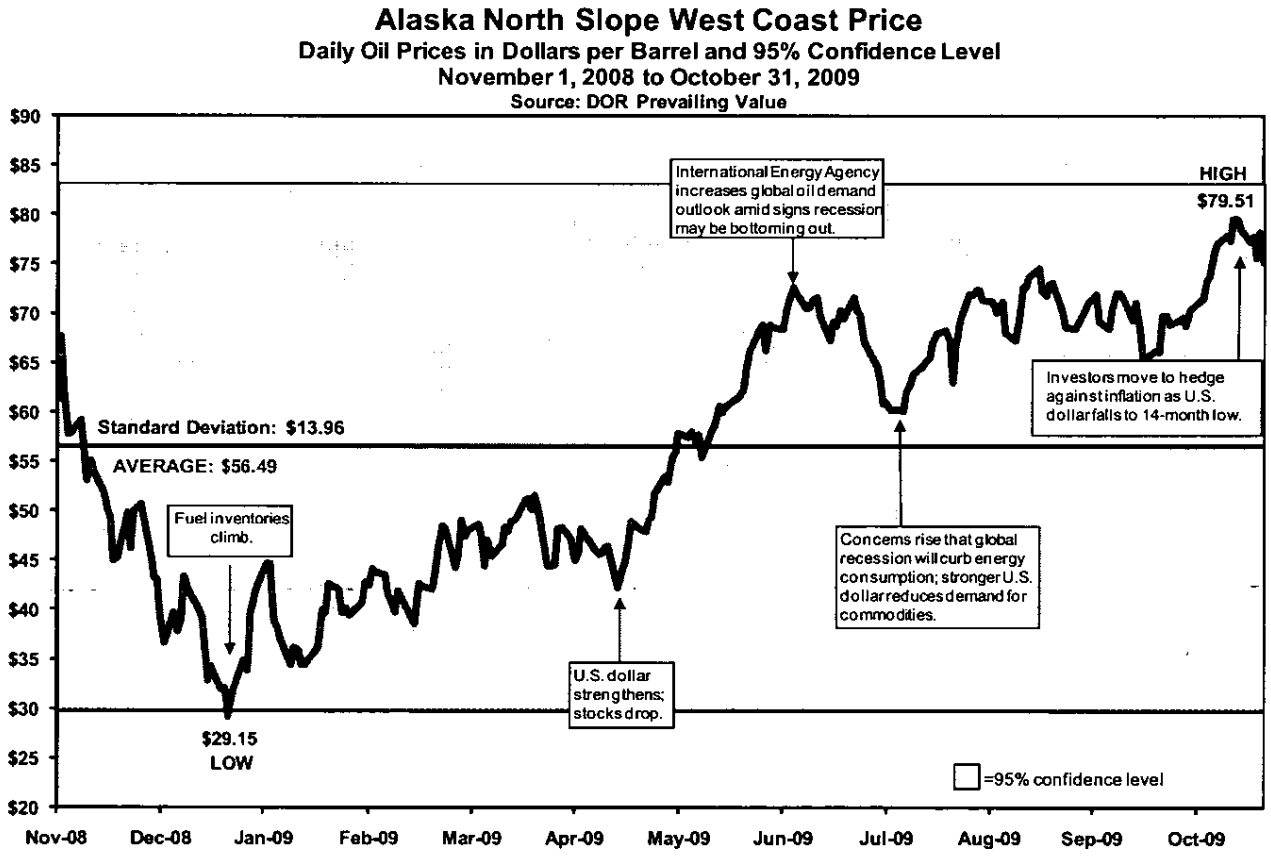
Factors that Influence Oil Prices

Many factors contribute to the pricing of oil on the world market. There are the fundamental economic factors of supply and demand, there are geopolitical events, there are inventory levels and weather-related events. There are other related issues, such as the impact of the financial sector, including commodities trading, and of facility constraints, including refinery capacity and configuration limitations. There is the influence of a strong oil market cartel—OPEC—which strives to keep oil prices within a pre-determined price band by increasing and decreasing supply. These are all factors that help determine the price of oil in the world market, and each of them must be considered in forecasting oil prices. At any given time, most of these factors are likely influencing the price of oil. Some of the factors push prices higher and some push them lower.

Oil Price Drivers

The most significant oil price driver for this forecast—both for high and low prices—is the health of the U.S. economy and other developed countries. Since the economy has been cited as the most commonly accepted reason for the crash in oil prices that occurred in late 2008, it should not be surprising that the economy is the most influential factor for oil price movements in the near term. The fact that the economy is the

Figure 4-6. ANS Crude Price Volatility



Note: 95% confidence level equals two standard deviations, or +/- $27.92 from the average of $56.49 per barrel

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top reason for oil prices increasing, as well as for oil prices decreasing, reinforces the uncertainty that still exists in the future of the U.S. and other economies. While some notable economists have been quick to declare that the worst of the recession is past us and the economy is on an upward path, others warn of continued market volatility, as well as unemployment and inflation fears.

There have been several measures of positive economic growth in recent months that may help signal the end of the recession. In late October 2009, the Bureau of Economic Analysis (BEA) released an early report that the U.S. gross domestic product (GDP) had increased in the third quarter of 2009—the first such increase since the second quarter of 2008. Also according to the BEA, U.S. personal income was up in the second quarter of 2009, the first increase in a year. With regard to international trade, the BEA reported in the second quarter of 2009 that the deficit in international trade on goods and services declined to its lowest level since 2001. These are all positive economic signs that the worst of the recession could be over in the U.S.

Alternatively, should the U.S. economy slide back into negative growth again, the impact on oil prices could be severe. As the recession deepened in the fourth quarter of 2008, oil prices plunged from over $90 per barrel to about $25 per barrel, a 72% decrease. One year later, prices have rebounded as the economy appears to be recovering, but unemployment is the highest it has been in over 25 years. Prolonged unemployment could erode oil demand, sending prices downward again. Any economic impacts felt in the U.S. to some extent carry over to other parts of the world and could dampen oil demand there as well.

Along with the rebound in the economy has been an increase in commodities trading, particularly in oil futures. Oil is traded on the New York Mercantile Exchange (NYMEX) and the price of oil, at least in the near term, is significantly influenced by thousands of trades conducted daily on the commodity. Some economists opine that the huge number of commodity trades on oil could be contributing to the volatility of oil prices seen in recent years. These opinions have generated suggestions that the commodities markets should be more tightly controlled and regulated. It has yet to be determined what impact, if any, commodities trading has on long-term oil pricing. The influx of money into commodities, however, has been linked to the decreasing value of the U.S. dollar. The U.S. dollar has dropped in value by over 7% this year and by 37% since 2001 due to years of low interest rates and recent federal stimulus spending. The weakened U.S. dollar has also been linked to the price of another commodity, gold, which recently soared to over $1,100 per ounce. Futher weakening of the dollar is often cited as contributing to higher oil prices.

Other drivers of oil prices cited less frequently include decisions made by OPEC and whether members adhere to the quotas the organization sets. OPEC successfully cut production in the fourth quarter of 2008, hoping to reverse the downward trend in oil prices. Although the cuts had some impact, they did not have an immediate response in oil prices, due in part to the over-supply of oil in the market. The organization cut production again in the spring of 2009, with the goal of increasing oil prices. Since June 2009, prices appear to have stabilized in the $70 per barrel range. It is difficult to know how much influence OPEC's cuts have had on oil prices, but the organization does have the ability to control how much oil is in the market at any given time.

Disruptions in supply due to geopolitical events, weather-related events and infrastructure constraints played less of a role in this year's oil price forecast. The hurricane season failed to produce any real threatening storms that could shut in production in the Gulf of Mexico or elsewhere. Geopolitical events such as those seen in Nigeria and Iran and other oil-producing regions are still occurring, but appear to be taking a back seat to the economy's impact on oil prices. Recently, there have been no overwhelming infrastructure concerns, at least in the oil markets, to drive prices up or down.

Demand and Supply Projections

in the long run, oil prices are ultimately a function of two factors: the supply of oil and the demand for oil. While oil price forecasting necessarily considers the impact of such factors as financial speculation and weather events, the underlying fundamentals of supply and demand must also be examined.

In their November 2009 update, the EIA predicted that world oil demand will rebound in 2010 by over one million barrels per day, with most of the increase coming from developing countries. Economic growth in China and other Asian nations is expected to lead the rebound in oil consumption. The developed world, as represented by the nations in the Organization for Economic Cooperation and Development (OECD), is expected have essentially no change in consumption from 2009 to 2010. However, the U.S. is expected to reverse its downward trend in oil consumption that began in 2005.

On the supply side, OPEC production, which was 2.4 million barrels per day lower than 2008 over the first nine months of 2009, will gradually increase in 2010 as oil demand increases, according to the EIA. OPEC spare capacity is expected to remain above four million barrels per day, which represents significantly more excess capacity than the historical average. Most of this spare

capacity is located in Saudi Arabia. In contrast to OPEC, non-OPEC oil production was actually 500,000 barrels per day higher than 2008 over the first nine months of 2009, with most of the increase coming from Russia. Non-OPEC supply is expected to show an additional increase in 2010 of 250,000 barrels per day.

Although oil supply and demand are currently showing signs of stabilization, we know that oil prices will continue to move in cycles in the future as they have in the past. The EIA cited renewed economic growth as the driver of increased oil demand which in turn has helped prices to stabilize. Likewise, participants in the department's price forecasting session identified the state of the U.S. and world economy as the most important factor in determining oil prices. With OPEC showing a historically high level of quota discipline and holding enough spare capacity to help smooth out any supply disruptions, oil demand now appears to be the most important fundamental driver of oil prices. Demand, as we know, is a function of the economy: as the world economy goes, so too will oil prices. Our oil price forecast assumes that the world economy will be well on the way to recovery by late 2010.

Forecast for West Texas Intermediate and Alaska North Slope Crude Oil

We forecast the price for West Texas Intermediate (WTI) crude oil to average $68.71 for FY 2010, $78.85 for FY 2011, and $86.43 for FY 2012. Corresponding ANS prices are $66.93, $76.35, and $83.93 for the three years. We forecast a WTI-ANS differential of $2.50 per barrel, except in the case of FY 2010, which has some actual monthly differentials incorporated into the price. Beyond FY 2012, we project that oil prices will stay flat in real terms and increase in nominal terms by the projected 2.75% based on advice from Callan Associates on capital market inflation.

2. Lease Expenditures

The passage of PPT and now ACES requires the Department of Revenue to forecast lease expenditures, in addition to oil prices and production. Lease expenditures are defined in part as the upstream costs that are the direct costs of exploring for, developing, or producing oil or gas deposits. The production tax under PPT and now ACES allows the deduction of lease expenditures to arrive at a taxable base. The production tax system also allows a partial credit against the tax liability for certain lease expenditures known as qualified capital expenditures. For more information on how ACES production tax is calculated, see Figure 4-4.

Methodology

The Department of Revenue has received three annual filings of tax returns under a net profits production tax, under PPT in 2006, and under ACES in 2007 and 2008. Additionally, the department receives monthly information filings from oil and gas companies operating in the state that provide estimated monthly lease expenditures by property. Semi-annually, the department receives projections of lease expenditures by property for up to five years into the future. These reports have greatly enhanced the department's ability to prepare better revenue forecasts.

The department also uses several other means to forecast lease expenditures, including consulting other taxpayer-submitted information, such as plans of development, federal partnership returns, and other documentation. Production profiles are reviewed, as well as publicly available information on estimated costs to bring new fields online and projected start-up dates.

Forecast

In FY 2009, the following unaudited lease expenditures were reported on monthly information forms by companies producing or exploring for oil and/or gas on the North Slope: $2.1 billion in operating expenditures[4] and $2.2 billion in capital expenditures. For FY 2010, we forecast operating expenditures at $2 billion and capital expenditures at $2.5 billion. For FY 2011, we forecast operating expenditures at $2.1 billion and capital expenditures at $2.9 billion. The lower forecast for operating expenditures reflects lower costs of operation associated with lower oil prices, as well as efficiencies gained in companies streamlining their operations. Higher capital expenditure forecasts reflect continuing development in newer fields like Oooguruk, Nikaitchuq, and Point Thomson as well as projects aimed at enhanced oil recovery and the development of heavy oil.

3. Transportation Charges and Other Production Costs

Taxpayers subtract marine transportation costs, the Trans Alaska Pipeline System (TAPS) tariff, feeder pipeline tariffs and an adjustment for quality bank charges from the appropriate destination value. This netback calculation is shown in Figure 4-8 for FY 2009-2019.

Marine Transportation Costs

Crude oil delivered to Valdez through TAPS is shipped by tanker to refineries in Washington, California, Hawaii and the Kenai Peninsula. Most North Slope

[4] Includes the standard deduction for Prudhoe Bay and Kuparuk units per AS 43.55.165(j).

Figure 4-7. Basic Data Used for ANS Oil & Gas Production Taxes

	History FY 2009	Forecast FY 2010	Forecast FY 2011
State Production Tax Revenue from the North Slope			
Millions of Dollars	3,112.0	2,126.1	2,430.9
Key North Slope Assumptions			
Price of ANS WC in dollars per barrel	68.34	66.93	76.35
Transit Costs & Other in dollars per barrel	6.48	5.90	6.61
ANS Wellhead in dollars per barrel	61.86	61.03	69.74
Production in barrels per day	692,127	658,762	622,879
Royalty and federal barrels per day	93,664	85,564	80,255
Taxable barrels per day	598,463	573,198	542,624
Lease Expenditures in Millions of Dollars			
Operating Expenditures (Opex)	2,085	1,996	2,100
Capital Expenditures (Capex)	2,212	2,505	2,923
Total Expenditures	4,297	4,501	5,023
Implied North Slope Data			
Credits Used against Tax Liability in $millions	350.0	350.0	400.0
Credits for Potential Purchase in $millions	200.0	250.0	200.0
Lease Expenditures per barrel of oil produced			
Opex	8.3	8.3	9.2
Capex	8.8	10.4	12.9
Total Expenditures	17.0	18.7	22.1
Average Production Value per Barrel (Pre-Tax)	44.9	42.3	47.6
Production Tax Collected per Taxable Barrel	14.2	10.2	12.3

Notes

1 This table presents a grossly simplified snapshot of the production tax calculation on an average North Slope basis, and any use of this data should be viewed accordingly. Additionally, because production tax is calculated on a company basis, any simplification such as this distorts the actual value to companies. For example, a company's pre-tax production value per barrel could be significantly more or less than that shown in this table, depending on the "mix" of petroleum investments they have on the North Slope.

2 Lease expenditures for FY 2009 were prepared using unaudited company reported expenditure estimates.

3 Expenditure data for FY 2010 and FY 2011 are compiled from company submitted expenditure forecast estimates and other documentation as provided to the DOR.

4 CAPEX credits are spread out over two years as specified in the ACES production tax. In addition, the assumptions for the transitional credits and the $12 million credits for small Alaska producers are not included in the table.

5 Operating expenditures for Prudhoe Bay and Kuparuk units include the standard deduction provision per AS 43.55.165(j).

crude is delivered to Puget Sound, San Francisco and Los Angeles to meet the demand of Washington and California refineries. These voyages take about two weeks depending on loading and unloading time and potential delays.

The majority of crude oil delivered is by BP's "Alaska Class" and ConocoPhillips' "Endeavour Class" tankers, all of which are state-of-the-art double-hulled tankers. Double-hulled tankers have an inner hull containing the tanker's crude oil and a surrounding outer hull to offer additional protection against oil pollution. These tankers range from about 140 to 195 deadweight tons and can carry over a million barrels at full capacity.

Allowable costs for oil transported by a vessel not owned or effectively owned by the producer of the transported oil are the total costs under the charter or contract and other allowable costs borne by the producer.

For crude oil shipped on tankers that are owned or effectively not owned by the producer of the transported oil, which is typically the case, the bulk of allowable costs are the following:

- depreciation,
- return on investment,
- fuel for the vessel while in port and at sea,
- wages and benefits for the crew and captain,
- routine maintenance,
- tug and pilotage fees and
- drydocking costs.

We forecast a modest increase in tanker transportation costs per barrel that is considered necessary in order to maintain the integrity of the fleet.

Trans Alaska Pipeline System (TAPS) Tariff

The tariff model for TAPS is developed from the Federal Energy Regulatory Commission (FERC) Opinion 502 compliance filings. Opinion 502 requires the carriers to establish a uniform rate using the Order 154-B methodology of trended original cost (TOC). Treatment of dismantlement, removal and restoration (DR&R) expense is specified and the return on equity component is consistent with FERC's new policy for oil pipelines.

The forecasting model simulates what the tariff would be with a TOC cost-of-service model using information from Opinion 502 and projections of capital additions and operating costs. The cost-of-service components and the methodology are modeled to emulate the regulatory approach and outcome. We do not attempt to predict the outcome of pending litigation or estimate the level and timing of protested rates. Corrections between filed, charged and allowed rates are made through the refund process and are not part of the tariff forecast.

In the summer of 2009 both BP Pipelines Alaska (BPPA) and ExxonMobil filed new $4.01 interstate rates that were in effect subject to refund for short periods (BPPA July 1 to July 31st, and ExxonMobil May 1st to July 8th). The state protested those rates and therefore are subject to refund. ConocoPhillips also filed a $4.01 rate but then withdrew it. ExxonMobil, ConocoPhillips and BPPA then each filed a $4.10 rate, their current rates, that are subject to refund due to state protests. Unocal and Koch are still operating under their 2008 compliance rate tariffs.

A total revenue requirement (TRR) for operating and maintaining the pipeline while providing a reasonable rate of return for the investment in the pipeline. This TRR is then unitized by dividing by the total number of barrels of oil put through the pipeline.

To calculate the rate of return and depreciation components for the cost-of-service model, the beginning rate base is established and depreciated according to the FERC opinion, which extended the life of the line from 2011 to 2034. Carriers use 2034 as the end of the useful life of TAPS for setting depreciation rates, and FERC has rejected arguments to use a 2042 end-life for setting depreciation rates.

Additions to the rate base are made to account for future investments and capital expenditures for the Strategic Reconfiguration project.

Adjustments to the rate base use

- beginning rate base,
- trending,
- deferred return,
- new capital additions,
- depreciation,
- ending rate base.

The capital cost structure, cost of debt and real rate of return on equity are from the test period filing with FERC. Return on equity is consistent with the new FERC policy statement which allows Master Limited Partnerships to be included in rate of return proxy groups for determining rates for services. Property tax reflects the 2009 State Assessment Review Board (SARB) decision. Operating costs are function of the level of throughput and inflation. The deferred return and the Allowance for Funds Used During Construction (AFUDC) are amortized per the rate stipulated in the order. Other cost components are projected using relationships developed from historical data and statistical analysis.

Components of the total revenue requirement include

- operating expenses,
- property tax,
- depreciation expense,
- interest expense,
- return on equity,
- amortization of AFUDC,
- amortization of deferred return,
- income tax allowance,
- non-transportation revenues.

The TRR for the pipeline is the sum of the components listed above. A dollar per barrel tariff is calculated by dividing the TRR by deliveries. This makes the tariff sensitive to the inherent uncertainties of forecasting production as well as the uncertainties in forecasting the cost-of-service components.

TAPS is an old pipeline with about 75 percent of the TRR attributable to operating expenses. As the relatively fixed operating expenses are spread over fewer barrels, the tariff increases rapidly. From about $5.60 per barrel in 2019 the tariff increases to over $15.00 by the 2034 end-life for setting depreciation rates.

Feeder Pipeline Tariffs and Other Adjustments

These costs include feeder pipeline charges, other cost adjustments to account for the different qualities of oil entering the pipelines, and market-location differentials for intrastate sales.

Transportation costs for feeder pipelines are incurred to move the crude oils from the various North Slope production fields to Pump Station No. 1 of TAPS. There are six feeder pipelines on the North Slope.

The tariff forecast for each pipeline is based on a cost-of-service model tailored to match the particular settlement agreement of each feeder pipeline. The tariff, under a cost-of-service ratemaking approach, includes certain costs incurred by the pipeline owner and a return on the rate base. These costs may include operating expenses, DR&R allowance, depreciation and other costs. The return on the rate base is the product of the rate base and a rate of return. The rate base is the value of the carrier property minus depreciation and other adjustments. The rate of return is an equity-and-debt-weighted return agreed upon in the settlement agreement. To forecast each pipeline's tariff per barrel, projected total costs and the return on the rate base are summed and divided over the projected total number of barrels throughput.

Wellhead Price

The combination of ANS wellhead value and production volumes forms the basis for both state production taxes and royalties. The wellhead value is calculated by subtracting the relevant marine transportation and pipeline tariff costs (as well as adjustments for North Slope feeder pipelines and pipeline quality bank) from the appropriate destination value. Figure 4-8 reflects this calculation for FY 2009-2019.

4. Crude Oil Production Methodology

In a hydrocarbon rich basin such as the North Slope of Alaska, any discussion regarding production forecasting methodology should begin with identifying those resources that are not included in our estimates. We do not include any estimates for undiscovered oil, including future potential from the Alaska National Wildlife Refuge (ANWR),

Figure 4-8. Fall 2009 Forecast Assumptions, FY 2009 and Forecasted FY 2010-2019 (nominal $ per barrel)

Fiscal Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
ANS West Coast Price	68.34	66.93	76.35	83.93	86.24	88.61	91.05	93.55	96.13	98.77	101.49
ANS Marine Transportation	2.05	2.07	2.05	2.10	2.15	2.20	2.25	2.30	2.35	2.40	2.45
TAPS Tariff	4.59	4.18	4.40	4.51	4.50	4.51	4.60	4.75	4.95	5.23	5.62
Other Deductions & Adjustments [1]	(0.15)	(0.35)	(0.46)	(0.45)	(0.42)	(0.36)	(0.37)	(0.38)	(0.39)	(0.40)	(0.41)
ANS Wellhead Price	61.86	61.03	70.36	77.78	80.02	82.27	84.57	86.89	89.22	91.54	93.84

[1] Includes other adjustments such as quality bank charges, location differentials and company-amended information.

the National Petroleum Reserve-Alaska (NPR-A), the federal Outer Continental Shelf (OCS) or onshore lands within the state of Alaska. We exclude from our estimates production from most of the known heavy or viscous oil deposits; in fact we consider none of the approximately 20 billion barrels from the giant Ugnu deposit. We exclude 96% of the viscous/heavy oil from the large West Sak field, projecting roughly 400 million barrels recovery out of roughly 10 billion barrels in place. We also exclude 87% of the heavy oil at Schrader Bluff, projecting roughly 285 million barrels recovery out of over 2 billion barrels in place. Additionally, none of the known oil discoveries in the federal OCS, in fields such as Sivilluq, Kuvlum and Sandpiper, potentially totaling hundreds of millions of barrels of recoverable oil, are considered in the forecast. None of the known discoveries outside of the small NPR-A accumulations in the vicinity of the Alpine field are included. Finally, we limit any production attributed to a promising new enhanced oil recovery technology termed 'low salinity waterflood' to a portion of the Endicott field, where results from an ongoing pilot project are expected by year end. Laboratory tests using Endicott rock show low salinity waterflood can increase ultimate recovery by 10-15%, or approximately 150 million barrels. Successful slope-wide implementation of low salinity waterflood could result in incremental recovery measured in the billions of barrels. We also exclude any enhanced oil recovery from CO_2 injection, a long proven technology that complements low salinity waterflood and provides necessary disposition of an otherwise unwanted byproduct of gas conditioning associated with major gas sales from the North Slope. Carbon dioxide injection, presumed to occur only with major gas sales, could add hundreds of millions barrels of incremental recovery from the North Slope.

We exclude the aforementioned resources, both known and unknown, in order to avoid speculation and to reduce the uncertainty typically associated with the commercialization, timing and magnitude of resource development. Accordingly, we believe that our current estimates of ultimate recovery from the North Slope are conservative.

For the production forecasting process, we engage a certified petroleum engineering consultant who performs a bottom-up evaluation on each of the individual fields that yields a forecast of three types of oil production: (1) oil that is currently being produced, (2) oil production that we expect to realize from projects currently under development and (3) oil production that we expect to realize from projects under evaluation. A detailed description of each type of production is provided later in this section. The engineering consultant employs decline curve analysis, augmented by generally accepted engineering principles, discussions with field operators and public and private information, in order to assemble our long range production forecast.

Assumptions

We continue to make adjustments to our production expectations from the North Slope in this fall 2009 forecast. As always, we examined reservoir performance, reviewed the uncertainty associated with the pace and scope of development of new fields and new projects within existing fields and re-evaluated planned and unplanned downtime for all fields. Our review indicates that, with minor exceptions, and notwithstanding planned and unplanned surface disruptions, all reservoirs are performing at or above expectations. From FY 2009 through FY 2050, we expect to produce almost 5.3 billion barrels of liquid hydrocarbons.

In the next ten years, we anticipate new developments on state and federal lands, both of which benefit the state. Most of the opportunities to add production from state lands are from expanded heavy/viscous oil development (West Sak, Orion, Polaris, Schrader Bluff fields), continued satellite development at Alpine (Fiord, Fiord-West, Nanuq, Qannik, Alpine West fields), and new developments at Oooguruk and Nikaitchuq. Production from the Oooguruk field began during the summer of 2008 and is progressing as expected. The Nikaitchuq field was sanctioned in early 2008 and development is underway, with first oil anticipated at year-end 2010. Although we forecast expanded development at West Sak, we have slowed the pace of heavy oil development there to allow the operator to fully evaluate technical and commercial issues associated with the development. For similar reasons, heavy oil development at Orion and Polaris has been slowed. For the Milne Point Unit, which includes both the Kuparuk pool and the heavier Schrader Bluff pool, we have slowed the pace of development to allow for reprioritized spending on infrastructure renewal projects. We have delayed the development of Point Thomson satellites one year in keeping with our 10-year development lead time, which may be conservative. The development of Point Thomson is based on the most recent Plan of Development submitted by the operator. Our review of Alpine satellite field development yielded expanded development at Alpine West, the addition of satellite Fiord West, increased expectations from Fiord and reduced expectations from Nanuq. New satellite Qannik came on production during the summer of 2008 and is under continued development.

Our forecast includes production from state lands as well as from federal lands. From a revenue standpoint, the State of Alaska benefits in at least five ways, albeit to a lesser degree, from new developments on federal lands: (1) shared royalties from federal OCS fields such as Liberty; (2) production taxes on federal oil produced onshore within Alaska (NPR-A); (3) increased property tax on any infrastructure on state lands required to produce and transport federal oil; (4) corporate income taxes; and (5) lower pipeline transportation tariffs, which increase wellhead prices. In addition, any oil processed through the Endicott facility (Liberty field) may increase net profits payments to the state. Federal oil produced within the State of Alaska can return up to 75% of the revenue generated by oil produced on state lands. Federal oil produced from non-state lands provides a revenue benefit limited to decreased transportation tariffs and increased property taxes.

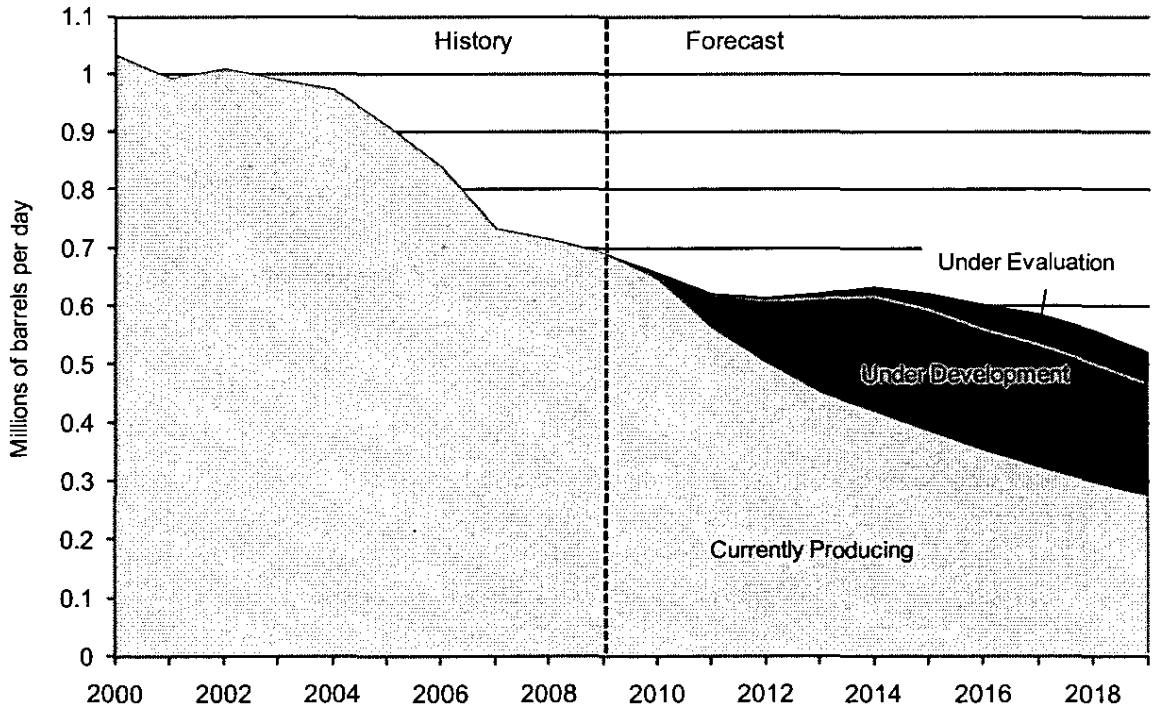
For the fall forecast we have reevaluated the scope and pace of development of projects within the federal NPR-A to better reflect the timing of competing projects at Alpine and to account for further delineation drilling and subsequent evaluation this winter. The end result is a slight delay in development at known accumulations Spark and Moose's Tooth. Liberty development is underway, with long lead items such as building the world's largest land drilling rig setting the pace. The rate profile we use for Liberty is adapted from the plan of development filed with the Minerals Management Service and should be considered a base case scenario with upside potential.

Although we anticipate new developments from state and federal lands over the next 10 years to contribute to overall production and partially mitigate base decline, we continue to make near-term adjustments to reflect ongoing infrastructure renewal projects. Much of the new production we forecast relies upon the continued use of aging wells, flowlines, production facilities and pipelines, as does at least 500,000 barrels per day of existing production.

Crude Oil Production Forecast

Our three categories of North Slope production are illustrated in Figures 4-9 and 4-10. We do this so that the reader will have an understanding of the uncertainty associated with the production forecast. We forecast production of only those fields that have already been discovered and at a minimum are being evaluated for development.

Figure 4-9. Alaska North Slope Production, FY 2000-2009 and Forecasted FY 2010-2019



Currently Producing

Production characterized as "currently producing" includes baseline production and presumes a continued level of expenditure sufficient to promote safe, environmentally sound operations. Such expenditures include the following: well diagnostic and remedial work, data acquisition and rate-enhancing expenditures such as perforating, acid stimulation, well workovers, fracture treatments, artificial lift optimization and production profile optimization. This category of production also presumes continued gas and water injection for pressure support. Based on historical forecasting performance, we assign a 98% confidence level for the current fiscal year and a 95% confidence level for the second fiscal year forward.

Currently Under Development

Production characterized as "currently under development" is based on new projects either currently funded or awaiting project sanctioning in the very near future. It includes projects that may be in the design/construction phase, as well as development drilling and enhanced oil recovery (miscible or immiscible injection) projects, currently funded or underway, but not included in the "currently producing" category. It also includes incremental oil expected from the long-term gas cap water injection project at Prudhoe Bay and Endicott which is planned for 2012. Examples of production currently under development include the Fiord, Nanuq, Alpine West, Fiord West and Qannik satellites at Alpine, the Borealis, Orion and Polaris satellites at Prudhoe Bay, development drilling at Tarn, Liberty, Ooguruk, and Nikaitchuq.

The timing of these projects are often influenced by budget cycles, working interest owner approval, available human resources, equipment procurement, and rig availability. Our subjective confidence for this category of production is 85% to 90%.

Currently Under Evaluation

Production characterized as "currently under evaluation" includes technically viable projects currently in the "pencil sharpening" stage where engineering, cost, risk and reward are all being actively evaluated. These projects are all currently unfunded by the operators but have a high chance of being brought to fruition. Examples include heavy oil development outside of the core or near core area at West Sak, longer term Orion drilling, half of all new Schrader Bluff drilling, long-term production from Point Thomson and associated satellites, and pools within the NPR-A.

Figure 4-10. Alaska North Slope Production, FY 2009 and Forecasted FY 2010-2019[1] (million barrels per day)

Fiscal Year	Currently Producing	Under Development	Under Evaluation	Total ANS
2009	0.692	0.000	0.000	0.692
2010	0.646	0.012	0.000	0.659
2011	0.562	0.060	0.000	0.623
2012	0.504	0.109	0.003	0.617
2013	0.452	0.165	0.007	0.624
2014	0.420	0.201	0.014	0.635
2015	0.385	0.213	0.025	0.623
2016	0.353	0.211	0.041	0.604
2017	0.324	0.214	0.051	0.588
2018	0.298	0.207	0.055	0.561
2019	0.276	0.196	0.052	0.524

[1] Some of the oil forecasted in the Under Development and Under Evaluation categories are from new projects in fields currently producing.

Confidence levels vary for this category of production. Production from the known NPR-A fields that are undergoing further delineation and likely will use the existing Alpine facility might have confidence levels approaching that of "production under development." High cost, scope challenged developments such as Point Thomson probably deserve lower confidence, not because of the lack of reserves, but because of the uncertainty in the timing of first production.

As Figure 4-11 shows, by FY 2014 more than one-third of our projected oil production will come from projects requiring significant new investment.

Undiscovered Potential

The long-term revenue outlook published in this book is associated with our forecast of production from oilfields that have already been discovered. However, it is important to discuss the potential for future production from resources currently undiscovered.

In April 2009, the U.S. Department of Energy released an addendum to their 2007 report entitled *Alaska North Slope Oil and Gas: A Promising Future or an Area in Decline?*[5] which assesses the potential for Alaska to remain a major producer of oil and gas under different development scenarios. The report summarizes near-term potential (2005-2015) and long-term potential (2015-2050) mostly under a major natural gas sales scenario. According to the report, the North Slope is a relatively young petroleum province from an exploration perspective, and may provide oil, and increasingly more important natural gas, for years to come.

The DOE report evaluates geologic and commercial viability of future oil and gas production from five areas or provinces: (1) the central Arctic area between the Colville and Canning Rivers (and adjacent state waters); (2) the 1002 area of ANWR; (3) NPR-A; (4) the Beaufort Sea OCS and (5) the Chukchi Sea OCS. Under the most optimistic scenario, DOE reported mean technically recoverable oil resources of 47.8 billion barrels and mean technically recoverable gas resources of 194.9 trillion cubic feet (TCF) from these five areas. Figure 4-12 shows the breakout by exploration area.

These figures represent the amount of hydrocarbon resources that are technically recoverable with today's technology assuming that all five areas are open to development; however, they say nothing about the economic recoverability. DOE also estimates economically recoverable reserves from these five areas using a range of oil and gas prices ($25 to $60 per barrel and $3.13 to $7.50 per thousand cubic feet of gas), and an 8:1 oil-to-gas price ratio. Using the high oil price case of $60 per barrel, total economically recoverable oil for the 2005-2050 time period is estimated at 31 billion barrels of oil and 135 TCF of gas. Figure 4-13 details the economic recoverable resources by area.

Figure 4-11. New Oil as a Percentage of Total Oil (million barrels per day)

Fiscal Year	Total New Oil	ANS Total	Percent New Oil
2010	0.012	0.659	1.9%
2011	0.061	0.623	9.7%
2012	0.113	0.617	18.3%
2013	0.172	0.624	27.6%
2014	0.215	0.635	33.9%
2015	0.238	0.623	38.2%
2016	0.252	0.604	41.6%
2017	0.265	0.588	45.0%
2018	0.262	0.561	46.8%
2019	0.248	0.524	47.3%

[5] http://www.netl.doe.gov/publications/press/2008/08002-DOE_Releases_Alaska_Report.html; http://www.netl.doe.gov/technologies/oil-gas/publications/AEO/ANS_potential.pdf

Petroleum Property Tax

An annual tax is levied each year on the full and true value of property taxable under AS 43.56. The tax on oil and gas property is the only statewide property tax. The valuation procedure for three distinct classes of property—exploration, production and pipeline transportation—is described here.

Exploration Property

Value is based on the estimated price that the property would bring in an open market under prevailing market conditions in a sale between a willing seller and a willing buyer, both conversant with the property and with prevailing general price levels.

The state petroleum property assessor gathers raw data for determining market value by reviewing the details of equipment sales in Alaska when available and reviewing trade journals. This data is then applied to the taxable property, taking into account age, capacity and physical and functional obsolescence.

Production Property

Value is determined on the basis of replacement cost new less depreciation, based on the economic life of the proven reserves.

The factor used in the depreciation calculation for the facility typically equals the years of remaining life divided by the total life.

Pipeline Transportation Property

The full and true value of taxable pipeline property is determined with due regard to the economic value of the property based on the estimated life of the proven reserves of gas or unrefined oil that will be transported by the pipeline. We rely upon several standard appraisal techniques to value Alaska pipelines. When market rents are available, we analyze the income method under which the value is the net present worth of all future income streams of the pipeline. We primarily rely on replacement cost new less depreciation, based on the economic life of the reserves that feed the pipeline. This is especially useful when rents are constrained by the regulatory process or when market rents cannot be obtained for use in the income method.

Figure 4-14 illustrates the property tax distribution between local communities and the state for FY 2009. The property value is assessed by the state. A local tax is levied on the state's assessed value for oil and gas property within a city or borough, and is subject to the local property tax limitations established in AS 29.45.080 and AS 29.45.100. The state's mill rate is effectively 20 mills minus the local rate.

Petroleum Corporate Income Tax

Alaska levies two types of corporate income tax. This section focuses on the oil and gas corporate income tax. Forecasts and discussion of the corporate income tax as applied to corporations other than oil and gas corporations can be found in the Other Revenue section of this forecast.

Figure 4-12. Technically Recoverable North Slope Oil and Gas Potential

Exploration Area	Mean Technically Recoverable Oil (BBO)	Mean Technically Recoverable Gas (TCF)
ANWR 1002 Area	10.3	3.8
Beaufort Sea OCS	6.9	32.1
Chukchi Sea OCS	15.5	60.1
Colville-Canning Area (& adjacent state waters)	4.5	37.5
NPR-A	10.6	61.4
TOTAL	**47.8**	**194.9**

Source: U.S. Department of Energy, August 2007; Addendum April 2009.

Figure 4-13. Economically Recoverable North Slope Oil and Gas Potential

	Near Term 2005-2015		Long Term 2015-2050		Total 2005-2050	
Exploration Area	**Oil (BBO)**	**Gas (TCF)**	**Oil (BBO)**	**Gas (TCF)**	**Oil (BBO)**	**Gas (TCF)**
ANWR 1002 Area	N.A.	N.A.	6.75	2.0+	6.75	2.0+
Beaufort Sea OCS	0.65	1.0	4.3	20.0	4.95	21.0
Chukchi Sea OCS	NA	NA	9.5	50.0	9.5	50.0
Colville-Canning Area (& adjacent state waters)	1.1	10.0	2.05	23.3	3.15	33.3
NPR-A	1.1	1.0 (associated gas)	5.4	30.0	6.5	31.0
TOTAL ARCTIC ALASKA	**2.85**	**12.0**	**28.0**	**125.3**	**30.85**	**137.3**

Source: U.S. Department of Energy, August 2007; addendum April 2009.

Figure 4-14. Distribution of Petroleum Property Tax, FY 2009 ($ million)[1]

Municipalities	**Gross Tax**	**Local Share**	**State Share**
North Slope	292.8	270.8	22.0
Unorganized	76.3	0.0	76.3
Valdez	39.6	39.6	0.0
Kenai	14.1	7.0	7.1
Fairbanks	13.9	9.3	4.6
Anchorage	4.7	3.7	1.1
Other Municipalities [2]	0.4	0.2	0.2
Total	**441.6**	**330.5**	**111.2**

[1] Amounts shown here do not include the supplemental property tax roll and as a result may not exactly match data presented elsewhere in this forecast.

[2] Includes Matanuska-Susitna Borough, Cordova and Whittier.

An oil and gas corporation's Alaska income tax liability depends on the relative size of its Alaska and worldwide activities and the corporation's total worldwide net earnings. The corporation's Alaska taxable income is derived by apportioning its worldwide taxable income to Alaska based on the average of three factors as they pertain to the corporation's Alaska operations: (1) tariffs and sales, (2) oil and gas production and (3) oil and gas property.

Historically, oil and gas corporate income tax revenue has varied greatly along with oil prices and oil industry profits. In FY 1982, revenue from this tax was $668.9 million. As recent as FY 1994, the oil and gas corporate income tax generated a mere $17.8 million. For the past several years, revenues from the oil and gas corporate income tax have benefited from high oil prices and oil industry profits, generating $492.2 million in FY 2009. This represents a decrease from the $605.8 million collected in FY 2008.

Our forecast of oil and gas corporate income tax collections uses an economic model based on the statistical relationships between historical tax payments, crude oil prices, North Slope oil production and refinery margins. We then adjust for refunds and carryforwards which cause actual collections to differ from estimated payments.

We forecast oil and gas corporate income tax collections of $470 million in FY 2010. We expect moderate increases in nominal oil prices to result in corresponding increases in oil and gas corporate income tax revenue.

Restricted Oil Revenue

According to Article IX, Section 15 of the Alaska Constitution, a minimum of 25% of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments and bonuses received by the state must be deposited into the Alaska Permanent Fund. With the repeal of HB 11[1] approximately 30% of oil and gas royalties goes into the principal of the Alaska Permanent Fund and 0.5% goes into the Public School Trust Fund. In addition, AS 37.14.110 requires a contribution of 0.5% of all royalties and bonuses to the Public School Trust Fund. Settlements with, or judgments against, the oil industry involving tax and royalty disputes must be deposited in the Constitutional Budget Reserve Fund (CBRF).

The state is entitled to 50% of all bonuses, rents and royalties from oil development activity in the federal NPR-A, all of which flows into the NPR-A Special Revenue Fund. Revenue in the fund is available for appropriation in the form of grants to municipalities that demonstrate present or future impact from NPR-A oil development. Of the revenue not appropriated to the municipalities, 25% goes to the Permanent Fund, 0.5% goes to the Public School Trust Fund, and the rest may be appropriated to the Power Cost Equalization and Rural Electric Capitalization Fund. Any remaining revenue after these appropriations lapses into the General Fund.

Figure 4-15 reflects restricted oil and gas revenue.

Figure 4-15. Restricted Oil Revenue, FY 2009 and Forecasted FY 2010-2011 ($ million)

	History	Forecast	
Restricted	FY 2009	FY 2010	FY 2011
Royalties to Permanent Fund & School Fund			
Royalties, Bonuses & Rents to the Permanent Fund	659.8	601.3	672.3
Royalties, Bonuses & Rents to the School Fund	11.0	10.4	11.1
Subtotal	**670.8**	**611.7**	**683.4**
Settlements to CBRF	202.6	440.7	20.0
NPRA Royalties, Rents & Bonuses	14.8	4.9	4.9
Total Restricted	**888.2**	**1,057.3**	**708.3**

Revenue Sources Book

Alaska Department of Revenue – Tax Division

FALL 2009

1249

5. Other Revenue (except Federal & Investment)

Figure 5-1. FY 2009 Other Revenue: $0.9 billion

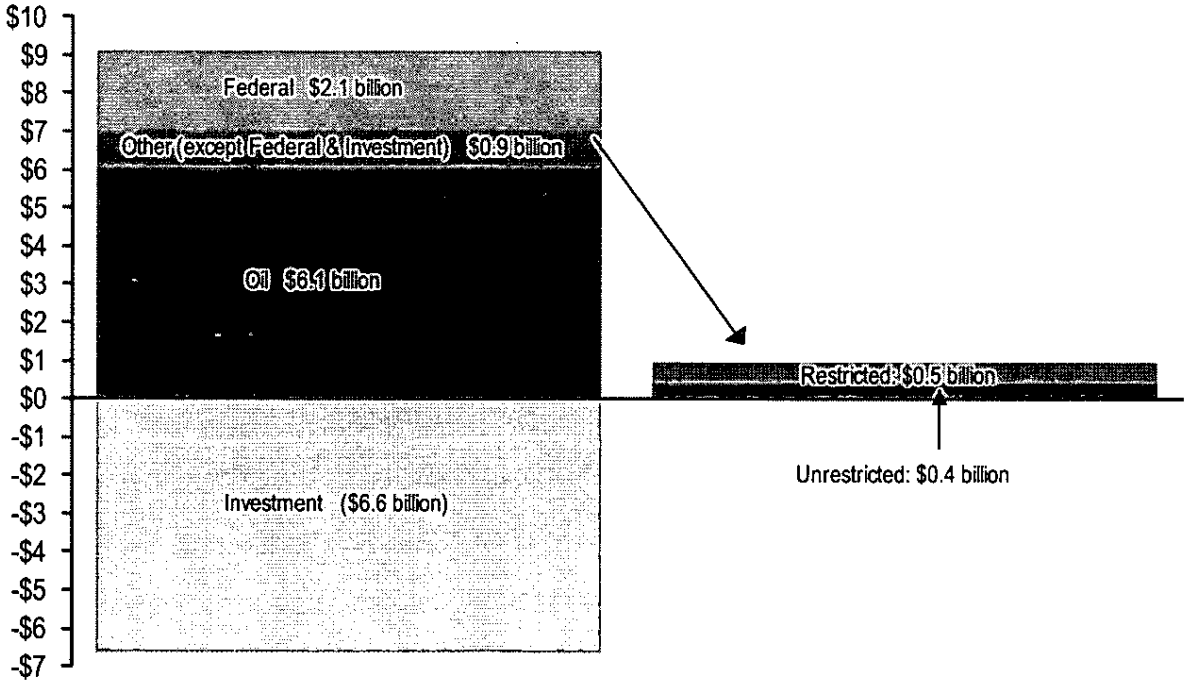


Figure 5-2. Total Other Revenue (except Federal & Investment), FY 2009 and Forecasted FY 2010-2011 ($ million)

	History	Forecast	
Unrestricted	FY 2009	FY 2010	FY 2011
Taxes	294.7	284.4	298.8
Charges for Services	19.3	20.0	23.2
Fines & Forfeitures	10.5	8.9	8.9
Licenses & Permits	35.5	40.5	38.8
Rents & Royalties	15.6	13.6	14.2
Other	27.0	21.9	21.9
Total Unrestricted	**402.6**	**389.3**	**405.8**
Restricted			
Taxes	155.4	138.9	138.7
Charges for Services	250.9	257.2	258.4
Fines & Forfeitures	39.1	36.1	34.9
Licenses & Permits	34.7	39.2	39.5
Rents & Royalties	7.4	9.0	9.6
Other	58.3	108.5	108.5
Total Restricted	**545.8**	**588.9**	**589.6**
Total Other Revenue	**948.4**	**978.2**	**995.4**

General Discussion

This section includes income from sources other than oil, state investments and federal receipts including non-oil taxes, charges for services, fines and forfeitures, licenses and permits, rents and royalties and other revenue sources. These revenue sources are divided between unrestricted and restricted revenues; the amounts of each are reflected in Figures 5-2 through 5-8 throughout this chapter. Restricted revenue includes money deposited in funds other than the General Fund, as well as receipts that are restricted by statute or that the legislature customarily appropriates for a particular purpose or program, such as sharing of fish tax revenue with municipalities.

Taxes

Alcoholic Beverages Tax

Alcoholic beverage taxes are collected primarily from wholesalers and distributors of alcoholic beverages sold in Alaska. The per-gallon tax rates on alcoholic beverages are $1.07 for beer, $2.50 for wine and $12.80 for liquor. The tax on beer produced by qualifying small brewers is $0.35 per gallon. Revenue is deposited into the General Fund. Fifty percent of the revenue is deposited into a subfund of the General Fund, the Alcohol and Other Drug Abuse Treatment and Prevention Fund, and is treated as restricted in this forecast.

Over the past 10 years, alcohol consumption has grown at an average annual rate of 0.6% for beer, 4.2% for wine, and 3.3% for liquor. We forecast that consumption will continue to grow at these historical average rates.

Charitable Gaming

Under Alaska law, municipalities and qualified nonprofit organizations may conduct certain charitable gaming activities. The purpose of these activities is to derive public benefit in the form of money for the charities and revenues for the state. The Department of Revenue collects permit and license fees, a 1% net proceeds fee and a 3% pull-tab tax. We forecast that revenues from charitable gaming activity will decrease slightly in FY 2010 and remain flat in FY 2011.

Commercial Passenger Vessel Taxes

In August 2006, Alaska voters approved an initiative that imposed new taxes and fees associated with commercial passenger vessels:

- The Cruise Ship Passenger Fee is a tax of $46 on each passenger traveling on a commercial passenger vessel with 250 or more berths. Revenues are deposited into a subfund of the General Fund, the Commercial Vessel Passenger Tax Account. Five dollars of the tax is distributed to each of the first five ports of call, and an additional 25% of the tax is designated for other local governments impacted by the cruise ship industry via the Regional Cruise Ship Impact Fund. The entire passenger fee is considered restricted for purposes of this forecast. Based on company announcements, we forecast passenger counts, and therefore tax collections, to decline for both FY 2010 and FY 2011. There may be some growth in FY 2012.
- The Ocean Ranger Fee is an additional per-berth fee of $4 to operate the Ocean Ranger program, which provides for independent observers of engineering, sanitation and health practices. This fee is considered restricted and is included in the Charges for Services section of this forecast.
- The Large Passenger Vessel Gambling Tax is a tax of 33% on the adjusted gross income from gaming or gambling activities aboard large passenger vessels in the state. Revenue goes into a subfund the General Fund and is considered restricted for purposes of this forecast. We expect revenue to decline to $5.7 million in FY 2010 from $6.3 million in FY 2009.
- The Alaska corporate income tax now applies to large commercial passenger vessels. The effects of this provision are included in our forecast of corporate income taxes.
- There are new penalties for false reporting, violating environmental regulations and failing to make proper disclosures on promotions and shore side activity sales. Any revenue from these provisions is included in the Fines and Forfeitures section of this forecast.

Corporate Income Tax

Alaska levies two types of corporate income tax: one that applies to oil and gas corporations and one that applies to corporations other than oil and gas corporations. Forecasts and discussion of the corporate income tax as applied to oil and gas corporations can be found in the Oil Revenue section of this forecast.

Alaska levies the corporate income tax on net income of corporations that do business in the state and derive income from sources within Alaska. Corporate tax rates are graduated from 1% to 9.4% in $10,000 increments of Alaska taxable income; the maximum rate of 9.4% applies to taxable income over $90,000. S-Corporations and LLCs that file federally as partnerships are generally exempt from corporate income tax. Corporations compute their tax liability based on federal taxable income with Alaska adjustments. Corporations other than oil and gas corporations apportion their income to Alaska by using a three-factor apportionment based on sales, property and payroll. Alaska taxable income is determined by applying the apportionment factor to the corporation's modified federal taxable income.

We produce our forecast of non-petroleum corporate income tax collections by using two economic models: one for the largest sector in terms of collections (mining) and one for all other sectors.

The mining sector model is based on the statistical relationship between historical tax payments, corporate profits and zinc prices. Zinc prices are used because zinc accounts for over half of Alaska minerals production. The model for all sectors other than mining is based on the statistical relationship between historical tax payments, corporate profits and crude oil prices. Crude oil prices are used because the price of oil influences company profitability in many economic sectors in Alaska. After forecasting estimated payments, we then adjust for refunds, carry-forwards and other payments that cause actual collections to differ from estimated payments.

Over the past few years, income tax revenue from corporations other than oil and gas corporations has been above the historical average. In FY 2009, revenue was $120.9 million, the fourth consecutive year of collection over $100 million. Looking forward, collections will be lower because of the economic downturn as well as lower prices for Alaska's oil and minerals. The first half of FY 2010 appears weak and collections are expected to total $86.6 million for the year. In FY 2011 we expect that collections will be $89 million – about $32 million less than FY 2009.

Electric Cooperative and Telephone Cooperative Taxes

The electric cooperative tax is based on kilowatt hours furnished by qualified electric cooperatives recognized under Title 10 of the Alaska Statutes. The telephone cooperative tax is levied on gross revenue of qualified telephone cooperatives under Title 10. Revenue from cooperatives located in municipalities is treated as restricted revenue in this forecast because it is shared 100% with the municipalities. The small amount of revenue collected from cooperatives outside municipalities is retained by the state. We forecast that revenues from the electric and telephone cooperative taxes will grow according to the overall rate of inflation.

Estate Tax

The estate tax is levied on the transfer of an estate upon death. The Alaska estate tax is tied to the federal tax, with the amount of the state tax equaling the maximum state credit allowed on the estate's federal return. All revenue derived from estate taxes is deposited in the General Fund.

As a result of changes to the federal estate tax, the Alaska estate tax was phased out completely beginning January 1, 2005. The federal estate tax changes that caused the state tax to phase out are currently scheduled to sunset after December 31, 2010. Assuming the tax changes sunset as scheduled, Alaska will begin to receive revenue from the estate tax again in FY 2012.

Fisheries Business Tax

The fisheries business tax is levied on businesses that process fisheries resources in or export fisheries resources from Alaska. Although the tax usually is levied on the act of processing, the tax is often referred to as a "raw fish tax" because it is based on the value of the raw fishery resource. Tax rates vary from 1% to 5%, depending on whether a fishery resource is classified as "established" or "developing," and whether it was processed by a shore-based or floating processor. Revenue from the tax is deposited in the General Fund. Fifty percent of the revenue (before credits) is shared to qualified municipalities and is treated as restricted in this forecast.

We forecast fisheries business tax revenues based on estimated taxable values of the major fisheries in the state and historical effective tax rates. Fisheries business tax revenue retained by the state is reduced by a forecast of tax credits, including Salmon Product Development credits, which apply only to the state portion of the tax.

Fishery Resource Landing Tax

The fishery resource landing tax is levied on fishery resources processed outside of and first landed in Alaska, and is based on the unprocessed statewide average price of the resource. The tax is collected primarily from factory trawlers and floating processors that process fishery resources outside the state's 3-mile limit and bring their products into Alaska for shipment. The tax rates vary from 1% to 3%, based on whether the resource is classified as "established" or "developing." All revenue derived from the tax is deposited in the General Fund. Fifty percent of the revenue (before credits) is shared to qualified municipalities, and is treated as restricted in this forecast.

We forecast fisheries resource landing tax revenues based on estimated taxable values of the major fisheries in the state and historical effective tax rates. Fisheries resource landing tax revenue retained by the state is reduced by a forecast of tax credits which apply only to the state's share of the tax.

Insurance Premium Tax

Insurance companies in Alaska pay an insurance premium tax instead of corporate income tax, sales or other excise taxes. Revenue is deposited into the General Fund, and for most types of insurance, the tax is treated as unrestricted revenue. Insurance premium taxes on worker's compensation insurance are deposited into a subfund of the General Fund, the Workers Safety and Compensation Fund, and are reflected as restricted in this forecast. The restricted component also includes service fees paid into the Workers Safety and Compensation Fund by employers who are uninsured or self-insured.

We forecast insurance premium tax revenues based on estimates provided by the Department of Commerce, Community and Economic Development's Division of Insurance, which administers the insurance premium tax, and the Department of Labor and Workforce Development's Workers Compensation Division, which collects worker's compensation service fees.

Mining License Tax

The mining license tax is a tax ranging from 0% to 7% on the net income of all mining operations in the state. Except for sand and gravel operations, new mining operations are exempt from the mining license tax for a period of 3½ years after production begins.

Our forecast is produced using a bottom-up approach that estimates tax payments for each of the major mines in the state based on expected minerals prices and production.

Mining license tax revenues were $15.5 million in FY 2009, a dramatic decrease from $54.4 million in FY 2008. However, prices for many minerals have climbed recently. In particular, zinc prices have stabilized and are likely to increase as the global demand returns.

(Zinc prices are particularly important because zinc accounts for more than half of Alaska's non-petroleum mineral production).

Based on expectations of higher profits at Alaska's mines, we forecast mining license tax revenues will increase from what was collected in FY 2009. We foresee an increase to over $29 million in FY 2010 followed by collections of more than $28 million by FY 2011.

Motor Fuel Tax

The motor fuel tax is imposed on all motor fuel sold, transferred or used within Alaska. Per gallon rates are 8 cents for highway use, 5 cents for marine fuel, 4.7 cents for aviation gasoline, 3.2 cents for jet fuel, and 8 cents or 2 cents for gasohol, depending on the season, location and EPA mandate. Motor fuel taxes are collected primarily from wholesalers and distributors licensed as qualified dealers. Various uses of fuel are exempt from tax, including fuel used for heating or flights to or from a foreign country. Although the statutes state that the legislature may appropriate the revenue for specific purposes, including highway construction and maintenance and water and harbor facilities, all motor fuel tax receipts are paid into the general fund and are treated as unrestricted for purposes of this forecast. Sixty percent of the taxes attributed to aviation fuel sales at municipal airports are shared with the respective municipalities, and are treated as restricted for the purposes of this forecast.

A temporary suspension of the motor fuel tax took effect September 1, 2008 and ended August 31, 2009. Therefore, FY 2009 included only two months of motor fuel tax collections and FY 2010 will include ten months of collections.

We forecast motor fuel tax revenue based on Energy Information Agency projections for U.S. motor fuel consumption growth, with adjustments for the temporary tax suspension.

Tire Fee

The tire fee has two components. The first component is a tax of $2.50 on all new tires sold in Alaska for motor vehicles intended for highway use. The second component is an additional $5 fee per tire on all new tires with heavy studs sold in Alaska, and a $5 fee per tire on the installation of heavy studs on a previously un-studded tire.

We forecast tire fee revenue based on the expected number of vehicle registrations in the state.

Seafood Assessments and Taxes

The Department of Revenue administers five different programs that raise money through seafood assessments and taxes. The rates for these assessments and taxes are determined by a vote of the appropriate association within the seafood industry, by members of the Alaska Seafood Marketing Institute, or by the Department of Revenue.

The five programs are the following:

- The seafood marketing assessment, which applies to all seafood products made or first landed in Alaska and all unprocessed products exported from Alaska.
- The dive fishery management assessment, which is levied on the value of fishery resources taken using dive gear in a designated management area.
- The regional seafood development tax, which is levied on the value of fishery resources in a designated management area.
- The salmon enhancement tax, which is levied on salmon sold or exported from designated aquaculture regions.
- The cost recovery fisheries assessment, a new program authorized in 2006. This program allows hatcheries to establish a common property fishery and recoup costs through an assessment on fishery resources taken in the terminal harvest area. So far, no hatcheries have elected to use this program as a funding source.

Although revenue received under these assessments is deposited in the General Fund, funds are treated as restricted revenue in this forecast because they are set aside for the legislature to appropriate for the benefit of the seafood industry, either in marketing or in management and development of the industry.

We forecast revenue for seafood assessments and taxes based on the estimated taxable value of the relevant seafood income.

Tobacco Tax

The tobacco tax is levied on cigarettes and tobacco products sold, imported or transferred into Alaska. Tobacco taxes are collected primarily from licensed wholesalers and distributors. There are two components to the tobacco tax: the cigarette tax and the other tobacco products tax.

The tax rate on cigarettes has been $2.00 per pack since July 1, 2007. Of the cigarette tax, $0.76 per pack is deposited into the School Fund, and is considered restricted revenue. All cigarette and tobacco products license fees are also deposited in the School Fund. The remainder of the cigarette tax revenue is deposited into the General Fund. Of the General Fund portion, 8.9% is deposited into a subfund of the General Fund, the Tobacco Use Education and Cessation Fund, and is treated as restricted in this forecast.

We forecast cigarette tax revenue based on projected average consumption declines of 4% annually.

The tax rate on other tobacco products, such as cigars and chewing tobacco, is 75% of the wholesale price and is deposited entirely in the General Fund.

We forecast that moderate increases in wholesale prices and consumption will result in other tobacco products tax revenue continuing to increase at the 10-year average rate of over 7% annually.

Our forecast for both cigarettes and other tobacco products includes an adjustment for the demand response to increased federal excise taxes on tobacco that took effect April 1, 2009.

Vehicle Rental Tax

The vehicle rental tax is a 10% tax on most passenger vehicle rentals of 90 days or less, and a 3% tax on rentals of recreational vehicles for 90 days or less.

Figure 5-3. Other Taxes, FY 2009 and Forecasted FY 2010-2011 ($ million)

	History	Forecast	
Unrestricted	FY 2009	FY 2010	FY 2011
Excise Tax			
Alcoholic Beverage	19.5	19.0	19.5
Tobacco Products – Cigarettes	36.4	32.9	31.6
Tobacco Products – Other	10.2	10.6	11.5
Electric & Telephone Cooperative	0.1	0.1	0.1
Insurance Premium	45.5	43.9	43.0
Motor Fuel Tax	10.1	30.0	40.3
Tire Fee	1.5	1.5	1.5
Vehicle Rental	8.0	8.1	8.4
Subtotal	**131.3**	**146.1**	**155.9**
Corporate Income Tax (non oil and gas)	**120.9**	**86.6**	**89.1**
Fish Tax			
Fisheries Business	19.3	15.1	16.4
Fishery Resource Landing	4.7	4.7	6.1
Subtotal	**24.0**	**19.8**	**22.5**
Other Tax			
Charitable Gaming	2.8	2.7	2.7
Estate	0.2	0.0	0.0
Mining License	15.5	29.2	28.6
Subtotal	**18.5**	**31.9**	**31.3**
Total Unrestricted Taxes	**294.7**	**284.4**	**298.8**

Figure 5-3. Continued

Restricted	History FY 2009	Forecast FY 2010	Forecast FY 2011
Excise Tax			
Alcoholic Beverage (alcohol & drug treatment)	19.0	19.0	19.5
Insurance Premium/Other (worker's safety & compensation)[1]	6.8	6.2	5.6
Electric & Telephone Cooperative (municipal share)	4.0	4.1	4.2
Tobacco – Cigarettes (school fund)	23.1	22.1	21.2
Tobacco – Cigarettes (tobacco use cessation)	3.4	3.2	3.1
Motor Fuel Tax – Aviation (municipal share)	0.1	0.1	0.1
Subtotal	**56.4**	**54.7**	**53.7**
Fish Tax			
Fisheries Business (municipal share)	22.9	17.6	18.9
Fishery Resource Landing (municipal share)	6.3	5.3	6.7
Salmon Enhancement (Aquaculture Association share)	5.8	5.5	5.1
Seafood Development (qualifying regional associations)	1.4	1.4	1.2
Seafood Marketing Assessment	8.9	7.1	8.0
Dive Fishery Management Assessment	0.4	0.4	0.4
Subtotal	**45.7**	**37.3**	**40.3**
Other Taxes & Fees			
Cruise Ship Passenger Fee (State Share)	24.9	21.9	20.9
Cruise Ship Passenger Fee (Municipal & Region Share)	9.9	9.0	8.5
Cruise ship Passenger Fee (regional cruise ship impact fund)	11.6	10.3	9.8
Large Passenger Vessel Gambling	6.3	5.7	5.5
Settlements to CBRF (non-petroleum)	0.6	0.0	0.0
Subtotal	**53.3**	**46.9**	**44.7**
Total Restricted Taxes	**155.4**	**138.9**	**138.7**
Grand Total	**450.1**	**423.3**	**437.5**

[1] In addition to the worker's compensation insurance premiums for the Insurance Premium Tax, this amount also includes services fees from employers who are self-insured.

The vehicle rental tax provisions became effective January 1, 2004.

We forecast that vehicle rental tax revenue will remain essentially flat in FY 2010 due to the economic downturn then increase with the overall rate of inflation.

Charges for Services

The charges for services category includes fees and other program charges for state services. Revenues reported in this category do not include all charges for state services—just those that do not fit into other categories in this report.

Most of these receipts are considered restricted revenue because they are returned to the program where they were generated. The only unrestricted revenues listed in this category come from charges that do not have program receipt designations, or are not otherwise segregated and appropriated back to a program. Many of the charges for services are small amounts that we have grouped into the broad categories "General Government," "Natural Resources" and "Other." Our forecast for these categories is based on fiscal year-to-date collections and historical averages. The largest categories of charges for services are listed separately and are discussed below.

Marine Highway Fund

The Alaska Marine Highway Fund is a subfund of the General Fund and receives revenue from state ferry system operations. The legislature has discretion over how the revenue is allocated. Because revenue is customarily appropriated for Alaska Marine Highway operations, they are considered restricted for this forecast. We forecast Marine Highway Fund receipts based on revenue expectations in the Alaska Marine Highway System business plan.

Commercial Passenger Vessel Fees

Commercial passenger vessel fees paid into the Environmental Compliance Fund come from two sources: ocean ranger fees and environmental compliance fees. All fees paid into the fund are considered restricted for purposes of this forecast. We forecast receipts based on passenger count estimates that are consistent with our Commercial Passenger Vessel tax forecast.

The Ocean Ranger Fee is a per-berth fee of $4 that applies to commercial passenger vessels with 250 or more berths. The fee is levied to support the Ocean Ranger Program, which provides for independent observers of engineering, sanitation and health practices aboard the vessels. This fee was imposed as part of an initiative passed by voters in August 2006, and is covered in more detail in the Taxes section of this chapter.

Environmental compliance fees are levied on commercial passenger vessels with over 50 berths. Fees range from $75 to $3,750 per vessel based on the number of berths, and funds are used to support environmental compliance programs.

Program Receipts

Under AS 37.05.142 – 37.05.146, receipts from authorized state programs are accounted for separately and appropriated to administer the source program, implement laws related to the program, or cover costs associated with collecting the receipts. Some programs with program receipt authority are not included in our Charges for Services category because they are reported elsewhere in this forecast or because they do not generate revenue available for general appropriation.

We forecast program receipt revenues based on discussions with the Governor's Office of Management and Budget and analysis of the most recent budget expectations for these categories.

Program receipts listed in this section are

- Receipt supported services, which includes state services such as Pioneers homes and occupational licensing that are funded by program receipts. Some seafood assessments are included in this category.
- Statutorily designated program receipts, which include money received from sources other than the state or federal government and restricted by the terms of a gift, grant, bequest or contract.
- Regulatory Commission of Alaska (RCA) receipts, which are regulatory cost charges and user fees levied on utilities and pipelines to fund costs of regulation.
- Test fisheries receipts, generated by the Department of Fish and Game from selling fish caught during testing the commercial viability of fisheries.
- Timber sale receipts, which are used to fund the timber disposal program of the Department of Natural Resources.
- Oil and Gas Conservation Commission receipts, which are fees and charges for regulation of oil and gas wells and pipelines.
- Business license fees collected by the Department of Commerce, Community and Economic Development.

Figure 5-4. Charges for Services, FY 2009 and Forecasted FY 2010-2011 ($ million)

	History	Forecast	
Unrestricted	FY 2009	FY 2010	FY 2011
General Government	8.8	9.5	12.7
Natural Resources	2.0	2.0	2.0
Other	8.5	8.5	8.5
Total Unrestricted	**19.3**	**20.0**	**23.2**
Restricted			
General Government	17.0	5.7	5.7
Natural Resources	0.5	0.5	0.5
Cruise Ship Ranger Fee	3.9	3.6	3.4
Environmental Compliance Fees	1.2	1.0	1.0
Marine Highway Receipts	46.2	51.1	52.5
Receipt Supported Services	124.7	107.0	107.0
Statutorily Designated	33.2	64.9	64.9
RCA Receipts	9.1	9.7	9.7
Test Fisheries Receipts	1.0	2.5	2.5
Timber Sale Receipts	0.6	0.8	0.8
Oil & Gas Conservation	4.6	5.5	5.5
DCCED Business Licenses	8.9	4.9	4.9
Total Restricted	**250.9**	**257.2**	**258.4**
Grand Total	**270.2**	**277.2**	**281.6**

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Figure 5-5. Fines & Forfeitures, FY 2009 and Forecasted FY 2010-2011 ($ million)

	History	Forecast	
Unrestricted	FY 2009	FY 2010	FY 2011
Fines & Forfeitures	10.5	8.9	8.9
Total Unrestricted	**10.5**	**8.9**	**8.9**
Restricted			
Tobacco Settlement (North Tobacco Securitization Corporation)	29.8	27.7	26.7
Tobacco Settlement (Tobacco Use Education & Cessation Fund)	7.5	6.9	6.7
Other	1.8	1.5	1.5
Total Restricted	**39.1**	**36.1**	**34.9**
Grand Total	**49.6**	**45.0**	**43.8**

Fines and Forfeitures

Fines and forfeitures include civil and criminal fines and forfeitures and money received by the state from the settlement of civil lawsuits. The largest single source of receipts under this category is the multi-state tobacco settlement. Other sources are forecast based on fiscal year-to-date collections and historical averages.

Tobacco Settlement

The tobacco Master Settlement Agreement was signed by 46 states (including Alaska) in November 1998 and dictates annual payments to each of the states. All tobacco settlement revenue is considered restricted for purposes of this forecast. Eighty percent of the settlement revenue is earmarked for the Northern Tobacco Securitization Corporation for payments on bonds that were sold based on the future revenue stream. The remaining 20% of the revenue is deposited into the Tobacco Use Education and Cessation Fund, a subfund of the General Fund.

Tobacco settlement payments are based on a complex formula that takes into account several factors including declines in cigarette consumption, inflation and certain adjustments for litigation expenses and market share losses related to the settlement. We forecast that cigarette consumption will decline at an annual rate of 4% and inflation will be 2.75%.

Licenses and Permits

Licenses and permits represent government revenue derived from charges for participating in activities regulated by the state. The majority of the receipts under this category are from motor vehicle registration and fishing and hunting license fees. Alcoholic beverage license fees are also forecast separately. There are several other small license and permit fees which are summarized in the Other Fees category.

Alcoholic Beverage Licenses

Alcoholic beverage licenses are required to manufacture or sell alcoholic beverages in Alaska. Licenses are issued by the Alcoholic Beverage Control Board and revenue is deposited into the General Fund. All of the revenue from biennial license fees collected within municipalities, excluding annual wholesale fees and biennial wholesale license fees, is shared with the municipalities and treated as restricted for purposes of this forecast. We forecast little change in revenue because alcoholic beverage license issuance is limited based on population.

Fishing and Hunting License Fees

Fishing and hunting licenses are issued by the Alaska Department of Fish and Game for participation in various fishing, hunting and related activities. The majority of these fees are appropriated to a special revenue fund called the Fish and Game Fund. Money in the fund may only be spent for fish and game management purposes. We forecast fishing and hunting license fee revenue based on expectations of the Alaska Department of Fish and Game.

Motor Vehicle Registration Fees

Motor vehicle registration fees are collected by the Division of Motor Vehicles within the Department of Administration. Most are considered unrestricted license and permit revenue; however, some registration fees are considered restricted receipt supported services and are reflected in the Charges for Services section of this forecast. We forecast motor vehicle registration fee revenue based on expectations of the Division of Motor Vehicles.

Rents and Royalties

Rents and royalties from sources other than oil and gas fall into two categories: mining rents and royalties and other non-petroleum rents and royalties.

All rents and royalties from oil and gas are reported in the Oil Revenue section of this forecast.

Mining Rents and Royalites

As with oil and gas production, the state earns revenue from other mineral production that occurs on state lands leased for exploration and development. As the landowner, the state earns revenue from leases as (1) upfront bonuses, (2) annual rent charges and (3) as a retained royalty interest in minerals production.

Until October 2008, only 25% of the rents and royalties were deposited in the Permanent Fund and 0.5% to the School Fund. With the repeal of House Bill 11 last year, the amount rose to 50% for leases issued after December 1979. The amound deposited into the School Fund remains unchanged. See the Executive Summary section for a more complete discussion of HB 11.

We forecast mining rents and royalties based on expected changes in minerals prices as well as mine-specific forecasts for large mines on state land.

Other Non-Petroleum Rents and Royalties

The state receives revenue from the leasing, rental and sale of state land. While all of these revenues are deposited into the General Fund, some are deposited in subfunds of the General Fund and are treated as restricted for purposes of this forecast. This category includes revenues from leasing, rental and sale of state land that do not fall into the oil and gas or mining royalties categories. We forecast other non-petroleum rents and royalties based on analysis of fiscal year-to-date and historical collections.

Figure 5-6. Licenses & Permits, FY 2009 and Forecasted FY 2010-2011 ($ million)

	History	Forecast	
Unrestricted	FY 2009	FY 2010	FY 2011
Alcoholic Beverage Licenses	1.0	1.0	1.0
Motor Vehicles	33.5	38.0	36.3
Other Fees	1.0	1.5	1.5
Total Unrestricted	**35.5**	**40.5**	**38.8**
Restricted			
Hunting & Fishing			
Hunting & Fishing Fees (Fish & Game Fund)	29.1	33.5	33.8
Sanctuary Fees (Fish & Game Fund)	0.3	0.3	0.3
Subtotal	**29.4**	**33.8**	**34.1**
Other Fees	4.5	4.5	4.5
Alcoholic Beverage License (municipal share)	0.8	0.9	0.9
Subtotal	**5.3**	**5.4**	**5.4**
Total Restricted	**34.7**	**39.2**	**39.5**
Grand Total	**70.2**	**79.7**	**78.3**

Other

This category includes unclaimed property transfers, transfers to the state from component organizations and miscellaneous revenues. Miscellaneous revenues, which include contributions to the state and other revenues, are projected based on analysis of fiscal year-to-date and historical collections. Unclaimed property and transfers from component organizations are discussed below.

Unclaimed Property

Alaska's Unclaimed Property statutes require businesses and corporations to report unclaimed intangible property to the state. Property is reportable if an owner cannot be located, the owner has not cashed a property check, or an account has not had any owner-initiated activity for at least three years. Unclaimed property may include checking accounts, customer deposits and over-payments, gift certificates, unpaid wages, and security related accounts. The state holds the property in trust until the owner or his or her legal heir claims it. Each year the unclaimed property trust account is evaluated and the excess of the working trust balance is transferred to the General Fund.

A $3.8 million transfer was processed during FY 2009. Transfers in FY 2010 and following years are expected to be $4.0 million per year. We forecast unclaimed property revenue based on estimates prepared by the Unclaimed Property Group of the Department of Revenue.

Figure 5-7. Rents & Royalties, FY 2009 and Forecasted FY 2010-2011 ($ million)

	History	Forecast	
Unrestricted	FY 2009	FY 2010	FY 2011
Mining Rents and Royalties	7.4	7.4	8.0
Other Non-Petroleum Rents and Royalties	8.2	6.2	6.2
Total Unrestricted	**15.6**	**13.6**	**14.2**
Restricted			
Mining Rents and Royalties	3.3	3.3	3.9
Other Non-Petroleum Rents and Royalties	4.1	5.7	5.7
Total Restricted	**7.4**	**9.0**	**9.6**
Grand Total	**23.0**	**22.6**	**23.8**

Transfers from Component Organizations

Each year, the state receives money in the form of transfers from component organizations, such as the Alaska Housing Finance Corporation, frequently in the form of dividends. Component organizations are covered in more detail in the Public Corporations & the University of Alaska section of this forecast. Some component organizations do not make transfers to the state, and as a result not all component organizations are listed here.

Actual transfers for FY 2009 are reflected in draft tables from the Comprehensive Annual Financial Report. Forecasts for FY 2010 and FY 2011 transfers are based on discussions with the Governor's Office of Management and Budget and analysis of the most recent budget expectations for these categories.

Transfers from component organizations presented under this category may differ from those presented in the Public Corporations & University of Alaska section for two reasons: (1) amounts in this section account differently for funds paid over time for multi-year capital projects; and (2) amounts in this section include funds that are transferred to the state and then appropriated to the component unit for operations.

Figure 5-8. Other Revenue, FY 2009 and Forecasted FY 2010-2011 ($ million)

	History	Forecast	
Unrestricted	FY 2009	FY 2010	FY 2011
Miscellaneous	23.2	17.9	17.9
Unclaimed Property	3.8	4.0	4.0
Total Unrestricted	**27.0**	**21.9**	**21.9**
Restricted			
Alaska Housing Finance Corporation	12.4	62.5	62.5
Alaska Industrial Development & Export Authority	5.8	22.7	22.7
Alaska Municipal Bond Bank Authority	0.5	0.8	0.8
Alaska Student Loan Corporation	7.5	0.0	0.0
Alaska Energy Authority	0.0	0.0	0.0
Miscellaneous [1]	32.1	22.5	22.5
Total Restricted	**58.3**	**108.5**	**108.5**
Grand Total	**85.3**	**130.4**	**130.4**

[1] Revenue shown under account codes for "other" or "contributions" in the Alaska State Accounting System for General Fund subfunds and special revenue funds.

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Revenue Sources Book

Alaska Department of Revenue – Tax Division

FALL 2009

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6. Federal Revenue

Figure 6-1. FY 2009 Federal Revenue: $2.1 billion

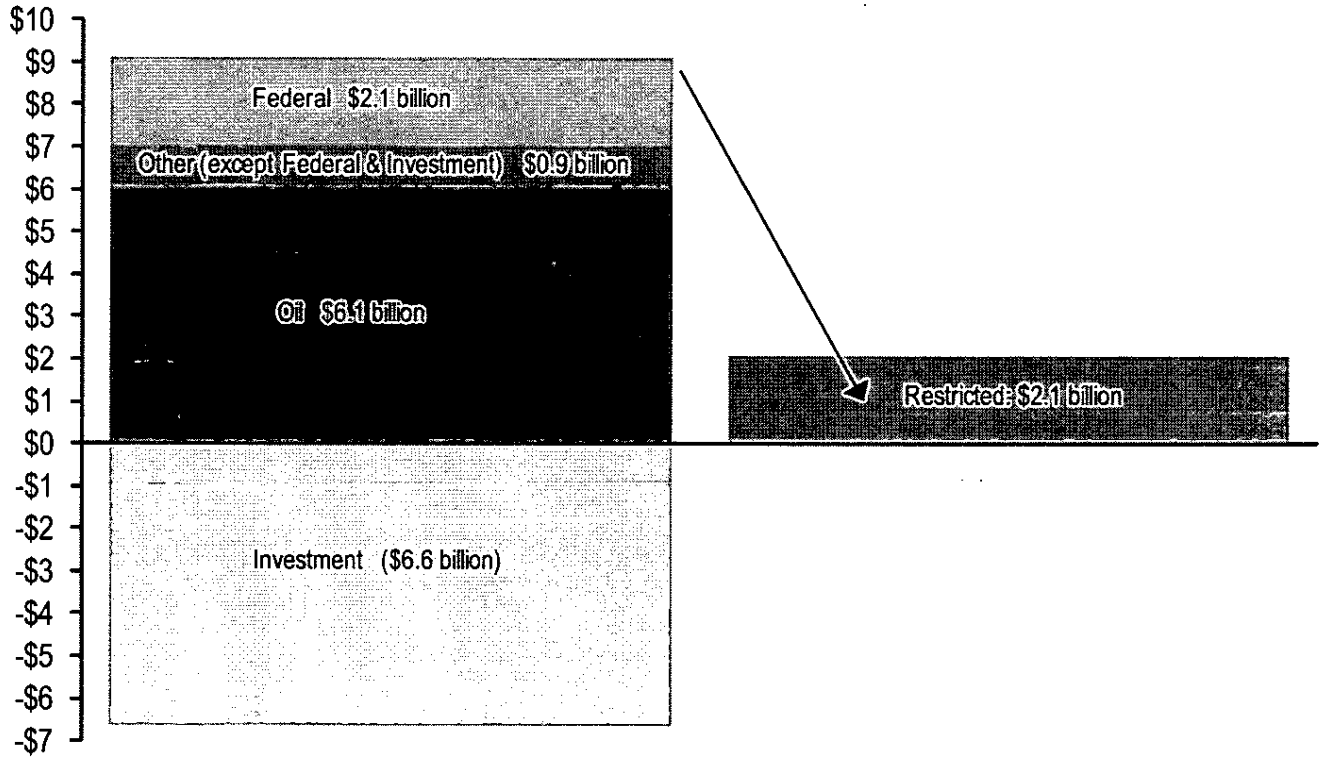

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Figure 6-2. Total Federal Revenue to the State, FY 2009 and Forecasted FY 2010-2011 ($ million)

	History	Forecast	
Unrestricted	FY 2009	FY 2010	FY 2011
Federal Receipts	0.0	0.0	0.0
Restricted			
Federal Receipts	2,088.4	2,916.7	2,916.7
Grand Total	**2,088.4**	**2,916.7**	**2,916.7**

General Discussion

The federal government continues to play a significant role in Alaska's economy. In Federal Fiscal Year (FFY) 2008 the federal government spent $9.4 billion in total direct expenditures in Alaska.[1] The majority of that spending came from the activities of various federal agencies, including defense spending, procurement contracts, retirement and disability payments, wages, loans and grants. Another $1.3 billion was spent on other federal assistance, such as loan guarantees and insurance.

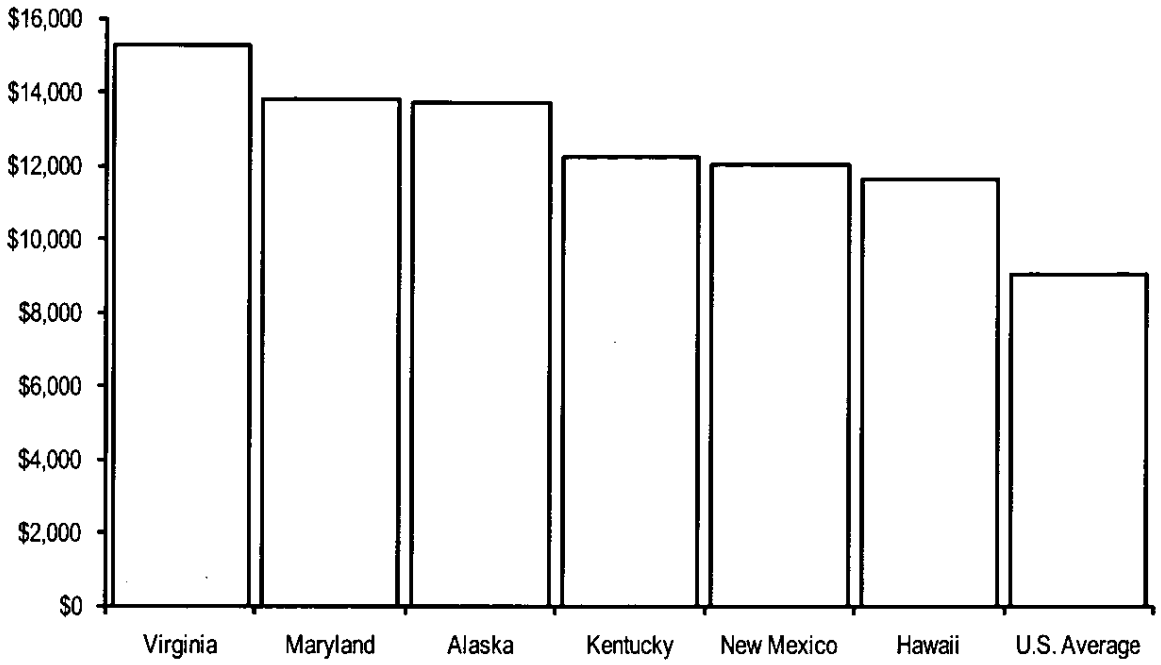
Alaska has historically ranked first in per capita federal spending, however, increased federal expenditures to Louisiana and Mississippi after Hurricane Katrina and Rita in FFY 2006 dropped Alaska to third place. In FFY 2007, Alaska moved up, ranking second only to Virginia. Maryland surpassed Alaska in per capita spending in FFY 2008 to put Alaska in third place out of all states again (see Figure 6-3). Historically, federal spending in Alaska has grown faster than total U.S. spending. However, for FFY 2007, federal direct expenditures in Alaska increased by only 1.4% from FFY 2006, while total U.S. federal expenditures increased by 4.4%. Federal spending grew at a slower rate in Alaska again in FFY 2008 with an increase of 0.5% in direct federal expenditures while overall federal spending increased 9.2%. In FFY 2005, the latest year for which data is available, Alaska received $1.84 for every dollar paid in federal taxes,.[2]

Among federal agencies, the Department of Defense spends the most in Alaska, followed by the Department of Health and Human Services. Together, these two departments account for 53% of all federal direct spending in the state. Not surprisingly, a large portion of federal money flows into Alaska through salaries of federal employees. However, 29% of all federal direct spending comes in the form of grants, mostly to state and municipal governments, and to nonprofit organizations.

In FY 2009, the State of Alaska received and spent nearly $2.1 billion in federal funds. This federal funding is generally restricted to specific uses such as road improvements, Medicaid payments and aid to schools. Potential changes to federal law, differing federal and state fiscal years and varying numbers of eligible Alaskans in certain

[1] U.S. Census Bureau Consolidated Federal Funds Report for FFY 2008, U.S. Department of Commerce. http://harvester.census.gov/cffr.
[2] Tax Foundation's "Federal Spending in Each State per Dollar of Federal Taxes," www.taxfoundation.org/research/show/266.html.

Figure 6-3. FFY 2008 Federal Spending per Capita, Top Six States



programs make forecasting federal revenue difficult. The estimates we present for FY 2010 and FY 2011 are from the Office of Management and Budget and are based on state agency projections of potential federal revenues.

In FY 2010, the budgeted amount of federal funds is $2.9 billion. In FY 2009, the American Recovery and Reinvestment Act of 2009 played a critical part in the overall level of federal funding in the state budget. Approximately $846.8 million or 24% of all federal funds, came as a result of ARRA. In FY 2010, the overall role of ARRA was significantly reduced, with a total of $174.6 million which represents 6% of all federal funds. Most federal funding requires state matching money. The budgeted state match and the top three budgeted categories for federal spending in Alaska for FY 2009 and FY 2010 are included in Figure 6-5.

It is important to note that the state routinely budgets for federal funds in excess of expected allotments. The legislature authorizes state agencies to receive and spend the maximum that federally funded programs might receive, while the actual appropriation amounts are generally less. In addition, some of the funding granted for multi-year capital projects is received and spent in years following the one in which the money is procured. All federal funds, whether spent in the operating or capital budget, are restricted by legislative appropriation to specific uses.

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Figure 6-4. Total Federal Spending in Alaska, FFY 2008

By Distributing Agency

	$ Million	Percent
Defense	3,628.6	39%
Health & Human Services	1,359.3	14%
Social Security	844.5	9%
Other Agencies	3,590.4	38%
Total	**9,422.7**	**100%**

By Appropriation Category

	$ Million	Percent
Grants	2,701.6	29%
Salaries & Wages	2,479.9	26%
Procurement	2,205.6	23%
Retirement & Disability	1,372.6	15%
Other Direct Payments	662.9	7%
Total	**9,422.7**	**100%**

Figure 6-5. Federal Spending, FY 2009 and Forecasted FY 2010-2011 ($ million)

	History FY 2009	Budgeted FY 2010	Budgeted FY 2011
State Match Requirement			
Operating Budget	405.4	389.1	389.1
Capital Budget	53.7	40.7	40.7
Total	**459.2**	**429.9**	**429.9**
Top Spending Categories			
Transportation Projects	886.7	748.4	748.4
Medicaid	770.4	795.0	795.0
Education (K-12, University of Alaska)	599.1	376.5	376.5

7. Investment Revenue

Figure 7-1. FY 2009 Investment Net Revenue: ($6.6 billion)

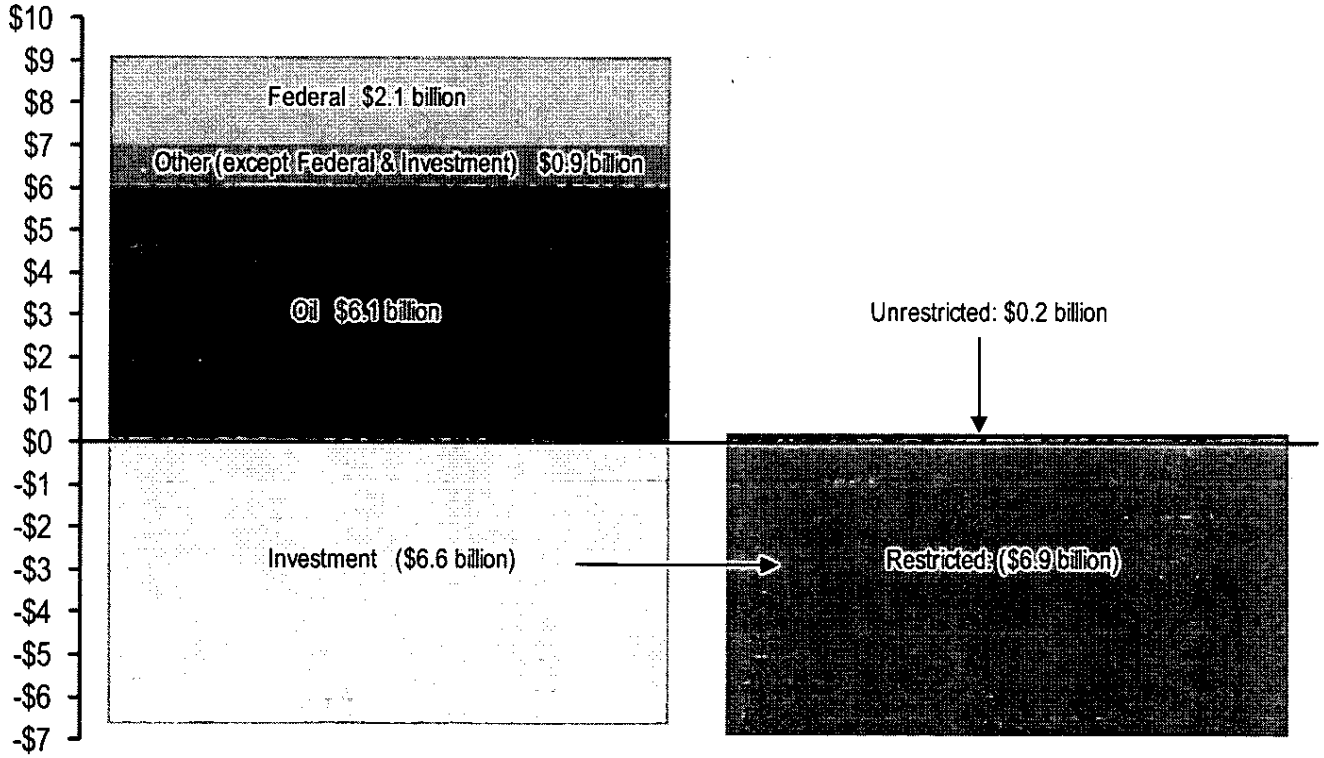

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Figure 7-2. Total Investment Revenue, FY 2009 and Forecasted FY 2010-2011 ($ million) [1]

	History	Forecast	
Unrestricted	FY 2009	FY 2010	FY 2011
Investments	247.4	219.7	181.8
Interest Paid by Others	0.2	1.4	1.4
Total Unrestricted	**247.6**	**221.1**	**183.2**
Restricted			
Investments	57.1	51.7	45.5
Constitutional Budget Reserve Fund	(526.6)	968.2	578.5
Other Treasury Managed Funds	(30.6)	49.9	26.3
Alaska Permanent Fund	(6,394.4)	2,237.6	2,602.5
Total Restricted	**(6,894.5)**	**3,307.3**	**3,252.8**
Grand Total	**(6,646.9)**	**3,528.4**	**3,436.0**

[1] Governmental Accounting Standards Board (GASB) principles require the recognition of changes in the value of investments as income or losses at the end of each trading day, whether the investment is actually sold or not.

Investment Forecast

To forecast investment revenue for the current fiscal year—FY 2010—we combine actual performance through September 30, 2009, with a projection for the remainder of the year. Forecasts and estimated capital market median returns are based on information supplied by the state's investment consultant, Callan Associates Inc., and their 5-year capital market estimated returns.

Unrestricted Investment Revenue

Unrestricted investment revenue is earned on the General Fund non-segregated investments managed by the Treasury Division. Interest Paid by Others is interest received by the state other than on its investments. Oil and gas royalty interest, production tax interest, and corporate income tax interest are included in the Oil Revenue section of this forecast.

Restricted Investment Revenue

Restricted investment revenue consists of earnings from governmental funds, the Constitutional Budget Reserve Fund (CBRF), other Treasury-managed governmental funds and the Alaska Permanent Fund.

Figure 7-3. Callan Associates Inc.'s 5-year Capital Market Estimated Returns, as of September 30, 2009

Asset Class	Benchmark for Asset Class	%/Year Median Expected Return	%/Year Expected Risk[1]
Equities			
U.S. Broad	Callan Associates Inc. (CAI) Broad	9.48%	16.40%
U.S. Large Cap	Standard and Poors (S&P) 500	9.22%	15.25%
U.S. Small Cap	Russell 2000 Index	10.04%	22.60%
International Equity	Morgan Stanley Capital International EAFE	9.25%	19.30%
Emerging Markets Equity	Morgan Stanley Capital International Emerging Markets	10.12%	27.00%
Fixed Income			
Domestic Broad Market	Lehman Brothers Aggregate	5.24%	5.00%
Domestic Short Term (cash equivalent)	Three-Month U.S. Treasury Bill	3.03%	0.80%
Domestic Intermediate	Merrill Lynch 1- to 5-Year Goverment	4.02%	3.00%
International	Salomon Brothers Non-U.S. Government	4.82%	9.60%
US TIPS	Lehman Brothers US TIPS Index	4.82%	6.00%
High Yield	Merrill Lynch US High Yield Master II Constrained	7.02%	11.70%
Other			
Real Estate	CRES	7.60%	16.10%
Private Equity	CPI + 5%	11.54%	37.00%
Absolute Return	91 Day T-Bill + 5%	6.93%	10.00%
Lazard Emerging Income Plus	1 Month Libor + 500 Basis Points	9.29%	10.00%
Conservative Aggregate	90% Lehman Aggregate / 10% Lehman Treasury Index	5.01%	5.05%
Inflation	CPI-U	2.75%	1.40%

[1] The continued volatility in the world's financial markets makes focus on the "Expected Risk" column (far right in the table above) particularly appropriate. The numbers in the Expected Risk column represent a statistical measure called standard deviation, which is the most commonly used measure of risk in the investment world. The standard deviation is a measure of the dispersion of data around its mean. The analyst can use this measure of dispersion to provide a range of possible outcomes at any desired level of confidence. In the data in this table, the level of confidence is set at 67% or one standard deviation. A higher level of confidence would require a broader range. For example, Callan estimates an average annual return for the domestic broad market fixed-income asset class of 5.24% and an expected risk for that asset class of 5.0%. That means Callan is forecasting that two-thirds of the time the annual return for the domestic broad fixed-income asset class will fall between 0.24% (the median expected average annual return of 5.24% minus the expected risk of 5.0%) and 10.24% (the median expected return plus the expected risk). A prediction at 95% confidence would run from -4.76% to 15.24%, too broad a range to be useful. The probability that a particular asset class or portfolio will have a negative return over a given period of time is another way to reflect the riskiness of that asset class or portfolio.

Figure 7-4. Investment Revenue Summary, FY 2009 and Forecasted FY 2010-2011 ($ million)

Asset Allocation

Treasury Pool	Percent Allocation	Performance Benchmark
Short-term, Fixed-income Pool	43%	Three-month U.S. Treasury Bill
Intermediate-term, Fixed-income Pool	57%	Merrill Lynch 1- to 5-year government index
Alaska Student Loan Corporation note	0%	

Investment Balance September 30, 2009	$6,300.1
Projected Annual Rate of Return	3.6%
Probability of Negative Return Over 1 Year	2.5%

Actual Total Investment Income, FY 2008	275.4
Actual Total Investment Income, FY 2009	304.5
Projected Total Investment Income, FY 2010	271.4

	History	Forecast	
	FY 2009	FY 2010	FY 2011
Investment Revenue Unrestricted	247.4	219.7	181.8
Investment Revenue Restricted[1]	57.1	51.7	45.5
Total	**304.5**	**271.4**	**227.3**

[1] Includes subfunds of the General Fund.

Figure 7-5. Constitutional Budget Reserve Fund Cash Flows Investment Revenue Summary, FY 2009 and Forecasted FY 2010-2011 ($ million)

Asset Allocation Regular Account

Treasury Pool	Percent Allocation	Performance Benchmark
Short-term, Fixed-income pool	9%	Three-month U.S. Treasury Bill
Intermediate-term, Fixed-income Pool	71%	Merrill Lynch 1- to 5-year government index
Broad Market Fixed-income Pool	20%	Lehman Brothers aggregate bond index

Regular Balance September 30, 2009	$3,982.3
Projected Annual Rate of Return	4.2%
Probability of Negative Return Over 1 Year	8.0%

Asset Allocation Special Subaccount

Treasury Pool	Percent Allocation	Performance Benchmark
Broad Market Fixed-Income Pool	35%	Lehman Brothers Aggregate Bond Index
Domestic Equity Pool	44%	Russell 3000 Index
International Equity Pool	20%	MSCI EAFE Index
Lazard Emerging Income Plus	1%	1 Month Libor + 500 Basis Points

Special Subaccount Balance September 30, 2009	$4,291.4
Projected Annual Rate of Return	7.87%
Probability of Negative Return Over 1 Year	23.26%

Total Investment Income	History	Forecast	
	FY 2009	FY 2010	FY 2011
Regular Account	143.7	213.5	207.0
Special Subaccount	(670.3)	754.7	371.5
Total	**(526.6)**	**968.2**	**578.5**

Figure 7-6. Constitutional Budget Reserve Fund Cash Flows, FY 2009 and Forecasted FY 2010-2011 ($ million)

	History	Forecast	
	FY 2009	FY 2010	FY 2011
Beginning Cash Balance CBRF	5,601.3	7,114.4	9,111.2
Beginning Main Account Balance	1,134.1	3,317.5	4,559.6
Earnings on Main Account Balance [1]	143.7	213.5	207.0
Petroleum Tax, Royalty Settlements [2][3]	121.6	440.7	20.0
(Loan to GF)/Repayment to CBRF [4]	1,918.1	161.5	0.0
Draw from/to GF	0.0	426.4	535.3
Ending Main Account Balance	**3,317.5**	**4,559.6**	**5,321.9**
Beginning Special Subaccount Balance	4,467.2	3,796.9	4,551.6
Earnings on Special Subaccount Balance [1]	(670.3)	754.7	371.5
Transfer from Main Account	0.0	0.0	0.0
Ending Special Subaccount Balance	**3,796.9**	**4,551.6**	**4,923.1**
Total CBRF Balance	**7,114.4**	**9,111.2**	**10,245.0**

[1] The earnings estimate for the main account is 4.179% and the earnings estimate for the special subaccount is 7.872%. These projections are based on 2009 Callan's capital market assumptions and Department of Revenue, Treasury Division's asset allocation.

[2] The petroleum tax, royalty settlements number on this sheet is shown on a cash basis. Please note the state accounting system numbers presented elsewhere in this book include accruals and therefore may differ from the numbers presented here.

[3] Settlement estimates are provided by the Department of Revenue and Department of Law, net of annual Federal Minerals Management Service payments.

[4] Repayment from the General Fund to the CBRF is indicated by a positive dollar amount; loan from the CBRF to the General Fund is indicated by a negative dollar amount.

Figure 7-7. Public School Trust Investment Revenue Summary, FY 2009 and Forecasted FY 2010-2011 ($ million)

Asset Allocation

Treasury Pool	Percent Allocation	Performance Benchmark
Broad Market Fixed-income Pool	57%	Lehman Brothers aggregate index
Domestic Equity Pool	43%	Russell 3000 Index

Public School Fund Balance September 30, 2009	$367.9
Projected Annual Rate of Return	7.0%
Probability of Negative Return Over 1 Year	19.3%

Total Investment Income & Distributable Income ($ million)

	History	Forecast	
Unrestricted	FY 2009	FY 2010	FY 2011
Public School Trust Total Investment Income	(28.4)	48.2	25.5
Public School Trust Distributable Income	5.2	10.5	14.4

Figure 7-8. Alaska Children's Trust Investment Revenue Summary, FY 2009 and Forecasted FY 2010-2011 ($ million)

Asset Allocation

Treasury Pool	Percent Allocation	Performance Benchmark
Broad Market Fixed-income Pool	25%	Lehman Brothers aggregate index
International Equity Pool	15%	Morgan Stanley Capital International (EAFE)
Domestic Equity Pool	60%	Russell 3000 Index

Alaska Children's Fund Balance September 30, 2009	$9.7
Projected Annual Rate of Return	8.3%
Probability of Negative Return Over 1 Year	24.8%

Total Investment Income & Distributable Income ($ million)

	History	Forecast	
Unrestricted	FY 2009	FY 2010	FY 2011
Alaska Children's Trust Total Investment Income	(2.2)	1.7	0.8
Alaska Children's Trust Distributable Income	0.2	0.2	0.3

Figure 7-9. Alaska Permanent Fund Managed by the Alaska Permanent Fund Corporation, FY 2009 and Forecasted FY 2010-2011 ($ million)

	History	Forecast	
Reserved Assets — Principal	FY 2009	FY 2010[1]	FY 2011[2]
Total Reserved Assets – Beginning Balance	**31,213.2**	**29,496.1**	**31,586.9**
Contributions & Appropriations			
Contributions & Appropriations – Beginning Balance	29,148.9	30,944.7	31,546.4
Dedicated Petroleum Revenue	651.4	601.7	672.8
Inflation Proofing Transfer from Realized Earnings	1,144.3	0.0	886.0
Subtotal Contributions & Appropriations	30,944.7	31,546.4	33,105.2
Unrealized Appreciation/Depreciation			
Appreciation/Depreciation – Beginning Balance	2,064.3	(1,448.6)	40.5
Annual Unrealized Gain/Loss	(3,512.9)	1,489.1	1,133.2
Subtotal Unrealized Appreciation/Depreciation	(1,448.6)	40.5	1,173.7
Total Reserved Assets – Ending Balance	**29,496.1**	**31,586.9**	**34,278.9**
Unreserved Assets — Realized Earnings Account			
Total unreserved assets - beginning balance	5,320.7	420.0	578.4
Realized Earnings Account			
Realized Earnings Account – Beginning Balance	4,968.8	440.6	577.3
Annual Realized Earnings	(2,509.0)	726.7	1,452.2
Dividend Payment to State of Alaska [3]	(874.8)	(590.0)	(637.0)
Inflation Proofing Transfer to Reserved Assets	(1,144.3)	0.0	(886.0)
Other Appropriations Out of Fund	0.0	0.0	(3.0)
Realized Earnings Account – Ending Balance	440.6	577.3	503.5
Unrealized appreciation/depreciation [4]			
Appreciation/depreciation - beginning balance	351.9	(20.6)	1.1
Annual unrealized gain/loss	(372.5)	21.7	17.1
Sub total - unrealized appreciation/depreciation	(20.6)	1.1	18.2
Total Unreserved Assets – Ending Balance	**420.0**	**578.4**	**521.7**
Market Value – Total Fund Invested Assets Value			
Reserved Fund Balance - end of year	29,496.1	31,586.9	34,278.9
Unreserved Fund Balance - end of year	420.0	578.4	521.7
Fund Balance (market value) End-of-year Balance	**29,916.0**	**32,165.3**	**34,800.6**
Total Reported Earnings			
Annual Unrealized Gain/Loss	(3,885.4)	1,510.8	1,150.3
Annual Realized Earnings	(2,509.0)	726.7	1,452.2
Reported Earnings	**(6,394.4)**	**2,237.6**	**2,602.5**

[1] FY 2010 data projected using Callan 2009 capital market assumptions and May 2009 asset allocation resolution, resulting in an 7.70% median expected total return. Inflation based on actual through September 2009.

[2] FY 2011 projected using Callan 2009 capital market assumptions and May 2009 asset allocation resolution, resulting in an 8.28% expected total return, and 2.75% inflation.

[3] The permanent fund dividend payment is recorded as a liability at fiscal year end, and is paid out the following month.

[4] Beginning in FY 2009, and applied retroactively, Department of Law opinion required an allocation of unrealized gains and losses to the unreserved assets of the Fund.

8. State Endowment Funds

This section compares important attributes of six endowment funds. The University of Alaska endowment is included in this comparison because it is one of Alaska's public endowment funds that uses the annual distribution calculation method typical of the vast majority of endowments in the United States and Canada.[1]

The fiduciary for each of these endowment funds has the responsibility for establishing an asset-allocation policy for the fund. Figure 8-1 on the next page compares the asset-allocation policies for these endowments.

Under the standards adopted by the Governmental Accounting Standards Board (GASB), public funds calculate and report their income by recognizing changes in the value of securities as income, or losses, as they occur at the end of each trading day. They do this regardless of whether the securities are actually sold and the income, or losses, are taken or realized. All six of these endowments report annual income on this basis. However, as reflected in Figure 8-2 on the next page, four of them use other measures of annual income for determining their distributions. These include the Alaska Permanent Fund and the Mental Health Trust Fund, both administered by the Alaska Permanent Fund Corporation, the Public School Trust and the Alaska Children's Trust.

In determining the amount of income available for distribution each year for the two funds managed by the Alaska Permanent Fund Corporation, gains or losses on individual investments are not recognized until the investment is sold. For calculating distributable income for the Public School Trust and the Alaska Children's Trust, only interest earned and dividends received are treated as income. Gains and losses in the value of individual investments are never recognized as income. By law, those gains and losses remain with the principal of the fund. Figure 8-3 explains how distributable income for each of the endowments is determined.

[1] The predominant practice, making annual distributions of 4% to 5% of the market value of the endowment, developed following a 1968 Ford Foundation study. See The Ford Foundation Managing Educational Endowments (New York, New York; 1968).

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Figure 8-1. Target Percent Asset Allocation—State Endowment Funds

	Cash	U.S. Bonds	International Bonds	U.S. Equities	International Equities	Global Equities	Real Estate	Alternative Investments	Total
Alaska Permanent Fund	2	19	3	24	24	0	12	16	100
Mental Health Trust	2	19	3	24	24	0	12	16	100
Public School Trust	0	57	0	43	0	0	0	0	100
Alaska Children's Trust	0	25	0	60	15	0	0	0	100
Power Cost Equalization	0	37	0	43	20	0	0	0	100
University of Alaska Endowment	3	17.5	0	26	11	10	8.5	24	100

Figure 8-2. Calculation of Annual Income—State Endowment Funds

	Financial Reporting of Income	Distributable Income
Alaska Permanent Fund	GASB (recognize gains and losses based on change in market value)	Interest earnings + dividends paid + gains and losses on investments actually sold
Mental Health Trust	GASB (recognize gains and losses based on change in market value)	Interest earnings + dividends paid + gains and losses on investments actually sold
Public School Trust	GASB (recognize gains and losses based on change in market value)	Interest earnings + dividends paid; gains and losses on value of securities are never income, they become part of principal
Alaska Children's Trust	GASB (recognize gains and losses based on change in market value)	Interest earnings + dividends paid; gains and losses on value of securities are never income, they become part of principal
Power Cost Equalization Endowment	GASB (recognize gains and losses based on change in market value)	GASB (recognize gains and losses based on change in market value)
University of Alaska Endowment	GASB (recognize gains and losses based on change in market value)	GASB (recognize gains and losses based on change in market value)

Figure 8-3. Distributable Income Determination—State Endowment Funds

Alaska Permanent Fund

The annual distribution for the Permanent Fund Dividend follows the formula in AS 37.13.140-.150, which specifies that 10.5% of the past five years' total realized income shall be paid out as dividends but also sets the limitation that the annual distribution may never exceed 50% of the balance in the fund's Realized Earning Account (REA). The 50% limitation has never been triggered.

Mental Health Trust

The Mental Health Trust Board adopted a policy, beginning in FY 2001, to distribute 3.5% a year of the market value of the fund's total assets. The distribution rate had been 3% for FY 1996-1998 and 3.25% for FY 1999-2000. Because of recent declines in market value, the board is exploring a redefinition of "principal" so that losses in market value would be proportionally allocated to the principal account and the earnings account rather than assigning the entire value of any losses to the earning account.

Public School Trust

The annual distribution is 4.75% of a five-year moving average of the fund's principal market value so long as that amount does not exceed the interest and dividend earnings available in the earnings account. The trust has accumulated a sizable earnings account balance, providing a cushion for the fund to maintain its annual distributions in a sustained bear market.

Alaska Children's Trust

The annual distribution is 4.75% of a five-year moving average of the fund principal's market value so long as that amount does not exceed the interest and dividend earnings available in the earnings account. The trust has accumulated a sizable earnings account balance, providing a cushion for the fund to maintain its annual distributions in a sustained bear market.

Power Cost Equalization Endowment

The annual distribution is 7% of the fund's market value. For the initial transition years, state statute specifies that the fund shall use the market value on February 1 for the subsequent fiscal year's distribution. Thereafter, the fund is to distribute each year 7% of the monthly average market value for a specified 36-month period.

University of Alaska Endowment

The annual distribution is 5% of a 5-year moving average of the market value of the fund.

Figure 8-4. Inflation-Proofing Procedures—State Endowment Funds

Alaska Permanent Fund

An annual appropriation is needed to inflation proof the principal of the Permanent Fund (but not the accumulated earnings) pursuant to AS 37.13.145. The legislative appropriation requires a transfer from the Realized Earnings Account to the fund's principal an amount equal to the calculated U.S. Consumer Price Index's effect on the value of the principal, comprised of oil and gas royalty contributions and legislative appropriations. The Alaska Permanent Fund Corporation's Trustees have proposed a constitutional amendment that would inflation proof the entire fund—the principal and accumulated earnings—by limiting the annual distribution of earnings to 5% of a five-year moving average of the market value of the fund.

Mental Health Trust

The Mental Health Trust Authority has adopted two policies to inflation proof the fund. First, it limits distributions to 3.5% of the fund's market value. (The authority's ultimate goal, after further building up the principal, is to distribute 5% of the fund's market value each year, which would still allow enough retained earnings to inflation proof the fund.) Second, the authority also has adopted a policy transferring money from the reserve account to the principal whenever the reserve exceeds four times the annual income distribution, to help build up the fund's principal.

Public School Trust

The asset-allocation policy is such that—when combined with the requirement that the fund's capital gains and losses remain part of the principal—the retained capital gains are adequate to inflation proof the fund.

Alaska Children's Trust

The asset-allocation policy is such that—when combined with the requirement that the fund's capital gains and losses remain part of the principal—the retained capital gains are adequate to inflation proof the fund.

Power Cost Equalization Endowment

The legislature, in selecting a 7% distribution policy, expressly elected not to inflation proof this fund, but rather to distribute all, or almost all, of its anticipated annual earnings.

University of Alaska Endowment

The university's distribution policy of 5% of the moving five-year average of the fund's market value should allow for retained earnings to inflation proof the fund.

9. Public Corporations & University of Alaska

Public Corporations

The state has established the following public corporations to carry out certain public policies:

- Alaska Housing Finance Corporation (AHFC)
- Alaska Industrial Development and Export Authority (AIDEA)
- Alaska Energy Authority (AEA)
- Alaska Student Loan Corporation (ASLC)
- Alaska Municipal Bond Bank Authority (AMBBA)
- Alaska Aerospace Development Corporation (AADC)
- Alaska Railroad Corporation (ARC)

These seven corporations and the University of Alaska are components of state government whose activities are accounted for in the state's Comprehensive Annual Financial Report separately from the activities of primary state government. Information in this section is provided by these corporations.

Four of these corporations pay some portion of their income as an annual "dividend" to the state. They include the Alaska Housing Finance Corporation, Alaska Industrial Development Authority, Alaska Student Loan Corporation and Alaska Municipal Bond Bank Authority.

The members of the AIDEA Board of Directors also serve as Board of Directors of AEA, though AIDEA and AEA continue to exist as separate legal entities. AEA has no employees, and AEA contracts to have AIDEA employees administer AEA programs. Other corporations have their own staffs and boards. While neither the sale of bonds nor the expenditure of bond proceeds by these corporations are subject to the state's Executive Budget Act, expenditures for the day-to-day administration of all of these corporations except the Alaska Railroad are subject to the Executive Budget Act.

The Alaska Commission on Postsecondary Education (ACPE) administers the ASLC programs. The ASLC has no employees, and the executive director of the ACPE serves as the executive officer of the ASLC.

The six figures that follow in this section summarize the activities of these corporations.

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Figure 9-1. Public Corporations—Missions. What does the corporation do and how does it do it?

Alaska Housing Finance Corporation

Using proceeds from the sale of bonds backed by its corporate assets, AHFC purchases home mortgages from Alaska banks. Income from payments on these mortgages repays bond holders and adds to the corporation's income, thereby enabling the corporation, since FY 1991, to pay an annual dividend and/or return of capital to the state. In addition to ensuring that Alaskans, especially Alaskans of low and moderate income and those in remote and underdeveloped areas of the state, have adequate housing at reasonable cost, the corporation administers federally and state funded multi-residential, senior and low-income housing, residential energy and home weatherization programs. In recent years, the legislature has authorized AHFC to finance the construction of schools, University of Alaska housing and other capital projects identified by the legislature.

Alaska Industrial Development and Export Authority

By lending money, guaranteeing loans or becoming an owner, AIDEA makes financing available for industrial, export and other business enterprises in Alaska. The corporation earns money from interest on its loans, investments, leases and operations of its properties. The corporation has paid an annual dividend to the state since FY 1997.

Alaska Energy Authority

AEA provides loans to utilities, communities and individuals to pay for the purchase or upgrade of equipment and for bulk fuel purchases. Additionally, the agency administers the Power Cost Equalization program, subsidizing rural electric costs with the Power Cost Equalization Endowment. AEA also receives federal and state money to provide technical advice and assistance in energy planning, emergency response management, energy infrastructure construction and conservation in rural Alaska. AEA owns and, under contractual agreements, operates and maintains state-owned power projects, such as Bradley Lake and the Alaska Intertie.

Alaska Student Loan Corporation

The Alaska Student Loan Corporation uses proceeds from bond sales to finance education loans made by the Alaska Commission on Postsecondary Education. Loan repayments satisfy bond obligations and enhance the corporation's capital asset base. Alaska statutes authorize the board of directors to annually declare a return to the state of a portion of its net income. The board has declared return of capital payments for each year beginning in FY 2001 through FY 2007. Alaska statutes also authorize the corporation to issue bonds for the purpose of financing projects of the state. Those bonds in aggregate may not exceed $280 million.

Alaska Municipal Bond Bank Authority

The Bond Bank loans money to Alaska municipalities for capital improvement projects. The bank's larger capital base, its reserve funds and its credit rating enable it to sell bonds at lower interest rates than the municipalities could obtain on their own. The Bond Bank earns interest on the money it holds in reserve and has returned a dividend to the state every year since 1977.

Alaska Aerospace Development Corporation

The corporation operates and maintains a commercial spaceport in Kodiak, Alaska and provides commercial rocket vehicle launch support services. It promotes space-related business, research, education and economic growth in the State of Alaska.

Alaska Railroad Corporation

The corporation operates freight and passenger rail services between Seward and Fairbanks, including a spur line to Whittier. In addition, the corporation generates revenues from real estate it owns.

Figure 9-2. Public Corporations—State Capitalization. How did the state capitalize the corporation?

Alaska Housing Finance Corporation

The legislature appropriated $739.9 million in cash and $292.5 million in mortgages held by the General Fund to the corporation between 1976 and 1984. The payments on those mortgages and additional mortgages purchased with the cash have helped build the corporation's asset base and allow it to return some capital to the state each year. In 1993, AHFC received an additional $27.7 million in cash and $9.3 million in equity when the legislature merged the Alaska State Housing Authority with this corporation.

Alaska Industrial Development and Export Authority

Between 1981 and 1991, the State of Alaska transferred various loan portfolios worth $297.1 million and $69.2 million in cash to this corporation.

Alaska Energy Authority

The legislature established the AEA in 1976 to finance and operate power projects. This corporation has also administered rural energy programs at various times, including the present. As a result of legislatively mandated reorganizations, capital has moved into and out of the corporation. At the end of FY 2001, this corporation reported contributed capital of $963.5 million.

Alaska Student Loan Corporation

In FY 1988, the state transferred $260 million of existing student loans to this corporation. Additional appropriations of cash between FY 1988 and FY 1992 totaled $46.7 million.

Alaska Municipal Bond Bank Authority

Between 1976 and 1986, the legislature appropriated $18.6 million to the Bond Bank to be used for backing bond issues. In addition, the legislature gave the Bond Bank $2.5 million in 1981 to fund a direct loan by a municipality. The municipality repaid the loan and the Bond Bank retained the appropriation.

Alaska Aerospace Development Corporation

Since 1993, the state has contributed $10.9 million from the Science and Technology Endowment.

Alaska Railroad Corporation

The state bought the railroad from the federal government in 1985. The purchase price of $22.7 million was recorded as the state's capitalization.

Figure 9-3. Public Corporations—Financial Facts, FY 2009 ($ million) [1]

	Total Assets	Assets Less Liabilities Book Value	Unrestricted Net Assets	FY 2009 Operating Budget	Total Positions [2]
Alaska Housing Finance Corporation	4,731.4	1,672.1	734.4	51.2	372.0
Alaska Industrial Development & Export Authority [3]	1,183.5	974.5	888.1	8.2	73.0
Alaska Energy Authority [3]	773.0	626.7	453.2	33.2	See AIDEA [4]
Alaska Student Loan Corporation [5]	742.7	180.6	140.7	12.0	103
Alaska Municipal Bond Bank Authority	638.0	43.7	12.0	0.6	0.5
Alaska Aerospace Development Corporation [6]	103.2	91.5	4.4	28.5	47
Alaska Railroad Corporation [7]	854.1	179.7	0.0	97.5	715

[1] All figures are effective as of June 30, 2009, except for the Alaska Railroad which reports on a calendar year basis.

[2] Permanent Full Time (PFT), Permanent Part Time (PPT) and Temporary (TMP) are included in total positions.

[3] The Alaska Industrial Development and Export Authority (AIDEA) and Alaska Energy Authority (AEA) report financial data on a fiscal year basis. Assets, liabilities and net assets in the table are from audited June 30, 2009 financial statements.

[4] AIDEA provides staff for the activities of AEA. A significant portion of AIDEA's 73 member staff is engaged in AEA programs.

[5] Budget and positions reported are for the Alaska Commission on Postsecondary Education (ACPE). Budget amount reported is funded by the Alaska Student Loan Corporation (ASLC). ACPE staff serve as staff for the ASLC.

[6] Based on audited financial statements.

[7] The Alaska Railroad reports financial data on a calendar year basis. Assets and book value shown in this table are from audited December 31, 2008, financial statements. The operating budget figure shown here is for CY 2009.

Figure 9-4. Public Corporations—Revenue & Net Income, FY 2009 ($ million)

	Revenue	Operating Income	Net Income
Alaska Housing Finance Corporation	355.4	21.4	5.9
Alaska Industrial Development & Export Authority [1]	75.8	46.2	28.6
Alaska Energy Authority [1]	207.1	(31.8)	30.1
Alaska Student Loan Corporation	40.0	6.8	3.7
Alaska Municipal Bond Bank Authority	27.6	0.8	1.5
Alaska Aerospace Development Corporation[2]	19.7	(5.0)	(3.9)
Alaska Railroad Corporation [3]	177.9	3.3	12.6

[1] The Alaska Industrial Development and Export Authority and Alaska Energy Authority report financial data on a fiscal year basis. Revenue, operating income and net income in the table are from audited June 30, 2009 financial statements.

[2] The Alaska Aerospace Development Corporation financial data include depreciation of $5.9 million and are based on audited June 30, 2009 financial statements.

[3] The Alaska Railroad reports financial data on a calendar year basis. Revenue and Operating Income shown in this table are for CY 2008.

Figure 9-5. Public Corporations—Dividends to the State. How, if at all, does the corporation pay dividends to the state?

Alaska Housing Finance Corporation

The Twenty-Third Legislature, in 2003, enacted SCSHB 256 (the "2003 Act") which added language to the Alaska Statutes to modify and incorporate the Transfer Plan. As approved and signed into law by the Governor, the Transfer Plan calls for annual transfers as follows: FY 2005, $103 million; FY 2006, $103 million; FY 2007, the lesser of 95% net income or $103 million; FY 2008, the lesser of 85% net income or $103 million; FY 2009 and thereafter, the lesser of 75% of the corporation's net income or $103 million.

Alaska Industrial Development and Export Authority

By statute, AIDEA must make available to the state each year not less than 25% and not more than 50% of its total net income for a base year, defined as the year two years prior to the dividend year. The dividend is further limited to no more than the total amount of its unrestricted net income in the base year (AS 44.88.088). Net income is defined in the statutes.

Alaska Energy Authority

AEA does not pay a dividend or return capital to the state on a regular basis. However, in FY 2000 this corporation returned $55.6 million of contributed capital to the Railbelt Energy Fund and the General Fund.

Alaska Student Loan Corporation

This corporation, at the discretion of its board of directors, may make available to the state a return of contributed capital or dividend for any base year in which the net income of the corporation is $2 million or more. A base year is defined as the year two years before the payment year. If the board authorizes a payment, it must be between 10% and 35% of net income for the base year (AS 14.42.295). The corporation may also issue bonds in an aggregate amount not to exceed $280 million, for the purpose of financing projects of the state as those projects may be identified by law (AS 14.42.220).

Alaska Municipal Bond Bank Authority

By statute, the Bond Bank annually returns earnings or income of its reserve fund, in excess of expenses, to the state.

Alaska Aerospace Development Corporation

AADC does not pay a dividend or return capital to the state.

Alaska Railroad Corporation

The corporation does not pay a cash dividend to the General Fund.

Figure 9-6. Public Corporations—Operating Expenses & Dividends ($ million)

	Expenses		Dividends	
	Actual FY 2009	Budget FY 2010	Actual FY 2009	Budget FY 2010
Alaska Housing Finance Corporation [1]	48.6	53.2	65.9	68.7
Alaska Industrial Development & Export Authority	9.3	8.9	23.8	22.7
Alaska Energy Authority [2]	42.6	36.5	na	na
Alaska Student Loan Corporation	11.6	12.2	9.1	0.0
Alaska Municipal Bond Bank Authority	0.6	0.7	0.8	0.3
Alaska Aerospace Development Corporation [3]	23.6	28.6	na	na
Alaska Railroad Corporation	na	na	na	na

[1] Because some of this money is earmarked for multi-year capital projects, actual cash transfers in any given year may vary.

[2] The Alaska Industrial Development and Export Authority and Alaska Energy Authority report financial data on a fiscal year basis. Actual operating expenses and dividends are for the fiscal year ended June 30, 2009

[3] The Alaska Aerospace Development Corporation financial data include depreciation of $5.9 million and are based on audited June 30, 2009 financial statements.

University of Alaska

Figure 9-7. University of Alaska ($ million)

Lands & Facilities June 30,2009	Total Assets June 30, 2009	Unrestricted Net Assets	FY 2010 Operating Budget	FY 2010 Total Positions
$834.0 [1]	$1,195.4	$107.1	$823.2	4,916

[1] Includes depreciation of $715.8 million.

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Revenue Sources Book

Alaska Department of Revenue – Tax Division

FALL 2009

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Glossary of Terms

Constitutional Budget Reserve Fund (CBRF)

Created by voters in 1990, the Constitutional Budget Reserve Fund receives proceeds from settlements of oil, gas, and mining tax and royalty disputes. The legislature may, with a three-quarters majority vote in each chamber, withdraw money from the fund.

Federal Revenue

Revenue appropriated from the federal government to the state with restrictions on how the money can be used. Highway and airport construction funds, Medicaid and education funding cannot be used for other purposes. In addition to restricting how the money is spent, the federal government often requires states to put up matching funds to qualify for the federal funding.

General Fund Revenue

General Fund Revenue has different meanings in different contexts. In the state's official financial reports, General Fund Revenue is used to designate the sum of General Purpose Unrestricted Revenue, General Fund sub-account revenue, program receipts and federal dollars spent through the General Fund. In budget-writing context, General Fund revenue has a definition similar to General Purpose Unrestricted Revenue.

Permanent Fund GASB (or Market) Income

Under standards adopted by the Governmental Accounting Standards Board (GASB), the Permanent Fund's income—and that of any other government fund—is the difference between the purchase price of the investments and their market value at a given point in time, plus any dividends, interest or rent earned on those investments. Under GASB standards, the Permanent Fund does not have to sell the investment to count the gain or loss as it changes value. It is called "marking to market," that is, measuring the value of the fund's investments by the current market price. This can produce a much different picture than Permanent Fund statutory income, which does not reflect fluctuating investment values until the assets are sold.

Permanent Fund Statutory Income

Permanent Fund statutory income is the sum of realized gains and losses of all Permanent Fund investment transactions during the year, plus interest, dividends and rents earned by the fund. The Permanent Fund Dividend is based on statutory income. Though the legislature may appropriate the earnings for any purpose it chooses, the historical practice has been to restrict the use of realized income to dividends and inflation proofing, and then either leave the excess in the Realized Earnings Account or transfer it to the principal of the Permanent Fund.

Restricted Program Receipts

Revenue that is earmarked in state statute or by contract for specific purposes and is usually appropriated back to the program that generated the revenue. Examples include University of Alaska tuition payments, marine highway receipts, payments to various revolving loan funds and public corporation receipts. Some of this revenue is actually dedicated as a consequence of the provisions of Article 18, Section 11 of the Alaska Constitution. The remainder, while statutorily earmarked, may be appropriated to purposes other than those reflected in statute if the legislature so chooses.

Restricted Revenue

Restricted revenue represents revenue that is restricted by the constitution, state or federal law, trust or debt restrictions, or by customary practice. The legislature can at any time remove restrictions that are solely imposed by either Alaska statute or customary practice. Program receipts, revenues allocated to sub-accounts of the General Fund, and General Fund revenues customarily shared with other entities are all considered restricted revenues for the purposes of this report.

General Purpose Unrestricted Revenue

Revenue not restricted by the constitution, state or federal law, trust or debt restrictions or customary practice. Most legislative and public debate over the budget each year centers on this category of revenue. In deriving this figure from General Fund revenues, we have excluded General Fund sub-account revenue, as well as customarily restricted revenues such as shared taxes and marine highway receipts.

Revenue. A-2

General Purpose Unrestricted Revenue Matrices, with Price and Cost Sensitivity, FY 2010-2012 ($ million)

FY 2010

At forecasted production of 0.659 mmbbls/day

ANS $/barrel[1]	Total capital & operating costs In dollars/barrel		
	$15.00	$20.00	$25.00
$40	2,613	2,613	2,613
$45	2,756	2,756	2,756
$50	3,071	2,900	2,900
$55	3,550	3,256	3,075
$60	3,943	3,681	3,381
$65	4,557	4,092	3,790
$70	5,218	4,670	4,212
$75	5,933	5,323	4,772
$80	6,688	6,008	5,384
$85	7,553	6,800	6,099
$90	8,489	7,662	6,885
$95	9,496	8,595	7,694
$100	10,533	9,598	8,667

FY 2011

At forecasted production of 0.623 mmbbls/day

ANS $/barrel	Total capital & operating costs In dollars/barrel		
	$15.00	$20.00	$25.00
$40	2,035	1,775	1,752
$45	2,418	2,168	1,896
$50	2,799	2,549	2,249
$55	3,213	2,930	2,630
$60	3,744	3,344	3,017
$65	4,294	3,854	3,385
$70	4,882	4,402	3,881
$75	5,508	4,989	4,420
$80	6,178	5,619	5,002
$85	6,882	6,282	5,617
$90	7,624	6,984	6,271
$95	8,405	7,725	6,964
$100	9,223	8,504	7,695

FY 2012

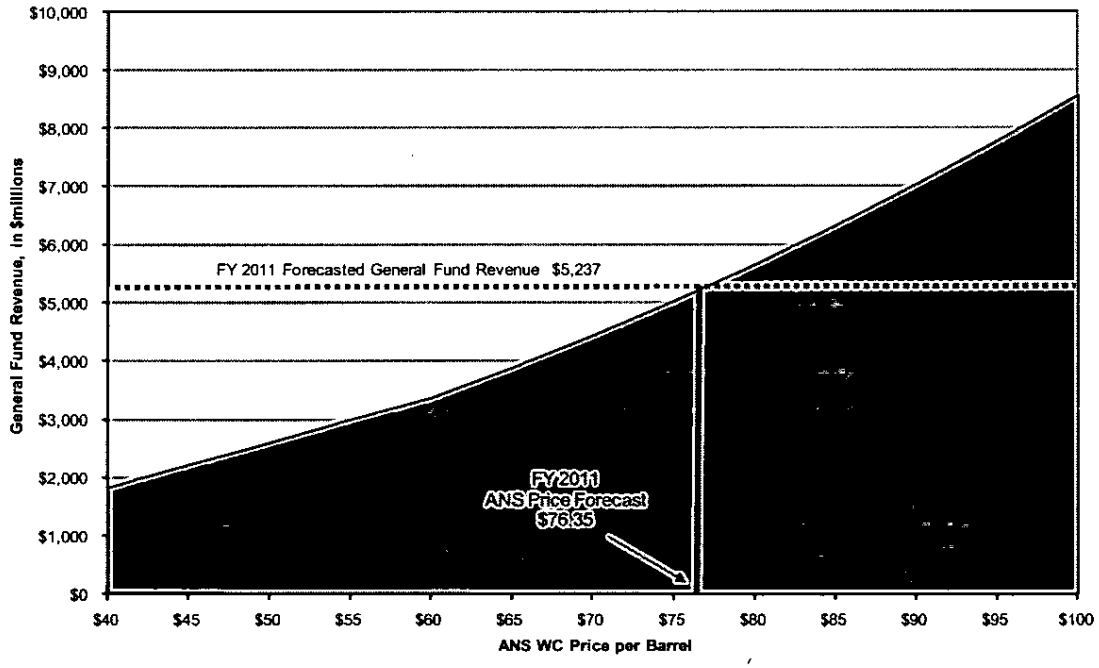
At forecasted production of 0.617 mmbbls/day

ANS $/barrel	Total capital & operating costs In dollars/barrel		
	$15.00	$20.00	$25.00
$40	1,976	1,714	1,695
$45	2,361	2,099	1,850
$50	2,748	2,485	2,198
$55	3,159	2,872	2,584
$60	3,687	3,271	2,990
$65	4,233	3,775	3,337
$70	4,818	4,318	3,823
$75	5,441	4,899	4,358
$80	6,097	5,512	4,926
$85	6,796	6,170	5,537
$90	7,533	6,865	6,186
$95	8,308	7,598	6,873
$100	9,117	8,364	7,593

[1]Fiscal year averages incorporate actual prices for the first four months of FY 2010. .

*In addition to price and production, revenue estimates under ACES depend on levels of spending by petroleum producers and explorers. Spending plans may change as companies occasionally revise their investment strategies. The above estimates also do not consider how company investment decisions would change with a change in oil prices.

FY 2011 General Fund Unrestricted Revenue, with Price Sensitivity



Revenue. A-3

General Purpose Unrestricted Revenue—History[1]

($ million)

FY	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
TAX REVENUE										
Petroleum Property Tax	**45.0**	**45.1**	**49.6**	**48.7**	**47.3**	**42.5**	**54.5**	**65.6**	**81.5**	**111.2**
Excise Tax										
Alcoholic Beverages	12.7	12.0	12.9	14.1	16.4	17.3	17.6	17.1	20.0	19.5
Tobacco Products	16.3	16.3	15.5	16.3	16.0	25.1	35.4	43.8	44.9	46.6
Insurance Premium	28.7	32.2	34.1	39.0	43.7	45.9	44.3	46.5	47.1	45.5
Electric and Telephone Cooperative	0.2	0.2	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.1
Motor Fuel Tax	41.9	37.5	40.2	37.2	41.2	39.4	42.0	39.2	41.8	10.1
Vehicle Rental tax	0.0	0.0	0.0	0.0	2.7	7.5	7.7	8.0	8.5	8.0
Tire Fee	0.0	0.0	0.0	0.0	0.8	1.6	1.6	1.5	1.5	1.5
Total	**99.8**	**98.2**	**102.8**	**106.8**	**121.0**	**137.0**	**148.8**	**156.3**	**164.0**	**131.3**
Income Tax										
General Corporate	56.3	59.5	53.4	47.7	39.6	61.8	138.0	176.9	182.7	120.9
Petroleum Corporate	162.7	338.1	178.4	151.1	298.8	524.0	661.1	594.4	605.8	492.2
Total	**219.0**	**397.6**	**231.8**	**198.8**	**338.4**	**585.8**	**799.1**	**771.3**	**788.5**	**613.1**
Severance Tax										
Oil and Gas Production	693.2	694.4	486.7	589.8	642.7	854.9	1,191.7	2,198.3	6810.9	3,100.9
Oil and Gas Conservation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Oil and Gas Hazardous Release	9.5	9.4	9.6	9.2	9.2	8.3	7.8	10.1	11.7	11.1
Total	**702.7**	**703.8**	**496.3**	**599.0**	**651.9**	**863.2**	**1,199.5**	**2,208.4**	**6,822.6**	**3,112.0**
Fisheries Tax										
Fisheries Business Tax	18.2	15.4	12.7	13.8	14.9	10.7	15.4	17.1	14.7	19.3
Fishery Landing	2.2	4.1	2.6	6.9	2.5	3.9	4.7	5.3	7.9	4.7
Total	**20.4**	**19.5**	**15.3**	**20.7**	**17.4**	**14.6**	**20.1**	**22.4**	**22.6**	**24.0**
Other Tax										
Estate	2.5	2.7	3.1	1.2	2.3	1.5	0.6	0.1	0.0	0.2
Mining	3.4	1.7	0.5	0.4	3.2	10.3	18.6	79.1	54.4	15.5
Charitable Gaming	2.3	2.4	2.5	2.6	2.4	2.5	2.4	2.5	2.7	2.8
Total	**8.2**	**6.8**	**6.1**	**4.2**	**7.9**	**14.3**	**21.6**	**81.7**	**57.1**	**18.5**
TOTAL TAX REVENUE	**1,095.1**	**1,271.0**	**901.9**	**978.2**	**1,183.9**	**1,657.4**	**2,243.6**	**3,305.7**	**7,936.3**	**4,010.1**

(continued on next page)

General Purpose Unrestricted Revenue—History (continued from prior page)

($ million)

FY	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
NON TAX REVENUE										
Licenses and Permits	**68.4**	**37.3**	**42.2**	**33.6**	**41.8**	**42.7**	**41.0**	**42.0**	**38.9**	**35.5**
Intergovernmental Receipts										
Federal Shared Revenues	1.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Charges for Services	**43.7**	**27.0**	**19.1**	**13.9**	**11.1**	**17.9**	**21.8**	**28.5**	**29.3**	**19.3**
Fines and Forefeitures	**46.2**	**33.6**	**6.6**	**7.0**	**16.0**	**9.4**	**8.5**	**7.8**	**8.9**	**10.5**
Rents and Royalties										
Oil and Gas Royalties-Net	727.8	781.0	575.7	825.7	1,042.8	1,401.1	1,772.2	1,583.8	2,420.6	1,451.2
Oil and Gas Bonuses, Rents, Interest[2] [3]	4.1	18.3	20.1	14.6	13.3	18.8	11.9	29.2	25.5	14.4
Other [4]	9.7	10.9	9.3	6.2	7.8	9.3	8.8	11.8	15.7	15.6
Total	**741.6**	**810.2**	**605.1**	**846.5**	**1,063.9**	**1,429.2**	**1,792.9**	**1,624.8**	**2,460.7**	**1,481.2**
Investment Earnings[3]	**48.1**	**67.6**	**43.1**	**59.0**	**9.7**	**24.7**	**53.3**	**140.1**	**227.8**	**247.6**
Miscellaneous Revenue	**37.6**	**34.9**	**42.3**	**9.4**	**19.2**	**7.5**	**39.3**	**9.7**	**26.2**	**27.0**
Sub-Total NON-TAX REVENUE	**986.6**	**1,010.9**	**758.4**	**969.4**	**1,161.7**	**1,531.4**	**1,956.8**	**1,852.9**	**2,792.9**	**1,821.1**
Petroleum Special Settlements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL NON-TAX REVENUE	**986.6**	**1,010.9**	**758.4**	**969.4**	**1,161.7**	**1,531.4**	**1,956.8**	**1,852.9**	**2,792.9**	**1,821.1**
TOTAL TAX REVENUE	**1,095.1**	**1,271.0**	**901.9**	**978.2**	**1,183.9**	**1,657.4**	**2,243.6**	**3,305.7**	**7,936.3**	**4,010.1**
TOTAL GENERAL PURPOSE UNRESTRICTED REVENUE	**2,081.7**	**2,281.9**	**1,660.3**	**1,947.6**	**2,345.6**	**3,188.8**	**4,200.4**	**5,158.6**	**10,728.2**	**5,831.2**

(1) General Purpose Unrestricted Revenue includes those revenues that are not restricted by statute or custom, as reported elsewhere in this publication. A summary of historical General Purpose Unrestricted Revenue can be found on the Tax Division's web site at: www.tax.alaska.gov/sourcesbook/GeneralFund-UnrestrictedRevenueHistory.pdf

(2) These categories are primarily composed of petroleum.

(3) Starting in FY 2001, interest earnings are included in oil and gas royalties and excluded from investment earnings.

(4) Includes non-petroleum rents and royalites.

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Revenue. A-4a

General Purpose Unrestricted Petroleum Revenue—History[1]

($ million)

FY	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Petroleum Corporate Income Tax	162.7	338.1	178.4	151.1	298.8	524.0	661.1	594.4	605.8	492.2
Production Tax	702.7	703.8	496.3	599.0	651.9	863.2	1,199.5	2,208.4	6,822.6	3,112.0
Petroleum Property Tax	45.0	45.1	49.6	48.7	47.3	42.5	54.5	65.6	81.5	111.2
Oil and Gas Royalties-Net[2]	727.8	781.0	575.7	825.7	1,042.8	1,401.1	1,772.2	1,583.8	2,420.6	1,451.2
Bonuses, Rents & Interest-Net[2][3]	4.1	18.3	20.1	14.6	13.3	18.8	11.9	29.2	25.5	14.4
Petroleum Special Settlements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Petroleum Revenue	**1,642.3**	**1,886.3**	**1,320.1**	**1,639.1**	**2,054.1**	**2,849.6**	**3,699.2**	**4,481.4**	**9,956.0**	**5,181.0**
Cumulative Unrestricted Petroleum Revenue[4]	**47,724.5**	**49,610.8**	**50,930.9**	**52,570.0**	**54,624.1**	**57,473.7**	**61,172.9**	**65,654.3**	**75,610.3**	**80,791.3**
Total General Purpose Unrestricted Revenue	**2,081.7**	**2,281.9**	**1,660.3**	**1,947.6**	**2,345.6**	**3,188.8**	**4,200.4**	**5,148.5**	**10,728.2**	**5,831.2**
% Petroleum of Total GP Unrestricted Revenue	79%	83%	80%	84%	88%	89%	88%	87%	93%	89%

(1) Historical General Purpose Unrestricted petroleum revenue can be found on the Tax Division's web site at: http://www.tax.alaska.gov/sourcesbook/PetroleumRevenueHistory.pdf. Table on Tax web site includes historical Reserve Tax (FY 1976-1977) and Petroleum Special Settlements (FY 1986-1995) which are reflected as current zero totals in Appendix A-4a.

(2) Royalties, bonuses, rents and interest are net of Permanent Fund contribution and Constitutional Budget Reserve Fund (CBRF) deposits.

(3) This category is primarily composed of petroleum revenue.

(4) The cumulative unrestricted petroleum revenue total is based on revenue beginning in FY 1959.

Revenue. A-4b

General Purpose Unrestricted Petroleum Revenue—Forecast [1]

($ million)

FY	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Petroleum Corporate Income Tax	470.0	580.0	600.0	615.0	635.0	645.0	655.0	665.0	670.0	695.0
Production Tax	2,126.1	2,430.9	2,631.5	2,966.8	3,323.2	3,362.8	3,131.5	3,066.5	3,043.9	3,013.7
Petroleum Property Tax	101.1	96.3	91.9	87.4	83.2	79.3	75.5	71.8	68.2	64.9
Oil and Gas Royalties-Net[2]	1,447.0	1,521.3	1,632.8	1,643.2	1,664.9	1,668.3	1,653.4	1,657.9	1,600.4	1,531.4
Bonuses, Rents & Interest-Net[2][3]	23.3	19.1	16.6	16.6	16.6	16.6	16.6	16.6	16.6	16.6
Petroleum Special Settlements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Petroleum Revenue	**4,167.5**	**4,647.7**	**4,972.7**	**5,329.0**	**5,722.9**	**5,772.0**	**5,532.0**	**5,477.7**	**5,399.1**	**5,321.6**
Cumulative Unrestricted Petroleum Revenue[4]	**84,958.8**	**89,606.5**	**94,579.3**	**99,908.3**	**105,631.2**	**111,403.2**	**116,935.2**	**122,412.9**	**127,812.0**	**133,133.5**
Total General Purpose Unrestricted Revenue	**4,777.9**	**5,236.6**	**5,573.3**	**5,931.6**	**6,340.2**	**6,399.8**	**6,170.7**	**6,120.1**	**6,069.5**	**6,002.7**
% Petroleum of Total GP Unrestricted Revenue	87%	89%	89%	90%	90%	90%	90%	90%	89%	89%

(1) Historical General Purpose Unrestricted petroleum revenue can be found on the Tax Division's web site at: http://www.tax.alaska.gov/sourcesbook/PetroleumRevenueHistory.pdf. Table on Tax web site includes historical Reserve Tax (FY 1976-1977) and Petroleum Special Settlements (FY 1986-1995) which are reflected as current zero totals in Appendix A-4a.

(2) Royalties, bonuses, rents and interest are net of Permanent Fund contribution and Constitutional Budget Reserve Fund (CBRF) deposits.

(3) This category is primarily composed of petroleum revenue.

(4) The cumulative unrestricted petroleum revenue total is based on revenue beginning in FY 1959.

Revenue. A-5a

Total Alaska Government Petroleum Revenue—History

($ million)

FY	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Unrestricted Petroleum Revenue										
Petroleum Corporate Income Tax	162.7	338.1	178.4	151.1	298.8	524.0	661.1	594.4	605.8	492.2
Oil and Gas Production Tax	693.2	694.4	486.7	589.8	642.7	854.9	1,191.7	2,198.3	6,810.9	3,100.9
Oil and Gas Hazardous Release	9.5	9.4	9.6	9.2	9.2	8.3	7.8	10.1	11.7	11.1
Oil and Gas Conservation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Petroleum Property Tax	45.0	45.1	49.6	48.7	47.3	42.5	54.5	65.6	81.5	111.2
Oil & Gas Royalties	727.8	781.0	575.7	825.7	1,042.8	1,401.1	1,772.2	1,583.8	2,420.6	1,451.2
Bonuses, Rents & Interest	4.1	18.3	20.1	14.6	13.3	18.8	11.9	29.2	25.5	14.4
Total Unrestricted Petroleum Revenue	1,642.3	1,886.3	1,320.1	1,639.1	2,054.1	2,849.6	3,699.2	4,481.4	9,956.0	5,181.0
Restricted Petroleum Revenue										
NPR-A Rents, Royalties, Bonuses	40.3	1.7	1.7	34.6	2.5	31.6	4.5	12.8	5.2	14.8
Royalties to Permanent Fund	301.1	339.3	257.7	397.6	354.7	476.9	599.5	535.0	834.0	659.8
Royalties to Public School Fund	5.4	5.6	4.3	6.2	7.1	9.6	12.0	10.6	16.5	11.0
CBRF Deposits [1]	448.3	49.1	90.2	22.3	8.4	27.4	43.7	101.9	476.4	202.6
Total Restricted Petroleum Revenue	795.1	395.7	353.9	460.7	372.7	545.5	659.7	660.3	1,332.1	888.2
Total Petroleum Revenue	**2,437.4**	**2,282.0**	**1,674.0**	**2,099.8**	**2,426.8**	**3,395.1**	**4,358.9**	**5,141.7**	**11,288.1**	**6,069.2**

[1] Oil and Gas Settlements from DOR Mineral Payments Fund Allocation Detail.

Revenue. A-5b

Total Alaska Government Petroleum Revenue—Forecast [1]

($ million)

FY	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Unrestricted Petroleum Revenue										
Petroleum Corporate Income Tax	470.0	580.0	600.0	615.0	635.0	645.0	655.0	665.0	670.0	695.0
Oil and Gas Production Tax	2,115.6	2,421.0	2,621.6	2,956.7	3,312.9	3,352.8	3,121.7	3,057.0	3,034.9	3,005.3
Oil and Gas Hazardous Release	10.5	9.9	9.9	10.1	10.2	10.1	9.7	9.5	9.0	8.5
Oil and Gas Conservation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Petroleum Property Tax	101.1	96.3	91.9	87.4	83.2	79.3	75.5	71.8	68.2	64.9
Oil & Gas Royalties	1,447.0	1,521.3	1,632.8	1,643.2	1,664.9	1,668.3	1,653.4	1,657.9	1,600.4	1,531.4
Bonuses, Rents & Interest	23.3	19.1	16.6	16.6	16.6	16.6	16.6	16.6	16.6	16.6
Total Unrestricted Petroleum Revenue	4,167.5	4,647.7	4,972.7	5,329.0	5,722.9	5,772.0	5,532.0	5,477.7	5,399.1	5,321.6
Restricted Petroleum Revenue										
NPR-A Rents, Royalties, Bonuses	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9
Royalties to Permanent Fund	601.3	672.3	720.4	731.7	748.5	745.5	745.1	738.2	715.5	680.2
Royalties to Public School Fund	10.4	11.1	11.9	12.0	12.2	12.2	12.1	12.1	11.7	11.2
CBRF Deposits [1]	440.7	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0
Total Restricted Petroleum Revenue	1,057.3	708.3	757.1	768.6	785.6	782.5	782.1	775.2	752.1	716.2
Total Petroleum Revenue	**5,224.8**	**5,356.0**	**5,729.9**	**6,097.6**	**6,508.6**	**6,554.5**	**6,314.1**	**6,252.9**	**6,151.2**	**6,037.8**

[1] Oil and Gas Settlements from DOR Mineral Payments Fund Allocation Detail.

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Prices. B-1a

Crude Oil and Natural Gas Prices—History[1][2]

NOMINAL[3]

WTI, ANS West Coast, ANS and Cook Inlet Wellhead Prices
($ per barrel)

FY	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
WTI	25.99	30.05	23.70	29.90	33.73	48.72	64.22	63.35	97.02	69.71
ANS West Coast Spot	24.42	27.54	21.65	28.59	32.36	44.85	62.12	61.60	96.51	68.34
ANS Wellhead Wtd Average All Destinations	19.87	22.56	17.04	23.42	27.46	40.12	56.69	56.20	90.46	61.86
Cook Inlet Wellhead	22.14	25.64	19.37	25.32	28.41	41.72	58.26	57.31	82.26	62.51

Henry Hub Natural Gas Prices
($ per million Btu)

FY	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Henry Hub	2.81	5.43	2.76	4.84	5.41	6.26	9.12	6.88	8.30	5.92

REAL 2009 $[4]

WTI, ANS West Coast, ANS and Cook Inlet Wellhead Prices
($ per barrel)

FY	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
WTI	34.21	38.14	29.13	36.37	40.18	56.20	72.25	68.32	102.16	69.71
ANS West Coast Spot	32.14	34.95	26.61	34.77	38.54	51.73	69.89	66.43	101.62	68.34
ANS Wellhead Wtd Average All Destinations	26.16	28.63	20.95	28.49	32.71	46.28	63.78	60.61	95.25	61.86
Cook Inlet Wellhead	29.15	32.55	23.81	30.79	33.84	48.13	65.54	61.80	86.62	62.51

Henry Hub Natural Gas Prices
($ per million Btu)

FY	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Henry Hub	3.70	6.89	3.39	5.88	6.44	7.22	10.26	7.41	8.74	5.92

Prices. B-1b

Crude Oil Prices—Forecast

NOMINAL[3]

WTI, ANS West Coast, ANS and Cook Inlet Wellhead Prices
($ per barrel)

FY	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
WTI	68.71	78.85	86.43	88.74	91.11	93.55	96.05	98.63	101.27	103.99
ANS West Coast Spot	66.93	76.35	83.93	86.24	88.61	91.05	93.55	96.13	98.77	101.49
ANS Wellhead Wtd Average All Destinations	61.03	70.36	77.78	80.02	82.27	84.57	86.89	89.22	91.54	93.84
Cook Inlet Wellhead	65.04	74.48	82.08	84.40	86.79	89.24	91.75	94.34	96.99	99.72

REAL 2009 $

WTI, ANS West Coast, ANS and Cook Inlet Wellhead Prices
($ per barrel)

FY	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
WTI	66.87	74.69	79.68	79.62	79.56	79.50	79.44	79.39	79.33	79.28
ANS West Coast Spot	65.14	72.32	77.37	77.37	77.37	77.37	77.37	77.37	77.37	77.37
ANS Wellhead Wtd Average All Destinations	59.39	66.65	71.71	71.79	71.83	71.87	71.86	71.82	71.71	71.54
Cook Inlet Wellhead	63.30	70.55	75.66	75.72	75.78	75.83	75.88	75.93	75.98	76.02

(1) In FY 2008, the Department of Revenue made a change in the method by which it accounts for future revenues, as well as historical and future production and oil prices, from a cash basis to an accrual basis. This method change will better align fiscal year revenues with the state's financial reports and other publications. As a result, slight modifications have been made to historical production values and oil prices to accommodate this change.

(2) Data from Platt's Oilgram Price Report, Wood McKenzie and Alaska Department of Revenue's prevailing value and tax return data. Historical real and nominal crude oil and natural gas prices can be found on the Tax Division's web site at: www.tax.alaska.gov/sourcesbook/OilGasPrices.pdf.

(3) Adjustment to "nominal" dollars is required to prepare the crude oil and natural gas price forecasts. Callan Associates Inc.'s inflation rate of 2.75% was used for FY 2011 and beyond.

(4) Adjustment to "real 2010" dollars is useful to compare prices across time excluding inflation. These prices data are adjusted to real 2010 dollars based on inflation rates provided by the U.S. Department of Labor, Bureau of Labor Statistics. The data series used is the Consumer Price Index for all Urban Consumers (CPI-U) which can be found at: www.bls.gov/cpi/home.htm.

Prices. B-2a

Nominal Netback Costs—History[1][2]

Marine Costs, TAPS Tariff, and Other Adjustment Charges

($ per barrel)

FY	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
ANS West Coast	24.42	27.54	21.65	28.59	32.36	44.85	62.12	61.60	96.51	68.34
Marine Costs	1.56	1.40	1.58	1.70	1.69	1.79	1.65	1.63	1.93	2.05
TAPS Tariff	2.90	3.30	3.50	3.37	3.16	3.33	3.55	4.51	5.08	4.59
Other Deductions and Adjustments[2]	0.08	0.29	(0.48)	0.09	0.05	(0.40)	0.23	(0.74)	(0.96)	(0.15)
ANS Wellhead Value	**19.87**	**22.56**	**17.04**	**23.42**	**27.46**	**40.12**	**56.69**	**56.20**	**90.46**	**61.86**

[1] In FY 2008, the Department of Revenue made a change in the method by which it accounts for future revenues, as well as historical and future production and oil prices, from a cash basis to an accrual basis. This method change will better align fiscal year revenues with the state's financial reports and other publications. As a result, slight modifications have been made to historical production values and oil prices to accommodate this change.

[2] Historical netback costs can be found on the Tax Division web site: www.tax.alaska.gov/sourcesbook/NetbackCosts.pdf.

Prices. B-2b

Nominal Netback Costs—Forecast [1]

Marine Costs, TAPS Tariff, and Other Adjustment Charges

($ per barrel)

FY	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
ANS West Coast	66.93	76.35	83.93	86.24	88.61	91.05	93.55	96.13	98.77	101.49
Marine Costs	2.07	2.05	2.10	2.15	2.20	2.25	2.30	2.35	2.40	2.45
TAPS Tariff	4.18	4.40	4.51	4.50	4.51	4.60	4.75	4.95	5.23	5.62
Other Deductions and Adjustments[2]	(0.35)	(0.46)	(0.45)	(0.42)	(0.36)	(0.37)	(0.38)	(0.39)	(0.40)	(0.41)
ANS Wellhead Value	**61.03**	**70.36**	**77.78**	**80.02**	**82.27**	**84.57**	**86.89**	**89.22**	**91.54**	**93.84**

[1] Data from the Department of Revenue's Forecast Model.

Prices. B-3

Price Changes from Spring 2008 Forecast

(nominal $ per barrel)

FY	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Fall 2009 Forecast										
WTI	68.71	78.85	86.43	88.74	91.11	93.55	96.05	98.63	101.27	103.99
ANS West Coast	66.93	76.35	83.93	86.24	88.61	91.05	93.55	96.13	98.77	101.49
ANS Wellhead Wtd Average All Destinations	61.03	70.36	77.78	80.02	82.27	84.57	86.89	89.22	91.54	93.84
Cook Inlet Wellhead	65.04	74.48	82.08	84.40	86.79	89.24	91.75	94.34	96.99	99.72
Spring 2009 Forecast										
WTI	60.79	70.17	78.44	82.45	86.00	88.43	91.90	94.70	97.54	100.58
ANS West Coast	58.29	67.68	75.94	79.95	83.50	85.93	89.40	92.20	95.04	98.08
ANS Wellhead Wtd Average All Destinations	52.70	62.00	70.09	74.01	77.45	79.76	83.09	85.66	88.40	91.29
Cook Inlet Wellhead	56.34	65.73	74.01	78.02	81.58	84.02	87.49	90.26	93.09	96.15
$ change from prior forecast										
WTI	7.92	8.68	7.99	6.29	5.11	5.12	4.15	3.93	3.73	3.41
ANS West Coast	8.64	8.67	7.99	6.29	5.11	5.12	4.15	3.93	3.73	3.41
ANS Wellhead Wtd Average All Destinations	8.32	8.36	7.70	6.01	4.82	4.81	3.80	3.56	3.14	2.55
Cook Inlet Wellhead	8.70	8.76	8.07	6.38	5.21	5.22	4.27	4.08	3.90	3.57
% change from prior forecast										
WTI	13.0%	12.4%	10.2%	7.6%	5.9%	5.8%	4.5%	4.1%	3.8%	3.4%
ANS West Coast	14.8%	12.8%	10.5%	7.9%	6.1%	6.0%	4.6%	4.3%	3.9%	3.5%
ANS Wellhead Wtd Average All Destinations	15.8%	13.5%	11.0%	8.1%	6.2%	6.0%	4.6%	4.2%	3.6%	2.8%
Cook Inlet Wellhead	15.4%	13.3%	10.9%	8.2%	6.4%	6.2%	4.9%	4.5%	4.2%	3.7%

Production. C-1

Production Differences from Spring 2008 Forecast

(million barrels per day)

FY	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Fall 2009 Forecast										
ANS	0.659	0.623	0.617	0.624	0.635	0.623	0.604	0.588	0.561	0.524
Cook Inlet	0.009	0.008	0.007	0.006	0.006	0.005	0.005	0.004	0.004	0.004
ALASKA	0.668	0.631	0.623	0.630	0.640	0.628	0.609	0.593	0.564	0.527
Spring 2009 Forecast										
ANS	0.655	0.634	0.637	0.637	0.652	0.635	0.616	0.598	0.575	0.622
Cook Inlet	0.012	0.011	0.010	0.009	0.009	0.008	0.008	0.007	0.007	0.006
ALASKA	0.666	0.645	0.647	0.646	0.660	0.643	0.624	0.605	0.581	0.628
Volume change from prior forecast										
ANS	0.004	(0.011)	(0.021)	(0.013)	(0.017)	(0.011)	(0.012)	(0.010)	(0.014)	(0.099)
Cook Inlet	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)
ALASKA	0.001	(0.014)	(0.024)	(0.016)	(0.020)	(0.014)	(0.015)	(0.013)	(0.017)	(0.101)
Percent change from prior forecast										
ANS	0.6%	(1.7%)	(3.3%)	(2.0%)	(2.6%)	(1.8%)	(1.9%)	(1.7%)	(2.5%)	(15.9%)
Cook Inlet	(24.4%)	(27.8%)	(30.6%)	(33.1%)	(35.4%)	(37.5%)	(39.3%)	(39.6%)	(41.3%)	(42.8%)
ALASKA	0.2%	(2.2%)	(3.7%)	(2.5%)	(3.0%)	(2.2%)	(2.4%)	(2.1%)	(2.9%)	(16.1%)

1302

Production. C-2a

Crude Oil Production—History[1][2]

(million barrels per day)

FY	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Prudhoe Bay[3]	0.571	0.536	0.486	0.429	0.414	0.380	0.335	0.271	0.291	0.290
PBU Satellites[4]	0.005	0.007	0.030	0.045	0.052	0.043	0.041	0.043	0.034	0.037
GPMA[5]	0.113	0.088	0.073	0.065	0.060	0.055	0.048	0.037	0.044	0.038
Kuparuk	0.211	0.197	0.174	0.160	0.154	0.141	0.133	0.121	0.113	0.106
Kuparuk Satellites[6]	0.036	0.031	0.041	0.052	0.049	0.051	0.043	0.044	0.038	0.036
Milne Point[7]	0.053	0.052	0.052	0.051	0.051	0.049	0.041	0.033	0.033	0.031
Endicott[8]	0.043	0.037	0.033	0.029	0.028	0.020	0.021	0.016	0.014	0.014
Liberty										
Alpine[9]		0.045	0.096	0.099	0.099	0.105	0.123	0.103	0.079	0.063
Fiord[10]	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.011	0.018	0.021
Nanuq[11]	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.010	0.019	0.022
NPR-A										
Offshore[12]									0.000	0.004
Northstar[13]			0.025	0.059	0.066	0.068	0.055	0.045	0.034	0.027
Total ANS	**1.033**	**0.993**	**1.010**	**0.991**	**0.974**	**0.911**	**0.840**	**0.734**	**0.716**	**0.692**
Cook Inlet	**0.029**	**0.029**	**0.033**	**0.030**	**0.025**	**0.020**	**0.018**	**0.015**	**0.014**	**0.010**
Total Alaska	**1.062**	**1.021**	**1.043**	**1.021**	**0.999**	**0.932**	**0.858**	**0.750**	**0.730**	**0.702**

(1) In FY 2008, the Department of Revenue made a change in the method by which it accounts for future revenues, as well as historical and future production and oil prices, from a cash basis to an accrual basis. This method change will better align fiscal year revenues with the state's financial reports and other publications. As a result, slight modifications have been made to historical production values and oil prices to accommodate this change.

(2) A summary of historical crude oil production can be found on the Tax Division's web site at: www.tax.alaska.gov/sourcesbook/AlaskaProduction.pdf.

(3) Includes NGLs from Central Gas Facility shipped to TAPS.

(4) Aurora, Borealis, Midnight Sun, Orion and Polaris.

(5) Lisburne, Niakuk, North Prudhoe Bay State, Point McIntyre, Raven, West Beach and West Niakuk.

(6) Meltwater, Tabasco, Tarn and West Sak.

(7) Includes Sag River and Schrader Bluff.

(8) Includes Badami, Eider and Sag Delta.

(9) Includes Alpine-West and Qannik.

(10) Fiord, Fiord-Kuparuk.

(11) Nanuq and Nanuq-Kuparuk.

(12) Known Offshore includes Nikaitchuq and Oooguruk.

(13) Includes Outer Continental Shelf (OCS) production.

Production. C-2b

Crude Oil Production—Forecast [1]

(million barrels per day)

FY	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Prudhoe Bay[2]	0.280	0.261	0.249	0.237	0.238	0.231	0.222	0.214	0.205	0.198
PBU Satellites[3]	0.035	0.036	0.043	0.043	0.042	0.040	0.037	0.035	0.031	0.028
GPMA[4]	0.036	0.032	0.029	0.026	0.023	0.021	0.020	0.018	0.017	0.015
Kuparuk	0.099	0.091	0.090	0.085	0.081	0.077	0.073	0.069	0.065	0.062
Kuparuk Satellites[5]	0.037	0.035	0.031	0.028	0.026	0.029	0.027	0.031	0.029	0.027
Milne Point[6]	0.029	0.029	0.029	0.029	0.029	0.028	0.027	0.025	0.024	0.022
Endicott[7]	0.014	0.012	0.011	0.013	0.015	0.017	0.018	0.016	0.015	0.013
Liberty	0.000	0.000	0.009	0.024	0.034	0.032	0.026	0.021	0.018	0.015
Alpine[8]	0.057	0.056	0.054	0.053	0.053	0.046	0.041	0.036	0.032	0.029
Fiord[9]	0.029	0.029	0.025	0.022	0.019	0.018	0.023	0.028	0.027	0.022
Nanuq[10]	0.013	0.009	0.007	0.008	0.008	0.007	0.006	0.005	0.005	0.004
NPR-A	0.000	0.000	0.001	0.009	0.015	0.015	0.021	0.024	0.029	0.029
Offshore[11]	0.008	0.016	0.026	0.034	0.040	0.043	0.046	0.049	0.049	0.044
Point Thomson	0.000	0.000	0.000	0.000	0.002	0.010	0.010	0.010	0.010	0.010
Northstar[12]	0.020	0.016	0.013	0.011	0.010	0.009	0.008	0.007	0.006	0.006
Total ANS	**0.659**	**0.623**	**0.617**	**0.624**	**0.635**	**0.623**	**0.604**	**0.588**	**0.561**	**0.524**
Cook Inlet	**0.009**	**0.008**	**0.007**	**0.006**	**0.006**	**0.005**	**0.005**	**0.004**	**0.004**	**0.004**
Total Alaska	**0.668**	**0.631**	**0.623**	**0.630**	**0.640**	**0.628**	**0.609**	**0.593**	**0.564**	**0.527**

(1) In FY 2008, the Department of Revenue made a change in the method by which it accounts for future revenues, as well as historical and future production and oil prices, from a cash basis to an accrual basis. This method change will better align fiscal year revenues with the state's financial reports and other publications. As a result, slight modifications have been made to historical production values and oil prices to accommodate this change.

(2) Includes NGLs from Central Gas Facility shipped to TAPS.

(3) Aurora, Borealis, Midnight Sun, Orion and Polaris.

(4) Lisburne, Niakuk, Point McIntyre, Raven, West Beach.

(5) Meltwater, Tabasco, Tam and West Sak.

(6) Includes Sag River and Schrader Bluff.

(7) Includes Sag Delta.

(8) Includes Alpine-West and Qannik.

(9) Fiord, Fiord-Kuparuk and Fiord West.

(10) Nanuq and Nanuq-Kuparuk.

(11) Known Offshore includes Nikaitchuq and Oooguruk.

(12) Includes Outer Continental Shelf (OCS) production.

1304

Production. C-3a

Economic Limit Factors (for Fields with Positive ELF)—History [1][2]

(percent)

FY	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Prudhoe Bay	0.931	0.915	0.895	0.868	0.850	0.847	0.856	0.789	0.809	0.797
Aurora						0.367	0.856	0.789	0.809	0.797
Borealis			0.098	0.107	0.076	0.369	0.856	0.789	0.809	0.797
Midnight Sun			0.018	0.001	0.000	0.367	0.856	0.789	0.809	0.797
Orion						0.368	0.856	0.789	0.809	0.797
Polaris						0.367	0.856	0.789	0.809	0.797
Point McIntyre	0.618	0.415	0.192	0.162	0.098	0.383	0.856	0.789	0.809	0.797
Kuparuk	0.589	0.487	0.336	0.234	0.165	0.044	0.004	0.000	0.000	0.000
Tarn	0.041	0.003	0.050	0.102	0.051	0.008	0.001	0.000	0.000	0.000
Milne Point	0.025	0.009	0.001	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Endicott	0.046	0.007	0.001	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Alpine		0.491	0.878	0.858	0.842	0.817	0.856	0.781	0.603	0.377
Fiord								0.007	0.023	0.054
Fiord-Kuparuk								0.011	0.000	0.005
Nanuq-Kuparuk								0.207	0.326	0.332
Northstar			0.495	0.861	0.847	0.824	0.722	0.521	0.266	0.020
Volume Weighted ELF	**0.700**	**0.650**	**0.608**	**0.580**	**0.553**	**0.563**	**0.606**	**0.512**	**0.499**	**0.465**

[1] In FY 2008, the Department of Revenue made a change in the method by which it accounts for future revenues, as well as historical and future production and oil prices, from a cash basis to an accrual basis. This method change will better align fiscal year revenues with the state's financial reports and other publications. As a result, slight modifications have been made to historical production values and oil prices to accommodate this change.

[2] A summary of historical ELFs can be found on the Tax Division's web site at www.tax.alaska.gov/sourcesbook/ELFs.pdf.

Under the ELF production tax system, the tax rate for oil depended on the age of the field and the Economic Limit Factor (ELF). The ELF was calculated based on total daily oil production and average daily per well production from each producing field. The statutory production tax rate on oil was 12.25% of its value at the point of production for the first five years of field production and 15% thereafter. There was a minimum tax of 80 cents per taxable barrel. The effective tax rate was calculated by multiplying the statutory tax rate, even if it was the minimum 80 cents per barrel, times the ELF. The ELF formula resulted in lower effective tax rates for smaller, low-production fields and higher tax rates for larger, highly productive fields. There was a unique combination of total daily field production and average daily per well production.

In January 2005, the department aggregated seven fields in the Prudhoe Bay Unit. The decision to aggregate focused on, among other things, the increasing interdependence found in the engineering and operation of the fields.

Revenue Sources Book

Alaska Department of Revenue – Tax Division

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Production. C-3b

Economic Limit Factors (for Fields with Positive ELF)—Forecast [1]

(percent)

FY	2010	2011
Prudhoe Bay	0.772	0.715
Aurora	0.772	0.715
Borealis	0.772	0.715
Midnight Sun	0.772	0.715
Orion	0.772	0.715
Polaris	0.772	0.715
Point McIntyre	0.772	0.715
Kuparuk	0.000	0.000
Tarn	0.000	0.000
Milne Point	0.000	0.000
Endicott	0.000	0.000
Alpine	0.332	0.227
Fiord	0.089	0.026
Fiord-Kuparuk	0.003	0.000
Nanuq-Kuparuk	0.031	0.000
Northstar	0.008	0.000
Volume Weighted ELF	**0.339**	**0.368**

[1] ELF is projected through FY 2011 to assist in the comparison of ACES revenues and revenue under the old ELF-based system. This comparison is required under the new statute.

Revenue Sources Book

Alaska Department of Revenue – Tax Division

FALL 2009

Forecast & Historical Data

Sean Parnell, Governor
Patrick Galvin, Commissioner
Jonathan Iversen, Director
Dona Keppers, Audit Master

www.tax.alaska.gov

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Revenue Sources Book

Alaska Department of Revenue – Tax Division

FALL 2009

In accordance with AS 37.07.060 (b)(4), the Revenue Sources Book is compiled biannually by the Alaska Department of Revenue to assist the governor in formulating a proposed comprehensive financial plan for presentation to the Alaska State Legislature. Within the publication are shown prior year actuals, revised current year estimates and future year projections.

Anticipated state income is projected through the use of a number of data sources:

(1) Econometric models developed by the Department of Revenue to forecast unrestricted non-petroleum revenues;

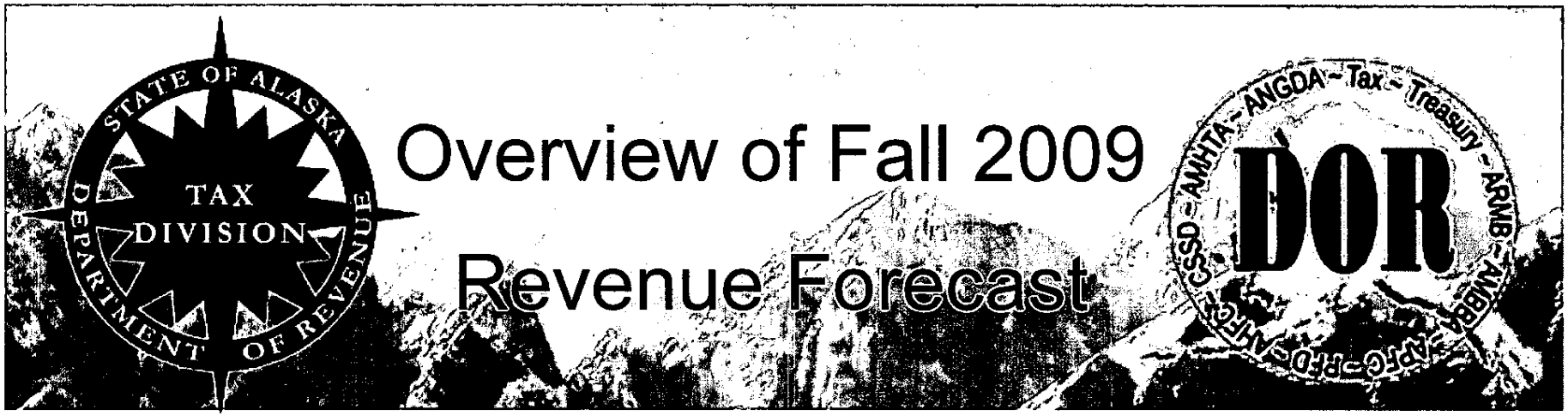
(2) A petroleum revenue model created by the department's Tax Division;

(3) Estimates from individual state agencies.

We thank the various state agencies for their cooperation in computing anticipated revenues for publication in this Fall 2009 Revenue Sources Book.

The Department of Revenue complies with Title II of the Americans With Disabilities Act of 1990. This publication is available in alternative communication formats upon request. Please contact the division's representative at 907-465-3692 or 907-465-3678 (TDD) to make necessary arrangements.

This publication, required by law (AS 37.07.060), was printed in Juneau, Alaska at a cost of about $13 per copy.



Presentation to the Senate Finance Committee January 26, 2010 Alaska Department of Revenue

Outline for Presentation

- **Fall 2009 Revenue Forecast for FY2010 and 2011**
  - Total Revenue
  - Unrestricted Revenue
  - Non-Oil Revenue
- **10-Year Revenue and Spending Projection**
- **How Production Tax Is Calculated**
  - FY 2009 Production tax Calculated
  - Impact of Oil Price Volatility
  - FY 2010 & 2011 Production Tax Projected
- **Components of Production Tax Forecast**
  - Oil Production Forecast
  - Oil Price Forecast
  - Lease Expenditures Forecast / Oil Company Spending

Fall 2009
Revenue Forecast
FY2010 and FY2011

FY 10 and FY 11 Total Revenue

Revenue Type	FY10 ($M)	FY11 ($M)
Unrestricted Revenue		
Oil Revenue	$ 4,167.5	$ 4,647.7
Other Revenue (except Federal & Investment)	$ 389.3	$ 405.8
Investment Earnings	$ 221.1	$ 183.2
Subtotal Unrestricted	$ 4,777.9	$ 5,236.7
Restricted Revenue		
Oil Revenue	$ 1,057.3	$ 708.3
Other Revenue (except Federal & Investment)	$ 588.9	$ 589.6
Investment Earnings	$ 3,307.3	$ 3,252.8
Federal Revenue	$ 2,916.7	$ 2,916.7
Subtotal Restricted	$ 7,870.2	$ 7,467.4
Total Revenue	$ 12,648.1	$ 12,704.1

Source: Fall 2009 Revenue Sources Book

FY 10 & FY 11 General Fund Unrestricted Revenue

Revenue Type	FY 10 ($M)	% Total	FY 11 ($ M)	% Total
Royalty - Net PF / SF	$ 1,470.3	30.8%	$ 1,540.4	29.4%
Production Tax	$ 2,126.1	44.5%	$ 2,430.9	46.4%
Corp Income Tax	$ 470.0	9.8%	$ 580.0	11.1%
Property Tax	$ 101.1	2.1%	$ 96.3	1.8%
Subtotal Oil Revenue	**$ 4,167.5**	**87.2%**	**$ 4,647.7**	**88.8%**
Non-Oil Revenue	$ 610.4	12.8%	$ 589.0	11.2%
Total Revenue	**$ 4,777.9**	**100.0%**	**$ 5,236.6**	**100.0%**

Source: Fall 2009 Revenue Sources Book

FY 2010 and FY 2011 Non-Oil Revenue Detail

Revenue Type	FY 10 ($M)	% Total	FY 11 ($M)	% Total
Taxes				
Corporate Income	$ 86.6	14.2%	$ 89.1	15.1%
Mining	$ 29.2	4.8%	$ 28.6	4.9%
Insurance Premium	$ 43.9	7.2%	$ 43.0	7.3%
Tobacco	$ 43.5	7.1%	$ 43.1	7.3%
Motor Fuel	$ 30.0	4.9%	$ 40.3	6.8%
Other Taxes	$ 51.2	8.4%	$ 54.7	9.3%
Subtotal Taxes	**$ 284.4**	**46.6%**	**$ 298.8**	**50.7%**
Investments	**$ 221.1**	**36.2%**	**$ 183.2**	**31.1%**
Other *	**$ 104.9**	**17.2%**	**$ 107.0**	**18.2%**
Total Non-Oil	**$ 610.4**	**100.0%**	**$ 589.0**	**100.0%**

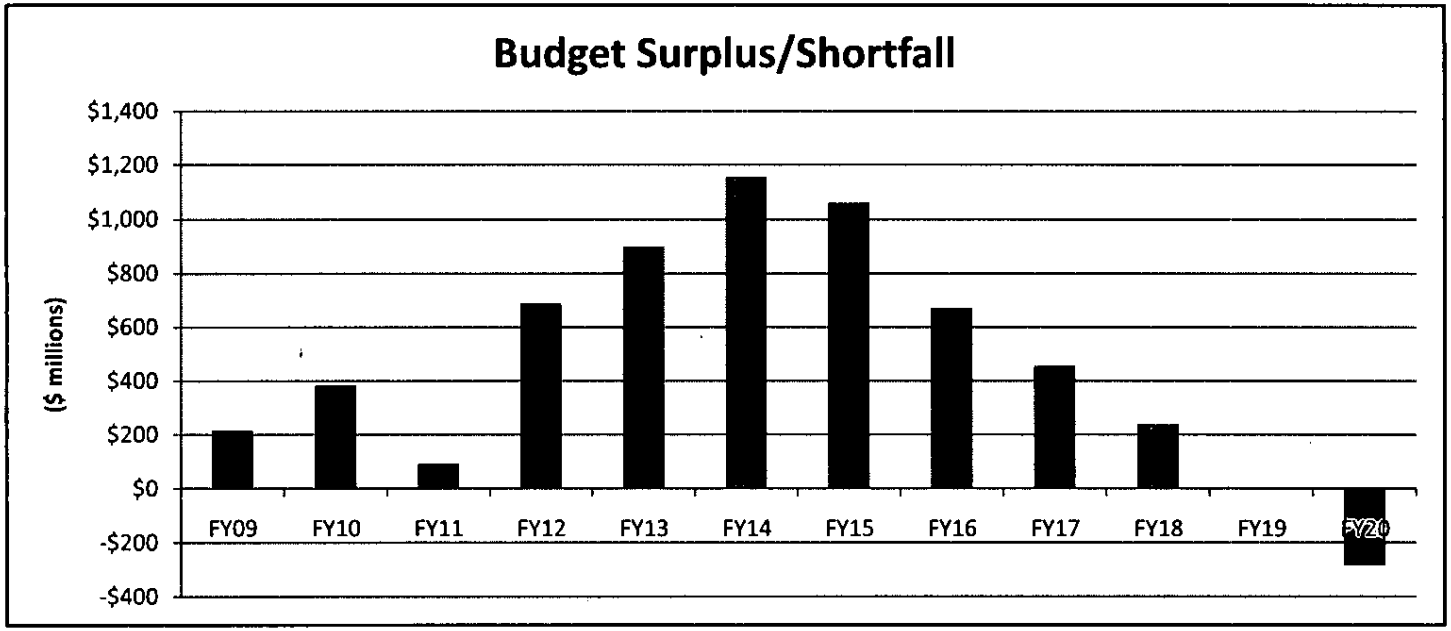
*Other includes Charges for Services, Fines and Forfeitures, Licenses & Permits, Rents & Royalties, and Miscellaneous non-oil revenues.

Source: Fall 2009 Revenue Sources Book

10-Year Revenue/Spending Projection

10-Year Revenue and Spending

Assumes Fall 2009 Revenue and 3% budget escalation from FY11



Revenue vs. Spending ($Millions)	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
General Fund Unrestricted Revenue	6,874.9	4,800.0	5,236.6	5,573.3	5,931.6	6,340.2	6,399.8	6,170.7	6,120.1	6,069.5	6,002.7	5,904.9
General Fund Expenses	6,659.0	4,415.2	4,742.6	4,884.9	5,031.4	5,182.4	5,337.8	5,498.0	5,662.9	5,832.8	6,007.8	6,188.0
Budget Surplus/Shortfall	215.9	384.8	94.0	688.4	900.2	1,157.8	1,062.0	672.7	457.2	236.7	(5.1)	(283.1)
Reserve Balances												
CBRF Total	7,114.4	9,070.0	9,750.0	11,082.0	12,704.0	14,674.0	16,649.0	18,330.0	19,884.0	21,301.0	22,561.0	23,903.0
Statutory Budget Reserve Balance	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	995.0	712.0
Total Reserve Balances	8,114.4	10,070.0	10,750.0	12,082.0	13,704.0	15,674.0	17,649.0	19,330.0	20,884.0	22,301.0	23,556.0	24,615.0

Source: OMB

- FY09 represents actuals rather than forecast.
- FY10 surplus/shortfall calculation adds $22.1 in reappropriations and carry over to total available revenue.
- FY11 surplus calculation subtracts $400 from surplus for Governor's Performance Scholarship Fund and $13.1 deposit to Public Education Fund for FY12. CBR balance assumes that all available surplus is deposited to CBR main fund.

Appropriations projections do not represent a commitment by the Administration to propose spending at a particular level in FY11 or any future year. The 10 year forecast shows that unanticipated shortfalls during the period could be filled primarily through the use of reserve funds. However, other options could be used in whole, or in part. The plan will be revisited as conditions warrant.

How Production Tax Is Calculated

FY 09 Production Tax Calculated

	Per Barrel	Barrels	Value
Avg ANS Oil Price ($/bbl) & Daily Production (bbls)	$68.34	692,127	$47,299,959
Annual Production (bbl)			
Total Annual Production/Value	**$68.34**	**252,626,355**	**$17,264,485,101**
Royalty and Federal barrels		(34,187,360)	($2,336,364,182)
Taxable barrels		**218,438,995**	**$14,928,120,918**
Downstream (Transportation) Costs ($/bbl)			
ANS Marine Transportation	($2.05)		
TAPS Tariff	($4.59)		
Other	$0.16		
Total Transportation Costs	**($6.48)**	**218,438,995**	**($1,415,484,688)**
Lease Expenditures			
Deductible Operating Expenditures	($9.39)		($2,050,000,000)
Deductible Capital Expenditures	($8.01)		($1,750,000,000)
Total Lease Expenditures	**($17.40)**	**218,438,995**	**($3,800,000,000)**
Production Tax Value (PTV)	**$44.46**	**218,438,995**	**$9,712,636,231**
Production Tax			
Base Tax (25%*PTV)			$2,428,159,058
Progressive Tax Rate = ($44.46-$30) * 0.4% = **5.8%**			
Progressive Tax = (5.8% * PTV)			$561,928,014
Total Tax Due before credits			**$2,990,087,072**
Credits Applied Against Taxes			($350,000,000)
Total Tax after credits			**$2,640,087,072**

Source: Department of Revenue from production tax monthly information forms, annual returns, and company forecasts

$2.6 Billion??

But Didn't We Collected $3.1 billion in Production Tax in FY09

Why the difference?

FY 09 Monthly Tax Calculations – **Monthly Oil Price Volatility Matters!**

	July	August	September	October	November	December	
Oil Price	**$132.87**	**$115.98**	**$101.86**	**$73.65**	**$53.94**	**$37.70**	
Total barrels per month	20,174,640	17,230,458	21,197,405	23,080,737	22,846,738	22,727,030	
Royalty & Federal barrels	2,848,947	2,848,947	2,848,947	2,848,947	2,848,947	2,848,947	
Taxable barrels per month	17,325,693	14,381,511	18,348,458	20,231,790	19,997,791	19,878,083	
Wellhead value	$126.37	$109.48	$95.36	$67.15	$47.44	$31.20	
Gross value of taxable bbls	$2,189,447,867	$1,574,487,850	$1,749,708,987	$1,358,564,721	$948,695,216	$620,196,200	
Deductible Opex	$170,833,333	$170,833,333	$170,833,333	$170,833,333	$170,833,333	$170,833,333	
Deductible Capex	$145,833,333	$145,833,333	$145,833,333	$145,833,333	$145,833,333	$145,833,333	
Taxable value	$1,872,781,200	$1,257,821,183	$1,433,042,320	$1,041,898,054	$632,028,549	$303,529,533	
Base rate	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	
Base tax	$468,195,300	$314,455,296	$358,260,580	$260,474,514	$158,007,137	$75,882,383	
Taxable value per barrel	$108.09	$87.46	$78.10	$51.50	$31.60	$15.27	
Progressive tax rate	26.6%	23.0%	19.2%	8.6%	0.6%	-	
Progressive tax	$497,397,040	$289,102,592	$275,726,004	$89,595,168	$4,057,416	$0	
Tax before credits	$965,592,340	$603,557,888	$633,986,584	$350,069,682	$162,064,553	$75,882,383	
Credits applied	$29,150,000	$29,150,000	$29,150,000	$29,150,000	$29,150,000	$29,150,000	
Tax after credits	**$936,442,340**	**$574,407,888**	**$604,836,584**	**$320,919,682**	**$132,914,553**	**$46,732,383**	

	January	February	March	April	May	June	Total
Oil Price	**$39.01**	**$42.78**	**$47.75**	**$46.56**	**$58.23**	**$69.80**	$68.34
Total barrels per month	21,812,241	20,747,934	23,020,348	20,160,047	22,186,732	17,785,719	252,970,029
Royalty & Federal barrels	2,848,947	2,848,947	2,848,947	2,848,947	2,848,947	2,848,947	34,187,360
Taxable barrels per month	18,963,294	17,898,987	20,171,402	17,311,100	19,337,785	14,936,772	218,782,669
Wellhead value	$32.51	$36.28	$41.25	$40.06	$51.73	$63.30	$61.84
Gross value of taxable bbls	$616,496,702	$649,375,248	$832,070,320	$693,482,668	$1,000,343,635	$945,497,689	$13,178,367,102
Deductible Opex	$170,833,333	$170,833,333	$170,833,333	$170,833,333	$170,833,333	$170,833,333	$2,050,000,000
Deductible Capex	$145,833,333	$145,833,333	$145,833,333	$145,833,333	$145,833,333	$145,833,333	$1,750,000,000
Taxable value	$299,830,035	$332,708,581	$515,403,653	$376,816,001	$683,676,969	$628,831,022	$9,378,367,102
Base rate	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
Base tax	$74,957,509	$83,177,145	$128,850,913	$94,204,000	$170,919,242	$157,207,756	$2,344,591,775
Taxable value per barrel	$15.81	$18.59	$25.55	$21.77	$35.35	$42.10	$44.27
Progressive tax rate	-	-	-	-	2.1%	4.8%	7.1%
Progressive tax	$0	$0	$0	$0	$14,642,885	$30,434,227	$1,200,955,332
Tax before credits	$74,957,509	$83,177,145	$128,850,913	$94,204,000	$185,562,128	$187,641,982	$3,545,547,108
Credits applied	$29,150,000	$29,150,000	$29,150,000	$29,150,000	$29,150,000	$29,150,000	$349,800,000
Tax after credits	**$45,807,509**	**$54,027,145**	**$99,700,913**	**$65,054,000**	**$156,412,128**	**$158,491,982**	$3,195,747,108
						Less adjustments	$83,792,561
						TOTAL TAX	**$3,111,954,547**

Source: Department of Revenue from production tax monthly information forms, annual returns, and company forecasts

FY 09 Monthly Tax Calculations –
Monthly Oil Price Volatility Matters!

	July	August	September	October	November	December	
Oil Price	**$132.87**	$115.98	$101.86	$73.65	$53.94	**$37.70**	28%
Total barrels per month	**20,174,640**	17,230,458	21,197,405	23,080,737	22,846,738	**22,727,030**	
Royalty & Federal barrels	**2,848,947**	2,848,947	2,848,947	2,848,947	2,848,947	**2,848,947**	
Taxable barrels per month	**17,325,693**	14,381,511	18,348,458	20,231,790	19,997,791	**19,878,083**	
Wellhead value	**$126.37**	$109.48	$95.36	$67.15	$47.44	**$31.20**	
Gross value of taxable bbls	**$2,189,447,867**	$1,574,487,860	$1,749,708,987	$1,358,564,721	$948,695,216	**$620,196,200**	
Deductible Opex	**$170,833,333**	$170,833,333	$170,833,333	$170,833,333	$170,833,333	**$170,833,333**	
Deductible Capex	**$145,833,333**	$145,833,333	$145,833,333	$145,833,333	$145,833,333	**$145,833,333**	
Taxable value	**$1,872,781,200**	$1,257,821,183	$1,433,042,320	$1,041,898,054	$637,028,549	**$303,529,533**	
Base rate	**25.0%**	25.0%	25.0%	25.0%	25.0%	**25.0%**	
Base tax	**$468,195,300**	$314,455,296	$358,260,580	$260,474,514	$158,007,137	**$75,882,383**	
Taxable value per barrel	**$108.09**	$87.46	$78.10	$51.50	$31.60	**$15.27**	
Progressive tax rate	**26.6%**	23.0%	19.2%	8.6%	0.6%	-	
Progressive tax	**$497,397,040**	$289,102,592	$275,726,004	$89,595,168	$4,057,416	**$0**	
Tax before credits	**$965,592,340**	$603,557,888	$633,986,584	$350,069,682	$162,064,553	**$75,882,383**	
Credits applied	**$29,150,000**	$29,150,000	$29,150,000	$29,150,000	$29,150,000	**$29,150,000**	
Tax after credits	**$936,442,340**	$574,407,888	$604,836,584	$320,919,682	$132,914,553	**$46,732,383**	5%

	January	February	March	April	May	June	Total
Oil Price	$39.01	$42.78	$47.75	$46.56	$58.23	$69.80	$66.34
Total barrels per month	21,813,237	20,747,946	23,020,348	20,160,047	24,186,732	17,785,219	252,970,029
Royalty & Federal barrels	2,848,947	2,848,947	2,848,947	2,848,947	2,848,947	2,848,947	34,197,360
Taxable barrels per month	18,963,294	17,898,999	20,171,402	17,311,100	19,337,785	14,936,772	218,782,669
Wellhead value	$32.51	$36.28	$41.25	$40.08	$51.73	$61.80	$61.84
Gross value of taxable bbls	$616,496,702	$649,375,248	$832,070,320	$693,382,668	$1,000,143,635	$945,497,689	$13,178,867,107
Deductible Opex	$170,833,333	$170,833,333	$170,833,333	$170,833,333	$170,833,333	$170,833,333	$2,050,000,000
Deductible Capex	$145,833,333	$145,833,333	$145,833,333	$145,833,333	$145,833,333	$145,833,333	$1,750,000,000
Taxable value	$299,830,035	$332,708,581	$515,403,653	$376,716,001	$683,476,969	$628,831,022	$9,378,867,107
Base rate	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
Base tax	$74,957,509	$83,177,145	$128,850,913	$94,204,000	$170,519,242	$157,207,756	$2,344,591,775
Taxable value per barrel	$15.81	$18.59	$25.55	$21.77	$35.35	$42.10	$44.27
Progressive tax rate	-	-	-	-	2.1%	4.8%	7.1%
Progressive tax	$0	$0	$0	$0	$14,642,885	$30,434,227	$1,200,955,332
Tax before credits	$74,957,509	$83,177,145	$128,850,913	$94,204,000	$185,162,128	$187,641,982	$3,545,547,108
Credits applied	$29,150,000	$29,150,000	$29,150,000	$29,150,000	$29,150,000	$29,150,000	$349,800,000
Tax after credits	$45,807,509	$54,027,145	$99,700,913	$65,054,000	$156,412,128	$158,491,982	$3,195,747,108
						less adjustments	$83,792,561
						TOTAL TAX	$3,111,954,547

Source: Department of Revenue from production tax monthly information forms, annual returns, and company forecasts

FY 10 Production Tax Projected

	Price	Barrels	Value
Avg ANS Oil Price ($/bbl) & Daily Production (bbls)	$66.93	658,762	$44,090,941
Annual Production (bbl)			
Total		240,448,130	$16,093,193,341
Royalty and Federal barrels		(31,230,860)	($2,090,281,460)
Taxable barrels		209,217,270	$14,002,911,881
Downstream (Transportation) Costs ($/bbl)			
ANS Marine Transportation	($2.07)		
TAPS Tariff	($4.18)		
Other	$0.35		
Total Transportation Costs	**($5.90)**	**209,217,270**	**($1,234,381,893)**
Lease Expenditures			
Deductible Operating Expenditures	($9.08)		($1,900,000,000)
Deductible Capital Expenditures	($9.56)		($2,000,000,000)
Total Lease Expenditures	**($18.64)**	**209,217,270**	**($3,900,000,000)**
Production Tax Value (PTV)	**$42.39**	**209,217,270**	**$8,868,529,988**
Production Tax			
Base Tax (25%*PTV)			$2,217,132,497
Progressive Tax = (5.0% * PTV)			$439,492,116
Total Tax before credits			**$2,656,624,613**
Credits Applied Against Taxes			($360,000,000)
Total Tax after credits			$2,296,624,613
Less adjustment			($170,500,793)
Production Tax per forecast			**$2,126,123,820**

Source: Department of Revenue from production tax monthly information forms, annual returns, and company forecasts

FY 11 Production Tax Projected

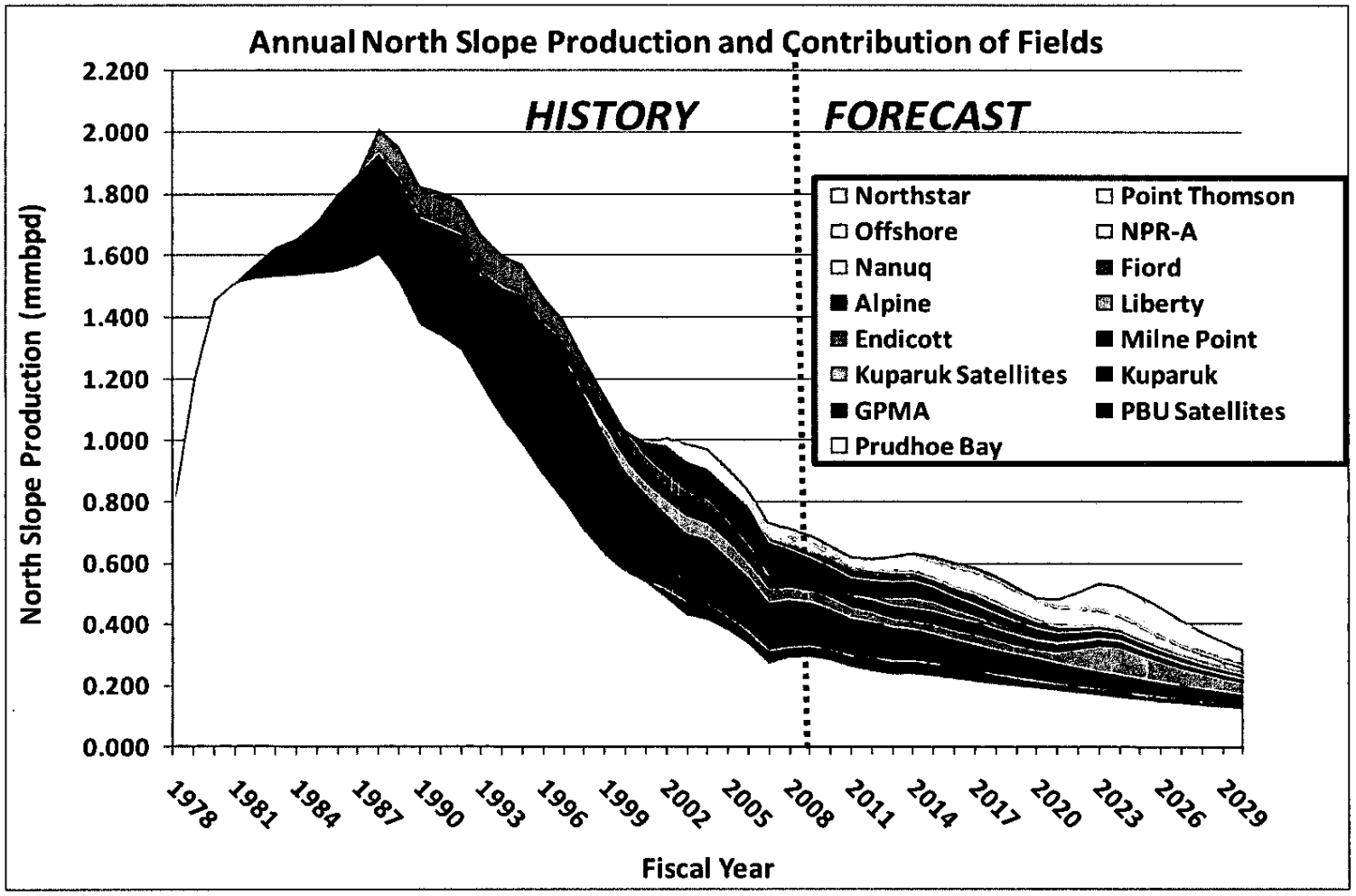
	Price	Barrels	Value
Avg ANS Oil Price ($/bbl) & Daily Production (bbls)	$76.35	622,879	$47,556,812
Annual Production (bbl)			
Total	**$76.35**	**227,350,835**	**$17,358,236,252**
Royalty and Federal barrels		(29,293,075)	($2,236,526,276)
Taxable barrels		**198,057,760**	**$15,121,709,976**
Downstream (Transportation) Costs ($/bbl)			
ANS Marine Transportation	($2.05)		
TAPS Tariff	($4.40)		
Other	$0.46		
Total Transportation Costs	**($5.99)**	**198,057,760**	**($1,186,365,982)**
Lease Expenditures			
Deductible Operating Expenditures	($10.60)		($2,100,000,000)
Deductible Capital Expenditures	($11.87)		($2,350,000,000)
Total Lease Expenditures	**($22.47)**	**198,057,760**	**($4,450,000,000)**
Production Tax Value (PTV)	**$47.89**	**198,057,760**	**$9,485,343,994**
Production Tax			
Base Tax (25%*PTV)			$2,371,335,998
Production Tax Value per barrel			
Progressive Tax = (7.2% * PTV)			$678,839,772
Total Tax before credits			$3,050,175,770
Credits Applied Against Taxes			($420,000,000)
Total Tax after credits			$2,630,175,770
Less adjustment			($199,271,070)
Production Tax per forecast			**$2,430,904,700**

Source: Department of Revenue from production tax monthly information forms, annual returns, and company forecasts

Components of Production Tax Calculation

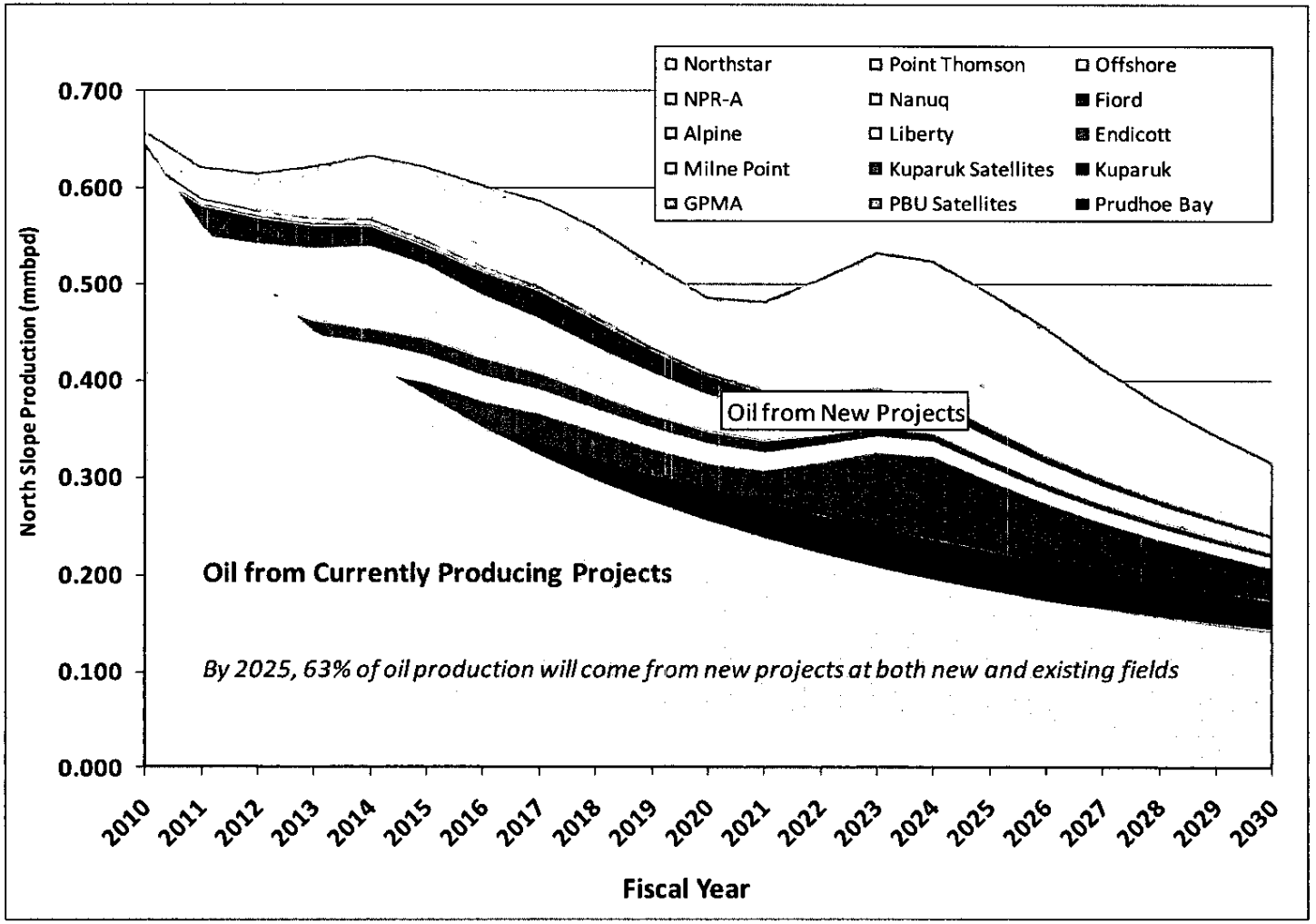
Fall 2009 Oil Production Forecast

ANS Production, History & Forecast



Source: Fall 2009 Revenue Sources Book

Forecasted ANS Production FY 2010 - 2030



Source: Fall 2009 Revenue Sources Book

Production Decline

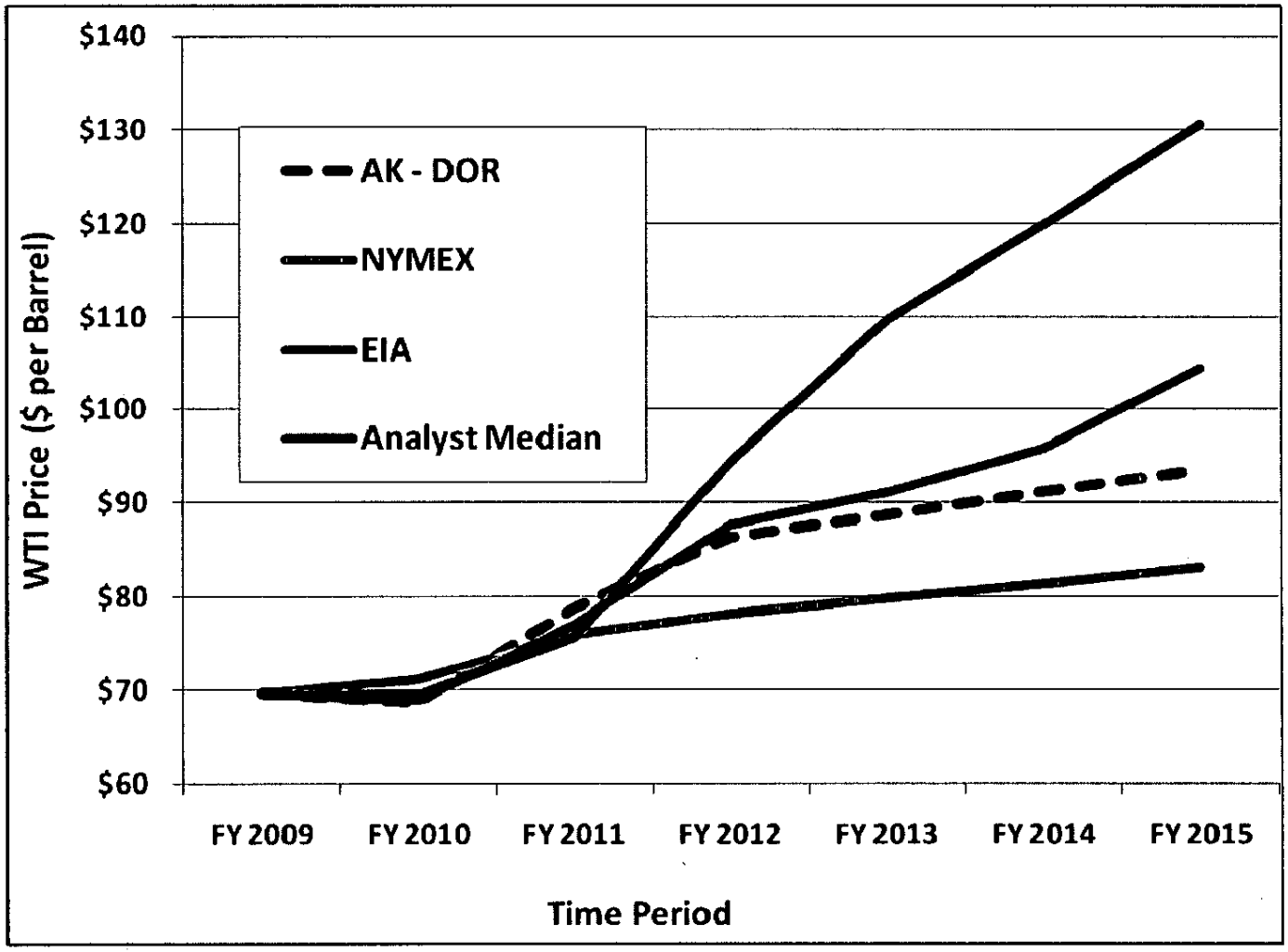
- **FY 1988: production peak → 2.01 mmbpd.**
- **FY 2009: production → 0.693 mmbpd, a 66% decline since peak.**
- **FY 1988 to date: production decline rate → 4.9% per year, on average.**
- **Over the last 10 years: production decline rate → 4.8% per year, on average.**
- **Forecast production decline rate → 3.6% per year, on average, through FY 2030.**

Fall 2009 Oil Price Forecast

Price Forecast Methodology

- **FY 2010- 2012: Average of participant forecasts from Price Forecasting Session**
- **24 Participants from DOR, DNR, DOL, OMB, University, Legislative Finance and outside participants**
- **Presentations: supply, demand, world economy, outside expert forecasts, etc.**
- **Due to economic uncertainty, session focused on near-term prices**
- **Beyond FY 2012: Constant real price, 2.75% inflation**

Price Forecasts as of October 2009



Source: DOR, Bloomberg, Wall St Journal, Energy Information Agency

Fall 2009 DOR Oil Price Forecast

Fiscal Year	WTI	ANS
2009	$69.71	$68.34
2010	$68.71	$66.93
2011	$78.85	$76.35
2012	$86.43	$83.93
2013	$88.74	$86.24
2014	$91.11	$88.61
2015	$93.55	$91.05

Source: Fall 2009 Revenue Sources Book

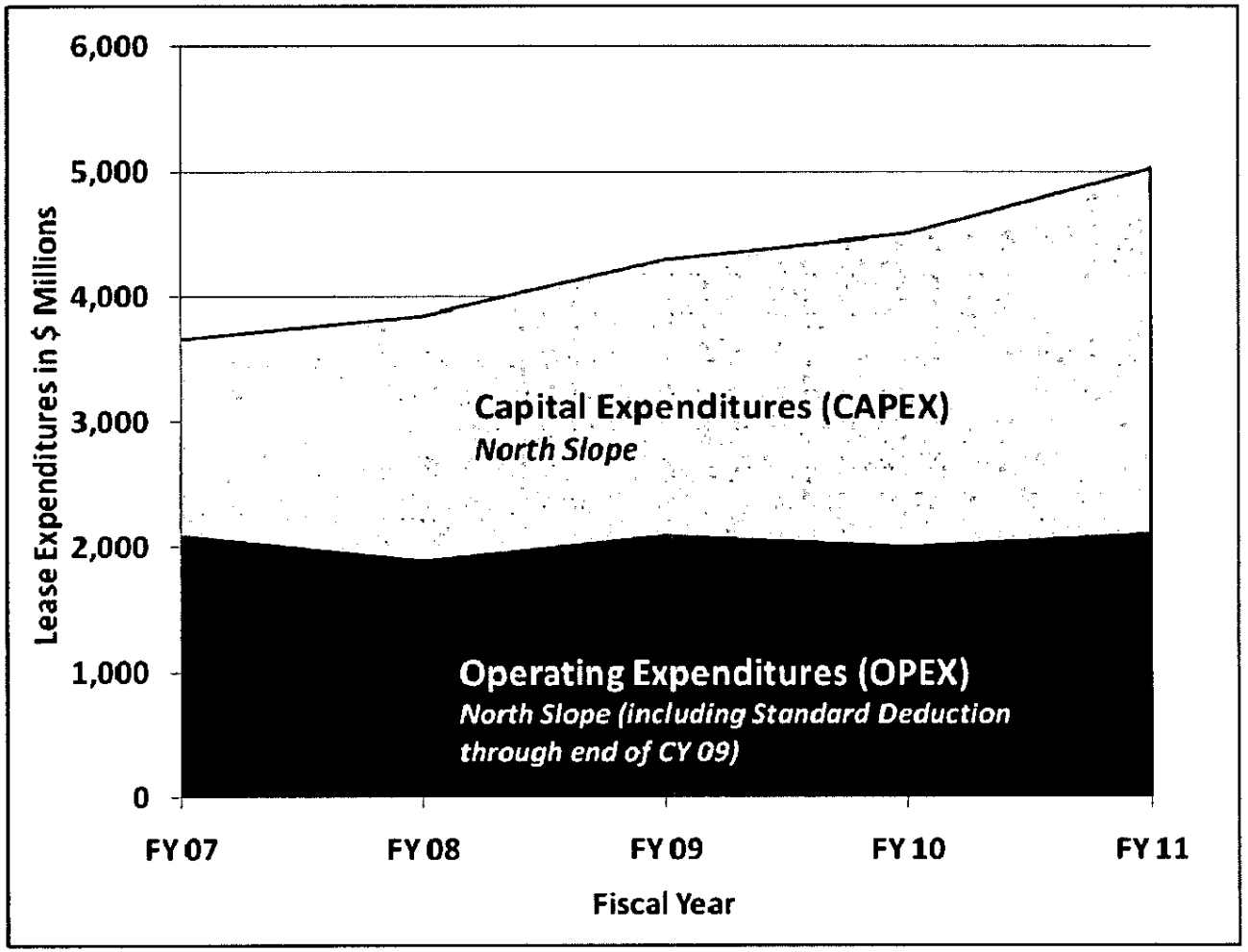
Fall 2009
Lease Expenditure
Forecast
(Oil Company Spending)

Lease Expenditures (Costs)

- **FY 2007 – FY 2009 lease expenditures based on unaudited company reported expenditure estimates submitted on production tax monthly forms and annual returns**
- **FY 2010 – FY 2011 lease expenditure forecasts were compiled from company submitted information**
- **Under ACES, DOR requests expenditure forecast estimates and other documentation from oil companies**
- **Operating expenditures are expected to remain steady but increase on a per-barrel basis as production declines.**
- **Capital expenditures are expected to increase in FY 2010 and FY 2011.**
- **New field development driving increased investment.**

Source: Alaska Department of Revenue

Lease Expenditures (Costs)



Source: Department of Revenue from production tax monthly information forms, annual returns, and company forecasts.

Lease Expenditures per Barrel

	FY 07	FY 08	FY 09	FY 10	FY 11
Lease Expenditures ($ millions)					
Operating Expenditures (OPEX)	2,081	1,881	2,085	1,996	2,100
Capital Expenditures (CAPEX)	1,578	1,967	2,212	2,505	2,923
Production (bpd)	739,702	715,950	692,127	658,762	622,879
Lease Expenditures per barrel ($)					
OPEX per barrel ($)	7.71	7.20	8.25	8.30	9.24
CAPEX per barrel ($)	5.84	7.53	8.76	10.42	12.86

Source: Department of Revenue from production tax monthly information forms, annual returns, and company forecasts

1/27/10
FY11 OVERVIEWS: OFFICE OF MANAGEMENT & BUDGET; LEGISLATIVE FINANCE DIVISION

<target><bill></bill><subject>1-27-10 FY11 OVERVIEWS OFFICE OF MANAGEMENT and BUDGET; LEGISLATIVE FINANCE DIVISION</subject><comm>SFIN26</comm></target>

State of Alaska Fiscal Summary – FY10 and FY11
(in millions)

		FY10 Authorized Budget				FY11 Governor's Proposed Budget				Change in GF	
		Total General Funds	Other State Funds	Federal Receipts	All Funds	Total General Funds	Other State Funds	Federal Receipts	All Funds	$	%
1	**REVENUE** (Excludes Permanent Fund Earnings) (1)	5,573.2	500.8	3,091.3	9,165.3	6,008.0	501.3	2,780.6	9,289.9	434.8	7.8%
2	Unrestricted General Fund Revenue (Fall 2009) (2)	4,777.9	-	-	4,777.9	5,236.6	-	-	5,236.6		
3	Carryforward (3)	22.1	1.3	146.4	169.8	-	-	-	-		
4	Other Revenue Reclassified as General Fund Revenue (4)	773.2		-	773.2	771.4	-	-	771.4		
5	Federal and Other Funds	-	499.5	2,944.9	3,444.4	-	501.3	2,780.6	3,281.9		
6	**APPROPRIATIONS**										
7	**TOTAL OPERATING APPROPRIATIONS**	4,849.7	351.2	1,939.2	7,140.0	5,129.1	352.3	1,912.6	7,394.0	279.4	5.8%
8	**Agency Operations**	4,144.4	295.3	1,915.5	6,355.3	4,327.0	299.9	1,885.6	6,512.5	182.6	4.4%
9	Current Fiscal Year Appropriations (includes bills)	4,094.4	295.3	1,915.5	6,305.3	4,277.0	299.9	1,885.6	6,462.5	182.6	4.5%
10	Agency Operations (Non-Formula)	2,438.7	292.4	991.2	3,722.2	2,528.4	290.1	941.3	3,759.8	89.7	3.7%
11	K-12 Education	1,073.7	-	20.8	1,094.5	1,129.7	-	20.8	1,150.5	56.0	5.2%
12	Other Formula Programs	582.1	2.8	890.5	1,475.3	616.9	2.8	923.5	1,543.2	34.8	6.0%
13	RPLs (No FY2011 RPLs are included)	-	0.2	13.1	13.2	-	-	-	-		
14	Fiscal Notes	-	-	-	-	2.0	7.0	-	9.0		
15	*Duplicated Authorization (non-additive) (5)*	-	*625.2*	-	*625.2*	-	*621.1*	-	*621.1*		
16	Supplemental Appropriations	50.0	0.0	0.0	50.0	50.0	0.0	0.0	50.0		
17	**Statewide Operations**	705.3	55.8	23.7	784.8	802.1	52.4	27.0	881.5	96.8	13.7%
18	Current Fiscal Year Appropriations	705.3	55.8	23.7	784.8	802.1	52.4	27.0	881.5	96.8	13.7%
19	Debt Service	167.7	55.8	14.7	238.2	197.0	52.4	18.0	267.4	29.4	17.5%
20	Fund Capitalization	7.5	-	9.0	16.5	7.5	-	9.0	16.5	-	0.0%
21	Direct Appropriations to Retirement	284.7	-	-	284.7	357.6	-	-	357.6	72.9	25.6%
22	Local Government Support	60.0	-	-	60.0	60.0	-	-	60.0	-	0.0%
23	Oil & Gas Investment Tax Credits	180.0	-	-	180.0	180.0	-	-	180.0	-	0.0%
24	Resource Rebate	5.4	-	-	5.4	-	-	-	-	(5.4)	-100.0%
25	*Duplicated Authorization (non-additive) (5)*	-	*137.1*	-	*137.1*	-	*8.5*	-	*8.5*		
26	**TOTAL CAPITAL APPROPRIATIONS**	280.0	40.0	1,138.4	1,458.4	548.5	54.7	839.3	1,442.5	268.5	95.9%
27	Current Fiscal Year Appropriations	280.0	40.0	1,138.4	1,458.4	548.5	54.7	839.3	1,442.5	268.5	95.9%
28	Project Appropriations & RPLs (Revised Programs)	263.2	40.0	1,138.4	1,441.6	398.5	54.7	838.2	1,291.4	135.3	51.4%
29	Fund Capitalization	16.8	-	-	16.8	150.1	-	1.1	151.1	133.2	792.1%
30	*Projects Funded with General Obligation Bonds (non-add)*	-	-	-	-	-	-	-	-		
31	*Projects Funded with Other Debt Proceeds (non-additive)*	-	*24.0*	-	*24.0*	-	*181.1*	-	*181.1*		
32	*Capital Vetoes (non-additive)*	-	-	-	-	-	-	-	-		
33	*Duplicated Authorization (non-additive) (5)*	-	*46.8*	-	*46.8*	-	*201.8*	-	*201.8*		
34	*Money on the Street (includes all fund sources) (6)*	*280.0*	*86.8*	*1,138.4*	*1,505.2*	*548.5*	*256.5*	*839.3*	*1,644.3*		
35	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
36	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		
37	**Transfers**	(1,007.0)	10.0	13.7	(983.4)	275.0	8.7	28.8	312.5	1,282.1	-127.3%
38	Current Fiscal Year Appropriations	(1,007.0)	10.0	13.7	(983.4)	275.0	8.7	28.8	312.5	1,282.1	-127.3%
39	Designated Savings (Public Education Fund)	(1,057.4)	-	-	(1,057.4)	14.0	-	-	14.0		
40	Designated Savings (Performance Scholarship Fund)	-	-	-	-	400.0	-	-	400.0		
41	Undesignated Savings (Constitutional Budget Reserve Fund)	(1.7)	-	-	(1.7)	(2.1)	-	-	(2.1)		
42	Undesignated Savings (Alaska Housing Capital Corporation)	-	-	-	-	(177.0)	-	-	(177.0)		
43	Other Transfers	52.0	10.0	13.7	75.7	40.1	8.7	28.8	77.5		
44	**Post-Transfers Authorization** (unduplicated)	4,122.6	401.2	3,091.3	7,615.1	5,952.6	415.7	2,780.6	9,148.9	1,830.0	44.4%
45	***Post-Transfers Surplus (Draw From CBRF)***	***1,450.6***	***26%***	***of Revenue***		***55.3***	***1%***	***of Revenue***			
46	Permanent Fund Appropriations	590.0	99.6	0.1	689.6	1,523.0	85.6	-	1,608.6		
47	Permanent Fund Dividends	590.0	-	-	590.0	637.0	-	-	637.0		
48	Deposits to Principal	-	-	0.1	0.1	886.0	-	-	886.0		
49	Other Uses of Earnings	-	99.6	-	99.6	-	85.6	-	85.6		
50	**Total Authorization** (unduplicated)	4,712.6	500.8	3,091.3	8,304.7	7,475.6	501.3	2,780.6	10,757.5	2,763.0	58.6%
51	**FISCAL YEAR SUMMARY** (Excludes PermF)	4,122.6	401.2	3,091.3	10,678.6	5,952.6	415.7	2,780.6	14,890.5	1,830.0	44.4%
52	Agency Operations	4,144.4	295.3	1,915.5	6,355.3	4,327.0	299.9	1,885.6	6,512.5	182.6	4.4%
53	Statewide Operations	705.3	55.8	23.7	784.8	802.1	52.4	27.0	881.5	96.8	13.7%
54	Total Operating	4,849.7	351.2	1,939.2	7,140.0	5,129.1	352.3	1,912.6	7,394.0	279.4	5.8%
55	Capital	280.0	40.0	1,138.4	1,458.4	548.5	54.7	839.3	1,442.5	268.5	95.9%
56	Total Authorization	5,129.7	391.2	3,077.6	8,598.5	5,677.6	407.0	2,751.9	8,836.5	548.0	10.7%
57	*Transfers*	*(1,007.0)*	*10.0*	*13.7*	*(983.4)*	*275.0*	*8.7*	*28.8*	*312.5*		
58	Federal Stimulus Funding (ARRA of 2009)			297.1				176.1			

January 15, 2010

Notes:

(1) Permanent Fund earnings are excluded from reported revenue because the entire balance of the earnings reserve account is available for appropriation. Permanent Fund earnings and balance information is reported on page 2 of the fiscal summary.

(2) The Fall 2009 oil forecast for FY10 is 0.668 mbd at $66.93 per barrel; the FY11 forecast is 0.631 mbd at $76.35/bbl. Source: Revenue Sources Book, Fall 2009.

(3) Carryforward is money that was appropriated in a prior year that is made available for spending in FY10 via multiyear appropriations or reappropriations. FY11 carryforward will be unknown until the close of FY10.

(4) In an effort to present the budget in a more meaningful and accurate way, many sources of funds were recategorized from "other" funds to general funds beginning in FY11. This summary presents both FY10 and FY11 budgets in the revised fund categories in order to make comparisons across years valid.

(5) Duplicated authorizations are in the budget twice, such as when funds flow in and out of a holding account or one agency pays another for services provided.

(6) From an accounting perspective, unduplicated authorization (line 26) is the best measure of capital spending. However, adding duplicated fund sources provides a valuable measure of "money on the street" because it includes projects funded with bond proceeds and other duplicated fund sources.

STATE OF ALASKA

OFFICE OF THE GOVERNOR

OFFICE OF MANAGEMENT AND BUDGET

SEAN PARNELL, GOVERNOR

P.O. BOX 110020
JUNEAU, ALASKA 99811-0020
TELEPHONE: (907) 465-4660
FAX: (907) 465-3640

January 28, 2010

The Honorable Lyman Hoffman
Co-Chair, Senate Finance Committee
Alaska State Legislature
State Capitol, Room 518
Juneau, AK 99801-1182

The Honorable Bert Stedman
Co-Chair, Senate Finance Committee
Alaska State Legislature
State Capitol, Room 516
Juneau, AK 99801-1182

Dear Senate Finance Committee Co-Chairs:

Thank you for the opportunity to present highlights of the Governor's budget before the Senate Finance committee yesterday. I remain available to further discuss the details that will ensure our efforts direct resources effectively to position Alaska's economy for growth and Alaska's families for opportunity.

The committee requested a break down of our $276 million request for FY11 debt service. The detail for your review is enclosed in the debt summary dated January 14, 2009, and can also be found on the OMB website at *omb.alaska.gov*.

Sincerely,

Karen J. Rehfeld
Director

Enclosure

printed on recycled paper

FY2011 Governor

Debt Obligations and Revenue Sources

($ thousands)

	Debt	FY2010	FY2011	Inc/(Dec)
2	School Debt Reimbursement (estimated maximum per school districts)(see notes)	100,045.3	106,258.5	6,213.2
3	Lease Finance (Certificates of Participation)			
4	DEC Environmental Health Lab	1,320.3	1,309.3	(11.0)
5	API Replacement	1,628.0	1,622.4	(5.6)
6	2005 A Refunding	2,805.3	2,812.7	7.4
7	Fairbanks Virology Lab	2,257.7	2,240.2	(17.5)
8	Public Safety Crime Lab*	0.0	1,616.7	1,616.7
9	UAF Life Sciences Building**	0.0	2,700.0	2,700.0
10	Trustee Fees	25.0	25.0	0.0
11	Subtotal Lease Finance	8,036.3	12,326.2	4,290.0
14	General Obligation Bonds- Transportation, Education and Museum (Series 2003A)	30,469.5	30,199.9	(269.6)
15	GARVEE Transportation Bonds (Series 2003B)	12,886.4	12,728.1	(158.4)
12	General Obligation Bonds- ($165.0 - Series 2009A)	5,589.0	10,832.1	5,243.1
13	General Obligation Bonds- ($150.1 - Series 2010A)***	0.0	5,000.0	5,000.0
16	Atwood Building	3,467.1	3,467.1	0.0
17	Linny Pacillo Parking Garage	3,303.5	3,303.5	0.0
18	HB528- University	1,412.6	1,409.8	(2.8)
19	HB528- DOTPF for Municipal Projects	2,841.5	3,002.6	161.1
20	HB528- AEA for Power Projects	1,294.9	1,294.9	0.0
21	Anchorage Jail Lease Payment	5,103.9	5,108.0	4.1
22	SB65- Mat-Su Borough for Goose Creek CC Prison	17,813.4	17,816.5	3.1
23	Clean Water Fund Revenue Bonds	1,005.0	2,710.0	1,705.0
24	Drinking Water Fund Revenue Bonds	1,670.0	2,973.2	1,303.2
25	Sport Fish Hatchery Revenue Bonds	8,900.0	7,500.0	(1,400.0)
26	International Airport Revenue Bonds	50,028.7	50,047.9	19.2
27	**Total Debt**	253,867.0	275,978.3	22,111.3
28	**Fund Sources**			
29	General Funds	140,917.0	166,455.8	25,538.8
30	Debt Retirement Fund Balance	6,786.0	1,039.0	(5,747.0)
31	General Obligation Bonds (Series 2003A) - capital project fund interest	2,837.4	7,066.8	4,229.4
32	General Obligation Bonds (Series 2003A) - bond premiums and interest (DSF)	221.5	42.3	(179.2)
33	GARVEE Transportation Bonds (Series 2003B)- AATP Match capital project fund interest	877.4	374.8	(502.6)
34	GARVEE Transportation Bonds (Series 2003B)- Federal Revenue	12,007.7	12,353.3	345.6
35	GARVEE Transportation Bonds (Series 2003B)- bond premiums and interest (DSF)	1.3	0.0	(1.3)
36	General Obligation Bonds (Series 2009A) - capital project fund interest	0.0	1,902.4	1,902.4
37	General Obligation Bonds (Series 2009A)- bond premiums and interest (DSF)	5,589.0	2,278.9	(3,310.1)
38	Investment Loss Trust Fund	26.0	34.0	8.0
39	School Fund (Cigarette Tax)	23,000.0	21,200.0	(1,800.0)
40	Clean Water Fund interest earnings	1,005.0	2,710.0	1,705.0
41	Drinking Water Fund interest earnings	1,670.0	2,973.2	1,303.2
42	Fish and Game Revenue Bond Redemption Fund	8,900.0	7,500.0	(1,400.0)
43	International Airports Revenue Fund	46,828.7	46,847.9	19.2
44	International Airports passenger facility charge	3,200.0	3,200.0	0.0
45	**Total Fund Sources**	253,867.0	275,978.3	22,111.3

Notes

Total School Debt Reimbursement in FY2010 is $100,045.3 and FY2011 is $106,258.5 for an increase of $6,312.2.
General Fund portion of School Debt Reimbursement increased by $1.8M over FY2010 due to a decrease in estimated Cigarette Tax collections (School Fund) from $23.0M in FY2010 to $21.2M in FY2011.

*Public Safety Crime Lab - $75.75M cost equates to debt service of $1.6 in FY11, approx. $5.5M/yr for 20 yrs

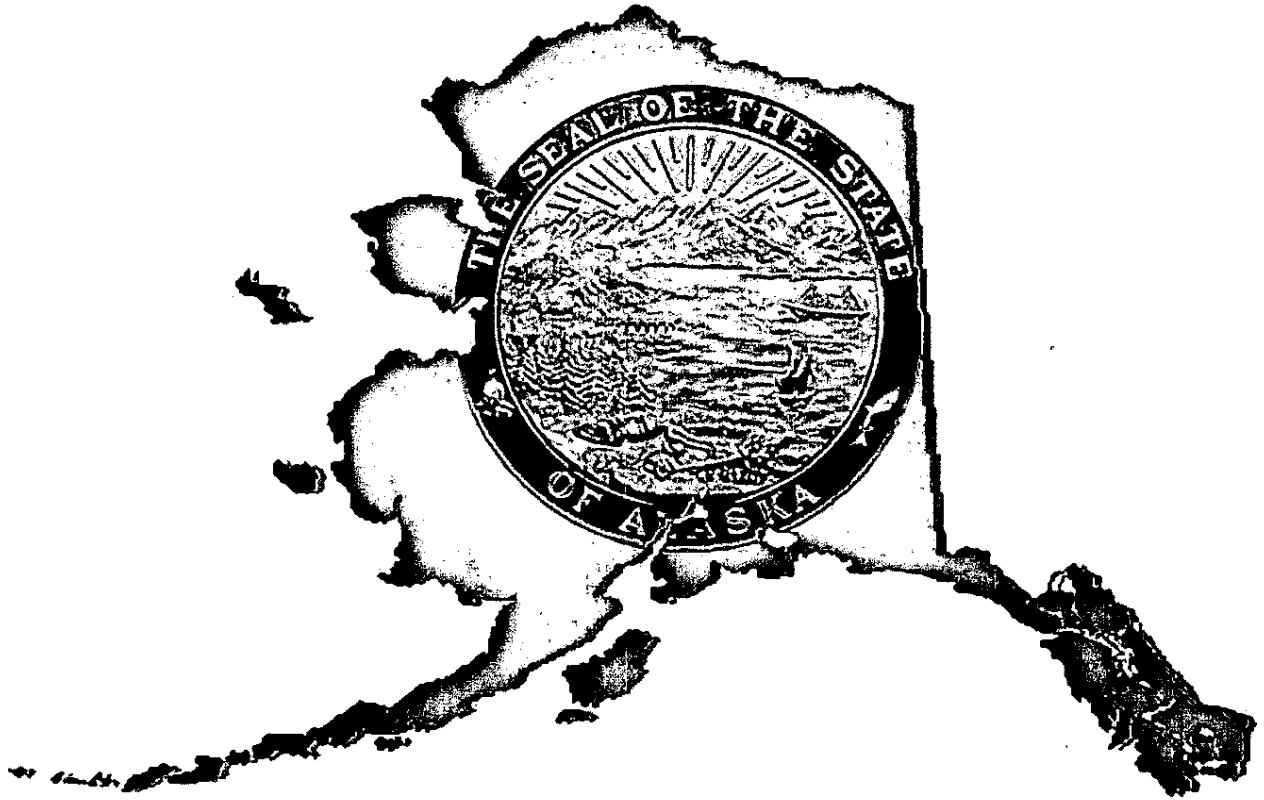
** UAF Life Sciences Building - $88.875M cost equates to debt service of $2.7M in FY11, approx. $6.7M/yr for 20 yrs

***General Obligation Bonds- (Series 2010A) - $150.1M cost equates to debt service of $5.0M in FY11, approx. $13.0M/yr

In addition to the items listed above, State corporations such as AHFC (including Northern Tobacco Securitization Corporation bonds) and AIDEA also issue and pay for debt for corporate purposes.

FY2011 Budget Overview

Senate Finance Committee



Office of Management and Budget

January 27, 2010

Budget Guidance

The mission

The FY2011 budget supports Governor Parnell's number one mission:

"Position Alaska's economy for growth and Alaska's families for opportunity."

Budget Guidelines

How do we get there?

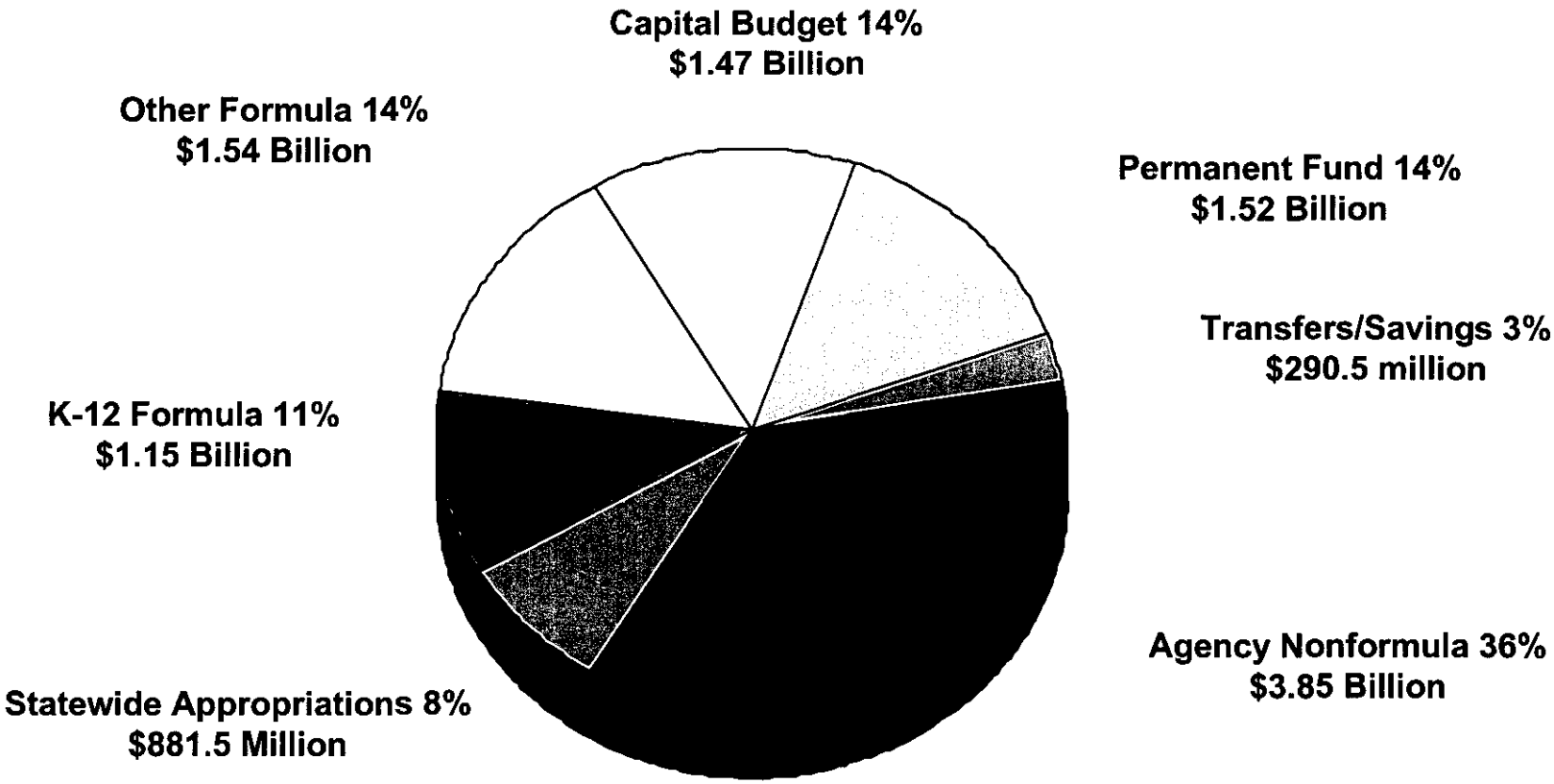
- Focus on the priorities mandated by Alaska's constitution- Education, Public Safety, and Resource Development
- Maintain budget discipline by limiting agency growth
- Focus on results for Alaskans
- Take a long-term view

FY2011 Budget Summary

FY2011 Fiscal Summary	Recast General Funds	Recast Other Funds	Recast Federal Funds	Total
Oil Price $76.35				
Unrestricted GF	$5,236.6			$5,236.6
Other Revenue moved to GF	$759.6			$759.6
Corporate Dividends	$59.5			$59.5
Federal and Other State Funds		$501.3	$2,780.6	$3,281.9
Total Revenue	**$6,055.7**	**$501.3**	**$2,780.6**	**$9,337.6**
Expenditures				
Agency Operations	$4,327.0	$385.5	$1,885.6	$6,598.1
Statewide	$802.1	$52.4	$27.0	$881.5
Total Operating	**$5,129.1**	**$437.9**	**$1,912.6**	**$7,479.6**
Capital	$580.5	$54.7	$839.3	$1,474.5
Transfers/Savings	$253.0	$8.7	$28.8	$290.5
Total FY2011 Authorization excludes Permanent Fund	**$5,962.6**	**$501.3**	**$2,780.7**	**$9,244.6**
Balance	**$93.1**			**$93.1**
Permanent Fund	$1,523.0			$1,523.0
Total FY2011 Authorization with Permanent Fund	**$7,485.6**	**$501.3**	**$2,780.7**	**$10,767.6**

FY2011 Expenditures by Category

Proposed Spending Plan



Total Funds = $10,767.5 million

Revenue Forecast Revised Upward

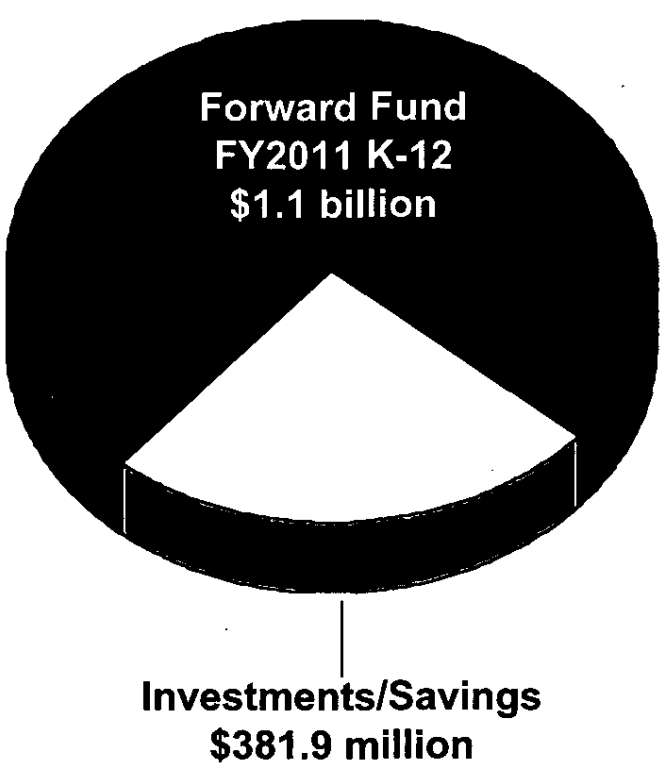
Revised Revenue Forecast Creates Opportunity

	Forecast version		
FY2010	Spring 2009	Fall 2009	Difference
ANS West Coast Oil Price (Per Barrel)	$58.29	$66.93	$8.64
Production (mmbbl./day)	0.655	0.659	.004
FY2010 GF Unrestricted Revenue ($millions)	$3,210.7	$4,777.0	$1,566.3
FY2011			
ANS West Coast Oil Price (Per Barrel)	$67.67	$76.35	$8.68
Production (mmbbl./day)	0.634	0.623	-0.011
FY2011 GF Unrestricted Revenue ($millions)	$3,876.0	$5,236.6	$1,360.6

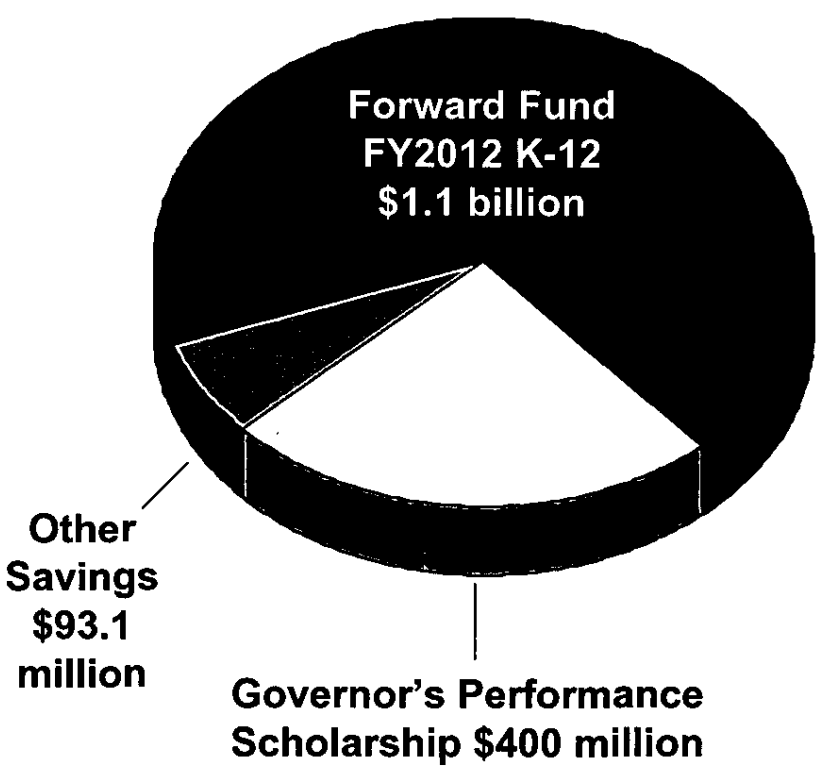
Save/Invest the Projected Surplus

Proposal forward funds K-12 education and saves for Alaska's future

FY2010 Surplus



FY2011 Surplus



FY2011 Results-Based Budgeting

Utilizing the state's performance framework to measure results for Alaskans

- Agency Missions
  - Consistent with statutory authority
- Core Services
  - Activities to accomplish the mission
  - End Results – planned goals and achievements
  - Strategies and Targets – planned actions and targets to measure success
  - Status and Analysis of Results – How are we doing and what does the data show?
- System Changes
  - Align agency and state priorities
  - Identify department priority programs and key performance indicators
  - Distribution of current budget capacity (FY2010) by priorities
  - Key performance indicators to reflect progress toward desired results
  - Link proposed budget changes with desired results System Changes
- Legislative Review
  - Part of the annual review and approval of the budget
  - Process outlined in AS 37.07.014
  - Promote results-based government and method to measure results for each agency

Long-Range Fiscal Plan

Resource Development, Spending Discipline, and Saving for the Future

- Guiding Principles
  - Responsibly develop Alaska's natural resources – oil, gas, and other natural resources such as mineral, mining, fishing, tourism
  - Restrain spending – focus on essential services, results for Alaskans, promote economic growth and fiscal stability
  - Save for the future – build reserves, forward fund when appropriate, preserve and grow the permanent fund

- Assumptions
  - 3% annual growth rate in beginning in FY2012
  - Inflation at 2.75%
  - Population Growth at 1% annually
  - Requires state service delivery to become more efficient over the 10-year period

- Major Challenges
  - Formula program increases – Education and Medicaid
  - Infrastructure development
  - Unfunded Liability of Retirement Systems

- Planning Tool
  - The long-range fiscal plan is a tool for policy and budget development
  - Does not represent a funding commitment by the Administration or the Legislature in the future

FY2011 Fund Code Project

Transition to new fund categories will take time and patience

- **Three Key Changes to Budget Process**
  - Reappropriations and Carry Forward
  - Fund Transfers
  - General Fund and Designated General Funds
- **FY2011 Revenues and Expenditures**
  - Aligned with Legislative Finance on the numbers
  - Minor differences in fund transfers
- **Implementation Timelines**
  - Updates to OMB's budget system ongoing
  - Enacted budget is the target
  - Sooner if possible

For More Information on the Budget

How can I get more details about the Governor's FY2011 budget?

http://www.omb.alaska.gov

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Office of Management and Budget

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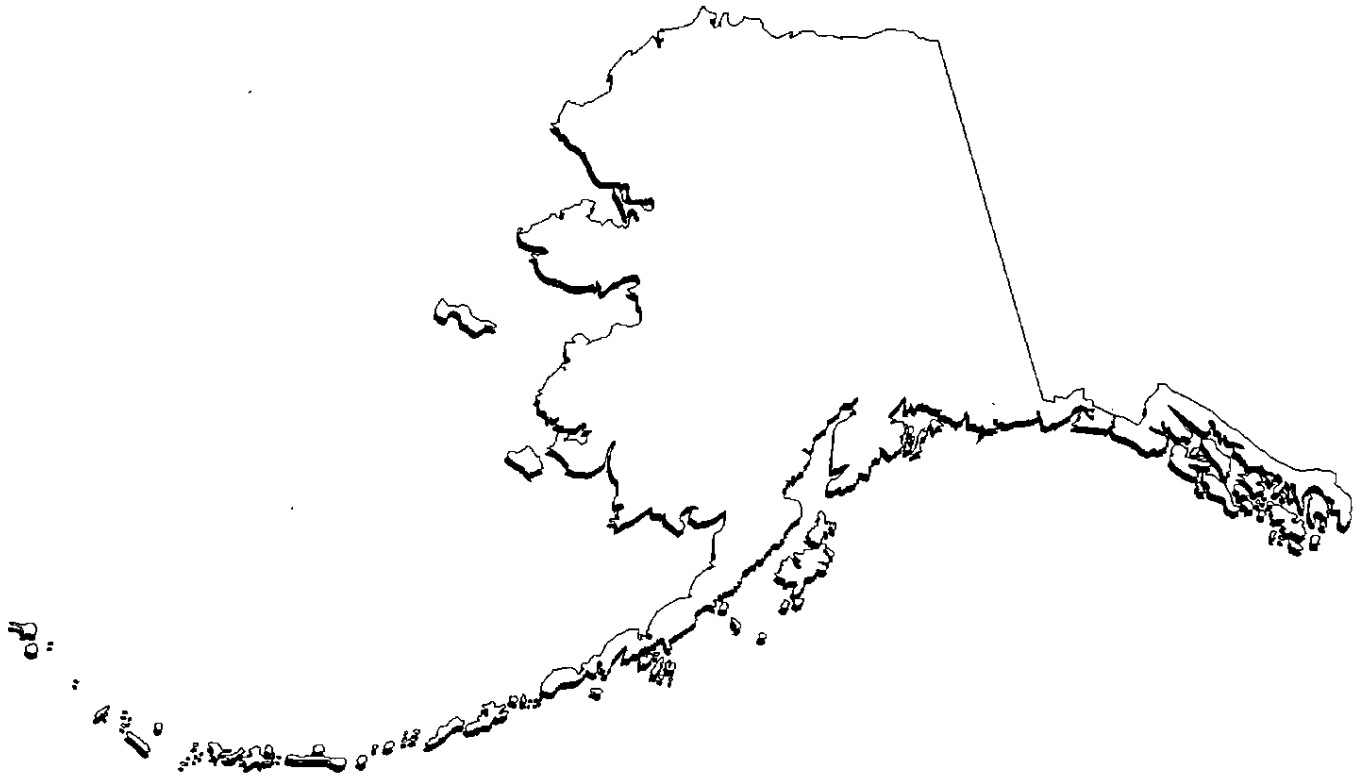
1/28/10 OVERVIEW: FY11 BUDGET BY LEGISLATIVE FINANCE DIVISION

<target><bill></bill><subject>1-28-10 OVERVIEW FY11 BUDGET BY LEGISLATIVE FINANCE DIVISION</subject><comm>SFIN26</comm></target>

Senate Finance Committee

January 28, 2010



Legislative Finance Division

State of Alaska Fiscal Summary - FY10 and FY11

($ millions)

		FY2010 Authorized Budget				FY2011 Governor's Proposed Budget				Change in GF	
		Total General Funds	Other State Funds	Federal Receipts	All Funds	Total General Funds	Other State Funds	Federal Receipts	All Funds	$	%
1	**REVENUE** (Excludes Permanent Fund Earnings) (1)	5,573.2	500.8	3,091.3	9,165.3	6,008.0	501.3	2,780.6	9,289.9	434.8	7.8%
2	Unrestricted General Fund Revenue (Fall 2009) (2)	4,777.9	-	-	4,777.9	5,236.6	-	-	5,236.6		
3	Carryforward (3)	22.1	1.3	146.4	169.8	-	-	-	-		
4	Other Revenue Reclassified as General Fund Revenue (4)	773.2	-	-	773.2	771.4	-	-	771.4		
5	Federal and Other Funds	-	499.5	2,944.9	3,444.4	-	501.3	2,780.6	3,281.9		
6	**APPROPRIATIONS**										
7	TOTAL OPERATING APPROPRIATIONS	4,849.7	351.2	1,939.2	7,140.0	5,129.1	352.3	1,912.6	7,394.0	279.4	5.8%
8	Agency Operations	4,144.4	295.3	1,915.5	6,355.3	4,327.0	299.9	1,885.6	6,512.5	182.6	4.4%
9	Current Fiscal Year Appropriations (includes bills)	4,094.4	295.3	1,915.5	6,305.3	4,277.0	299.9	1,885.6	6,462.5	182.6	4.5%
10	Agency Operations (Non-Formula)	2,438.7	292.4	991.2	3,722.2	2,528.4	290.1	941.3	3,759.8	89.7	3.7%
11	K-12 Education	1,073.7	-	20.8	1,094.5	1,129.7	-	20.8	1,150.5	56.0	5.2%
12	Other Formula Programs	582.1	2.8	890.5	1,475.3	618.9	2.8	923.5	1,543.2	34.8	6.0%
13	RPLs (No FY2011 RPLs are included)	-	0.2	13.1	13.2	-	-	-	-		
14	Fiscal Notes	-	-	-	-	2.0	7.0	-	9.0		
15	*Duplicated Authorization (non-additive) (4)*	-	*625.2*	-	*625.2*	-	*621.1*	-	*621.1*		
16	Supplemental Appropriations	50.0	0.0	0.0	50.0	50.0	0.0	0.0	50.0		
17	Statewide Operations	705.3	55.8	23.7	784.8	802.1	52.4	27.0	881.5	96.8	13.7%
18	Current Fiscal Year Appropriations	705.3	55.8	23.7	784.8	802.1	52.4	27.0	881.5	96.8	13.7%
19	Debt Service	167.7	55.8	14.7	238.2	197.0	52.4	18.0	267.4	29.4	17.5%
20	Fund Capitalization	7.5	-	9.0	16.5	7.5	-	9.0	16.5	-	0.0%
21	Direct Appropriations to Retirement	284.7	-	-	284.7	357.6	-	-	357.6	72.9	25.6%
22	Local Government Support	60.0	-	-	60.0	60.0	-	-	60.0	-	0.0%
23	Oil & Gas Investment Tax Credits	180.0	-	-	180.0	180.0	-	-	180.0	-	0.0%
24	Resource Rebate	5.4	-	-	5.4	-	-	-	-	(5.4)	-100.0%
25	*Duplicated Authorization (non-additive) (4)*	-	*137.1*	-	*137.1*	-	*8.5*	-	*8.5*		
26	TOTAL CAPITAL APPROPRIATIONS	280.0	40.0	1,138.4	1,458.4	548.5	54.7	839.3	1,442.5	268.5	95.9%
27	Current Fiscal Year Appropriations	280.0	40.0	1,138.4	1,458.4	548.5	54.7	839.3	1,442.5	268.5	95.9%
28	Project Appropriations & RPLs (Revised Programs)	263.2	40.0	1,138.4	1,441.6	398.5	54.7	838.2	1,291.4	135.3	51.4%
29	Fund Capitalization	16.8	-	-	16.8	150.1	-	1.1	151.1	133.2	792.1%
30	*Projects Funded with General Obligation Bonds (non-add)*	-	-	-	-	-	-	-	-		
31	*Projects Funded with Other Debt Proceeds (non-additive)*	-	*24.0*	-	*24.0*	-	*181.1*	-	*181.1*		
32	*Capital Vetoes (non-additive)*	-	-	-	-	-	-	-	-		
33	*Duplicated Authorization (non-additive) (4)*	-	*46.8*	-	*46.8*	-	*201.8*	-	*201.8*		
34	*Money on the Street (includes all fund sources) (5)*	*280.0*	*86.8*	*1,138.4*	*1,505.2*	*548.5*	*256.5*	*839.3*	*1,644.3*		
35	**Pre-Transfers Authorization** (unduplicated)	5,129.7	391.2	3,077.6	8,598.5	5,677.6	407.0	2,751.9	8,836.5	548.0	10.7%
36	*Pre-Transfers Surplus (Draw From CBRF)*	*443.6*	*8%*	*of Revenue*		*330.4*	*5%*	*of Revenue*			
37	**Transfers**	(1,007.0)	10.0	13.7	(983.4)	275.0	8.7	28.8	312.5	1,282.1	-127.3%
38	Current Fiscal Year Appropriations	(1,007.0)	10.0	13.7	(983.4)	275.0	8.7	28.8	312.5	1,282.1	-127.3%
39	Designated Savings (Public Education Fund)	(1,057.4)	-	-	(1,057.4)	14.0	-	-	14.0		
40	Designated Savings (Performance Scholarship Fund)	-	-	-	-	400.0	-	-	400.0		
41	Undesignated Savings (Constitutional Budget Reserve Fund)	(1.7)	-	-	(1.7)	(2.1)	-	-	(2.1)		
42	Undesignated Savings (Alaska Housing Capital Corporation)	-	-	-	-	(177.0)	-	-	(177.0)		
43	Other Transfers	52.0	10.0	13.7	75.7	40.1	8.7	28.8	77.5		
44	**Post-Transfers Authorization** (unduplicated)	4,122.6	401.2	3,091.3	7,615.1	5,952.6	415.7	2,780.6	9,148.9	1,830.0	44.4%
45	*Post-Transfers Surplus (Draw From CBRF)*	*1,450.6*	*26%*	*of Revenue*		*55.3*	*1%*	*of Revenue*			
46	Permanent Fund Appropriations	590.0	99.6	0.1	689.6	1,523.0	85.6	-	1,608.6		
47	Permanent Fund Dividends	590.0	-	-	590.0	637.0	-	-	637.0		
48	Deposits to Principal	-	-	0.1	0.1	886.0	-	-	886.0		
49	Other Uses of Earnings	-	99.6	-	99.6	-	85.6	-	85.6		
50	**Total Authorization** (unduplicated)	4,712.6	500.8	3,091.3	8,304.7	7,475.6	501.3	2,780.6	10,757.5	2,763.0	58.6%
51	**FISCAL YEAR SUMMARY** (Excludes PermF)	4,122.6	401.2	3,091.3	11,737.7	5,952.6	415.7	2,780.6	15,099.6	1,830.0	44.4%
52	Agency Operations	4,144.4	295.3	1,915.5	6,355.3	4,327.0	299.9	1,885.6	6,512.5	182.6	4.4%
53	Statewide Operations	705.3	55.8	23.7	784.8	802.1	52.4	27.0	881.5	96.8	13.7%
54	Total Operating	4,849.7	351.2	1,939.2	7,140.0	5,129.1	352.3	1,912.6	7,394.0	279.4	5.8%
55	Capital	280.0	40.0	1,138.4	1,458.4	548.5	54.7	839.3	1,442.5	268.5	95.9%
56	Total Authorization	5,129.7	391.2	3,077.6	8,598.5	5,677.6	407.0	2,751.9	8,836.5	548.0	10.7%
57	*Transfers*	*(1,007.0)*	*10.0*	*13.7*	*(983.4)*	275.0	*8.7*	*28.8*	*312.5*		
58	Federal Stimulus Funding (ARRA of 2009)			297.1				178.1			

January 15, 2010

Notes:

(1) Permanent Fund earnings are excluded from reported revenue because the entire balance of the earnings reserve account is available for appropriation. Permanent Fund earnings and balance information is reported on page 2 of the fiscal summary.

(2) The Fall 2009 oil forecast for FY10 is 0.688 mbd at $66.93 per barrel; the FY11 forecast is 0.631 mbd at $76.35/bbl. Source: Revenue Sources Book, Fall 2009.

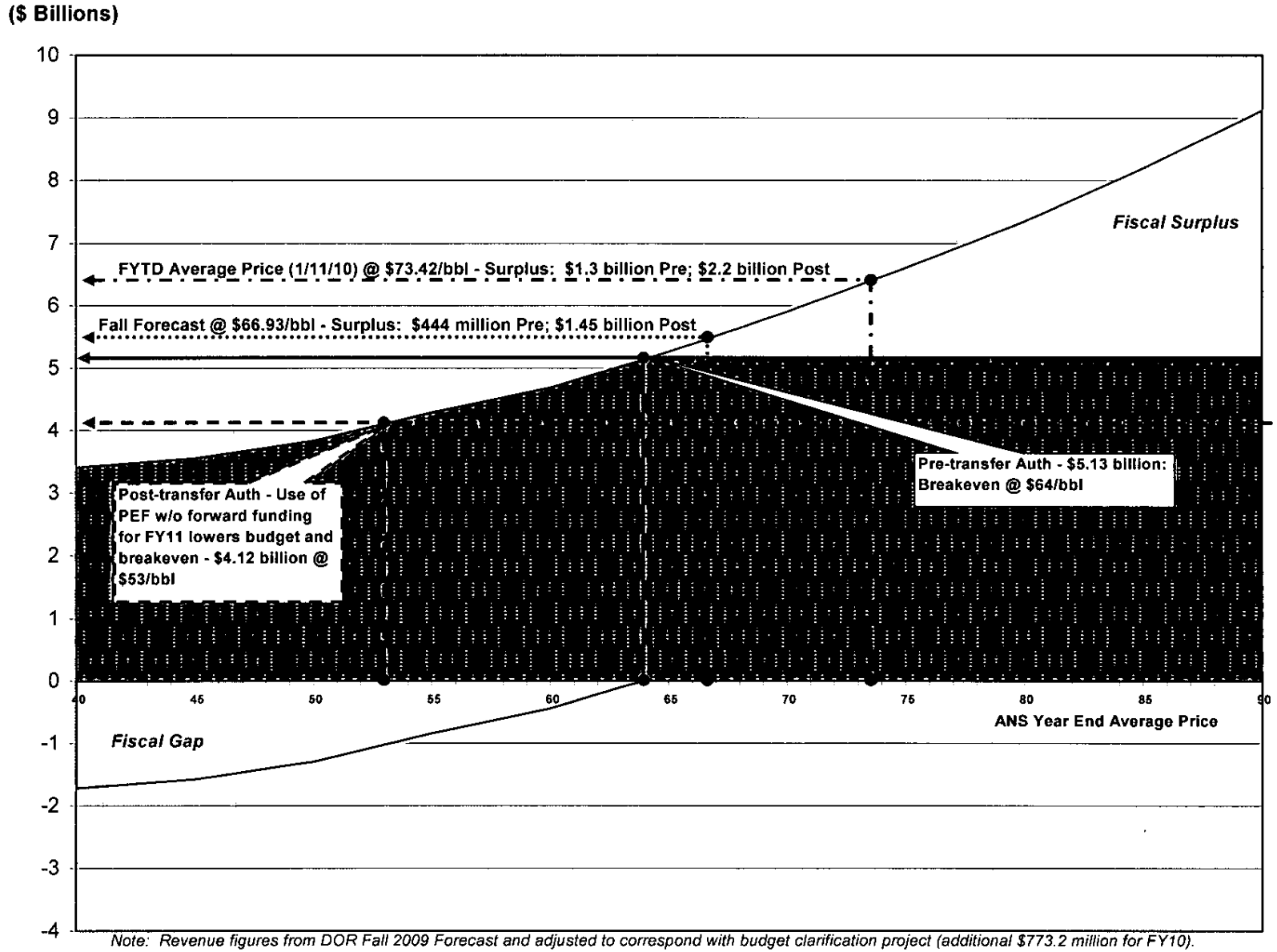
(3) Carryforward is money that was appropriated in a prior year that is made available for spending in FY10 via multiyear appropriations or reappropriations. FY11 carryforward will be unknown until the close of FY10.

(4) In an effort to present the budget in a more meaningful and accurate way, many sources of funds were recategorized from "other" funds to general funds beginning in FY11. This summary presents both FY10 and FY11 budgets in the revised fund categories in order to make comparisons across years valid.

(5) Duplicated authorizations are in the budget twice, such as when funds flow in and out of a holding account or one agency pays another for services provided.

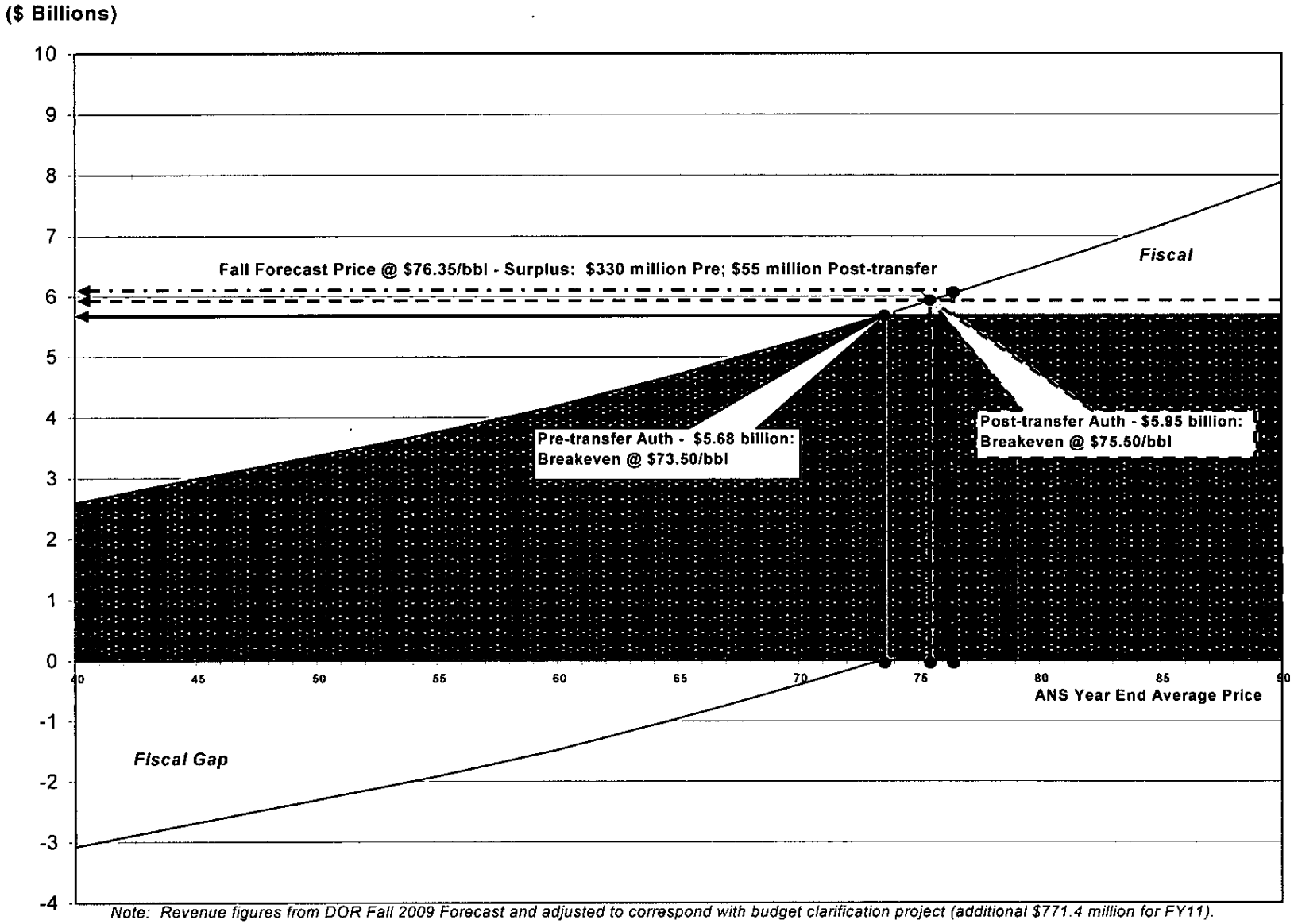
(6) From an accounting perspective, unduplicated authorization (line 28) is the best measure of capital spending. However, adding duplicated fund sources provides a valuable measure of "money on the street" because it includes projects funded with bond proceeds and other duplicated fund sources.

FY10 General Fund Revenue - Fiscal Sensitivity



Note: Revenue figures from DOR Fall 2009 Forecast and adjusted to correspond with budget clarification project (additional $773.2 million for FY10). Figures include sources not directly affected by oil prices. Lease expenditures estimated at $16/bbl ($4.5 billion total).

FY11 General Fund Revenue - Fiscal Sensitivity

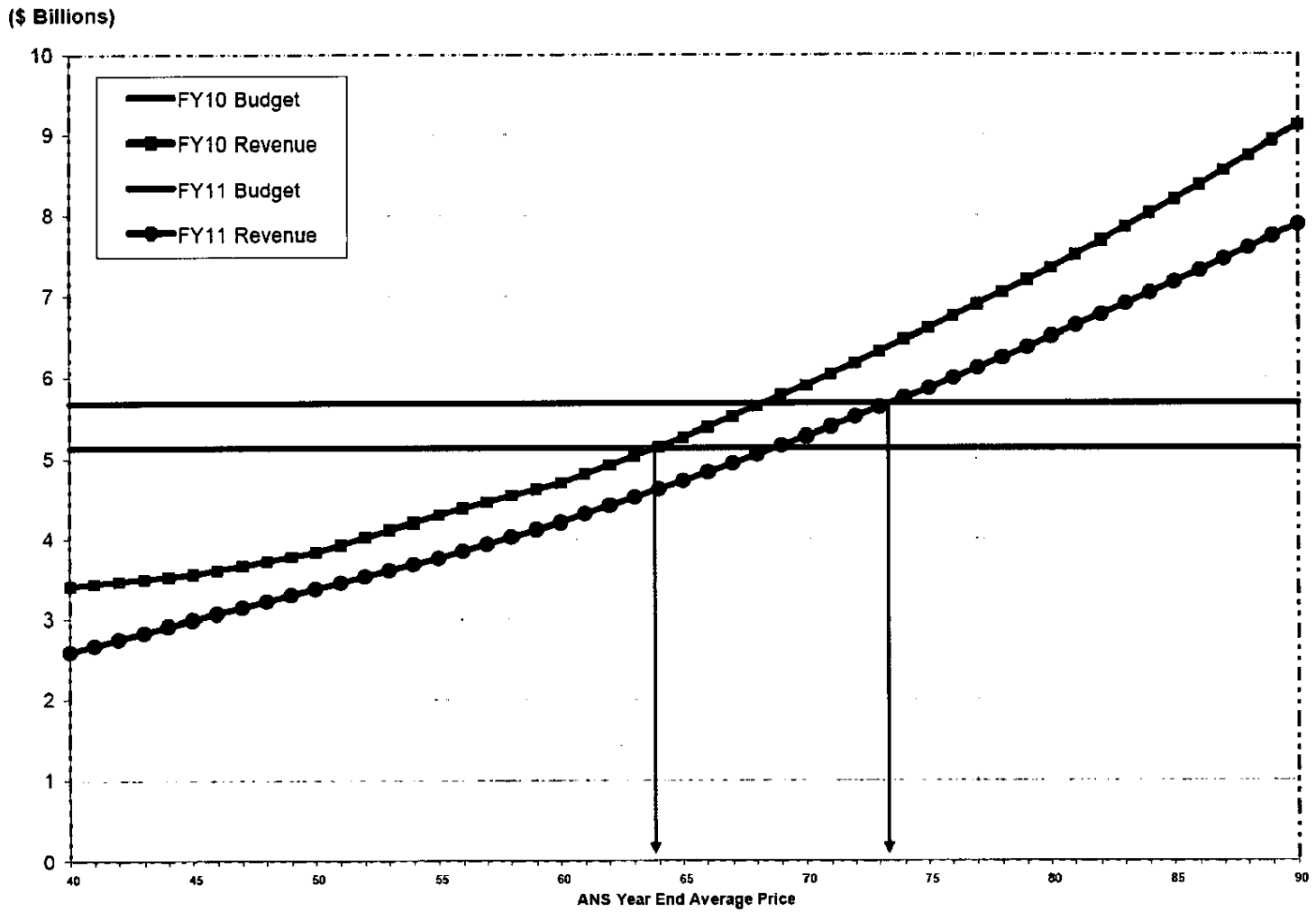


Note: Revenue figures from DOR Fall 2009 Forecast and adjusted to correspond with budget clarification project (additional $771.4 million for FY11). Figures include sources not directly affected by oil prices. Lease expenditures estimated at $19/bbl ($5 billion total).

Key Points

- A $1 change in oil price produces a $100 million change in revenue—movement along a revenue curve
- Declining oil production is a double whammy—shifts the revenue curve downward
    1. Less oil
    2. Less profit

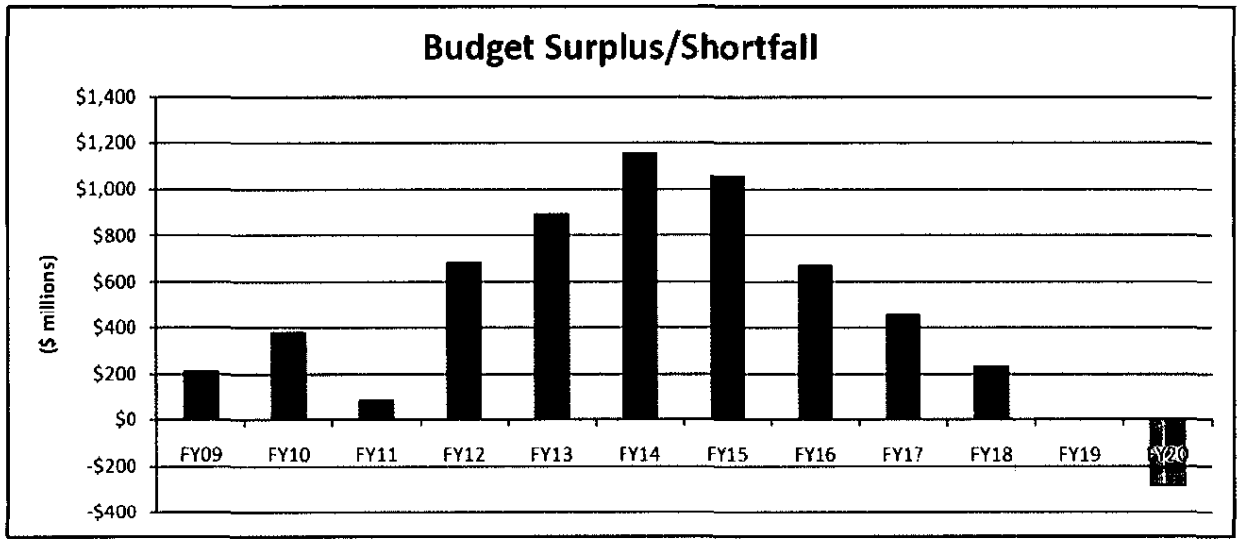
FY10/11 General Fund - Fiscal Sensitivity Overlay



Note: Revenue figures from DOR Fall 2009 Forecast and adjusted to correspond with budget clarification project. Figures include sources not directly affected by oil prices. Budget Authorization corresponds with "Pre-transfer" authorization on Fiscal Summary.

10-Year Revenue and Spending

Assumes Fall 2009 Revenue and 3% budget escalation from FY11

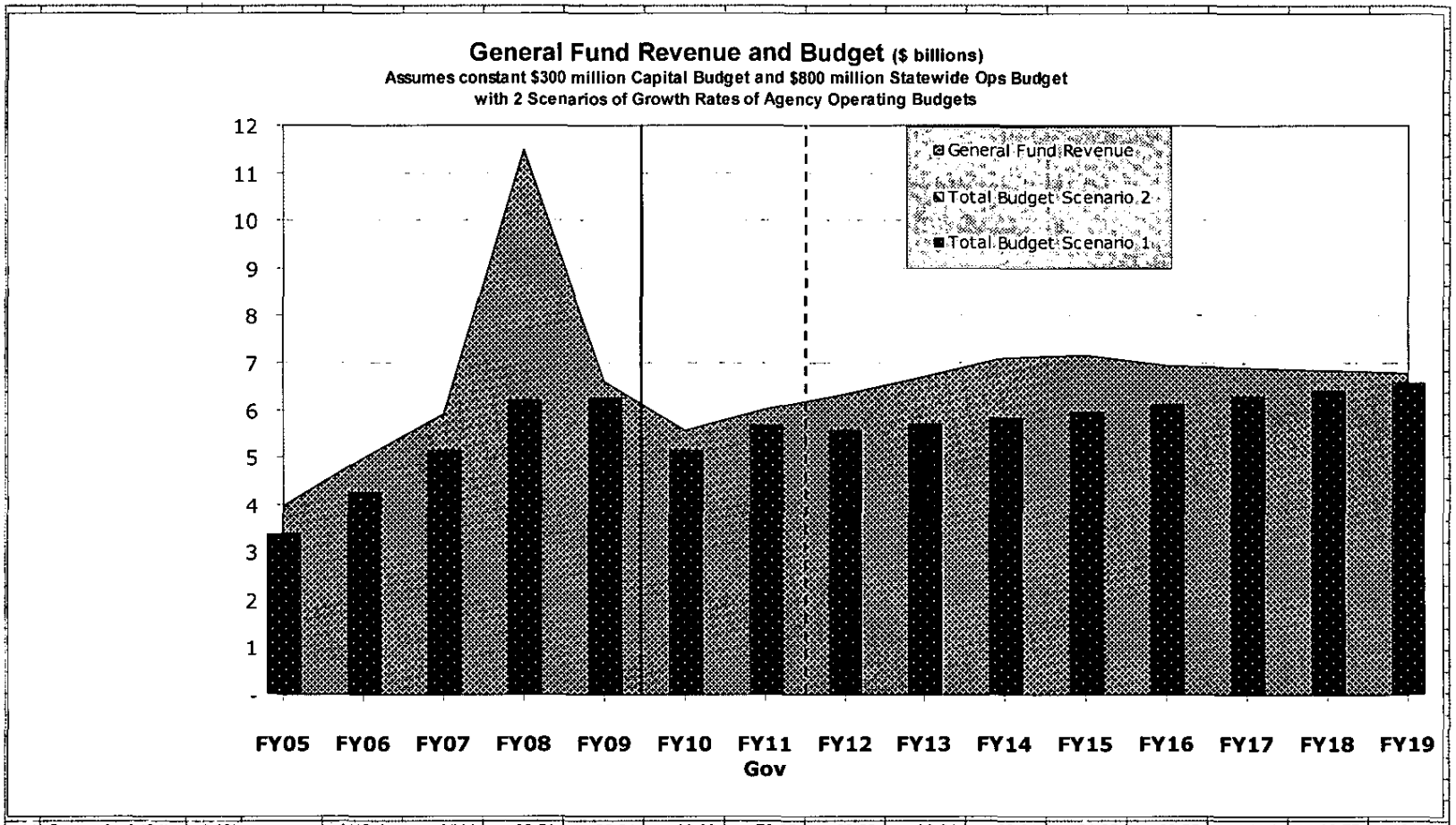


Revenue vs. Spending ($Millions)	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
General Fund Unrestricted Revenue	6,874.9	4,800.0	5,236.6	5,573.3	5,931.6	6,340.2	6,399.8	6,170.7	6,120.1	6,069.5	6,002.7	5,904.9
General Fund Expenses	6,659.0	4,415.2	4,742.6	4,884.9	5,031.4	5,182.4	5,337.8	5,493.0	5,662.9	5,832.8	6,007.8	6,188.0
Budget Surplus/Shortfall	215.9	384.8	94.0	688.4	900.2	1,157.8	1,062.0	677.7	457.2	236.7	(5.1)	(283.1)
Reserve Balances												
CBRF Total	7,114.4	9,070.0	9,750.0	11,082.0	12,704.0	14,674.0	16,649.0	18,330.0	19,884.0	21,301.0	22,561.0	23,903.0
Statutory Budget Reserve Balance	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	995.0	712.0
Total Reserve Balances	8,114.4	10,070.0	10,750.0	12,082.0	13,704.0	15,674.0	17,649.0	19,330.0	20,884.0	22,301.0	23,556.0	24,615.0

Source: OMB

- FY09 represents actuals rather than forecast.
- FY10 surplus/shortfall calculation adds $22.1 in reappropriations and carry over to total available revenue.
- FY11 surplus calculation subtracts $400 from surplus for Governor's Performance Scholarship Fund and $13.1 deposit to Public Education Fund for FY12. CBR balance assumes that all available surplus is deposited to CBR main fund.

Appropriations projections do not represent a commitment by the Administration to propose spending at a particular level in FY11 or any future year. The 10 year forecast shows that unanticipated shortfalls during the period could be filled primarily through the use of reserve funds. However, other options could be used in whole, or in part. The plan will be revisited as conditions warrant.



1	Scenario 1 (S1)	3.0%		ANS Average $/bbl	96.51	68.34	66.93	76.35	83.93	86.24	88.61	91.05	93.55	96.13	98.77	101.49
2	Scenario 2 (S2)	3.0%	ANS Production - mmbbl/day		0.730	0.692	0.659	0.623	0.617	0.624	0.635	0.623	0.604	0.588	0.561	0.524
3																
4	Revenue		4.0	5.0	6.0	11.5	6.6	5.6	6.0	6.3	6.7	7.1	7.2	6.9	6.9	6.8	6.8
5																	
6	Budget S1	3.0%	3.4	4.3	5.1	6.2	6.3	5.1	5.7	5.6	5.7	5.8	6.0	6.1	6.3	6.4	6.6
7	Budget S2	3.0%	3.4	4.3	5.1	6.2	6.3	5.1	5.7	5.6	5.7	5.8	6.0	6.1	6.3	6.4	6.6
8																	
9	Surplus/(Gap) S1	3.0%	0.6	0.7	0.9	5.3	0.3	0.4	0.3	0.8	1.0	1.3	1.2	0.8	0.6	0.4	0.2
10	Surplus/(Gap) S2	3.0%	0.6	0.7	0.9	5.3	0.3	0.4	0.3	0.8	1.0	1.3	1.2	0.8	0.6	0.4	0.2
11																	
12	Reserves S1	3.0%	2.2	2.4	3.0	9.1	8.9	10.0	10.6	11.9	13.5	15.5	17.5	19.2	20.7	22.2	23.5
13	Reserves S2	3.0%	2.2	2.4	3.0	9.1	8.9	10.0	10.6	11.9	13.5	15.5	17.5	19.2	20.7	22.2	23.5

Growth in Agency Operating Budgets (General Funds)--FY06-FY11

Agency	FY06	FY11 Gov	Growth	Annual Growth Rate	Share of Growth	Cumulative Share of Growth
Education & Early Dev	899,748.6	1,185,248.7	285,500.1	5.7%	24.5%	24.5%
Health & Social Services	677,884.8	952,706.0	274,821.2	7.0%	23.6%	48.1%
University of Alaska	499,510.8	643,533.8	144,023.0	5.2%	12.4%	60.5%
Transportation	225,179.8	331,376.4	106,196.6	8.0%	9.1%	69.6%
Corrections	179,878.6	232,158.8	52,280.2	5.2%	4.5%	74.1%
Public Safety	102,170.0	147,878.0	45,708.0	7.7%	3.9%	78.0%
Commerce, Community & Econ Dev	65,122.2	103,745.8	38,623.6	9.8%	3.3%	81.3%
Alaska Court System	63,993.3	95,315.8	31,322.5	8.3%	2.7%	84.0%
Administration	70,743.9	97,469.4	26,725.5	6.6%	2.3%	86.3%
Natural Resources	68,918.4	94,064.4	25,146.0	6.4%	2.2%	88.4%
Law	36,889.7	61,373.1	24,483.4	10.7%	2.1%	90.5%
Fish and Game	45,619.0	69,845.8	24,226.8	8.9%	2.1%	92.6%
Labor & Workforce Dev	41,334.7	64,949.1	23,614.4	9.5%	2.0%	94.6%
Legislature	45,540.8	68,249.0	22,708.2	8.4%	1.9%	96.6%
Governor	17,327.2	33,139.4	15,812.2	13.8%	1.4%	97.9%
Revenue	24,759.3	38,225.7	13,466.4	9.1%	1.2%	99.1%
Environmental Conservation	32,094.9	43,167.3	11,072.4	6.1%	1.0%	100.0%
Military & Veterans Affairs	13,125.6	12,548.3	(577.3)	-0.9%	0.0%	100.0%
TOTAL	**3,109,841.6**	**4,274,994.9**	**1,165,153.3**	**6.6%**		
Position Count						
PFT	19,659.0	21,624.0	1,965.0	1.9%		
PPT	2,506.0	2,305.0	(201.0)	-1.7%		
Temp	519.0	656.0	137.0	4.8%		

Monthly Oil Revenue Volatility—FY09

June	1,241
July	936
August	574
September	605
October	321
November	133
December	47
January	46
February	54
March	100
April	65
May	156
June	158

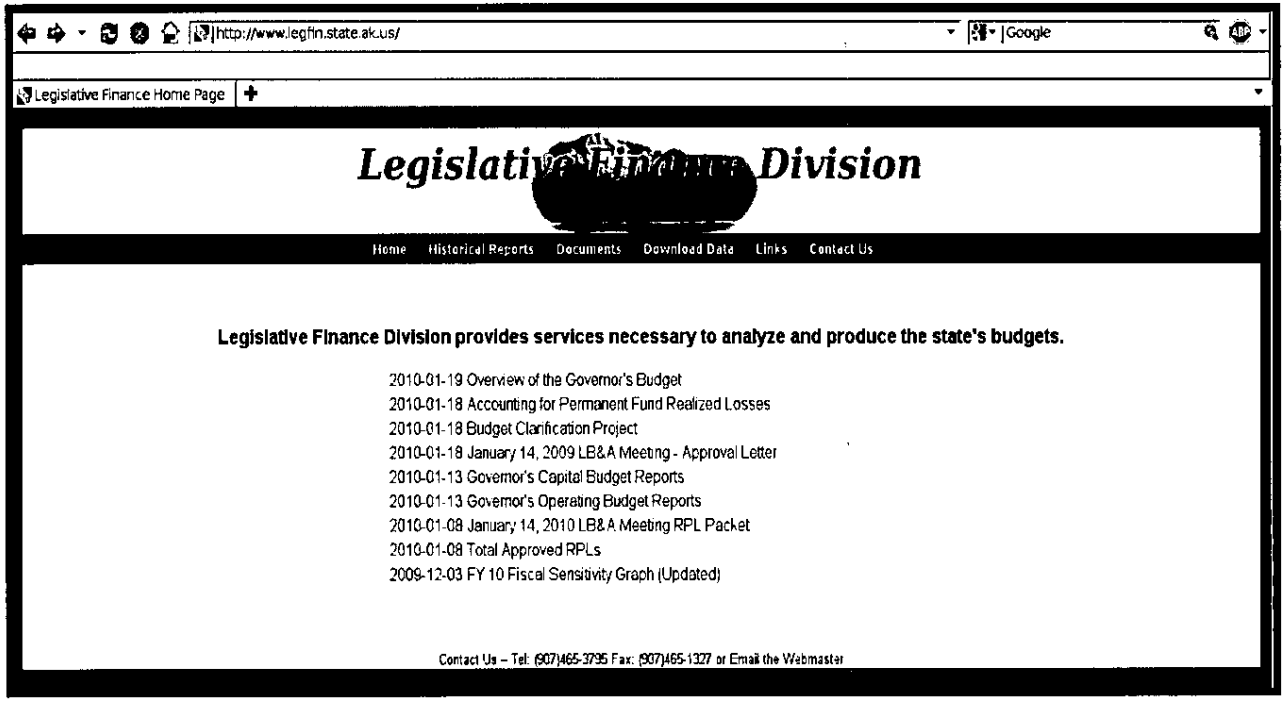
$3,196 DOR

$4,278 DOA

For More Information on the Budget:

Visit our website:

http://www.legfin.state.ak.us



David Teal, Director
Legislative Finance Division
(907) 465-3795

State of Alaska Fiscal Summary – FY10 and FY11

(in millions)

	FY10 Authorized Budget				FY11 Governor's Proposed Budget				Change in GF	
	Total General Funds	Other State Funds	Federal Receipts	All Funds	Total General Funds	Other State Funds	Federal Receipts	All Funds	$	%
REVENUE (Excludes Permanent Fund Earnings) (1)	5,573.2	500.8	3,091.3	9,165.3	6,008.0	501.3	2,780.6	9,289.9	434.8	7.8%
Unrestricted General Fund Revenue (Fall 2009) (2)	4,777.9	-	-	4,777.9	5,236.6	-	-	5,236.6		
Carryforward (3)	22.1	1.3	146.4	169.8	-	-	-	-		
Other Revenue Reclassified as General Fund Revenue (4)	773.2	-	-	773.2	771.4	-	-	771.4		
Federal and Other Funds	-	499.6	2,944.9	3,444.4	-	501.3	2,780.6	3,281.9		
APPROPRIATIONS										
TOTAL OPERATING APPROPRIATIONS	4,849.7	351.2	1,939.2	7,140.0	5,129.1	352.3	1,912.6	7,394.0	279.4	5.8%
Agency Operations	4,144.4	295.3	1,915.5	6,355.3	4,327.0	299.9	1,885.6	6,512.5	182.6	4.4%
Current Fiscal Year Appropriations (includes bills)	4,094.4	295.3	1,915.5	6,305.3	4,277.0	299.9	1,875.6	6,452.5	182.6	4.5%
Agency Operations (Non-Formula)	2,438.7	283.4	991.2	3,722.2	2,526.4	293.1	941.3	3,760.8	89.7	3.7%
K-12 Education	1,073.7	-	20.8	1,094.5	1,129.7	-	20.8	1,150.5	56.0	5.2%
Other Formula Programs	582.1	2.8	890.5	1,475.3	616.9	2.8	923.5	1,543.2	34.9	6.0%
RPLs (No FY2011 RPLs are included)	-	0.2	13.1	13.2	-	-	-	-		
Fiscal Notes	-	-	-	-	2.0	3.8	-	5.8		
Duplicated Authorization (non-additive) (5)	-	625.7	-	625.7	-	629.1	-	629.1		
Supplemental Appropriations	50.0	0.0	0.0	50.0	50.0	0.0	0.0	50.0		
Statewide Operations	705.3	55.8	23.7	784.8	802.1	52.4	27.0	881.5	96.8	13.7%
Current Fiscal Year Appropriations	705.3	55.8	23.7	784.8	802.1	52.4	27.0	881.5	96.8	13.7%
Debt Service	167.7	55.8	14.7	238.2	197.0	52.4	18.0	267.4	29.4	17.5%
Fund Capitalization	7.5	-	9.0	16.5	7.5	-	9.0	16.5	-	0.0%
Direct Appropriations to Retirement	284.7	-	-	284.7	357.6	-	-	357.6	72.9	25.6%
Local Government Support	60.0	-	-	60.0	60.0	-	-	60.0	-	0.0%
Oil & Gas Investment Tax Credits	180.0	-	-	180.0	180.0	-	-	180.0	-	0.0%
Resource Rebate	5.4	-	-	5.4	-	-	-	-	(5.4)	-100.0%
Duplicated Authorization (non-additive) (5)	-	137.7	-	137.7	-	85.5	-	85.5		
TOTAL CAPITAL APPROPRIATIONS	280.0	40.0	1,138.4	1,458.4	548.5	54.7	839.3	1,442.5	268.5	95.9%
Current Fiscal Year Appropriations	280.0	40.0	1,138.4	1,458.4	548.5	54.7	839.3	1,442.5	268.5	95.9%
Project Appropriations & RPLs (Revised Programs)	263.2	40.0	1,138.4	1,441.8	263.5	54.7	836.2	1,254.4	135.3	51.4%
Fund Capitalization	16.8	-	-	16.8	150.3	-	1.1	151.1	133.2	792.1%
Projects Funded with General Obligation Bonds (non-add)	-	-	-	-	-	-	-	-		
Projects Funded with Other Debt Proceeds (non-additive)	-	24.0	-	24.0	-	188.1	-	188.1		
Capital Vetoes (non-additive)	-	-	-	-	-	-	-	-		
Duplicated Authorization (non-additive) (5)	-	46.8	-	46.8	-	207.8	-	207.8		
Money on the Street (includes all fund sources) (6)	280.0	86.8	1,138.4	1,505.2	548.5	258.5	839.3	1,646.3		
[redacted]										
Transfers	(1,007.0)	10.0	13.7	(983.4)	275.0	8.7	28.8	312.5	1,282.1	-127.3%
Current Fiscal Year Appropriations	(1,007.0)	10.0	13.7	(983.4)	275.0	8.7	28.8	312.5	1,282.1	-127.3%
Designated Savings (Public Education Fund)	(1,057.6)	-	-	(1,057.6)	14.0	-	-	14.0		
Designated Savings (Performance Scholarship Fund)	-	-	-	-	400.0	-	-	400.0		
Undesignated Savings (Constitutional Budget Reserve Fund)	(1.7)	-	-	(1.7)	(2.1)	-	-	(2.1)		
Undesignated Savings (Alaska Housing Capital Corporation)	-	-	-	-	(177.0)	-	-	(177.0)		
Other Transfers	52.0	10.0	13.7	75.7	40.1	8.7	28.8	77.5		
Post-Transfers Authorization (unduplicated)	4,122.6	401.2	3,091.3	7,615.1	5,952.6	415.7	2,780.6	9,148.9	1,830.0	44.4%
Post-Transfers Surplus (Draw From CBRF)	*1,450.6*	*28%*	*of Revenue*		*55.8*	*9%*	*of Revenue*			
Permanent Fund Appropriations	570.0	99.6	0.1	669.8	1,523.0	85.6	-	1,608.6		
Permanent Fund Dividends	570.0	-	-	570.0	637.0	-	-	637.0		
Deposits to Principal	-	-	0.1	0.1	886.0	-	-	886.0		
Other Uses of Earnings	-	99.6	-	99.6	-	85.6	-	85.6		
Total Authorization (unduplicated)	4,712.6	500.8	3,091.3	8,304.7	7,475.6	501.3	2,780.6	10,757.5	2,763.0	58.6%
FISCAL YEAR SUMMARY (Revenue Items)	4,122.6	401.2	3,091.3	10,078.6	5,952.6	415.7	2,780.6	14,896.8	1,830.0	44.4%
Agency Operations	4,144.4	295.3	1,915.5	6,355.3	4,327.0	299.9	1,885.6	6,512.5	182.6	4.4%
Statewide Operations	705.3	55.8	23.7	784.8	802.1	52.4	27.0	881.5	96.8	13.7%
Total Operating	4,849.7	351.2	1,939.2	7,140.0	5,129.1	352.3	1,912.6	7,394.0	279.4	5.8%
Capital	280.0	40.0	1,138.4	1,458.4	548.5	54.7	839.3	1,442.5	268.5	95.9%
Total Authorization	5,129.7	391.2	3,077.6	8,598.5	5,677.6	407.0	2,751.9	8,836.5	548.0	10.7%
Transfers	*(1,007.6)*	*10.0*	*13.7*	*(983.4)*	*275.0*	*8.7*	*28.8*	*312.5*		
Federal Stimulus Funding (ARRA of 2009)			767.1				576.1			

Notes:

January 15, 2010

(1) Permanent Fund earnings are excluded from reported revenue because the entire balance of the earnings reserve account is available for appropriation. Permanent Fund earnings and balance information is reported on page 2 of the fiscal summary.

(2) The Fall 2009 oil forecast for FY10 is 0.646 mbd at $66.93 per barrel; the FY11 forecast is 0.631 mbd at $76.35/bbl. Source: Revenue Sources Book, Fall 2009.

(3) Carryforward is money that was appropriated in a prior year that is made available for spending in FY10 via multiyear appropriations or reappropriations. FY11 carryforward will be unknown until the close of FY10.

(4) In an effort to present the budget in a more meaningful and accurate way, many sources of funds were recategorized from "other" funds to general funds beginning in FY11. This summary presents both FY10 and FY11 budgets in the revised fund categories in order to make comparisons across years valid.

(5) Duplicated authorizations are in the budget twice, such as when funds flow in and out of a holding account or one agency pays another for services provided.

(6) From an accounting perspective, unduplicated authorization (line 26) is the best measure of capital spending. However, adding duplicated fund sources provides a valuable measure of "money on the street" because it includes projects funded with bond proceeds and other duplicated fund sources.

Page 5

2/1/10 OVERVIEW: STATE SAVINGS ACCOUNT & BUDGET RESERVE BY DEPARTMENT OF REVENUE

<target><bill></bill><subject>2-1-10 OVERVIEW STATE SAVINGS ACCOUNT and BUDGET RESERVE BY DEPARTMENT OF REVENUE</subject><comm>SFIN26</comm></target>

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State of Alaska
An Update on the State's Savings Accounts

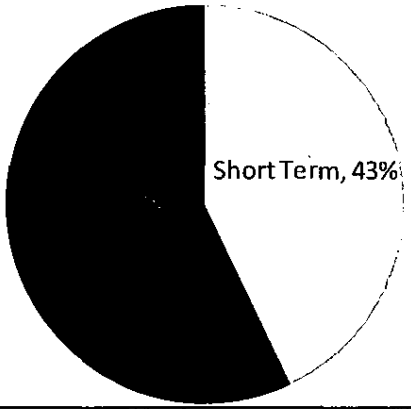
Treasury Division
Department of Revenue

February 1, 2010

I: Comparative Analysis of State Operating and Savings Funds

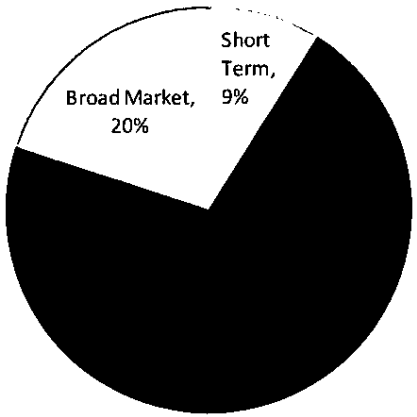
General Fund and other non segregated investments

Fiduciary oversight: Commissioner of Revenue

		General Fund (and other nonsegregated investments)	
Investment Objective		Moderate Risk, Short to Intermediate investment horizon	
Target Asset Allocation		100% Fixed Income 	
		Actuals	Benchmark
Market Value (in 000s)	12/31/2007	$5,269,300	
	12/31/2008	$7,466,400	
	12/31/2009	$6,184,600	
Returns (12/31/09)	YTD	3.02%	0.59%
	FYTD	1.60%	0.73%
	3 Year Actuals	4.68%	4.49%
	5 Year Actuals	4.31%	4.02%
	FORECAST	**3.60%**	

Constitutional Budget Reserve Fund (main & sub)

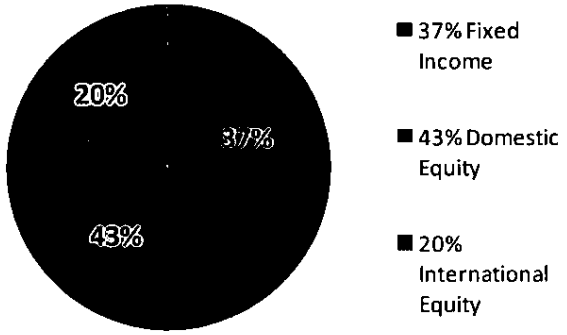
Fiduciary oversight: Commissioner of Revenue

		Constitutional Budget Reserve (main fund)		Constitutional Budget Reserve (sub fund)	
Investment Objective		Moderate Risk, Intermediate investment horizon		High Risk, Moderately Long investment horizon	
Target Asset Allocation		100% Fixed Income 			
		Actuals	Benchmark	Actuals	Benchmark
Market Value (in 000s)	12/31/2007	$2,521,400		$576,900	
	12/31/2008	$3,240,800		$3,590,800	
	12/31/2009	$4,231,100		$4,427,300	
Returns (12/31/09)	YTD	4.23%	1.82%	23.30%	20.79%
	FYTD	2.46%	1.65%	16.61%	15.79%
	3 Year Actuals	5.56%	5.59%	-2.40%	-0.91%
	5 Year Actuals	4.81%	4.61%	2.22%	3.05%
	FORECAST	**4.18%**		**7.87%**	

1% of Fixed Income is allocated it International Fixed Income

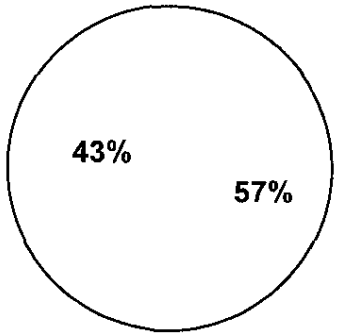
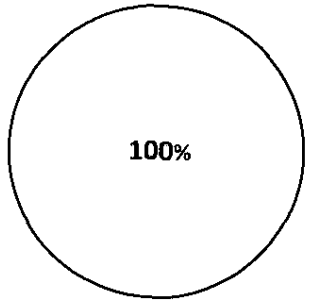
Power Cost Equalization Fund

Fiduciary oversight: Commissioner of Revenue

		Power Cost Equalization Fund	
Investment Objective		High Risk, Moderately Long investment horizon	
Target Asset Allocation			
		Actuals	Benchmark
Market Value (in 000s)	12/31/2007	$393,900	
	12/31/2008	$288,800	
	12/31/2009	$329,400	
Returns (12/31/09)	YTD	21.64%	20.45%
	FYTD	15.77%	15.61%
	3 Year Actuals	-0.06%	-0.33%
	5 Year Actuals	3.71%	3.55%
	FORECAST	**7.79%**	

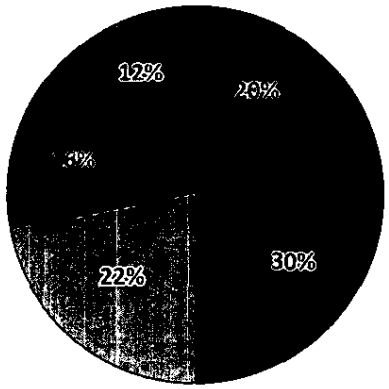
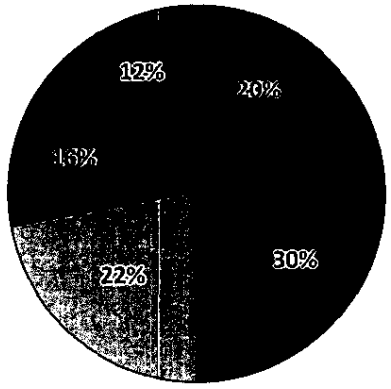
Public School Trust Fund (Principle and Income accounts)

Fiduciary oversight: Commissioner of Revenue

		Public School Trust Fund (Principle)		**Public School Trust Fund** (Income)	
Investment Objective		Moderate Risk, Long Term investment horizon		Low Risk, Short investment horizon	
Target Asset Allocation					
		Actuals	Benchmark	Actuals	Benchmark
Market Value (in 000s)	12/31/2007	$362,900		$21,200	
	12/31/2008	$311,100		$18,700	
	12/31/2009	$365,100		$15,200	
Returns (12/31/09)	YTD	17.64%	15.32%	2.70%	0.21%
	FYTD	12.28%	11.59%	0.84%	0.11%
	3 Year Actuals	1.38%	1.11%	2.62%	2.40%
	5 Year Actuals	3.59%	3.27%	3.31%	3.02%
	FORECAST	**6.95%**		**3.03%**	

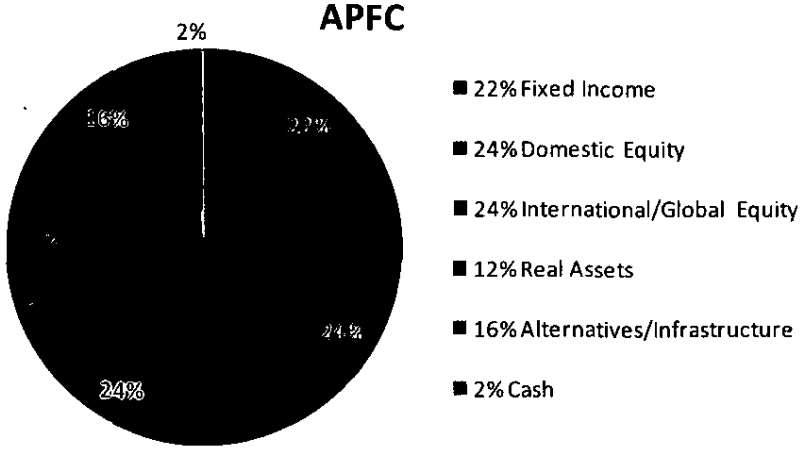
PERS & TRS

Fiduciary oversight: Alaska Retirement Management Board

	PERS Retirement Defined Benefit Pension		TRS Retirement Defined Benefit Pension	
Investment Objective	Moderate Risk, Long Term investment horizon		Moderate Risk, Long Term investment horizon	
Target Asset Allocation				
	Actuals	Benchmark	Actuals	Benchmark
Market Value (in 000s) 12/31/2007	$11,129,100		$5,003,800	
Market Value (in 000s) 12/31/2008	$8,359,800		$3,705,800	
Market Value (in 000s) 12/31/2009	$9,551,100		$4,194,600	
Returns (12/31/09) YTD	11.59%	18.52%	11.38%	18.52%
Returns (12/31/09) FYTD	12.30%	13.98%	12.36%	13.98%
Returns (12/31/09) 3 Year Actuals	-1.87%	-0.75%	-1.96%	-0.75%
Returns (12/31/09) 5 Year Actuals	3.35%	3.56%	3.31%	3.56%
FORECAST	**8.25%**		**8.25%**	

APFC

Fiduciary oversight: Alaska Permanent Fund Corporation Board

Alaska Permanent Fund Corporation			
Investment Objective		Long term Investment Goal is to achieve a real rate of return of 5% per year	
Target Asset Allocation			
		Actuals	Benchmark
Market Value (in 000s)	12/31/2007	$38,909,800	
	12/31/2008	$28,839,500	
	12/31/2009*	$34,569,800	
Returns (12/31/09*)	YTD	18.85%	8.36%
	FYTD	14.13%	2.84%
	3 Year Actuals	-1.25%	7.39%
	5 Year Actuals	3.48%	7.62%
	FORECAST	**8.28%**	
	** 12/31/2009 data is preliminary and unaudited, and includes some estimates*		

II: FY2010 Investment Revenue Forecast

FY 2010 Investment Revenue Forecast

All Amounts in $ Millions
Prepared January 29, 2009 by Alaska Department of Revenue

FY 2009 Actuals	Actual through 06-30-09
UNRESTRICTED	
Investments	247.4
Interest Paid by Others	0.2
TOTAL UNRESTRICTED	**247.6**
RESTRICTED	
Investments	57.1
CBRF - Main Account	*143.7*
CBRF - Special Sub Account	*(670.3)*
CBRF - Total	(526.6)
Other Treasury Managed Funds	(10.4)
Alaska Permanent Fund	(6,394.4)
TOTAL RESTRICTED	**(6,874.3)**
GRAND TOTAL	**(6,626.7)**

FY 2010 Forecast - Based on actuals through Dec 31, 2009	Actual through 12-31-09	Forecast through 06-30-10	Total FY 10
UNRESTRICTED			
Investments	82.6	100.1	*182.7*
Interest Paid by Others	0.2	1.2	*1.4*
TOTAL UNRESTRICTED	**82.8**	**101.3**	**184.1**
RESTRICTED			
Investments	18.0	25.2	43.2
CBRF - Main Account	*87.1*	*89.3*	*176.4*
CBRF - Special Sub Account	*630.5*	*177.1*	*807.6*
CBRF - Total	717.6	266.4	984.0
Other Treasury Managed Funds	42.1	11.9	54.0
Alaska Permanent Fund *	4,313.5	1,405.0	5,718.5
TOTAL RESTRICTED	**5,091.2**	**1,708.5**	**6,799.7**
GRAND TOTAL	**5,174.0**	**1,809.8**	**6,983.8**

Notes:

FY 2010 investment forecasts include actual data through Dec 31, 2009 and projections for the remainder of FY 2010.
Due tofinancial market volatility, forecasts shown are subject to review and adjustment.

* APFC December 2009 amounts are estimated

State of Alaska Department of Revenue

Investment Operation Orientation

Treasury Division, Portfolio Management Section

February 2009

Alaska Retirement Management Board

Comparative Analysis of the General Fund, CBRF, PERS and TRS retirement plans and APFC.

Account	Purpose	Market Value 12/31/07	Market Value 12/31/08	Estimated Market Value 1/31/09	Investment Objective	Target Asset Allocation		Fiduciary Oversight	Calander YTD Returns	3 year Actual Returns	Returns Forecast
General Fund (and other nonsegregated investments)	Operating Fund	$5,269.3 million	$7,466.4 million	$7,274.5 million	Moderate Risk, Short to Intermediate investment horizon	100% Fixed Income: Short term 37% Intermediate term 63%		Commissioner of Revenue	4.66%	5.29%	4.07%
Constitutional Budget Reserve (main fund)	Main Savings account	$2,521.4 million	$3,240.8 million	$3,232.3 million	Moderate Risk, Intermediate investment horizon	100% Fixed Income: Short term 5% Intermediate term 75% Broad Market 20%		Commissioner of Revenue	5.67%	5.71%	4.53%
Constitutional Budget Reserve (sub fund)	Long-term Savings Account	$576.9 million	$3,590.8 million	$3,382.2 million	High Risk, Moderately Long investment horizon	Fixed Income 37% Dom Equity 44% Int'l Equity 19%		Commissioner of Revenue	-29.34%	-5.17%	7.61%
PERS Retirement Defined Benefit	Public Employees Retirement Savings Account	$11,129.1 million	$8,359.8 million	$7,958.0 million	Moderate Risk, Long Term investment horizon	Fixed Income 18% Dom Equity 34% Int'l/Global Equity 20% Real Assets 15% Alternatives 13%		Alaska Retirement Management Board	-22.24%	-0.35%	8.25%
TRS Retirement Defined Benefit	Teachers Retirement Savings Account	$5,003.7 million	$3,705.8 million	$3,551.3 million	Moderate Risk, Long Term investment horizon	Fixed Income 18% Dom Equity 34% Int'l/Global Equity 20% Real Assets 15% Alternatives 13%		Alaska Retirement Management Board	-22.33%	-0.38%	8.25%
APFC	Constitutionally Dedicated Fund for All Alaskans	$39,463.5 million	$29,500.7 million	$28,050.0 million	Long term Investment Goal is to achieve a real rate of return of 5% per year	Fixed Income 22% Dom Equity 26% Int'l/Global Equity 27% Real Assets 10% Alternatives/Infras. 15%		APFC Board	-25.64%	-2.74%	8.05%

Presented to SFC 020609 by DOR

General Fund

The General Fund means something different to accountants and budgeters. For accountants, it is comprised of the State's primary operating fund (11100 in the State accounting system) and the accounts and funds which have been created by law which also report to the overall General Fund (11000 in the accounting system). These are treated as subfunds of the General Fund and are accounted for as individual funds for accounting purposes, but they are included in the General Fund for annual financial reporting purposes. The following lists those funds and accounts.

- **Adak Airport Operations Fund (Fund 11181)** – PL 101-510 – The Alaska Department of Transportation and Public Facilities and the United States Department of Defense entered into a cooperative agreement under which the State will undertake operation and maintenance of a portion of the former Naval Air Facility known as the Adak Airport. In accordance with the agreement, the Navy paid the State $10,000,000 to operate and maintain the airport. ***SWEPT? NO***
- **Alaska Capital Income Fund (Fund 11185)** – AS 37.05.545 – Administered by the Department of Revenue. This fund consists of money deposited to the fund from income earned on money awarded in or received as a result of State v. Amerada Hess and of appropriations to the fund. Money may be appropriated from this fund for any public purpose, including covering annual debt service and reserves for debt service on bonds authorized by state law. ***SWEPT? YES FY 2008 = $233,141,102***
- **Alaska Children's Trust Fund (Fund 34050)** – AS 37.14.200 – Administered by the Department of Health and Social Services and the Alaska Children's Trust Board established in the Office of the Governor. The income from this endowment is used to provide a continuing source of revenue for grants to community-based programs for the prevention of child abuse and neglect. ***SWEPT? NO***
- **Alaska Debt Retirement Fund (Fund 11138)** – AS 37.15.011 – The fund consists of all money appropriated to it. The fund was established to help meet the General Fund debt obligations of the State and its political subdivisions, to fund lease-purchases, and to finance capital projects with money remaining after debt obligations are paid. ***SWEPT? YES FY 2008 = $8,994,418***
- **Alaska Gasline Inducement Act Reimbursement (Fund 11188)** – AS 43.90.400 – Administered by the Office of the Governor. This fund consists of money appropriated to it by the legislature for reimbursing a percentage of qualified expenditures as authorized under AS 43.90.110. These state matching contributions serve as an inducement to aid in the construction of a natural gas pipeline. ***SWEPT? NO***
- **Alaska Historical Commission Receipts Account (Fund 11111)** – AS 41.35.380 – Administered by the Department of Natural Resources. Consists of all monetary gifts, grants, bequests, royalties, and other income received by the Alaska Historical Commission and is used for commission projects. ***SWEPT? YES FY 2008 = $67,460***
- **Alaska Marine Highway System Fund (Fund 12135)** – AS 19.65.060 – Administered by the Department of Transportation and Public Facilities, Alaska Marine Highway System. Gross revenues of the Alaska Marine Highway System are deposited into the fund. The fund also consists of legislative appropriations of amounts necessary to provide stable services to the public, after consideration of gross revenue. ***SWEPT?YES FY 2008 = $7,376,320***
- **Alaska Marine Highway System Vessel Replacement Fund (Fund 11137)** – AS 37.05.550 – Managed by the Department of Revenue. The fund consists of money appropriated to it by the legislature. The legislature may appropriate money from the fund for refurbishment of existing state ferry vessels, acquisition of additional state ferry vessels, or replacement of retired or outmoded state ferry vessels. ***SWEPT? YES FY 2008 = $60,000,000***
- **Alaska Technical and Vocational Education Program Fund (Fund 11166)** – AS 23.15.830 – Administered by the Department of Labor and Workforce Development. The fund consists of amounts collected under AS 23.15.835. The legislature may appropriate the annual estimated balance in the fund to the Alaska Workforce Investment Board to implement AS 23.15.820 – 23.15.850. The legislature may appropriate the lapsing balance of the fund to the Unemployment Compensation Fund established in AS 23.20.130. ***SWEPT? YES FY 2008 = $1,302,182***
- **Alaska Transportation Infrastructure Bank (Fund 21653)** – Section 350 of the National Highway System Designation Act of 1995 Federal Law – Managed by the Department of Transportation and Public Facilities. This fund was established as a pilot program with the U.S. Department of Transportation to increase

infrastructure investment in the private sector. The fund has the ability to make loans and provide other forms of credit assistance to public and private entities to carry out highway construction and transit capital projects. ***SWEPT? NO***

- **Alaska Veterans' Memorial Endowment (Fund 36010)** – AS 37.14.700(a) – Administered by the Department of Military and Veterans' Affairs. The fund is used to maintain and develop veteran or military memorials. The fund consists of appropriations to the fund, donations to the fund, and income earned on investments of fund assets. ***SWEPT? NO***

- **Alcohol and Other Drug Abuse Treatment and Prevention Fund (Fund 11178)** – AS 43.60.050 – Administered by the Department of Health and Social Services. The fund is used to establish and maintain programs for the prevention and treatment of alcoholism, drug abuse, and misuse of hazardous volatile materials and substances by inhalant abusers under AS 47.37.030. ***SWEPT? YES FY 2008 = $5,066,154***

- **Anatomical Gift Awareness Fund (Fund 11183)** – AS 13.50.160(a) – Administered by the Department of Administration. This fund was established to promote gifts under AS 13.50 the Health Care Decisions Act and to administer the donation program established under AS 13.50.130. The fund consists of donations and fees collected to support the Donor Registry Program. ***SWEPT? NO***

- **Art in Public Places Fund (Fund 11124)** – AS 44.27.060 – Administered by the Alaska State Council on the Arts. This fund consists of one percent of the construction cost of buildings exempt from AS 35.27. The money is used to commission or purchase art for public state-owned or leased buildings or facilities. ***SWEPT? NO***

- **Assistive Technology Loan Guarantee Fund (Fund 11154)** – AS 23.15.125 – Administered by the Department of Labor and Workforce Development, Division of Vocational Rehabilitation (DVR). The fund consists of money appropriated to it. DVR may solicit and accept available public and private money for distribution from the fund. Money in the fund may be used to guarantee 90 percent of the principal amount of a loan or to subsidize the interest rate of a loan guaranteed by DVR for appropriate assistive technology. ***SWEPT? NO***

- **Budget Reserve Fund (Fund 11115)** – AS 37.05.540 – Administered by the Department of Revenue. This fund consists of appropriations to the fund. Money received by the State that is subject to the appropriation limit under AS 37.05.540(b) and that exceeds that limit may be appropriated to the budget reserve fund. ***SWEPT? YES FY 2008 = $1,000,000,000***

- **Building Safety Account (Fund 11177)** – AS 44.31.025 – Administered by the Department of Labor and Workforce Development. The collection of fees associated with building inspection and the issuance of certificates of fitness will be deposited in the Building Safety Account. The legislature may appropriate money from the account for necessary costs incurred by the Department of Labor and Workforce Development in the administration of AS 18.60.180 – 18.60.395, 18.60.800 – 18.60.620 and AS 18.62 relating to building safety and certificates of fitness. ***SWEPT? YES FY 2008 = $128,080***

- **Commercial Passenger Vessel Environmental Compliance Fund (Fund 11174)** – AS 46.03.482 – Administered by the Department of Environmental Conservation. Sources of income for this fund include: (1) money received by the department in payment of fees under AS 46.03.480; (2) money received as a result of a violation; (3) money appropriated to the fund by the legislature; (4) earnings on the fund. The legislature may make appropriations from this fund to the department to pay for the department's operational costs necessary to prepare reports that assess the information received by the department for the cruise ship seasons of 2000, 2001, 2002, and 2003 and for the department's operational costs necessary to carry out activities under AS 46.03.460 – 46.03.490 relating to commercial passenger vessels. ***SWEPT? YES FY 2008 = $6,210,770***

- **Community Revenue Sharing Fund (Fund 11200)** – AS 29.60.850 - Administered by the Department of Commerce, Community and Economic Development. The Fund provides community revenue sharing payments to municipalities, reserves, and communities for any public purpose. The fund consists of appropriations. Income earned on money in the fund may be appropriated to the fund. The legislature may appropriate 20 percent of the money received by the State during the previous calendar year under AS 43.55.011(g). ***SWEPT? NO***

- **Constitutional Budget Reserve Fund (Fund 33041)** – Alaska Constitution, Article IX, Section 17; AS 37.13 – Administered by the Department of Revenue. All money received by the State as a result of the termination of administrative proceedings or litigation in a state or federal court involving mineral lease bonuses, rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments or bonuses, or involving taxes imposed on mineral income, production, or property are deposited in the fund, except for the share of those proceeds that are deposited into the Alaska Permanent Fund. ***SWEPT? NO, RECIPIENT OF SWEEP***

- **Disaster Relief Fund (Fund 12120)** – AS 26.23.300 – Administered by the Office of the Governor and the Department of Military and Veterans Affairs. This fund provides resources to alleviate the effects of disasters wherever and whenever they may occur in the State. ***SWEPT? NO***

- **Donated Commodity Fee Fund (Fund 11120)** – USC 7 CFR, Part 250 – Administered by the Department of Education and Early Development. This fund consists of monies from federal agencies and recipients of goods. It is intended to cover the cost of the distribution of federal surplus food to schools, childcare institutions, nonprofit camps for children, charitable institutions for minors, nutrition programs for the elderly, and assistance to needy persons. ***SWEPT? NO***

- **Educational Facilities Maintenance and Construction Fund (Fund 11142)** – AS 37.05.560 – Administered by the Department of Education and Early Development. Money in the fund may be appropriated to finance the design, construction, and maintenance of public school facilities and for maintenance of the University of Alaska facilities. ***SWEPT? YES FY 2008 = $45***

- **Election Fund (Fund 11179)** – Federal H.R. 3295, "The Help America Vote Act" – Administered by the Office of the Lieutenant Governor, Division of Elections. Funds will be used for election administration improvements, for replacement of voting equipment, to improve accessibility for individuals with disabilities, and to provide alternative language accessibility. ***SWEPT? NO***

- **Employment Assistance and Training Program Account (Fund 11134)** – AS 23.15.625 – Administered by the Department of Labor and Workforce Development. The account consists of amounts collected under the provision of AS 23.15.630. The annual estimated balance in the account may be appropriated by the legislature to the department to implement AS 23.15.620 – 23.15.660. The legislature may appropriate the lapsing balance of the account to the Unemployment Compensation Fund established in AS 23.20.130. ***SWEPT? YES FY 2008 = $4,550,795***

- **Exxon Valdez Oil Spill Unincorporated Rural Community Grant Fund (Fund 11161)** – AS 44.33.115 – Administered by the Department of Commerce, Community, and Economic Development. The department may use the fund to make grants to unincorporated rural communities in the area affected by the Exxon Valdez oil spill for capital projects for purposes of restoring, replacing, or enhancing subsistence resources or services or other services damaged or lost as a result of the Exxon Valdez oil spill. ***SWEPT? NO***

- **FHWA - Airspace Leases Fund (Fund 11126)** – Section 156 of the Surface Transportation and Uniform Relocation Assistance Act of 1987 requires that the State shall charge fair market value for the sale, use, or lease rentals of right-of-way airspace and that the federal share of these net incomes be used by the State for highway projects. This fund accounts for those revenues. The revenues are available for appropriation by the legislature for highway projects. ***SWEPT? YES FY 2008 = $19,049***

- **FICA Administration Fund (Fund 11110)** – AS 39.30.050 – Administered by the Department of Administration. The fund consists of the pro rata share of expenses incurred in the administration of 39.30.010 – 39.30.080 and collected from participating political subdivisions and from the State. ***SWEPT? NO***

- **Fisheries Disaster Fund (Fund 11180)** – PL 108-7, SEC 2, Division N, Title V – Fisheries Disasters, Sec. 501(a) – Administered by the Office of the Governor. $35,000,000 shall be made available as a direct lump sum payment to the State of Alaska to make payments to persons or entities that have experienced significant economic hardship. Funds in Alaska shall be used to provide personal assistance; assistance for small businesses including fishermen, fish processors, and related business serving the fishing industry; assistance for local borough governments adversely affected by reductions in fish landing fees and other fishing-related revenue; and product development and marketing. ***SWEPT? NO***

- **Fuel Emergency Fund (Fund 11125)** – AS 26.23.400 – Administered by the Office of the Governor. This fund is used when the governor determines that a shortage of fuel is sufficiently severe to justify state assistance to make grants to a city or borough, or to a village or unincorporated community to purchase emergency supplies of fuel. ***SWEPT? NO***

- **Fund for the Improvement of School Performance (Fund 11145)** – AS 14.03.125 – Administered by the Department of Education and Early Development. It is used to make grants to a district located in the State for the purpose of improving school performance. ***SWEPT? NO***

- **Major Maintenance Grant Fund (Fund 11144)** – AS 14.11.007 – Administered by the Department of Education and Early Development. The fund is used to make grants for the cost of school major maintenance. ***SWEPT? NO***

- **Memorial Education Revolving Loan Fund (Fund 21611)** – AS 14.43.255 – Administered by the Department of Education and Early Development. The fund was created to pay tribute to the memory of

Alaskans who, by example of their lives, or by their distinguished contribution and service to the State, their community, or their profession, exemplified the best that is the challenge of "The Great Land." The funds shall be used to provide education loans to students selected under AS 14.43.250-325. ***SWEPT? NO***

- **Municipal Capital Project Matching Grant Fund (Fund 11146)** – AS 37.06.010 – Administered by the Department of Commerce, Community, and Economic Development. The money in the fund is held by the department in custody for each municipality. Each fiscal year the department allocates individual grants for each municipality. ***SWEPT? YES FY 2008 = $129,112***

- **Municipal Harbor Facility Grant Fund (Fund 11187)** – AS 29.60.800 – Administered by the Department of Transportation and Public Facilities. The money appropriated to the fund may be expended by the department for municipal harbor grants. ***SWEPT? NO***

- **Oil and Gas Tax Credit Fund (Fund 11189)** – AS 43.55.028 – Administered by the Department of Revenue. The purpose of this fund is to purchase certain transferable tax credit certificates issued under AS 43.55.023 and certain production tax credit certificates issued under AS 43.55.025. The fund consists of money appropriated to it, including any appropriation of the percentage provided under (c) of this section of all revenue from taxes levied by AS 43.55.011 that is not required to be deposited in the constitutional budget reserve fund established in art. IX, sec. 17 (a), Constitution of the State of Alaska; and earnings on the fund. ***SWEPT? NO***

- **Oil and Hazardous Substance Release Prevention and Response (Fund 11128 rollup; Fund 11122 prevention; Fund 11129 response)** – AS 46.08.010 – Administered by the Department of Environmental Conservation. This fund is composed of two accounts: (1) the prevention account and (2) the response account. The fund consists of appropriations by the legislature of money from private donors, money recovered from parties responsible for cleanup of oil or a hazardous substance, and fines, penalties, or damages recovered under Chapter 46. This money is for the containment and cleanup of oil or a hazardous substance; monitoring, assessing, investigating, and evaluating the release or threatened release of oil or a hazardous substance; and recovery of the cost to the State of the containment and cleanup of oil or a hazardous substance. ***SWEPT? NO FOR FUND 11129; YES FOR FUND 11122 FY 2008 = $13,676,743***

- **Oil and Hazardous Substance Release Prevention Mitigation Account (Fund 11139)** – AS 46.08.020(b) – Administered by the Department of Environmental Conservation. This account consists of money received from other state sources, from federal or other sources, or from a private donor; money recovered or otherwise received from parties responsible for the containment and cleanup of oil or a hazardous substance; and fines, penalties, or damages recovered under AS 46.08.005–46.08.080. The legislature may appropriate the amount received in this account (during the preceding calendar year) to the prevention account in the Oil and Hazardous Substance Release Prevention and Response Fund. ***SWEPT? YES FY 2008 = $8,053,827***

- **Oil and Hazardous Substance Release Response Mitigation Account (Fund 11153)** – AS 46.08.025(b) – Administered by the Department of Environmental Conservation. This account consists of money received from other state sources, from federal or other sources, or from a private donor; money recovered or otherwise received from parties responsible for the containment and cleanup of oil or a hazardous substance at a specific site for which the State expended money from the former oil and hazardous substance release response fund before October 2, 1994, or for which the State expended money from the response account. The legislature may appropriate the amount received in this account (during the preceding calendar year) to the response account in the Oil and Hazardous Substance Release Prevention and Response Fund. ***SWEPT? YES FY 2008 = $195,086***

- **Permanent Fund Dividend Fund (Fund 33020)** – AS 43.23.045 – Administered by the Department of Revenue. This fund consists of 50 percent of the income earned by the Alaska Permanent Fund during the fiscal year ending on June 30 that is paid out to eligible Alaska residents. ***SWEPT? NO***

- **Public Education Fund (Fund 11184)** – AS 14.17.300 – Administered by the Department of Education and Early Development. This account may be expended only in aid of public schools and for centralized correspondence study programs under Chapter 17 – Financing of Public Schools, and for transportation of pupils under AS 14.09.010. ***SWEPT? NO***

- **Railbelt Energy Fund (Fund 11123)** – AS 37.05.520 – Managed by the Department of Revenue. The legislature may appropriate money from the fund for programs, projects, and other expenditures to assist in meeting Railbelt energy needs, including projects for retrofitting state-owned buildings and facilities for energy conservation. ***SWEPT? YES FY 2008 = $90,858,733***

- **Randolph-Sheppard Small Business Fund (Fund 11118)** – AS 23.15.130, 20 USC 107-107(f) – Administered by the Department of Labor and Workforce Development. This fund consists of receipts from

vending facilities on federal properties and is used to aid only blind licensees in operating vending machine facilities. ***SWEPT? NO***

- **Real Estate Surety Fund (Fund 11121)** – AS 08.88.450 – Administered by the Department of Commerce, Community, and Economic Development. This fund is composed of payments made by real estate licensees under AS 08.88.455 and filing fees under AS 08.88.460, income earned on investment of the money in the fund, and money deposited in the fund under AS 08.88.450(c). Amounts in the fund may be appropriated for claims against the fund, for hearing and legal expenses directly related to fund operations and claims, and real estate educational purposes. ***SWEPT? NO***

- **School Construction Grant Fund (Fund 11143)** – AS 14.11.005 – Administered by the Department of Education and Early Development. The fund shall be used to make grants for the costs of school construction. Legislative appropriations for school construction shall be deposited in the fund and the proceeds from the sale of general obligation bonds for school construction may be deposited in the fund. ***SWEPT? NO***

- **School Trust Land Sales (Fund 11162)** – Established per attorney general memo regarding Public School Trust Litigation. Used to separately account for the sales of 21 parcels of public school trust land, the status of which is in litigation. ***SWEPT? NO***

- **Senior Care Fund (Fund 11182)** – Chapter 3, SLA 2004 amended the uncodified law of the State of Alaska by creating the Senior Care Fund to be used by the Department of Health and Social Services. The fund is used to pay for the costs incurred for the provision of senior services under the senior care program. The department shall provide cash assistance and prescription drug benefits as far as practicable under appropriations provided by law. ***SWEPT? YES FY 2008 = $260,515***

- **State Insurance Catastrophe Reserve Account (Fund 11133)** – AS 37.05.289 – Administered by the Department of Administration. Assets of the account may be used to obtain insurance, to establish reserves for the self-insurance program, and to satisfy claims or judgments arising under the program. ***SWEPT? NO***

- **State Land Disposal Income Fund (Fund 11164)** – AS 38.04.022(a) – Administered by the Department of Natural Resources. The fund consists of revenue from the state land disposal program. ***SWEPT? YES FY 2008 = $0***

- **State Land Reforestation Fund (Fund 12130)** – AS 41.17.300 – Administered by the Department of Natural Resources. The money in the state land reforestation fund may be used only for the reforestation of state land, including site preparation; seed and seedling acquisition and cultivation; planting and other reforestation measures; timber stand improvement; and the development of materials and techniques for the reforestation of state land. ***SWEPT? YES FY 2008 = $194***

- **Storage Tank Assistance Fund (Fund 11136)** – AS 46.03.410 – Administered by the Department of Environmental Conservation. The fund consists of money appropriated to it by the legislature. The receipts of the fund may be used for certain costs as defined in AS 46.03.410(a) relating to underground petroleum storage tank systems and for grants and loans. ***SWEPT? NO***

- **Surplus Property Revolving Fund (Fund 11112)** – AS 37.05.500(a)(2), AS 44.68.130 – Administered by the Department of Administration. This fund is to account for revenues from the users or purchasers of excess federal property that the State has acquired and is used to pay the administrative expenses incurred in managing this property. ***SWEPT? NO***

- **Tobacco Use Education and Cessation Fund (Fund 11175)** – AS 37.05.580 – Administered by the Department of Health and Social Services. This fund consists of 20 percent of the annual revenue derived from the settlement of State of Alaska v. Philip Morris, Incorporated, et al, No. 1JU-97-915 CI (Alaska Super. 1997). The purpose of this fund is to provide a source to finance the comprehensive smoking education, tobacco use prevention, and tobacco control program authorized by AS 44.29.020(a)(15). ***SWEPT? YES FY 2008 = $10,497,239***

- **TAPS Rebate Fund (Fund 11163)** – Federal PL 101-380, sec. 8102(a)(B)(I) – The federal government has rebated the pro rata share of the federal TAPS (Trans-Alaska Pipeline Liability Fund) to the State of Alaska for its contributions as an owner of oil. The funds are to be used for the remediation of above-ground storage tanks. ***SWEPT? NO***

- **Training and Building Fund (Fund 12121)** – AS 23.20.130(d) – Administered by the Department of Labor and Workforce Development. This fund consists of interest and penalties for failure to file timely reports and pay contributions to the Unemployment Compensation Fund. It may be used for the administration of the Employment Security Act when federal funds are not available and for the acquisition of land and buildings for the purpose of providing office space for the department. ***SWEPT? NO***

- **Unincorporated Community Capital Project Matching Grant Fund (Fund 11147)** – AS 37.06.020 – Administered by the Department of Commerce, Community, and Economic Development. This fund was created for unincorporated communities to acquire or improve an asset with an anticipated life exceeding one year and includes land acquisition, construction, repair or structural improvement of a facility, engineering and design for a facility, and acquisition or repair of equipment. ***SWEPT? YES FY 2008 = $47,438***
- **Vocational Rehabilitation Small Business Enterprise Revolving Fund (Fund 11116)** – AS 23.15.130 – Administered by the Department of Labor and Workforce Development, Division of Vocational Rehabilitation. This fund consists of receipts from the net proceeds of vending facilities on public property. The annual estimated receipts of the fund may be used by the legislature to make appropriations to the department to aid licensees in operating vending machine facilities. ***SWEPT? YES FY 2008 = $87,524***
- **Workers' Compensation Benefits Guaranty Fund (Fund 11186)** – AS 23.30.082 – Administered by the Department of Labor and Workforce Development. This fund is composed of civil penalty payments made by employers under AS 23.30.080, income earned on investment of the money in the fund, money deposited in the fund, and appropriations to the fund. The fund may be appropriated for claims against the fund, for expenses directly related to fund operations and claims, and for legal expenses. ***SWEPT? YES FY 2008 = $765,453***
- **Workers' Safety and Compensation Administration Account (Fund 11173)** – AS 23.05.067 – Administered by the Department of Labor and Workforce Development. This fund is used to account for the annual service fees collected from employers for the administrative expenses of the State for workers' safety programs under AS 18.60 and the workers' compensation program under AS 23.30. ***SWEPT? YES FY 2008 = $13,797,650***

Compiled by the Division of Finance, Department of Administration

Constitutional Budget Reserve Fund

Preliminary December 31, 2009 results

Account	Balance	Combined YTD Income Stmt		Performance Forecast	3yr Prfrmnc Act (as of 12.31.09)
Corpus	$ 4,231,107,420	$ 7,114,323,416	7.1.09 Balance	4.18%	5.56%
Sub	4,427,332,815	826,585,091	Net Cont(draw)*	7.87%	-2.40%
		717,531,728	Income (Loss)		
Total	$ 8,658,440,235	$ 8,658,440,235	Balance		

Account	Balance	Asset Allocation	Actual Alloc	YTD Income Statement	
Corpus (AKSAS FU 33040)					
Broad Market Fixed Income	$ 838,715,418	20% ± 8%	19.82%	$ 3,317,456,698	7.1.09 Balance
Intermediate-Term Fixed Income	2,986,358,162	71% ± 8%	70.58%	826,585,091	Net Cont(draw)*
Short-Term Fixed Income	406,033,840	9% ± 5%	9.60%	87,065,631	**Income (Loss)**
Total	$ 4,231,107,420		100.00%	$ 4,231,107,420	Balance
Sub (AKSAS FU 33042)				YTD Income Statement	
Domestic Equity	$ 1,933,378,510	44% ± 7%	43.67%		
International Equity	965,429,027	20% ± 5%	21.81%		
US Treasury Fixed Income	141,747,576	3% ± 2%	3.20%		
Broad Market Fixed Income	1,300,510,536	32% ± 7%	29.37%	$ 3,796,866,718	7.1.09 Balance
Emerging Income Plus Fund	86,267,111	1% -1%/+3%	1.95%	-	Net Cont(draw)*
Short-Term Fixed Income	55	0% + 2%	0.00%	630,466,097	**Income (Loss)**
Total	$ 4,427,332,815		100.00%	$ 4,427,332,815	Balance

* Net Contributions and withdrawals are calculated on a cash basis. Some activity in FY10 is due to FY09 appropriations.

Total Fixed Income Investments	$ 5,617,885,122	65.96%
Total Equity Investments	2,898,807,537	69.26%
Total Equity and Fixed Income Investments	$ 8,516,692,659	100.00%

Sub funds of the General Fund and Defined Benefit Retirement Funds

Preliminary December 31, 2009 results

Account	Balance	3yr Prfrmnc Act (as of 12.31.09)	AKSAS Fund #	Notes
AHFC Capital Fund (Type 1)	$ 358,089,411	4.49%	34076	borrowed and paid back ~$150M
Railbelt Energy Fund (Type 1)	$ 104,571,303	4.49%	11123	
Alaska Capital Income Fund (Type 2)	$ 279,897,471	4.49%	11185	Amaranda Hess AS 37.13.145(d)
Public Education Fund (Type 2)	$ 592,221,766	4.49%	11184	
Statutory Budget Reserve (Type 2)	$ 1,000,000,000	4.49%	11115	Funded 12.17.08

DB Retirement Plans	Balance	Forecast	3yr Prfrmnc Act (as of 12.31.09)
PERS	$ 9,551,084,644	8.25%	-0.75%
TRS	4,194,581,638	8.25%	-0.75%
JRS	117,090,676	8.25%	-3.06%
MRS	30,350,005		1.73%
Total	$ 13,893,106,963		

Note: Sub fund performance rates are for the GeFonsi, which includes the Sub funds

MEMORANDUM

STATE OF ALASKA
DEPARTMENT OF REVENUE
Treasury Division

To: Patrick Galvin
Commissioner

Date: June 15, 2009

From: Gary M. Bader
Chief Investment Officer

Telephone: 907-465-4399

Subject: Asset Allocation Recommendations for FY 2010

Attached are my recommended asset allocations for investment funds under the stewardship and control of the Commissioner of Revenue for fiscal year 2010. Asset allocations represent the investment strategy designed to achieve the objectives of a fund while taking into account the desired expected investment return, volatility, cash flows, liquidity, and investment income of the fund. Given the objective of the fund or account, and given a set of capital market assumptions about the likely risk, return, yield, correlation, and liquidity attributes of asset classes, an appropriate asset allocation is selected. Following is a general explanation of the process used to develop our recommendations and the rationale behind them.

As you are aware, each year, the asset allocation process begins with Callan Associates, the state's investment consultant, providing staff with financial assumptions for numerous asset classes. The assumptions include: investment returns, standard deviations, and correlations for the various assets.

Usually, the Callan assumptions do not change much from year to year. However, because of the extraordinary losses and volatility in financial markets in 2008, Callan's 2009 equity return projections are generally higher than 2008. They also have lower standard deviations (risk) than 2008. For example, the 2008 Equity - Broad Market expected return was 9.00% with a 16.90% standard deviation. For 2009, the return projection changed to higher 9.48% with a lower standard deviation of 16.40%.

While the changes in expected returns for equity are mostly higher in Callan's 2009 assumptions, return projections for some fixed income strategies have barely changed. For example, the 2008 return assumption for Bonds - Aggregate was 5.25%, in 2009 it is 5.24%.

After we receive the Callan assumptions, they are then entered into an optimizer program. The resulting output is an "efficient frontier" of different asset mixes that are expected to have the highest expected rate of return for a given level of risk. Before an

asset allocation is determined, the objectives of a fund must be considered. For example, in the case of funds where the objective is to invest the proceeds of bond sales pending drawdown, the strategy is to minimize the probability of investment loss. Usually, the year to year changes in the efficient frontier are small because the changes in input assumptions are small. This year is different.

Because recent Callan equity assumptions suggest that higher equity returns can be earned with lower risk, the resulting efficient frontier drives the allocation away from equities when attempting to target last year's return target. Selling equities after a large market decline places us in a position of selling equities low after we bought them high. Generally, for funds that have domestic equity allocations in 2009, except for the Children's Trust, I have focused on efficient frontiers with the same risk as last year while holding the domestic equity allocation approximately the same. The Children's Trust is set at the same target return as last year in order to reduce risk.

Historically the goals for funds such as the GeFonsi, and Constitutional Budget Reserve main account have focused on minimizing the probability of loss in one year. My recommendation continues that practice. For accounts that own equities, we used the Conservative Aggregate Fixed Income Asset Class instead of the Aggregate Bonds Asset Class. The Conservative Aggregate is a combination of 90% Barclay's Aggregate and 10% Treasuries.

Many of the funds the Department manages have such high liquidity requirements that it is necessary to invest entirely in short term fixed income. For your convenience, we have not written a separate explanation for each one of these funds, but we have attached an approval sheet which shows the current policy and the proposed policy. The short term fixed income class is expected to yield 3.03%. Following is a list of those funds.

AY03 - Retiree Health Insurance Fund (to be paid down)
AY05 - International Airport Repair and Replacement Fund
AY07 - Alaska Children's Trust Fund - Income Account
AY09 - Public School Trust Fund - Income Account
AY14 - 1999A AIA AMT Construction Fund
AY18 - 1999C AMT Construction Fund
AY20 - 1999B Non-AMT Construction Fund
AY25 - SBS Cash Transition Fund
AY28 - Investment Loss Trust Fund
AY2A - 2002 B Non-AMT Construction Fund
AY2B - 2002A AMT Construction Fund
AY2E - 2002 Series Reserve Account
AY2G - Permanent Fund Dividend Holding Account
AY2M - Accelerated Alaska Transportation
AY2N - Education and Museum Facility
AY2O - Transportation Project

AY2P - 2003A AMT Construction Fund
AY2Q - 2008 Transportation Project GO Bonds
AY2R - 2003B Non-AMT Construction Fund
AY2U - 2003 Series Reserve Account
AY2W - Alaska Sport Fish Hatchery Fund
AY2Z - Alaska Energy Authority Renewable Energy Grand Fund
AY9V - Alaska Sport Fish
AY9W - 2006A AMT Construction Fund
AY9X - 2006B Non-AMT Construction Fund
AY9Y - 2006 Series Variable Rate

For the rest of the department of Revenue funds, we have also attached a short narrative explaining the reasoning for the asset allocation recommendation. Your approval of each asset allocation is requested.

cc: Jerry Burnett, Deputy Commissioner

Attachments

AY01: FY 2010 Proposed GeFONSI Investment Guidelines

Investment Topic	Current Policy	Proposed Policy
Risk Tolerance	Moderate – Fixed Income	No change
Investment Objective	Minimal exposure to principal loss. Maximize current income within moderate risk tolerance. Minimal inflation protection needed. High liquidity requirement.	No change
Time Horizon	Short to Intermediate	No change
Other Constraints	Ongoing review of the nature and objectives of pool participants can change nature of pool or result in withdrawal of some pool participants. Significant intramonth cash flows require normalization of the pool's investment balances when evaluating compliance with investment policy bands.	No change
Asset Allocation	37% ± 8% Short-term Fixed Income Pool 63% ± 8% Intermediate-term Fixed Income Pool	43% ± 8% Short-term Fixed Income Pool 57% ± 8% Intermediate-term Fixed Income Pool 0% +6% Alaska Student Loan Note
Benchmark	37% Three-month U.S. Treasury Bill 63% 1-5 Year Merrill Lynch Govt. Bond Index	43% Three-month U.S. Treasury Bill 57% 1-5 Year Merrill Lynch Govt. Bond Index

The approved policy for the General Fund is effective July 1, 2009.

Approved

7/17/09
Date

GeFONSI

Rationale

The General Fund constitutes the largest element of the GeFONSI. Much of the money in the fund has been appropriated and a material loss could affect the state's ability to fulfill its obligations. Treasury expects much of the money in the pool to be spent in less than one year. Accordingly, the allocation should allow minimal exposure to principal loss. Equities are not recommended for the GeFONSI.

Over the past year the U.S. economy has been anemic. Recently, fiscal and monetary policy has been directed at stimulating the economy. With 10 year treasuries currently yielding less than 3.8%, the potential gains from further decline in interest rates appears limited. It is therefore recommended that the asset allocation of the GeFONSI be weighted toward fixed income securities with a maturity of five years or less. Accordingly, as done last year, the asset allocation was constrained to restrict investments in the Broad Market Fixed Income Pool.

Effective July 1, 2009 Treasury's recommended asset allocation for the GeFONSI is 43% Short-term Fixed Income and 57% Intermediate-term Fixed Income investments. The allocation is estimated to provide an expected return of 3.60% with a probability of a loss over a one-year period of 2.52%.

AY19: FY 2010 Proposed CBRF Investment Guidelines
Main Account

Investment Topic	Current Policy	Proposed Policy
Risk Tolerance	Moderate – Fixed Income	No change
Investment Objective	Moderate exposure of principal loss in return for higher expected longer-term returns. Limited current income requirement. Moderate inflation protection needed. Increasing liquidity requirement.	No change
Time Horizon	Intermediate	No change
Asset Allocation	20% ± 8% Broad Market Fixed Income Pool 75% ± 8% Intermediate-term Fixed Income Pool 5% ± 5% Short-term Fixed Income Pool	20% ± 8% Broad Market Fixed Income Pool 71% ± 8% Intermediate-term Fixed Income Pool 9% ± 5% Short-term Fixed Income Pool
Benchmark	20% Barclays US Aggregate 75% Merrill Lynch 1-5 year Govt. Bond Index 5% Three-month U.S. Treasury Bill	20% Barclays US Aggregate 71% Merrill Lynch 1-5 year Govt. Bond Index 9% Three-month U.S. Treasury Bill

The approved policy for the Constitutional Budget Reserve Fund main account is effective July 1, 2009.

Approved

6/30/09
Date

Constitutional Budget Reserve Fund

Rationale

The investment policies for the Constitutional Budget Reserve Fund (CBRF) have changed over the years as the balance and the expected uses of the CBRF have changed. Though the price of oil is currently hovering around the $70 per barrel level, declining production and the inconsistency of future prices is still a concern. The CBRF is the state's "savings account" and as such is responsible for covering fluctuations in the general fund.

Intermediate term financial planning by the administration and the legislature is highly dependent upon a reasonably predictable CBRF balance.

With the 10 year treasury currently yielding 3.79%, and the 3 month Tbill yielding 0.17%, it is recommended that the asset allocation of the CBRF favor fixed income securities with a maturity of five years or less. Accordingly, the asset allocation was constrained to restrict Broad Market Fixed Income Investment Pool to no more than 20% of the fund. In addition to controlling the risk associated with investment in longer term fixed assets, the transaction costs associated with moving investments from one pool to another will be minimized.

The recommended asset allocation has a 1 year expected total return of 4.18% with a probability of 8% that the account will experience a negative return for the year.

AY10: FY 2010 Proposed CBRF Subaccount Investment Guidelines

Investment Topic	Current Policy	Proposed Policy
Risk Tolerance	High (Required by statute)	No change
Investment Objective	High exposure of principal to loss in return for higher expected longer-term returns. Limited current income requirement. Limited inflation protection needed. Moderate liquidity requirement.	No change
Time Horizon	Moderately Long	No change
Asset Allocation	36% ± 7% Conservative Aggregate Pool 44% ± 7% Domestic Equity Pool 19% ± 5% International Equity Pool 1% - 1%/+3% LEI+ Mandate 0% + 2% Short Term Fixed Income Pool	35% ± 7% Conservative Aggregate Pool 44% ± 7% Domestic Equity Pool 20% ± 5% International Equity Pool 1% - 1%/+3% LEI+ Mandate 0% + 2% Short Term Fixed Income Pool
Benchmark	36% Barclays US Aggregate / Barclays Treasury (90%/10%) 44% Russell 3000 Stock Index 19% Morgan Stanley Capital International (EAFE) 1% 1 Month Libor + 500 Basis Points	35% Barclays US Aggregate / Barclays Treasury (90%/10%) 44% Russell 3000 Stock Index 20% Morgan Stanley Capital International (EAFE) 1% 1 Month Libor + 500 Basis Points

The approved policy for the Constitutional Budget Reserve Fund subaccount is effective July 1, 2009.

Approved

6/30/09
Date

Constitutional Budget Reserve Fund (Sub-Account)

Rationale

The legislature directed that "in establishing or modifying the investment policy for the sub-account in the constitutional budget reserve fund, the commissioner of revenue shall assume that those funds will not be needed for at least five years." To comply with the legislative directive, the asset allocation of the sub-account is targeted at the same 10.78% projected risk as last year. The one year probability of a negative return is 23.26%

The asset allocation was constrained to asset classes where a public equity market existed to provide liquidity. Asset classes such as real estate and private equity were avoided due to the possibility investments in those assets frequently require an investment horizon greater than five years.

The recommended asset allocation for the Constitutional Budget Reserve Sub-Account is 35% conservative agg fixed income, 44% domestic equity, 20% international equity, and 1% LEI+ Mandate. This asset mix has a one year expected rate of return of 7.87%. There is a 5.12% chance that over a five year period the fund will have a negative return.

Constitutional Budget Reserve Fund

Preliminary December 31, 2009 results

Account	Balance	Combined YTD Income Stmt		Performance Forecast	3yr Prfrmnc Act (as of 12.31.09)
Corpus	$ 4,231,107,420	$ 7,114,323,416	7.1.09 Balance	4.18%	5.56%
Sub	4,427,332,815	826,585,091	Net Cont(draw)*	7.87%	-2.40%
		717,531,728	Income (Loss)		
Total	$ 8,658,440,235	$ 8,658,440,235	Balance		

Account	Balance	Asset Allocation	Actual Alloc	YTD Income Statement	
Corpus (AKSAS FU 33040)					
Broad Market Fixed Income	$ 838,715,418	20% ± 8%	19.82%	$ 3,317,456,698	7.1.09 Balance
Intermediate-Term Fixed Income	2,986,358,162	71% ± 8%	70.58%	826,585,091	Net Cont(draw)*
Short-Term Fixed Income	406,033,840	9% ± 5%	9.60%	87,065,631	**Income (Loss)**
Total	$ 4,231,107,420		100.00%	$ 4,231,107,420	Balance
Sub (AKSAS FU 33042)				YTD Income Statement	
Domestic Equity	$ 1,933,378,510	44% ± 7%	43.67%		
International Equity	965,429,027	20% ± 5%	21.81%		
US Treasury Fixed Income	141,747,576	3% ± 2%	3.20%		
Broad Market Fixed Income	1,300,510,536	32% ± 7%	29.37%	$ 3,796,866,718	7.1.09 Balance
Emerging Income Plus Fund	86,267,111	1% -1%/+3%	1.95%	-	Net Cont(draw)*
Short-Term Fixed Income	55	0% + 2%	0.00%	630,466,097	**Income (Loss)**
Total	$ 4,427,332,815		100.00%	$ 4,427,332,815	Balance

* Net Contributions and withdrawals are calculated on a cash basis. Some activity in FY10 is due to FY09 appropriations.

Total Fixed Income Investments	$ 5,617,885,122	65.96%
Total Equity Investments	2,898,807,537	69.26%
Total Equity and Fixed Income Investments	$ 8,516,692,659	100.00%

Sub funds of the General Fund and Defined Benefit Retirement Funds

Preliminary December 31, 2009 results

Account	Balance	3yr Prfrmnc Act (as of 12.31.09)	AKSAS Fund #	Notes
AHFC Capital Fund (Type 1)	$ 358,089,411	4.49%	34076	borrowed and paid back ~$150M
Railbelt Energy Fund (Type 1)	$ 104,571,303	4.49%	11123	
Alaska Capital Income Fund (Type 2)	$ 279,897,471	4.49%	11185	Amaranda Hess AS 37.13.145(d)
Public Education Fund (Type 2)	$ 592,221,766	4.49%	11184	
Statutory Budget Reserve (Type 2)	$ 1,000,000,000	4.49%	11115	Funded 12.17.08

DB Retirement Plans	Balance	Forecast	3yr Prfrmnc Act (as of 12.31.09)
PERS	$ 9,551,084,644	8.25%	-0.75%
TRS	4,194,581,638	8.25%	-0.75%
JRS	117,090,676	8.25%	-3.06%
MRS	30,350,005		1.73%
Total	$ 13,893,106,963		

Note: Sub fund performance rates are for the GeFonsi, which includes the Sub funds

Investment Policies Pertaining to certain Treasury's Investment Options

A. Short-term Fixed Income Pool Investments - Investment Policy

Treasury invests the funds in this pool in a broad range of short-term fixed income investments. Under the Prudent Investor Rule, Treasury constructs the pool's portfolio with a low risk tolerance. Individual fixed rate securities will be limited to 14 months to maturity or expected average life upon purchase for amortizing securities. Floating rate securities will be limited to three years to maturity or three years average life upon purchase for amortizing securities. These constraints apply to trade date, except for securities brought at new issue, for which settlement date applies. Investments include instruments with a long-term credit rating of at least "A3" or equivalent and instruments with a short-term credit rating of at least "P1" or equivalent.. Investments for this pool are limited to:

- Money market investments comprising:
  - Repurchase agreements collateralized only by U.S. Treasury obligations, including bills, notes, and bonds, and only when the collateral carries a market value equal to or greater than 102% of the amount of the repurchase agreements, and only when the custodial bank appointed by Treasury will take custody of the collateral;
  - Commercial paper rated at least Prime-1 by Moody's Investor Services, Inc. and A-1 by Standard and Poor's Corporation; and
  - Negotiable certificates of deposit and bankers acceptances; provided that an issuing bank must have total assets in excess of $5 billion.
  - United States Treasury obligations including bills, notes, bonds, and other debt obligation issued by the United States Treasury, and backed by the full faith and credit of the U.S. Government.
  - Institutional money market funds rated Aaa by Moody's Investors Service and AAA by Standard & Poors ratings group which comply with SEC Rules governing such funds.
- Other full faith and credit obligations of the U.S. Government.
- Securities issued or guaranteed by agencies and instrumentalities of the U.S. Government, but not explicitly backed by the full faith and credit of the U.S. Government.
- Obligations of foreign governments, sovereign states, supranational entities, and their instrumentalities denominated in U.S. dollars.
- Corporate debt securities comprising:
  - Corporate debt issued in the U.S. capital market by U.S. companies;
  - Euro-dollar debt (that is, U.S. dollar-denominated securities issued outside the U.S. capital markets by U.S. companies or by foreign issuers); and
  - Yankee debt (that is, U.S. dollar denominated obligations issued in the U.S. capital market by foreign issuers).
- Asset-Backed Securities.

- Agency and non-agency mortgage-backed securities backed by loans secured by residential, multifamily and commercial properties including, but not limited to pass-throughs, collateralized mortgage obligations (CMO's), project loans, construction loans, and adjustable rate mortgages.

  Asset-backed and non-agency mortgage securities must be rated A3 or equivalent. The A3 or equivalent rating is defined as the median rating of the following three rating agencies: Standard & Poor's Corporation, Moody's and Fitch. Asset-backed and non-agency mortgage securities may be purchased if only rated by one of these agencies if they are rated AAA.

Investment in this pool is ideal for fund participants needing to invest part or all of their money with the following characteristics:

Risk Tolerance	Low. The daily investment results reflect daily changes in the market value of the pool's investments. It is possible to have a loss on a single day based on the changes in market value of the pool's assets.
Investment Objectives	Minimizing exposure of principal to loss is very important.
Current Income	Daily earnings credit. The earnings of the pool include interest and changes in the market value of the investments held in the pool. There is no distinction between current income and capital gains.
Inflation Protection	Little need for significant long-term inflation protection. The pool should earn a positive real rate over the near-term but could earn less than inflation over time while meeting its other objectives.
Liquidity	Need for significant liquidity. The pool can accommodate major withdrawals and contributions (exceeding $50,000,000) in the normal operating environment. The Pool can accommodate much larger withdrawals with very little advance notice.
Time Horizon	Very short to short time horizons. The short time horizon effectively limits the risk taken in this pool.

Treasury's performance benchmark for the Short-term Fixed Income Investment Pool is:

100% Three-Month U.S. Treasury Bill - the market measure for risk-free, extremely liquid investments.

B. Intermediate-term Fixed Income Pool Investments - Investment Policy

Treasury invests the funds in this pool in a broad range of intermediate-term fixed income investments. Under the Prudent Investor Rule, Treasury constructs the pool's portfolio with a moderately high risk tolerance. Investments include instruments with a long-term credit rating of at least "Baa3" or equivalent and instruments with a short-term credit rating of at least "P1" or equivalent. Investments for this pool are limited to:

- Money market investments comprising:
  - Repurchase agreements collateralized only by U.S. Treasury obligations, including bills, notes, and bonds, and only when the collateral carries a market value equal to or greater than 102% of the amount of the repurchase agreements, and only when the custodial bank appointed by Treasury will take custody of the collateral;
  - Commercial paper rated at least Prime-1 by Moody's Investor Services, Inc. and A-1 by Standard and Poor's Corporation; and
  - Negotiable certificates of deposit and bankers acceptances; provided that an issuing bank must have total assets in excess of $5 billion.
- United States Treasury obligations including bills, notes, bonds, and other debt obligation issued by the United States Treasury, and backed by the full faith and credit of the U.S. Government.
- Other full faith and credit obligations of the U.S. Government.
- Securities issued or guaranteed by agencies and instrumentalities of the U.S. Government, but not explicitly backed by the full faith and credit of the U.S. Government.
- Obligations of foreign governments, sovereign states, supranational entities, and their instrumentalities denominated in U.S. dollars.
- Investment grade corporate debt securities comprising:
  - Corporate debt issued in the U.S. capital market by U.S. companies;
  - Euro-dollar debt (that is, U.S. dollar-denominated securities issued outside the U.S. capital markets by U.S. companies or by foreign issuers); and
  - Yankee debt (that is, U.S. dollar denominated obligations issued in the U.S. capital market by foreign issuers).
- Investment grade Asset-Backed Securities.
- Agency and investment grade non-agency mortgage-backed securities backed by loans secured by residential, multifamily and commercial properties including, but not limited to pass-throughs, collateralized mortgage obligations (CMO's), project loans, construction loans, and adjustable rate mortgages.

Asset-backed and non-agency mortgage securities must be rated investment grade. The investment grade rating is defined as the median rating of the following three rating agencies: Standard & Poor's Corporation, Moody's and Fitch. Asset-backed and non-agency mortgage securities may be purchased if only rated by one of these agencies if they are rated AAA.

- Total return swaps referenced to components or sub-components of fixed income indices. To mitigate interest rate risk, the proceeds may not be invested in securities with a maturity beyond 90 days, unless invested in the Department of Revenue internally-managed Short-Term Fixed Income Pool.

Investment in this pool is ideal for fund participants needing to invest part or all of their money with the following characteristics:

Risk Tolerance	Moderately high. The daily investment results reflect daily changes in the market value of the pool's investments. Losses are likely over the short-term based on the changes in market value of the pool's assets.
Investment Objectives	Willing to assume an average amount of market risk, volatility and principal loss to achieve higher returns.
Current Income	Daily earning credit. The earnings of the pool include interest and changes in the market value of the investments held in the pool. There is no distinction between current income and capital gains.
Inflation Protection	Moderate need for long-term inflation protection. The pool should earn a positive real rate over an intermediate time horizon while meeting its other objectives.
Liquidity	Need for moderate liquidity. The pool can accommodate withdrawals and contributions (exceeding $5,000,000) in the normal operating environment. The pool can accommodate much larger withdrawals, $50,000,000 or more, with very little advance notice.
Time Horizon	Intermediate time horizon. The intermediate time horizon allows a more aggressive investment policy with higher expected returns than the Short-term Pool.

Treasury's performance benchmark for the Intermediate-term Investment Pool is:

100% Merrill Lynch 1-5 year Government Bond Index.

C. Broad Market Fixed Income Pool Investments - Investment Policy

Treasury invests the funds in this pool in a broad range of fixed income investments. Under the Prudent Investor Rule, Treasury constructs the pool's portfolio with a high risk tolerance. Investments include instruments with a long-term credit rating of at least Baa3 or equivalent and instruments with a short-term credit rating of at least P1 or equivalent. Investments for this pool are limited to:

- Money market investments comprising:
  - Repurchase agreements collateralized only by U.S. Treasury obligations, including bills, notes, and bonds, and only when the collateral carries a market value equal to or greater than 102% of the amount of the repurchase agreements, and only when the custodial bank appointed by retirement funds will take custody of the collateral;
  - Commercial paper rated at least Prime-1 by Moody's Investor Services, Inc. and A-1 by Standard and Poor's Corporation; and
  - Negotiable certificates of deposit and bankers acceptances; provided that an issuing bank must have total assets in excess of $5 billion.
- United States Treasury obligations including bills, notes, bonds, and other debt obligations issued by the United States Treasury, and backed by the full faith and credit of the U.S. Government.
- Other full faith and credit obligations of the U.S. Government.
- Securities issued or guaranteed by agencies and instrumentalities of the U.S. Government, but not explicitly backed by the full faith and credit of the U.S. Government.
- Securities issued or guaranteed by municipalities in the United States.
- Obligations of foreign governments, sovereign states, supranational entities, and their instrumentalities denominated in U.S. dollars.
- Investment grade corporate debt securities comprising:
  - Corporate debt issued in the U.S. capital markets by U.S. companies;
  - Euro-dollar debt (that is, U.S. dollar-denominated securities issued outside the U.S. capital markets by U.S. companies or by foreign issuers); and
  - Yankee debt (that is, U.S. dollar denominated obligations issued in the U.S. capital markets by foreign issuers).
- Asset-backed Securities (ABS)
- Agency and investment grade non-agency mortgage-backed securities backed by loans secured by residential, multifamily and commercial properties including, but not limited to pass-throughs, collateralized mortgage obligations (CMO's), project loans, construction loans, and adjustable rate mortgages.

  Asset-backed and non-agency mortgage securities must be rated investment grade. The investment grade rating is defined as the median rating of the following three rating agencies: Standard & Poor's

Corporation, Moody's and Fitch. Asset-backed and non-agency mortgage securities may be purchased if only rated by one of these agencies if they are rated AAA.

- Total return swaps referenced to components or sub-components of fixed income indices. To mitigate interest rate risk, the proceeds may not be invested in securities with a maturity beyond 90 days, unless invested in the Department of Revenue internally-managed Short-Term Fixed Income Pool.

Investment in this pool is ideal for fund participants needing to invest part or all of their money with the following characteristics:

Risk Tolerance	High. The daily investment results reflect daily changes in the market value of the pool's investments. Losses are likely over the intermediate-term based on the changes in market value of the pool's assets.
Investment Objectives	Willing to risk significant short-term volatility and principal loss for the possibility of large gains in the long-term.
Current Income	Daily earnings credit. The earnings of the pool include interest and changes in the market value of the investments held in the pool. There is no distinction between current income and capital gains.
Inflation Protection	Moderate need for long-term inflation protection. The pool should earn a positive real rate over an intermediate time horizon while meeting its other objectives.
Liquidity	Need for moderate liquidity. The pool can accommodate withdrawals and contributions (exceeding $5,000,000) in the normal operating environment. The Broad Market Fixed Income Pool can accommodate much larger withdrawals, $25,000,000 or more, with advance notice.
Time Horizon	Moderately long to long time horizon. The long time horizon allows a more aggressive investment policy with higher expected returns than the Intermediate-term Pool.

Effective April 1, 2000, Treasury's performance benchmark for the Broad Market Fixed Income Investment Pool is:

100% Lehman Brothers Aggregate Bond Index.

D. Treasury Fixed Income Pool - Investment Policy

Treasury may invest the funds in this pool in a broad range of fixed income investments, but typically the portfolio will consist of U.S. Treasury notes. Under the Prudent Investor Rule, Treasury constructs the pool's portfolio with a moderately high interest rate risk tolerance and a low credit risk tolerance. Investments include instruments with a long-term credit rating of at least "Baa3" or equivalent and instruments with a short-term credit rating of at least "P1" or equivalent. The interest rate risk for this pool, as measured by duration, will generally be close (± 20%) to that of the Barclays Capital U.S. Treasury Index. Investments shall be limited to the following:

- Money market investments comprising:
  - Repurchase agreements collateralized only by U.S. Treasury obligations, including bills, notes, and bonds, and only when the collateral carries a market value equal to or greater than 102% of the amount of the repurchase agreements, and only when the custodial bank appointed by Treasury will take custody of the collateral;
  - Commercial paper rated at least Prime-1 by Moody's Investor Services, Inc. and A-1 by Standard and Poor's Corporation; and
  - Negotiable certificates of deposit and bankers acceptances; provided that an issuing bank must have total assets in excess of $5 billion.
- United States Treasury obligations including bills, notes, bonds, and other debt obligations issued by the United States Treasury, and backed by the full faith and credit of the U.S. Government.
- Other full faith and credit obligations of the U.S. Government.
- Securities issued or guaranteed by agencies and instrumentalities of the U.S. Government, but not explicitly backed by the full faith and credit of the U.S. Government.
- Securities issued or guaranteed by municipalities in the United States.
- Obligations of foreign governments, sovereign states, supranational entities, and their instrumentalities denominated in U.S. dollars.
- Investment grade corporate debt securities comprising:
  - Corporate debt issued in the U.S. capital market by U.S. companies;
  - Euro-dollar debt (that is, U.S. dollar-denominated securities issued outside the U.S. capital markets by U.S. companies or by foreign issuers); and
  - Yankee debt (that is, U.S. dollar denominated obligations issued in the U.S. capital market by foreign issuers).
- Asset-backed securities.

- Agency and investment grade non-agency mortgage-backed securities backed by loans secured by residential, multifamily and commercial properties including, but not limited to pass-throughs, collateralized mortgage obligations (CMO's), project loans, construction loans, and adjustable rate mortgages.

- Total return swaps referenced to components or sub-components of fixed income indices. To mitigate interest rate risk, the proceeds may not be invested in securities with a maturity beyond 90 days, unless invested in the Department of Revenue internally-managed Short-Term Fixed Income Pool.

- Investments in fixed income securities shall be placed solely in U.S. dollar denominated debt instruments.

- No more than 10% of the portfolio's assets may be invested in securities not explicitly backed by the United States Treasury or by full faith and credit of the U.S. Government.

- Corporate, asset-backed and non-agency mortgage securities must be rated investment grade. The investment grade rating is defined as the median rating of the following three rating agencies: Standard & Poor's Corporation, Moody's and Fitch. Asset-backed and non-agency mortgage securities may be purchased if only rated by one of these agencies if they are rated AAA. Corporate bonds may be purchased if rated by two of these agencies. Recognizing that ratings and relative asset worth may change, the manager shall liquidate invested securities with care and prudence when the credit rating of a security falls below the minimum standards set in these guidelines or when the relative market value of that investment type exceeds the levels of holdings permitted in these guidelines. The manager is required to notify the chief investment officer to discuss the situation and the proposed liquidation strategy if it is not prudent simply to liquidate immediately.

- The manager may not invest more than 5% of the portfolio's assets in BBB+ to BBB- rated debt by Standard and Poor's Corporation or the equivalents by Moody's or Fitch.

- Internal cross trades are permitted at prevailing market levels, in accordance with Department of Labor's Prohibited Transaction Exemption 95-66.

E. International Equity Investment Pool - Investment Policy

The capital market assumptions of the international equity allocation are based on the expected return volatility and correlation assumptions of the EAFE Stock Index. Treasury invests the money in an actively managed portfolio to achieve higher returns and lower volatility than the Index.

Investment in this pool is ideal for funds needing to invest part or all of their money with the following characteristics:

Risk Tolerance	High. Losses are likely over the intermediate-term based on the changes in market value of the portfolio's underlying assets.
Investment Objectives	Willing to risk significant short-term volatility and principal loss for the possibility of large gains in the long-term.
Current Income	Not a particularly high priority. The total earnings of the International Equity Investment Pool are calculated daily and are credited to participants on a monthly basis. The total earnings of the portfolio include dividends and net appreciation. In calculating anticipated return, there is no distinction between current income and net appreciation. However, the ability to separately account for net appreciation is required for any trust that may invest in this pool.
Inflation Protection	High need for long-term inflation protection. The international equity investments should earn a positive real rate of return over a long time horizon while meeting its other objectives.
Liquidity	Very limited liquidity required. The International Equity Investment Pool can accommodate withdrawals and contributions (exceeding $1,000,000) only with advance notice.
Time Horizon	Long. This time horizon allows a more aggressive investment policy with higher expected returns than any of the fixed income options.

Treasury's performance benchmark for the common trusts is:

100% Morgan Stanley Capital International Europe, Australia and Far East Stock Index. (EAFE)

F. World Common Trust Funds

1. State Street Global Advisors Passive Bond Market Index Common Trust Fund

The Passive Bond Market Index Common Trust Fund became available to fund participants in March 2003 and is an efficient investment option for fund participants requiring a broad market fixed income option. Money is invested in a passively managed index fund that includes other, non-State institutional investors. When investing in this Trust, the State does not own the individual securities, but instead, much like an investment in a mutual fund, it owns shares of the Trust.

Investment Policy

Treasury invests money in State Street's Passive Bond Market Index Common Trust Fund. According to the State Street Global Advisors, the objective is to match the total return of the Lehman Aggregate Index while minimizing tracking error. Consequently, the risk characteristics of the Common Trust Fund approximates the risk of the fixed income market.

Investment in this option is ideal for funds needing to invest part or all of their money with the following characteristics:

Risk Tolerance	High. The daily investment results reflect daily changes in the market value of the common trust investments. Losses are likely over the intermediate-term based on the changes in market value of the common trust assets.
Investment Objectives	Willing to risk significant short-term volatility and principal loss for the possibility of large gains in the long-term.
Current Income	The total earnings of the common trust are calculated daily and included in the daily unit price. Earnings are recorded on a monthly basis. The total earnings of the common trust include dividends and net appreciation. In calculating anticipated return, there is no distinction between current income and net appreciation.
Inflation Protection	Moderate need for long-term inflation protection. The common trust should earn a positive real rate over an intermediate time horizon while meeting its other objectives.
Liquidity	Substantial liquidity available. The common trust can accommodate large withdrawals because of the size of common trust itself.
Time Horizon	Moderately long to long time horizon. The long time horizon allows a more aggressive investment policy with higher

expected returns than the other fixed income options.

Treasury's performance benchmark for the common trust is:

100 % Lehman Brothers Aggregate Bond Index.

2. State Street Global Advisors Russell 3000 Broad Market Index Common Trust Fund

State Street's Russell 3000 Trust Fund became available to fund participants in May 2000 and is an efficient investment option for fund participants requiring a domestic equity option for fund participants that do not have high liquidity needs and that can take high residual or equity risk in exchange for higher expected returns over time.. Money is invested in a passively managed index fund that includes other, non-State institutional investors. When investing in this Trust, the State does not own the individual securities, but instead, much like an investment in a mutual fund, it owns shares of the Trust.

Investment Policy

Treasury invests money in State Street's Russell 3000 Stock Index Common Trust Fund. According to the Frank Russell Company, this index represents approximately 98% of the investable U.S. equity market. Consequently, the risk characteristics of the Trust approximates the risk of the broad U.S. equity market.

Investment in this option is ideal for funds needing to invest part or all of their money with the following characteristics:

Risk Tolerance	High. Losses are likely over the intermediate-term based on the changes in market value of the common trust's assets.
Investment Objectives	Willing to risk significant short-term volatility and principal loss for the possibility of large gains in the long-term.
Current Income	Not a particularly high priority. The total earnings of the common trust are calculated daily and included in the daily unit price. Earnings are recorded on a monthly basis. The total earnings of the common trust include dividends and net appreciation. In calculating anticipated return, there is no distinction between current income and net appreciation. However, the ability to separately account for net appreciation

	is required for any trust that may invest in the common trust.
Inflation Protection	High need for long-term inflation protection. The common trust should earn a positive real rate of return over a long time horizon while meeting its other objectives.
Liquidity	Limited liquidity required. The common trust can accommodate withdrawals and contributions (exceeding $5,000,000) in the normal operating environment. The common trust can accommodate much larger withdrawals, $25,000,000 or more, with advance notice.
Time Horizon	Long. This time horizon allows a more aggressive investment policy with higher expected returns than any of the fixed income options.

Treasury's performance benchmark for the common trust is:

100% Russell 3000 Stock Index.

3. State Street Global Advisors MSCI EAFE Index Common Trust Fund

State Street's MSCI EAFE Index is an efficient investment option for fund participants requiring an international equity option for fund participants that do not have high liquidity needs and that can take high residual or equity risk in exchange for higher expected returns over time. Money is invested in a passively managed index fund that includes other, non-State institutional investors. When investing in this Trust, the State does not own the individual securities, but instead, much like an investment in a mutual fund, it owns shares of the Trust.

Investment Policy

Investment in this option is ideal for funds needing to invest part or all of their money with the following characteristics:

Risk Tolerance	High. Losses are likely over the intermediate-term based on the changes in market value of the portfolio's underlying assets.
Investment Objectives	Willing to risk significant short-term volatility and principal loss for the possibility of large gains in the long-term.
Current Income	Not a particularly high priority. The total earnings of the International Equity Investment Pool are calculated daily and

	are credited to participants on a monthly basis. The total earnings of the portfolio include dividends and net appreciation. In calculating anticipated return, there is no distinction between current income and net appreciation. However, the ability to separately account for net appreciation is required for any trust that may invest in this pool.
Inflation Protection	High need for long-term inflation protection. The international equity investments should earn a positive real rate of return over a long time horizon while meeting its other objectives.
Liquidity	Very limited liquidity required.
Time Horizon	Long. This time horizon allows a more aggressive investment policy with higher expected returns than any of the fixed income options.

Treasury's performance benchmark for the common trusts is:

100% Morgan Stanley Capital International Europe, Australia and Far East Stock Index. (EAFE)

2/3/10 PRESENTATIONS: ALASKA RAILROAD CORPORATION, DEPARTMENT OF TRANSPORTATION, ALASKA INTER-NATIONAL AIRPORT SYSTEM

<target><bill></bill><subject>2-3-10 PRESENTATIONS ALASKA RAILROAD CORPORATION, DEPARTMENT OF TRANSPORTATION, ALASKA INTER- NATIONAL AIRPORT SYSTEM</subject><comm>SFIN26</comm></target>

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2/3/10

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About the Alaska Railroad

A Presentation to the Alaska Senate Finance Committee

February 3, 2010

AlaskaRailroad.com

ARRC Guiding Principles

Alaska Railroad Mission

Safety... Service... Profitability

Alaska Railroad Vision

Building a great Railroad across the Greatland.

An important element in fulfilling this vision is ARRC's success since 1996 in qualifying for federal funding...an entitlement afforded by the railroad's public status and its passenger service mission. As a result, ARRC has been able to greatly accelerate long overdue mainline maintenance and upgrades.

ARRC Core Values

- Integrity
- Service
- Excellence

ARRC Operating Style

- Safe
- Secure
- Customer responsive
- Financially solid
- Environmentally sound
- Employee friendly corporation

"We must provide a stable, reliable foundation that can be counted on to enhance the future economic growth of the state and the municipalities we support," Pat Gamble, President and CEO.

Alaska Railroad Quick Facts

Purchase Price (January 5, 1985)

Paid to federal government	$ 22.3 million
Start-up costs & contributed capital	$ 11.9 million
Total Investment-State of Alaska	$ 34.2 million

Organization (following State purchase)

- Independent corporation owned by State
- Managed by a seven-member board of directors. Position qualifications are spelled out in law, members appointed by the Governor.
- Mandated to be self-sustaining, responsible for all its own financial and legal obligations

Financial Statistics* (Jan. 1 - Dec. 31, 2009)

Total Assets	$ 863 million
Total 2009 revenues	$ 169.5 million
Total 2009 expenses	$ 155.9 million
2009 net income	$ 13.6 million
2010 net income forecast	$ 8.4 million

Operating Data

Miles of main line	467
Miles of branch line	54
Miles of yards and sidings	130
Total miles of track	651
Freight cars (owned & leased)	1,160
Passenger cars	47
Locomotives	51

Operating Statistics (Jan. 1 - Dec. 31, 2009)

Passenger ridership	470,180 passengers
Freight tonnage	5.36 million tons

Employees (as of January 2009)

Number of year-round employees	657
Average years of service	12.3
Average age	46
Male	541
Female	116

Unions (as of January 2009)

Most ARRC employees are members in 1 of 5 unions:

United Transportation Union	125
Transportation Communication Union	41
International Association of Machinists	63
American Federation of Govt. Employees	254
American Train Dispatchers Association	8

Benefits

- Corporation provides a defined benefit pension plan
- Corporation provides health and life insurance
- Corporation provides retiree medical benefits

* *Financial Statistics are unaudited.*
ARRC audits are normally completed by March 31

Different from Other State Agencies

The Alaska Railroad Corporation Act of 1984 established an independent state-owned corporation that is governed by a seven-member board of directors appointed by the Governor. The President and CEO of the corporation reports to the board. Although ARRC is not covered under the State's Executive Budget Act, the state government ensures oversight of ARRC's operation and management practices through the following controls:

- The ARRC Board of Directors is responsible for initiating both a financial and a performance audit each year conducted by independent auditors and management companies. The annual performance audit is conducted by a recognized railroad management expert to ensure that ARRC is being managed and operated effectively and efficiently.
- The Legislative Budget and Audit Committee can review ARRC's operation, management and financial practices.
- ARRC must file an oversight report with the Legislature and Governor before it undertakes certain expansion, reduction, or diversification of services.
- Legislative approval is required for certain corporate actions, such as sale or transfer of the Railroad's entire interest in land, or leasing land for longer than 55 years.
- ARRC's procurement procedures are required to be substantially equivalent to state procurement requirements.
- ARRC employees and directors are subject to the Executive Branch Code of Ethics.
- ARRC's spill prevention and response plans are filed and regulated by the State and ARRC is required by state law to show sufficient financial responsibility to respond to spills.
- Bond authorizations must be approved by the Legislature.
- ARRC is required by law to submit an annual report with audited financial statements
- ARRC is required by law to adopt a long-range capital improvement plan each year and shall share that plan with the Governor and Legislature.
- ARRC is defined as an interstate commerce carrier by the Federal Alaska Railroad Transfer Act of 1982 (ARTA).

Alaska's Railroad

- Contributes to health care, business services, and retail payrolls
- Principal transport for heavy and/or bulk interior commodities down to tidewater
- Major mover of hazardous, heavy and/or bulk materials from tidewater headed for the North Slope
- Major mover of jet fuel to Anchorage International Airport.
- Viable passenger alternative to long-distance driving
- Supports the U.S. military with the transport of equipment to and from the "DOD Strategic Port" of Anchorage
- Potential to reduce pressure on State road system … commuting
- Potential to significantly contribute to the Alaska Natural Gas Pipeline

Creates 3,000 jobs and $150 million in payroll across the State

Source: "Economic Significance of Alaska Railroad", December 2004, ISER report, University of Alaska

Safety

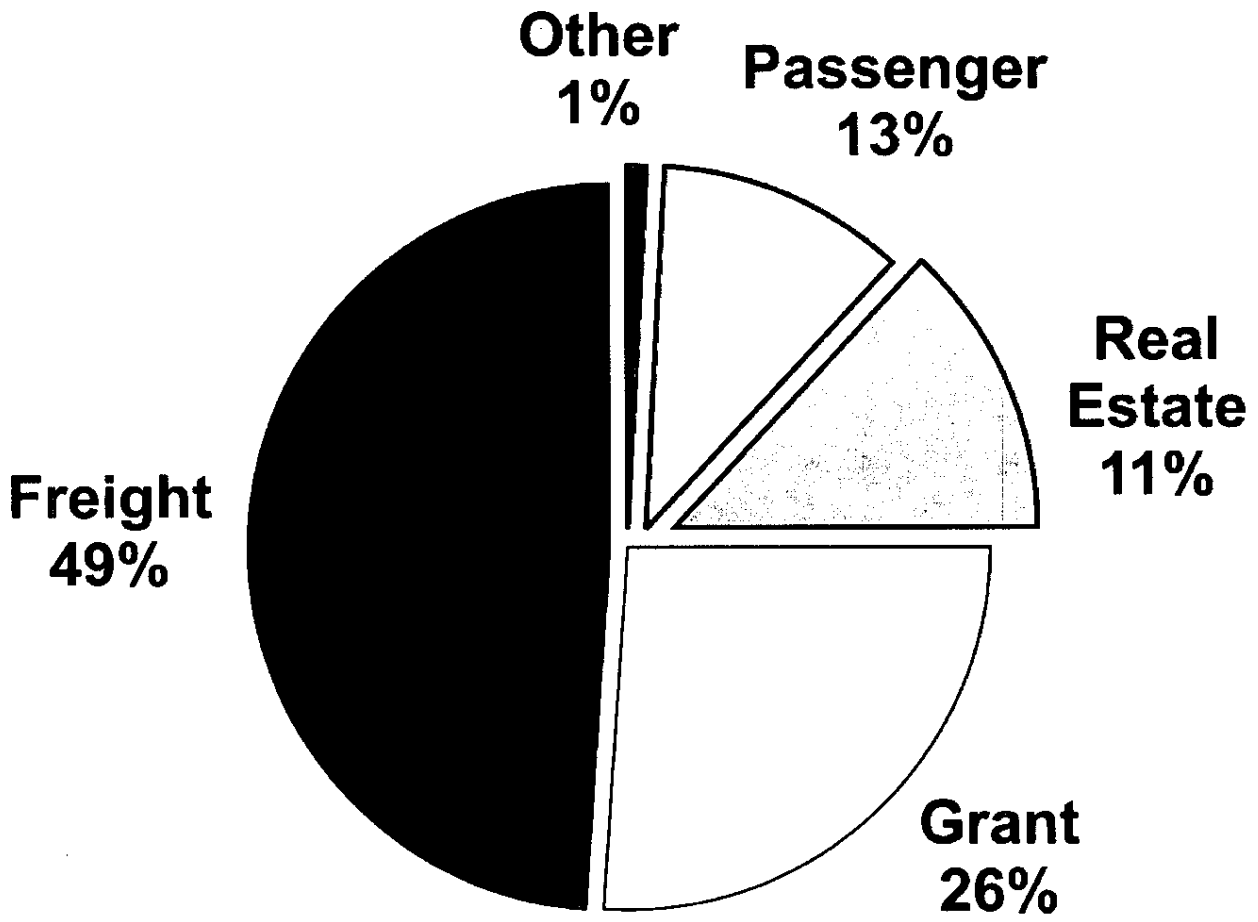
- All time record low number of injuries
- 22% reduction in lost days over 2008
- 48% reduction in medical claim dollars
- Completed first full year of new hearing conservation program
- Upgraded shop fall protection equipment

Security

- **Funding:** $700,000 + from FTA and Coast Guard
  - Special Agents
  - Fencing
  - Explosives Detection
- **Enhancements:**

  More than 44 cameras installed between Seward and Fairbanks
- **Inspections / Exercises:**
  - Seward cruise ship, coal, freight docks – no write-ups
  - Whittier barge dock – no write-ups
  - ARRC, TSA, USCG joint exercises during passenger season, Northern Edge (ALCOM)

2009 Sources of Revenue



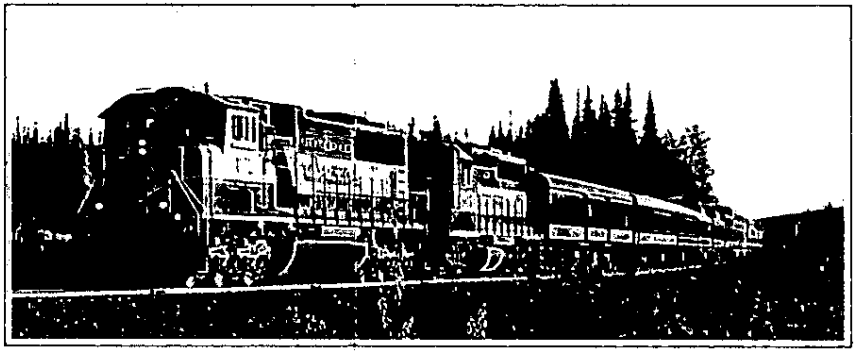
Freight and Passenger Service

Freight Service in 2009:

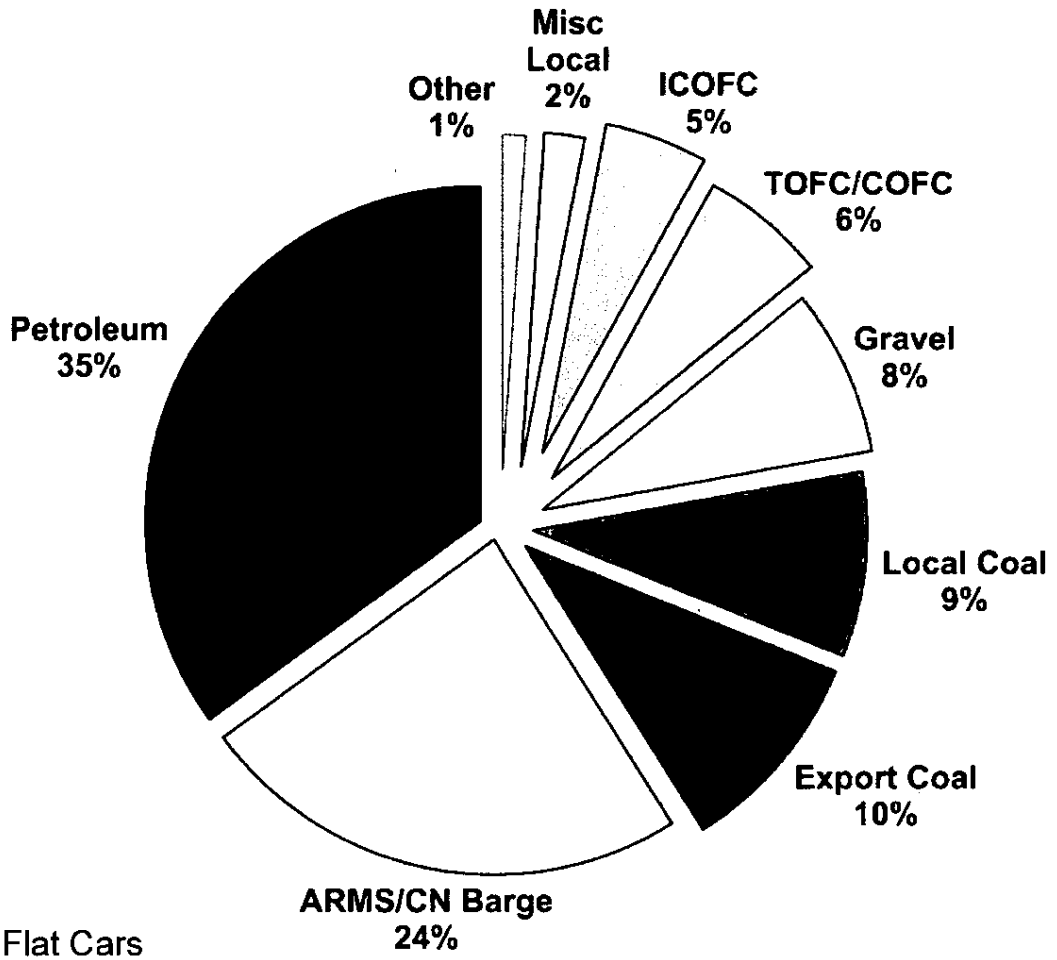
- 5.36 million tons moved

Passenger Service in 2009:

- 470,180 passengers moved
- Award Winning Service



2009 Freight Revenue Mix

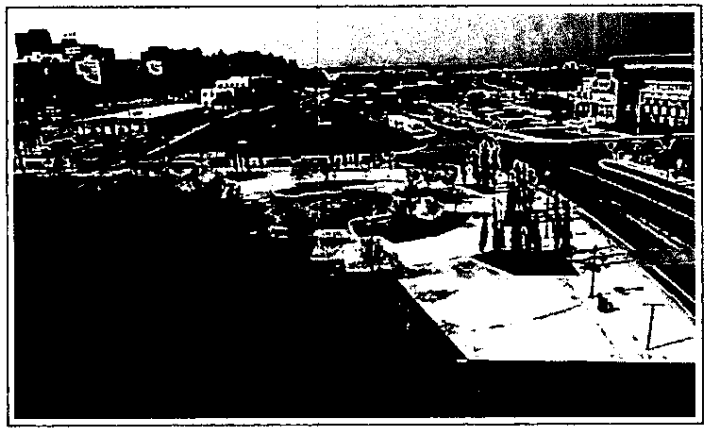


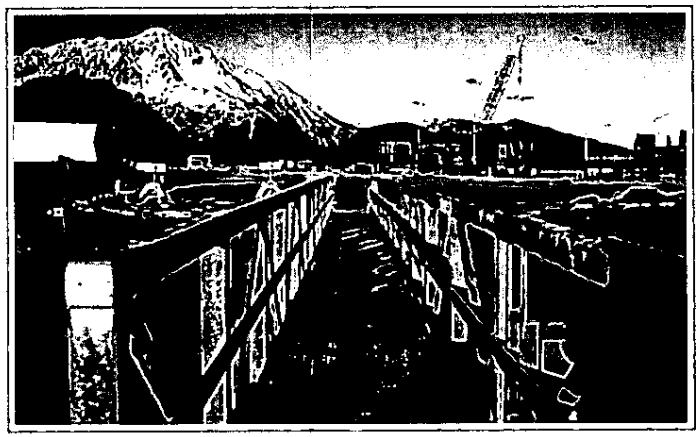
TOFC: Trailers on Flat Cars

COFC: Containers on Flat Cars

Real Estate

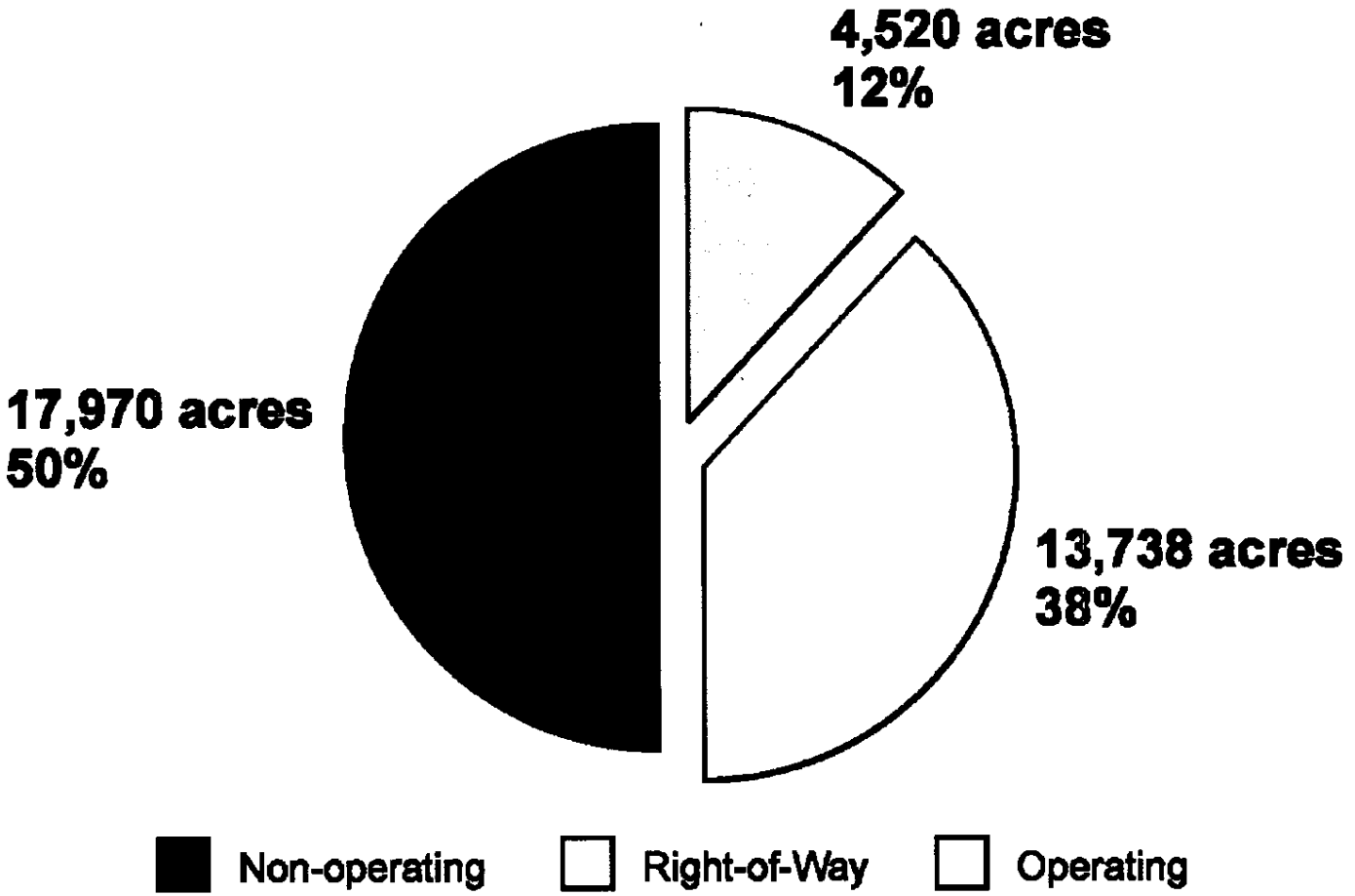
- Property Development
- Leases and Permits
- Dockage and Wharfage
- Facilities Maintenance and Management





Clockwise from bottom left: New depot in Fairbanks; Ship Creek basin includes highly valuable leasable land; upland from the Seward freight dock is being developed

Distribution of Land By Category



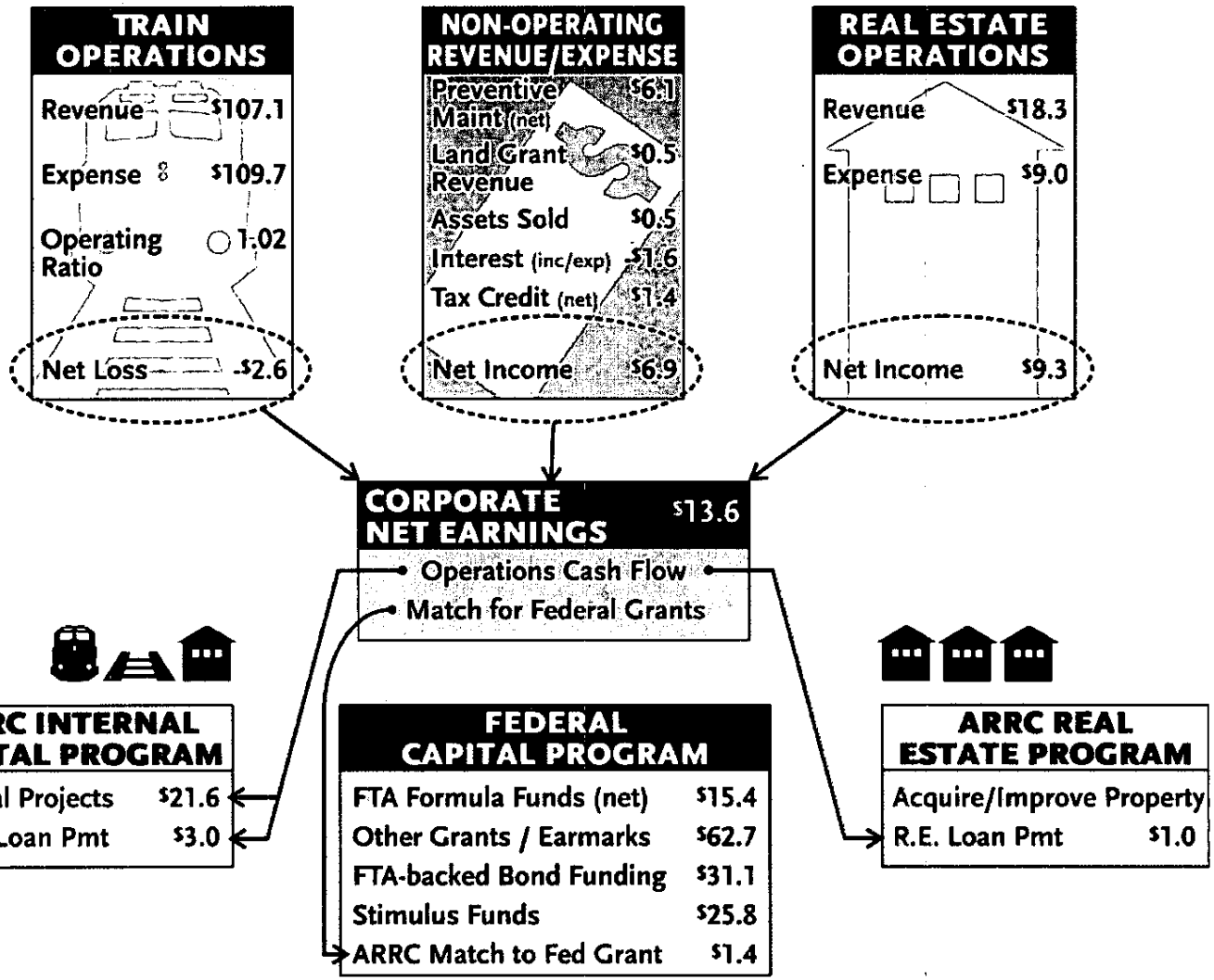
2009 Budget Background

- Unsettled environment coming off of 2008
  - Record high fuel costs experienced in 2008
  - Volume drop by largest customer (Flint Hills Resources)
- Expectation: 2009 corporate net earnings budgeted at $16.8 million
  - Flint Hills seen as stabilizing
  - Continued passenger growth – new bi-level dome cars available for service
  - Moderation of diesel prices
  - Impact of position eliminations / expense reductions in place

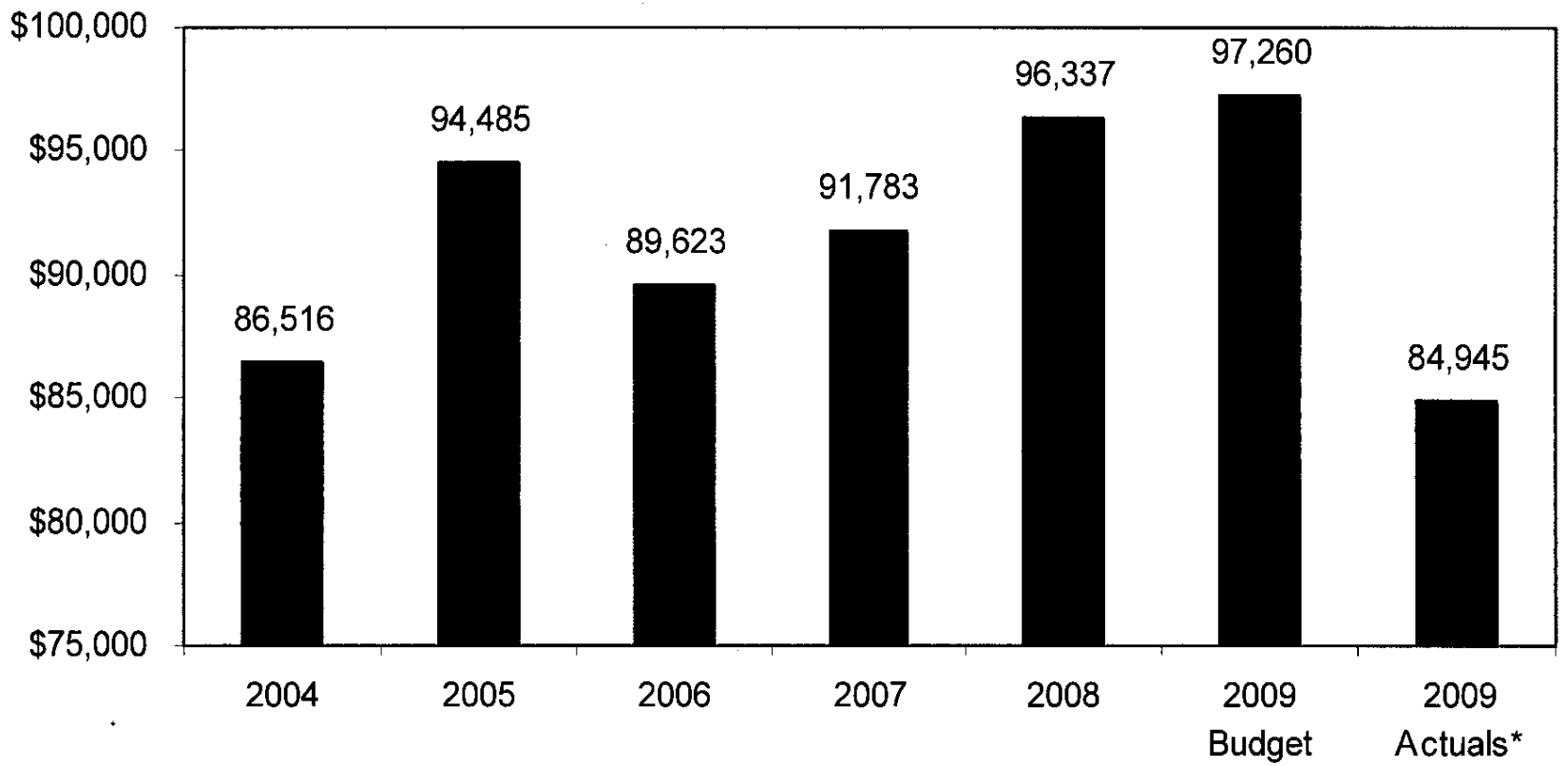
Personnel Impacts

- Total position reductions 2007-2009 reached nearly 200
  - 41 % full time managers
  - 35% full time labor
  - 24% seasonal
- Pink Slips - 56
- Management: 8 positions were AVPs or Directors
- Management Pay Freeze: extended into 2010
- Major departmental reorganization

ARRC Fund Flow Model: 2009 Data



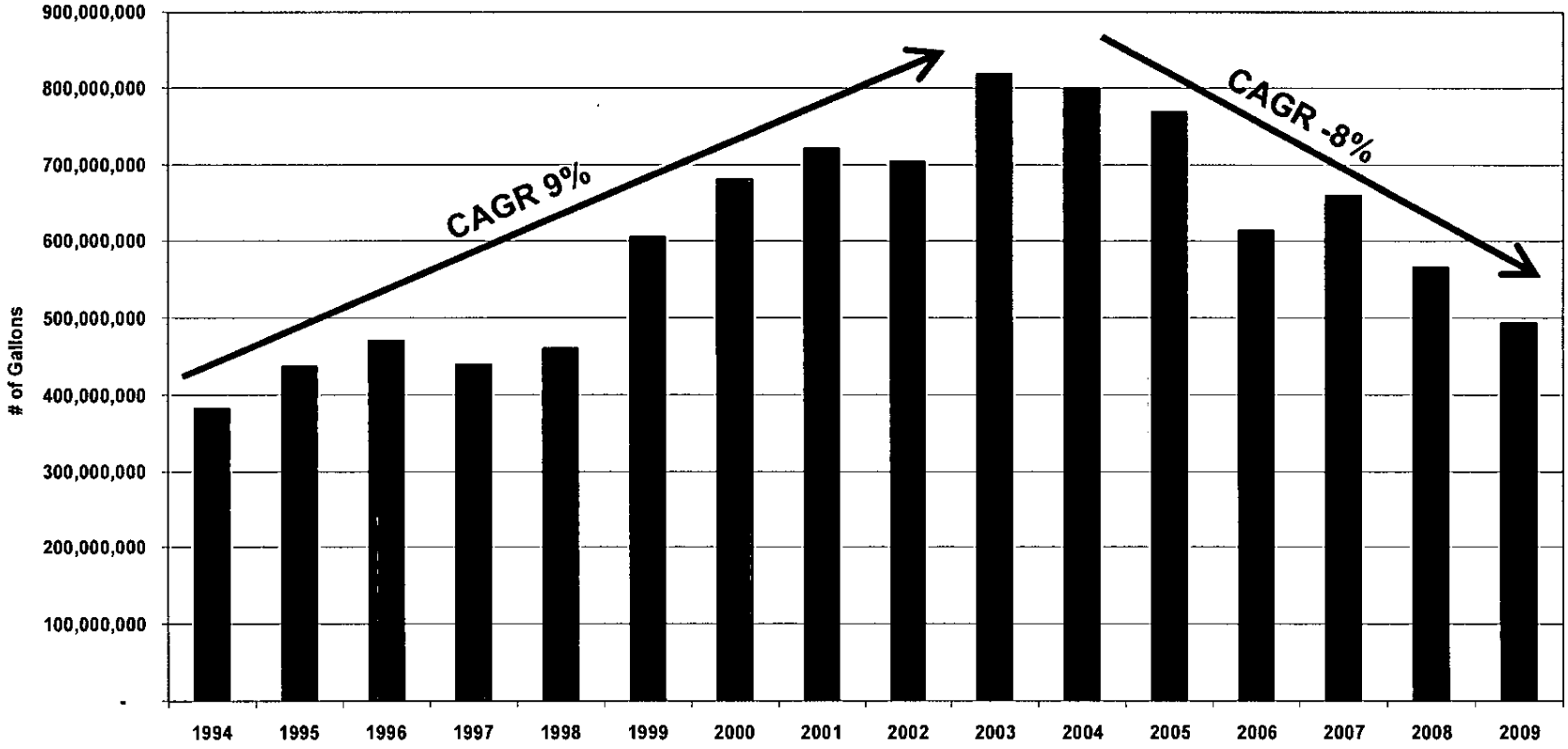
Freight Revenue
(in thousands)



*Unaudited.

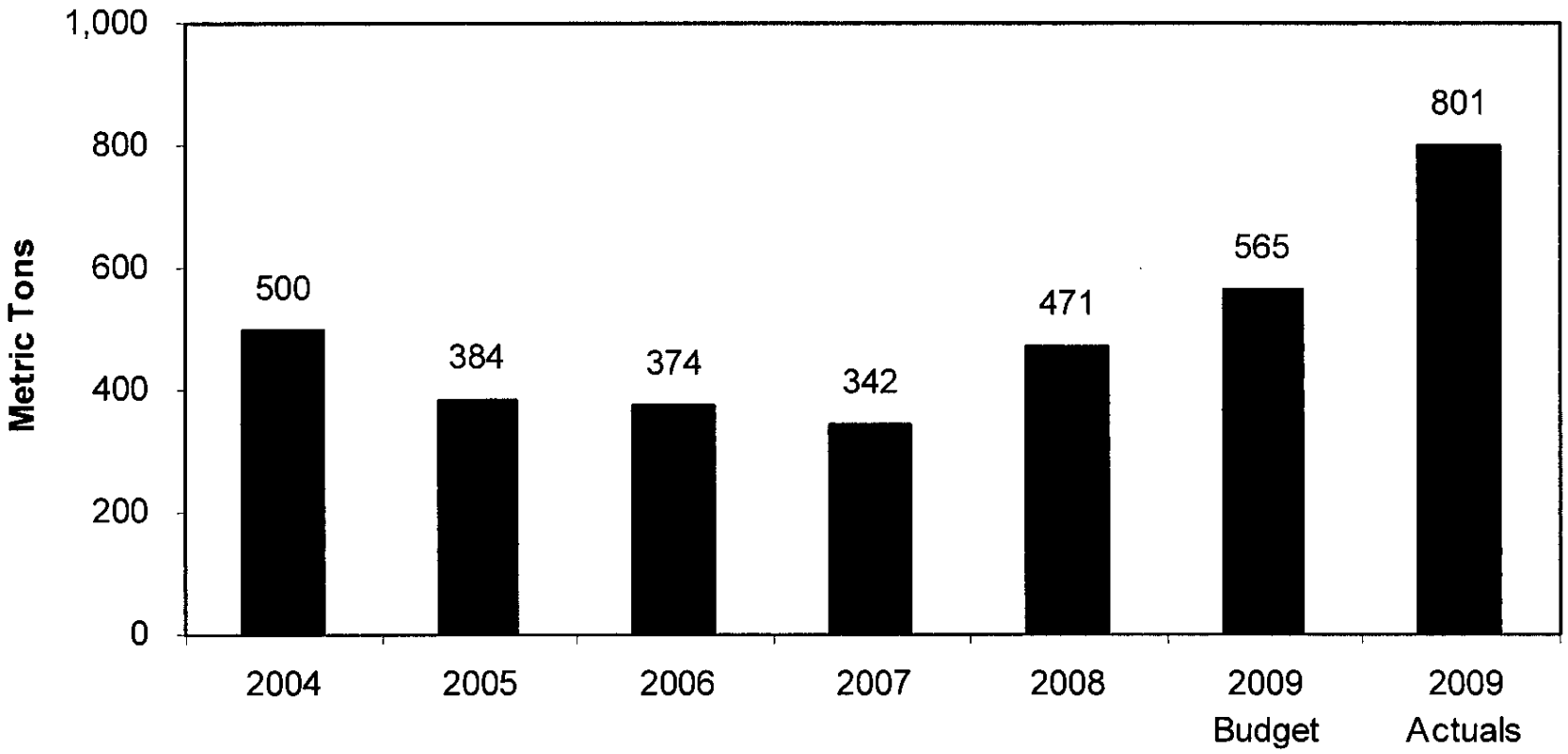
Fuel Shipment History

Gallons Shipped by Mapco, Williams Petroleum and Flint Hills Resources
1994-2008, forecast 2009

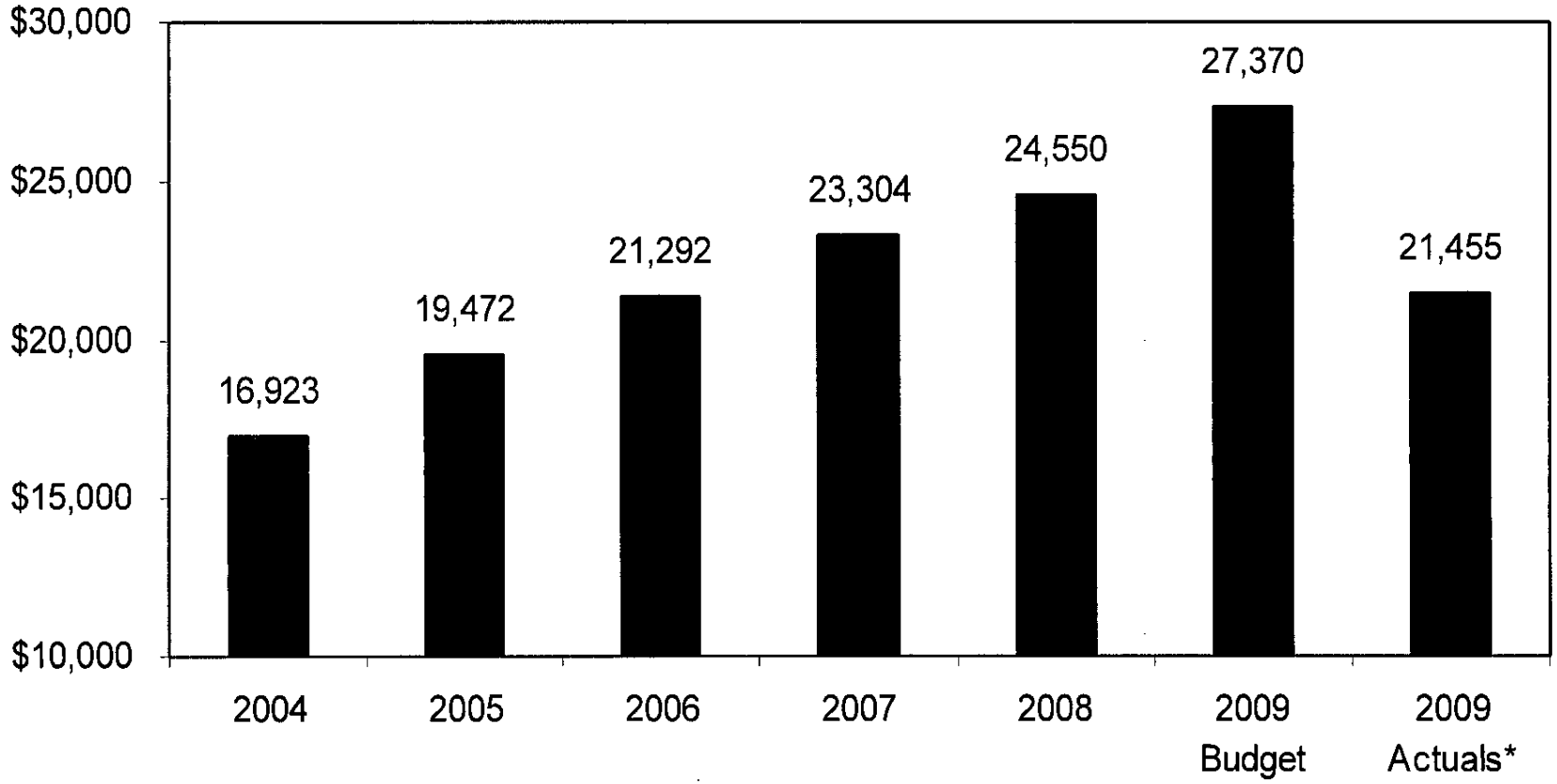


CAGR = Compounded annual growth rate

Export Coal
(in thousands)



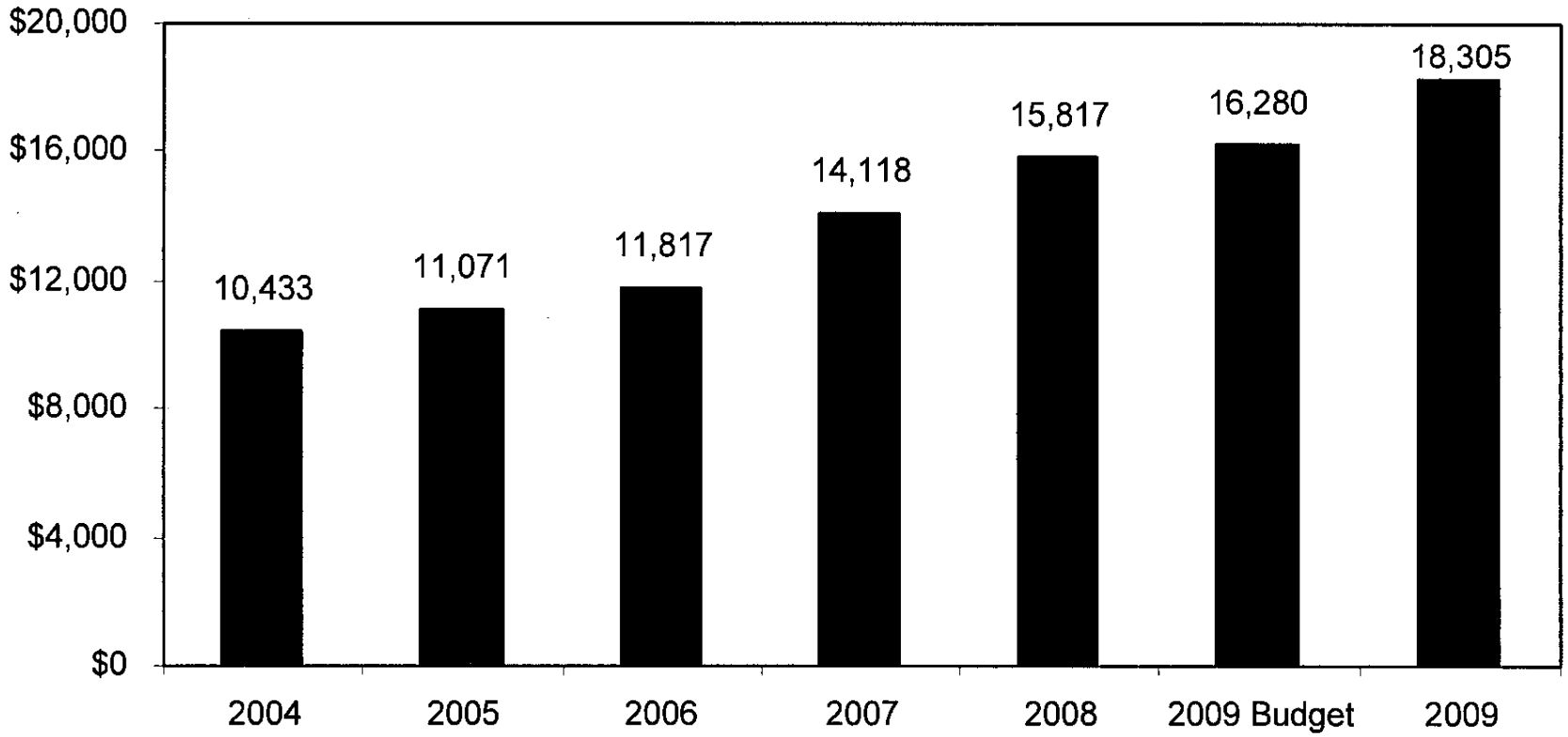
Passenger Revenue
(in thousands)



*Unaudited.

Real Estate Revenue

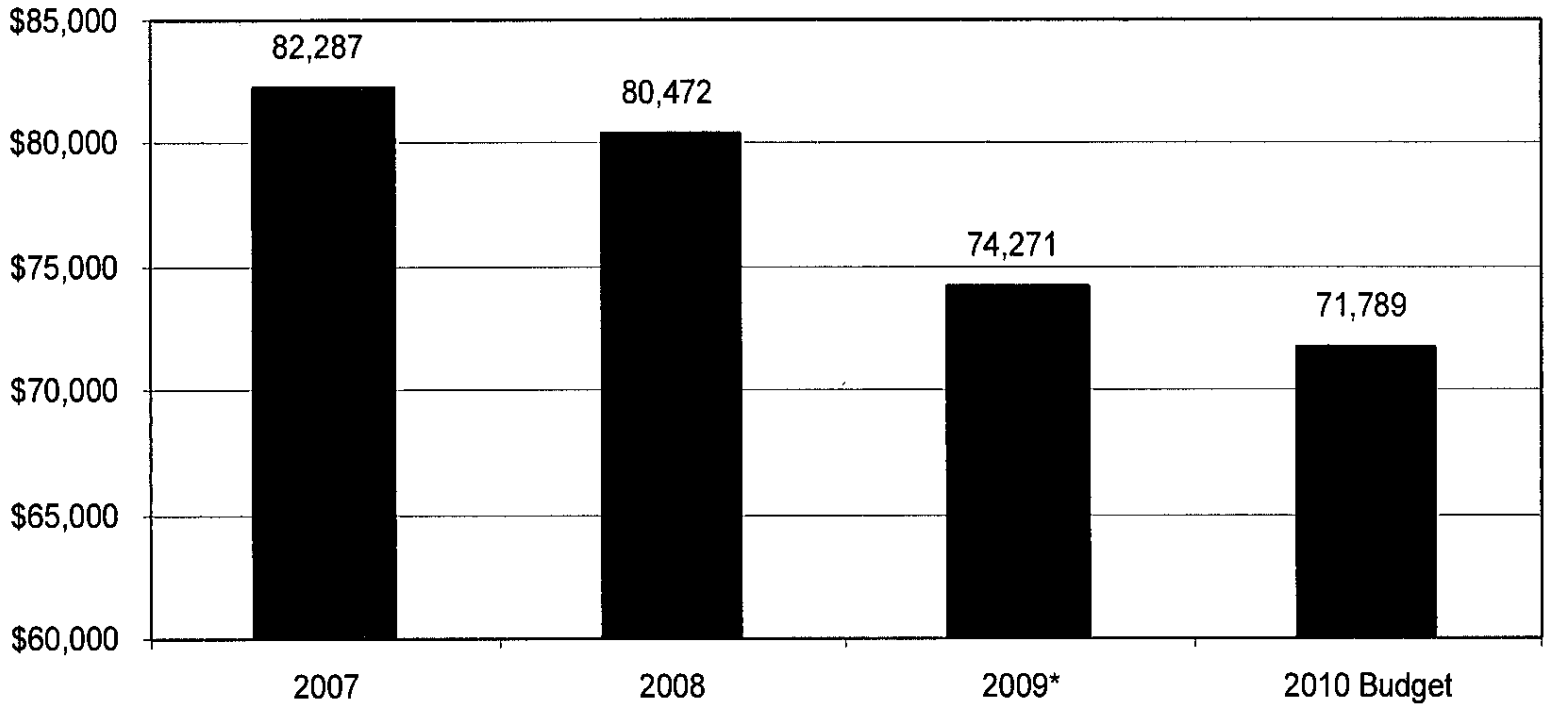
(in thousands)



*Unaudited.

Controllable Expenses: Reduced by $8 million over last two years

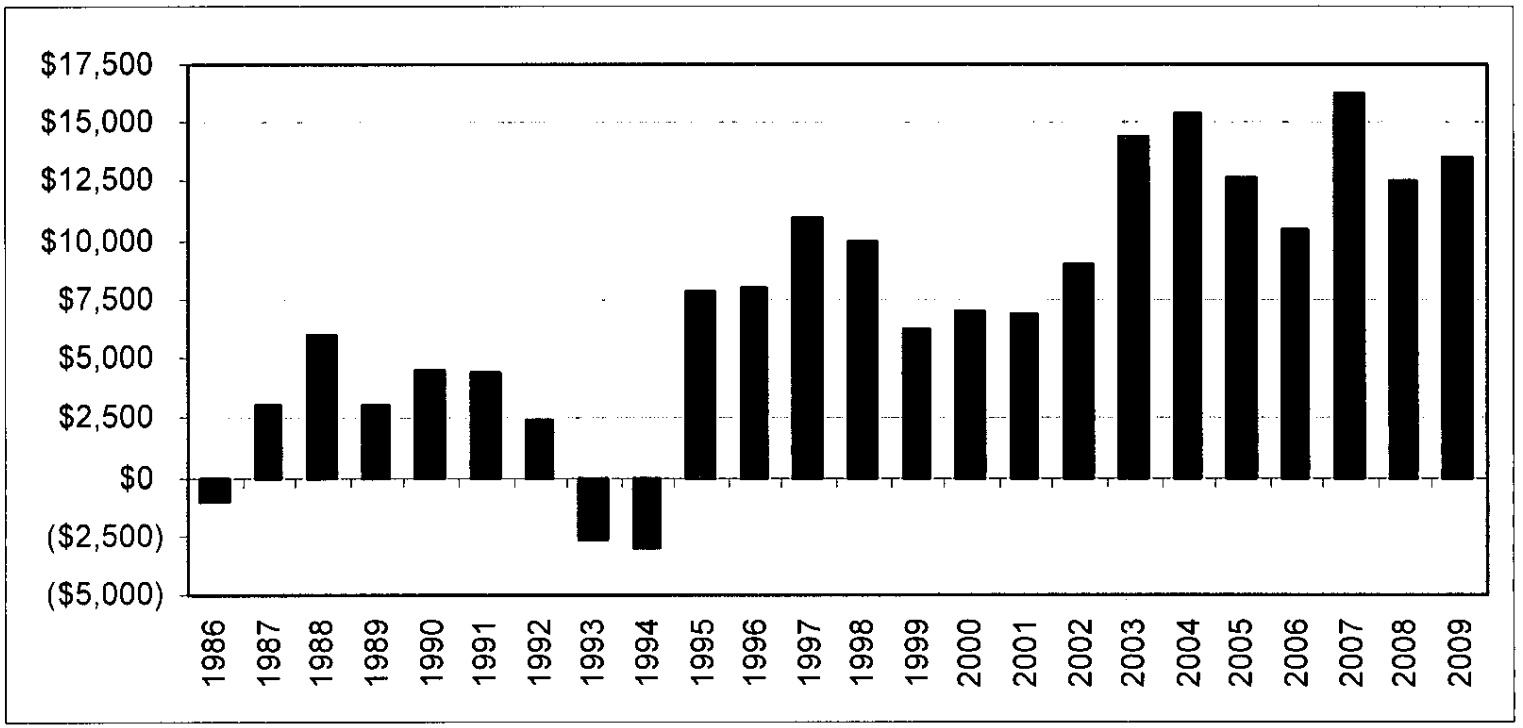
(in thousands)



* Unaudited.

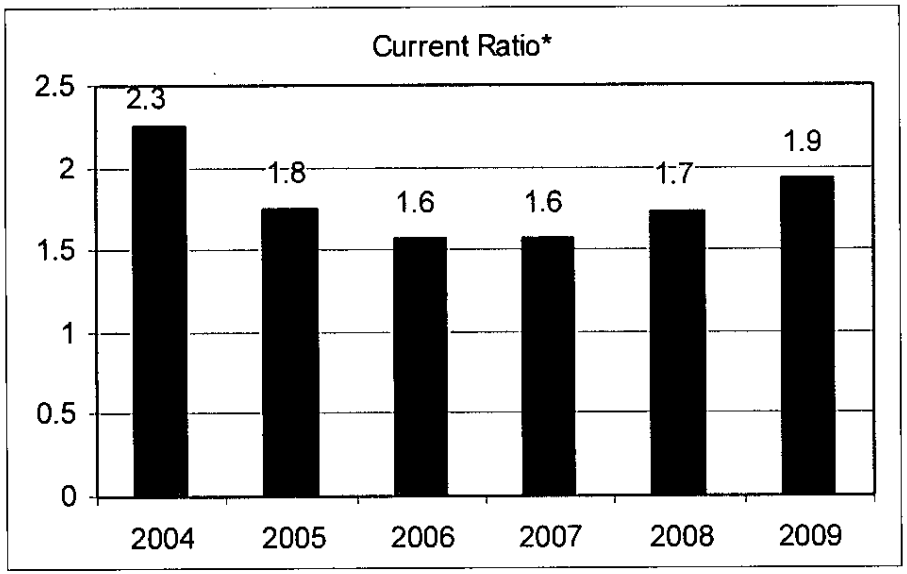
Expenses included in this graph include those over which management has an ability in the short run to impact expense levels. Examples of items excluded are fuel, barge expense, benefit costs, depreciation, etc.

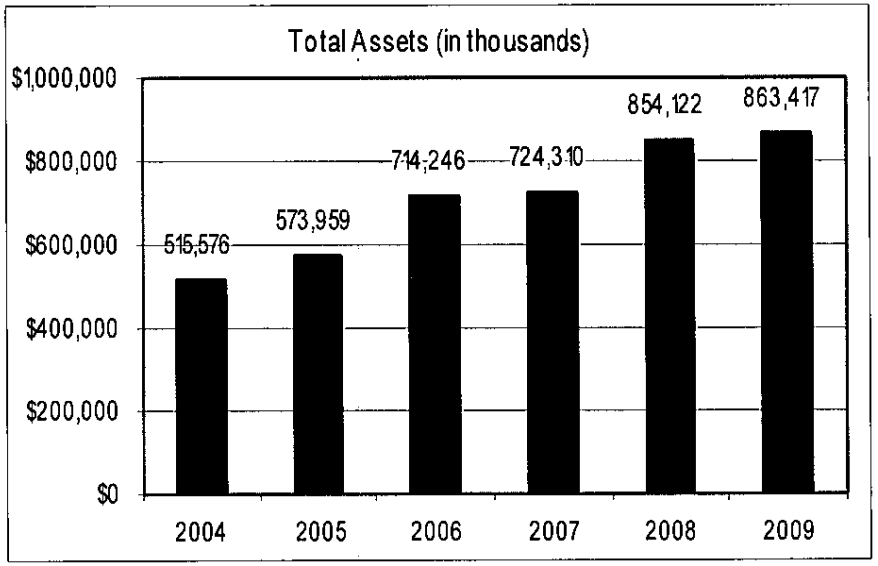
Net Income



- 1999 & 2000 net income was adjusted by grant revenue/expense recovery related to a Winter Storm disaster
- Unaudited 2009 net income of $13.6 million

Balance Sheet Highlights





Current ratio is calculated by dividing current assets by current liabilities. The ratio is a measurement of an entity's liquidity and ability to meet current obligations.

Conservative capital structure: At year-end 2009, ARRC's recourse debt is $27 million, with a debt to capital ratio of 23%, reflecting relatively modest use of debt instruments.

Significant cash flow generated: ARRC generated $31.2 million in cash flow from activities. Uses of funds include ARRC internal capital projects, debt repayment, grant match requirements, and funding the post-retirement medical trust fund.

2010 Preview

- Tough year on the horizon
- Uncertainty abounds in freight
  - Flint Hills continues decline
    - Planning to move less than half of 2003 volume
  - Lawsuit threatening viability of export coal
- Passenger planned to drop again
  - Decrease in cruise ships, continued soft national economy
- Continued expense reductions in effort to offset revenue declines
- Operating: Net Income budget of $8.4 million
- Capital: All funding sources total $43.1 million

Building a Great Railroad

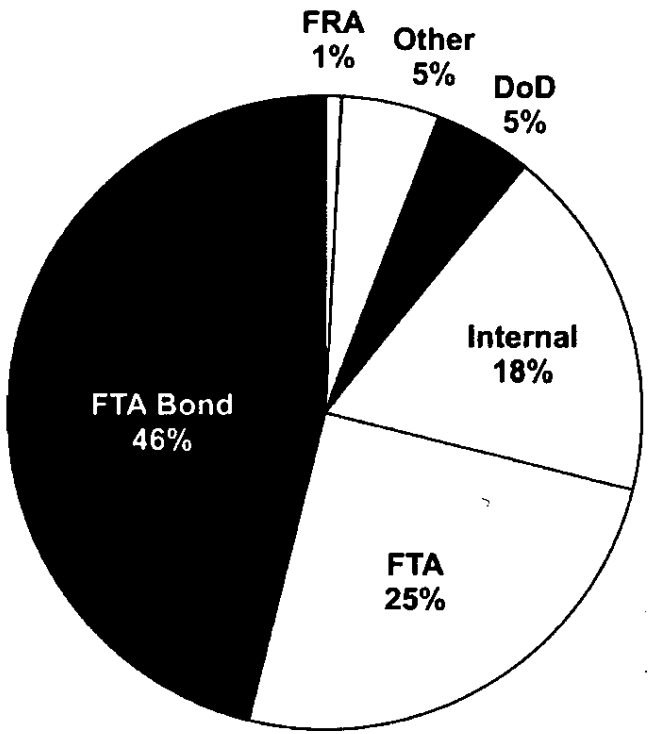
Capital Investment
(2010-2014) Five-Year Plan

- Total Federal Grants Expenditure
  $167 million
- Total ARRC Capital Expenditure
  $109 million

Note: Federal Funds appropriated to the Alaska Railroad do not affect federal funding for other state transportation projects. ARRC matches federal dollars from corporate net earnings.

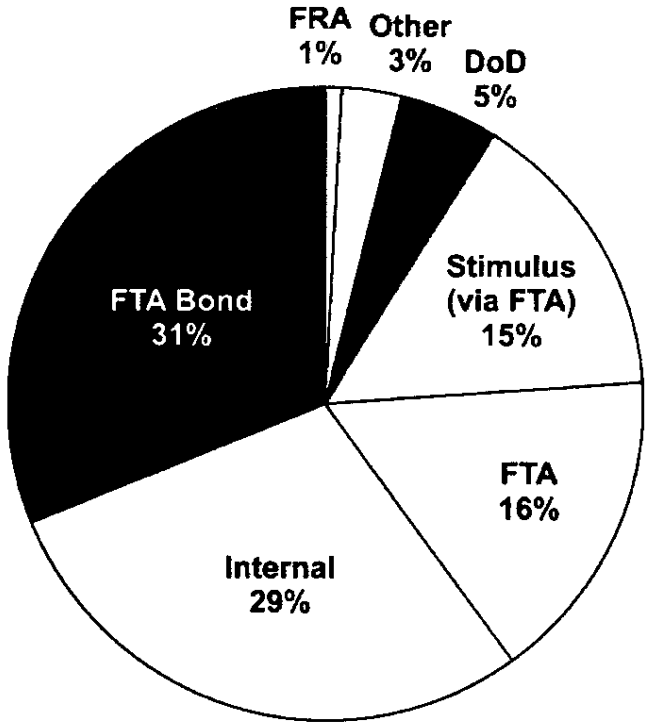
Capital Spending by Fund Source

2008



2008 Total: $92.1 million

2009



2009 Total: $77.3 million

Capital Funding Sources

- ARRC Internal Funding
- DOT/Federal Railroad Administration
  - Alaska Railroad Track Rehabilitation funds
  - Department of Defense Allocations
- DOT/Federal Transit Administration
  - Formula Funds; Grants
  - 9-20% ARRC Match Required
- DOT/FHWA
- Federal funds allocated to ARRC do not routinely affect federal funding for other state transportation projects
- ARRC federal match is *not* from State of Alaska general fund or gas tax...match is solely from ARRC earnings.
- ARRC does not receive operating funds or reimbursements from the State Budget.

Five-Year Capital Project Plan-Internal Funding

	2010 Budget	2011 Plan	2012 Plan	2013 Plan	2014 Plan	5-YEAR TOTAL
Nondiscretionary Projects	$ 13,762,958	$ 11,368,378	$ 10,577,417	$ 14,029,413	$ 15,580,477	$ 65,318,643
Continuing Program Projects	$ 2,312,950	5,592,009	5,700,000	5,011,500	5,130,500	$23,746,959
Strategic Business Initiatives	$ 236,100	1,539;125	2,875,000	275,000	275,000	$5,200,225
Ranked Projects	$ —	1,629,489	2,837,981	3,414,998	3,691,273	11,573,741
Total - Internal Funding	$ 16,312,008	$ 20,129,001	$ 21,990,398	$22,730,911	$ 24,677,250	$ 105,839,568

Five-Year Capital Project Plan — Debt Financed Real Estate Projects

	2010	2011	2012	2013	2014	5-YR TOTAL
Acquire Gillman Property - Whittier	800,000	—	—	—	—	800,000
Freight Shed Tenant Improvements	2,000,000	—	—	—	—	2,000,000
Total-Debt Financed Real Estate Projects	2,800,000	—	—	—	—	2,800,000

Five-Year Capital Project Plan — Federal and Bond Funding

Federal Transit Administration						
Passenger Equipment: Rehabilitation	535,558	419,200	500,000	450,000	500,000	2,404,758
Track Projects:						
Depot Improvements	—	400,000	450,000	—	300,000	1,150,000
Track Rehabilitation	7,581,900	9,719,413	11,404,587	13,071,399	13,197,387	54,974,686
Siding Extensions/Shoulder Widening	198,142	—	—	—	—	198,142
Track Project Subtotal	7,780,042	10,119,413	11,854,587	13,071,399	13,497,387	56,322,828
Bridge Replacements/Upgrades:						
Bridge at Mile Post 25.7 Lower Trail Lake	—	—	—	100,000	300,000	400,000
Bridge at Mile Post 29.5 Trail Lake	600,000	378,980	—	—	—	978,980
Bridge at Mile Post 89 Indian	140,000	1,490,000	—	—	—	1,630,000
Bridge at Mile Post199 Kashwitna River	—	—	—	—	452,000	452,000
Bridge at Mile Post 352.7 Sheep Creek	—	—	—	600,000	—	600,000
Bridge at Mile Post 422.9 Little Goldstream	—	600,000	—	—	—	600,000
Bridge 447.7 Permafrost Bridge	—	—	100,000	600,000	750,000	1,450,000
Bridge Program Subtotal	740,000	2,468,980	100,000	1,300,000	1,502,000	6,110,980

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Five-Year Capital Project Plan — Federal and Bond Funding (continued)

FTA... continued	2010	2011	2012	2013	2014	5-YEAR TOTAL
Debt Service Subtotal:						
2006 Bond Issue Debt Service	7,532,160	7,301,371	7,275,940	7,282,763	7,266,964	36,659,197
2007 Bond Issue Debt Service	9,165,184	8,913,501	8,891,659	8,896,554	8,856,361	44,723,259
Debt Service Subtotal	16,697,344	16,214,872	16,167,599	16,179,317	16,123,325	81,382,456
Preventive / Safety / Security:						
Preventive Maintenance Reimbursement	11,110,275	11,165,826	11,277,484	11,390,259	11,504,162	56,448,006
Slope Stabilization/Healy Canyon	1,500,000	950,000	800,000	300,000	800,000	4,350,000
Collision Avoidance-Phase II Completion	3,275,899	1,550,000	3,475,270	2,809,213	2,938,319	14,048,701
Transit Enhancements	217,581	224,109	230,832	237,757	244,890	1,155,169
Transit Security	217,581	224,109	230,832	237,757	244,890	1,155,169
Preventive/Safety/Security Subtotal	16,321,336	14,114,044	16,014,418	14,974,986	15,732,261	77,157,045
Total Federal Transit Administration	**42,074,280**	**43,336508**	**44,636,604**	**45,975,702**	**47,354,973**	**223,378,067**
Less: Preventive Maintenance Reimbursement	(11,110,275)	(11,165,826)	(11,0277,484)	(11,3690,259)	(11,504,162)	(56,448,006)
Less: Debt Service Grants	(16,697,344)	(16,214,872)	(16,167,599)	(16,179,317)	(16,123,325)	(81,382,456)
Total FTA for Federal Capital Projects	**14,266,661**	**15,955,811**	**17,191,521**	**18,406,126**	**19,727,486**	**85,547,605**
FTA Capital Grant Receipts Bonds						
Track Rehabilitation Program	9,724,560	21,435,349	12,271,205	—	—	**43,431,115**
Other Federal Funds						
Tanana River Training-Fund Source Unidentified	—	38,000,000	—	—	—	38,000,000

FIVE-YEAR CAPITAL PROJECT PLAN SUMMARY - TOTALS BY FUNING SOURCE

(in millions)	2010 Budget	2011 Plan	2012 Plan	2013 Plan	2014 Plan	5-YEAR TOTAL
FTA Formula Funds (net of PM/Debt Svc)	$ 14.27	$ 15.96	$ 17.19	$ 18.413	$ 19.73	$ 85.56
FTA Bond Proceeds - 2007 issue	9.72	21.44	12.27	—	—	43.43
Other Federal (FHWA, DoD, FEMA, etc.)	—	38.00	—	—	—	38.00
Internal Funds (ARRC Revenue)	16.31	20.13	21.99	22.73	24.88	105.84
Debt Financed Real Estate Projects	2.80	—	—	—	—	2.80
Total Capital Program	$ 43.1	$ 95.53	$ 51.45	$ 41.14	$ 44.41	$ 275.63

Employee Retirement Benefits

- Pension Plan
- Post Retirement Medical Program

ARRC Corporate Pension Plan

Benefit	Provision
Employee Contribution	9% of earnings – Pre-tax
Vesting	Five Years of Vesting Service
Normal Retirement Age	Age 62 – although no reduction for retiring at age 58
Early Retirement	Age 55– benefit reduced by ½% per month or 6% per year for every year less than age 58
Benefit Formula	2% X Final Average Salary (any 3 consecutive years) X Years of Service; 2.5% for years over 10 and after 1/1/06

ARRC Corporate Pension Plan

Benefit	Provision
Annual Cost of Living Increase	Lesser of 50% of CPI or 6%
Disability Benefits	40% of monthly salary (must be vested to be eligible)
Joint & Survivor Annuity	**50% Benefit** – retiree benefit reduced by 10%; spouse receives 50% of that amount **100% Benefit** – retiree benefit reduced by 20%; spouse receives 100% of that amount

Plan Funding
Employee Contributions

- Employees are required to contribute 9% of earnings (excludes overtime).
- Employee contributions are credited with interest at 4.5% (compounded annually).
- Employees may request a refund of contributions and interest in lieu of a retirement benefit.

Plan Funding
Employer Contributions

- Section 11 of the Plan Document
- Provides that the ARRC will make contributions to the Fund as it determines, with the advice of its actuary, to maintain the Plan on an actuarially sound basis
- The Fund is for the exclusive benefit of Plan Participants. No portion shall be diverted to or become the property of the ARRC prior to paying all liabilities with respect to Participants
- ARRC's funding policy is to contribute an amount each year equal to the Annual Required Contribution (ARC)

Pension Plan Administration

- ARRC Pension and Represented 401(k) Committee
  - Two Union Members
  - Three Management Representatives
- Retirement Specialist in Human Resources

Participant Services

- Pre-retirement Planning Seminars
- On-line access to pension fund balances, and estimates of pension benefits
- Summary Plan Description
- Annual Pension Report
- Annual Participant Statements, including projected pension benefits

Post-Retirement Medical

- ARRC Labor Contracts (5 union contracts) provide that retirees can purchase ARRC medical insurance by paying 60% of the monthly premium.
- Non-represented employees are eligible for retiree medical coverage under ARRC policy
- Eligible retirees must be:
  - 62 or older under the ARRC Pension Plan (represented)
  - 58 or older under the ARRC Pension Plan (non-represented)
  - With the Civil Service Retirement System
  - On disability retirement

Post-Retirement Medical

- Retirees who don't meet the criteria above can participate by paying 100% of the premium
- Certain surviving annuitants and family members can continue their participation following the death of the retiree on the same cost sharing basis
- Surviving dependent children of an ARRC pension plan participant are eligible to participate on the same cost sharing basis, without the requirement that there be a pension plan recipient

Post Retirement Medical

- Deductible: $500
- Co-insurance: $80/20 up to $1,500
- Includes prescription drug benefit
- Does not include audio, vision and dental coverage
- Medical Plan for retiree is identical to the plan for active ARRC employees

ARRC Contributions

- In addition to the premium contributions, ARRC makes annual contributions to the Post Retirement Medical Trust based on the recommendations of the actuary. The 2009 contribution was $5.2 million.

2009 Status of Benefit Trust Funds

- Defined benefit pension trust fund totaled $75.0 million
  - Up $14.0 million from year end 2008
- Retiree medical trust fund totaled $25.8 million
  - Up $9.0 million from year end 2008
- Considerable recovery from the down-market impact

2010 Wild Cards

Possible Gains

- Gravel
- Coal
- Pipe
- Petroleum

Possible Losses

- Petroleum
- Environmental
  - + Coal – air quality
  - + Coal – water quality
  - + Weeds - FRA
  - + Ship Creek – EPA
- Legislation
  - + EBA
  - + HB 313

Executive Office
Telephone: 907-265-2403
Facsimile: 907-265-2312

February 17, 2010

Senator Bert Stedman
Senate Finance Co-Chair
State Capitol, Room 516
Juneau, AK 99801-1182

Senator Lyman Hoffman
Senate Finance Co-Chair
State Capitol, Room 518
Juneau, AK 99801-1182

Dear Senators Stedman and Hoffman:

Thank you for providing Pat Gamble, Alaska Railroad President and CEO, and Bill O'Leary, Alaska Railroad Vice President Finance, with the opportunity to update the Senate Finance Committee about Railroad finances, business issues any other topics of interest on February 3, 2010.

There were questions relating to fuel transportation and Alaska Railroad fuel use that we promised to get back to committee members on once we gathered the data. Attached are a couple of charts that I hope provides the information requested. If we need to provide further information or clarification on the issues please let me know. My direct line is 265-2498.

Please share this information with other members of the Senate Finance Committee.

Best regards,

Wendy Lindskoog
Vice President Corporate Affairs

327 W. Ship Creek Avenue
Anchorage, Alaska 99501

MAILING ADDRESS
P.O. Box 107500 Anchorage, Alaska, 99510-7500

TEL 907.265.2300 FAX 907.265.2416
AlaskaRailroad.com

2003 - 2010 Flint Hills Gallons Shipped on ARRC

Year	Total Gallons	Jet A Gallons	Jet A Percent of Total Gallons
2003	819,081,795	558,864,051	68.2%
2004	799,135,479	553,911,663	69.3%
2005	769,031,275	549,213,459	71.4%
2006	614,657,062	521,634,687	84.9%
2007	659,605,949	574,763,681	87.1%
2008	565,819,252	492,006,916	87.0%
2009	492,562,861	390,200,581	79.2%
2010 Plan	410,241,174	304,509,240	74.2%

2005-2009 ARRC Fuel Purchases

Quantities In Gallons

	2005	2006	2007	2008	2009
LOCOMOTIVE FUEL					
Flint Hills	6,205,214	5,604,483	5,519,803	5,241,340	5,187,077
Other Vendors	137,393	98,755	201,403	232,340	236,308
	6,342,607	5,703,238	5,721,206	5,473,680	5,423,385
EQUIPMENT FUEL					
All Vendors	193,976	235,403	242,164	264,233	260,613
VEHICLE FUEL					
Automotive Rentals Inc	216,204	332,644	335,488	300,262	316,058
Total	6,752,787	6,271,285	6,298,858	6,038,175	6,000,056

Alaska State Senate
Senate Finance Committee

Official Business

9:04 AM

Mail Stop 3100
State Capitol
Juneau, Alaska 99801-1182

AGENDA

all present

Wednesday, February 3, 2010
9:00 AM

PRESENTATIONS:

Alaska International Airports System

✓Christine Klein, Deputy Commissioner of Aviation, DOTPF
✓John Parott, Airport Manager, ~~of the~~ Ted Stevens Anchorage International Airport

Alaska Railroad Corporation

Patrick Gamble, CEO of the Alaska Railroad Corporation (ARRC)
Bill O'Leary, chief financial officer, (ARRC)

2-3-10

Alaska Railroad Corporation

MEMORANDUM

Date: December 31, 2009
Anchorage, Alaska

To: Deven Mitchell
State of Alaska
Department of Revenue
Staff to State Bond Committee
Division of Treasury

From: Wendy Richerson, Controller

Subject: Public Debt Book

As requested the following is the Alaska Railroad Corporation's debt as of June 30, 2009.

State and State Agency Debt by Type at 6/30/09							
$(millions)							
State Agency Debt							
			Principal		Interest to		Total Debt Service
			Outstanding		Maturity		to Maturity
	Alaska Railroad	$	196	$	64	$	260

E. Alaska Railroad Corporation

Legislation signed into law during 1984 established the Alaska Railroad Corporation as a public corporation of the State to manage the Alaska Railroad upon its acquisition from the Federal Government until its possible transfer to private ownership. The corporation has the power to issue bonds if such issuance is approved by law. Bonds issued by the corporation would not bear the full faith and credit of the State. The Railroad is not authorized to issue State moral obligation bonds.

By Chapter 77, SLA 1994, the Alaska Railroad is authorized to issue revenue bonds in the principal amount of $55 million for the construction and acquisition of the Alaska Discovery Center for the Ship Creek Project in Anchorage. To date, no bonds have been issued.

Chapter 71, SLA 2003 authorized Alaska Railroad to issue up to $17 billion in revenue bonds to finance the construction of a natural gas pipeline and related facilities, subject to an agreement with a third party to pay the debt service and other costs of the bonds. To date, no bonds have been issued.

Chapter 46, SLA 2004 authorized the Alaska Railroad to issue up to $500 million in revenue bonds, subject to an agreement with a third party to pay the debt service and other related bond costs, to finance the cost of extending its rail line to Fort Greely, Alaska. To date, no bonds have been issued.

Chapter 28, SLA 2006 authorized the Alaska Railroad to issue up to $165 million in revenue bonds to finance rail transportation projects that qualify for federal financial participation and associated costs. On August 22, 2006, the Alaska Railroad issued $76.4 million in revenue bonds. On August 29, 2007, the Alaska Railroad issued the remaining $88.6 million in revenue bonds.

Chapter 65, SLA 2007 authorized the Alaska Railroad to issue up to $2.9 billion in revenue bonds to finance all or a portion of the Kenai gasification project and Port MacKenzie rail spur project, subject to an agreement with a third party to pay the debt service and other costs of the bonds. To date, no bonds have been issued.

If you have any questions, please contact me at 907-265-2513.

1457

2/3/10

Alaska International Airports System

Alaska Dept. of Transportation
Senate Finance Legislative Update

February 3, 2010

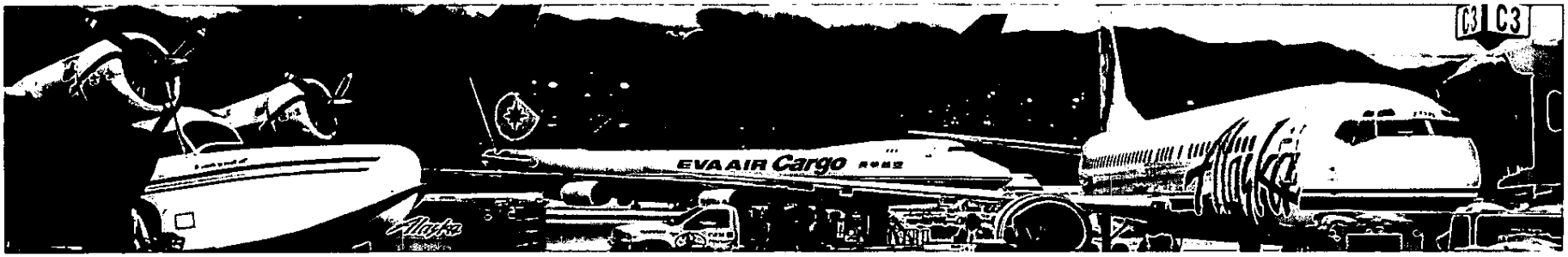
Christine Klein, AAE
Deputy Commissioner

John Parrott, AAE
Anchorage Airport Manager

ALASKA INTERNATIONAL AIRPORT SYSTEM

Ted Stevens
Anchorage
International Airport

Fairbanks
International
Airport



Airport System Advantages

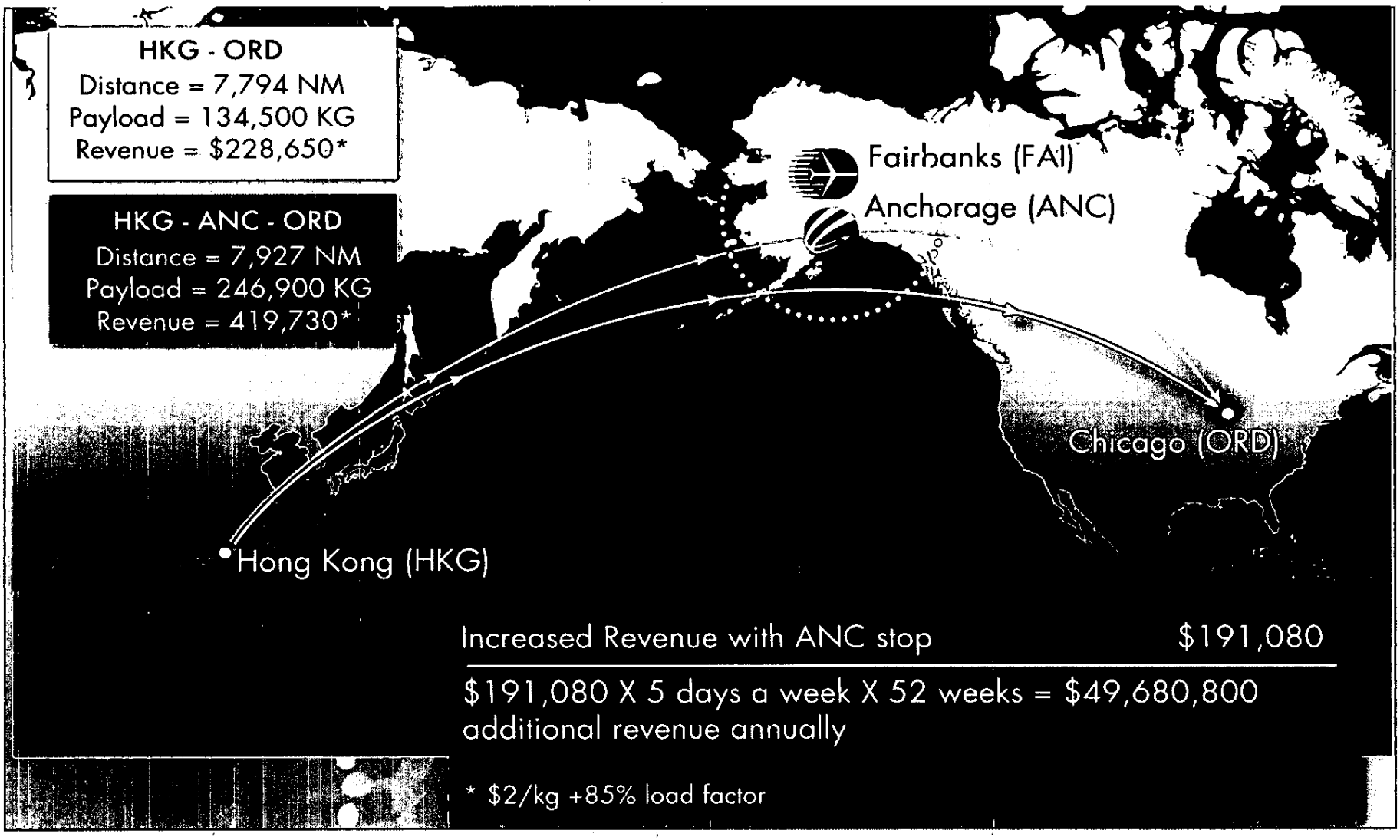
Regulatory:

- Progressive Clearance
- Intl to Intl Cargo Transfers
- USDOT awarded Cargo Transfer Flexibility in '96
  - On-line transfers
  - Commingling foreign domestic Foreign-domestic, and foreign-foreign transfers
- Expanded Cargo Transfer '03
  - Expands transfer authority for foreign carriers with revenue relationship w/U.S. carrier

Location & Cost:

- Air cargo center for Asia
  - Part of the Asia Airport System
  - Growing Asian Market and Base for Chinese Freighters
- One Revenue System
- Diverse revenue sources keep airlines rates competitive
- Long-term commitments
- System capacity for growth
  - Infrastructure
  - Alternatives

Alaska's Global Advantage
Payload vs Range



Diversity of Cargo Carriers

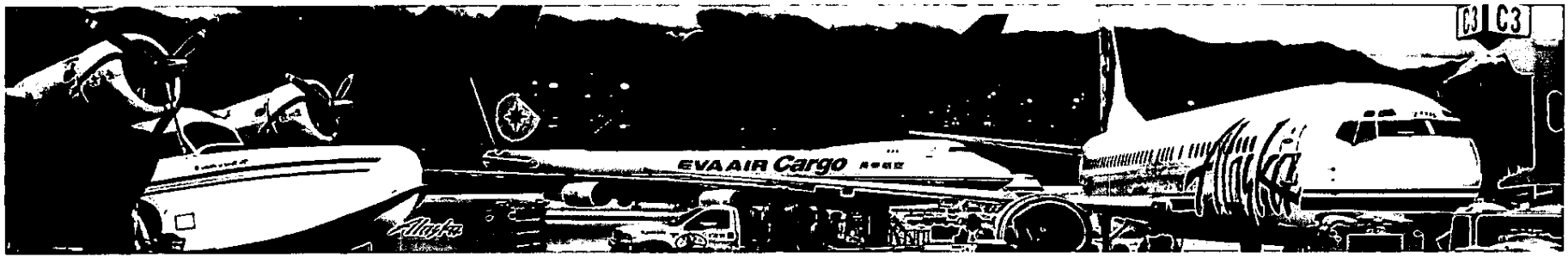
(FY09 Service)

Cargo Carriers by Home Country:

• USA	17
• China	6
• Japan	3
• Korea	2
• Taiwan	2
• Hong Kong	1
• Singapore	1
• Australia	1
• Canada	1

Current Carriers (34):

- ABX Air Inc.
- ACE Air Cargo
- ANA
- Air Canada
- Air China
- Alaska Airlines
- Asiana Airlines
- Atlas Air
- Cathay Pacific Airways
- China Airlines
- China Cargo Airlines
- China Southern
- Empire Airlines
- Eva Airways
- Evergreen International
- Everts Air Cargo
- Federal Express
- Great Wall Airlines
- Japan Airlines
- Kalitta Air
- Korean Air Cargo
- Lynden Air Cargo
- Nippon Cargo Airlines
- Northern Air Cargo
- Northwest Air Cargo
- Polar Air Cargo
- Qantas
- Shanghai Airlines Cargo
- Singapore Airlines
- Southern Air
- TransNorthern LLC
- United Parcel Service
- World Airways
- Volga Depner Cargo



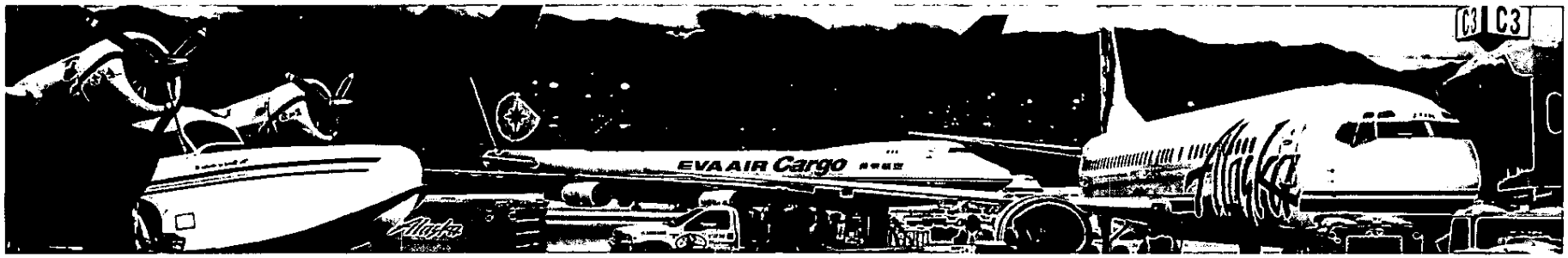
Comparison: AIAS Competitive Rates

Terminal Rent

	Ticket Counter/Gate
Seattle	$396.01/$237.60
Portland	$242.00/$218.00
Ontario	$139.99/$139.99
Reno	$117.04/ $93.63
Boston	$100.21/$100.21
AIAS	
Signatory	$61.59 / $61.59
Non-Signatory	$76.99 / $76.99

Landing Fee

	Cost 747-400
Toronto	$12,799.08
Tokyo	$7,405.37
Newark	$4,789.75
New York	$4,456.55
Dallas	$3,349.98
Seoul	$2,982.14
Chicago	$2,759.24
Seattle	$1,918.00
Vancouver	$1,837.08
AIAS	
Signatory	$1,137.50
Non-Signatory	$1,443.75

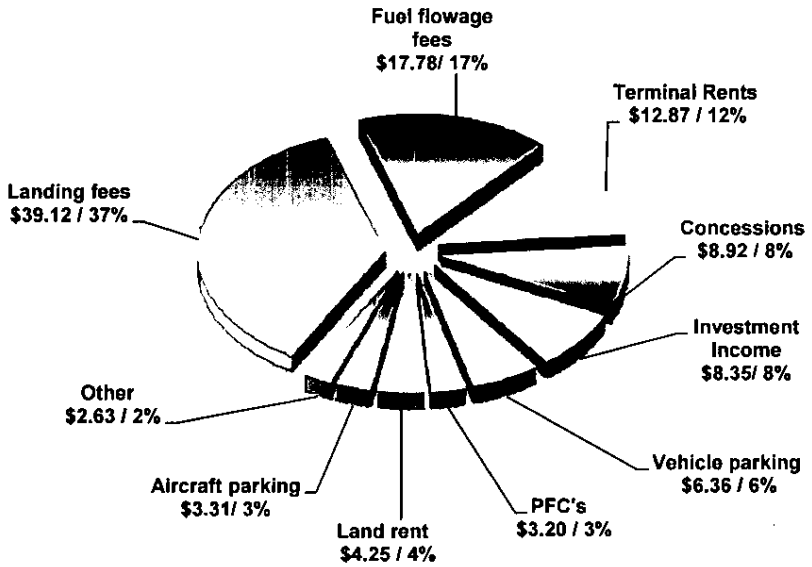


Strengths: Diverse Business Revenues

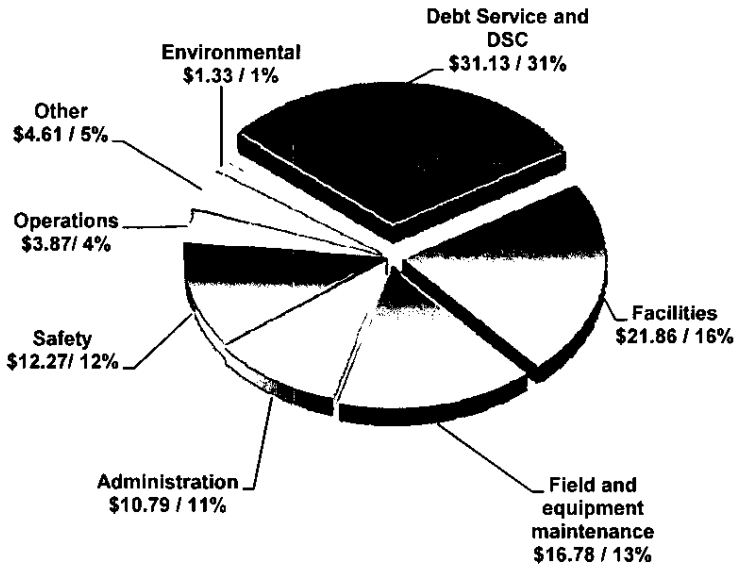
FY 2009 Revenues & Expenses

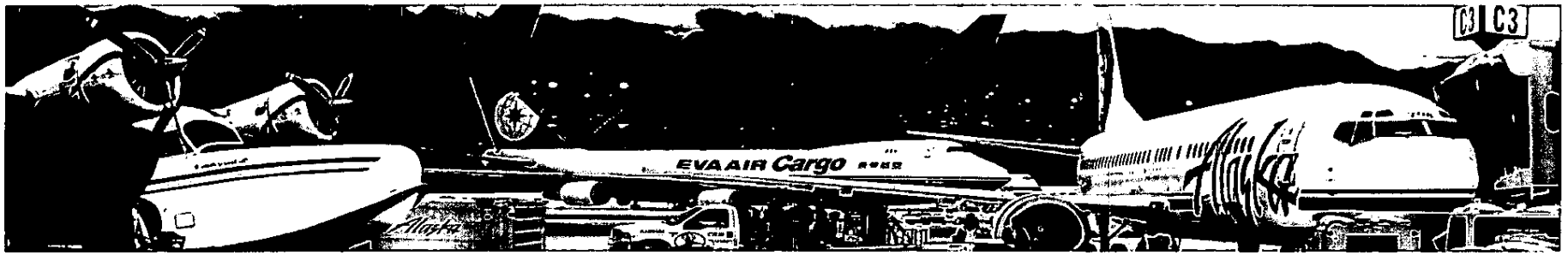
(Millions)

AIAS 2009 Revenue Sources ($118.87)

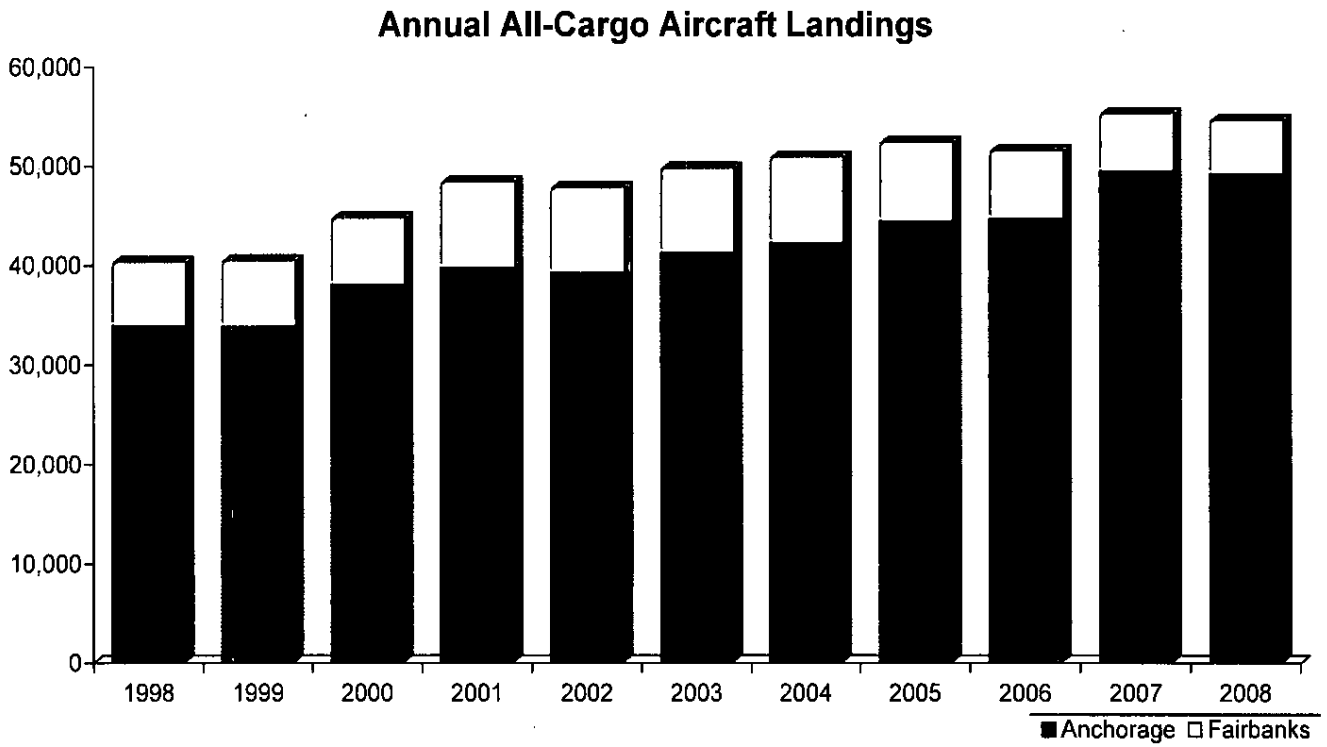


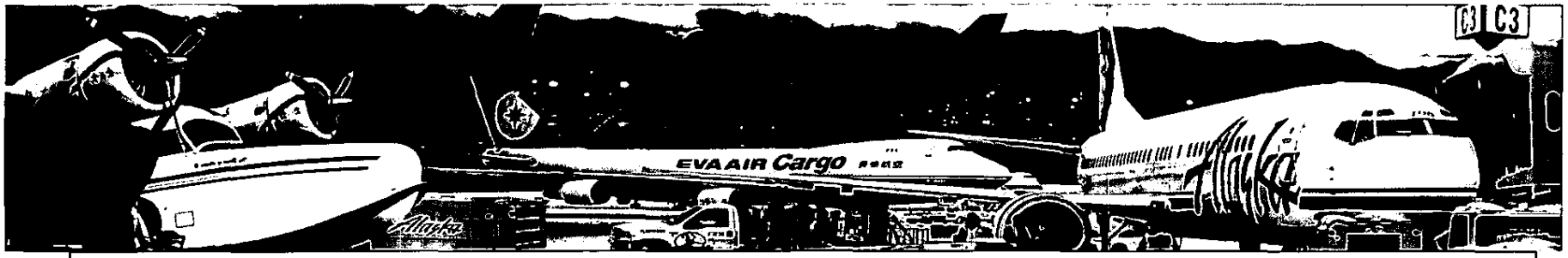
AIAS 2009 Annual Costs and DSC ($101.96)



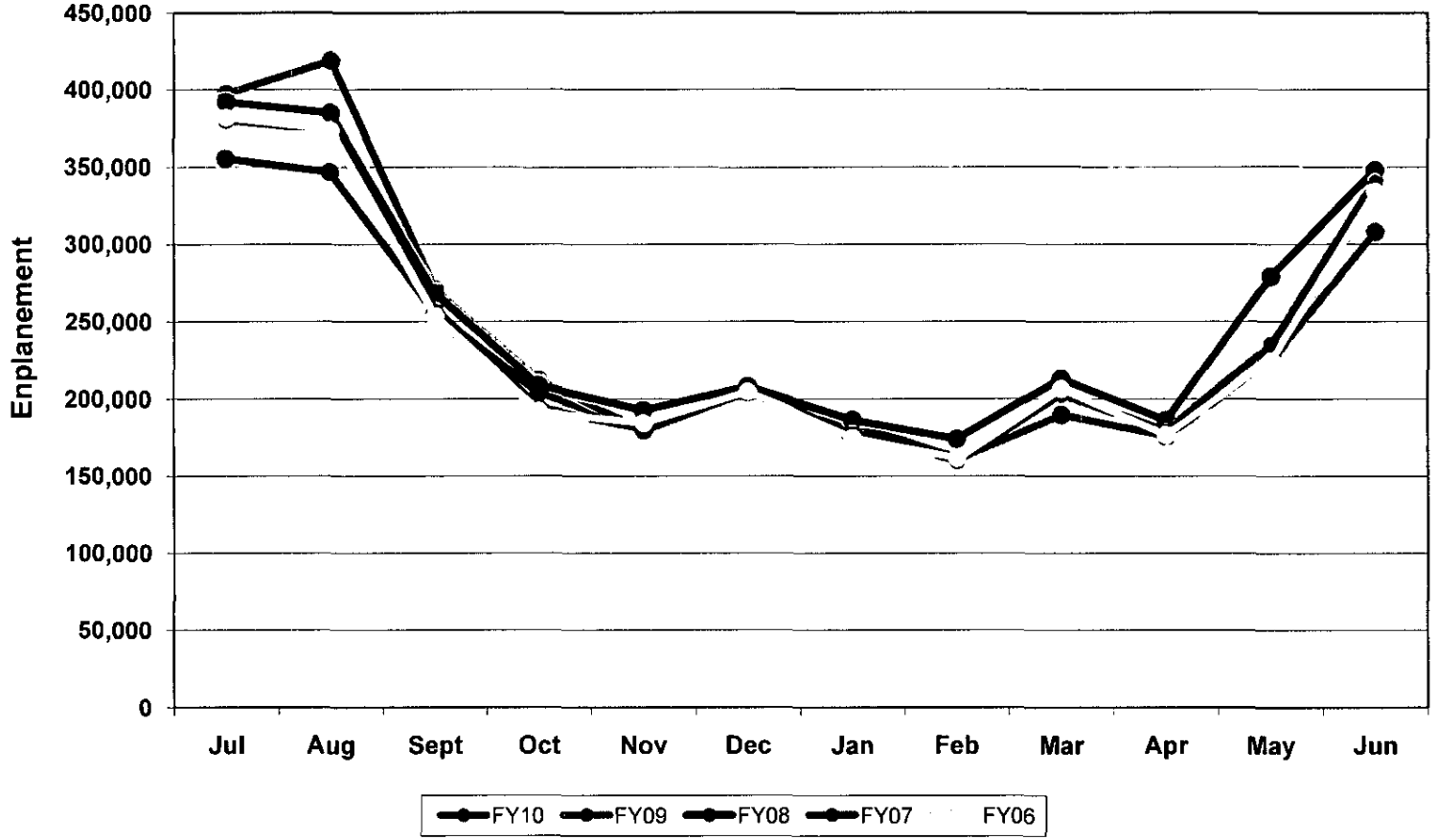


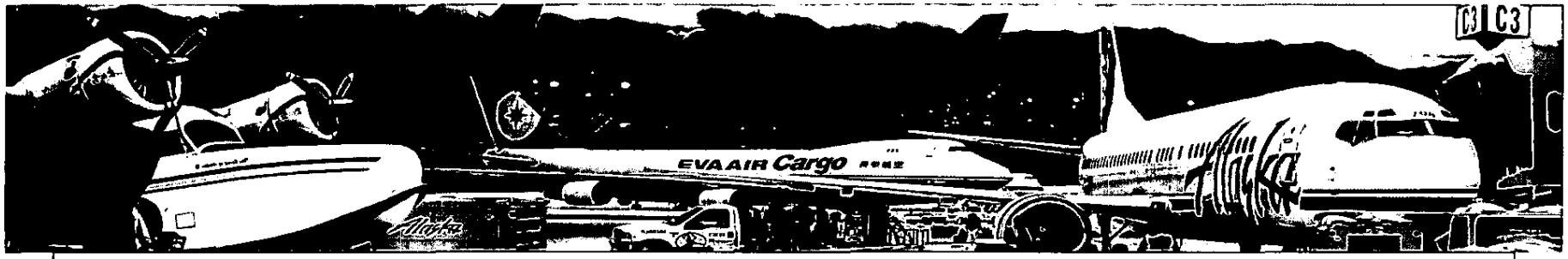
Strengths: Cargo Operations



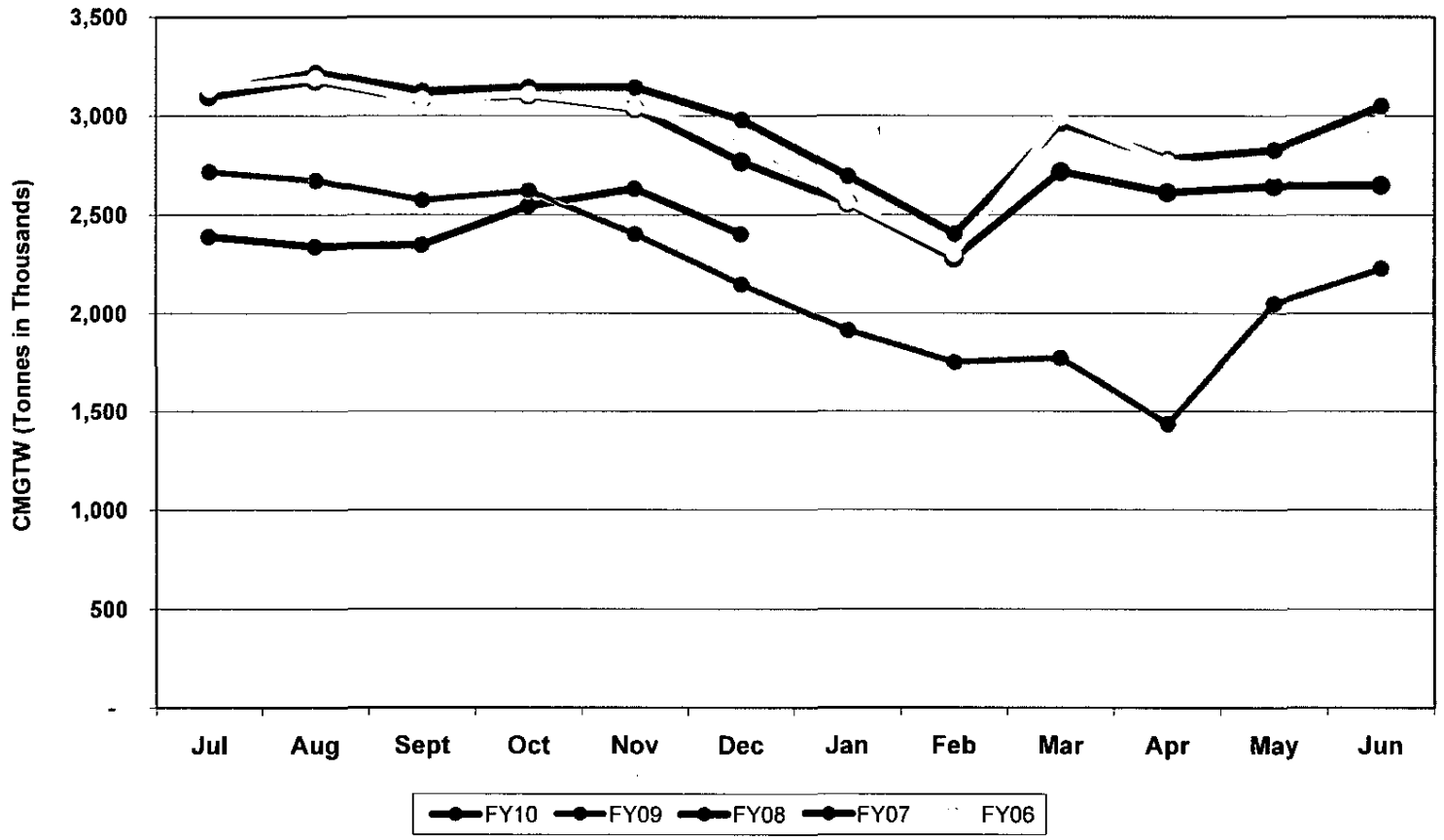


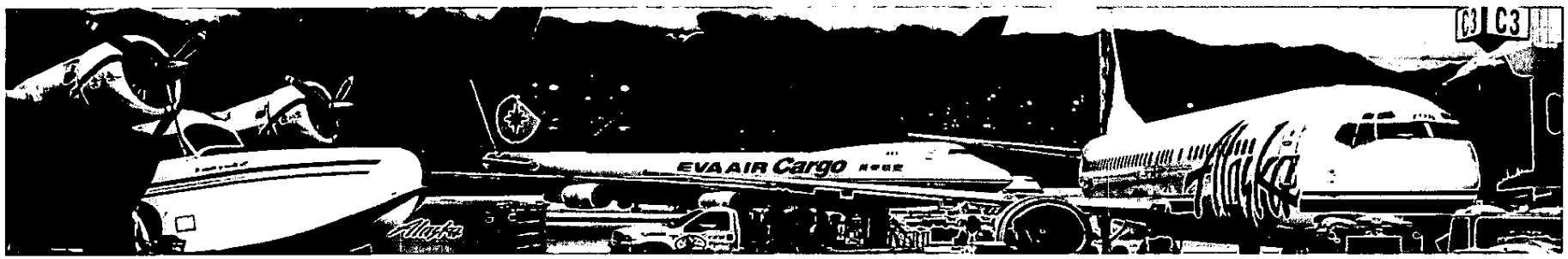
AIAS FY06 - FY10 MONTHLY ENPLANEMENTS
As of December 31,2009



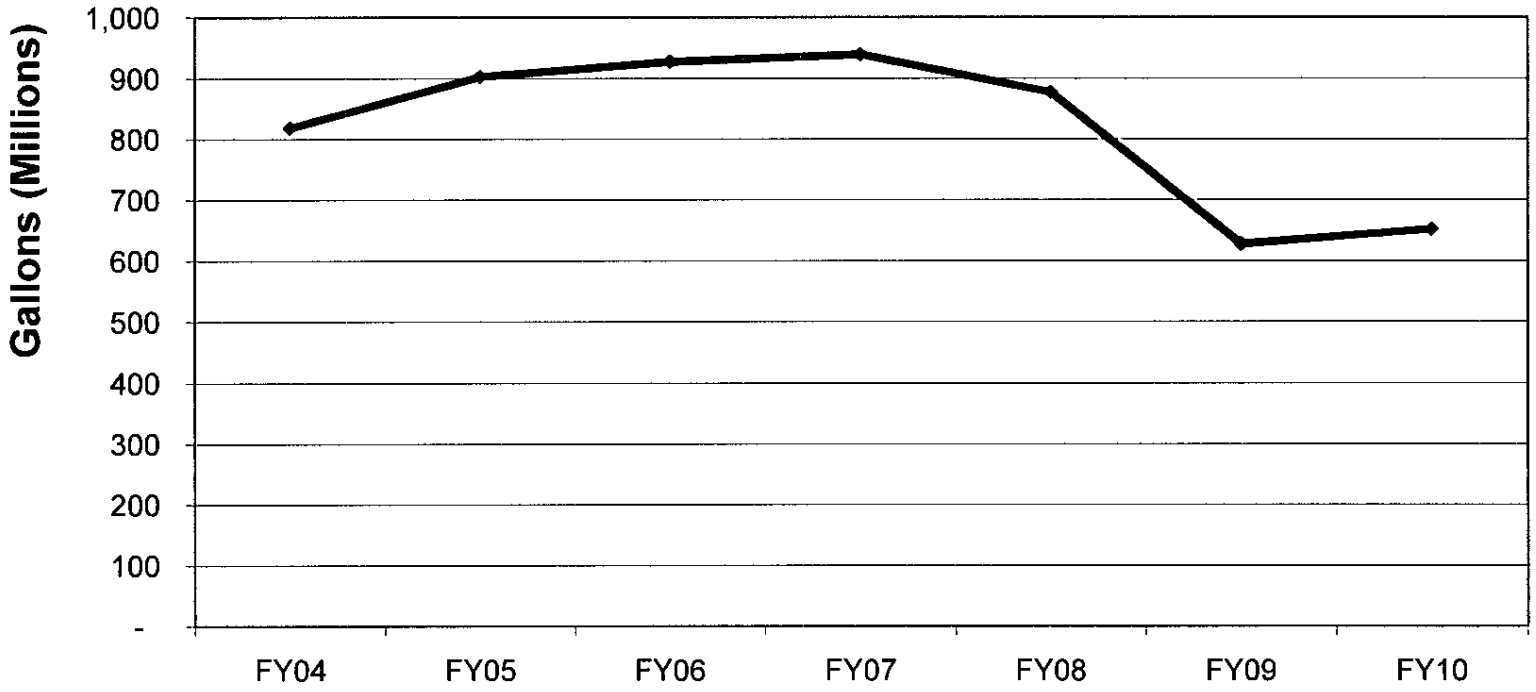


AIAS FY06 - FY10 YTD
Combined Cargo - Pax CMGTW as of December 31, 2009



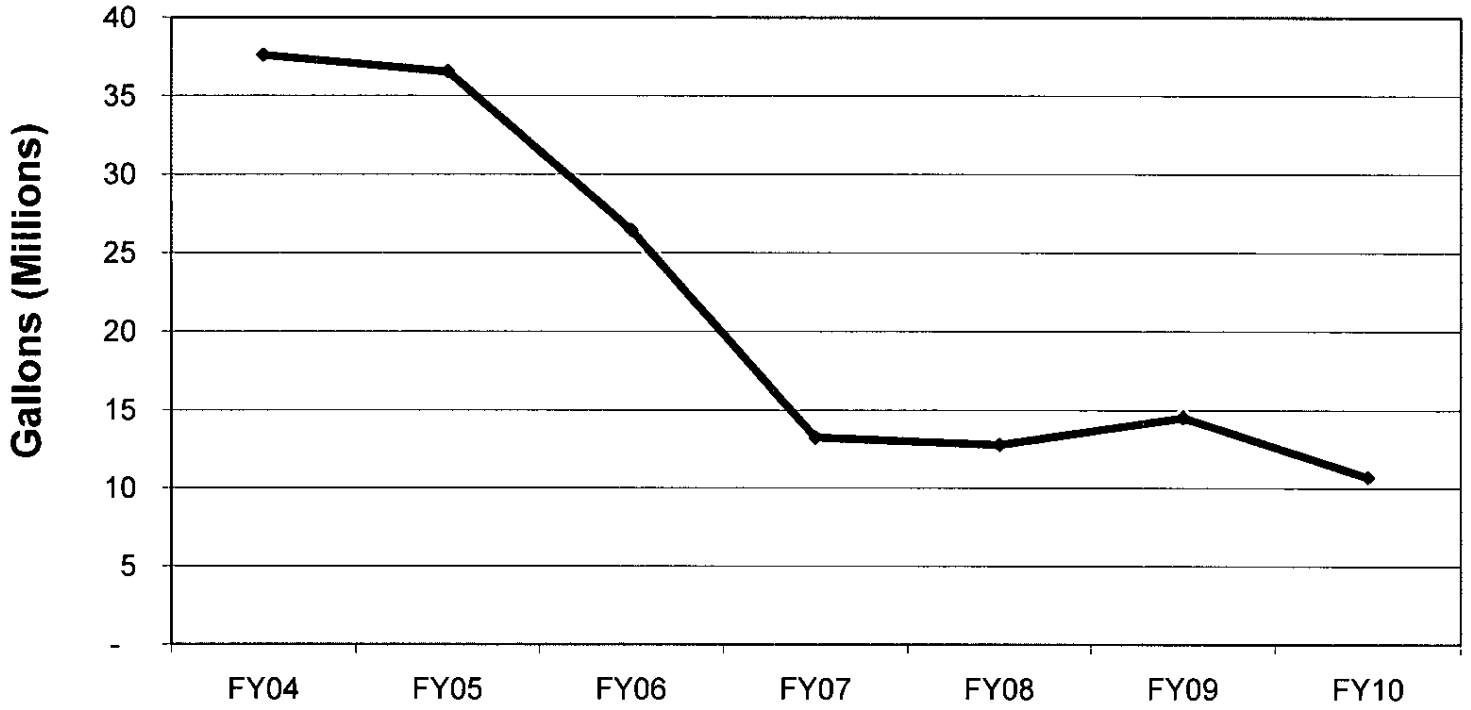


ANCHORAGE INTERNATIONAL AIRPORT
ANNUAL FUEL CONSUMPTION
FY04 -FY10



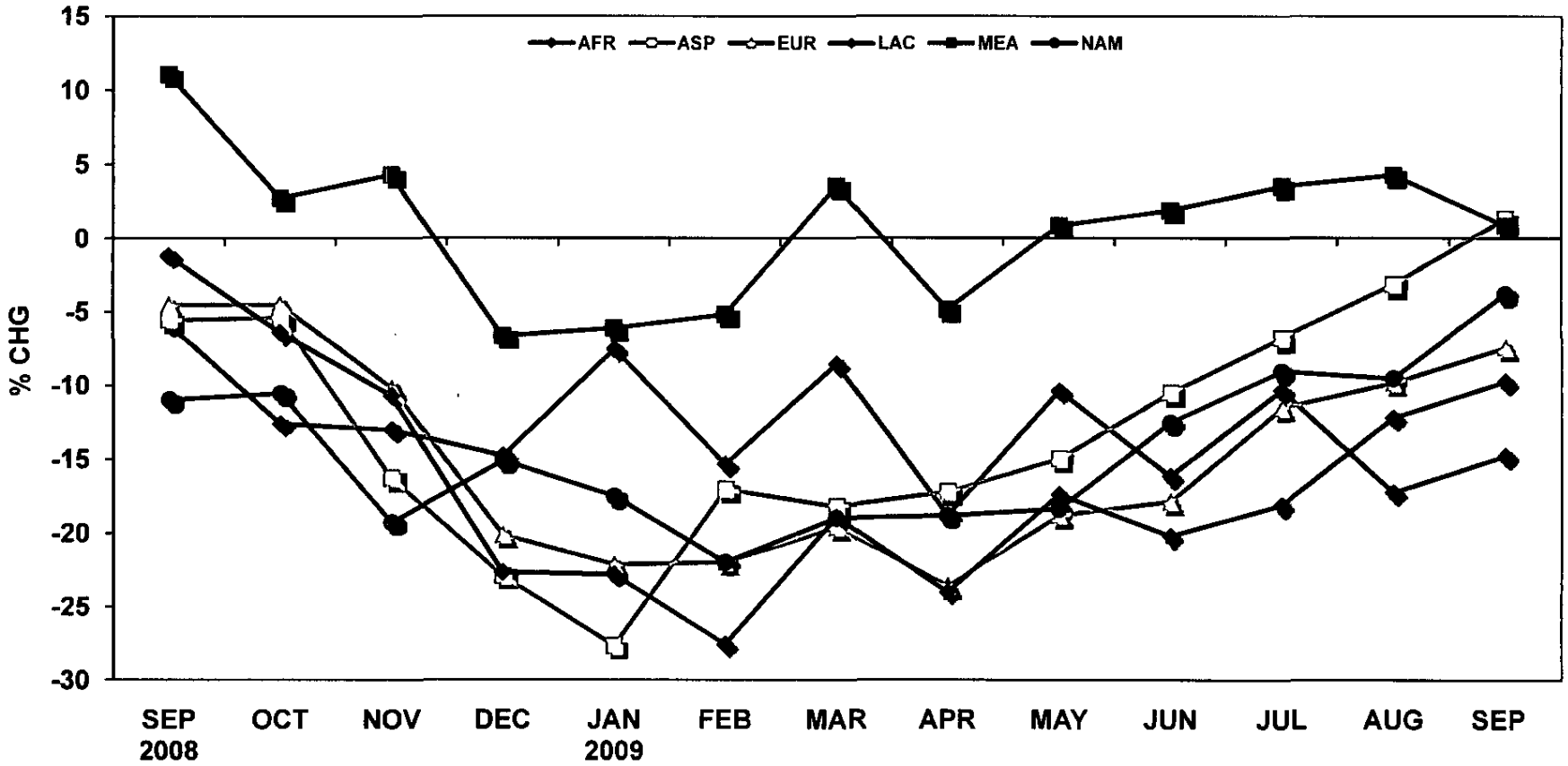
* FY10 Jan-Jun Sales Estimated

FAIRBANKS INTERNATIONAL AIRPORT
ANNUAL FUEL CONSUMPTION
FY04 - FY10



* FY10 Jan-Jun Sales Estimated

Total Freight
Regional Trends



AIAS Response

Remain Competitive:

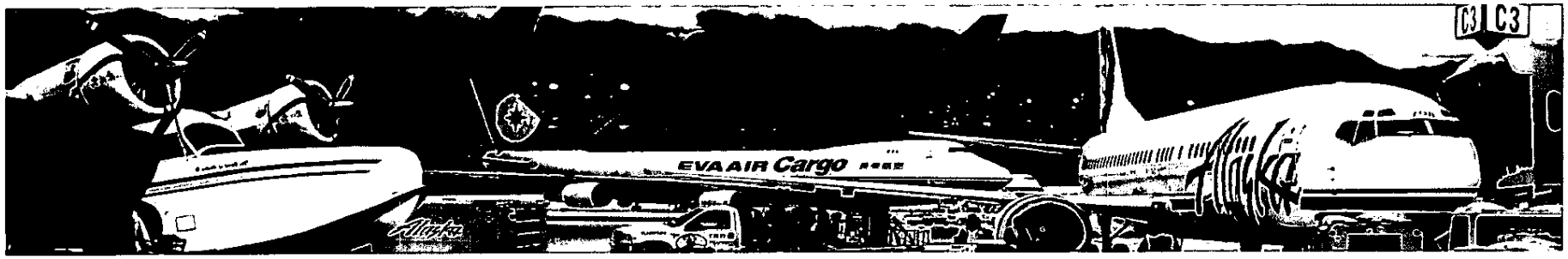
- Proactively Controlled & Reduced Operating Costs Early
- Scaled-back capital projects $400+ Million
- Reduced Airport Debt and Maintaining Stability
- Reduced Rates & Fees for 2009

Assess Competition:

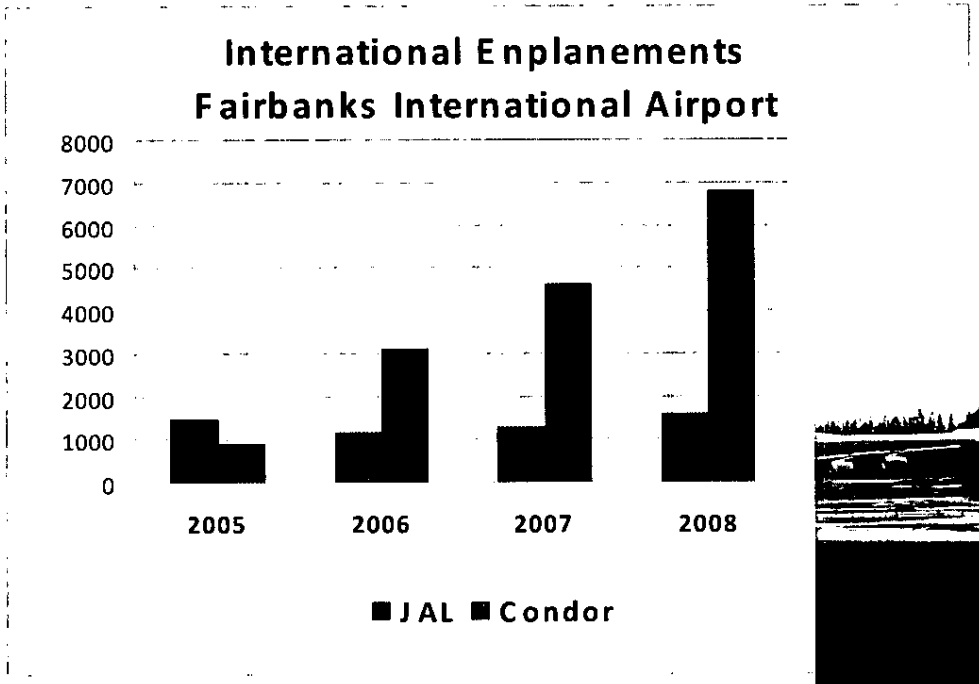
- Conducted 3rd Party Cargo Analysis of Asian Market Trends
- Negotiated operating agreement in partnership with airlines
- Utilizing revenue to reduce debt and hold down rates
- Favorable regulations – Cargo Transfer Authority

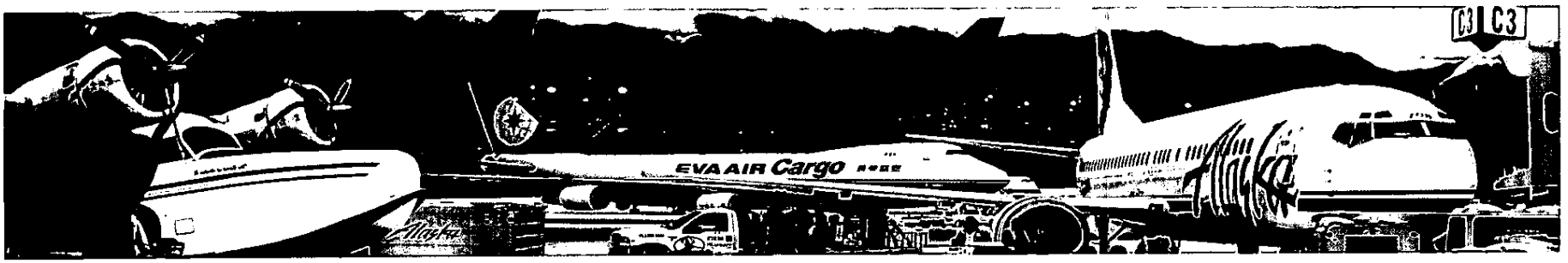
Results: Airlines Commit to New Operating Agreement

- New airport operating agreement last year after 3 year holdover, adding 6 air carriers over past, committed to funding airport costs for next 5 years.
- Business model approach – more equitable pay for what you use, partnership, project accountability, manage as a system, and ensure competitiveness
- Strong show of support for the AIAS



Fairbanks Airport: Increasing Winter Passengers and Cargo Flights



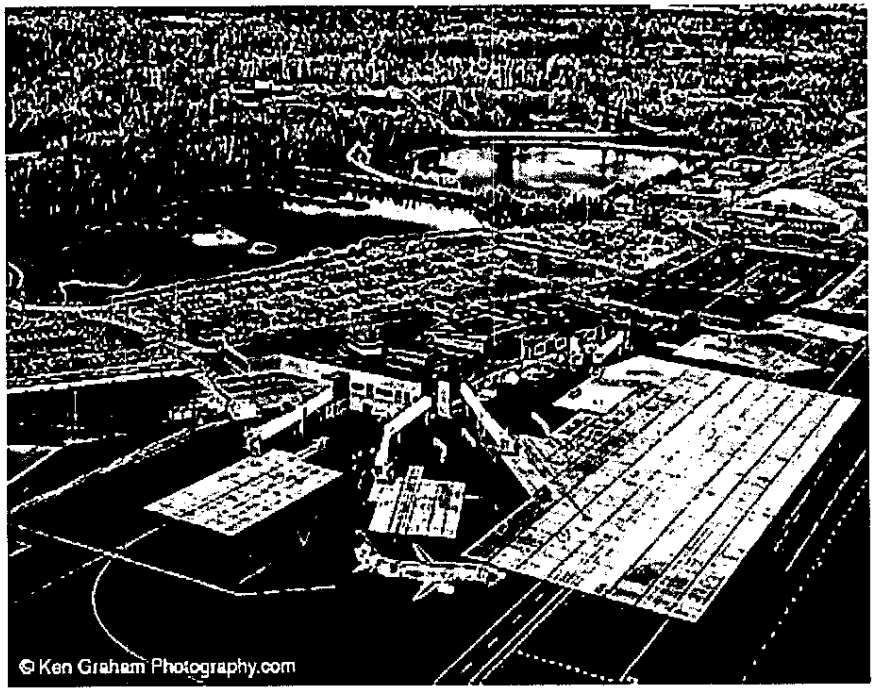


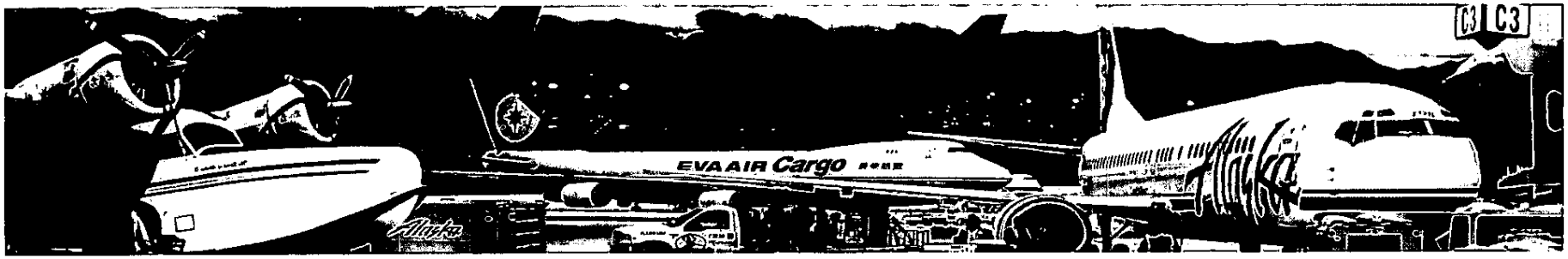
Fairbanks Terminal & Construction

On-Schedule

Under Budget!

- Opened May 7, 2009
- Public Private Airline Partnership
- Authorized $96.2M
- Cost $92.3M

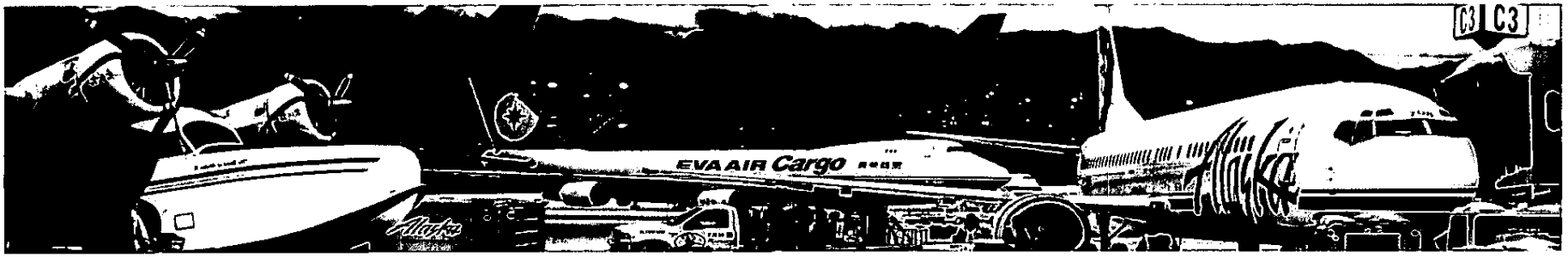




Anchorage Airport A & B Concourses

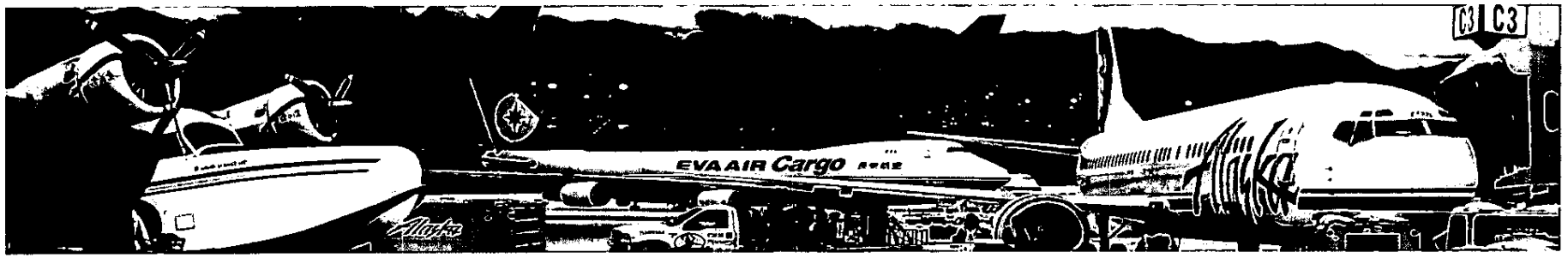
On-Schedule and Under Budget!

- Opened for Business on November 2, 2009
- Passenger/Baggage screening centralized
- A&B concourses 352,000 ft2 renovation

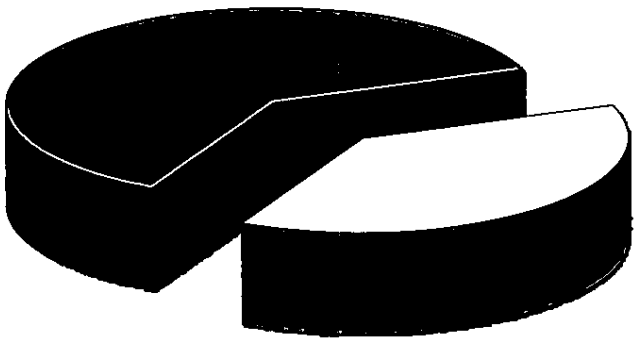


2008 ACI Cargo Traffic Stats (Metric Tons)

Rank	Airport	Total Cargo	% Change
1	MEMPHIS (MEM)	3,695,438	(3.8)
2	HONG KONG (HKG)	3,660,901	(3.0)
3	SHANGHAI (PVG)	2,602,916	1.7
4	INCHEON (ICN)	2,423,717	(5.2)
5	**ANCHORAGE (ANC)**	**2,339.831**	**(17.2)**
6	PARIS (CDG)	2,280,050	(0.8)
7	FRANKFURT (FRA)	2,111,031	(2.7)
8	TOKYO (NRT)	2,100,448	(6.8)
9	LOUISVILLE (SDF)	1,947,276	(5.0)
10	Singapore (SIN)	1,883,894	(1.8)



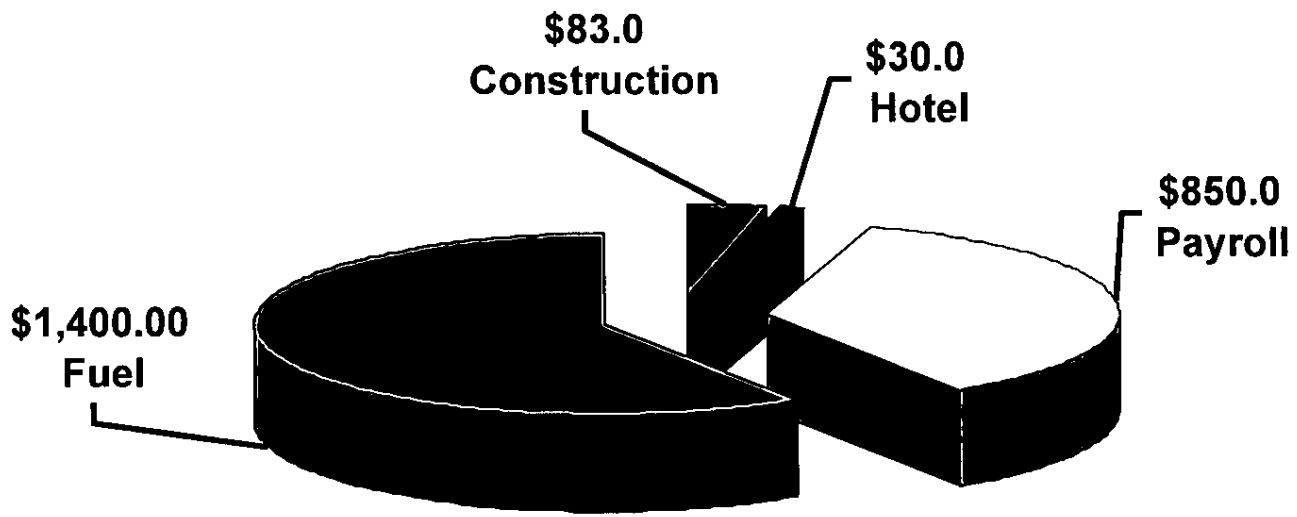
Anchorage Specific Economic Impact.....18,434 Jobs



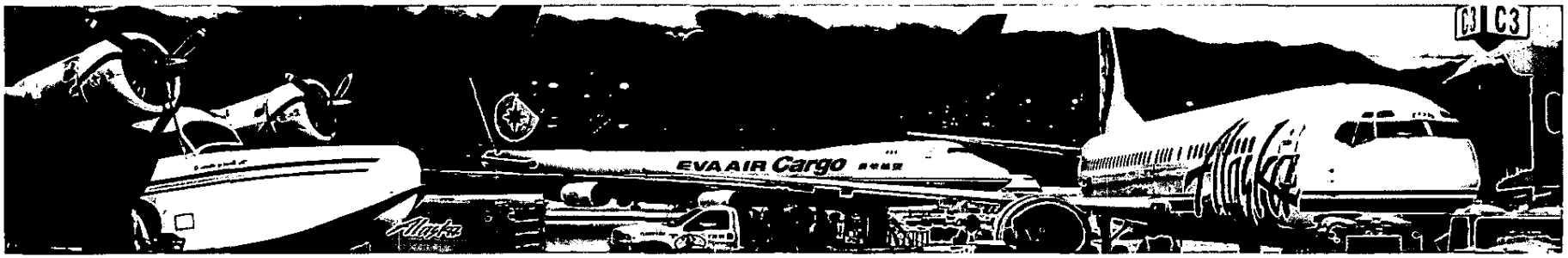
- One in eight jobs
- About $562 million direct annual payroll
- Another $288 million in annual community jobs payroll

Source: Institute of Social and Economic Research, University of Alaska Anchorage, September 2007

Annual Anchorage Economic Impact
$2.363 Billion`



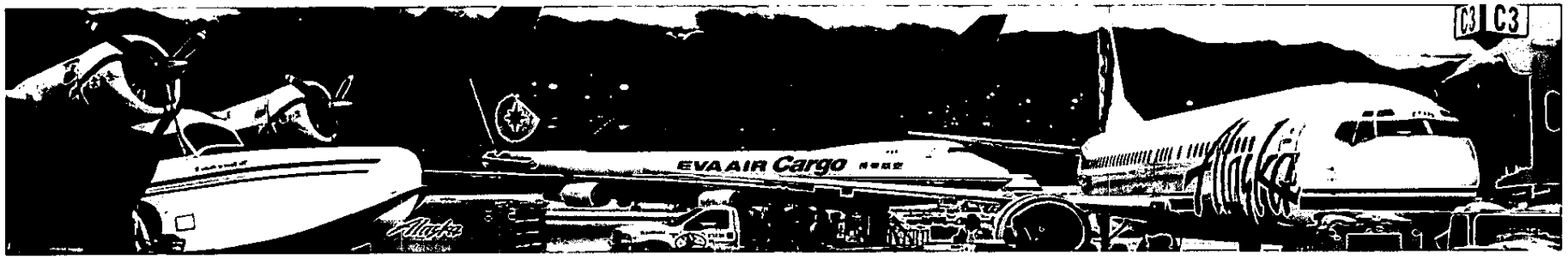
Source: Institute of Social and Economic Research, University of Alaska, Anchorage, September 2007



Economic Impact of International Cargo at Anchorage

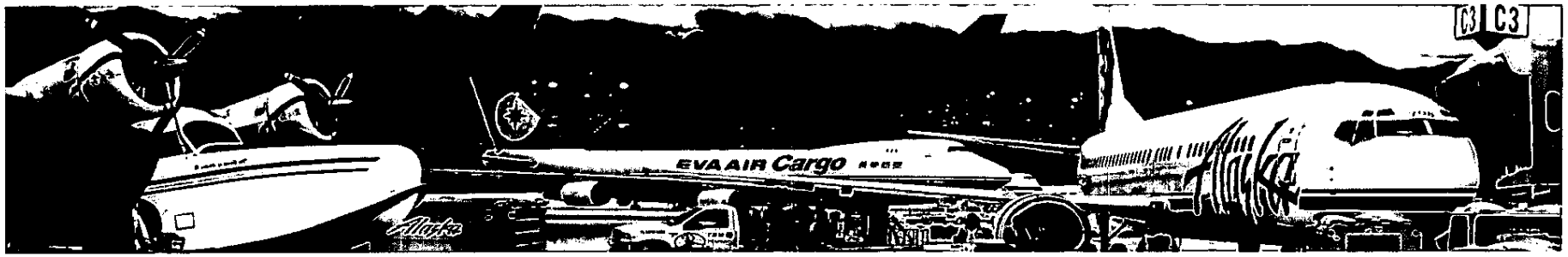
Airline	Total lbs. (000's)	Market Share
UNITED PARCEL SERVICE	2,871,206	13.98%
FEDERAL EXPRESS	2,647,701	12.89%
KOREAN AIR LINES	2,173,360	10.58%
CATHAY PACIFIC AIRWAYS	2,061,863	10.04%
CHINA AIRLINES	1,732,170	8.44%
EVA AIRWAYS CORPORATION	1,470,814	7.16%
NORTHWEST AIRLINES, INC.	949,247	4.62%
POLAR AIR	893,207	4.35%
SOUTHERN AIR, INC.	841,709	4.10%
JAPAN AIRLINES INTERNATIONAL	742,443	3.62%
ASIANA AIRLINES	668,160	3.25%
SINGAPORE AIRLINES CARGO	533,566	2.60%
NIPPON CARGO AIRLINES	434,875	2.12%
AIR CHINA CARGO COMPANY LTD	275,643	1.34%
CHINA CARGO AIRLINES	261,426	1.27%
NORTHERN AIR CARGO	257,672	1.25%
All Others (19 Airlines)	1,718,371	8.39%
Total	20,533,433	100.00%

Carrier	Revenues	Market Share
UNITED PARCEL SERVICE	$6,596,629	13.14%
FEDERAL EXPRESS	6,446,110	12.84%
KOREAN AIR LINES	5,850,619	11.66%
CATHAY PACIFIC AIRWAYS	5,335,092	10.63%
CHINA AIRLINES	5,083,510	10.13%
EVA AIRWAYS CORPORATION	4,053,107	8.07%
JAPAN AIRLINES INTERNATIONAL	2,084,375	4.15%
POLAR AIR CARGO	2,046,503	4.08%
ASIANA AIRLINES	1,590,172	3.17%
SOUTHERN AIR, INC.	1,522,778	3.03%
SHANGHAI AIRLINES CARGO	1,207,316	2.41%
SINGAPORE AIRLINES CARGO	1,191,042	2.37%
NIPPON CARGO AIRLINES	1,160,289	2.31%
NORTHERN AIR CARGO, INC.	989,275	1.97%
AIR CHINA CARGO COMPANY LTD	759,130	1.51%
CHINA CARGO AIRLINES	648,671	1.29%
All Others (19 Airlines)	3,629,233	7.23%
Total	$50,193,851	100.00%



Successes & Bright Spots

- +3 new International cargo carriers to system recently: World Airlines, Great Wall, and Quantas
- 1st Incentive program approved by signatory airlines to increase Asian passenger flights to Alaska. China Airlines now provides 4 wkly flights between Anchorage & Taipei.
- Japan Airlines operated 17 charters from Japan to Alaska this past tourist season (added 3 flights over 2008)
- Recognized as a "Top Performer" in Concession Sales!



Marketing Team

- In discussion with European Intl. operator for year-round service, and with 3 domestic passenger airlines.
- All new marketing materials, translations, and website
- Partnerships with area Convention & Visitor Bureau's, Economic Development Corporation, tenants and leaseholders.
- Represented at International Cargo Conferences and Trade Shows Hong Kong & Beijing for 1st time since 2004

AIAS Marketing Team: "We believe in partnerships, cooperation, and a team approach"

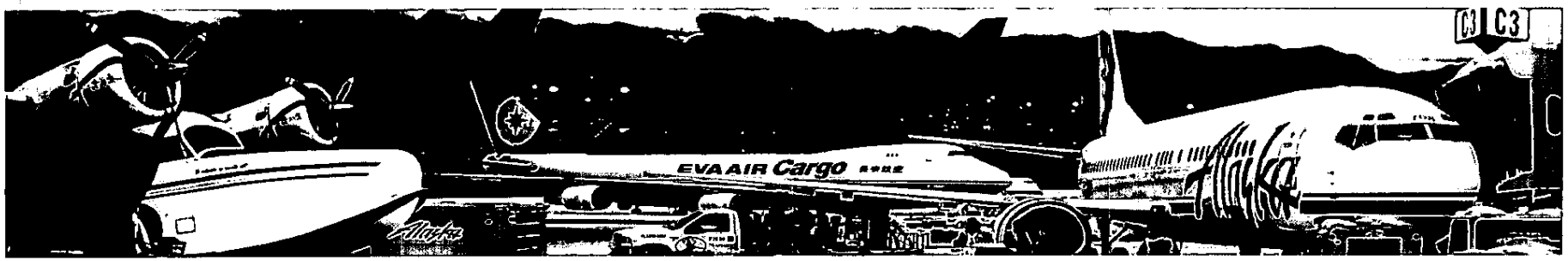
Summary of FY'09 and FY'10 so far…

FY'09 from prior year

- Landings -13%
- Cargo/Pax CMGTW -23%
- Enplanements -4%
- Fuel Uplift -28%

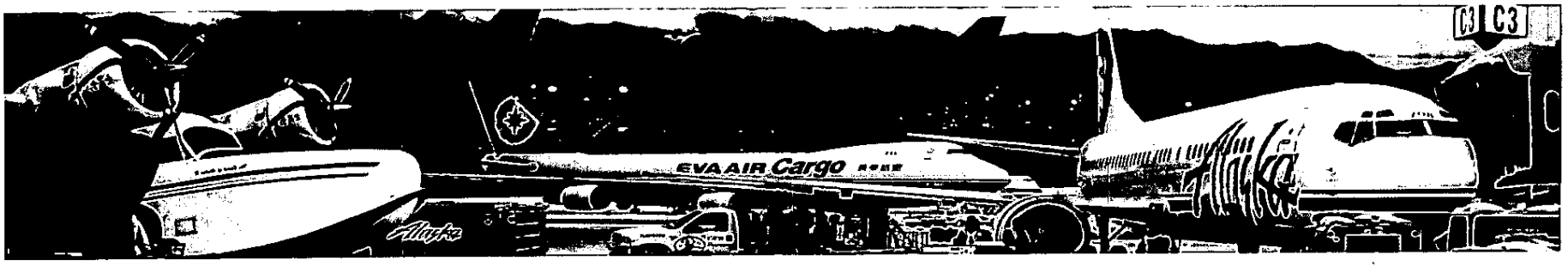
FY'10 from prior year

- Landings -10%
- Cargo/Pax CMGTW -11%
- Enplanements -12%
- Fuel Uplift -7%
- *On the road to recovery and major improvements!*



Our Future Plans

1. Maintain Competitive Rates & Fees
2. Grow and diversify revenue sources
3. Modest CIP growth to meet the current needs
4. Utilize our new Marketing Team approach of working together in partnership: with airlines, tenants, other airports, and businesses to continue our successes
5. Kulis ANG Planning & Utilization
6. Runway 7R Extension



Thank you!

Christine Klein, AAE
Deputy Commissioner
Airports & Aviation

John Parrott, AAE
Anchorage Airport Manager

2/5/10 OVERVIEW STATE BONDING & DEBT

<target><bill></bill><subject>2-5-10 OVERVIEW STATE BONDING and DEBT</subject><comm>SFIN26</comm></target>

ALASKA PUBLIC DEBT

STATE OF ALASKA
Sean Parnell, Governor

Department of Revenue

January 2010

ALASKA PUBLIC DEBT

2009-2010

State of Alaska
Sean Parnell, Governor

Department of Revenue
Patrick S. Galvin, Commissioner
Deven J. Mitchell, State Debt Manager

This publication was prepared by Treasury Division

January 2010

State of Alaska
ALASKA PUBLIC DEBT
2009-2010

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State of Alaska
ALASKA PUBLIC DEBT
2009-2010

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I. Types of Alaska Public Debt

The State has liability or potential exposure for repayment of principal and interest nine categories. In descending order of the State's liability, the types of obligations are:

- State Debt
- State Supported Debt
- State Guaranteed Debt
- State Moral Obligation Debt
- State and University Revenue Debt
- State Agency Debt
- State Agency Collateralized or Insured Debt
- Municipal Debt
- Industrial Development Bonds

On the following pages, each type of State obligation is briefly discussed and defined. Table 1.1 summarizes Alaska's $9.3 billion of public debt by type.

In Section II, Alaska issuers of public debt are described, and detailed statistical tables are provided for each issuer.

A. State Debt

State Debt includes revenue anticipation notes (RAN's) and general obligation bonds (GOB's). The full faith, credit and resources of the State are pledged to the payment of principal and interest on this debt. If future State revenues are insufficient to make the required principal and interest payments to bondholders and noteholders, the State is legally required by its contract with bondholders and noteholders to raise taxes in order to meet these obligations.

1. Revenue Anticipation Notes (RAN's)

Short-term State borrowing in anticipation of revenues is permitted under AS 43.08.010. RAN's may be issued and renewed from time to time, but all such notes, renewals and interest thereon shall be paid from revenues by the end of the fiscal year following the year in which the notes were issued. The full faith, credit, resources, and taxing power of the State are pledged to the payment of RAN's and interest thereon. To further secure such payment, and if necessary to effect advantageous borrowing to the State, collateral may also be pledged.

There are no State RAN's issued or outstanding at June 30, 2009.

2. General Obligation Bonds (GOB's)

The State Constitution provides that GOB's must be authorized by law and ratified by the voters. Generally, the Constitution permits authorization of GOB's only for capital improvements. The legal provisions regarding GOB's are contained in Section 8, Article IX of the Alaska Constitution and AS 37.15, the State Bonding Act. The amount and timing of a bond sale must be approved by the State Bond Committee. There is no statutory limit on the amount of State GOB's that may be authorized. $151,639,941 in authorized GOB's remain unissued at June 30, 2009.

The State has issued GOB's 51 times since statehood, raising almost $2.2 billion. In addition, the State assumed the outstanding debt of the Territory of Alaska as GOB's of the State. In 1959, the Territorial debt was $2.9 million. As of June 30, 2009, the State had $502.8 million in GOB's outstanding.

In April 2003 the State Bond Committee sold State of Alaska GOB's Series A $359.1 million and Series B $102.8 million. The Series B bonds are eligible for federal reimbursement of debt service. Accordingly, in

addition to the general obligation pledge of the State of Alaska, this portion of the bonds also have a pledge of the Federal Highway Administration receipts of the State.

The interest cost on State bond issues is determined by several factors, the major factor being the general level of interest rates in the economy. However, the credit rating assigned to an issuer and the investor perception of credit worthiness are also important factors. The State's credit rating improved from Baa1/A in 1973 to Aa2/AA+/AA in 2009. A significant factor behind the credit rating is the value and extended life of the State's oil-based revenues combined with significant reserve positions and slow steady economic growth.

B. State Supported Debt

State Supported Debt is debt for which the ultimate source of payment is, or may include, appropriations from the State's General Fund. The debt does not have the full faith and credit of the State pledged to it but, it may have the full faith and credit of another public issuer, as in the case of municipal school debt.

State Supported Debt is not considered debt under the Alaska Constitution because the State's payments on the debt obligations, even if they are the subject of a contractual commitment, are subject to annual legislative appropriation. As a result, voter approval of such debt is not required.

State Supported Debt includes lease-purchase financing obligations (structured as certificates of participation (COP's)), the share of municipal G.O. bonds issued for school construction which is reimbursable by the State, the portion of university or municipal G.O. bonds issued for certain capital projects which is reimbursable by the State, and Capital Leases the State has entered for the Atwood Office Building and Parking Garage with AHFC and the Anchorage Jail with the Municipality of Anchorage. Additionally, in January 2009 the State entered into a lease supporting $244.3 million of bonds issued to fund the Goose Creek Correctional Center.

Historically, State Supported Debt has been authorized by voter referendum as in the case of municipal school debt, by law as in the case of the University, by legislative resolution pursuant to AS 37.05.280 (now repealed) as in the case of ASHA, and by action of the State Bond Committee as in the case of some COP's.

In 1986, legislation increased legislative control over lease-financing. Chapter 106, SLA 1986, effective January 1, 1988, requires approval by law of any executive branch lease-financing agreements with annual lease payments exceeding $1 million. Chapter 73, SLA 1992, effective September 14, 1992, adds the requirement of approval by law of leases with total lease payments exceeding $10 million. Chapter 75, SLA 1994, effective June 7, 1994, generally requires prior legislative approval of all lease-purchase agreements, other than the refinancing of outstanding balances on existing lease purchase agreements and certain University of Alaska transactions.

At June 30, 2009, State Supported Debt was $1,349.8 million as shown in Table 1.1.

C. State Guaranteed Debt

In the 1982 general election, voters approved an amendment to Article IX, Section 8 of the Alaska Constitution that permits the State to guarantee unconditionally as a general obligation of the State, the payment of principal and interest on revenue bonds issued by AHFC for the purpose of purchasing mortgage loans made for residences of qualifying veterans. This is the only purpose for which State Guaranteed Bonds may be issued. Because the bonds are general obligations of the State, they must be authorized by law, ratified by the voters, and approved by the State Bond Committee. In five elections from 1982 through 2002 voters approved propositions authorizing $2.7 billion of State Guaranteed Bonds for veterans' mortgages.

These bonds are known to investors as "double-barreled" because there are two distinct forms of security behind the bonds. Their first lien is on the revenue stream generated by payments on the mortgage loans made from bond sale proceeds. Additional security to bondholders is provided by the general obligation pledge of the State to make the required debt service payments in the event that revenues are insufficient. In recognition of the creditworthiness of the veterans' bonds, they have been rated AAA; higher than the State G.O. bonds.

The constitutional amendment permitting the State general obligation pledge on veterans' mortgage bonds was necessary only to gain tax-exempt status for the bonds. The Mortgage Subsidy Bond Tax Act passed by Congress in 1980 restricted the ability of states or public corporations to sell tax-exempt housing bonds above specified ceilings unless they were also general obligations of the issuing state and the proceeds were used for housing loans for veterans. After the 1980 legislation and before the 1982 constitutional amendment, AHFC had been issuing more expensive taxable bonds for veterans' as well as non-veterans' loans.

Because of the strong support behind the bonds, independent of the State's general obligation pledge, this debt is not counted by the rating agencies as general obligation debt. However, if problems in meeting debt service on veterans' bonds were to arise, the bonds would be treated as general obligation debt for credit rating purposes.

At June 30, 2009, State Guaranteed Debt was $383.9 million, as shown on Table 1.1.

D. State Moral Obligation Debt

This type of debt consists of bonds issued by State agencies which are secured, in part, by a reserve fund to which is attached a discretionary replenishment provision. Such a reserve fund is typically called a capital reserve fund. The discretionary replenishment provision typically reads:

> The chairman of the authority (or corporation) shall annually, no later than January 1, certify in writing to the Governor and the Legislature the amount, if any, required to restore the capital reserve fund to the capital reserve fund requirement. The Legislature may appropriate to the authority (or corporation) the amount certified by the chairman of the authority (or corporation). Nothing in this section creates a debt or liability of the state.

A capital reserve fund is generally equal in size to the maximum amount of debt service required in any year. Alaska's discretionary replenishment provision means that if the reserve fund should fall below its required level, the State Legislature may, but is not legally required to, appropriate funds sufficient to restore the capital reserve fund to its required level. The most likely reason that such a reserve fund would fall short of the required level is if agency revenues were insufficient to meet a given debt service payment and the reserve fund had to be used to make the payment.

The authority to issue moral obligation bonds is contained in the enabling legislation of Alaska Aerospace Development Corporation, Alaska Housing Finance Corporation, Alaska Industrial Development and Export Authority, Alaska Student Loan Corporation, Alaska Municipal Bond Bank, and Alaska Energy Authority. Such authority is not granted to the other State agencies.

At June 30, 2009, State Moral Obligation Debt was $1,250.0 million, as shown in Table 1.1.

E. State Revenue and University Debt

This type of debt Issued by the State on behalf of the Sportfish Program and the Alaska International Airport System or by the University is secured only by revenues derived from the issuing enterprise. Revenue Debt is not a general obligation of the State or the University and does not require voter approval. Such debt is authorized by law and issued by the University or by the State Bond Committee. This type of debt includes International Airports Revenue Bonds, Sport Fish Revenue Bonds, various University Revenue Bonds and Notes, and Toll Facilities Revenue Bonds.

At June 30, 2009, State Revenue and University Debt was $767.5 million, as shown on Table 1.1.

F. State Agency Debt

State Agency Debt is secured by revenues generated from the use of bond proceeds or the assets of the agency issuing the bonds. The debt is not a general obligation of the State nor does the State provide security for the debt in any other manner, i.e., by appropriations, guarantees, or moral obligation pledges. The State has, however, appropriated funds to subsidize the interest rate to the borrower in the case of much of the AHFC debt listed as State Agency Debt in Table 1.1.

Nevertheless, if default threatened on any such State Agency Debt, there is some possibility the State would provide relief. The ties between these agencies and the State -- such as their statutory origin and authority, subjection to the executive budget act and State contracting procedures, cabinet membership on boards, legislative approval of bond issuance, and, most fundamentally, achievement of their missions as a political goal of the State -- may mean that the State has or will take responsibility for such debt even though it has no legal liability. A default on any State Agency Debt would probably affect ratings and interest costs on all State and State Agency and certain municipal debt.

The exception to the expectation of State response in the event of a default is the Tobacco Settlement Asset Backed Bonds issued by the Northern Tobacco Securitization Corporation. These bonds were deliberately structured without any implication of State support to divest the State of a portion of its position with the settlement. Investors in these bonds have received a commensurately higher yield than for other types of State Agency Debt.

At June 30, 2009, State Agency Debt was $744.4 million, as shown on Table 1.1.

G. State Agency Collateralized or Insured Debt

As security for this type of debt, the State agency pledges mortgage loans or other securities which may be 100% insured or guaranteed by another party of superior credit standing. This upgrades the credit rating on the debt and lowers the interest cost. It also makes very remote any likelihood of the State having to assume responsibility for the debt. The details of such debt are explained in the section on AHFC.

At June 30, 2009, State Agency Collateralized or Insured Debt was $2,698.0 million, as shown on Table 1.1.

H. Municipal Debt

Political subdivisions within the State of Alaska are termed "municipalities." The five categories of municipality are home rule city, general law city, home rule borough, general law borough, and unified municipality.

Alaska municipalities had 2.4 billion in general obligation bonds outstanding at June 30, 2009. Alaska municipalities' general obligation debt has increased several hundred million over the last five years, but still remains below its peak of $2.67 billion reached in 1986.

In addition to general obligation debt that is supported by local taxes, cities and boroughs may issue debt that is supported by the revenues generated by the project financed through the issuance of debt. At June 30, 2009, approximately $874.4 million in municipal revenue bonds was outstanding. These revenue bonds accounted for 26.5% of all local debt outstanding in Alaska.

I. Industrial Development Bonds (IDB's)

The City of Valdez, Alaska issued approximately $1.7 billion of Industrial Development Bonds (IDB's), from 1976 - 1986, to finance construction of the Trans Alaska Pipeline System. These bonds, repaid solely by revenues from major oil companies, are not obligations of the State of Alaska or the City of Valdez. These Industrial Development Bonds are not included in the amounts of Alaska public debt in this publication.

TABLE 1.1
State and State Agency Debt by Type at 6/30/09
$ (millions)

	principal outstanding	interest to maturity	total debt service to maturity
State Debt			
State of Alaska General Obligation Bonds	$ 502.8	$ 201.8	$ 704.6
State Supported Debt			
Lease-Purchase Financings	51.4	11.8	63.2
State Reimbursement of Municipal School Debt Service	920.6	354.7	1,275.3
State Reimbursement of capital projects	50.1	32.8	84.8
Capital Leases	327.7	248.6	576.3
Total State Supported Debt	1,349.8	647.9	1,999.6
State Guaranteed Debt			
Alaska Housing Finance Corporation State Guaranteed Bonds (Veterans' Mortgage Program)	383.9	295.7	679.6
State Moral Obligation Debt			
Alaska Municipal Bond Bank:			
1976 General Resolution General Obligation Bonds	231.2	85.7	316.9
2005 General Resolution General Obligation Bonds	285.3	138.2	423.5
1998-2004 General Revenue Bonds	59.7	37.0	96.7
Alaska Energy Authority:			
Power Revenue Bonds #1 through #5	113.7	46.7	160.4
Utility Revenue Bonds (Including Refundings City and Borough of Sitka)	37.5	14.3	51.8
Alaska Student Loan Corporation Student Loan Revenue Bonds	429.9	201.6	631.5
Alaska Student Loan Corporation Student Capital Project Revenue Bonds	92.7	16.2	108.9
Total State Moral Obligation Debt	1,250.0	539.8	1,789.8
State Revenue Debt			
Sportfish Revenue Bonds	57.7	24.4	82.1
International Airports Revenue Bonds	581.8	321.3	903.1
University of Alaska Debt			
University of Alaska Revenue Bonds	105.8	49.1	154.9
University Indebtedness to AK Housing Finance Corporation (5)	19.6	2.9	22.5
Note Payable - Endowment Investment Property	0.0	0.0	0.0
Installment Contracts	2.6	0.3	3.0
Total University of Alaska Debt	128.0	52.3	180.4
Total State Revenue and University Debt	767.5	398.1	1,165.6
State Agency Debt			
Alaska Housing Finance Corporation:			
Commercial Paper	150.0	N/A	150.0
Alaska Municipal Bond Bank Coastal Energy Loan Bonds	11.0	0.0	11.0
Alaska Railroad	196.0	64.0	260.0
Northern Tobacco Securitization Corporation			
2000 & 2001 Tobacco Settlement Asset-Backed Bonds	387.4	559.6	947.0
Total State Agency Debt	744.4	623.6	1,368.0
State Agency Collateralized or Insured Debt			
Alaska Housing Finance Corporation:			
Collateralized Home Mortgage Bonds & Mortgage Revenue Bonds:			
1997 Through 2009 (First Time Homebuyer Program)	1,259.4	1,135.5	2,394.9
General Mortgage Revenue Bonds 1999 through 2002	230.9	261.8	492.7
Housing Development Bonds 1999 through 2004	293.4	230.9	524.3
General Housing Purpose Bonds 1992 and 2003 and 2005	290.6	244.2	534.8
Government Purpose Bonds 1997 & 2001	162.5	60.0	222.5
State Capital Project Bonds, 2002-2007	263.1	161.7	424.8
State Building Lease Bonds, 1999 Series A	6.0	0.5	6.5
Alaska Industrial Development and Export Authority:			
Revolving Fund and Refunding Revolving Fund Bonds	111.2	11.3	122.5
Power Revenue Bonds, First Series (Snettisham Hydro Project)	80.9	67.1	148.0
Total State Agency Collateralized or Insured Debt	2,698.0	$ 2,173.0	$ 4,871.0
Total State and State Agency Debt	7,696.5		
Municipal Debt			
School G.O. Debt	1,310.2	$ N/A	$ N/A
Other G.O. Debt	1,113.4	N/A	N/A
Revenue Debt	874.4	N/A	N/A
Total Municipal Debt	3,297.9		
Less: State Reimbursable School Debt Reported by Municipalities	-920.6		
Less: State Capital Leases Reported by Conduit	-327.7		
Less: Alaska Municipal Bond Bank debt included in municipal debt *	-410.4		
Total Alaska Public Debt	$ 9,335.7		

TABLE 1.1 (Continued)
State and State Agency Debt by Type at 6/30/09

NOTES
1. University debt owed to AHFC is double counted in detail, but eliminated from Total Alaska Public Debt
* Reimbursable school G.O. debt is included in "state supported debt"
Capital Leases are included in State Agency Collateralized or Insured Debt
State Reimbursement of Capital Projects is included in University and Municipal Debt
Sources: 2009 annual reports and financial statements of AHFC, AMBBA, AIDEA, AEA, U of A, AKRR, and directly from agencies.

II. Issuers of Alaska Public Debt

In Section I, the nine types of Alaska public debt are described. In this section, the issuers of Alaska public debt are described. Issuers include the State, State Agencies and University, and Municipalities.

At June 30, 2009, total public debt of Alaska issuers stood at $9.3 billion, as follows:

	$ (millions)
State of Alaska Revenue and GO Debt	1,142.3
State Supported Debt	1,349.8
State Agencies and University Debt	5,204.3
Municipalities Debt	3,298.0
Less duplicate reporting *	(1,658.7)
Total Alaska Public Debt	$ 9,335.7

* $410.4 million of Alaska Municipal Bond Bank debt issued to purchase municipal debt, $920.7 million State reimbursable debt, and $327.7 million in capital leases.

A. State of Alaska

State debt includes general obligation bonds, International Airport System revenue bonds, sport fish revenue bonds, toll facility revenue bonds, and revenue anticipation notes.

1. General Obligation Debt

Tables 2.1-2.5 below summarize the State's general obligation debt issued and outstanding.

TABLE 2.1
General Obligation Bonds Annual Debt Service
$ (thousands)

	payments due during year ending 6/30/09		
balance outstanding at 6/30/09	principal	interest	total
$502,845	$ 26,220	$ 17,645	$ 43,865

Source: Department of Revenue bond documents

TABLE 2.2
General Obligation Bonds Authorized, Issued, and Outstanding
$ (thousands)

fiscal year	authorized	issued	outstanding at 6/30
1957	$ 2,932	-	-
1958	-	$ 1,290	$ 1,290
1959	-	1,642	2,932
1960	-	-	2,902
1961	30,500	-	2,806
1962	-	13,975	23,405
1963	17,325	14,429	30,336
1964	-	7,865	37,614
1965	7,000	-	36,737
1966	-	-	35,535
1967	62,585	31,585	65,872
1968	13,185	26,000	90,094
1969	44,700	19,000	105,333
1970	-	32,231	133,834
1971	146,200	69,380	195,203
1972	-	53,445	238,943
1973	124,500	47,000	274,578
1974	-	31,000	293,114
1975	189,575	112,300	392,508
1976	-	82,915	462,923
1977	200,981	80,000	530,008
1978	-	85,000	596,213
1979	271,355	100,000	670,503
1980	-	-	631,723
1981	289,712	125,000	701,178
1982	-	200,000	842,413
1983	-	185,000	946,183
1984	-	78,000	924,008
1985	-	-	816,148
1986	(993)	-	706,883
1987	-	-	598,503
1988	-	-	489,818
1989	(2,500)	-	386,091
1990	-	-	290,531
1991	-	-	213,032
1992	-	-	159,383
1993	-	-	108,020
1994	-	-	78,192
1995	-	-	57,971
1996	-	-	39,101
1997	-	-	24,206
1998	-	-	10,891
1999	-	-	2,376
2000	-	-	-
2001	-	-	-
2002	-	-	-
2003	463,525	461,935	461,935
2004	-	-	461,935
2005	-	-	438,370
2006	-	-	414,250
2007	-	-	389,505
2008	-	-	364,065
2009	315,050	165,000	502,845
Total	$ 2,175,632	$ 2,023,992	

Source: Department of Administration, Comprehensive Annual Reports and Department of Revenue bond documents.

TABLE 2.3
General Obligation Bond Sales Since 1973

date of bonds	average life in years	effective interest rate	underlying ratings Moody's, Standard & Poor's, & Fitch Ratings
Jan. 13, 1973	15.30	5.12%	Baa1/A
Jan. 13, 1973	14.80	5.10%	Baa1/A
Aug. 1, 1973	16.70	5.80%	Baa1/A
Sept. 1, 1974	15.60	6.85%	A1/A
Feb. 1, 1975	14.60	5.98%	A1/A+
May 1, 1975	15.10	6.52%	A1/A+
Oct. 1, 1975	12.50	6.85%	A1/A+
Mar. 1, 1976	9.50	5.86%	A1/A+
July 1, 1976	9.50	5.80%	A1/A+
Feb. 1, 1977	9.50	5.08%	A1/A+
Oct. 1, 1977	7.00	4.50%	A1/A+
Apr. 1, 1978	7.00	4.86%	A1/A+
Jan. 1, 1979	5.50	5.52%	A1/A+
May 1, 1979	5.50	5.59%	A1/A+
July 1, 1980	5.50	5.76%	Aa/AA-
Apr. 1, 1982	5.00	9.98%	Aa/AA-
Nov. 1, 1982	5.00	7.72%	Aa/AA-
Oct. 1, 1983	5.00	7.47%	Aa/AA-
May 1, 1994	2.30	4.88%*	Aa/AA/AA
April 1, 2003	9.09	3.84%*	Aa2/AA/AA
April 14, 2009	12.22	4.06%	Aa2/AA+/AA

Source: Department of Administration and Department of Revenue t
* True interest cost

TABLE 2.4

General Obligation Bond Issues $ (thousands)

date	purpose	amount issued	ANIC [1]
June 1, 1958 [2]	University of Alaska	$ 1,290	2.97%
Aug. 1, 1958 [2]	Military	65	3.09%
Dec. 1, 1958 [2]	University of Alaska	537	3.51%
Dec. 1, 1958 [2]	Military	1,040	3.25%
July 1, 1961	Transportation	12,500	3.56%
July 1, 1961	University of Alaska	1,200	3.54%
July 1, 1961	Airport	275	3.00%
July 1, 1962	Transportation	5,500	3.56%
July 1, 1962	University of Alaska	800	3.23%
July 1, 1962	Airport	275	2.94%
July 1, 1962	Hospital	354	2.94%
April 1, 1963	University of Alaska	2,650	3.33%
April 1, 1963	Education	2,700	3.33%
April 1, 1963	Airport	1,550	3.33%
April 1, 1963	Education	600	3.10%
Jan. 1, 1964	Various	7,865	3.56%
Oct. 1, 1966	Various	12,485	3.75%
Oct. 1, 1966	Various	2,600	3.75%
May 1, 1967	Various	16,500	4.50%
Sept. 1, 1967	Transportation	10,500	4.90%
April 1, 1968	Various	15,500	5.18%
Oct. 1, 1968	Various	10,500	5.24%
May 1, 1969	Transportation	8,500	5.73%
July 1, 1969	Various	10,500	5.69%
Sept. 1, 1969	Various	8,200	5.62%
Oct. 1, 1969	University	2,030	3.00%
Mar. 1, 1970	Various	11,501	5.49%
July 1, 1970	Various	12,900	5.91%
Sept. 1, 1970	Various	11,325	5.87%
Feb. 1, 1971	Various	21,325	5.07%
June 1, 1971	Various	18,880	6.03%
June 1, 1971	University	3,750	6.04%
June 1, 1971	University	1,200	6.00%
Feb. 1, 1972	Various	23,445	5.23%
May 1, 1972	Various	30,000	5.15%
Jan. 1, 1973	Transportation	20,000	5.12%
June 1, 1973	Various	27,000	5.10%
Aug. 1, 1973	Various	31,000	5.80%
Sept. 1, 1974	Various	30,000	6.85%
Feb. 1, 1975	Various	40,300	5.98%
May 1, 1975	Various	42,000	6.52%
Oct. 1, 1975	Various	42,915	6.85%
March 1, 1976	Various	40,000	5.86%
July 1, 1976	Various	40,000	5.80%
Feb. 1, 1977	Various	40,000	5.08%
Oct. 1, 1977	Various	40,000	4.50%
April 1, 1978	Various	45,000	4.86%
Jan. 1, 1979	Various	40,000	5.52%
May 1, 1979	Various	60,000	5.59%
July 1, 1980	Various	125,000	5.76%
April 1, 1982	Various	200,000	9.98%
Nov. 1, 1982	Various	185,000	7.72%
Oct. 1, 1983	Various	78,000	7.47%
May 1, 1994	Refunding	46,620	4.88%
April 1, 2003	Various	461,935	3.84%
April 14, 2009	Transportation	165,000	4.06%
Total [3]		$ 2,023,992	

[1] ANIC - Average Net Interest Cost, until October 1, 1983, TIC since

[2] State assumed obligation of Territory.

[3] Excluded May 1, 1994 refunding bonds

Source: State Bond Committee records.

TABLE 2.5
General Obligation Debt
Issued by Purpose
$ (thousands)

purpose	amount issued	percentage
Transportation	$ 933,463	46.1%
Education	623,922	30.8%
Water and Sewer	135,640	6.7%
Fish, Game, and Recreation	93,099	4.6%
Public Safety (Fire and Corrections)	86,544	4.3%
Flood Control and Harbor Development	75,790	3.7%
Health and Housing	75,534	3.7%
Total	$ 2,023,992	100.0%

Source: Bonded Debt Service, State of Alaska.

2. Lease-Purchase Financing

a. General

Lease-purchase financing involves the issuance, by a lessor, of debt which is secured by the lease payments from the lessee (State) and by the leased facilities.

Lease-purchase obligations and capital leases may provide for the acquisition of the property by the lessee by the end of the lease. Alternatively, the term of the lease, the lease payments, or purchase option price are such that the lessee (State) is considered the owner of the property for accounting, credit, or federal tax purposes from the outset of the lease. As a result, the interest portion of the lease payments is treated as tax-exempt interest income under the federal income tax.

A lease-purchase financing obligation may take the form of either revenue bonds or certificates of participation. In cases where the State is the lessee, the fact that the lease payments are subject to annual appropriations precludes the obligations from being considered State debt under the Constitution and thus requiring voter approval. However, because the debt obligation is paid from the State's General Fund, these obligations are counted by the rating agencies in measuring the State's debt burden.

b. Certificates of Participation (COP's)

Certificates of participation in rent (COP's) are similar to lease revenue bonds. The certificates represent fractional interests or shares in lease payments from lessees, in this case the State, and are sold to finance construction or purchase of the leased facilities. The issuer can be a private developer, public agency, or other party acting as lessor. It can be the State itself, utilizing a trustee to hold title to the property and serve as lessor.

COP's are payable solely from the annual lease payments made by the State. These payments are subject to legislative appropriation. Therefore, COP's are not considered State debt and are not subject to voter approval.

c. Capital Leases

The State is a lessee in four facilities that qualify as capital leases and have associated lease financing, the Atwood Building and parking garage financed by general obligation bonds of the Alaska Housing Finance Corporation, the Anchorage Jail financed by lease revenue bonds of the Municipality of Anchorage, and the Goose Creek Correctional Facility financed by lease revenue bonds of the Matanuska Susitna Borough. In these financings, legislation authorized the leases to be pledged as security. The State may acquire the Atwood

Building at the term of the lease, the State will own the Goose Creek Correctional Facility at the term of the lease, and the State will pay the full cost of the constructing the Anchorage Jail. Accordingly, the financings qualify as lease-purchase from an accounting, credit, or federal tax standpoint. In other state facility leases, the leases do not qualify as lease-purchases, and are called operating leases.

The following Table 2.6 summarizes issued and outstanding COPs.

TABLE 2.6

State of Alaska Lease-Purchase Financing
Outstanding $ (thousands)

Certificates of Participation (COP's)

	date	amount issued	6/30/2009	final maturity
Alaska Psychiatric Institute	4/15/2002	16,000	10,825	7/15/2016
Seafood and Food Safety Lab	8/1/2003	14,145	10,185	1/15/2019
Refunding Certifices of Participation 2005 A (1)	1/15/2005	25,725	10,190	2/15/2013
State Virology Laboratory Facility 2005 B	10/1/2005	24,000	20,215	2/1/2021
Total Certificates of Participation		$ 79,870	$ 51,415	

[1] The Fairbanks Courthouse and Palmer Fire Facility as well as portions of the Soldotna Maintenance Facility and Anchorage Health Lab were refunded in 2005
Source: Department of Revenue official statements

International Airport System Revenue Bonds

Bonds have been issued to finance improvements to the State's two international airports and are secured by a first lien on gross revenues derived from airport operations. The Commissioner of Transportation and Public Facilities is required by each bond resolution to fix and collect fees, charges, and rentals for the use of facilities of the International Airports sufficient each year to provide adjusted net revenues at least equal to 125 percent of debt service requirements during that year. Table 2.8 indicates that over the past ten fiscal years, adjusted net revenues have exceeded the amount required to pay debt service. In 2009, the State entered into a new rate and fee agreements with air carriers using the airports. The rents and fees calculated according to the agreements are airline terminal building rental rates, landing fees, international terminal docking fees, passenger loading bridge fees, and charges relating to federal inspection services. The agreements also establish procedures for review and adjustment of airline rents and fees for each fiscal year to ensure that revenues are sufficient to meet operations and maintenance expenses, debt service requirements of the revenue bonds and other funding requirements established by the resolution authorizing issuance of the revenue bonds.

The Alaska International Airport System bonds carry ratings of Aa3 by Moody's and AA- by Fitch Ratings.

The following Tables 2.7 and 2.8 provide additional information on the Airport Revenue Bonds.

TABLE 2.7
International Airports System
Debt Issued and Outstanding
$ (thousands)

revenue bonds	date	amount issued	outstanding at 6/30/09	interest rate (%)	final maturity
Series A	6/1/1968	$ 7,000	-	5.69	6/1/1988
Series B	6/1/1969	2,225	-	6.39	6/1/1989
Series C	6/1/1971	6,500	-	7.23	6/1/1996
Series D	6/1/1973	8,500	-	5.85	6/1/1998
Series E	2/1/1975	10,600	-	7.48	6/1/1992
Series F	8/1/1983	28,000	-	9.46	8/1/1999
Series G	10/1/1986	38,000	(defeased)	7.80	10/1/2015
Series H	8/1/1993	15,690	-	4.50	10/1/1999
Series I	8/1/1993	34,755	(defeased)	5.67	10/1/2015
Series 1999 A	1/15/1999	162,500	122,910	4.99	10/1/2024
Series 1999 B	1/15/1999	16,675	4,545	4.87	10/1/2015*
Series 1999 C	10/1/1999	25,000	19,535	6.05	10/1/2024
Series 2002 A	4/1/2002	13,060	-	4.59	10/1/2007
Series 2002 B	4/1/2002	127,720	27,640	5.47	10/1/2015*
Series 2003 A	12/3/2003	73,025	53,190	4.64	10/1/2022
Series 2003 B	12/3/2003	21,900	21,900	5.12	10/1/2028
Series 2006 A	12/3/2003	118,975	106,770	4.41	10/1/2022
Series 2006 B	12/3/2003	70,760	70,760	4.61	10/1/2027
Series 2006 C	12/3/2003	50,000	-	Variable	10/1/2030
Series 2006 D*	12/3/2003	104,860	104,595	4.47	10/1/2027
Series 2009 A	1/6/2009	50,000	50,000	Variable	10/1/2030
Total Bonds		$ 935,745	$ 581,845		

The 2006 D bonds refunded portions of the 1999 B and 2002 B bonds shortening the final maturity

Source: State of Alaska financial statements, International Airports.

TABLE 2.8
International Airports System Revenue Bonds

fiscal year	net revenue ($ millions)	debt service ($ millions)[1]	ratio net revenues to debt service [2]
1983	7.7	2.4	3.23
1984	9.1	1.5	6.16
1985	20.1	6.0	3.42
1986	22.4	5.5	4.10
1987	20.1	6.9	2.90
1988	28.9	8.3	3.47
1989	30.9	8.6	3.59
1990	21.4	8.6	2.49
1991	18.1	8.6	2.10
1992	12.0	8.6	1.41
1993	10.5	7.6	1.38
1994	10.6	2.8 [3]	3.79
1995	15.6	5.6	2.79
1996	17.9	5.7	3.14
1997	19.7	5.7	3.46
1998	20.7	5.7	3.63
1999	16.3	5.7	2.86
2000	18.7	4.8	3.90
2001	37.4	12.8	2.92
2002	30.5	15.2	2.01
2003	33.9	17.6	1.93
2004	33.0	22.1	1.49
2005	48.7	31.1	1.57
2006	43.7	32.4	1.35
2007	58.4	45.4	1.29
2008	62.7	49.1	1.28
2009	27.2	17.9	1.52

1 Required coverage of 1.3 until 1999.
2 Since 1999 coverage of 1.25 is required.
Excludes debt service bonds which are defeased
Source: AIAS, Comprehensive Annual Report

3. Revenue Anticipation Notes (RAN's)

There have been no RAN's issued.

4. Toll Facilities' Revenue Bonds

Legislation enacted in 1984 authorizes the issuance of State revenue bonds for toll bridges, tunnels, highways, roads, crossings, and causeways. Under AS 37.15.610, the maximum amount of toll facilities bonds that may be issued is $500 million. No bonds have been issued. Legislative approval of bonds to be issued and an appropriation of bond proceeds are required before any project proceeds.

Section 5 of Chapter 165, SLA 1988 mandates the construction of the Copper River highway as a toll facility subject to the availability of certain federal funds. The possible use of revenue bonds to finance all or part of the project has not been determined or approved by the Legislature.

B. State Agencies (Alphabetically)

1. Alaska Aerospace Development Corporation

The Alaska Aerospace Development Corporation was created in 1991 as a public corporation of the State. It is located for administrative purposes within the Department of Commerce and Economic Development and affiliated with the University of Alaska but with a separate and independent legal existence. The purpose of the Corporation is to allow the State to take a lead role in the exploration and development of space, to enhance human and economic development, to provide a unified direction for space-related economic growth, education, tourism, research development, and improve the entrepreneurial atmosphere in the State.

The Corporation may issue moral obligation bonds and otherwise incur indebtedness in order to pay the cost of a project or projects to construct or improve launch facilities or other space and aerospace projects or in order to provide money for the Corporation's purposes. Original bond issues in excess of $1,000,000 each calendar year must have legislative approval. In addition, legislative approval is required if the annual debt service on all outstanding bonds issued and bonds proposed to be issued exceeds $1,000,000 in a fiscal year. The Corporation has not issued any bonds.

2. Alaska Energy Authority

The Alaska Energy Authority (AEA) was created by the Alaska State Legislature in 1976 to finance, construct, and operate power production and transmission facilities. In May of 1993, the Alaska Legislature passed a bill which set in motion a fundamental change in the State's role in energy programs and oversight of State owned power projects.

In May of 1993, Governor Hickel signed legislation that substantially revised the duties and responsibilities of the independent corporate entity that was AEA and created a new Division of Energy within the Department of Community and Regional Affairs. Effective August 18, 1993, this new division took on the Authority's rural programs and planning as well as the responsibility and management for a number of small electrical and waste heat recovery systems located throughout Alaska. The Board of the Alaska Industrial Development and Export Authority (AIDEA) also became the Board of AEA and the ability to have employees was eliminated. AEA continues to exist as a public corporation responsible for, among other things, its outstanding bonds, but its ability to construct and acquire projects was eliminated.

From 1993 through mid-1999 AEA existed for the purpose of owning and operating power production and transmission facilities with original costs in excess of $1 billion. AEA's assets currently include the Bradley Lake and Larsen Bay hydroelectric projects and the Alaska Intertie. The Four Dam Pool hydroelectric facilities (Swan Lake, Tyee Lake, Terror Lake and Solomon Gulch) were sold in January 2002.

Pursuant to legislation effective July 1, 1999, rural energy programs previously administered by the former Department of Community and Regional Affairs, Division of Energy, were transferred to AEA for administration as part of a larger reorganization of state agencies. Five general energy programs, including the rural energy programs originally part of AEA prior to the 1993 reorganization, comprising more than twenty smaller programs were moved to AEA.

a. Debt Issued and Outstanding

Legislation that became effective in August, 1981 established an Energy Program for Alaska administered by AEA. Under the Energy Program, AEA was able to acquire or construct power projects with money appropriated by the Legislature to the Power Development Fund. Debt issued under the Energy Program was secured by power sales contracts which provided that each project constructed under the program bears charges to service the debt based on its pro-rata share of the construction costs of all projects of the program.

AEA issued short-term debt in the amount of $200 million to finance construction of three hydroelectric projects known as the Four Dam Pool Hydroelectric Projects under the Energy Program for Alaska. In 1984, a State appropriation was enacted to the Department of Commerce and Economic Development for a loan to AEA to refinance the short-term debt. A loan agreement eventually totaling $192,847,000 was executed on September 27, 1984 to meet the following maturities of the short-term debt:

In 1982, AEA assumed $44,858,858 of debt payable to the Rural Electrification Association (REA) in connection with the Solomon Gulch hydroelectric project, the fourth dam in the Four Dam Pool. At the same time that AEA assumed the REA debt, it deposited an amount with a trustee sufficient to defease the debt.

Legislation enacted into law in 1985 exempted Four Dam Pool wholesale power rates from provisions of the Energy Program for Alaska that tie rates to total debt issued under the program. As a result, power sales agreements effective October 28, 1985 were signed that provided the means for AEA to repay the State loans.

A new loan agreement for $187,480,249 effective concurrently with the power sales agreements was executed providing for repayment of State loans at approximately 6 percent interest with a 45-year term. On September 22, 1986, the State lent AEA an additional $1 million under the loan agreement to reimburse local communities for their costs in negotiating the power sales agreements. The loan was secured by the hydroelectric facilities of the Pool and any AEA revenues from power sales from the facilities.

In January 2002, pursuant to legislation enacted in 2000 and 2001, the Four Dam Pool projects were sold to The Four Dam Pool Power Agency, a joint action agency. At the time of sale the Agency's membership was composed solely of the utilities that purchase power from the Four Dam Pool projects. Under the terms of the Sale, the Agency was assigned all of AEA's interest and assumed all of AEA's obligations in the Four Dam Pool projects and the Power Sales agreement. As part of the transaction, the remaining balance of debt owed to the State was forgiven.

On November 20, 1985, $267,500,000 of AEA bonds were issued to provide interim financing for a fifth project under the Energy Program for Alaska, the Bradley Lake hydroelectric project. The bonds were general obligations of the Authority and were secured by bank letters of credit and a capital reserve fund. The bonds were retired in fiscal year 1991.

Power Revenue Bonds, First and Second Series, were issued in September, 1989 and August, 1990, respectively. They were used to refund AEA's Variable Rate Demand Bonds for the long term financing of the construction costs of the Bradley Lake Hydroelectric Project.

On April 6, 1999 AEA issued $59,485,000 of Power Revenue Refunding Bonds, Third Series, for the purpose of refunding $59,110,000 of the First Series Bonds. The refunded First Series Bonds were called on July 1, 1999.

On April 13, 1999, AEA issued $30,640,000 of Power Revenue Refunding Bonds, Fifth Series, for the purpose of refunding $28,910,000 of the First Series Bonds. The refunded First Series Bonds were called on July 1, 1999.

On April 4, 2000, AEA issued $47,710,000 of Power Revenue Refunding Bonds, Fourth Series, for the purpose of refunding $46,235,000 of the Second Series Bonds. The refunded Second Series Bonds were called on July 1, 2000.

The bonds related to the Bradley Lake project are general obligations of AEA and have a capital reserve fund backed by the moral obligation of the State of Alaska. The project and all of the revenues derived by AEA from the operation of the Bradley Lake Project and all moneys, securities and funds (except the excess earnings fund), including a capital reserve fund, held or set aside are pledged and assigned to secure the payment of principal, redemption premium, if any, and interest on the Bradley Lake bonds. AEA has covenanted to notify the State Legislature of any failure to maintain the capital reserve fund at its required level. The bonds are further secured by bond insurance. AEA collects from each power purchaser a percentage share of annual project costs. A portion of the outstanding Bradley Lake bonds mature annually each July 1 through the year 2021 with interest rates ranging from 5.0% to 6.25% there are also capital appreciation bonds outstanding.

In 1991, a power sales agreement was signed between AEA and the City of Larsen Bay. Bonds totaling $855,000 were issued to provide funds to complete the financing and construction of an earth filled dam to generate power for Larsen Bay. The bonds were secured by a letter of credit. In June 2002, all remaining outstanding bonds were defeased and the bonds were called on October 1, 2002.

In May 1992, AEA issued $56,890,000 of tax-exempt bonds that allowed the City and Borough of Sitka (Sitka) to refinance its 1979 municipal bonds, resulting in significant debt service savings to Sitka. In November 1997, AEA issued $22,080,000 of tax-exempt bonds to advance refund and defease $20,145,000 of the Series 1992 bonds (collectively with the Series 1992 bonds, the Sitka Bonds). As of June 30, 2009, the outstanding balance was $37,455,000.

The Sitka Bonds are special obligations of AEA secured under a trust indenture by and between AEA and US Bank Trust National Association as trustee and are payable solely from the sources provided under the trust indenture. They are equally and ratably secured by a pledge and assignment of the municipal revenue bonds of Sitka held by AEA under the trust indenture, the obligation of Sitka to make payments under its loan agreement with the AEA and the money and securities held under the trust indenture, including a capital reserve fund. AEA has covenanted to notify the State Legislature of any failure to maintain the capital reserve fund at its required level. The bonds are further secured by bond insurance.

The Sitka bonds do not constitute an indebtedness or other liability of the State, including AEA, and do not directly, indirectly or contingently obligate the State, including AEA, or any political subdivision thereof to levy any form of taxation for the payment of the bonds. Neither the full faith and credit nor the taxing power of the State, including AEA, or Sitka is pledged for the payment of the Sitka Bonds.

At June 30, 2009, AEA's outstanding debt was $151.1 million, as shown below in Table 2.9.

TABLE 2.9
Alaska Energy Authority
Debt Issued and Outstanding
$ (thousands)

	date	amount issued	outstanding at 6/30/09	final maturity
Variable Rate Demand Note				
(Bradley Lake Hydroelectric Project)	9/7/1989	111,755	100	7/1/2021
Power Revenue Bonds, Second Series				
(Bradley Lake Hydroelectric Project)	8/28/1990	68,445	4,605	7/1/2010
Power Revenue Bonds, Third Series				
(Bradley Lake Hydroelectric Project)	4/6/1999	59,485	41,315	7/1/2017
Power Revenue Bonds, Fourth Series				
(Bradley Lake Hydroelectric Project)	4/4/2000	47,710	37,030	7/1/2021
Power Revenue Bonds, Fifth Series				
(Bradley Lake Hydroelectric Project)	4/13/1999	30,640	30,640	7/1/2021
Utility Revenue Bonds				
(City and Borough of Sitka)	5/14/1992	56,890	17,030	7/1/2015
Utility Revenue Refunding Bonds				
(City and Borough of Sitka)	11/25/1997	22,080	20,425	7/1/2020
Total		$ 397,005	$ 151,145	

Source: Alaska Energy Authority financial statements.

3. Alaska Housing Finance Corporation

The Alaska Housing Finance Corporation (AHFC) is a public corporation administratively located within the Department of Revenue but with a separate and independent legal existence. AHFC was chartered in 1971 to provide financing for low and moderate income housing and housing located in remote, underdeveloped, or blighted areas of the State. Effective July 1, 1992, the Alaska State Housing Authority (ASHA) was abolished and the duties assigned to it were transferred to the Alaska Housing Finance Corporation. Assets transferred to AHFC totaled $94.2 million. Liabilities transferred were $82.8 million, of which $61 million represented bonds and notes payable.

Since 1980, when AHFC's powers were expanded by removing borrower income restrictions, the Corporation has emerged as a major supplier of mortgage funds in the State, in addition to being the largest issuer of debt (taxable and tax-exempt). Table 3.0 indicates the amounts of AHFC borrowing since 1973.

TABLE 3.0
Alaska Housing Finance Corporation
Debt Issued by Fiscal Year Ending June 30
$ (thousands)

fiscal year	debt issued
1973-1980	$ 655,395
1981-1990	7,065,380
1991	806,104
1992	452,760
1993	200,000
1994	384,060
1995	365,000
1996	365,000
1997	599,836
1998	470,405
1999	92,365
2000	883,435
2001	409,670
2002	884,150
2003	382,710
2004	287,200
2005	412,730
2006	333,675
2007	1,192,873
2008	234,290
2009	287,640
Total	$ 16,764,678

Source: Alaska Housing Finance Corporation
Includes AHFC sponsored conduit and subsidiary issued debt but not public

The bonds issued by AHFC are secured by the general obligation pledge of the Corporation and mortgages purchased with bond proceeds or, in the case of collateralized debt, by mortgage-backed securities as more fully explained below. AHFC subsidiary issued debt is not secured by the general obligation of the corporation but rather by pledged receipts paid to the state under the Master Settlement Agreement.

Additional security features on various AHFC debt obligations may include federal or private mortgage insurance on individual mortgage loans, mortgage pool insurance, bank loan facility or letter of credit arrangements in the event mortgage prepayments are less than anticipated by the bond redemption schedule, bond insurance, and the full faith and credit guarantee of the State on veterans' mortgage bonds.

a. Federal Tax-Exemption and Ceilings

The Federal Tax Reform Act of 1984 established a ceiling of $302.5 million, in the case of Alaska, for annual issuance of qualified veterans' mortgage bonds on a tax-exempt basis. The Act also makes more restrictive the definition of those who qualify as veterans.

Since 1980, when the Mortgage Subsidy Bond Tax Act was enacted, Alaska also had been subject to a $200 million annual ceiling on tax-exemption for qualified mortgage revenue bonds (AHFC Home Mortgage Bonds,

also known as AHFC's first-time home-buyer bonds). AHFC's allocation and usage of PAB is presented in Table 5.4.

b. Bond Authorization

AS 18.56.110(g) which took effect in FY 1982 placed a statutory ceiling on AHFC annual bond issuance for the first time. The annual issuance amount currently authorized is $1,500 million.

c. Security for Debt

Included in the above amounts are State Guaranteed veterans' bonds which were authorized by law and the voters in the following amounts (in millions):

Authorization Calendar Year	Authorized	Issued as of June 30, 2009
1982	400.0	400.0
1983	500.0	500.0
1984	700.0	700.0
1986	600.0	600.0
2002	500.0	404.9
Total:	3,200.0	2,605.4

As of June 30, 2009, $95.1 million of state guaranteed bonds remain unissued.

d. Debt Issued and Outstanding

Table 3.1 summarizes AHFC debt issued and outstanding by type of debt.

TABLE3.1
ALASKA HOUSING FINANCE CORPORATION
Debt Issued and Outstanding by Type of Debt
$ (thousands)

	credit rating (1)	Debt Issued In FY 2009	Total debt issued	debt outstanding : 6/30/09
Collateralized HMRB & Mortgage Revenue Bonds	Aaa/AAA/AAA (2)	242,640	2,839,113	$ 1,259,380
Collateralized Bonds (Veterans Mortgage Program)	Aaa/AAA	45,000	1,740,385	383,865
General Mortgage Revenue Bonds 1999 Series A	Aaa/AAA/AAA	-	302,700	80,870
General Mortgage Revenue Bonds 2002 Series A	Aaa/AAA/AAA	-	150,000	150,000
Housing Development Bonds 1999 Series A-C	Aaa/AAA/AAA	-	56,755	6,810
Housing Development Bonds 2000 Series A&B	Aa2,VMIG 1/AA-,A-1+/AA+,F1+	-	62,450	36,485
Housing Development Bonds 2002 Series A-D	Aaa,VMIG-1/AAA,A-1/AAA,F	-	125,000	71,200
Housing Development Bonds 2004 Series A-C	Aaa,AAA,A/AAA,	-	127,210	74,960
Housing Development Bonds 2004 Series D	Aaa,AAA,A/AAA,	-	105,000	103,940
General Housing Purpose Bonds 1992 Series A	Aa/A+/AA	-	200,000	-
General Housing Purpose Bonds 2003 Series A-B	Aa/A+/AA	-	160,090	-
General Housing Purpose Bonds 2005 Series A	Aaa/AAA/AAA	-	143,235	139,655
General Housing Purpose Bonds 2005 Series B&C	Aaa/AAA/AAA	-	164,495	150,950
Governmental Purpose Bonds 1997 Series A	Aaa/AAA/AAA	-	33,000	20,600
Governmental Purpose Bonds 2001 Series A-D	Aaa,VMIG-1/AAA,A-1+/AAA,F-1+	-	370,170	141,900
State Capital Project Bonds 2002 Series A-C (2)	Aaa/AAA/AAA	-	107,710	72,725
State Capital Project Bonds 2006 Series A	Aaa/AAA/AAA	-	100,890	97,080
State Capital Project Bonds 2007 Series A-B	Aa2/AA/AA+	-	95,525	93,320
State Building Lease Bonds1999	Aaa/AAA/AAA	-	40,000	6,005
Draw Down Bonds, 2007 A-D (5)	AA	-	132,790	-
Tobacco Settlement Asset-Backed Bonds, Series 2006 A-C(4)	Aa3/A/A+	-	411,988	387,393
Total		$ 287,640	$ 7,468,506	$ 3,277,138

TABLE 3.1 (Continued)
ALASKA HOUSING FINANCE CORPORATION
Debt Issued and Outstanding by Type of Debt
$ (thousands)

NOTES:
1 Ratings from Moody's, Standard & Poor's, & Fitch
2 Ratings for Collateralized HMRB & Mortgage Revenue Bonds sold from 2007-2009 are Aa2/AA/AA+

Short-term debt outstanding	Credit rating as of 6/30/2009	Debt issued in FY 2009	Total Debt Issued	Debt outstanding at 6/30/09
Commercial Paper	P-1/A-1+/F-1+	N/A	N/A	150,000
Total				$ 150,000

e. Collateralized and Insured Bonds

Collateralized bonds, which incorporate the guarantees of the Federal Home Loan Mortgage Corporation (FHLMC), the Federal National Mortgage Association (FNMA), and the Government National Mortgage Association (GNMA), should relieve concern about potential contingent liability to the State for that portion of AHFC indebtedness represented by such bonds. This is particularly reassuring in the case of State Guaranteed bonds (veterans' mortgage program) for which the full faith and credit of the State has been pledged.

The underlying conventional mortgages of AHFC's collateralized bonds issued during part or prior to July 1993 were exchanged for mortgage-backed certificates through FHLMC, FNMA or GNMA. The certificates, and the mortgage payments thereon, are pledged to the bond trustee as security for the bonds. FHLMC, FNMA, and GNMA guarantee that the certificate holder, in this case the bond trustee and thus the bondholders, will receive the principal and interest when due. As of September 1, 1004 all FNMA mortgage-backed certificates were redeemed and replaced by the underlying pooled mortgage loans.

Collateralized bonds lower the cost of funds to AHFC. Collateralized bonds issued after July 1993 are structured to achieve "Triple A" ratings on the basis of the pledged whole loan collateral. Table 3.2 lists collateralized obligations.

TABLE 3.2
Alaska Housing Finance Corporation
Collateralized Debt Obligations
$ (thousands)

issue	Tax Status	debt issued	date of bonds		guarantor	06/30/09 debt outstanding
Collateralized Bonds (Veterans Mortgage Program)						
1998 First/Second Series	Exempt	60,000	6/16/1998	*		12,320
1999 First Series	Exempt	110,000	10/28/1999	*		33,320
2000 First Series	Exempt	70,000	6/14/2000	*		17,875
2002 First Series	Exempt	50,000	4/4/2002	*		19,495
2005 First/Second Series	Exempt	160,000	12/29/2005	*		14,140
2006 First Series	Exempt	190,000	9/19/2006	*		185,140
2007 amd 2008 First Series	Exempt	57,885	12/18/2007	*		56,575
2008 Second Series	Exempt	57,885	12/18/2007	*		45,000
Total		755,770				383,865

TABLE 3.2 (Continued)
Alaska Housing Finance Corporation
Collateralized Debt Obligations
$ (thousands)

issue	Tax Status	debt issued	date of bonds		guarantor	06/30/09 debt outstanding
Collateralized Home Mortgage Bonds & Mortgage Revenue Bonds						
1997 Series A	Exempt	159,999	12/4/1997	*		14,185
1998 Series A	Exempt	70,000	6/17/1998	*		22,795
1999 Series A	Exempt	200,000	11/17/1999	*		71,895
2000 Series A	Exempt	58,315	11/14/2000	*		28,920
2000 Series C	Exempt	68,785	11/14/2000	*		29,745
2001 Series A	Exempt	32,740	10/17/2001	*		18,965
2001 Series B	Exempt	104,450	10/17/2001	*		39,400
2002 Series A	Exempt	170,000	5/16/2002	*		168,275
2006 Series A	Exempt	98,675	1/26/2006	*		83,350
2006 Series B	Exempt	75,000	3/23/2006	*		65,020
2006 Series C	Exempt	75,000	7/20/2006	*		67,405
2007 Series A	Exempt	75,000	5/31/2007	*		75,000
2007 Series B	Exempt	75,000	5/31/2007	*		75,000
2007 Series C	Exempt	89,370	5/31/2007	*		87,215
2007 Series D	Exempt	89,370	5/31/2007	*		89,370
2008 Series A	Exempt	80,880	2/28/2008	*		80,880
2008 Series B	Exempt	80,880	9/30/2008	*		80,200
2009 Series C	Exempt	80,880	5/28/2009	*		80,880
2009 Series B	Exempt	80,880	5/28/2009	*		80,880
Total		1,765,224				1,259,380
General Mortgage Revenue Bonds						
Series 1999	Exempt	302,700	9/28/1999	*		80,870
Series 2002	Exempt	150,000	10/15/2002	*		150,000
Total		452,700				230,870
Governmental Purpose Bonds						
Series 1997	Exempt	33,000	12/3/1997	*		20,600
Series 2001 A,B	Exempt	170,170	8/2/2001	*		141,900
Total		203,170				162,500
Total AHFC Collateralized Debt		$ 3,176,864				$ 2,036,615

During 1985, FNMA decided that it would enter into additional agreements for purchase of AHFC mortgages only if FNMA would have recourse against AHFC for foreclosed properties. With recourse, AHFC's obligation is to buy back the mortgage loans on the foreclosed properties.

Even with recourse to AHFC, the FNMA guarantee still provides an extra layer of insulation for the State from any obligation on AHFC collateralized debt. In the case of collateralized veterans' bonds, the State's guarantee would not be called upon in the event of default on the bonds prior to a default by FNMA on its guarantee. With respect to any other type of collateralized bond, the State has no obligation to step in should AHFC's assets be insufficient to satisfy any recourse. As of September 1, 2004 all FNMA mortgage-backed certificates were redeemed and replaced by the underlying pooled mortgage loans.

AHFC has always been responsible for foreclosure losses on any mortgages supporting GNMA certificates. However, such losses are minimized by the fact that GNMA only guarantees certificates representing pools of mortgages which are FHA insured or VA guaranteed. With the exception of certain mortgage loans, FHLMC does not have recourse against AHFC for losses on foreclosure.

Some bonds of AHFC are subject to bond guaranty insurance. The bond guarantor assures the holder of the debt that interest and principal will be repaid. The effect of the bond guarantee is to provide security in addition to specifically pledged collateral and the pledge of AHFC unrestricted resources.

TABLE 3.3
State Obligations on
Alaska Housing Finance Corporation Debt
$ (thousands)

	outstanding at 6/30/09
State General Obligation Guarantee	
Collateralized Bonds AAA/AAA	$ 383,865
Total State Obligations On AHFC Debt	383,865

f. Mortgage Reorigination

Mortgage reorigination included in a bond indenture permits AHFC to use payments and prepayments on mortgage loans securing the bond issue to purchase new mortgage loans only to the extent the payments and prepayments are in excess of debt service requirements. The recycling of mortgage loans is also limited by the 10-year rule. Ordinarily, these excess revenues would be used to retire bonds. Reorigination gives AHFC the option of making new loans or retiring bonds.

In conjunction with this provision, the maturity of the bond issue is extended beyond the maturity of the mortgage loans. This allows additional mortgages to be added to the bond issue, which then extends the average mortgage maturities to more closely coincide with bond maturities.

The benefit of mortgage reorigination is that it provides continued access to a pool of funds at a known tax-exempt interest rate. It serves as a hedge against a rise in interest rates or a loss of federal tax-exemption on future bond issues.

In the case of Veterans' Mortgage Program Bonds, which are guaranteed by the State of Alaska, the bond indentures require AHFC to suspend reorigination for a calendar year if it receives written notification from the State Bond Committee prior to January 1 that reorigination would impair the ability of the Committee to sell State general obligation bonds on advantageous terms or risk a rating reduction on such bonds.

The Public Housing Division (formerly Alaska State Housing Authority (ASHA))

In 1992, under Ch. 4, FSSLA 1992, effective July 1, 1992, the Alaska State Housing Authority was abolished and the duties assigned were transferred to the Alaska Housing Finance Corporation. The Alaska State Housing Authority (ASHA), a public corporation of the State, was created in 1949 and authorized to: construct, operate, and manage low and moderate income housing projects; finance rental housing projects; engage in urban renewal programs; and construct and acquire public buildings for lease to the State.

a. Security for Bonds

ASHA had issued bonds which were secured by revenues from the projects financed, by ASHA's general assets, or by pledges of federal grants typically from the U.S. Department of Housing and Urban Development (HUD) for rent supplements on housing projects. The bonds are not general obligations of the State. ASHA was not authorized to issue bonds backed by a capital reserve fund which had the State's moral obligation attached.

b. Bond Authorization

ASHA financing of public building projects for lease to the State required approval by law pursuant to AS 18.55.100(d) which became effective September 4, 1986. Approval by law was not required for other types of ASHA projects or for bond issuance per se.

c. Housing Debt

ASHA had issued debt to finance low and moderate income rental housing. This debt was not considered to be State Supported Debt because the revenue pledged to retire the bonds did not rely on State appropriations.

ASHA's primary responsibility was to provide low income housing to eligible residents throughout the state. ASHA owned and operated subsidized housing programs sponsored by HUD such as Conventional Low Rent, Section 8 New Construction, Turnkey III Remote Housing, Mutual Help, Section 8 Additional Assistance, Section 8 Vouchers, and Section 8 Existing Housing.

d. Collateralized Bond

ASHA had issued FHA Insured Mortgage Revenue Bonds to provide loans to private developers for construction of multi-family rental housing. These were tax-exempt Qualified Private Activity Bonds by virtue of the projects reserving certain percentages of their units for low income tenants.

The FHA Insured Mortgage Revenue Bonds were not general obligations of ASHA but were backed solely by the mortgage payments from the borrower and FHA insurance in the event of the borrower's default. FHA absorbed losses on foreclosure.

The developers of the projects, financed by all but the 1982 and 1983 Series A Bonds, defaulted on their obligations under the mortgage loans by failing to fully pay principal and interest on the due date. The bond trustee applied for and received FHA insurance benefits. The insurance proceeds and bond reserves have been used to defease the bonds secured by the defaulted loans.

The following Table 3.4 summarizes all AHFC outstanding debt.

TABLE 3.4
Alaska Housing Finance Corporation
Debt Outstanding
$ (thousands)

bond program	Date Delivered	Amount Issued	Outstanding at 6/30/09		final
Home Mortgage Bonds				TIC (%)	maturity
1997 Series A Mortgage Revenue Bonds	12/4/1997	159,999	14,185	5.529	2037
1998 Series A, Mortgage Revenue Bonds	6/17/1998	70,000	22,795	5.205	2035
1999 Series A, Mortgage Revenue Bonds	11/17/1999	200,000	71,895	5.978	2031
2000 Series A Mortgage Revenue Bonds	11/14/2000	58,315	28,920	5.929	2040
2000 Series C MortgageRevenue Bonds	11/14/2000	68,785	29,745	5.929	2032
2001 Series A Mortgage Revenue Bonds	10/17/2001	32,740	18,965	5.211	2031
2001 Series B Mortgage Revenue Bonds	10/17/2001	104,450	39,400	5.211	2041
2002 Series A Home Mortgage Revenue Bonds	5/16/2002	170,000	168,275	4.553	2036
2006 Series A Home Mortgage Revenue Bonds	1/26/2006	98,675	83,350	4.623	2036
2006 Series B Home Mortgage Revenue Bonds	3/23/2006	75,000	65,020	4.048	2036

TABLE 3.4 (Continued)
Alaska Housing Finance Corporation
Debt Outstanding
$ (thousands)

bond program	Date Delivered	Amount Issued	Outstanding at 6/30/09	TIC (%)	final maturity
2006 Series C Home Mortgage Revenue Bonds	7/20/2006	75,000	67,405	4.210	2037
2007 Series A HomeMortgage Revenue Bonds	5/31/2007	75,000	75,000	4.048	2041
2007 Series B Home Mortgage Revenue Bonds	5/31/2007	75,000	75,000	4.210	2041
2007 Series C Home Mortgage Revenue Bonds	5/31/2007	89,370	87,215	4.090	2038
2007 Series D Home Mortgage Revenue Bonds	5/31/2007	89,370	89,370	4.090	2041
2008 Series A Home Mortgage Revenue Bonds	2/28/2008	80,880	80,880	4.365	2038
2008 Series B Home Mortgage Revenue Bonds	9/30/2008	80,880	80,200	4.375	2038
2009 Series A Home Mortgage Revenue Bonds	5/28/2009	80,880	80,880	4.375	2040
2009 Series B Home Mortgage Revenue Bonds	5/28/2009	80,880	80,880	4.375	2040
Total		1,765,224	1,259,380		
State Guaranteed Bonds					
1998 First & Second Series, Collateralized	6/16/1998	60,000	12,320	5.405	2036
1999 First Series, Collateralized	10/28/1999	110,000	33,320	6.109	2039
2000 First Series, Collateralized	6/14/2000	70,000	17,875	6.319	2039
2002 First Series, Collateralized	4/4/2002	50,000	19,495	5.531	2034
2005 First & Second Series, Collateralized	12/29/2005	160,000	14,140	4.215	2035
2006 First Series, Collateralized	9/19/2006	190,000	185,140	4.700	2037
2007 and 2008 First Series, Collateralized	12/18/2007	57,885	56,575	5.023	2038
2008 Second Series, Collateralized	12/23/2008	45,000	45,000	1.100	2009
Total		742,885	383,865		
General Mortgage Revenue Bonds					
1999 Series A	9/28/1999	302,700	80,870	6.048	2049
2002 Series A	10/15/2002	150,000	150,000	4.798	2040
Total		452,700	230,870		
Housing Development Bonds					
1999 Series A (Non-AMT)(2)	12/9/1999	1,675	1,420	^6.007	2029
1999 Series B (AMT)(2)	12/9/1999	5,080	4,340	^6.119	2029
1999 Series C (Non-AMT;Governmental Purpose)(2)	12/9/1999	50,000	1,050	^5.925	2029
2000 Series B (Non-AMT)(2)	12/13/2000	41,705	36,485	N/A	2030
2002 Series A (AMT)(2)	9/5/2002	8,440	2,835	5.075	2033
2002 Series B (Non-AMT)(2)	9/5/2002	8,690	6,615	5.075	2022
2002 Series C (Non-AMT)(2)	9/5/2002	70,000	61,750	5.075	2032
2002 Series D (Non-AMT)(2)	9/5/2002	37,870	0	N/A	2037
2004 Series A (AMT)(2)	3/4/2004	33,060	29,465	4.541	2030
2004 Series (B)(2)	3/4/2004	52,025	45,495	4.541	2032
2004 Series D (Federally Taxable)(2)	12/16/2004	105,000	103,940	N/A	2043
Total		413,545	293,395		
Government Purpose Bonds					
1997 Series A	12/3/1997	33,000	20,600	N/A	2027
2001 Series A	8/2/2001	76,580	63,860	N/A	2030
2001 Series B	8/2/2001	93,590	78,040	N/A	2030
Total		203,170	162,500		
State Capital Project Bonds					
2002 Series A	12/5/2002	32,905	12,475	N/A	2012
2002 Series C	12/5/2002	60,250	60,250	N/A	2022
2006 Series A	10/25/2006	100,890	97,080	4.435	2040
2007 Series A	10/3/2007	42,415	40,805	4.139	2027
2007 Series B	10/3/2007	53,110	52,515	4.139	2029
Total		289,570	263,125		

TABLE 3.4 (Continued)
Alaska Housing Finance Corporation
Debt Outstanding
$ (thousands)

bond program	Date Delivered	Amount Issued	Outstanding at 6/30/09	TIC (%)	final maturity
State Building Lease Bonds					
Series 1999	12/15/1999	40,000	6,005	5.551	2017
Total		40,000	6,005		
General Housing Purpose Bonds					
1992 Series A	10/22/1992	200,000	0	6.405	2023
2003 Series A	11/6/2003	143,995	0	N/A	2023
2003 Series B	11/6/2003	16,095	0	N/A	2023
2005 Series A	1/27/2005	143,235	139,655	4.780	2041
2005 Series B	5/18/2005	147,610	134,240	4.474	2030
2005 Series C	5/18/2005	16,885	16,710	4.474	2017
Total		667,820	290,605		
Draw Down Bonds					
2007 Series A	3/8/2007	71,005	0	N/A	2019
2007 Series C	3/8/2007	29,395	0	N/A	2019
2007 Series D	3/8/2007	32,390	0	N/A	2019
Total		132,790	0		
Total Long Term Debt		$4,707,704	$2,889,745		
Short-term Debt Outstanding					
Commercial Paper	Various	N/A	150,000	NA	VAR
Total Short-term Debt		$ -	$ 150,000		

Notes:
1 Collateral for these issues consists of AHFC Real Estate Owned Properties.
2 Multifamily bond issues.
* Stated interest rate.
^ Weighted Average Interest Rate

4. Alaska Industrial Development and Export Authority

The Alaska Industrial Development and Export Authority (AIDEA) is a public corporation administratively located in the Department of Commerce, Community and Economic Development but with separate and independent legal existence. Created in 1967, AIDEA promotes economic development within the State by:

- providing loans for industrial and commercial projects;
- owning and operating certain types of infrastructure facilities; and
- guaranteeing business loans and loans for export transactions.

Until 1990, AIDEA was able to and did issue bonds secured by a capital reserve fund with a State moral obligation. AIDEA currently has the ability to issue bonds with a State moral obligation on a capital reserve fund only if the bonds are issued to finance a power transmission intertie and are legislatively approved. AIDEA may issue bonds with reserve funds, but they will not have the moral obligation of the State of Alaska. AIDEA has no general obligation bonds with a capital reserve fund requirement outstanding. The Authority has covenanted that it will not incur any General Obligation indebtedness that will cause future estimated net income (as defined in the Amended and Restated Revolving Fund Bond Resolution) to be less than 150 percent

of the General Obligation Annual Debt Service requirements in each year and to take no action to cause its Unrestricted Surplus to be less than the lesser of $200 million or the amount of General Obligation Indebtedness outstanding and in no event less than $100 million. The full faith and credit of the Authority's Revolving Fund secures the bonds currently outstanding under the resolution.

During 1988, reductions in the cash flow from AIDEA's loan portfolio reduced projected debt service coverage below 150 percent. The reduced cash flow stemmed from loan delinquencies, modifications, and foreclosures associated with Alaska's economic recession. In response to the declining debt service coverage, AIDEA defeased $78,295,000 of its Economic Development Bonds and Consolidated Bonds by deposit of $91,269,000 of U.S. Treasury securities purchased with AIDEA's general assets into an irrevocable trust. None of the defeased bonds remain outstanding.

During 1994, AIDEA defeased $23,840,000 of its tax-exempt Umbrella Bonds and its Taxable Umbrella Bonds, in order to improve its projected debt service coverage. None of the bonds chosen for the defeasance would have been eligible for refunding. None of the defeased bonds remain outstanding. AIDEA's underlying ratings on its bonds are A1 by Moody's (Moody's upgraded AIDEA's rating in December 2006 from A2) and AA- by Standard & Poor's (S&P upgraded AIDEA's rating in May 2008 from A-). All of AIDEA's outstanding Revolving Fund bonds are insured or secured by a direct pay letter of credit and had AAA ratings when they were sold.

AIDEA currently offers seven programs as follows:

i. Tax-Exempt Loan Participation Program

The Tax-Exempt Loan Participation Program can provide up to $20 million for financing economic development projects. This program in the past was previously referred to as the "tax-exempt umbrella bond program" because many small projects financed under this program were grouped together when AIDEA issued bonds under an "umbrella". The bonds are tax-exempt by virtue of provisions in the federal tax code.

AIDEA does not directly loan money. Proceeds of the bonds or authority funds are used to purchase up to 90 percent of an eligible loan from financial institutions. The Tax-Exempt Loan Participation Program combines the previous Economic Development and Consolidated Bond Programs that were separate and which financed participations under and over $1,000,000, respectively. No Tax-Exempt Bonds that funded loan participation purchases are outstanding.

ii. Taxable Loan Participation Program

In response to escalating federal restrictions on tax-exempt bonds, AIDEA implemented a taxable loan participation program. The program uses bonds or AIDEA funds to purchase loan participations. The provisions of the program are the same as for the Tax-Exempt Loan Participation Program except for the deletion of restrictions related to federal tax-exemption. This program was previously called the Taxable Umbrella Bond Program. The only bonds that have been issued under this program were issued in 1987 in the amount of $14,540,000; the remaining amounts outstanding were defeased in 1994. None of the defeased bonds remain outstanding.

iii. Conduit Revenue Bond Program

Under the Conduit Revenue Bond program, AIDEA acts as a conduit in the sale and issuance of bonds', the bonds may be tax-exempt or taxable. The bonds are generally secured by the project, the private borrower and/or the project's revenue stream.

AIDEA does not participate financially in the Conduit Revenue Bond projects nor are the Authority's assets or credit pledged as security for the bonds. Bonds issued under this program are not obligations of the Authority or the State. They are obligations of the private borrower or project only. Furthermore, the State's moral obligation does not stand behind these bonds.

Historically, the program was utilized primarily by financial institutions in conjunction with loans to private borrowers; those bonds generally are sold by private placement to the financial institution originating the loan rather than by public sale. The original demand for the program arose partially from lenders wanting the tax exemption on interest income; the Tax Reform Act of 1986 eliminated the deductibility of bank interest expense allocable to holding of tax-exempt obligations and greatly reduced demand for the program from financial institutions. Recently, the program is being used to provide funds for IRC 501(c)(3) financings.

Most bonds under this program were tax-exempt by virtue of the small issue exemption and, more recently, are for qualified 501(c)(3) projects. A few have been exempt facility bonds. The exempt facility bonds and 501(c)(3) bonds are generally sold via public sale.

From inception to June 30, 2009, AIDEA has issued Revenue Bonds for 309 projects totaling $1.14 billion. The Authority has legislative authorization to issue revenue bonds to finance power transmission interties to be owned by electric utilities in a collective amount not to exceed $185.0 million.

iv. Development Finance Program

Alaska statutes authorize AIDEA to finance development projects that it intends to own and operate. The types of facilities the Authority may own or operate include those for use in manufacturing, natural resource extraction, transportation of products or materials, and infrastructure for tourism destination facilities.

Bonds for projects to be owned or operated by AIDEA may be secured by the project, project revenues, specific assets of AIDEA's economic development account, or AIDEA's general assets. They can be general obligations or revenue bonds of the Authority.

Legislation enacted in 1985 authorized this program and authorized a bond sale of up to $175.0 million to provide financing for the DeLong Mountain Transportation Project. The Project consists of a road and port owned and operated by AIDEA to facilitate the development of the Red Dog and other mines in Northwest Alaska. In 1987, $103.3 million of such bonds were issued, the remaining amount outstanding was redeemed in 1997.

The Legislature has enacted legislation authorizing the Authority to finance, design and construct or reconstruct additional Economic Development projects:

(a) The Legislature authorized the issuance of up to $25.0 million of bonds for the reconstruction of a public use ore terminal in Skagway, Alaska. A $25.0 million bond issue was delivered in December 1990. All remaining outstanding bonds were called in April 2002.

(b) The Legislature authorized the issuance of up to $10.0 million of bonds for improvements to the City of Unalaska Marine Center. The project was completed in late 1991. Bonds totaling $7.0 million were issued in December 1991 to finance the project. In May 2000 the City of Unalaska paid all remaining financial obligations related to the project, including providing for the retirement of all outstanding bonds and, in accordance with the terms of the agreement, the project was transferred to the City.

(c) The Legislature authorized the issuance of up to $85.0 million of bonds to finance the acquisition, design and construction of aircraft maintenance and air cargo/air transport support facilities located at the Anchorage International Airport. Construction of an aircraft maintenance facility began in August of 1992 and was completed in 1995. Bonds were issued in September, 1992 in the amount of $28.0 million.

In June 2002, the Authority issued $20,475,000 of refunding bonds for the purposes of refunding and defeasing the remaining outstanding bonds. The refunded bonds were called in July 2002.

(d) AIDEA has $55.0 million of remaining authorization (from the original $85.0 million authorization discussed above) to issue bonds to finance the acquisition, design, and construction of aircraft

maintenance/air cargo/air transport support facilities located at the Ted Stevens Anchorage International Airport.

(e) The 1990 Legislature authorized AIDEA to issue up to $85.0 million of bonds to assist in the financing of a coal fired power plant near Healy, Alaska. On July 18, 1996, $85.0 million of Variable Rate Revolving Fund Bonds were issued to finance a portion of the Healy Clean Coal Project. In May 1998, $85.0 million of bonds were issued to refund the variable rate revolving fund bonds. The bonds were defeased in March 2008 and retired in April 2008.

(f) The 1993 Legislature enacted legislation authorizing the Authority to issue bonds not to exceed $50.0 million for a facility to be constructed in Anchorage for the offloading, processing, storage and transloading of seafood. The Authority purchased the Alaska Seafood International Project in September 1999 and sold the facility in 2005. No bond issuance is anticipated.

(g) The 1993 Legislature also enacted legislation authorizing the Authority to issue bonds not to exceed $50.0 million for a bulk commodity loading and shipping terminal to be located at Point MacKenzie and owned by AIDEA. The 1996 Legislature modified this legislation to require that the facility be located within Cook Inlet.

(h) The 1995 Legislature authorized the Authority to issue up to $20.0 million of bonds to finance the acquisition, design and construction of the Kodiak rocket launch complex and tracking station and the Fairbanks satellite ground station space park. The Authority does not currently anticipate that it will participate in financing the projects.

(i) The 1996 Legislature authorized the Authority to issue up to $85.0 million of bonds to finance the expansion, improvement and modification of the existing DeLong Mountain Transportation Project port facilities owned by the Authority. In 1997 the Authority issued $150.0 million of Revolving Fund Bonds which included $70.0 million for that purpose and $80.0 million for the purpose of redeeming the 1987 DeLong Mountain Transportation Project Revenue Bonds. In February 2007, the Authority issued $113,095,000 of refunding bonds for the purpose of refunding and defeasing, along with Authority funds, the remaining outstanding bonds. The defeased bonds were called in April 2007. In May 2008 the Authority issued $107,385,000 of variable rate Revolving Fund Refunding Bonds for the purpose of refunding $107,385,000 of Series 2007 A&B Revolving Fund Refunding Bonds and pay costs of issuance. The refunded bonds were redeemed in May 2008. At June 30, 2009 bonds totaling $101.3 million were outstanding, with no State moral obligation attached.

(j) The 1996 Legislature authorized the issuance of up to $100.0 million of bonds for the acquisition of the Snettisham hydroelectric project from the Alaska Power Administration. On August 19, 1998 AIDEA issued $100 million of tax-exempt revenue bonds to finance the acquisition of the project. There is no State moral obligation attached. In December 1999 the Authority defeased $6,865,000 of the bonds using funds on hand ($5,975,000 of the defeased bonds were outstanding at June 30, 2009). At June 30, 2009 $80.9 million (excluding the defeased bonds) were outstanding.

(k) The 1998 Legislature authorized the issuance of bonds (or other financing) up to: a) $80.0 million to finance the expansion, improvement, and modification of the existing Red Dog Project port facilities and to finance the construction of new related facilities to be owned by AIDEA; b) $30.0 million to finance the improvement and expansion of the Nome port facilities to be owned by AIDEA; and c) $15.0 million to finance phase one construction and improvement of the proposed Hatcher Pass Ski Resort located in the Matanuska-Susitna Borough; in 2006 this authorization was modified and increased to $25 million to finance the development of Hatcher Pass.

(l) The 2004 Legislature authorized the issuance of up to $20.0 million of bonds to finance the acquisition, development, improvement and construction of port and related facilities on Lynn Canal in Southeast Alaska, to be owned by the Authority.

v. Business and Export Assistance Program

The Business and Export Assistance Program (Guarantee Program) was authorized by the 1998 Legislature by merging the Business Assistance Program and the Export Assistance Program, authorized in 1988 and 1987, respectively. AIDEA's goal under the Guarantee Program is to encourage projects that help diversify Alaska's economy and provide or retain jobs for Alaskans. The Guarantee Program provides a guarantee up to 80% of the principal balance, not to exceed $1 million, to the financial institution who made the loan. The guarantee also covers accrued interest on loans.

vi. Rural Development Initiative Fund Loan Program (RDIF)

The RDIF is a loan program designed to create job opportunities in rural Alaska by providing small businesses with capital that may not be available through conventional markets. This program provides loans for working capital, equipment, construction, or other commercial purposes. To be eligible for a loan under this program, the business must be Alaskan-owned and located in a community with a population of 5,000 or less that is not connected by road or rail to Anchorage or Fairbanks, or with a population of 2,000 or less that is connected by road or rail to Anchorage or Fairbanks. The Department on Commerce, Community and Economic Development, Division of Investment, administers the program for AIDEA.

vi. Small Business Economic Development Revolving Loan Fund Program

AIDEA's Small Business Economic Development Revolving Loan Fund Program provides financing to eligible applicants under the United States Economic Development Administration Long-Term Economic Deterioration program and the Sudden and Severe Economic Dislocation program. The Small Business Economic Development Revolving Loan Fund was created to receive loan fund grants from the United States Economic Development Administration. The Department of Commerce, Community and Economic Development, Division of Investments, administers the program for AIDEA.

a. Bond Authorization

AS 44.88.095 places a statutory ceiling of $400 million per twelve month period on AIDEA bond issuances. Effective July 1, 2007 AS 44.88.095(g) requires legislative approval prior to the issuance of bonds, except refunding and conduit revenue bonds.

b. Debt Issued and Outstanding

AIDEA has issued $1.18 billion of bonds with $192.2 million outstanding as shown in Tables 3.5—3.6.

TABLE 3.5
Alaska Industrial Development and Export Authority
Type of Debt Issued
$ (thousands)

calendar year	economic development bonds	consolidated bonds	umbrella bonds	taxable umbrella bonds	development bonds	revolving fund bonds
1981-1990	$ 141,425	60,475	83,000	14,540	103,250	25,000
1991	-	-	-	-	-	7,000
1992	-	-	-	-	-	28,000
1993	-	-	-	-	-	25,265
1994	-	-	-	-	-	11,435
1995	-	-	-	-	-	17,845
1996	-	-	-	-	-	85,000
1997	-	-	-	-	-	150,000
1998	-	-	-	-	100,000	85,000

TABLE 3.5 (Continued)
Alaska Industrial Development and Export Authority
Type of Debt Issued
$ (thousands)

calendar year	economic development bonds	consolidated bonds	umbrella bonds	taxable umbrella bonds	development bonds	revolving fund bonds
1999	-	-	-	-	-	-
2000	-	-	-	-	-	-
2001	-	-	-	-	-	-
2002	-	-	-	-	-	20,475
2003	-	-	-	-	-	-
2004	-	-	-	-	-	-
2005	-	-	-	-	-	-
2006	-	-	-	-	-	-
2007	-	-	-	-	-	113,095
2008	-	-	-	-	-	107,385
2009	-	-	-	-	-	-
Total	$ 141,425	$ 60,475	$ 83,000	$ 14,540	$ 203,250	$ 675,500

TABLE 3.6
Alaska Industrial Development and Export Authority
Debt Issued and Outstanding
$ (thousands)

	Date	Amount Issued	Outstanding at 6/30/09
Development bonds			
Power Revenue Bonds, First Series (Snettisham Hydroelectric Project)	8/18/1998	100,000	80,945
Total		100,000	80,945
Revolving fund bonds			
Federal Express Maintenance Facility (Refunding)	6/20/2002	20,475	9,885
Red Dog Port Facility (Refunding)	5/29/2008	107,385	101,335
Total		127,860	111,220
Total Bonds		$ 227,860	$ 192,165

Source: Annual Report and Financial Statements, various years, AIDEA

C. Alaska Medical Facility Authority

The Alaska Medical Facility Authority is a public authority administratively located in the Department of Revenue with separate and independent legal existence. The Authority was created by the Legislature in 1978 to finance construction and improvements to medical facilities in the State. They are secured by lease payments on medical facilities mortgaged to the Authority. Bonds of the Authority do not require approval by law.

The authority issued two bonds. The first was $12.0 million First Mortgage Hospital Revenue Bonds, Series 1979 issued for improvements to Fairbanks Memorial Hospital. The bonds were rated Baa1/BBB-. The second issue of $2.1 million Alaska Medical Facility Authority Revenue Bond Series 1983 financed the

purchase of Careage North by the Greater Fairbanks Community Hospital Foundation. The bonds were privately placed with the seller and not rated.

The Series 1983 bonds were redeemed on June 22, 1989. The Series 1979 bonds were redeemed on March 1, 1990. The Authority has no bonds currently outstanding.

D. Alaska Municipal Bond Bank

The Alaska Municipal Bond Bank (Bond Bank) was created as a public corporation by the State in 1975 for the purpose of lending money to Alaska's governmental units for their capital projects. The Bond Bank is empowered to issue bonds, the proceeds of which are used to purchase bonds, notes or certificates of participation of State municipalities. Most of the Bond Bank bonds maintain a Capital Reserve Fund with the State's moral obligation attached. As of June 30, 2009 the total principal amount of outstanding bonds and notes of the Bond Bank was $587,222,416. Of this total amount outstanding, $516,555,000 represents general obligation bonds, $59,705,000 represents revenue bonds, and $10,962,416 represents notes issued under the Coastal Energy Loan Program. General obligation and revenue bonds are serviced by the Bond Bank and are secured, in part, by past State appropriations to the Bond Bank, certain revenue streams of the municipality borrowing the proceeds, and additional moneys of the Bond Bank placed in a statutory capital reserve fund. The Bond Bank is covenanted to notify the State legislature of any failure to maintain the capital reserve fund at their required levels. The State legislature may appropriate funds to the Bond Bank to restore capital reserve funds to required amounts. (See "Moral Obligation Debt"). The Coastal Energy Loan Program notes do not have a claim on any capital reserve funds of the Bond Bank and are payable solely from the payments of the municipalities participating in the Program.

a. Advantages to Municipalities

The advantages to Alaska's municipalities of using the Bond Bank are several. Interest rates are lower because of the additional security achieved through the structure of the Bond Bank as well as the diversification of risk achieved by pooling municipal bond issues through the Bond Bank. The Bond Bank's general obligation program is currently rated AA- by Fitch Ratings (the Fitch Rating was initiated in FY 2009) and A1 by Moody's Investor Service; while the revenue program is rated A by Standard and Poor's and A by Fitch Ratings. These are higher ratings than most of Alaska's municipalities can achieve independently. The Bond Bank, carrying the name of the State of Alaska and being a more frequent issuer, is better known than many of Alaska's smaller units of government. This enhances the marketability of the bonds to investors nationally.

b. Municipal Debt Purchased

The Bond Bank has assisted 41 of Alaska's municipalities obtain financing for capital projects. These communities are geographically distributed throughout Alaska and represent virtually all sectors of the State's economy.

TABLE 3.7
Alaska Municipal Bond Bank
Outstanding Loans to Municipalities
Funded with Bonds as of 6/30/2009

$ (thousands)

Governmental Unit	Outstanding Loan Amount	Percentage of Total
Northwest Arctic Borough	61,015	10.80%
City of Ketchikan	58,810	10.41%
City of Seward	45,630	8.08%
Kenai Peninsula Borough	42,909	7.60%
City & Borough of Juneau	37,745	6.68%
City & Borough of Sitka	34,410	6.09%
City of Unalaska	33,125	5.87%
Kodiak Island Borough	32,595	5.77%
Aleutians East Borough	30,670	5.43%
Ketchikan Gateway Borough	21,615	3.83%
City of Valdez	21,165	3.75%
City of Cordova	18,615	3.30%
Haines Borough	16,335	2.89%
City of Kodiak	14,865	2.63%
City of Dillingham	14,635	2.59%
City of Nome	13,766	2.44%
City of Petersburg	13,510	2.39%
City of Wasilla	9,340	1.65%
City of Fairbanks	7,560	1.34%
Lake and Peninsula Bor.	7,219	1.28%
St. Paul	6,006	1.06%
Municipality of Anchorage	4,960	0.88%
Municipality of Skagway	4,840	0.86%
City of Bethel	3,590	0.64%
City of Wrangell	2,979	0.53%
City of Palmer	2,085	0.37%
Inter-island Ferry Authority	1,360	0.24%
City of Adak	1,305	0.23%
City of North Pole	1,170	0.21%
City of Craig	650	0.12%
City of Homer	185	0.03%
City of Kaktovik	95	0.02%
Total	$ 564,759	100.00%

Source: Alaska Municipal Bond Bank
Does not include reserve obligations

c. Security for Bonds

Municipal general obligation bonds are usually issued to finance facilities that do not generate revenue, such as schools, roads, public safety and municipal buildings. They are issued with the approval of the municipal voters and are secured by the full faith and credit of the municipality. Municipalities within the State of Alaska have no taxing limitations for debt service requirements.

The Bond Bank's historical mainstream program was created in 1976 by its General Bond Resolution that authorized the issuance of Bond Bank general obligation bonds to purchase general obligation bond issues of municipalities. A total of 84 general obligation bond series have been issued in order to secure funds to purchase $930.2 million in municipal debt.

In Fiscal Year 2006 a new General Bond Resolution was approved authorizing the issuance of Bond Bank general obligation bonds to purchase loans for both general obligation and revenue bond issues of municipalities. This ability to combine revenue and general obligation loans has increased operational efficiency for the Bond Bank and the economic benefits to communities. As of June 30, 2009 a total of 13 bond issues have been issued using the 2005 General Bond Resolution for a total amount of $308.1 million.

Bonds issued by the Bond Bank to purchase municipal general obligation bonds are secured by:

- Full faith and credit or revenue pledge of each respective community with no taxing limitation for the general bonded debt issued to the Bond Bank.
- The pooled debt service reserve fund founded per the bond resolution. The reserve fund generally is funded to the tax allowed maximum based on the Bond Bank bonds.
- The statutory Bond Bank reserve fund monies available and not pledged to bond issues, which may be used to restore the debt service reserve fund in the event of default.
- The statutory right of the Bond Bank, in the event of default, to demand and receive from a State agency any funds held by that agency which are payable to the defaulting municipality.
- The moral obligation of the State of Alaska to maintain the debt service reserves at their required levels.

c. Bond Authorization

The Bond Bank may not issue in excess of $75 million in revenue bonds during any fiscal year without legislative approval.

AS 44.85.180(c) was enacted in 1975, limiting Bond Bank bonds outstanding at any time to $150 million. This statute was amended in 1983, 1984, 2003, and 2006 to raise the limit to $200 million, $300 million, 500 million, and $750 million respectively. Total Bond Bank bonds and notes outstanding as of June 30, 2009, were $587.2 million. Thus, the limit on additional bond issuance at that time was $162.8 million.

d. Bonds Issued and Outstanding

The types of Bond Bank Bonds issued and outstanding are summarized in Table 3.8.

TABLE 3.8
Alaska Municipal Bond Bank
Summary of Bonds Types Issued and Outstanding
$ (thousands)

Type	Amount Issued	Outstanding at 6/30/09
General Obligation Bonds	$ 1,030,070	$ 516,555
Revenue Bonds	174,805	59,705
Coastal Energy Bonds	21,348	-
Coastal Energy Loan Fund	20,525	10,962
	$ 1,246,748	$ 587,222

The Coastal Energy Reserve and Loan Bonds are not general obligations of the Bond Bank and are payable only from bond payments received from the underlying communities. These bonds do not have the State's moral obligation attached.

A complete listing of debt issued by the Bond Bank and outstanding is found in Table 3.9.

TABLE 3.9
Alaska Municipal Bond Bank
Debt Issued and Outstanding
$ (thousands)

	Date	Amount Issued	Outstanding at 6/30/09
1976 General Resolution General Obligation Bonds			
1998 Series A	4/1/1998	7,950	405
1998 Series B	12/1/1998	3,715	270
1999 Series A	4/1/1999	13,385	0
2000 Series A	3/1/2000	9,805	630
2000 Series B	5/15/2000	10,730	1,045
2000 Series C	8/1/2000	21,645	3,005
2000 Series D	10/1/2000	1,800	165
2000 Series E	11/15/2000	16,390	3,795
2000 Series F	11/15/2000	1,175	310
2001 Series A	8/1/2001	15,475	5,805
2001 Series B	10/15/2001	3,835	2,920
2002 Series A	5/1/2002	15,445	6,725
2002 Series B	8/15/2002	11,590	9,260
2003 Series A	2/12/2003	9,305	7,320
2003 Series C	5/22/2003	8,250	3,695
2003 Series D	8/7/2003	14,520	11,615
2003 Series E	9/30/2003	32,020	7,775
2003 Series F	10/15/2003	3,235	430
2003 Series G	1/6/2004	24,110	19,345
2004 Series A	2/5/2004	20,270	13,715
2004 Series B	4/8/2004	17,425	12,610
2004 Series C	7/21/2004	14,575	12,145
2004 Series D	12/1/2004	13,925	10,910
2005 Series A	3/22/2005	32,655	31,380
2005 Series B	5/4/2005	27,625	21,200
2005 Series C	10/4/2005	32,060	28,990
2006 Series A	2/9/2006	19,255	15,765
Total		402,170	231,230
2005 General Resolution General Obligation Bonds			
2005 Series One	10/20/2005	18,700	15,350
2006 Series One	6/21/2006	7,390	6,720
2006 Series Two	7/26/2006	40,265	38,985
2007 Series One	1/31/2007	26,735	26,175
2007 Series Two	4/5/2007	24,860	24,710
2007 Series Three	6/25/2007	14,715	14,455

TABLE 3.9 (Continued)
Alaska Municipal Bond Bank
Debt Issued and Outstanding
$ (thousands)

	Date	Amount Issued	Outstanding at 6/30/09
2007 Series Four	8/28/2007	15,625	15,160
2007 Series Five	11/20/2007	6,000	6,000
2008 Series One	4/15/2008	62,355	61,500
2008 Series Two	7/30/2008	19,700	19,245
2009 Series One	1/21/2009	26,730	26,730
2009 Series Two	4/9/2009	30,295	30,295
Total		293,370	285,325
Total General Obligation Bonds		695,540	516,555
Revenue Bonds			
1998 Series A Revenue Bonds	12/1/1998	13,210	3,355
1998 Series B Revenue Bonds	12/1/1998	2,525	185
1999 Series A Revenue Bonds	12/1/1999	1,865	90
2000 Series B Revenue Bonds	12/1/2000	3,000	400
2001 Series A Revenue Bonds	8/1/2001	1,725	1,205
2001 Series B Revenue Bonds	8/1/2001	2,525	1,785
2002 Series A Revenue Bonds	12/1/2002	6,250	3,450
2003 Series B Revenue Bonds	5/15/2003	19,000	16,980
2004 Series A Revenue Bonds	8/26/2004	28,845	27,295
2004 Series B Revenue Bonds	9/1/2004	5,365	4,960
Total Revenue Bonds		84,310	59,705
Coastal Energy Loan Fund			
City of Nome Port Authority	6/30/1996	5,000	4,957
City of St. Paul Fuel Tank Farm	6/30/1998	6,006	6,006
Total Coastal Energy Loans		11,006	10,962
Total Alaska Municipal Bond Bank Debt		$ 790,856	$ 587,222

Source: Alaska Municipal Bond Bank Authority

E. Alaska Railroad Corporation

Legislation signed into law during 1984 established the Alaska Railroad Corporation as a public corporation of the State to manage the Alaska Railroad upon its acquisition from the Federal Government until its possible transfer to private ownership. The corporation is administratively placed within the Department of Commerce and Economic Development. The corporation has the power to issue bonds if such issuance is approved by law. Bonds issued by the corporation would not bear the full faith and credit of the State. The Railroad is not authorized to issue State moral obligation bonds.

By Chapter 77, SLA 1994, the Railroad is authorized to issue revenue bonds in the principal amount of $55.0 million for the construction and acquisition of the Alaska Discovery Center for the Ship Creek Project in Anchorage.

Chapter 71, SLA 2003 authorized the ARRC to issue up to $17 billion in revenue bonds to finance the construction of a natural gas pipeline and related facilities, subject to an agreement with a third party to pay the debt service and other costs of the bonds. To date, no bonds have been issued.

Chapter 46, SLA 2004 authorized the ARRC to issue up to $500 million in revenue bonds, subject to an agreement with a third party to pay the debt service, and other related bond costs, to finance the cost of extending its rail line to Fort Greely, Alaska. To date, no bonds have been issued.

Chapter 28, SLA 2006 authorized the ARRC to issue up to $165 million in revenue bonds to finance rail transportation projects that qualify for federal financial participation. On August 22, 2006, the Alaska Railroad issued $76.4 million in revenue bonds. On August 29, 2007, the Alaska Railroad issued the remaining $88.6 million in revenue bonds.

Chapter 65, SLA 2007 authorized the Alaska Railroad to issue up to $2.9 billion in revenue bonds to finance all or a portion of the Kenai gasification project and Port MacKenzie rail spur project, subject to an agreement with a third party to pay the debt service and other costs of the bonds. To date, no bonds have been issued.

F. Alaska Student Loan Corporation

Chapter 92, SLA 1987 created the Alaska Student Loan Corporation (ASLC), a public corporation administratively lodged in the Department of Education and Early Development but with a separate and independent legal existence. The Corporation's purpose is to lower costs for Alaskans pursuing education and training at a postsecondary level and for other qualified individuals attending postsecondary institutions in the State, through the financing of education loans. The security for the bonds consists of education loans and other assets of the Corporation. The bonds issued by ASLC carry the State's moral obligation as security. The bonds are not general obligations of the State or the Corporation.

Bonds issued by the ASLC are tax-exempt and generally subject to the Private Activity Bond (PAB) ceiling established by the Tax Reform Act of 1986.

Total bonds outstanding as of June 30, 2009 were $552.6 million as shown in Table 4.0. The Education Loan Revenue Bonds are not insured. Senior series Education Loan Revenue Bonds are rated AAA by both Fitch and Standard & Poor's. Subordinate Series Education Loan Revenue Bonds ($15.0 million) are rated A by both Fitch and Standard & Poor's. The 2004 Capital Project Revenue Bonds are insured by National Public Finance and have a Baa1 rating from Moody's and an A rating from Standard & Poor's. The 2005 Capital Project Revenue Bonds are insured by Assured Guaranty Municipal (formerly FSA, pending approval) and have a AA rating from Fitch and a AAA rating from Standard & Poor's.

TABLE 4.0
Alaska Student Loan Corporation
Debt Issued and Outstanding
$ (thousands)

Student Loan Revenue Bonds	Date	Amount Issued	Outstanding at 6/30/09	Final Maturity
2002 Series A	6/4/2002	47,500	21,100	6/1/2037
2002 Series B	6/4/2002	15,000	15,000	6/1/2037
2003 Series A-1	6/5/2003	16,500	16,500	6/1/2016
2003 Series A-2	6/5/2003	30,500	30,500	6/1/2038
2004 Series A-1	5/19/2004	45,500	45,500	4/1/2044
2004 Series A-2	5/19/2004	47,600	47,600	4/1/2044
2004 Series A-3	5/19/2004	22,015	22,015	6/1/2017
2005 Series A	7/28/2005	58,250	52,750	6/1/2018
2006 Series A-1	5/25/2006	30,000	30,000	6/1/2040
2006 Series A-2	5/25/2006	55,000	52,000	6/1/2018
2007 Series A-1	6/7/2007	41,500	41,500	6/1/2042
2007 Series A-2	6/7/2007	18,500	18,500	6/1/2019
2007 Series A-3	6/7/2007	49,000	37,000	6/1/2014
Capital Project Revenue Bonds				
2004 Series A	3/11/2004	75,140	45,155	7/1/2018
2005 Series A	3/30/2005	88,305	47,500	7/1/2014
		$ 640,310	$ 522,620	

Source: Alaska Student Loan Corp.

G. University of Alaska

In addition to the State issuing general obligation bonds to finance University related projects, the University issues notes and bonds for specific University purposes, some of which are secured by project revenues or University general revenues. Facilities that have been financed include Anchorage, Juneau and Fairbanks student centers student housing units, research facilities, student recreation centers, or utility system. Capital assets, net of debt amounted to $705.4 million at June 30, 2009.

The University issued Housing System Bonds for housing and food service facility needs during the 1960's and early 1970's. Between 1960 and 1991, University of Alaska Heating Corporation issued bonds secured by lease payments made by the University from general fund appropriations. All of these bonds have been either repaid over time or defeased through issuance of University of Alaska General Revenue Bonds.

General Revenue Bonds Series G, H, J, K, L, M, N, and O are secured by a pledge of unrestricted current fund revenues generated from tuition, fees, recovery of indirect costs, sales and services to educational departments, miscellaneous receipts and auxiliaries. University general revenue bond debt is not a general obligation of the State nor does the State provide security for the debt in any other manner, i.e., by appropriations, guarantees, or moral obligation pledges.

Standard & Poor first assigned a credit rating of AA- to the University revenue bonds in November of 1992. In December 1993, Moody's assigned a rating of A1. In June 1997, both rating agencies affirmed the earlier ratings and added "stable outlook" to those ratings. As of June 30, 2009 the University had achieved credit ratings of AA3 with a stable outlook from Moody's Investors Service and AA- with a stable outlook from Standard & Poor's. These ratings are lower than the State's General Obligation Bonds due to the lesser security of University general revenues, a relatively small unrestricted endowment in relation to its operating budget, and the University's heavy dependence upon State appropriation. The funded trustee-held debt service reserve

requirement for general revenue bonds is approximately one half of peak annual debt service. Installment Contracts and Notes Payable have no such requirement.

Total debt issued by the University and outstanding is summarized on Table 4.1.

TABLE 4.1
University of Alaska
Debt Issued and Outstanding
$ (thousands)

	Date	Amount	Principal Outstanding at 6/30/09	Interest to maturity	Total debt service to maturity	Final maturity
Revenue Bonds						
1998 Series H	12/17/1998	9,820	9,100	3,614	12,714	10/1/2023
1999 Series J	4/27/1999	14,295	6,460	1,511	7,971	10/1/2017
2002 Series K	7/31/2002	33,515	27,460	14,057	41,517	10/1/2028
2003 Sereis L	12/9/2003	9,970	7,120	3,875	10,995	10/1/2030
2004 Series M	1/8/2004	11,070	9,620	4,540	14,160	10/1/2028
2005 Series N	8/31/2005	24,355	22,880	10,767	33,647	10/1/2035
2008 Series O	1/31/2008	23,795	23,145	10,750	33,895	10/1/2033
Total		126,820	105,785	49,114	154,899	
Installment Contracts	varies	3,540	2,623	328	2,951	4/15/2017
Notes Payable						
Alaska Housing Corp	5/14/1997	30,000	19,605	2,896	22,501	2/1/2024
Endowment Investment Property	9/15/2006	4,646	-	-	-	9/15/2008
Total		34,646	19,605	2,896	22,501	
Total University Debt		$ 165,006	$ 128,013	$ 52,338	$ 180,351	

Source: University of Alaska

H. Municipal Debt

1. General Obligation Bonds

Alaskan municipalities had approximately $2.424 billion in general obligation debt outstanding at the end of June, 2009. While there has been an increase of roughly $300 million in Alaska municipalities' general obligation debt over the last five years, the current amounts remain below the peak of $2.673 billion in 1986.

High levels of State appropriations for municipal capital projects beginning in FY 1981 depressed municipal bond issuance for most purposes. However, liberalization in FY 1978 of State reimbursement of municipal school debt to 80 percent or higher from a previous 50 percent greatly stimulated issuance for school construction. The other major element of municipal G.O. debt has been the capital construction program of the North Slope Borough. More recently several municipal school debt reimbursement authorizations at the 60-70% level, including a current authorization due to expire in FY 2011, have again stimulated borrowing at the local level.

When State reimbursement is netted out of municipal school debt, it becomes apparent that many Alaska municipalities have substantial debt capacity.

The following Table 4.2 summarizes municipal debt outstanding.

TABLE 4.2
Municipal General Obligation Bonds Outstanding
$ (millions)

June 30	Amount	June 30	Amount	June 30	Amount
1975	$ 351	1986	2,673.5	1998	1,774.7
1976	420.8	1987	2,463.9	1999	1,832.0
1977	519.5	1988	2,170.4	2000	1,603.0
1978	545.2	1989	1,966.9	2001	1,850.4
1979	768.5	1990	2,002.1	2002	1,980.9
1980	827.1	1991	1,854.8	2003	1,932.6
1981	1,091.0	1992	1,729.8	2004	2,107.2
1982	1,316.2	1993	1,814.0	2005	2,345.8
1983	1,619.1	1994	1,759.9	2006	2,357.8
1984	2,105.8	1995	1,901.6	2007	2,402.1
1985	2,084.0	1996	1,779.1	2008	2,397.9
Source: Alaska Taxable		1997	1,777.5	2009	2,423.6

2. General Obligation Debt Ratios

Table 4.3 present ratios of municipal debt to population and to the estimated full value of taxable property in Alaska. Alaska's sparse population leads to higher debt ratios than might be found in other states. The presence of enormous oil and gas property values in certain municipalities has been a significant contributed to higher debt capacity.

TABLE 4.3
Per Capita Municipal and State
General Obligation Debt
1985-2009

Year	Population (thousands)	Municipal Debt $ (millions)	State of Alaska debt $ (millions)	Total G.O. Debt $ (millions)	Per Capita G.O. Debt (dollars)
1985	547,475	2,084	924	3,029	5,534
1986	572,029	2,673	706	3,380	5,910
1987	574,200	2,463	598	3,062	5,333
1988	575,982	2,170	489	2,660	4,619
1989	540,563	1,966	386	2,353	4,353
1990	545,774	2,002	290	2,292	4,201
1991	579,659	1,854	213	2,067	3,567
1992	585,000	1,729	156	1,886	3,225
1993	599,200	1,813	108	1,921	3,208
1994	606,278	1,759	78	1,838	3,032
1995	615,900	1,901	58	1,959	3,182

TABLE 4.3 (Continued)
Per Capita Municipal and State
General Obligation Debt
1985-2009

Year	Population	Municipal Debt	State of Alaska debt	Total G.O. Debt	Per Capita G.O. Debt
1996	619,100	1,779	39	1,818	2,937
1997	611,300	1,778	24	1,802	2,947
1998	621,400	1,775	11	1,786	2,874
1999	622,000	1,832	2	1,834	2,949
2000	622,000	1,603	-	1,603	2,577
2001	628,800	1,850	-	1,850	2,942
2002	634,892	1,981	-	1,981	3,120
2003	643,786	1,933	-	1,933	3,003
2004	643,786	2,107	462	2,569	3,991
2005	655,435	2,346	438	2,784	4,248
2006	663,661	2,358	414	2,772	4,177
2007	670,053	2,402	390	2,792	4,166
2008	676,987	2,398	364	2,762	4,080
2009	679,720	2,424	503	2,926	4,305

Source: Alaska Taxable

TABLE 4.4
Municipal G.O. Debt, Population and Valuation
6/30/2009

Boroughs and Cities within Boroughs	Population	Full Value Determination (thousands)	Per Cap Full Value	Municipal G.O. Debt (thousands)	Per Capita G.O. Debt
Aleutians East Borough	2,699	$156,158	$ 57,858	$30,670	$ 11,363
Municipality of Anchorage	284,994	$35,128,864	$ 123,262	$1,234,415	4,331
Fairbanks North Star Borough	89,896	$9,268,837	$ 103,106	$135,260	1,505
City of Fairbanks	30,367	$2,998,889	$ 98,755	$7,560	249
City of North Pole	2,099	$462,833	$ 220,502	$1,303	621
Haines Borough	2,310	$327,494	$ 141,772	$16,534	7,158
City & Borough of Juneau	30,427	$4,335,283	$ 142,481	$142,543	4,685
Kenai Peninsula Borough	52,990	$8,133,670	$ 153,494	$20,164	381
City of Seward	2,619	$347,109	$ 132,535	$3,500	1,336
Ketchikan Gateway Borough	12,993	$1,606,850	$ 123,670	$24,965	1,921
City of Ketchikan	7,508	$941,940	$ 125,458	$8,123	1,082
Kodiak Island Borough	13,373	$1,288,364	$ 96,341	$32,245	2,411
City of Kodiak	5,974	$656,388	$ 109,874	$8,000	1,339
Lake and Peninsula Borough	1,552	$73,324	$ 47,245	$5,994	3,862

TABLE 4.4 (Continued)
Municipal G.O. Debt, Population and Valuation
6/30/2009

Boroughs and Cities within Boroughs	Population	Full Value Determination (thousands)	Per Cap Full Value	Municipal G.O. Debt (thousands)	Per Capita G.O. Debt
Matanuska-Susitna Borough	82,515	$8,929,097	$ 108,212	$179,875	2,180
City of Palmer	5,559	$586,843	$ 105,566	$2,085	375
City of Wasilla	7,176	$1,298,846	$ 180,999	$11,266	1,570
North Slope Borough	6,706	$14,988,085	$ 2,235,026	$385,785	57,528
City of Kaktovik	272	$6,284	$ 23,103	$95	349
Northwest Arctic Borough	7,407	$679,087	$ 91,682	$61,056	8,243
City & Borough of Sitka	8,615	$1,178,401	$ 136,785	$34,625	4,019
Municipality of Skagway	846	$330,245	$ 390,361	$5,109	6,039
City & Borough of Wrangell	2,112	$186,046	$ 88,090	$2,979	1,411
Municipalities Outside Boroughs					
City of Cordova	2,161	$224,618	$ 103,942	$18,611	8,612
City of Craig	1,117	$105,587	$ 94,528	$650	582
City of Dillingham	2,347	$177,005	$ 75,417	$15,105	6,436
City of Nome	3,570	$314,755	$ 88,167	$6,344	1,777
City of Petersburg	3,009	$362,377	$ 120,431	$13,375	4,445
City of Unalaska	3,551	$498,432	$ 140,364	$11,155	3,141
City of Valdez	3,635	$2,321,729	$ 638,715	$4,185	1,151
Total	618,825	$90,654,301	$ 146,494	$2,423,576	3,916
State of Alaska G.O. Debt	676,987	95,359,087	$ 140,858	502,845	$ 743
Statewide Total	679,720	95,359,087	$ 140,292	$ 2,926,421	$ 4,305

Source: Alaska Taxable

3. Revenue Bonds

In addition to General Obligation Debt that is supported by local taxes, cities and boroughs may issue debt that is supported by the revenues generated by the project financed through the issuance of debt. At the end of June, 2009, approximately $874.4 million in revenue bonds were outstanding, as shown on Tables 4.5 and 4.6.

TABLE 4.5
Alaska Municipal Debt Issued and Outstanding
$ (millions)

	Amount Outstanding		Revenue Debt Outstanding
Fiscal Year	G.O.	revenue	as % of total
1972	297.2	63.0	17.5%
1973	319.9	70.3	18.0%
1974	395.1	77.6	16.4%
1975	416.8	93.9	18.4%
1976	452.5	99.4	18.0%
1977	514.1	288.6	36.0%
1978	449.5	281.8	38.5%
1979	731.6	286.3	28.1%
1980	809.4	347.0	30.0%
1981	1,030.2	441.3	30.0%
1982	1,214.9	512.4	29.7%
1983	1,591.3	592.1	27.1%
1984	1,951.7	630.1	24.4%
1985	2,131.0	720.0	25.3%
1986	2,420.0	817.0	25.2%
1987	2,332.0	1,006.0	30.1%
1988	2,157.5	1,007.5	31.8%
1989	2,327.7	1,000.7	30.1%
1990	2,201.5	1,137.0	34.1%
1991	2,116.8	1,241.1	37.0%
1992	1,720.5	640.6	27.1%
1993	1,809.9	537.2	22.9%
1994	1,759.9	587.9	25.0%
1995	1,901.6	552.1	22.5%
1996	1,779.1	580.8	24.6%
1997	1,777.5	682.0	27.7%
1998	1,705.0	664.0	28.0%
1999	1,832.0	471.0	20.5%
2000	1,602.9	541.3	25.2%
2001	1,850.4	590.3	24.2%
2002	1,980.8	550.2	21.7%
2003	1,932.6	544.5	22.0%
2004	2,107.2	513.8	19.6%
2005	2,345.5	603.8	20.5%
2006	2,357.8	606.0	20.4%
2007	2,402.1	503.3	17.3%
2008	2,391.9	721.4	23.2%
2009	2,423.6	874.4	26.5%

Source: Alaska Taxable

TABLE 4.6
Alaska Municipal Debt Outstanding by Issuer
June 30, 2009
$ (thousands)

Cities And Boroughs	G.O. Debt	Revenue Debt	Total Debt	School G.O. Total	State's % of Debt
Aleutians East	$ 30,670	-	$ 30,670	$ 14,818	61%
Anchorage	1,234,415	$ 422,160	1,656,575	628,802	67%
Bethel	-	3,775	3,775	-	-
Cordova	18,611	-	18,611	16,615	66%
Craig	650	-	650	-	-
Dillingham	15,105	-	15,105	14,631	70%
Fairbanks	7,560	-	7,560	-	-
Fairbanks NSB	135,260	-	135,260	125,176	70%
Haines	16,534	1,584	18,117	15,700	70%
Homer	-	-	-	-	-
Hoonah	-	-	-	-	-
Juneau	142,543	39,065	181,608	136,317	69%
Kaktovik	95	-	95	-	-
Kenai Borough	20,164	-	20,164	14,854	70%
Ketchikan	8,123	56,895	65,017	-	-
Ketchikan Bor.	24,965	2,990	27,955	24,860	70%
King Cove	-	1,301	1,301	-	-
Klawack	-	1,973	1,973	-	-
Kodiak	8,000	2,000	10,000	-	-
Kodiak Bor.	32,245	-	32,245	29,227	64%
Lake Peninsula	5,994	-	5,994	6,544	88%
Mat-Su	179,875	240,070	419,945	149,047	66%
Nenana	-	-	-	-	-
Nome	6,344	13,064	19,408	3,800	66%
North Pole	1,303	-	1,303	-	-
North Slope	385,785	-	385,785	11,246	64%
Northwest Arctic	61,056	-	61,056	61,012	71%
Palmer	2,085	3,173	5,258	-	-
Petersburg	13,375	-	13,375	9,365	63%
St. Paul	-	7,459	7,459	-	-
Seward	3,500	42,130	45,630	-	-
Sitka	34,625	30,395	65,020	34,410	66%
Skagway	5,109	-	5,109	-	-
Soldotna	-	-	-	-	-
Unalaska	11,155	-	11,155	8,727	71%
Valdez	4,185	17	4,202	1,675	66%
Wasilla	11,266	3,826	15,092		-
Wrangell	2,979	2,028	5,007	2,664	70%
Yakutat	-	455	455	-	-
Total	$ 2,423,576	$ 874,360	$ 3,297,935	$ 1,309,490	

Source: Alaska Dept. of Community & Economic Development and Dept. of Education and Early Development

In FY 2009, revenue bonds accounted for approximately 26.5% of all local debt outstanding in Alaska. Some major municipal borrowers in Alaska have no revenue debt at all. Such borrowers include the Fairbanks North Star Borough, Kenai Peninsula Borough and North Slope Borough. In these boroughs, one reason for the lack of revenue debt may be the presence of oil and gas property. That is, substituting G.O bonds for revenue bonds transfers much of the debt burden that would otherwise fall on local users to the State. This is because the State also taxes oil and gas property but allows a credit against tax liabilities for taxes paid to municipalities. Thus municipal property taxes on oil and gas property directly reduce the State payment.

4. Municipal School Debt Reimbursement

Under a program enacted in 1970 (Alaska Statutes 14.11.100), the State will reimburse Alaskan municipalities for up to 60, 70, 80, 90, or 100 percent of the debt service on prequalified municipal G.O. debt issued for school construction. As of June 30, 2009, $1,309.5 million in eligible debt was outstanding. Approximately $920.6 million of the municipal G.O. school debt outstanding may be fully paid by the State through the program.

Although the statute provides that the State will reimburse school districts for a percentage of construction costs, the actual funding for the program is dependent on annual legislative appropriations. The State is not obligated to appropriate the full amount of the entitled under statute nor contractually obligated to consider doing so. When amounts are insufficient, available funds are allocated pro rata among the eligible school districts. This does not jeopardize the security of the debt, because the full faith, credit and taxing power of the issuing community is behind it. The program has been funded at the percent of entitlement shown in Table 4.7.

TABLE 4.7
Proration of State Reimbursement of Municipal School Debt

$ (thousands)

Fiscal Year	Payments (1983-09) or Appropriation (2010)	Percent of Entitlement
1983	$ 36,203	83%
1984	90,600	100%
1985	93,161	100%
1986	106,315	97%
1987	115,845	91%
1988	109,472	92%
1989	109,472	96%
1990	107,831	89%
1991	116,668	94%
1992	128,986	100%
1993	127,603	100%
1994	99,146	100%
1995	103,345	100%
1996	79,700	100%
1997	62,476	100%
1998	61,640	100%
1999	61,991	100%
2000	64,350	100%

TABLE 4.7 (Continued)
Proration of State Reimbursement of
Municipal School Debt

$ (thousands)

Fiscal Year	Payments (1983-09) or Appropriation (2010)	Percent of Entitlement
2001	52,099	100%
2002	54,057	100%
2003	51,973	100%
2004	60,593	100%
2005	72,025	100%
2006	81,095	100%
2007	93,335	100%
2008	91,103	100%
2009	93,319	100%
2010	99,326	100%

Source: State of Alaska, Department of Education & Early Development

Moody's Investor Service and Standard & Poor's Corporation treat reimbursement of local school debt in different ways. Neither agency "double counts" the debt liability associated with the reimbursement, either at the local level or the state level. At the local level, Moody's does not deduct any portion of the local school debt payable by the State of Alaska. There are three primary reasons for this decision. First, according to Moody's, there is considerable lag time between the debt service payment dates and the actual reimbursement by the State of Alaska (while this may have been true in earlier years, the current reimbursements happen within weeks of the debt service disbursement); second, and much more important, since the debt service reimbursements are subject to appropriation, there are many instances across the country where reimbursement of local debt has been reduced and eliminated (Massachusetts is cited as a state that has altered such arrangements); and third, as a policy matter, it would not be consistent with the way the agency handles similar debt in other states and would thus harm the comparability of State debt ratios. For these reasons, the State's responsibility for this reimbursement does not appear in the Moody's calculation of the State's overall debt load.

At the same time, Moody's does footnote local debt issues with a statement that the State of Alaska will reimburse localities for a large portion of debt service payments for local school debt. In addition, while no credit for the reimbursement is given to localities in computing local debt loads, Moody's analysts do recognize that in general, greater debt capacity does exist at the local level as a result of the reimbursement, and that less debt capacity exists at the State level for similar reasons.

When computing the size of local school debt, S&P does deduct the portion of such debt that is paid by the State for local school debt service. Thus, S&P arrives at a "net debt" liability for the local unit. At the same time, the rating agency assigns to the State the total proportionate amount of local school debt that is outstanding and serviced by the State's reimbursement of such debt from State appropriations.

Full funding of currently outstanding bonds eligible for participation in the school debt reimbursement program for FY10 has been estimated at $99.3 million, and this amount has been appropriated.

5. Property Tax Limits

Two municipalities that have large oil and gas property values, the North Slope Borough and Valdez, may be subject to limitations on the amount of full value that can be taxed. A municipality may choose to levy property

taxes for its operating budget under one of two methods. Under AS 29.45.080(b), total property tax revenues may not exceed the equivalent of $1,500 per capita.

Under AS 29.45.080(c), the total property value that can be taxed is limited to the municipality's population multiplied by 225 percent of the average statewide per capita full value. Although AS 29.45.090(a) limits municipal property tax rates to 3 percent or less (30 mills), AS 29.45.100 provides that taxes may be levied without limitation as to rate or amount to pay debt service.

III. Supplementary Information

A. State Debt Capacity

The ratio of debt service to revenue has been used as a guideline for determining Alaska's debt capacity. This guideline has been utilized as the State's oil revenues have elevated the debt capacity of the State. Using the more traditional ratios of state credit analysis – net tax-supported debt per capita, net tax supported debt as a percentage of personal income, and total net tax supported debt, few states have more favorable ratios than the State (when considering only State of Alaska G.O. bonds, University of Alaska bonds which are State supported, State reimbursement of municipal school debt, and lease payments on lease-purchase financing). However, when including all Alaska's governmental unit's debt, the State has ratios higher than the national averages.

Oil revenues generated in Alaska have been very large in per capita terms. Thus, the debt they support has also been very large in per capita terms. Compared with other states, higher levels per capita in Alaska have been expected due to the small population base, its greater geographic dispersion, and its higher price levels.

Besides boosting debt levels, petroleum revenues have elevated personal income levels as a result of State spending of the revenues and have significantly increased taxable property values as a result of petroleum development. Oil and gas taxable property represented approximately 23 percent of total taxable property in the State as of January 1, 2009.

As petroleum revenues recede with declines in Prudhoe production, the measure of the State's debt capacity will shift from a percentage of revenue figure to a measure more closely allied to the traditional debt ratios. Yet, because of small population and large geography, governmental units in Alaska will, on average, continue to carry more debt than in other states. For this reason, the burden of debt service in relation to revenue will continue to be important.

1. Debt Capacity as Measured by Revenues

The State's debt may be measured by comparing the associated debt service to unrestricted revenues. The State's historical policy was that annual debt service should not exceed 5 percent of annual unrestricted revenues. This target was at times exceeded due to fluctuations in the price of petroleum. The State's debt capacity is dynamic and is reduced to compensate for expectations of reduction to unrestricted revenue due to low petroleum prices. The state released a revenue sources book semi annually which is used as the basis for forecasting future years' revenue and the associated debt capacity that those revenues support.

Table 4.9 shows past ratios of State general obligation debt service to unrestricted revenue. From 1985 to 1989, the ratio exceeded 5%. In recent years, debt service has included, for determining debt capacity, debt service on State general obligation bonds, University of Alaska bonds that are State supported, State reimbursement of municipal school debt, and lease payments on lease-purchase financing. Inclusion of the above items brings all debt paid from the State's General Fund within the measure of debt burden generally used by the rating

agencies. State policy has attempted to maintain this more inclusive ratio in the range of 5% to 8% as seen in Table 5.1.

Tables 4.8 and 4.9 provide historical and projected payments for all debt service paid from the General Fund.

TABLE 4.8
State of Alaska
Ratio of General Obligation Bond Debt Service
To Expenditures and Unrestricted Revenues
$ (millions)

Fiscal Year	Debt Service	General Fund Expenditures*	unrestricted Revenues**	Ratio of Debt Service to Expenditures	Ratio of Debt Service to Unrestricted Revenues
1980	75.1	$1,477	$3,718	5.1%	2.0%
1981	97.6	4,613	4,108	2.1%	2.4%
1982	97.5	4,006	3,631	2.4%	2.7%
1983	143.6	3,846	3,588	3.7%	4.0%
1984	166.3	3,389	3,390	4.9%	4.9%
1985	169.5	3,698	3,260	4.6%	5.2%
1986	163.2	3,653	3,076	4.5%	5.3%
1987	154.9	3,026	1,799	5.1%	8.6%
1988	147.9	3,055	2,305	4.8%	6.4%
1989	135.5	3,186	2,186	4.3%	6.2%
1990	120.3	2,843	2,507	4.2%	4.8%
1991	95.5	2,805	2,987	3.4%	3.2%
1992	68.2	3,024	2,463	2.3%	2.8%
1993	59.7	3,145	2,352	1.9%	2.5%
1994	33.8	3,339	1,653	1.0%	2.0%
1995	22.9	3,312	2,083	0.7%	1.1%
1996	21.3	3,386	2,133	0.6%	1.0%
1997	16.5	3,350	2,495	0.5%	0.7%
1998	14.2	3,296	1,826	0.4%	0.8%
1999	8.8	3,425	1,348	0.3%	0.7%
2000	0.0	3,554	2,082	0.0%	0.0%
2001	0.0	3,758	2,282	0.0%	0.0%
2002	0.0	5,406	1,660	0.0%	0.0%
2003	0.0	5,582	1,948	0.0%	0.0%
2004	19.4	5,419	2,346	0.4%	0.8%
2005	46.4	5,903	3,189	0.8%	1.5%
2006	45.7	6,216	4,200	0.7%	1.1%
2007	45.0	6,777	5,149	0.7%	0.9%
2008	44.4	7,836	10,728	0.6%	0.4%
2009	43.9	9,549	5,831	0.5%	0.8%

Source: State of Alaska, CAFR, and Revenue Sources Book

* Permanent Fund income and Constitutional Budget Reserve Draws included from 2002 forward

** Permanent Fund income and restricted revenues are not included in unrestricted revenue

TABLE 4.9
State of Alaska
Debt Service on State Supported Debt
$ (millions)

fiscal year	state G.O.	university	lease / purchase	(1) Capital Leases	(2) school debt reimbursement	Capital Project Reimbursements	total debt service
1980	75.1	1.8	10.1	-	24.1	-	111.1
1981	97.6	2.2	10.0	-	38.4	-	148.2
1982	97.5	2.3	10.0	-	38.3	-	148.1
1983	143.6	2.3	9.9	-	36.2	-	192.0
1984	166.3	2.0	9.9	-	90.6	-	268.8
1985	169.5	2.0	10.7	-	93.2	-	275.4
1986	163.2	1.8	10.4	-	106.3	-	281.7
1987	154.9	1.8	11.2	-	115.8	-	283.7
1988	147.9	1.5	11.2	-	109.5	-	270.1
1989	135.5	2.2	11.7	-	109.5	-	258.9
1990	120.3	2.2	12.0	-	107.8	-	242.3
1991	95.5	2.7	12.0	-	116.7	-	226.9
1992	68.2	2.7	11.8	-	129.0	-	211.7
1993	59.7	3.7	11.2	-	127.6	-	202.2
1994	33.8	0.2	8.5	-	99.1	-	141.6
1995	22.9	0.2	10.2	-	103.3	-	136.6
1996	21.3	0.2	9.6	-	79.7	-	110.8
1997	16.5	0.2	9.5	-	62.5	-	88.7
1998	14.2	0.2	10.3	-	61.6	-	86.3
1999	8.8	0.2	15.5	-	62.0	-	86.5
2000	2.4	-	15.0	3.5	64.4	-	85.3
2001	-	-	12.8	3.5	52.1	-	68.4
2002	-	-	12.4	8.8	54.1	-	75.3
2003	-	-	11.9	8.8	52.0	-	72.7
2004	19.4	-	12.1	8.8	60.6	0.3	101.2
2005	46.4	-	13.8	8.8	71.4	0.2	140.6
2006	45.7	-	13.2	8.6	81.1	2.2	150.8
2007	45.0	-	13.2	9.1	86.9	3.6	157.8
2008	44.4	-	11.1	11.8	91.1	4.2	162.7
2009	43.9	-	8.0	20.4	93.3	3.9	169.6
2010	48.9	-	8.0	29.6	94.9	5.2	186.7
2011	53.8	-	8.0	29.7	95.8	5.3	192.5

TABLE 4.9 (Continued)
State of Alaska
Debt Service on State Supported Debt
$ (millions)

fiscal year	state G.O.	university	lease / purchase	(1) Capital Leases	(2) school debt reimbursement	Capital Project Reimbursements	total debt service
2012	53.4	-	8.0	29.7	93.0	5.3	189.3
2013	55.0	-	7.9	29.7	97.3	5.2	195.2
2014	54.7	-	5.1	29.7	92.1	5.1	186.7
2015	42.2	-	5.1	29.7	90.0	5.0	172.0
2016	42.1	-	5.0	29.7	85.1	4.2	166.1
2017	41.8	-	5.0	29.7	80.2	4.2	161.0
2018	41.7	-	3.4	26.3	75.2	4.1	150.7
2019	41.5	-	3.4	21.1	68.5	4.1	138.7
2020	30.4	-	2.2	26.3	62.2	2.8	123.8
2021	30.4	-	2.2	21.1	59.5	2.8	116.0
2022	30.4	-	-	21.1	48.9	2.8	103.2
2023	30.5	-	-	21.1	44.8	2.8	99.2
2024	30.5	-	-	21.1	34.4	2.8	88.8
2025	12.6	-	-	21.1	25.5	2.8	62.0
2026	12.6	-	-	21.1	14.5	2.6	50.8
2027	12.6	-	-	21.1	10.5	-	44.2
2028	12.6	-	-	17.8	7.6	-	38.0
2029	12.5	-	-	17.8	2.3	-	32.6
2030	$ 12.5	$ -	$ -	$ 17.8	$ -	$ -	$ 30.3

1 - There are four facilities financed with capital leases

2 - FY2010-2029 payments rely on the Department of Education & Early Developments files as of 11-15-2009

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TABLE 5.0
State of Alaska
Debt Service to Unrestricted Revenues
Fall 2009 Revenue Forecast of the Department of Revenue

Fiscal Year	Unrestricted Revenues	State G.O. Debt Service	State Supported Debt Service	Total State Debt Service	School Debt Transfers	Total Debt Service to Revenues
	($Millions)	%	%	%	%	%
1980	3,718.0	2.0	0.3	2.3	0.6	3.0
1981	4,108.4	2.4	0.3	2.7	0.9	3.6
1982	3,631.0	2.7	0.3	3.0	1.1	4.1
1983	3,587.8	4.0	0.3	4.3	1.0	5.4
1984	3,390.1	4.9	0.4	5.3	2.7	7.9
1985	3,260.0	5.2	0.4	5.6	2.9	8.4
1986	3,075.5	5.3	0.4	5.7	3.5	9.2
1987	1,799.4	8.6	0.7	9.3	6.4	15.8
1988	2,305.8	6.4	0.6	7.0	4.7	11.7
1989	2,186.2	6.2	0.6	6.8	5.0	11.8
1990	2,507.2	4.8	0.6	5.4	4.3	9.7
1991	2,986.6	3.2	0.5	3.7	3.9	7.6
1992	2,462.6	2.8	0.6	3.4	5.2	8.6
1993	2,352.0	2.5	0.6	3.2	5.4	8.6
1994	1,652.5	2.0	0.5	2.6	6.0	8.6
1995	2,082.9	1.1	0.5	1.6	5.0	6.6
1996	2,133.3	1.0	0.5	1.5	3.7	5.2
1997	2,494.9	0.7	0.4	1.1	2.5	3.6
1998	1,825.5	0.8	0.6	1.4	3.4	4.7
1999	1,348.4	0.7	1.2	1.8	4.6	6.3
2000	2,081.7	0.1	0.9	1.0	3.1	4.1
2001	2,281.9	0.0	0.7	0.7	2.3	3.0
2002	1,660.3	0.0	1.3	1.3	3.3	4.5
2003	1,947.6	0.0	1.1	1.1	2.7	3.7
2004	2,345.6	0.8	0.9	1.7	2.6	4.3
2005	3,188.8	1.5	0.7	2.2	2.2	4.4
2006	4,200.4	1.1	0.6	1.7	1.9	3.6
2007	5,148.5	0.9	0.5	1.4	1.7	3.1
2008	10,728.2	0.4	0.3	0.6	0.8	1.4
2009 projected	5,831.2	0.8	0.6	1.3	1.6	2.9
2010	4,777.9	1.0	0.9	1.9	2.0	3.9
2011	5,236.6	1.0	0.8	1.8	1.8	3.7
2012	5,573.3	1.0	0.8	1.7	1.7	3.4
2013	5,931.6	0.9	0.7	1.6	1.6	3.3
2014	6,340.2	0.9	0.6	1.5	1.5	2.9

As shown on Table 5.0, debt service on State G.O. and State Supported debt plus school debt reimbursement payments are projected to be approximately 1.9% of revenues in FY 2010.

Table 5.1 presents the ratio of State G.O.'s to full value of taxable property since 1974. The ratio has declined from 6.0% in 1974 to .6% in 2009. As a measure of debt capacity, debt to full value is of minor significance in Alaska due to the existence of a State petroleum property tax.

TABLE 5.1
State of Alaska
Ratio of State General Obligation Debt to Property Values

Year	Full Value: Cities, Boroughs & Unincorporated Areas at 1/1 $(millions)	G.O. Bonds Outstanding at 6/30 $(millions)	Ratio of Debt to Full Value %
1974	4,853	293	6.0%
1975	6,673	392	5.9%
1976	11,679	462	4.0%
1977	17,102	530	3.1%
1978	21,344	596	2.8%
1979	25,003	670	2.7%
1980	26,927	631	2.3%
1981	29,780	701	2.4%
1982	35,226	842	2.4%
1983	39,090	946	2.4%
1984	45,009	924	2.1%
1985	48,915	816	1.7%
1986	55,026	706	1.3%
1987	47,905	598	1.2%
1988	42,250	489	1.2%
1989	39,563	386	1.0%
1990	39,668	290	0.7%
1991	40,933	213	0.5%
1992	42,167	159	0.4%
1993	42,357	108	0.3%
1994	42,829	78	0.2%
1995	44,394	58	0.1%
1996	45,232	39	0.1%
1997	47,013	24	0.1%

TABLE 5.1 (Continued)
State of Alaska
Ratio of State General Obligation Debt to Property Values

Year	Full Value: Cities, Boroughs & Unincorporated Areas at 1/1 $(millions)	G.O. Bonds Outstanding at 6/30 $(millions)	Ratio of Debt to Full Value %
1998	47,541	11	0.0%
1999	49,158	2	0.0%
2000	50,773	0	0.0%
2001	53,230	0	0.0%
2002	55,247	0	0.0%
2003	58,361	462	0.8%
2004	59,230	462	0.8%
2005	66,308	438	0.7%
2006	66,847	414	0.6%
2007	84,253	390	0.5%
2008	86,717	364	0.4%
2009	90,428	503	0.6%

Source: Alaska Taxable Alaska Department of Commerce, Community, and Economic Developement.

B. Public Pension Systems Liabilities

The State administers two major retirement systems -- the Public Employees' Retirement System (for State employees and employees of political subdivisions who elect to join the system) and the Teachers' Retirement System (for teachers and school administrators). The difference between the present value of projected accrued benefits for employees who are covered by the pension system and the market value of the particular pension system's assets is the amount of the State's unfunded liability. An unfunded pension liability generally is not treated by the rating agencies or investors as debt unless it is judged to constitute a significant burden on the State. However, pension fund liabilities are a long-term obligation of the State.

The financial status of each of the State's public pension systems since FY 2003 is shown in Table 5.2. Actuarial results for FY 2009 will be available in June of 2010.

TABLE 5.2
State of Alaska
Retirement System's Financial Status
$ (millions)

Public Employees' Retirement System (PERS)

	6/30/2003	6/30/2004	6/30/2005	6/30/2006	6/30/2007	6/30/2008
Present Value of Accrued Benefits	$ 10,562	$ 11,444	$ 12,845	$ 14,388	$ 14,570	$ 15,888
Value of Assets	$ 7,687	$ 8,030	$ 8,443	$ 9,041	$ 9,901	$ 11,040
Funding Excess (Unfunded Liability) for Accrued Benefits	$ (2,875)	$ (3,414)	$ (4,402)	$ (5,347)	$ (4,669)	$ (4,848)
Funding Ratio	72.8%	70.2%	65.7%	62.8%	68.0%	69.5%

Teachers' Retirement System (TRS)

	6/30/2000	6/30/2001	6/30/2003	6/30/2005	6/30/2007	6/30/2008
Present Value of Accrued Benefits	$ 5,412	$ 5,836	$ 6,124	$ 6,499	$ 7,189	$ 7,619
Value of Assets	3,689	3,752	3,845	3,959	4,424	4,937
Funding Excess (Unfunded Liability) for Accrued Benefits	$ (1,723)	$ (2,084)	$ (2,278)	$ (2,540)	$ (2,765)	$ (2,682)
Funding Ratio	68.2%	64.3%	62.8%	60.9%	61.5%	64.8%

Source: June 30, 2009 State of Alasa PERS and TRS valuation report

The Public Employees' Retirement System's actuarial accrued liabilities are funded at 69.5 percent and the Teachers' System's actuarial accrued liabilities funded at 64.8 percent. It is important to note that these funding levels include accrued benefit costs. Unfunded pension liabilities are generally not considered to be a contingent liability until the funding ratio drops below 60 percent.

C. Credit Ratings of State

The State of Alaska's general obligation bond rating was re-established in 2003 with the issuance of the 2003 Series A and B bonds. The State received AA ratings from the three national bond credit rating agencies. Both Fitch Ratings and Standard and Poor's AA ratings have a stable outlook assigned to them, while Moody's Aa2 rating is currently stable, it had a negative outlook assigned to it from August 2002 until December 2004 when it was revised to stable. On March 27, 2008 Standard & Poor's increased their credit rating on the State to AA+ with a stable outlook.

Following is the State of Alaska's credit rating history, shown on Table 5.3.

TABLE 5.3
State of Alaska Credit Rating History
ratings as of date shown

Moody's Investor Service		Standard and Poor's Corp.		Fitch Investors Service	
July 13, 1961	Baa	June 4, 1971	A	May 3, 1994	AA
September 12, 1969	Baa1	January 23, 1975	A+		
August 29, 1974	A1	June 14, 1980	AA-		
June 13, 1980	Aa	August 5, 1992	AA		
November 26, 1998 forward	Aa2	March 27, 2008 forward	AA+		

D. Private Activity Bond Ceiling

The Tax Reform Act of 1986 established a ceiling on annual issuance of Qualified Private Activity Bonds (PAB's), effective August 15, 1986, at the level of $250 million for the remainder of 1986 and for 1987, and $150 million thereafter. Effective in calendar year 2001 the PAB cap became subject to annual adjustment and has been increased each year since. In calendar year 2009 the cap was $273.3 million. The PAB ceiling encompasses qualified mortgage revenue bonds, student loan bonds some of the types of tax-exempt debt issued by AIDEA and AEA, and certain other types of tax-exempt bonds to promote industrial development.

The responsibility for allocating Alaska's annual ceiling was assigned to the State Bond Committee by State law, beginning in 1987. Allocation carry-forwards expire after three calendar years. Table 5.4 summarizes the allocation, use and carry-forwards of the PAB ceiling over the past five years.

TABLE 5.4
Alaska Private Activity Bond Ceiling Allocations
Use and Carryforwards - Last Five Years
$ (thousands)

calendar year	total ceiling	allocation		use		available carryforward at calendar year end	
2004	233,795	120,000	to ASLC	93,100	by ASLC	121,924	ASLC
		113,795	to AHFC	-	by AHFC	343,001	AHFC
2005	239,180	40,000	to ASLC	58,250	by ASLC	103,674	ASLC
		199,180	to AHFC	5,803	by AHFC	445,772	AHFC*
2006	246,610	70,000	to ASLC	90,735	by ASLC	82,939	ASLC
		129,515	to AHFC	252,593	by AHFC	322,694	AHFC
		47,095	AIDEA	47,095	by AIDEA	-	AIDEA
2007	256,235	40,000	to ASLC	45,153	by ASLC	77,786	ASLC
		208,435	to AHFC	89,370	by AHFC	441,759	AHFC
		6,000	AIDEA	6,000	by AIDEA	-	AIDEA
		1,800	Sand Point	18,000	by Sand Point	-	
2008	262,500	131,048	to ASLC	-	by ASLC	208,834	ASLC
		131,048	to AHFC	161,760	by AHFC	411,047	AHFC
2009	273,270	123,270	to ASLC	-	by ASLC	294,318	ASLC
		150,000	to AHFC	80,827	by AHFC	479,788	AHFC

Carryforwards expire after three years.
*$90,605,891.95 shown as available at year end lapsed.
** Doesn't include $96,550,479 special 2008 allocation due to Housing and Economic Recovery Act
Source: State Bond Committee

E. State Bond Committee

AS 37.15 includes the State's Bonding Act and creates the State Bond Committee (SBC). The members of the SBC are the Commissioner of Commerce, Community and Economic Development (who serves as chairman), the Commissioner of Revenue (who serves as secretary), and the Commissioner of Administration.

The duties of the State Bond Committee include adopting resolutions and preparing documents necessary for the issuance, sale, and delivery of State bonds. The State Bond Committee must fix the principal amount, denomination, date maturities, place of payment, terms, rights of redemption if any, form, condition and covenants of the bonds; fix the date of sale and the form of the notice of sale; and provide the notice of sale of State debt.

Additionally, the State Bond Committee manages and administers the State debt policy including requests for appropriations to the debt retirement fund, the repayment of State debt and related administrative matters.

Staff support for the State Bond Committee is provided by the Treasury Division of the Department of Revenue.

This publication was released by the Department of Revenue.

Information for:

Senate Finance Committee

Presented By:

Alaska Department of Revenue

February 5, 2010

Discussion Agenda

- State Debt Discussion
- Bond Structuring Opportunities from Recovery Act
- Current Market Condition
- Summary

$9.3 Billion in Outstanding State Debt

See Table 1.1 in Alaska Public Debt Book

■ General Obligation	502.8
■ State Supported	1,349.8
■ State Guaranteed	383.9
■ State Moral Obligation	1,250.0
■ State Revenue	639.5
■ University	128.0
■ State Agency	744.4
■ State Agency Collateralized	2,698.0
■ Municipal	3,297.9

Historical Use of General Obligation Bonds

General Obligation Debt
Issued by Purpose
$ (thousands)

purpose	amount issued	percentage
Transportation	$ 933,463	46.1%
Education	623,922	30.8%
Water and Sewer	135,640	6.7%
Fish, Game, and Recreation	93,099	4.6%
Public Safety (Fire and Corrections)	86,544	4.3%
Flood Control and Harbor Development	75,790	3.7%
Health and Housing	75,534	3.7%
Total	$ 2,023,992	100.0%

Source: Bonded Debt Service, State of Alaska.

Subject to Appropriation Leases Since 1990

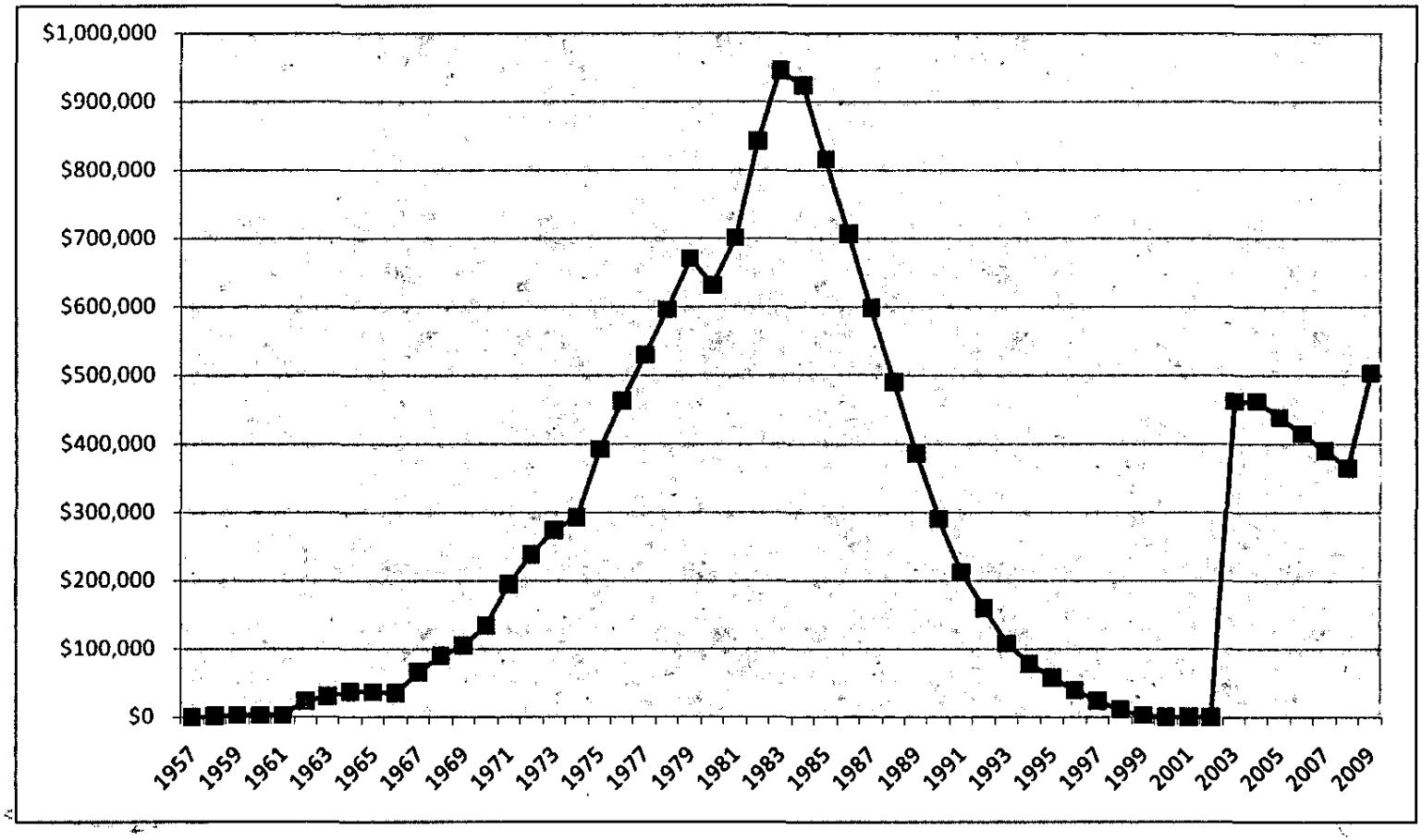
State of Alaska Lease-Purchase Financing[1]
Issued and Outstanding
$ (thousands)
Certificates of Participation (COP's)

	date	amount issued	outstanding at 6/30/09	final maturity
Seward Student Service Center	7/24/1990	$ 4,560	$ -	6/15/2000
Kenai Court House	7/24/1992	4,275	-	7/1/2002
Wildwood Correctional Center Acquisition	12/10/1992	5,655	-	4/1/2000
Wildwood Correctional Center Improvements	12/10/1992	4,990	-	4/1/2000
Palmer Court House	7/1/1993	3,300	-	12/1/2002
Court Plaza Building	8/1/1993	5,500	-	9/1/2000
Anchorage Times Building	6/2/1994	6,153	-	9/1/2003
Soldotna Maintenance Facility	9/1/1997	4,900	-	1/1/2008
Fairbanks Courthouse	10/15/1997	29,900	10,190	1/1/2013
Palmer Airport Fire Facility	12/15/1997	5,995	-	6/15/2007
Anchorage Health Lab	1/1/1998	18,440	-	1/1/2008
Spring Creek Correctional Center (refunding)	6/15/1998	28,040	-	9/1/2006
Alaska Psychiatric Institute	4/15/2002	16,000	10,825	7/15/2016
Seafood and Food Safety Lab	8/1/2003	14,145	10,185	1/15/2019
State Virology Laboratory	10/1/2005	24,000	20,215	2/1/2021
Total Certificates of Participation		$ 175,853	$ 51,415	

Issued and Outstanding
$ (thousands)
Lease Revenue Conduit

	date	amount issued	outstanding at 6/30/09	final maturity
Atwood Building	4/1/2000	$ 40,400	$ 22,715	6/1/2017
Anchorage Jail	4/15/2000	60,440	42,735	7/1/2002
Atwood Parking	10/3/2007	42,415	40,805	12/1/2027
Goose Creek Correctional	12/23/2008	244,285	231,780	9/1/2032
Total Lease Revenue		$ 387,540	$ 338,035	

Historical General Obligation Bond Debt Outstanding



Alaska Municipal Bond Bank

Outstanding Loans to Municipalities
Funded with Bonds as of 6/30/2009

$ (thousands)

Governmental Unit	Outstanding Loan Amount	Percentage of Total
Northwest Arctic Borough	61,015	10.80%
City of Ketchikan	58,810	10.41%
City of Seward	45,630	8.08%
Kenai Peninsula Borough	42,909	7.60%
City & Borough of Juneau	37,745	6.68%
City & Borough of Sitka	34,410	6.09%
City of Unalaska	33,125	5.87%
Kodiak Island Borough	32,595	5.77%
Aleutians East Borough	30,670	5.43%
Ketchikan Gateway Borough	21,615	3.83%
City of Valdez	21,165	3.75%
City of Cordova	18,615	3.30%
Haines Borough	16,335	2.89%
City of Kodiak	14,865	2.63%
City of Dillingham	14,635	2.59%
City of Nome	13,766	2.44%
City of Petersburg	13,510	2.39%
City of Wasilla	9,340	1.65%
City of Fairbanks	7,560	1.34%
Lake and Peninsula Bor.	7,219	1.28%
St. Paul	6,006	1.06%
Municipality of Anchorage	4,960	0.88%
Municipality of Skagway	4,840	0.86%
City of Bethel	3,590	0.64%
City of Wrangell	2,979	0.53%
City of Palmer	2,085	0.37%
Inter-island Ferry Authority	1,360	0.24%
City of Adak	1,305	0.23%
City of North Pole	1,170	0.21%
City of Craig	650	0.12%
City of Homer	185	0.03%
City of Kaktovik	95	0.02%
Total	$ 564,759	100.00%

Source: Alaska Municipal Bond Bank
Does not include reserve obligations

Fiscal Year	Community Loans	Bonds Issued (millions)	Community Savings
2001	9	50.1	4.2
2002	4	39.2	3.1
2003	9	62.3	3.6
2004	11	113.1	4.8
2005	14	123.2	16.7
2006	11	77.4	3.8
2007	14	106.6	14.3
2008	9	98.7	3.4
2009	9	76.7	6.8

Alaska Public Debt Book – Table 4.5 and Alaska Municipal Bond Bank Annual Reports

Investment Grade Rating Categories

- Bond ratings for the majority of municipal bonds are in the investment grade categories

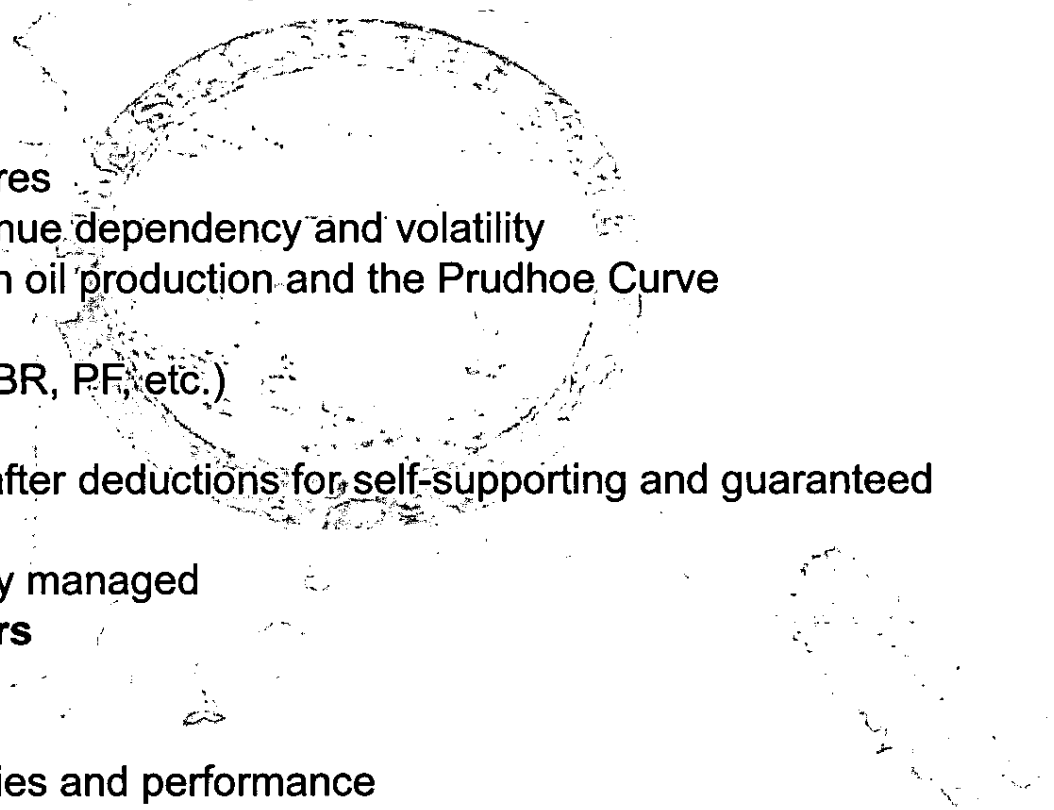
Investment Grade Rating Symbols for the Three Major Rating Agencies

	Moody's	Standard & Poor's	Fitch
Prime Grade	Aaa	AAA	AAA
High Grade	Aa1	AA+	AA+
	Aa2	AA	AA
	Aa3	AA-	AA-
Upper Medium High Grade	A1	A+	A+
	A2	A	A
	A3	A-	A-
Medium Grade	Baa1	BBB+	BBB+
	Baa2	BBB	BBB
	Baa3	BBB-	BBB-

- State of Alaska's General Obligation bonds are rated Aa2/AA/AA+
- Certificates of participation or subject to appropriation debt is rated Aa3/AA-/AA
- 13 states have at least one AAA credit rating
- 5 states have at least one A Credit rating
- California lowest rated at A/Baa1/BBB

Rating Factors for Alaska's General Obligation Bonds

- **Economic Base**
  - Dependent on natural resource industries
    - non-renewable oil extraction industries
    - renewable resources fishing and timber
  - Tourism
  - Military bases
- **Financial Analysis**
  - Trend in expenditures
  - Oil generated revenue dependency and volatility
  - Projected decline in oil production and the Prudhoe Curve
  - Gas Line
  - Reserves (CBR, SBR, PF, etc.)
- **Debt Analysis**
  - Very low net debt after deductions for self-supporting and guaranteed debts
  - Debt conservatively managed
- **Administrative Factors**
  - Forecasting ability
  - Reserve policies
  - Investment strategies and performance
  - Services provided



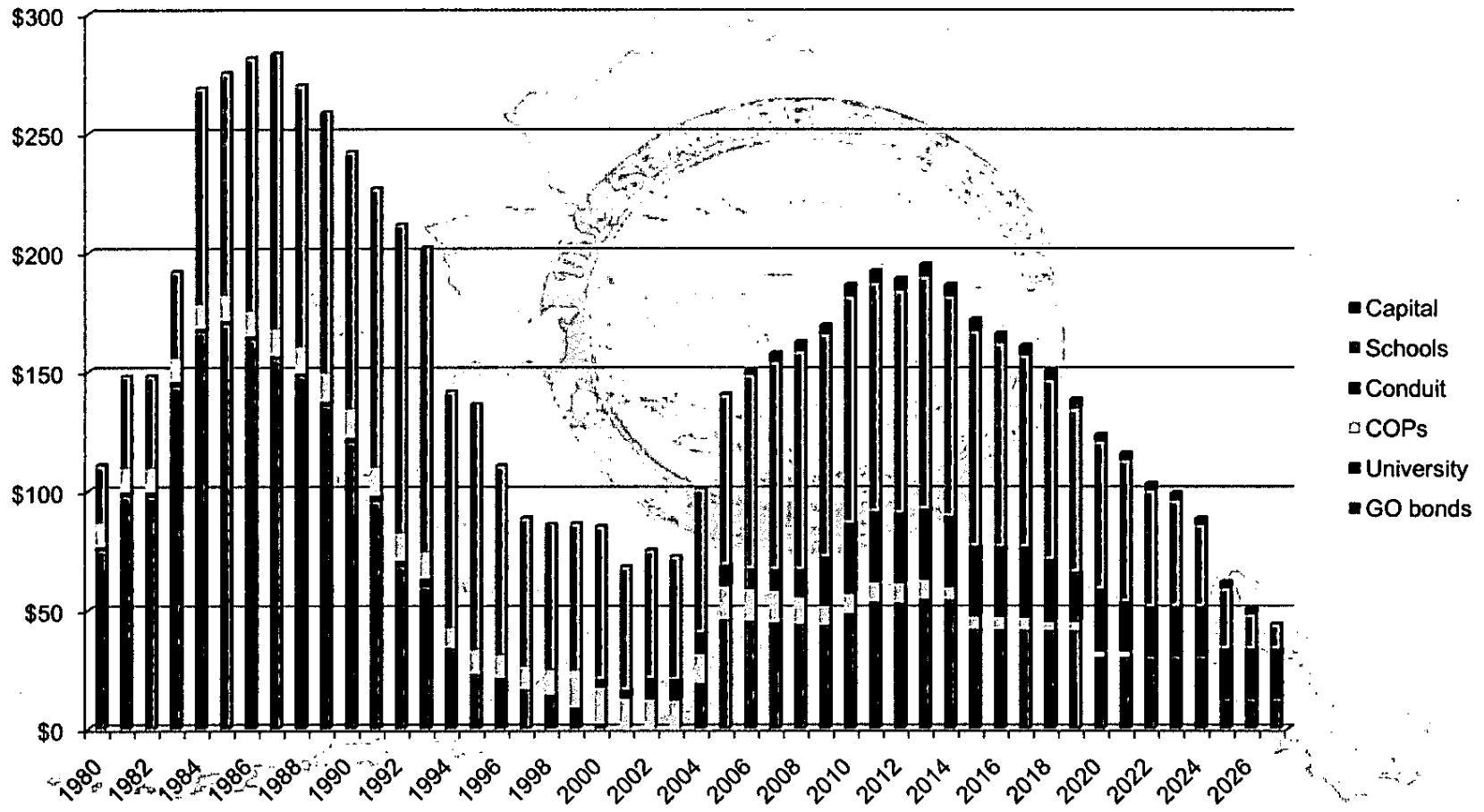
Alaska's State Supported Debt

(Millions) Peaked in 1985 at $275 million

fiscal year	state G.O.	university	COPs	Lease Revenue	School Debt Reimbursement	Capital Project Reimbursement	Total Debt Service
2000	2.4	-	15.0	3.5	64.4	0	85.3
2009	43.9	-	8.0	20.4	93.3	3.9	169.6
2010	48.9	-	8.0	29.6	94.9	5.2	186.7
2011	53.8	-	8.0	29.7	95.8	5.3	192.5
2012	53.4	-	8.0	29.7	93.0	5.3	189.3
2013	55.0	-	7.9	29.7	97.3	5.2	195.2
2014	54.7	-	5.1	29.7	92.1	5.1	186.7
2015	42.2	-	5.1	29.7	90.0	5.0	172.0
2016	42.1	-	5.0	29.7	85.1	4.2	166.1

Alaska Public Debt – Table 4.9

State & State Supported General Fund Debt Service



Alaska Public Debt – Table 4.9

Alaska's Debt Service to Unrestricted Revenue (Debt Capacity) *Peaked in 1987 at 15.8%

Fiscal Year	Unrestricted Revenues	State G.O. Debt Service	State Supported Debt Service	Total State Debt Service	School Debt Transfers	Total Debt Service to Revenues
	($Millions)	%	%	%	%	%
2007	5,148.5	0.9	0.5	1.4	1.7	3.1
2008	10,728.2	0.4	0.3	0.6	0.8	1.4
2009	5,831.2	0.8	0.6	1.3	1.6	2.9
Projected						
2010	4,777.9	1.0	0.9	1.9	2.0	3.9
2011	5,236.6	1.0	0.8	1.8	1.8	3.7
2012	5,573.3	1.0	0.8	1.7	1.7	3.4
2013	5,931.6	0.9	0.7	1.6	1.6	3.3
2014	6,340.2	0.9	0.6	1.5	1.5	2.9

Recovery Act Opportunities

- Build America Bonds
- Recovery Zone Economic Development Bonds
- Recovery Zone Facility Bonds
- Qualified School Construction Bonds
- Other allocations smaller than statewide in nature

Build America Bonds

- Alternative structure for financings that otherwise qualify as tax-exempt
- Sell taxable bonds and receive 35% subsidy from Federal Government on interest expense
- Beneficial on yields for maturities beyond 8-12 years depending upon market
- On 20 year loan has lowered interest rate by 50 to 100 basis points depending on market

Recovery Zone Bonds

- Recovery Zone Economic Development Bonds
  - Identical to BABs but a boosted 45% subsidy
  - $90 million allocation to Alaska
- Recovery Zone Facility Bonds
  - Provide opportunity for municipalities to offer tax exemption to businesses investing in their communities.
  - $135 million allocated to Alaska

Recovery Zone Allocations

AREA	Economic Development Bonds	Facility Bonds
Anchorage	0	0
Aleutians East Borough	0	0
Aleutians West Census Area	$ 4,680,000	$ 7,020,000
Bethel Census Area	$15,271,000	$22,906,000
Bristol Bay Borough	$ 246,000	$ 369,000
Denali Borough	0	0
Dillingham Census Area	$ 1,724,000	$ 2,586,000
Fairbanks North Star Borough	$32,760,000	$49,137,000
Haines Borough	$ 1,576,000	$ 2,365,000
Juneau Borough	$ 7,586,000	$11,379,000
Kenai Peninsula Borough	$ 4,877,000	$ 7,315,000
Ketchikan Gateway Borough	$ 3,744,000	$ 5,616,000
Kodiak Island Borough	$ 2,266,000	$ 3,399,000
Lake & Peninsula Borough	$ 1,970,000	$ 2,956,000
Matanuska-Susitna Borough	0	0
Nome Census Area	$ 1,773,000	$ 2,660,000
North Slope Borough	0	0
Northwest Arctic Borough	$ 887,000	$ 1,330,000
Prince of Wales-Outer Ketchikan Census Area	$ 1,921,000	$ 2,956,000
Sitka Borough	$ 2,709,000	$ 4,064,000
Skagway Hoonah Angoon Census Area	$ 985,000	$ 1,478,000
Southeast Fairbanks Census Area	0	0
Valdez-Cordova Census Area	$ 2,906,000	$ 4,360,000
Wade Hampton Census Area	0	0
Wrangell Petersburg Census Area	$ 2,020,000	$ 3,030,000
Yakutat Borough	$ 99,000	$ 148,000
Yukon-Koyukuk Census Area	0	0

Qualified School Construction Bonds

- Investor receives a tax credit as a fixed percentage of the purchase.
- Theoretically could have zero interest expense, but recent issues required supplemental coupon of 1.5%
- State's allocation is $29,784,000 for both 2009 and 2010
- Must be a k-12 school capital project

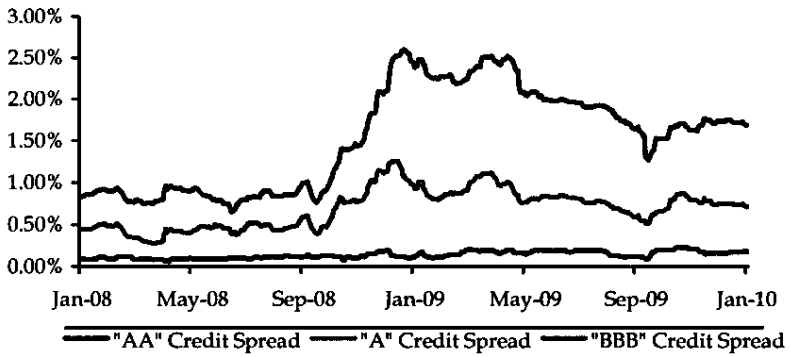
Market Update

Municipal Market Update

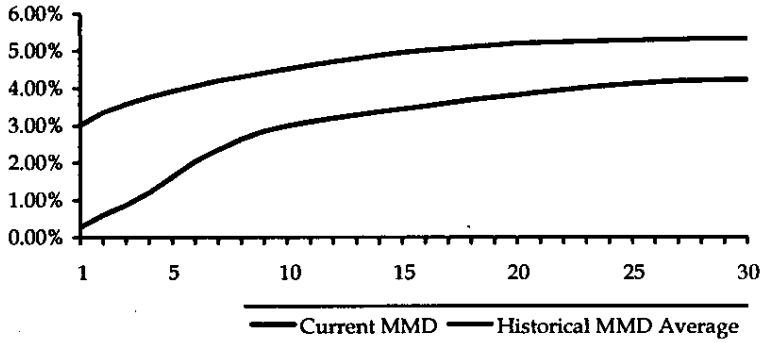
Commentary

- Total issuance for 2009 was $407 billion, with fixed rate bonds accounting for $360.7 billion (89%)
- Taxable issuance was $84.1 billion in 2009; BABs account for $64.2 billion of taxable issuance
- Insurance penetration fell to 8.7% in 2009
- Credit spreads have been shrinking since credit crisis, but have widened slightly recently
- Yield curve historically steep and fixed rates remain near historic lows
- Retail showing less appetite with such low rates

Credit Spreads

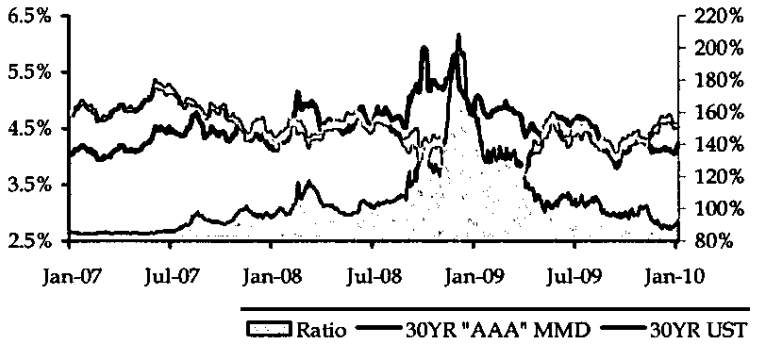


Yield Curve Historically Steep



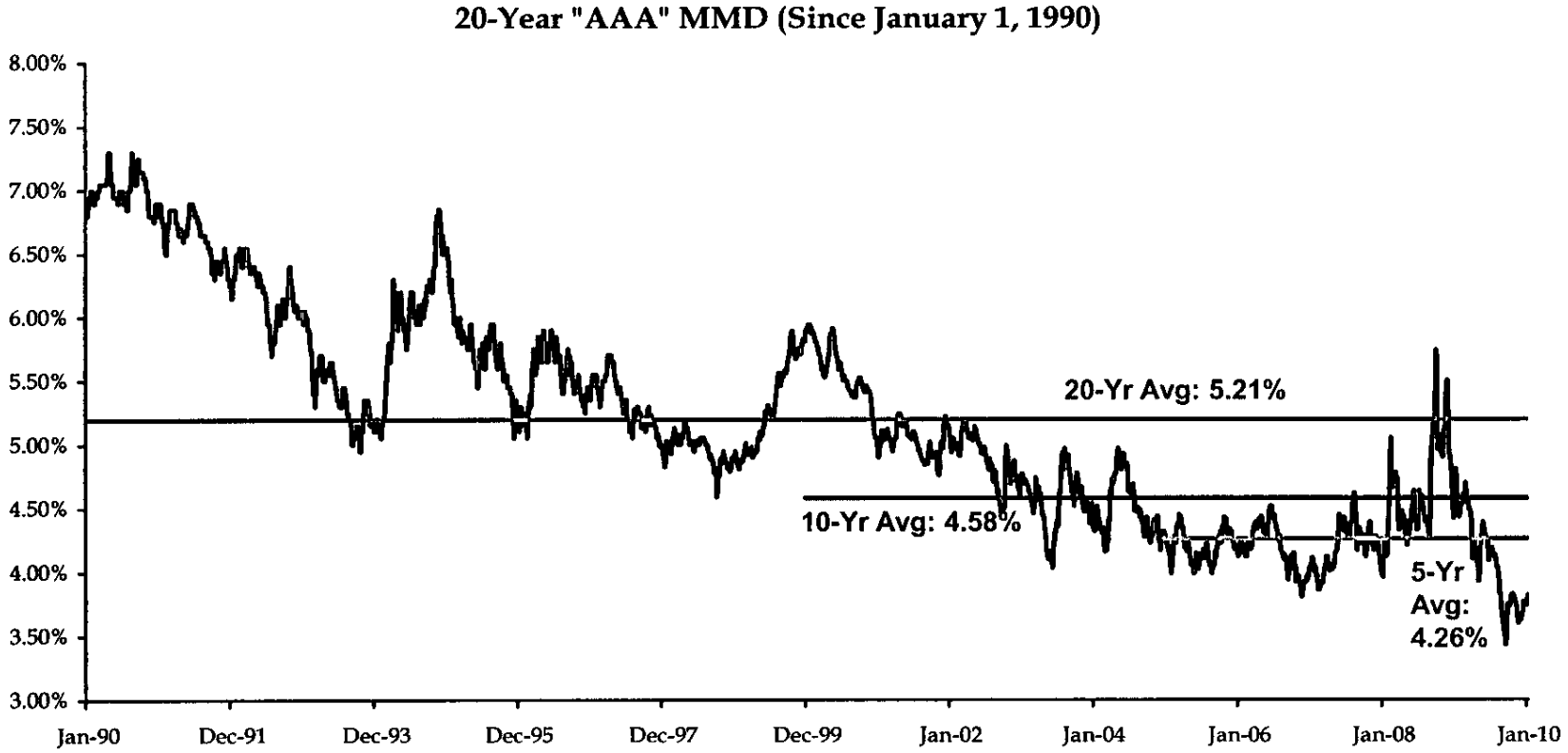
Rates as of January 28, 2010.

Tax-Exempt / Taxable Ratios



Market Update
Fixed Rate Bonds

In current market, it is difficult to argue against fixed rate bonds (particularly with BABs)

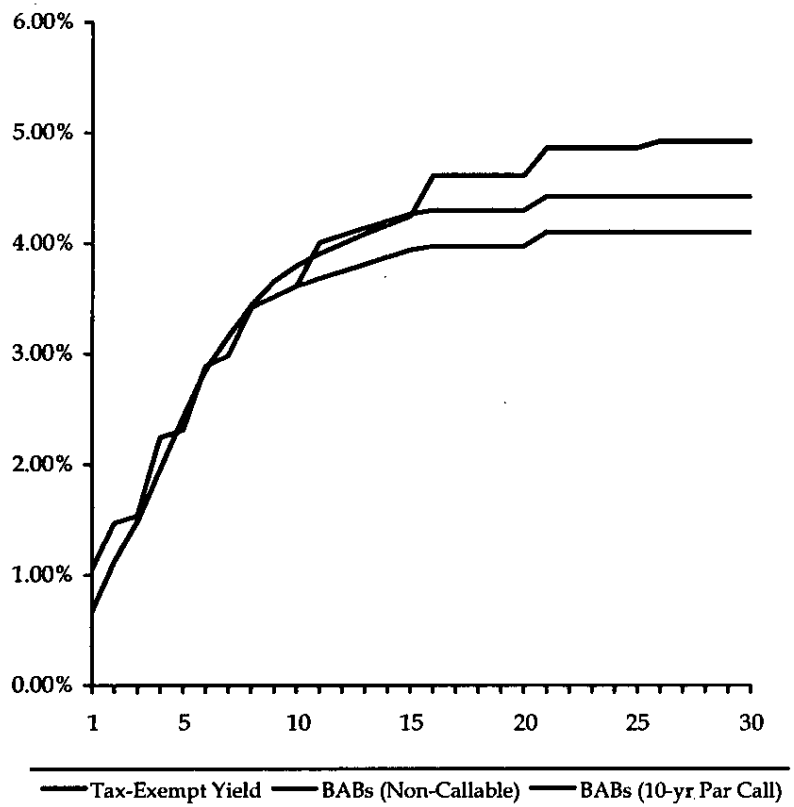


20 Year "AAA" MMD has been lower than today only 1.73% of the time since January 1, 1990. This does not include the BABs benefit

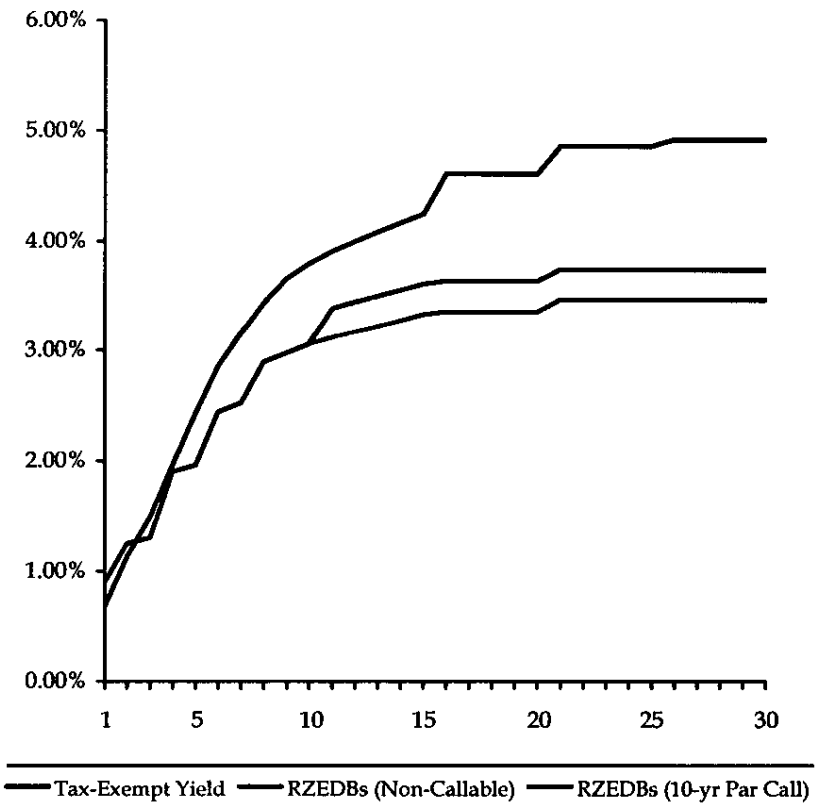
Alaska Municipal Bond Bank

Indicative BABs and RZEDBs Yield Curves

BABs Yield Analysis*



RZEDBs Yield Analysis**



* *BABs yields are net of the 35% federal interest subsidy.*
** *RZEDBs yields are net of the 45% federal interest subsidy.*
Note: Rates preliminary and subject to change; as of January 28, 2010.

Current Cost of Capital

	20 years annual cost				20 year total cost			
	3.50%	4.20%	5.50%	6%	3.50%	4.20%	5.50%	6%
[redacted] Total Financing								
50,000,000	3,607,525	3,778,000	4,118,950	4,374,663	72,150,500	75,560,000	82,379,000	87,493,250
100,000,000	7,215,050	7,556,000	8,237,900	8,749,325	144,301,000	151,120,000	164,758,000	174,986,500
150,000,000	10,822,575	11,334,000	12,356,850	13,123,988	216,451,500	226,680,000	247,137,000	262,479,750

Summary

- Conservative use of State Debt
- Capacity to consider Additional Borrowing
- Estimate $1 to $2 billion in Capacity at Current Credit Rating
- Current structuring opportunities in ARRA
- Lower absolute interest rates than at any point in the last 20 years

STATE OF ALASKA

OFFICE OF THE GOVERNOR

OFFICE OF MANAGEMENT AND BUDGET

SEAN PARNELL, GOVERNOR

P.O. BOX 110020
JUNEAU, ALASKA 99811-0020
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January 28, 2010

The Honorable Lyman Hoffman
Co-Chair, Senate Finance Committee
Alaska State Legislature
State Capitol, Room 518
Juneau, AK 99801-1182

The Honorable Bert Stedman
Co-Chair, Senate Finance Committee
Alaska State Legislature
State Capitol, Room 516
Juneau, AK 99801-1182

Dear Senate Finance Committee Co-Chairs:

Thank you for the opportunity to present highlights of the Governor's budget before the Senate Finance committee yesterday. I remain available to further discuss the details that will ensure our efforts direct resources effectively to position Alaska's economy for growth and Alaska's families for opportunity.

The committee requested a break down of our $276 million request for FY11 debt service. The detail for your review is enclosed in the debt summary dated January 14, 2009, and can also be found on the OMB website at *omb.alaska.gov*.

Sincerely,

Karen J. Rehfeld
Director

Enclosure

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FY2011 Governor
Debt Obligations and Revenue Sources
($ thousands)

	Debt	FY2010	FY2011	Inc/(Dec)
2	School Debt Reimbursement (estimated maximum per school districts)(see notes)	100,045.3	106,258.5	6,213.2
3	Lease Finance (Certificates of Participation)			
4	DEC Environmental Health Lab	1,320.3	1,309.3	(11.0)
5	API Replacement	1,628.0	1,622.4	(5.6)
6	2005 A Refunding	2,805.3	2,812.7	7.4
7	Fairbanks Virology Lab	2,257.7	2,240.2	(17.5)
8	Public Safety Crime Lab*	0.0	1,616.7	1,616.7
9	UAF Life Sciences Building**	0.0	2,700.0	2,700.0
10	Trustee Fees	25.0	25.0	0.0
11	Subtotal Lease Finance	8,036.3	12,326.2	4,290.0
14	General Obligation Bonds- Transportation, Education and Museum (Series 2003A)	30,469.5	30,199.9	(269.6)
15	GARVEE Transportation Bonds (Series 2003B)	12,886.4	12,728.1	(158.4)
12	General Obligation Bonds- ($165.0 - Series 2009A)	5,589.0	10,832.1	5,243.1
13	General Obligation Bonds- ($150.1 - Series 2010A)***	0.0	5,000.0	5,000.0
16	Atwood Building	3,467.1	3,467.1	0.0
17	Linny Pacillo Parking Garage	3,303.5	3,303.5	0.0
18	HB528- University	1,412.6	1,409.8	(2.8)
19	HB528- DOTPF for Municipal Projects	2,841.5	3,002.6	161.1
20	HB528- AEA for Power Projects	1,294.9	1,294.9	0.0
21	Anchorage Jail Lease Payment	5,103.9	5,108.0	4.1
22	SB65- Mat-Su Borough for Goose Creek CC Prison	17,813.4	17,816.5	3.1
23	Clean Water Fund Revenue Bonds	1,005.0	2,710.0	1,705.0
24	Drinking Water Fund Revenue Bonds	1,670.0	2,973.2	1,303.2
25	Sport Fish Hatchery Revenue Bonds	8,900.0	7,500.0	(1,400.0)
26	International Airport Revenue Bonds	50,028.7	50,047.9	19.2
27	**Total Debt**	253,867.0	275,978.3	22,111.3
28	**Fund Sources**			
29	General Funds	140,917.0	166,455.8	25,538.8
30	Debt Retirement Fund Balance	6,786.0	1,039.0	(5,747.0)
31	General Obligation Bonds (Series 2003A) - capital project fund interest	2,837.4	7,066.8	4,229.4
32	General Obligation Bonds (Series 2003A) - bond premiums and interest (DSF)	221.5	42.3	(179.2)
33	GARVEE Transportation Bonds (Series 2003B)- AATP Match capital project fund interest	877.4	374.8	(502.6)
34	GARVEE Transportation Bonds (Series 2003B)- Federal Revenue	12,007.7	12,353.3	345.6
35	GARVEE Transportation Bonds (Series 2003B)- bond premiums and interest (DSF)	1.3	0.0	(1.3)
36	General Obligation Bonds (Series 2009A) - capital project fund interest	0.0	1,902.4	1,902.4
37	General Obligation Bonds (Series 2009A)- bond premiums and interest (DSF)	5,589.0	2,278.9	(3,310.1)
38	Investment Loss Trust Fund	26.0	34.0	8.0
39	School Fund (Cigarette Tax)	23,000.0	21,200.0	(1,800.0)
40	Clean Water Fund interest earnings	1,005.0	2,710.0	1,705.0
41	Drinking Water Fund interest earnings	1,670.0	2,973.2	1,303.2
42	Fish and Game Revenue Bond Redemption Fund	8,900.0	7,500.0	(1,400.0)
43	International Airports Revenue Fund	46,828.7	46,847.9	19.2
44	International Airports passenger facility charge	3,200.0	3,200.0	0.0
45	**Total Fund Sources**	253,867.0	275,978.3	22,111.3

Notes

Total School Debt Reimbursement in FY2010 is $100,045.3 and FY2011 is $106,258.5 for an increase of $6,312.2.
General Fund portion of School Debt Reimbursement increased by $1.8M over FY2010 due to a decrease in estimated Cigarette Tax collections (School Fund) from $23.0M in FY2010 to $21.2M in FY2011.

*Public Safety Crime Lab - $75.75M cost equates to debt service of $1.6 in FY11, approx. $5.5M/yr for 20 yrs

** UAF Life Sciences Building - $88.875M cost equates to debt service of $2.7M in FY11, approx. $6.7M/yr for 20 yrs

***General Obligation Bonds- (Series 2010A) - $150.1M cost equates to debt service of $5.0M in FY11, approx. $13.0M/yr

In addition to the items listed above, State corporations such as AHFC (including Northern Tobacco Securitization Corporation bonds) and AIDEA also issue and pay for debt for corporate purposes.

Debt Summary Table

FY02 - FY11

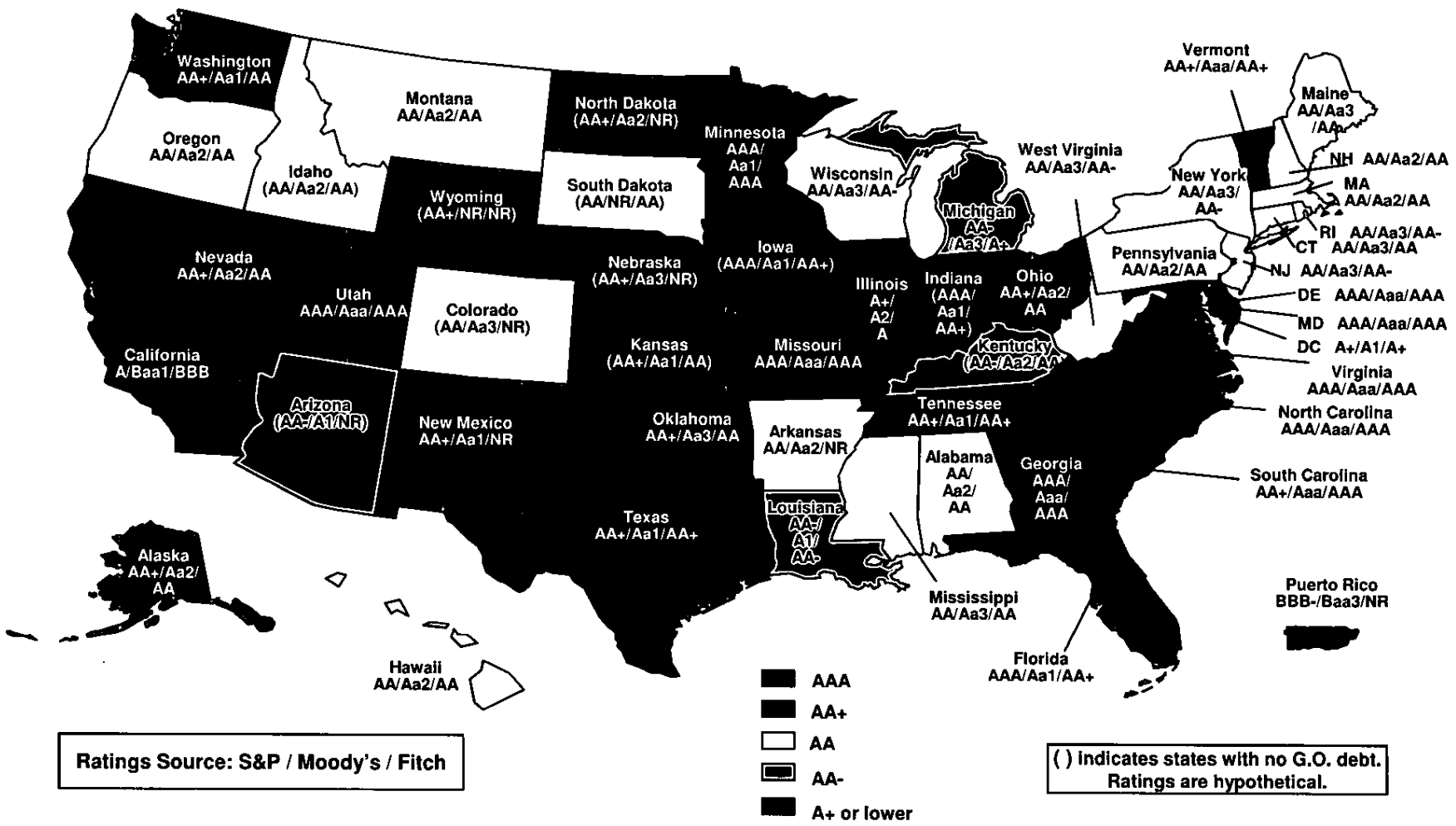
(thousands)

	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11 Gov	FY10 to FY11	Comments
Alaska Debt Retirement Fund (ADRF)												
Capitalization												
General Funds	33,678.4	8,000.0	2,702.4	-	45,784.1	41,491.9	102,298.0	107,043.3	105,680.2	-	(105,680.2)	As requested by Legislative Finance, the FY11 Governor budget does not capitalize the ADRF. Payments for debt service are appropriated directly, instead of through the ADRF.
Federal Receipts	-	-	3,894.5	8,606.4	8,043.1	9,295.1	11,788.0	13,055.2	12,007.7	-	(12,007.7)	
Investment Loss Trust Funds	-	100.0	2,500.0	104.0	77.8	12.7	376.5	171.9	26.0	-	(26.0)	
Municipal Bond Bank Receipts (Earnings)	-	-	775.0	775.0	250.0	250.0	-	458.7	-	-	-	
AHFC Dividend	6,000.0	18,700.0	8,861.1	27,568.0	18,854.6	17,441.7	-	-	-	-	-	
AIDEA Dividend	-	-	-	13,837.4	8,812.0	16,649.5	-	-	-	-	-	
ASLC Dividend	-	783.1	-	-	3,100.0	-	-	-	-	-	-	
ASLC Bonds	-	-	-	24,815.0	22,000.0	-	-	-	-	-	-	
Statutory Designated Program Receipts	723.0	-	-	-	-	-	-	-	-	-	-	
State Land Fund	-	-	2,500.0	-	-	-	-	-	-	-	-	
Chugach Intertie Earnings (Misc. Earnings)	-	-	30,469.0	-	-	-	-	-	-	-	-	
International Trade and Business Endowment	-	-	4,382.0	-	-	-	-	-	-	-	-	
Lease Payment Accounts Residual (Misc. Earnings)	-	-	-	109.8	-	-	-	-	-	-	-	
AATP Bond Proceeds (Misc. Earnings)	-	-	-	438.6	-	-	-	-	-	-	-	
GO Bond Interest - Series 2003A (Misc. Earnings)	-	-	-	2,473.1	3,720.3	6,829.8	5,173.0	-	2,837.4	-	(2,837.4)	
GO Bond Interest - Series 2003B (Misc. Earnings)	-	-	-	-	1,186.9	2,367.0	1,434.7	-	877.4	-	(877.4)	
Total	**40,401.4**	**27,583.1**	**56,084.0**	**78,727.3**	**111,838.8**	**94,337.7**	**121,070.2**	**120,729.1**	**121,428.7**	**-**	**(121,428.7)**	
DEBT SERVICE/ REIMBURSEMENT												
ADRF Debt Payments												
GO Bonds - Schools/Roads (Series 2003A)	-	-	-	19,706.2	31,772.1	31,470.9	31,148.6	30,803.3	30,248.0	-	(30,248.0)	
GO Bonds - GARVEES (Series 2003B)	-	-	4,194.5	9,045.0	9,241.0	11,662.0	13,222.7	13,062.5	12,885.1	-	(12,885.1)	
GO Bonds -Transportation(Series 2009A)	-	-	-	-	-	-	-	-	5,589.0	-	(5,589.0)	
GO Bonds -Transportation(Series 2010A)	-	-	-	-	-	-	-	-	-	1,039.0	1,039.0	
Certificates of Participation (COPs)	15,979.4	17,642.1	15,751.4	17,290.7	13,782.1	13,147.6	11,170.1	8,061.3	8,036.3	-	(8,036.3)	
School Debt Reimbursement	27,971.4	27,372.1	37,424.1	51,670.1	59,463.5	66,935.0	70,497.0	73,621.2	77,045.3	-	(77,045.3)	
Administrative Systems Replacement	-	-	-	-	400.0	-	2,302.0	-	-	-	-	
AMHS Vessel Overhaul	-	-	-	-	764.0	-	-	-	-	-	-	
Subtotal	**43,950.8**	**45,014.2**	**57,370.0**	**97,712.0**	**115,422.7**	**123,215.5**	**128,340.4**	**125,548.3**	**133,803.7**	**1,039.0**	**(132,764.7)**	
Direct Debt Payments												
GO Bonds - Schools/Roads (Series 2003A)	-	-	15,192.6	12,609.3	96.8	44.5	11.4	13.6	221.5	30,199.9	29,978.4	GO Bond Premium, Interest & GF
GO Bonds - GARVEES (Series 2003B)	-	-	-	5,045.6	4,543.3	1,860.1	56.3	6.9	1.3	12,728.1	12,726.8	Interest & Federal Rcpts
GO Bonds -Transportation(Series 2009A)	-	-	-	-	-	-	-	-	-	10,832.1	10,832.1	GO Bond Premium, Interest & GF
GO Bonds -Transportation(Series 2010A)	-	-	-	-	-	-	-	-	-	3,961.0	3,961.0	ILTF & GF
Certificates of Participation (COPs)	-	-	-	-	-	-	-	-	-	12,326.2	12,326.2	GF
School Fund - School Debt Reimbursement	29,049.1	29,006.3	28,600.0	30,200.0	27,000.0	27,000.0	24,500.0	23,400.0	23,000.0	106,258.5	83,258.5	GF & School Fund
International Airport Revenue Bonds	16,750.0	17,444.0	28,907.3	31,557.9	33,125.9	45,426.3	49,085.7	50,027.4	50,028.7	50,047.9	19.2	IARF and PFC's
Clean Water Fund Bonds	1,680.0	1,680.0	1,640.0	1,630.0	1,630.0	1,539.3	831.8	2,050.0	1,005.0	2,710.0	1,705.0	ACWF Receipts
Drinking Water Fund Bonds	850.0	1,060.5	1,040.0	1,030.0	1,105.0	1,075.3	1,109.8	1,115.0	1,670.0	2,973.2	1,303.2	ADWF Receipts
Sport Fish Hatchery Revenue Bonds	-	-	-	-	-	8,219.0	7,000.0	7,500.0	8,900.0	7,500.0	(1,400.0)	Sport Fish License Surcharge
Capital Project Reimbursement (HB 528)	-	-	2,818.7	2,736.0	3,634.1	10,209.9	10,459.0	8,036.2	5,548.9	5,707.3	158.4	GF
Atwood Building	3,549.4	3,549.4	3,549.4	3,549.4	3,549.4	3,467.1	3,467.1	3,467.1	3,467.1	3,467.1	-	GF
Linny Pacillo Parking Garage	-	-	-	-	-	-	3,443.0	3,303.5	3,303.5	3,303.5	-	GF
Anchorage Jail (Capital Lease)	3,555.7	5,262.8	5,264.5	5,274.1	5,275.1	5,091.8	5,102.0	5,091.2	5,103.9	5,108.0	4.1	GF
Spring Creek Correctional Center	-	-	-	-	-	-	-	1,755.6	-	-	-	
Yukon-Kuskokwim Correctional Center	-	-	-	-	-	-	-	951.8	-	-	-	
Goose Creek Correctional Center	-	-	-	-	-	-	-	-	17,813.4	17,816.5	3.1	GF
AHFC State Capital Project Bonds	45,000.0	51,000.0	56,001.7	53,892.5	59,895.4	31,935.0	6,138.6	6,139.6	6,139.9	6,140.8	0.9	Diverted AHFC Dividends
NTSC Tobacco Settlement Bonds (off budget)	19,900.0	20,000.0	17,100.0	16,900.0	16,000.0	16,400.0	27,600.0	29,800.0	27,700.0	26,700.0	(1,000.0)	Diverted Tobacco Settlement Revenue (to NTSC)
Subtotal	**120,334.2**	**129,003.0**	**160,114.2**	**164,424.8**	**155,855.0**	**152,268.3**	**138,804.7**	**142,657.9**	**153,903.2**	**307,780.1**	**153,876.9**	
TOTAL Debt Service/Reimbursement	**164,285.0**	**174,017.2**	**217,484.2**	**262,136.8**	**271,277.6**	**275,483.8**	**267,145.1**	**268,206.2**	**287,706.9**	**308,819.1**	**21,112.2**	
Debt Payments by Type												
GO Bonds	-	-	19,387.1	46,406.1	45,653.2	45,037.5	44,439.0	43,886.3	48,944.9	58,760.1	9,815.2	
Lease - Purchase Financing	23,084.5	26,454.3	24,565.3	26,114.2	22,606.6	21,706.5	23,182.2	22,630.5	37,724.2	42,021.3	4,297.1	COP's, Atwood Building/ Garage, Anchorage Jail/ Correctional Centers
Revenue Bonds	16,750.0	17,444.0	28,907.3	31,557.9	33,125.9	53,645.3	56,085.7	57,527.4	58,928.7	57,547.9	(1,380.8)	International Airport, Sport Fish
Debt Reimbursement	57,020.5	56,378.4	68,842.8	84,606.1	90,861.6	104,144.9	105,456.0	105,057.4	105,594.2	111,965.8	6,371.6	School Debt, Municipal Capital Debt
Corporate Debt for State Capital Projects	64,900.0	71,000.0	73,101.7	70,792.5	75,895.4	48,335.0	33,738.6	35,939.6	33,839.9	32,840.8	(999.1)	AHFC, NTSC
Short Term Financing	2,530.0	2,740.5	2,680.0	2,660.0	3,135.0	2,614.6	4,243.6	3,165.0	2,675.0	5,683.2	3,008.2	Clean and Drinking Water

AHFC & NTSC bonds are both off-budget payments and therefore do not show up in the Operating Budget.

FY2011 OperBud debt obligations total is $276.0 mill.

State Credit Ratings – As of December 31, 2009



Ratings Source: S&P / Moody's / Fitch

( ) indicates states with no G.O. debt. Ratings are hypothetical.

SOURCES AND USES OF FUNDS

Matanuska-Susitna Borough, Alaska
Lease Revenue Bonds, Series 2008
FINAL PRICING NUMBERS

Dated Date	01/07/2009
Delivery Date	01/07/2009

Sources:	
Bond Proceeds:	
Par Amount	244,285,000.00
Net Original Issue Discount	-1,533,570.95
	242,751,429.05

Uses:	
Project Fund Deposits:	
Correctional Facility Project Fund	240,073,150.08
Delivery Date Expenses:	
Cost of Issuance	400,000.00
Underwriter's Discount	1,172,847.70
Insurance Premium @ 25 bps of TDS	1,105,431.27
	2,678,278.97
	242,751,429.05

BOND SUMMARY STATISTICS

Matanuska-Susitna Borough, Alaska
Lease Revenue Bonds, Series 2008
FINAL PRICING NUMBERS

Dated Date	01/07/2009
Delivery Date	01/07/2009
Last Maturity	09/01/2032
Arbitrage Yield	5.880850%
True Interest Cost (TIC)	5.884029%
Net Interest Cost (NIC)	5.881058%
All-In TIC	5.955391%
Average Coupon	5.801710%
Average Life (years)	13.963
Duration of Issue (years)	9.035
Par Amount	244,285,000.00
Bond Proceeds	242,751,429.05
Total Interest	197,887,506.88
Net Interest	200,593,925.53
Total Debt Service	442,172,506.88
Maximum Annual Debt Service	17,816,950.00
Average Annual Debt Service	18,696,511.92
Underwriter's Fees (per $1000)	
Average Takedown	4.420000
Other Fee	0.381145
Total Underwriter's Discount	4.801145
Bid Price	98.892106

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Serial Bonds_2	21,090,000.00	101.652	4.386%	4.223	7,892.30
Serial Bonds_1	62,005,000.00	103.866	5.170%	5.561	29,603.80
Term Bond 2023	37,275,000.00	97.538	5.500%	13.219	35,784.00
Term Bond 2028	60,545,000.00	98.293	6.000%	17.770	67,810.40
Term Bond 2032	63,370,000.00	96.326	6.000%	22.225	75,410.30
	244,285,000.00			13.963	216,500.80

	TIC	All-In TIC	Arbitrage Yield
Par Value	244,285,000.00	244,285,000.00	244,285,000.00
+ Accrued Interest			
+ Premium (Discount)	-1,533,570.95	-1,533,570.95	-1,533,570.95
- Underwriter's Discount	-1,172,847.70	-1,172,847.70	
- Cost of Issuance Expense		-400,000.00	
- Other Amounts		-1,105,431.27	-1,105,431.27
Target Value	241,578,581.35	240,073,150.08	241,645,997.78
Target Date	01/07/2009	01/07/2009	01/07/2009
Yield	5.884029%	5.955391%	5.880850%

BOND PRICING

Matanuska-Susitna Borough, Alaska
Lease Revenue Bonds, Series 2008
FINAL PRICING NUMBERS

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Premium (-Discount)	Takedown
Serial Bonds_1:							
	03/01/2009	12,635,000	3.250%	1.250%	100.297	37,525.95	1.250
	09/01/2010	3,240,000	5.000%	2.680%	103.716	120,398.40	2.500
	09/01/2011	3,475,000	5.000%	2.950%	105.185	180,178.75	3.750
	09/01/2012	3,080,000	5.000%	3.330%	105.690	175,252.00	3.750
	09/01/2013	4,000,000	5.000%	3.570%	106.072	242,880.00	3.750
	09/01/2014	4,285,000	5.000%	3.760%	106.254	267,983.90	3.750
	09/01/2015	6,195,000	5.000%	3.980%	105.903	365,690.85	3.750
	09/01/2016	5,940,000	5.250%	4.250%	106.467	384,139.80	3.750
	09/01/2017	5,315,000	5.500%	4.520%	106.945	369,126.75	4.000
	09/01/2018	5,715,000	5.500%	4.810%	105.270	301,180.50	4.000
	09/01/2019	8,125,000	5.000%	5.070%	99.422	-46,962.50	4.000
		62,005,000				2,397,394.40	
Serial Bonds_2:							
	09/01/2009	5,040,000	3.250%	1.580%	101.074	54,129.60	2.500
	09/01/2010	2,000,000	3.500%	2.680%	101.312	26,240.00	2.500
	09/01/2011	2,000,000	3.500%	2.950%	101.389	27,780.00	3.750
	09/01/2012	2,650,000	4.000%	3.330%	102.281	60,446.50	3.750
	09/01/2013	2,000,000	4.000%	3.570%	101.823	36,460.00	3.750
	09/01/2014	2,000,000	4.000%	3.760%	101.207	24,140.00	3.750
	09/01/2015	400,000	4.250%	3.980%	101.559	6,236.00	3.750
	09/01/2016	1,000,000	4.500%	4.250%	101.613	16,130.00	3.750
	09/01/2017	2,000,000	5.000%	4.520%	103.399	67,980.00	4.000
	09/01/2018	2,000,000	5.000%	4.810%	101.446	28,920.00	4.000
		21,090,000				348,462.10	
Term Bond 2023:							
	09/01/2020	8,565,000	5.500%	5.750%	97.538	-210,870.30	5.000
	09/01/2021	9,050,000	5.500%	5.750%	97.538	-222,811.00	5.000
	09/01/2022	9,560,000	5.500%	5.750%	97.538	-235,367.20	5.000
	09/01/2023	10,100,000	5.500%	5.750%	97.538	-248,662.00	5.000
		37,275,000				-917,710.50	
Term Bond 2028:							
	09/01/2024	10,700,000	6.000%	6.150%	98.293	-182,649.00	5.000
	09/01/2025	11,365,000	6.000%	6.150%	98.293	-194,000.55	5.000
	09/01/2026	12,065,000	6.000%	6.150%	98.293	-205,949.55	5.000
	09/01/2027	12,810,000	6.000%	6.150%	98.293	-218,666.70	5.000
	09/01/2028	13,605,000	6.000%	6.150%	98.293	-232,237.35	5.000
		60,545,000				-1,033,503.15	
Term Bond 2032:							
	09/01/2029	14,445,000	6.000%	6.300%	96.326	-530,709.30	5.000
	09/01/2030	15,340,000	6.000%	6.300%	96.326	-563,591.60	5.000
	09/01/2031	16,290,000	6.000%	6.300%	96.326	-598,494.60	5.000
	09/01/2032	17,295,000	6.000%	6.300%	96.326	-635,418.30	5.000
		63,370,000				-2,328,213.80	
		244,285,000				-1,533,570.95	

Dated Date	01/07/2009	
Delivery Date	01/07/2009	
First Coupon	03/01/2009	
Par Amount	244,285,000.00	
Original Issue Discount	-1,533,570.95	
Production	242,751,429.05	99.372221%
Underwriter's Discount	-1,172,847.70	-0.480114%
Purchase Price	241,578,581.35	98.892106%
Accrued Interest		
Net Proceeds	241,578,581.35	

BOND DEBT SERVICE

Matanuska-Susitna Borough, Alaska
Lease Revenue Bonds, Series 2008
FINAL PRICING NUMBERS

Dated Date	01/07/2009
Delivery Date	01/07/2009

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
03/01/2009	12,635,000	3.250%	1,989,894.38	14,624,894.38	14,624,894.38
09/01/2009	5,040,000	3.250%	6,427,662.50	11,467,662.50	
03/01/2010			6,345,762.50	6,345,762.50	17,813,425.00
09/01/2010	5,240,000	**	6,345,762.50	11,585,762.50	
03/01/2011			6,229,762.50	6,229,762.50	17,815,525.00
09/01/2011	5,475,000	**	6,229,762.50	11,704,762.50	
03/01/2012			6,107,887.50	6,107,887.50	17,812,650.00
09/01/2012	5,730,000	**	6,107,887.50	11,837,887.50	
03/01/2013			5,977,887.50	5,977,887.50	17,815,775.00
09/01/2013	6,000,000	**	5,977,887.50	11,977,887.50	
03/01/2014			5,837,887.50	5,837,887.50	17,815,775.00
09/01/2014	6,285,000	**	5,837,887.50	12,122,887.50	
03/01/2015			5,690,762.50	5,690,762.50	17,813,650.00
09/01/2015	6,595,000	**	5,690,762.50	12,285,762.50	
03/01/2016			5,527,387.50	5,527,387.50	17,813,150.00
09/01/2016	6,940,000	**	5,527,387.50	12,467,387.50	
03/01/2017			5,348,962.50	5,348,962.50	17,816,350.00
09/01/2017	7,315,000	**	5,348,962.50	12,663,962.50	
03/01/2018			5,152,800.00	5,152,800.00	17,816,762.50
09/01/2018	7,715,000	**	5,152,800.00	12,867,800.00	
03/01/2019			4,945,637.50	4,945,637.50	17,813,437.50
09/01/2019	8,125,000	5.000%	4,945,637.50	13,070,637.50	
03/01/2020			4,742,512.50	4,742,512.50	17,813,150.00
09/01/2020	8,565,000	5.500%	4,742,512.50	13,307,512.50	
03/01/2021			4,506,975.00	4,506,975.00	17,814,487.50
09/01/2021	9,050,000	5.500%	4,506,975.00	13,556,975.00	
03/01/2022			4,258,100.00	4,258,100.00	17,815,075.00
09/01/2022	9,560,000	5.500%	4,258,100.00	13,818,100.00	
03/01/2023			3,995,200.00	3,995,200.00	17,813,300.00
09/01/2023	10,100,000	5.500%	3,995,200.00	14,095,200.00	
03/01/2024			3,717,450.00	3,717,450.00	17,812,650.00
09/01/2024	10,700,000	6.000%	3,717,450.00	14,417,450.00	
03/01/2025			3,396,450.00	3,396,450.00	17,813,900.00
09/01/2025	11,365,000	6.000%	3,396,450.00	14,761,450.00	
03/01/2026			3,055,500.00	3,055,500.00	17,816,950.00
09/01/2026	12,065,000	6.000%	3,055,500.00	15,120,500.00	
03/01/2027			2,693,550.00	2,693,550.00	17,814,050.00
09/01/2027	12,810,000	6.000%	2,693,550.00	15,503,550.00	
03/01/2028			2,309,250.00	2,309,250.00	17,812,800.00
09/01/2028	13,605,000	6.000%	2,309,250.00	15,914,250.00	
03/01/2029			1,901,100.00	1,901,100.00	17,815,350.00
09/01/2029	14,445,000	6.000%	1,901,100.00	16,346,100.00	
03/01/2030			1,467,750.00	1,467,750.00	17,813,850.00
09/01/2030	15,340,000	6.000%	1,467,750.00	16,807,750.00	
03/01/2031			1,007,550.00	1,007,550.00	17,815,300.00
09/01/2031	16,290,000	6.000%	1,007,550.00	17,297,550.00	
03/01/2032			518,850.00	518,850.00	17,816,400.00
09/01/2032	17,295,000	6.000%	518,850.00	17,813,850.00	
03/01/2033					17,813,850.00
	244,285,000		197,887,506.88	442,172,506.88	442,172,506.88

BOND SOLUTION

Matanuska-Susitna Borough, Alaska
Lease Revenue Bonds, Series 2008
FINAL PRICING NUMBERS

Period Ending	Proposed Principal	Proposed Debt Service	Total Adj Debt Service	Revenue Constraints	Unused Revenues	Debt Serv Coverage
03/01/2009	12,635,000	14,624,894	14,624,894	14,626,000	1,106	100.00756%
03/01/2010	5,040,000	17,813,425	17,813,425	17,817,600	4,175	100.02344%
03/01/2011	5,240,000	17,815,525	17,815,525	17,817,600	2,075	100.01165%
03/01/2012	5,475,000	17,812,650	17,812,650	17,817,600	4,950	100.02779%
03/01/2013	5,730,000	17,815,775	17,815,775	17,817,600	1,825	100.01024%
03/01/2014	6,000,000	17,815,775	17,815,775	17,817,600	1,825	100.01024%
03/01/2015	6,285,000	17,813,650	17,813,650	17,817,600	3,950	100.02217%
03/01/2016	6,595,000	17,813,150	17,813,150	17,817,600	4,450	100.02498%
03/01/2017	6,940,000	17,816,350	17,816,350	17,817,600	1,250	100.00702%
03/01/2018	7,315,000	17,816,763	17,816,763	17,817,600	838	100.00470%
03/01/2019	7,715,000	17,813,438	17,813,438	17,817,600	4,163	100.02337%
03/01/2020	8,125,000	17,813,150	17,813,150	17,817,600	4,450	100.02498%
03/01/2021	8,565,000	17,814,488	17,814,488	17,817,600	3,113	100.01747%
03/01/2022	9,050,000	17,815,075	17,815,075	17,817,600	2,525	100.01417%
03/01/2023	9,560,000	17,813,300	17,813,300	17,817,600	4,300	100.02414%
03/01/2024	10,100,000	17,812,650	17,812,650	17,817,600	4,950	100.02779%
03/01/2025	10,700,000	17,813,900	17,813,900	17,817,600	3,700	100.02077%
03/01/2026	11,365,000	17,816,950	17,816,950	17,817,600	650	100.00365%
03/01/2027	12,065,000	17,814,050	17,814,050	17,817,600	3,550	100.01993%
03/01/2028	12,810,000	17,812,800	17,812,800	17,817,600	4,800	100.02695%
03/01/2029	13,605,000	17,815,350	17,815,350	17,817,600	2,250	100.01263%
03/01/2030	14,445,000	17,813,850	17,813,850	17,817,600	3,750	100.02105%
03/01/2031	15,340,000	17,815,300	17,815,300	17,817,600	2,300	100.01291%
03/01/2032	16,290,000	17,816,400	17,816,400	17,817,600	1,200	100.00674%
03/01/2033	17,295,000	17,813,850	17,813,850	17,817,600	3,750	100.02105%
	244,285,000	442,172,507	442,172,507	442,248,400	75,893	

FORM 8038 STATISTICS

Matanuska-Susitna Borough, Alaska
Lease Revenue Bonds, Series 2008
FINAL PRICING NUMBERS

Dated Date	01/07/2009
Delivery Date	01/07/2009

Bond Component	Date	Principal	Coupon	Price	Issue Price	Redemption at Maturity
Serial Bonds_1:						
	03/01/2009	12,635,000.00	3.250%	100.297	12,672,525.95	12,635,000.00
	09/01/2010	3,240,000.00	5.000%	103.716	3,360,398.40	3,240,000.00
	09/01/2011	3,475,000.00	5.000%	105.185	3,655,178.75	3,475,000.00
	09/01/2012	3,080,000.00	5.000%	105.690	3,255,252.00	3,080,000.00
	09/01/2013	4,000,000.00	5.000%	106.072	4,242,880.00	4,000,000.00
	09/01/2014	4,285,000.00	5.000%	106.254	4,552,983.90	4,285,000.00
	09/01/2015	6,195,000.00	5.000%	105.903	6,560,690.85	6,195,000.00
	09/01/2016	5,940,000.00	5.250%	106.467	6,324,139.80	5,940,000.00
	09/01/2017	5,315,000.00	5.500%	106.945	5,684,126.75	5,315,000.00
	09/01/2018	5,715,000.00	5.500%	105.270	6,016,180.50	5,715,000.00
	09/01/2019	8,125,000.00	5.000%	99.422	8,078,037.50	8,125,000.00
Serial Bonds_2:						
	09/01/2009	5,040,000.00	3.250%	101.074	5,094,129.60	5,040,000.00
	09/01/2010	2,000,000.00	3.500%	101.312	2,026,240.00	2,000,000.00
	09/01/2011	2,000,000.00	3.500%	101.389	2,027,780.00	2,000,000.00
	09/01/2012	2,650,000.00	4.000%	102.281	2,710,446.50	2,650,000.00
	09/01/2013	2,000,000.00	4.000%	101.823	2,036,460.00	2,000,000.00
	09/01/2014	2,000,000.00	4.000%	101.207	2,024,140.00	2,000,000.00
	09/01/2015	400,000.00	4.250%	101.559	406,236.00	400,000.00
	09/01/2016	1,000,000.00	4.500%	101.613	1,016,130.00	1,000,000.00
	09/01/2017	2,000,000.00	5.000%	103.399	2,067,980.00	2,000,000.00
	09/01/2018	2,000,000.00	5.000%	101.446	2,028,920.00	2,000,000.00
Term Bond 2023:						
	09/01/2020	8,565,000.00	5.500%	97.538	8,354,129.70	8,565,000.00
	09/01/2021	9,050,000.00	5.500%	97.538	8,827,189.00	9,050,000.00
	09/01/2022	9,560,000.00	5.500%	97.538	9,324,632.80	9,560,000.00
	09/01/2023	10,100,000.00	5.500%	97.538	9,851,338.00	10,100,000.00
Term Bond 2028:						
	09/01/2024	10,700,000.00	6.000%	98.293	10,517,351.00	10,700,000.00
	09/01/2025	11,365,000.00	6.000%	98.293	11,170,999.45	11,365,000.00
	09/01/2026	12,065,000.00	6.000%	98.293	11,859,050.45	12,065,000.00
	09/01/2027	12,810,000.00	6.000%	98.293	12,591,333.30	12,810,000.00
	09/01/2028	13,605,000.00	6.000%	98.293	13,372,762.65	13,605,000.00
Term Bond 2032:						
	09/01/2029	14,445,000.00	6.000%	96.326	13,914,290.70	14,445,000.00
	09/01/2030	15,340,000.00	6.000%	96.326	14,776,408.40	15,340,000.00
	09/01/2031	16,290,000.00	6.000%	96.326	15,691,505.40	16,290,000.00
	09/01/2032	17,295,000.00	6.000%	96.326	16,659,581.70	17,295,000.00
		244,285,000.00			242,751,429.05	244,285,000.00

	Maturity Date	Interest Rate	Issue Price	Stated Redemption at Maturity	Weighted Average Maturity	Yield	Net Interest Cost
Final Maturity	09/01/2032	6.000%	16,659,581.70	17,295,000.00			
Entire Issue			242,751,429.05	244,285,000.00	13.7806	5.8809%	5.9613%

Proceeds used for accrued interest	0.00
Proceeds used for bond issuance costs (including underwriters' discount)	1,572,847.70
Proceeds used for credit enhancement	1,105,431.27
Proceeds allocated to reasonably required reserve or replacement fund	0.00

Callability of State's Outstanding General Obligation Bonds

2003 A

- $359,130,000 issuance dated April 1, 2003
- Callable at par on August 1, 2013
- At that time there will be $191,410,000 outstanding after making the 8/1/2013 payment

2003 B

- $102,805,000 issuance dated April 1, 2003 are amortized over 10 years
- No callable maturities
- These are GO Bonds that are paid with federal highway receipts

2009 A

- $165,000,000 issuance dated April 14, 2009
- Callable at par on August 1, 2019
- At that time there will be $99,565,000 outstanding after making the 8/1/2019 payment
- $150,000,000 authority remaining in this $315 million proposition (HB 314)
- Department currently plans to issue remaining bonds before the end of 2010

Information provided on Feb 8, 2010 by D. Mitchell, Dept of Revenue

Leases with interest rates

TABLE2.6

State of Alaska Lease-Purchase Financing[1]
Issued and Outstanding
$ (thousands)
Certificates of Participation (COP's)

	date	amount issued	outstanding at 6/30/09	final maturity	True Interest Cost
Seward Student Service Center	7/24/1990	$ 4,560	$ -	6/15/2000	
Kenai Court House	7/24/1992	4,275	-	7/1/2002	
Wildwood Correctional Center Acquisition	12/10/1992	5,655	-	4/1/2000	
Wildwood Correctional Center Improvements	12/10/1992	4,990	-	4/1/2000	
Palmer Court House	7/1/1993	3,300	-	12/1/2002	
Court Plaza Building	8/1/1993	5,500	-	9/1/2000	
Anchorage Times Building	6/2/1994	6,153	-	9/1/2003	
Soldotna Maintenance Facility	9/1/1997	4,900	-	1/1/2008	
Fairbanks Courthouse	10/15/1997	29,900	10,190	1/1/2013	3.10%
Palmer Airport Fire Facility	12/15/1997	5,995	-	6/15/2007	
Anchorage Health Lab	1/1/1998	18,440	-	1/1/2008	
Spring Creek Correctional Center (refunding)	6/15/1998	28,040	-	9/1/2006	
Alaska Psychiatric Institute	4/15/2002	16,000	10,825	7/15/2016	4.67%
Seafood and Food Safety Lab	8/1/2003	14,145	10,185	1/15/2019	4.31%
State Virology Laboratory	10/1/2005	24,000	20,215	2/1/2021	4.24%
Total Certificates of Participation		$ 175,853	$ 51,415		

State of Alaska Lease-Purchase Financing[1]
Issued and Outstanding
$ (thousands)
Lease Revenue Conduit

	date	amount issued	outstanding at 6/30/09	final maturity	Interest Cost
Atwood Building	4/1/2000	$ 40,400	$ 22,715	6/1/2017	AHFC
Anchorage Jail	4/15/2000	60,440	42,735	7/1/2020	4.24%
Atwood Parking	10/3/2007	42,415	40,805	12/1/2027	AHFC
Goose Creek Correctional	12/23/2008	244,285	231,780	9/1/2032	5.96%
Total Lease Revenue		$ 387,540	$ 338,035		

[1] Excludes Alaska State Housing Authority lease revenue bonds.

Source: Department of Revenue official statements

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM February 4, 2010

SUBJECT: State debt instruments (Work Order No. 26-LS1425)

TO: Senator Bert Stedman
Co-Chair of the Senate Finance Committee
Attn: Darwin Peterson

FROM: Tamara Brandt Cook
Director TBC

You have asked me to find and provide you with a copy of statutes that authorize a state entity to issue certificates of participation or bonds, other than general obligation bonds that are subject to voter approval. You are also interested in provisions of temporary law authorizing the acquisition of those types of state debt. As a preliminary matter, note that state debt is addressed in art. IX of the state constitution:

> **SECTION 8. State Debt.** No state debt shall be contracted unless authorized by law for capital improvements or unless authorized by law for housing loans for veterans, and ratified by a majority of the qualified voters of the State who vote on the question. The State may, as provided by law and without ratification, contract debt for the purpose of repelling invasion, suppressing insurrection, defending the State in war, meeting natural disasters, or redeeming indebtedness outstanding at the time this constitution becomes effective.
>
> **SECTION 10. Interim Borrowing.** The State and its political subdivisions may borrow money to meet appropriations for any fiscal year in anticipation of the collection of the revenues for that year, but all debt so contracted shall be paid before the end of the next fiscal year.
>
> **SECTION. 11. Exceptions.** The restrictions on contracting debt do not apply to debt incurred through the issuance of revenue bonds by a public enterprise or public corporation of the State or a political subdivision, when the only security is the revenues of the enterprise or corporation. The restrictions do not apply to indebtedness to be paid from special assessments on the benefited property, nor do they apply to refunding indebtedness of the State or its political subdivisions.

It is under section 8 that general obligation bonds of the state are issued. These are only for capital improvements or veterans housing loans and must be approved by the voters. The state pledges its "full faith and credit" or revenue raising power to the repayment of general obligation bonds. Under section 10 the state may acquire short-term debt by issuing revenue anticipation notes. Section 11 grants the state and its public corporations the power to issue revenue bonds. These are secured only by the revenue of the enterprise funded by the bonds or by the revenue of the corporation. The section also allows debts to be paid from special assessments on property benefited and debts to refund other indebtedness. Lastly, the court has upheld state debt acquired through the issuance of certificates of participation in lease-financing arrangements where the security is limited to the leased property and the lease-purchase agreement contains a nonappropriation clause--the state is not obligated to make the lease payments if no money is appropriated for the purpose. The court has concluded that these arrangements do not create long-term obligations that bind future generations or legislatures because the legislature is free to decide not to make appropriations for lease payments and let the state default. (Carr-Gottstein Properties v. State, 899 P.2d 546 (Alaska 1995))

This is what I have found in response to your request *(emphasis added)*:

CERTIFICATES OF PARTICIPATION

(I) Sec. 29.47.480. Accrued actuarial liabilities of retirement systems. (a) A municipality, or two or more municipalities jointly, may enter into a lease or other contractual agreement with a trustee, or the Alaska Municipal Bond Bank Authority or a subsidiary of the authority, a subsidiary of the Alaska Housing Finance Corporation, the state bond committee, or the Alaska Pension Obligation Bond Corporation in connection with the *issuance of obligations by a state entity* to prepay all or a portion of each participating municipality's share of the accrued actuarial liabilities of retirement systems. Obligations issued for purposes described in this subsection must be secured and payable as provided in the agreement or under an authorizing ordinance. The agreement or ordinance may provide for reserves and for protective covenants.

. . . . .

(d) For purposes of this section, "obligations" means bonds, notes, commercial paper, *certificates of participation*, or other contractual obligations.

(II) Sec. 36.30.085. Lease-purchase agreements. (a) To perform its duties and statutory functions, the department, the Board of Regents of the University of Alaska, the legislative council, or the supreme court *may enter into lease-purchase agreements* for real property. The department, the Board of Regents, the legislative council, or the supreme court may enter into a lease-purchase agreement only if the department, the Board of Regents, the legislative council, or the supreme court is the lessee under the agreement.

. . . . .

(c) A lease-purchase agreement

(1) may not provide for a period of occupancy under the full term of the lease-purchase agreement that is greater than 40 years;

(2) must provide that lease payments made by the department, the Board of Regents, the legislative council, or the supreme court *are subject to annual appropriation.*

. . . . .

(e) The department, the Board of Regents, the legislative council, or the supreme court may not enter into a lease-purchase agreement to acquire or improve real property unless the agreement *has been approved by the legislature by law.*

. . . . .

(g) In this section,

. . . . .

(2) "lease-purchase agreement" *includes a lease-financing agreement.*

Sec. 36.30.990. Definitions. In this chapter, unless the context in which a term is used clearly requires a different meaning or a different definition is prescribed for a particular provision,

. . . . .

(14) "lease-financing agreement" means a lease-purchase agreement that secures or is related to financing instruments of the lessor, including revenue bonds or certificates *of participation*;

. . . . .

(III) Sec. 44.85.080. Powers of bond bank authority. The bond bank authority may

. . . . .

(20) by regulation, create a new entity or new entities for the purpose of issuing negotiable or nonnegotiable revenue bonds, notes, or *certificates of participation* to finance a self-insurance program for municipalities or municipal joint insurance arrangements organized under AS 21.76 or to provide assistance to governmental employers under AS 44.85.085(a); the powers, duties, and membership of the new entity or entities shall be limited to the powers, duties, and membership of the authority and stated in the regulation; the new entity or entities shall each be a public corporation and an instrumentality of the state with the same legal existence and continuing succession as the bond bank authority; and

. . . . .

BONDS

(I) <u>The Alaska Aerospace Development Corporation</u>

Sec. 14.40.891. Issuance of bonds, notes, and refunding bonds. (a) Except as provided in (b) of this section, *the corporation may issue bonds* in its discretion for any of its corporate purposes and may issue refunding bonds for the purpose of paying or retiring bonds previously issued by it.

(b) The corporation may not, without prior legislative approval, issue bonds, other than refunding bonds,

(1) in a total amount in excess of $1,000,000 each calendar year; or

(2) if the annual debt service on all outstanding bonds issued and proposed to be issued exceeds $1,000,000 in a fiscal year.

(II) The Alaska Student Loan Corporation

Sec. 14.42.220. Bonds of the corporation. (a) The corporation may borrow money and *may issue bonds*, on which the principal and interest are payable from its income and receipts or other assets or a designated part or parts of them. The corporation may use the proceeds of its bonds for any purposes that the corporation considers appropriate, including providing money to

(1) make or purchase education loans;

(2) finance programs identified in AS 14.42.210;

(3) finance projects of the state as those projects may be identified by law; and

(4) pay for any other purpose or program of the corporation that is authorized in AS 14.42.100 - 14.42.310.

. . . . .

(g) The corporation may not issue bonds to finance projects under (a)(3) of this section in an aggregate amount that exceeds $280,000,000.

(III) Alaska Medical Facility Authority

Sec. 18.26.080. Bonds of the authority; court jurisdiction. (a) The authority may borrow money and *may issue bonds* for it, payable from the revenue derived by it from its interest in any one or more medical facilities or from its income and receipts or other assets generally, or a designated part of them. The issuance of revenue bonds is governed by the provisions of this chapter and is not subject to the prior approval of the voters of the state. Revenue bonds, whether coupon or fully registered, are negotiable instruments for all purposes of the Uniform Commercial Code.

. . . . .

Sec. 18.26.260. Issuance and guarantee of Alaska Medical Facility Authority bonds.

. . . . .

(b) If the commissioner of revenue and the board jointly determine that a medical facility is unable to use traditional private or public financial institutions to refinance mortgage loans and that it is in the public interest to make refinancing available,

(1) the authority may provide financial assistance and purchase mortgage loans made to the medical facility and *may issue bonds or bond anticipation notes* under this chapter to provide money for the purchase of the mortgage loans or to provide the financial assistance; and

(2) the commissioner of revenue may disburse to the medical facilities special bond guarantee account money appropriated to the commissioner for the account which the commissioner determines to be necessary to guarantee bonds or bond anticipation notes issued under (1) of this subsection.

. . . . .

(IV) Alaska Housing Finance Corporation

Sec. 18.55.140. Issuance of bonds, notes, and refunding bonds. The corporation *may issue bonds* and notes from time to time in its discretion for a purpose authorized by this

chapter and *may issue refunding bonds* for the purpose of paying or retiring bonds previously issued under this chapter.

Sec. 18.56.110. Bonds and notes. (a) The corporation, by resolution, *may issue bonds and bond anticipation notes* in order to provide funds to carry out and effectuate its purposes.

. . . . . .

Sec. 18.56.790. Bonds for senior housing. (a) Under the procedures of this chapter, the corporation *may issue bonds* in a total amount not exceeding $30,000,000 to fund senior housing loans made under AS 18.56.700 - 18.56.799.

(e) In this section, "bond" has the meaning given in AS 18.56.390.

(V) Knik Arm Bridge and Toll Authority

Sec. 19.75.211. Bonds of the authority. (a) Notwithstanding any other provision of law, the authority may borrow money and *issue and refund bonds* on which the principal and interest are paid out of and secured by the gross revenue derived by the authority from the ownership, use, and operation of its toll facilities, including money derived from the fees, rents, tolls, rates, charges, and other revenue of the authority under this chapter and any other revenue or money that the legislature may appropriate, except a state tax or license. Before issuing bonds for the Knik Arm bridge, the authority shall submit to the state bond committee a description of the bond issue and a preliminary prospectus, offering circular, or official statement relating to the bond issue. Bonds may not be issued unless the state bond committee finds, based upon the information submitted by the authority under this section and other information that is reasonably available to the committee, that the Knik Arm bridge revenue and other revenue available to the authority can be reasonably expected to be adequate for payment of the principal of and interest on the bonds to be issued and that issuance of the bonds by the authority would not be expected to adversely affect the ability of the state or its political subdivisions to market bonds.

. . . . . .

(c) The authority may issue bonds in an aggregate amount not to exceed $500,000,000, plus the cost of issuance.

. . . . . .

(VI) Adak Reuse Authority

Sec. 30.17.210. Bonds of the authority. (a) Subject to the provisions of AS 30.17.200, the authority may borrow money and may issue revenue bonds, including bonds on which the principal and interest are payable

(1) exclusively from the income and receipts or other money derived from the project financed with the proceeds of the bonds;

(2) exclusively from the income and receipts or other money derived from designated projects whether or not they are financed in whole or in part with the proceeds of the bonds; or

(3) from the income and receipts or assets generally, or a designated part or parts of them, of the authority or of any other person.

(b) Bonds issued under this chapter shall be authorized by resolution of the authority, and shall be dated and shall mature as the resolution may provide, except that a bond may not mature more than 40 years from the date of its issuance. The bonds shall bear interest at the rate or rates, be in the denominations, be in the form, either coupon or registered, carry the registration privileges, be executed in the manner, be payable in the medium of payment, at the place or places, and be subject to the terms of redemption that the resolution or a subsequent resolution may provide.

(c) Bonds issued under this chapter, regardless of form or character, shall be negotiable instruments for the purposes of the Uniform Commercial Code.

(d) Bonds issued under this chapter may be sold at public or private sale in the manner, for the price or prices, and at the time or times that the authority may determine.

(e) The superior court shall have jurisdiction to hear and determine suits, actions, or proceedings relating to the authority, including suits, actions, or proceedings brought to foreclose or otherwise enforce a mortgage, pledge, assignment, or security interest or brought by or for the benefit or security of a holder of its bonds or by a trustee for or other representative of the holders.

(f) Before issuing bonds for a project under this chapter, the authority shall submit to the state bond committee a description of the bond issue and an independent economic feasibility analysis of the project and expected revenue. This information may be contained in a preliminary prospectus, offering circular, or official statement relating to the bond issue. Bonds may not be issued under this chapter unless the state bond committee finds, based upon the information submitted by the authority under this subsection and other information that is reasonably available to the committee, that the project revenue can be reasonably expected to be adequate for payment of the principal and interest on the bonds to be issued if the bonds are to be secured by project revenue alone, and in any event that issuance of the bonds by the authority would not be expected to adversely affect the ability of the state or its political subdivisions to market bonds.

(VII) Clean Water Bonds, International Revenue Airport Bonds, Toll Facilities Revenue Bonds, Sport Fishing Facility Revenue Bonds, Pension Obligation Bonds
See AS 37.15.010 - AS 37.16.900.

(VIII) Alaska Railroad Corporation
Sec. 42.40.285. Legislative approval required. Unless the legislature approves the action by law, the corporation may not

(1) exchange, donate, sell, or otherwise convey its entire interest in land;

(2) issue bonds;

(3) extend railroad lines; this paragraph does not apply to a spur, industrial, team, switching, or side track;

(4) lease land for a period in excess of 55 years unless the corporation reserves the right to terminate the lease if the land is needed for railroad purposes;

(5) apply for or accept a grant of federal land within a municipality; before approving an action under this paragraph, the legislature must determine that the federal land is required for essential railroad purposes; this paragraph does not apply to the application for or acceptance of a grant of federal land associated with

(A) the Anchorage-Wasilla line change project on Elmendorf Air Force Base and Fort Richardson;

(B) the Fairbanks intermodal rail yard expansion project;

(C) a conveyance of rail properties of the Alaska Railroad under the original Alaska Railroad Transfer Act of 1982 as set out in Title VI, P.L. 97-468; in this subparagraph, "rail properties of the Alaska Railroad" has the meaning given in 45 U.S.C. 1202(10).

Sec. 42.40.570. Kenai gasification project. (a) The corporation may participate in a project consisting of the acquisition, construction, improvement, maintenance, equipping, and operation of real and personal property, including facilities and equipment for the transportation of coal from Healy to the northern Kenai Peninsula, and facilities and equipment for coal gasification and electrical power generation adjacent to the Agrium fertilizer plants in the northern Kenai Peninsula.

(b) The corporation may participate in a project consisting of the acquisition, construction, improvement, maintenance, equipping, and operation of real and personal property, including facilities and equipment, for the transportation of coal by rail from Healy to Port MacKenzie and thereafter by barge to the northern Kenai Peninsula.

(c) The corporation may finance all or a portion of the projects described in (a) and (b) of this section through the issuance of its bonds.

Sec. 42.40.600. General provisions. (a) Upon receiving legislative approval under AS 42.40.285 the corporation may issue bonds by resolution to provide money to carry out its purposes.

(b) Bonds may be issued in one or more series and shall, as provided by the resolution of the board,

(1) be dated;

(2) bear fixed or variable interest at a specified rate or rates per year or within a maximum rate;

(3) be in a specified denomination;

(4) be in a coupon or registered form;

(5) carry conversion or registration provisions;

(6) have a specified rank or priority;

(7) be executed in the specified manner and form;

(8) be payable as specified from the sources, in the medium of payment, and place or places inside or outside the state;

(9) be subject to authentication by a trustee or fiscal agent; and

(10) be subject to terms of redemption with or without premium.

(c) Bonds may be sold in the manner, on the terms, and at the price the board determines. Notes shall mature at the time or times determined by the board. Except for bond anticipation notes, notes, or other obligations, bonds shall mature at the time, not exceeding 50 years from their date, determined by the board.

(IX) Alaska Energy Authority

Sec. 44.83.100. Bonds of the authority. (a) The authority may borrow money and *may issue bonds,* including but not limited to bonds on which the principal and interest are payable (1) exclusively from the income and receipts or other money derived from the

project financed with the proceeds of the bonds; (2) exclusively from the income and receipts or other money derived from designated projects whether or not they are financed in whole or in part with the proceeds of the bonds; (3) from its income and receipts or other assets generally, or a designated part or parts of them; or (4) from one or more revenue-producing contracts including a contract providing for the security of the bonds made by the authority with any person. The authority may issue bonds to pay, fund, or refund the principal of, or interest or redemption premiums on, bonds issued by it, whether or not the bonds or interest to be funded or refunded have become due.

. . . . . .

(X) Alaska Industrial Development and Export Authority

Sec. 44.88.090. Bonds of the authority. (a) The authority may borrow money and *may issue bonds*, including but not limited to bonds on which the principal and interest are payable

(1) exclusively from the income and receipts or other money derived from the project or development project financed with the proceeds of the bonds or derived from the exporter or exporting transaction financed, guaranteed, or insured with the proceeds of the bonds;

(2) exclusively from the income and receipts or other money derived from designated projects or development projects or other sources whether or not they are financed, insured, or guaranteed in whole or in part with the proceeds of the bonds; or

(3) from its income and receipts or other assets generally, or a designated part or parts of them.

. . . . . .

Sec. 44.88.095. Bonding limitations. (a) The authority may not issue bonds in a 12-month period in an amount that exceeds $400,000,000.

. . . . . .

TEMPORARY LAW RELATED TO BONDS

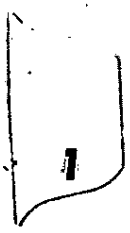
Enclosed are copies of temporary law related to bonds. I have searched only back as far as the Eighteenth Legislature.

TBC:ljw:med
10-058.ljw

Enclosures

2/24/10 OIL & GAS PRODUCTION TAX: GAS ISSUES AND ALASKA'S FISCAL DESIGN (FILE 1)

<target><bill></bill><subject>2-24-10 OIL and GAS PRODUCTION TAX GAS ISSUES AND ALASKA'S FISCAL DESIGN (FILE 1)</subject><comm>SFIN26</comm></target>



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Senate Finance Committee

David Wood
24th February 2010

begin on p. 44
2/25/10

Gas Issues & Alaska's Fiscal Design

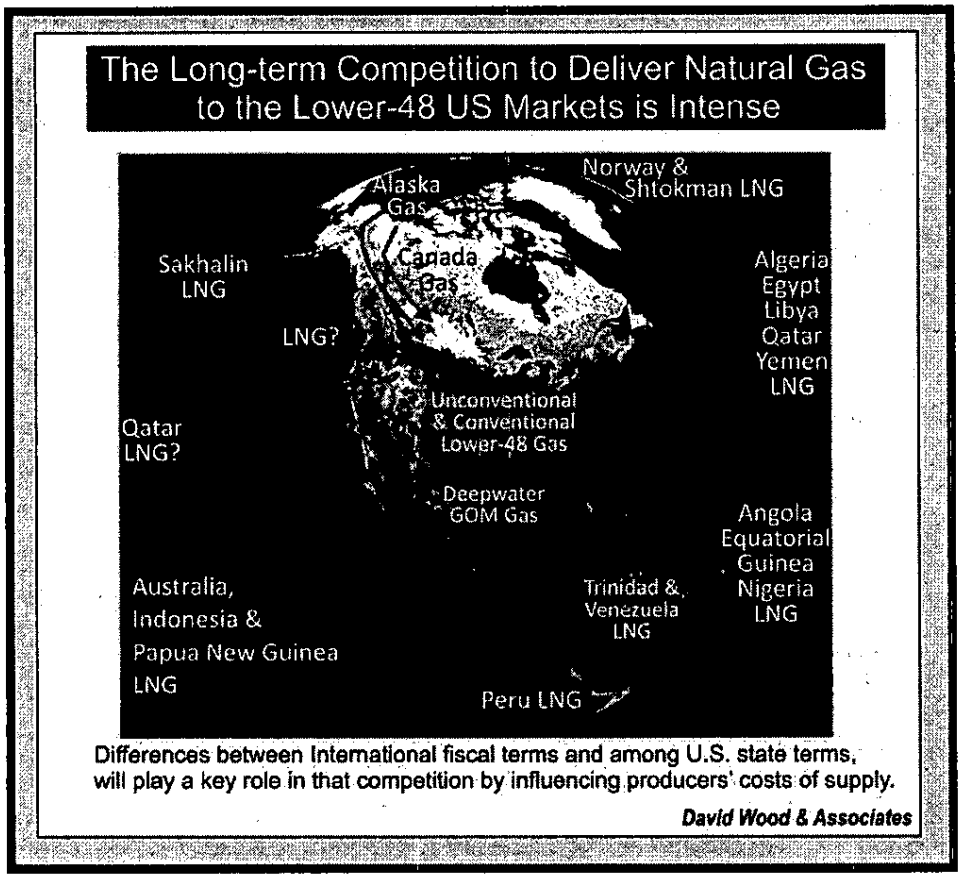
Presentation Structure

This presentation focuses the key issues pertaining to natural gas in Alaska in the context of establishing a long-term and enduring fiscal design.

- What are the issues for Alaska's fiscal regime when applied to gas?
- What are the fiscal designs applied by other countries?
- What are the risks and opportunities for international gas suppliers?
- Alaska's Prevailing Fiscal design
- Complications of combined oil and gas progressivity tax (CPT)
- Multi-year and multi-scenario fiscal performance cash flow models
- Conclusions and recommendations

What are the issues for Alaska's fiscal regime when applied to gas?

Alaska is One of Several Potential Long-term Suppliers of Natural Gas to Lower-48 U.S.

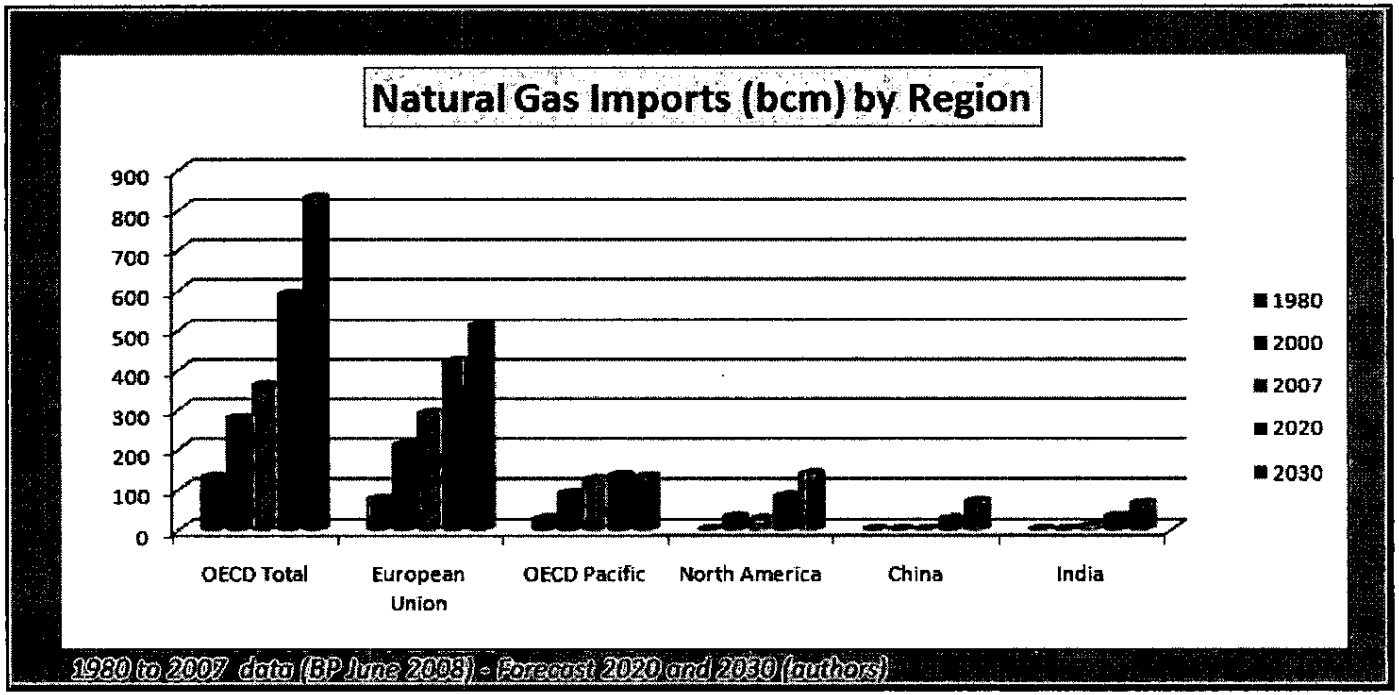


Fiscal terms are one of several factors that influence the delivered price of gas into a market and it is important to understand differences among competing sources.

The differences usually go far beyond a simple percentage sovereign take comparison.

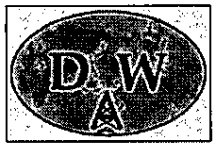
International Gas Markets are Growing - Competition for Gas is Increasing

How key global gas import markets compare and are forecast to grow in absolute terms (bcm = billions cubic metres; 35.3 bcf = 1 bcm).



Michael Economides & David Wood , Journal of Natural Gas Science & Engineering, May 2009

Major IOC's are Signing Long-term Binding International Gas Agreements



Some of the large LNG sale and purchase agreements struck in 2009

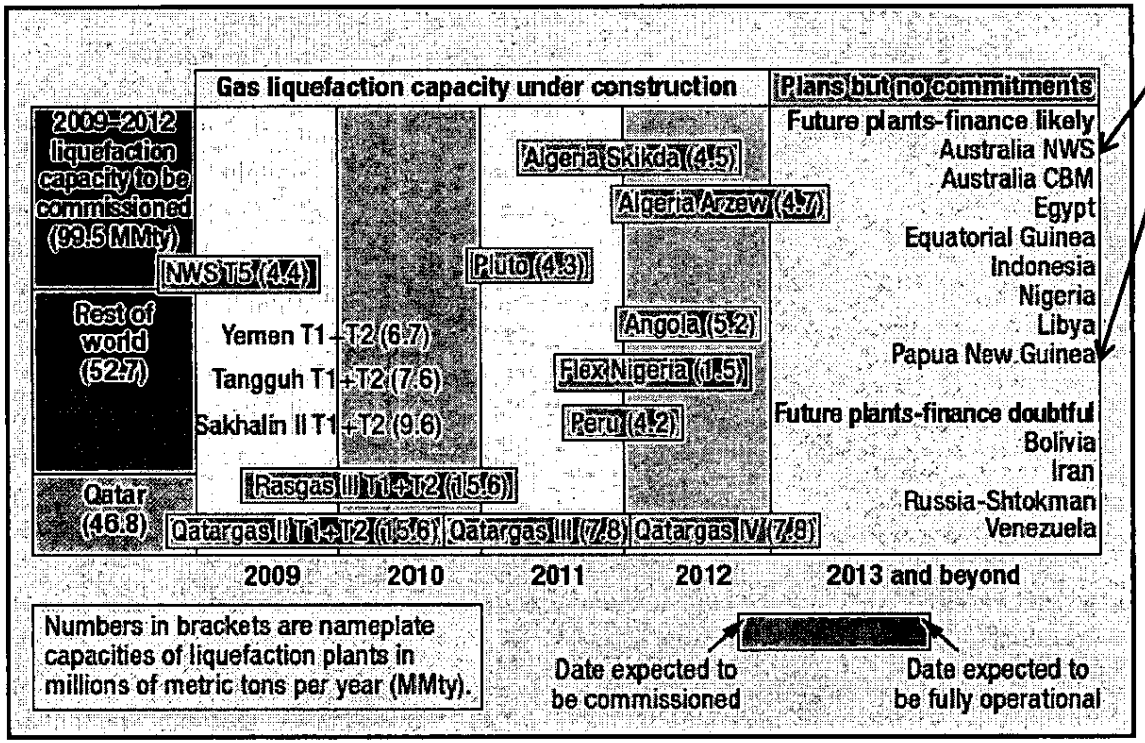
Liquefaction Project	Supplier	Offtaker	Duration, Years	Volume, mtpa	Status	Date Agreed	First Delivery Expected
Gorgon (Australia)	Chevron	Osaka Gas (Japan)	25	1.375	binding	Sept. 2009	2014
Gorgon (Australia)	Chevron	Tokyo Gas (Japan)	25	1.1	binding	Sept. 2009	2014
Gorgon (Australia)	Chevron	Kogas (S.Korea)	15	1.5	HOA	Sept. 2009	2014
Gorgon (Australia)	ExxonMobil	PetroChina (China)	20	2.25	binding	Feb. 2009	2014
Gorgon (Australia)	ExxonMobil	Petronet (India)	20	1.5	binding	May 2009	2014
Wheatstone (Australia)	Chevron	Tepco (Japan)	20	4.1	HOA	Dec. 2009	2016
PNG LNG (Papua New Guinea)	ExxonMobil	Tokyo Gas (Japan)	20	1.8	binding	Dec. 2009	2014
PNG LNG (Papua New Guinea)	ExxonMobil	Osaka Gas (Japan)	20	1.5	binding	Dec. 2009	2014
PNG LNG (Papua New Guinea)	ExxonMobil	Taiwan CPC (Taiwan)	20	.5	HOA	June 2009	2014
PNG LNG (Papua New Guinea)	ExxonMobil	Sinopec (China)	20	2	binding	Dec. 2009	2014
Gladstone (Queensland, Australia)	Santos	Petronas (Malaysia)	20	2	HOA	June 2009	2015
Curtis (Queensland, Australia)	BG	CNOOC (China)	20	3.6	HOA	May 2009	2015
Kitimat (Western Canada)	Kitimat LNG	Gas Natural (Spain)	20	1.6	MOU	July 2009	2013?
Kitimat (Western Canada)	Kitimat LNG	Kogas (S.Korea)	20	2	MOU	June 2009	2013?
Qatargas (Qatar)	Qatargas	CNOOC (China)	Long-term	3	MOU	Nov. 2009	2015?
Qatargas (Qatar)	Qatargas	PetroChina (China)	Long-term	2	MOU	Nov. 2009	2015?

Source: Various media reports

Published by David Wood, World Oil, Feb 2010

Worldwide New Gas Liquefaction Developments to 2013 and Beyond

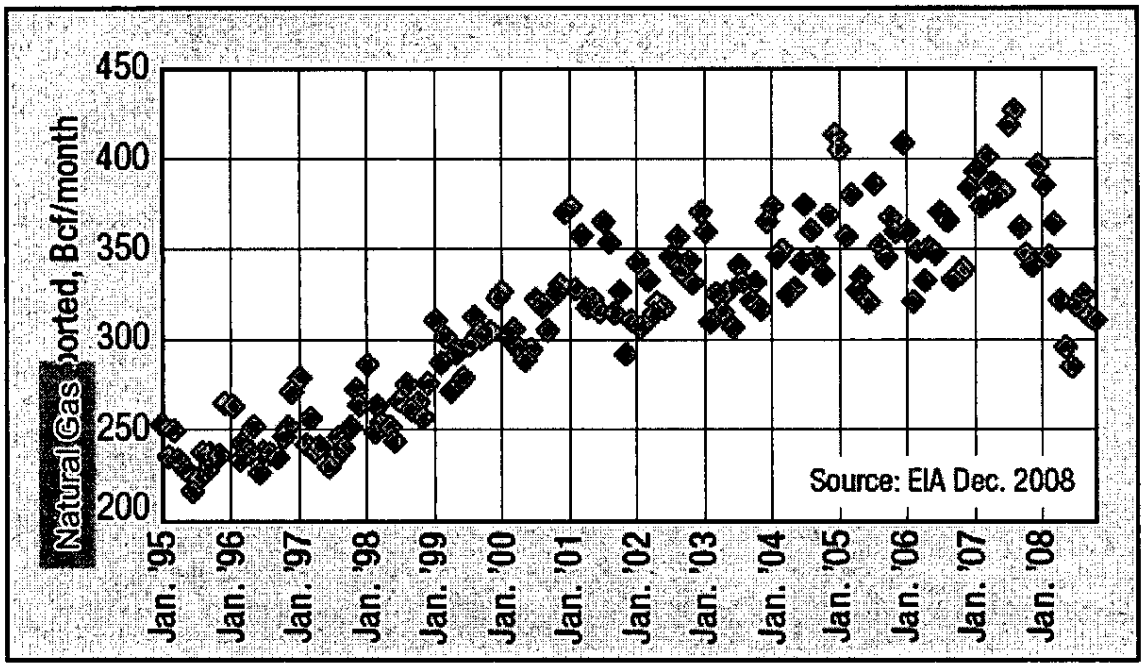
Large new capacity of LNG coming into the market with new plants under construction. Big commitments for new plants in Australasia made progress in 2009.



From David Wood *"Uncertain supply and demand outlook for LNG."* **World Oil** (February 2009)

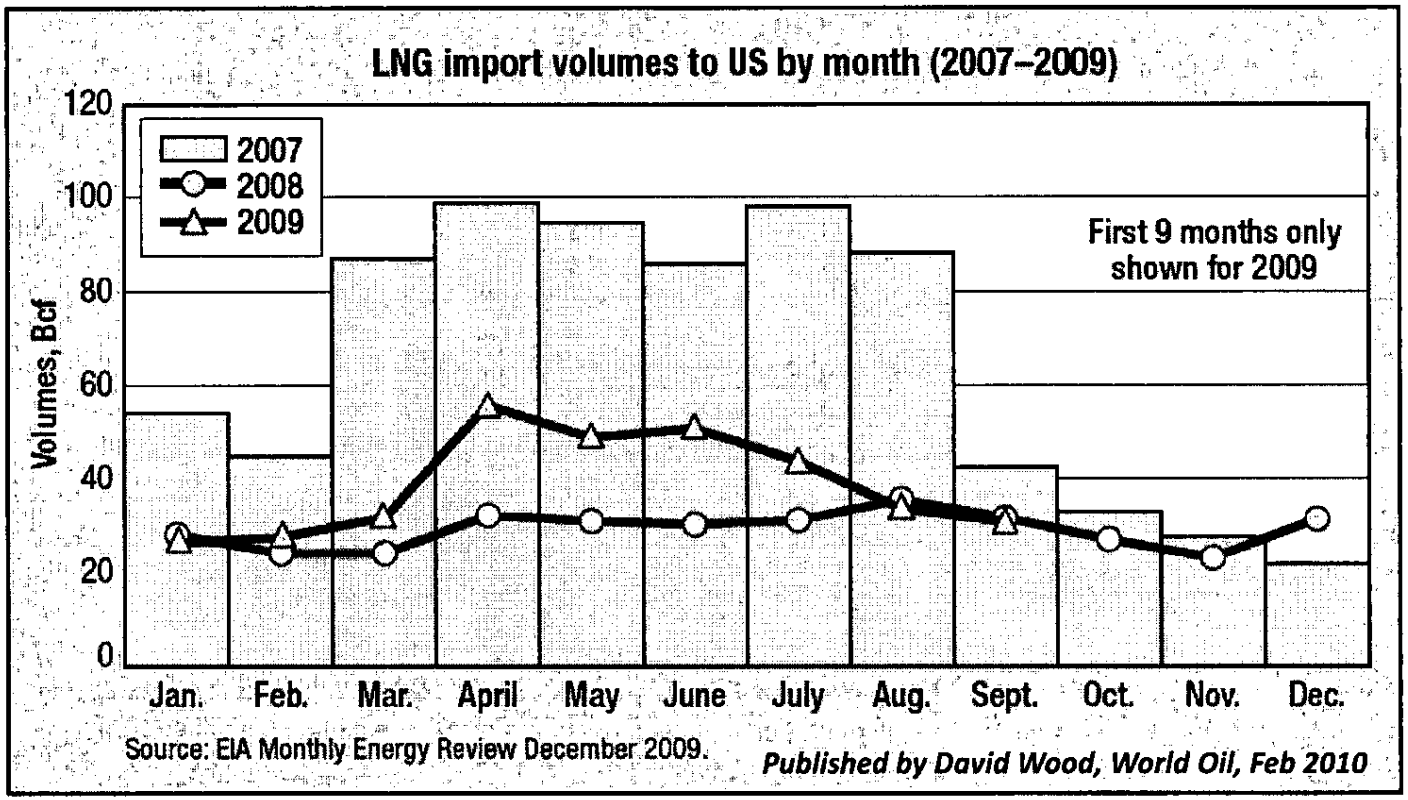
Gas Imports to U.S. Decline in 2008 For First Time in More than a Decade

Greater Lower-48 gas production in 2008, particularly shale gas, led to a reduction in US gas imports which has persisted. Alaska gas will be competing with shale gas for lower-48 which has a different resource and cost base and fiscal structure.

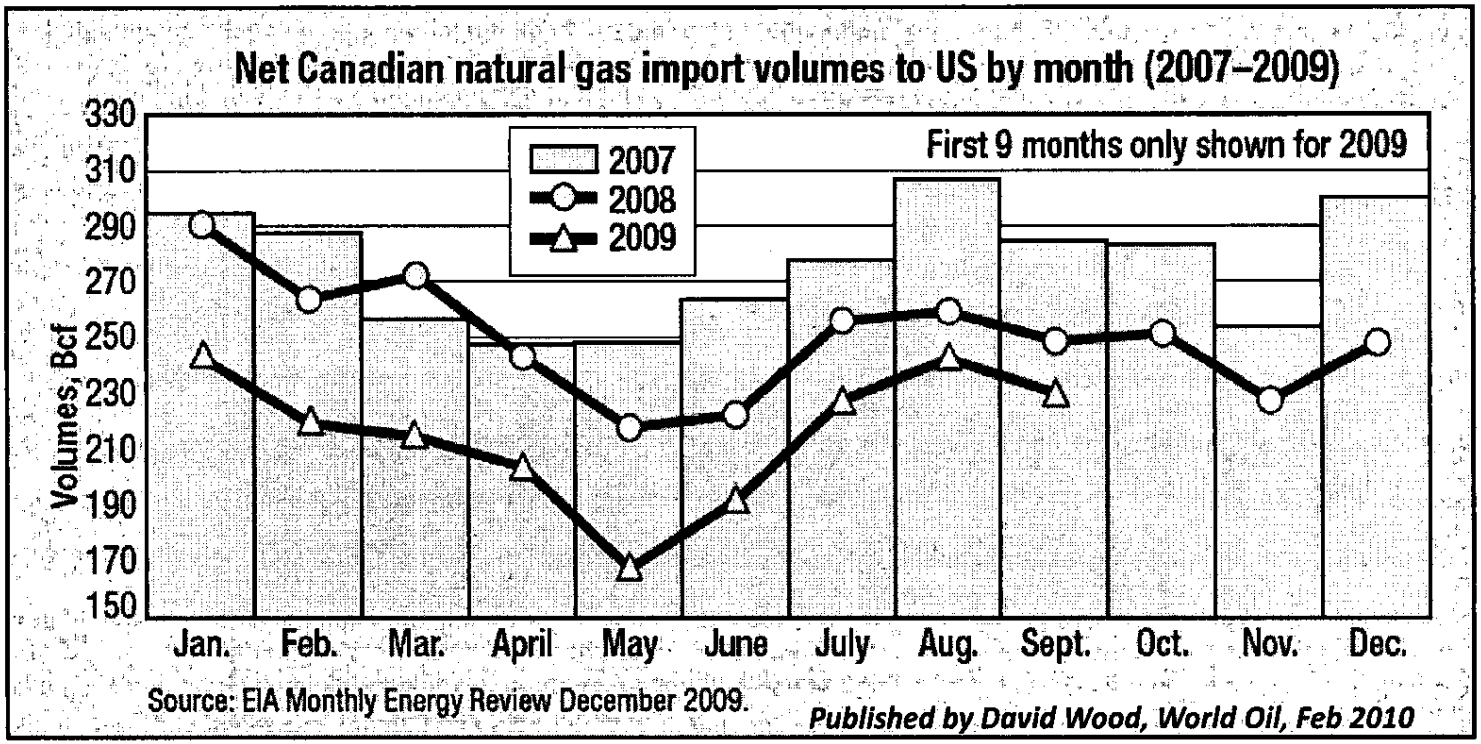


From David Wood *"Uncertain supply and demand outlook for LNG."* **World Oil** (February 2009)

LNG Imports to U.S. are Down
Is that Permanent? Shale Gas Effect?

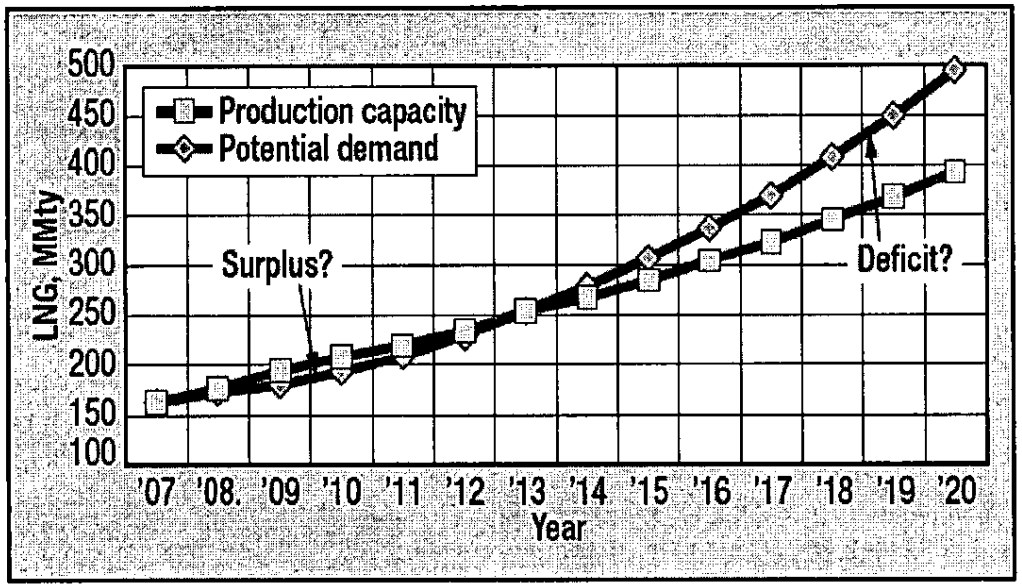


Canadian Gas Imports to U.S. are Down
Is that Permanent? Shale Gas Effect?



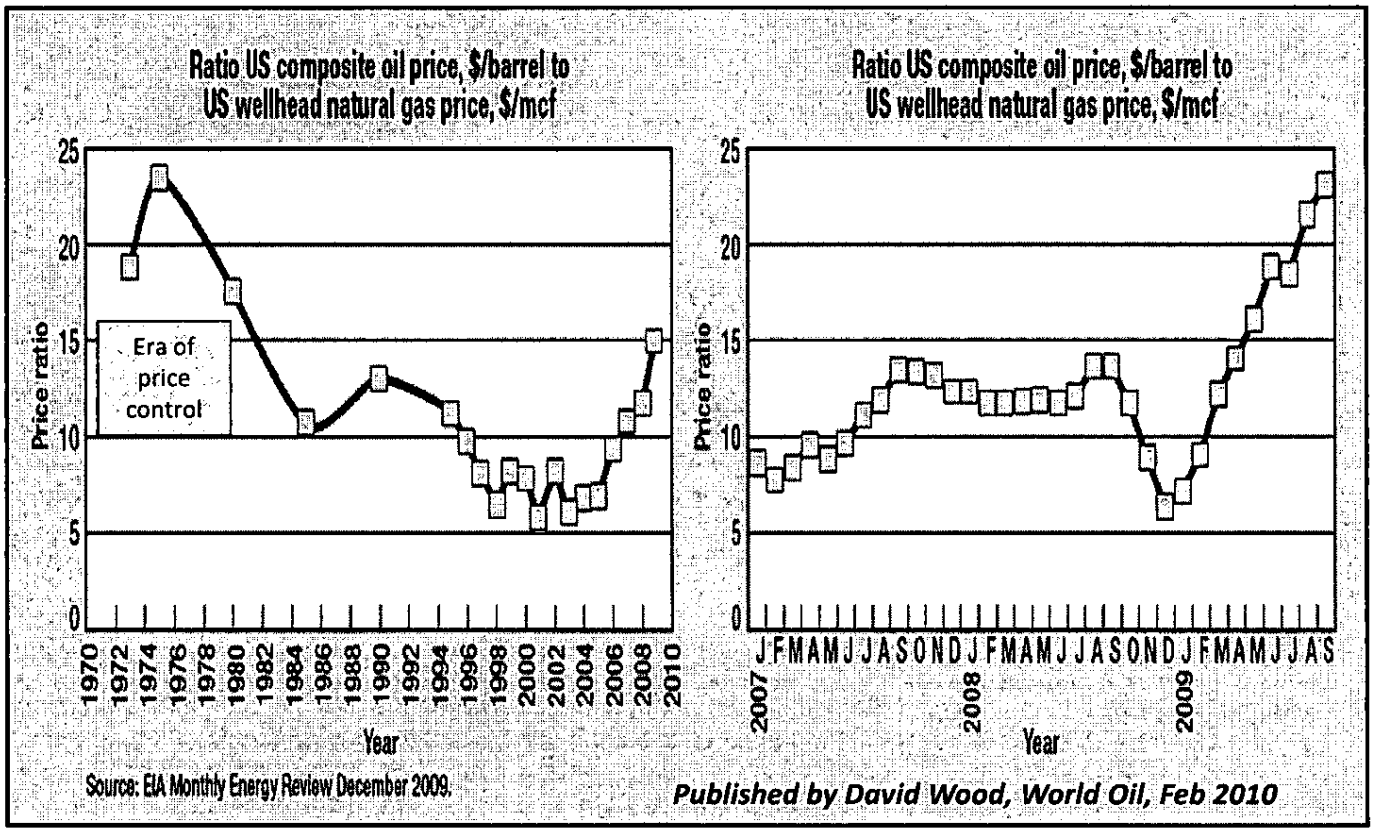
Global LNG Supply Demand Forecast to 2020

Natural gas surplus due to economic downturn and development of competing supplies is leading to over-supply and lower prices forecast to last perhaps to 2012 for internationally traded LNG. This surplus may itself fuel supply shortfalls globally beyond 2013 and higher prices 2015 to 2020.



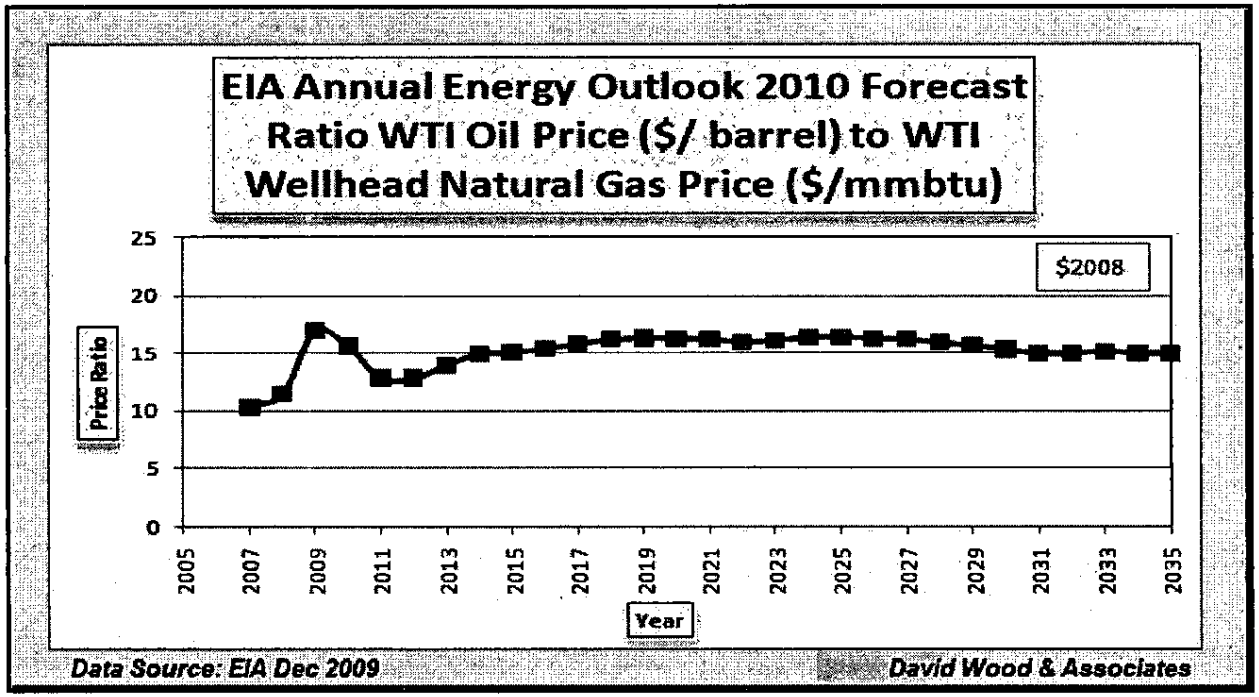
From David Wood *"Uncertain supply and demand outlook for LNG."* **World Oil** (February 2009).

U.S. Oil to Gas Price Ratio
What Range Should Fiscal Designs Consider?



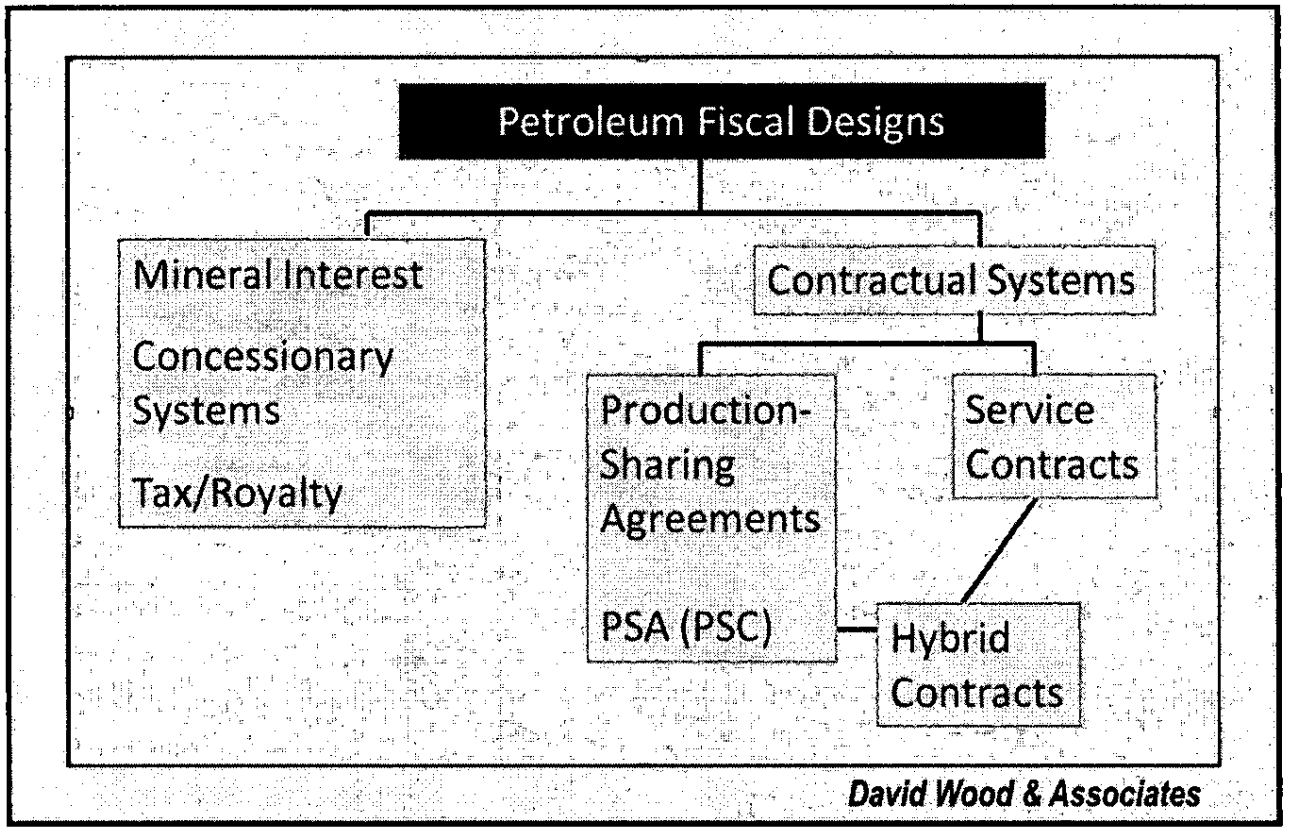
Latest U.S. Government Forecast Shows High Oil to Gas Price Ratios Through to 2035

Fiscal designs should be stable under a wide range of oil: gas price ratios (e.g. stress test them with ratios of 2 to 30).

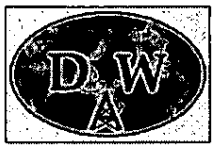


What are the fiscal designs applied by other countries? and what are the risks and opportunities?

Summary of International Upstream Oil & Gas Fiscal Designs



Norway:
Fiscal Terms Summary



Norway operates a mineral interest system. There are no bonuses or royalties and the fiscal take comes from *progressive* instruments.

- Royalty 0% and no bonuses but marginal tax burden is some 78%
- Corporate Tax (CT) 28% of taxable income
- No ring fences with CT base established at the company Level.
- Special tax rate 50% with investment uplift of 7.5% for 4 years deducted from CT base. Uplift shelters marginal fields.
- Tax of CO_2 emissions at 0.79 NOK (~10 US cents)/ m^3 CO_2
- Gas taxed on bases of actual realised prices.
- Strict rules applied concerning prices of gas transfer between affiliates.
- Stated fiscal strategy is *that the tax system should act as a sleeping partner providing producers with technical control and ensuring that any investment decision that is commercially viable before tax should remain viable after tax.*
- This system secures high fiscal takes for the government (close to 80%), but has still attracted large and small international investors.
- State is actively involved as an equity participant through its NOC (Statoil).

Papua New Guinea (PNG): Fiscal Terms Summary

Papua New Guinea (PNG) operates a mineral interest system. It has relaxed fiscal terms since 1990's as fields under development have declined. Upsurge in interest in large LNG projects led to legislative changes offering progressivity and stability.

- Royalty 2%
- Income tax (IT) 30% for gas (50% for oil)
- Additional Profits Tax (APT) 7.5% after 17.5% post-IT IRR reached for project and 10% after 20% post-IT IRR reached for project.
- State equity participation 22.5% (2% of which goes to landowners)
- Partial carry for the state
- Past exploration costs recoverable through 20-year carry-forwards
- Marginal field incentives: e.g. accelerated depreciation
- ExxonMobil (41.6%) and partners completing FEED studies and a final investment decision for PNG LNG is expected in 2010
- Long-term gas buyers in China and Japan now secured.

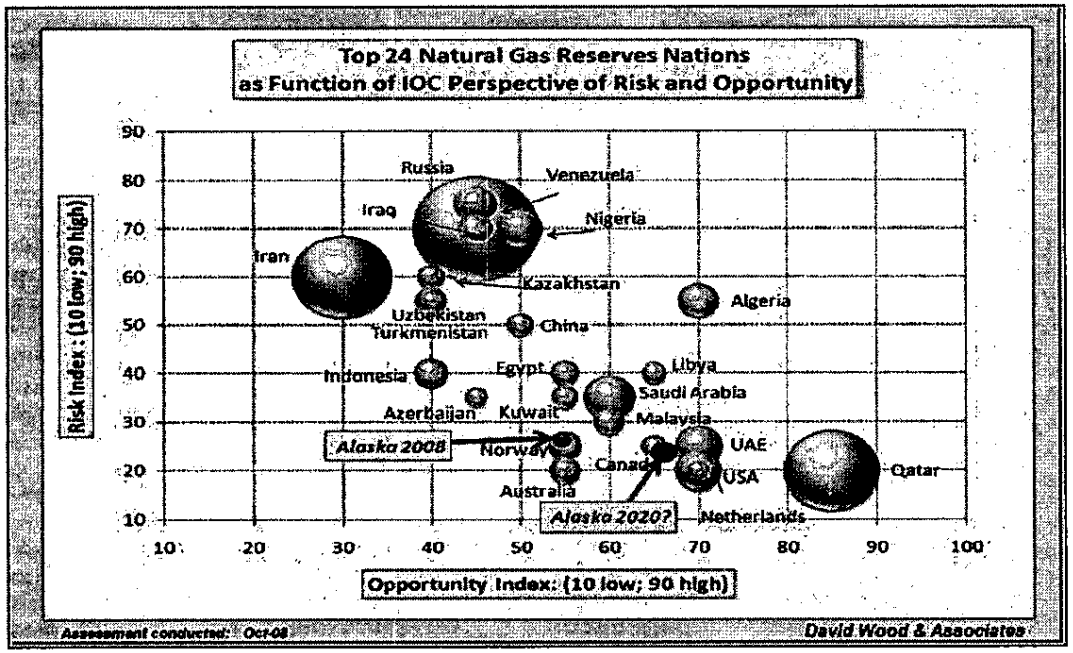
Australia:
Gas Fiscal Terms Summary

Australia operates a mineral interest system. Its fiscal take is above 70% and comparable to that of Alaska, but it is much more successful at securing investment and buyers for its high cost isolated gas resources.

- Australia has progressively shifted from traditional volume based royalty arrangements to the more progressive petroleum resource rent tax (PRRT)
- PRRT is levied at a rate of 40% of a project's taxable profit.
- PRRT payments are deductible for company income tax rate of 30%.
- PRRT is only payable once project cash flow basis achieves a rate of return of 5% over the long term bond rate on the development investments and 15% rate of return over the long term bond rate on exploration or risk capital investment. [This limit and cost uplift prevent PRRT becoming regressive]
- Explorations costs are uplifted at 15% (other costs uplifted at 5%) above long-term bond rate to partially compensate for time-value issues as there is a long lead time from discovery to positive cash flow.
- IOC majors committed in excess of $20 bn investment in LNG projects in 2009.
- Long-term gas buyers in China and Japan now secured.

Alaska Gas Compared on International Scale of Risk versus Opportunity

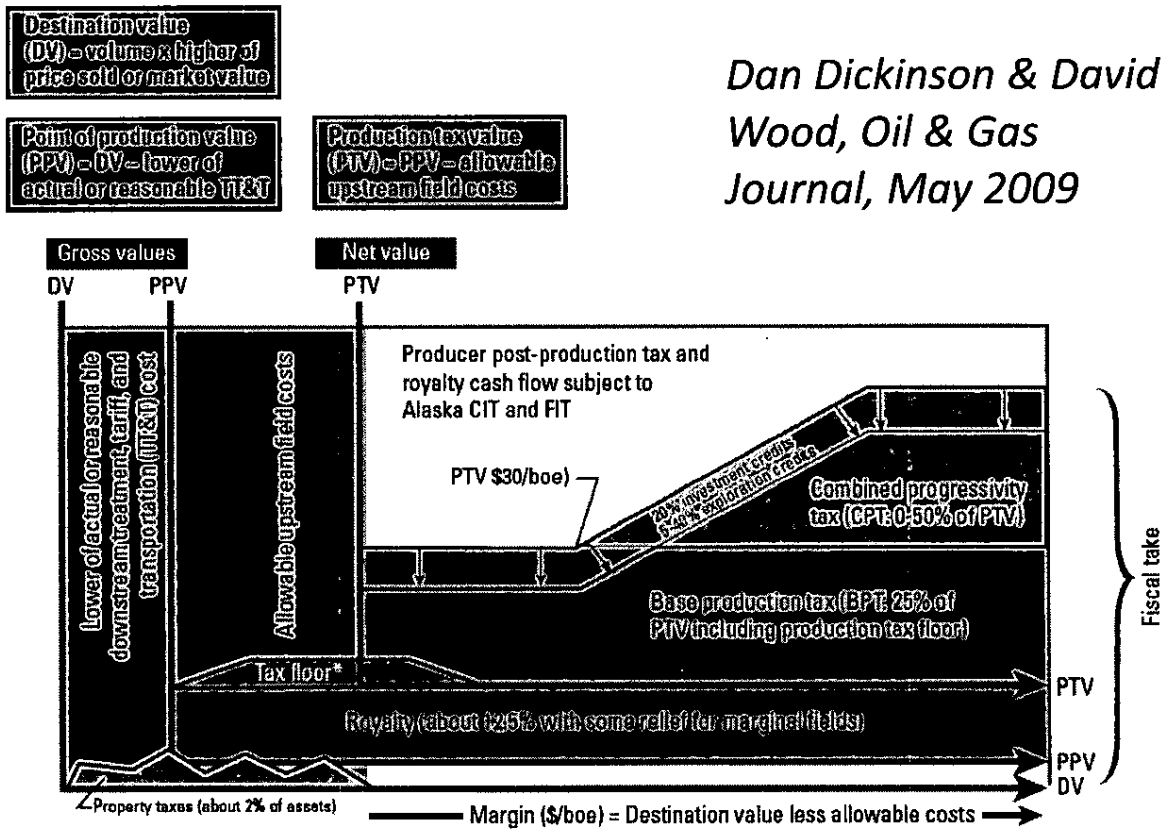
The diameters of the bubbles are proportional to proved natural gas reserve holdings as reported by BP Statistical Review (June 2008).



Alaska marked on the framework from David Wood *"Global perspectives required for risk, opportunity analyses."* **Oil & Gas Journal** (9Feb, 2009).

Alaska's Prevailing Fiscal design

Schematic of Alaska's Prevailing Oil & Gas Fiscal Design



Dan Dickinson & David Wood, Oil & Gas Journal, May 2009

Regressive & Progressive Elements of Alaska's Prevailing Oil & Gas Fiscal Design

Regressive fiscal elements	Progressive fiscal elements
• Property taxes are levied on assets in theupstream orTT&T services and shared between the state and local governments • Royalty is levied at point of production value (PPV) • *Tax floor refers to a production floor levied at 0-4% of PPV in place of BPT when that floor value is higher than the BPT value	• Production taxes (BPT and CPT) are taxes paid on net value or margin • Progressivity component of production tax (CPT) commences at PTV of $30/boe • Alaska corporate income tax (CIT) of 9.4% is levied on producer's worldwide income apportioned to Alaska. CIT is deductible from federal income tax (FIT)

Dan Dickinson & David Wood, Oil & Gas Journal, May 2009

Key Regressive Elements in Alaska's Prevailing Fiscal Design

There are three elements that make Alaska's prevailing fiscal design regressive.

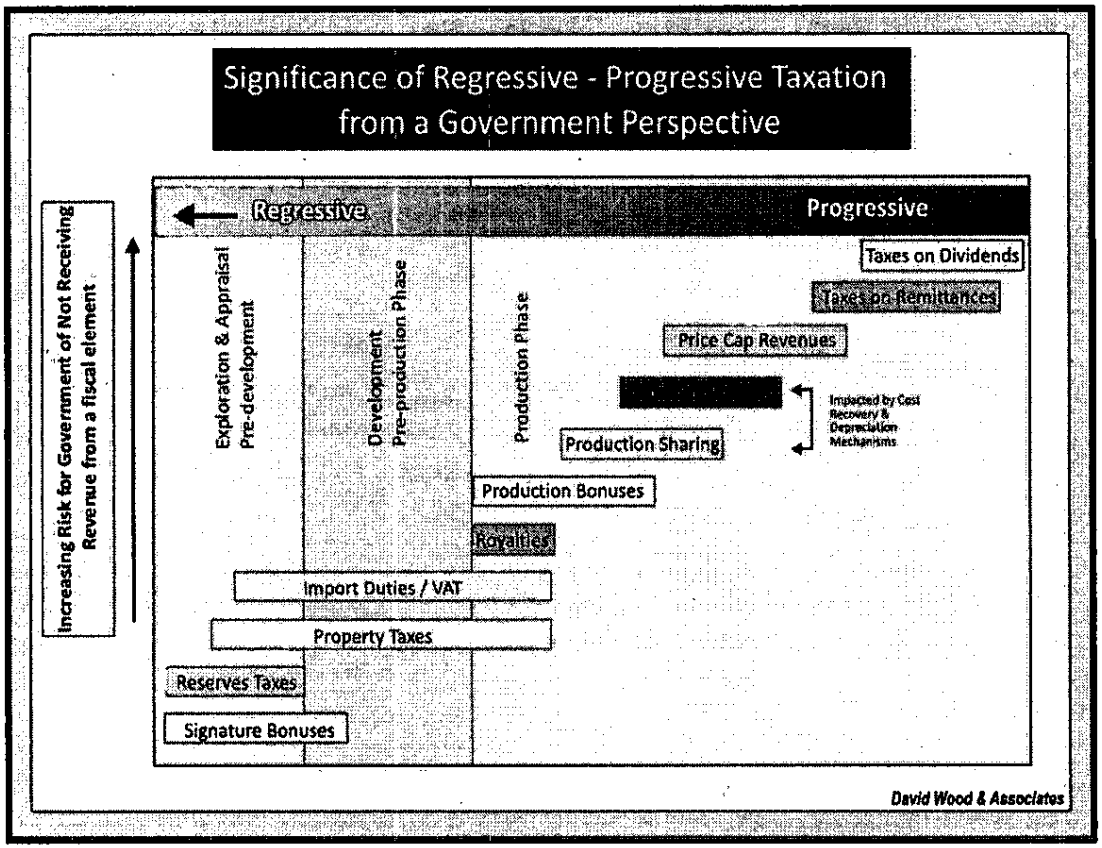
- Royalty
- Property Taxes
- Production Tax Floor

These regressive elements are partially offset by:

- Investment credits (exploration and development)
- Production taxes (levied after deduction of all allowable costs)
- Progressivity tax (only levied on high value streams)

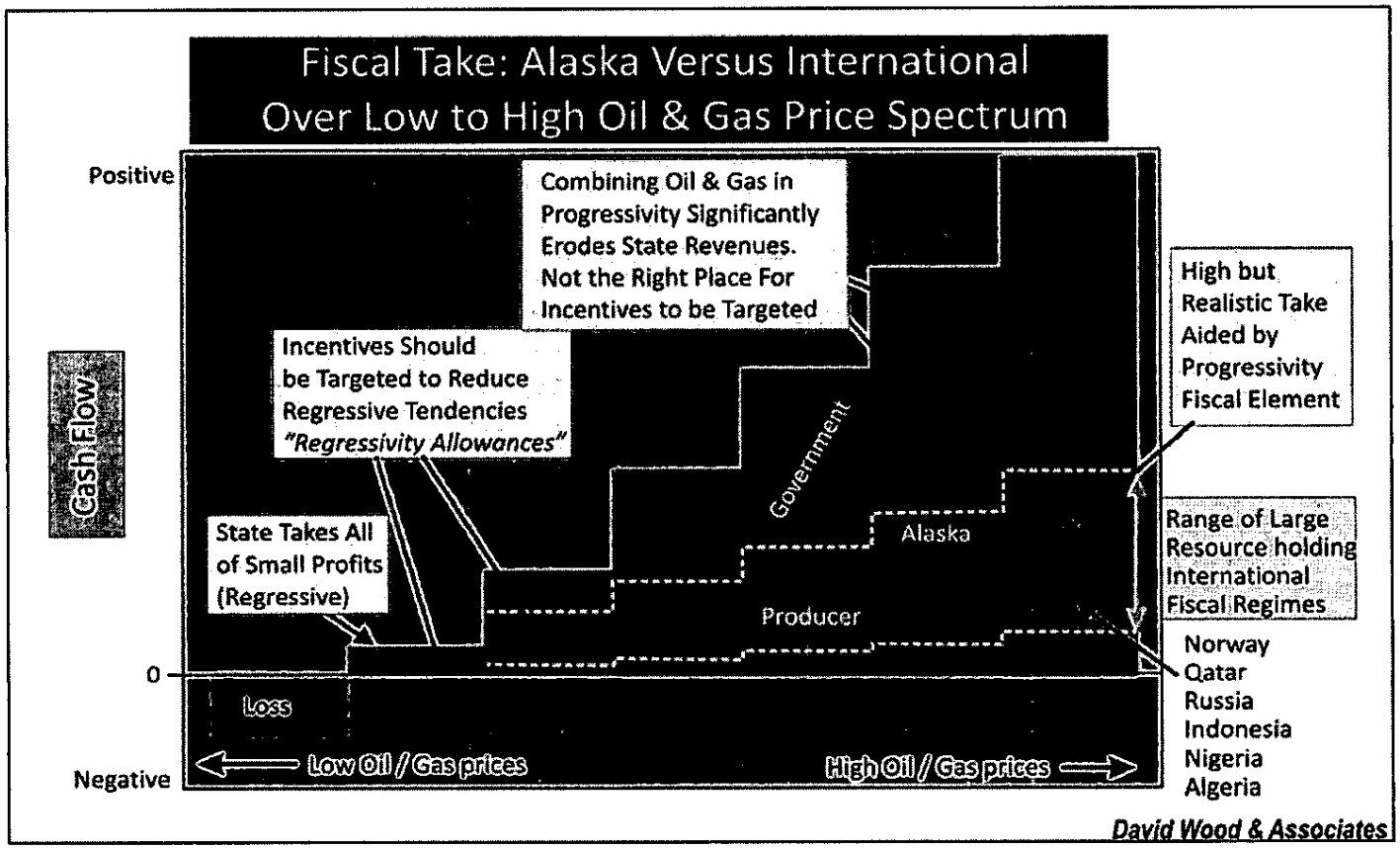
Other allowances / credits for producers should be considered to offset impacts of regressive elements coupled with tougher progressivity terms.

Progressive & Flexible Fiscal Designs Help to Promote Investment



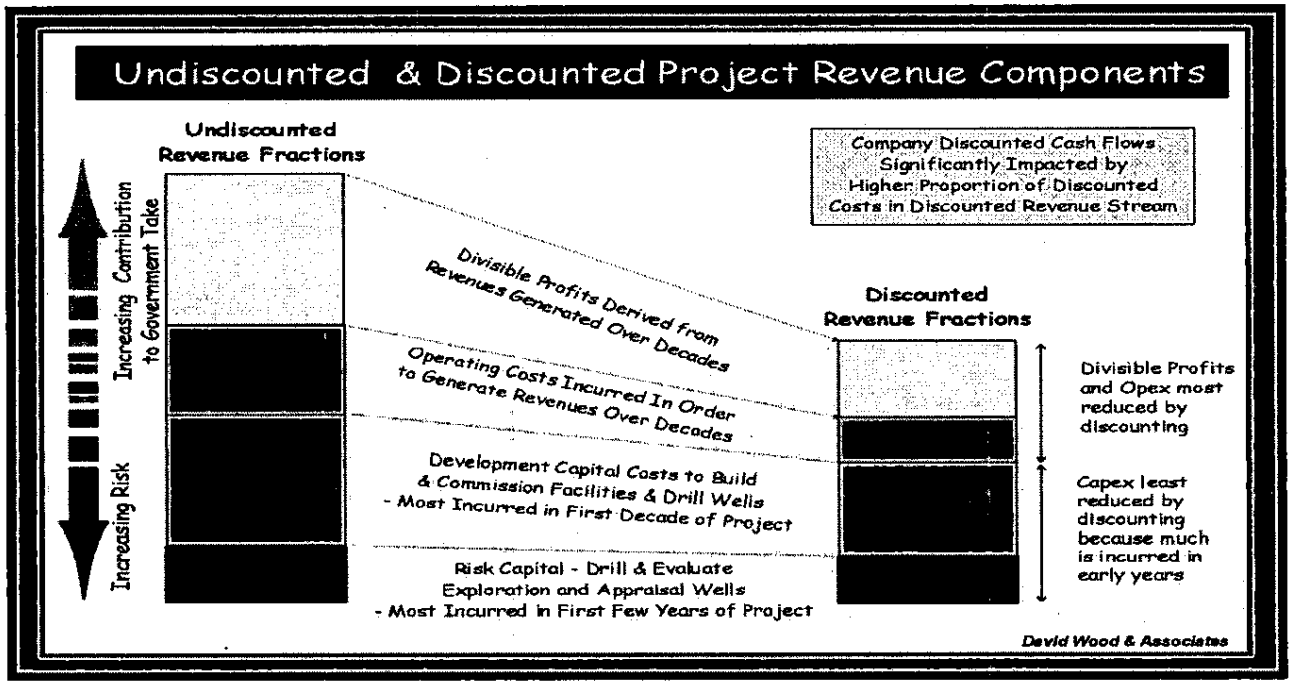
The stronger the commitment made by governments to promote a commercially attractive environment, the more likely investors are to commit investments without guarantees of fiscal stability.

Progressivity Should Work Well For Alaska: It's the Regressive Elements that Need Relief



High Discount Rates Suggest Higher Government Take of Revenues

It is appropriate for governments to use lower discount rates than producers. However, high discount rates impact *long-term* divisible profits and operating costs more than upfront capital costs so diminish producer take.



Complications of combined oil and gas progressivity tax (CPT)

Problems with Alaska's Current Progressivity Tax from the Natural Gas Perspective

The models of a wide range of gas field sizes suggest three issues associated with calculating production tax values using a combined oil and gas (boe) revenue stream.

- Large gas production volumes contributing low value to high value oil production can dilute the PTV/boe and progressivity of the combined stream.
- The PTV / boe threshold (i.e., trigger point) at which progressivity tax becomes initially payable are set too high for natural gas.
- Tying the production tax floor to PPV can lead to regressive consequences for gas producers in high cost / low value conditions.

Impact of Natural Gas on Combined Oil & Gas Production Tax

Analysis has identified that three factors are relevant to the dilution effects under prevailing production tax paid by an existing oil- only case with the addition of gas production (and vice versa – i.e. oil added to a gas-only case). These factors are:

1. Magnitude of value differential between oil and gas streams (high oil value minus low gas value, or high gas value minus low oil value);

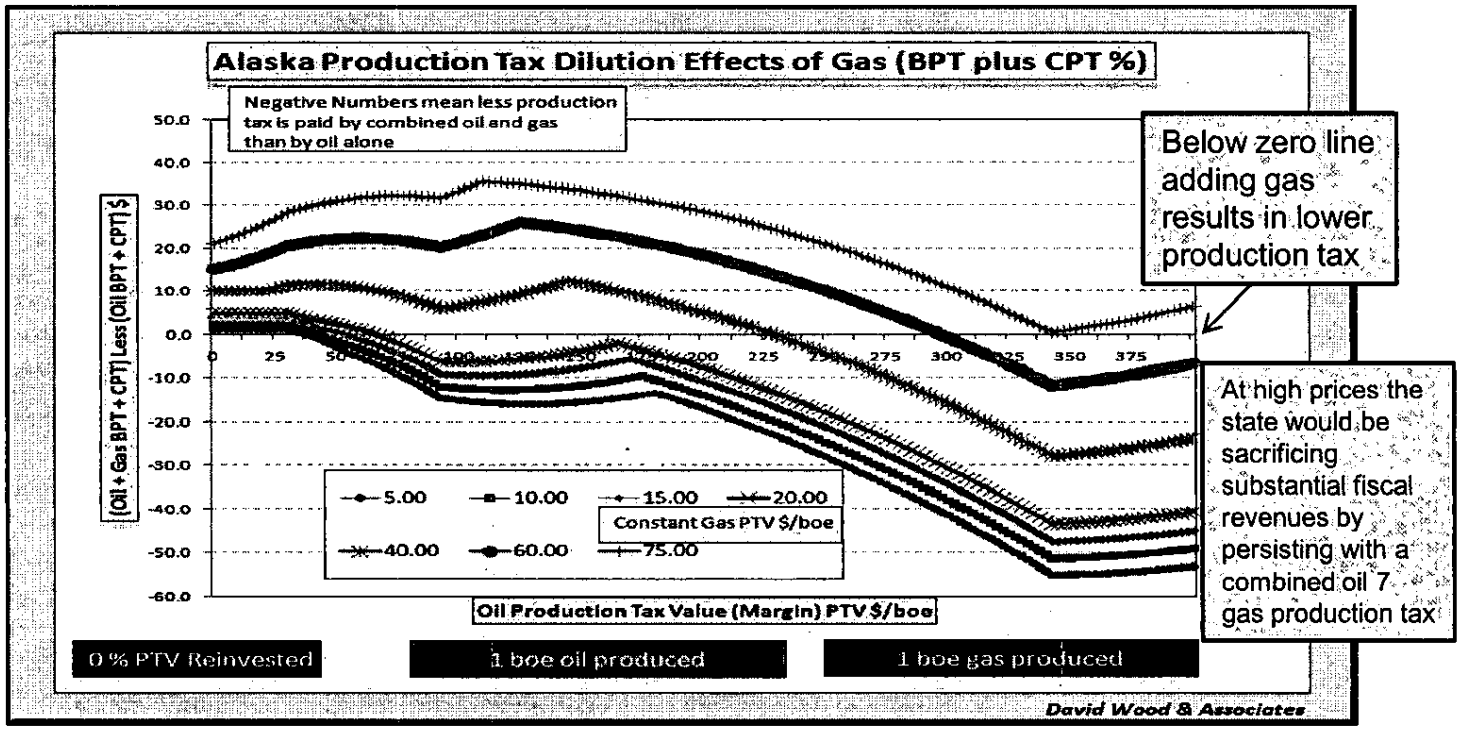
2. Relative volumes of oil and gas produced contributing to combined production tax boe stream.

3. Amount of PTV reinvested, which depending on the PTVs of each stream can have a significant impact

An Excel computer model has been developed to test these three factors.

Natural Gas Dilution Effects on Combined Oil & Gas Production Tax

The trends are non-linear with slope changes because of the changing gradients of the production tax progressivity mechanism (i.e. 0.4/boe to 0.1/boe) and the threshold values at which those changes occur.



DOR High-level Model Adjusted To Calculate Oil & Gas Combined as BOE

The Department of Revenue (DOR) model presented on 22 Feb 2010 has been reviewed and tested for functionality . With a few minor corrections and modifications to this model can be made to calculate 1 boe rather than 1 barrel by adding inputs for:

	One BOE Comparison of Current to Modified				
14.17	Natural Gas Destination Price $/mmbtu	6	Oil:Gas Price (Parity X:1)		
	Modifications - $ Per Barrel				Oil:Gas Parity Fraction Macro DW
0.5	Fraction of Natural Gas to Oil in boe production			generic mmbtu/boe:	6
24.0	Gas Transport Cost $/boe				
	Item	Current $/boe	Modified $/boe	Difference $/boe	
85	**Base Case Oil Price**				
	Determining the per barrel taxable value at the point of production				
85	Boe Destination Price (Oil:Gas Mix)	$85.00	$85.00	$0.00	Destination prices for crude and gas
7	Less Transportation Cost (oil:gas mix)	$15.50	$15.50	$0.00	For oil = TAPS tariff plus shipping
	Gross Value at Point of Production	$69.50	$69.50	$0.00	
0.125	Royalty	$8.69	$8.69	$0.00	By lease with 12.5% most common
16.26	Less Upstream Costs	$16.26	$16.26	$0.00	Opex plus Capex
	Production Tax Value (PTV)	$44.55	$44.55	$0.00	
	Taxable Barrels (1-royalty %)	0.875	0.875	$0.00	
	PTV / taxable bbl	**$50.92**	**$50.92**	$0.00	Gross Up Production

Modifications Made to DOR Model to Calculate BOE

- (A) Oil: Gas Price Parity (Cell C3) and used that to calculate a gas price ($ mmbtu) (cell A3)
- (B) Gas: Oil fraction per boe of production (cell A5)
- (C) Gas transportation cost (Cell A6)
- (D) The defined 6 mmbtu per boe from ACES (Cell F5)

These inputs are then used to recalculate:

- A boe destination price in cells C10 and D10 (rather than just oil price in DOR version)
- A boe transportation cost in cells C11 and D11 (rather than just oil price in DOR version)

Note: By setting A = 6 and B=0 the rest of the workbook calculates as it was presented by DOR (with corrections mentioned above). I have not reformatted the sheet but left it as per DOR's layout.

Case Combinations Evaluated with Modified DOR High-level Model

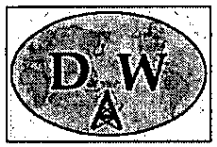
Variables		
Oil Price $/barrel	Oil: Gas Price Parity (X:1)	Fraction Gas: Oil (0 to 1)
20	2	0.0
40	4	0.1
60	6	0.2
80	8	0.3
100	10	0.4
120	12	0.5
140	14	0.6
160	16	0.7
180	18	0.8
200	20	0.9
300	30	1.0
Base Case		
85	6	0.5

In this modified form the workbook can be used to model the impacts of oil and gas streams of various proportions and price parities using DOR's high-level Alaska tax methodology.

The input data for the three key variables used can be varied by changing the values in the new table located in cell range C46:E60, which can be set to a user's preference.

A macro then evaluates and records selected outputs for all oil and gas scenarios.

Macro Calculates Large Number of Price Parity and Gas Fraction Cases Rapidly

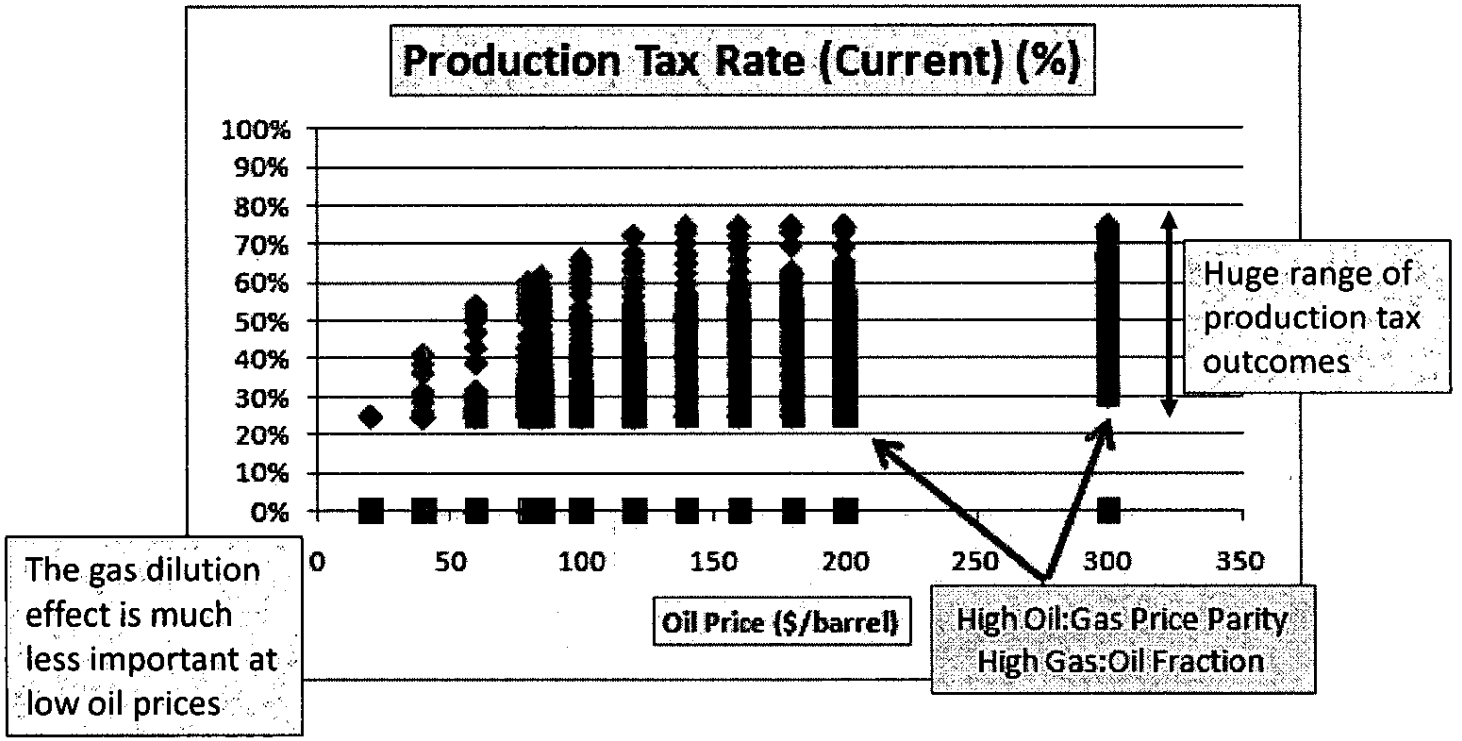


For the 12 X 12 X 12 input matrix the macro calculates 1728 values for each output variable recorded (more than 20000 values for 12 variables recorded). The macro places the recorded data into a table for analysis.

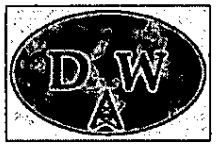
- For current and modified terms the macro records:
  - Production Tax Rate % from cell C25 on sheet Calc
  - Production Tax Value $/boe from cell C29 on sheet Calc
  - Producer's Take Rate from cell C42 on sheet Calc
  - Producer's Total Value $/boe from cell C37 on sheet Calc
  - State Take Rate % from cell C39 on sheet Calc
  - State Total Value $/boe from cell C33 on sheet Calc

Production Tax Rate Analysis for 1728
Macro Scenarios for Combining Oil and Gas

The red squares are the cases in which oil:gas price parity is >10 and gas:oil fraction of production mix is >0.5 on a boe basis.



Conclusions from Combined Oil & Gas Production Tax Model

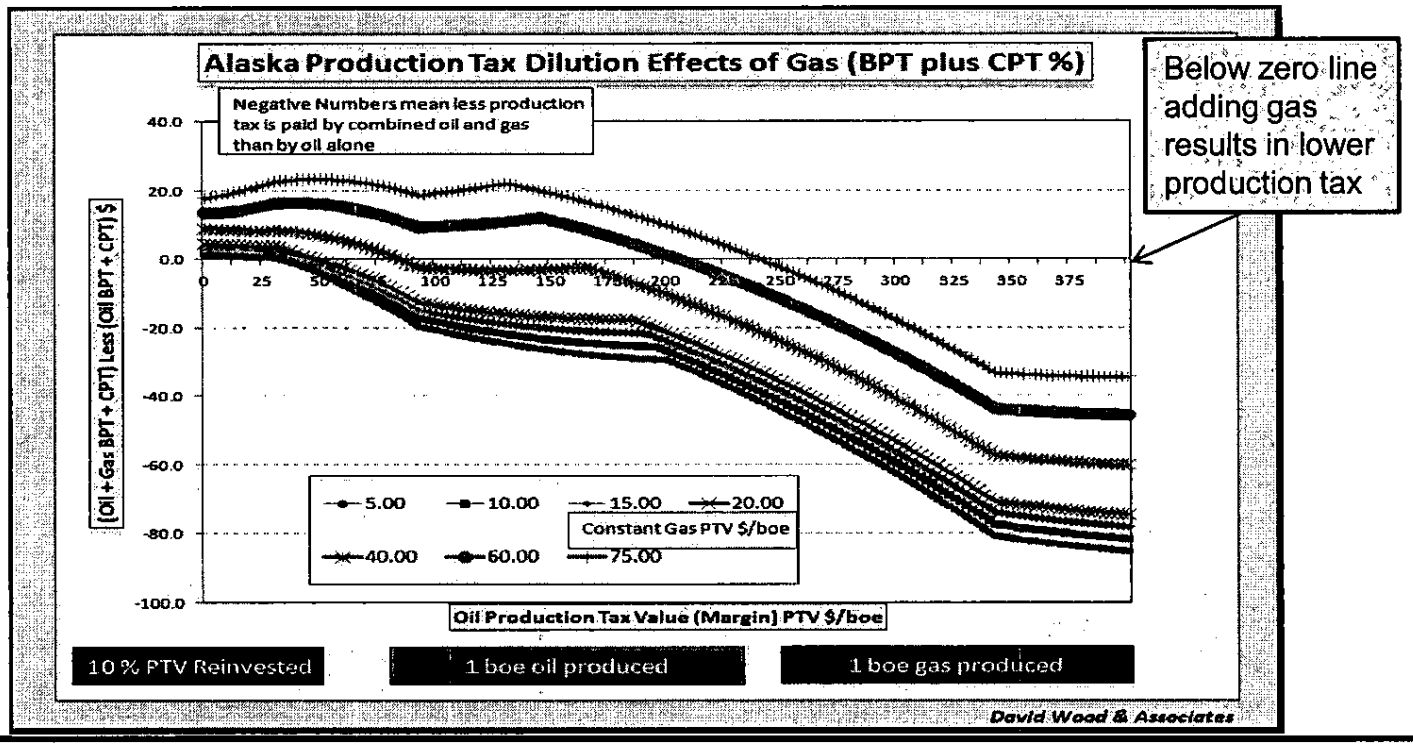


For the 12 X 12 X 12 input matrix the macro calculates 1728 values for each output variable recorded (more than 20000 values for 12 variables recorded). The macro places the recorded data into a table for analysis.

- It would be more stable to calculate Alaska's oil and gas production taxes separately and avoid boe complications particularly as oil : gas price ratio is unpredictable
- The dilution effect of gas should not be treated as a fiscal incentive as it is unpredictable in its impact
- Significant fiscal benefits of occasional price spikes on high production tax for gas or oil could be lost by persisting with a boe basis or combined calculation of the production tax value.

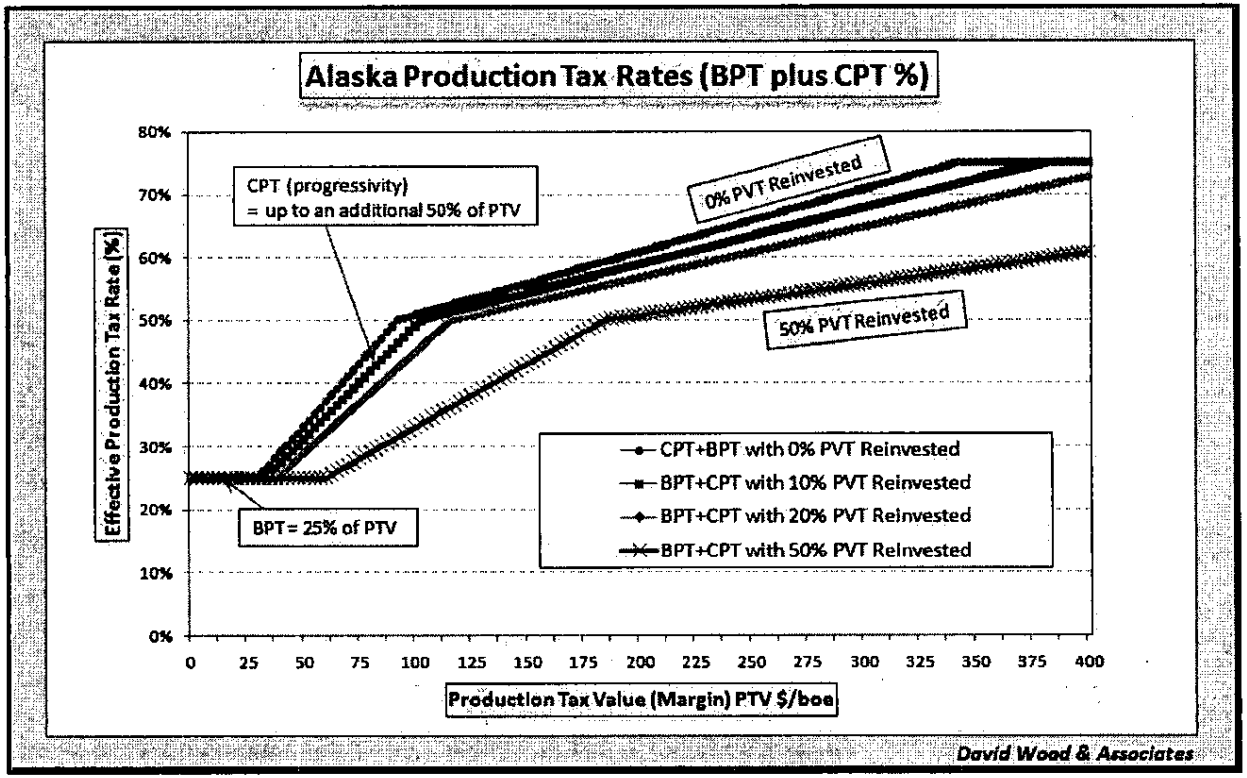
Natural Gas Production Tax Dilution Effects Impacted by Reinvestment

If some of the PTV is reinvested the reduction in production tax paid is significantly greater. This graph shows the impact of 10% reinvestment. [Model results presented in January 2009].



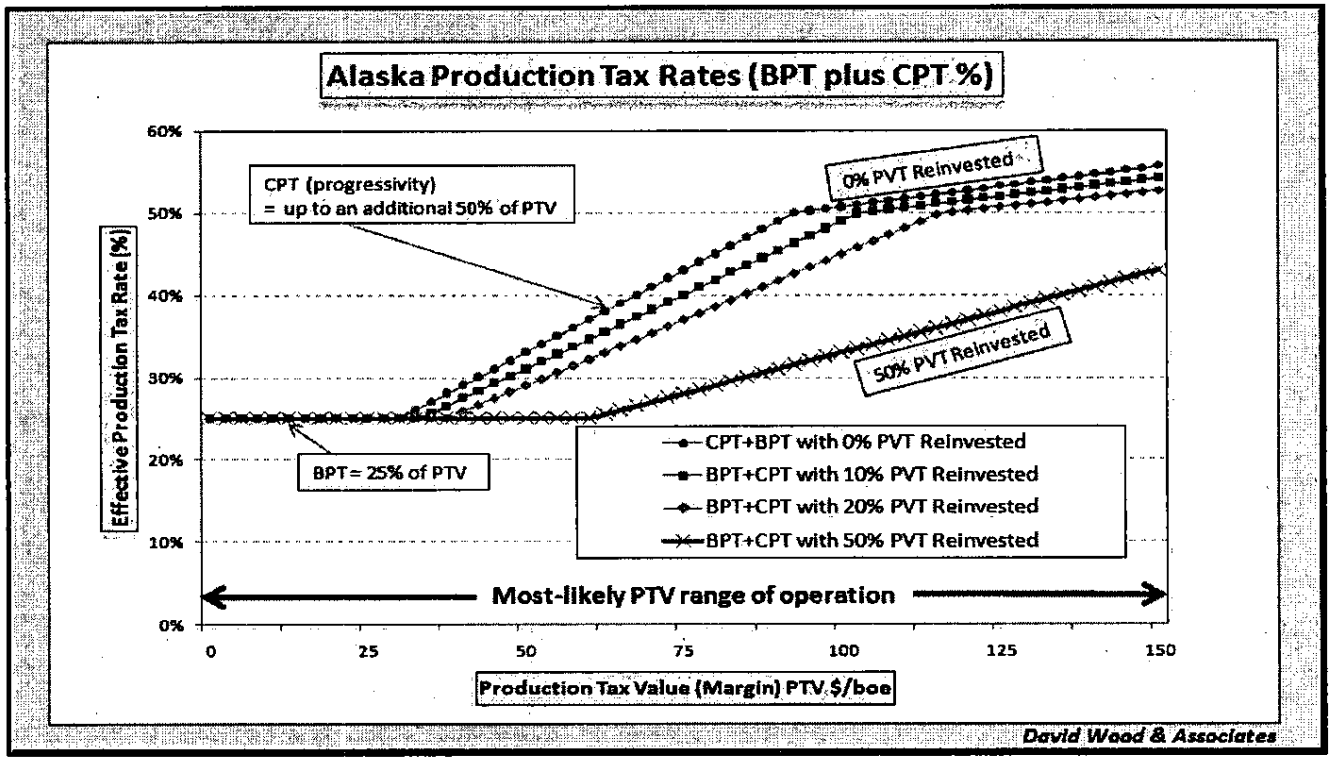
Natural Gas Production Tax Dilution Different Reinvestment Scenarios

The impact of several reinvestment scenarios – 0% , 10%, 20% and 50% of PTV - on production tax rates are illustrated in this graphic.



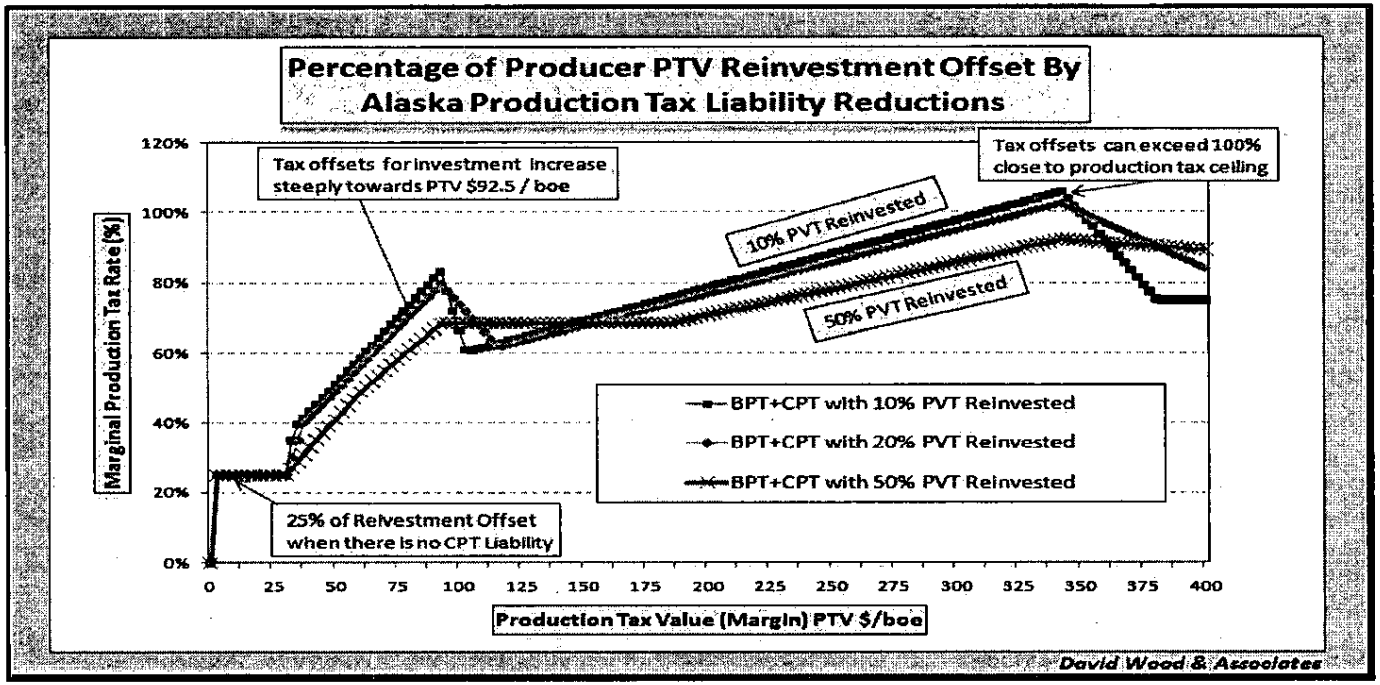
Reinvestment Scenarios For PTV Range $30/boe to $150/boe

For example production tax rate can be reduced from 49% to 42% at PTV $90/boe by reinvesting 20% of the PTV.

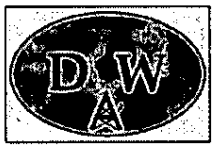


Marginal Production Tax Rates Seen by a Producer for Reinvestment Dollars

The vertical axis shows the percentage tax reduction associated with the incremental re-investment (or the marginal tax rate offset by the producer by its reinvestment). Note the peak around PTV$90/boe and values above 100% at PTV $350/boe plus multiple crossover points.



Implications of Combined Oil & Gas Production Tax Analysis

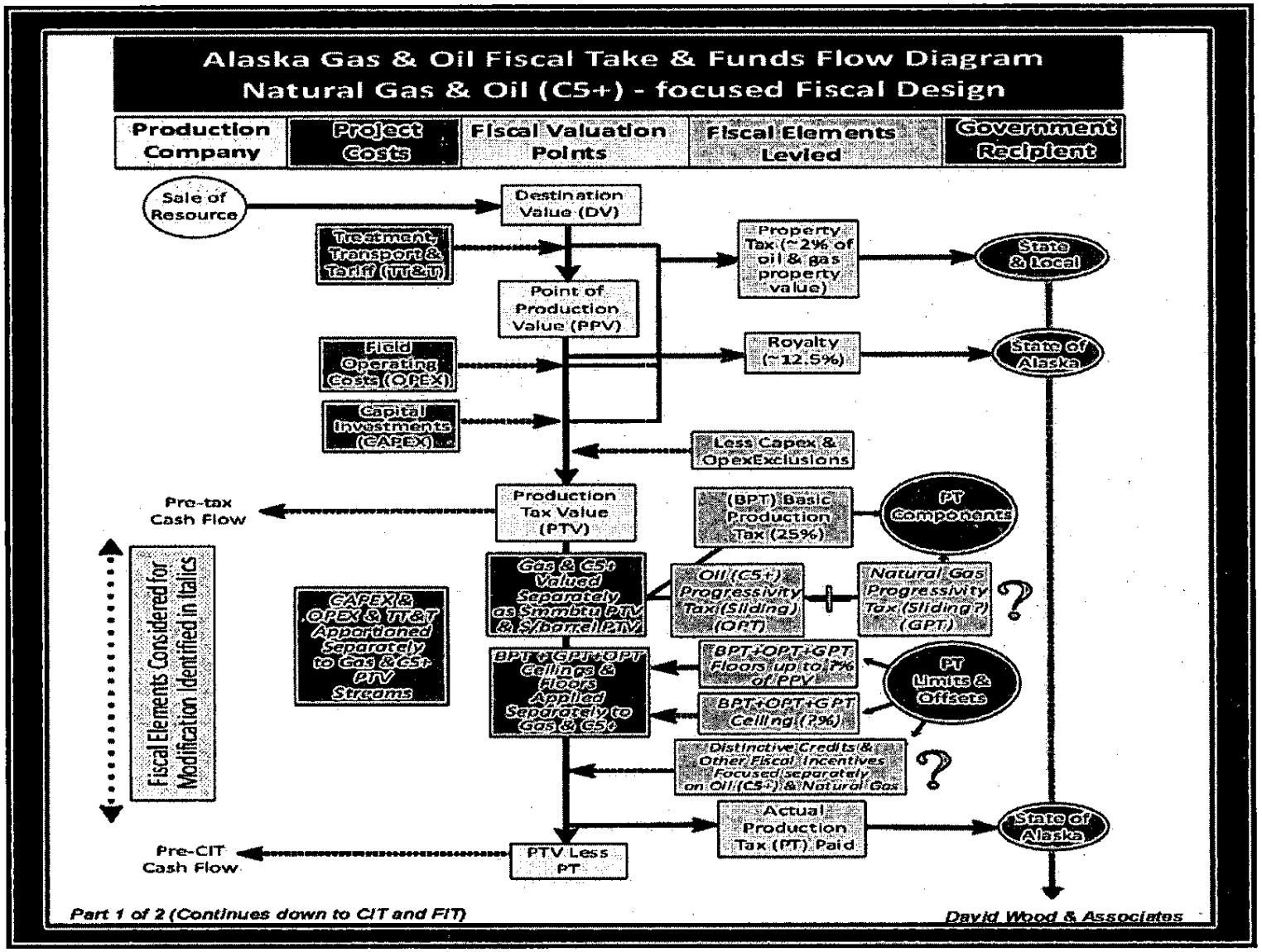


The analysis suggests that the prevailing production tax system has the following complications to address:

1. It is difficult to predict (from tax authority & producer perspectives) and relationships between oil and gas tax liabilities are non-linear;

2. The magnitude of the combined production tax impact caused by adding a gas production stream varies with relative oil and gas PTVs, oil and gas volumes and percentage of PTV re-invested;

3. Without detailed analysis (and speculative forecasting of oil and gas prices and boe contributions) Alaska's production tax outcomes can be counterintuitive (e.g. higher prices can lead to lower tax revenues collected by the State in some scenarios).


Alaska Gas & Oil Fiscal Take & Funds Flow Diagram
Natural Gas & Oil (C5+) - focused Fiscal Design
Production Company
Project Costs
Fiscal Valuation Points
Fiscal Elements Levied
Government Recipient
Sale of Resource
Destination Value (DV)
Treatment, Transport & Tariff (TT&T)
Property Tax (~2% of oil & gas property value)
State & Local
Point of Production Value (PPV)
Field Operating Costs (OPEX)
Royalty (~12.5%)
State of Alaska
Capital Investments (CAPEX)
Less Capex & OpexExclusions
Pre-tax Cash Flow
Production Tax Value (PTV)
(BPT) Basic Production Tax (25%)
PT Components
Gas & C5+ Valued Separately as $/mmbtu PTV & $/barrel PTV
Oil (C5+) Progressivity Tax (Sliding) (OPT)
Natural Gas Progressivity Tax (Sliding?) (GPT)
CAPEX & OPEX & TT&T Apportioned Separately to Gas &C5+ PTV Streams
BPT+GPT+OPT Ceilings & Floors Applied Separately to Gas & C5+
BPT+OPT+GPT Floors up to 7% of PPV
BPT+OPT+GPT Ceiling (?%)
PT Limits & Offsets
Distinctive Credits & Other Fiscal Incentives Focused separately on Oil (C5+) & Natural Gas
Fiscal Elements Considered for Modification Identified in Italics
Actual Production Tax (PT) Paid
State of Alaska
Pre-CIT Cash Flow
PTV Less PT
Part 1 of 2 (Continues down to CIT and FIT)
David Wood & Associates

Alternative Drivers of Gas Progressivity Tax Evaluated by Fiscal Model

Ten different mechanisms are evaluated. No.1 represents the status quo evaluating gas progressivity as a combined revenue stream with oil (boe) were reviewed in December 2008 report to legislature.

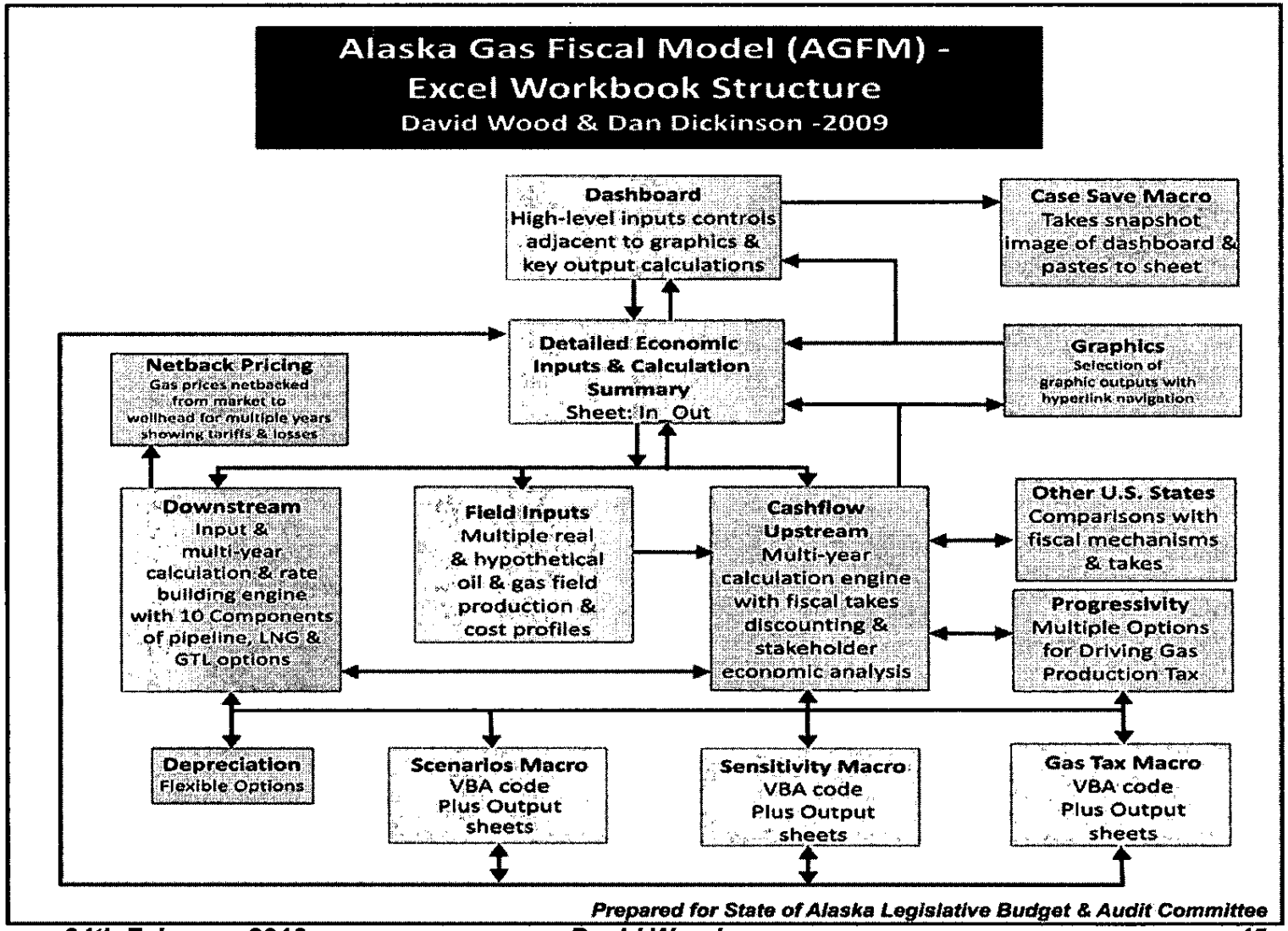
1. CPT: 2008 Rules (combined PTV/boe)
2. GPT / OPT: separates gas and oil on PTV/boe scale ← The easiest first step
3. GPT /OPT: progressivity applied to only 33% of gas PTV
4. GPT: Gas PTV (based on Gas PTV / mmbtu)
5. GPT: R-Factor (cumulative PPV less royalty/cumulative gas costs)
6. GPT: IRR (Investor's Rate of Return of cumulative PTV)
7. GPT: Cumulative gas reserves produced
8. GPT: Annual gas production volumes
9. GPT: Cumulative gas PTV
10. GPT: Mechanism #9 plus allowances to counter regressive elements

Multi-year and multi-scenario fiscal

Integrated upstream & downstream

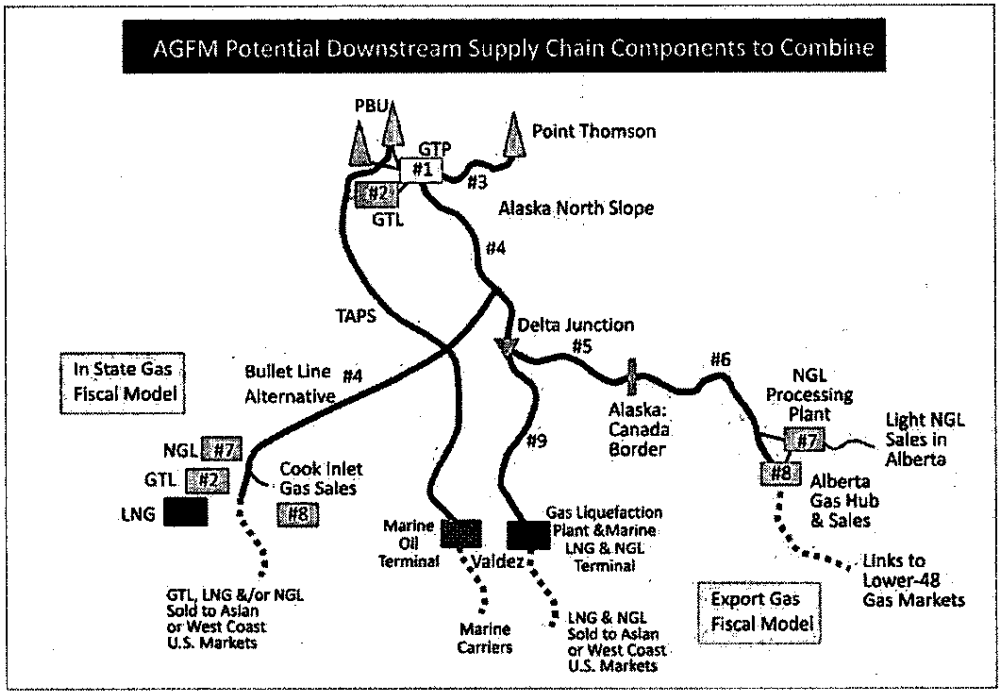
performance cash flow model

AGFM – Alaska Gas Fiscal Model


Alaska Gas Fiscal Model (AGFM) -
Excel Workbook Structure
David Wood & Dan Dickinson -2009
Dashboard
High-level inputs controls adjacent to graphics & key output calculations
Case Save Macro
Takes snapshot image of dashboard & pastes to sheet
Detailed Economic Inputs & Calculation Summary
Sheet: In_Out
Graphics
Selection of graphic outputs with hyperlink navigation
Netback Pricing
Gas prices netbacked from market to wellhead for multiple years showing tariffs & losses
Downstream
Input & multi-year calculation & rate building engine with 10 Components of pipeline, LNG & GTL options
Field Inputs
Multiple real & hypothetical oil & gas field production & cost profiles
Cashflow Upstream
Multi-year calculation engine with fiscal takes discounting & stakeholder economic analysis
Other U.S. States
Comparisons with fiscal mechanisms & takes
Progressivity
Multiple Options for Driving Gas Production Tax
Depreciation
Flexible Options
Scenarios Macro
VBA code
Plus Output sheets
Sensitivity Macro
VBA code
Plus Output sheets
Gas Tax Macro
VBA code
Plus Output sheets
Prepared for State of Alaska Legislative Budget & Audit Committee

AGFM Now Extended to Evaluate In-state Gas Scenarios

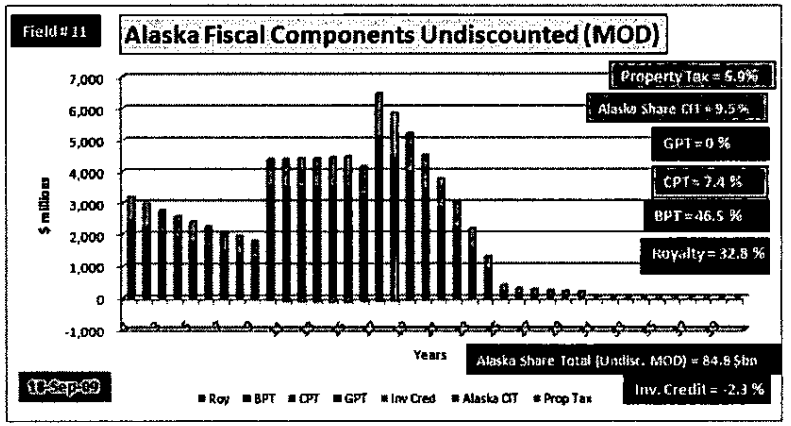
The ten components are selected by entering "1" and de-selected by entering "0" on AGFMs dashboard.

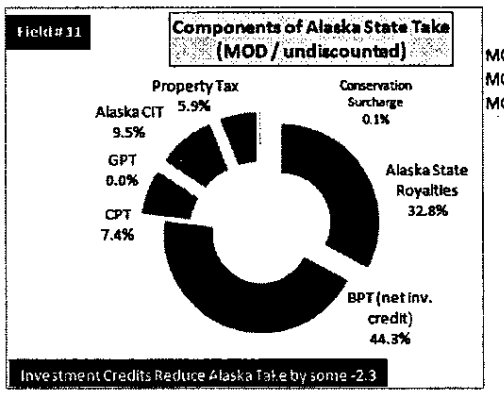


Components "1", "2", "4", "7", "8" and "10" can be reconfigured to model gas export routes or to model In-State "Bullet Line" gas supply to Cook Inlet with optional NGL, GTL and / or LNG plants placed there for exports.

Dashboard Control Sheet:
High-level Controls: Spinners & Graphics

	Save Dashboard Image	Ctrl+y
	The model calculates money of day and real values	
	Key Assumptions	
	Analyse Field # (1 to 20)	11
	Input Option 1=A, 2=B or 3=C (see Fields B6)	1
	1 =A is default for selecting individual fields	
AECO	Gas Destination Price, Year 0 ($/mmbtu)	6.00
	Gas Price Nominal Escalator (%/yr)	2.00%
ANSWC	Oil (C5+) Destination Price, Year 0 ($/barrel)	60.0
	Oil (C5+) Price Nominal Escalator (%/yr)	2.00%
	Cost Nominal Escalator (%/yr)	2.00%
	Buying Power Inflator / Deflator	1.00%
	Capital Costs Sensitivity Adjuster (%)	100.0%
	TT&T Costs Sensitivity Adjuster (%)	100.0%
	Operating Costs Sensitivity Adjuster (%)	100.0%
	Government Nominal Discount Rate (%)	5.00%
	Producer Nominal Discount Rate (%)	10.00%
	Royalty (%)	12.50%
	Base Production Tax (%)	25.00%
	Investment credits (%)	20.00%
	CPT or Separate Mechanism used (0=CPT)	0
	GPT & OPT Mechanisms (0 = CPT rates)	0
	Alternative Progressivity Mechanism (3 to 10)	8
	Entry Tariff to Alberta gas hub $CAD/btu (Year 0):	0.175
	AECO to Henry Hub Differential (US$/mmbtu)	-0.900
	CAD per USD exchange rate	0.862
	Price Premium to Rich Gas (US$/mmbtu)	0.086
	Rich gas has energy content > btu/cf	1100
	Alternative AECO Gas Pricing (1 to 4; 2=base)	2
	ANSWC to WTI Oil Price Differential (US$ / barrel)	-2.000





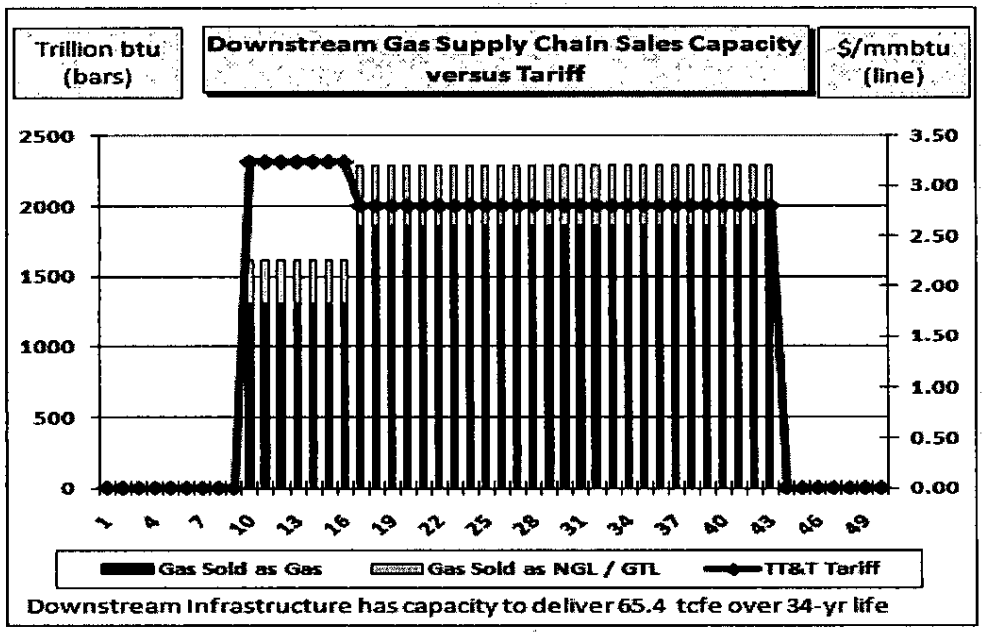
	Gov't Take	Producer
MOD Cashflow:	64.9%	35.1%
MOD NPV @ 5 %:	64.8%	35.2%
MOD NPV @ 10 %:	64.9%	35.1%

Fiscal Elements	$ millions
Royalties	27,822
BPT (net inv. credit)	37,546
CPT	6,299
GPT	0
Alaska CIT	8,070
Property Tax	5,028
Conservation Surcharge	61
AlaskaTotals	84,826
Max Oil/Gas Price Ratio	10.0

Undiscounted and MOD

Dashboard Control Sheet:
Dynamic Graphics & Summary Results

Avg. MOD Revenue / unit gas & NGL ($/millions btu sold)	12.08
Avg. Tariff for T & T / unit gas & NGL ($/millions btu sold)	2.87
Alaska Downstream Property Tax ($/btu sold at capacity)	0.14
Alaska Income Tax Downstream ($/btu sold at capacity)	0.07
Federal Income Tax Downstream($/btu sold at capacity)	0.25

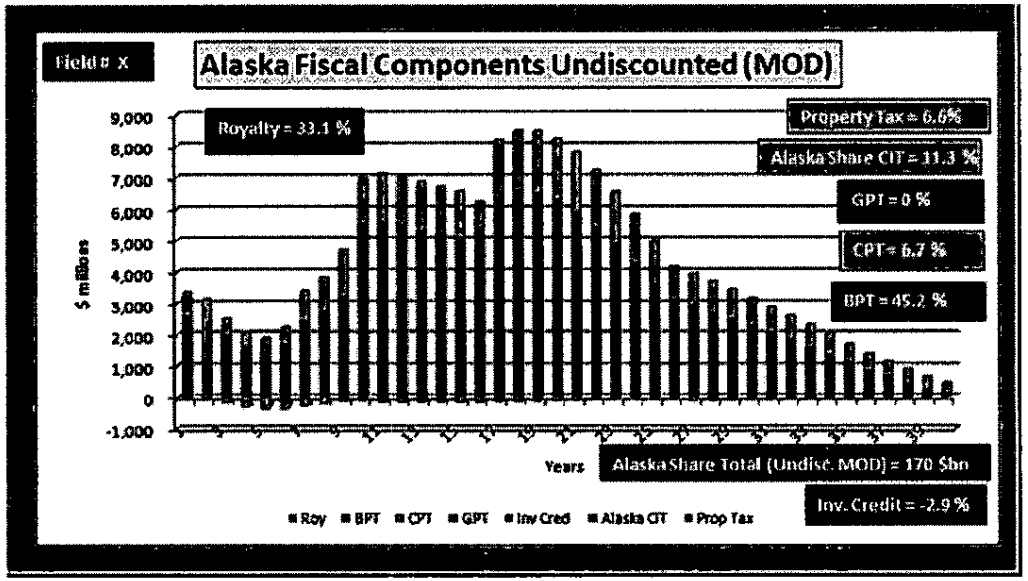


This graphic sits adjacent to the supply chain selection and definition table and responds immediately to changes.

Note the graph shown highlights the start of supply chain, its expansion, gas plus NGL capacities and the multi-year tariff calculated.

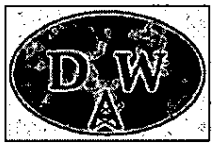
Contributions of Each Fiscal Element to Alaska's Take for Total North Slope (#11 -#14)

The relative contributions to Alaska's fiscal take for price scenario 1 and an ***Pipeline*** supply chain for the ***proved gas reserves*** combination of ***North Slope fields*** shows that gas production would ramp-up in stages, but proven reserves would not fill expanded capacity for more than 3 years.



There are many factors that can be varied in such combination scenarios. For example timing of each field coming on stream and capacity and timing of the gas supply chain infrastructure.

Alaska North Slope Production & Reserves are Dominated by Three Corporations



For fiscal analysis it is important to be able to model the expected fiscal returns from specific corporations. AGFM facilitates this by enabling percentage fractions of individual fields to be combined in a user definition area on sheet Fields.

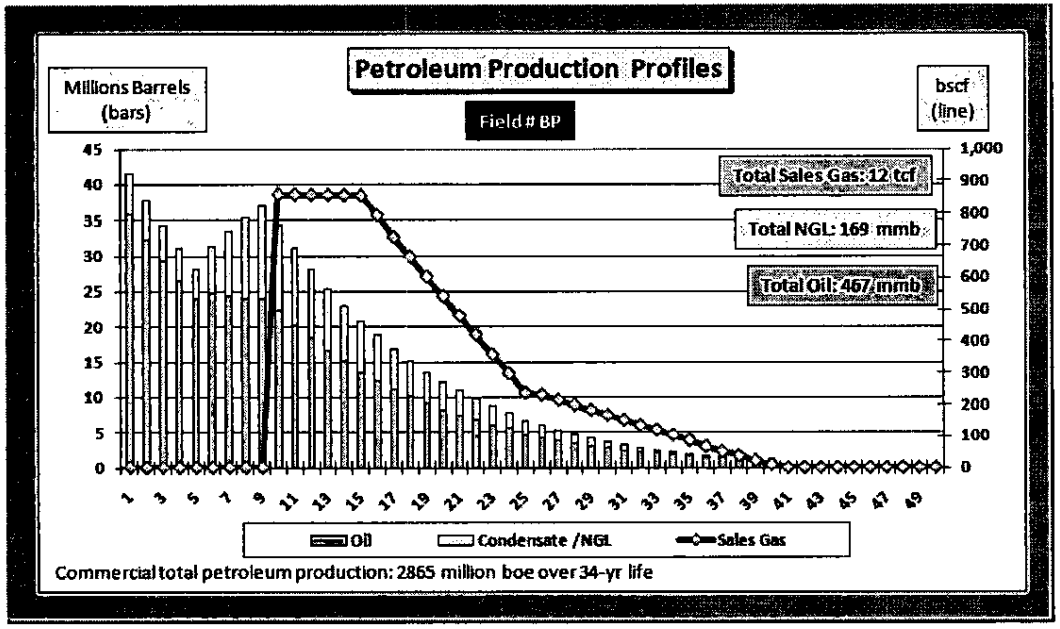
Company Holdings of Major North Slope Fields				
1	2	3	Field	
36.40%	26.36%	36.08%	Prudhoe Bay	Field#11
52.88%	29.19%	2.82%	Point Thomson	Field#12
0.98%	39.03%	55.04%	Kuparuk	Field#13
Exxon Mobil	BP	ConocoPhillips		

Three North Slope fields contain most of North Slope proved gas reserves.

By applying the corporate working interests to those fields a profile for each company can be approximated.

Alaska North Slope Production Profiles Forecast by AGFM for BP

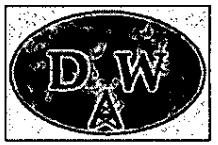
AGFM can be set up to apply corporate interests to the field data to approximate the position of a specific corporation. In this case combining "BP's interests" in Fields #11, #12 and #13 the major North Slope Analogues. [Note input assumptions are based on public domain data. In evaluating appropriate fiscal designs in the absence of data assumptions will be necessary]



These corporate profiles can be analysed in a similar way by AGFM to individual fields.

These forecasts are dependent on the assumptions and input made for the individual fields and supply chains, but are useful for indicative fiscal design evaluations.

Hypothetical Field Cases Evaluated

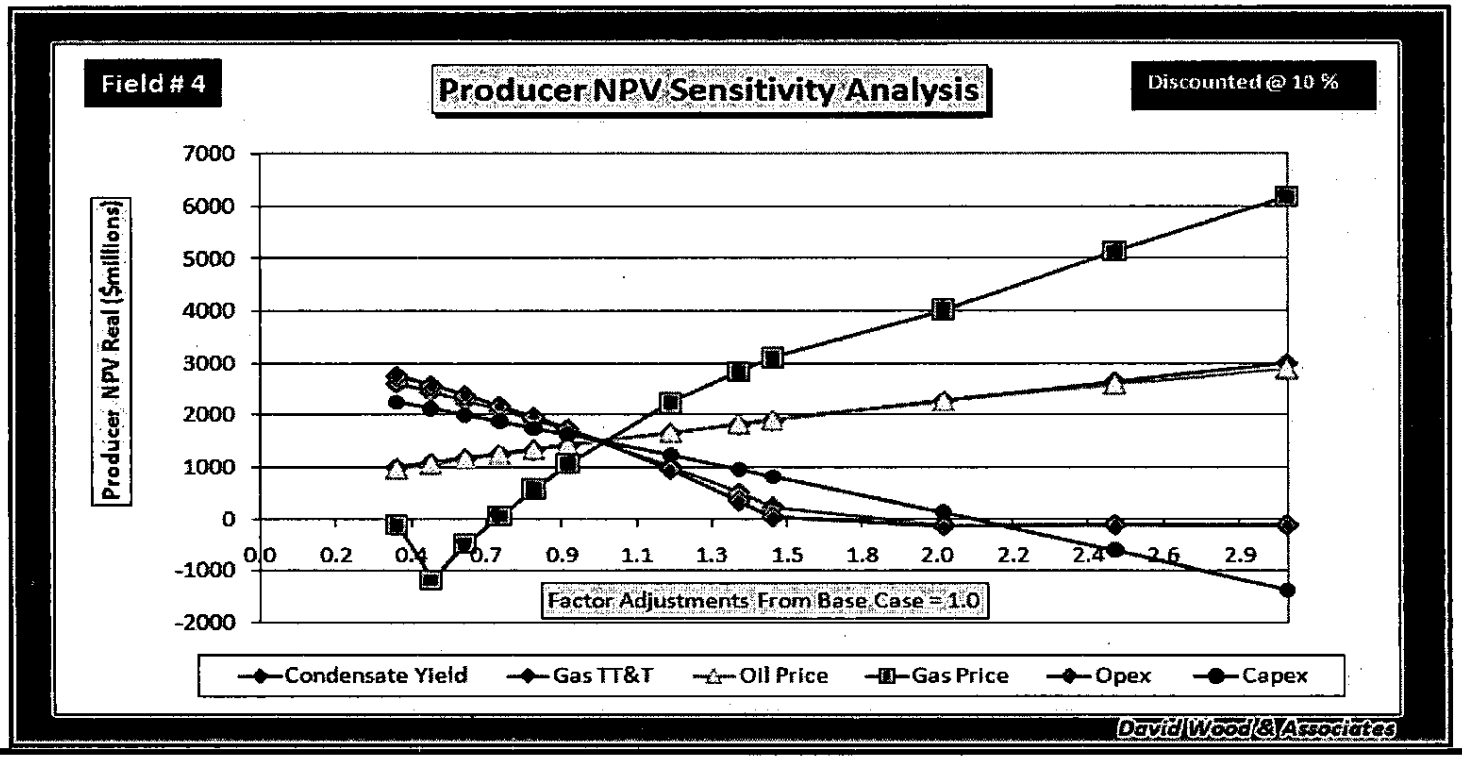


Five non-associated natural gas fields and five oil fields with associated gas were constructed to use with a multi-year fiscal model built in Excel.

- The natural gas fields (#1 to #5) range in reserve size from 500 bcf to 10tcf.
- The oil fields (#6 to #10) vary in reserve size from 28 mmb (with 20 bcf of associated gas) to 500 mmb (with 690 bcf of associated gas).
- The fields display a wide range of production and cost profiles.
- Base cases for each model field tested with wide ranging sensitivity cases.
- Base case assumptions applied: Year 0 gas price: $7.5 / mmbtu; Year 0 oil price: $80 / barrel; nominal inflation 2% / year. The model allows these and the sensitivities to be changed easily and quickly.

Sensitivity of Alaska Gas Field to Project & Market Variables

Economic performance of a gas field development from a producer's perspective for a large gas field under the prevailing Alaska fiscal system.



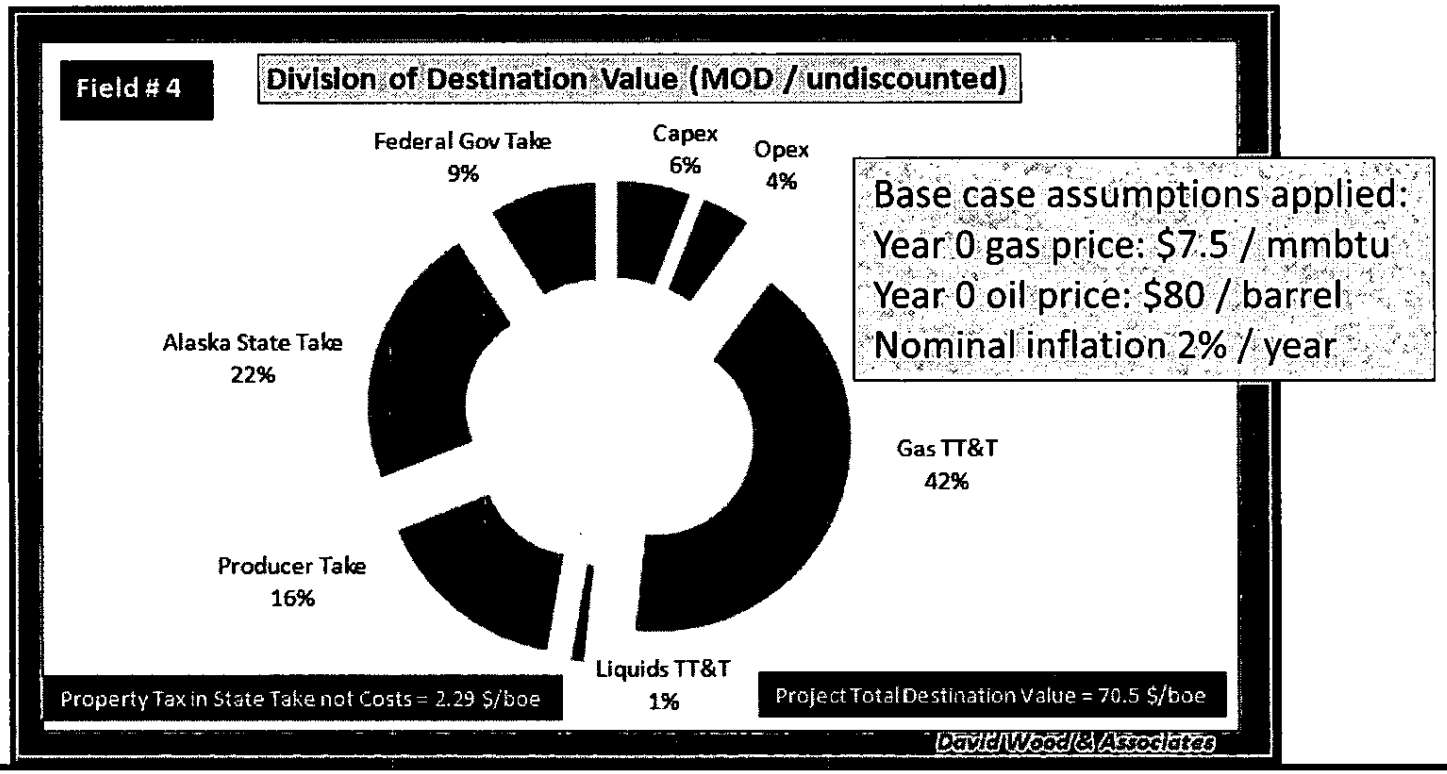
Base Case Hypothetical Field Models Reveal High-level Implications for Government Take

Government take includes Alaska state take and federal government take. The models apply the prevailing Alaska fiscal design and some base case assumptions.

- For stand-alone oil fields (with associated gas):
  - Government take of destination value (gross) is about 60%
  - Government take of destination value less costs (net) is about 75%
- For stand-alone natural gas fields (non-associated gas with NGLs):
  - Government take of destination value (gross) is about 30%
  - Government take of destination value less costs (net) is about 67%
- Exact percentages vary with field sizes, prices and costs.
- Large producers with portfolios of legacy fields under the current system aggregate oil and gas and can see reduced government take.

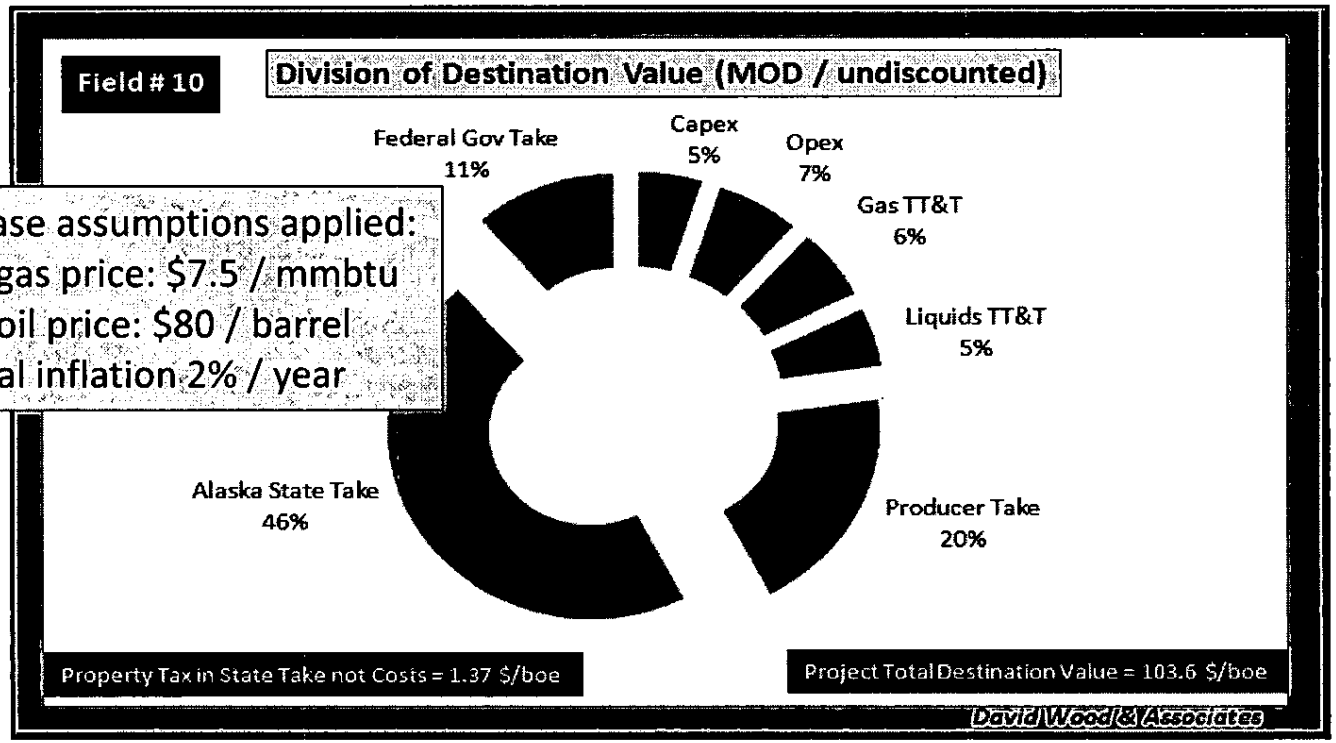
Large Gas Field: Division of Destination Value

For gas fields of various size (5 tcf shown here) gas TT&T takes the largest share of destination value. Alaska takes some 22% of destination value.



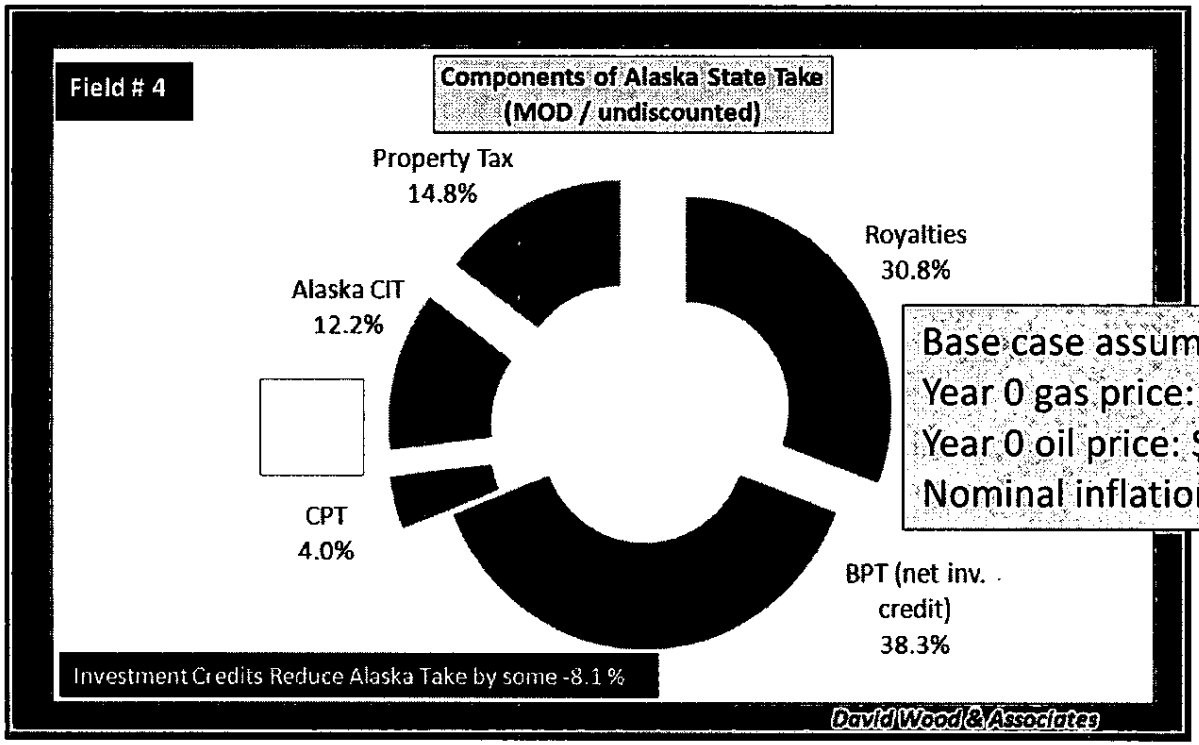
Large Oil Field: Division of Destination Value

For oil fields of various size (500 mmb shown here) costs are less significant than for gas. Alaska takes some 46% of destination value.



Components of Alaska State Take for Large Gas Field

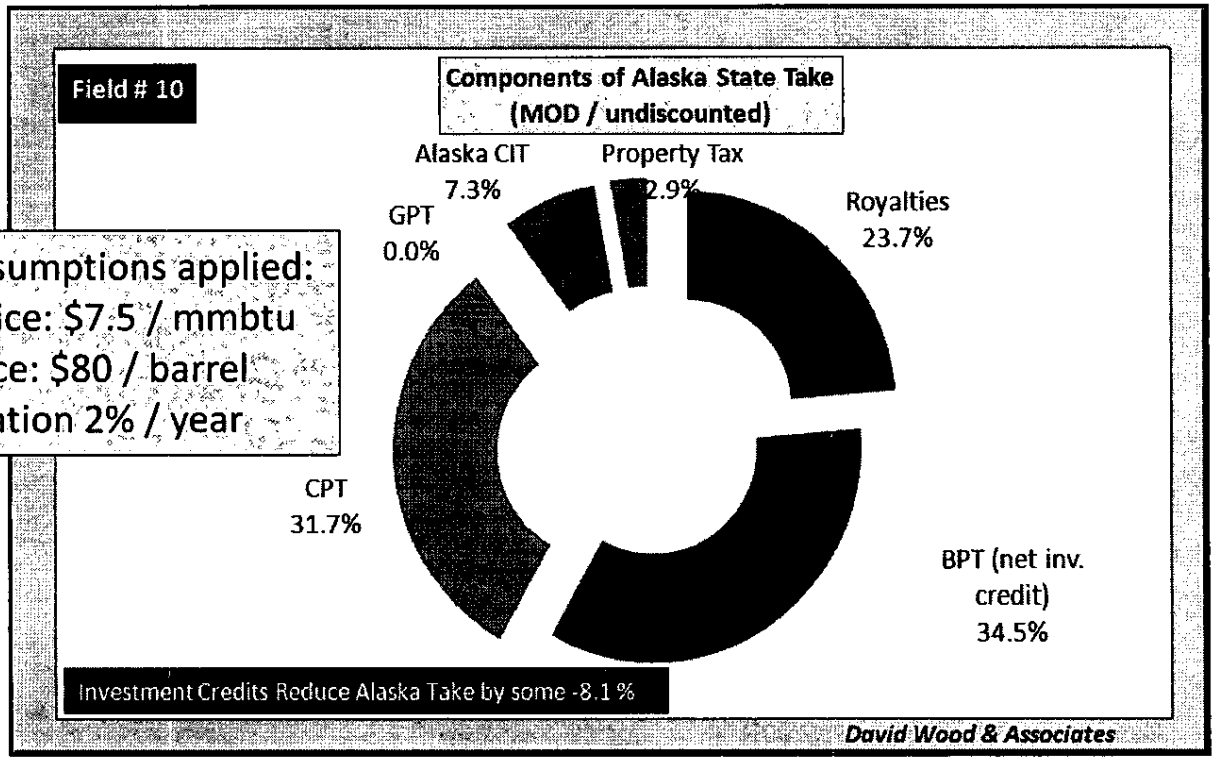
Royalties and basic production tax account for two-thirds of Alaska state take for this 5 tcf field. Base case price and cost assumptions applied.



Base case assumptions applied:
Year 0 gas price: $7.5 / mmbtu
Year 0 oil price: $80 / barrel
Nominal inflation 2% / year

Components of Alaska State Take for Large Oil Field

Basic production tax and combined progressivity tax account for two-thirds of Alaska state take for this 500 mmb oil field.

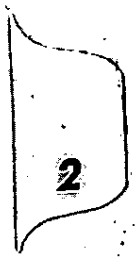


Conclusions & Recommendations

Approaches to Fiscal Design that Can Improve Performance & Credibility

The following are selected recommendations for Alaska from my December 2008 report for the Legislature:

- Develop a clear statement of fiscal strategy and objectives
- Focus on a simple, flexible and progressive fiscal design
- Some level of fiscal stability important to secure investment
- Such designs could be more effective than contractual guarantees
- *Drive progressivity fiscal elements for gas with gas PTV (not boe)*
- Consider return on investment drivers for progressivity taxes
- Combine progressivity tax with allowances to offset regressive elements
- Aim to clarify and optimize fiscal revenue streams from NGLs
- Consider state equity involvement in strategic infrastructure projects
- Promote cost disclosure and control with some fiscal incentives
- Apply time constraints to new leases to develop resources


2

2010 Oil & Gas Production Tax Review

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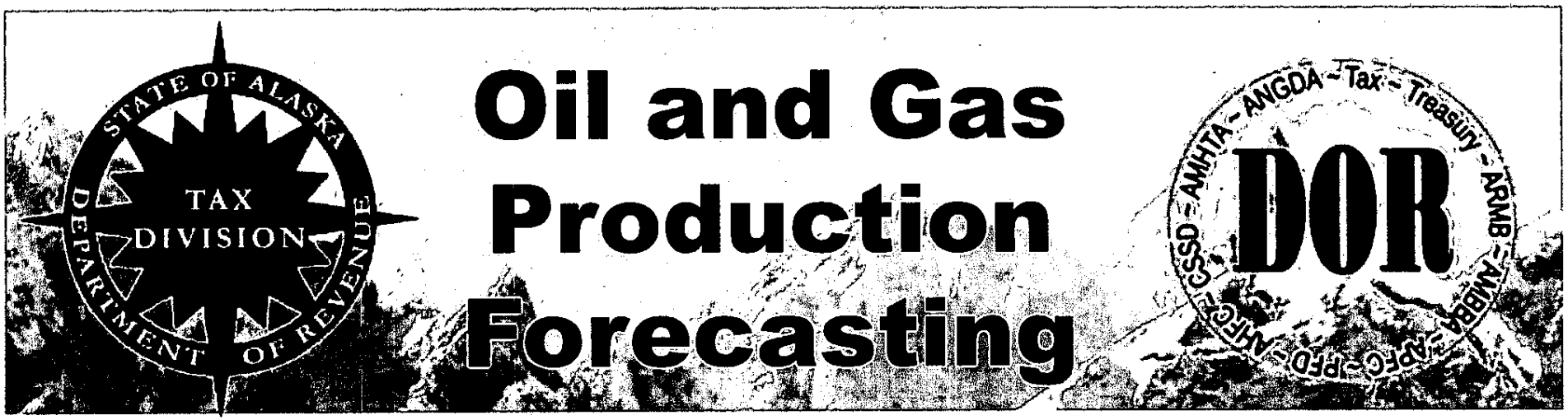
1. Oil and Gas Production Forecast - DOR (021610)
2. Oil & Gas Activities - DNR (021610)
3. Oil Industry Employment Resident Hire - DOLWF (021610)
4. TAPS History & Tariffs - DOR (021610)
5. Production Tax Lease Expenditure Regulations - DOR (021710)
6. Lease Regulations - DOR (021710)
7. Oil Company Upstream Capital Spending - Gaffney, Cline & Ass. (021710)
8. Operating And Capital Lease Expenditures - DOR (021710)
9. Production Tax Credits - DOR (021810)
10. Summary of the Production Tax Review - DOR (021910)
11. Tax Payment Penalties - DOR (021910)
12. Effect of Key Tax Components on Government Take and Tax Rates - DOR (02210)
13. Global Systems - Fiscal System Benchmarking by Gaffney, Cline and Associates (022210)
14. Alaska Oil and Gas Association Testimony by Marilyn Crockett (022310)
15. ConocoPhillips Testimony by Wendy King (022310)
16. Progressivity Profitability Parity Gas - DOR (022410)
17. Oil and Gas in Alaska's Production Tax by Dan Dickinson, LBA Consultant (022410)
18. Gas Issues and Alaska's Fiscal Design by David Wood, Consultant (022410)
19. Gas Production Tax Limitation, Bullock, Legal Services (022510)

31. Responses from:
    - DOL Resident Hire 021610
    - DOR Tax Division Forecast 021610
    - DOR O&G Production Tax Credits 021810
    - Dr. David Wood, LBA Consultant Responses 022510



Presentation to the Senate Finance Committee February 16, 2010 Alaska Department of Revenue

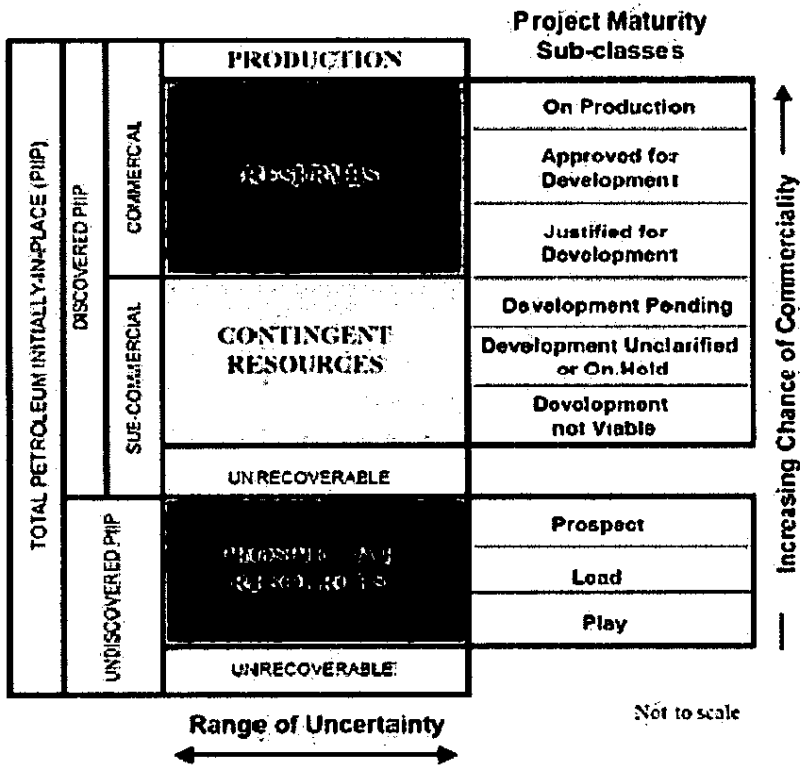
Jennifer Duval
Petroleum Economist

Frank Molli, P.E.
President, Molli Computer Services Inc.

Outline for Presentation

- **What do we forecast and why?**
- **Factors that affect forecast**
- **Review of Alaska North Slope production profiles**
- **Fall 2009 forecast methodology**
  - **Decline Curve Analysis**
  - **Demonstration**

What Do We Forecast? Reserves vs. Resources



http://www.spe.org/spe-site/spe/spe/industry/reserves/

Three Categories of Forecasted Production

1) Currently Producing- Includes base production and enhanced recovery production from investment in rate enhancing activities (perforations, stimulations, well workovers, gas and water injection support).
2) Currently under Development- New projects that are currently funded or awaiting project sanction in near future.

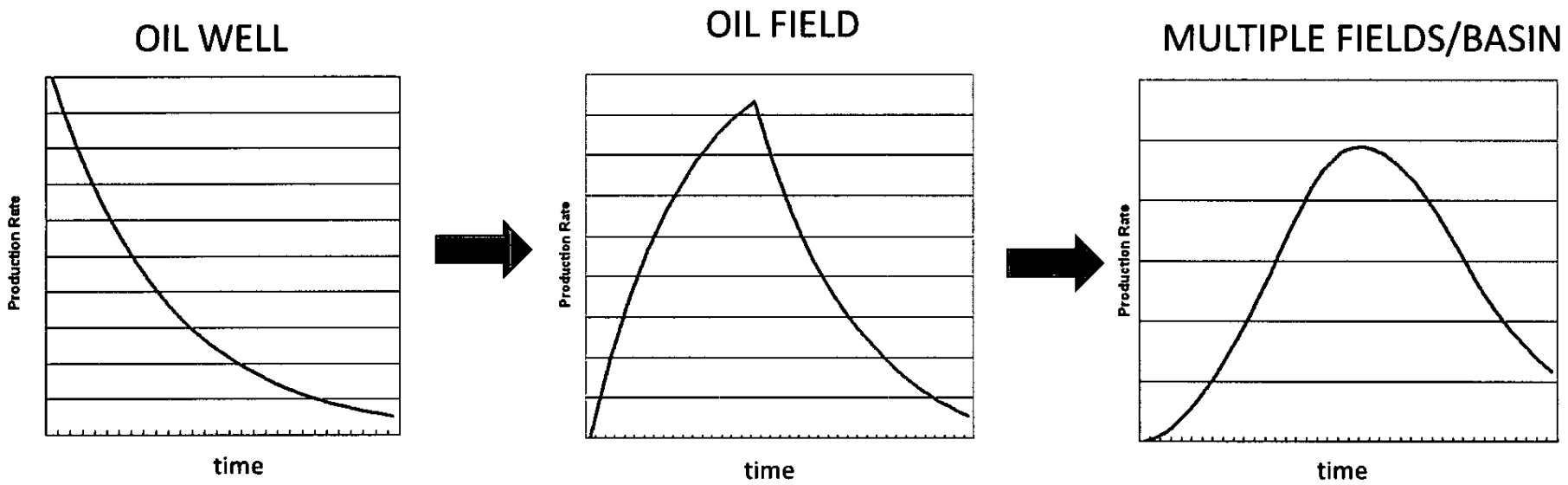
Three Categories of Forecasted Production

3) <u>Currently Under Evaluation</u>- Includes technically viable projects in the "pencil sharpening" stage where engineering, cost, risk and reward are being actively evaluated. Unfunded but are considered to have a high chance of being brought to fruition.

Factors That Affect Production Forecasting

1. **GEOLOGY**
   - Rock type and formation characteristics
   - Depth, thickness, pressure
   - Oil & gas characteristics (oil gravity, viscosity, water content, etc.)
2. **DEVELOPMENT PLAN**
   - Well density and development rate
   - Well bore size and completion technique
   - Artificial lift and enhanced oil recovery
   - Facilities & surface operations
3. **COMMERCIAL**
   - Project economics
   - Oil price and market conditions
   - Government Policy: access, regulation, taxation
4. **PRODUCTION PROFILE**
   - History, stage of depletion
   - Use production profile to extrapolate trends
5. **TIMING!**

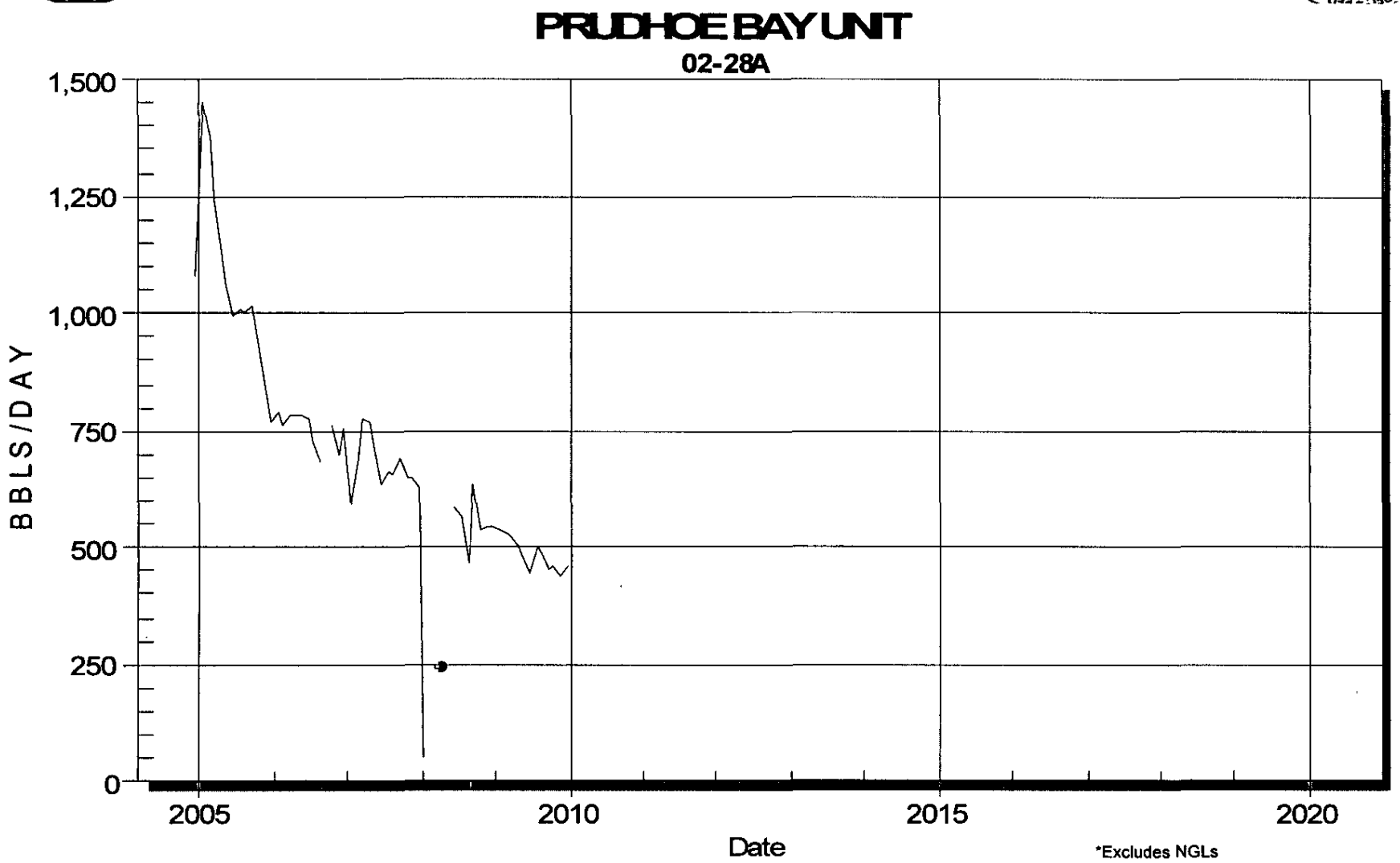
Typical Production Profile



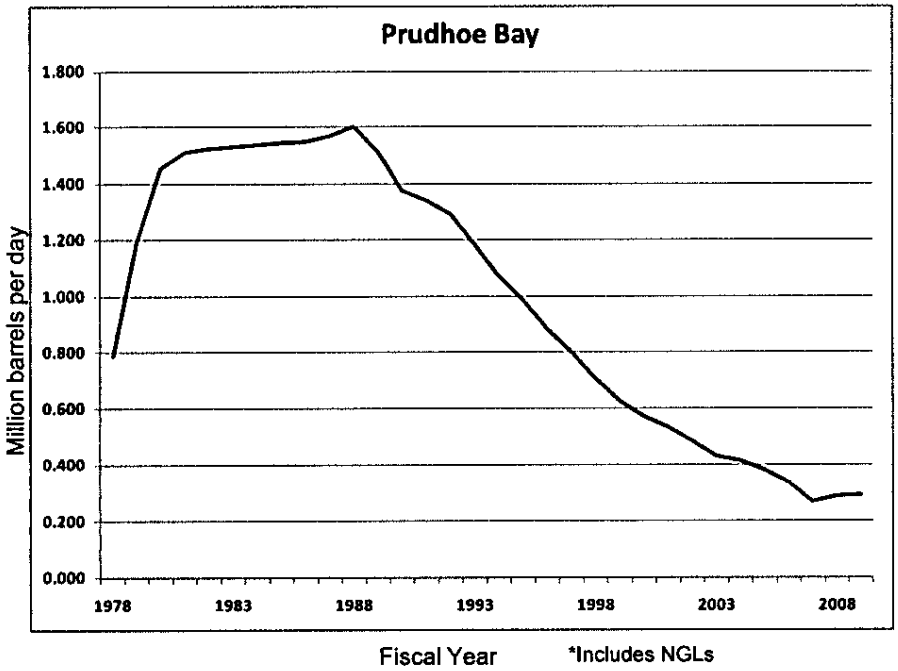
Production increases at first, reaches a peak, then declines. The decline rate typically levels off in later years.

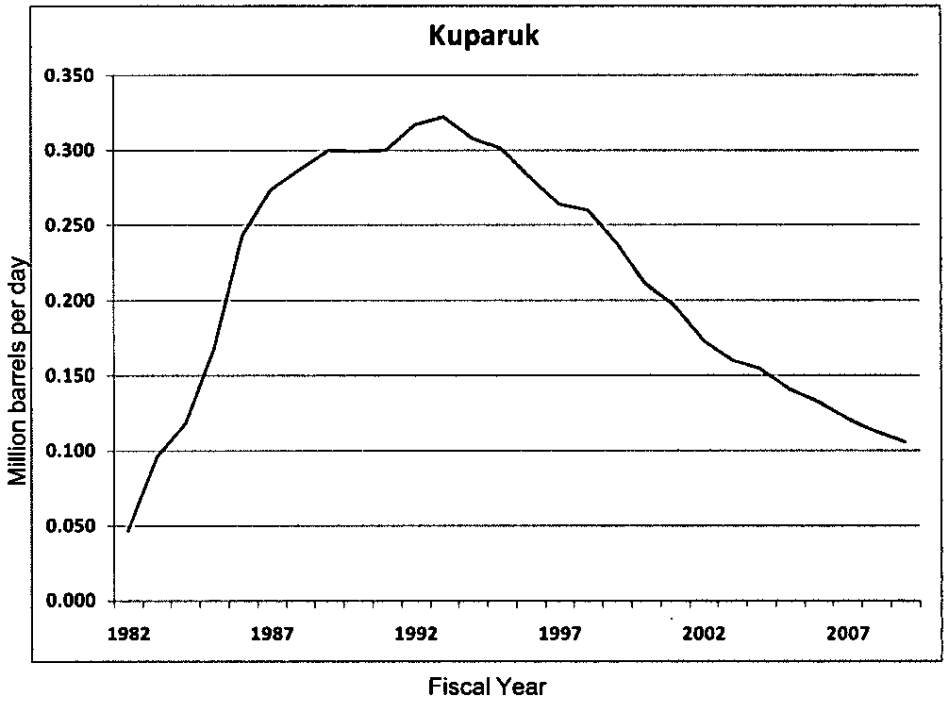
The field's geology, operator's development plan, and commercial factors, all influence the shape of the curve.

Production Profile of a Prudhoe Well

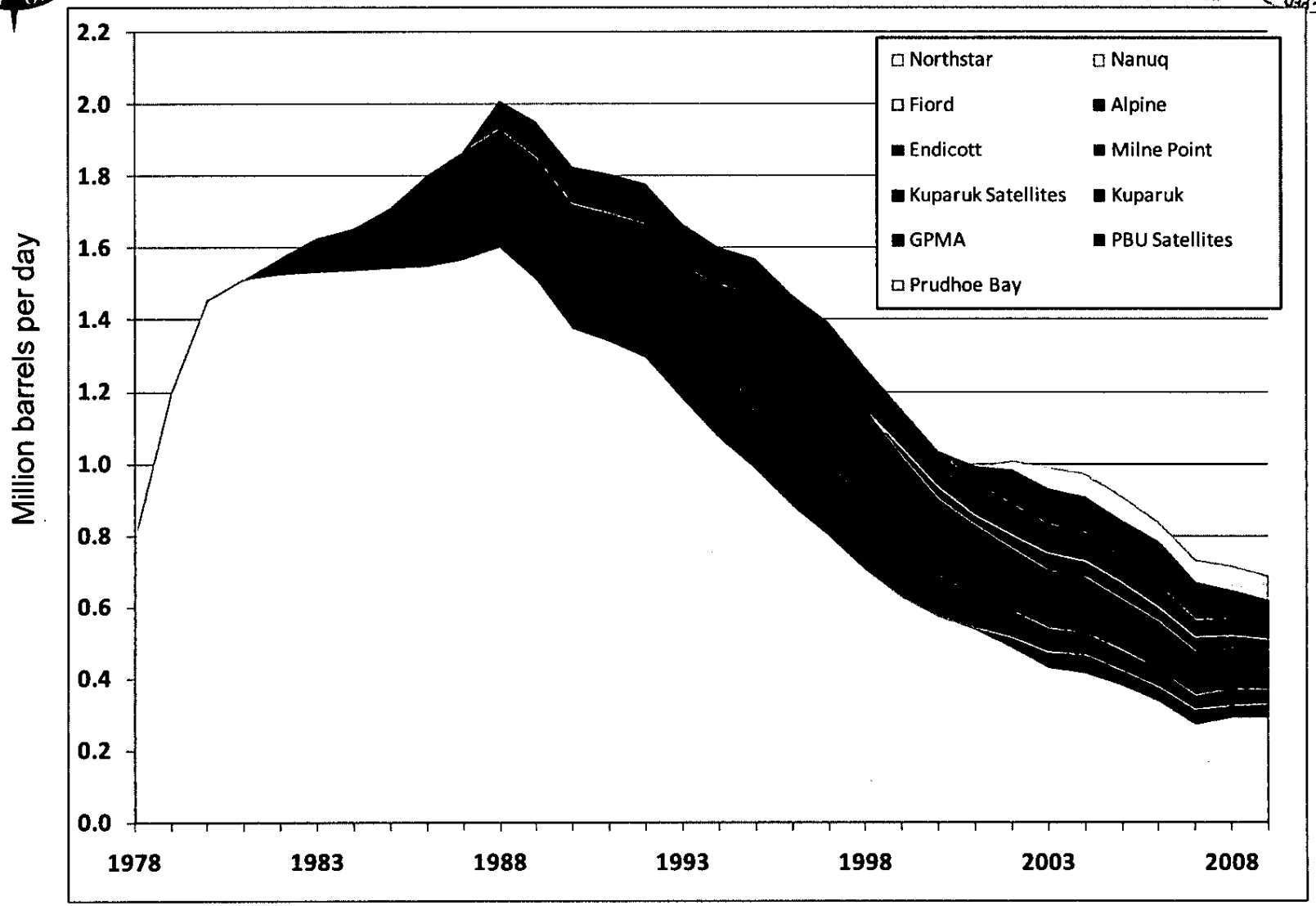


Production Profile at Field Level: Prudhoe & Kuparuk





Alaska North Slope History



*Includes NGLs

North Slope Production Decline

FY 1988: production peak → 2.01 million barrels per day (bpd).

FY 2009: production → 693,000 bpd, a 66% decline since peak.

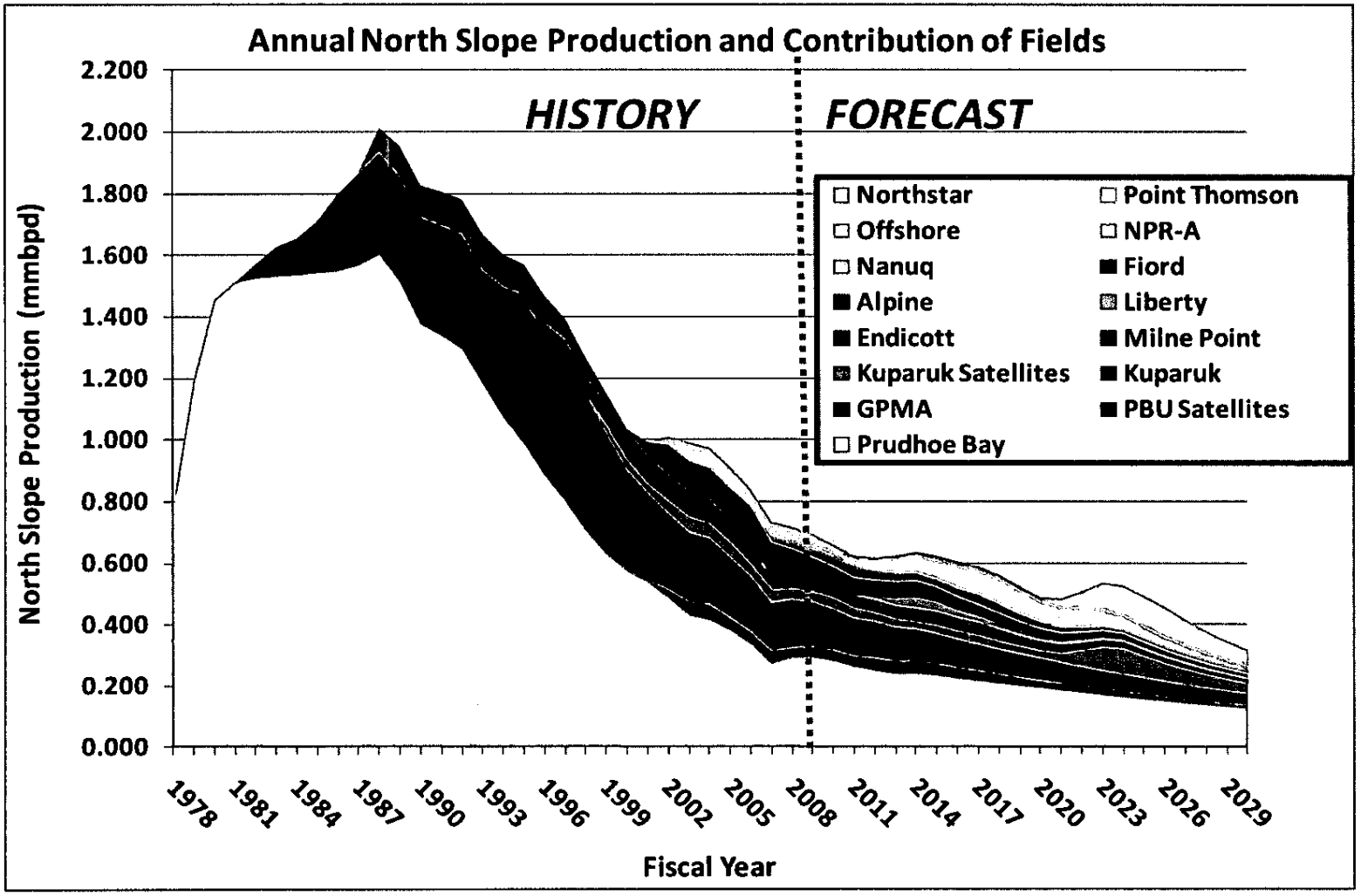
FY 1988 to date: production decline rate → 4.9% per year, on average.

Over the last 10 years, production decline rate = 4.8% per year, on average.

***Excluding 2007, 4.0% decline on average**

We expect the decline rate to flatten out to 3.6% per year, on average, through FY 2030.

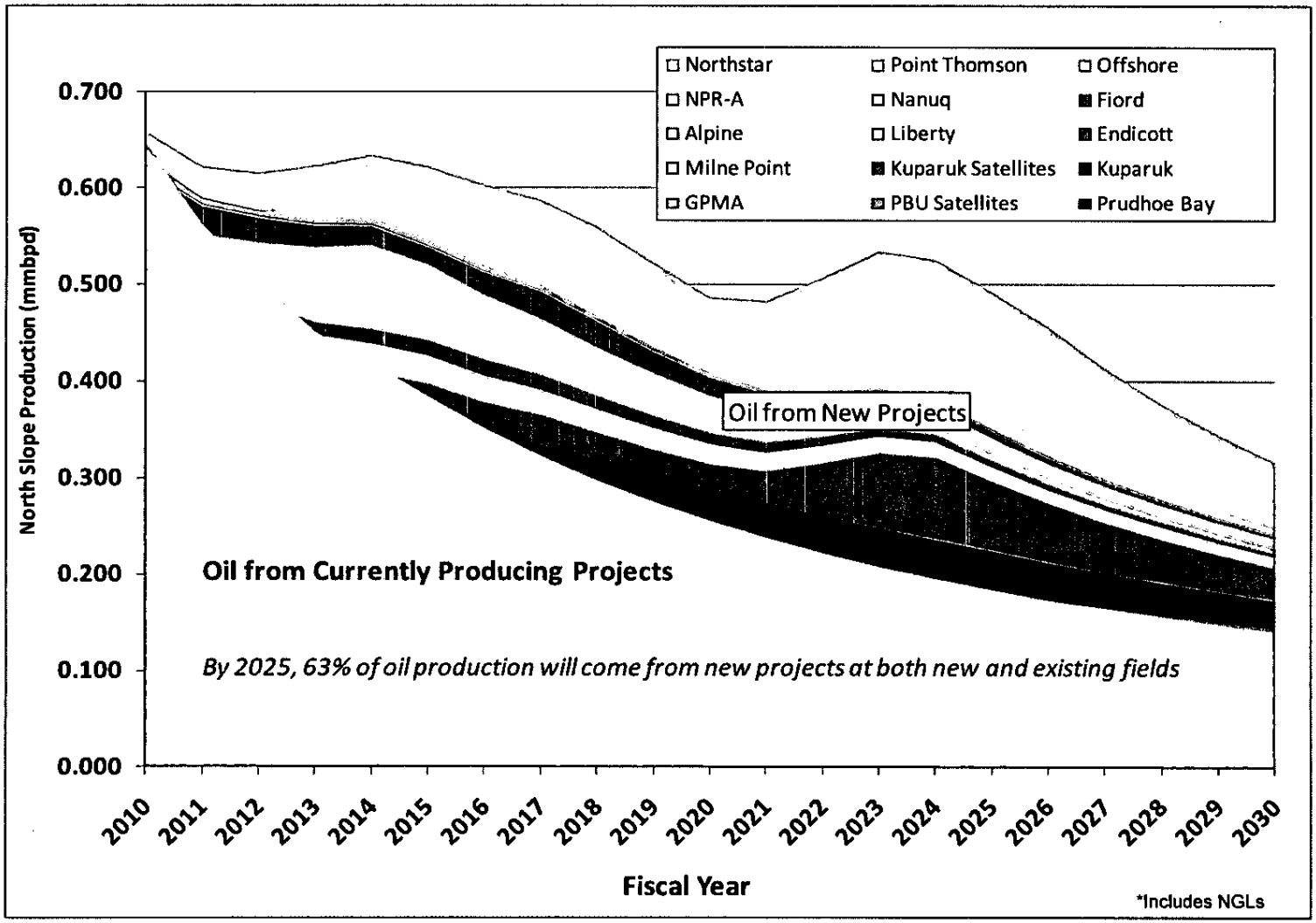
ANS Production History & Forecast



*Includes NGLs

Source: Fall 2009 Revenue Sources Book

Forecasted ANS Production FY 2010 - 2030



Source: Fall 2009 Revenue Sources Book

Timing is Important!

DOR's FY 2010 forecasted total NS production:

Spring 1989- <u>104,000 bpd</u>

Spring 1994- <u>583,000 bpd</u>

Fall 2009- <u>659,000 bpd</u>

Plans of Development and discussions with the operators help us forecast the timing.

***However, operators are not bound to what they provide to us. Budgets can change; partners may not approve projects.**

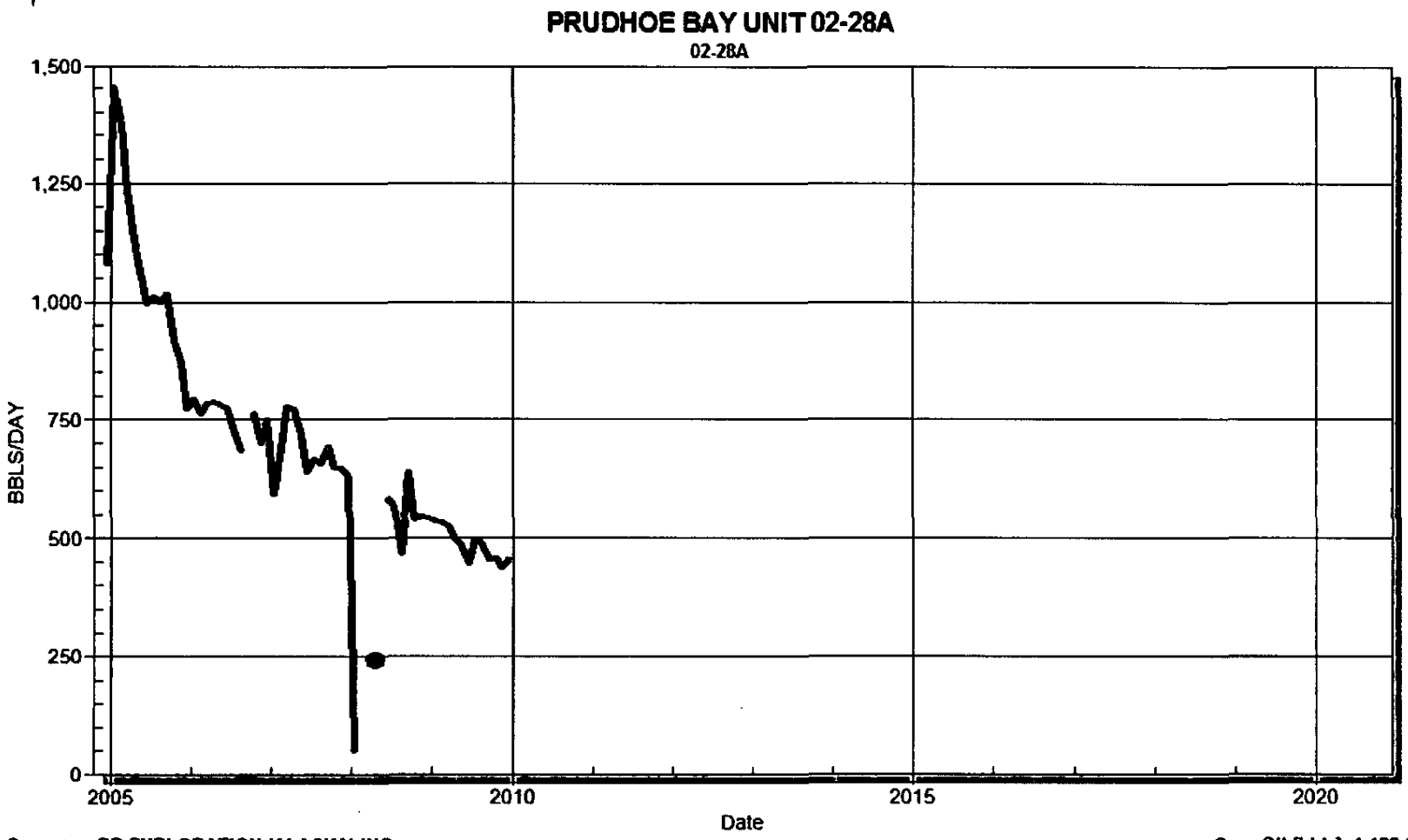
AOGCC

Monthly Production Data For Every Well

Decline Curve

What is a decline curve?

Data Plotted On A Linear Scale

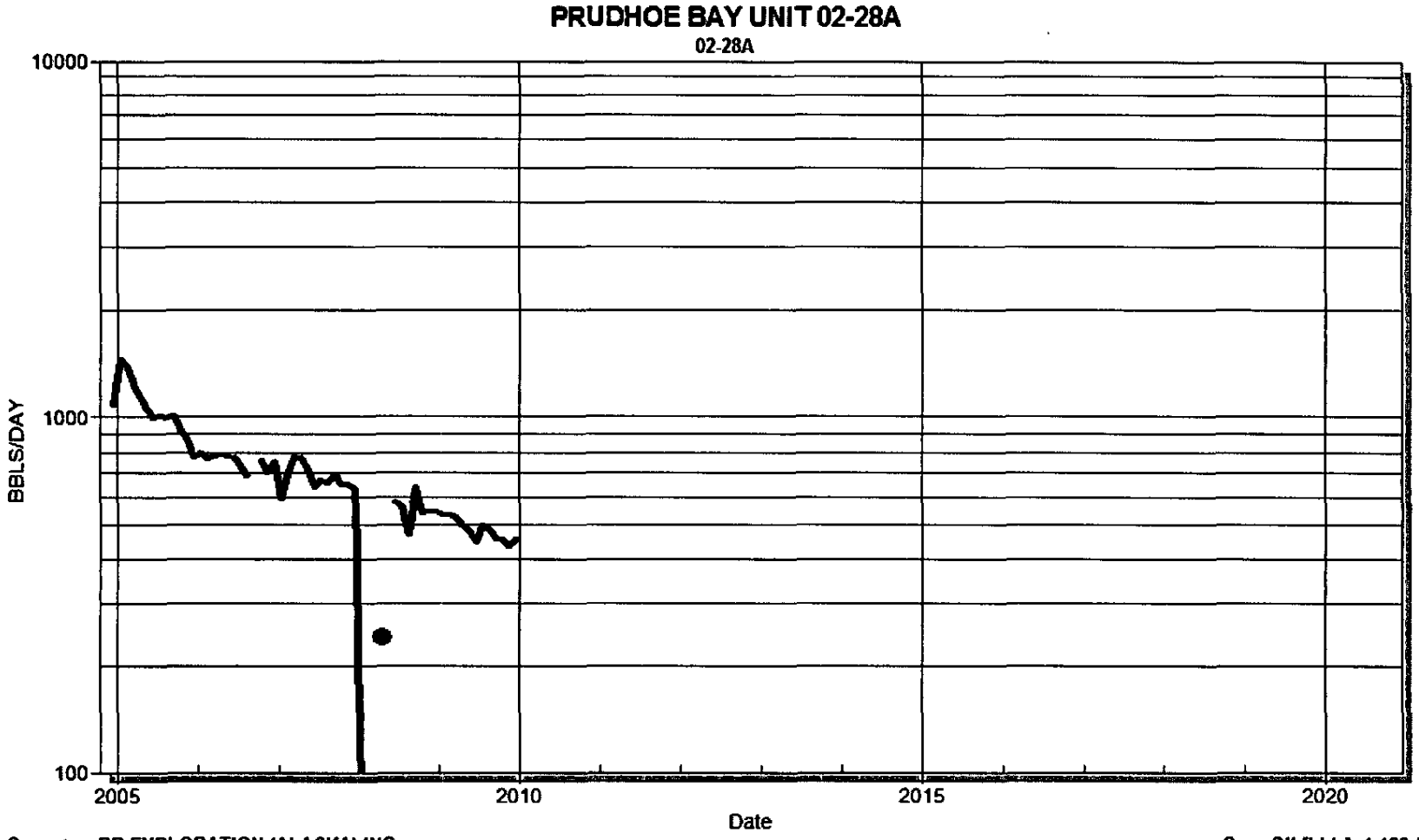


Operator: BP EXPLORATION (ALASKA) INC
Field: 640150 PRUDHOE BAY
Reservoir: PRUDHOE OIL

Cum Oil [bbls]: 1,122,583
Cum Gas [mcf]: 15,544,283
Cum Water [bbls]: 18,780
*Excludes NGLs

1667

Data Plotted on a Log Scale



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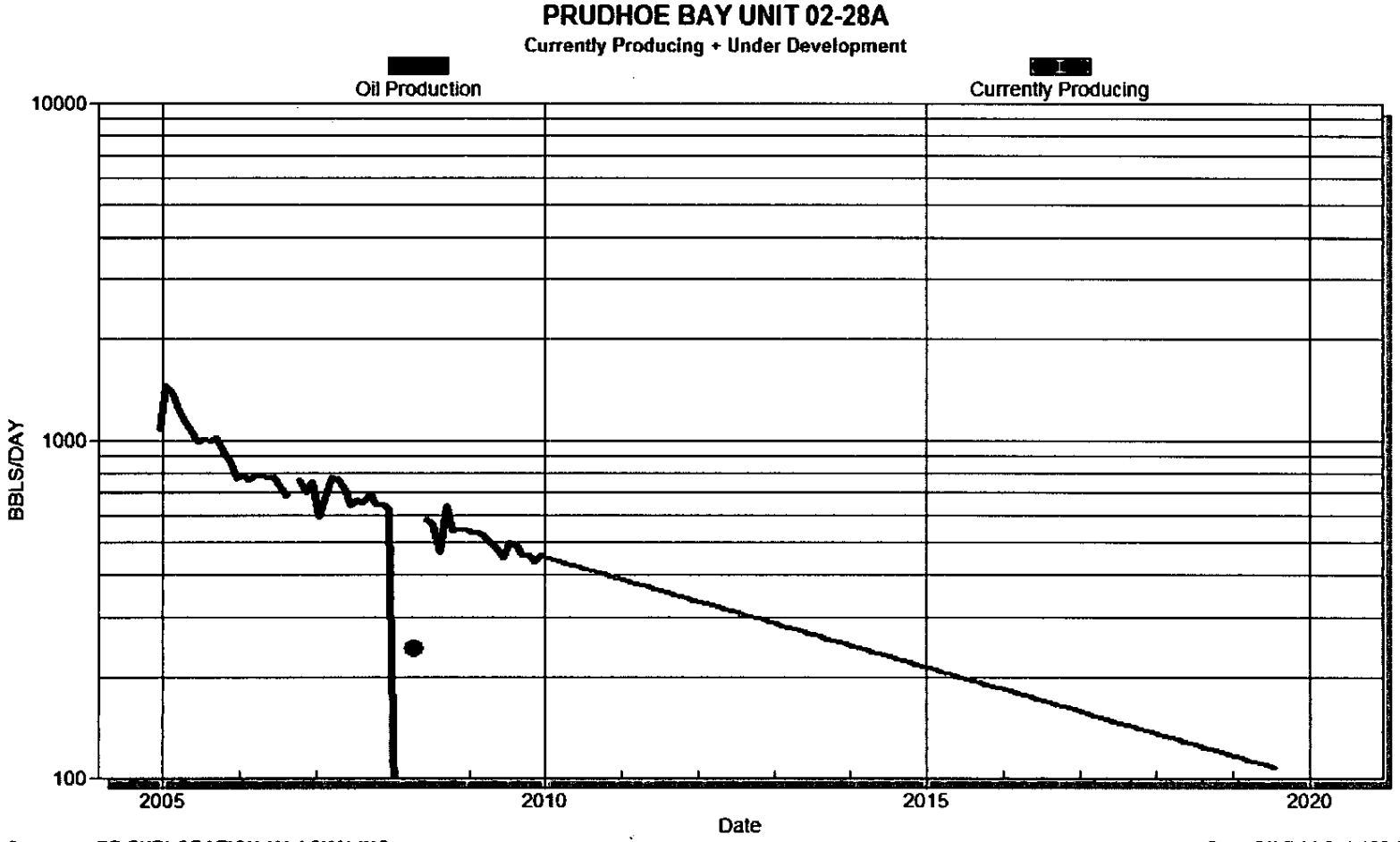
Cum Gas [mcf]: 15,544,283
Cum Water [bbls]: 18,780

*Excludes NGLs

2/25/2010

Decline Curve Extrapolates Trend



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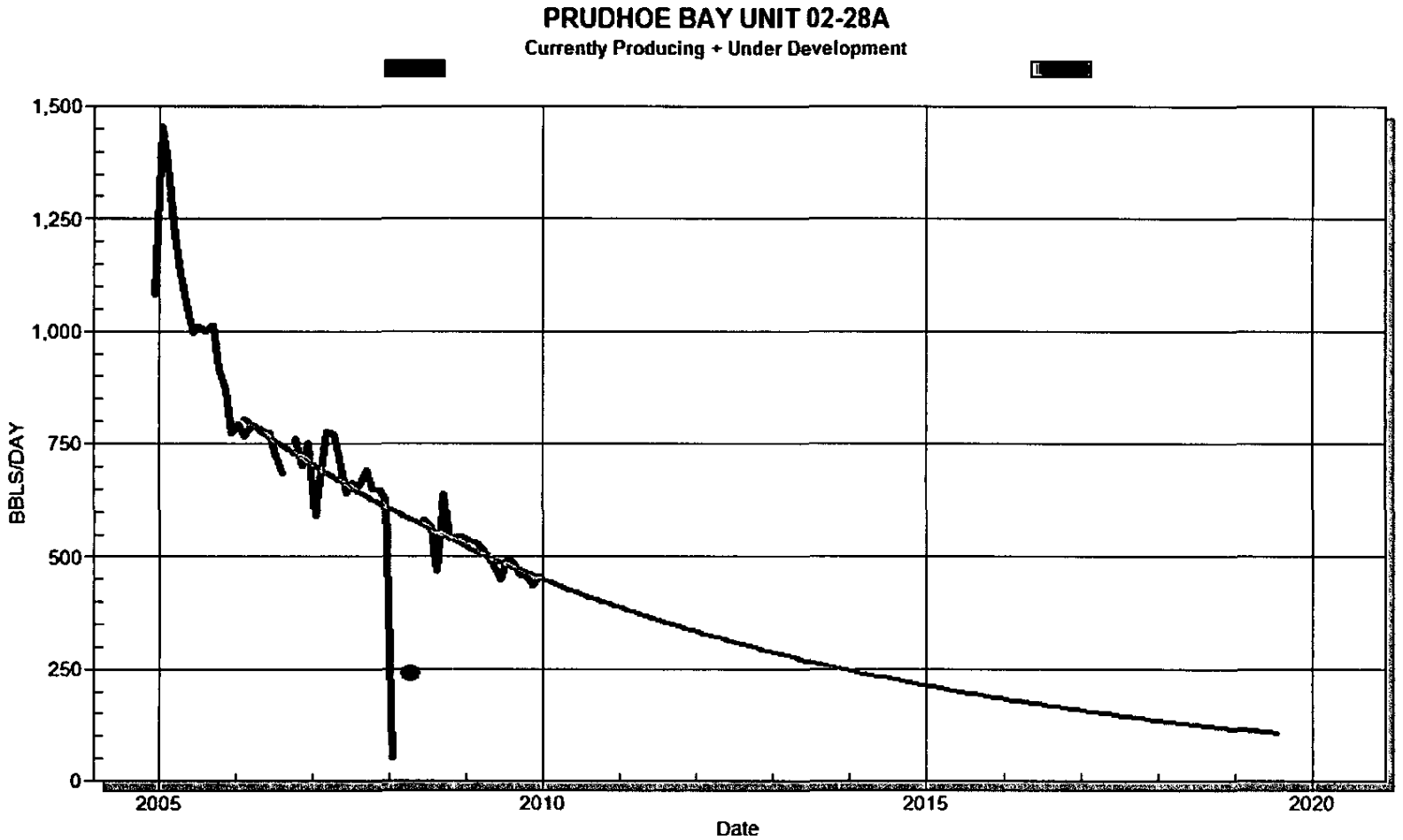
Trend (linear scale)



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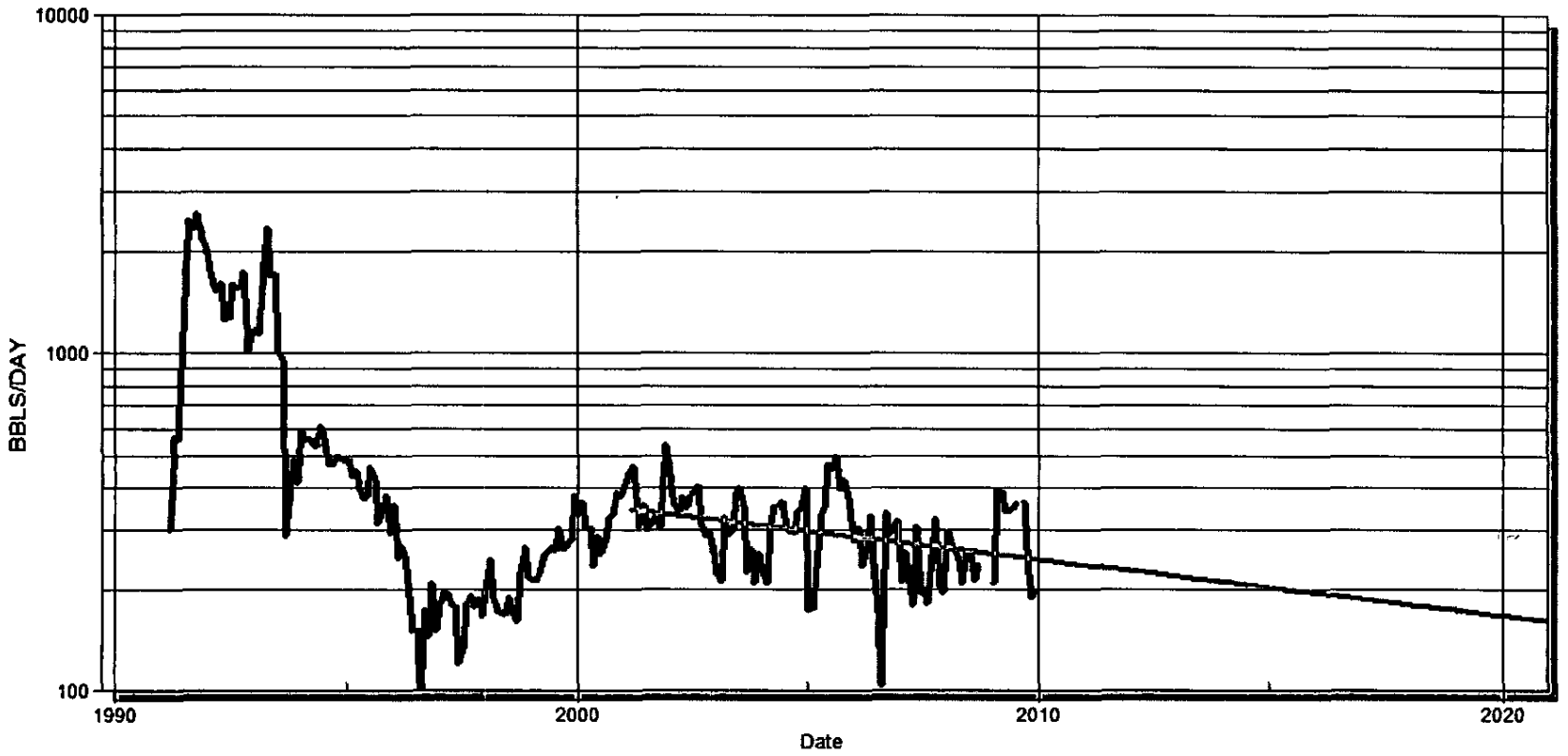
*Excludes NGLs

Another Prudhoe Bay Decline Curve

PRUDHOE BAY UNIT P-16

Currently Producing + Under Development

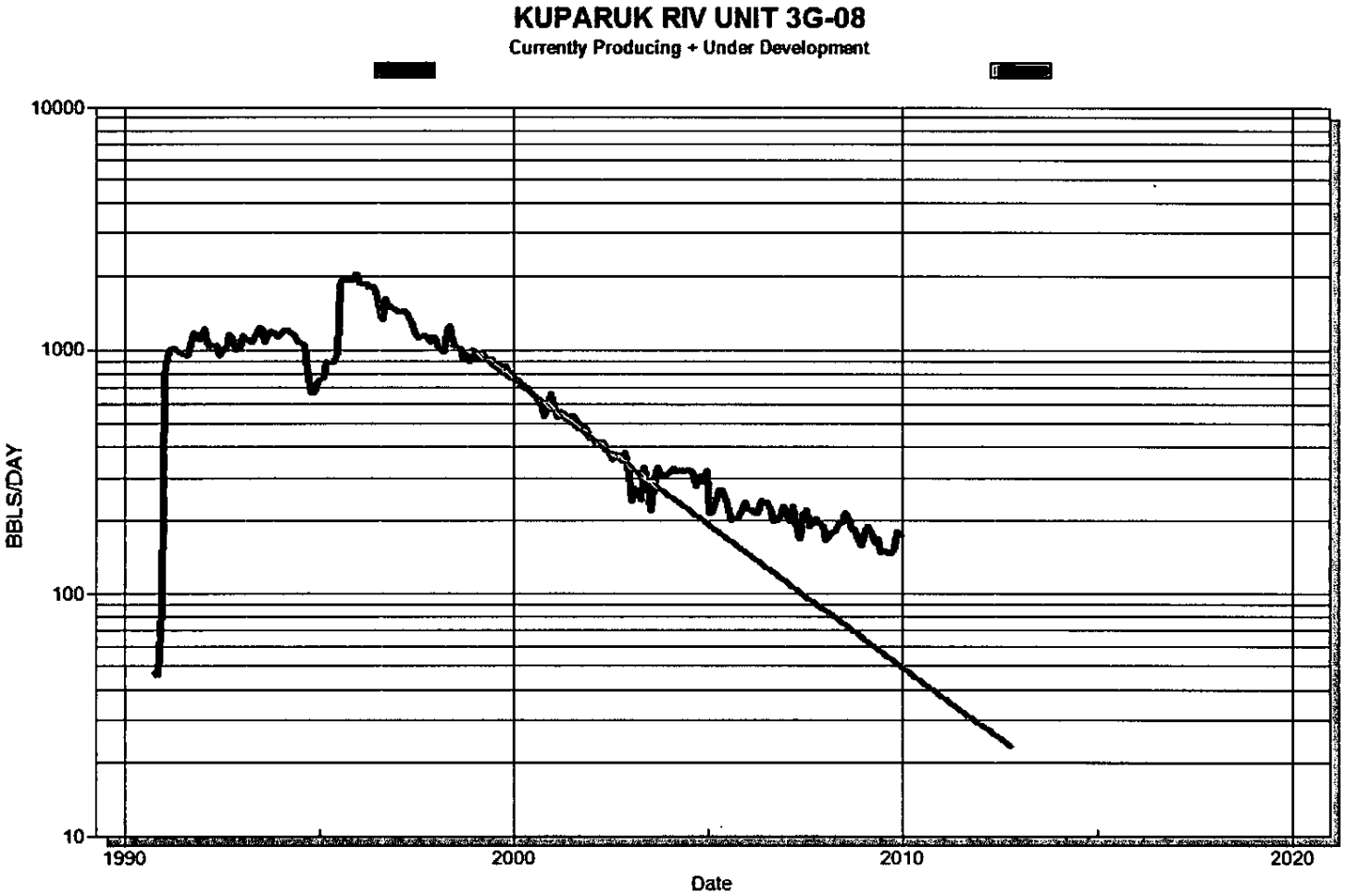


Operator: BP EXPLORATION (ALASKA) INC
Field: 640150 PRUDHOE BAY
Reservoir: PRUDHOE OIL

Cum Oil [bbls]: 2,998,630
Cum Gas [mcf]: 4,851,252
Cum Water [bbls]: 6,517,122

*Excludes NGLs

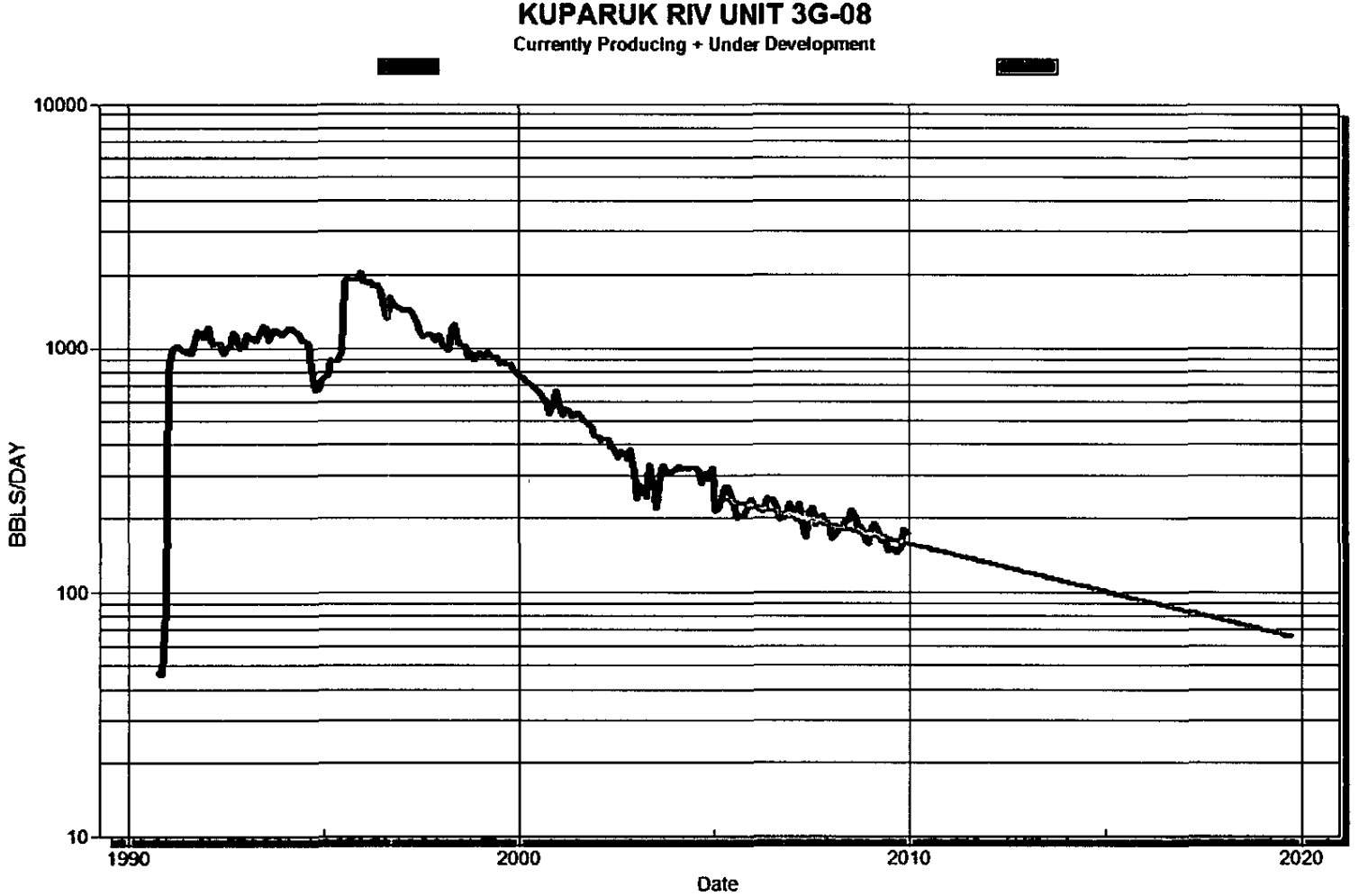
KRU Well Decline Curve At The End Of 2002...



Operator: CONOCOPHILLIPS ALASKA INC
Field: 490100 KUPARUK RIVER
Reservoir: KUPARUK RIV OIL

Cum Oil [bbls]: 4,930,933
Cum Gas [mcf]: 3,372,126
Cum Water [bbls]: 1,924,543

Kuparuk River Unit Well Decline Curve



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Field: 490100 KUPARUK RIVER
Reservoir: KUPARUK RIV OIL

Cum Oil [bbls]: 4,930,933
Cum Gas [mcf]: 3,372,126
Cum Water [bbls]: 1,924,543

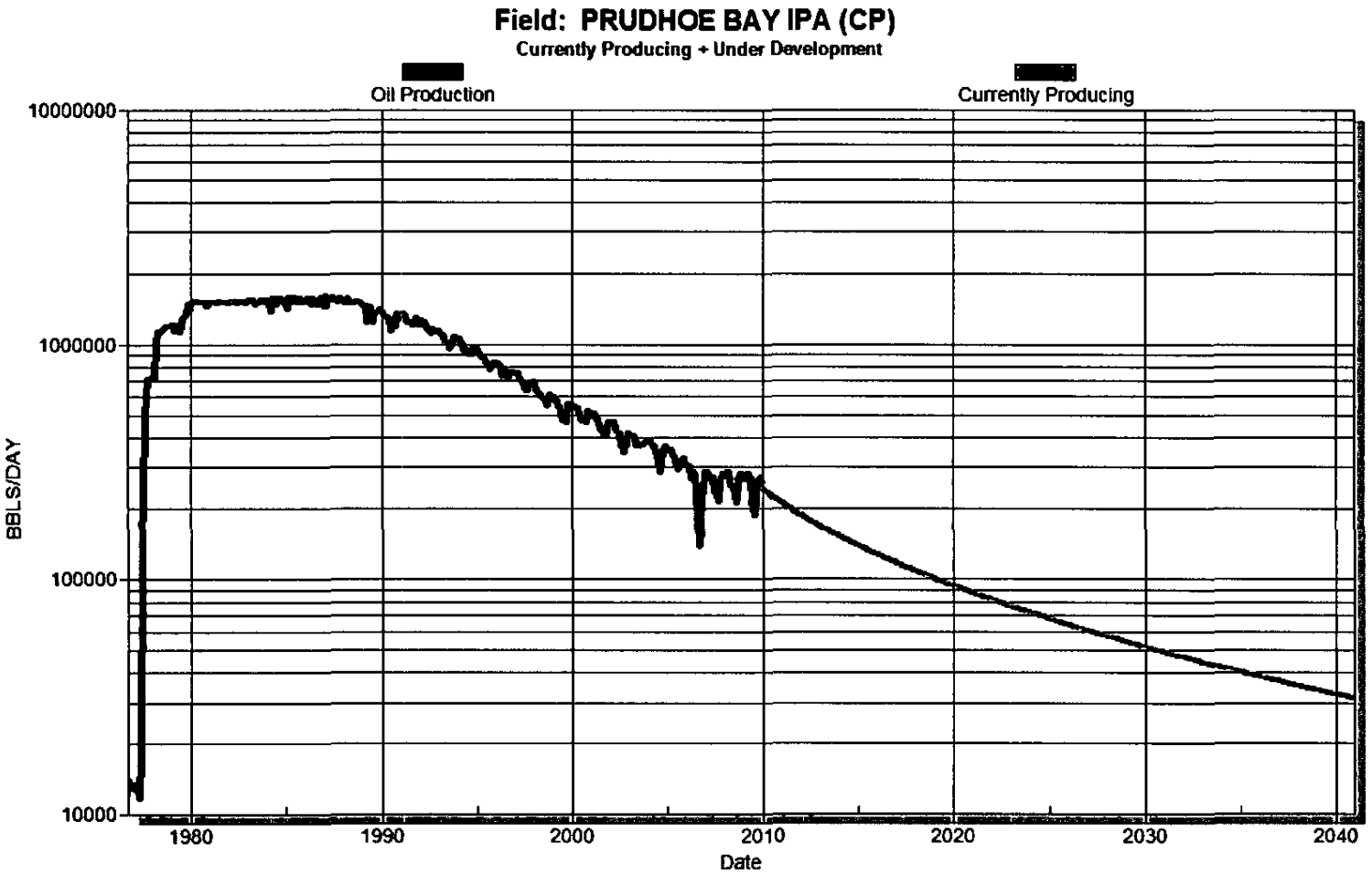
To Generate A Field Forecast:

1. Upload production history from AOGCC into database

2. Apply a decline curve to every well with recent production history data

3. Sum all of the production history and forecasts

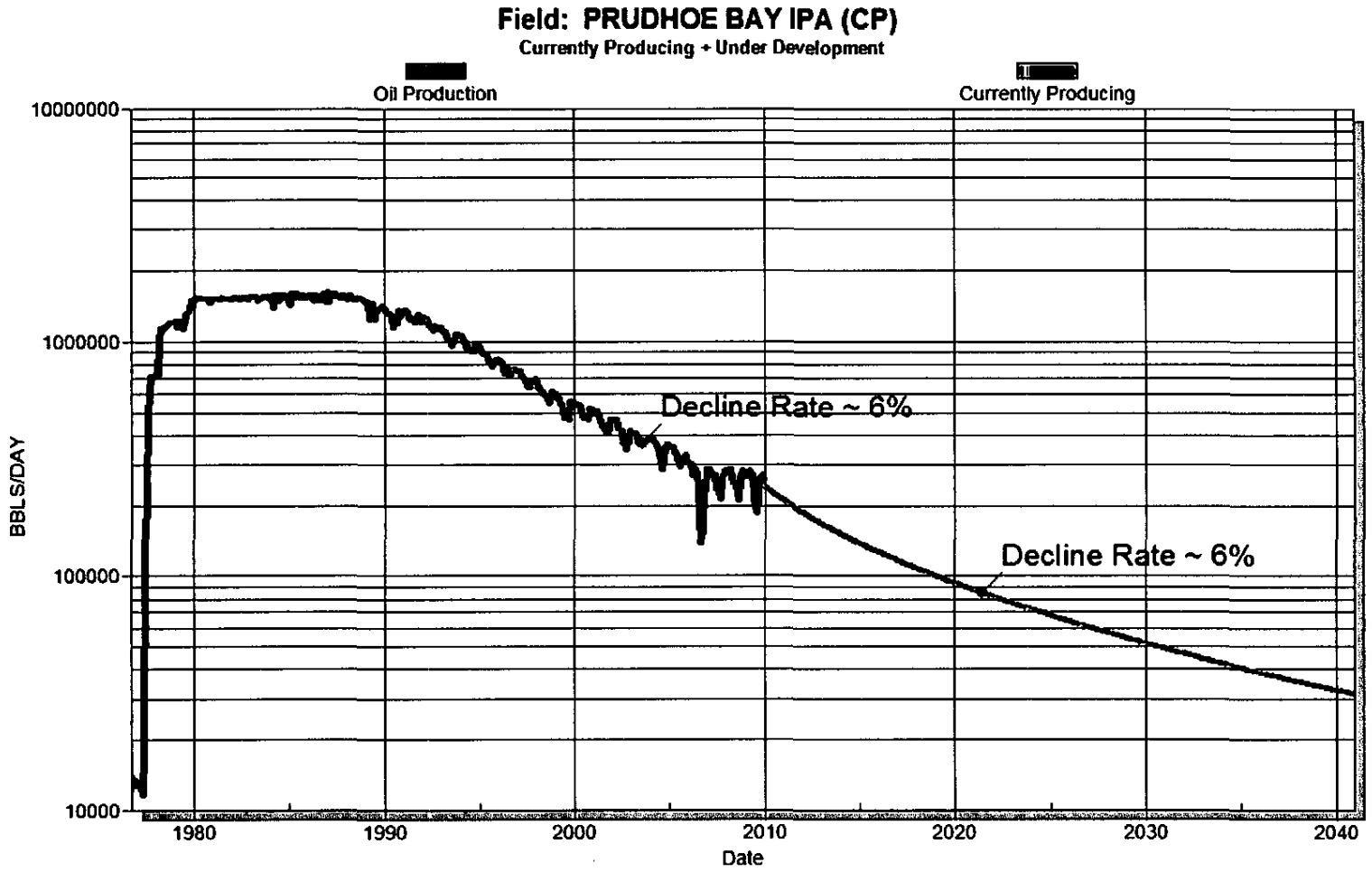
Prudhoe Bay
Currently Producing Wells



Operator: BP EXPLORATION (ALASKA) INC
Field: PRUDHOE BAY (IPA)
Reservoir: PRUDHOE OIL

Cum Oil [bbls]: 11,192,937,517
Cum Gas [mcf]: 61,452,931,005
Cum Water [bbls]: 9,021,006,529
*Excludes NGLs

Prudhoe Bay
Currently Producing Wells



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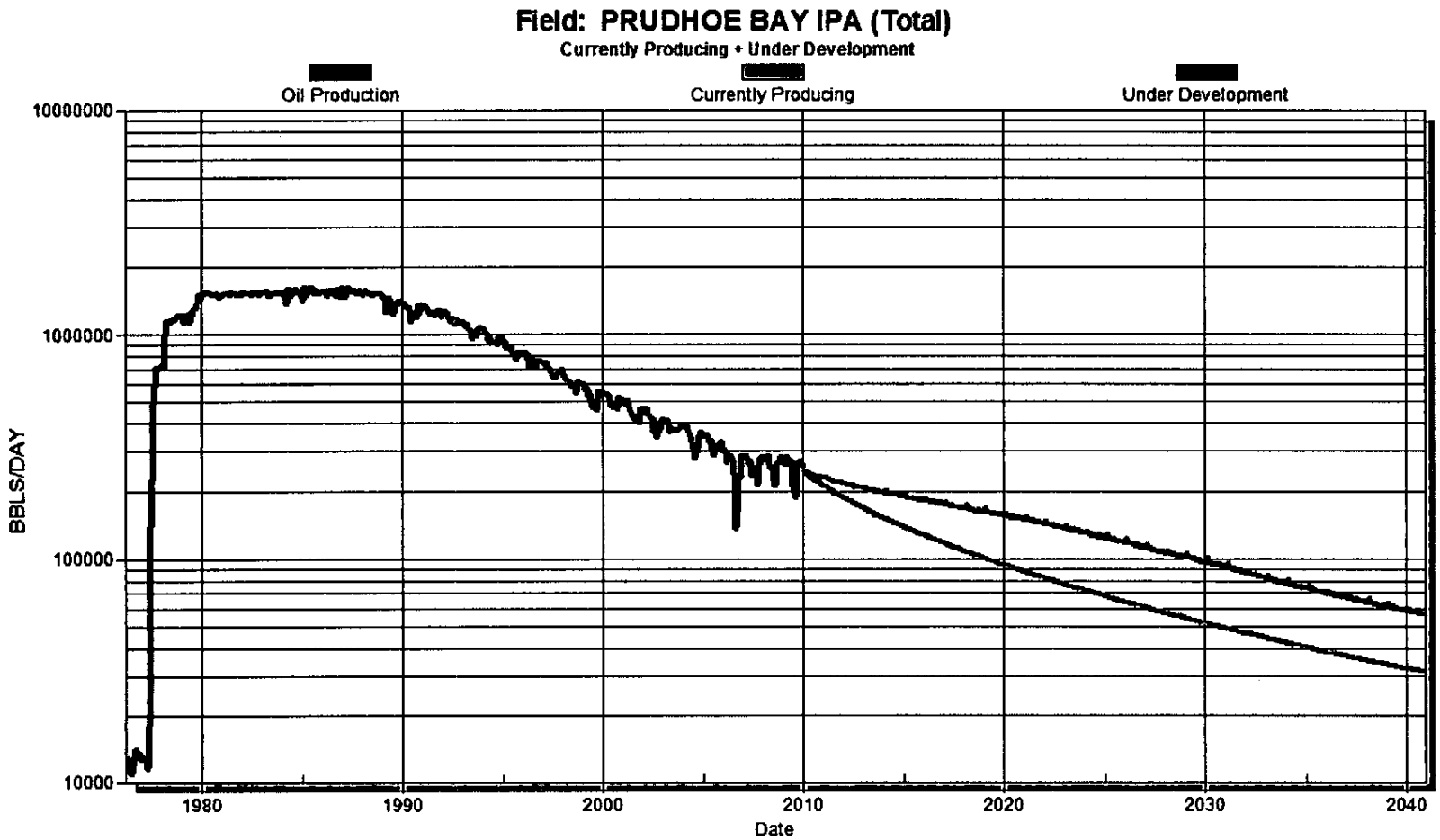
Cum Water [bbls]: 9,021,006,529

*Excludes NGLs

Prudhoe Bay
Currently Producing + Under Dev



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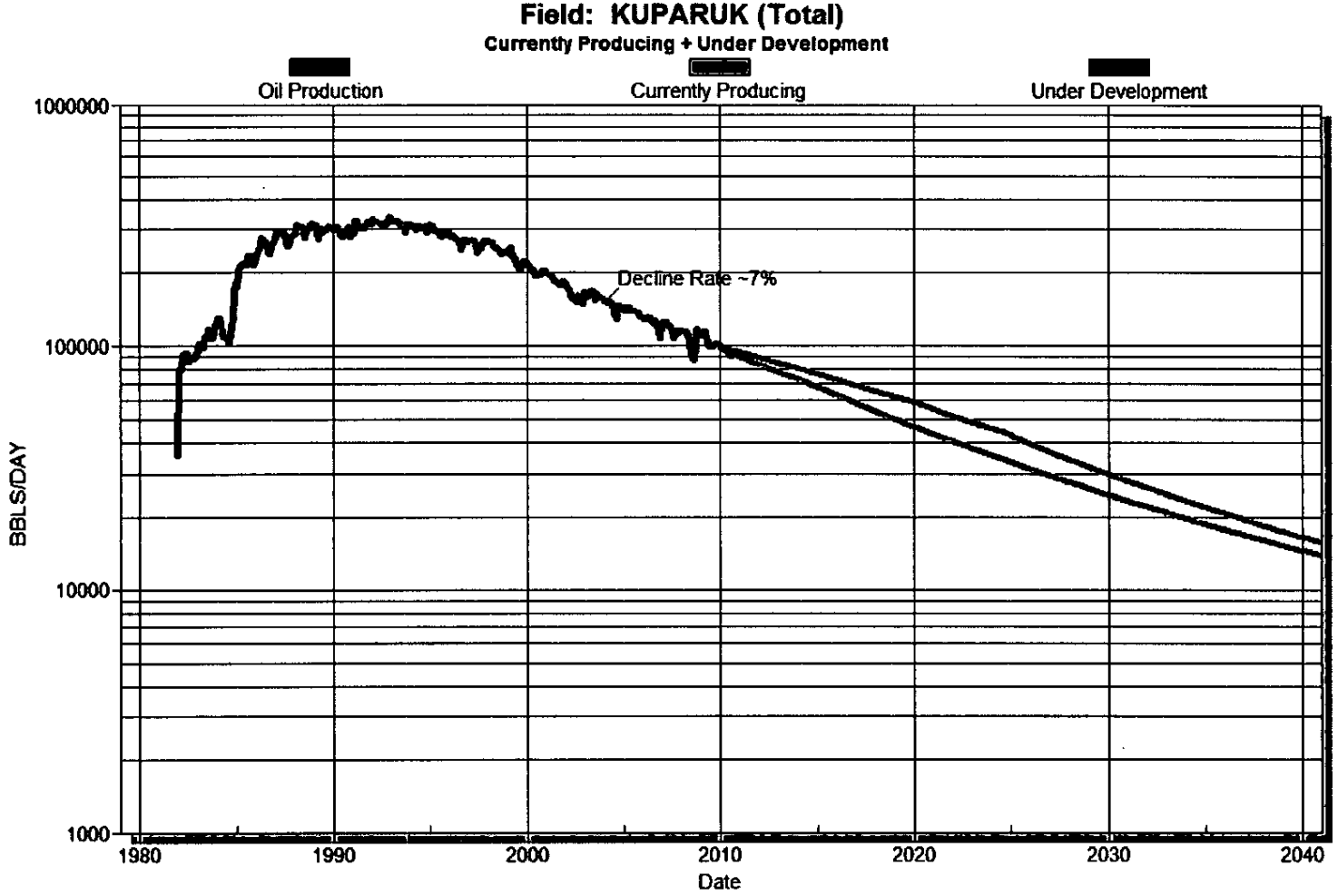
Cum Water [bbls]: 9,021,006,529

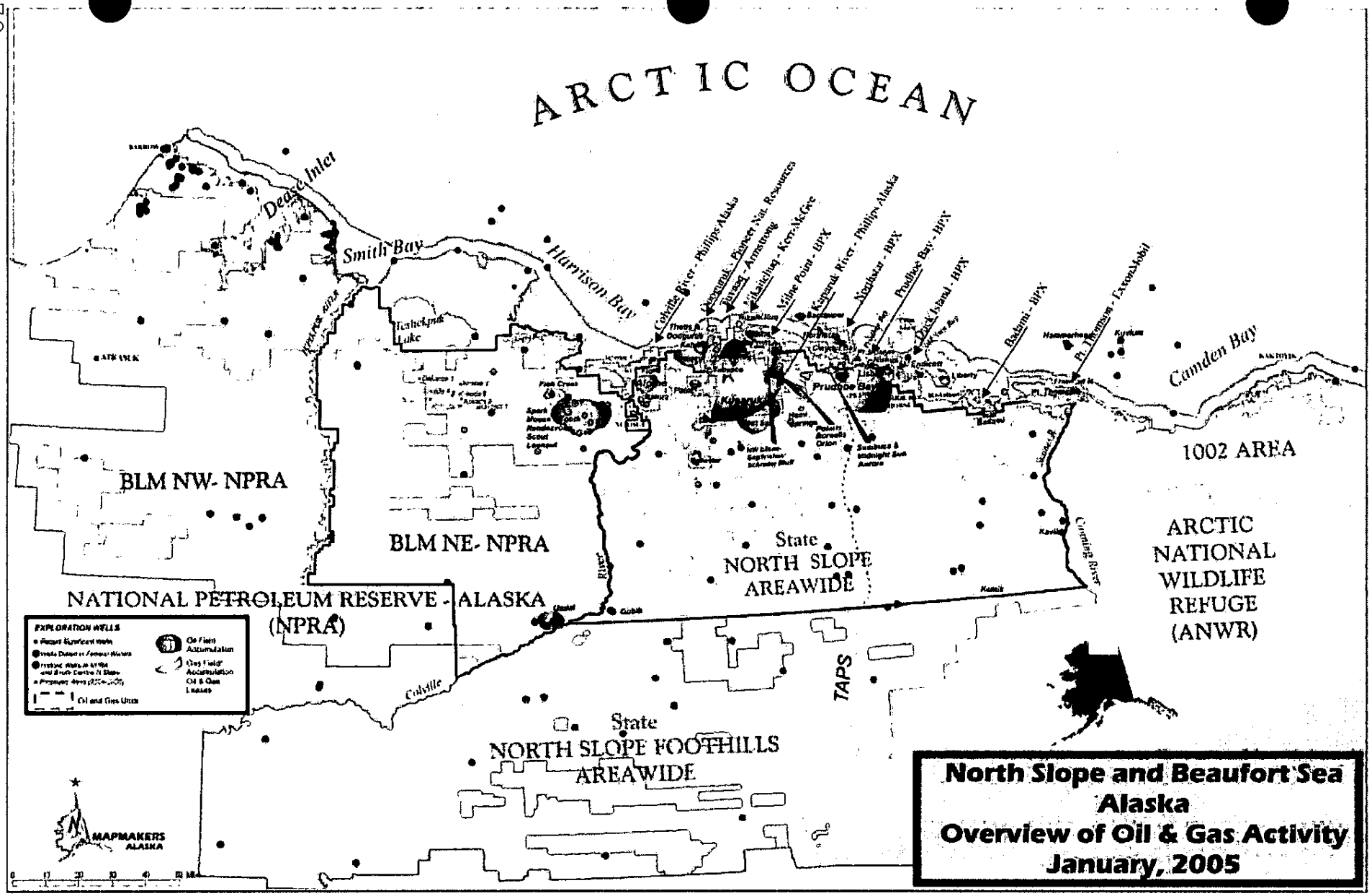
*Excludes NGLs

Kuparuk
Currently Producing + Under Dev

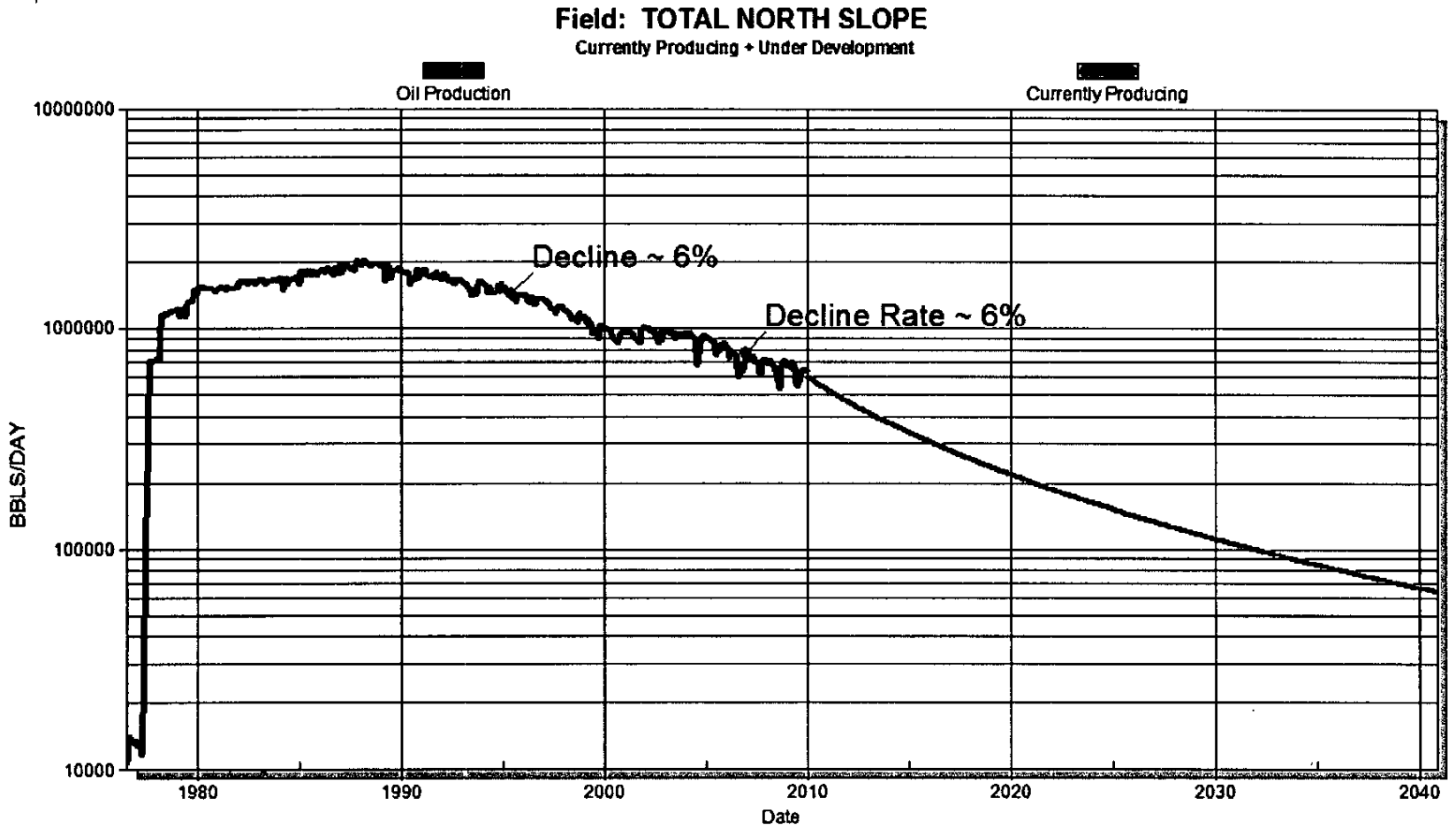


Operator: CONOCOPHILLIPS ALASKA INC
Field: KUPARUK RIVER
Reservoir: KUPARUK RIVER OIL

Cum Oil [bbls]: 2,187,540,707
Cum Gas [mcf]: 2,848,697,633
Cum Water [bbls]: 3,405,683,198


ARCTIC OCEAN
Dease Inlet
Smith Bay
Harrison Bay
Colville River - Phillips Alaska
Tarn - Kuparuk - Pioneer Nat. Resources
Tarn - Kuparuk - Armstrong
Tabasco - Alpine - Phillips Alaska
Alpine Point - BPX
Kuparuk River - Phillips Alaska
Meltwater - BPX
Prudhoe Bay - BPX
Duck Island - BPX
Badami - BPX
Pt. Thomson - ExxonMobil
Camden Bay
Teshekpuk Lake
Prudhoe Bay
BLM NW- NPRA
BLM NE- NPRA
NATIONAL PETROLEUM RESERVE - ALASKA (NPRA)
State NORTH SLOPE AREAWIDE
1002 AREA
ARCTIC NATIONAL WILDLIFE REFUGE (ANWR)
Colville
TAPS
State NORTH SLOPE FOOTHILLS AREAWIDE
EXPLORATION WELLS
Oil Field Accumulation
Gas Field/ Accumulation Oil & Gas Leases
Oil and Gas Units
MAPMAKERS ALASKA
North Slope and Beaufort Sea
Alaska
Overview of Oil & Gas Activity
January, 2005

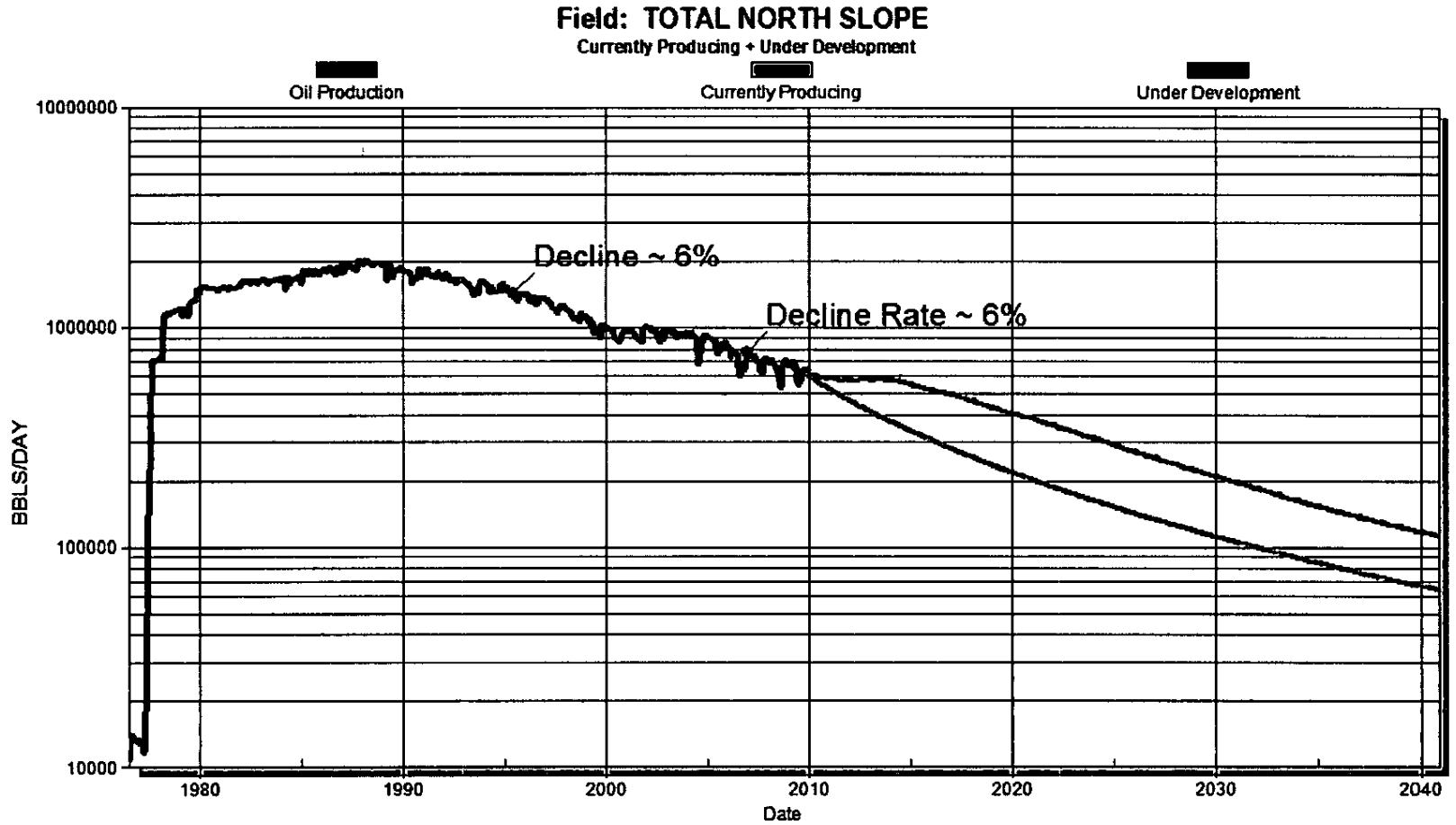
Total North Slope



Operator:
Field:
Reservoir:

Cum Oil [bbls]: 15,603,233,666
Cum Gas [mcf]: 71,639,348,077
Cum Water [bbls]: 14,793,483,189
*Excludes NGLs

Total North Slope
Currently Producing + Under Dev.



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Field:
Reservoir:

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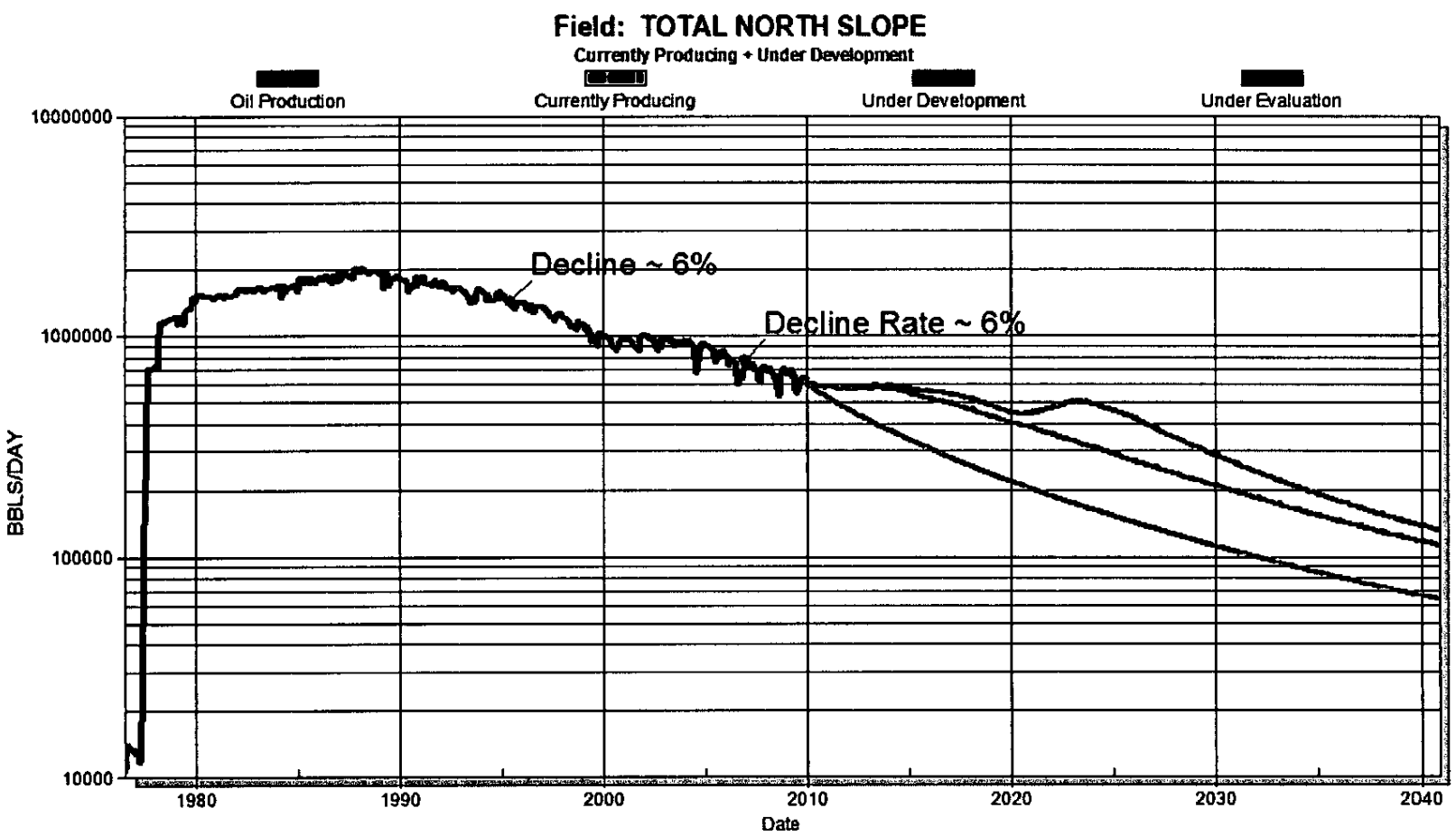
Cum Water [bbls]: 14,793,483,189
*Excludes NGLs

Total North Slope
CP + UD + UE



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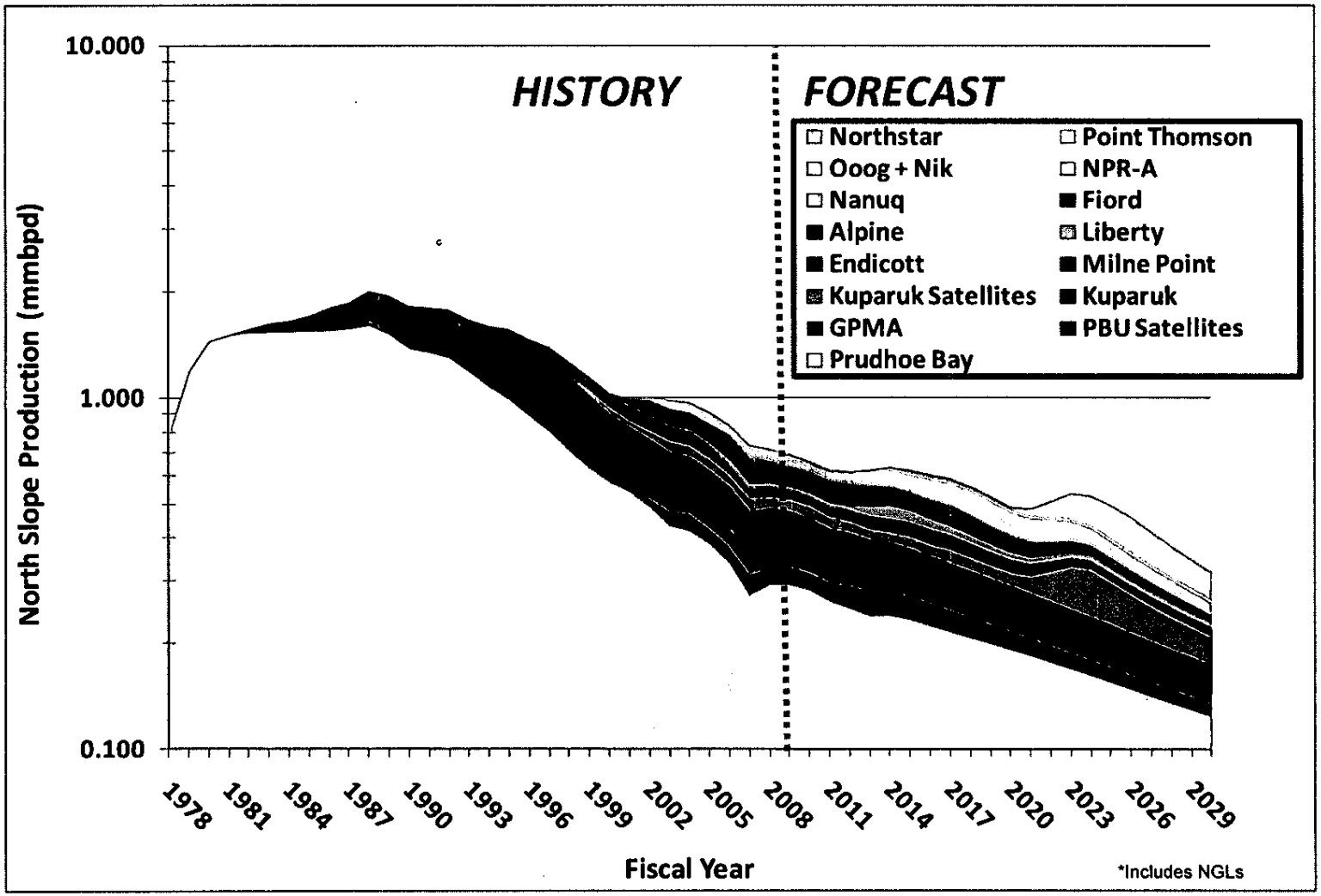
Fall 2009 Forecast: Log Scale



Conclusion

- Production forecasting requires consideration of each project's geology, development plans, commerciality, production profiles, decline curves and timing.

- Department uses extensive well and field specific data acquired from producers, AOGCC, and DNR

- Forecast is a roll up of fields that have been discovered that are currently producing, under development, and under evaluation.

3

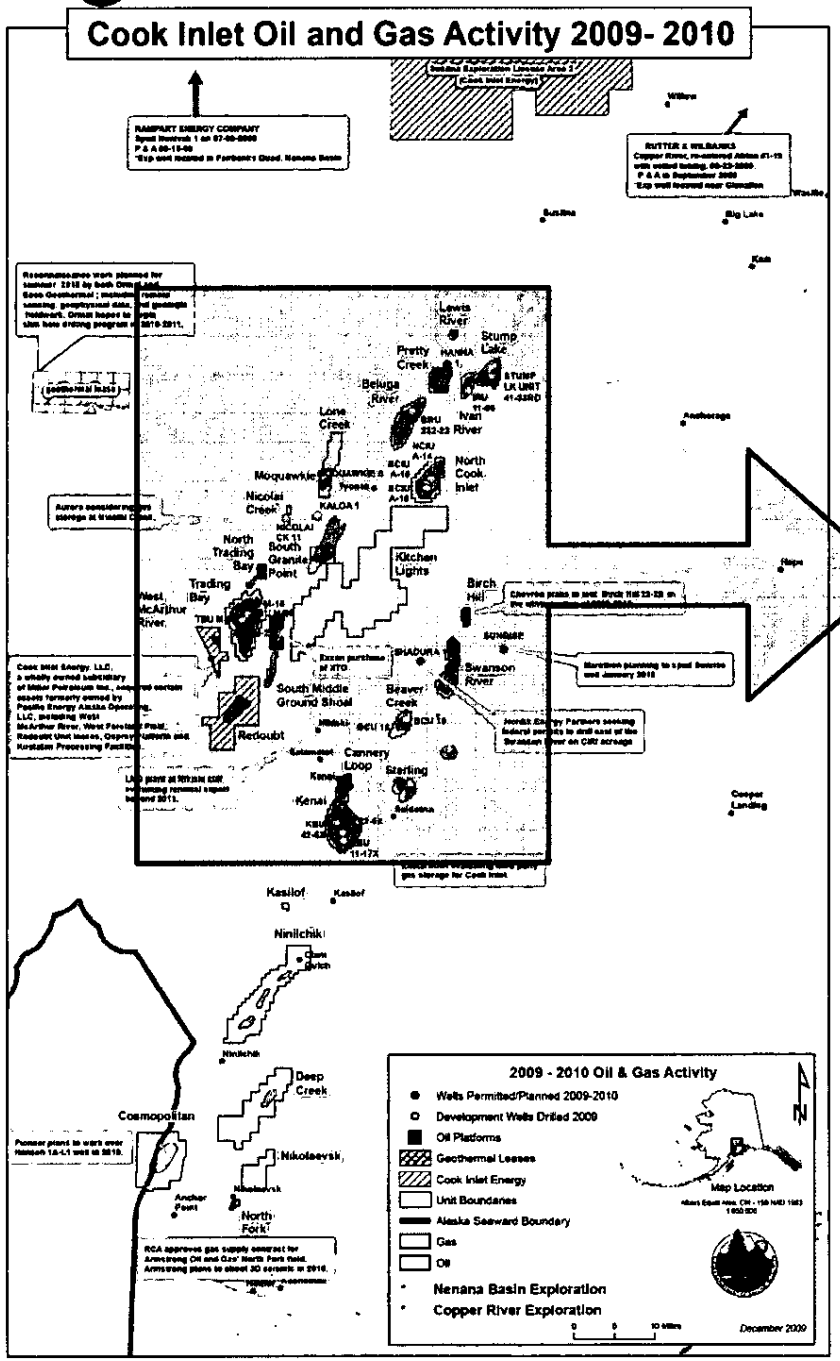
Oil and Gas Activity in Alaska 2009-2010

Senate Finance February 16, 2010

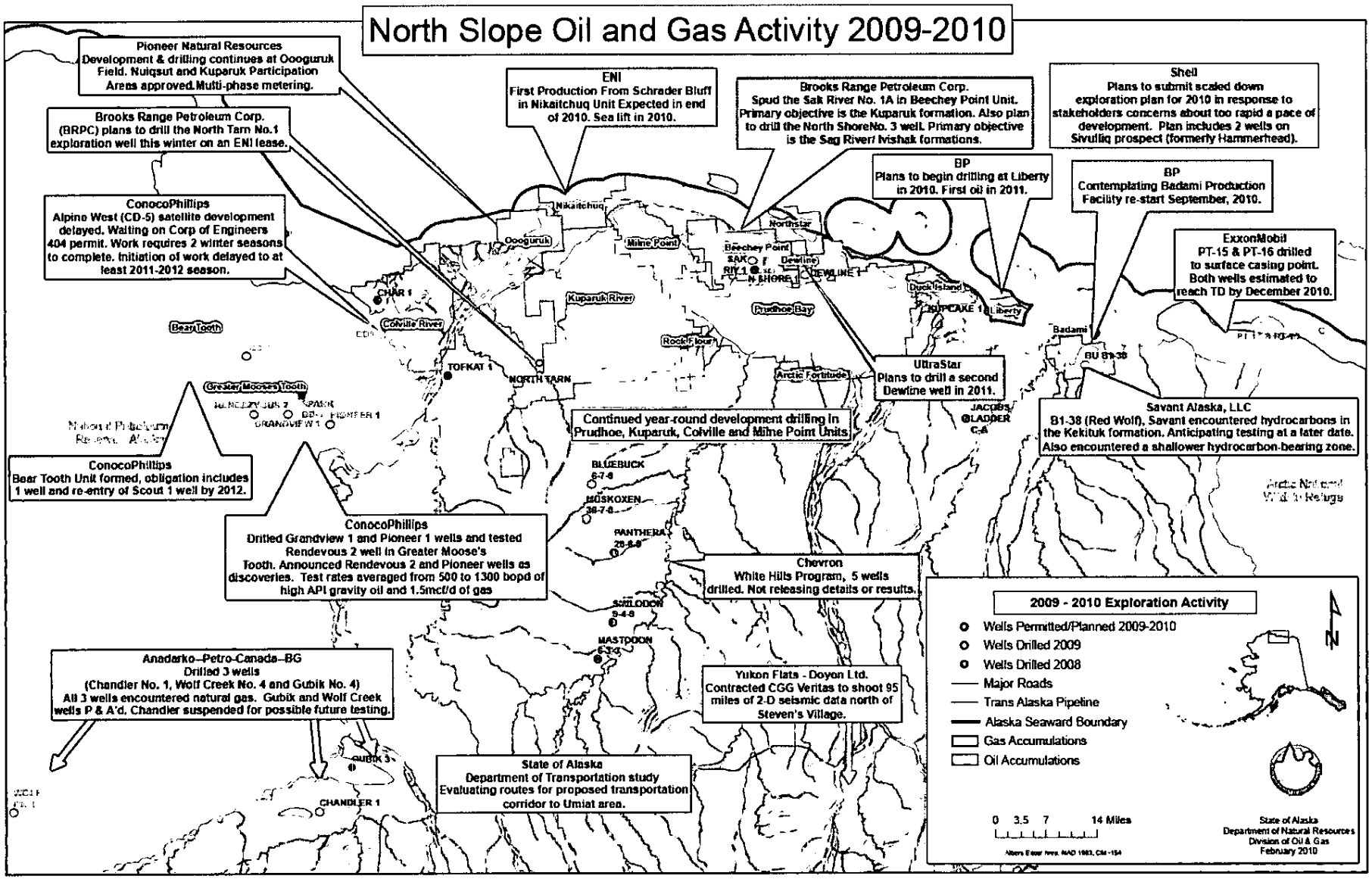
DNR: Division of Oil and Gas

Kevin Banks, *Director*

Cook Inlet Oil and Gas Activity 2009- 2010



North Slope Oil and Gas Activity 2009-2010



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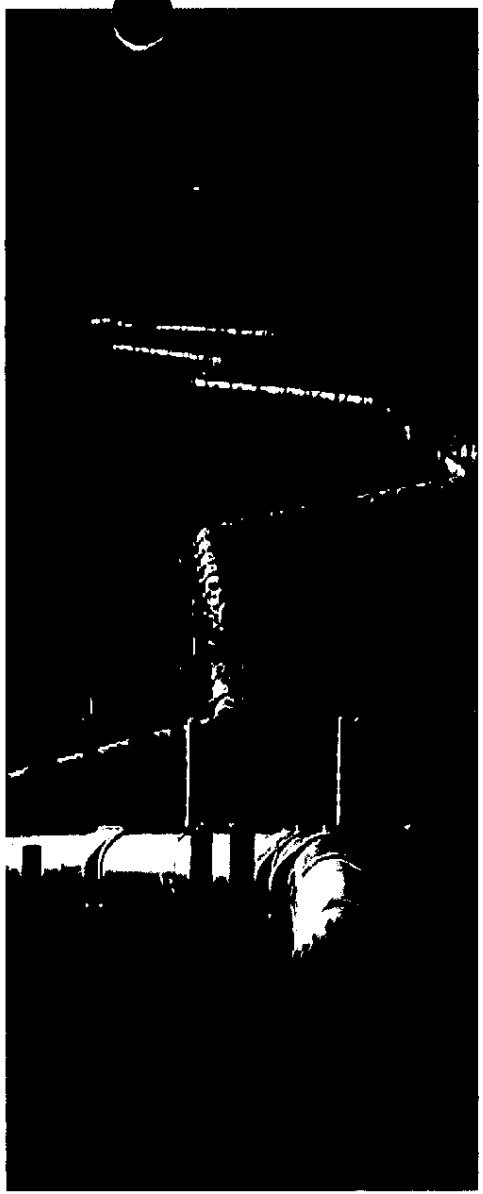


Alaska Department of Labor and Workforce Development

Oil Industry Employment, Unemployment and Resident Hire

Senate Finance Committee

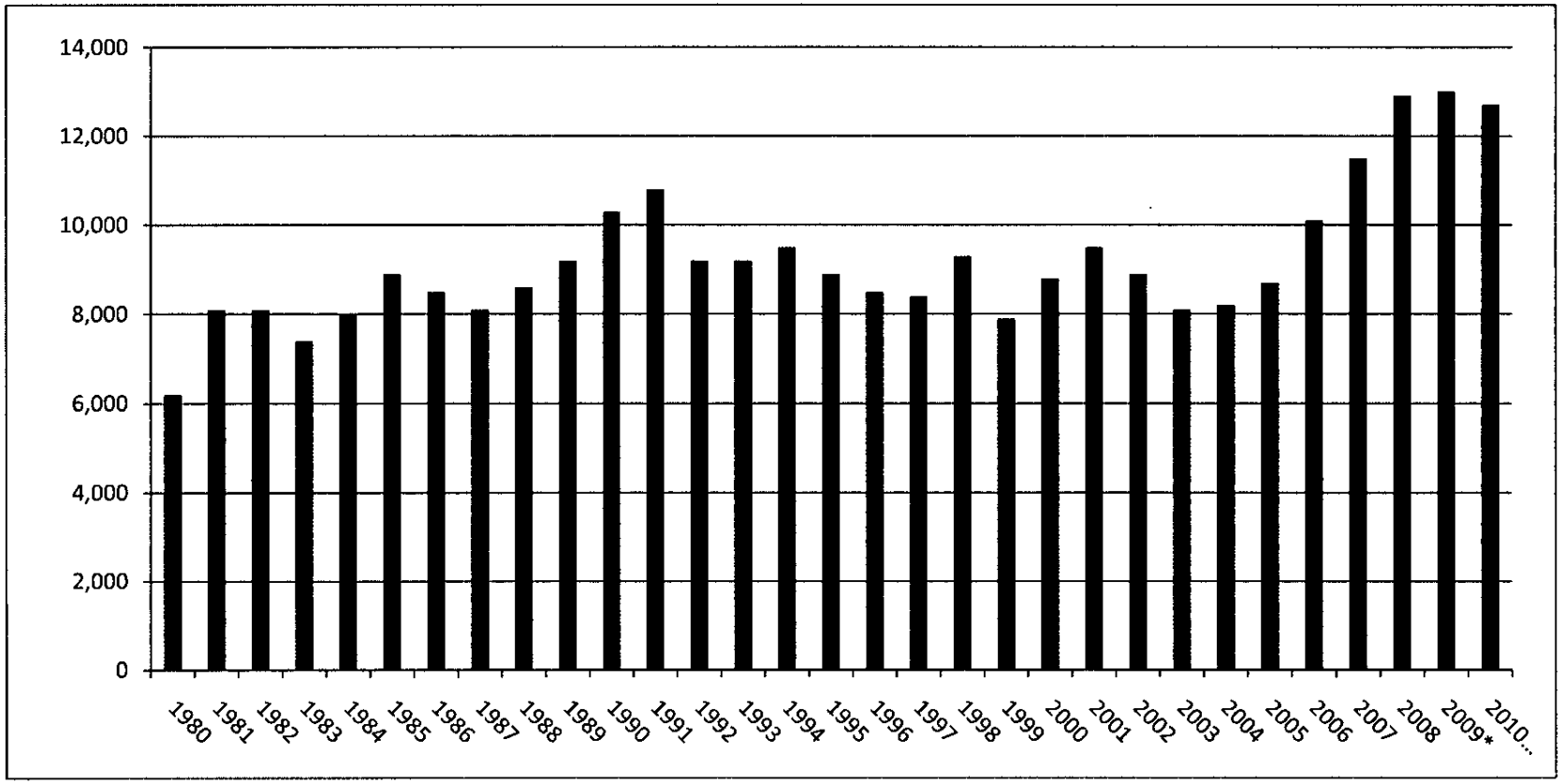
February 16, 2010

Jeff Hadland,

Economist and Research Program Supervisor

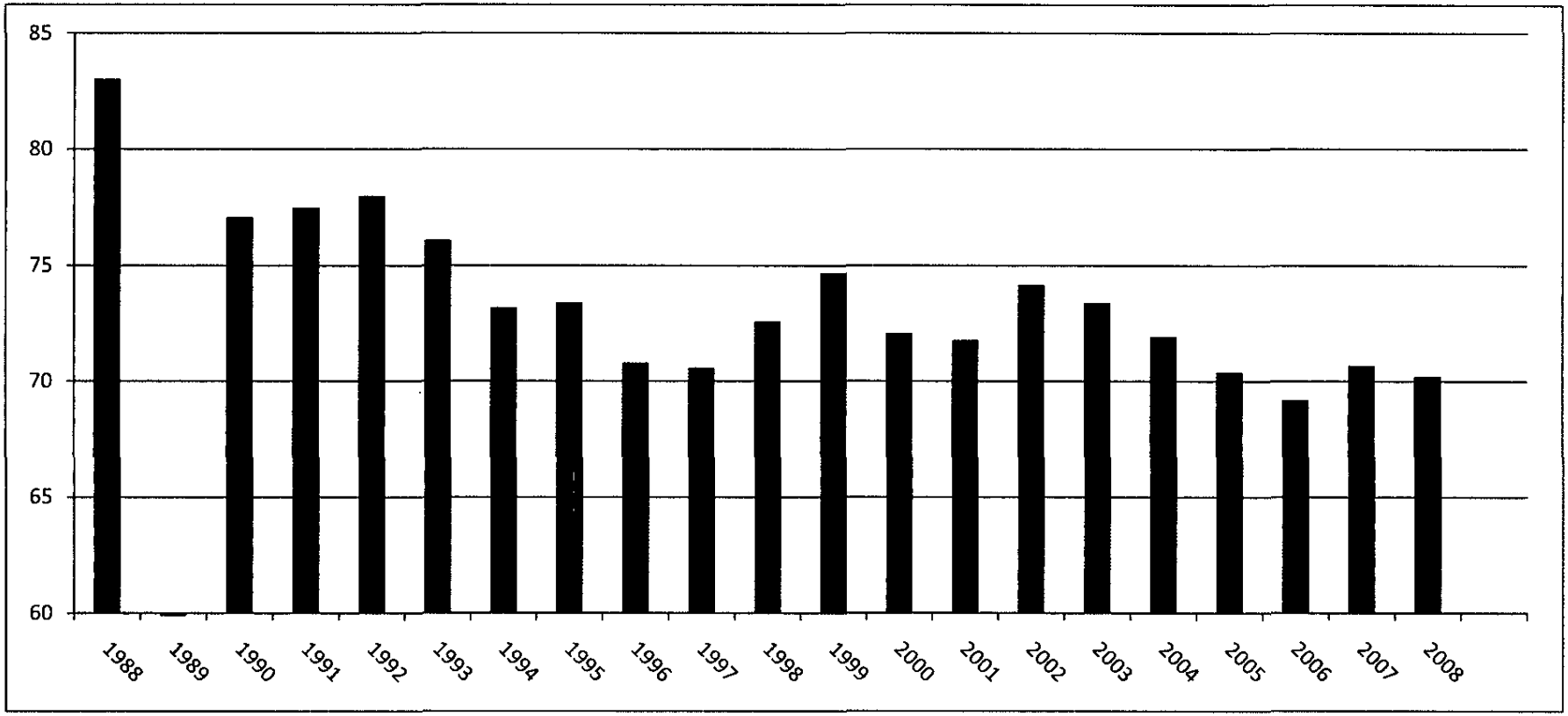
Alaska Department of Labor and Workforce Development, Research and Analysis Section

Alaska Oil and Gas Employment 1980-2010



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

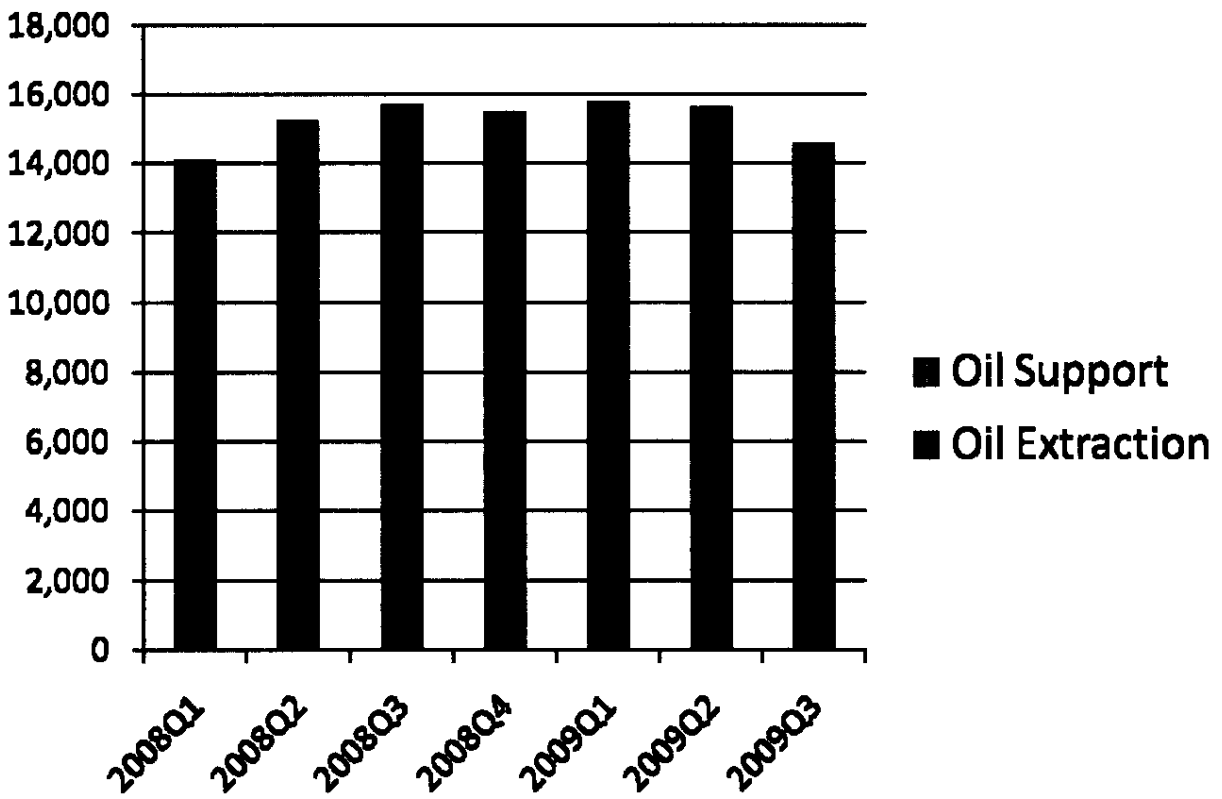
Percent Resident Workers in Oil and Gas Industry 1988-2008



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Total Workers (SSN's) Working by Quarter-Alaska Oil Industry

- Oilfield services worker count down 8.9% 2008Q3 to 2009Q3



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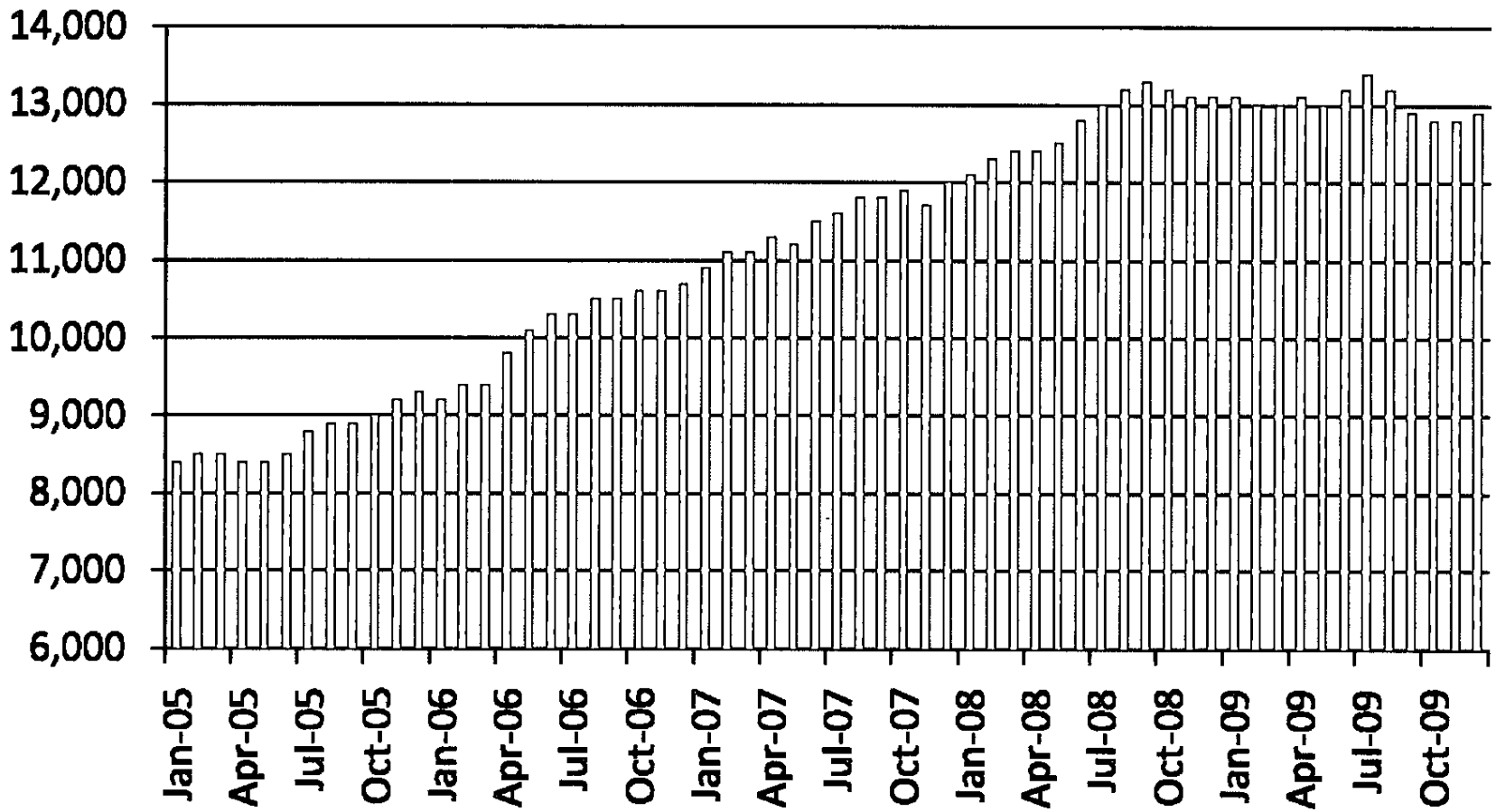
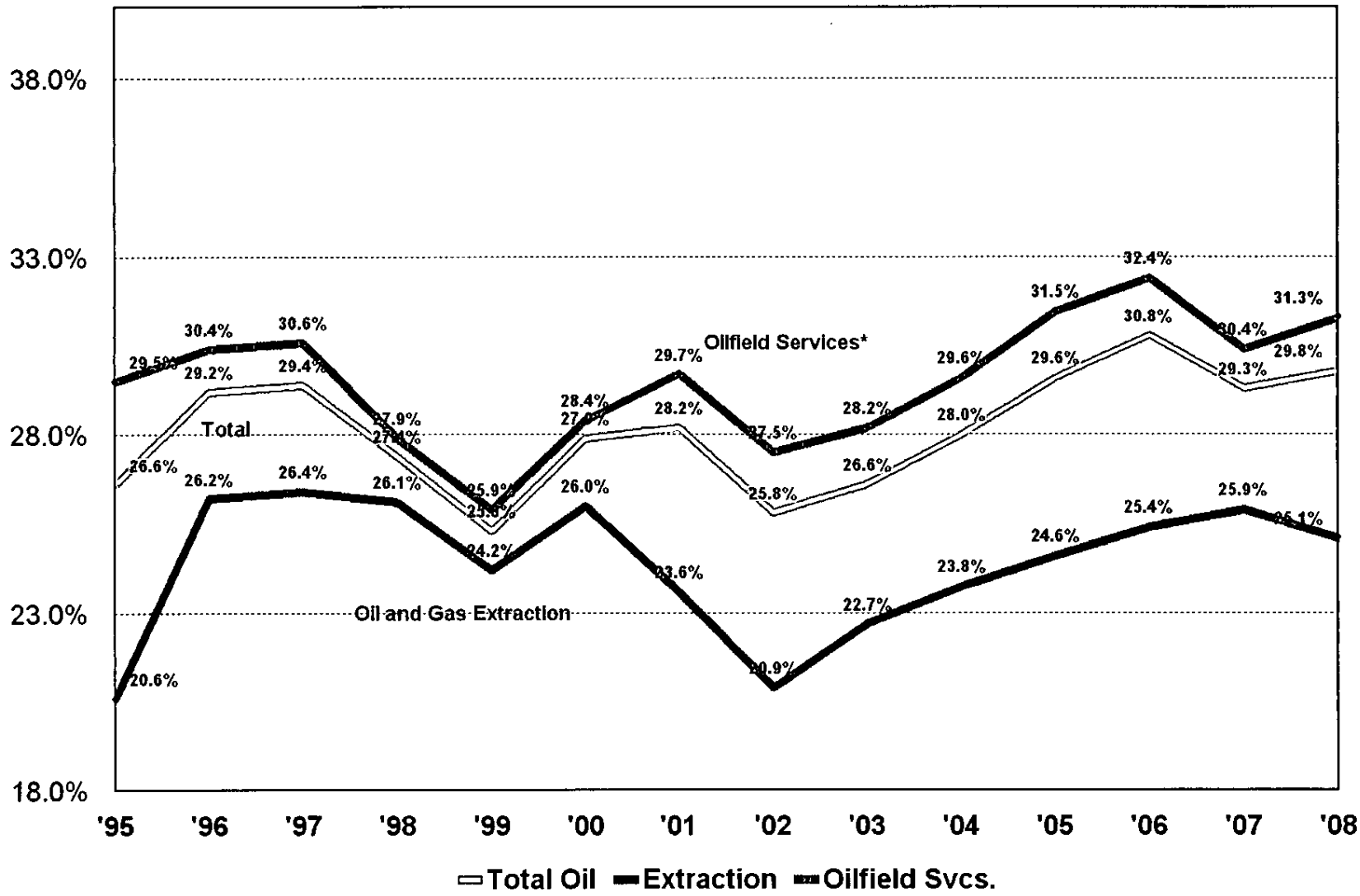
Monthly Oil Industry Employment
Alaska 2005-2009



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Oil Industry
Percent Nonresident Workers
Alaska 1995-2008



* This industry category includes support activities for oil and gas drilling and related operations.
Note: Private Sector Only
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Unemployment Insurance Claimants

UI Claimants by Industry, CY2003-CY2009

Sector Name	2003	2004	2005	2006	2007	2008	2009
All Oil and Gas Industry related employment	**2,827**	**1,732**	**1,199**	**906**	**1,084**	**1,362**	**2,844**
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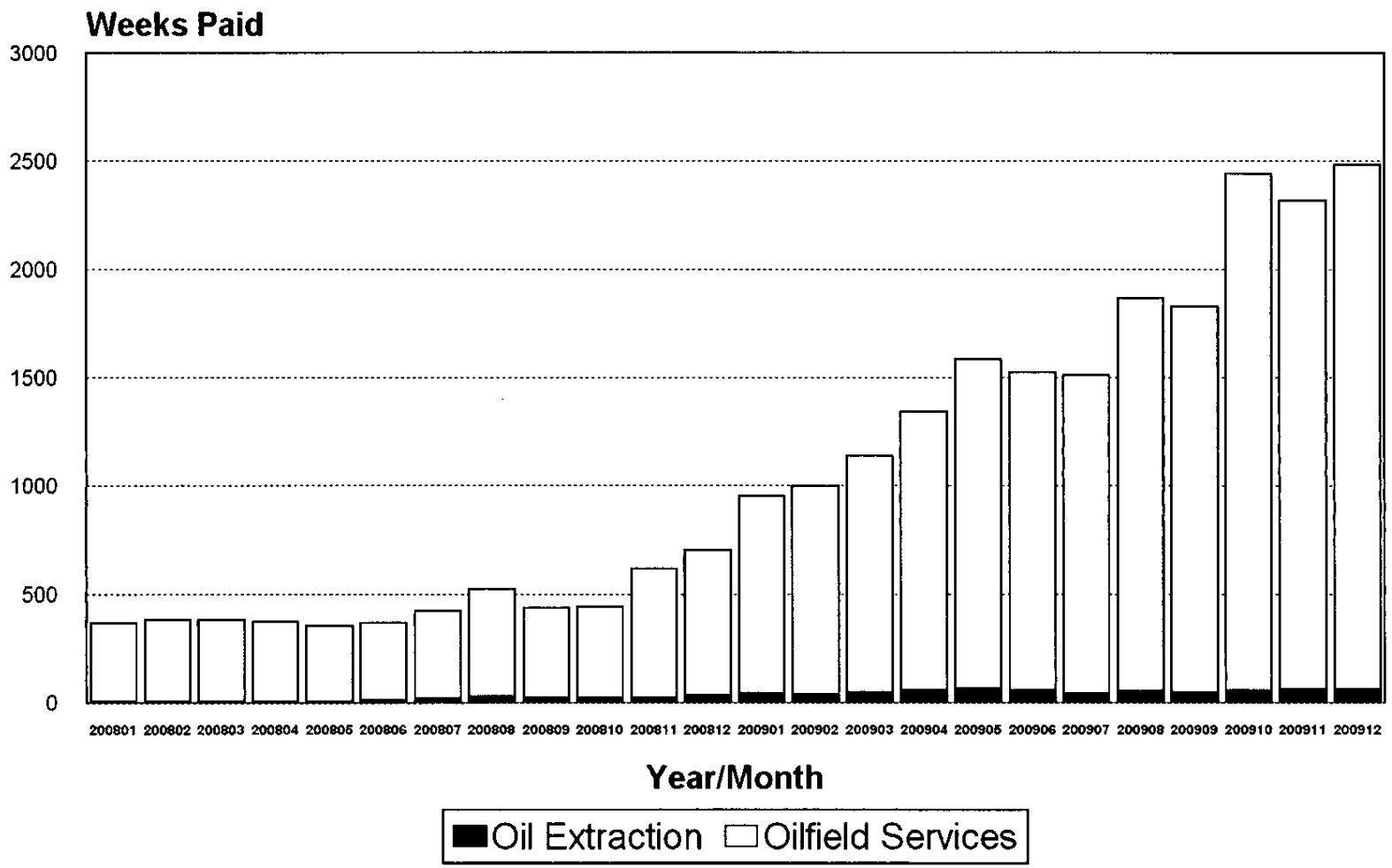
Alaska Unemployment Insurance Weeks Paid by Month
2008-2009

(Preliminary)



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Click Bishop
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STATE OF ALASKA
DEPARTMENT OF LABOR
AND WORKFORCE DEVELOPMENT

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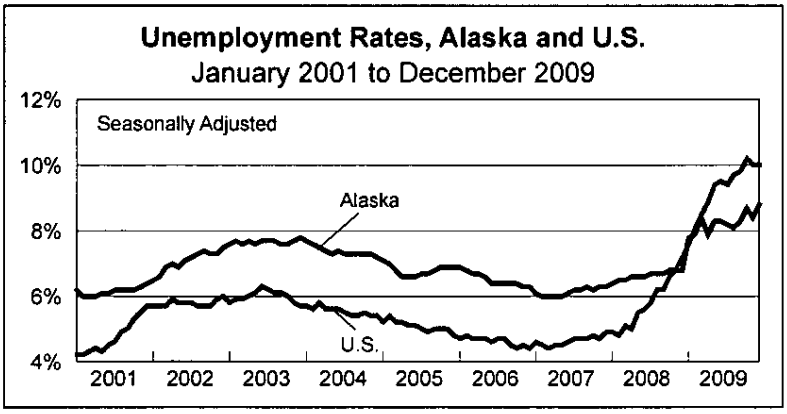
Press Release

COMMISSIONER'S OFFICE

January 22, 2010

No. 10-06

Unemployment rate at 8.8 percent in December



Alaska Nonfarm Payroll Employment[1]

	Preliminary 12/09	Revised 11/09	Revised 12/08	Changes from 11/09	Changes from 12/08
Total Nonfarm Employment[2]	306,500	310,500	309,200	-4,000	-2,700
Mining and Logging	15,100	15,200	15,700	-100	-600
Oil and Gas	12,900	12,800	13,100	100	-200
Construction	14,000	15,000	15,200	-1,000	-1,200
Manufacturing	6,600	9,500	7,200	-2,900	-600
Seafood Processing	3,300	5,000	3,400	-1,700	-100
Trade, Transportation and Utilities	61,900	61,700	63,200	200	-1,300
Retail Trade	35,500	35,500	36,500	0	-1,000
Information	6,800	6,800	7,100	0	-300
Financial Activities	14,200	14,300	14,600	-100	-400
Professional and Business Services	24,500	24,700	24,700	-200	-200
Educational[3] and Health Services	39,600	39,500	37,600	100	2,000
Health Care	28,700	28,600	27,300	100	1,400
Leisure and Hospitality	26,600	27,000	28,200	-400	-1,600
Accommodations	6,000	6,100	6,600	-100	-600
Food Svcs. and Drinking Places	16,800	17,000	17,800	-200	-1,000
Other Services	11,400	11,500	11,400	-100	0
Government[4]	85,800	85,300	84,300	500	1,500

[1] Not seasonally adjusted
[2] Excludes the self-employed, fishermen and other agricultural workers, and private household workers
[3] Private education only
[4] Includes public schools, the University of Alaska and federally recognized tribal entities

Unemployment Rates, Seasonally Adjusted

	12/09	11/09	12/08
Alaska	8.8%	8.4%	6.8%
U.S.	10.0%	10.0%	7.4%

Sources for graph and tables: Alaska Department of Labor and Workforce Development, Research and Analysis Section; and U.S. Bureau of Labor Statistics

Alaska's December seasonally adjusted unemployment rate was 8.8 percent. November's preliminary rate was revised down three-tenths of a percentage point to 8.4 percent.

The comparable national unemployment rate for December was 10.0 percent.

That marks the 12th month Alaska's rate has remained below the nation's. The last time that happened was in the early 1980s when the U.S. was in the midst of a very deep recession and Alaska was in the middle of an economic boom.

All the state's regions saw higher over-the-year unemployment rates in December. In Southeast, the rates were higher because of employment losses in leisure and hospitality, construction and retail. In the Gulf Coast, it was losses in the oil, and leisure and hospitality industries. In the Northern region, declines in the oil industry took their toll. In the Interior and Anchorage/Mat-Su regions, a long list of industries contributed to higher unemployment.

Another factor contributing to the rising jobless rate is the growth in the number of job seekers. Because Alaska's relative employment picture remains better than most of the nation's, fewer Alaskans are leaving the state looking for employment prospects elsewhere in the country and more job seekers are coming north looking for employment opportunities.

In December, over-the-month and over-the-year wage and salary employment were down. The seasonal losses in December are typical, led by seasonal losses in seafood processing, construction, and leisure and hospitality.

December marks the ninth month in a row of over-the-year employment losses. As 2009 progressed, the number of industries with employment losses grew. By December only educational and health services – more specifically health care and social assistance – and government remained positive.

Contact: Neal Fried, Economist (907) 269-4861
Research and Analysis' Web site: laborstats.alaska.gov

Labor Force by Borough and Census Area, Not Seasonally Adjusted[1]

	Civilian Labor Force			Unemployed					
				Number			Rate		
	12/09P	11/09	12/08	12/09P	11/09	12/08	12/09P	11/09	12/08
Alaska Statewide	**354,603**	**355,153**	**356,301**	**31,842**	**29,275**	**27,051**	**9.0**	**8.2**	**7.6**
Anchorage/Mat-Su Region	199,925	199,402	200,875	15,383	14,368	12,715	7.7	7.2	6.3
Municipality of Anchorage	157,710	157,531	158,621	10,978	10,407	9,012	7.0	6.6	5.7
Matanuska-Susitna Borough	42,215	41,871	42,254	4,405	3,961	3,703	10.4	9.5	8.8
Gulf Coast Region	**36,205**	**36,603**	**35,764**	**4,559**	**4,113**	**3,752**	**12.6**	**11.2**	**10.5**
Kenai Peninsula Borough	25,944	25,881	25,308	3,191	2,901	2,524	12.3	11.2	10.0
Kodiak Island Borough	5,939	6,217	5,802	831	713	711	14.0	11.5	12.3
Valdez-Cordova Census Area	4,322	4,505	4,654	537	499	517	12.4	11.1	11.1
Interior Region	**52,081**	**52,458**	**53,277**	**4,760**	**4,381**	**4,194**	**9.1**	**8.4**	**7.9**
Denali Borough	846	824	927	162	150	144	19.1	18.2	15.5
Fairbanks North Star Borough	44,727	44,850	45,830	3,718	3,439	3,255	8.3	7.7	7.1
Southeast Fairbanks Census Area	3,586	3,723	3,666	416	365	365	11.6	9.8	10.0
Yukon-Koyukuk Census Area	2,922	3,061	2,854	464	427	430	15.9	13.9	15.1
Northern Region	**12,666**	**12,591**	**12,370**	**1,144**	**1,096**	**923**	**9.0**	**8.7**	**7.5**
Nome Census Area	4,133	4,133	4,010	487	460	413	11.8	11.1	10.3
North Slope Borough	5,553	5,468	5,376	279	286	199	5.0	5.2	3.7
Northwest Arctic Borough	2,980	2,990	2,984	378	350	311	12.7	11.7	10.4
Southeast Region	**38,078**	**37,682**	**38,123**	**3,627**	**3,191**	**3,197**	**9.5**	**8.5**	**8.4**
Haines Borough	1,091	1,122	1,102	142	127	134	13.0	11.3	12.2
Juneau Borough	18,077	17,861	18,238	1,187	1,114	1,087	6.6	6.2	6.0
Ketchikan Gateway Borough[2]	7,768	7,676	7,762	772	646	587	9.9	8.4	7.6
Prince of Wales-Outer Ketchikan Census Area[2]	2,347	2,271	2,215	395	346	363	16.8	15.2	16.4
Sitka Borough	4,403	4,362	4,350	347	302	286	7.9	6.9	6.6
Skagway-Hoonah-Angoon Census Area[2]	1,520	1,489	1,499	374	336	368	24.6	22.6	24.5
Wrangell-Petersburg Census Area[2]	2,578	2,615	2,675	373	288	339	14.5	11.0	12.7
Yakutat Borough	294	286	282	37	32	33	12.6	11.2	11.7
Southwest Region	**15,648**	**16,419**	**15,893**	**2,371**	**2,126**	**2,271**	**15.2**	**12.9**	**14.3**
Aleutians East Borough	684	919	641	138	115	145	20.2	12.5	22.6
Aleutians West Census Area	2,016	2,474	2,101	277	196	290	13.7	7.9	13.8
Bethel Census Area	6,981	6,977	7,026	1,033	954	983	14.8	13.7	14.0
Bristol Bay Borough	480	486	587	65	48	60	13.5	9.9	10.2
Dillingham Census Area	1,768	1,786	1,812	213	200	198	12.0	11.2	10.9
Lake and Peninsula Borough	1,001	1,070	960	93	81	80	9.3	7.6	8.3
Wade Hampton Census Area	2,718	2,707	2,766	552	532	515	20.3	19.7	18.6

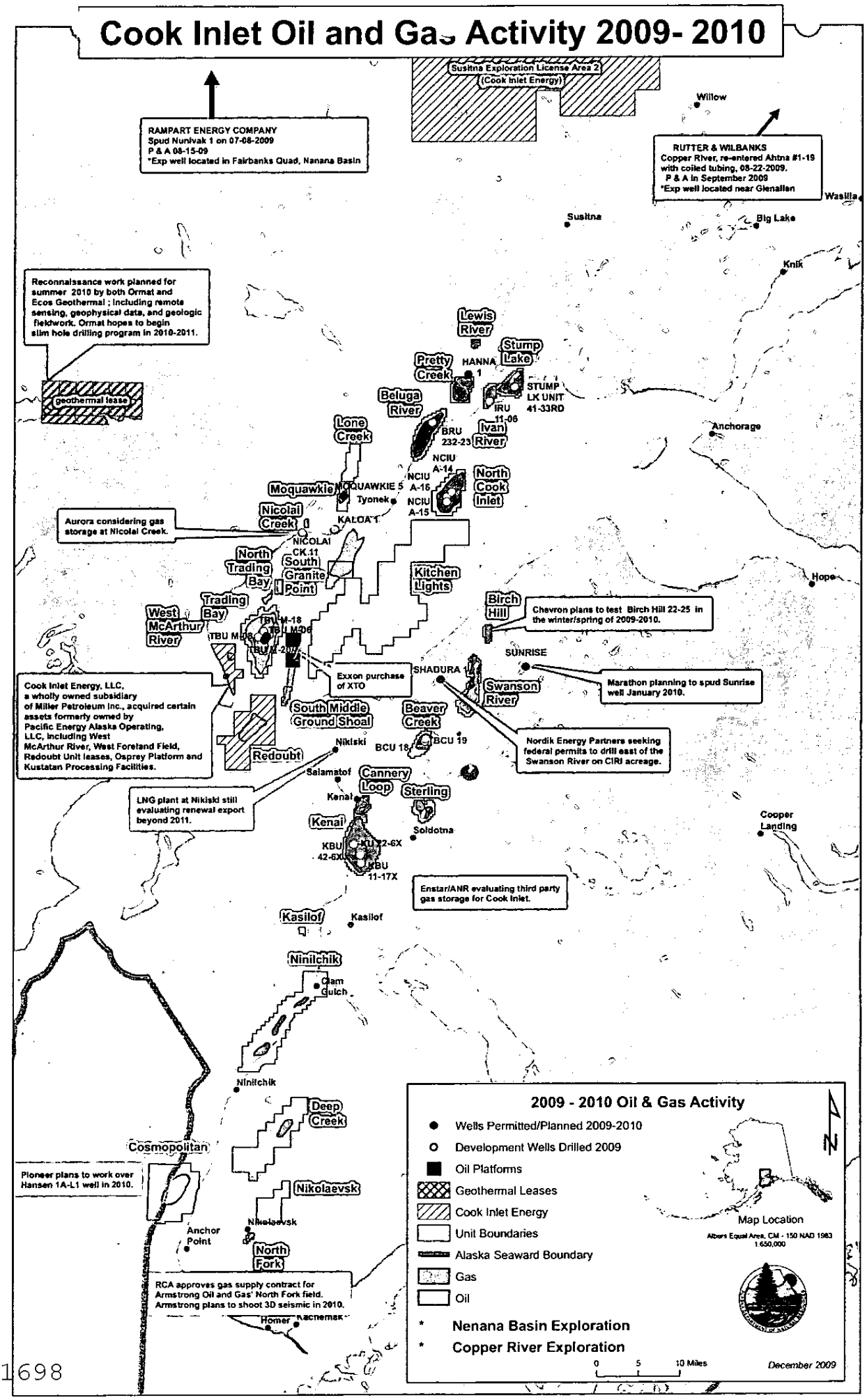
P = Preliminary. As more information becomes available, data are revised every month for the previous month and again at the end of every calendar year.

Note: The official definition of unemployment excludes anyone who has not made an active attempt to find work in the four-week period up to and including the week that includes the 12th of the reference month. Many individuals in rural Alaska do not meet the definition because they have not conducted an active job search due to the scarcity of employment opportunities.

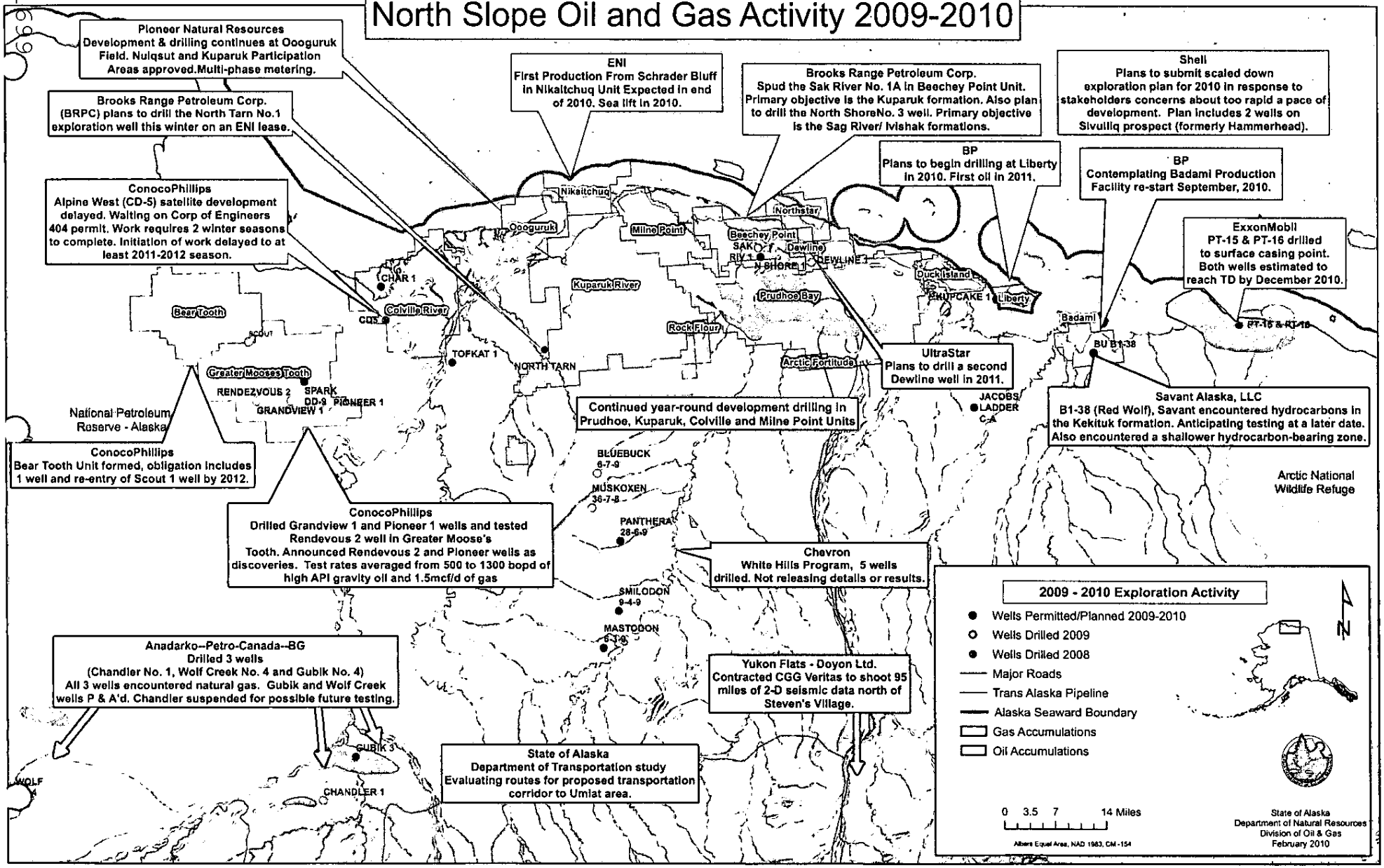
[1] Unemployment rates that are not seasonally adjusted should not be compared with those that are.

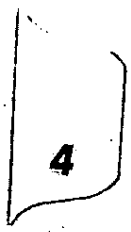
[2] Because of the creation of new boroughs, this borough or census area has been changed or no longer exists. Data for the new Skagway Borough and Hoonah-Angoon Census Area will be available in 2010. Data for the other new boroughs and census areas will be available in 2011. Until then, data will continue to be published for the old areas.

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section; U.S. Bureau of Labor Statistics


Cook Inlet Oil and Gas Activity 2009- 2010
Susitna Exploration License Area 2
(Cook Inlet Energy)
RAMPART ENERGY COMPANY
Spud Nunivak 1 on 07-08-2009
P & A 08-15-09
*Exp well located in Fairbanks Quad, Nanana Basin
RUTTER & WILBANKS
Copper River, re-entered Ahtna #1-19
with coiled tubing, 08-22-2009.
P & A in September 2009
*Exp well located near Glenallen
Willow
Wasilla
Susitna
Big Lake
Knik
Anchorage
Hope
Cooper Landing
Reconnaissance work planned for summer 2010 by both Ormat and Ecos Geothermal ; including remote sensing, geophysical data, and geologic fieldwork. Ormat hopes to begin slim hole drilling program in 2010-2011.
geothermal lease
Aurora considering gas storage at Nicolai Creek.
Cook Inlet Energy, LLC, a wholly owned subsidiary of Miller Petroleum Inc., acquired certain assets formerly owned by Pacific Energy Alaska Operating, LLC, including West McArthur River, West Foreland Field, Redoubt Unit leases, Osprey Platform and Kustatan Processing Facilities.
LNG plant at Nikiski still evaluating renewal export beyond 2011.
Exxon purchase of XTO
Chevron plans to test Birch Hill 22-25 in the winter/spring of 2009-2010.
Marathon planning to spud Sunrise well January 2010.
Nordik Energy Partners seeking federal permits to drill east of the Swanson River on CIRI acreage.
Enstar/ANR evaluating third party gas storage for Cook Inlet.
Pioneer plans to work over Hansen 1A-L1 well in 2010.
RCA approves gas supply contract for Armstrong Oil and Gas' North Fork field. Armstrong plans to shoot 3D seismic in 2010.
Lewis River
Stump Lake
Pretty Creek
HANNA 1
STUMP LK UNIT 41-33RD
Beluga River
IRU 11-06
Ivan River
Lone Creek
BRU 232-23
NCIU A-14
NCIU A-16
NCIU A-15
North Cook Inlet
Moquawkie
MOQUAWKIE 5
Tyonek
Nicolai Creek
KALOA 1
NICOLAI CK.11
North Trading Bay
South Granite Point
Kitchen Lights
Trading Bay
West McArthur River
TBU M-18
TBU M-06
TBU M-20
SHADURA 1
SUNRISE
Birch Hill
Swanson River
South Middle Ground Shoal
Beaver Creek
Redoubt
Nikiski
BCU 18
BCU 19
Salamatof
Cannery Loop
Sterling
Kenai
Soldotna
KBU 42-6X
KU 22-6X
KBU 11-17X
Kasilof
Ninilchik
Clam Gulch
Ninilchik
Deep Creek
Cosmopolitan
Nikolaevsk
Anchor Point
North Fork
Homer
Nachemak
2009 - 2010 Oil & Gas Activity
Wells Permitted/Planned 2009-2010
Development Wells Drilled 2009
Oil Platforms
Geothermal Leases
Cook Inlet Energy
Unit Boundaries
Alaska Seaward Boundary
Gas
Oil
* Nenana Basin Exploration
* Copper River Exploration
Map Location
Albers Equal Area, CM - 150 NAD 1983
1:650,000
0 5 10 Miles
December 2009

North Slope Oil and Gas Activity 2009-2010

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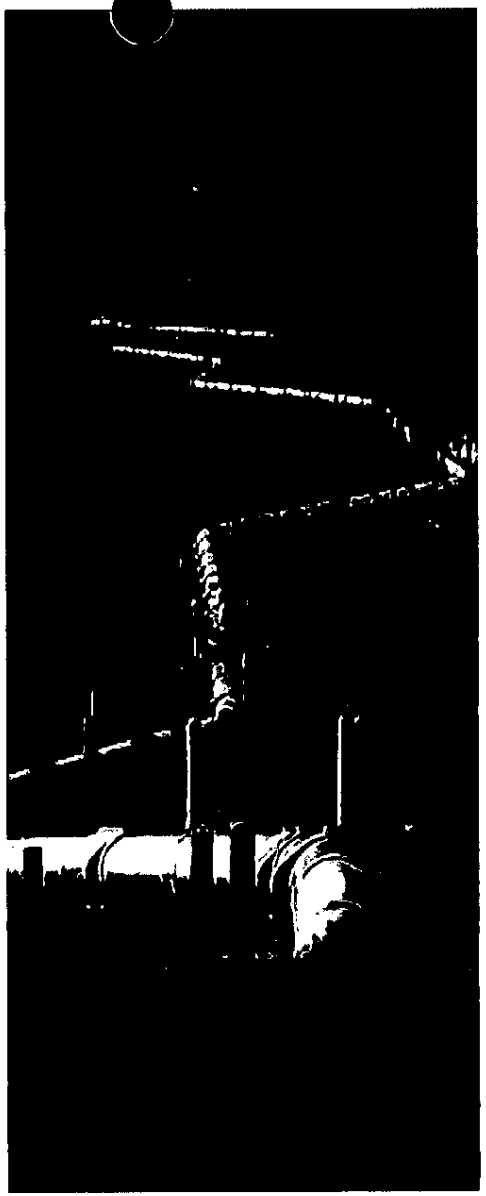

Alaska Department of Labor and Workforce Development

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1702

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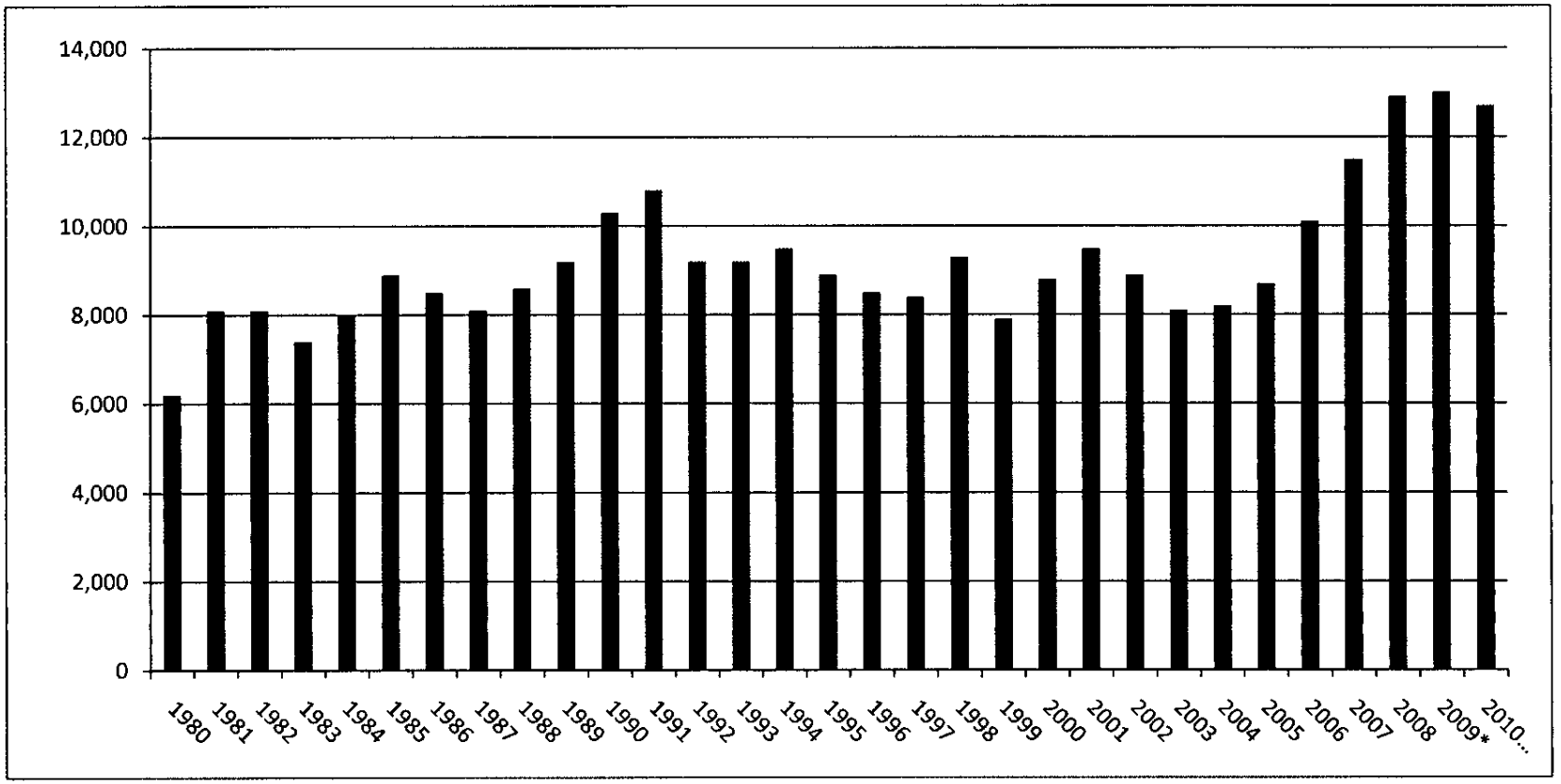

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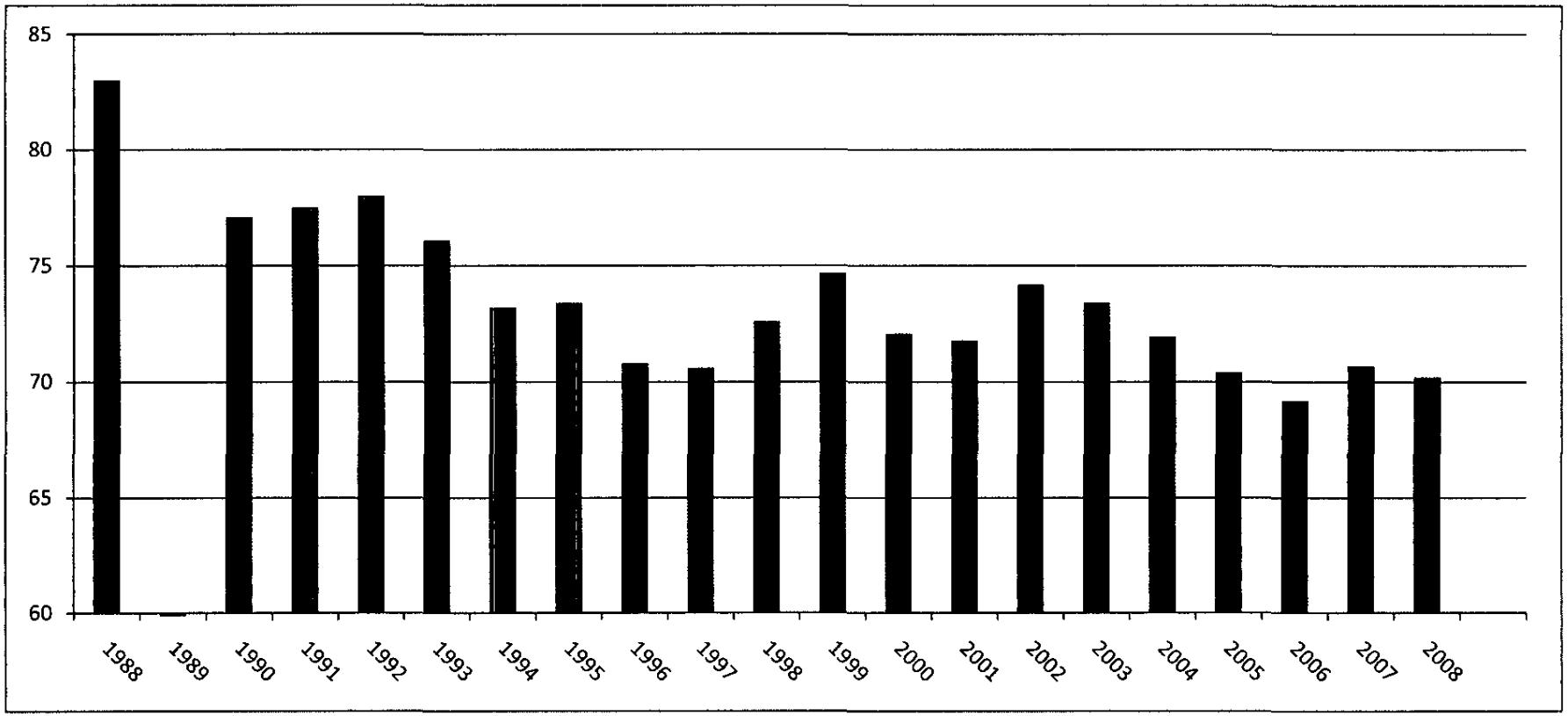

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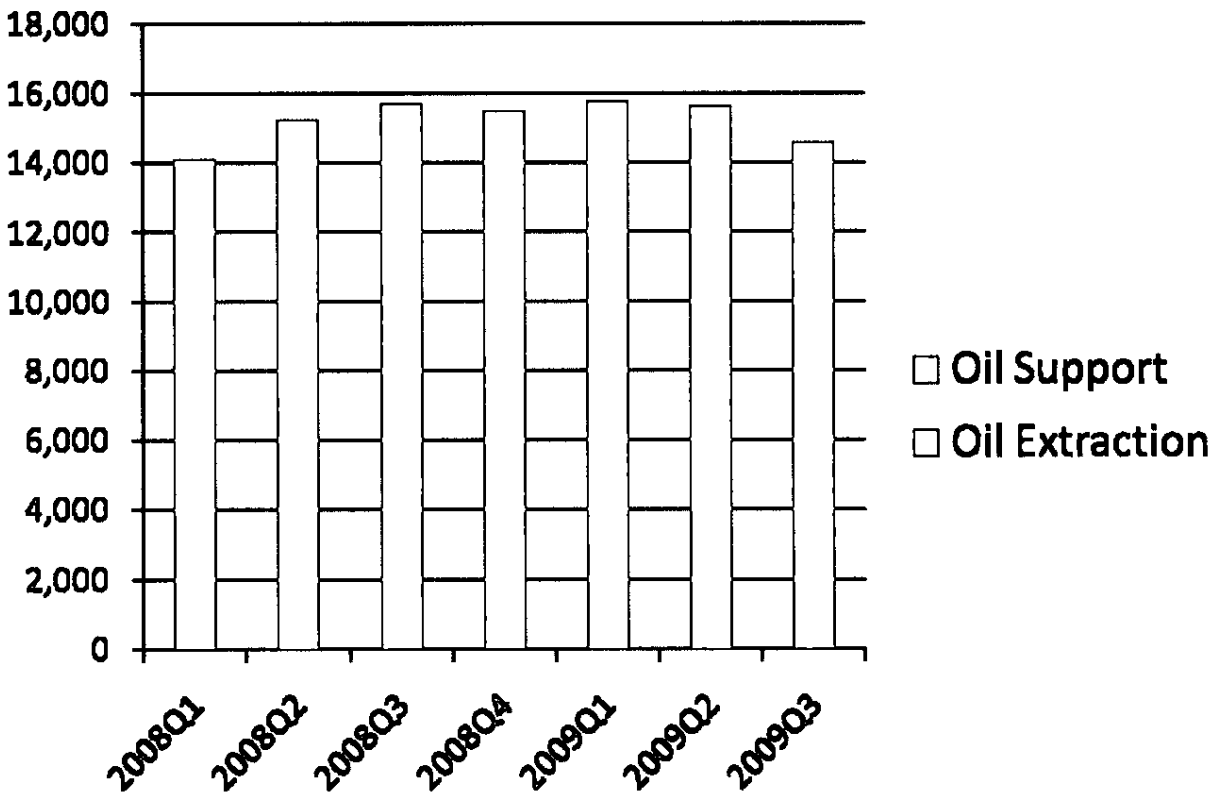

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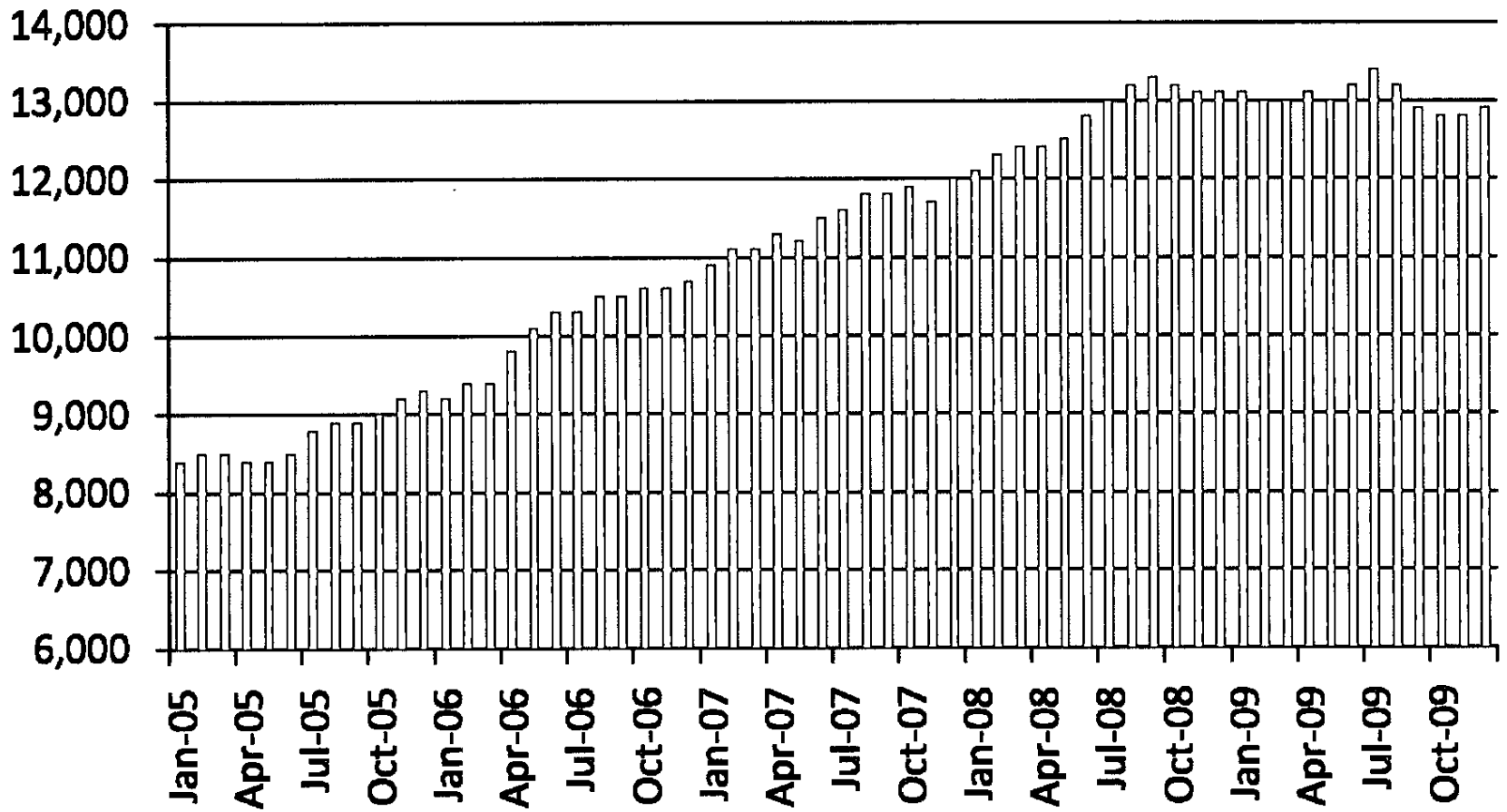

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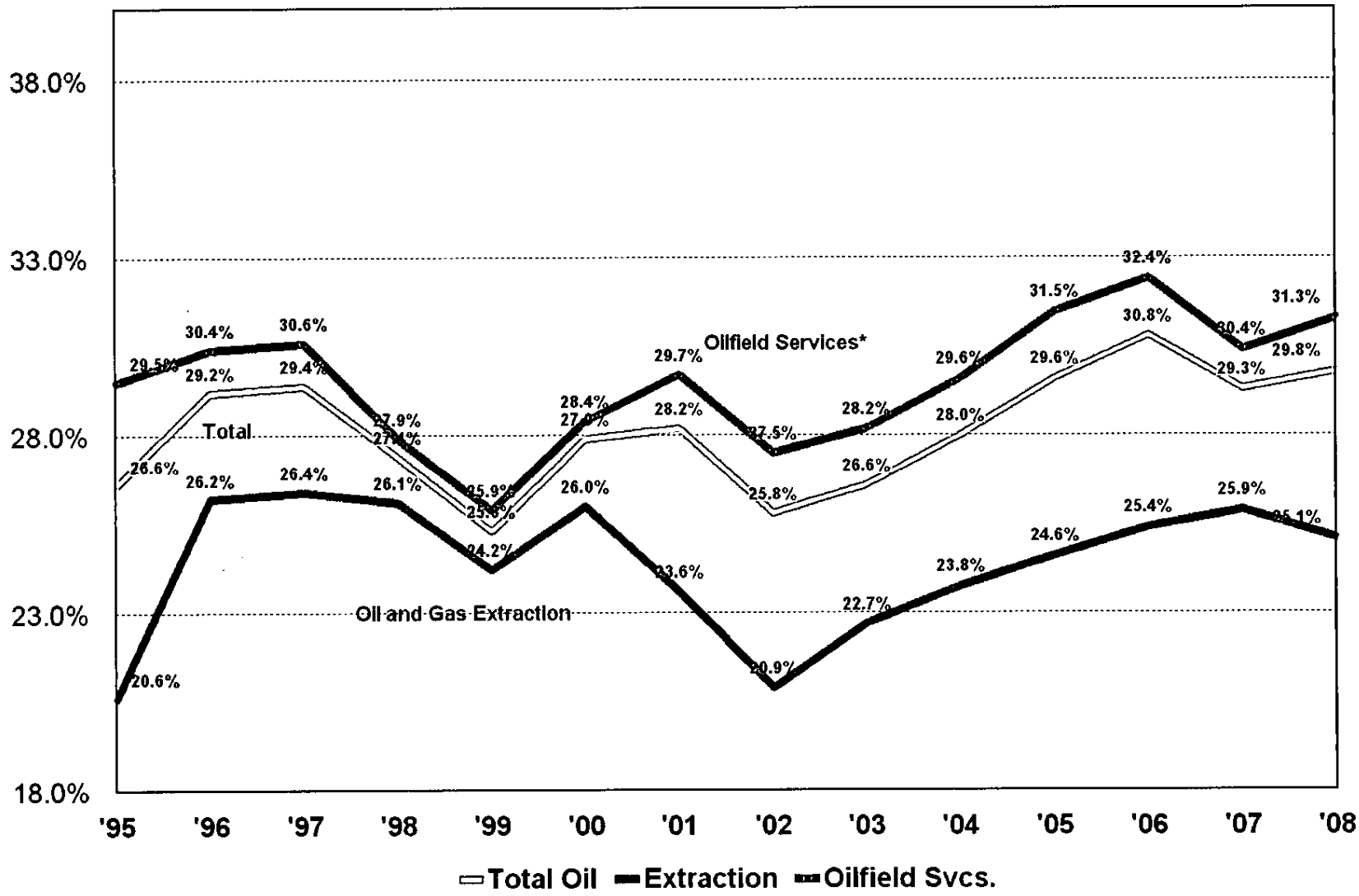

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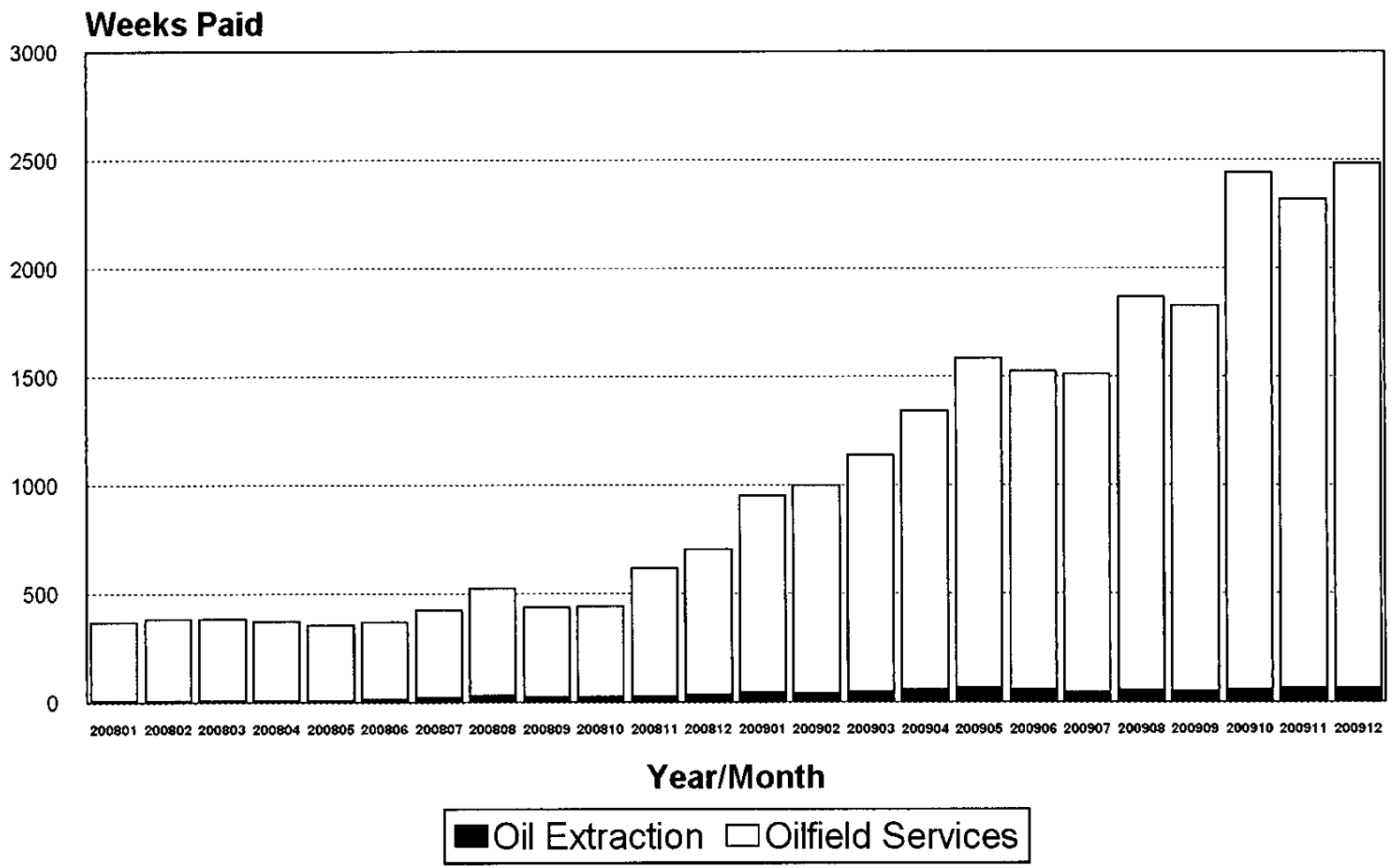

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STATE OF ALASKA
DEPARTMENT OF LABOR
AND WORKFORCE DEVELOPMENT

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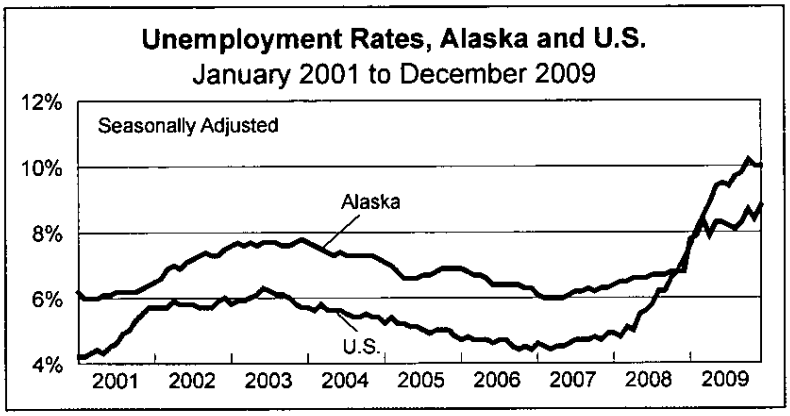
Press Release

COMMISSIONER'S OFFICE

January 22, 2010

No. 10-06

Unemployment rate at 8.8 percent in December



Alaska Nonfarm Payroll Employment[1]

	Preliminary 12/09	Revised 11/09	Revised 12/08	Changes from 11/09	Changes from 12/08
Total Nonfarm Employment[2]	306,500	310,500	309,200	-4,000	-2,700
Mining and Logging	15,100	15,200	15,700	-100	-600
Oil and Gas	12,900	12,800	13,100	100	-200
Construction	14,000	15,000	15,200	-1,000	-1,200
Manufacturing	6,600	9,500	7,200	-2,900	-600
Seafood Processing	3,300	5,000	3,400	-1,700	-100
Trade, Transportation and Utilities	61,900	61,700	63,200	200	-1,300
Retail Trade	35,500	35,500	36,500	0	-1,000
Information	6,800	6,800	7,100	0	-300
Financial Activities	14,200	14,300	14,600	-100	-400
Professional and Business Services	24,500	24,700	24,700	-200	-200
Educational[3] and Health Services	39,600	39,500	37,600	100	2,000
Health Care	28,700	28,600	27,300	100	1,400
Leisure and Hospitality	26,600	27,000	28,200	-400	-1,600
Accommodations	6,000	6,100	6,600	-100	-600
Food Svcs. and Drinking Places	16,800	17,000	17,800	-200	-1,000
Other Services	11,400	11,500	11,400	-100	0
Government[4]	85,800	85,300	84,300	500	1,500

[1] Not seasonally adjusted
[2] Excludes the self-employed, fishermen and other agricultural workers, and private household workers
[3] Private education only
[4] Includes public schools, the University of Alaska and federally recognized tribal entities

Unemployment Rates, Seasonally Adjusted

	12/09	11/09	12/08
Alaska	8.8%	8.4%	6.8%
U.S.	10.0%	10.0%	7.4%

Sources for graph and tables: Alaska Department of Labor and Workforce Development, Research and Analysis Section; and U.S. Bureau of Labor Statistics

Alaska's December seasonally adjusted unemployment rate was 8.8 percent. November's preliminary rate was revised down three-tenths of a percentage point to 8.4 percent.

The comparable national unemployment rate for December was 10.0 percent.

That marks the 12th month Alaska's rate has remained below the nation's. The last time that happened was in the early 1980s when the U.S. was in the midst of a very deep recession and Alaska was in the middle of an economic boom.

All the state's regions saw higher over-the-year unemployment rates in December. In Southeast, the rates were higher because of employment losses in leisure and hospitality, construction and retail. In the Gulf Coast, it was losses in the oil, and leisure and hospitality industries. In the Northern region, declines in the oil industry took their toll. In the Interior and Anchorage/Mat-Su regions, a long list of industries contributed to higher unemployment.

Another factor contributing to the rising jobless rate is the growth in the number of job seekers. Because Alaska's relative employment picture remains better than most of the nation's, fewer Alaskans are leaving the state looking for employment prospects elsewhere in the country and more job seekers are coming north looking for employment opportunities.

In December, over-the-month and over-the-year wage and salary employment were down. The seasonal losses in December are typical, led by seasonal losses in seafood processing, construction, and leisure and hospitality.

December marks the ninth month in a row of over-the-year employment losses. As 2009 progressed, the number of industries with employment losses grew. By December only educational and health services – more specifically health care and social assistance – and government remained positive.

Contact: Neal Fried, Economist (907) 269-4861
Research and Analysis' Web site: laborstats.alaska.gov

Labor Force by Borough and Census Area, Not Seasonally Adjusted[1]

	Civilian Labor Force			Unemployed					
				Number			Rate		
	12/09[P]	11/09	12/08	12/09[P]	11/09	12/08	12/09[P]	11/09	12/08
Alaska Statewide	**354,603**	**355,153**	**356,301**	**31,842**	**29,275**	**27,051**	**9.0**	**8.2**	**7.6**
Anchorage/Mat-Su Region	199,925	199,402	200,875	15,383	14,368	12,715	7.7	7.2	6.3
Municipality of Anchorage	157,710	157,531	158,621	10,978	10,407	9,012	7.0	6.6	5.7
Matanuska-Susitna Borough	42,215	41,871	42,254	4,405	3,961	3,703	10.4	9.5	8.8
Gulf Coast Region	**36,205**	**36,603**	**35,764**	**4,559**	**4,113**	**3,752**	**12.6**	**11.2**	**10.5**
Kenai Peninsula Borough	25,944	25,881	25,308	3,191	2,901	2,524	12.3	11.2	10.0
Kodiak Island Borough	5,939	6,217	5,802	831	713	711	14.0	11.5	12.3
Valdez-Cordova Census Area	4,322	4,505	4,654	537	499	517	12.4	11.1	11.1
Interior Region	**52,081**	**52,458**	**53,277**	**4,760**	**4,381**	**4,194**	**9.1**	**8.4**	**7.9**
Denali Borough	846	824	927	162	150	144	19.1	18.2	15.5
Fairbanks North Star Borough	44,727	44,850	45,830	3,718	3,439	3,255	8.3	7.7	7.1
Southeast Fairbanks Census Area	3,586	3,723	3,666	416	365	365	11.6	9.8	10.0
Yukon-Koyukuk Census Area	2,922	3,061	2,854	464	427	430	15.9	13.9	15.1
Northern Region	**12,666**	**12,591**	**12,370**	**1,144**	**1,096**	**923**	**9.0**	**8.7**	**7.5**
Nome Census Area	4,133	4,133	4,010	487	460	413	11.8	11.1	10.3
North Slope Borough	5,553	5,468	5,376	279	286	199	5.0	5.2	3.7
Northwest Arctic Borough	2,980	2,990	2,984	378	350	311	12.7	11.7	10.4
Southeast Region	**38,078**	**37,682**	**38,123**	**3,627**	**3,191**	**3,197**	**9.5**	**8.5**	**8.4**
Haines Borough	1,091	1,122	1,102	142	127	134	13.0	11.3	12.2
Juneau Borough	18,077	17,861	18,238	1,187	1,114	1,087	6.6	6.2	6.0
Ketchikan Gateway Borough[2]	7,768	7,676	7,762	772	646	587	9.9	8.4	7.6
Prince of Wales-Outer Ketchikan Census Area[2]	2,347	2,271	2,215	395	346	363	16.8	15.2	16.4
Sitka Borough	4,403	4,362	4,350	347	302	286	7.9	6.9	6.6
Skagway-Hoonah-Angoon Census Area[2]	1,520	1,489	1,499	374	336	368	24.6	22.6	24.5
Wrangell-Petersburg Census Area[2]	2,578	2,615	2,675	373	288	339	14.5	11.0	12.7
Yakutat Borough	294	286	282	37	32	33	12.6	11.2	11.7
Southwest Region	**15,648**	**16,419**	**15,893**	**2,371**	**2,126**	**2,271**	**15.2**	**12.9**	**14.3**
Aleutians East Borough	684	919	641	138	115	145	20.2	12.5	22.6
Aleutians West Census Area	2,016	2,474	2,101	277	196	290	13.7	7.9	13.8
Bethel Census Area	6,981	6,977	7,026	1,033	954	983	14.8	13.7	14.0
Bristol Bay Borough	480	486	587	65	48	60	13.5	9.9	10.2
Dillingham Census Area	1,768	1,786	1,812	213	200	198	12.0	11.2	10.9
Lake and Peninsula Borough	1,001	1,070	960	93	81	80	9.3	7.6	8.3
Wade Hampton Census Area	2,718	2,707	2,766	552	532	515	20.3	19.7	18.6

P = Preliminary. As more information becomes available, data are revised every month for the previous month and again at the end of every calendar year.

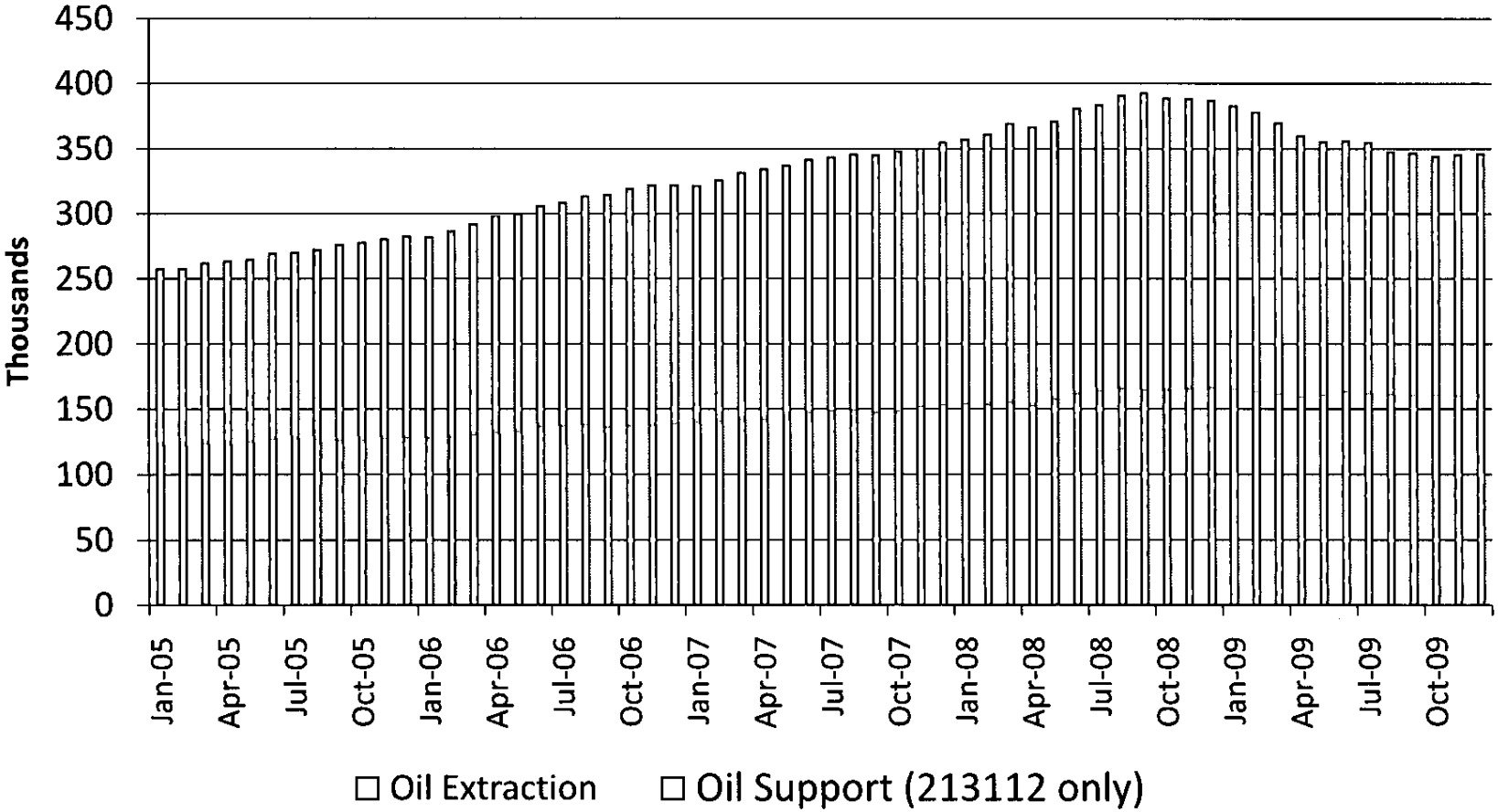
Note: The official definition of unemployment excludes anyone who has not made an active attempt to find work in the four-week period up to and including the week that includes the 12th of the reference month. Many individuals in rural Alaska do not meet the definition because they have not conducted an active job search due to the scarcity of employment opportunities.

[1] Unemployment rates that are not seasonally adjusted should not be compared with those that are.

[2] Because of the creation of new boroughs, this borough or census area has been changed or no longer exists. Data for the new Skagway Borough and Hoonah-Angoon Census Area will be available in 2010. Data for the other new boroughs and census areas will be available in 2011. Until then, data will continue to be published for the old areas.

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section; U.S. Bureau of Labor Statistics

Monthly Oil Industry Employment US 2005-2009



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section and BLS.

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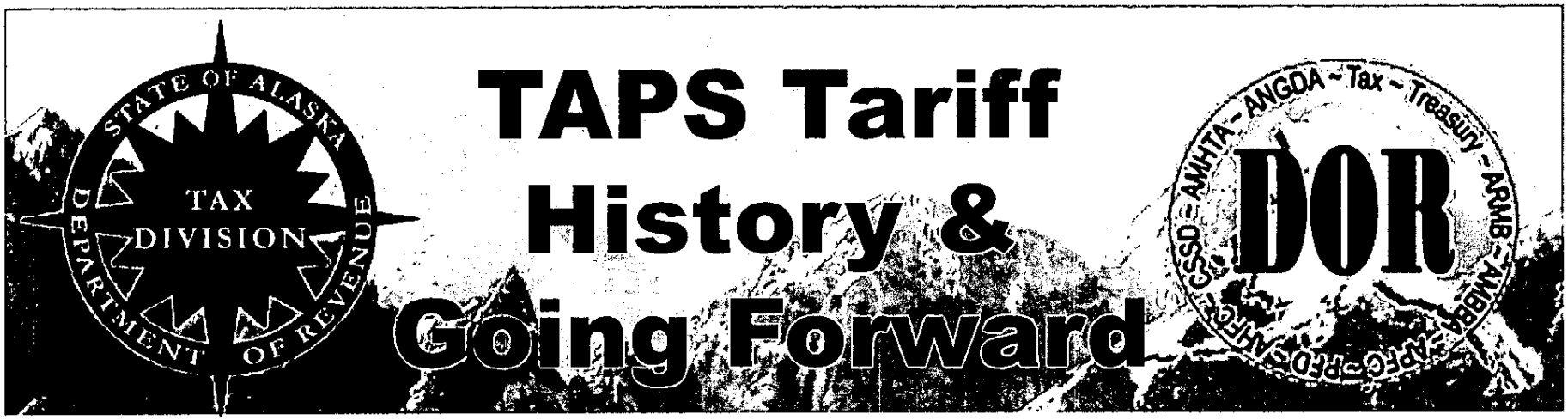


Presentation to the
Senate Finance Committee
February 16, 2010
Alaska Department of Revenue

Outline for Presentation

- **Netback Calculations**
- **Tariff History: 1978 to Present**
  - Challenges
  - Settlements
  - TSM
  - Opinion 502
- **Tariff Calculation & Drivers**
  - T Put
  - COS Components
- **Going Forward**

Production Tax and Royalty Calculation Based on Wellhead Value

- State oil and gas leases and production tax statutes calculate royalty and tax based on wellhead value
- Oil is primarily sold at west coast refineries
- Wellhead value is calculated through a net-back process that allows for deduction of transportation costs to point of sale

Transportation Costs

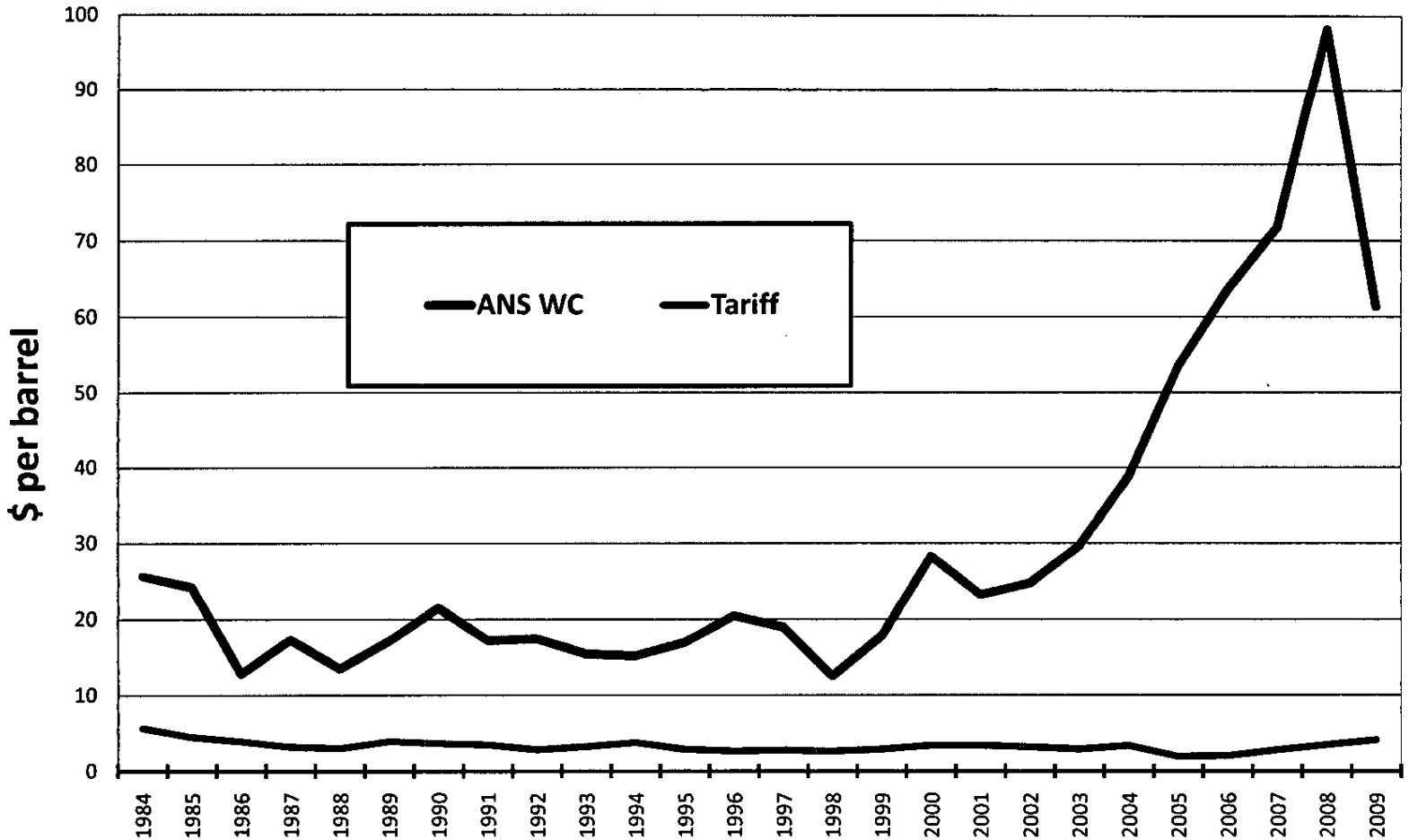
- Two primary transportation costs
  - pipeline tariffs
  - marine (tanker) costs
- Pipeline tariffs are set by state and federal regulators
- Intrastate rates set by Regulatory Commission of Alaska (RCA)
- Interstate rates set by Federal Energy Regulatory Commission (FERC)

ANS Netback Price

Estimated February 2010

West Coast Price	**$74.50**
Less	
Marine Costs	2.05
TAPS Tariff	4.10
Feeder Pipeline	.35
ANS Wellhead Price	**$68.00**

TAPS Tariff vs Crude Oil Price



Initial TAPS Tariff

- TAPS began shipping oil in 1977
- Initial tariffs filed by TAPS Carriers charged over $6.00 per barrel
- Filed rates go into effect subject to refund until litigation completed

Initial TAPS Tariff Litigation

- State protested initial tariffs in 1977
  - FERC
  - APUC (RCA predecessor)
- In 1985 with no end to litigation in sight

  State and TAPS Carriers negotiated tariff settlement

TAPS Settlement Agreement (TSA)

- Formulaic method to calculate annual rates
- Annual true-up based on actual costs
- Settlement formula set rate ceiling
- State would not protest charged rate unless
  - higher than those derived from the TSM methodology
  - imprudent costs or otherwise inconsistent with the law

Other TSA Provisions

- Binds only State and TAPS Carriers
- Third party shippers free to challenge settlement rates anytime
- State could audit annual filings
- Could be terminated January 1, 2009
- Otherwise expire at the end of 2011

TAPS Intrastate Rate Protest

December 1996 Tesoro Alaska filed protest of the 1997 TAPS intrastate rates

2002 RCA issued Order 151 ruling

- 1997-2000 annual rates were not just and reasonable
- Established lower intrastate rate
- Ordered refunds

Interstate Rate Protests

- 2005 the State protested Carriers' interstate rates for unlawful discrimination
- Argued difference between the interstate and intrastate rates violated TSA and Interstate Commerce Act prohibitions
- Anadarko then protested 2005 rates as not "just and reasonable"
- State and Anadarko protested 2006, 2007 and 2008 TSA based annual rates when filed on same grounds

FERC Decision and Opinion 502

May 2007 the FERC ALJ issued an initial decision finding the TAPS 2005 and 2006 interstate rates were not just and reasonable

June 2008 FERC issued Opinion 502 affirming ALJ on all issues

- Ordered carriers to file new 2005 and 2006 rates based on current FERC regulatory formula (154-B methodology)
- Ordered refunds based on refiled rates
- Refunds for 2005-06 result in additional $600 million to State for adjusted production tax and royalty liabilities

2007– 2008 TAPS Rate Protests

- FERC ordered TAPS Carriers to recalculate and refile 2007 and 2008 annual rates based on Opinion 502 methodology
- Refunds for 2007-2008 result in additional $200 million to State for adjusted production tax and royalty liabilities

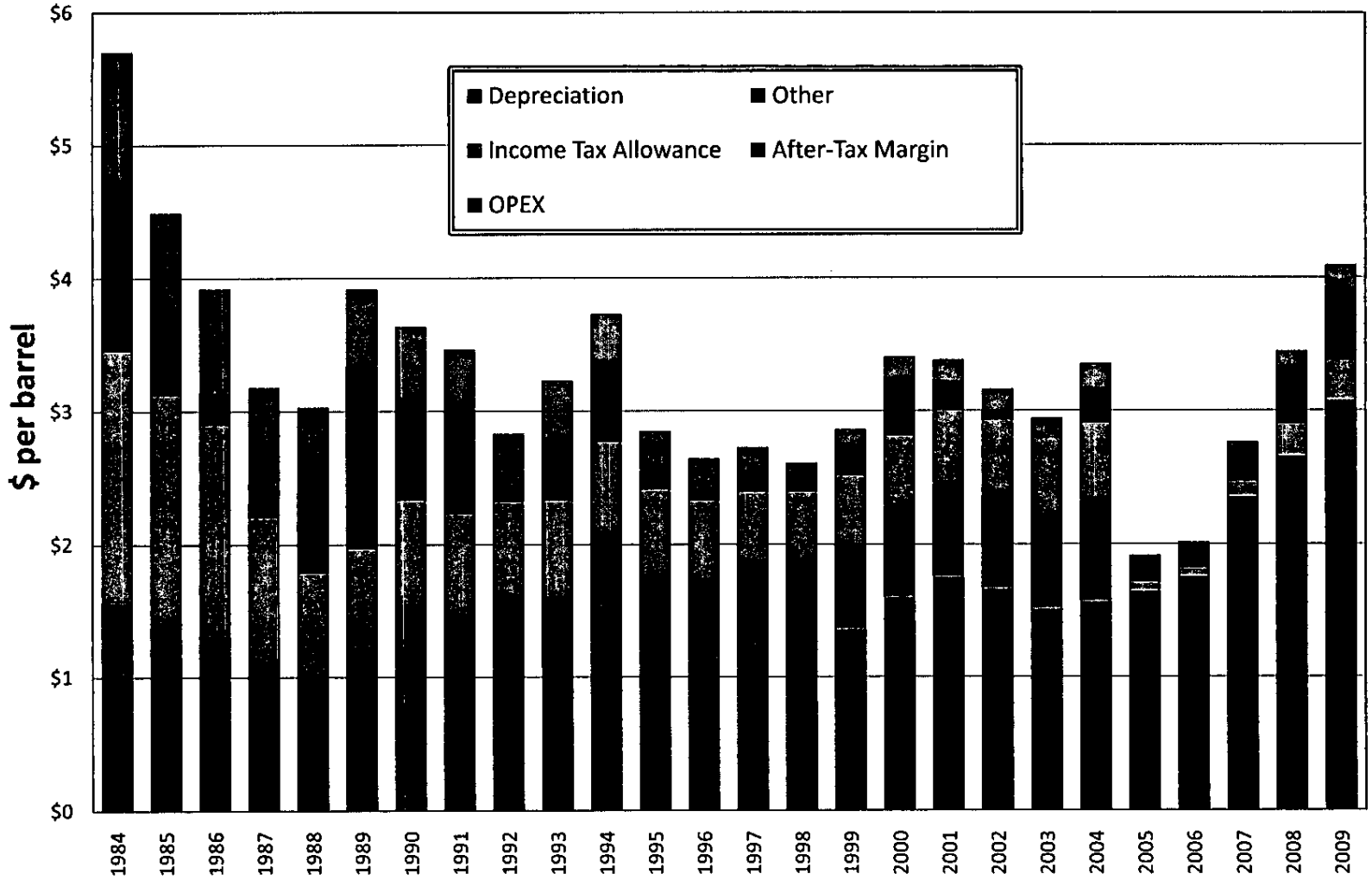
TAPS Settlement Terminated Effective January 1, 2009

- TSA allowed early termination before the December 31, 2011 expiration date
- State terminated settlement

Post-Settlement Rate Protests

- TAPS Carriers filed new intrastate rates at end of 2008 -early 2009
- TAPS Carriers filed new interstate rates in second half of 2009
- State and Anadarko protested those rate filings and new rate hearing is set at the FERC for October 2010

Components of TAPS Tariff



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Cost of Service Components

Operating Expenses

+ Return **OF** Rate Base

+ Return **ON** Rate Base

+ AFUDC Amortization*

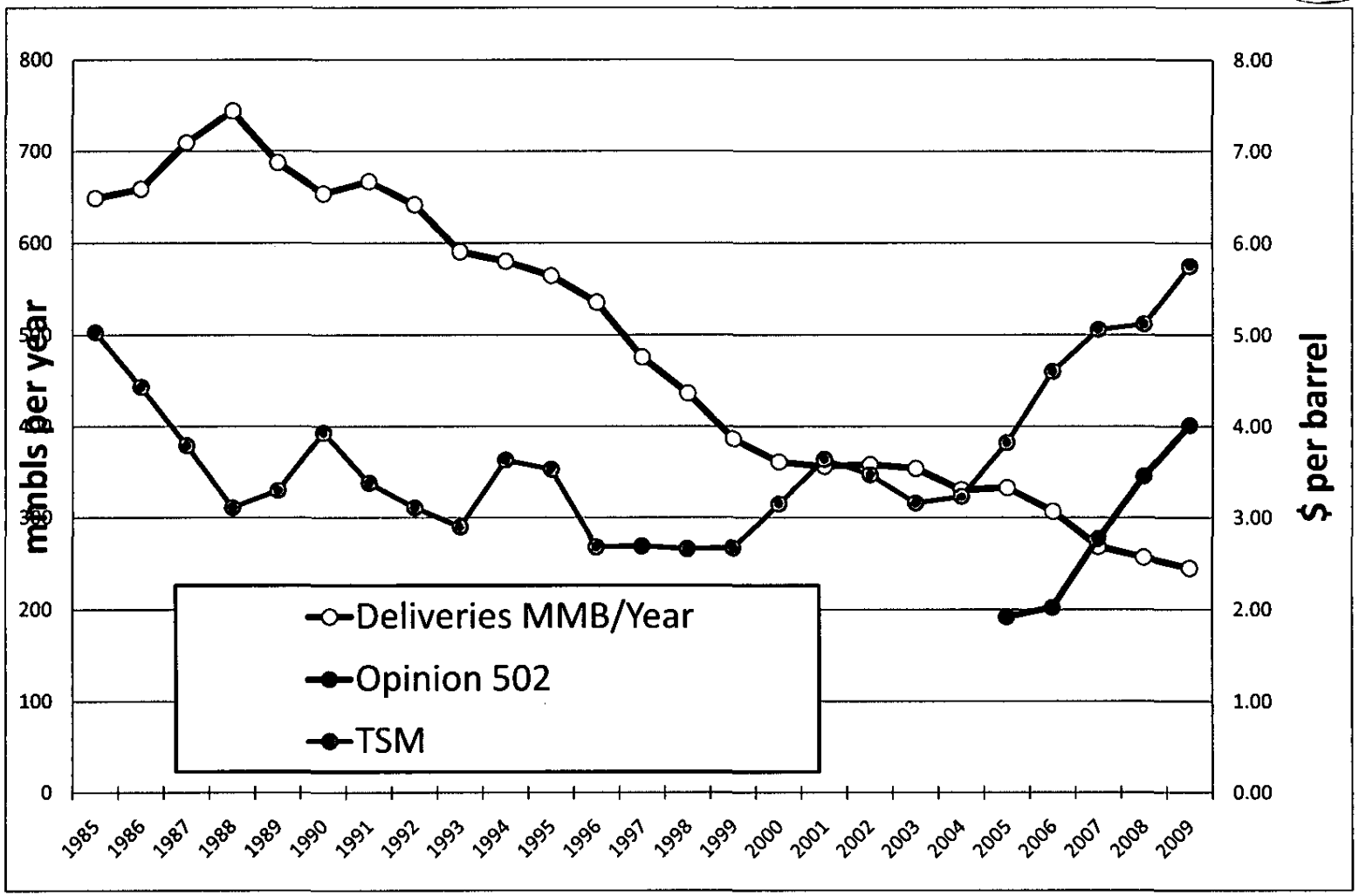
+ Income Tax Allowance

= COST OF SERVICE or

Total Revenue Requirement

*Allowance for Funds Used During Construction

TAPS Throughput and Tariff



Importance of Throughput

$$\text{Tariff} = \frac{\text{Total Revenue Requirement}}{\text{Throughput}}$$

Tariff increases if

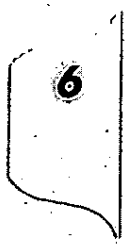
- Costs increase
- Throughput declines
- Combination of both

Throughput Required to Maintain 2010 Tariff Level

	Million Barrels Per Year			Thousands
	Forecast	Level Tariff	Diff	Per Day
2011	225	229	4	12
2012	226	231	5	13
2013	228	232	4	11
2014	228	234	6	16
2015	223	235	13	35
2016	217	237	20	54
2017	208	238	29	81
2018	197	239	42	115
2019	183	240	56	154

Tariff Going Forward

- Uniform rate
- Filed rate of $4.10
- No settlement agreement
- No access to data other than filings
- Stacked rate filings and protests
- FERC hearing October 2010
- Unresolved issues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PRODUCTION TAX LEASE EXPENDITURE REGULATIONS

Senate Finance Committee February 17, 2010

OVERVIEW

ACES passed 12/20/2007.

Regulatory Process governed by AS 44.62 – APA

DOR worked with the Department of Law in order to ensure the legality, constitutionality, and consistency with other regulations

All of our regulations are reviewed by the Department of Law as required. (AS 44.62.060)

Public Workshops

DOR shared outline of approach and then held "public workshops" to gain public input at early regulation design stage.

Significant changes were made as a result of comments received during workshops. If big changes on important issues, then additional workshops held.

Workshops were also teleconferenced.

APA – 30-Day Formal Notice

After Workshops, proposed regulation is put out for a minimum 30 day public comment under AS 44.62.190.

1) Published in a newspaper
2) furnished to every person who has filed for a request of proposed action ("Interested Parties")
3) Furnished to Dept. of Law
4) Provided to all incumbent State of Alaska legislators, committee chairs, and to the Legislative Affairs Agency.

APA – Notice of Proposed Action

The agency shall give each interested person an opportunity to present statements, arguments, or contention in writing, with or without opportunity to present them orally (AS 44.62.210(a))

Agency "shall consider all factual, substantive, and other relevant matter presented to it before adopting, amending, or repealing a regulation. (AS 44.62.210(b))

APA- Final Step

After considering public comment, regulation is either adopted, or put out for another public notice. Once regulation has been adopted:

- Regulation is put in final form
- Final review by Department of Law
- Submitted to Lt. Governor for review and signature
- Regulation effective 30 days after filing by Lieutenant Governor.

Tax Division ACES Reg. Process

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Dec. 20, 2007 Workshop: Lease Expenditures & North Slope Gas Prevailing Value

1/2/2008 Production Tax Monthly Information Form

1/2/2008 Workshop Announcement, 1/14/2008

1/3/2008 Department of Revenue, Tax Division Notice of Public Workshop On Potential Changes to Oil and Gas Production Tax Regulations and Interim Monthly Reporting Form

Jan. 14, 2008 Workshop Tax Credits & Qualified Capital Expenditures under AS 43.55.023, AS 43.55.024 & AS 43.55.025, and interim form for reporting of monthly information

1/24/2008 Workshop announcement for 2-4-2008

1/30/2008 Draft Interim Form for Monthly Production Tax Information

1/30/2008 Request for Public Comments on Draft Interim Production Tax Information

1/31/2008 Discussion draft lease expenditures and overhead

Feb. 4, 2008 – Workshop – Transportation costs under AS 43.55.150, Lease Expenditures and Overhead under AS 43.55.165, and excluded costs from lease expenditures under AS 43.55.165(e).

2/5/2008 Comments on Discussion Draft Lease Expenditures extended to February 12

Tax Division ACES Reg. Process

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- 2/14/2008 Request for Public Comment Draft Annual Report Form
- 2/28/2008 DOR Interim Annual Information Report Forms - Now Online
- 2/28/2008 Draft of proposed changes 15 AAC 55.520 - Reporting
- 2/28/2008 Public Notice of Proposed Oil & Gas Production Tax Regulations
- 2/29/2008 Draft Text of Proposed Oil & Gas Production Tax Regulations
- 2/29/2008 Public Workshop March 12, 2008 Interim Annual Reporting Form and Lease Expenditures
- 3/3/2008 Supplemental Public Notice Proposed Oil & Gas Tax Regulations 15 AAC 55.520
- 3/5/2008 Draft Interim Monthly Information Report
- 3/7/2008 Supplemental Notice for Workshop Scheduled March 12, 2008
- 3/12/2008 Agenda for 3-12-2008 Workshop
- March 12, 2008 – Workshop Annual Reporting Form and Lease Expenditures and overhead, Mid-year changes, Civil Penalties, lease expenditures for Cook Inlet and gas used in state, credit provisions for Cook Inlet gas and gas used in state, North Slope Gas Prevailing Value.

Tax Division ACES Reg. Process

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3/18/2008 Draft lease expenditure and overhead regulations

3/18/2008 2007 Interim Annual Information Reporting Form

3/19/2008 2007 Revised Interim Annual Reporting Form - Second Half VERSION 2

3/19/2008 2007 Revised Interim Annual Reporting Form - First Half VERSION 2

3/21/2008 Correction in general instructions for DOR Interim Annual Information Reports 2007

3/24/2008 Advisory Bulletin 2008-01

3/24/2008 Request for Public Comment Draft Transportation Regulations

3/24/2008 A Proposed Model to Compute the Cost of Capital Allowance for Pipeline Facilities under 15 AAC 55.195(i)

3/27/2008 DOR Public Workshop April 8, 2008 Draft Transportation Regulations and Cost of Capital Model

3/28/2008 DOR Public Workshop April 8, 2008 Draft Transportation Regulations and Sample Capital Allowance for Pipelines

3/28/2008 Revised Draft Transportation Regulations

April 8, 2008 – Workshop – Transportation and cost of capital allowance

4/8/2008 Comment Period Extended to 4/15/08 for Draft Transportation Regulations

Tax Division ACES Reg. Process

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4/21/2008 Public Notice: Midyear Changes, North Slope PV, and Cook Inlet & Gas Allocations

4/21/2008 Proposed Regulations: Mid-year Changes, North Slope PV, and Cook Inlet & Gas Allocations

5/8/2008 Notice of Adopted Changes in the Regulations dealing with the Oil and Gas Production Tax and Required Monthly Filings

5/8/2008 Adopted Regulation 15 AAC 55.520

5/9/2008 DOR Public Workshop June 4, 2008 Draft Transportation Regulations V2 & Cost of Capital Model V2

5/9/2008 Draft Transportation Regulations Version 2

5/9/2008 Sample Cost of Capital Model for Pipelines Version 2

May 16, 2008 – Public Hearing – Prevailing Value, Mid-year changes, lease expenditures for Cook Inlet gas and gas used in state, and credits for Cook Inlet gas and gas used in state.

5/19/2008 DOR Monthly Information Report Notice

5/19/2008 DOR Monthly Information Reporting Form - Final

Tax Division ACES Reg. Process

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June 4, 2008 – Workshop – Transportation and cost of capital

6/30/2008 Advisory Bulletin 2008-03, Taxability of Waste Oil Streams

8/5/2008 Public Notice: Regulation Changes Related to AS 43.55.025, Alternative Tax Credits for Oil & Gas Exploration

8/5/2008 Proposed Regulations Text: Changes to AS 43.55.025

Sept. 3, 2008 – Public Hearing – Alternative Tax Credits for Oil & Gas Exploration

9/9/2008 Lease Expenditure & Overhead Workshop 9/23/08 - draft proposed regulations – Text

9/9/2008 Lease Expenditure & Overhead Workshop, 9/23/08 – Notice

9/10/2008 Post-Filing Notice AS 43.55.173

9/19/2008 Lease Expenditure & Overhead Workshop RESCHEDULED from 9/23/08 to 10/7/08

9/19/2008 Proposed Mid-year and Conforming Changes Text, Public Hearing 10/09/2008

9/19/2008 Public Notice - Midyear & Conforming Changes Public Hearing 10/09/08

10/6/2008 Supplemental Topic October 7, 2008 Workshop, Adjustments to Lease Expenditures under AS 43.55.170

Tax Division ACES Reg. Process

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Oct. 7, 2008 – Workshop – Lease expenditures and overhead, credits for qualified capital expenditures, and adjustments to lease expenditures under AS 43.55.170

Oct. 9, 2008 – Public Hearing – Mid-year and conforming changes, civil penalties, lease expenditures for Cook Inlet gas and gas used in state, and credits for Cook Inlet gas and gas used in state

11/28/2008 12/9/08 Workshop: Reimbursements Under AS 43.55.170 and Credits Under AS 43.55.023(a)&(b)

11/28/2008 12/9/08 Workshop Discussion Draft: Proposal for Reimbursements Under AS 43.55.170

11/28/2008 12/9/08 Workshop Discussion Draft: Proposed Credit Safeguard Regulation

12/5/2008 Input Requested on Proposed Forms for Monthly and Annual Reporting

12/5/2008 DOR Proposed Monthly Reporting Information to Calculate Gross Value at the Point of Production

12/5/2008 DOR Proposed Annual Information and Tax Calculation Form

Dec. 9, 2008 – Workshop – Reimbursements under AS 43.55.170, and tax credits under AS 43.55.023

12/22/2008 Comment Period Extended for AS 43.55.170 Reimbursements and Credit Safeguard Regulation for AS 43.55.023(a)&(b)

12/22/2008 Monthly Electronic Reporting: New Process & Format Workshops January 20 & 27, 2009

Tax Division ACES Reg. Process

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Dec. 9, 2008 – Workshop – Reimbursements under AS 43.55.170, and tax credits under AS 43.55.023

12/22/2008 Comment Period Extended for AS 43.55.170 Reimbursements and Credit Safeguard Regulation for AS 43.55.023(a)&(b)

12/22/2008 Monthly Electronic Reporting: New Process & Format Workshops January 20 & 27, 2009

12/24/2008 Text of Proposed Draft Regulations for Public Notice: Lease Expenditures & Overhead

12/24/2008 Public Notice: Proposed Lease Expenditure & Overhead Regulations

1/13/2009 WORKSHOP CANCELLATION: January 20 & 27 Revised Electronic Submission Process and Format of Monthly Information Reporting Form

1/13/2009 Sample Cost of Capital Model for Pipelines - Version 3 1/27/09 Workshop

1/13/2009 Transportation Costs Workshop: Tuesday, January 27, 2009

1/14/2009 Transportation Workshop 1/27/09 Discussion Draft Proposed Regulations

1/16/2009 Supplemental Announcement Transportation Workshop

1/16/2009 Supplemental Topic Transportation Workshop Proposed Definition of "affiliated" AS 43.55.150(b)

Tax Division ACES Reg. Process

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1/16/2009 SUPPLEMENTAL AND CORRECTED NOTICE: Lease Expenditures & Overhead Public Hearing Comment Period Extended from February 4 to February 23, 2009 and Corrected Call-in Number for Teleconference

Jan. 21, 2009 – Public Hearing – Lease Expenditures and overhead

1/26/2009 Agenda for January 27, 2009 Transportation Workshop

1/26/2009 Discussion Topic for 1/27/09 Transportation Workshop: Determining How to Apply Lower of Actual or Reasonable Costs

Jan. 27, 2009 – Workshop – Transportation – How to apply lower of actual or reasonable costs under AS 43.55.150

1/28/2009 Proposed Transportation Regulations: Example Section 181(g).xls

1/28/2009 Proposed Transportation Regulations: Example Section 195(m).xls

1/29/2009 How to Access Audio Recording for Lease Expenditure & Overhead January 21, 2009 Public Hearing

2/10/2009 Advisory Bulletin 2009-01, gas "used in the state"

2/26/2009 Reimbursements under AS 43.55.170 Proposed 15 AAC 55.280 Revised Draft

Tax Division ACES Reg. Process

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- 2/27/2009 Workshop Announcement Reimbursements under AS 43.55.170 Proposed 15 AAC 55.280 Revised Draft 2/27/09
- March 17, 2009 – Workshop – Reimbursements and adjustments to lease expenditures under AS 43.55.170
- 5/4/2009 Announcement Regarding Revised Economic Monthly Information Report
- 5/4/2009 Instructions for Economic Monthly Reporting Data Delivery Process
- 5/18/2009 Revision to Monthly Information Report Form.
- 5/20/2009 Notice Regarding Suspension of the Revised Economic Monthly Information Report posted May 4 and Second Revision posted May 14, 2009
- 6/9/2009 Supplemental Public Notice AS 43.55.025 Alternative Tax Credit Proposed Regulations
- 6/9/2009 Text of Proposed Regulations for AS 43.55.025 Alternative Tax Credits
- June 23, 2009 – 2nd Public Hearing – Alternative Tax Credits under AS 43.55.025
- 7/17/2009 Workshop Announcement: Proposed 15 AAC 55.280, Reimbursements Under AS 43.55.170, July 28, 2009
- 7/17/2009 Workshop Draft: Proposed 15 AAC 55.280, Reimbursements Under AS 43.55.170

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July 28, 2009 – Workshop – Reimbursements and adjustments to lease expenditures under AS 43.55.170

7/30/2009 Summary of Changes, Proposed 15 AAC 55.280 as Discussed March 17 to July 28, 2009 Public Workshops

9/22/2009 Adopted Regulations Text for Mid-year and Conforming Changes

9/22/2009 Adoption Notice Mid-year and Conforming Regulation Changes

9/29/2009 Advisory Bulletin 2009-02, State Purchase of Transferable Tax Credit Certificates

10/16/2009 Public Notice Proposed Regulations 15 AAC 55.280 Adjustments to Lease Expenditures, 55.320 Transferable Tax Credit Certificates, and 55.810 and 55.811 Heating Value of Gas

10/16/2009 Text of Proposed Regulation 15 AAC 55.810 and 55.811 Heating Value of Gas

10/16/2009 Text of Proposed Regulation 15 AAC 55.320 Credit Safeguard

10/16/2009 Text of Proposed Regulation 15 AAC 55.280 Facility Sharing

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11/5/2009 Reporting Form Draft Sample Company Credit Forms (pdf)

11/5/2009 Reporting Form Draft Sample Company Test Data Set II Excel 2003 ver.xls

11/5/2009 Reporting Form Draft Tax Return Sample Company Nov 2 2009 Excel 2003 ver.xls

11/5/2009 Reporting Forms Workshop Wednesday November 25, 2009

11/9/2009 Reporting Form Draft Tax Return Sample Company November 2 2009.xlsx

11/9/2009 Reporting Form Draft Sample Company Test Data Set II.xlsx

Nov. 10, 2009 – Public Hearing – Reimbursements and adjustments to lease expenditures under AS 43.55.170; transferable tax credit certificates under AS 43.55.023, and Btu heating value of gas.

11/13/2009 Advisory Bulletin 2009-03 Third Party Purchasers of AS 43.55.023 Tax Credit Certificates

11/17/2009 Second Reporting Forms Workshop Wednesday, December 2, 2009

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11/30/2009 Adoption Notice for Alternative Tax Credits

11/30/2009 Adopted Regulations for Alternative Tax Credits

12/17/2009 2009 Tax Summary Form in Excel

12/17/2009 Instructions for 2009 Tax Summary Form

12/17/2009 Delayed Implementation Proposed Reporting Form

1/27/2010 Public Notice: Proposed Regulation Changes Location Differential 15 AAC 55.171

1/27/2010 Proposed Language Location Differential Under 15 AAC 55.171

1/29/2010 Forms Announcement

1/29/2010 Tax Return Sample Company Jan 28 2010 version "xlsx"

1/29/2010 Tax Return Sample Company Jan 28 2010 Excel 2003 version "xls"

2/2/2010 Adoption Notice Lease Expenditures and Overhead

2/2/2010 Adopted Regulations for Lease Expenditures and Overhead

What remains?

46 of the approximate 70 production tax regulations we anticipate writing or revising have been adopted and signed into law by the Lt. Governor. Of those remaining, 17 relate to transportation and AGIA issues, 4 relate to facility sharing and BTU heating value.

Public Hearing for facility sharing and Btu heating value has been held and the written comment period has also been closed. The department is currently evaluating comments received.

Transportation and AGIA related Regulations distributed for public comment February 9, 2010

Unplanned Production Interruption regulations – Second workshop to be scheduled this spring.

Statutory Directions on Allowable Costs

AS 43.55.165(a)(1)(B) provides that, "[a] producer's lease expenditures for a calendar year are costs that meet the following three requirements:

(i) The costs must be incurred upstream of the point of production of oil and gas
(ii) The costs must be ordinary and necessary costs of exploring for, developing, or producing, as applicable, oil or gas deposits; and
(iii) The costs must be direct costs of exploring for, developing, or producing, as applicable, oil or gas deposits"

Statutory Directions on Allowable Costs

AS 43.55.165(b) further delineates lease expenditures as including:

(i) Direct cost of an asset even if it is capitalized for accounting or IRS purposes

(ii) Payments of property, sales, use, motor fuel, and excise taxes

(iii) Activity where the costs incurred do not are not on or near the oil and gas lease

Statutory Directions on Allowable Costs

- AS 43.55.165(b)(3) and (i) authorize the department to use as guidance:

(1) Typical industry practices and standards under operating agreements in effect before December 5, 2005 among multiple owners;

(2) DNR standards used to determine allowable costs under net profit leases

(3) Incorporation of concepts, regulations and guidance issued under IRS Code 482 for income and deduction allocation among taxpayers.

Lease Expenditure Regulations

- 15 AAC 55.250 - provides standards for the types of activities and purposes for which costs will be allowed, other than overhead.

- 15 AAC 55.260 - defines the direct charges that will be allowed as lease expenditures for the activities and purposes described in 15 AAC 55.250.

Lease Expenditure Regulations (Cont.)

- Types of activities and purposes allowed under 15 AAC 55.250:
  - Exploration costs, including mobilization of a drilling rig, crew costs, drilling, processing & interpreting data, and completion, abandonment, or suspension costs
  - Development & production costs, including designing, constructing, operating, or maintaining an oil or gas production facility or equipment
  - Support activities, such as camps, roads, bridges and similar transportation, communications systems, medical, security, and emergency facilities.

Lease Expenditure Regulations (Cont.)

- Direct costs under 15 AAC 55.260 for activities described in 15 AAC 55.250:
  - On-site labor
  - Technical labor whether on-site or remote location
  - Third-party contractor costs
  - Stand-by costs for a drilling rig
  - Property taxes and payments in lieu-of
  - Regulatory and permitting costs
  - Transportation costs of fluids used for reservoir maintenance and recovery.

State Regulations vs. IRS Rules

We align with the IRS Code in several instances:

- The Department uses IRS Code 263(c) to determine whether a cost is a qualified capital expenditure under AS 43.55.023(l).
- "Ordinary and necessary" costs defined by IRS code 162
- Incorporation of concepts, regulations and guidance issued under IRS Code 482 for income and deduction allocation among taxpayers.

We are directed to disregard the IRS code rules in some instances:

- We allow the deduction of a direct cost of an asset even if it is capitalized for IRS purposes .

Comments from Industry

"[W]e applaud the iterative process the Department has followed in developing these regulations and others in which it has offered its preliminary thoughts up for public comment (including industry's and has then used that feedback to revise and improve its drafts, which it then offered for further public comment. This consultative or collaborative public process is both prudent and wise. But because this takes more time than rule-making by simple fiat, it is important to recognize the more difficult path the Department has chosen for developing the ACES regulations has resulted in improvements to the earliest drafts that justify the greater time and effort that have been required. There is an old quip about never having enough time to do something right, but always time to do it over. Here the Department has avoided falling into this quip, which is no small feat and deserves recognition. "

Marilyn Crockett, Executive Director, AOGA, November 19, 2009

Comments from Industry

"Without clear regulatory guidance from the Department, AS43.55.170 may be interpreted in a manner which artificially inflates the costs associated with facility sharing in the state; and acts as a disincentive to future third-party facility access agreements.

....

Thanks to this collaborative effort and the Department's hard work, the proposed regulation largely addresses the concerns Pioneer has expressed over the past year, and in doing so, removes barriers to future facility sharing opportunities in the state."

Patrick Foley, Manager, Pioneer Natural Resources Alaska November 19, 2009

Conclusion

Tax Division's Regulations Process has ensured maximum meaningful input from industry and public.

When final public comment period begins, involved parties have had opportunity to critique proposed regulations and Division has had opportunity to fully understand how the regulations will impact industry and been able to address ambiguity and problems.

Industry input and dialogue with the Department has never been greater than in the implementation of the AS 43.55 regulations.

2/24/10 OIL & GAS PRODUCTION TAX (FILE 2)

<target><bill></bill><subject>2-24-10 OIL and GAS PRODUCTION TAX (FILE 2)</subject><comm>SFIN26</comm></target>

(2) net profit share payments under 15 AAC 55.260(a)(2).

(b) An allowance for overhead expenses is not a qualified capital expenditure.

(c) This section applies to expenditures incurred on or after {*the first day of the first month that begins on or after the effective date of these regulation changes*}. (Eff. 2/27/2010, Register 193)

Authority: AS 43.05.080 AS 43.55.110 AS 43.55.165

15 AAC 55.800(a) is amended to read:

(a) The following provisions apply retroactively to April 1, 2006, to oil and gas produced after March 31, 2006:

(1) 15 AAC 55.192;

(2) 15 AAC 55.205;

(3) 15 AAC 55.215;

(4) 15 AAC 55.223;

(5) **15 AAC 55.245;**

(6) 15 AAC 55.270, except 15 AAC 55.270(a)(2)(C) and (e), which apply retroactively to July 1, 2007;

15 AAC 55.275 (7) ~~15 AAC 275~~ - 15 AAC 55.315;

(8) [15 AAC 55.245 - 15 AAC 55.315;

(6)] 15 AAC 55.330 – 15 AAC 55.340;

(9) [(7)] 15 AAC 55.345 – 15 AAC 55.355;

(10) [(8)] 15 AAC 55.370 - 15 AAC 55.380;

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(11) [(9)] 15 AAC 55.410;

(12) [(10)] 15 AAC 55.420;

(13) [(11)] 15 AAC 55.430;

(14) [(12)] 15 AAC 55.440;

(15) [(13)] 15 AAC 55.510;

(16) [(14)] 15 AAC 55.810;

(17) [(15)] 15 AAC 55.850;

(18) 15 AAC 55.900(a)(21) - (26) and (b)(21) - (25) [(16) 15 AAC 55.900(a)(21) - (22) AND (b)(21) - (24)].

15 AAC 55.800 is amended by adding a new subsection to read:

(i) The provisions of 15 AAC 55.250 and 15 AAC 55.260 apply retroactively to April 1, 2006, with respect to costs incurred before July 1, 2007, and otherwise apply retroactively to July 1, 2007. (Eff. 5/3/2007, Register 182; am 10/21/2009, Register 192; am 2/27/2010, Register 193)

Authority: AS 43.05.080 Sec. 37, ch. 2, TSSLA 2006 Sec. 72, ch. 1, SSSLA 2007
AS 43.55.110

15 AAC 55.900(a) is amended by adding new paragraphs to read:

(23) "oil or gas development operations" means the physical operations conducted in the field to

(A) drill and complete wells to produce oil or gas or to support oil or gas

production, including installation of a drill pad or structure; or

(B) install oil or gas production equipment or facilities;

(24) "oil or gas exploration operations" means the physical operations conducted in the field to

(A) drill and obtain subsurface information from an exploration well, including installation of a drill pad or structure; or

(B) explore for oil or gas using geological or geophysical exploration techniques;

(25) "oil or gas production facility or equipment"

(A) means a facility or equipment other than a well that is used in oil or gas production operations and that handles produced fluids upstream of the point of production or fluids injected in a reservoir for reservoir pressure maintenance, repressuring, or enhanced recovery purposes;

(B) does not include a refinery, crude oil topping plant, or other manufacturing facility; for purposes of this subparagraph, "manufacturing facility" does not include a gas processing plant;

(26) "oil or gas production operations"

(A) means the physical operations conducted in the field to

(i) lift oil or gas to the surface;

(ii) gather, separate, treat, and store on the surface well fluids upstream of the point of production; in this sub-subparagraph, "treat" does not include performing gas treatment as defined in AS 43.55.900;

(iii) perform gas processing upstream of the point of production;

(iv) meter oil or gas upstream of the point of production; and

(v) inject fluids in the reservoir from which the oil or gas is being produced, for reservoir pressure maintenance, repressuring, or enhanced recovery purposes;

(B) does not include compression of gas for the purpose of gas treatment as defined in AS 43.55.900 or of transporting gas to a market.

15 AAC 55.900(b) is amended by adding a new paragraph to read:

(25) "other land" means, with respect to costs of exploration, land the right to explore for oil or gas deposits within which, or the right to drill a stratigraphic test well on which, has been granted by license or permit by the property owner to the producer or explorer that incurs, or on behalf of whom is incurred, the costs of that exploration.

(Eff. 1/1/95, Register 132; am 1/1/2000, Register 152; am 1/1/2002, Register 160; am 1/1/2003, Register 164; am 1/1/2004, Register 168; am 5/3/2007, Register 182; am 10/21/2009, Register 192; am 2/27/2010, Register 193)

Authority: AS 43.05.080 AS 43.55.024 AS 43.55.160
AS 43.55.011 AS 43.55.025 AS 43.55.165
AS 43.55.020 AS 43.55.110 AS 43.55.170
AS 43.55.023 AS 43.55.150 AS 43.55.900

15 AAC 55 is amended by adding a new section to read:

15 AAC 55.250. Standards for lease expenditures other than overhead. (a) Unless the department has approved or required use of an operating agreement under AS 43.55.165(c) or (d), as those provisions read on June 30, 2007, costs incurred before July 1, 2007, other than an allowance for overhead expenses under 15 AAC 55.270, are ordinary and necessary costs upstream of the point of production of oil and gas and direct costs of exploring for, developing, or producing oil or gas deposits, under AS 43.55.165(a), as that provision read on June 30, 2007, only if they are

(1) direct charges under 15 AAC 55.260 incurred for an activity or purpose described in (c) of this section; and

(2) not excluded under AS 43.55.165(e), as that provision read on June 30, 2007, or under AS 43.55.165(e)(6) and (19), as amended and enacted by sec. 60, ch. 1, SSSLA 2007, to the extent made retroactive to April 1, 2006, by sec. 74(b), ch. 1, SSSLA 2007.

(b) Costs incurred after June 30, 2007, satisfy the requirements established in AS 43.55.165(a)(1)(B), as enacted by sec. 58, ch. 1, SSSLA 2007, only if they are

(1) direct charges under 15 AAC 55.260 incurred for an activity or purpose described in (c) of this section; and

(2) not excluded under AS 43.55.165(e), as amended by sec. 60, ch. 1, SSSLA 2007.

(c) The activities or purposes referred to in (a) and (b) of this section are

(1) conducting a geological or geophysical survey to explore for oil or gas;

(2) performing a geological, geophysical, geotechnical, or geochemical

examination or investigation specific to a reservoir to support development of that reservoir;

(3) processing or interpreting data acquired from an activity described in (1) or (2) of this subsection to support oil or gas exploration, development, or production operations;

(4) designing, surveying, preparing, constructing, operating, or maintaining a drill site for an exploration well or a well to produce oil or gas or to support oil or gas production;

(5) transporting, mobilizing, or demobilizing a rig, coil tubing unit, or similar equipment, or associated supplies, to and on a drill site to drill or perform downhole operations described in (6) - (8) of this subsection on a well described in (4) of this subsection; demobilization does not include transportation out of the state;

(6) designing, drilling, testing, logging, completing, operating, maintaining, repairing, or suspending a well described in (4) of this subsection;

(7) plugging and abandoning an exploration well, but excluding restoration of the drill site;

(8) plugging a well described in (4) of this subsection, or a portion of the well, for the purpose of redrilling;

(9) designing, constructing, acquiring, transporting, installing, operating, repairing, or maintaining an oil or gas production facility or equipment;

(10) designing, constructing, acquiring, transporting, installing, operating, repairing, or maintaining a communications system for communications between the site of oil or gas exploration, development, or production operations, and the operator's headquarters in the state, and that are necessary for the operations;

(11) designing, constructing, acquiring, transporting, installing, operating, repairing, or maintaining a field automation system solely dedicated to and specific to a unit or a lease or property and necessary for oil or gas production operations of the unit or the lease or property;

(12) preparing and submitting an application, data, or report necessary to obtain or maintain a governmental permit or similar governmental approval for oil or gas exploration, development, or production operations, or for a facility, equipment, or infrastructure described in (16) of this subsection;

(13) performing an archaeological, geophysical, or environmental survey or preparing an environmental impact statement required by law or otherwise required by a government agency, or required by an oil and gas lease, for oil or gas exploration, development, or production operations, or for a facility, equipment, or infrastructure described in (16) of this subsection, or otherwise complying with environmental requirements imposed by law or oil and gas lease for those operations, or for that facility, equipment, or infrastructure;

(14) performing one or more of the following activities with respect to an oil or hazardous substance cleanup contingency plan, fire response plan, or disaster recovery plan required for safe operation or by law or oil and gas lease, for oil or gas exploration, development, or production operations, or for a facility, equipment, or infrastructure described in (16) of this subsection:

(A) preparing and maintaining the plan;

(B) training personnel or performing practice drills, monitoring, or inspection under the plan;

(C) obtaining and maintaining equipment and supplies required under the plan to be routinely kept on hand;

(15) monitoring and maintaining the safety of personnel located at the site, or in the vicinity, of oil or gas exploration, development, or production operations;

(16) designing, constructing, acquiring, transporting, installing, operating, repairing, or maintaining a facility, equipment, or infrastructure that is located in the vicinity of and is used to support oil or gas exploration, development, or production operations; that facility, equipment, or infrastructure

(A) includes

(i) camps;

(ii) operations centers;

(iii) laboratories;

(iv) staging pads, roads, bridges, docks, helipads, landing areas, and similar transportation structures;

(v) medical facilities;

(vi) emergency response facilities;

(vii) storage facilities;

(viii) security facilities;

(ix) repair and maintenance shops; and

(x) vehicles;

(B) does not include refineries, topping plants, or other manufacturing facilities.

(d) A cost incurred jointly for both an activity or purpose described in (c) of this section and an activity or purpose not described in (c) of this section must be allocated between the activity or purpose described in (c) of this section and the other activity or purpose using a reasonable allocation methodology.

(e) Costs incurred before July 1, 2007, that satisfy the requirements of (a)(1) and (2) of this section are not a producer's or explorer's lease expenditures under AS 43.55.165(a), as that provision read on June 30, 2007, unless the costs are costs, incurred by the producer after March 31, 2006, of exploring for, developing, or producing oil or gas deposits located within the producer's leases or properties in the state or, in the case of land in which the producer or explorer does not own a working interest, are costs, incurred by the producer or explorer after March 31, 2006, of exploring for oil or gas deposits located within other land in the state.

(f) Costs incurred after June 30, 2007, that satisfy the requirements of (b)(1) and (2) of this section are not a producer's or explorer's lease expenditures under AS 43.55.165(a), as repealed and reenacted by sec. 58, ch. 1, SSSLA 2007, unless the costs also satisfy the requirements of AS 43.55.165(a)(1)(A), as enacted by sec. 58, ch. 1, SSSLA 2007.

(g) For purposes of this section, "designing" is limited to activities specific to an identifiable well, facility, item of equipment, or system, and does not include activities of more general applicability or that would ordinarily be considered research and development. (Eff. 2/27/2010 Register 193)

Authority: AS 43.05.080 AS 43.55.160 AS 43.55.170
AS 43.55.110 AS 43.55.165

15 AAC 55 is amended by adding a new section to read:

15 AAC 55.250. Standards for lease expenditures other than overhead. (a) Unless the department has approved or required use of an operating agreement under AS 43.55.165(c) or (d), as those provisions read on June 30, 2007, costs incurred before July 1, 2007, other than an allowance for overhead expenses under 15 AAC 55.270, are ordinary and necessary costs upstream of the point of production of oil and gas and direct costs of exploring for, developing, or producing oil or gas deposits, under AS 43.55.165(a), as that provision read on June 30, 2007, only if they are

(1) direct charges under 15 AAC 55.260 incurred for an activity or purpose described in (c) of this section; and

(2) not excluded under AS 43.55.165(e), as that provision read on June 30, 2007, or under AS 43.55.165(e)(6) and (19), as amended and enacted by sec. 60, ch. 1, SSSLA 2007, to the extent made retroactive to April 1, 2006, by sec. 74(b), ch. 1, SSSLA 2007.

(b) Costs incurred after June 30, 2007, satisfy the requirements established in AS 43.55.165(a)(1)(B), as enacted by sec. 58, ch. 1, SSSLA 2007, only if they are

(1) direct charges under 15 AAC 55.260 incurred for an activity or purpose described in (c) of this section; and

(2) not excluded under AS 43.55.165(e), as amended by sec. 60, ch. 1, SSSLA 2007.

(c) The activities or purposes referred to in (a) and (b) of this section are

(1) conducting a geological or geophysical survey to explore for oil or gas;

(2) performing a geological, geophysical, geotechnical, or geochemical

examination or investigation specific to a reservoir to support development of that reservoir;

(3) processing or interpreting data acquired from an activity described in (1) or (2) of this subsection to support oil or gas exploration, development, or production operations;

(4) designing, surveying, preparing, constructing, operating, or maintaining a drill site for an exploration well or a well to produce oil or gas or to support oil or gas production;

(5) transporting, mobilizing, or demobilizing a rig, coil tubing unit, or similar equipment, or associated supplies, to and on a drill site to drill or perform downhole operations described in (6) - (8) of this subsection on a well described in (4) of this subsection; demobilization does not include transportation out of the state;

(6) designing, drilling, testing, logging, completing; operating, maintaining, repairing, or suspending a well described in (4) of this subsection;

(7) plugging and abandoning an exploration well, but excluding restoration of the drill site;

(8) plugging a well described in (4) of this subsection, or a portion of the well, for the purpose of redrilling;

(9) designing, constructing, acquiring, transporting, installing, operating, repairing, or maintaining an oil or gas production facility or equipment;

(10) designing, constructing, acquiring, transporting, installing, operating, repairing, or maintaining a communications system for communications between the site of oil or gas exploration, development, or production operations, and the operator's headquarters in the state, and that are necessary for the operations;

(11) designing, constructing, acquiring, transporting, installing, operating, repairing, or maintaining a field automation system solely dedicated to and specific to a unit or a lease or property and necessary for oil or gas production operations of the unit or the lease or property;

(12) preparing and submitting an application, data, or report necessary to obtain or maintain a governmental permit or similar governmental approval for oil or gas exploration, development, or production operations, or for a facility, equipment, or infrastructure described in (16) of this subsection;

(13) performing an archaeological, geophysical, or environmental survey or preparing an environmental impact statement required by law or otherwise required by a government agency, or required by an oil and gas lease, for oil or gas exploration, development, or production operations, or for a facility, equipment, or infrastructure described in (16) of this subsection, or otherwise complying with environmental requirements imposed by law or oil and gas lease for those operations, or for that facility, equipment, or infrastructure;

(14) performing one or more of the following activities with respect to an oil or hazardous substance cleanup contingency plan, fire response plan, or disaster recovery plan required for safe operation or by law or oil and gas lease, for oil or gas exploration, development, or production operations, or for a facility, equipment, or infrastructure described in (16) of this subsection:

(A) preparing and maintaining the plan;

(B) training personnel or performing practice drills, monitoring, or inspection under the plan;

15 AAC 55 is amended by adding a new section to read:

15 AAC 55.260. Direct charges. (a) Except as limited by (d) and (e) of this section, direct charges for purposes of 15 AAC 55.250(a) and (b) are

(1) costs paid to real property owners to acquire surface rights in real property located in the vicinity of oil or gas exploration, development or production operations, and used in support of those operations;

(2) net profit shares required to be paid to the state under leases issued under AS 38.05.180(f)(3)(B), (D), or (E) and paid after June 30, 2007;

(3) labor costs, not including work on tax, legal, purchasing, or accounting matters, or matters involving a dispute before a government agency, in the form of salaries and wages of

(A) employees of the operator, when those employees are directly employed in or in support of oil or gas exploration, development, or production operations, and

(i) on the site or in the vicinity of those operations;

(ii) in transit to or from the site or vicinity of those operations;

(iii) on a site of a system described in 15 AAC 55.250(c)(10) or (11) if assigned to and working on that system; or

(iv) on the site of the construction, transportation, repair, or maintenance of a facility, a system, equipment, or infrastructure described in 15 AAC 55.250(c)(9) - (11) or (16) if assigned to and working on that construction, transportation, repair, or maintenance; or

(B) any of the following employees of the operator, while those employees are assigned to a specific lease or property or unit that is the subject of oil or gas exploration, development, or production, and only as to that portion of the salaries and wages attributable to the time actually devoted to that exploration, development, or production, as supported by an approved timesheet or other time writing document:

(i) technical employees having special and specific engineering, geological, or other technical skills, including engineers, geologists, geophysicists, environmental specialists, and other technical personnel whose primary function with respect to that exploration, development, or production is the handling of specific problems or operating conditions involving the oil or gas exploration, development, or production operations or the support of those operations;

(ii) employees engaged in developing field automation systems dedicated to and specific to a unit or a lease or property and necessary for oil or gas production operations of the unit or the lease or property;

(iii) employees engaged in developing computer applications specific to a unit or a lease or property and necessary for oil or gas development or production operations of the unit or the lease or property;

(4) costs of employee training that directly relates to the job duties for the employees described in (3) of this subsection; the costs of professional memberships, dues, or periodicals, or of education or training in pursuit of an academic degree or professional credential, are not direct charges;

(5) expenditures or contributions made under assessments imposed by governmental authority that are applicable to the operator's labor costs described in (3) of this subsection; as to workers' compensation, if the operator self-insures, it may treat as an expenditure or contribution under this paragraph the charge that is regularly recorded as an accrual in the operator's general ledger as representing the fair and reasonable cost of the self-insurance;

(6) reasonable expenses incurred or reimbursed by the employer of those employees described in (3) of this subsection for travel by those employees to or from the site or vicinity of oil or gas exploration, development, or production operations, and for associated living quarters and meals; a reasonable per diem allowance, if paid by the employer in place of reimbursement of actual expenses, may be substituted for actual expenses for living quarters and meals;

(7) the employer's share of contributions to established plans for employee group life, disability, or medical insurance, pension, retirement, stock purchase, thrift, bonus, or other similar benefit plans, applicable to the operator's labor costs described in (3) of this subsection, if

(A) the plans are available on a regular basis to all employees of the operator who are directly working in oil or gas exploration, development, or production operations, other than employees excluded from a plan's coverage because of participation under a collective bargaining agreement; and

(B) the amount of the employer's share of contributions does not exceed the following percentage, as applicable, of the costs under (3) of this subsection incurred for employees covered by the plans:

(i) 32 percent for calendar year 2006;

(ii) 33 percent for calendar year 2007;

(iii) 36 percent for calendar year 2008;

(iv) 35 percent for calendar year 2009;

(v) 30 percent for a calendar year after 2009;

(8) the employer's share of contributions to established plans for employee group life, disability, or medical insurance, pension, retirement, stock purchase, thrift, bonus, or other similar benefit plans, applicable to the operator's labor costs described in (3) of this subsection, and available to employees under a collective bargaining agreement;

(9) costs to purchase or transport a facility, equipment, materials, or supplies used in oil or gas exploration, development, or production operations;

(10) costs to purchase or transport a facility, a system, equipment, or infrastructure described in 15 AAC 55.250(c)(10), (11), or (16), or to purchase or transport equipment, materials, or supplies used in a facility, a system, equipment, or infrastructure described in 15 AAC 55.250(c)(10), (11), or (16);

(11) costs paid to a third party for contract services, utilities, or use of a facility equipment, or infrastructure provided by the third party and used in oil or gas exploration, development, or production operations, or used in support of those operations, or for use of a system described in 15 AAC 55.250(c)(10) or (11) provided by the third party; for purposes of this paragraph,

(A) contract services

(i) do not include work in tax, legal, or accounting matters, or

matters involving a dispute before a government agency;

(ii) are limited to services the labor costs of which, under (3) of this subsection, would be allowable as direct charges if the operator's employees performed the services;

(B) support facilities, equipment, and infrastructure are limited to the categories described in 15 AAC 55.250(c)(16);

(12) costs charged to a unit or other joint operation for use in its oil or gas exploration, development, or production operations of a facility or equipment that

(A) is wholly or partly owned by a producer or explorer with an interest in the unit or other joint operation; and

(B) is not, and has not previously been, wholly or partly owned or acquired by or on behalf of the unit or other joint operation;

(13) a premium paid to a third-party insurer for insurance covering oil or gas exploration, development, or production operations;

(14) standby costs paid to a third party drilling rig contractor, and incurred

(A) while rig operations are deferred, suspended, or curtailed by reason of force majeure or another cause beyond the reasonable control of the operator; or

(B) to secure a rig for drilling if the rig is actually used for the operation for which it was secured;

(15) payments of property taxes, sales or use taxes, motor fuel taxes, or excise taxes if incurred with respect to the sale, acquisition, ownership, or use of a good, service, or property, the cost of which is a lease expenditure under AS 43.55.165, or would be a lease

expenditure if incurred during the period for which the payment is made;

(16) payments in lieu of property taxes, sales or use taxes, motor fuel taxes, or excise taxes that would otherwise be incurred with respect to the sale, acquisition, ownership, or use of goods, services, or property, the cost of which is a lease expenditure under AS 43.55.165, or would be a lease expenditure if incurred during the period for which the payment is made;

(17) a regulatory cost charge under AS 31.05.093;

(18) a fee charged by a government agency for a regulatory license, permit, or similar regulatory approval required for oil or gas exploration, development, or production operations, or for a facility, equipment, or infrastructure described in 15 AAC 55.250(c)(16);

(19) costs to transport to the injection site, oil, gas, or other fluid recovered from a well and injected for reservoir pressure maintenance, repressuring, or enhanced recovery purposes, and costs paid to a third party producer to purchase that oil, gas, or other fluid from the producer;

(20) if a producer owns a refinery or crude oil topping plant that is located on or near the premises of the producer's lease or property in the state and that processes the producer's oil produced from that lease or property into a product that the producer uses in the operation of the lease or property in drilling for or producing oil or gas, the amount calculated by subtracting from the fair market value of the product used the prevailing value of the oil that is processed; for purposes of this paragraph,

(A) the amount of the oil that is processed equals the number of barrels of the product into which the oil is processed;

(B) the prevailing value of the oil that is processed in a field topping plant

in the Alaska North Slope area is the gross value at the point of production of that oil as determined under 15 AAC 55.163(b);

(21) costs paid to a third party to acquire geological or geophysical data used in oil or gas exploration, development, or production operations.

(b) For purposes of this section, an employee's salary or wages for a given period of time includes the cost in salary or wages for the employee's earned or compensatory time off attributable to the employee's work during that time period.

(c) In the absence of evidence to the contrary, and for purposes of AS 43.55.165(e)(12), the department will accept a charge under (a)(12) of this section as being not more than fair market value if the charge does not exceed the cost calculated on the basis of the net book value of the equipment or facility multiplied by the number of hours, days, miles, or throughput volumes for which the equipment or facility is used in the oil or gas exploration, development, or production operations, divided by the number of hours, days, miles, or throughput volumes, as applicable, of estimated remaining useful life of the equipment or facility, or calculated using another method approved by the department. For purposes of this subsection, "net book value" means the dollar amount the owner of an asset records in its financial statements, consistent with generally accepted accounting principles, as the historical cost of the asset, excluding capitalized interest and net of accumulated depreciation or amortization, if the historical cost does not exceed the fair market value of the asset at the time it was acquired by the owner.

(d) Except for a cost described in (a)(2), (13), or (19) of this section, a cost that relates to the exploration, development, or production of oil or gas deposits that are subject to a unit operating agreement or other agreement that provides for an operator to conduct the oil or gas

exploration, development, or production on behalf of itself and other producers or explorers is not a direct charge under this section if the cost is not (1) incurred in the first instance by the operator on behalf of the producers or explorers under the agreement; (2) actually billed to the producers or explorers under the agreement; and (3) paid, as to the producer's or explorer's share, by the producer or explorer to whom that share is billed. For purposes of this subsection, an agreement includes an instrument or arrangement among the parties to the agreement that modifies a party's rights or obligations under the agreement.

(e) A fee or other consideration paid to, or for the benefit of, a producer in connection with the use of a facility in which that producer has an ownership interest is not a direct charge under this section to the extent that the fee or other consideration

(1) compensates that producer for the deferral or loss of that producer's oil or gas production resulting from the payer's use of the facility; or

(2) reimburses that producer for its additional tax liability resulting from the receipt of fees or other consideration in connection with the payer's use of the facility.

(f) Direct charges under this section are net of any credits, refunds, reimbursements, purchase discounts, and cost recoveries, unless the credit, refund, reimbursement, or cost recovery is accounted for as an adjustment to lease expenditures under AS 43.55.170. For purposes of this subsection, "credits" do not include tax credits.

(g) For purposes of this section, "operator" means, in the case of

(1) a producer or explorer carrying out oil or gas exploration, development, or production on behalf of itself, that producer or explorer;

(2) a unit operating agreement or other agreement that provides for an operator to

carry out oil or gas exploration, development, or production on behalf of itself and other producers or explorers, the producer or explorer acting as operator under that agreement. (Eff. 2/27/2010 Register 193)

Authority: AS 43.05.080 AS 43.55.160 AS 43.55.170
AS 43.55.110 AS 43.55.165

15 AAC 55.270(a) is amended to read:

15 AAC 55.270. Overhead before {*the first day of the first month that begins on or after the effective date of these regulation changes*}. (a) This subsection applies only to determining allowable overhead expenses under AS 43.55.165(a) and (b), **as those provisions read on June 30, 2007, and under AS 43.55.165(a), as repealed and reenacted by sec. 58, ch. 1, SSSLA 2007**. For purposes of AS 43.55.165(b)(1)(C), **as that provision read on June 30, 2007, and AS 43.55.165(a)(2), as repealed and reenacted by sec. 58, ch. 1, SSSLA 2007**, a reasonable allowance for a producer's or explorer's overhead expenses directly related to exploring for, developing, **or** [AND] producing oil or gas deposits located within a lease or property or other land in the state is the sum of

(1) three percent of the producer's or explorer's non-overhead lease expenditures that are qualified capital expenditures; and

(2) nine percent of the producer's or explorer's non-overhead lease expenditures that are not

(A) qualified capital expenditures; [OR]

(B) payments of or in lieu of taxes; **or**

(C) net profit share payments under 15 AAC 55.260(a)(2).

15 AAC 55.270 is amended by adding new subsections to read:

(e) The provisions of (a)(2)(C) of this section apply to expenditures incurred after June 30, 2007.

(f) This section applies to expenditures incurred before *{the first day of the first month that begins on or after the effective date of these regulation changes}*. (Eff. 5/3/2007, Register 182; am 2/27/2010 Register 193)

Authority: AS 43.05.080 AS 43.55.110 AS 43.55.165

15 AAC 55 is amended by adding a new section to read:

15 AAC 55.271. Overhead on or after *{the first day of the first month that begins on or after the effective date of these regulation changes}*. (a) For purposes of AS 43.55.165(a)(2), as repealed and reenacted by sec. 58, ch. 1, SSSLA 2007, a reasonable allowance for the calendar year for a producer's or explorer's overhead expenses directly related to exploring for, developing, or producing oil or gas deposits located within a lease or property or other land in the state is 4.5 percent of the producer's or explorer's lease expenditures, net of adjustments under AS 43.55.170, that are incurred during the calendar year and that are allowed as direct charges under 15 AAC 55.260, excluding

(1) payments of or in lieu of taxes other than

(A) payroll taxes under 15 AAC 55.260(a)(3);

(B) sales taxes, use taxes, or excise taxes on goods or services;

(2) net profit share payments under 15 AAC 55.260(a)(2).

(b) An allowance for overhead expenses is not a qualified capital expenditure.

(c) This section applies to expenditures incurred on or after {*the first day of the first month that begins on or after the effective date of these regulation changes*}. (Eff. 2/27/2010, Register 193)

Authority: AS 43.05.080 AS 43.55.110 AS 43.55.165

15 AAC 55.800(a) is amended to read:

(a) The following provisions apply retroactively to April 1, 2006, to oil and gas produced after March 31, 2006:

(1) 15 AAC 55.192;

(2) 15 AAC 55.205;

(3) 15 AAC 55.215;

(4) 15 AAC 55.223;

(5) **15 AAC 55.245;**

(6) 15 AAC 55.270, except 15 AAC 55.270(a)(2)(C) and (e), which apply retroactively to July 1, 2007;

15 AAC 55.275 (7) ~~15 AAC 55.275~~ - 15 AAC 55.315;

(8) [15 AAC 55.245 - 15 AAC 55.315;

(6)] 15 AAC 55.330 – 15 AAC 55.340;

(9) [(7)] 15 AAC 55.345 – 15 AAC 55.355;

(10) [(8)] 15 AAC 55.370 - 15 AAC 55.380;

(11) [(9)] 15 AAC 55.410;

(12) [(10)] 15 AAC 55.420;

(13) [(11)] 15 AAC 55.430;

(14) [(12)] 15 AAC 55.440;

(15) [(13)] 15 AAC 55.510;

(16) [(14)] 15 AAC 55.810;

(17) [(15)] 15 AAC 55.850;

(18) 15 AAC 55.900(a)(21) - (26) and (b)(21) - (25) [(16) 15 AAC 55.900(a)(21) - (22) AND (b)(21) - (24)].

15 AAC 55.800 is amended by adding a new subsection to read:

(i) The provisions of 15 AAC 55.250 and 15 AAC 55.260 apply retroactively to April 1, 2006, with respect to costs incurred before July 1, 2007, and otherwise apply retroactively to July 1, 2007. (Eff. 5/3/2007, Register 182; am 10/21/2009, Register 192; am 2/27/2010, Register 193)

Authority: AS 43.05.080 Sec. 37, ch. 2, TSSLA 2006 Sec. 72, ch. 1, SSSLA 2007
AS 43.55.110

15 AAC 55.900(a) is amended by adding new paragraphs to read:

(23) "oil or gas development operations" means the physical operations conducted in the field to

(A) drill and complete wells to produce oil or gas or to support oil or gas

production, including installation of a drill pad or structure; or

(B) install oil or gas production equipment or facilities;

(24) "oil or gas exploration operations" means the physical operations conducted in the field to

(A) drill and obtain subsurface information from an exploration well, including installation of a drill pad or structure; or

(B) explore for oil or gas using geological or geophysical exploration techniques;

(25) "oil or gas production facility or equipment"

(A) means a facility or equipment other than a well that is used in oil or gas production operations and that handles produced fluids upstream of the point of production or fluids injected in a reservoir for reservoir pressure maintenance, repressuring, or enhanced recovery purposes;

(B) does not include a refinery, crude oil topping plant, or other manufacturing facility; for purposes of this subparagraph, "manufacturing facility" does not include a gas processing plant;

(26) "oil or gas production operations"

(A) means the physical operations conducted in the field to

(i) lift oil or gas to the surface;

(ii) gather, separate, treat, and store on the surface well fluids upstream of the point of production; in this sub-subparagraph, "treat" does not include performing gas treatment as defined in AS 43.55.900;

(iii) perform gas processing upstream of the point of production;

(iv) meter oil or gas upstream of the point of production; and

(v) inject fluids in the reservoir from which the oil or gas is being produced, for reservoir pressure maintenance, repressuring, or enhanced recovery purposes;

(B) does not include compression of gas for the purpose of gas treatment as defined in AS 43.55.900 or of transporting gas to a market.

15 AAC 55.900(b) is amended by adding a new paragraph to read:

(25) "other land" means, with respect to costs of exploration, land the right to explore for oil or gas deposits within which, or the right to drill a stratigraphic test well on which, has been granted by license or permit by the property owner to the producer or explorer that incurs, or on behalf of whom is incurred, the costs of that exploration.

(Eff. 1/1/95, Register 132; am 1/1/2000, Register 152; am 1/1/2002, Register 160; am 1/1/2003, Register 164; am 1/1/2004, Register 168; am 5/3/2007, Register 182; am 10/21/2009, Register 192; am 2/27/2010, Register 193)

Authority: AS 43.05.080 AS 43.55.024 AS 43.55.160
AS 43.55.011 AS 43.55.025 AS 43.55.165
AS 43.55.020 AS 43.55.110 AS 43.55.170
AS 43.55.023 AS 43.55.150 AS 43.55.900

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RAR/bgh/C1699.00/gcah.57.10 February 16, 2010

Oil Company Upstream Capital Spending

This Memorandum is an update to a previous note dated October 3, 2007 on this same matter. Additional data on Capital Expenditures and Acquisitions has been incorporated below and supplemented with further analysis.

BACKGROUND

Like any corporation, oil companies are by definition in business to make a profit. Taxes and other forms of government take govern the amount of profits that a government deems it appropriate for an oil company to make. With all things being equal (which they rarely are), oil companies would preferentially invest in areas with the lowest overall government take (whether achieved through taxation or otherwise); however, this is not the real world calculus.

When prospectivity (the likelihood of making a discovery) and materiality (the expected size of such a discovery) are added to the investment decision criteria, oil companies quite often end up investing in countries with relatively high or above average levels of government take. They do so because they believe (and often realize) that notwithstanding the high government take investments in those countries will generate absolute levels of profit unachievable in countries with lower levels of take. Thus, countries that offer extraordinary potential (like Angola, Russia, Kazakhstan, Libya and Iraq) are able to command a greater share of the total pie while, at the other extreme, areas which have extremely favorable tax regimes (like Ireland and Morocco) still do not attract significant industry interest.

The number of locales in the world that offer the larger oil companies the needed level of materiality to invest are increasingly limited in number. ExxonMobil, BP, Chevron and ConocoPhillips for example, together produce over 12 million barrels of oil equivalent per day – to simply replace their production they need to add to their reserves a Kuparuk size accumulation every 8 to 9 months!

Thus, the investment decisions of oil companies are governed by a number of factors. These include both the unit level of profitability available (a reflection of the overall level of government take), and the size of the investment opportunity.

CAPITAL SPENDING COMPARISON

The oil companies have compared Alaska's fiscal regime mainly to other lower 48 US fiscal regimes; however, such a comparison would only be valid for a small portion of their overall capital spending over the past few decades. Indeed, typically over 70% of the E&P capital spending of companies such as ExxonMobil, BP, Chevron and ConocoPhillips are outside the US.

As the oil companies continue to assert, the fiscal regime in the Gulf of Mexico (GOM) is more favorable than ACES. But given that, why do the companies predominately invest outside

the US in countries with fiscal regimes far less contractor friendly than Alaska? Indeed, why not spend all of their capital in the Gulf of Mexico? Reasons include:

- Scale: there are not enough opportunities in the GOM for companies of this scale to increase production, "book barrels" and maintain high reserves replacement ratios; and
- Diversification: best practice portfolio management strategies typically promote investments in various locations, i.e. avoid "putting all the eggs in the same basket".

As a result, a number of the countries that have been the recipients of significant capital spending have fiscal regimes that are seen as less favorable (and in some cases much less favorable) than in the lower 48 US. In fact, countries such as Indonesia, Norway, Angola and Iraq typically have average and marginal tax rates/government takes above those in place in Alaska, regardless of price.

It is thus misleading simply to compare Alaska's terms with those available in the Gulf of Mexico or other US jurisdictions. Given the amount of investment capital being spent by the large oil companies each year, Alaska is presently not competing with the GOM for funds; it is competing with these other, mostly high cost (from a government take perspective) international opportunities.

The following table illustrates the upstream capital spending of ExxonMobil, BP, Chevron, and ConocoPhillips from 2002 through 2009.

	US$ Millions	2009*	2008	2007	2006	2005	2004	2003	2002
Exxon-Mobil	US	3,585	3,334	2,212	2,486	2,142	1,922	2,125	2,357
	International	17,119	16,400	13,512	13,745	12,328	9,793	9,863	8,037
	US Share (%)	17%	17%	14%	15%	15%	16%	18%	23%
	TOTAL	20,704	19,734	15,724	16,231	14,470	11,715	11,988	10,394
BP	US	6,169	10,359	5,096	4,605	3,870	4,096	4,097	4,303
	International	8,727	11,868	9,111	8,513	6,367	7,097	11,273	5,396
	US Share (%)	41%	47%	36%	35%	38%	37%	27%	44%
	TOTAL	14,896	22,227	14,207	13,118	10,237	11,193	15,370	9,699
Chevron	US	3,261	5,516	4,558	4,123	2,450	1,820	1,641	1,888
	International	13,848	11,944	10,980	8,696	5,939	4,501	4,034	4,395
	US Share (%)	19%	32%	29%	32%	29%	29%	29%	30%
	TOTAL	17,109	17,460	15,538	12,819	8,389	6,321	5,675	6,283
Conoco-Phillips	Alaska	832	1,414	666	820	746	645	570	706
	US (Continental)	2,668	3,836	3,122	2,008	891	669	848	499
	International	5,959	11,206	6,147	6,685	5,047	3,935	3,090	2,071
	Alaska Share (%)	9%	9%	7%	9%	11%	12%	13%	22%
	US Share (%)	37%	32%	38%	30%	24%	25%	31%	37%
	TOTAL	9,459	16,456	9,935	9,513	6,684	5,249	4,508	3,276
TOTAL	US	16,515	24,459	15,654	14,042	10,099	9,152	9,281	9,753
	International	45,653	51,418	39,750	37,639	29,681	25,326	28,260	19,899
	US Share (%)	27%	32%	28%	27%	25%	27%	25%	33%
	TOTAL	62,168	75,877	55,404	51,681	39,780	34,478	37,541	29,652

*Source: Company annual reports and press releases. - *2009 figures for ConocoPhillips are budget, not actual. Note: the scope of the activities included under Upstream Capital Spending varies from company to company, with ExxonMobil reporting Capital and Exploration Expenditures, BP reporting Capital Expenditure and Acquisitions, Chevron reporting Capital and Exploratory Expenditures and ConocoPhillips reporting Capital Expenditures and Investment.*

It is very clear from the above data that these companies invest more of their E&P budget outside the US than in the US, with overall only 27% percent of their upstream investment directed to US projects in 2009. Over the period from 2002 to 2009, the share of the US in these companies' total investment has dropped from 33% to 27%. Annual fluctuations in capital spending are often influenced by major acquisitions, such as Chevron's merger with Unocal in 2005 and ConocoPhillips' merger with Burlington Resources in 2006. In 2009, the total upstream capital spending outside the US represented over US$45 billion, while the US share represented over US$16 billion dollars.

Out of these four companies, ExxonMobil is the company which allocates the most significant portion of its budget to international investment, with over 80% of capital spending outside the US in 2009.

BP on the other hand has the highest percentage of its upstream capital spending in the US, representing over 40% in 2008 and 2009. This split is in part the result of BP's investments in US shale gas, such as the acquisition of Chesapeake's interests in the Arkoma Basin Woodford and Fayetteville Shale plays in 2008 for over US$3.6 billion.

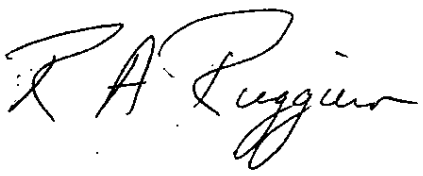
Chevron's US upstream investments have dropped from 32% to 19% from 2008 to 2009. Chevron's international focus is expected to remain strong in 2010 as reflected by its international upstream budget of US$13.2 billion out of a total upstream budget of US$17.3 billion, with major projects in Western Australia, GOM, Brazil, Nigeria, Angola, Thailand, China, and Canada.

ConocoPhillips' share of US spending significantly fluctuated since 2002, with a recent increase to 37% of its total upstream budget. The share of Alaska, out of total upstream budget, has dropped from 22% in 2002 to 9% in 2006 and remained below 10% since then.

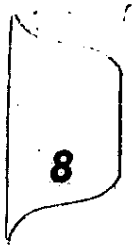
At the macro level there is no discernable change in investment patterns as Alaska moved from ELF to PPT to ACES. The continued investment by the large companies in high government take countries reflects the fact that, in deciding where to invest, government take is one of the factors considered but is demonstrably not, in and of itself, the controlling or deciding factor. In addition, it would be misleading to only compare the fiscal regime in Alaska with regimes in the lower 48 US, or other low government take regimes, as given strategic, investment community and growth drivers the large companies have and will continue to invest in high government take regimes which offer similar resource development opportunities.

Very truly yours,

GAFFNEY, CLINE & ASSOCIATES, INC.



Rich Ruggiero


8

OPERATING AND CAPITAL LEASE EXPENDITURES

Senate Finance Committee

February 17, 2010

Alaska State Department of Revenue

Lease Expenditure Agenda

- Lease Expenditure Sources
- Total North Slope Lease Expenditures
- Standard Deduction Provision
- $0.30/barrel Capital Expenditure Exemption
- Trends in North Slope Spending

Lease Expenditure Information Sources

- Capital expenditure Information
- Monthly expenditure estimates
- Annual expenditure information, 2006 – 2009
- Future expenditure projections from North Slope operators
- Manual processing of all expenditure information

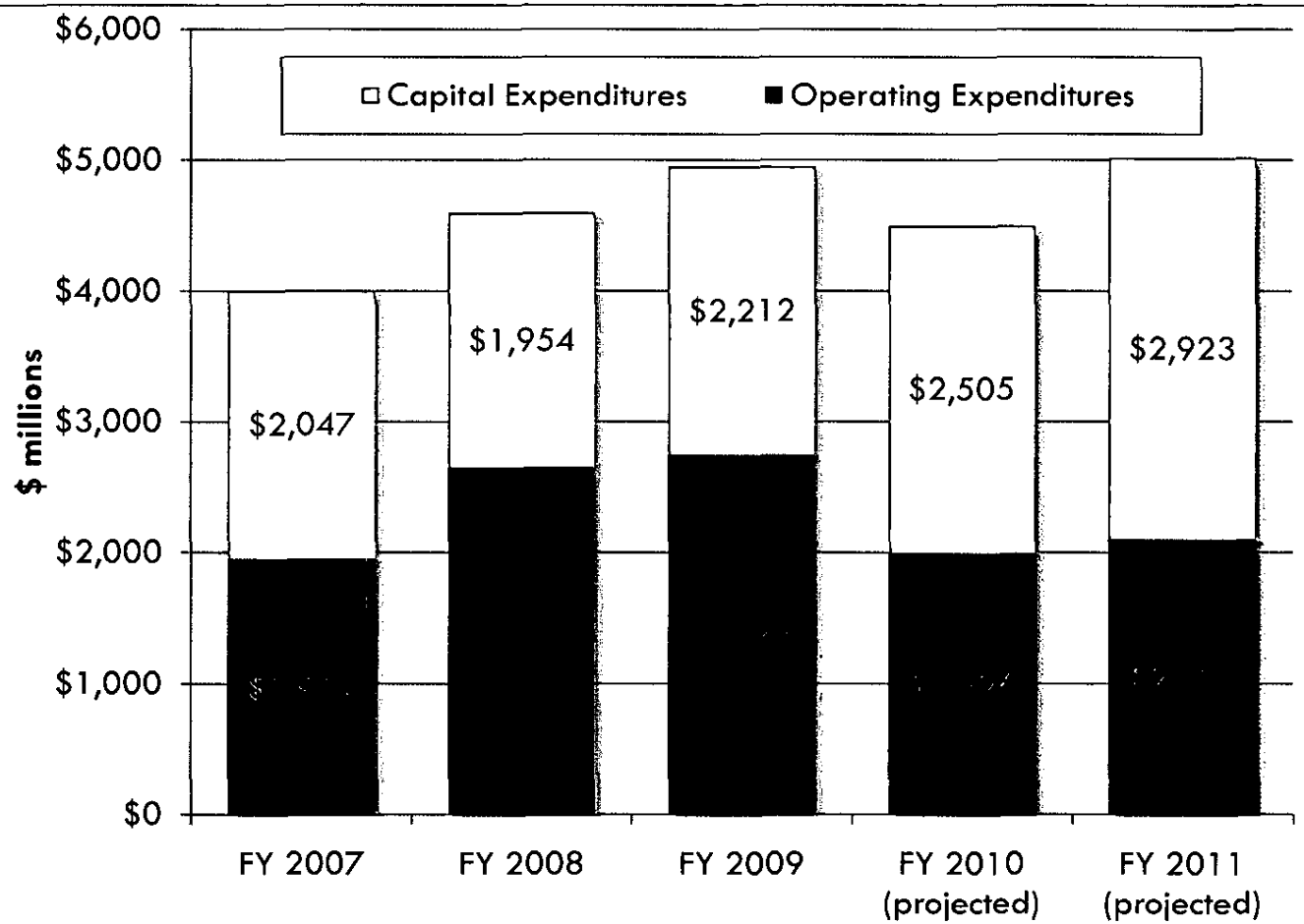
Lease Expenditure Information Sources

- Capital expenditure Information
  - Dating back to April 2001
  - Received from applications for Transition Investment Expenditure (TIE) credits
- Monthly expenditure estimates
  - Beginning May 2008
  - Not audited - Expenditures represent estimates only

Lease Expenditure Information Sources (Continued)

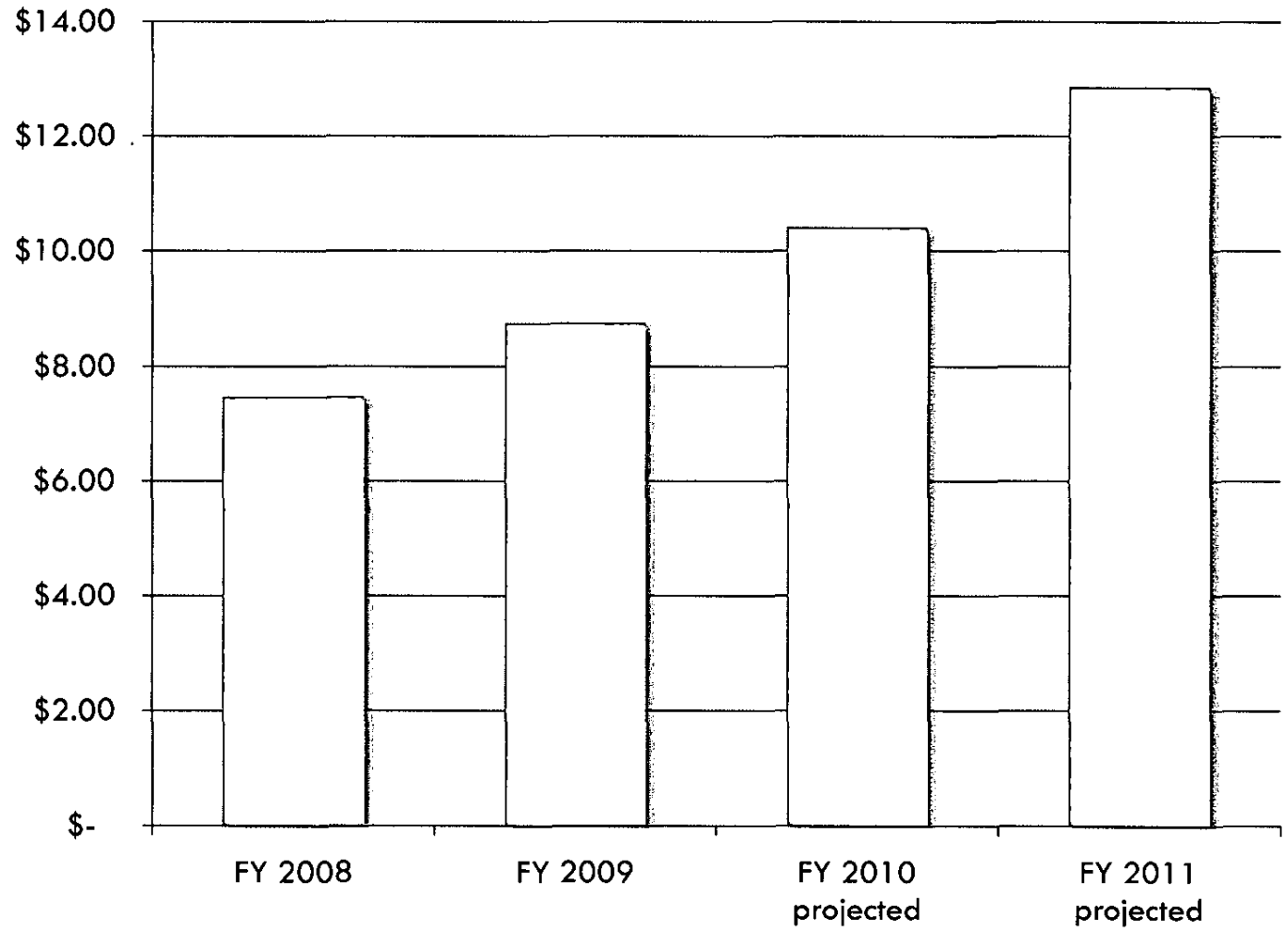
- Annual expenditure information, 2006 – 2009
  - Auditable production tax returns, due March 31 of each year
  - First filing March 31, 2007 (first under PPT)
  - Second filing March 31, 2008 (first under ACES)
  - Third filing March 31, 2009 (second under ACES)
  - Calendar year 2009 filings due March 31, 2010 – in process of developing a standardized tax return
- Future expenditure projections from North Slope operators
  - Requested of operators in spring and fall of each year
  - Request 5 years projections
  - Limited to communications with Working Interest Owners
  - Some categorization of expenditures, depending on operator and property
- Manual processing of all expenditure information

North Slope Operating and Capital Expenditures, Reported and Projected

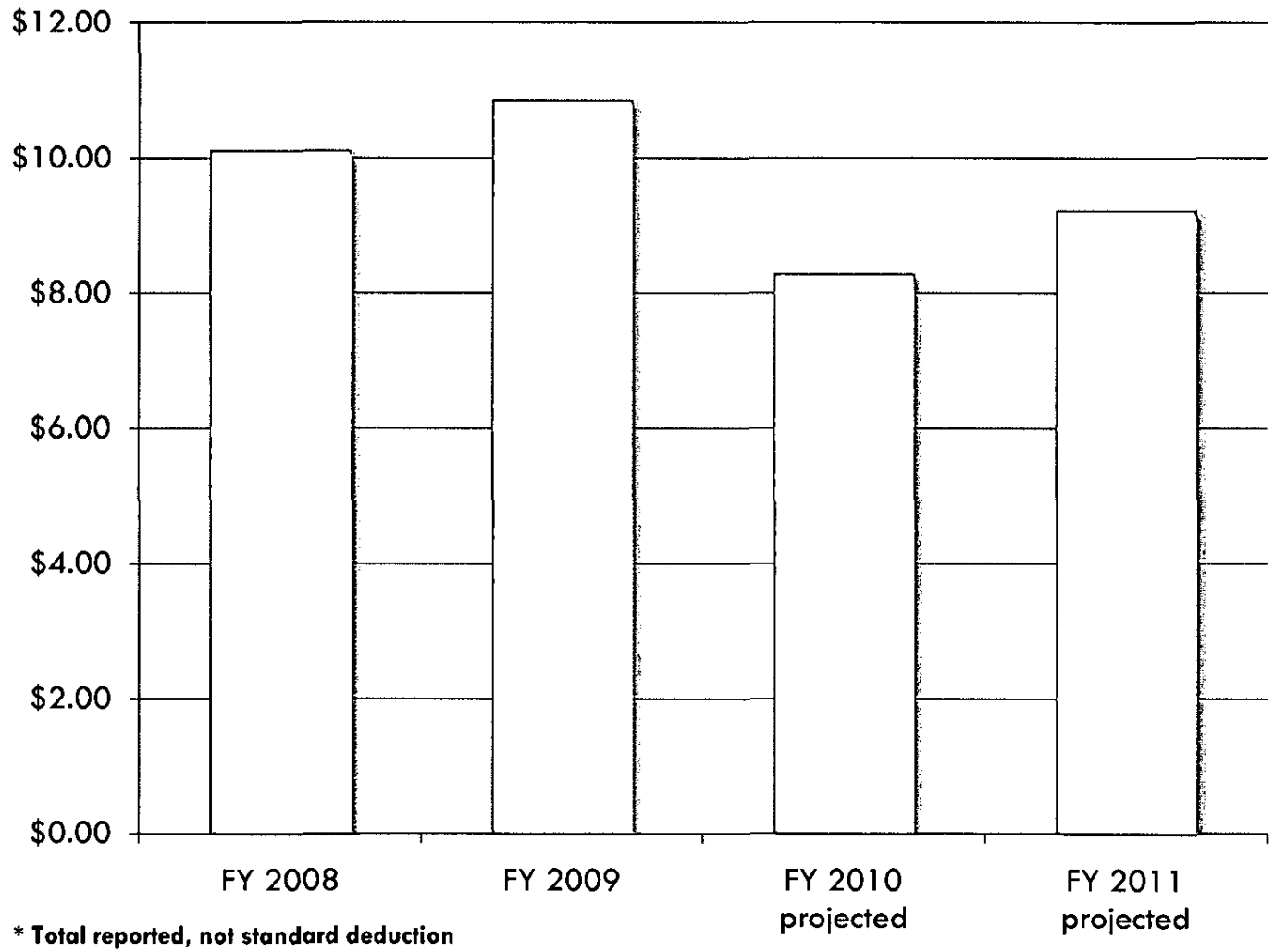


NOTE: Operating expenditures includes total reported costs, not standard deduction; FY 2007 estimated based on incomplete reporting

Capital Expenditures per Barrel, Total North Slope

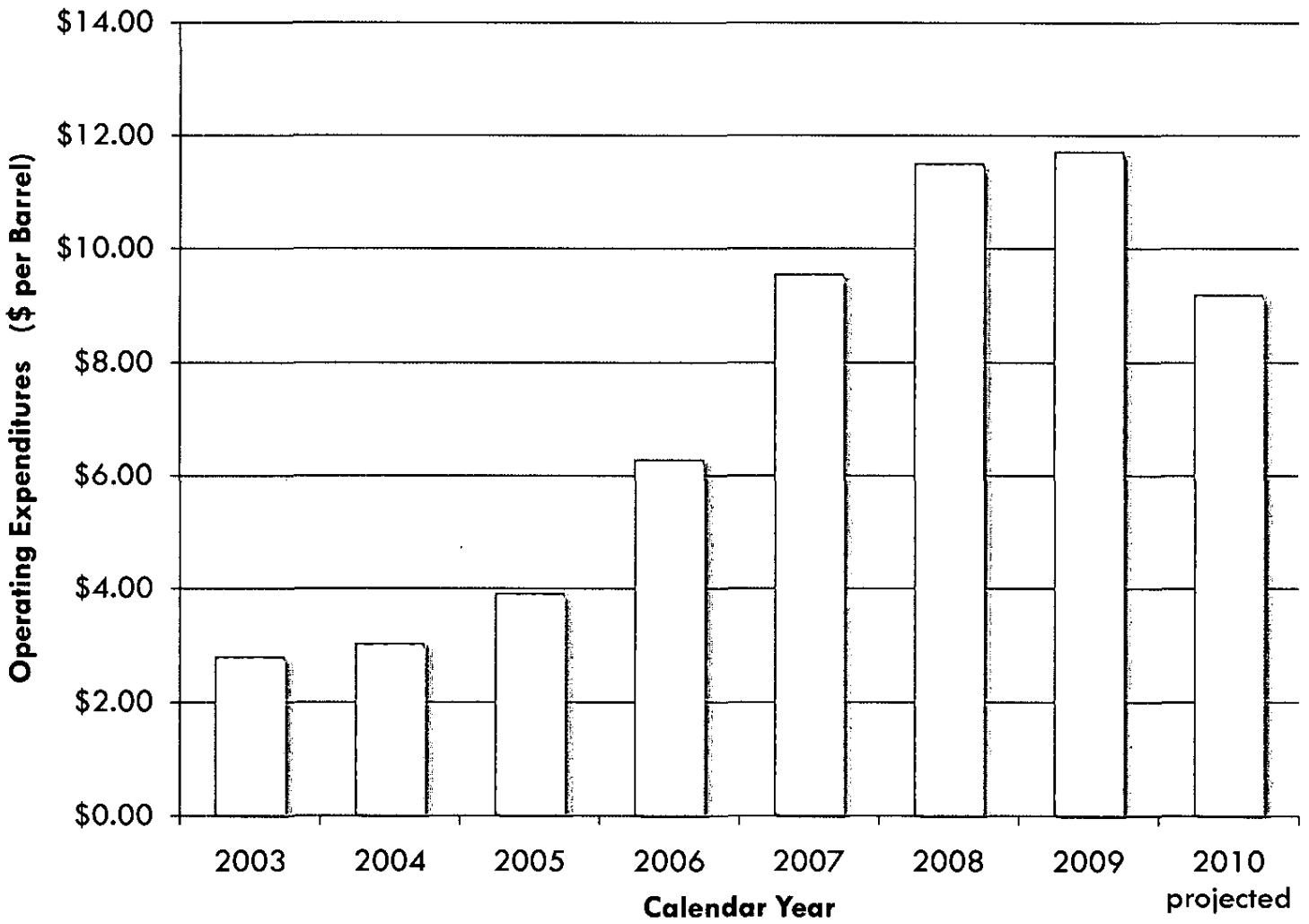


Operating Expenditures per Barrel, Total North Slope *



*** Total reported, not standard deduction**

Prudhoe Bay Operating Expenditures per Barrel, as Reported and Forecast



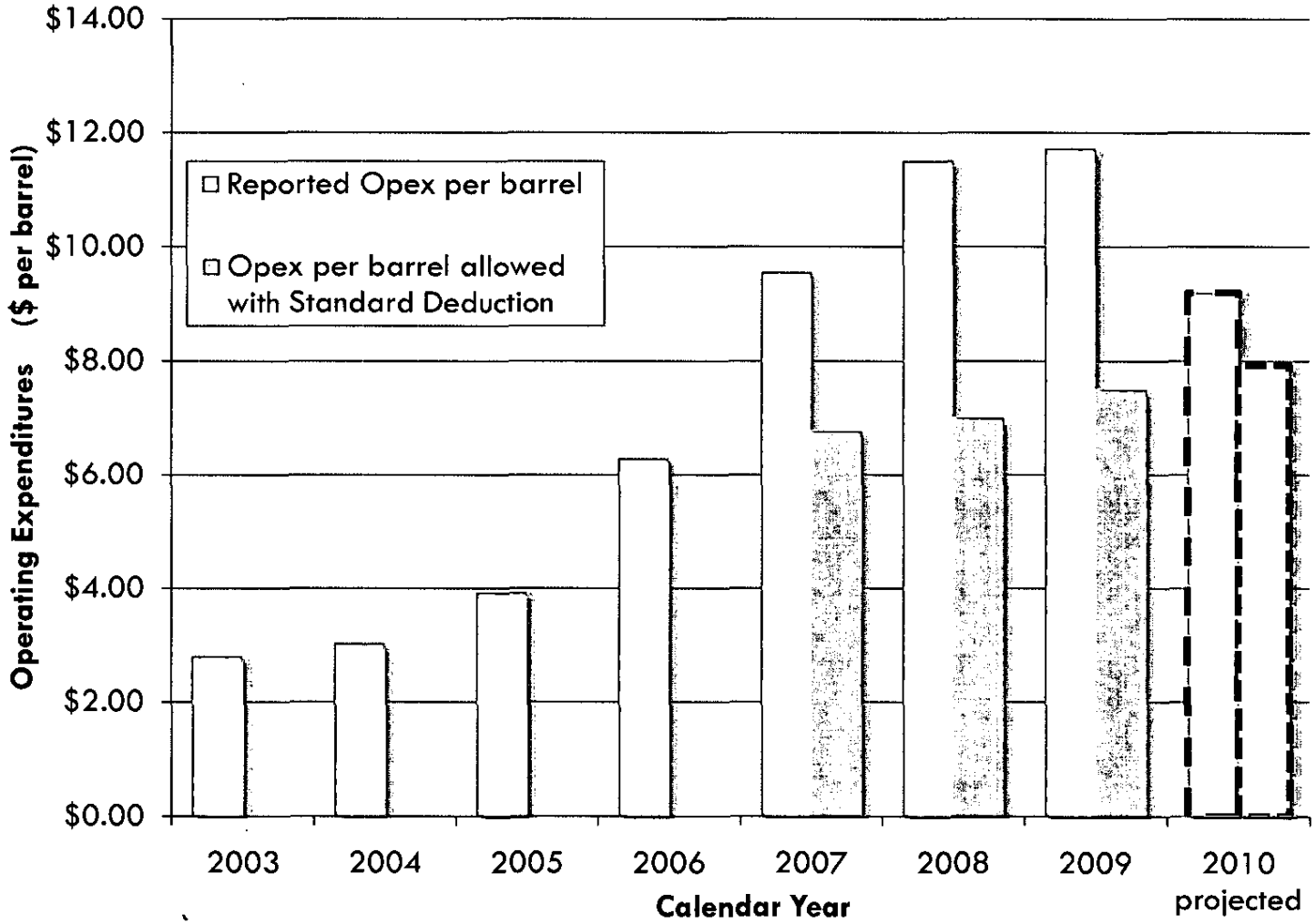
Alaska Department of Revenue

2/17/2010

"Standard Deduction" Provision at AS 43.55.165(j)

- "Standard Deduction" refers to limitation on Operating Expenditures for Prudhoe and Kuparuk units
- Set at CY 2006 expenditure levels, with 3% inflation each year
- Sunset end of CY 2009

Prudhoe Bay Opex per Barrel, as Reported and with Standard Deduction



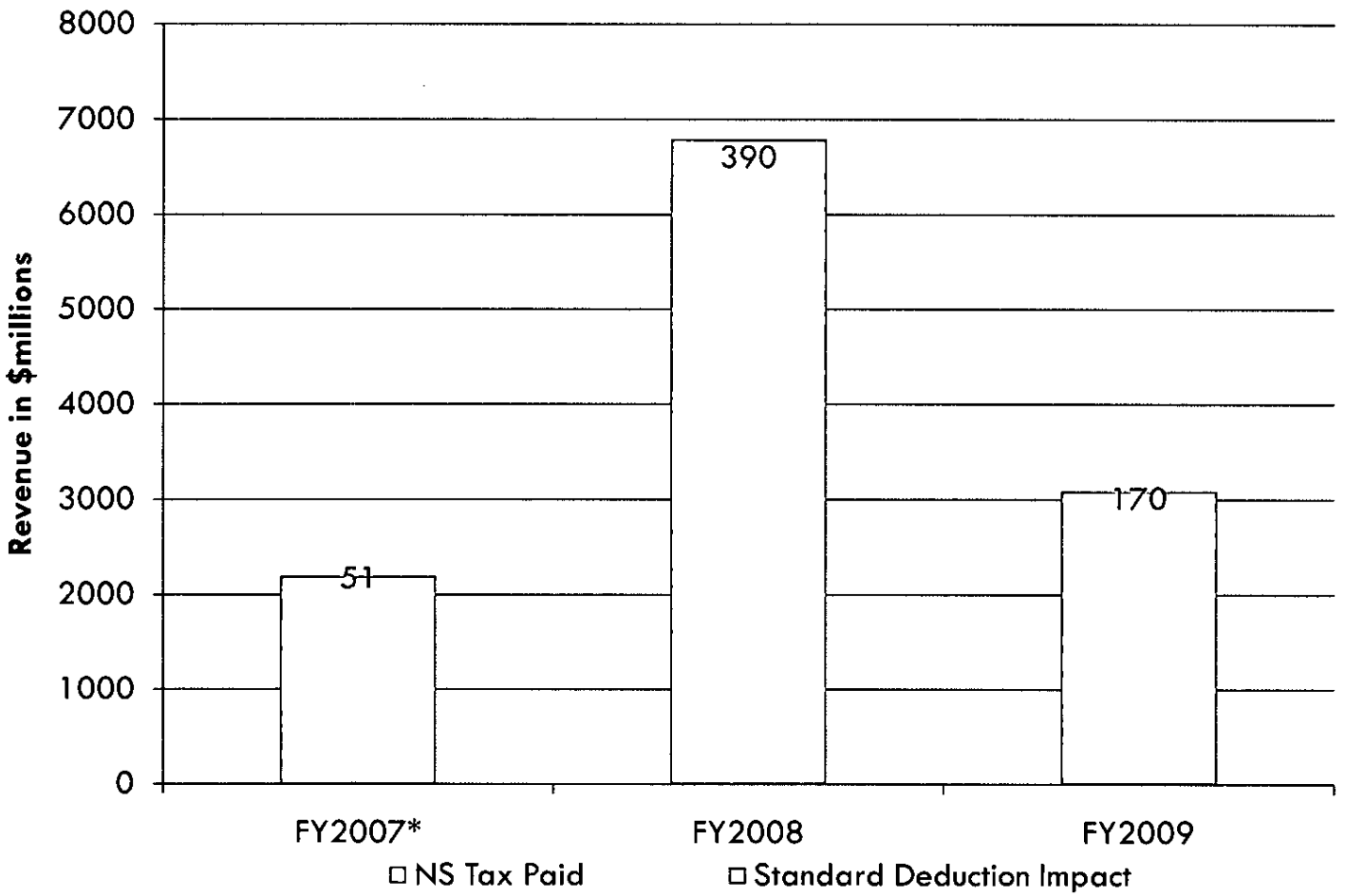
Alaska Department of Revenue

2/17/2010

Impact of Standard Deduction

- Held operating expenditures fairly level for 3 years
- Expenditures more predictable for forecasting
- Difference between standard deduction and total reported costs greater at Prudhoe Bay unit than Kuparuk unit
- Impact on state revenues more significant as oil prices increase

Increase to State Revenue from Standard Deduction Provision

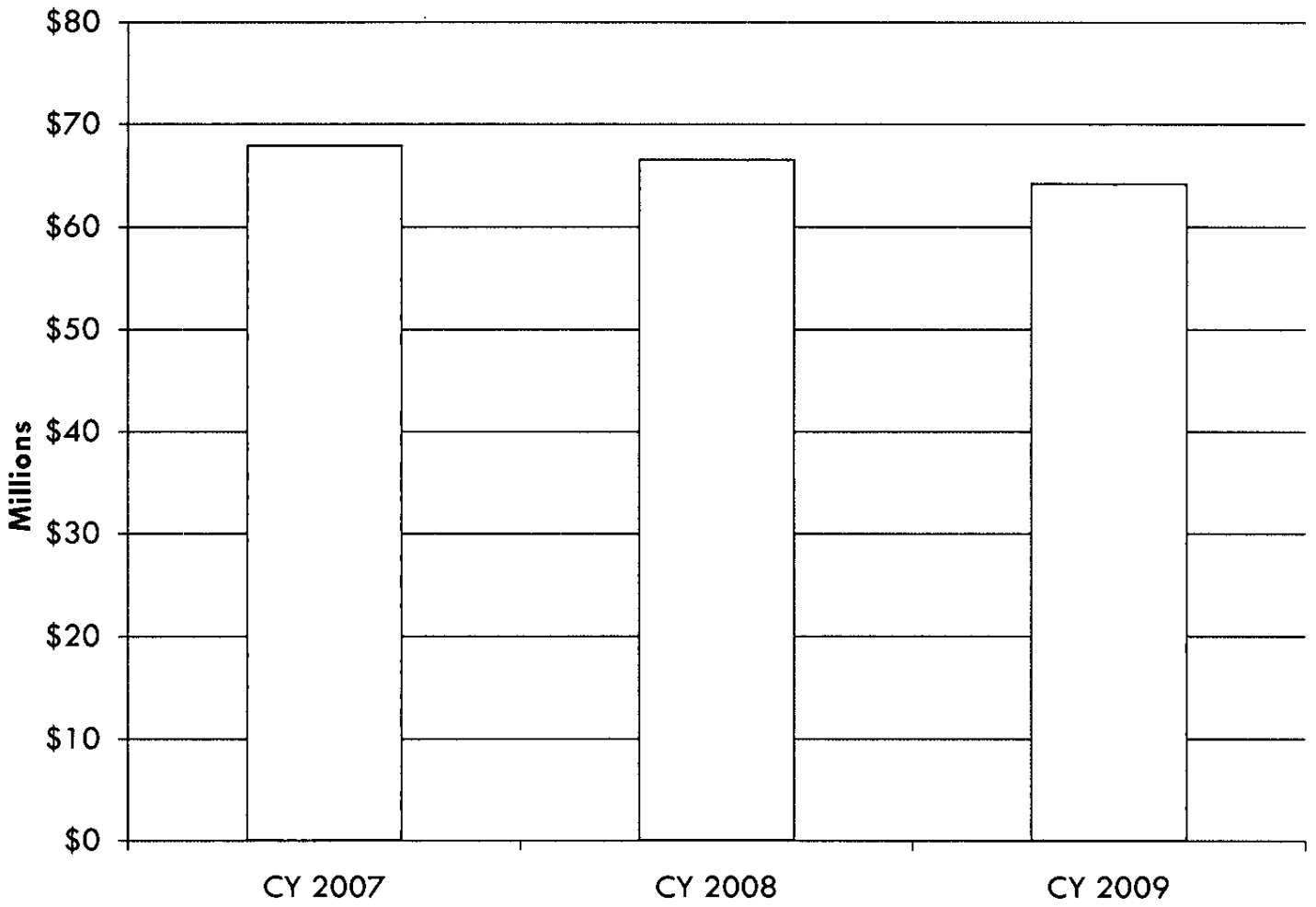


*Standard Deduction in place for half of FY 2007.

Capital Exemption of $0.30 per barrel at AS 43.55.165(e)(18)

- AS 43.55.165(e)(18) exempts $0.30 per barrel
  - Initially intended to address costs of maintaining and upgrading pipelines and facilities
  - Applies to all barrels produced, regardless of property
- Impact of Capital Exemption
  - Reduced reported capital expenditures by close to $70 million per year
  - Expenditure forecasts indicate maintenance and upgrade of several hundred million
  - Maintenance and upgrade expenditures could be amortized over 10-20 years
- AS 43.55.165(e)(19) addresses **unplanned** maintenance
  Some reporting of unplanned maintenance expenditures by companies

$0.30/bbl Capital Expense Exemption



Lease Expenditure Information "Mixed Bag"

- Is lease expenditure categorization required ?
  - Monthly information forms - NOT REQUIRED
  - Annual production tax returns - NOT REQUIRED
  - Future expenditure projection from North Slope operators - NOT REQUIRED

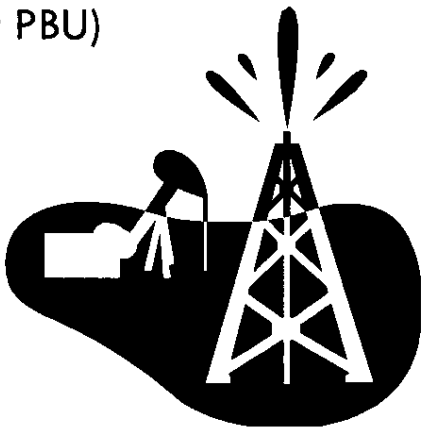
However...

Lease Expenditure "Mixed Bag" (Cont.)

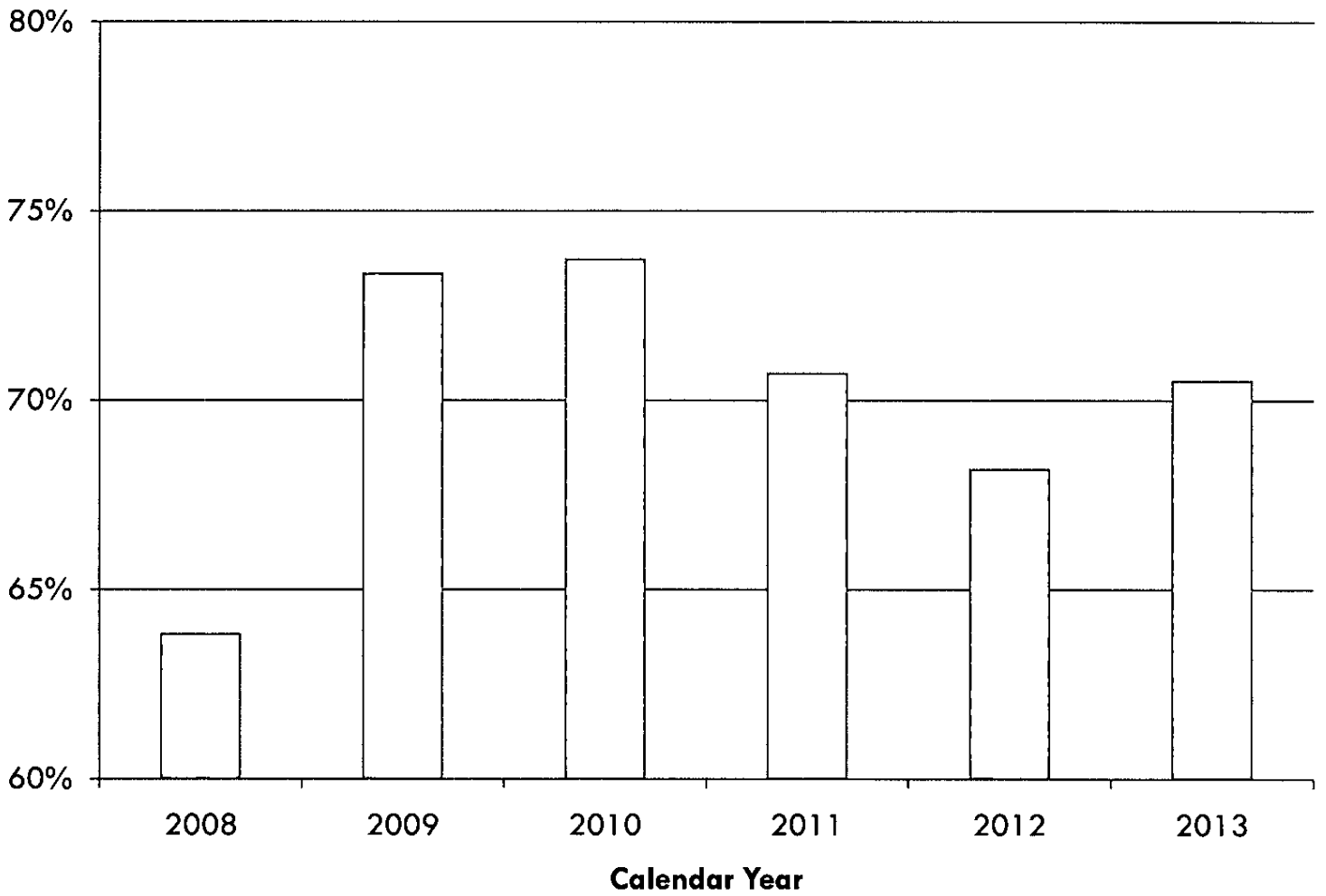
- SOME operators provide categorization in very broad categories on SOME properties
- Examples of Categories
  - Expense workovers
  - Major Repairs
  - Seismic Acquisition and Testing
  - Major Accident Review
  - Facility Integrity
  - Wellwork

Composition of North Slope Capital Expenditures

- Based on review of company confidential cost information, capital expenditures are placed into two categories:
  - "Resource or Development-related"
    - Drilling & Wellwork
    - Enhanced Oil Recovery Projects
    - Seismic
    - Facilities at New Fields (e.g. PT Thomson, WRD at PBU)
  - Other Capital Expenditures
    - Major Repairs and Work on Existing Facilities
    - Corrosion-Related Expenditures
    - Safety Upgrades



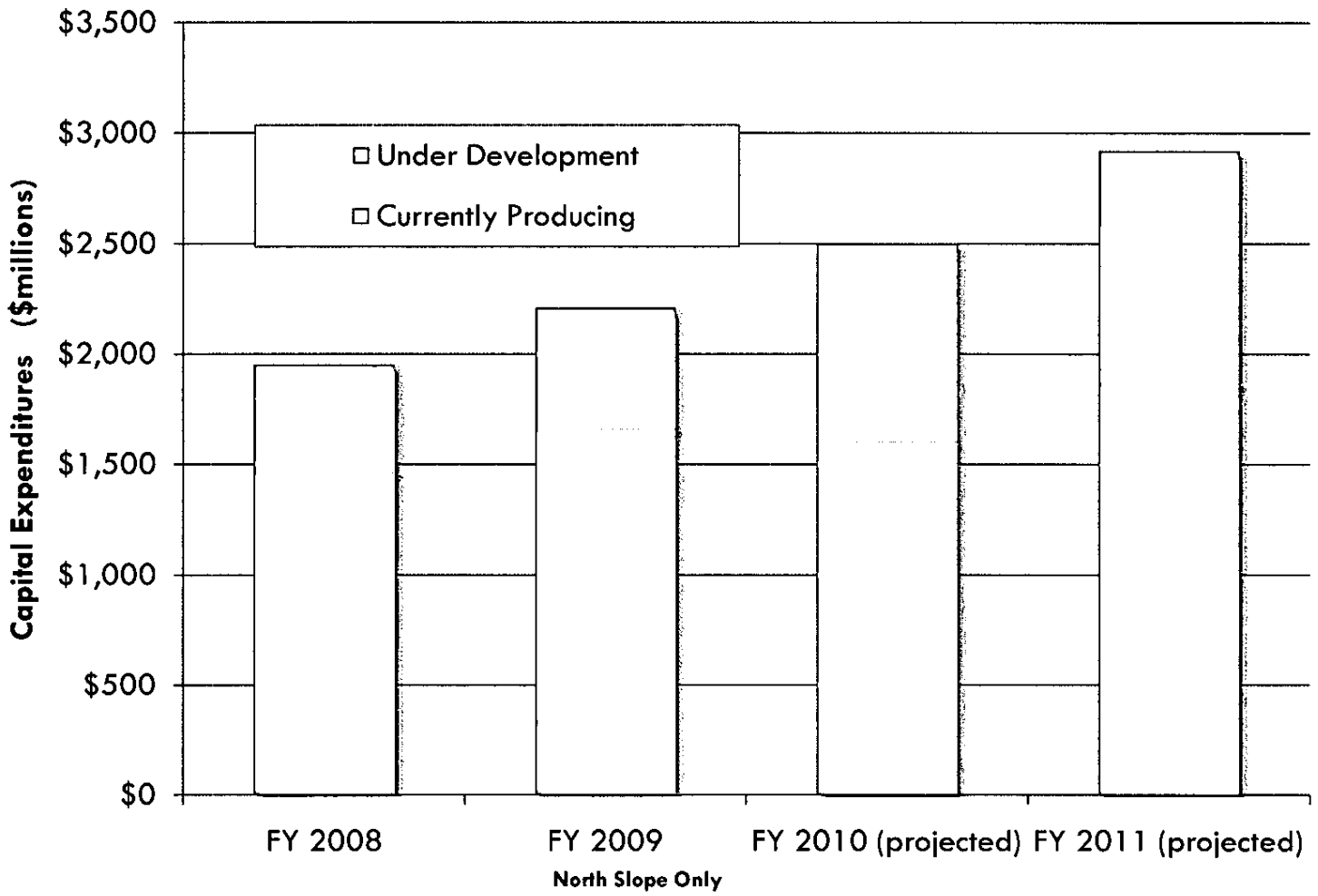
Share of Planned North Slope capital Expenditures for "Resource and Development" Related Costs



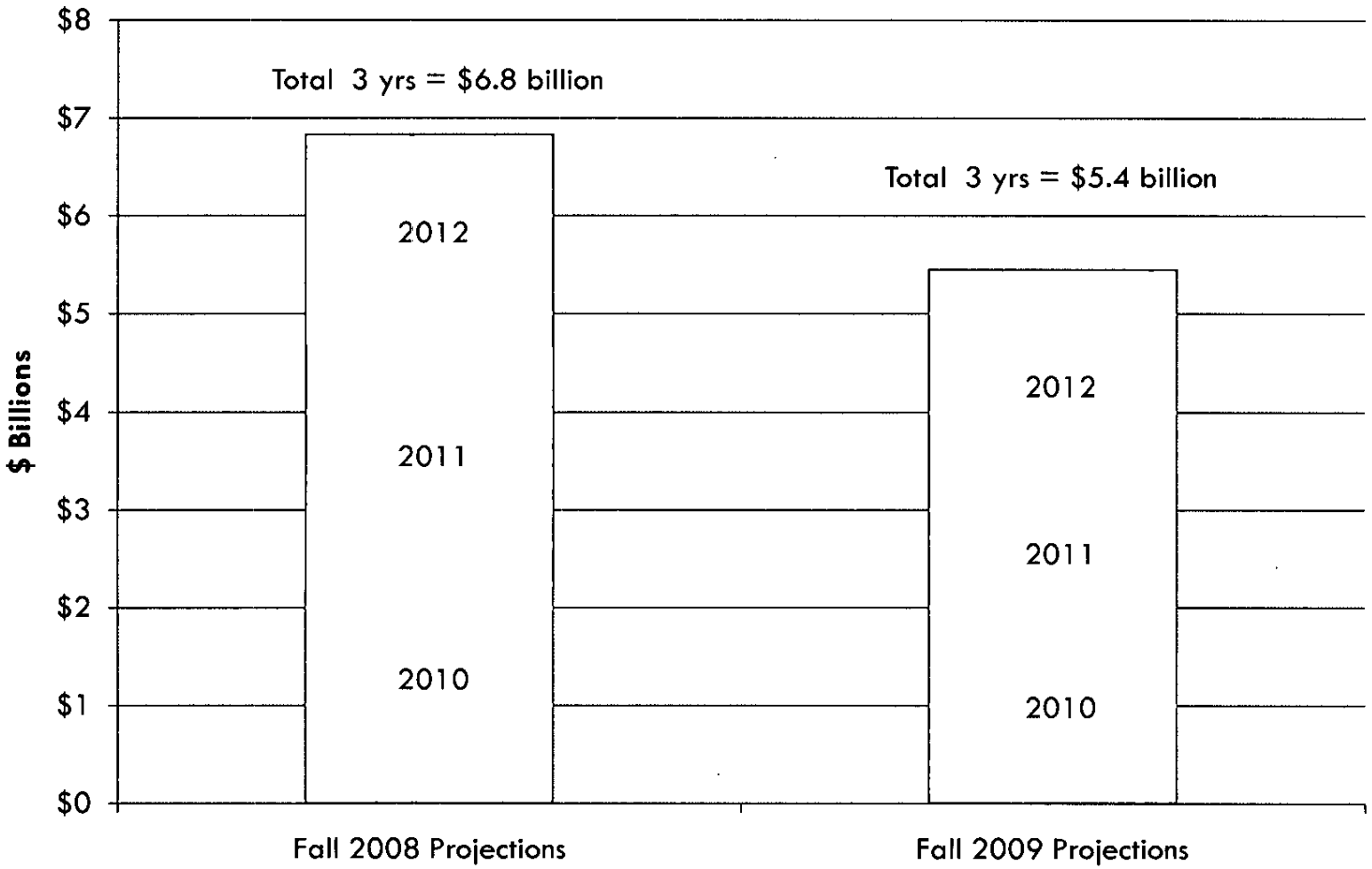
Spending Trends

- Company projections of expenditures changing
- Fall 2008 projected increased expenditures in most units
- Fall 2009 projected divergence in plans
  - Currently producing units – projected lower expenditures
  - Developing units – projected higher expenditures

Capital Expenditures by Type of Property

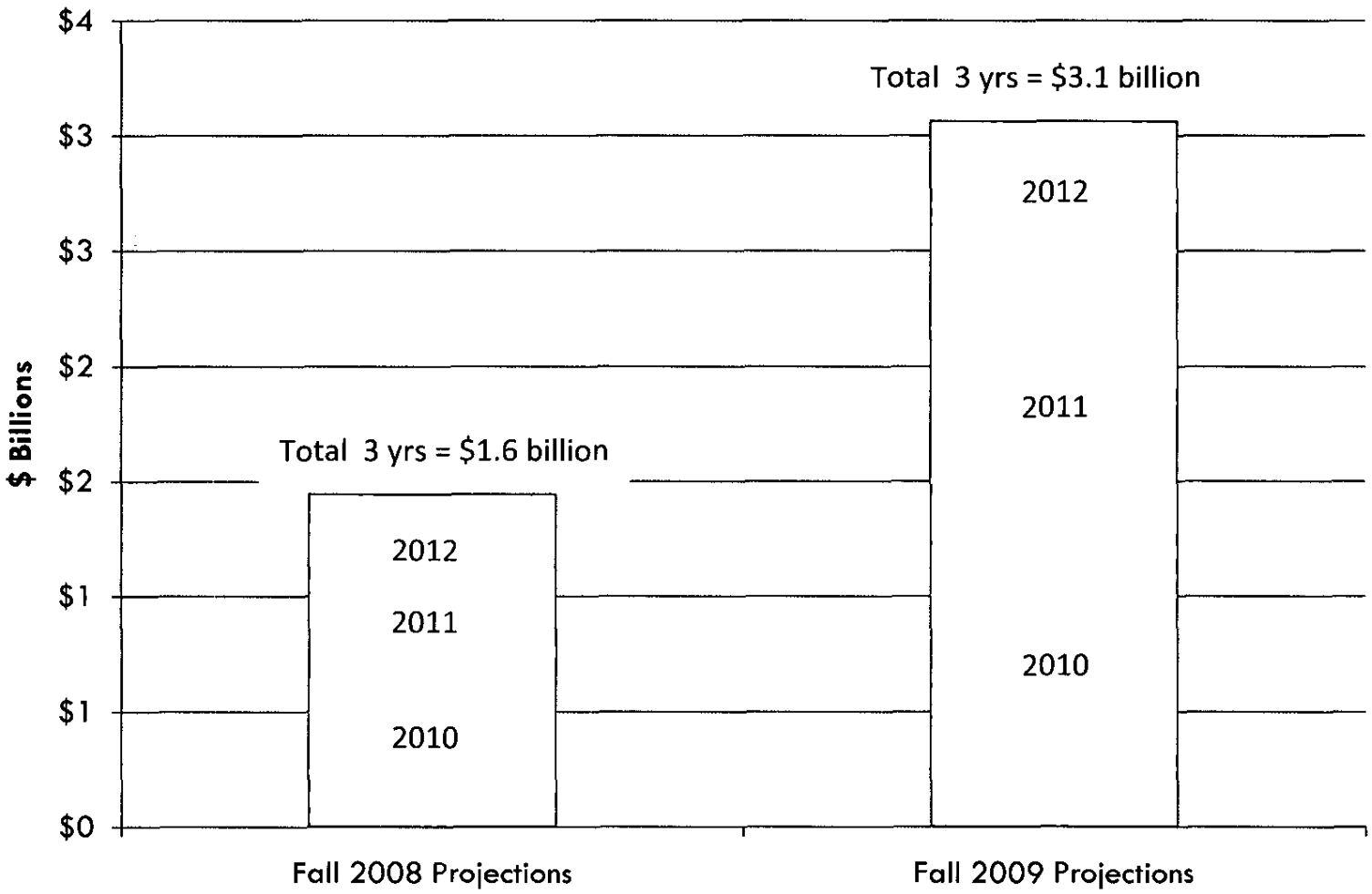


Capital Expenditure on Currently Producing Properties



Note: Excludes Coville River, Oooguruk, Nikiatchuq and PT Thomson

Capital Expenditures of Developing Properties



Recent Trends in North Slope Costs

- DOR has limited data to work with in analyzing historic cost trends.
- Limited comparison of expenditures for 3 years before and after PPT
- Capital Expenditures at Prudhoe Bay
  - Maintenance and corrosion repair expenses are **not** the key driver behind the growth in capital expenditures.
  - Majority of the increase in capital expenditures is due to drilling, seismic and projects (such as development of the Western Region of Prudhoe Bay).
- Operating Expenditures at Prudhoe Bay
  - Major Repairs were a small part of total operating expenditures pre-PPT&ACES and is still a relatively small part of total lifting costs.
  - Wellwork expenditures are the primary driver behind the rise in Operating Expenditures.

The End

PRODUCTION TAX CREDITS

Senate Finance Committee

2/18/2010

Alaska State Department of Revenue

Overview

- **Types of Tax Credits**
- Credits Applied Against Tax Liability
- Transferable Tax Credit Certificates
- Cash Refunds History
- Tax Credit Analysis

Types of Credits

Credits which may be taken against oil and gas production taxes include:

- Capital Expenditure Credits
- Exploration Credits
- Net Operating Loss ("NOL") Carry Forward Credits
- Transitional Investment Expenditure ("TIE") Credit
- Small Producer Credits

Types of Credits

Capital Expenditure Credits (AS 43.55.023(a)(1))

- 20% of qualified capital expenditures (QCE)
- QCE include drilling, construction of facilities, new equipment, etc.
- Same expenditures may also qualify for NOL Carry Forward Credit
- Same expenditures do ***not*** qualify for additional EIC credit
- Must be spread over 2 years
- Credits may be cashed or transferred

Types of Credits

Exploration Credits

- Two Main Types
  - 43.55.023(a)(2) Capital Credit for Exploration Activity (20%)
  - 43.55.025 Exploration Incentive Credits ("EIC") (30%-40%)

Types of Credits

43.55.023(a)(2)**Capital Credit for Exploration Activity**

- **20%** of qualifying expenditures
- Qualifying expenditures related to geologic and geophysical exploration, or in connection with an exploration well
- Must be spread across 2 years
- Same expenditures may also qualify for NOL Carry Forward Credits
- Credits may be cashed or transferred

Types of Credits

Exploration Credits

- Two Main Types
  - 43.55.023(a)(2) Capital Credit for Exploration Activity (20%)
  - 43.55.025 Exploration Incentive Credits ("EIC") (30%-40%)

Types of Credits

43.55.025 **Exploration Incentive Credits**

- **30% - 40%** of qualified expenditures depending on well location and proximity to existing wells and unit boundaries
- Qualified expenditures include certain expenses associated with seismic and geophysical exploration work, and exploration well drilling
- Same expenditures may also qualify for NOL Carry Forward Credit
- Same expenditures do ***not*** qualify for Capital Expenditure Credit
- To receive credit, taxpayer must provide certain well data to DNR
- Expires 2016
- Credits may be cashed or transferred

Types of Credits

NOL Carry Forward Credit - 43.55.023(b)

- **25%** of net operating loss
  - Applied against tax liability in following year
- Credit based on adjusted lease expenditures which include both operating and capital expenses
- Same capital expenditures may also qualify for exploration credit under 43.55.023(a)(2)
- Credits may be cashed or transferred

Types of Credits

Transitional Investment Expenditure (TIE) Credits - 43.55.023(i)

- Credit equals 20% of qualifying capital expenditures:
  - incurred between March 31, 2001 and April 1, 2006, and
  - not exceeding 10% of the capital expenditures incurred between March 31, 2006 and January 1, 2008.
- Revised under Aces to cover only producer or explorer not having production prior to January 1, 2008
- Credits are ***not*** transferable and may ***not*** be carried forward beyond 2013
- Same capital expenditures may ***not*** qualify for exploration credit under 43.55.025

Types of Credits

Small Producer Credit - 43.55.024(a)

- Available for companies producing less than 50,000 bbl/day of oil BTU-equivalent
- Credit is up to $6 million against tax liability
- Production must be from wells outside of Cook Inlet and North Slope
- Expires 2016 or 9 years after first commercial oil or gas production if before May 1, 2016
- Credits may ***not*** be cashed or transferred or carried forward

Types of Credits

Small Producer Credit - 43.55.024(c)

- Available for companies producing not more than 100,000 bbl/day of oil BTU-equivalent
- Credit ranges between $12 million and $0 depending upon level of production.
- Credit can only be applied against tax liability
- Production not restricted by region
- Expires 2016 or 9 years after first commercial oil or gas production if before May 1, 2016
- Credits may ***not*** be cashed or transferred or carried forward

Overview

- Types of Tax Credits
- **Credits Applied Against Tax Liability**
- Transferable Tax Credit Certificates
- Cash Refunds History
- Tax Credit Analysis

Credits Applied Against Tax Liability

Credits may be claimed in up to two ways:

(1) All Credits may be applied against tax liability

- .023(a) credits split over two years
- NOL , TIE, Small Producer and .025 credits all in current year

(2) Some Credits may be converted into a transferable Tax Credit Certificate

- .023(a), NOL, and .025 Credits are convertible
- .023(a) and NOL Tax Credit Certificates must be applied over two years
- .025 Tax Credit Certificates can be used in single year

Credits Applied Against Tax Liability

Tax Credits Earned by Producers, by Tax Year*

Credit Type	2006	2007	2008	Total
Capital Expenditure Credit	204	282	342	828
TIE Credit	98	145	0	243
Small Producer Credit	27	38	21	86
Exploration Incentive Credits	2	105	12	119
TOTAL	**331**	**569**	**376**	**1,276**

* Does not include explorers without current production

Credits Applied Against Tax Liability

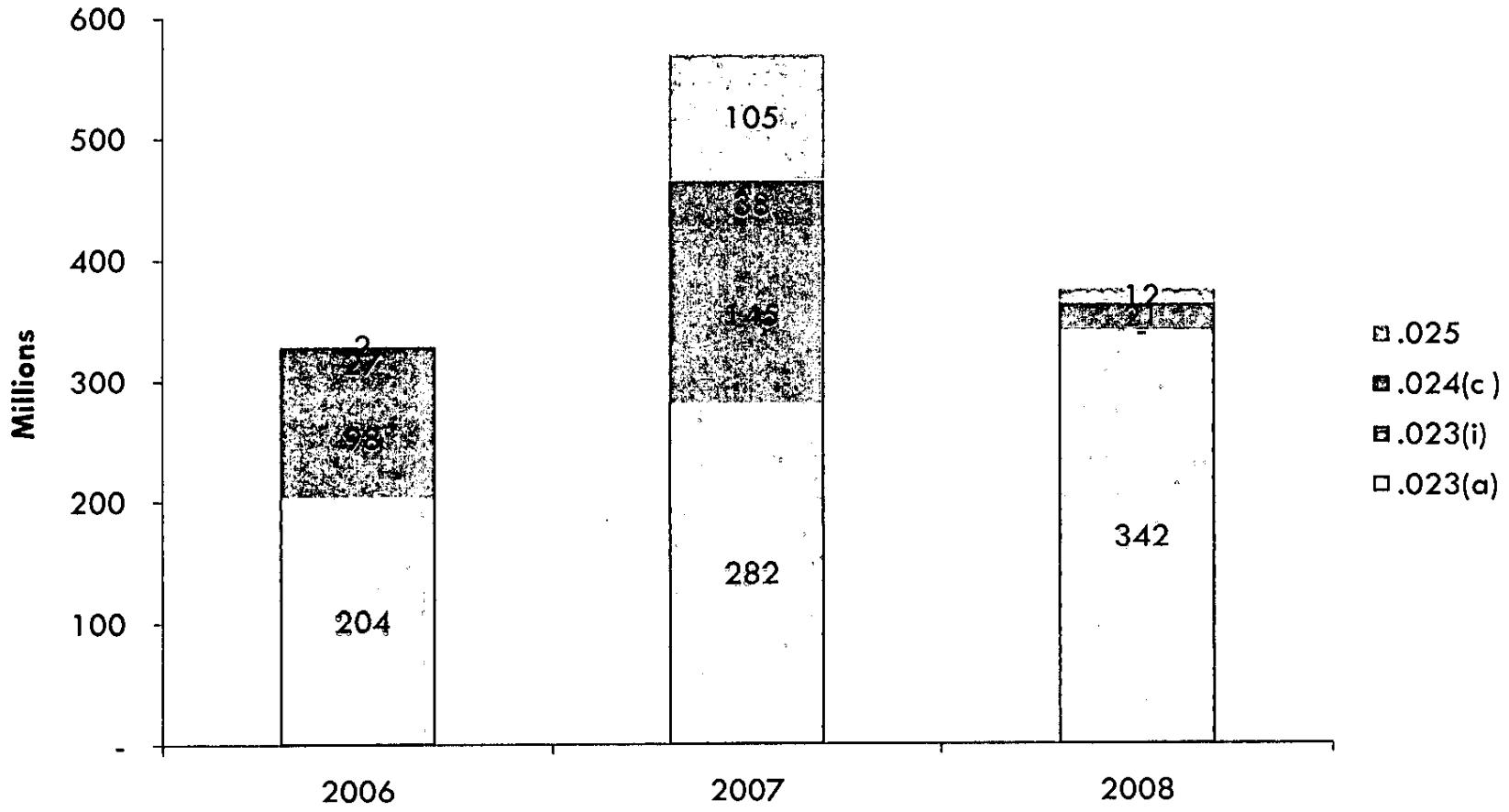
Tax Credits Applied by Producers Against Tax Liability, by Tax Year

Credit Type	2006	2007	2008	Total
Capital Expenditure Credit	195	194	243	632
TIE Credits	98	145	0	243
Small Producer Credits	27	38	21	86
Exploration Incentive Credits	2	92	17	112
TOTAL	**322**	**469**	**282**	**1,073**

Credits Applied Against Tax Liability

Credit Claimed On Tax Filings 2006 - 2008

17

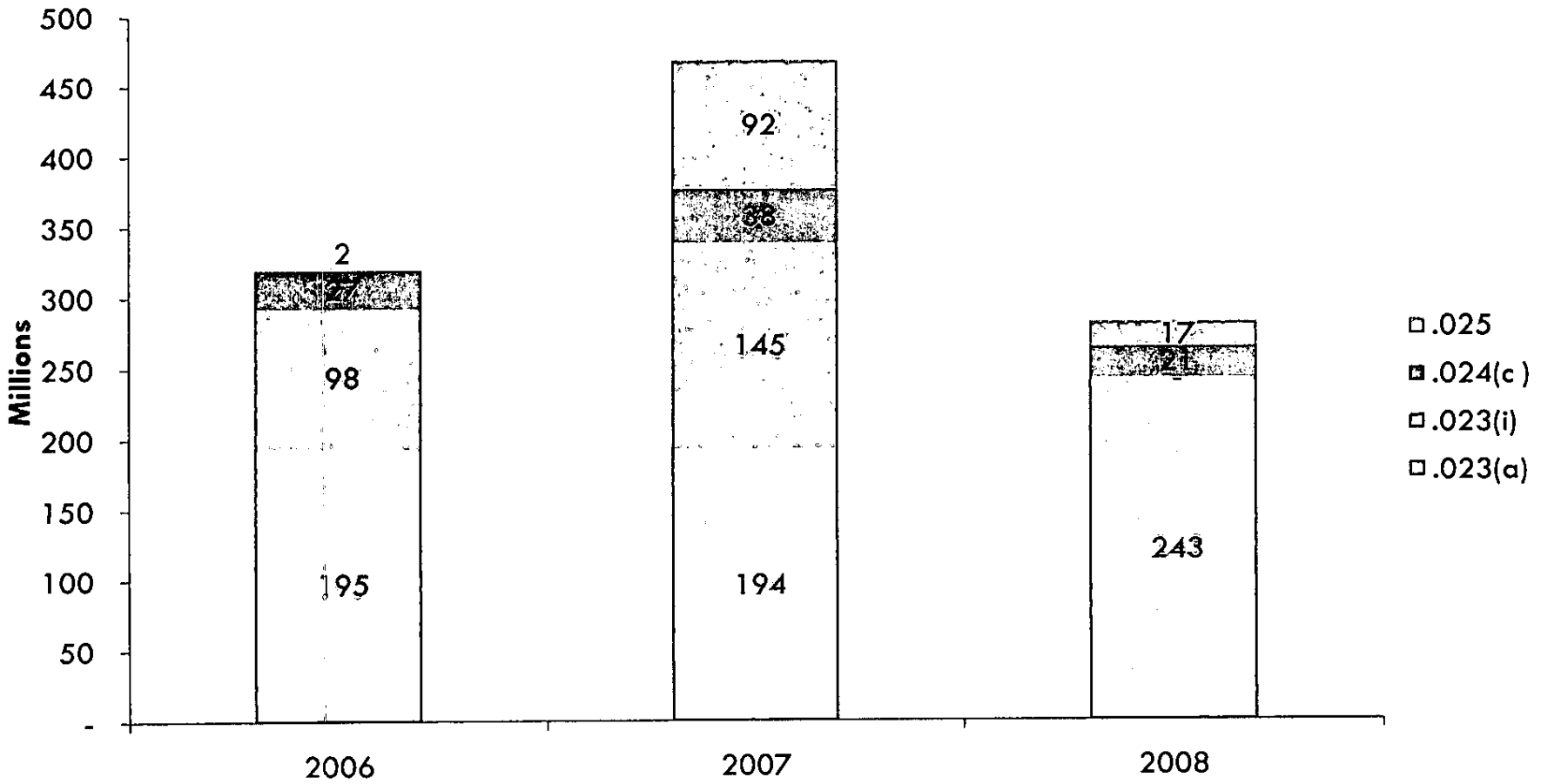


Department of Revenue 2/18/2010

Credits Applied Against Tax Liability

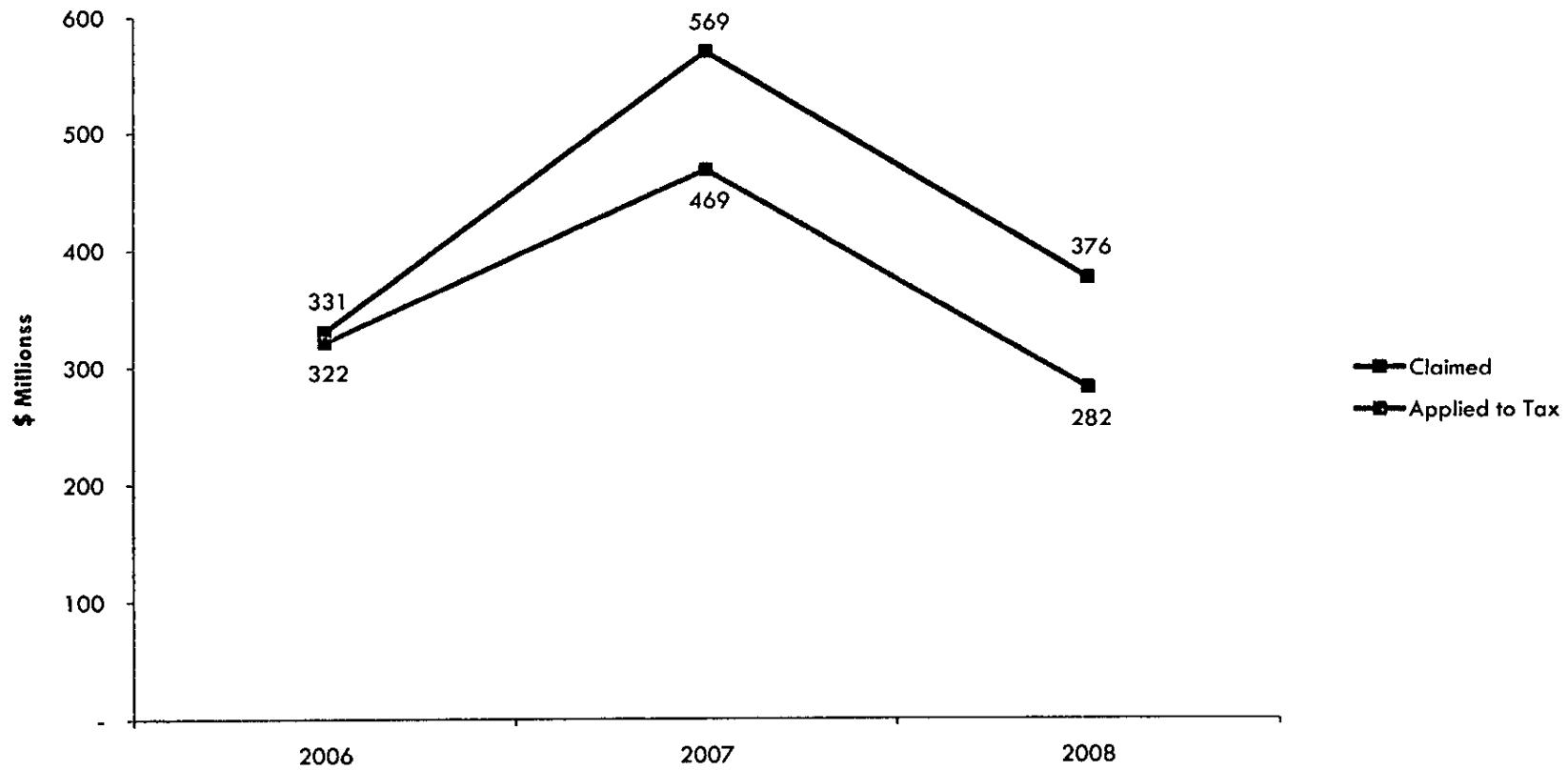
Credits Applied Against Taxes 2006 - 2008

18



Credits Applied Against Tax Liability

Tax Credits Earned and Applied to Tax



Overview

- Types of Tax Credits
- Credits Applied Against Tax Liability
- **Transferable Tax Credit Certificates**
- Cash Refunds History
- Tax Credit Analysis

Transferable Tax Credit Certificates

Capital Credit Tax Certificates

- Number issued since 2006- 211 transferable credit certificates
- Capital Credits issued by type:
  - .023 (a)(1) Qualified Capital Exp- $228.9 M
  - .023 (a)(2) Exploration/G&G- $64.9M
  - .023 (b) NOL- $340.1M

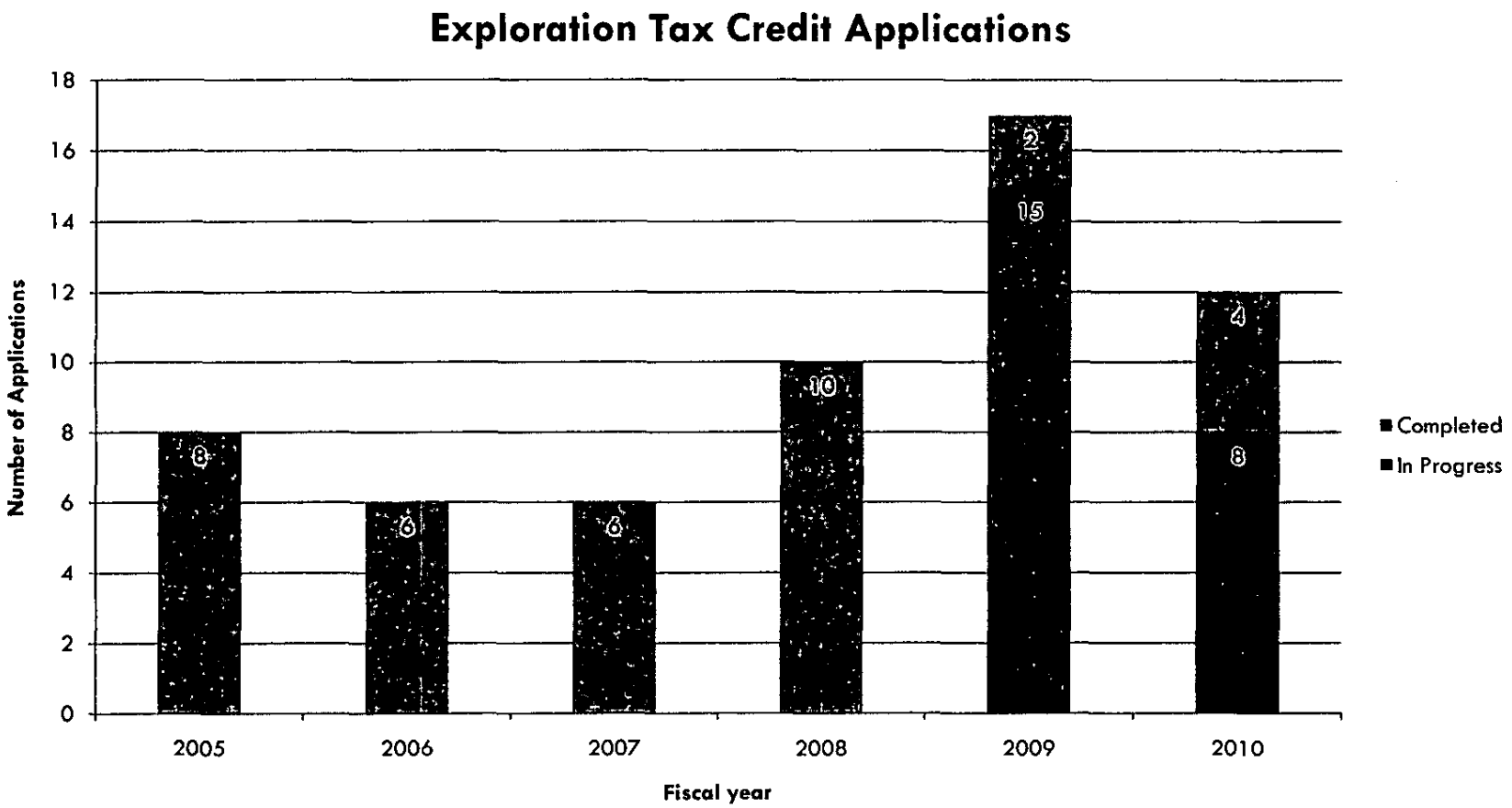
Transferable Tax Credit Certificates

Exploration Tax Credits .025

Exploration Tax Credit Certificates

- Number of Applications- 59
- Gross Expenditures claimed- $945.2 M
- Number Issued- 36 for $185.2 M
- Applications in progress- 23 representing Gross Expenditures of$439.9 M requesting $148.3 M in credits

Transferable Tax Credit Certificates
Exploration Tax Credits AS 43.55.025



Overview

- Types of Tax Credits
- **Credits Applied Against Tax Liability**
- Transferable Tax Credit Certificates (TTCC)
- Cash Refunds History
- Tax Credit Analysis

Cash Refunds History

Cash Refunds Governed by AS 43.55.028:

- To cash must be usable against tax liability
- Must show subsequent (24 months) QCEs or lease bids equal to cash sought
- Have a zero tax owed in current and past years
- Have no more than 50,000 BOE/d

Cash Refunds History

Tax Credits Purchased

By fiscal year ($M)

□ 2007	54.6
□ 2008	54.1
□ 2009	193.1
□ 2010 (thru 2/12)	98.4
TOTAL	400.2

Cash Refunds History

Oil & Gas Tax Credit Fund

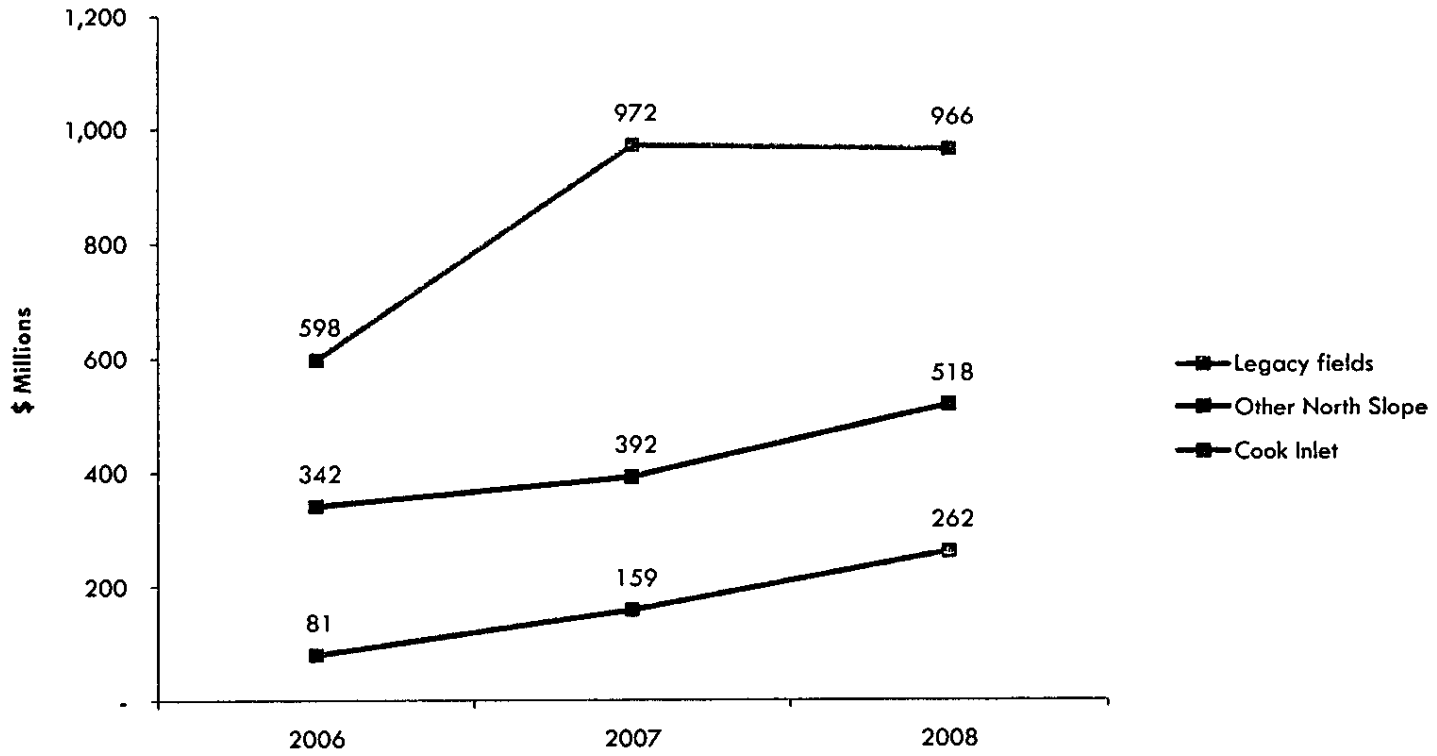
Appropriations -	$ 469 M
Tax Credit Purchases (TC Fund)	(321) M
Tax Credit Purchases (GF)	(79) M
Interest Earned	21 M
Balance	$ 90

Overview

- Types of Tax Credits
- Credits Applied Against Tax Liability
- Transferable Tax Credit Certificates
- Cash Refunds History
- **Tax Credit Analysis**

Tax Credit Analysis

Qualified Capital Expenditure Deductions



Tax Credit Analysis

Credits Claimed under .023 Against Tax Liability

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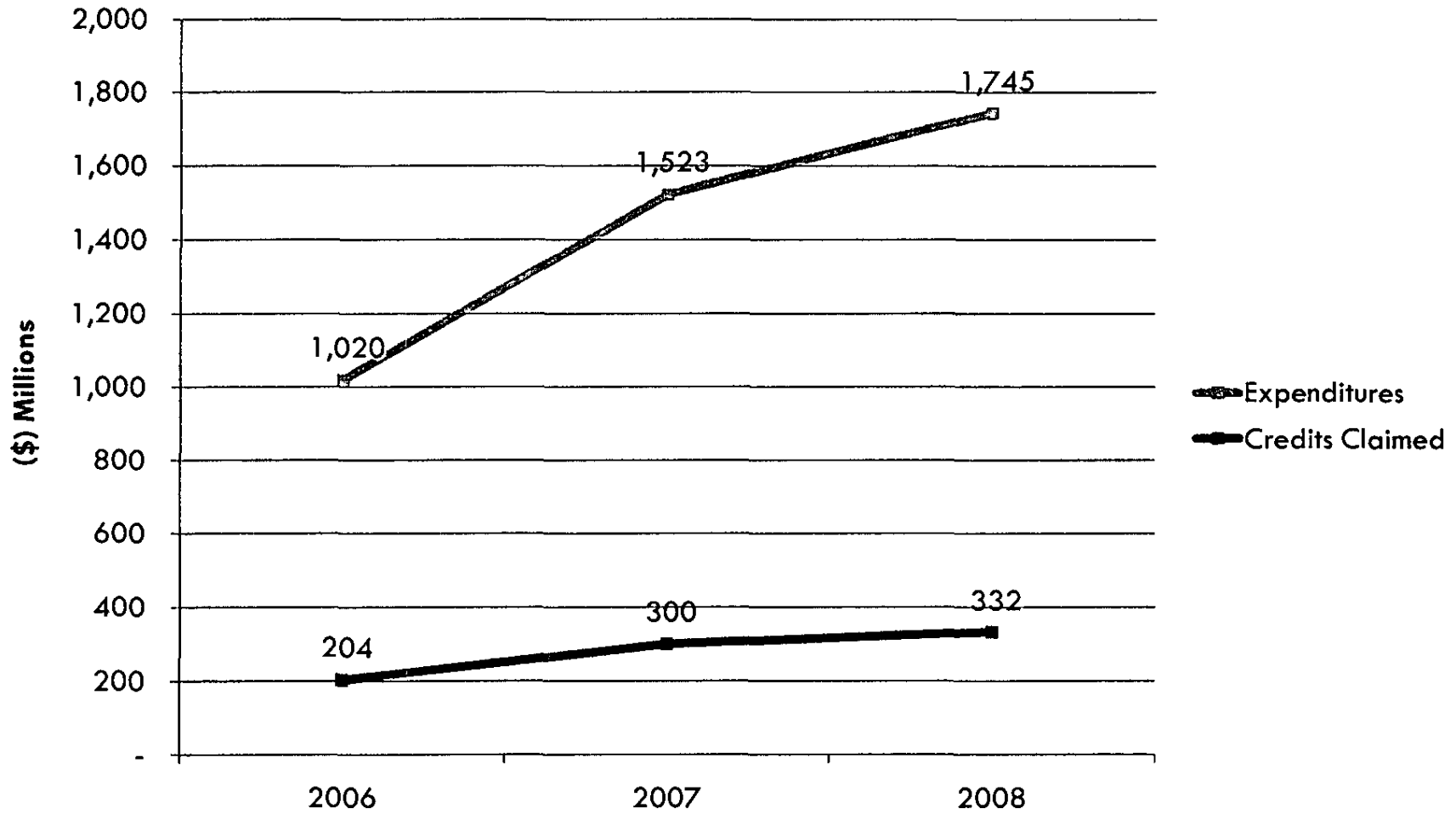
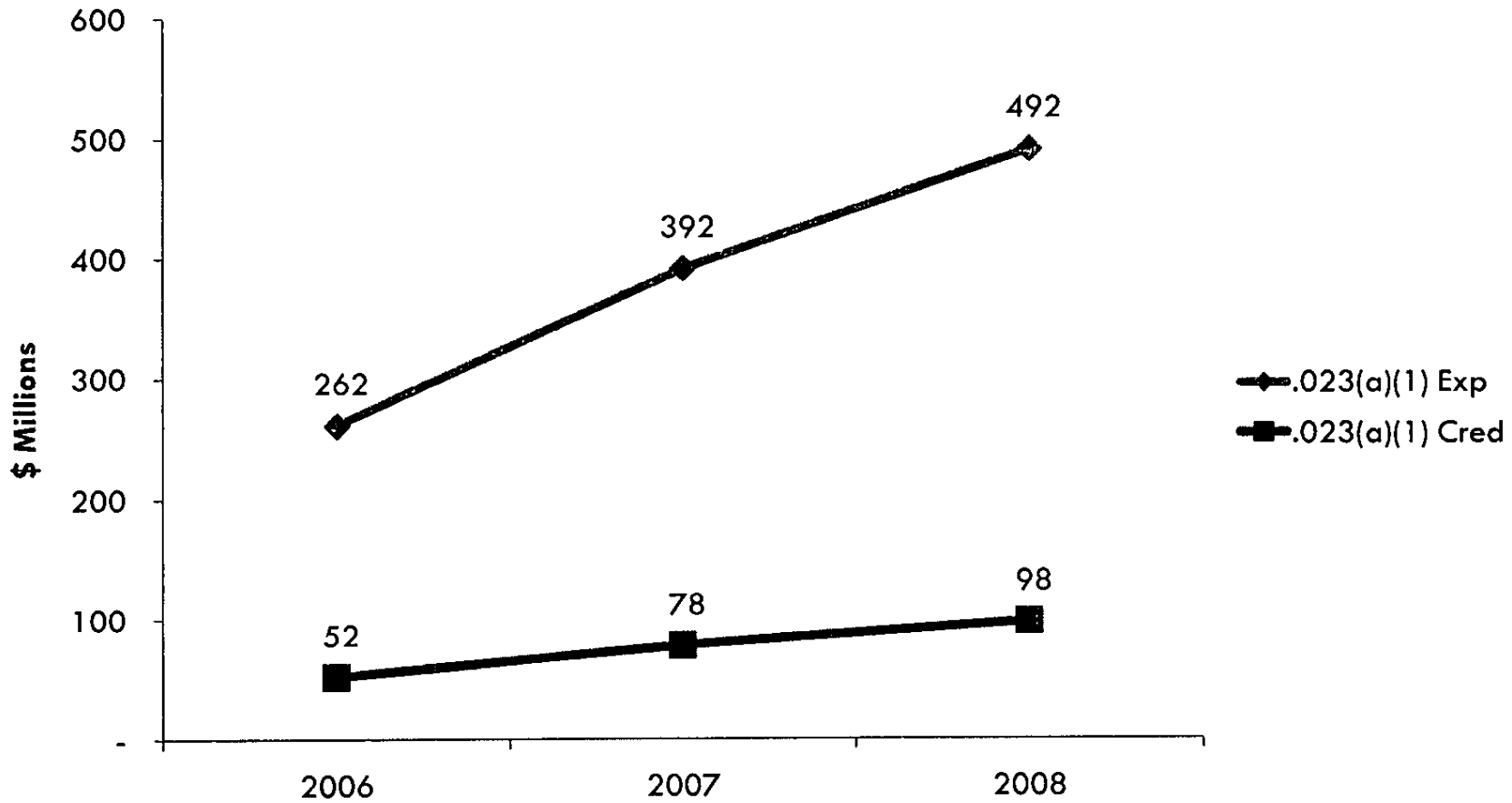


Department of Revenue 2/18/2010

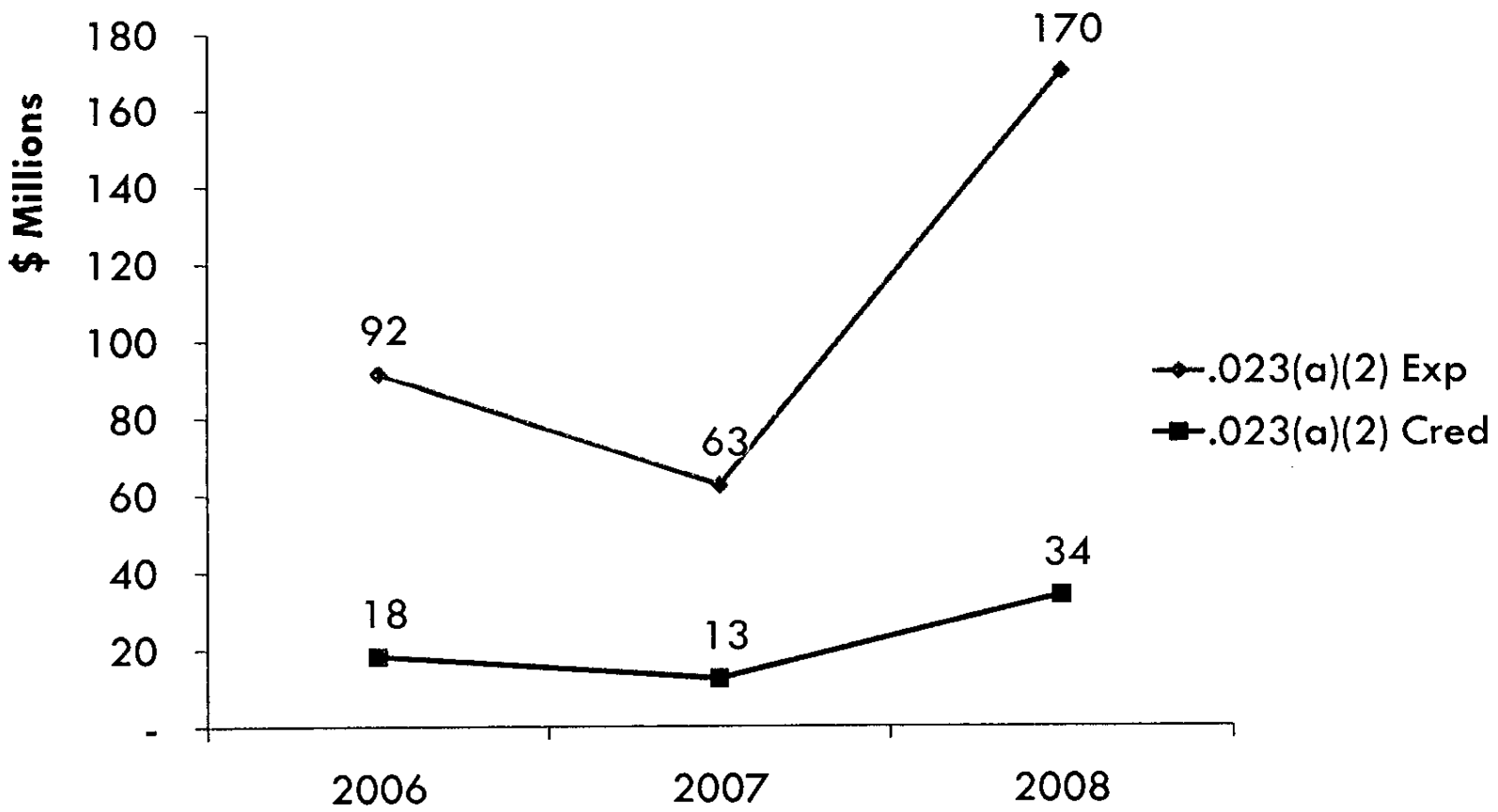
Tax Credit Analysis

Capital Credit Certificates under .023(a)(1)



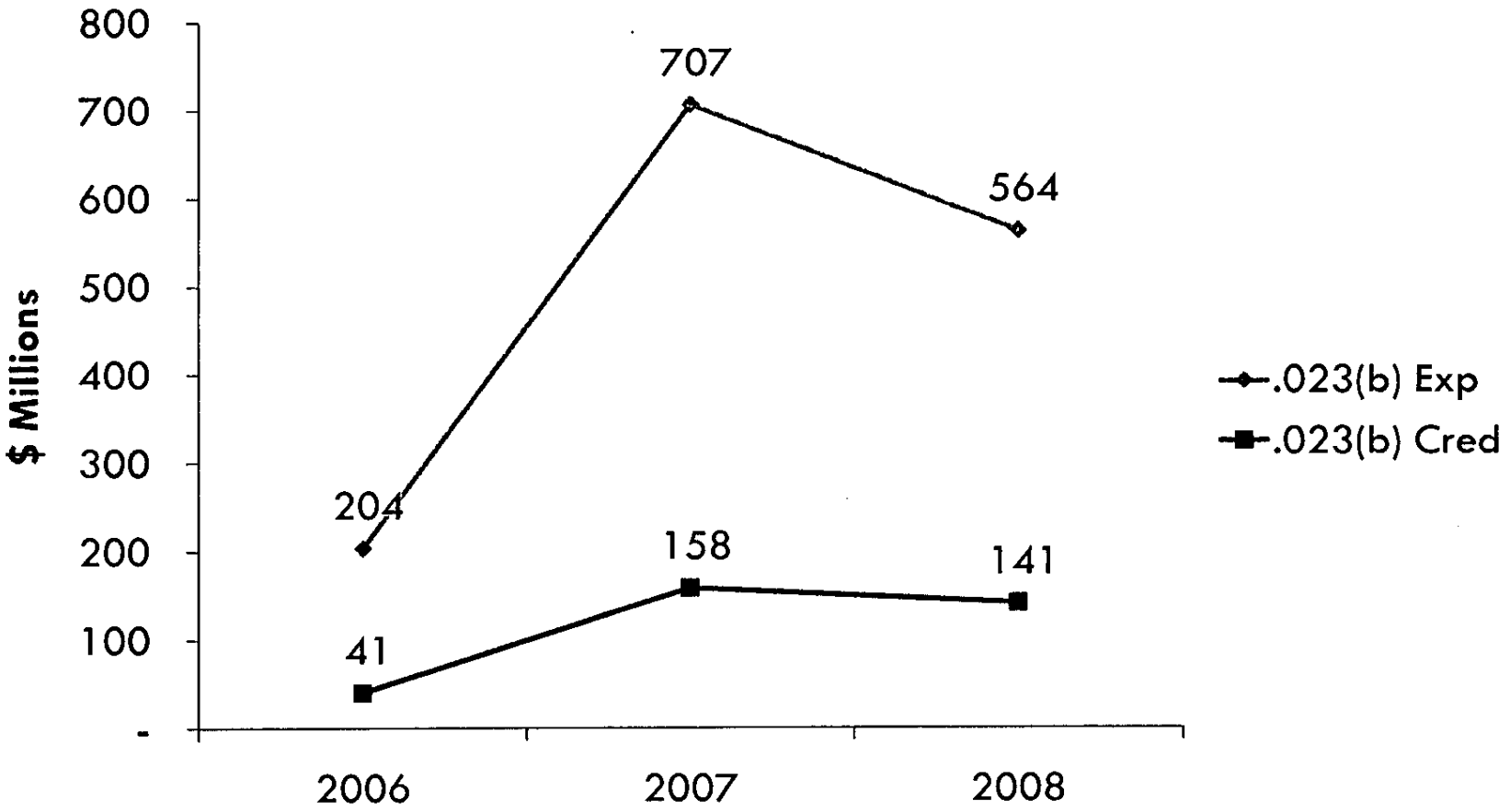
Tax Credit Analysis

Capital Credit Certificates Under .023(a)(2)



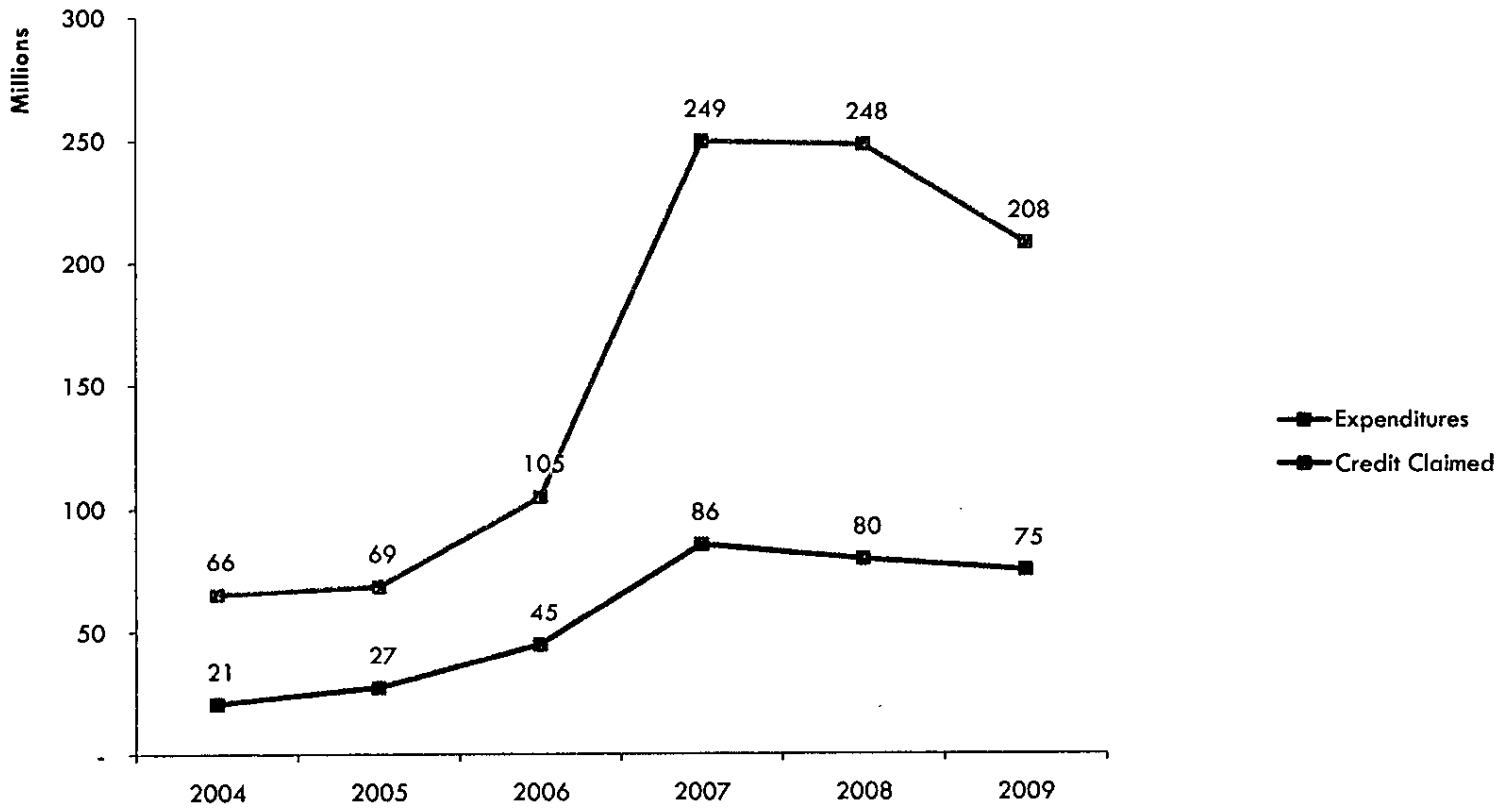
Tax Credit Analysis

Expenditures vs. NOL Credit Certificates



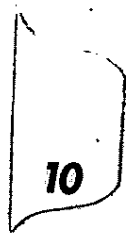
Tax Credit Analysis

Expenditures vs. .025 Exploration Credit Applications



Conclusions

- Legacy NS Fields- Increase in Producers' Capital expenditures from 2006-2008 but plateau in Capital deductions from 2007-2008
- Non-Legacy NS fields and Cook Inlet- Steady Increase in Capital expenditures
- Since 2007- Exploration Credit Applications have more than doubled
- Increased .023(a)(2) and NOL credits in 2007 and 2008 also suggest increased Exploration activity


10

SUMMARY OF THE PRODUCTION TAX REVIEW (SO FAR...)

Senate Finance Committee

February 19, 2010

Alaska State Department of Revenue

Production Tax Calculation – FY2009

	Per Barrel	Barrels	Value
Avg ANS Oil Price ($/bbl) & Daily Production (bbls)	$68.34	692,127	$47,299,959
Annual Production (bbl)			
Total Annual Production/Value	**$68.34**	**252,626,355**	**$17,264,485,101**
Royalty and Federal barrels		(34,187,360)	($2,336,364,182)
Taxable barrels		**218,438,995**	**$14,928,120,918**
Downstream (Transportation) Costs ($/bbl)			
ANS Marine Transportation	($2.05)		
TAPS Tariff	($4.59)		
Other	$0.16		
Total Transportation Costs	**($6.48)**	**218,438,995**	**($1,415,484,688)**
Lease Expenditures			
Deductible Operating Expenditures	($9.39)		($2,050,000,000)
Deductible Capital Expenditures	($8.01)		($1,750,000,000)
Total Lease Expenditures	**($17.40)**	**218,438,995**	**($3,800,000,000)**
Production Tax Value (PTV)	**$44.46**	**218,438,995**	**$9,712,636,231**
Production Tax			
Base Tax (25%*PTV)			$2,428,159,058
Progressive Tax Rate = ($44.46-$30) * 0.4% = 5.8%			
Progressive Tax = (5.8% * PTV)			$561,928,014
Total Tax Due before credits			**$2,990,087,072**
Credits Applied Against Taxes			($350,000,000)
Total Tax after credits			**$2,640,087,072**

Source: Department of Revenue from production tax monthly information forms, annual returns, and company forecasts

Oil Price and Production Outlook

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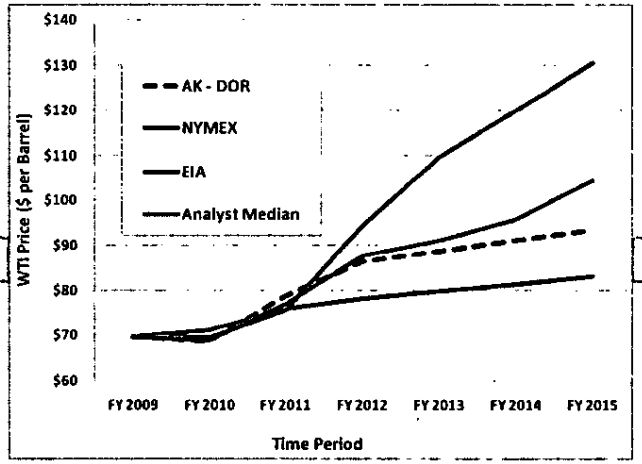

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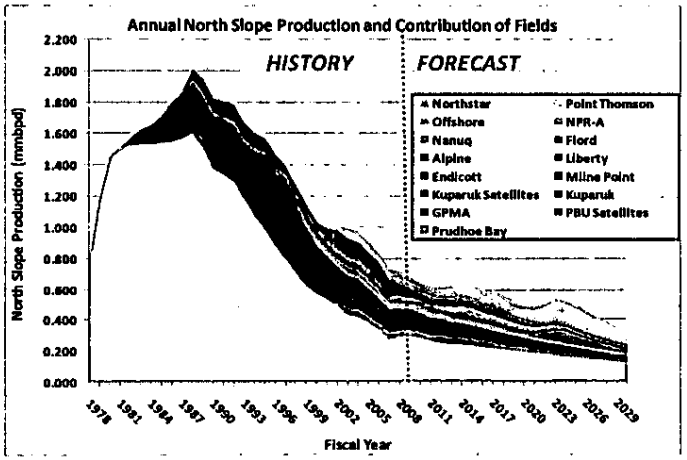

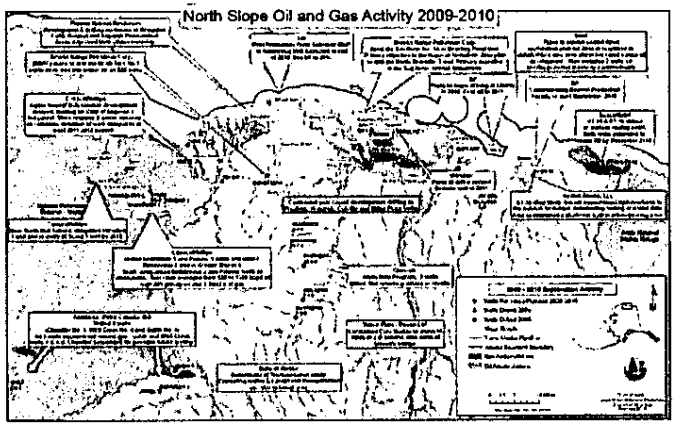

Alaska Department of Revenue

Transportation Costs

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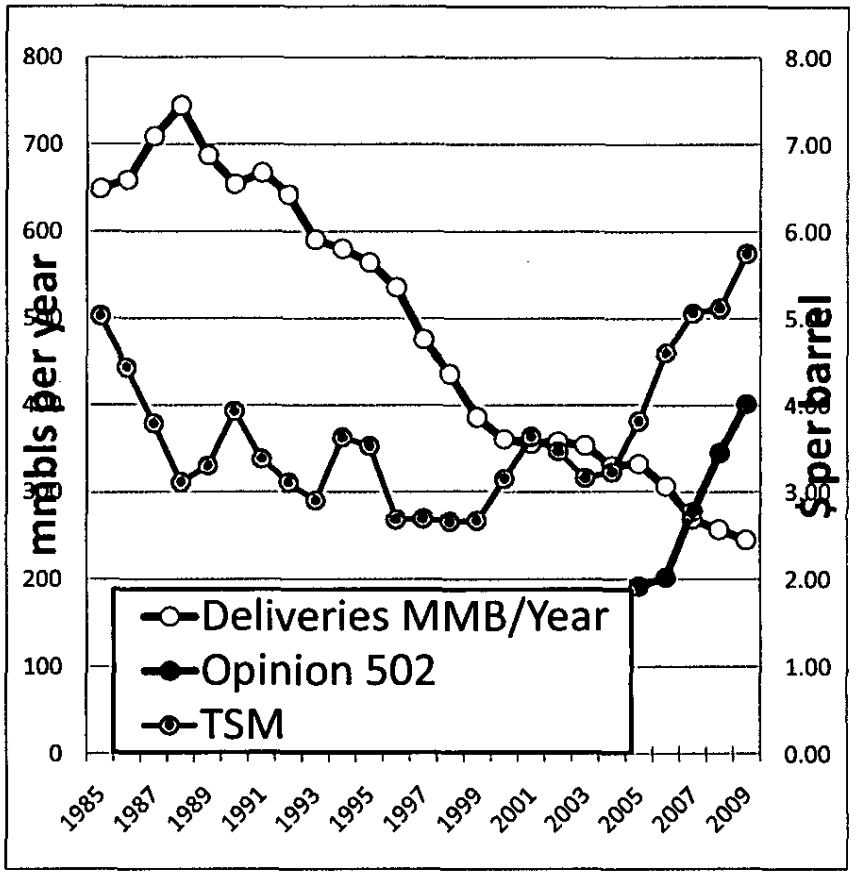

TAPS Throughput and Tariff

Alaska Department of Revenue

Lease Expenditures

	Per Barrel	Barrels	Value
Avg ANS Oil Price ($/bbl) & Daily Production (bbls)	$68.34	692,127	$47,299,959
Annual Production (bbl)			
Total Annual Production/Value	**$68.34**	**252,626,355**	**$17,264,485,101**
Royalty and Federal barrels		(34,187,360)	($2,336,364,182)
Taxable barrels		**218,438,995**	**$14,928,120,918**
Downstream (Transportation) Costs ($/bbl)			
ANS Marine Transportation	($2.05)		
TAPS Tariff	($4.59)		
Other	$0.16		
Total Transportation Costs	**($6.48)**	**218,438,995**	**($1,415,484,688)**
Lease Expenditures			
Deductible Operating Expenditures	($9.39)		($2,050,000,000)
Deductible Capital Expenditures	($8.01)		($1,750,000,000)
Total Lease Expenditures	**($17.40)**	**218,438,995**	**($3,800,000,000)**
Production Tax Value (PTV)	**$44.46**	**218,438,995**	**$9,712,636,231**
Production Tax			
Base Tax (25%*PTV)			$2,428,159,058
Progressive Tax Rate = ($44.46-$30) * 0.4% = 5.8%			
Progressive Tax = (5.8% * PTV)			$561,928,014
Total Tax Due before credits			**$2,990,087,072**
Credits Applied Against Taxes			($350,000,000)
Total Tax after credits			**$2,640,087,072**

Source: Department of Revenue from production tax monthly information forms, annual returns, and company forecasts

Lease Expenditures

	Per Barrel	Barrels	Value
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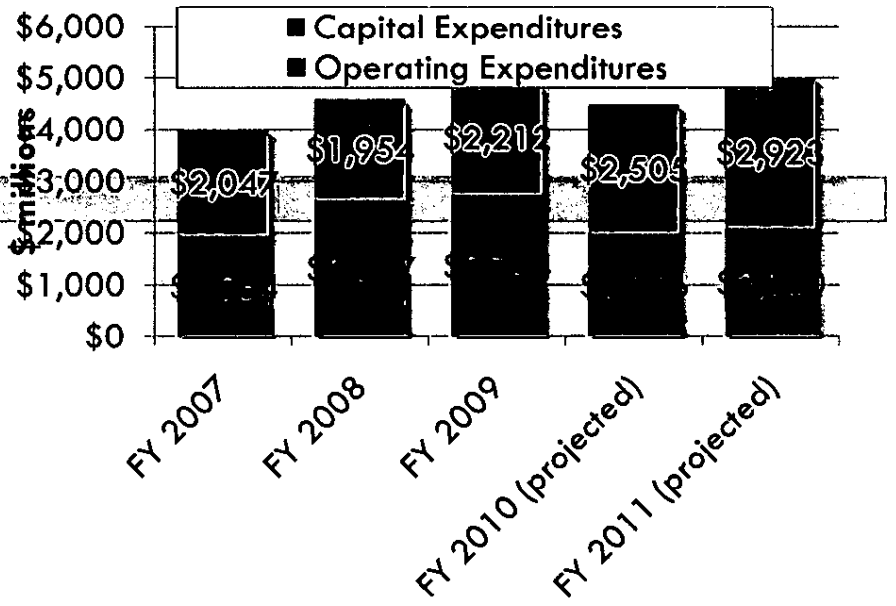
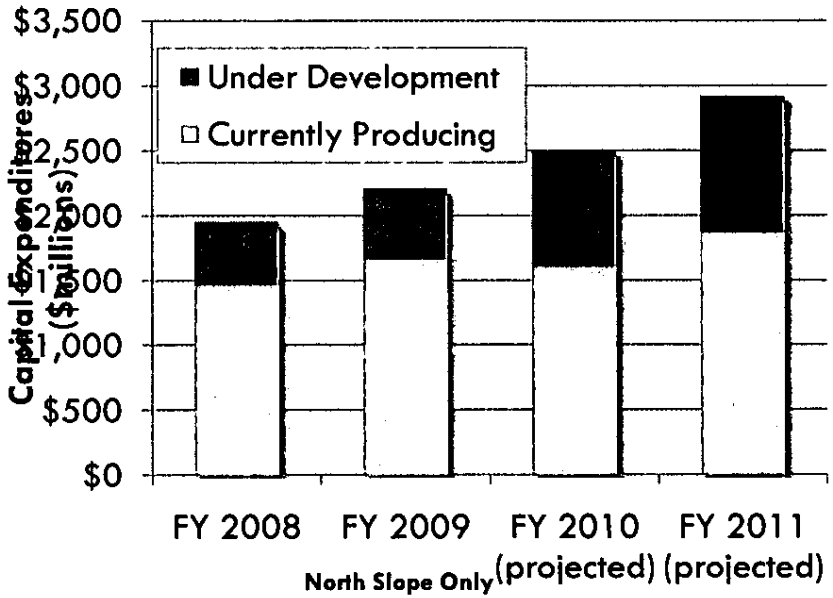


NOTE: Operating expenditures includes total



Alaska Department of Revenue

Base Tax & Progressivity

	Per Barrel	Barrels	Value
Avg ANS Oil Price ($/bbl) & Daily Production (bbls)	$68.34	692,127	$47,299,959
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Tax Credits

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Tax Credits

11

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Total Tax after credits			**$2,640,087,072**

Source: Department of Revenue from production tax monthly information forms, annual returns, and company forecasts

- Capital Expenditure Credits
- Exploration Credits
- Net Operating Loss ("NOL") Carry Forward Credits
- Transitional Investment Expenditure ("TIE") Credit
- Small Producer Credits

Updated Credits Applied Against Tax Liability

Tax Credits Applied by Producers Against Tax Liability, by Tax Year
($million)

Credit Type	2006	2007	2008	2009	2010	2011	Total
Capital Expenditure Credit	195	194	243	247	339	384	1,603
TIE Credits	98	145	0				243
Small Producer Credits	27	38	21				86
Exploration Incentive Credits	2	92	17				112
Total	322	469	282	247	339	384	2,043

How Credits Are Used

13

- Two Examples
  - New Entrant
    - $200 million exploration project
    - No Current Production
  - Incumbent Producer
    - $200 million new development project

Credit Example 1: New Entrant

- A new entrant with no current production pursues an exploration project requiring $200 million in investment
- Company receives a 20% - 40% investment credit (depending on location), worth $40 - $80 million
- Company also receives an additional 25% credit for its "tax loss" or "net operating loss (NOL)", worth up to $50 million

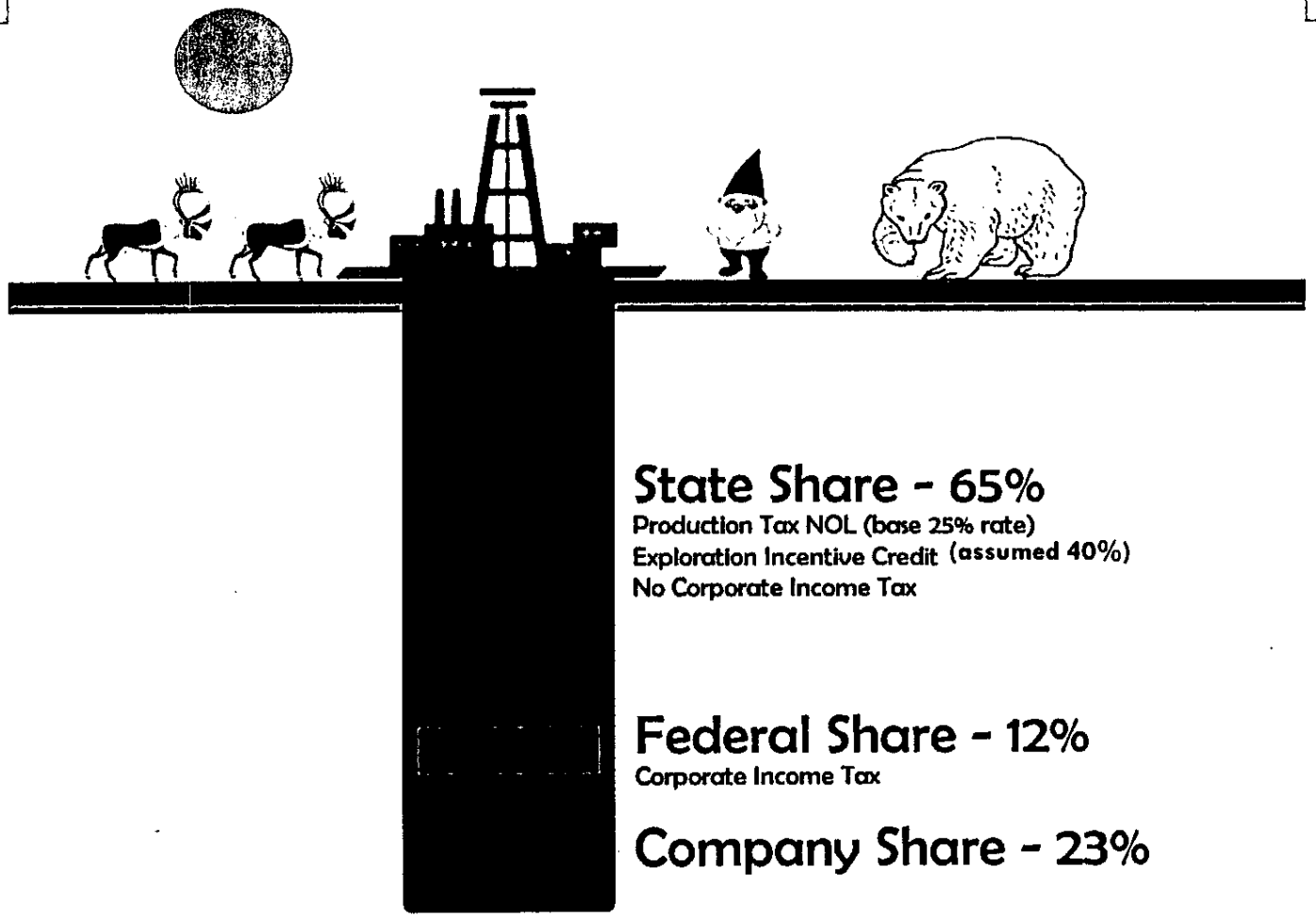
Credit Example 1: New Entrant (*cont.*)

- The total credits of $90 - $130 million, can be:
  - Directly recouped (cash) from the state
  - Transferred to a person that does pays tax, so that the Transferee pays $90 - $130 million less in tax
- Either way, State pays $90 - $130 million for the exploration; company pays $70 - $110 million.
- If the exploration effort fails, the state never recoups this money.

  The state bears the risk for failure as does the new entrant

Exploration Dry Hole – New Entrant

16



State Share - 65%

Production Tax NOL (base 25% rate)
Exploration Incentive Credit (assumed 40%)
No Corporate Income Tax

Federal Share - 12%

Corporate Income Tax

Company Share - 23%

*This graphic assumes a producer has federal corporate income tax liability to offset but no state corporate income tax; and does not have other production tax liability to offset.

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Credit Example 2: Incumbent Producer

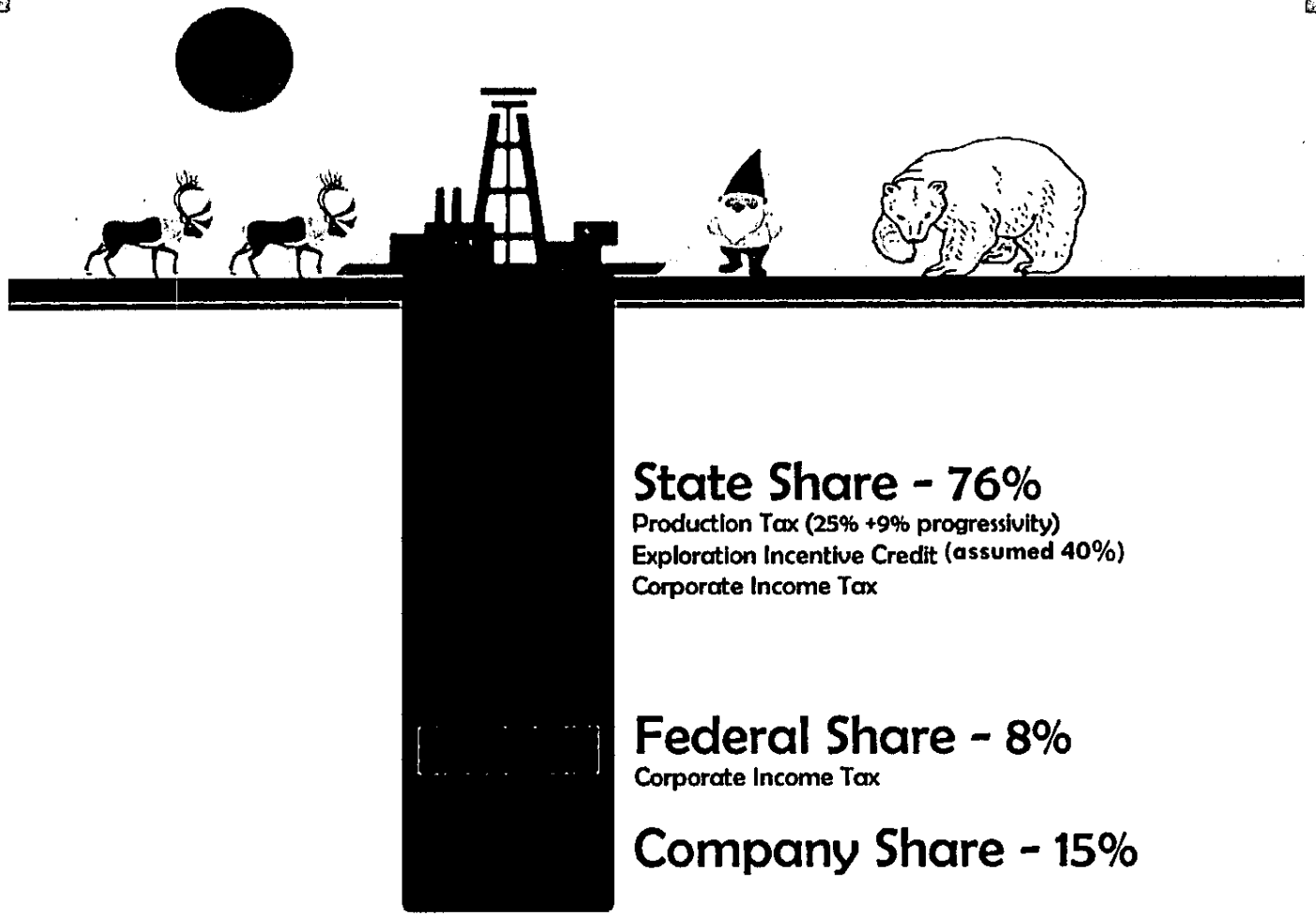
- Incumbent with current production pursues a development requiring $200 million investment
- Company receives a 20% capital investment credit, worth $40 million
- By reducing their Production Tax Value (PTV), the company reduces their taxes due by the total capital expense multiplied by the tax rate:
  - $200 million * 25%, worth $50 million; plus
  - $200 million * progressivity surcharge rate (which is reduced due to the drop in PTV)

Credit Example 2: Incumbent Producer (*cont.*)

- Deductions and credits total more than 45% of the $200 million, greater than $90 million
- State pays more than $90 million of the new development's capital cost; true investment cost for the incumbent is less than $110 million
- If the development fails, the state never recoups this money

The state bears the risk for failure as does the incumbent investor

Unsuccessful Development Project – Existing Producer



State Share - 76%
Production Tax (25% +9% progressivity)
Exploration Incentive Credit (assumed 40%)
Corporate Income Tax

Federal Share - 8%
Corporate Income Tax

Company Share - 15%

*This graphic assumes a producer has state and federal corporate income tax liability to offset; and has production tax liability to offset with $70 wellhead value and $18 / barrel costs.

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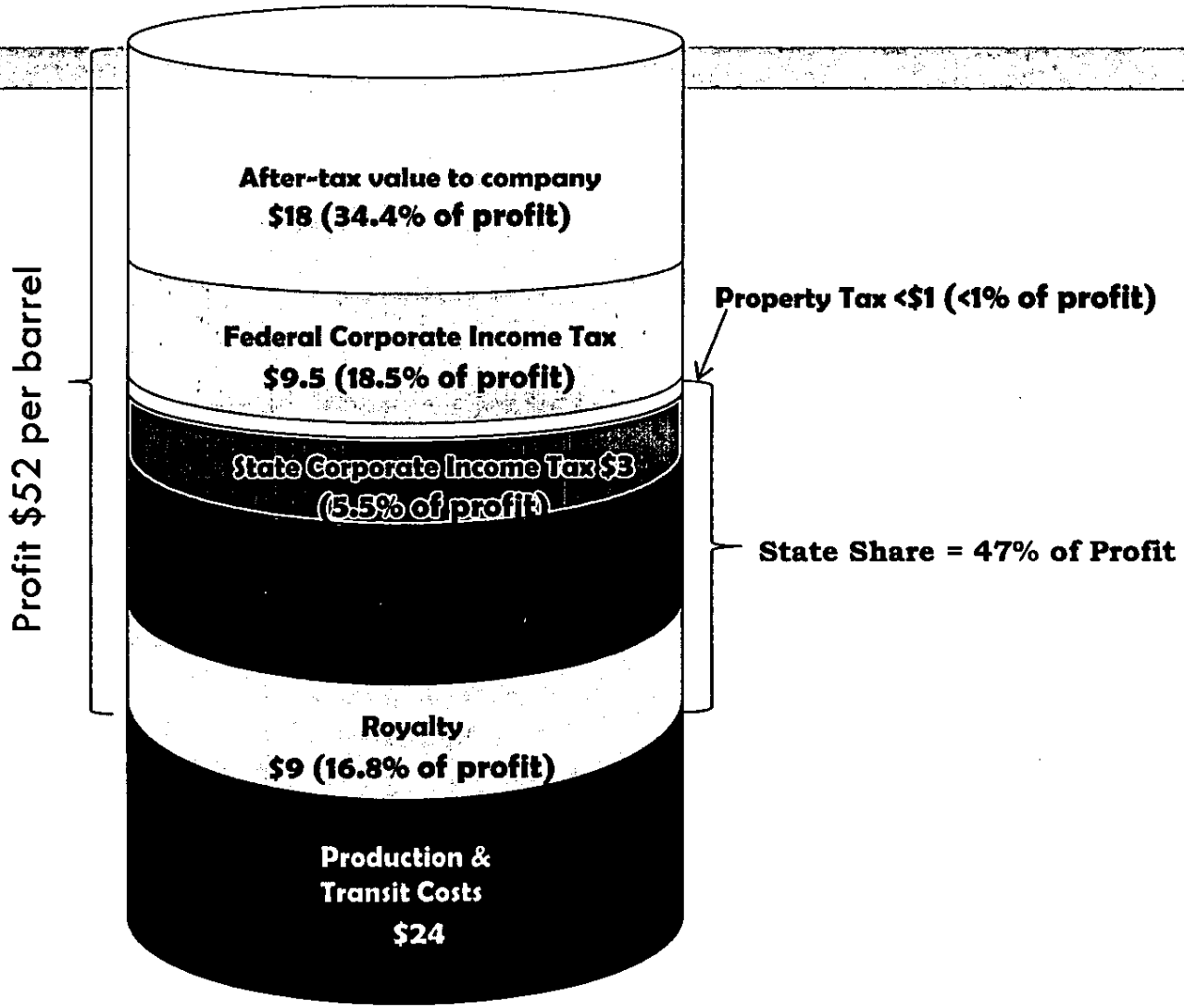
Overall Sharing of Oil Revenue and Profit

Allocation of Revenue and Profit on $76 Barrel of Alaska North Slope Oil*



*This graphic assumes average transportation and production costs and royalty and tax rates, and is not intended to represent the allocation of every barrel produced on the North Slope.

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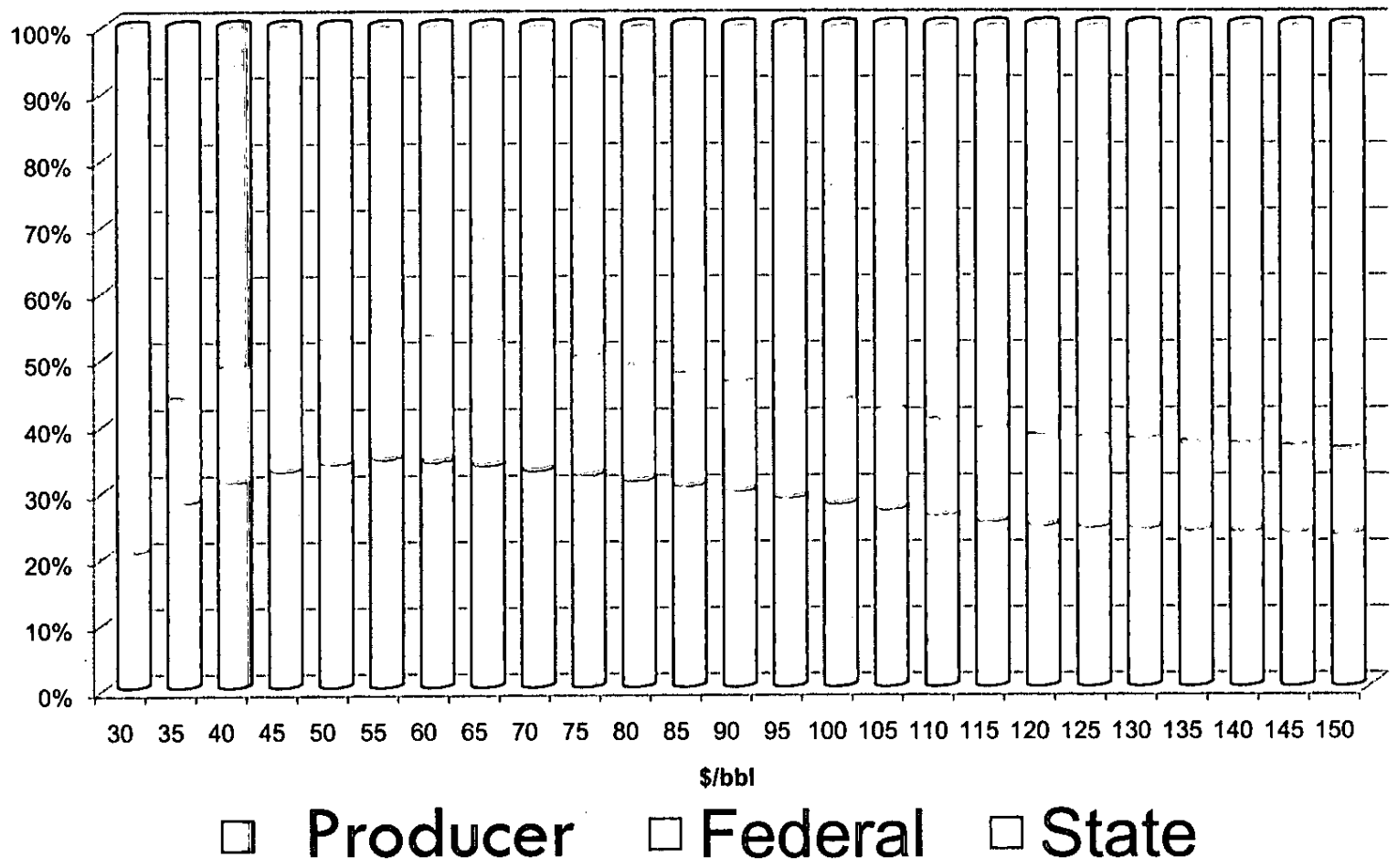
Shares of North Slope Oil Profit at Different Prices

22



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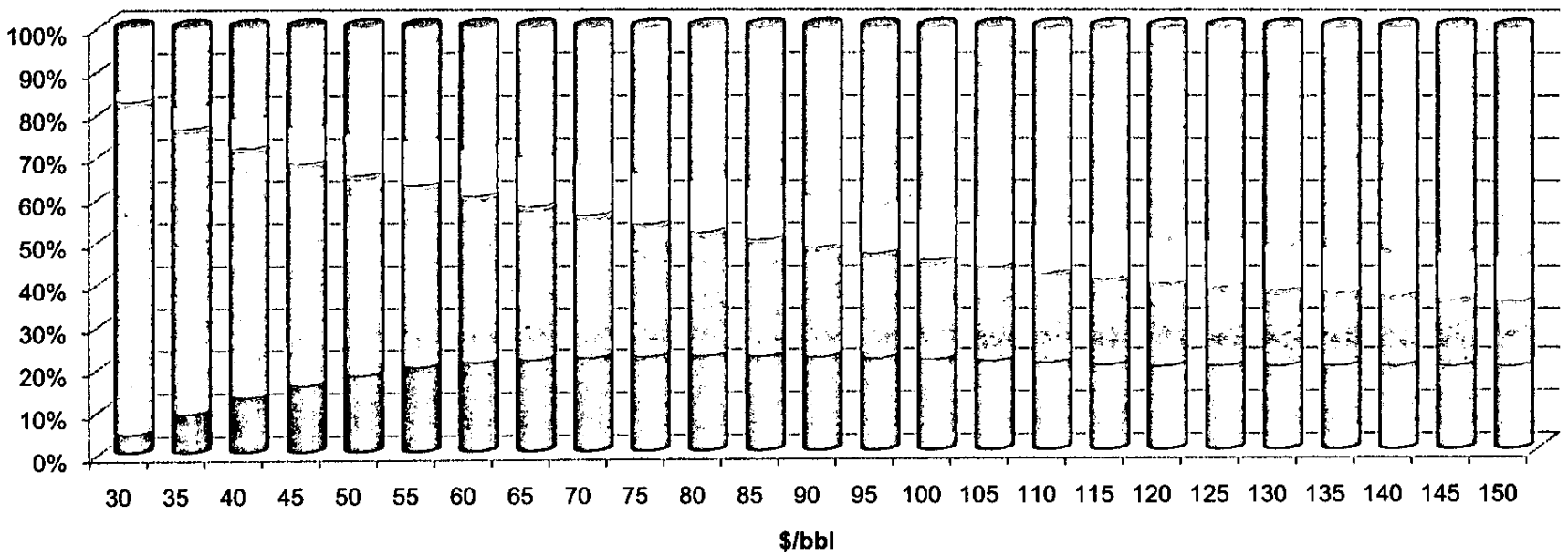
Split of Total Oil Revenue

23

- Reviewing only "Take" does not reveal the fact that the Producer recovers all costs before taxes are assessed.
- Whereas State share of profit is high at low prices, the Producer retains the majority of the revenue.



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How Does Production Tax Calculation Differ For Different Fields?

Estimated FY 2010 Tax- Prudhoe Bay and Kuparuk

25

FY 2010 Production Tax *Rounded Estimates* for Combined Prudhoe Bay Unit and Kuparuk River Unit

	Price	Barrels	Value
Avg ANS Oil Price ($/bbl) & Daily Production (bbls)	$66.93	488,000	$32,661,840
Annual Production (bbl)			
Total		178,120,000	$11,921,571,600
Royalty and Federal barrels		-22,265,000	($1,490,196,450)
Taxable barrels		155,855,000	$10,431,375,150
Downstream (Transportation) Costs ($/bbl)			
ANS Marine Transportation	-$2.00		
TAPS Tariff	-$4.00		
Other	$0.40		
Total Transportation Costs	-$5.60	155,855,000	($872,800,000)

Estimated FY 2010 Tax- Prudhoe Bay and Kuparuk

26

Lease Expenditures			
Deductible Operating Expenditures	-$9.62		($1,500,000,000)
Deductible Capital Expenditures	-$6.10		($950,000,000)
Total Lease Expenditures	-$15.72	155,855,000	($2,450,000,000)
Production Tax			
Production Tax Value (PTV)			$7,110,000,000
Base Tax (25%*PTV)			$1,780,000,000
Production Tax Value per barrel	$45.61		
Progressive Tax = (6.2% * PTV)			$444,000,000
Total Tax before credits			$2,224,000,000
Credits (20% of Deductible Capital Exp.)			($190,000,000)
Estimated Total Tax after credits			**$2,034,000,000**

Estimated FY 2010 Tax for Producing North Slope Units excluding Prudhoe Bay and Kuparuk

27

FY 2010 Production Tax *Rounded Estimates* for Producing Units excluding Prudhoe Bay and Kuparuk

	Price	Barrels	Value
Avg ANS Oil Price ($/bbl) & Daily Production (bbls)	$66.93	165,000	$11,043,450
Annual Production (bbl)			
Total		60,225,000	$4,030,859,250
Royalty and Federal barrels		-7,528,125	($503,857,406)
Taxable barrels		52,696,875	$3,527,001,844
Downstream (Transportation) Costs ($/bbl)			
ANS Marine Transportation	-$2.00		
TAPS Tariff	-$4.00		
Other	$0.40		
Total Transportation Costs	-$5.60	52,696,875	($295,102,500)

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Estimated FY 2010 Tax for Producing North Slope Units excluding Prudhoe Bay and Kuparuk

Lease Expenditures			
Deductible Operating Expenditures	-$9.49		($500,000,000)
Deductible Capital Expenditures	-$10.63		($560,000,000)
Total Lease Expenditures	-$20.12	52,696,875	($1,060,000,000)
Production Tax			
Production Tax Value (PTV)			$2,170,000,000
Base Tax (25%*PTV)			$543,000,000
Production Tax Value per barrel	$41.21		
Progressive Tax = (4.4% * PTV)			$97,500,000
Total Tax before credits			$640,500,000
Credits (20% of Deductible Capital Exp.)			($112,000,000)
Estimated Total Tax after credits			**$528,500,000**

Alaska Department of Revenue

Estimated FY 2010 Tax for Developing Units*

FY 2010 Production Tax *Rounded Estimates* for Developing Units*

	Price	Barrels	Value
Avg ANS Oil Price ($/bbl) & Daily Production (bbls/day)	$66.93	0	$0
Annual Production (bbl)			
Total		0	$0
Royalty and Federal barrels		0	$0
Taxable barrels		0	$0
Downstream (Transportation) Costs ($/bbl)			
ANS Marine Transportation			
TAPS Tariff			
Other			
Total Transportation Costs		0	$0

* Developing units include Pt. Thomson, Nikaitchuq and NPR-A

Estimated FY 2010 Tax for Developing Units*

Lease Expenditures			
Deductible Operating Expenditures			($25,000,000)
Deductible Capital Expenditures			($950,000,000)
Total Lease Expenditures		0	($975,000,000)
Production Tax			
Production Tax Value (PTV)			($975,000,000)
Base Tax (25%*PTV)			($243,750,000)
Production Tax Value per barrel			$0
Progressive Tax = (0% * PTV)			$0
Total Tax before credits			($243,750,000)
Credits (20% of Deductible Capital Exp.)			($190,000,000)
Estimated Total Potential Credits			**($433,750,000)**

* Developing units include Pt. Thomson, Nikaitchuq and NPR-A

Summary of Tax Calculation for Different Fields

($ in millions)	Prudhoe Bay and Kuparuk	Other NS Producing Units	Developing NS Units*
Production (bbl/day)	488,000	165,000	0
Capital Expenditures	$950 $6.10/bbl	$560 $10.63/bbl	$950
Operating Expenditures	$1,500 $9.62/bbl	$500 $9.49/bbl	$25
Credits (20% of Capex)	$190	$112	$190
Credits for Losses(NOL)	$0	$0	$244
Estimated Tax	$2,034	$528	($434)

* Developing units include Pt. Thomson, Nikaitchuq and NPRA

At the Close of the Week

- Covered Information on Production Tax Components, their Function, and Relationship
- Provided a Broad Understanding of How Oil Production Tax is Calculated
- Upcoming Topics
  - How Alaska's Fiscal System stacks up to Global Comparables
  - How the Production Tax performs in an **Oil <u>and Gas</u>** production basin

The End

11

TAX PAYMENT PENALTIES

Senate Finance Committee

February 19, 2010

Alaska State Department of Revenue

Presentation Overview

- Tax penalty provisions with general application
- Compromise and settlement
- Provisions that apply to production tax

Overview-Tax Penalties and Interest

Alaska Statutes 43.05

- General application to Title 43 except as provided in specific tax chapters
- Covers returns, agreements on liability, compromise of tax or penalty, assessment, interest on underpayments and refunds
- Production tax has some specific provisions on interest and penalties, discussed below
- Disputes over tax assessments, including penalties, are first heard through informal conference at DOR
- Appeal is to Office of Administrative Hearings – confidential until final administrative decision AS 43.05.470 (may be subject to protective order)

Penalties

AS 43.05.220: civil penalties

- Failure to file or pay: 5% for each 30 days up to 25%

  -Penalties won't be imposed if taxpayer shows that failure to file or pay is due to reasonable cause and not wilful neglect.

  -Regulations apply administrative and judicial interpretations of IRC 6651 15 AAC 05.200 (reasonable cause for delay)

- Negligence or intentional disregard: 5% of deficiency

  -Includes substantial deviation from statutes in reporting income or claiming deductions, exaggerated deductions, failure to keep adequate records, or failure to justify understatement of income. 15 AAC 05.220

- Fraud: greater of 50% of deficiency or $500

  -Requires clear and convincing evidence that tax liability was understated as attempt to evade tax. 15 AAC 05.230

- Penalties are cumulative

Penalties - Criminal

- AS 43.05.290: criminal penalties
- Wilful attempted tax evasion, failure to collect, or truthfully account for and pay tax: class C felony
- Wilful failure to pay, make return, keep records: class A misdemeanor
- Wilfully making and subscribing, or assisting in making, a false return (perjury): felonies, up to $25k and 3 years imprisonment
- Wilfully delivery or disclosure of a false return: class A misdemeanor
- Wilful failure to obtain a required license: misdemeanor, up to $2000 fine, 6 months imprisonment

Compromise and Settlement

- AS 43.05.070 – If in opinion of DOR there is doubt over liability or collectibility of tax or penalty, DOR, with approval of Attorney General, may compromise tax or penalty
- Agreements are final absent fraud, malfeasance or misrepresentation of material fact
- Confidential under AS 43.05.230

Production tax penalties: failure to provide information

- AS 43.55.030-Filing of statements
  - Annual report due March 31 whether or not tax payment due
  - Statement: description of lease or property, producer name, gross amount of oil or gas production, gross value at point of production, purchaser and price information, qualified capital expenditures, lease expenditures and payments or credits from facility sharing
  - Department adopted standards in regulation for delinquent reports
  - Penalty maximum $1,000 a day
  - Regulation 15 AAC 55.840 covers notice and penalty amount
- In addition to other penalties

15 AAC 55.840 (b)-Penalties AS 43.55.030

- (b) If, 30 days after a report required to be filed under AS 43.55.030 is due, the department has not notified the person required to file the report ... the department will not assess ... a penalty .... that begins earlier than a date specified in a written notice to the person, except in case of the person's fraud or willful concealment. ...[T]he department will specify a date that is at least 10 days after the date of the department's delivery of the notice .... Nothing in this subsection affects the person's obligation to file a complete and accurate report.

Production tax penalties: failure to provide information

AS 43.55.040:

- DOR may require person engaged in production, purchaser or royalty owner to provide information necessary to compute the tax
- If person fails to provide information, DOR may assess a penalty, under standards determined by DOR of not more than $1,000 a day for each day the person fails to file *after notice by the department.* 15 AAC 55.840
- In addition to any penalties under AS 43.05.220 or 43.05.290

15 AAC 55.840(c) –Penalties 43.55.040

- (c) If a person fails to file a report, statement, or other document required to be filed under AS 43.55.040, the department will provide written notice of the failure to the person and will specify in the notice a date beginning on which the person will be liable for a penalty under AS 43.55.040(7) if the person does not remedy the failure before that date.... If, 30 days after the date specified, the department has not assessed a penalty or otherwise notified the person in writing that the person has failed to remedy the failure before the date specified, the department will not assess a penalty under AS 43.55.040 (7) for the failure, except in case of the person's fraud or willful concealment.
- Nothing in this subsection limits the department's right to require the additional or more complete and accurate filing of a report, statement, or other document.

Penalties 43.55.030 and .040

To determine amount of penalty, DOR will consider:

- Willful or knowing nature of act or omission
- Importance of required information and effect on ability of DOR to proceed in absence of information
- Benefits to person in failure to file
- History of noncompliance by person
- Need to deter future noncompliance by that person and others
- Effort made by person to correct noncompliance
- 15 AAC 55.840(d)

Summary

- Penalties are imposed for failure to comply with reporting provisions of production tax
- In addition to penalties under 43.05.220 and .290
- DOR has implemented clear and balanced regulations for taxpayers

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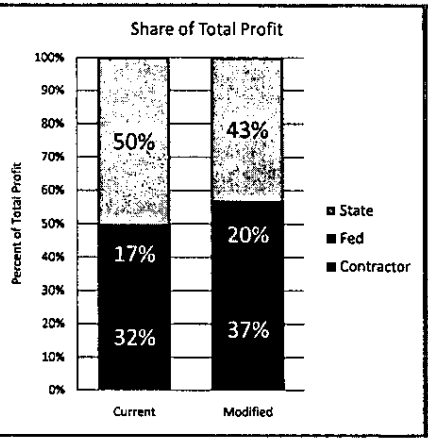
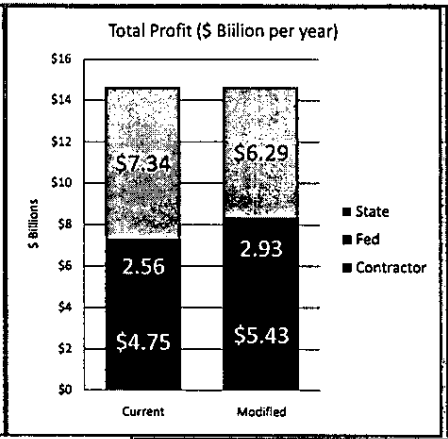
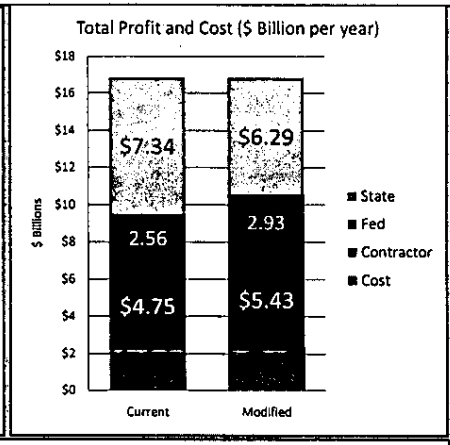
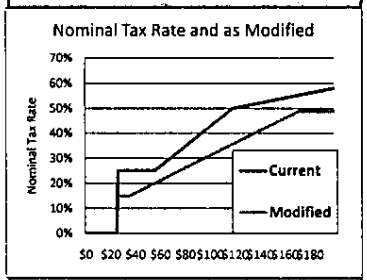
One Year Snapshot of a Change to Production Tax

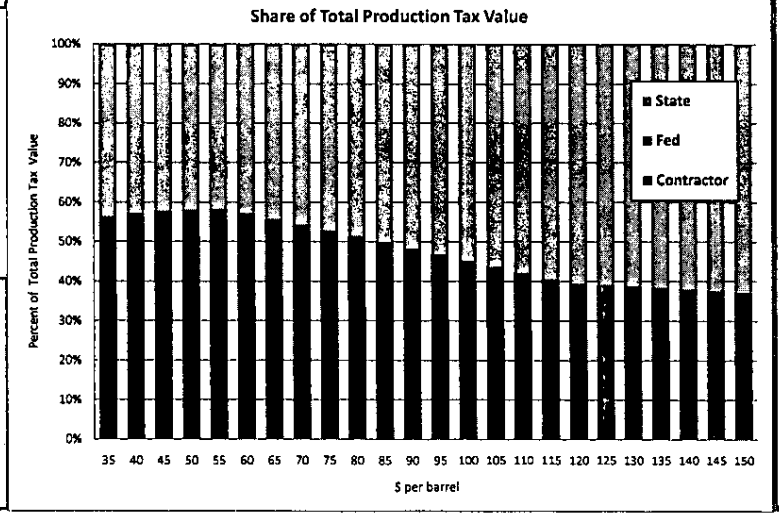
ANS West Coast	85	$/bbl
Transport Costs	7	$/bbl
Royalty rate	12.5%	
Upstream Cost	16.26	$/bbl
Production Tax - Base Rate	15.0%	
1st kick-off point	10	$/bbl
Progressivity 1 Rate	0.25%	
2nd kick-off point	145	$/bbl
Progressivity 2 Rate	0.00%	
Capital Credit	20%	
Daily Production	650	kbpd

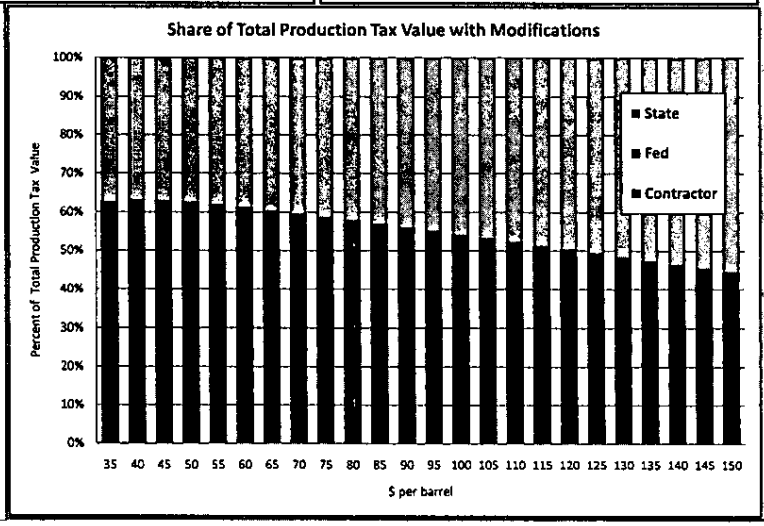












Oil and Gas Tax Credits Overview and Forecast

Oil and Gas Production Tax Statutes contained in Title 43, Chapter 55 authorize several types of credits to be applied against the state's production tax. Among these are credits for capital expenditures (AS 43.55.023(a)), carried-forward annual losses (AS 43.55.023(b)), and exploration expenditures (AS 43.55.025). These are the primary credit programs applicable under the state oil and gas production tax, and are the focus of this report.

Credits may be redeemed in two ways: (1) they may be converted into transferable tax credit certificates and transferred or sold, either to another production taxpayer, or to the state treasury or (2) they may be claimed and applied against a production tax liability on a taxpayer's annual tax filing. For purposes of this report, we assume that companies with tax liabilities will apply their credits against their tax liabilities whenever possible and that companies with no tax liabilities will seek to sell their credits to the state, rather than hold them for future use or sale to third parties.

Exploration tax credits were first available in 2003, and have been expanded in the years since. Prior to revisions to the production tax law in 2007, exploration tax credits could only be redeemed by using them against a tax liability or by selling them to another tax payer. Credits under this program have always been audited by the DOR prior to the issuance of a certificate.

The production tax revisions passed in 2006 created the authority for credits for capital expenditures and net loss carry forwards to be claimed beginning in April 2006, and these credit provisions were further amended by the legislation effective July 1, 2007. The DOR Tax division issues transferable certificates for these two classes of credits after completion of a due diligence review.

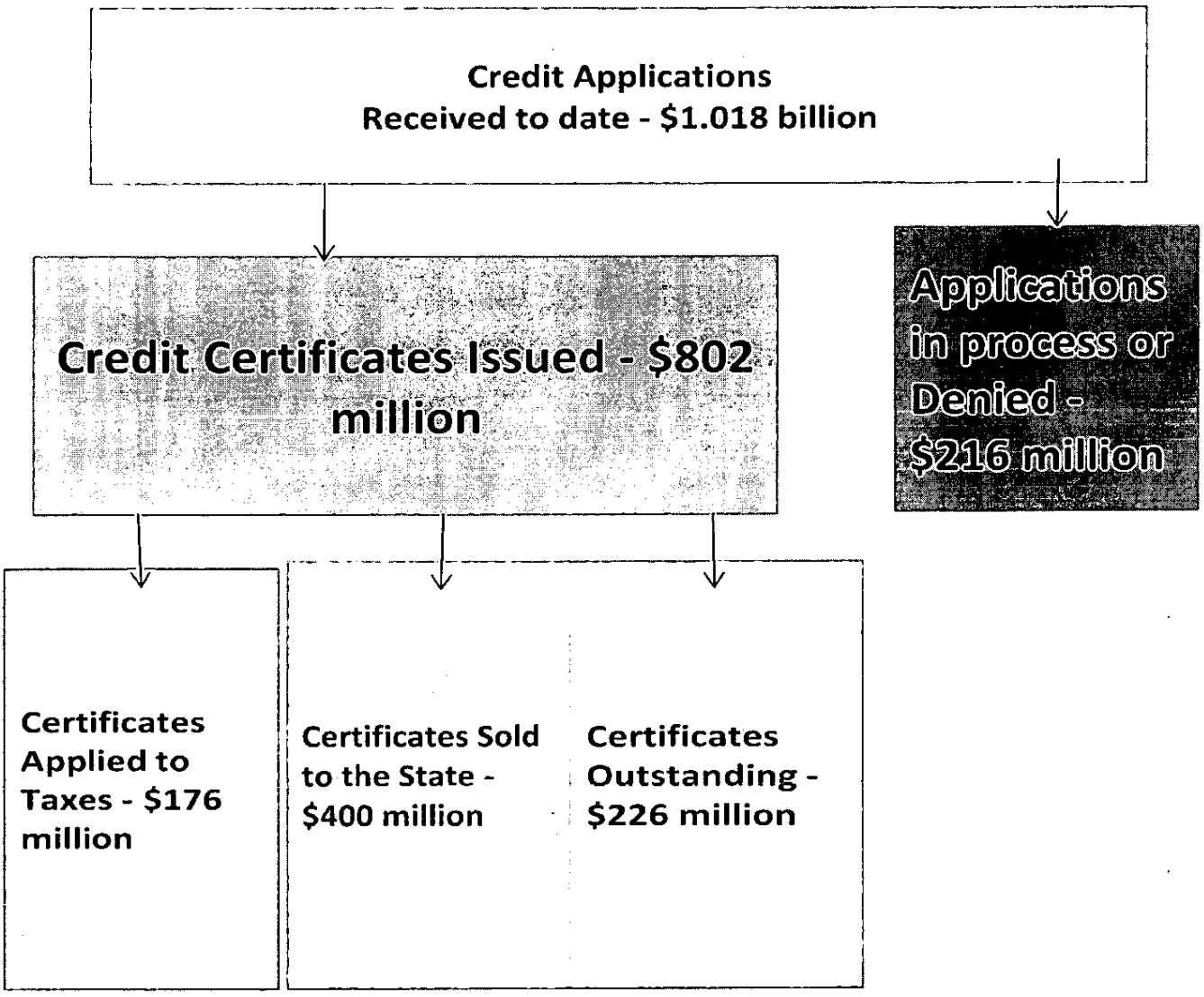
History of Tax Credit Certificates Authorization and Use

Figure 1 on the following page shows the dollar amount of all applications for transferable tax credit certificates received from the credit program's inception to date, as well as dollar value of certificates issued, redeemed and outstanding. In total, companies sought $1.018 billion in credit certificates since the program began in 2003. The applications are split, with $334 million in exploration credits and $684 million capital/net loss carry forward credits. Taxpayers are increasing their use of these credit programs as shown in the credit history table below: For FY 2010, we expect to receive additional requests for credit certificates related to capital expenditures and carried-forward annual losses when annual returns for calendar year 2009 are filed on March 31, 2010.

Amount of Transferable Tax Credit Certificates Sought under AS 43.55.023 and .025

FY 2005 - $21 million
FY 2006 - $27 million
FY 2007 - $151 million
FY 2008 - $326 million
FY 2009 - $320 million
FY 2010 - $172 million (as of February 2010)

Figure 1: Oil and Gas Tax Credits and Certificates to Date



Department of Revenue, Tax Division
February 22, 2010

As can also be seen in Figure 1, $802 million in credit certificates have been issued since the credit program began in 2003; of these, $176 million have been applied to tax liabilities, either directly or through transfers to other companies, $400 million have been sold to the state, and $226 million are still outstanding. In addition to this, there are $216 million in credit applications either in process or denied; it is estimated that about $148 million of these will ultimately be redeemed. From this information, we can determine that the total amount of outstanding certificates and yet-to-be processed applications is just over $374 million.

Figure 2 below shows the payment history for production tax credits certificates that have been sold to the state, along with the appropriations that authorized those payments, either through the Oil and Gas Tax Credit Fund, authorized at AS 43.55.028 or through appropriations prior to the creation of the fund.

Figure 2: Appropriations and Payments Made for Oil and Gas Tax Credits Certificates

Appropriation	CH 6, SLA 2007	54,646,593
Payment	FY 2007 Refunds	(54,646,593)
Appropriation	CH 28 SLA 2007	25,000,000
Appropriation	CH 11, SLA 2008	125,000,000
Earnings		39,116
Payment	FY 2008 Refunds	(54,143,421)
Appropriation	CH29, SLA 2008	325,000,000
Appropriation	CH 27, SLA 2008	175,000,000
Earnings		18,168,845
Payment	FY 2009 Refunds	(193,099,396)
Appropriation	CH12, SLA 2009	(415,000,000)
Appropriation	CH12, SLA 2009	180,000,000
Earnings		2,715,382
Payment		(98,444,018)
Oil and Gas Tax Credit Fund Balance		90,236,508

History of Credits Applied Against Tax Liabilities

In addition to the exploration tax credits under AS 43.55.025 and the capital expenditure credits under AS 43.55.023 (a)(1) & (2), the production tax statutes under the 2006 and 2007 amendments, allowed producers to take against the production tax liability, the transitional investment expenditures (TIE) credits authorized under AS43.55.023(i) and the small producer credits under AS 43.55.024.

Transitional Investment Expenditures (TIE) Credits

The 2006 tax amendments authorized taxpayers to take a 20% credit on allowable qualifying capital expenditures incurred between March 31, 2001 and April 1 2006 with the credit not exceeding 10% of qualified capital expenditures incurred between March 31, 2006 and January 1, 2008. The 2007 amendments revised the credit to cover only producers or explorers not having production prior to January 1, 2008. The TIE credits are not transferable and may not be carried forward beyond 2013.

Small Producer Credits

There are 2 types of small producer credits allowable under the production tax statutes in AS 43.55.024. Under section (a) of the statute, companies producing less than 50,000 barrel per day of oil BTU equivalent may take a credit of up to $6 million against a production tax liability. The credit is allowed for production from wells outside of Cook Inlet and North Slope and can be taken annually; however, the credit may not be converted to transferable cash certificates for cash or transfer, and may not be carried forward. This credit expires in 2016.

The small producer credit under section (d) of AS 43.55.024, is available for companies producing not more than 100,000 barrel per day of oil BTU equivalent and ranges from $12 million to $0 depending on the level of production. Production is not restricted by region. The credit is not cashable or transferable and can only be applied against a production tax liability. This credit expires in 2016.

Credits Applied Against Production Tax Filings

Companies filing production tax annual returns claimed earned production tax credits of $331 million in FY07, $569 million in FY08 and $376 million in FY09, a total of $1.276 billion over the 3 year period. Of these amounts, the producers used these credits to offset their production tax liabilities by $322 million in FY07, $469 million in FY08 and $282 million in FY09 a total of $1.073 billion. Under the 2006 amendments, companies could apply tax credits earned for qualifying capital expenditures in the year that the expenditures were incurred. The 2007 amendments changed the statute to allow only 50% of the credit to be applied against the production tax liability in the year earned, thus the amount of credit earned increasingly exceeded the credits applied against tax liabilities in FY08 and FY09. At the end of FY09, there remains a balance of $203 million of unused credits to be applied against tax liabilities in future years. This is illustrated on Figure 3 below. Figure 4 shows the type of credits applied against production tax liabilities. The amounts reported on the tax filings are subject to audit and may change upon adjustment.

Figure 3: Credits earned versus Credits applied against tax liabilities

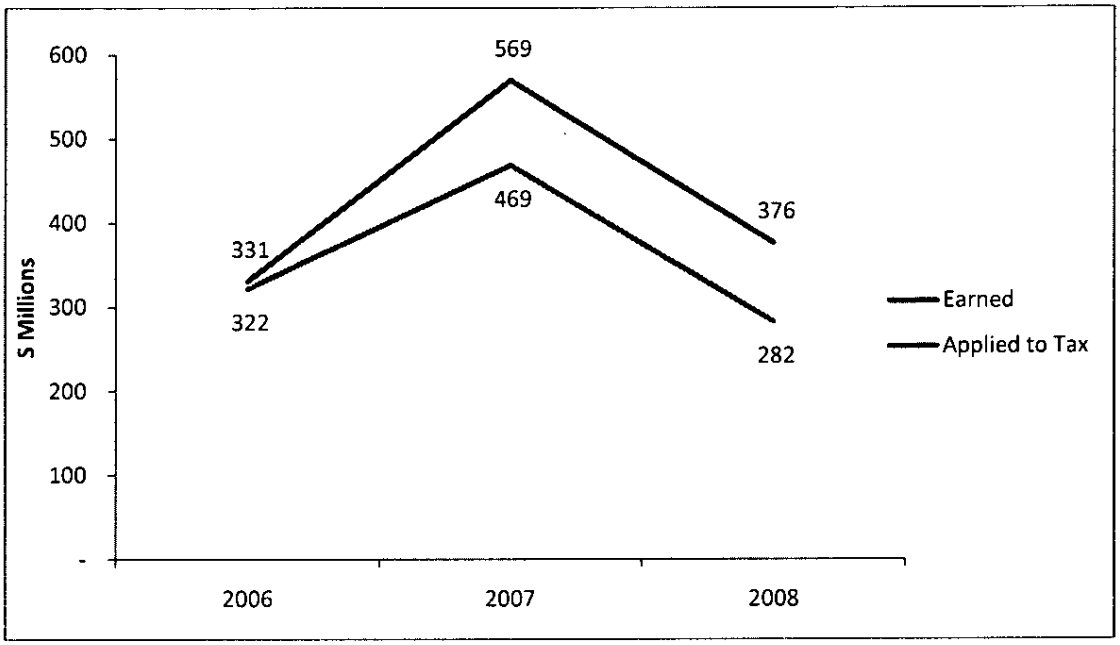
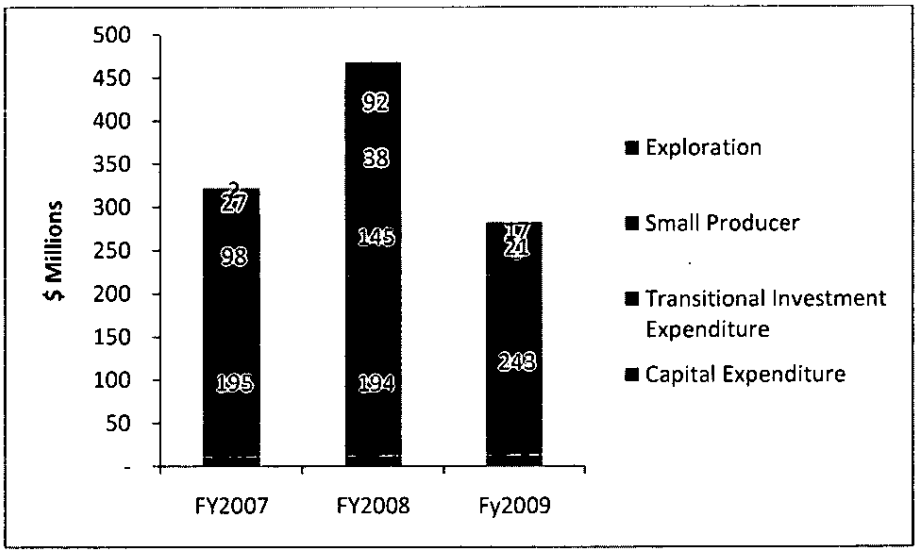


Figure 4: Credits by type applied on tax returns



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Fiscal System Benchmarking

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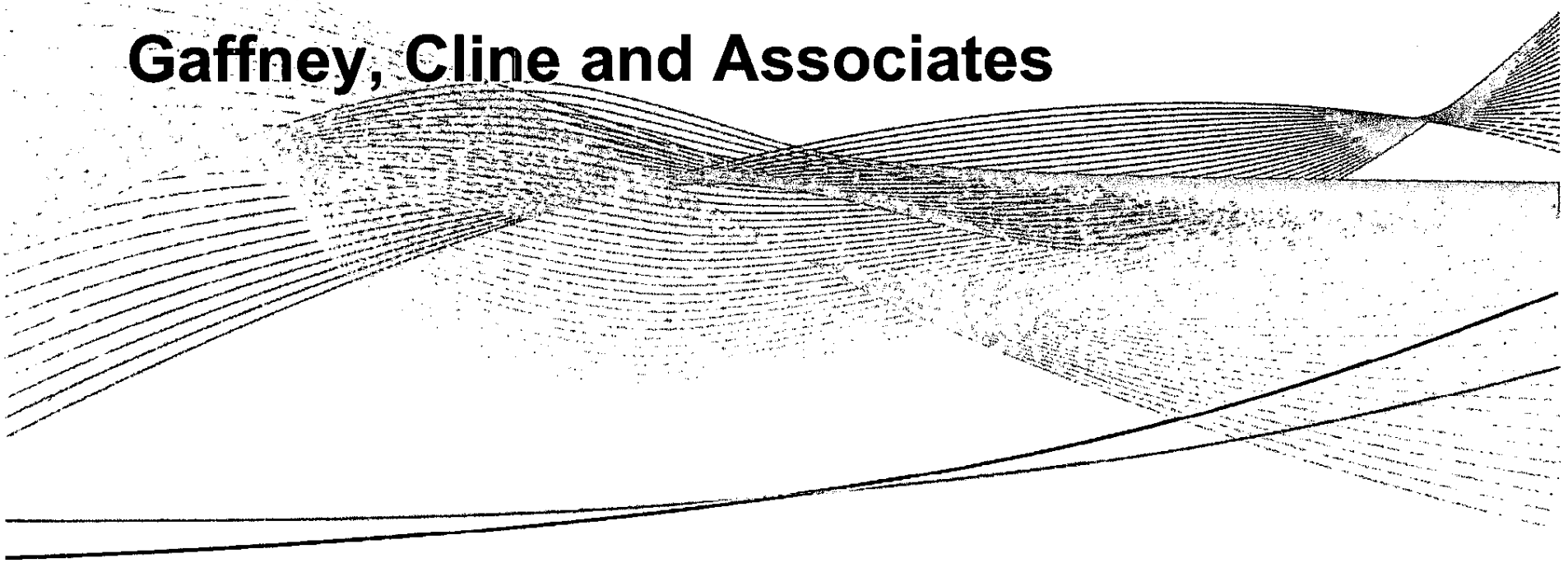

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Glossary

- AK – Alaska
- bpd – barrels per day
- bbl – barrel
- BRIC – Brazil, Russia, India, China
- Capex – Capital Expenditures
- GOM – Gulf of Mexico
- IOC – International Oil Company
- INOC – International National Oil Company
- NS – North Slope
- NOC – National Oil Company
- FSU – Former Soviet Union
- IRR – Internal Rate of Return
- NPV – Net Present Value
- NOL – Net Operation Loss
- OECD – Organization for Economic Co-operation and Development
- Opex – Operating Expenditures
- PRT – Petroleum Revenue Tax
- PSC – Production Sharing Contract
- T&R – Tax and Royalty
- UK – United Kingdom

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Objective

- Provide brief background on the evolution of hydrocarbon fiscal regimes

- Compare government take under Alaska Tax to other sample international regimes and to the US

- Percentage Government take:

$$\frac{\textit{Royalty + Gov. Share of Production + Taxes}}{\textit{Field Revenue – Capex – Opex}}$$

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Agenda

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1. Historical Perspective

2. Impact of Key Components

3. International benchmark

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Reviewing Fiscal Comparisons

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- **It is critical to understand the basis upon which any fiscal comparison is being made.**

- **Some "results" can be misused if not placed in context for which they were intended.**

- **Need to know what they do and do not represent:**
  - Full cycle including Exploration?
  - From point of development investment decision?
  - Remaining life?
  - High price or low price scenario? .....etc.

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Fiscal Take Also Depends.....

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- **....On where you were and when!**
  - In the early 1980's, prices were escalating, but the places to invest were limited.
    - The UK had a 90+% government take and investment activity level was high.
  - By the late 1990's prices had remained low for most of the decade and upwards of 70 countries were holding license rounds in search of 'revenues'.
    - The UK had eliminated all taxes but Corporate Income Tax in an attempt to attract investors.
- **Simple tables and charts of comparison are limited in their ability to explain why regimes change or the need for fiscal regime changes.**

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The 1980s – Companies in Search of Countries

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- Open to Foreign Investment in the Energy Sector
- Some Foreign Investment in the Energy Sector
- Limited Access to Foreign Investment in the Energy Sector

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The early 2000's – Countries in Search of Companies

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- Limited Access to Foreign Investment in the Energy Sector

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The 2010's - Returning Nationalism, Transparency...

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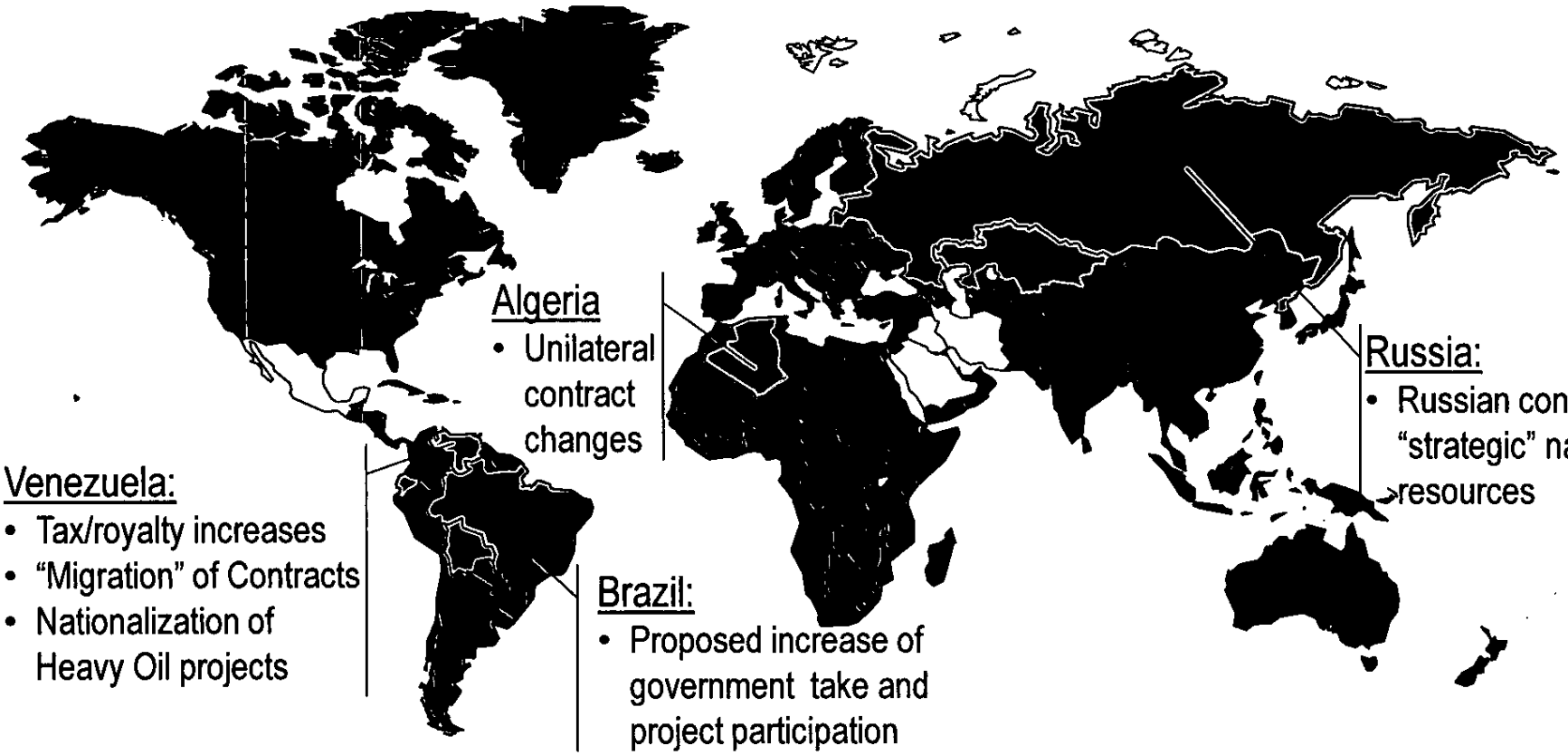

Algeria
- Unilateral contract changes

Russia:
- Russian control of "strategic" national resources

Venezuela:
- Tax/royalty increases
- "Migration" of Contracts
- Nationalization of Heavy Oil projects

Brazil:
- Proposed increase of government take and project participation

■ **Open to Foreign Investment in the Energy Sector**

□ **Some Foreign Investment in the Energy Sector**

▣ **Reduced Access for Foreign Investment in the Energy Sector**

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...and Competition from International National Oil Companies (INOCs)

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Contract Awards in Recent Iraq Bidding Rounds

Contract Area	Consortium (*Operators – INOCs underlined)	Plateau Prod. Target (b/d)	Final Rem. Fee (US$/bbl)
Rumaila	BP*, CNPC	2,850,000	2.00
West Qurna 1	ExxonMobil*, Shell	2,325,000	1.90
Majnoon	Shell*, PETRONAS	1,800,000	1.39
West Qurna 2	Lukoil*, Statoil	1,800,000	1.15
Zubair	Eni*, Occidental, Kogas	1,200,000	2.00
Halfaya	CNPC*, PETRONAS, Total	535,000	1.40
Garraf	PETRONAS*, Japex	230,000	1.49
Badra	Gazprom*, TPAO, Kogas, PETRONAS	170,000	5.50
Qaiyarah	Sonangol	120,000	5.00
Najmah	Sonangol	110,000	6.00

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Creating "Best" Fiscal Systems

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- **Countries continually assess their internal needs and their world-wide competitive position to set hydrocarbon fiscal terms.**
  - Attract Investment
  - Generate revenue for the treasury
  - Create jobs, increase local skill base

- **There are roughly as many systems in place as there are countries with petroleum legislation.**
  - Many areas of similarity
  - Many areas of difference
  - Different 'vintages' can be active at the same time

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Countries Adapting to Higher Prices

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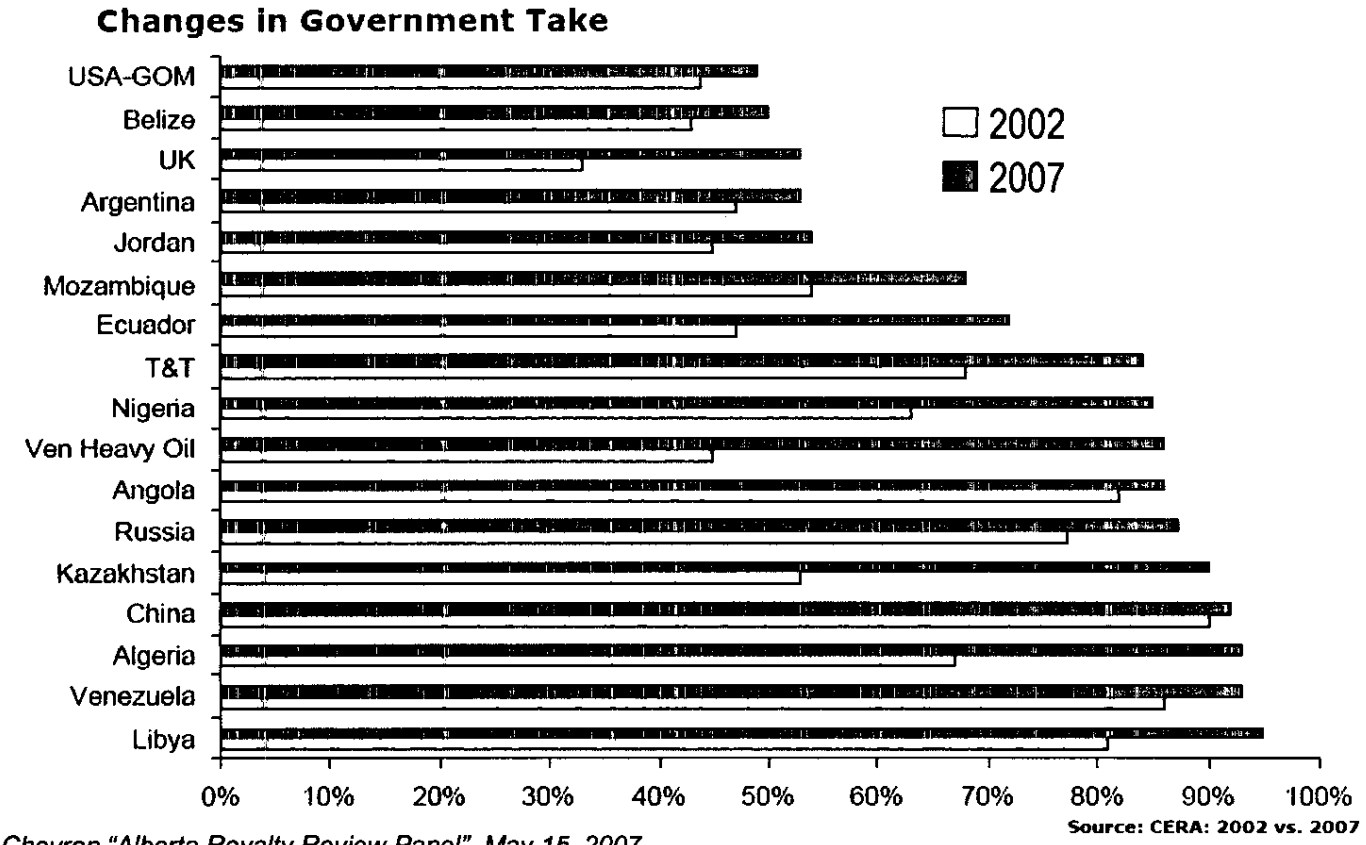
Assessment of Oil and Gas Jurisdictions is Complex and Continuous



Source: Chevron "Alberta Royalty Review Panel" May 15, 2007

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Industry "Take" Assessments

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- **The many studies that attempt to "rank" regimes are typically based on:**
  - Marginal Government Take
  - Average Government Take
  - Total Government Take
  - Risk
  - Stability

- **While informative in the right context, the aspects of fiscal regimes that these studies do not cover or rank can at times be more important.**

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What these studies tend to Ignore

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- Signature bonuses
- Time Value
- Investment Credits
- Ringfencing
- Tax credits
- Booking Reserves
- Lifting Rights
- Domestic Obligations
- Different oil/gas rates
- Lease rentals
- Limits on cost recovery
- Exclusions
- Cross crediting
- Timing of Take
- Allowable costs
- Uplifts

Many of the above can have a significant financial impact and if included might generate a different ranking outcome.

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New Players Today – the International National Oil Companies

- **National Oil Companies (NOCs) are investing internationally**
  - The focus of their expansion includes Middle East, Former Soviet Union, Africa and Latin America
  - For example, China-Africa trade: $4 billion in 1995, $40 billion in 2005, expected to be over $100 billion in 2010
- **INOCs are changing the competitive landscape**
  - Different (lower?) investment criteria
  - Different drivers
  - Government to government deals
    - China and India to cooperate on energy acquisitions
    - Emergence of the BRIC *(Brazil, Russia, India, China)* alliance

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Then there are the Hidden Drivers

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- **"Punished by Reward"**
  - Compensation packages drive decision making
  - Good deals are sometimes passed up to do deals that score more bonus points
  - These are usually not obvious nor acknowledged

- **Examples of executives' performance targets:**
  - Maintaining reserve replacement/growth
  - Reducing cost per barrel
  - Increasing market share

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Agenda

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3. International benchmark

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Time Value of Money

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- Most fiscal regime comparisons do not adequately compare the time value of benefits in one regime versus another.

- Alaska is very generous to investors in that it allows all eligible costs to be deducted immediately from revenue (and even receive cash back) plus provides capital and exploration credits for the same expenses.

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Simplified Field Model

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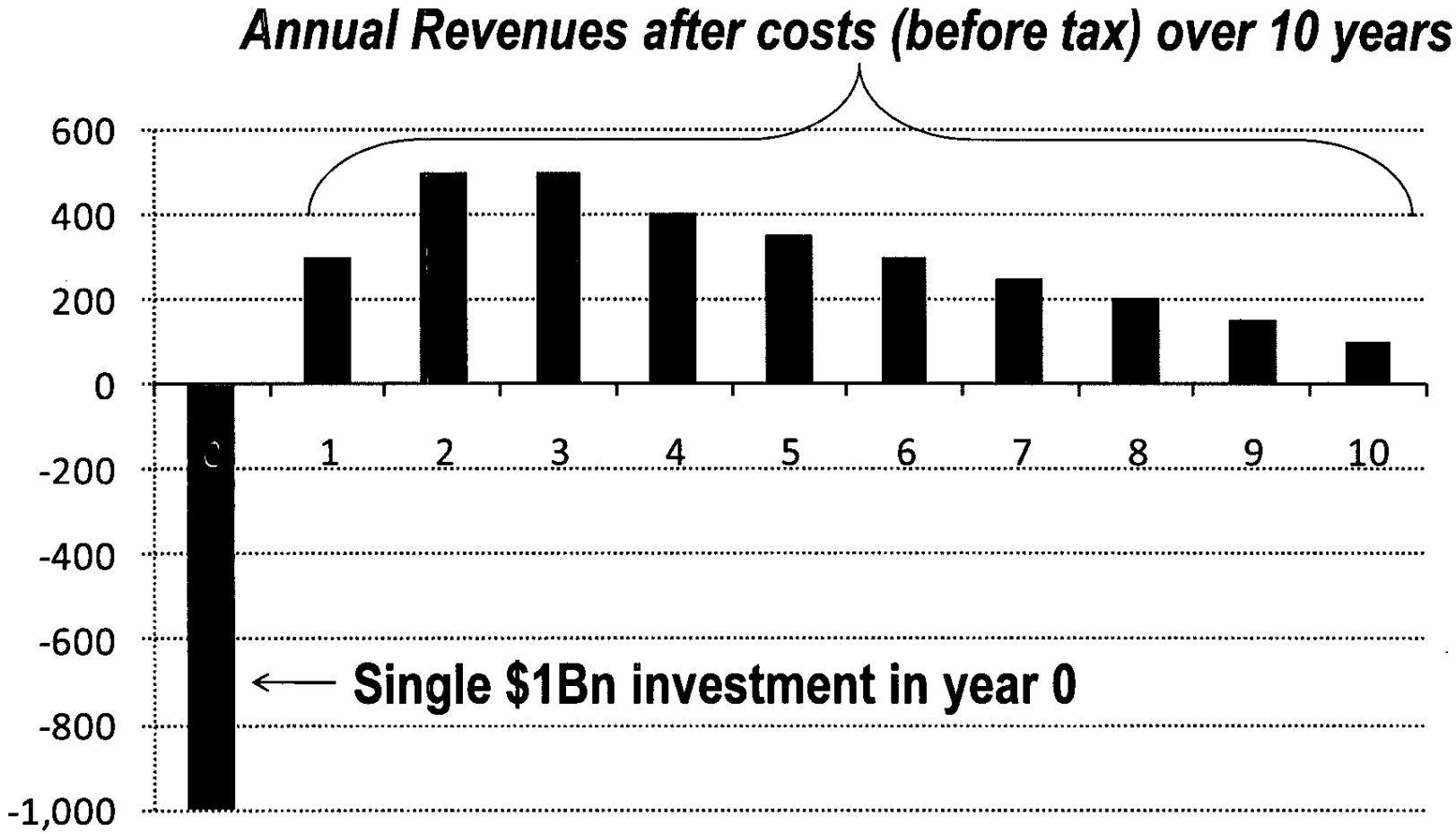

Note: This is not intended to represent any Alaska asset

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Scenarios

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- **Range of depreciation from other regimes**
  - Straight line 3 year, 5 year and 10 year
  - Compared to immediate write off, such as Alaska allows
- **Single tax rates**
  - To illustrate the time value effect
  - Not looking to highlight other nuances in one regime versus another
- **Investment credits, such as Alaska allows**

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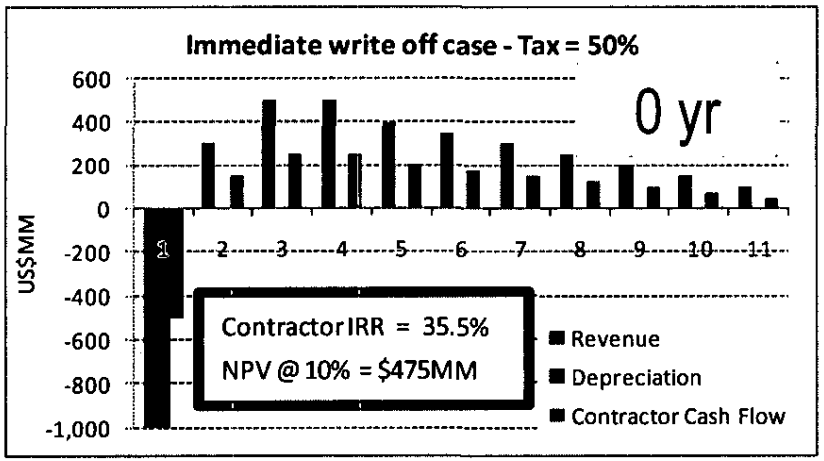
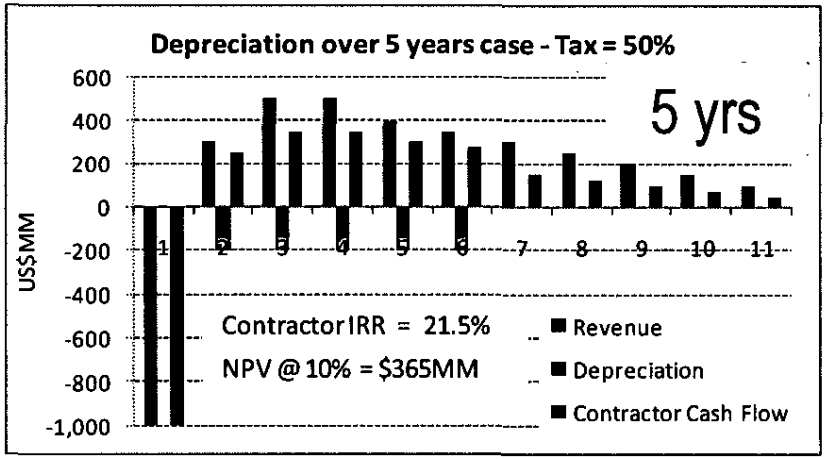
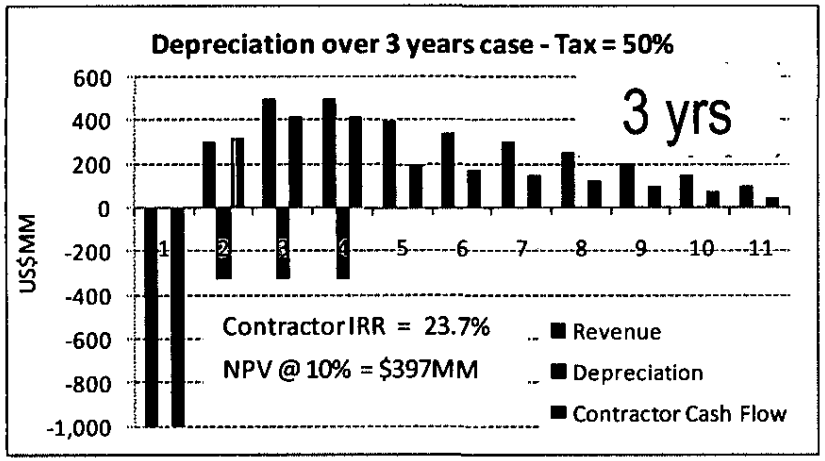
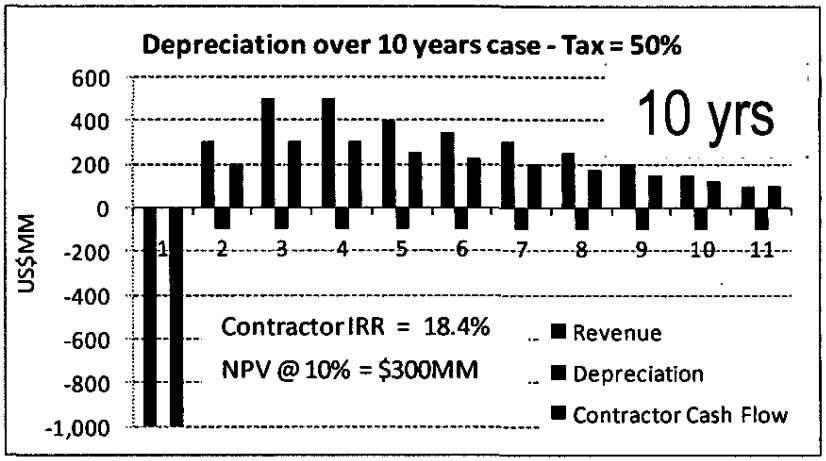
Impact of Depreciation on Investors' Internal Rate of Return (IRR) and Net Present Value (NPV)









Note: Cashed Out Net Operating Losses (NOLs)

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Tax Impact of Depreciation

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Depreciation	Tax Rate	Producer IRR	NPV_{10} (US$MM)
Immediate write off	**50%**	**35.5%**	**475**
3 years	50%	23.7%	397
5 years	50%	21.5%	365
10 years	50%	18.4%	300
Immediate = 3 yrs	**58%**	**35.5%**	**~397**
Immediate = 5 yrs	**62%**	**35.5%**	**~365**
Immediate = 10 yrs	**69%**	**35.5%**	**~300**

- **The economic impact of immediate write off is significant**

- **For a same tax rate of 50%, the longer the depreciation, the lower the producer IRR and the lower the producer NPV**

Note: The IRR of the immediate write off case is not impacted by the tax rate as any increase is balanced by a proportional cashed out NOL

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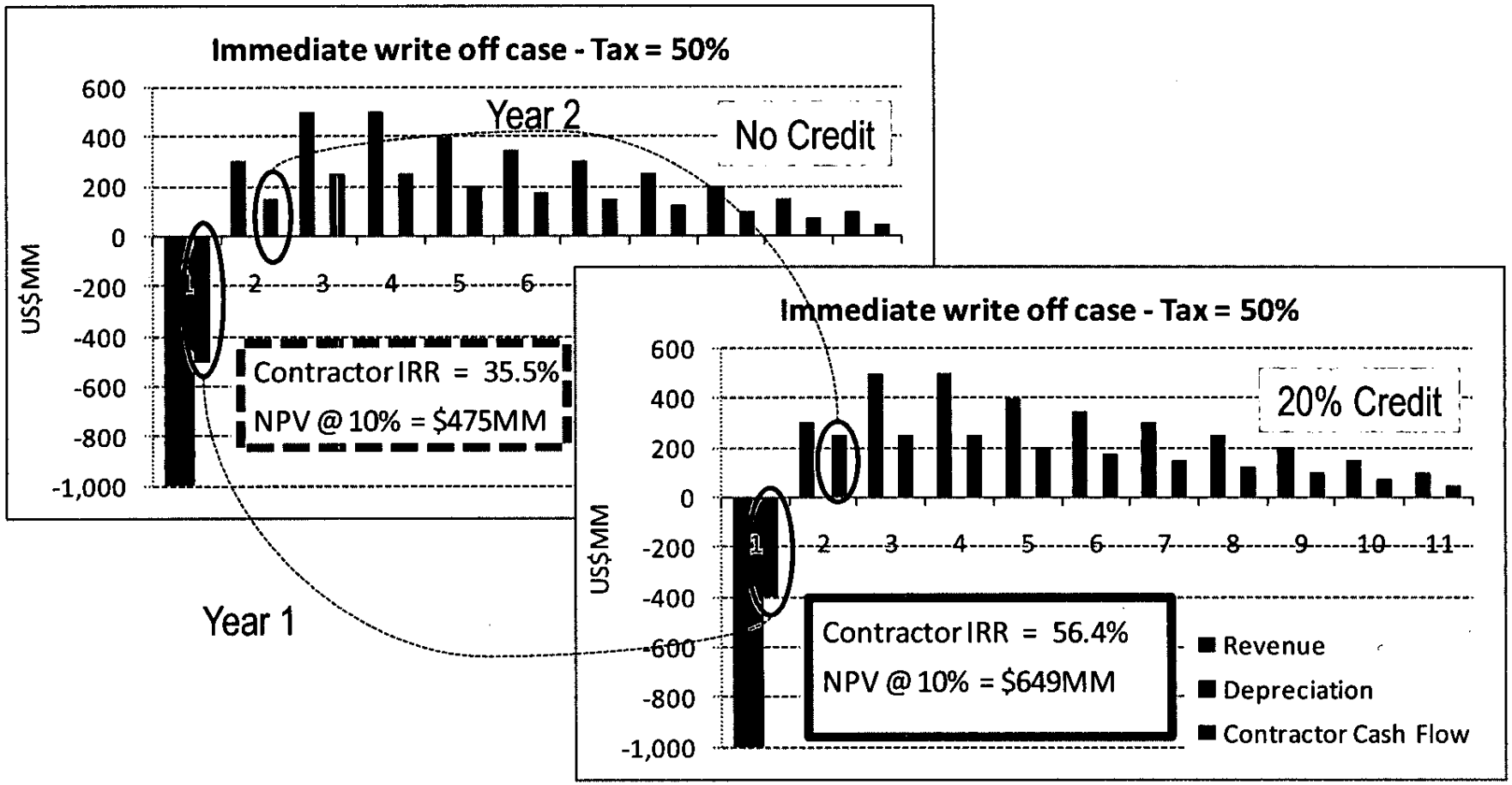
Impact of 20% investment credits over 2 years



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Investment Credits Impact

Depreciation	Tax Rate	Investment Credits	NPV_{10} Match (US$MM)
Immediate write off	**50%**	**0%**	**475**
Immediate write off	**50%**	**20%**	**649**
Immediate write off	76%	20%	**~397**
3 years	50%	0%	397
Immediate write off	80%	20%	**~365**
5 years	50%	0%	365
Immediate write off	87%	20%	**~300**
10 years	50%	0%	300

- **A fiscal regime with a combination of immediate write off and investment credits can compete favorably on select financial metrics with regimes with lower Government Takes**

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What these studies tend to Ignore

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- Signature bonuses
- Time Value
- Investment Credits
- **Ringfencing**
- Tax credits
- Booking Reserves
- Lifting Rights
- Domestic Obligations
- Different oil/gas rates
- Lease rentals
- Limits on cost recovery
- Exclusions
- Cross crediting
- Timing of Take
- Allowable costs
- Uplifts

Many of the above can have a significant financial impact and if included might generate a different ranking outcome.

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Ringfencing

- **Fiscal regime comparative studies tend to use single type fields or stand alone existing fields.**
- **Most contracts or licenses in the world are 'ringfenced'.**
  - Implication: The same producer, in the same country, can have a highly profitable project but be unable to offset or deduct losses from another project.
  - One of the biggest surges of activity in the UK offshore occurred when the ringfence around PRT (their special petroleum tax) was removed.

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Why Ringfencing Matters

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- **Some might evaluate the economics of Alaska's heavy oil opportunities as a stand alone projects**
  - Market price lower than NS crude based on quality
  - Higher development and operating costs
  - Ignores fact that project is connected (fiscally) to existing operations

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Simple Ringfence Example

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- **Assume existing NS oil project**
  - Production 650,000 bpd
  - Market oil price $70/bbl
  - Transportation costs of $7/bbl
  - Upstream costs $18/bbl (50% opex, 50% capex)

- **Potential NS heavy oil project**
  - Production 250,000 bpd
  - Market oil price 90% of NS oil price (quality)
  - Transportation costs of $7/bbl
  - Upstream costs twice as high as oil project $36/bbl

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Heavy Oil and Alaska Tax

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- **The following charts present one year 'snapshot' views of the Alaska tax in two cases:**
  - Project ringfence
  - North Slope-wide ringfence as allowed under Production Tax Law

- **This illustrates the State available assistance for Heavy Oil developments**

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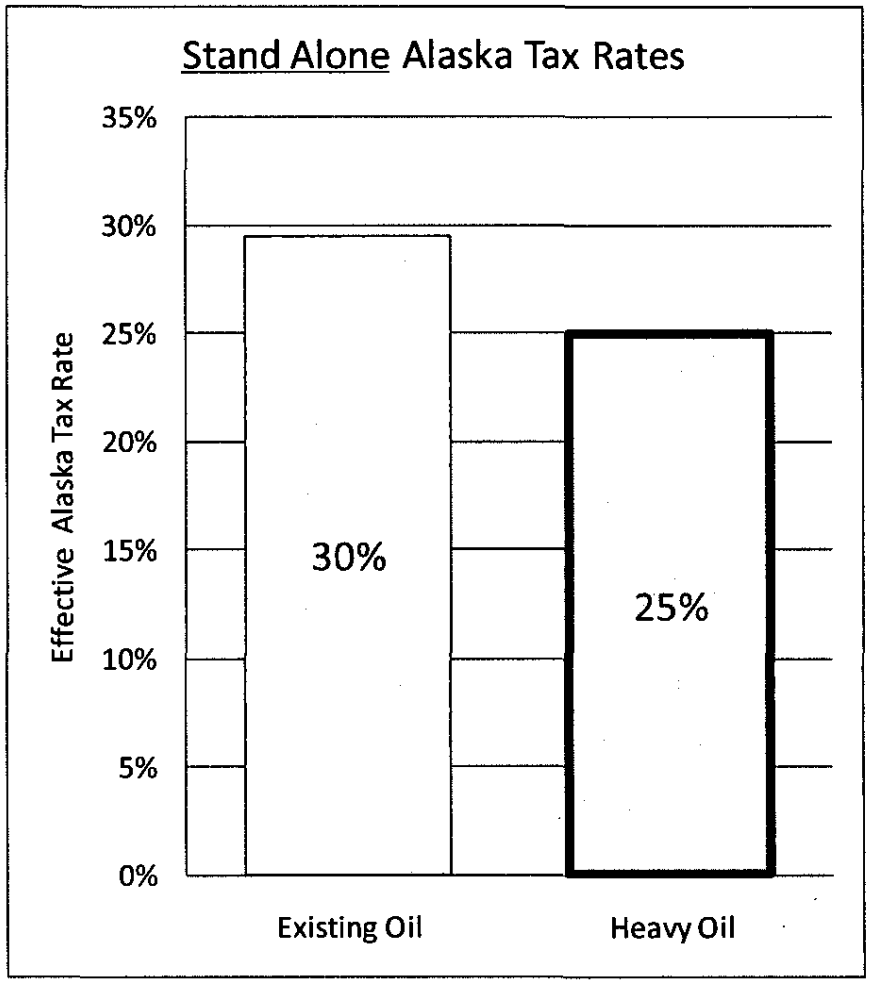
Stand Alone - Project Ringfence

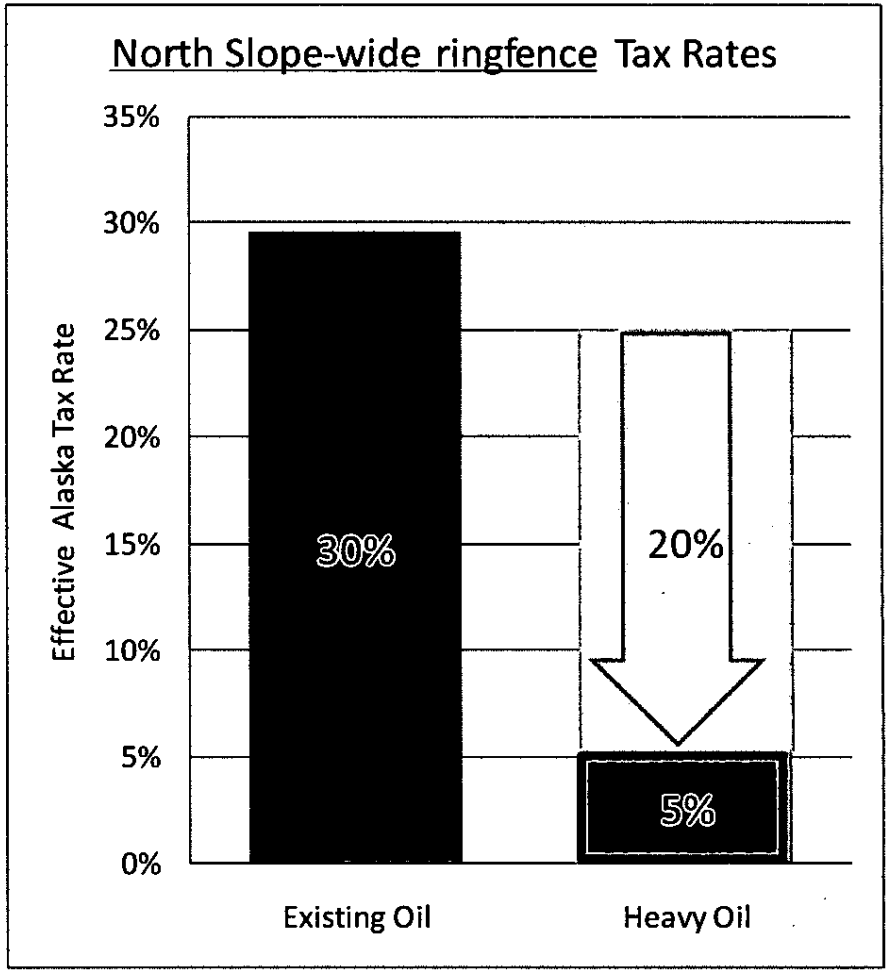
- If ringfenced as separate projects, as in many fiscal regimes, existing oil tax rate would be 30% and heavy oil would be 25%
- However, reality is this needs to be viewed as a blended portfolio



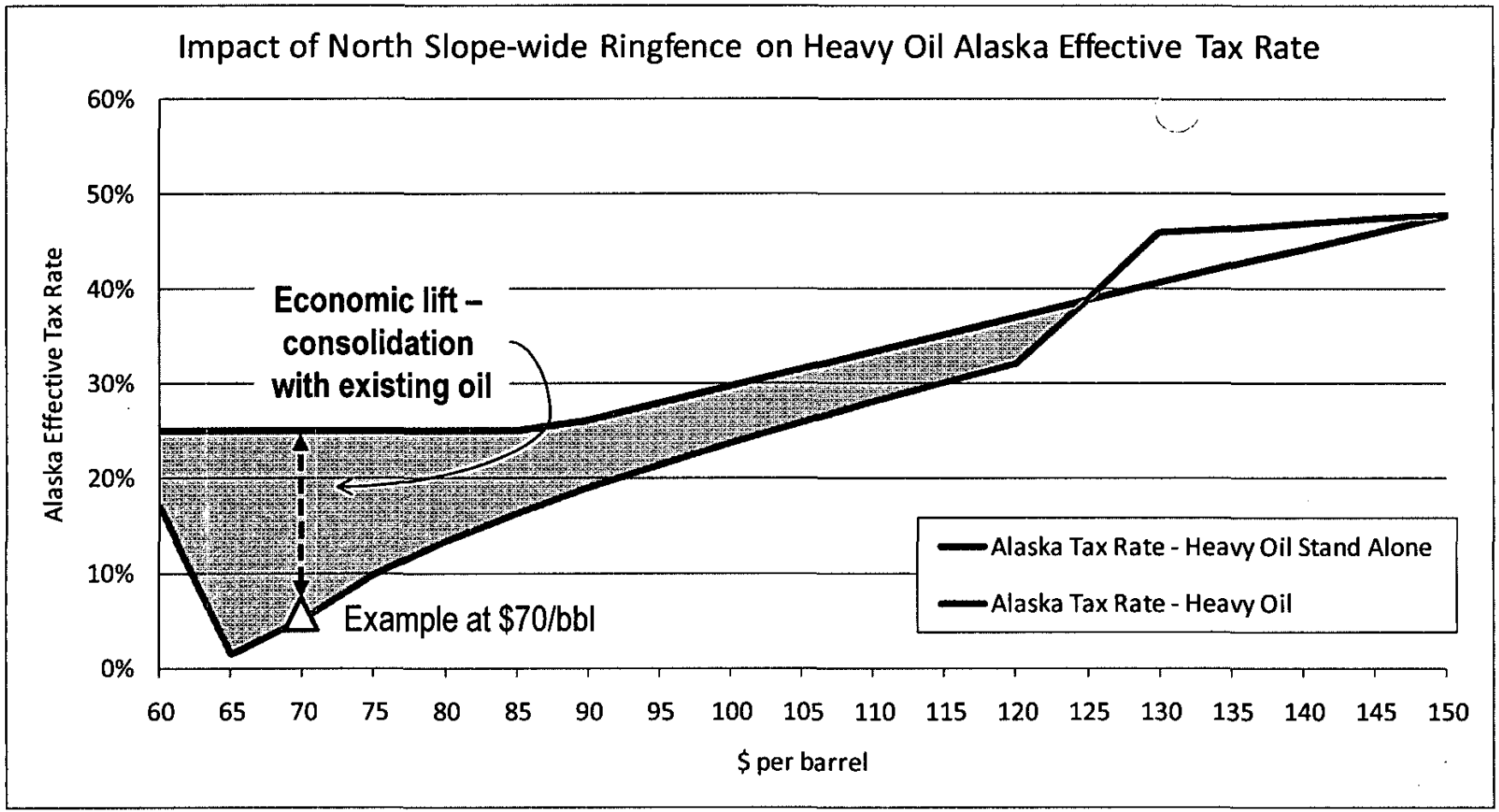
Oil Price - ANS West Coast : $70/bbl

North Slope-wide Ringfence

- If the Producer adds the heavy oil project to its portfolio, the heavy oil project will effectively be taxed at 5% instead of 25%
- The effective tax on heavy oil varies across a range of oil prices



Heavy Oil Effective Tax Rates



Agenda

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1. Historical Perspective

2. Impact of Key Components

3. International benchmark

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Selection of benchmarks

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- **Exploration and Production 'hotspots' where the Majors are investing**

- **Range of fiscal regimes**
  - Production Sharing Contract, Royalty, Technical Services Contract, Special Taxes

- **Range of locations**
  - US, South America, Europe, Africa, Middle East, Asia Pacific

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Benchmarks: Selected "hotspots"

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GCA Analysis Assumptions

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- **DOR's North Slope Production and Revenue forecasts (no gas pipeline case)**
  - 4.4 Billion barrels of oil produced
  - $23/bbl Capex + Opex + Tariffs (non indexed)

- **Used GCA proprietary fiscal regime information**
  - Inclusive of all nuances that are part of a particular regime including many ignored by other regimes

- **Compared Government Take at $70 & $150/bbl**

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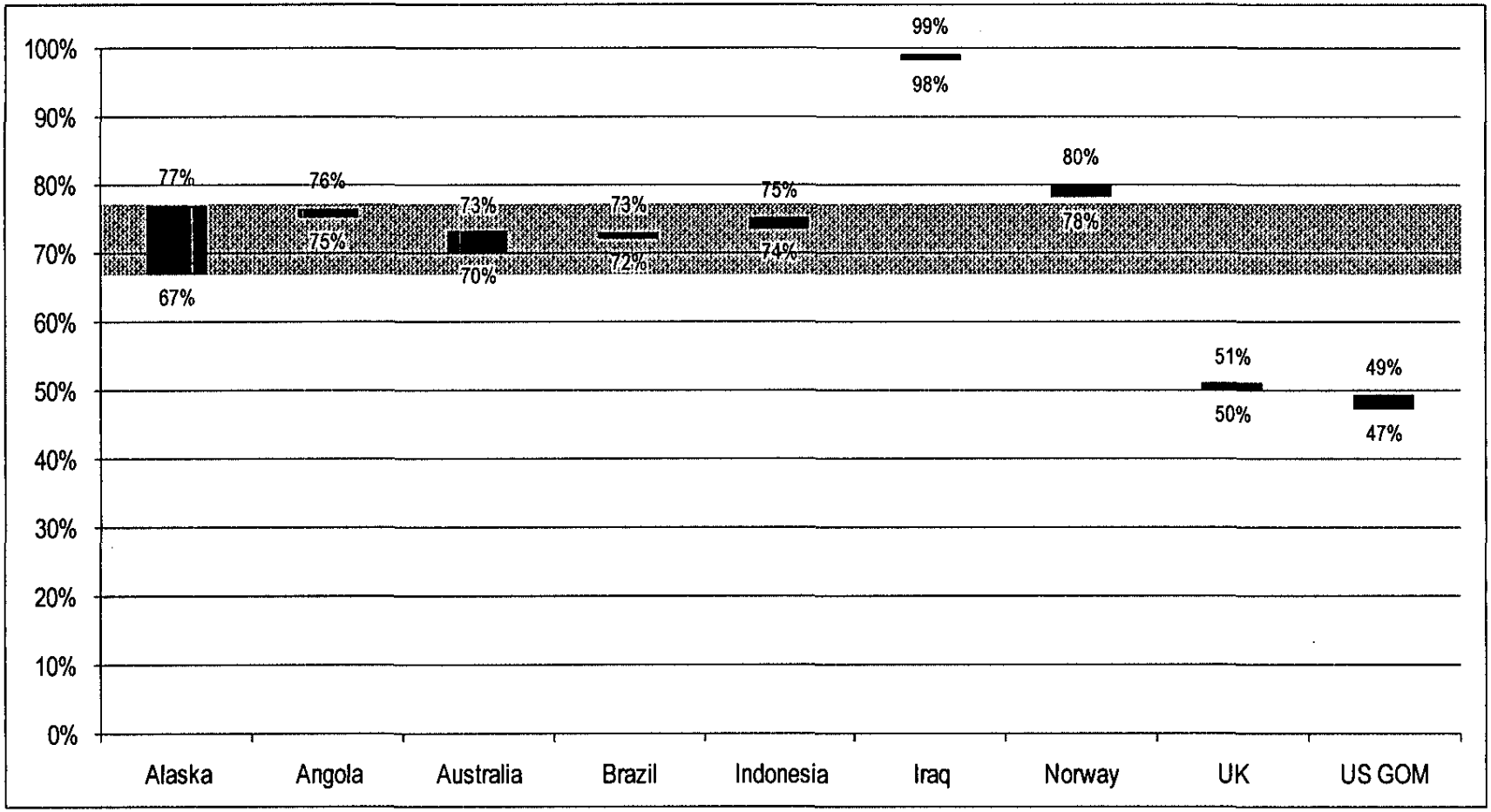
Remaining NS Oil Profile
Total Government Take



Note: Oil price $70-$150/bbl

Total Government Take - Alaska

Industry Profit NPV 10 (US$B)

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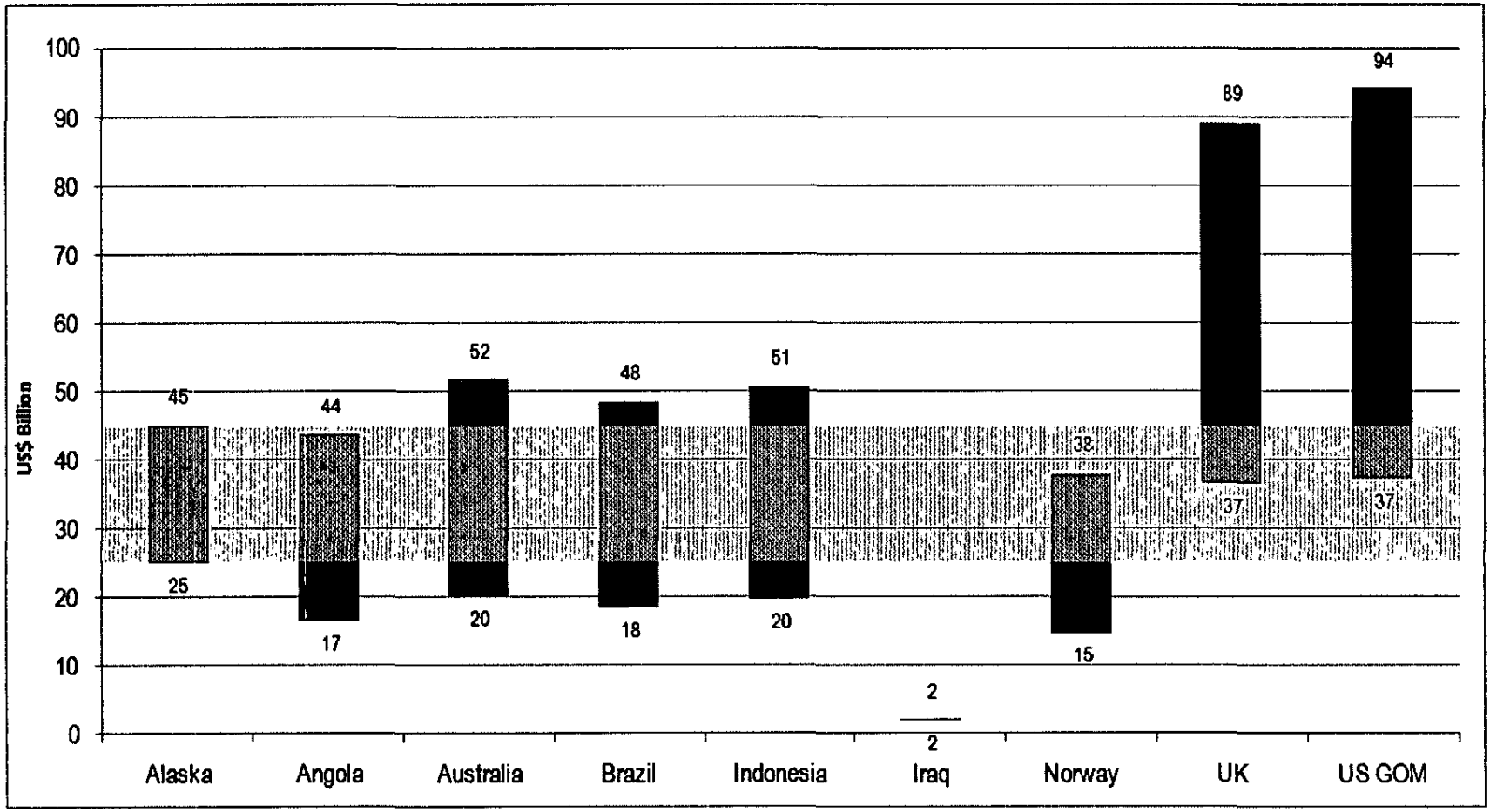

Note: Oil price $70-$150/bbl

Industry Profit NPV 10 - Alaska

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Observations

- **Bearing in mind the limitations of any benchmarking exercise, we observe the following:**
  - These results are in the same range as the ones provided by various industry players and consultants.
  - The total Government Take in Alaska appears to be competitive with most hydrocarbon prolific areas.
  - The Government Take in the recent Iraq contracts, which have attracted significant international competition (including from Industry players present in Alaska) is the highest.

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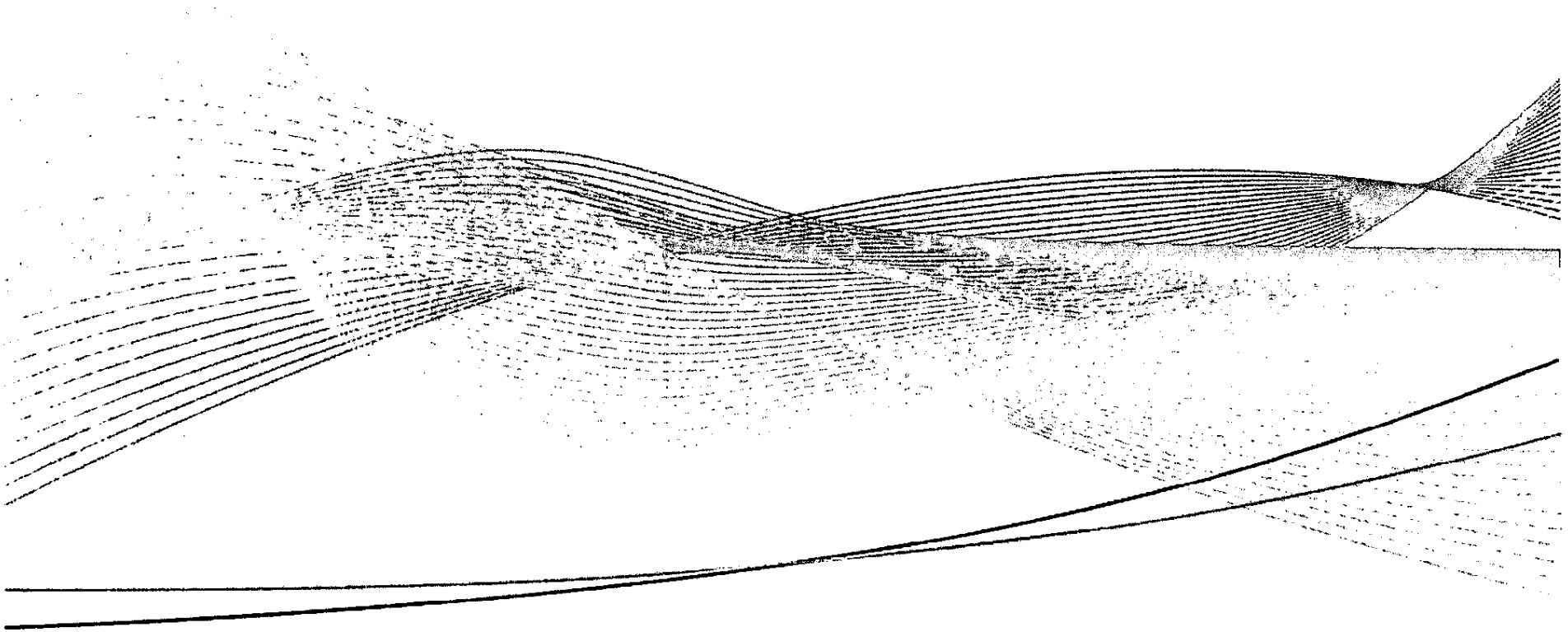
Understanding the Message



TECHNICAL AND MANAGEMENT ADVISORS TO THE INTERNATIONAL PETROLEUM INDUSTRY

Fiscal System Benchmarking

January, 2010

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Government Take Studies

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- **To make a valid comparison of Alaska's fiscal system requires knowing the basis on which on comparisons are being made:**
  - IRR or rate of return?
  - NPV? Undiscounted? What discount rate?
  - Marginal take at the absolute worse 'spot' in the fiscal regime or averaged across a range of expected outcomes?
  - Single fields or portfolios?
  - High rate oil developments versus extended plateau gas developments?
- **What is it you are being shown?**

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Vintage

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- **Many countries have producers operating under a number of different vintage agreements.**
  - Most of the older agreements are specific to the field(s) being produced. A comparison to these would be misleading and unfair.
  - Even if older agreements provide opportunity for new exploration, the new projects may be ringfenced.
  - New investors can't receive the terms of the older agreements.
- **When the oil companies offer their comparison, what vintage agreement are they using?**

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Vintage – Trinidad & Tobago

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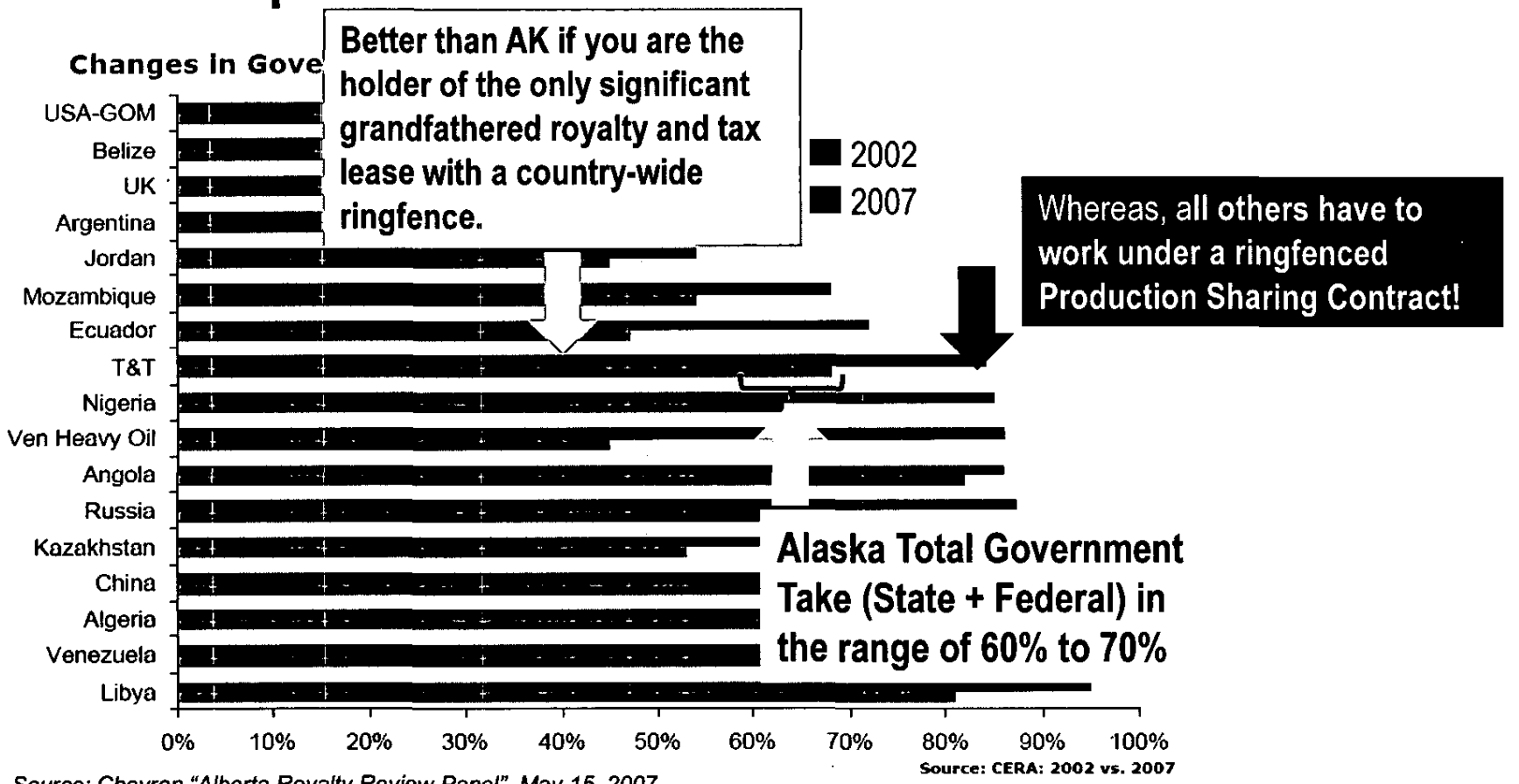
Assessment of Oil and Gas Jurisdictions is Complex and Continuous



Source: Chevron "Alberta Royalty Review Panel" May 15, 2007

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OECD vs. Non-OECD

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- **One would think that a non-OECD environment would carry higher risk – and therefore need a greater reward**
  - Non-OECD countries control the vast majority of all hydrocarbons
  - Non-OECD countries also average very high total Government Take
  - Yet, major producers continue to include high take non-OECD countries as part of their portfolio
    - Recent Iraq deals

OECD: Organization for Economic Co-operation and Development

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1958

List of OECD Countries

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Australia	Austria	Belgium	Canada
Czech Republic	Denmark	Finland	France
Germany	Greece	Hungary	Iceland
Ireland	Italy	Japan	Korea
Luxembourg	Mexico	Netherlands	New Zealand
Norway	Poland	Portugal	Slovak Republic
Spain	Sweden	Switzerland	Turkey
United Kingdom	United States		

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Which Gulf of Mexico (GOM)?

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- **Really three different GOMs with different economics and different government terms**
  - Shallow water, paid for platforms, producing fields from relatively low depths, low operating cost structure and relatively inexpensive transportation to market.
  - Recent deep water developments, new state-of-the-art platforms, producing from deep horizons, challenging technology, high cost to drill, high cost to operate, long distance to market.
  - Recent ultra deep drilling from the shallow water shelf, middle range costs, close to shore and market.
- **Old 12.5% federal royalty vs. new 18.75% federal royalty**

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At what oil price?

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- **Relatively low prices**
  - Progressive systems take the minimum
  - Regressive systems take a larger bite
  - Comparison studies of the progressive Alaska tax regime would cast Alaska in a better light
- **Very high prices**
  - Progressive systems take a big bite
  - Regressive systems look favorable
  - Comparison studies of Alaska would cast Alaska in a worse light
- **Best comparisons use a number of prices across a reasonable range so that the workings of the fiscal system can be adequately assessed.**

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Does it include all Government Take?

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- **Bonuses**
  - Even though these can vary from lease to lease, are they included?
  - Recent $1Bn bonuses paid in Angola
  - Sizeable bonuses paid in other regimes as well
- **Domestic Market Obligation**
  - Has the requirement to provide a portion of the oil and gas to the local market at a discount been taken into account?
- **Government Partner**
  - Has the government participation been included, even if it is as a full paying equity partner?

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Available Investment Capital

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- **Producer spending can be put in three categories:**
  - Mandatory – loss of license if they don't
  - Should – monetary penalties / loss of production if they don't
  - Discretionary
- **2008 was a big Industry spend year. Now oil prices have fallen and global economy is in a recession. How much of the lack of new discretionary spending in Alaska is because the 'tax is too high' versus significant spending being directed to the top two categories above?**

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Wrap Up

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- Understand what comparative studies are and are not before you draw conclusions.
- Many important factors such as timing, ringfencing, signature bonuses are often left out.
- Do not underestimate the value of immediate write off and capital credits in balancing differences between Alaska and other regimes that may lack these, but have lower government take.
- Alaska's government take is competitive with most hydrocarbon prolific areas.

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14

TESTIMONY OF THE

ALASKA OIL AND GAS ASSOCIATION

TO THE SENATE FINANCE COMMITTEE

ABOUT THE FAILINGS OF THE

"ACES" PRODUCTION TAX

February 23, 2010

Mr. Chairman and Members of the Committee:

My name is Marilyn Crockett and I am the Executive Director of the Alaska Oil and Gas Association ("AOGA"). AOGA is the trade association for the oil and gas industry in Alaska. Our 14 members account for the majority of oil and gas exploration, development, production, transportation, refining and marketing activities in the state. The testimony I am about to present has been prepared and approved without dissent by the members of the AOGA Tax Committee.

First of all, we apologize to the Committee for the fact that our testimony today cannot be a detailed or comprehensive review of the many problems, issues and failings of ACES. Instead, it is only an overview, a snapshot from 50,000 feet if you will, of what's wrong or going wrong with this tax. And we can offer at this time only a handful of specific examples to illustrate these problems — not because the examples are few, but because we were simply unable before this hearing to compile the many more examples that we could otherwise have presented. Also, during your hearings last week you were given information that was either inaccurate, incomplete or misleading, and we would like to use part of our time with you today to set the record straight on a number of those points.

ACES was proposed and enacted with two primary goals: One, to raise the amount of production taxes from what the State would have received under either the old ELF-based tax or the "Petroleum Production Tax" – also known as the "PPT" – that replaced the ELF. And two, to attract new capital investment for oil and gas exploration, development and production on the massive scale that is needed to mitigate the decline in production rates as the resource is depleted. These goals seem fundamentally inconsistent with one another. How can the tax be raised for the industry and at the same time have the tax attract greater industry investment here?

ACES' answer was to take the tax deduction and tax credits for new capital investments that PPT first created, modify the credits to make them less attractive, and substantially increase the amount of production taxes on the oil and gas industry. There are numerous technical problems in ACES that need to be fixed, and many others that

tax rate would be worth 30¢, and the 20% tax credit would be 12¢, making a total tax benefit of only 42 cents. This difference between a 42¢ tax benefit and a 70¢ one may not sound like very much, but if the hypothetical project being evaluated costs $100 million, it means $28 million would be drained out of its economic performance as perceived by the investment decision-maker, simply because of this lack of clarity in the tax. Put in these terms, one can begin to appreciate how the go/no-go decision for such an investment could be affected by a lack of clarity in ACES.

And the key point here is: this adverse impact on the investment decision will occur even if the Department of Revenue, after audit, would have ultimately found 100¢ of that dollar to be completely justified and proper. In other words, the tax benefit actually allowed would turn out to be 70¢ for that dollar, but only 42¢ of that benefit was taken into account by the decision-maker at the time of the investment decision. This is a terrible dilution or waste of the incentive for investing that ACES is designed to give.

There are clarity issues with the ACES statutes themselves, but as I mentioned, the regulations that the Department of Revenue has adopted and is in the process of adopting are compounding and re-compounding the uncertainty and lack of clarity. Attached to the written copies of this testimony is an attachment illustrating the kinds of uncertainty being created unnecessarily by the Department. I will not take the Committee's time to read that attachment now, but I invite you to peruse it at your leisure.

Bad as it is, that example is only the tip of the iceberg in terms of what is going wrong with the ACES regulations. There are many, many more examples that we could offer. The written comments and testimony submitted to the Department by AOGA and by individual companies about the issues and problems with the draft and final regulations run to nearly 200 pages — just on the subject of deductible lease expenditures. That total does not include what we told the Department about its tax-credit regulations. And, as Deputy Commissioner Marcia Davis acknowledged to this Committee last week, we expect to have a lot of comments about the transportation-cost regulations that the Department is proposing to adopt, especially since the Department is dispensing with the public workshop process and going straight to the public hearing for actually adopting them.

One final problem with the ACES regulations that I would draw to your attention is the fact that the Department of Revenue has totally failed to address the question of how the non-operating working-interest owners in a unit or other oil and gas property are supposed to comply with all these requirements. Each month the non-operating owners are required by ACES to report and pay estimated taxes, and on March 31 of the following year they have to "true up" those estimates to the actual results for the year. All that they have available when these reports and payments come due are the billings that they receive from the operator for their respective shares of the unit's costs. Even though the non-operating interests can and do audit the operator's billings to them, their audits are done for several years of billings at a time, and the billing periods in question for those

We are not suggesting, however, that the Department should rely blindly on the non-operators to audit the operator's billings. As Ronald Reagan famously said about dealing with the Soviet Union during the Cold War, "Trust, but verify." In the case of ACES, "verify" for the Department would mean auditing the automated system of accounts that each operator has for recording its expenditures as operator and billing out those costs to the non-operating participants. Particular cost codes within such a system of accounts could be identified by this audit as disallowed kinds of cost, and by giving notice to the operator and all the non-operating interests that those cost codes are disallowed, the Department would ensure that all the participants in a unit or property would be on the same page with respect to cost codes that are allowed and billable under their operating agreement but disallowed for ACES purposes. The Department's audits of individual companies could then be simplified to verifying that nothing in the disallowed cost codes was deducted by any of them in their respective ACES tax returns, thereby conserving audit resources while ensuring consistency among taxpayers.

At the same time the Department could "verify" the ongoing integrity of each automated system of accounts by periodically confirming, first, that the software for that system has not been changed since the Department's last audit of that system, or if changed, has not been changed incorrectly for ACES purposes. And if there has been an incorrect change, the Department would identify the resulting new cost codes that are disallowed and put all taxpayers in that unit or field on notice of those changes to the list of disallowed cost codes.

The Department of Revenue could actually do all these things without having to change any of the substance of what it intends to allow or disallow as lease expenditures in its new regulations. But, to do so, the Department — instead of using the regulations to define what is or is not allowed — needs to adopt its concepts of allowed and disallowed costs as audit standards that it will then apply and enforce in its audits of automated systems of accounts and software, as well as in its audits of any claimed lease expenditures for costs that a company may incur in house that are not billable to others under the applicable operating agreement.

We have proposed this alternative approach to the Department in each round of public workshops and hearings on the lease-expenditures regulations. And in each new draft that came out after a workshop or hearing, including the regulation that has just been adopted, this superior alternative was rejected. We do not know why. But if the Department of Revenue will not adopt this superior approach voluntarily for administering ACES, then perhaps one alternative solution to fix ACES would be to rewrite the tax statutes so the Department has no choice but to use this clearer and more efficient approach.

This is very different from the picture that the Department of Revenue pointed for the Committee last week. In fact, they even showed a slide quoting from a letter I wrote. In the interest of time, I won't read the entire quote, but this the heart of it:

in those projects. This is completely and fundamentally wrong.

The only tax credits that the State is actually spending money for are the ones that the Oil and Gas Tax Credit Fund buys from explorers and small producers that do not have enough production to incur ACES tax liability that they could apply their credits against. This expenditure is incurred because the State has made the policy choice to do this in order to attract more independent explorers and small producers to Alaska. And, for the record, let me say AOGA supports this goal: Having more companies exploring and producing here is good for our industry, as well as Alaska.

But the overall tax deductions and credits under ACES do not inherently share this special attribute of the subset of tax credits that the Tax Credit Fund actually buys. Think about it for a second. Suppose it were true that each dollar of tax benefit from a deduction or tax credit is literally an expenditure or investment by the State. What would this imply? Well, in order to be true, it would mean the State is legally entitled that dollar instead of the producer — the State, in other words, literally owns that dollar and is making an expenditure or investment to the extent it lets the producer have any part of it.

Applying this principle in other contexts would mean the State owns the value of the next fish that a commercial fishing boat catches, that it owns the room charge that a guest pays to stay at the Baranof tonight, and that it owns the sales proceeds for the next car that a dealership sells. And consistent with this, the State would be "spending" billions and billions of dollars to the extent it lets the fishers keep any of the value of their catch, lets hotels keep any of their guests' room charges, and lets car dealers keep any of the proceeds from their car sales. This certainly would take the expression "owner state" to an extraordinary degree of literalness, but it is not what we have in this country as our legal and economic system.

Some might object to what I've just said, arguing that the State actually is the owner of the oil and gas since it is the owner of the land from which the resource is produced. Such an objection breaks down, however, at two levels. First, ACES applies to oil and gas produced from land that the State does not own, such as Native corporation land and federal lands within Alaska's legal boundaries. For these non-state lands, the very premise for the objection is lacking. Second, and more fundamentally, it ignores the fact, although the State owns the land, it has sold the exclusive right to explore for, develop and produce oil and gas from that land. The State sold this right in each of its oil and gas lease sales, and it has been paid more than $2.1 billion in bonus bids through 2007 for selling this right. Paragraph 37 in the Form DL-1 leases that represent virtually all of the main Prudhoe Bay and Kuparuk fields states, "the rights vested in Lessee by this lease shall constitute an interest in real property in said land." In other words, what the lessees have paid for is not a license, but actual ownership.

Thus, when a producer produces oil or gas from a state lease, it owns all of its share of that oil or gas as it comes out of the ground. In fact, when the State takes its royalty in value instead of in kind as physical oil or gas, the physical oil or gas attributable to

field drilling like this has a rate of return of over 100 percent. Without getting side-tracked about the assumptions needed to mathematically allow rates of return to be that high, our reply is that, if in-field drilling is highly profitable, why did the number of these in-field wells decrease from 166 wells in 2007 to 153 in 2008 and 147 last year? Putting rhetoric or political posturing aside, this is the fact of the matter. And since we have been critical of the Department of Revenue, we should acknowledge at this point that the Department has disclosed this decline in its public ACES materials, although its numbers mistakenly include exploration wells.

The decline in in-field drilling is confirmed by public statements of the two major operators on the North Slope, ConocoPhillips and BP. For instance, John Mingé of BP told the Meet Alaska Conference last month that his company's "total drilled footage" for in-field wells "will be more than 50% lower in 2010 vs. 2007" when the figure was nearly one million feet drilled. He added that BP had "[r]educed our rig count from 10 to 7 from January last year." And I would point out that each drilling rig represents about a quarter of a million man-hours of work a year, or about 119 full-time equivalent jobs at 2100 hours of work per year. At that same Meet Alaska Conference Larry Archibald, the senior vice president of exploration and business development for the corporate parent in ConocoPhillips' organization, noted that industry in the last five years added about 450 million barrel-of-oil-equivalents to reserves for existing Alaska fields, but "Only 35 million since ACES".

The news is also bad for exploration wells. ConocoPhillips has been the leading explorer in Alaska for the last decade and more, focusing especially on the National Petroleum Reserve – Alaska, or NPR-A for short. But Helene Harding, who is now interim president of ConocoPhillips Alaska Inc., warned the Resource Development Council on November 18 last year that the number of North Slope exploration wells had declined from 11 in 2007, to nine in 2008 and eight in 2009, with the figure for 2010 expected to be even lower. More recently, Mr. Archibald in his remarks last month at Meet Alaska said ConocoPhillips will not be drilling any exploration wells in NPR-A this year, nor was he aware of any other company planning to do so this year. He noted that "Significant potential remains in North Slope Giants" but "Giant fields have worst fiscal terms" under ACES. Perhaps more ominous is the fact that Mr. Archibald told the conference that ConocoPhillips in 2009 had relinquished some 880,000 acres of leases that it had in NPR-A.

Now, lest we be accused of being misleading in this testimony to you, let us be absolutely clear: We do not claim that every single one of these signs of deterioration in the situation here has been solely the result of ACES. But ACES has necessarily been an economic factor within the overall circumstances surrounding each one of them. For some it may only have been a contributing factor, while for others it may have been decisive. It is even possible that ACES might not have been a material factor at all, although we would expect these to be very few in number. Be that as it may in particular situations, the point we wish to make is that these facts, taken as a whole, do provide a clear

Third, there are clear, but ominous signs that ACES is not succeeding in attracting as much new investment as it is supposed to do. This impending failure is reflected in the decline in drilling, both for exploration wells as well as development wells within existing fields. It is reflected in the relinquishment of huge amounts of exploration acreage. It is reflected in the declining amounts being invested for new projects and development.

In its public presentations about ACES and the future, ConocoPhillips — using DNR's production forecasts and extrapolating from published data by the Department of Revenue about industry expenditures — has identified a need for more than $40 billion dollars of new investments for "core fields" to make it through the next decade and reach the promised land, where Alaska has a Gas Pipeline, where the technological challenges are overcome to produce the billions of barrels of heavy oil that are already discovered and known to exist, and where the dream for half a century or more of production from the North Slope is fulfilled. Alaska is blessed simply to have the possibility of such a future. But, to help this future become a reality, the State must correct the present-day problems and obstacles being created artificially by its fiscal regime.

Thank you, Mr. Chairman, for allowing us this opportunity to testify to your Committee today.

an approved timesheet or other time writing documents:

(i) technical employees having special and specific engineering, geological, or other technical skills, including engineers, geologists, geophysicists, environmental specialists, and other technical personnel whose primary function with respect to that exploration, development, or production is the handling of specific problems or operating conditions involving the oil or gas exploration, development, or production operations or the support of those operations;

(ii) employees engaged in developing field automation systems dedicated to an specific to a unit or a lease or property and necessary for oil or gas production operations of the unit or the lease or property;

(iii) employees engaged in developing computer applications specific to a unit or a lease or property and necessary for oil or gas development or production operations of the unit or the lease or property;

...

(11) costs paid to a third party for contract services, utilities, or use of a facility equipment, or infrastructure provided by the third party and used in oil or gas exploration, development, or production operations, or used in support of those operations, or for use of a system described in 15 AAC 55.-250(c)(10) or (11) provided by the third party; for purposes of this paragraph,

(A) contract services

(i) do not include work in tax, legal, or accounting matters, or matters involving a dispute before a government agency;

(ii) are limited to services the labor costs of which, under (3) of this subsection, would be allowable as direct charges if the operator's employees performed the services[.]

Simply reading this regulation should speak for itself about how hard it is just to make sense of what it's saying. But even after one does read it a few times and finally figures out what it means, there are three hidden ways in which it fails to be clear.

First, subparagraph (a)(3)(A) requires an operator's own non-technical employees to be "directly employed in or in support of oil or gas exploration, development, or production operations" in order for their labor costs to be allowed as lease expenditures. But there is no definition or other indication about what "directly" means in the context of being "directly employed in ... oil or gas ... operations[.]" Since the entire regulation is defining what the "direct costs" are of oil and gas operations, the lack of any definition of "directly" within this regulation makes its logic circular. In addition, there is no objective standard for determining whether an employee is even "employed" at all "in support of [such] operations" — be it "directly" or otherwise.

happens even if the regulation is correctly applied and an employer's contributions turns out to exceed the specified percentages.

2/24/10 OIL & GAS PRODUCTION TAX (FILE 3)

<target><bill></bill><subject>2-24-10 OIL and GAS PRODUCTION TAX (FILE 3)</subject><comm>SFIN26</comm></target>

15

1974

Senate Finance Committee

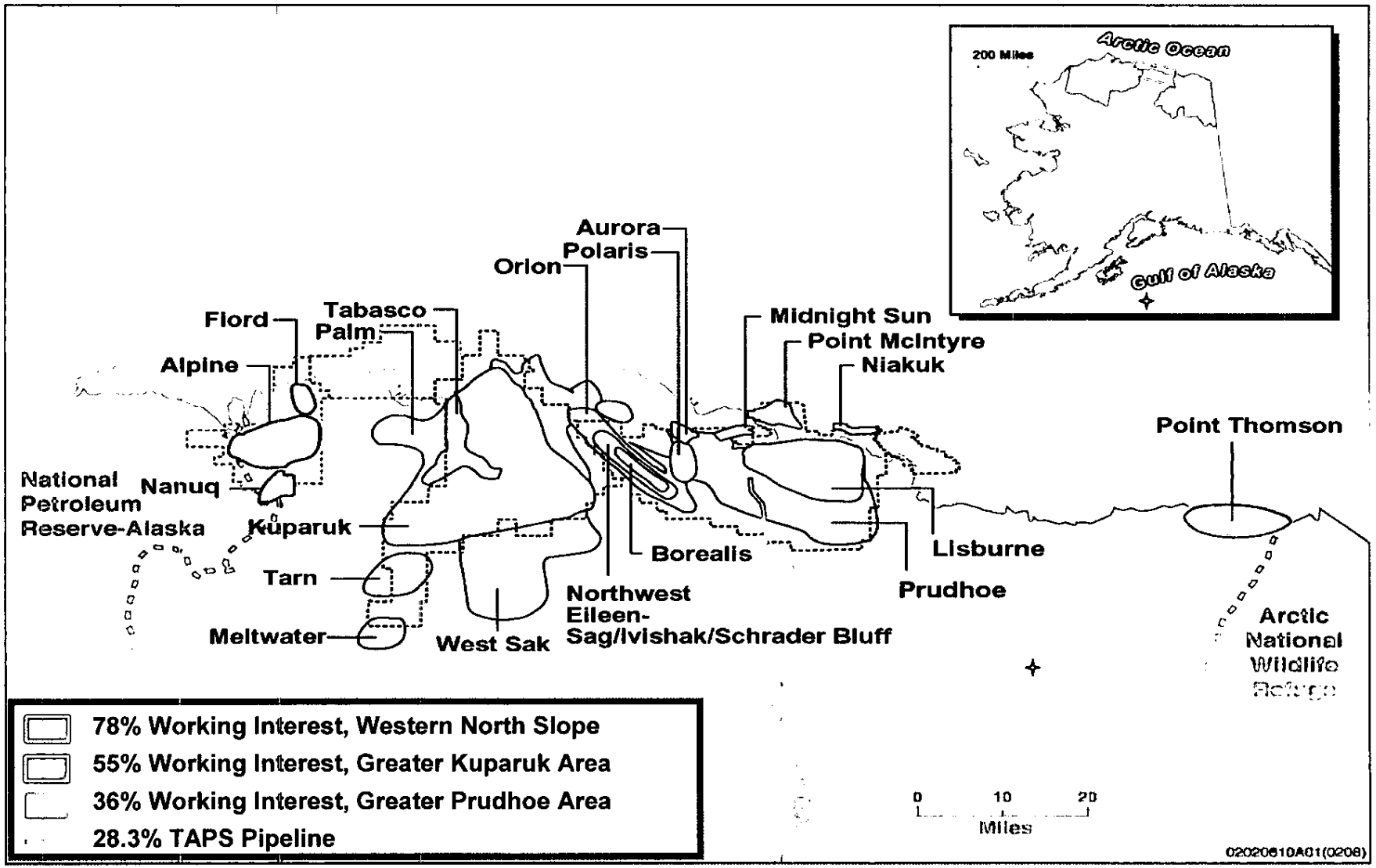
February 23, 2010

Wendy King Vice President – External Affairs
ConocoPhillips Alaska

ConocoPhillips

1976

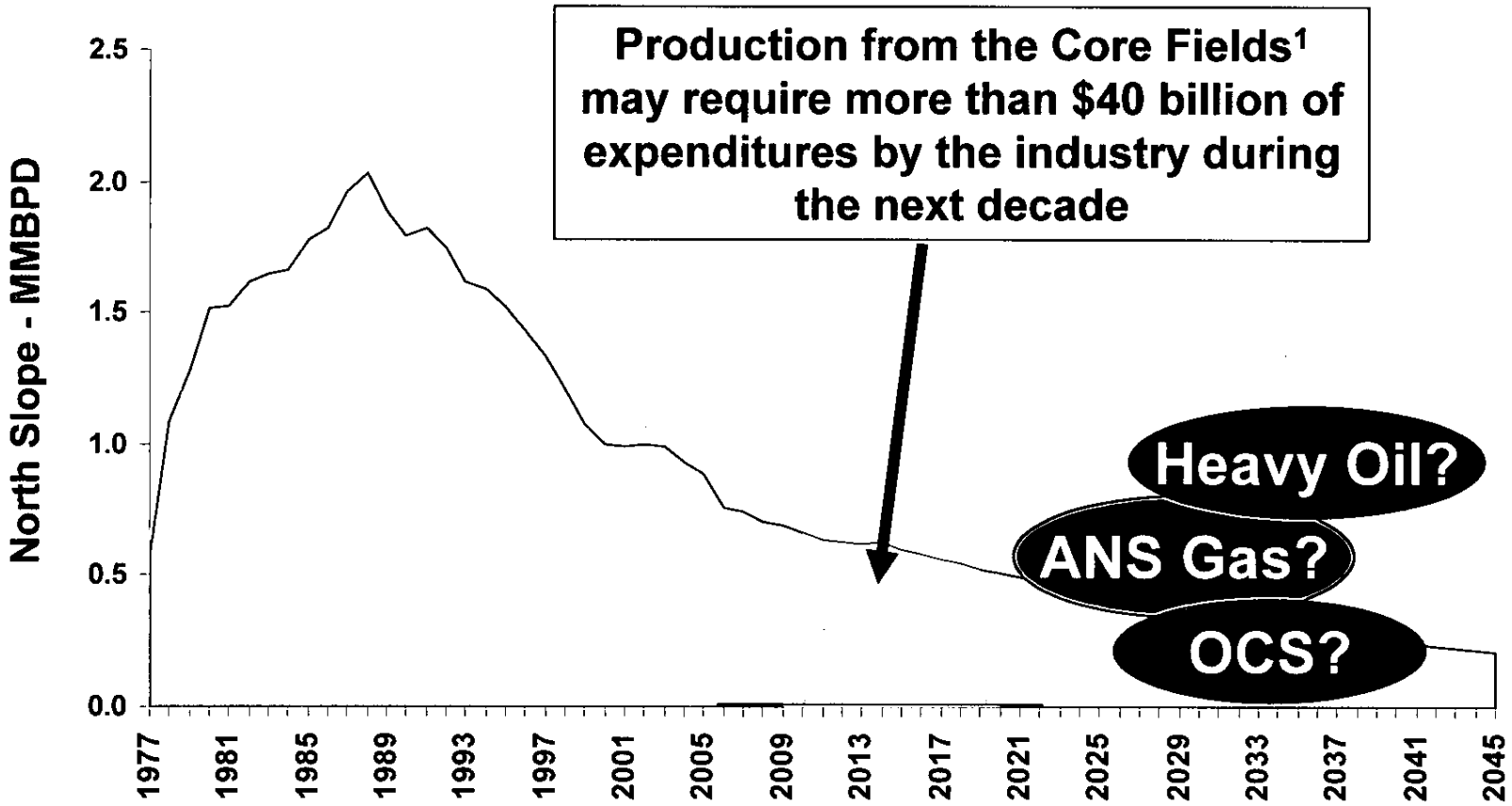
ConocoPhillips North Slope Fields



ConocoPhillips

1977

Investment in Core Fields



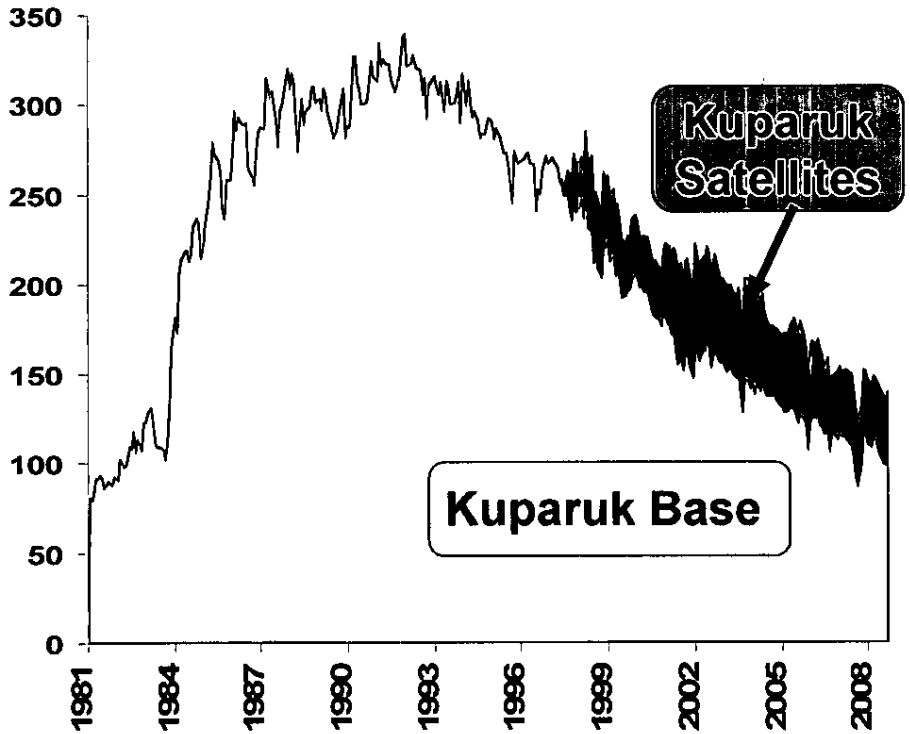
Core fields are the bridge to the future

1 – ConocoPhillips core fields are Prudhoe, Kuparuk, Alpine
Source: DOR data (forecast is for currently producing fields only)

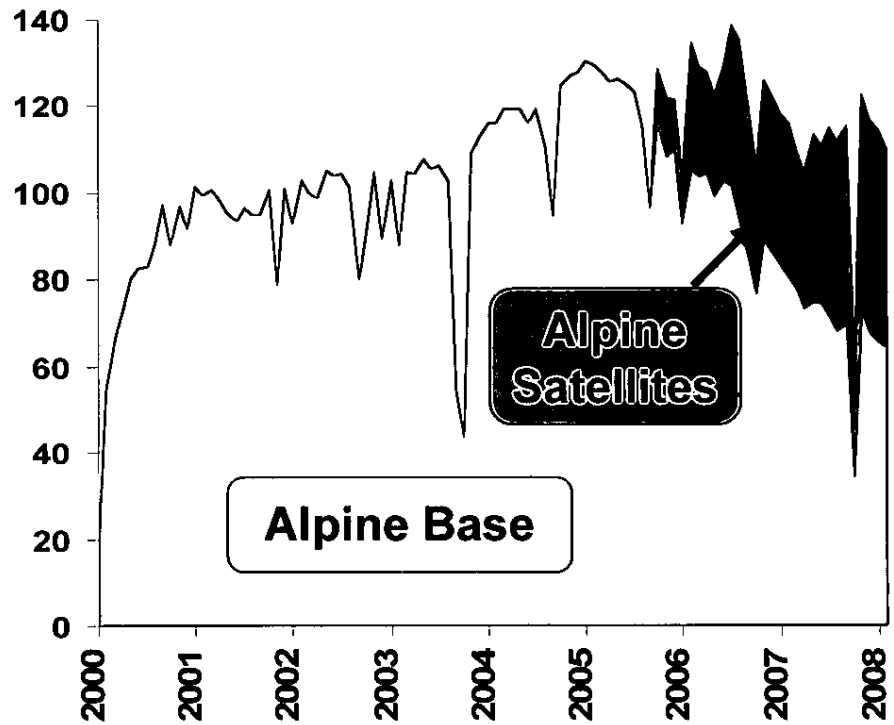
ConocoPhillips

Impact of Satellite Developments

Kuparuk Production - MBD



Alpine Production - MBD

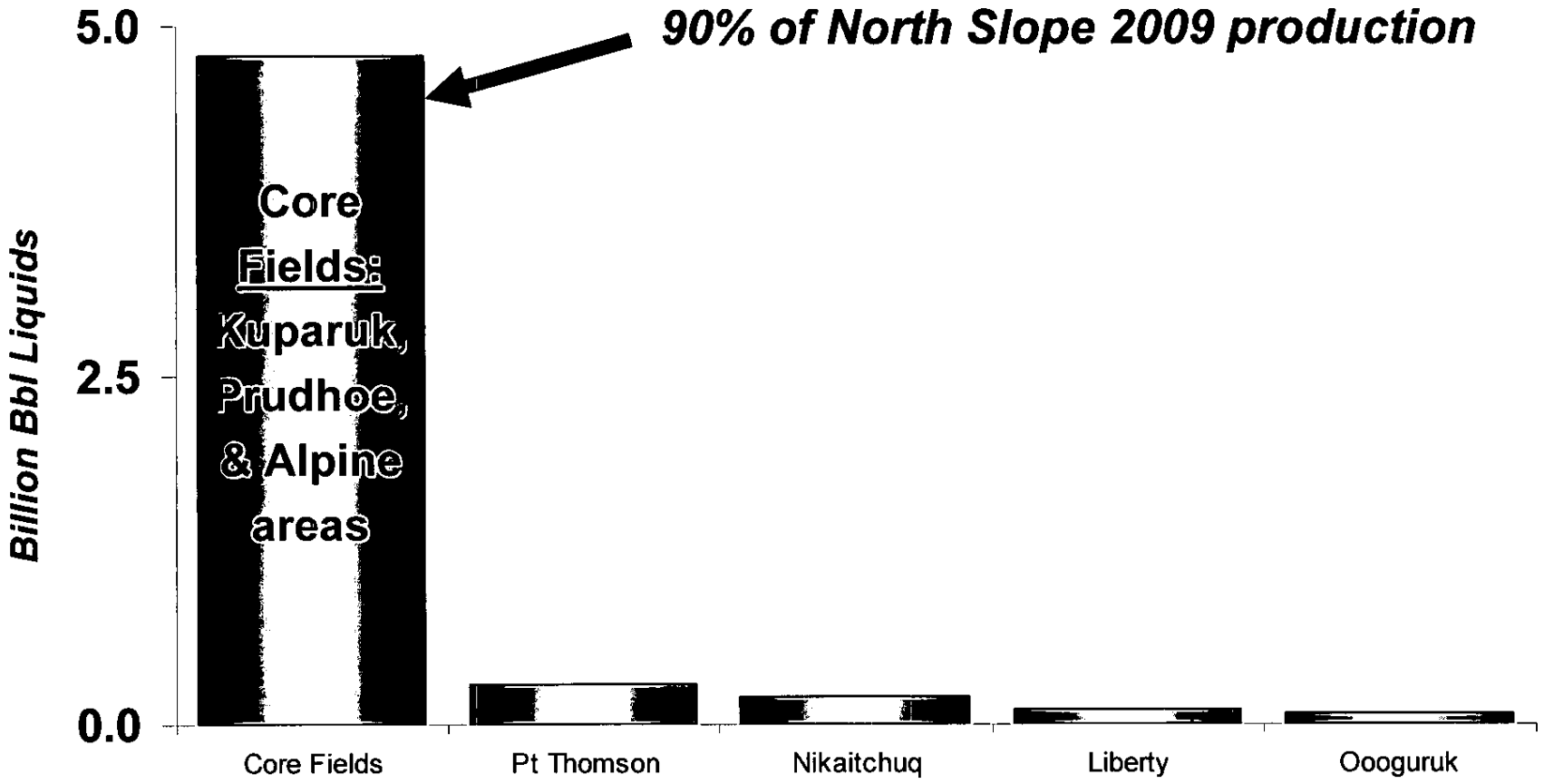


Investment reduces decline

Source: DNR

ConocoPhillips

North Slope Remaining Barrels



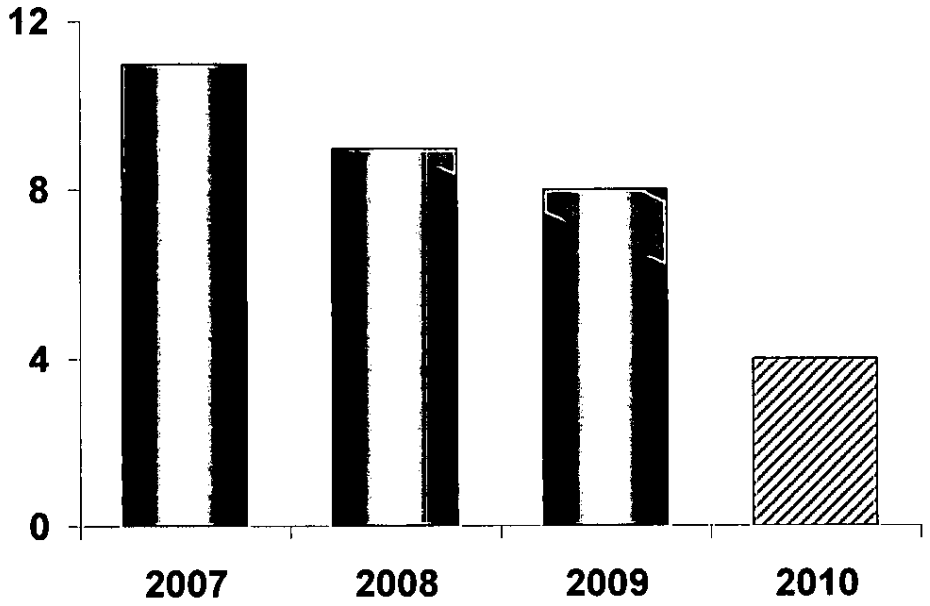
Core fields are dominant source of state production

Source: DOR production forecast 2010 – 2050 volumes

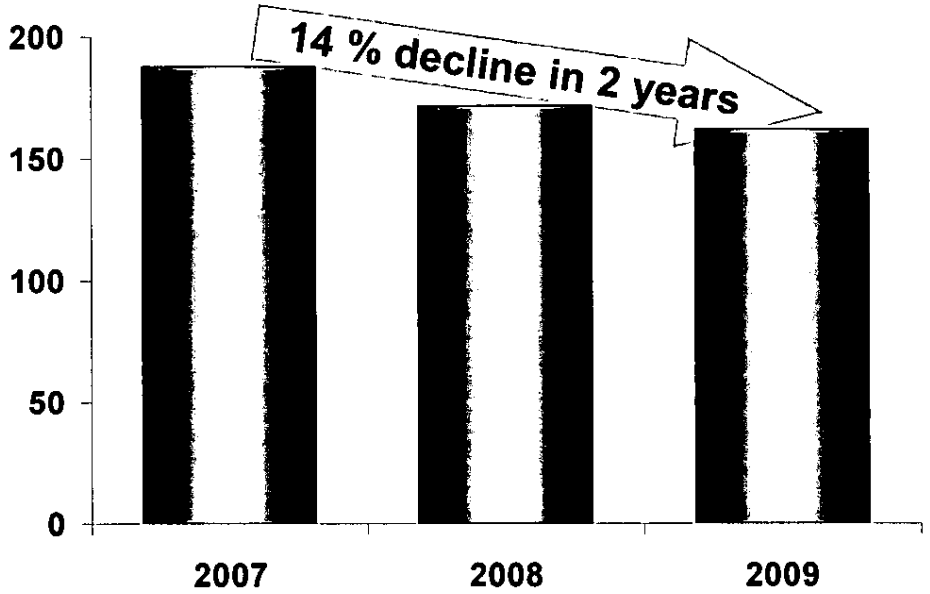
ConocoPhillips

Industry Drilling Activity Down

Industry Exploration Wells



Industry Well Completions

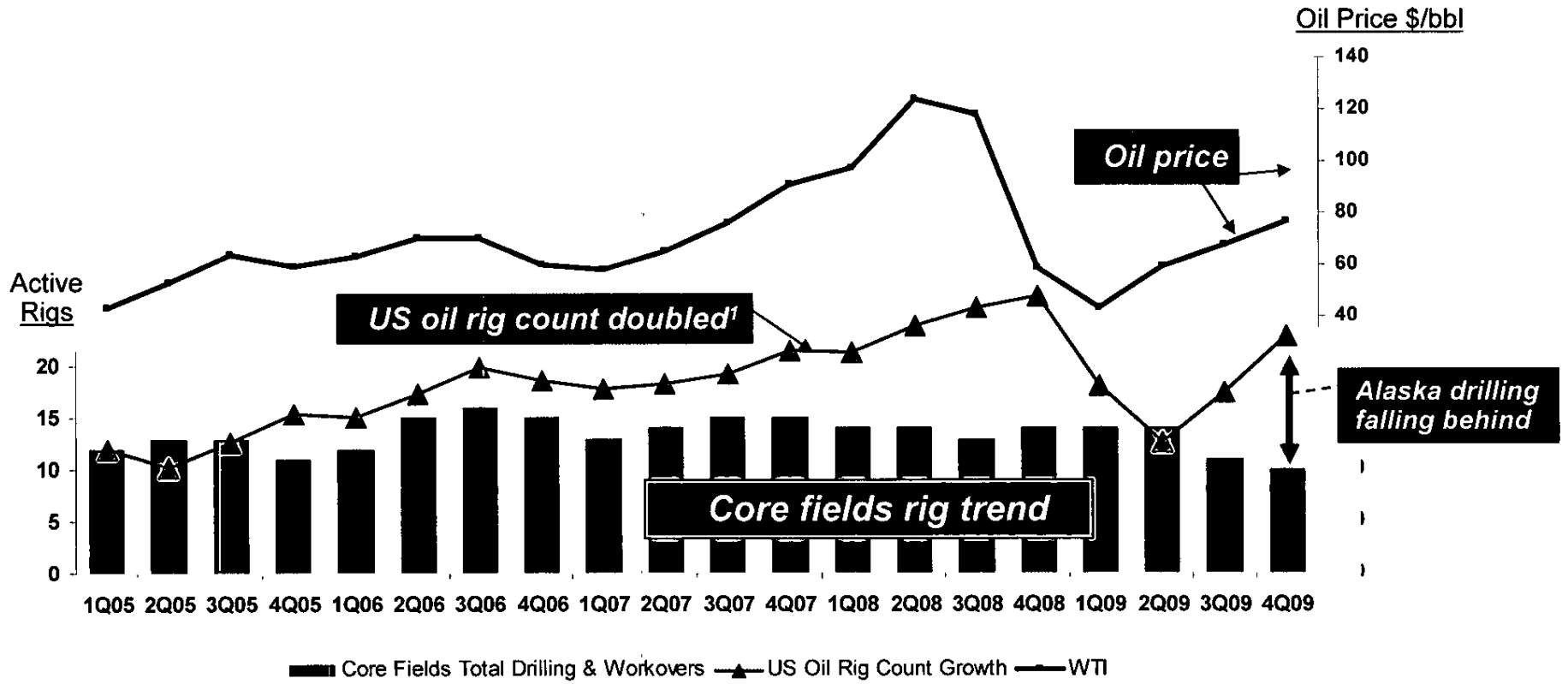


Drilling indicators are down

Source: AOGCC for drilling and exploration wells (exploration wells are North Slope only)

ConocoPhillips

Active Drilling Rigs in Core Fields 2005-2009



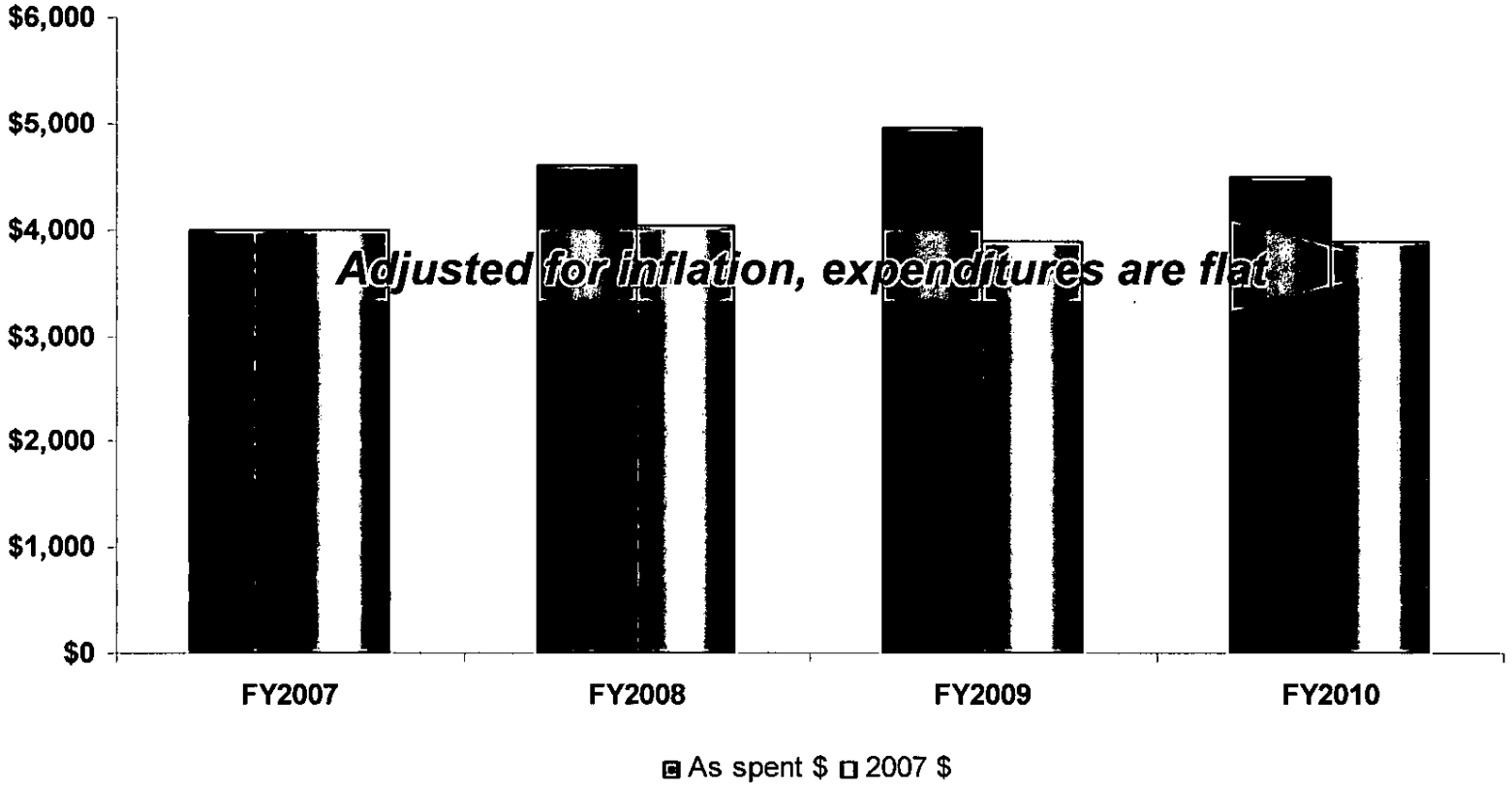
Core field drilling not tracking oil price

1 – US oil rig count normalized to 1Q05 Alaska rig count
Sources: ConocoPhillips internal for core fields rig count, Baker Hughes for US oil rig count, DOR for oil price

ConocoPhillips

Inflation Impact on Expenditures

North Slope Industry spending on capital and operating expense, $MM



Adjusted for inflation, expenditures are flat

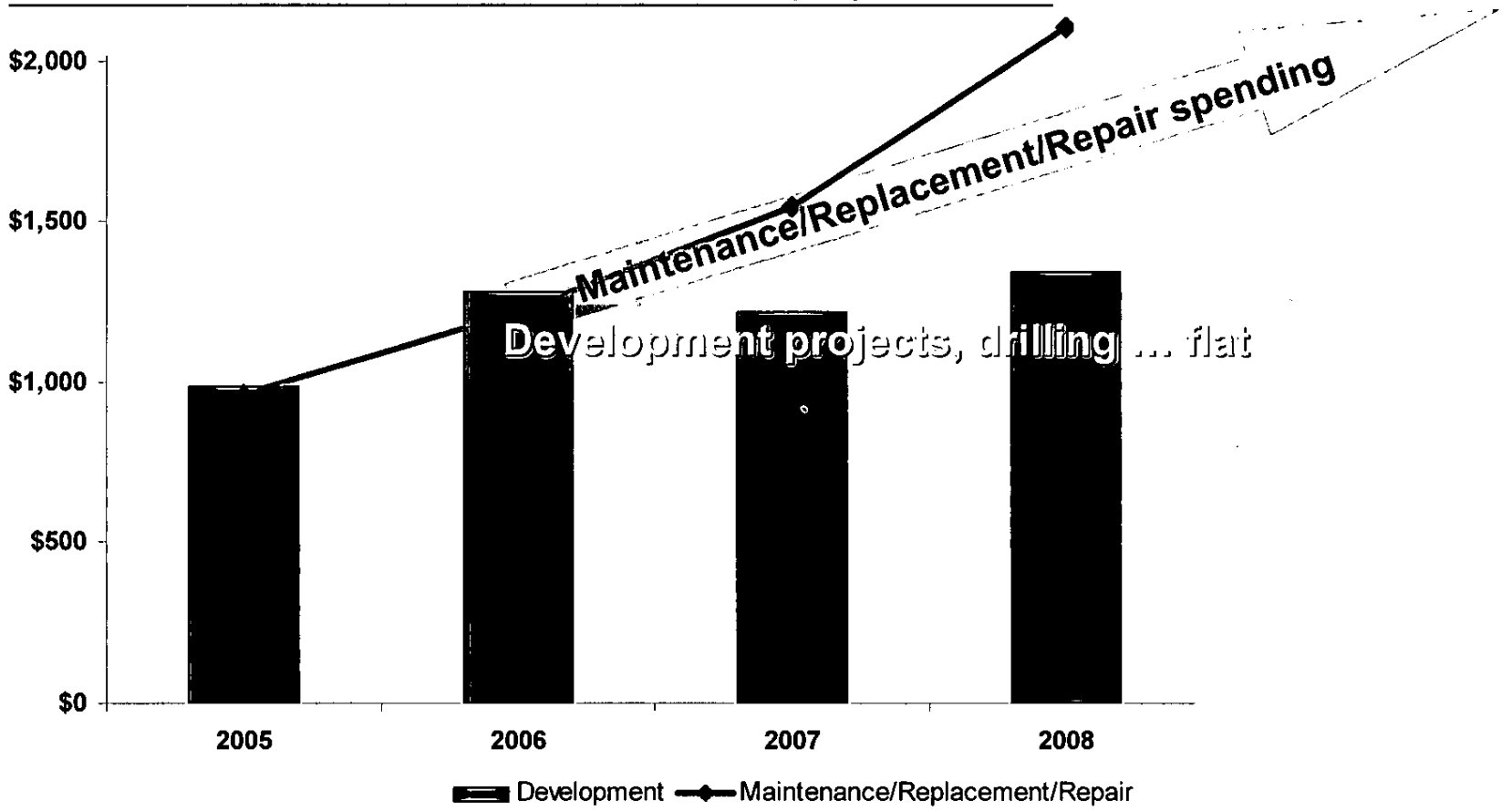
Inflation is significant factor in spending increase

Sources: DOR 2/4/10 Senate Resources Committee testimony for expenditures and CERA inflation factors

ConocoPhillips

Extending Core Field Lives

Core field gross spending on capital and operating expense, $MM



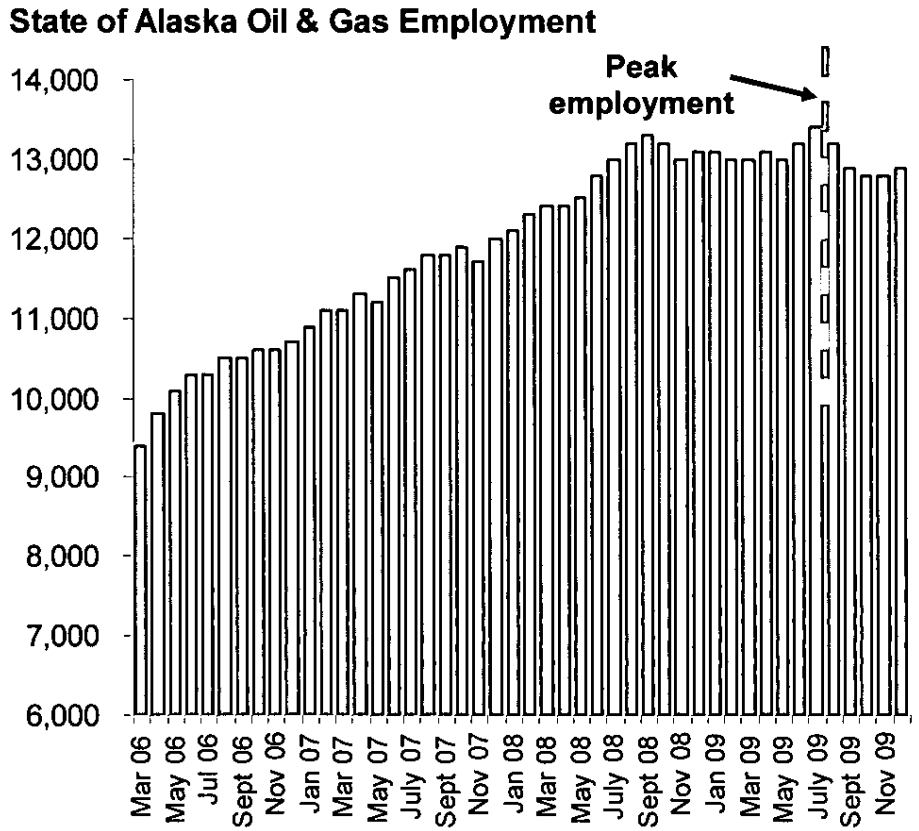
Extending field life is cause of spending increase

Source: ConocoPhillips internal

ConocoPhillips

Oil & Gas Employment

- Data since July-09 indicate downward trend in oil and gas jobs
- Employment levels driven primarily by maintenance and inspection activity
- Alaska state unemployment rising in oil and gas support sector
- Leading indicators: Kuparuk camp usage down 20%



Rise in employment began in 2006

Source: Alaska Dept of Labor employment data

ACES Impacting Projects

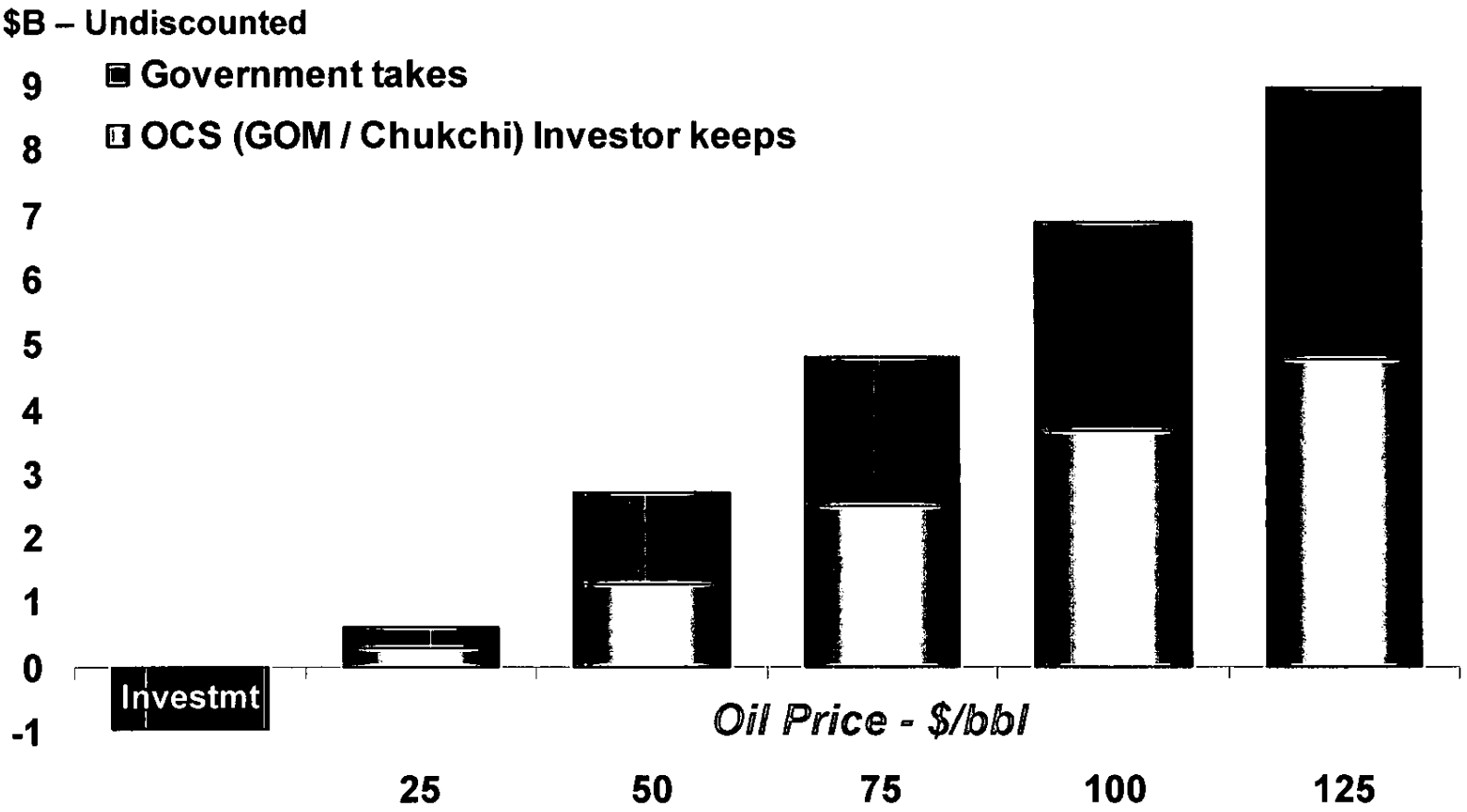
- Recent project activity
  - Oooguruk – pre-ACES, royalty relief
  - Nikaitchuq – royalty relief
  - Liberty – not subject to ACES
- Over $2 Billion in projects deferred since ACES
  - Prudhoe I-Pad and Gas Partial Processing (GPP)
  - West Sak 1N and 1P
  - ULSD topping plant *(opportunity foregone)*

Project deferrals impact industry and state revenue

1986

OCS Fiscal – Risk/Reward is Balanced

Example - $1 Billion Investment (success case)



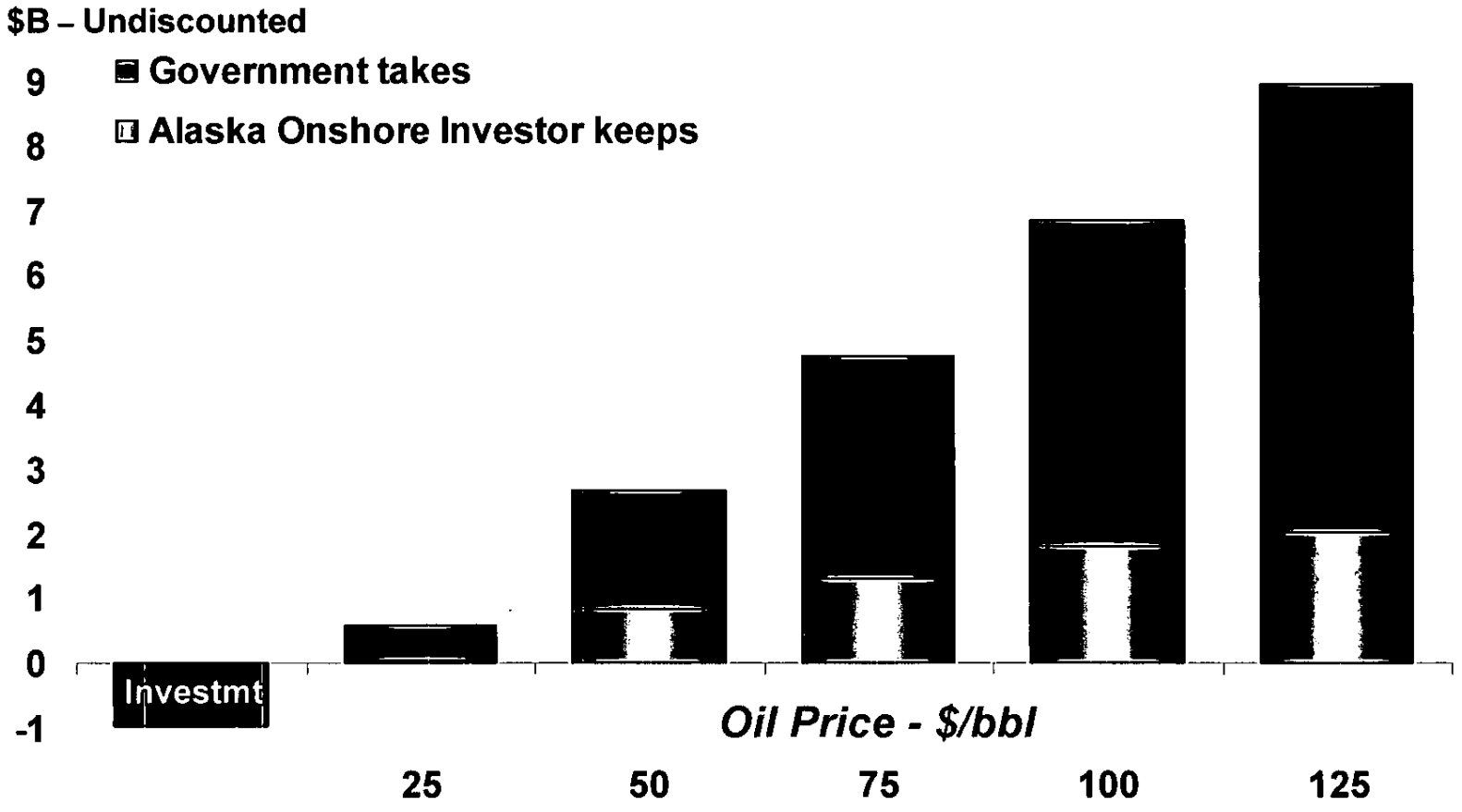
Adequate success case returns justify taking up front risks

Source: ConocoPhillips internal

ConocoPhillips

Alaska Fiscal – Risk/Reward is Broken

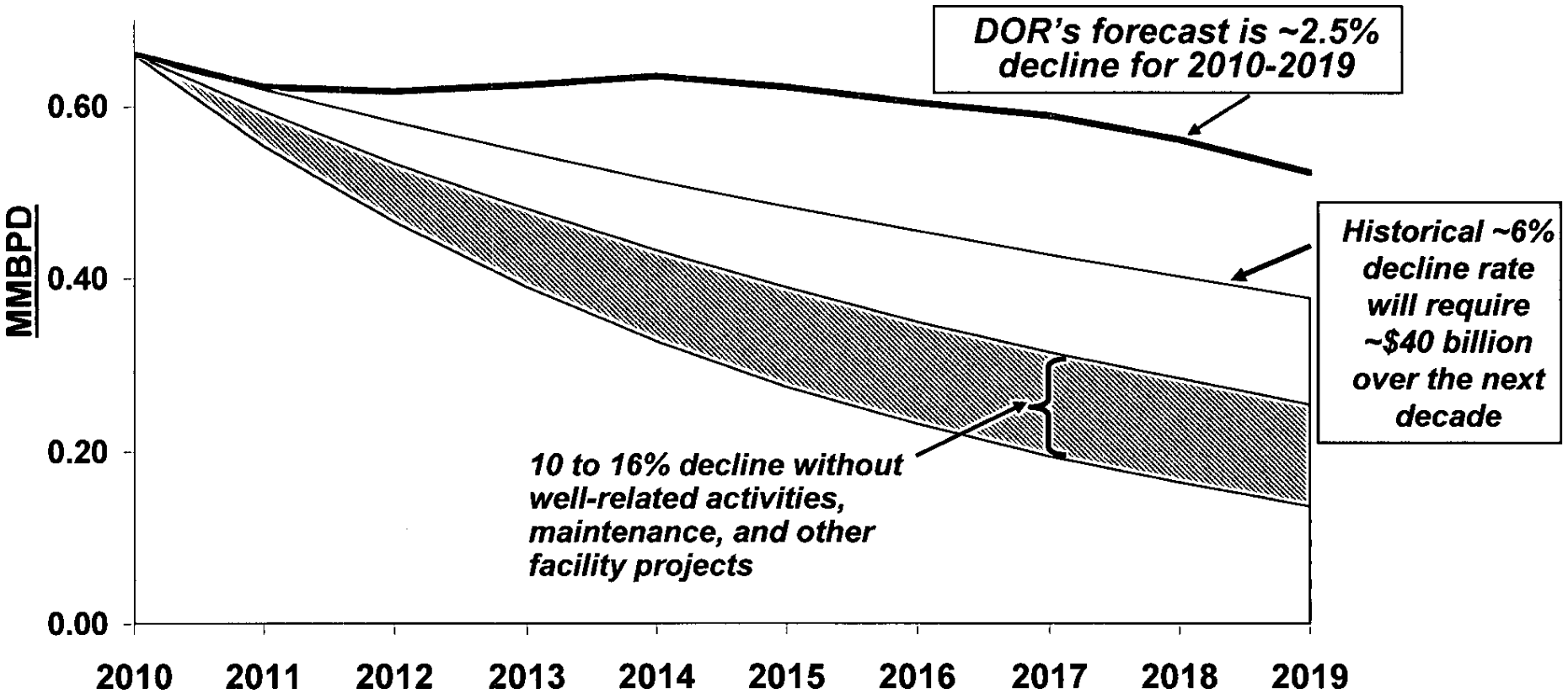
Example - $1 Billion Investment (success case)



Alaska onshore fiscal terms not competitive

Source: ConocoPhillips internal

2010-2019 North Slope Production



Future production dependent upon investment

Sources: DOR production forecast and extrapolation of DOR expenditures forecast
ConocoPhillips estimates for base decline rate

ConocoPhillips

1990

PROGRESSIVITY
PROFITABILITY
PARITY
GAS

Senate Finance Committee

February 24, 2010

Alaska State Department of Revenue

Agenda

- How Does the Production Tax Calculation Change when Gas is Produced?
- Brief historical background on the philosophy behind the current system
- How does "Parity" affect the production tax calculation?
- What is being potentially "locked in" with the AGIA open season?
- Forecasting oil and gas prices 2020 to 2030
- Policy Issues Associated with the Gas Tax

Basic Oil Tax Calculation

	Oil	
ANS Price	$75.00	$/bbl
Daily Production	500,000	Bbl/d
Annual Production	182,500,000	bbl
Total Annual Gross Sales Value	**$13,687,500,000**	
Marine and TAPS Tariff on Oil	($6.50)	$/bbl
Gas Pipeline and Gas Treatment Plant		
Transportation Costs	**($1,186,250,000.00)**	
Value at Point Of Production	**$12,501,250,000**	
Royalty and Federal	($1,562,656,250.00)	
Taxable Point of Production Value	$10,938,593,750	
Lease Expenditures		
Opex	($2,000,000,000)	
Capex	($2,000,000,000)	
Total Lease Expenditures	**($4,000,000,000)**	
Production Tax Value (PTV)	**$6,938,593,750**	
PTV on BOE basis	**$43.45**	
Base Tax (25%*PTV)	$1,734,648,438	
Progressive Tax Rate	5.38%	
Progressive Tax	$373,326,216	
Total Tax Due before credits	$2,107,974,654	
Credits Applied Against Taxes	($400,000,000)	
Total Tax after credits	**$1,707,974,654**	

Now What if We Added 4.5 Bcf of Gas Production?

1993

4

	Oil		Gas		Co ed
ANS Price	$75.00	$/bbl	$8.00	$/mmbtu	
Daily Production	500,000	Bbl/d	4.5	Bdf/d	
Annual Production	182,500,000	bbl	1,643	Bcf/year	
Total Annual Gross Sales Value	**$13,687,500,000**		**$13,140,000,000**		**$26,827,500,000**
Marine and TAPS Tariff on Oil	($6.50)	$/bbl			
Gas Pipeline and Gas Treatment Plant			($4.50)	$/mmbtu	
Transportation Costs	**($1,186,250,000.00)**		**($7,391,250,000)**		**($8,577,500,000)**
Value at Point Of Production	**$12,501,250,000**		**$5,748,750,000**		**$18,250,000,000**
Royalty and Federal	($1,562,656,250.00)		($718,593,750.00)		($2,281,250,000)
Taxable Point of Production Value	$10,938,593,750		$5,030,156,250.00		$15,968,750,000
Lease Expenditures					
Opex	($2,000,000,000)		($200,000,000)		($2,200,000,000)
Capex	($2,000,000,000)		($200,000,000)		($2,200,000,000)
Total Lease Expenditures	**($4,000,000,000)**		**($400,000,000)**		**($4,400,000,000)**
Production Tax Value (PTV)	**$6,938,593,750**		**$4,630,156,250**		**$11,568,750,000**
PTV on BOE basis	**$43.45**		**$19.33**		**$29**
Base Tax (25%*PTV)	$1,734,648,438		$1,157,539,063		$2,892,187,500
Progressive Tax Rate	5.38%		0.00%		0.00%
Progressive Tax	$373,326,216		$0		$0
Total Tax Due before credits	$2,107,974,654		$1,157,539,063		$2,892,187,500
Credits Applied Against Taxes	($400,000,000)		($40,000,000)		($440,000,000)
Total Tax after credits	**$1,707,974,654**		**$1,117,539,063**		**$2,452,187,500**

1994

	Oil	Gas	Co[illegible]ed
ANS Price	$75.00 $/bbl	$8.00 $/mmbtu	
Daily Production	500,000 Bbl/d	4.5 Bdf/d	
Annual Production	182,500,000 bbl	1,643 Bcf/year	
Total Annual Gross Sales Value	**$13,687,500,000**	**$13,140,000,000**	**$26,827,500,000**
5 Marine and TAPS Tariff on Oil	($6.50) $/bbl		
Gas Pipeline and Gas Treatment Plant		($4.50) $/mmbtu	
Transportation Costs	**($1,186,250,000.00)**	**($7,391,250,000)**	**($8,577,500,000)**
Value at Point Of Production	**$12,501,250,000**	**$5,748,750,000**	**$18,250,000,000**
Royalty and Federal	($1,562,656,250.00)	($718,593,750.00)	($2,281,250,000)
Taxable Point of Production Value	$10,938,593,750	$5,030,156,250.00	$15,968,750,000
Lease Expenditures			
Opex	($2,000,000,000)	($200,000,000)	($2,200,000,000)
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PTV on BOE basis	**$43.45**	**$19.33**	**$29**
Base Tax (25%*PTV)	$1,734,648,438	$1,157,539,063	$2,892,187,500
Progressive Tax Rate	5.38%	0.00%	0.00%
Progressive Tax	$373,326,216	$0	$0
Total Tax Due before credits	$2,107,974,654	$1,157,539,063	$2,892,187,500
Credits Applied Against Taxes	($400,000,000)	($40,000,000)	($440,000,000)
Total Tax after credits	**$1,707,974,654**	**$1,117,539,063**	**$2,452,187,500**

Was This Expected When ACES was Crafted?

- Same Dynamic for Gas that creates Uplift for Heavy Oil and Marginal Field Development
- Intended to be a positive incentive for Producers to commit to the gasline project

THE HISTORICAL PERSPECTIVE

SENATE FINANCE COMMITTEE

NOVEMBER 9, 2007

1997

Goals for Fiscal Design

8

- **Based on [hearing dialog] we see the State trying to achieve the following in this special session:**
  1. Fields with larger **profitability** should be paying more taxes
  2. Encourage investment in existing units
     - Reinvestment in producing assets
     - Investment in new developments
       - Conventional
       - Unconventional (i.e. heavy oil)
       - Gas
  3. Encourage new investment outside legacy units
     - Level playing field for incumbents and new entrants
  4. Durability
     - Don't want to be back 'fixing' things
  5. Build on prior tax dialogue

Nov 2007

The Fiscal Design Challenge

- **At the same time the State must address "The Take"**
  - (Goal 1) Capture the State's equitable share when margins are very high
  - (Goal 4) Include a form of progressive structure to adapt to the inevitable changes in the three main variables of the business:
    - Price
    - Production
    - Cost
- **...as well as "The Give Back"**
  - (Goal 2) Encouragement to reinvest profits for more development inside legacy units

Goal 3: Encourage New Investment

10

NOV 2007

- **The [now current] legislation appears to provide the right incentives to encourage investment in new fields**
  - Investment credits
  - Net Operating Loss credits
    - Aid to new entrants with no existing tax base
  - Net based system that by design lowers the applicable production tax rate for fields with higher cost structure
    - More distant from core infrastructure
    - Heavy Oil
    - Gas
- **Beyond the individual project, the State and industry benefit from new developments as they provide additional barrels down TAPS thus extending the productive life of existing reservoirs**

What was expected (in 2007)?

11

- Highly likely that any new oil or gas development will cost more per barrel to find, develop and operate than current NS production

- Therefore, the addition of any new hydrocarbons to an existing portfolio will result in production taxes payable on the whole being less than the sum of the production taxes payable on the individual parts
  - Not just a gas/oil issue
  - Also an oil/oil issue, particularly a heavy oil/oil issue

- The more aggressive the progressivity the greater the impact on the effective rate or stand alone rate, and the greater the impact of oil-gas price parity

12

How Parity Affects Tax Calculation

2002

	Oil	Gas	Combined
ANS Price	$75.00 $/bbl	$8.00 $/mmbtu	
Daily Production	500,000 Bbl/d	4.5 Bdf/d	
Annual Production	182,500,000 bbl	1,643 Bcf/year	
Total Annual Gross Sales Value	**$13,687,500,000**	**$13,140,000,000**	**$26,827,500,000**
13 Marine and TAPS Tariff on Oil	($6.50) $/bbl		
Gas Pipeline and Gas Treatment Plant		($4.50) $/mmbtu	
Transportation Costs	**($1,186,250,000.00)**	**($7,391,250,000)**	**($8,577,500,000)**
Value at Point Of Production	**$12,501,250,000**	**$5,748,750,000**	**$18,250,000,000**
Royalty and Federal	($1,562,656,250.00)	($718,593,750.00)	($2,281,250,000)
Taxable Point of Production Value	$10,938,593,750	$5,030,156,250.00	$15,968,750,000
Lease Expenditures			
Opex	($2,000,000,000)	($200,000,000)	($2,200,000,000)
Capex	($2,000,000,000)	($200,000,000)	($2,200,000,000)
Total Lease Expenditures	**($4,000,000,000)**	**($400,000,000)**	**($4,400,000,000)**
Production Tax Value (PTV)	**$6,938,593,750**	**$4,630,156,250**	**$11,568,750,000**
PTV on BOE basis	**$43.45**	**$19.33**	**$29**
Base Tax (25%*PTV)	$1,734,648,438	$1,157,539,063	$2,892,187,500
Progressive Tax Rate	5.38%	0.00%	0.00%
Progressive Tax	$373,326,216	$0	$0
Total Tax Due before credits	$2,107,974,654	$1,157,539,063	$2,892,187,500
Credits Applied Against Taxes	($400,000,000)	($40,000,000)	($440,000,000)
Total Tax after credits	**$1,707,974,654**	**$1,117,539,063**	**$2,452,187,500**

2003

	Oil	Gas	Combined
ANS Price	$100.00 $/bbl	$8.00 $/mmbtu	
Daily Production	500,000 Bbl/d	4.5 Bdf/d	
Annual Production	182,500,000 bbl	1,643 Bcf/year	
Total Annual Gross Sales Value	**$18,250,000,000**	**$13,140,000,000**	**$31,390,000,000**
14 Marine and TAPS Tariff on Oil	($6.50) $/bbl		
Gas Pipeline and Gas Treatment Plant		($4.50) $/mmbtu	
Transportation Costs	**($1,186,250,000.00)**	**($7,391,250,000)**	**($8,577,500,000)**
Value at Point Of Production	**$17,063,750,000**	**$5,748,750,000**	**$22,812,500,000**
Royalty and Federal	($2,132,968,750.00)	($718,593,750.00)	($2,851,562,500)
Taxable Point of Production Value	$14,930,781,250	$5,030,156,250.00	$19,960,937,500
Lease Expenditures			
Opex	($2,000,000,000)	($200,000,000)	($2,200,000,000)
Capex	($2,000,000,000)	($200,000,000)	($2,200,000,000)
Total Lease Expenditures	**($4,000,000,000)**	**($400,000,000)**	**($4,400,000,000)**
Production Tax Value (PTV)	**$10,930,781,250**	**$4,630,156,250**	**$15,560,937,500**
PTV on BOE basis	**$68.45**	**$19.33**	**$39**
Base Tax (25%*PTV)	$2,732,695,313	$1,157,539,063	$3,890,234,375
Progressive Tax Rate	15.38%	0.00%	3.59%
Progressive Tax	$1,681,201,216	$0	$558,853,865
Total Tax Due before credits	$4,413,896,529	$1,157,539,063	$4,449,088,240
Credits Applied Against Taxes	($400,000,000)	($40,000,000)	($440,000,000)
Total Tax after credits	**$4,013,896,529**	**$1,117,539,063**	**$4,009,088,240**

2004

	Oil	Gas	Con[illegible]ed
ANS Price	$100.00 $/bbl	$8.00 $/mmbtu	
Daily Production	500,000 Bbl/d	4.5 Bdf/d	
Annual Production	182,500,000 bbl	1,643 Bcf/year	
Total Annual Gross Sales Value	**$18,250,000,000**	**$13,140,000,000**	**$31,390,000,000**
15 Marine and TAPS Tariff on Oil	($6.50) $/bbl		
Gas Pipeline and Gas Treatment Plant		($4.50) $/mmbtu	
Transportation Costs	**($1,186,250,000.00)**	**($7,391,250,000)**	**($8,577,500,000)**
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Total Tax after credits	**$4,013,896,529**	**$1,117,539,063**	**$4,009,088,240**

2005

	Oil		Gas		Combined
ANS Price	$120.00	$/bbl	$8.00	$/mmbtu	
Daily Production	500,000	Bbl/d	4.5	Bdf/d	
Annual Production	182,500,000	bbl	1,643	Bcf/year	
Total Annual Gross Sales Value	**$21,900,000,000**		**$13,140,000,000**		**$35,040,000,000**
Marine and TAPS Tariff on Oil	($6.50)	$/bbl			
Gas Pipeline and Gas Treatment Plant			($4.50)	$/mmbtu	
Transportation Costs	**($1,186,250,000.00)**		**($7,391,250,000)**		**($8,577,500,000)**
Value at Point Of Production	**$20,713,750,000**		**$5,748,750,000**		**$26,462,500,000**
Royalty and Federal	($2,589,218,750.00)		($718,593,750.00)		($3,307,812,500)
Taxable Point of Production Value	$18,124,531,250		$5,030,156,250.00		$23,154,687,500
Lease Expenditures					
Opex	($2,000,000,000)		($200,000,000)		($2,200,000,000)
Capex	($2,000,000,000)		($200,000,000)		($2,200,000,000)
Total Lease Expenditures	**($4,000,000,000)**		**($400,000,000)**		**($4,400,000,000)**
Production Tax Value (PTV)	**$14,124,531,250**		**$4,630,156,250**		**$18,754,687,500**
PTV on BOE basis	**$88.45**		**$19.33**		**$47**
Base Tax (25%*PTV)	$3,531,132,813		$1,157,539,063		$4,688,671,875
Progressive Tax Rate	23.38%		0.00%		6.79%
Progressive Tax	$3,302,376,216		$0		$1,273,703,865
Total Tax Due before credits	$6,833,509,029		$1,157,539,063		$5,962,375,740
Credits Applied Against Taxes	($400,000,000)		($40,000,000)		($440,000,000)
Total Tax after credits	**$6,433,509,029**		**$1,117,539,063**		**$5,522,375,740**

2006

	Oil	Gas	Combined
ANS Price	$120.00 $/bbl	$8.00 $/mmbtu	
Daily Production	500,000 Bbl/d	4.5 Bdf/d	
Annual Production	182,500,000 bbl	1,643 Bcf/year	
Total Annual Gross Sales Value	**$21,900,000,000**	**$13,140,000,000**	**$35,040,000,000**
Marine and TAPS Tariff on Oil	($6.50) $/bbl		
Gas Pipeline and Gas Treatment Plant		($4.50) $/mmbtu	
Transportation Costs	**($1,186,250,000.00)**	**($7,391,250,000)**	**($8,577,500,000)**
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Lease Expenditures			
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Credits Applied Against Taxes	($400,000,000)	($40,000,000)	($440,000,000)
Total Tax after credits	**$6,433,509,029**	**$1,117,539,063**	**$5,522,375,740**

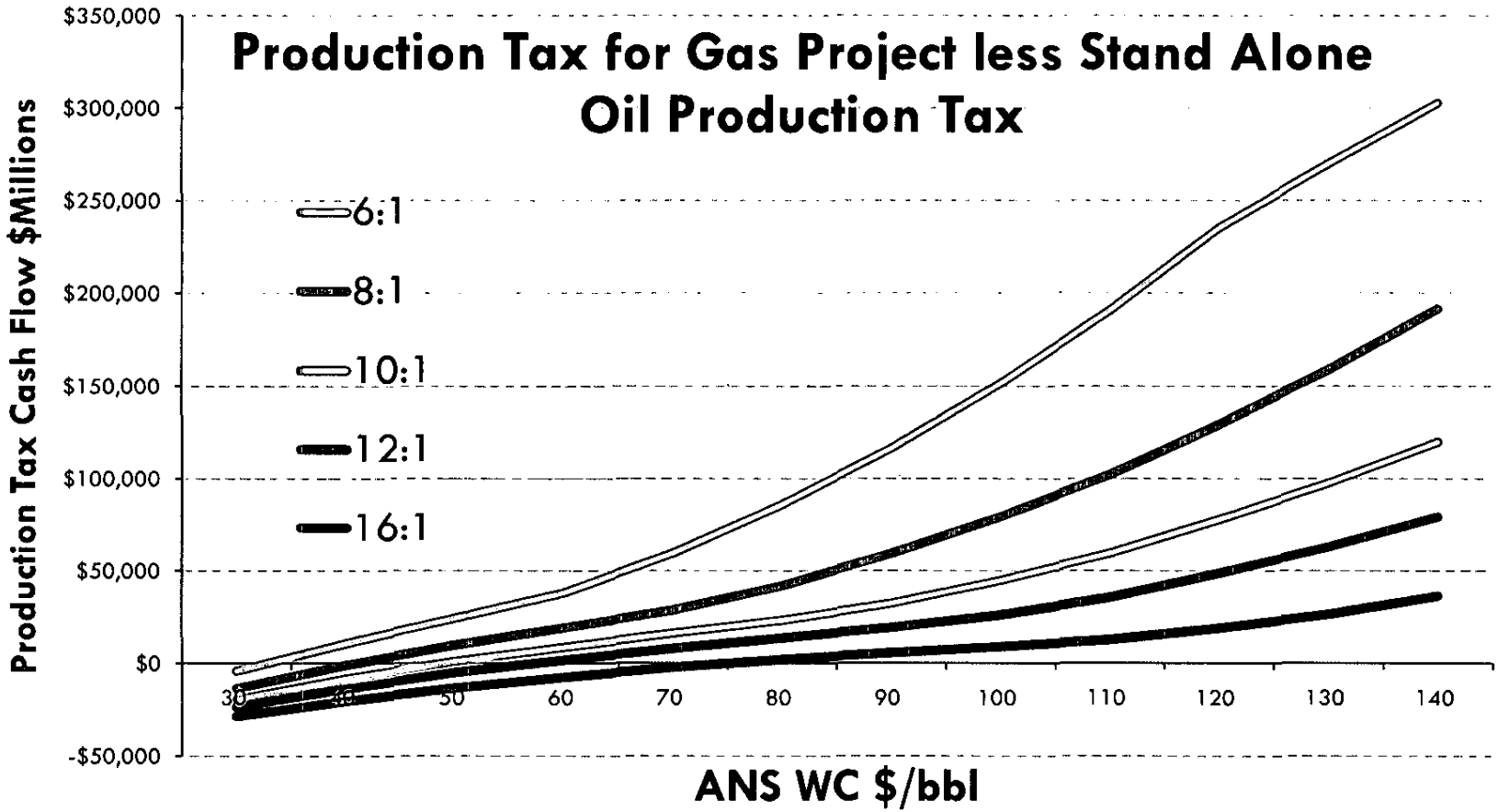
17

2007

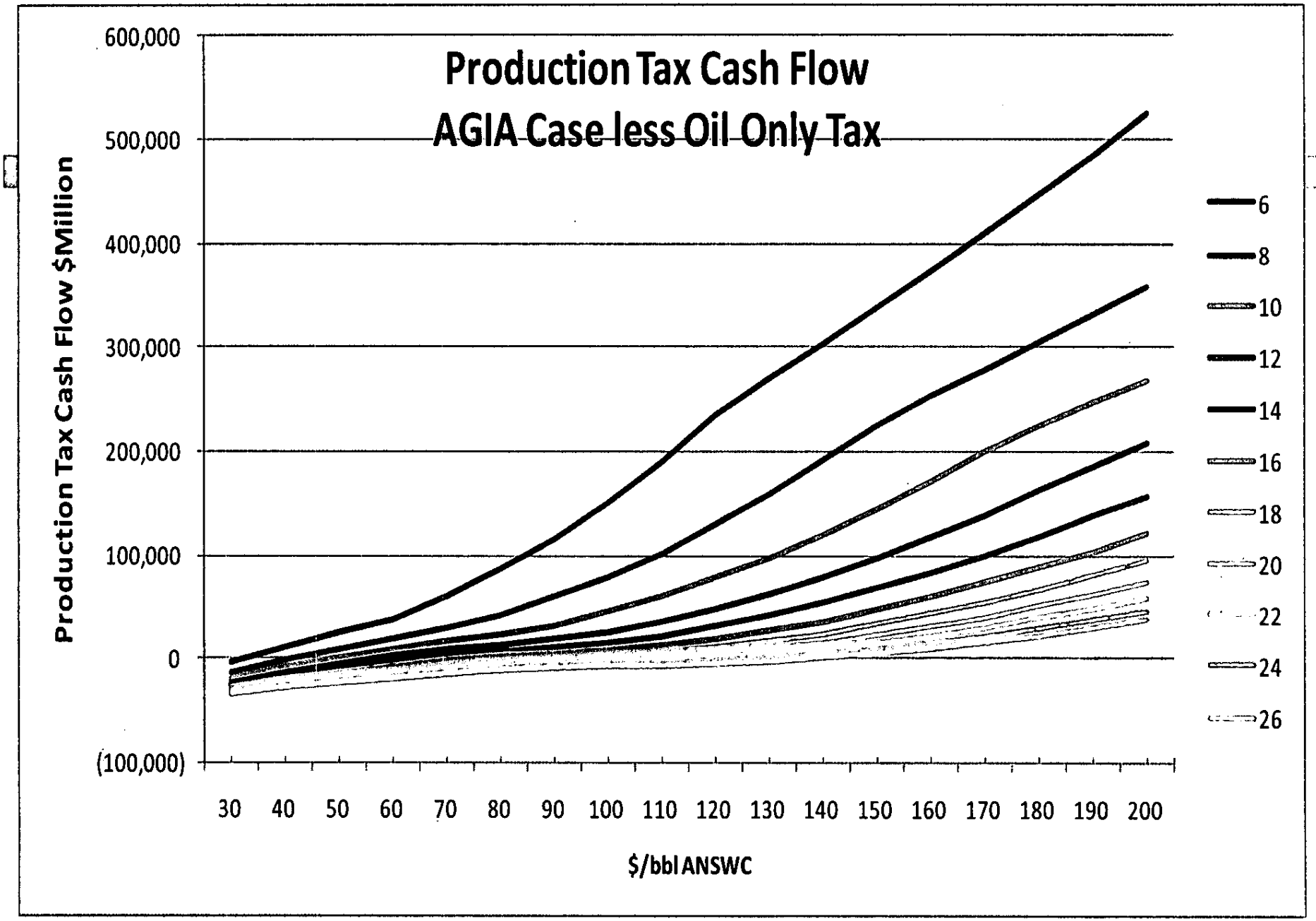
How does Parity affect State Revenues coming from an AGIA gasline?

18

Showing the difference between Combined Oil and Gas Tax Revenue and Oil Tax Revenue with No Gasline Project*



* Based on 25 year undiscounted cash flows to the State, using AGIA oil and gas production profile


Production Tax Cash Flow
AGIA Case less Oil Only Tax
Production Tax Cash Flow $Million
600,000
500,000
400,000
300,000
200,000
100,000
0
(100,000)
30 40 50 60 70 80 90 100 110 120 130 140 150 160 170 180 190 200
$/bbl ANSWC
6
8
10
12
14
16
18
20
22
24
26

Gas Tax Policy Issues

- What cash flow does the state expect from the gasline?
- What price risk is the state willing to accept?
- Is the state willing to accept the risk of periods where the oil + gas tax revenue is less than oil tax alone?
- What is the cash flow sharing and risk sharing between the Producers and the State?

2010

Issues Surrounding Gas Tax Discussion At this Time

2c

- Entering two open seasons for the gas pipeline
  - Likely to result in Producers continuing to claim changes in the fiscal system are necessary
- Full commitments to ship gas (i.e. project sanction) not expected until 2014
- Stakeholders will continue to discuss:
  - Necessary Producer cash flow from gas development,
  - Relative risks borne by the Producers and the State,
  - Amount of Fiscal Predictability the Producers need

21	What is being potentially "locked in" with the AGIA open season?

What kind of shipping commitments qualify shippers for AGIA Tax and Royalty Inducements?

For gas to qualify for the tax and royalty inducements, "producer-shippers" and "shippers buying from producers" must meet this requirement under AS 43.90.300:

"Must commit to acquire firm transportation capacity in the first binding open season"

Proposed Regulations 15 AAC 90.200 - 230

Definition of Key Terms

- **Precedent Agreement (PA):** Establishes general terms of transportation service the conditions under which shipper will be obligated to acquire transportation capacity on the project (via TSA). Also specifies when the shipper and transporter are relieved of those obligations (i.e. conditions).

- **Transportation Services Agreement (TSA):** Entered when conditions of the PA are met; shipper is then unconditionally obligated to pay for transportation and the transporter to construct the project.

Proposed Regulations 15 AAC 90.200 - 230

Qualifications for AGIA Inducements

"Must commit to acquire firm transportation capacity in the first binding open season" means:**

1. Submit a bid for firm transportation capacity during the initial open season;
2. Execute a Precedent Agreement (PA) w/in 180 days of close of initial open season;
3. Execute Transportation Services Agreement (TSA) w/in 5 years of open season, or two years following FERC Certification, whichever is later; **and**
4. File with the DOR-DNR Commissioners:
   - Copies of documents listed above; and
   - Copy of rolled-in rate agreements governing pipeline expansions

**Summary only – does not include all terms
Proposed Regulations 15 AAC 90.200 - 230

The Gas Production Tax Exemption

25

- Annual exemption from "gas production tax"
- Value Equal to:

[redacted] **minus** Gas production tax under law at open season

- Good for 10 years following start of gas sales
- Applies only to volume of gas identified in the Commissioners' determination of qualification or voucher.

Proposed Regulations 15 AAC 90.200 - 230

Identifying "gas production tax"

26

- Current Production Tax is calculated on combined oil and gas production, with combined oil and gas lease expenditures, so we need to attribute a "gas production tax" value.
- Under proposed 15 AAC 90.220, to attribute "gas production tax", we use the ratio of the gross value of AGIA gas at the point of production divided by the combined gross value of the oil and all gas at the point of production. This ratio is multiplied by the combined oil and all gas production tax liability.

Proposed Regulations 15 AAC 90.200 - 230

2017

Gas Tax Exemption Mathematics

27

$$\frac{A}{V} \times T = G$$

AGIA Gas Gross Value at Point of Production*

—

Oil and all Gas Gross Value at Point of Production*

AGIA Gas Value Ratio

A / V

times

T

Oil and Gas Production Tax Liability under system in effect May 1, 2010

equals

G

"Production Tax on Gas" as of May 1, 2010

*Gross value at point of production is the value at point of production without deduction of costs upstream of that point. (See AS 43.55.900(12) and AS 43.55.150)

Proposed Regulations 15 AAC 90.200 - 230

2018

28

	Oil	Gas	Combined
ANS Price	$120.00 $/bbl	$8.00 $/mmbtu	
Daily Production	500,000 Bbl/d	4.5 Bdf/d	
Annual Production	182,500,000 bbl	1,643 Bcf/year	
Total Annual Gross Sales Value	**$21,900,000,000**	**$13,140,000,000**	**$35,040,000,000**
Marine and TAPS Tariff on Oil	($6.50) $/bbl		
Gas Pipeline and Gas Treatment Plant		($4.50) $/mmbtu	
Transportation Costs	**($1,186,250,000)**	**($7,391,250,000)**	**($8,577,500,000)**
Value at Point Of Production	**$20,713,750,000**	**$5,748,750,000**	**$26,462,500,000**
Royalty and Federal	($2,589,218,750)	($718,593,750)	($3,307,812,500)
Taxable Point of Production Value	$18,124,531,250	$5,030,156,250.00	$23,154,687,500
Lease Expenditures			
Opex	($2,000,000,000)	($200,000,000)	($2,200,000,000)
Capex	($2,000,000,000)	($200,000,000)	($2,200,000,000)
Total Lease Expenditures	**($4,000,000,000)**	**($400,000,000)**	**($4,400,000,000)**
Production Tax Value (PTV)	**$14,124,531,250**	**$4,630,156,250**	**$18,754,687,500**
PTV on BOE basis	**$88.45**	**$19.33**	**$47**
Base Tax (25%*PTV)	$3,531,132,813	$1,157,539,063	$4,688,671,875
Progressive Tax Rate	23.38%	0.00%	6.79%
Progressive Tax	$3,302,376,216	$0	$1,273,703,865
Total Tax Due before credits	$6,833,509,029	$1,157,539,063	$5,962,375,740
Credits Applied Against Taxes	($400,000,000)	($40,000,000)	($440,000,000)
Total Tax after credits	**$6,433,509,029**	**$1,117,539,063**	**$5,522,375,740**

2019

29

	Oil	Gas	Combined
ANS Price	$120.00 $/bbl	$8.00 $/mmbtu	
Daily Production	500,000 Bbl/d	4.5 Bdf/d	
Annual Production	182,500,000 bbl	1,643 Bcf/year	
Total Annual Gross Sales Value	**$21,900,000,000**	**$13,140,000,000**	**$35,040,000,000**
Marine and TAPS Tariff on Oil	($6.50) $/bbl		
Gas Pipeline and Gas Treatment Plant		($4.50) $/mmbtu	
Transportation Costs	**($1,186,250,000)**	**($7,391,250,000)**	**($8,577,500,000)**
Value at Point Of Production	**$20,713,750,000**	**$5,748,750,000**	**$26,462,500,000**
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Total Tax after credits	**$6,433,509,029**	**$1,117,539,063**	**$5,522,375,740**

2020

30

	Oil	Gas	Combined
ANS Price	$120.00 $/bbl	$8.00 $/mmbtu	
Daily Production	500,000 Bbl/d	4.5 Bdf/d	
Annual Production	182,500,000 bbl	1,643 Bcf/year	
Total Annual Gross Sales Value	**$21,900,000,000**	**$13,140,000,000**	**$35,040,000,000**
Marine and TAPS Tariff on Oil	($6.50) $/bbl		
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Total Tax after credits	**$6,433,509,029**	**$1,117,539,063**	**$5,522,375,740**

Assuming all the gas is shipped via capacity that qualifies for the AGIA inducement...

$$\frac{\$5,748,750,000}{\$26,462,500,000} = 21.7\%$$

$\$5,522,375,740 \times 21.7\% =$

$\$1,199,688,523$

Production Tax Attributed to Gas under proposed 15 AAC 90.220

	Oil	Gas	Combined
ANS Price	$120.00 $/bbl	$8.00 $/mmbtu	
Daily Production	500,000 Bbl/d	4.5 Bcf/d	
Annual Production	182,500,000 bbl	1,643 Bcf/year	
Total Annual Gross Sales Value	**$21,900,000,000**	**$13,140,000,000**	**$35,040,000,000**
Marine and TAPS Tariff on Oil	($6.50) $/bbl		
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Total Tax after credits	**$6,433,509,029**	**$1,117,539,063**	**$5,522,375,740**

Assuming all the gas is shipped via capacity that qualifies for the AGIA inducement…

$$\frac{\$5,748,750,000}{\$26,462,500,000} = 21.7\%$$

$5,522,375,740 X 21.7% =

Close Approx. $1,199,688,523

Production Tax Attributed to Gas under proposed 15 AAC 90.220

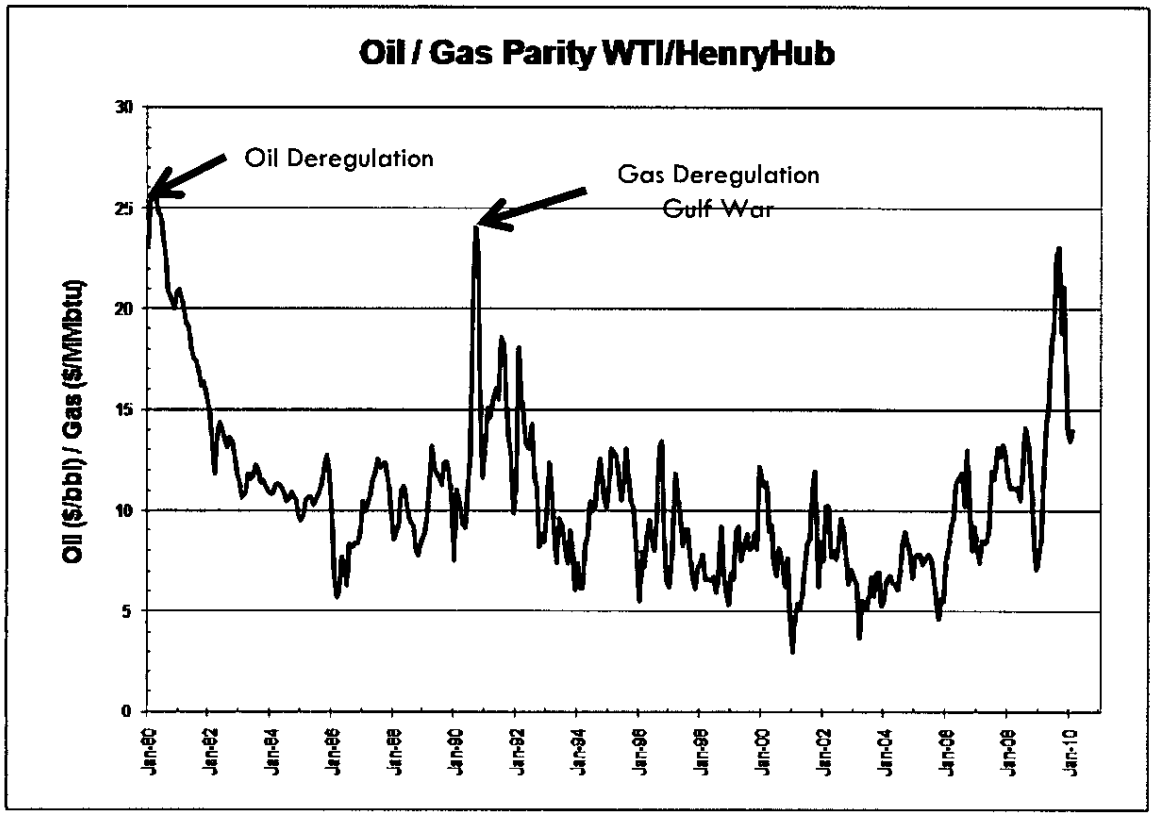
Given that Example – What is the AGIA Tax Exemption?

1. Calculate Gas Production Tax under system in place in the Year of Production:
   - Assume the Gas Production Tax then is = $1.5B
2. Calculate Gas Production Tax under system in effect on May 1, 2010:
   - Previous slide shows gas tax attribution of: $1.2B
3. The taxpayer can claim an exemption for the difference:
   - AGIA Gas Tax Exemption = $300M

33

Oil and Gas Price Expectations and Forecasting Challenges

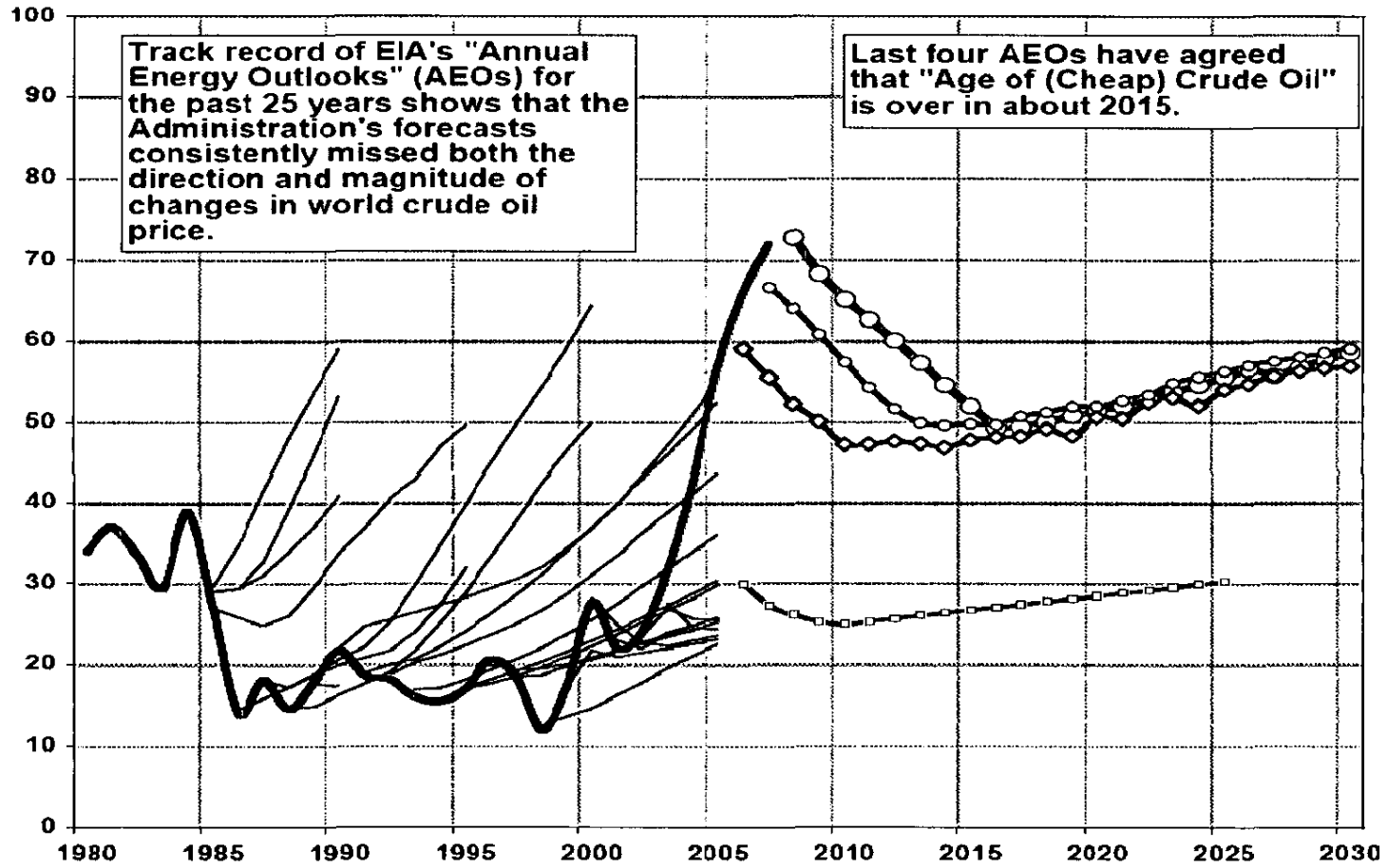
The Oil/Gas Price Parity….



….Has Been Higher than Expected….

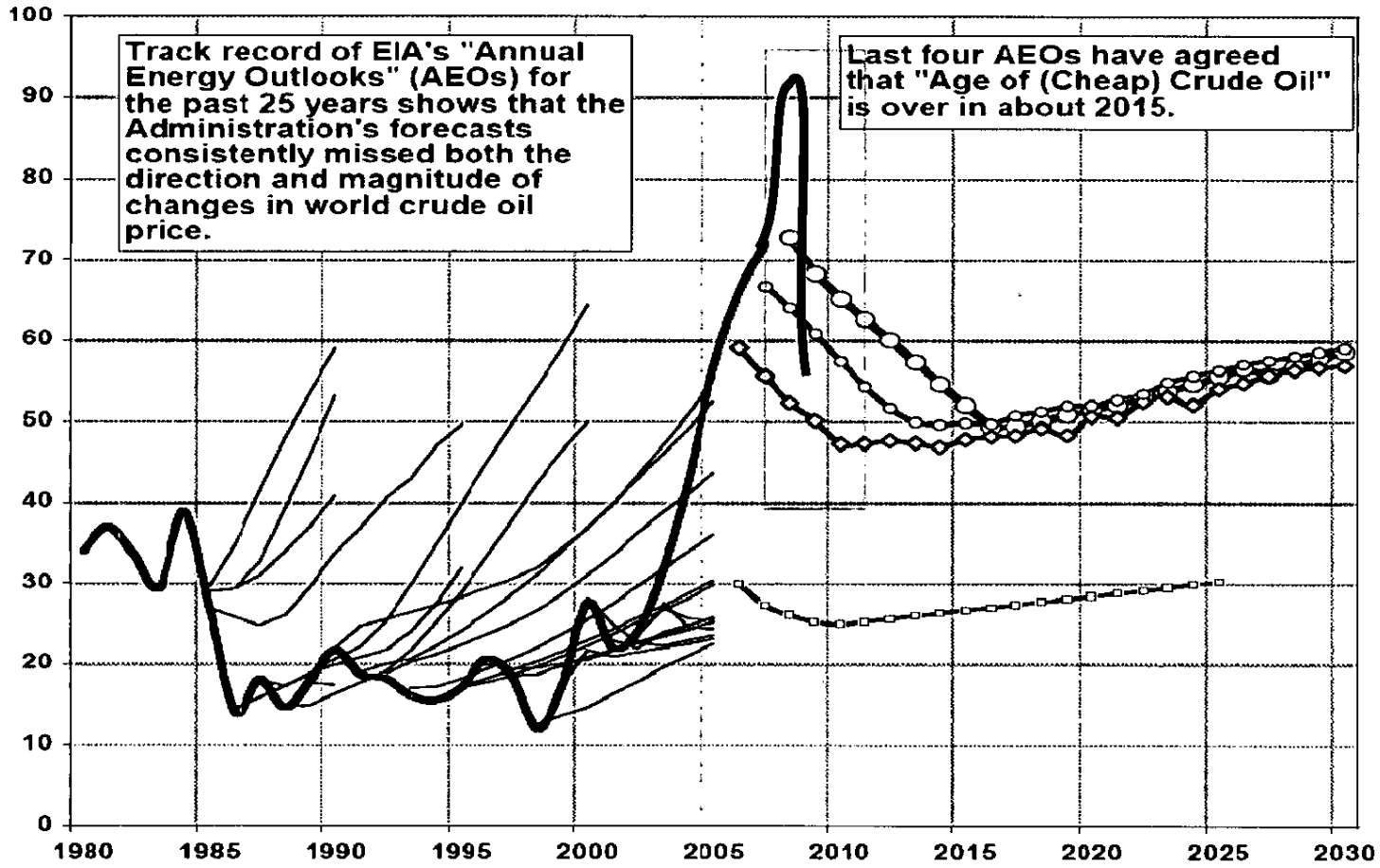
EIA Forecasting Is Widely Quoted But Usually Not Even Close

35



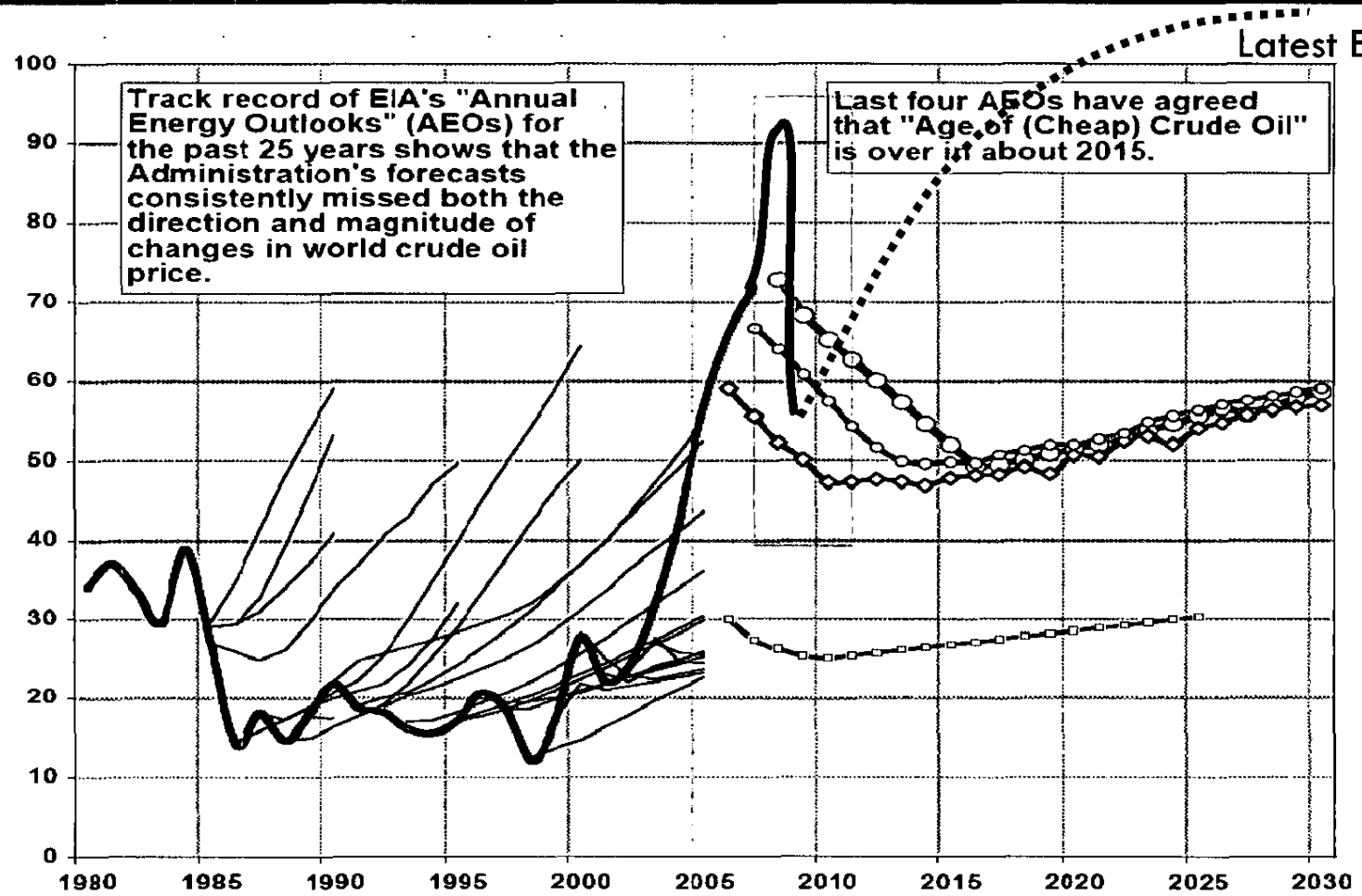
Source: US DOE Energy Information Administration Mar 2008

EIA Forecasting Not Even Close



Source: US DOE Energy Information Administration Mar 2008

EIA Forecasting Not Even Close



Source: US DOE Energy Information Administration Mar 2008

In the past 5 years, We've gone from an expected major gas shortfall...

- 2005
  - US to suffer significant gas shortage predicted by 2010 to 2012
  - About 5-8 bcfd of new imports projected to be needed
- 2006
  - Over a dozen new LNG projects sanctioned
  - 48 proposed NA regasification facilities
- 2007
  - Gas prices strengthening, gas rig count up
- 2008
  - Spot LNG cargos selling for > $24/MMBtu
  - US Henry Hub > $14/MMBtu

...to awash in gas!

39

- 2009
  - Unconventional gas exceeding all predictions
  - Storage overflowing due to warm winter
  - Global economic slowdown, demand way off
  - Gas trading at lowest parity to oil since deregulation of the US gas industry

- 2020 to 2030 ???
  - If past is an indicator, very hard to predict what will happen with any accuracy
  - Need an approach that adapts to any number of possible future states.

40

Policy Issues Associate with the Gas Tax

Gas Tax Policy Options By 2014

41

- Leave the Current System
  - Accept the gas price risk as an incentive for Producer participation in the gasline
- Eliminate the Risk of Oil+Gas Tax < Oil Tax
  - Set a minimum tax equal to the tax that would have been paid for the oil alone
- Reduce the Oil Tax Reducing Effect of Price Parity
  - Establish a "collar" around the parity ratio, if the collar ratio is exceeded the equivalence of oil to gas is adjusted
- Separate or Ringfence gas production for State production tax purposes
  - Need to develop a way to allocate costs between oil and gas that does not require an army of auditors
  - Changes the current cash flow balance between the State and Producers

The End

17

Oil and Gas in Alaska's Production Tax

Dan E. Dickinson CPA

Senate Finance Committee

February 24, 2010

Why are we going through all these numbers?

Questions:

Is this system stable or robust and likely to be viable over a wide range of conditions (including a good environment for a gas project)?

Are the cross subsidies clear and rational?

How will the state react if there are large drops in tax revenue? To whom will it look for revenue?

Two ways of measuring the issue:

How much does gas "drag down" or "compensate" oil progressivity?

How much will tax revenues fall because a gas project is added?

From Dec 10 2008 Presentation to LB&A

	Oil Only	Incremental Gas	Combined
Daily Vol	0.7 mmbbls/day	4.2 bcf/day	
days per year	365	365	
Annual Volume	255.5 mmbbls/yr	1533 bcf/yr	
Convert to boe	1	6	
Annual Barrel Equivalents	255.5 boe/yr	255.5 boe/yr	511.00 boe/yr
ANS WC Price/ Henry Hub Price	$ 79.72	6.08	
Adj to Alberta		(0.75)	
Transportation to Market	(6.34)	(2.88)	
Gross Value at Point of Production	73.38	2.45	
Value times Volume	$ 18,749	3,756	
Non Royalty %	87.5%	87.5%	
Taxable Wellhead	$ 16,405	3,286	
US Costs (millions $)	4,337	-	
Taxable Value or PTV (millions $)	$ 12,068	3,286	$ 15,354.4
Non Royalty Fraction	87.5%	87.5%	87.5%
Taxable volumes boe	223.6	223.6	447.1
Prog Base (taxable value/volume)	$ 53.98	$ 14.70	34.34
Less $30	30.00	30.00	30.00
Starting Point	$ 23.98	NO PROG	4.34
Prog rate (.4% or .1% per dollar)	9.59%		1.74%
base rate	25.00%	25.00%	25.00%
Total Rate	34.59%	25.00%	26.74%
	Stand Alone Oil	Stand Alone Gas	Combined
Total Tax (Tax Rate * PTV)	**$ 4,174.6**	**821.6**	**$ 4,105.16**
Sum of stand alone oil & gas		**4,996.18**	
Gain (loss) in production tax from using current law vs stand alone analysis			**(891.0)**
Gain (loss) in production tax from adding gas stream under current law:			**(69.4)**

Note: Prior to Credits

Source: Oil & Gas prices from 1/26/08, equal volumes, US from DOR 2008 Revenue Sources Book. Gas tariff and adj to Alberta from TC 2007 AGIA Proposal. Tariff is "nominalized levelized toll including fuel"

January 2010 example:

	Oil Only	Incremental Gas	Combined
Daily Vol	0.700 mmbbls/day	4.2 bcf/day	
days per year	365	365	
Annual Volume	255.5 mmbbls/yr	1533 bcf/yr	
Convert to boe	1	6	
Annual Barrel Equivalents	255.5 boe/yr	255.5 boe/yr	511.0 boe/yr
ANS WC Price/ Henry Hub Price	$ 78.22	$ 5.81	
Adj to Alberta		(0.75)	
Transportation to Market	(5.90)	(2.80)	
Gross Value at Point of Production	72.32	2.26	
Value times Volume	$ 18,478	$ 3,465	
Non Royalty %	87.5%	87.5%	
Taxable Wellhead	$ 16,168	$ 3,032	
US Costs (millions $)	4,000	-	
Taxable Value or PTV (millions $)	$ 12,168	3,032	$ 15,200
Non Royalty Fraction	87.5%	87.5%	87.5%
Taxable volumes boe	223.6	223.6	447.1
Prog Base (taxable value/volume)	$ 54.43	$ 13.56	$ 33.99
Less $30	30.00	30.00	30.00
Starting Point	$ 24.43	$ -	$ 3.99
Prog rate (.4% or .1% per dollar)	9.77%	0.00%	1.60%
base rate	25.00%	25.00%	25.00%
Total Rate	34.77%	25.00%	26.60%
	Stand Alone Oil	Stand Alone Gas	Combined
Total Tax (Tax Rate * PTV)	**$ 4,231**	**757.9**	**$ 4,043**

Sum of stand alone oil & gas **4,988.85**

Gain (loss) in production tax from using current law vs stand alone **(946.1)**

Gain (loss) in production tax from adding gas stream under current law: **(188.3)**

Note: Prior to Credits

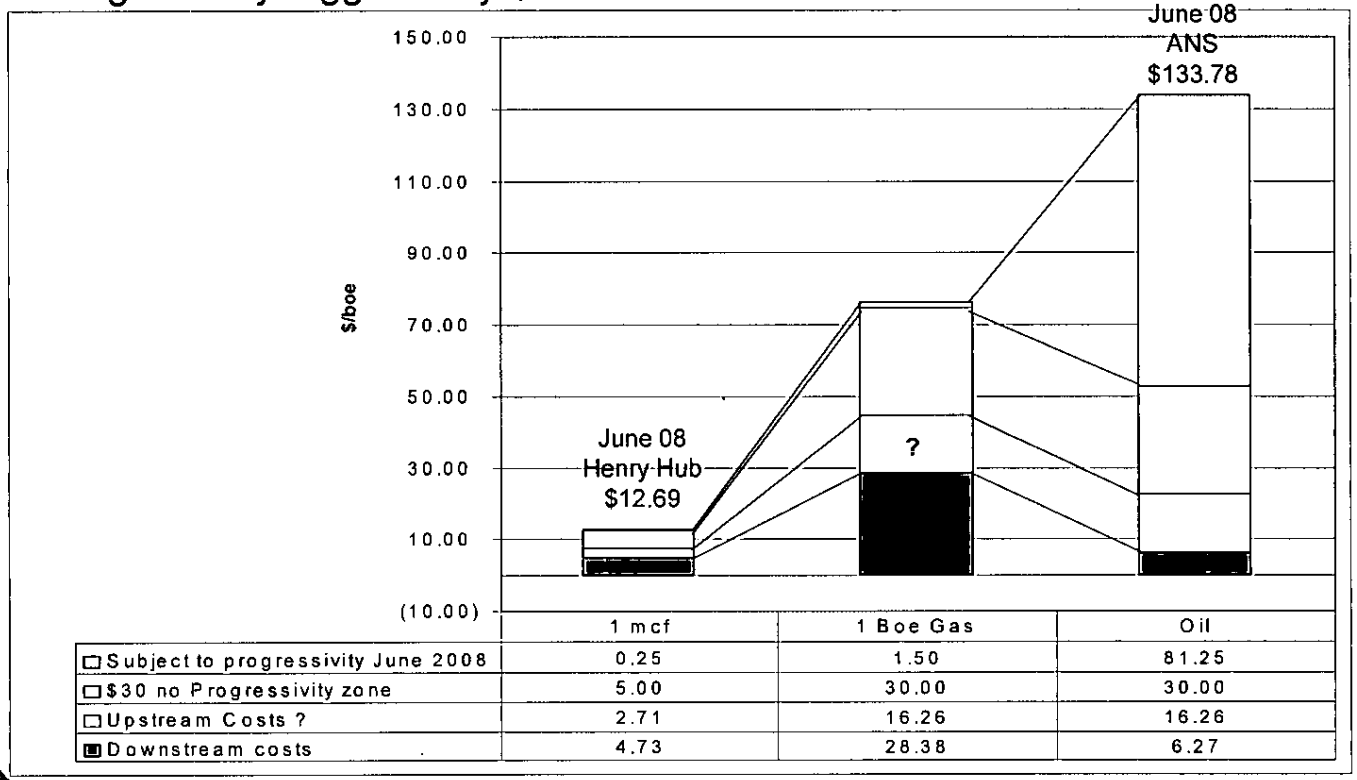
Source: HH and ANS are January 2010, Gas transportation low end of TC range from Feb 7 presentation, oil trans from Fall 2009 RSB

2.24.2010

Looking Forward: Combined Progressivity Tax (CPT)

Gas exported from state and oil taxed at same rate – both part of combined progressivity calculation.

- Prices swings in one can effect tax on the other
- Gas converted to oil on Btu basis (roughly 6:1)
- Progressivity triggered by $30 boe PTV



	1 mcf	1 Boe Gas	Oil
Subject to progressivity June 2008	0.25	1.50	81.25
$30 no Progressivity zone	5.00	30.00	30.00
Upstream Costs ?	2.71	16.26	16.26
Downstream costs	4.73	28.38	6.27

Sources: Oil data from Spring 2008 RSB, Upstream Gas Cost is oil data on boe basis, Gas Downstream cost is Black & Veatch Estimate from Appendix G Alaska Gasline Determination. Oil price from DOR website. Gas Price from St Louis Fed Reserve website

Gaffney Cline slide:

Response to Mr. Dickinson

Gaffney, Cline & Associates

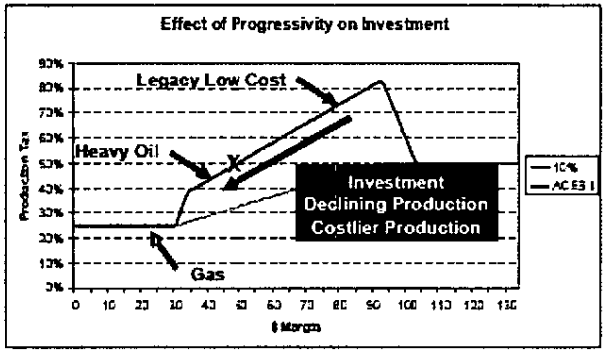
DAN E. DICKINSON CPA

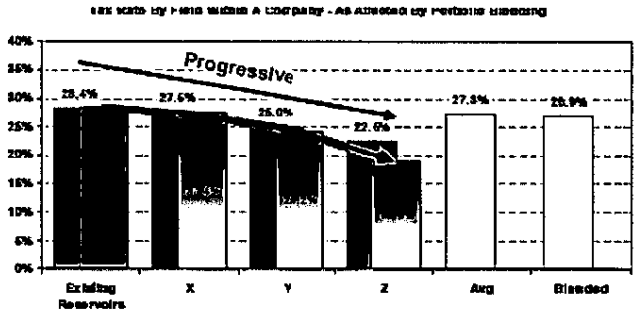
- The basic elements were introduced in the 2006 tax changes.
- Focus was on oil.
- Gas was "on hold" waiting for the release of the "Stranded Gas Development Act" contract (May 2006)

Gaffney Cline Slide:

Cross Subsidies and "Less Tax"

- **The cross subsidy issue caused by progressivity was also discussed at great length and it was shown how under certain circumstances the "effective" rate of tax on a higher cost / lower profitability development (such as gas or heavy oil) could be lower than the base rate**





- **It was also noted that any evaluation involved many commercial and economic parameters that would need to be evaluated across a range of expected values**

Gaffney, Cline & Associates

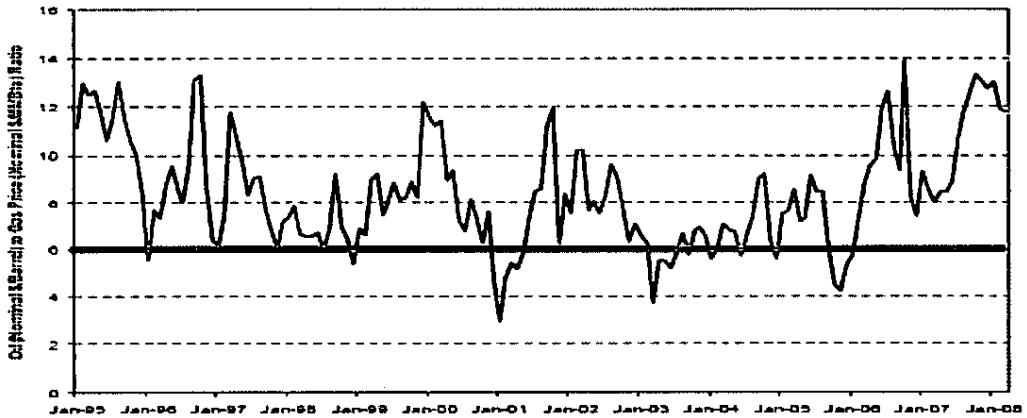
02 February 2009

Gaffney Cline Slide:

Pricing Parity is Key

- **One way to predict the future is to look at the past**
- **Plot of oil price divided by gas price with "6" representing thermal and, therefore, price parity**

Figure 4-5. Historical Oil to Gas Price Ratio



Source: Black and Veatch 2008, Appendix G1, Section 7.15.4.3

Gaffney, Cline & Associates

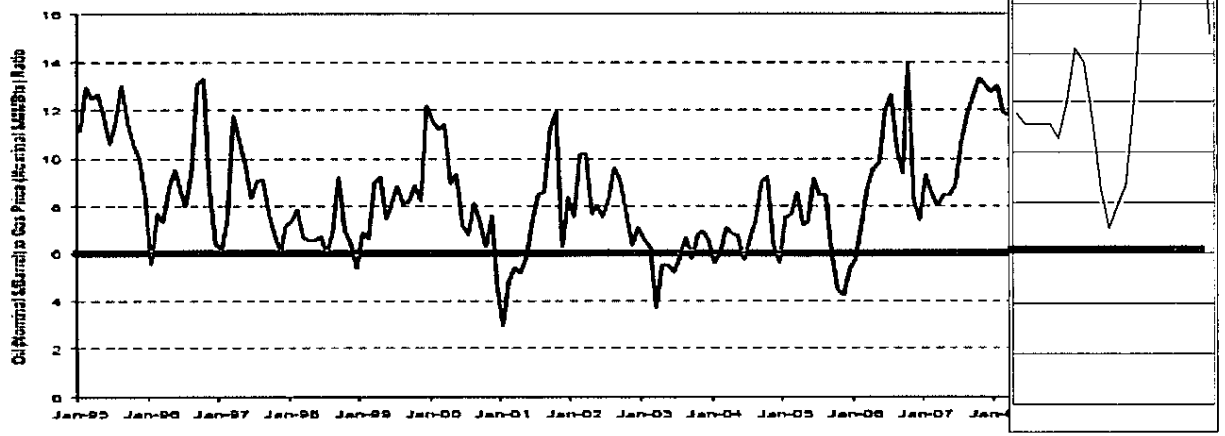
02 February 2009

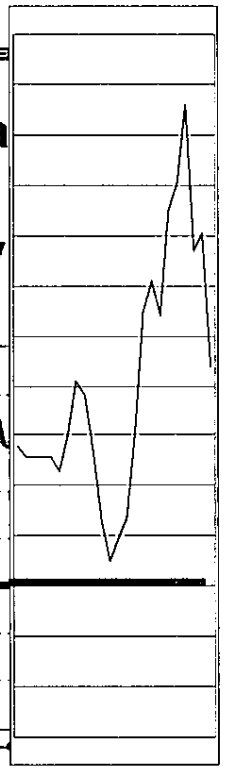
Updated Gaffney Cline Slide:

Pricing Parity is Key

- One way to predict the future is to look at the pa
- Plot of oil price divided by gas price with "6" representing thermal and, therefore, price parity

Figure 4-5. Historical Oil to Gas Price Ratio





Source: Black and Veatch 2008, Appendix G1, Section 7.15.4.3

Gaffney, Cline & Associates

02 February 2009

Gaffney Cline Slide:

Pricing Parity is Key

- **Mr. Dickinson chose roughly 13:1 price parity**
- **This occurred <4% of the time in the last 14 years**

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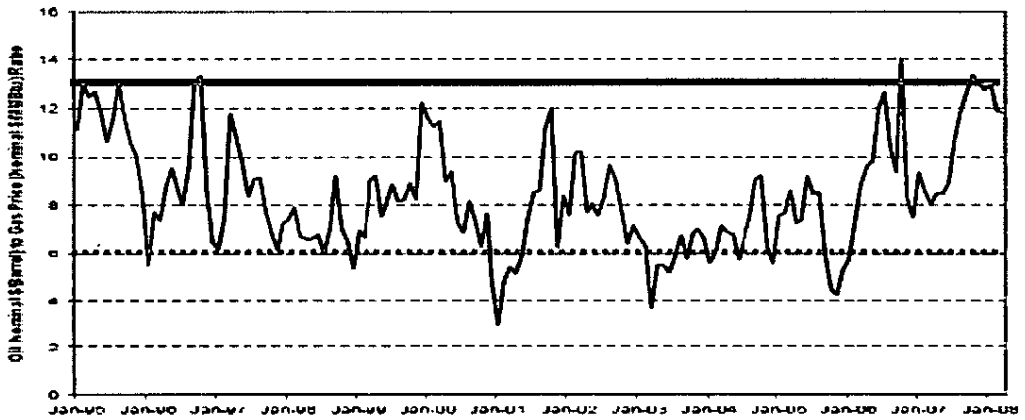

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Gaffney, Cline & Associates

02 February 2009

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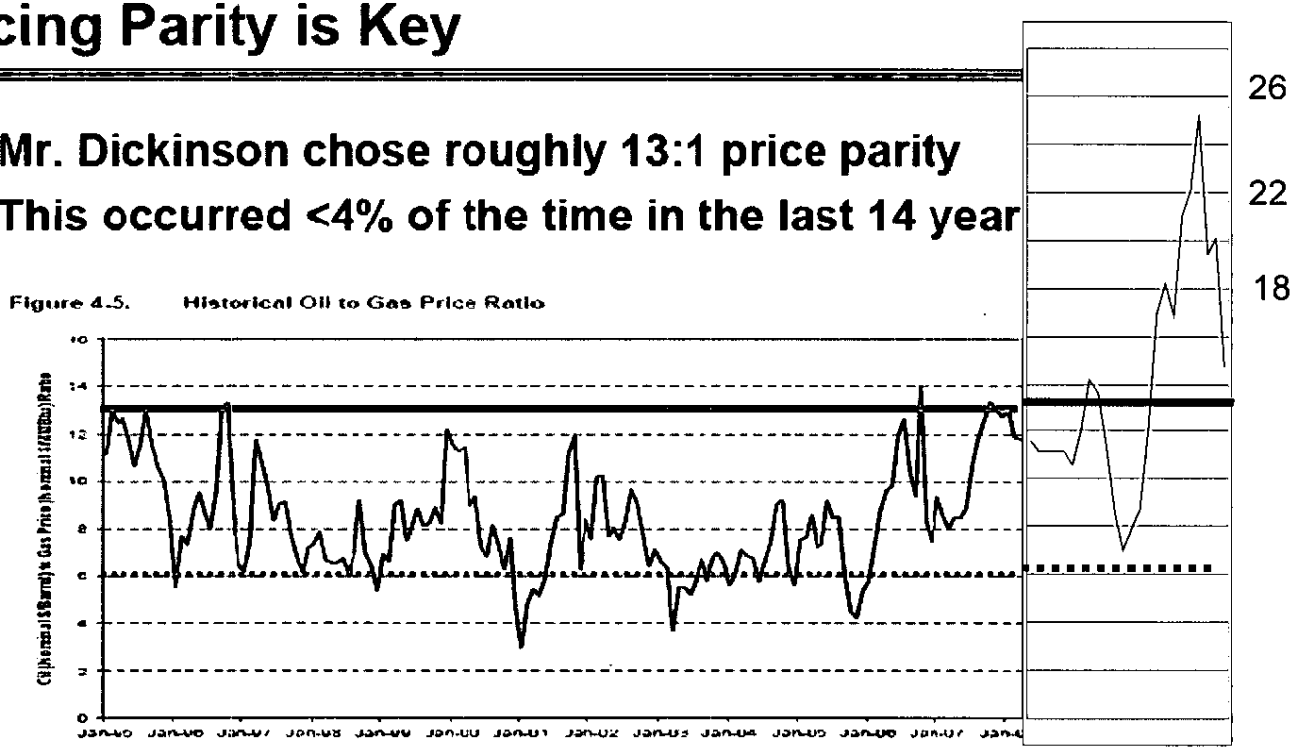


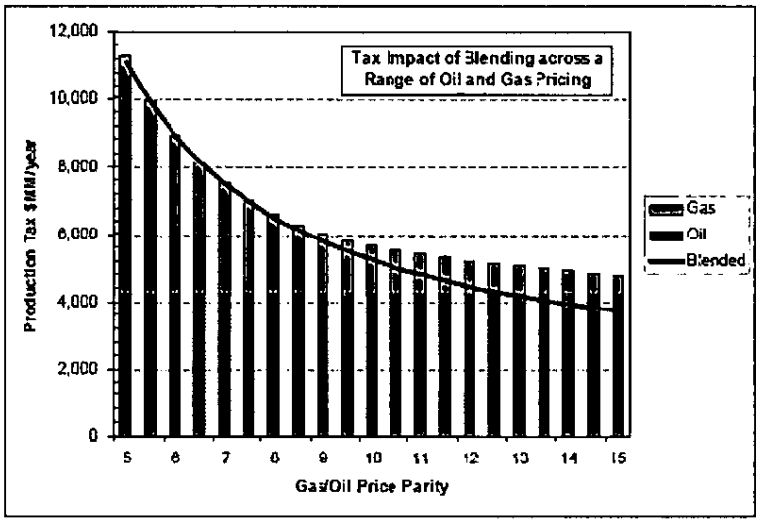
Figure 4.5. Historical Oil to Gas Price Ratio

Source: Black and Veatch 2008, Appendix G1, Section 7.15.4.3

Gaffney Cline Slide:

Collecting "less" combined tax

- **Just modifying the oil/gas price parity in Mr. Dickinson's model is revealing**



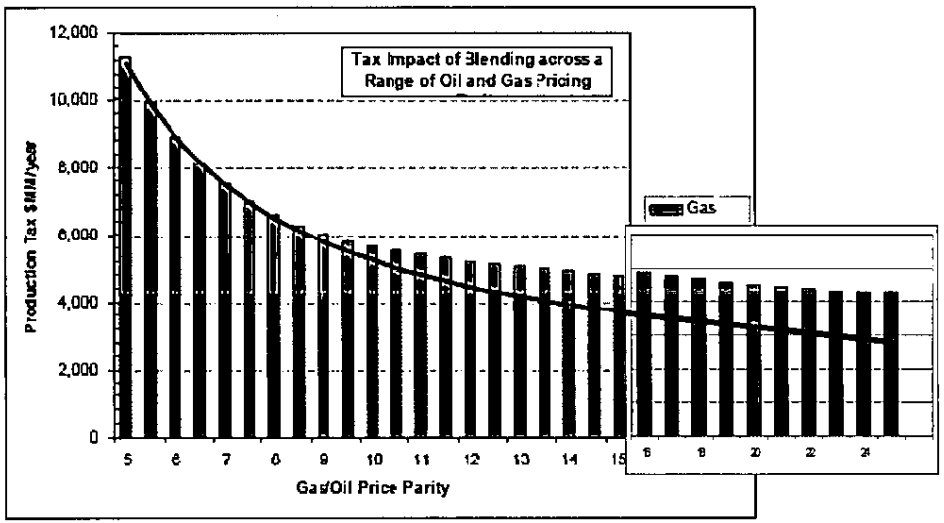
Gaffney, Cline & Associates

02 February 2009

Updated Gaffney Cline Slide:

Collecting "less" combined tax

- **Just modifying the oil/gas price parity in Mr. Dickinson's model is revealing**



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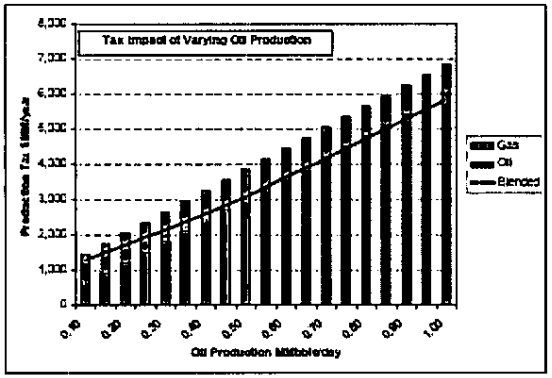
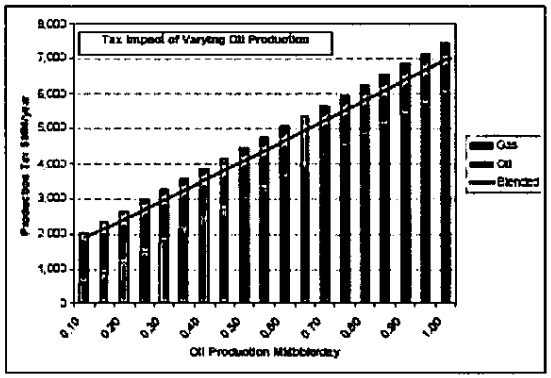
Gaffney Cline Slide:

Impact of Varying both Oil/Gas Production and Price Ratios

- Gas at 4.2 bcf/d and Oil at $80/bbl
- Left prices 13:1 and on the right prices 10:1





- At 10:1, the issue of pay less overall taxes goes away. At the long-range expectation of prices at 8:1, paying "less" taxes is a non-issue

Gaffney, Cline & Associates

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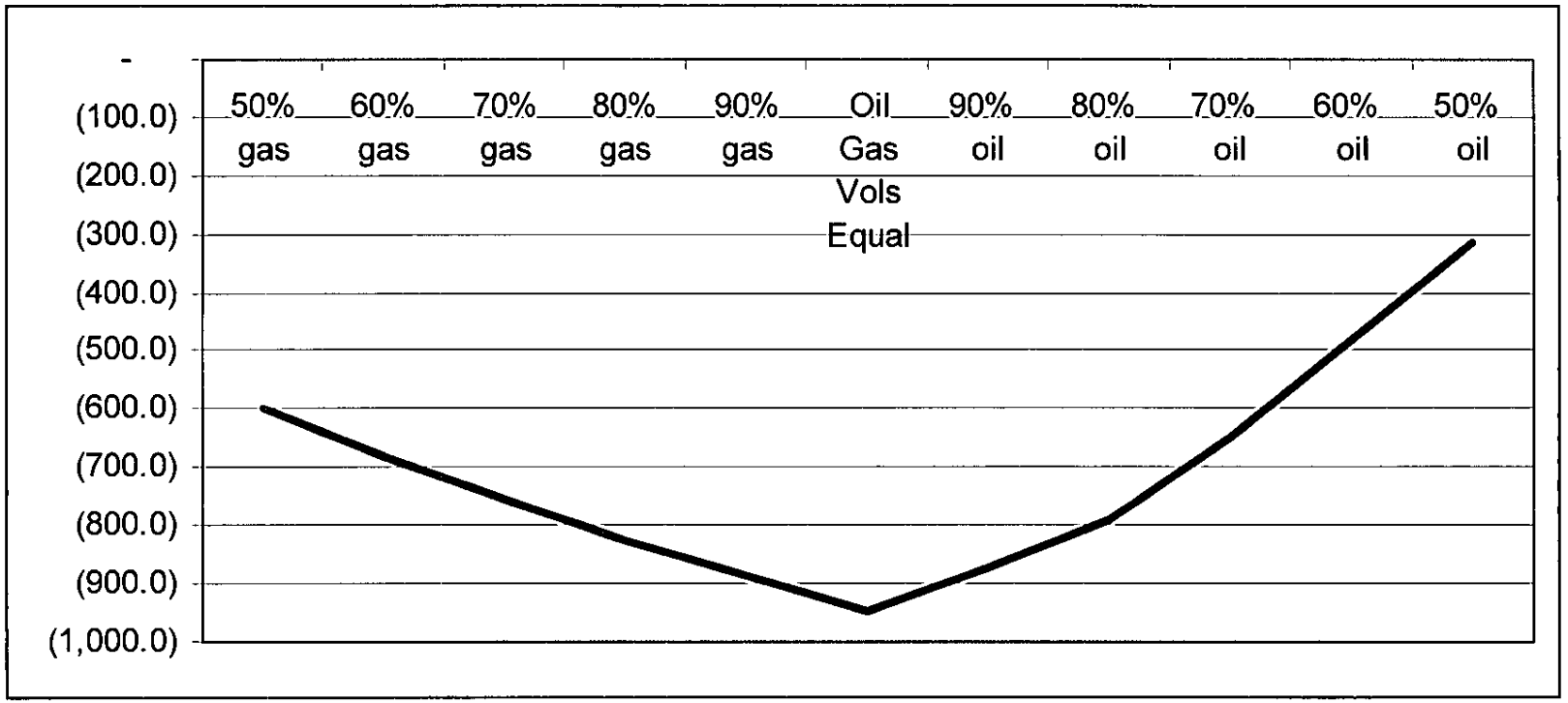
Effects of Volume

- Size of effect is directly related to gas:oil volumes (at a given price)



Note: Difference between stand alone oil tax + stand alone gas tax and combined tax

Source: HH and ANS are January 2010, Gas transportation low end of TC range from Feb 7 presentation, oil trans from Fall 2009 RSB

Gaffney Cline Slide with questions:

Summary

- **A range of possible outcomes "caused" by ACES' structure was identified, reviewed and built into the final design of ACES to provide incentives to both existing SOA producers as well as new entrants**
  - Are these well targeted incentives?
- **When evaluating ACES and a possible gas line reasonable results are obtained when real world input values are used**
  - "Reasonable results" include material potential tax revenue losses from a gas line
- **Nobody has brought forth expected, sustainable scenarios to show that ACES needs to be modified**

Gaffney, Cline & Associates

02 February 2009

Solutions

How can this be fixed?

1. Change AS 43.55 before the open season
2. When revenues are actually impacted, add a recoupment factor outside of AS 43.55 - for example in Income Tax or in a new section.

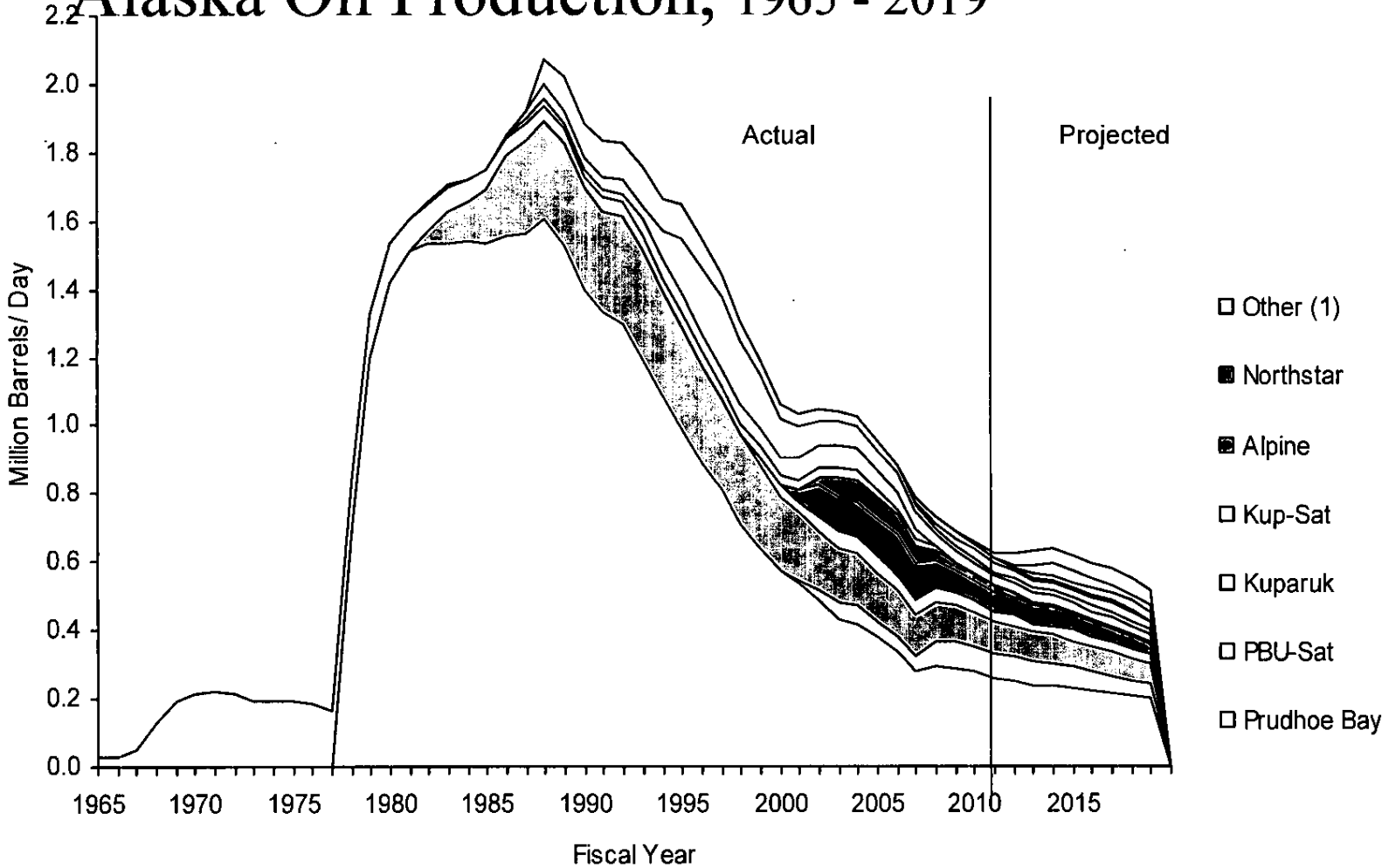
Note: Existing "AGIA" law AS 43.90.320 (d):

In this section "gas production tax" means the tax levied on the production of gas under AS 43.55

"Locking down" current production taxes under AS 43.55 is not prohibiting any additional "revenue enhancements" in relation to a gas project.

Fundamentals

Alaska Oil Production, 1965 - 2019



Source: Alaska Department of Revenue, Fall 2009 Revenue Sources Book. Extrapolated

(1) Cook Inlet, Duck Island, Milne Point, Greater Point McIntyre, Liberty, Known On & Offshore, Fiord and NPRA.

2.24.2010

Thank You

Dan E. Dickinson CPA
Anchorage, AK
ddickinsoncpa@gci.net
907 301 1565
http://www.dedcpa.com/

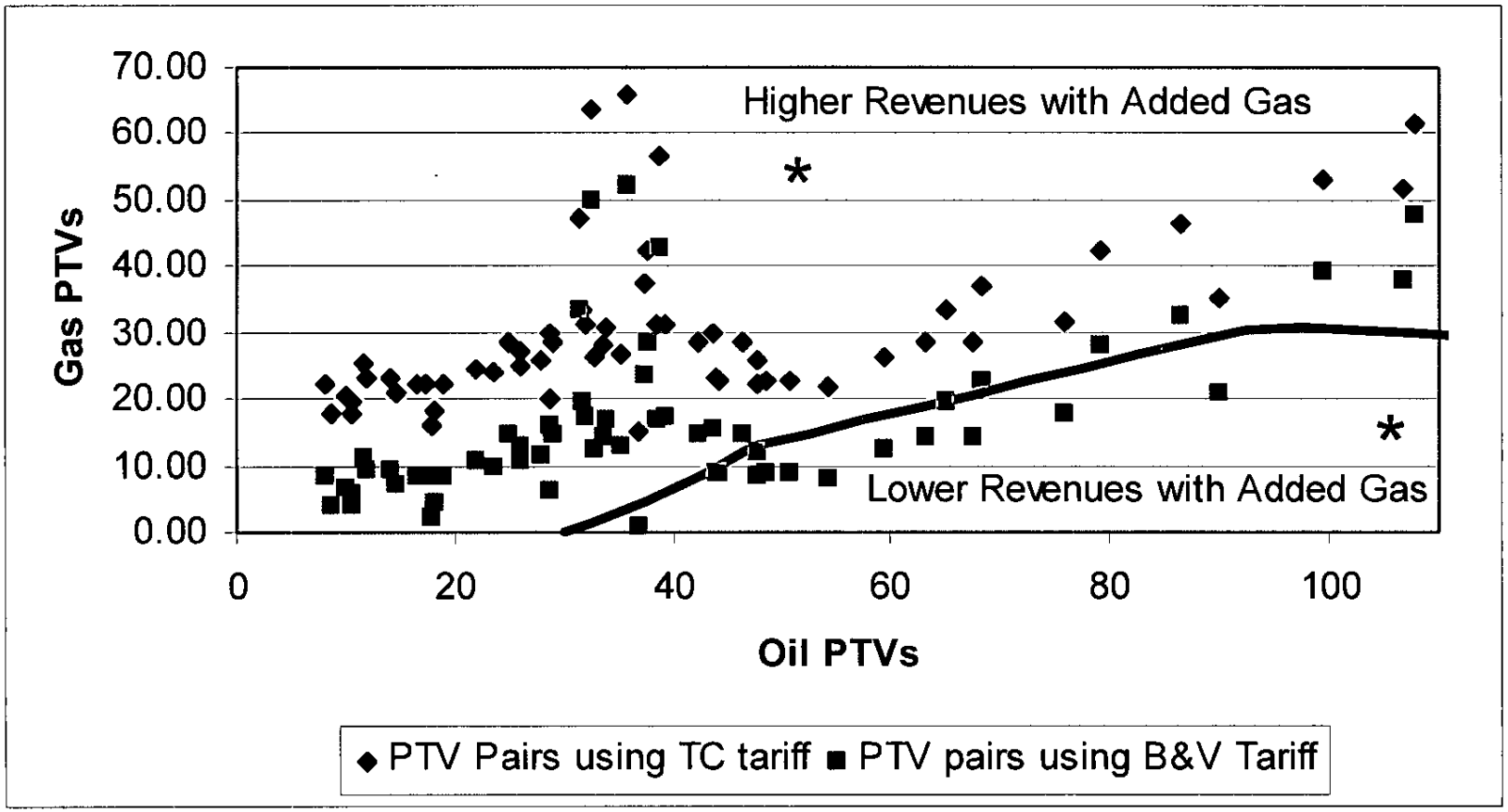
Monthly Progressivity Example From March 26 2009

	Oil Only	Incremental Gas	Combined
Daily Vol	0.350 mmbbls/day	4.2 bcf/day	
days per year	30	30	
Annual Volume	10.5 mmbbls/mo	126 bcf/mcf	
Convert to boe	1	6	
Annual Barrel Equivalents	10.5 boe/mo	21.0 boe/mo	31.5 boe/mo
ANS WC Price/ Henry Hub Price	$ 135.00	$ 6.00	
Adj to Alberta		(0.75)	
Transportation to Market	(6.00)	(2.75)	
Gross Value at Point of Production	129.00	2.50	
Value times Volume	$ 1,355	$ 315.0	
Non Royalty %	87.5%	87.5%	
Taxable Wellhead	$ 1,185	$ 276	
US Costs (millions $)	275	-	
Taxable Value or PTV (millions $)	$ 910	276	$ 1,186
Non Royalty Fraction	87.5%	87.5%	87.5%
Taxable volumes boe	9.2	18.4	27.6
Prog Base (taxable value/volume)	$ 99.07	$ 15.00	$ 43.02
Less $30	30.00	30.00	30.00
Starting Point	$ 69.07	$ -	$ 13.02
Prog rate (.4% or .1% per dollar)	25.66%	0.00%	5.21%
base rate	25.00%	25.00%	25.00%
Total Rate	50.66%	25.00%	30.21%
	Stand Alone Oil	Stand Alone Gas	Combined
Total Tax (Tax Rate * PTV)	**$ 461**	**68.9**	**$ 358**
Sum of stand alone oil & gas	**529.98**		
Gain (loss) in production tax from using current law vs stand alone		**(171.8)**	
Gain (loss) in production tax from adding gas stream under current law:		**(102.8)**	

Note: Prior to Credits

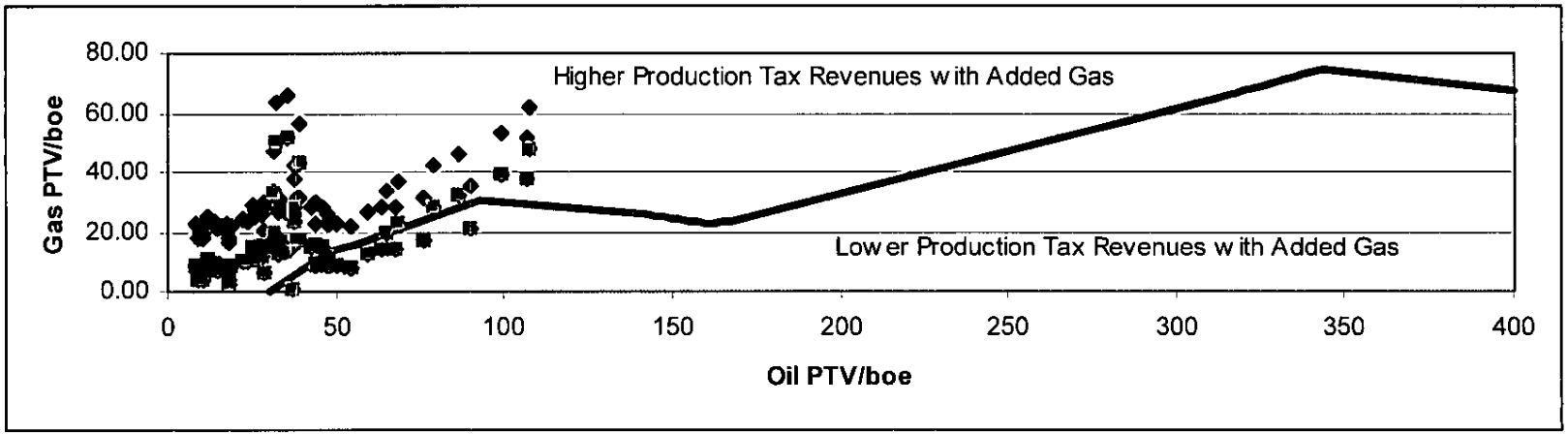
2.24.2010

Oil and Gas PTVs 2004 - 2008



2.24.2010

Oil and Gas PTVs 2004 - 2008



- Other Oil Gas Issues

- Under distinct oil and gas taxes the joint costs of running the legislature must be divided between oil and gas
  - Gross margin method?
- Gas liquids – "in between"

October 2009 Market Values:

	Oil Only		Incremental Gas		Combined	
Daily Vol	0.700	mmbbls/day	4.2	bcf/day		
days per year	365		365			
Annual Volume	255.5	mmbbls/yr	1533	bcf/yr		
Convert to boe	1		6			
Annual Barrel Equivalents	255.5	boe/yr	255.5	boe/yr	511.0	boe/yr
ANS WC Price/ Henry Hub Price	$ 74.28		$ 4.02			
Adj to Alberta			(0.75)			
Transportation to Market	(5.90)		(2.80)			
Gross Value at Point of Production	68.38		0.47			
Value times Volume	$ 17,471		$ 721		ROYALTIES	90
Non Royalty %	87.5%		87.5%			
Taxable Wellhead	$ 15,287		$ 630			
US Costs (millions $)	4,000	-	-			
Taxable Value or PTV (millions $)	$ 11,287		630		$ 11,918	
Non Royalty Fraction	87.5%		87.5%		87.5%	
Taxable volumes boe	223.6		223.6		447.1	
Prog Base (taxable value/volume)	$ 50.49		$ 2.82		$ 26.65	
Less $30	30.00		30.00		30.00	
Starting Point	$ 20.49		$ -		$ -	
Prog rate (.4% or .1% per dollar)	8.20%		0.00%		0.00%	
base rate	25.00%		25.00%		25.00%	
Total Rate	33.20%		25.00%		25.00%	
	Stand Alone Oil		Stand Alone Gas		Combined	
Total Tax (Tax Rate * PTV)	**$ 3,747**		**157.6**		**$ 2,979**	

Sum of stand alone oil & gas **3,904.42**

Gain (loss) in production tax from using current law vs stand alone **(925.0)**

Gain (loss) in production tax from adding gas stream under current law: **(767.4)**

2.24.2010

Oct 2009 + 1 Dollar higher Gas Value

	Oil Only	Incremental Gas	Combined
Daily Vol	0.700 mmbbls/day	4.2 bcf/day	
days per year	365	365	
Annual Volume	255.5 mmbbls/yr	1533 bcf/yr	
Convert to boe	1	6	
Annual Barrel Equivalents	255.5 boe/yr	255.5 boe/yr	511.0 boe/yr
ANS WC Price/ Henry Hub Price	$ 74.28	$ 5.00	
Adj to Alberta		(0.75)	
Transportation to Market	(5.90)	(2.80)	
Gross Value at Point of Production	68.38	1.45	
Value times Volume	$ 17,471	$ 2,223	ROYALTIES 278
Non Royalty %	87.5%	87.5%	
Taxable Wellhead	$ 15,287	$ 1,945	
US Costs (millions $)	4,000	-	
Taxable Value or PTV (millions $)	$ 11,287	1,945	$ 13,232
Non Royalty Fraction	87.5%	87.5%	87.5%
Taxable volumes boe	223.6	223.6	447.1
Prog Base (taxable value/volume)	$ 50.49	$ 8.70	$ 29.59
Less $30	30.00	30.00	30.00
Starting Point	$ 20.49	$ -	$ -
Prog rate (.4% or .1% per dollar)	8.20%	0.00%	0.00%
base rate	25.00%	25.00%	25.00%
Total Rate	33.20%	25.00%	25.00%
	Stand Alone Oil	Stand Alone Gas	Combined
Total Tax (Tax Rate * PTV)	**$ 3,747**	**486.2**	**$ 3,308**

Sum of stand alone oil & gas **4,233.05**

Gain (loss) in production tax from using current law vs stand alone **(925.0)**

Gain (loss) in production tax from adding gas stream under current law: **(438.8)**

2.24.2010

Dan E. Dickinson, CPA, CMA

Dan E. Dickinson is a certified public accountant in private practice in Anchorage. He also holds the certified management accountant designation.

He has been providing analysis to the legislature on various tax and oil and gas and issues since 2007, including during the 2007 special session that passed the "ACES" reforms.

For much of 2007 he staffed the Municipality of Anchorage's Property Tax Relief Task Force. He also served on the Municipality's Budget Advisory Commission from 2007 through 2009.

In 2006 he worked for the Murkowski administration during the many attempts -- including special sessions -- which final resulted in a net profits tax or "PPT" replacing Alaska's gross production tax based on the economic limit factor (ELF).

From 1999 through 2006 Dan worked in the Alaska Department of Revenue (ADOR). He was first appointed director of Oil and Gas Audit by Governor Knowles, and then director of Tax. He continued as director of Tax in the Murkowski administration, and in that role he signed the controversial 2005 "ELF aggregation order" for Prudhoe Bay. During his last year with the ADOR, a position was created to he could focus on state efforts to monetize North Slope gas through a Stranded Gas Development Act contract. That effort did not meet with success.

In the eighties and nineties he was involved as a consultant and expert witness in a number of oil and gas royalty and tax cases both outside and here in Alaska. A 29-year resident of Anchorage, Dan was a presenter at the Conference of Alaskans convened by Gov. Murkowski in Fairbanks in 2004. He has served on the boards of several not-for profits as treasurer. He holds a BA in lunar geology from Brown University.

February 2010

Senate Finance Committee

David Wood
24th February 2010

Gas Issues & Alaska's Fiscal Design

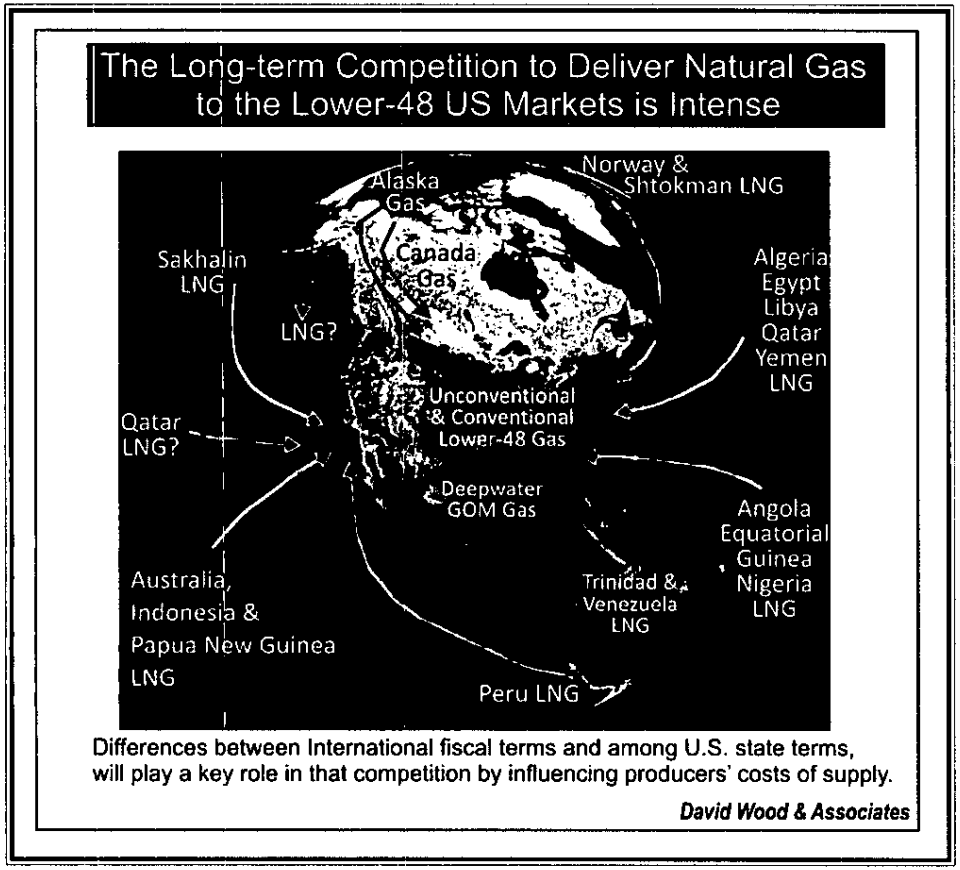
Presentation Structure

This presentation focuses the key issues pertaining to natural gas in Alaska in the context of establishing a long-term and enduring fiscal design.

- What are the issues for Alaska's fiscal regime when applied to gas?
- What are the fiscal designs applied by other countries?
- What are the risks and opportunities for international gas suppliers?
- Alaska's Prevailing Fiscal design
- Complications of combined oil and gas progressivity tax (CPT)
- Multi-year and multi-scenario fiscal performance cash flow models
- Conclusions and recommendations

What are the issues for Alaska's fiscal regime when applied to gas?

Alaska is One of Several Potential Long-term Suppliers of Natural Gas to Lower-48 U.S.

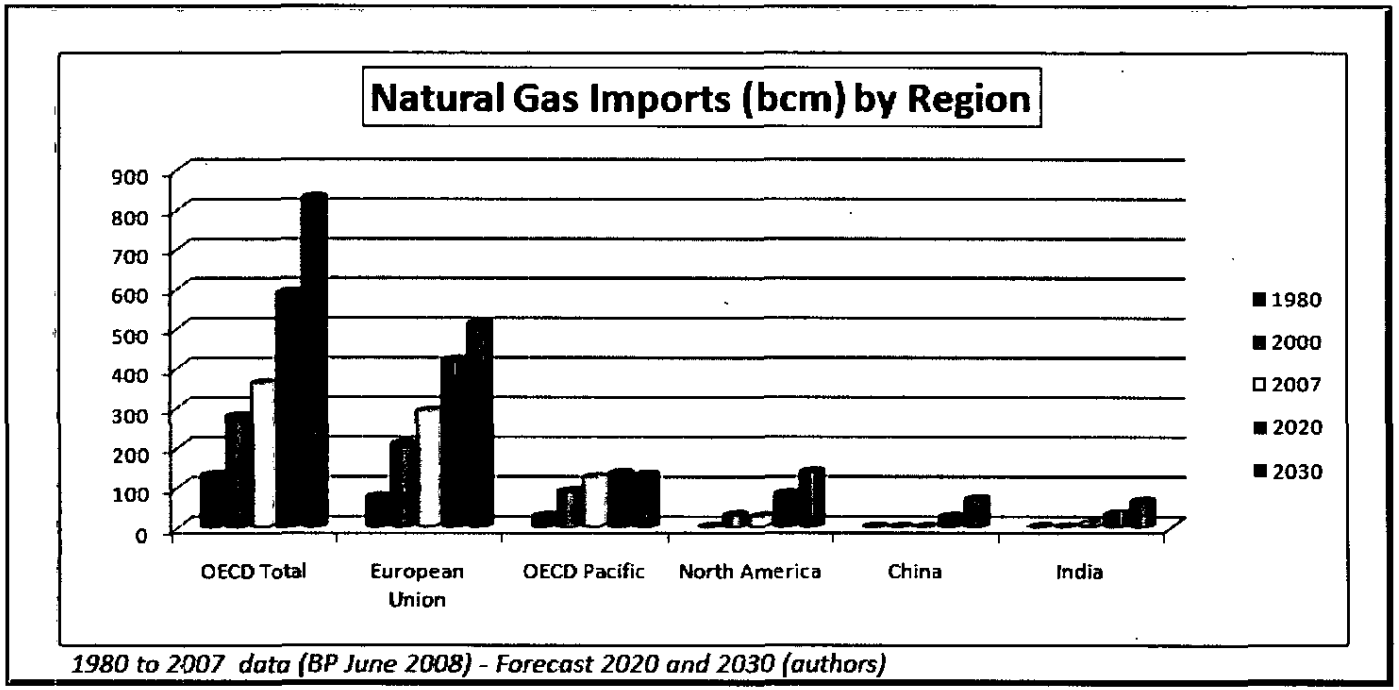


Fiscal terms are one of several factors that influence the delivered price of gas into a market and it is important to understand differences among competing sources.

The differences usually go far beyond a simple percentage sovereign take comparison.

International Gas Markets are Growing - Competition for Gas is Increasing

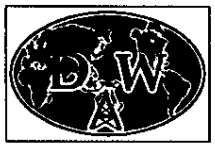
How key global gas import markets compare and are forecast to grow in absolute terms (bcm = billions cubic metres; 35.3 bcf = 1 bcm).



1980 to 2007 data (BP June 2008) - Forecast 2020 and 2030 (authors)

Michael Economides & David Wood , Journal of Natural Gas Science & Engineering, May 2009

Major IOC's are Signing Long-term Binding International Gas Agreements



Some of the large LNG sale and purchase agreements struck in 2009

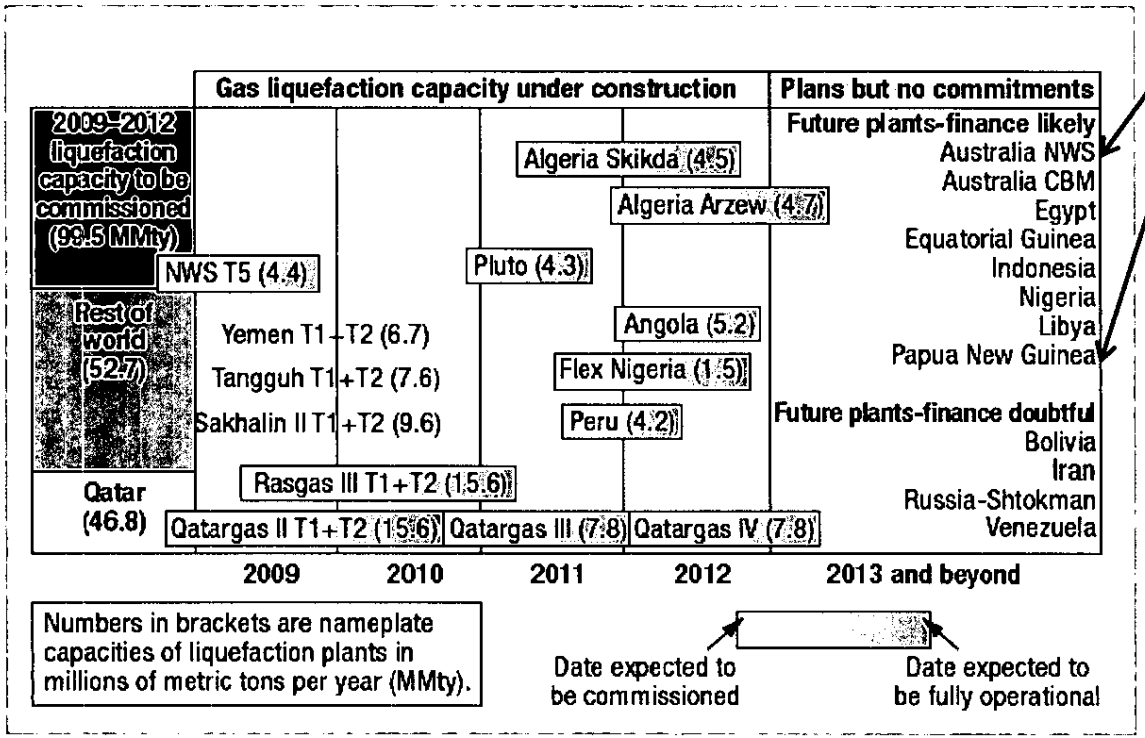
Liquefaction Project	Supplier	Offtaker	Duration, Years	Volume, mtpa	Status	Date Agreed	First Delivery Expected
Gorgon (Australia)	Chevron	Osaka Gas (Japan)	25	1.375	binding	Sept. 2009	2014
Gorgon (Australia)	Chevron	Tokyo Gas (Japan)	25	1.1	binding	Sept. 2009	2014
Gorgon (Australia)	Chevron	Kogas (S.Korea)	15	1.5	HOA	Sept. 2009	2014
Gorgon (Australia)	ExxonMobil	PetroChina (China)	20	2.25	binding	Feb. 2009	2014
Gorgon (Australia)	ExxonMobil	Petronet (India)	20	1.5	binding	May 2009	2014
Wheatstone (Australia)	Chevron	Tepco (Japan)	20	4.1	HOA	Dec. 2009	2016
PNG LNG (Papua New Guinea)	ExxonMobil	Tokyo Gas (Japan)	20	1.8	binding	Dec. 2009	2014
PNG LNG (Papua New Guinea)	ExxonMobil	Osaka Gas (Japan)	20	1.5	binding	Dec. 2009	2014
PNG LNG (Papua New Guinea)	ExxonMobil	Taiwan CPC (Taiwan)	20	.5	HOA	June 2009	2014
PNG LNG (Papua New Guinea)	ExxonMobil	Sinopec (China)	20	2	binding	Dec. 2009	2014
Gladstone (Queensland, Australia)	Santos	Petronas (Malaysia)	20	2	HOA	June 2009	2015
Curtis (Queensland, Australia)	BG	CNOOC (China)	20	3.6	HOA	May 2009	2015
Kitimat (Western Canada)	Kitimat LNG	Gas Natural (Spain)	20	1.6	MOU	July 2009	2013?
Kitimat (Western Canada)	Kitimat LNG	Kogas (S.Korea)	20	2	MOU	June 2009	2013?
Qatargas (Qatar)	Qatargas	CNOOC (China)	Long-term	3	MOU	Nov. 2009	2015?
Qatargas (Qatar)	Qatargas	PetroChina (China)	Long-term	2	MOU	Nov. 2009	2015?

Source: Various media reports

Published by David Wood, World Oil, Feb 2010

Worldwide New Gas Liquefaction Developments to 2013 and Beyond

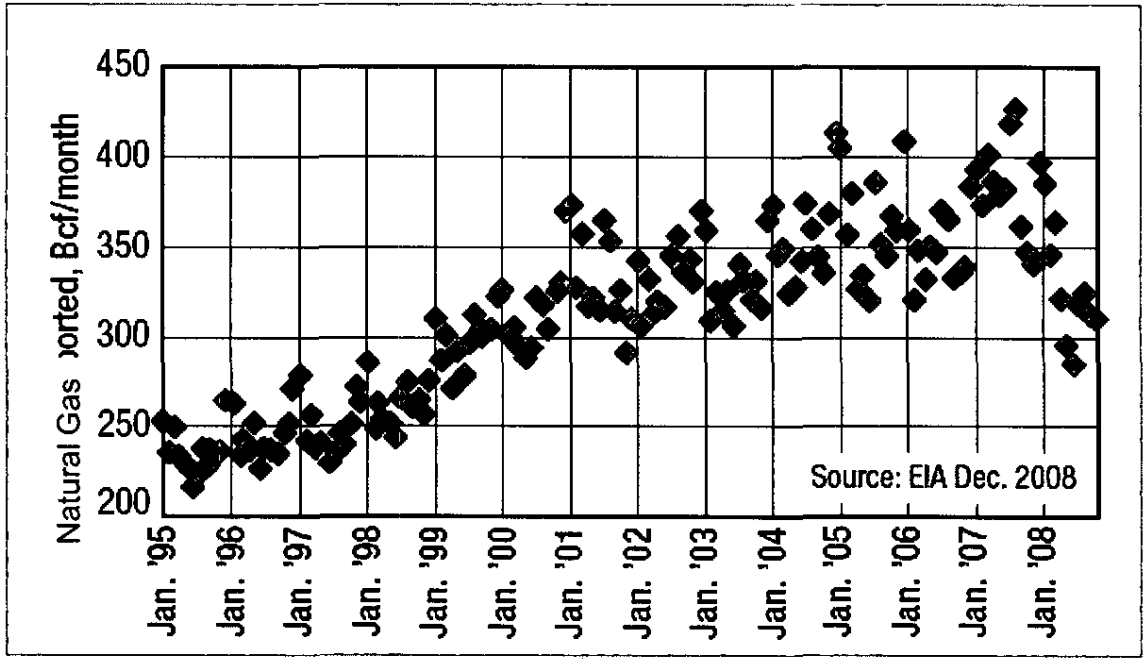
Large new capacity of LNG coming into the market with new plants under construction. Big commitments for new plants in Australasia made progress in 2009.



From David Wood *"Uncertain supply and demand outlook for LNG."* **World Oil** (February 2009)

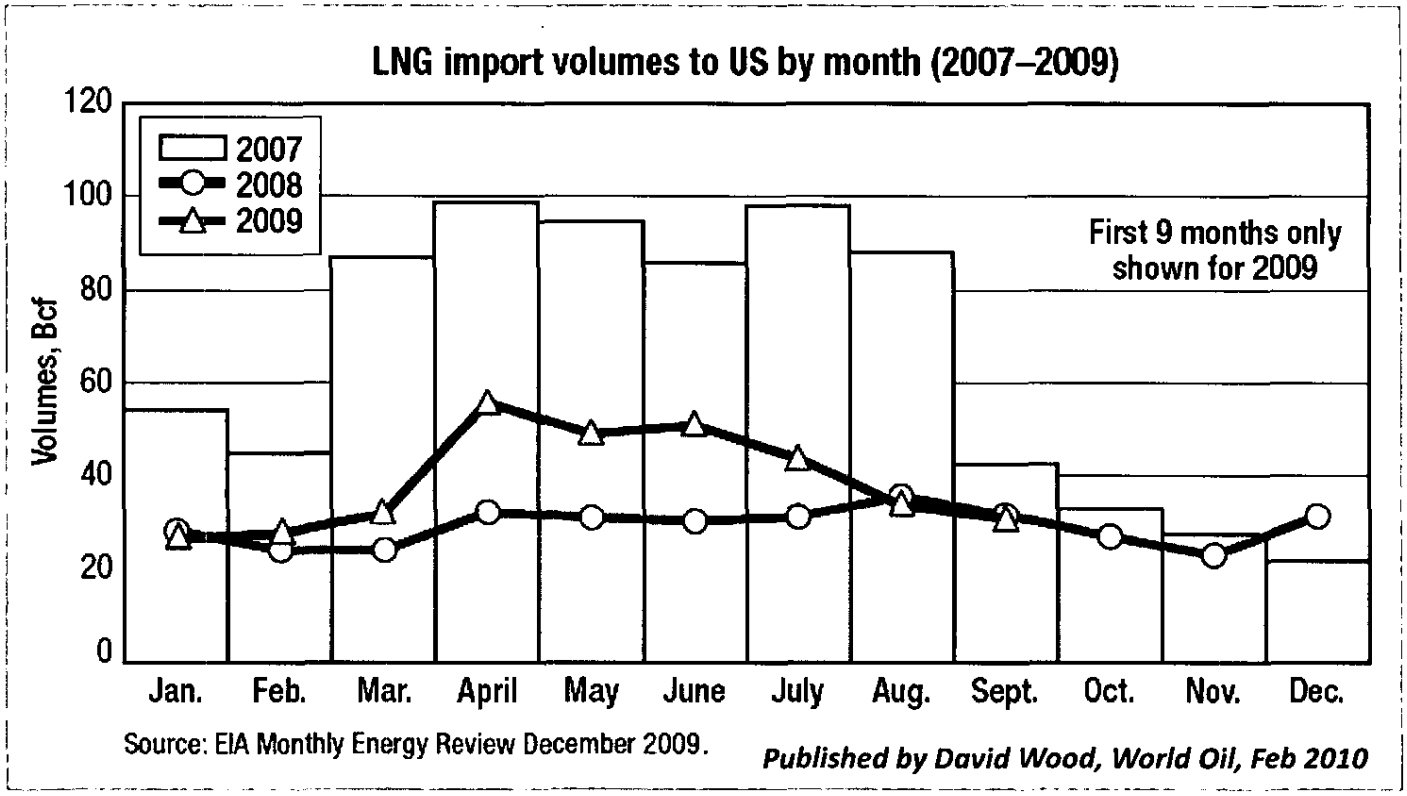
Gas Imports to U.S. Decline in 2008 For First Time in More than a Decade

Greater Lower-48 gas production in 2008, particularly shale gas, led to a reduction in US gas imports which has persisted. Alaska gas will be competing with shale gas for lower-48 which has a different resource and cost base and fiscal structure.

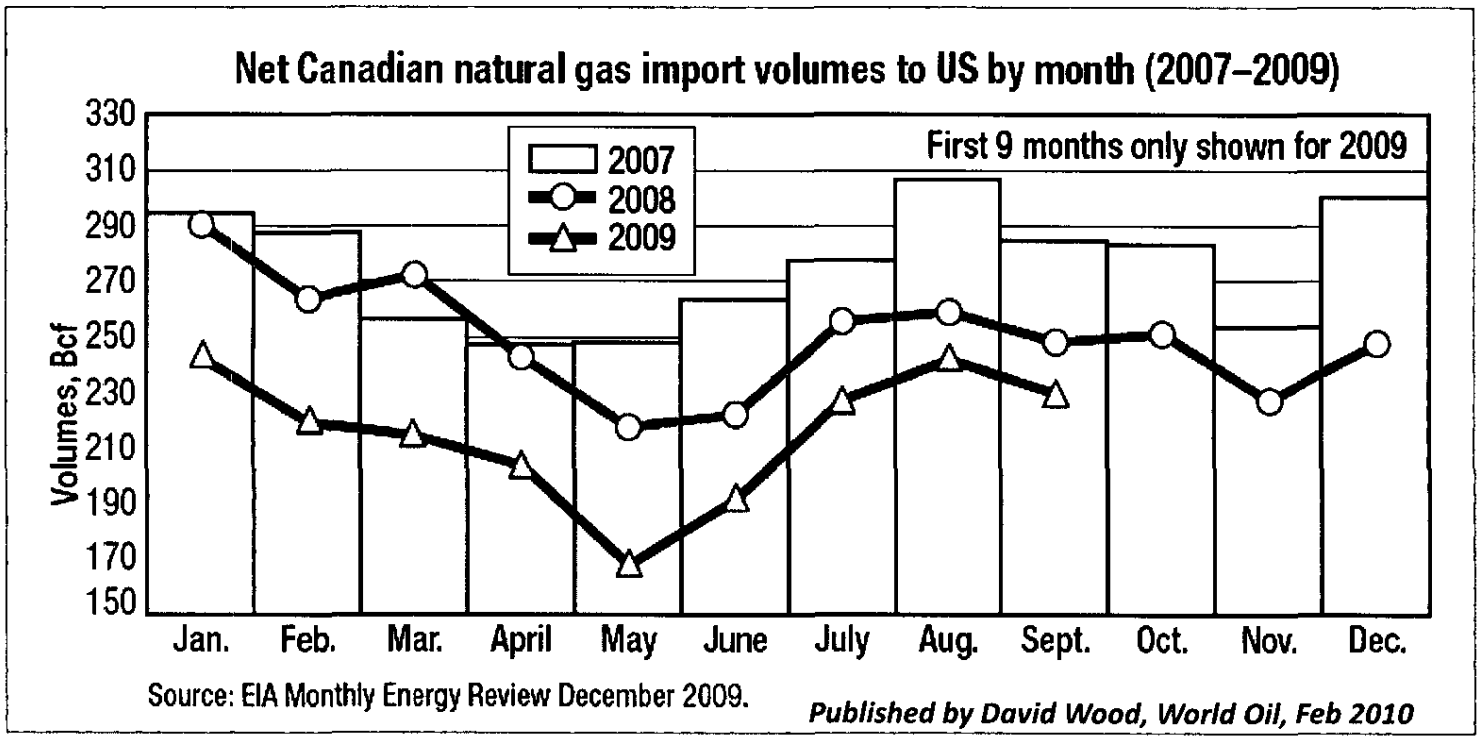


From David Wood *"Uncertain supply and demand outlook for LNG."* **World Oil** (February 2009)

LNG Imports to U.S. are Down
Is that Permanent? Shale Gas Effect?

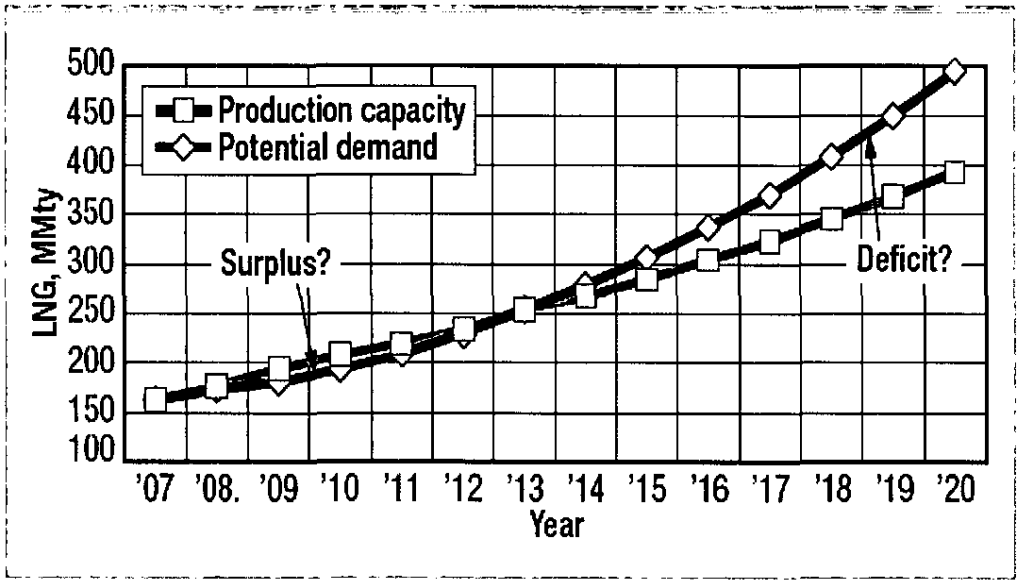


Canadian Gas Imports to U.S. are Down
Is that Permanent? Shale Gas Effect?



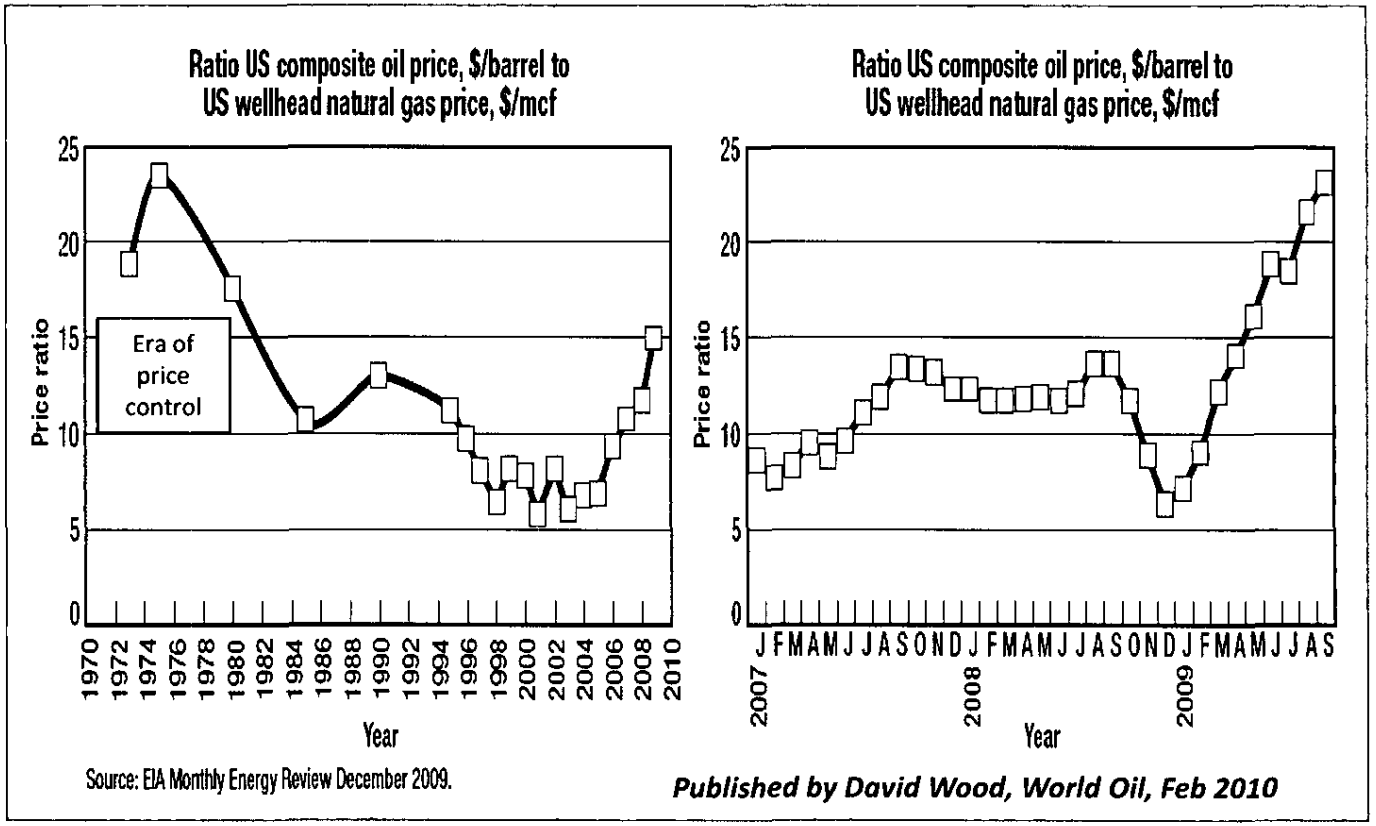
Global LNG Supply Demand Forecast to 2020

Natural gas surplus due to economic downturn and development of competing supplies is leading to over-supply and lower prices forecast to last perhaps to 2012 for internationally traded LNG. This surplus may itself fuel supply shortfalls globally beyond 2013 and higher prices 2015 to 2020.



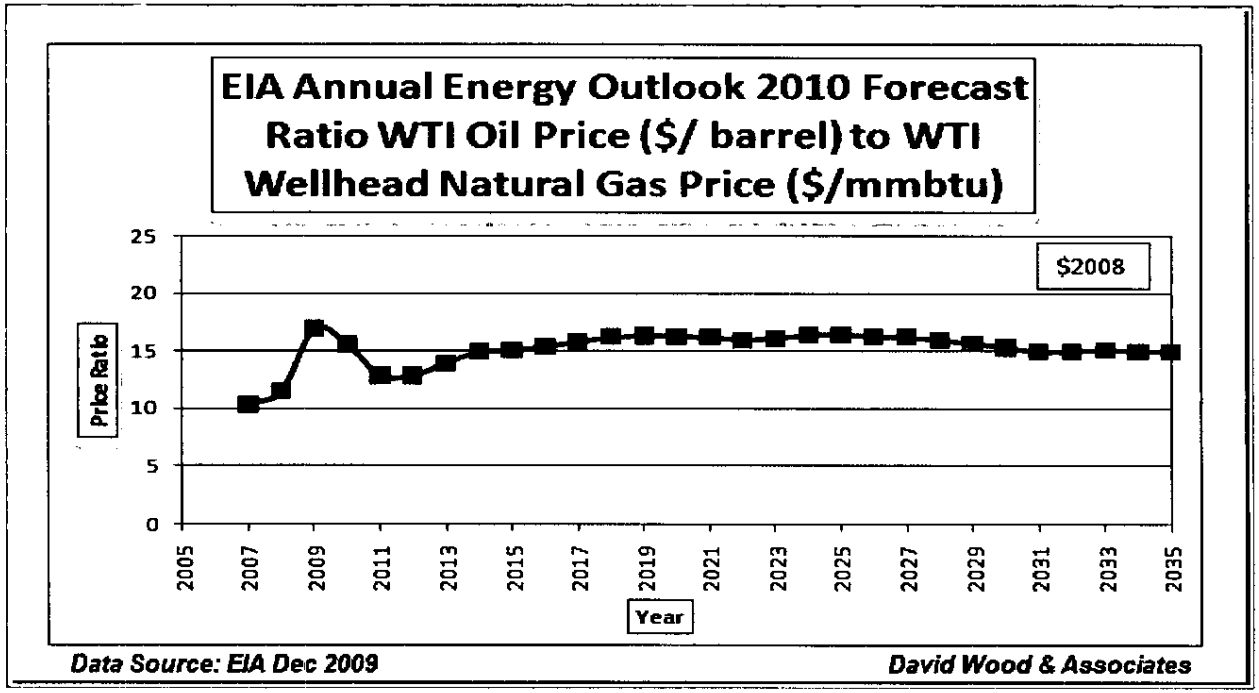
From David Wood *"Uncertain supply and demand outlook for LNG."* **World Oil** (February 2009).

U.S. Oil to Gas Price Ratio
What Range Should Fiscal Designs Consider?



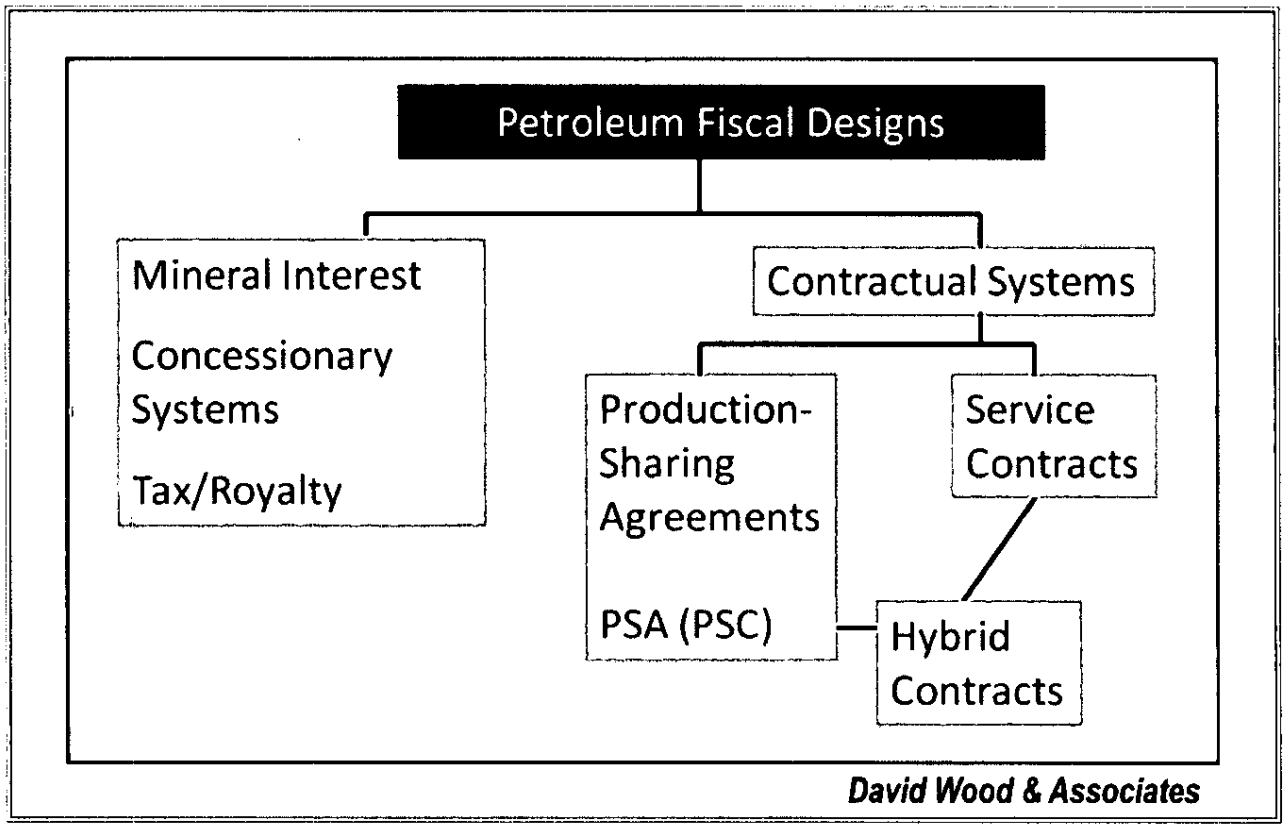
Latest U.S. Government Forecast Shows High Oil to Gas Price Ratios Through to 2035

Fiscal designs should be stable under a wide range of oil: gas price ratios (e.g. stress test them with ratios of 2 to 30).



What are the fiscal designs applied by other countries? and what are the risks and opportunities?

Summary of International Upstream Oil & Gas Fiscal Designs



Norway:
Fiscal Terms Summary

Norway operates a mineral interest system. There are no bonuses or royalties and the fiscal take comes from *progressive* instruments.

- Royalty 0% and no bonuses but marginal tax burden is some 78%
- Corporate Tax (CT) 28% of taxable income
- No ring fences with CT base established at the company Level.
- Special tax rate 50% with investment uplift of 7.5% for 4 years deducted from CT base. Uplift shelters marginal fields.
- Tax of CO_2 emissions at 0.79 NOK (~10 US cents)/ m^3 CO_2
- Gas taxed on bases of actual realised prices.
- Strict rules applied concerning prices of gas transfer between affiliates.
- Stated fiscal strategy is *that the tax system should act as a sleeping partner providing producers with technical control and ensuring that any investment decision that is commercially viable before tax should remain viable after tax.*
- This system secures high fiscal takes for the government (close to 80%), but has still attracted large and small international investors.
- State is actively involved as an equity participant through its NOC (Statoil).

Papua New Guinea (PNG): Fiscal Terms Summary

Papua New Guinea (PNG) operates a mineral interest system. It has relaxed fiscal terms since 1990's as fields under development have declined. Upsurge in interest in large LNG projects led to legislative changes offering progressivity and stability.

- Royalty 2%
- Income tax (IT) 30% for gas (50% for oil)
- Additional Profits Tax (APT) 7.5% after 17.5% post-IT IRR reached for project and 10% after 20% post-IT IRR reached for project.
- State equity participation 22.5% (2% of which goes to landowners)
- Partial carry for the state
- Past exploration costs recoverable through 20-year carry-forwards
- Marginal field incentives: e.g. accelerated depreciation
- ExxonMobil (41.6%) and partners completing FEED studies and a final investment decision for PNG LNG is expected in 2010
- Long-term gas buyers in China and Japan now secured.

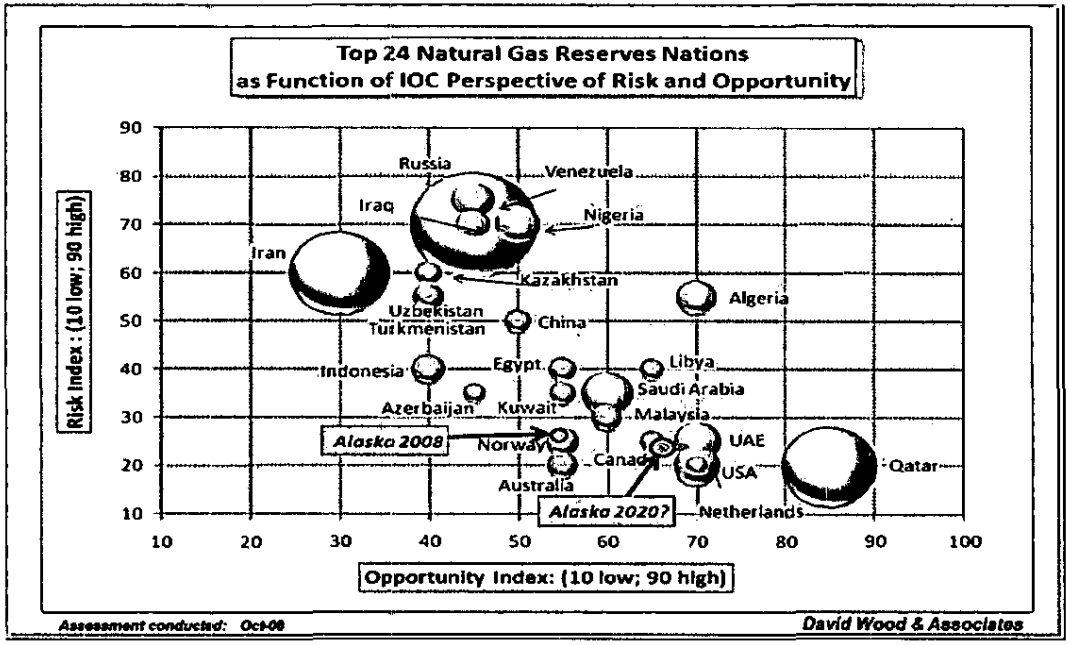
Australia:
Gas Fiscal Terms Summary

Australia operates a mineral interest system. Its fiscal take is above 70% and comparable to that of Alaska, but it is much more successful at securing investment and buyers for its high cost isolated gas resources.

- Australia has progressively shifted from traditional volume based royalty arrangements to the more progressive petroleum resource rent tax (PRRT)
- PRRT is levied at a rate of 40% of a project's taxable profit.
- PRRT payments are deductible for company income tax rate of 30%.
- PRRT is only payable once project cash flow basis achieves a rate of return of 5% over the long term bond rate on the development investments and 15% rate of return over the long term bond rate on exploration or risk capital investment. [This limit and cost uplift prevent PRRT becoming regressive]
- Explorations costs are uplifted at 15% (other costs uplifted at 5%) above long-term bond rate to partially compensate for time-value issues as there is a long lead time from discovery to positive cash flow.
- IOC majors committed in excess of $20 bn investment in LNG projects in 2009.
- Long-term gas buyers in China and Japan now secured.

Alaska Gas Compared on International Scale of Risk versus Opportunity

The diameters of the bubbles are proportional to proved natural gas reserve holdings as reported by BP Statistical Review (June 2008).

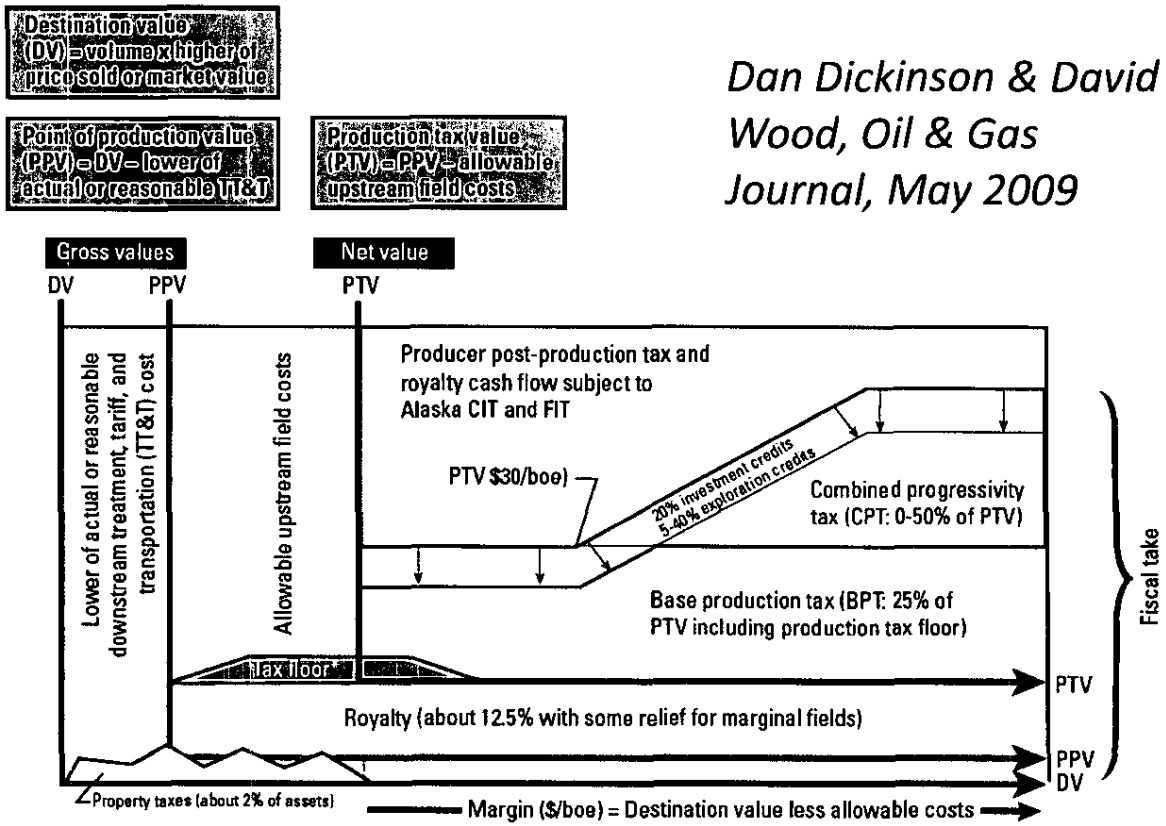


Alaska marked on the framework from David Wood *"Global perspectives required for risk, opportunity analyses."* **Oil & Gas Journal** (9Feb, 2009).

Alaska's Prevailing Fiscal design

Schematic of Alaska's Prevailing Oil & Gas Fiscal Design

Dan Dickinson & David Wood, Oil & Gas Journal, May 2009



Regressive & Progressive Elements of Alaska's Prevailing Oil & Gas Fiscal Design

Regressive fiscal elements	Progressive fiscal elements
• Property taxes are levied on assets in theupstream orTT&T services and shared between the state and local governments • Royalty is levied at point of production value (PPV) • *Tax floor refers to a production floor levied at 0-4% of PPV in place of BPT when that floor value is higher than the BPT value	• Production taxes (BPT and CPT) are taxes paid on net value or margin • Progressivity component of production tax (CPT) commences at PTV of $30/boe • Alaska corporate income tax (CIT) of 9.4% is levied on producer's worldwide income apportioned to Alaska. CIT is deductible from federal income tax (FIT)

Dan Dickinson & David Wood, Oil & Gas Journal, May 2009

Key Regressive Elements in Alaska's Prevailing Fiscal Design

There are three elements that make Alaska's prevailing fiscal design regressive.

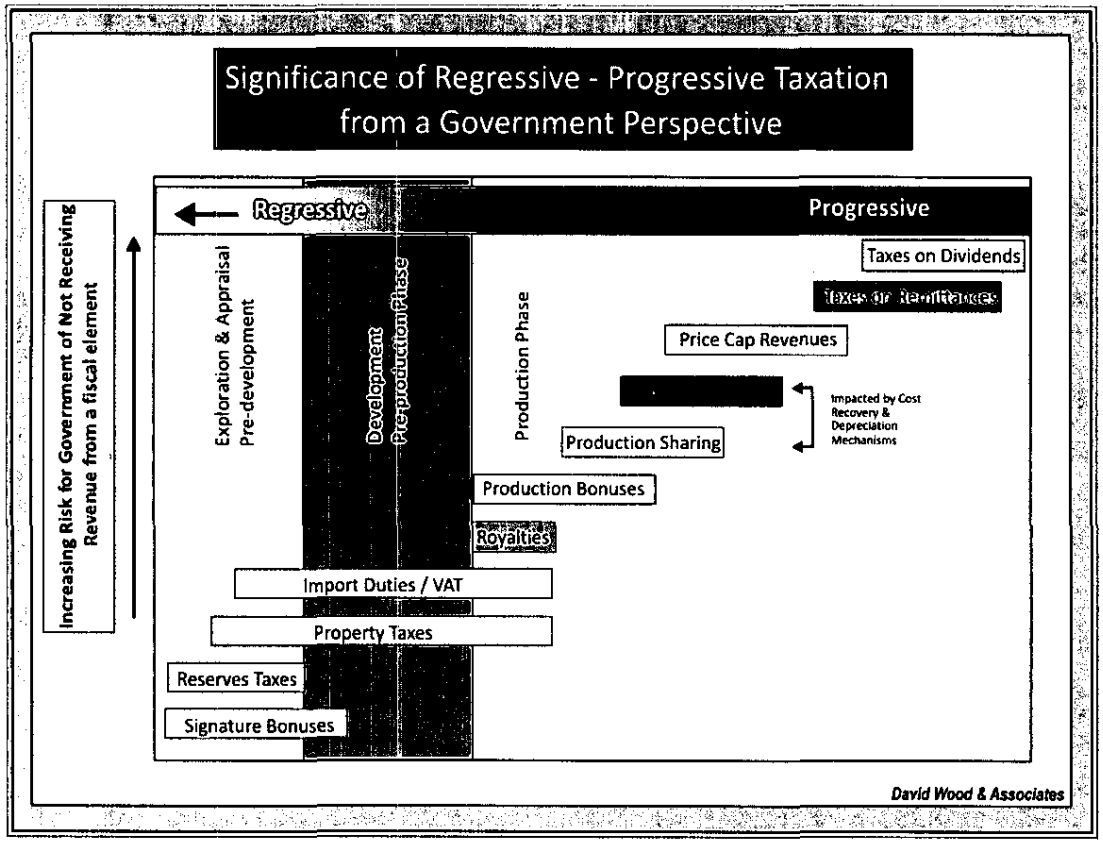
- Royalty
- Property Taxes
- Production Tax Floor

These regressive elements are partially offset by:

- Investment credits (exploration and development)
- Production taxes (levied after deduction of all allowable costs)
- Progressivity tax (only levied on high value streams)

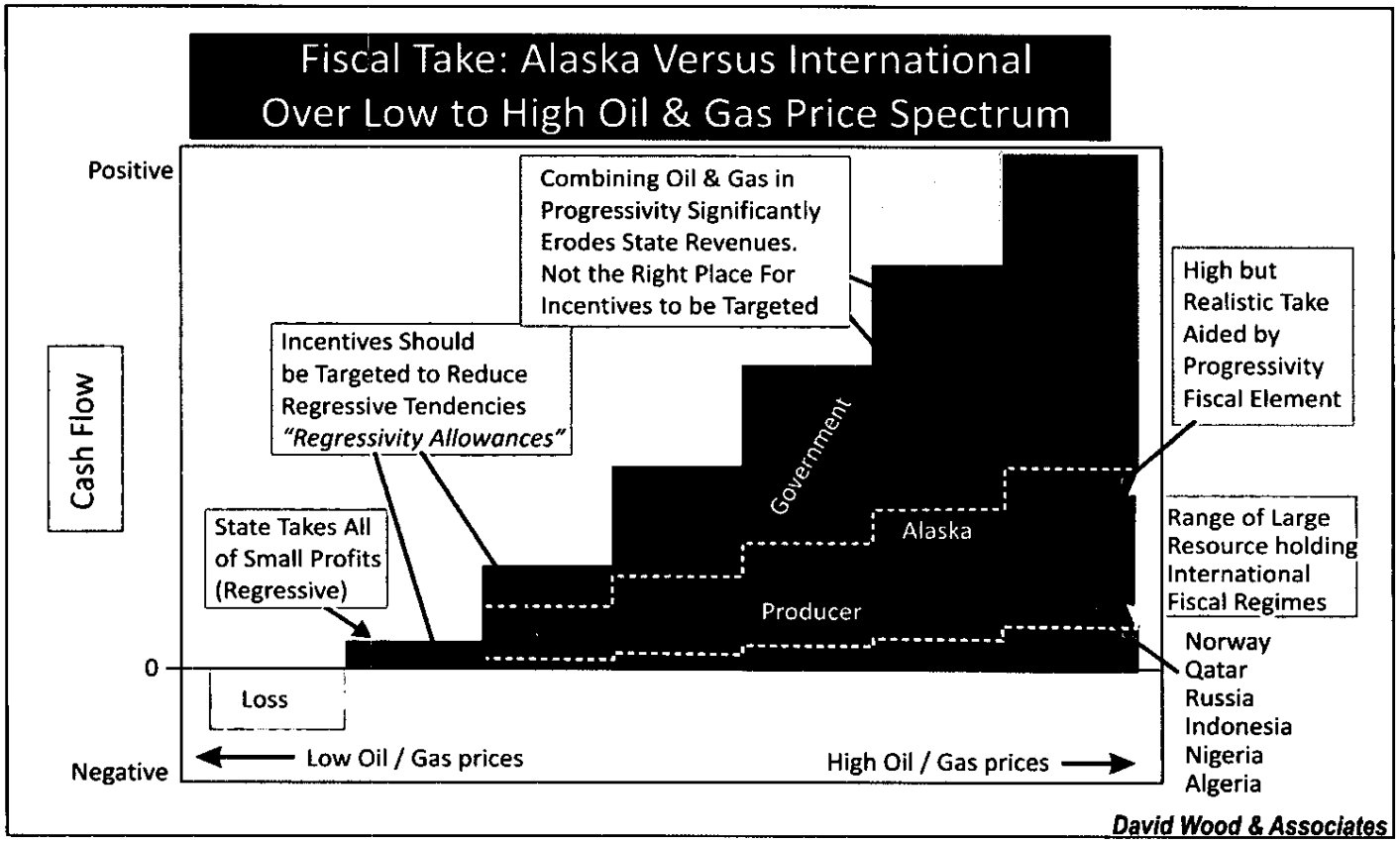
Other allowances / credits for producers should be considered to offset impacts of regressive elements coupled with tougher progressivity terms.

Progressive & Flexible Fiscal Designs Help to Promote Investment



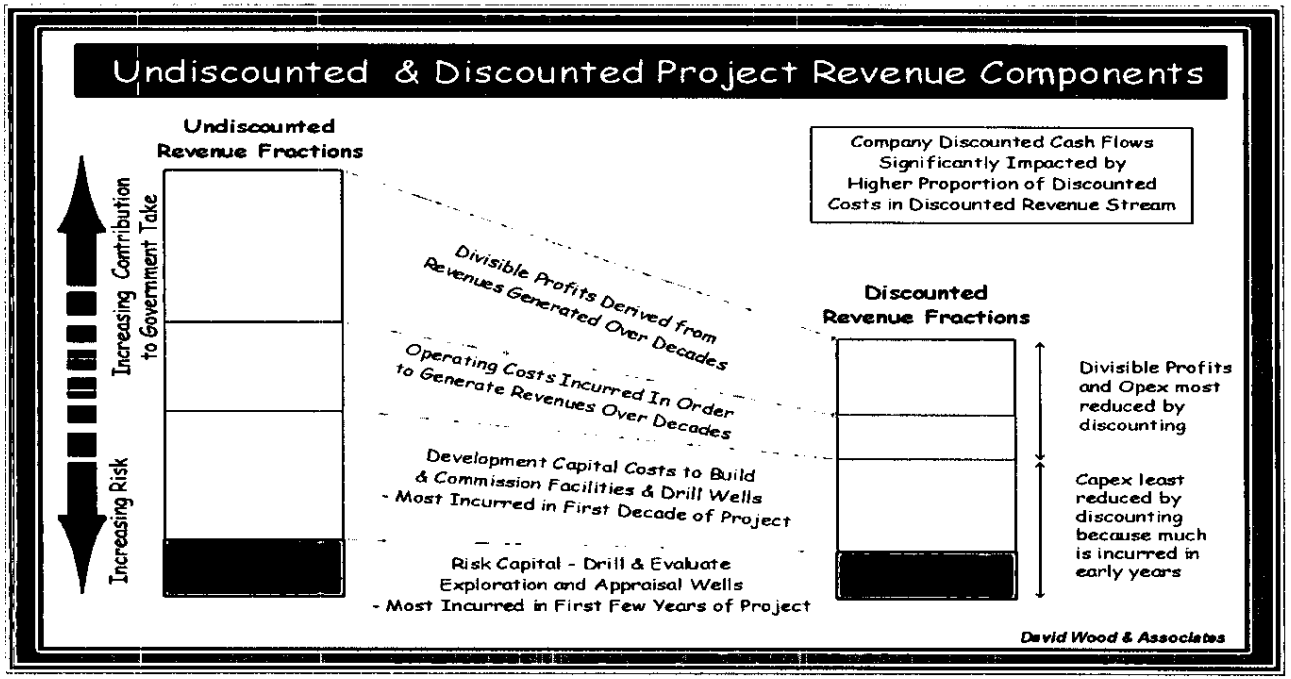
The stronger the commitment made by governments to promote a commercially attractive environment, the more likely investors are to commit investments without guarantees of fiscal stability.

Progressivity Should Work Well For Alaska: It's the Regressive Elements that Need Relief



High Discount Rates Suggest Higher Government Take of Revenues

It is appropriate for governments to use lower discount rates than producers. However, high discount rates impact *long-term* divisible profits and operating costs more than upfront capital costs so diminish producer take.



Complications of combined oil and gas progressivity tax (CPT)

Problems with Alaska's Current Progressivity Tax from the Natural Gas Perspective

The models of a wide range of gas field sizes suggest three issues associated with calculating production tax values using a combined oil and gas (boe) revenue stream.

- Large gas production volumes contributing low value to high value oil production can dilute the PTV/boe and progressivity of the combined stream.
- The PTV / boe threshold (i.e., trigger point) at which progressivity tax becomes initially payable are set too high for natural gas.
- Tying the production tax floor to PPV can lead to regressive consequences for gas producers in high cost / low value conditions.

Impact of Natural Gas on Combined Oil & Gas Production Tax

Analysis has identified that three factors are relevant to the dilution effects under prevailing production tax paid by an existing oil- only case with the addition of gas production (and vice versa – i.e. oil added to a gas-only case). These factors are:

1. Magnitude of value differential between oil and gas streams (high oil value minus low gas value, or high gas value minus low oil value);

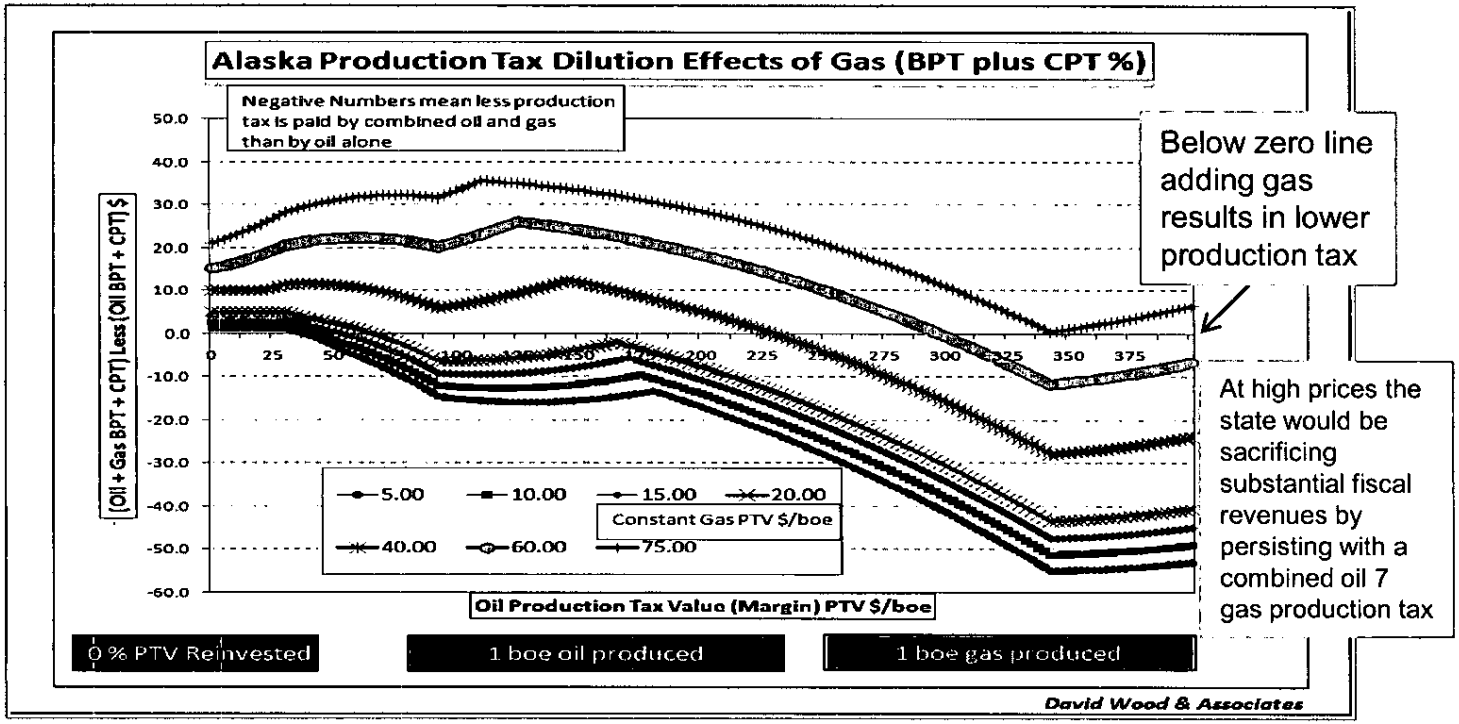
2. Relative volumes of oil and gas produced contributing to combined production tax boe stream.

3. Amount of PTV reinvested, which depending on the PTVs of each stream can have a significant impact

An Excel computer model has been developed to test these three factors.

Natural Gas Dilution Effects on Combined Oil & Gas Production Tax

The trends are non-linear with slope changes because of the changing gradients of the production tax progressivity mechanism (i.e. 0.4/boe to 0.1/boe) and the threshold values at which those changes occur.



DOR High-level Model Adjusted To Calculate Oil & Gas Combined as BOE

The Department of Revenue (DOR) model presented on 22 Feb 2010 has been reviewed and tested for functionality . With a few minor corrections and modifications to this model can be made to calculate 1 boe rather than 1 barrel by adding inputs for:

	One BOE Comparison of Current to Modified				
14.17	Natural Gas Destination Price $/mmbtu	6	Oil:Gas Price (Parity X:1)		
	Modifications - $ Per Barrel				Oil:Gas Parity Fraction Macro DW
0.5	Fraction of Natural Gas to Oil in boe production			generic mmbtu/boe:	6
24.0	Gas Transport Cost $/boe				
	Item	Current $/boe	Modified $/boe	Difference $/boe	
85	Base Case Oil Price				
	Determining the per barrel taxable value at the point of production				
85	Boe Destination Price (Oil:Gas Mix)	$85.00	$85.00	$0.00	Destination prices for crude and gas
7	Less Transportation Cost (oil:gas mix)	$15.50	$15.50	$0.00	For oil = TAPS tariff plus shipping
	Gross Value at Point of Production	$69.50	$69.50	$0.00	
0.125	Royalty	$8.69	$8.69	$0.00	By lease with 12.5% most common
16.26	Less Upstream Costs	$16.26	$16.26	$0.00	Opex plus Capex
	Production Tax Value (PTV)	$44.55	$44.55	$0.00	
	Taxable Barrels (1-royalty %)	0.875	0.875	$0.00	
	PTV / taxable bbl	$50.92	$50.92	$0.00	Gross Up Production

Modifications Made to DOR Model to Calculate BOE

- (A) Oil: Gas Price Parity (Cell C3) and used that to calculate a gas price ($ mmbtu) (cell A3)
- (B) Gas: Oil fraction per boe of production (cell A5)
- (C) Gas transportation cost (Cell A6)
- (D) The defined 6 mmbtu per boe from ACES (Cell F5)

These inputs are then used to recalculate:

- A boe destination price in cells C10 and D10 (rather than just oil price in DOR version)
- A boe transportation cost in cells C11 and D11 (rather than just oil price in DOR version)

Note: By setting A = 6 and B=0 the rest of the workbook calculates as it was presented by DOR (with corrections mentioned above). I have not reformatted the sheet but left it as per DOR's layout.

Case Combinations Evaluated with Modified DOR High-level Model

Variables		
Oil Price $/barrel	Oil: Gas Price Parity (X:1)	Fraction Gas: Oil (0 to 1)
20	2	0.0
40	4	0.1
60	6	0.2
80	8	0.3
100	10	0.4
120	12	0.5
140	14	0.6
160	16	0.7
180	18	0.8
200	20	0.9
300	30	1.0
Base Case		
85	6	0.5

In this modified form the workbook can be used to model the impacts of oil and gas streams of various proportions and price parities using DOR's high-level Alaska tax methodology.

The input data for the three key variables used can be varied by changing the values in the new table located in cell range C46:E60, which can be set to a user's preference.

A macro then evaluates and records selected outputs for all oil and gas scenarios.

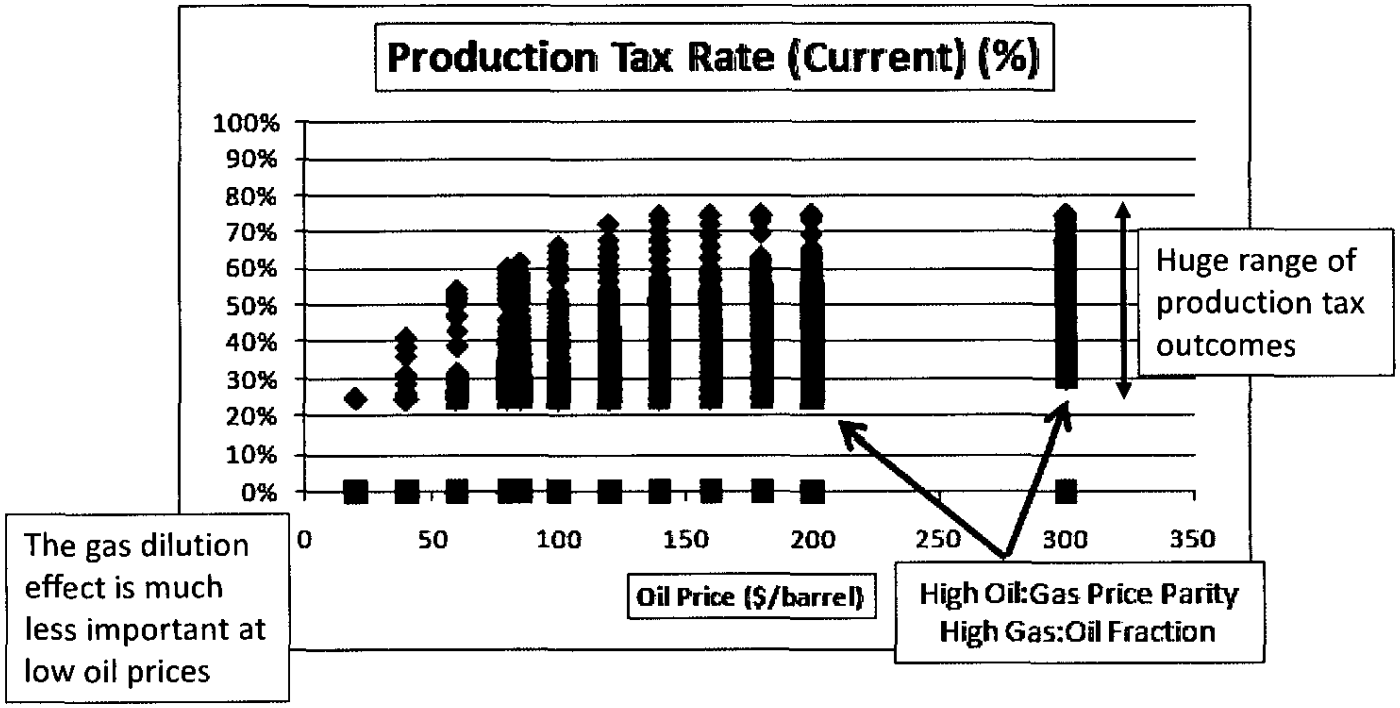
Macro Calculates Large Number of Price Parity and Gas Fraction Cases Rapidly

For the 12 X 12 X 12 input matrix the macro calculates 1728 values for each output variable recorded (more than 20000 values for 12 variables recorded). The macro places the recorded data into a table for analysis.

- For current and modified terms the macro records:
  - Production Tax Rate % from cell C25 on sheet Calc
  - Production Tax Value $/boe from cell C29 on sheet Calc
  - Producer's Take Rate from cell C42 on sheet Calc
  - Producer's Total Value $/boe from cell C37 on sheet Calc
  - State Take Rate % from cell C39 on sheet Calc
  - State Total Value $/boe from cell C33 on sheet Calc

Production Tax Rate Analysis for 1728 Macro Scenarios for Combining Oil and Gas

The red squares are the cases in which oil:gas price parity is >10 and gas:oil fraction of production mix is >0.5 on a boe basis.



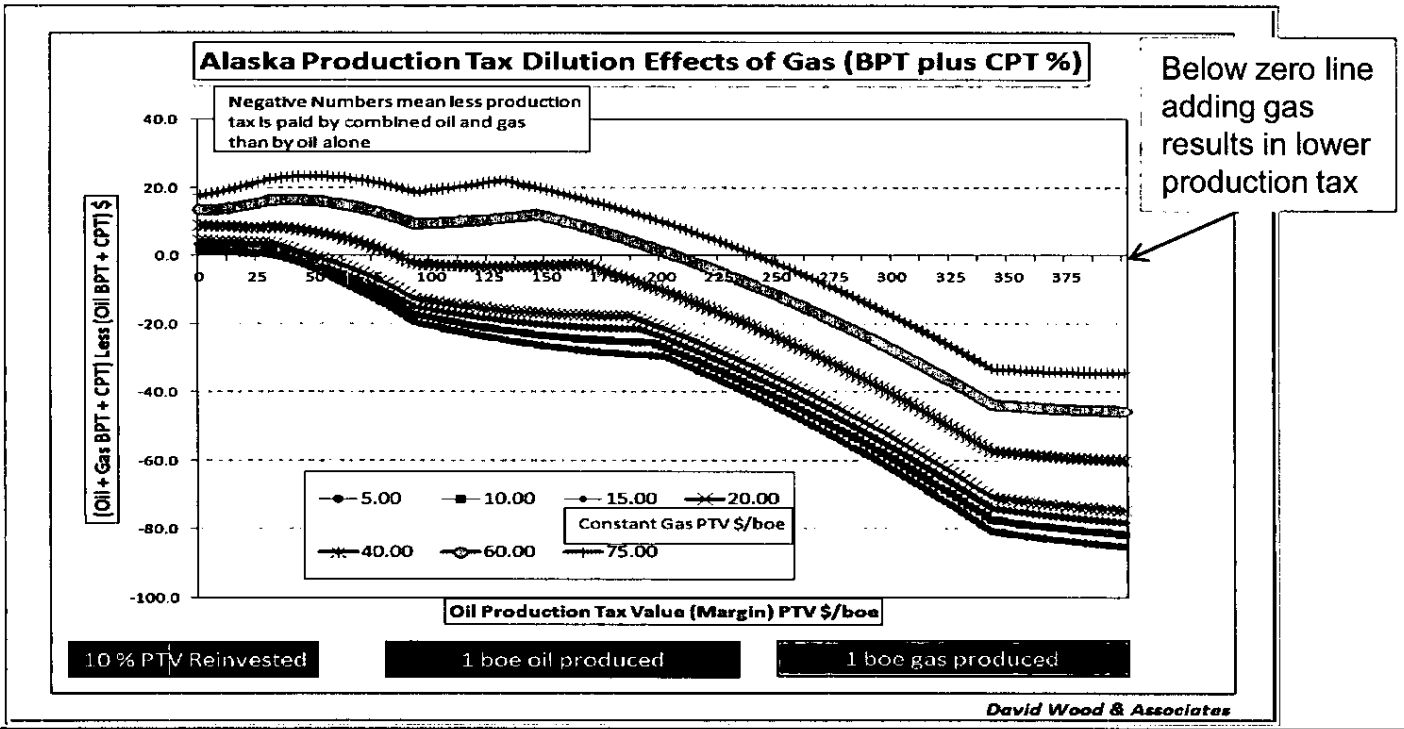
Conclusions from Combined Oil & Gas Production Tax Model

For the 12 X 12 X 12 input matrix the macro calculates 1728 values for each output variable recorded (more than 20000 values for 12 variables recorded). The macro places the recorded data into a table for analysis.

- It would be more stable to calculate Alaska's oil and gas production taxes separately and avoid boe complications particularly as oil : gas price ratio is unpredictable
- The dilution effect of gas should not be treated as a fiscal incentive as it is unpredictable in its impact
- Significant fiscal benefits of occasional price spikes on high production tax for gas or oil could be lost by persisting with a boe basis or combined calculation of the production tax value.

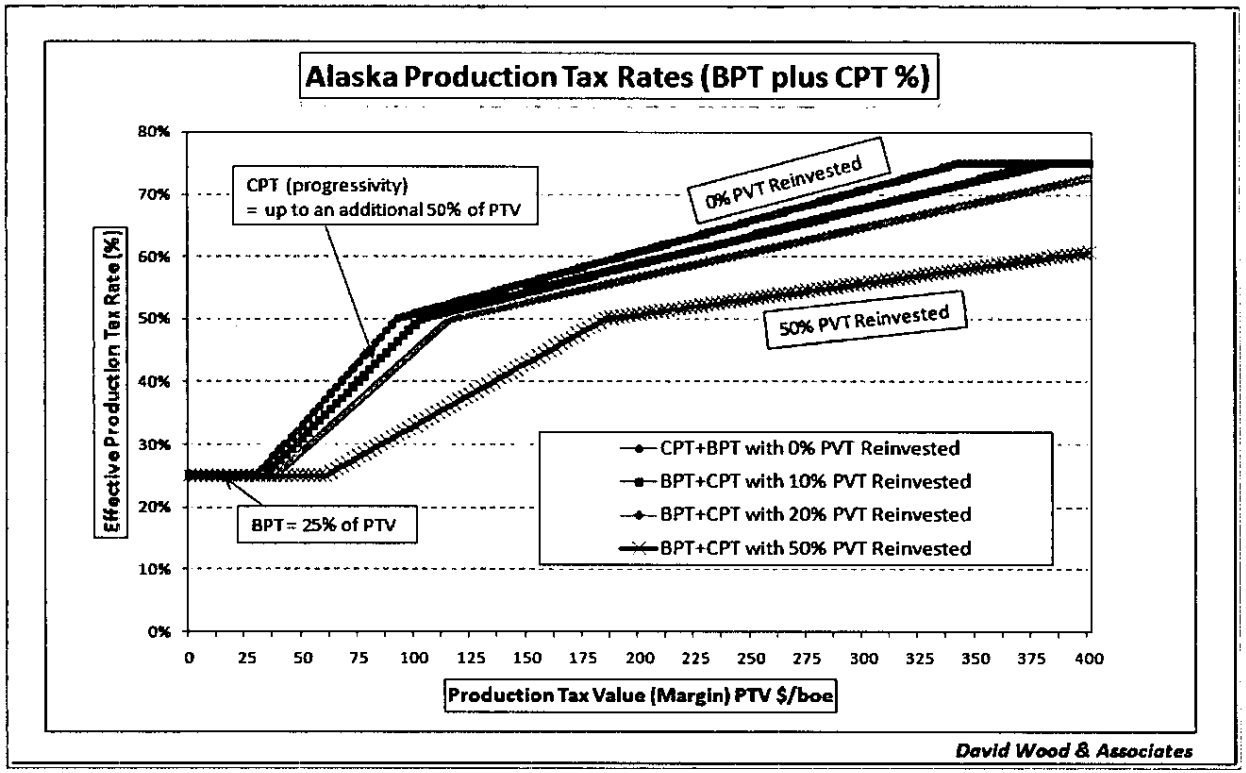
Natural Gas Production Tax Dilution Effects Impacted by Reinvestment

If some of the PTV is reinvested the reduction in production tax paid is significantly greater. This graph shows the impact of 10% reinvestment. [Model results presented in January 2009].



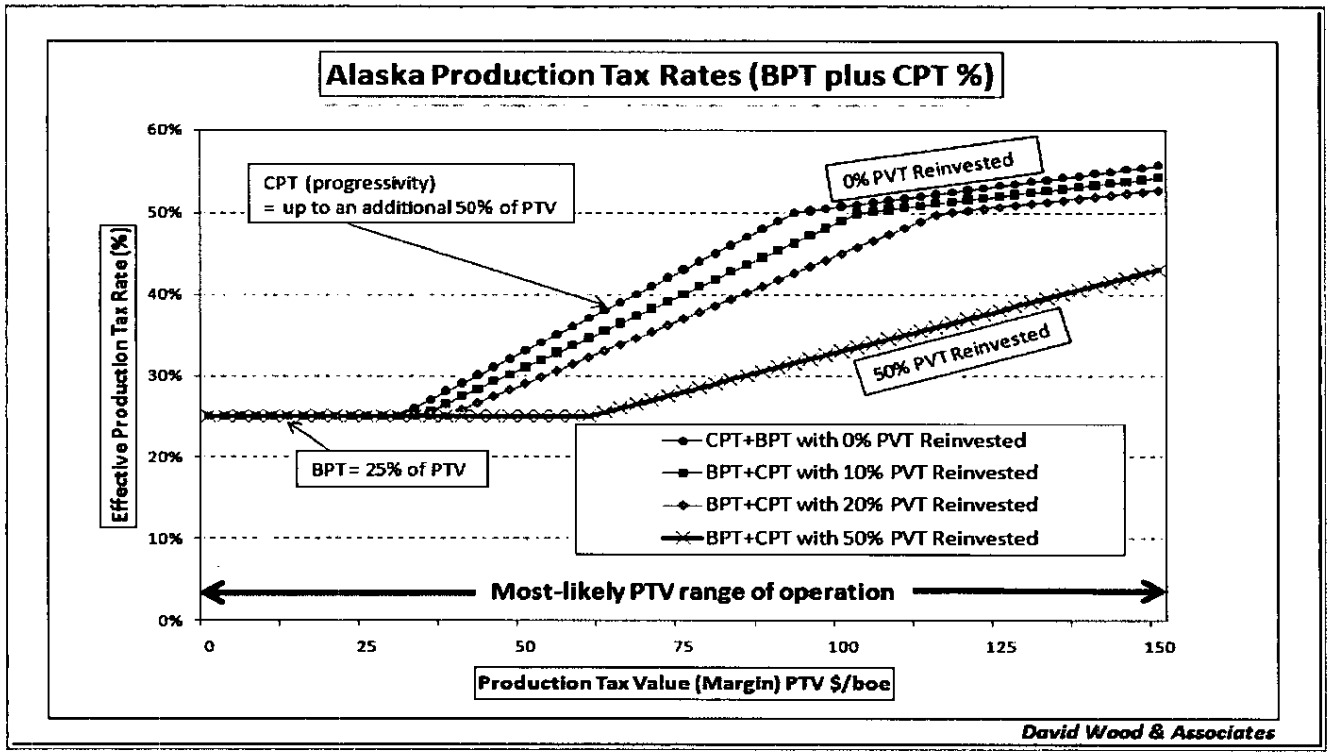
Natural Gas Production Tax Dilution Different Reinvestment Scenarios

The impact of several reinvestment scenarios – 0% , 10%, 20% and 50% of PTV - on production tax rates are illustrated in this graphic.



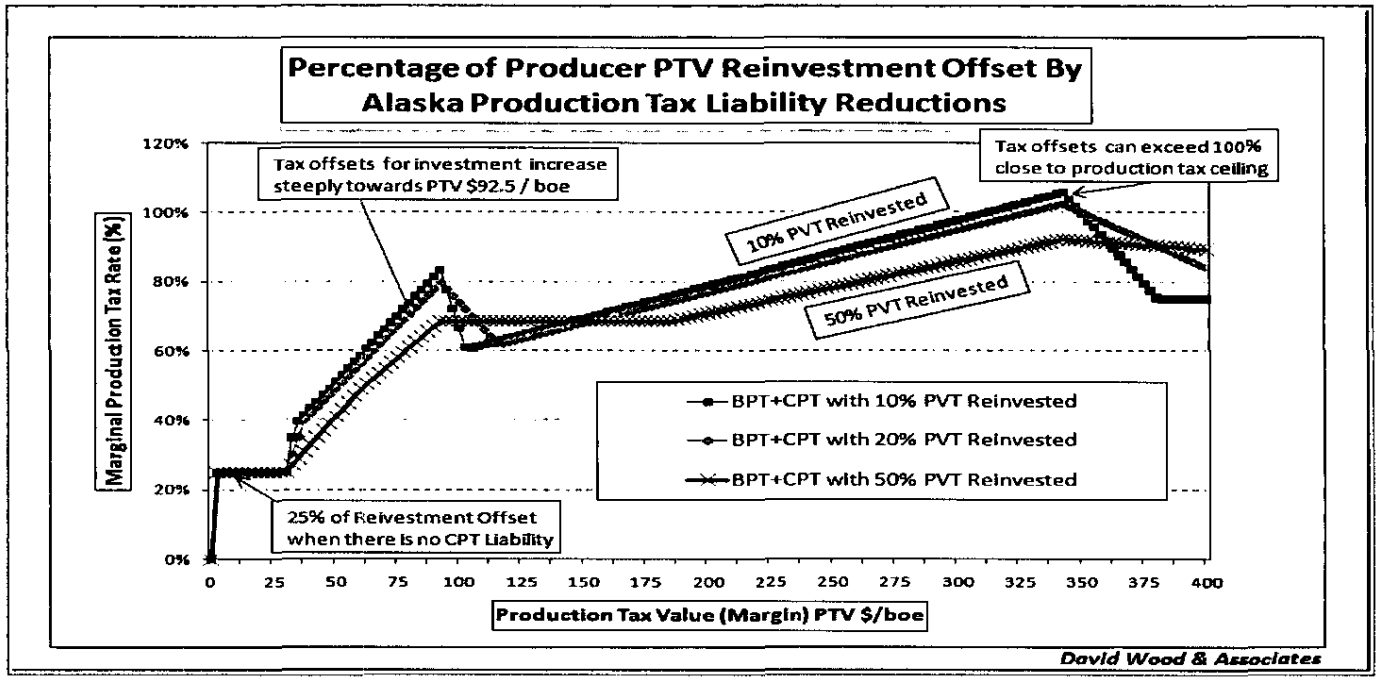
Reinvestment Scenarios For PTV Range $30/boe to $150/boe

For example production tax rate can be reduced from 49% to 42% at PTV $90/boe by reinvesting 20% of the PTV.



Marginal Production Tax Rates Seen by a Producer for Reinvestment Dollars

The vertical axis shows the percentage tax reduction associated with the incremental re-investment (or the marginal tax rate offset by the producer by its reinvestment). Note the peak around PTV$90/boe and values above 100% at PTV $350/boe plus multiple crossover points.



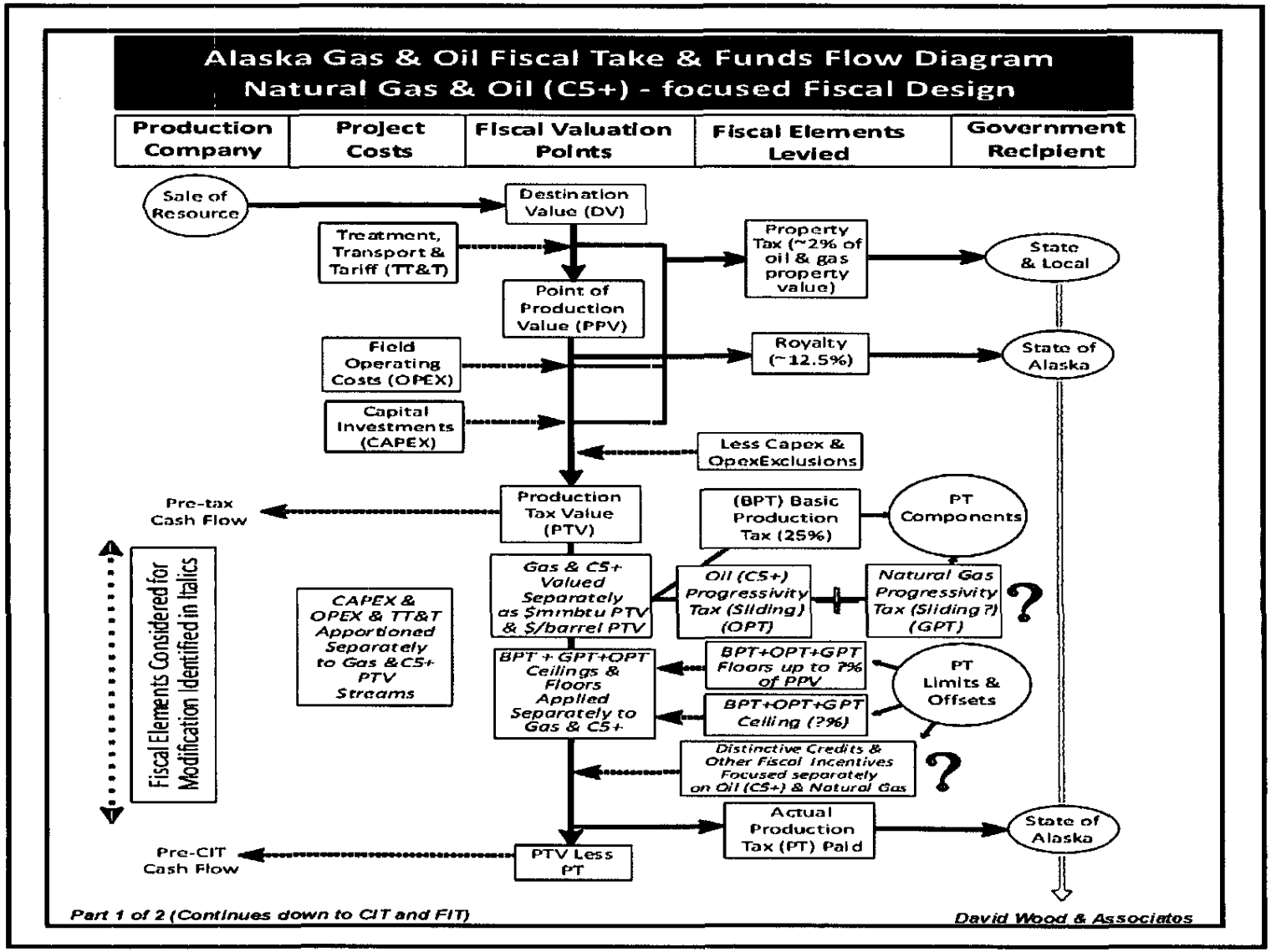
Implications of Combined Oil & Gas Production Tax Analysis

The analysis suggests that the prevailing production tax system has the following complications to address:

1. It is difficult to predict (from tax authority & producer perspectives) and relationships between oil and gas tax liabilities are non-linear;

2. The magnitude of combined production tax impact caused by adding a gas production stream varies with relative oil and gas PTVs, oil and gas volumes and percentage of PTV re-invested;

3. Without detailed analysis (and speculative forecasting of oil and gas prices and boe contributions) Alaska's production tax outcomes can be counterintuitive (e.g. higher prices can lead to lower tax revenues collected by the State in some scenarios).


Alaska Gas & Oil Fiscal Take & Funds Flow Diagram
Natural Gas & Oil (C5+) - focused Fiscal Design
Production Company
Project Costs
Fiscal Valuation Points
Fiscal Elements Levied
Government Recipient
Sale of Resource
Destination Value (DV)
Treatment, Transport & Tariff (TT&T)
Property Tax (~2% of oil & gas property value)
State & Local
Point of Production Value (PPV)
Field Operating Costs (OPEX)
Royalty (~12.5%)
State of Alaska
Capital Investments (CAPEX)
Less Capex & OpexExclusions
Pre-tax Cash Flow
Production Tax Value (PTV)
(BPT) Basic Production Tax (25%)
PT Components
Gas & C5+ Valued Separately as $/mmbtu PTV & $/barrel PTV
Oil (C5+) Progressivity Tax (Sliding) (OPT)
Natural Gas Progressivity Tax (Sliding ?) (GPT)
?
CAPEX & OPEX & TT&T Apportioned Separately to Gas &C5+ PTV Streams
BPT + GPT+OPT Ceilings & Floors Applied Separately to Gas & C5+
BPT+OPT+GPT Floors up to ?% of PPV
BPT+OPT+GPT Ceiling (?%)
PT Limits & Offsets
Distinctive Credits & Other Fiscal Incentives Focused separately on Oil (C5+) & Natural Gas
?
Fiscal Elements Considered for Modification Identified in Italics
Actual Production Tax (PT) Paid
State of Alaska
Pre-CIT Cash Flow
PTV Less PT
Part 1 of 2 (Continues down to CIT and FIT)
David Wood & Associates

Alternative Drivers of Gas Progressivity Tax Evaluated by Fiscal Model

Ten different mechanisms are evaluated. No.1 represents the status quo evaluating gas progressivity as a combined revenue stream with oil (boe) were reviewed in December 2008 report to legislature.

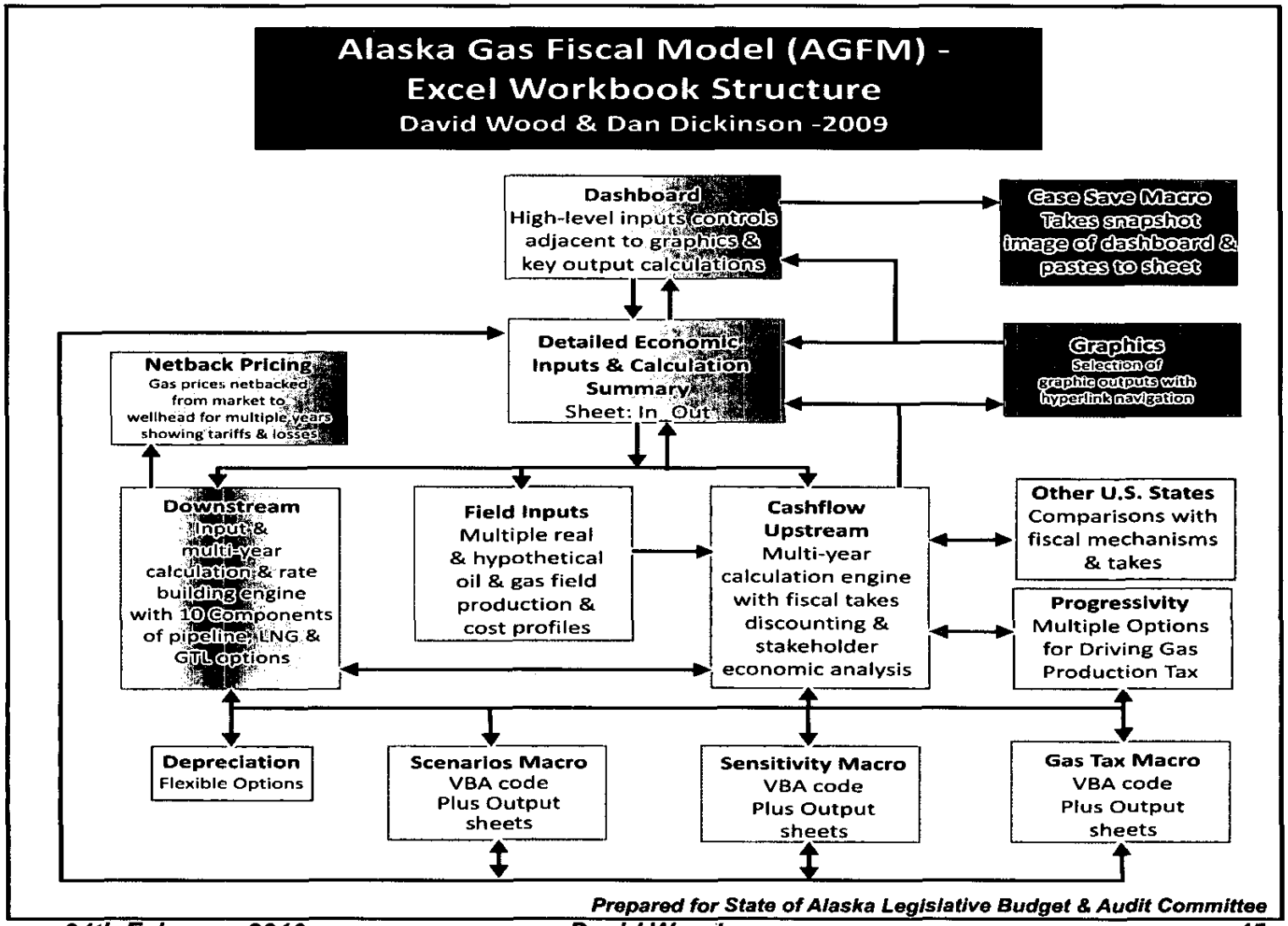
1. CPT: 2008 Rules (combined PTV/boe)
2. GPT / OPT: separates gas and oil on PTV/boe scale ← The easiest first step
3. GPT /OPT: progressivity applied to only 33% of gas PTV
4. GPT: Gas PTV (based on Gas PTV / mmbtu)
5. GPT: R-Factor (cumulative PPV less royalty/cumulative gas costs)
6. GPT: IRR (Investor's Rate of Return of cumulative PTV)
7. GPT: Cumulative gas reserves produced
8. GPT: Annual gas production volumes
9. GPT: Cumulative gas PTV
10. GPT: Mechanism #9 plus allowances to counter regressive elements

Multi-year and multi-scenario fiscal

Integrated upstream & downstream

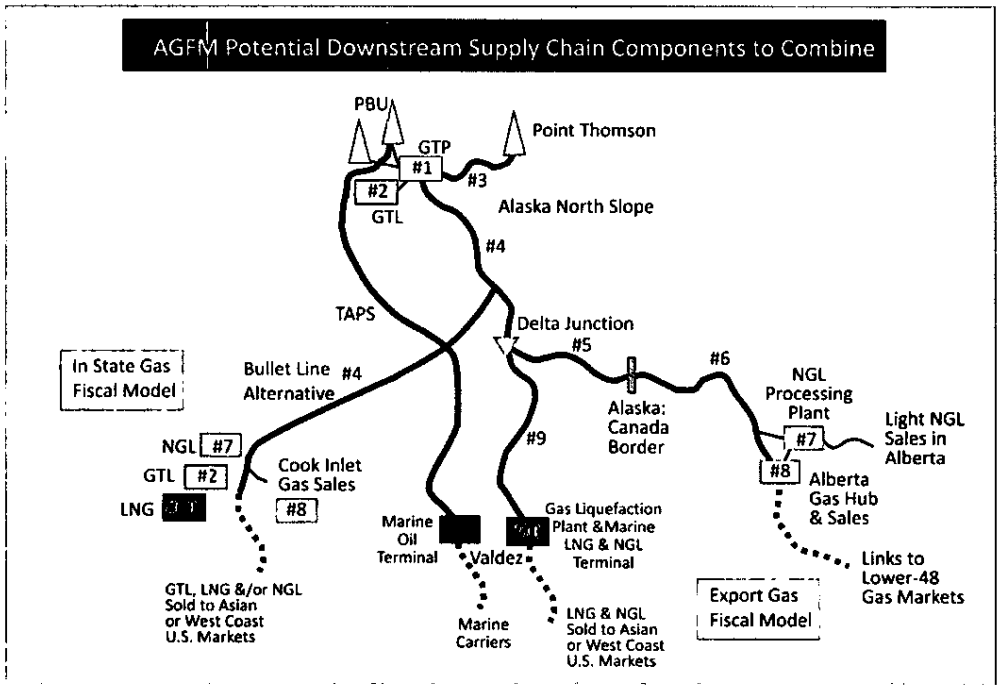
performance cash flow model

AGFM – Alaska Gas Fiscal Model


Alaska Gas Fiscal Model (AGFM) -
Excel Workbook Structure
David Wood & Dan Dickinson -2009
Dashboard
High-level inputs controls adjacent to graphics & key output calculations
Case Save Macro
Takes snapshot image of dashboard & pastes to sheet
Detailed Economic Inputs & Calculation Summary
Sheet: In_Out
Graphics
Selection of graphic outputs with hyperlink navigation
Netback Pricing
Gas prices netbacked from market to wellhead for multiple years showing tariffs & losses
Downstream
Input & multi-year calculation & rate building engine with 10 Components of pipeline, LNG & GTL options
Field Inputs
Multiple real & hypothetical oil & gas field production & cost profiles
Cashflow Upstream
Multi-year calculation engine with fiscal takes discounting & stakeholder economic analysis
Other U.S. States
Comparisons with fiscal mechanisms & takes
Progressivity
Multiple Options for Driving Gas Production Tax
Depreciation
Flexible Options
Scenarios Macro
VBA code Plus Output sheets
Sensitivity Macro
VBA code Plus Output sheets
Gas Tax Macro
VBA code Plus Output sheets
Prepared for State of Alaska Legislative Budget & Audit Committee

AGFM Now Extended to Evaluate In-state Gas Scenarios

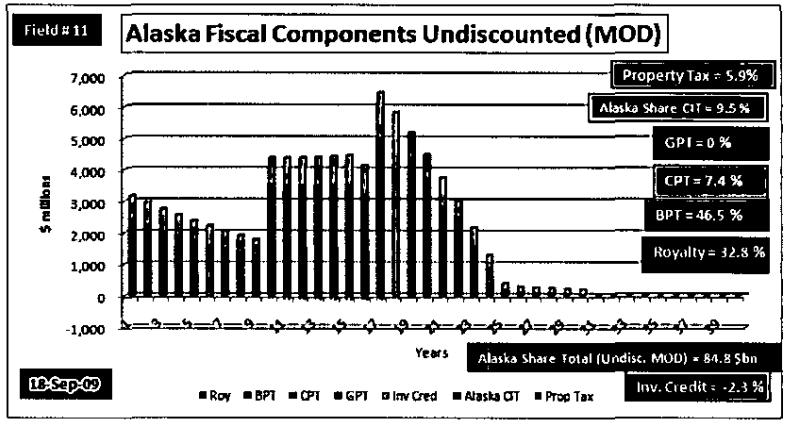
The ten components are selected by entering "1" and de-selected by entering "0" on AGFMs dashboard.

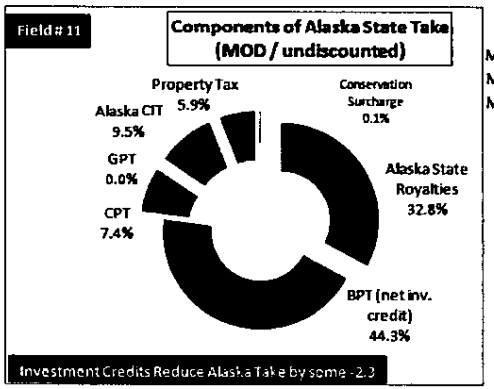


Components "1", "2", "4", "7", "8" and "10" can be reconfigured to model gas export routes or to model In-State "Bullet Line" gas supply to Cook Inlet with optional NGL, GTL and / or LNG plants placed there for exports.

Dashboard Control Sheet:
High-level Controls: Spinners & Graphics

	Save Dashboard Image	Ctrl+y
	The model calculates money of day and real values	
	Key Assumptions	
	Analyse Field # (1 to 20)	11
	Input Option 1=A, 2=B or 3=C (see Fields 86)	1
	1 =A is default for selecting individual fields	
AECO	Gas Destination Price, Year 0 ($/mmbtu)	6.00
	Gas Price Nominal Escalator (%/yr)	2.00%
ANSWC	Oil (C5+) Destination Price, Year 0 ($/barrel)	60.0
	Oil (C5+) Price Nominal Escalator (%/yr)	2.00%
	Cost Nominal Escalator (%/yr)	2.00%
	Buying Power Inflator / Deflator	1.00%
	Capital Costs Sensitivity Adjuster (%)	100.0%
	TT&T Costs Sensitivity Adjuster (%)	100.0%
	Operating Costs Sensitivity Adjuster (%)	100.0%
	Government Nominal Discount Rate (%)	5.00%
	Producer Nominal Discount Rate (%)	10.00%
	Royalty (%)	12.50%
	Base Production Tax (%)	25.00%
	Investment credits (%)	20.00%
	CPT or Separate Mechanism used (0=CPT)	0
	GPT & OPT Mechanisms (0 = CPT rates)	0
	Alternative Progressivity Mechanism (3 to 10)	8
	Entry Tariff to Alberta gas hub $CAD/btu (Year 0):	0.175
	AECO to Henry Hub Differential (US$/mmbtu)	-0.900
	CAD per USD exchange rate	0.862
	Price Premium to Rich Gas (US$/mmbtu)	0.086
	Rich gas has energy content > btu/cf	1100
	Alternative AECO Gas Pricing (1 to 4; 2=base)	2
	ANSWC to WTI Oil Price Differential (US$ / barrel)	-2.000





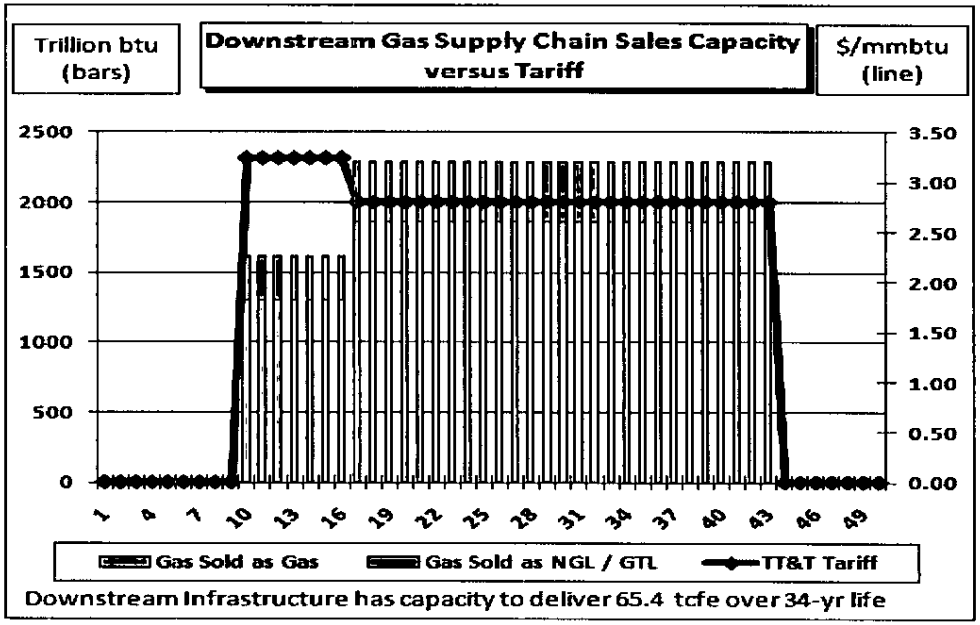
		Gov't Take	Producer
MOD	Cashflow:	64.9%	35.1%
MOD	NPV @ 5 %:	64.8%	35.2%
MOD	NPV @ 10 %:	64.9%	35.1%

Fiscal Elements	$ millions
Royalties	27,822
BPT (net inv. credit)	37,546
CPT	6,299
GPT	0
Alaska CIT	8,070
Property Tax	5,028
Conservation Surcharge	61
AlaskaTotals	**84,826**
Max Oil/Gas Price Ratio	10.0

Undiscounted and MOD

Dashboard Control Sheet:
Dynamic Graphics & Summary Results

Avg. MOD Revenue / unit gas & NGL ($/millions btu sold)	12.08
Avg. Tariff for T & T / unit gas & NGL ($/millions btu sold)	2.87
Alaska Downstream Property Tax ($/btu sold at capacity)	0.14
Alaska Income Tax Downstream ($/btu sold at capacity)	0.07
Federal Income Tax Downstream($/btu sold at capacity)	0.25

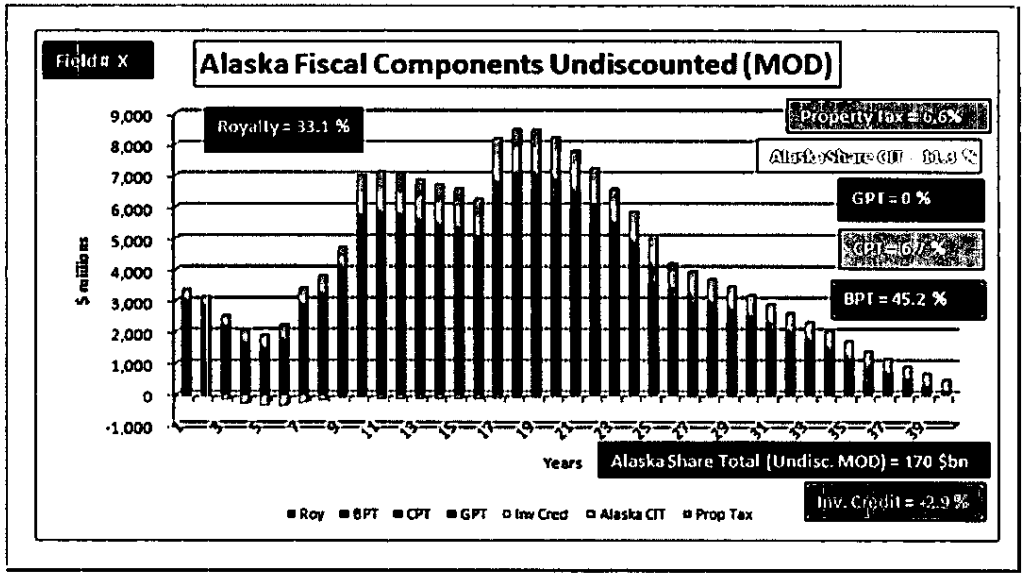


This graphic sits adjacent to the supply chain selection and definition table and responds immediately to changes.

Note the graph shown highlights the start of supply chain, its expansion, gas plus NGL capacities and the multi-year tariff calculated.

Contributions of Each Fiscal Element to Alaska's Take for Total North Slope (#11 -#14)

The relative contributions to Alaska's fiscal take for price scenario 1 and an ***Pipeline*** supply chain for the ***proved gas reserves*** combination of ***North Slope fields*** shows that gas production would ramp-up in stages, but proven reserves would not fill expanded capacity for more than 3 years.



There are many factors that can be varied in such combination scenarios. For example timing of each field coming on stream and capacity and timing of the gas supply chain infrastructure.

Alaska North Slope Production & Reserves are Dominated by Three Corporations

For fiscal analysis it is important to be able to model the expected fiscal returns from specific corporations. AGFM facilitates this by enabling percentage fractions of individual fields to be combined in a user definition area on sheet Fields.

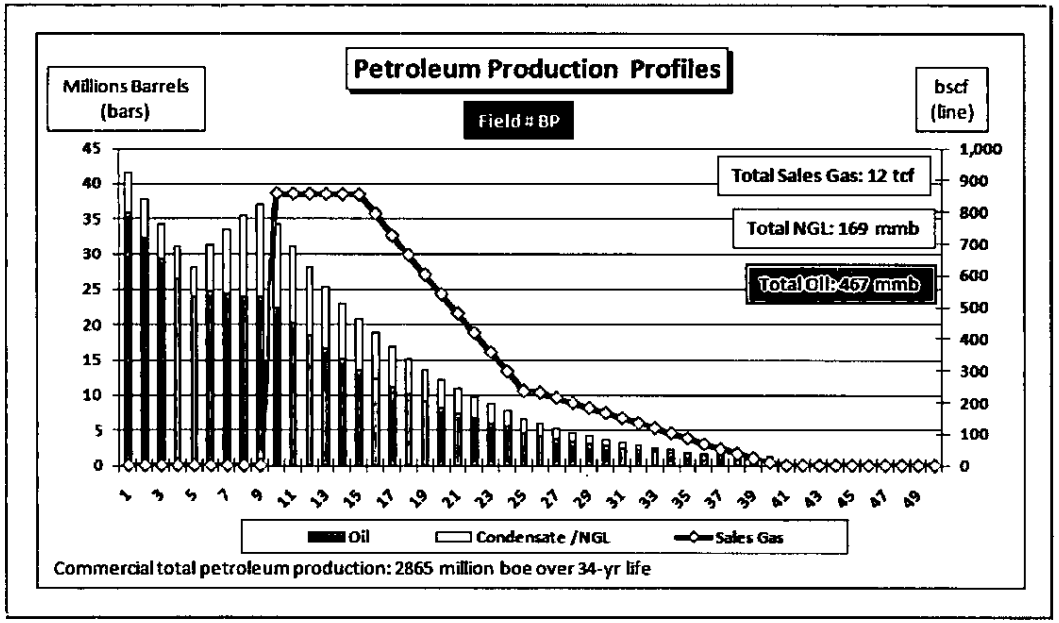
Company Holdings of Major North Slope Fields				
1	2	3	Field	
36.40%	26.36%	36.08%	Prudhoe Bay	Field#11
52.88%	29.19%	2.82%	Point Thomson	Field#12
0.98%	39.03%	55.04%	Kuparuk	Field#13
Exxon Mobil	BP	ConocoPhillips		

Three North Slope fields contain most of North Slope proved gas reserves.

By applying the corporate working interests to those fields a profile for each company can be approximated.

Alaska North Slope Production Profiles
Forecast by AGFM for BP

AGFM can be set up to apply corporate interests to the field data to approximate the position of a specific corporation. In this case combining "BP's interests" in Fields #11, #12 and #13 the major North Slope Analogues. [Note input assumptions are based on public domain data. In evaluating appropriate fiscal designs in the absence of data assumptions will be necessary]



These corporate profiles can be analysed in a similar way by AGFM to individual fields.

These forecasts are dependent on the assumptions and input made for the individual fields and supply chains, but are useful for indicative fiscal design evaluations.

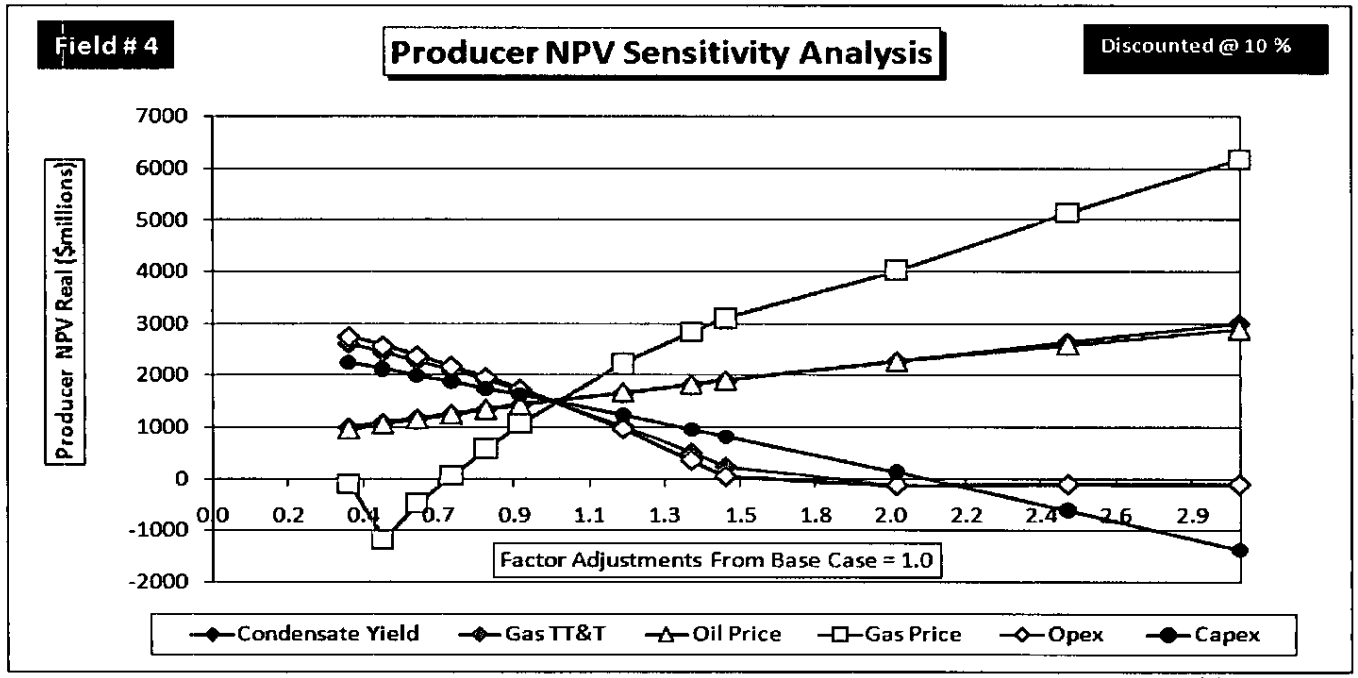
Hypothetical Field Cases Evaluated

Five non-associated natural gas fields and five oil fields with associated gas were constructed to use with a multi-year fiscal model built in Excel.

- The natural gas fields (#1 to #5) range in reserve size from 500 bcf to 10tcf.
- The oil fields (#6 to #10) vary in reserve size from 28 mmb (with 20 bcf of associated gas) to 500 mmb (with 690 bcf of associated gas).
- The fields display a wide range of production and cost profiles.
- Base cases for each model field tested with wide ranging sensitivity cases.
- Base case assumptions applied: Year 0 gas price: $7.5 / mmbtu; Year 0 oil price: $80 / barrel; nominal inflation 2% / year. The model allows these and the sensitivities to be changed easily and quickly.

Sensitivity of Alaska Gas Field to Project & Market Variables

Economic performance of a gas field development from a producer's perspective for a large gas field under the prevailing Alaska fiscal system.



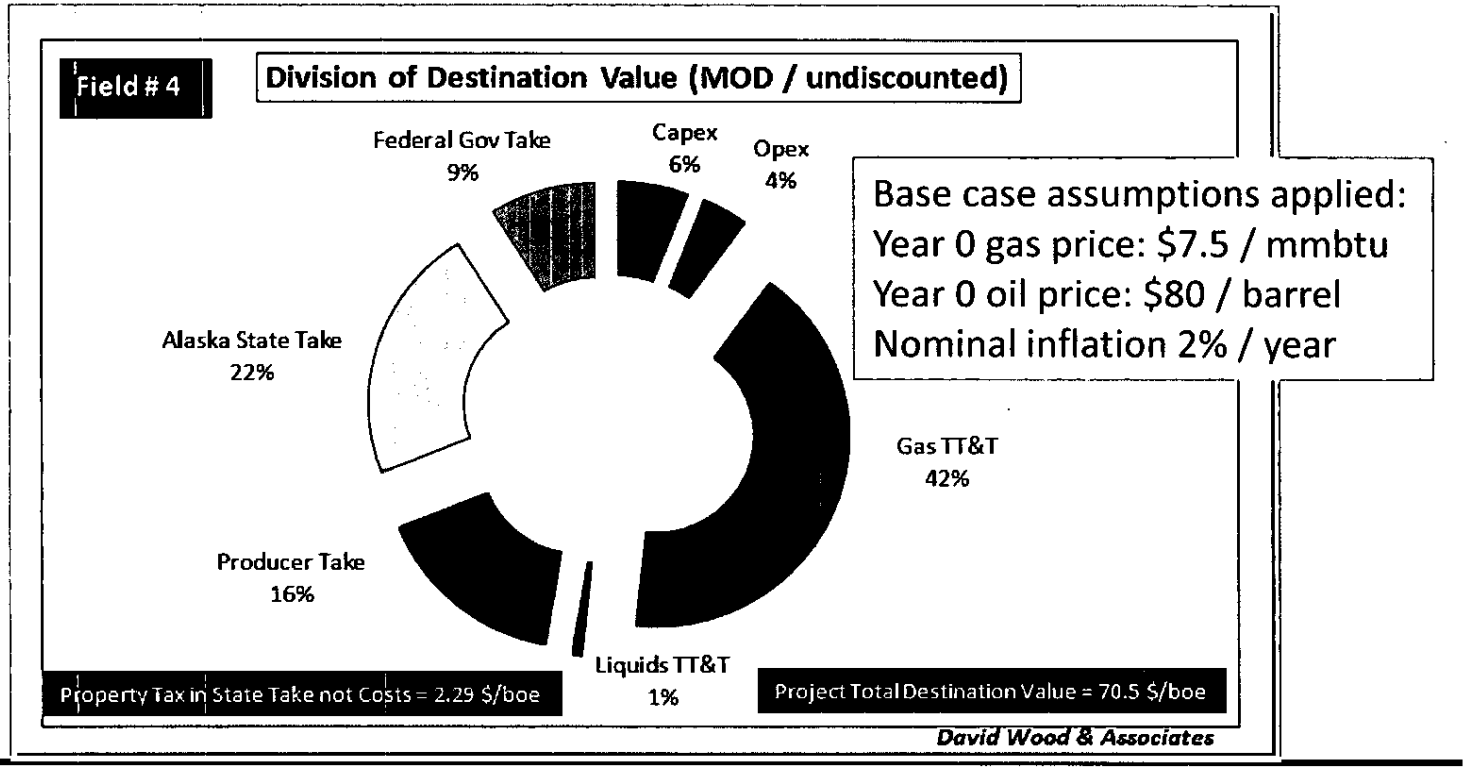
Base Case Hypothetical Field Models Reveal High-level Implications for Government Take

Government take includes Alaska state take and federal government take. The models apply the prevailing Alaska fiscal design and some base case assumptions.

- For stand-alone oil fields (with associated gas):
  - Government take of destination value (gross) is about 60%
  - Government take of destination value less costs (net) is about 75%
- For stand-alone natural gas fields (non-associated gas with NGLs):
  - Government take of destination value (gross) is about 30%
  - Government take of destination value less costs (net) is about 67%
- Exact percentages vary with field sizes, prices and costs.
- Large producers with portfolios of legacy fields under the current system aggregate oil and gas and can see reduced government take.

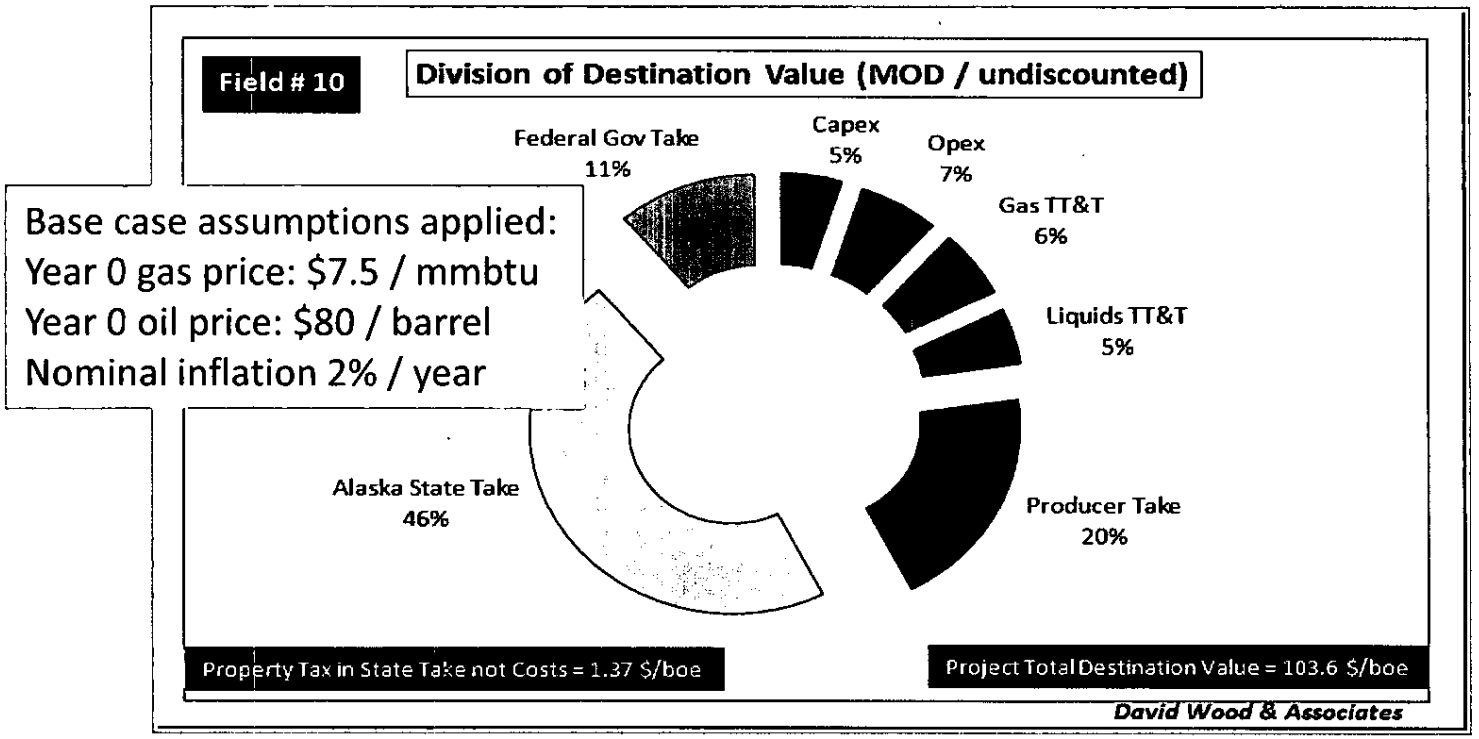
Large Gas Field: Division of Destination Value

For gas fields of various size (5 tcf shown here) gas TT&T takes the largest share of destination value. Alaska takes some 22% of destination value.



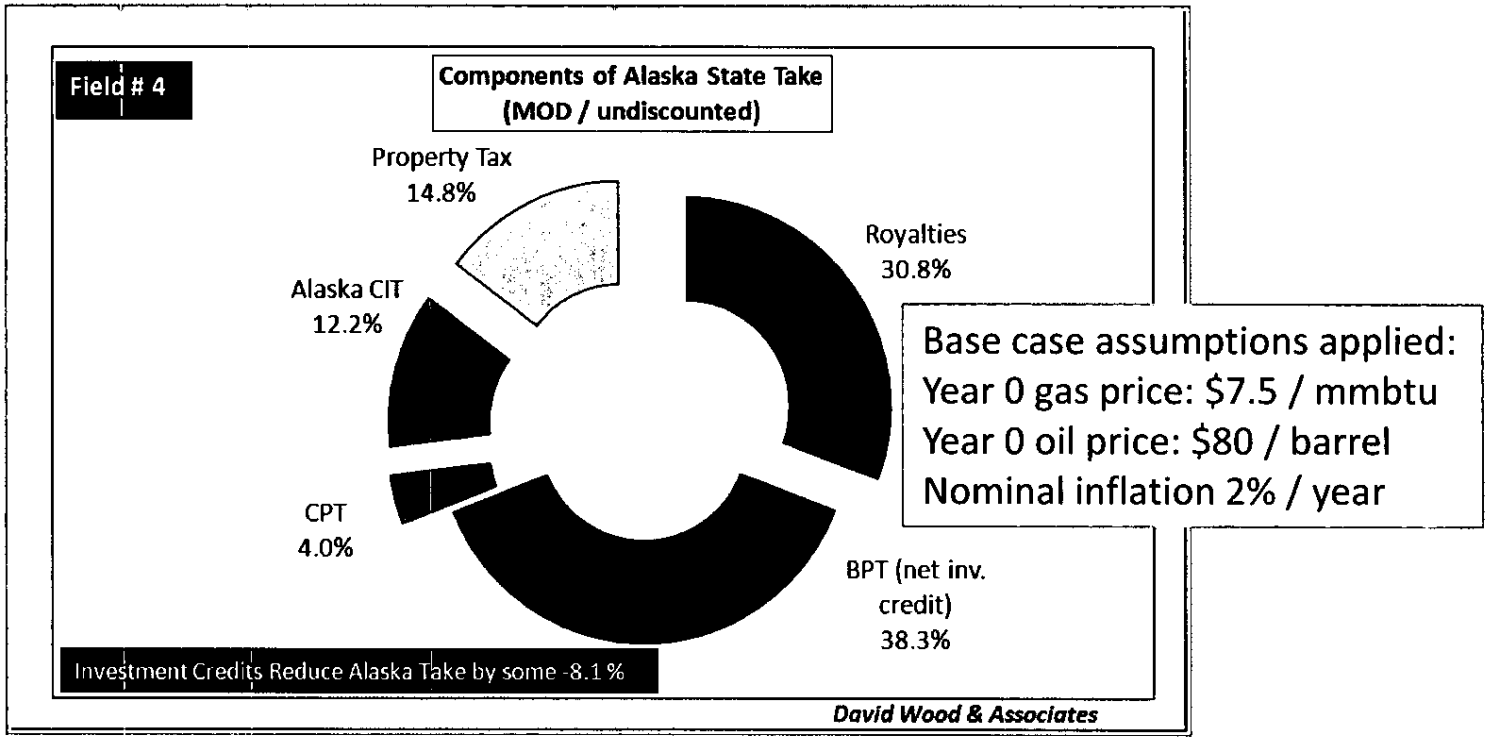
Large Oil Field: Division of Destination Value

For oil fields of various size (500 mmb shown here) costs are less significant than for gas. Alaska takes some 46% of destination value.



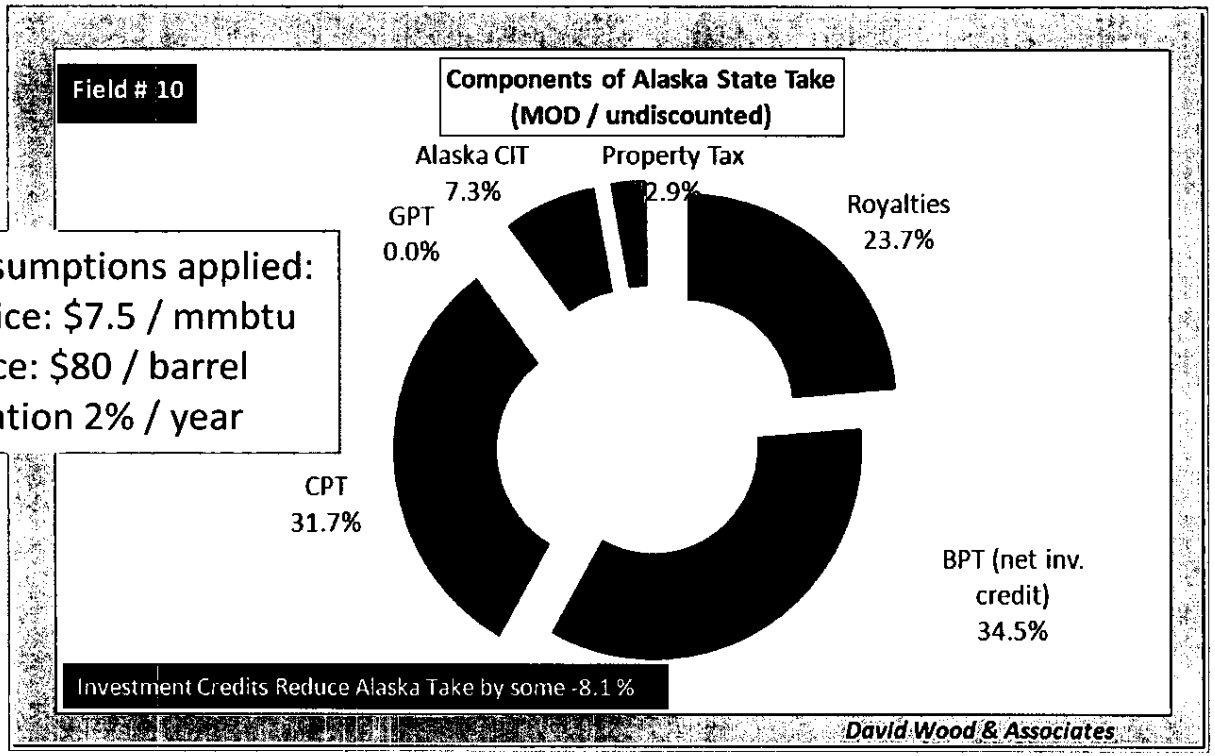
Components of Alaska State Take for Large Gas Field

Royalties and basic production tax account for two-thirds of Alaska state take for this 5 tcf field. Base case price and cost assumptions applied.



Components of Alaska State Take for Large Oil Field

Basic production tax and combined progressivity tax account for two-thirds of Alaska state take for this 500 mmb oil field.



Base case assumptions applied:
Year 0 gas price: $7.5 / mmbtu
Year 0 oil price: $80 / barrel
Nominal inflation 2% / year

Conclusions & Recommendations

Approaches to Fiscal Design that Can Improve Performance & Credibility

The following are selected recommendations for Alaska from my December 2008 report for the Legislature:

- Develop a clear statement of fiscal strategy and objectives
- Focus on a simple, flexible and progressive fiscal design
- Some level of fiscal stability important to secure investment
- Such designs could be more effective than contractual guarantees
- *Drive progressivity fiscal elements for gas with gas PTV (not boe)*
- Consider return on investment drivers for progressivity taxes
- Combine progressivity tax with allowances to offset regressive elements
- Aim to clarify and optimize fiscal revenue streams from NGLs
- Consider state equity involvement in strategic infrastructure projects
- Promote cost disclosure and control with some fiscal incentives
- Apply time constraints to new leases to develop resources

David Wood – Biography

Dr. David Wood has more than 30 years of international oil and gas experience spanning commercial, fiscal and technical functions within the exploration and production sector, holding senior corporate, strategic and operational management positions.

His industry experience includes working with government agencies, national oil companies, major and independent oil and gas operators in most continents, including long-term postings in the Middle East and South America. This has provided him with a broad insight to commercial and technical issues along international oil, gas and energy supply chains.

David now works as an independent international consultant and expert witness. He has published an extensive body of work on energy related topics including: performance modelling of fiscal terms, economic analysis, enterprise risk and portfolio simulation, LNG, GTL and gas supply, deepwater exploration and production techniques, corporate performance, portfolio and strategy management, mergers and acquisitions, negotiations & project management. He is actively involved in energy consulting, professional training, research and development programmes. He is a member of the Energy Institute (UK) and the Petroleum Exploration Society of Great Britain and associate editor of the Journal of Natural Gas Science & Engineering.

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

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Mail Stop 3101

State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM February 22, 2010

SUBJECT: Gas production tax limitation in AS 43.90.320
(Work Order No. 26-LS1526)

TO: Senator Tom Wagoner

FROM: Donald M. Bullock Jr.
Legislative Counsel

You asked to what extent is the state bound by the tax exemption in AS 43.90.320.[1] The exemption in that section is offered to producers that commit to acquire firm transportation capacity in the first binding open season of the gas pipeline project license under AS 43.90 (Alaska Gasline Inducement Act, "AGIA").

The exemption in AS 43.90.320 is statutory and not contractual. Under article IX, sec. 1 of the Alaska constitution, the state may not contract away its taxing authority except as otherwise provided in article IX. Article IX, sec. 4 authorizes the legislature to grant exemptions from tax "by law." The tax exemption in AS 43.90.320 is granted by law, but as a law, is subject to amendment or repeal by the legislature.[2]

---

[1] The amount of the exemption is described in AS 43.90.320(a), which reads as follows:

> (a) If a person qualified for a resource inducement under AS 43.90.300 agrees under (c) of this section, the person is entitled to *an annual exemption from the state's gas production tax in an amount equal to the difference between the amount of the person's gas production tax obligation calculated under the gas production tax in effect during that tax year and the amount of the person's gas production tax obligation calculated under the gas production tax in effect at the start of the first binding open season held under this chapter. If the difference is less than zero, the gas production tax exemption is zero.*

(Emphasis added.)

[2] As you are aware, the legislature has faced the issue of whether a contractual limitation on oil and gas production taxes is permissible under the state constitution. If such a contract were allowed under article IX, the legislature could not pass a law that impaired the obligations of that contract because of the prohibition in article 1, sec. 15. In

While a person offered the exemption may reasonably expect that the legislature would allow the exemption to continue during the specific 10-year period described in AS 43.90.320(b), the continuation of the exemption is subject to legislative discretion. A similar statutory tax incentive was offered in AS 43.55.011(b) (repealed, sec. 34, ch. 2, TSSLA 2006), in which new oil production was taxed at the rate of 12.25 percent of the gross value at the point of production for the first five years, and 15 percent thereafter. That tax incentive was in place from its enactment in 1981 until its repeal in 2006.

Although the exemption in AS 43.90.320 is offered to producers, a change in the law that reduces the value of the inducement may affect the license agreement with the AGIA licensee. The state and the AGIA licensee have a contract under which, in return for commitments and costs incurred by the licensee to develop the pipeline project, the state shares the costs and offers the services of the Alaska Gasline Inducement Act coordinator.[3] The royalty and tax exemption inducements are offered as incentives to commit to acquire firm transportation capacity in the pipeline project. If the legislature removes or reduces the inducements and the first binding open season fails to produce sufficient commitments for the project to move forward, the licensee may claim the state reduced the value of its exclusive license, contrary to article I, sec. 15 of the state constitution.

As a practical matter, the licensee's open season is expected to begin May 1, 2010, and the inducements are only offered during this first open season. If no firm commitments are received, the inducements expire. If firm commitments are received, the inducements take effect for the 10-year period described in AS 43.90.320(b), unless amended by law.

If I may be of further assistance, please advise.

DMB:ljw
10-118.ljw

AS 43.90.320, the state offers an exemption in the amount of any increase in gas production tax liability during the designated period.

[3] AS 43.90.110(a).

Information provided by the Department of Labor & Workforce Development as follow-up to the Feb 16th presentation by Jeff Hadland on Alaska's oil industry employment, unemployment and resident hire.

STATE OF ALASKA

Sean Parnell, Governor

P. O. Box 111149

Juneau, AK 99811-1149

PHONE: (907) 465-2700

DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT
OFFICE OF THE COMMISSIONER

February 18, 2010

The Honorable Lyman Hoffman
The Honorable Bert Stedman
Co-Chairs Senate Finance
State Capital Building
Juneau, AK 99801-1182

Dear Senators Hoffman and Stedman,

Thank you for the opportunity for our department to testify before your committee on February 16, 2010, regarding oil industry employment, unemployment and resident hire. You requested we provide you with supporting data and supplemental information to our presentation to further clarify oil industry employment in Alaska. The information you requested is attached and includes:

Attachment A-1: Chart showing Alaska Oil, Other Private Sector and Government Employment Average Annual Wage and Salary Employment 1980-2010.

Attachment A-2: Data table providing supporting data for chart Alaska Oil, Other Private Sector and Government Employment Average Annual Wage and Salary Employment 1980-2010.

Attachment B-1: Chart showing Resident, Nonresident and Percent Nonresident Workers in Alaska Oil and Gas Industry 1988-2008.

Attachment B-2: Data table providing supporting data for chart showing Resident, Nonresident and Percent Nonresident Workers in Alaska Oil and Gas Industry 1988-2008.

Attachment C-1: Chart showing Total Workers by Quarter-Alaska Oil Industry 2003Q1 thru 2009Q3.

Attachment C-2: Data table providing supporting data for chart showing Total Workers by Quarter-Alaska Oil Industry 2003Q1 thru 2009Q3. Additional private sector and government worker counts are also provided.

Attachment D-1: Chart Comparing US and Alaska Monthly Oil Industry Employment January 2000 thru December 2009.

Attachment D-2: Data table providing supporting data for chart Comparing US and Alaska Monthly Oil Industry Employment January 2000 thru December 2009.

Attachment D-3: Correlation analysis of Alaska oil industry employment with US oil industry employment.

Attachment E-1: Alaska Oil Industry Percent Nonresident Workers 1993-2008. This chart was revised to be more easily reproduced in gray scale.

Attachment E-2: Supporting data for chart Alaska Oil Industry Percent Nonresident Workers 1993-2008. Additional information showing resident hire data for all private sector and all industries is also provided.

Attachment F-1: Data tables showing Alaska Oil Industry Percent Nonresident Workers by Employer 2008.

Attachment G-1: Data table providing Alaska Unemployment Insurance Claimants 2009 for all residents, nonresident, inter-state claimants and instate claimants, oil industry and all industries.

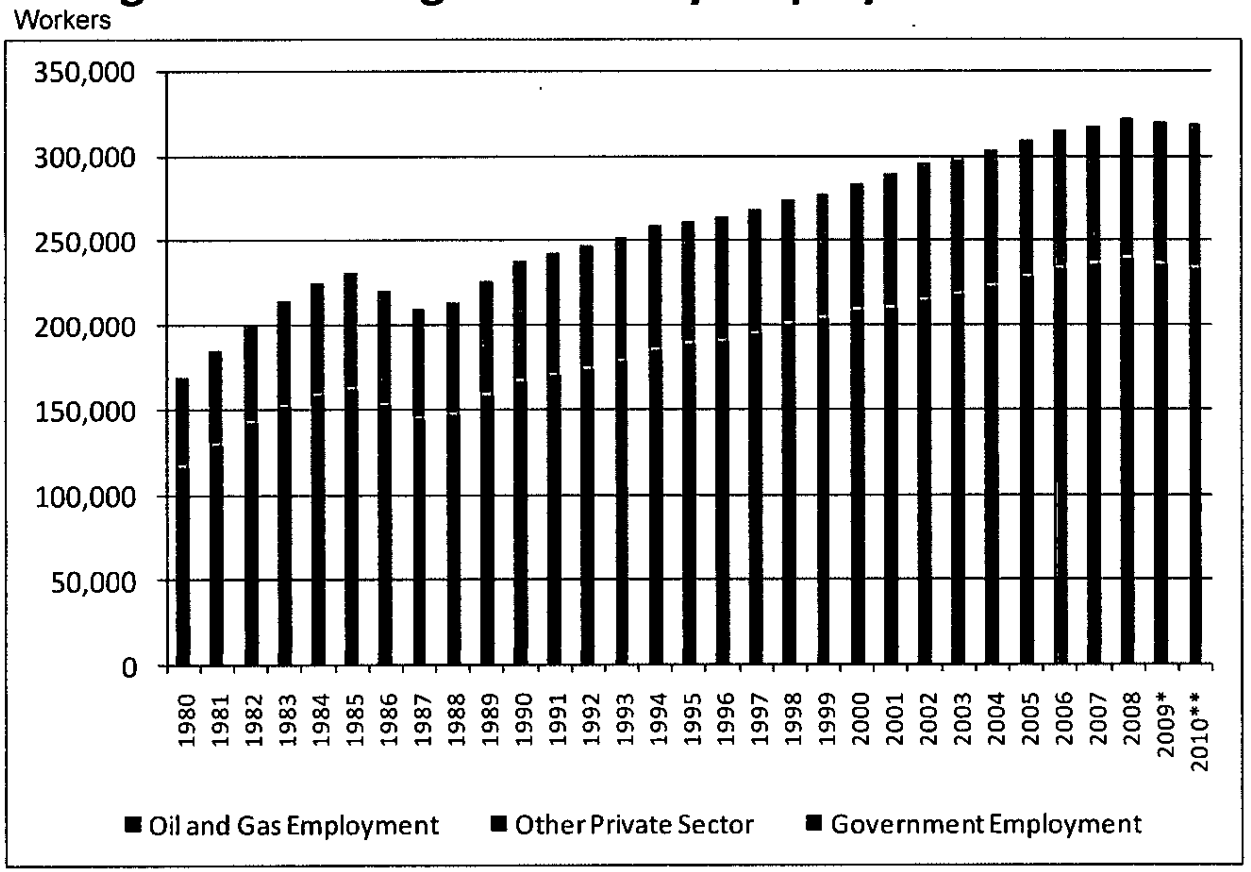
If you need further assistance, please contact Paula Scavera, Legislative Liaison at 465-2700.

Sincerely,

Clark Bishop

Clark Bishop
Commissioner

Attachment A-1
Alaska Oil, Other Private Sector, and Government
Average Annual Wage and Salary Employment 1980-2010



•Estimate **Projection
•Note: Government includes state, local and federal civilian employment.
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section, February 18, 2010.

Attachment A-2

Alaska Oil And Gas Employment Average Annual Employment [1]

Year	Oil and Gas Employment	Total Private Sector Employment	Total Employment
1980	6,200	116,100	169,400
1981	8,100	129,900	186,100
1982	8,100	141,900	200,400
1983	7,400	151,600	214,300
1984	8,000	159,200	225,700
1985	8,900	162,400	230,700
1986	8,500	152,700	220,700
1987	8,100	144,300	210,100
1988	8,600	147,200	213,700
1989	9,200	158,300	227,000
1990	10,300	167,000	238,000
1991	10,800	171,000	242,700
1992	9,200	173,800	247,100
1993	9,200	178,200	252,800
1994	9,500	185,400	259,300
1995	8,900	189,200	261,900
1996	8,500	190,500	263,500
1997	8,400	195,500	268,700
1998	9,300	201,300	274,900
1999	7,900	204,100	277,800
2000	8,800	209,300	283,800
2001	9,500	210,500	289,300
2002	8,900	214,400	295,000
2003	8,100	217,800	299,400
2004	8,200	223,000	304,300
2005	8,700	228,600	309,800
2006	10,100	233,500	315,000
2007	11,500	236,200	317,900
2008	12,900	239,500	322,400
2009*	13,000	236,200	320,000
2010**	12,700	234,000	318,600

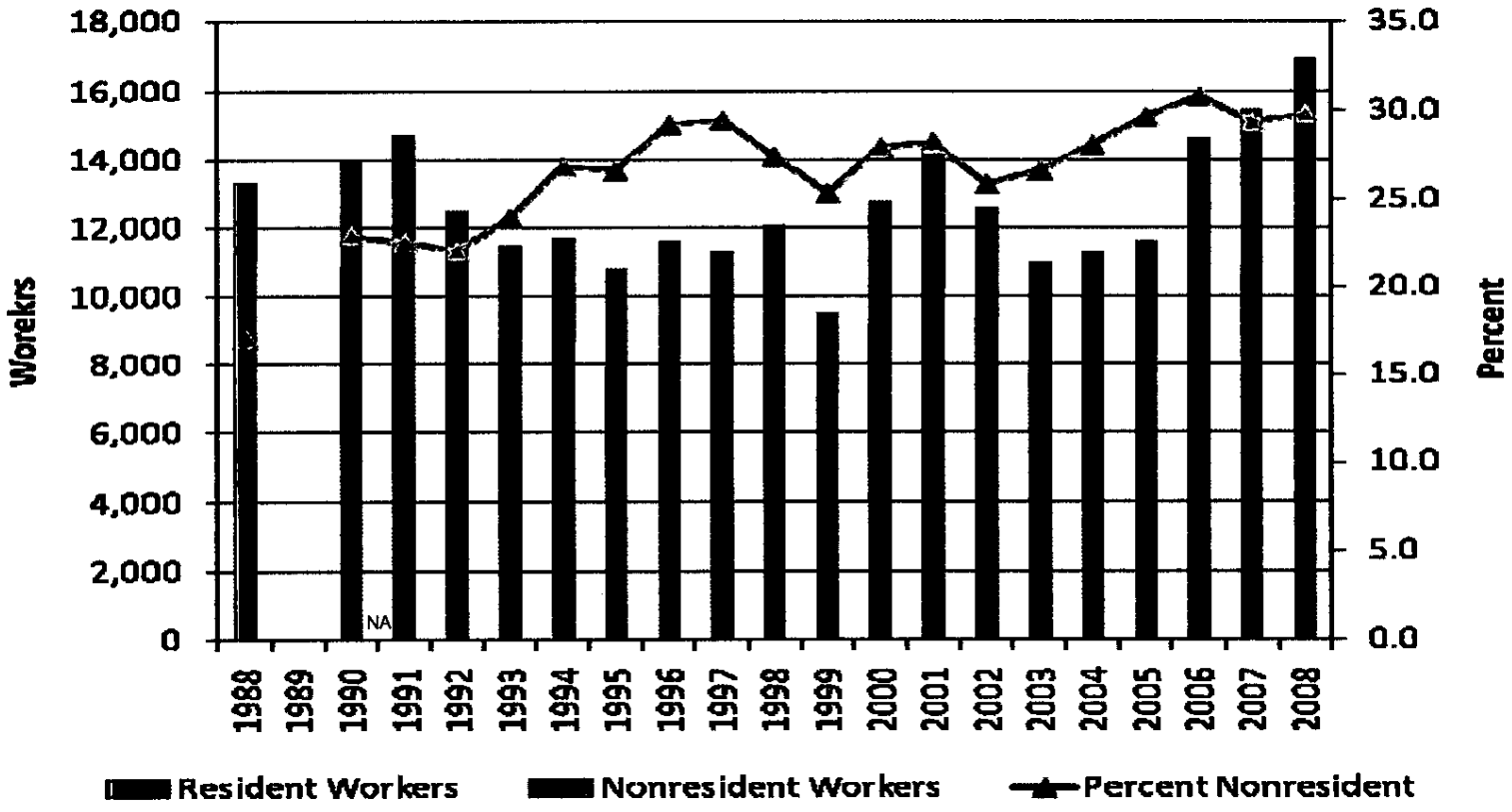
* Preliminary

** Forecast

[1] Nonagricultural wage and salary data, excludes the self-employed

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section, February 18, 2010.

Attachment B-1
Resident, Nonresident and Percent Nonresident Workers in Alaska Oil and Gas Industry 1988-2008



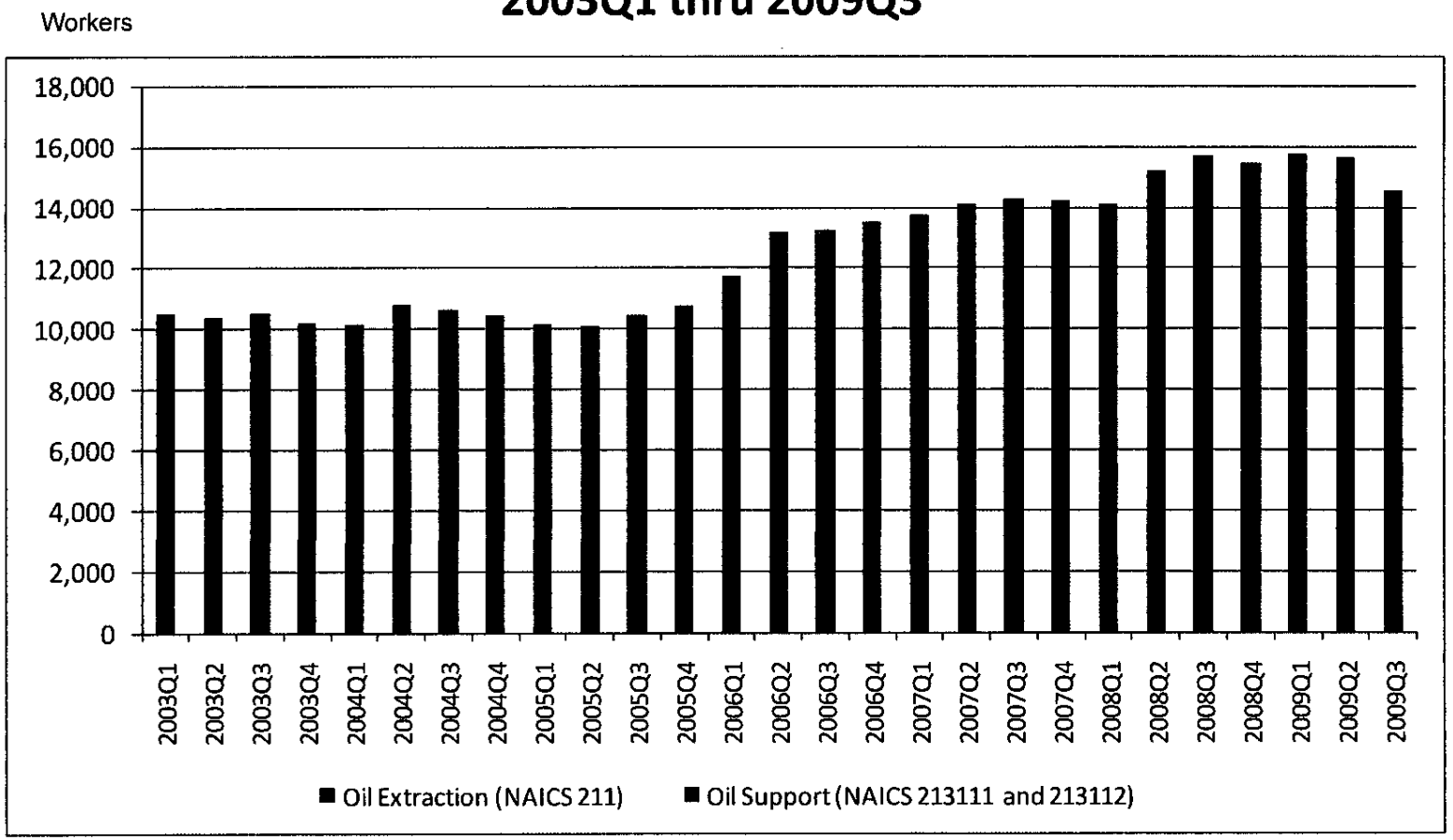
Note: See *Nonresidents Working in Alaska-2008* for complete methodology and residence definition.
Data not produced in 1989.
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section, February 18, 2010.

Attachment B-2
Oil Industry
Number and Percent Nonresident Workers
Alaska 1988 to 2008

	Oil Industry			Total All Industries			Private Sector Only		
Year	Resident Workers	Nonresident Workers	Percent Nonresident	Resident Workers	Nonresident Workers	Percent Nonresident	Resident Workers	Nonresident Workers	Percent Nonresident
1988	11,055	2,262	17.0	243,141	50,719	17	175,922	47,403	21
1989	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
1990	10,804	3,201	22.9	254,090	71,915	22	195,682	67,621	26
1991	11,378	3,297	22.5	252,524	75,046	23	194,799	71,240	27
1992	9,750	2,744	22.0	254,597	79,513	24	195,867	75,033	28
1993	8,726	2,740	23.9	259,852	77,038	21	200,632	73,119	27
1994	8,565	3,133	26.8	266,013	77,530	22	206,298	73,691	26
1995	7,902	2,864	26.6	269,412	78,675	23	209,058	75,034	26
1996	8,238	3,393	29.2	273,069	74,761	22	211,319	71,117	25
1997	7,981	3,331	29.4	279,811	71,233	20	218,866	67,770	24
1998	8,746	3,307	27.4	286,707	69,551	20	225,075	65,910	23
1999	7,086	2,402	25.3	293,901	64,828	18	233,277	61,814	21
2000	9,204	3,559	27.9	297,885	64,988	18	238,037	62,221	21
2001	10,188	3,994	28.2	301,881	67,963	18	237,618	64,453	21
2002	9,351	3,248	25.8	306,521	67,972	18	237,517	63,517	21
2003	8,056	2,914	26.6	309,469	68,305	18.1	239,095	63,731	21.0
2004	8,126	3,167	28.0	312,686	70,367	18.4	242,613	65,755	21.3
2005	8,186	3,442	29.6	315,003	74,266	19.1	244,724	69,243	22.1
2006	10,102	4,495	30.8	317,968	78,840	19.9	246,376	73,789	23.0
2007	10,941	4,531	29.3	322,758	78,669	19.6	251,855	73,728	22.6
2008	11,887	5,043	29.8	327,532	79,618	19.6	255,128	74,434	22.6

Data not produced for 1989.
Residency determined by match with two most recent Alaska PFD applicant files.
See: *Nonresidents Working in Alaska-2008* for complete methodology.
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section, February 18, 2010.

Attachment C-1
Total Workers by Quarter-Alaska Oil Industry
2003Q1 thru 2009Q3



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section, February 18, 2010.

Attachment C-2
Alaska Total Workers Employed At Any Time During the Quarter
Total, Private Sector, Government and Oil Industry
Alaska 2002Q1 Through 2009Q3
(Excludes Federal Govt, Military and Self-Employed)

YYYY/Q	Oil extraction (NAICS 211)	Oil Support (NAICS 213111 and 213112)	Total Oil	Total Private	State Govt.	Local Govt.	Total
20021	3,195	8,483	11,678	241,357	23,430	44,129	308,916
20022	3,218	9,090	12,308	284,097	25,774	46,935	356,806
20023	3,173	8,166	11,339	298,508	26,169	45,016	369,693
20024	3,133	7,832	10,965	259,172	24,211	46,075	329,458
20031	3,017	7,520	10,537	242,747	23,995	45,137	311,879
20032	2,949	7,495	10,444	284,787	26,218	47,571	358,576
20033	3,009	7,542	10,551	302,155	26,215	44,834	373,204
20034	3,076	7,135	10,211	262,917	23,742	47,280	333,939
20041	2,945	7,236	10,181	244,343	23,278	45,668	313,289
20042	2,932	7,936	10,868	291,656	25,542	47,789	364,987
20043	2,972	7,703	10,675	309,914	25,736	45,469	381,119
20044	2,978	7,484	10,462	269,611	23,772	46,876	340,259
20051	3,039	7,108	10,147	248,614	23,567	45,142	317,323
20052	2,922	7,206	10,128	296,711	26,638	46,932	370,281
20053	2,953	7,546	10,499	316,186	26,070	45,184	387,440
20054	2,960	7,826	10,786	271,760	23,878	47,019	342,657
20061	3,013	8,716	11,729	256,917	23,760	45,810	326,487
20062	3,163	10,077	13,240	308,312	26,165	48,336	382,813
20063	3,270	10,021	13,291	321,152	27,628	46,738	395,518
20064	3,328	10,193	13,521	281,536	24,852	47,627	354,015
20071	3,438	10,348	13,786	262,758	24,476	46,011	333,245
20072	3,599	10,555	14,154	314,152	26,552	47,759	388,463
20073	3,674	10,630	14,304	324,970	26,615	46,072	397,657
20074	3,655	10,607	14,262	284,723	24,877	47,344	356,944
20081	3,705	10,407	14,112	266,679	24,539	45,981	337,199
20082	3,800	11,438	15,238	313,613	26,738	47,938	388,289
20083	3,890	11,798	15,688	327,818	29,259	46,923	404,000
20084	3,858	11,624	15,482	286,760	25,282	48,235	360,277
20091	3,824	11,957	15,781	263,263	24,820	46,468	334,551
20092	3,861	11,775	15,636	303,090	26,956	49,555	379,601
20093	3,820	10,752	14,572	313,077	27,184	47,654	387,915

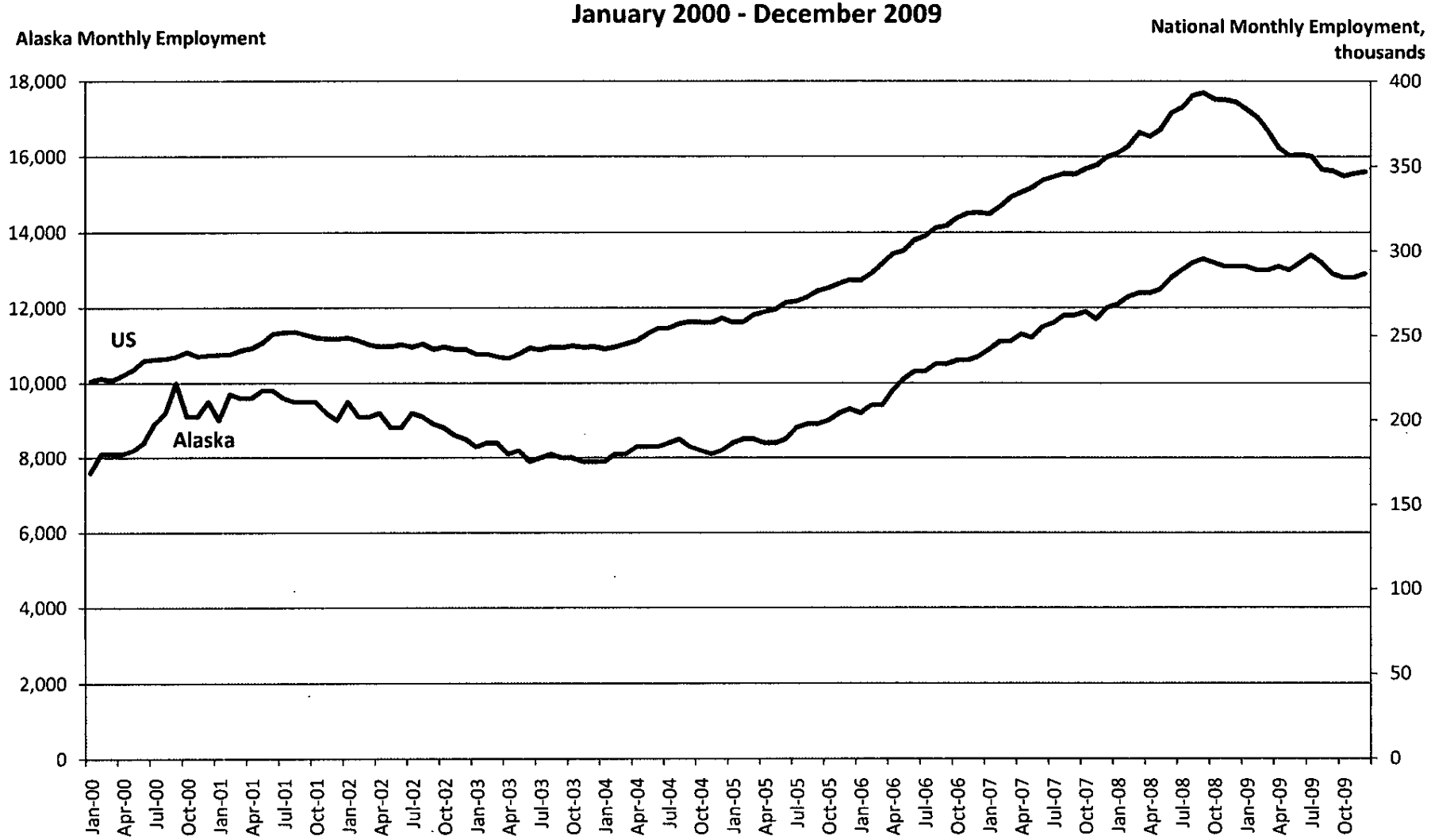
Note: This is not average monthly employment, but a total count of individuals employed during the quarter with each employer. May include duplicate workers if employed by more than one employer.

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section, February 18, 2010

Attachment D-1

Comparing US and Alaska Monthly Oil Industry Employment*

January 2000 - December 2009



*Alaska monthly oil industry employment includes employment for NAICS industries 211, 213111 and 213112. Due to data constraints at the national level, US monthly oil industry employment includes employment for NAICS industries 211 and 213112 (excludes drilling employment). Since drilling is a relatively small percentage of national oil industry employment, the overall trend is the same and is considered an acceptable proxy for total national oil industry employment for this illustration.

Sources: Alaska Department of Labor and Workforce Development, Research and Analysis Section; US Bureau of Labor Statistics, February 18, 2010.

Attachment D-2
Alaska and US Monthly Oil Employment
2000 thru 2009

Month/Year	Alaska Oil Industry	US Oil Industry (In Thousands)
Jan-00	7,600	223.5
Feb-00	8,100	224.9
Mar-00	8,100	223.9
Apr-00	8,100	226.8
May-00	8,200	230.2
Jun-00	8,400	235.5
Jul-00	8,900	236.2
Aug-00	9,200	236.6
Sep-00	10,000	237.9
Oct-00	9,100	240.7
Nov-00	9,100	238.0
Dec-00	9,500	238.7
Jan-01	9,000	239.1
Feb-01	9,700	239.3
Mar-01	9,600	241.6
Apr-01	9,600	242.9
May-01	9,800	246.0
Jun-01	9,800	251.3
Jul-01	9,600	252.1
Aug-01	9,500	252.5
Sep-01	9,500	250.8
Oct-01	9,500	249.1
Nov-01	9,200	248.4
Dec-01	9,000	248.3
Jan-02	9,500	249.0
Feb-02	9,100	247.3
Mar-02	9,100	244.9
Apr-02	9,200	243.9
May-02	8,800	243.9
Jun-02	8,800	245.1
Jul-02	9,200	243.6
Aug-02	9,100	245.4
Sep-02	8,900	242.3
Oct-02	8,800	243.7
Nov-02	8,600	242.2
Dec-02	8,500	242.4
Jan-03	8,300	239.3

Attachment D-2
Alaska and US Monthly Oil Employment
2000 thru 2009

Month/Year	Alaska Oil Industry	US Oil Industry (In Thousands)
Feb-03	8,400	239.5
Mar-03	8,400	237.8
Apr-03	8,100	236.7
May-03	8,200	239.6
Jun-03	7,900	243.1
Jul-03	8,000	242.1
Aug-03	8,100	243.7
Sep-03	8,000	243.3
Oct-03	8,000	244.3
Nov-03	7,900	243.5
Dec-03	7,900	243.9
Jan-04	7,900	242.6
Feb-04	8,100	243.7
Mar-04	8,100	245.5
Apr-04	8,300	247.3
May-04	8,300	251.3
Jun-04	8,300	254.7
Jul-04	8,400	254.8
Aug-04	8,500	257.5
Sep-04	8,300	258.6
Oct-04	8,200	258.2
Nov-04	8,100	258.0
Dec-04	8,200	260.6
Jan-05	8,400	258.2
Feb-05	8,500	258.4
Mar-05	8,500	262.6
Apr-05	8,400	264.3
May-05	8,400	265.7
Jun-05	8,500	269.9
Jul-05	8,800	270.7
Aug-05	8,900	273.1
Sep-05	8,900	276.8
Oct-05	9,000	278.4
Nov-05	9,200	281.1
Dec-05	9,300	283.2
Jan-06	9,200	282.8
Feb-06	9,400	287.0
Mar-06	9,400	292.7

Attachment D-2
Alaska and US Monthly Oil Employment
2000 thru 2009

Month/Year	Alaska Oil Industry	US Oil Industry (In Thousands)
Apr-06	9,800	298.5
May-06	10,100	300.4
Jun-06	10,300	306.6
Jul-06	10,300	309.0
Aug-06	10,500	313.9
Sep-06	10,500	315.1
Oct-06	10,600	319.6
Nov-06	10,600	322.4
Dec-06	10,700	322.8
Jan-07	10,900	321.9
Feb-07	11,100	326.3
Mar-07	11,100	331.9
Apr-07	11,300	334.8
May-07	11,200	337.5
Jun-07	11,500	342.1
Jul-07	11,600	344.1
Aug-07	11,800	346.1
Sep-07	11,800	345.5
Oct-07	11,900	348.8
Nov-07	11,700	350.7
Dec-07	12,000	355.4
Jan-08	12,100	358.0
Feb-08	12,300	361.9
Mar-08	12,400	369.9
Apr-08	12,400	367.5
May-08	12,500	371.8
Jun-08	12,800	381.4
Jul-08	13,000	384.5
Aug-08	13,200	391.5
Sep-08	13,300	393.0
Oct-08	13,200	389.4
Nov-08	13,100	389.0
Dec-08	13,100	387.9
Jan-09	13,100	383.5
Feb-09	13,000	378.7
Mar-09	13,000	370.5
Apr-09	13,100	360.8
May-09	13,000	356.1

Attachment D-2
Alaska and US Monthly Oil Employment
2000 thru 2009

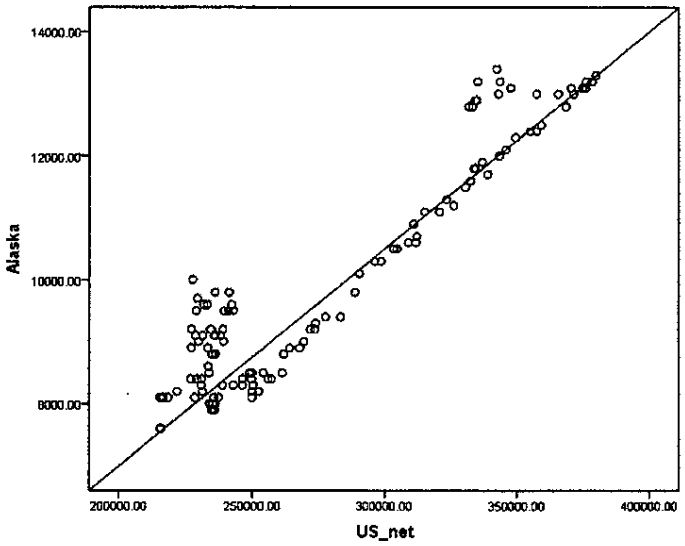
Month/Year	Alaska Oil Industry	US Oil Industry (In Thousands)
Jun-09	13,200	356.8
Jul-09	13,400	355.8
Aug-09	13,200	348.3
Sep-09	12,900	347.6
Oct-09	12,800	344.6
Nov-09	12,800	346.0
Dec-09	12,900	347.1

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section, February 18, 2010.

Attachment D-3

Alaska and US Oil Industry Employment Correlation Analysis

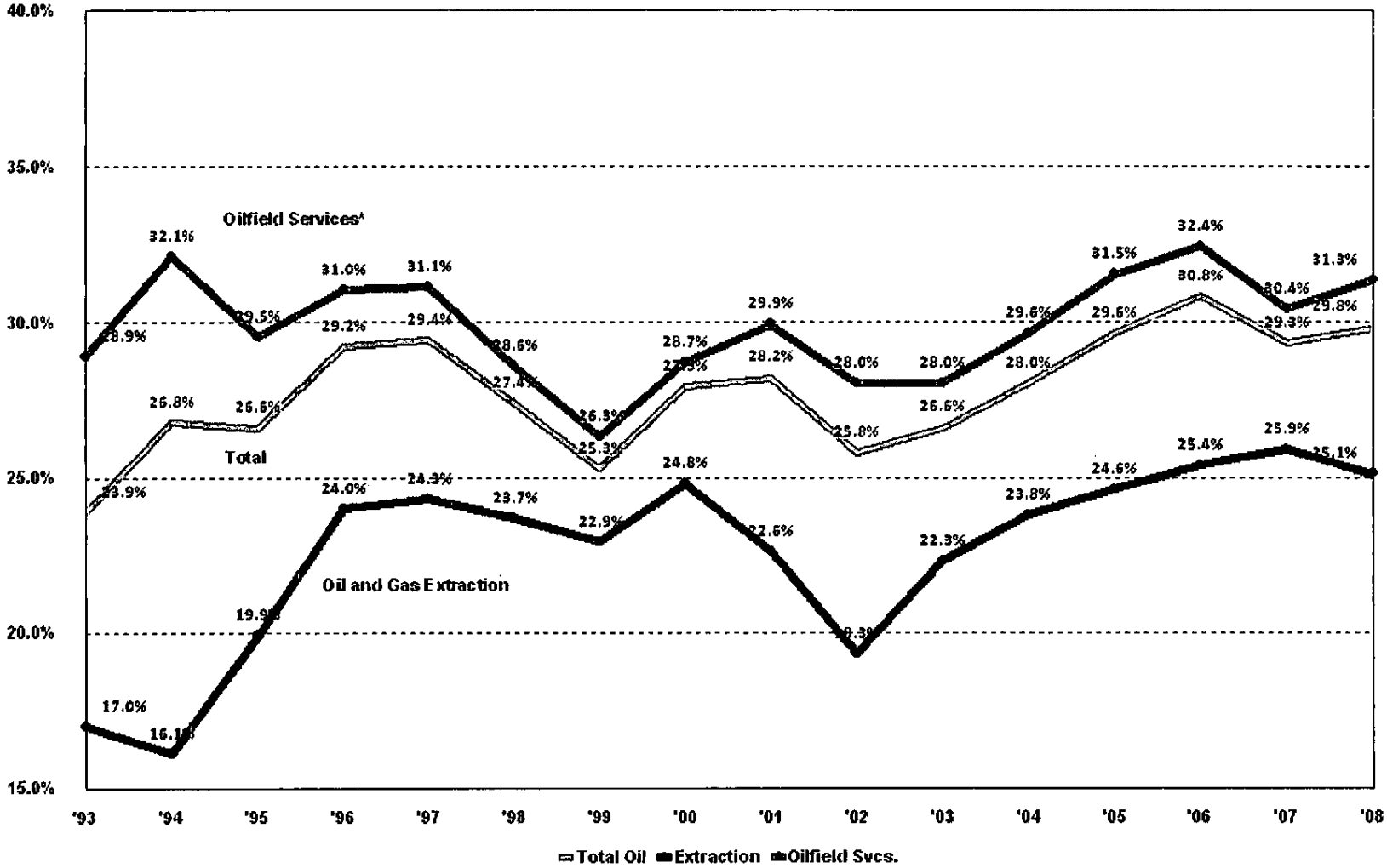
A Pearson correlation coefficient was calculated to determine the degree of correlation between Alaska and US oil and gas employment 2000 thru 2009. The correlation coefficient was calculated at 0.937. This indicates that Alaska and US oil and gas employment are very highly linearly dependent over time.



This scatterplot visually displays the high degree of linear dependence between Alaska and US oil and gas employment.

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section, February 18, 2010.

Attachment E-1
Alaska Oil Industry Percent Nonresident Workers
1993-2008



* This industry category includes support activities for oil and gas drilling and related operations (NAICS 211, 213111 and 213112).
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section, February 18, 2010.

Attachment E-2
Oil, All Industries and Private Sector
Number and Percent Nonresident Workers
Alaska 1993 to 2008

	Oilfield Services*				Oil and Gas Extraction				Total Oil (NAICS 211,213111,213112)			
Year	Nonresident Workers	Resident Workers	Total Workers	Percent Nonresident	Nonresident Workers	Resident Workers	Total Workers	Percent Nonresident	Nonresident Workers	Resident Workers	Total Workers	Percent Nonresident
1993	1,923	4,742	6,665	28.9	817	3,984	4,801	17.0	2,740	8,726	11,466	23.9
1994	2,507	5,305	7,812	32.1	626	3,260	3,886	16.1	3,133	8,565	11,698	26.8
1995	2,221	5,307	7,528	29.5	643	2,595	3,238	19.9	2,864	7,902	10,766	26.6
1996	2,658	5,915	8,573	31.0	735	2,323	3,058	24.0	3,393	8,238	11,631	29.2
1997	2,656	5,876	8,532	31.1	675	2,105	2,780	24.3	3,331	7,981	11,312	29.4
1998	2,635	6,583	9,218	28.6	672	2,163	2,835	23.7	3,307	8,746	12,053	27.4
1999	1,784	5,009	6,793	26.3	618	2,077	2,695	22.9	2,402	7,086	9,488	25.3
2000	2,901	7,212	10,113	28.7	658	1,992	2,650	24.8	3,559	9,204	12,763	27.9
2001	3,235	7,591	10,826	29.9	759	2,597	3,356	22.6	3,994	10,188	14,182	28.2
2002	2,634	6,788	9,422	28.0	614	2,563	3,177	19.3	3,248	9,351	12,599	25.8
2003	2,289	5,881	8,170	28.0	625	2,175	2,800	22.3	2,914	8,056	10,970	26.6
2004	2,437	5,784	8,221	29.6	730	2,342	3,072	23.8	3,167	8,126	11,293	28.0
2005	2,658	5,787	8,445	31.5	784	2,399	3,183	24.6	3,442	8,186	11,628	29.6
2006	3,643	7,600	11,243	32.4	852	2,502	3,354	25.4	4,495	10,102	14,597	30.8
2007	3,544	8,119	11,663	30.4	987	2,822	3,809	25.9	4,531	10,941	15,472	29.3
2008	4,024	8,851	12,875	31.3	1,019	3,036	4,055	25.1	5,043	11,887	16,930	29.8

* This industry category includes support activities for oil and gas drilling and related operations.

Excludes federal military, civilian and self-employed.

See: *Nonresidents Working in Alaska-2008* for complete methodology.

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section, February 18, 2010.

Attachment E-2
Oil, All Industries and Private Sector
Number and Percent Nonresident Workers
Alaska 1993 to 2008

	All Industries				Private Sector Only			
Year	Nonresident Workers	Resident Workers	Total Workers	Percent Nonresident	Nonresident Workers	Resident Workers	Total Workers	Percent Nonresident
1993	77,038	259,852	336,890	20.6	73,119	200,632	273,751	26.7
1994	77,530	266,013	343,543	21.6	73,691	206,298	279,989	26.3
1995	78,675	269,412	348,087	22.6	75,034	209,058	284,092	26.4
1996	74,761	273,069	347,830	21.5	71,117	211,319	282,436	25.2
1997	71,233	279,811	351,044	20.3	67,770	218,866	286,636	23.6
1998	69,551	286,707	356,258	19.5	65,910	225,075	290,985	22.7
1999	64,828	293,901	358,729	18.1	61,814	233,277	295,091	20.9
2000	64,988	297,885	362,873	17.9	62,221	238,037	300,258	20.7
2001	67,963	301,881	369,844	18.4	64,453	237,618	302,071	21.3
2002	67,972	306,521	374,493	18.2	63,517	237,517	301,034	21.1
2003	68,305	309,469	377,774	18.1	63,731	239,095	302,826	21.0
2004	70,367	312,686	383,053	18.4	65,755	242,613	308,368	21.3
2005	74,266	315,003	389,269	19.1	69,243	244,724	313,967	22.1
2006	78,840	317,968	396,808	19.9	73,789	246,376	320,165	23.0
2007	78,669	322,758	401,427	19.6	73,728	251,855	325,583	22.6
2008	79,619	327,533	407,152	19.6	74,435	255,129	329,564	22.6

* This industry category includes support activities for oil and gas drilling and related operations.
Excludes federal military, civilian and self-employed.
See: *Nonresidents Working in Alaska-2008* for complete methodology.
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section, February 18, 2010.

Attachment F-1
Alaska Oil Industry
Percent Nonresident Workers by Employer
2008

Employer Name	Industry (NAICS 3)	Total Worker Category	Percent Nonresident
Amoco Production Company	Oil and Gas Extraction	100 to 249	81.7
Anadarko Petroleum Corporation	Oil and Gas Extraction	0 to 49	0.0
BP Exploration Alaska Inc	Oil and Gas Extraction	2,000 to 2,249	27.7
Chevron USA Inc.	Oil and Gas Extraction	250 to 499	10.6
ConocoPhillips Company	Oil and Gas Extraction	1,250 to 1,499	20.7
Exxon Mobil Corporation	Oil and Gas Extraction	0 to 49	40.0
FEX Gp Inc.	Oil and Gas Extraction	0 to 49	50.0
Forest Oil Corporation	Oil and Gas Extraction	0 to 49	4.5
Forest Oil Corporation	Oil and Gas Extraction	0 to 49	0.0
Pacific Energy Resources Ltd	Oil and Gas Extraction	0 to 49	0.0
Pioneer Natural Resources USA Inc.	Oil and Gas Extraction	0 to 49	12.8
Renaissance Alaska LLC	Oil and Gas Extraction	0 to 49	100.0
XTO Energy Inc.	Oil and Gas Extraction	0 to 49	0.0
Amoco Corporation	Support Activities for Mining	50 to 99	37.7
Arctic Pipe Inspection Inc.	Support Activities for Mining	0 to 49	6.9
ASRC Energy Services O&M Inc.	Support Activities for Mining	3,000 to 3,249	24.1
ASRC Energy Services Response LLC	Support Activities for Mining	0 to 49	0.0
ASRC Energy Svcs-Houston Contracting Co.	Support Activities for Mining	250 to 499	14.6
Aurora Gas LLC	Support Activities for Mining	0 to 49	11.1
Aurora Well Service LLC	Support Activities for Mining	0 to 49	22.2
Baker Hughes Oilfield Operations Inc.	Support Activities for Mining	100 to 249	54.1
BJ Services Company Usa	Support Activities for Mining	50 to 99	21.1
Brooks Range Petroleum Corporation	Support Activities for Mining	0 to 49	0.0
Chevron Pipeline Company	Support Activities for Mining	0 to 49	21.7
Colville Inc.	Support Activities for Mining	100 to 249	24.1
Cooper Cameron Corporation	Support Activities for Mining	0 to 49	12.0
Dosecc Exploration Services LLC	Support Activities for Mining	0 to 49	0.0
Doyon Drilling Inc.	Support Activities for Mining	250 to 499	21.3
Enerflex Systems Inc.	Support Activities for Mining	0 to 49	0.0
ENI US Operating Co. Inc.	Support Activities for Mining	0 to 49	53.3
Expro Americas LP	Support Activities for Mining	0 to 49	21.9
Exxon Mobil Development Company	Support Activities for Mining	0 to 49	100.0
Fairweather E&P Services Inc.	Support Activities for Mining	100 to 249	33.8
Flowline Alaska Inc.	Support Activities for Mining	100 to 249	5.1
FMC Technologies Inc.	Support Activities for Mining	0 to 49	0.0
Frontier Drilling USA Inc.	Support Activities for Mining	0 to 49	0.0
Frontier Exploration LLC	Support Activities for Mining	0 to 49	40.0
G B R Equipment Inc.	Support Activities for Mining	50 to 99	44.6
Geo-Pilots Inc.	Support Activities for Mining	0 to 49	100.0
Halliburton Energy Serv Inc.	Support Activities for Mining	250 to 499	32.3
Inlet Drilling AK Inc.	Support Activities for Mining	50 to 99	16.9
Kakivik Asset Management LLC	Support Activities for Mining	100 to 249	31.6
Kuukpik Drilling LLC	Support Activities for Mining	50 to 99	12.2
Landmark Graphics Corporation	Support Activities for Mining	0 to 49	0.0
Little Red Services Inc.	Support Activities for Mining	100 to 249	35.0
Marathon Oil Co.	Support Activities for Mining	50 to 99	9.4
Mckinley Service & Equipment	Support Activities for Mining	50 to 99	32.2
M-I LLC	Support Activities for Mining	100 to 249	17.3

Attachment F-1
Alaska Oil Industry
Percent Nonresident Workers by Employer
2008

Employer Name	Industry (NAICS 3)	Total Worker Category	Percent Nonresident
Norcon Inc.	Support Activities for Mining	750 to 999	23.2
Nordic Well Servicing Inc.	Support Activities for Mining	0 to 49	20.0
Nordic-Calista Services No. 1	Support Activities for Mining	100 to 249	24.1
Peak Oilfield Svc Co.	Support Activities for Mining	1,000 to 1,249	26.8
Pollard Wireline Inc.	Support Activities for Mining	50 to 99	12.0
Precision Energy Services Inc.	Support Activities for Mining	0 to 49	0.0
Proactive Diagnostic Svcs Inc.	Support Activities for Mining	0 to 49	0.0
Production Testing Services Inc.	Support Activities for Mining	0 to 49	44.1
Remote Access Tech Intn'L Inc.	Support Activities for Mining	0 to 49	40.0
Rowan Drilling US	Support Activities for Mining	0 to 49	100.0
S&S Drilling	Support Activities for Mining	0 to 49	0.0
Schlumberger Technology Corp.	Support Activities for Mining	500 to 749	30.5
Seischk Inc.	Support Activities for Mining	0 to 49	0.0
Shell Exploration & Production	Support Activities for Mining	0 to 49	28.9
Shell Oil Company	Support Activities for Mining	0 to 49	20.0
Stallion Rockies Ltd	Support Activities for Mining	0 to 49	34.8
Three Mile Creek Services Inc.	Support Activities for Mining	0 to 49	4.0
Total Safety US Inc.	Support Activities for Mining	0 to 49	4.8
Tubular Solutions Alaska LLC	Support Activities for Mining	0 to 49	6.3
Udelhoven Oilfield System Svc.	Support Activities for Mining	750 to 999	30.5
VECO Alaska Inc.	Support Activities for Mining	3,250 to 3,499	35.5
Veritas Dgc Land Inc.	Support Activities for Mining	250 to 499	47.8
Weatherford Artif Lift Systems	Support Activities for Mining	0 to 49	16.7
Well Site Services Inc.	Support Activities for Mining	0 to 49	25.0
Worldwide Oilfield Consultants	Support Activities for Mining	0 to 49	66.7

AS 23.20.110 allows for the release of information showing the number of resident and nonresident workers by firm for those Alaska employers who had 20 or more workers during the year. Due to confidentiality restrictions regarding the release of individual company employment data, each company's employment is expressed as a range as opposed to the exact number of employees. In addition, the percentage of total employees that were nonresidents is provided rather than the actual number of nonresident employees.

Residency is calculated by matching workers reported by Alaska employers with the two most recent Permanent Fund Dividend files (2008 and 2009). Workers shown include all workers employed at any time during the year with that employer. If a worker applied for a Permanent Fund Dividend in 2008 or 2009 , they are considered residents for purposes of this report. For complete methodological information, please see "Nonresidents Working in Alaska – 2008," available from the Alaska Department of Labor and Workforce Development, Research and Analysis Section at http://146.63.75.50/research/reshire/nonres.pdf.

Source: Alaska Dept. of Labor and Workforce Development, Research and Analysis Section, February 18, 2010.

Attachment G-1

Alaska Unemployment Insurance Claimants 2009

	Nonresident	Resident	Total
Total Alaska Oil Industry Claimants	575	2,269	2,844
In-State Claimants	164	2,167	2,331
Inter-State Claimants	411	102	513
Total Alaska Claimants	10,489	53,141	63,630
In-State Claimants	3,336	49,035	52,371
Inter-State Claimants	7,153	4,106	11,259

Note: Residency determined by match with 2008 and 2009 PFD file. Applicants for a 2008 or 2009 PFD are considered residents for purposes of this table.

Oil Industry UI Claimants are defined as a count of individuals that formerly worked for employers in NAICS 211, 213111 and 213112 and who collected at least one week of Unemployment Insurance during 2009. This includes both In-state as well as Inter-state claimants, and no individual is counted twice within one year. All Industries totals may not equal the sum of individual industries as unclassified claimants are not included in the industry breakouts.

Source: Alaska Dept. of Labor and Workforce Development, Research and Analysis Section, February 18, 2010.

Information provided by the Tax Division, Department of Revenue as follow-up to the Feb 16th presentation by Jennifer Duval and Frank Molli on Alaska's Oil & Gas Production Forecast. Copies of the attachment will also be added to your Oil & Tax Production Tax Review binders.

The follow-up information the committee asked the division to provide was:

- Slide #12 & #32 – Please provide a list of the development prospects that have been excluded from your forecast.
- Slide #13 - Please narrow your ANS production graph ("onion chart") to cover the 15 year timeframe from 2000 to 2015. Provide a table of the underlying numbers supporting this timeframe – annual production by field
- Legacy Field Contribution - Please provide a pie-chart that shows total oil production from currently producing projects broken out into 4 slices - Prudhoe, Kuparuk, Alpine and everything else. Provide separate charts for three years - 2000, 2010 and 2015 - so that we can see how the production shares have charged (or are projected to change) over the 15 year period (2000-2015). Please annotate each slice with total barrels produced (and what % each slice represents of the whole).
- Heavy Oil – Please provide a link to the 2008 Department of Energy report you referenced in your testimony that estimated Alaska's heavy oil deposits at 25-30 billion barrels with a current estimate recovery rate of 2-15%. The original report is not attached, but is available http://www.netl.doe.gov/publications/press/2008/08002-DOE_Releases_Alaska_Report.html.

Fall 2009 DOR Production Forecast

Excluded North Slope Resources

ANWR
Badami restart
Beaufort Sea OCS
Beechy Point Unit
Chukchi Sea OCS
Dewline Unit
Ugnu
Umiat
96% of heavy oil from West Sak
87% of heavy oil from Schrader Bluff
NPR-A EXCEPT Rendezvous, Spark, Lookout, Moose's Tooth

Other Non-North Slope Resources Excluded

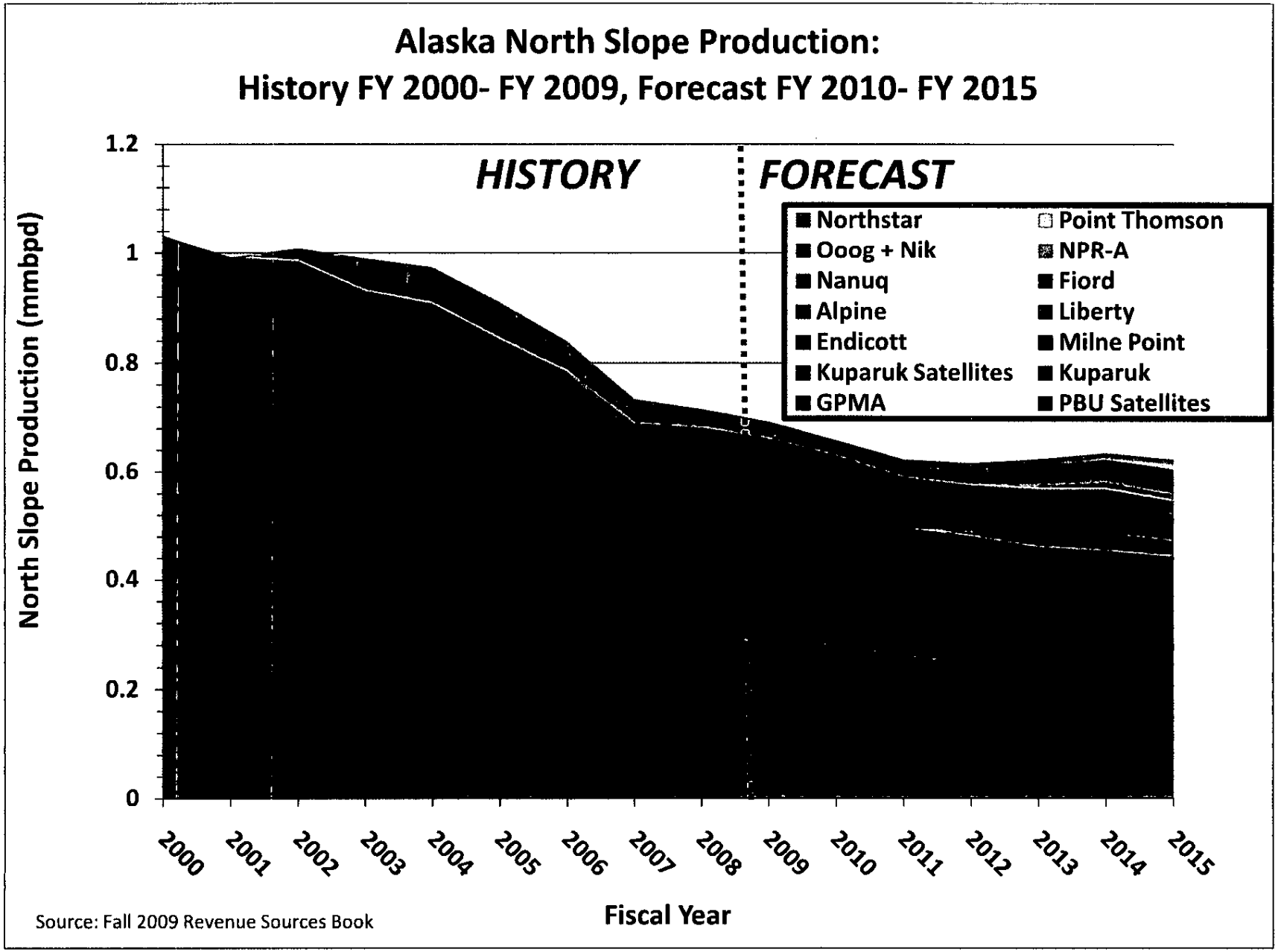
Cosmopolitan (Cook Inlet)
Kitchen Lights (Cook Inlet)
Sunrise (Cook Inlet)
Shadura (Cook Inlet)
Foothills region (south of North Slope)
Nenana Basin

Crude Oil Production-History and Forecast (million barrels / day)

Source: Fall 2009 RSB Appendix C-2 a and C-2 b

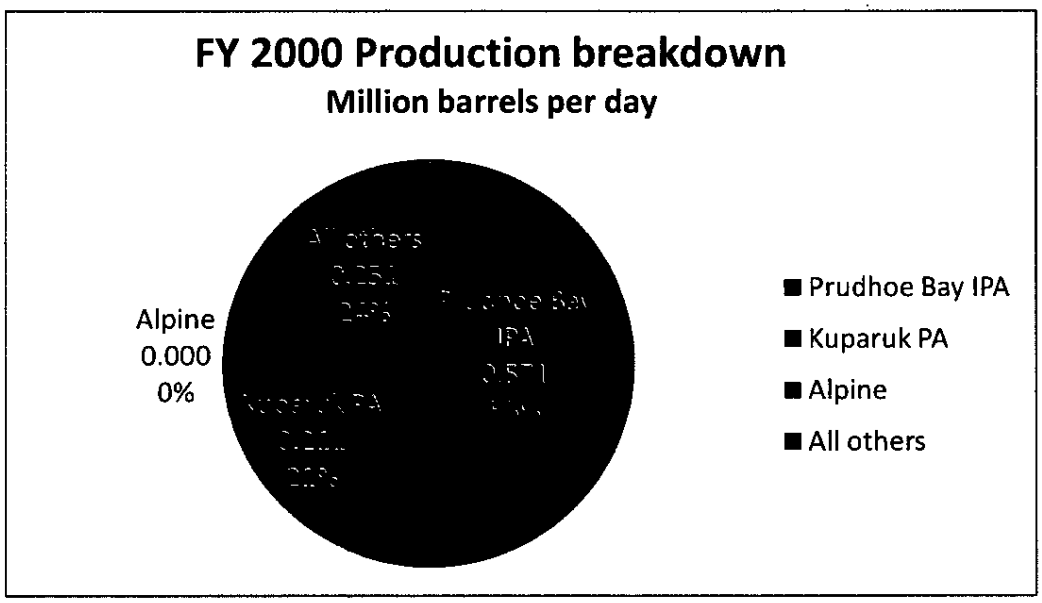
										HISTORY	FORECAST					
FY	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Prudhoe Bay (1)	0.571	0.536	0.486	0.429	0.414	0.380	0.335	0.271	0.291	0.291	0.280	0.261	0.249	0.237	0.238	0.231
PBU Satellites (2)	0.005	0.007	0.030	0.045	0.052	0.043	0.041	0.043	0.034	0.037	0.035	0.036	0.043	0.043	0.042	0.040
GPMA (3)	0.113	0.088	0.073	0.065	0.060	0.055	0.048	0.037	0.044	0.038	0.036	0.032	0.029	0.026	0.023	0.021
Kuparuk	0.211	0.197	0.174	0.160	0.154	0.141	0.133	0.121	0.113	0.106	0.099	0.091	0.090	0.085	0.081	0.077
Kuparuk Satellites (4)	0.036	0.031	0.041	0.052	0.049	0.051	0.043	0.044	0.038	0.036	0.037	0.035	0.031	0.028	0.026	0.029
Milne Point (5)	0.053	0.052	0.052	0.051	0.051	0.049	0.041	0.033	0.033	0.031	0.029	0.029	0.029	0.029	0.029	0.028
Endicott (6)	0.043	0.037	0.033	0.029	0.028	0.020	0.021	0.016	0.014	0.014	0.014	0.012	0.011	0.013	0.015	0.017
Liberty										0.000	0.000	0.000	0.009	0.024	0.034	0.032
Alpine (7)		0.045	0.096	0.099	0.099	0.105	0.123	0.103	0.079	0.063	0.057	0.056	0.054	0.053	0.053	0.046
Fiord (8)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.011	0.018	0.021	0.029	0.029	0.025	0.022	0.019	0.018
Nanuq (9)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.010	0.019	0.022	0.013	0.009	0.007	0.008	0.008	0.007
NPR-A											0.000	0.000	0.001	0.008	0.015	0.015
Oooguruk + Nikaitchuq									0.000	0.004	0.008	0.016	0.026	0.034	0.040	0.043
Point Thomson											0.000	0.000	0.000	0.000	0.002	0.010
Northstar (10)			0.025	0.059	0.066	0.068	0.055	0.045	0.034	0.027	0.020	0.016	0.013	0.011	0.010	0.009
Total ANS	**1.033**	**0.993**	**1.010**	**0.991**	**0.974**	**0.911**	**0.840**	**0.734**	**0.716**	**0.693**	**0.659**	**0.623**	**0.617**	**0.624**	**0.635**	**0.623**
Cook Inlet	**0.026**	**0.025**	**0.029**	**0.030**	**0.025**	**0.020**	**0.018**	**0.016**	**0.014**	**0.013**	**0.012**	**0.011**	**0.010**	**0.009**	**0.009**	**0.008**
Total Alaska	**1.059**	**1.018**	**1.039**	**1.021**	**0.999**	**0.931**	**0.858**	**0.750**	**0.730**	**0.706**	**0.670**	**0.634**	**0.626**	**0.633**	**0.643**	**0.631**

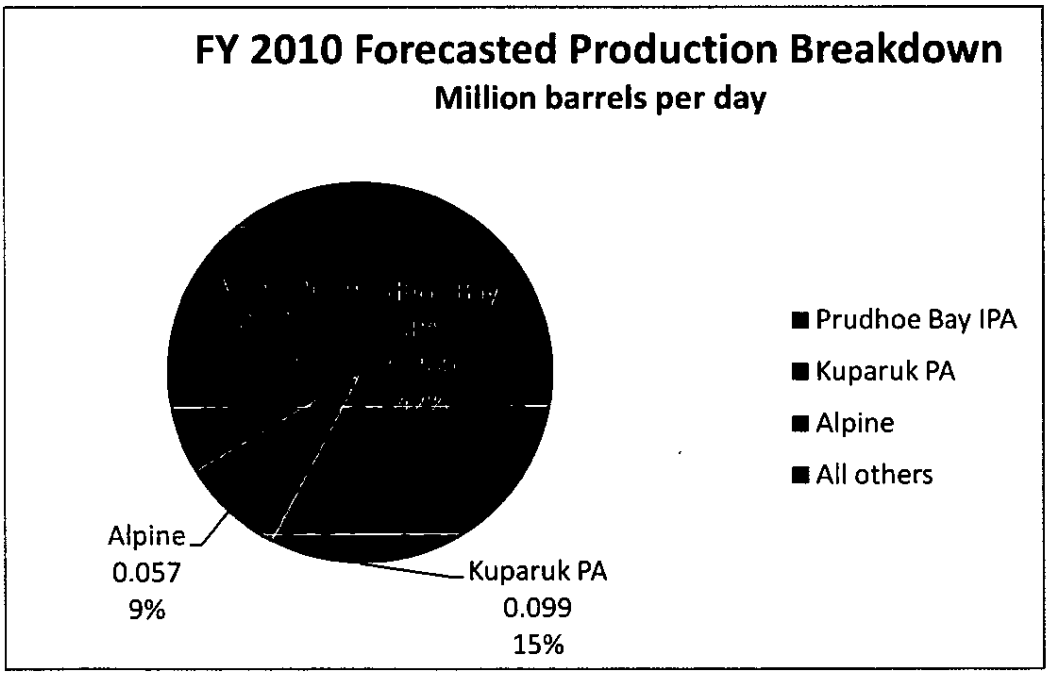
(1) Includes NGLs from Central Gas Facility shipped to TAPS
(2) Aurora, Borealis, Midnight Sun, Orion and Polaris
(3) Lisburne, Niakuk, North Prudhoe Bay State, Point McIntyre, Raven, West Beach
(4) Meltwater, Tabasco, Tarn and West Sak
(5) Includes Sag River and Schrader Bluff
(6) Includes Badami, Eider and Sag Delta
(7) Includes Alpine-West and Qannik
(8) Fiord and Fiord-Kuparuk
(9) Nanuq and Nanuq-Kuparuk
(10) Includes OCS production.


Alaska North Slope Production:
History FY 2000- FY 2009, Forecast FY 2010- FY 2015
HISTORY
FORECAST
Northstar
Point Thomson
Ooog + Nik
NPR-A
Nanuq
Fiord
Alpine
Liberty
Endicott
Milne Point
Kuparuk Satellites
Kuparuk
GPMA
PBU Satellites
North Slope Production (mmbpd)
1.2
1
0.8
0.6
0.4
0.2
0
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
Fiscal Year
Source: Fall 2009 Revenue Sources Book

Production, Million Barrels per Day
FY 2000 actual, Fall 2009 forecast for FY 2010 and FY 2015

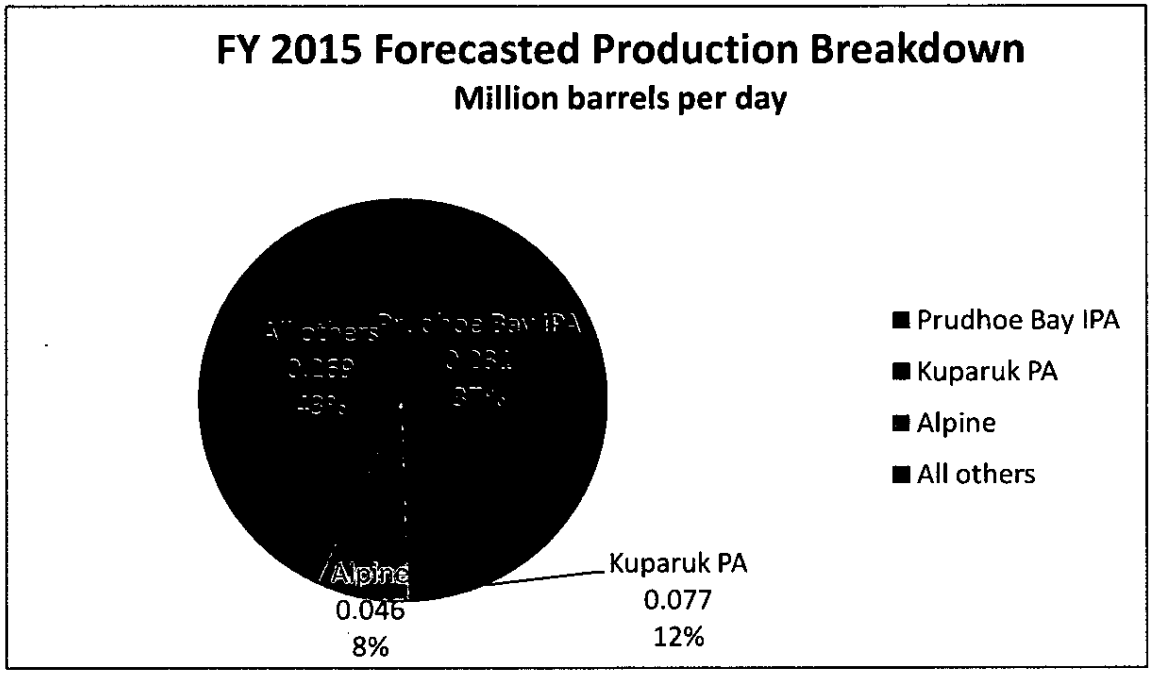
FY	2000	2010	2015
Prudhoe Bay IPA	0.571	0.280	0.231
Kuparuk PA	0.211	0.099	0.077
Alpine	0.000	0.057	0.046
All others	0.251	0.222	0.269
TOTAL	1.033	0.659	0.623





Production, Million Barrels per Day
FY 2000 actual, Fall 2009 forecast for FY 2010 and FY 2015

FY	2000	2010	2015
Prudhoe Bay IPA	0.291	0.198	0.161
Kuparuk PA	0.106	0.062	0.046
Alpine	0.063	0.029	0.017
All others	0.232	0.235	0.302
TOTAL	0.693	0.524	0.526



Additional information provided by the Department of Revenue on O&G Production Tax Credits. This issue was discussed in committee on Feb 18th.

Oil and Gas Tax Credit Forecast

We project that approximately $340 million in credits would be taken directly against tax liabilities in FY 2010 and that credit offsets would raise to $390 million in FY 2011. We make the distinction between credit offsets and credit certificates only because their impact on state revenues is slightly different. Tax offsets directly reduce the amount of revenue received in the first instance by the state, while credit certificates, when subsequently purchased by the state require the state to allocate general funds for such purchases as part of the budget process. It is important to note that these projections, just like other oil and gas revenue projections are based on assumptions relating to oil prices, investment decisions, and availability of equipment and manpower to complete projects. As economic conditions change, companies continually modify their investment plans. Thus, as with every revenue projection related to oil and gas development, one should avoid assigning an undue amount of certainty to these forecasted numbers.

There are over 20 companies currently funding the development of oil and gas prospects in the state. These prospects may or may not lie within established unit boundaries, and they may or may not qualify for exploration incentive credits. One of the developments, the Oooguruk field, is now in production and another, the Nikaitchuq field, is in active development. As these and other fields come online, it becomes more difficult to project whether credits will be applied against a tax liability, or whether credit certificates will be sought.

Timing of State Payment for Tax Credits

As discussed earlier, AS 43.55.028 authorizes the state to purchase production tax credit certificates directly from companies that have earned them from oil and gas expenditures in the state. Subsections .028(e)(1) through (7) lay out additional requirements a company must meet in order to receive a payment from the state for these certificates. Among the requirements listed is a provision that companies seeking these payments spend, within 24 months of the application period, an amount equal to or exceeding the value of the payment sought. This and other requirements that must be satisfied prior to the payment for credit certificates impact the timing of the state's payment for those certificates.

Conclusions

As of February 20, 2010, the Oil and Gas Tax Credit Fund has a balance of $90 million. This represents appropriations for FY 2007, 2008, 2009 and 2010. The dollar value of requests received for tax credit certificates to date is $1.018 billion. Of this amount, approximately $226 million are outstanding and potentially subject to state purchase. Applications representing an estimated $148 million in tax credits are pending, but these will likely not be issued until FY 2011. For FY 2011, we estimate that an additional $200 million in tax credits will be earned, and available for state purchase. These three

estimates total $574 million in potential credits earned and available for state purchase through the end of FY 2011. We are not able to make any projections at this time as to when the state purchases of credits will occur, but based on history, it is likely that the timing of some of the credit purchases will be FY 2011 and beyond. Subject to audit, the information received on the annual tax filings through FY09, indicates that there is a balance of $203 million in tax credits available to be applied against future tax liabilities.

Note about this report: This report was prepared using incomplete data from several different sources specifically for this request. The DOR does not currently have a means to capture all the relevant historical and forecast credit data in a central database available to all groups that rely upon that data. Accordingly, any users of this information should be cautioned that this forecast is subject to change as data becomes available.

Department of Revenue, Tax Division
February 22, 2010

State of Alaska
Department of Revenue

Credits Purchased by State

($m) Fiscal Year	$million Amount
2007	54.6
2008	54.1
2009	193.1
2010	98.4
	400.3

By Fund

General fund

2007	54.6
2008	25.0
	79.6

Fund 11189 Oil and Gas tax Credit fund

2008	29.1
2009	193.1
2010	98.4
	320.7

Total	400.3

State of Alaska
Department of Revenue

Tax Credits applied to Taxes by tax year (calendar year)

($m)

Type	2006	2007	2008	Totals
.023(a)	195	194	243	632
.023(i)	98	145	0	243
.024	27	38	21	86
.025	2	92	17	111
	322	469	281	1072

Source: Tax filings
2009 tax filings true up due in March

Additional information provided by LB&A consultant Dr. David Wood in response to questions raised in committee on Feb 25th.

To: Senate Finance Committee

Attn: Senator Bert Stedman

Co-Chair, Senate Finance Committee

From: David Wood

Date: 25 February, 2010

Re: Answer to Question & Request Raised by Senator Thomas during My Testimony Given Today (25 February 2010)

The very pertinent and perceptive question asked earlier today by Senator Thomas sought information with respect to how might the gas dilution / cross subsidy effect identified in Alaska's current production tax rules have impacted the production taxes actually paid in recent periods had a gas line had been in operation at the time?

In order to provide an indicative answer to this question I have taken the data for price, volume and costs (excluding Cook Inlet Gas) for fiscal year 2008 (i.e. July 2007 to June 2008), which is available from the Alaska Department of Revenue (DOR), Fall 2008 Revenues Sources Book (RSB), (Dec 2008). That period is selected because of the wide range of oil prices that prevailed and the fact that the ACES rules were in place. The three tables attached to this document provide the necessary data and calculations to establish the impact.

Table 1 calculates the production tax for oil based on actual data showing the components of that calculation. As no gas is exported the calculations are based upon oil barrels only. This results in total production tax of **$ 7.482 billion** which is reduced by investment credits of $411.5 million to $ 7.071 billion. The calculation shown essentially reproduces the figures from the RSB.

Table 2 assumes a 4.5 bcf/day gas line and calculates production tax for this hypothetical gas stream on a stand-alone basis (i.e. not combined with oil). The calculation uses the U.S. wellhead natural gas prices from the EIA's records for the months in question. There would be some small differentials between these prices and AECO prices in Alberta, but I believe they are close enough for the purpose. I have also assumed gas transportation costs of $4.5/mcf ($27/boe) and field costs (capital costs plus operating costs) of $400 million ($1.46/ boe) which are those used by Commissioner Galvin in the examples he provided from the DOR in his

testimony of 24 February 2010. This data computes a total production tax of **$ 1.140 billion** to which no investment credits are applied.

By adding the computed production taxes in tables 1 and 2 the stand-alone oil and gas production tax for this FY 2008 (assuming 4.5 bcf /day) would be **$8.622 billion** (reduced to $8.211 billion by the deduction of $411.5 million investment credits).

Table 3 calculates the production tax by combining the revenue cost and volume streams from table 2 to provide a combined oil and gas production tax calculation of **$6.795 billion** (reduced to $6.383 billion by the deduction of $411.5 million investment credits).

For this period the loss to the State in production tax revenue caused by the cross subsidy effect of combining oil and gas in the production tax calculation would have amounted to:

$6.795 billion less $8.622 billion = -$1.827 billion.

This calculation is in line with the figures of potential loss in fiscal revenue discussed during the testimonies.

Sincerely,

David Wood

dw@dwasolutions.com

Table 1. Oil Stand-alone Production Tax Calculation (July 2007 to June 2008)

FY 2008 Production Tax Revenues: Actual Versus Potential Under Alternative Mechanisms
(Analysis Based on Actual US West Coast Prices and Cost Data)

	US West Coast Oil Price	Per Barrel Total Costs	Per Barrel Production Tax Value	Progressivity Threshold	PTV less Progressivity Threshold	PTV Rate per Dollar of Adjusted PTV	Incremental Progressivity Rate	Volume (Millions barrels)	Combined Progressivity Tax (CPT)	Base Production Tax (BPT) Rate	Base Production Tax (BPT) Value	CPT + BPT Value	CPT + BPT less Investment Credits
Month	$/barrel	$/barrel	PTV $/barrel	$/barrel	$/barrel	%	%	millions barrels	$ millions	%	$ millions	$ millions	$ millions
A	B	C	D= (B + C)	E	F= (D + E)>=0	G	H= (F * G)	I	J= (D * H * I)	K	L= (D * I * K)	M= (J + L)	N= (M - P)
Monthly Analysis, $30 PTV $/boe threshold and 0.004% progressivity parameter under Current Law as enacted in 2007													
Jul	75.93	-22.88	53.05	-30	23.05	0.40%	9.22%	19.5	95.2	25.00%	258.3	353.5	
Aug	73.83	-22.88	50.95	-30	20.95	0.40%	8.38%	19.5	83.1	25.00%	248.0	331.2	
Sep	79.92	-22.88	57.04	-30	27.04	0.40%	10.81%	18.8	116.2	25.00%	268.7	385.0	
Oct	84.77	-22.88	61.89	-30	31.89	0.40%	12.75%	19.5	153.7	25.00%	301.3	455.0	
Nov	92.98	-22.88	70.10	-30	40.10	0.40%	16.04%	18.8	211.9	25.00%	330.2	542.1	
Dec	88.64	-22.88	65.76	-30	35.76	0.40%	14.30%	19.5	183.2	25.00%	320.1	503.3	
Jan	91.16	-22.88	68.28	-30	38.28	0.40%	15.31%	19.5	203.6	25.00%	332.4	536.0	
Feb	94.42	-22.88	71.54	-30	41.54	0.40%	16.61%	18.2	216.5	25.00%	325.8	542.3	
Mar	105.06	-22.88	82.18	-30	52.18	0.40%	20.87%	19.5	334.0	25.00%	400.1	734.1	
Apr	112.37	-22.88	89.49	-30	59.49	0.40%	23.79%	18.8	401.3	25.00%	421.6	822.9	
May	125.41	-22.88	102.53	-30	72.53	0.40%	29.01%	19.5	579.2	25.00%	499.1	1078.4	
Jun	133.78	-22.88	110.90	-30	80.90	0.40%	32.36%	18.8	676.3	25.00%	522.5	1198.7	
							Totals:	**229.9**	**3254.2**	**25.00%**	**4228.1**	**7482.3**	**7070.8**

Data Source: Alaska Department of Revenue (DOR), Fall 2008 Revenues Sources Book (RSB), (Dec 2008) P

FY2008 Taxable North Slope barrels /day: 626,456 229.3 millions barrels in FY2008 Lease Expenditures ($/bbl): 16.78 TT&T ($/bbl): 6.10 Capex Credits ($ millions): 411.5

Table 2. Gas Stand-alone Production Tax Calculation (July 2007 to June 2008) [Assuming Gas Line Operational]

FY 2008 Production Tax Revenues: 4.5 bcf /day Hypothetical Gas Sales (Standalone Production Tax Calculation)
(US Gas Price Data from EIA)

Month	EIA U.S. Wellhead Price $/mcf	Per BOE Total Costs for Gas $/boe	Per Barrel Production Tax Value PTV $/boe	Progressivity Threshold $/boe	PTV less Progressivity Threshold $/boe	PTV Rate per Dollar of Adjusted PTV %	Incremental Progressivity Rate %	Volume (Millions boe) millions boe	Progressivity Tax (Gas Calculated Separately) $ millions	Base Production Tax (BPT) Rate %	Base Production Tax (BPT) Value $ millions	Total Production Tax (BPT + Progressivity) Value $ millions	CPT + BPT less Investment Credits $ millions
A	B	C	D=	E	F=	G	H=	I	J=	K	L=	M=	N=
2007/2008			(B + C)		(D + E)>=0		(F * G)		(D * H * I)		(D * I * K)	(J + L)	(M - P)
Monthly Analysis, $30 PTV $/boe threshold and 0.004% progressivity parameter under Current Law as enacted in 2007													
Jul	6.32	-28.46	9.46	-30	0.00	0.40%	0.00%	23.3	0.0	25.00%	55.2	55.2	
Aug	5.87	-28.46	6.76	-30	0.00	0.40%	0.00%	23.3	0.0	25.00%	39.4	39.4	
Sep	5.42	-28.46	4.06	-30	0.00	0.40%	0.00%	22.6	0.0	25.00%	22.9	22.9	
Oct	5.90	-28.46	6.94	-30	0.00	0.40%	0.00%	23.3	0.0	25.00%	40.5	40.5	
Nov	6.58	-28.46	11.02	-30	0.00	0.40%	0.00%	22.6	0.0	25.00%	62.2	62.2	
Dec	6.97	-28.46	13.36	-30	0.00	0.40%	0.00%	23.3	0.0	25.00%	77.9	77.9	
Jan	6.99	-28.46	13.48	-30	0.00	0.40%	0.00%	23.3	0.0	25.00%	78.6	78.6	
Feb	7.55	-28.46	16.84	-30	0.00	0.40%	0.00%	21.8	0.0	25.00%	91.8	91.8	
Mar	8.29	-28.46	21.28	-30	0.00	0.40%	0.00%	23.3	0.0	25.00%	124.0	124.0	
Apr	8.94	-28.46	25.18	-30	0.00	0.40%	0.00%	22.6	0.0	25.00%	142.0	142.0	
May	9.81	-28.46	30.40	-30	0.40	0.40%	0.16%	23.3	1.1	25.00%	177.2	178.3	
Jun	10.82	-28.46	36.46	-30	6.46	0.40%	2.59%	22.6	21.3	25.00%	205.7	226.9	
							Totals:	275.3	22.4	25.00%	1117.4	1139.8	1139.8

Data Source: EIA for gas price

Hypothetical gas production (bcf/day): 4.5 — 274.5 millions boe in FY2008 — Lease Expenditures ($/boe): 1.46 — TT&T ($/mcf): 4.5 — TT&T ($/boe): 27.00 — Capex Credits ($ millions): 0.0

Combined Production Tax Calculated on an oil + gas stand-alone calculation: 8622.1 — 8210.6

Table 3. Oil & Gas Combined Production Tax Calculation (July 2007 to June 2008)

FY 2008 Production Tax Revenues: Oil plus Gas Combined
(Analysis Assumes Actual Oil Plus Hypothetical Gas)

	Oil + Gas Effective BOE Price	Oil + Gas Effective Per BOE Total Costs	Per Barrel Production Tax Value	Progressivity Threshold	PTV less Progressivity Threshold	PTV Rate per Dollar of Adjusted PTV	Incremental Progressivity Rate	Oil + Gas Volume (Millions boe)	Combined Progressivity Tax (CPT)	Base Production Tax (BPT) Rate	Base Production Tax (BPT) Value	CPT + BPT Value	CPT + BPT less $400 in credits	
Month	$/boe	$/boe	PTV $/boe	$/boe	$/boe	%	%	millions boe	$ millions	%	$ millions	$ millions	$ millions	
A	B	C	D= (B + C)	E	F= (D + E)>=0	G	H= (F * G)	I	J= (D * H * I)	K	L= (D * I * K)	M= (J + L)	N= (M - P)	
Monthly Analysis, $30 PTV $/boe threshold and 0.004% progressivity parameter under Current Law as enacted in 2007														
Jul	55.22	-25.92	29.30	-30	0.00	0.40%	0.00%	42.8	0.0	25.00%	313.4	313.4		
Aug	52.79	-25.92	26.87	-30	0.00	0.40%	0.00%	42.8	0.0	25.00%	287.4	287.4		
Sep	54.09	-25.92	28.17	-30	0.00	0.40%	0.00%	41.4	0.0	25.00%	291.6	291.6		
Oct	57.87	-25.92	31.95	-30	1.95	0.40%	0.78%	42.8	10.7	25.00%	341.8	352.4		
Nov	63.83	-25.92	37.91	-30	7.91	0.40%	3.16%	41.4	49.7	25.00%	392.4	442.1		
Dec	63.13	-25.92	37.21	-30	7.21	0.40%	2.88%	42.8	45.9	25.00%	398.0	443.9		
Jan	64.34	-25.92	38.42	-30	8.42	0.40%	3.37%	42.8	55.4	25.00%	411.0	466.4		
Feb	67.66	-25.92	41.74	-30	11.74	0.40%	4.69%	40.0	78.4	25.00%	417.6	496.0		
Mar	74.92	-25.92	49.00	-30	19.00	0.40%	7.60%	42.8	159.3	25.00%	524.1	683.4		
Apr	80.37	-25.92	54.45	-30	24.45	0.40%	9.78%	41.4	220.5	25.00%	563.6	784.1		
May	89.15	-25.92	63.23	-30	33.23	0.40%	13.29%	42.8	359.6	25.00%	676.3	1035.9		
Jun	96.26	-25.92	70.34	-30	40.34	0.40%	16.14%	41.4	470.0	25.00%	728.1	1198.1		
							Totals:	505.2	1449.3	25.00%	5345.5	6794.9	6383.4	
Difference Between Production Tax Calculated on a combined Oil & Gas Basis Minus Standalone Oil and Gas Basis:												-1827.2	-1827.2	P
													Capex Credits ($ millions):	411.5

Additional follow-up information provided by Wendy King in response to questions raised during ConocoPhillips testimony before the committee on Feb 23rd.

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MAR - 8 2010

Wendy D. King
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Phone (907) 265-6026
Fax (918) 662-8060

ConocoPhillips
Alaska, Inc.

March 8, 2010

The Honorable Bert Stedman
State Senate
Alaska State Capitol, Room 516
Juneau, Alaska 99801-1182

Dear Senator Stedman:

Thank you for the opportunity to present to the Senate Finance Committee on February 23, 2010, regarding the State of Alaska's oil tax structure.

Questions raised during the committee discussion are answered below with additional details provided in the referenced attachments.

Question 1: Does slide number 5, "North Slope Remaining Barrels," include heavy oil?

Response: Yes, the slide is the sum of the ANS production forecast from the Department of Revenue's (DOR) fall 2008 forecast for the years 2010-2050. DOR included production from the West Sak heavy oil reservoir in this forecast. Please see Attachment 1.

Question 2: Can you provide the inflation factors used to normalize North Slope expenditures on slide number 8?

Response: Cambridge Energy Resources Associates' (CERA) inflation factors were used to normalize the hyperinflation experienced by the oil industry in concurrence with oil price changes. These are the same inflation factors used by the Department of Revenue (DOR) in their presentation to the Senate Resources Committee on February 4, 2010. The DOR presentation and the table of inflation factors used by ConocoPhillips to adjust expenditures on slide number 8 are shown on Attachments 2 through 4.

Question 3: For slide number 9, "Extending Core Field Lives," show capital split between maintenance/repair/replace and development.

Response: Please see Attachment 5, a reformatted version of slide number 9 to a stacked bar chart that shows the increasing maintenance investment focused on extending the core fields' lives. This investment is represented by the increasing gray portion of the bars. The flat to decreasing red portion of the bars shows the investment in projects and drilling.

The next chart, Attachment 6, presents a break down of the gross capital investment in the core North Slope fields. The red portion of the bars indicates that capital investment in drilling and new projects has declined in recent years. The gray portion shows that capital investment in core field maintenance, repair and replacement activities has increased. These maintenance capital investments are necessary to prolong the lives of and mitigate production decline rates of the core fields.

Please don't hesitate to contact me if the Committee has further questions or requires additional information.

Sincerely,

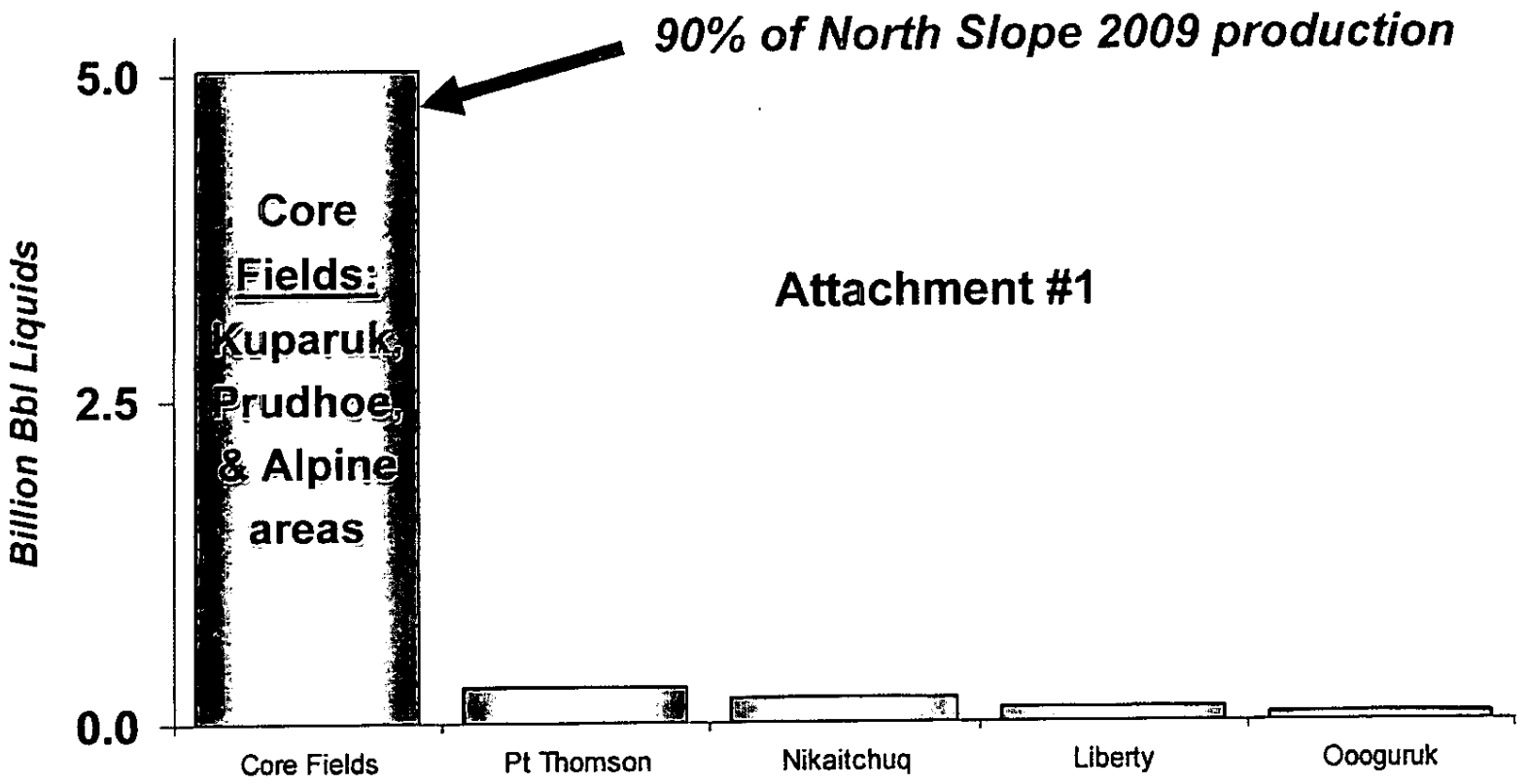
Wendy D. King

Wendy D. King

Attachments

cc: Brian Wenzel ConocoPhillips Alaska

North Slope Remaining Barrels



Core fields are dominant source of state production

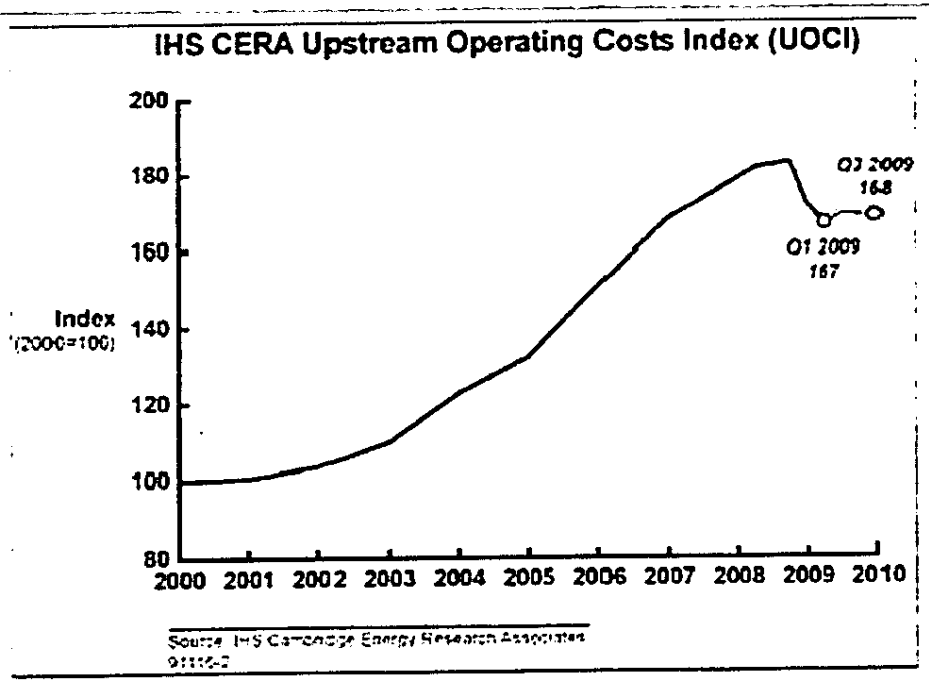
Source: DOR production forecast 2010 – 2050 volumes

ConocoPhillips

CERA Inflation Factors

Attachment #2

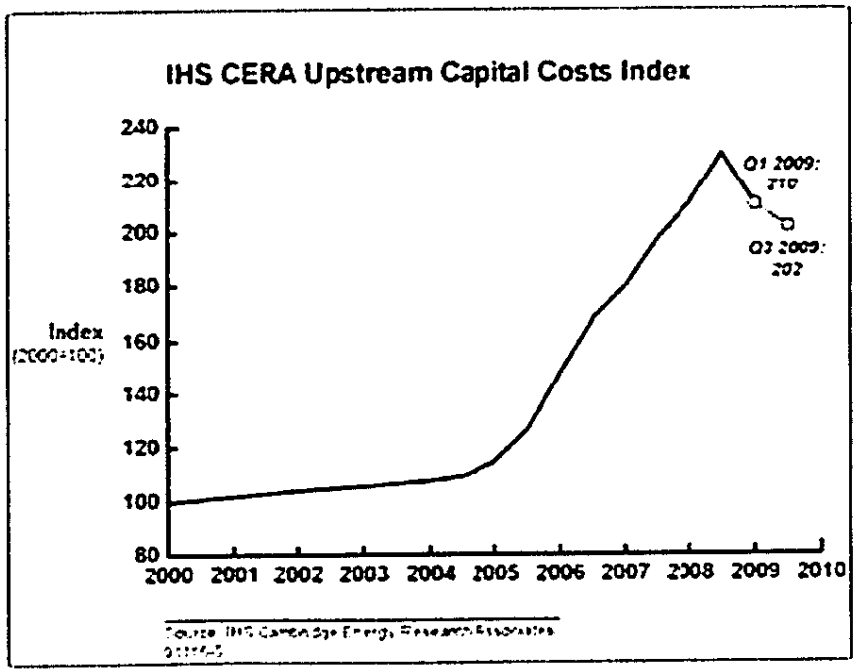
Historical Trends – Worldwide Upstream Operating Costs



CERA Inflation Factors

Attachment #3

Historical Trend – Worldwide Upstream Capital Costs



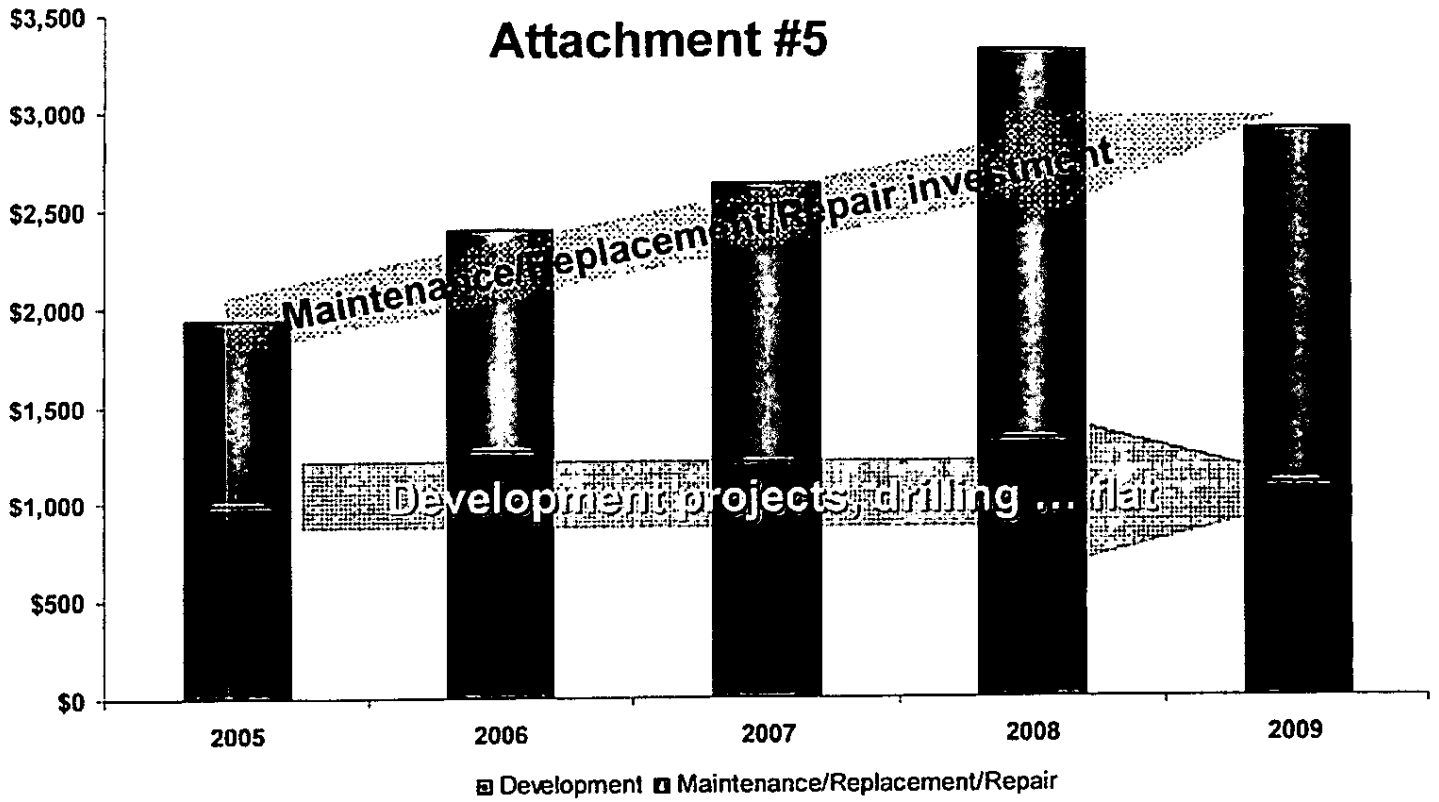
CERA Inflation Factors

Attachment #4

	CERA Upstream Capital Costs Index	Inflation Adjustment	CERA Upstream Operating Cost Index	Inflation Adjustment
2007	167.4	1.00	150.6	1.00
2008	197.8	1.18	168.1	1.12
2009	230.0	1.37	181.7	1.21
2010	202.0	1.21	166.6	1.11

Core Field Investments Extend Field Life

Core field gross investments include capital and operating expense, $MM



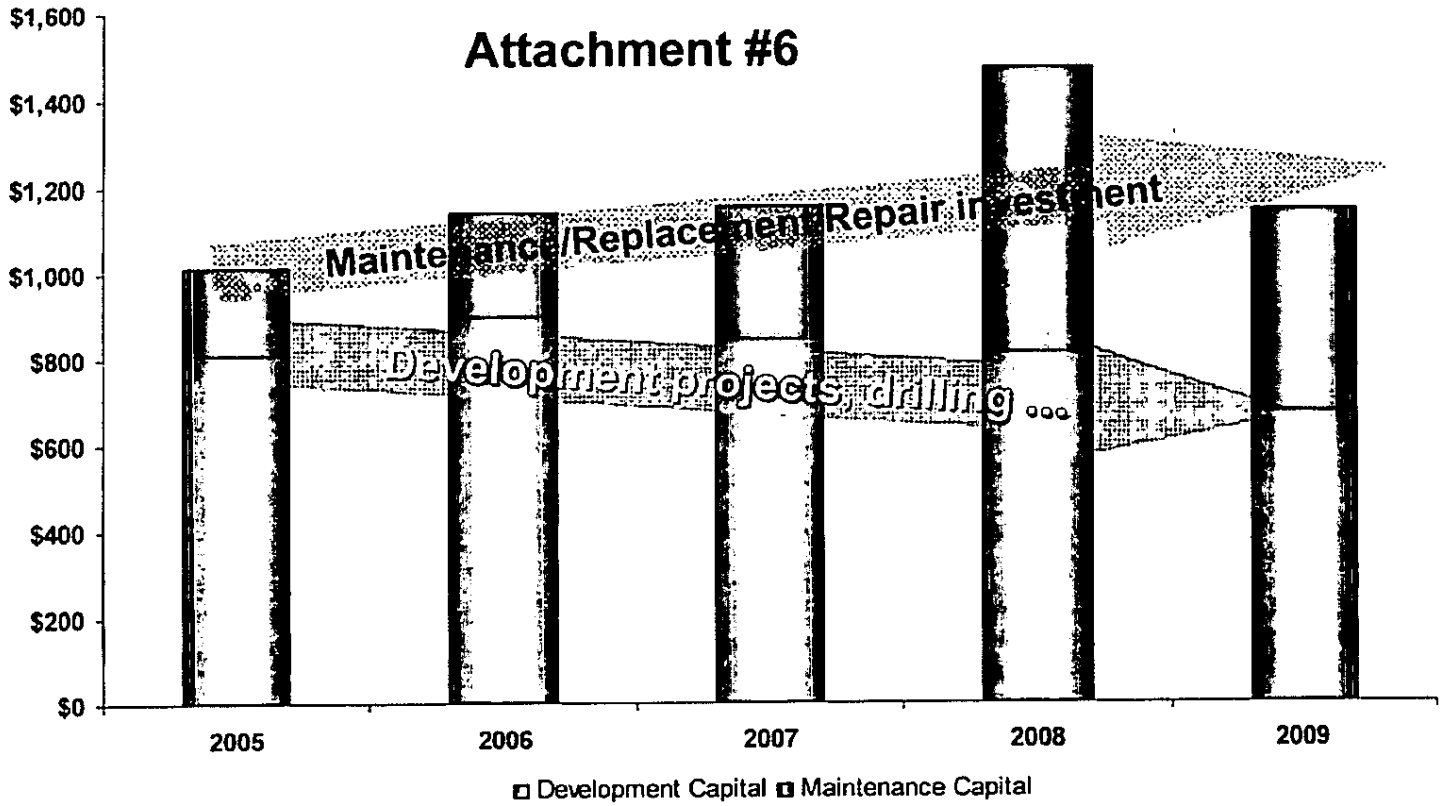
Maintenance investment essential to extending field life

Source: ConocoPhillips internal

ConocoPhillips

Capital Portion of Core Field Investment

Core field gross investment on capital, $MM



Capital maintenance investment essential component of extending field life

Source: ConocoPhillips internal

2/25/10 GAS TAX REVIEW

<target><bill></bill><subject>2-25-10 GAS TAX REVIEW</subject><comm>SFIN26</comm></target>

To: Senate Finance Committee

Attn: Senator Bert Stedman

Co-Chair, Senate Finance Committee

From: David Wood

Date: 25 February, 2010

Re: Answer to Question & Request Raised by Senator Thomas during My Testimony Given Today (25 February 2010)

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This calculation is in line with the figures of potential loss in fiscal revenue discussed during the testimonies.

Sincerely,

David Wood

dw@dwasolutions.com

Table 1. Oil Stand-alone Production Tax Calculation (July 2007 to June 2008)

FY 2008 Production Tax Revenues: Actual Versus Potential Under Alternative Mechanisms

(Analysis Based on Actual US West Coast Prices and Cost Data)

Month	US West Coast Oil Price	Per Barrel Total Costs	Per Barrel Production Tax Value	Progressivity Threshold	PTV less Progressivity Threshold	PTV Rate per Dollar of Adjusted PTV	Incremental Progressivity Rate	Volume (Millions barrels)	Combined Progressivity Tax (CPT)	Base Production Tax (BPT) Rate	Base Production Tax (BPT) Value	CPT + BPT Value	CPT + BPT less Investment Credits
	$/barrel	$/barrel	PTV $/barrel	$/barrel	$/barrel	%	%	millions barrels	$ millions	%	$ millions	$ millions	$ millions
A	B	C	D= (B + C)	E	F= (D + E)>=0	G	H= (F * G)	I	J= (D * H * I)	K	L= (D * I * K)	M= (J + L)	N= (M - P)
Monthly Analysis, $30 PTV $/boe threshold and 0.004% progressivity parameter under Current Law as enacted in 2007													
Jul	75.93	-22.88	53.05	-30	23.05	0.40%	9.22%	19.5	95.2	25.00%	258.3	353.5	
Aug	73.83	-22.88	50.95	-30	20.95	0.40%	8.38%	19.5	83.1	25.00%	248.0	331.2	
Sep	79.92	-22.88	57.04	-30	27.04	0.40%	10.81%	18.8	116.2	25.00%	268.7	385.0	
Oct	84.77	-22.88	61.89	-30	31.89	0.40%	12.75%	19.5	153.7	25.00%	301.3	455.0	
Nov	92.98	-22.88	70.10	-30	40.10	0.40%	16.04%	18.8	211.9	25.00%	330.2	542.1	
Dec	88.64	-22.88	65.76	-30	35.76	0.40%	14.30%	19.5	183.2	25.00%	320.1	503.3	
Jan	91.16	-22.88	68.28	-30	38.28	0.40%	15.31%	19.5	203.6	25.00%	332.4	536.0	
Feb	94.42	-22.88	71.54	-30	41.54	0.40%	16.61%	18.2	216.5	25.00%	325.8	542.3	
Mar	105.06	-22.88	82.18	-30	52.18	0.40%	20.87%	19.5	334.0	25.00%	400.1	734.1	
Apr	112.37	-22.88	89.49	-30	59.49	0.40%	23.79%	18.8	401.3	25.00%	421.6	822.9	
May	125.41	-22.88	102.53	-30	72.53	0.40%	29.01%	19.5	579.2	25.00%	499.1	1078.4	
Jun	133.78	-22.88	110.90	-30	80.90	0.40%	32.36%	18.8	676.3	25.00%	522.5	1198.7	
							Totals:	**229.9**	**3254.2**	**25.00%**	**4228.1**	**7482.3**	**7070.8**

Data Source: Alaska Department of Revenue (DOR), Fall 2008 Revenues Sources Book (RSB), (Dec 2008) P

FY2008 Taxable North Slope barrels /day: 626,456 — 229.3 millions barrels in FY2008 — Lease Expenditures ($/bbl): 16.78 — TT&T ($/bbl): 6.10 — Capex Credits ($ millions): 411.5

Table 2. Gas Stand-alone Production Tax Calculation (July 2007 to June 2008) [Assuming Gas Line Operational]

FY 2008 Production Tax Revenues: 4.5 bcf /day Hypothetical Gas Sales (Standalone Production Tax Calculation)

(US Gas Price Data from EIA)

	EIA U.S. Wellhead Price	Per BOE Total Costs for Gas	Per Barrel Production Tax Value	Progressivity Threshold	PTV less Progressivity Threshold	PTV Rate per Dollar of Adjusted PTV	Incremental Progressivity Rate	Volume (Millions boe)	Progressivity Tax (Gas Calculated Separately)	Base Production Tax (BPT) Rate	Base Production Tax (BPT) Value	Total Production Tax (BPT + Progressivity) Value	CPT + BPT less Investment Credits
Month	$/mcf	$/boe	PTV $/boe	$/boe	$/boe	%	%	millions boe	$ millions	%	$ millions	$ millions	$ millions
A	B	C	D=	E	F=	G	H=	I	J=	K	L=	M=	N=
2007/2008			(B + C)		(D + E)>=0		(F * G)		(D * H * I)		(D * I * K)	(J + L)	(M - P)
Monthly Analysis, $30 PTV $/boe threshold and 0.004% progressivity parameter under Current Law as enacted in 2007													
Jul	6.32	-28.46	9.46	-30	0.00	0.40%	0.00%	23.3	0.0	25.00%	55.2	55.2	
Aug	5.87	-28.46	6.76	-30	0.00	0.40%	0.00%	23.3	0.0	25.00%	39.4	39.4	
Sep	5.42	-28.46	4.06	-30	0.00	0.40%	0.00%	22.6	0.0	25.00%	22.9	22.9	
Oct	5.90	-28.46	6.94	-30	0.00	0.40%	0.00%	23.3	0.0	25.00%	40.5	40.5	
Nov	6.58	-28.46	11.02	-30	0.00	0.40%	0.00%	22.6	0.0	25.00%	62.2	62.2	
Dec	6.97	-28.46	13.36	-30	0.00	0.40%	0.00%	23.3	0.0	25.00%	77.9	77.9	
Jan	6.99	-28.46	13.48	-30	0.00	0.40%	0.00%	23.3	0.0	25.00%	78.6	78.6	
Feb	7.55	-28.46	16.84	-30	0.00	0.40%	0.00%	21.8	0.0	25.00%	91.8	91.8	
Mar	8.29	-28.46	21.28	-30	0.00	0.40%	0.00%	23.3	0.0	25.00%	124.0	124.0	
Apr	8.94	-28.46	25.18	-30	0.00	0.40%	0.00%	22.6	0.0	25.00%	142.0	142.0	
May	9.81	-28.46	30.40	-30	0.40	0.40%	0.16%	23.3	1.1	25.00%	177.2	178.3	
Jun	10.82	-28.46	36.46	-30	6.46	0.40%	2.59%	22.6	21.3	25.00%	205.7	226.9	
							Totals:	**275.3**	**22.4**	**25.00%**	**1117.4**	**1139.8**	**1139.8**
Data Source: EIA for gas price										TT&T ($/mcf):	4.5		
Hypothetical gas production (bcf/day)		4.5	274.5 millions boe in FY2008				Lease Expenditures ($/boe)		1.46	TT&T ($/boe):	27.00	Capex Credits ($ millions):	0.0
										Combined Production Tax Calculated on an oil + gas stand-alone calculation:		**8622.1**	**8210.6**

Table 3. Oil & Gas Combined Production Tax Calculation (July 2007 to June 2008)

FY 2008 Production Tax Revenues: Oil plus Gas Combined

(Analysis Assumes Actual Oil Plus Hypothetical Gas)

	Oil + Gas Effective BOE Price	Oil + Gas Effective Per BOE Total Costs	Per Barrel Production Tax Value	Progressivity Threshold	PTV less Progressivity Threshold	PTV Rate per Dollar of Adjusted PTV	Incremental Progressivity Rate	Oil + Gas Volume (Millions boe)	Combined Progressivity Tax (CPT)	Base Production Tax (BPT) Rate	Base Production Tax (BPT) Value	CPT + BPT Value	CPT + BPT less $400 in credits	
Month	$/boe	$/boe	PTV $/boe	$/boe	$/boe	%	%	millions boe	$ millions	%	$ millions	$ millions	$ millions	
A	B	C	D= (B + C)	E	F= (D + E)>=0	G	H= (F * G)	I	J= (D * H * I)	K	L= (D * I * K)	M= (J + L)	N= (M - P)	
Monthly Analysis, $30 PTV $/boe threshold and 0.004% progressivity parameter under Current Law as enacted in 2007														
Jul	55.22	-25.92	29.30	-30	0.00	0.40%	0.00%	42.8	0.0	25.00%	313.4	313.4		
Aug	52.79	-25.92	26.87	-30	0.00	0.40%	0.00%	42.8	0.0	25.00%	287.4	287.4		
Sep	54.09	-25.92	28.17	-30	0.00	0.40%	0.00%	41.4	0.0	25.00%	291.6	291.6		
Oct	57.87	-25.92	31.95	-30	1.95	0.40%	0.78%	42.8	10.7	25.00%	341.8	352.4		
Nov	63.83	-25.92	37.91	-30	7.91	0.40%	3.16%	41.4	49.7	25.00%	392.4	442.1		
Dec	63.13	-25.92	37.21	-30	7.21	0.40%	2.88%	42.8	45.9	25.00%	398.0	443.9		
Jan	64.34	-25.92	38.42	-30	8.42	0.40%	3.37%	42.8	55.4	25.00%	411.0	466.4		
Feb	67.66	-25.92	41.74	-30	11.74	0.40%	4.69%	40.0	78.4	25.00%	417.6	496.0		
Mar	74.92	-25.92	49.00	-30	19.00	0.40%	7.60%	42.8	159.3	25.00%	524.1	683.4		
Apr	80.37	-25.92	54.45	-30	24.45	0.40%	9.78%	41.4	220.5	25.00%	563.6	784.1		
May	89.15	-25.92	63.23	-30	33.23	0.40%	13.29%	42.8	359.6	25.00%	676.3	1035.9		
Jun	96.26	-25.92	70.34	-30	40.34	0.40%	16.14%	41.4	470.0	25.00%	728.1	1198.1		
							Totals:	505.2	1449.3	25.00%	5345.5	6794.9	6383.4	
Difference Between Production Tax Calculated on a combined Oil & Gas Basis Minus Standalone Oil and Gas Basis:												-1827.2	-1827.2	P
													Capex Credits ($ millions):	411.5

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

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Mail Stop 3101

State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM February 22, 2010

SUBJECT: Gas production tax limitation in AS 43.90.320
(Work Order No. 26-LS1526)

TO: Senator Tom Wagoner

FROM: Donald M. Bullock Jr.
Legislative Counsel

You asked to what extent is the state bound by the tax exemption in AS 43.90.320.[1] The exemption in that section is offered to producers that commit to acquire firm transportation capacity in the first binding open season of the gas pipeline project license under AS 43.90 (Alaska Gasline Inducement Act, "AGIA").

The exemption in AS 43.90.320 is statutory and not contractual. Under article IX, sec. 1 of the Alaska constitution, the state may not contract away its taxing authority except as otherwise provided in article IX. Article IX, sec. 4 authorizes the legislature to grant exemptions from tax "by law." The tax exemption in AS 43.90.320 is granted by law, but as a law, is subject to amendment or repeal by the legislature.[2]

---

[1] The amount of the exemption is described in AS 43.90.320(a), which reads as follows:

> (a) If a person qualified for a resource inducement under AS 43.90.300 agrees under (c) of this section, the person is entitled to *an annual exemption from the state's gas production tax in an amount equal to the difference between the amount of the person's gas production tax obligation calculated under the gas production tax in effect during that tax year and the amount of the person's gas production tax obligation calculated under the gas production tax in effect at the start of the first binding open season held under this chapter. If the difference is less than zero, the gas production tax exemption is zero.*

(Emphasis added.)

[2] As you are aware, the legislature has faced the issue of whether a contractual limitation on oil and gas production taxes is permissible under the state constitution. If such a contract were allowed under article IX, the legislature could not pass a law that impaired the obligations of that contract because of the prohibition in article 1, sec. 15. In

While a person offered the exemption may reasonably expect that the legislature would allow the exemption to continue during the specific 10-year period described in AS 43.90.320(b), the continuation of the exemption is subject to legislative discretion. A similar statutory tax incentive was offered in AS 43.55.011(b) (repealed, sec. 34, ch. 2, TSSLA 2006), in which new oil production was taxed at the rate of 12.25 percent of the gross value at the point of production for the first five years, and 15 percent thereafter. That tax incentive was in place from its enactment in 1981 until its repeal in 2006.

Although the exemption in AS 43.90.320 is offered to producers, a change in the law that reduces the value of the inducement may affect the license agreement with the AGIA licensee. The state and the AGIA licensee have a contract under which, in return for commitments and costs incurred by the licensee to develop the pipeline project, the state shares the costs and offers the services of the Alaska Gasline Inducement Act coordinator.[3] The royalty and tax exemption inducements are offered as incentives to commit to acquire firm transportation capacity in the pipeline project. If the legislature removes or reduces the inducements and the first binding open season fails to produce sufficient commitments for the project to move forward, the licensee may claim the state reduced the value of its exclusive license, contrary to article I, sec. 15 of the state constitution.

As a practical matter, the licensee's open season is expected to begin May 1, 2010, and the inducements are only offered during this first open season. If no firm commitments are received, the inducements expire. If firm commitments are received, the inducements take effect for the 10-year period described in AS 43.90.320(b), unless amended by law.

If I may be of further assistance, please advise.

DMB:ljw
10-118.ljw

AS 43.90.320, the state offers an exemption in the amount of any increase in gas production tax liability during the designated period.

[3] AS 43.90.110(a).

4/16/10 PRESENTATION: AGIA REGULATIONS BY DEPARTMENT OF REVENUE

<target><bill></bill><subject>4-16-10 PRESENTATION AGIA REGULATIONS BY DEPARTMENT OF REVENUE</subject><comm>SFIN26</comm></target>

Proposed AGIA Royalty Regulations

Senate Finance Committee

April 16, 2010

Agenda

- Introduction and Overview
- Overarching valuation principles adopted by DNR
- Valuation concepts and approaches
- RIV/RIK switching issues and solution
- Value to producers

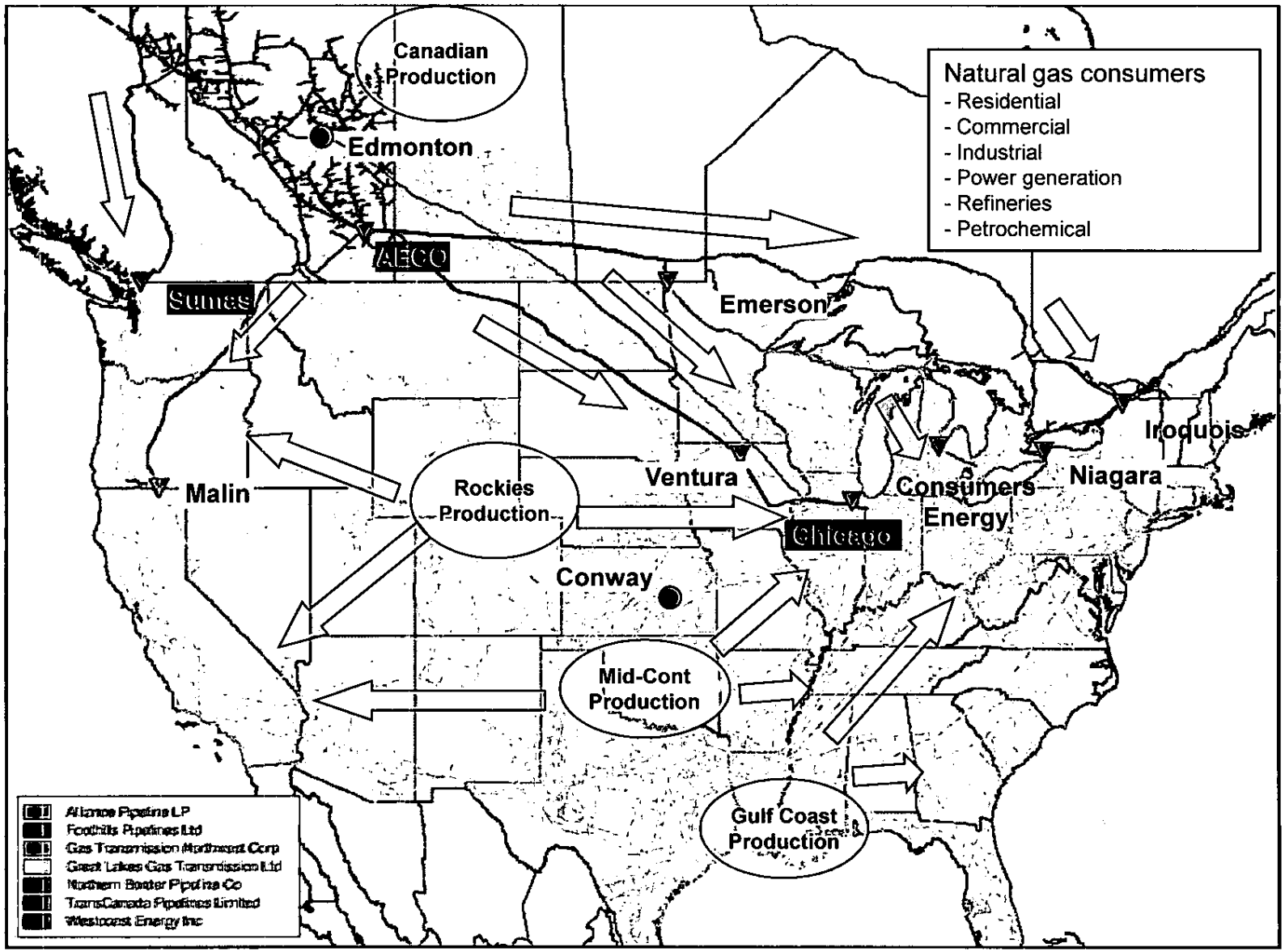
Overview of the AGIA Royalty Regulation

- Purpose of the regulation is to make offer to modify state lease contracts, consistent with requirements of the Alaska Gas Inducement Act (AGIA)
  - Establish method to determine "fair market value" (FMV) of the state's royalty share of gas production that increases clarity and predictability of royalty value
  - Establish terms under which the state will modify its ability to exercise current rights to switch between taking royalty in value (as money) or in kind (as gas), that reduces lessees exposure to stranded or insufficient transportation
  - Lessee who qualifies for royalty inducements can elect either (or both) Valuation or Royalty Switching provisions

Requirements in AGIA

- Valuation regulations must:
  - Minimize retroactive adjustments in royalty value
  - Establish FMV based on reliable trade publications
  - Allow reasonable and actual deductions for transportation and processing
  - Allow for reasonable share of unused capacity
  - Allow deductions under the 1980 settlement agreement

Dynamic North America Natural Gas Market



Overarching Principles

1. Reduce lessee uncertainty
2. Maintain state's full royalty value
3. Incorporate natural gas industry practices to the extent doing so is consistent with (1) and (2)

Overarching Principle: Reduce Uncertainty

- Eliminate "higher-of" lease valuation terms
- Establish value based on published prices
- Minimize or eliminate retroactive adjustments
- Allocate volumes *pro rata* to increase clarity of gas value and costs of transportation and processing

Overarching Principle: Full Value Under Lease

- "Full Value" without gross proceeds
  - Gas components are valued for residue gas, gas plant products, unprocessed gas, LNG
  - Published prices in destination markets establish value
  - Ability to update price publications, destination markets, location differentials
  - Valuation backstop "basket" ensures unrepresentative destination market published price doesn't distort reasonable value
  - No negative royalty
- *Pro rata* allocation of value and costs back to the lease establishes fair distribution and ensures full value

Overarching Principle: Incorporate Gas Industry Practices

- Use well established regulatory structure and methodology where practical to determine transportation costs (i.e. FERC)
- Incorporate use of published indices based on commercial practices
- Used elements of MMS regulations
  - Used as baseline; modified where necessary to reflect differences in circumstances of Alaska project
  - North Slope producers have extensive experience in complying with MMS gas regulations in Lower 48

Key Valuation Concepts and Approaches

1. Destination where gas is valued
2. Publishing value at destination
3. Backstop measure of FMV for residue gas
4. "Actual and reasonable" transportation and processing deductions
5. Appropriate deductions for unused capacity

How to Determine Destination

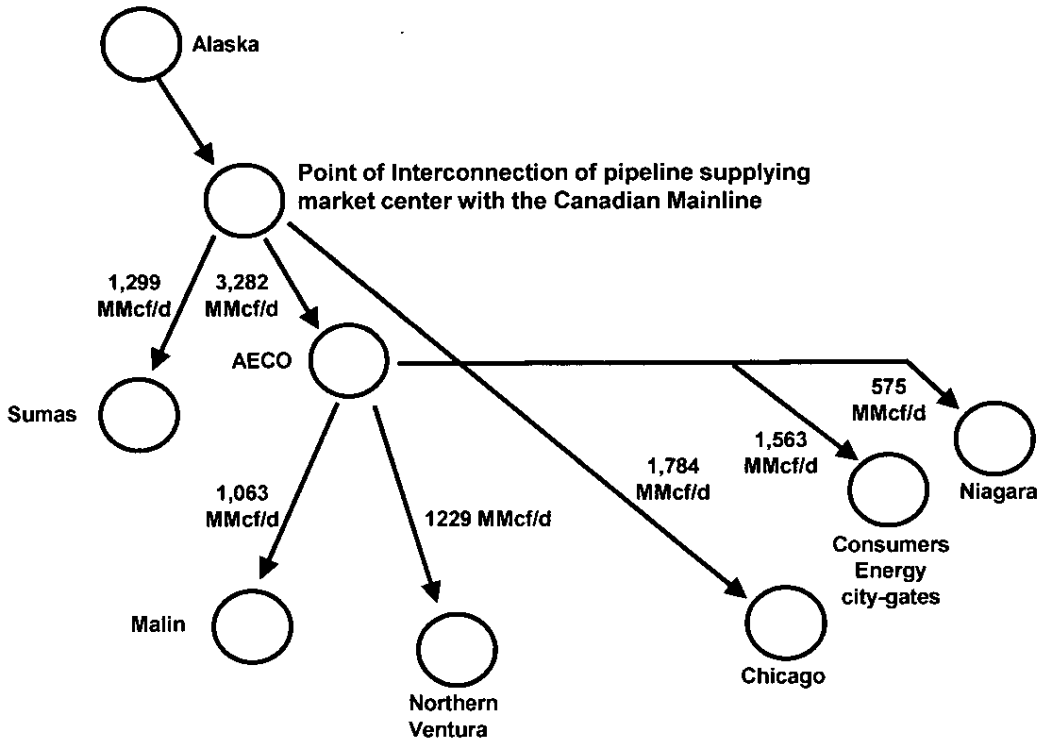
- A lessee's gas is valued for royalty at "Destination"
- A lessee's qualified gas is generally considered to be at "Destination" when it first:
    1. Enters a first destination market;
    2. Has been sold in an arm's length transaction; or
    3. Has been processed to extract residue gas and gas plant product
- "Destination values" are determined with reference to "first destination markets"
- First destination market is the first liquid market where ANS gas is physically transported to and bought, sold, processed, or regasified that has a reliable and widely available published price

Department to Publish Information Necessary to Determine Destination Value

- The department will publish on its website prior to the royalty reporting period:
  - The location of all First Destination Markets
  - The name of the source of the published price for residue gas, gas plant products at the First Destination Market
  - Appropriate location or quality differentials to establish FMV with reference to First Destination Market
  - Reasonable gas treatment, processing, or re-gasification cost allowances

Alternative Destination Value for Residue Gas

- Basket of published indices used to calculate a "backstop" fair market value to published index prices at destination markets
- Basket is relied upon only when the published price at a destination market is less than 95% of the basket price; i.e. a safety valve
- The alternative destination value protects the State from being locked in to a valuation rule that fails to reflect fair market value
- Pricing elements making up the basket determined by market liquidity criteria
- Basket reflects the volume weighted average of value received by the market



Actual and Reasonable Cost of Transportation and Processing - Non Arms Length Transactions

- Non-arm's length transportation cost allowance for Alaska and Canadian mainline is based on the terms proposed in the Open Season offer
  - If affiliated lessee negotiates a lower rate, then the transportation cost allowance will be based on this negotiated lower rate
- Other pipelines – Cost deductions calculated using FERC based cost of service methodology
- Generally follow MMS methodology to establish non-arm's length processing deductions

Deductions for Unused Transportation Capacity

- Unused capacity deductions were designed to balance the need to mitigate producers risk, but not expose the State to bearing unintended costs
- Deductions are allowed for Unused Capacity on Alaska and Canadian mainlines
- Unused Capacity = Allocated Capacity – Allocated Shipments
  - Allocated Capacity – Portion of firm transportation capacity acquired by lessee in first binding open season to transport production from state leases; measured with reference to actual state lease production
  - Allocated Shipments – greater of shipments of production from state leases or a pro-rata allocation of total shipments from all sources

RIK/RIV Switching Issue

- Under lease the State has the option of taking its royalty share of production either in kind (RIK) or in value (RIV). This option creates a risk for shippers.
  - If the State switches from RIV to RIK, shippers may have stranded capacity corresponding to the royalty volumes
  - If the State switches from RIK to RIV, shippers may not have sufficient capacity on a timely basis
  - Additionally, shippers' marketing arrangements need to be reconciled with the State's RIK/RIV election
- Given the substantial tariffs on the Alaska project, the potential exposure associated with the State's RIV/RIK option is significant

RIK/RIV Solution: "Capacity Follows the Gas"

- Switching from RIV to RIK:
  - State obligated to seek capacity corresponding to the State's RIK share (*"RIK Capacity"*) from the Producers via a pre-arranged deal
  - Released capacity will be acquired at original contract rates (state forgoes opportunity to get a better deal)
- Switching from RIK to RIV:
  - Capacity corresponding to the State's RIK share (*"RIK Capacity"*) reverts back from the State to the Producers at contract rates
- State requested and FERC approved a waiver to allow pre-arranged deals for FT capacity at contract rates, consistent with these terms
- Increase notice period for RIK/RIV switching
  - 120 days when between 100,000 & 200,000 MMbtu/d
  - 180 days when quantity is greater than 200,000 MMbtu/d

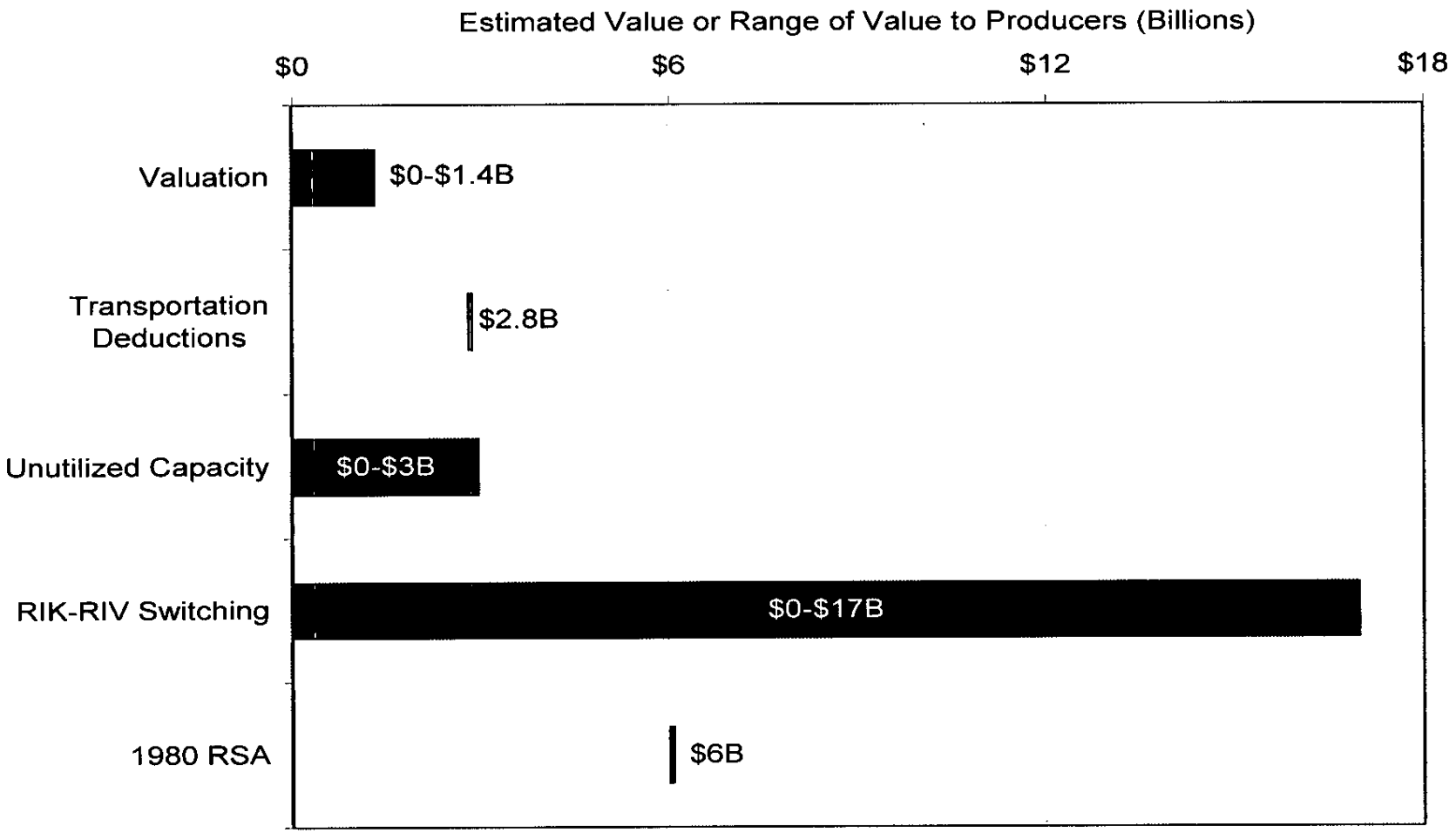
Value of Royalty Inducement to Producers

- The AGIA regulations provide value to producers while protecting State interests
- Some of the key provisions that provide value to producers include:
  - Valuation – moving away from "higher-of" provision
  - Transportation –
    - Adopting FERC-like approach for transportation deductions, rather than MMS-like approach
    - Allowing deductions for unused capacity
  - RIK/RIV switching – FERC waiver allows capacity transfer deal at contract rates

Aggressive Assumptions were Made to Establish Upper Bound of Value to Producers

- Recognize that the value of and need for these provisions may be lower depending on the facts of the project going forward:
  - Methane valuation – Assumed impact of moving away from "higher-of" provision is not offset by market basket concept
  - Transportation deduction for non-arm's length transactions – Assumed that alternative was MMS methodology
  - Unused capacity deduction – Assumed that no YTF gas is found
  - RIK-RIV switching - Assumed that entire royalty volume is switched from in-value to in-kind
- Very approximate estimates of the value to producers from provisions in the 1980 Royalty Settlement Agreement have also been shown here to provide a more complete picture of royalty value to producers

Estimated Value or Range of Value to Producers from Key Provisions in AGIA Regulations & 1980 RSA



SB

1

<target><bill>SB 1</bill><subject>SB 1</subject><comm>SFIN26</comm></target>

ALASKA STATE LEGISLATURE

SENATOR BILL WIELECHOWSKI
SENATOR JOHNNY ELLIS
SENATOR JOE THOMAS
SENATOR KIM ELTON
SENATOR HOLLIS FRENCH

Sponsor Statement: CS for SB 1 (L&C)
Raising the Minimum Wage

Alaska's cost of living is one of the highest in the nation. The cost of food, housing, utilities, transportation and health care are far greater here than in most states. Despite this, Alaska has the lowest minimum wage on the west coast. Oregon, Washington, California and Hawaii all have higher minimum wages, as do twelve other states. In addition, in July 2009, the federal minimum wage will increase to $7.25, surpassing Alaska's rate of $7.15.

CS for SB 1 (L&C) will increase Alaska's minimum wage from $7.15/hour to one dollar above the federal minimum wage. If Alaska's minimum wage, last raised in 2003, were to have kept pace with the rate of inflation, it would be roughly $8.78/hour in 2010. This bill would raise our minimum wage in 2010 to $8.25/hour.

An estimated 22,254 Alaskans (7.4% of the workforce) earn less than $8.75/hour and would benefit from this legislation. Workers that earn the current Alaska minimum wage make roughly $14,872/year, which is little more than the federal poverty level for Alaska ($13,530). Twenty-five percent of those who earn just under $8/hour are parents. Many are the sole wage earners in their household.

Economic studies show that higher wages lead to greater productivity, lower recruiting and training costs, decreased absenteeism, and increased worker morale. Studies have not documented negative employment impacts (e.g., job loss) due to increases in the minimum wage.

As welfare reform forces more poor families to rely on their earnings from low-paying jobs, a minimum wage increase will help alleviate poverty and improve the standard of living for many Alaskans families. Please join us in supporting this critical legislation.

STATE OF ALASKA

DEPT. OF HEALTH AND SOCIAL SERVICES

ADVISORY BOARD ON ALCOHOLISM AND DRUG ABUSE
and ALASKA MENTAL HEALTH BOARD

SARAH PALIN, GOVERNOR

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431 N. Franklin Street, Suite 200
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FAX: (907) 465-4410
TOLL FREE: (888) 464-8920

February 19, 2009

Senator Bill Wielechowski
Alaska State Capitol
Juneau, Alaska 99801

Re: SB 1 Raising Alaska's Minimum Wage

Dear Representative Wielechowski,

The Advisory Board on Alcoholism and Drug Abuse and Alaska Mental Health Board appreciate your recognition of the need for an increase to Alaska's minimum wage. While the proposed increase to minimum wage does not alleviate all the problems faced by Alaska's working poor, it would help low-wage workers better provide for their families. Many of these low-wage workers are people experiencing mental illness or in recovery from mental illness or addiction, so we support moving minimum wage closer to a meaningful wage.

Despite arguments that raising minimum wage endangers small businesses and the jobs they provide — or that minimum wage is only paid to entry-level positions from which workers quickly graduate to a higher wage — research by the Economic Policy Institute shows "no significant job loss associated with the 1996-1997 [federal] minimum wage increase." Instead, low-wage labor markets performed better after the minimum wage was increased.

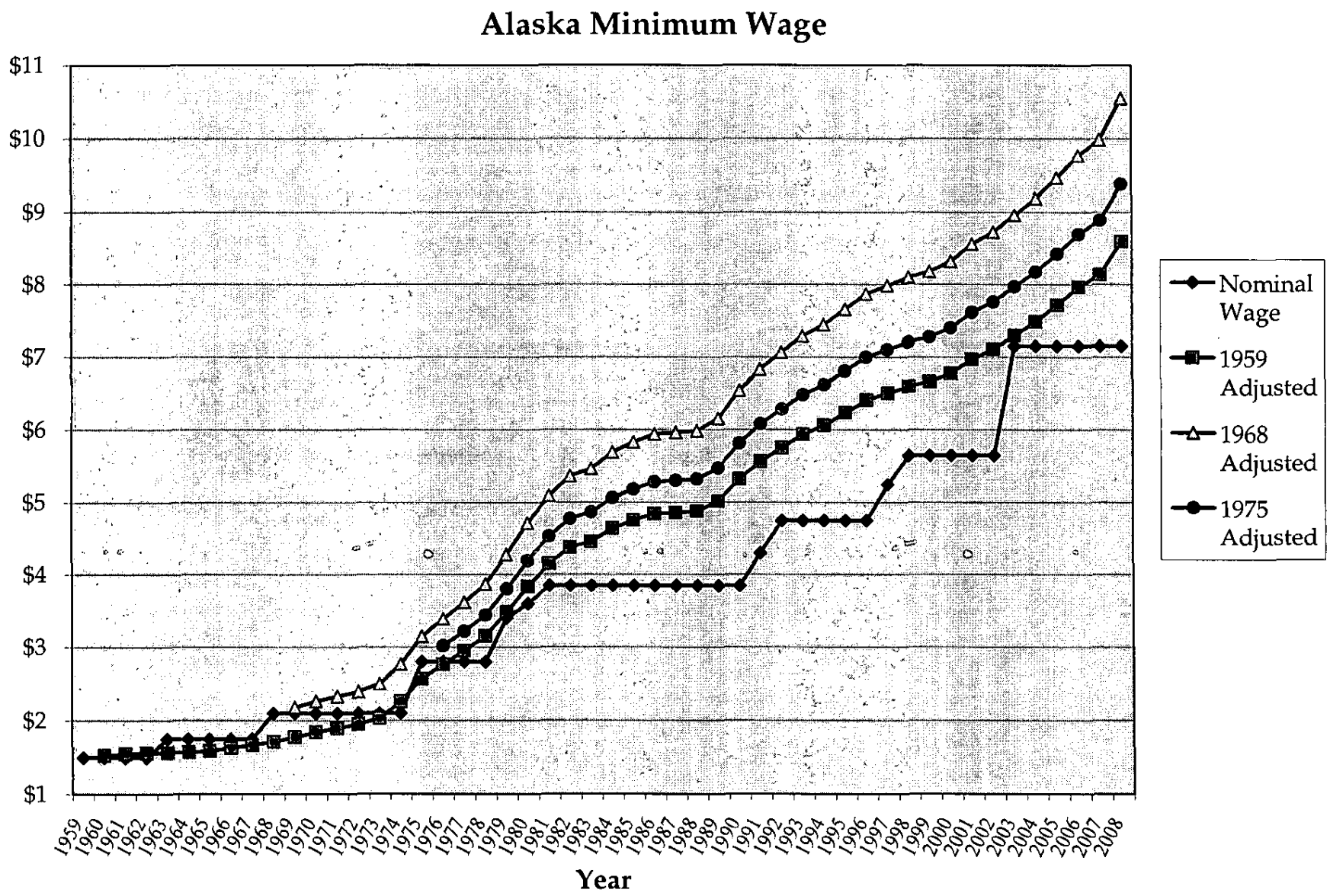
Of low-wage workers, women and minority workers benefit most from an increase in minimum wage. Among low-income families with children, low-wage workers contribute over half of the family income — which means that raising the minimum wage will benefit the more than 19,000 Alaskan children living in poverty.

It is not just teenagers working for spending money who hold minimum wage jobs in Alaska. Parents, seniors trying to supplement their limited income, individuals experiencing disabilities, and students putting themselves through school are all represented in the low-wage labor market. Their work is a valuable part of our economy, and should be recognized as such. Thank you for your work, and please let us know if the Alaska Mental Health Board and Advisory Board on Alcoholism and Drug Abuse can assist in the effort to pass this important legislation.

Sincerely,

Debi Keith, Chair
AMHB

Lonnie Walters, Chair
ABADA


Alaska Minimum Wage
$11
$10
$9
$8
$7
$6
$5
$4
$3
$2
$1
1959 1960 1961 1962 1963 1964 1965 1966 1967 1968 1969 1970 1971 1972 1973 1974 1975 1976 1977 1978 1979 1980 1981 1982 1983 1984 1985 1986 1987 1988 1989 1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008
Year
Nominal Wage
1959 Adjusted
1968 Adjusted
1975 Adjusted

Alaska's Projected Minimum Wage in 2010
Compared with Other Western States' Minimum Wages
Which are Indexed to Inflation[1]

	Alaska	Washington	Oregon	Colorado
2009 minimum wage	$7.15	$8.55	$8.40	$7.28
2010 projected minimum wage	$7.15	$8.88	$8.72	$7.56
2010 wage under SB 1	$8.75	$8.88	$8.72	$7.56

1

Based on the Alaska Permanent Fund Corporation's forecasted inflation rate of 3.85%.

Raising the Minimum Wage: Senate Bill 1

Proposal:

Increase Alaska's minimum wage from $7.15/hour to one dollar above the federal minimum wage, effective January 1, 2010.

Background:

- Alaska's cost of living is one of the highest in the nation. The cost of food, housing, utilities, and health care are far greater than in other states.
- Despite this, 16 states have a higher minimum wage than Alaska, including California, Connecticut, Hawaii, Iowa, Illinois, Michigan, Oregon, Rhode Island, Vermont, and Washington. By July 2009, this number will increase to 39.
- Alaska's minimum wage was last raised in January 2003. Since then, the prices of fuel, medical care, and other goods in Alaska have skyrocketed.
- If Alaska's minimum wage were to keep pace with inflation, it would be $8.78/hour in 2010, when Senate Bill 1 would go into effect. Projected 2010 minimum wages are $8. 88 in Washington and $8.72 in Oregon. California is already at $8.00/hour.
- At least nine states adjust their minimum wage annually for inflation, including Arizona, Colorado, Florida, Missouri, Montana, Nevada, and Oregon.
- In 2009 the federal minimum wage will increase to $7.25, surpassing Alaska's.
- An estimated 22,254 Alaskans (or 7.4% of the workforce) earn less than $8.75/hour and would benefit from this legislation.
- Workers that earn the current Alaska minimum wage make roughly $14,872/year, little more than the federal poverty level for Alaska, which is $13,530. Twenty five percent of those who slightly less than $8/hour are parents. Many are the sole wage earners in their household.
- Economic studies have not found negative employment impacts (e.g., job loss) due to modest increases in the minimum wage, perhaps because higher wages lead to greater productivity, lower recruiting and training costs, decreased absenteeism, and increased worker morale.
- As welfare reform forces more poor families to rely on their earnings from low-paying jobs, a minimum wage increase can help alleviate poverty.

2009 Poverty Guidelines for Alaska	
Persons in family	**Poverty guideline**
1	$13,530
2	18,210
3	22,890
4	27,570
5	32,250
6	36,930
7	41,610
8	46,290
For families with more than 8 persons, add $4,680 for each additional person.	

The current Alaska minimum wage yields an annual income of $14,872. This is barely above the federal poverty level for a single person and is under the poverty level for a single parent with one child.

SENATE FINANCE COMMITTEE REPORT

DATE: 2/25/09

FURTHER:

DATE TURNED
IN TO OFFICE: _____

Finance Committee considered SENATE BILL NO. 1

SB 1 ALASKA MINIMUM WAGE

"An Act increasing the minimum hourly wage, and creating an annual adjustment to the minimum hourly wage based on the rate of inflation; and providing for an effective date."

and recommends:

[X] be **replaced** with [ ] **SCS** or [X] **CS** SB1 (FIN)

[ ] adopt **previous** [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] attached amendment(s)

[ ] adopt _____ Letter of Intent

[ ] further referral to _____ Committee

SENATE BILL:
[✓] Same Title
[ ] New Title

HOUSE BILL:
[ ] Same Title
[ ] Technical Title Change
[ ] New Title w/ SCR #_____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
LWF	2/2/09			✓	1

[ ] **APPROPRIATION - no fiscal note**

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	Huggins			X	
	Thomas	✓			
	Olson			✓	
	Ellis	✓			
CO-CHAIR:		✓			
CO-CHAIR:	Stedman			✓	

2209

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: CSSB 1(L&C)
(S) Publish Date: 2/25/09

Identifier (file name): SB001-DOLWD-WH-02-02-09
Dept. Affected: Labor and Workforce Development
Title: Alaska Minimum Wage
RDU: Labor Standard & Safety
Component: Wage and Hour
Sponsor: Senators Wielechowski, Ellis, Thomas, Davis, French
Requester: Senate Labor and Commerce
Component Number: 345

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
1157 Worker Safety Account							
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2009) cost: None

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

There is no anticipated financial impact to the department as a result of this legislation.

Prepared by: Grey Mitchell, Director — Phone 465-4855
Division: Labor Standard & Safety — Date/Time 2/2/09 9:32 AM
Approved by: Click Bishop, Commissioner — Date 2/2/09
Agency: Department of Labor and Workforce Development

(Revised 9/2008 OMB)

2210

Adopted

26-LS0006\C
Wayne
4/3/09

CS FOR SENATE BILL NO. 1(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): SENATORS WIELECHOWSKI, ELLIS, THOMAS, DAVIS, AND FRENCH, Paskvan, Menard

A BILL

FOR AN ACT ENTITLED

"An Act increasing the minimum hourly wage; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** AS 23.10.065(a) is repealed and reenacted to read:

(a) Except as provided in (b) of this section and as otherwise provided by law, for hours worked in a pay period, whether the work is measured by time, piece, commission, or otherwise, an employer shall pay to each employee wages at a rate that is not less than ~~the higher of~~ $7.75 an hour or, ~~for work performed on or after the effective date of an actual increase of the federal minimum wage to a rate higher than $7.15 an hour, 60 cents an hour more than the federal minimum wage~~. An employer may not apply tips or gratuities bestowed on employees as a credit toward payment of the minimum hourly wage required by this section. Tip credit as defined by the Fair Labor Standards Act of 1938 as amended does not apply to the minimum wage established by this section.

*** Sec. 2.** This Act takes effect ~~January 1~~, 2010.

July 24 09

Adopted

26-LS0006\C.1
Wayne
4/7/09

AMENDMENT 1

OFFERED IN THE SENATE BY SENATOR STEDMAN

TO: CSSB 1(FIN), Draft Version "C"

Page 1, lines 7 - 9:

Delete "the higher of $7.15 an hour or, for work performed on or after the effective date of an actual increase of the federal minimum wage to a rate higher than $7.15 an hour,"

Insert "$7.25 an hour until December 31, 2009, and thereafter not less than"

Page 1, line 14:

Delete "January 1, 2010"

Insert "July 24, 2009"

2212

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: CSSB 1(L&C)
(S) Publish Date: 2/25/09

Identifier (file name): SB001-DOLWD-WH-02-02-09
Title: Alaska Minimum Wage
Sponsor: Senators Wielechowski, Ellis, Thomas, Davis, French
Requester: Senate Labor and Commerce

Dept. Affected: Labor and Workforce Development
RDU: Labor Standard & Safety
Component: Wage and Hour
Component Number: 345

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
1157 Worker Safety Account							
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2009) cost: None

POSITIONS

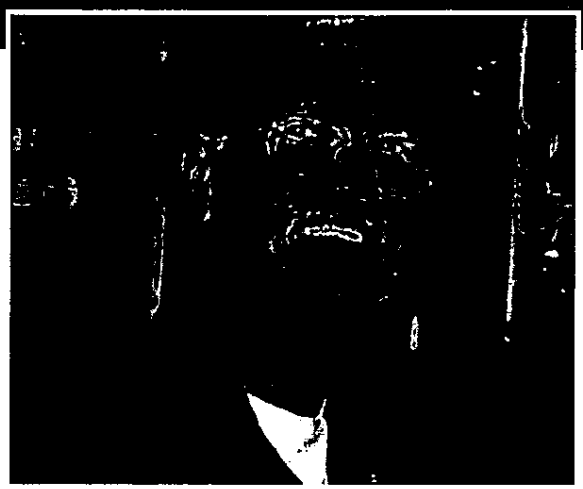
Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

There is no anticipated financial impact to the department as a result of this legislation.

Prepared by: Grey Mitchell, Director — Phone 465-4855
Division: Labor Standard & Safety — Date/Time 2/2/09 9:32 AM
Approved by: Click Bishop, Commissioner — Date 2/2/09
Agency: Department of Labor and Workforce Development

(Revised 9/2008 OMB)



Laborers' & Mechanics' Minimum Rates of Pay

Title 36. Public Contracts
AS 36.05 & AS 36.10
Wage & Hour Administration
Pamphlet No. 600

State of Alaska
Department of Labor
and Workforce Development

Sarah Palin, Governor

Commissioner Click Bishop

Effective April 1, 2008

Issue 16

jobs

ALASKA DEPARTMENT OF LABOR
& WORKFORCE DEVELOPMENT

Jobs are Alaska's Future

April 1, 2008

TO ALL CONTRACTING AGENCIES:

At the Alaska Department of Labor and Workforce Development, our goal is putting Alaskans to work. This pamphlet is designed to help contractors awarded public construction contracts understand the most significant laws of the State of Alaska pertaining to prevailing wage and resident hire requirements.

The pamphlet identifies current prevailing wage rates and resident hire classifications for public construction contracts (any construction projects awarded by the State of Alaska or its political subdivisions, such as local governments and certain non-profit organizations).

Because these rates may change, this publication is printed in the spring and fall of every year, so please be sure you are using the appropriate rates. The rates published in this edition become effective April 1, 2008.

All projects with a final bid date of April 11, 2008, or later, must pay the prevailing wage rates contained in this pamphlet. As the law now provides, these rates will remain stable during the life of a contract or for 24 calendar months, whichever is shorter. **The date the prime contract is awarded is the date from which the 24 months will be counted**. Upon expiration of the initial 24-month period, the latest wage rates issued by the department shall become effective for a subsequent 24-month period or until the original contract is completed, whichever occurs first. This process shall be repeated until the original contract is completed.

The term "original" contract, as used herein, means the signed contract that resulted from the original bid and any amendments, including changes of work scope, additions, extensions, change orders, and other instruments agreed to by the parties that have not been subject to subsequent open bid procedures.

If a higher federal rate is required due to partial federal funding or other federal participation, the higher rate must be paid.

For additional copies of this pamphlet, contact the nearest office of the Division of Labor Standards and Safety, Wage and Hour office or visit the Internet site at:

http://labor.state.ak.us/lss/pamp600.htm

For questions regarding prevailing wage or resident hire requirements, please contact the nearest Wage and Hour office. These offices are listed on Page ix.

Clark Bishop
Commissioner

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EXCERPTS FROM ALASKA LAW

Sec. 36.05.010. Wage rates on public construction.
A contractor or subcontractor who performs work on public construction in the state, as defined by AS 36.95.010, shall pay not less than the current prevailing rate of wages for work of a similar nature in the region in which the work is done. The current prevailing rate of wages is that contained in the latest determination of prevailing rate of wages issued by the Department of Labor and Workforce Development at least 10 days before the final date for submission of bids for the contract. The rate shall remain in effect for the life of the contract or for 24 calendar months, whichever is shorter. At the end of the initial 24-month period, if new wage determinations have been issued by the department, the latest wage determination shall become effective for the next 24-month period or until the contract is completed, whichever occurs first. This process shall be repeated until the contract is completed.

Sec. 36.05.040. Filing schedule of employees, wages paid, and other information.
All contractors or subcontractors who perform work on a public construction contract for the state or for a political subdivision of the state shall, before the Friday of every second week, file with the Department of Labor and Workforce Development a sworn affidavit for the previous reporting period, setting out in detail the number of persons employed, wages paid, job classification of each employee, hours worked each day and week, and other information on a form provided by the Department of Labor and Workforce Development.

Sec. 36.05.045. Notice of work and completion; withholding of payment.

(a) Before commencing work on a public construction contract, the person entering into the contract with a contracting agency shall designate a primary contractor for purposes of this section. Before work commences, the primary contractor shall file a notice of work with the Department of Labor and Workforce Development. The notice of work must list work to be performed under the public construction contract by each contractor who will perform any portion of work on the contract and the contract price being paid to each contractor. The primary contractor shall pay all filing fees for each contractor performing work on the contract, including a filing fee based on the contract price being paid for work performed by the primary contractor's employees. The filing fee payable shall be the sum of all fees calculated for each contractor. The filing fee shall be one percent of each contractor's contract price. The total filing fee payable by the primary contractor under this subsection may not exceed $5,000. There is no fee for a contract under which the total amount payable by the contracting agency is less than $25,000. In this subsection, "contractor" means an employer who is using employees to perform work on the public construction contract under the contract or a subcontract.

(b) Upon completion of all work on the public construction contract, the primary contractor shall file with the Department of Labor and Workforce Development a notice of completion together with payment of any additional filing fees owed due to increased contract amounts. Within 30 days after the department's receipt of the primary contractor's notice of completion, the department shall inform the contracting agency of the amount, if any, to be withheld from the final payment.

(c) A contracting agency

(1) may release final payment of a public construction contract to the extent that the agency has received verification from the Department of Labor and Workforce Development that

(A) the primary contractor has complied with (a) and (b) of this section;

(B) the Department of Labor and Workforce Development is not conducting an investigation under this title; and

(C) the Department of Labor and Workforce Development has not issued a notice of a violation of this chapter to the primary contractor or any other contractors working on the public construction contract; and

(2) shall withhold from the final payment an amount sufficient to pay the department's estimate of what may be needed to compensate the employees of any contractors under investigation on this construction contract, and any unpaid filing fees.

(d) The notice and filing fee required under (a) of this section may be filed after work has begun if
  (1) The public construction contract is for work undertaken in immediate response to an emergency; and
  (2) The notice and fees are filed not later than 14 days after the work has begun.
(e) A false statement made on a notice required by this section is punishable under AS 11.56.210.

Sec. 36.05.060. Penalty for violation of this chapter.
A contractor who violates this chapter is guilty of a misdemeanor and upon conviction is punishable by a fine of not less than $100 nor more than $1,000, or by imprisonment for not less than 10 days nor more than 90 days, or by both. Each day a violation exists constitutes a separate offense.

Sec. 36.05.070. Wage rates in specifications and contracts for public works.
(a) The advertised specifications for a public construction contract exceeding $2,000 to which the state or a political subdivision of the state is a party that requires or involves the employment of mechanics, laborers, or field surveyors shall contain a provision stating the minimum wages to be paid various classes of laborers, mechanics, or field surveyors and that the rate of wages shall be adjusted to the wage rate under AS 36.05.010.
(b) Repealed by §17 ch 142 SLA 1972.
(c) A contract for public works in the state or a political subdivision shall contain provisions that
  (1) the contractor or subcontractors of the contractor shall pay all employees unconditionally and not less than once a week;
  (2) wages may not be less than those stated in the advertised specifications, regardless of the contractual relationship between the contractor or subcontractors and laborers, mechanics, or field surveyors;
  (3) the scale of wages to be paid shall be posted by the contractor in a prominent and easily accessible place at the site of the work;
  (4) the state or a political subdivision shall withhold so much of the accrued payments as is necessary to pay to laborers, mechanics, or field surveyors employed by the contractor or subcontractors the difference between
    (A) the rates of wages required by the contract to be paid laborers, mechanics, or field surveyors on the work, and
    (B) the rates of wages in fact received by laborers, mechanics, or field surveyors.

Sec. 36.05.080. Failure to pay agreed wages.
Every contract within the scope of AS 36.05.070 shall contain a provision that if it is found that a laborer, mechanic, or field surveyor employed by the contractor or subcontractor has been or is being paid a rate of wages less than the rate of wages required by the contract to be paid, the state or its political subdivision may, by written notice to the contractor, terminate the contractor's right to proceed with the work or the part of the work for which there is a failure to pay the required wages and to prosecute the work to completion by contract or otherwise, and the contractor and the contractor's sureties are liable to the state or its political subdivision for excess costs for completing the work.

Sec. 36.05.090. Payment of wages from withheld payments and listing contractors who violate contracts.
(a) The state disbursing officer in the case of a state contract and the local fiscal officer in the case of a political subdivision contract shall pay directly to laborers, mechanics, or field surveyors from accrued payments withheld under the terms of the contract the wages due laborers, mechanics, or field surveyors under AS 36.05.070.
(b) The state disbursing officer or the local fiscal officer shall distribute to all departments of the state government and to all political subdivisions of the state a list giving the names of persons who have disregarded their obligations to employees. A person appearing on this list and a firm, corporation, partnership, or association in which the person has an interest may not work as a contractor or subcontractor on a public construction contract for the state or a political subdivision of the state until

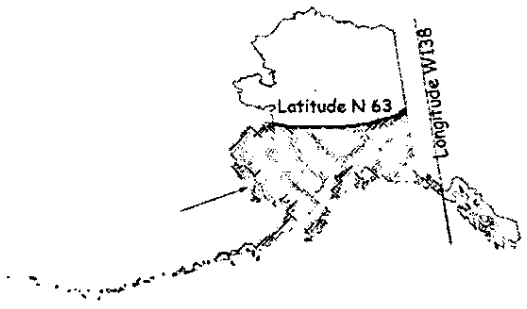
three years after the date of publication of the list. If the accrued payments withheld under the contract are insufficient to reimburse all the laborers, mechanics, or field surveyors with respect to whom there has been a failure to pay the wages required under AS 36.05.070, the laborers, mechanics, or field surveyors have the right of action or intervention or both against the contractor and the contractor's sureties conferred by law upon persons furnishing labor or materials, and in the proceedings it is not a defense that the laborers, mechanics, or field surveyors accepted or agreed to accept less than the required rate of wages or voluntarily made refunds.

Sec. 36.05.900. Definitions.
In this chapter, "contracting agency" means the state or a political subdivision of the state that has entered into a public construction contract with a contractor.

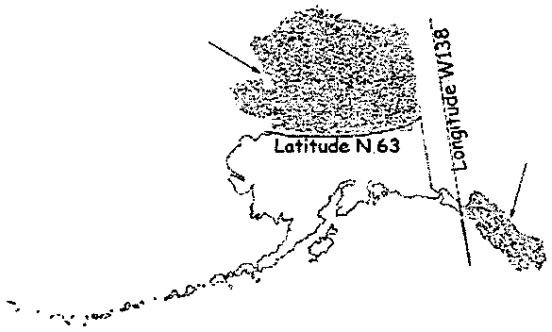
ADDITIONAL INFORMATION

LABORER CLASSIFICATION CLARIFICATION
The laborer rates categorized in class code S1201-S1206 apply in one area of Alaska; the area that is south of N63 latitude and west of W138 Longitude. The laborer rates categorized in class code N1201-N1206 apply in two areas of Alaska; the Alaska areas north of N63 latitude and east of W138 longitude. The following graphic representations should assist with clarifying the applicable wage rate categories:

S1201-
S1206



N1201-
N1206



ACCOMMODATIONS AND PER DIEM
The Alaska Department of Labor and Workforce Development has adopted a per diem requirement for blocklayers, bricklayers, carpenters, dredgemen, ironworkers, laborers, operative plasterers & cement masons, piledrivers, power equipment operators, surveyors, truck drivers/surveyors, and tunnel workers. This per diem rate creates an allowable alternative to providing board and lodging under the following conditions:

Employer-Provided Camp or Suitable Accommodations
Unless otherwise approved by the Commissioner, the employer shall ensure that a worker who is employed on a project that is 65 road miles or more from the U.S. Post Office in either Fairbanks, Juneau or Anchorage or is inaccessible by road in a 2-wheel drive vehicle and who is not a domiciled resident of the locality of the project shall receive meals and lodging. Lodging shall be in accordance with all applicable state and federal laws. In cases where the project site is not road accessible, but the employee can reasonably get to the project worksite from their permanent residence within one hour, the Commissioner may waive these requirements for that employee upon a written request from the employer.

The term "domiciled resident" means a person living within 65 road miles of the project, or in the case of a highway project, the mid-point of the project, for at least 12 consecutive months prior to the award of the project. However, if the employer or person provides sufficient evidence to convince the department that a person has established a permanent residence and an intent to remain indefinitely within the distance to be considered a "domiciled resident," the employer shall not be required to provide meals and lodging or pay per diem.

Where the employer provides or furnishes board, lodging or any other facility, the cost or amount thereof shall not be considered or included as part of the required prevailing wage basic hourly rate and cannot be applied to meet other fringe benefit requirements. The taxability of employer provided board and lodging shall be determined by the appropriate taxation enforcement authority.

Per Diem
Employers are encouraged to use commercial facilities and lodges; however, when such facilities are not available, per diem in lieu of meals and lodging must be paid at the basic rate of $75.00 per day, or part thereof, the worker is employed on the project. Per diem shall not be allowed on highway projects west of Livengood on the Elliott Highway, at Mile 0 of the Dalton Highway to the North Slope of Alaska, north of Mile 20 on the Taylor Highway, east of Chicken, Alaska, on the Top of the World Highway and south of Tetlin Junction to the Alaska-Canada border.

The above-listed standards for room and board and per diem only apply to the crafts as identified in Pamphlet 600, *Laborers' and Mechanics' Minimum Rates of Pay.* Other crafts working on public construction projects shall be provided room and board at remote sites based on the department's existing policy guidelines.

APPRENTICE HIRING REQUIREMENTS

On July 24, 2005, Administrative Order No. 226 established a 15 percent goal for hiring apprentices in certain job categories on highway, airport, harbor, dam, tunnel, utility or dredging projects awarded by the Alaska Department of Transportation and Public Facilities that exceed $2.5 million. This Order will apply to all projects in the referenced categories that are advertised after September 1, 2005. On these projects, the hours worked by apprentices will be compared to the hours worked by journeyman level workers to determine if the 15percent goal has been met. This on-the-job training goal is critical to ensure that the Alaska work force is prepared for the future. For additional details, contact the nearest Wage and Hour office at the address listed on Page ix of this publication. Administrative Order No. 226 may be viewed in its entirety on the Internet at http://www.gov.state.ak.us/admin-orders/226.html or call any Wage and Hour office to receive a faxed copy.

APPRENTICE RATES

Apprentice rates at less than the minimum prevailing rates may be paid to apprentices according to an apprentice program which has been registered and approved by the Commissioner of the Alaska Department of Labor and Workforce Development in writing, or according to a bona fide apprenticeship program registered with the Bureau of Apprenticeship and Training, U.S. Department of Labor. **Any employee listed on a payroll at an apprentice wage rate who is not registered as above shall be paid the journeyman prevailing minimum**

wage in that work classification. Wage rates are based on prevailing crew makeup practices in Alaska and apply to work performed regardless of either the quality of the work performed by the employee or the titles or classifications which may be assigned to individual employees.

FRINGE BENEFIT PLANS

Contractors/subcontractors may compensate fringe benefits to their employees in any one of three methods. The fringe benefits may be paid into a union trust fund, into an approved benefit plan, or paid directly on the paycheck as gross wages.

Where fringe benefits are paid into approved plans, funds, or programs including union trust funds, the payments must be contributed at least monthly. If contractors submit their own payroll forms and are paying fringe benefits into approved plans, funds, or programs, the employer's certification must include, in addition to those requirements of 8 AAC 30.020(c), a statement that fringe benefit payments have been or will be paid at least monthly. Contractors who pay fringe benefits to a plan must ensure the plan is one approved by the Internal Revenue Service and that the plan meets the requirements of 8 AAC 30.025 (eff. 3/2/08) in order for payments to be credited toward the prevailing wage obligation.

SPECIAL PREVAILING WAGE RATE DETERMINATION

Special prevailing wage rate determinations may be requested for special projects or a special worker classification if the work to be performed does not conform to traditional public construction for which a prevailing wage rate has been established under 8 AAC 30.050(a) of this section. Requests for special wage rate determinations must be in writing and filed with the Commissioner at least 30 days before the award of the contract. An applicant for a special wage rate determination shall have the responsibility to support the necessity for the special rate. An application for a special wage rate determination filed under this section must contain:

(1) a specification of the contract or project on which the special rates will apply and a description of the work to be performed;
(2) a brief narrative explaining why special wage rates are necessary;
(3) the job class or classes involved;
(4) the special wage rates the applicant is requesting, including survey or other relevant wage data to support the requested rates;
(5) the approximate number of employees who would be affected; and
(6) any other information which might be helpful in determining if special wage rates are appropriate.

Requests made pursuant to the above should be addressed to:

Director
Alaska Department of Labor and Workforce Development
Labor Standards & Safety Division
Wage and Hour Administration
P.O. Box 111149
Juneau, AK 99811-1149

-or-

Email: anchorage.lss-wh@alaska.gov

LABOR STANDARDS REGULATIONS
NOTICE REQUEST

If you would like to receive ***notices of proposed changes to regulations*** for Wage and Hour or Mechanical Inspection, please indicate below the programs for which you are interested in receiving such notices, print your name and email or mailing address in the space provided, and send this page to:

Alaska Department of Labor and Workforce Development
Labor Standards & Safety Division
Wage and Hour Administration
3301 Eagle St., Suite 301
Anchorage, AK 99503-4149
Email: anchorage.lss-wh@alaska.gov

For *REGULATIONS* information relating to any of the following:

- ❒ Wage and Hour Title 23 Employment Practices
- ❒ Wage and Hour Title 36 Public Works
- ❒ Employment Agencies
- ❒ Child Labor
- ❒ Employment Preference (Local Hire)
- ❒ Plumbing Code
- ❒ Electrical Code
- ❒ Boiler/Pressure Vessel Construction Code
- ❒ Elevator Code
- ❒ Certificates of Fitness
- ❒ Recreational Devices

For information on any of the following *SEMINARS*:

❒ Electrical ❒ Plumbing ❒ Boiler

Request any of the following *PUBLICATIONS* by checking below:

- ❒ Wage and Hour Title 23 Employment Practices
- ❒ Minimum Wage & Overtime Poster
- ❒ Child Labor Poster
- ❒ Public Construction Pamphlet
- ❒ Public Construction Wage Rates
- ❒ Child Labor Pamphlet

PLEASE NOTE: DUE TO INCREASED MAILING AND PRINTING COSTS, ONLY ONE OF EACH PUBLICATION REQUESTED WILL BE MAILED TO YOU. IF YOU WISH TO RECEIVE ADDITIONAL COPIES OR SUBSEQUENT PUBLICATIONS, PLEASE CONTACT OUR OFFICE AT (907) 269-4900.

Name: _____

Mailing Address: _____

_____

_____

_____

Email Address: _____

ALASKA HIRE EMPLOYMENT PREFERENCE

AS 36.10. By authority of A.S. 36.10.150 and 8 AAC 30.064, the Labor and Workforce Development Commissioner determined, upon an analysis of the most recent detailed employment and labor supply data available, the entire State of Alaska to be a Zone of Underemployment. A Zone of Underemployment requires that Alaska residents who are eligible under AS 36.10.140 be given a minimum of 90 percent employment preference on public works contracts throughout Alaska. This hiring preference applies on a project-by-project, craft-by-craft or occupational basis and must be met each workweek by each contractor/subcontractor.

*** The waiver process is outlined in 8 AAC 30.081, effective March 2, 2008. Please contact the nearest regional Wage and Hour Office listed below for additional details.**

The following classifications require a minimum of 90 percent Alaska resident hire preference:

Boilermakers	Equipment Operators	Millwrights	Surveyors
Bricklayers	Foreman and Supervisors	Painters	Truck Drivers
Carpenters	Insulation Workers	Piledriving Occupations	Tug Boat Workers
Cement Masons	Ironworkers	Plumbers and Pipefitters	Welders
Culinary Workers	Laborers	Roofers	
Electricians	Mechanics	Sheet Metal Workers	

This determination is effective July 1, 2007, and remains in effect until June 30, 2009. For additional information about the Alaska resident hire requirements, contact the nearest Wage and Hour office.

Please be advised that most public contracts are covered. Funding sources are unique for every project. The inclusion of federal funds does not necessarily remove a project from jurisdiction. If there is any uncertainty about whether the law applies to a particular project, the department requests that you contact the regional Wage and Hour office nearest you for a determination.

Alaska Department of Labor and Workforce Development
Labor Standards & Safety Division
Wage and Hour Administration
Web site: http://labor.state.ak.us/lss/home.htm

Anchorage

3301 Eagle St., Suite 301
Anchorage, Alaska 99503-4149
Phone: (907) 269-4900

Email:
anchorage.lss-wh@alaska.gov

Juneau

P.O. Box 111149
Juneau, Alaska 99811-1149
Phone: (907) 465-4842

Email:
juneau.lss-wh@alaska.gov

Fairbanks

Regional State Office Building
675 7th Ave., Station J-1
Fairbanks, Alaska 99701-4593
Phone: (907) 451-2886
Email:
fairbanks.lss@alaska.gov

DEBARMENT LIST

AS 36.05.090(b) states that "the state disbursing officer or the local fiscal officer shall distribute to all departments of the state government and to all political subdivisions of the state a list giving the names of persons who have disregarded their obligations to employees."

A person appearing on the following debarment list and a firm, corporation, partnership, or association in which the person has an interest may not work as a contractor or subcontractor on a public construction contract for the state or a political subdivision of the state for three years from the date of debarment.

Company Name	Date of Debarment	Debarment Expires
Percy Frisby and Arctic Pacific Enterprises, LLC	September 18, 2007	September 18, 2010

Laborers' & Mechanics' Minimum Rates of Pay

Class Code	Classification of Laborers & Mechanics	BHR	H&W	PEN	TRN	Other Benefits		THR
Boilermakers								
						VAC		
A0101	Boilermaker (journeyman)	39.12	8.27	8.00	0.50	2.00	0.24	58.13
Bricklayers & Blocklayers								
	**See note on last page if remote site							
						L&M		
A0201	Blocklayer	32.18	6.40	8.50	0.40	0.10		47.58
	Bricklayer							
	Marble or Stone Mason							
	Refractory Worker (Firebrick, Plastic, Castable, and Gunite Refractory Applications)							
	Terrazzo Worker							
	Tile Setter							
						L&M		
A0202	Tuck Pointer Caulker	32.18	6.40	8.50	0.40	0.10		47.58
	Cleaner (PCC)							
						L&M		
A0203	Marble & Tile Finisher	26.75	6.40	8.50	0.40	0.10		42.15
	Terrazzo Finisher							
						L&M		
A0204	Torginal Applicator	30.09	6.40	8.50	0.40	0.10		45.49
Carpenters, Region I (North of N63 latitude)								
	**See note on last page if remote site							
						L&M		
N0301	Carpenter (journeyman)	31.93	6.65	9.90	0.60	0.10		49.18
	Drywall Applicator or Lather							
						L&M		
N0304	Fire or Flood Repair Work	32.51	6.65	9.90	0.60	0.10		49.76
Carpenters, Region II (South of N63 latitude)								
	**See note on last page if remote site							
						L&M	SAF	
S0301	Carpenter (journeyman)	31.54	6.65	9.28	0.60	0.10	0.10	48.27
	Lather/Acoustical							
Cement Masons, Region I (North of N63 latitude)								
	**See note on last page if remote site							
						L&M		
N0401	Group I, including:	32.79	4.80	9.25	0.85	0.10		47.79
	Application of Sealing Compound							
	Application of Underlayment							

Wage benefits key: BHR=basic hourly rate; H&W=health and welfare; IAF=industry advancement fund; LEG=legal fund; L&M=labor/management fund; ONT=overnight; PEN=pension fund; SAF=safety; SUI=supplemental unemployment insurance; S&L=SUI & LEG combined; TRN=training; THR=total hourly rate; VAC=vacation

Class Code	Classification of Laborers & Mechanics	BHR	H&W	PEN	TRN	Other Benefits	THR
Cement Masons, Region I (North of N63 latitude)							
	**See note on last page if remote site						
						L&M	
N0401	Group I, including:	32.79	4.80	9.25	0.85	0.10	47.79
	Building, General						
	Cement Mason (journeyman)						
	Concrete Paving						
	Curb & Gutter, Sidewalk						
	Curing of All Concrete						
	Grouting & Caulking of Tilt-Up Panels						
	Grouting of All Plates						
	Patching Concrete						
	Screed Pin Setter						
	Spackling/Skim Coating Concrete						
						L&M	
N0402	Group II, including:	32.79	4.80	9.25	0.85	0.10	47.79
	Form Setter						
						L&M	
N0403	Group III, including:	32.79	4.80	9.25	0.85	0.10	47.79
	Concrete Saw (self-powered)						
	Curb & Gutter Machine						
	Floor Grinder						
	Pneumatic Power Tools						
	Power Chipping & Bushing						
	Sand Blasting Architectural Finish						
	Screed & Rodding Machine Operator						
	Troweling Machine Operator						
						L&M	
N0404	Group IV, including:	32.79	4.80	9.25	0.85	0.10	47.79
	Application of All Composition Mastic						
	Application of All Epoxy Material						
	Application of All Plastic Material						
	Finish Colored Concrete						
	Gunite Nozzleman						
	Hand Powered Grinder						
	Tunnel Worker						
						L&M	
N0405	Group V, including:	33.04	4.80	9.25	0.85	0.10	48.04
	Plasterer						
Cement Masons, Region II (South of N63 latitude)							
	**See note on last page if remote site						
						L&M	
S0401	Group I, including:	32.54	4.80	9.25	0.85	0.10	47.54
	Application of Sealing Compound						
	Application of Underlayment						

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Class Code	Classification of Laborers & Mechanics	BHR	H&W	PEN	TRN	Other Benefits	THR
Cement Masons, Region II (South of N63 latitude)							
	**See note on last page if remote site						
						L&M	
S0401	Group I, including:	32.54	4.80	9.25	0.85	0.10	47.54
	Building, General Cement Mason (journeyman) Concrete Paving Curb & Gutter, Sidewalk Curing of All Concrete Grouting & Caulking of Tilt-Up Panels Grouting of All Plates Patching Concrete Screed Pin Setter Spackling/Skim Coating Concrete						
						L&M	
S0402	Group II, including:	32.54	4.80	9.25	0.85	0.10	47.54
	Form Setter						
						L&M	
S0403	Group III, including:	32.54	4.80	9.25	0.85	0.10	47.54
	Concrete Saw (self-powered) Curb & Gutter Machine Floor Grinder Pneumatic Power Tools Power Chipping & Bushing Sand Blasting Architectural Finish Screed & Rodding Machine Operator Troweling Machine Operator						
						L&M	
S0404	Group IV, including:	32.54	4.80	9.25	0.85	0.10	47.54
	Application of All Composition Mastic Application of All Epoxy Material Application of All Plastic Material Finish Colored Concrete Gunite Nozzleman Hand Powered Grinder Tunnel Worker						
						L&M	
S0405	Group V, including:	32.79	4.80	9.25	0.85	0.10	47.79
	Plasterer						
Culinary Workers * See note on last page							
						LEG	
A0501	Baker/Cook	22.35	2.55	4.32		0.05	29.27
						LEG	
A0503	General Helper	19.53	2.55	4.32		0.05	26.45

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Class Code	Classification of Laborers & Mechanics	BHR	H&W	PEN	TRN	Other Benefits	THR
Culinary Workers * See note on last page							
						LEG	
A0503	General Helper	19.53	2.55	4.32		0.05	26.45
	Housekeeper						
	Janitor						
	Kitchen Helper						
						LEG	
A0504	Head Cook	22.86	2.55	4.32		0.05	29.78
						LEG	
A0505	Head Housekeeper	19.91	2.55	4.32		0.05	26.83
	Head Kitchen Help						
Dredgemen							
	**See note on last page if remote site						
						L&M	
A0601	Assistant Engineer, including:	34.77	7.65	6.50	0.95	0.10	49.97
	Craneman						
	Electrical Generator Operator (primary pump/power barge/dredge)						
	Engineer						
	Welder						
						L&M	
A0602	Assistant Mate (deckhand)	33.64	7.65	6.50	0.95	0.10	48.84
						L&M	
A0603	Fireman	34.07	7.65	6.50	0.95	0.10	49.27
						L&M	
A0605	Leverman Clamshell	37.23	7.65	6.50	0.95	0.10	52.43
						L&M	
A0606	Leverman Hydraulic	35.52	7.65	6.50	0.95	0.10	50.72
						L&M	
A0607	Mate & Boatman	34.77	7.65	6.50	0.95	0.10	49.97
						L&M	
A0608	Oiler	34.07	7.65	6.50	0.95	0.10	49.27
Electricians							
						L&M	**LEG**
A0701	Inside Cable Splicer	36.97	7.45	9.76	0.55	0.20	0.15	55.08
						L&M	**LEG**
A0702	Inside Journeyman Wireman, including:	35.22	7.45	9.71	0.55	0.20	0.15	53.28
	Communications and Technicians						
						L&M	**LEG**
A0703	Outside Cable Splicer	44.85	7.45	12.25	0.55	0.20	0.15	65.45
						L&M	**LEG**
A0704	Journeyman Lineman, including:	43.10	7.45	12.19	0.55	0.20	0.15	63.64
	Equipment Operator						

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Class Code	Classification of Laborers & Mechanics	BHR	H&W	PEN	TRN	Other Benefits		THR
Electricians								
						L&M	**LEG**	
A0704	Journeyman Lineman, including:	43.10	7.45	12.19	0.55	0.20	0.15	63.64
	Technician							
						L&M	**LEG**	
A0705	Powderman	41.10	7.45	12.13	0.55	0.20	0.15	61.58
						L&M	**LEG**	
A0706	Material Handler	22.94	6.69	4.44	0.15	0.15	0.15	34.52
						L&M	**LEG**	
A0707	Tree trimmer shredder	31.90	7.45	11.86	0.55	0.20	0.15	52.11
Elevator Workers								
						L&M	**VAC**	
A0802	Elevator Constructor	31.08	8.77	6.96	0.55	0.18	2.49	50.03
						L&M	**VAC**	
A0803	Elevator Constructor Mechanic	44.40	8.77	6.96	0.55	0.18	3.55	64.42
Heat & Frost Insulators/Asbestos Workers								
						SAF		
A0902	Asbestos Abatement-Mechanical Systems	27.35	6.82	4.56	0.60	0.12		39.45
						SAF		
A0903	Asbestos Abatement/General Demolition All Systems	27.35	6.82	4.56	0.60	0.12		39.45
						SAF		
A0904	Insulator, Group II	34.19	6.82	4.56	0.60	0.12		46.29
						SAF		
A0905	Insulator, Group III	32.19	6.82	6.56	0.60	0.12		46.29
						SAF		
A0906	Insulator, Group IV	30.19	6.82	8.56	0.60	0.12		46.29
						SAF		
A0907	Insulator, Group V	29.59	6.82	9.16	0.60	0.12		46.29
IronWorkers	**See note on last page if remote site							
						L&M	**IAF**	
A1101	Ironworkers, including:	30.79	6.84	10.60	0.76	0.38	0.10	49.47
	Bender Operators							
	Bridge & Structural							
	Machinery Mover							
	Ornamental							
	Reinforcing							
	Rigger, including Stage Construction							
	Sheeter							
	Signalman							
	Toxic Haz-Mat Work							

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Class Code	Classification of Laborers & Mechanics	BHR	H&W	PEN	TRN	Other Benefits		THR
IronWorkers								
	**See note on last page if remote site							
						L&M	IAF	
A1101	Ironworkers, including:	30.79	6.84	10.60	0.76	0.38	0.10	49.47
	Welder							
						L&M	IAF	
A1102	Helicopter	31.79	6.84	10.60	0.76	0.38	0.10	50.47
	Tower							
						L&M	IAF	
A1103	Fence/Barrier Installer	27.29	6.84	10.35	0.76	0.38	0.10	45.72
	Guard Rail Installer							
						L&M	IAF	
A1104	Guard Rail Layout Man	28.03	6.84	10.35	0.76	0.38	0.10	46.46
Laborers (The Alaska areas north of N63 latitude and east of W138 longitude)								
	**See note on last page if remote site							
						L&M	LEG	
N1201	Group I, including:	27.41	4.80	8.15	1.15	0.20	0.15	41.86
	Asphalt Worker (shovelman, plant crew)							
	Brush Cutter							
	Camp Maintenance Laborer							
	Carpenter Tender or Helper							
	Choke Setter, Hook Tender, Rigger, Signalman							
	Concrete Labor (curb & gutter, chute handler, grouting, curing, screeding)							
	Crusher Plant Laborer							
	Demolition Laborer							
	Ditch Digger							
	Dumpman							
	Environmental Laborer (asbestos, hazard/toxic waste, oil spill)							
	Fence Installer							
	Fire Watch Laborer							
	Flagman							
	Form Stripper							
	General Laborer							
	Guardrail Laborer, Bridge Rail Installer							
	Hydro-seeder Nozzleman							
	Laborer, Building							
	Landscaper or Planter							
	Material Handler							
	Pneumatic or Power Tools							
	Portable or Chemical Toilet Serviceman							
	Pump Man or Mixer Man							
	Railroad Track Laborer							
	Sandblast, Pot Tender							
	Saw Tender							
	Scaffold Building & Erecting							

Wage benefits key: BHR=basic hourly rate; H&W=health and welfare; IAF=industry advancement fund; LEG=legal fund; L&M=labor/management fund; ONT=overnight; PEN=pension fund; SAF=safety; SUI=supplemental unemployment insurance; S&L=SUI & LEG combined; TRN=training; THR=total hourly rate; VAC=vacation

Class Code	Classification of Laborers & Mechanics	BHR	H&W	PEN	TRN	Other Benefits		THR
						L&M	LEG	
Laborers (The Alaska areas north of N63 latitude and east of W138 longitude)								
	**See note on last page if remote site							
N1201	Group I, including:	27.41	4.80	8.15	1.15	0.20	0.15	41.86
	Slurry Work							
	Stake Hopper							
	Steam Cleaner Operator							
	Steam Point or Water Jet Operator							
	Tank Cleaning							
	Utiliwalk & Utilidor Laborer							
	Watchman (construction projects)							
	Window Cleaner							
						L&M	LEG	
N1202	Group II, including:	28.27	4.80	8.15	1.15	0.20	0.15	42.72
	Burning & Cutting Torch							
	Cement or Lime Dumper or Handler (sack or bulk)							
	Choker Splicer							
	Chucktender (wagon, air-track & hydraulic drills)							
	Concrete Laborer (power buggy, concrete saws, pumpcrete nozzleman, vibratorm)							
	Culvert Pipe Laborer							
	Environmental Laborer (marine work)							
	Foam Gun or Foam Machine Operator							
	Green Cutter (dam work)							
	Gunite Operator							
	Hod Carrier							
	Jackhammer or Pavement Breaker (more than 45 pounds)							
	Laser Instrument Operator							
	Mason Tender & Mud Mixer (sewer work)							
	Pilot Car							
	Pipelayer Helper							
	Plasterer, Bricklayer & Cement Finisher Tender							
	Powderman Helper							
	Power Saw Operator							
	Railroad Switch Layout Laborer							
	Sandblaster							
	Sewer Caulker							
	Sewer Plant Maintenance Man							
	Thermal Plastic Applicator							
	Timber Faller, Chainsaw Operator, Filer							
	Timberman							
						L&M	LEG	
N1203	Group III, including:	29.04	4.80	8.15	1.15	0.20	0.15	43.49
	Bit Grinder							
	Camera/Tool/Video Operator							
	Guardrail Machine Operator							

Wage benefits key: BHR=basic hourly rate; H&W=health and welfare; IAF=industry advancement fund; LEG=legal fund; L&M=labor/management fund; ONT=overnight; PEN=pension fund; SAF=safety; SUI=supplemental unemployment insurance; S&L=SUI & LEG combined; TRN=training; THR=total hourly rate; VAC=vacation

Class Code	Classification of Laborers & Mechanics	BHR	H&W	PEN	TRN	Other Benefits		THR
Laborers (The Alaska areas north of N63 latitude and east of W138 longitude)								
	**See note on last page if remote site							
						L&M	LEG	
N1203	Group III, including:	29.04	4.80	8.15	1.15	0.20	0.15	43.49
	High Rigger & Tree Topper							
	High Scaler							
	Multiplate							
	Plastic Welding							
	Slurry Seal Squeegee Man							
	Traffic Control Supervisor							
	Welding Certified (in connection with laborer's work)							
						L&M	LEG	
N1204	Group IIIA	31.82	4.80	8.15	1.15	0.20	0.15	46.27
	Asphalt Raker, Asphalt Belly Dump Lay Down							
	Drill Doctor (in the field)							
	Driller (including, but not limited to, wagon drills, air-track drills, hydraulic drills)							
	Licensed Powderman							
	Pioneer Drilling & Drilling Off Tugger (all type drills)							
	Pipelayers							
						L&M	LEG	
N1205	Group IV	18.55	4.80	8.15	1.15	0.20	0.15	33.00
	Final Building Cleanup							
						L&M	LEG	
N1206	Group IIIB	32.53	4.80	8.15	1.15	0.20	0.15	46.98
	Federally Licensed Powderman (Responsible Person in Charge)							
	Grade Checking (setting or transferring of grade marks, line and grade)							
Laborers (The area that is south of N63 latitude and west of W138 longitude)								
	**See note on last page if remote site							
						L&M	LEG	
S1201	Group I, including:	27.41	4.80	8.15	1.15	0.20	0.15	41.86
	Asphalt Worker (shovelman, plant crew)							
	Brush Cutter							
	Camp Maintenance Laborer							
	Carpenter Tender or Helper							
	Choke Setter, Hook Tender, Rigger, Signalman							
	Concrete Labor (curb & gutter, chute handler, grouting, curing, screeding)							
	Crusher Plant Laborer							
	Demolition Laborer							
	Ditch Digger							
	Dumpman							
	Environmental Laborer (asbestos, hazard/toxic waste, oil spill)							
	Fence Installer							
	Fire Watch Laborer							
	Flagman							

Wage benefits key: BHR=basic hourly rate; H&W=health and welfare; IAF=industry advancement fund; LEG=legal fund; L&M=labor/management fund; ONT=overnight; PEN=pension fund; SAF=safety; SUI=supplemental unemployment insurance; S&L=SUI & LEG combined; TRN=training; THR=total hourly rate; VAC=vacation

Class Code	Classification of Laborers & Mechanics	BHR	H&W	PEN	TRN	Other Benefits		THR
						L&M	LEG	
Laborers (The area that is south of N63 latitude and west of W138 longitude)								
	**See note on last page if remote site							
S1201	Group I, including:	27.41	4.80	8.15	1.15	0.20	0.15	41.86
	Form Stripper							
	General Laborer							
	Guardrail Laborer, Bridge Rail Installer							
	Hydro-seeder Nozzleman							
	Laborer, Building							
	Landscaper or Planter							
	Material Handler							
	Pneumatic or Power Tools							
	Portable or Chemical Toilet Serviceman							
	Pump Man or Mixer Man							
	Railroad Track Laborer							
	Sandblast, Pot Tender							
	Saw Tender							
	Scaffold Building & Erecting							
	Slurry Work							
	Stake Hopper							
	Steam Cleaner Operator							
	Steam Point or Water Jet Operator							
	Tank Cleaning							
	Utiliwalk & Utilidor Laborer							
	Watchman (construction projects)							
	Window Cleaner							
						L&M	LEG	
S1202	Group II, including:	28.27	4.80	8.15	1.15	0.20	0.15	42.72
	Burning & Cutting Torch							
	Cement or Lime Dumper or Handler (sack or bulk)							
	Choker Splicer							
	Chucktender (wagon, air-track & hydraulic drills)							
	Concrete Laborer (power buggy, concrete saws, pumpcrete nozzleman, vibratorm)							
	Culvert Pipe Laborer							
	Environmental Laborer (marine work)							
	Foam Gun or Foam Machine Operator							
	Green Cutter (dam work)							
	Gunite Operator							
	Hod Carrier							
	Jackhammer or Pavement Breaker (more than 45 pounds)							
	Laser Instrument Operator							
	Mason Tender & Mud Mixer (sewer work)							
	Pilot Car							
	Pipelayer Helper							
	Plasterer, Bricklayer & Cement Finisher Tender							

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Class Code	Classification of Laborers & Mechanics	BHR	H&W	PEN	TRN	Other Benefits		THR
Laborers (The area that is south of N63 latitude and west of W138 longitude)								
	**See note on last page if remote site							
						L&M	LEG	
S1202	Group II, including:	28.27	4.80	8.15	1.15	0.20	0.15	42.72
	Powderman Helper							
	Power Saw Operator							
	Railroad Switch Layout Laborer							
	Sandblaster							
	Sewer Caulker							
	Sewer Plant Maintenance Man							
	Thermal Plastic Applicator							
	Timber Faller, Chainsaw Operator, Filer							
	Timberman							
						L&M	LEG	
S1203	Group III, including:	29.04	4.80	8.15	1.15	0.20	0.15	43.49
	Bit Grinder							
	Camera/Tool/Video Operator							
	Guardrail Machine Operator							
	High Rigger & Tree Topper							
	High Scaler							
	Multiplate							
	Plastic Welding							
	Slurry Seal Squeegee Man							
	Traffic Control Supervisor							
	Welding Certified (in connection with laborer's work)							
						L&M	LEG	
S1204	Group IIIA	31.82	4.80	8.15	1.15	0.20	0.15	46.27
	Asphalt Raker, Asphalt Belly Dump Lay Down							
	Drill Doctor (in the field)							
	Driller (including, but not limited to, wagon drills, air-track drills, hydraulic drills)							
	Licensed Powderman							
	Pioneer Drilling & Drilling Off Tugger (all type drills)							
	Pipelayers							
						L&M	LEG	
S1205	Group IV	18.55	4.80	8.15	1.15	0.20	0.15	33.00
	Final Building Cleanup							
						L&M	LEG	
S1206	Group IIIB	32.53	4.80	8.15	1.15	0.20	0.15	46.98
	Federally Licensed Powderman (Responsible Person in Charge)							
	Grade Checking (setting or transferring of grade marks, line and grade)							
Millwrights								
						L&M		
A1251	Millwright (jouneyman)	33.27	6.40	7.80	1.00	0.25		48.72

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Class Code	Classification of Laborers & Mechanics	BHR	H&W	PEN	TRN	Other Benefits	THR
Millwrights							
						L&M	
A1252	Millwright Welder	33.86	6.40	7.80	1.00	0.25	49.31
Painters, Region I (North of N63 latitude)							
						L&M	
N1301	Group I, including: Brush Paper Roller Vinyl	31.85	6.77	8.22	0.40	0.20	47.44
						L&M	
N1302	Group II, including: Buffer Operator Finish Metals Floorcoverer Hazardous Material Handler Lead Based Paint Abatement Pot Tender Radon Mitigation Sandblast Spray Structural Taping & Texturing	32.35	6.77	8.22	0.40	0.20	47.94
N1304	Group IV Glazier	32.37	6.77	7.06	0.47		46.67
Painters, Region II (South of N63 latitude)							
						L&M	
S1301	Group I, including : General Painter	27.18	5.89	8.53	0.80	1.10	43.50
						L&M	
S1302	Group II, including : General Taper Paper & Vinyl Hanger	27.88	5.89	8.53	0.80	1.10	44.20
						L&M	
S1303	Group III, including : Industrial Painter	28.48	5.89	8.53	0.80	1.10	44.80
						L&M	
S1304	Group IV, including: Glazier	31.00	5.89	8.63	0.80	0.35	46.67

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Class Code	Classification of Laborers & Mechanics	BHR	H&W	PEN	TRN	Other Benefits	THR
Painters, Region II (South of N63 latitude)							
						L&M	
S1305	Group V, including: Carpet Installer Linoleum & Soft Tile Installer Seamless Liquid Floor Applicator	29.45	5.89	3.35	0.47	0.10	39.26
Piledrivers **See note on last page if remote site							
						L&M IAF	
A1401	Assistant Dive Tender, Piledriver, Skiff Operator Rigger	30.54	6.65	9.08	0.80	0.10 0.10	47.27
						L&M IAF	
A1402	Carpenter/Piledriver, Sheet Stabber Framer	31.54	6.65	9.08	0.80	0.10 0.10	48.27
						L&M IAF	
A1403	Piledriver-Welder	32.54	6.65	9.08	0.80	0.10 0.10	49.27
						L&M IAF	
A1404	Diver (working)	70.72	6.65	9.08	0.80	0.10 0.10	87.45
						L&M IAF	
A1405	Diver (standby)	35.36	6.65	9.08	0.80	0.10 0.10	52.09
						L&M IAF	
A1406	Dive Tender	34.36	6.65	9.08	0.80	0.10 0.10	51.09
Plumbers, Region I (North of N63 latitude)							
						L&M S&L	
N1501	Journeyman Pipefitter Plumber Welder	34.54	6.85	10.57	0.70	1.10 0.30	54.06
Plumbers, Region II (South of N63 latitude)							
						L&M	
S1501	Journeyman Pipefitter Plumber Welder	34.13	7.72	7.35	1.50	0.20	50.90
Plumbers, Region IIA (1st Judicial District)							
						L&M	
X1501	Journeyman Pipefitter Plumber Welder	31.27	5.72	7.00	1.65	0.24	45.88

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Class Code	Classification of Laborers & Mechanics	BHR	H&W	PEN	TRN	Other Benefits	THR
	Power Equipment Operators						
	**See note on last page if remote site						
						L&M	
A1601	Group I, including:	35.52	7.65	6.50	0.95	0.10	50.72
	Asphalt Roller						
	Back Filler						
	Barrier Machine (Zipper)						
	Batch Plant Operator, (batch & mixer over 200 yards per hour)						
	Beltcrete with Power Pack & similar conveyors						
	Bending Machine						
	Boat Coxwain						
	Bulldozer						
	Cableways, Highlines & Cablecars						
	Cleaning Machine						
	Coating Machine						
	Concrete Hydro Blaster						
	Cranes (45 tons & under or 150 feet of boom & under (including jib & attachments))						
	(a) Backhoes, Clamshells, Draglines, Gradalls (3 yards & under), Shovels						
	(b) Hydralifts or Transporters, (all track or truck type)						
	(c) Derricks						
	Crushers						
	Deck Winches, Double Drum						
	Ditching or Trenching Machine (16 inch or over)						
	Drilling Machines, Core, Cable, Rotary and Exploration						
	Finishing Machine Operator, Concrete Paving, Laser Screed, Sidewalk, Curb & Gutter Machine						
	Helicopters						
	Hover Craft, Flex Craft, Loadmaster, Air Cushion, All-Terrain Vehicle, Rollagon, Bargecable, Nodwell, Sno Cat						
	Hydro Ax, Feller Buncher & similar						
	Loaders:						
	(a) Forklifts (with power boom & swing attachment)						
	(b) Front End & Overhead, (2-1/2 yards through 5 yards)						
	(c) Loaders, (with forks or pipe clamp)						
	(d) Loaders, (elevating belt type, Euclid & similar types)						
	Mechanic, Welder, Bodyman, Electrical, Camp & Maintenance Engineer						
	Micro Tunneling Machine						
	Mixers: Mobile type with hoist combination						
	Motor Patrol Grader						
	Mucking Machine: Mole, Tunnel Drill, Horizontal/Directional Drill Operator and/or Shield						
	Operator on Dredges						
	Piledriver Engineer, L.B. Foster Puller or similar paving breaker						
	Power Plant Turbine Operator 200 k.w & over (power plants or combination of power units over 300 k.w.)						
	Sauerman-Bagley						

Class Code	Classification of Laborers & Mechanics	BHR	H&W	PEN	TRN	Other Benefits	THR
Power Equipment Operators							
	**See note on last page if remote site						
						L&M	
A1601	Group I, including:	35.52	7.65	6.50	0.95	0.10	50.72
	Scraper (through 40 yards)						
	Service Oiler/Service Engineer						
	Shot Blast Machine						
	Sideboom (under 45 tons)						
	Spreaders, Blaw Knox, Cedarapids, Barber Greene, Slurry Machine						
	Sub Grader (Gurries, C.M.I. & C.M.I. Roto Mills & similar types)						
	Tack Tractor						
	Truck Mounted Concrete Pump, Conveyor & Creter						
	Unlicensed Off-Road Hauler						
	Wate Kote Machine						
						L&M	
A1602	Group IA, including:	37.23	7.65	6.50	0.95	0.10	52.43
	Camera/Tool/Video Operator (Slipline)						
	Certified Welder, Electrical Mechanic, Camp Maintenance Engineer, Mechanic over 10,000 hours						
	Cranes (over 45 tons or 150 feet including jib & attachments)						
	(a) Shovels, Backhoes, Draglines, Clamshells (over 3 yards)						
	(b) Tower Cranes						
	Loaders (over 5 yards)						
	Motor Patrol Grader, Dozer, Grade Tractor (finish: when finishing to final grade and/or to hubs, or for asphalt)						
	Power Plants (1000 k.w. & over)						
	Quad						
	Scrapers (over 40 yards)						
	Screed						
	Sidebooms (over 45 tons)						
	Slip Form Paver, C.M.I. & similar types						
						L&M	
A1603	Group II, including:	34.77	7.65	6.50	0.95	0.10	49.97
	Batch Plant Operator (batch & mixer 200 yards per hour & under)						
	Boiler - Fireman						
	Cement Hogs & Concrete Pump Operator						
	Certified Grade Technician						
	Conveyors (except those listed in Group I)						
	Hoists on Steel Erection, Towermobiles & Air Tuggers						
	Horizontal/Directional Drill Locator						
	Loaders, Elevating Grader, Dumor & similar						
	Locomotives, Rod & Geared Engines						
	Mixers						
	Screening, Washing Plant						
	Sideboom (cradling rock drill, regardless of size)						
	Skidder						

Class Code	Classification of Laborers & Mechanics	BHR	H&W	PEN	TRN	Other Benefits	THR
Power Equipment Operators							
	**See note on last page if remote site						
						L&M	
A1603	Group II, including:	34.77	7.65	6.50	0.95	0.10	49.97
	Trenching Machines (under 16 inches)						
						L&M	
A1604	Group III, including:	34.07	7.65	6.50	0.95	0.10	49.27
	"A" Frame Trucks, Deck Winches, (single power drum)						
	Bombardier (tack or tow rig)						
	Boring Machine						
	Brooms, Power						
	Bump Cutter						
	Compressor						
	Farm Tractor						
	Forklift, Industrial Type						
	Gin Truck or Winch Truck (with poles when used for hoisting)						
	Grade Checker & Stake Hopper						
	Hoists, Air Tuggers, Elevators						
	Loaders:						
	(a) Elevating-Athey, Barber Greene & similar types						
	(b) Forklifts or Lumber Carrier (on construction job sites)						
	(c) Forklifts, (with tower)						
	(d) Overhead & Front End, (under 2-1/2 yards)						
	Locomotives: Dinkey (air, steam, gas & electric) Speeders						
	Mechanics, Light Duty						
	Mixers, (concrete mixers & batch 200 yards per hour & under)						
	Oil, Blower Distribution						
	Posthole Digger, Mechanical						
	Pot Fireman (power agitated)						
	Power Plant, Turbine Operator, (under 300 k.w.)						
	Pumps, Water						
	Roller, (other than Plantmix)						
	Saws, Concrete						
	Straightening Machine						
	Tow Tractor						
						L&M	
A1605	Group IV, including:	28.04	7.65	6.50	0.95	0.10	43.24
	Drill Helper						
	Parts & Equipment Coordinator						
	Rig Oiler/Assistant Engineer (over 85 tons or 100 foot boom)						
	Spotter						
	Steam Cleaner						
	Swamper (on trenching machines or shovel type equipment)						
Roofers, Region I (North of N63 latitude)							

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Class Code	Classification of Laborers & Mechanics	BHR	H&W	PEN	TRN	Other Benefits	THR
Roofers, Region I (North of N63 latitude)							
						L&M	
N1701	Roofer & Waterproofer	32.12	4.93	4.76	0.81	0.10	42.72
Roofers, Region II (South of N63 latitude)							
						L&M	
S1701	Roofer & Waterproofer	32.12	4.93	4.76	0.81	0.10	42.72
Sheet Metal Workers, Region I (North of N63 latitude)							
						L&M	
N1801	Sheet Metal Journeyman	38.53	6.30	8.84	1.12	0.25	55.04
	Air Balancing and duct cleaning of HVAC systems						
	Brazing, soldering or welding of metals						
	Demolition of sheet metal HVAC systems						
	Fabrication and installation of exterior wall sheathing, siding, metal roofing, flashing, decking and architectural sheet metal work						
	Fabrication and installation of heating, ventilation and air conditioning ducts and equipment						
	Fabrication and installation of louvers and hoods						
	Fabrication and installation of sheet metal lagging						
	Fabrication and installation of stainless steel commercial or industrial food service equipment						
	Manufacture, fabrication assembly, installation and alteration of all ferrous and nonferrous metal work						
	Metal lavatory partitions						
	Preparation of drawings taken from architectural and engineering plans required for fabrication and erections of sheet metal work						
	Sheet Metal shelving						
	Sheet Metal venting, chimneys and breaching						
	Skylight installation						
Sheet Metal Workers, Region II (South of N63 latitude)							
						L&M	
S1801	Sheet Metal Journeyman	36.34	6.30	8.25	1.00	0.30	52.19
	Air Balancing and duct cleaning of HVAC systems						
	Brazing, soldering or welding of metals						
	Demolition of sheet metal HVAC systems						
	Fabrication and installation of exterior wall sheathing, siding, metal roofing, flashing, decking and architectural sheet metal work						
	Fabrication and installation of heating, ventilation and air conditioning ducts and equipment						
	Fabrication and installation of louvers and hoods						
	Fabrication and installation of sheet metal lagging						

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Class Code	Classification of Laborers & Mechanics	BHR	H&W	PEN	TRN	Other Benefits	THR
Sheet Metal Workers, Region II (South of N63 latitude)							
						L&M	
S1801	Sheet Metal Journeyman	36.34	6.30	8.25	1.00	0.30	52.19
	Fabrication and installation of stainless steel commercial or industrial food service equipment Manufacture, fabrication assembly, installation and alteration of all ferrous and nonferrous metal work Metal lavatory partitions Preparation of drawings taken from architectural and engineering plans required for fabrication and erections of sheet metal work Sheet Metal shelving Sheet Metal venting, chimneys and breaching Skylight installation						
Sprinkler Fitters							
						L&M	
A1901	Sprinkler Fitter	41.05	7.55	8.30	0.30	0.25	57.45
Surveyors **See note on last page if remote site							
						L&M	
A2001	Chief of Parties	36.58	6.25	6.00	0.80	0.10	49.73
						L&M	
A2002	Party Chief	35.17	6.25	6.00	0.80	0.10	48.32
						L&M	
A2003	Line & Grade Technician/Office Technician	34.64	6.25	6.00	0.80	0.10	47.79
						L&M	
A2004	Associate Party Chief (including Instrument Person & Head Chain Person)	32.75	6.25	6.00	0.80	0.10	45.90
						L&M	
A2005	Stake Hop/Grademan	30.15	6.25	6.00	0.80	0.10	43.30
						L&M	
A2006	Chain Person (for crews with more than 2 people)	28.89	6.25	6.00	0.80	0.10	42.04
Truck Drivers/Surveyors **See note on last page if remote site							
						L&M	
A2101	Group I, including:	33.72	6.25	6.00	0.80	0.10	46.87
	Air/Sea Traffic Controllers Ambulance/Fire Truck Driver (EMT certified) Boat Coxswain Captains & Pilots (air & water) Deltas, Commanders, Rollagons, & similar equipment (when pulling sleds, trailers or similar equipment) Dump Trucks (including rockbuggy & trucks with pups) over 40 yards up to & including 60 yards						

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Class Code	Classification of Laborers & Mechanics	BHR	H&W	PEN	TRN	Other Benefits	THR
Truck Drivers/Surveyors							
	**See note on last page if remote site						
						L&M	
A2101	Group I, including:	33.72	6.25	6.00	0.80	0.10	46.87
	Helicopter Transporter						
	Lowboys (including attached trailers & Jeeps, up to & including 12 axles)						
	Material Coordinator and Purchasing Agent						
	Ready-mix (over 12 yards up to & including 15 yards)						
	Semi with Double Box Mixer						
	Tireman, Heavy Duty/Fueler						
	Water Wagon (250 Bbls and above)						
						L&M	
A2102	Group 1A including:	34.85	6.25	6.00	0.80	0.10	48.00
	Dump Trucks (including rockbuggy & trucks with pups, over 60 yards up to & including 100 yards)						
	Jeeps (driver under load)						
						L&M	
A2103	Group II, including:	32.60	6.25	6.00	0.80	0.10	45.75
	All Delta's, Commanders, Rollagons, & similar equipment						
	Construction and Material Safety Technician						
	Dump Trucks (including rockbuggy & trucks with pups, over 20 yards up to & including 40 yards)						
	Lowboys (including attached trailers & Jeeps up to & including 8 axles)						
	Mechanics						
	Ready-mix (over 7 yards up to & including 12 yards)						
	Super Vac Truck/Cacasco Truck/Heat Stress Truck						
	Turn-O-Wagon or DW-10 (not self loading)						
						L&M	
A2104	Group III, including:	31.87	6.25	6.00	0.80	0.10	45.02
	Batch Trucks (8 yards & up)						
	Dump Trucks (including rockbuggy & trucks with pups, over 10 yards up to & including 20 yards)						
	Expeditor (electrical & pipefitting materials)						
	Greaser - Shop						
	Oil Distributor Driver						
	Partsman						
	Thermal Plastic Layout Technician						
	Traffic Control Technician						
	Trucks/Jeeps (push or pull)						
						L&M	
A2105	Group IV, including:	31.36	6.25	6.00	0.80	0.10	44.51
	Air Cushion or similar type vehicle						
	All Terrain Vehicle						
	Boom Truck/Knuckle Truck (over 5 tons)						
	Buggymobile						
	Bull Lift & Fork Lift, Fork Lift with Power Boom & Swing Attachment (over 5 tons)						

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Class Code	Classification of Laborers & Mechanics	BHR	H&W	PEN	TRN	Other Benefits	THR
	Truck Drivers/Surveyors						
	**See note on last page if remote site						
						L&M	
A2105	Group IV, including:	31.36	6.25	6.00	0.80	0.10	44.51
	Bus Operator (over 30 passengers)						
	Combination Truck-Fuel & Grease						
	Compactor (when pulled by rubber tired equipment)						
	Dump Trucks (including Rockbuggy & trucks with pups up to & including 10 yards)						
	Dumpster						
	Expeditor (general)						
	Fire Truck/Ambulance Driver						
	Flat Beds, Dual Rear Axle						
	Foam Distributor Truck Dual Axle						
	Front End Loader with Fork						
	Gin Pole Truck, Winch Truck, Wrecker (truck mounted "A" frame manufactured rating over 5 tons)						
	Grease Truck						
	Hydro Seeder, Dual Axle						
	Hyster Operators (handling bulk aggregate)						
	Loadmaster (air & water operations)						
	Lumber Carrier						
	Ready-mix, (up to & including 7 yards)						
	Rigger (air/water/oilfield)						
	Semi or Truck & Trailer						
	Stringing Truck						
	Tireman, Light Duty						
	Track Truck Equipment						
	Vacuum Truck, Truck Vacuum Sweeper						
	Warehouseperson						
	Water Truck, Dual Axle						
	Water Wagon, Semi						
						L&M	
A2106	Group V, including:	30.68	6.25	6.00	0.80	0.10	43.83
	Batch Truck (up to & including 7 yards)						
	Boom Truck/Knuckle Truck (up to & including 5 tons)						
	Buffer Truck						
	Bull Lifts & Fork Lifts, Fork Lifts with Power Boom & Swing Attachments (up to & including 5 tons)						
	Bus Operator (up to 30 passengers)						
	Farm Type Rubber Tired Tractor (when material handling or pulling wagons on a construction project)						
	Flat Beds, Single Rear Axle						
	Foam Distributor Truck Single Axle						
	Fuel Handler (station/bulk attendant)						
	Gear/Supply Truck						

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Class Code	Classification of Laborers & Mechanics	BHR	H&W	PEN	TRN	Other Benefits		THR
Truck Drivers/Surveyors								
	**See note on last page if remote site							
						L&M		
A2106	Group V, including:	30.68	6.25	6.00	0.80	0.10		43.83
	Gin Pole Truck, Winch Truck, Wrecker (Truck Mounted "A" Frame manufactured rating 5 tons & under)							
	Gravel Spreader Box Operator on Truck							
	Hydro Seeders, Single axle							
	Pickups (pilot cars & all light-duty vehicles)							
	Rigger/Swamper							
	Tack Truck							
	Team Drivers (Horses, Mules, & similar equipment)							
	Water Truck (Below 250 Bbls)							
Tunnel Workers, Laborers (The Alaska areas north of N63 latitude and east of W138 longitude)								
	**See note on last page if remote site							
						L&M	LEG	
N2201	Group I, including:	30.15	4.80	8.15	1.15	0.20	0.15	44.60
	Brakeman							
	Mucker							
	Nipper							
	Topman & Bull Gang							
	Tunnel Track Laborer							
						L&M	LEG	
N2202	Group II, including:	31.10	4.80	8.15	1.15	0.20	0.15	45.55
	Burning & Cutting Torch							
	Concrete Laborer							
	Jackhammer							
	Laser Instrument Operator							
	Nozzlemen, Pumpcrete or Shotcrete							
	Pipelayer Helper							
						L&M	LEG	
N2203	Group III, including:	31.94	4.80	8.15	1.15	0.20	0.15	46.39
	Miner							
	Retimberman							
						L&M	LEG	
N2204	Group IIIA, including:	35.00	4.80	8.15	1.15	0.20	0.15	49.45
	Asphalt Raker, Asphalt Belly Dump Lay Down							
	Drill Doctor (in the field)							
	Driller (including, but not limited to wagon drills, air-track drills, hydraulic drills)							
	Licensed Powderman							
	Pioneer Drilling & Drilling Off Tugger (all type drills)							
	Pipelayer							
						L&M	LEG	
N2206	Group IIIB, including:	35.78	4.80	8.15	1.15	0.20	0.15	50.23

Wage benefits key: BHR=basic hourly rate; H&W=health and welfare; IAF=industry advancement fund; LEG=legal fund; L&M=labor/management fund; ONT=overnight; PEN=pension fund; SAF=safety; SUI=supplemental unemployment insurance; S&L=SUI & LEG combined; TRN=training; THR=total hourly rate; VAC=vacation

Class Code	Classification of Laborers & Mechanics	BHR	H&W	PEN	TRN	Other Benefits		THR
	Tunnel Workers, Laborers (The Alaska areas north of N63 latitude and east of W138 longitude)							
	**See note on last page if remote site							
						L&M	LEG	
N2206	Group IIIB, including:	35.78	4.80	8.15	1.15	0.20	0.15	50.23
	Federally Licensed Powderman (Responsible Person in Charge)							
	Grade Checking (setting or transferring of grade marks, line and grade)							
	Tunnel Workers, Laborers (The area that is south of N63 latitude and west of W138 longitude)							
	**See note on last page if remote site							
						L&M	LEG	
S2201	Group I, including:	30.15	4.80	8.15	1.15	0.20	0.15	44.60
	Brakeman							
	Mucker							
	Nipper							
	Topman & Bull Gang							
	Tunnel Track Laborer							
						L&M	LEG	
S2202	Group II, including:	31.10	4.80	8.15	1.15	0.20	0.15	45.55
	Burning & Cutting Torch							
	Concrete Laborer							
	Jackhammer							
	Laser Instrument Operator							
	Nozzlemen, Pumpcrete or Shotcrete							
	Pipelayer Helper							
						L&M	LEG	
S2203	Group III, including:	31.94	4.80	8.15	1.15	0.20	0.15	46.39
	Miner							
	Retimberman							
						L&M	LEG	
S2204	Group IIIA, including:	35.00	4.80	8.15	1.15	0.20	0.15	49.45
	Asphalt Raker, Asphalt Belly Dump Lay Down							
	Drill Doctor (in the field)							
	Driller (including, but not limited to wagon drills, air-track drills, hydraulic drills)							
	Licensed Powderman							
	Pioneer Drilling & Drilling Off Tugger (all type drills)							
	Pipelayer							
						L&M	LEG	
S2206	Group IIIB, including:	35.78	4.80	8.15	1.15	0.20	0.15	50.23
	Federally Licensed Powderman (Responsible Person in Charge)							
	Grade Checking (setting or transferring of grade marks, line and grade)							
	Tunnel Workers, Power Equipment Operators							
	**See note on last page if remote site							
						L&M		
A2207	Group I	39.07	7.65	6.50	0.95	0.10		54.27

Wage benefits key: BHR=basic hourly rate; H&W=health and welfare; IAF=industry advancement fund; LEG=legal fund; L&M=labor/management fund; ONT=overnight; PEN=pension fund; SAF=safety; SUI=supplemental unemployment insurance; S&L=SUI & LEG combined; TRN=training; THR=total hourly rate; VAC=vacation

Class Code	Classification of Laborers & Mechanics	BHR	H&W	PEN	TRN	Other Benefits	THR
Tunnel Workers, Power Equipment Operators							
	**See note on last page if remote site						
A2208	Group IA	40.95	7.65	6.50	0.95	L&M 0.10	56.15
A2209	Group II	38.25	7.65	6.50	0.95	L&M 0.10	53.45
A2210	Group III	37.48	7.65	6.50	0.95	L&M 0.10	52.68
A2211	Group IV	30.84	7.65	6.50	0.95	L&M 0.10	46.04

*** A remote site is isolated and relatively distant from the amenities of civilization, and usually far from the employee's home. As a condition of employment, the workers must eat, sleep, and socialize at the worksite and remain there for extended periods.**

**** This classification must receive board and lodging under certain conditions. A per diem option of $75 is an alternative to providing meals and lodging. See Page v for an explanation.**

Wage benefits key: BHR=basic hourly rate; H&W=health and welfare; IAF=industry advancement fund; LEG=legal fund; L&M=labor/management fund; ONT=overnight; PEN=pension fund; SAF=safety; SUI=supplemental unemployment insurance; S&L=SUI & LEG combined; TRN=training; THR=total hourly rate; VAC=vacation

STATE OF ALASKA

Department of Labor and Workforce Development

OFFICE OF THE COMMISSIONER

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March 31, 2009

The Honorable Bert Stedman
The Honorable Lyman Hoffman
Co-Chairs, Senate Finance Committee
State Capitol
Juneau, AK 99801

Dear Senator Stedman and Senator Hoffman:

During the Senate Finance Committee hearing of Senate Bill 1 on March 27, 2009, there were questions about Davis-Bacon wage rates. Senator Huggins wanted to know what Davis-Bacon wage rates are and Senator Stedman had a specific question about the determination on Prince of Wales Island.

First, let me explain that there are state and federal prevailing wage rate determinations. The federal Davis-Bacon Act of 1931 (40 U.S.C. 276a) applies to federally funded construction projects and requires the payment of prevailing wage rates to laborers and mechanics working on such projects. There is a similar provision under Alaska law commonly referred to as the "Little Davis-Bacon Act" for public construction projects awarded through the state or a political subdivision of the state (see AS 36.05.010 - .110). One of the primary purposes of the legislation is to establish a level playing field for labor costs on public construction projects.

I have enclosed a copy of the *Laborer's and Mechanic's Minimum Rates of Pay*, effective September 1, 2008. This publication contains the prevailing wage determinations of the State of Alaska. The rates are divided into the Northern Region (North of N63 latitude) and the Southern Region (South of N63 latitude), but many rates are the same statewide. The newest version of this publication will be available soon and delivered to your office.

Also enclosed are copies of the latest published federal prevailing wage rate determinations for Alaska. There are determinations for residential, heavy dredging, building and heavy, and highway construction projects. Some of these determinations are statewide and some are for specific communities. It is noteworthy that the federal wage rate determination for highway work in communities on Prince of Wales Island and other Southeast Alaska communities (General Decision Number: AK20080003)

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contains significantly lower prevailing wage rates than the determinations for highway work in the rest of the state (General Decision Number: AK 20080002 & AK 20080006).

In contrast to the state, the federal government applies prevailing wage rates to federally-funded residential projects. The state prevailing wage law does not apply to residential projects, so residential wage rates, which are typically lower than rates paid on heavy, highway or commercial projects, are not included in the state's determination.

I hope this information is responsive to your questions. Please contact me if you have additional questions or concerns.

Sincerely,

Clark Bishop
Commissioner

Enclosures

GENERAL DECISION: AK20080001 02/27/2009 AK1

Date: February 27, 2009
General Decision Number: AK20080001 02/27/2009

Superseded General Decision Number: AK20070001

State: Alaska

Construction Types: Building and Heavy

Counties: Alaska Statewide.

BUILDING AND HEAVY CONSTRUCTION PROJECTS (does not include residential construction consisting of single family homes and apartments up to and including 4 stories)

Modification Number	Publication Date
0	02/08/2008
1	02/15/2008
2	02/29/2008
3	04/04/2008
4	04/18/2008
5	05/09/2008
6	05/23/2008
7	06/06/2008
8	06/27/2008
9	08/01/2008
10	08/08/2008
11	08/15/2008
12	08/22/2008
13	09/05/2008
14	09/19/2008
15	11/07/2008
16	01/02/2009
17	02/06/2009
18	02/27/2009

* ASBE0097-001 02/01/2009

	Rates	Fringes
Asbestos Workers/Insulator (includes application of all insulating materials protective coverings, coatings and finishings to all types of mechanical systems)	$ 31.54	16.70

* ASBE0097-002 01/01/2009

	Rates	Fringes
HAZARDOUS MATERIAL HANDLER (includes preparation, wetting, stripping, removal scrapping, vacuming, bagging, and disposing of all		

insulation materials, whether they contain asbestos or not; from mechanical systems)	$ 27.35	13.70

BOIL0502-002 10/01/2007

	Rates	Fringes
BOILERMAKER	$ 39.12	19.01

BRAK0001-002 07/01/2008

	Rates	Fringes
Bricklayer, Blocklayer, Stonemason, Marble Mason, Tile Setter, Terrazzo Worker	$ 33.82	15.80
Tile & Terrazzo Finisher	$ 28.65	15.80

CARP1243-003 07/01/2008

North of the 63rd Parallel

	Rates	Fringes
Carpenter/Lather/Drywall Applicator	$ 33.30	17.85
Carpenter: Fire or Flood Repair Work	$ 33.30	17.85
MILLWRIGHT	$ 33.39	16.08

CARP1281-004 07/01/2008

SOUTH OF 63RD PARALLEL

	Rates	Fringes
Acoustical Applicator and Lather	$ 33.30	17.23
Carpenters & Drywallers	$ 33.30	17.23
MILLWRIGHT	$ 33.39	16.08

CARP2520-003 07/01/2008

	Rates	Fringes
Diver		
Stand-by	$ 37.34	17.23
Tender	$ 36.34	17.23
Working	$ 74.68	17.23
Piledriver		
Carpenter	$ 33.30	17.23
Piledriver; Skiff Operator and Rigger	$ 32.30	17.23
Sheet Stabber	$ 33.30	17.23
Welder	$ 34.30	17.23

DEPTH PAY PREMIUM FOR DIVERS BELOW WATER SURFACE:
50-100 feet $1.00 per foot
101 feet and deeper $2.00 per foot

ENCLOSURE PAY PREMIUM WITH NO VERTICAL ASCENT:
5-50 FEET $1.00 PER FOOT/DAY
51-100 FEET $2.00 PER FOOT/DAY
101 FEET AND ABOVE $3.00 PER FOOT/DAY

SATURATION DIVING:
The standby rate applies until saturation starts. The saturation diving rate applies when divers are under pressure continuously until work task and decompression are complete. the diver rate shall be paid for all saturation hours.

WORK IN COMBINATION OF CLASSIFICATIONS:
Employees working in any combination of classifications within the diving crew (except dive supervisor) in a shift are paid in the classification with the highest rate for that shift.

ELEC1547-004 11/24/2008

	Rates	Fringes
CABLE SPLICER	$ 37.85	3%+$17.17
Electrician;Technician	$ 36.10	3%+$17.17

ELEC1547-005 05/05/2008

Line Construction

	Rates	Fringes
CABLE SPLICER	$ 44.48	3%+19.42
Line Construction: (Tree Trimmer Shredder)	$ 31.53	3%+19.42
Linemen (Including Equipment Operators, Technician)	$ 42.73	3%+19.42
Powderman	$ 40.73	3%+19.42
TREE TRIMMER	$ 42.73	3%+19.42

ELEV0019-002 01/01/2009

	Rates	Fringes
ELEVATOR MECHANIC	$ 45.405	18.285+a+b

FOOTNOTE: a. Employer contributes 8% of the basic hourly rate for over 5 year's service and 6% of the basic hourly rate for 6 months to 5 years' of service as vacation paid credit. b. Eight paid holidays: New Year's Day; Memorial Day; Independence Day; Labor Day; Veteran's Day; Thanksgiving Day; Friday after Thanksgiving and Christmas Day

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ENGI0302-002 01/01/2009

	Rates	Fringes
Power equipment operators:		
GROUP 1	$ 36.19	15.95

GROUP 1A	$ 37.95	15.95
GROUP 2	$ 35.42	15.95
GROUP 3	$ 34.70	15.95
GROUP 4	$ 28.49	15.95
TUNNEL WORK		
GROUP 1	$ 39.81	15.95
GROUP 1A	$ 41.75	15.95
GROUP 2	$ 38.96	15.95
GROUP 3	$ 38.17	15.95
GROUP 4	$ 31.34	15.95

POWER EQUIPMENT OPERATOR CLASSIFICATIONS

GROUP 1: Asphalt Roller; Back Filler; Barrier Machine (Zipper); Batch Plant Operator: Batch and Mixer over 200 yds.; Beltcrete with power pack and similar conveyors; Bending Machine; Boat Coxwains; Bulldozers; Cableways, Highlines and Cablecars; Cleaning Machine; Coating Machine; Concrete Hydro Blaster; Cranes-45 tons and under or 150 foot boom and under (including jib and attachments): (a) Shovels, Backhoes, Draglines, Clamshells; Gradalls-3 yards and under; (b) Hydralifts or Transporters, all track or truck type, (c) Derricks; Crushers; Deck Winches-Double Drum; Ditching or Trenching Machine (16 inch or over); Drilling Machines, core, cable, rotary and exploration; Finishing Machine Operator, concrete paving, Laser Screed, sidewalk, curb and gutter machine; Helicopters; Hover Craft, Flex Craft, Loadmaster, Air Cushion, All Terrain Vehicle, Rollagon, Bargecable, Nodwell Sno Cat; Hydro Ax: Feller Buncher and similar; Loaders: Forklifts with power boom and swing attachment, Overhead and front end, 2 1/2 yards through 5 yards, Loaders with forks or pipe clamps, Loaders, elevating belt type, Euclid and similar types; Mechanics, Bodyman; Micro Tunneling Machine; Mixers: Mobile type w/hoist combination; Motor Patrol Grader; Mucking Machines: Mole, Tunnel Drill, Horizontal/Directional Drill Operator, and/or Shield; Operator on Dredges; Piledriver Engineers, L. B. Foster, Puller or similar Paving Breaker; Power Plant, Turbine Operator, 200 k.w. and over (power plants or combination of power units over 300 k.w.); Sauerman-Bagley; Scrapers-through 40 yards; Service Oiler/Service Engineer; Sidebooms-under 45 tons; Shot Blast Machine; Spreaders, Blaw Knox, Cedarapids, Barber Greene, Slurry Machine; Sub-grader (Gurries, C.M.I. and C.M.I. Roto Mills and similar types); Tack tractor; Truck mounted Concrete Pumps, Conveyor, Creter; Water Kote Machine; Unlicensed off road hauler; Welder; Electrical Mechanic, Camp Maintenance Engineer

GROUP 1A: Cranes-over 45 tons or 150 foot (including jib and attachments): (a) Shovels, backhoes, draglines, clamshells-over 3 yards, (b) Tower cranes; Loaders over 5 yds.; Motor Patrol Grader, Dozer, Grade Tractor (finish: when finishing to final grade and/or to hubs, or for asphalt); Power Plants: 1000 k.w. and over; Quad; Screed; Sidebooms over 45 tons; Slip Form Paver C.M.I. and similar types; Scrapers over 40 yards; Camera/Tool/Video Operator (Slipline).

GROUP 2: Batch Plant Operators: Batch and Mixer 200 yds. per

hour and under; Boiler-fireman; Cement Hog and Concrete Pump Operator; Conveyors (except as listed in group 1); Hoist on steel erection; Towermobiles and Air Tuggers; Horizontal/Directional Drill Locator; Loaders, Elevating Grader, Dumor and similar; Locomotives: rod and geared engines; Mixers; Screening, Washing Plant; Sideboom (cradling rock drill regardless of size); Skidder; Trencing Machine under 16 inches.

GROUP 3: "A" Frame Trucks, Deck Winches: single power drum; Bombardier (tack or tow rig); Boring Machine; Brooms-power; Bump Cutter; Compressor; Farm tractor; Forklift, industrial type; Gin Truck or Winch Truck with poles when used for hoisting; Grade Checker and Stake Hopper; Hoist, Air Tuggers, Elevators; Loaders: (a) Elevating-Athey, Barber Green and similar types (b) Forklifts or Lumber Carrier (on construction job site) (c) Forklifts with Tower (d) Overhead and Front-end, under 2 1/2 yds. Locomotives:Dinkey (air, steam, gas and electric) Speeders; Mechanics (light duty); Mixers: Concrete Mixers and Batch 200 yds. per hour and under; Oil, Blower Distribution; Post Hole Diggers, mechanical; Pot Fireman (power agitated); Power Plant, Turbine Operator, under 300 k.w.; Pumps-water; Rig oiler/assistant engineer, over 45 ton, over 3 yards or over 150 foot boom; Roller-other than Plantmix; Saws, concrete; Straightening Machine; Tow Tractor

GROUP 4: Rig Oiler/Assistant Engineer (Advances to Group III if over 45 tons or 3 yards or 150 ft. boom); Swamper (on trenching machines or shovel type equipment); Spotter; Steam Cleaner

FOOTNOTE: Groups 1-4 receive 10% premium while performing tunnel or underground work. Rig Oiler/Assistant Engineer shall be required on cranes over 85 tons or over 100 feet of boom.

IRON0751-003 08/01/2008

	Rates	Fringes
Ironworkers:		
BRIDGE, STRUCTURAL, ORNAMENTAL, REINFORCING MACHINERY MOVER, RIGGER, SHEETER, STAGE RIGGER, BENDER OPERATOR	$ 32.29	18.60
FENCE, BARRIER AND GUARDRAIL INSTALLERS	$ 28.79	18.35
GUARDRAIL LAYOUT MAN	$ 29.53	18.35
HELICOPTER, TOWER	$ 33.29	18.60

LABO0341-005 07/01/2008

	Rates	Fringes
Laborers: North of the 63rd Parallel & East of Longitude 138 Degrees		
GROUP 1	$ 28.24	15.20

GROUP 2	$ 29.14	15.20
GROUP 3	$ 29.94	15.20
GROUP 3A	$ 32.84	15.20
GROUP 3B	$ 33.58	15.20
GROUP 4	$ 19.00	15.20
TUNNELS, SHAFTS, AND RAISES		
GROUP 1	$ 31.10	15.20
GROUP 2	$ 32.09	15.20
GROUP 3	$ 32.96	15.20
GROUP 3A	$ 36.15	15.20
GROUP 3B	$ 36.96	15.20
Laborers: South of the 63rd Parallel & West of Longitude 138 Degrees		
GROUP 1	$ 27.41	14.25
GROUP 2	$ 28.27	14.25
GROUP 3	$ 29.04	14.25
GROUP 3A	$ 31.82	14.25
GROUP 3B	$ 32.53	14.25
GROUP 4	$ 18.55	14.25
TUNNELS, SHAFTS, AND RAISES		
GROUP 1	$ 30.11	14.25
GROUP 2	$ 31.05	14.25
GROUP 3	$ 31.90	14.25
GROUP 3A	$ 34.95	14.25
GROUP 3B	$ 35.75	14.25

LABORERS CLASSIFICATIONS

GROUP 1: Asphalt Workers (shovelman, plant crew); Brush Cutters; Camp Maintenance Laborer; Carpenter Tenders; Choke Setters, Hook Tender, Rigger, Signalman; Concrete Laborer(curb and gutter, chute handler, grouting, curing, screeding); Crusher Plant Laborer; Demolition Laborer; Ditch Diggers; Dump Man; Environmental Laborer (asbestos (limited to nonmechanical systems), hazardous and toxic waste, oil spill); Fence Installer; Fire Watch Laborer; Flagman; Form Strippers; General Laborer; Guardrail Laborer, Bridge Rail Installers; Hydro-Seeder Nozzleman; Laborers (building); Landscape or Planter; Laying of Decorative Block (retaining walls, flowered decorative block 4 feet and below); Material Handlers; Pneumatic or Power Tools; Portable or Chemical Toilet Serviceman; Pump Man or Mixer Man; Railroad Track Laborer; Sandblast, Pot Tender; Saw Tenders; Scaffold Building and Erecting; Slurry Work; Stake Hopper; Steam Point or Water Jet Operator; Steam Cleaner Operator; Tank Cleaning; Utiliwalk, Utilidor Laborer and Conduit Installer; Watchman (construction projects); Window Cleaner

GROUP 2: Burning and Cutting Torch; Cement or Lime Dumper or Handler (sack or bulk); Choker Splicer; Chucktender (wagon, airtrack and hydraulic drills); Concrete Laborers (power buggy, concrete saws, pumpcrete nozzleman, vibratorman); Culvert Pipe Laborer; Cured in place Pipelayer; Environmental Laborer (marine work, oil spill skimmer operator, small boat operator); Foam Gun or Foam Machine Operator; Green Cutter (dam work); Gunnite Operator; Hod Carriers; Jackhammer or Pavement Breakers (more than 45 pounds);Laying of Decorative Block (retaining walls,

flowered decorative block above 4 feet); Mason Tender and Mud Mixer (sewer work); Pilot Car; Plasterer, Bricklayer and Cement Finisher Tenders; Power Saw Operator; Railroad Switch Layout Laborer; Sandblaster; Sewer Caulkers; Sewer Plant Maintenance Man; Thermal Plastic Applicator; Timber Faller, chain saw operator, filer; Timberman

GROUP 3: Alarm Installer; Bit Grinder; Guardrail Machine Operator; High Rigger and tree topper; High Scaler; Multiplate; Slurry Seal Squeegee Man

GROUP 3A: Asphalt Raker, Asphalt Belly dump lay down; Drill Doctor (in the field); Drillers (including, but not limited to, wagon drills, air track drills; hydraulic drills); Powderman; Pioneer Drilling and Drilling Off Tugger (all type drills); Pipelayers

GROUP 3B: Grade checker (setting or transfering of grade marks, line and grade)

GROUP 4: Final Building Cleanup

TUNNELS, SHAFTS, AND RAISES CLASSIFICATIONS

GROUP 1: Brakeman; Muckers; Nippers; Topman and Bull Gang; Tunnel Track Laborer

GROUP 2: Burning and Cutting Torch; Concrete Laborers; Jackhammers; Nozzleman, Pumpcrete or Shotcrete.

GROUP 3: Miner; Retimberman

GROUP 3A: Asphalt Raker, Asphalt Belly dump lay down; Drill Doctor (in the field); Drillers (including, but not limited to, wagon drills, air track drills; hydraulic drills); Powderman; Pioneer Drilling and Drilling Off Tugger (all type drills); Pipelayers.

GROUP 3B: Grade checker (setting or transfering of grade marks, line and grade)

Tunnel shaft and raise rates only apply to workers regularly employed inside a tunnel portal or shaft collar.

PAIN1140-004 12/01/2008

SOUTH OF THE 63RD PARALLEL

	Rates	Fringes
Painters:		
Brush, Roller, Sign, Paper and Vinyl, Swing Stage, Hand Taper/Drywall, Structural Steel, and Commercial Spray	$ 27.18	17.22
Machine Taper/Drywall	$ 28.38	17.22
Spray-Sand/Blast, Epoxy and Tar Applicator	$ 28.48	17.22

PAIN1140-005 04/01/2008

	Rates	Fringes
FLOOR LAYER: CARPET (SOFT)		
FLOOR	$ 28.57	10.59

PAIN1140-006 12/01/2008

SOUTH OF THE 63RD PARALLEL

	Rates	Fringes
GLAZIER	$ 30.12	17.25

PAIN1555-004 12/01/2008

NORTH OF THE 63RD PARALLEL

	Rates	Fringes
PAINTER		
BRUSH, ROLLER PAINTER, WALLCOVERER	$ 29.85	17.29
STRUCTURAL, SANDBLAST, POT TENDER, FINISH METAL, SPRAY, BUFFER OPERATOR, FLOORCOVERER, RADON MITIGATION, LEAD BASED PAINT ABATEMENT, HAZARDOUS MATERIAL HANDLER, TAPER, TEXTURING	$ 30.35	17.29

PAIN1555-005 12/01/2008

NORTH OF THE 63RD PARALLEL

	Rates	Fringes
GLAZIER	$ 31.87	16.30

PLAS0867-001 02/01/2009

	Rates	Fringes
PLASTERER		
North of the 63rd parallel	$ 34.04	15.65
South of the 63rd parallel	$ 33.79	15.65

PLAS0867-004 02/01/2009

	Rates	Fringes
CEMENT MASON/CONCRETE FINISHER		
North of the 63rd parallel	$ 33.79	15.65
South of the 63rd parallel	$ 33.54	15.65

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* PLUM0262-002 01/01/2009

East of the 141st Meridian

	Rates	Fringes
Plumber; Steamfitter	$ 33.02	17.87

PLUM0367-002 07/01/2008

South of the 63rd Parallel

	Rates	Fringes
Plumber; Steamfitter	$ 35.58	17.12

PLUM0375-002 07/01/2008

North of the 63rd Parallel

	Rates	Fringes
Plumber; Steamfitter	$ 35.54	18.32

PLUM0669-002 04/01/2008

	Rates	Fringes
SPRINKLER FITTER	$ 41.05	16.15

ROOF0190-002 09/01/2007

	Rates	Fringes
ROOFER; Including Built Up, Composition and Single Ply Roofs		
North of the 63rd Parallel	$ 32.12	10.50
South of the 63rd Parallel	$ 32.12	10.50

SHEE0023-003 08/01/2008

South of the 63rd Parallel

	Rates	Fringes
Sheet Metal Worker	$ 37.34	16.60

SHEE0023-004 07/01/2008

North of the 63rd Parallel

	Rates	Fringes
Sheet Metal Worker	$ 39.93	17.11

TEAM0959-003 09/01/2008

	Rates	Fringes
TRUCK DRIVER		
GROUP 1	$ 34.98	13.90
GROUP 1A	$ 36.16	13.90

GROUP 2	$ 33.81	13.90
GROUP 3	$ 33.05	13.90
GROUP 4	$ 32.51	13.90
GROUP 5	$ 31.80	13.90

GROUP 1: Semi with Double Box Mixer; Dump Trucks (including rockbuggy and trucks with pups) over 40 yards up to and including 60 yards; Deltas, Commanders, Rollogans and similar equipment when pulling sleds, trailers or similar equipment; Boat Coxswain; Lowboys including attached trailers and jeeps, up to and including 12 axles; Ready-mix over 12 yards up to and including 15 yards); Water Wagon (250 Bbls and above); Tireman, Heavy Duty/Fueler

GROUP 1A: Dump Trucks (including Rockbuggy and Trucks with pups) over 60 yards up to and including 100 yards; Jeeps (driver under load)

GROUP 2: Turn-O-Wagon or DW-10 not self-loading; All Deltas, Commanders, Rollogans, and similar equipment; Mechanics; Dump Trucks (including Rockbuggy and Trucks with pups) over 20 yards up to and including 40 yards; Lowboys including attached trailers and jeeps up to and including 8 axles; Super vac truck/cacasco truck/heat stress truck; Ready-mix over 7 yards up to and including 12 yards;

GROUP 3: Dump Trucks (including Rockbuggy and Trucks with pups) over 10 yards up to and including 20 yards; batch trucks 8 yards and up; Oil distributor drivers; Partsman; Oil Distributor Drivers; Trucks/Jeeps (push or pull); Traffic Control Technician

GROUP 4: Buggymobile; Semi or Truck and trailer; Dumpster; Tireman (light duty); Dump Trucks (including Rockbuggy and Truck with pups) up to and including 10 yards; Track Truck Equipment; Stringing Truck; Grease Truck; Flat Beds, dual rear axle; Hyster Operators (handling bulk aggregate); Lumber Carrier; Water Wagon, semi; Water Truck, dual axle; Gin Pole Truck, Winch Truck, Wrecker, Truck Mounted "A" Frame manufactured rating over 5 tons; Bull Lifts and Fork Lifts with Power Boom and Swing attachments, over 5 tons; Front End Loader with Forks; Bus Operator over 30 passengers; All Terrain Vehicles; Boom Truck/Knuckle Truck over 5 tons; Foam Distributor Truck/dual axle; Hydro-seeders, dual axle; Vacuum Trucks, Truck Vacuum Sweepers; Loadmaster (air and water); Air Cushion or similar type vehicle; Fire Truck/Ambulance Driver; Combination Truck-fuel and grease; Compactor (when pulled by rubber tired equipment); Rigger (air/water/oilfield); Ready Mix, up to and including 7 yards;

GROUP 5: Gravel Spreader Box Operator on Truck; Flat Beds, single rear axle; Boom Truck/Knuckle Truck up to and including 5 tons; Pickups (Pilot Cars and all light duty vehicles); Water Wagon (Below 250 Bbls); Gin Pole Truck, Winch Truck, Wrecker, Truck Mounted "A" Frame, manufactured rating 5 tons and under; Bull Lifts and Fork Lifts (fork lifts with power broom and swing attachments up to and including 5 tons); Buffer Truck; Tack Truck; Farm type Rubber Tired Tractor (when material handling or pulling

wagons on a construction project); Foam Distributor, single axle; Hydro-Seeders, single axle; Team Drivers (horses, mules and similar equipment); Fuel Handler (station/bulk attendant); Batch Truck, up to and including 7 yards; Gear/Supply Truck; Bus Operator, Up to 30 Passengers; Rigger/Swamper

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WELDERS - Receive rate prescribed for craft performing operation to which welding is incidental.

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Unlisted classifications needed for work not included within the scope of the classifications listed may be added after award only as provided in the labor standards contract clauses (29 CFR 5.5 (a) (1) (ii)).

In the listing above, the "SU" designation means that rates listed under the identifier do not reflect collectively bargained wage and fringe benefit rates. Other designations indicate unions whose rates have been determined to be prevailing.

WAGE DETERMINATION APPEALS PROCESS

1.) Has there been an initial decision in the matter? This can be:

* an existing published wage determination
* a survey underlying a wage determination
* a Wage and Hour Division letter setting forth a position on a wage determination matter
* a conformance (additional classification and rate) ruling

On survey related matters, initial contact, including requests for summaries of surveys, should be with the Wage and Hour Regional Office for the area in which the survey was conducted because those Regional Offices have responsibility for the Davis-Bacon survey program. If the response from this initial contact is not satisfactory, then the process described in 2.) and 3.) should be followed.

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Wage and Hour Division
U.S. Department of Labor
200 Constitution Avenue, N.W.
Washington, DC 20210

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END OF GENERAL DECISION

GENERAL DECISION: AK20080004 02/08/2008 AK4

Date: February 8, 2008
General Decision Number: AK20080004 02/08/2008

Superseded General Decision Number: AK20070004

State: Alaska

Construction Types: Heavy Dredging

Counties: Alaska Statewide.

HOPPER DREDGING CONSTRUCTION PROJECTS

Modification Number	Publication Date
0	02/08/2008

SUAK1991-001 09/01/1991

	Rates	Fringes
Self-Propelled Hopper Dredge		
Drag Tenders	$ 8.78	4.23+a

FOOTNOTE:
a: Nine paid holidays: New Year's Day, Washington's Birthday, Memorial Day, Independence Day, Labor Day, Paul Hall's Birthday (Aug. 20th), Veterans Day, Thanksgiving Day and Christmas Day.

WELDERS - Receive rate prescribed for craft performing operation to which welding is incidental.

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Unlisted classifications needed for work not included within the scope of the classifications listed may be added after award only as provided in the labor standards contract clauses (29 CFR 5.5 (a) (1) (ii)).

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END OF GENERAL DECISION

GENERAL DECISION: AK20080003 02/06/2009 AK3

Date: February 6, 2009
General Decision Number: AK20080003 02/06/2009

Superseded General Decision Number: AK20070003

State: Alaska

Construction Type: Highway

Counties: Haines, Ketchikan Gateway, Prince Of Wales-Outer Ketchika, Sitka, Skagway-Yakutat-Angoon and Wrangell-Petersburg Counties in Alaska.

HIGHWAY CONSTRUCTION PROJECTS

Modification Number	Publication Date
0	02/08/2008
1	04/04/2008
2	05/09/2008
3	06/06/2008
4	08/01/2008
5	02/06/2009

* ELEC1547-004 11/24/2008

	Rates	Fringes
CABLE SPLICER	$ 37.85	3%+$17.17
Electrician;Technician	$ 36.10	3%+$17.17

ELEC1547-005 05/05/2008

Line Construction

	Rates	Fringes
CABLE SPLICER	$ 44.48	3%+19.42
Line Construction: (Tree Trimmer Shredder)	$ 31.53	3%+19.42
Linemen (Including Equipment Operators, Technician)	$ 42.73	3%+19.42
Powderman	$ 40.73	3%+19.42
TREE TRIMMER	$ 42.73	3%+19.42

IRON0751-004 08/01/2008

	Rates	Fringes
IRONWORKER		
Fence-Rail	$ 28.79	18.35
Reinforcing	$ 32.29	18.60

SUAK1993-002 04/01/1993

	Rates	Fringes
CARPENTER	$ 23.95	6.65

LABORER		
Air Tool Operator, General, Flagger, Landscape, Stake Hopper	$ 20.00	6.79
Asphalt Worker	$ 20.34	6.79
Chuck Tender	$ 20.74	6.79
Driller	$ 21.56	6.79
Grademan	$ 21.26	6.79
Pipelayer	$ 20.67	6.62
Vibrator	$ 21.00	6.79
Power Equipment Operator		
Asphalt Plant, Bulldozer, Mechanic, Paver, Roller, Screed	$ 24.47	6.50
Backhoe	$ 26.01	6.50
Crane	$ 25.24	6.50
Driller	$ 23.05	6.50
Grader	$ 25.43	6.50
Loader	$ 24.96	6.50
Oiler	$ 23.80	6.50
TRUCK DRIVER	$ 16.68	7.64

WELDERS - Receive rate prescribed for craft performing operation to which welding is incidental.

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WAGE DETERMINATION APPEALS PROCESS

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* a survey underlying a wage determination
* a Wage and Hour Division letter setting forth a position on a wage determination matter
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Washington, DC 20210

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END OF GENERAL DECISION

GENERAL DECISION: AK20080002 02/06/2009 AK2

Date: February 6, 2009
General Decision Number: AK20080002 02/06/2009

Superseded General Decision Number: AK20070002

State: Alaska

Construction Type: Highway

County: Juneau County in Alaska.

HIGHWAY CONSTRUCTION PROJECTS

Modification Number	Publication Date
0	02/08/2008
1	03/28/2008
2	04/04/2008
3	05/09/2008
4	05/23/2008
5	06/06/2008
6	08/22/2008
7	09/05/2008
8	09/19/2008
9	01/02/2009
10	02/06/2009

CARP1281-005 07/01/2008

	Rates	Fringes
CARPENTER	$ 33.30	17.23

ELEC1547-004 11/24/2008

	Rates	Fringes
CABLE SPLICER	$ 37.85	3%+$17.17
Electrician;Technician	$ 36.10	3%+$17.17

ELEC1547-005 05/05/2008

Line Construction

	Rates	Fringes
CABLE SPLICER	$ 44.48	3%+19.42
Line Construction: (Tree Trimmer Shredder)	$ 31.53	3%+19.42
Linemen (Including Equipment Operators, Technician)	$ 42.73	3%+19.42
Powderman	$ 40.73	3%+19.42
TREE TRIMMER	$ 42.73	3%+19.42

ENGI0302-002 01/01/2009

	Rates	Fringes

Power equipment operators:

GROUP 1	$ 36.19	15.95
GROUP 1A	$ 37.95	15.95
GROUP 2	$ 35.42	15.95
GROUP 3	$ 34.70	15.95
GROUP 4	$ 28.49	15.95
TUNNEL WORK		
GROUP 1	$ 39.81	15.95
GROUP 1A	$ 41.75	15.95
GROUP 2	$ 38.96	15.95
GROUP 3	$ 38.17	15.95
GROUP 4	$ 31.34	15.95

POWER EQUIPMENT OPERATOR CLASSIFICATIONS

GROUP 1: Asphalt Roller; Back Filler; Barrier Machine (Zipper); Batch Plant Operator: Batch and Mixer over 200 yds.; Beltcrete with power pack and similar conveyors; Bending Machine; Boat Coxwains; Bulldozers; Cableways, Highlines and Cablecars; Cleaning Machine; Coating Machine; Concrete Hydro Blaster; Cranes-45 tons and under or 150 foot boom and under (including jib and attachments): (a) Shovels, Backhoes, Draglines, Clamshells; Gradalls-3 yards and under; (b) Hydralifts or Transporters, all track or truck type, (c) Derricks; Crushers; Deck Winches-Double Drum; Ditching or Trenching Machine (16 inch or over); Drilling Machines, core, cable, rotary and exploration; Finishing Machine Operator, concrete paving, Laser Screed, sidewalk, curb and gutter machine; Helicopters; Hover Craft, Flex Craft, Loadmaster, Air Cushion, All Terrain Vehicle, Rollagon, Bargecable, Nodwell Sno Cat; Hydro Ax: Feller Buncher and similar; Loaders: Forklifts with power boom and swing attachment, Overhead and front end, 2 1/2 yards through 5 yards, Loaders with forks or pipe clamps, Loaders, elevating belt type, Euclid and similar types; Mechanics, Bodyman; Micro Tunneling Machine; Mixers: Mobile type w/hoist combination; Motor Patrol Grader; Mucking Machines: Mole, Tunnel Drill, Horizontal/Directional Drill Operator, and/or Shield; Operator on Dredges; Piledriver Engineers, L. B. Foster, Puller or similar Paving Breaker; Power Plant, Turbine Operator, 200 k.w. and over (power plants or combination of power units over 300 k.w.); Sauerman-Bagley; Scrapers-through 40 yards; Service Oiler/Service Engineer; Sidebooms-under 45 tons; Shot Blast Machine; Spreaders, Blaw Knox, Cedarapids, Barber Greene, Slurry Machine; Sub-grader (Gurries, C.M.I. and C.M.I. Roto Mills and similar types); Tack tractor; Truck mounted Concrete Pumps, Conveyor, Creter; Water Kote Machine; Unlicensed off road hauler; Welder; Electrical Mechanic, Camp Maintenance Engineer

GROUP 1A: Cranes-over 45 tons or 150 foot (including jib and attachments): (a) Shovels, backhoes, draglines, clamshells-over 3 yards, (b) Tower cranes; Loaders over 5 yds.; Motor Patrol Grader, Dozer, Grade Tractor (finish: when finishing to final grade and/or to hubs, or for asphalt); Power Plants: 1000 k.w. and over; Quad; Screed; Sidebooms over 45 tons; Slip Form Paver C.M.I. and similar types; Scrapers over 40 yards; Camera/Tool/Video Operator (Slipline).

GROUP 2: Batch Plant Operators: Batch and Mixer 200 yds. per hour and under; Boiler-fireman; Cement Hog and Concrete Pump Operator; Conveyors (except as listed in group 1); Hoist on steel erection; Towermobiles and Air Tuggers; Horizontal/Directional Drill Locator; Loaders, Elevating Grader, Dumor and similar; Locomotives: rod and geared engines; Mixers; Screening, Washing Plant; Sideboom (cradling rock drill regardless of size); Skidder; Trencing Machine under 16 inches.

GROUP 3: "A" Frame Trucks, Deck Winches: single power drum; Bombardier (tack or tow rig); Boring Machine; Brooms-power; Bump Cutter; Compressor; Farm tractor; Forklift, industrial type; Gin Truck or Winch Truck with poles when used for hoisting; Grade Checker and Stake Hopper; Hoist, Air Tuggers, Elevators; Loaders: (a) Elevating-Athey, Barber Green and similar types (b) Forklifts or Lumber Carrier (on construction job site) (c) Forklifts with Tower (d) Overhead and Front-end, under 2 1/2 yds. Locomotives:Dinkey (air, steam, gas and electric) Speeders; Mechanics (light duty); Mixers: Concrete Mixers and Batch 200 yds. per hour and under; Oil, Blower Distribution; Post Hole Diggers, mechanical; Pot Fireman (power agitated); Power Plant, Turbine Operator, under 300 k.w.; Pumps-water; Rig oiler/assistant engineer, over 45 ton, over 3 yards or over 150 foot boom; Roller-other than Plantmix; Saws, concrete; Straightening Machine; Tow Tractor

GROUP 4: Rig Oiler/Assistant Engineer (Advances to Group III if over 45 tons or 3 yards or 150 ft. boom); Swamper (on trenching machines or shovel type equipment); Spotter; Steam Cleaner

FOOTNOTE: Groups 1-4 receive 10% premium while performing tunnel or underground work. Rig Oiler/Assistant Engineer shall be required on cranes over 85 tons or over 100 feet of boom.

LABO0341-006 07/01/2008

	Rates	Fringes
Laborers: North of the 63rd Parallel & East of Longitude 138 Degrees		
GROUP 1	$ 28.24	15.20
GROUP 2	$ 29.14	15.20
GROUP 3	$ 29.94	15.20
GROUP 3A	$ 32.84	15.20
GROUP 3B	$ 33.58	15.20
GROUP 4	$ 19.00	15.20
TUNNELS, SHAFTS, AND RAISES		
GROUP 1	$ 31.10	15.20
GROUP 2	$ 32.09	15.20
GROUP 3	$ 32.96	15.20
GROUP 3A	$ 36.15	15.20
GROUP 3B	$ 36.96	15.20

LABORERS CLASSIFICATIONS

GROUP 1: Asphalt Workers (shovelman, plant crew); Brush Cutters; Camp Maintenance Laborer; Carpenter Tenders; Choke Setters, Hook Tender, Rigger, Signalman; Concrete Laborer(curb and gutter, chute handler, grouting, curing, screeding); Crusher Plant Laborer; Demolition Laborer; Ditch Diggers; Dump Man; Environmental Laborer (asbestos (limited to nonmechanical systems), hazardous and toxic waste, oil spill); Fence Installer; Fire Watch Laborer; Flagman; Form Strippers; General Laborer; Guardrail Laborer, Bridge Rail Installers; Hydro-Seeder Nozzleman; Laborers (building); Landscape or Planter; Laying of Decorative Block (retaining walls, flowered decorative block 4 feet and below); Material Handlers; Pneumatic or Power Tools; Portable or Chemical Toilet Serviceman; Pump Man or Mixer Man; Railroad Track Laborer; Sandblast, Pot Tender; Saw Tenders; Scaffold Building and Erecting; Slurry Work; Stake Hopper; Steam Point or Water Jet Operator; Steam Cleaner Operator; Tank Cleaning; Utiliwalk, Utilidor Laborer and Conduit Installer; Watchman (construction projects); Window Cleaner

GROUP 2: Burning and Cutting Torch; Cement or Lime Dumper or Handler (sack or bulk); Choker Splicer; Chucktender (wagon, airtrack and hydraulic drills); Concrete Laborers (power buggy, concrete saws, pumpcrete nozzleman, vibratorman); Culvert Pipe Laborer; Cured in place Pipelayer; Environmental Laborer (marine work, oil spill skimmer operator, small boat operator); Foam Gun or Foam Machine Operator; Green Cutter (dam work); Gunnite Operator; Hod Carriers; Jackhammer or Pavement Breakers (more than 45 pounds);Laying of Decorative Block (retaining walls, flowered decorative block above 4 feet); Mason Tender and Mud Mixer (sewer work); Pilot Car; Plasterer, Bricklayer and Cement Finisher Tenders; Power Saw Operator; Railroad Switch Layout Laborer; Sandblaster; Sewer Caulkers; Sewer Plant Maintenance Man; Thermal Plastic Applicator; Timber Faller, chain saw operator, filer; Timberman

GROUP 3: Alarm Installer; Bit Grinder; Guardrail Machine Operator; High Rigger and tree topper; High Scaler; Multiplate; Slurry Seal Squeegee Man

GROUP 3A: Asphalt Raker, Asphalt Belly dump lay down; Drill Doctor (in the field); Drillers (including, but not limited to, wagon drills, air track drills; hydraulic drills); Powderman; Pioneer Drilling and Drilling Off Tugger (all type drills); Pipelayers

GROUP 3B: Grade checker (setting or transfering of grade marks, line and grade)

GROUP 4: Final Building Cleanup

TUNNELS, SHAFTS, AND RAISES CLASSIFICATIONS

GROUP 1: Brakeman; Muckers; Nippers; Topman and Bull Gang; Tunnel Track Laborer

GROUP 2: Burning and Cutting Torch; Concrete Laborers;

Jackhammers; Nozzleman, Pumpcrete or Shotcrete.

GROUP 3: Miner; Retimberman

GROUP 3A: Asphalt Raker, Asphalt Belly dump lay down; Drill Doctor (in the field); Drillers (including, but not limited to, wagon drills, air track drills; hydraulic drills); Powderman; Pioneer Drilling and Drilling Off Tugger (all type drills); Pipelayers.

GROUP 3B: Grade checker (setting or transfering of grade marks, line and grade)

Tunnel shaft and raise rates only apply to workers regularly employed inside a tunnel portal or shaft collar.

SUAK1993-001 01/01/1993

	Rates	Fringes
Power equipment operators:		
Excavator	$ 24.47	6.50

TEAM0959-003 09/01/2008

	Rates	Fringes
TRUCK DRIVER		
GROUP 1	$ 34.98	13.90
GROUP 1A	$ 36.16	13.90
GROUP 2	$ 33.81	13.90
GROUP 3	$ 33.05	13.90
GROUP 4	$ 32.51	13.90
GROUP 5	$ 31.80	13.90

GROUP 1: Semi with Double Box Mixer; Dump Trucks (including rockbuggy and trucks with pups) over 40 yards up to and including 60 yards; Deltas, Commanders, Rollogans and similar equipment when pulling sleds, trailers or similar equipment; Boat Coxswain; Lowboys including attached trailers and jeeps, up to and including 12 axles; Ready-mix over 12 yards up to and including 15 yards); Water Wagon (250 Bbls and above); Tireman, Heavy Duty/Fueler

GROUP 1A: Dump Trucks (including Rockbuggy and Trucks with pups) over 60 yards up to and including 100 yards; Jeeps (driver under load)

GROUP 2: Turn-O-Wagon or DW-10 not self-loading; All Deltas, Commanders, Rollogans, and similar equipment; Mechanics; Dump Trucks (including Rockbuggy and Trucks with pups) over 20 yards up to and including 40 yards; Lowboys including attached trailers and jeeps up to and including 8 axles; Super vac truck/cacasco truck/heat stress truck; Ready-mix over 7 yards up to and including 12 yards;

GROUP 3: Dump Trucks (including Rockbuggy and Trucks with pups) over 10 yards up to and including 20 yards; batch trucks 8 yards and up; Oil distributor drivers; Partsman; Oil Distributor Drivers; Trucks/Jeeps (push or pull);

Traffic Control Technician

GROUP 4: Buggymobile; Semi or Truck and trailer; Dumpster; Tireman (light duty); Dump Trucks (including Rockbuggy and Truck with pups) up to and including 10 yards; Track Truck Equipment; Stringing Truck; Grease Truck; Flat Beds, dual rear axle; Hyster Operators (handling bulk aggregate); Lumber Carrier; Water Wagon, semi; Water Truck, dual axle; Gin Pole Truck, Winch Truck, Wrecker, Truck Mounted "A" Frame manufactured rating over 5 tons; Bull Lifts and Fork Lifts with Power Boom and Swing attachments, over 5 tons; Front End Loader with Forks; Bus Operator over 30 passengers; All Terrain Vehicles; Boom Truck/Knuckle Truck over 5 tons; Foam Distributor Truck/dual axle; Hydro-seeders, dual axle; Vacuum Trucks, Truck Vacuum Sweepers; Loadmaster (air and water); Air Cushion or similar type vehicle; Fire Truck/Ambulance Driver; Combination Truck-fuel and grease; Compactor (when pulled by rubber tired equipment); Rigger (air/water/oilfield); Ready Mix, up to and including 7 yards;

GROUP 5: Gravel Spreader Box Operator on Truck; Flat Beds, single rear axle; Boom Truck/Knuckle Truck up to and including 5 tons; Pickups (Pilot Cars and all light duty vehicles); Water Wagon (Below 250 Bbls); Gin Pole Truck, Winch Truck, Wrecker, Truck Mounted "A" Frame, manufactured rating 5 tons and under; Bull Lifts and Fork Lifts (fork lifts with power broom and swing attachments up to and including 5 tons); Buffer Truck; Tack Truck; Farm type Rubber Tired Tractor (when material handling or pulling wagons on a construction project); Foam Distributor, single axle; Hydro-Seeders, single axle; Team Drivers (horses, mules and similar equipment); Fuel Handler (station/bulk attendant); Batch Truck, up to and including 7 yards; Gear/Supply Truck; Bus Operator, Up to 30 Passengers; Rigger/Swamper

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WELDERS - Receive rate prescribed for craft performing operation to which welding is incidental.

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Washington, DC 20210

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END OF GENERAL DECISION

GENERAL DECISION: AK20080006 02/06/2009 AK6

Date: February 6, 2009
General Decision Number: AK20080006 02/06/2009

Superseded General Decision Number: AK20070006

State: Alaska

Construction Type: Highway

Counties: Aleutians East, Aleutians West, Anchorage, Bethel, Bristol Bay, Dillingham, Fairbanks North Star, Kenai Peninsula, Kodiak Island, Matanuska-Susitna, Nome, North Slope, Northwest Artic, Southeast Fairbanks, Valdez-Cordova, Wade Hampton and Yukon-Koyukuk Counties in Alaska.

Highway Construction Projects

Modification Number	Publication Date
0	02/08/2008
1	02/15/2008
2	02/29/2008
3	03/28/2008
4	04/04/2008
5	05/09/2008
6	05/23/2008
7	06/06/2008
8	08/01/2008
9	08/22/2008
10	09/05/2008
11	09/19/2008
12	01/02/2009
13	02/06/2009

CARP1243-004 07/01/2008

North of the 63rd Parallel

	Rates	Fringes
CARPENTER	$ 33.30	17.85

CARP1281-006 07/01/2008

South of the 63rd Parallel

	Rates	Fringes
CARPENTER	$ 33.30	17.23

CARP2520-004 07/01/2008

	Rates	Fringes
Piledriver		
Carpenter	$ 33.30	17.23
Piledriver, Skiff operator, Rigger	$ 32.30	17.23

Sheet Stabber	$ 33.30	17.23
Welder	$ 34.30	17.23

ELEC1547-004 11/24/2008

	Rates	Fringes
CABLE SPLICER	$ 37.85	3%+$17.17
Electrician;Technician	$ 36.10	3%+$17.17

ELEC1547-005 05/05/2008

Line Construction

	Rates	Fringes
CABLE SPLICER	$ 44.48	3%+19.42
Line Construction: (Tree Trimmer Shredder)	$ 31.53	3%+19.42
Linemen (Including Equipment Operators, Technician)	$ 42.73	3%+19.42
Powderman	$ 40.73	3%+19.42
TREE TRIMMER	$ 42.73	3%+19.42

ENGI0302-002 01/01/2009

	Rates	Fringes
Power equipment operators:		
GROUP 1	$ 36.19	15.95
GROUP 1A	$ 37.95	15.95
GROUP 2	$ 35.42	15.95
GROUP 3	$ 34.70	15.95
GROUP 4	$ 28.49	15.95
TUNNEL WORK		
GROUP 1	$ 39.81	15.95
GROUP 1A	$ 41.75	15.95
GROUP 2	$ 38.96	15.95
GROUP 3	$ 38.17	15.95
GROUP 4	$ 31.34	15.95

POWER EQUIPMENT OPERATOR CLASSIFICATIONS

GROUP 1: Asphalt Roller; Back Filler; Barrier Machine (Zipper); Batch Plant Operator: Batch and Mixer over 200 yds.; Beltcrete with power pack and similar conveyors; Bending Machine; Boat Coxwains; Bulldozers; Cableways, Highlines and Cablecars; Cleaning Machine; Coating Machine; Concrete Hydro Blaster; Cranes-45 tons and under or 150 foot boom and under (including jib and attachments): (a) Shovels, Backhoes, Draglines, Clamshells; Gradalls-3 yards and under; (b) Hydralifts or Transporters, all track or truck type,(c) Derricks; Crushers; Deck Winches-Double Drum; Ditching or Trenching Machine (16 inch or over); Drilling Machines, core, cable, rotary and exploration; Finishing Machine Operator, concrete paving, Laser Screed, sidewalk, curb and gutter machine; Helicopters; Hover Craft, Flex Craft, Loadmaster, Air Cushion, All Terrain Vehicle, Rollagon, Bargecable, Nodwell Sno Cat; Hydro Ax: Feller Buncher and similar; Loaders: Forklifts with power

boom and swing attachment, Overhead and front end, 2 1/2 yards through 5 yards, Loaders with forks or pipe clamps, Loaders, elevating belt type, Euclid and similar types; Mechanics, Bodyman; Micro Tunneling Machine; Mixers: Mobile type w/hoist combination; Motor Patrol Grader; Mucking Machines: Mole, Tunnel Drill, Horizontal/Directional Drill Operator, and/or Shield; Operator on Dredges; Piledriver Engineers, L. B. Foster, Puller or similar Paving Breaker; Power Plant, Turbine Operator, 200 k.w. and over (power plants or combination of power units over 300 k.w.); Sauerman-Bagley; Scrapers-through 40 yards; Service Oiler/Service Engineer; Sidebooms-under 45 tons; Shot Blast Machine; Spreaders, Blaw Knox, Cedarapids, Barber Greene, Slurry Machine; Sub-grader (Gurries, C.M.I. and C.M.I. Roto Mills and similar types); Tack tractor; Truck mounted Concrete Pumps, Conveyor, Creter; Water Kote Machine; Unlicensed off road hauler; Welder; Electrical Mechanic, Camp Maintenance Engineer

GROUP 1A: Cranes-over 45 tons or 150 foot (including jib and attachments): (a) Shovels, backhoes, draglines, clamshells-over 3 yards, (b) Tower cranes; Loaders over 5 yds.; Motor Patrol Grader, Dozer, Grade Tractor (finish: when finishing to final grade and/or to hubs, or for asphalt); Power Plants: 1000 k.w. and over; Quad; Screed; Sidebooms over 45 tons; Slip Form Paver C.M.I. and similar types; Scrapers over 40 yards; Camera/Tool/Video Operator (Slipline).

GROUP 2: Batch Plant Operators: Batch and Mixer 200 yds. per hour and under; Boiler-fireman; Cement Hog and Concrete Pump Operator; Conveyors (except as listed in group 1); Hoist on steel erection; Towermobiles and Air Tuggers; Horizontal/Directional Drill Locator; Loaders, Elevating Grader, Dumor and similar; Locomotives: rod and geared engines; Mixers; Screening, Washing Plant; Sideboom (cradling rock drill regardless of size); Skidder; Trencing Machine under 16 inches.

GROUP 3: "A" Frame Trucks, Deck Winches: single power drum; Bombardier (tack or tow rig); Boring Machine; Brooms-power; Bump Cutter; Compressor; Farm tractor; Forklift, industrial type; Gin Truck or Winch Truck with poles when used for hoisting; Grade Checker and Stake Hopper; Hoist, Air Tuggers, Elevators; Loaders: (a) Elevating-Athey, Barber Green and similar types (b) Forklifts or Lumber Carrier (on construction job site) (c) Forklifts with Tower (d) Overhead and Front-end, under 2 1/2 yds. Locomotives:Dinkey (air, steam, gas and electric) Speeders; Mechanics (light duty); Mixers: Concrete Mixers and Batch 200 yds. per hour and under; Oil, Blower Distribution; Post Hole Diggers, mechanical; Pot Fireman (power agitated); Power Plant, Turbine Operator, under 300 k.w.; Pumps-water; Rig oiler/assistant engineer, over 45 ton, over 3 yards or over 150 foot boom; Roller-other than Plantmix; Saws, concrete; Straightening Machine; Tow Tractor

GROUP 4: Rig Oiler/Assistant Engineer (Advances to Group III if over 45 tons or 3 yards or 150 ft. boom); Swamper (on trenching machines or shovel type equipment); Spotter;

Steam Cleaner

FOOTNOTE: Groups 1-4 receive 10% premium while performing tunnel or underground work. Rig Oiler/Assistant Engineer shall be required on cranes over 85 tons or over 100 feet of boom.

IRON0751-003 08/01/2008

	Rates	Fringes
Ironworkers:		
BRIDGE, STRUCTURAL, ORNAMENTAL, REINFORCING MACHINERY MOVER, RIGGER, SHEETER, STAGE RIGGER, BENDER OPERATOR	$ 32.29	18.60
FENCE, BARRIER AND GUARDRAIL INSTALLERS	$ 28.79	18.35
GUARDRAIL LAYOUT MAN	$ 29.53	18.35
HELICOPTER, TOWER	$ 33.29	18.60

LABO0341-007 07/01/2008

	Rates	Fringes
Laborers: North of the 63rd Parallel & East of Longitude 138 Degrees		
GROUP 1	$ 28.24	15.20
GROUP 2	$ 29.14	15.20
GROUP 3	$ 29.94	15.20
GROUP 3A	$ 32.84	15.20
GROUP 3B	$ 33.58	15.20
GROUP 4	$ 19.00	15.20
TUNNELS, SHAFTS, AND RAISES		
GROUP 1	$ 31.10	15.20
GROUP 2	$ 32.09	15.20
GROUP 3	$ 32.96	15.20
GROUP 3A	$ 36.15	15.20
GROUP 3B	$ 36.96	15.20
Laborers: South of the 63rd Parallel & West of Longitude 138 Degrees		
GROUP 1	$ 27.41	14.25
GROUP 2	$ 28.27	14.25
GROUP 3	$ 29.04	14.25
GROUP 3A	$ 31.82	14.25
GROUP 3B	$ 32.53	14.25
GROUP 4	$ 18.55	14.25
TUNNELS, SHAFTS, AND RAISES		
GROUP 1	$ 30.11	14.25
GROUP 2	$ 31.05	14.25
GROUP 3	$ 31.90	14.25
GROUP 3A	$ 34.95	14.25
GROUP 3B	$ 35.75	14.25

LABORERS CLASSIFICATIONS

GROUP 1: Asphalt Workers (shovelman, plant crew); Brush

Cutters; Camp Maintenance Laborer; Carpenter Tenders; Choke Setters, Hook Tender, Rigger, Signalman; Concrete Laborer(curb and gutter, chute handler, grouting, curing, screeding); Crusher Plant Laborer; Demolition Laborer; Ditch Diggers; Dump Man; Environmental Laborer (asbestos (limited to nonmechanical systems), hazardous and toxic waste, oil spill); Fence Installer; Fire Watch Laborer; Flagman; Form Strippers; General Laborer; Guardrail Laborer, Bridge Rail Installers; Hydro-Seeder Nozzleman; Laborers (building); Landscape or Planter; Laying of Decorative Block (retaining walls, flowered decorative block 4 feet and below); Material Handlers; Pneumatic or Power Tools; Portable or Chemical Toilet Serviceman; Pump Man or Mixer Man; Railroad Track Laborer; Sandblast, Pot Tender; Saw Tenders; Scaffold Building and Erecting; Slurry Work; Stake Hopper; Steam Point or Water Jet Operator; Steam Cleaner Operator; Tank Cleaning; Utiliwalk, Utilidor Laborer and Conduit Installer; Watchman (construction projects); Window Cleaner

GROUP 2: Burning and Cutting Torch; Cement or Lime Dumper or Handler (sack or bulk); Choker Splicer; Chucktender (wagon, airtrack and hydraulic drills); Concrete Laborers (power buggy, concrete saws, pumpcrete nozzleman, vibratorman); Culvert Pipe Laborer; Cured in place Pipelayer; Environmental Laborer (marine work, oil spill skimmer operator, small boat operator); Foam Gun or Foam Machine Operator; Green Cutter (dam work); Gunnite Operator; Hod Carriers; Jackhammer or Pavement Breakers (more than 45 pounds);Laying of Decorative Block (retaining walls, flowered decorative block above 4 feet); Mason Tender and Mud Mixer (sewer work); Pilot Car; Plasterer, Bricklayer and Cement Finisher Tenders; Power Saw Operator; Railroad Switch Layout Laborer; Sandblaster; Sewer Caulkers; Sewer Plant Maintenance Man; Thermal Plastic Applicator; Timber Faller, chain saw operator, filer; Timberman

GROUP 3: Alarm Installer; Bit Grinder; Guardrail Machine Operator; High Rigger and tree topper; High Scaler; Multiplate; Slurry Seal Squeegee Man

GROUP 3A: Asphalt Raker, Asphalt Belly dump lay down; Drill Doctor (in the field); Drillers (including, but not limited to, wagon drills, air track drills; hydraulic drills); Powderman; Pioneer Drilling and Drilling Off Tugger (all type drills); Pipelayers

GROUP 3B: Grade checker (setting or transfering of grade marks, line and grade)

GROUP 4: Final Building Cleanup

TUNNELS, SHAFTS, AND RAISES CLASSIFICATIONS

GROUP 1: Brakeman; Muckers; Nippers; Topman and Bull Gang; Tunnel Track Laborer

GROUP 2: Burning and Cutting Torch; Concrete Laborers; Jackhammers; Nozzleman, Pumpcrete or Shotcrete.

GROUP 3: Miner; Retimberman

GROUP 3A: Asphalt Raker, Asphalt Belly dump lay down; Drill Doctor (in the field); Drillers (including, but not limited to, wagon drills, air track drills; hydraulic drills); Powderman; Pioneer Drilling and Drilling Off Tugger (all type drills); Pipelayers.

GROUP 3B: Grade checker (setting or transfering of grade marks, line and grade)

Tunnel shaft and raise rates only apply to workers regularly employed inside a tunnel portal or shaft collar.

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* PLAS0867-004 02/01/2009

	Rates	Fringes
CEMENT MASON/CONCRETE FINISHER		
North of the 63rd parallel	$ 33.79	15.65
South of the 63rd parallel	$ 33.54	15.65

TEAM0959-003 09/01/2008

	Rates	Fringes
TRUCK DRIVER		
GROUP 1	$ 34.98	13.90
GROUP 1A	$ 36.16	13.90
GROUP 2	$ 33.81	13.90
GROUP 3	$ 33.05	13.90
GROUP 4	$ 32.51	13.90
GROUP 5	$ 31.80	13.90

GROUP 1: Semi with Double Box Mixer; Dump Trucks (including rockbuggy and trucks with pups) over 40 yards up to and including 60 yards; Deltas, Commanders, Rollogans and similar equipment when pulling sleds, trailers or similar equipment; Boat Coxswain; Lowboys including attached trailers and jeeps, up to and including 12 axles; Ready-mix over 12 yards up to and including 15 yards); Water Wagon (250 Bbls and above); Tireman, Heavy Duty/Fueler

GROUP 1A: Dump Trucks (including Rockbuggy and Trucks with pups) over 60 yards up to and including 100 yards; Jeeps (driver under load)

GROUP 2: Turn-O-Wagon or DW-10 not self-loading; All Deltas, Commanders, Rollogans, and similar equipment; Mechanics; Dump Trucks (including Rockbuggy and Trucks with pups) over 20 yards up to and including 40 yards; Lowboys including attached trailers and jeeps up to and including 8 axles; Super vac truck/cacasco truck/heat stress truck; Ready-mix over 7 yards up to and including 12 yards;

GROUP 3: Dump Trucks (including Rockbuggy and Trucks with pups) over 10 yards up to and including 20 yards; batch trucks 8 yards and up; Oil distributor drivers; Partsman; Oil Distributor Drivers; Trucks/Jeeps (push or pull); Traffic Control Technician

GROUP 4: Buggymobile; Semi or Truck and trailer; Dumpster; Tireman (light duty); Dump Trucks (including Rockbuggy and Truck with pups) up to and including 10 yards; Track Truck Equipment; Stringing Truck; Grease Truck; Flat Beds, dual rear axle; Hyster Operators (handling bulk aggregate); Lumber Carrier; Water Wagon, semi; Water Truck, dual axle; Gin Pole Truck, Winch Truck, Wrecker, Truck Mounted "A" Frame manufactured rating over 5 tons; Bull Lifts and Fork Lifts with Power Boom and Swing attachments, over 5 tons; Front End Loader with Forks; Bus Operator over 30 passengers; All Terrain Vehicles; Boom Truck/Knuckle Truck over 5 tons; Foam Distributor Truck/dual axle; Hydro-seeders, dual axle; Vacuum Trucks, Truck Vacuum Sweepers; Loadmaster (air and water); Air Cushion or similar type vehicle; Fire Truck/Ambulance Driver; Combination Truck-fuel and grease; Compactor (when pulled by rubber tired equipment); Rigger (air/water/oilfield); Ready Mix, up to and including 7 yards;

GROUP 5: Gravel Spreader Box Operator on Truck; Flat Beds, single rear axle; Boom Truck/Knuckle Truck up to and including 5 tons; Pickups (Pilot Cars and all light duty vehicles); Water Wagon (Below 250 Bbls); Gin Pole Truck, Winch Truck, Wrecker, Truck Mounted "A" Frame, manufactured rating 5 tons and under; Bull Lifts and Fork Lifts (fork lifts with power broom and swing attachments up to and including 5 tons); Buffer Truck; Tack Truck; Farm type Rubber Tired Tractor (when material handling or pulling wagons on a construction project); Foam Distributor, single axle; Hydro-Seeders, single axle; Team Drivers (horses, mules and similar equipment); Fuel Handler (station/bulk attendant); Batch Truck, up to and including 7 yards; Gear/Supply Truck; Bus Operator, Up to 30 Passengers; Rigger/Swamper

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WELDERS - Receive rate prescribed for craft performing operation to which welding is incidental.

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Unlisted classifications needed for work not included within the scope of the classifications listed may be added after award only as provided in the labor standards contract clauses (29 CFR 5.5 (a) (1) (ii)).

In the listing above, the "SU" designation means that rates listed under the identifier do not reflect collectively bargained wage and fringe benefit rates. Other designations indicate unions whose rates have been determined to be prevailing.

WAGE DETERMINATION APPEALS PROCESS

1.) Has there been an initial decision in the matter? This can be:

* an existing published wage determination
* a survey underlying a wage determination
* a Wage and Hour Division letter setting forth a position on a wage determination matter
* a conformance (additional classification and rate) ruling

On survey related matters, initial contact, including requests for summaries of surveys, should be with the Wage and Hour Regional Office for the area in which the survey was conducted because those Regional Offices have responsibility for the Davis-Bacon survey program. If the response from this initial contact is not satisfactory, then the process described in 2.) and 3.) should be followed.

With regard to any other matter not yet ripe for the formal process described here, initial contact should be with the Branch of Construction Wage Determinations. Write to:

Branch of Construction Wage Determinations
Wage and Hour Division
U.S. Department of Labor
200 Constitution Avenue, N.W.
Washington, DC 20210

2.) If the answer to the question in 1.) is yes, then an interested party (those affected by the action) can request review and reconsideration from the Wage and Hour Administrator (See 29 CFR Part 1.8 and 29 CFR Part 7). Write to:

Wage and Hour Administrator
U.S. Department of Labor
200 Constitution Avenue, N.W.
Washington, DC 20210

The request should be accompanied by a full statement of the interested party's position and by any information (wage payment data, project description, area practice material, etc.) that the requestor considers relevant to the issue.

3.) If the decision of the Administrator is not favorable, an interested party may appeal directly to the Administrative Review Board (formerly the Wage Appeals Board). Write to:

Administrative Review Board
U.S. Department of Labor
200 Constitution Avenue, N.W.
Washington, DC 20210

4.) All decisions by the Administrative Review Board are final.

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END OF GENERAL DECISION

GENERAL DECISION: AK20080008 01/02/2009 AK8

Date: January 2, 2009
General Decision Number: AK20080008 01/02/2009

Superseded General Decision Number: AK20070008

State: Alaska

Construction Type: Residential

Counties: Aleutians East, Aleutians West, Bethel, Bristol Bay, Dillingham, Haines, Juneau, Kenai Peninsula, Ketchikan Gateway, Kodiak Island, Matanuska-Susitna, Peninsula & Lake, Prince Of Wales-Outer Ketchika, Skagway-Yakutat-Angoon, Valdez-Cordova and Wade Hampton Counties in Alaska.

Area III

Modification Number	Publication Date
0	02/08/2008
1	03/28/2008
2	05/09/2008
3	05/23/2008
4	06/06/2008
5	09/05/2008
6	09/19/2008
7	01/02/2009

* ENGI0302-005 01/01/2009

	Rates	Fringes
Power equipment operators:		
GROUP 1	$ 36.19	15.95
GROUP 1A	$ 37.95	15.95
GROUP 2	$ 35.42	15.95
GROUP 3	$ 34.70	15.95
GROUP 4	$ 28.49	15.95
TUNNEL WORK		
GROUP 1	$ 39.81	15.95
GROUP 1A	$ 41.75	15.95
GROUP 2	$ 38.96	15.95
GROUP 3	$ 38.17	15.95
GROUP 4	$ 31.34	15.95

POWER EQUIPMENT OPERATOR CLASSIFICATIONS

GROUP 1: Asphalt Roller; Back Filler; Barrier Machine (Zipper); Batch Plant Operator: Batch and Mixer over 200 yds.; Beltcrete with power pack and similar conveyors; Bending Machine; Boat Coxwains; Bulldozers; Cableways, Highlines and Cablecars; Cleaning Machine; Coating Machine; Concrete Hydro Blaster; Cranes-45 tons and under or 150 foot boom and under (including jib and attachments): (a) Shovels, Backhoes, Draglines, Clamshells; Gradalls-3 yards and under; (b) Hydralifts or Transporters, all track or truck type, (c) Derricks; Crushers; Deck Winches-Double Drum; Ditching or Trenching Machine (16 inch or over);

Drilling Machines, core, cable, rotary and exploration; Finishing Machine Operator, concrete paving, Laser Screed, sidewalk, curb and gutter machine; Helicopters; Hover Craft, Flex Craft, Loadmaster, Air Cushion, All Terrain Vehicle, Rollagon, Bargecable, Nodwell Sno Cat; Hydro Ax: Feller Buncher and similar; Loaders: Forklifts with power boom and swing attachment, Overhead and front end, 2 1/2 yards through 5 yards, Loaders with forks or pipe clamps, Loaders, elevating belt type, Euclid and similar types; Mechanics, Bodyman; Micro Tunneling Machine; Mixers: Mobile type w/hoist combination; Motor Patrol Grader; Mucking Machines: Mole, Tunnel Drill, Horizontal/Directional Drill Operator, and/or Shield; Operator on Dredges; Piledriver Engineers, L. B. Foster, Puller or similar Paving Breaker; Power Plant, Turbine Operator, 200 k.w. and over (power plants or combination of power units over 300 k.w.); Sauerman-Bagley; Scrapers-through 40 yards; Service Oiler/Service Engineer; Sidebooms-under 45 tons; Shot Blast Machine; Spreaders, Blaw Knox, Cedarapids, Barber Greene, Slurry Machine; Sub-grader (Gurries, C.M.I. and C.M.I. Roto Mills and similar types); Tack tractor; Truck mounted Concrete Pumps, Conveyor, Creter; Water Kote Machine; Unlicensed off road hauler; Welder; Electrical Mechanic, Camp Maintenance Engineer

GROUP 1A: Cranes-over 45 tons or 150 foot (including jib and attachments): (a) Shovels, backhoes, draglines, clamshells-over 3 yards, (b) Tower cranes; Loaders over 5 yds.; Motor Patrol Grader, Dozer, Grade Tractor (finish: when finishing to final grade and/or to hubs, or for asphalt); Power Plants: 1000 k.w. and over; Quad; Screed; Sidebooms over 45 tons; Slip Form Paver C.M.I. and similar types; Scrapers over 40 yards; Camera/Tool/Video Operator (Slipline).

GROUP 2: Batch Plant Operators: Batch and Mixer 200 yds. per hour and under; Boiler-fireman; Cement Hog and Concrete Pump Operator; Conveyors (except as listed in group 1); Hoist on steel erection; Towermobiles and Air Tuggers; Horizontal/Directional Drill Locator; Loaders, Elevating Grader, Dumor and similar; Locomotives: rod and geared engines; Mixers; Screening, Washing Plant; Sideboom (cradling rock drill regardless of size); Skidder; Trencing Machine under 16 inches.

GROUP 3: "A" Frame Trucks, Deck Winches: single power drum; Bombardier (tack or tow rig); Boring Machine; Brooms-power; Bump Cutter; Compressor; Farm tractor; Forklift, industrial type; Gin Truck or Winch Truck with poles when used for hoisting; Grade Checker and Stake Hopper; Hoist, Air Tuggers, Elevators; Loaders: (a) Elevating-Athey, Barber Green and similar types (b) Forklifts or Lumber Carrier (on construction job site) (c) Forklifts with Tower (d) Overhead and Front-end, under 2 1/2 yds. Locomotives:Dinkey (air, steam, gas and electric) Speeders; Mechanics (light duty); Mixers: Concrete Mixers and Batch 200 yds. per hour and under; Oil, Blower Distribution; Post Hole Diggers, mechanical; Pot Fireman (power agitated); Power Plant, Turbine Operator, under 300 k.w.; Pumps-water; Rig oiler/assistant engineer, over 45 ton, over 3 yards or over

150 foot boom; Roller-other than Plantmix; Saws, concrete; Straightening Machine; Tow Tractor

GROUP 4: Rig Oiler/Assistant Engineer (Advances to Group III if over 45 tons or 3 yards or 150 ft. boom); Swamper (on trenching machines or shovel type equipment); Spotter; Steam Cleaner

FOOTNOTE: Groups 1-4 receive 10% premium while performing tunnel or underground work. Rig Oiler/Assistant Engineer shall be required on cranes over 85 tons or over 100 feet of boom.

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* LABO0341-008 07/01/2008

*Including Site and Street Work Only

	Rates	Fringes
Laborers: North of the 63rd Parallel & East of Longitude 138 Degrees		
GROUP 1	$ 28.24	15.20
GROUP 2	$ 29.14	15.20
GROUP 3	$ 29.94	15.20
GROUP 3A	$ 32.84	15.20
GROUP 3B	$ 33.58	15.20
GROUP 4	$ 19.00	15.20
TUNNELS, SHAFTS, AND RAISES		
GROUP 1	$ 31.10	15.20
GROUP 2	$ 32.09	15.20
GROUP 3	$ 32.96	15.20
GROUP 3A	$ 36.15	15.20
GROUP 3B	$ 36.96	15.20
Laborers: South of the 63rd Parallel & West of Longitude 138 Degrees		
GROUP 1	$ 27.41	14.25
GROUP 2	$ 28.27	14.25
GROUP 3	$ 29.04	14.25
GROUP 3A	$ 31.82	14.25
GROUP 3B	$ 32.53	14.25
GROUP 4	$ 18.55	14.25
TUNNELS, SHAFTS, AND RAISES		
GROUP 1	$ 30.11	14.25
GROUP 2	$ 31.05	14.25
GROUP 3	$ 31.90	14.25
GROUP 3A	$ 34.95	14.25
GROUP 3B	$ 35.75	14.25

LABORERS CLASSIFICATIONS

GROUP 1: Asphalt Workers (shovelman, plant crew); Brush Cutters; Camp Maintenance Laborer; Carpenter Tenders; Choke Setters, Hook Tender, Rigger, Signalman; Concrete Laborer(curb and gutter, chute handler, grouting, curing, screeding); Crusher Plant Laborer; Demolition Laborer; Ditch Diggers; Dump Man; Environmental Laborer (asbestos (limited to nonmechanical systems), hazardous and toxic waste, oil spill); Fence Installer; Fire Watch Laborer;

Flagman; Form Strippers; General Laborer; Guardrail Laborer, Bridge Rail Installers; Hydro-Seeder Nozzleman; Laborers (building); Landscape or Planter; Laying of Decorative Block (retaining walls, flowered decorative block 4 feet and below); Material Handlers; Pneumatic or Power Tools; Portable or Chemical Toilet Serviceman; Pump Man or Mixer Man; Railroad Track Laborer; Sandblast, Pot Tender; Saw Tenders; Scaffold Building and Erecting; Slurry Work; Stake Hopper; Steam Point or Water Jet Operator; Steam Cleaner Operator; Tank Cleaning; Utiliwalk, Utilidor Laborer and Conduit Installer; Watchman (construction projects); Window Cleaner

GROUP 2: Burning and Cutting Torch; Cement or Lime Dumper or Handler (sack or bulk); Choker Splicer; Chucktender (wagon, airtrack and hydraulic drills); Concrete Laborers (power buggy, concrete saws, pumpcrete nozzleman, vibratorman); Culvert Pipe Laborer; Cured in place Pipelayer; Environmental Laborer (marine work, oil spill skimmer operator, small boat operator); Foam Gun or Foam Machine Operator; Green Cutter (dam work); Gunnite Operator; Hod Carriers; Jackhammer or Pavement Breakers (more than 45 pounds);Laying of Decorative Block (retaining walls, flowered decorative block above 4 feet); Mason Tender and Mud Mixer (sewer work); Pilot Car; Plasterer, Bricklayer and Cement Finisher Tenders; Power Saw Operator; Railroad Switch Layout Laborer; Sandblaster; Sewer Caulkers; Sewer Plant Maintenance Man; Thermal Plastic Applicator; Timber Faller, chain saw operator, filer; Timberman

GROUP 3: Alarm Installer; Bit Grinder; Guardrail Machine Operator; High Rigger and tree topper; High Scaler; Multiplate; Slurry Seal Squeegee Man

GROUP 3A: Asphalt Raker, Asphalt Belly dump lay down; Drill Doctor (in the field); Drillers (including, but not limited to, wagon drills, air track drills; hydraulic drills); Powderman; Pioneer Drilling and Drilling Off Tugger (all type drills); Pipelayers

GROUP 3B: Grade checker (setting or transfering of grade marks, line and grade)

GROUP 4: Final Building Cleanup

TUNNELS, SHAFTS, AND RAISES CLASSIFICATIONS

GROUP 1: Brakeman; Muckers; Nippers; Topman and Bull Gang; Tunnel Track Laborer

GROUP 2: Burning and Cutting Torch; Concrete Laborers; Jackhammers; Nozzleman, Pumpcrete or Shotcrete.

GROUP 3: Miner; Retimberman

GROUP 3A: Asphalt Raker, Asphalt Belly dump lay down; Drill Doctor (in the field); Drillers (including, but not limited to, wagon drills, air track drills; hydraulic drills); Powderman; Pioneer Drilling and Drilling Off Tugger (all type drills); Pipelayers.

GROUP 3B: Grade checker (setting or transfering of grade marks, line and grade)

Tunnel shaft and raise rates only apply to workers regularly employed inside a tunnel portal or shaft collar.

SUAK1999-008 05/14/1999

Area III

	Rates	Fringes
CARPENTER excluding Batt & Blow Insulation and Drywall Hanging	$ 17.68	
CEMENT MASON/CONCRETE FINISHER	$ 20.00	
DRYWALL FINISHER/TAPER	$ 20.10	
DRYWALL HANGER	$ 15.00	
Electrician/Wireman	$ 17.45	3.18
FENCE ERECTOR (including wood and chain link)	$ 13.18	
FLOOR LAYER: CARPET (SOFT) FLOOR Carpet	$ 20.64	
INSTALLER Batt & Blown	$ 18.55	
Laborer, General (excluding site and street work)	$ 13.88	
PAINTER (excluding drywall finishing)	$ 20.60	4.47
PIPEFITTER (HVAC piping)	$ 14.00	
PLUMBER/PIPEFITTER (excluding HVAC work)	$ 22.80	
ROOFER, Including Built Up, Composition and Single Ply Roofs	$ 19.27	
Sheet Metal Worker (HVAC Duct Work)	$ 16.79	
TRUCK DRIVER (excluding dump, over 8 yards and dump 8 yards or under)	$ 17.56	

TEAM0959-004 09/01/2008

	Rates	Fringes
TRUCK DRIVER		
Dump, Over 8 yards	$ 32.51	13.90

WELDERS - Receive rate prescribed for craft performing operation to which welding is incidental.

Unlisted classifications needed for work not included within the scope of the classifications listed may be added after award only as provided in the labor standards contract clauses (29 CFR 5.5 (a) (1) (ii)).

In the listing above, the "SU" designation means that rates listed under the identifier do not reflect collectively bargained wage and fringe benefit rates. Other designations indicate unions whose rates have been determined to be prevailing.

WAGE DETERMINATION APPEALS PROCESS

1.) Has there been an initial decision in the matter? This can be:

* an existing published wage determination
* a survey underlying a wage determination
* a Wage and Hour Division letter setting forth a position on a wage determination matter
* a conformance (additional classification and rate) ruling

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With regard to any other matter not yet ripe for the formal process described here, initial contact should be with the Branch of Construction Wage Determinations. Write to:

Branch of Construction Wage Determinations
Wage and Hour Division
U.S. Department of Labor
200 Constitution Avenue, N.W.
Washington, DC 20210

2.) If the answer to the question in 1.) is yes, then an interested party (those affected by the action) can request review and reconsideration from the Wage and Hour Administrator (See 29 CFR Part 1.8 and 29 CFR Part 7). Write to:

Wage and Hour Administrator

U.S. Department of Labor
200 Constitution Avenue, N.W.
Washington, DC 20210

The request should be accompanied by a full statement of the interested party's position and by any information (wage payment data, project description, area practice material, etc.) that the requestor considers relevant to the issue.

3.) If the decision of the Administrator is not favorable, an interested party may appeal directly to the Administrative Review Board (formerly the Wage Appeals Board). Write to:

Administrative Review Board
U.S. Department of Labor
200 Constitution Avenue, N.W.
Washington, DC 20210

4.) All decisions by the Administrative Review Board are final.

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END OF GENERAL DECISION

GENERAL DECISION: AK20080007 02/08/2008 AK7

Date: February 8, 2008
General Decision Number: AK20080007 02/08/2008

Superseded General Decision Number: AK20070007

State: Alaska

Construction Type: Residential

County: Anchorage County in Alaska.
Area II Anchorage

Modification Number	Publication Date
0	02/08/2008

SUAK1999-007 05/14/1998

	Rates	Fringes
Carpenter (excluding drywall hanging and batt and blown insulation)	$ 15.85	
Cement Mason (including cement finishing)	$ 21.30	
Drywall Hanger	$ 10.00	
Electrician	$ 22.99	
Fence Erector (including wood and chain link)	$ 15.70	
Glazier	$ 17.50	
Installer		
Batt & Blown Insulation	$ 16.00	
Laborer		
Excavation	$ 9.00	
General (excluding fence erecting and batt and blown insulation)	$ 10.84	
Hod Carrier/Mason Tenders	$ 14.24	
Urethaine Sprayer	$ 19.00	
Painter	$ 12.29	
Pipefitter		
HVAC Piping Only	$ 18.50	
Plumber/Pipefitter	$ 20.40	.87
Power equipment operators:		
Backhoe	$ 19.05	
Excavator	$ 20.50	

Roofer (excluding
shakes/shingles).....$ 13.13

Sheet Metal Worker
(including HVAC Duct).....$ 23.21

WELDERS - Receive rate prescribed for craft performing operation to which welding is incidental.

==========

Unlisted classifications needed for work not included within the scope of the classifications listed may be added after award only as provided in the labor standards contract clauses (29 CFR 5.5 (a) (1) (ii)).

In the listing above, the "SU" designation means that rates listed under the identifier do not reflect collectively bargained wage and fringe benefit rates. Other designations indicate unions whose rates have been determined to be prevailing.

WAGE DETERMINATION APPEALS PROCESS

1.) Has there been an initial decision in the matter? This can be:

* an existing published wage determination
* a survey underlying a wage determination
* a Wage and Hour Division letter setting forth a position on a wage determination matter
* a conformance (additional classification and rate) ruling

On survey related matters, initial contact, including requests for summaries of surveys, should be with the Wage and Hour Regional Office for the area in which the survey was conducted because those Regional Offices have responsibility for the Davis-Bacon survey program. If the response from this initial contact is not satisfactory, then the process described in 2.) and 3.) should be followed.

With regard to any other matter not yet ripe for the formal process described here, initial contact should be with the Branch of Construction Wage Determinations. Write to:

Branch of Construction Wage Determinations
Wage and Hour Division
U.S. Department of Labor
200 Constitution Avenue, N.W.
Washington, DC 20210

2.) If the answer to the question in 1.) is yes, then an interested party (those affected by the action) can request review and reconsideration from the Wage and Hour Administrator

(See 29 CFR Part 1.8 and 29 CFR Part 7). Write to:

Wage and Hour Administrator
U.S. Department of Labor
200 Constitution Avenue, N.W.
Washington, DC 20210

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Administrative Review Board
U.S. Department of Labor
200 Constitution Avenue, N.W.
Washington, DC 20210

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END OF GENERAL DECISION

GENERAL DECISION: AK20080005 02/06/2009 AK5

Date: February 6, 2009
General Decision Number: AK20080005 02/06/2009

Superseded General Decision Number: AK20070005

State: Alaska

Construction Type: Residential

Counties: Fairbanks North Star, Nome, North Slope, Northwest Artic, Southeast Fairbanks and Yukon-Koyukuk Counties in Alaska.

RESIDENTIAL CONSTRUCTION PROJECTS (consisting of single family homes and apartments up to and including 4 stories)

Modification Number	Publication Date
0	02/08/2008
1	03/28/2008
2	04/04/2008
3	05/09/2008
4	06/06/2008
5	01/02/2009
6	02/06/2009

ENGI0302-004 01/01/2009

	Rates	Fringes
Power Equipment Operator		
Backhoe: 3 yards and under	$ 36.19	15.95
Backhoe: Over 3 yards	$ 37.95	15.95
Bulldozer	$ 36.19	15.95
Mechanic	$ 36.19	15.95
Motor Patrol Graders	$ 36.19	15.95
Rollers: Asphalt	$ 36.19	15.95
Rollers: Other than Plantmix	$ 34.70	15.95

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* PAIN1555-006 12/01/2008

	Rates	Fringes
Painters:		
Brush	$ 29.85	17.29

SUAK1996-001 06/25/1996

AREA 1

	Rates	Fringes
CARPENTER	$ 25.05	7.80
ELECTRICIAN	$ 23.38	
Laborer, General	$ 16.18	6.30

Plumbers and Pipefitters	$ 27.17	6.20
Power Equipment Operator Loader	$ 24.61	8.06

WELDERS - Receive rate prescribed for craft performing operation to which welding is incidental.

Unlisted classifications needed for work not included within the scope of the classifications listed may be added after award only as provided in the labor standards contract clauses (29 CFR 5.5 (a) (1) (ii)).

In the listing above, the "SU" designation means that rates listed under the identifier do not reflect collectively bargained wage and fringe benefit rates. Other designations indicate unions whose rates have been determined to be prevailing.

WAGE DETERMINATION APPEALS PROCESS

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U.S. Department of Labor
200 Constitution Avenue, N.W.
Washington, DC 20210

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200 Constitution Avenue, N.W.
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Administrative Review Board
U.S. Department of Labor
200 Constitution Avenue, N.W.
Washington, DC 20210

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END OF GENERAL DECISION

Estimated Alaska 2007 Employment[1] by Industry and Below Certain Wages

Number and percentage or workers making less than this wage:		
	Employment	Percent
Below $7.75	8,790	2.9%
Below $8.75	22,254	7.4%
Total Employment	301,918	

Industry	Total Employment	Below $7.75		Below $8.75	
		Number	Percent	Number	Percent
Agriculture, Forestry, Fishing and Hunting	361	0	0.0%	4	1.0%
Mining	13,300	19	0.1%	59	0.4%
Utilities	1,832	8	0.4%	25	1.4%
Construction	17,555	70	0.4%	124	0.7%
Manufacturing	9,885	648	6.6%	1,467	14.8%
Wholesale Trade	6,519	83	1.3%	244	3.7%
Retail Trade	36,006	1,138	3.2%	4,285	11.9%
Transportation and Warehousing	21,623	166	0.8%	631	2.9%
Information	6,964	147	2.1%	304	4.4%
Finance and Insurance	8,969	54	0.6%	174	1.9%
Real Estate and Rental and Leasing	4,885	216	4.4%	564	11.5%
Professional, Scientific, and Technical	12,146	90	0.7%	245	2.0%
Management of Companies and Enterprises	1,203	3	0.3%	13	1.1%
Administrative and Support and Waste	11,026	220	2.0%	446	4.0%
Educational Services	31,737	1,168	3.7%	1,953	6.2%
Health Care and Social Assistance	36,245	372	1.0%	990	2.7%
Arts, Entertainment, and Recreation	4,066	355	8.7%	884	21.7%
Accommodation and Food Services	26,610	3,440	12.9%	8,309	31.2%
Other Services (except Public	9,425	358	3.8%	987	10.5%
Public Administration	41,561	235	0.6%	546	1.3%
TOTAL EMPLOYMENT:	**301,918**	**8,790**	**2.9%**	**22,254**	**7.4%**

1 Nonfarm wage and salary employment. Excludes self-employed workers, fishermen, domestic workers, unpaid family workers and nonprofit volunteers.

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section, and U.S. Department of Labor, Bureau of Labor Statistics, January 20, 2009.

These estimates are based on information collected in cooperation with the U.S. Bureau of Labor Statistics (BLS), but have not been reviewed nor validated by BLS. The Research and Analysis Section is responsible for the creation of these estimates.

LEGISLATIVE RESEARCH REPORT

JANUARY 30, 2009 REPORT NUMBER 09.113

ALASKA'S MINIMUM WAGE ADJUSTED FOR INFLATION

PREPARED FOR SENATOR BILL WIELECHOWSKI

BY ROGER WITHINGTON, LEGISLATIVE ANALYST

INFLATION-PROOFING THE MINIMUM WAGE 1

Figure 1: The Inflation Rate and the Inflation Adjusted Minimum Wage, 2004 through 2009, and Projected for 2010 3

HISTORY OF THE MINIMUM WAGE 4

Table 1: The Minimum Wage in Alaska and the Federal Minimum Wage 5

You asked for information regarding Alaska's minimum wage. Specifically, you wished to know what the minimum wage would be today if the minimum wage inflation-proofing provisions of HB 56, passed in 2002, had not been repealed in 2003. You also asked us to project what the minimum wage would be in 2010. Based on our calculations, had the minimum wage been adjusted for inflation each year since October 2003, the current minimum wage in Alaska would be $8.46 per hour and the projected minimum wage for 2010 would be $8.78 per hour.

INFLATION-PROOFING THE MINIMUM WAGE

As you may know, an inflation-proofing provision was added to the Alaska minimum wage law through the enactment of HB 56 in 2002, which also raised the minimum wage from $5.65 (which was 50 cents above the federal minimum wage) to $7.15 per hour. The bill, which took effect on January 1, 2003, also instructed the Department of Labor and Workforce Development (DOLWD) to calculate the first inflation-adjusted minimum wage rate by October 1, 2003, and each year thereafter. Because HB 199, which removed the inflation-adjustment provision, passed prior to October 1, 2003, the DOLWD was never required to calculate inflation-related minimum wage increases.

907-465-3991
907-465-3908 (fax)

Alaska Legislature
Legislative Research Services
w3.legis.state.ak.us/laa/research/research.php

State Capitol
Juneau, AK 99801

The annual rate of inflation for each calendar year is not available until January of the following year. Since the inflation-proofing provisions of HB 56 required the minimum wage be adjusted by October 1st of each year, we adjusted the minimum wage using the previous two semi-annual Anchorage Consumer Price Index (CPI) figures.[1] Based on our calculations, if the minimum wage had been adjusted for inflation each year since October 2003, the current minimum wage would be $8.46 per hour.

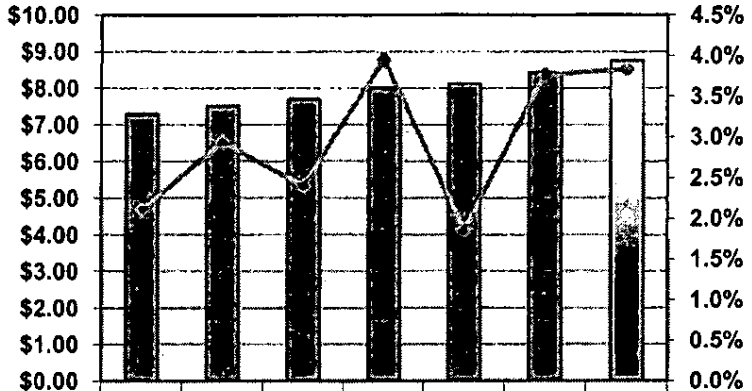
You also asked us to project the minimum wage, using a forecasted inflation rate, for 2010. Using the projected rate of inflation used by the Alaska Permanent Fund Corporation (APFC) for 2009 of 3.85 percent, the inflation-adjusted minimum wage for 2010 would be approximately $8.78 per hour.[2] Please use caution when considering this figure. As you know, we are in a period of significant economic uncertainty, and as such, the AFPC's projected rate of inflation for 2009 is unlikely to reflect actual events.

In Figure 1 we provide the inflation rate and the inflation adjusted minimum wage for each year since 2003, as well as the projected inflation rate for 2010.

[1] The U.S. Department of Labor, Bureau of Labor Statistics (BLS) only calculates the consumer price index for Anchorage.

[2] According to Laura Achee, Director of Communications for the Alaska Permanent Fund Corporation (APFC), the methodology used by the APFC to calculate the rate of inflation can be found in AS 37.13.145(c). Ms. Achee can be contacted at 907-796-1522. We obtained the projected inflation rate from *http://www.apfc.org/_amiReportsArchive/2008_12_PROJ.pdf.*

Figure 1: The Inflation Rate and the Inflation-Adjusted Minimum Wage, 2004 through 2009, and Projected for 2010



	2004	2005	2006	2007	2008	2009	2010
Adjusted Minimum Wage	$7.30	$7.51	$7.70	$8.00	$8.15	$8.46	$8.78
Inflation Rate	2.11%	2.94%	2.40%	3.97%	1.85%	3.78%	3.85%

Notes: The 2003 minimum wage was $7.15. We used this figure to base all subsequent adjustments.
HB 56 required the Department of Labor and Workforce Development (DOLWD) to calculate an inflation adjusted minimum wage by October 1st of each year. This adjusted minimum wage would go into effect January 1st of the following calendar year. Because HB 199, which removed the inflation-adjustment provision, passed prior to October 1, 2003, the DOLWD did not calculate inflation-related minimum wage increases.
The Inflation rate is based on the Anchorage Consumer Price Index (CPI), which is the rate used to adjust the minimum wage. Since the annualized CPI rate for each year is not available until January of the following year, and because the minimum wage was to be adjusted by October 1st of each year, we used the CPI for the first half of one year and the second half of the previous year, divided by two to get the average, and then calculated the percentage difference from the year before. This is the rate we applied to the minimum wage in order to make the adjustment for inflation.
The figures for 2010 are projected.

Sources: Consumer Price Index information is from the Alaska Department of Labor and Workforce Development, *http://almis.labor.state.ak.us/?PAGEID=67&SUBID=198.*
Projected rate of inflation is from the Alaska Permanent Fund Corporation, *http://www.apfc.org/_amiReportsArchive/2008_12_PROJ.pdf.*

HISTORY OF THE MINIMUM WAGE

As you know, the federal Fair Labor Standards Act (FLSA), first passed by Congress in 1938, addresses many employment issues including overtime and the minimum wage. Congress set the first federal minimum wage at $0.25 per hour.[3] States could also set their own minimum wages, and in 1959 the first Alaska legislature established the Alaska minimum wage at $1.50 per hour—at that time, the federal minimum wage was $1.00 per hour.[4] As with the FLSA, Alaska law included several exemptions to coverage by the minimum wage requirement, including farmers, fishermen, domestic help, and public employees.[5]

In 1962, the Alaska legislature changed the statute so that the minimum wage in Alaska would be at least $0.50 per hour greater than the federal minimum wage, which at that time was $1.25 per hour.[6] In 1974, the Alaska legislature again addressed the issue of the minimum wage, and amended the statute to establish the minimum wage at "not less than 50 cents an hour greater than the prevailing Federal Minimum Wage Law or $2.60 an hour, whichever is greater."[7] In 1990, the legislature included a requirement that school bus drivers be paid a rate of not less than two times the minimum wage.[8] Table 1 shows the amount of the minimum wage in Alaska from 1959 to the present.

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[3] "Federal Minimum Wage Rates under the Fair Labor Standards Act," Wage and Hour Division, Employment Standards Administration, U. S. Department of Labor, *http://www.dol.gov/esa/minwage/chart.htm*.

[4] Section 5, Chapter 171, SLA 1959.

[5] Section 2, Chapter 171, SLA 1959. According to the U. S. Department of Labor, "The 1938 Act was applicable generally to employees engaged in interstate commerce or in the production of goods for interstate commerce. The 1961 Amendments extended coverage primarily to employees in large retail and service enterprises as well as to local transit, construction, and gasoline service station employees. The 1966 Amendments extended coverage to State and local government employees of hospitals, nursing homes, and schools, and to laundries, dry cleaners, and large hotels, motels, restaurants, and farms. Subsequent amendments extended coverage to the remaining Federal, State, and local government employees who were not protected in 1966, to certain workers in retail and service trades previously exempted, and to certain domestic workers in private household employment."

[6] Section 4, Chapter 2, SLA 1962.

[7] Section 1, Chapter 41, SLA 1974.

[8] Sections 3 & 4, Chapter 12, SLA 1990.

Table 1: The Minimum Wage in Alaska and the Federal Minimum Wage		
Year	**Alaska**	**Federal**
1959-1962	$1.50	$1.00
1963-1967	$1.75	$1.25
1968-1974	$2.10	$1.60
1975-1978	$2.80	$2.30
1979	$3.40	$2.90
1980	$3.60	$3.10
1981-1990	$3.85	$3.35
1991	$4.30	$3.80
1992-1996	$4.75	$4.25
1997	$5.25	$4.75
1998-2002	$5.65	$5.15
2003-2006	$7.15	$5.15
2007	$7.15	$5.85
2008	$7.15	$6.55

Notes: Minimum wages are per hour.
The federal minimum wage provisions for covered, non-exempt employees are contained in the Fair Labor Standards Act (FLSA). The Fair Minimum Wage Act of 2007 included phased increases to the federal minimum wage. For work performed on or after July 24, 2009, the federal minimum wage will be $7.25 per hour. *http://www.dol.gov/dol/topic/wages/minimumwage.htm.*

Source: U.S. Department of Labor.

I hope you find this information to be useful. Please do not hesitate to contact us if you have questions or need additional information.

NELP

National Employment Law Project

Delivering Economic Opportunity

Protect the Economic Security of Thousands of Alaska's Tipped Workers

February 13, 2009

Thousands of hard-working waiters and waitresses are counting on Alaska lawmakers to protect their economic security in the current minimum wage debate. Tipped workers like the waitress at your local diner are already struggling to get by, and a disproportionate number live in poverty. And this hard-working group of workers (overwhelmingly women) is currently seeing its pay drop as economically squeezed customers leave smaller tips. Moreover, economic studies show that, contrary to the restaurant industry's claims, guaranteeing a strong minimum wage for tipped workers is simply not a major factor, one way or the other, in the economic health of the industries that employ these workers.

1. **More than 5,900 working Alaskans already struggle to get by on the minimum wage and tips.**

   - Alaska has thousands of tipped workers – including at least 4,200 waiters and waitresses and 1,700 bartenders alone, according to the U.S. Bureau of Labor Statistics (BLS).[1] These workers represent nearly 2% of the state's workforce – more than the number of the state's elementary and middle school teachers combined.[2] And the total number of Alaskans who rely on tips to get by is likely higher, since this number does not include tipped workers in other occupations.

   - But the BLS employer survey reports that as of 2007 Alaska's waiters and waitresses earned just $9.67 an hour even after tips – about $2.50 more than the minimum wage at the time, but less than half of the average hourly wage in the state ($22.00).[3]

   - Over the course of a year, the average waiter or waitress earns $20,114 – just below the federal poverty line for a family of three in Alaska.[4] In reality, even a single adult Alaskan can have trouble making ends meet on less than $10 per hour, and more realistic calculations find that a one-parent, one-child family needs to earn closer to $38,000 annually (about $18.28 per hour) to get by in Anchorage – and closer to $44,000 in rural Alaska.[5]

2. **Tipped workers need a strong minimum wage because they can't count on tips.**

   - Tips are notoriously erratic – varying based on broader economic trends, and from season-to-season or even shift-to-shift. This is especially true now, as national reports show that economically struggling customers are leaving smaller tips.

   - Workers who rely on tips are open to sudden pay drops that prevent them from paying their bills and caring for their families.

   - States that, unlike Alaska, allow employers to pay tipped workers less than the minimum wage under complicated "tip credit" systems have found that they are vulnerable to abuse that results in many tipped workers being paid very low wages and not receiving all of their tips.

   - Rejecting this approach, Alaska has followed the approach of other western states including California, Minnesota, Montana, Nevada, Oregon, and Washington by requiring employers to pay tipped workers the full minimum wage in order to ensure workers like the waitress at the local diner receive a dependable base income that cushions them against economic hardship.

3. **Across the country, tipped workers are overwhelmingly working women, and a disproportionate share live in poverty.**

   - NELP's analysis of the Current Population Survey shows that 62% of tipped workers overall and 72% of waiters and waitresses are women. More than two-thirds of tipped workers are adults 21 and older, and 86% of waiters and waitresses are over 19.

   - Tipped workers like waiters and waitresses face triple the poverty rate of the workforce as a whole, with one in seven living in poverty (14.9%).

4. **Studies of states and cities that have high tipped worker minimum wages consistently show that the tipped worker minimum wage – like the minimum wage in general – is simply not a major factor, one way or the other, in the economic health of the industries that employ these workers.**

   - For example, a 2006 study the Fiscal Policy Institute found that the 10 states that had raised their minimum wages (and tipped worker minimum wages) between 1998 and 2003 had *faster* job growth in their small businesses than the 40 other states.[6]

   - In a 2006 study, Dartmouth economist Paul Wolfson found no evidence of job loss in the restaurant industries of 17 states and the District of Columbia that had raised their minimum wages and tipped worker minimum wages (the latter in 16 of those 18 jurisdictions).[7]

   - A University of California study of San Francisco's restaurant industry found no restaurant closures, job loss, or substantial price increases after the city raised the minimum wage for all workers – including tipped workers – by $1.75 an hour in 2004.[8]

   - Even the National Restaurant Association's own analysis of industry trends projects that Alaska will be one of the top five states in terms of restaurant job growth over the next decade —joining Nevada, another state that requires tipped workers be paid the full minimum wage ($6.85).[9]

For more information, please contact Raj Nayak at 312-399-9904 (cell) or RNAYAK@NELP.ORG.

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[1] *See* Bureau of Labor Statistics, May 2007 Occupational Employment and Wage Estimates Alaska (2007), http://www.bls.gov/oes/2007/may/oes_ak.htm.

[2] According to the BLS, Alaska has 4,840 elementary and middle school teachers combined, not including special education and vocational education teachers. *Id.*

[3] *Id.*

[4] *Id;* United States Department of Health and Human Services, 2008 Federal Poverty Guidelines, http://aspe.hhs.gov/poverty/08Poverty.shtml ($22,000 for a family of three in Alaska).

[5] *See* Economic Policy Institute, Basic Family Budget Calculator, http://www.epi.org/content/budget_calculator/?family_type=1P1C&state=AK&area_name=Anchorage%2C+AK+HUD+Metro+FMR+Area (Anchorage); http://www.epi.org/content/budget_calculator/?family_type=1P1C&state=AK&area_name=Rural (rural Alaska). Economists have created this measure based on realistic basic family budgets tailored to a variety of metropolitan statistical areas around the country. *See* Sylvia Allegretto, Basic Family Budgets (2005), http://www.epi.org/publications/entry/bp165/.

[6] Fiscal Policy Institute, States with Minimum Wages Above the Federal Level Have Had Faster Small Business and Retail Job Growth (Mar. 30, 2006), http://fiscalpolicy.org/FPISmallBusinessMinWage.pdf.

[7] Paul Wolfson, State Minimum Wage: A Policy That Works (2006), http://www.epi.org/content.cfm/bp176.

[8] Arindrajit Dube, et al, The Economic Impact of a Citywide Minimum Wage (3d Rev. 2007), http://repositories.cdlib.org/iir/iirwps/iirwps-111-05.

[9] National Restaurant Association, "Restaurant Industry in All 50 States to Grow Sales, Add Jobs in 2008 and Beyond," Dec. 12, 2007, at http://www.restaurant.org/pressroom/pressrelease.cfm?ID=1536. *See also* Press Release, *Darden Sees Little Impact from Minimum Wage Hike*, Dec. 20, 2006 (on file with NELP).

8 Low-Income Households Come Closer to Average
Runzheimer Plan of Living Cost Standards, February 2008

	Total Costs	Percent of Standard City	Taxation	Percent of Standard City	Trans-portation	Percent of Standard City	Housing	Percent of Standard City	Miscellaneous Goods and Services	Percent of Standard City
Alaska Composite	$39,417	123.2%	$2,448	80.5%	$4,749	113.6%	$24,498	136.7%	$7,722	112.6%
Anchorage	$41,522	129.8%	$2,448	80.5%	$4,934	118.0%	$26,471	147.7%	$7,669	111.8%
Fairbanks	$35,112	109.7%	$2,448	80.5%	$4,714	112.8%	$20,351	113.6%	$7,599	110.8%
Juneau	$41,616	130.1%	$2,448	80.5%	$4,599	110.0%	$26,672	148.9%	$7,897	115.1%
West										
Bellingham, Wash.	$35,414	110.7%	$2,448	80.5%	$4,514	108.0%	$20,994	117.2%	$7,458	108.7%
Bend, Ore.	$38,237	119.5%	$2,723	89.5%	$4,205	100.6%	$24,635	137.5%	$6,674	97.3%
Honolulu	$57,071	178.3%	$2,448	80.5%	$5,240	125.4%	$40,689	227.1%	$8,694	126.7%
Lancaster, Calif.	$37,149	116.1%	$2,448	80.5%	$4,865	116.4%	$21,686	121.0%	$8,150	118.8%
Los Angeles	$62,636	195.7%	$2,448	80.5%	$6,132	146.7%	$45,824	255.7%	$8,232	120.0%
Reno, Nev.	$37,879	118.4%	$2,448	80.5%	$4,632	110.8%	$23,380	130.5%	$7,419	108.1%
Southwest/Mountain										
El Paso, Texas	$29,894	93.4%	$2,448	80.5%	$4,377	104.7%	$16,443	91.8%	$6,626	96.6%
Fort Collins, Colo.	$31,446	98.3%	$2,736	89.9%	$4,507	107.8%	$17,645	98.5%	$6,558	95.6%
Lake Havasu City, Ariz.	$34,868	109.0%	$2,610	85.8%	$4,479	107.2%	$20,667	115.3%	$7,112	103.7%
Pinehurst, Idaho	$27,367	85.5%	$2,674	87.9%	$4,182	100.0%	$14,356	80.1%	$6,155	89.7%
Salt Lake City	$32,033	100.1%	$2,808	92.3%	$4,442	106.3%	$18,294	102.1%	$6,489	94.6%
Midwest										
Highland, Mich.	$34,043	106.4%	$2,448	80.5%	$5,394	129.0%	$19,118	106.7%	$7,083	103.3%
Rapid City, S.D.	$26,398	82.5%	$2,448	80.5%	$4,182	100.0%	$13,607	75.9%	$6,161	89.8%
Shawnee, Okla.	$24,988	78.1%	$3,181	104.6%	$4,414	105.6%	$10,960	61.2%	$6,433	93.8%
Verndale, Minn.	$30,176	94.3%	$2,448	80.5%	$4,605	110.2%	$16,416	91.6%	$6,707	97.8%
Southeast										
Augusta, Ga.	$24,178	75.6%	$3,033	99.7%	$4,650	111.2%	$10,175	56.8%	$6,320	92.1%
Columbia, S.C.	$26,042	81.4%	$2,625	86.3%	$4,280	102.4%	$12,747	71.1%	$6,390	93.1%
Cape Coral, Fla.	$38,415	120.0%	$2,448	80.5%	$4,554	108.9%	$24,508	136.8%	$6,905	100.7%
Hessmer, La.	$26,616	83.2%	$3,036	99.8%	$4,869	116.5%	$12,057	67.3%	$6,654	97.0%
Atlantic/New England										
Fairfax, Va.	$44,941	140.4%	$2,603	85.6%	$4,645	111.1%	$30,162	168.3%	$7,531	109.8%
New York	$55,946	174.8%	$2,463	81.0%	$5,441	130.2%	$39,278	219.2%	$8,764	127.8%
Egg Harbor City, N.J.	$45,423	141.9%	$2,743	90.2%	$5,272	126.1%	$30,547	170.5%	$6,861	100.0%

Note: This exhibit shows how much more or less it would cost for a family of four to live in different cities while maintaining the same standard of living.
Source: Runzheimer International, Runzheimer's Living Cost Index, *February 2008*

show that it generally costs a little extra to live in Alaska – and in some cases more than just a little.

ACCRA index says Alaska cities cost more

Every quarter the ACCRA[5] Cost of Living Index provides comparisons of living costs for about 300 urban areas in the United States. ACCRA's focus is on professional and managerial households with incomes in the top 20 percent for the area and is often used by companies trying to equalize pay for their employees in different locations.

[5] The ACCRA Cost of Living Index was originally produced by the American Chamber of Commerce Researchers Association. It's now produced by The Council for Community and Economic Research, but the index's name hasn't been changed.

The data used in the ACCRA index are collected in each city by organizations that volunteer for the task. As a result, there is more room for error than in some surveys and ACCRA encourages users not to use the percentage differences produced by the index as exact measures.

The most recent ACCRA data include three Alaska cities – Anchorage, Fairbanks and Kodiak – and indicate that all three are at least 23 percent more expensive than the average city in the index. (See Exhibit 7.) Until recently, Juneau was regularly included in the index and was generally the most expensive of the Alaska cities studied.

The three Alaska cities are more expensive than average in every category – groceries, housing,

critics and those trying to understand what's behind changes to the overall CPI.

What's more, there's an especially wide range of dollar amounts that consumers spend on housing, making it more likely that a person's individual expenses will differ from the calculated average.

Some people have paid off their home loans and pay only property taxes and maintenance costs, neither of which are likely to change significantly with the vagaries of housing markets. Others spend very little on housing because they live with parents or other relatives. On the other end of the spectrum, new homeowners can pay large monthly mortgage payments and see increases far in excess of those represented by the CPI.

Where is inflation headed?

Whether inflation will stay low is impossible to predict with any certainty, but it appears unlikely. Most forecasts for U.S. inflation are generally higher, due to the current trends in both energy and food costs, and in three out of the first four months of 2008[3] the national CPI has been up at least 4 percent over the year.

Alaska Cities Generally More Expensive 7

ACCRA[1] cost of living index, first quarter 2008

	All Items Index Costs	Grocery Items	Housing	Utilities	Transportation	Health Care	Miscellaneous Goods and Services
Anchorage	126.6	142.7	138.0	109.8	102.7	125.3	123.2
Fairbanks	133.3	125.7	149.1	170.6	108.2	139.8	117.9
Kodiak	123.4	148.5	116.3	144.7	115.3	128.8	115.8
West							
Portland, Ore.	119.9	108.2	138.9	101.3	109.4	105.5	117.9
Honolulu	165.3	164.0	249.1	138.5	117.1	109.8	120.5
San Francisco	173.6	131.4	292.7	96.6	114.5	118.6	131.1
Las Vegas	110.6	99.0	136.7	99.5	101.4	104.7	98.3
Southwest/Mountain							
Cedar City, Utah	91.7	95.6	89.6	82.4	96.0	88.6	93.8
Phoenix	101.6	103.8	101.0	94.7	98.7	99.0	104.7
Denver	105.1	104.7	111.4	103.4	92.8	104.0	104.2
Dallas	91.9	100.6	72.1	99.1	100.6	103.0	100.0
Midwest							
Minneapolis	109.3	124.4	117.7	105.4	96.8	104.2	101.8
Cleveland	95.1	100.5	84.5	101.0	101.7	104.0	97.7
Chicago	111.5	107.9	129.0	118.0	109.2	103.3	96.9
Southeast							
Orlando, Fla.	102.1	106.5	93.5	102.1	105.5	95.2	108.1
Mobile, Ala.	93.6	104.1	76.1	105.7	96.4	88.4	101.7
Atlanta	97.6	96.4	94.0	90.3	105.0	103.6	100.3
Atlantic/New England							
New York (Manhattan)	218.8	141.0	404.9	150.1	124.8	129.1	142.0
Boston	134.0	121.6	160.5	130.4	108.5	136.2	123.8
Philadelphia	122.6	126.5	140.6	118.5	105.2	108.6	113.3

Note: Index numbers represent a comparison to the average for all cities for which ACCRA volunteers collected data.

[1] The ACCRA Cost of Living Index was originally produced by the American Chamber of Commerce Researchers Association. It's now produced by The Council for Community and Economic Research. The focus of the index, which has been published since 1968, is on professional and managerial households with incomes in the top 20 percent for the area.

Source: ACCRA Cost of Living Index

The higher national inflation has been driven largely by rising energy and food prices, increases Anchorage is unlikely to escape. Consultants for the Alaska Permanent Fund Corporation, which uses the CPI to make sure the principal of the Permanent Fund keeps up with inflation, have forecasted a 2.8 percent U.S. inflation rate for the next five years.[4] Anchorage data for the first half of 2008 will be released in late July.

The CPI can't be used for geographic comparisons

The CPI gives the most authoritative answer to how much prices are rising over time in a particular location, but it is not designed to say whether one location is more expensive than another. Index numbers for the U.S. CPI are higher than they are for Anchorage, but that only means that prices have increased more nationally than they have for Anchorage since the 1982-1984 base period (when the index was set at 100).

Studies and surveys designed to compare the cost of living in different locations continue to

[3] The national CPI is produced every month. Monthly CPI data are also available for the nation's four Census regions (Northeast, Midwest, South and West) and for three major metropolitan areas. Data for 11 metropolitan areas are published every other month. Anchorage is in a group of 13 smaller metropolitan areas for which data are published every six months.

[4] The forecast comes from the investment consulting firm, Callan Associates.

2303

State Minimum Wages

Updated December 17, 2008

State	Minimum Wage	Future Scheduled Increases
Alabama (F)	$6.55	$7.25 July 24, 2009
Alaska	$7.15	
Arizona	$6.90	*
Arkansas	$6.25	
California	$8.00	
Colorado	$7.02	*
Connecticut	$7.65	$8.00 Jan. 1, 2009; $8.25 Jan. 1, 2010
Delaware	$7.15	
District of Columbia	$7.55	$8.25 July 24, 2009
Florida	$6.79	*
Georgia (F)	$6.55	$7.25 July 24, 2009
Hawaii	$7.25	
Idaho (F)	$6.55	$7.25 July 24, 2009
Illinois	$7.75	$8.00 July 1, 2009; $8.25 July 1, 2010
Indiana (F)	$5.85	$6.55 July 24, 2008; $7.25 July 24, 2009
Iowa	$7.25	
Kansas	$6.55	$7.25 July 24, 2009
Kentucky (F)	$6.55	$7.25 July 24, 2009
Louisiana (F)	$6.55	$7.25 July 24, 2009
Maine	$7.25	$7.50 Oct. 1, 2009
Maryland	$6.55	$7.25 July 24, 2009
Massachusetts	$8.00	
Michigan	$7.40	
Minnesota	$6.15 (1)	
Mississippi (F)	$6.55	$7.25 July 24, 2009
Missouri	$6.65	*
Montana	$6.55	$7.25 July 24, 2009*
Nebraska	$6.55	$7.25 July 24, 2009
Nevada	$6.85 (2)/ $5.30 (3)	*
New Hampshire	$7.25	
New Jersey	$7.15	
New Mexico	$6.50	$7.50 Jan. 1, 2009
New York	$7.15	$7.25 July 24, 2009
North Carolina	$6.55	$7.25 July 24, 2009
North Dakota	$6.55	$7.25 July 24, 2009
Ohio	$7.00 (4)	
Oklahoma	$6.55	$7.25 July 24, 2009
Oregon	$7.95	*
Pennsylvania	$7.15	$7.25 July 24, 2009
Rhode Island	$7.40	
South Carolina (F)	$6.55	$7.25 July 24, 2009

South Dakota	$6.55	$7.25 July 24, 2009
Tennessee (F)	$6.55	$7.25 July 24, 2009
Texas	$6.55	$7.25 July 24, 2009
Utah (F)	$6.55	$7.25 July 24, 2009
Vermont	$7.68	*
Virginia (F)	$6.55	$7.25 July 24, 2009
Washington	$8.07	*
West Virginia	$7.25	
Wisconsin	$6.50	
Wyoming (F)	$6.55	$7.25 July 24, 2009

(F) - State does not have its own minimum wage laws, but adheres to federal minimum wage requirements.
* Future annual increases indexed to cost of living.
(1) Applies to employers with an annual sales volume of more than $625,000. The federal minimum wage applies to employers with annual sales of $625,000 or less.
(2) Without benefits. (3) With benefits.
(4) Applies to employers with an annual sales volume of $255,000 or more. The federal minimum wage applies to employers with annual sales less than $255,000.

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Denver Office: Tel: 303-364-7700 | Fax: 303-364-7800 | 7700 East First Place | Denver, CO 80230 | Map
Washington Office: Tel: 202-624-5400 | Fax: 202-737-1069 | 444 North Capitol Street, N.W., Suite 515 | Washington, D.C. 20001

An Additional 266 letters in support of SB1 are on file and posted to Basis.

SFC Staff

Letter in Support of Increasing Minimum Wage

Name: Anthony Scenes Adams
Address:
533 price st. #2
Anch, Ak, 99508
Phone Number: (907) 764-1430

During the 2009 State Legislature, Senate Bill 1 is sponsored by Senators Bill WIELECHOWSKI, Johnny ELLIS, Joe THOMAS, and Bettye DAVIS. This very important Bill could increase Alaska's minimum hourly wage from it's current $7.15 to a potential $8.75 per hour. Once increased, the minimum wage will be adjusted annually (every year) according to a determined rate of inflation. I support this piece of legislation and would like the Senate sponsors, and other like-minded Senators, to vote for this increase. Here are my reasons why:

I believe that the minnimum wage as it is is well under enough to support and sustain the average americans lifestyle even with it at its minimums. I believe that america and the world is based on the workforce as its backbone and every american should be able to survive on a hard days work. even if unpractical, any step in that direction helps

Thank you for taking my thoughts into consideration. I am a registered voter. If you have any questions, please call me at the above number.

Signature 2/21/09 Date

This letter campaign was organized by concerned local citizens and is not affiliated with any politician, political organization or political action committee.

Letter in Support of Increasing Minimum Wage

Name: Cliff Ivey Jr
Address:
~~12000~~
Anchorage, AK, 995
Phone Number: (907) 868-3159

During the 2009 State Legislature, Senate Bill 1 is sponsored by Senators Bill WIELECHOWSKI, Johnny ELLIS, Joe THOMAS, and Bettye DAVIS. This very important Bill could increase Alaska's minimum hourly wage from it's current $7.15 to a potential $8.75 per hour. Once increased, the minimum wage will be adjusted annually (every year) according to a determined rate of inflation. I support this piece of legislation and would like the Senate sponsors, and other like-minded Senators, to vote for this increase. Here are my reasons why:

Cell Phone, internet plays a huge part in our growing technology age. Every one needs more money these days for all communication. Help these necessity become true in each individuals life.

Thank you for taking my thoughts into consideration. I am a registered voter. If you have any questions, please call me at the above number.

Cliff Ivey Jr
Signature

2/21/09
Date

This letter campaign was organized by concerned local citizens and is not affiliated with any politician, political organization or political action committee.

Letter in Support of Increasing Minimum Wage

Name: B. Kaleem Nuriddin
Address:
200 West 34th Ave, # 992
Anchorage AK, 99503
Phone Number: (907) 274-7900

During the 2009 State Legislature, Senate Bill 1 is sponsored by Senators Bill WIELECHOWSKI, Johnny ELLIS, Joe THOMAS, and Bettye DAVIS. This very important Bill could increase Alaska's minimum hourly wage from it's current $7.15 to a potential $8.75 per hour. Once increased, the minimum wage will be adjusted annually (every year) according to a determined rate of inflation. I support this piece of legislation and would like the Senate sponsors, and other like-minded Senators, to vote for this increase. Here are my reasons why:

As we support increase wages of the lower earnings, it will both assist them in economic advancement, it also stimulates the entire economy due to the circulation of increase spending.

Thank you for taking my thoughts into consideration. I am a registered voter. If you have any questions, please call me at the above number.

Signature

2-22-09
Date

This letter campaign was organized by concerned local citizens and is not affiliated with any politician, political organization or political action committee.

PSPA

PACIFIC SEAFOOD PROCESSORS ASSOCIATION
Est. 1914

March 25, 2009

Senator Bert Stedman, Co-chairman
Senator Lyman Hoffman, Co-chairman
Senate Finance Committee
Alaska Legislature
State Capitol
Juneau, AK 99801

RE: SB1 Alaska Minimum Wage

Dear Senators Stedman and Hoffman,

Pacific Seafood Processors Association (PSPA) and its member companies with processing plants in many Alaska communities are very concerned about proposed legislation to significantly raise Alaska's minimum wage and want to make sure legislators are aware of the economic impacts that such an increase, coming at this time, could have. This action could negatively impact not only the seafood processing industry and its workforce, but also fishermen, other businesses, communities, and state revenues that depend on a healthy, viable seafood industry.

PSPA is a trade association of seafood processing companies with operations in many locations throughout coastal Alaska, including Ketchikan, Sitka, Kodiak, Unalaska/Dutch Harbor, Valdez, Dillingham, Naknek, Pederson Point, Togiak, Port Moller, and King Cove. Our member companies purchase, process, and market millions of pounds of Alaska seafood every year. They provide thousands of direct and indirect jobs in Alaska, markets to fishermen, and millions of dollars in tax revenues to Alaska communities and the State.

A huge portion of the operating costs of the seafood processing industry is the cost of labor. While the starting wage for many entry level positions is minimum wage, most employees move up from that wage quickly. However, as a practical matter, a mandated pay hike at the entry level requires pay scales above that to move up accordingly. Much of the seafood workforce works many hours of overtime at 'time-and-a-half' pay, bringing their average hourly pay to considerably higher than their base wage. Additionally, companies often cover the high cost of transportation for employees to and from remote locations, as well as provide them with room and board. Many also provide health benefits and 401-K plans. Thus, while many entry level workers are nominally "minimum wage workers," their total compensation package is far better than simple wage tables might indicate.

While the effects of the current worldwide economic recession have been slower in manifesting themselves in Alaska than in many other areas, the seafood industry is now seeing that freight train coming right at it. Please see the attached article from Seafood.com entitled, "Another Shoe to Drop: Credit Woes in the Seafood Industry." As the article explains, even seafood companies with good access

222 Seward Street, Suite 200
Juneau, AK 99801
Phone (907) 586-6366
Fax (907) 586-4618
www.pspafish.net

to credit for their operations are finding that many of their customers – even major, long time customers of Alaska seafood – are having trouble getting credit. Additionally, insurance to protect against losses due to customers that default on their purchases is getting harder and harder to obtain. At the retail end, budget-conscious consumers are dining out less often and seeking lower-priced proteins than seafood for their meals in restaurants and at home. Seafood markets are tightening, profit margins are shrinking, and the ability of the seafood processing industry to absorb extra costs is evaporating. Given the economic climate, it is not realistic to think that extra costs can be passed along to the consumer.

The options and choices that would be available to seafood companies faced with a significant increase in labor costs under current circumstances are not good ones. They would have to consider actions such as spending less on supplies and services in local communities; postponing plant maintenance and upgrades; closing some plants that are already only marginally profitable; reducing or eliminating worker benefit packages; replacing some of their workforce with more mechanization; lowering prices paid to fishermen to obtain raw product; and reducing expenditures on the kinds of quality improvements and new product development that keeps Alaska seafood competitive in world markets. Seafood companies don't want to have to take *any* of those actions However, the current economic situation is an extraordinary one and an increase in labor costs right now would likely result in the need for some painful actions.

With the upcoming hike in the federal minimum wage, Alaska's seafood industry, like most other employers, will be absorbing a 10-cent hike in minimum wage this July, just as the industry enters the peak of the salmon season and the summer pollock season. With the large amount of overtime pay that workers earn in this industry, even the 10-cent hike will equate to millions of dollars in additional labor costs to the processing industry.

In the last few weeks economists have noted an increase in unemployment in Alaska and signs that Alaska will enter an economic recession this year. PSPA respectfully requests that the legislature carefully consider the potential short and long term ramifications of substantially increasing labor costs for Alaska businesses at this time of economic uncertainty. Our member companies very much appreciate and value their employees and want to be able to keep them well-employed. Under current economic conditions, they believe that that can best be achieved without another increase in minimum wage.

Please feel free to call on our association or member companies if you would like to discuss the concerns we have outlined.

Sincerely,

Mary McDowell

Mary McDowell
Vice President

enclosure
cc: Members of the Senate Finance Committee

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www.pspafish.net

SEAFOOD NEWS.COM

Another Shoe to Drop: Credit woes in the Seafood Industry (editorial)

SEAFOOD.COM NEWS by John Sackton - March 18, 2009 - (editorial comment and analysis)

The first two days of the Boston Seafood Show were very upbeat - but I left the show at the end of the day yesterday feeling a little more somber.

The problem: The seafood industry is about the see much more fallout from the credit crunch.

On both coasts, and in Canada and Alaska, seafood producers are gearing up for a new season. That means they have to buy fish and shellfish, build up inventories, and then sell down those products over the course of the year.

In many fisheries, there are two or three players who - due their access to capital, strong balance sheets, or strong sales channels - are able to finance large amounts of product and take a position. Their activities stabilize prices and their financial resources set a foundation on which the rest of the industry operates - mostly as competitors - either forced to match their purchase prices, or able to bid product away (in smaller volumes) by paying higher prices or in some cases selling at lower prices, or sometimes doing both and just operating on much thinner margins.

My worry today, as I left the show, was how strongly these dominant buyers would show up this year, and if so, would they be financially strong enough. And if they show up, as I believe they will, what about the smaller companies operating on the thinner margins. Many will be at risk.

Here is the problem: over the past six months there has been a tremendous deleveraging of bank and insurance company exposure to credit risk. One of the major ways credit risk is handled in the seafood industry is through receivables insurance, and financial covenants from lenders like banks that limit the amount of exposure a seller has to particular customers.

Banks and insurers have been chopping these limits down as fast as they can - so that major national chains may not even qualify for credit insurance, or their receivables may not count towards maintaining the financial ratios that some companies are required to maintain.

Now word at the show is that some of the larger seafood companies may be being told by their banks that their credit lines are being marked down due to the lower amount of credit risk and receivable risk the lenders feel comfortable with.

All of a sudden a new fishing season is opening when most every company will want to be dealing on a cash basis: buy the product, turn it over for cash, buy more product. Few companies will take the risk to buy and hold - so it is an open question as to where price and market stability will come from. On an aggregate basis, there may be far less money available to finance the seafood buy than was available last year.

This is a recipe for more bankruptcies and consolidation in the industry. The company that can carry the cost of an item for 4 to 8 weeks will be stronger than the company that needs a cash turn in 7 days. In some cases, this is going to force companies out of business and lead to more consolidations.

The recent bankruptcy in Denmark of Hessleholt - a $120 million company with two processing plants and 160 employees - was clearly brought about by cutbacks in their customers' ability to get credit insurance. Their salmon plant, which produced 12,000 tons a year, was shut down less than two weeks before the entire company entered administration. This week, they elected to shut the entire company.

At the time, Managing director Claus Raabye said that the withdrawal of credit insurance from their customers was the primary reason. As the customers lost their credit insurance, the ability of Hesselholt to make sales got more and more restrictive, likely due to the fact that their own lenders required such coverage. Eventually the plant reached a tipping point where sales would not cover expenses.

In the UK, credit insurance coverage was pulled from Brakes - a broadline foodservice distributor who also owns a fresh fish distributor, M&J Seafoods. All of a sudden some companies could no longer sell to M&J except for cash.

In France, some fish is being left unsold on auctions due to the lack of buyers for the first time in many years, because buyers are pulling back their volumes to what they can sell for cash and a more limited pool of approved customers with credit insurance.

In the U.S., the potential fallout from this situation is very bleak. First, it will mean more bankruptcies and shut downs for seafood companies that are pushed over the brink when they cannot maintain the sales volumes needed to operate. They are squeezed when they can't get the credit to buy products, and they can't get the agreements to finance receivables. The result is a smaller and smaller pool of actual sales to cover operations.

Secondly, it will put severe pressure on prices. Some species, like lobster and cod, have already seen dramatic declines of up to 50% from their highs in the past year or two. Others are holding their price levels for now, but in some cases the new season production has not yet started - and that is when the pressure to turn product for cash will become stronger.

So the upbeat mood of the show - where many serious buyers want to buy seafood - has to be tempered with the reality that many won't have credit coverage to afford it, and companies who do sell will survive only by taking on more risk.

Some will undoubtedly not make it. They will experience a catastrophic loss from a customer bankruptcy that is not covered, or they will simply not be able to turn over enough sales to cover expenses. So I left the show with a knot in my stomach over the economic upheavals still to come.

John Sackton, Editor And Publisher
Seafood.com News 1-781-861-1441
Email comments to jsackton@seafood.com

Soruce: Seafood.com News

NFIB
The Voice of Small Business®

Alaska

March 24, 2009

The Honorable Bill Wielechowski
Alaska State Senate
State Capitol Building
Juneau, Alaska 99801-1182

RE: Committee Substitute for Senate Bill 1 (L&C)

Dear Senator Wielechowski,

On behalf of the National Federation of Independent Business/Alaska, I wish to express our continued opposition to Senate Bill 1. The National Federation of Independent Business/Alaska is the largest small-business advocacy group in Alaska.

We appreciate that the CPI adjustment has been removed from SB 1. That does resolve one major objection to the original bill. However, increasing the Alaska minimum wage by $1.10 in this economic environment is not in the best interest of neither employees nor small businesses in Alaska. While NFIB/AK generally opposes any increase in the minimum wage, we do agree that it is appropriate to adjust the state minimum wage ($7.15/hr) to the same level as the federal minimum wage ($7.25/hr) beginning July 24, 2009.

The minimum wage is an entry-level wage and few remain at that level for an extended time. One study shows that most minimum wage jobs are not career jobs or are "tip eligible" positions. About two-thirds of minimum wage workers earned more than the minimum wage one year later. In the best longitudinal panel study of entry-level workers, only 14 percent earned less than $1.00 above the minimum eight years later.

Minimum wage increases hurt small businesses two ways - both direct and indirect. The literature indicates employment losses of 2 percent to 6 percent for each 10 percent increase in the minimum wage. Mandatory wage increases leave small business owners with fewer choices in how to compensate their employees. To cope with minimum wage increases, in addition to job cuts, small business owners reduce hours, leave jobs vacant, reduce wage increases, increase prices where feasible, and take hits in the bottom line.

Mandatory wage increases hurt not only small businesses, but their employees as well. Big corporations do not have to absorb the cost because most minimum-wage jobs are offered by small businesses. Government manipulation of the starting wage has failed

National Federation of Independent Business — ALASKA
P.O. Box 34761 • Juneau, AK 99803 • 907-723-6667 • denny.dewitt@nfib.org

as tool of social and/or economic justice. It has not been proven to reduce poverty or narrow the income gap and puts a stranglehold on Alaska's top job creators: small businesses. The overwhelming majority of economists continue to affirm the job-killing nature of mandatory wage increases. Mandatory minimum-wage increases end up reducing employment levels for those people with the lowest skills.

Sincerely yours,

Dennis L. DeWitt
Alaska State Lobbyist
National Federation of Independent Business

Cc: Senator Finance Committee

Darwin

ALASKA COALITION ON HOUSING & HOMELESSNESS

RECEIVED
MAR 19 2009

Dear Senator Stedman,

I am the chair of the Alaska Coalition on Housing and Homelessness, a state wide nonprofit whose mission is to work to develop strategies to alleviate homelessness and to increase the availability of affordable housing in Alaska. A step towards achieving affordable housing is paying a livable wage that values workers and helps them achieve independence and the dignity to support themselves and their families.

I would like to take a few moments of your time to remind you of a bill in the Senate, Senate Bill 1, "An Act increasing the minimum hourly wage; and providing for an effective date". This proposed legislation is sponsored by Senators Wielechowski, Ellis, Thomas, Davis, French, Paskvan and Menard is important to the working poor of Alaska.

At the current minimum wage, working full-time, the average Alaskan grosses $1,144. An average two bedroom in Anchorage is $1,013. This leaves little for food, transportation, insurance, childcare and other costs. Even with a subsidized rent, it still leaves Alaskan families scrimping to ensure that they and their children are adequately housed, fed and cared for.

Alaska's minimum wage is currently $7.15 per hour. Washington state's minimum wage is $8.55 and Oregon is $8.40. At this time, with rising costs, it is important to recognize that Alaskans deserve more than $7.15 per hour to meet their needs and the needs of their family. Senate Bill 1 would require that Alaskans receive $1 more than the federal minimum wage beginning January 2010. This is only a start in meeting the needs of low income and poor Alaskans and addressing the rising cost of living in Alaska. While we appreciate the intent of this bill and support passage of an increase in minimum wage in Alaska, we would also like to see a cost of living increase be considered such as in House Bill 125.

I have attached a resolution, endorsed by our membership, to support an increase of the minimum wage in Alaska. Thank you for your service and attention to this important issue.

Feel free to contact me at 907-743-5726 or suzi_p@awaic.org.

Sincerely,

Suzi Pearson
Chair

PO Box 200862
Anchorage, AK 99520

PHONE (907) 743-5726
FAX (907) suzi_p@awaic.org
WEB SITE

Alaska Coalition on Housing & Homelessness

Resolution #2009-1

WHEREAS, the Alaska Coalition on Housing & Homelessness is an organization dedicated to improving access to affordable housing for all Alaskans; and

WHEREAS, the Alaska Coalition on Housing and Homelessness recognizes that a living wage is necessary in order to improve access to and maintain affordable housing and that the current median cost of rent for a family in Anchorage is $1,013 according to the Alaska Department of Labor and Workforce Development, and

WHEREAS, according to the most recent figures available from the Alaska Department of Labor and Workforce Development, there are approximately 14,000 Alaskans earning the minimum wage; and

WHEREAS, the current minimum wage rate is $7.15/hour ($14,300/year [40 hours x 50 weeks]); and

WHEREAS, the current minimum wage rate is not sufficient to enable Alaska's working poor to obtain basic needs including affordable housing; and

WHEREAS, the current minimum wage rate adopted by the legislature in 2002, effective 2003, has remained unchanged since then, notwithstanding increases in the cost of living;

THEREFORE, BE IT RESOLVED THAT the Alaska Coalition on Housing and Homelessness supports an increase in the state's minimum wage rate and urges the Alaska State Legislature to adopt a minimum wage rate increase during the 2009 legislative session; and

BE IT FURTHER RESOLVED THAT the Alaska Coalition on Housing and Homelessness supports automatic indexing of the state's minimum wage rates so the wages of Alaska's working poor keep pace with the cost of living and urges the Alaska State Legislature to adopt automatic indexing during the 2009 legislative session.

ADOPTED THIS 18th DAY OF MARCH, 2009

ATTEST:

Suzi Pearson, Chair
Alaska Coalition on Housing and Homelessness

TRIDENT SEAFOODS CORPORATION

5303 Shilshole Ave NW, Seattle, WA 98107-4000 USA • (206) 783-3818 • Fax: (206) 782-7195
Domestic Sales: (206) 783-3474 • Fax: (206) 782-7246
Canned Sales: (206) 781-7606 • Fax: (206) 781-7604
Export Sales: (206) 783-3818 • Fax: (206) 782-7195

RECEIVED
MAR 2 6 2009

March 25, 2009

Honorable Senators Lyman Hoffman
and Bert Stedman
Co-Chairmen
Senate Finance Committee
State Capital, Juneau, Alaska 99801

Dear Senators Hoffman and Stedman:

I am writing on behalf of Trident Seafoods Corporation to provide the Finance Committee with information on how an increase in the minimum wage will impact the seafood processing industry in Alaska. Trident appreciates the opportunity to provide comment on the proposed increase.

As background, Trident is a seafood harvesting, marketing and processing company with operations throughout Alaska. Trident employs about 4,000 hourly workers at its processing facilities. Trident recruits at job fairs in Alaska and hires local residents in communities such as Kodiak, Ketchikan and Cordova. Local labor is not always available in the numbers necessary to conduct our operations, however, and some of our plants are located in remote locations, such as Akutan, where there is no resident workforce. As a consequence, many of our processing workers are hired from outside of Alaska.

Below is a list of Trident's processing facilities that operate in Alaska as well as the number of hourly Trident employees at each operation during peak production periods:

Shoreplants	Hourly Employees
Akutan	900
St. Paul	210
Sand Point	305
Kodiak	389
Ketchikan	386
Naknek	521
Cordova	430
Chignik	185
Petersburg	153
Floating Processors	
Alaska Packer	136
Aleutian Falcon	98
Arctic 5	9
Billikin	5
Bountiful	29
Independence	224
Pribilof	87
Total	**4,067**

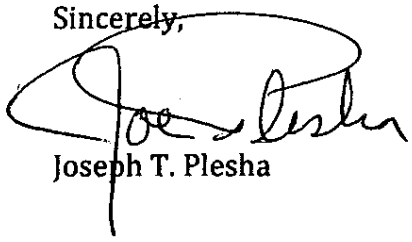
Many of Trident's hourly employees are paid more than the statutory minimum wage. When an employee is first hired he or she starts at the minimum wage. After six months the employee's hourly rate is increased by $0.15, increased $0.15 again after another six months, and increased an additional $0.20 after another six months; thus employees who have worked at Trident for a year and a half receive $0.50 above the minimum wage. The Federal minimum wage will increase to $7.25 this summer and so Trident will increase the hourly wage earned by starting employees to that level, and continue to increase wages for experienced employees as in the past. There are also often significant overtime opportunities and Trident, of course, provides housing, meals and transportation costs.

Trident would like members of the Committee to be aware that a $0.50 increase in the minimum wage rate will increase the company's costs by over $4,000,000. A $1.00 increase in the minimum wage rate would increase costs by $8,000,000. This increase is for Trident alone. Other seafood processing companies would be similarly impacted.

Alaska's seafood processing industry provides an important economic base for many coastal communities throughout the State. An increase in the statutory minimum wage rate will likely affect seafood processors more than any other sector of the State's economy. A large increase in costs will make it more difficult for the industry to reinvest in its operations as well as impact the price it is able to pay for

the fish delivered to its plants. We are grateful to the Committee for taking these issues into consideration as it moves forward with consideration of legislation to increase the State's minimum wage rate.

Sincerely,



Joseph T. Plesha

SB

4

<target><bill>SB 4</bill><subject>SB 4</subject><comm>SFIN26</comm></target>

ALASKA STATE LEGISLATURE

SENATOR DONALD C. OLSON

ALASKA
STATE CAPITOL
ROOM 514
JUNEAU, ALASKA 99801-1182

(907) 465-3707
FAX (907) 465-4821

CSSB 4 (CRA) – Coastal Management Programs

Version 26-LS0019/R, January, 2009
STAFF: Tim Benintendi, 465-4989

SPONSOR STATEMENT

In 2003, HB 191 instituted significant changes to the Alaska Coastal Management Program (ACMP). It unduly impacted local participation in development reviews and approvals affecting both state and federal actions in the coastal zone. Prior to 2003, the program was not felt to be significantly problematic. Currently, there are 28 management districts either approved, or under review for approval. For a list of current districts, see the Alaska Coastal Management Program website at (http://alaskacoast.state.ak.us/district/html/progressfinal.htm). To identify a community within a particular coastal district, see http://alaskacoast.state.ak.us/explore/communityindex.pdf .

The authority for a Consistency Review Process, used to implement the ACMP, is found at 11 AAC 110. This process reviews proposed development activities for conformity with state laws and regulations,, and district enforceable policies. 11 AAC 112 and 11 AAC 114 also apply. The governing statutes are AS 46.39 and AS 46.40. With the changes from 2003, regulations adopted by the Department of Natural Resources severely limited the ability of coastal districts to establish enforceable policies regarding the eventual effects of development on coastal resources and uses. So dramatic were the changes that the federal Office of Oceans and Coastal Resource Management formally reviewed state actions for compliance, and took two years to determine acceptance.

Since the 2003 changes, Alaska's coastal districts have dealt with controversy and delay by DNR where achieving suitable district management plans are concerned. Formerly, disputes over approval of district plans were resolved by the Coastal Policy Council. Disbanding the Council under HB 191 concentrated all decision-making power within DNR.

CSSB 4 (CRA) would establish the Alaska Coastal Policy Board within the Department of Natural Resources, and restore an authoritative role for local residents, one that was working acceptably prior to 2003. The new board would be much trimmer than the pre-2003 panel of seventeen members. Nine members would compose the new board, including five public members appointed by the governor. One of the five would be at-large from any of the coastal districts, and the others would be appointed from four defined regions: Northwest Alaska, Southwest Alaska, Upper Cook Inlet, and Southeast Alaska. Filling out the board membership

would be the commissioners of DEC, F&G, DNR, and CCED. DNR would continue to provide day-to-day management and support.

This bill would also reinstate locally-generated enforceable policies, streamline project reviews, provide Board approval of agency-generated regulations, provide for district management plan approvals, allow for receiving grants and other monies, and empower the Board with other authorities.

The primary thrust of CSSB 4 (CRA) is to return significant authority to local district residents by sharing power over the Alaska Coastal Management Program ,between them and the identified commissioners. Since 2003, all authority has rested solely with the Commissioner of the Department of Natural Resources.

ALASKA STATE LEGISLATURE

SENATOR DONALD C. OLSON

ALASKA
STATE CAPITOL
ROOM 514
JUNEAU, ALASKA 99801-1182

(907) 465-3707
FAX (907) 465-4821

SECTIONAL ANALYSIS

Senate Bill 4 – Coastal Management Programs

Version 26-LS0019/A, January, 2009

STAFF: Tim Benintendi, 465-4989

SECTION 1: Establishes the ALASKA COASTAL POLICY BOARD, composed of four coastal district members and the commissioners of DNR, F&G, and DEC. One co-chair will come from the district membership, and one co-chair from the commissioners. Also provides administrative guidelines.

SECTION 2: Allows but does not mandate that regulations approved by the Board may be adopted by DNR.

SECTION 3: Establishes powers for the Board, including taking reasonable action to carry out provisions of AS 46.39 (administration) and AS 46.40 (ACMP).

SECTION 4: Establishes the duties of the Board.

SECTION 5: Makes the Board subject to the Administrative Procedures Act, AS 46.39.900.

SECTION 6: Establishes authority for the Board to approve ACMP program changes and to evaluate the effectiveness of district plans.

SECTION 7: Adds "subsistence" to the list of values included in the ACMP objectives.

SECTION 8: Makes a conforming amendment requiring approval of ACMP regulations adopted by DNR, and exclusion of DEC from the ACMP. This provides that permits issued by DEC are automatically considered "consistent" with ACMP requirements.

SECTION 9: Retains DEC's authority for determining consistency of matters it regulates. It also requires public notice for DEC consistency findings for projects located on federal lands and waters when there are no DEC authorizations.

SECTION 10: Moves language deleted from AS 46.40.040(a) to a new section outlining the responsibilities of the Board. Subsection (d) clarifies that aspects of air and water discharges not covered by DEC laws or regulations may be reviewed for consistency with the statewide standards and district enforceable policies. DEC retains authority to determine a project's consistency with its laws.

SECTION 11: Establishes authority for the Board to approve coastal district plans that are required to be submitted every ten years, as well as outlining criteria for new coastal district management plans.

SECTION 12: Establishes authority for the Board to approve coastal district plans if it finds the plans meet the district plan criteria. It also establishes the Board's role in mediation of decisions on the approval of district plans.

SECTION 13: Outlines requirements for Board approval of district plans, and amends three criteria for approval of enforceable policies to clarify what policies may address.

SECTION 14: Clarifies the legislative intent of HB 191 (Chapter 24 SLA 03) to allow districts to establish enforceable policies for activities that may affect a coastal use or resource.

SECTIONS 15, 16, 17: Make conforming amendments regarding approval of ACMP regulations by the Board.

SECTION 18: Makes a conforming amendment regarding approval of ACMP regulations by the Board and replaces the term "subsequent review" with the commonly used term "elevation." This section also requires the concurrence of resource agencies for resolutions of elevations of a proposed consistency determination.

SECTION 19: Clarifies that the aspect of an activity covered by a general or nationwide permit is removed from the scope of an ACMP consistency review while allowing individual review of aspects of an activity not covered by the general or nationwide permit. It also eliminates the exemption of air and water quality permits from the coordinated ACMP review process.

SECTION 20: Makes a conforming amendment regarding Board approval of coastal district plans.

SECTION 21: Clarifies that the ACMP regulations shall address activities on federal waters, and that seismic surveys in federal Outer Continental Shelf waters are subject to ACMP reviews.

SECTION 22: Makes a conforming amendment regarding approval of ACMP regulations by the Board, including regulations listing which authorizations trigger a consistency review and the list of activities that are categorically or generally consistent (i.e., activities that do not require an individual ACMP review).

SECTION 23: This section exempts federal activities and federally-permitted activities from the 90-day review schedule. This exemption allows extension of reviews for projects with federal approvals which tend to be more complex reviews. It also requires suspension of the 90-day time frame when an applicant is required to provide additional information.

SECTION 24: Establishes the Board's role in reviewing a petition regarding non-implementation of a coastal district program.

SECTION 25, 27, 28: These sections make conforming amendments to Board action on a petition regarding non-implementation issues. Ties to SECTION 24.

SECTION 26: Provides that the Superior Courts have jurisdiction to enforce orders of the Board.

SECTION 29: Makes a confirming amendment to Board approval of district plans including areas meriting special attention.

SECTION 30: Makes a conforming amendment to the definition of "coastal zone" regarding the Board's role in approving coastal boundary changes.

SECTION 31: Makes a conforming amendment to the definition of "district coastal management plan" regarding the Board's role in approving district plans.

SECTION 32: Makes a conforming amendment to the definition of "enforceable policy" regarding the Board's role in approving policies included in district plans.

SECTION 33: Defines "Board."

SECTION 34: Repeals AS 46.40.096(i) because DEC authorizations are no longer removed from the consistency review process.

ALASKA STATE LEGISLATURE

SENATOR DONALD C. OLSON

ALASKA
STATE CAPITOL
ROOM 514
JUNEAU, ALASKA 99801-1182

(907) 465-3707
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SECTIONAL ANALYSIS

CSSB 4 (CRA) Coastal Management Programs

Version 26-LS0019/ R, February 5, 2009

STAFF: Tim Benintendi, 465-4989

(Compared to SB 4)

Section 1: Establishes the ALASKA COASTAL POLICY BOARD, composed of five coastal district members and the commissioners of DNR, F&G, DEC, and COMMERCE. One co-chair will come from the district membership, and one co-chair from the commissioners. This board is smaller than the 17-member panel prior to the 2003 changes. Differences from SB 4 are: Added one district member, and added commissioner of CCED to Board.

Section 2: Clarifies that DNR coordinates all project consistency reviews for projects with only departmental permits or for projects that involve two or more other state resource agency permits. Not included in SB 4.

Section 3: Allows but does not mandate that regulations approved by the Board may be adopted by DNR. Same provision is in SB 4, Section 2.

Section 4: Establishes powers of the Board, including taking reasonable action to carry out provisions of AS 46.39 (administration) and AS 46.40 (ACMP). Same provision is in SB 4, Section 3.

Section 5: Provides for the Board to approve statewide ACMP standards and criteria, as developed by the department, for district plan approval.

Section 6: Defines "Board" in AS 46.39.900. Same provisions in SB 4, Section 5.

Section 7: Provides for approval of ACMP program changes by the Board. Same provisions in SB 4, Section 6.

Section 8: Adds "subsistence" to the list of values included in the ACMP objectives. Same provisions in SB 4, Section 7.

Section 9: Subsection (a) removes requirement for district enforceable policies to meet the statewide standards. Clarifies that district enforceable policies apply to all land and water issues subject to the plan. Removes requirement to describe proper and improper uses. Changes the term "areas meriting special attention" to "special management areas." Subsection (b) requires district enforceable policies to be clear and concise, either prescriptive (how to proceed toward goal) or performance-based (goal achievement by various methods), and stricter or more specific policy than state or federal laws. If stricter, support may include traditional, local knowledge. This section was not included in SB 4.

Section 10: Makes conforming changes for Board approval of ACMP regulations. Deletes language in AS 46.40.040(a)(2) – (5); moved to a new subsection (d). Compares to SB 4, Section 8, changing "areas of the coast that merit special attention," to "special management areas."

Section 11: Moves language deleted from Section 10, to a new section outlining responsibilities of the Board. Not included in SB 4.

Section 12: Makes conforming amendments to clarify that district plans must be approved by the Board. Not included in SB 4.

Section 13: Establishes the review and approval process for coastal district plans, including provisions for districts to work with DNR to resolve issues before the Board approves a plan. Allows districts to request mediation of the Board's decision. Not included in SB 4.

Section 14: Establishes criteria for Board approval of district plans and clarifies that district enforceable policies may not address matters pre-empted by state or federal laws. Rewritten from SB 4.

Section 15: Makes conforming changes for Board approval of ACMP regulations governing the consistency review and determination process. Same provision is in SB 4, Section 15.

Section 16: Changes the term "subsequent review" to the commonly used term "elevation" and clarifies that the three state resource agencies make the final decision on a project elevation. Modifies SB 4, Section 18, by allowing more autonomy for state resource agencies in preparing a consistency review and determination.

Section 17: Clarifies that aspects of an activity covered by a general or nationwide permit are excluded from a consistency review (rather than the entire activity). Same provision is in SB 4, Section 19.

Section 18: Makes conforming changes for Board approval of district enforceable policies. Same provision is in SB 4, Section 20.

Section 19: Allows for ACMP consistency reviews of projects inland of the coastal zone, if there would be direct and significant effects to coastal uses or resources. Clarifies that seismic survey activities in federal waters are subject to consistency reviews. Differences from SB 4, Section 21, are the inclusion of activities and impacts "inland from the coastal zone," in federal "waters," and "seismic survey activity" on the Outer Continental Shelf. DNR currently exempts this activity from review.

Section 20: Clarifies that categorically or generally consistent activities are for routine projects. From SB 4, Section 22 of this version, deletes a reference mandating Board approval.

Section 21: Exempts federal activities and federally-permitted projects from the 90-day consistency review time limit. Allows extension of the time limit for adjudication of coastal district permits. Differs from SB 4, Section 23 by adding language for a 30-day extension period for an affected coastal resource district to accommodate the adjudication process.

Section 22: Clarifies that the term "affected coastal resource district" includes districts with a publicly-reviewed draft plan or approved plan. Not included in SB 4.

Section 23: Requires an individual consistency review for each Outer Continental Shelf lease sale. Not included in SB 4. Would make each lease sale a separate consistency review.

Section 24: Gives the Board authority to act on a petition regarding non-implementation of a coastal district plan. Same provision is in SB 4, Section 24.

Sections 25, 27, 28: Make conforming amendments regarding Board action on a petition regarding non-implementation of a coastal district plan. Ties to Section 24. Same provisions are in SB 4, Sections 25, 27, 28.

Section 26: Provides that the Superior Courts have jurisdiction to enforce orders of the Board, as well as the department. Same provision is in SB 4, Section 26.

Section 29: Clarifies that a coastal resource service area (CRSA) may accept new matter submitted by a city or village into its coastal management plan. Not included in SB 4.

Section 30: Clarifies that municipalities are part of a CRSA unless they choose to be excluded. Not included in SB 4. There are currently no 3rd class boroughs in Alaska.

Section 31: Removes language about boroughs that do not exercise planning and zoning authority. Not included in SB 4.

Section 32: Makes a conforming amendment clarifying the board's role in coastal boundary changes. Same provision is in SB 4, Section 30.

Section 33, 34: Make conforming amendments regarding the Board's role in approving district plans and district enforceable policies. Same provisions are in SB 4, Sections 31, 32.

Section 35: Clarifies that the term "project" applies to federal activities and federally-permitted activities, including individual lease sales. Not included in SB 4.

Section 36: Adds new definitions for the terms "Board" and "special management areas." Definition of "special management areas" was not included in SB 4.

Section 37: Repeals the exemption for DEC permits from consistency reviews (eliminates DEC carve-out) (AS 46.40.040(b)–(c), not included in SB 4,

and AS 46.40.096(i)). Only this reference was included in SB 4.

Removes the requirement for re-submittal of district plans every 10 years (AS 46.40.050(a)). Not included in SB 4.

Removes the exemption of shallow gas projects from ACMP reviews (AS 46.40.205). Not included in SB 4.

Removes the definition for "areas meriting special attention" (AS 46.40.210(1)). Not included in SB 4.

SENATE FINANCE COMMITTEE REPORT

DATE: 3/24/10

FURTHER:

DATE TURNED
IN TO OFFICE: _____

Finance Committee considered SENATE BILL NO. 4

SB 4 COASTAL MANAGEMENT PROGRAM

"An Act relating to the Alaska coastal management program; and establishing the Alaska Coastal Policy Board."

and recommends:

[X] be **replaced** with [ ] **SCS** or [X] **CS** SB 4 (FIN)

[ ] adopt **previous** [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] attached amendment(s)

[ ] adopt _____Letter of Intent

[ ] further referral to _____Committee

SENATE BILL:
[ ] Same Title
[ ] New Title

HOUSE BILL:
[ ] Same Title
[ ] Technical Title Change
[ ] New Title w/ SCR #_____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
DNR	3/30	✓			
DEC	3/29	✓			

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

[ ] **APPROPRIATION - no fiscal note**

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	Huggins		X		
	Thomas		✓		
	Egan		✓		
	Olson	X			
	Ellis	X			
CO-CHAIR:	Hoffman	✓			
CO-CHAIR:	Stedman			✓	

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: SB004
() Publish Date:

Identifier (file name): SB004-DNR-DCOM-03-30-10
Dept. Affected: Natural Resources
Title: An Act relating to the Alaska Coastal Management Program.
RDU: Resource Development
Component: Coastal and Ocean Management
Sponsor: Sen. Olson
Requester: Senate Finance Committee
Component Number: 2680

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Travel	82.0	0.0	82.0	82.0	82.0	82.0	82.0
Contractual	80.0	0.0	30.0	30.0	30.0	30.0	30.0
Supplies	3.0	0.0	3.0	3.0	3.0	3.0	3.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	**165.0**	**0.0**	**115.0**	**115.0**	**115.0**	**115.0**	**115.0**
CAPITAL EXPENDITURES	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CHANGE IN REVENUES ( )	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	165.0	0.0	115.0	115.0	115.0	115.0	115.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Interagency Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	**165.0**	**0.0**	**115.0**	**115.0**	**115.0**	**115.0**	**115.0**

Estimate of any current year (FY2009) cost: 0.0

POSITIONS

Full-time	0	0	0	0	0	0	0
Part-time	0	0	0	0	0	0	0
Temporary	0	0	0	0	0	0	0

ANALYSIS: *(Attach a separate page if necessary)*

SB 4 will have the following fiscal impact:

1. Travel - It is expected that the Coastal Policy Board (CPB) will need to meet at least four times annually to fulfill the obligations and provide the services outlined in SB 4. Travel (including air, hotel, and per diem) for appointed members, designated members, and state agency staff is included.
2. Contractual - In order to re-write the guiding regulations, DNR must secure contractual services for the promulgation and final Department of Law review of the regulations (FY 2011 only). In addition, contractual services for the CPB meetings must be procured, and will be an annual expense.
3. Supplies - The CPB meetings will require some level of supplies for ensuring the members have proper materials.

Prepared by: Randy Bates, Director — Phone 465-8797
Division: Coastal and Ocean Management — Date/Time March 30, 2010
Approved by: Tom Irwin, Commissioner — Date March 30, 2010
Natural Resources

(Revised 9/10/2008 OMB)

STATE OF ALASKA
2010 LEGISLATIVE SESSION

BILL NO. SB004

ANALYSIS CONTINUATION

4. Although not contemplated above as an additional expense, it is expected that coastal districts will choose to revise, amend, and seek approval for their coastal district plans. No funding is included in this fiscal note for Coastal District Plan revisions. DNR does not typically set aside any funding for plan revisions. With passage of HB 191 DNR distributed one-time federal grant award s to districts ($1,166,600) for coastal community improvements, and funds to support the efforts of Alaska Coastal Management Program (ACMP) ($909,700) and state agencies ($833,700) in the management and development of Alaska's coastal resources.

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: **CS SB 4 (CRA)**
() Publish Date:

Identifier (file name): SB004CS(CRA)-DEC-CO-3-26-10
Title: Coastal management Program
Sponsor: Senator Olson
Requester: Senate Finance Committee

Dept. Affected: Environmental Conservati
RDU: Administration
Component: Office of the Commissioner
Component Number: 633

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services	93.1		93.1	93.1	93.1	93.1	93.1
Travel	7.5		7.5	7.5	7.5	7.5	7.5
Contractual	11.2		11.2	11.2	11.2	11.2	11.2
Supplies	0.5		0.5	0.5	0.5	0.5	0.5
Equipment	6.4						
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**118.7**	**0.0**	**112.3**	**112.3**	**112.3**	**112.3**	**112.3**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts	118.7	0.0	112.3	112.3	112.3	112.3	112.3
TOTAL	**118.7**	**0.0**	**112.3**	**112.3**	**112.3**	**112.3**	**112.3**

Estimate of any current year (FY2010) cost:

POSITIONS

Full-time	**1.0**	**1.0**	**1.0**	**1.0**	**1.0**	**1.0**	**1.0**
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This legislation amends Alaska statutes related to the Alaska Coastal Management Program (ACMP). The bill requires that the Department of Environmental Conservation process its permits in accordance with the ACMP coastal consistency review procedures where permits are currently processed independent from those procedures. The fiscal note reflects the personnel and support costs of a new (Range 20) position to serve as DEC's ACMP Program Coordinator First-year costs include one-time equipment costs that are not reflected in subsequent years.

Prepared by: Marit Carlson-Van Dort — Phone 465-5871
Division: Office of the Commissioner — Date/Time 3/29/10, 9:45 AM
Approved by: Dan Easton — Date 3/29/2010
Deputy Commissioner

(Revised 11/6/2009 OMB)

26-LS0019\S
Cook
4/10/10

CS FOR SENATE BILL NO. 4( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): SENATOR OLSON

A BILL

FOR AN ACT ENTITLED

"An Act relating to the Alaska coastal management program; establishing the Alaska Coastal Policy Board; and providing for an effective date by repealing the effective date for the repeal of certain provisions relating to the Alaska coastal management program."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** AS 46.39 is amended by adding a new section to article 1 to read:

Sec. 46.39.005. Alaska Coastal Policy Board. (a) The Alaska Coastal Policy Board is created in the Department of Natural Resources. The board consists of

(1) five public members appointed by the governor, including one at-large member from any coastal district; one public member shall be appointed from each of the following regions:

(A) northwest Alaska, including, generally, the area of the North Slope Borough and the Northwest Arctic Borough; and the Bering Strait area, including, generally, the area of the Bering Strait regional educational

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attendance area;

(B) southwest Alaska, including, generally, the area within the Lower Yukon, Lower Kuskokwim, and Southwest regional educational attendance areas and the Lake and Peninsula and Bristol Bay Boroughs; and the Kodiak-Aleutians area, including the Kodiak Island and area of the Aleutians East Boroughs and the area of the Aleutian, Adak, and Pribilof regional educational attendance areas;

(C) Upper Cook Inlet area, including the Municipality of Anchorage and the Matanuska-Susitna Borough; the Lower Cook Inlet area, including, generally, the Kenai Peninsula Borough; and the Prince William Sound area, including, generally, the area east of the Kenai Peninsula Borough to 141 West longitude; and

(D) Southeast Alaska, generally the area east of 141 West longitude;

(2) each of the following:

(A) the commissioner of environmental conservation;

(B) the commissioner of fish and game;

(C) the commissioner of natural resources; and

(D) the commissioner of commerce, community, and economic development.

(b) Each public member appointed by the governor under (a)(1) of this section serves a term of two years and until a successor is appointed and qualified. A public member may be reappointed.

(c) The board shall designate co-chairs, one of whom shall be selected from among the public members appointed under (a)(1) of this section and one from among the members designated in (a)(2) of this section.

(d) The governor shall appoint a permanent alternate for each member of the board. If a member of the board is unable to attend, the member shall advise the alternate, who may attend and act in the place of the member. The alternate for a commissioner serving under (a)(2) of this section shall be a deputy commissioner or the director of a division in the commissioner's department. The names of alternates

shall be filed with the board.

(e) Three public members and two designated members of the board constitute a quorum, but the board may delegate to one or more of its members the power to hold hearings. All decisions of the board shall be by a majority vote of the members present and voting.

(f) Members of the board or their alternates are entitled to per diem and travel expenses authorized by law for members of boards and commissions.

(g) Administrative support for the board shall be provided by the division in the department responsible for coastal and ocean management. The director of the division in the department responsible for coastal and ocean management, under direction of the co-chair designated by the board from the individuals listed in (a)(2) of this section, may contract with or employ persons as necessary to assist the board in carrying out the board's duties and responsibilities.

*** Sec. 2.** AS 46.39.010(a) is amended to read:

(a) The Department of Natural Resources shall render, on behalf of the state, all federal consistency determinations and certifications authorized by 16 U.S.C. 1456 (Sec. 307, Coastal Zone Management Act of 1972), and each conclusive state consistency determination when a project requires a permit, lease, or authorization **from the department or** from two or more state resource agencies.

*** Sec. 3.** AS 46.39.010(b) is amended to read:

(b) The department may adopt regulations **approved by the board** necessary to implement this chapter.

*** Sec. 4.** AS 46.39.030 is amended to read:

Sec. 46.39.030. Powers of the department and board. (a) The department may

(1) **with the approval of the board,** apply for and accept grants, contributions, and appropriations, including application for and acceptance of federal funds that may become available for coastal planning and management;

(2) contract for necessary services. [;]

(b) The board may

(1) [(3)] consult and cooperate with

(A) persons, organizations, and groups, public or private, interested in, affected by, or concerned with coastal area planning and management;

(B) agents and officials of the coastal resource districts of the state, and **with** [FEDERAL AND] state agencies concerned with or having jurisdiction over coastal planning and management;

(2) [(4)] take any reasonable action necessary to carry out the provisions of this chapter or AS 46.40.

*** Sec. 5.** AS 46.39.040 is amended to read:

Sec. 46.39.040. Duties of the board [DEPARTMENT]. In conformity with 16 U.S.C. 1451 - 1464 (Coastal Zone Management Act of 1972), as amended, the **board** [DEPARTMENT] shall

(1) **approve** [DEVELOP] statewide standards for the Alaska coastal management program [,] and criteria for the preparation and approval of district coastal management plans **developed by the department** in accordance with AS 46.40;

(2) establish continuing coordination among state agencies to facilitate the development and implementation of the Alaska coastal management program; in carrying out its duties under this paragraph, the department shall initiate an interagency program of comprehensive coastal resource planning for each geographic region of the state;

(3) **ensure** [ASSURE] continued provision of data and information to coastal resource districts to carry out their planning and management functions under the program.

*** Sec. 6.** AS 46.39.900 is amended to read:

Sec. 46.39.900. Definitions [DEFINITION]. In this chapter, unless the context requires otherwise,

(1) "board" means the Alaska Coastal Policy Board established in AS 46.39.005;

(2) "department" means the Department of Natural Resources.

*** Sec. 7.** AS 46.40.010 is amended to read:

Sec. 46.40.010. Development of Alaska coastal management program. (a) The **Alaska Coastal Policy Board** [DEPARTMENT] shall approve, in accordance with this chapter, **program changes to** the Alaska coastal management program.

(b) The **board** [DEPARTMENT] may approve the Alaska coastal management program for a portion or portions of the coastal area before approving the [COMPLETE] program **changes** under (a) of this section. Portions of the program approved under this subsection shall be incorporated into the Alaska coastal management program.

(c) The Alaska coastal management program shall be reviewed by the **board** [DEPARTMENT] and, when appropriate, revised to

(1) add newly approved district coastal management plans [,] or revisions and amendments to the Alaska coastal management program;

(2) integrate newly approved district coastal management plans [,] or revisions and amendments of district coastal management plans [,] with existing approved plans and with plans developed by state agencies;

(3) add new or revised state statutes, policies, regulations, or other appropriate material;

(4) **evaluate** [REVIEW] the effectiveness [OF IMPLEMENTATION] of district coastal management plans; and

(5) consider new information acquired by the state and coastal resource districts.

(d) All reviews and revisions shall be in accordance with the statewide standards and district plan criteria adopted under AS 46.40.040.

*** Sec. 8.** AS 46.40.020 is amended to read:

Sec. 46.40.020. Objectives. The Alaska coastal management program shall be consistent with the following objectives:

(1) the use, management, restoration, and enhancement of the overall quality of the coastal environment;

(2) the development of industrial or commercial enterprises that are consistent with the social, cultural, historic, economic, and environmental interests of the people of the state;

(3) the orderly, balanced utilization and protection of the resources of the coastal area consistent with sound conservation and sustained yield principles;

(4) the management of coastal land and water uses in such a manner that, generally, those uses **that** [WHICH] are economically or physically dependent on a coastal location are given higher priority when compared to uses **that** [WHICH] do not economically or physically require a coastal location;

(5) the protection and management of significant historic, cultural, natural, **subsistence,** and aesthetic values and natural systems or processes within the coastal area;

(6) the prevention of damage to or degradation of land and water reserved for their natural **and subsistence** values as a result of inconsistent land or water usages adjacent to that land;

(7) the recognition of the need for a continuing supply of energy to meet the requirements of the state and the contribution of a share of the state's resources to meet national energy needs; and

(8) the full and fair evaluation of all demands on the land and water in the coastal area.

* **Sec. 9.** AS 46.40.030 is amended to read:

Sec. 46.40.030. Development of district coastal management plans. (a) Coastal resource districts shall develop and adopt district coastal management plans in accordance with the provisions of this chapter. The plan adopted by a coastal resource district shall be based **on** [UPON] a municipality's existing comprehensive plan or a new comprehensive resource use plan or comprehensive statement of needs, policies, objectives, and standards governing the use of resources within the coastal area of the district. The plan must meet the [STATEWIDE STANDARDS AND] district plan criteria adopted under AS 46.40.040 and must include

(1) a delineation within the district of the boundaries of the coastal area subject to the district coastal management plan;

(2) a statement, list, or definition of the land and water uses and activities subject to the district coastal management plan;

(3) a statement of policies to be applied to **all** [THE] land and water

uses subject to the district coastal management plan **as well as policies that apply only to an area that merits special attention**; **and**

(4) [A DESCRIPTION OF THE USES AND ACTIVITIES THAT WILL BE CONSIDERED PROPER AND THE USES AND ACTIVITIES THAT WILL BE CONSIDERED IMPROPER WITH RESPECT TO THE LAND AND WATER WITHIN THE COASTAL AREA; AND

(5)] a designation of **an area that merits special attention under** [, AND THE POLICIES THAT WILL BE APPLIED TO THE USE OF AREAS WITHIN] the **district** coastal **management plan and enforceable policies that must be applicable within an area that merits special attention** [RESOURCE DISTRICT THAT MERIT SPECIAL ATTENTION].

(b) In developing enforceable policies in its coastal management plan under (a) of this section, a coastal resource district shall **ensure that the enforceable policies are**

(1) clear and concise as to the activities and persons affected by the policies and the requirements of the policies

(2) necessary given local conditions; and

(3) supported by evidence, including scientific or local knowledge, if the policies are more specific than state or federal statutes or regulations [MEET THE REQUIREMENTS OF AS 46.40.070 AND MAY NOT DUPLICATE, RESTATE, OR INCORPORATE BY REFERENCE STATUTES AND ADMINISTRATIVE REGULATIONS ADOPTED BY STATE OR FEDERAL AGENCIES].

*** Sec. 10.** AS 46.40.040(a) is amended to read:

(a) Except as provided in [(b) OF THIS SECTION AND] AS 41.17, the department shall**, by regulations approved by the board,**

(1) [BY REGULATION,] adopt under the provisions of AS 44.62 (Administrative Procedure Act) for the use of and application by coastal resource districts and state agencies for carrying out their responsibilities under this chapter, statewide standards and district coastal management plan criteria for

(A) identifying the boundaries of the coastal area subject to the

Alaska coastal management program;

(B) determining the land and water uses and activities subject to the Alaska coastal management program;

(C) developing policies applicable to the land and water uses subject to the Alaska coastal management program;

(D) developing regulations applicable to the land and water uses subject to the Alaska coastal management program;

(E) developing policies and procedures to determine whether specific proposals for the land and water uses or activities subject to the Alaska coastal management program shall be allowed;

(F) designating and developing policies for **areas that merit special attention** [THE USE OF AREAS OF THE COAST THAT MERIT SPECIAL ATTENTION]; and

(G) measuring the progress of a coastal resource district in meeting its responsibilities under this chapter;

[(2) DEVELOP AND MAINTAIN A PROGRAM OF TECHNICAL AND FINANCIAL ASSISTANCE TO AID COASTAL RESOURCE DISTRICTS IN THE DEVELOPMENT AND IMPLEMENTATION OF DISTRICT COASTAL MANAGEMENT PLANS;

(3) UNDERTAKE REVIEW AND APPROVAL OF DISTRICT COASTAL MANAGEMENT PLANS IN ACCORDANCE WITH THIS CHAPTER;

(4) INITIATE A PROCESS FOR IDENTIFYING AND MANAGING USES OF STATE CONCERN WITHIN SPECIFIC AREAS OF THE COAST;

(5) DEVELOP PROCEDURES OR GUIDELINES FOR CONSULTATION AND COORDINATION WITH FEDERAL AGENCIES MANAGING LAND OR CONDUCTING ACTIVITIES POTENTIALLY AFFECTING THE COASTAL AREA OF THE STATE;

(6) BY REGULATION,] establish a consistency review and determination or certification process that conforms to the requirements of AS 46.40.096.

* **Sec. 11.** AS 46.40.040 is amended by adding new subsections to read:

(d) Except as provided in AS 41.17, the board shall

(1) develop and maintain a program of technical and financial assistance to aid coastal resource districts in the development and implementation of district coastal management plans;

(2) undertake review of and, after public hearing, approve district coastal management plans in accordance with this chapter;

(3) initiate a process for identifying and managing uses of state concern within specific areas of the coast;

(4) develop procedures or guidelines for consultation and coordination with federal agencies managing land or conducting activities potentially affecting the coastal area of the state;

(e) Regulations adopted by the department under this section for district plan criteria may not require designation of areas as a precondition for the establishment of a coastal resource district enforceable policy.

*** Sec. 12.** AS 46.40.050(b) is amended to read:

(b) Within 30 months after certification of the organization of a new coastal resource district, the coastal resource district shall complete and submit to the **board** [DEPARTMENT] a proposed district coastal management plan. If, after receipt of a written request for extension from the coastal resource district, the **board** [DEPARTMENT] considers an extension proper, the **board** [DEPARTMENT] may grant an extension to a date that is within 54 months after certification of the results of the coastal resource district's organization. A request under this subsection must include the reasons for the extension.

*** Sec. 13.** AS 46.40.060 is repealed and reenacted to read:

Sec. 46.40.060. Review and approval. (a) A coastal resource district shall submit its district coastal management plan for review by the department. The division in the department responsible for coastal and ocean management shall attempt to reach a consensus with a coastal resource district concerning any changes required to comply with the district plan criteria approved by the department and the board.

(b) If a consensus between the division and the coastal resource district is reached, the division shall forward a recommendation to the commissioner, and the

commissioner shall submit the recommendation to the board.

(c) If a consensus between the division and the coastal resource district is not reached, the division shall forward a recommendation to the commissioner with an explanation of the reasons for its recommendation and, if applicable, offer recommended changes to the district coastal management plan that would meet the district plan criteria. The coastal resource district may request that the commissioner reconsider the division's recommendation before the commissioner submits the recommendation to the board.

(d) If, after receiving the commissioner's recommendation, the board finds that the district coastal management plan meets the provisions of this chapter and the district plan criteria adopted by the department, the board may approve the district coastal management plan or may approve portions of the district coastal management plan that meet those requirements.

(e) If the board finds that a district coastal management plan is not approvable or is approvable only in part under (d) of this section, the board shall direct the department to meet with officials of the coastal resource district to resolve differences. If requested by a coastal resource district, the board shall direct that deficiencies in the district coastal management plan submitted by the coastal resource district be resolved through mediation conducted by a neutral third party. During mediation, the board may call for one or more public hearings in the district.

(f) If, after mediation, the differences have not been resolved and mutually agreed to by the coastal resource district and the board, the board shall enter findings and, by order, may require

(1) that the district coastal management plan be amended to satisfy the provisions of this chapter or meet the statewide standards and district plan criteria approved by the board;

(2) that the district coastal management plan be revised to accommodate a use of state concern; or

(3) any other action be taken by the coastal resource district, as appropriate.

(g) An order of the board entered under (f) of this section is a final

administrative order that the coastal resource district may appeal to the superior court under AS 44.62 (Administrative Procedure Act). The attorney general, at the request of the board, may file an action in superior court to enforce an order issued under (f) of this section.

*** Sec. 14.** AS 46.40.070 is repealed and reenacted to read:

Sec. 46.40.070. Requirements for board review and approval. (a) The board shall approve a district coastal management plan submitted for review and approval if the

(1) district coastal management plan meets the requirements of this chapter and the district plan criteria adopted by the department; and

(2) enforceable policies of the district coastal management plan

(A) do not duplicate, restate, or incorporate by reference state or federal statutes or regulations;

(B) are not preempted by federal or state law; and

(C) do not arbitrarily or unreasonably restrict a use of state concern.

(b) In (a)(2)(B) of this section, an enforceable policy of the district coastal management plan is preempted by

(1) federal statutes or regulations when the United States Congress expressly declares that local law or regulation is preempted if the United States Congress demonstrates the intent to occupy the field exclusively or if there is an actual conflict between federal and local law or regulation;

(2) state law if it is prohibited by express legislative direction or direct conflict with a state statute or regulation, or where a local law or regulation substantially interferes with the effective functioning of a state statute or regulation or the underlying purposes of a state statute or regulation.

*** Sec. 15.** AS 46.40.096(a) is amended to read:

(a) The department shall, by regulation **approved by the board**, establish a consistency review and determination process that conforms to the requirements of this section.

*** Sec. 16.** AS 46.40.096(d) is amended to read:

(d) In preparing a consistency review and determination for a proposed project, the reviewing entity shall

(1) request consistency review comments for the proposed project from state resource agencies, affected coastal resource districts, and other interested parties as determined by regulation adopted by the department;

(2) prepare proposed consistency determinations;

(3) coordinate **elevations** [SUBSEQUENT REVIEWS] of proposed consistency determinations prepared under (2) of this subsection; **an elevation** [A SUBSEQUENT REVIEW] of a proposed consistency determination under this paragraph

(A) is limited to a review by **state resource agencies** [THE DEPARTMENT];

(B) may occur only if requested by

(i) the project applicant;

(ii) a state resource agency; or

(iii) an affected coastal resource district; and

(C) shall be completed by the **resource agencies** [DEPARTMENT] within 45 days after the initial request for subsequent review under this paragraph;

(4) render the final consistency determination and certification.

*** Sec. 17.** AS 46.40.096(g) is amended to read:

(g) The reviewing entity shall exclude from the consistency review and determination process for a project

(1) **an aspect of** an activity that

[(A)] is **specifically** authorized under a general or nationwide permit that has previously been determined to be consistent with the Alaska coastal management program; [OR

(B) IS SUBJECT TO AUTHORIZATION BY THE DEPARTMENT OF ENVIRONMENTAL CONSERVATION UNDER THE REQUIREMENTS DESCRIBED IN AS 46.40.040(b);]

(2) activities excluded from a consistency review under AS 41.17; and

(3) the issuance of an authorization or permit issued by the Alaska Oil and Gas Conservation Commission.

*** Sec. 18.** AS 46.40.096(k) is amended to read:

(k) Except as provided in (g) of this section, AS 41.17, [AS 46.40.040(b),] and AS 46.40.094, the scope of a consistency review of a project, once triggered under (j) of this section, is limited to activities that are located within the areas described in (*l*) of this section and that either are subject to a state resource agency permit, lease, authorization, approval, or certification or are the subject of a coastal resource district enforceable policy approved by the **board** [DEPARTMENT] under this chapter. The scope of a consistency review subject to 16 U.S.C. 1456 is determined under 16 U.S.C. 1456 and 15 C.F.R. Part 930.

*** Sec. 19.** AS 46.40.096(*l*) is amended to read:

(*l*) The regulations adopted under (a) of this section apply, as authorized by 16 U.S.C. 1456(c), to

(1) activities within the coastal zone; and

(2) activities on federal land, including the federal outer continental shelf, that would affect any land or water use or natural resource of the state's coastal zone; for purposes of this paragraph, those activities consist of any activity on the federal outer continental shelf**, including seismic survey activity,** and any activity on federal land that are within the geographic boundaries of the state's coastal zone notwithstanding the exclusion of federal land in 16 U.S.C. 1453(1).

*** Sec. 20.** AS 46.40.096(m) is amended to read:

(m) As part of the regulations adopted under (a) of this section, the department shall establish a list of permits, certifications, leases, approvals, and authorizations issued by a state resource or federal agency that will trigger a consistency review under (j) of this section. In addition, the department shall establish in regulation categories and descriptions of uses and activities that, for purposes of evaluating consistency with the Alaska coastal management program, are determined to be categorically consistent or generally consistent after the inclusion of standard alternative measures. These categories of uses and activities must be as broad as possible so as to minimize the number of **routine** projects that must undergo an

individualized consistency review under this section.

* **Sec. 21.** AS 46.40.096(o) is amended to read:

(o) The time limitations in (n) of this section

(1) do not apply to a consistency review involving

(A) the disposal of an interest in state land or resources**;**

(B) an activity proposed by a federal agency; or

(C) an activity permitted by a federal agency;

(2) are suspended

(A) from the time **a review schedule is modified in response to** [THE REVIEWING ENTITY DETERMINES THAT THE APPLICANT HAS NOT ADEQUATELY RESPONDED IN WRITING WITHIN 14 DAYS AFTER THE RECEIPT OF] a written request from the reviewing entity for additional information, until the time the reviewing entity determines that the applicant has provided an adequate written response;

(B) during a period of time requested by the applicant;

(C) during the period of time a consistency review is undergoing a subsequent review under (d)(3) of this section**;**

(D) for 30 days if requested by an affected coastal resource district exercising authority under AS 29 to accommodate the adjudication process of an authorization issued by a coastal resource district pending the results of the adjudication.

* **Sec. 22.** AS 46.40.096(q)(1) is amended to read:

(1) "affected coastal resource district" means a coastal resource district **with a publicly reviewed draft or approved plan** in which a project is proposed to be located or **that** [WHICH] may experience a direct and significant impact from a proposed project;

* **Sec. 23.** AS 46.40.096 is amended by adding new subsections to read:

(r) Notwithstanding any provision of this section, for federal agency activities defined in 15 C.F.R. 930.31, including Outer Continental Shelf lease sales and development projects, the department shall conduct a full consistency review and provide its consistency response with respect to proposed uses or activities involved in

the project regardless of whether an earlier consistency review for a similar project has been completed.

(s) Regulations adopted by the department under this section may not require that a draft permit be prepared before the initiation of the consistency review.

*** Sec. 24.** AS 46.40.100(b) is amended to read:

(b) A party that is authorized under (g) of this section may file a petition showing that a district coastal management plan is not being implemented. A petition filed under this subsection may not seek review of a proposed or final consistency determination regarding a specific project. On receipt of a petition, the **board** [DEPARTMENT], after giving public notice in the manner required by (f) of this section, shall convene a hearing to consider the matter. A hearing called under this subsection shall be held in accordance with regulations adopted under this chapter. After **the** hearing, the **board** [DEPARTMENT] may order that the coastal resource district or a state resource agency take any action with respect to future implementation of the district coastal management plan that the **board** [DEPARTMENT] considers necessary, except that the **board** [DEPARTMENT] may not order that the coastal resource district or a state agency take any action with respect to a proposed or final consistency determination that has been issued.

*** Sec. 25.** AS 46.40.100(c) is amended to read:

(c) In determining whether an approved district coastal management plan is being implemented by a coastal resource district that exercises zoning authority or controls on the use of resources within the coastal area or by a state resource agency, the **board** [DEPARTMENT] shall find in favor of the district or the state resource agency, unless the **board** [DEPARTMENT] finds a pattern of nonimplementation.

*** Sec. 26.** AS 46.40.100(e) is amended to read:

(e) The superior courts of the state have jurisdiction to enforce lawful orders of the **board and the** department under this chapter.

*** Sec. 27.** AS 46.40.100(f) is amended to read:

(f) Upon receipt of a petition under (b) of this section, the **board** [DEPARTMENT] shall give notice of the hearing at least 10 days before the scheduled date of the hearing. The notice must

(1) contain sufficient information in commonly understood terms to inform the public of the nature of the petition; and

(2) indicate the manner in which the public may comment on the petition.

* **Sec. 28.** AS 46.40.100(h) is amended to read:

(h) If the **board** [DEPARTMENT] finds a pattern of nonimplementation under (c) of this section, the **board** [DEPARTMENT] may order a coastal resource district or a state resource agency to take action with respect to future implementation of the district coastal management plan that the **board** [DEPARTMENT] considers necessary to implement the district coastal management plan. The **board's** [DEPARTMENT'S] determination under (c) of this section and any order issued under this subsection shall be considered a final administrative order for purposes of judicial review under AS 44.62.560.

* **Sec. 29.** AS 46.40.180(b) is amended to read:

(b) If a city or village within a coastal resource service area fails to approve a portion of the district coastal management plan prepared and submitted for approval under (a) of this section, the governing body shall advise the coastal resource service area board of its objections to the proposed plan and suggest alternative elements or components for inclusion in the district coastal management plan. New matter submitted by a city or village that meets the [STATEWIDE STANDARDS AND] district plan criteria adopted under this chapter **may** [SHALL] be accepted **by the district** and the district coastal management plan modified accordingly. If a city or village fails to provide objections and suggested alternatives within the time limits established in this section, the coastal resource service area board may adopt the district coastal management plan as initially offered.

* **Sec. 30.** AS 46.40.190(b) is amended to read:

(b) This chapter does not restrict or prohibit cooperative or joint administration of functions between a municipality and a coastal resource service area organized under the provisions of this chapter upon initiation of a mutual agreement for the purpose. [A CITY THAT ELECTS TO BE EXCLUDED FROM AN ADJACENT COASTAL RESOURCE SERVICE AREA UNDER (a) OF THIS

SECTION SHALL ENTER INTO A MUTUAL AGREEMENT FOR COOPERATIVE OR JOINT ADMINISTRATION OF FUNCTIONS WITH THE COASTAL RESOURCE SERVICE AREA BOARD FROM THE ADJACENT COASTAL RESOURCE SERVICE AREA.]

*** Sec. 31.** AS 46.40.210(2) is amended to read:

(2) "coastal resource district" means each of the following that contains a portion of the coastal area of the state:

(A) unified municipalities;

(B) organized boroughs of any class that exercise planning and zoning authority;

(C) home rule and first class cities of the unorganized borough [OR WITHIN BOROUGHS THAT DO NOT EXERCISE PLANNING AND ZONING AUTHORITY];

(D) second class cities of the unorganized borough [, OR WITHIN BOROUGHS THAT DO NOT EXERCISE PLANNING AND ZONING AUTHORITY,] that have established a planning commission, and that, in the opinion of the commissioner of commerce, community, and economic development, have the capability of preparing and implementing a comprehensive district coastal management plan under AS 46.40.030;

(E) coastal resource service areas established and organized under AS 29.03.020 and AS 46.40.110 - 46.40.180;

*** Sec. 32.** AS 46.40.210(4) is amended to read:

(4) "coastal zone" means the coastal water including land within and under that water, and adjacent shoreland, including the water within and under that shoreland, within the boundaries approved by the former Alaska Coastal Policy Council and by the United States Secretary of Commerce under 16 U.S.C. 1451 - 1465 (Coastal Zone Management Act of 1972, as amended); "coastal zone" includes areas added as a result of any boundary changes approved by the **board** [DEPARTMENT] and by the United States Secretary of Commerce under 16 U.S.C. 1451 - 1465; "coastal zone" does not include

(A) those lands excluded under 16 U.S.C. 1453(1); or

(B) areas deleted as a result of any boundary changes by the **board** [DEPARTMENT] in conformance with 16 U.S.C. 1451 - 1465;

* **Sec. 33.** AS 46.40.210(7) is amended to read:

(7) "district coastal management plan" means a plan developed by a coastal resource district, including enforceable policies of that plan, setting out policies and standards to guide public and private uses of land and water within that district and approved by the **board** [DEPARTMENT] as meeting the requirements of this chapter and the regulations adopted under this chapter;

* **Sec. 34.** AS 46.40.210(8) is amended to read:

(8) "enforceable policy" means a policy established by this chapter or approved by the **board** [DEPARTMENT] as a legally binding policy of the Alaska coastal management program applicable to public and private activities;

* **Sec. 35.** AS 46.40.210(9) is amended to read:

(9) "project" means all activities that will be part of a proposed development **and includes all federal agency activities as defined in 15 C.F.R. 930.31, including lease sales and development projects affecting a coastal use or resource, and proposed rules that alter uses of the coastal zone**;

* **Sec. 36.** AS 46.40.210 is amended by adding a new paragraph to read:

(13) "board" has the meaning given in AS 46.39.900;

* **Sec. 37.** AS 46.40.040(b), 46.40.040(c), 46.40.050(a), 46.40.096(i), and 46.40.205 are repealed.

* **Sec. 38.** Sections 1 - 13 and 18, ch. 31, SLA 2005, are repealed.

* **Sec. 39.** Section 22, ch. 31, SLA 2005, is repealed.

adopted 4-13-10 N/O

26-LS0019\S
Cook
4/10/10

CS FOR SENATE BILL NO. 4( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): SENATOR OLSON

A BILL

FOR AN ACT ENTITLED

"An Act relating to the Alaska coastal management program; establishing the Alaska Coastal Policy Board; and providing for an effective date by repealing the effective date for the repeal of certain provisions relating to the Alaska coastal management program."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** AS 46.39 is amended by adding a new section to article 1 to read:

Sec. 46.39.005. Alaska Coastal Policy Board. (a) The Alaska Coastal Policy Board is created in the Department of Natural Resources. The board consists of

(1) five public members appointed by the governor, including one at-large member from any coastal district; one public member shall be appointed from each of the following regions:

(A) northwest Alaska, including, generally, the area of the North Slope Borough and the Northwest Arctic Borough; and the Bering Strait area, including, generally, the area of the Bering Strait regional educational

attendance area;

(B) southwest Alaska, including, generally, the area within the Lower Yukon, Lower Kuskokwim, and Southwest regional educational attendance areas and the Lake and Peninsula and Bristol Bay Boroughs; and the Kodiak-Aleutians area, including the Kodiak Island and area of the Aleutians East Boroughs and the area of the Aleutian, Adak, and Pribilof regional educational attendance areas;

(C) Upper Cook Inlet area, including the Municipality of Anchorage and the Matanuska-Susitna Borough; the Lower Cook Inlet area, including, generally, the Kenai Peninsula Borough; and the Prince William Sound area, including, generally, the area east of the Kenai Peninsula Borough to 141 West longitude; and

(D) Southeast Alaska, generally the area east of 141 West longitude;

(2) each of the following:

(A) the commissioner of environmental conservation;

(B) the commissioner of fish and game;

(C) the commissioner of natural resources; and

(D) the commissioner of commerce, community, and economic development.

(b) Each public member appointed by the governor under (a)(1) of this section serves a term of two years and until a successor is appointed and qualified. A public member may be reappointed.

(c) The board shall designate co-chairs, one of whom shall be selected from among the public members appointed under (a)(1) of this section and one from among the members designated in (a)(2) of this section.

(d) The governor shall appoint a permanent alternate for each member of the board. If a member of the board is unable to attend, the member shall advise the alternate, who may attend and act in the place of the member. The alternate for a commissioner serving under (a)(2) of this section shall be a deputy commissioner or the director of a division in the commissioner's department. The names of alternates

shall be filed with the board.

(e) Three public members and two designated members of the board constitute a quorum, but the board may delegate to one or more of its members the power to hold hearings. All decisions of the board shall be by a majority vote of the members present and voting.

(f) Members of the board or their alternates are entitled to per diem and travel expenses authorized by law for members of boards and commissions.

(g) Administrative support for the board shall be provided by the division in the department responsible for coastal and ocean management. The director of the division in the department responsible for coastal and ocean management, under direction of the co-chair designated by the board from the individuals listed in (a)(2) of this section, may contract with or employ persons as necessary to assist the board in carrying out the board's duties and responsibilities.

*** Sec. 2.** AS 46.39.010(a) is amended to read:

(a) The Department of Natural Resources shall render, on behalf of the state, all federal consistency determinations and certifications authorized by 16 U.S.C. 1456 (Sec. 307, Coastal Zone Management Act of 1972), and each conclusive state consistency determination when a project requires a permit, lease, or authorization **from the department or** from two or more state resource agencies.

*** Sec. 3.** AS 46.39.010(b) is amended to read:

(b) The department may adopt regulations **approved by the board** necessary to implement this chapter.

*** Sec. 4.** AS 46.39.030 is amended to read:

Sec. 46.39.030. Powers of the department and board. (a) The department may

(1) **with the approval of the board,** apply for and accept grants, contributions, and appropriations, including application for and acceptance of federal funds that may become available for coastal planning and management;

(2) contract for necessary services, [;]

(b) The board may

(1) [(3)] consult and cooperate with

(A) persons, organizations, and groups, public or private, interested in, affected by, or concerned with coastal area planning and management;

(B) agents and officials of the coastal resource districts of the state, and **with** [FEDERAL AND] state agencies concerned with or having jurisdiction over coastal planning and management;

(2) [(4)] take any reasonable action necessary to carry out the provisions of this chapter or AS 46.40.

*** Sec. 5.** AS 46.39.040 is amended to read:

Sec. 46.39.040. Duties of the board [DEPARTMENT]. In conformity with 16 U.S.C. 1451 - 1464 (Coastal Zone Management Act of 1972), as amended, the **board** [DEPARTMENT] shall

(1) **approve** [DEVELOP] statewide standards for the Alaska coastal management program [,] and criteria for the preparation and approval of district coastal management plans **developed by the department** in accordance with AS 46.40;

(2) establish continuing coordination among state agencies to facilitate the development and implementation of the Alaska coastal management program; in carrying out its duties under this paragraph, the department shall initiate an interagency program of comprehensive coastal resource planning for each geographic region of the state;

(3) **ensure** [ASSURE] continued provision of data and information to coastal resource districts to carry out their planning and management functions under the program.

*** Sec. 6.** AS 46.39.900 is amended to read:

Sec. 46.39.900. Definitions [DEFINITION]. In this chapter, unless the context requires otherwise,

(1) "board" means the Alaska Coastal Policy Board established in AS 46.39.005;

(2) "department" means the Department of Natural Resources.

*** Sec. 7.** AS 46.40.010 is amended to read:

Sec. 46.40.010. Development of Alaska coastal management program. (a) The **Alaska Coastal Policy Board** [DEPARTMENT] shall approve, in accordance with this chapter, **program changes to** the Alaska coastal management program.

(b) The **board** [DEPARTMENT] may approve the Alaska coastal management program for a portion or portions of the coastal area before approving the [COMPLETE] program **changes** under (a) of this section. Portions of the program approved under this subsection shall be incorporated into the Alaska coastal management program.

(c) The Alaska coastal management program shall be reviewed by the **board** [DEPARTMENT] and, when appropriate, revised to

(1) add newly approved district coastal management plans [,] or revisions and amendments to the Alaska coastal management program;

(2) integrate newly approved district coastal management plans [,] or revisions and amendments of district coastal management plans [,] with existing approved plans and with plans developed by state agencies;

(3) add new or revised state statutes, policies, regulations, or other appropriate material;

(4) **evaluate** [REVIEW] the effectiveness [OF IMPLEMENTATION] of district coastal management plans; and

(5) consider new information acquired by the state and coastal resource districts.

(d) All reviews and revisions shall be in accordance with the statewide standards and district plan criteria adopted under AS 46.40.040.

*** Sec. 8.** AS 46.40.020 is amended to read:

Sec. 46.40.020. Objectives. The Alaska coastal management program shall be consistent with the following objectives:

(1) the use, management, restoration, and enhancement of the overall quality of the coastal environment;

(2) the development of industrial or commercial enterprises that are consistent with the social, cultural, historic, economic, and environmental interests of the people of the state;

(3) the orderly, balanced utilization and protection of the resources of the coastal area consistent with sound conservation and sustained yield principles;

(4) the management of coastal land and water uses in such a manner that, generally, those uses **that** [WHICH] are economically or physically dependent on a coastal location are given higher priority when compared to uses **that** [WHICH] do not economically or physically require a coastal location;

(5) the protection and management of significant historic, cultural, natural, **subsistence,** and aesthetic values and natural systems or processes within the coastal area;

(6) the prevention of damage to or degradation of land and water reserved for their natural **and subsistence** values as a result of inconsistent land or water usages adjacent to that land;

(7) the recognition of the need for a continuing supply of energy to meet the requirements of the state and the contribution of a share of the state's resources to meet national energy needs; and

(8) the full and fair evaluation of all demands on the land and water in the coastal area.

* **Sec. 9.** AS 46.40.030 is amended to read:

Sec. 46.40.030. Development of district coastal management plans. (a) Coastal resource districts shall develop and adopt district coastal management plans in accordance with the provisions of this chapter. The plan adopted by a coastal resource district shall be based **on** [UPON] a municipality's existing comprehensive plan or a new comprehensive resource use plan or comprehensive statement of needs, policies, objectives, and standards governing the use of resources within the coastal area of the district. The plan must meet the [STATEWIDE STANDARDS AND] district plan criteria adopted under AS 46.40.040 and must include

(1) a delineation within the district of the boundaries of the coastal area subject to the district coastal management plan;

(2) a statement, list, or definition of the land and water uses and activities subject to the district coastal management plan;

(3) a statement of policies to be applied to **all** [THE] land and water

uses subject to the district coastal management plan **as well as policies that apply only to an area that merits special attention**; **and**

(4) [A DESCRIPTION OF THE USES AND ACTIVITIES THAT WILL BE CONSIDERED PROPER AND THE USES AND ACTIVITIES THAT WILL BE CONSIDERED IMPROPER WITH RESPECT TO THE LAND AND WATER WITHIN THE COASTAL AREA; AND

(5)] a designation of **an area that merits special attention under** [, AND THE POLICIES THAT WILL BE APPLIED TO THE USE OF AREAS WITHIN] the **district** coastal **management plan and enforceable policies that must be applicable within an area that merits special attention** [RESOURCE DISTRICT THAT MERIT SPECIAL ATTENTION].

(b) In developing enforceable policies in its coastal management plan under (a) of this section, a coastal resource district shall **ensure that the enforceable policies are**

(1) clear and concise as to the activities and persons affected by the policies and the requirements of the policies

(2) necessary given local conditions; and

(3) supported by evidence, including scientific or local knowledge, if the policies are more specific than state or federal statutes or regulations [MEET THE REQUIREMENTS OF AS 46.40.070 AND MAY NOT DUPLICATE, RESTATE, OR INCORPORATE BY REFERENCE STATUTES AND ADMINISTRATIVE REGULATIONS ADOPTED BY STATE OR FEDERAL AGENCIES].

*** Sec. 10.** AS 46.40.040(a) is amended to read:

(a) Except as provided in [(b) OF THIS SECTION AND] AS 41.17, the department shall**, by regulations approved by the board,**

(1) [BY REGULATION,] adopt under the provisions of AS 44.62 (Administrative Procedure Act) for the use of and application by coastal resource districts and state agencies for carrying out their responsibilities under this chapter, statewide standards and district coastal management plan criteria for

(A) identifying the boundaries of the coastal area subject to the

Alaska coastal management program;

(B) determining the land and water uses and activities subject to the Alaska coastal management program;

(C) developing policies applicable to the land and water uses subject to the Alaska coastal management program;

(D) developing regulations applicable to the land and water uses subject to the Alaska coastal management program;

(E) developing policies and procedures to determine whether specific proposals for the land and water uses or activities subject to the Alaska coastal management program shall be allowed;

(F) designating and developing policies for **areas that merit special attention** [THE USE OF AREAS OF THE COAST THAT MERIT SPECIAL ATTENTION]; and

(G) measuring the progress of a coastal resource district in meeting its responsibilities under this chapter;

[(2) DEVELOP AND MAINTAIN A PROGRAM OF TECHNICAL AND FINANCIAL ASSISTANCE TO AID COASTAL RESOURCE DISTRICTS IN THE DEVELOPMENT AND IMPLEMENTATION OF DISTRICT COASTAL MANAGEMENT PLANS;

(3) UNDERTAKE REVIEW AND APPROVAL OF DISTRICT COASTAL MANAGEMENT PLANS IN ACCORDANCE WITH THIS CHAPTER;

(4) INITIATE A PROCESS FOR IDENTIFYING AND MANAGING USES OF STATE CONCERN WITHIN SPECIFIC AREAS OF THE COAST;

(5) DEVELOP PROCEDURES OR GUIDELINES FOR CONSULTATION AND COORDINATION WITH FEDERAL AGENCIES MANAGING LAND OR CONDUCTING ACTIVITIES POTENTIALLY AFFECTING THE COASTAL AREA OF THE STATE;

(6) BY REGULATION,] establish a consistency review and determination or certification process that conforms to the requirements of AS 46.40.096.

* **Sec. 11.** AS 46.40.040 is amended by adding new subsections to read:

(d) Except as provided in AS 41.17, the board shall

(1) develop and maintain a program of technical and financial assistance to aid coastal resource districts in the development and implementation of district coastal management plans;

(2) undertake review of and, after public hearing, approve district coastal management plans in accordance with this chapter;

(3) initiate a process for identifying and managing uses of state concern within specific areas of the coast;

(4) develop procedures or guidelines for consultation and coordination with federal agencies managing land or conducting activities potentially affecting the coastal area of the state;

(e) Regulations adopted by the department under this section for district plan criteria may not require designation of areas as a precondition for the establishment of a coastal resource district enforceable policy.

*** Sec. 12.** AS 46.40.050(b) is amended to read:

(b) Within 30 months after certification of the organization of a new coastal resource district, the coastal resource district shall complete and submit to the **board** [DEPARTMENT] a proposed district coastal management plan. If, after receipt of a written request for extension from the coastal resource district, the **board** [DEPARTMENT] considers an extension proper, the **board** [DEPARTMENT] may grant an extension to a date that is within 54 months after certification of the results of the coastal resource district's organization. A request under this subsection must include the reasons for the extension.

*** Sec. 13.** AS 46.40.060 is repealed and reenacted to read:

Sec. 46.40.060. Review and approval. (a) A coastal resource district shall submit its district coastal management plan for review by the department. The division in the department responsible for coastal and ocean management shall attempt to reach a consensus with a coastal resource district concerning any changes required to comply with the district plan criteria approved by the department and the board.

(b) If a consensus between the division and the coastal resource district is reached, the division shall forward a recommendation to the commissioner, and the

commissioner shall submit the recommendation to the board.

(c) If a consensus between the division and the coastal resource district is not reached, the division shall forward a recommendation to the commissioner with an explanation of the reasons for its recommendation and, if applicable, offer recommended changes to the district coastal management plan that would meet the district plan criteria. The coastal resource district may request that the commissioner reconsider the division's recommendation before the commissioner submits the recommendation to the board.

(d) If, after receiving the commissioner's recommendation, the board finds that the district coastal management plan meets the provisions of this chapter and the district plan criteria adopted by the department, the board may approve the district coastal management plan or may approve portions of the district coastal management plan that meet those requirements.

(e) If the board finds that a district coastal management plan is not approvable or is approvable only in part under (d) of this section, the board shall direct the department to meet with officials of the coastal resource district to resolve differences. If requested by a coastal resource district, the board shall direct that deficiencies in the district coastal management plan submitted by the coastal resource district be resolved through mediation conducted by a neutral third party. During mediation, the board may call for one or more public hearings in the district.

(f) If, after mediation, the differences have not been resolved and mutually agreed to by the coastal resource district and the board, the board shall enter findings and, by order, may require

(1) that the district coastal management plan be amended to satisfy the provisions of this chapter or meet the statewide standards and district plan criteria approved by the board;

(2) that the district coastal management plan be revised to accommodate a use of state concern; or

(3) any other action be taken by the coastal resource district, as appropriate.

(g) An order of the board entered under (f) of this section is a final

administrative order that the coastal resource district may appeal to the superior court under AS 44.62 (Administrative Procedure Act). The attorney general, at the request of the board, may file an action in superior court to enforce an order issued under (f) of this section.

* **Sec. 14.** AS 46.40.070 is repealed and reenacted to read:

Sec. 46.40.070. Requirements for board review and approval. (a) The board shall approve a district coastal management plan submitted for review and approval if the

(1) district coastal management plan meets the requirements of this chapter and the district plan criteria adopted by the department; and

(2) enforceable policies of the district coastal management plan

(A) do not duplicate, restate, or incorporate by reference state or federal statutes or regulations;

(B) are not preempted by federal or state law; and

(C) do not arbitrarily or unreasonably restrict a use of state concern.

(b) In (a)(2)(B) of this section, an enforceable policy of the district coastal management plan is preempted by

(1) federal statutes or regulations when the United States Congress expressly declares that local law or regulation is preempted if the United States Congress demonstrates the intent to occupy the field exclusively or if there is an actual conflict between federal and local law or regulation;

(2) state law if it is prohibited by express legislative direction or direct conflict with a state statute or regulation, or where a local law or regulation substantially interferes with the effective functioning of a state statute or regulation or the underlying purposes of a state statute or regulation.

* **Sec. 15.** AS 46.40.096(a) is amended to read:

(a) The department shall, by regulation **approved by the board**, establish a consistency review and determination process that conforms to the requirements of this section.

* **Sec. 16.** AS 46.40.096(d) is amended to read:

(d) In preparing a consistency review and determination for a proposed project, the reviewing entity shall

(1) request consistency review comments for the proposed project from state resource agencies, affected coastal resource districts, and other interested parties as determined by regulation adopted by the department;

(2) prepare proposed consistency determinations;

(3) coordinate **elevations** [SUBSEQUENT REVIEWS] of proposed consistency determinations prepared under (2) of this subsection; **an elevation** [A SUBSEQUENT REVIEW] of a proposed consistency determination under this paragraph

(A) is limited to a review by **state resource agencies** [THE DEPARTMENT];

(B) may occur only if requested by

(i) the project applicant;

(ii) a state resource agency; or

(iii) an affected coastal resource district; and

(C) shall be completed by the **resource agencies** [DEPARTMENT] within 45 days after the initial request for subsequent review under this paragraph;

(4) render the final consistency determination and certification.

*** Sec. 17.** AS 46.40.096(g) is amended to read:

(g) The reviewing entity shall exclude from the consistency review and determination process for a project

(1) **an aspect of** an activity that

[(A)] is **specifically** authorized under a general or nationwide permit that has previously been determined to be consistent with the Alaska coastal management program; [OR

(B) IS SUBJECT TO AUTHORIZATION BY THE DEPARTMENT OF ENVIRONMENTAL CONSERVATION UNDER THE REQUIREMENTS DESCRIBED IN AS 46.40.040(b);]

(2) activities excluded from a consistency review under AS 41.17; and

(3) the issuance of an authorization or permit issued by the Alaska Oil and Gas Conservation Commission.

*** Sec. 18.** AS 46.40.096(k) is amended to read:

(k) Except as provided in (g) of this section, AS 41.17, [AS 46.40.040(b),] and AS 46.40.094, the scope of a consistency review of a project, once triggered under (j) of this section, is limited to activities that are located within the areas described in (*l*) of this section and that either are subject to a state resource agency permit, lease, authorization, approval, or certification or are the subject of a coastal resource district enforceable policy approved by the **board** [DEPARTMENT] under this chapter. The scope of a consistency review subject to 16 U.S.C. 1456 is determined under 16 U.S.C. 1456 and 15 C.F.R. Part 930.

*** Sec. 19.** AS 46.40.096(*l*) is amended to read:

(*l*) The regulations adopted under (a) of this section apply, as authorized by 16 U.S.C. 1456(c), to

(1) activities within the coastal zone; and

(2) activities on federal land, including the federal outer continental shelf, that would affect any land or water use or natural resource of the state's coastal zone; for purposes of this paragraph, those activities consist of any activity on the federal outer continental shelf**, including seismic survey activity,** and any activity on federal land that are within the geographic boundaries of the state's coastal zone notwithstanding the exclusion of federal land in 16 U.S.C. 1453(1).

*** Sec. 20.** AS 46.40.096(m) is amended to read:

(m) As part of the regulations adopted under (a) of this section, the department shall establish a list of permits, certifications, leases, approvals, and authorizations issued by a state resource or federal agency that will trigger a consistency review under (j) of this section. In addition, the department shall establish in regulation categories and descriptions of uses and activities that, for purposes of evaluating consistency with the Alaska coastal management program, are determined to be categorically consistent or generally consistent after the inclusion of standard alternative measures. These categories of uses and activities must be as broad as possible so as to minimize the number of **routine** projects that must undergo an

individualized consistency review under this section.

* **Sec. 21.** AS 46.40.096(o) is amended to read:

(o) The time limitations in (n) of this section

(1) do not apply to a consistency review involving

(A) the disposal of an interest in state land or resources**;**

(B) an activity proposed by a federal agency; or

(C) an activity permitted by a federal agency;

(2) are suspended

(A) from the time **a review schedule is modified in response to** [THE REVIEWING ENTITY DETERMINES THAT THE APPLICANT HAS NOT ADEQUATELY RESPONDED IN WRITING WITHIN 14 DAYS AFTER THE RECEIPT OF] a written request from the reviewing entity for additional information, until the time the reviewing entity determines that the applicant has provided an adequate written response;

(B) during a period of time requested by the applicant;

(C) during the period of time a consistency review is undergoing a subsequent review under (d)(3) of this section**;**

(D) for 30 days if requested by an affected coastal resource district exercising authority under AS 29 to accommodate the adjudication process of an authorization issued by a coastal resource district pending the results of the adjudication.

* **Sec. 22.** AS 46.40.096(q)(1) is amended to read:

(1) "affected coastal resource district" means a coastal resource district **with a publicly reviewed draft or approved plan** in which a project is proposed to be located or **that** [WHICH] may experience a direct and significant impact from a proposed project;

* **Sec. 23.** AS 46.40.096 is amended by adding new subsections to read:

(r) Notwithstanding any provision of this section, for federal agency activities defined in 15 C.F.R. 930.31, including Outer Continental Shelf lease sales and development projects, the department shall conduct a full consistency review and provide its consistency response with respect to proposed uses or activities involved in

the project regardless of whether an earlier consistency review for a similar project has been completed.

(s) Regulations adopted by the department under this section may not require that a draft permit be prepared before the initiation of the consistency review.

*** Sec. 24.** AS 46.40.100(b) is amended to read:

(b) A party that is authorized under (g) of this section may file a petition showing that a district coastal management plan is not being implemented. A petition filed under this subsection may not seek review of a proposed or final consistency determination regarding a specific project. On receipt of a petition, the **board** [DEPARTMENT], after giving public notice in the manner required by (f) of this section, shall convene a hearing to consider the matter. A hearing called under this subsection shall be held in accordance with regulations adopted under this chapter. After **the** hearing, the **board** [DEPARTMENT] may order that the coastal resource district or a state resource agency take any action with respect to future implementation of the district coastal management plan that the **board** [DEPARTMENT] considers necessary, except that the **board** [DEPARTMENT] may not order that the coastal resource district or a state agency take any action with respect to a proposed or final consistency determination that has been issued.

*** Sec. 25.** AS 46.40.100(c) is amended to read:

(c) In determining whether an approved district coastal management plan is being implemented by a coastal resource district that exercises zoning authority or controls on the use of resources within the coastal area or by a state resource agency, the **board** [DEPARTMENT] shall find in favor of the district or the state resource agency, unless the **board** [DEPARTMENT] finds a pattern of nonimplementation.

*** Sec. 26.** AS 46.40.100(e) is amended to read:

(e) The superior courts of the state have jurisdiction to enforce lawful orders of the **board and the** department under this chapter.

*** Sec. 27.** AS 46.40.100(f) is amended to read:

(f) Upon receipt of a petition under (b) of this section, the **board** [DEPARTMENT] shall give notice of the hearing at least 10 days before the scheduled date of the hearing. The notice must

(1) contain sufficient information in commonly understood terms to inform the public of the nature of the petition; and

(2) indicate the manner in which the public may comment on the petition.

* **Sec. 28.** AS 46.40.100(h) is amended to read:

(h) If the **board** [DEPARTMENT] finds a pattern of nonimplementation under (c) of this section, the **board** [DEPARTMENT] may order a coastal resource district or a state resource agency to take action with respect to future implementation of the district coastal management plan that the **board** [DEPARTMENT] considers necessary to implement the district coastal management plan. The **board's** [DEPARTMENT'S] determination under (c) of this section and any order issued under this subsection shall be considered a final administrative order for purposes of judicial review under AS 44.62.560.

* **Sec. 29.** AS 46.40.180(b) is amended to read:

(b) If a city or village within a coastal resource service area fails to approve a portion of the district coastal management plan prepared and submitted for approval under (a) of this section, the governing body shall advise the coastal resource service area board of its objections to the proposed plan and suggest alternative elements or components for inclusion in the district coastal management plan. New matter submitted by a city or village that meets the [STATEWIDE STANDARDS AND] district plan criteria adopted under this chapter **may** [SHALL] be accepted **by the district** and the district coastal management plan modified accordingly. If a city or village fails to provide objections and suggested alternatives within the time limits established in this section, the coastal resource service area board may adopt the district coastal management plan as initially offered.

* **Sec. 30.** AS 46.40.190(b) is amended to read:

(b) This chapter does not restrict or prohibit cooperative or joint administration of functions between a municipality and a coastal resource service area organized under the provisions of this chapter upon initiation of a mutual agreement for the purpose. [A CITY THAT ELECTS TO BE EXCLUDED FROM AN ADJACENT COASTAL RESOURCE SERVICE AREA UNDER (a) OF THIS

SECTION SHALL ENTER INTO A MUTUAL AGREEMENT FOR COOPERATIVE OR JOINT ADMINISTRATION OF FUNCTIONS WITH THE COASTAL RESOURCE SERVICE AREA BOARD FROM THE ADJACENT COASTAL RESOURCE SERVICE AREA.]

* **Sec. 31.** AS 46.40.210(2) is amended to read:

(2) "coastal resource district" means each of the following that contains a portion of the coastal area of the state:

(A) unified municipalities;

(B) organized boroughs of any class that exercise planning and zoning authority;

(C) home rule and first class cities of the unorganized borough [OR WITHIN BOROUGHS THAT DO NOT EXERCISE PLANNING AND ZONING AUTHORITY];

(D) second class cities of the unorganized borough [, OR WITHIN BOROUGHS THAT DO NOT EXERCISE PLANNING AND ZONING AUTHORITY,] that have established a planning commission, and that, in the opinion of the commissioner of commerce, community, and economic development, have the capability of preparing and implementing a comprehensive district coastal management plan under AS 46.40.030;

(E) coastal resource service areas established and organized under AS 29.03.020 and AS 46.40.110 - 46.40.180;

* **Sec. 32.** AS 46.40.210(4) is amended to read:

(4) "coastal zone" means the coastal water including land within and under that water, and adjacent shoreland, including the water within and under that shoreland, within the boundaries approved by the former Alaska Coastal Policy Council and by the United States Secretary of Commerce under 16 U.S.C. 1451 - 1465 (Coastal Zone Management Act of 1972, as amended); "coastal zone" includes areas added as a result of any boundary changes approved by the **board** [DEPARTMENT] and by the United States Secretary of Commerce under 16 U.S.C. 1451 - 1465; "coastal zone" does not include

(A) those lands excluded under 16 U.S.C. 1453(1); or

(B) areas deleted as a result of any boundary changes by the **board** [DEPARTMENT] in conformance with 16 U.S.C. 1451 - 1465;

* **Sec. 33.** AS 46.40.210(7) is amended to read:

(7) "district coastal management plan" means a plan developed by a coastal resource district, including enforceable policies of that plan, setting out policies and standards to guide public and private uses of land and water within that district and approved by the **board** [DEPARTMENT] as meeting the requirements of this chapter and the regulations adopted under this chapter;

* **Sec. 34.** AS 46.40.210(8) is amended to read:

(8) "enforceable policy" means a policy established by this chapter or approved by the **board** [DEPARTMENT] as a legally binding policy of the Alaska coastal management program applicable to public and private activities;

* **Sec. 35.** AS 46.40.210(9) is amended to read:

(9) "project" means all activities that will be part of a proposed development **and includes all federal agency activities as defined in 15 C.F.R. 930.31, including lease sales and development projects affecting a coastal use or resource, and proposed rules that alter uses of the coastal zone**;

* **Sec. 36.** AS 46.40.210 is amended by adding a new paragraph to read:

(13) "board" has the meaning given in AS 46.39.900;

* **Sec. 37.** AS 46.40.040(b), 46.40.040(c), 46.40.050(a), 46.40.096(i), and 46.40.205 are repealed.

* **Sec. 38.** Sections 1 - 13 and 18, ch. 31, SLA 2005, are repealed.

* **Sec. 39.** Section 22, ch. 31, SLA 2005, is repealed.

ALASKA MINERS ASSOCIATION, INC.

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April 14, 2010

Honorable Bert Stedman
Honorable Lyman Hoffman
Senate Resources Committee
Capitol Building
Juneau, AK 99801

Re: SB-4, Alaska Coastal Zone Management

Dear Senator Stedman and Senator Hoffman,

We have reviewed CSSB-4(FIN) Version S which proposes major changes to the Alaska Coastal Zone Management Program. The Finance CS makes some changes to SB-4 but the bill still contains other concerns that must be addressed before we can support it.

At the hearing on this bill yesterday you asked for specific concerns that we have with CSSB-4(FIN) Version S and these follow.

The Legislative Budget & Audit review of the program that is scheduled for this year should be allowed to proceed as directed in past legislation.

Section 1. Eliminate the Coastal Policy Board. The actions and attempted actions of this board have been a source of controversy for the ACMP. We are not aware of other states that have this type of board and there is no need for it in Alaska. In other states, and in Anchorage, the ACMP is incorporated into the municipal ordinances. All coastal municipalities could do the same. Eliminating the Board would correct many of the problems with the bill and would alleviate many of the concerns of both the State and industry. This board in not in the current program and should not be added.

If the Coastal Policy Board is not eliminated, it will be necessary to Balance the Board. The board should be balanced to have 1/3 from agencies, 1/3 from the districts and 1/3 from the regulated community. If there is a board, it is essential that the regulated community have a voice on the board. Without including the regulated community, this group that can create new jobs and economy for the state will not have the input necessary.

Section 2. Do not expand the items requiring consistency determination. Remove the phrase "from the department or" that was added by SB-4. This phrase would increase the number of permits, leases and authorizations that would require consistency determinations. The workload of each office in DNR, including DCOM, would be increased.

4-13-10

STATE OF ALASKA

SEAN PARNELL
GOVERNOR

DEPARTMENT OF NATURAL RESOURCES
DIVISON OF COASTAL AND OCEAN MANAGEMENT
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April 13, 2010

The Honorable Senator Lyman Hoffman
Alaska State Senate
Senate Finance Committee
State Capitol
Juneau, Alaska 99801-1182

RE: The Alaska Coastal Management Program

Dear Senator Hoffman:

Thank you for your request that the Department of Natural Resources (DNR) respond to the identified issues associated with the changes proposed in Senate Bill 4 (SB 4) as they relate to the Alaska Coastal Management Program. Your request for a response was shared during the March 30, 2010 Senate Finance Committee hearing on Senate Bill 4 (SB 4) addressing the ACMP.

Attached to this letter is written testimony submitted on behalf of three departments – Law, Environmental Conservation, and Natural Resources. This written testimony highlights general concerns and issues with the committee substitute for SB 4. Although I recognize your desire to affect change to the ACMP through statutory revisions, the proposed changes within SB 4 will not help resolve concerns between local coastal districts, project proponents, and the State agencies, and as such DNR is unable to recommend specific changes to SB 4 that would achieve the balance needed to successfully implement the ACMP.

It is also important to note and recognize that, under AS 44.66.020, the ACMP is listed as a program subject to termination in 2011. Although the Legislative Budget and Audit Committee did not designate the ACMP for termination (AS 44.66.030), the continuation of the ACMP is subject to hearings in front of a committee of each house next year (AS 44.66.050). Pursuant to AS 44.66.050(b), and within the context of the committee hearing, it is the responsibility of the department to demonstrate a public need for the existence of the ACMP, and whether there are any changes that would increase the efficiency of administration or operation consistent with the public interest. At that time, it would be appropriate to discuss whether the department recommends statutory changes that would generally benefit the public interest. As well, under AS 44.66.050(e), and based on the hearings and committee findings and summary, the committee may introduce a bill providing for the reorganization or continuation of the ACMP. Given the existing ACMP review and evaluation process already established in statute and scheduled for next year, it would seem imprudent to pass

SB 4 this year affecting significant change to the ACMP before the legislatively designated committee process described in AS 44.66 has run its course.

If you have any additional questions, please do not hesitate to contact me.

Sincerely,

Randy Bates
Director

cc: Senate Finance Committee Members
Tom Irwin, Marty Rutherford, Dick Lefebvre, DNR
Larry Hartig, Dan Easton, DEC
Daniel Sullivan, DOL
Jerry Gallagher, Heather Brakes, Office of the Governor

CS Sentate Bill 4 (26-LS0019\R)
Senate Finance Committee

Department of Natural Resources Testimony

The Department of Natural Resources (department) has serious and substantive concerns with the Committee Substitute (CS) for Senate Bill (SB) 4:

1. It creates a new oversight body, the Coastal Policy Board, and vests that body with the ability to approve enforceable policies that would override agency authority, effectively trumping the legislative establishment of laws relative to resource management and protection.

2. It would allow enforceable policies to be more restrictive, more stringent, and more prescriptive than existing state and federal laws by allowing the Coastal Policy Board to modify the standards and authority of the resource agencies, but without the science that may be required by State or federal law, and without the requirement that the district demonstrate the ability to enforce the chosen requirement.

3. It allows enforceable policies to address issues not otherwise addressed in resource agency authorities, including those issues the legislative body specifically chose not to address.

4. This bill changes the structure of the ACMP from one of local input to one of local control – it authorizes broad authority for coastal district enforceable policies to address and decide upon resource development projects.

5. It is a bill specific to the issues of one group of ACMP participants, but is not a bill that balances or represents the interests of other ACMP participants and stakeholders.

The department recognizes that there are significant differences of opinion on how much influence and input coastal districts have or should have regarding resource development and permitting decisions. The department believes that the voice, input, perspective, and influence of rural Alaska and the coastal communities are critical to our function and success as a department and a state – the ACMP is one of many programs that considers that voice, input, and perspective. We value that input, but do not believe that the input the State solicits should allow a coastal district to control, dictate, or otherwise replace the State's decision-making process on those issues that are so important to the State and its collective residents.

The following are proposed coastal district enforceable policies that could be approved by the Coastal Policy Board if SB 4 were to be enacted:

- "Subsistence is a priority over all other proposed activities"
- "No disturbance or take from the lead group of caribou during the annual migration"
- "No drill operations if there is any chance of an oil spill"
- "No net loss of habitat from proposed activities"

Within the context of a consistency review of a project, these enforceable policies are applied to the proposed project to determine compliance. If the reviewing entity – either the state or the coastal district – determines that the project does not comply with the enforceable policy, the project may be denied and NO State or federal permits may be issued for that project.

By allowing the coastal district to write an enforceable policy establishing the locally important issue as a priority to the exclusion of activities that may be in the best interest of the state, this bill would change the structure of the ACMP and would significantly change the authority and control a coastal district has over resource development projects that are important to the state and its collective residents.

In addition to the establishment of the Coastal Policy Board and the expansion of coastal district enforceable policies, the department has significant concerns with the following aspects of the CS for SB 4:

- Section 19 – expanding the inland reach of the ACMP and listing seismic surveys within the statute.
- Section 21 – amending certain timing requirements for conducting consistency reviews.
- Section 22 and 35 – amending certain definitions.
- Section 23 – requiring the duplication of consistency reviews after a final consistency determination has been issued for a given project.

The department also recognizes that other state departments have presented important testimony and significant concerns regarding the CS for SB 4.

It is important to recognize that the department's goal is to implement a coastal program that provides opportunity for important local input, that is streamlined and minimizes the administrative burden associated with a networked program, that is predictable in its requirements, that is meaningful to the participants, and that is appropriate and balanced in managing the coastal uses and resources of the coastal zone.

From the department's perspective, the CS for SB 4 does not accomplish these goals.

Thank you for the opportunity to provide this written testimony, and to present the department's perspective on this legislation.

Testimony of
Alaska Department of Environmental Conservation
Senate Bill 4
Senate Finance Committee
March 2010

SB 4 eliminates provisions referred to as the "DEC carve-out." In so doing, it raises serious concerns.

Background on the "DEC Carve-Out."

The DEC carve out is comprised of two provisions. The first is that the process DEC uses to develop and issue environmental permits is excluded from the Alaska Coastal Management Program consistency review and determination process. DEC permits are developed using the specific procedures set out in the permitting programs with their own timeframes, requirements for public notice and comment, rules regarding production of preliminary drafts, and requirements for collection of baseline data and appeal procedures.

The second provision of the DEC carve out is that environmental standard setting -- whether for water quality standards, ambient air quality standards, spill response planning standards, or standards for managing solid wastes – is reserved to the state. Moreover, issuance of a state environmental permit is sufficient to establish consistency with ACMP standards. Under current statutes, coastal districts may not develop their own standards.

Effects of SB 4.

With respect to the first provision, eliminating the DEC carve-out would mean that development of state permits would fall under ACMP procedures. This situation has occurred in the past and resulted in conflicts between environmental permit and ACMP procedures and presented significant problems with prescribed timeframes, duplicative appeal processes, and different rules for public notice and comment. DEC's permitting procedures are often circumscribed by federal law and cannot be modified without running afoul of federal program rules.

With respect to the other DEC carve-out provision, SB 4 allows the coastal districts to develop environmental standards as enforceable policies as long as they are more stringent than state standards. The state would no longer be the sole environmental standard-setting authority and standards may vary from one district to the next.

We note that the DEC standard setting process is exhaustive. State standards must often comply with federal guidance which, in turn, reflects extensive

compilation and rigorous peer-reviewed analysis of scientific data from around the nation and world. Development or amendment of a single standard is a long and careful process and can take years. State air and water standards must comply with federal law and are subject to approval of the U.S. Environmental Protection Agency after consultation with the U.S. Fish and Wildlife Service, National Marine Fisheries Service and Tribes. Good standards are protective of human health and resources without being overly-protective and needlessly burdensome on permittees whether for municipal sewage treatment plants or resource development industries. State standards are promulgated as regulations with the accompanying public process and right to appeal. Standards established by coastal districts, even while subject to coastal policy board approval would not be subject to the same level of effort and scrutiny as state water and air quality standards.

SEAN PARNELL, GOVERNOR

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

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March 30, 2010

The Honorable Lyman Hoffman
State Capital, Room 518
Juneau, AK 99801

The Honorable Bert Stedman
State Capital, Room 516
Juneau, AK 99801

Dear Senator Hoffman and Senator Stedman:

This letter describes the legal issues raised by Committee Substitute for Senate Bill 4, relating to the Alaska Coastal Management Program (ACMP).

A. Appointment of Coastal Policy Board Members

Section 1 of the bill states that the public members of the Coastal Policy Board would be appointed by the Governor. The board would be made up of nine members. Five members would be from the coastal districts divided by geographic area, and would be referred to as "public members." These public members would be appointed by the Governor from a list composed of at least three names from each coastal region. These names would be nominated and submitted by the coastal districts of each region. Such a list limits the Governor's appointment powers, and that limitation may create constitutional problems.

B. Board Approval of ACMP Regulations

Section 3 states that the Department of Natural Resources may adopt regulations approved by the Coastal Policy Board. The board would be made up of nine members, five of which are mentioned in Section A of this letter. The four remaining members, referred to as "designated members," would be from state personnel: the Commissioners of the Department of Environmental Conservation, Department of Fish and Game, Department of Natural Resources, and Department of Commerce, Community, and Economic Development. A quorum of three public members and two designated members would be required before a vote could be taken. All decisions of the board would be by a majority vote of the members present and voting.

The board would be responsible for approving ACMP regulations and for approving coastal district plans. As such, the board would also be responsible for approving the enforceable policies developed by coastal districts. This is a significant amount of work. Practically speaking. it may be very difficult for the board to assemble a quorum and to pass a vote (only a majority vote would pass; a tie would not) to accomplish the tasks assigned to the board by the bill. The Department of Law advises against requiring a board to approve regulations for these reasons.

C. Negotiations with Federal Authorities

Section 11 permits the Coastal Policy Board to develop procedures and guidelines for the consultation and coordination with federal agencies managing land or conducting activities potentially affecting the coastal area of the state. Negotiations with the federal government should not be conducted by the board; they should be conducted by the state. It is possible this provision would infringe on the Governor's executive powers and that these direct negotiations may be problematic from the standpoint of developing consistent state policies. This provision could be eliminated from Section 11 without otherwise undermining the purpose of the bill.

D. Standards for District Plan Review and Approval

Section 13 addresses district plan review and approval. It provides that once a plan is submitted to the Department of Natural Resources for review, the department must attempt to reach a "consensus" with the district concerning any changes to the plan. It is not clear what is meant by "consensus." Does this mean there must be full agreement? Or partial agreement? Or something in between? It would be helpful for this term to be defined by the legislature.

E. Lack of Language Providing for Transition Between the Current and Proposed Systems

The bill lacks transition language that would allow existing district plans and regulations to remain in effect while the Coastal Policy Board and the Department of Natural Resources work together to approve new district plans and create new regulations consistent with this bill. If existing district plans and regulations do not remain in effect, it is unclear how consistency reviews, of which there are hundreds, if not thousands, every year, would be conducted.

The bill also lacks transition language stating that the Department of Natural Resources must apply for federal approval of a revised ACMP and that the

bill would take effect only if federal approval is obtained. Prior to this bill becoming effective, federal approval must be obtained by the National Oceanic and Atmospheric Administration's Office of Ocean and Coastal Resource Management. These problems can easily be fixed by adding transition language, which the Department of Law could provide and/or help draft.

I hope that this legal summary is helpful. If I can provide additional information, please let me know.

Sincerely,

DANIEL S. SULLIVAN
ATTORNEY GENERAL

By:
Lindsay A. Wolter
Assistant Attorney General

cc: Senator Donald Olson
Jerry Gallagher, Governor's Legislative Liason
Deborah Behr, DOL
Mike Ford, DOL
Craig Tillery, DOL
Randall Bates, DNR

BY TOPIC

4-13-10
Jim Benintendi

SB 4 Alaska Coastal Management Program
Explanation of Proposed Changes to SB 4
April 11, 2010

Topic	Sec.	Changes in Proposed CS for SB 4
Board	1	**Change:** Allow Governor to appoint pubic members from each region <u>without nominations</u> from coastal districts. **Purpose:** This change would address concerns that districts have too much power in deciding who will be on board.
	4	**Change:** Remove provision for board consultation with federal agencies. **Purpose:** This change addresses concerns raised about board powers.
	4,10	**Change:** Address inconsistencies in bill regarding board's role in regulations. Clarify that the <u>board only approves regulations</u> proposed by DNR. **Purpose:** This change would fix problems identified by Legislative Legal that there are conflicting provisions regarding the board's role in approving regulations.
Inland of Coastal Zone	19	**Change:** Eliminate proposed change in AS 46.40.096(l)(1) that would allow ACMP reviews inland of the coastal zone. **Purpose**: This compromise responds to concerns raised by industry.
Enforceable Policies	14	**Change:** These changes adopt language in CSHB74(CRA) including a clarification that policies cannot conflict with state statutes or regulations. **Purpose:** While current language in SB 4 prohibits duplication of state or federal law, this addition would clarify the policies cannot conflict with state or federal laws.
	9	**Change:** These changes adopt language from CSHB74(CRA) by removing "prescriptive or performance based" from AS 46.40.030(b)(1) and removing "contemporary or traditional" from AS 46.40.030(b)(2). **Purpose:** This change responds to concerns raised by industry.
	11(e)	**Change:** Add a new subsection making it clear that the district plan criteria in regulations cannot require designation of areas as a precondition for the establishment of coastal district enforceable policies. **Purpose:** These requirements have been costly to coastal districts, have resulted in significant delays during some project reviews and added no benefits (This change would implement a provision in the DNR December 2008 draft regulations that would eliminate requirements for designated areas).
DEC Carve-Out	23(s)	**Change:** Add a new subsection AS 46.40.096(s) clarifying draft permits are not required to initiate an ACMP review, but permit applications would be required. **Purpose:** This change addresses a concern raised by AOGA about project delays by delaying start up of some ACMP reviews.

Special Management Areas	9, 10, 36, 37	**Change**: Delete new term "special management area" and return to existing statutory language "areas that merit special attention." Section 36 removes new definition, and section 37 deletes repeal of the existing definition. **Purpose**: This new term, included in DNR's December 2008 draft legislation, has been misinterpreted as adding a new requirement. Deleting the new term eliminates unnecessary confusion.
OCS	19	**Change:** Remove proposed words "and water" from AS 46.40.096(l). **Purpose:** This change removes unnecessary confusion and responds to concerns raised by industry. The addition of the words "and water" resulted in a misunderstanding that this bill would add a new provision to allow review of projects in the OCS. The ACMP has always allowed review of OCS projects.
Proposed Rules	35	**Change:** Language added to definition of "project" to allow review of proposed federal rules (regulations). **Purpose:** This addition allows the state to take advantage of a provision in the federal coastal zone management law to allow review of proposed rules that alter uses of the coastal zone (e.g., ESA regulations about endangered species)
Cooperative Administration	31	**Change:** Removes proposed changes to subsection AS 46.40.190(a) regarding cooperative administration. **Purpose:** The change incorporates an amendment to HB 174 that responds to a concern raised by a coastal district.
Repeal of ACMP	38, 39	**Change:** New sections repeal provisions in Ch. 31, SLA 2005 that repealed the coastal management program in 2011. **Purpose:** These new sections will avoid unnecessary action during the 2011 legislative session.

Replaced

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: **SB004**
() Publish Date:

Identifier (file name): **SB004-DNR-DCOM-03-25-10**
Dept. Affected: Natural Resources
Title: An Act relating to the Alaska Coastal Management Program.
RDU: Resource Development
Component: Coastal and Ocean Management
Sponsor: Sen. Olson
Requester: Senate Finance Committee
Component Number: 2680

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Travel	82.0	0.0	82.0	82.0	82.0	82.0	82.0
Contractual	80.0	0.0	30.0	30.0	30.0	30.0	30.0
Supplies	3.0	0.0	3.0	3.0	3.0	3.0	3.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	**165.0**	**0.0**	**115.0**	**115.0**	**115.0**	**115.0**	**115.0**
CAPITAL EXPENDITURES	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CHANGE IN REVENUES ( )	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	165.0	0.0	115.0	115.0	115.0	115.0	115.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Interagency Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	**165.0**	**0.0**	**115.0**	**115.0**	**115.0**	**115.0**	**115.0**

Estimate of any current year (FY2009) cost: 0.0

POSITIONS

Full-time	0	0	0	0	0	0	0
Part-time	0	0	0	0	0	0	0
Temporary	0	0	0	0	0	0	0

ANALYSIS: *(Attach a separate page if necessary)*

SB 4 will have the following fiscal impact:

1. Travel - It is expected that the Coastal Policy Board (CPB) will need to meet at least four times annually to fulfill the obligations and provide the services outlined in HB 74. Travel (including air, hotel, and per diem) for appointed members, designated members, and state agency staff is included.
2. Contractual - In order to re-write the guiding regulations, DNR must secure contractual services for the promulgation and final Department of Law review of the regulations (FY 2010 only). In addition, contractual services for the CPB meetings must be procured, and will be an annual expense.
3. Supplies - The CPB meetings will require some level of supplies for ensuring the members have proper materials.

Prepared by: Randy Bates, Director — Phone 465-8797
Division: Coastal and Ocean Management — Date/Time March 25, 2010
Approved by: Tom Irwin, Commissioner — Date March 25, 2010
Natural Resources

(Revised 9/10/2008 OMB)

ANALYSIS CONTINUATION

4. Although not contemplated above as an additional expense, it is expected that coastal districts will choose to revise, amend, and seek approval for their coastal district plans. No funding is included in this fiscal note for Coastal District Plan revisions. DNR does not typically set aside any funding for plan revisions.

SB 4: Coastal Zone Management

Comparison of Pre-2003 ACMP with Current Provisions and Proposed Changes

April 11, 2010

Topic	Pre-2003	Current Provisions	Proposed CS for SB 4
Location of Agency	Governor's Office	DNR	DNR
Board	17-member state-district board provided broad oversight of the ACMP, including project reviews.	DNR commissioner responsible for all ACMP decisions with no checks and balances.	9-member state-district board with limited authority to approve district plans, grant programs and program changes. Governor appoints all members without nominations. DNR responsible for project reviews.
Enforceable policies • General limitations	District programs must: • Not violate a state law or policy, • Adhere to adopted guidelines and standards, • Not unreasonably restrict a use of state concern.	DNR's regulations more stringent than the legislative intent. Statutes require that policies must: • Not duplicate state/federal laws, • Be prescriptive, • Only deal with matters not adequately addressed by laws, • Not unreasonably restrict a use of state concern.	Policies would be allowed to address impacts to any coastal resource or use if they do not: • Duplicate state/federal laws, • Address a matter preempted by state or federal law, • Conflict with state law, • Unreasonably restrict a use of state concern.
• Limitation of policies to certain statewide standards and designated areas	Designated areas not required. Impacts to coastal resources and uses on federal lands and waters were considered.	Policies limited to certain statewide standards and designated areas. Impacts to coastal resources and uses on federal lands cannot be considered. States' rights to review impacts are restricted.	Regulations would not be able to restrict policies to certain statewide standards or designated areas. Eliminating requirements for designated areas allows consideration of impacts to coastal resources & uses.
• State/federal authority	Potential for districts and agencies to have conflicting requirements.	Districts cannot override state, federal or legislative authority.	Districts cannot override state, federal or legislative authority.
Citizen Appeals	Allowed citizen lawsuits (pre-2003) and petitions (pre-2002).	Citizen lawsuits and petitions not allowed.	Citizen lawsuits and petitions not allowed.
Special Management Areas	Districts may establish "areas that merit special attention."	Districts may establish "special management areas."	Districts may establish "areas that merit special attention."
Repeal of ACMP	No provision for repeal	ACMP will be repealed July 2011.	No provision for automatic repeal.

Topic	Pre-2003	Current Provisions	Proposed CS for SB 4
Plan Amendments	No requirement to resubmit plans every 10 years.	Districts must resubmit plans every 10 years.	Districts may retain current plans. No 10-year requirement to submit plan.
DEC Participation	DEC participated in ACMP reviews, but some district policies addressed matters regulated by DEC. Some projects delayed because of a requirement for issuance of draft permits before start up of review.	Legislative intent not being implemented: DEC seldom participates in ACMP reviews, and DNR does not allow any air or water quality matters to be addressed during an ACMP review, even for matters not regulated by DEC.	DEC's permits would be included in the ACMP review, but DEC would have final say on matters it regulates. A new provision clarifies draft permits cannot be required before review start up.
Review Timelines	No 90-day limit. Projects with federal permits subject to 3-month and 6-month deadlines. Almost all reviews completed in 30-60 days.	Most reviews must be completed within 90-days regardless of whether there is adequate information to make the decision.	Projects with federal permits would be exempted from 90-day limit. Federal law requires notification why there is a delay at 3 months, and review must be completed in 6 months.
Inland Projects	Projects inland of the coastal zone reviewed only if direct and significant coastal impacts to coastal resources or uses.	Projects inland of the coastal zone cannot be reviewed for consistency with the ACMP.	Projects inland of the coastal zone cannot be reviewed for consistency with the ACMP.
	Federally-initiated activities inland of coastal zone reviewed only if there are coastal effects.	Federally-initiated activities inland of coastal zone reviewed only if there are coastal effects.	Federally-initiated activities inland of coastal zone reviewed only if there are coastal effects.
Outer Continental Shelf (OCS)	Activities in the OCS may be reviewed for consistency with the ACMP.	Activities in the OCS may be reviewed for consistency with the ACMP.	Activities in the OCS may be reviewed for consistency with the ACMP.
Activities on federal land & waters	Ability to influence activities that affect coastal resources and uses on federal lands & waters.	Impacts to certain resources & uses cannot be considered due to designated area requirements.	Ability to influence activities that affect coastal resources and uses on federal lands and waters.
Elevations (pre-decision appeals)	DEC, ADFG & DNR made decision by consensus.	DNR commissioner has sole authority to make decision.	DEC, ADFG & DNR decide review participant appeals by consensus.
Proposed Rules	Proposed federal regulations cannot be reviewed for consistency with the ACMP.	Proposed federal regulations cannot be reviewed for consistency with the ACMP.	Proposed federal regulations (e.g., ESA listings) can be reviewed for consistency with the ACMP.

SB 4: Coastal Zone Management

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April 11, 2010

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Proposed Rules	Proposed federal regulations cannot be reviewed for consistency with the ACMP.	Proposed federal regulations cannot be reviewed for consistency with the ACMP.	Proposed federal regulations (e.g., ESA listings) can be reviewed for consistency with the ACMP.

Alaska Oil and Gas Association

AOGA

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Marilyn Crockett, Executive Director

March 30, 2010

To the Members of the Senate Finance Committee:

We are writing today to express our strong opposition to and grave concerns with SB 4. During this session, many legislators have expressed a desire to create a better environment for investment in Alaska. Make no mistake, AOGA's members believe that passage of SB 4 would achieve the exact opposite.

If passed, this legislation will have a chilling and negative impact on the oil and gas industry statewide, stifling exploration and development in the Cook Inlet and on the North Slope. We believe offshore exploration and future development would be stopped dead in its tracks. If passed, SB 4 will significantly reduce potential production, and could cost the state significant revenue, billions of dollars in needed industry investment and consequently thousands of jobs.

Because virtually all operations of the members of AOGA take place within, or adjacent to, Alaska's coastal zone, we have been actively engaged in development and implementation of provisions of the Alaska Coastal Management Act (ACMA) and the subsequent Alaska Coastal Management Program (ACMP) since the program's inception in 1977.

AOGA also has long been an advocate of and contributor to sound legislation and regulations which balance resource development with environmental protection. AOGA input to achieve these goals has included support of a timely, smooth functioning and predictable State permitting regime. Prior to the 2003 reforms, experience with the former ACMP demonstrated that it had become a complex, duplicative program with uncertain standards and open-ended review periods, creating an unworkable permitting process. We strongly supported the legislative initiative in 2003 which made major reforms to the ACMP that resulted in significant improvements in Alaska's permitting system.

Unfortunately, SB 4 not only eliminates all those permit streamlining reforms of 2003 but creates, if passed, a permitting regime that is again unpredictable and unworkable. We cannot overemphasize our concern that the impacts of SB 4 to responsible development in Alaska will be chilling; this legislation will be perceived as sending strong signals that Alaska is not open for business. This is at a time of declining oil production and the need to get a gas pipeline and other projects moving.

While we recognize the local concerns that this legislation tries to address, for the reasons we set forth below we do not believe that SB 4 is the right answer. The current permitting system provides a predictable and workable process with numerous opportunities for public input and local review. SB 4 would instead create a duplicative, untimely, and unworkable permitting system far worse than the pre-2003 ACMP.

For example, DEC technical permits are already routinely subject to public review and comment. Bringing hundreds of such DEC permits back into the ACMP for duplicative review under multiple undefined new local standards will add no additional value. It will instead create huge delays and inefficiency while undermining the statewide environmental standards the legislature has directed DEC to establish and enforce.

Our principal concerns and the likely impacts of SB 4 are discussed in more detail below. In summary, these are as follows:

- SB4 would create a new, far reaching, and duplicative ACMP process with unpredictable consequences and open ended timelines for permitting of projects in Alaska.

- State control and management of its lands, air and waters would be relinquished to a largely locally nominated Coastal Policy Board (Board) with extraordinary but standard-less regulatory powers. DNR's role in the ACMP and its constitutional authority over natural resources would be subordinated to the Board, as would the authority of other state resource agencies. The Board and its staff (which would be required to administer its extensive functions) would comprise a duplicative new bureaucracy to administer the ACMP on top of and in addition to the current DNR administration of the program. This would raise significant practical questions about how the system could work.

- Existing state and federal environmental standards would be supplanted by prescriptive or programmatic new local requirements. In effect, local standards would trump existing Federal and state environmental regulatory programs with respect to what permit applicants would have to comply with. The powers vested in the coastal districts and Board to draft and approve new enforceable policies in addition to existing state and federal requirements are without meaningful standards or limitation. These local enforceable standards would expressly no longer be subject to any statewide standards but nevertheless have the force of state law.

- Since the inception of ACMP, and as made explicit in the 2003 reforms, ADEC air, water and other standards in their regulatory and permitting programs were deemed to be the standards in those areas for consistency reviews. Those typically complex, technical permits and lengthy review processes were appropriately "carved out" of the ACMP review, thereby streamlining and shortening permitting time frames. Now under SB 4 consistency reviews and

permitting time frames would be significantly lengthened by inclusion of ADEC permits in consistency reviews.

- Schedule deadlines of the current ACMP would be eliminated for federally permitted projects and weakened for all reviews. This again threatens an indeterminate and open-ended schedule for ACMP reviews, especially in light of the exclusion of the DEC "Carve-out."

- The reach of the ACMP would be vastly but unpredictably expanded inland of the defined coastal zone. Any project anywhere in Alaska could be brought into ACMP's orbit, and a consistency review required, if it were believed to have impacts on a coastal use or resource. The threshold for such determinations appears to be very low given the overall provisions of SB 4.

- SB 4 presents very serious constitutional concerns including the standard-less delegation of legislative and administrative authority to the Board and coastal districts. The vast authority delegated would not only disregard state ACMP standards but create new enforceable local policies which go beyond existing state and federal law. Other serious questions include whether the process for appointments to the Board would improperly interfere with the constitutional power of the governor, and whether the Board's authority to disapprove DNR regulations would in effect comprise an unconstitutional "legislative veto." We strongly recommend that SB 4 be subject to legal review by the legislature and the Attorney General's Office prior to further legislative action to review these and other legal issues. SB 4 otherwise seems certain to give rise to not only permitting uncertainty and delay but extensive new litigation over project reviews on a case by case basis .

BACKGROUND

As you consider this legislation it is important to recall the historical problems with the ACMP that led to the passage of HB 191 in 2003.

In the late 1990's it became apparent to State regulatory agencies and the regulated community that the ACMP was broken both in terms of process and substantive scope. Among the problems, which are documented in Chapter 10 *Program Description for the Alaska Coastal Management Program* (DNR 2005), in testimony on HB 191, and in other documents, were:

- A complex program tiered upon a diverse federal and state permitting system;
- Lack of clarity on the applicability and scope of the ACMP review to a project;
- Lack of clarity and inconsistency on information requirements to support consistency reviews;
- Unpredictable and often lengthy time frames for consistency reviews due to numerous stop clocks and requests for information and interagency disagreements;
- Lack of clarity and inconsistent application of the standards that apply to the consistency review projects;

- Conflicts between permit regulatory conditions and ACMP standards and enforceable policies as a result of duplicative or overlapping requirements;
- Application of "homeless stipulations" to consistency determinations that have no statutory basis;
- Duplication of administrative and ACMP appeals processes;
- Abuse of the ACMP elevation/appeals processes to delay or stop projects.

A very important factor in the problems arising in the ACMP in the 1990's and early part of this decade is the significant evolution in federal and state environmental laws and regulations that occurred after the passage of the ACMA in 1978. Given a more complete and rigorous regulatory environment, much of the scope of consistency reviews, statewide standards and district enforceable policies had become redundant or duplicative. This also created the complexities in the program (characterized in testimony to the legislature in HB 191 hearings as an ACMP "maze" that could not be mapped out) because of the conflicting requirements between the ACMP and individual state and federal permitting programs.

The revisions to the program adopted by the Legislature in 2003 resolved these challenges and transformed the program into one that provides certainty for the State, local districts and the regulated community. The 2003 changes made the consistency review process more efficient and interactions with federal and state permitting programs more certain and consistent. These changes (1) established clear triggers for applicability of the ACMP; (2) identified the information necessary for a complete application and established deadlines for requesting additional information; (3) established the applicable standards for consistency review, removing duplication and subjectivity; and (4) established firm deadlines for completion of consistency reviews.

Unfortunately, SB 4 effectively eliminates the certainty put into place by the Legislature in 2003.

Elimination of the "DEC Carve-Out"

One of the most problematic provisions of SB 4 is elimination of the DEC Carve-out. This provision in existing law implements the original intent of the ACMP...that the air, land and water standards and permits administered by the State are inherently consistent with the ACMP and therefore the additional step of securing a consistency determination is not necessary or required. These standards were developed after years of technical evaluation, and they continue to evolve as science and experience help us better protect the environment, and most importantly, they are implemented through permit processes that are comprehensive and time-consuming, carrying with them statutory and regulatory requirements for extensive public comment. The time periods for these existing permit processes fall well outside of the ACMP review schedules. The ADEC carve-out in no way diminishes a coastal district's opportunity to comment and provide input on a specific ADEC and federal permit applications. ADEC and federal permits have public comment provisions associated with them and both ADEC and federal agencies routinely furnish copies of permit applications and/or draft permits to coastal districts, boroughs and municipalities.

Elimination of the Carve-out will result in consistency determinations on projects being held up until permits with long lead times are finalized, resulting in considerable delays in projects moving forward and a tremendous amount of uncertainty as to final approval for applicants to move forward.

The practical result of ADEC permits being part of the consistency review (the situation prior to passage of HB 191) was:

- ADEC permits had to be submitted with all other state and federal permit applications in order to initiate the consistency review. However, the ADEC permit applications (e.g. air permit, C-plan) are typically the most technical demanding applications requiring very mature engineering and project planning. Thus, the ACMP review schedule was entirely dictated by the applicant's progress on detailed engineering needed for the ADEC permit applications.
- ADEC permit applications, particularly those relating to air emissions and spill response, take significantly longer than most other federal and state permits to process. As a result all permit issuance was held up until ADEC had concluded its processing. This severely limited the flexibility of an applicant with respect to scheduling engineering and project construction and typically extended the project time frame with resultant cost increases.

The ADEC Carve-out in HB 191 eliminated the above problems. Let us provide you with a hypothetical example. Virtually every single oil and gas project in Alaska involves various state and federal permits. For example an ADEC air permit is required for new drill rigs and upgraded power equipment. To satisfy an air permit, often times, one year of ambient air quality data must be collected before the permit application can be submitted. While this data is being collected, other State and federal permit applications, including the ACMP consistency review, have to be submitted and processed. Because of the HB 191 changes, by the time the ADEC air permit is ready for issuance, the consistency review is complete and construction permits are ready to be issued. The project and permitting processes are therefore not delayed by the long lead time of the ADEC air permit, as the ADEC permitting process can occur simultaneously with other applications. However, there is still ample opportunity for public input to ADEC's air quality permit decision on projects and the overall quality of the airshed was still protected by the rigor of the ADEC regulations.

It is also important to realize that DEC issues hundreds of air, water, and contingency plan permits and approvals. These permits are already subject to public review and input. A requirement for such a permit does not even necessarily reflect a new "project "or "activity" in the coastal zone, as they apply to innumerable existing businesses, facilities and vessels. In addition, these are technical permits administered on a statewide basis, often under complex existing federal and state standards administered by ADEC. There is no need or added value to require ACMP review of such State environmental permits. Bringing these permits into ACMP review would simply create a vast and duplicative new work load for businesses and facilities throughout Alaska, as well as for the ACMP itself.

Offshore exploration would also be seriously impacted by removal of the ADEC Carve -out. For example, air permits are typically necessary for exploration operations, These are extremely technically complicated air permits – in fact, EPA has not issued a major source air

permit for the offshore in 10 years. As with this and the two dozen other permits necessary for exploration drilling, many permits are received just prior to activities commencing and the proposed open-ended ACMP review process will begin after EPA has completed its work. The impact of this would be to curtail or cancel programs by placing one additional and repetitive process in place.

Simply put, the ADEC Carve-out avoids duplication of process and effort, eliminates inconsistent and conflicting permitting results, and improves the efficiency of the consistency review process with no adverse impact to the environment. If the State is to have a clear and predictable permitting regime, this provision must be retained.

Finally, if the ADEC Carve-out were to go away each local district would need to resolve the technical issues ADEC's technical staff currently address. Unless considerable local funding of such a capability was to occur local districts could not realistically address the technical complexities they would face.

Creation of a Coastal Policy Board

We are very concerned about the proposed duties and extensive responsibilities that would be vested with the establishment of the Coastal Policy Board. SB 4 empowers the Board to approve all district programs and enforceable policies, changes to the coastal zone boundaries, statewide standards and changes to the program. The Department of Natural Resources (DNR) may still adopt regulations, but only after approval of the Board, which will result in endless back-and-forth as DNR attempts to mesh its requirements under the Administrative Procedure Act with Board approval. Ultimately, however, SB 4 gives the Board veto power over DNR's (and other state resource agency) legislatively mandated authorities.

Further, experience under the previous Coastal Policy Council demonstrates that insertion of a Board with this magnitude of duties into this process will result in considerable delays in program implementation because of the time required for action, given the infrequency of Board meetings, and the addition of another layer of approvals.

Predictability in timelines is eliminated

One of the most challenging aspects of any permitting program is the ability to rely on timelines for decision-making and the inherent risks to a project proponent for a timely decision based on predictable standards. This is especially true for operations in Alaska which often are faced with limited operating seasons where a delay in securing permits may result in multi-year delays in a project proceeding forward. In the offshore environment, the ACMP legislation threatens, even before it begins, any chance of operating during the brief 100-day open water period by placing control of the permitting process in jeopardy with contrasting regional 'open-ended' language and review timeframes that would run into the summer. Critically, SB 4 exempts activities proposed by a federal agency and activities permitted by a federal agency from the required deadlines for decisions. Virtually every project requires at least one federal permit, so the impact of this provision is dramatic. Further, oil and gas and other resource development activities are not the only activities that will be affected. Given the abundance of wetlands in Alaska's coastal zone, almost any

activity, from homebuilding to construction of public facilities, will require a permit from the federal Corps of Engineers and therefore will be subjected to this timeline uncertainty.

Performance based enforceable policies are allowed

SB 4 allows coastal districts to adopt performance-based enforceable policies. Applicants and districts are better served by clear and concise requirements based on sound science because it eliminates the potential for misinterpretation and disagreements between parties as to whether a particular action proposed by the applicant will meet the performance based policy. Further, this will be especially challenging for districts with minimal resources to administer their program because they typically do not have the in-house engineering and scientific expertise for every single type of development that may occur within their districts.

The coastal zone boundary will be expanded

SB 4 expands the reach of review of activities from not only the coastal zone but also to "inland of the coastal zone if the activities would cause direct and significant impacts to a coastal use or resource". During testimony at previous hearings on SB 4 we heard a coastal district representative state that it is their desire to weigh in on projects adjacent to their district even if it means "over the mountain". Such an expansion of the coastal zone boundary was never envisioned by the federal Coastal Zone Management Program or the ACMP. Any project proponent whose project lies inland of the coastal zone now faces the risk of a significant delay of the project; this is a major risk because SB 4 does not offer clear standards on the determination to include a project outside the coastal zone in a consistency review. This is contrary to both the intent of the federal CZMA and the ACMA. Furthermore, a quick review of the current, official ACMP Coastal Boundary Atlas shows that the coastal boundary already extends far inland (in some places over one hundred miles) along Alaska's coast from Southcentral to the North Slope.

Additionally, although over 81% percent of Alaskans support development in offshore areas, officials from several coastal communities and regions are officially opposed to such development. If the Legislature, through passage of the proposed changes to the Alaska Coastal Zone Management Program contained in SB 4, gives local districts the power to veto or delay projects or the ability to place more restrictive conditions on permits than federal and state agencies place on offshore activities, Alaskans will not see the promising OCS development opportunity materialize.

It is that simple – offshore exploration and development will not happen and Alaskans will not benefit from the thousands of jobs, billions of dollars in investments and 20-30 years of oil for the Trans-Alaska Pipeline System.

SUMMARY

To be successful and serve all entities in Alaska, any permitting program, and in particular the Alaska Coastal Management Program, as with any permitting program, must embody the following principles:

- Provide benefit for all Alaska residents
- Contain clear and concise requirements
- Be unambiguous and avoid opportunities for misinterpretation
- Provide predictable and firm timelines
- Provide predictability regarding applicable requirements and scope
- Avoid duplication of other state and federal permitting programs
- Contain clear limits so that district policies not require agencies to implement authorities that were not granted them by the legislature or that contradict agency regulations.
- Not allow special interests to derail development that otherwise meets all state and federal criteria.

SB 4 threatens each and every one of these principles.

We encourage you, in the strongest possible terms, to consider the direct negative impact this legislation will have on the ability of the State of Alaska to develop its resources for the benefit of all Alaskans. This legislation would severely hinder the ability for increased oil production on the North Slope and gas development in the Cook Inlet, at a time when both are desperately needed. Additionally, offshore development, often characterized as the "next Prudhoe Bay", will not occur. Alaska is at a crossroads. We cannot afford the lost jobs, the lost revenue and the lost investment that would result from SB 4.

Sincerely,

Marilyn Crockett

MARILYN CROCKETT
Executive Director

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March 29, 2010

The Honorable Donald Olson
Alaska State Senator
Room 514, State Capitol
Juneau, AK 99801

The Honorable Reggie Joule
Alaska State Representative
Room 502, State Capitol
Juneau, AK 99801

Subject: Senate Bill 4 and House Bill 74 -- An Act relating to the Alaska Coastal Management Program; and establishing the Alaska Coastal Policy Board.

Dear Senator Olson and Representative Joule:

In the two years since I came to Alaska to head Shell's business, I have shared with you our enthusiasm and genuine optimism for the oil and gas potential we see in the Chukchi and Beaufort Seas. We at Shell firmly believe oil and gas exploration and development activities in the Alaska Arctic will create thousands of jobs for Alaskans, including the residents of the North Slope, and generate billions in revenues. These potential developments will result in oil production that could last for 30 to 40 years, thereby extending the life of the Trans Alaska Pipeline and facilitating new, as yet unknown opportunities for additional hydrocarbon production. Most importantly, Shell as well as other industry participants believe that history will repeat itself and that the success industry had 20 years ago, drilling 35 exploration wells in the Beaufort and Chukchi Seas, will once again be achieved. These activities will unquestionably be conducted with the most technologically advanced, environmentally sensitive methods.

To date, Shell and several other world-class offshore companies have invested several billions of dollars just for the opportunity to explore for those resources. Billions have been spent on leases, specialized drilling equipment, baseline science, litigation, permitting and program modifications, including significant expenditures to accommodate local concerns (discussed further below). Shell's planned exploration drilling activities in 2010 alone will cost in excess of $400 million, requiring more than 100 separate contracts, and as many as 700 people either employed or contracted. We see the real potential for the investment of billions more in future years.

However, all of the potential for future production, as well as all of the investments made to date by my company and others, are in jeopardy by the proposed ACMP legislation being advanced in Juneau. Offshore oil and gas exploration projects in Alaska already face significant challenges in becoming commercial developments, including economics, expansive permitting requirements, extremely high logistics costs, aggressive environmental group litigation, and international competition for investment dollars. Passage of HB 74 or SB 4 would only increase those challenges. I strongly encourage your careful consideration of the impacts and implications of this proposed ACMP legislation. I am available at your convenience to discuss further the concerns I have outlined below.

Key elements of the ACMP bills that threaten future investment in offshore oil and gas exploration and production activities include:

- ADEC Carve Out – Opens extremely technical federal and state air and water permits to contradictory local standards, unnecessarily restrictive requirements, costly last-minute modification and extended approval timelines.
- Delayed Consistency Reviews – Defers consistency reviews until after **ALL** federal and state permits/authorization are in hand and eliminates all established timelines, which will result in the loss of the short exploration season.
- Expanded Regulatory Authority – Empowers local districts to establish restrictions beyond those imposed by state and federal law.
- Conflicting Standards – Imposes no requirement that local permit standards be consistent with controlling state and federal standards, thereby leading to additional litigation, increased costs and project delays.
- Local Veto – Effectively establishes a local veto over development of the resources that belong to all the people of Alaska and the Nation.

For this year's open water season, Shell proposes to drill two exploration wells in the Beaufort and/or Chukchi Seas, collect shallow hazards information and conduct biological marine surveys. To gain approval for these activities, Shell must secure 37 federal, state and North Slope Borough permits or authorizations. To date, only two permits/approvals have been issued final – we are still waiting for 35 additional approvals! I can assure you it is not because Shell has delayed applying for these permits. Many of the federal agencies deliver what is called 'just-in-time' permits, permits received just prior to operations commencing. All but two of these permits are annual permits, and we have already begun preparing permit applications for 2011.

In addition, Shell has invested significant time, energy and financial resources to address local concerns. Regulatory requirements for permits sought to date require a project applicant to conduct numerous community meetings. Shell believes that local input and participation in the permitting and leasing processes provides valuable information to ensure safe and environmentally sensitive operations. Shell has participated in over **250 engagements since 2007** to explain our plans, identify issues of concern and modify our program to address those concerns. I must add that consultation is the bedrock for all of these permitting processes. There is substantial opportunity for comments from residents. In fact, Shell has modified its program as a result of certain comments from communities.

Permit delays and overly restrictive limits are the single greatest risk to Shell's Alaska offshore exploration program.

This ACMP legislation places control of offshore activities in the hands of the local districts at almost every juncture – with much open-ended language and timeframes, subject to wide interpretation. In effect, it hands veto power over all oil and gas development to a local district that is officially opposed to offshore drilling. Regulatory uncertainty created by the proposed ACMP changes creates a powerful disincentive for Arctic exploration and development.

As an example, blackout dates for migrating bowhead whale cows with calves described in the North Slope Borough's draft District Enforceable Policies of May 10 - July 1 and August 1 - October 15 in effect end any chance of operating during the short open- water season. These restrictions are not even considered by the National Marine Fisheries Service, the agency responsible for protecting bowhead whales, because they are not necessary or supported by science. One needs to remember that over $500 million in studies have been completed over the last three decades to support these initial exploration leases.

The requirement that all federal and state permits for exploration are final before beginning the ACMP process may effectively kill any attempt to drill an offshore well.

This bill allows districts, without the limitation of respecting the limits of state or federal law, to attach any stipulation they wish to offshore permits.

Once again, Shell is committed to working with local communities in the leasing and permitting processes and has a proven track record of taking steps necessary to address the concerns presented to us. The capital we have expended to date in pursuit of this project is an indication on our part of a desire to modify our program as a result of consultations that already exist in the permitting process. However, placing local districts in charge of whether permits are issued or lease sales are held places unprecedented control of projects that will have statewide and national impact into the hands of only a few individuals. Such an unprecedented transfer of power – from collective decision making to local control - would, have far-reaching impacts on Alaska and the nation.

Alaskans want to see more exploration drilling and new oil for TAPS. The governor, legislature and citizenry are all looking for ways to provide an incentive and encourage companies to explore. And Shell is attempting to conduct just such a multi-year multi-well program with potentially huge benefits for Alaskans. Passage of HB 74 or SB 4 would tremendously compromise our ability to achieve those objectives and put Alaska's future financial stability at risk. I hope this provides you with the reasoning behind Shell's inability to support this legislation.

Sincerely,

Pete Slaiby
Vice President, Shell Alaska

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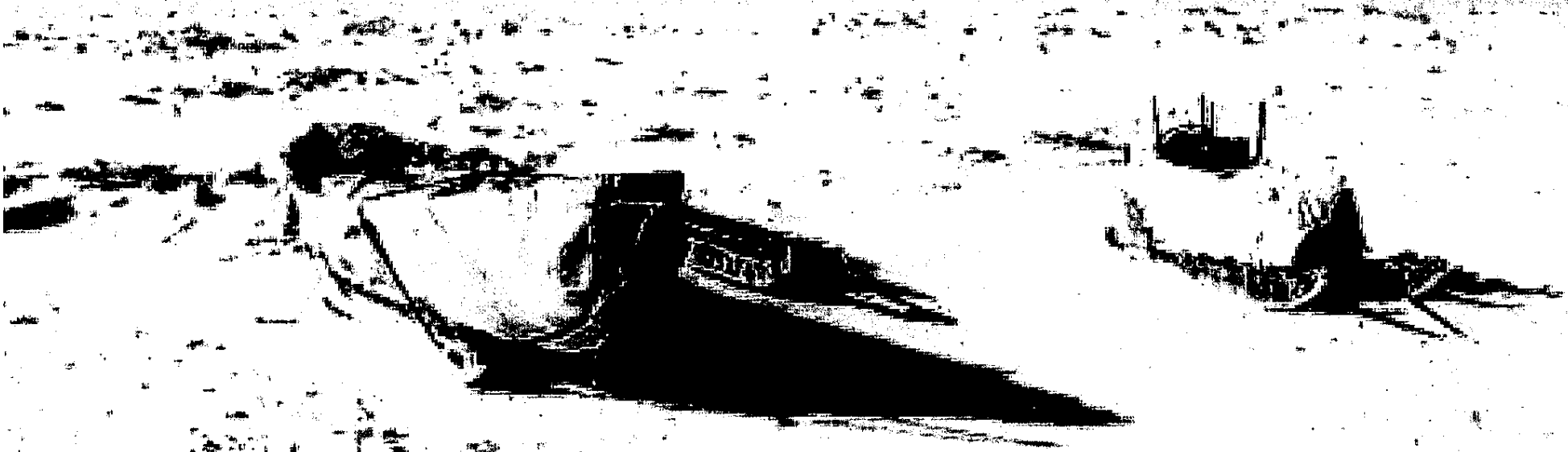
Senate Bill 4
Alaska Coastal Management Program
March 30, 2010



Edward S. Itta

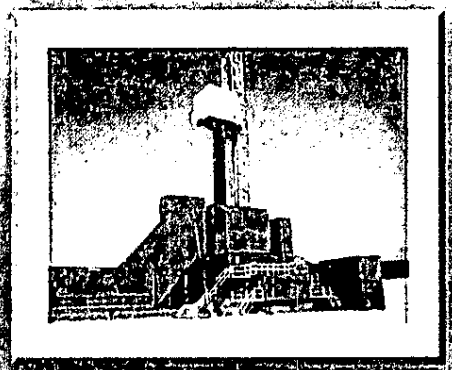
Mayor, North Slope Borough

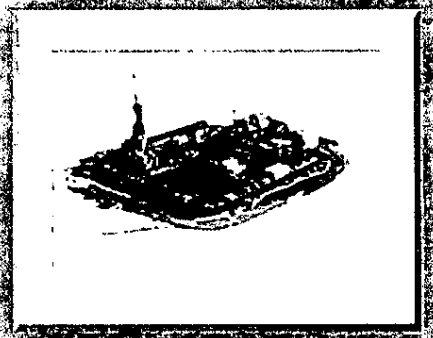
SB 4: North Slope Borough Testimony

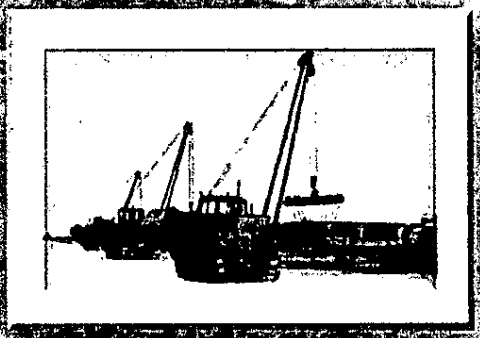
- Testimony will address the following topics:
  - Why the NSB supports this bill
  - How SB 4 does not stop development
  - How the ACMP is broken
  - Why the Legislature should care
  - How SB 4 promotes responsible development
  - Why a meaningful role for coastal districts makes sense for Alaska

Why the NSB Supports SB 4

- It restores meaningful participation
  - State agencies & coastal districts
- It brings air and water quality back into project review
- It restores state's rights







SB 4 Does Not Stop Development

- The ACMP has always promoted development
  - Coastal districts have not stopped projects through the ACMP
  - Before 2003, <1% of projects appealed
  - All of coastal development since 1977 has been approved under the ACMP
- SB 4 will not override legislative or agency authority
- SB 4 does not allow citizen or third-party lawsuits
  - Citizen lawsuits eliminated in 2003
  - Citizen petitions eliminated in 2002

The ACMP is Broken

- The ACMP has lost its value to review participants
  - Agencies and coastal districts have expressed frustration with the ACMP
- Few meaningful opportunities to resolve conflicts that arise at the local level
  - The ACMP used to be a tool to identity and resolve conflicts early in the process
  - Resolving conflicts early avoids lawsuits

SB 4: Legislative Intent

- **2003 Legislative intent is being ignored**
  - **DEC Carve-Out**
    - 2003 intent was to exclude only matters addressed by DEC laws
    - In practice, no air or water quality issues may be addressed during project reviews
  - **Enforceable policies**
    - DNR denied most policies proposed by local districts
    - Sample approvable policies requested by the Legislature are no longer allowable
  - **Regulations More Stringent**
    - DNR testified to the Legislature in 2008 that the regulations were "more stringent" than the Legislature intended
    - Since then, no changes have been made to the regulations

SB 4: Legislative Intent

- **Regulatory confusion**
  - HB 191 (2003) directed DNR to "avoid regulatory confusion"
  - 2004 regulations are costly and confusing
    - The designated area requirement delays reviews
      - Subsistence impacts can't be considered unless they are in a designated area
      - DNR disapproved most district proposed subsistence use areas
  - OCS project review process is not clear
    - DNR–DEC coordination procedures are confusing
    - There is no regulatory provision for public comment on the DEC finding (draft DEC findings are only "advisory")

2407

SB 4: Leadership Needed

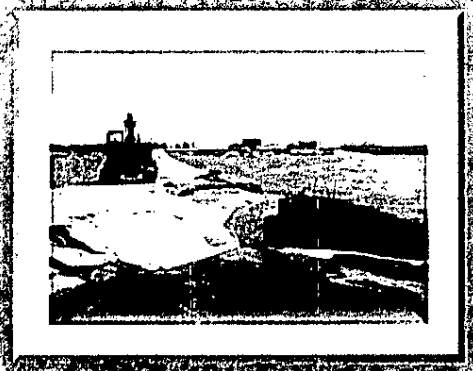
- **ACMP Re-evaluation**
  - Announced in February 2008
  - Not initiated until July 2008
  - Extensive multi-stakeholder involvement in 2008
  - Process abruptly ended after December 2008 with no explanation to participants
  - No way forward to resolve important issues
- **Legislation**
  - Leadership is needed to restore the ACMP's effectiveness

SB 4: Why Should You Care?

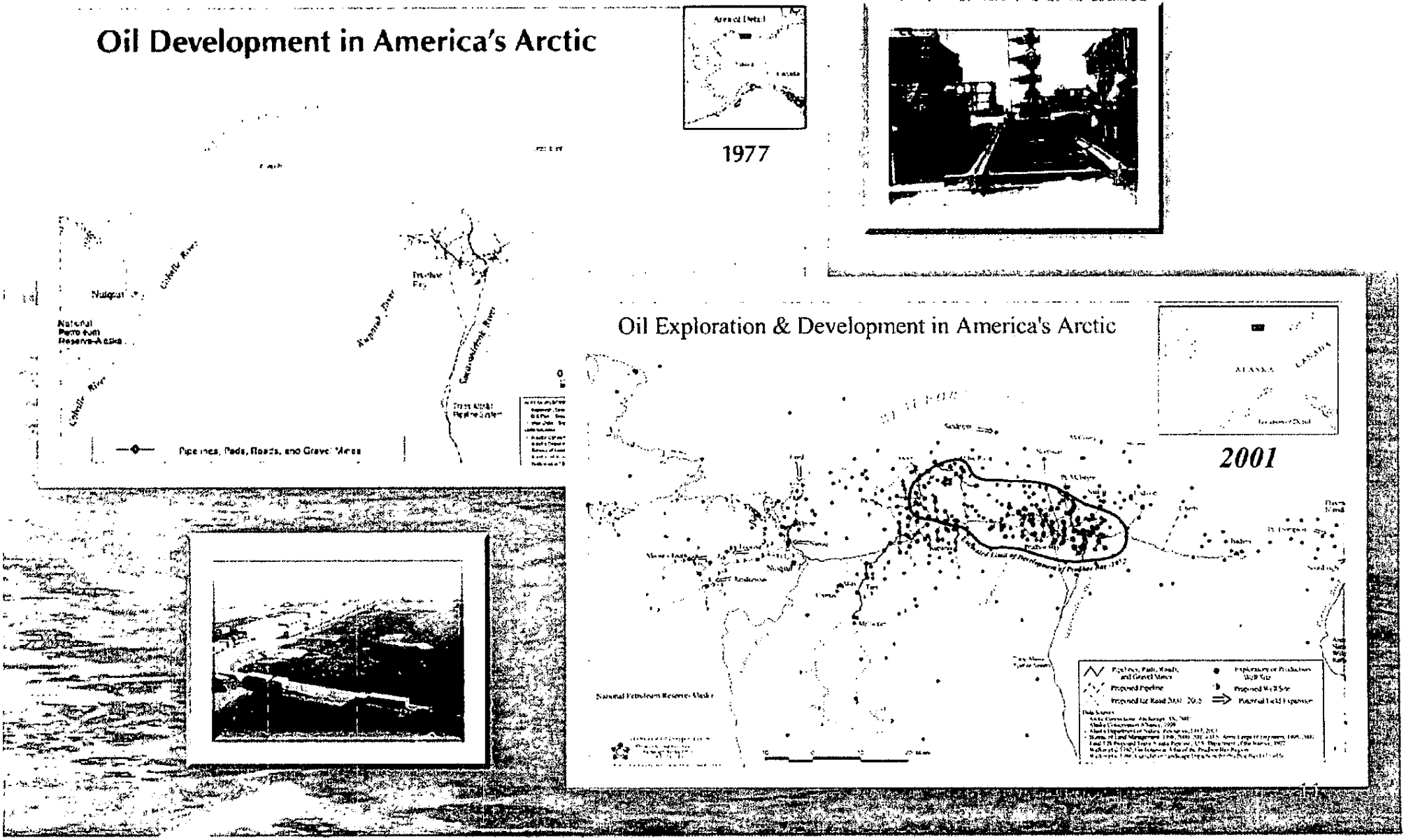
- **Effective Stakeholder Participation**
  - Promotes responsible development
  - Reduces delays during project reviews
  - Reduces lawsuits
  - Improves relations
    - Between state and federal agencies and local government
      - When a project does not require an EIS, the ACMP provides an efficient forum for agency coordination

SB 4: Why Should You Care?

- SB 4 will promote cooperation and approval of responsible development
- Congress requires states to have coastal programs in order to receive Coastal Impact Assistance Program (CIAP) funds
  - CIAP will bring $79.8 million to Alaska



25 Years of Growth Under ACMP



What SB 4 Does

- Restores meaningful participation
- Brings air and water quality back into project review
- Restores state's rights

Restoring Meaningful Participation

- **Coastal Policy Board**
  - Gives districts and agencies a seat at the table
  - Restore checks and balances
  - More streamlined than the Coastal Policy Council
    - Fewer members (9 rather than 17)
    - Limited responsibilities
      - Approve coastal district plans, grant programs & regulations
        - » DNR would approve regulations after board endorsement
    - The new board would not have any oversight over project "consistency reviews"

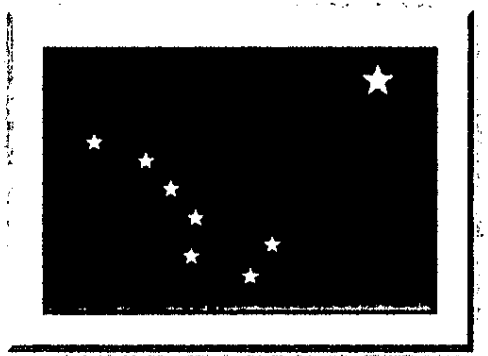
Restoring Meaningful Participation

- **District enforceable policies**
  - SB 4 would allow policies that:
    - Do not conflict with state or federal law
    - Address issues not preempted by state or federal law
    - Address a local concern

SB 4: Air and Water Quality

- **Eliminating the "DEC Carve-Out"**
  - Avoids confusion about scope of ACMP reviews
  - Reinstates public comments for OCS reviews
    - Currently because DEC has no permit for OCS waters, there is no opportunity for public involvement
  - Allows consideration of air and water quality impacts not addressed by DEC's laws
    - For example, oils spill plans do not address effects of spill
  - DNR's December 2008 draft statutes eliminate the DEC Carve-Out

SB 4: State's Rights



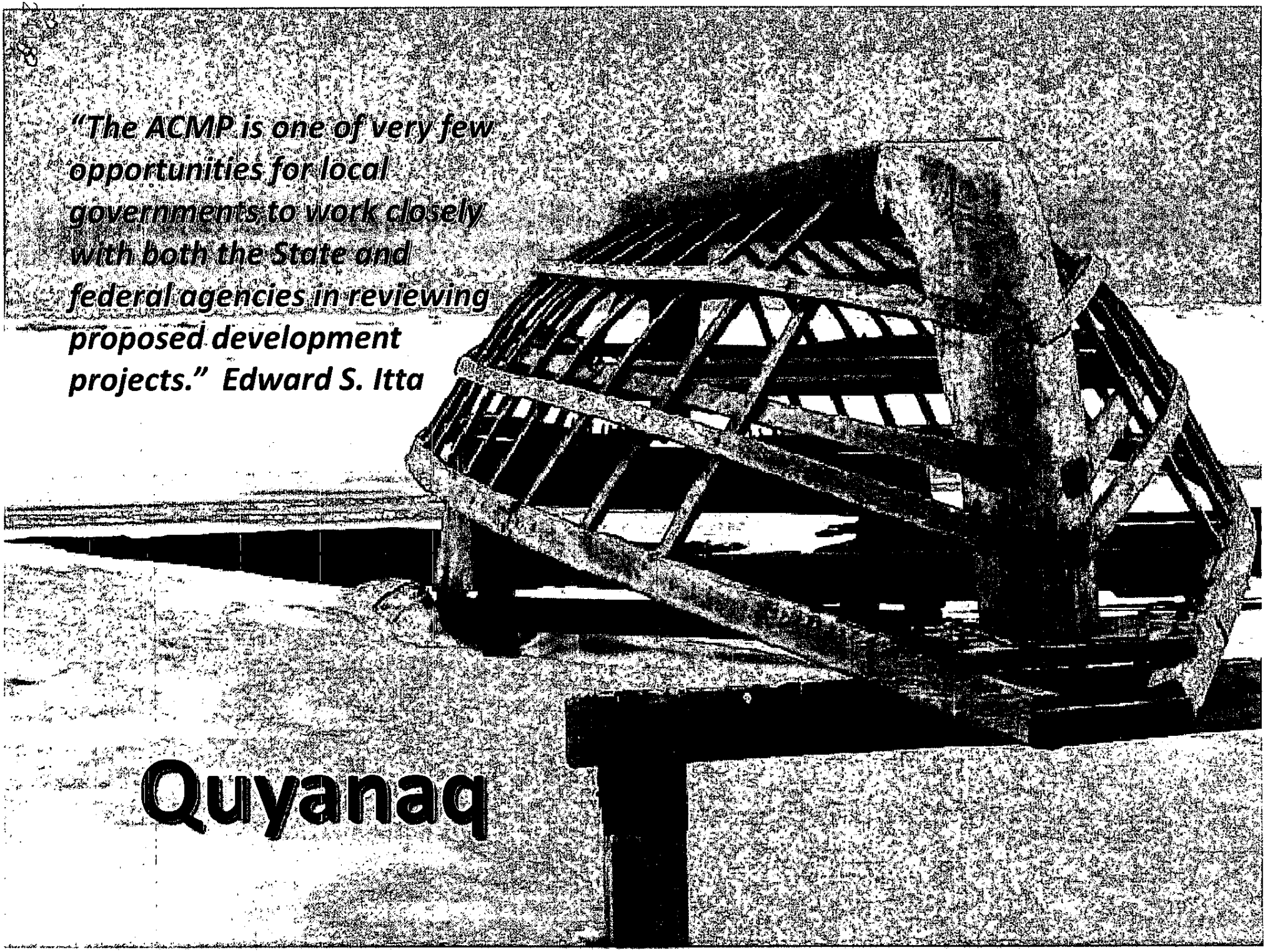
- SB 4 Restores State's Rights
  - 2003-2004 ACMP changes removed some rights provided by the Coastal Zone Management Act
  - SB 4 would:
    - Allow review of all projects that would have coastal impacts
    - Remove 90 day limit for reviews with federal permits
      - Most reviews would be completed in 30 or 50 days
    - Allow consideration of impacts to coastal resources on federal lands and waters
      - Designated area requirements limits the State's ability to influence decisions on federal lands and waters

Why a Meaningful Role for Coastal Districts Makes Sense for Alaska

- "One size fits all" does not work for Alaska
- Restoring the ability for districts to influence local projects is consistent with Alaska's position against federal intrusion
- Local communities know best what is works, and their expertise improves projects
- Most project impacts are felt at the local level
- Local involvement through enforceable policies improves project designs and reduces litigation

SB 4: Summary

- This bill should be passed because it:
  - Encourages coastal partnerships
  - Promotes responsible development
  - Restores states' rights
  - Reduces regulatory confusion


"The ACMP is one of very few opportunities for local governments to work closely with both the State and federal agencies in reviewing proposed development projects." Edward S. Itta
Quyanaq

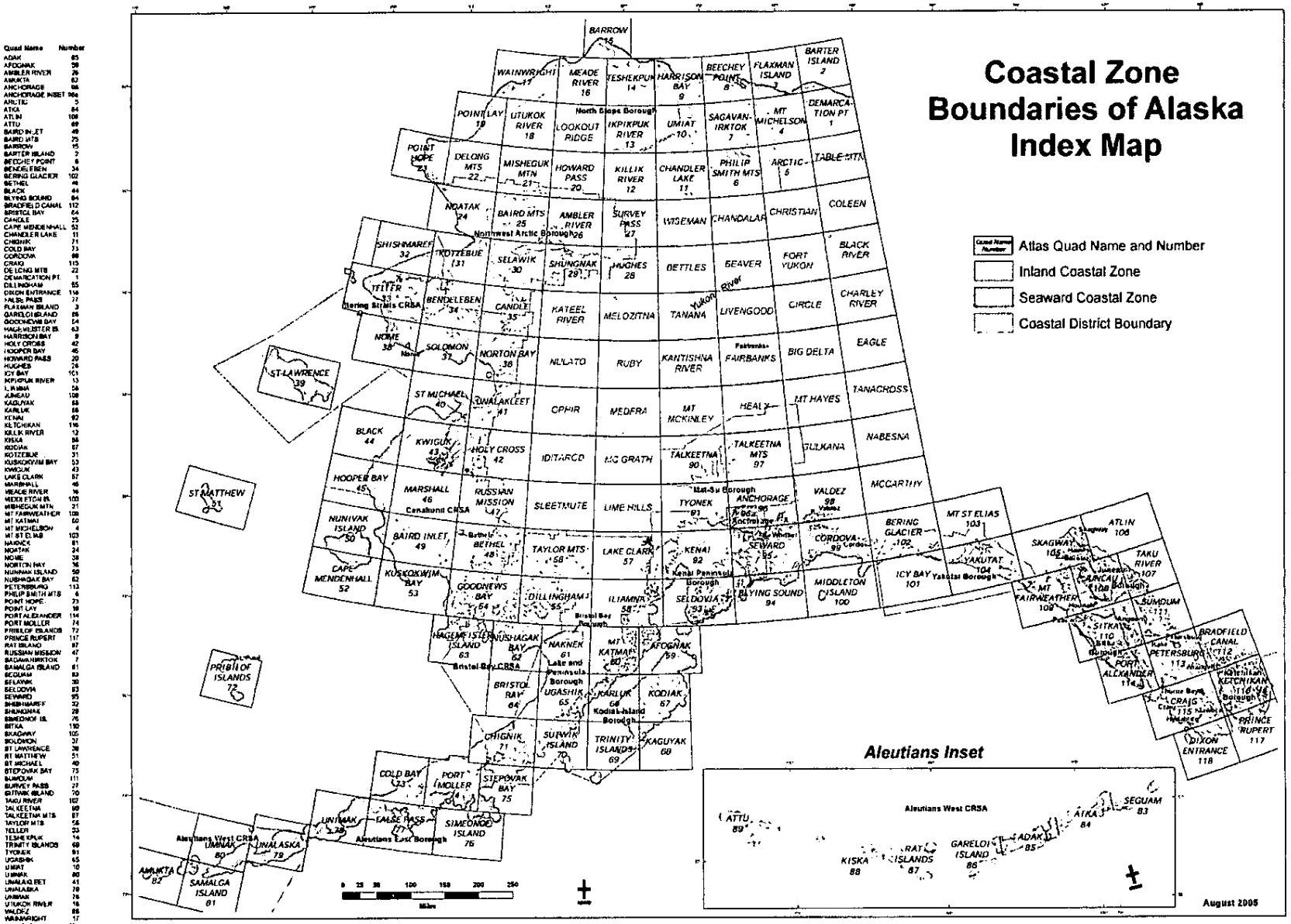
Division of Coastal and Ocean Management

CZMA fund summary

State Fiscal Year 2008 (federal FY 2007)

Section 306- Program Implementation	Federal Funds	State Funds (match)	Total	Notes
Requires 1:1 Match				
DCOM Admin/Implementation of program	$769,500.00	$1,214,500.00	$1,983,999.00	DCOM overmatches federal funds to make up for coastal district match (see below)
Coastal Distnct Plan Development and Implementation	$710,000.00	$265,000.00	$975,000.00	DCOM meets the additional match requirements of $445,000.00
State Agency Implementation	$487,500.00	$487,500.00	$975,000.00	State agencies meet required 1.1 match
Total 306 Funds	**$1,967,000.00**	**$1,967,000.00**	**$3,933,999.00**	

Section 309 - Result in Program Change	Federal	State Funds (match)	Total	Notes
No Match Required				
DCOM Publications/Communications	$103,248.00	$0.00	$103,248.00	Outreach & Education
Compettive Grants	$272,000.00	$0.00	$272,000.00	Coastal districts and state agencies compete for funds to make a program change or implement a change to the ACMP.
Information Tech	$97,759.00	$0.00	$97,759.00	Business Information System for DNR
Coastal Nonpoint Source Pollution	$62,993.00	$0.00	$62,993.00	Sub-Awarded out to District(s)
Total 309 Funds	**$536,000.00**	**$0.00**	**$536,000.00**	



Quad Name	Number
ADAK	85
AFOGNAK	59
AMBLER RIVER	26
AMUKTA	82
ANCHORAGE	96
ANCHORAGE INSET	96a
ARCTIC	5
ATKA	84
ATLIN	108
ATTU	89
BAIRD INLET	49
BAIRD MTS	25
BARROW	15
BARTER ISLAND	2
BEECHEY POINT	8
BENDELEBEN	34
BERING GLACIER	102
BETHEL	48
BLACK	44
BLYING SOUND	94
BRADFIELD CANAL	112
BRISTOL BAY	64
CANDLE	35
CAPE MENDENHALL	52
CHANDLER LAKE	11
CHIGNIK	71
COLD BAY	73
CORDOVA	98
CRAIG	115
DE LONG MTS	22
DEMARCATION PT.	1
DILLINGHAM	55
DIXON ENTRANCE	118
false PASS	77
FLAXMAN ISLAND	3
GARELOI ISLAND	86
GOODNEWS BAY	54
HAGEMEISTER IS.	63
HARRISON BAY	9
HOLY CROSS	42
HOOPER BAY	45
HOWARD PASS	20
HUGHES	28
ICY BAY	101
IKPIKPUK RIVER	13
ILIAMNA	58
JUNEAU	108
KADUYAK	68
KARLUK	66
KENAI	92
KETCHIKAN	116
KILLIK RIVER	12
KISKA	88
KODIAK	67
KOTZEBUE	31
KUSKOKWIM BAY	53
KWIGUK	43
LAKE CLARK	57
MARSHALL	46
MEADE RIVER	16
MIDDLETON ISLAND	100
MT FAIRWEATHER	109
MT KATMAI	60
MT MICHELSON	4
MT ST ELIAS	103
MT. HAYES	104
NABESNA	106
NAKNEK	61
NIGLIQ	14
NOATAK	24
NOME	36
NORTON BAY	38
NUNIVAK ISLAND	50
NUSHAGAK BAY	62
PETERSBURG	113
PHILIP SMITH MTS	6
POINT HOPE	23
POINT LAY	19
PORT ALEXANDER	114
PORT MOLLER	74
PRIBILOF ISLANDS	72
PRINCE RUPERT	117
RAT ISLAND	87
RUSSIAN MISSION	47
SAGAVANIRKTOK	7
SAMALGA ISLAND	81
SCOLAI	83
SELAWIK	30
SELDOVIA	93
SEWARD	95
SHISHMAREF	32
SHUNGNAK	29
SIMEONOF IS.	76
SITKA	110
SKAGWAY	105
SLEETMUTE	41
SOLOMON	37
ST LAWRENCE	39
ST MATTHEW	51
ST MICHAEL	40
STEPOVAK BAY	75
SUMDUM	111
SURVEY PASS	27
SUTWIK ISLAND	70
TALKEETNA	90
TALKEETNA MTS	97
TANACROSS	107
TAYLOR MTS	58
TELLER	33
TESHEKPUK	14
TRINITY ISLANDS	69
TYONEK	91
UGASHIK	65
UMIAT	10
UMNAK	80
UNALAKLEET	41
UNALASKA	79
UNIMAK	78
UTUKOK RIVER	18
VALDEZ	98
WAINWRIGHT	17
YAKUTAT	104

Index Map

SB 4

Which Coastal District is Your Community In?

CITY	DISTRICT
Adak	Aleutians West CRSA
Akhiok	Kodiak
Akiachak	Ceñaliulriit CRSA
Akiak	Ceñaliulriit CRSA
Akutan	Aleutians East
Alakanuk	Ceñaliulriit CRSA
Aleknagik	Bristol Bay CRSA
Alexander Creek	Mat-Su Borough
Ambler	Northwest Arctic
Amchitka	Aleutians West CRSA
Anaktuvuk Pass	North Slope Borough
Anchor Point	Kenai Peninsula
Anchorage	Anchorage
Angoon	Angoon
Aniak	Ceñaliulriit CRSA
Atka	Aleutians West CRSA
Atmautluak	Ceñaliulriit CRSA
Atqasuk	North Slope Borough
Attu	Aleutians West CRSA
Barrow	North Slope Borough
Bethel	Bethel
Big Lake	Mat-Su Borough
Bird Creek	Anchorage
Brevig Mission	Bering Straits CRSA
Buckland	Northwest Arctic
Candle	Northwest Arctic
Cape Chiniak	None*
Cape Pole	None*
Cape Yakataga	None*
Chefornak	Ceñaliulriit CRSA
Chenega Bay	None*
Chevak	Ceñaliulriit CRSA
Chickaloon	Mat-Su Borough
Chignik	Lake and Peninsula Borough
Chignik Bay	Lake and Peninsula Borough
Chignik Lagoon	Lake and Peninsula Borough
Chignik Lake	Lake and Peninsula Borough
Chugiak	Anchorage
Clam Gulch	Kenai Peninsula
Clark's Point	Bristol Bay CRSA
Coffman Cove	None*
Cohoe	Kenai Peninsula
Cold Bay	Aleutians East
Cooper Landing	Kenai Peninsula
Cordova	Cordova
Council	Bering Straits CRSA
Craig	Craig
Cube Cove	None*
Deadhorse	North Slope Borough
Deering	Northwest Arctic
Dillingham	Bristol Bay CRSA
Diomede	Bering Straits CRSA
Dora Bay	None*
Douglas	Juneau
Dutch Harbor	Aleutians West CRSA
Eagle River	Anchorage
Edna Bay	None*
Eek	Ceñaliulriit CRSA
Egegik	Lake and Peninsula Borough
Ekuk	Bristol Bay CRSA
Ekwok	Bristol Bay CRSA
Elfin Cove	None*
Elim	Bering Straits CRSA
Elmendorf AFB	Anchorage
Emmonak	Ceñaliulriit CRSA
English Bay	Kenai Peninsula
Excursion Inlet	None*
Eyak	Cordova
False Pass	Aleutians East
Fortuna Ledge	Ceñaliulriit CRSA

*Note: "None" means a coastal community not within a coastal district.

CITY	DISTRICT
Ft. Richardson	Anchorage
Funter Bay	None*
Gambell	Bering Straits CRSA
Girdwood	Anchorage
Golovin	Bering Straits CRSA
Goodnews Bay	Ceñaliulriit CRSA
Gravina Island	Ketchikan
Gustavus	None*
Haines	Haines
Halibut Cove	Kenai Peninsula
Happy Valley	Kenai Peninsula
Hawkins Island	None*
Hinchinbrook Island	None*
Hobart Bay	None*
Hollis	None*
Homer	Kenai Peninsula
Hoonah	Hoonah
Hooper Bay	Ceñaliulriit CRSA
Hope	Kenai Peninsula
Houston	Mat-Su Borough
Hydaburg	Hydaburg
Igiugig	Lake and Peninsula Borough
Iliamna	Lake and Peninsula Borough
Indian	Anchorage
Ivanof Bay	Lake and Peninsula Borough
Juneau	Juneau
Kachemak	Kenai Peninsula
Kake	Kake
Kaktovik	North Slope Borough
Kalgin Island	Kenai Peninsula
Karluk	Kodiak
Kasaan	None*
Kasigluk	Ceñaliulriit CRSA
Kasilof	Kenai Peninsula
Kenai	Kenai Peninsula
Ketchikan	Ketchikan
Kiana	Northwest Arctic
King Cove	Aleutians East
King Salmon	Bristol Bay Borough

CITY	DISTRICT-
Kipnuk	Ceñaliulriit CRSA
Kivalina	Northwest Arctic
Klawock	Klawock
Klukwan	None*
Kobuk	Northwest Arctic
Kodiak	Kodiak
Kokhanok	Lake and Peninsula
Kokhanok Bay	Lake and Peninsula
Koliganek	Ceñaliulriit CRSA
Kongiganak	Ceñaliulriit CRSA
Kotlik	Ceñaliulriit CRSA
Kotzebue	Northwest Arctic
Koyuk	Bering Straits CRSA
Kuiu Island	None*
Kupreanof	None*
Kwethluk	Ceñaliulriit CRSA
Kwigillingok	Ceñaliulriit CRSA
Labouchere Bay	None*
Lake Louise	Mat-Su Borough
Larsen Bay	Kodiak
Levelock	Lake and Peninsula
Long Island	None*
Lower Kalskag	Ceñaliulriit CRSA
Manokotak	Bristol Bay CRSA
Marshall	Ceñaliulriit CRSA
Mekoryuk	Ceñaliulriit CRSA
Metlakatla	None*
Meyers Chuck	None*
Moose Pass	Kenai Peninsula
Mountain Village	Ceñaliulriit CRSA
Mt. Edgecumbe	Sitka
Naknek	Bristol Bay Borough
Nanwalek	Kenai Peninsula
Napakiak	Ceñaliulriit CRSA
Napaskiak	Ceñaliulriit CRSA
Naukati	None*
Nelson Lagoon	Aleutians East
New Stuyahok	Bristol Bay CRSA
Newhalen	Lake and Peninsula

*Note: "None" means a coastal community not within a coastal district.

CITY	DISTRICT
Newtok	Ceñaliulriit CRSA
Nightmute	Ceñaliulriit CRSA
Nikiski	Kenai Peninsula
Nikolski	Aleutians West CRSA
Ninilchik	Kenai Peninsula
Noatak	Northwest Arctic
Nome	Nome
Nondalton	Lake and Peninsula
Noorvik	Northwest Arctic
Nuiqsut	North Slope Borough
Nunapitchuk	Ceñaliulriit CRSA
Old Harbor	Kodiak
Oscarville	Ceñaliulriit CRSA
Ouzinkie	Kodiak
Palmer	Mat-Su Borough
Pedro Bay	Lake and Peninsula Borough
Pelican	Pelican
Pennock Island	Ketchikan
Perryville	Lake and Peninsula Borough
Petersburg	Petersburg
Pilot Point	Lake and Peninsula Borough
Pilot Station	Ceñaliulriit CRSA
Pitkas Point	Ceñaliulriit CRSA
Platinum	Ceñaliulriit CRSA
Point Baker	None*
Point Hope	North Slope Borough
Point Lay	North Slope Borough
Polk Inlet	None*
Port Alexander	None*
Port Alsworth	Lake and Peninsula
Port Armstrong	None*
Port Clarence	Bering Straits CRSA
Port Graham	Kenai Peninsula
Port Heiden	Lake and Peninsula Borough
Port Lions	Kodiak
Port Moller	Aleutians East
Port Protection	None*
Portage	Anchorage
Post Lake	Mat-Au Borough

CITY	DISTRICT
Prudhoe Bay	North Slope Borough
Quinhagak	Ceñaliulriit CRSA
Red Mountain	Kenai Peninsula
Ridgeway	Kenai Peninsula
Rowan Bay	None*
Russian Mission	Ceñaliulriit CRSA
Sand Point	Aleutians East
Savoonga	Bering Straits CRSA
Sawmill Bay	None*
Saxman	Ketchikan
Scammon Bay	Ceñaliulriit CRSA
Security Bay	None*
Selawik	Northwest Arctic
Seldovia	Kenai Peninsula
Seward	Kenai Peninsula
Shaktoolik	Bering Straits CRSA
Sheep Mountain	Mat-Su Borough
Sheldon Point	Ceñaliulriit CRSA
Shemya AFS	Aleutians West CRSA
Shishsmaref	Bering Straits CRSA
Shungnak	Northwest Arctic
Sitka	Sitka
Skagway	Skagway
Skwentna	Mat-Su Borough
Soldotna	Kenai Peninsula
South Naknek	Bristol Bay Borough
Squaw Harbor	Aleutians East
St. George Island	None*
St. Mary's	Ceñaliulriit CRSA
St. Michael	Bering Straits CRSA
St. Paul	St. Paul
Stebbins	Bering Straits CRSA
Sterling	Kenai Peninsula
Sunrise	None*
Sutton	Mat-Su Borough
Talkeetna	Mat-Su Borough
Tatitlek	None*
Tazlina	None*
Teller	Bering Straits CRSA

*Note: "None" means a coastal community not within a coastal district.

CITY	DISTRICT
Tenakee Springs	None*
Thorne Bay	Thorne Bay
Tin City	Bering Straits CRSA
Togiak	Bristol Bay CRSA
Toksook Bay	Ceñaliulriit CRSA
Tolstoi Bay	None*
Trapper Creek	Mat-Su Borough
Tuluksak	Ceñaliulriit CRSA
Tuntutuliak	Ceñaliulriit CRSA
Tununak	Ceñaliulriit CRSA
Tutka Bay	Kenai Peninsula
Twin Hills	Bristol Bay CRSA
Two Moon Bay	None*
Tyonek	Kenai Peninsula
Ugashik	Lake and Peninsula
Umiat	North Slope Borough
Unakwik Inlet	None*
Unalakleet	Bering Straits CRSA
Unalaska	Aleutians West CRSA
Ungalik	Bering Straits CRSA
Valdez	Valdez
Wainwright	North Slope Borough
Wales	Bering Straits CRSA
Wasilla	Mat-Su Borough
Whale Pass	None*
White Mountain	Bering Straits CRSA
Whittier	Whittier
Willow	Mat-Su Borough
Wrangell	Wrangell
Yakutat	Yakutat

For more information contact:

The Alaska Coastal Management Program
Juneau — 907- 465-3075
Anchorage — 907-269-7470

*Note: "None" means a coastal community not within a coastal district.

SPONSOR: Administrator

CITY AND BOROUGH OF SITKA

RESOLUTION 2009-32

A RESOLUTION OF THE ASSEMBLY OF THE CITY AND BOROUGH OF SITKA, ALASKA, SUPPORTING LEGISLATION TO ENABLE ALASKA'S COASTAL COMMUNITIES TO MORE EFFECTIVELY PARTICIPATE IN THE ALASKA COASTAL MANAGEMENT PROGRAM (ACMP)

WHEREAS, the "streamlined ACMP process" which resulted from the passage of House Bill 191 in 2003, and its implementation by regulations and statutory amendments, forced the complete revision of all Alaska Coastal Management Plans in Alaska, including Sitka's; and

WHEREAS, as a result, Sitka lost more than half of its enforceable policies (the only section of coastal plans which had standing to be considered as part of the ACMP review process for permits and management decision-making affecting coastal communities), and those policies remaining were so restricted as to be virtually un-usable in coastal comments; and

WHEREAS, there has been an increasing, widespread effort to revise the ACMP to help coastal Alaskan communities regain a "seat at the table" in management decision making affecting Alaska's coastal zone, and reign in the Department of Natural Resources which is charged with managing the State's resources but now also makes all coastal management decisions on developing those same resources; and

WHEREAS, prior to the ACMP's revisions, the Sitka Coastal Management Program had been a model of effective coastal management, allowing the Sitka community to have due deference and protect local resources and activities while permitting responsible development; and

WHEREAS, House Bill 74 sponsored by Representative Joule and Senate Bill 4 sponsored by Senator Olson are being considered by the Alaska Legislature, and this legislation could help restore a meaningful role for coastal municipalities such as Sitka in the ACMP, including the following key provisions (among others):

- Establishes Alaska Coastal Policy Board with 5 public members representing coastal districts and 5 commissioners of resource agencies to make ACMP policy decisions.
- Establishes duties of the Board to approve ACMP standards and criteria for district plans.
- Adds subsistence to the list of resources included in the ACMP objectives.
- Restores local plan ability to write meaningful enforceable policies by enabling policies to be either prescriptive or performance-based, stricter or more specific than state or federal laws, and clarifies policies apply to all land and water uses subject to the plan.
- Eliminates the "DEC carve-out" exempting DEC permits from consistency reviews.
- Allows ACMP consistency reviews of projects inland of the coastal zone if there would be direct and significant impacts to coastal uses or resources;
- Permits meaningful local participation in the ACMP through expanded enforceable policies

addressing a wide range of coastal uses.

NOW, THEREFORE, BE IT RESOLVED that the Assembly of the City and Borough of Sitka, Alaska, supports the revision of the Alaska Coastal Management Program to restore these key provisions and permit the City and Borough of Sitka to better manage its coastal zone per the Alaska State Constitution's provision for maximum local self-government.

PASSED AND APPROVED by the Assembly of the City and Borough of Sitka, Alaska, on this twenty-fourth day of February, 2009.

_____
Scott McAdams, Mayor

ATTEST:

_____
Colleen Ingman, MMC
Municipal Clerk

February 18, 2009

MEMO TO: Administrator Jim Dinley
Mayor and Assembly

FROM: Marlene Campbell, Government Relations Director
(and Coastal Management Coordinator)

SUBJECT: Resolution Supporting Revisions to Alaska Coastal Management Program

Your approval or modification of proposed Resolution 2009-32 is requested to affirm CBS support for "legislation to enable Alaska's Coastal Communities To More Effectively Participate in the Alaska Coastal Management Program (ACMP)". There are several bills (HB 74, SB 4, and possibly others) being considered by the Legislature which could help rebuild the ACMP.

When House Bill 191 substantially changed the ACMP in 2003, all coastal plans had to be rewritten. Sitka lost more than half of its enforceable policies which must be considered in coastal consistency reviews and other proposals for projects within the City and Borough of Sitka. Sitka's Coastal Plan has been a model of effective coastal management since it was first approved in 1981. The Sitka Plan's 1989 major amendment was even more specific, with enforceable policies which permitted the City and Borough of Sitka and the Sitka community to have a "seat at the table" in management decision making on uses and activities in Sitka's coastal zone.

This local "due deference" has almost entirely been lost since the forced revision of Sitka's program approved in April, 2007. Other changes such as not permitting policies relating to air or water quality and removing the Department of Environmental Conservation (DEC) from the ACMP process have greatly reduced coastal communities' ability to comment. The movement of the Alaska Coastal Management Program from the Governor's office to the Department of Natural Resources Division of Coastal and Ocean Management has proved damaging to the former positive relationship the coastal communities enjoyed with the former Alaska Division of Governmental Coordination. DNR's mission as manager of the development and use of Alaska's natural resources is inconsistent with the protection and public use of those same resources for which the ACMP previously provided a balanced perspective.

The attached petition discusses some key issues which from Alaska's Coastal Management Program coordinators' perspectives would help restore some of the major losses of the ACMP and greatly improve Sitka's ability to comment on Coastal Management permits and activities. Sitka's program has since its inception supported active involvement in the ACMP, and the proposed legislation will permit Sitka to have "standing" to comment on ACMP issues which is now not possible for the most part. Since the specific bills addressing these issues could change, the resolution supports the key provisions rather than just certain bills.

If there are questions please contact Marlene Campbell at 747-1855 (campbell@cityofsitka.com e-mail).

CS Senate Bill 4 (CR&A)
Alaska Coastal Management Program (ACMP)
HIGHLIGHTS
January 26, 2009

Streamlines Project Reviews and District Plan Approvals

- Brings DEC permits back into the coordinated ACMP project review process
  - Eliminates need for a separate DEC review to determine ACMP consistency
  - Reduces confusion with current process about scope of ACMP review
- Promotes interagency cooperation and issue resolution
  - Encourages coordination of municipal Title 29 permitting with the ACMP process
    - Meaningful district policies will encourage local participation and resolution of issues during the state-coordinated ACMP review[1]
  - Reduces chances for conflicting permit conditions (federal, state and local permits)
  - Encourages early resolution of project issues
- Allows coastal districts to have performance-based enforceable policies[2]

Restores Checks and Balances

- Establishes streamlined Coastal Policy Board (CPB)
  - The 9-member CPB represents coastal districts, DNR, DEC, ADF&G, and DCCED[3]
  - Board provides guidance on 3 matters by approving:
    - 1) District coastal plans, 2) Grant programs, & 3) ACMP regulations
  - DNR retains day-to-day management of all ACMP matters
  - DNR retains responsibility for project consistency reviews
- Involves all 3 state resource agencies in project elevations (pre-decision appeals)
- Allows districts to keep their existing plan (no requirement to amend plan as in 2003 legislation)
- Encourages districts to resolve issues with DNR before their plan is reviewed by the CPB

Restores Traditional Role of Coastal Districts

- Allows districts to establish local enforceable policies that do not conflict with state or federal law or address matters preempted by state or federal agencies
- Restores intent of the ACMP
  - Original 1977 Alaska Coastal Management Act emphasized role of local coastal districts
  - The 2004 Murkowski Administration ACMP regulations conflicted with 2004 legislation by eliminating ability to establish district enforceable policies for matters not adequately addressed by state or federal law

Restores States' Rights

- Reinstates provisions eliminated by the 2003 legislation to assert state rights
  - Allows extension of the 90-day review limit for reviews with federal permits
  - Allows review of projects inland of the coastal zone if there are coastal effects
  - Allows for review of individual oil and gas lease sales in federal OCS waters

[1] Before the 2003 ACMP changes, less than 1% of projects were appealed.

[2] Performance-based policies are preferred by industry (rather than policies that prescribe a specific action)

[3] The former Coastal Policy Council was originally a 17-member body that had responsibility for project reviews.

Alaska Coastal Management Program

Program Goals and Objectives

The Alaska Coastal Management Program (ACMP) oversees the responsible development of coastal uses and resources, federal activities within the coastal zone, and activities on the Outer Continental Shelf.

ACMP Structure and Organization

The ACMP is a voluntary State program, authorized by the Coastal Zone Management Act of 1972, as amended. The Division of Coastal and Ocean Management (DCOM), within the Department of Natural Resources, is the lead agency for the ACMP. Several State departments and agencies participate in the implementation of the ACMP. In addition, several coastal municipalities and service areas (collectively known as coastal districts) voluntarily participate in the implementation of the ACMP. This structure and organization of State agencies and coastal districts provides for a networked implementation scheme designed to comprehensively manage coastal uses and resources.

The primary tool used to implement the ACMP is the consistency review process at 11 AAC 110. Through this process, proposed resource development activities are reviewed for consistency and compliance with the State's coastal management program which includes State laws, State standards, and district enforceable policies.

Value of ACMP

Having a federally-approved coastal management program allows the State the opportunity to:

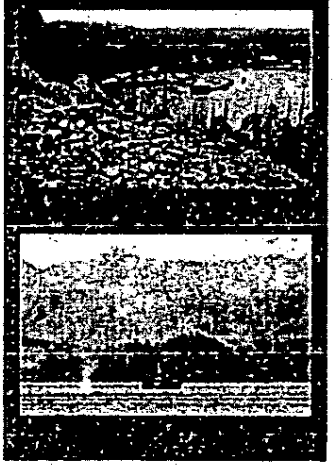
- Balance the need for economic investment and development in coastal areas with the need to protect and manage the uses and resources of coastal areas
- Act as the State's liaison to federal agencies (1) conducting/permitting activities within the State's coastal area and the Outer Continental Shelf; (2) involving federal laws/initiatives that effect development of the coastal zone, waters, uses or resources of the State
- Act as the department's lead on issues affecting or addressing the coastal waters affecting the State
- Apply State ACMP enforceable policies to federal agency activities
- Provide project applicants with a single point of contact for the State's review of resource development permit applications
- Incorporate coastal district input and knowledge for reasoned decisions

Key FY 2008 and FY 2009 Priorities and Needs

- Educate and train participants on implementation of ACMP
- Re-evaluate the ACMP Statutes (AS 46.39 and 40) and Regulations (11 AAC 110, 112, 114), so to strengthen the ACMP as a State program
- Implement the approved Coastal Impact Assistance Program (CIAP) and act as the liaison between the federal government and the State of Alaska

A Program of the Division of Coastal and Ocean Management

"The Alaska Coastal Management Program provides stewardship for Alaska's rich and diverse coastal resources to ensure a healthy and vibrant Alaskan coast that efficiently sustains long-term economic and environmental productivity."



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WWW.ALASKACOAST.STATE.AK.US

Alaska Coastal Management Program

Key 2008 Calendar Year Accomplishments

- In June 2008, DNR/DCOM initiated a series of workshops to review the current ACMP statutes (AS 46.39 and 46.40) and regulations (11 AAC 110, 112, and 114). The purpose of the re-evaluation is to strengthen the ACMP as a State program, that will benefit applicants and the public in the coordinating project reviews and that will enhance coastal district participation regarding activities occurring in the coastal area and on the outer continental shelf.

- DNR is currently revising the list of expedited consistency reviews using the ABC List. This revision was initiated to meet the legislative intent of identifying and broadening categories of activities subject to the expedited consistency review process. AS 46.40.096(m) SB 102 (2005) requires that DNR establish in regulation the state resource agency permits and federal permits that would trigger a consistency review. The ABC List categorizes development activities in the Coastal Zone according to expected levels of impact on uses and resources in the Zone. The last time the ABC List was substantively amended was in 1995. The current revision initiative will clarify the review process for certain resource development projects that are "de minimis" in nature or that are routine and can be made consistent with standard alternative measures. By updating the ABC List and developing new expedited consistency reviews for routine activities, DNR expects to reduce the workload for State agencies and coastal districts.

- In September 2008, the federal Minerals Management Service approved the State of Alaska Coastal Impact Assistance Program (CIAP) plan, making Alaska eligible to receive approximately $9.7 million in federal funds under the CIAP initiative. Due to an increase in OCS revenue off the coast of Alaska, the state's portion of CIAP funds will increase by more than $53 million in the next two fiscal years. DCOM is currently working on amending the CIAP plan to reflect Alaska's new allocation. A portion of the funds will go to 8 municipalities that are within 200 nautical miles of OCS development, and a portion will be offered to State agencies and the public through a competitive grant process.

- During the 2008 calendar year, nine more coastal district plans went into effect, bring the total of approved coastal district management plans to 25.

- During the 2008 calendar year, DCOM performed 262 coordinated or expedited consistency reviews, issued 415 No Additional Reviews and 29 Single Agency Reviews for resource development projects within the coastal zone.

ACMP Originally Approved:
1979

Coastal Population in 1979:
330,960

Coastal Population in 2004:
538,332

Miles of Coastline:
44,500

CZMA Funds:
$2,503,000

State and Other
Matching Funds:
$1,967,000

Total:
$4,470,000

ACMP State Contact

Randy Bates, Director - DCOM, T: 907.465.8797, F: 907.465.3075
E-mail: randy.bates@alaska.gov

ALASKA DEPARTMENT OF NATURAL RESOURCES · DIVISION OF COASTAL AND OCEAN MANAGEMENT
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Roger D. (Dale) Summerlin
Vice President
Health, Safety & Environment

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ConocoPhillips
Alaska, Inc.

February 4, 2009

The Honorable Donald Olson
Chairman, Senate Committee on Community & Regional Affairs
Alaska State Legislature
Alaska State Capitol, Room 514
Juneau, Alaska 99801

VIA FAX TO (907) 465-4821
& Next Day UPS Delivery

RE: Proposed Senate Bill No. 4
An Act Relating to the Alaska Coastal Management Program (ACMP)
Establishment of the Alaska Coastal Policy Board
State Statutes AS 46.39 and AS 46.40

Dear Senator Olson:

ConocoPhillips Alaska, Inc. (CPAI) has prepared this formal response to proposed Senate Bill No. 4, an act relating to the Alaska Coastal Management Program (ACMP) and establishment of an Alaska Coastal Policy Board, and offers the following comments for your consideration.

Retention of the Current Program

CPAI has been, and remains, a supporter of the centralized ACMP process which resulted from the passage of House Bill (HB) 191 in 2003 and was later implemented by regulations and statutory amendments. In 2003, the Alaska Legislature concluded that "the Alaska coastal management program (ACMP) is intended to function with a minimum of delay and avoid regulatory confusion, costly litigation, and uncertainty regarding the feasibility of new investment." In addition, the legislature stated that statewide standards "be clear, and concise and provide the needed predictability as to the application, scope, and timing of the consistency review process of the program."

Proposed changes in Senate Bill (SB) No. 4 would allow districts to restrict selected activities within their coastal district; these activities will undoubtedly involve uses of state concern and/or may involve matters already adequately addressed by existing regulatory programs. Decision-making authority concerning the management and use of state resources vests with the State.

The current program's approach eliminates enforceable policies which may be conflicting between coastal districts, state, and federal agencies, and which could result in a loss of

conformity of district policies that currently exists in the ACMP program. The existing statewide standards provide clear and concise predictability to the ACMP process. Coastal districts are still afforded the ability to propose enforceable policies that conform to the district plan approval criteria and requirements outlined in 46.40.040 and 46.40.070; or those that are not duplicative, restate existing state or federal policies, and do not redefine, replace, or otherwise modify existing standards. From an applicant's perspective, the retention of the centralized ACMP will provide applicants with assurances of an efficient permitting process.

Elimination of the Alaska Department of Environmental Conservation (ADEC) Carve Out (AS 46.40.040 and 46.40.096)

CPAI believes the ADEC carve out should be retained in its present form and the carve out should not be eliminated from the ACMP program. CPAI believes there is significant misunderstanding by many stakeholders on this matter. Approvals for air, water, and C-Plan permits require public notice and public comment periods which allow for public input. The public notice and comment periods for these permits were not negatively affected by carving out the ADEC permits. Timelines associated with these approval processes are at least six months in duration, far longer than the existing 50- to 90-day ACMP coordination process. In addition, the timelines for public participation do not align with the intent or the process of the ACMP program which is one of thoughtful timely coordination and decision-making.

Eliminating the ADEC carve out will re-introduce conflicting regulatory mandates between ADEC and the ACMP process, and will delay the start of the consistency review process. Adequate public participation and opportunities for review by coastal districts is provided in the existing program. Adequate environmental protection is being provided by ADEC, regardless of whether or not their approvals are part of a consistency review process.

In closing, as we look at the substantial nature of the changes proposed in SB 4, we ask the question: Why? Since the passage of HB 191, have resource development projects been permitted by the state where a coastal district's input and concerns have not been accommodated? Is this change going to help motivate resource development projects in this state? We suggest that the current program is working as intended and changes are neither necessary nor desirable.

Sincerely,

Dale Summerlin

Roger D. (Dale) Summerlin

cc: All Legislators

NORTHWEST ARCTIC BOROUGH

P.O. Box 1110

Kotzebue, Alaska 99752

(907) 442.2500 or (800) 478.1110

Fax: (907) 442.3740 or 2930

February 3, 2009

Honorable Senator Donny Olson
Capitol, Room 514
Juneau, Alaska 99811

Honorable Representative Reggie Joule
Capitol, Room 502
Juneau, Alaska 99801

Re: SB 4 and HB 74 Alaska Coastal Management Program

Dear Senator Olson and Representative Joule:

The Northwest Arctic Borough (NWAB) would like to thank you for the introduction of SB 4 and HB 74 on the Alaska Coastal Management Program (ACMP). On behalf of the Borough, I would like to address the substance of HB 74 because we understand the Senate Community and Regional Affairs Committee will consider adoption of the provisions of HB 74 into a senate committee substitute.

The NWAB supports the proposed legislation that would restore the ability of coastal districts to effectively participate in the program and establish meaningful policies under the ACMP; therefore providing valuable local input to development that happens in a very large and unique state. Another important provision in the bills would establish a board made of Alaskans to oversee the major aspects of ACMP as a publicly funded program. The proposed board would jointly represent state agencies and local coastal districts thereby restoring effective public engagement in the ACMP.

Currently, only the Alaska Department of Natural Resources (DNR) as a single agency makes all coastal management decisions. This has proved to be very one-sided and frustrating. For example, as you may know, during 2008 the NWAB attempted mediation with DNR to improve the decisions regarding our coastal management plan. Unfortunately, the mediation ended in an impasse with the majority of the proposed plan flat out denied. According to the

NORTHWEST ARCTIC BOROUGH

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ACMP now, our only re-course for a fair review is again to go back to the DNR commissioner for re-consideration of a decision that has already been made by the commissioner and his staff. As you can see, the ability to obtain a third party review that involves the public is not possible under the current program, and the new provisions in this bill will help prevent such a future problematic situation and provide state staff the clear criteria and direction for approval of coastal district policies with involvement of the coastal policy board.

The NWAB also supports the addition of subsistence to the ACMP objectives in AS 46.40.020. Until changes made by the Murkowski Administration, the ACMP has been an effective tool balancing resource development and protection of our coastal resources that support healthy subsistence. It is very important that Alaskans have the ability to propose local policies that demonstrate the real life connection of people and communities to coastal areas and actually reflect the close relationship Alaskan residents have to this land, the coastal zones and our valuable subsistence way of life. For the NWAB, the ability to cooperatively work with developers and the state to address subsistence impacts is the primary reason for participating in the ACMP so that development honors our long-time and permanent Alaskans lifestyles.

We also support provisions in the bill that would bring activities covered by the Alaska Department of Environmental Conservation back into the ACMP consistency review process. Impacts to air and water quality also affect habitat and subsistence, and it makes sense to address these issues together in a consolidated format during a single consistency.

The NWAB encourages responsible development of our natural resources. We recognize the economic importance of development in providing new revenues to fund local public services and facilities, and to provide steady employment opportunities in rural areas. However, it is important that local coastal districts have a role in voicing valid concerns and potential impacts to subsistence and other coastal uses and resources - all to ensure that we are doing resource development the right way.

In closing, these bills restore a meaningful role for coastal districts to facilitate effective future development opportunities. I appreciate your interest in improving the ACMP, and I look

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forward to working with you during this legislative session. Please contact me or Ukallaysaaq Tom Okleasik if you have any questions about our proposed plan at (907) 442-2500.

Sincerely,

Siikauraq Whiting, Mayor

Cc: Ukallaysaaq Tom Okleasik, Planning Director
Alagiaq Grant Hildreth, Deputy Planning Director
Kill'aq John Chase, Community Planner & Coastal Area Specialist

North Slope Borough

OFFICE OF THE MAYOR

P.O. Box 69
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email: edward.itta@north-slope.org

Edward S. Itta, Mayor

February 3, 2009

Senator Donny Olson
Alaska State Legislature
State Capitol, Room 514
Juneau, Alaska 99801

Sent by fax: _____

RE: **SB 4 Alaska Coastal Management Program**

Dear Senator Olson:

Thank you for pre-filing SB 4 about the Alaska Coastal Management Program (ACMP). I understand the Senate Community and Regional Affairs Committee will be considering adopting a committee substitute similar to the version of this bill in the House. The North Slope Borough (Borough) supports the committee substitute because it will restore meaningful local involvement in the ACMP, implement checks and balances and streamline project reviews.

The Borough appreciates the sections of the proposed committee substitute that clarify the ability of coastal districts to establish enforceable policies, especially the provisions in AS 46.40.030 and 070. While the 2003 legislative changes to the ACMP allowed coastal districts to establish policies for matters not adequately addressed by state or federal law, many of our proposed enforceable policies were denied on the basis that they addressed an agency's authority. We made an extra effort to focus our proposed policies on matters that were not addressed by existing laws, but still they were denied.

The committee substitute for SB 4 would restore checks and balances to the ACMP by establishing the Coastal Policy Board. This body would represent coastal districts and state agencies. It would be responsible for approving changes to ACMP regulations, amendments to coastal district programs and overall grant programs. This body is similar to the former Coastal Policy Council except that it has fewer members and it is not responsible for project consistency reviews. Restoring the responsibility for project elevations to the three state resource agencies will ensure these agencies have a seat at the table.

The Borough also supports the sections of the proposed committee substitute that streamline project reviews. The ACMP used to be an effective program that resolved issues among local, state and federal agencies, but changes to the program statutes and regulations reduced its effectiveness. Bringing the Alaska Department of Environmental Conservation back into the consistency review process will bring air and water quality issues back into ACMP project reviews. Likewise, allowing coastal districts to have meaningful policies will encourage their participation in the coordinated consistency review process. These changes will streamline project reviews because issues can be resolved early in the process by all parties. The changes will also encourage permitting agencies to ensure their permit stipulations are compatible and reasonable.

Again, the North Slope Borough thanks you for introducing SB 4, and I look forward to testifying on this bill as it moves through the committee process.

Sincerely,

Edward S. Itta
Mayor

cc Johnny Aiken, NSB Director Planning & Community Services
Karla Kolash, NSB Mayor's Office
Andy Mack, NSB Mayor's Office

RESOURCE DEVELOPMENT COUNCIL

Growing Alaska Through Responsible Resource Development

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Congressman Don Young
Governor Sean Parnell

March 25, 2010

Senator Donny Olson
Alaska State Legislature
Alaska State Capitol, Room 508
Juneau, AK 99801

Dear Senator Olson:

The Resource Development Council is writing to you about SB4 regarding the Alaska Coastal Management Program. As you know, our membership is extremely diverse and includes local communities and boroughs, including the North Slope and Northwest Arctic Boroughs, all of Alaska's Regional Native Corporations, as well as all of Alaska's major oil and gas, mining, seafood processing, and cruiseship companies. We are proud of this diversity and together, we try to grow Alaska through responsible resource development

RDC recognizes the importance of local input as development projects navigate the permitting system. However, we understand that under the current system, many of those providing that input feel their concerns are being left unheard. Clearly, the perception amongst many is that the current Alaska Coastal Management Program is broken.

At the same time, RDC industry members need clear, timely, and streamlined permitting systems. Prior to the changes that occurred to the program in 2003, the program had open-ended timelines for decision making, contained requirements that were duplicative or overlapping of those of state and federal requirements, resulting in significant conflicts and misinterpretations, and extensive geographic reach of the coastal zone boundaries, oftentimes extending significantly inland. This lack of predictability and clarity clearly frustrated many, from districts to permittees, and likely precipitated the changes that occurred.

For each of the last three years, the RDC Board has met with the Bush Caucus and offered to try to facilitate an improved program that would be a win-win for all involved. We have extended the same offer to the North Slope Borough, Senator Begich, and others. We believe a compromise can be reached.

There is near unanimous agreement in the RDC membership that local input is imperative, but that it should not be allowed to trump state or federal processes, effectively giving veto power to the districts. There is a way to solve this problem. However, we do not believe that SB4 is the solution. We commit to working with you, key RDC stakeholders, and other legislators, now or during the interim, to develop a system that is a win-win for all entities.

Sincerely,

Jason Brune
Executive Director

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CITY/BOROUGH OF JUNEAU
ALASKA'S CAPITAL CITY

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March 26, 2010

The Honorable Lyman Hoffman, Co-Chair
The Honorable Bert Stedman, Co-Chair
Senate Finance Committee
Alaska State Legislature
State Capitol Building
Juneau, Alaska 99810-1182

Re: SB 4 Alaska Coastal Management Program

Dear Senators Hoffman and Stedman,

The City and Borough of Juneau (CBJ) supports the proposed changes to the Alaska Coastal Management Program (ACMP) in Senate Bill 4. The bill addresses the most serious problems in the ACMP which resulted from major changes to the program in 2003. Specifically, the bill would establish a Coastal Policy Board to provide local input in decision-making; the bill would restore the district role in the program by allowing greater flexibility to develop meaningful local policies; and the bill would bring the Department of Environmental Conservation (DEC) back into the review process.

Background. HB 191 approved by the Legislature in 2003, required revision of local coastal management programs to conform with new statutory and regulatory requirements. The legislature approved the bill with the assurance that districts would be able to retain local policies and a strong role in the program. This has not been the case. The Department of Natural Resources (DNR) has acknowledged that subsequent regulations were more restrictive than the legislature intended. As a result, districts across the state have lost 50-95 percent of their previously approved policies. The Juneau Coastal Management Program (JCMP) was reduced from 99 policies to 16. Twelve of these policies were approved only after a lengthy and costly mediation process with the state.

As an example, Juneau's policy requiring a 50-foot setback from catalogued salmon streams could not be accepted under the 2003 program changes. This policy has support from state and federal agencies, it is accepted by developers, and it is non-controversial. However, the policy cannot be approved in the revised ACMP because it addresses water quality issues covered by DEC, mapping requirements are too restrictive, and because various other hurdles in the program, including the "important habitat" designation, cannot be met.

The Juneau Assembly and Planning Commission decided to retain important coastal management policies in the city Land Use Code even though those policies were rejected by the state in the ACMP. As a result, local habitat policies are now reviewed through an entirely separate local process rather than through a coordinated process with the state. This adds significant time and expense to applicants, especially if the project description is modified through the course of the local review. Furthermore, it is contrary to one of the major goals of the ACMP, which is to streamline and coordinate review processes for development.

ACMP as a Management Tool. CBJ has formally participated in the ACMP since our local plan was first approved in 1986. We have used the program to develop our local waterfront areas and to expedite development on lower-value wetlands, in addition to protecting certain sensitive habitat areas. Specifically, the JCMP has established Special Waterfront Areas, which are areas set aside for development. These areas have lower habitat standards, and developments must be approved if basic requirements to minimize impacts have been met. The Special Waterfront Area designation has allowed CBJ to develop four major cruise ship ports, a seafood processing plant, the Alaska Marine Highway Ferry Terminal, and many harbors and marine cargo and transport facilities.

Similarly, the Juneau Wetlands Management Plan, a component of the JCMP, categorizes wetlands into high value and low value. JCMP polices on low value wetlands have much lower review standards to expedite development. These standards must be respected by the Corps of Engineers and other reviewing entities who might otherwise take a more restrictive approach to development.

These policies are very important to CBJ and allow local needs for development to be carried forth formally through the ACMP review process. CBJ has a vested interest in a strong local economy. The ACMP has never been used to slow or stop development, only to manage it in accordance with local needs. DNR has never been able to cite an example, anywhere in the state, of a halted or delayed project from ACMP. Quite simply, there is no justification for reducing or eliminating the district role in the program. There is every reason to restore it, in accordance with the Alaska State Constitution mandate for maximum local self-governance.

How SB 4 Helps Local Districts. SB 4 would allow coastal districts to establish local enforceable policies in the program as long as those policies are not pre-empted by state or federal law and do not interfere with an issue of state concern. It's important to note that with the pre-emption clause, local policies cannot override state or federal authority. Furthermore, all policies must have full scientific support for approval. The changes proposed in SB 4 promote active, meaningful local input, not local control.

The proposed Coastal Policy Board would approve local coastal management programs, approve ACMP regulations, and administer the ACMP grant program. Establishment of this board is critical for restoring balance in the program and a fair review of district policies. As described in the Background section, district plans were drastically reduced by the 2003 changes and DNR has been resistant toward an active district role in the program. The proposed nine-member board

would address this imbalance and bring local community representatives back into the decision-making process. The board would not override agency authority as the board would not conduct project reviews, district policies cannot pre-empt state or federal law, and lastly because the board would have full agency representation.

Restoring DEC's role in the ACMP is equally important to districts. Separating DEC and all air and water quality issues from ACMP reviews has resulted in a fragmented review process for applicants and has once again limited local district policies. CBJ lost many valuable enforceable policies in our local program simply because the policies indirectly addressed water quality. These included such minimum protections as Best Management Practices to control erosion. During one project review regarding gravel mining in a salmon stream, the project was approved through the full ACMP review process and then denied by DEC, which added significant time and expense for the applicant.

In closing, CBJ encourages the Senate Finance Committee and subsequent committees to move this bill forward. This legislation is critical for restoring a meaningful role for local communities in coastal management and resource development decisions. Thank you for the opportunity to comment.

Sincerely,

Rod Swope
City & Borough Manager

cc: Senator Dennis Egan
Senator Joe Thomas
Senator Johnny Ellis
Senator Charlie Huggins
Senator Donald Olson

ALASKA MINERS ASSOCIATION, INC.

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March 29, 2010

Honorable Lyman Hoffman
Honorable Bert Stedman
Senate Finance Committee
Capitol Building
Juneau, AK 99801

Re: CSSB-4(CRA), Changes to Alaska Coastal Zone Management

Dear Senators Hoffman and Stedman,

The mining industry has been involved in the Alaska Coastal Zone Management Program (ACMP) for many years. Several companies have raised concerns regarding CSSB-4(CRA) (referred to as SB-4 in this letter) and its companion bill in the House, HB-74. They agree that ACMP is not working well but they cannot support the changes being proposed. The bottom line is that this bill would create an administrative quagmire for the state permitting process and would create tremendous uncertainty for all permittees. The Alaska Miners Association opposes SB-4.

We have numerous concerns with SB-4 and the major ones are discussed below:

Section 1 establishes a Coastal Policy Board (CPB) (previously called the Coastal Policy Council) whereby the Coastal Districts would control selection of the majority of the members that would then have control over the Alaska Coastal Management Program. The CPB would have 5 public members and 4 state agency (DNR, DF&G, DEC, & DCEED) members. The governor would choose the public members but must select them from a list supplied by the Coastal Districts. The effect is that the districts would control the outcome of the selection process and would therefore control any decisions before the CPB. This is not good for management of coastal resources and is bad public policy.

Section 2 would require consistency determinations and certifications for every permit issued by any office within DNR. This would include items now on the "A,B,C List" that have been determined to be of minimal possible impact to coastal resources. The "A,B,C List" would no longer have any relevance and every activity that required a permit would require a consistency determination.

Section 3 would transfer ultimate authority over regulations from DNR to the CPB. The Coastal Policy Board (CPB) would be the ultimate decision making authority due to the requirement that the CPB must approve the regulations. This too is bad public policy to have an appointed board having control over the regulatory process.

Section 4 would transfer various powers from DNR to the Coastal Policy Board. These powers would include contracting for services and "taking any reasonable action necessary to carry out the provisions of Coastal Zone Management". This is extremely broad power and does not include the numerous checks, reviews and balances that are imposed on DNR. If the CPB decided DNR was not following or interpreting the policies the way they want, it would have the authority to make changes.

Section 5 defines the duties of the CPB and at the same time would make DNR effectively a staff agency for the CPB. DNR would be responsible for developing the coastal management plans but the CPB would have the authority to approve or reject those plans. The CPB would have authority to require coastal management plans that would extend to the off-shore continental shelf (OCS) or inland as far as they believed was "reasonable".

The combined impacts of Sections 1, 3, 4, 5, 6, and 7 would be to give authorities now held by DNR to the CPB. Again, the CPB is an appointed board not elected by the public, nor confirmed by the Legislature.

Section 9 specifies how the district coastal management plans and enforceable policies will be developed and because of the authorities given to the CPB, the CPB will be able to dictate all requirements. This would eliminate the requirement for district plans to meet a set of consistent statewide standards. This would eliminate certainty and be a nightmare for the regulated public, and eventually for the Administration and the Legislature due to the havoc it would create.

One of the several problems with ACMP before the passage of HB-191 in 2003 was that districts were allowed to create so-called "homeless stipulations". These were stipulations that were outside existing statue and regulation that could be added to a permit. SB-4 gives authorization for districts to go beyond state or federal law and this would again be allowing "homeless stipulations". In effect, this means that if the legislature will not pass a statute to require some action, the district would be able to do what the legislature would not approve and thereby go beyond state or federal law. In 2003, and for many years before that, this was a tremendous problem for permittees. Oftentimes due to project schedules and the approaching construction season, permittees could not take the time to challenge these homeless stipulations.

Section 10 would allow the CPB to define the boundaries of the coastal districts as far inland as they wished. Decisions over projects in Interior Alaska could be impacted by the Coastal Management Program and Coastal Districts. This would effectively give the coastal districts authority over any activity in the state. This would include permits for homesites, water wells, water rights, roads, culverts, roads, mines, gas lines, oil wells, etc. anywhere in the state. Rather than the Coastal Management Program applying to the "coastal" areas, the boundaries could, and likely would, be defined hundreds of miles up stream. This compares to some other states where coastal management programs are generally limited to the areas affected by salt water and tidal action.

Section 10 would also allow the coastal districts to designate "special management areas" that, based on Section 9, would have their own set of enforceable policies. These special management areas could be anywhere the districts wished.

One conclusion is that SB-4 would effectively negate "state law". State regulations would no longer be no consistent but could rather be different for Costal Districts. If a coastal district wanted something different from existing regulation, the district could require it and DNR would have to comply or be unable to act without legal challenge. In whatever the situation, if a coastal district wished to regulate something the legislature has not given DNR, the district could simply require it to be in the coastal management plan.

A second conclusion is that many of the items mentioned above would raise constitutional questions. Because the CPB has the authority to go beyond state law, the bill has the effect of delegating legislative law-making to a public-dominated board. Similarly, it removes interpretation of state regulations from the administrative branch — where the interpretations constitutionally belong — and gives this authority to the CPB. While some constitutional issues existed before passage of HB-191 in 2003 (specifically the homeless stipulations), SB-4 greatly magnifies and expands these legal problems.

A third conclusion is that the bill essentially does away with the concept of state interest. There are some decisions — whether and how a gasline should be constructed, expansion of the railroad, oil & gas development on state lands and waters, and oil & gas development in the OCS — that should be decided by the state, without being subject to veto by coastal districts. It is critical that local land-use issues and local concerns be taken into account by the permitting agencies, but some issues affect the entire state and must be determined on a state-wide basis. SB-4 essentially does away with this concept.

A final conclusion is that the changes proposed would create tremendous uncertainty for the regulated public. There is no way to escape a great deal of uncertainty if coastal districts were to be given the authorities contemplated in SB-4.

Thank you for the opportunity to address our concerns to you.

Sincerely,

Steven C. Borell, P.E.
Executive Director

Cc: Committee Members

ALASKA MINERS ASSOCIATION, INC.

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April 13, 2010

Honorable Gary Stevens
Honorable Mike Chenault
Capitol Building
Juneau, AK 99801

Re: SB-4, Alaska Coastal Zone Management

Dear President Stevens and Speaker Chenault,

We have reviewed Work Draft S for CSSB-4, Alaska Coastal Zone Management and have the following comments. Work Draft S makes four beneficial changes to SB-4 that improve the bill However, the bill still contains other concerns that must be addressed before we can support it.

The beneficial changes in Work Draft S: 1) Allows the Governor to select the public members of the board without being limited to those persons on a list provided. 2) Removes the Board's independent ability to apply for money and make contracts. The Board must approve DNR's grants and contracts but cannot make such contracts itself. 3) Eliminates the language that says coastal districts can go inland. 4) Eliminates the definition of "special management area." 5) A new item expands the definition of "Project" to include agency rules and this is not beneficial.

However, other fundamental concerns remain and these include - The bill still gives the Coastal Policy Board (CPB) power to reject state law as found in statute and regulation by not approving its application to the coastal zone. The basic question is whether the state or the CPB interprets state laws and regulations. Do DEC and DNR interpret their regulations or does each coastal district do it? For example, does the entire state have one set of air and water quality standards, or does each district have the authority to write their own standards (by not approving any standards but the one writtne by the district)? The basic question is whether districts can include requierments not in state law. Such requirements were known as "homeless stipulations" prior to 2003 and were one of the major problems with ACMP at that time.

Although Work Draft S removes reference to how far the coastal districts can extend inland, it is does not answer the fundamental question of just how far inland the boundaries can go. In other states the distance inland is limited to the area affected by salt water or tidal action or to a specific elevation above mean high tide. Work Draft S does not clarify this inland extent.

Equally important is the new addition to the definition of the word "project" in Section 35 to include "proposed rules that alter uses of the coastal zone". Agency regulations are rules specifically intended to alter uses, including those in the coastal zone. This new definition would subject all regulations of DNR, DF&G, and DEC to a veto by each coastal district in the

state with respect to that area. Subjecting every regulation to approval by each coastal district would essentially end the concept of a state-wide government.

These issues are a sample of the various unworkable problems with the program, and with Draft S. Thank you for your consideration of our concerns.

Sincerely,

Steven C. Borell, P.E.
Executive Director

CC Senator Lyman Hoffman
Senator Bert Stedman
Senator Lesil McGuire
Senator Bill Wielechowski
Representative Bill Stoltz
Representative Mike Hawker
Representative Craig Johnson
Representative Mark Neuman

4-13-10
Jim Benintendi

SB 4 Alaska Coastal Management Program

Section-by-Section Explanation of Proposed Changes to SB 4

April 11, 2010

Section 1 Changes to this section allow the governor to appoint coastal district board members without nominations from coastal districts (AS 46.39.005(a)(1)) and to appoint alternates without coastal district approval (AS 46.39.005(d)).

Section 4 The revised AS 46.39.030(b)(1) removes a provision for the board consultation with federal agencies.

A change to AS 46.39.030 clarifies the role of DNR and the board in developing and approving regulation changes.

Section 5 The word "ensure" replaces "assure" to make a grammatical correction.

Section 9 Changes to this section adopt changes made in CSHB74(CRA). The term "prescriptive and performance based" regarding enforceable policies is removed. The term "contemporary and traditional" is also removed.

The term "areas that merit special attention" replaces the term "special management areas" in several places in this section.

The word "on" replaces "upon" to make a grammatical correction.

Section 10 A change to AS 46.40.040(a) clarifies the role of the board in approving regulation changes.

The term "areas that merit special attention" replaces the term "special management areas."

Section 11 A new subsection (e) in AS 46.40.040 clarifies that regulations for district plan criteria cannot require designation of areas as a precondition for establishing district enforceable policies.

Section 14 The change to this section adds a new paragraph (2) to AS 46.40.070(b) that clarifies enforceable policies cannot conflict with state statute or regulations.

Section 19 The first change to this section removes the proposed provision to allow reviews inland of the coastal zone to AS 46.40.096(l)(1).

The second change removes the term "and water" from AS 46.40.096(l)(2).

Section 23 This change adds a new subsection (s) to 46.40.096 to clarify that draft permits cannot be required before start up of an ACMP consistency review.

Section 30 This change removes Section 30 from SB 4 to AS 46.40.190 regarding cooperative administration.

Section 31 The change to this section removes language in the existing definition "coastal resource district" in AS 46.40.210(2) regarding boroughs that do not exercise plan and zoning authority.

Section 35 The change to this section adds new language to the definition of project in AS 46.40.210(9) that allows ACMP reviews of proposed federal rules (regulations), including proposed rules regarding endangered species.

Section 36 This change would remove the proposed new definition for "special management areas."

Section 37 This change removes the repeal of the existing definition of "areas that merit special attention."

Section 38 This new section repeals provisions in Ch. 31, SLA 2005 that repealed the coastal management program in 2011.

Section 39 This new section repeals provisions in Ch. 31, SLA 2005 that repealed the coastal management program in 2011.

SB 10

<target><bill>SB 10</bill><subject>SB 10</subject><comm>SFIN26</comm></target>

4/8/09

Alaska State Legislature

Interim: (May - Dec.)
716 W. 4th Ave
Anchorage, AK 99501
Phone: (907) 269-0144
Fax: (907) 269-0148

Session: (Jan. - May)
State Capitol, Suite 30
Juneau, AK 99801-1182
Phone: (907) 465-3822
Fax: (907) 465-3756
Toll free: (800) 770-3822

Senator_Bettye_Davis@legis.state.ak.us
http://www.akdemocrats.org

Senator Bettye Davis

SB 10 - Cancer Clinical Trials

"An Act requiring health care insurers to provide insurance coverage for medical care received by a patient during certain approved clinical trials designed to test and improve prevention, diagnosis, treatment, or palliation of cancer; directing the Department of Health and Social Services to provide Medicaid services to persons who participate in clinical trials; relating to experimental procedures under a state plan offered by the Comprehensive Health Insurance Association; and providing for an effective date."

SPONSOR STATEMENT

Clinical trials are research studies that test how well new medical approaches work in patients. Each study answers scientific questions and tries to find better ways to prevent, screen for, diagnose, or treat disease. Patients who take part in cancer clinical trials have an opportunity to contribute to the knowledge of, and progress against cancer. They also receive state-of-the art treatment from experts in the field. The National Cancer Institute, as part of the U.S. National Institutes of Health, reports 6,000 cancer trials in the United States any one time. They include trials in prevention, screening, diagnosis, treatment, quality-of-life, and genetic studies.

CSSB 10 removes important barriers to the participation of patients in cancer clinical trials in Alaska. It requires that applicable health care plans, including Medicaid, cover routine patient care costs for patients enrolled in all phases of clinical trials, including prevention, detection, treatment, and palliation (supportive care) of cancer. Currently Alaska health plans may exclude coverage for routine patient-care costs while a patient with cancer is enrolled in a clinical trial. Providers of health care plans often conclude that money is saved by excluding care while patients participate in clinical trials. But these patients, if not enrolled in clinical trials, will continue to receive conventional therapy at roughly the same or slightly increased costs in the short-run.

Over 2600 Alaskans are diagnosed with cancer each year. In FY 2007 an estimated 4,600 patients received cancer treatments through Alaska's Medicaid program at a cost of $21.5 million. The average payment per beneficiary was about $4,675. The federal government reimburses the state at about 50% of the total costs. Without in-state facilities and support of clinical trials participants in Alaska currently have to travel out of state, increasing the cost of non-emergency transportation which is about 3% of total Medicaid costs.

2450

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Studies have shown that only 2% to 3% of adult cancer patients and less than 0.5% Medicare patients enroll in clinical trials of the approximately 20% who are eligible -largely due to fear of denial of insurance. A recent study found only slight increase in treatment costs for adult clinical trial patients compared to nonparticipants, $35,418 versus $33,248 or about 6.5% increase in costs for clinical trial participants compared to nonparticipants. Even if enrollment was increased to the full 20%, it is unlikely that these numbers will significantly impact overall costs to health plans. See National Conference of State Legislatures, "Clinical Trials: What are States Doing? February, 2009 Update," www.ncsl.org/programs/health/clinicaltrials.htm.

Twenty-three or more states have passed legislation or instituted special agreements requiring health plans to pay the cost of routine medical care patients receive while participating in clinical trials. Passage of CSSB 10 will result in more successful outcomes in cancer treatments in Alaska, increase retention of patients in Alaska for their cancer care, and also, after full implementation, result in cost savings in the short and long term.

A description of "The Access to Cancer Clinical Trials Act of 2009" H.R. 716, 111th Congress 2009-2010, (Rep. Sue Myrick) per "The Hill's Congress Blog" January 30, 2009 sums up to a large extent what CSSB 10 is attempting to do:

"Clinical trials are so critical for patients and or medical research, yet many patients find that their health insurance won't cover the rest of their routine cancer treatment if they decide to enroll in clinical trials. We're not asking insurance companies to pay for clinical trials. This bill simply states that insurers must continue to pay for routine treatments — that they would be paying for regardless — if patients enroll in a clinical trial.

No patient should ever have to fear exploring all treatment options at the cost of losing coverage. We should be encouraging participation in clinical trials, not discouraging it by removing coverage for routine care. Were it not for patients who have enrolled in past trials, the medial advancements we've experienced toward finding a cure for cancer would not be possible."

SENATE FINANCE COMMITTEE REPORT

DATE: 3/13/09

FURTHER:

DATE TURNED
IN TO OFFICE: _____

Finance Committee considered SENATE BILL NO. 10

SB 10 MEDICAID/INS FOR CANCER CLINICAL TRIALS

"An Act requiring health care insurers to provide insurance coverage for medical care received by a patient during certain approved clinical trials designed to test and improve prevention, diagnosis, treatment, or palliation of cancer; directing the Department of Health and Social Services to provide Medicaid services to persons who participate in those clinical trials; relating to experimental procedures under a state plan offered by the Comprehensive Health Insurance Association; and providing for an effective date."

and recommends:

[ ] be **replaced** with [ ] **SCS** or [ ] **CS** _____ (_____)

[✓] adopt **previous** [ ] **SCS** or [✓] **CS** SB 10 (HSS)

[ ] attached amendment(s)

[ ] adopt _____Letter of Intent

[ ] further referral to _____Committee

SENATE BILL:
[✓] Same Title
[ ] New Title

HOUSE BILL:
[ ] Same Title
[ ] Technical Title Change
[ ] New Title w/ SCR #_____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet	Zero	FN#
DHSS	2/10			✓	1
CED	2/4			✓	2

[ ] **APPROPRIATION - no fiscal note**

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	Huggins			X	
	Thomas	✓			
	Olson			✓	
	Ellis	✓			
CO-CHAIR:	Hoffman			✓	
CO-CHAIR:	Stedman			✓	

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 2
Bill Version: **CSSB 10(HSS)**
(S) Publish Date: 2/23/09

Identifier (file name): SB10-CED-INS-2-4-09
Dept. Affected: DCCED
Title: Medicaid/Insurance for cancer clinical trials
RDU: Insurance (116)
Component: Insurance
Sponsor: Senator Davis
Requester: Senate Health and Social Services
Component Number: 354

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							
FUND SOURCE		(Thousands of Dollars)					
1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2009) cost:

POSITIONS							
Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This bill requires companies that offer health care insurance in Alaska cover routine patient care costs incurred by a patient enrolled in an approved clinical trial related to cancer. The coverage provided must include the costs of prevention, diagnosis, treatment, and palliative care of cancer. The health care insurer is required to provide coverage under this section only if the patient's treating physician determines that there is no clearly superior non-investigational treatment alternative; and available clinical or preclinical data provide a reasonable expectation that the treatment provided in the clinical trial will be at least as efficacious as any non-investigational alternative.

Prepared by: Linda S. Hall, Director — Phone 907-269-7900
Division: Insurance — Date/Time 2/4/09 10:48 AM
Approved by: Emil R. Notti, Commissioner — Date 2/4/2009
Commerce, Community, and Economic Development

(Revised 9/10/2008 OMB)

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: CSSB 10(HSS)
(S) Publish Date: 2/23/09

Identifier (file name): SB010-DHSS-MS-02-11-09
Dept. Affected: Health & Social Services
Title: Medicaid/Insurance For Cancer Clinical Trials
RDU: Health Care Services
Component: Medicaid Services
Sponsor: Davis
Requester: Senate HSS
Component Number: 2077

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES (							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2009) cost: 0.0

POSITIONS

Full-time							
Part-time							
Temporary							

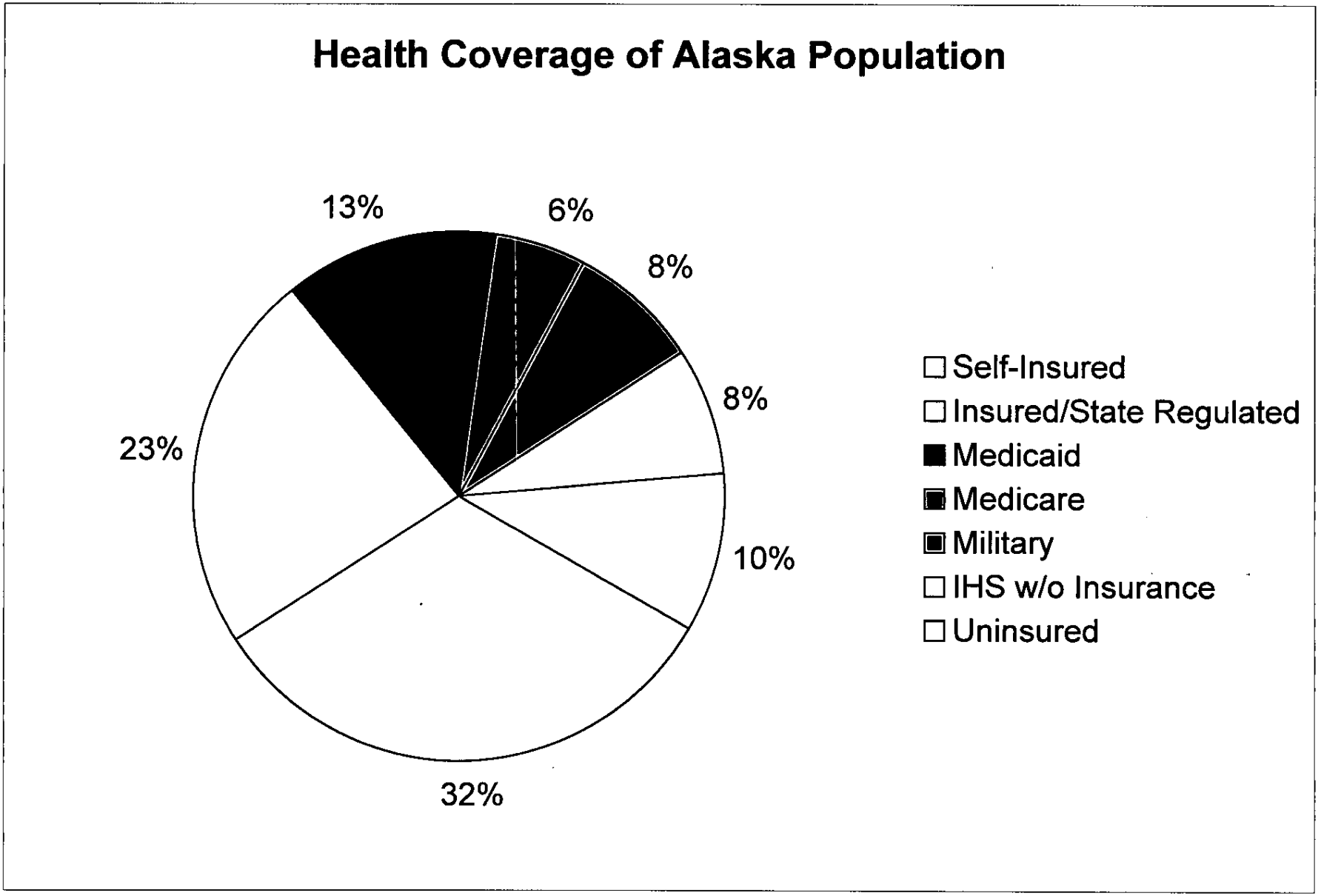
ANALYSIS: *(Attach a separate page if necessary)*

SB

Prepared by: William J. Streur, Deputy Commissioner
Phone 907-269-7827
Division: Health Care Services
Date/Time 2/10/09 12:00 AM

Approved by: Alison Elgee, Assistant Commissioner
Date 2/11/2009
DHSS Finance Management Services

4/8/09



(Linda Hall) COPY ON FILE

NSABP®
National Surgical Adjuvant Breast and Bowel Project
PARTNERS IN CANCER RESEARCH

Norman Wolmark, MD
Chairman

Operations Center

Medical Affairs
412/330-4600 412/330-4660 Fax
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Administrative and Fiscal Affairs
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Clinical Coordinating Division
1-800/477-7227

TESTIMONY OF D. LAWRENCE WICKERHAM, MD, ASSOCIATE CHAIRMAN OF THE NSABP, CONCERNING SB280

I am Dr. Lawrence Wickerham, the Associate Chairman of the National Surgical Adjuvant Breast and Bowel Project (NSABP), which is one of the National Cancer Institute's Cooperative Trials Groups.

The NSABP conducts large phase III studies that compare standard treatments with newer innovative therapies in patients with early stage breast or colorectal cancer. The group's mission is to improve the survival and quality of life of these patients. 2008 is the 50th anniversary of the NSABP and over those years we have entered over 130,000 individuals into our trials. Today we have 200 participating centers and 300 satellite centers located throughout the U.S., Canada, Puerto Rico, and Ireland, and we do have centers in Alaska.

Results of previous NSABP studies have had a major impact in improving the care of both breast and bowel cancer The results of our breast cancer studies have eliminated the use of true radical mastectomies, demonstrated that lumpectomy is an effective alternative, and we have shown that adjuvant treatment (treatment after surgery) can improve survival. Adjuvant therapy for breast cancer includes chemotherapy, hormonal therapy, and newer targeted treatments.

Figures from the American Cancer Society demonstrate that the mortality rate from breast cancer in the U.S. has declined for over a decade. This improvement is thought to be the result of screening mammograms to detect the disease and improvements in treatment. These improvements in care come primarily from clinical

trials like those conducted by the NSABP. The more patients that enter these studies, the more quickly we get results and the faster we can improve care. Unfortunately, for a variety of reasons, less than 5% of cancer patients choose to enter clinical trials. Cost is a major barrier.

Requiring health care insurers to cover the standard of care costs for individuals participating in cancer clinical trials would remove one significant barrier to increasing participation. Any research trial includes two general categories of costs: 1) research costs – expenses that the patient would not routinely incur if he or she was not a part of the trial (extra lab tests, x-rays, etc.), and 2) standard of care costs – expenses that would occur whether or not the patient entered the trial.

NSABP studies routinely identify the non-standard of care components. We provide the drug(s) being studied and typically provide additional non-federal funding to help defray the costs of trial participation, including the cost of non-standard of care items. The goal is to minimize any additional costs to the patient, improve trial participation and improve cancer care in general.

I and the NSABP strongly urge you to enact this bill so that cancer patients in Alaska can have improved access to state-of-the-art research studies like those available to patients in other states.

Thank you for listening to my testimony and I would be pleased to try to answer your questions.

Senate Bill 10 Testimony, February 18, 2009

Krista Rangitsch, RN, BSN, OCN, CCRC
7523 East 17th Avenue
Anchorage, AK 99504

My name is Krista Rangitsch and I am a Cancer Research Nurse at Providence Alaska Medical Center, however, I am not representing Providence. I am testifying on my own behalf.

First, I'd like to take this opportunity to thank the members of this committee for considering Senate Bill 10 and for allowing me to testify today.

From my perspective, when a clinical trial is recommended to a patient by their physician as the best treatment option, they are referred to our office. Part of my discussion about the study with the patient includes informing them that their insurance company may not cover some or all of the routine costs associated with treating their cancer while on the study. We strongly encourage all patients find out what their policy says about clinical trial coverage. This is the stage where, in my experience, we encounter the majority of barriers to patient enrollment to clinical trials.

Patients go through a lot emotionally and financially when being diagnosed with cancer – the last thing they should have to worry about is finding out if their insurance will cover a clinical trial that their physician thinks is in their best interest.

I've noticed that one of our ever-increasing reasons for patients not enrolling on a clinical trial is because of lack of or fear of lack of insurance coverage. There are many instances, where due to the severity of the cancer and the necessity to start treatment right away, there just isn't reasonable sufficient time to investigate if insurance will cover clinical trial expenses or the insurance company just takes too long to determine coverage.

In closing, if insurance companies were mandated to cover routine care costs associated with a clinical trial, I am confident that many more people would be able to participate in clinical trials, which in turn, would increase the likelihood of improved cancer treatments and maybe someday lead to a cure.

Thank you again for the opportunity and for supporting Senate Bill 10.

April 2, 2008

Testimony to Support SB280

To

Senate Labor & Commerce Committee,

I am a medical oncologist-hematologist practicing in Anchorage.
Hence I am involved in caring for many, many patients with cancer, which are oftentimes deadly.
As yet, many cancers do not have curative treatments. One of the options I offer to all my patients is to consider treatment under clinical trials- scientifically conducted studies by approved medical organizations to try & improve cancer care.

Unfortunately, due to Insurers denying coverage for routine medical care when patients enter clinical trials, patients very obviously & naturally, decline to participate in clinical trials.
In my opinion, this state of affairs is a major handicap for patients/ individuals in Alaska to receive State of Art Care for Cancer & related problems in Alaska.

Just to give you an example, Herceptin is now used in early breast cancer treatment as the women with breast cancer who participated proved its efficacy in a clinical trial. This trial included at least 2 women in Alaska.

I wholeheartedly support SB280 & sincerely hope your committee members will too for all of our sakes.

Sincerely,

Latha Subramanian MD, FACP

Attention!

This is being faxed to all local and national news sources!!!!!

Thank You A.P.A. and Govoner Sarah Palin

Hello,

I would like to tell you the story of a cancer patient that the state of Alaska is allowing to die. My name is William Stevens I have been diagnosed with Adenocarcinoma of the lung a 4.1cm tumor. I recently underwent lung surgery and now am in desperate need of chemo in order save my life. I have no medical insurance and applied to the state of Alaska adult public assistance office for medical help. They are refusing to give me aid even though I qualify financially. My oncologist Dr. Subramanian of anchorage only gives me a 15% chance of survival chemo is my only hope and I cant get it because the state has determined that I am not worthy of treatment. The State Of Alaska is committing Murder. I am sending you phone numbers of all Doctors and case workers if you choose to help me save my life for my self and my son you can check out my story.

Why would a convicted Murderer , child molester or inmate on death row get help from the state to save their life but they are killing me. Why is my life not worth saving?

Adult Public Assistance case # 05541992 last 4 of social 1350

Oncologist Dr. Subramanian 569-2627

Dr. Baker 276-2611 LLC "907" area code

Dr. Valdes 258-4430

Social Worker Sarah M. 264-1504

Thank you for any help you can give me I want to live.

William Stevens
707 764 6401
~~7~~764-6401

4/9/09

POSITION PAPER ON HEALTH PLAN COVERAGE FOR PATIENT CARE COSTS IN CANCER CLINICAL TRIALS

Sponsored by the Denali Oncology Group, the Alaska State Affiliate of the American Society of Clinical Oncology

February 24, 2008

BACKGROUND:

1. Clinical trials for cancer patients provide state-of-the-art treatment for patients with life-threatening diseases. Cancer patients and their physicians typically look to clinical trials as an option when the investigational treatment offers as much or more benefit than standard treatment.
2. Currently, in Alaska, health plans can exclude coverage for routine patient care costs while a patient with cancer is enrolled on a clinical trial.
3. Since 2000, Medicare has provided coverage for beneficiaries for routine costs associated with cancer clinical trial enrollment.
4. Twenty-three states in the United States have passed legislation or instituted special agreements requiring health plans to pay the cost of routine medical care a patient receives while participating in a clinical trial.
5. Health plans mistakenly think that money is saved by excluding care while patients participate in clinical trials. However, if not enrolled on a clinical trial, these patients will continue to receive conventional therapy. Studies have shown that there are not differences in cost of care for patients enrolled on clinical trials compared with patients on conventional therapy.
6. Results of clinical trials lead to more rational use of cancer treatment and more successful outcomes, resulting in short-term and long-term cost savings.

PROPOSED LEGISLATION:

We propose that the Senate and House of the State of Alaska pass a bill requiring that all health care plans, including Medicaid, cover routine patient care costs for patients enrolled in all phases of clinical trials, including prevention, detection, treatment and palliation (supportive care) of cancer.

BENEFITS:

1. Passage of this bill will remove an important barrier to the participation of patients in cancer clinical trials. It will result in physicians more often recommending patient participation and in patients having greater desire to enroll in clinical trials.
2. Greater participation by Alaskans in cancer clinical trials will result in improved care of our patients in the short- and long-term, improved doctor-patient relationship, increased patient satisfaction with treatment, and increased retention of patients in Alaska for their cancer care.
3. Alaska will be in the forefront in making meaningful progress in providing care for cancer and other life threatening conditions.

REFERENCES:

1. States That Require Health Plans to Cover Patient Care Costs in Clinical Trials http://www.cancer.gov/clinicaltrials/learning/laws-about-clinical-trial-costs
2. Clinical Trials and Insurance Coverage - A Resource Guide http://www.cancer.gov/clinicaltrials/learning/insurance-coverage/page1
3. Coverage of Routine Patient Care Costs in Clinical Trials Position Statement http://www.asco.org/asco/downloads/patient_care_costs_3.05.pdf
4. American Society of Clinical Oncology Response to CMS Town Hall Meeting "The Effect of Coverage and Payment on Clinical Research Study Participation and Retention" September 10, 2007
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8. Goldman DP, et al: Incremental treatment costs in National Cancer Institute-sponsored clinical trials. *JAMA.* 289:2970-2977, 2003.
9. Bennett CL, et al: Evaluating the financial impact of clinical trials in oncology: results from a pilot study from the Association of American Cancer Institutes/Northwestern University Clinical Trials Costs and Charges Project. *Journal of Clinical Oncology.* 18:2805-28 10, 2000.
10. Fireman BH: Cost of care for patients in cancer clinical trials. *Journal of the National Cancer Institute.* 92: 136-142, 2000.
11. Wagner JL, et al: Incremental costs of enrolling cancer patients in clinical trials: a population-based study. *Journal of the National Cancer Institute.* 9 1947-853, 1999.
12. Quirk J, et al: Clinical trial costs are similar to and may be less than standard care and inpatient (InPT) charges at an academic medical center (AMC) are similar to major, minor, and non-teaching hospitals. *Proc American Society Clinical Oncology.* 19:433a, (abstr. 1696), 2000.
13. Bennett C L, et al: Evaluating the financial impact of clinical trials in oncology: Results from a pilot study from the Association of American Cancer Institutes/Northwestern University Clinical Trials Costs and Charges Project. *Journal of Clinical Oncology.* 18:2805-10, 2000 .

CANCER CLINICAL TRIALS FAST FACTS
DENALI ONCOLOGY GROUP, October 28, 2007

Frequently Asked Questions (FAQ)

1. **What is a clinical trial?** A clinical trial is a scientific way of studying a new treatment for a specific disease that may be better and/or safer than existing treatments.
2. **Why are clinical trials necessary?** Without these studies, we can not determine whether a new treatment is safe, effective, and better than existing options.
3. **What types of cancer clinical trials exist?** Trials may be for prevention, early detection, diagnosis, or treatment of cancer. There are also trials for reducing symptoms and improving quality-of-life.
4. **Why would a cancer patient consider participating in a clinical trial?**
    a. Treatment given on the clinical trial offers the potential for better outcome (e.g. longer life or higher cure rate) than the standard treatment.
    b. Results of the trial will help improve treatment for future patients.
5. **Is it risky to be on a clinical trial?** There are risks with any type of cancer treatment. Side effects that occur in patients on a clinical trial are monitored very closely and described in paperwork that patients receive (i.e., consent form).
6. **Are clinical trials available in Alaska?** Yes, more than 50 cancer clinical trials are open in Alaska for patients to receive treatment in-state.
7. **Do doctors or patients gain financially from participating in clinical trials?** We only support the conduct of studies where there is no financial gain for patients or physicians. Support is provided by the sponsor of the study to help pay for costs associated with the trial, such as research personnel and regulatory requirements.

Myths

1. **"I may receive placebo."** Placebo is rarely used in cancer clinical trials because there is usually an acceptable standard treatment. However, if the standard is to offer no treatment, then the new treatment under investigation will be compared to no treatment (i.e., placebo). Patients will always be informed of the potential to receive placebo.
2. **"I will be a guinea pig."** Patients on clinical trials are treated with respect, receive informed consent, and have all questions answered. They have the right to withdraw from the study at any time without compromising their future care.
3. **"I'm not sick enough for a clinical trial."** Many trials are studying ways to prevent cancer in healthy people at risk for cancer. Other trials are studying ways to improve upon the most common types of treatment used when patients are first diagnosed with cancer.

24464

State Laws Addressing Third-Party Reimbu[illegible]ement for Clinical Trials for the Treatment of Cance

4/9/09

(as of September 30, 2007)

State	Statute	Coverage Requirements			Types of Insurers Covered				Clinical Trial Phases Covered			
		Mandatory Coverage	Mandatory Offer	Prohibits Exclusion of Coverage	Private Insurers	Specified Managed Care	Medicaid/Other Medical Assistance	Public Employee Health Plans	Phase I	Phase II	Phase III	Phase IV
Arizona	ARIZ. REV. STAT. ANN. §§ 20-1342.03, 20-826.01, 20-1057.07, 20-1402.01, 20-1404.01, and 20-2328	X[1]			X	X			X	X	X	X
California	CAL. HEALTH & SAFETY CODE § 1370.6; CAL. INS. CODE § 10145.4; and CAL. WELF. & INST. CODE § 14132.98	X[2]			X	X	X		X	X	X	X
Connecticut	CONN. GEN. STAT. ANN §§ 38a-504a to 38a-504g and 38a-542a to 38a-542g	X[3]			X						X	
Delaware*	DEL. CODE ANN. tit. 18, § 3567	X[4]			X							
Georgia	GA. CODE ANN. § 33-24-59.1	X[5]			X	X		X		X[6]	X[6]	
Louisiana	LA. REV. STAT. ANN. § 22:230.4	X			X	X		X		X	X	X
Maine*	ME. REV. STAT. ANN. tit. 24-A, §§ 4301-A and 4310	X			X	X						
Maryland	MD. CODE ANN., INS. § 15-827	X			X	X			X	X	X	X
Massachusetts	MASS. GEN. LAWS ANN. ch. 175, § 110L	X[4]			X	X			X	X	X	X
Missouri	MO. REV. STAT. § 376.429	X			X	X				X	X	X
Nevada	NEV. REV. STAT. §§ 689A.04033, 689B.0306, 695B.1903, 695C.1693, and 695G.173	X			X	X			X	X	X	X
New Hampshire	N.H. REV. STAT. ANN. § 415:18-l	X[7]			X	X			X	X	X	X
New Mexico	N.M. STAT. ANN. § 59A-22-43	X[4]			X	X	X			X	X	X
North Carolina*	N.C. GEN. STAT. ANN. § 58-3-255	X			X	X				X	X	X
Rhode Island	R.I. GEN. LAWS §§ 27-18-36, 27-18-36.2, 27-19-32 to 27-19-32.3, 27-20-27 to 27-20-27.3, and 27-41-41 to 27-41-41.3	X			X	X				X	X	X
Tennessee	TENN. CODE ANN. § 56-7-2365	X[4]			X	X			X	X	X	X
Vermont	VT. STAT. ANN. tit. 8, § 4088b [8]	X			X	X	X					
Virginia	VA. CODE ANN. §§ 2.2-2818 and 38.2-3418.8	X			X	X		X	X[9]	X	X	X

State Laws Addressing Third-Party Reimbu[illegible]ment for Clinical Trials for the Treatment of Cancer
(as of September 30, 2007)

State	Statute	Coverage Requirements			Types of Insurers Covered				Clinical Trial Phases Covered			
		Mandatory Coverage	Mandatory Offer	Prohibits Exclusion of Coverage	Private Insurers	Specified Managed Care	Medicaid/Other Medical Assistance	Public Employee Health Plans	Phase I	Phase II	Phase III	Phase IV
West Virginia	W. VA. CODE §§ 5-16-7d, 5-16-7e, 5-16B-6a, 5-16B-6b, 9-2-12, 9-2-12a, 33-25F-1, and 33-25F-2	X[4]			X	X	X	X		X	X	X
Wisconsin	WIS. STAT. ANN. §§ 632.87 and 40.51			X[4]	X			X	X	X	X	X

Note: Because arrangements for the reimbursement of clinical trials for several states fall outside the scope of the State Cancer Legislative Database protocols, those states are not included herein. Michigan and New Jersey, for example, instituted special non-legislative agreements whereby insurers voluntarily cover routine medical care that is part of a clinical trial. According to the state employee benefits handbook, Ohio provides coverage for cancer treatment clinical trials to state employees who are enrolled in the state employee health benefit plan. In Georgia, a non-legislative agreement among a number of private health plans and state-based plans provides coverage for adults and children.

* Laws in Delaware, Maine, and North Carolina provide coverage of clinical trials for life threatening medical conditions and not specifically for the treatment of cancer.

[1] Indicated insurers are only obligated to provide coverage for covered patient costs that are directly associated with the clinical trial.

[2] Coverage requirement applies only to routine patient care costs related to cancer clinical trials having a therapeutic purpose, upon recommendation by a treating physician.

[3] In order to be eligible for coverage, clinical trials for the *prevention of cancer* must be a Phase III trial that involves a therapeutic intervention and is conducted at multiple institutions under the auspices of an independent peer-reviewed protocol approved by a specified Federal authority.

[4] Coverage requirement applies only to clinical trials that have a therapeutic intent.

[5] Coverage requirement applies only to routine patient care costs incurred in connection with clinical trials for the treatment of children's cancer.

[6] Applies only to Phase II or III prescription drug clinical trial programs.

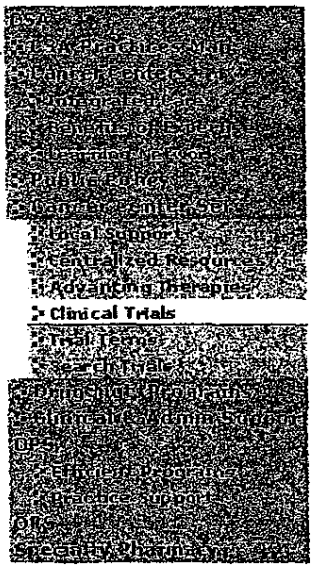
[7] Coverage for Phase I and Phase II clinical trials is decided on a case-by-case basis.

[8] Requires the state Department of Banking, Insurance, Securities, and Health Care Administration to issue regulations that specify the requirements for coverage of routine costs for patients who participate in approved cancer clinical trials conducted by specified providers. Coverage requirements are included in Regulation H-2001-04.

[9] Treatment in a Phase I clinical trial may be covered on a case-by-case basis.

4/9/09

Clinical Trial Information



The greater the number of people who participate in clinical trials, the faster emerging anticancer therapies can be brought to market. US Oncology accrued more than 32,000 cancer patients to clinical trials, and is bringing the search for new therapies directly into local communities across America.

Our research team members conduct more than 50 clinical trials each year. While we have complete Phase I-IV capabilities, the majority of our research is in Phase II and III development stages.

Our extensive clinical trial program, plus our provision of care for approximately 200,000 new cancer patients each year, provides us with a unique research platform. In sharing what we learn with one another, we can more readily advance the latest developments as they relate to investigational drugs, the reduction of side effects, and new methods of care.

If you are interested in contacting a US Oncology-affiliated physician to learn more about our clinical trial program, please click here.

Frequently Asked Questions About Clinical Trials

If you are a cancer patient or someone you know is a cancer patient, you may be interested in learning more about clinical trials. The information below offers a brief overview of the clinical trial process, with a look at key questions and terms.

What are Clinical Trials?
Clinical trials, or research studies, utilize patient volunteers to help investigate different ways to treat diseases - such as cancer. Clinical trials involve the use of investigational drugs (also known as study drugs) and drug delivery methods. Each study tries to answer specific scientific questions about different ways to prevent, diagnose, and treat whatever disease it is addressing.

Why are Clinical Trials Important?
Clinical trials contribute to the overall knowledge and progress made in developing therapies for diseases, such as cancer. These research studies are conducted to determine if a study drug or delivery method is safe and effective. Patients who agree to participate may possibly benefit from the research study, while receiving the best current standard treatment as well.

How are Clinical Trials Structured?
Clinical trials are structured into four phases:

- In *Phase I clinical trials*, researchers test a study drug in a small group of people (20 to 80) for the first time to evaluate its safety, determine a safe dosage range, and identify side effects.
- In *Phase II clinical trials*, the study drug is tested in a larger group of people (100 to 300) to measure its effectiveness and further evaluate its safety.
- In *Phase III clinical trials*, the study drug is tested in large groups of people (1,000 to 3,000) to confirm its effectiveness, monitor side effects, compare it to approved standard treatments, and collect information that will allow the study drug to be used safely.
- In *Phase IV clinical trials*, the drug is tested after it has been marketed to collect information about its effect in various populations and about any side effects associated with long-term use.

What Happens During a Clinical Trial?
In many trials, if the patient is eligible and agrees to participate through Informed Consent, the patient is randomized (by chance, like a coin toss) to either receive the current standard treatment, or the current standard treatment and the study drug regimen. If no standard treatment is available, a trial may compare the study drug to a placebo, which is similar to the study drug, but contains no active ingredient. During a trial, patients are treated and monitored by a team of health care professionals. This team will give the patient specific instructions about the trial, about more tests, and additional doctor's visits that might be required.

Throughout the clinical trial, you come first. If there is no improvement or you experience intolerable side effects, you and your physician can decide to discontinue trial participation and resume other

treatment options. Should you do so, your decision will be respected without any effect on future treatment plans.

Why Do Some Cancer Patients Choose to Participate in Clinical Trials?
Some cancer patients may participate because they are hoping for a possible cure and longer life or a way to feel better. Others find that the current standard therapies are not optimal for their cancer and wish to be among the first to participate in a research study and receive an investigational drug. Whatever the reason, participation could make a difference in a patient's future, as well as in the lives of future cancer patients.

How Do I Know If I Should Participate in a Clinical Trial?
The decision to participate in a clinical trial is one that only you can make, with the help of your physician and the people close to you. If you are interested in participating in a clinical trial, you will be informed of the clinical trial's potential benefits and drawbacks before making your decision. If the investigational drug is proven to be effective, you may be among the first to benefit. In addition, through your participation in a research study, you will also be helping future cancer patients.

Are There Risks Involved in Participating?
Because clinical trials are research studies, study drugs may not be better than current standard drugs or treatments. In addition, you may experience side effects that are worse than those of current standard drugs and treatments. Also, your health insurance company or managed care provider may not cover all of the patient care associated with a clinical trial. All of these factors should be discussed thoroughly with your physician and those close to you before deciding whether or not to participate in a clinical trial.

Where are the Trials Held?
Many clinical trials may be available right in your own community. Ask your physician for specific information or search the US Oncology clinical trial list to find a current US Oncology trial in your region.

How Do I Learn More About a Specific Clinical Trial?
Through a process called "Informed Consent," you will learn the key facts about a particular clinical trial before making a decision about participating. Your doctor will explain the purpose and requirements of the study, including any potential drawbacks and benefits. If you agree to take part in the trial, you will be asked to review and sign a form that outlines the study's details prior to participating.

How Do I Get More Information?
Consult your physician to find out whether or not there is a clinical trial that would be appropriate for your care. If you are a US Oncology patient, your physician has information on clinical trials that are being held throughout the company's national research network. Or you can search a list of all current US Oncology clinical trials for more specific information.
For more details on clinical trial research conducted by the US Oncology network, please click USON Research.
For definitions of the clinical trial terms used on this site, please click Trial Terms.

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Reviewed: 05/19/2006

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Clinical Trials: Questions and Answers

Key Points

- Clinical trials are research studies that test how well new medical approaches work in people (see Question 1).
- Every clinical trial has a protocol, which describes what will be done in the study, how it will be conducted, and why each part of the study is necessary (see Question 4).
- Informed consent is a process by which people learn the important facts about a clinical trial to help them decide whether to participate (see Question 6).
- Payment of patient care costs in clinical trials varies by health insurance plan and by study (see Question 11).

1. What are clinical trials, and why are they important?

   Clinical trials are research studies that test how well new medical approaches work in people. Each study answers scientific questions and tries to find better ways to prevent, screen for, diagnose, or treat a disease. People who take part in cancer clinical trials have an opportunity to contribute to knowledge of, and progress against, cancer. They also receive up-to-date care from experts.

2. What are the types of clinical trials?

   There are several types of clinical trials:

   - **Prevention trials** test new approaches, such as medications, vitamins, or other supplements, that doctors believe may lower the risk of developing a certain type of cancer. Most prevention trials are conducted with healthy people who have not had cancer. Some trials are conducted with people who have had cancer and want to prevent recurrence (return of cancer), or reduce the chance of developing a new type of cancer.

   - **Screening trials** study ways to detect cancer earlier. They are often conducted to determine whether finding cancer before it causes symptoms decreases the chance of dying from the disease. These trials involve people who do not have any symptoms of cancer.

   - **Diagnostic trials** study tests or procedures that could be used to identify cancer more accurately. Diagnostic trials usually include people who have signs or symptoms of cancer.

   - **Treatment trials** are conducted with people who have cancer. They are designed to answer specific questions about, and evaluate the effectiveness of, a new treatment or a new way of using a standard treatment. These trials test many types of treatments, such as new drugs, vaccines, new approaches to surgery or radiation therapy, or new combinations of treatments.

   - **Quality-of-life (also called supportive care) trials** explore ways to improve the comfort and quality of life of cancer patients and cancer survivors. These trials may study ways to help people who are experiencing nausea, vomiting, sleep disorders, depression, or other effects from cancer or its treatment.

   - **Genetics studies** are sometimes part of another cancer clinical trial. The genetics component of the trial may focus on how genetic makeup can affect detection, diagnosis, or response to cancer treatment.

     Population- and family-based genetic research studies differ from traditional cancer clinical trials. In these studies, researchers look at tissue or blood samples, generally from families or large groups of people, to find genetic changes that are associated with cancer. People who participate in genetics studies may or may not have cancer, depending on the study. The goal

of these studies is to help understand the role of genes in the development of cancer.

3. Who sponsors clinical trials?

Government agencies, such as the National Cancer Institute (NCI) and other parts of the National Institutes of Health (NIH), the Department of Defense, and the Department of Veterans Affairs, sponsor and conduct clinical trials. In addition, organizations or individuals, such as physicians, medical institutions, foundations, volunteer groups, and pharmaceutical companies, also sponsor clinical trials.

NCI sponsors a large number of clinical trials and has a number of programs designed to make clinical trials widely available in the United States. These programs include the following:

- The **Cancer Centers Program** provides support to research-oriented institutions, including those that have been designated as NCI Comprehensive or Clinical Cancer Centers for their scientific excellence. More information is available in the NCI fact sheet *The National Cancer Institute Cancer Centers Program*, which is available at http://www.cancer.gov/cancertopics/factsheet/NCI/cancer-centers on the Internet.

- The **Specialized Programs of Research Excellence (SPOREs)** bring together scientists and researchers to design and implement research programs that can improve prevention, detection, diagnosis, and treatment of specific types of cancer. More information about SPOREs is available at http://spores.nci.nih.gov/index.html on the Internet.

- The **Clinical Trials Cooperative Group Program** brings researchers, cancer centers, and doctors together into cooperative groups. These groups work with the NCI to identify important questions in cancer research, and design and conduct multisite clinical trials to answer these questions. Cooperative groups are located throughout the United States and in Canada and Europe. For more information, refer to the fact sheet *NCI's Clinical Trials Cooperative Group Program* at http://www.cancer.gov/cancertopics/factsheet/NCI/clinical-trials-cooperative-group on the Internet.

- The **Cancer Trials Support Unit (CTSU)** makes NCI-sponsored phase III treatment trials available to doctors and patients in the United States and Canada . Doctors who are not affiliated with an NCI-sponsored Clinical Trials Cooperative Group (see above) must complete an application process, which includes credential verification and site preparedness assessment, to become members of the CTSU's National Network of Investigators. CTSU members can enroll patients in clinical trials through the program's Web site, which is located at http://www.ctsu.org on the Internet. General information about the CTSU is also available on the program's Web site, or by calling 1–888–823–5923.

- The **Community Clinical Oncology Program (CCOP)** makes clinical trials available in a large number of communities across the United States. Local hospitals throughout the country affiliate with a cancer center or a cooperative group. This affiliation allows doctors to offer people participation in clinical trials more easily, so they do not have to travel long distances or leave their usual caregivers. The **Minority-Based Community Clinical Oncology Program** focuses on encouraging minority populations to participate in clinical trials. More information about the CCOP can be found in the NCI fact sheet *Community Clinical Oncology Program: Questions and Answers*, which is available at http://www.cancer.gov/cancertopics/factsheet/NCI/CCOP on the Internet.

- The **National Institutes of Health Clinical Center**, a research hospital located in Bethesda, Maryland, is part of the NIH. Trials at the Clinical Center are conducted by the components of the NIH, including the NCI. The NCI fact sheet *Cancer Clinical Trials at the National Institutes of Health Clinical Center: Questions and Answers* has more information about the Clinical Center. This fact sheet is available at http://www.cancer.gov/cancertopics/factsheet/NCI/clinical-center on the Internet.

4. How are participants protected?

Research with people is conducted according to strict scientific and ethical principles. Every clinical trial has a protocol, or action plan, which acts like a "recipe" for conducting the trial. The plan describes what will be done in the study, how it will be conducted, and why each part of the study is necessary. The same protocol is used by every doctor or research center taking part in the trial.

All clinical trials that are federally funded or that evaluate a new drug or medical device subject to Food and Drug Administration regulation must be reviewed and approved by an Institutional Review Board (IRB). Many institutions require that all clinical trials, regardless of funding, be reviewed and approved by a local IRB. The Board, which includes doctors, researchers, community leaders, and other members of the community, reviews the protocol to make sure the study is conducted fairly and participants are not likely to be harmed. The IRB also decides how often to review the trial once it has begun. Based on this information, the IRB decides whether the clinical trial should continue as initially planned and, if not, what changes should be made. An IRB can stop a clinical trial if the

researcher is not following the protocol or if the trial appears to be causing unexpected harm to the participants. An IRB can also stop a clinical trial if there is clear evidence that the new intervention is effective, in order to make it widely available.

NIH-supported clinical trials require data and safety monitoring. Some clinical trials, especially phase III clinical trials, use a Data and Safety Monitoring Board (DSMB). A DSMB is an independent committee made up of statisticians, physicians, and patient advocates. The DSMB ensures that the risks of participation are as small as possible, makes sure the data are complete, and stops a trial if safety concerns arise or when the trial's objectives have been met.

5. What are eligibility criteria, and why are they important?

Each study's protocol has guidelines for who can or cannot participate in the study. These guidelines, called eligibility criteria, describe characteristics that must be shared by all participants. The criteria differ from study to study. They may include age, gender, medical history, and current health status. Eligibility criteria for treatment studies often require that patients have a particular type and stage of cancer.

Enrolling participants with similar characteristics helps to ensure that the results of the trial will be due to what is under study and not other factors. In this way, eligibility criteria help researchers achieve accurate and meaningful results. These criteria also minimize the risk of a person's condition becoming worse by participating in the study.

6. What is informed consent?

Informed consent is a process by which people learn the important facts about a clinical trial to help them decide whether to participate. This information includes details about what is involved, such as the purpose of the study, the tests and other procedures used in the study, and the possible risks and benefits. In addition to talking with the doctor or nurse, people receive a written consent form explaining the study. People who agree to take part in the study are asked to sign the informed consent form. However, signing the form does not mean people must stay in the study. People can leave the study at any time—either before the study starts or at any time during the study or the follow-up period.

The informed consent process continues throughout the study. If new benefits, risks, or side effects are discovered during the study, the researchers must inform the participants. They may be asked to sign new consent forms if they want to stay in the study.

7. Where do clinical trials take place?

Clinical trials take place in doctors' offices, cancer centers, other medical centers, community hospitals and clinics, and veterans' and military hospitals in cities and towns across the United States and in other countries. Clinical trials may include participants at one or two highly specialized centers, or they may involve hundreds of locations at the same time.

8. How are clinical trials conducted?

Clinical trials are usually conducted in a series of steps, called phases. Treatment clinical trials listed in PDQ®, the NCI's comprehensive cancer information database, are always assigned a phase. However, screening, prevention, diagnostic, and quality-of-life studies do not always have a phase. Genetics clinical trials generally do not have a phase.

- **Phase I** trials are the first step in testing a new approach in people. In these studies, researchers evaluate what dose is safe, how a new agent should be given (by mouth, injected into a vein, or injected into the muscle), and how often. Researchers watch closely for any harmful side effects. Phase I trials usually enroll a small number of patients and take place at only a few locations. The dose of the new therapy or technique is increased a little at a time. The highest dose with an acceptable level of side effects is determined to be appropriate for further testing.

- **Phase II** trials study the safety and effectiveness of an agent or intervention, and evaluate how it affects the human body. Phase II studies usually focus on a particular type of cancer, and include fewer than 100 patients.

- **Phase III** trials compare a new agent or intervention (or new use of a standard one) with the current standard therapy. Participants are randomly assigned to the standard group or the new group, usually by computer. This method, called randomization, helps to avoid bias and ensures that human choices or other factors do not affect the study's results. In most cases, studies move into phase III testing only after they have shown promise in phases I and II. Phase III trials often include large numbers of people across the country.

- **Phase IV** trials are conducted to further evaluate the long-term safety and effectiveness of a

treatment. They usually take place after the treatment has been approved for standard use. Several hundred to several thousand people may take part in a phase IV study. These studies are less common than phase I, II, or III trials.

People who participate in a clinical trial work with a research team. Team members may include doctors, nurses, social workers, dietitians, and other health professionals. The health care team provides care, monitors participants' health, and offers specific instructions about the study. So that the trial results are as reliable as possible, it is important for participants to follow the research team's instructions. The instructions may include keeping logs or answering questionnaires. The research team may continue to contact participants after the trial ends.

9. What are some of the benefits of taking part in a clinical trial?

The benefits of participating in a clinical trial include the following:

- Participants have access to promising new approaches that are often not available outside the clinical trial setting.
- The approach being studied may be more effective than the standard approach.
- Participants receive regular and careful medical attention from a research team that includes doctors and other health professionals.
- Participants may be the first to benefit from the new method under study.
- Results from the study may help others in the future.

10. What are some of the possible risks associated with taking part in a clinical trial?

The possible risks of participating in a clinical trial include the following:

- New drugs or procedures under study are not always better than the standard care to which they are being compared.
- New treatments may have side effects or risks that doctors do not expect or that are worse than those resulting from standard care.
- Participants in randomized trials will not be able to choose the approach they receive.
- Health insurance and managed care providers may not cover all patient care costs in a study.
- Participants may be required to make more visits to the doctor than they would if they were not in the clinical trial.

11. Who pays for the patient care costs associated with a clinical trial?

Health insurance and managed care providers often do not cover the patient care costs associated with a clinical trial. What they cover varies by health plan and by study. Some health plans do not cover clinical trials if they consider the approach being studied "experimental" or "investigational." However, if enough data show that the approach is safe and effective, a health plan may consider the approach "established" and cover some or all of the costs. Participants may have difficulty obtaining coverage for costs associated with prevention and screening clinical trials; health plans are currently less likely to have review processes in place for these studies. It may, therefore, be more difficult to get coverage for the costs associated with them. In many cases, it helps to have someone from the research team talk about coverage with representatives of the health plan.

Health plans may specify other criteria a trial must meet to be covered. The trial might have to be sponsored by a specified organization, be judged "medically necessary" by the health plan, not be significantly more expensive than treatments the health plan considers standard, or focus on types of cancer for which no standard treatments are available. In addition, the facility and medical staff might have to meet the plan's qualifications for conducting certain procedures, such as bone marrow transplants. More information about insurance coverage can be found on the NCI's *Clinical Trials and Insurance Coverage: A Resource Guide* Web page at http://www.cancer.gov/clinicaltrials/learning/insurance-coverage on the Internet.

Many states have passed legislation or developed policies requiring health plans to cover the costs of certain clinical trials. For more information, visit the NCI's Web site at http://www.cancer.gov/clinicaltrials/developments/laws-about-clinical-trial-costs on the Internet.

Federal programs that help pay the costs of care in a clinical trial include those listed below:

- Medicare reimburses patient care costs for its beneficiaries who participate in clinical trials designed to diagnose or treat cancer. Information about Medicare coverage of clinical trials is available at http://www.medicare.gov on the Internet, or by calling Medicare's toll-free number for beneficiaries at 1–800–633–4227 (1–800–MEDICARE). The toll-free number for the hearing impaired is 1–877–486–2048. Also, the NCI fact sheet *More Choices in Cancer Care: Information for Beneficiaries on Medicare Coverage of Cancer Clinical Trials* is available at http://www.cancer.gov/cancertopics/factsheet/support/medicare on the Internet.

- Beneficiaries of TRICARE, the Department of Defense's health program, can be reimbursed for the medical costs of participation in NCI-sponsored phase II and phase III cancer prevention

(including screening and early detection) and treatment trials. Additional information is available in the NCI fact sheet *TRICARE Beneficiaries Can Enter Clinical Trials for Cancer Prevention and Treatment Through a Department of Defense and National Cancer Institute Agreement.* This fact sheet can be found at http://www.cancer.gov/cancertopics/factsheet/NCI/TRICARE on the Internet.

- The Department of Veterans Affairs (VA) allows eligible veterans to participate in NCI-sponsored prevention, diagnosis, and treatment studies nationwide. All phases and types of NCI-sponsored trials are included. The NCI fact sheet *The NCI/VA Agreement on Clinical Trials: Questions and Answers* has more information. It is available at http://www.cancer.gov/cancertopics/factsheet/NCI/VA-clinical-trials on the Internet.

12. What are some questions people might ask their health care provider before entering a clinical trial?

It is important for people to ask questions before deciding to enter a clinical trial. Questions people might want to ask their doctor or nurse include the following:

The Study

- What is the purpose of the study?
- Why do the researchers think the approach being tested may be effective? Has it been tested before?
- Who is sponsoring the study?
- Who has reviewed and approved the study?
- What are the medical credentials and experience of the researchers and other study personnel?
- How are the study results and safety of participants being monitored?
- How long will the study last?
- How will the results be shared?

Possible Risks and Benefits

- What are the possible short-term benefits?
- What are the possible long-term benefits?
- What are the short-term risks, such as side effects?
- What are the possible long-term risks?
- What other treatment options are available?
- How do the possible risks and benefits of the trial compare with those of other options?

Participation and Care

- What kinds of treatment, medical tests, or procedures will the participants have during the study? How often will they receive the treatments, tests, or procedures?
- Will treatments, tests, or procedures be painful? If so, how can the pain be controlled?
- How do the tests in the study compare with what people might receive outside the study?
- Will participants be able to take their regular medications while in the clinical trial?
- Where will the participants receive their medical care? Will they be in a hospital? If so, for how long?
- Who will be in charge of the participants' care? Will they be able to see their own doctors?
- How long will participants need to stay in the study? Will there be follow-up visits after the study?

Personal Issues

- How could being in the study affect the participants' daily lives?
- What support is available for participants and their families?
- Can potential participants talk with people already enrolled in the study?

Cost Issues

- Will participants have to pay for any treatment, tests, or other charges? If so, what will the approximate charges be?
- What is health insurance likely to cover?
- Who can help answer questions from the insurance company or health plan?

13. What happens when a clinical trial is over?

After a clinical trial is completed, the researchers look carefully at the data collected during the trial before making decisions about the meaning of the findings and further testing. After a phase I or II trial, the researchers decide whether to move on to the next phase, or stop testing the agent or intervention because it was not safe or effective. When a phase III trial is completed, the researchers look at the data and decide whether the results have medical importance.

The results of clinical trials are often published in peer-reviewed, scientific journals. Peer review is a process by which experts review the report before it is published to make sure the analysis and conclusions are sound. If the results are particularly important, they may be featured by the media and discussed at scientific meetings and by patient advocacy groups before they are published. Once a new approach has been proven safe and effective in a clinical trial, it may become standard practice. (Standard practice is a currently accepted and widely used approach.)

The National Library of Medicine's Web site offers links to resources for finding the results of clinical trials. It includes information about published and unpublished results. This resource can be found at http://www.nlm.nih.gov/services/ctresults.html on the Internet.

14. Where can people find more information about clinical trials?

In addition to the resources described in Question 3, people interested in taking part in a clinical trial should talk with their health care provider. Information about cancer clinical trials is also available from the NCI's Cancer Information Service (CIS). Information specialists at the CIS use PDQ to identify and provide detailed information about specific ongoing clinical trials. PDQ includes all NCI-funded clinical trials and some studies conducted by independent investigators at hospitals and medical centers in the United States and Europe.

People also have the option of searching for clinical trials on their own. The clinical trials page of the NCI's Web site, located at http://www.cancer.gov/clinicaltrials/ on the Internet, provides information about clinical trials and links to PDQ. Another resource is the NIH's ClinicalTrials.gov Web site. ClinicalTrials.gov lists clinical trials sponsored by the NIH, other Federal agencies, and the pharmaceutical industry for a wide range of diseases, including cancer and other conditions. This site can be found at http://clinicaltrials.gov on the Internet.

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Related Resources

Publications (available at http://www.cancer.gov/publications)

- National Cancer Institute Fact Sheet 1.2, *The National Cancer Institute Cancer Centers Program*
- National Cancer Institute Fact Sheet 1.3, *Community Clinical Oncology Program: Questions and Answers*
- National Cancer Institute Fact Sheet 1.4, *NCI's Clinical Trials Cooperative Group Program*
- National Cancer Institute Fact Sheet 1.13, *TRICARE Beneficiaries Can Enter Clinical Trials for Cancer Prevention and Treatment Through a Department of Defense and National Cancer Institute Agreement*
- National Cancer Institute Fact Sheet 1.17, *The NCI/VA Agreement on Clinical Trials: Questions and Answers*
- National Cancer Institute Fact Sheet 1.22, *Cancer Clinical Trials at the National Institutes of Health Clinical Center: Questions and Answers*
- National Cancer Institute Fact Sheet 8.14, *More Choices in Cancer Care: Information for Beneficiaries on Medicare Coverage of Cancer Clinical Trials*
- *Taking Part in Clinical Trials: What Cancer Patients Need To Know*
- *Taking Part in Clinical Trials: Cancer Prevention Studies*

National Cancer Institute (NCI) Resources

Cancer Information Service (toll-free)
Telephone: 1-800-4-CANCER (1-800-422-6237)
TTY: 1-800-332-8615

Online
NCI's Web site: http://www.cancer.gov
LiveHelp, NCI's live online assistance:
https://cissecure.ncd.nih.gov/livehelp/welcome.asp

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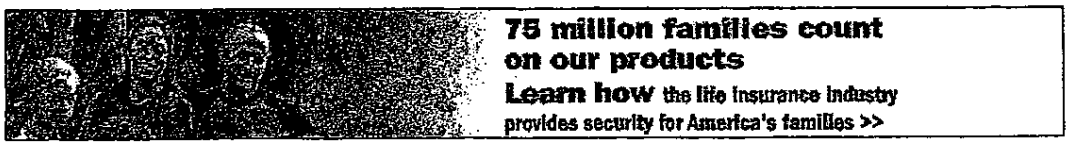

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The Access To Cancer Clinical Trials Act of 2009 (Rep. Sue Myrick)

January 30th, 2009

Clinical trials are so critical for patients and or medical research, yet many patients find that their health insurance won't cover the rest of their routine cancer treatment if they decide to enroll in clinical trials. We're not asking insurance companies to pay for clinical trials. This bill simply state that insurers must continue to pay for routine treatments — that they would be paying for regardless — if patients enroll in a clinical trial.

No patient should ever have to fear exploring all treatment options at the cost of losing coverage. We should be encouraging participation in clinical trials, not discouraging it by removing coverage for routine care. Were it not for patients who have enrolled in past trials, the medial advancements we've experienced toward finding a cure for cancer would not be possible.

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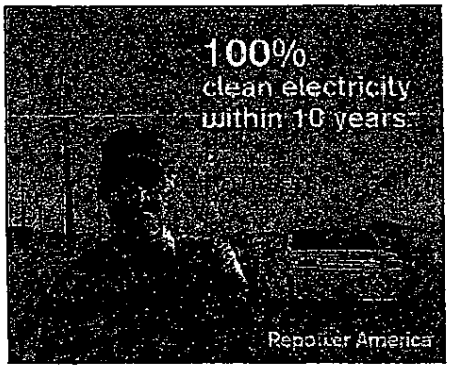
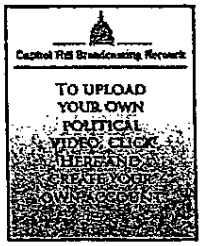
By N.C. GOP Rep. Sue Myrick

This entry was posted on Friday, January 30th, 2009 at 5:08 pm and is filed under Healthcare, Lawmaker News .





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The New York Times

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January 27, 2009

Medicare Widens Drugs It Accepts for Cancer

By REED ABELSON and ANDREW POLLACK

Medicare, with little public debate, has expanded its coverage of drugs for cancer treatments not approved by the Food and Drug Administration.

Cancer doctors had clamored for the changes, saying that some of these treatments, known as off-label uses, were essential if patients were to receive the most up-to-date care. But for many such uses there is scant clinical evidence that the drugs are effective, despite costing as much as $10,000 a month. Because the drugs may represent a patient's last hope, though, doctors are often willing to try them.

The new Medicare rules are the latest twist in a protracted debate over federal spending on off-label drugs — drugs prescribed for uses other than those for which they have been specifically approved.

Proponents of the changes say such spending not only helps patients, but can also enhance medical understanding of which treatments work against various forms of cancer.

But opponents argue that the new approach may waste money and needlessly expose patients to the side effects of drugs that may not help them. They also raise the possibility of conflicts of interest, because the rules rely on reference guides that in some cases are linked to drug makers.

The new policy, which took effect in November, makes it much easier to get even questionable treatments paid for, critics of the changes say. Medicare is providing "carte blanche in treatment for cancers," said Steven Findlay, a health policy analyst for Consumers Union. He said overly expansive coverage encourages doctors to use patients as guinea pigs for unproved therapies.

Because Medicare officials canceled a cost analysis of the changes, it is hard to predict how much spending will increase beyond the $2.4 billion Medicare paid in 2007 for cancer drugs. But cancer doctors and other experts say the new policies, adopted in the final months of the Bush administration, seem almost certain to raise the federal drug bill, while making it more difficult for the new administration to rein in spending on unproven medical treatments.

Although President Obama has made a goal of controlling health care costs, a spokesman for the Obama administration declined to comment on the Medicare changes.

One of the many drugs whose use is likely to expand is the Eli Lilly product Gemzar, which costs $2,500 to $5,000 a month. The F.D.A. has approved it to treat only four types of cancer. But the new rules will virtually guarantee that Medicare will pay for its use for about a dozen other cancers, including advanced cervical cancer — even though the evidence supporting Gemzar for that use is "inconclusive," according to one of the reference guides Medicare will now be consulting.

In the case of Genentech's Avastin, one of the world's most expensive and widely used cancer drugs, Medicare

rejected in 2007 nearly all of the estimated $16 million in requests from doctors' offices to cover its off-label use for ovarian cancer, according to claims specialists who work with Medicare data but declined to be identified because of the controversy over the topic. Under the new rules, Avastin will be routinely covered for ovarian cancer — as will at least some other off-label uses, including for brain and kidney cancer.

It is unclear how much precedent Medicare's new rules might have on private insurers, which often follow the agency's lead on paying for drugs.

Medicare officials defend the new policies, saying they respond to cancer doctors' concerns that the agency has been too slow to recognize promising new off-label treatments. Dr. Steve Phurrough, who has overseen coverage for the agency since 2003, noted that a 1993 federal law gave Medicare specific authorization to cover some unapproved uses of cancer drugs.

"Congress wanted a lesser level of evidence," Dr. Phurrough said. The question of what is adequate evidence is "not a line in the sand," he said. "It's a broad stripe in the sand."

The American Society of Clinical Oncology, which represents cancer doctors, has hailed the new rules, saying they will ensure that the appropriate off-label uses are covered.

But some specialists say that being able to offer off-label drugs can also let physicians avoid hard discussions with patients about a grim prognosis.

"It makes it easier to give drug after drug," said Dr. Andrew Berchuck, director of gynecologic oncology at Duke University, "and keep the fantasy alive."

The new rules expand the number of reference guides — or compendiums — that Medicare relies on for determining which off-label uses of cancer drugs to cover. The writers and editors of these compendiums, who work completely outside the federal government, scan the medical literature and evaluate the evidence in making their recommendations.

In 1993, Congress had authorized three compendiums for Medicare, all published by not-for-profit organizations. But by 2007 two had stopped publishing, leaving Medicare with a single compendium. Having selected three additional guides last year, the agency plans to review its choice of guides every year.

Under the old rules, Medicare representatives were supposed to consult the compendiums but also use their own discretion in interpreting the guides' recommendations. The new rules essentially delegate the decision to guides Medicare has selected, even when there is little clinical evidence behind a particular recommendation. As long as at least one of them recommends a cancer treatment, Medicare is essentially obliged to pay for it — unless one of the other guides specifically advises against it.

And some of these new compendiums have close financial ties to the drug industry, according to the draft of a report Medicare commissioned last year after Congress raised questions about possible conflicts of interest. The draft was completed in October, with a final version to be released soon.

The draft criticizes the new rules for essentially taking most decisions about off-label cancer drugs out of Medicare's hands, even when the agency is aware of potential conflicts. The guide's recommendation, the report says, "becomes the final word."

For some experts, the bigger concern about using some cancer drugs off-label without adequate evidence is that they may not only be useless — they may cause dangerous side effects.

"We have very little faith that those indications that make it into the compendia are safe, let alone effective," said Dr. Allan M. Korn, the chief medical officer for the Blue Cross and Blue Shield Association, who added that Medicare should cover off-label drugs only if the results of their use are carefully tracked afterward. There is no such requirement in the new Medicare guidelines.

There have been three different top Medicare administrators since the off-label rule changes were set in motion a few years ago. The second of them, Leslie V. Norwalk, chose to select the compendiums through a streamlined and internal administrative process, instead of the more elaborate and public process that Medicare often uses for broad coverage decisions.

"I did not see it as a significant step in coverage," said Ms. Norwalk, who left Medicare in 2007.

Drug makers say they welcome the Medicare changes. A spokesman for the Pharmaceutical Research and Manufacturers of America, the industry's main trade group, said the new rules ensured "that cancer patients have access to the treatments they need."

Many oncologists say they needed greater flexibility in using cancer drugs because it can take months or years for a new use to be approved by the F.D.A. They cite the example of Celgene's drug thalidomide, now a mainstay treatment for multiple myeloma, which was prescribed only off-label for years before the F.D.A. formally approved it for that use.

And in the case of rare types of cancer, there may be so few potential patients that companies have little financial incentive to undergo the formal F.D.A. process for approving a drug for expanded use. Only two drugs have been approved by the F.D.A. for brain cancer, for example, and cancer doctors say they need the ability to try other drugs or other combinations of treatments.

"To arbitrarily stop after two drugs to me is ludicrous," especially for younger patients, said Dr. Virginia Stark-Vance, a solo practitioner in Dallas and Fort Worth. She said one of her brain cancer patients had been kept alive for 10 years by off-label use of irinotecan, a colon cancer drug that was the ninth drug the patient tried.

Medicare seems to have ignored some concerns raised by a group of outside researchers whom the agency had asked to survey a half-dozen compendiums, including the four that Medicare has now adopted. That report, completed in 2007, found that the six guides "cited very little of the available evidence," said Dr. Amy P. Abernethy, a Duke oncologist who led the study.

The study also found great variability among the guides, in terms of what uses were recommended — or discussed at all.

Despite her study's findings, Dr. Abernethy says she does not oppose Medicare's new rules.

"I think the addition of the new compendia this year is an important increase in the bandwidth," she said.

Critics say the agency also seems to have played down the potential financial conflicts of interests between the drug industry and the producers of the compendiums. The draft study that was completed in October notes that one of the new guides is published by the National Comprehensive Cancer Network, a group of 21 leading

cancer centers that routinely employs experts who have financial ties to the drug industry.

William T. McGivney, the network's chief executive, said each committee of reviewers had 20 to 30 members, which "diminishes the opportunity for dominance of one person's opinion," regardless of any ties to drug makers.

Then there is the American Hospital Formulary compendium, the one that Medicare was using before the November changes and will continue to consult. It has long been published by the nonprofit American Society of Health-System Pharmacists. But last year the society forged a financial relationship with a foundation linked to drug companies and some cancer doctors' private practices.

A drug company can apply to that foundation, the Foundation for Evidence-Based Medicine, and pay a $50,000 fee to have new uses of its drug reviewed by the compendium within 90 days. The foundation was started in 2007 by the Association of Community Cancer Centers, which represents oncology practices, and says it received about $200,000 in initial funding from drug makers.

Gerald K. McEvoy, the guide's editor in chief, said the application fee was meant to raise money to pay for additional researchers, to address previous criticism that the publication was too slow to vet new evidence. The foundation insulates the guide's staff from industry pressure, he said, and fewer than one-third of the reviews under the new arrangement have resulted in a positive recommendation in the compendium.

Medicare officials acknowledge that some of the potential conflicts need to be addressed. But they say they have confidence in the guides they have chosen. "We had significant conversations with all the companies," Dr. Phurrough said.

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The Salt Lake Tribune http://www.sltrib.com

Paying for college

State stepping in as banks bail out of student loans

As the number of private lenders shrinks, Utah agency expects to help thousands of borrowers

By Brian Maffly
The Salt Lake Tribune
Salt Lake Tribune

Article Last Updated:08/15/2008 03:35:18 AM MDT

For the first time, the state of Utah has begun originating student loans, a shift that will ensure that any Utah college student who needs financial assistance can get it, although it will cost more.

The Utah Higher Education Assistance Authority (UHEAA), the agency that oversees financial aid to Utah students, is bracing for loan applications worth $100 million this academic year after big banks all but abandoned the federally guaranteed loan program.

Last fall, Congress cut what participating lenders could make on student loans at the same time money became more scarce. That created a double disincentive for financial institutions to lend to college students. With fewer lenders available, Utah students are expected to flock to UHEAA, agency director David Feitz told his board Thursday.

"We would rather have a full cadre of lenders, but that is unlikely to happen in the near future until Congress raises the yields," he said.

Adding to the pressure was a recent move by Congress to raise the maximum students can borrow by $2,000 (to $5,500 for freshman, $6,500 for sophomores and $7,500 for upperclassmen). Feitz estimated UHEAA will see applications worth one-fourth of the state's total student loan volume this coming year, but he won't know how much until students begin applying as they return to school.

"It could be $60 million, it could be $200 million," Feitz said of a development that represents a profound change in the way UHEAA conducts business.

UHEAA has access to $121 million to lend over the coming academic year.

The U.S. Department of Education promises to buy participating states' loans issued this year under the Federal Family and Education Loan program (FFELP). This would enable states to "recycle" the money back to students in the form of new loans. The UHEAA board voted unanimously Thursday to approve Utah's participation in the complex arrangement.

Feitz cautioned that the program, which runs only for one year, isn't a permanent solution to the liquidity mess that has caused "tremendous chaos" in the $50 billion system that subsidizes the popular Stafford and PLUS loan programs.

"Now we're calling on Congress and the departments of Treasury and Education to take additional action to further stabilize the student loan program for years to come," he said.

In recent months four banks - Wells Fargo, Zions, J.P. Morgan Chase and Key - pulled out of Utah's program, leaving only U.S. Bank. Fifteen credit unions, led by America First, still lend to students, but the banks' departure left a vacuum. Wells Fargo and Zions were the top lenders last year, accounting for more than half of the state's student loan volume.

Lenders also have become picky about which institutions they work with. One Utah school, Snow College, found itself with no lenders, so UHEAA last month began lending directly to students at the Ephraim school.

"Were in a pretty good place, a much better place than our sister agencies across the country," board chairman David Jordan said. "From the students' perspective, this will work. We will be able to help them without depleting our resources."

bmaffly@sltrib.com

Utah students can expect to pay more for college loans under steps taken by the Utah Higher Education Assistance Authority to preserve universal access to federally guaranteed loans.
But the news isn't all bad.

"I'm not aware of lenders offering better terms than what UHEAA is offering," said John Curl, the University of Utah's financial aid director. "We encourage students to research who they're going to get loans from and find the best terms they can get. They are going to have to pay more interest; that's unfortunate."

Congress last year cut the rate on some student loans from 6.8 to 6 percent. But in order to participate in an emergency federal bail-out measure, Utah slashed two rate reductions. Until now, students who had payments automatically drawn from their accounts received a 1.25-point reduction and another 2-point reduction after four years of timely payments. Losing these benefits adds $1,763 to the cost of servicing a $15,000 loan.

On Thursday, the UHEAA board suspended issuing consolidation loans to avoid tying up scarce capital needed to serve current students. Former students looking to simplify repayment plans have other options for consolidating their loans in the federal program.

But Utah students still get breaks on up-front costs of the most common loans, Stafford and PLUS. UHEAA continues to cover the 1 percent origination fee and 1 percent default fee, translating into a $100 subsidy on a $5,000 loan.
- *Brian Maffly*

Financial aid
* **Students who are considering borrowing** for college for the upcoming school year should start researching their options now, said John Curl, financial aid director at the University of Utah.
* **Students should consult the financial aid office** at their school, check Web sites that serve as information clearinghouses, such as finaid.org, or www.uheaa.org, the Web site for the Utah Higher Education Assistance Authority.

The Boston Globe

A late try to salvage student loans

Patrick calls on pension board, colleges to invest in agency bonds

By Casey Ross, Globe Staff | August 7, 2008

Governor Deval Patrick has asked the state pension fund to invest $50 million and will ask Harvard University and other local colleges to invest millions more to provide student loans to thousands of families struggling to pay college tuition bills that are due in the coming weeks.

Patrick's 11th hour proposal, floated among key officials yesterday, would prop up the troubled 26-year-old Massachusetts Educational Financing Authority, which announced last week that it would be unable to provide student loans for this school year because of turmoil in the nation's credit markets.

The proposal would entail the investment funds buying portions of a $425 million bond sale that MEFA is planning this month. The agency would use the proceeds to finance student loans.

"We have 40,000 students and families who need help, and we're right up against it," Patrick said in an interview with the Globe last night. "This is a sound investment for the pension board and the endowments."

The governor and his aides, along with state lawmakers, have been brainstorming ways to restore student loan funds for the past week. MEFA had previously offered low-cost, fixed-rate loans, but now borrowers have to look to other lenders whose loans may carry higher rates and higher costs.

Yesterday, Patrick's top budget aide, Leslie Kirwan, asked the state pension board to consider buying $50 million of the upcoming MEFA bonds. Administration officials also hope the state investment would be seen as a show of confidence in the bond market and MEFA, spurring purchase by other investors that could finance more loans.

Patrick said he intends to call officials today from Harvard, Boston College, the University of Massachusetts, and the Massachusetts Institute of Technology, among other schools, about making similar investments in MEFA bonds.

The chairman of the state pension board, state Treasurer Timothy Cahill, was noncommittal about Patrick's request, but said the board would consider it.

The pension fund staff "will examine the options legally available to invest in any debt issuance set up by MEFA and report back to the trustees before any action is taken," Cahill said through a spokeswoman.

With $51.7 billion in assets, the pension fund invests monies for state employees and retirees. And while it is unusual for the fund to use anything other than financial returns as grounds for investment, the board has already committed funds to local projects that are intended to produce economic and social benefits within Massachusetts. The program was a major policy goal of Cahill, who got the pension board to adopt it in 2003.

Even without Cahill's commitment, Patrick has a strong start on getting the board to adopt his measure, as he appoints three of its nine members, one of whom is Kirwan.

Another board member, Robert Brousseau, reacted favorably to Patrick's request and said he did not hear strong objections from fellow board members at yesterday's meeting.

"I can't see anybody opposing it, but we have to see the parameters of the investment and what form it would take," said Brousseau, who represents teachers on the board.

Patrick said he is seeking swift consideration from the pension fund board because MEFA is planning to hold its bond sale within two weeks.

"We need action," he said. "If they need to call a special meeting to approve this, then I hope they will."

Meanwhile, representatives of the local colleges said the institutions will consider the investment.

"We're always more than happy to have discussions with the governor," said John Longbrake, a spokesman for Harvard University, the governor's alma mater. "We welcome the opportunity to learn more about the challenges MEFA is facing and to discuss ways to address them."

Robert Connolly, a spokesman for UMass President Jack Wilson, said: "This is an idea we're definitely willing to explore. We do see it as a potential win-win in terms of providing the university with a sound investment while helping families cope with their financial aid challenges."

Officials at the student lending agency, meanwhile, said Patrick's plan carries minimal risk to the investment funds because MEFA's bonds provide reliable returns. Executive Director Tom Graf said the default rate on the authority's loans is less than 1 percent. "This plan allows" the pension board "to make a stable investment that is especially warranted in this financial climate," he said.

The problems in the bond market, which started with the foreclosure crisis and spread to other credit markets, have imperiled student lenders across the country, prompting more than 50 agencies to stop making federal or private loans.

Graf said the size of the upcoming bond sale may change based on investor interest. If the sale is a success, he hopes the agency will then be able to offer loans with rates below 8.5 percent, which is the current charge for Federal Plus loans. Last year, the authority's private 20-year loan rate was 6.39 percent.

The agency made $400 million in private loans in the last school year, and another $110 million in federal student loans.

State Senator Brian A. Joyce, who authored a letter last week signed by other legislators urging Patrick to support MEFA, applauded the governor's actions. "This critically important to an awful lot of Massachusetts families," he said. "The governor can use his bully pulpit to ask for some assistance, and I wholeheartedly support what he's doing."

Casey Ross can be reached at cross@globe.com. ■

4/9/09

NATIONAL CONFERENCE of STATE LEGISLATURES
The Forum for America's Ideas

Clinical Trials: What are States Doing?
February 2009 Update

What is a Clinical Trial?

A clinical trial is a research study on human patients to test the safety and effectiveness of new treatments. These trials offer patients access to new and potentially life saving drugs and cures.

The dramatic progress made in treating childhood cancers in recent years, is attributable, in part, to clinical trials, because 60 percent of all children with cancer are enrolled in some kind of trial. A ten percent drop in breast cancer mortality for women under the age of 50 is said to be the result of clinical trials research conducted in the 1970's.

Who Enrolls in Clinical Trials?

Only two to three percent of eligible adult patients enroll in clinical trials. For cancer patients, clinical trials are often the last resort after exhausting all other approved means of treatment.
Only a small percentage (approximately 20%) of cancer patients are eligible to participate in a clinical trial and very few (approximately 3% of cancer patients and less than 0.5% of Medicare patients) currently enroll. Even if enrollment was increased to the full 20 percent, it is unlikely that these numbers will significantly impact overall costs to health plans;[1]

Insurance Coverage for Clinical Trials

Typically, when a patient enrolls in a clinical trial, the cost of tests, procedures, drugs and any research activity directly associated with the investigation, are covered by the group sponsoring the trial, such as a pharmaceutical company or the National Cancer Institute. However, because some health plans define clinical trials as "experimental" or "investigational," health insurance coverage may or may not include some or all of the costs of "routine patient care," such as the doctor visits, hospital stays, tests and x-rays, that a patient would normally receive whether or not they were enrolled in a trial.

A growing number of states have passed legislation or instituted special agreements requiring health plans to pay the cost of the routine medical care a patient receives as a participant in a clinical trial.

Advantages:

For cancer patients, properly designed and conducted clinical trials represent an important therapeutic option, as well as a critical means of advancing medical knowledge. Lack of insurance coverage is a barrier to patients who might otherwise participate. Sixty percent of patients in one survey cited fear of insurance denial as a major reason for not participating in clinical trials. And finally, a recent study found only a slight increase in treatment costs for adult clinical trial patients compared to nonparticipants--$35,418 versus $33,248.[2]

Some large HMOs have computed costs associated with patients in clinical trials. Kaiser Permanente discovered the cost of medical care for enrollees in clinical trials that haven't had bone marrow transplant were no higher than for patients who were not enrolled in a trial. The Kaiser report further states, "Kaiser has been participating in cancer clinical trials without substantial increases in the direct costs of medical care."[3]

Researchers at the Mayo Clinic found that patient care costs for those enrolled in clinical trials is only slightly more than for patients who received standard therapy protocols.[4]

The Institutes of Medicine has also found the following:
-The reimbursement costs are limited to the cost of "standard care" which would be covered if the patient were not enrolled in the trial;[1]

-Only a small percentage (approximately 20%) of cancer patients are eligible to participate in a clinical trial and very few (approximately 3% of cancer patients and less than 0.5% of Medicare patients) currently enroll. Even if enrollment was increased to the full 20 percent, it is unlikely that these numbers will significantly impact overall costs to health plans;[1]

-Through clinical trials, we will be able to identify ineffective treatments, which could save health plans money and will benefit the nation as a whole.[1]

Disadvantages:

Even though the same recent study found only a slight increase in treatment costs, the 6.5 percent increase between participants and

nonparticipants in clinical trials translated into an additional $16 million in 1999 spent on treatment costs for the 19,000 adult patients enrolled in National Cancer Institute-sponsored clinical trials.[2] These additional insurance costs, like other mandated benefits and services, may result in higher insurance premium rates, which are often cost-shifted onto workers in the form of higher deductibles and copayments.

For states without insurance mandates, it is possible that some physicians may enroll patients in clinical trials but not inform the patients' insurance companies, bypassing the reimbursement issue for the patient and potentially the physician.[5]

It may also be possible to encourage participation in clinical trials by working within networks of health care providers and industry, research facilities, patient groups, as well as major media outlets, without enacting a state wide insurance mandate.

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Definitions of Phases:

A clinical trial study is conducted in four phases.

Phase I: Research is conducted on a small group of volunteers (20 to 80 people) for the first time to evaluate its safety, determine a safe dosage range and identify side effects.

Phase II: The experimental drug or treatment is given to or a procedure is performed on a larger group of people (100 to 300 individuals) to further measure its effectiveness and safety.

Phase III: Further research is conducted to confirm the effectiveness of the drug, treatment or procedure, monitor the side effects, compare commonly used treatments and collect information on safe use. Phase III trials are typically conducted on 1,000 to 3,000 individuals.

Phase IV: After the drug, treatment or medical procedure is marketed, investigators continue testing to determine the effects on various populations and whether there are side effects associated with long-term use.

Summary of State Laws as of December 2008

Table One provides a summary of the **23 states and District of Columbia** that have enacted laws regarding mandated coverage of clinical trials.

Table One
Clinical Trials Laws

State Year of Enactment Bill Number and/or Citation	Who is Required to Pay?	What Services or Benefits are Covered?	Other Key Criteria:
Arizona (2000) Senate Bill 1213 20-2328	Hospital or medical service corporations, benefit insurers, health care service organizations, disability insurers, group disability insurers and accountable health plans	Patient costs associated with participation in Phase I through IV cancer clinical trials.	Trail must be reviewed by an Institutions Review Board in AZ. Health professional must agree to accept reimbursement from insurer as payment in full. Only covers trial when no clearly superior nonivestigational treatment exists. Trail must be in AZ.

California (2000) Senate Bill 37	All California insurers, including Medicaid and other medical assistance programs.	Routine patient care costs associated with Phase I through IV cancer clinical trials.	May restrict coverage to services in CA.
Connecticut (2001) Senate Bill 325 Public Act 01-171	Private insurers, individual and group health plans	Routine patient care costs associated with cancer clinical trials.	Prevention trials are covered only in Phase III and only if involve therapeutic intervention. Insurer may require documentation of the likelihood of therapeutic benefit, informed consent, protocol information and/or summary of costs.
Delaware (2001) Senate Bill 181	Every group of blanket policy, including policies or contracts issued by health service corporations	Routine patient care costs for covered persons engaging in clinical trials for the treatment of life threatening diseases under specified conditions.	Trial must have therapeutic intent and enroll individuals diagnosed with the disease. Trial must not be designed exclusively to test toxicity or disease pathophysiology.
District of Columbia (2008) Bill 17-469 (D.C. Law 17-166)	All insurers in the District	Routine patient care costs for people in clinical trials undertaken for prevention, early detection, treatment, or monitoring of cancer and approved or funded in full or in part by one of the following: National Institutes of Health or one of its cooperative groups or centers, Centers for Disease Control and Prevention, Agency for Health Care Research and Quality, Centers for Medicare and Medicaid Services, U.S. Food and Drug Administration (FDA), U.S. Department of Defense, U.S. Department of Veterans Affairs, U.S. Department of Energy, nongovernmental research entity that has been awarded a National Cancer Institute support grant.	Routine patient care costs shall not include tests or measurements conducted primarily for the purpose of the clinical trial involved. services or products provided solely for data collection and analysis purposes. services or products customarily provided free of charge to trial participants by the research sponsors.
Georgia* (1998) 33-24-59.1	Insurers and the state health plan	Routine patient costs incurred in Phase II and III of prescription drug clinical trial programs for the treatment of children's cancer.	For the treatment of cancer that generally first manifests itself in children under the age of 19.
Illinois (1999) House Bill 1622 (amended 2004) Senate Bill 2339 Public Act No. 93-1000 20 ILCS 1405/56.3**	HMOs and individual/group insurance policies to offer coverage to the applicant or policyholder (2004 amendment: Plans may not be canceled or non renewed based on an individual's participation in a qualified clinical trial)	Routine patient care if the individual participates in an approved Phase II through IV cancer research trial.	Coverage benefit can have annual limit of $10,000. Trial must be conducted at multiple sites in state. Primary care MD must be involved in coordination of care. Researchers must submit results of trial for publication in nationally recognized scientific literature.
Louisiana (1999) RS 22:230.4	HMOs, PPOs, State Employee Benefits Program and other specified insurers	Patient costs incurred in Phase II through IV cancer clinical trials.	Only covers costs when no clearly superior, noninvestigational approach exists. Available data must support reasonable expectation that the treatment will be as effective as the noninvestigational alternative. Patient must sign an Institutional Review Board-approved consent form.
Maine (2000) 24-A-4310	Managed care organizations and private insurers	Routine patient care costs associated with clinical trial.	Participation must offer meaningful potential for significant clinical benefit. Referring physician must conclude that trial participation is appropriate.

Maryland*** (1998) Chap 146-15-827	Private insurers and other specified managed care organizations.	Patient costs for Phase I through IV cancer treatment, supportive care, early detection, and prevention trials. Phase II through IV for other life-threatening conditions, with Phase I considered on a case-by-case basis.	There is no clearly superior, nonivestigational alternative. The data provide a reasonable expectation that the treatment will be as least as effective as the alternative.
Massachusetts (2002) Chap 176A Sec 8X	All health plans issued or renewed after Jan. 1, 2003	Patient care services associated with all phases of qualified cancer clinical trials.	Insurers must provide payment for services that are consistent with the usual and customary standard of care provided under the trial's protocol and that would be covered if the patient did not participate in the trial.
Missouri (2002) 376.429 (2006)- Phase II SB 567 & 792	All health benefit plans operating in the state	Routine patient care costs as the result of Phase II, III or IV clinical trials for the prevention, early detection, or treatment of cancer.	There must be identical or superior nonivestigational treatment alternatives available before providing clinical trial treatment, and there must be a reasonable expectation that the trial will be superior to the alternatives. Requires coverage of FDA-approved drugs and devices even if they have not be approved for use in treatment of patient's particular condition.
New Hampshire (2000) 415:18	Private insurers and specified managed care plans	Medically necessary routine patient care costs incurred as a result of a treatment for Phase I through IV cancer clinical trial or trial for a life-threatening disease.	Coverage for Phases I or II decided on case-by-case basis. Coverage is required for services needed to administer drug or device under evaluation. Coverage is required for routine patient care associated with drugs or devices which are not subject of trial, as long as they have been approved by FDA.
Nevada (2003) (amended 2005) SB 29 NRS 695G.173	All health insurance insurers, medical service corporations, HMOs and managed care organizations	Patient costs associated with Phase I through IV cancer or chronic fatigue clinical trial	Healthcare facility and personnel must have experience and training to provide the treatment in a capable manner. There must be no medical treatment available which is considered a more appropriate alternative medical treatment than the medical treatment provided in the clinical trial. There must be a reasonable expectation based on clinical data that the medical treatment provided in the clinical trial or study will be at least as effective as any other medical treatment. Amendment revises type of medical treatment covered.
New Mexico (2002) (amended 2004 to delay repeal until July 1, 2009) 59A-22-43	A health insurer; a nonprofit health service provider; a HMO; a managed care organization; a provider service organization; or the state's medical assistance program.	Routine patient care costs incurred as a result of the patient's participation in a phase II, III or IV cancer clinical trial.	Must be undertaken for the purposes of the prevention of reoccurrence of cancer, early detection or treatment of cancer for which no equally or more effective standard cancer treatment exists. Must not be designed exclusively to test toxicity or disease pathophysiology and it has a therapeutic intent. Must be provided as part of a scientific study of a new therapy or intervention and is for the prevention of reoccurrence, early detection, treatment or palliation of cancer in humans and in which includes specific provisions of scientific study.
New Mexico	Private insurers,	Routine patient care costs incurred as result of	Effective through July 1, 2004.

(2001) 59A-22-43	specified managed care plans, and Medicaid and other state medical assistance programs	Phase I through IV cancer clinical trial.	Trial must have therapeutic intent. Reasonable expectation that investigational treatment will be at least as effective as standard treatment.
North Carolina (2001) ? 58-3-255	All health insurance plans and teachers' and state employees' comprehensive major medical plan.	Medically necessary costs of health care services associated with Phase II through IV of covered clinical trials.	Patients suffering from a life-threatening disease or chronic condition may designate a specialist who is capable of coordinating their health care needs.
Ohio (2008) ORC Ann. 1751.01 (2008)	All health benefit plans including those for public employees.	Medically necessary costs of health care services associated with any stage of clinical trial.	Trial must be approved by NIH or another group under HHS, FDA, DOD or VA. May exclude coverage for service or product that is part of the investigative trial, item or procedure used only for data collection for the trial, item not approved by FDA, and transportation, lodging and food related to travel for participation in the trial.
Rhode Island (1994, 1997) 94-S 2623B 97-S 1A am	Private insurers and specified managed care plans	Coverage for new cancer therapies if treatment is provided under Phase II through IV cancer clinical trial.	
Tennessee (2005) HB 837	All health benefit plans	Routine patient care costs related to Phase I through IV cancer clinical trial.	Treatment must involve drug that is exempt under federal regulations from a new drug application, or approved by: NIH, FDA in form of new drug application, DOD, or VA.
Vermont (2001) (amended 2005 to remove March 1, 2005 sunset provision) Chap 107 ? 4088b HB 6	All health insurance policies and health benefit plans, including Medicaid	Routine patient care costs incurred during the participation in a cancer clinical trial.	Providers and insurers required to participate in a cost analysis to determine impact of the program on health insurance premiums. Amended law allows for participation in trial outside of Vermont if patient notifies health benefit plan prior to participation, and no clinical trial is available at Vermont or New Hampshire cancer care providers.
Virginia (1999) ? 38.2-3418.8	Private insurers, specified managed care plans, and public employee health plans	Patient costs incurred during the participation in Phase II through IV cancer clinical trials. Coverage provided on a case-by-case basis for Phase I.	There must be no clearly superior, nonivestigational alternative. Data must provide a reasonable expectation that the treatment will be at least as effective as the alternative.
West Virginia (2003) ?9-2-12	Individual and group insurers, health service corporations, health care corporations, HMOs, public employees insurance agency, Medicaid and the children's health insurance program	Patient costs associated with the participation in Phase II through IV clinical trial for treatment of life-threatening condition or the prevention, early detection and treatment of cancer.	Facility and personnel providing the treatment are capable of doing so by virtue of their experience, training and volume of patients treated to maintain expertise. There must be no clearly superior, noninvestigational treatment alternative. Data provide a reasonable expectation that the treatment will be more effective than the noninvestigational treatment alternative.
Wisconsin AB 617 (2006) Act 194	Any health insurance plan offered by the state, any self-insured plans	Routine patient care costs incurred during the participation in all phases of a cancer clinical trial. No policy, plan, or contract may exclude coverage for the cost of any routine patient care that is administered to an insured in a cancer	Trial must meet all criteria: 1. The purpose is to test whether the intervention potentially improves the trial participant's health outcomes. 2. The treatment provided as part of the trial is given with the intention of

		clinical trial satisfying the criteria under par. (c) and that would be covered under the policy, plan, or contract if the insured were not enrolled in a cancer clinical trial.	improving the trial participant's health outcomes. 3. The trial has therapeutic intent and is not designed exclusively to test toxicity or disease pathophysiology. 4. The trial does one of the following: a. Tests how to administer a health care service, item, or drug for the treatment of cancer. b. Tests responses to a health care service, item, or drug for the treatment of cancer. c. Compares the effectiveness of health care services, items, or drugs for the treatment of cancer with that of other health care services, items, or drugs for the treatment of cancer. d. Studies new uses of health care services, items, or drugs for the treatment of cancer. 5. The trial is approved by one of the following: a. A National Institute of Health, or one of its cooperative groups or centers, under the federal department of health and human services; federal food and drug administration; federal department of defense; federal department of veterans affairs.
Wyoming SF 024 (2008 budget session)	All health insurance policies, contracts, and certificates providing coverage to any resident of this state.	Routine patient care for a person enrolled in a Phases II- IV clinical trial. Includes a medical service or treatment that is a benefit under a health plan that would be covered if the patient were receiving standard cancer treatment; or a drug provided to a patient during a cancer clinical trial, other than the drug that is the subject of the clinical trial, if the drug has been approved by the federal food and drug administration for use in treating the patient's particular condition.	Trial must also be approved by NIH, FDA, Dept. of Defense, or Dept. of Veterans Affairs. The medical treatment must be provided by a licensed health care provider operating within the scope of his/her license in a facility whose personnel has the experience and training necessary to provide the treatment in a competent manner. The clinical trial participant must have signed an informed consent document prior to starting the trial.

*In 2002, all major insurers in Georgia agreed to cover routine patient care costs associated with Phase I, II, III, or IV cancer clinical trials. Trials include those that involve a drug that is currently exempt under federal regulations from a new drug application or those that are approved by specified federal agencies or a local institutional review board. The agreement also provides for the coverage of cancer screens and examinations in accordance with the most recently published guidelines and recommendations established by any nationally recognized health care organization (see below).

**Illinois Executive Branch Administrative Code (20 ILCS 1405/1405-20) required the Department of Insurance to conduct an analysis and study of costs and benefits derived from the implementation of the coverage requirements for investigational cancer treatments. The study covered the years 2000 through 2002 and included an analysis of the effect of the coverage requirements on the cost of insurance and health care, the results of the treatments to patients, the mortality rate among cancer patients, any improvements in care of patients, and any improvements in the quality of life of patients.

***A 2003 Maryland law (S 128) repealed a reporting requirement for insurers, nonprofit health service plans, and HMOs to submit a report that described the trials covered during the previous year.

Sources: National Cancer Institute, Health Policy Tracking Service.

Summary of Other Actions

Table Two summarizes the special agreements some states have arranged with insurance companies to voluntarily provide coverage for

clinical trials.

Table Two
Special Agreements

State (Year Agreement Became Effective)	Who is Required to Pay?	What Services or Benefits are Covered?	Other Key Criteria:
Georgia (2002) Georgia Cancer Coalition	All major insurers	Routine patient care costs associated with Phase I through IV cancer clinical trials.	Trials include those that involve a drug that is currently exempt under federal regulations from a new drug application or those that are approved by specified federal agencies or a local institutional review board. Provides for the coverage of cancer screens and examinations in accordance with the most recently published guidelines and recommendations established by any nationally recognized health care organization.
Michigan (2002) Michigan Consensus Agreement	Private insurance plans, HMOs and Medicaid	Routine patient care costs associated with Phase II and III cancer clinical trials.	Coverage for Phase I trials is under consideration.
New Jersey (1999) New Jersey Consensus Agreement	All insurers	Routine patient care costs associated with all phases of cancer clinical trials.	
Ohio (1999) Ohio Med Plan	State employees on Ohio Med Plan	Routine patient care costs associated with Phase II and III cancer treatment clinical trials.	Preauthorization is required for clinical trial participation.

Federal Activity

In 2000, Medicare began covering beneficiaries patient care costs in clinical trials. While many state Medicaid programs have no legal requirements to cover clinical trials costs, many do cover all or some of the costs.

Additional Resources

American Cancer Society, National Government Relations memo on Clinical Trials.
http://www.indianacancer.org/documents/factsheet_ACS_clinical%20trials.pdf

National Cancer Institue, States That Require Health Plans to Cover Patient Care Costs in Clinical Trials. Information and Overview: http://www.cancer.gov/clinicaltrials/ctlaws-home

To legislators and legislative staff: For more information please contact Karmen Hanson at health-info@ncsl.org

This web page is supported in part by an award from the American Cancer Society's Cancer Action Network, 2009.

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4/9/09

ASCO

American Society of Clinical Oncology

February 17, 2009

The Honorable Bettye Davis
Alaska State Senator
District K
Capitol Building Room 30
Juneau, AK 99801-1182

Dear Senator Davis:

The Denali Oncology Group and American Society of Clinical Oncology are pleased to offer support for your legislation to require insurance coverage for people who participate in clinical trials. Our organizations represent physicians specializing in cancer treatment and clinical research, and clinical research is a vital mission of our membership.

Clinical trials are critically important because they offer the promise of new cancer treatments. As you know from personal experience, they also provide an essential, state-of-the-art treatment option for current cancer patients. Therefore, insurance coverage of the routine patient care costs associated with clinical trials is vital for cancer patients.

For many people with cancer, participation in a clinical trial is often their best treatment option. Yet, as you know, many third-party payers take the position that routine patient care costs should be denied to anyone who enrolls in such trials. We believe such policy deprives beneficiaries of the value of their health insurance, wrongly restricts their treatment options, and inhibits medical progress against serious and life-threatening diseases. DOG and ASCO believe that insurers should cover all routine care costs for patients who are enrolled in cancer clinical trials. Your legislation is the key to making this happen.

DOG and ASCO applaud your leadership in pursuing legislation that provides this essential element of quality cancer care. We are eager to work with you to ensure passage. Please do not hesitate to contact Suanna Bruinooge, ASCO's Director of Research Policy, at 571-483-1613 or suanna.bruinooge@asco.org, or Dr. Mary Stewart at mstewartonc@yahoo.com or 907-279-3155.

Sincerely,

Joseph S. Bailes

Mary Stewart, MD
President, Denali Oncology Group

Joseph S. Bailes, MD
Chair, ASCO Government Relations Council

2490

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American Society of Clinical Oncology
Statement In Support of Insurance Coverage for Clinical Trials

With more than 26,000 members worldwide, ASCO is the leading medical society for physicians involved in cancer treatment and research. Engagement in clinical research is a vital mission of ASCO members. Unfortunately, many cancer patients have limited curative treatment options and enrollment in a clinical trial may offer hope for a response to a new drug or other intervention. Oncologists want their patients to consider enrolling in clinical trials, not only because of potential treatment benefits for the individual patient but also because it is through these trials that general progress against cancer is achieved. Patients are usually eager to participate if given the opportunity. ASCO considers the opportunity to participate in cancer clinical trials as an essential element of quality cancer care.

Unfortunately, participation in clinical trials is significantly deterred by the prospect that insurance coverage may be withheld on the ground that treatment provided in trials is "experimental" or "investigational." This position has been effectively discarded by the federal Medicare program, as well as by the Department of Defense health care system, and by many states. ASCO strongly supports state and federal efforts to ensure that patients enrolled in clinical trials receive coverage for the routine health care costs that would be covered if they did not participate on a trial. It is a basic issue of fairness, and it will help ensure that we continue to improve treatment options for cancer patients and learn about this devastating group of diseases.

What is a Clinical Trial?

Clinical trials are research studies involving people. Clinical trials are designed to evaluate whether a new treatment is safe, effective, and better than the current standard of care. These interventions can include new drugs, new combinations of existing therapies, new approaches to radiation therapy or surgery, new methods of treatment, complementary or alternative therapies, and new prevention methods. Cancer clinical trials are designed to compare an investigational therapy with the standard treatment regimen being used at the time. Placebo-controlled clinical trials in cancer research are rare, but are used when there is no effective, standard treatment available.

Cancer clinical trials have led to scientific advances that have increased doctors' understanding of how and why tumors develop and grow. The knowledge gained has helped scientists and doctors develop new ideas on how

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to slow, halt, and even prevent the development of the disease. Clinical trials are the most reliable route to definitive answers and are the only accepted scientific method to determine if a new treatment works better than the current standard of care.

Clinical trials undergo rigorous review prior to opening and involve regular oversight during and after a trial to protect the safety and rights of the participants involved. Each clinical trial follows a set of rules called a protocol. A protocol describes inclusion and exclusion criteria; the schedule of tests, procedures, medications, and doses; and the length of the study. While in a clinical trial, participants are seen regularly by the research staff to monitor their health and determine the safety and effectiveness of the treatment.

Precedents for Clinical Trials Coverage

For more than two decades, the cancer community has expressed its concerns about the negative impact of restrictions on coverage of clinical trials by third-party payers, both public and private. Such restrictions are harmful not only to individual patients but also to overall progress against cancer. In 1999, public authorities began to respond favorably to these arguments and to reform their coverage policies with respect to clinical trials.

Pursuant to a negotiated agreement between the National Cancer Institute (NCI) and the Department of Defense (DoD), the DoD's TRICARE health care plan commenced coverage of NCI-sponsored clinical trials in 1999. The original agreement, began as a pilot project, was made a permanent benefit in March 2008, accompanied by a DoD press release describing it as "a long successful project between the NCI and DoD."

In 2000, the Medicare program took a more expansive approach to clinical trial coverage. In an Executive Memorandum, President Clinton instructed Medicare officials to adopt a clinical trials policy covering not just cancer trials but all diseases and all phases. To implement the policy, the Centers for Medicare & Medicaid Services (then the Health Care Financing Administration) published a National Coverage Determination in September 2000.

State governments have also been active in ensuring coverage of clinical trials by private insurance plans under their control. Almost half of the states throughout the U.S. enjoy coverage of clinical trials, either through legislation

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or through voluntary consensus agreements with insurers, and more are considering such requirements.

Impact of Policy Changes on Clinical Trial Participation

One of the nation's leading cooperative research groups, the Southwest Oncology Group (SWOG), has conducted studies that underscore the impact of the Medicare coverage policy on clinical trial participation among the elderly. In 1999, SWOG published a study finding significant under-representation of the elderly in cancer clinical trials.[1] The study found that, whereas 63% of cancer patients were Medicare eligible, seniors were only 25% of those patients participating in SWOG clinical trials during the period 1993-1996. Following the Medicare coverage policy in 2000, a second SWOG study found there was a significant increase in participation among Medicare beneficiaries, with seniors representing 38% of SWOG trial participants in the period 2001-2003.[2]

Cost of Clinical Trials Coverage

While there have been no definitive studies of the cost consequences of clinical trial coverage, there have been a series of articles finding that participation in clinical trials "did not result in substantial increases in the direct costs of medical care,"[3] that "[c]linical protocols may add relatively little to that cost,"[4] and that "additional costs of an open reimbursement policy for government-sponsored cancer clinical trials appear minimal."[5] And with almost eight years of experience with the 2000 Medicare coverage policy, there is no evidence of increased cost to the program.

Conclusion

In light of the experience described above, we heartily support efforts to ensure that health plans and all insurers provide coverage for the routine costs

[1] Hutchins et al., "Underrepresentation of Patients 65 Years of Age or Older in Cancer-Treatment Trials," N Engl J Med 341: 2061-2067 (1999).
[2] Unger et al., "Impact of the Year 2000 Medicare Policy Change on Older Patient Enrollment to Cancer Clinical Trials," J Clin Oncol 24:141-144 (2006).
[3] Fireman et al., "Cost of Care for Patients in Cancer Clinical Trials," J Natl Cancer Inst 92:136-142 (2000).
[4] Wager et al., "Incremental Costs of Enrolling Cancer Patients in Clinical Trials: a Population-Based Study," J. Natl. Cancer Inst 91:847-853 (1999).
[5] Goldman et al., "Incremental Treatment Costs in National Cancer Institute-Sponsored Clinical Trials," 289:2970-2977 (2003).

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associated with clinical trials participation. ASCO members strive to ensure access to the best treatment options for their cancer patients, and this requires that health insurers offer clinical trials coverage. We think it is clear that best cancer care and best health care coverage require access to high quality cancer clinical trials.

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American Association for Cancer Research

Association of American Cancer Institutes

American Society of Clinical Oncology

December 1, 2008

Kevin J. Cullen, MD
Director, University of Maryland
Marlene and Stewart Greenebaum Cancer Center
22 South Greene Street
Baltimore, MD 21201

Dear Dr. Cullen:

This letter is written in follow-up to our recent discussions about Medicare coverage of routine patient care costs for beneficiaries participating in phase I cancer clinical trials. As the world's leading professional and scientific organizations representing oncology cancer care professionals, we write to affirm our position that phase 1 cancer clinical trials are the essential gateway for advancement of new cancer treatments—and a vital component of our cancer treatment armamentarium.

It is the view of the undersigned organizations that the current Medicare National Coverage Determination (NCD) (310.1) for Routine Costs in Clinical Trials explicitly includes coverage of phase I cancer clinical trials and that these trials should be covered.

Requirements for Medicare Coverage
The NCD lays out three basic requirements for Medicare coverage:

- The subject or purpose of the trial must be the evaluation of an item or service that falls within a Medicare benefit category (e.g., physicians' service, durable medical equipment, diagnostic test) and is not statutorily excluded from coverage (e.g., cosmetic surgery, hearing aids).
- The trial must not be designed exclusively to test toxicity or disease pathophysiology. It must have therapeutic intent.
- Trials of therapeutic interventions must enroll patients with diagnosed disease rather than healthy volunteers. Trials of diagnostic interventions may enroll healthy patients in order to have a proper control group.

The NCD also requires that clinical trials covered under the policy have seven "desirable characteristics."

1. The principal purpose of the trial is to test whether the intervention potentially improves the participants' health outcomes;
2. The trial is well-supported by available scientific and medical information or it is intended to clarify or establish the health outcomes of interventions already in common clinical use;

3. The trial does not unjustifiably duplicate existing studies;
4. The trial design is appropriate to answer the research question being asked in the trial;
5. The trial is sponsored by a credible organization or individual capable of executing the proposed trial successfully;
6. The trial is in compliance with Federal regulations relating to the protection of human subjects; and
7. All aspects of the trial are conducted according to the appropriate standards of scientific integrity.

The policy also states that certain trials "are presumed to meet these characteristics and are automatically qualified to receive Medicare coverage." Trials that are automatically deemed include:

1. Trials funded by NIH, CDC, AHRQ, CMS, DOD, and VA;
2. Trials supported by centers or cooperative groups that are funded by the NIH, CDC, AHRQ, CMS, DOD and VA;
3. Trials conducted under an investigational new drug application (IND) reviewed by the FDA; and
4. Drug trials that are exempt from having an IND under 21 CFR 312.2(b)(1) will be deemed automatically qualified until the qualifying criteria are developed and the certification process is in place. At that time the principal investigators of these trials must certify that the trials meet the qualifying criteria in order to maintain Medicare coverage of routine costs. This certification process will only affect the future status of the trial and will not be used to retroactively change the earlier deemed status."

Phase 1 Cancer Clinical Trials Have Therapeutic Intent

The National Cancer Institute's (NCI) Investigator Handbook is instructive as to the therapeutic intent of a Phase I trial. That handbook includes the following information about phase 1 cancer clinical trials (emphasis added):

> Phase 1 trials determine a safe dose for Phase 2 trials and define acute effects on normal tissues. In addition, these trials examine the agent's pharmacology and may reveal evidence of antitumor activity. **Therapeutic intent is always present in Phase 1 trials**; indeed, anticancer agents are not tested in patients unless preclinical activity studies have already demonstrated evidence of significant activity in laboratory models.[1]

The Food and Drug Administration (FDA) has also adopted a definition of phase 1 trials that is consistent with the NCI's definition. FDA states that phase 1 studies "are designed to determine the metabolic and pharmacologic actions of the drug in humans, the side effects associated with increasing doses, and, if possible, to **gain early evidence of effectiveness**." This early evidence of effectiveness is the grounding for therapeutic intent – both in the choice of oncologists and patients to enroll in the trial, and as one of the aims of the trial.

Although the scientific goals of a phase 1 trial are to determine the toxic effects, pharmacologic behavior, and recommended doses for future study of a new agent, there is always a strong preclinical

[1] Available on the NCI website at http://ctep.cancer.gov/handbook/index.html

rationale for bringing the drug into the clinic with the expectation of positive clinical outcomes for some patients.[2] In fact, Institutional Review Boards would not permit the administration of potentially toxic treatments to patients unless there was some reasonable prospect of antitumor effect.[3] It is also important to note that phase 1 oncology treatment trials are **never** done in healthy volunteers because of the potential toxicities associated with the treatments under investigation.

Additionally, many of the NCI phase 1 trials involve agents that are already approved for the treatment of one type of cancer and are being studied in a different type of cancer, or in combination with other treatments. As a result, we have some evidence of therapeutic effectiveness that provides solid grounding on which to base therapeutic intent. Indeed, an analysis of 12,000 individuals who participated in 460 NCI-funded phase 1 trials done in 2005 found that 10.6% of patients experienced an objective response. This number increased to 17.8% of patients when one drug included in the trial regimen was already FDA-approved.[4]

Furthermore, our growing knowledge of the molecular basis of cancer is allowing us to increasingly develop treatments that are targeted to particular molecular pathways and personalized to specific patient populations. These types of agents will provide a "high pretreatment probability of achieving both an objective response and more subjective clinical benefit" for the trial participants.[5]

To bring about these exciting new developments in cancer treatment, clinical trials participation is required. It is particularly important in the Medicare-aged population not only because of the increased incidence of cancer in the elderly and but also to develop our understanding of how treatments work in this population. Both the NCI and FDA definitions demonstrate that phase 1 oncology trials meet the requirements for Medicare coverage, including therapeutic intent, and should be covered.

Sincerely,

Raymond N. DuBois, MD, PhD
President
American Association for
Cancer Research

Edward J. Benz, Jr., MD
President
Association of American
Cancer Institutes

Richard L. Schilsky, MD
President
American Society of
Clinical Oncology

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Coverage of Routine Patient Care Costs in Clinical Trials
Position Statement

Approved by the ASCO Board of Directors, March 2005

For people with serious or life-threatening illness, like cancer, completely satisfactory or curative treatment often is not available. Those patients are nevertheless able to receive state-of-the-art therapy through high-quality clinical trials, offering not only an important treatment option but an opportunity to advance medical knowledge.

Cancer patients face a number of obstacles to clinical trials enrollment. One of the barriers is the potential denial of third party payment for the routine patient care costs for those enrolled in clinical trials. Historically, payers have denied coverage for care provided in a clinical trial, arguing that such care is "experimental" and therefore not a covered benefit.

Current Clinical Trials Coverage

The American Society of Clinical Oncology (ASCO) and its partners in the patient advocacy community have sought, over the course of more than a decade, to reform clinical trials payment policy in public and private health plans. These efforts have resulted in reforms in Medicare payment policy and in enactment of legislation to ensure clinical trials coverage in more than 20 states.

In 2000, in response to Congressional pressure and cancer community advocacy, the Clinton Administration issued an Executive Memorandum setting a policy for coverage of the routine patient care costs for Medicare beneficiaries enrolled in clinical trials for all diseases.

In addition to action by Medicare, a number of states have enacted legislation that would ensure coverage of routine patient care costs in clinical trials (coverage ranges from cancer clinical trials only to trials for all diseases) by those health plans that are regulated by the state. Some of those states have adopted, either in statute or in implementing regulations, the coverage standards of the Medicare program. In several states without clinical trials coverage mandates, third party payers have entered into voluntary agreements to cover routine costs in clinical trials. States continue to engage in efforts to improve coverage in state plans.

ASCO Position

These federal, state, and private sector initiatives reflect widespread recognition of clinical trials coverage as a critical element of quality cancer care. However, not all of the initiatives meet the standards for coverage endorsed by ASCO, and a significant number of cancer patients remain beyond the reach of these reimbursement reforms. ASCO recommends that every cancer patient should have access to clinical trials under the criteria defined below.

Standards for Clinical Trials Coverage

The following ASCO standards should remain the standard for Medicare coverage and should serve as the model for state legislative initiatives, including provisions governing coverage under state-funded programs like Medicaid, as well as mandates for private insurance and managed care plans.

The cost of medical care provided when a patient with serious or life-threatening disease is entered on a Phase I, II, III, or IV (post-marketing) clinical trial – including hospital, physician, and other health care items and services as well as the cost of approved drugs for labeled or unlabeled uses which might be part of the regimen[1] – should not be denied coverage when all of the following are demonstrated:

- Treatment is provided with a therapeutic intent[2];
- Treatment is being provided pursuant to a clinical trial approved by one of the National Institutes of Health (NIH), an NIH cooperative group or an NIH center; the Food and Drug Administration (FDA) in the form of an investigational new drug (IND) or new device (IDE) exemption; the Department of Defense; the Department of Veterans Affairs; or a qualified non-governmental research entity as identified in National Cancer Institute guidelines or center support grants;
- The trial is conducted according to a written protocol, which includes the following elements: trial design and scientific justification, criteria for inclusion and exclusion, outcome measures, statistical analysis plan, conflicts and other ethical controls, and publication policy;
- The protocol has undergone scientific review by a group of independent and qualified experts;
- The clinical trial has been reviewed and approved by a qualified institutional review board (IRB);
- The facility and personnel providing the treatment are capable of doing so by virtue of their experience or training;
- There is no non-investigational therapy that is clearly superior to the protocol treatment; and
- The available clinical or preclinical data provide a reasonable expectation that the protocol treatment will be at least as efficacious as non-investigational therapy.[3]

Originally adopted February 1993
As amended June 1994 and March 2005

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[1] Items and services required by the design of the trial should be covered, except those items or services normally paid for by other funding sources such as the cost of certain investigational drugs, the costs of any non-health services that might be required for a person to receive the treatment, and the costs of managing the research.

[2] Treatment with therapeutic intent may be aimed at improving patient outcome relative to either survival or quality of life.

[3] While these standards refer to clinical trials involving "treatment" or "therapy", the same principles would apply equally to trials of interventions to prevent, rather than treat, diseases.

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The Costs of Routine Care Provided in a Clinical Trial are comparable to the Costs of Standard Therapy

The evidence from numerous studies has overwhelmingly shown that patient care in clinical trials costs approximately the same as care delivered in standard therapy. In some cases, because the third-party payer is not billed for the drug or treatment under investigation, the costs associated with care in a clinical trial can actually be less than the care delivered in standard therapy.

Several studies specifically focused on the costs of cancer clinical trials have recently been published in highly respected peer-reviewed publications.

- A pilot study conducted by the American Association of Cancer Institutes (AACI) showed that the total mean direct medical charges for patients enrolled in a clinical trial *were less than the charges for patients receiving standard therapy.*[1]
- A December, 2001 article similarly found that some clinical trials may actually result in *lower* patient care costs. In addition, in cases where trials resulted in modest increases in patient care costs, the authors concluded that these costs were justified by the benefits that clinical trials bring to all patients.[2]
- The Mayo Clinic has found that the cost of care for patients enrolled in clinical trials is often little more than for patients who received standard therapy.[3]
- Authors of a study conducted at Kaiser Permanente found that the cost of medical care for enrollees in clinical trials without bone marrow transplant were no higher than for patients who were not enrolled in a trial. Kaiser further states, "Kaiser has been participating in cancer clinical trials without substantial increases in the direct costs of medical care."[4]
- The most comprehensive study yet confirms that there are only slightly higher patient-care costs associated with treating patients in cancer clinical trials compared to treating similar patients outside of trials.[5]

Some esteemed hospitals and universities have also conducted cost analysis studies.

- A study at Memorial Sloan-Kettering Cancer Center in New York City showed that the overall average cost of treating clinical trial patients was 17% *less* than treating patients receiving standard care.[6]
- A study conducted at the Karmanos Cancer Center in Detroit showed that the 6-month costs for treating advanced lung cancer were an average $1400 less for patients enrolled in a clinical trial.[7]

The Institute of Medicine has also concluded that the cost impact of providing coverage for routine patient care costs is likely to be "quite small."[8] The IOM's reasoning included the following:

- The reimbursement costs are limited to the cost of "standard care" which would be covered if the patient were not enrolled in the trial;[8]
- Only a small percentage (approximately 20%) of cancer patients are eligible to participate in a clinical trial and very few (approximately 3% of cancer patients and less than 0.5% of Medicare patients) currently enroll. Even if enrollment was increased to the full 20 percent, it is unlikely that these numbers will significantly impact overall costs to health plans;[8]
- Through clinical trials, we will be able to identify ineffective treatments, which could save health plans money and will benefit the nation as a whole.[8]

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National Government Relations Department January 2007

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4/9/09

April 7, 2009

Senator Bert Stedman
Alaska State Legislature
Rm. 516
Juneau, AK 99801-1182

PREMERA | BLUE CROSS BLUE SHIELD OF ALASKA

Jack C. McRae
Senior Vice President

Dear Senator Stedman:

On behalf of Premera Blue Cross Blue Shield of Alaska, I am writing to you, a member of the Senate Finance Committee, to express our concerns with SB 10 regarding coverage of routine patient care costs during a cancer clinical trial. We would like to work with you and members of the committee to suggest amendments to this bill.

We recognize the importance of cancer clinical trials in identifying effective and safe treatments that are based on evidence and research. To that effect, Premera already covers the routine costs for our members who are participating in phase 2 or 3 cancer clinical trials.

As drafted, SB 10 is a mandate requiring insurance companies to cover all phases of cancer clinical trials. Mandates have the net effect of increasing the cost of insurance, and we expect that SB 10 will increase the cost of insurance to Alaska consumers. However, if passed and implemented, this requirement would not apply to self-funded groups. Since self-funded groups are not regulated under state law, mandates such as this one, will primarily apply to insurance coverage offered to individual policyholders and small groups. As you are well aware, small groups are currently struggling to provide insurance for themselves and their employees, especially during these tough economic times. SB 10 will impact the most vulnerable segment of the insurance market by increasing the cost of their health insurance.

Our concerns with the bill are expanding this coverage to phase 1 and 4 trials for patient safety and treatment effectiveness reasons.

In a phase 1 trial, the drug or treatment is still being evaluated, and there is no reasonable expectation of a therapeutic benefit to the patient. Phase 1 trials may be considered close to basic research since they involve testing agents that are not known to have an effect on cancers in the human body. Basic dose mechanisms, drug toxicities, and safety aspects have yet to be validated. We are concerned with requiring coverage for phase 1 clinical trials, when the safety and efficacy of the proposed treatment have not been established.

At a phase 4 trial, we would cover the treatment if it is medically necessary. However, there may be other known medical treatments that are available for the patient that are more effective. And, we would like the flexibility to review and pay for these other medical treatments that may be more beneficial to our members.

Thank you for considering our concerns. If health insurance is mandated to cover routine care for members in phase 1 and 4 trials, healthcare costs will increase and add to the rising premiums borne mostly by small groups and individual policyholders. We offer our amendments to encourage participation by Alaska residents in cancer clinical trials to expand research and evidence based medicine, while at the same time balancing patient safety and the rising costs of healthcare insurance.

Sincerely,

Jack C. McRae

Jack C. McRae
Senior Vice President

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An Independent Licensee of the Blue Cross Blue Shield Association

SB 280 Testimony 4/3/08

Jeanne E. Anderson, MD
Katmai Oncology Group, LLC
3851 Piper Street, Suite U340
Anchorage, AK 99508-4627

I am Jeanne Anderson, a Medical Oncologist in practice in Anchorage. On behalf of Alaska cancer physicians and patients, I thank the members of the Labor and Commerce Committee members for considering this bill. It is predicted that 2,650 Alaskans will be diagnosed with cancer in 2008. In the 1970's, only 50% of cancer patients lived 5 years after diagnosis. In 2008, 66% are predicted to survive 5 years. We all know that many Alaskans die of cancer every day and that improvements are desperately needed. The cancer physicians in Alaska are committed to providing the best care possible to our patients, to relieve suffering and reduce death from cancer. In caring for our patients, we often turn to clinical trial as providing the best treatment for our patients. A clinical trial is a formal, scientific way to test whether a new treatment is safe, effective, and superior to existing treatments. The physicians and hospitals in Alaska support clinical trials and there are over 50 trials open in this state for our cancer patients. However, only a small number of our patients enroll on these clinical trials, approximately 40 per year. There are many reasons why enrollment is low. These reasons include lack of knowledge or interest on the part of the patient or physician, lack of availability of an appropriate trial for the patient, and (relevant to this bill) lack of insurance coverage or fear by the patient they will lose coverage if enrolled on a study. Passage of this bill will clearly remove an important barrier to access of a clinical trial. It will result in Alaska physicians providing improved care for our patients, reducing the burden of cancer in our population, and facilitating patients to stay in Alaska for state-of-the-art care.

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Alaska State Medical Association

4/9/09

4107 Laurel Street • Anchorage, Alaska 99508 • (907) 562-0304 • (907) 561-2063 (fax)

March 6, 2009

Honorable Joe Paskvan
chair, Senate Labor and Commerce Committee
Alaska State Senate
Capitol Room 7
Juneau, AK 99101-1082

RE: SB 10 – Insurance Coverage for Cancer Care Received During Approved Clinical Trials

Dear Senator Paskvan:

The Alaska State Medical Association (ASMA) represents physicians statewide and is primarily concerned with the health of all Alaskans.

Denali Oncology Group, who is the Alaska State Affiliate of the American Society of Clinical Oncology, sought introduction of SB 10 this year and SB 280 in the last Legislature. The Oncologists and Hematologists, the "Cancer Doctors", have sought this legislation to better serve those patients who face these life threatening cancers.

ASMA supports SB10 as it did SB 280 last year and urges you and all of the Labor and Commerce Committee members to support it as well.

It is my understanding that the "Cancer Doctors" will be providing you with testimony that contains significant information based on their expertise in caring for cancer patients.

Sincerely,

Thomas P. Vasileff

By: Thomas Vasileff, MD, President
For: The Alaska State Medical Association

LEGAL SERVICES

4/9/09

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LEGISLATIVE AFFAIRS AGENCY
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Deliveries to: 129 6th St., Rm. 329

MEMORANDUM February 2, 2009

SUBJECT: Mandatory insurance for clinical trials for cancer, sectional summary (SB 10; Work Order No. 26-LS0073\A)

TO: Senator Bettye Davis
Attn: Thomas Obermeyer

FROM: Dennis C. Bailey DCB
Legislative Counsel

You have requested a sectional summary of the above-described bill.

As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents.

Section 1. Requires health care insurers to cover approved clinical trials for cancer if there is no clearly superior noninvestigational treatment alternative, and available clinical or preclinical data provide a reasonable expectation that the treatment in the clinical trial will be at least as efficacious as any noninvestigational alternative; makes coverage for clinical trials subject to standard policy provisions that are applicable to other benefits; and defines covered clinical trials and patient costs.

Section 2. Requires the state health insurance plan provided by the Comprehensive Health Care Insurance Association to include clinical trials related to cancer in its minimum standard benefits.

Section 3. Requires the state Medicaid program to cover clinical trials related to cancer.

Section 4. Gives the Act a January 1, 2010, effective date.

DCB:lmb
09-011.lmb

SENATE FINANCE

NFIB
The Voice of Small Business®

Alaska

January 20, 2009

The Honorable Bettye Davis
Alaska State Senate
State Capitol Building
Juneau, Alaska 99801-1182

RE: Senate Bill 10

Dear Senator Davis,

On behalf of the National Federation of Independent Business/Alaska, I wish to express our opposition to Senate Bill 10. The National Federation of Independent Business is the largest small-business advocacy group in Alaska.

Health-care costs have been the No. 1 issue facing small-business owners since 1986, and those concerns are growing, according to NFIB's members. As health-care costs go through the roof, small-business owners have very few choices when selecting insurance coverage for their employees. The tipping point is here, and small businesses are begging for solutions to rising health-care costs, lack of access and other issues.

For many small employers in Alaska insurance premiums for small groups or single coverage have increased by more than 82 percent since 2000, a jaw-dropping statistic. This is completely unsustainable over the long-term. Much of the increase is driven by the additions to coverage by state mandates

Unfortunately, SB10 mandates specified coverage of medical care coverage during specified clinical trials that may not fit employee's needs but for which small employers providing health insurance bear the cost. Increased mandates force employers to consider whether they can afford to continue coverage or are forced

National Federation of Independent Business — ALASKA
P.O. Box 34761 • Juneau, AK 99803 • 907-723-6667 • denny.dewitt@nfib.org

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by increased prices to eliminate health insurance for their employees. Mandates prevent small employers from providing affordable insurance programs tailored to its specific work force.

SB 10 is discriminatory against small employers as the mandate applies to those who provide coverage regulated by state insurance statutes, but not programs offered by the state and other governmental entities or large employers who typically offer ERISA programs. Thus it creates a less fair business environment for small employers.

Sincerely yours,

Dennis L. DeWitt
Alaska State Director

cc: Senate Finance Committee

4/9/09

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February 17, 2009

The Honorable Bettye Davis, Chair
Senate Health and Social Services Committee
Alaska State Capitol, Room 30
Juneau, AK 99801-1182

RE: SB 10 (Davis)--Support

Dear Chair Davis,

On behalf of the members of AARP in Alaska, we encourage you and your colleagues on the Senate Health and Social Services Committee to support SB 10, authored by you.

SB 10 would require insurance programs, including Medicaid, to provide coverage for cancer victims undergoing clinical trials just as they would if the individual was not in the trial.

Most of our significant advances in cancer treatment that have become standard procedures began as clinical trials.

It makes no sense not to offer health insurance coverage for procedures that may be still considered experimental but offer some hope for the cancer victim. We purchase insurance (or the State provides it through Medicaid) so that we can have help with the costs that accompany a threatening disease. SB 10 is one of those bills that AARP believes makes sense, especially to a cancer victim and his/her family.

AARP recommends an "AYE" vote on SB 10.

Should you have any questions about our position, please feel free to contact me (586-3637) or Patrick Luby, AARP Advocacy Director (907-762-3314).

Thank you for your consideration.

Sincerely,

Marie Darlin

Marie Darlin, Coordinator
AARP Capital City Task Force
415 Willoughby Avenue, Apt. 506
Juneau, AK 99801
586-3637 (voice)
463-3580 (fax)

CC: Vice-Chair Joe Paskvan
Senator Joe Thomas
Senator Fred Dyson
Senator Johnny Ellis

SB

13

<target><bill>SB 13</bill><subject>SB
13</subject><comm>SFIN26</comm></target>

Alaska State Legislature

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Senator_Bettye_Davis@legis.state.ak.us
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Senator Bettye Davis

SB 13 "An Act relating to eligibility requirements for medical assistance for certain children and pregnant women; and providing for an effective date."

Sponsor Statement

SB 13 increases and restores to original levels 12 years ago the qualifying income eligibility standard for the Denali KidCare Program to 200% of the Federal Poverty Line (FPL). Alaska as one of the nation's wealthiest states is only one of 5-7 states which funds its SCHIP program below 200% FPL. SB 13 makes health insurance accessible to an estimated 1277 more uninsured children and 225 pregnant women in Alaska. Denali KidCare is an "enhanced" reimbursement program with up to 70% matching funds (Alaska currently receives about 66%) under the federal government's State Children's Health Insurance Program (SCHIP), which was created in 1997. Congress reauthorized the SCHIP program for five years and President Obama just signed into law on February 4, 2009 with expanded coverage for 4 million more children.

Consider the following information from the Kaiser Commission on Medicaid and the Uninsured, January, 2009:

- 44 states, including D.C., cover children in families with incomes at 200% FPL or higher.
- 33 states cover children in families with income between 200% and 250% FPL.
- 19 states including D.C., cover children in families with income at 250% or higher. 10 of these states cover children in families with income at 300% FPL or higher.
- 35 states allow premiums or enrollment fees, and 24 states have co-payments for selected services in SCHIP programs on a sliding scale of FPL.
- 46 states do not require asset tests

Denali KidCare serves an estimated 7900 Alaska children and remains one of the least costly medical assistance programs in the state at about $1,700 per child with full coverage, including dental, which is about 20% of the cost of adult senior coverage.

Early intervention and preventative care under SB 13 will greatly increase Alaska children's health and yield substantial savings to the state and public and private sector hospital emergency rooms which must admit indigent and uninsured patients for non-emergency treatment. It is estimated that

uninsured children with a medical need are five times as likely not to have a regular doctor as insured children and four times more likely to use emergency rooms at a much higher cost.

There are still an estimated 18,000 uninsured children in Alaska, or about 9% of the children age 18 and under. Private health care coverage for children has declined over 30% in the last ten years, and the deepening recession is pulling more children and families into the uninsured ranks. The reauthorized SCHIP program and "Stimulus Package" should help, and Alaska should do its share and take advantage of available federal matching funds by insuring its low income children up to and including 200% FPL under SB 13.

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Senator Bettye Davis

SB 13 "An Act relating to eligibility requirements for medical assistance for certain children and pregnant women; and providing for an effective date."

Repercussions of the unmet health needs of Alaska's uninsured children

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- The number of uninsured children in Alaska is estimated to be about 18,000 or 9% of the population age 18 and under (Urban Institute and Kaiser Commission on Medicaid and the Uninsured).
- Over the last 10 years Alaska has seen a 31% decline in the number of children covered by private health insurance (Robert Wood Johnson Foundation).
- Nationally, more than 80% of uninsured children are from working families (Kaiser Commission on Medicaid and the Uninsured).
- Uninsured children have much higher health risks than do covered children. The receive less preventative care and are diagnosed at more advanced stages of illness (Kaiser, *supra*).
- Uninsured children are more likely to develop throat, eye, and ear infections, serious dental problems, and chronic conditions such as asthma and diabetes. They are more than five times as likely as insured children to have an unmet need for medical care and nine times more likely not to be examined by a regular doctor. They are also four times more likely to use emergency rooms which are much more costly than care in physicians' offices (*Pediatrics* 105, 113; "Care for Children," *New England Journal of Medicine*, 330).
- Almost 1/3 of uninsured children received no medical treatment during a 1-year period between 2002 and 2003 (*Health Affairs* 23, no. 5, September-October 2004).
- Uninsured children are 25% more likely to miss school than insured children (Children's Defense Fund, Minnesota). Continued illness affects school performance and, in the long run, workforce participation (Southern Institute on Children and Families). A National Institute of Medicine study indicates that lack of insurance results in lost national economic productivity of $65-$130 billion annually.

SB13

Denali KidCare at 200%	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Additional Children Served	1,277	1,291	1,305	1,320	1,334	1,349
Additional Pregnant Women Served	218	220	223	225	228	230
	1,495	1,511	1,528	1,545	1,562	1,579
Annual Medicaid Program Costs (Benefits)	$ 2,535.0	$ 2,753.0	$ 2,989.7	$ 3,246.8	$ 3,526.1	$ 3,829.4
Annual Administrative Costs	$ 167.4	$ 153.0	$ 153.0	$ 153.0	$ 153.0	$ 153.0
Total Costs SB13	**$ 2,702.4**	**$ 2,906.0**	**$ 3,142.7**	**$ 3,399.8**	**$ 3,679.1**	**$ 3,982.4**
Federal Share	$ 1,841.5	$ 1,966.2	$ 2,119.7	$ 2,593.4	$ 2,482.1	$ 2,687.1
General Fund Share	$ 860.9	$ 939.9	$ 1,023.0	$ 1,106.4	$ 1,197.0	$ 1,295.3
Positions	2.0	2.0	2.0	2.0	2.0	2.0

Additional persons served is based on enrollment, allowing 1.1% annual growth for the affected eligibility groups.
Program costs (cost of benefits) are expected to grow by 6.8% per year.

Source: Department of Health and Social Services, Medicaid Budget Group

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Senator Bettye Davis

SB 13 "An Act relating to eligibility requirements for medical assistance for certain children and pregnant women; and providing for an effective date."

Background of SCHIP/Denali Kid Care

- SCHIP was created in 1997 to reduce the number of uninsured children by providing subsidized insurance to children of those parents who are too poor to afford insurance but make too much to receive Medicaid coverage. About 1/3 of all children in America get health services through Medicaid or the State Children's Health Insurance Program (SCHIP), which is administered in Alaska through the Denali KidCare Program.
- The Denali KidCare Program is 70% funded by the federal government up to the state's allocated funding level. After that, the reimbursement rate declines to slightly over 50%. In fiscal year 2006 the cost of Denali KidCare was $25.9 million, of which $18.2 million was paid by the federal government.
- Denali KidCare provides health insurance for children age 18 and pregnant women who meet income guidelines. There is no cost to eligible children, teens and pregnant women. However, youth who are 18 may be required to contribute a limited amount for some services.
- Roughly 7,600 children were covered by Denali KidCare as of December, 2006.
- The cost per child of Denali KidCare is about $1,700 annually, compared to over $12,000 for an elderly person who qualifies for federal aid.
- By comparison, private health insurance for a family of three, *e.g.*, a pregnant woman with two children, is estimated at $8,000-$17,000 annually. Unlike Denali KidCare, this insurance may require a $1,000 deductible, 20% co-pay, and no vision, dental or hearing benefits.
- Alaska remains one of the lowest eligibility rates in the nation. Forty-one states allow participation by families at or above 200% of the FPL. Seven have rates at or above 300% of the FPL. The US and state governments' rationale for higher eligibility for children's health insurance is that it will save huge sums in transfer costs and improve health in the future through early detection and care.

Why Coverage for Pregnant Women is Important In Alaska

- Alaska has one of the nation's highest documented pregnancy-associated mortality ratios – 58 per 100,000 live births during 1990-1999 (DHSS). National data indicate that women who receive no prenatal care are al increased risk of pregnancy-related death.
- Only 58% of women in Alaska receive adequate prenatal care, compared with 75% nationally.
- Mothers having late or no prenatal care are more likely to have low birth weight or pre-term infants and are at increased risk fro pregnancy-related mortality and complications of childbirth (DHSS).
- The average cost of hospital care for a premature baby was $75,000 in 2001, compared with $1,300 for a healthy, full-term infant. The March of Dimes Prenatal Data Center reports that premature babies cost about $13.1 billion annually.

SENATE FINANCE COMMITTEE REPORT

DATE: 2/11/09

FURTHER:

DATE TURNED
IN TO OFFICE: _____

Finance Committee considered SENATE BILL NO. 13

SB 13 MEDICAL ASSISTANCE ELIGIBILITY

"An Act relating to eligibility requirements for medical assistance for certain children and pregnant women; and providing for an effective date."

and recommends:

[ ] be **replaced** with [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] adopt **previous** [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] attached amendment(s)

[ ] adopt _____Letter of Intent

[ ] further referral to _____Committee

SENATE BILL:
[ ] Same Title
[ ] New Title

HOUSE BILL:
[ ] Same Title
[ ] Technical Title Change
[ ] New Title w/ SCR #_____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
DHS		✓			

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
DHS		✓			1
DHS		✓			2

[ ] **APPROPRIATION - no fiscal note**

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	Huggins			✓	
	Thomas	✓			
	Olson			✓	
	Ellis	✓			
CO-CHAIR:		✓			
CO-CHAIR:				✓	

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: SB 13
(S) Publish Date: 2/11/09

Identifier (file name): SB013-DHSS-BHMS-02-01-09
Dept. Affected: Health & Social Services
Title: Medical Assistance Eligibility
RDU: Behavioral Health
Component: Behavioral Health Medicaid Services
Sponsor: Davis
Requester: Unknown
Component Number: 2660

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims	430.0	0.0	467.0	507.1	550.7	598.1	649.5
Miscellaneous							
TOTAL OPERATING	**430.0**	**0.0**	**467.0**	**507.1**	**550.7**	**598.1**	**649.5**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES (							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	284.0		305.7	330.7	359.1	390.0	423.6
1003 GF Match	146.0		161.3	176.4	191.6	208.1	226.0
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**430.0**	**0.0**	**467.0**	**507.1**	**550.7**	**598.1**	**649.5**

Estimate of any current year (FY2009) cost: 0.0

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This legislation increases the income level for covering children and pregnant women under Denali KidCare to 200% of the federal poverty guidelines, up from 175%. It restores eligibility levels to the levels used when the Denali KidCare (DKC) program was originally created.

Between October 2003 and July 2007, the upper income limit for these individuals was "frozen" at an amount equivalent to the 2003 federal poverty guideline (FPG). By April 2007, that income amount was calculated by the department to correspond to about 150% of the 2007 FPG. Senate Bill 27, implemented in summer 2007, made the upper income standard for children and certain pregnant and postpartum women equal to 175% of the

(continued on page 2)

Prepared by: William J. Streur, Deputy Commissioner
Phone 907-269-7827
Division: Health Care Services
Date/Time 1/22/08 12:00 AM

Approved by: Alison Elgee, Assistant Commissioner
Date 2/1/2009
Finance Management Services

ANALYSIS CONTINUATION

prevailing federal poverty guideline (FPG) for Alaska, as published annually in the federal register, and effectively raised the income level from 150% to 175% FPG. However, children and pregnant women with incomes between 176% and 200% of the prevailing FPG did not regain eligibility.

Between 2003 and 2006, the number of enrolled children with household incomes between 151% and 200% FPG dropped by 2,553 and the number of enrolled pregnant women with incomes between 134% and 200% dropped by 436. This fiscal analysis assumes that the additional enrollment due to this bill will be equal to about half that number of people (estimated as 218 pregnant women and 1,277 children). The assumption is that most people affected by this bill will enroll by the end of SFY 2010 and that enrollment will resume normal growth (about 2% per year) thereafter.

Further assumptions are that participation, i.e. the proportion of enrollees that obtain services during the year, will not change with implementation of this bill and will remain the same throughout the projection period. First year costs are based on an estimate for the number of new enrollees times the average cost per enrollee for the affected eligibility subtypes in 2008. Medicaid children in the income range addressed by this bill tend to have lower Medicaid costs than those from families with lower incomes, and those lower costs are reflected in our estimates.

Costs projections incorporate 8.6% annual growth (Long Term Forecast of Medicaid Enrollment and Spending in Alaska: 2005-2025, DHSS, updated for 2006). That growth rate includes changes in population, enrollment, utilization, and medical-price inflation.

Fund source calculations are based on the relative proportion of costs for these eligibility types that were reimbursed at IHS, Title XIX, or Title XXI rates during 2008 and our best estimates for federal medical assistance percentages (FMAPs) between 2010 and 2015. Children affected by this legislation are included in the State Children's Health Insurance Program (SCHIP) so most of their Medicaid costs would normally be matched at the enhanced rate for Title XXI services. Fund projections assume sufficient SCHIP allocation to fully fund the additional children between 2010 and 2015;, however, the program is currently funded under a continuing resolution. Title XXI funding for the balance of SFY 2009 after March 30, 2009 and for SFY 2010 will not be established until Congress takes additional action to reauthorize and fund the SCHIP program.

Expenditures for the Behavioral Health Medicaid Services component were determined based on the component's share of expenses for the affected eligibility subtypes in 2008. Behavioral Health paid about a quarter of the costs for affected DKC children in 2008. No charges for services for DKC pregnant women were paid by this component in 2008.

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 2
Bill Version: SB 13
(S) Publish Date: 2/11/09

Identifier (file name): SB013-DHSS-MS-02-01-09
Dept. Affected: Health & Social Services
Title: Medical Assistance Eligibility
RDU: Health Care Services
Component: Medicaid Services
Sponsor: Davis
Requester: Unknown
Component Number: 2077

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims	2,105.0	0.0	2,286.0	2,482.6	2,696.1	2,928.0	3,179.8
Miscellaneous							
TOTAL OPERATING	**2,105.0**	**0.0**	**2,286.0**	**2,482.6**	**2,696.1**	**2,928.0**	**3,179.8**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES (							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	1,448.7		1,561.0	1,689.5	1,834.8	1,992.6	2,164.0
1003 GF Match	656.3		725.1	793.1	861.3	935.4	1,015.8
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**2,105.0**	**0.0**	**2,286.0**	**2,482.6**	**2,696.1**	**2,928.0**	**3,179.8**

Estimate of any current year (FY2009) cost: 0.0

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This legislation increases the income level for covering children and pregnant women under Denali KidCare to 200 percent of the federal poverty guidelines, up from 175%. It restores eligibility levels to the levels used when the Denali KidCare (DKC) program was originally created.

Between October 2003 and July 2007, the upper income limit for these individuals was "frozen" at an amount equivalent to the 2003 federal poverty guideline (FPG). By April 2007, that income amount was calculated by the department to correspond to about 150% of the 2007 FPG. Senate Bill 27, implemented in summer 2007, made the upper income standard for children and certain pregnant and postpartum women equal to 175% of the

(continued on page 2)

Prepared by: William J. Streur, Deputy Commissioner
Phone 907-269-7827
Division: Health Care Services
Date/Time 1/22/09 12:00 AM

Approved by: Alison Elgee, Assistant Commissioner
Date 2/1/2009
DHSS Finance Management Services

ANALYSIS CONTINUATION

prevailing federal poverty guideline (FPG) for Alaska, as published annually in the federal register, and effectively raised the income level from 150% to 175% FPG. However, children and pregnant women with incomes between 176% and 200% of the prevailing FPG did not regain eligibility.

Between 2003 and 2006, the number of enrolled children with household incomes between 151% and 200% FPG dropped by 2,553 and the number of enrolled pregnant women with incomes between 134% and 200% dropped by 436. This fiscal analysis assumes that the additional enrollment due to this bill will be equal to about half that number of people (estimated as 218 pregnant women and 1,277 children). The assumption is that most people affected by this bill will enroll by the end of SFY 2010 and that enrollment will resume normal growth (about 2% per year) thereafter.

Further assumptions are that participation, i.e. the proportion of enrollees that obtain services during the year, will not change with implementation of this bill and will remain the same throughout the projection period. First year costs are based on an estimate for the number of new enrollees times the average cost per enrollee for the affected eligibility subtypes in 2008. Medicaid children in the income range addressed by this bill tend to have lower Medicaid costs than those from families with lower incomes, and those lower costs are reflected in our estimates.

Costs projections incorporate 8.6% annual growth (Long Term Forecast of Medicaid Enrollment and Spending in Alaska: 2005-2025, DHSS, updated for 2006). That growth rate includes changes in population, enrollment, utilization, and medical-price inflation.

Fund source calculations are based on the relative proportion of costs for these eligibility types that were reimbursed at IHS, Title XIX, or Title XXI rates during 2008 and our best estimates for federal medical assistance percentages (FMAPs) between 2010 and 2015. Children affected by this legislation are included in the State Children's Health Insurance Program (SCHIP) so most of their Medicaid costs would normally be matched at the enhanced rate for Title XXI services. Fund projections assume sufficient SCHIP allocation to fully fund the additional children between 2010 and 2015; however, the program is currently funded under a continuing resolution. Title XXI funding for the balance of SFY 2009 after March 30, 2009 and for SFY 2010 will not be established until Congress takes additional action to reauthorize and fund the SCHIP program.

Expenditures for the Health Care Services Medicaid component were determined based on that component's share of expenses for the affected eligibility subtypes in 2008. Health Care Services Medicaid paid 100% of the costs for DKC pregnant women and about three quarters of the costs for affected DKC children in 2008.

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: **SB013**
() Publish Date:

Identifier (file name): **SB013-DHSS-PAFS-02-24-09**
Dept. Affected: Health & Social Services
Title: Medical Assistance Eligibility
RDU: Public Assistance
Component: Public Assistance Field Services
Sponsor: Davis
Requester: Senate HSS
Component Number: 236

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	FY 2010	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Personal Services	134.4		134.4	134.4	134.4	134.4	134.4
Travel							
Contractual	17.6		17.6	17.6	17.6	17.6	17.6
Supplies	1.0		1.0	1.0	1.0	1.0	1.0
Equipment	14.4						
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**167.4**	**0.0**	**153.0**	**153.0**	**153.0**	**153.0**	**153.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES (							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	108.8	0.0	99.5	99.5	99.5	99.5	99.5
1003 GF Match	58.6	0.0	53.5	53.5	53.5	53.5	53.5
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**167.4**	**0.0**	**153.0**	**153.0**	**153.0**	**153.0**	**153.0**

Estimate of any current year (FY2009) cost: 0.0

POSITIONS

Full-time	**2.0**		2.0	2.0	2.0	2.0	2.0
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This legislation increases the income level for covering children and pregnant women under Denali KidCare to 200% of the federal poverty guidelines, up from 175%. It restores eligibility levels to the levels used when the Denali KidCare(DKC) program was originally created.

This fiscal note represents the additional administrative costs needed to support the increased eligibility determination workload resulting from more pregnant women and children applying for medical assistance, using the assumptions from the companion fiscal notes for the Division of Health Care Services and the Division of Behavioral Health.

(continued on Page 2)

Prepared by: Ellie Fitzjarrald
Phone 907-465-5847
Division: Division of Public Assistance
Date/Time 2/24/09 12:00 PM

Approved by: Alison Elgee, Assistant Director
DHSS Finance & Management Services
Date 2/24/2009

FISCAL NOTE

STATE OF ALASKA

2009 LEGISLATIVE SESSION

BILL NO. SB 013

ANALYSIS CONTINUATION

The eligibility decision includes verifying information and determining whether a pregnant woman or child qualifies for DKC when they apply, acting on changes, and periodically re-examining a household's eligibility.

We assume that 218 pregnant women and 1,277 children will enroll in Medicaid if the qualifying income limit is revised to 200% FPG, and that implementation will begin July 1, 2009. We estimate two additional Eligibility Technician I (Range 13) positions will be needed to manage this additional work in FY2010.

Total Administrative Costs for ET I Positions:

Personal Services: Two Eligibility Technician I Range 13 at a cost of $134.4, including benefits, for 12 months.
Contractual: Annual cost for office space, phones, etc. will be $17.6.
Commodities: Annual cost for the office supplies will be $1.0.

Additional Cost of FY2010:
Equipment/Supply: A one time cost of $14.4 for desktop computer, software, printer, and work stations will be needed for the new positions.

NATIONAL CONFERENCE of STATE LEGISLATURES

The Forum for America's Ideas

Joe Hackney
Speaker
North Carolina House of Representatives
President, NCSL

Gary VanLandingham
Director, OPPAGA
Florida Legislature
Staff Chair, NCSL

William Pound
Executive Director

To: The Honorable Bettye Davis
Alaska Senate

From: Jennifer Saunders
Health Program
303-856-1440
Jennifer.saunders@ncsl.org

Date: February 11, 2009

Subject: SCHIP Cost Sharing Rules

Senator Davis,

We enjoyed listening to your Health and Social Services committee meeting on Monday. This memo is intended to answer the question posed about the SCHIP cost-sharing rules.

Alaska's SCHIP program is a Medicaid expansion program and therefore must comply with Medicaid's cost-sharing rules as specified under the Deficit Reduction Act of 2005. Under provisions of the Deficit Reduction Act of 2005 (DRA), states generally cannot impose cost sharing on children in families with income below 150 percent of the federal poverty guidelines except in certain circumstances. In addition, even at more moderate-income levels, federal rules exempt some special services from any cost sharing requirements.

Most children under the age of 18 are exempt from premiums and from cost-sharing on most services. However, the DRA rules allow states to require co-payments for prescription drugs and use of the emergency room for non-emergency care on all children in certain circumstances. The DRA also allows states to assess premiums and cost-sharing charges on some children in families with income above the poverty line. The total amount of premiums and cost-sharing charges cannot exceed a cap of five percent of family income, which is calculated on a monthly or quarterly basis at the option of the state.

Please see the following document by the Center on Budget and Policy Priorities for more detailed information about cost-sharing and premiums in Medicaid:
Cost-sharing and Premiums in Medicaid: What Rules Apply? February 28, 2007
http://www.cbpp.org/2-28-07health.pdf

In addition, you may also find the following document by the Congressional Research Service helpful. The table on page 5 compares service-related cost-sharing rules in traditional Medicaid, the DRA options and SCHIP.
Medicaid Cost-Sharing Under the Deficit Reduction Act of 2005 (DRA)

Denver
7700 East First Place
Denver, Colorado 80230-7143
Phone 303.364.7700 Fax 303.364.7800

Washington
444 North Capitol Street, N.W. Suite 515
Washington, D.C. 20001
Phone 202.624.5400 Fax 202.737.1069

Website www.ncsl.org

CRS Report for Congress, January 25, 2007
http://assets.opencrs.com/rpts/RS22578_20070125.pdf

The following document by the Centers for Medicare and Medicaid Services (CMS) also summarizes these Medicaid requirements and you may find the "Important Links" on the bottom of page 2 helpful.
See the CMS document here:
http://www.cms.hhs.gov/DeficitReductionAct/Downloads/Costsharing.pdf

For more general information about cost sharing and SCHIP, please see the following CMS website:
http://www.cms.hhs.gov/MedicaidGenInfo/05_SCHIP%20Information.asp
(Scroll down to see the information under the heading "Cost Sharing.")

To create cost sharing requirements that differ from the Medicaid requirements, states can do so by submitting a waiver to and obtaining approval from the Centers for Medicare and Medicaid Services (CMS) or by creating a stand-alone SCHIP program.

If you have more specific or detailed questions regarding cost-sharing requirements under Alaska's SCHIP program, I would suggest that you contact CMS directly.

Best regards,
Jennifer Saunders

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 3
Bill Version: SB 13
(S) Publish Date: 2/11/09

Identifier (file name): SB013-DHSS-PAFS-02-04-09
Dept. Affected: Health & Social Services
Title: Medical Assistance Eligibility
RDU: Public Assistance
Component: Public Assistance Field Services
Sponsor: Davis
Requester: Unknown
Component Number: 236

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

-	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services	134.4		134.4	134.4	134.4	134.4	134.4
Travel							
Contractual	17.6		17.6	17.6	17.6	17.6	17.6
Supplies	1.0		1.0	1.0	1.0	1.0	1.0
Equipment	14.4						
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**167.4**	**0.0**	**153.0**	**153.0**	**153.0**	**153.0**	**153.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES (							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	83.7		76.5	76.5	76.5	76.5	76.5
1003 GF Match	83.7		76.5	76.5	76.5	76.5	76.5
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**167.4**	**0.0**	**153.0**	**153.0**	**153.0**	**153.0**	**153.0**

Estimate of any current year (FY2009) cost: 0.0

POSITIONS

Full-time	**2.0**		2.0	2.0	2.0	2.0	2.0
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This legislation increases the income level for covering children and pregnant women under Denali KidCare to 200% of the federal poverty guidelines, up from 175%. It restores eligibility levels to the levels used when the Denali KidCare(DKC) program was originally created.

This fiscal note represents the additional administrative costs needed to support the increased eligibility determination workload resulting from more pregnant women and children applying for medical assistance, using the assumptions from the companion fiscal notes for the Division of Health Care Services and the Division of Behavioral Health.

(continued on Page 2)

Prepared by: Ellie Fitzjarrald
Phone 907-465-5847
Division: Division of Public Assistance
Date/Time 2/4/09 12:00 AM

Approved by: Alison Elgee, Assistant Director
Date 2/4/2009
DHSS Finance Management Services

FISCAL NOTE # 3

STATE OF ALASKA BILL NO. SB 13

2009 LEGISLATIVE SESSION

ANALYSIS CONTINUATION

The eligibility decision includes verifying information and determining whether a pregnant woman or child qualifies for DKC when they apply, acting on changes, and periodically re-examining a household's eligibility.

We assume that 218 pregnant women and 1,277 children will enroll in Medicaid if the qualifying income limit is revised to 200% FPG, and that implementation will begin July 1, 2009. We estimate two additional Eligibility Technician I (Range 13) positions will be needed to manage this additional work in FY2010.

Total Administrative Costs for ET I Positions:

Personal Services: Two Eligibility Technician I Range 13 at a cost of $134.4, including benefits, for 12 months.
Contractual: Annual cost for office space, phones, etc. will be $17.6.
Commodities: Annual cost for the office supplies will be $1.0.

Additional Cost of FY2010:
Equipment/Supply: A one time cost of $14.4 for desktop computer, software, printer, and work stations will be needed for the new positions.

IK BEGICH
ALASKA

SUITE SH-825
HART BUILDING
WASHINGTON, DC 20510
(202) 224-3004

United States Senate

WASHINGTON, DC 20510

February 25, 2009

The Honorable Gary Stevens
Senate President
State Capitol, Room 111
Juneau, AK 99801-1182

The Honorable Lyman Hoffman
Co-Chairman, Senate Finance Committee
State Capitol, Room 518
Juneau, AK 99801-1182

The Honorable Bert Stedman
Co-Chairman, Senate Finance Committee
State Capitol, Room 516
Juneau, AK 99801-1182

Dear Senators Stevens, Hoffman and Stedman:

As the Alaska Senate this week resumes committee work on Denali KidCare, I urge your support of proposals to increase the number of children and pregnant women eligible for health insurance under this valuable program. One of my first acts as U.S. Senator was to vote in favor of the Children's Health Insurance Program Reauthorization Act of 2009. The measure also was supported by Senator Lisa Murkowski and Congressman Don Young. Now that Congress has reauthorized and funded the Children's Health Insurance Program (CHIP) for the next five years, it is time to give more Alaska families the chance to qualify for basic health care.

The federal legislation authorizes states to offer coverage for families earning up to 300 percent of the federal poverty level (FPL), and some already do. It is troubling that Alaska – recognized in the early days of Denali KidCare as a national leader for its outreach and signup efforts – is now at only 175 percent of FPL and one of the strictest states in the nation for eligibility.

At a minimum, I urge you and your colleagues to restore Alaska's eligibility guidelines to 200 percent. As you know, that step would return Alaska to 2003 levels and immediately qualify an estimated 1,277 additional children and 218 more pregnant women for Denali KidCare. I and many other Alaskans would celebrate that improvement. However, merely restoring the program to where it was six years ago is not exactly a huge victory for Alaska's families. We can and should do better. I support efforts to increase eligibility levels beyond 200 percent of FPL, including the possibility of an effective but equitable co-pay provision for families that can afford to buy into the program. I applaud your Senate and House colleagues on both sides of the political aisle who are working to improve Alaska's program.

We know the need is great. According to the respected Kaiser Family Foundation, there are more than 21,000 children in Alaska without health insurance. Many are from hard-working families who make too much for regular Medicaid but not enough to afford a private health plan. This results in less preventive care, more sickness and more lost school days. Emergency room visits also increase – last-minute care that is often uncompensated and results in higher insurance premiums and medical costs for everyone.

As you deliberate, let me alleviate concerns about federal support. When President Obama signed the CHIP reauthorization bill earlier this month, he and Congress effectively joined forces to provide states with funding certainty (CHIP is now authorized through FFY2013). That continuity is especially important during these times of economic instability. If families do lose employer-provided health coverage or fall further behind in their efforts to afford private insurance, it is essential that Denali KidCare be available to cover basic health care needs. Coupled with the fact that the federal government is offering financial incentives to states that increase enrollment and will pay up to 70 percent of the total cost of the program (currently estimated at 66 percent in Alaska), this is frankly a very good deal.

Given action by Congress to reauthorize CHIP, the Legislature's obvious interest in this issue and Governor Palin's announced intent to support an expansion of Denali KidCare, it looks as if the stars are finally aligned.

Thank you for your work on this matter. Please feel free to contact me if I can be of assistance.

Sincerely,

Mark Begich
U.S. Senator

Cc: The Honorable Mike Chenault, Speaker of the House
The Honorable Mike Hawker, Co-Chairman, House Finance Committee
The Honorable Bill Stoltze, Co-Chairman, House Finance Committee
Governor Sarah Palin

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM January 22, 2009

SUBJECT: Sectional Summary (SB 13; Work Order No. 26-LS0076\A)

TO: Senator Betty Davis
Attn: Tom Obermeyer

FROM: Jean M. Mischel
Legislative Counsel

You have requested a sectional summary of the above-described bill.

As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

Section 1. Amends the medical assistance eligibility provisions for persons under 19 years of age and for pregnant women by increasing the household income limit from 175 to 200 percent of the federal poverty line.

Section 2. Increases the household income limit from 175 to 200 percent of the federal poverty line for requiring premiums and cost-sharing contributions from medical assistance recipients who are under 19 years of age.

Section 3. Provides for an immediate effective date.

JMM:ljw
09-039.ljw

United States Department of Health & Human Services

• Frequent Questions

Search

THE 2009 HHS POVERTY GUIDELINES

One Version of the [U.S.] Federal Poverty Measure

[*Federal Register* notice, January 23, 2009 (PDF - 3 pages)]
[Prior Poverty Guidelines and *Federal Register* References Since 1982]
[Frequently Asked Questions (FAQs)]
[Further Resources on Poverty Measurement, Poverty Lines, and Their History]

There are two slightly different versions of the federal poverty measure:

- The poverty thresholds, and
- The poverty guidelines.

The **poverty thresholds** are the original version of the federal poverty measure. They are updated each year by the **Census Bureau** (although they were originally developed by Mollie Orshansky of the Social Security Administration). The thresholds are used mainly for **statistical** purposes — for instance, preparing estimates of the number of Americans in poverty each year. (In other words, all official poverty population figures are calculated using the poverty thresholds, not the guidelines.) Poverty thresholds since 1980 and weighted average poverty thresholds since 1959 are available on the Census Bureau's Web site. For an example of how the Census Bureau applies the thresholds to a family's income to determine its poverty status, see "How the Census Bureau Measures Poverty" on the Census Bureau's web site.

The **poverty guidelines** are the other version of the federal poverty measure. They are issued each year in the *Federal Register* by the **Department of Health and Human Services** (HHS). The guidelines are a simplification of the poverty thresholds for use for **administrative** purposes — for instance, determining financial eligibility for certain federal programs. The *Federal Register* notice with the 2009 poverty guidelines (PDF - 3 pages).

The poverty guidelines are sometimes loosely referred to as the "federal poverty level" (FPL), but that phrase is ambiguous and should be avoided, especially in situations (e.g., legislative or administrative) where precision is important.

Key differences between poverty thresholds and poverty guidelines are outlined in a table under Frequently Asked Questions (FAQs). See also the discussion of this topic on the Institute for Research on Poverty's web site.

The 2009 Poverty Guidelines for the 48 Contiguous States and the District of Columbia

Persons in family	Poverty guideline
1	$10,830
2	14,570
3	18,310
4	22,050

5	25,790
6	29,530
7	33,270
8	37,010
For families with more than 8 persons, add $3,740 for each additional person.	

2009 Poverty Guidelines for Alaska

Persons in family	Poverty guideline
1	$13,530
2	18,210
3	22,890
4	27,570
5	32,250
6	36,930
7	41,610
8	46,290
For families with more than 8 persons, add $4,680 for each additional person.	

2009 Poverty Guidelines for Hawaii

Persons in family	Poverty guideline
1	$12,460
2	16,760
3	21,060
4	25,360
5	29,660
6	33,960
7	38,260
8	42,560
For families with more than 8 persons, add $4,300 for each additional person.	

Go to Further Resources on Poverty Measurement, Poverty Lines, and Their History

Go to Frequently Asked Questions (FAQs).

Return to the main Poverty Guidelines, Research, and Measurement page.

Last Revised: January 23, 2009

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kaiser commission on medicaid and the uninsured

Challenges of Providing Health Coverage for Children and Parents in a Recession:

A 50 State Update on Eligibility Rules, Enrollment and Renewal Procedures, and Cost-Sharing Practices in Medicaid and SCHIP in 2009

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January 2009

THE HENRY J. KAISER FAMILY FOUNDATION

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Acknowledgments

The authors would like to extend our deep appreciation to the many Medicaid and SCHIP officials throughout the country who participated in this survey and so generously shared their time and expertise with us. We are grateful for their willingness to explain recent program developments -- from the broadest policy change to the most detailed program rule. Their important contribution to improving the health of children and families deserves recognition and our thanks. We also would like to thank our colleagues at the Center on Budget and Policy Priorities, particularly Matthew Broaddus, for their assistance and helpful suggestions as we prepared this report. We also appreciate the assistance of the Center for Children and Families at Georgetown University's Health Policy Institute.

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Executive Summary

Medicaid and SCHIP have been instrumental in covering more low-income uninsured children over the last decade. While much progress has been made, nine million children remain uninsured. As SCHIP reauthorization approached in 2007, states were poised to move forward with efforts to cover more uninsured children. However, federal obstacles, including the Medicaid citizenship documentation requirements, the issuance of a CMS-directive on August 17th 2007 limiting state expansions, and the failure to reauthorize SCHIP have hampered progress. A temporary extension provided funds for SCHIP through March 31, 2009.

When states adopted their budgets for the fiscal year starting July 1, 2008, many were able to include funding for children's coverage expansions. Later, the severity of the unfolding fiscal crisis became clearer and state budget shortfalls are now expected to total $350 billion for the remainder of FY 2009 and through 2011. States face mounting pressure to cut Medicaid and SCHIP just as the need for coverage rises due to climbing unemployment and loss of health coverage. In the last downturn, some states implemented restrictive enrollment procedures and reported dramatic declines in children's enrollment as a result. States may soon feel pushed to take such steps. Key findings from the annual KCMU survey of state Medicaid and SCHIP policies for children and parents that were implemented or authorized between January 2008 and January 2009 in the 50 states and D.C. include:

- **States continued to make progress on improving access to health coverage, particularly for children, but several significant setbacks warn about impending problems.** One-third of states (19) increased access to health coverage, while ten states enacted at least one measure to restrict coverage. The most common restriction was imposing new or higher premiums in SCHIP, but two states also restricted eligibility. California increased the frequency of renewal, a change estimated to affect more than 260,000 children as well as large numbers of parents.

- **The economic crisis is widespread and serious healthcare cuts are looming, but the commitment to children is still strong.** States continued to enact eligibility expansions for children, and state officials in several of those states plan to go forward even though they are facing significant budget shortfalls. Federal constraints, such as the unresolved reauthorization of SCHIP and the August 17th directive, have caused some states to put expansions on hold temporarily. Others are using state funds to pay for coverage precluded by the directive.

- **Parent coverage is still more difficult to obtain than children's coverage.** The median income at which children qualify for coverage is 200 percent of the federal poverty line, but is much lower — 68 percent of the federal poverty line — for working parents. However, for unemployed parents, the median income eligibility for Medicaid is just 41 percent of the federal poverty line, $601 per month for a family of three in 2008. Jobless parents who need coverage may find that unemployment payments put them over the income limit for Medicaid.

- **Outreach budgets were increased in a number of states, however, some are beginning to report that these funds are being curtailed.** Outreach, including community-based application assistance, is critical in a recession, since newly eligible families may be unfamiliar with public programs. But in light of budget shortfalls, some states expressed skepticism for conducting aggressive outreach. About half the states are using technology to implement or develop online applications and to develop more efficient enrollment and renewal systems.

As the economic crisis deepens, states will be under major pressure to contain costs. This may lead them to take steps that not only reverse coverage gains, but intensify the hardships that many families are already facing as a result of losing their jobs and their health insurance. Congress is currently considering SCHIP reauthorization and an economic recovery package that would provide additional federal Medicaid matching funds. These would help states to maintain vital coverage for low-income families, support state efforts to enroll more eligible children, and make program improvements. Strengthening Medicaid and SCHIP in these ways is an essential precursor to the larger task of enacting broad health care reform.

I. Introduction

A commitment to providing health coverage for uninsured children has inspired nationwide efforts that began in earnest with enactment of the State Children's Health Insurance Program (SCHIP) in 1997. Like Medicaid, the chief source of health coverage for low-income families, SCHIP finances coverage through a partnership between the federal and state governments. State measures to expand eligibility and adopt streamlined enrollment procedures in Medicaid and SCHIP have strengthened both of these programs, and they have been instrumental in reducing the percentage of low-income uninsured children by one-third over the last decade.[1] Notably, the number of low-income uninsured parents increased over the same period, since eligibility levels and resources for addressing their health coverage needs do not approach those related to children.

While considerable progress has been made, nine million children in the United States remain uninsured, with nearly two-thirds of them eligible for Medicaid and SCHIP. In 2007, with relatively robust state budgets and the reauthorization of SCHIP at hand, across the country, states came forward to reaffirm their commitment to closing this gap. That year, state efforts to expand children's health coverage represented the most aggressive steps forward since the early years of SCHIP. Of the 20 states that expanded eligibility for children, 12 raised or authorized raising SCHIP income limits to 300 percent of the federal poverty line, more than doubling the number of states that previously had eligibility set at this level. States also made progress on adopting simplified enrollment and renewal procedures in both Medicaid and SCHIP, emphasizing strategies that reduce paperwork and jump-start enrollment.[2]

Despite this burst of activity, efforts to advance children's coverage met unanticipated federal obstacles. The Medicaid citizenship documentation requirement, enacted in 2006 as part of the Deficit Reduction Act, sent state simplification efforts backwards by requiring U.S. citizens applying for Medicaid to present original documents proving their citizenship and identity. States reported that this new rule ushered a deep decline in the enrollment of eligible U.S. citizens, especially children.

The expected reauthorization of SCHIP also encountered roadblocks. Congress passed two versions of legislation to reauthorize SCHIP and President Bush vetoed each of them. And, on August 17, 2007, as SCHIP reauthorization was proceeding, the Centers for Medicare and Medicaid Services (CMS) issued a directive that impeded states' ability to expand coverage.[3] The year ended with these problems unresolved, meaning states were without the infusion of funds they were anticipating, and the new tools to bolster outreach and enrollment did not materialize. A temporary extension provided funds for SCHIP through March 31, 2009.

When states adopted their budgets for the state fiscal year starting July 1, 2008, they were able to include funding for children's coverage expansions. Later, the economy began to show signs of trouble, but it was not until September 2008 that the breadth and depth of the unfolding fiscal crisis became clear as financial markets collapsed and unemployment started to rise sharply. States are now facing an extremely threatening fiscal situation, with state budget shortfalls expected to total $350 billion for the remainder of FY 2009 and through 2010 and 2011.[4]

So far, most states have managed to maintain existing eligibility levels and procedural improvements. For example, despite serious financial pressures, states that enacted earlier children's coverage expansions, such as Iowa and New York, have reiterated their intentions to go forward. But, there are warning signs that this will become more and more difficult.

As in past economic downturns, states will continue to struggle with the mounting pressure to cut health coverage programs just at the time that an increasing number of people need the vital services they provide. Many states have already implemented or announced major cuts to health programs, mainly in the area of provider rates and benefits, which have a significant impact on access and the quality of care. States that have not yet expanded are likely to be deterred from increasing coverage because of the dire economic environment.

Medicaid enrollment and spending growth peaked in 2002 at the same time state revenues dropped sharply. In response, states adopted an array of cost containment strategies to control spending growth. Then federal fiscal relief was made available to states through the Jobs and Growth Tax Relief Reconciliation Act of 2003, increasing the federal share of Medicaid costs, and lifting some of the burden states were carrying. The legislation restricted states from lowering Medicaid eligibility between September 2003 and June 2004, as a condition of receiving relief funds. Thus, no state retracted Medicaid eligibility during this time period. SCHIP eligibility also remained relatively constant, with only a few states cutting back.

However, because they were still grappling with budget shortfalls, nearly half the states put in place enrollment procedures that made it more difficult for children and parents to secure and retain health coverage between April 2003 and July 2004.[5] Some states reported dramatic declines in children's enrollment as a result of these budget-driven changes, and children who were most likely *eligible* for existing programs became uninsured. For example, in Texas, SCHIP enrollment dropped by more than 149,000 children (a 29 percent decline), in large measure, due to reducing continuous coverage from 12 months to six months. Washington state also repealed the guarantee of 12 months of coverage and required parents to renew their child's eligibility every six months as well as report changes in the interim. This, along with other procedural changes, led to a dramatic caseload reduction of more than 40,000 children. In Wisconsin's BadgerCare program, establishing more rigorous documentation requirements resulted in an enrollment decline of 13,000 children and parents in just the first four months of implementation. Several states also froze SCHIP enrollment. In addition to turning away children who qualified for coverage under SCHIP, this strategy adversely affected Medicaid-eligible children not subject to the freeze. Eligible applicants' path to coverage was limited when states stopped taking joint Medicaid/SCHIP applications or because families mistakenly interpreted news reports to mean that all coverage programs were closed to new applicants.[6]

Coming out of the last economic downturn, states worked to eliminate SCHIP enrollment freezes and reverse some of the enrollment barriers they had imposed. This enabled caseloads to recover somewhat. An important lesson learned, however, is that the problematic effects of changing administrative procedures can endure if such changes send conflicting messages to prospective and current program participants.

As this report goes to press, two major developments are within reach. Congress has taken up SCHIP reauthorization once again and is working towards passing a bill that will likely be one of the first pieces of legislation to be presented to the nation's new president, Barack Obama. Next will come a significant economic recovery package that will contain substantial state fiscal relief in the form of enhanced federal matching funds for Medicaid that will reduce the share of the costs states will have to contribute for the program. Passage of both these bills would provide needed relief, as well as the support to move forward on enrolling more eligible, uninsured children. These measures would also help reinforce the federal/state partnership that is fundamental to the viability of health coverage programs. Strengthening Medicaid and SCHIP by making sure they are in a position to provide coverage to more

low-income uninsured individuals, is also an essential precursor to the larger task of enacting broad health care reform.

II. About this Survey

This report presents the findings of a survey of eligibility rules, enrollment and renewal procedures, and cost-sharing practices in Medicaid and SCHIP for children and families that were implemented or authorized between January 2008 and January 2009 in the 50 states and the District of Columbia. These policies have a large influence on how effectively Medicaid and SCHIP can deliver health coverage to the eligible children, pregnant women and parents who rely on the vital services these programs provide. They are the driving forces behind efforts to reduce the number of low-income people who lack adequate insurance but cannot afford to pay for it on their own.

This study, the eighth annual survey conducted by the Center on Budget and Policy Priorities for the Kaiser Commission on Medicaid and the Uninsured, was carried out in the summer and early fall of 2008, through extensive telephone interviews with state Medicaid and SCHIP program administrators. Detailed follow-up interviews proceeded through the end of the year. The findings reflect policies and procedures in effect in the states in January 2009, as well as coverage expansions that were authorized, but were not implemented, by states during the survey period.

III. Key Survey Findings – Current Status of Coverage for Children and Parents

States continue to make progress on improving access to health coverage for low-income families. As of January 2009, income eligibility levels are as follows:

States provide health coverage for children and pregnant women under Medicaid or SCHIP as follows (Figures 1 & 2):

- 44 states, including DC, cover children in families with income at 200% FPL or higher. ($35,200 for a family of three in 2008).
- 33 states cover children in families with income between 200% and 250% FPL. (200%: $35,200 for a family of three in 2008; 250% FPL: $44,000 for a family of three in 2008).
- 19 states, including D.C., cover children in families with income at 250% FPL or higher. 10 of these states cover children in families with income at 300% FPL or higher. ($52,800 per year for a family of three in 2008).
- 40 states, including DC, cover pregnant women with income 185% FPL or higher. ($32,560 for a family of three in 2008).

Figure 1

Children's Eligibility for Medicaid/SCHIP by Income, January 2009

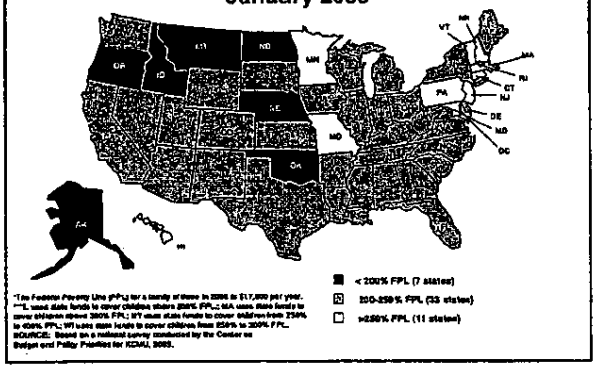
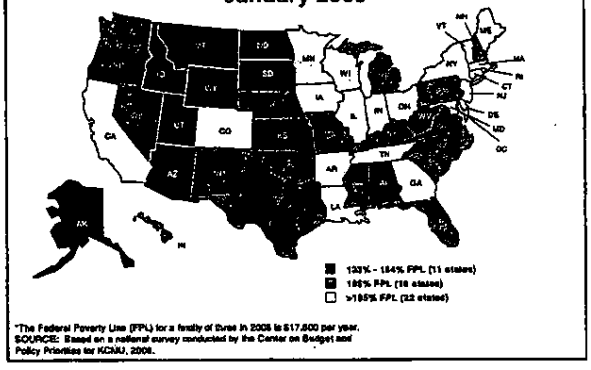


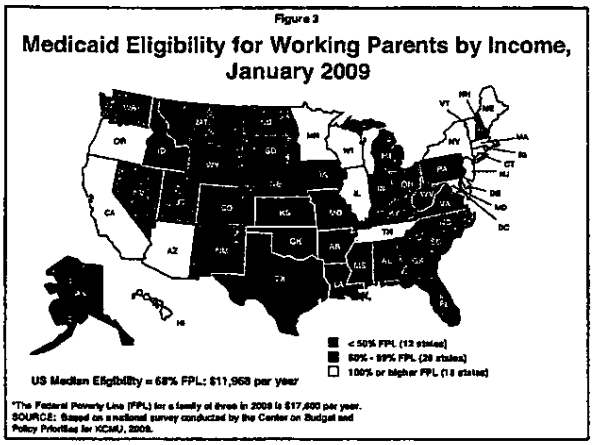
Figure 2

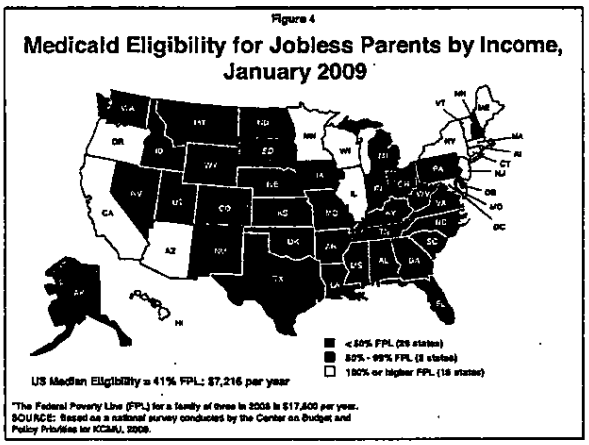
Medicaid Eligibility for Pregnant Women by Income, January 2009



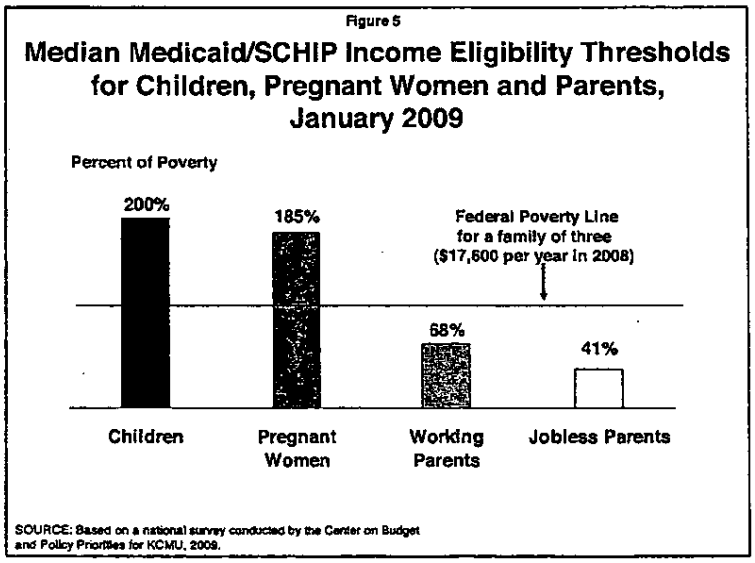
States provide health coverage for parents under Medicaid as follows (Figures 3 & 4):

- In 12 states, family income must be less than half the federal poverty line for a working parent to qualify for Medicaid ($8,700 per year for a family of three in 2008).
- In 29 states, family income must be less than half the federal poverty line for a jobless parent to qualify for Medicaid ($8,700 per year for a family of three in 2008).
- 18 states, including the District of Columbia, cover parents in families with income at 100 percent of the federal poverty line or higher ($17,600 per year for a family of three in 2008).
- In 28 states, a parent in a family of three, working full-time at the minimum wage, earning on average, $1,092 per month, cannot qualify for Medicaid.





It continues to be more difficult for a low-income parent to qualify for health coverage than for a child (Figure 5). The median income at which children qualify for Medicaid or SCHIP is 200 percent of the federal poverty line, but is much lower — 68 percent of the federal poverty line — for working parents. For jobless parents, the median income eligibility for Medicaid is just 41 percent of the federal poverty line, $601 per month for a family of three in 2008. In an economic downturn, this low income limit can take a serious toll on families. For many individuals who have lost their jobs and also their health insurance, COBRA coverage is likely to be prohibitively expensive or may not be available, and parents may turn to public programs for coverage. However, they may find that the unemployment compensation payments they receive put them over the income limit for Medicaid. (Since unemployment compensation is unearned income, "earnings disregards" that are designed to help working families qualify do not apply.) Jobless parents may eventually become eligible, but in the interim they are subject to health risks and financial exposure that can have deleterious consequences for themselves and their families.



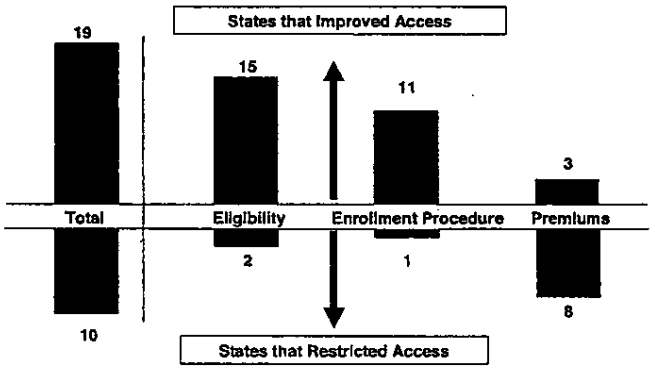
IV. Key Survey Findings – State Actions During 2008

Overall, states continued to make progress on improving access to health coverage, but a few setbacks warn about impending problems (Figure 6).

- **More than one-third of the states (19 states) took steps to increase access to health coverage for low-income children, pregnant women and parents.** Fifteen(15) states authorized or implemented coverage expansions *(CO, IA, IN, KS, LA, MD, MT, ND, NJ, NY, OK, OR, SC, TN, WI)*; 11 states reduced procedural barriers *(AZ, CO, IA, KY, LA, MD, MT, NV, OR, SC, UT)* and three states reduced financial barriers to Medicaid and SCHIP *(TN, WA, WI)*.

Figure 6

Number of States Taking Action Affecting Access to Health Care Coverage, Jan 08 – Jan 09



SOURCE: Based on a national survey conducted by the Center on Budget and Policy Priorities for KCMU, 2009.

- **Ten states (10 states) enacted at least one measure to restrict coverage.** The most common restriction was to increase financial barriers such as new or higher premiums in SCHIP programs. Eight states *(GA, LA, MN, MO, NJ, NV, PA, RI)* went in this direction. *Rhode Island* and *South Carolina* restricted eligibility, the former cutting income eligibility for parents, and the latter establishing a three-month waiting period in its new separate SCHIP program, during which children must remain uninsured before they can enroll. *California*, increased the frequency with which parents and children are required to renew coverage.

  The actions taken by *Rhode Island* and *California*, among the first states to feel the effects of the economic downturn, raise concerns about where other states could be headed if their fiscal pressures go unaddressed. The premium increases in *Rhode Island* are steep, coming at a time when families are likely to be financially strapped. Premiums of $45 per child per month are now required for children in families with incomes as low as 133 percent of the federal poverty line ($23,467 for a family of three in 2008), as compared to the previous starting point, 150 percent of the federal poverty line. Premiums for other children range from $86 per month to $114 per month, representing an increase of up to $29 per month for some.

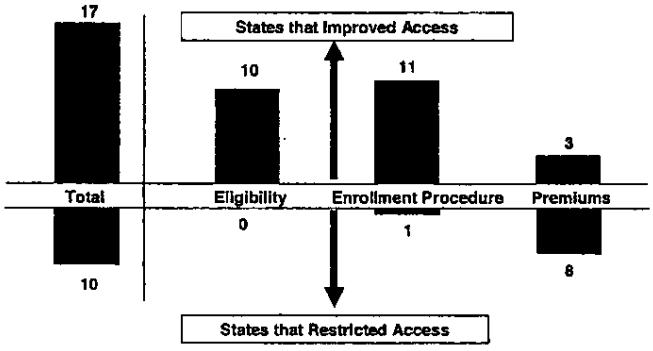
  California's retraction of 12-month continuous eligibility for children withdraws the guarantee of full-year coverage, which is critical for children with ongoing medical needs. In addition, the state will

now require children and parents on Medicaid to comply with a semi-annual reporting procedure that is likely to cause otherwise avoidable gaps in coverage for eligible families. It will also create unnecessary and costly administrative burdens, since eligible families dropped from the program are likely to reapply within a short period of time. These changes could result in more than 260,000 children losing coverage by 2011. A large number of parents would be affected as well.[7]

The economic crisis is widespread, and serious health care and other cuts are looming, but states are demonstrating a steadfast commitment to covering children (Figure 7). States continued to enact eligibility expansions for children, and state officials in several of those states, such as *Iowa* and *New York*, plan to go forward even though they are facing significant budget shortfalls. Federal constraints that have dampened states' ability to expand, such as the unresolved reauthorization of SCHIP and the August 17th directive, have caused several states to put expansions on hold or scale back temporarily. Others, such as *Wisconsin* and *New York*, are using state funds to pay for children whose coverage is precluded by the August 17th directive.

Figure 7

Number of States Taking Action Affecting Children's Access to Health Care Coverage, Jan 08 – Jan 09



SOURCE: Based on a national survey conducted by the Center on Budget and Policy Priorities for KCMU, 2009.

- **One-third of the states (17 states) increased access to coverage for children.** Ten (10) states implemented or authorized eligibility expansions for children. *Iowa* and *Montana* raised children's coverage (scheduled to begin later this year), to 300 percent of the federal poverty line and 250 percent of the federal poverty line, respectively; *Kansas* implemented a children's coverage expansion to 250 percent of the federal poverty line. If the August 17th directive remains in place, these states will be subject to the strict conditions it imposes. Eligibility increases were also implemented, but to more modest levels in *Colorado, North Dakota* and *South Carolina*. *New York* adopted the option to allow children leaving foster care upon reaching age 18 to keep their Medicaid coverage.

  Of the ten states that expanded coverage for children, four were implementing expansions that were authorized last year, but which had been held back by the August 17th directive or by the uncertainty surrounding SCHIP reauthorization. *Louisiana* and *Indiana* increased eligibility to 250 percent of the federal poverty line, rather than 300 percent. *Wisconsin* and *New York* chose to move forward with their full expansions, funding coverage over 250 percent of the federal poverty line with state funds only. *Illinois* has been funding its expansion using state dollars. Planned expansions in five additional states (*NC, OH, OK, WA,* and *WV*) remain stalled.

Iowa Children Get A Coverage Boost

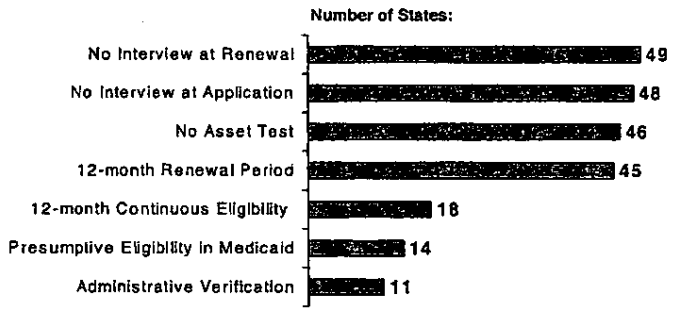
Buoyed by a groundswell of public support for covering children, Iowa Governor Chet Culver, along with state legislators, remain strong in their pledge to expand health insurance to more of the state's uninsured children. In the last legislative session, state legislators passed an expansion of hawk-i, the state's SCHIP program, to 300 percent of the federal poverty line, which will be implemented in July 2009, and cover an estimated 5,000 new children. Program improvements have already proceeded. The state now guarantees children a full 12 months of continuous coverage and is pursuing ways to ease premium payment policies. For example, families new to the program will not have to pay premiums for the first two months of enrollment. Outreach is expected to go forward as well, but may possibly be scaled back. Like many other states, Iowa is in a severe budget crunch, with an expected shortfall of more than $600 million in the coming year. Major spending cuts are being planned, but it appears that the children's coverage expansion will go forward. Senate Majority Leader, Mike Gronstal (D) stated recently, "We committed to providing access to affordable coverage to every kid in the state of Iowa. I'm not interested in backing up on that commitment."

* "Health Promises Persist: Iowa lawmakers reconcile health care goals, budget" The Hawkeye, January 15, 2009.

- **Eleven (11) states took steps to reduce procedural barriers to coverage for children (Figure 8).** *Arizona, Kentucky,* and *Utah* no longer require families to participate in face-to-face interviews to obtain health coverage for their children, and *Colorado* adopted "administrative verification and renewal," meaning the state no longer requires families to provide paper documentation of their income and eligibility workers use existing databases to verify the information families provide on the application. *Maryland, Montana, Louisiana, South Carolina* and *Utah* have revised their applications to allow parents to apply using the same simplified forms that are used for children, a change that benefits both children and parents. *Iowa, North Dakota* and *Oregon* now guarantee 12 months of continuous eligibility, considered to be one of the most effective tools for keeping children covered for as long as they qualify. One serious setback, the changes to the renewal procedures in *California,* was discussed earlier.

Figure 8

Simplifying Enrollment and Renewal: Strategies States are Using in Children's Health Coverage Programs, Jan 09



SOURCE: Based on a national survey conducted by the Center on Budget and Policy Priorities for KCMU, 2009.

States Explore the Use of Technology to Facilitate Enrollment

Emergence of Online Applications

About half the states reported that they are implementing, or are in the process of designing, on-line applications. Several of these states also report allowing the use of electronic signatures, so that a follow-up signature page does not have to be printed and mailed in. (Other states appear unsure about the permissibility of electronic signatures and point to the lack of clear federal guidance on this subject.) Some states at the forefront of using on-line applications also report that their applications currently interface with existing eligibility systems (or will in the future), so that information from the on-line application does not have to be re-entered by eligibility workers and an eligibility determination can move forward more rapidly.

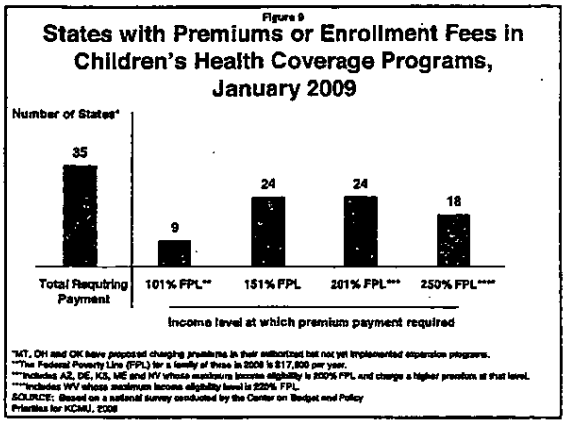
Database Usage

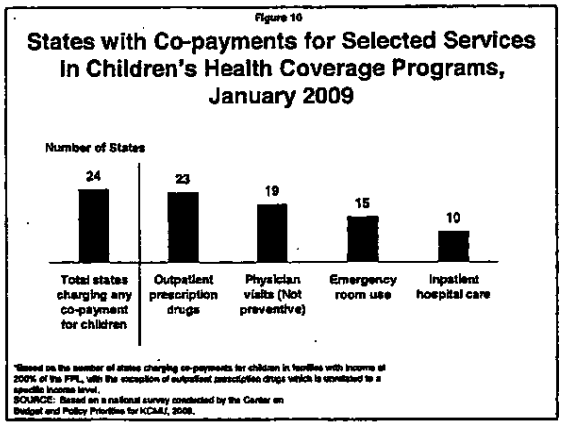
Eleven states (12 states at renewal) report using technology to streamline the enrollment and renewal process. States report conducting matches with existing databases to verify income and other information, as well as eliminating rules requiring families to submit pay stubs or other paper documentation. This procedure is referred to as "administrative verification and renewal." Many states also are conducting data matches with their Vital Records departments to help families comply with the Medicaid citizenship documentation requirement, however, the technological capacity to do this efficiently varies considerably. Finally, states are exploring the use of technology to target outreach, for example, by conducting data matches with existing databases to identify children and parents who are likely to qualify for health coverage but who are not enrolled. States report using matches with food stamp databases for this purpose, and have expressed interest in using state tax system databases.

- **Outreach budgets in a number of states were increased in 2008, however, some states are beginning to report that these funds are being curtailed.** Several states reported increases in outreach funding in 2008, sometimes associated with new expansions, but also for ongoing promotional activities and community-based application assistance. In recent follow-up interviews, some state officials indicated that their outreach budgets have now been cut; others expressed skepticism for conducting aggressive outreach in light of budget shortfalls. Still others said their outreach activities would go forward, with some indicating that activities would emphasize renewal assistance so that already enrolled children do not lose coverage.

- **A few states reduced financial barriers to children's coverage, eliminating or lowering premiums for some children, while other states increased premiums (Figure 9).** *Tennessee, Washington* and *Wisconsin* either reduced premiums or eliminated them for some children. *Georgia, Minnesota, Missouri, Nevada, New Jersey, Pennsylvania* and *Rhode Island* increased premiums for children, with two of these states showing significant increases. *Minnesota* premiums increased by up to $14 per month for some children. Premium increases in *Rhode Island*, discussed earlier, represented the most severe increases for children this year. New premiums implemented in *Louisiana*, apply to the state's new expansion group (children with incomes between 200 percent and 250 percent of the federal poverty line).

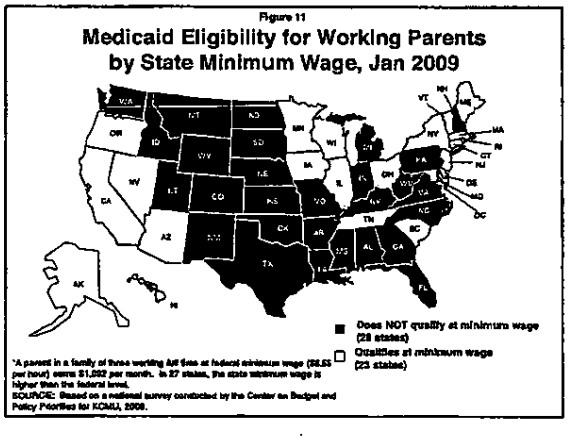
- **Co-payments for health services were adopted in one state and increased in two states (Figure 10).** Currently, 24 states charge co-payments for children's health services. *Wisconsin* adopted new co-payments, and *West Virginia* and *Utah* increased co-payments for prescription drug coverage. Only one state, *Montana* decreased co-payment amounts.

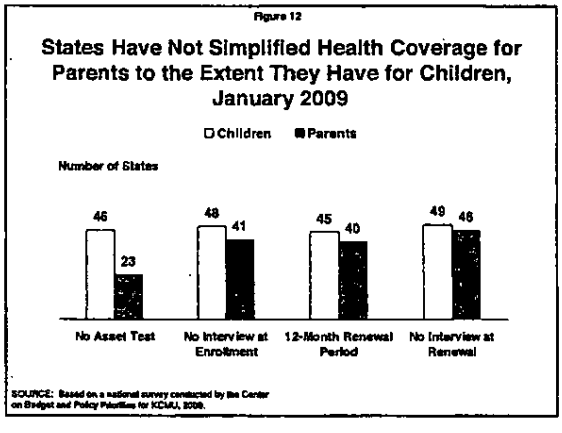




Low-income parents applying for Medicaid coverage continue to face substantially restricted income eligibility and access as compared to their children (Figure 11 and 12).

- **A few states took steps to boost coverage and simplify procedures for parents.** Three states — *New Jersey, Maryland,* and *Wisconsin* — implemented parent coverage expansions. Still, in 28 states, parents working full time at minimum wage cannot qualify for Medicaid. One state, *Rhode Island*, cut parent coverage. *Maryland* also stopped counting assets in determining eligibility for parents, a step that fewer than half the states have taken. Given the restrictive income eligibility levels for parents in most states, the majority of parents applying are not likely to have substantial bank accounts, multiple vehicles of significant value, or other resources that would disqualify them. The burdensome and intrusive paperwork associated with proving that one does not exceed the asset limit often deters eligible parents from completing the application process. Other measures were implemented to reduce procedural barriers for parents, including eliminating interviews and reducing the frequency of renewal (*AZ, MD, UT*), but these practices are still more prevalent in children's coverage programs.





Maryland Expands Medicaid Eligibility for Low-Income Parents

Access to health coverage increased measurably for thousands of low-income Maryland parents this year when an income eligibility expansion and a package of procedural improvements were implemented on July 1, 2008. The state boosted parent eligibility from about 30 percent of the federal poverty line to 116 percent. The state also eliminated the asset test and no longer requires parents to have a face-to-face interview at the Medicaid office. This streamlined the process for parents and also aligned procedures for parents and children to a greater extent so that they can apply using the same simplified application form. Since its implementation, 29,682 adults have enrolled as a result of the expansion.

To achieve this early success, a logical first step was to identify children already in Medicaid whose family income is below 116 percent of the federal poverty line and enroll the parents when they renew their child's coverage. Traditional outreach efforts including TV, print and radio publicity, as well as activities with the Baltimore Ravens football team, also have done much to inform families about the new coverage opportunity. In addition, the Medicaid and revenue agencies coordinated on a new initiative that used the tax system to identify 150,000 people who were potentially eligible. They were sent a letter from the state Comptroller inviting them to call a toll-free number for an application. Between December 1 and December 12, 2008, nearly 1,800 hotline callers were sent applications. Others obtained applications on-line and through other avenues.

Enrollment continues to increase and the recession is apparently a driving force: there were more approvals of parents in the expansion group during the first two weeks in December than there have been since it was implemented in July and state officials say they are seeing people who previously had secure jobs and are seeking help, perhaps for the first time. The budget is tight in Maryland, but in two rounds of cuts, the expansion has not been targeted.

*Conversations with Maryland State Officials, January 2009.

- **Income eligibility for pregnant women remained stable with nearly half the states covering pregnant women at 185 percent of the federal poverty line.** Two states, *Tennessee* and *Wisconsin*, increased eligibility for pregnant women to 250 percent and 300 percent of the federal poverty line respectively. *Oklahoma* and *Oregon* both adopted the option to use SCHIP funds to cover unborn children of pregnant women.

V. Discussion

Recession Jeopardizes States' Ability to Maintain and Advance Coverage for Low-Income Children and Parents

States have made substantial progress in reducing barriers to health coverage for low-income children and families. They continued to do so during the first half of 2008 by further expanding eligibility and streamlining enrollment and renewal procedures. Now, as the economic crisis deepens, states will be under major pressure to contain costs. This may lead them to take steps that would not only reverse critical coverage gains, but would intensify the hardships so many families are already facing as a result of losing their jobs and their health insurance. In the last economic downturn, federal fiscal relief was successful in helping states address budget shortfalls, avoid deeper Medicaid cuts, and preserve eligibility, which was a condition of receiving enhanced federal funds. However, to deal with tight budgets, many states made procedural changes to their programs which blocked eligible children and parents from obtaining coverage at a time when they could least afford health care on their own.

Easing Eligibility and Simplifying Procedures Are Especially Important During an Economic Downturn

Individuals who have lost health coverage due to unemployment need a smooth path to Medicaid and SCHIP.[8] Any period of time without insurance could cause ongoing medical conditions to escalate if it is not possible for families to find or pay for needed medication or other treatment on their own. Parents who are recently unemployed may find that the unemployment compensation payments they receive put them over the income limit for Medicaid. States can choose to disregard these payments or a portion of them in determining eligibility for jobless parents. States can eliminate their SCHIP waiting periods or at least ensure that a job-loss exemption is available. Minimizing documentation requirements and rescinding face-to-face interviews also are important since complicated, burdensome forms and procedures often discourage families from completing the process. Enrolling children for a full 12 months and simplifying renewal helps ensure beneficiaries remain covered for as long as they qualify. In addition to protecting children and families, taking such steps also saves administrative costs by reducing the workload on eligibility workers. Eligibility staff may have been cut at the same time application volume has increased.

Premium Payment Policies Matter

It also is important to ensure that unreasonable out-of-pocket costs do not keep eligible children from obtaining coverage and needed care. When a family has lost income or a job, it will be more difficult to keep up with premium payments on top of regular living expenses. Numerous studies show that premiums for low-income individuals can depress enrollment in health coverage programs.[9] Similarly, burdensome co-payments can be an obstacle to getting needed care or medication. Programs should also avoid imposing strict payment timeframes after which children are disenrolled from SCHIP, as well as lock-out periods that bar children from returning to SCHIP if the lack of a premium payment forces them to lose coverage.

Outreach Is Critical During Economic Downturns

In tight budget times, it may appear sensible to cut outreach funds as states seek ways to contain the costs associated with expanding caseloads. Conducting outreach may also seem counterintuitive when hiring freezes and lay-offs mean there are fewer eligibility workers to process a larger volume of applications. However, families that previously had stable jobs with health insurance are likely to have little or no experience navigating the public benefits system. They may not know where to turn for help when they become jobless, nor are they likely to know much about Medicaid and SCHIP or realize that they may qualify. Community-based organizations and institutions can play a vital role in alerting families to the availability of free or low-cost coverage and in assisting families with application procedures.

States are attempting to balance these competing pressures. For example, although New Mexico has had to make significant cuts to its Medicaid budget, the state will continue to reach out and enroll more uninsured children, a goal Governor Richardson has prioritized. A state Medicaid official explained that, while available funding will continue to be used for outreach, "the state does not have funds to do anything very aggressive or costly. It's difficult to justify spending on outreach when we're cutting elsewhere, however we will conduct some data matches to identify eligible but unenrolled children."[10] Given the demands that outreach generates and the limitations created by personnel cuts, adopting simplified procedures are more important that ever. Streamlining renewal, in particular, protects the investment in outreach since it guards against eligible children and parents losing coverage unnecessarily.

Federal Legislation May Provide Needed Help for States

Two major pieces of legislation are being considered in Congress as this report is being written. Both are critical to addressing the challenges states are facing as they report mounting deficits and also attempt to assist the growing demand for health coverage among families that are suffering the effects of the weakening economy. The first is reauthorization and extension of SCHIP legislation, which is currently operating with temporary funding through March 2009. This legislation would provide the additional funds to maintain coverage for children currently enrolled and cover additional uninsured children. It would also provide bonus payments designed to encourage states to enroll more eligible children under Medicaid.

The second piece of legislation is the economic recovery package. In this recession, with substantial state deficits, one form of assistance the federal government could provide is an increase in the federal share of financial assistance for the Medicaid program (FMAP). The amount of funding for the enhanced FMAP, the duration of the relief, the distribution of the funds across states, and the conditions or maintenance of effort requirements related to eligibility are critical issues in the design of a recovery package. In 2003, one of the conditions for states receiving an increased FMAP was that they were prohibited from reducing eligibility levels in order to qualify for this financial assistance. Congress could also consider requiring states to maintain enrollment procedures to qualify for federal assistance and additional provisions to extend temporary Medicaid coverage to individuals affected by the economic downturn.

The SCHIP reauthorization and economic recovery plan could provide an essential boost that would enable states to sustain the coverage gains they have achieved and give families hard-hit by the recession the confidence that assistance with health coverage will be available.

[1] Kaiser Commission on Medicaid and the Uninsured analysis of the National Health Interview Survey data.
[2] Donna Cohen Ross, Aleya Horn and Caryn Marks, "Health Coverage for Children and Families in Medicaid and SCHIP: State Efforts Face New Hurdles," Center on Budget and Policy Priorities for the Kaiser Commission on Medicaid and the Uninsured, 2008.
[3] Letter from Dennis Smith, Director for Medicaid and State Operations at the Centers for Medicare and Medicaid Services, to State Health Officials, August 17, 2007.
[4] Elizabeth McNichol and Iris Lav, *State Budget Troubles Worsen,* Center on Budget and Policy Priorities, Washington, DC, *Updated,* January 14, 2009.
[5] Donna Cohen Ross and Laura Cox, Beneath the Surface: Barriers Threaten to Slow Progress on Expanding Health Coverage of Children and Families, Center on Budget and Policy Priorities for the Kaiser Commission on Medicaid and the Uninsured, 2004.
[6] *Ibid.*
[7] Nicholas Johnson, Phil Oliff and Jeremy Koulish, "Facing Deficits, Two-Thirds of States Are Imposing Cuts that Hurt Vulnerable Residents," Center on Budget and Policy Priorities, Washington, DC, Updated January 14, 2009.
[8] Michael Perry, Barbara Lyons, Robin Rudowitz and Julia Paradise, "Turning to Medicaid and SCHIP in an Economic Recession: Conversations with Recent Applicants and Enrollees," Kaiser Commission on Medicaid and the Uninsured, December 2009.
[9] Samantha Artiga and Molly O'Malley, "Increasing Premiums and Cost-Sharing in Medicaid and SCHIP: Recent States Experiences," Kaiser Commission on Medicaid and the Uninsured, 2005.
[10] Conversation with Robert D. Beardsley, Deputy Director, Medical Assistance Division, New Mexico Department of Human Services, January 12, 2009.

SB

24

<target><bill>SB 24</bill><subject>SB
24</subject><comm>SFIN26</comm></target>

ALASKA STATE LEGISLATURE

SESSION
State Capitol, Rm 516
Juneau, Alaska 99801-1182
(907) 465-3873 Phone
(907) 465-3922 Fax
(877) 463-3873 Toll Free
Senator_Bert_Stedman@legis.state.ak.us

INTERIM
50 Front Street
Ketchikan, AK 99901-6442
Phone (907) 225-8088
Fax (907) 225-0713

SENATOR BERT K. STEDMAN

SPONSOR STATEMENT

Senate Bill 24

"An Act naming the bridge over Hammer Slough on Nordic Drive in Petersburg the Louis Miller Bridge"

Senate Bill 24 would name a bridge in Petersburg in honor of Louis Miller. Mr. Miller was an early Alaskan pioneer who helped found and build the community of Petersburg.

Louis Miller came to Alaska as part of the Klondike Gold Rush. He arrived in Petersburg in 1901 and worked for town founder Peter Buschmann as a carpenter. Miller is credited with building some of Petersburg's first houses and serving as foreman for the construction of the community's Sons of Norway Hall. He operated a moorage and warehouse on the site of the present day bridge over Hammer Slough until his death in 1955. Senate Bill 24 would name this bridge in his honor.

Under current law (AS 35.40.015), the State of Alaska may name public works infrastructure through an act of the legislature. Senate Bill 24 would honor a historic figure in Petersburg's history and is supported by the City of Petersburg.

Contact: Weston Eiler, Legislative Aide to Senator Bert Stedman at (907)-465-3873

SENATE FINANCE COMMITTEE REPORT

DATE: 2/4/09

FURTHER:

DATE TURNED
IN TO OFFICE: _____

Finance Committee considered SENATE BILL NO. 24

SB 24 LOUIS MILLER BRIDGE

"An Act naming the bridge over Hammer Slough on Nordic Drive in Petersburg the Louis Miller Bridge."

and recommends:

[ ] be **replaced** with [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] adopt **previous** [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] attached amendment(s)

[ ] adopt _____Letter of Intent

[ ] further referral to _____Committee

SENATE BILL:
[ ] Same Title
[ ] New Title

HOUSE BILL:
[ ] Same Title
[ ] Technical Title Change
[ ] New Title w/ SCR #____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
DOT	2/4/09	✓			1

[ ] **APPROPRIATION - no fiscal note**

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	Thomas	✓			
	ELLIS	✓			
	Huggins	✓			
CO-CHAIR:		✓			
CO-CHAIR:	STEDMAN	✓			

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: SB 24
(S) Publish Date: 2/4/09

Identifier (file name): SB24-DOT-SMO-2-02-09
Dept. Affected: DOT&PF

Title: Louis Miller Bridge
RDU: Statewide M&O
Component: SE M&O

Sponsor: Sen. Stedman
Requester: House Transportation
Component Number: 604

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel							
Contractual							
Supplies		4.0					
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**4.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF		4.0					
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**4.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2009) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This will cover the expense of making the signs and hanging them.;

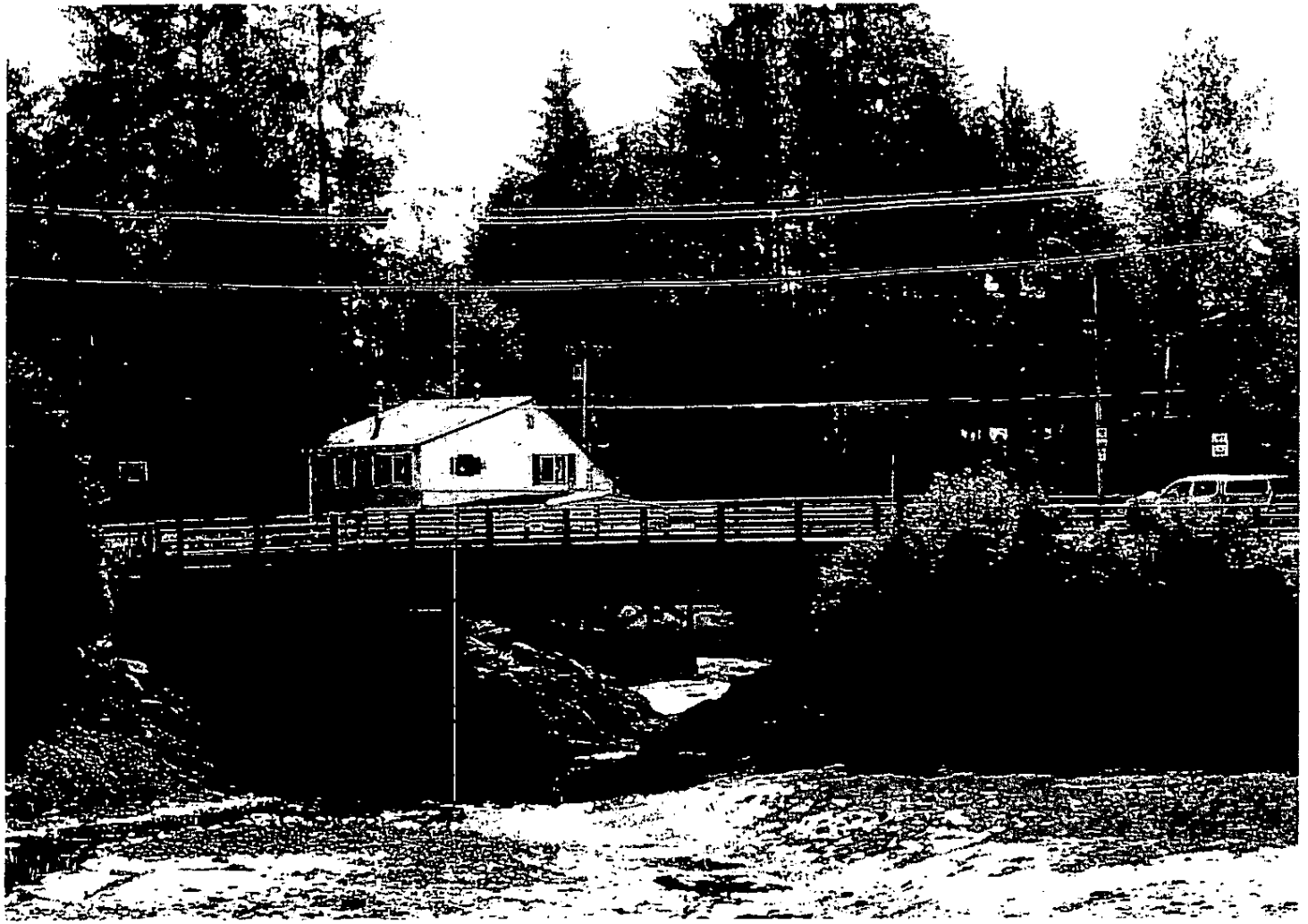
Prepared by: Mary Siroky, Legislative Liaison
Phone 465-4772
Division: Department of Transportation and Public Facilities
Date/Time 2/02/09 10:00am
Approved by: Nancy Slagle, Admin Director
Date 2/2/2009
Department of Transportation and Public Facilities

(Revised 9/10/2008 OMB)

2/27/09

Proposed Louis Miller Bridge

Petersburg, Alaska



2/27/09

CITY OF PETERSBURG, ALASKA

RESOLUTION # 1877

Offered by: Jensen
Supported by: Sarff

A RESOLUTION REQUESTING PETERSBURG'S LEGISLATORS TO SPONSOR AN ACT DESIGNATING THE BRIDGE ACROSS HAMMER SLOUGH ON THE MITKOF HIGHWAY AS THE LOUIS MILLER MEMORIAL BRIDGE

WHEREAS, the Petersburg City Council received a letter dated June 20, 2008 from Leif O. Wikan asking the Council to acknowledge the contribution of two Petersburg pioneers for their dedication to the community by naming the downstream bridge across Hammer Slough the Rasmus Enge Bridge and the upstream bridge the Louis Miller Bridge, a copy of which is attached and made a part of this resolution by reference; and

WHEREAS, the Council has formally designated the downstream bridge across Hammer Slough as the Rasmus Enge Memorial Bridge by a motion passed and approved at a meeting held July 7, 2008; and

WHEREAS, the bridge upstream of Hammer Slough is a structure that is owned and maintained by the Alaska Department of Transportation and Public Facilities; and

WHEREAS, AS 35.30.040 provides authority for the Alaska Legislature to designate memorial public works by an Act sponsored by a member of the legislature.

NOW, THEREFORE, BE IT RESOLVED that the Petersburg City Council hereby petitions its state legislators to sponsor an Act amending AS 35.40 by adding a new section designating the bridge across Hammer Slough in the City of Petersburg on the Mitkof Highway as the Louis Miller Memorial Bridge.

PASSED and **APPROVED** by the City Council of the City of Petersburg, Alaska this 20nd day of October 2008.

CITY OF PETERSBURG, ALASKA

Al Dwyer, Mayor

ATTEST:

Kathy O'Rear, City Clerk

SB

25

<target><bill>SB 25</bill><subject>SB
25</subject><comm>SFIN26</comm></target>

SENATE FINANCE COMMITTEE REPORT

DATE: 2/11/09

FURTHER:

DATE TURNED
IN TO OFFICE: _____

Finance Committee considered SENATE BILL NO. 25

SB 25 RICHARD DEWEY DUVALL FERRY TERMINAL

"An Act naming the South Mitkof Island ferry terminal the Richard 'Dewey' Duvall Ferry Terminal."

and recommends:

[ ] be **replaced** with [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] adopt **previous** [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] attached amendment(s)

[ ] adopt _____Letter of Intent

[ ] further referral to _____Committee

SENATE BILL:
[ ] Same Title
[ ] New Title

HOUSE BILL:
[ ] Same Title
[ ] Technical Title Change
[ ] New Title w/ SCR #____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
DOT	2/4/09	√			1

[ ] **APPROPRIATION - no fiscal note**

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	Huggins	√			
	Thomas	√			
	ELLIS	√			
CO-CHAIR:		√			
CO-CHAIR:		√			

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: SB 25
(S) Publish Date: 2/11/09

Identifier (file name): SB25-DOT-SMO-2-06-09
Dept. Affected: DOT&PF
Title: Richard Dewey Duvall Ferry Terminal
RDU: Statewide Facility M&O
Component: SMO
Sponsor: Sen. Stedmen
Requester: S. TRA
Component Number: 604

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel							
Contractual							
Supplies		1.2					
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**1.2**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF		1.2					
1005 GF/Program Receipts							
1037 GF/Mental Health .							
Other Interagency Receipts							
TOTAL	**0.0**	**1.2**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2009) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This will be for one sign hung on the building

Prepared by: Mary Siroky, Legislative Liaison
Phone 465-4772
Division: Department of Transportation and Public Facilities
Date/Time 2/06/09 3:10pm
Approved by: Nancy Slagle, Admin Director
Date 2/6/2009
Department of Transportation and Public Facilities

(Revised 9/10/2008 OMB)

ALASKA STATE LEGISLATURE

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(877) 463-3873 Toll Free
Senator_Bert_Stedman@legis.state.ak.us

INTERIM
50 Front Street
Ketchikan, AK 99901-6442
Phone (907) 225-8088
Fax (907) 225-0713

SENATOR BERT K. STEDMAN

SPONSOR STATEMENT

Senate Bill 25

"An Act naming the South Mitkof Island ferry terminal the Richard 'Dewey' Duvall Ferry Terminal."

Senate Bill 25 would name the South Mitkof Ferry Terminal in Petersburg in honor of Richard "Dewey" Duvall. Mr. Duvall was a proponent of marine transportation in Southeast Alaska, a founding board member of the Inter-Island Ferry Authority (IFA), and a longtime resident of Petersburg.

A strong advocate of marine transportation, Richard Duvall served his community for many years as an IFA Board Member and Petersburg city councilman. His tireless advocacy on behalf of the IFA is credited with helping the authority organize and expand routes across southern Southeast Alaska. Up until his passing, he was a recognized leader who sought to improve Alaska's quality of life through connecting communities. For over 10 years Richard played an important role in the leadership of the IFA and construction of its terminal at the southern end of Mitkof Island. Senate Bill 25 would name that terminal in his honor.

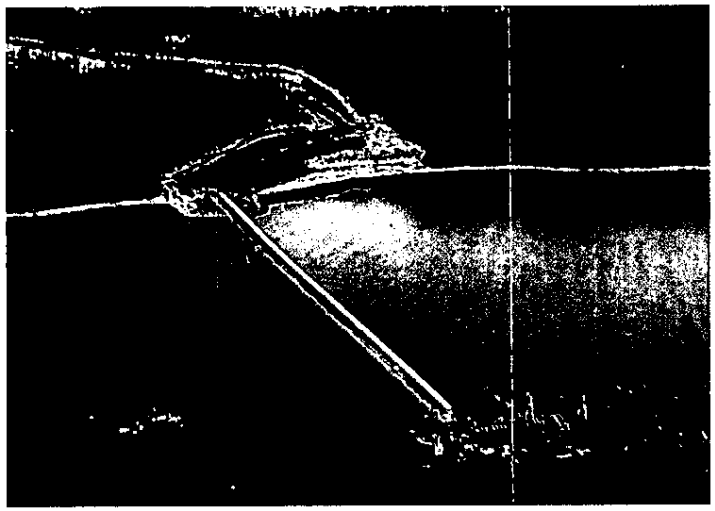
Under current law (AS 35.40.015), the State of Alaska may name public works infrastructure through an act of the legislature. Senate Bill 25 would honor a longtime resident of Petersburg who contributed a great deal to his community and Southeast Alaska. The bill is supported by the City of Petersburg.

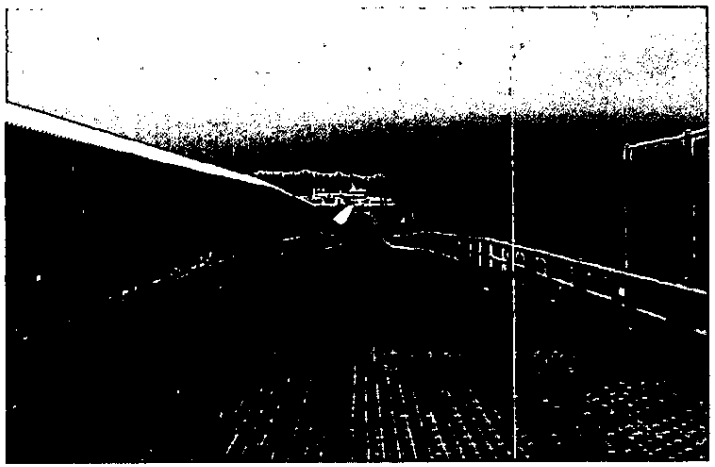
Contact: Weston Eiler, Legislative Aide to Senator Bert Stedman at (907) 465-3873

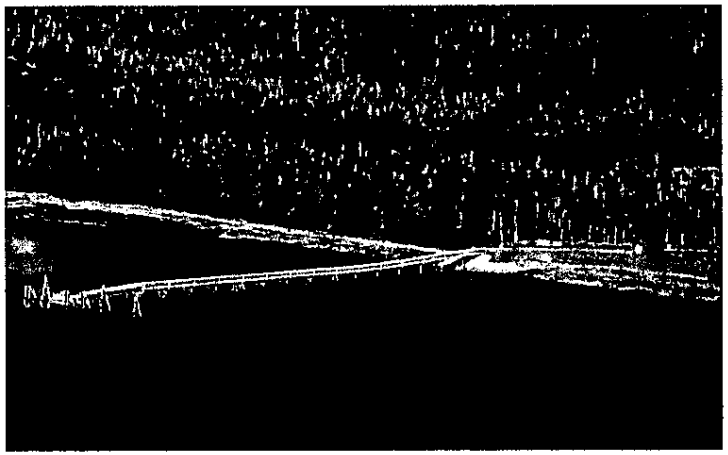
2559

2/27/09

Proposed Richard "Dewey" Duvall Ferry Terminal
Petersburg, Alaska







2/27/09

CITY OF PETERSBURG, ALASKA

RESOLUTION # 1878

Offered by: Sarff
Supported by: Jensen

A RESOLUTION REQUESTING PETERSBURG'S LEGISLATORS TO SPONSOR AN ACT DESIGNATING THE SOUTH MITKOF ISLAND FERRY TERMINAL AS THE RICHARD "DEWEY" DUVALL MEMORIAL FERRY TERMINAL

WHEREAS, Richard "Dewey" Duvall, recently deceased, played important roles in the organization of the Inter-Island Ferry Authority, the construction of the South Mitkof Island Ferry Terminal and the paving of the Mitkof Highway from Blind Slough to the South Mitkof Island Ferry Terminal; and

WHEREAS, Richard "Dewey" Duvall served the community of Petersburg with distinction as a member of the Petersburg City Council for two terms, one term being a two year commitment from October, 1996 to October, 1998 and the most recent being a three year commitment from October, 2003 to October, 2006, and

WHEREAS, Dewey always understood the importance of water transportation needs of Southeast Alaska and was an avid promoter for the development and operation of the Inter-Island Ferry Authority (IFA). Dewey knew that the general health, security and welfare of the residents of Prince of Wales Island, Ketchikan, Wrangell and Petersburg, as well as the need to develop commerce and industry in this area, was dependant on increasing ferry transportatin services, and

WHEREAS, since the Inter-Island Ferry Authority's creation, by overwhelming voter support in October, 1997, no other individual from the Petersburg community has put more time and effort into making the IFA a success. Dewey was Petersburg's very first IFA Board Member, serving on the IFA Board from November 3, 1997 until April, 2006. For over 10 years, he witnessed first hand the enormous challenges and successes of the Authority. He grined with pride when the first Hollis-Ketchikan ferry run began in January, 2002 and he beamed with joy when the northern run into Petersburg began in May, 2006, and

WHEREAS, Dewey has now ended his service to the IFA, which included not only his past service as a Board Member, but most recently as the very first employed Agent for the Petersburg Terminal. Dewey has also ended his many years of service and dedication to the community of Petersburg and we believe the hard work should be acknowledged by naming the IFA Terminal on Mitkof Island in his honor, and

WHEREAS, the South Mitkof Highway Ferry Terminal is a facility that is owned and maintained by the Alaska Department of Transportation and Public Facilities; and

WHEREAS, AS 35.30.040 provides authority for the Alaska Legislature to designate memorial public works by an Act sponsored by a member of the legislature.

NOW, THEREFORE, BE IT RESOLVED that the Petersburg City Council hereby petitions its state legislators to sponsor an Act amending AS 35.40 by adding a new section designating the South Mitkof Island Ferry Terminal as the Richard "Dewey" Duvall Memorial Ferry Terminal.

PASSED and **APPROVED** by the City Council of the City of Petersburg, Alaska this 20nd day of October 2008.

CITY OF PETERSBURG, ALASKA

Al Dwyer, Mayor

ATTEST:

Kathy O'Rear, City Clerk

SB 32

<target><bill>SB 32</bill><subject>SB
32</subject><comm>SFIN26</comm></target>

ALASKA STATE LEGISLATURE

Finance Committee
•
Health & Social Services Committee
•
Legislative Council
•
Committee on Committees

While in Session
State Capitol, Rm. 103
Juneau, AK 99801
(907) 465-3704
Fax: (907) 465-2529
•
While in Anchorage
716 W. 4th Ave
Anchorage, AK 99501
(907) 269-0169
Fax: (907) 269-0172

SENATE MAJORITY LEADER
JOHNNY ELLIS

EXPLANATION OF CHANGES TO SENATE BILL 32

The Senate Health and Social Services Committee adopted a Committee Substitute for Senate Bill 32 that made the following changes to the bill as originally drafted:

1) Section 1 – page1 line 5 through page 2 line 18
    a. Moves the language into a new section of statute, AS 47.07.069. The original bill amended AS 47.07.070 and AS 47.07.074.
2) Section 1 – page 1 lines 5-11
    a. Adds personal care services and assisted living homes for needy and vulnerable adults to the services receiving the rate review process. As drafted, the bill only covered home and community based services provided through a Medicaid waiver.
3) Section 1 – page 2 lines 10-12
    a. Adds the home health agency inflation rate to the rate review process. The original based the rates solely on cost.
4) Sections 2 and 3 – page 2 line 19 through page 3 line 11
    a. Conforming language to amend statutes regarding assisted living homes for needy and vulnerable adults.
5) Sections 4 and 5 – Page 3 lines 12-27
    a. Creates a report to the Legislature detailing trends in rates based on the review process in the bill, and sunset that report in 2014.
6) Section 6 – page 3 line 28
    a. Calls for a two-year delayed effective date. The original bill had no effective date.

SENATE FINANCE COMMITTEE REPORT

DATE: 2/27/09

FURTHER:

DATE TURNED
IN TO OFFICE: _____

Finance Committee considered SENATE BILL NO. 32

SB 32 MEDICAID:HOME/COMMUNITY BASED SERVICES

"An Act relating to medical assistance payments for home and community-based services."

and recommends:

[~~X~~] be **replaced** with [ ] **SCS** or [X] **CS** SB 32 (FIN)

[ ] adopt **previous** [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] attached amendment(s)

[ ] adopt _____Letter of Intent

[ ] further referral to _____Committee

SENATE BILL:
[ ] Same Title
[~~X~~] New Title

HOUSE BILL:
[ ] Same Title
[ ] Technical Title Change
[ ] New Title w/ SCR #_____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet	Zero	FN#
HSS	3/19/09	✓			
HSS	3/19/09	✓			

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet	Zero	FN#

[ ] **APPROPRIATION - no fiscal note**

SIGNATURES AND RECOMMENDATIONS	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	Thomas	✓			
	Olson			✓	
	Ellis	✓			
CO-CHAIR:	Hoffman	✓			
CO-CHAIR:	Stedman			✓	

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: CSSB032(FIN)
() Publish Date:

Identifier (file name): SB032CS(FIN)-DHSS-RR-03-19-09
Dept. Affected: Health & Social Services
Title: Medicaid: Home/Community Based Services
RDU: Department Support Services
Component: Rate Review
Sponsor: Ellis
Requester: Senate Finance
Component Number: 2696

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services	309.3		309.3	309.3	309.3	309.3	309.3
Travel	15.0		15.0	15.0	15.0	15.0	15.0
Contractual	38.4		38.4	38.4	38.4	38.4	38.4
Supplies	1.8		1.8	1.8	1.8	1.8	1.8
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**364.5**	**0.0**	**364.5**	**364.5**	**364.5**	**364.5**	**364.5**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES (							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	182.3		182.3	182.3	182.3	182.3	182.3
1003 GF Match	182.2		182.2	182.2	182.2	182.2	182.2
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**364.5**	**0.0**	**364.5**	**364.5**	**364.5**	**364.5**	**364.5**

Estimate of any current year (FY2009) cost:

POSITIONS

Full-time	3.0		3.0	3.0	3.0	3.0	3.0
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

The proposed legislation amends AS 47.07 to add payment rate provisions for Medicaid providers of personal care services and home and community-based services. This legislation would require the Department to review rates annually and set rates considering periodic cost surveys and the Centers for Medicare and Medicaid Services' home health agency inflation rate. The effective date is July 1, 2011.

(Continued on next page)

Prepared by: William J. Streur, Deputy Commissioner
Phone 907-334-2520
Division: Health Care Services
Date/Time 3/19/09 12:00 AM

Approved by: Alison Elgee, Assistant Commissioner
Date 3/19/2009
DHSS Finance & Management Services

FISCAL NOTE

STATE OF ALASKA

BILL NO. CSSB 032 (FIN)

2009 LEGISLATIVE SESSION

ANALYSIS CONTINUATION

Under this legislation, the Department would periodically survey providers to obtain cost information. There are approximately 350 home and community-based service providers , including assisted living homes, and an additional 50 personal care providers. Beginning in FY2010, the Department would need to begin developing cost surveys and providing training and technical assistance to providers as they modify their accounting systems to be able to respond to the surveys. The department needs to be able to provide this assistance to providers, so there is clear understanding of the information needed and clear definitions of cost centers; otherwise, it is likely that providers will be unable to provide accurate survey responses.

The Department would also perform some review and inspection of survey information to ensure accuracy before using survey data to set rates. Staff positions would be necessary to oversee the surveys and conduct rate setting operations. The department requires one of these position to be a supervisory level auditor to supervise staff in carrying out, and ensuring the integrity and accuracy of the new processes required by statute.

The legislation would also require the Department to prepare an annual report on the medical assistance rate payments under the new rate setting methodology through FY2014. This report would be prepared by the new rate setting staff at no additional cost.

Assumption:

Annual Personal Services:
2 Internal Auditor III positions and 1 Internal Auditor IV in the Office of Rate Review for cost surveys and rate setting - $309.3

Annual Travel for audit staff to provide technical assistance and training to providers and receive training required by Government Auditing Standards - $5.0 per FTE

Annual Contractual:
Office space, phones, etc. - $12.8 per FTE

Annual Supplies - $0.6 per FTE

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: CSSB032(FIN)
() Publish Date:

Identifier (file name): SB032CS(FIN)-DHSS-SDMS-03-19-09
Dept. Affected: Health & Social Services
Title: Medicaid: Home/Community Based Services
RDU: Senior & Disabilities Services
Component: Senior & Disabilities Medicaid Services
Sponsor: Ellis
Requester: Senate Finance
Component Number: 2662

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims	0.0*		0.0*	6,152.6	12,477.5	18,979.5	25,663.6
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**6,152.6**	**12,477.5**	**18,979.5**	**25,663.6**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES (							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts				3,076.3	6,238.8	9,489.8	12,831.8
1003 GF Match				3,076.3	6,238.8	9,489.8	12,831.8
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**6,152.6**	**12,477.5**	**18,979.5**	**25,663.6**

Estimate of any current year (FY2009) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

The proposed legislation amends AS 47.07 to add payment rate provisions for Medicaid providers of personal care services and home and community-based services. This legislation would require the Department to review rates annually and set rates considering periodic cost surveys and the Centers for Medicare and Medicaid Services' home health agency inflation rate. The effective date is July 1, 2011.

Passage of this bill would likely increase Medicaid benefit costs by $6.2 million in FY2012. Annual inflation of 2.8% each subsequent year would increase benefit costs to a projected $25.7 by FY2015.

(continued on page 2)

Prepared by: William J. Streur, Deputy Commissioner
Phone 907-269-7827
Division: Health Care Services
Date/Time 3/19/09 12:00 AM

Approved by: Alison Elgee, Assistant Commissioner
Date 3/19/2009
DHSS Finance & Management Services

FISCAL NOTE

STATE OF ALASKA **BILL NO.** CSSB032(FIN)

2009 LEGISLATIVE SESSION

ANALYSIS CONTINUATION

This statute would affect appoximately 350 businesses who are providers of home and community based services (HCBS), including residential living services. These services are delivered under four Medicaid waivers: Adults with Disabilities, Children with Complex Medical Conditions, Mental Retardation/Developmental Disabilities, and Older Alaskans. Expenditures for these waivers in FY2008 were $141.5 million. This bill would also affect an estimated 52 businesses not included above that provide personal care services. Expenditures for personal care services in FY2008 were $72.3 million. Total costs in FY2008 that would be subject to the rates is $213.8 million.

HCBS and personal care providers currently have their rates or rate methodologies established in regulation. Since FY2004 all of those rates have been frozen (some longer), up until Y2009, when the legislature approved a 4-6% increase. This statute will require the Department to adjust Medicaid payment rates to HCBS and personal care providers to consider data from periodic cost surveys and the home health agency inflation rate.

ESTIMATED RATE ADJUSTMENT

This fiscal note assumes that rates are set under section 47.07.069(b)(3) applying the home health agency inflation rate (2.8%). FY2009 projected benefits of $219.7 million (FY2008 actual costs plus 2.8%) are the baseline used to calculate the incremental costs in the fiscal note. Annual inflation adjustments of 2.8%, beginning in FY 2012, increase benefit costs by $6.2 million the first year of implementation. By FY2015, costs increase $25.7.

The Department has no way of estimating the impact of considering the periodic cost survey data on rates set under this bill as it does not have reliable cost survey data from providers upon which to base such an estimate. Therefore, this fiscal note does not reflect any increased or decreased cost from factoring in the cost survey data.

FUND SOURCE

Costs are eligible for the federal medical assistance percentage which is projected to be 50% in FY2012 and beyond.

* -- The legislation would not require rates increases in FY2010 or FY2011; however, any rate increases funded in those years could reduce the amount of new expenditures required to implement the bill.

Adopted 3.30.09

26-LS0218\M
Mischel
3/18/09

CS FOR SENATE BILL NO. 32(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): SENATORS ELLIS, Davis, Paskvan, McGuire

A BILL

FOR AN ACT ENTITLED

"An Act relating to medical assistance payments for home and community-based services and provision of personal care services in a recipient's home; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** AS 47.07 is amended by adding a new section to read:

Sec. 47.07.069. Payment rates for provision of personal care services in a recipient's home and for home and community-based services. (a) The department shall, by regulation, set rates of payment for provision of personal care services in a recipient's home under AS 47.07.030 and for home and community-based services under AS 47.07.045, in accordance with 42 U.S.C. 1396 (Title XIX, Social Security Act, Medical Assistance) and this section. A rate established under this section takes effect under AS 44.62 (Administrative Procedure Act) but not until approved in writing by the commissioner. The commissioner may delegate the performance of these functions.

(b) The department shall review the rates of payment established under of (a) of this section for a fiscal year. In reviewing the rates, the department shall, within the limit of appropriations made by the legislature for the department's programs under this chapter for that fiscal year, including anticipated available federal revenue for that fiscal year, set rates that consider

(1) periodic cost surveys, to be conducted by the department at least once every four years;

(2) audit and inspection results and reports; and

(3) the rate of inflation contained in the home health agency market basket data of the Centers for Medicare and Medicaid Services, United States Department of Health and Human Services.

(c) As a condition of obtaining payment under this section, a provider of personal care services in a recipient's home and a provider of home and community-based services, shall

(1) participate in periodic cost surveys as requested by the department; and

(2) allow

(A) the department reasonable access to the records of medical assistance recipients and providers; and

(B) audit and inspection of the records by state and federal agencies.

*** Sec. 2.** The uncodified law of the State of Alaska is amended by adding a new section to read:

REPORT ON MEDICAL ASSISTANCE PAYMENT RATES. (a) The Department of Health and Social Services shall prepare and submit an annual report on medical assistance payment rates established under AS 47.07.069 to the governor that

(1) identifies trends in established rates of payment;

(2) explains how the department has complied with AS 47.07.069(b) in establishing the rates; and

(3) includes a cross reference to regulations adopted under AS 47.07.069 and the availability of the regulations.

(b) The department shall notify all legislators of the availability of the report prepared under (a) of this section and provide a copy of the report to the

(1) presiding officers of each house of the legislature;

(2) chairs of the senate and house finance committees; and

(3) chairs of the senate and house health and social service committees.

*** Sec. 3.** Section 2 of this Act is repealed June 30, 2014.

*** Sec. 4.** This Act takes effect July 1, 2011.

ALASKA STATE LEGISLATURE

50 Front St. Suite #203
Ketchikan, Alaska 99901

Phone: 225-9675
Fax: 225-8546

LEGISLATIVE INFORMATION OFFICE

WRITTEN TESTIMONY

NAME: ED ZASTROW
ADDRESS: 3530 DENALI AVENUE
KETCHIKAN

PHONE: 225-2814
EMAIL: ed and suez@KPU NET. NET

BILL# or SUBJECT: SB 32
COMMITTEE: SENATE FINANCE

WE ARE IN SUPPORT OF THIS BILL SB 32 - MEDICAID HOME BASED SERVICES - REASONS HAVE BEEN VOICED BY OTHERS - IF ADJUSTMENTS ARE POSSIBLE WITHIN REASON PLEASE CONSIDER.

THANK YOU

ED ZASTROW
AARP - PRES.
KTN -

AGENET'S 2009 Legislative Priorities

The Association of Alaska's Providers of Services to Older Alaskans

Contact Information: Marianne Mills (463-6154) or Ken Duff (262-6331)

1. Support legislation, such as SB 32, which would put into statute a regular review of Home and Community-Based Medicaid Waiver rates similar to the process for institutions (hospitals, nursing homes).

- Services available to persons eligible for the Home and Community-Based (HCB) waiver program include meals, transportation, chore, respite, care coordination, adult day services, specialized medical supplies/equipment and home modifications.
- These services are provided for a fraction of the cost of institutionalized care to older Alaskans in their own homes and traditional communities.
- Investing in home and community-based care is the most cost effective way to provide long-term care while supporting local communities throughout the state.
- Regular rate reviews will provide parity with hospitals and nursing homes which have had a similar statute in place since 1999.
- Regular rate reviews will provide a good management tool for the Department of Health and Social Services to determine program costs, budget adequately, and create a 10-year fiscal plan.

2. Work with the legislature to adjust grant rates with a $2 million increment for Family Caregivers, Nutrition, Transportation & Support Services grants.

- Senior grants help pay for home and community-based services for senior citizens who are not eligible for the HCB Medicaid Waiver program, services such as meals, rides, adult day, chore, respite, care coordination, and health promotion.
- Investing in senior grants upfront save millions of dollars the State would otherwise pay for expensive institutional care (nursing homes). In Alaska, the cost of one month's stay in a nursing home is $10,000-$20,000 per senior (compare this to a package of grant services for only $61 to $83 per month).
- Alaska's long term care policy is aimed at allowing Older Alaskans to remain at home for as long as possible; these grants help them remain at home, saving the state money, and also support the unpaid work of their family caregivers, work which has been valued at $534 million in Alaska.
- In July 2009, a regional funding formula will shift senior grant monies out of seven (of nine) regions of the State, jeopardizing local communities from providing much-needed services; this shift will happen even though senior populations in all regions are still increasing and as the costs for food, fuel and workers increase.
- The proposed $2 million increase in senior grants will help ensure that all regions of the State receive adequate funding to continue senior grant services so that seniors may remain in their traditional communities.

Alzheimer's
Resource of Alaska

Anchorage &
Statewide Services
1750 Abbott Road
Anchorage, AK 99507
phone 907-561-3313
fax 907-561-3315
Toll-free in Alaska
800-478-1080

Fairbanks Services
565 University Ave.
Suite 2
P.O. Box 72791
Fairbanks, AK 99707
phone 907-452-2277
fax 907-457-3376

Juneau Services
3100 Channel Drive
Suite 19
Juneau, AK 99801
phone 907-586-6044
fax 907-586-6084

Mat-Su Valley Services
Trinity Barn Plaza
P.O. Box 4406
Palmer, AK 99645
phone 907-746-3413
fax 907-746-3412

www.alzalaska.org

Senator Bert Stedman
Senator Lyman Hoffman
Co-Chairs Senate Finance Committee
Alaska State Legislature
Capitol Building
Juneau, Alaska 99801

March 2, 2009

Senators Stedman & Hoffman,

The Alzheimer's Disease Resource Agency of Alaska (ADRAA) formally requests your support of the CS for Senate Bill 32 which has just been referred to the Senate Finance Committee and is currently awaiting a hearing date. As you are aware, CSSB 32 would regulate rate review for medical assistance payments for home and community based (HCB) personal care services for providers working in personal and assisted living homes. Currently, no such review is regularly mandated for HCB or Assisted Living Care, although facility based providers such as nursing homes are reviewed regularly to keep up with the growing population served and accurate information regarding cost of care.

The Alzheimer's Resource of Alaska provides in home care services for individuals affected by Alzheimer's disease and related dementias and for frail elders. In FY08, we provided 57,452 hours of services statewide. The services provided include personal care, respite for family caregivers, and household chores such as meal preparation, snow shoveling, and chopping wood. It is the work of unpaid family caregivers as well as professional in home workers that allows elders to remain in their homes, and their communities rather than being placed in full time nursing care at great cost to the state.

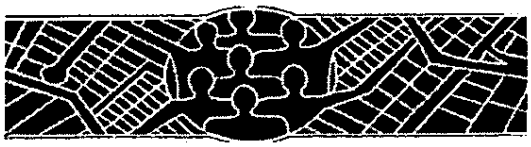
ADRAA thanks the bill's sponsor and co-sponsors for their foresight on this issue and for their continued support of seniors across Alaska. We enthusiastically support SB 32 which would strengthen the existing infrastructure of home and community based services and would allow for the best possible outcome for both our clients and employees.

Sincerely,

Dulce Nobre
Executive Director

cc: Senator Johnny Ellis
Senator Charlie Huggins
Senator Bettye Davis
Senator Donald Olsen

cc: Senator Joe Thomas
Senator Kim Elton
Senator Joe Paskvan



CENTER FOR COMMUNITY
700 Katlian Street, Suite B
Sitka, AK 99835
Phone: 907-747-6960

Senator Johnny Ellis
Alaska State Legislature
P.O. Box
Juneau, AK 99811

RE: **Support on behalf of constituents in Sitka, Yakutat, Hoonah, Kake, Angoon, Wrangell, and Ketchikan, for SB 32**, "An act relating to medical assistance payments for home and community-based services."

Center for Community is a non-profit organization that provides personal care and home and community based services throughout the services throughout South East Alaska: with clients and employees in nearly every community from Yakutat to Metlakatla. In these communities, we employ a total of 71 Southeast residents and serve 113 Southeast clients at the current time (not counting Juneau).

Senate Bill 32 will cure a long-standing problem in Alaska's Medicaid system for long term care of our seniors and other children and adults with disabilities of all kinds. SB 32 will finally ensure that the Legislature and the Administration regularly receive information about the true cost of providing care to Alaskans--at home--who are trying to avoid more expensive institutionalized long term care. SB 32 gives everyone the information necessary to make both short term budgetary and long term policy choices.

Thank you for your introduction of Senate Bill 32. If we can do anything to further legislative support for passage of SB 32, please call upon us.

Sincerely

Connie J. Sipe

Connie J. Sipe, Executive Director
Center for Community

csipe@cfc.org
(Sitka Headquarters Office: 747-6960)

ALASKA STATE LEGISLATURE

Finance Committee
•
Health & Social Services Committee
•
Legislative Council
•
Committee on Committees

While in Session
State Capitol, Rm. 103
Juneau, AK 99801
(907) 465-3704
Fax: (907) 465-2529
•
While in Anchorage
716 W. 4th Ave
Anchorage, AK 99501
(907) 269-0169
Fax: (907) 269-0172

SENATE MAJORITY LEADER
JOHNNY ELLIS

SPONSOR STATEMENT – SENATE BILL 32

AN ACT RELATING TO MEDICAL ASSISTANCE PAYMENTS FOR HOME- AND COMMUNITY-BASED SERVICES

Senate Bill 32 creates a mechanism for regular Medicaid rate review for providers of home- and community-based services to Alaska's elderly and developmentally disabled citizens. Institutional service providers receive regular reviews in order to bring rates in line with costs.

However, home and community-based services (HCBS) have been conclusively proven to lower overall long-term Medicaid costs. One recent study in the academic journal *Health Affairs* found that states with long-established high proportions of HCBS spending saw a 3% overall decrease in long-term care spending between 1995 and 2005 as opposed to a 14.5% increase in low-HCBS states. The study concluded:

> "*Justifications based on financial constraints can no longer be credibly offered as reasons for forcing such people [seniors and persons with developmental disabilities] into nursing homes and other institutions. HCBS programs may be one instance in which offering people greater choice also helps reduce costs.*"[1]

Over the last few years, however, rates for home- and community-based services have been frozen. During that time, not only have costs increased, the medical environment – including regulations, technology, and client expectations – has shifted dramatically. These shifts threaten the continued viability of the hundreds of HCBS providers, primarily private businesses that employ thousands of Alaskans in every region of the state.

Home and community based services are the key to helping our seniors and those living with developmental disabilities live their lives as productive members of our communities while controlling the growth of health care costs. Without the regular review process in Senate Bill 32, many providers will be forced out of business and HCBS services will be taken away from thousands of Alaskans across the state.

---

[1] *Health Affairs* 28, no. 1 (2009): 262-272.

Testimony for CSSB 32 to Senate Finance
March 11, 2009

Good Morning. My name is Denise Daniello and I am the executive director of the Alaska Commission on Aging. I am here to testify in support of CSSB 32, a bill to allow for regular rate reviews of home- and community-based services for Medicaid-eligible persons similar to the process used by hospitals and nursing homes. We believe that this proposed legislation addresses the need for a fair and consistent process to maintain the systems of care for vulnerable Alaskans and promotes sounds fiscal planning for providers and the State.

The Governor's Council on Disabilities and Special Education, the Alaska Mental Health Board, Advisory Board on Alcoholism and Drug Abuse along with the Alaska Mental Health Trust Authority, the Suicide Prevention Council, the Alaska Brain Injury Network and the Alaska Commission on Aging have jointly identified the establishment of a regular ~~and periodic~~ schedule of rate reviews for home and community based services as one of our four legislative priorities for 2009. The provisions that address our legislative priority are included in SB 32 sponsored by Senator Ellis.

Alaska's most vulnerable populations depend heavily on a network of community nonprofit provider agencies. Before last year's rebasing for FY09, many home and community-based service providers had been over a decade without a rate review receiving the same level of reimbursement while their costs continued to climb along with demand for more services.

Home- and community-based services are an effective and efficient means of providing care for nearly 57,000 Alaskans who would otherwise need to be served by more costly institutions. Investment in the foundation of home- and community-based services is prudent to assure that services meet the needs of all vulnerable Alaskans to maintain their quality of life and to hold down the costs of higher level health care.

According to 2006 estimates provided by Senior and Disabilities Services, the average annual cost of a semi-private room in a nursing facility was $172,685 compared to $21,436 for the Medicaid waiver.

(It should also be kept in mind that as more individuals are able to receive home- and community-based services, fewer of them will need to enter much more costly institutions such as nursing homes. Thus it is quite possible that by adequately funding these critical pieces of the continuum of care may result in an ultimate cost savings for the State.)

Older Alaskans depend on home- and community-based services which help them to continue living in their home communities for as long as possible close to family, friends, and cultural tradition. For seniors, these services may include home-delivered meals, transportation, chore services, care coordination, assisted living homes, and other services. Thirty-six percent of the 3,498 individuals served by Medicaid waivers are older Alaskans – the majority of whom are elders in their 80's on the Older Alaskans waiver. (1,259)

This bill has broad support from a coalition of providers who have also signed on to our joint Trust and Advisory Boards' position paper. They include

- Alaska Association on Developmental Disabilities, serving 2,636 Alaskans
- AgeNet, serving 18,953 Alaskans
- Personal Care Attendant Providers' Association, serving 3,807 Alaskans
- Assisted Living Association of Alaska, serving 1,500 Alaskans
- Alaska Behavioral Health Association, serving 26,285 Alaskans

We thank you for your consideration of CSSB 32.

AARP

AARP Alaska
3601 C Street
Suite 1420
Anchorage, AK 99503

T 1-866-227-7447
F 907-341-2270
TTY 1-877-434-7598
www.aarp.org/ak

February 3, 2009

The Honorable Bettye Davis, Chair
Senate Health, Education and Social Services Committee
Alaska State Capitol, Room 30
Juneau, AK 99801-1182

RE: SB 32-Ellis--Support

Dear Chair Davis:

On behalf of the members of AARP in Alaska, we encourage you and your colleagues on the Senate Health and Social Services Committee to support SB 32, authored by your Committee colleague Senator Johnny Ellis and co-sponsored by you.

SB 32 would allow annual rate reviews of all home and community based services similar to the process for hospitals. Rates for HCBS services under Medicaid have remained the same for several years, discouraging needed providers from entering the field and forcing current providers to reduce their services and cut back on clients.

As we age, many of us would prefer to stay at home or with our families but sometimes we need extra help to do so. With the growing numbers of older people who need support to live on their own, private and public organizations now offer many different options to allow us to "age in place" in our homes and communities. These options form the continuum of home and community based services, ranging from meals on wheels to adult day care. In addition to meeting our personal preferences to remain home and in our communities, HCBS services are much less expensive than institutional care.

Younger persons with disabilities are also primary users of HCBS services to allow them to continue their education, work and participate as full citizens in their communities and with their families.

We cannot expect the providers of HCBS to continue to operate on rates often set years ago. It makes sense to review HCBS rates every year just as we do with hospitals.

AARP requests an "AYE" vote on SB 32.

Should you have any questions about our position, please feel free to contact me (586-3637) or Patrick Luby, AARP Advocacy Director (907-752-3314).

Thank you for your consideration.

Sincerely,

Marie Darlin

Marie Darlin, Coordinator
AARP Capital City Task Force
415 Willoughby Avenue, Apt. 506
Juneau, AK 99801
586-3637 (voice)
463-3580 (fax)

CC: Vice-Chair Joe Paskvan
Senator Johnny Ellis
Senator Joe Thomas
Senator Fred Dyson

Palmer Senior Citizens' Center, Inc.

Seniors helping Seniors

February 11, 2009

The Honorable Senator Johnny Ellis
Alaska State Legislature
State Capitol Building, Room #103
Juneau, Alaska 99801-1182

Dear Senator Ellis:

The Palmer Senior Citizens Center, Inc. (PSCC) wanted to express our sincere appreciation for your support and commitment to the seniors in the state of Alaska. PSCC supports your efforts to pass SB32 which will put into statute a regular review of home and community based waiver rates.

Thank you for making the time to meet with Kenneth Anderson, PSCC Board President, and Rachel Greenberg, Office Manager, on Tuesday, January 10th at 2:00.

The Palmer Senior Citizens Center, Inc. hopes that your busy schedule will allow time for you or your staff to visit us. Thank you again.

With Best Regards,

Kenneth A. Anderson
Board President

Richard G. Tubbs
Executive Director

831 S. Chugach St. • Palmer, Alaska 99645 • Phone: (907) 745-5454 • Fax: (907) 746-5173
Email: pscc@mtaonline.net

United Way

The Honorable Senator Johnny Ellis
State Capitol
Juneau, Alaska 99801-1182

Dear Senator Ellis;

I am writing in support of SB 32 on behalf of the membership of the Alaska Behavioral Health Association. The issues of rates and the mechanism and frequency of adjusting those rates are the primary issue for our membership this year.

We support the effort to put into place rate setting mechanisms for the home and community based services and that this model will be applied to the other providers that contract with the State of Alaska to deliver services. It is difficult to manage a business that is focused on delivering health care services when the cost for reimbursement does not keep pace with inflation and cost of living. Fixed costs don't go away and agencies have been trying to meet their grant obligations while keeping the business solvent. Employers are not able to offer competitive wage and benefit packages because of insufficient reimbursement rates.

Please let me know what else our members can do to support your legislation.
Thank you.

In Health,

Steve Horn
Executive Director

Attachment

Advisory Board on Alcoholism and Drug Abuse

abada amhb

Alaska Mental Health Board

Governor's Council on Disabilities and Special Education

Alaskan Seniors Living Longer Growing Stronger

from the Alaska Commission on Aging

The TRUST

The Alaska Mental Health Trust Authority

Establish a Regular and Periodic Schedule of Rate Reviews for Home and Community-Based Services

The Governor's Council on Disabilities and Special Education, Alaska Mental Health Board, Advisory Board on Alcoholism and Drug Abuse and the Alaska Commission on Aging, in collaboration with the Alaska Mental Health Trust Authority, the Alaska Brain Injury Network and the Alaska Suicide Council, have identified the establishment of a regular and periodic schedule of rate reviews for home and community based services one of their four legislative priorities for 2009. Regular and periodic rate reviews, for both Medicaid and grant-funded services, are imperative to maintaining the systems of care that serve Alaska's most vulnerable populations. The provisions for this legislation are in SB 32, sponsored by Senator Ellis.

- Before last year's rate rebasing for FY09, most home and community-based services providers had been over a decade without a rate review or increase. This resulted in an erosion of the system, as frozen rates resulted in a diminishing pool of resources – reducing the quality and availability of services.

- In FY07, home and community based services were provided to nearly 57,000 people who would have otherwise been served by costly institutional or nursing home care.

- In order for the Department of Health and Social Services (DHSS) and the State of Alaska to create and maintain a 10-year fiscal plan that adequately budgets for the costs of home and community-based services, a schedule of rate reviews is necessary.

- Our system of care for Alaskans with special needs is based on a network of non-profit providers. Without adequate funding, our providers cannot continue to provide quality services. Without our providers, we have no system of care.

Overview

Home and community-based services include a wide range of Medicaid and grant-funded services for Trust beneficiaries and other vulnerable Alaskans. Mental health care, infant learning, personal care attendant services, assisted living services, senior care, substance abuse counseling, and services for Alaskans with developmental disabilities are all examples of services provided at home or in our communities. These services maintain individuals' quality of life and reduce the need for more costly institutional, emergency and nursing home care.

For more that 10 years, providers have struggled to meet the demand for services while maintaining an acceptable quality of service because there has been no structure for reviewing the rates paid for those

ACCESS ALASKA

February 23, 2009

Senator Bettye Davis
Chair, Senate Health and Social Services Committee

Senator Johnny Ellis
Sponsor, SB32

Senator Hoffman, Co-Chair – Senate Finance Committee
Senator Stedman, Co-Chair – Senate Finance Committee
Senator Elton, member - Senate Finance Committee
Senator Huggins, member - Senate Finance Committee
Senator Olson, member - Senate Finance Committee
Senator Thomas, member - Senate Finance Committee

I am writing this letter in support of SB32, a bill which I believe will strengthen Home and Community Based (HCB) Providers like Access Alaska and many others. We HCB providers form the backbone of Alaska's long-term care system. We HCB providers are not only the current backbone, but given our cost-effectiveness and desirability – consumers want to age in place – we are the state's answer to the long-term care dilemma.

Like hospitals and nursing homes, we are businesses with actual costs – we pay rent or mortgages, insurance, and personnel. As these costs have grown while reimbursement rates stay flat, our ability to pay workers a living wage has decreased to the point that in many communities, direct service workers can earn more working at a fast food restaurant than they can helping to care for our elders. This has limited our ability to attract workers and in some cases is creating a crisis in the long-term care system.

This is but one example of the ravages of the current rate-setting regime.

In the larger view, it is important to keep in mind that a strong HCB provider system is critical to the state's ability to meet the coming wave of long-term care users. Policy groups from the National Conference of State Legislatures to the AARP have all recommended states rebalance their Medicaid spending in favor of HCB and take advantage of new waiver and partnership opportunities, in order to meet the growing demand for Medicaid long-term care services. In many cases, Alaska has not taken advantage of these opportunities.

Alaska has the envious position of being one of the top states in the nation in terms of balanced spending between institutional (nursing home) care and HCB care. However, the system has been strained to the point of breaking over the last several years, primarily because of the inattention to Medicaid reimbursement rates. Therefore, it makes sense that the state should do everything it can to strengthen the system.

I believe SB32 goes a long way toward doing just that. We greatly appreciate your leadership on this issue and stand ready to support its passage and implementation.

Sincerely,

Jim Beck
Executive Director
Access Alaska, Inc.

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Opening Doors to Independence
www.accessalaska.org
info@accessalaska.org

IMMEDIATE
care

6311 DeBarr Road Suite L-2 Anchorage, AK 99504
Phone: (907) 336-3365 and Fax: (907) 336-3397

February 3, 2009

Senator John Ellis
Senator Bettye Davis
via email

Dear Senator Ellis and Senator Davis,

I am writing to support SB 32, which establishes periodic rate reviews for home and community-based services. Ensuring consistent rate increases for providers enables less expensive care for the elderly and develops a workforce aimed at the medical field.

As the second largest provider of in-home care services, we are intimately familiar with the associated challenges. The cost of doing business has increased while rates have been flat. Without entrepreneurial incentive, providing direct care may rest on the more expensive option; state-managed assisted living facilities and state-managed skilled nursing facilities

Workforce development for the medical field starts with our in-home care staff. Our Personal Care Assistants (PCA's) can receive certification and provide low level care for the elderly. Many family members and college-age PCA's get their first glimpse at the medical field.

Thank you for your support of SB 32. Please contact me with any questions. My direct line is extension 104 at (907) 336-3365.

Best regards,

Brian Richardson
Chief Executive Officer

ple with developmental disabilities languish
ceive services.
st is, in essence, the new institution," Rivera
a blogger associated with The Arc, a national
providers for the developmentally disabled.
1 some ways, handicapping the families of the
isabled, really handcuffing them in ways that
ress and strain on their lives."
ibtful that Alaska will be mentioned on the
) maintains a list of developmentally disabled
gible for services but aren't receiving them
funding. Each year the Department of Health
s prepares a report on this list, and the report
day now. When the last annual report was
nber, there were 943 individuals on the wait-
en waiting for services an average of 3.7 years.
g of December, a couple of weeks before
ior Sarah Palin released her budget, state
is (D-Anchorage) wrote Palin a letter ask-
the waiting list, known officially as the
sabilities Registry.
me on the campaign trail with Senator John
e Presidential nominee, I was very pleased to
multiple occasions about the problems faced
ildren in our country," Ellis wrote. He then
of October 1, the registry contained 993
between the ages of 4 and 17. "I respectfully
your very best to provide the funding neces-
ate the Waitlist," Ellis continued, before ask-
e funding recommended by the governor's Ad

mensurate with the actual costs.

Ellis is hoping to change that with a bill he'll introduce in the next legislative session. The bill would evaluate reimbursement rates for home and community-based service providers annually.

"THE NUMBER ONE THING we want [the legislature] to do is establish a regular rate review process for how they pay us," says Gwendolyn Lee, executive director of The Arc of Anchorage. "The current system is not equitable."

Even if the waiting list were eradicated by sufficient funding from the state, Lee says, it would bring those people to a service provider system "that's weakened in its ability to deliver high quality services, and can't find the workers to meet the needs of the existing people."

At The Arc, which offers a large variety of services to those with developmental disabilities, under-funding has resulted in high turnover despite cost-cutting measures. "We have deferred maintenance; we have cut health insurance; we do not give raises; we ask people to do more," Lee says. "We are stretched; the rubber band is truly stretched."

Simply put, The Arc can only afford to hire workers at the lowest possible wages, making for high turnover and training costs. This means that the person with a disability has a constant revolving door of people coming and going from their life, each one having to learn the individual's critical issues, health issues, and personality nuances. "It's really depressing for the staff who are trying to deliver quality if they're constantly hiring and retraining people to do the very basics," Lee says.

There's a real danger to not addressing the financial concerns of home and community-based service providers, says Ellis. "If these community services no longer provide these services because they can't afford to, based on the poor reimbursement from the state and/or the feds under Medicaid, then there will be people without services in the community who will have to be institutionalized at greater public expense and more human tragedy."

"It all comes down to how we think about our fellow human beings," Lee says. "Do we have an attitude that the least of these is the most important, and everyone is entitled to fair access to basic community life?"

SIX YEARS AGO, THE STATE realized that the system for reimbursing service providers was flawed and froze the reimbursement rates while studying the issue. Last year, for the first time, the legislature granted an increase in rates, which varied according to the type of services provided. But there is still no mechanism in place for rates to keep up with inflation and cost of living increases.

To study the problem, the state hired an auditing firm, Myers and Stauffer, which attempted in one

commitment where our mouths

I expect that she will, I just hope

do enough to help those people t

the help the most."

—State Senator Jo

rates were as low as 9 percent, while only a couple gathered responses from over 50 percent of the pr the complexity of the audits.

Meanwhile, hospitals and nursing homes are re their costs based on an annual rate review, which i home and community-based developmental disabi ers are asking for. The difference between the two says, is that "frankly, hospitals and nursing homes lobbyists in Juneau. These community-based servi been joined together in a really organized group a really had effective lobbyists to get what they need.

"I'm going to put this bill in to the legislature, b difficult bill to get through, to do what the service want—regular rate review and adjustment. I've sai they need to create a coalition of people all over th and service providers and workers to say, 'we need thing that the hospitals and nursing homes have.' I the time has come."

IT'S NOT JUST GERALDO RIVERA that's put the on the issues the developmental disabilities commu Governor Palin did so herself when campaigning t president, telling families with special needs childr would find an ally in her, while she held her baby has Down syndrome.

"I understand that statement," Lee says. "As a p child with disabilities, it's easy to say 'I feel your pa stand your situation, I'll work to improve it.' It's eas done to really be an advocate. She is in a very diffe than a lot of our families that may not have the cir that she has. I think that every family that heard th is watching now. We are now anxious to work with that her legacy. It's an incredible opportunity for h to be willing to do it."

"This morning I heard Governor Palin say that tighten our belts," says Ann WingQuest, The Arc o director of public affairs. "We're beyond tightened frightens me when I hear her say that, because we weakened and so stretched. She did say that we're to look to the government to make us healthy; the our population is that their health care needs are n that they elected. It wasn't like they were smoking and becoming obese. These are genetic or birth de ever, and they need help."

Ellis is also looking to the governor to stand by campaigned on. "[Palin] got a lot of acclaim on the trail as an advocate for kids with disabilities, not ju Down syndrome, but kids with disabilities. Now it' live up to that, and I'm hoping and inviting the gov work with me to pare down the waiting list for DD to consider the bill on rate adjustment for DD pro other community-based service providers. So this real opportunity for Sarah Palin and myself and ot from both sides of the aisle to work together and p

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: CSSB 32(HSS)
(S) Publish Date: 2/27/09

Identifier (file name): SB032-DHSS-RR-02-02-09
Dept. Affected: Health & Social Services
Title: Medicaid: Home/Community Based Services
RDU: Department Support Services
Component: Rate Review
Sponsor: Ellis
Requester: Senate HSS
Component Number: 2696

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services	124.9		249.8	416.4	416.4	416.4	416.4
Travel	7.5		15.0	25.0	25.0	25.0	25.0
Contractual	19.2		3,598.4	2,244.0	2,244.0	2,244.0	2,244.0
Supplies	0.9		1.8	3.0	3.0	3.0	3.0
Equipment	45.0			30.0			
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**197.5**	**0.0**	**3,865.0**	**2,718.4**	**2,688.4**	**2,688.4**	**2,688.4**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES (							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	98.8		1,932.5	1,359.2	1,344.2	1,344.2	1,344.2
1003 GF Match	98.8		1,932.5	1,359.2	1,344.2	1,344.2	1,344.2
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**197.5**	**0.0**	**3,865.0**	**2,718.4**	**2,688.4**	**2,688.4**	**2,688.4**

Estimate of any current year (FY2009) cost:

POSITIONS

Full-time	**3.0**		3.0	5.0	5.0	5.0	5.0
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This legislation would require the Department to set rates for Medicaid home and community-based services providers as it currently sets rates for facilities such as hospitals and nursing homes. This rate-setting process involves providers developing detailed cost reports that the Department would then audit and use the findings to develop cost-based rates. Additional resources in staffing and contracting would be needed by the Department to fulfill its rate-setting functions for this new group of providers.

(Continued on next page)

Prepared by: William J. Streur, Deputy Commissioner
Phone 334-2520
Division: Health Care Services
Date/Time 2/2/09 12:00 AM

Approved by: Alison Elgee, Assistant Commissioner
Date 2/2/2009
Dept. Health and Social Services

FISCAL NOTE # 1

STATE OF ALASKA

2009 LEGISLATIVE SESSION

BILL NO. CSSB 32(HSS)

ANALYSIS CONTINUATION

Under this legislation, the Department would receive and audit cost reports from approximately 350 home and community-based service providers. The Department would contract with auditors to perform the audits. Additional staff positions would be necessary to oversee the work and conduct rate setting operations. The contract would begin in FY2011 to audit all providers; in subsequent years, half of the providers would be audited on a biennial schedule.

In addition, the Department anticipates that, beginning in FY2012, its volume of rate setting appeals would increase as a result of auditing these new providers and that additional funds would be needed to the existing rate-setting process. Additional funds would be needed to support rate-setting appeal work in the Department of Law.

Assumption:

Annual Personal Services:
3 Internal Auditor III positions in the Office of Rate Review for cost reporting - $249.8 (half year in FY2010)
2 Internal Auditor positions in the Office of Rate Review for appeals - $166.6 (beginning in FY2012)

Annual Travel for audit staff to provide technical assistance and training to providers and receive training required by Government Auditing Standards - $5.0 per FTE

Annual Contractual:
Contract to hire auditors for biennial audit of cost reports
FY20 11 - $3,560.0
Subsequent years - $1,780
RSA with Dept. of Law for appeals - $400.0 (beginning in FY2012)
Office space, phones, etc. - $12.8 per FTE

Annual Supplies - $0.6 per FTE

One-Time Equipment - $15.0 per FTE , year of initial hire

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 2
Bill Version: CSSB 32(HSS)
(S) Publish Date: 2/27/09

Identifier (file name): SB032-DHSS-SDMS-01-29-09
Dept. Affected: Health & Social Services
Title: Medicaid: Home/Community Based Services
RDU: Senior & Disabilities Services
Component: Senior & Disabilities Medicaid Services
Sponsor: Ellis
Requester: Unknown
Component Number: 2662

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	FY 2010	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims	8,680.7	0.0	12,390.5	17,405.2	21,833.6	26,385.9	31,065.8
Miscellaneous							
TOTAL OPERATING	8,680.7	0.0	12,390.5	17,405.2	21,833.6	26,385.9	31,065.8
CAPITAL EXPENDITURES							
CHANGE IN REVENUES (							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	4,340.4		6,198.3	8,702.6	10,916.8	13,193.0	15,532.9
1003 GF Match	4,340.3		6,195.2	8,702.6	10,916.8	13,192.9	15,532.9
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	8,680.7	0.0	12,393.5	17,405.2	21,833.6	26,385.9	31,065.8

Estimate of any current year (FY2009) cost: 0.0

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

The proposed legislation would add home and community-based service providers to the Medicaid health facility rate setting statute, AS 47.07.070. This legislation would require the Department to use a similar rate methodology for establishing rates for home and community-based service providers.

Passage of this bill would likely require additional Medicaid benefits appropriations in the division of Senior and Disabilties of $8,680.7 in 2010 and a 2.8% annual increase to home and community based provider payments in the basic cost of services each subsequent year. Costs would increase to a projected $31,065.8 by 2015.

(continued on page 2)

Prepared by: William J. Streur, Deputy Commissioner
Phone 907-269-7827
Division: Health Care Services
Date/Time 1/29/09 12:00 AM

Approved by: Alison Elgee, Assistant Commissioner
Date 1/29/2009
Dept. Health & Social Services

FISCAL NOTE # 2

STATE OF ALASKA

2009 LEGISLATIVE SESSION

BILL NO. CSSB 32(HSS)

ANALYSIS CONTINUATION

BACKGROUND

This statute would affect an estimated 356 businesses who are providers of home and community based services, including residential living services. These services are delivered under four Medicaid waivers: Adults with Disabilities, Children with Complex Medical Conditions, Mental Retardation/Developmental Disabilities, and Older Alaskans. The total expenditure for these waivers in 2008 was $141.5 million. Costs are projected to increase by $4.1 million in 2009 to $145.6 million, which is the baseline projection used for this fiscal note. By assuming the status quo, without changes in population or utilization, costs associated with rate increases can be isolated.

HCBS providers currently have their rates or rate methodologies established in regulation. Since 2004 all of those rates have been frozen (some longer), except for 2009, when the legislature approved a 4-6% increase. This statute will apply the current Medicaid law requiring that the Department use a rigorous, cost-based rate setting process for establishing Medicaid payment rates for health facilities to HCBS providers. There would be two types of additional costs incurred: costs for the rate adjustment and costs providers would incur to comply with new financial reporting requirements.

ESTIMATED RATE ADJUSTMENT

For the purpose of this fiscal note, it is assumed home and community based providers receive an annual inflation adjustment as facilities currently do under AS 47.07.070. The 2.8% is the inflation for Home Health Agencies as this is the closest provider category to the waiver service providers. The department does not have the detailed cost reports required to fully implement section 070 until 2012; however, the department has assumed it will make interim rate increases averaging 2.8% prior to that time. The 2.8% increase has been applied to the 2009 baseline starting in 2010 for an increase of $26,235.0 by 2015. Other impacts to the amount of additional reimbursement rates to providers are not possible to determine at this point in time.

ESTIMATED COSTS TO COMPLY WITH NEW FINANCIAL REQUIREMENTS

Many home and community based providers do not have the financial infrastructure to comply with the rigorous financial requirements of AS 47.07.070. Home and community based providers would have to invest substantial sums in accounting and report processes which in turn are passed on to the state through higher Medicaid payment rates. These costs are in addition to the costs for the rate adjustments. One-time costs include accounting system upgrades ($142.5) and purchase of specialized cost reporting software ($338.2). Ongoing annual costs include recordkeeper/accountant/contractor to obtain assistance with accounting efforts ($1,425.0); professional assistance in preparing cost reports and completing forms ($855.0); and annual independent audit ($1,543.8). Legal fees to challenge rate setting regulations ($300.0) would occur in 2010 & 2011 while legal fees for providers who appeal their rates ($1,007.0) would begin in 2012 once those rates are established. Total additional costs to comply with new financial requirements would be $4,604.5 in 2010, $4,123.8 in 2011, and $4,830.8 each year thereafter.

FUND SOURCE

Costs are eligible for the federal medical assistance percentage which is projected to be 50%.

SB

33

<target><bill>SB 33</bill><subject>SB
33</subject><comm>SFIN26</comm></target>

ALASKA STATE LEGISLATURE

Finance Committee
•
Health & Social Services Committee
•
Legislative Council
•
Committee on Committees

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Fax: (907) 465-2529
•
While in Anchorage
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SENATE MAJORITY LEADER
JOHNNY ELLIS

SPONSOR STATEMENT – SENATE BILL 33

"An Act creating a postsecondary scholarship grant program for Alaska residents based on high achievement and financial need."

The rising cost of education is changing the perception of affordability among our middle and high school students and their parents, as well as adults who are interested in continuing their education. For students approaching their high school graduation, the cost of a postsecondary education is the most important topic discussed by the student and the family. For nontraditional or continuing students, it can be the primary factor in the decision to further their education. It is unacceptable that Alaskans who show promise do not move on to higher learning simply because of the cost.

A 2007 report from the State Higher Education Executive Officers found that a $1,000 difference in the price of college may impact college enrollment for the most financially needy students by as much as nine percent. A 2007 Western Interstate Commission for Higher Education report determined that for every $160 in increased tuition, low income enrollments dropped by .5 percent in four year, public institutions and by 2.3 percent in the community colleges. Perhaps most alarming, a recent internal University survey found that the number two reason why students dropped out was due to financial reasons.

Alaska's high school graduation rates are among the lowest in the country. The National Center for Education Statistics reported that Alaska ranks 42nd in high school graduation rates at 60.7%. There is no doubt more students will be encouraged to graduate by providing the opportunity for postsecondary education. Action is desperately needed. SB 33 will establish the Alaska Achievers Incentive Program within the Alaska Commission on Postsecondary Education. This program will help reduce the costs of postsecondary education for those students who demonstrate academic success as well as financial need by so doing; this program will increase educational opportunities for more bright, hardworking, and capable Alaskans so they may be ready to fill Alaskan jobs.

I urge your support of SB33

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: SB 33
() Publish Date:

Identifier (file name): SB33-REV-TRS-03-26-10
Dept. Affected: Revenue
Title: Postsecondary Scholarship Grant Program
RDU: Taxation and Treasury
Component: Treasury
Sponsor: Seantor Ellis
Requester: Senate State Affairs
Component Number: 121

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual	25.0	25.0	25.0	25.0	25.0	25.0	25.0
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**25.0**	**25.0**	**25.0**	**25.0**	**25.0**	**25.0**	**25.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF	25.0	25.0	25.0	25.0	25.0	25.0	25.0
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**25.0**	**25.0**	**25.0**	**25.0**	**25.0**	**25.0**	**25.0**

Estimate of any current year (FY2010) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

Senate Bill 33 provides for a separate endowmment fund to be set up in the amount of $25 million to be managed by the Commissioner of Revenue. It is anticipated the fund will be managed with the asset allocation of 55% Broad Market Fixed Income Pool and 45% Domestic Equity Pool in order to achieve a five percent annual real rate of return over time. The costs include investment management fees, audit, accounting and custoody fees. These costs are projected based on median market returns based on Callan and Associates, capital market assumptions.

Prepared by: Pamela Leary
Phone 465-2300
Division: Treasury
Date/Time 03-26-10; 3:14pm
Approved by: Ginger Blaisdell, Director
Date 03-26-10; 3:19pm
Administrative Services Division

(Revised 11/6/2009 OMB)

2592

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

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State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM January 22, 2009

SUBJECT: Sectional Summary (SB 33; Work Order No. 26-LS0219\R)

TO: Senator Johnny Ellis
Attn: Nick Moe

FROM: Jean M. Mischel
Legislative Counsel

You have requested a sectional summary of the above-described bill.

As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

Section 1. Provides a legislative intent section.

Section 2. Amends AS 14.43, Student Loan Program, to add the "Alaska Achievers' Incentive Scholarship Program" to defray the costs of attending a qualifying postsecondary institution for students who have a GPA of 3.0 or higher and who have an unmet financial need of not less than $4,000. Establishes a separate endowment fund consisting of appropriations, donations, and income earned to support the program.

Section 3. Provides for a transitional method of calculating the amount of available funds for the program established in section 2 for the first two years of operation of the program.

JMM:ljw
09-037.ljw

Explanation of changes for Senate Bill 33

The Senate Education Committee made two changes. The first was to include all institutions accredited by the U.S. Department of Education. The original language just included institutions accredited by the Council for Higher Education Accreditation. The change was wanted so that private vocational and technical schools would be included as well.

The second change was a lowered GPA requirement from 3.0 to 2.5 for eligibility. This means that in order for a student to be eligible for this scholarship, they must have at least received a 2.5 GPA in High School instead of a 3.0.

Alaska

PREPARATION

C+

2008 Grade

Change Over Time

Alaska's fairly low performance in educating its young population could limit the state's access to a competitive workforce and weaken its economy.

- Eighth graders perform fairly poorly in math, science, and reading.
- There is a 13% gap between whites and all minorities in the percentage of young adults with a high school credential.

PARTICIPATION

F

2008 Grade

Change Over Time

College opportunities for young and working-age adults are very poor.

- The percentage of working-age adults enrolled in higher education has declined by 39% since the early 1990s.
- Among young adults, 11% of Alaska Natives are enrolled in college, compared with 23% of whites.

REPORT CARD	
Preparation	C+
Participation	F
Affordability	F
Completion	F
Benefits	C+
Learning	I

AFFORDABILITY

F

2008 Grade

Change Over Time

Higher education has become less affordable for students and their families.

- Poor and working-class families must devote 37% of their income, even after aid, to pay for costs at public four-year colleges.
- Financial aid to low-income students is low. For every dollar in Pell Grant aid to students, the state spends only six cents.

BENEFITS

C+

2008 Grade

Change Over Time

Only a fair proportion of residents have a bachelor's degree, and this weakens the state economy.

- Eight percent of Alaska Natives have a bachelor's degree, compared with 32% of whites.
- If all racial/ethnic groups had the same educational attainment and earnings as whites, total annual personal income in the state would be about $2 billion higher.

COMPLETION

F

2008 Grade

Change Over Time

Despite some improvement, Alaska is one of the lowest-performing states in awarding certificates and degrees relative to the number of students enrolled.

- Twenty-two percent of college students complete a bachelor's degree within six years.
- Ten percent of Alaska Natives graduate within six years, compared with 25% of whites.

LEARNING

I

2008 Grade

Like all states, Alaska receives an "Incomplete" in Learning because there is not sufficient data to allow meaningful state-by-state comparisons.

WHAT DO THE ARROWS MEAN?

State has increased or remained stable on the key indicator in the category.

State has declined on the key indicator in the category.

Need-based Undergraduate Grant Aid, by State: 2007-08

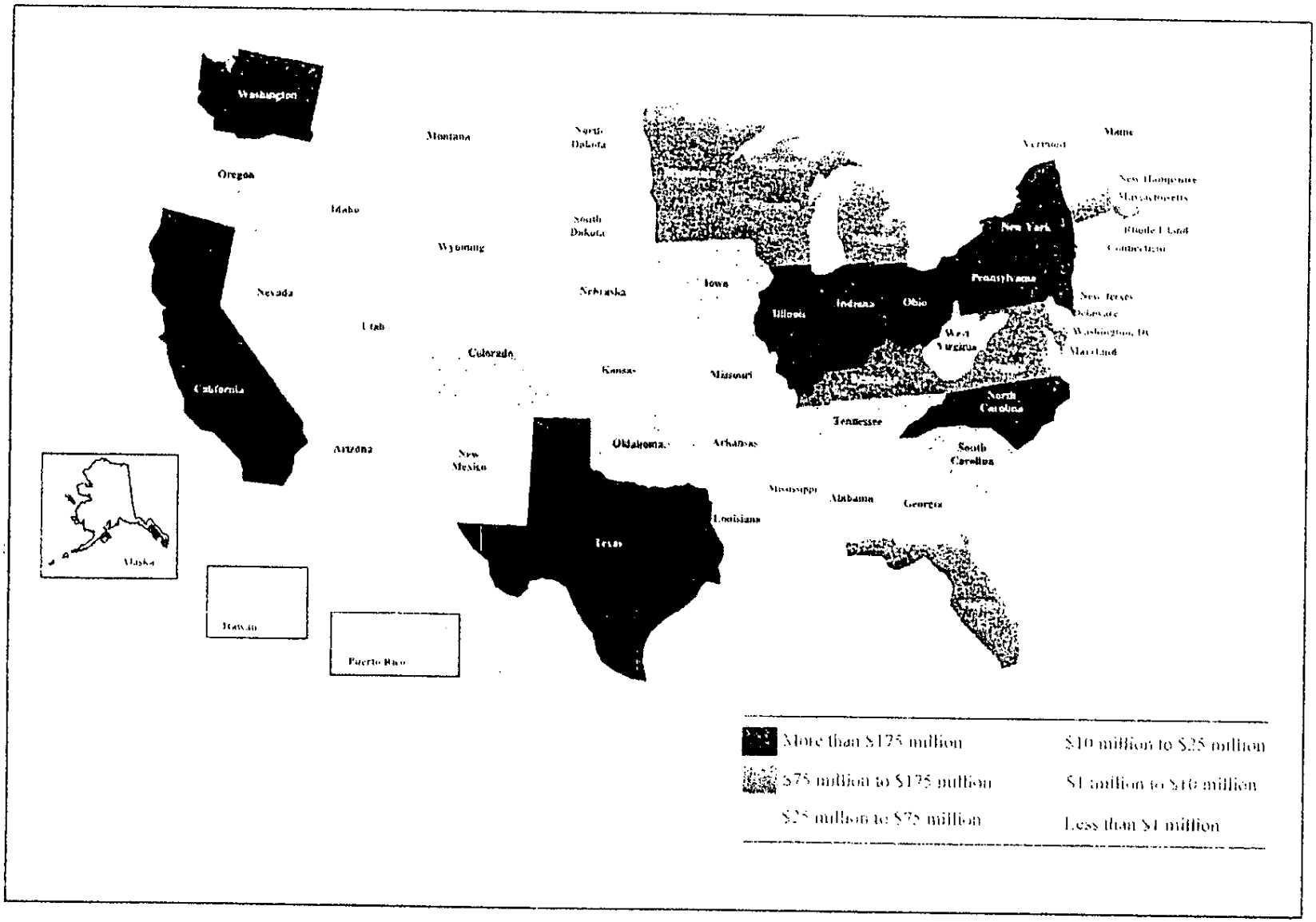


Table 11. Grant Dollars per Estimated Population, by State: 2007-08

State	Estimated Population	Total Grant Dollars/ Population
1. South Carolina	4,407,709	67.63
2. Washington DC	588,292	56.94
3. Georgia	9,544,750	52.14
4. Tennessee	6,156,719	46.15
5. West Virginia	1,812,035	45.58
6. Kentucky	4,241,474	44.09
7. New York	19,297,729	42.87
8. Pennsylvania	12,432,792	37.96
9. New Mexico	1,969,915	35.62
10. Indiana	6,345,289	35.25
11. New Jersey	8,685,920	33.83
12. Vermont	621,254	33.69
13. Illinois	12,852,548	32.50
14 Louisiana	4,293,204	32.32
15. North Carolina	9,061,032	32.28
16. Washington	6,468,424	31.83
17. Minnesota	5,197,621	30.12
18. Florida	18,251,243	29.65
19. Virginia	7,712,091	25.60
20. California	35,553,215	22.89
21. Texas	23,904,380	22.50
22. Ohio	11,466,917	22.25
23. Oklahoma	3,617,316	20.99
24. Delaware	864,764	20.89
25. Iowa	2,988,046	19.94
26. Michigan	10,071,822	19.19
27. Missouri	5,878,415	18.71
28. Connecticut	3,502,309	18.41
29 Wisconsin	5,601,640	18.30
30. Maryland	5,618,344	18.24
31. Colorado	4,861,515	16.46
32. Nevada	2,565,382	16.45
33. Rhode Island	1,057,832	14.50
34. Maine	1,317,207	13.60
35. Massachusetts	6,449,755	13.39
36. Arkansas	2,834,797	12.98
37. Puerto Rico	3,942,375	9.45
38. Oregon	3,747,455	9.35
39. Mississippi	2,918,785	7.86
40. Nebraska	1,774,571	7.06
41. Kansas	2,775,997	6.88
42. North Dakota	639,715	5.91
43. Idaho	1,499,402	4.72
44. Alabama	4,627,851	4.64
45. Montana	957,861	4.56
46. Utah	2,645,330	4.41
47. South Dakota	796,214	3.03
48. New Hampshire	1,315,828	2.84
49. Arizona	6,338,755	1.93
50. Alaska	683,478	0.98
51. Hawaii	1,283,388	0.32
52. Wyoming	522,830	0.31
Nation	304,563,532	26.42

State	Estimated Population Age 18-24	Total Grant Dollars/ Population Age 18-24
1. South Carolina	430,834	691.85
2. Georgia	904,063	550.48
3. West Virginia	159,200	518.77
4. Tennessee	551,709	514.95
5. Kentucky	383,950	487.01
6. Washington DC	73,708	454.44
7. New York	1,974,693	418.99
8. Pennsylvania	1,197,002	394.30
9. New Jersey	766,049	383.64
10. Indiana	605,135	369.63
11. Washington	597,971	344.33
12. New Mexico	204,881	342.44
13. North Carolina	855,111	342.05
14 Vermont	61,218	341.86
15. Florida	1,595,264	339.24
16. Illinois	1,292,270	323.24
17. Minnesota	507,397	308.56
18. Louisiana	466,256	297.57
19. Virginia	761,134	259.38
20. Ohio	1,075,049	237.30
21. Texas	2,433,321	221.04
22. Delaware	84,868	212.88
23. California	3,832,021	212.35
24. Oklahoma	371,780	204.27
25. Nevada	210,117	200.80
26. Connecticut	322,658	199.86
27. Michigan	973,666	198.50
28. Missouri	558,372	197.02
29 Iowa	305,420	195.05
30. Maryland	539,889	189.78
31. Wisconsin	549,793	186.49
32. Colorado	451,917	177.02
33. Maine	112,422	159.36
34. Arkansas	263,872	139.43
35. Massachusetts	641,055	134.69
36. Rhode Island	114,510	133.93
37. Oregon	335,815	104.33
38. Puerto Rico	396,057	94.04
39. Mississippi	302,407	75.86
40. Nebraska	186,756	67.13
41. Kansas	289,947	65.84
42. Idaho	147,047	48.17
43. Alabama	446,948	48.07
44. Montana	94,164	46.38
45. North Dakota	83,331	45.34
46. Utah	327,682	35.63
47. New Hampshire	119,035	31.36
48. South Dakota	82,232	29.38
49. Arizona	590,943	20.68
50. Alaska	73,172	9.16
51. Hawaii	123,412	3.31
52. Wyoming	52,944	3.06
Nation	29,880,472	269.37

July 2007 Population estimates from U.S. Census Bureau.
See population data end note.

Table 12. Estimated Undergraduate Grant Dollars per Undergraduate Enrollment, by State: 2007-08

State	2007-08 Undergraduate FTE
1. Alabama	195,070
2. Alaska	18,030
3. Arizona	390,232
4. Arkansas	108,816
5. California	1,510,441
6. Colorado	207,767
7. Connecticut	123,582
8. Delaware	34,690
9. Florida	610,074
10. Georgia	317,316
11. Hawaii	42,164
12. Idaho	57,775
13. Illinois	516,187
14 Indiana	265,985
15. Iowa	175,964
16. Kansas	129,835
17. Kentucky	174,782
18. Louisiana	167,252
19. Maine	46,519
20. Maryland	198,160
21. Massachusetts	292,512
22. Michigan	405,775
23. Minnesota	233,063
24. Mississippi	121,877
25. Missouri	241,194
26. Montana	36,257
27. Nebraska	84,582
28. Nevada	69,474
29 New Hampshire	50,325
30. New Jersey	272,789
31. New Mexico	81,389
32. New York	824,473
33. North Carolina	348,085
34. North Dakota	37,164
35. Ohio	451,846
36. Oklahoma	151,840
37. Oregon	132,697
38. Pennsylvania	525,763
39. Puerto Rico	193,340
40. Rhode Island	62,890
41. South Carolina	158,663
42. South Dakota	33,902
43. Tennessee	220,989
44. Texas	820,365
45. Utah	135,868
46. Vermont	30,141
47. Virginia	307,218
48. Washington	229,826
49. Washington DC	50,376
50. West Virginia	85,976
51. Wisconsin	237,413
52. Wyoming	22,468
Nation	12,241,183

State	Estimated UG Grant Dollars/ UG FTE
1. South Carolina	1,863.24
2. Georgia	1,568.36
3. Tennessee	1,263.86
4. New Jersey	1,072.26
5. Kentucky	1,069.83
6. New York	999.64
7. West Virginia	959.12
8. Washington	895.85
9. Pennsylvania	875.78
10. Florida	873.79
11. Indiana	840.94
12. New Mexico	832.81
13. North Carolina	823.86
14 Louisiana	821.20
15. Illinois	804.55
16. Minnesota	671.20
17. Washington, DC	664.92
18. Vermont	625.86
19. Texas	590.96
20. Virginia	565.76
21. Ohio	563.88
22. Nevada	562.93
23. California	538.50
24. Connecticut	521.72
25. Maryland	503.26
26. Oklahoma	499.36
27. Delaware	489.47
28. Michigan	465.97
29 Missouri	456.06
30. Wisconsin	431.88
31. Maine	385.13
32. Colorado	362.23
33. Iowa	338.55
34. Arkansas	310.38
35. Massachusetts	295.17
36. Oregon	264.03
37. Rhode Island	243.86
38. Mississippi	188.09
39. Puerto Rico	164.95
40. Nebraska	148.22
41. Kansas	147.03
42. Montana	120.44
43. Idaho	107.68
44. Alabama	101.71
45. North Dakota	101.66
46. Utah	78.79
47. New Hampshire	74.17
48. South Dakota	71.26
49. Alaska	37.17
50. Arizona	31.21
51. Hawaii	9.68
52. Wyoming	7.32
Total	645.07

State	Estimated Need-based UG Grant Dollars/ UG FTE
1. New York	925.07
2. New Jersey	962.64
3. Washington	881.17
4. Pennsylvania	875.78
5. Indiana	803.15
6. Illinois	761.71
7. Minnesota	671.00
8. North Carolina	647.52
9. Vermont	623.86
10. Texas	590.96
11. California	538.50
12. Kentucky	527.82
13. Connecticut	519.47
14 Maryland	477.28
15. Oklahoma	434.64
16. Ohio	424.79
17. Wisconsin	418.53
18. West Virginia	401.74
19. Delaware	387.41
20. Maine	385.13
21. Virginia	374.27
22. South Carolina	353.75
23. Tennessee	337.21
24. Iowa	335.96
25. Colorado	310.20
26. Missouri	301.49
27. Massachusetts	295.17
28. New Mexico	266.75
29 Oregon	261.38
30. Florida	245.38
31. Rhode Island	243.86
32. Michigan	223.47
33. Arkansas	217.56
34. Nevada	193.02
35. Puerto Rico	164.95
36. Nebraska	148.22
37. Kansas	146.07
38. Montana	120.44
39. Louisiana	117.58
40. North Dakota	93.83
41. Alabama	83.29
42. New Hampshire	74.09
43. Utah	66.55
44. Washington, DC	58.40
45. Alaska	37.17
46. Idaho	35.22
47. Arizona	31.36
48. Mississippi	26.41
49. Hawaii	9.68
50. Wyoming	7.32
51. Georgia	3.69
52. South Dakota	-
Total	468.06

FTE data from U.S. Department of Education, National Center for Education Statistics (NCES), Integrated Postsecondary Data System (IPEDS), Fall enrollment data file, 2007.

Postsecondary Education
OPPORTUNITY
Public Policy Analysis of Opportunity for Postsecondary Education

Number 188 www.postsecondary.org **February 2008**

College Participation Rates for Students from Low Income Families by State FY1993 to FY2006

The college participation rate for dependent students from low income families was 23.8 percent in 2005-06 (FY2006). Out of 8,389,184 4th to 9th graders in 1996-97 from low income families, 1,999,373 were enrolled in college with Pell Grants by 2005-06.

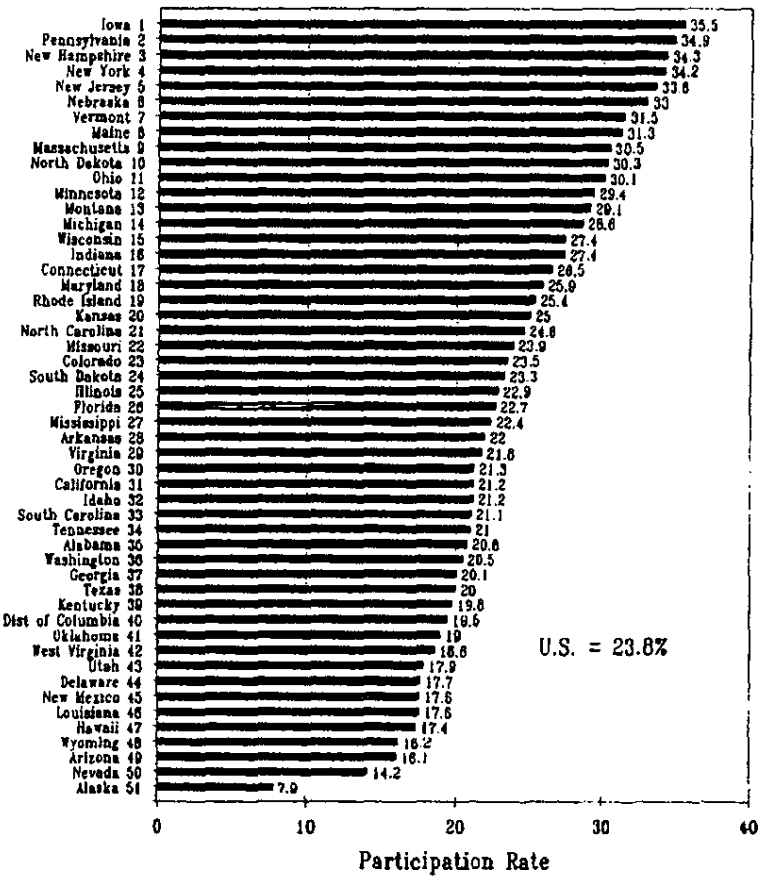
The FY2006 college participation rate of 23.8 percent was down from 25.4 percent in FY2005, down from 25.9 percent in FY2004 and below the peak of 27.6 percent in FY1999.

By comparison the college participation rate for 18 to 24 years olds without Pell Grants was 45.4 percent. This was up from 43.2 percent in FY2005 and 42.7 percent in FY2004.

In fact while the college participation rate for students from low income families has declined by 3.8 percentage points between FY1999 and FY2006, the college participation rate for 18 to 24 year olds without Pell Grants increased by 6.2 percentage points. The gap between these two rates was wider in FY2006 than it has been at anytime since these data were first reported in FY1993.

This analysis of college participation rates for students from low income families is an update and extension of our previous report in OPPORTUNITY in February 2007. This report adds FY2006 data, improves data quality for the four years from FY1998 through FY2001, and extends the comparison of college participation rates between Pell Grant recipients and students ages 18 to 24 years who are not Pell Grant recipients. The aggregate analysis for

College Participation Rates by State
for Students from Low Income Families
FY2006



AlaskAdvantage™ Education Grant

The AlaskAdvantage Education Grant program was created by the Alaska legislature to provide financial assistance to eligible Alaska students attending qualifying postsecondary educational institutions in Alaska. The program was specifically designed to set aside a portion of available grant funds as priority awards for applicants enrolled in qualifying workforce shortage programs, and for applicants demonstrating exceptional academic preparation for higher education (as documented by top quartile SAT or ACT scores).

The AlaskAdvantage Education Grant is a need-based program funded by the Alaska Student Loan Corporation, which provides the state match dollars required for participation in the federal LEAP program (Leverage Educational Assistance Partnership Program). Grant awards range from a minimum of $500 to a maximum of $2,000 per academic year for students who have qualifying unmet financial need.

All Alaska residents who complete the Free Application for Federal Student Aid (FAFSA) by April 15th of each year, and who list at least one qualifying Alaska institution of higher education, will be considered as having applied for the grant program. Qualifying applicants will be prioritized based on financial need. Students with the highest financial need will be awarded in order of need until funds are exhausted. All applicants must complete a new FAFSA each year.

Eligibility

- Alaska resident and U. S. citizen or permanent resident alien
- High school diploma or GED
- Admitted into an undergraduate degree or vocational certificate program at a qualifying institution in the state of Alaska
- Minimum half-time enrollment
- Unmet financial need in excess of $500
- Not have earned a baccalaureate degree
- Meet satisfactory academic progress standards
- Eligible for federal Title IV aid

How to Apply

Please note that receiving a grant award in one year does not guarantee that you will receive an award in subsequent years. In order to be considered eligible each year you must:

1. Complete a federal Free Application for Federal Student Aid (FAFSA) between January 1st and April 15th. FAFSAs submitted after the April 15th filing deadline will not be considered. You can complete the FAFSA on-line at www.fafsa.ed.gov.
2. If the Student Aid Report (SAR) generated from your FAFSA shows you meet the residency and financial need requirements, the Commission will notify you of your potential eligibility. Note that you may be required to submit supplemental information for the purpose of determining your award eligibility.
3. Your school will certify that you are admitted and otherwise eligible. Be sure to apply and enroll as early in the year as possible.
4. Each year, the Commission will process certified grant applications and notify your school if you have been awarded an AlaskAdvantage Education Grant.

2008/09 Qualifying Workforce Shortage Programs:

- Allied health sciences;
- Community or social service; and
- Teaching; and
- Process industries/natural resources extraction support

AlaskAdvantage Education Grant Program
Program Year 2009-2010 Summary as of March 12, 2010

Population Characteristic	Total FAFSAs*	Total Alaska FAFSAs	Eligible Population**	Certified & Disbursed
# of Students	21,236	17,282	5,761	876
Average Age	27	28	27	31
Average AGI	$52,115	$53,945	$35,501	$16,966
Average Unmet Need	$8,823	$8,469	$10,973	$14,566

*Alaska Residents or non-residents indicating attendance at an Alaska school
**Alaska residents only; FAFSA filed by deadline and reporting qualifying enrollment and need.

Disbursements by Institution of Attendance

School Name	Eligible Population	# of Student Recipients	Total Disbursed	% Total Dollars
APU	154	3	$5,000	0.6%
AVTEC	113	7	12,340	1.5%
Career Academy	117	8	3,960	0.5%
Charter College	295	43	24,420	2.9%
Ilisagvik College	11	0	0	0.0%
UAA	3,489	591	553,875	66.1%
UAF	1,219	181	199,750	23.8%
UAS	333	37	36,000	4.3%
Wayland Baptist (Anchorage)	30	6	2,310	0.3%
Total	**5,761**	**876**	**$837,655**	**100.0%**

***Projected* Disbursement Amounts by Funding Source**

Source	Total Funds	% of Total
General Funds	$619,520	50.2%
Corporation Funds	$500,000	40.6%
LEAP	$49,666	4.0%
SLEAP	$63,858	5.2%

- Average Unmet Need of Grant Recipient: **$14,566**
- Average Grant Amount: **$ 956**
- Average Post-Award Remaining Unmet Need: **$13,610**

3/15/2010

AlaskAdvantage Education Grant Program
Program Year 2008-2009 Summary

Population Characteristic	Total FAFSAs*	Total Alaska FAFSAs	Eligible Population**	Certified & Disbursed
# of Students	17,158	14,308	4,341	2,106
Average Age	28	28	28	30
Average AGI	$51,241	$51,442	$33,917	25,891
Average Unmet Need	$7,967	$7,862	$10,160	11,523

*Alaska Residents or non-residents indicating attendance at an Alaska school
**Alaska residents only; FAFSA filed by deadline and reporting qualifying enrollment and need.

Disbursements by Institution of Attendance

School Name	Eligible Population	# of Student Recipients	Total Disbursed	% Total Dollars
APU	120	32	$40,500	2.0%
AVTEC	92	16	23,000	1.2
Career Academy	68	7	11,500	0.6
Charter College	138	69	46,991	2.4
Ilisagvik College	1	0	0	0.0
UAA	2,763	1,393	1,282,918	64.9
UAF	916	457	464,250	23.5
UAS	228	124	102,250	5.2
Wayland Baptist (Anchorage)	15	8	6,175	0.3
Total	**4,341**	**2,106**	**$1,977,584**	**100%**

Disbursement Amounts by Funding Source

Source	Total Funds	% of Total
General Funds	$1,306,113	66.1%
Corporation Funds	561,922	28.4
LEAP	47,762	2.4
SLEAP	61,437	3.1
Donation (Anonymous)	350	0.0

* Corporation funding consisted of: LEAP Match ($ 47,762), SLEAP Match ($122,874), Over-match ($391,286).

Disbursements by Income Level

Dependency Status	Income Level	Number Of Students	Amount Disbursed
Dependent	$0 to $19,999	106	$102,354
Dependent	$20,000 to $39,999	158	148,070
Dependent	$40,000 and Over	261	261,447
Independent	$0 to $19,999	833	798,276
Independent	$20,000 to $39,999	496	438,602
Independent	$40,000 and Over	252	228,835

- Average Unmet Need: **$11,523**
- Average Grant: **$ 939**
- Average Post-Award Remaining Unmet Need: **$10,584**

3/15/2010

AlaskAdvantage Education Grant Program
Program Year 2007-2008 Summary

Population Characteristic	Total FAFSAs*	Total Alaska FAFSAs	Eligible Population**	Certified & Disbursed
# of Students	15,136	12,696	4,552	672
Average Age	29	29	29	33
Average AGI	$48,667	$49,301	$34,398	$17,346
Average Unmet Need	$9,320	$9,109	$10,520	$13,043

*Alaska Residents or non-residents indicating attendance at an Alaska school
**Alaska residents only; FAFSA filed by deadline and reporting qualifying enrollment and need.

Disbursements by Institution of Attendance

School Name	Eligible Population	# of Student Recipients	Total Disbursed	% Total Dollars
APU	150	8	$10,500	1.5%
AVTEC	85	3	3,000	0.5%
Career Academy	72	2	3,000	0.5%
Charter College	70	23	20,949	3.1%
Ilisagvik College	6	1	500	0.1%
UAA	2,988	524	528,250	78.8%
UAF	903	73	70,000	10.4%
UAS	240	27	27,250	4.1%
Wayland Baptist (Anchorage)	38	11	6,825	1.0%
Total	**4,552**	**672**	**$670,274**	**100%**

Disbursement Amounts by Funding Source – PY0607

Source	Total Funds	% of Total
Corporation Funds	$558,891	83.4%
LEAP	$48,399	7.2%
SLEAP	$62,984	9.4%

* Corporation funding consisted of: LEAP Match ($48,399), SLEAP Match ($125,968), Over-match ($384,524).

LEAP/SLEAP – Disbursements by Income Level

Dependency Status	Income Level	Number Of Students	Amount Disbursed
Dependent	$0 to $19,999	3	$2,500
Dependent	$20,000 to $39,999	8	$7,250
Dependent	$40,000 and Over	1	$2,000
Independent	$0 to $19,999	450	$449,719
Independent	$20,000 to $39,999	150	$152,565
Independent	$40,000 and Over	60	$56,240

- Average Unmet Need of Grant Recipient: **$13,043**
- Average Grant Amount: **$ 997**
- Average Post-Award Remaining Unmet Need: **$12,046**

3/15/2010

AlaskAdvantage Education Grant Program
Program Year 2006-2007 Summary

Population Characteristic	Total FAFSAs*	Total Alaska FAFSAs	Eligible Population**	Certified & Disbursed
# of Students	16,091	13,640	4,359	581
Average Age	30	30	31	35
Average AGI	$46,235	$46,514	$32,042	$14,337
Average Unmet Need	$8,142	$8,263	$10,075	$12,237

*Alaska Residents or non-residents indicating attendance at an Alaska school
**Alaska residents only; FAFSA filed by deadline and reporting qualifying enrollment and need.

Disbursements by Institution of Attendance

School Name	Eligible Population	# of Student Recipients	Total Disbursed	% Total Dollars
APU	185	26	$29,639	5.0%
AVTEC	118	8	7,500	1.3%
Career Academy	60	3	4,000	0.7%
Charter College	87	7	11,750	2.0%
Ilisagvik College	16	0	0	0.0%
UAA	2,817	405	412,000	70.2%
UAF	806	100	92,500	15.8%
UAS	251	28	24,250	4.1%
Wayland Baptist (Anchorage)	19	4	5,000	0.9%
Total	**4,359**	**581**	**$586,639**	**100%**

Disbursement Amounts by Funding Source

Source	Total Funds	% of Total
Corporation Funds*	$458,846	78.2%
LEAP	$47,793	8.2%
SLEAP	$80,000	13.6%

* Corporation funding consisted of: LEAP Match ($47,793); SLEAP Match ($160,000), Over-match ($251,043)

LEAP/SLEAP – Disbursements by Income Level

Dependency Status	Income Level	Number Of Students	Amount Disbursed
Dependent	$0 to $19,999	2	$3,000
Dependent	$20,000 to $39,999	3	$3,750
Independent	$0 to $19,999	426	$427,139
Independent	$20,000 to $39,999	118	$119,000
Independent	$40,000 and Over	32	$33,750

- Average Unmet Need of Grant Recipients: **$12,237**
- Average Grant Amount: **$ 1,010**
- Average Post-Award Remaining Unmet Need: **$11,227**

3/15/2010

adn.com
Anchorage Daily News

Proposed gas line projects face in-state labor shortfall

LABOR CRUNCH: State seeks to ramp up training as work force gets grayer.

By ELIZABETH BLUEMINK
ebluemink@adn.com

(03/29/10 22:34:58)

The Alaska labor force may be headed for a historic test: building a North Slope gas pipeline.

But it remains an open question how many of those thousands of high-paying jobs could be filled by state residents versus nonresidents.

Even if the long-sought gas line linking the Slope's vast gas deposits to Lower 48 markets is delayed for years, Alaska faces a labor crunch. Many workers in the state's major industries are nearing retirement age.

"We do know there's a gap," said Gerry Andrews, who runs the Alaska Department of Labor's gas-line job education and training initiative.

Under the proposed timeline for gas line construction, many of the skilled workers needed for such a project -- welders, truck drivers and engineers, to name a few -- will retire before it begins, economists say.

Even though no one has committed to build a gas line yet, the Labor Department is under a legal mandate to prepare Alaskans for jobs in construction and operation of the pipeline.

The mandate was set three years ago by the Palin administration when it signed the Alaska Gasline Inducement Act. But for years, some educators and in the state's construction industry had been beating the drum for better training opportunities.

"There's a grave concern about our work force," said Rick Rios, the Anchorage School District's coordinator of career and technical education.

RAISING STUDENTS

Rios is part of the statewide push to better prepare students for gas line jobs and reverse the aging of the state's work force. He said he's already seeing a few results. Three years ago, he said, the state funded one construction academy to provide hands-on training for high school students in Anchorage. Now, legislative funding has expanded construction academies to five school districts, with nearly 1,000 students signed up for classes this year.

Rios said the students he talks to are eager for work. "We had 20 seniors sign up for a (carpentry) institute over spring break -- an eight-day, intensive study," Rios said.

"They gave up their whole break for the 60 hours to be prepared for a job," he said.

Engineers are also in high demand for future pipeline work. Even now, the state is already facing a dire shortage of engineers, industry officials said last week.

An estimated 35 percent of the engineers in some disciplines in Alaska are nonresidents, according to the University of Alaska. Statewide, the university system is seeking to double the amount of its graduating engineers by 2014.

"That probably doesn't even touch what's needed," said Todd Bergman, a former state educator who now runs the Alaska Process Industry Careers Consortium, which assesses work force needs for the oil, gas and mining industries, among others.

TRAINING ADULTS

Unions in Alaska said they are trying to boost the number of the people they train despite the slow economy.

Charles Engblom, apprenticeship coordinator for the Ironworkers Local 751 in Anchorage, said his union has 70 fewer apprentices in Alaska than it might need for a gas line project, based on some rough numbers he received from the state over a year ago.

"We've got right about now 50 apprentices," he said.

He said he's gearing the program to "hopefully" handle the amount of apprentices needed for a pipeline project, but he

pointed out that for now, there aren't a lot of new jobs to put them in. "Last year was lean for us and this work season is similar to last year," he said.

MEETING THE MANDATE

Since Palin signed AGIA, the Labor Department has identified 113 occupations -- from pile-drivers to paramedics -- that would be needed for gas-line construction and operation.

Here are some other things the department has done relating to its gas-line mandate:

• Worked with other government officials, private industry, and unions to establish training academies for people interested in careers in construction and engineering.

• With the Alaska Department of Education, began designing a plan to streamline the state's career-training for kids and adults.

• Assisted with the creation of new apprenticeship programs, including electrical and drilling.

But the Labor Department is still lacking some key information to meet its mandate.

Just how many jobs are needed for a pipeline project? Previous estimates have ranged widely, from 4,500 to 9,000.

Two North Slope gas line proposals are now being pursued by pipeline companies. More recently, the state has begun talking about building a smaller-diameter gas line from the North Slope to the Railbelt to supply the region's energy needs.

In general, it doesn't matter if a long-sought pipeline ends in Canada or Alaska. Or, if the state first builds a smaller, in-state pipeline that ends somewhere in Southcentral. Any of the projects will require lots of people to dig dirt, weld pipe, cook camp food, and drive trucks. And a lot of people to operate and maintain the line for decades.

The state has asked the competing pipeline companies to submit their manpower needs for pipeline construction and operation for a line from the North Slope to Alberta, Canada or from the North Slope to Valdez.

The Labor Department expects to have that information by the middle of July, Andrews said.

From that, the Labor Department can crunch numbers to determine how many jobs of those jobs can be filled from the state's existing work force, Andrews said.

State and industry officials agree that gas line construction will bring nonresident workers to Alaska. But, they said, the work conditions will be different than the hectic 1970s construction of the trans-Alaska oil pipeline, when thousands of nonresidents moved to the state.

For several reasons, they say, the peak work force for building a gas line will probably be smaller than the 28,000 people required for the oil pipeline. Depending on how it is built, the gas line may not require bulldozing a new right-of-way. The gas line will also offer less jobs over its life span, too. Since the gas would be pressurized, there would be no need to build and maintain a series of pump stations along its path.

On the other hand, gas-line construction jobs will last longer than the trans-Alaska oil pipeline construction jobs, Andrews said.

"Instead of a two-year window, it will be spread over a longer period," he said.

"We will use less individuals building this at any one time, but more man days," he said.

Training for oil industry jobs

Training opportunities for gas-pipeline-related construction jobs and careers:

• Alaska Construction Academy: Training courses for high school and adults available in five Alaska school districts.

• King Career Center: Course work for Anchorage high school students to prepare them for various careers; for those eligible, on-the-job training and college credit.

• Alaska Works Partnership: Union-supported gateway to construction and pipeline-related apprenticeships.

• Alaska Vocational Technical Education Center: technical certificate programs for many job fields.

• Alaska Process Industry Careers Consortium: career guidance and school-based training to support oil, gas, mining, seafood processing and other major industries.

Mark R. Hamilton, President
Phone: (907) 450-8000
Fax: (907) 450-8012
EMAIL: sypres@alaska.edu

UNIVERSITY of ALASKA
Many Traditions One Alaska

202 Butrovich Building
910 Yukon Drive
P.O. Box 755000
Fairbanks, AK 99775-5000

March 19, 2009

via e-mail nick_moe@legis.state.ak.us

Senator Johnny Ellis
State Capitol, Room 103
Juneau, AK 99801

Dear Senator Ellis,

The University of Alaska provides hundreds of robust programs at campuses across the state, with certificates and degrees geared to meet the current needs of Alaska – petroleum technicians, teachers, engineers, nurses, and more.

However, there is insufficient financial aid available to help these students achieve their goals. The current economy is widening that financial divide. Access to education is especially critical for Alaska's first generation and low-income college students. Unfortunately, Alaska is 51st among other states and the District of Columbia in college-bound rates of low-income youth (FY 1994 to FY2005).

This year the University has responded to this tremendous need by awarding $818K from its annual budget in grants to students. In addition the Alaska Student Loan Corporation and, through your advocacy, the State of Alaska has funded ACPE's program – the *AlaskaAdvantage* education grant with total funding of approximately $1.25 million. This is a good start; however for Alaska to reach the average needs-based grant expenditure of other states, nearly $7 million is required annually. Alaska must continue to invest in need-based financial aid programs.

The Alaska Achievers' Incentive Scholarship Program (SB33) was developed by the Coalition of Student Leaders at the University of Alaska. Enjoying the full support by both the students and administration of the university, this program would offer substantial need-based relief to eligible, high-achieving students. By directing funds to those students earning a 2.5 GPA or higher, this program will not only provide access to those with economic need, but it will also serve to shore up the future leadership of our state. If they graduate from the University of Alaska, they most always stay in Alaska.

If I can answer any questions or be of any further service, please contact me.
Thank you,

Mark R. Hamilton, President
University of Alaska System

AlaskAdvantage™ Programs
Alaska Commission on Postsecondary Education

May 7, 2008

Today the Alaska Commission on Postsecondary Education (ACPE) has released a report entitled *Making Alaska More Competitive by Preparing Citizens for College and Career*. The report contains Alaska's recent high school dropout rates related to ninth graders, as well as the percentage who successfully complete a collegiate program of study within 150 percent of the regular time to complete. These statistics show Alaska at the bottom in educational performance indicators in the nation. For every 50 ninth graders, 31 graduate from high school; 14 go to college; nine return for their sophomore year; and only three receive a degree within six years.

The report was written by Dr. Ron Phipps of the Institute for Higher Education Policy in Washington, D.C. In conjunction with the report's development, ACPE partnered with the National College Access Network to survey various stakeholders to better understand the postsecondary access and success climate in Alaska. The major findings of this research are: 1) a college-going culture does not exist in Alaska; and, 2) the relationship between Alaska's workforce needs and postsecondary education is not widely recognized.

Making Alaska More Competitive provides compelling evidence that improving access to and participation and success in postsecondary programs, both collegiate and vocational, is key to a strong future for Alaska and her citizens. It also outlines several recommendations and potential strategies for improving educational outcomes in Alaska, and helping students acquire the knowledge and ability to succeed in postsecondary education and in their careers.

For more information, please e-mail collegeandcareer@alaska.gov.

907.269.7980
Fax 907.269.7991
www.state.ak.us/acpe
707 A Street, Suite 206, Anchorage, Alaska 99501-3600

The Alaska Commission on Postsecondary Education is a public service enterprise agency [illegible]

By: Joseph Blanchard
Bill Stringer
Tammie Wilson
Mike Musick
Luke Hopkins
Nadine Winters
Kelly Brown
Guy Sattley
Tim Beck

Introduced: 02/12/09
Adopted: 02/12/09

FAIRBANKS NORTH STAR BOROUGH

RESOLUTION NO. 2009 - 03

A RESOLUTION SUPPORTING SENATE BILL 33 "AN ACT CREATING A POSTSECONDARY SCHOLARSHIP GRANT PROGRAM FOR ALASKA RESIDENTS BASED ON HIGH ACHIEVEMENTS AND FINANCIAL NEED" AND SUPPORTING THE EFFORTS OF THE "COALITION OF STUDENT LEADERS" AT THE UNIVERSITY OF ALASKA

WHEREAS, Senate Bill 33, sponsored by Senator Ellis, would establish the Alaska Achievers Incentive Scholarship Program (AAIP) to provide an additional source of financial assistance to defray the costs of attending a qualifying postsecondary institution for academically successful students who also demonstrate financial need and who wish to seek further education; and

WHEREAS, this same bill language has previously existed in the 25th Alaska State Legislative as HB 397 and HB 403 by Representative Guttenberg of the Interior Delegation; and

WHEREAS, the Coalition of Student Leaders (CSL) is a statewide organization of collegiate student governments, which advocates issues on behalf of over 30,000 students in the University of Alaska System; and

WHEREAS, the main advocacy efforts of CSL for 2009 center around the AAIP, which would provide a state-funded scholarship program with both merit and needs-based components to enhance access to the University of Alaska System; and

WHEREAS, this program is unique because it was designed, written, and advocated by students for students and has the support of the University of Alaska administration.

NOW THEREFORE BE IT RESOLVED that the Assembly of the Fairbanks North Star Borough supports AAIP and SB 33 and the efforts of the Coalition of Student Leaders.

BE IT FURTHER RESOLVED that the Assembly of the Fairbanks North Star Borough supports enhanced access to post-secondary education.

BE IT FURTHER RESOLVED that copies of this resolution shall be sent to the Honorable Governor Sarah Palin, and the Alaska State Legislature.

PASSED AND APPROVED THIS 12TH DAY OF FEBRUARY 2009.

Nadine Winters
Presiding Officer

ATTEST:

Mona Lisa Drexler, MMC
Municipal Borough Clerk

Ayes: Brown, Beck, Blanchard II, Musick, Sattley, Stringer, Hopkins, Wilson, Winters
Noes: None

PATRICK F. TAYLOR FOUNDATION

February 10, 2009

Juneau Legislative Information Office
The Honorable Johnny Ellis
State Capitol
Juneau, Alaska 99801-1182

VIA FAX

Dear Senator Ellis:

This letter serves as the *Patrick F. Taylor Foundation* official endorsement of Alaska's ***Achiever's Incentive Scholarship Program***, based on high achievement and financial need, ***Senate Bill No. 33***. This Bill is a first step in establishing a comprehensive scholarship program for Alaska young people to pursue a postsecondary education. There is no greater investment of the state financial resources then that of educating the young people who will be the future leaders of the great State of Alaska.

Senate Bill No. 33 should be enacted now, with the understanding that, like all legislation, that the Bill will be improved with further legislation over time to create a more comprehensive program, which will be open to all students who meet certain established criteria. The goal is to encourage all students to take a more rigorous curriculum in order to be adequately prepared to pursue their postsecondary education. The objective of preparing students is, not only to enroll, but to graduate in their chosen fields.

We, at the *Patrick F. Taylor Foundation*, are ready to assist you in the passage, implementation, and monitoring of this legislation at our own expense.

Please feel free to contact the *Patrick F. Taylor Foundation* if we can assist with this most important endeavor!

Sincerely,

James A. Caillier
Executive Director

JAC/glw

February 9, 2009

Senate Committee on Education and Finance
Senator Ellis
State Capitol
Juneau, AK 99801

Dear Senator Ellis,

I am an international student at Kodiak College and the President of the student government here in Kodiak. I came to Kodiak as a high school student and decided I would like to go to college in the United States. By doing so, I agreed on paying for my tuition and other expenses. In order to do that, I had to get a student loan from my home country Germany.

I am one of many students here in Kodiak who have to struggle hard to stay a full time student and pay for tuition and other expenses like books, fees, etc. The tuition expenses are high (especially for out of state students) and many student cannot afford to take all the classes they would like to take. Many of those may not even finish their college degree they wanted to get because of their financial need.

Senate Bill 33 would not affect me personally because I am, as an international student, not FAFSA eligible but I know a great amount of people who would highly appreciate financial help through more scholarships and grants. I ask you to keep supporting this very important bill and hope that there will be more funding for students with financial need.

Sincerely,

Fabian Philipp

President of the Student Government at Kodiak College

3147 Arctic Tern Street
Kodiak, AK 99615
(907) 942-5094
Fabian.philipp@gmail.com

Presented by: The Manager
Introduced: 02/23/2009
Drafted by: J.W. Hartle

RESOLUTION OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

Serial No. 2462

A Resolution Expressing Assembly Support for Senate Bill 33 and House Bill 94, Creating a Postsecondary Scholarship Program for Alaska Residents Based on High Achievement and Financial Need, and Expressing Support for the Efforts of the "Coalition of Student Leaders" at the University of Alaska.

WHEREAS, House Bill 94 and Senate Bill 33 would establish the Alaska Achievers Incentive Scholarship Program (AAIP) to provide an additional source of financial assistance to defray the costs of attending a qualifying postsecondary institution for academically successful students who also demonstrate financial need; and

WHEREAS, the Coalition of Student Leaders (CSL) is a statewide organization of collegiate student governments, which advocates issues on behalf of over 30,000 students in the University of Alaska System; and

WHEREAS, the main advocacy efforts of CSL for 2009 center around the AAIP, which would provide a state-funded scholarship program with both merit and needs-based components to enhance access to the University of Alaska System; and

WHEREAS, this program is unique because it was designed, written, and advocated by students for students, and has the support of the University of Alaska administration.

NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF JUNEAU, ALASKA:

Section 1. That the Assembly of the City and Borough of Juneau hereby expresses its support for AAIP, Senate Bill 33 and HB 94, and the efforts of the Coalition of Student Leaders.

Section 2. That the Assembly of the City and Borough supports enhanced access to postsecondary education.

Section 3. That copies of this resolution shall be sent to the Honorable Governor Sarah Palin, and the Alaska State Legislature.

Section 4. Effective Date. This resolution shall be effective immediately upon adoption.

Adopted this 23rd day of February, 2009.

Bruce Botelho, Mayor

Attest:

Laurie J. Sica, Clerk

adopted 3/31/10 m/o

26-LS0219\W
Mischel
3/31/10

CS FOR SENATE BILL NO. 33( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): SENATORS ELLIS, Paskvan, Thomas, McGuire, Stevens

A BILL

FOR AN ACT ENTITLED

"An Act relating to the AlaskaAdvantage Education Grant Program; and establishing loan forgiveness for eligible applicants."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** AS 14.43.400 is amended to read:

Sec. 14.43.400. Purpose; creation. There is created the AlaskAdvantage education grant **and loan forgiveness** program to provide financial assistance to eligible students to enable them to attend, **to** [OR] continue their attendance at, **or to forgive loans made to them by the state for attendance at** postsecondary educational institutions. Funds designated by the corporation or appropriated for this program may be used as matching funds for the state's participation in the federal grant program under 20 U.S.C. 1070c - 1070c-4.

*** Sec. 2.** AS 14.43.405(a) is amended to read:

(a) The AlaskAdvantage education grant **and loan forgiveness** program created under AS 14.43.400 - 14.43.420 shall be administered by the executive

director of the commission.

*** Sec. 3.** AS 14.43.410(a) is amended to read:

(a) The funds for the **payment of grants from** AlaskAdvantage education grant **and loan forgiveness** program may be allocated to eligible students in accordance with the provisions of the federal grant program under 20 U.S.C. 1070c - 1070c-4 and regulations adopted under AS 14.43.105 and 14.43.405.

*** Sec. 4.** AS 14.43.410 is amended by adding a new subsection to read:

(c) The commission shall annually distribute not less than $10,000,000 or, if available funding from appropriations and other sources is less than that amount, the full amount available in grants and loan forgiveness awards on behalf of eligible students under AS 14.43.415. Payments shall be made directly to the postsecondary or lending institution if feasible.

*** Sec. 5.** AS 14.43.415(b) is repealed and reenacted to read:

(b) The commission shall give an applicant eligible under (a) or (e) of this section priority for a grant or loan forgiveness award if that applicant

(1) is, or is about to be, enrolled in a postsecondary education program that prepares the applicant for employment in an occupation or profession for which there is a severe shortage of trained individuals in the state;

(2) has completed a postsecondary education program within the four years preceding an application for loan forgiveness and is employed in the state in an occupation or profession for which there is a severe shortage of trained individuals in this state; or

(3) has achieved a cumulative grade point average at the postsecondary institution at which the student is or was enrolled of 3.0 or above on a 4.0 grade point scale, with a higher priority for students who achieved a cumulative grade point average of 3.5 or above.

*** Sec. 6.** AS 14.43.415 is amended by adding new subsections to read:

(d) In addition to the priorities required under (b) of this section, the commission may give an applicant priority for a grant award if that applicant has participated in a secondary education program of study that can be demonstrated to the commission to be a predictor for success at the postsecondary education level for a

program of study described in (b)(1) of this section.

(e) A portion of a loan made by the state in an amount that is equal to the amount of a grant for which a student was or would have been eligible under (a) of this section shall be forgiven by the state for a person who

(1) is a resident of the state;

(2) has completed within the four years preceding the application for loan forgiveness a postsecondary education program that is eligible to participate in federal financial aid programs under 20 U.S.C. 1070 - 1099c-2, as amended, and that is located in the state; and

(3) has an outstanding balance on the loan and has not defaulted on the loan repayments.

(f) Forgiveness under (e) of this section is subject to appropriation by the legislature. Money obtained from the sale of bonds by the corporation under AS 14.42.220 may not be appropriated for the forgiveness of loans.

(g) In this section,

(1) "occupation or profession" means a job for which specific postsecondary certification is a prerequisite for entry-level placement;

(2) "severe shortage" means a current or recurring job vacancy rate of 15 percent or greater, as determined by the Department of Labor and Workforce Development or by another workforce data source determined reliable by the commission.

*** Sec. 7.** AS 14.43.420(a) is amended to read:

(a) A grant **or loan forgiveness** made under AS 14.43.400 - 14.43.420 may not be in an amount less than **$1,000** [$500] nor more than **$5,000** [$2,000] for each school year.

*** Sec. 8.** AS 14.43.420(c) is amended to read:

(c) A student may receive not more than a total of **$20,000** [$8,000] in grants **or loan forgiveness** awarded under AS 14.43.400 - 14.43.420.

*** Sec. 9.** The uncodified law of the State of Alaska is amended by adding a new section to read:

REVISOR'S INSTRUCTION. The revisor of statutes is instructed to change the

heading of art. 8 of AS 14.43 from "AlaskAdvantage Education Grant Program" to "AlaskAdvantage Education Grant and Loan Forgiveness Program."

SB 35

<target><bill>SB 35</bill><subject>SB 35</subject><comm>SFIN26</comm></target>

4/10/09

Alaska State Legislature

Interim: (May - Dec.)
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Senator_Bettye_Davis@legis.state.ak.us
http://www.akdemocrats.org

Senator Bettye Davis

Sponsor Statement

SB 35 **"An Act extending the termination date of the Statewide Suicide Prevention Council; and providing for an effective date."**

SB 35 extends the termination date of the Statewide Suicide Prevention Council to June 30, 2013. Suicide is a very serious public health concern in Alaska, particularly among young males and the Alaska native population. Extension of the Statewide Suicide Prevention Council is important in curtailing this avoidable loss of life. The mission of the Statewide Suicide Prevention Council is to advise the governor and the legislature on issues relating to suicide. In collaboration with communities, faith-based organizations, and public-private entities, the Council works to improve the health and wellness of Alaskans by reducing suicide and its effect on individuals and communities.

The Executive Summary of the July, 2005 study by the Alaska Injury Prevention Center funded by Alaska Mental Health Trust Authority "Alaska Suicide Hospitalizations, 2001-2002," reported that in 2002 32,000 people took their own lives in the United States, and 20 times that number sought treatment for self-inflicted injuries. Alaska had the highest age-adjusted suicide rate of all the states in 2002 at 21.12 per 100,000 population, which is nearly twice that of the U.S. rate of 10.99 per 100,000. An average of 125 people die from suicide each year in Alaska, making it the number one cause of death for Alaskans under the age of 50 years (if unintentional injuries are examined individually instead of in groups).

Hospitalizations for suicide per the above study make a compelling case for the prevention of suicide and new insights into this dramatic public health problem. Over $4 million in hospital costs alone is spent in public funds each year to care for suicide attempts. This did not include physicians' and specialists' costs. While the toll on society and family members by suicide may be incalculable, significant numbers were revealed:

- The average age for the patients was 30 years.
- The average length of each hospital stay was 4 days, with a range of 1 to 366.
- The average cost per case was $8,986.
- Over 75% of the hospital costs were paid through public funding sources.
- 15% of hospital costs had to be written-off for patients' inability to pay.

2620

The unabated high rate of suicide in Alaska demands continued attention and effort and earnestly urges, if not compels, the extension of the Statewide Suicide Prevention Council. A subsequent study to the above by the Alaska Injury Prevention Center from 9/1/03-8/31/06 found 426 suicides in Alaska during this 36-month period, with the continuing rate of suicide at over 21/100,000. Males outnumbered females 4 to 1. The age-group 20-29 had both the greatest number of suicides and the highest rate per 100,000 population. Alaska Natives had a significantly higher average rate of suicide than the non-Native population (51.4/100,000 compared to 16.9/100,000). The leading cause of death was firearms with toxicology reports in 1/3 of the cases. Alcohol was found in 44% of the toxicology tests and marijuana was found in 15%.

SENATE FINANCE COMMITTEE REPORT

DATE: 2/27/09

FURTHER:

DATE TURNED
IN TO OFFICE: _____

Finance Committee considered SENATE BILL NO. 35

SB 35 EXTEND SUICIDE PREVENTION COUNCIL

"An Act extending the termination date of the Statewide Suicide Prevention Council; and providing for an effective date."

and recommends:

[ ] be **replaced** with [ ] **SCS** or [ ] **CS** _____ (_____)

[√] adopt **previous** [ ] **SCS** or [√] **CS** SB 35 (HSS)

[ ] attached amendment(s)

[ ] adopt _____Letter of Intent

[ ] further referral to _____Committee

SENATE BILL:
[ ] Same Title
[√] New Title

HOUSE BILL:
[ ] Same Title
[ ] Technical Title Change
[ ] New Title w/ SCR #_____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
DHS	1/23/09	√			1
DHS	1/23/09	√			2

[ ] **APPROPRIATION - no fiscal note**

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	Huggins	X			
	Thomas	✓			
	OLSON	✓			
	Ellis	√			
CO-CHAIR:	Hoffman	✓			
CO-CHAIR:	STEDMAN	✓			

2622

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 2
Bill Version: CSSB 35(HSS)
(S) Publish Date: 2/27/09

Identifier (file name): SB035-DHSS-BHA-01-23-09
Dept. Affected: Health & Social Services
Title: Extend Suicide Prevention Council
RDU: Behavioral Health
Component: Behavioral Health Administration
Sponsor: Davis
Requester: Senate Health & Social Services
Component Number: 2665

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	FY 2010	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Personal Services		46.3	46.3	46.3	46.3	46.3	46.3
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	0.0	46.3	46.3	46.3	46.3	46.3	46.3
CAPITAL EXPENDITURES							
CHANGE IN REVENUES (							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health		46.3	46.3	46.3	46.3	46.3	46.3
Other Interagency Receipts							
TOTAL	0.0	46.3	46.3	46.3	46.3	46.3	46.3

Estimate of any current year (FY2009) cost: 0.0

POSITIONS

Full-time		0.5	0.5	0.5	0.5	0.5	0.5
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

The proposed bill extends the termination date of the Statewide Suicide Prevention Council (SSPC or council) to June 30, 2013. The 0.5 FTE administrative support position, hired by the council, will continue to be assigned to the Division of Behavioral Health.

Prepared by: Melissa Stone
Phone 269-3410
Division: Behavioral Health
Date/Time 1/23/09 12:00 AM

Approved by: William H. Hogan, Commissioner
Dept. of Health & Social Services
Date 1/23/2009

(Revised 9/10/2008 OMB)

2623

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: CSSB 35(HSS)
(S) Publish Date: 2/27/09

Identifier (file name): SB035-DHSS-SPC-01-23-09
Dept. Affected: Health & Social Services
Title: Extend Suicide Prevention Council
RDU: Behavioral Health
Component: Suicide Prevention Council
Sponsor: Davis
Requester: Senate Health & Social Services
Component Number: 2651

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	FY 2010	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Personal Services							
Travel		35.0	35.0	35.0	35.0	35.0	35.0
Contractual		30.6	30.6	30.6	30.6	30.6	30.6
Supplies		17.2	17.2	17.2	17.2	17.2	17.2
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	0.0	82.8	82.8	82.8	82.8	82.8	82.8
CAPITAL EXPENDITURES							
CHANGE IN REVENUES (							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health		82.8	82.8	82.8	82.8	82.8	82.8
Other Interagency Receipts							
TOTAL	0.0	82.8	82.8	82.8	82.8	82.8	82.8

Estimate of any current year (FY2009) cost: 0.0

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

The proposed bill extends the termination date of the Statewide Suicide Prevention Council (SSPC or council) to June 30, 2013. The SSPC will continue to be assigned to the Division of Behavioral Health (DBH). The costs to DBH would include expenses related to the council meetings, teleconferences, presentations and suicide prevention public awareness campaigns.

Prepared by: Melissa Stone
Phone 269-3410
Division: Behavioral Health
Date/Time 1/23/09 12:00 AM

Approved by: William H. Hogan, Commissioner
Date 1/23/2009
Dept. of Health & Social Services

(Revised 9/10/2008 OMB)

2624

LEGAL SERVICES

4/10/09

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM March 2, 2009

SUBJECT: Sectional summary of CSSB 35(HSS), relating to the Statewide Suicide Prevention Council (Work Order No. 26-LS0229\E)

TO: Senator Bettye Davis
Chair of the Senate Health and Social Services Committee
Attn: Thomas Obermeyer

FROM: Alpheus Bullard TLAB
Legislative Counsel

You have requested a sectional summary of the above-described bill.

As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

Section 1. Adds a member to the Statewide Suicide Prevention Council (Council), and changes the composition of the Council.

Section 2. Provides that legislative members of the Council are nonvoting members.

Section 3. Clarifies that the Council's presiding officer, and other officers that the Council may consider necessary, are elected by a majority of the Council's voting membership.

Section 4. Establishes that seven voting members of the Council constitute a forum.

Section 5. Extends the termination date of the Council to 2013.

Section 6. Provides an effective date.

TLAB:plm
09-130.plm

4/10/09

Alaska Suicide Hospitalizations
2001 - 2002

Alaska Injury
Prevention Center

Ron Perkins, MPH

Anchorage, Alaska
July 2005

This research was made possible with funding from:

The Alaska Mental Health Trust Authority

2626

EXECUTIVE SUMMARY

INTRODUCTION

In 2002, nearly 32,000 people took their own lives in the United States, and estimates indicate that 20 times that number sought treatment for self-inflicted injuries. Alaska had the highest age adjusted suicide rate of all the states in 2002 at 21.12, which is nearly double the U.S. rate of 10.99 per 100,000 population. An average of 125 people die from suicide each year in Alaska, making it the number one cause of death for Alaskans under the age of 50 years (if unintentional injuries are examined individually instead of grouped). The epidemiology for suicide deaths is very different from the epidemiology for suicidal acts that result in hospitalization. This analysis looks at the epidemiology and costs associated with hospitalizations for self inflicted injuries.

RESULTS

Using data supplied by the Alaska Trauma Registry (ATR) and funding from the Alaska Mental Health Trust, the Alaska Injury Prevention Center (AIPC) conducted a thorough analysis of the 1,223 hospitalized suicide attempts in Alaska for 2001 and 2002. The epidemiology and hospital costs associated with this injury group are reported below.

A few of the interesting facts revealed by this study for Alaska's suicide attempts:

- ✓ The average age for the patients was 30 years.
- ✓ The average length of each hospital stay was 4 days, with a range of 1 to 366.
- ✓ The average hospital costs per year were $5,508,363.
- ✓ The average cost per case was $8,986.
- ✓ Over 75% of the hospital costs were paid through public funding sources.

More than $4 million in "public funds" is spent each year to care for suicide attempts, and those are just the documented hospital costs. Physician's fees and other specialist's fees are usually not included in the hospital costs. Also not included in hospital costs are self-inflicted injuries that result in death or long-term disabilities. These suicidal acts take a huge toll on individuals and families and are very difficult to quantify.

CONCLUSIONS

The *Alaska Suicide Hospitalizations* analysis makes a compelling case for the prevention of suicide, and gives new insights into this dramatic public health problem. Hospitals must accept the loss of at least 15% of the costs due to the patients' inability to pay.

Alaska Suicide Follow-back Study Final Report

Study period September 1, 2003 to August 31, 2006

Prepared for the:
Alaska State-wide Suicide Prevention Council
Alaska Department of Health and Social Services
Alaska Mental Health Trust Authority

Submitted by the:
Alaska Injury Prevention Center
Critical Illness and Trauma Foundation, Inc.
American Association of Suicidology

Acknowledgements

The investigators gratefully acknowledge the support and cooperation of the following agencies and organizations in the completion of this study:

Alaska Statewide Suicide Prevention Council

Office of the Alaska State Medical Examiner

Alaska Department of Health and Social Services

Alaska Mental Health Trust Authority

Alaska Dept. of Public Safety – Alaska State Troopers

Anchorage Police Department

Other local police departments

Funding support:

The Alaska Suicide Follow Back Study was prepared for the Statewide Suicide Prevention Council and was substantially funded through the Alaska Mental Health Trust Authority and the Alaska Department of Health and Social Services.

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Executive Summary

Goals

There were two goals for the study: (1) to do an in-depth demographic analysis of the suicides in Alaska for three years from September 1, 2003 through August 31, 2006 and (2) to conduct interviews with key informants for as many suicide cases as possible. This report is divided into two sections, Section 1 addressing the epidemiological data and Section 2 addressing the data derived from the interviews.

Purpose

The purpose of the data gathering, reporting, and analysis was to better understand the etiology and antecedents of suicide among Alaskans, in order to identify potential points of intervention and strategies to reduce the rate of suicide.

Methods

Death certificates attributed to suicides occurring in Alaska between September 1, 2003 and August 31, 2006 were reviewed retrospectively. Information from the Alaska State Medical Examiner, State Troopers, and other law enforcement agencies was collated and reviewed for each suicide death. A cadre of Native and non-Native interviewers was trained in how to use the interview protocol and how to conduct follow-back interviews with survivors of the decedents. All information was entered into a secure database. All efforts to protect confidentiality were in accordance with the Institutional Review Board requirements of the Alaska Native Medical Center, the University of Alaska – Anchorage, and the National Institutes of Health (Certificate of Confidentiality).

Results

There were 426 suicides during the 36 month study period. The average annual suicide rate for the three year study period was 21.4/100,000 (U.S. Census, 2005 estimated population). Males out-numbered females 4 to 1. The age-group of 20 to 29 had both the greatest number of suicides and the highest rate per 100,000 population. Alaska Natives had a significantly higher average rate of suicide than the non-Native population (51.4/100,000 compared to 16.9/100,000). The leading mechanism of death was firearms, accounting for 63% of the suicides. The use of handguns was more prevalent in the non-Native population whereas long guns were used more often by Alaska Natives. The EMS region with the greatest number of Native suicides was Region 4, which includes Bethel and the Yukon-Kuskokwim Delta. Region 2, which includes the Northwest Arctic census area had the highest overall rate of suicide deaths. Follow-back interviews were conducted with 71 informants for 56 of the suicide decedents. Reported alcohol/drug use was the same for Urban as for Rural Native decedents. The same alcohol/drug use pattern was seen for Urban and for Rural non-Native decedents. Toxicology results were received for 33% of all the suicide cases. Alcohol was found in 44% of the toxicology tests and THC (marijuana) was found in 15%.

Conclusion

This study adds volumes of information to our existing knowledge of suicide in Alaska. More in-depth studies are already in progress, which will continue to add to our knowledge base while bringing in additional resources for prevention and treatment. The report also highlights the need for better death data collection, to quantify alcohol and drug involvement and other contributing factors.

Our Mission

The Statewide Suicide Prevention Council advises the governor and legislature on issues relating to suicide. In collaboration with communities, faith-based organizations, and public-private entities, the Council works to improve the health and wellness of Alaskans by reducing suicide and its effect on individuals and communities.

- **The meaning of our logo**
- ***Alaska Suicide Follow-back Study Final Report - Feb. 2007***
  Alaska Injury Prevention Center, Ron Perkins
- ***The Lifeline National Number***
- Alaska Suicide Attempt Hospitalizations, 2001-2002 (pdf)
  Alaska Injury Prevention Center, Ron Perkins
- ***Moving Forward***, the DHSS Comprehensive Integrated Mental Health Plan (CIMHP), can be downloaded at the following website address:
- Discussion Assistance for Ramy's DVD

30 Second Radio Spots:

- Suicide Hurts (mp3)
- Tell Someone (mp3)
- Video Game (mp3)

Associated in-state links

- The Alaska Mental Health Board
- The Advisory Board on Alcoholism and Drug Abuse
- The Alaska Mental Health Trust Authority
- ASIST - Applied Suicide Intervention Skills Training

Annual Reports

- 2008 Annual Report (689 Kb .pdf file)
- 2007 Annual Report (550 Kb pdf file)
- 2006 Annual Report (1 2 MB pdf file)
- 2005 Annual Report (561 Kb pdf file)
- 2004 Annual Report (1 2 Mb pdf file)
- 2003 Annual Report (515 Kb pdf file)
- 2002 Annual Report (291 Kb pdf file)

Alaska State Suicide Prevention Plan

- Download the State Plan (611 Kb)

Scheduled Meetings

Upcoming Meeting

- Statewide Suicide Prevention Council February 4-5 2009 Goldbelt Hotel in Juneau

Resources

Alaska Suicide-Related Resources

Alaska Suicide-Related Resources
Alaska Directories and Information Resources
Suicide, Mental Health and Related Issues in Alaska Native and American Indian Populations

National and International Resources

National Suicide Prevention Plans
National/International Suicide Prevention Organizations
National Youth Suicide Prevention Organizations
Suicide Prevention Resource Center NEW!
Center for Safe and Responsible Internet Use NEW!
Substance Abuse and Mental Health Services Administration (SAMSA)

Alaska State Suicide Prevention Plan

Alaska Suicide Prevention Plan *(611 Kb pdf file)*

Organizations Addressing Depression and Suicide

Suicide Training and Curricula/Programs
Clinical Resources

Looking for Help?

If you are feeling down or are looking for help for yourself or others, please talk to someone. Here are some resources.

National Suicide Prevention Lifeline
1-800-273-8255

Alaska Community Mental Health Centers

CARELINE
1-877-266-HELP

SB

45

<target><bill>SB 45</bill><subject>SB
45</subject><comm>SFIN26</comm></target>

Senator Charlie Huggins
R-Rural Mat-Su

Senator Gene Therriault
R-North Pole, Valdez

ALASKA STATE SENATE

SPONSOR STATEMENT SENATE BILL 45

By the passage of this legislation, a new Veterans' Cemetery would be created in Fairbanks to serve those members of the military wishing to be buried in this specially designated cemetery. The United States standards for creating veterans' cemeteries suggests that designated cemeteries be established within 75 miles of any populated area to honor deceased military personnel. At this time, Fairbanks is home to a significant military population but does not have a designated Veterans' Cemetery.

The Veterans' Cemetery fund would be established as a sub account of the general fund to be used to support programs benefiting Alaska veterans. The fund would receive deposits through appropriation and by proceeds from the purchase of special veterans' license plates. The balance of the fund could be used for the construction, operation and maintenance of a Veterans' Cemetery.

Veterans' employment preferences are currently established in AS 39.25.150 however they are somewhat difficult to understand. The existing statute is rewritten for clarification and does not change the preferences already established. The employment preferences as rewritten are similar to most other United States and do not breach collective bargaining agreements within the State of Alaska.

We urge your support in this legislation regarding honor and benefits for Alaska's military veterans.

Adopted

26-LS0277\P.2
Bullock/Wayne
2/24/09

AMENDMENT 1

OFFERED IN THE SENATE BY SENATOR THOMAS

TO: CSSB 45(STA)

Page 1, following line 7:

Insert a new bill section to read:

"* **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section to read:

LEGISLATIVE INTENT. It is the intent of the legislature that, during fiscal year 2010, the Department of Military and Veterans' Affairs, in cooperation with federal authorities, begin the planning and design of an Alaska veterans' cemetery, authorized by AS 44.35.035, enacted by sec. 10 of this Act, to be located in or near Fairbanks, and that the Department of Military and Veterans' Affairs submit a report on the status of the cemetery project to the president of the senate and the speaker of the house of representatives before December 15, 2009."

Page 1, line 8:

Delete "**Section 1**"

Insert "**Sec. 2**"

Renumber the following bill sections accordingly.

SENATE FINANCE COMMITTEE REPORT

DATE: 2/11/09

FURTHER:

DATE TURNED
IN TO OFFICE: _____

Finance Committee considered SENATE BILL NO. 45

SB 45 VETERANS' CEMETERIES/FUND/LICENSE PLATES

"An Act relating to state employment preferences for veterans, former prisoners of war, and members of the Alaska National Guard; authorizing the Department of Military and Veterans' Affairs to establish and maintain Alaska veterans' cemeteries; establishing the Alaska veterans' cemetery fund in the general fund; and authorizing the legislature to appropriate income from fees collected for commemorative veterans' plates to the Alaska veterans' cemetery fund."

and recommends:

[X] be **replaced** with [ ] **SCS** or [X] **CS** SB 45 (FIN)

[ ] adopt **previous** [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] attached amendment(s)

[ ] adopt _____ Letter of Intent

[ ] further referral to _____ Committee

SENATE BILL:
[X] Same Title
[ ] New Title

HOUSE BILL:
[ ] Same Title
[ ] Technical Title Change
[ ] New Title w/ SCR #_____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
MVA	2/11/09	V			1

[ ] **APPROPRIATION - no fiscal note**

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	Thomas	✓			
	Olson			✓	
	Ellis				✓
CO-CHAIR:		✓			
CO-CHAIR:	STEDMAN			✓	

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: CSSB 45(STA)
(S) Publish Date: 2/11/09

Identifier (file name): SB45-DMVA-VS-2-6-09
Dept. Affected: Dept of Military and Veterans Affairs

Title: An act relating to...authorizing DMVA to establish and maintain AK veterans' cemeteries; est AK cemetery fund...
RDU: Military and Veterans Affairs
Component: Veterans Services

Sponsor: Senator(s) Huggins, Therriault
Requester: State Affairs
Component Number: 421

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Travel	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Contractual	0.0	0.0	0.0	250.0	250.0	250.0	250.0
Supplies	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**250.0**	**250.0**	**250.0**	**250.0**
CAPITAL EXPENDITURES	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CHANGE IN REVENUES ( )	**0.0**	**0.0**	**0.0**	**0.0**	**10.0**	**10.0**	**10.0**
FUND SOURCE		(Thousands of Dollars)					
1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	0.0	250.0	240.0	240.0	240.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Interagency Receipts	0.0	0.0	0.0	0.0	10.0	10.0	10.0
TOTAL	**0.0**	**0.0**	**0.0**	**250.0**	**250.0**	**250.0**	**250.0**

Estimate of any current year (FY2009) cost: 0.0

POSITIONS

Full-time	0	0	0	0	0	0	0
Part-time	0	0	0	0	0	0	0
Temporary	0	0	0	0	0	0	0

ANALYSIS: *(Attach a separate page if necessary)*

This bill establishes establishes an Alaska cemetery fund.

Our estimate for the amount of special request plates commemorating Alaska veterans is based on 2 year history of special veterans plates purchased per DOA/Division of Motor Vehicles. DMVA estimates that 100 sets of plates will be purchased annually at $100/set.

Operations and maintenance of the Veteran's cemetery includes contracted services for maintenance, utilities, communications, supplies and materials is estimated at $250,000 per year beginning in FY2012. Out years reflect additional receipts from sale of special license plates.

Prepared by: McHugh Pierre, Legislative Liaison/Communications Director
Phone 465-4402
Division: National Guard Military Headquarters/Office of the Commissioner
Date/Time 2/06/09 @ 11:00 am
Approved by: Commissioner Craig Campbell
Department of Military and Veterans Affairs
Date 2/6/2009

(Revised 9/10/2008 OMB)

COMMITTEE COPY

2639

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: **SB45 (STA)**
() Publish Date:

Identifier (file name): SB45-DMVA-VS-2-23-09
Dept. Affected: Dept of Military & Veterans Affairs

Title: An act relating to...authorizing DMVA to establish and maintain AK veterans' cemeteries; estab AK cemetery fund...
RDU: Military and Veterans Affairs
Component: Veterans Services

Sponsor: Senator(s) Huggins, Therriault
Requester: State Affairs
Component Number: 421

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services	0.0		0.0	0.0	0.0	0.0	0.0
Travel	0.0		0.0	0.0	0.0	0.0	0.0
Contractual	0.0		0.0	250.0	250.0	250.0	250.0
Supplies	0.0		0.0	0.0	0.0	0.0	0.0
Equipment	0.0		0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0		0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0		0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0		0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**250.0**	**250.0**	**250.0**	**250.0**
CAPITAL EXPENDITURES	**750.0**		**5,000.0**	**0.0**	**0.0**	**0.0**	**0.0**
CHANGE IN REVENUES ( )	**0.0**	**0.0**	**0.0**	**0.0**	**10.0**	**10.0**	**10.0**

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	0.0		5,000.0	0.0	0.0	0.0	0.0
1003 GF Match	750.0		0.0	250.0	240.0	240.0	240.0
1004 GF	0.0		0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0		0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0		0.0	0.0	0.0	0.0	0.0
New - Vet Cemetery Fund	0.0		0.0	0.0	10.0	10.0	10.0
TOTAL	**750.0**	**0.0**	**5,000.0**	**250.0**	**250.0**	**250.0**	**250.0**

Estimate of any current year (FY2009) cost: 0.0

POSITIONS

Full-time	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Part-time	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0

ANALYSIS: *(Attach a separate page if necessary)*

This bill authorizes the department to establish and maintain veterans cemeteries, and establish an Alaska cemetery fund. The Department estimates the amount of special request plates commemorating Alaska veterans, based on a 2 year history of special veterans plates purchased per DOA/Division of Motor Vehicles, to be 100 sets of plates will be purchased annually at $100/set, or approximately $10.0 available to deposited in the fund.

The department's cost estimates of a veterans' cemetery include both capital and operating costs for a proposed cemetery in the Interior Region of Alaska that have been under discussion.

See next page -

Prepared by: McHugh Pierre, Legislative Liaison/Communications Director — Phone 465-4402
Division: National Guard Military Headquarters/Office of the Commissioner — Date/Time 2/23/09 @ 2:00 pm
Approved by: Commissioner Craig Campbell — Date 2/23/2009
Department of Military and Veterans Affairs

ANALYSIS CONTINUATION

Note: Costs and implementation dates below are based on a best case scenario of capital funding being available this next fiscal year. However, if funding is not available in FY2010 then all dates of implementation, i.e. capital and operating, will subsequently be pushed out further into the future.

Operating Estimates:
After construction is completed, the department estimates $250.0 for the state's share of annual operating costs, with the possibility of leveraging additional federal funds for operations and maintenance. The second year of operations reflects a fund source change of $10.0 from general funds to the new veteran's cemetery fund to reflect estimated receipts from fund for operational costs.

Capital Estimates:
Capital expenditures include costs of site feasibility/testing, design and planning of the project, and land transfer processing, estimated at $750.0 general fund match; and actual construction costs of $5 million in federal receipts. The construction costs do not include the cost of the land as proponents of the Interior cemetery are anticipating land donation.

Design goals include offering the most efficient and effective space utilization in all spects of the design concept.

Donated land will be processed by the Dept of Natural Resources at an estimated cost of $23.0. DMVA is committed to assisting DNR by covering this transfer cost.

The 750.0 GFM in FY2010 is requested for site planning, architectural and design work. This funding availability is required to reflect the state's commitment to future operations and to leverage the $5 million in federal funds for construction. For discussion purposes, the $750.0 GFM is reflected as one lump sum in the fiscal note; however, the funding could be spread across three years, but would result in a delay in the ability to leverage the federal funding for construction.

The state has the unique opportunity to leverage federal funding reimbursement in the future to offset operating costs, and $5 million in constructions costs, contingent upon the state's commitment to ongoing operations and maintenance of the facility. With state funding support, federal funds may be available for community support of the facility as well.

Adopted
2/25/09

26-LS0277\P.2
Bullock/Wayne
2/24/09

AMENDMENT 1

OFFERED IN THE SENATE BY SENATOR THOMAS

TO: CSSB 45(STA)

Page 1, following line 7:

Insert a new bill section to read:

"* **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section to read:

LEGISLATIVE INTENT. It is the intent of the legislature that, during fiscal year 2010, the Department of Military and Veterans' Affairs, in cooperation with federal authorities, begin the planning and design of an Alaska veterans' cemetery, authorized by AS 44.35.035, enacted by sec. 10 of this Act, to be located in or near Fairbanks, and that the Department of Military and Veterans' Affairs submit a report on the status of the cemetery project to the president of the senate and the speaker of the house of representatives before December 15, 2009."

Page 1, line 8:

Delete "**Section 1**"

Insert "**Sec. 2**"

Renumber the following bill sections accordingly.

By: Nadine Winters
Introduced: 03/12/09
Adopted: 03/12/09

FAIRBANKS NORTH STAR BOROUGH

RESOLUTION NO. 2009 - 08

A RESOLUTION SUPPORTING THE CREATION OF A STATE VETERANS' CEMETERY

WHEREAS, according to the Department of Veterans Affairs there are over 9,400 veterans living in the Fairbanks area; and

WHEREAS, according to the 2000 Census Alaska has the highest percentage of veterans per capita than any other state; and

WHEREAS, Interior Alaska veterans deserve access to a military cemetery that honors their service; and

WHEREAS, the nearest cemetery to Fairbanks is Fort Richardson National Cemetery located 350 miles away; and

WHEREAS, a State Veterans' Cemetery in the Interior would better serve the needs of veterans and their families, and provide a place that is centrally located in the Interior for soldiers to be laid to rest with full military funeral honors; and

WHEREAS, funding to establish and maintain a state veterans' cemetery could be made available through the U.S. Department of Veterans Affairs, State Cemetery Grants Program, and through money set aside from special license plates purchases and gifts designated to a special account; and

NOW, THEREFORE, BE IT RESOLVED that the Assembly of the Fairbanks North Star Borough supports the creation of a State Veterans' Cemetery in the Interior.

BE IT FURTHER RESOLVED that copies of this resolution shall be sent to the Honorable Governor Sarah Palin and the Alaska Interior Delegation.

PASSED AND APPROVED THIS 12th DAY OF MARCH 2009.

Kelly Brown, Deputy
Presiding Officer

ATTEST:

Mona Lisa Drexler, MMC
Municipal Borough Clerk

Ayes: Brown, Blanchard II, Musick, Sattley, Stringer, Wilson
Noes: None
Excused: Beck, Hopkins, Winters

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM February 3, 2009

SUBJECT: Veterans, former prisoners of war, and members of the national guard (SB 45)

TO: Senator Charlie Huggins
Attn: Sharon

FROM: Dan Wayne
Legislative Counsel

You have requested a sectional summary of the above-described bill.

As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

Section 1 would allow the legislature to appropriate, to the Alaska veterans' cemetery fund, fees from the sale of special request motor vehicle license plates that commemorate Alaska veterans.

Sec. 2 adds certain gifts, donations and grants related to establishing and maintaining Alaska veterans' cemeteries to the list, under AS 37.05.146(c), of programs for which receipts are accounted for separately. (Receipts from programs on this list are not appropriated from the unrestricted general fund).

Sec. 3 creates a special account in the general fund called the Alaska veterans' cemetery fund., from which amounts may be appropriated for building and operating Alaska veterans' cemeteries.

Sec. 4 adds a requirement that state personnel rules must provide for the grant of employment preference rights to members of the national guard under AS 39.25.159, a statute under which veterans, former prisoners of war and members of the national guard already receive preference when they apply for a position, either in the form of extra points being added to their numerical rating (when assessments using numerical ratings are used in hiring), or, when hiring is based on assessments that are not based on numerical ratings, a guarantee that they will be considered for the position.

Sec. 5 and 6 amend AS 39.25.159, a statute with the catch line "employment preference for veterans and former prisoners of war," by combining repetitious language from subsections (a) and (c) and moving it to a new subsection, and changing "preference," in subsections (a) and (c), to the more explicit "employment preference as a matter of form."

Sec. 7 defines "member of the national guard" under AS 39.25.159.

Sec. 8 adds two new subsections to AS 39.25.159. Subsection (e) consolidates and restores language that the bill, as noted above, removes from AS 39.25.159(c) and (d). Subsection (f) limits the applicability of subsections (a), (c), and (e) so that they may not be interpreted to amend the terms of a collective bargaining agreement.

Sec. 9 adds language permitting the department of military and veterans affairs to establish and maintain Alaska veterans' cemeteries, allowing the department to raise funds for that purpose, and listing administrative duties and options of the department, including the duty, or in some instances the option, to adopt regulations.

If I may be of further assistance, please advise.

DCW:plm
09-063.plm

ALASKA STATE LEGISLATURE

Senate District H
600 E. Railroad Avenue
Wasilla AK 99654
907-376-4866
907-373-4724 :Fax

State Capitol
Juneau AK 99801-1182
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800-862-3878

Charlie Huggins
Senator

SB 45

Changes in CS vs/P

pg. 8, Sect 9, line 10: added reference to 38.USC.2408 in invoke federal standards for veterinary cemeteries

pg. 8, Sect 9, lines 18,19: deleted redundant language. The deleted language is covered by the provisions of the USC previously noted

Senator_Charlie_Huggins@legis.state.ak.us

26th ALASKA STATE LEGISLATURE
STATE SENATE

www.aksenateminority.com www.aksenate.org

Senator Charlie Huggins 907-465-3878
907-465-4797

Senator Gene Therriault

For Immediate Release: February 10, 2009 **Press Contacts: John Manly 465-5369 or Tim Barry 465-3803**

Bill to Establish Veterans' Cemetery in Interior Moves Out of Senate State Affairs Committee

JUNEAU – Legislation under which the State of Alaska would authorize the establishment and maintenance of a veterans' cemetery to serve the Interior and northern Alaska was approved by the Senate State Affairs committee.

SB 45, Sponsored by Sen. Charlie Huggins, R-Wasilla, and Sen. Gene Therriault, R-North Pole, gives the Department of Military and Veterans' Affairs the authority to establish veterans' cemeteries and to set up a fund to provide for maintenance of the cemeteries. The bill also allows the Legislature to appropriate income from the sale of veterans' commemorative license plates to the cemetery fund and clarifies veterans' hiring preferences in state statutes.

"In addition to clarifying veterans' hire preferences, SB 45 sets up a mechanism to create and fund a veterans' cemetery in the Interior to complement the national cemeteries in Sitka and at Ft. Richardson," Huggins said. "This is an appropriate use of the revenues generated by the sale of special veterans' license plates, and a good way for us to express our appreciation for the service of these veterans."

"It is estimated there are about 100,000 veterans in Alaska, including roughly 11,000 in the Interior," Therriault said. "We should be prepared to honor them as they deserve for their sacrifices made in defense of our nation. I appreciate the quick action by the State Affairs committee to move the bill forward."

SB 45 has next been referred to the Senate Labor and Commerce committee.

###

JOINT LEGISLATIVE ISSUES FOR 2009 SESSION

The American Legion, Veterans of Foreign Warsand Disabled American Veterans

Support Statements

1. ***State Veterans' Service Officers Grant***: For over 50 years, Alaska service organizations have been assisting our state veterans with much needed assistance in receiving state and federal benefits to which they are entitled. Each year, through the assisted representation of these State Service Officers, our veterans have received over 25 million dollars in federal benefits. VA statistics have shown that veterans representing themselves receive some $7,000 less in annual benefits than those represented by a State Service Officer. This coming year, we are budgeted the same grant amount as last year, $651,000, which is part of the Governor's budget under the Department of Military and Veterans Affairs. These dollars will provide salaries and travel for the Joint Venture for the coming year. Our Service Officers cover the entire state, working closely with our members, the Alaska Department of Labor and the Department of Veterans Affairs, providing services to our State's veterans. This coming year will be exceptionally important as we provide for our returning Gulf veterans, assisting them with the complex laws and paperwork necessary to receive all of the benefits to which they are entitled. ***Therefore, we ask the full support of our Legislature in approving the Governor's budget proposed grant of $651,000.***

2. ***Property Tax exemption***: Currently, veterans rated by the Department of Veterans Affairs at 50% or more disabled and senior citizens 65 and older receive a tax exemption on the first $150.000.00 of their annual property tax. Our concern is the loss of this exemption. This could be devastating to both the seniors and veterans who, in many cases, receive the lowest of incomes, with many living on fixed incomes and concerned about loosing there existing home mortgages. ***Therefore, we request the tax exemption for the Disabled Veterans and Seniors remains***.

3. ***Flag Amendment:*** The flag amendment is an issue unresolved. Over 80% of Americans polled believe that our flag should be protected by amending our Constitution. We do not expect this issue to go unresolved forever; however, should it pass the United States Congress to constitutionally protect our flag, we request that Alaska be the first State to ratify the amendment to the Constitution. ***Therefore, we ask our Legislature that, if Congress passes the amendment, our Alaska Legislature be the first to ratify that amendment.***

4. ***State Veterans Cemetery:*** If the issue of establishing a State Veterans Cemetery comes before legislature we request the legislature to consider supporting such legislation.

AARP Alaska
3601 C Street
Suite 1420
Anchorage, AK 99503

T 1-866-227-7447
F 907-341-2270
TTY 1-877-434-7598
www.aarp.org/ak

February 5, 2009

The Honorable Linda Menard, Chair
Senate State Affairs Committee
Alaska State Capitol, Room 9
Juneau, AK 99801-1182

RE: SB45 (Therriault and Huggins)--Support

Dear Chair Menard:

On behalf of the AARP members of Alaska, we urge you and your colleagues on the Senate State Affairs Committee to support SB 45, authored by Senators Gene Therriault and Charlie Huggins.

SB 45 would establish a fund for the maintenance of and development of future veterans' cemeteries in Alaska. As you know, the only veterans' cemeteries are in Anchorage and Sitka yet the Fairbanks area alone has over 11,000 veterans, many of whom are AARP members. Certainly veterans and their families would like to have a cemetery closer to where they live.

Burial in a veterans' cemetery is one of the last honors we can offer our fellow citizens who have served in the Armed Forces. We think it is a well-deserved tribute to these men and women who served our country. It is a proper thank-you to the veterans and their families.

Undoubtedly there may be some costs associated with a new cemetery. SB 45 does provide some provisions for partial funding although additional funding might be required. Our veterans didn't weigh the costs when they joined the armed services. Surely we can bear the costs of this final thank-you to them.

SB 45 also has provisions for state employment preferences. AARP has no official position on this.

AARP recommends an "AYE" vote on SB 45.

Should you have any questions about our position, please feel free to contact me (586-3637) or Patrick Luby, AARP Advocacy Director (907-762-3314).

Thank you for your consideration.

Sincerely,

Marie Darlin

Marie Darlin, Coordinator
AARP Capital City Task Force
415 Willoughby Avenue, Apt. 506
Juneau, AK 99801
586-3637 (voice)
463-3580 (fax)

CC: Vice-Chair Kevin Meyer
Senator Hollis French
Senator Albert Kookesh
Senator Joe Paskvan
Senator Gene Therriault
Senator Charlie Huggins

STATE OF ALASKA
DEPT. OF HEALTH & SOCIAL SERVICES

Alaska Commission on Aging

SARAH PALIN, GOVERNOR

P.O. BOX 110693
JUNEAU, ALASKA 99811-0693
PHONE: (907) 465-3250
FAX: (907) 465-1398

February 23, 2009

Senator Charlie Huggins
Alaska State Capitol, Room 119
Juneau, Alaska 99801-1182

Subject: Support for SB 45

Dear Senator Huggins:

The Alaska Commission on Aging (ACoA) encourages support for SB 45 sponsored by you and Senator Therriault to establish, maintain, and develop the Alaska veterans' cemetery fund.

Although Alaskan veterans come from all areas of the state, the only designated veteran cemeteries in Alaska are located in Anchorage and Sitka. We believe that veterans and their families would appreciate having a cemetery closer to where they live. Burial in a veterans' cemetery is a well-deserved honor and tribute to those who have served our country and their families.

Partial funding for this program would come from the sales of special request plates commemorating Alaska veterans, according to estimates provided by the bill's fiscal note, and additional funding may be required. Nevertheless, persons who joined the armed forces did not allow the personal costs of their service to dissuade their decision to serve and protect our nation.

ACoA supports SB 45 and believes that establishment of a veterans' cemetery is our responsibility and obligation to honor veterans through this final gesture of gratitude. Please feel free to contact Denise Daniello, ACoA's executive director (465-4879), should you have any questions regarding our position. Thank you for your consideration.

Sincerely,

Sharon Howerton-Clark
Chair, Alaska Commission on Aging

Sincerely,

Denise Daniello,
ACoA Executive Director

MARK BEGICH
ALASKA

SUITE SH-825
HART BUILDING
WASHINGTON, DC 20510
(202) 224-2004

United States Senate

WASHINGTON, DC 20510

February 20, 2009

The Honorable Sarah Palin
Governor
State of Alaska
P.O. Box 110001
Juneau, AK 99811

Dear Governor Palin:

I write to underscore the request of a Fairbanks veteran to urge your support and action to advance an Alaska State Veterans Cemetery, likely to be located in Alaska's Interior. During my Veterans Town Hall meeting in Fairbanks earlier this week, veteran Morgan Solomon asked that I approach you about this issue. His request, in firm and colorful language, received the overwhelming support of the more than 40 veterans in attendance, and my support as well.

As you know, at issue is a federal program which provides support to states to establish veterans' cemeteries. I commend you for including $250,000 in your original Fiscal 2010 capital budget submission for initial architecture and engineering for this cause. But I was disappointed that you eliminated it in your revised budget as part of your overall budget cutting exercise. Meanwhile, I understand the Alaska Department of Military and Veterans Affairs can submit a grant pre-application to the U.S. Department of Veterans Affairs for construction of the cemetery, but has not yet done so.

The VA estimates that 1,500 veterans will die in the next 10 years in the Fairbanks area. A Veterans Cemetery in the Interior is broadly supported by Alaska's veterans community and would serve as a relatively affordable yet highly visible way to demonstrate our respect to the men and women who have served and sacrificed so much for our state and nation.

As a member of the U.S. Senate Committee on Veterans Affairs, I am pleased to work with you and your departments on this vital issue and to ensure that a pre-application is well received by the VA when it is submitted.

Thank you for your attention to this matter.

Sincerely,

Mark Begich
U.S. Senator

CC:
Morgan Solomon
LTG (AK) Craig Christianson, DMVA
Senator Gary Stevens, President, Alaska State Senate
Senator Joe Thomas
Senator Charlie Huggins
Representative Mike Chenault, Speaker, Alaska House of Representatives
Representative David Guttenberg

AMENDMENT

OFFERED IN THE SENATE BY SENATOR THOMAS

TO: CSSB 45(STA)

Page 1, following line 7:

Insert a new bill section to read:

"* **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section to read:

LEGISLATIVE INTENT. It is the intent of the legislature that, during fiscal year 2010, the Department of Military and Veterans' Affairs, in cooperation with federal authorities, begin the planning and design of an Alaska veterans' cemetery, authorized by AS 44.35.035, enacted by sec. 10 of this Act, to be located in or near Fairbanks, and that the Department of Military and Veterans' Affairs submit a report on the status of the cemetery project to the president of the senate and the speaker of the house of representatives before December 15, 2009."

Page 1, line 8:

Delete "**Section 1**"

Insert "**Sec. 2**"

Renumber the following bill sections accordingly.

SB

50

<target><bill>SB 50</bill><subject>SB
50</subject><comm>SFIN26</comm></target>

ALASKA STATE LEGISLATURE

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Wasilla AK 99654
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Senator_Charlie_Huggins@legis.state.ak.us

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www.akrepublicans.org/huggins/

Charlie Huggins
Senator

Sponsor Statement
SB 50
IDITAROD FINISHER LICENSE PLATES

By passage of this legislation, a new provision is added for special issue license plates to honor those who have shown the dedication, perseverance and exemplary athletic ability that finishing the Iditarod Trail Sled Dog Race requires.

Design work for the new plate must be approved by the Department of Administration. It's anticipated that the Iditarod Trail Committee and the Iditarod Official Finishers Club will be advisors and participants in the design. The finishers will be able to purchase these exclusive specialty plates by providing specific proof of participation and completion of the race. The race finisher must have an automobile registered in the state of Alaska on which the plates would be displayed.

I request your support for this new category of specialty license plates honoring mushers who have endured the challenges and shown the courage and ability to complete what is affectionately known as the "last great race," the Iditarod Trail Sled Dog Race.

2/24/2009

SENATE FINANCE COMMITTEE REPORT

DATE: 2/25/09

FURTHER:

DATE TURNED
IN TO OFFICE: _____

Finance Committee considered SENATE BILL NO. 50

SB 50 IDITAROD REGISTRATION PLATES

"An Act relating to Iditarod finisher special request license plates."

and recommends:

[ ] be **replaced** with [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] adopt **previous** [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] attached amendment(s)

[ ] adopt _____Letter of Intent

[ ] further referral to _____Committee

SENATE BILL:
[ ] Same Title
[ ] New Title

HOUSE BILL:
[ ] Same Title
[ ] Technical Title Change
[ ] New Title w/ SCR #_____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
FAD M	2/25/09			✓	1

[ ] **APPROPRIATION - no fiscal note**

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC.	AMEND
	Thomas				✓
	Olson			✓	
	Ellis			✓	
CO-CHAIR:		✓			
CO-CHAIR:	Stedman	✓			

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: SB 50
(S) Publish Date: 2/25/09

Identifier (file name): **SB050-DOA-DMV-02-23-09**
Dept. Affected: Administration
Title "An Act relating to Iditarod finisher special request license plates."
RDU Motor Vehicles
Component Division of Motor Vehicles
Sponsor Sen(s): Huggins
Requester S (STA)
Component Number 2348

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2009) cost: 0.0

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This bill does not fiscally impact the Division of Motor Vehicles (DMV). Revenue derived from the sale of the Iditarod Finisher Plate is expected to be minimal.

Prepared by: Whitney Brewster
Phone 907-269-5559
Division Motor Vehicles
Date/Time 2/23/09 12:00 PM
Approved by: Kevin Brooks
Date 2/23/2009
Deputy Commissioner

(Revised 9/10/2008 OMB)

2659

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM February 4, 2009

SUBJECT: Sectional Summary - SB 50 (Work Order No. 26-LS0319\A)

TO: Senator Charlie Huggins
Chair of the Senate Rules Committee

FROM: Gerald P. Luckhaupt
Legislative Counsel

You have requested a sectional summary of the above-described bill. As a preliminary matter, please note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill - the bill itself is the best statement of its contents.

Section 1. Authorizes the Department of Administration to issue special request Iditarod race finisher license plates.

Section 2. Sets the fee for the special request Iditarod race finisher license plates authorized in section 1.

GPL:ljw
09-067.ljw

Alaska State Legislature
Senate Bipartisan Working Group News

Tim Barry, Senate Majority Press Secretary
Room 413, State Capitol Building
Juneau, AK 99801

Web Site: http://www.aksenate.org
Phone: 907.465.3803
Email: Tim.Barry@legis.state.ak.us

FOR IMMEDIATE RELEASE: Feb. 26, 2009 **CONTACT:** Tim Barry, Press Secretary: 907.465.3803

Senate Works on Bill to Provide Special Iditarod Finisher License Plates

(JUNEAU) – With the start of this year's Iditarod Trail Sled Dog Race just a few days away, Alaska's legislators are considering a bill that would create special license plates for people who are official finishers of the Iditarod.

"I am proud that the district I represent is home to the start of the 'last great race'," said Senator Charlie Huggins (R-Mat-Su), sponsor of the legislation. "It is fitting that we honor the more than 600 hearty souls who have finished this grueling competition which is so synonymous with our state."

Senate Bill 50 would allow Iditarod finishers, upon proving that they have finished the race, to get a special "Iditarod finisher" license plate for $50. Presently, there are specialty plates for National Guard members, military veterans, Purple Heart recipients and custom collector vehicles.

SB 50 was passed out of the Senate State Affairs Committee Tuesday, and will be considered next by the Finance Committee. "I am pleased the bill is before us now, during Iditarod season; it adds to the celebration of the start of the 37th running of this great competition," said Senator Huggins. "A lot of folks who have run the race have expressed enthusiasm about getting one of these license plates, which highlights the pride Alaskans have for the Iditarod and the state as a whole."

For more information, contact Senator Huggins or Sharon Long at 907-465-3878.

###

SB 57

<target><bill>SB 57</bill><subject>SB
57</subject><comm>SFIN26</comm></target>

ALASKA STATE LEGISLATURE

SENATOR JOE THOMAS

Sectional Analysis
SB 57

Section 1

Subsection (c) states that charter schools with fewer than 150 students will have their student count adjusted by the same per-student rate as neighborhood schools with 400 students.

Under the school size factor statute, AS 14.17.450(a), the per-student rate of adjustment for 400-student neighborhood schools is 1.18, which means their student enrollment is multiplied by 1.18 to determine their "adjusted student count." The adjusted student count is the basis for the calculation of state funding provided to school districts.

Subsection (d) is an exception to subsection (c) for charter schools that are either in their first year of operation or had more than 150 students the previous year. It grants these charter schools a one-year hold-harmless period, during which they will receive 95% of the per-student rate of neighborhood schools with 150 students.

Under the school size factor statute, the per-student rate of adjustment for 150-student neighborhood schools is 1.45, and 95% of that rate is 1.38. Charter schools in the hold-harmless year will have their enrollment multiplied by 1.38 to determine their adjusted student count.

Subsection (d) requires charter schools that are in the hold-harmless year to submit a plan for the following year to their local school board. The plan must describe what will happen the following year if the school again has fewer than 150 students and no longer qualifies for the hold-harmless provision.

Subsection (e) defines the term "student rate." The student rate is the base plus the multiplier under AS 14.17.450(a) divided by the student count.

Section 2:

This is a technical amendment creating the exception from the existing requirement that charter schools have at least 150 students to have their own adjusted student count calculation. Without this amendment, the Department of Education would continue to calculate school funding as if the students at charter schools under 150 attended the largest school in their district.

January – May: State Capitol – Juneau, Alaska 99801 – (907) 465-2327 – 1 (800) 336-7383 – Fax (907) 465-5241
June – December: 1292 Sadler Way Ste 203 – Fairbanks, Alaska 99701 – (907) 456-8161 – Fax (907) 456-8163
Senator.Joe.Thomas@legis.state.ak.us

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: SB 57
(S) Publish Date: 2/2/09

Identifier (file name): SB057-EED-ESS-01-22-09
Title: An Act realting to charter school funding.
Sponsor: Senator Thomas
Requester: Education, Finance

Dept. Affected: Education & Early Development
RDU: K-12 Support
Component: Foundation Program
Component Number: 141

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims	714.3	0.0					
Miscellaneous							
TOTAL OPERATING	**714.3**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF	714.3	0.0					
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**714.3**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2009) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This bill would increase funding for those charter schools with an Average Daily Membership [ADM] under 150 through the school size adjustment mechanism.

There are two methods to determine eligibility:

1) If the charter school is under 150 ADM, then the ADM count will be multiplied by 1.18.

OR

2) If the charter school has an ADM of 120 but less than 150 and in the 1st year of operation; or had an ADM count of 150 in the prior year but fell below in the current fiscal year, then the ADM count will be multiplied by 1.38.

The GF appropriation capitalizes on the Public Education Fund [PEF].

Prepared by: Eddy Jeans, Director
Division: School Finance
Approved by: Larry LeDoux, Commissioner

Phone: 465-8679
Date/Time: 1/22/09 12:00 AM
Date: 1/22/2009

(Revised 9/10/2008 OMB)

Department of Education & Early Development
Prepared 1/22/09

Prepared by School Finance

District/School Name	FY09 Charter School ADM	FY10 Charter School ADM	x 1.18 Cost if Eligible under Sec. 1 ('c)	x 1.38 Cost if Eligible under Sec. 1 (d)
ANCHORAGE				
Alaska Native Charter School [Eff. FY09]	160.70	180.00		
Aquarian Charter	361.15	360.00		
Highland Tech Charter	240.20	260.00		
Winterberry Charter	184.50	200.00		
Eagle Academy Charter	164.00	165.00		
Rilke Schule Charter	209.90	240.00		
FAIRBANKS				
Chinook Montessori Charter School	153.20	153.00		
Star of the North Secondary School (charter)	200.55	201.00		
Effie Kokrine Charter School	140.65	145.00	$ 350,590	
Watershed Charter School [to open in FY10]	-	155.00		
JUNEAU				
Juneau Community Charter School	68.00	78.00	$ 194,684	
KENAI				
Aurora Borealis Charter (soldotna)	184.00	185.00		
Kaleidoscope Charter School	233.00	248.00		
Fireweed Academy Charter (Homer)	72.75	76.00	$ 147,231	
Soldotna Montessori Charter	161.60	161.00		
KETCHIKAN				
Tongass School of Arts & Sciences Charter	152.40	150.00		
Ketchikan Charter School	173.30	170.00		
LOWER KUSKOKWIM				
Ayaprun Elitnaurvik Yup'ik Immersion (bethel)	172.05	172.00		
MAT-SU				
Academy Charter School	228.95	231.00		
Fronteras Charter School	186.85	187.00		
Midnight Sun Charter School	165.00	165.00		
NOME				
Anvil City Science Academy	44.00	44.00	$ 21,796	
Total Revenue			**$ 714,301**	

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: SB57 - Amended
Bill Version:
() Publish Date:

Identifier (file name): SB057-EED-ESS-3-31-09
Title: An Act realting to charter and alternative school funding.
Sponsor: Senator Thomas
Requester: Senate Finance

Dept. Affected: Education & Early Development
RDU: K-12 Support
Component: Foundation Program
Component Number: 141

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims	1,314.3	0.0	1,314.3	1,314.3	1,314.3	1,314.3	1,314.3
Miscellaneous							
TOTAL OPERATING	**1,314.3**	**0.0**	**1,314.3**	**1,314.3**	**1,314.3**	**1,314.3**	**1,314.3**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

DRAFT

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF	1,314.3	0.0	1,314.3	1,314.3	1,314.3	1,314.3	1,314.3
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**1,314.3**	**0.0**	**1,314.3**	**1,314.3**	**1,314.3**	**1,314.3**	**1,314.3**

Estimate of any current year (FY2009) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This bill would increase funding for charter and alternative schools.

Alternative schools with an Average Daily Membership [ADM] of 175 or greater will adjust through the school size table independently.

If the alternative school has an ADM of 120 but less than 175 and in the 1st year of operation; or had an ADM count of 175+ in the prior year but fell below 175 in the current fiscal year, then the ADM count will be multiplied by 1.33.

If the charter school is under 150 ADM, then the ADM count will be multiplied by 1.18.

Otherwise if the charter school has an ADM of 120 but less than 150 and in the 1st year of operation; or had an ADM count of 150+ in the prior year but fell below in the current fiscal year, then the ADM count will be multiplied by 1.38.

Prepared by: Eddy Jeans, Director — Phone 465-8679
Division: School Finance — Date/Time 3/16/09 12:00 AM
Approved by: Larry LeDoux, Commissioner — Date 3/16/2009

(Revised 9/10/2008 OMB)

2666

Department of Education & Early Development Prepared by School Finance
Prepared 1/22/09

DRAFT

District/School Name	FY09 Charter School ADM	FY10 Charter School ADM	x 1.18 Cost if Eligible under Sec. 1 ('c)	x 1.38 Cost if Eligible under Sec. 1 (d)
ANCHORAGE				
Alaska Native Charter School [Eff. FY09]	160.70	180.00		
Aquarian Charter	361.15	360.00		
Highland Tech Charter	240.20	260.00		
Winterberry Charter	184.50	200.00		
Eagle Academy Charter	164.00	165.00		
Rilke Schule Charter	209.90	240.00		
FAIRBANKS				
Chinook Montessori Charter School	153.20	153.00		
Star of the North Secondary School (charter)	200.55	201.00		
Effie Kokrine Charter School	140.65	145.00	$ 350,590	
Watershed Charter School [to open in FY10]	-	155.00		
JUNEAU				
Juneau Community Charter School	68.00	78.00	$ 194,684	
KENAI				
Aurora Borealis Charter (soldotna)	184.00	185.00		
Kaleidoscope Charter School	233.00	248.00		
Fireweed Academy Charter (Homer)	72.75	76.00	$ 147,231	
Soldotna Montessori Charter	161.60	161.00		
KETCHIKAN				
Tongass School of Arts & Sciences Charter	152.40	150.00		
Ketchikan Charter School	173.30	170.00		
LOWER KUSKOKWIM				
Ayaprun Elitnaurvik Yup'ik Immersion (bethel)	172.05	172.00		
MAT-SU				
Academy Charter School	228.95	231.00		
Fronteras Charter School	186.85	187.00		
Midnight Sun Charter School	165.00	165.00		
NOME				
Anvil City Science Academy	44.00	44.00	$ 21,796	
Total Revenue			**$ 714,301**	

Department of Education & Early Development Prepared by School Finance
Prepared 3/31/09

DRAFT

District & Alternative School Name	FY09 Alternative School ADM	FY10 Alternative School ADM	x 1.33 Cost if Eligible under Sec. 1 (d)	175-200 ADM Cost if Eligible under Sec. 2
ANCHORAGE				
A.V.A.I.L.	59.10	54.00		
Polaris K-12	479.00	480.00		
Steller Secondary	293.25	292.00		
Continuation Program	32.20	26.00		
COHO	40.05	35.00		
Whaley Center	468.83	485.25		
Benny Benson Secondary/S.E.A.R.C.H.	232.75	230.00		
Crossroads School	52.65	51.00		
S.A.V.E.	237.85	227.00		
CRAIG				
PACE Alternative High School	8.50	8.50		
DELTA/GREELY				
New Horizons High School	24.80	24.00		
FAIRBANKS				
Alternative Learning Systems	105.60	107.00		
JUNEAU				
Yaakoozge Daahakidi Alt High School	140.35	150.00		
KENAI				
Homer Flex	36.30	31.00		
Kenai Alternative School	98.20	67.00		
Peninsula Optional HS	37.05	38.00		
KETCHIKAN				
Revilla High School (Alt.)	66.55	86.00		
LOWER KUSKOKWIM				
Bethel Alternative Boarding School	33.80	33.00		
MAT-SU				
Mat-Su Day School	37.55	40.00		
Valley Pathways Alternative School	205.90	204.00		
Burchell Alternative High School	220.75	211.00		
Mid-Valley Alternative High School	193.55	174.00	$ 600,002	
NORTH SLOPE				
Kiita Learning Community	57.50	53.00		
SITKA				
Pacific Alternative	37.75	35.00		
Total Revenue			**$ 600,002**	

4/1/09

MATANUSKA-SUSITNA BOROUGH SCHOOL DISTRICT
501 N. GULKANA
PALMER, ALASKA 99645
Office of the School Board
(907) 746-9272 Fax (907) 761-4076

MATANUSKA-SUSITNA BOROUGH SCHOOL DISTRICT
RESOLUTION NO. 09-002

A RESOLUTION OF THE MATANUSKA-SUSITNA BOROUGH SCHOOL BOARD IN SUPPORT OF SENATE BILL NO. 57 "AN ACT RELATING TO CHARTER SCHOOL FUNDING."

WHEREAS, the Matanuska-Susitna Borough School Board invites support of Senate Bill No. 57 "An Act Relating To Charter School Funding"; and

WHEREAS, charter schools give opportunities outside of the traditional public schools for innovative programs to be implemented; and

WHEREAS, charter schools gain momentum and interest from a broader larger audience as a program is developed in the initial year of operation; and

WHEREAS, charter schools like all schools have fluctuations in enrollment and losing program gravity because of a slight drop in enrollment below 150 students for one year could have a longer term detrimental impact on the school; and

WHEREAS, a school that is not recognized as a school site for funding purposes receives a reduced financial allocation; and

WHEREAS, being recognized as a school site gives economic relief by bringing a greater dollar amount to the school allowing for more comprehensive and adequate funding; and

WHEREAS, this Bill offers the initial year of operation for a charter school as an opportunity to build community support and student numbers and ultimately strengthens the quality of the program and the potential for program and student accomplishment; and

WHERAS, encouragement is offered to add language to this Bill to lower the enrollment for alternative school's recognition as a school site from 200 students to 175 as a measure to support an alternative school's need for a smaller learning community.

THEREFORE BE IT RESOLVED that the Matanuska-Susitna Borough School Board supports Senate Bill No. 57 "An Act Relating to Charter School Funding."

ADOPTED by the Matanuska-Susitna Borough School Board this 18th day of February, 2009.

Jim Colver, Board President

George Troxel, Superintendent

ATTEST:

Stacy Escobedo, Board Secretary

(copy on File)

2669

Adopted

26-LS0238\E.2
Mischel
3/27/09

AMENDMENT 1

OFFERED IN THE SENATE BY SENATOR Huggins

TO: SB 57

Page 1, line 1, following "**charter**":

Insert "**and alternative**"

Page 2, following line 6:

Insert a new subsection to read:

"(e) If an alternative school has a student count of more than 120 but less than 175 for the current year and is in the first year of operation, or had a student count of 175 or more in the previous year of operation, the adjusted student count for the school shall be calculated by multiplying the student count by 95 percent of the student rate for a school that has a student count of 175."

Reletter the following subsection accordingly.

Page 2, line 7:

Delete "(c) and (d)"

Insert "(c) - (e)"

Page 2, line 10:

Delete "AS 14.17.905(b)"

Insert "AS 14.17.905"

Page 2, following line 10:

Insert new material to read:

"**Sec. 14.17.905. Facilities constituting a school.** (a) For purposes of this chapter, the determination of the number of schools in a district is subject to the following:

(1) a community with an ADM of at least 10, but not more than 100, shall be counted as one school;

(2) a community with an ADM of at least 101, but not more than 425, shall be counted as

(A) one elementary school, which includes those students in grades kindergarten through six; and

(B) one secondary school, which includes students in grades seven through 12;

(3) in a community with an ADM of greater than 425, each facility that is administered as a separate school shall be counted as one school, except that each alternative school with an ADM of less than **175** [200] shall be counted as a part of the school in the district with the highest ADM."

SENATE FINANCE COMMITTEE REPORT

DATE: 2/2/09

FURTHER:

DATE TURNED IN TO OFFICE: 4/1/09

Finance Committee considered SENATE BILL NO. 57

SB 57 CHARTER SCHOOL FUNDING

"An Act relating to charter school funding."

and recommends:

[X] be **replaced** with [ ] **SCS** or [X] **CS** SB 57 (FIN)

[ ] adopt **previous** [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] attached amendment(s)

[ ] adopt _____Letter of Intent

[ ] further referral to _____Committee

SENATE BILL:
[ ] Same Title
[X] New Title

HOUSE BILL:
[ ] Same Title
[ ] Technical Title Change
[ ] New Title w/ SCR #_____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
EED	4/1/09	✓			

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

[ ] **APPROPRIATION - no fiscal note**

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	Huggins	✓			
	Thomas	✓			
	OLSON	✓			
	ELLIS	✓			
CO-CHAIR:		✓			
CO-CHAIR:		✓			

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: SB57 - Amended
() Publish Date:

Identifier (file name): SB057-EED-ESS-3-31-09
Title: An Act realting to charter and alternative school funding.
Sponsor: Senator Thomas
Requester: Senate Finance

Dept. Affected: Education & Early Development
RDU: K-12 Support
Component: Foundation Program
Component Number: 141

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims	1,314.3	0.0	1,314.3	1,314.3	1,314.3	1,314.3	1,314.3
Miscellaneous							
TOTAL OPERATING	**1,314.3**	**0.0**	**1,314.3**	**1,314.3**	**1,314.3**	**1,314.3**	**1,314.3**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF	1,314.3	0.0	1,314.3	1,314.3	1,314.3	1,314.3	1,314.3
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**1,314.3**	**0.0**	**1,314.3**	**1,314.3**	**1,314.3**	**1,314.3**	**1,314.3**

Estimate of any current year (FY2009) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This bill would increase funding for charter and alternative schools.

Alternative schools with an Average Daily Membership [ADM] of 175 or greater will adjust through the school size table independently.
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Otherwise if the charter school has an ADM of 120 but less than 150 and in the 1st year of operation; or had an ADM count of 150+ in the prior year but fell below in the current fiscal year, then the ADM count will be multiplied by 1.38.

The GF appropriation capitalizes on the Public Education Fund [PEF].

Prepared by: Eddy Jeans, Director — Phone 465-8679
Division: School Finance — Date/Time 4/1/09 12:00 AM
Approved by: Larry LeDoux, Commissioner — Date 4/1/2009

(Revised 9/10/2008 OMB)

2673

Department of Education & Early Development Prepared by School Finance
4/1/2009

District/School Name	FY09 Charter School ADM	FY10 Charter School ADM	x 1.18 Cost if Eligible under Sec. 1 ('c)	x 1.38 Cost if Eligible under Sec. 1 (d)
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Department of Education & Early Development
Prepared 4/1/09

Prepared by School Finance

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NORTH SLOPE				
Kiita Learning Community	57.50	53.00		
SITKA				
Pacific Alternative	37.75	35.00		
Total Revenue			**$ 600,002**	

4/1/09

Doyon, Limited

1 Doyon Place, Suite 300
Fairbanks, Alaska 99701-2941
(907) 459-2000
www.doyon.com

Norm Phillips, Jr.
President and CEO
E-mail: phillipsn@doyon.com
Direct Dial: (907) 459-2004
Fax: (907) 459-2060

March 25, 2009

Senator Joe Thomas
State Capitol, Room 510
Juneau, AK 99801-1182

Dear ~~Senator~~ Joe Thomas:

Thank you for introducing SB 57, this bill directly aligns with Doyon, Limited's mission statement, which includes promoting the economic and social well-being of our shareholders and future shareholders. The Effie Kokrine Charter School is important to the Alaska Native community in the interior. With almost 25% of our 17,500 shareholders residing in the Fairbanks community we believe that a culturally sensitive school is essential to the well-being of our shareholders.

Therefore, on behalf of our shareholders, Doyon, Limited supports SB 57.

Thank you again and please let me know if we can do anything else to help. I can be reached at (907) 459-2000 or by e-mail at phillipsn@doyon.com.

Sincerely,

Norman L. Phillips, Jr.
President and CEO

cc: Linda Evans, Principal, Effie Kokrine Charter School

4/1/09

Early Childhood Development Commission

520 Fifth Ave. PO Box 71267 Fairbanks, Alaska 99707-1267 (907) 459-1474 FAX (907) 459-1280

March 26, 2009

To the honorable members of the House Finance Committee:

Thank you for the opportunity to speak to you on the federal stimulus funding. My name is Cheryl Keepers, and I am here today in my role of staff to the FNSB Early Childhood Development Commission.

I urge you to accept the stimulus dollars, especially those that could benefit our youngest citizens. Science confirms what our grandmothers told us - that the early years in a child's life are critical in the physical, emotional, cognitive and social development of that individual.

While Alaska has many different programs that serve families with young children, there is no early education system. The one-time stimulus dollars would be well used to lay some of the foundation for such a system.

Examples are many, but in the interest of time I'll mention two:

One way to move a system forward would be to pilot the child care Quality Rating and Improvement System developed for Alaska, as recently released by the Department of Health & Social Services.

Another step toward creating that foundation would be to support the work of Best Beginnings, a private-public partnership. They have requested $400,000 in the Department of Education & Early Development for early literacy and for early childhood coalitions in local communities to increase collaboration, local decision-making, and efficient use of resources, with the long term goal of developing of a statewide system of early learning.

We should not miss this opportunity to use short-term stimulus funding to move forward on Alaska's needs for young children and their families.

A final note: yesterday we heard that the Senate may be considering using stimulus funds for the child care assistance rate increase. While this increase is sorely needed, it should be funded with state general fund dollars, as reflected in the budget adopted by the House.

Thank you for your consideration,

Cheryl Keepers
Fairbanks North Star Borough
PO Box 71267
Fairbanks, Alaska 99707

4/1/09

ALASKA STATE LEGISLATURE

Please enter into the record my testimony to the House Rules Committee
Committee Name

Committee on HB 199A Dated 3/26/09
Bill / Subject

My name is Ann Riley Millard. I live in Eagle, AK where I am the part-time site administrator at Eagle Community School. Because Eagle Community School is a small school in a rural community, we struggle to get the instructional materials we need and have no opportunity to address areas that are costing us the most money. I am requesting that the State of Alaska accept the money from the American Recovery and Reinvestment Act of 2009, especially the $20,699,000 which will be appropriated for the Department of Education and Early Development.

Following are a few suggestions for ways to use that money which would create jobs and reduce our expenses at Eagle School.

① Over the last 7 years, our average KW usage per month has been [redacted] 7161.6 KW and our average expenditure per month has been $4081.79. If we could get an energy rater to look at our building and suggest ways to reduce this cost and then retrofit our building to produce electricity using alternatives to the diesel generator, it would create jobs and save money.

② We need a part-time librarian to catalog the books that have been donated or purchased with Scholastic Book Club bonus points.

③ We need more money for instructional aides and to upgrade our computers.

SIGNED: Ann Riley Millard
Testifier

myself
Representing

POB 124, Eagle, AK 99738 907-547-2321
Address / Phone Number

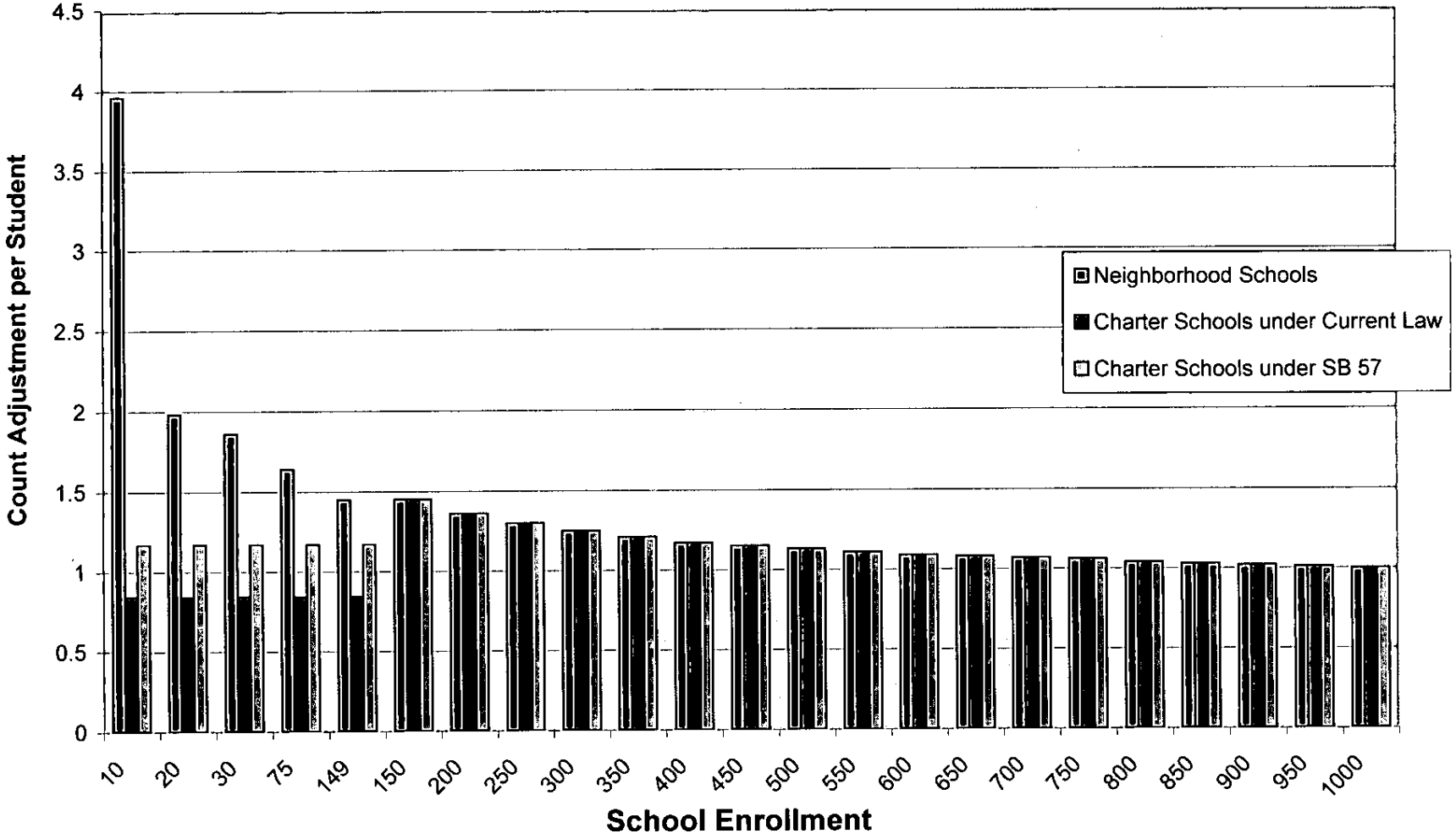
④ We have deferred maintenance on our plumbing system that needs to be addressed. I have other suggestions but since I have run out of time, I will end my testimony. Thank you for your attention.

2678

2/27/09

Adjusted Student Count for Charter Schools vs. Neighborhood Schools

The adjusted student count of each school is the basis of state funding. The number of students enrolled in a school is increased or decreased according to the formula in AS 14.17.450, to determine the school's adjusted student count. That adjusted student count is then multiplied by the district cost factor, the special needs factor and, finally, by the base student allocation to determine the amount of funding.



* This chart assumes that a charter school with fewer than 150 students has a student count adjustment of .84 under current law, because it is located in a district that contains a school with over 750 students, such as Anchorage, Fairbanks, Mat-Su or Juneau. A charter school in a community such as Kenai, Bethel, Ketchikan or Nome would have a student count adjustment of .92 or .97.

2/27/09

Adjusted Student Count for Charter Schools vs. Neighborhood Schools

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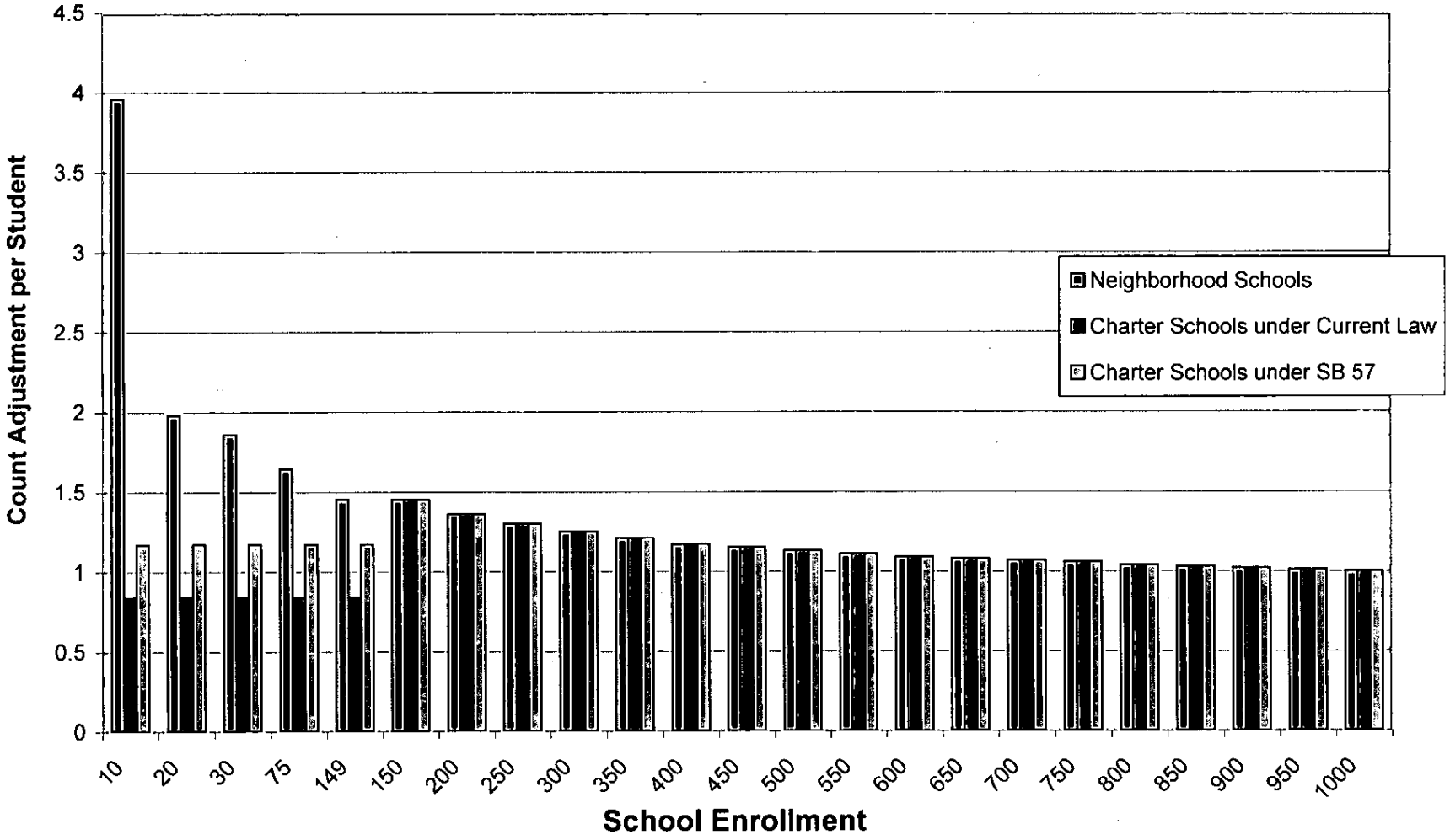

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2/27/09
Senator Joe Thomas

Statutes That Determine Adjusted Student Count

Sec. 14.17.905. Facilities constituting a school.

(a) For purposes of this chapter, the determination of the number of schools in a district is subject to the following:

(1) a community with an ADM of at least 10, but not more than 100, shall be counted as one school;

(2) a community with an ADM of at least 101, but not more than 425, shall be counted as

(A) one elementary school, which includes those students in grades kindergarten through six; and

(B) one secondary school, which includes students in grades seven through 12;

(3) in a community with an ADM of greater than 425, each facility that is administered as a separate school shall be counted as one school, except that each alternative school with an ADM of less than 200 shall be counted as a part of the school in the district with the highest ADM.

(b) Notwithstanding (a)(3) of this section, a charter school shall be counted as a separate school if the charter school has an ADM of at least 150 students.

Sec. 14.17.450. School size factor.

(a) For purposes of calculating a school's ADM to determine state aid, the ADM of each school in a district shall be computed by applying the following formula:

If the student count In a school is			**The adjusted student count is**					
At least		**But less than**	**Base**		**Multiplier**			**The number of Students in excess of**
10	-	20	39.6					
20	-	30	39.6	+	(1.62	x	20)	
30	-	75	55.8	+	(1.49	x	30)	
75	-	150	122.85	+	(1.27	x	75)	
150	-	250	218.1	+	(1.08	x	150)	
250	-	400	326.1	+	(0.97	x	250)	
400	-	750	471.6	+	(0.92	x	400)	
750 or over			793.6	+	(0.84	x	750).	

2/27/09

TONGASS SCHOOL OF ARTS AND SCIENCES RESOLUTION

Urging the Governor of Alaska and the Alaska State Legislature to pass Senate Bill 57, "An Act relating to charter school funding."

BE IT RESOLVED BY THE ACADEMIC POLICY COMMITTEE OF THE TONGASS SCHOOL OF ARTS AND SCIENCES:

WHEREAS the Constitution of the State of Alaska and other laws and policies of the State require educational opportunities for all children; and
WHEREAS Charter schools are public schools that provide valuable education options to Alaska families; and
WHEREAS Charter schools increase learning opportunities and encourage parent and community involvement in our schools; and
WHEREAS the current state funding system limits communities' ability to create and sustain these innovative programs; and
WHEREAS current state law results in charter schools receiving 30% to 45% less state funding than neighborhood schools of their same size; and
WHEREAS Senate Bill 57 funds charter schools with fewer than 150 students at a per-child rate closer to that of average, urban elementary schools; and
WHEREAS Senate Bill 57 solves the funding problem in an equitable, fiscally responsible manner; and
WHEREAS Senate Bill 57 will support our schools and districts as they carry out the legislature's intent in creating the charter school law;
BE IT RESOLVED that the Tongass School of Arts and Sciences Academic Policy Committee supports the passage of Senate Bill 57; and
BE IT FURTHER RESOLVED the Tongass School of Arts and Sciences Academic Policy Committee urges the Governor of Alaska and the Alaska State Legislature to pass Senate Bill 57, "An Act relating to charter school funding."
COPIES of this resolution shall be sent to the Honorable Sara Palin, Governor of Alaska; the Honorable Gary Stevens, Senate President; the Honorable Mike Chenault, House Speaker; the Honorable Senators Hoffman and Stedman, Senate Finance Committee Co-Chairs; the Honorable Senators Ellis, Elton, Huggins, Olson, and Thomas, Senate Finance Committee Members; the Honorable Kyle Johansen, Representative, House District 1; and members of the Ketchikan Gateway Borough School Board.

Michelle Johnston
President, Academic Policy Committee

February 10, 2009
Date

2/27/09

Sen. Kim Elton

From: Linda Newman [newman@alaska.net]
Sent: Wednesday, January 28, 2009 12:35 AM
To: Sen. Bettye Davis; Sen. Charlie Huggins; Sen. Donny Olson; Sen. Gary Stevens
Cc: Catherine Reardon; Sen. Kim Elton
Subject: Fwd: Thank you for Senate Bill 57

Dear Members of the Senate Education Committee: My wife and I are forwarding a copy of this email that we sent to Senator Kim Elton earlier this week. We are sending this to you so that you can see how much we appreciate his co-sponsorship of Senate Bill 57, and so that you will know that we are grateful to you for considering this bill. Thank you for the support you've provided charter schools in the past; we hope you will support this effort to assist Alaska's small charter schools, which currently operate under an inequitable and unsustainable funding scheme. We look forward to the discussion about the bill at your Thursday meeting.

Sincerely,

Tony and Linda Newman
newman@alaska.net

Begin forwarded message:

> **From:** Linda Newman <newman@alaska.net>
> **Date:** January 25, 2009 11:11:53 PM AKST
> **To:** Senator_Kim_Elton@legis.state.ak.us
> **Subject: Thank you for Senate Bill 57**
>
> Senator Elton: Every year for the past several we've written to you to ask for your help in trying to fund Alaska's small charter schools, including Juneau's, in a more equitable way. We're extremely pleased and excited to be able to write to you tonight and thank you for taking leadership on this issue right away this session, by cosponsoring Senate Bill 57.
>
> If this bill successfully makes it through the legislative process and passes into law this year it will provide relief to the Juneau Community Charter School just in the nick of time. We know that we've said in my prior letters to you that the situation is already urgent, but this year, for the first year in the seven years that we've been involved as parents of JCCS students, we are operating at a budget deficit and drawing down the school's savings. We probably have less than two years of funding left at the rate we're depleting the savings. The Charter School simply can't operate indefinitely on the unfair funding formula that leaves charter schools funded at a per-student rate that is significantly lower than other similar-sized schools in the district. We've all but resigned ourselves to the fact that our kids' school will likely need to close in a year or two because it will simply run out of money. (Believe us, we've exhausted ourselves trying to fundraise out of this mess.)
>
> The importance of this bill for all of Juneau's kids is demonstrated by the fact that the Juneau School District has made more equitable small charter school funding one of its legislative priorities this year, and has resolved to support us in our efforts to correct the current funding inequity. We've just reviewed the bill and have exchanged a few emails with our fellow Charter School parents, and we are in agreement that the approach outlined

through this bill may be the best one yet. This bill makes it possible for small schools to operate, but still maintains the legislature's intent to encourage the formation of larger schools.

In our prior-year emails and letters to you on this issue we've taken much time and space to tell you about our kids and how much they--our whole family--gain from our participation in Juneau's Charter School. All of those things remain true. Our kids are learning so much and so well, but best of all, the Charter School has become an important part of all our lives because of the community that's grown around it.

Let us know what you would like us to do to assist you in securing passage of this bill this year.

Sincerely,

Tony and Linda Newman
308 Distin Avenue
Juneau, AK 99801
586-2172
newman@alaska.net

Sen. Kim Elton

From: jodi [jodiwynne@verizon.net]
Sent: Tuesday, January 27, 2009 1:25 PM
To: Sen. Kim Elton
Subject: Support for our school

Dear Senator Elton,

My name is Jodi Scolamiero. My husband David and I have our 1st grade son at Juneau Community Charter School (JCCS) this year and hope to have our 2nd son start there next year.

First, we would like to thank you for all your past support for our wonderful school.
We are thrilled to have the opportunity to send our children to a school such as JCCS. Without an option such as JCCS we fear our child would not be thriving as he has this past year. Due to his personality and learning style we have determined that the type of education JCCS offers is best suited for our children in that the school is smaller, therefore giving a more secure atmosphere. With the class size remaining the same as the district average, children are able to experience learning in smaller groups as well as giving a multi-grade class situation where each child can benefit from student mentoring as well as being a student mentor.

Next, I would like to add to the collective voice asking for your further support for the upcoming bill SB 57 giving smaller Charter schools the same funding as larger neighborhood schools. Without this increase in funding we fear our beloved school will not survive more than a couple of more years. The JCCS is a valuable addition to Juneau's wonderful elementary educational system. The school has proven itself academically with students ranking high on standardized testing scores, and also in that there is a high success rate for students transitioning back into the neighborhood school setting.

SB 57 would not only benefit our existing Charter school but give opportunity for more schools such as JCCS to establish and thrive. This would give parents even more choices when choosing what setting would be best for their individual children. In my opinion giving each child the type of education that works best for him or her is in essence ensuring our future as well as theirs.

Thank you so much for your time and support,
Jodi Scolamiero

Sen. Kim Elton

To: Larry Johansen
Subject: RE: Charter school Bill

Larry--

Thanks. As chair of the education committee, I'm holding a committee hearing on the bill in a half hour and am co-sponsor of the bill.

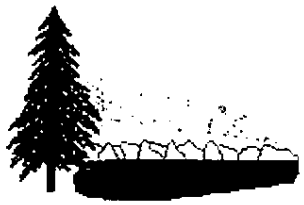
Kim

From: Larry Johansen [mailto:rowdydog@gci.net]
Sent: Thursday, January 29, 2009 8:05 AM
To: Sen. Kim Elton
Subject: Charter school Bill

Senator Elton,

I quick word in support of the funding formula equalization bill. I am a charter school parent. We do school jobs to save our school money to make our program happen. My wife and I perform janitorial service and recess duty to save cost. Its not that we mind doing these jobs but we would like to be able to spend our volunteer efforts on jobs that would directle lead to improving oue children's educational experience. AS it is the Juneau charter school is an educational success meeting core standards and for all social classes. Please help us help our kids.

-Larry Johansen
3010 Foster
Juneau, AK
--



Dana Owen

From: Comeau_Carol [Comeau_Carol@asdk12.org]
Sent: Wednesday, January 28, 2009 3:00 PM
To: Dana Owen
Cc: Sen. Kim Elton; Comeau_Carol
Subject: RE: SB 57

Dana,
Thanks for taking my call just now. I am sorry I am unable to testify tomorrow as I had planned due to participation in a conference call with the new Secretary of Education, Arne Duncan. I would appreciate it if you could distribute these comments to the Senate Education Committee members tomorrow.

Dear Senate Education Committee:

The Anchorage School Board does not have a position on SB 57 specifically, but we strongly support our charter schools. We have much concern on the "draconian" funding situation for a charter school that does not make the 151 student count through the count period, particularly in the first year of operation. Many of our charter schools have struggled with this issue and the funding problems that ensue.

The Anchorage School District would like to work with your committee on this important issue. Last year, I suggested that maybe a working group could work on this issue over this session and into the summer. If that was ever possible, I would like to ask that the ASD participate. We have participated on many groups over the years and have some good suggestions on how to resolve funding and facility issues for charter schools. We believe that the public school choices, including charters, are important for parents and students.

I appreciate your commitment to education and the opportunity to provide input.
Carol Comeau, Superintendent
Anchorage School District

Sen. Kim Elton

From: payroll@ci.nome.ak.us on behalf of Dana Handeland [dhandeland@nomealaska.org]
Sent: Wednesday, January 28, 2009 8:29 AM
To: Sen. Donny Olson; Sen. Kim Elton; Sen. Bettye Davis; Sen. Charlie Huggins; Sen. Gary Stevens
Subject: supporter of SB 57

Donny,
I want to thank you any your fellow Senators for supporting Charter Schools in Alaska. We have actively worked for the past several years to provide a more permanent "fix" to the funding dilemma that we face due to the typical charter school enrollment and the current method of funding. We believe that great strides have been taken with SB 57.

Our school here in Nome has an enrollment of 44 which is capped due to space constraints at the current facility. We are paired with the largest school in our district causing concerns each year of whether we still can continue to provide the Nome community with optional educational opportunities. We have a proven program and a waiting list each year.

We work hand in hand with our district, many times providing a venue to try new methods that can later be implemented into the larger district.
Providing a more equitable funding formula for charter schools only furthers the endless opportunities that our Alaskan education system can provide all Alaskan children especially in the future.

Thank you again for your continued support. The community of Nome appreciates this most important work for our children.

Dana Handeland
Anvil City Science Academy, APC member

Sen. Kim Elton

From: Jeri Kohlin [jeri_kohlin@hotmail.com]
Sent: Tuesday, January 27, 2009 1:35 PM
To: Sen. Kim Elton; Sen. Bettye Davis; Sen. Charlie Huggins; Sen. Donny Olson; Sen. Gary Stevens
Subject: Senate Bill 57

To: The Senate Education Committee

Dear Senators,
First of all, I would like to thank each of you for your past support to increase charter school funding. Secondly, I would like to ask the Education Committee to, please, support SB 57 making it possible for charter schools of 150 or less to receive funding based on the same per student rate as larger schools. Our school, Juneau Community Charter School, offers an educational program that isn't available elsewhere in the school district. Although the overall school size is small, class size is no smaller than elsewhere in the school district. JCCS is able to support *every* child's attitude and enthusiasm towards learning, provides highly enriched curriculum while developing strong thinking skills while implementing increased parental involvement, multi-age classes, trips into the community, teacher autonomy, more opportunities for parent/teacher interaction than if he attended a larger neighborhood school. JCCS is a good "fit" for the needs of my child and family specifically because the curriculum is individualized to challenge each child at their skill level, in all domains, while supporting positive self esteem, diversity, and community involvement.

JCCS has proven itself educationally. Its students perform well on standardized tests and do well when they transition back into the neighborhood school settings. The Juneau school district supports this bill and has included increased charter school funding in its list of legislative priorities as well.

Education isn't one size fits all. It's important for families to have choice. Different settings are a better fit for some children and their families than others. All children should be allowed the opportunity to learn and succeed in a way that reaches their own unique learning style. We value our school, how it impacts our family, and the community of families (which includes staff and volunteers) that make it happen and strongly feel our children should not be penalized by inadequate funding. Currently, the funding situation is so inadequate that our school will have to close within 2-3 years.

Please, support our students and schools by authorizing same per student rate as larger schools receive. If we as parents felt the local neighborhood schools were the best fit for meeting the individual needs of our children, they would be attending those schools now and receiving the funds we are asking for now. But that is not the case, please, support our children now where they are excelling.

Thank you for your consideration and support,
Jeri Kohlin

Sen. Kim Elton

From: jgeselle@gci.net on behalf of Jon Geselle [jgeselle@gci.net]
Sent: Tuesday, January 27, 2009 2:47 PM
To: Sen. Kim Elton; Sen. Bettye Davis; Sen. Charlie Huggins; Sen. Donny Olson; Sen. Gary Stevens
Cc: Catherine Reardon
Subject: In support of SB 57

Dear Senators,

We are writing to thank you for your past support for charter schools. Your support is critical to providing educational options for the next generation of Alaskans.

We are also writing to express our support of SB 57. Should this bill pass it would allow smaller school districts across the state to offer charter school options to the families they serve. This is important for many reasons, but foremost is the fact that not all students thrive in a traditional academic setting.

To this, we speak from experience. Our son Ezra has excelled at the Juneau Community Charter School because of the arts integrated curriculum and small overall school size. In this environment his social confidence has steadily grown allowing him to experience successes he did not have in a larger school setting.

I hope that you too will support SB 57, thus providing educational options for the future of Alaska.

Thank you,

Annie & Jon Geselle

Sen. Kim Elton

From: Diane Cathcart [Diane_Cathcart@ci.juneau.ak.us]
Sent: Tuesday, January 27, 2009 2:53 PM
To: Sen. Kim Elton; Sen. Bettye Davis; Sen. Charlie Huggins; Sen. Donny Olson; Sen. Gary Stevens
Cc: Catherine Reardon
Subject: Support for SB57

Dear Senators and Staff,

Thank you for taking a moment out of your busy schedules to read this email.

I am writing to request your full support of SB57-An Act Relating to Charter School Funding.

As you are well aware; education is not a one size fits all. It is important for families to have a choice and different settings are a better fit for different children and their families. By creating more equitable funding it helps ensure small charter schools will continue to exist. Small Charter Schools are constantly trying to reach out to families with diverse needs for their children; whether it is a smaller overall school size so children don't feel "lost" in the crowd or children that have special learning needs. Small Charter Schools have the ability to help more children that are in danger of falling through the cracks, *if* they are properly funded. In my humble opinion this also helps relieve the stress larger schools may feel from trying to help children in need while maintaining the needs of the general school populous.

Full funding for ALL our children and schools should be every Alaskans priority; we owe it to our children and their future.
Thank you for your time and your service to our State.

Sincerely,

Diane Cathcart (Juneau Community Charter School 4/5/6 Class parent)
310 Irwin St Apt B
Juneau, AK 99801
907-523-2166

Sen. Kim Elton

From: Tim and Jeannie [tjmaxa@gmail.com]
Sent: Tuesday, January 27, 2009 9:44 PM
To: Sen. Kim Elton
Subject: SB 57 - Charter school funding

January 27, 2009

Dear Senator Elton,

I am writing to express my support for SB57. I believe legislation like this will provide more equitable funding for small charter schools. I like SB 57 because it is comprehensive and effectively addresses the very different needs of different types of small charter schools and their host school districts.

I currently have two children attending the Juneau Community Charter School. My eleven year old son has attended the charter school for all 6 years of his education and my youngest son is in first grade.

I believe Charter schools are an important way to provide for school choice in Alaska and support parent involvement in education. We are very happy that the Juneau Community Charter School exists to provide a small school environment (a total of 66 children in the school) and involve parents in the school in meaningful ways. I want my children to be educated in a small environment and want to be involved in their education. We like the multi-age classrooms, the daily interaction between children of different ages, and the whole child view of education.

Since home schooling is not an option for our family due to employment obligations we are happy to have a charter school available to address many of our needs. My older son was born with a serious congenital heart defect that has required many open heart surgeries and has had special physical needs. We have greatly appreciated him being able to attend a small school where his needs are known and met within the regular classroom.

I believe Charter Schools have an important place in Alaska's education system. I hope that through your efforts, solutions to the challenges faced especially by small charter schools can be addressed. The current funding situation means it is very difficult for a charter school with under 150 students to operate. Alaska is a state of small numbers and we need legislation that will allow charter schools of all sizes to thrive. Without this legislation our charter school may have to close in the next 2-3 years. SB57 will make a big difference and allow small charter schools to survive in Alaska and offer valuable educational alternatives throughout the state.

Please support more equitable funding of charter schools to allow educational options around the state. Thanks very much for your attention to this important issue.

Sincerely,

Jeannie Monk
Juneau Community Charter school parent

--
Tim, Jeannie, Max and Aaron

Sen. Kim Elton

From: aukebaybetty@alaska.net
Sent: Wednesday, January 28, 2009 8:06 AM
To: Sen. Kim Elton; Sen. Charlie Huggins; Sen. Gary Stevens; Sen. Bettye Davis; Sen. Donny Olson
Cc: Catherine Reardon
Subject: SB 57

Attachments: Dear Senator Elton.docx

Dear Senator Elton.docx (136 K...

Dear Senate Education Committee Members: Senator Elton, Senator Davis, Senator Huggins, Senator Stevens and Senator Olson,

Attached is a letter in support of SB 57. Please share your support with other Senators and House Members to help pass this bill.

Thank you very much for your support.

Beth Rivest

January 26, 2009

Dear Senator Elton, Senator Davis, Senator Olson, Senator Huggins and Senator Stevens; members of the Senate Education Committee:

I am writing in support of Senate Bill 57. It is a well written piece of legislation that would help small charter schools continue to serve students all across Alaska. These students' schools are in need of more equitable funding to support salaries and supplies. I am grateful you support charter schools as an option for parents to meet their child's needs.

I have three children in the Juneau School District public school system. I chose to enroll in the lottery when my eldest child was in the first grade. Luckily she got in the charter school and since the second grade it has been a wonderful educational and social environment for her and her siblings.

While I attended Arizona State University as a college student, I took almost every math class offered. I have always loved math and the sciences. The methods used to teach math at the charter school are rigorous, build solid understandings of number patterns and such strong flexibility in solving problems that I sincerely wished I had had the opportunity to be exposed to and to learn math in such a progressive, skill-building, visual way. It is exciting to see students experience this type of meaningful math.

I attended public school throughout my life and I loved school, however I believe my children are far more comfortable and intensely involved in their projects while also thoroughly enjoying attending school. They are being given an exceptional chance to become all they can. The projects that incorporate writing, research, art, social studies/science and teambuilding are solid methods of fun and learning. The parents of these students become involved as well and work hard to support this small charter school.

The Juneau Community Charter School is in need of financial support. Parents contribute by supporting teachers in the classroom, helping teachers prep for the week to come, we work around the school facility to build shelves, clean and make it work efficiently. Parents also work very hard to fundraise to meet the financial commitments it takes to run the charter school. It is sorely underfunded at present.

The charter school has been part of the Juneau School District, serving a wide array of students for over ten years. It sets high standards and builds leadership, competence and love of our environment in such a compassionate manner.

To be very honest, if it were not for the charter school, I know I would begin a small child-care business and home school my children.

It has been stated, from President Obama to our Governor's State of the State, that education is one of the top legislative priorities. I sincerely hope that funding small

charter schools, through creative use of resources, educate children in a way that many children need, to become successful is also a priority within your committee.

In Alaska, small charter schools are funded dramatically lower per student compared to district counterparts. This bill recognizes charter schools as important options and is an attempt to balance educational funding per student at a reasonable percentage.

Please continue your support and know that small charter schools are doing important works on behalf of students all across Alaska, in particular here in Juneau. Please know that besides the many, many parents and educators who believe in the success of small charter schools and its' students high achievement, test scores and critical thinking skills we have no lobbying force to help other Senators or House members understand this issue. Please I ask each of you to help by sharing your support for SB 57.

Thank you for your work on behalf of Senate Bill 57.

Sincerely,

Beth Rivest, wife of a hard-working, small business owner; loving and caring parent of three wonderful children; and a member of the Juneau Community.

Sen. Kim Elton

From: Rhonda Vaughan [rhonda.vaughan@gmail.com]
Sent: Wednesday, January 28, 2009 9:38 AM
To: Sen. Kim Elton
Subject: Supporting Charter Schools

Dear Mr. Elton,

I'm a parent at Juneau Community Charter School. I'm writing to you to express my hope that the Charter School funding bill be passed.

If this bill is passed, it would mean a lot to the Charter School families. One major improvement would be the benefit of having buses for the children. Currently, all families drive the children to Charter School. Driving downtown twice a day to Charter School adds many miles to our car and uses a lot gasoline; both have an impact on the environment. In this time of economic and environmental crisis, a small thing like buses would make a great change!

Safety would also be improved if the Charter School received bus service. Students who live downtown can walk to school, but with snow covered sidewalks, they have to walk on the street, which presents a safety hazard. Parking is very limited at the Charter School, making drop off and picks up potentially dangerous. Parents have to find a parking spot that allows space for a car, yet not get hit. Children have to use extra caution when crossing the street, and as is common with young children, they sometimes don't look before they leap.

Thank you for your time in reading this, Sen. Elton. The families at Juneau Community Charter School are eager to see the Charter School funding bill passed.

Regards,

--
Rhonda Vaughan

209-8950

Dana Owen

From: Sen. Kim Elton
Sent: Thursday, January 29, 2009 7:55 AM
To: Dana Owen
Subject: FW: SB57

-----Original Message-----
From: sarah hopkins [mailto:hopkins_sarah@yahoo.com]
Sent: Wednesday, January 28, 2009 5:07 PM
Subject: SB57

January 28, 2009

Dear Senators,

This letter is in regards to Senate Bill 57 which will have its first hearing in front of the Senate Education Committee on Thursday January 29th. The bill addresses funding for small (charter) schools.

I support this bill because it will benefit the Juneau Community Charter School. My son is currently enrolled at JCCS. I believe that ALL students can be the most successful in school when they are in an environment that best fits their educational and social needs. This is the case for my son, and daughter, and as parents my husband and I try to find our children's best "fit" educationally. I hope to enroll by daughter as a 7th grader next year at JCCS. If Bill 57 is passed, this may be more possible.

With the funds that Bill 57 would provide, JCCS could be more accessible (in terms of growth) and serve a greater number of Juneau families. A community is more enriched when families have as many educational choices as possible for their children. Students are more successful when they are in an environment where they feel safe and are motivated and interested in their own education. No child is alike, and providing Juneau's students with a choice of educational environments addresses the educational needs of all our children. Juneau Community Charter School plays a vital roll in the school district in meeting these needs.

The Juneau Community Charter School APC members (made up of parent volunteers), other JCCS families, and teachers, have put in many hours of research and work in coming up with a plan of how JCCS can offer additional classrooms and serve a greater number of families. Bill 57 will support these efforts. Please give your support for this bill. Thank-you for your time.

Sincerely,
Sarah Hopkins

Dana Owen

From: Sen. Kim Elton
Sent: Thursday, January 29, 2009 7:55 AM
To: Dana Owen
Subject: FW: Please Support Charter School Legislation

From: Elise and Jay Boyer [mailto:ejez_2000@yahoo.com]
Sent: Wednesday, January 28, 2009 5:16 PM
To: Sen. Kim Elton
Subject: Please Support Charter School Legislation

Dear Chairman Elton:

I understand that you will be considering a bill this week to correct the funding inequities that hamper small charter schools in Alaska. I heartily encourage you to pass this bill. My husband and I have been so happy with our sons' charter school experiences, both in Homer (Fireweed Academy), and in Juneau, at the Juneau Community Charter School. Although these schools are different in many ways, they are wonderful examples of how the charter school law can enable our public school system to reach students in ways the traditional programs may not. I have learned that "one size" does not fit all in education, and our children benefit from choices in program. When those choices can be made available to all, regardless of income or test scores, then our state is truly doing them a service.

Treating small programs as if they have the economies of scale of the largest schools in the state has always been an unfortunate glich in the current law (although there are some who see it as a deterrent to the explosion of small schools). The proposed bill will correct that problem, and enable our students to continue to share in the promise of the charter school system. In fact, in our case in Juneau, it will enable us to achieve even more diversity than we already enjoy, by making it possible to hire employees who can serve students with special needs and to provide bus service to children who need it.

I know times are tough. I hope you will see that this bill is worth the investment.

Thank you for your consideration.

Sincerely,

Elise Nacht Boyer
780-2528

Dana Owen

From: Catherine Reardon
Sent: Wednesday, January 28, 2009 4:38 PM
To: Dana Owen
Subject: FW: Support for our school

From: jodi [mailto:jodiwynne@verizon.net]
Sent: Tuesday, January 27, 2009 1:25 PM
To: Sen. Kim Elton
Subject: Support for our school

Dear Senator Elton,

My name is Jodi Scolamiero. My husband David and I have our 1st grade son at Juneau Community Charter School (JCCS) this year and hope to have our 2nd son start there next year.

First, we would like to thank you for all your past support for our wonderful school.
We are thrilled to have the opportunity to send our children to a school such as JCCS. Without an option such as JCCS we fear our child would not be thriving as he has this past year. Due to his personality and learning style we have determined that the type of education JCCS offers is best suited for our children in that the school is smaller, therefore giving a more secure atmosphere. With the class size remaining the same as the district average, children are able to experience learning in smaller groups as well as giving a multi-grade class situation where each child can benefit from student mentoring as well as being a student mentor.

Next, I would like to add to the collective voice asking for your further support for the upcoming bill SB 57 giving smaller Charter schools the same funding as larger neighborhood schools. Without this increase in funding we fear our beloved school will not survive more than a couple of more years. The JCCS is a valuable addition to Juneau's wonderful elementary educational system. The school has proven itself academically with students ranking high on standardized testing scores, and also in that there is a high success rate for students transitioning back into the neighborhood school setting.

SB 57 would not only benefit our existing Charter school but give opportunity for more schools such as JCCS to establish and thrive. This would give parents even more choices when choosing what setting would be best for their individual children. In my opinion giving each child the type of education that works best for him or her is in essence ensuring our future as well as theirs.

Thank you so much for your time and support,
Jodi Scolamiero

Dana Owen

From: Sen. Kim Elton
Sent: Thursday, January 29, 2009 7:45 AM
To: Dana Owen
Subject: FW: Support for SB 57

-----Original Message-----
From: Hubert Angaiak [mailto:hangaiak@gci.net]
Sent: Thursday, January 29, 2009 7:40 AM
To: Sen. Kim Elton; Sen. Bettye Davis; Sen. Charlie Huggins; Sen. Donny Olson; Sen. Gary Stevens
Subject: Support for SB 57

Honorable Senators,

I would like to thank you for your continued support in providing the best education for Alasks's children. I fully support SB 57 and I urge you to pass it.
Charter Schools provides a positive alternative in eduaction for our children. We are always looking for solutions in providing whats best in education for our children and Charter Schools are part of the solution.

Thank you.

kind regards,
Hubert Angaiak
Bethel, Alaska 99559
907-543-3074

2/27/09

ASSOCIATION OF ALASKA SCHOOL BOARDS

ADVOCATES FOR ALASKA'S YOUTH

Position Statement on SB 57
Charter School Funding

In 1995, AASB supported the creation of charter schools in statute. Over the years, school boards have subsidized and otherwise assisted local charter schools in providing Alaska families with a viable choice in public education.

AASB encourages the Legislature to amend AS 14.17.450 as outlined in SB 57 to establish a more equitable means of funding charter schools.

School boards find themselves caught between local citizen initiatives to create choices within public schools and an inadequate funding stream in statutes that require supplemental funding from local districts.

1111 West 9th Street, Juneau, AK 99801

2701 ☎ (907) 586-1083 (907) 586-2995 aasb@aasb.org http://www.aasb.org

Joe Hardenbrook

From: Lisa Leeper [lleeper@nomeschools.com]
Sent: Sunday, February 22, 2009 9:02 PM
To: Sen. Joe Thomas
Subject: Support for SB 57

Dear Senator Thomas,

I teach at Anvil City Science Academy in Nome. I hope that you will consider the following points in order to help SB 57 pass this stage with the Finance Committee in order that it may be heard by all and voted upon.

Respectfully,
Lisa Leeper
Teacher, Anvil City Science Academy

- Charter schools are public schools that provide valuable education options to Alaska families.
- The existing school funding law results in charter schools that enroll fewer than 150 students receiving 30% to 45% less state funding than neighborhood schools of their same size.
- Inequitable funding limits communities' ability to create and sustain these schools.
- There is a dramatic decrease in funding ($500,000 - $700,000 loss) when a charter school's enrollment drops from 150 students to 149, which creates a financial crisis for both the school and its host district.
- Senate Bill 57 solves the funding problem in an equitable, fiscally responsible manner.
- SB 57 funds charter schools with fewer than 150 students at the same per-student rate as neighborhood schools with 400 students.
- SB 57 contains a one-year, hold-harmless provision for charter schools that are either in their first year of operation or had more than 150 students the previous year, reducing the financial damage to their district.
- SB 57 will allow school districts to carry out the intent of the legislature in creating the charter school law, by increasing quality education options available to Alaska families.
- SB 57 is supported by the Alaska Association of School Boards, and superintendents and parents of charter school students from across the state. The bill has been co-sponsored by Senators Thomas, Stevens, Elton, and Davis.

Joe Hardenbrook

From: nsfhi@gci.net on behalf of Coach Hank and Asaaluk Irelan [nsfhi@gci.net]

Sent: Monday, February 23, 2009 9:29 AM

To: Sen. Lyman Hoffman; Sen. Bert Stedman; Sen. Johnny Ellis; Sen. Kim Elton; Sen. Charlie Huggins; Sen. Donny Olson; Sen. Joe Thomas

Subject: Re: SB 57

ACSA Parents and Supporters,

Dear Senate Finance Committee members:

Below are talking points given to me by an excellent teacher and administrator of Nome's Anvil City Science Academy (ACSA); however, I would like to add that having been a part of ACSA since its inception that it has provided exceptional instruction for our students, it has led the way in many areas now adopted by the other parts of the Nome Public School system.

Also, ACSA has done this with less money then the other parts of the school system. With a leaking roof, windows blowing in during storms, help from parents and an excellent staff ACSA has maintained quality in its education. This shows what a local team can do, students, parents, teachers and staff. We would like to have the legislature jion this sucessful concept and pass SB57.

Thanks,

Hank Irelan
Nome, Alaska

PS. After fours years of ACSA my Freshman son at Nome Beltz High School (cross my fingers that it continues) has made streight A's for the first semester. Plese help continue this legacy for future studetns of Nome.

Here are some talking points for any e-mails, phone calls, or letters.

- Charter schools are public schools that provide valuable education options to Alaska families.
- The existing school funding law results in charter schools that enroll fewer than 150 students receiving 30% to 45% less state funding than neighborhood schools of their same size.
- Inequitable funding limits communities' ability to create and sustain these schools.
- Charter schools may have fewer than 150 students because:
    - Community factors result in a an unexpected and temporary dip below 150
    - A new school may have difficulty reaching 150 in its first year

  - The targeted student population the school is designed to help is not sufficiently large (e.g., at-risk middle schoolers)
  - A charter school with more than 150 would have an adverse impact on the community's neighborhood schools
  - A small school size is critical to the success of the program.

- There is a dramatic decrease in funding ($500,000 - $700,000 loss) when a charter school's enrollment drops from 150 students to 149, which creates a financial crisis for both the school and its host district.
- Senate Bill 57 solves the funding problem in an equitable, fiscally responsible manner.
- SB 57 funds charter schools with fewer than 150 students at the same per-student rate as neighborhood schools with 400 students.
- SB 57 contains a one-year, hold-harmless provision for charter schools that are either in their first year of operation or had more than 150 students the previous year, reducing the financial damage to their district.
- SB 57 will allow school districts to carry out the intent of the legislature in creating the charter school law, by increasing quality education options available to Alaska families.
- SB 57 is supported by the Alaska Association of School Boards, and superintendents and parents of charter school students from across the state. The bill has been co-sponsored by Senators Thomas, Stevens, Elton, and Davis.

Joe Hardenbrook

From: Vickie Erickson [mitchvicky@gci.net]
Sent: Tuesday, February 24, 2009 9:46 AM
To: Sen. Lyman Hoffman; Sen. Bert Stedman; Sen. Johnny Ellis
Cc: Sen. Kim Elton; Sen. Charlie Huggins; Sen. Donny Olson; Sen. Joe Thomas
Subject: SB 57

Dear Senators,

I would like to thank all of you in your past support of for schools in Alaska, especially those that are small in numbers and therefore needing more support when it comes to funding issues. I am requesting your support for the passage of SB 57.

Charter Schools allow parents, community members, and teachers to be in charge of developing unique educational programs and to be involved in decision making for school policies. As a parent of three Charter School children and two more that will soon be in Charter schools, it means a lot to me to be involved in school policies and the operations of our school. Our educational process is very flexible, which provides for the needs of our children and parents alike.

The Anvil City Science Academy has been in operation for eleven years now, it was created by parents, teachers, and many community members who were interested in a family oriented school characterized by high academic standards and a well-rounded curriculum, with an emphasis in science and math. The Science Academy serves 5th through 8th grade students who come to the school with a wide variety of backgrounds, learning styles, experiences, and needs. We are able to address the individual differences and learning styles, and creativity we see an increase in learning and creativety for all students. Our students at this time are involved in a salmon habitate restoration project grant from the Department of the Interior, and are working with Charlie Lean of Norton Sound Economic Development Company ,because of this project the Academy students were nominated and won the "Spirit of Youth" award in the catagory of Science . Another project that is noteworthy is the
Artist in Schools project in which students are interviewing Nome residents in preparation for writing a play about the last 50 years in Nome.

Anvil City Science Academy has 44 students, with two and half certified teachers, no support personnel. This gives the school the needed flexibility to provide opportunities to the studetns to go beyond the traditional classroom walls in order to utilize community and environmental resources. In addition, in a small community such as Nome, a program like ACSA cann't reach a student count of 150 students, without having an adverse affect on the other public schools in the district. Therefore, a smaller program like ACSA is beneficial to the community by providing an alternative education program, while minimizing the possible impact on other schools.

Respectfully submitted,

Vickie Erickson

Joe Hardenbrook

From: payroll@ci.nome.ak.us on behalf of Dana Handeland [dhandeland@nomealaska.org]
Sent: Monday, February 23, 2009 1:04 PM
To: Sen. Lyman Hoffman; Sen. Bert Stedman; Sen. Johnny Ellis; Sen. Kim Elton; Sen. Donny Olson; Sen. Charlie Huggins; Sen. Joe Thomas
Subject: Supporter of SB 57

Senate Finance Committee:

I am a parent of a current charter school student in Nome, Anvil City Science Academy as well as a graduate of the program who is now thriving at Mt Edgecumbe High School.

I have been an avid supporter of Charter Schools in Alaska because they offer alternative educational models. What does this mean to Alaskan children? Options!

Charter schools across the state have demonstrated their worth: Test score achievement, community involvement, unique educational projects, and an optional educational model targeted directly to the student.
Unfortunately, the method of funding charter schools with enrollment under 150 needs to revised. After many years of working with the State to recognize this imperfection in the funding formula, at last SB 57 appears to address a permanent fix to this funding penalty.

By nature not all regions in Alaska can meet an enrollment quota of 150+ in a charter school without creating an adverse affect on the local communities schools. Anvil City Science Academy is an excellent example of this regional dilemma. Our charter school is capped at 44 students by the district. This unfortunately creates a waiting list of students wishing to participate in our program that cannot be accommodated.

SB 57 will provide the necessary language to allow charter schools under 150 to continue what they do best, educate. It will provide relief to the annual threat of funding shortages charter schools under 150 face.
Please help create the necessary momentum to make SB 57 law.

Thank you for putting Alaskan children first!

Sincerely,

Dana Handeland
Anvil City Science Academy, APC

Catherine Reardon

From: amcooney@gci.net on behalf of Alison and Mike Cooney [amcooney@gci.net]
Sent: Thursday, February 26, 2009 8:25 AM
To: Sen. Bert Stedman
Subject: SB 57

Dear Senator Stedman,

I am a parent of a child that attends the Juneau Community Charter School (JCCS). I have been on the JCCS Fundraising Committee since my daughter started kindergarten three years ago. The Fundraising Committees challenge for the past couple of years has been to try to find fundraisers that bring in money, but don't require families to work a part-time job to do it. That in itself is a difficult task with all of the different types of fundraising that occurs in Juneau. The Juneau community as a whole is continually asked to support various organizations through numerous fundraising events. JCCS families are already selling raffle tickets and fundraising for extracurricular activities.

JCCS's draft five year budget analysis is showing that in a couple of years our school will be faced with a yearly operational deficit that could reach up to $30,000. To try to raise that amount of money year after year to keep the school operating is a daunting task (and as the Fundraising Coordinator, quite stressful). This is a public school. We want to fundraise for school trips, special programs and extra school supplies like the other public schools. Please support SB 57.

Respectfully,
Alison Cooney

2708

2/27/09
Senator Joe Thomas
February 27, 2009

The Role of the "Adjusted Student Count" in School Funding

The adjusted student count of each school is the root of state funding for school districts. The number of students enrolled in a school is increased or decreased according to the formula in AS 14.17.450, to determine the school's adjusted student count. That adjusted student count is then multiplied by the district cost factor, the special needs factor and, finally, by the base student allocation, to determine the amount of funding.

Student Count		***Becomes***					**Adjusted Student Count**	***Equals***	**Student Rate** Neighborhood	vs. Charter
At least	**But less than**	**Base**	**plus**	**(Multiplier**	**times**	**Students in Excess of Column 1)**				
10 students to 20 students		39.6	+	0			10 students = 39.6 adjusted student count	=	3.96 /student	.84 /student
							19 students = 39.6 adjusted student count	=	2.08 /student	.84 /student
20 students to 30 students		39.6	+	(1.62	x	students over 20)	20 students = 39.6 adjusted student count	=	1.98 /student	.84 /student
							29 students = 54.18 adjusted student count	=	1.87 /student	.84 /student
30 students to 75 students		55.8	+	(1.49	x	students over 30)	30 students = 55.8 adjusted student count	=	1.86 /student	.84 /student
							74 students = 121.36 adjusted student count	=	1.64 /student	.84 /student
75 students to 150 students		122.85	+	(1.27	x	students over 75)	75 students = 122.85 adjusted student count	=	1.64 /student	.84 /student
							149 students = 216.83 adjusted student count	=	1.46 /student	.84 /student
150 students to 250 students		218.1	+	(1.08	x	students over 150)	150 students = 218.1 adjusted student count	=	1.45 /student	1.45 /student
							249 students = 325.02 adjusted student count	=	1.31 /student	1.31 /student
250 students to 400 students		326.1	+	(0.97	x	students over 250)	250 students = 326.1 adjusted student count	=	1.30 /student	1.30 /student
							399 students = 470.63 adjusted student count	=	1.18 /student	1.18 /student
400 students to 750 students		471.6	+	(0.92	x	students over 400)	400 students = 471.6 adjusted student count	=	1.18 /student	1.18 /student
							749 students = 792.68 adjusted student count	=	1.06 /student	1.06 /student
750 or more students		793.6	+	(0.84	x	students over 750).	750 students = 793.6 adjusted student count	=	1.06 /student	1.06 /student
							1,000 students = 1003.6 adjusted student count	=	1.00 /student	1.00 /student

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2709

2/27/09

Example Adjusted Student Count Calculations

Student Count
(school enrollment)

Adjusted Student Count

	Base	**plus**	**Multiplier**	**times**	**Students in Excess of bottom of the bracket**		
100 students in neighborhood school	122.85	+	1.27 multiplier	X	100 – 75 = 25	1.27 X 25 = 31.75	122.85 + 31.75 = **154.6**
*100 students in Anc/Fbnks/Jun/ charter school	No base	+	.84 multiplier for district's largest school	X	all 100 students	*.84 X 100 = 84*	*0 + 84 = 84*

**Charter schools with enrollments under 150 students do not go through the adjusted student count formula as individual schools. Instead, their students are added to the enrollment of the largest school in their district. Therefore, the adjusted student count of these charter schools is based on just the "multiplier" for additional students at large schools.*

COPY ON FILE

SB

63

<target><bill>SB 63</bill><subject>SB
63</subject><comm>SFIN26</comm></target>

ALASKA STATE LEGISLATURE

Session
State Capitol Building, Room 125
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Fax (907) 465-6592

Interim
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Chair
Senate Special Committee on Energy
Senate Committee on World Trade,
Technology and Innovations

Co-Chair
Senate Resources Committee

Member
Senate Judiciary Committee

SENATOR LESIL MCGUIRE

SPONSOR STATEMENT
CS for SENATE BILL NO. 63(JUD)

IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY–SIXTH LEGISLATURE—SECOND SESSION

This bill amends and improves Alaska's trust provisions which permit a settlor to form an irrevocable trust, be a discretionary beneficiary of the trust and, if the trust has a spendthrift clause, protect the trust assets from the settlor's creditors. Alaska was the first state to enact this type of trust law. Since enactment in 1997, numerous other states have enacted similar statutes. At present, twelve states allow this type of trust.

This bill improves Alaska's trust provisions so that Alaska's statute remains competitive with those of other states. As a result, both residents, and nonresidents of Alaska who choose to form this type of trust in Alaska, will benefit from these improved provisions.

The bill upgrades Alaska's statute by adopting the following provisions which have been adopted in other states:

- A creditor must establish by clear and convincing evidence that a transfer was made with an intent to defraud a creditor. (This standard has been adopted by nine of the other twelve states);
- Distributions can be made under the discretion of a trustee pursuant to a standard, as well as with absolute discretion;
- The settlor may be reimbursed for income taxes attributable to the trust;
- The settlor can retain the power to replace a trustee/advisor with a non-related, non-subordinate party.

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM March 23, 2010

SUBJECT: Sectional summary of CSSB 63( ), a bill relating to transfer restrictions on trust interests (Work Order No. 26-LS0317\P)

TO: Senator Lesil McGuire
Attn: Esther Cha

FROM: Theresa Bannister
Legislative Counsel

You have requested a sectional summary of the above-described bill. As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents.

Section 1. Amends the subsection that establishes four situations when a creditor can satisfy a claim out of a beneficiary's interest in a trust when the trust contains a transfer restriction. In the first situation, this bill requires that the creditor establish the intent to defraud by clear and convincing evidence. In the second situation, which is based on the settlor's (the creator of the trust) right to revoke or terminate the trust, deletes a current exclusion from the meaning of "revoke or terminate" because the exclusion does not fit within the concept of revocation or termination.

Section 2. Adds a new provision to the section that allows a person who creates a trust (settlor) to restrict the transfer of a beneficiary's interest before payment to the beneficiary. States that the transfer restriction is allowed even if the settlor has any of the three listed rights: (1) to appoint a trustee, a trust protector, or an advisor for the trust; (2) to remove a trustee or trust protector and appoint certain replacements; or (3) remove an advisor and appoint a replacement.

Section 3. Adds a new provision to the section that allows a person who creates a trust (settlor) to prohibit the transfer of a beneficiary's interest before payment to the beneficiary (the beneficiary can be the settlor). States that the transfer restriction operates even if two situations exist: (1) the beneficiary has the right to receive a distribution made in a person's discretion; or (2) the settlor, under specific conditions, potentially will receive or actually receives income or principal to pay income taxes due on the income of the trust.

If I may be of further assistance, please advise.

TLB:ljw
10-208.ljw

ALASKA STATE LEGISLATURE

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Senate Resources Committee

Member
Senate Judiciary Committee

SENATOR LESIL MCGUIRE

Summary of Changes
Between CS SB 63(STA) and CS SB 63(JUD)

This document is an identification of the changes between W.O. 26-LS0317\S and W.O. 26-LS0317\C.

Section 1 deletes language involving discretionary distributions on page 2, lines 5-7 because it conflicts with the concept of that section which involves a settlor's right to revoke or terminate all or part of the trust. This discretionary language has been placed in subsection (n)(1) established in Section 3 of Version P.

Section 1 also removes subsections (3)(E) and (3)(F) on page 3, lines 1-14 in version S and makes conforming changes to page 2, line 8.

The language in (b)(3)(E) allowing a settlor to receive certain discretionary distributions made by a trustee conflicts with the concept of subsection (b)(3) regarding mandatory distributions of income or principal. Therefore, the discretionary language has been moved and established to new subsection (n)(1) in Section 3 of version P.

Language in subsection (b)(3)(F) involves discretionary distributions for the payment of taxes again conflicting with the concepts in (b)(3) involving mandatory distributions of income or principal. This discretionary authority for the payment of taxes has been moved to new subsection (n)(2).

Section 2 No change

ALASKA STATE LEGISLATURE

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Senate Judiciary Committee

SENATOR LESIL MCGUIRE

What is a Trust?

A Trust is a legal arrangement (basically a contract) where one person (called a trustee) holds property for the benefit of other persons (called beneficiaries). There are many different types of trusts.

The personal trust is the most common form of trust, created for non-business reasons for the benefit and protection of individuals. The trustee in a personal trust acts in accordance with the law and the instructions set forth in the governing instrument by the person who created the trust (called Grantor or Settlor). The primary responsibilities of the trustee are to manage and protect the assets in the trust for the best interest of the beneficiaries. The management and protection responsibilities include proper investment of assets, collection of income, maintenance of accurate books and records, filing of tax returns and other reports, and the payment of income and trust property to the beneficiaries in accordance with the terms of the trust.

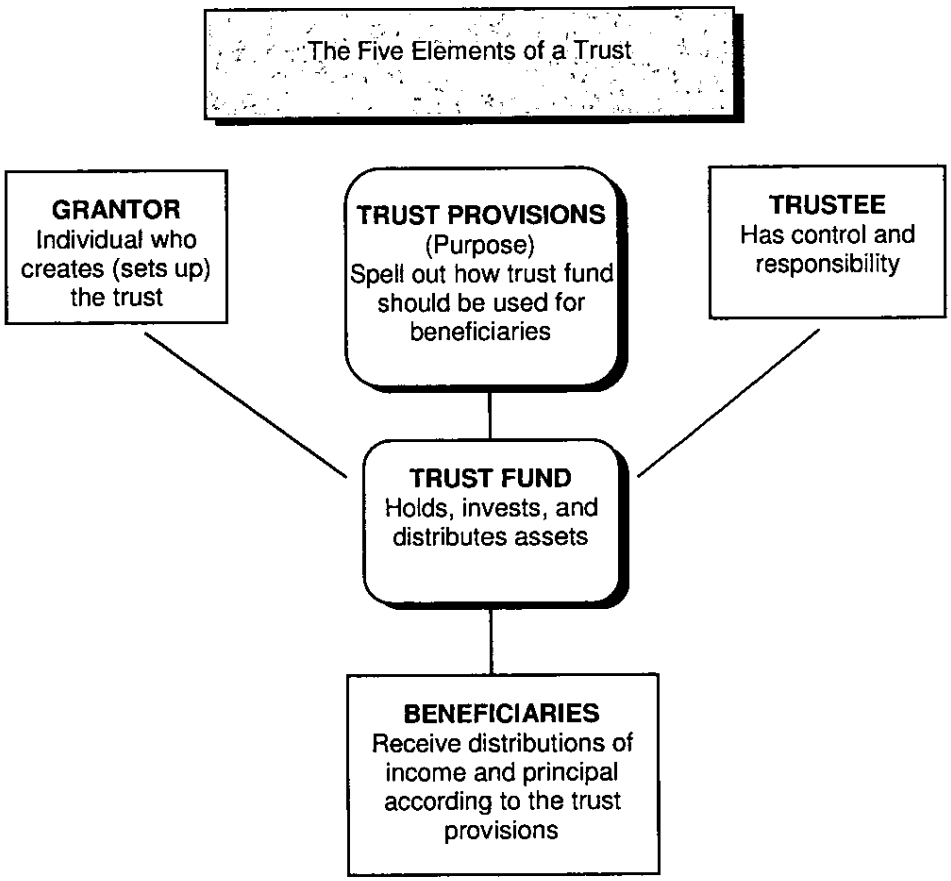
Trusts are used throughout the United States to accomplish many different objectives such as;

- Protecting interest of minors
- Preserve assets for the family
- Accomplish the desires of the family
- Improve quality of life by allowing use of trust assets by beneficiaries
- Provide asset protection
- Reduce and in some cases eliminate gift, estate and income taxes

A self-settled trust is a trust where the grantor is also a beneficiary with other family members. This allows the assets in the trust to appreciate in value and the trust assets will not be in the Grantors taxable estate for federal estate tax purposes. The IRS has recently issued a private letter ruling acknowledging that these trusts can accomplish this objective.

From the information we have received from Alaska estate planning attorneys over ten thousand Alaskans have taken advantage of Alaska's favorable trust laws, non-residents of Alaska have also used Alaska's trust laws to accomplish their family financial goals.

What is a Trust?



SENATE FINANCE COMMITTEE REPORT

DATE: 3/30/10

FURTHER:

DATE TURNED IN TO OFFICE: _____

Finance Committee considered SENATE BILL NO. 63

SB 63 TRANSFER RESTRICTIONS ON TRUSTS

"An Act relating to transfer restrictions on trust interests."

and recommends:

[✓] be **replaced** with [ ] **SCS** or [✓] **CS** SB 63 (JUD)

[✓] adopt **previous** [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] attached amendment(s)

[ ] adopt _____ Letter of Intent

[ ] further referral to _____ Committee

SENATE BILL:
[ ] Same Title
[ ] New Title

HOUSE BILL:
[ ] Same Title
[ ] Technical Title Change
[ ] New Title w/ SCR #_____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
LAW	1/29			✓	1

[ ] **APPROPRIATION - no fiscal note**

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	Huggins	X			
	Thomas	✓			
	Egan	✓			
	Olson			X	
	Ellis	✓			
CO-CHAIR:	Hoffman	—			
CO-CHAIR:	Stedman	✓			

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: CSSB 63(STA)
(S) Publish Date: 3/12/10

Identifier (file name): SB063-LAW-CIV-1-29-10
Dept. Affected: Law
Title: An Act relating to transfer restrictions on trust interests
RDU: Civil
Component: Com. And Fair Business
Sponsor: Senator McGuire
Requester: State Affairs
Component Number: 2717

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							
FUND SOURCE		(Thousands of Dollars)					
1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2010) cost:

POSITIONS							
Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This bill proposes amendments to statutes relating to transfer restrictions on trust interests including provisions to receive a distribution of trust's income or principal. Enactment of the bill is not anticipated to fiscally impact the Department of Law.

Prepared by: Eileen Donahue, Division Operations Manager
Phone 465-5427
Division: Administrative Services
Date/Time 1/29/10 12:00 AM
Approved by: Daniel S. Sullivan, Attorney General
Department of Law
Date 1/29/2010

(Revised 11/6/2009 OMB)

2717

SB

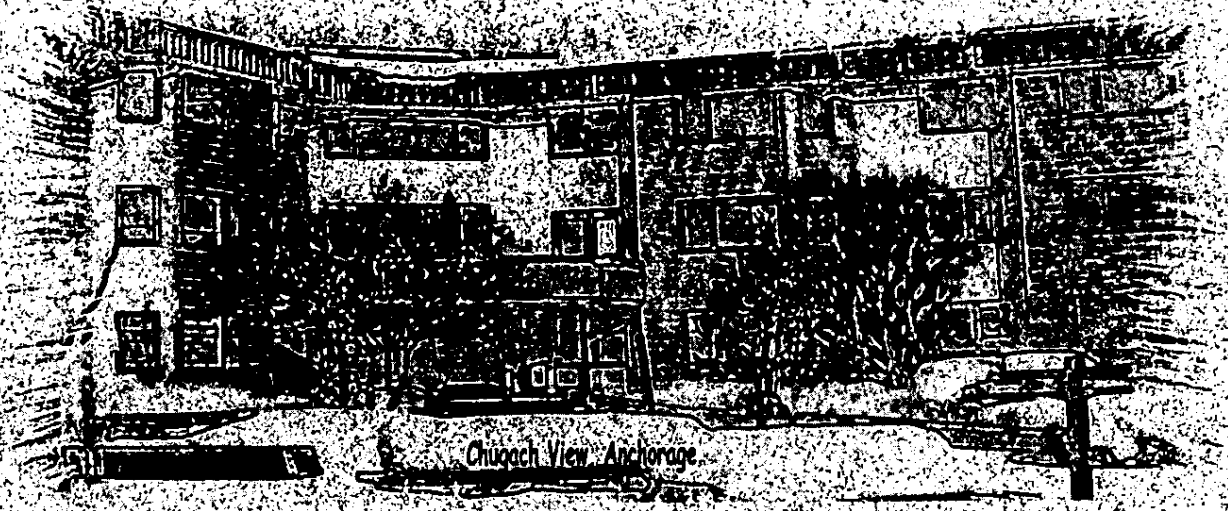
75

<target><bill>SB 75</bill><subject>SB
75</subject><comm>SFIN26</comm></target>

Alaska Housing Finance Corporation

Budget Summary

"Results-Oriented"



FY2010

Based on FY2010 Budget Request

****** DRAFT ******

Capital Budget Request

@ December 15, 2008

Capital Budget

FY2010

Project Synopsis

Project Narratives

Project Summary

FY2009 Capital Projects List

FY2008 Capital Projects List

FY2007 Capital Projects List

FY2006 Capital Projects List

FY2005 Capital Projects List

FY2004 Capital Projects List

FY2003 Capital Projects List

FY2002 Capital Projects List

FY2001 Capital Projects List

FY2000 Capital Projects List

FY1999 Capital Projects List

Capital Budget

The Capital Budget is a plan for the distribution of AHFC's financial resources for items that have an anticipated life exceeding one year and the cost exceeds $25,000. Unlike the Operating Budget which lapses at the end of one year, capital budget appropriations lapse only if funds remain after the project is completed and/or if funds are lapsed administratively or legislatively, usually after five years.

AHFC Capital Improvement Projects (CIP) reflect the needs of the Corporation and the pursuit of its mission through the Goals and Objectives of the Corporation's Strategic Plan. The Corporate departments have reviewed their prior year Capital budgets to determine if there are any unfinished projects/programs that are on-going, need additional funds to be completed, or should be extended.

This Capital Budget was developed by AHFC staff and recommended for inclusion in the Governor's budget submission to the Legislature. Each project/program has been reviewed and prioritized by the AHFC Executive Office and presented to its Board of Directors for approval. The Board will vote on a resolution November 20, 2008 to approve this budget and instruct the Executive Director to submit this budget to the Governor's Office of Management and Budget (OMB) through the Department of Revenue.

FY2010 Capital Budget Project Request

Capital Budget Bill

1. Housing Loan Program/Teacher/Health Prof. Housing - $8,000,000 11
2. Supplemental Housing Development Program - $10,000,000 17
3. Weatherization Program - $2,000,000 23
4. Senior Citizens Housing Development Program - $7,500,000 35
5. Fire Protection Systems Phase I - $3,450,000 39
6. Security Systems Replacement/Upgrades - $750,000 41
7. Building Systems Replacement Program - $2,500,000 43
8. HUD Federal HOME Program - $4,050,000 45
9. HUD Capital Fund Program (CFP) - $3,200,000 49
10. Federal and Other Competitive Grants - $4,500,000 51
11. Competitive Grants for Public Housing - $1,000,000 53
12. Energy Efficiency Monitoring Research - $2,000,000 55
13. State Energy Program (SEP) Special Projects - $200,000 59
14. Statewide Project Improvements - $3,000,000 61
15. Loussac Manor Redevelopment - Phase II - $8,492,500 63
16. Denali Commission Projects - $5,000,000 65
17. Statewide Energy Improvements - $5,000,000 67
18. Statewide ADA Improvements - $500,000 69
19. Birch Park II (B Building) Reconstruction - $1,440,000 71

Mental Health Bill

1. Homeless Assistance Program - $10,000,000 75
2. Beneficiary & Special Needs Housing - $1,750,000 79
3. Home Modification Program - $1,050,000 81
4. Emergency Assistance Grants - $200,000 83

Program Synopsis

1. **Housing Loan Program - Teacher/Health/Public Safety Housing - $8,000,000** Corporate (AHFC) funds to supplement the Corporation's popular housing programs. These funds will allow AHFC to continue current programs and expand business opportunities with new Teacher Housing program(s) and Health Professionals Housing Program(s). It may also provide funds to support a statewide housing conference.

2. **Supplemental Housing Development Program - $10,000,000** Corporate (AHFC) funds to supplement Federal (HUD) funds to construct decent, safe and sanitary housing through regional housing authorities established under AS 18.55.996. Funds are used to cover housing development costs related to water distribution, sewer hookups, electrical distribution systems, road construction to project site, site development, and energy efficiency improvements. State laws limit the use of these funds to 20% of the HUD's total development cost per unit. These funds are prohibited from being used for administrative or other costs of the housing authority.

3. **Weatherization Program - $2,000,000** Federal U. S. Department of Energy (DOE) funds to assist low- and moderate- income families attain decent, safe and affordable housing through the weatherization and rehabilitation of existing homes. Weatherization provides for fire safety through furnace and electrical repairs, education, chimney and woodstove repairs, and egress windows (installed during bedroom window replacements).

4. **Senior Citizens Housing Development Program - $7,500,000** Corporate (AHFC) funds for the development of senior citizen housing. Competitively awarded grants are provided for the purchase of building sites, site preparation, materials, construction, and rehabilitation of existing housing. Organizations qualified to apply include municipalities and public or private nonprofit corporations. Additional components include smaller grants (up to $25,000) for nonprofit senior organizations to pay for preparation of plans and project feasibility studies, appraisals, site preparation and other pre-development activities.

5. **Fire Protection System Repairs-Phase I - $3,450,000** Corporate (AHFC) funds to flush, evaluate and repair fire sprinkler and alarm systems in multi-family and senior/disabled public housing statewide based on a fire system engineer's equipment survey of sprinkler systems conducted this year.

6. **Security and Main Entry Door Access Systems - $750,000** Corporate (AHFC) funds to be used to upgrade existing security and door access systems to senior/disabled and multi-family public housing. The project includes replacement of security and door access systems that are outdated and no longer supported by manufacturers for replacement parts and software.

7. **Building System Replacement Program - $2,500,000** Corporate (AHFC) funds to address major roof replacement at Chugach View senior/disabled housing in Anchorage; replace sidewalks, retaining walls, stairs and overhead walkways at Cedar Park in Juneau; paint siding for Mountain View senior/disabled housing in Juneau.

8. **HUD Federal HOME Program - $3,300,000** Federal (HUD) and **$750,000** Corporate (AHFC) matching funds for the HOME Investment Partnership Program. The purpose of the HOME program is to expand the supply of affordable, low- and moderate- income housing and to strengthen the State's ability to design and implement strategies to achieve an adequate supply of safe, energy-efficient, and affordable housing. The Municipality of Anchorage has their own separate HOME program.

9. **HUD Capital Fund Program (CFP) - $3,200,000** Federal (HUD) grant that provides Public Housing Authorities with funds each year to help renovate and modernize public housing units. The annual CFP fund, including Replacement Housing Factor (RHF) funds, was approximately $2.7 million this fiscal year. The current request is intended to cover the spending authority only, required for the amount of funds anticipated next year, including any other incentives that may be available as a high performing Public Housing Authority.

10. **Federal and Other Competitive Grants - $3,000,000** Federal (HUD, USDA, DOE), or other private funds, and **$1,500,000** Corporate (AHFC) matching for available housing grants. Nationwide, grants are made available annually by the federal government or private institutions or foundations that target the housing needs of low-income families, special needs groups, senior citizens, the mentally ill, disabled, the homeless, and others. In cases where grants require a match, AHFC funds will be used to the extent necessary. Grant funds received are often passed through to local nonprofit organizations, municipalities, and other organizations that deliver housing-related services.

11. **Competitive Grants for Public Housing - $750,000** Federal (HUD), other private funds, and **$250,000** Corporate (AHFC) matching funds for available housing grants for public housing facilities and residents. Annually, HUD makes available grants that target the needs of public housing facilities and residents in areas such as crime and substance abuse prevention and economic self-sufficiency. When required, AHFC will provide the needed match. Some of the funds received will be passed through to local nonprofit organizations that deliver services.

12. **Energy Efficiency Monitoring Research - $2,000,000** Corporate (AHFC) funds for a designated grant to Cold Climate Housing Research Center to conduct housing construction research, analysis, and information dissemination among the housing industry and the public. Data gathering and analysis is being continually related to energy efficiency technology for homes constructed in northern building and market conditions.

13. **State Energy Program (SEP) Special Projects – $150,000** Federal (DOE) and **$50,000** Corporate (AHFC) matching funds for State Energy Program (SEP) special projects such as building technologies; codes and standards; wind and power technologies; renewable energy for remote areas or transportation technologies.

14. **Statewide Project Improvements - $3,000,000** Corporate (AHFC) funds to provide repairs and improvements to AHFC public housing throughout the state. This project allows AHFC to keep pace with routine repair and replacement of existing building components such as smaller roofs, sidewalks, and common areas identified in the annual Physical Needs Assessments (PNAs) from each Asset Management Project (AMP).

15. **Loussac Manor Redevelopment: Phase III - $8,492,400** Corporate (AHFC) funds to replace low rent housing based on a professional site assessment that included cost estimates recommending phased replacement of the existing structures as the most cost effective method to address the 40+ year old family housing structures. The Loussac Manor redevelopment configuration will be based on recommendations from a consulting firm commissioned to review the existing Loussac Manor complex and Anchorage area (positioning). The study will be used to determine the optimal usage for the Loussac site in keeping with the recently approved Moving to Work (MTW) program. This phase is expected to address replacement of the core public housing units identified by the repositioning study as the most critical units needed.

16. **Denali Commission Projects – $5,000,000** Federal funds to administer the Commission's housing programs. These funds will allow AHFC to administer current programs designated for rural areas of Alaska. The Denali Commission's goal is to provide decent, affordable housing for seniors and teachers in rural Alaska. Lack of housing has forced seniors to relocate to other communities where appropriate housing with necessary support is available. Lack of decent rural housing for teachers has been cited by school administrators as one of the factors that contribute to the inability to attract and maintain a stable teaching corps. The United States Congress has responded to this issue by setting aside funding through the Denali Commission for these purposes.

17. **Statewide Energy Improvements – $5,000,000** Corporate (AHFC) funds to address energy upgrades recommended by HUD mandated energy audits for Public Housing statewide. The funds will be used to address tasks recommended by the audits to reduce energy consumption. The funds will also be used to replace aging heating, ventilation, and lighting systems, fixtures or components with energy efficient products as they reach the end of their useful life.

18. **Statewide ADA Housing - $500,000** Corporate (AHFC) funds to address accessibility upgrades identified by a HUD Fair Housing Inspection dated September 2006. The

upgrades are to be made over a five-year period to comply with ADA and Section 504 requirements of a Voluntary Compliance Agreement (VCA) recently negotiated with HUD.

19. **Birch Park II B Building Reconstruction - $640,000** Federal and **$800,000** Corporate (AHFC) funds to reconstruct the four-plex structure in Fairbanks with four 2-bedroom units. Construction of the new structure will match the adjacent buildings in the same complex, comply with current codes, and employ the same energy efficient 2 X 8 wall construction and durable commercial grade interior and exterior finishes. The building was previously destroyed by fire.

***Mental Health Bill ***

1. **Homeless Assistance Program - $6,000,000** Corporate (AHFC), **$500,000** General Fund/Mental Health, **$500,000** Mental Health Trust Authority (MHTAAR) **$1,000,000** Statutory Designated (SD), and **$2,000,000** Federal fund authority to grant to local communities/agencies to help develop programs to support programs designed to reduce homelessness by providing services that prevent housing displacement and assist the homeless to transition back to permanent housing. All funds will be combined and administered as one program by AHFC.

2. **Beneficiary & Special Needs Housing - $1,750,000** Corporate (AHFC) funds for a continuing program to serve populations with special housing needs. The program provides funds to Alaskan nonprofit service providers to increase housing opportunities for Mental Health Trust beneficiaries and other special needs populations throughout the state. The funds may be used for housing development and/or services designed to achieve long-term residential stability.

3. **Home Modification Program** - $250,000 Corporate (AHFC), **$500,000** General Fund/Mental Health, and **$300,000** Mental Health Trust Authority (MHTAAR) funds to provide housing modifications to persons experiencing a disability, allowing them to remain in their homes and reduce the potential cost of providing supported housing. The program also provides funding to develop special needs housing.

4. **Emergency Assistance Grants for Mental Health Trust Beneficiaries - $200,000** Mental Health Trust Authority (MHTAAR) funds for grants to support beneficiaries of the Alaska Mental Health Trust Authority to prevent loss of housing that might occur due to unforeseen events such as institutionalization. It will allow beneficiaries to maintain homeownership or long-term rental stability by providing gap or short-term assistance. Assistance may be provided for any event like a structural or major appliance breakdown that may go beyond the financial reach of the homeowner, or life event that may threaten the ability of the beneficiary to make a mortgage or rent payment. Funding under this program is intended to supplement, not supplant, existing resources available for home modifications, weatherization, or rehabilitation programs.

Capital Budget Bill

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1. Housing Loan Program -Teacher/Health/Public Safety Housing

Reference Number:	**#37918**
Historical Category:	**Housing / Social Services**
Location:	**Statewide**
Election District:	**Statewide**
Project Type:	**Transitional**
Estimated Project Dates:	**7/01/2009 - 6/30/2014**
FY2010 Request:	**$8,000,000 Corporate Receipts**
FY2010 Funding:	**$_____ Corporate Receipts**

The purpose of this program is to provide gap funding to increase homeownership and/rental units throughout the state. This program is designed to help retain desirable professionals in high-cost areas. To date, 172 units have been developed for teacher housing under this program.

The projected outcomes are:

- Increasing home ownership;
- Adding 62 units for Teacher, Health Professionals , or Public Safety housing;
- Increasing affordability for housing purchases by low to moderate income families;
- Lowering interest rates on AHFC mortgage programs to attract loan volume and generate net income; and
- Participate in a statewide housing conference.

Housing Loan Program/Teacher/Health/Public Safety Housing - Corporate (AHFC) funds to supplement the Corporation's popular housing programs through gap funding. These funds will allow AHFC to continue current programs and expand business opportunities with programs such as the Teacher Housing Program(s), Health Professionals Housing Program(s), and Public Safety Housing Program(s).

Funding History:

FY2009	$8,000,000	Corporate Receipts
FY2008	$6,800,000	Corporate Receipts
FY2007	$5,000,000	Corporate Receipts
FY2006	$4,000,000	Corporate Receipts
FY2005	$1,768,500	Corporate Receipts
FY2005	$ 81,500	ASLC Bond Proceeds

FY2005	$ 150,000	AHFC Bond Proceeds
FY2004	$2,150,000	Corporate Receipts

Program Description:
The primary focus of this program has been to provide a source of grant funds that will help pay for the development of decent, safe, and affordable rental housing for teacher, health professionals, and public safety officials. This program has and will continue to generate additional loan volume for AHFC.

Attracting and maintaining a pool of qualified teachers, health professionals, and public safety professionals in rural Alaska is a goal of the State of Alaska. In order to achieve this, housing must be available, affordable, and of a quality that encourages these professionals to locate or stay in rural settings. These programs were developed to respond to the need for additional housing for professionals and their families by providing grants to fill the funding gap for various housing projects. Funding is made available through a competitive process for new construction, rehabilitation, acquisition of rental or lease/purchase housing.

The Corporation, based on loan demand, interest rate fluctuations, and market conditions, may change rate reductions and certain eligibility criteria.

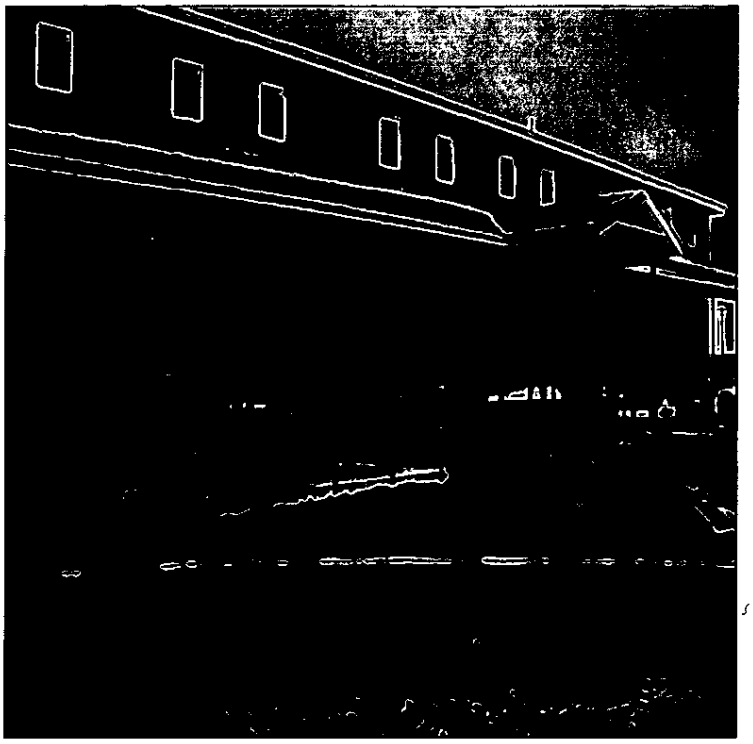
The Corporation may contribute funds toward sponsoring a statewide housing conference to bring together all aspects of the housing industry. AHFC expects other entities and agencies to also contribute toward this event.

FY 2004 Projects:

Savoonga

Savoonga Teacher Housing Project - The Bering Strait School District constructed four (4) units of teacher rental housing on the southwest Alaska island of Savoonga. The project's total cost was approximately $607,000. AHFC's Teacher Housing and Health Professional Grant Program provided $440,000.The remaining $167,000 cost of the project was funded with a loan from the school district capital project fund.

Kotzebue



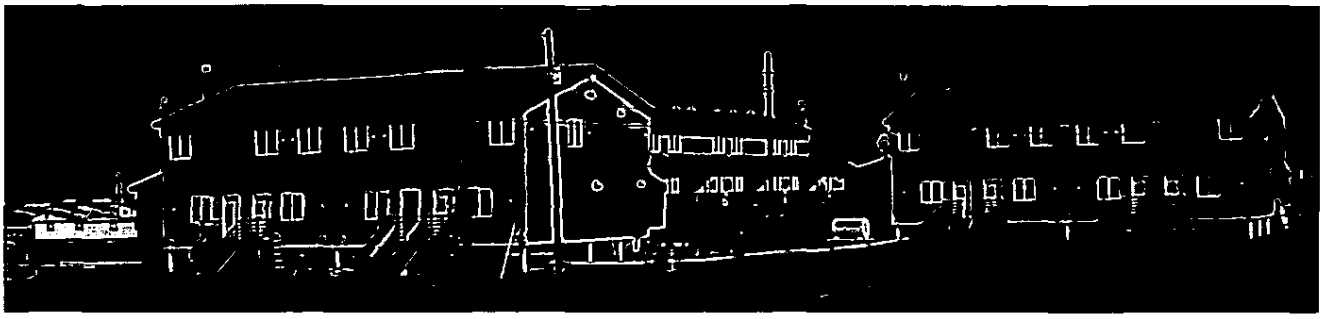
Kotzebue Teacher Housing Project - Northwest Arctic Borough School District built 18 units of housing for ownership by teachers and health professionals in the community of Kotzebue. The project's total cost is $6.2 million. AHFC's Teacher Housing and Health Professional Grant Program provided $1.7 million to the project. AHFC single-family mortgage loans were used to finance the remaining $4.5 million cost of the project for each of the 18 units.

FY 2006 Project:

Sand Point

Sand Point Teacher Housing Project - The Aleutian Housing Authority constructed eight (8) units of teacher, health professional, and public safety rental housing in the community of Sand Point. The project's total cost was approximately $2,881,705. AHFC's Teacher Housing and Health Professional Grant Program provided $1.7 million. The remaining cost of the project was funded with a loan from AHFC, a grant from the Denali Commission and the school district capital project fund. The project was completed September, 2007.

Hooper Bay



Hooper Bay Teacher Housing Project - The Lower Kuskokwim School District built 16 units of teacher housing to partially replace the units destroyed in the 2006 fire in Hooper Bay. Since the project was approved before the fire, materials and crew that were on the way to Hooper Bay and Scammon Bay were prioritized for Hooper Bay. The project's total cost was $5.9 million. AHFC's Teacher Housing and Health Professional Grant Program provided $1.3 million to the project. The remainder of the cost was provided by the school district and a grant from the Denali Commission. The project was completed in January, 2007.

FY 2005 Projects:	
Lower Kuskokwim School District (Eek, Goodnews Bay, Kwilliginok)	$1,384,000
Bering Strait School District (St. Michael)	$592,670
FY 2006 Projects:	
Lower Yukon School District (Hooper Bay, Scammon Bay)	$ 1,967,172
Yukon Koyukuk School District (Hughes, Huslia, Nulato)	$516,933
FY 2007 Projects:	
Akiachak Native Community (Akiachak)	$20,000
Aleutian Housing Authority (Nelson Lagoon, Sand Point)	$1,894,202
Bering Straits School District (Brevig Mission, Unalakleet)	$1,265,748
City of Atka (Atka)	$452,056
Northwest Arctic Borough (Buckland, Deering)	$82,095
Yukon Flats School District (Fort Yukon)	$16,420
Yukon Kuskokwim Health Corporation (Hooper Bay)	$1,222,141
Yupit School District (Akiachak, Akiak)	$180,733
FY 2008 Projects:	
Akiachak Native Community (Akiachak)	$933,227
Aleutian Housing Authority (False Pass, King Cove)	$1,013,037
Bering Strait School District (Shaktolik, White Mountain)	$433,976
City of Tanana (Tanana)	$231,357

FY 2009 Projects:

Alaska Gateway School District (Northway)	2 Units
Bering Strait School District (Savoonga, Koyuk)	5 Units
City of Tanana	1 Unit
City of Wrangell	3 Units
Kenai Peninsula Borough School District (Tyonek)	3 Units
Lower Kuskokwim School District (Kipnuk)	8 Units
Northwest Region School District (Selawik, Shungnak)	14 Units
Pribilof Island School District (St. Paul)	11 Units
Southwest Region School District (Togiak, Manakotak)	12 Units
Yukon-Koyukuk School District (Ruby, Manley Hot Springs)	3 Units

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2. Supplemental Housing Development Program

Reference Number:	**#6323**
Historical Category:	**Housing / Social Services**
Location:	**Statewide**
Election District:	**Statewide**
Project Type:	**Construction**
Estimated Project Dates:	**7/01/2009 - 6/30/2014**
FY2010 Request:	**$10,000,000 Corporate Receipts**
FY2010 Funding:	**$_____ Corporate Receipts**

The purpose of the program is to supplement federal housing funds provided to Regional Housing Authorities to ensure safe, decent, affordable housing throughout Alaska.

The projected outcomes are:
- Construction of affordable homes in up to 20 urban and rural communities;
- Build on-site water and sewer facilities;
- Provide energy-efficient design features in homes;
- Construct roads to project sites;
- Provide electrical distribution systems;
- Retrofit homes to provide a safe, healthy, workable home; and
- Provide clients with new safe, energy efficient, comfortable housing.

Supplemental Housing Development Program - Corporate (AHFC) funds to supplement Federal (HUD) funds to construct decent, safe and sanitary housing through regional housing authorities established under AS 18.55.996. Funds are used to cover housing development costs related to water distribution, sewer hookups, electrical distribution systems, and road construction to project site, site development, and energy efficiency improvements. State laws limit the use of these funds to 20% of the HUD's total development cost per unit. These funds are prohibited from being used for administrative or other costs of the housing authority.

Funding History:

FY2009	$8,000,000	Corporate Receipts
FY2008	$6,000,000	Corporate Receipts
FY2007	$6,000,000	Corporate Receipts
FY2006	$4,300,000	Corporate Receipts
FY2005	$4,300,000	Corporate Receipts

FY2004	$4,300,000	Corporate Receipts
FY2003	$4,300,000	Corporate Receipts
FY2002	$4,500,000	Corporate Receipts
FY2001	$3,900,000	Corporate Receipts
FY2000	$3,868,000	Corporate Receipts
FY1999	$4,000,000	Corporate Receipts
FY1998	$6,000,000	Corporate Receipts
FY1997	$7,000,000	Corporate Receipts
FY1996	$10,000,000	Corporate Receipts

Program Description:
AHFC is limited by state statute to contributing 20% of HUD's Total Development Cost (TDC) of a project. Funds are used for on-site water and sewer facilities, roads to project sites, electrical distribution systems, and energy-efficient design features in homes constructed by the Regional Housing Authorities. HUD regulations prohibit the use of development funds for construction of access roads, electrical distribution systems, and certain other infrastructure costs.

Since its inception, the state has appropriated more than $100 million to augment over $500 million in HUD funds and $50 million in Public Health Services funds to build a total over 9,000 houses in over 250 communities.

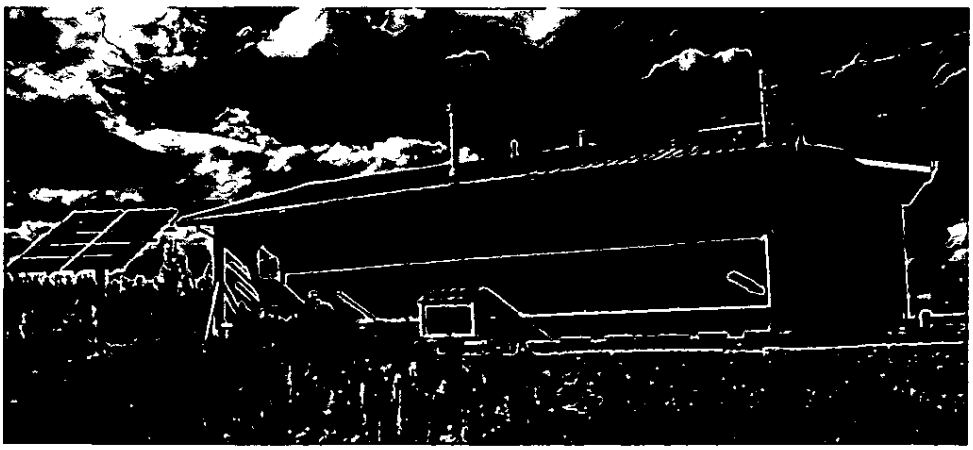
The Supplemental program has been working with the Association of Village Council Presidents (AVCP) this year to provide funds to help rebuild Hooper Bay after fires destroyed much of the village. AHFC has also been working with Cook Inlet Housing Authority on the Creekside development in Anchorage and with the Interior Regional Housing Authority in their pursuit of safe, energy efficient housing in the geographically largest region in the state. Each of the housing authorities deal with extreme building conditions and work, despite escalating fuel prices which drive the cost of construction to new all-time highs.

- Interior Regional Housing Authority put together a trip this summer on the upper Yukon River and invited the Rasmussen Foundation, Denali Commission and the Mental Health Trust Authority to see if they could work in partnership with all the agencies. The trip provided each organization with a new respect for the workers and a much better understanding of how each house built makes a tremendous difference in the lives of the families.

The Shungnak house (left) uses a different foundation system than what you would find in other areas of Alaska due to deep ground freezing. The houses use super insulated walls and floors to keep the residents warm throughout the winter. The arctic entry way provides a place for boots, coats and the family freezer which operates more efficiently in a cool space. The arctic entry way is important in keeping heat loss to a minimum.

These houses were barged to the Village of White Mountain then trucked to the site. The concrete "beams" allowed for easy crane lifting to place the house on its pad. AHFC supports "force account" building practices and is involved through Builder Education funds through ABSN. Force account requires local labor and generally means "stick built" on-site projects.

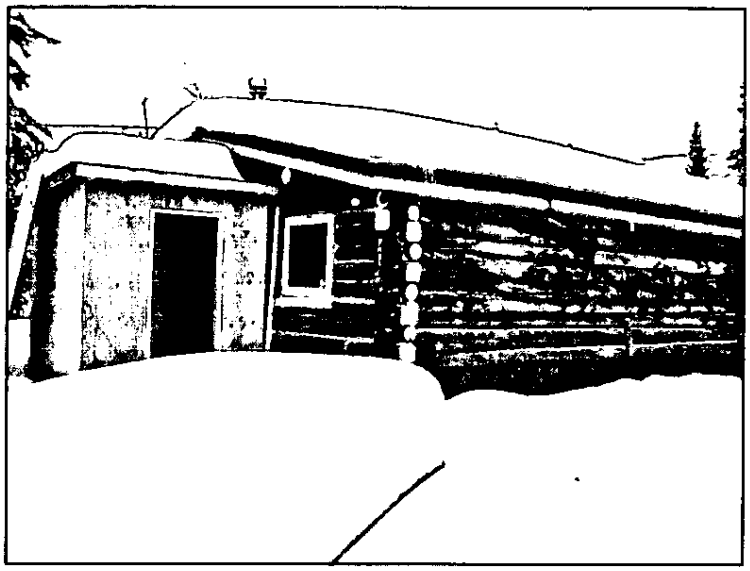
This is part of the Fairbanks Interior Regional Housing Authority low income housing neighborhood development project in Fairbanks. The project was one of the largest neighborhood developments that IRHA has ever participated in.



This house is in Fort Yukon and is using the solar panel (to the left of the house) to help share the energy load for five to six months of the year. The house is a "pilot project" and information on the success will be shared throughout the region.

This is a typical work crew in rural Alaska. Steve Ginnis (Director, IRHA- far right) is standing with the crew for projects in Bettles/Evansville. The young woman in the black tee-shirt was working to help support herself while attending college in Fairbanks.

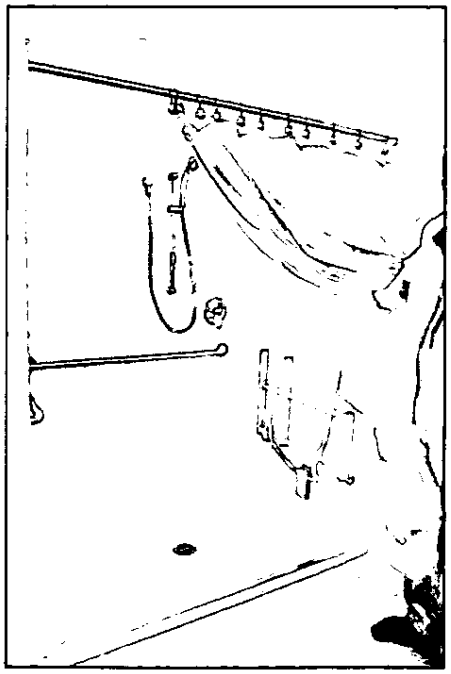
This zero lot is located in the Mendenhall Valley in Juneau, Alaska. The structure is utilizing a new ventilation system designed by a University of Alaska professor to ventilate the structure using less energy while maintaining healthy indoor air quality. The Cold Climate Housing Research Center in Fairbanks is monitoring the project as part of their partnership with AHFC.



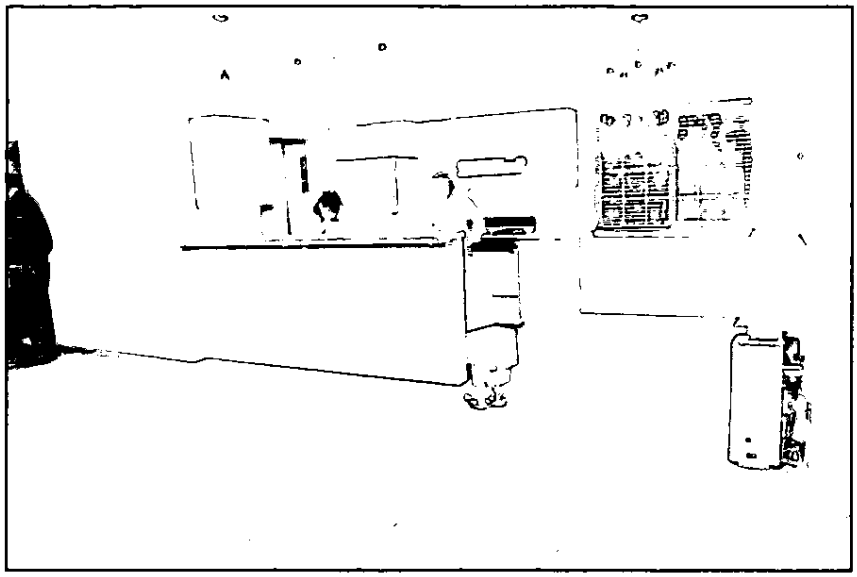
This log structure in Hughes, Alaska has undergone a whole house retrofit. New windows, new arctic entry way, newly insulated crawlspace, new Toyostove, new wood stove and the cabin was re-lamped with compact fluorescent bulbs which have all reduced the energy load for the home owner.

This is a great example of building for the client and climate. Each unit has a storage room built on the north side of the house which also accommodates the boiler room. The storage units are accessible from the outside and include basic shelving. These units are in Kasaan.

This is the front of the handicapped accessible unit. The houses are energy-efficient designs using passive ventilation and a combination of Toyostove and wood heat.

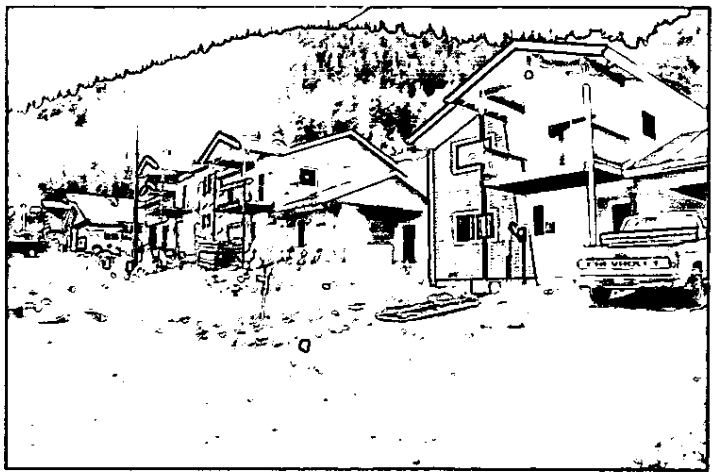


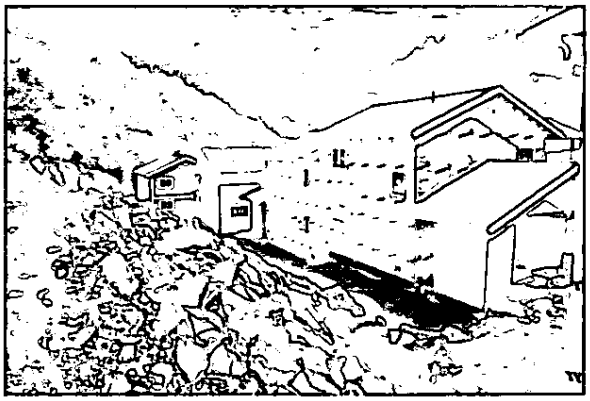
The bathroom is designed to accommodate elders or someone using a wheel chair. Although the flooring looks like hardwood, it's a laminate with a "commercial" rating. These houses are built in an energy efficient, low maintenance, easy-to-keep way. The goal is to keep the houses cheap to heat and maintain which means sustainable building.

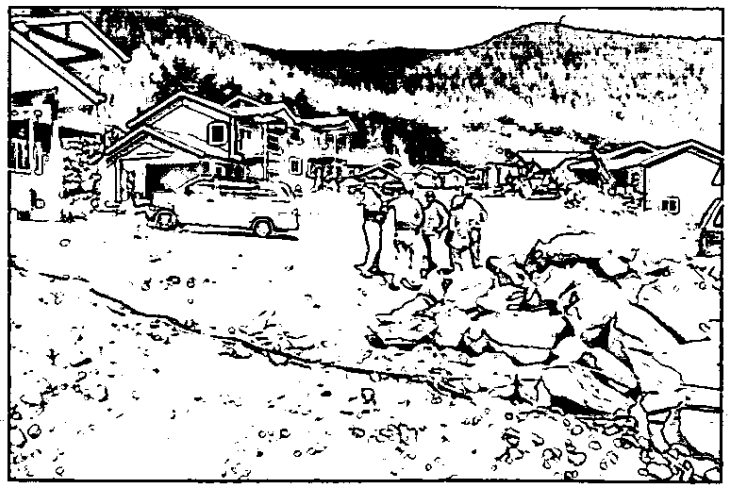


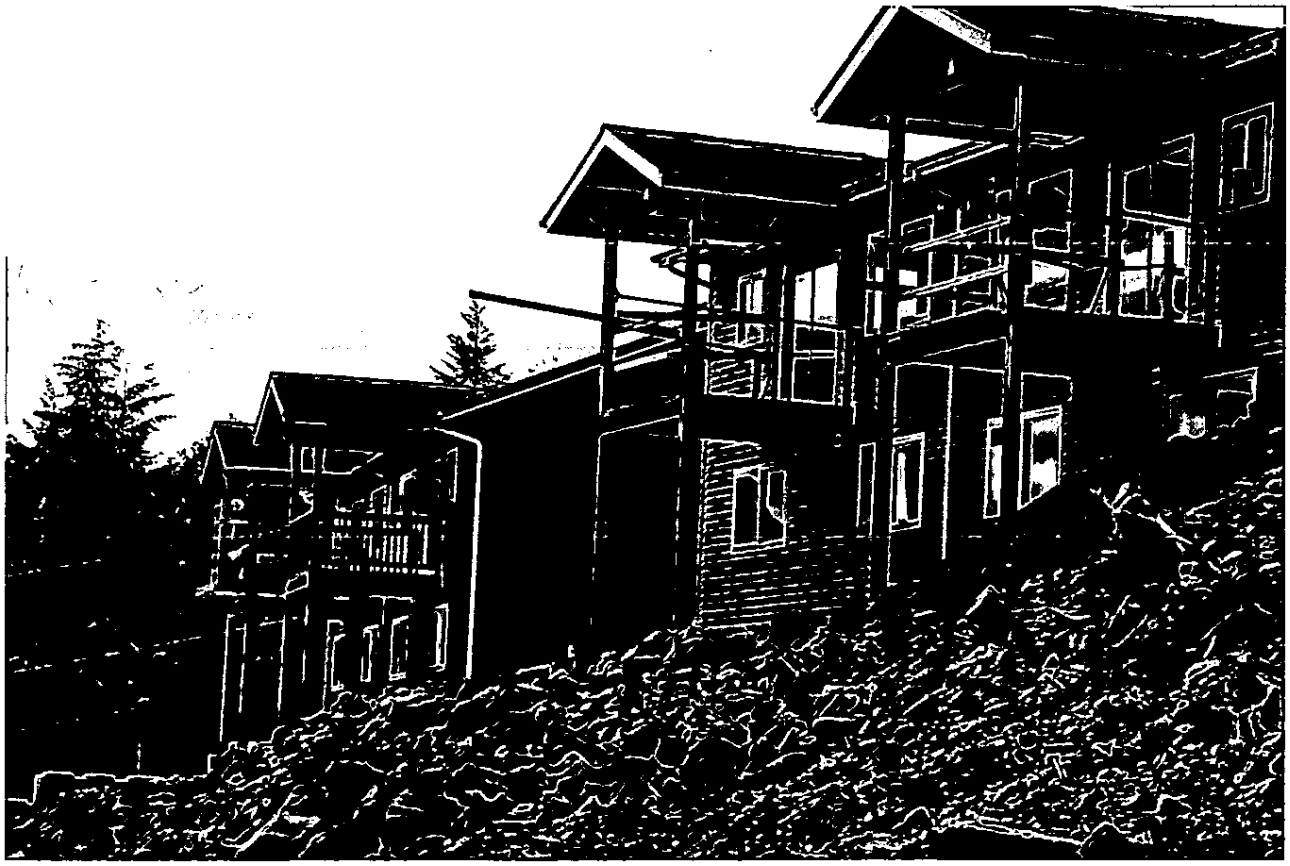
Kasaan - Single family unit interior living/dining room area. Floor material is commercial grade vinyl flooring - Toyostove - Kitchen designed for handicapped accessibility.

Ketchikan project - Several multifamily units built by Tlingit Haida Regional Housing Authority in conjunction with Ketchikan Indian Community. The project site has been challenging but the project is on schedule. The units are also using the green building practices utilizing local materials, recycling, "building tight and ventilating right". This project is an excellent example of working together with many agencies and dealing with difficult building sites.









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3. Weatherization Program

Reference Number:	**#6332**
Historical Category:	**Housing / Social Services**
Location:	**Statewide**
Election District:	**Statewide**
Project Type:	**Renovation and Remodeling**
Estimated Project Dates:	**7/01/2009 - 6/30/2014**
FY2010 Request:	**$2,000,000 Federal Receipts**
FY2010 Funding:	**$_____ Federal Receipts**

The purpose of the program is to provide cost-effective energy improvements to homes of low-income families.

The projected outcomes are:
- Reduce household operating costs of the client;
- Improve resident health and safety;
- Improve durability and longevity of housing stock;
- Replacement of unsafe heating systems;
- Install smoke detectors in homes;
- Install carbon monoxide detectors in homes.

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

Funding History:

FY2009	$2,000,000	Federal Receipts	FY2009	$60,000,000	General Fund
FY2008	$300,000,000	General Fund - Supplemental			
FY2008	$1,800,000	Federal Receipts	FY2008	$4,700,000	Corporate Receipts
FY2007	$1,800,000	Federal Receipts	FY2007	$4,200,000	Corporate Receipts
FY2006	$1,800,000	Federal Receipts	FY2006	$3,000,000	Corporate Receipts
FY2005	$1,837,500	Federal Receipts	FY2005	$2,231,500	Corporate Receipts
FY2004	$1,800,000	Federal Receipts	FY2004	$3,000,000	Corporate Receipts
FY2003	$1,800,000	Federal Receipts	FY2003	$3,000,000	Corporate Receipts
FY2002	$1,400,000	Federal Receipts	FY2002	$3,000,000	Corporate Receipts

FY2001	$1,400,000	Federal Receipts	FY2001	$2,000,000	Corporate Receipts
FY2000	$1,400,000	Federal Receipts	FY2000	$1,000,000	Corporate Receipts
FY1999	$4,200,000	Federal Receipts*	FY1999	$1,000,000	Corporate Receipts
FY1998	$1,200,000	Federal Receipts	FY1998	$4,000,000	Corporate Receipts

* *Stripper Funds*

Program Description:
The Weatherization program utilizes US DOE, Corporate funds, and State General funds to assist families to attain decent, safe, efficient, and affordable housing through the weatherization and rehabilitation of existing homes. Much of the older housing stock cannot maintain a minimally comfortable indoor temperature. The "traditional" Weatherization program annually served approximately 625 households and approximately 1,700 individuals. Program clients are mainly elderly, disabled, or families with small children. Most of the families receiving services are the working poor and are not receiving Public Assistance. With the extreme rise (up to and over 30% in the past five years) in cost of materials and shipping to Alaska, the dollar invested does not stretch nearly as far. Increased funding has allowed priority measures to be implemented in homes, as well as, to expand service to a greater number of eligible participants.

Weatherization improves occupant health and safety through the replacement of unsafe heating systems and installation of carbon monoxide detectors. Carbon monoxide problems are resolved, fire safety threats alleviated, egress windows installed, handrails and steps repaired, and moisture and mold problems abated. Client health improves as toxins and asthma triggers are removed and ventilation issues are addressed. Technology has developed concurrently with the program and provides the foundation for improved approaches to new construction for arctic conditions.

Benefits of weatherization:

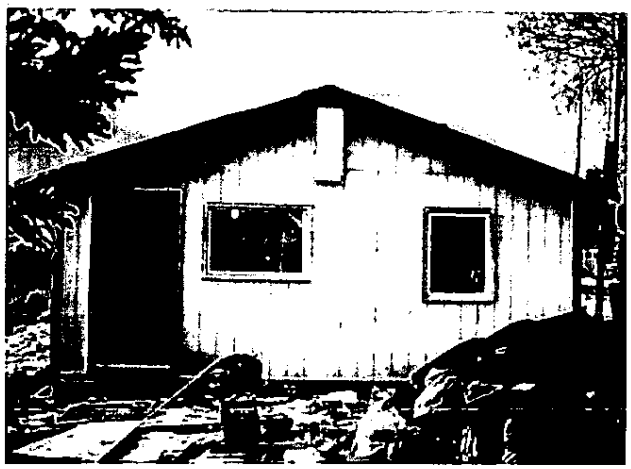
- Reduces overall fuel use / saves client's dollars;
- Helps keep people in their existing homes, reducing the need for public housing;
- Improves existing housing stock reducing, the need for more public housing;
- Materials purchased from local Alaskan vendors;
- Contractors and crew are hired locally and receive training (wages spent locally);
- Savings from fuel costs reinvested in local economy;
- Extensive client education on long-term operations and maintenance (O&M) required to maintain houses;
- Weatherization techniques improve building stock by addressing critical durability issues;
- Health and safety of residents dramatically improved in many cases due to mitigation of problems in the home, i.e., rot, mildew; and helps in eliminating ice dams; and
- Egress windows, smoke alarms, and CO detectors are installed to protect families from fire and carbon monoxide poisoning.

AHFC's ability to properly diagnose and correct problems in existing housing stock through the Weatherization program helps provide a safe, clean environment to clients improving the overall quality of life to pursue a better life for their families .

Regional Funding Allocation

Northern	10.55%
Western	10.57%
Southwestern	7.29%
Interior	6.59%
Fairbanks	14.40%
Southcentral (not Anchorage)	13.09%
Anchorage	26.47%
Southeast (not Juneau)	6.26%
Juneau City and Borough	4.78%

Before **After**



In a national study conducted by the United States Department of Energy's Oak Ridge National Laboratory, the weatherization programs were proven effective in saving both costs and energy on a national and local level. In 1989, this study showed the Weatherization program's annual average energy savings for all fuels was 18.2%. In the updated 1996 study, improvements in the program had increased the average energy savings to over 23%.

The study also surveyed the occupants of the weatherized dwellings to allow them to report on draft reduction, comfort level, safety, and their own health-based incidents of illness due to temperature and air quality within the home. On every rating scale, the occupants reported significant and positive change between the before and after periods, while the control group reported no change.

For every dollar invested, the Weatherization program returns $1.39 in energy-related benefits. In overall benefits (including health and safety and other non-energy benefits), the Weatherization program's cost effectiveness was found to return $2.40 for every dollar invested in the program.

Determining Savings and Diagnostics

In 1996, Alaska weatherization crews began training for and using a computerized energy audit called AkWarm, which requires all conservation measures to have a savings-to-investment ratio of at least one. Extensive diagnostic procedures are also used to determine what measures will provide the greatest savings at the lowest possible costs. Heating systems are diagnosed and system efficiencies are increased an average of 5% to 10%. Blower doors are used to find and reduce air leakage which is one of the largest causes of heat loss in a building. Although no formal study has been funded for the weatherization program, reports from rural communities often place energy savings at 40% to 60 % per household.

Increased Cost of Doing Business/Rise in Fuel Costs

This year, both the price of materials and freight has risen sharply in all areas of Alaska. In rural Alaska, the cost to provide services are approximately 30% higher than last year (AVCP Housing Authority estimates this figure to be as high as 37%). At the same time, many of these remote communities report heating fuels to be between three to five dollars a gallon and rising. The Department of Health and Social Services is currently updating a survey of ten select communities (including both urban and rural) to determine the overall increase in fuel costs over the last year and are finding that the average increase is 30 percent.

Waiting List

Wait lists have increased significantly since the change in income guidelines and influx of funding. The wait lists are expected to triple to approximately 1,200 in urban road connected towns and approximately 2,500 in rural areas. With the over 30% rise in the cost of service, the number of homes that AHFC can serve and the measures that can be applied to those homes is becoming significantly reduced. According to the 2005 Alaska Housing Needs Assessment, there are approximately 33,000 low-income households in need of weatherization services.

Homelessness and Affordability

Other benefits to Alaska include the fact that weatherization is helping many low income clients to stay in their homes, reducing homelessness, and providing affordable housing opportunities. Over 80% of weatherized units are owner-occupied. The median cost of a home today in the Anchorage area is $252,000 which is outside the reach of any low-income person. It is estimated that the average family pays approximately 3.5% of their income in energy-related costs, while the low-income family spends 14%. With the cost of heating fuel continuing to skyrocket, the energy burden on low-income families will continue to threaten their ability to stay in these homes. A director of weatherization in the Fairbanks area estimated that weatherization has prevented at least 20 families from losing their homes each year. A heating system breakdown at -20 degrees F, occurring to a family living from paycheck to paycheck, has

the potential impact to force that family to move out of the house. Weatherization is the only program available in Alaska that repairs and replaces heating systems for low income families. It is the last resort for many families.

Health and Safety

In addition, weatherization works hand-in-hand with local fire officials to reduce significant safety hazards. Carbon monoxide and smoke detectors are placed in houses where appropriate. Mold and moisture are reduced or eliminated. Long-term durability improvements are made, reducing the need for new housing units and saving current housing stock. The intensive client education that accompanies weatherization helps the client to more fully understand the operation and maintenance of their own home for years to come.

Jobs and Skills

Weatherization hires and trains locally in every community where work is being done. The advanced level of retrofit training that is given to each employee stays in these communities and often carries into other building projects ensuring overall energy efficiency in community buildings as well as other housing projects. The building sciences have been advanced significantly by the technology developed and used in the weatherization program, ensuring more efficient, durable, and safer buildings overall. Professional skills spread into the private sector improving new housing stock. *More than **140** Alaskans are employed in the program this year.*

Individual and Community Benefits

Weatherization works very well in Alaska and has proven community as well as individual benefits. For the individual, serious risks to health are reduced and eliminated including: carbon monoxide, mold, rot, frozen pipes, and heating system failure. Much needed household funds are diverted from making payments on critical heating fuel to food, medical, and other household needs. Almost all weatherization households contain a priority one client; 27% elderly, 36% disabled, and 39% with children under the age of six.

For the community, long-term durability improvements on the housing stock are made, reducing the need for new housing units and providing affordable shelter to low-income clients. Job creation provides important cash flow and skills development. Professional skills extend into the private sector improving new housing stock. Local suppliers provide materials for the program. The dollars stay in the state and in the communities where weatherization is being implemented.

Recent Program Changes

With special funding received in FY2008 and 2009, changes were made to increase the median income guidelines from 60% to 100%, and the per-unit limits were adjusted for urban and rural areas. AHFC is working with the new (Regional Housing Authorities) and existing partners to provide training necessary to meet program goals. An ambitious effort is underway to train local crews so that they can be deployed by the spring of 2009. This will dramatically increase the number of units weatherized by the fall of 2009. State and Federal funds are distributed based on federal formulas used by the Weatherization program for 20+ years and are based on

population, income, cost of fuel and heating degree days.

Ramping up to provide the level of services requires extensive training for housing authority crews. That training is underway and significant advances in production will occur in 2009. For the existing providers, the challenge is: hiring and training additional staff, huge demand in client intake, assessing additional homes, and ordering tools, equipment and materials to deploy the program immediately.

In addition, the **Home Energy Rating Rebate Program** was reinstated to provide rebates to owner-occupied homes, either newly constructed or purchased homes that achieve Five Star Plus, or for making energy efficiency improvements to existing homes using energy ratings dated on or after April 5, 2008 statewide.

The rebate amounts are determined by the step increases achieved between the as-is energy rating and post-improvement energy rating. A final rating of a One-Star-plus (1★+) or greater must be achieved for existing homes to qualify for a rebate. This is a one-time rebate for any one family or home for improvements to existing homes and actual expenses for improvements are verified with receipts, and one time rebate for construction of, or purchase of a newly construction Five-Star-Plus home. For improvements to existing homes the maximum rebate amounts:

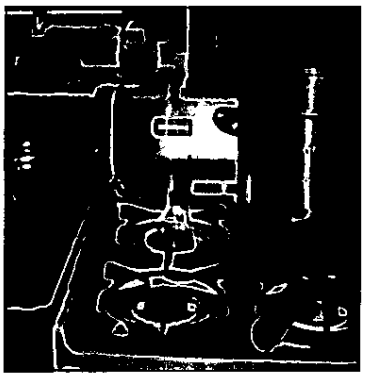
One Step	Up to $4,000
Two Steps	Up to $5,500
Three Steps	Up to $7,000
Four Steps	Up to $8,500
Five Steps	Up to $10,000

For the newly constructed Five-Star-Plus (5★+) rebate of $7,500, owner/builders or purchasers must meet AHFC financing requirements to participate. The financing requirements consist of recorded copies of the PUR-101 and PUR-102 or Certification of Occupancy from an approved local government, i.e., borough, city, etc.; contractor license with residential endorsement, and homeowner must also provide a Five-Star-Plus energy rating and proof of ownership; statutory warranty deed or deed transfer.

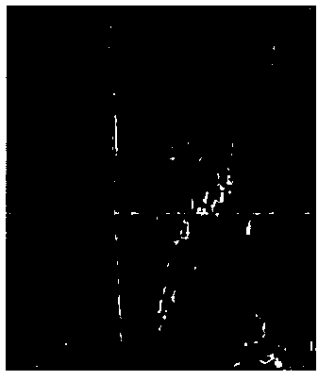
Weatherization Images from Around the State

Ice damming can cause leaks that can damage a home's interior. Warm, moist interior air leaks into cold attic space, condenses into ice, which then leaks back into the home. Weatherization mitigates these problems. Advanced air-sealing, properly applied roofing, and attic insulation can correct these conditions.

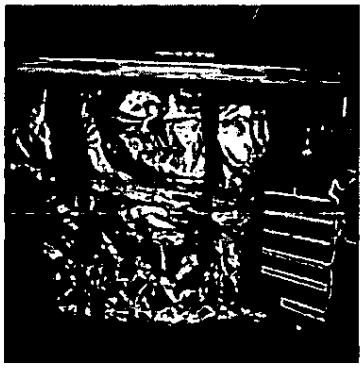
All homes are tested for air leakage, ventilation rates, pressure imbalances, and more. All combustion appliances (water heaters, heating systems, etc.) are tested for efficiency, whether they operate properly, and levels of carbon monoxide (CO). All homes receive CO and smoke detectors. Here a crew supervisor in Galena sets up the blower door to test a house.

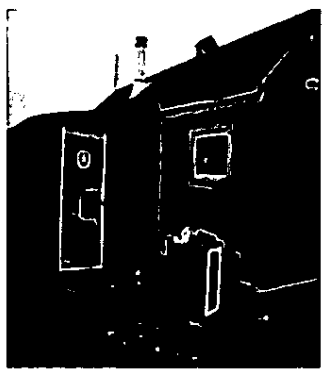


Mold problems are alleviated and conditions that cause mold are eliminated. Weatherization helps to remove conditions that cause illness and disease particularly in children and seniors.



Undesirable humidity sources are addressed through weatherization. Ground cloths help control moisture and microbes that are released from crawl space soil into the home. By insulating and using ground vapor barriers, heat loss is reduced, moisture is controlled, and mold problems are eliminated. At right, the crawl space under the house gets a ground cloth.





Additional funding sources complement weatherization funds and can provide additional benefits, such as access ramps for disabled seniors. One weatherization agency worked closely with World Changers this year to provide services that are more complex to eligible parties.

For more information, please contact Mimi Burbage, AHFC Weatherization Program, 4300 Boniface Pky. Anchorage AK 99502, 800-478-2432 or Mburbage@ahfc.state.ak.us

ALASKA HOUSING FINANCE CORPORATION
WEATHERIZATION SUCCESS STORIES
SEPTEMBER 2007

In this RurAl CAP project, a local trained laborer installs fiberglass insulation to an un-insulated floor in Hooper Bay. A layer of Tyvek air barrier will be installed to the bottom of the joists to keep the wind from penetrating the floor system. Foam board will then be added underneath for additional insulation. When completed, the insulation in the floor of this small house (12' x 16') is estimated to cost about $900 installed and according to AKWarm should give an annual savings for the homeowner of about $605 in fuel costs. Stove oil costs more than $5 per gallon at this time and is expected to increase again by this fall. Overall energy savings for this house is projected to be about $1,400 a year.

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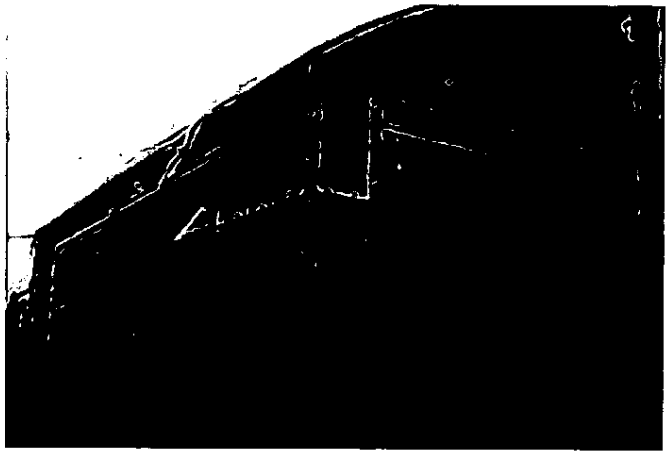
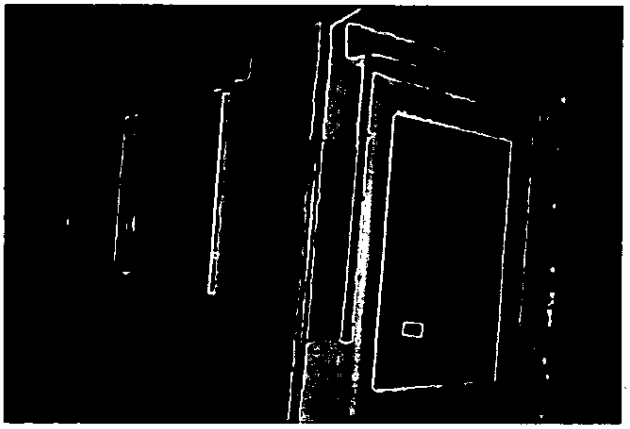
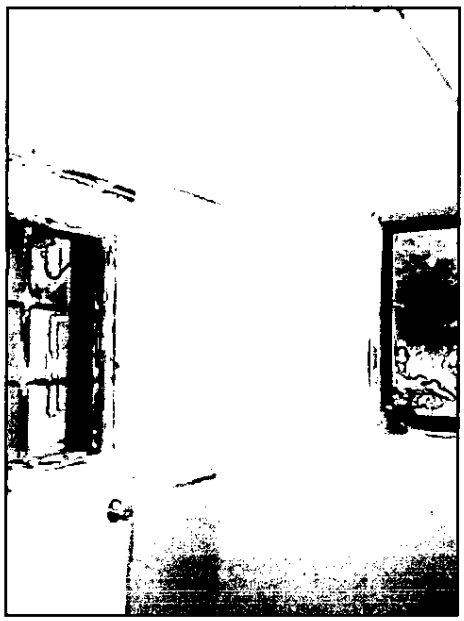
This mobile home on the Kenai Peninsula had seen much better days, but it still houses a client with several children that are often sick. Obvious huge heat loss occurred due to missing windows and huge cracks in the walls. Often the weatherization work extends the life of the house by many years and helps provide some of the only truly affordable housing on the market for the lowest income families. (Alaska CDC)





This is a small home in the MatSu Valley. This unheated entry area was added to the home's living space, but the owner was financially unable to complete the work. The addition of drywall not only preserves the insulation, but eliminates massive heat loss with air sealing alone, and greatly improves the interior air quality by eliminating exposure to loose insulation fibers. The home is heated with a space heater, which now uses less fuel and does a much better job with comfort with the reduced drafts. (Alaska CDC)



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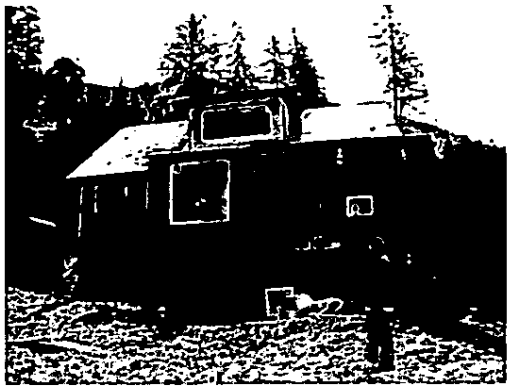
This small log home in Butte suffered high amounts of moisture, which is very easy to see in the winter (frost under eaves), because they were heating with an un-vented natural gas space heater. Because they have no chimney, these heaters produce toxic gases including carbon monoxide and massive amounts of moisture that go directly into the living space. Unfortunately they are still sold in Alaska, and because they are cheap, they are found in many low-income homes where they must be replaced.

The frost shows where moist air leaks out at the eaves and the icicles show that air leakage into the roof structure melts snow on the roof. Air sealing was addressed during the weatherization process but the icicles will continue at least somewhat because the structure was built as a "hot roof" with no ventilation from eave to ridge. (Alaska CDC)



This house was weatherized and rehabilitated for a priority client in Wrangell. Alaska CDC worked with Tlingit Haida Housing on a joint venture to bring this house back into a healthy, safe, efficient state for this homeowner. Often, the more limited resources of the weatherization program are used to provide advanced technical training to local crews and to focus on those measures which will truly target energy consumption in the home, while other programs take care of structural and health and safety needs.

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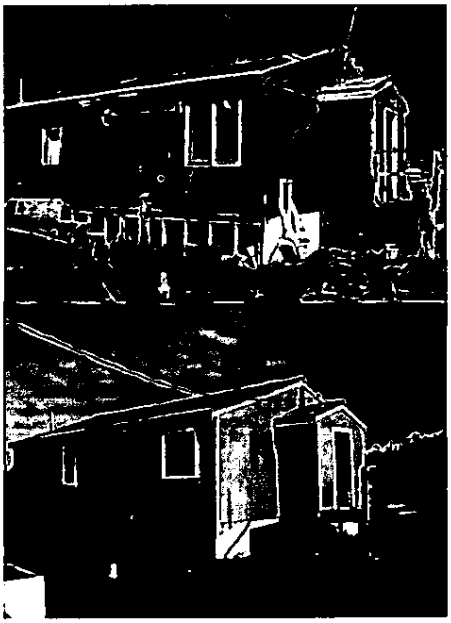

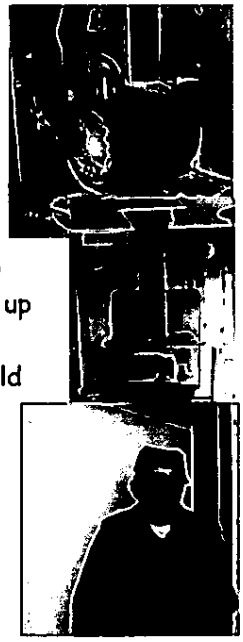

This Tanana Chiefs Conference project was completed in Ft. Yukon on a home owned by one of the elders. Weatherization work included air-sealing, insulating the floor, installing new windows and doors. His old barrel stove (like the one pictured) was replaced by a new energy efficient wood stove. The client said he puts two blocks of wood in his stove at night and he wakes up in the morning to a nice warm house, a big change from his previous woodstove. Simon an 83 year old elder was able to help with some of the weatherization work; he enjoys keeping busy. He was very happy with the work that made his house truly livable once again.

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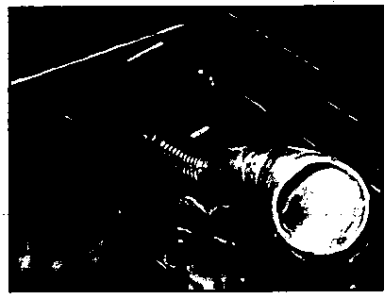

This bath fan was only vented into an attic space, causing moisture issues in the attic and condensation in the pipe that dripped down into the bathroom. There was also hot air leakage around the bath fan and poor insulation. Weatherization fixed these issues, saving money, and making the bathroom much more comfortable. (Alaska CDC)

4. Senior Citizen's Housing Development Fund (SCHDF)

Reference Number:	**#6334**
Historical Category:	**Housing / Social Services**
Location:	**Statewide**
Election District:	**Statewide**
Project Type:	**Transitional**
Estimated Project Dates:	**7/01/2009 - 6/30/2014**
FY2010 Request:	**$7,500,000 Corporate Receipts**
FY2010 Funding:	**$_____ Corporate Receipts**

The purpose of the program is to provide funds for the development of senior citizen housing. This program has funded 1,099 units to date.

The projected outcomes are:
To fund six development projects or about 90 units, modifications for accessibility for 40 units, and four predevelopment grants for activities such as:

- Purchase of building sites;
- Site preparation;
- Purchase of building materials;
- Construction;
- Rehabilitation, including accessibility modifications;
- Preparation of plans and specifications;
- Project feasibility studies;
- Appraisals; and
- Other pre-development activities.

Senior Citizens Housing Development Program - Corporate (AHFC) funds for grants to municipalities and public or private non-profit corporations, in conjunction with other agencies, for the development of senior citizen housing. Funds can be used for: the purchase of building sites, site preparation, materials, construction, and rehabilitation of existing housing. Organizations qualified to apply include municipalities and public or private nonprofit corporations. Additional components include smaller grants (up to $25,000) for nonprofit senior organizations to pay for preparation of plans and project feasibility studies, appraisals, site preparation and other pre-development activities.

Funding History:

FY2009	$6,000,000	Corporate Receipts
FY2008	$4,500,000	Corporate Receipts
FY2007	$3,000,000	Corporate Receipts
FY2006	$2,000,000	Corporate Receipts
FY2005	$2,000,000	Corporate Receipts
FY2004	$2,000,000	Corporate Receipts
FY2003	$1,375,200	Corporate Receipts
FY2003	$600,000	AHFC Capital Bonds
FY2002	$1,472,200	Corporate Receipts
FY2001	$2,253,500	Corporate Receipts
FY2000	$0	Program Not Funded; however:
FY2000	$278,000	Talkeetna Senior Housing funded with Corporate Receipts
FY1999	$2,050,000	Corporate Receipts
FY1998	$0	Program Not Funded; however:
FY1998	$248,000	Elders Services, Inc. funded with Corporate Receipts
FY1998	$281,700	Homer Seniors funded with Corporate Receipts
FY1998	$625,000	North Pole Seniors, Inc. funded with Corporate Receipts
FY1998	$675,000	Palmer Seniors funded with Corporate Receipts
FY1997	$1,750,000	Corporate Receipts
FY1996	$750,000	Corporate Receipts

Project Description:

These funds are used to support the development of housing for the fastest growing segment of the Alaskan population: persons 60 years of age and older. The 2000 Census showed that Alaska has the second highest growth rate of senior population in the U.S. Only Nevada has a higher growth rate. The number of seniors in Alaska is projected to increase 117% from 2005-2030 (79,430 people). This program targets the housing needs of both low-income and middle-income seniors, as well as, assisting homeowners improve accessibility in their homes insuring safety and the ability to stay in their residence.

This request is based on the estimated demand for senior housing during the application cycle for the SCHDF program, home modification, and senior pre-development grants. Program funds are used only to fund the development "gap", i.e., the amount necessary to make the project financially feasible or the difference between all other funding sources which can be expected to be contributed (including loan funds) and the cost to develop the project.

Any remaining unused funds will be made available under the next funding cycle. Requested funds are to be used to support senior housing with gap funds for acquisition, rehabilitation, accessibility modifications, and/or new construction of senior housing and pre-development grants.

Awards are made on a competitive basis contingent upon Legislative approval.

FY2007 Development Awards:

Wasilla - Birches II	-	28 units - $281,000 Award - TDC $4.5 mil.
Palmer - Chugach Estates	-	31 units - $849,000 Award - TDC $7.3 mil.
Anchor Point	-	4 units - $497,000 Award - TDC $1.2 mil.
Sitka - Monastary St.	-	24 units - $352,288 Award - Rehab Cost $1.3 mil.
Homer - Pioneer Vista II	-	9 units - $519,399 Award - TDC $2.2 mil.

FY2008 Pre-Development ($150,000) Requests:

Kodiak	- 12 units
Sitka	- 10 units
Anchorage	- 10 units

FY2008 Market Study ($50,000) Requests:

Ketchikan	- 22 units
Togiak	- 6 units
Cooper Landing	- 6 units
Seward	- 14 units
Ninilchik	- 8 units
Fairbanks	- 40 units
Haines	- 13 units
Willow-Meadow Lakes-Houston	- 18 units

FY2008 Development Awards:

Cooper Landing - Ravens View Housing	- 6 units	- $729,143	Award - TDC $1.9 mil.
Ninilchik - Tovarish Manor II	- 6 units	- $396,716	Award - TDC $1.54 mil.
Meadow Lakes - Birch Creek Villas	- 8 units	- $613,800	Award - TDC $2.22 mil.
Willow - Willow Parkway	- 6 units	- $705,650	Award - TDC $1.92 mil.
Fairbanks - Raven Landing	- 20 units	- $1,118,356	Award - TDC $4.33 mil.

FY2009 Applicant Requests:

Anchor Point	- 2 units
Homer	- 4 units
Ketchikan	- 10 units
Soldotna	- 6 units
Anchorage	- 59 units
Houston	- 8 units
Togiak	- 6 units

5. Fire Protection Systems Phase I

Reference Number:	**#47066**
Historical Category:	**Development**
Location:	**Statewide**
Election District:	**Statewide**
Project Type:	**Construction**
Estimated Project Dates:	**7/01/2009 - 6/30/2014**
FY2010 Request:	**$3,450,000 Corporate Receipts**
FY2010 Funding:	**$_____ Corporate Receipts**

The purpose of this project is to flush, evaluate and make life/safety code repairs to public housing fire protection systems throughout the state.

The projected outcome is to:
- Reduction in maintenance costs;
- Increased useful life of structure; and
- Increased safety of tenants.

Fire Protection Systems - Phase I utilizes Corporate (AHFC) funds to flush, evaluate and repair fire sprinkler and alarm systems in multi-family and senior/disabled public housing statewide based on a fire system engineer's equipment survey of fire protection systems conducted this year.

Funding History:
This is a new project.

Program Description:
This request will provide funding to flush, evaluate and make life/safety code repairs to public housing fire protection systems throughout the state.

AHFC recently completed a contract with a professional fire safety engineering firm to survey all fire safety systems in AHFC public housing throughout the state. The purpose of the survey was to identify the location, type, age, and condition of the systems. During the survey process, fire protection systems were identified that require upgrades to comply with current fire safety codes, additional evaluation to determine proper function, and components that have exceeded their useful life. This is an initial request to address the most immediate deficiencies identified by the survey as immediate life/safety issues.

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6. Security Systems Replacement/Upgrades

Reference Number:	**#47068**	
Historical Category:	**Development**	
Location:	**Statewide**	
Election District:	**Statewide**	
Project Type:	**Construction**	
Estimated Project Dates:	**7/01/2009 - 6/30/2014**	
FY2010 Request:	**$750,000**	**Corporate Receipts**
FY2010 Funding:	**$_____**	**Corporate Receipts**

The purpose of this project is upgrade existing security and door access systems to senior/disabled and multi-family public housing complexes.

The projected outcome is to:
- Increase security for residents;
- Reduce theft and vandalism;
- Reduce maintenance and custodial cost; and
- Increase useful life of structure.

Security and Main Entry Door Access Systems utilizes Corporate (AHFC) funds to be used to upgrade existing security and door access systems to senior/disabled and multi-family public housing. The project includes replacement of security and door access systems that are outdated and no longer supported by manufacturers for replacement parts and software.

Funding History:
This is a new project.

Program Description:
This request will provide funding to continue the upgrades for security and main entry door access systems for AHFC senior/disabled and low-income multi-family housing.

A recent survey was conducted to identify the location, configuration and current condition of door access and security systems in senior/disabled and low-income multi-family housing in Anchorage, Fairbanks and Juneau.

Many of the systems were found to be outdated with analog type cameras, recorders, card readers and software components that are no longer supported by the various manufacturers of systems compatible with currently available equipment.

Systems have already been upgraded and standardized in the Anchorage area. This funding is intended to upgrade and standardize systems for Fairbanks and Juneau to use the same digital technology already in place in the Anchorage properties. Standardization will consolidate purchasing and maintenance of system components.

7. Building System Replacement Program

Reference Number:	**#47069**
Historical Category:	**Development**
Location:	**Statewide**
Election District:	**Statewide**
Project Type:	**Construction**
Estimated Project Dates:	**7/01/2009 - 6/30/2014**
FY2010 Request:	**$2,500,000 Corporate Receipts**
FY2010 Funding:	**$_____ Corporate Receipts**

The purpose of this project is to address specific major repair and/or replacement items identified in a five-year review.

The projected outcome is to:
- Reduce maintenance costs,
- Increase the useful life of structure, and
- Increase safety for tenants.

Building System Replacement Program utilizes Corporate (AHFC) funds to address major roof replacement at Chugach View senior/disabled housing in Anchorage; replace sidewalks, retaining walls, stairs and overhead walkways at Cedar Park in Juneau; paint siding for Mountain View senior/disabled housing in Juneau.

Funding History:
This is a new project.

Program Description:
This program is designed to address specific major repair or replacement items identified in a five-year look-ahead review of each rental site. It is intended to address repair or replacement of components with a known life span that can be scheduled for repair or replacement before deferred maintenance results in additional damage or untimely failure that would result in additional cost.

The items identified under this fund request are the roof replacement for Chugach View senior/disabled housing in Anchorage; replacement of sidewalks, retaining walls, stairs and overhead walkways at Cedar Park in Juneau; paint siding for Mountain View senior/disabled housing in Juneau.

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8. HUD Federal HOME Grant Program

Reference Number:	**#6347**
Historical Category:	**Housing / Social Services**
Location:	**Statewide**
Election District:	**Statewide**
Project Type:	**Renewal and Replacement**
Estimated Project Dates:	**7/01/2009 - 6/30/2014**
FY2010 Request:	**$750,000 Corporate Receipts**
	$3,300,000 Federal Receipts
FY2010 Funding:	**$_____ Corporate Receipts**
	$_____ Federal Receipts

The purpose of this program is to expand the supply of affordable, low- and moderate- income housing and to strengthen the ability of the state to design and implement strategies to achieve an adequate supply of safe, energy-efficient, and affordable housing. This program has funded 44 rental projects containing 818 units and rehabilitated 373 low-income homes. It has assisted another 315 low-income households to purchase homes.

The projected outcomes are:

- Develop affordable rental housing by funding the development gap for four rental projects or about 50 units;
- Weatherize 42 homes;
- Assist 35 home buyers to achieve home ownership for lower-income families by providing down payment and closing cost assistance;
- Preserve low-income homes through a moderate rehabilitation;
- Assist Community and Housing Development (CHDO) with developing affordable housing by funding a portion of their operating costs; and
- Fund other housing needs as specified in the (HCD) plan and as authorized by HUD under 24 CFR Part 92.

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

program.

Funding History:

FY2009	$3,450,000	Federal Receipts	FY2009	$750,000	Corporate Receipts
FY2008	$3,375,000	Federal Receipts	FY2008	$750,000	Corporate Receipts
FY2007	$3,375,000	Federal Receipts	FY2007	$750,000	Corporate Receipts
FY2006	$3,500,000	Federal Receipts	FY2006	$750,000	Corporate Receipts
FY2005	$3,175,000	Federal Receipts	FY2005	$750,000	Corporate Receipts
FY2004	$3,159,000	Federal Receipts	FY2004	$750,000	Corporate Receipts
FY2003	$3,159,000	Federal Receipts	FY2003	$250,000	Corporate Receipts
FY2002	$3,050,000	Federal Receipts	FY2002	$250,000	Corporate Receipts
FY2001	$3,053,000	Federal Receipts	FY2001	$750,000	Corporate Receipts
FY2000	$3,000,000	Federal Receipts	FY2000	$750,000	Corporate Receipts
FY1999	$3,000,000	Federal Receipts	FY1999	$750,000	Corporate Receipts
FY1998	$3,000,000	Federal Receipts	FY1998	$750,000	Corporate Receipts
FY1997	$3,000,000	Federal Receipts	FY1997	$750,000	Corporate Receipts
FY1996	$3,000,000	Federal Receipts	FY1996	$750,000	Corporate Receipts

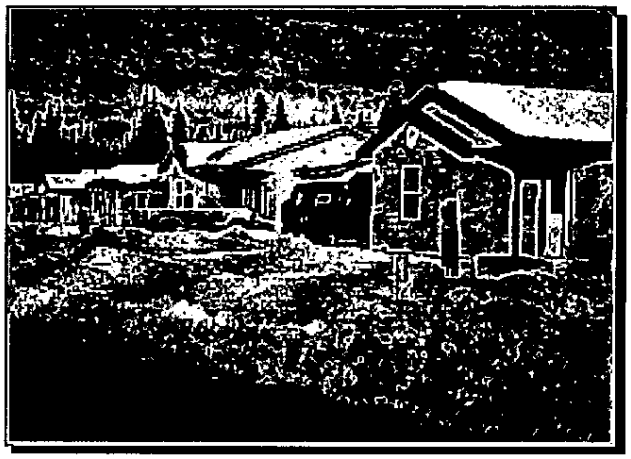
Program Description:

These funds are used to support the development of affordable housing for lower-income families. Funding is provided to fund:

1) The development gap for affordable rental housing projects, i.e., the difference between project cost and all other sources of funds which are expected to be contributed to the project, including any loan funds that the project's cash flow can support;
2) The cost of moderate rehabilitation to homes owned and occupied by lower-income families;
3) A portion of the costs associated with the purchase of a modest home by lower-income families;
4) A portion of the operating costs of Community Housing Development organizations that are developing affordable housing for lower-income families;
5) Other housing needs as specified in the HCD plan and as authorized by HUD under 24 CFR Part 92.

This request is based on the block grant amount to be received from HUD and the required 25% matching funds to be provided by AHFC, plus program income accumulated by the program to be used, as mandated by HUD, as additional federal HOME program funds.

Cordova Mews, Cordova FY1996



Mooring Estates, Soldotna FY1996

Raven Estates, Fairbanks FY1995

Back to Community, Bethel FY2003

Birch House, Fairbanks FY2005

Eagle Nest, Wasilla FY2006

9. HUD Capital Fund Program

Reference Number:	**#6342**
Historical Category:	**Housing / Social Services**
Location:	**Statewide**
Election District:	**Statewide**
Project Type:	**Renewal and Replacement**
Estimated Project Dates:	**7/01/2009 - 6/30/2014**
FY2010 Request:	**$3,200,000 Federal Receipts**
FY2010 Funding:	**$_____ Federal Receipts**

The purpose of this program is to renovate and modernize the public housing rental units statewide.

The projected outcomes are:
- Modernize public housing rental units;
- Training for staff;
- Training for residents; and/or
- Computer hardware & software upgrades.

HUD Capital Fund Program (CFP) - Federal (HUD) grant that provides Public Housing Authorities (PHA) with funds each year to help renovate and modernize public housing units. The annual CFP fund, including Replacement Housing Factor (RHF) funds, was approximately $2.7 million this fiscal year. The current request is intended to cover the spending authority only, required for the amount of funds anticipated next year, including any other incentives that may be available as a high performing Public Housing Authority.

Funding History:

FY2009	$3,200,000	Federal Receipts	
FY2008	$3,500,000	Federal Receipts	
FY2007	$1,248,200	Federal Receipts	
FY2006	$500,000	Federal Receipts	
FY2005	$500,000	Federal Receipts	
FY2004	$500,000	Federal Receipts	
FY2003	$500,000	Federal Receipts	(also funded in 2003 -- $14,251,000 AHFC Bond Proceeds)
FY2002	$3,500,000	Federal Receipts	
FY2001	$3,500,000	Federal Receipts	
FY2000	$2,800,000	Federal Receipts	
FY1999	$2,900,000	Federal Receipts	
FY1998	$3,100,000	Federal Receipts	

FY1997	$3,521,600	Federal Receipts
FY1996	$4,326,000	Federal Receipts

Program Description:
The federal government, through the U.S. Department of Housing and Urban Development (HUD), provides Public Housing Authorities with money each year to help renovate and modernize their public housing through the Capital Fund Program. To access this money, each PHA, with the active involvement of residents and local government officials, must develop a comprehensive (five-year) plan detailing modernization needs within the PHA's housing inventory and establishing a timetable for meeting those needs. The dollar amount of the annual grant is established by a formula using the number, configuration, and size of the PHA's low rent units. The annual grant also provides funds for administrative expenses, tenant-education projects, drug-elimination/safety projects, and management improvements.

Projects funded by this year's request include: renovation or replacement of Bethel units in Bethel; renovation or replacement of Birch Park I and Birch Park II units in Fairbanks.

Also included are funds to provide operation and management improvements, such as PHA staff training; residents' training; training for low-income businesses; and upgrades to the information system and area-wide network enhancements at low rent developments.

10. Federal and Other Competitive Grants

Reference Number:	**#6348**
Historical Category:	**Housing / Social Services**
Location:	**Statewide**
Election District:	**Statewide**
Project Type:	**Health and Safety**
Estimated Project Dates:	**7/01/2009 - 6/30/2014**
FY2010 Request:	**$1,500,000 Corporate Receipts**
	$3,000,000 Federal Receipts
FY2010 Funding:	**$_____ Corporate Receipts**
	$_____ Federal Receipts

The purpose of this program is to allow AHFC to apply for HUD, other federal agency, and private foundation grants that target the housing needs and supportive services of low-income and special needs groups such as: senior citizens, the mentally, physically, or developmentally disabled, or the homeless. AHFC will also apply for energy-related grants as they relate to housing. When required, AHFC will provide the needed matching funds. Some of the funds received will be passed through to local non-profit sub-grantee organizations that deliver housing and/or services.

The projected outcomes are to successfully compete and fund the matching portion of the following grant programs:

- HUD Supportive Housing;
- Housing Opportunities for Persons With AIDS (HOPWA);
- USDA Housing Preservation Grant Program;
- Grant Match Program; and
- HUD Technical Assistance Program.

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

AHFC will make application, as appropriate, to private institutions or foundations to study and/or address such issues as housing delivery systems, safe and viable neighborhoods, homelessness

and aging in place. When required, AHFC will provide matching funds to non-federal grants that target the housing needs of low-income and special needs groups such as senior citizens, the mentally, physically, or developmentally disabled, or homeless.

Funding History:

FY2008	$3,000,000	Federal Receipts	FY2008	$1,500,000	Corporate Receipts
FY2008	$3,000,000	Federal Receipts	FY2008	$1,000,000	Corporate Receipts
FY2007	$3,000,000	Federal Receipts	FY2007	$1,250,000	Corporate Receipts
FY2006	$23,000,000	Federal Receipts	FY2006	$1,000,000	Corporate Receipts
(Note: $20,000,000 RPL - Denali Commission Projects)					
FY2005	$3,000,000	Federal Receipts	FY2005	$1,000,000	Corporate Receipts
FY2004	$3,000,000	Federal Receipts	FY2004	$1,000,000	Corporate Receipts
FY2003	$3,000,000	Federal Receipts	FY2003	$1,250,000	Corporate Receipts
FY2002	$3,000,000	Federal Receipts	FY2002	$500,000	Corporate Receipts
FY2001	$1,500,000	Federal Receipts	FY2001	$1,000,000	Corporate Receipts
FY2000	$1,500,000	Federal Receipts	FY2000	$750,000	Corporate Receipts
FY1999	$3,000,000	Federal Receipts	FY1999	$500,000	Corporate Receipts
FY1998	$3,000,000	Federal Receipts	FY1998	$500,000	Corporate Receipts
FY1997	$3,000,000	Federal Receipts	FY1997	$1,000,000	Corporate Receipts
FY1996	$3,400,000	Federal Receipts	FY1996	$2,100,000	Corporate Receipts

Program Description:

This program also allows AHFC to apply for and receive federal, state and other grants that target the housing needs and supportive services of low-income and special needs groups such as mentally ill, homeless or disabled persons. Numerous federal and private foundations incorporate a matching cash contribution requirement in their competitive grant programs. The AHFC grant match program has been vital to attracting outside funding into Alaska to meet the housing needs of these special populations.

Most of the federal funds received, as well as the Corporate match funds are customarily passed through to local non-profit or municipal sub-grantee agencies who deliver the housing and related supportive services. Examples of programs with match components include HUD Supportive Housing, Housing Opportunities for Persons With AIDS (HOPWA), and the USDA Housing Preservation Grant Program.

11. Competitive Grants for Public Housing

Reference Number:	**#6350**	
Historical Category:	**Housing / Social Services**	
Location:	**Statewide**	
Election District:	**Statewide**	
Project Type:	**Health and Safety**	
Estimated Project Dates:	**7/01/2009 - 6/30/2014**	
FY2010 Request:	**$250,000**	**Corporate Receipts**
	$750,000	**Federal Receipts**
FY2010 Funding:	**$_____**	**Corporate Receipts**
	$_____	**Federal Receipts**

The purpose of this program is to allow AHFC to apply for HUD, other federal agency, and private foundation grants that target the housing needs of low-income and special needs groups such as: senior citizens, the mentally ill, disabled, or the homeless who are eligible for public and/or assisted housing. AHFC will also apply for grants to prevent crime and substance abuse in public housing and assist public housing families attain economic self-sufficiency. When required, AHFC will provide the needed match.

The projected outcomes are:

- Match requirements for federal grants such as:
  - Drug Elimination Program;
  - Family Self-Sufficiency (FSS) Coordinator and case workers;
  - Senior Services Coordinator; or
  - Resident Opportunities and Supportive Services (ROSS) grant.

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

Funding History:

FY2009	$750,000	Federal Receipts
FY2009	$250,000	Corporate Receipts

FY2008	$750,000	Federal Receipts
FY2008	$250,000	Corporate Receipts
FY2007	$750,000	Federal Receipts
FY2007	$250,000	Corporate Receipts
FY2006	$750,000	Federal Receipts
FY2006	$250,000	Corporate Receipts
FY2005	$750,000	Federal Receipts
FY2005	$250,000	Corporate Receipts
FY2004	$750,000	Federal Receipts
FY2004	$250,000	Corporate Receipts
FY2003	$750,000	Federal Receipts
FY2003	$250,000	Corporate Receipts
FY2002	$750,000	Federal Receipts
FY2002	$250,000	Corporate Receipts
FY2001	$750,000	Federal Receipts
FY2001	$250,000	Corporate Receipts
FY2000	$750,000	Federal Receipts
FY2000	$250,000	Corporate Receipts
FY1999	$750,000	Federal Receipts
FY1999	$250,000	Corporate Receipts
FY1998	$2,000,000	Federal Receipts
FY1998	$250,000	Corporate Receipts

Program Description:
AHFC will apply for grants and utilize those grant funds to target services to families and persons who are eligible for public and/or assisted housing. Grant funds within this category may be used to prevent and reduce crime and substance abuse in public housing and to aid PHD-assisted families to attain economic self-sufficiency. This program also helps implement welfare reform efforts of the state. When required as a condition of funding, AHFC may provide the needed match. Examples of previous grantors include the Robert Wood Johnson Foundation, the Department of Education, U.S. Dept. of Housing and Urban Development and the U.S. Dept. of Health and Human Services.

This project also enables AHFC to receive additional housing assistance from HUD in the form of Section 8 vouchers. Some of the funds received may be passed through to local non-profits of government agencies to deliver the appropriate services throughout the state.

12. Energy Efficiency Monitoring Research

Reference Number:	**#6351**
Historical Category:	**Housing / Social Services**
Location:	**Statewide**
Election District:	**Statewide**
Project Type:	**Health and Safety**
Estimated Project Dates:	**7/01/2009 - 6/30/2014**
FY2010 Request:	**$2,000,000 Corporate Receipts**
FY2010 Funding:	**$_____ Corporate Receipts**

The purpose of this project is to conduct research, analysis, information dissemination, and interchange among members of the industry, as well as, between the industry and the public.

The projected outcomes are:

- Conduct research, analysis, information dissemination and interchange among members of the industry, and between the industry and the public;
- Gather data and perform analysis of geographically diverse area energy-efficient designs for homes; and
- Monitoring homes for energy usage, comfort levels, durability, occupant health, and economic benefits of efficiency features.

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

Funding History:

FY2009	$1,000,000	Corporate Receipts
FY2008	$1,000,000	Corporate Receipts
FY2007	$500,000	Corporate Receipts
FY2006	$500,000	Corporate Receipts
FY2005	$500,000	Corporate Receipts
FY2004	$500,000	Corporate Receipts
FY2003	$300,000	Corporate Receipts
FY2002	$300,000	Corporate Receipts
FY2001	$450,000	Corporate Receipts

FY2001	$500,000	Federal Receipts
FY2000	$0	Corporate Receipts – requested but not funded.

Program Description:
This program funds monitoring and testing of energy efficiency designs, products, and construction technology tests in areas where little is being done in the Alaskan arena. Considering the diverse building conditions and requirements across the state, the homebuilding industry has indicated they would like to see research and testing of energy efficiency designs in different regions in the state.

AHFC is required by state law to purchase homes that meet minimum energy efficiency standards. The Corporation has established and funded incentive programs for increased energy efficiency in homes. Currently, Corporate arbitrage dollars are used to offer reduced interest rates on homes that meet or exceed energy rating criteria. Yet, little information is currently available about the cost benefits to the homeowner over time from these programs or how effective certain energy efficiency designs have been across Alaska's climate regions.

Funds requested here would be to conduct research, analysis, and information dissemination and interchange among members of the industry, as well as, between the industry and the public.

The following will be provided through the Cold Climate Housing Research Center: Data gathering, as well as, analysis of energy efficient designs for homes. Alaska has a wide range of climates and temperatures, with everything from coastal rain forests to arctic tundra. Energy efficiency designs and technologies for homes need to address conditions in each of these regions across the state.

Homes with different energy efficiency designs would be monitored for energy usage, comfort levels, durability, occupant health, and economic benefit of efficiency features. Different regions of Alaska would be monitored along with different energy efficiency designs.

Activities should have a high level of effectiveness and success based on three reasons:

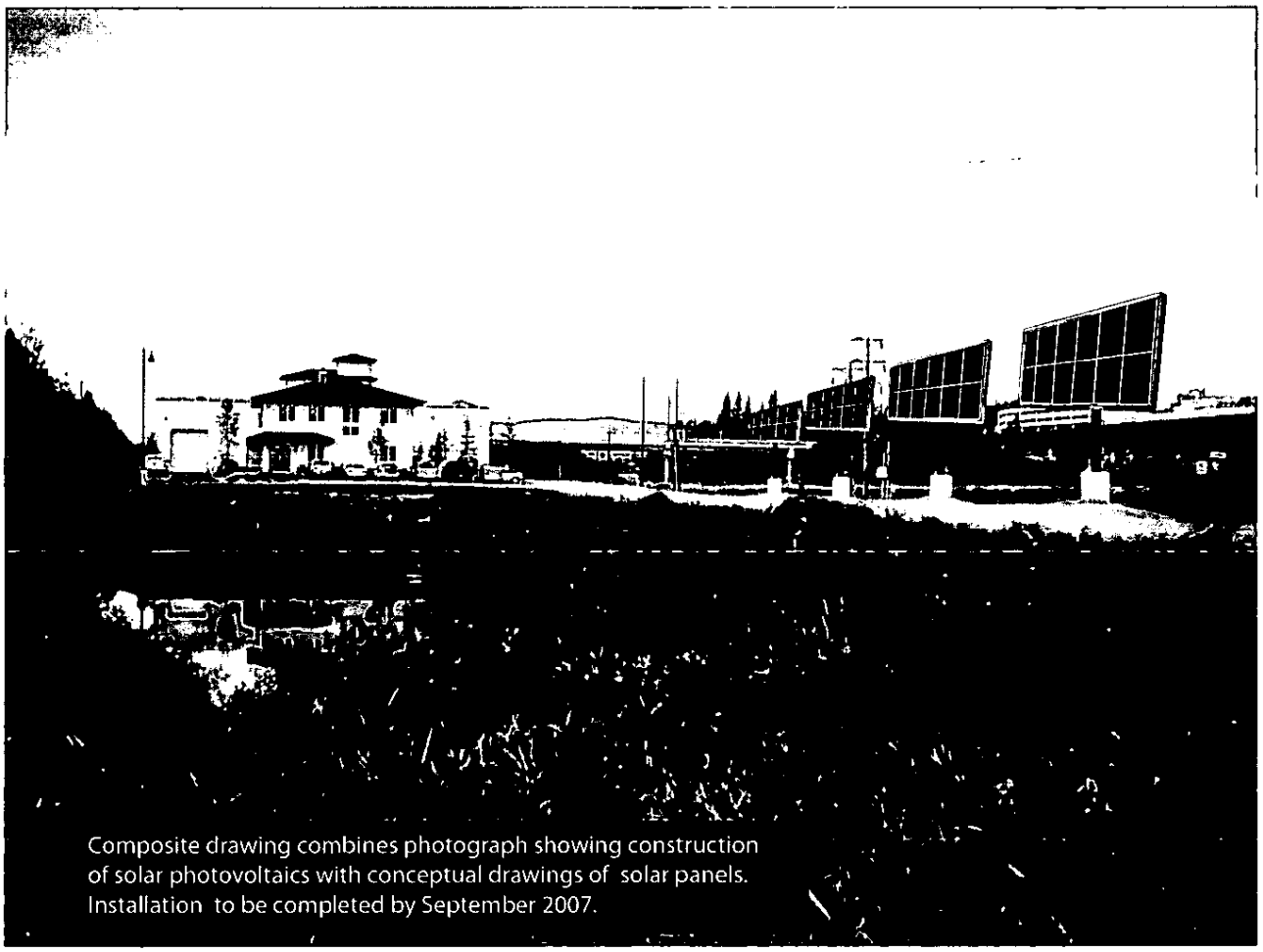
1. **Programs and projects will be results oriented.** Home building is a practical activity. Monitoring research and analysis should seek workable answers to real problems of home building and to real ways to improve homes across Alaska. Future trends and developing technologies need to be considered, with an emphasis on the impact that such trends and technologies will have on the way the homes are actually built.

2. **Contact with the real world of home building needs to exist by having some ties to the state home building industry.** In addition to a statewide association, local home building associations exist in Anchorage, the Kenai Peninsula, Ketchikan, Juneau, Interior Alaska, Mat-Su, and Kodiak. These associations could provide a grassroots network of cooperating

builders. When research is launched, builders would be expected to provide direction on specific questions, technologies, designs, and to cooperate in studies and field tests.

3. **Research & analysis flow directly into the building industry and the public.** Monitoring results would be expected to help link the research and product development communities with the practitioners who put methods into practice and products into use. The involvement of the building industry is intended to increase builder's confidence in the findings. All results and analysis would be publicized and disseminated throughout the housing industry, creating a favorable climate for the adoption of desirable changes.

Hybrid Micro Energy Project (HMEP)



Composite drawing combines photograph showing construction of solar photovoltaics with conceptual drawings of solar panels. Installation to be completed by September 2007.

The Cold Climate Housing Research Center (CCHRC) in collaboration with British Petroleum (BP), the State of Alaska, Fairbanks North Star Borough, Siemens, GW Scientific, Remote Power Incorporated, the University of Alaska Fairbanks, EEInternet, the Cooperative Extension Service and the Golden Valley Electric Association on a two-year demonstration project that

tests and monitors a hybrid system composed of solar photo voltaic, solar thermal, wind and a biomass Combined Heat and Power (CHP) unit. The Hybrid Micro Energy Project (HMEP) has been designed for the high-latitude challenge of minimal solar energy during the long winter when energy demand is greatest and bountiful solar energy when demand is less.

During the cold months of the year, the hybrid system utilizes the biomass CHP unit as well as demonstrates the potential of wind to augment heat and power needs. The HMEP project, funded primarily by BP, the Fairbanks North Star Borough, and the State of Alaska, is based at CCHRC's Cold Climate Building and Infrastructure Research and Testing Facility (RTF) in Fairbanks, Alaska. CCHRC is a 501c(3) corporation founded by members of the Alaskan homebuilding industry. The RTF is CCHRC's research and testing facility which is, in itself, a set of research and demonstration projects with over 600 sensors monitoring each component in the building from the foundation to the roof. Project deliverables include: ongoing web-based performance reports, final report, PowerPoint presentation, an education course on renewable energy systems and at least one public meeting to present the demonstrations and results of the project.

Hybrid micro-power systems are particularly suited for Alaska's rural communities as an economical and sustainable supplement to diesel for producing electricity and heat. A hybrid micro-power system designed for rural Alaska that is simple to install and easy to maintain has worldwide potential. Every step AHFC takes puts us further down the road toward sustainable communities.

13. State Energy Program (SEP) Special Projects

Reference Number:	**#32526**	
Historical Category:	**Housing / Social Services**	
Location:	**Statewide**	
Election District:	**Statewide**	
Project Type:	**Health and Safety**	
Estimated Project Dates:	**7/01/2009 - 6/30/2014**	
FY2010 Request:	**$50,000**	**Corporate Receipts**
	$150,000	**Federal Receipts**
FY2010 Funding:	**$_____**	**Corporate Receipts**
	$_____	**Federal Receipts**

The purpose of this program is to allow the State to participate in special project grants offered by the federal Department of Energy to promote energy related technologies and research.

The projected outcomes are advancements in:
- Building technologies;
- Codes and standards;
- Wind and power technologies;
- Renewable energy for remote areas; and/or
- Transportation technologies.

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

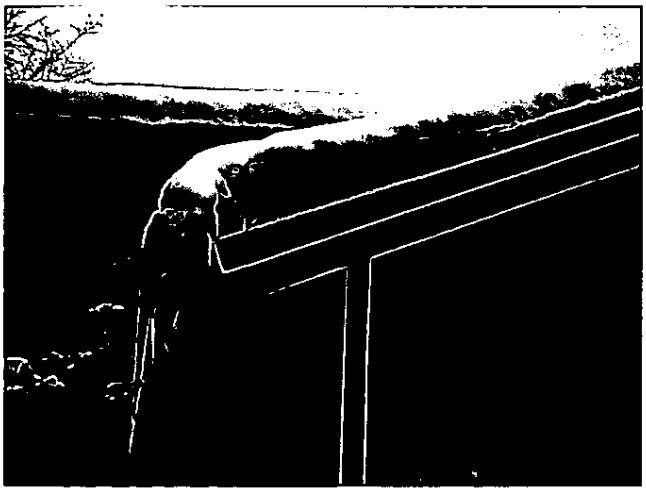
Funding History:

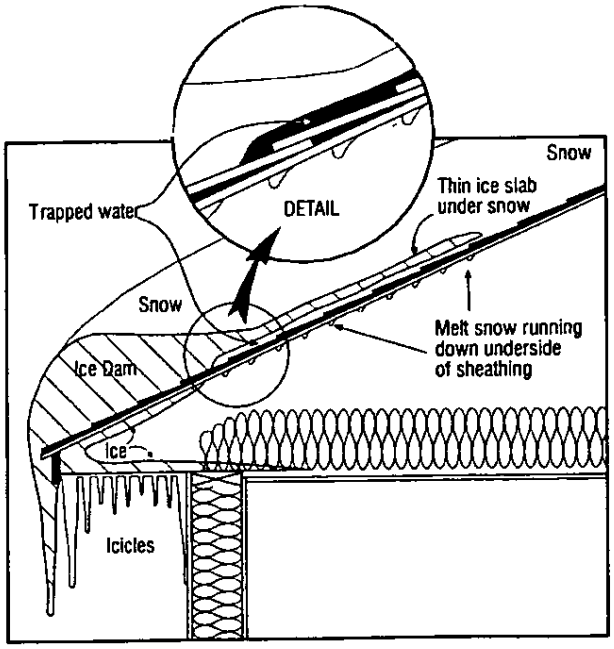
FY2009	$150,000	Federal Receipts	FY2009	$30,000	Corporate Receipts
FY2008	$360,000	Federal Receipts	FY2008	$30,000	Corporate Receipts
FY2007	$300,000	Federal Receipts	FY2007	$30,000	Corporate Receipts
FY2006	$300,000	Federal Receipts	FY2006	$30,000	Corporate Receipts
FY2005	$483,000	Federal Receipts	FY2005	$50,000	Corporate Receipts
FY2004	$423,500	Federal Receipts	FY2004	$50,000	Corporate Receipts
FY2003	$150,000	Federal Receipts	FY2003	$30,000	Corporate Receipts
FY2002	$150,000	Federal Receipts	FY2002	$30,000	Corporate Receipts

FY2001 $150,000 Federal Receipts FY2001 $30,000 Corporate Receipts
Prior funding for this program has been included in past operating budgets under Revised Program (RPL) process.

Program Description:
The DOE provides competitive grants to State Energy Programs for specific activities including: building technologies, Codes and Standards, Wind and Power technologies, renewable energy for remote areas, or transportation technologies. DOE solicitations for these special projects occur typically in January or February. Awards are made in June. AHFC has been successful in obtaining special projects awards for wind monitoring, codes and standards, and seafood processing audit program. Approximately $14 million is made available annually for these types of grants to all states on a competitive basis.

This program will help promote the conservation of energy and reduce the rate of growth of energy demand. The program will also help reduce dependence on imported oil through the development and implementation of a comprehensive State Energy Program (SEP) and the provision of federal financial and technical assistance to states in support of such programs. The program is funded through the DOE, and requires a 20%-50% state match, most of which is provided through the agencies receiving funding from AHFC. Funds will be used by AHFC to promote education for consumers, Realtors, Builders, and other housing professionals in the energy efficient arena. In FY 2007, over 2,500 people attended education opportunities offered through this program.





14. Statewide Project Improvements

Reference Number:	**#40068**	
Historical Category:	**Housing / Social Services**	
Location:	**Statewide**	
Election District:	**Statewide**	
Project Type:	**Renewal and Replacement**	
Estimated Project Dates:	**7/01/2009 - 6/30/2014**	
FY2010 Request:	**$3,000,000**	**Corporate Receipts**
FY2010 Funding:	**$_____**	**Corporate Receipts**

The purpose of this project is to provide funding to address known and unknown conditions in AHFC's housing stock.

The projected outcomes are advancements in:
- Providing amenities not programmed;
- Enhancing operations;
- Providing funding for emergency repairs, i.e., roof replacements, fire alarm systems, etc.;
- Allowing quick response to code changes and life safety issues; and
- Allowing quick response to unforeseen conditions.

Statewide Project Improvements - utilizes Corporate (AHFC) funds to provide repairs, deferred maintenance, and improvements to AHFC-owned properties throughout the state. This project will allow AHFC to keep pace with the deterioration of existing components of the rental properties such as roofs, sidewalks, and common areas. It will enhance operations, allow quick response to ordinance and code changes. The primary function of this fund is to address those major or extraordinary work items identified annually through the Physical Needs Assessments (PNA) by the public housing maintenance staff and Asset Supervisors.

Funding History:

FY2009	$2,500,000	Corporate Receipts
FY2008	$2,000,000	Corporate Receipts
FY2007	$2,000,000	Corporate Receipts
FY2006	$150,000	Corporate Receipts

Program Description:
Statewide Project Improvements is an on-going yearly request to address items identified annually by Physical Needs Assessments (PNAs) that make AHFC properties safer and more

convenient for AHFC residents. In the past, this fund has also been used for emergency roof replacement in Fairbanks, installation of security systems in our senior/disabled housing in Anchorage, replacement of an emergency generator for senior/disabled housing in Ketchikan, emergency replacement of boilers in a senior/disabled facility in Juneau and slope stabilization at a family housing complex in Juneau. Additionally, this funding has been used to respond quickly to fire or flood damage where the cost of repairs is under the Corporation's insurance deductible. Projected future uses also include sidewalk replacement, installation of storage sheds, covered parking at senior facilities, increased parking lot lighting, and installation of additional security systems at other public housing facilities where needed.

In addition, the routine maintenance funding received from the federal government is not keeping pace with the deterioration of existing items. It is important that AHFC have the funding to maintain the units in a viable condition and avoid future deferred maintenance.

Funding this request will result in the enhancement of AHFC rental units throughout the state; increasing their rent-ability and lowering their maintenance costs.

15. Loussac Manor Redevelopment - Phase III

Reference Number:	**#43076**
Historical Category:	**Housing / Social Services**
Location:	**Anchorage Downtown/Rogers Park**
Election District:	**23**
Project Type:	**Renewal and Replacement**
Estimated Project Dates:	**7/01/2009 - 6/30/2014**
FY2010 Request:	**$8,492,400 Corporate Receipts**
FY2010 Funding:	**$_____ Corporate Receipts**

The purpose of this project is to begin the third phase of renovation which will replace all structures under a phased plan that would utilize existing foundations.

The projected outcomes are to:

- Replace old housing stock that has exceeded its useful life span;
- Reduce operating and maintenance costs;
- Reduce energy expenditures through increased energy efficiency;
- Improve tenant comfort and safety;
- Reduce liability associated with life safety issues;
- Increase rent-ability of units; and
- Protect existing structures.

Loussac Manor Redevelopment - Phase III - utilizes Corporate (AHFC) funds to replace low rent housing based on a professional site assessment that included cost estimates recommending phased replacement of the existing structures as the most cost effective method to address the 40+ year old family housing structures. The Loussac Manor redevelopment configuration will be based on recommendations from a consulting firm commissioned to review the existing Loussac Manor complex and Anchorage area (positioning). The study will be used to determine the optimal usage for the Loussac site in keeping with the recently approved Moving to Work (MTW) program. This phase is expected to address replacement of the core public housing units identified by the repositioning study as the most critical units needed.

Funding History:

FY2009	$2,336,000	Corporate Receipts
FY2008	$2,336,000	Corporate Receipts

Program Description:

Loussac Manor Housing Complex is located between A and C Streets in Anchorage, Alaska. The complex was constructed in 1965 and consists of 21 multifamily residential buildings, a child care center, a community building and a maintenance shop (constructed in 1999). Residential buildings consist of one to five units in each building and units are configured as two to five bedrooms.

An initial site assessment was conducted in 2001 by USKH and was updated in 2006 by DEAN Design. The updated site assessment and cost estimates concluded the buildings were no longer economically feasible to renovate and the cost to replace the structures would be substantially the same as the cost of renovation. After review and analysis of the updated site assessment, and AHFC concurrence with the findings, a shift in strategy was required from "renovate" to "replace" the buildings within HUD modernization guidelines.

This request will fund redevelopment by replacing the structures, based on recommendations by the consultant, of the most efficient and cost effective configuration for the housing complex and area where it is located.

The redevelopment will be based on the recommendations of a consultant commissioned to conduct a repositioning study of the Anchorage area in general and the Loussac Manor in particular. The repositioning study is a follow-up to the HUD mandated Asset Management model now used by the AHFC Public Housing, as well as in keeping with the recently approved Moving to Work (MTW) program that allows AHFC more flexibility in delivering public housing and related services. This funding request would replace structures under a phased plan that will utilize the optimal mix of public housing determined by the repositioning study to be the most efficient and cost effective use of public housing resources. Redevelopment of this project is consistent with expectations for the MTW program.

The original Loussac Manor housing complex has exceeded its useful life expectancy and is not economical to maintain. Failure to fund this request will result in continued high maintenance costs, excessive energy usage, continued deterioration of the complex and increased risk to the health and safety of the tenant population.

16. Denali Commission Projects

Reference Number:	**#41531**
Historical Category:	**Housing / Social Services**
Location:	**Statewide**
Election District:	**99**
Project Type:	**Health and Safety**
Estimated Project Dates:	**7/01/2009 - 6/30/2014**
FY2010 Request:	**$5,000,000 Federal Receipts**
FY2010 Funding:	**$_____ Federal Receipts**

The purpose of this project is to administer the Denali Commission's housing programs primarily to rural Alaska.

The projected outcomes are to:
- Increase the production of additional housing for teachers in rural Alaska by 30 units; and
- Increase the production of additional housing for rural elders in Alaska by 37 units.

The Denali Commission Projects - utilize federal funds to administer the Commission's housing programs. These funds will allow AHFC to administer current programs designated for rural areas of Alaska. The Denali Commission's goal is to provide decent, affordable housing for seniors and teachers in rural Alaska. Lack of housing has forced seniors to relocate to other communities where appropriate housing with necessary support is available. Lack of decent rural housing for teachers has been cited by school administrators as one of the factors that contribute to the inability to attract and maintain a stable teaching corps. The United States Congress has responded to this issue by setting aside funding through the Denali Commission for these purposes.

Funding History:

FY2009	$7,000,000	Federal Receipts
FY2008	$10,000,000	Federal Receipts
FY2007	$17,000,000	Federal Receipts

Note: FY2006 was funded with Federal Receipts through a Revised Program Legislation (RPL) in the Federal and Competitive Grants program for $20,000,000.

Program Description:
Attracting and maintaining a pool of qualified teachers in rural Alaska is a goal of the State of Alaska. In order to achieve this, housing for teachers must be available, affordable and of a

quality that encourages these professionals to locate in rural settings. These funds will also be used to support the development of housing for the fastest growing segment of the Alaskan population; persons 55 years of age and older. A statewide needs assessment done in 2006 showed that there is $1 billion of senior housing needed to address the growth in the senior population through 2030. The population of seniors (over 60) is projected to increase 117% by 2030, or approximately 80,000 people.

Elder Supportive Housing Program - Projects will be part of a statewide strategy for elder supportive housing needs. In the spring of 2006, the Alaska Senior Housing Needs Assessment will be completed under this program. Funds will be allocated on a competitive basis. Many elders require medical attention that necessitates them to either live in hub communities so they can be close to hospitals, or to travel out of their home regions to larger, unfamiliar cities. The housing projects planned under this program will allow elders to remain in their home communities and home regions as long as possible by greatly enhancing elder access to necessary medical treatment, monitoring and supervised follow-up. To date, 24 elder housing units have been completed and 125 are under construction.

Teacher Housing Program - In accordance with the 2005 Denali Commission Teacher Housing Strategy, AHFC will partner with the Denali Commission to provide newly constructed teacher housing units and repair existing housing stock for teacher housing. The Commission's Teacher Housing strategy places an emphasis on:

- A repair/renovation option to improve existing teacher housing stock; (50% Cost share)
- A priority for new construction in communities prioritized by level of need: (Cost share determined by AHFC underwriting process).

Since 2004, the Denali Commission Teacher Housing Program has funded the development of 164 rental units of housing in 35 rural Alaska communities.

17. Statewide Energy Improvements

Reference Number:	**#45388**
Historical Category:	**Health and Social Services**
Location:	**Statewide**
Election District:	**Statewide**
Project Type:	**Renovation and Remodeling**
Estimated Project Dates:	**7/01/2009 - 6/30/2014**
FY2010 Request:	**$5,000,000 Corporate Receipts**
FY2010 Funding:	**$_____ Corporate Receipts**

The purpose of this project is to implement some of the energy efficiency findings developed during the energy audit process throughout the state.

The projected outcome is to:
- Implement energy efficiency findings;
- Lower energy costs

Statewide Energy Improvements - utilizes Corporate (AHFC) funds to address specific recommendations suggested in the required energy audits performed throughout the state. Energy audits are conducted at regular intervals as required by HUD to monitor the energy efficiency of public housing. The audits identify specific improvements that can be made to the housing to reduce energy consumption. This request is to address specific recommendations by energy audits this past year.

Funding History:

FY2009	$500,000	Corporate Receipts

Program Description:

This request will provide funding to implement some of the energy efficiency findings developed during the energy audit process throughout the state.

AHFC conducts energy audits of their existing properties every five years as required by HUD. During the audit process, areas of energy savings are identified, quantified and recommendations made to address the deficiencies. This is the first of a yearly request to implement the most advantageous of the currently identified energy savings recommendations by addressing the recommendations with the shortest payback potential.

Implementation of these identified tasks will lower energy costs to both the tenant and to AHFC, while providing comfortable housing for families and elderly residents. Additionally, once implemented, many of the recommendations are maintenance friendly and require little upkeep, freeing maintenance personnel for other tasks. Implementing these tasks will also allow AHFC to remain in compliance with HUD mandates to reduce energy usage.

18. Statewide ADA Improvements

Reference Number:	**#45389**
Historical Category:	**Health and Social Services**
Location:	**Statewide**
Election District:	**Statewide**
Project Type:	**Renovation and Remodeling**
Estimated Project Dates:	**7/01/2009 - 6/30/2014**
FY2010 Request:	**$500,000 Corporate Receipts**
FY2010 Funding:	**$_____ Corporate Receipts**

The purpose of this project is to address recommendations suggested in the recent ADA audit.

The projected outcome is to:

- Be in compliance with HUD Voluntary Compliance Agreement;
- Be in compliance with Americans with Disabilities Act;
- Be in compliance with Section 504 of the Fair Housing Act;
- Address recommendations suggested in the recent ADA audit;
- Maintain federal funding by complying with HUD;
- Increase comfort of tenants; and
- Increase unit rentability.

Statewide ADA improvements - utilizes Corporate (AHFC) funds to address accessibility upgrades identified by a HUD Fair Housing Inspection dated September 2006. The upgrades are to be made over a five-year period to comply with ADA and Section 504 requirements of a Voluntary Compliance Agreement (VCA) recently negotiated with HUD.

Funding History:

FY2009 $500,000 Corporate Receipts

Program Description:

This request will provide funding to continue the upgrades for accessibility to the AHFC Family Investment Centers, dwelling units, and common areas for family and senior/disabled housing to comply with the HUD Voluntary Compliance Agreement (VCA).

AHFC was subjected to an inspection by HUD in September 2006 for accessibility for individuals with disabilities. A report dated October 2006 was received by AHFC on September 27, 2007, which details compliance issues at six specific residential

properties chosen randomly in Anchorage and Fairbanks and their respective Family Investment Centers.

The report details requirements to upgrade parking spaces, sidewalks, wheelchair ramps, kitchens, bathrooms, entry doors and appliances in AHFC offices, common areas, and dwelling units.

A Voluntary Compliance Agreement (VCA) has been negotiated with HUD to address the accessibility issues over the course of a five-year program where AHFC is expected to upgrade a minimum number of units to satisfy the terms of the VCA with HUD.

Implementation of these accessibility upgrades will increase accessibility for individuals with disabilities, allow for aging in place for seniors and allow AHFC to comply with all applicable federal regulations. Implementing these tasks will also allow AHFC to remain in compliance with HUD mandates to maintain accessibility.

If AHFC does not move forward on this program, HUD may impose sanctions for non-compliance with HUD and federal accessibility guidelines and the VCA.

19. Birch Park II (B Building) Reconstruction

Reference Number:	**#47070**	
Historical Category:	**Development**	
Location:	**Fairbanks**	
Election District:	**Fairbanks**	
Project Type:	**Construction**	
Estimated Project Dates:	**7/01/2009 - 6/30/2014**	
FY2010 Request:	**$800,000**	**Corporate Receipts**
	$640,000	**Federal Receipts**
FY2010 Funding:	**$_____**	**Corporate Receipts**
	$_____	**Federal Receipts**

The purpose of this project is to replace the four-plex structure in Fairbanks, previously destroyed by fire.

The projected outcome is to:
- Restore four units to the low-rent housing market in Fairbanks; and
- To create a two-bedroom wait-list for AHFC-owned Public Housing.

Birch Park II B Building Reconstruction utilizes federal and Corporate (AHFC) funds to reconstruct the 4-plex structure in Fairbanks with four 2-bedroom units. Construction of the new structure will match the adjacent buildings in the same complex, comply with current codes, and employ the same energy efficient 2 X 8 wall construction and durable commercial grade interior and exterior finishes. The.building was previously destroyed by fire.

Funding History:
This is a new project.

Program Description:
Birch Park - Building B was a townhouse style four-plex building in Fairbanks that was destroyed by fire. Insurance proceeds were not sufficient to rebuild the structure due to the follow expenses incurred subsequent to the fire:

- The deductible gap;
- Costs to secure the structure;
- Costs to demolish the debris;

- Costs to provide for a design that would comply with current building codes adopted by the City of Fairbanks; and
- The unprecedented escalation in building costs.

The funds requested will be combined with the insurance proceeds currently in the Fairbanks Asset Management Program (AMP) reserves (Federal Receipts), to reconstruct the four-plex structure with four two-bedroom townhouse units on the remaining foundation.

The new structure will be designed to match the existing housing units/adjacent buildings with energy efficient 2 X 8 wall construction, current code compliance and commercial grade interior and exterior finishes for maximum durability.

The two-bedroom configuration will provide for a previously unavailable two-bedroom waiting list. This will allow greater flexibility in providing housing for smaller families, which will enable AHFC to reduce vacancy rates where smaller families could not previously be housed in available three-bedroom or larger units.

Mental Health Bill

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1. Homeless Assistance Program
(Mental Health Bill)

Reference Number:	**#45390**	
Historical Category:	**Housing / Social Services**	
Location:	**Statewide**	
Election District:	**Statewide**	
Project Type:	**Transitional**	
Estimated Project Dates:	**7/01/2009 - 6/30/2014**	
FY2010 Request:	**$6,000,000**	**Corporate Receipts**
	$500,000	**MHTAAR**
	$500,000	**General Funds/Mental Health**
	$1,000,000	**Statutory Designated**
	$2,000,000	**Federal Receipts**
FY2010 Funding:	**$_____**	**Corporate Receipts**
	$_____	**MHTAAR**
	$_____	**General Funds/Mental Health**
	$_____	**Statutory Designated**
	$_____	**Federal Receipts**

The purpose of this program is to support programs that address homelessness by providing assistance to families in imminent danger of becoming homeless, or those who are currently homeless.

The projected outcomes are to:
- Prevent near homeless individuals and families from becoming homeless; and/or
- Provide homeless individuals and families assistance to obtain safe, sanitary shelter.

Homeless Assistance Program - utilizes Corporate (AHFC) funds, Mental Health Trust Authority Receipts (MHTAAR), State General Funds/Mental Health (GF/MH), Statutory Designated (SD), and federal funds for grants to local communities/agencies to help develop programs to support programs designed to reduce homelessness by providing services that prevent housing displacement and assist the homeless to transition back to permanent housing. Corporate funds will be leveraged with the other funds. All funds will be combined and administered as one program by AHFC.

Funding History:

FY2009	$3,500,000	Corporate Receipts
FY2009	$2,500,000	Statutory Designated Receipts
FY2009	$1,500,000	Mental Health Trust Fund Receipts (MHTAAR)
FY2009	$500,000	General Funds/Mental Health (GF/MH)
FY2008	$1,000,000	Corporate Receipts
FY2008	$500,000	Mental Health Trust Fund Receipts
FY2007	$1,000,000	General Funds/Mental Health (GF/MH)
FY2007	$1,000,000	Mental Health Trust Fund Receipts (MHTAAR)
FY2006	$500,000	General Funds/Mental Health (GF/MH)
FY2006	$500,000	Mental Health Trust Fund Receipts (MHTAAR)
FY2005	$250,000	General Funds/Mental Health (GF/MH)
FY2005	$500,000	Mental Health Trust Fund Receipts (MHTAAR)
FY2004	$250,000	Corporate Receipts
FY2004	$500,000	Mental Health Trust Fund Receipts (MHTAAR)
FY2003	$250,000	Corporate Receipts
FY2003	$500,000	Mental Health Trust Fund Receipts (MHTAAR)
FY2002	$250,000	Corporate Receipts
FY2002	$200,000	Mental Health Trust Fund Receipts (MHTAAR)
FY2001	$250,000	Corporate Receipts
FY2001	$200,000	Mental Health Trust Fund Receipts (MHTAAR)
FY2000	$250,000	Corporate Receipts
FY2000	$200,000	Mental Health Trust Fund Receipts (MHTAAR)
FY1999	$250,000	Corporate Receipts
FY1998	$250,000	Corporate Receipts
FY1997	$250,000	Corporate Receipts
FY1996	$250,000	Corporate Receipts (funded under the former Emergency Housing Assistance Program).

Program Description:

Established in 1993, this program enables thousands of homeless and/or near homeless families to obtain or retain safe and sanitary shelter each year. Demand for this program has steadily increased as federal and municipal sources have diminished.

The Homeless Assistance Program (HAP) provides grants to assist nonprofit organizations, local governments, and regional housing authorities in addressing the emergency needs of homeless and near-homeless Alaskans. During the previous two competitive rounds, the total amount of Homeless Assistance Program (HAP) grant requests received by AHFC has averaged $2.5 million annually. This program has become increasingly important as funds for grants such as homeless assistance from municipal grants and federal Emergency Housing Assistance continues to shrink.

The most recent grantees have utilized HAP funds to expand shelter facilities, develop supportive transitional housing, provide case management, and rental assistance services. For Fiscal Year 2010, AHFC is requesting authorization for expenditure of $6,000,000 in Corporate Receipts which will be matched by $500,000 in funds from the Alaska Mental Health Trust Authority Receipts (MHTAAR) and $500,000 from General Funds/Mental Health (GF/MH), $2,000,000 Federal receipts, and $1,000,000 Statutorily Designated receipts. All funds will be combined and administered as one program by AHFC. A portion of these funds may be used to support the planning and coordination efforts of the Alaska Coalition on Housing and Homelessness.

AHFC is requesting authorization for expenditure of Corporate Receipts which will be matched by other funds. All funds will be combined and administered as one program by AHFC.

FY2009- Applications Received Totaling $2.57 million

Program Categories are (T) Temporary Housing and Placement; and (H) Homeless Prevention

	Name of Applicant	Community	Request
1	AWAIC	Anchorage	$143,782 (T)
2	CSS- ANC Brother Francis	Anchorage	$149,900 (T)
3	S.A. - Beachcomber	Kodiak	$49,665 (T,H)
5	CSS-Clare House	Anchorage	$ 191,266 (T,H)
6	Covenant House - Crisis Center	Anchorage	$194,998 (T,H)
7	S.A.-Eagle Crest	Anchorage	$54,541 (T)
8	S.A.-Fairbanks Family Svcs	Fairbanks	$59,381 (T,H)
9	Fairbanks Rescue Mission	Fairbanks	$140,595 (T)
10	CSS-Gov't Hill/St. Francis	Anchorage	$125,584 (T,H)
11	GHS-Juneau Homeless Coalition	Juneau	$298,775 (S,T,H)
12	Kenai Peninsula Housing	Kenai	$56,700 (T,H)
13	Kodiak Brother Francis Shelter	Kodiak	$129,835 (T,H)
14	Lee Shore Center	Kenai	$28,364 (T)
15	S.A.-McKinnell Shelter	Anchorage	$263,075 (T,H)
16	Love INC - Kenai	Kenai	$78,750 (H)
17	Mary Magdelene Home	Anchorage	$158,922 (T)
18	Mat-Su Family Promise	Mat-Su	$70,000 (T,H)
19	Covenant House - Passage House	Anchorage	$87,688 (T,H)
20	Safe Harbor Inn	Anchorage	$84,000 (T)
21	S.A. - Sitka Family Services	Sitka	$93,240 (T,H)
22	Tundra Women's Coalition	Bethel	$67,500 (T,H)
23	USAFV (Unalaska)	Unalaska	$50,700 (T,H)
		Total	**$2,577,261**

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2. Beneficiary and Special Needs Housing
(Mental Health Bill)

Reference Number:	**#6360**
Historical Category:	**Housing / Social Services**
Location:	**Statewide**
Election District:	**Statewide**
Project Type:	**Health and Safety**
Estimated Project Dates:	**7/01/2009 - 6/30/2014**
FY2010 Request:	**$1,750,000 Corporate Receipts**
FY2010 Funding:	**$_____ Corporate Receipts**

The purpose of this program is to provide funds for Alaskan nonprofit service providers and housing developers to increase housing opportunities to Alaska Mental Health Trust beneficiaries and other special needs populations throughout Alaska. This program has developed 118 units since FY2000. In FY2008, 18 units were funded for persons with severe mental illness and developmental disabilities.

The projected outcomes are:
- Add 16 congregate housing units for people with mental illness, developmental disabilities;
- Reduced recidivism amongst clients spending time in institutions;
- Supportive housing, including assisted living, for people with mental, physical, or developmental disabilities, or multiple disorders; and
- Transitional housing with support services for newly recovering alcoholics and addicts.

Beneficiary & Special Needs Housing - Corporate (AHFC) funds for a continuing program to serve populations with special housing needs. The program provides funds to Alaskan nonprofit service providers to increase housing opportunities for Alaska Mental Health Trust beneficiaries and other special needs populations throughout the state. The funds may be used for housing development and/or services designed to achieve long-term residential stability.

Funding History:

FY2009	$1,750,000	Corporate Receipts
FY2008	$1,750,000	Corporate Receipts
FY2007	$1,750,000	Corporate Receipts

FY2006	$1,200,000	General Funds/Mental Health
FY2005	$1,200,000	Corporate Receipts
FY2004	$1,200,000	Corporate Receipts
FY2003	$1,500,000	Corporate Receipts
FY2002	$1,500,000	Corporate Receipts
FY2001	$1,500,000	Corporate Receipts
FY2000	$1,700,000	Corporate Receipts

Prior to FY2000, this program was part of Department of Health and Social Service's (DHSS) Beneficiary and Special Needs Housing Program:

FY1999	$1,200,000	Corporate Receipts
FY1998	$1,200,000	Corporate Receipts
FY1997	$1,500,000	Corporate Receipts
FY1996	$1,200,000	Corporate Receipts

Program Description:
This program provides funds to Alaskan nonprofit service providers and housing developers to increase housing opportunities to Alaska Mental Health Trust beneficiaries and other special needs populations throughout Alaska. These funds will continue to assist in developing community-based supportive housing.

The demand for special needs housing remains critical. The Mental Health Trust Authority has made housing one of its five focus areas for funding. The Alaska Independent Living Council and other special needs advocacy groups have identified supportive housing as a top priority in their statewide planning efforts. The target populations consist of mental health beneficiaries and other special needs groups like severely emotionally disturbed children.

To optimize leveraging of these funds with other federal grant and tax credit programs and to expedite the release of funding to nonprofit housing developers, AHFC will administer these housing development funds. This will also administratively streamline housing development projects, which also intend to borrow money from AHFC. Typically, most special needs housing in Alaska is financed by AHFC.

Examples of special needs housing includes, but are not limited to:

- Congregate housing for people with mental illness or developmental disabilities;
- Supportive housing, including assisted living, for people with mental illness, developmental disabilities, or multiple disorders; and
- Transitional housing with support services for newly recovering alcoholics and addicts.

3. Home Modification Program (Mental Health Bill)

Reference Number:	**#33671**	
Historical Category:	**Housing / Social Services**	
Location:	**Statewide**	
Election District:	**Statewide**	
Project Type:	**Health and Safety**	
Estimated Project Dates:	**7/01/2009 - 6/30/2014**	
FY2010 Request:	**$250,000**	**Corporate Receipts**
	$300,000	**MHTAAR Receipts**
	$500,000	**GF/Mental Health**
FY2010 Funding:	**$_____**	**Corporate Receipts**
	$_____	**MHTAAR Receipts**
	$_____	**GF/Mental Health**

The purpose of this program is to provide housing modifications to persons experiencing a disability, allowing them to remain in their homes and potentially reduce the cost of providing supported housing.

The projected outcomes are:

- Allow persons experiencing a disability to remain in their homes;
- Reduce the potential cost of providing supported housing; and
- Provide funding to develop special needs housing.

Home Modification Program – Corporate (AHFC) and Mental Health Trust Authority (MHTAAR) funds to provide housing modifications to persons experiencing a disability, allowing them to remain in their homes and reduce the potential cost of providing supported housing. The program also provides funding to develop special needs housing.

Funding History:
This program was previously funded to the Department of Health and Social Services (DHSS).

Program Description:
This capital project provides housing modifications to persons experiencing a disability, allowing them to remain in their homes and potentially reducing the cost of providing supported housing. This project increases the accessibility of current housing so that Trust beneficiaries and other special needs populations can move into or remain in their own homes. Home modifications are available to people wherever they reside, regardless of whether they own or rent and with whom

they live. Typical kinds of assistance provided are accessibility modifications or additions (e.g., widening doorways, remodeling bathrooms or kitchens, installing entrance ramps, adding bathrooms or bedrooms) and related equipment.

Grantees will coordinate their efforts with the Alaska Housing Finance Corporation (AHFC) weatherization program and similar tribal and municipal programs to supply essential repairs or upgrades to building structures (e.g., heating, plumbing, and/or electrical systems, roofs, weatherproofing, energy efficiency improvements). Funds will not be available to duplicate down payment, mortgage buy-down, or building repair and weatherization programs currently operated by AHFC. This program is supported in the Comprehensive Integrated Mental Health Plan - Moving Forward.

This project supports independent living and assists individuals to remain in the comfort of their own home for a longer period of time, thus reducing the need for costly institutionalization.

The end result to which this project contributes is, "Improve and enhance the quality of life for Alaskans with serious behavioral health problems."

4. Emergency Assistance Grants for Mental Health Trust Beneficiaries (Mental Health Bill)

Reference Number:	**#43318**
Historical Category:	**Housing / Social Services**
Location:	**Statewide**
Election District:	**Statewide**
Project Type:	**Health and Safety**
Estimated Project Dates:	**7/01/2009 - 6/30/2014**
FY2010 Request:	**$200,000 MHTAAR**
FY2010 Funding:	**$_____ MHTAAR**

The purpose of this program is to support beneficiaries in maintaining homeownership or long-term rental stability by providing gap or short-term assistance.

The projected outcomes are:

- To provide assistance for structural or major appliance breakdowns that may go beyond the financial reach of the homeowner, or life event that may threaten the ability of the beneficiary to make a mortgage or rent payment.
- To provide "gap" or "short-term assistance" for Mental Health Trust Authority (MHTA) beneficiaries.
- To supplement, not supplant, existing resources available for home modifications, weatherization or rehabilitation programs.

Emergency Assistance Grants for Mental Health Trust Beneficiaries - Mental Health Trust Authority Receipts (MHTAAR) for grants to support beneficiaries of the Alaska Mental Health Trust Authority to prevent loss of housing that might occur due to unforeseen events such as institutionalization. It will allow beneficiaries to maintain homeownership or long-term rental stability by providing gap or short-term assistance. Assistance may be provided for any event like a structural or major appliance breakdown that may go beyond the financial reach of the homeowner, or life event that may threaten the ability of the beneficiary to make a mortgage or rent payment. Funding under this program is intended to supplement, not supplant, existing resources available for home modifications, weatherization or rehabilitation programs.

Funding History:
FY2009 $200,000 MHTAAR
FY2008 $200,000 MHTAAR

Program Description:
This program provides funds to support beneficiaries in maintaining homeownership or long-term rental stability by providing gap or short-term assistance. Assistance may be provided for any event like a structural or major appliance breakdown that may go beyond the financial reach of the homeowner, or life event that may threaten the ability of the beneficiary to make a mortgage or rent payment. Funds shall be used for "gap" or "short-term" assistance only. Funding under this program is intended to supplement, not supplant, existing resources available for home modifications, weatherization or rehabilitation programs. Grantees will need to document which other programs the recipient is eligible for and which have been queried for funding.

Eligible recipients are the head of household or co-head of household who is a person with a permanent physical, mental or developmental disability and is a "beneficiary" as defined by the Alaska Mental Health Trust Authority. Household income must be less than 80% of the median income (adjusted for family size) as defined by HUD. The grantee will be required to provide appropriate file documentation to support the fact that the assisted household's income is less than the applicable limit.

Eligible program activities include:

1. Major appliance repair, i.e., furnaces, refrigerators, stoves and the cost of installation.
2. Only owner-occupied housing is eligible for major structural improvements, i.e., stairway improvements, repair fire damage, or some other improvement which is necessary for the continued use of the property by the eligible beneficiary as the result of an emergency or funding gap.
3. Short-term mortgage payments to facilitate the receipt of supportive services in an institutional setting that jeopardizes the recipient's housing situation.
4. Short-term rental assistance payments to facilitate the receipt of supportive services in an institutional setting that jeopardizes the recipient's housing situation.
5. Short-term utility payments.
6. Other activities approved in advance by AHFC.

Other conditions include:

- Fifteen percent (15%) of funds received may be used for administrative expenses by the grantee. Administrative expenses shall be billed as a percentage of program funds requested under Attachment C, Article Payments.
- Participants in the AHFC Home Choice Voucher Homeownership program have a priority for the use of these funds. A set-aside of $50,000 will be maintained as part of the program's operation. If these funds are not used within six months of the start of each program year, then they may be reallocated to other participants.
- Project expenditures under $5,000 may be approved by the grantee. Project costs

between $5,000 and $10,000 must be approved in advance by the AHFC Program Manager. There is a maximum $10,000 household limit.

Beneficiaries -- are defined as an eligible recipient of funding from the Alaska Mental Health Trust Authority.

Gap -- is defined as the amount of funding needed to complete an assistance activity that exists because the other sources of funding available are insufficient to complete the activity.

Short-term -- is defined as a one-year period of time beginning with the date the recipient receives the initial payment of assistance.

Institutional Setting -- is defined as Alaska Psychiatric Institute (API), Corrections or a similar type facility.

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Annual Capital Budget Summaries

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Alaska Housing Finance Corporation

		DRAFT FY2010 Capital Budget Request — AHFC's Proposed Capital Budget @ November 20, 2008				DRAFT FY2010 Capital Budget Request @ November 20, 2008				
	Programs/Projects	Federal	Other	Corp	Total	Federal	Other	Corp	Total	Diff
	AHFC FY2008 @ 75% of Adjusted Net Assets:			$68,682.4				$68,682.4		
	Transfer Type Funding									
	UAA Student Hsg Debt Service (FY1999 - FY2024)			*$1,000.0*	*$1,000.0*			*$1,000.0*	*$1,000.0*	*$0.0*
	State Capital Project Bonds (FY2005 - FY2041)			*$2,547.4*	*$2,547.4*			*$2,547.4*	*$2,547.4*	*$0.0*
	PHD Capital Project Bonds (FY2003 - FY2022)			*$2,592.6*	*$2,592.6*			*$2,592.6*	*$2,592.6*	*$0.0*
	Total Other (Transfer Type) Funding:	*$0.0*	*$0.0*	*$6,139.9*	*$6,139.9*	*$0.0*	*$0.0*	*$6,140.0*	*$6,140.0*	*$0.1*
1	Housing Loan Programs/Teacher/Health/Pub. Safety			$8,000.0	$8,000.0			$0.0	$0.0	($8,000.0)
2	Supplemental Housing Development Program			$10,000.0	$10,000.0			$0.0	$0.0	($10,000.0)
3	Weatherization Program	$2,000.0			$2,000.0	$0.0		$0.0	$0.0	($2,000.0)
4	Senior Citizens Housing Development Program			$7,500.0	$7,500.0			$0.0	$0.0	($7,500.0)
5	Fire Protection Systems Phase I			$3,450.0	$3,450.0			$0.0	$0.0	($3,450.0)
6	Security Systems Replacement/Upgrades			$750.0	$750.0			$0.0	$0.0	($750.0)
7	Building System Replacement Program			$2,500.0	$2,500.0			$0.0	$0.0	($2,500.0)
8	HUD Federal HOME Grant Program	$3,300.0		$750.0	$4,050.0	$0.0		$0.0	$0.0	($4,050.0)
9	HUD Capital Fund Program (CFP)	$3,200.0			$3,200.0	$0.0			$0.0	($3,200.0)
10	Federal & Other Competitive Grants	$3,000.0		$1,500.0	$4,500.0	$0.0		$0.0	$0.0	($4,500.0)
11	Competitive Grants for Public Housing	$750.0		$250.0	$1,000.0	$0.0		$0.0	$0.0	($1,000.0)
12	Energy Efficiency Monitoring Research			$2,000.0	$2,000.0			$0.0	$0.0	($2,000.0)
13	State Energy Program (SEP) Special Projects	$150.0		$50.0	$200.0	$0.0		$0.0	$0.0	($200.0)
14	Statewide Project Improvements			$3,000.0	$3,000.0			$0.0	$0.0	($3,000.0)
15	Loussac Manor Renovation - Phase III			$8,492.5	$8,492.5			$0.0	$0.0	($8,492.5)
16	Denali Commission Projects	$5,000.0			$5,000.0	$0.0			$0.0	($5,000.0)
17	Statewide Energy Improvements			$5,000.0	$5,000.0			$0.0	$0.0	($5,000.0)
18	Statewide ADA Improvements			$500.0	$500.0			$0.0	$0.0	($500.0)
19	Birch Park II (B Building) Reconstruction	$640.0		$800.0	$1,440.0	$0.0		$0.0	$0.0	($1,440.0)
1	Homeless Assistance Program	$2,000.0	$2,000.0	$6,000.0	$10,000.0	$0.0	$0.0	$0.0	$0.0	($10,000.0)
2	Beneficiary & Special Needs Housing			$1,750.0	$1,750.0			$0.0	$0.0	($1,750.0)
3	Home Modification Program		$800.0	$250.0	$1,050.0		$0.0	$0.0	$0.0	($1,050.0)
4	Emergency Assistance Grants		$200.0		$200.0		$0.0		$0.0	($200.0)
	Total AHFC's Capital Project Budget:	$20,040.0	$3,000.0	$62,542.5	$85,582.5	$0.0	$0.0	$0.0	$0.0	($85,582.5)
	AHFC Funding for Other State Projects									
	State Debt Service or Other Projects			*$0.0*	*$0.0*			*$0.0*	*$0.0*	*$0.0*
	Total AHFC Funding for Other State Projects:	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
	Grand Total AHFC Funding:	$20,040.0	$3,000.0	$68,682.4	$91,722.4	$0.0	$0.0	$6,140.0	$6,140.0	($85,582.4)
	Total AHFC Funding Cap:			$68,682.4				$68,682.4		
	Over/(Under):			$0.000				($62,542.4)		

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Alaska Housing Finance Corporation

	Programs/Projects	FY2009 Capital Budget Request — Governor's Budget @ December 15, 2007				DRAFT FY2009 Capital Budget Request — SB256(SUP), HB310(OPER), HB312(MH) & SB221(CAP) @ September 1, 2008				Diff
		Federal	Other	Corp	Total	Federal	Other	Corp	Total	
	AHFC FY2006 @ 75% of Adjusted Net Assets:			$65,851.2				$65,851.2		
	Transfer Type Funding									
	UAA Student Hsg Debt Service (FY1999 - FY2024)			*$1,000.0*	*$1,000.0*			*$1,000.0*	*$1,000.0*	*$0.0*
	State Capital Project Bonds (FY2005 - FY2041)			*$2,547.1*	*$2,547.1*			*$2,547.1*	*$2,547.1*	*$0.0*
	PHD Capital Project Bonds (FY2003 - FY2022)			*$2,592.6*	*$2,592.6*			*$2,592.6*	*$2,592.6*	*$0.0*
	Total Other (Transfer Type) Funding:	*$0.0*	*$0.0*	*$6,139.7*	*$6,139.7*	*$0.0*	*$0.0*	*$6,139.7*	*$6,139.7*	*$0.0*
1	Public Housing Software Replacement			$1,250.0	$1,250.0			$1,250.0	$1,250.0	$0.0
2	Phone System Replacement			$450.0	$450.0			$450.0	$450.0	$0.0
3	HR/Payroll Implementation			$387.9	$387.9			$387.9	$387.9	$0.0
4	Housing Loan Programs/Teacher/Health/Pub. Safety			$8,000.0	$8,000.0			$8,000.0	$8,000.0	$0.0
5	Supplemental Housing Development Program			$8,000.0	$8,000.0			$8,000.0	$8,000.0	$0.0
6	Low Income Weatherization Program	$2,000.0		$6,000.0	$8,000.0	$2,000.0		$0.0	$2,000.0	($6,000.0)
7	Senior Citizens Housing Development Program			$6,000.0	$6,000.0			$6,000.0	$6,000.0	$0.0
8	HUD Federal HOME Grant Program	$3,450.0		$750.0	$4,200.0	$3,450.0		$750.0	$4,200.0	$0.0
9	HUD Capital Fund Program (CFP)	$3,200.0			$3,200.0	$3,200.0			$3,200.0	$0.0
10	Federal & Other Competitive Grants	$3,000.0		$1,500.0	$4,500.0	$3,000.0		$1,500.0	$4,500.0	$0.0
11	Competitive Grants for Public Housing	$750.0		$250.0	$1,000.0	$750.0		$250.0	$1,000.0	$0.0
12	Energy Efficiency Monitoring Research			$1,000.0	$1,000.0			$1,000.0	$1,000.0	$0.0
13	State Energy Program (SEP) Special Projects	$150.0		$30.0	$180.0	$150.0		$30.0	$180.0	$0.0
14	Statewide Project Improvements			$2,500.0	$2,500.0			$2,500.0	$2,500.0	$0.0
15	Denali Commission Projects	$7,000.0			$7,000.0	$7,000.0			$7,000.0	$0.0
16	Loussac Manor Renovation - Phase II			$2,336.0	$2,336.0			$2,336.0	$2,336.0	$0.0
17	Prison Housing		$1,000.0		$1,000.0		$1,000.0		$1,000.0	$0.0
18	Chugach View Siding & Window Replacemer	$2,500.0			$2,500.0	$2,500.0			$2,500.0	$0.0
19	Etolin Heights Roofing Replacement			$500.0	$500.0			$500.0	$500.0	$0.0
20	Etolin Heights Mechanical Replacement			$450.0	$450.0			$450.0	$450.0	$0.0
21	Statewide Energy Improvements			$500.0	$500.0			$500.0	$500.0	$0.0
22	Statewide ADA Improvements			$500.0	$500.0			$500.0	$500.0	$0.0
23	Bethel Community Room and Shop			$2,000.0	$2,000.0			$2,000.0	$2,000.0	$0.0
1	Homeless Assistance Program		$1,000.0	$1,000.0	$2,000.0		$4,500.0	$3,500.0	$8,000.0	$6,000.0
2	Beneficiary & Special Needs Housing			$1,750.0	$1,750.0			$1,750.0	$1,750.0	$0.0
3	Treatment & Recovery Based Special Needs Housing		$500.0	$250.0	$750.0		$500.0	$250.0	$750.0	$0.0
4	Emergency Assistance Grants		$200.0		$200.0		$200.0		$200.0	$0.0
5	Housing Trust		$7,500.0	$2,500.0	$10,000.0		$0.0	$0.0	$0.0	($10,000.0)
	Total AHFC's Capital Project Budget:	$22,050.0	$10,200.0	$47,903.9	$80,153.9	$22,050.0	$6,200.0	$41,903.9	$70,153.9	($10,000.0)
	AHFC Funding for Other State Projects									
	State Debt Service or Other Projects							*$17,807.6*	*$17,807.6*	*$17,807.6*
	Alaska Capital Income Fund			*$11,807.6*	*$11,807.6*			*$0.0*	*$0.0*	*($11,807.6)*
	Weatherization/Energy Rebates (FY08)						*$300,000.0*		*$300,000.0*	*$300,000.0*
	Energy Rebates (FY09)						*$60,000.0*		*$60,000.0*	*$60,000.0*
	Total AHFC Funding for Other State Projects:	$0.0	$0.0	$11,807.6	$11,807.6	$0.0	$360,000.0	$17,807.6	$377,807.6	$366,000.0
	Grand Total AHFC Funding:	$22,050.0	$10,200.0	$65,851.2	$98,101.2	$22,050.0	$366,200.0	$65,851.2	$454,101.2	$356,000.0
	Total AHFC Funding Cap:			$65,851.2				$65,851.2		
	Over/(Under):			$0.0				$0.0		

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Alaska Housing Finance Corporation

	Programs/Projects	FY2008 Capital Budget Request — Governor's @ February 28, 2007				FY2008 Capital Budget Request — SB50; SB51; SB53; HB95; HB96; HB97 @ July 1, 2007				Diff
		Federal	Other	Corp	Total	Federal	Other	Corp	Total	
	AHFC FY2006 @ 85% of Adjusted Net Assets:			$81,412.9				$81,412.9		
	Transfer Type Funding									
	UAA Student Hsg Debt Service (FY1999 - FY2024)			*$1,000.0*	*$1,000.0*			*$1,000.0*	*$1,000.0*	*$0.0*
	State Capital Project Bonds (FY2005 - FY2041)			*$2,546.0*	*$2,546.0*			*$2,546.0*	*$2,546.0*	*$0.0*
	PHD Capital Project Bonds (FY2003 - FY2022)			*$2,592.6*	*$2,592.6*			*$2,592.6*	*$2,592.6*	*$0.0*
	Total Other (Transfer Type) Funding:	*$0.0*	*$0.0*	*$6,138.6*	*$6,138.6*	*$0.0*	*$0.0*	*$6,138.6*	*$6,138.6*	*$0.0*
1	Housing Loan Programs/Teacher/Health/Pub. Safety			$6,800.0	$6,800.0	$0.0		$6,800.0	$6,800.0	$0.0
2	Supplemental Housing Development Program			$6,000.0	$6,000.0	$0.0		$6,000.0	$6,000.0	$0.0
3	Low Income Weatherization Program	$1,800.0		$6,000.0	$7,800.0	$1,800.0		$4,700.0	$6,500.0	$1,300.0
4	Senior Citizens Housing Development Program			$5,777.6	$5,777.6	$0.0		$4,500.0	$4,500.0	$1,277.6
5	HUD Federal HOME Grant Program	$3,375.0		$750.0	$4,125.0	$3,375.0		$750.0	$4,125.0	$0.0
6	HUD Capital Fund Program (CFP)	$3,500.0			$3,500.0	$3,500.0		$0.0	$3,500.0	$0.0
7	Federal & Other Competitive Grants	$3,000.0		$1,000.0	$4,000.0	$3,000.0		$1,000.0	$4,000.0	$0.0
8	Competitive Grants for Public Housing	$750.0		$250.0	$1,000.0	$750.0		$250.0	$1,000.0	$0.0
9	Energy Efficiency Monitoring Research			$1,000.0	$1,000.0	$0.0		$1,000.0	$1,000.0	$0.0
10	State Energy Program (SEP) Special Projects	$360.0		$30.0	$390.0	$360.0		$30.0	$390.0	$0.0
11	Statewide Project Improvements			$2,000.0	$2,000.0	$0.0		$2,000.0	$2,000.0	$0.0
12	Facility Management Monitoring Project			$250.0	$250.0	$0.0		$250.0	$250.0	$0.0
13	Denali Commission Projects	$10,000.0			$10,000.0	$10,000.0		$0.0	$10,000.0	$0.0
14	Loussac Manor Renovation - Phase I			$2,336.0	$2,336.0	$0.0		$2,336.0	$2,336.0	$0.0
15	Mat-Su Prison		$30,000.0		$30,000.0	$0.0	$2,000.0	$0.0	$2,000.0	$28,000.0
1	Homeless Assistance Program		$500.0	$1,000.0	$1,500.0		$500.0	$1,000.0	$1,500.0	$0.0
2	Beneficiary & Special Needs Housing			$1,750.0	$1,750.0		$0.0	$1,750.0	$1,750.0	$0.0
3	Treatment & Recovery Based Special Needs Housing		$150.0	$250.0	$400.0		$500.0	$250.0	$750.0	$350.0
4	Emergency Assistance Grants		$200.0		$200.0		$200.0		$200.0	$0.0
	Total AHFC's Capital Project Budget:	$22,785.0	$30,850.0	$35,193.6	$88,828.6	$22,785.0	$3,200.0	$32,616.0	$58,601.0	$30,927.6
	AHFC Funding for Other State Projects									
	State Debt Service or Other Projects			*$40,080.7*	*$40,080.7*			*$0.0*	*$0.0*	*($40,080.7)*
	Alaska Capital Income Fund							*$39,150.0*	*$39,150.0*	*$39,150.0*
	DHSS Pioneer Home Deferred Maintenance							*$1,200.0*	*$1,200.0*	*$1,200.0*
	DCCED Anchorage Road Construction							*$2,308.3*	*$2,308.3*	*$2,308.3*
	Total AHFC Funding for Other State Projects:	$0.0	$0.0	$40,080.7	$40,080.7	$0.0	$0.0	$42,658.3	$42,658.3	$2,577.6
	Grand Total AHFC Funding:	$22,785.0	$30,850.0	$81,412.9	$135,047.9	$22,785.0	$3,200.0	$81,412.9	$107,397.9	$33,505.2
	Total AHFC Funding Cap:			$81,412.9				$81,412.9		
	Over/(Under):			$0.0				$0.0		

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		FY2007 Capital Budget Request *Governor's Budget* @ December 15, 2005				FY2007 Capital Budget Request *SB228; SB229; SB231; HB365; HB368; HB366* @ May 10, 2006				
	Programs/Projects	Federal	Other	Corp	Total	Federal	Other	Corp	Total	Diff
	AHFC FY2005 Adjusted Net Assets:			$84,859.7				$84,859.7		
	Transfer Type Funding									
	UAA Student Hsg Debt Service (FY1999 - FY2024)			*$1,000.0*	*$1,000.0*			*$1,000.0*	*$1,000.0*	*$0.0*
	State Capital Project Bonds (FY1999 - FY2010)			*$28,342.4*	*$28,342.4*			*$28,342.4*	*$28,342.4*	*$0.0*
	PHD Capital Project Bonds (FY2003 - FY2008)			*$2,592.6*	*$2,592.6*			*$2,592.6*	*$2,592.6*	*$0.0*
	Total Other (Transfer Type) Funding:	*$0.0*	*$0.0*	*$31,935.0*	*$31,935.0*	*$0.0*	*$0.0*	*$31,935.0*	*$31,935.0*	*$0.0*
1	Housing Loan Programs/Teacher/Health/Pub. Safety			$5,000.0	$5,000.0			$5,000.0	$5,000.0	$0.0
2	Supplemental Housing Development Program			$6,000.0	$6,000.0			$6,000.0	$6,000.0	$0.0
3	Low Income Weatherization Program	$1,800.0		$4,200.0	$6,000.0	$1,800.0		$4,200.0	$6,000.0	$0.0
4	Senior Citizens Housing Development Program			$3,000.0	$3,000.0			$3,000.0	$3,000.0	$0.0
5	HUD Federal HOME Grant Program	$3,375.0		$750.0	$4,125.0	$3,375.0		$750.0	$4,125.0	$0.0
6	HUD Capital Fund Program (CFP)	$1,248.2		$0.0	$1,248.2	$1,248.2		$0.0	$1,248.2	$0.0
7	Federal & Other Competitive Grants	$3,000.0		$1,250.0	$4,250.0	$3,000.0		$1,250.0	$4,250.0	$0.0
8	Competitive Grants for Public Housing	$750.0		$250.0	$1,000.0	$750.0		$250.0	$1,000.0	$0.0
9	Energy Efficiency Monitoring Research			$500.0	$500.0			$500.0	$500.0	$0.0
10	State Energy Program (SEP) Special Projects	$360.0		$30.0	$390.0	$360.0		$30.0	$390.0	$0.0
11	Maintenance Workshop			$500.0	$500.0			$500.0	$500.0	$0.0
12	Statewide Project Improvements			$5,000.0	$5,000.0			$2,000.0	$2,000.0	($3,000.0)
13	Anchorage Rental Allocation & Dispersal Program			$1,000.0	$1,000.0			$1,000.0	$1,000.0	$0.0
14	Statewide Fire Protection System Investigation			$510.0	$510.0			$510.0	$510.0	$0.0
15	Facility Management Monitoring Project			$250.0	$250.0			$250.0	$250.0	$0.0
16	Denali Commision Projects	$17,000.0			$17,000.0	$17,000.0			$17,000.0	$0.0
1	Homeless Assistance Program		$1,000.0	$1,000.0	$2,000.0		$1,000.0	$1,000.0	$2,000.0	$0.0
2	Beneficiary & Special Needs Housing			$1,750.0	$1,750.0			$1,750.0	$1,750.0	$0.0
3	Home & Community Based Group Home Develp.		$150.0	$250.0	$400.0		$150.0	$250.0	$400.0	$0.0
	Total AHFC's Capital Project Budget:	$27,533.2	$1,150.0	$31,240.0	$59,923.2	$27,533.2	$1,150.0	$28,240.0	$56,923.2	($3,000.0)
	AHFC Funding for Other State Projects									
				$0.0	*$0.0*			*$0.0*	*$0.0*	*$0.0*
				$0.0	*$0.0*			*$0.0*	*$0.0*	*$0.0*
				$0.0	*$0.0*			*$0.0*	*$0.0*	*$0.0*
				$0.0	*$0.0*			*$0.0*	*$0.0*	*$0.0*
				$0.0	*$0.0*			*$0.0*	*$0.0*	*$0.0*
				$0.0	*$0.0*			*$0.0*	$0.0	*$0.0*
	State Debt Service or Other			*$17,441.7*	*$17,441.7*			*$20,441.7*	*$20,441.7*	*$3,000.0*
	Total AHFC Funding for Other State Projects:	$0.0	$0.0	$17,441.7	$17,441.7	$0.0	$0.0	$20,441.7	$20,441.7	$3,000.0
	Grand Total AHFC Funding:	$27,533.2	$1,150.0	$80,616.7	$109,299.9	$27,533.2	$1,150.0	$80,616.7	$109,299.9	$0.0
	Total AHFC Funding Cap:			$80,616.7				$80,616.7		
	Over/(Under):			$0.0				$0.0		

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Alaska Housing FINANCE CORPORATION

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		FY2006 Capital Budget Request *Governor's Budget* @ December 15, 2004				FY2006 Capital Budget Request *SB44, 45 & 46 -- HB65, 66 & 68* @ January 11, 2005				
	Programs/Projects	Federal	Other	Corp	Total	Federal	Other	Corp	Total	Diff
	Total AHFC FY2002/2003 Net Income:			$42,480.0				$42,480.0		
	Transfer Type Funding									
	UAA Student Hsg Debt Service (FY1999 - FY2024)			*$1,000.0*	*$1,000.0*			*$1,000.0*	*$1,000.0*	*$0.0*
	State Capital Project Bonds (FY1999 - FY2008)			*$49,996.5*	*$49,996.5*			*$49,996.5*	*$49,996.5*	*$0.0*
	PHD Capital Project Bonds (FY2003 - FY2008)	*$3,000.0*		*$2,894.0*	*$5,894.0*	*$3,000.0*		*$2,894.0*	*$5,894.0*	*$0.0*
	State Capital Project Bonds (FY2005 - FY2010)			*$6,000.0*	*$6,000.0*			*$6,000.0*	*$6,000.0*	*$0.0*
	Total Other (Transfer Type) Funding:	*$3,000.0*	*$0.0*	*$59,890.5*	*$62,890.5*	*$3,000.0*	*$0.0*	*$59,890.5*	*$62,890.5*	*$0.0*
										$0.0
1	Housing Loan Programs/Teacher/Health Professionals			$6,281.8	$6,281.8			$6,281.8	$6,281.8	$0.0
2	Supplemental Housing Development Program			$4,300.0	$4,300.0			$4,300.0	$4,300.0	$0.0
3	Low Income Weatherization Program	$1,800.0		$3,000.0	$4,800.0	$1,800.0		$3,000.0	$4,800.0	$0.0
4	Senior Citizens Housing Development Program			$3,500.0	$3,500.0			$3,500.0	$3,500.0	$0.0
5	HUD Federal HOME Grant Program	$3,500.0		$750.0	$4,250.0	$3,500.0		$750.0	$4,250.0	$0.0
6	HUD Capital Fund Program (CFP) formerly (CGP)	$500.0		$0.0	$500.0	$500.0		$0.0	$500.0	$0.0
7	Federal & Other Competitive Grants	$3,000.0		$1,000.0	$4,000.0	$3,000.0		$1,000.0	$4,000.0	$0.0
8	Competitive Grants for Public Housing	$750.0		$250.0	$1,000.0	$750.0		$250.0	$1,000.0	$0.0
9	Energy Efficiency Monitoring Research			$500.0	$500.0			$500.0	$500.0	$0.0
10	State Energy Program (SEP) Special Projects	$300.0		$30.0	$330.0	$300.0		$30.0	$330.0	$0.0
11	IS Server Upgrades & Replacements			$335.2	$335.2			$335.2	$335.2	$0.0
12	Central Terrace Replacement - Phase I	$941.9		$0.0	$941.9	$941.9		$0.0	$941.9	$0.0
13	Birch Park Window Replacement			$1,323.0	$1,323.0			$1,323.0	$1,323.0	$0.0
14	Statewide Project Improvements			$500.0	$500.0			$500.0	$500.0	$0.0
15	CO Detectors Installations			$330.0	$330.0			$330.0	$330.0	$0.0
16	Statewide Fire Protection System Investigation			$200.0	$200.0			$200.0	$200.0	$0.0
1	Homeless Assistance Program		$500.0	$500.0	$1,000.0		$500.0	$500.0	$1,000.0	$0.0
2	Beneficiary & Special Needs Housing			$1,200.0	$1,200.0			$1,200.0	$1,200.0	$0.0
	Total AHFC's Capital Project Budget:	$10,791.9	$500.0	$24,000.0	$35,291.9	$10,791.9	$500.0	$24,000.0	$35,291.9	$0.0
	AHFC Funding for Other State Projects									
	DEC - Water & Sewer or Other Projects			*$19,109.5*	*$19,109.5*			*$19,109.5*	*$19,109.5*	*$0.0*
	DCED - Capital Projects			*$0.0*	*$0.0*			*$0.0*	*$0.0*	*$0.0*
	Other - State Debt Retirement			*$0.0*	*$0.0*			*$0.0*	*$0.0*	*$0.0*
	Fish & Game			*$0.0*	*$0.0*			*$0.0*	*$0.0*	*$0.0*
	Public Safety			*$0.0*	*$0.0*			*$0.0*	*$0.0*	*$0.0*
	DOTPF			*$0.0*	*$0.0*			*$0.0*	$0.0	*$0.0*
	Court System			*$0.0*	*$0.0*			*$0.0*	*$0.0*	*$0.0*
	Total AHFC Funding for Other State Projects:	$0.0	$0.0	$19,109.5	$19,109.5	$0.0	$0.0	$19,109.5	$19,109.5	$0.0
	Grand Total AHFC Funding:	$13,791.9	$500.0	$103,000.0	$117,291.9	$13,791.9	$500.0	$103,000.0	$117,291.9	$0.0
	Total AHFC Funding Cap:			$103,000.0				$103,000.0		
	Over/(Under):			$0.0				$0.0		

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Alaska Housing Finance Corporation

		FY2005 Capital Budget Request *Initial Request w/OMB adjustments - (ae)* @ March 3, 2004				FY2005 Capital Budget Request *SB383, HB376 & HB377* @ July 1, 2004				
		Federal	Other	Corp	Total	Federal	Other	Corp	Total	Diff
	Programs/Projects									
	Total AHFC FY2002/2003 Net Income:			$67,077.0				$67,077.0		
	Transfer Type Funding									
	UAA Student Hsg Debt Service (FY1999 - FY2024)			*$1,000.0*	*$1,000.0*			*$1,000.0*	*$1,000.0*	*$0.0*
	State Capital Project Bonds (FY1999 - FY2008)			*$50,000.0*	*$50,000.0*			*$50,000.0*	*$50,000.0*	*$0.0*
	PHD Capital Project Bonds (FY2003 - FY2008)	*$3,000.0*		*$2,894.0*	*$5,894.0*	*$3,000.0*		*$2,894.0*	*$5,894.0*	*$0.0*
	Total Other (Transfer Type) Funding:	*$3,000.0*	*$0.0*	*$53,894.0*	*$56,894.0*	*$3,000.0*	*$0.0*	*$53,894.0*	*$56,894.0*	*$0.0*
1	Homeless Information Management System			$35.0	$35.0			$35.0	$35.0	$0.0
2	Housing Loan Programs/Teacher/Health Professionals			$4,000.0	$4,000.0		$231.5	$1,768.5	$2,000.0	($2,000.0)
3	Supplemental Housing Development Program			$4,300.0	$4,300.0			$4,300.0	$4,300.0	$0.0
4	Low Income Weatherization Program	$1,800.0		$2,529.0	$4,329.0	$1,837.5		$2,231.5	$4,069.0	($260.0)
5	Senior Citizens Housing Development Program			$2,000.0	$2,000.0			$2,000.0	$2,000.0	$0.0
6	HUD Federal HOME Grant Program	$3,175.0		$750.0	$3,925.0	$3,175.0		$750.0	$3,925.0	$0.0
7	HUD Capital Fund Program (CFP) formerly (CGP)	$500.0		$0.0	$500.0	$500.0		$0.0	$500.0	$0.0
8	Federal & Other Competitive Grants	$3,000.0		$1,000.0	$4,000.0	$3,000.0		$1,000.0	$4,000.0	$0.0
9	Competitive Grants for Public Housing	$750.0		$250.0	$1,000.0	$750.0		$250.0	$1,000.0	$0.0
10	Energy Efficiency Monitoring Research			$500.0	$500.0			$500.0	$500.0	$0.0
11	State Energy Program (SEP) Special Projects	$483.5		$50.0	$533.5	$483.5		$50.0	$533.5	$0.0
1	Homeless Assistance Program		$500.0	$250.0	$750.0		$750.0	$0.0	$750.0	$0.0
2	Beneficiary & Special Needs Housing			$1,200.0	$1,200.0		$1,200.0	$0.0	$1,200.0	$0.0
	Total AHFC's Capital Project Budget:	$9,708.5	$500.0	$16,864.0	$27,072.5	$9,746.0	$2,181.5	$12,885.0	$24,812.5	($2,260.0)
	AHFC Funding for Other State Projects									
3	DHSS - Residential Housing Programs		$150.0	$250.0	$400.0		$400.0	$0.0	$400.0	$0.0
	DEC - Water & Sewer or Other Projects			*$31,992.0*	*$31,992.0*			*$531.5*	*$531.5*	*($31,460.5)*
	DCED - Capital Projects			*$0.0*	*$0.0*			*$546.9*	*$546.9*	*$546.9*
	Other - State Debt Retirement			*$0.0*	*$0.0*			*$31,942.6*	*$31,942.6*	*$31,942.6*
	Fish & Game							*$150.0*	*$150.0*	
	Public Safety							*$600.0*	*$600.0*	
	DOTPF							*$1,450.0*	$1,450.0	
	Court System							*$1,000.0*	*$1,000.0*	
	Total AHFC Funding for Other State Projects:	$0.0	$150.0	$32,242.0	$32,392.0	$0.0	$400.0	$36,221.0	$36,621.0	$1,029.0
	Grand Total AHFC Funding:	$12,708.5	$650.0	$103,000.0	$116,358.5	$12,746.0	$2,581.5	$103,000.0	$118,327.5	($1,231.0)
	Total AHFC Funding Cap:			$103,000.0				$103,000.0		
	Over/(Under):			$0.0				$0.0		

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Alaska Housing FINANCE CORPORATION

		Board Approved FY2004 Capital Budget Request @ November 7, 2002				FY2004 Capital Budget Request HCS CSSB 100(FIN)/Governor's Vetoes @ June 13, 2003				
		Federal	Other	Corp	Total	Federal	Other	Corp	Total	Diff
	Programs/Projects									
	Total AHFC FY2002 Net Income:			$75,600.0				$75,600.0		
	Transfer Type Funding									
	UAA Student Hsg Debt Service (FY1999 - FY2024)			*$1,000.0*	*$1,000.0*			*$0.0*	*$0.0*	*($1,000.0)*
	State Capital Project Bonds (FY1999 - FY2008)			*$50,000.0*	*$50,000.0*			*$50,001.7*	*$50,001.7*	*$1.7*
	PHD Capital Project Bonds (FY2003 - FY2008)	*$3,000.0*		*$5,000.0*	*$8,000.0*	*$3,000.0*		*$3,000.0*	*$6,000.0*	*($2,000.0)*
	Total Other (Transfer Type) Funding:	*$3,000.0*	*$0.0*	*$56,000.0*	*$59,000.0*	*$3,000.0*	*$0.0*	*$53,001.7*	*$56,001.7*	*($2,998.3)*
1	Housing Loan Programs/Teacher Housing	$0.0		$4,300.0	$4,300.0			$2,150.0	$2,150.0	($2,150.0)
2	Supplemental Housing Development Program	$0.0		$4,300.0	$4,300.0			$4,300.0	$4,300.0	$0.0
3	Low Income Weatherization Program	$1,800.0		$4,000.0	$5,800.0	$1,800.0		$3,000.0	$4,800.0	($1,000.0)
4	Senior Citizens Housing Development Program	$0.0	$0.0	$2,000.0	$2,000.0			$2,000.0	$2,000.0	$0.0
5	HUD Federal HOME Grant Program	$3,159.0		$750.0	$3,909.0	$3,159.0		$750.0	$3,909.0	$0.0
6	HUD Capital Fund Program (CFP) formerly (CGP)	$500.0		$0.0	$500.0	$500.0			$500.0	$0.0
7	Federal & Other Competitive Grants	$3,000.0		$1,250.0	$4,250.0	$3,000.0		$1,000.0	$4,000.0	($250.0)
8	Competitive Grants for Public Housing	$750.0		$250.0	$1,000.0	$750.0		$250.0	$1,000.0	$0.0
9	Energy Efficiency Monitoring Research	$0.0		$1,000.0	$1,000.0			$500.0	$500.0	($500.0)
10	State Energy Program (SEP) Special Projects	$423.5		$50.0	$473.5	$423.5		$50.0	$473.5	$0.0
1	Homeless Assistance Program		$500.0	$250.0	$750.0		$500.0	$250.0	$750.0	$0.0
2	Beneficiary & Special Needs Housing			$1,200.0	$1,200.0			$1,200.0	$1,200.0	$0.0
	Total AHFC's Capital Project Budget:	$9,632.5	$500.0	$19,350.0	$29,482.5	$9,632.5	$500.0	$15,450.0	$25,582.5	($3,900.0)
	AHFC Funding for Other State Projects									
3	DHSS - Residential Housing Programs		$150.0	$250.0	$400.0		$150.0	$250.0	$400.0	$0.0
	DEC - Water & Sewer Projects							*$24,602.2*	*$24,602.2*	*$24,602.2*
	DCED - Capital Projects							*$835.0*	*$835.0*	*$835.0*
	Other - State Debt Retirement							*$8,861.1*	*$8,861.1*	*$8,861.1*
	Total AHFC Funding for Other State Projects:	$0.0	$150.0	$250.0	$400.0	$0.0	$150.0	$34,548.3	$34,698.3	$34,298.3
	Grand Total AHFC Funding:	$12,632.5	$650.0	$75,600.0	$88,882.5	$12,632.5	$650.0	$103,000.0	$116,282.5	$27,400.0
	Total AHFC Funding Cap:			$75,600.0				$103,000.0		
	Over/(Under):			$0.0				($0.0)		

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Alaska Housing Finance Corporation

		Governor's Budget FY2003 Capital Budget Request @ December 15, 2001				CSSB2006, HB403, HB404 FY2003 Capital Budget Request @ May 20, 2002				
	Programs/Projects	Federal	Other	Corp	Total	Federal	Other	Corp	Total	Diff
1	PHD Construction Projects ***New***		$55,249.8		$55,249.8		$55,249.8	$0.0	$55,249.8	$0.0
a	Senior & Statewide Renovation & Replacement		$6,500.0							
b	Chugach Manor Renovation - Anchorage		$5,435.0							
c	Glacier View Renovation - Seward		$1,860.0							
d	Sea View Terrace Renovation - Ketchikan		$3,508.0							
e	Pacific Terrace Replacement - Kodiak		$11,426.0							
f	HUD's Capital Fund Program Projects		$14,251.8							
g	Ptarmigan Park Renovation - Anchorage		$1,784.0							
h	Sunset View Renovation - Cordova		$1,935.0							
i	Alpine Terrace Renovation - Anchorage		$6,450.0							
j	Anchorage Family Investment Center Renovation		$2,100.0							
2	Supplemental Housing Development Program			$4,500.0	$4,500.0	$0.0		$4,300.0	$4,300.0	($200.0)
3	Low Income Weatherization Program	$1,800.0		$4,000.0	$5,800.0	$1,800.0		$3,000.0	$4,800.0	($1,000.0)
4	Senior Citizens Housing Development Program			$1,975.2	$1,975.2	$0.0	$600.0	$1,375.2	$1,975.2	$0.0
5	Sr. & Statewide Deferred Maint. & Renovation	$500.0			$500.0	$500.0		$0.0	$500.0	$0.0
6	HUD Federal HOME Grant Program	$3,159.0		$750.0	$3,909.0	$3,159.0		$750.0	$3,909.0	$0.0
7	Pacific Terrace Replacement Ph I - Kodiak ***New**	$500.0		$0.0	$500.0	$500.0		$0.0	$500.0	$0.0
8	HUD Capital Fund Program (CFP) formerly (CGP)	$500.0			$500.0	$500.0		$0.0	$500.0	$0.0
9	Federal & Other Competitive Grants	$3,000.0		$1,250.0	$4,250.0	$3,000.0		$1,250.0	$4,250.0	$0.0
10	Competitive Grants for Public Housing	$750.0		$250.0	$1,000.0	$750.0		$250.0	$1,000.0	$0.0
11	Energy Efficiency Monitoring Research			$300.0	$300.0	$0.0		$300.0	$300.0	$0.0
12	State Energy Program (SEP) Special Projects	$150.0		$30.0	$180.0	$150.0		$30.0	$180.0	$0.0
13	Central Terrace Renovation IV ***Re-New***	$750.0			$750.0	$750.0			$750.0	$0.0
*	Housing Loan Programs ***New***			$4,000.0	$4,000.0	$0.0		$0.0	$0.0	($4,000.0)
1	Homeless Assistance Program		$500.0	$500.0	$1,000.0		$500.0	$250.0	$750.0	($250.0)
2	Beneficiary & Special Needs Housing			$800.0	$800.0			$1,500.0	$1,500.0	$700.0
	Total AHFC's Capital Project Budget:	$11,109.0	$55,749.8	$18,355.2	$85,214.0	$11,109.0	$56,349.8	$13,005.2	$80,464.0	($4,750.0)
	AHFC Funding for Other State Projects									
3	DHSS - Residential Housing Programs		$150.0	$100.0	$250.0		$150.0	$0.0	$150.0	($100.0)
4	DHSS - Brother Francis Shelter Replacement ***New***			$500.0	$500.0			$500.0	$500.0	$0.0
	DEC - Water & Sewer Projects			*$21,401.8*	$21,401.8		$4,400.0	$18,318.8	$22,718.8	$1,317.0
	DOT							$1,276.0	$1,276.0	$1,276.0
	DEED							$200.0	$200.0	$200.0
	Total AHFC Capital Project Funding:	***$11,109.0***	***$55,899.8***	***$48,357.0***	***$107,365.8***	***$11,109.0***	***$60,899.8***	***$33,300.0***	***$105,308.8***	***($3,533.0)***
	Transfer Type Funding									
	UAA Student Hsg Debt Service (FY1999 - FY2024)			***$1,000.0***	***$1,000.0***			***$1,000.0***	***$1,000.0***	*$0.0*
	State Capital Project Bonds (FY1999 - FY2008)			***$58,000.0***	***$58,000.0***			***$58,000.0***	***$58,000.0***	*$0.0*
	PHD Capital Project Bonds (FY2003 - FY2008)	*$3,000.0*		***$4,943.0***	***$7,943.0***			***$0.0***	***$0.0***	*($7,943.0)*
	Alaska Debt Retirement Fund							*$18,700.0*	***$18,700.0***	*$18,700.0*
	Total Other (Transfer Type) Funding:	***$3,000.0***	***$0.0***	***$55,943.0***	***$58,943.0***	***$0.0***	***$0.0***	***$69,700.0***	***$69,700.0***	*$10,757.0*
	Total AHFC Funding	$11,109.0	$55,899.8	$96,300.0	$166,308.8	$11,109.0	$60,899.8	$103,000.0	$175,008.8	$7,224.0
	Total AHFC Funding Cap (FY2001 Net Income):			$96,300.0				$103,000.0		
	Over/(Under):			$0.0				$0.0		

****New*** means new project/program on this year's Capital Budget list*

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Alaska Housing FINANCE CORPORATION

		Governor's FY2002 Capital Budget Request @ December 15, 2000				SB29, HB103 & HB104 FY2002 Capital Budget @ May 7, 2001				
	Programs/Projects	Federal	Other	Corp	Total	Federal	Other	Corp	Total	Diff
1	Supplemental Housing Development Program			$6,000.0	$6,000.0			$4,500.0	$4,500.0	($1,500.0)
2	Low Income Weatherization Program	$1,400.0		$4,000.0	$5,400.0	$1,400.0		$3,000.0	$4,400.0	($1,000.0)
3	Paxton Manor Replacement **New**			$2,401.0	$2,401.0			$2,401.0	$2,401.0	$0.0
4	Chugach View Renovation Ph. II - Anch (Senior)	$2,000.0		$2,697.0	$4,697.0	$2,000.0		$2,697.0	$4,697.0	$0.0
5	Senior Citizens Housing Development Program			$1,472.2	$1,472.2			$1,472.2	$1,472.2	$0.0
6	Sr. & Statewide Deferred Maint. & Renovation	$500.0		$2,000.0	$2,500.0	$500.0		$1,070.3	$1,570.3	($929.7)
7	HUD Capital Fund Program (CFP) formerly (CGP)	$3,500.0			$3,500.0	$3,500.0			$3,500.0	$0.0
8	HUD Federal HOME Grant Program	$3,050.0		$750.0	$3,800.0	$3,050.0		$250.0	$3,300.0	($500.0)
9	Federal & Other Competitive Grants	$3,000.0		$1,250.0	$4,250.0	$3,000.0		$1,250.0	$4,250.0	$0.0
10	Competitive Grants for Public Housing	$750.0		$250.0	$1,000.0	$750.0		$250.0	$1,000.0	$0.0
11	Energy Efficiency Monitoring Research			$300.0	$300.0			$300.0	$300.0	$0.0
12	State Energy Program (SEP) Special Projects	$150.0		$30.0	$180.0	$150.0		$30.0	$180.0	$0.0
1	Homeless Assistance Program		$200.0	$250.0	$450.0		$200.0	$250.0	$450.0	$0.0
2	Beneficiary & Special Needs Housing			$1,500.0	$1,500.0			$1,500.0	$1,500.0	$0.0
	Total AHFC's Capital Project Budget:	$14,350.0	$200.0	$22,900.2	$37,450.2	$14,350.0	$200.0	$18,970.5	$33,520.5	($3,929.7)
	AHFC Funding for Other State Projects									
	Housing Modification Program - Special Needs		$150.0	$100.0	$250.0		$150.0	$100.0	$250.0	$0.0
	DOA			$0.0	$0.0			$250.0	$250.0	$250.0
	Water/Sewer/Waste (DEC) & Other			*$28,999.8*	*$28,999.8*			*$28,258.0*	*$28,258.0*	*($749.8)*
	Department of Community and Economic Dev.			*$0.0*	*$0.0*			*$300.0*	*$300.0*	*$300.0*
	Department of Labor and Workforce Development			*$0.0*	*$0.0*			*$100.0*	*$100.0*	*$100.0*
	Anchorage Senior Center Matching Funds			*$0.0*	*$0.0*			*$0.0*	*$0.0*	*$0.0*
	Corrections			*$0.0*	*$0.0*			*$400.0*	*$400.0*	*$400.0*
	Public Safety			*$0.0*	*$0.0*			*$3,075.9*	*$3,075.9*	*$3,075.9*
	DoA			*$0.0*	*$0.0*			*$53.6*	*$53.6*	*$53.6*
	Total AHFC Capital Project Funding:	*$14,350.0*	*$350.0*	*$52,000.0*	*$66,700.0*	*$14,350.0*	*$350.0*	*$52,000.0*	*$66,700.0*	*($0.0)*
	Transfer Type Funding									
	UAA Student Hsg Debt Service (FY1999 - FY2024)			*$1,000.0*	*$1,000.0*			*$1,000.0*	*$1,000.0*	*$0.0*
	State Capital Project Bonds (FY1999 - FY2008)			*$44,000.0*	*$44,000.0*			*$44,000.0*	*$44,000.0*	*$0.0*
	State Debt Retirement Fund			*$6,000.0*	*$6,000.0*			*$6,000.0*	*$6,000.0*	*$0.0*
	Total Other (Transfer Type) Funding:	*$0.0*	*$0.0*	*$51,000.0*	*$51,000.0*	*$0.0*	*$0.0*	*$51,000.0*	*$51,000.0*	*$0.0*
	Total AHFC Funding:	$14,350.0	$350.0	$103,000.0	$117,700.0	$14,350.0	$350.0	$103,000.0	$117,700.0	($0.0)
	Total AHFC Funding Cap:			$103,000.0				$103,000.0		
	Over/(Under):			$0.0				($0.0)		

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Alaska Housing FINANCE CORPORATION

		FY 2001 Draft Capital Budget Proposal @ December 15, 1999				SB192, HB312, HB313 & HB281 FY2001 Capital Budget @ May 4, 2000				
		Federal	Other	Corp	Total	Federal	Other	Corp	Total	Diff
	Programs/Projects									
1	**Supplemental Housing Development Program**			$6,000.0	$6,000.0			$3,900.0	$3,900.0	($2,100.0)
2	**Low Income Weatherization Program**	$1,400.0		$4,000.0	$5,400.0	$1,400.0		$2,000.0	$3,400.0	($2,000.0)
3	**Senior Citizens Housing Development Program**			$2,253.5	$2,253.5			$2,253.5	$2,253.5	$0.0
4	**Sr. & Statewide Deferred Maint. & Renovation**	$500.0		$2,000.0	$2,500.0	$500.0	$800.0	$1,022.2	$2,322.2	($177.8)
5	**Eyak Manor Renovation - Cordova**			$1,600.0	$1,600.0		$1,600.0	$0.0	$1,600.0	$0.0
6	**Central Terrace/Fairmont - Ph. III**			$2,072.0	$2,072.0			$715.0	$715.0	($1,357.0)
7	**Chugach View Renovation Ph. I - Anch (Senior)**	$2,000.0		$2,000.0	$4,000.0	$2,000.0	$2,000.0	$0.0	$4,000.0	$0.0
8	**Sea View Terrace Renovation - Ketchikan (Senior)**			$600.0	$600.0			$0.0	$0.0	($600.0)
9	**HUD Capital Fund Program (CFP) formerly (CGP)**	$3,500.0			$3,500.0	$3,500.0			$3,500.0	$0.0
10	**HUD Federal HOME Grant Program**	$3,053.0		$750.0	$3,803.0	$3,053.0		$750.0	$3,803.0	$0.0
11	**Federal & Other Competitive Grants**	$1,500.0		$1,250.0	$2,750.0	$1,500.0		$1,000.0	$2,500.0	($250.0)
12	**Competitive Grants for Public Housing**	$750.0		$250.0	$1,000.0	$750.0		$250.0	$1,000.0	$0.0
13	**Energy Efficiency Monitoring Research**	$500.0		$450.0	$950.0	$500.0		$450.0	$950.0	$0.0
14	**Builder & Rater Education Program**			$200.0	$200.0			$0.0	$0.0	($200.0)
15	**State Energy Program (SEP) Special Projects**	$150.0		$30.0	$180.0	$150.0		$30.0	$180.0	$0.0
16	**Homeless Assistance Program**		$200.0	$250.0	$450.0		$200.0	$250.0	$450.0	$0.0
17	**Beneficiary & Special Needs Housing**			$1,500.0	$1,500.0			$1,500.0	$1,500.0	$0.0
	Total AHFC's Capital Project Budget:	$13,353.0	$200.0	$25,205.5	$38,758.5	$13,353.0	$4,600.0	$14,120.7	$32,073.7	($6,684.8)
	AHFC Funding for Other State Projects									
18	**Housing Modification Program - Special Needs**		$150.0	$100.0	$250.0		$150.0	$100.0	$250.0	$0.0
19	**Fbks Reopen Fahrenkamp Residential Facility**			$395.0	$395.0			$395.0	$395.0	$0.0
20	**API Stop Gap Repairs**			$154.5	$154.5			$154.5	$154.5	$0.0
21	***Water/Sewer/Waste (DEC)***			***$24,306.9***	***$24,306.9***			***$27,400.3***	***$27,400.3***	***$3,093.4***
22	***Pioneer Homes (DOA)***			***$1,838.1***	***$1,838.1***			***$600.0***	***$600.0***	***($1,238.1)***
23	***Dept. of Corrections***							***$1,168.0***	***$1,168.0***	***$1,168.0***
24	***Dept. of Education***							***$237.6***	***$237.6***	***$237.6***
25	***Dept. of Health & Social Services***							***$6,134.4***	***$6,134.4***	***$6,134.4***
26	***University of Alaska***							***$1,697.6***	***$1,697.6***	***$1,697.6***
	Total AHFC Capital Project Funding:	***$13,353.0***	***$350.0***	***$52,000.0***	***$65,703.0***	***$13,353.0***	***$4,750.0***	***$52,000.0***	***$70,103.0***	***$4,400.0***
	Transfer Type Funding									
27	*UAA Student Hsg Debt Service (FY1999 - FY2024)*			***$1,000.0***	***$1,000.0***			***$1,000.0***	***$1,000.0***	***$0.0***
28	*State Capital Project Bonds (FY1999 - FY2006)*			***$34,992.5***	***$34,992.5***			***$34,992.5***	***$34,992.5***	***$0.0***
29	*State Debt Retirement Fund*			***$15,007.5***	***$15,007.5***			***$15,007.5***	***$15,007.5***	***$0.0***
	Total Other (Transfer Type) Funding:	***$0.0***	***$0.0***	***$51,000.0***	***$51,000.0***	***$0.0***	***$0.0***	***$51,000.0***	***$51,000.0***	***$0.0***
	Total AHFC Funding:	$13,353.0	$200.0	$103,000.0	$116,703.0	$13,353.0	$4,750.0	$103,000.0	$121,103.0	$4,400.0
	Total AHFC Funding Cap:			$103,000.0				$103,000.0		
	Over/(Under):			$0.0				$0.0		

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Alaska Housing Finance Corporation

	Programs/Projects	Governor's FY2000 CAPITAL BUDGET Request Draft @ December 15, 1998				SB 32 / HB50/HB51/HB52 @ May 18, 1999				
		Federal	Other	Cap	Total	Federal	Other	Cap	Total	Diff
1	Supplemental Housing Development Program			$9,000.0	$9,000.0			$3,868.0	$3,868.0	($5,132.0)
2	Low Income Weatherization Program	$1,400.0		$4,000.0	$5,400.0	$1,400.0		$1,000.0	$2,400.0	($3,000.0)
3	Senior Citizens Housing Development Program			$4,000.0	$4,000.0			$0.0	$0.0	($4,000.0)
3a	Talkeetna Senior Housing			$0.0	$0.0			$278.0	$278.0	$278.0
4	Parkview Manor Renovation Ph. II- Anchorage			$3,000.0	$3,000.0			$3,000.0	$3,000.0	$0.0
5	Mountain View - Juneau Phase II (Senior Units)			$3,917.0	$3,917.0			$3,917.0	$3,917.0	$0.0
6	Sr. & Statewide Deferred Maint. & Renovation	$500.0		$3,500.0	$4,000.0	$500.0		$1,690.5	$2,190.5	($1,809.5)
7	Riverbend Multi-Purpose Building			$500.0	$500.0			$0.0	$0.0	($500.0)
8	HUD Comprehensive Grant Program (CGP)	$2,800.0		$0.0	$2,800.0	$2,800.0		$0.0	$2,800.0	$0.0
9	Public Housing Environ. Cleanup/Abatement			$303.0	$303.0			$303.0	$303.0	$0.0
10	Central Terrace/Fairmount - Ph. III			$724.0	$724.0			$0.0	$0.0	($724.0)
11	Southall Manor Renovation			$4,715.0	$4,715.0			$4,715.0	$4,715.0	$0.0
12	HUD Federal HOME Grant Program	$3,000.0		$750.0	$3,750.0	$3,000.0		$750.0	$3,750.0	$0.0
13	Federal & Other Competitive Grants	$1,500.0		$1,250.0	$2,750.0	$1,500.0		$750.0	$2,250.0	($500.0)
14	Competitive Grants for Public Housing	$750.0		$250.0	$1,000.0	$750.0		$250.0	$1,000.0	$0.0
15	Energy Efficiency Monitoring Research			$350.0	$350.0			$0.0	$0.0	($350.0)
16	Builder & Rater Education Program			$300.0	$300.0			$0.0	$0.0	($300.0)
17*	Homeless Assistance Program	(Mental Health Bill)	$200.0	$250.0	$450.0		$200.0	$250.0	$450.0	$0.0
18*	Beneficiary & Special Needs Housing	(Mental Health Bill)		$1,700.0	$1,700.0			$1,700.0	$1,700.0	$0.0
	Total FY2000 AHFC's Project Capital Budget:	$9,950.0	$200.0	$38,509.0	$48,659.0	$9,950.0	$200.0	$22,471.5	$32,621.5	($16,037.5)
	AHFC Funding for Other State Projects									
	Misc.								$0.0	$0.0
19*	*Hsg. modifications for People w/ Spec. Needs (DHSS)*	(Mental Health Bill)		$250.0	$250.0			$250.0	$250.0	$0.0
20	*Water/Sewer/Waste (DEC)*			$13,241.0	$13,241.0			$29,916.8	$29,916.8	$16,675.8
21	*UAA Student Hsg Debt Service (Start FY99)*			$1,000.0	$1,000.0			$1,000.0	$1,000.0	$0.0
	Total AHFC Capital Project Funding:	**$9,950.0**	**$200.0**	**$53,000.0**	**$63,150.0**	**$9,950.0**	**$200.0**	**$53,638.3**	**$63,788.3**	**$638.3**
	Transfer Type Funding									
22	*FY99 Deferred Maintenance Debt Service (est.)*			$18,000.0	$18,000.0			$18,000.0	$18,000.0	$0.0
23	*School Funding*			$17,444.0	$17,444.0			$17,444.0	$17,444.0	$0.0
24	*Debt Retirement Fund*			$14,556.0	$14,556.0			$14,556.0	$14,556.0	$0.0
25	*Municiple Matching Grants*							$0.0	$0.0	$0.0
	Total Other (Transfer Type) Funding:	**$0.0**	**$0.0**	**$50,000.0**	**$50,000.0**	**$0.0**	**$0.0**	**$50,000.0**	**$50,000.0**	**$0.0**
	Total AHFC FY2000 Funding:	$9,950.0	$200.0	$103,000.0	$48,659.0			$103,638.3		
	Total AHFC FY2000 Funding Cap:			$103,000.0				$103,638.3		
	Over/(Under):			$0.0				$0.0		

*Includes FY98 Leftover Funds

Alaska Housing Finance Corporation

	Programs/Projects	Governor's FY99 CAPITAL BUDGET Request @ December 15, 1997				SB 231 / HB 326 / HB 325 @ June 23, 1998				
		Federal	Other	Corp	Total	Federal	Other	Corp	Total	Diff
1	Supplemental Housing Development Grant			$9,000.0	$9,000.0			$4,000.0	$4,000.0	($5,000.0)
2	Central Terrace/Fairmount - Ph. II	$1,300.0		$864.0	$2,164.0	$1,300.0		$0.0	$1,300.0	($864.0)
3	AHFC Mainframe Software - Upgrade/Replace	$250.0		$165.0	$415.0	$250.0		$165.0	$415.0	$0.0
4	Low Income Weatherization	$1,200.0		$6,500.0	$7,700.0	$4,200.0	[illegible]	$1,000.0	$5,200.0	($2,500.0)
5	Sr. & Statewide Deferred Maint. & Renovation	$450.0		$3,700.0	$4,150.0	$450.0		$1,000.0	$1,450.0	($2,700.0)
6	Senior Citizens Housing Development Program			$2,050.0	$2,050.0			$2,050.0	$2,050.0	$0.0
7	Homeless Assistance Program	(Mental Health Bill)		$1,250.0	$1,250.0			$250.0	$250.0	($1,000.0)
8	HUD Comprehensive Grant Program	$2,900.0			$2,900.0	$2,900.0			$2,900.0	$0.0
9	HUD Federal HOME Grant	$3,000.0		$750.0	$3,750.0	$3,000.0		$750.0	$3,750.0	$0.0
10	Public Housing Environ. Cleanup/Abatement			$1,000.0	$1,000.0		$1,000.0	$0.0	$1,000.0	$0.0
11	Mountain View - Juneau Phase I (Senior Units)			$2,120.0	$2,120.0			$2,120.0	$2,120.0	$0.0
12	Parkview Manor - Anchorage	$1,000.0		$2,500.0	$3,500.0	$1,000.0		$2,500.0	$3,500.0	$0.0
13	Energy Conservation Retrofit			$500.0	$500.0			$0.0	$0.0	($500.0)
14a	Federal & Other Competitive Grants	$3,000.0		$1,250.0	$4,250.0	$3,000.0		$500.0	$3,500.0	($750.0)
14b	Transitional Housing	(Mental Health Bill)		$250.0	$250.0			$0.0	$0.0	($250.0)
15	Competitive Grants for Public Housing	$750.0		$250.0	$1,000.0	$750.0		$250.0	$1,000.0	$0.0
16	Oil Overcharge Settlement (PVE)	$2,500.0			$2,500.0	$0.0			$0.0	($2,500.0)
17	Alaska Craftsman & Home Energy Rating Prog.			$450.0	$450.0			$300.0	$300.0	($150.0)
	Total FY99 AHFC's Project Capital Budget:	$16,350.0	$0.0	$32,599.0	$48,949.0	$16,850.0	$1,000.0	$14,885.0	$32,735.0	($16,214.0)
	AHFC Funding for Other State Projects									
18	*Beneficiary & Spec. Needs Hsg Prog (DHSS)*	(Mental Health Bill)		*$1,800.0*	*$1,800.0*			*$1,200.0*	*$1,200.0*	*($600.0)*
19	*Pioneers' Homes Dementia Units (DOA)*	(Mental Health Bill)		*$200.0*	*$200.0*			*$200.0*	*$200.0*	*$0.0*
20	*Vocational Rehab Home Modifications (DOE)*			*$150.0*	*$150.0*			*$100.0*	*$100.0*	*($50.0)*
21	*Pioneers' Homes Health an Safety Repairs (DOA)*			*$700.0*	*$700.0*			*$0.0*	*$0.0*	*($700.0)*
22	*Water/Sewer/Waste (DEC)*			*$16,351.0*	*$16,351.0*			*$34,765.0*	*$34,765.0*	*$18,414.0*
23	*Electronic Access to Property Files (DEC)*			*$200.0*	*$200.0*			*$0.0*	*$0.0*	*($200.0)*
24	*Recorder's Office Equipment (DNR)*			*$0.0*	*$0.0*			*$150.0*	*$150.0*	*$150.0*
25	*Emergency and Non-Routine Repairs (DOTPF)*			*$0.0*	*$0.0*			*$500.0*	*$500.0*	*$500.0*
26	*University Statewide Museum (UA)*			*$0.0*	*$0.0*			*$500.0*	*$500.0*	*$500.0*
27	*Boys and Girls Club (DOA)*			*$0.0*	*$0.0*			*$230.0*	*$230.0*	*$230.0*
28	*Nome's Fire Truck (DOA)*			*$0.0*	*$0.0*			*$150.0*	*$150.0*	*$150.0*
29	*SB36 Fiscal Note*			*$0.0*	*$0.0*			*$17,444.0*	*$17,444.0*	*$17,444.0*
30	*UAA Student Hsg Debt Service (Start FY99)*			*$1,000.0*	*$1,000.0*			*$1,000.0*	*$1,000.0*	*$0.0*
	Debt Service for FY99 Capital Projects			*$0.0*				*$7,856.1*	*$7,856.1*	*$7,856.1*
	Remainder for Transfer			*$50,000.0*				*$24,019.9*	*$24,019.9*	*$24,019.9*
	Total FY99 Other Funding:	***$0.0***	***$0.0***	***$78,481.0***	***$28,481.0***	***$0.0***	***$0.0***	***$88,115.0***	***$88,115.0***	***$67,714.0***
	Total AHFC FY99 Funding	$0.0	$0.0	$103,000.0	$69,350.0	$0.0	$1,000.0	$103,000.0	$120,850.0	$51,500.0
	Total AHFC FY99 Funding Cap:			$103,000.0				$103,000.0		
	Over/(Under):			$0.0				$0.0		

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Alaska Housing
FINANCE CORPORATION

	Programs/Projects	● February 27, 1997 FY98 CAPITAL BUDGET REQUEST					● July 1, 1997 FY98 CAPITAL BUDGET HB 75, HB 76 & SB107				
		Federal	Other	Corp	Corp Match	Total	Federal	Other	Corp	Total	Diff
1	Central Terrace/Fairmount/Rec Center - Ph. I			$1,500.0		$1,500.0			$1,500.0	$1,500.0	$0.0
2	AHFC Computer Mainframe - Renovation			$350.0		$350.0			$184.2	$184.2	($165.8)
3	Homeless Assistance Program		Mental Health Bill	$750.0		$750.0			$250.0	$250.0	($500.0)
5	Low Income Weatherization	$1,200.0		$6,527.5		$7,727.5	$1,200.0		$4,000.0	$5,200.0	($2,527.5)
6	Supplemental Housing Development Program	$40,000 (HUD To RHAs)		$8,000.0	$8,000.0	$8,000.0			$6,000.0	$6,000.0	($2,000.0)
8	Public Housing Environmental Cleanup/Abater			$1,000.0		$1,000.0			$500.0	$500.0	($500.0)
9	Senior and Statewide Deferred Maintenance	$988.9		$2,000.0		$2,988.9	$988.9		$1,000.0	$1,988.9	($1,000.0)
10	Spruce Park Renovation - Fairbanks	$350.0		$7,000.0		$7,350.0	$350.0		$7,000.0	$7,350.0	$0.0
11	Senior Citizens Housing Development Program			$3,300.0		$3,300.0			$0.0	$0.0	($3,300.0)
	Elder Services, Inc.								$240.1	$240.1	$240.1
	Homer Seniors, Inc.								$281.7	$281.7	$281.7
	North Pole Seniors, Inc.								$625.0	$625.0	$625.0
	Palmer Senior Citizens, Inc.								$675.0	$675.0	$675.0
12	HUD Comprehensive Grant Program	$3,100.0				$3,100.0	$3,100.0			$3,100.0	$0.0
13	HUD Federal HOME Grant	$3,000.0		$750.0	$750.0	$3,750.0	$3,000.0		$750.0	$3,750.0	$0.0
14	Federal & Other Competitive Grants	$3,000.0		$1,500.0	$2,000.0	$4,500.0	$3,000.0		$500.0	$3,500.0	($1,000.0)
15	Oil Overcharge Settlement (PVE)	$2,500.0	Stripper			$2,500.0	$600.0			$600.0	($1,900.0)
16	Competitive Grants for Public Housing	$2,000.0		$1,000.0	$1,000.0	$3,000.0	$2,000.0		$250.0	$2,250.0	($750.0)
17	Energy Conservation Retrofit			$530.0		$530.0			$450.0	$450.0	($80.0)
18	Alaska Craftsman Home Program			$380.0		$380.0			$0.0	$0.0	($380.0)
19	Energy Rated Homes of Alaska Program			$380.0		$380.0			$0.0	$0.0	($380.0)
	Total FY98 AHFC's Project Capital Budget:	$16,138.9	$0.0	$34,807.5	$0.0	$50,946.4	$14,238.9	$0.0	$24,214.0	$38,452.9	($12,493.5)
	Other Agency Funding										
	DHSS - Beneficiary & Spec. Needs Hsg Program		Mental Health Bill	*$1,000.0*		*$1,000.0*			*$1,200.0*	*$1,200.0*	*($800.0)*
	DOA - Pioneer Homes Dementia Units		Mental Health Bill	*$52.5*		*$52.5*			*$52.5*	*$52.5*	*$0.0*
	DHSS - Hope Cottages		Mental Health Bill	*$240.0*		*$240.0*			*$240.0*	*$240.0*	*$0.0*
	DHSS - Trust Beneficiaries		Mental Health Bill	*$150.0*		*$150.0*			*$150.0*	*$150.0*	*$0.0*
	DHSS - General Relief Assistance		Operating Bill						*$500.0*	*$500.0*	*$500.0*
	Municipal Matching Grants								*$5,000.0*	*$5,000.0*	*$5,000.0*
	Dept. of Administration								*$709.0*	*$709.0*	*$709.0*
	Dept. of Commerce & Economic Development								*$75.0*	*$75.0*	*$75.0*
	Dept. of Community & Regional Affairs								*$295.0*	*$295.0*	*$295.0*
	Dept. of Education								*$500.0*	*$500.0*	*$500.0*
	DEC housing Sanitation Program			*$14,600.0*		*$14,600.0*			*$14,600.0*	*$14,600.0*	*$0.0*
	Dept. of Health & Social Services								*$2,334.0*	*$2,334.0*	*$2,334.0*
	DHSS - Johnson Youth Center								*$1,500.0*	*$1,500.0*	*$1,500.0*
	Dept of Military & Veteran affairs								*$1,500.0*	*$1,500.0*	*$1,500.0*
	Dept. of Natural Resources								*$1,520.0*	*$1,520.0*	*$1,520.0*
	Dept. of Transportation								*$2,230.0*	*$2,230.0*	*$2,230.0*
	University of Alaska								*$450.0*	*$450.0*	*$450.0*
	Legislature								*$364.1*	*$364.1*	*$364.1*
	Pioneer Homes Renovation, Repair & Modificati			*$700.0*		*$700.0*				*$0.0*	*($700.0)*
	DOE - MBHS Repairs, Renovation and Equipment			*$250.0*		*$250.0*				*$0.0*	*($250.0)*
	DOE - AVTEC Roof Repairs			*$250.0*		*$250.0*				*$0.0*	*($250.0)*
	DOE - Vocational Rehab Home Modif. - Disabled			*$150.0*		*$150.0*				*$0.0*	*($150.0)*
	Total FY98 Other Agency Funding:	$0.0	$0.0	$18,192.5	$0.0	$18,192.5	$0.0	$0.0	$30,299.6	$30,299.6	$20,107.1
	Direct Transfers of AHFC Funds										
	Direct Transfer (including Dividend) to State			$50,000.0		$50,000.0			$50,000.0	$50,000.0	$0.0
	State Mortgage Insurance Fund Dividend								$20,000.0		
	UAA Student Hsg Debt Service (Start FY99)					$0.0				$0.0	$0.0
	Total FY98 Capital Budget and Transfers:	$16,138.9	$0.0	$103,000.0	$0.0	$119,138.9	$14,238.9	$0.0	$132,513.6	$126,752.5	$7,613.6
	FY97 Supplemental Appropriations										
	Alaska Craftsman Home Program								$0.0	$0.0	$0.0
	Energy Rated Homes of Alaska Program								$0.0	$0.0	$0.0
	Grand Total FY98 Legislation:	$16,138.9	$0.0	$103,000.0	$0.0	$119,138.9	$14,238.9	$0.0	$132,513.6	$126,752.5	$7,613.6
	FY98 Legislative Cap on Corporate Funds:			$103,000.0					* $133,151.9		
	Remaining Funds Under the Legislative Cap:			$0.0					$638.3		

* Includes Capital Budget, Dividend & Seed Transfers, & FY97 Lebanon Funds

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Alaska Housing Finance Corporation

Programs/Projects

		(Released 1/31/96) FY97 CAPITAL BUDGET REQUEST					@ June 7, 1996 & May 14, 1997 (SB 107) FY97 CAPITAL BUDGET SB 136 & CS 1005 -June 6, 1996				
		Federal	Other	Corp	Corp Match	Total	Federal	Other	Corp	Total	Diff
1	Riverbend Construction	$6.9		$3,284.3		$3,291.2	$6.9		$3,284.3	$3,291.2	$0.0
2	Golden Towers Renovation			$6,093.5		$6,093.5			$6,093.5	$6,093.5	$0.0
3	Low Income Weatherization	$1,800.0		$8,500.0		$10,300.0	$500.0		$6,500.0	$7,000.0	($3,300.0
4	Supplemental Housing Development Fund	$50,000.0*		$10,235.0	* $10,000.0	$10,235.0			$7,000.0	$7,000.0	($3,235.0
5	DEC housing Sanitation Program			$7,030.0		$7,030.0			$15,116.0	$15,116.0	$8,086.0
6	Environmental Cleanup/Abatement			$1,000.0		$1,000.0			$500.0	$500.0	($500.0
7	Senior and Statewide Deferred Maintenance	$1,000.0		$3,026.0		$4,026.0	$1,000.0		$1,000.0	$2,000.0	($2,026.0
8	Senior Citizens Housing Development Program			$3,567.0		$3,567.0			$1,750.0	$1,750.0	($1,817.0
9	Homeless Assistance Program			$1,200.0		$1,200.0			$250.0	$250.0	($950.0
10	HUD Comprehensive Grant Program	$3,521.6				$3,521.6	$3,521.6			$3,521.6	$0.0
11	HUD Federal HOME Grant	$3,000.0		$750.0	* $750.0	$3,750.0	$3,000.0		$750.0	$3,750.0	$0.0
12	Federal Competitive Grants	$3,000.0		$1,000.0		$4,000.0	$3,000.0		$1,000.0	$4,000.0	$0.0
13	Federal Competitive Grants - Public Housing	$2,500.0		$500.0		$3,000.0	$2,500.0		$500.0	$3,000.0	$0.0
14	Energy Conservation Retrofit			$500.0		$500.0			$450.0	$450.0	($50.0
15	DHSS Beneficiary & Spec. Needs Hsg Program	Mental Health	$250.0	$1,500.0		$1,750.0	Mental Health	$0.0	$1,500.0	$1,500.0	($250.0
16	Oil Overcharge Settlement (PVE)	$3,000.0	Stripper			$3,000.0	$600.0	Stripper		$600.0	($2,400.0
17	Other Competitive Grants			$500.0		$500.0			$0.0	$0.0	($500.0
18	AHFC Computer Mainframe - Renovation			$330.0		$330.0			$0.0	$0.0	($330.0
19	AHFC Telephone System Replacement			$380.0		$380.0			$300.0	$300.0	($80.0
20	Pre-Development Grant			$500.0		$500.0			$0.0	$0.0	($500.0
21	Statewide Housing Needs Assessment Study			$100.0		$100.0			$0.0	$0.0	($100.0
22	Statewide Research & Testing			$100.0		$100.0			$0.0	$0.0	($100.0
23	Alaska Coalition on Housing & Homelessness			$150.0		$150.0			$0.0	$0.0	($150.0
24	Statewide Housing Forum			$60.0		$60.0			$0.0	$0.0	($60.0
25	Pioneer Homes Renovation, Repair & Modification	Mental Health	$271.9	$2,589.3		$2,861.2	Mental Health	$0.0	$2,589.3	$2,589.3	($271.9
26	Bethel Sea Wall								$1,615.0	$1,615.0	$1,615.0
27	Valdez - Harborview Study								$250.0	$250.0	$250.0
	Total Corp Match (Included in Corp Funding):				* $10,750.0						
	Total FY97 Capital Budget:	**$17,828.5**	**$521.9**	**$52,895.1**		**$71,245.5**	**$14,128.5**	**$0.0**	**$58,448.1**	**$64,576.6**	**($6,668.9**
	Direct Transfers of AHFC Funds										
	Direct Transfer (including Dividend) to State			$50,000.0		$50,000.0			$50,000.0	$50,000.0	$0.0
	UAA Student Hsg Debt Service (Start FY99)					$0.0				$0.0	$0.0
	Total FY97 Capital Budget and Transfers:	**$17,828.5**	**$521.9**	**$102,895.1**		**$121,245.5**	**$14,128.5**	**$0.0**	**$108,448.1**	**$114,576.6**	**($6,668.9**
	FY96 Legislative Budget & Audit										
	FY97 Supplemental Appropriations										
	Designated Grants								$600.0		
	Carryforward to FY98 Appropriations								$1,951.9		
	FY97 Legislative Budget & Audit										
	Grand Total FY97 Legislation:	**$17,828.5**	**$521.9**	**$102,895.1**		**$121,245.5**	**$14,128.5**	**$0.0**	**$103,000.0**	**$114,576.6**	**($6,668.9**
	FY97 Legislative Cap on Corporate Funds:								**$103,000.0**		
	Remaining Funds Under the Legislative Cap:								**$0.0**		

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withdrawn 4-11-09

26-GS1003\C.6
Kane
4/10/09

AMENDMENT

OFFERED IN THE SENATE BY SENATOR THOMAS

TO: CSSB 75(FIN), Draft Version "C"

Page 35, line 22:

Delete "10,000,000" in both places

Insert "15,300,000" in both places

Page 35, line 22:

Delete "UA Climate Projects"

Insert "UAF Energy Technology Building"

Page 35, lines 24 - 25:

Delete all material.

Page 39, line 19:

Delete "30,000,000"

Insert "30,300,000"

Page 39, line 21:

Delete "$33,200,000"

Insert "$33,500,000"

Page 39, line 25:

Delete "$1,230,384,368"

Insert "$1,230,684,368"

2832

Page 40, line 9:

Delete "910,918,680"

Insert "911,218,680"

Page 40, line 11:

Delete "$912,540,580"

Insert "$912,840,580"

2834

4/8/09

2009 Legislature - Capital Budget
Statewide Totals - Senate Structure

Numbers and Language

	[1] SCS Sec1	[2] SCS Sec4	[3] SCS Sec7	[4] SCSSec10	[5] SCS 13+	[6] Bill Total
Total	**1,230,384,368**	**85,782,500**	**247,975,400**	**83,801,220**	**136,645,840**	**1,784,589,328**
Funding Sources						
1002 Fed Rcpts (Fed)	910,918,680	0	42,397,600	70,927,500	-4,848,366	1,019,395,414
1003 G/F Match (GF)	53,346,342	0	0	0	0	53,346,342
1004 Gen Fund (GF)	121,646,797	0	0	3,084,500	43,250,000	167,981,297
1007 I/A Rcpts (Oth)	300,000	0	0	0	0	300,000
1024 Fish/Game (Oth)	775,000	0	0	0	0	775,000
1026 HwyCapital (Oth)	15,000,000	0	0	0	0	15,000,000
1027 IntAirport (Oth)	16,806,800	0	0	30,000,000	0	46,806,800
1041 PF ERA (Oth)	0	0	0	0	21,000,000	21,000,000
1050 PFD Fund (Oth)	135,000	0	0	0	0	135,000
1052 Oil/Haz Fd (Oth)	5,750,000	0	0	0	0	5,750,000
1061 CIP Rcpts (Oth)	1,700,000	0	0	0	0	1,700,000
1063 NPR Fund (Fed)	0	0	0	0	15,967,840	15,967,840
1081 Info Svc (Oth)	0	0	0	0	2,500,000	2,500,000
1108 Stat Desig (Oth)	14,055,000	0	0	55,000	0	14,110,000
1112 IntAptCons (Oth)	24,029,141	0	0	-24,087,500	0	-58,359
1139 AHFC Div (Oth)	24,686,000	0	0	0	0	24,686,000
1147 PublicBldg (Oth)	2,800,000	0	0	0	0	2,800,000
1153 State Land (Oth)	3,500,000	0	0	0	0	3,500,000
1156 Rcpt Svcs (Oth)	73,508	0	0	0	0	73,508
1157 Wrkrs Safe (Oth)	3,092,200	0	0	0	0	3,092,200
1173 Misc Earn (Oth)	0	0	0	0	320,000	320,000
1179 PFC (Oth)	4,560,000	0	0	0	0	4,560,000
1185 Elect Fund (Oth)	0	0	0	3,821,720	0	3,821,720
1190 Adak Air (Fed)	1,621,900	0	0	0	0	1,621,900
1193 MaintGrant (Oth)	0	0	0	0	0	0
1195 SpecVehRct (Oth)	450,000	0	0	0	0	450,000
1201 CFEC Rcpts (Oth)	138,000	0	0	0	0	138,000
1202 Anat Fnd (Oth)	0	0	0	0	8,000	8,000

Computed Column Definitions: [6]=[1]+[2]+[3]+[4]+[5]

COPY ON FILE

2009 Legislature - Capital Budget
Statewide Totals - Senate Structure

Numbers and Language

	[1] SCS Sec1	[2] SCS Sec4	[3] SCS Sec7	[4] SCSSec10	[5] SCS 13+	[6] Bill Total
Funding Sources (continued)						
1206 CPV Tax (Oth)	0	59,227,500	0	0	0	59,227,500
1207 RCS Impact (Oth)	0	26,555,000	0	0	0	26,555,000
1210 Ren Energy (Oth)	25,000,000	0	0	0	0	25,000,000
1211 Gamble Tax (GF)	0	0	0	0	0	0
1212 Stimulus09 (Fed)	0	0	205,577,800	0	58,448,366	264,026,166
1213 AHCC (GF)	0	0	0	0	0	0
Funding Summary						
General Funds (GF)	174,993,139	0	0	3,084,500	43,250,000	221,327,639
Federal Receipts (Fed)	912,540,580	0	247,975,400	70,927,500	69,567,840	1,301,011,320
Other (Oth)	142,850,649	85,782,500	0	9,789,220	23,828,000	262,250,369

4/8/09

2009 Legislature - Capital Budget
Agency Summary - Senate Structure

Numbers and Language

Agency	[1] SCS Sec1	[2] SCS Sec4	[3] SCS Sec7	[4] SCSSec10	[5] SCS 13+	[6] Bill Total
Agency Budgets						
Administration	2,975,000	0	0	0	0	2,975,000
Community & Economic Dev	82,035,400	58,602,000	0	1,500,000	42,875,840	185,013,240
Corrections	7,000,000	0	0	0	0	7,000,000
Education & Early Dev	43,443,481	0	0	0	0	43,443,481
Environmental Conservation	95,605,994	0	0	0	0	95,605,994
Fish and Game	26,033,000	0	0	55,000	1,500,000	27,588,000
Governor	0	0	0	3,821,720	2,500,000	6,321,720
Health & Social Services	10,903,342	0	0	0	0	10,903,342
Labor & Workforce Dev	3,692,200	0	0	0	0	3,692,200
Military & Veterans Affairs	29,550,000	0	0	0	0	29,550,000
Natural Resources	16,435,000	6,000,000	0	0	25,950,000	48,385,000
Public Safety	4,442,800	0	0	0	0	4,442,800
Revenue	43,077,200	0	0	0	0	43,077,200
Transportation & Public Fac	819,556,651	21,180,500	247,975,400	78,424,500	0	1,167,137,051
University of Alaska	33,200,000	0	0	0	0	33,200,000
Alaska Court System	12,434,300	0	0	0	0	12,434,300
Total	**1,230,384,368**	**85,782,500**	**247,975,400**	**83,801,220**	**72,825,840**	**1,720,769,328**
Statewide Items						
Fund Capitalization	0	0	0	0	63,820,000	63,820,000
Total	**0**	**0**	**0**	**0**	**63,820,000**	**63,820,000**
Statewide Total	**1,230,384,368**	**85,782,500**	**247,975,400**	**83,801,220**	**136,645,840**	**1,784,589,328**
Funding Summary						
General Funds (GF)	174,993,139	0	0	3,084,500	43,250,000	221,327,639
Federal Receipts (Fed)	912,540,580	0	247,975,400	70,927,500	69,567,840	1,301,011,320
Other (Oth)	142,850,649	85,782,500	0	9,789,220	23,828,000	262,250,369

Computed Column Definitions: [6]=[1]+[2]+[3]+[4]+[5]

Adopted

26-GS1003\C
Kane
4/8/09

CS FOR SENATE BILL NO. 75(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

"An Act making and amending appropriations, including capital appropriations, supplemental appropriations, and appropriations to capitalize funds; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

(SECTION 1 OF THIS ACT BEGINS ON PAGE 2)

* **Section 1.** The following appropriation items are for capital projects and grants from the general fund or other funds as set out in section 2 of this Act by funding source to the agencies named for the purposes expressed and lapse under AS 37.25.020, unless otherwise noted.

	Appropriation	General	Other
Allocations	Items	Funds	Funds
* * * * *	* * * * *		
* * * * * **Department of Administration** * * * * *			
* * * * *	* * * * *		
Alaska Public Offices Commission Online System Completion (HD 1-40)	175,000	175,000	
Facilities Deferred Maintenance (HD 1-40)	2,800,000		2,800,000
* * * * *		* * * * *	
* * * * * **Department of Commerce, Community and Economic Development** * * * * *			
* * * * *		* * * * *	
Alaska Energy Authority - Electrical Emergencies Program (HD 1-40)	330,400	330,400	
Alaska Energy Authority - Renewable Energy Project Grants (AS 42.45.045) (HD 1-40)	25,000,000		25,000,000
Alaska Energy Authority Energy Projects (HD 1-40)	20,000,000		20,000,000
Community Block Grants (HD 1-40)	6,100,000	70,000	6,030,000
Community Development and Assistance (HD 1-40)	2,630,000	430,000	2,200,000
Grants Tracking System	255,000	255,000	

	Allocations	Appropriation Items	General Funds	Other Funds
(HD 1-40)				
Kodiak Launch Complex Infrastructure (HD 36)		17,500,000	3,500,000	14,000,000
Organization Grant (HD 1-40)		100,000	100,000	
Grants to Named Recipients (AS 37.05.316)				
Arctic Power (HD 1-40)		120,000	120,000	
Grants to Municipalities (AS 37.05.315)				
Anchorage - Port of Anchorage Expansion (HD 17-32)		10,000,000	10,000,000	
* * * * *		* * * * *		
* * * * * **Department of Corrections** * * * * *				
* * * * *		* * * * *		
Annual Facilities Maintenance and Repairs (HD 1-40)		1,000,000	1,000,000	
Goose Creek Correctional Center Utility and Energy Costs for New Construction (HD 13-16)		6,000,000	6,000,000	
* * * * *			* * * * *	
* * * * * **Department of Education and Early Development** * * * * *				
* * * * *			* * * * *	
Mt. Edgecumbe High School Deferred Maintenance (HD 2)		1,000,000	1,000,000	
Major Maintenance Grant Fund (AS 14.11.007)		**42,443,481**	**42,443,481**	

	Allocations	Appropriation Items	General Funds	Other Funds
Craig Elementary School Roof Replacement (HD 5)	85,807			
St. Mary's - Garage and Warm Storage Renovation (HD 39)	882,608			
Houghtaling Elementary Outdoor Physical Education Shelter Replacement (HD 1)	276,110			
Evergreen Elementary School Playground Safety Upgrades (HD 2)	770,698			
Sand Point K-12 School Window Replacement (HD 37)	67,948			
Pacific High School Renovation (HD 2)	1,736,513			
Huslia High School Exterior Upgrades (HD 6)	923,685			
Valley Park Elementary Siding Replacement (HD 1)	467,164			
Craig Middle School Exterior Envelope Upgrades (HD 5)	26,868			
Cold Bay K-12 Heating System Upgrade (HD 37)	75,789			
Galena Regional Learning Center Gym Building Upgrade (HD 6)	6,888,506			
Allakaket K-12 School Water System Improvements (HD 6)	161,994			
Platinum K-12 School	181,678			

	Allocations	Appropriation Items	General Funds	Other Funds
Prime Power Generators (HD 38)				
False Pass K-12 School Siding Replacement (HD 37)	92,042			
Galena Regional Learning Center Dining Facility Upgrade (HD 6)	3,528,598			
Kasigluk-Akula K-12 School Generator Building Floor Failure Repairs (HD 38)	928,581			
Aleknagik, Clarks Point, Ekwok K-12 Schools: HVAC Upgrades (HD 37)	384,186			
Kotlik K-12 Heat Plant Relocation (HD 39)	1,369,016			
Saint Mary's - Districtwide Fuel Tank Farm Replacement (HD 39)	3,306,502			
Craig Middle School Classroom Renovation (HD 5)	83,588			
Kodiak Schools Seismic Mitigation Project (HD 36)	3,236,143			
Diomede K-12 School Renovation (HD 39)	15,890,622			
Kaltag K-12 School Heating System Replacement (HD 6)	1,078,835			
*****			*****	
***** **Department of Environmental Conservation** *****				
*****			*****	
Oil and Hazardous Substance		750,000		750,000

	Allocations	Appropriation Items	General Funds	Other Funds
First Responder Equipment and Preparedness (HD 1-40)				
Statewide Contaminated Sites Cleanup (HD 1-40)		5,000,000		5,000,000
Municipal Water, Sewage, and Solid Waste Facilities Grants (AS 46.03.030)		**23,189,396**	**23,189,396**	
Anchorage: Girdwood Wastewater Treatment Facility (HD 17-32)	4,182,000			
Dillingham: Water System Improvements, Phase II (HD 37)	3,090,000			
Fairbanks North Star Borough: Pioneer Park Water and Sewer Improvements (HD 7-11)	100,395			
Juneau: East Valley Reservoir/Jordan Creek Rehabilitation Project (HD 3-4)	41,400			
Juneau: North Douglas Sewer Expansion, Phase III (HD 3-4)	123,165			
Juneau: North Douglas Sewer Expansion, Phase IV (HD 3-4)	1,804,560			
Juneau: West Mendenhall Valley Sewer Expansion, Phase II (HD 3-4)	109,710			
Juneau: West Mendenhall	1,608,860			

	Allocations	Appropriation Items	General Funds	Other Funds
Valley Sewer Expansion, Phase III (HD 3-4)				
Kenai: New Water Transmission Mains Phase II and Wellhouse (HD 33-35)	2,132,100			
Kenai: Water Treatment Plant Upgrades, Phase III (HD 33-35)	648,945			
Ketchikan Gateway Borough: Waterline Extension from Mountain Point (HD 1)	1,453,241			
Ketchikan: Tongass Avenue Water and Sewer Replacement, Phase II (HD 1)	1,691,260			
Matanuska Susitna Borough: Garden Terrace Estates, Phase II (HD 13-16)	356,040			
Nome: Moonlight Springs Transmission Line Upgrade/Replacement, Phase II (HD 39)	3,090,000			
North Pole: Sewer Lift Station Renovation Project (HD 7-11)	724,500			
Palmer: Steel Water Main Replacement, Phase VII (HD 13-16)	2,033,220			
Village Safe Water and Wastewater Infrastructure		**66,666,598**	**14,041,598**	**52,625,000**

	Allocations	Appropriation Items	General Funds	Other Funds
Projects				
Adak: Water and Sewer Improvements (HD 37)	526,490			
Akiachak: Service Lines and Plumbing (HD 38)	1,652,060			
Alatna: Landfill Master Plan (HD 6)	55,000			
Alatna: Water Supply and Sewage Collection and Treatment Project Phase IV (HD 6)	124,697			
Ambler: Sanitation Facility Master Plan Upgrade (HD 40)	80,000			
Anchor Point: Water and Sewer Line Extension Study (HD 33-35)	81,000			
Anchor Point: Water System Upgrades (HD 33-35)	810,000			
Anderson: Sewage Lagoon (HD 7-11)	870,500			
Aniak: Sewer Service (HD 6)	44,535			
Atka: Phase IV Improvements (HD 37)	310,385			
Beaver: Sanitation Improvement Feasibility Study (HD 6)	64,800			
Bethel: Backbone Upgrades Phase I (HD 38)	1,514,181			
Buckland: Water and Sewer	3,919,056			

	Allocations	Appropriation Items	General Funds	Other Funds
System (HD 40)				
Chenega Bay: Water Treatment and Sewer Collection (HD 5)	290,794			
Chignik Bay: Wastewater System Improvements Phase IV (HD 37)	396,605			
Chistochina: Washeteria and Community Water System (HD 6)	471,778			
Chuathbaluk: Piped Sewer System Improvements (HD 6)	318,806			
Coffman Cove: Water Storage System (HD 1)	1,068,783			
Crooked Creek: Piped Water and Sewer System Final Phase (HD 6)	648,058			
Denali Commission/ANTHC/Other Federal Agencies (HD 1-40)	10,500,000			
Eek: Water and Sewer Service (HD 38)	4,186,267			
Ekwok: Sewer System Improvements (HD 37)	364,231			
Emmonak: Water and Sewer Mains and Upgrades (HD 39)	534,417			
False Pass: Sewage Collection System (HD 37)	638,276			
Fort Yukon: Sewer Collection and Water	165,902			

	Allocations	Appropriation Items	General Funds	Other Funds
Storage System (HD 6)				
Gambell: Water Storage System and Sewer System Improvements (HD 39)	35,628			
Glennallen: Hub Sewer Extension Final Phase (HD 12)	17,813			
Golovin: Water Storage Tank (HD 39)	169,232			
Hooper Bay: Piped Water and Sewer System (HD 39)	2,761,152			
Kachemak: Selo Water System Feasibility Study and Groundwater Investigation (HD 33-35)	216,000			
Kasaan: Water Treatment Plant and Storage Tank (HD 5)	502,846			
Kasigluk: Piped Water and Sewer and Sewer Haul Service (HD 38)	556,974			
Kongiganak: Water System Improvements (HD 38)	961,950			
Kotlik: Piped Water and Sewer Extensions (HD 39)	218,950			
Kotzebue: Water and Sewer Upgrades (HD 40)	1,567,622			
Lower Kalskag: Piped Water and Sewer System (HD 38)	1,564,758			
Manokotak: Old Village Water and Sewer Plan and	189,000			

	Allocations	Appropriation Items	General Funds	Other Funds
Source Study (HD 37)				
Manokotak: Water and Sewer Disposal and Distribution Improvements (HD 37)	860,658			
Marshall: Water and Sewer Line Replacement (HD 6)	254,418			
McGrath: Water and Sewer Improvements (HD 6)	1,456,541			
Mountain Village: Water Improvement Feasibility Study (HD 39)	113,400			
Nanwalek: Piped Water and Sewer System Replacement (HD 33-35)	404,259			
Napaskiak: Solid Waste Study (HD 38)	81,000			
Nightmute: Sewer Lagoon and System Improvements (HD 38)	368,712			
Nikolai: Water Treatment Study and Gravity Sewer Study (HD 6)	75,000			
Ninilchik: Water and Sewer System Improvements (HD 33-35)	1,613,955			
Nunapitchuk: Water Treatment and Sewer Lagoon Upgrades (HD 38)	569,011			
Old Harbor: Water Treatment Plant, Tank and Connections (HD 36)	326,796			

	Allocations	Appropriation Items	General Funds	Other Funds
Pelican: Water and Sewer Upgrades (HD 2)	855,095			
Pilot Point: Water and Sewer Pipe Extension and Upgrades (HD 37)	602,911			
Pitkas Point: Water and Sewer System Upgrades (HD 39)	751,006			
Quinhagak: Piped Water and Sewer System Upgrades (HD 38)	891,496			
Saint Mary's: Water System Upgrades (HD 39)	2,000,000			
Saint Michael: Completion of Piped Water and Sewer System (HD 39)	17,813			
Saint Paul: Sewage Ocean Outfall (HD 37)	1,512,000			
Saxman: Water Treatment Plant (HD 1)	266,638			
Seldovia: Water and Sewer Pipe Replacement and Upgrades (HD 33-35)	1,178,317			
Shageluk: Water Source and Sewer Service (HD 6)	2,310,105			
Shaktoolik: Water and Sewer Treatment Plant Upgrades and Compliance Study (HD 39)	81,000			
Shungnak: Sanitation Facilities Master Plan	80,000			

	Allocations	Appropriation Items	General Funds	Other Funds
Upgrade (HD 40)				
Slana: Wells and Septic Systems (HD 6)	808,501			
Stebbins: Water and Sewer System (HD 39)	2,939,292			
Takotna: Water and Sewer System Upgrades (HD 6)	423,614			
Tanana: Sewage Lagoon Improvements and Piped Water and Sewer Extension (HD 6)	1,291,150			
Thorne Bay: Water, Sewer and Solid Waste Study (HD 1)	135,000			
Togiak: Water Treatment Plant Upgrades and Repairs (HD 37)	1,066,856			
Toksook Bay: Water and Sewer System Improvements (HD 38)	1,315,797			
Tuluksak: Piped Water and Sewer System (HD 38)	1,154,004			
Tuntutuliak: Water and Sewer System Improvements (HD 38)	247,613			
Tununak: Flush Tank and Haul (HD 38)	140,633			
Unalakleet: Water and Sewer Lagoon Improvements (HD 39)	1,070,437			
Voznesenka: Water and Sewer	221,034			

	Allocations	Appropriation Items	General Funds	Other Funds
System Improvements (HD 33-35)				
Wales: Lagoon Repair and Expansion (HD 39)	783,990			
* * * * *		* * * * *		
* * * * * **Department of Fish and Game** * * * * *				
* * * * *		* * * * *		
Cooperative Resource Program (HD 1-40)		455,000		455,000
Pacific Coastal Salmon Recovery Fund (HD 1-40)		22,000,000		22,000,000
Permit Card Equipment for eLandings Program (HD 1-40)		138,000		138,000
Sport Fish Recreational Boating Access (HD 1-40)		3,100,000		3,100,000
Statewide Annual Deferred Maintenance, Repair, Upgrades, and Equipment (HD 1-40)		340,000	340,000	
* * * * *			* * * * *	
* * * * * **Department of Health and Social Services** * * * * *				
* * * * *			* * * * *	
Emergency Medical Services - Emergency Communications (HD 1-40)		190,000	190,000	
Emergency Medical Services Ambulances and Equipment Statewide – Match for Code Blue Project (HD 1-40)		425,000	425,000	
Health Insurance		1,337,448	668,724	668,724

	Allocations	Appropriation Items	General Funds	Other Funds
Portability and Accountability Act Compliance (HD 1-40)				
HIPAA Updated Electronic Transaction Standards (HD 1-40)		4,500,000	450,000	4,050,000
Non-Pioneer Home Deferred Maintenance, Renovation, Repair and Equipment (HD 1-40)		1,146,589	942,717	203,872
Online Resources for the Children of Alaska Enhancements to Meet Federal Requirements (HD 1-40)		414,255	242,163	172,092
Pioneer Homes Deferred Maintenance, Renovation, Repair and Equipment (HD 1-40)		800,000	800,000	
Production Printer Replacement (HD 1-40)		474,300	299,300	175,000
Public Health Disaster Preparedness (HD 1-40)		500,000	500,000	
Safety and Support Equipment for Probation Officers and Front Line Workers (HD 1-40)		1,115,750	750,000	365,750
*****			*****	
***** **Department of Labor and Workforce Development** *****				
*****			*****	
AVTEC Deferred		600,000	600,000	

	Allocations	Appropriation Items	General Funds	Other Funds
Maintenance and Training Facility Expansion (HD 33-35)				
Workers' Compensation .Net Upgrade and Rewrite (HD 1-40)		3,092,200		3,092,200
* * * * *			* * * * *	
* * * * * **Department of Military and Veterans Affairs** * * * * *				
* * * * *			* * * * *	
Army Guard Facilities Projects (HD 1-40)		2,500,000	750,000	1,750,000
Compliance Cleanup Site Restoration (HD 1-40)		17,000,000		17,000,000
Military Youth Academy Deferred Maintenance, Renewal and Replacement (HD 17-32)		400,000	400,000	
National Guard Counterdrug Support and ROPES Program (HD 1-40)		150,000	50,000	100,000
State Homeland Security Grant Program (HD 1-40)		9,500,000		9,500,000
* * * * *			* * * * *	
* * * * * **Department of Natural Resources** * * * * *				
* * * * *			* * * * *	
Abandoned Mine Lands Reclamation Federal Program (HD 1-40)		3,000,000		3,000,000
Alaska Boating Safety Program (HD 1-40)		1,450,000		1,450,000
Alaska Coastal Management		1,360,000		1,360,000

	Allocations	Appropriation Items	General Funds	Other Funds
Federal Pass Through Grants (HD 1-40)				
Cooperative Water Resource Program (HD 1-40)		300,000		300,000
Federal and Local Government Funded Forestry and Fire Projects (HD 1-40)		3,500,000		3,500,000
Land and Water Conservation Fund Federal Grant Program (HD 1-40)		600,000		600,000
Land Sales - New Subdivision Development (HD 1-40)		3,500,000		3,500,000
National Historic Preservation Fund Federal Grant Program (HD 1-40)		1,200,000	200,000	1,000,000
National Recreational Trail Grants Federal Program (HD 1-40)		900,000		900,000
Snowmobile Trail Development and Program Grants (HD 1-40)		250,000		250,000
Wildland Fire Truck Replacement (HD 1-40)		375,000	375,000	
*****		*****		
***** **Department of Public Safety** *****				
*****		*****		
Aircraft and Vessel Repair and Maintenance (HD 1-40)		600,000	600,000	
AST Law Enforcement		250,000	250,000	

	Allocations	Appropriation Items	General Funds	Other Funds
Equipment Replacement (HD 1-40)				
AST Mobile Data Computers - Phase II (HD 1-40)		240,000	240,000	
AWT Law Enforcement Equipment Replacement (HD 1-40)		200,000	200,000	
Crime Laboratory Equipment Replacement (HD 1-40)		50,000	50,000	
Marine Fisheries Patrol Improvements (HD 1-40)		2,500,000		2,500,000
Statewide Facilities Maintenance, Repairs, and Improvements (HD 1-40)		602,800	602,800	
*****		*****		
***** **Department of Revenue** *****				
*****		*****		
Child Support Services Computer Replacement Project - Phase 5 (HD 1-40)		216,200		216,200
Permanent Fund Dividend Division Call Center Automated Routing (HD 1-40)		135,000		135,000
Alaska Housing Finance Corporation				
AHFC Birch Park II Building (B) Reconstruction (HD 7-11)		640,000		640,000
AHFC Competitive Grants		1,000,000		1,000,000

	Allocations	Appropriation Items	General Funds	Other Funds
for Public Housing (HD 1-40)				
AHFC Denali Commission Projects (HD 1-40)		5,000,000		5,000,000
AHFC Energy Efficiency Monitoring Research (HD 1-40)		1,000,000		1,000,000
AHFC Federal and Other Competitive Grants (HD 1-40)		4,000,000		4,000,000
AHFC Housing and Urban Development Capital Fund Program (HD 1-40)		3,200,000		3,200,000
AHFC Housing and Urban Development Federal HOME Grant (HD 1-40)		4,050,000		4,050,000
AHFC Housing Loan Program/Teacher/Health and Public Safety Professionals Housing (HD 1-40)		6,800,000		6,800,000
AHFC Loussac Manor Renovation and Replacement - Phase 3 (HD 17-32)		2,336,000		2,336,000
AHFC Senior Citizens Housing Development Program (HD 1-40)		4,500,000		4,500,000
AHFC State Energy Program Special Projects (HD 1-40)		200,000		200,000
AHFC Statewide Project Improvements (HD 1-40)		2,000,000		2,000,000

	Allocations	Appropriation Items	General Funds	Other Funds
AHFC Supplemental Housing Development Program (HD 1-40)		6,000,000		6,000,000
AHFC Weatherization Program (HD 1-40)		2,000,000		2,000,000
*****			*****	
***** **Department of Transportation/Public Facilities** *****				
*****			*****	
Adak Airport Maintenance and Operations (HD 37)		1,621,900		1,621,900
Airport Deferred Maintenance (HD 1-40)		340,000	340,000	
Alaska Marine Highway System - Vessel and Facility Deferred Maintenance (HD 1-40)		936,760	936,760	
Alaska Marine Highway System - Vessel and Terminal Overhaul and Rehabilitation (HD 1-40)		6,000,000	6,000,000	
Americans with Disabilities Act Compliance Projects (HD 1-40)		238,000	238,000	
Facilities Deferred Maintenance and Critical Repairs (HD 1-40)		1,020,000	1,020,000	
Harbor Deferred Maintenance (HD 1-40)		272,000	272,000	
Highway Deferred Maintenance (HD 1-40)		1,100,000	1,100,000	
Highway Maintenance Vehicle		450,000	450,000	

	Allocations	Appropriation Items	General Funds	Other Funds
Replacement and Safety Equipment (HD 1-40)				
Measurement Standards and Commercial Vehicle Enforcement Equipment Replacement (HD 1-40)		61,500	61,500	
State Equipment Fleet Replacement (HD 1-40)		15,000,000		15,000,000
Statewide Rural Airport Safety Improvements (HD 1-40)		1,000,000	1,000,000	
Statewide Federal Programs		**113,560,000**	**35,360,000**	**78,200,000**
Commercial Vehicle Enforcement Program (HD 1-40)	3,400,000			
Cooperative Reimbursable Projects (HD 1-40)	13,500,000			
Federal Contingency Projects (HD 1-40)	25,000,000			
Federal Emergency Projects (HD 1-40)	10,000,000			
Federal Transit Administration Grants (HD 1-40)	9,000,000			
Federal-Aid Aviation State Match (HD 1-40)	6,320,000			
Federal-Aid Highway State Match (HD 1-40)	27,880,000			
Highway Safety Grants Program (HD 1-40)	5,500,000			
Other Federal Program	1,160,000			

	Allocations	Appropriation Items	General Funds	Other Funds
Match (HD 1-40)				
Statewide Safety Program (HD 1-40)	11,800,000			
Airport Improvement Program		**358,126,491**		**358,126,491**
Alakanuk: Airport Relocation (HD 39)	7,140,000			
Alakanuk: Snow Removal Equipment Building (HD 39)	950,000			
Alaska International Airport System: Reimbursable Services Authority (HD 1-40)	5,000,000			
Alaska International Airport System: System Master Plan (HD 1-40)	1,000,000			
Barrow: Airport Runway - Apron Paving and Safety Area Expansion (HD 40)	7,200,000			
Bethel: Airport Master Plan Update (HD 38)	300,000			
Birchwood: Airport Master Plan (HD 13-16)	175,000			
Central Region: Snow Removal Equipment (HD 1-40)	7,300,000			
Chalkyitsik: Airport Improvements (HD 6)	375,000			
Chefornak: Airport Relocation (HD 38)	16,000,000			
Chignik: Airport Master	100,000			

	Allocations	Appropriation Items	General Funds	Other Funds
Plan Wind Study (HD 37)				
Cold Bay: Airport Rescue and Firefighting Building Expansion (HD 37)	300,000			
Crooked Creek: Airport Improvements (HD 6)	20,000,000			
Dillingham: Airport Apron and Taxiway Resurfacing (HD 37)	10,200,000			
Emmonak: Airport Rehabilitation and Apron Expansion (HD 39)	3,550,000			
Fairbanks International Airport: Airport Rescue and Fire Fighting Building Reroof and Assessment (HD 7-11)	2,000,000			
Fairbanks International Airport: Annual Improvements (HD 7-11)	1,300,000			
Fairbanks International Airport: Contingency Funds (HD 7-11)	5,280,200			
Fairbanks International Airport: Equipment (HD 7-11)	830,000			
Fairbanks International Airport: Information Technology Improvements (HD 7-11)	80,000			
Fairbanks International	1,000,000			

	Allocations	Appropriation Items	General Funds	Other Funds
Airport: Master Plan Update (HD 7-11)				
False Pass: Airport Improvements (HD 37)	17,250,000			
Gustavus: Airport Runway Safety Area (HD 5)	10,000,000			
King Salmon: Airport Improvements (HD 37)	8,500,000			
Kipnuk: Airport Reconstruction (HD 38)	2,000,000			
Kodiak: Regulator Building (HD 36)	2,800,000			
Kotzebue: Airport Certification Compliance Improvements (HD 40)	1,800,000			
Little Diomede: Snow Removal Equipment Building (HD 39)	90,000			
Newtok: Airport Master Plan (HD 38)	375,000			
Northern Region: Snow Removal Equipment (HD 1-40)	3,000,000			
Northern Region: Snow Removal Equipment Building Upgrades (HD 1-40)	1,100,000			
Pilot Station: Airport Relocation (HD 39)	2,400,000			
Port Lions: Regulator Building (HD 36)	580,000			
Saint Marys: Airport	16,900,000			

	Allocations	Appropriation Items	General Funds	Other Funds
Improvements (HD 39)				
Seward: Regulator Building (HD 33-35)	330,000			
Southeast: Snow Removal and Fire Fighting Equipment (HD 1-5)	3,300,000			
Statewide: Aviation Preconstruction (HD 1-40)	18,000,000			
Statewide: Aviation Systems Plan Update (HD 1-40)	1,500,000			
Statewide: Various Airports - Surveys for Lateral Precision Vertical Guidance Systems (HD 1-40)	1,500,000			
Statewide: Various Airports Minor Surface Improvements (HD 1-40)	5,000,000			
Stony River: Airport Relocation and Airport Improvements (HD 6)	4,500,000			
Ted Stevens Anchorage International Airport: Advanced Project Design and Planning (HD 17-32)	3,500,000			
Ted Stevens Anchorage International Airport: AIAS Contingency Funds (HD 17-32)	20,991,049			
Ted Stevens Anchorage International Airport:	3,000,000			

	Allocations	Appropriation Items	General Funds	Other Funds
Annual Improvements (HD 17-32)				
Ted Stevens Anchorage International Airport: Emergency Operations Center / Airport Communication Center (HD 17-32)	10,000,000			
Ted Stevens Anchorage International Airport: Environmental Management System (HD 17-32)	500,000			
Ted Stevens Anchorage International Airport: Equipment (HD 17-32)	3,860,000			
Ted Stevens Anchorage International Airport: Facility Improvements, Renovations and Upgrades (HD 17-32)	2,400,000			
Ted Stevens Anchorage International Airport: Information Technology Improvements (HD 17-32)	1,185,500			
Ted Stevens Anchorage International Airport: Jet Bridge Replacements (HD 17-32)	2,800,000			
Ted Stevens Anchorage International Airport: Kulis Planning and Design	500,000			

	Allocations	Appropriation Items	General Funds	Other Funds
(HD 17-32)				
Ted Stevens Anchorage International Airport: Lake Hood Bank Stabilization and Land Acquisition (HD 17-32)	5,263,159			
Ted Stevens Anchorage International Airport: Lake Hood Strip Improvements (HD 17-32)	1,000,000			
Ted Stevens Anchorage International Airport: Lake Hood Strip Runway Protection Zone Land Acquisition (HD 17-32)	5,000,000			
Ted Stevens Anchorage International Airport: Land Acquisition (HD 17-32)	3,000,000			
Ted Stevens Anchorage International Airport: Master Plan Update (HD 17-32)	5,350,000			
Ted Stevens Anchorage International Airport: Master Plan-Part 150 Noise Compatibility Study (HD 17-32)	533,333			
Ted Stevens Anchorage International Airport: North Terminal Gates N1, 3, and 5 (HD 17-32)	681,250			

	Allocations	Appropriation Items	General Funds	Other Funds
Ted Stevens Anchorage International Airport: Part 150 Residential Sound Insulation Program (RSIP) (HD 17-32)	3,600,000			
Ted Stevens Anchorage International Airport: Runway 7L Rehabilitation (HD 17-32)	1,875,000			
Ted Stevens Anchorage International Airport: Runway 7R Design Group VI Upgrade (HD 17-32)	61,000,000			
Ted Stevens Anchorage International Airport: Runway 7R/25L Extension (HD 17-32)	29,102,000			
Ted Stevens Anchorage International Airport: Runway Deicer Storage (HD 17-32)	600,000			
Unalakleet: Snow Removal Equipment Building Replacement (HD 39)	1,130,000			
Willow: Airport Master Plan (HD 13-16)	250,000			
Surface Transportation Program		**319,830,000**		**319,830,000**
Alaska Marine Highway: Ferry Vessel Refurbishment (HD 1-40)	18,000,000			

	Allocations	Appropriation Items	General Funds	Other Funds
Alaska Marine Highway: Fleet Condition Survey Update (HD 1-40)	250,000			
Alaska Marine Highway: Terminal - Prince Rupert Ferry Terminal Acquisition (HD 1-5)	7,500,000			
Alaska Marine Highway: Terminal - Southwest Warehouse (HD 33-35)	360,000			
Anchorage Metropolitan Area Transportation Solutions (AMATS) Congestion Mitigation Air Quality (CMAQ) (HD 17-32)	2,000,000			
Anchorage Metropolitan Area Transportation Solutions (AMATS) Projects, Flexible (HD 17-32)	20,300,000			
Anchorage Metropolitan Area Transportation Solutions (AMATS) Trails and Recreational Access for Alaska (TRAAK) Projects (HD 17-32)	1,150,000			
Bethel: Tundra Ridge Road Improvements (HD 38)	1,200,000			
Central Region: National Highway System and Non-National Highway System Pavement and Bridge	20,000,000			

	Allocations	Appropriation Items	General Funds	Other Funds
Refurbishment (HD 1-40)				
Copper River Highway: Permanent Flooding Repairs (HD 5)	6,500,000			
Dalton Highway: Milepost 274 to 289 Reconstruction (HD 40)	3,090,000			
Emmonak: Landfill Road (HD 39)	470,000			
Fairbanks North Star Borough: Transportation Related PM 2.5 Reductions (HD 7-11)	1,160,000			
Fairbanks: Fairbanks Metropolitan Area Transportation System (FMATS): Illinois-Barnette Streets Bridge and Road Reconstruction (HD 7-11)	12,570,000			
Fairbanks: Fairbanks Metropolitan Area Transportation System (FMATS): Noble Street Reconstruction (HD 7-11)	1,560,000			
Fairbanks: Fairbanks Metropolitan Area Transportation System (FMATS): North Pole Interchange Pedestrian Facilities (HD 7-11)	1,630,000			

	Allocations	Appropriation Items	General Funds	Other Funds
Fairbanks: Fairbanks Metropolitan Area Transportation System (FMATS): Preventative Maintenance Program (HD 7-11)	1,370,000			
Fairbanks: Nelson Road Resurfacing (HD 7-11)	2,000,000			
Fairbanks: Phillips Field Road Rehabilitation (HD 7-11)	1,200,000			
Glenn Highway: Milepost 172 to 189 Rehabilitation (HD 12)	7,500,000			
Haines: Haines Highway Reconstruction, Milepost 17 to 21 (HD 5)	14,000,000			
Haines: Klehinin River Bridge (HD 5)	3,000,000			
Huslia: Landfill Road (HD 6)	630,000			
Hyder: Causeway Reconstruction and Trestle Replacement (HD 5)	2,300,000			
Juneau: Brotherhood Bridge and Industrial Boulevard Improvements (HD 3-4)	3,000,000			
Kake to Petersburg Road and Shuttle Ferry Terminals (HD 5)	10,000,000			
Ketchikan: Tongass/Water	1,300,000			

	Allocations	Appropriation Items	General Funds	Other Funds
Street Pedestrian Improvements (HD 1)				
Kodiak: Chiniak Road Milepost 23.7 Improvements (HD 36)	6,000,000			
Mat-Su: Trunk Road Reconstruction (HD 13-16)	10,000,000			
McCarthy Road/Edgerton Highway: Permanent Flooding Repairs (HD 6)	10,000,000			
Nome-Council Highway Milepost 62 to 72 (HD 39)	6,370,000			
Northern Region: National Highway System and Non-National Highway System Pavement and Bridge Refurbishment (HD 1-40)	23,000,000			
Northern Region: Winter Trail Markings (HD 1-40)	200,000			
Richardson Highway: Milepost 228 - One Mile Creek Bridge Replacement (HD 12)	380,000			
Richardson Highway: Milepost 353 to 357 Access (HD 7-11)	3,500,000			
Richardson Highway: Milepost 357 - Fairbanks New Weigh Station (HD 7-11)	2,790,000			
Richardson Highway:	11,400,000			

	Allocations	Appropriation Items	General Funds	Other Funds
Permanent Flooding Repairs (HD 1-40)				
Safe Routes to Schools (HD 1-40)	1,000,000			
Seward Highway: Dowling to Tudor Reconstruction (HD 17-32)	8,000,000			
Southeast Region: National Highway System and Non-National Highway System Pavement and Bridge Refurbishment (HD 1-5)	7,800,000			
Statewide: Bridge Inventory, Inspection, Monitoring, Rehabilitation and Replacement Program (HD 1-40)	8,000,000			
Statewide: Bridge Scour Monitoring and Retrofit Program (HD 1-40)	700,000			
Statewide: Civil Rights Program (HD 1-40)	200,000			
Statewide: Congestion Mitigation and Air Quality (CMAQ) Projects (HD 1-40)	7,500,000			
Statewide: Highway Data Equipment Acquisition and Installation (HD 1-40)	1,200,000			
Statewide: Highway Fuel Tax Enforcement (HD 1-40)	100,000			
Statewide: Highway Safety	5,000,000			

	Allocations	Appropriation Items	General Funds	Other Funds
Improvement Program (HSIP) (HD 1-40)				
Statewide: Intelligent Transportation Systems Implementation Plan (IWAYS) (HD 1-40)	1,500,000			
Statewide: Intelligent Transportation Systems Operations and Maintenance (IWAYS) (HD 1-40)	750,000			
Statewide: National Highway Institute and Transit Institute Training (HD 1-40)	750,000			
Statewide: Planning Work Program (HD 1-40)	7,500,000			
Statewide: Research Program (HD 1-40)	1,500,000			
Statewide: Scenic Byways Grants (HD 1-40)	500,000			
Statewide: Urban Planning Program (HD 1-40)	1,000,000			
Statewide: Weigh-in-Motion Equipment (HD 1-40)	750,000			
Steese Highway: Milepost 62 to 69 (HD 7-11)	300,000			
Sterling Highway: Milepost 135 - Ninilchik Intersection Improvements and Illumination (HD 33-35)	350,000			

	Allocations	Appropriation Items	General Funds	Other Funds
Stevens Village: Sanitation Road (HD 6)	730,000			
Surface Transportation Preconstruction (HD 1-40)	45,000,000			
Taylor Highway: Milepost 70 - Lost Chicken Slide (HD 6)	720,000			
Tok Cutoff: Milepost 2 Bridge Replacement - Gakona River (HD 6)	1,300,000			
*****		*****		
***** **University of Alaska** *****				
*****		*****		
Federal Receipt Authority (HD 1-40)		15,000,000		15,000,000
Maintaining Existing Facilities Renewal and Renovation Annual Requirement (HD 1-40)		3,200,000	3,200,000	
UA Climate Projects (HD 7-11)		10,000,000		10,000,000
UA Energy Projects (HD 7-11)		5,000,000		5,000,000
*****		*****		
***** **Alaska Court System** *****				
*****		*****		
Anchorage Campus Project Phase 2 (HD 17-32)		9,900,000	9,900,000	
Court Security Projects (HD 1-40)		1,190,000	1,190,000	
CourtView Enhancements		1,344,300	1,344,300	

	Allocations	Appropriation Items	General Funds	Other Funds
(HD 1-40)				

(SECTION 2 OF THIS ACT BEGINS ON PAGE 37)

* **Sec. 2.** The following sets out the funding by agency for the appropriations made in sec. 1 of this Act.

Funding Source	Amount
Department of Administration	
1004 Unrestricted General Fund Receipts	175,000
1147 Public Building Fund	2,800,000
*** Total Agency Funding ***	$2,975,000
Department of Commerce, Community and Economic Development	
1002 Federal Receipts	40,630,000
1003 General Fund Match	500,000
1004 Unrestricted General Fund Receipts	14,305,400
1007 Interagency Receipts	300,000
1061 Capital Improvement Project Receipts	1,300,000
1210 Renewable Energy Grant Fund	25,000,000
*** Total Agency Funding ***	$82,035,400
Department of Corrections	
1004 Unrestricted General Fund Receipts	7,000,000
*** Total Agency Funding ***	$7,000,000
Department of Education and Early Development	
1004 Unrestricted General Fund Receipts	43,443,481
*** Total Agency Funding ***	$43,443,481
Department of Environmental Conservation	
1002 Federal Receipts	52,125,000
1003 General Fund Match	14,041,598
1004 Unrestricted General Fund Receipts	23,189,396
1052 Oil/Hazardous Release Prevention & Response Fund	5,750,000
1108 Statutory Designated Program Receipts	500,000
*** Total Agency Funding ***	$95,605,994
Department of Fish and Game	
1002 Federal Receipts	24,325,000
1004 Unrestricted General Fund Receipts	340,000

1024	Fish and Game Fund	775,000
1108	Statutory Designated Program Receipts	455,000
1201	Commercial Fisheries Entry Commission Receipts	138,000
***	Total Agency Funding ***	$26,033,000
Department of Health and Social Services		
1002	Federal Receipts	5,635,438
1003	General Fund Match	2,494,744
1004	Unrestricted General Fund Receipts	2,773,160
***	Total Agency Funding ***	$10,903,342
Department of Labor and Workforce Development		
1004	Unrestricted General Fund Receipts	600,000
1157	Workers Safety and Compensation Administration Account	3,092,200
***	Total Agency Funding ***	$3,692,200
Department of Military and Veterans Affairs		
1002	Federal Receipts	28,350,000
1003	General Fund Match	750,000
1004	Unrestricted General Fund Receipts	450,000
***	Total Agency Funding ***	$29,550,000
Department of Natural Resources		
1002	Federal Receipts	10,810,000
1003	General Fund Match	200,000
1004	Unrestricted General Fund Receipts	375,000
1108	Statutory Designated Program Receipts	1,100,000
1153	State Land Disposal Income Fund	3,500,000
1195	Special Vehicle Registration Receipts	450,000
***	Total Agency Funding ***	$16,435,000
Department of Public Safety		
1002	Federal Receipts	2,500,000
1004	Unrestricted General Fund Receipts	1,942,800
***	Total Agency Funding ***	$4,442,800
Department of Revenue		

1002	Federal Receipts	18,182,692
1050	Permanent Fund Dividend Fund	135,000
1139	Alaska Housing Finance Corporation Dividend	24,686,000
1156	Receipt Supported Services	73,508
*** Total Agency Funding ***		$43,077,200
Department of Transportation/Public Facilities		
1002	Federal Receipts	698,360,550
1003	General Fund Match	35,360,000
1004	Unrestricted General Fund Receipts	11,418,260
1026	Highways Equipment Working Capital Fund	15,000,000
1027	International Airports Revenue Fund	16,806,800
1061	Capital Improvement Project Receipts	400,000
1108	Statutory Designated Program Receipts	12,000,000
1112	International Airports Construction Fund	24,029,141
1179	Passenger Facility Charges	4,560,000
1190	Adak Airport Operations	1,621,900
*** Total Agency Funding ***		$819,556,651
University of Alaska		
1002	Federal Receipts	30,000,000
1004	Unrestricted General Fund Receipts	3,200,000
*** Total Agency Funding ***		$33,200,000
Alaska Court System		
1004	Unrestricted General Fund Receipts	12,434,300
*** Total Agency Funding ***		$12,434,300
* * * * * Total Budget * * * * *		$1,230,384,368

(SECTION 3 OF THIS ACT BEGINS ON PAGE 40)

* **Sec. 3.** The following sets out the statewide funding for the appropriations made in sec. 1 of this Act.

Funding Source		Amount
General Funds		
1003	General Fund Match	53,346,342
1004	Unrestricted General Fund Receipts	121,646,797
Total General Funds		$174,993,139
Federal Funds		
1002	Federal Receipts	910,918,680
1190	Adak Airport Operations	1,621,900
Total Federal Funds		$912,540,580
Other Non-Duplicated Funds		
1024	Fish and Game Fund	775,000
1027	International Airports Revenue Fund	16,806,800
1108	Statutory Designated Program Receipts	14,055,000
1139	Alaska Housing Finance Corporation Dividend	24,686,000
1153	State Land Disposal Income Fund	3,500,000
1156	Receipt Supported Services	73,508
1157	Workers Safety and Compensation Administration Account	3,092,200
1179	Passenger Facility Charges	4,560,000
1195	Special Vehicle Registration Receipts	450,000
1201	Commercial Fisheries Entry Commission Receipts	138,000
Total Other Non-Duplicated Funds		$68,136,508
Duplicated Funds		
1007	Interagency Receipts	300,000
1026	Highways Equipment Working Capital Fund	15,000,000
1050	Permanent Fund Dividend Fund	135,000
1052	Oil/Hazardous Release Prevention & Response Fund	5,750,000

1061	Capital Improvement Project Receipts	1,700,000
1112	International Airports Construction Fund	24,029,141
1147	Public Building Fund	2,800,000
1210	Renewable Energy Grant Fund	25,000,000
Total Duplicated Funds		$74,714,141

(SECTION 4 OF THIS ACT BEGINS ON PAGE 42)

* **Sec. 4.** The following appropriation items are for capital projects to upgrade commercial passenger vessel services and watercraft infrastructure, enhance passenger safety and support cruise ship visitor activities from the Commercial Passenger Vessel Tax Account (AS 43.52.040) as set out in section 5 of this Act to the agencies named for the purposes expressed and lapse under AS 37.25.020, unless otherwise noted.

	Allocations	Appropriation Items	General Funds	Other Funds
* * * * *			* * * * *	
* * * * * **Department of Commerce, Community and Economic Development** * * * * *				
* * * * *			* * * * *	
Grants to Named Recipients (AS 37.05.316)				
Alaska Aviation Heritage Museum - Major Facility Safety, Energy and Collections Care Improvements (HD 17-32)		500,000		500,000
Alaska Native Heritage Center - Village Site Completion (HD 17-32)		275,000		275,000
Alaska Wildlife Conservation Center, Inc. - Visitor Education and Sactuary Research (HD 17-32)		1,000,000		1,000,000
Alaska Zoo - Infirmary and Commissary for the Animals (HD 17-32)		800,000		800,000
Marine Exchange of Alaska - Vessel Tracking System Upgrades (HD 1-40)		450,000		450,000

	Allocations	Appropriation Items	General Funds	Other Funds
Morris Thompson Cultural and Visitors Center - Exhibit Completion (HD 7-11)		1,000,000		1,000,000
Grants to Municipalities (AS 37.05.315)				
Anchorage - Egan Center Upgrades (HD 17-32)		1,000,000		1,000,000
Anchorage - Port of Anchorage Expansion (HD 17-32)		10,000,000		10,000,000
Cordova - Cordova Center Construction and Equipment (HD 5)		1,000,000		1,000,000
Fairbanks North Star Borough - Carlson Center Improvements (HD 7-11)		1,000,000		1,000,000
Haines Borough: Port Chilkoot Waterfront Improvements (HD 5)		1,900,000		1,900,000
Hoonah - Cruise Ship Mooring Buoy System (HD 5)		1,000,000		1,000,000
Juneau - Cruise Ship Dock Improvements (HD 3-4)		2,500,000		2,500,000
Juneau - Auke Bay Seawalk Construction (HD 3-4)		800,000		800,000
Ketchikan - Cruise Ship Berth IV Traffic Signal (HD 1)		1,300,000		1,300,000
Ketchikan - Port of		4,000,000		4,000,000

	Allocations	Appropriation Items	General Funds	Other Funds
Ketchikan Berth I and II Replacement (HD 1)				
Ketchikan - Reconstruction of Downtown Bridges and Trestles (HD 1)		5,000,000		5,000,000
Kodiak - Baranof Park Improvements (HD 36)		2,000,000		2,000,000
Palmer - Visitors Information Center Restrooms (HD 13-16)		100,000		100,000
Petersburg - Commercial Dock and Vehicle Drive Down Design (HD 2)		790,000		790,000
Petersburg - Design and Construct Tour Ship Berthing Improvements (HD 2)		2,600,000		2,600,000
Seward - Bus Transportation Assistance for Cruise Ship Passengers. (HD 33-35)		167,000		167,000
Seward - Dredging Cruise Ship Berthing Basins and Approaches (HD 33-35)		4,500,000		4,500,000
Sitka - Commercial Passenger Vessel Lightering Facility Improvements (HD 2)		2,000,000		2,000,000
Sitka - Crescent Harbor Sidewalk Widening (HD 2)		1,000,000		1,000,000
Sitka - Swan Lake Recovery and Improvements (HD 2)		1,650,000		1,650,000

	Allocations	Appropriation Items	General Funds	Other Funds
Skagway - Municipal Wastewater Treatment Facility Improvements Due to Seasonal Cruise Impacts (HD 5)		2,500,000		2,500,000
Valdez - City Dock Information and Interpretative Center (HD 12)		800,000		800,000
Valdez - Dock Improvements (HD 12)		3,325,000		3,325,000
Wasilla - Airport Train Station Improvements (HD 13-16)		430,000		430,000
Whittier - Railroad Station Improvements (HD 17-32)		325,000		325,000
Wrangell - Construction Activities to Complete the Marine Service Center (HD 2)		2,500,000		2,500,000
Wrangell - Stikine Avenue Sidewalk Extension (HD 2)		390,000		390,000
*****		*****		
***** **Department of Natural Resources** *****				
*****		*****		
State Parks Deferred Maintenance and Emergency Repairs		**6,000,000**		**6,000,000**
State Park Emergency Repairs (HD 1-40)	400,000			
State Parks Deferred	4,530,000			

	Allocations	Appropriation Items	General Funds	Other Funds
Maintenance and Equipment (HD 1-40)				
State Park Sanitation and Safety Projects (HD 1-40)	500,000			
Sultana Drive Reconstruction (HD 17-32)	570,000			
* * * * *			* * * * *	
* * * * * **Department of Transportation/Public Facilities** * * * * *				
* * * * *			* * * * *	
Cruise Ship-Related Projects		**21,180,500**		**21,180,500**
Haines: Beach Road Widening and Front Street Intersection Improvements (HD 5)	2,945,500			
Haines: Front Street, Main to Lutak Road (HD 5)	850,000			
Haines: Old Haines Highway Sidewalk Construction (HD 5)	1,150,000			
Homer: Homer Spit Pathway (HD 33-35)	2,000,000			
Juneau: Egan Drive - Whittier to Main Improvements (HD 3-4)	1,990,000			
Juneau: Glacier Spur Pavement Rehabilitation (HD 3-4)	2,000,000			
Juneau: Thane Road Pavement Rehabilitation (HD 3-4)	4,000,000			

	Allocations	Appropriation Items	General Funds	Other Funds
Ketchikan: Downtown Pedestrian Enhancements (HD 1)	375,000			
Seward: Seward Highway Replacement Bridges - Ptarmigan Creek, Falls Creek and Trail River (HD 33-35)	3,000,000			
Skagway: Dyea Road Taiya River Bridge Replacement (HD 5)	1,500,000			
Skagway: Gateway Pedestrian Improvements (HD 5)	620,000			
Valdez: Hazlet Drive Sidewalk (HD 12)	750,000			

(SECTION 5 OF THIS ACT BEGINS ON PAGE 48)

* **Sec. 5.** The following sets out the funding by agency for the appropriations made in sec. 4 of this Act.

Funding Source	Amount
Department of Commerce, Community and Economic Development	
1206 Commercial Passenger Vessel Tax	41,047,000
1207 Regional Cruise Ship Impact Fund	17,555,000
*** Total Agency Funding ***	$58,602,000
Department of Natural Resources	
1207 Regional Cruise Ship Impact Fund	6,000,000
*** Total Agency Funding ***	$6,000,000
Department of Transportation/Public Facilities	
1206 Commercial Passenger Vessel Tax	18,180,500
1207 Regional Cruise Ship Impact Fund	3,000,000
*** Total Agency Funding ***	$21,180,500
* * * * * Total Budget * * * * *	$85,782,500

(SECTION 6 OF THIS ACT BEGINS ON PAGE 49)

* **Sec. 6.** The following sets out the statewide funding for the appropriations made in sec. 4 of this Act.

Funding Source	Amount
General Funds	
Total General Funds	$0
Federal Funds	
Total Federal Funds	$0
Other Non-Duplicated Funds	
1206 Commercial Passenger Vessel Tax	59,227,500
1207 Regional Cruise Ship Impact Fund	26,555,000
Total Other Non-Duplicated Funds	$85,782,500
Duplicated Funds	
Total Duplicated Funds	$0

(SECTION 7 OF THIS ACT BEGINS ON PAGE 50)

* **Sec. 7.** The following appropriation items are for capital projects and grants associated with the American Recovery and Reinvestment Act of 2009 from the general fund or other funds as set out in section 8 of this Act by funding source to the agencies named for the purposes expressed and lapse under AS 37.25.020, unless otherwise noted.

	Allocations	Appropriation Items	General Funds	Other Funds
* * * * *			* * * * *	
* * * * * **Department of Transportation/Public Facilities** * * * * *				
* * * * *			* * * * *	
Airport Improvement Program		**9,500,000**		**9,500,000**
Fairbanks International Airport: Runway 1L-19R Reconstruction (HD 7-11)	3,000,000			
Kodiak: Chemical Storage Building (HD 36)	1,200,000			
Kotzebue: Apron Expansion (HD 40)	5,300,000			
Surface Transportation Program		**24,397,600**		**24,397,600**
Emmonak: Community Road Improvements (HD 39)	3,000,000			
Fairbanks: LED Street Light Conversion (HD 7-11)	3,310,000			
Fairbanks: Sign Replacement (HD 7-11)	973,600			
Fairbanks: Wendell Street ADA Improvements (HD 7-11)	814,000			
Haines: Front Street to Union Street (HD 5)	2,500,000			

	Allocations	Appropriation Items	General Funds	Other Funds
Kipnuk: Boardwalk Improvements (HD 38)	10,000,000			
Yakutat: Areawide Paving (HD 5)	3,800,000			
Airport Stimulus Projects		**46,250,000**		**46,250,000**
Akiachak: Airport Relocation (HD 38)	11,500,000			
Allakaket: Airport Improvements (HD 6)	3,600,000			
Fairbanks International Airport: Access Control Improvements (HD 7-11)	3,500,000			
Fort Yukon: Airport Improvements (HD 6)	6,500,000			
King Salmon: Apron and Taxiway Resurfacing (HD 37)	9,750,000			
Ouzinkie: Airport Reconstruction and Relocation (HD 36)	8,400,000			
Ted Stevens Anchorage International Airport: North Terminal Gate N8 (HD 17-32)	3,000,000			
Highway and Bridge Stimulus Projects		**158,743,900**		**158,743,900**
AMATS: Anchorage Traffic Congestion Relief - Lake Otis Parkway and Tudor (HD 17-32)	5,000,000			
AMATS: Old Glenn Highway	11,673,900			

	Allocations	Appropriation Items	General Funds	Other Funds
Reconstruction Phase II - Fire Lake to Peters Creek (HD 13-16)				
AMATS: Pavement Replacement Program (HD 17-32)	2,280,000			
Denali Highway: Milepost 7 Wayside (HD 12)	500,000			
Dillingham: Wood River Road Reconstruction (HD 37)	8,900,000			
Glenn Highway: Hiland to Eklutna Resurfacing (HD 12)	25,000,000			
Glenn Highway: Lighting - Birchwood to Eklutna (HD 13-16)	12,000,000			
Glenn Highway: Milepost 34 to 42 - Parks Interchange to Palmer Resurfacing (HD 12)	8,000,000			
Hoonah: Airport Road Paving - Ferry Terminal to Airport (HD 5)	3,000,000			
Juneau: Egan Drive and Glacier Highway Resurfacing - Mendenhall Loop to Auke Bay Ferry Terminal (HD 3-4)	4,000,000			
Juneau: Glacier Highway - Amalga to Eagle Beach	1,700,000			

	Allocations	Appropriation Items	General Funds	Other Funds
Widening (HD 3-4)				
Ketchikan: North Tongass Highway - Totem Bight to Whipple Creek (HD 1)	13,800,000			
Ketchikan: Water Street Sidewalk Improvements (HD 1)	2,500,000			
Kodiak: Rezanof Drive Resurfacing - Coast Guard Access Road to Jack Hinkel Way (HD 36)	10,000,000			
Kotzebue: Shore Avenue Rehabilitation and Erosion Protection (HD 40)	15,000,000			
Marshall: Airport Access Road Bridge Replacement (HD 6)	2,800,000			
Nome Road Improvements (HD 39)	4,000,000			
Parks Highway: Milepost 72 to 83 Rehabilitation, Willow to Kashwitna (HD 13-16)	6,800,000			
Sterling Highway Resurfacing: Soldotna to North Coho Loop (HD 33-35)	15,000,000			
Valdez: Areawide Bike and Pedestrian Trail Pavement Refurbishment (HD 12)	3,290,000			
Whittier Shot Gun Cove Road (HD 17-32)	3,500,000			

	Allocations	Appropriation Items	General Funds	Other Funds
Transit Stimulus Projects		**9,083,900**		**9,083,900**
Juneau: Downtown Transit Center Construction (HD 3-4)	3,000,000			
Mat-Su: Park and Ride at Seward Meridian/Parks Highway (HD 13-16)	900,000			
Statewide: Transit Rural Formula Capital Projects (HD 1-40)	5,183,900			

(SECTION 8 OF THIS ACT BEGINS ON PAGE 55)

* **Sec. 8.** The following sets out the funding by agency for the appropriations made in sec. 7 of this Act.

Funding Source	Amount
Department of Transportation/Public Facilities	
1002 Federal Receipts	42,397,600
1212 Federal Stimulus: ARRA 2009	205,577,800
*** Total Agency Funding ***	$247,975,400
* * * * * Total Budget * * * * *	$247,975,400

(SECTION 9 OF THIS ACT BEGINS ON PAGE 56)

* **Sec. 9.** The following sets out the statewide funding for the appropriations made in sec. 7 of this Act.

Funding Source	Amount
General Funds	
Total General Funds	$0
Federal Funds	
1002 Federal Receipts	42,397,600
1212 Federal Stimulus: ARRA 2009	205,577,800
Total Federal Funds	$247,975,400
Other Non-Duplicated Funds	
Total Other Non-Duplicated Funds	$0
Duplicated Funds	
Total Duplicated Funds	$0

(SECTION 10 OF THIS ACT BEGINS ON PAGE 57)

* **Sec. 10.** The following appropriation items are for capital projects and grants from the general fund or other funds as set out in section 11 of this Act by funding source to the agencies named for the purposes expressed and lapse under AS 37.25.020, unless otherwise noted.

	Allocations	Appropriation Items	General Funds	Other Funds
* * * * *			* * * * *	
* * * * * **Department of Commerce, Community and Economic Development** * * * * *				
* * * * *			* * * * *	
Grants to Named Recipients				
(AS 37.05.316)				
Inter-Island Ferry Authority - Operational Assistance (HD 1-5)		1,500,000	1,500,000	
* * * * *		* * * * *		
* * * * * **Department of Fish and Game** * * * * *				
* * * * *		* * * * *		
Cooperative Resource Program (HD 1-40)		55,000		55,000
* * * * *		* * * * *		
* * * * * **Office of the Governor** * * * * *				
* * * * *		* * * * *		
Elections Reform Under the Federal Help America Vote Act (HD 1-40)		3,821,720		3,821,720
* * * * *			* * * * *	
* * * * * **Department of Transportation/Public Facilities** * * * * *				
* * * * *			* * * * *	
Airport Rescue and Fire Fighting Safety Equipment (HD 1-40)		137,100	137,100	

	Allocations	Appropriation Items	General Funds	Other Funds
Alaska Marine Highway System - Vessel and Terminal Overhaul and Rehabilitation (HD 1-40)		702,100	702,100	
Alaska Marine Highway System: Columbia Fuel Management System (HD 1-5)		499,500	499,500	
Mission Road (Kodiak Island) - Upgrade and Repair (HD 36)		207,600	207,600	
Susitna Valley High School Safety Improvements (HD 13-16)		38,200	38,200	
Airport Improvement Program		**75,290,000**		**75,290,000**
Alaska International Airport System: Development Fund (HD 1-40)	5,000,000			
Bethel: Airport Parallel Runway and Other Improvements (HD 38)	4,000,000			
Dillingham: 3 Bay Chemical Storage Building (HD 37)	500,000			
Fairbanks International Airport: Runway 1L-19R Reconstruction (HD 7-11)	18,250,000			
Fort Yukon: Snow Removal Equipment Building (HD 6)	1,500,000			
Iliamna: Snow Removal Equipment / Sand and	1,000,000			

	Allocations	Appropriation Items	General Funds	Other Funds
Chemical Storage / Office Building (HD 36)				
Nulato: Airport Improvements (HD 6)	9,200,000			
Petersburg: Airport Runway Safety Area (HD 2)	26,000,000			
Savoonga: Airport Improvements (HD 39)	4,840,000			
Takotna: Airport Relocation (HD 6)	5,000,000			
Surface Transportation Program		**1,550,000**		**1,550,000**
Chena Hot Springs Road: Milepost 24 to 56 Rehabilitation (HD 7-11)	1,430,000			
Ester Weigh Station Scale Replacement (HD 7-11)	120,000			

(SECTION 11 OF THIS ACT BEGINS ON PAGE 60)

* **Sec. 11.** The following sets out the funding by agency for the appropriations made in sec. 10 of this Act.

Funding Source	Amount
Department of Commerce, Community and Economic Development	
1004 Unrestricted General Fund Receipts	1,500,000
*** Total Agency Funding ***	$1,500,000
Department of Fish and Game	
1108 Statutory Designated Program Receipts	55,000
*** Total Agency Funding ***	$55,000
Office of the Governor	
1185 Election Fund	3,821,720
*** Total Agency Funding ***	$3,821,720
Department of Transportation/Public Facilities	
1002 Federal Receipts	70,927,500
1004 Unrestricted General Fund Receipts	1,584,500
1027 International Airports Revenue Fund	5,000,000
1112 International Airports Construction Fund	912,500
*** Total Agency Funding ***	$78,424,500
* * * * * Total Budget * * * * *	$83,801,220

(SECTION 12 OF THIS ACT BEGINS ON PAGE 61)

* **Sec. 12.** The following sets out the statewide funding for the appropriations made in sec. 10 of this Act.

Funding Source	Amount
General Funds	
1004 Unrestricted General Fund Receipts	3,084,500
Total General Funds	$3,084,500
Federal Funds	
1002 Federal Receipts	70,927,500
Total Federal Funds	$70,927,500
Other Non-Duplicated Funds	
1027 International Airports Revenue Fund	5,000,000
1108 Statutory Designated Program Receipts	55,000
Total Other Non-Duplicated Funds	$5,055,000
Duplicated Funds	
1112 International Airports Construction Fund	912,500
1185 Election Fund	3,821,720
Total Duplicated Funds	$4,734,220

(SECTION 13 OF THIS ACT BEGINS ON PAGE 62)

* **Sec. 13.** FEDERAL AND OTHER PROGRAM RECEIPTS. (a) Federal receipts, designated program receipts as defined in AS 37.05.146(b)(3), information services fund program receipts as defined in AS 44.21.045(b), receipts of the University of Alaska as described in AS 37.05.146(b)(2), receipts of commercial fisheries test fishing operations under AS 37.05.146(c)(21), corporate receipts of the Alaska Housing Finance Corporation, corporate receipts of the Alaska Aerospace Development Corporation, Exxon Valdez oil spill trust receipts as defined in AS 37.05.146(b)(4), and receipts of the Alaska Fire Standards Council under AS 37.05.146(b)(5), that exceed the amounts appropriated by this Act are appropriated conditioned on compliance with the program review provisions of AS 37.07.080(h).

(b) If federal or other program receipts as defined in AS 37.05.146 and in AS 44.21.045(b) exceed the estimates appropriated by this Act, the appropriations from state funds for the affected program may be reduced by the excess if the reductions are consistent with applicable federal statutes.

(c) If federal or other program receipts as defined in AS 37.05.146 and in AS 44.21.045(b) fall short of the estimates appropriated by this Act, the affected appropriation is reduced by the amount of the shortfall in receipts.

* **Sec. 14.** FUND TRANSFERS. (a) The income earned during fiscal year 2010 on revenue from the sources set out in AS 37.13.145(d) is appropriated to the Alaska capital income fund (AS 37.05.565).

(b) The interest earned on amounts in the election fund, estimated to be $320,000, are appropriated to the election fund required by the federal Help America Vote Act.

(c) The sum of $2,500,000 is appropriated from the general fund to the information services fund (AS 44.21.045(a)).

(d) The sum of $15,000,000 is appropriated from the general fund to the Alaska Gasline Inducement Act reimbursement fund (AS 43.90.400(a)) for the natural gas pipeline project construction inducement under AS 43.90.110(a)(1).

(e) The sum of $25,000,000 is appropriated from the general fund to the renewable energy grant fund (AS 42.45.045).

* **Sec. 15.** INSURANCE CLAIMS. The amounts to be received in settlement of insurance claims for losses and the amounts to be received as recovery for losses are appropriated from

the general fund to the

(1) state insurance catastrophe reserve account (AS 37.05.289(a)); or

(2) appropriate state agency to mitigate the loss.

* **Sec. 16.** NATIONAL PETROLEUM RESERVE - ALASKA IMPACT GRANT PROGRAM. (a) The sum of $15,967,840 of the amount received by the National Petroleum Reserve - Alaska special revenue fund (AS 37.05.530) under 42 U.S.C. 6506a(*l*) or former 42 U.S.C. 6508 by August 31, 2009, estimated to be $16,035,066, is appropriated from that fund to the Department of Commerce, Community, and Economic Development for capital project grants under the National Petroleum Reserve - Alaska impact grant program to be allocated to the following municipalities in the amounts stated:

MUNICIPALITY	PROJECT	ALLOCATION
(1) North Slope Borough	North Slope Borough workforce development three-year program enforcement	$2,500,620
(2) North Slope Borough	Arctic Fox supplemental studies to include the prevalence and incidence of rabies and other related diseases in the National Petroleum Reserve - Alaska	409,262
(3) City of Atqasuk	Local government operations and youth program	226,500
(4) City of Wainwright	Operations and maintenance equipment	49,269
(5) North Slope Borough	Continuing waterfowl survey in the National Petroleum Reserve - Alaska	900,000
(6) North Slope Borough	Police officers for National Petroleum Reserve - Alaska impacted communities	1,354,712

(7) North Slope Borough	Meade River school counselor	243,598
(8) City of Barrow	New boat ramp	2,000,000
(9) City of Nuiqsut	Youth center operations and maintenance	188,847
(10) City of Wainwright	Wainwright youth recreation program	240,000
(11) North Slope Borough	Communications system upgrade	5,000,000
(12) North Slope Borough	Emerging disease surveillance: continuation of wildlife population health assessment in the National Petroleum Reserve - Alaska	335,032
(13) City of Nuiqsut	Local government operations and maintenance	420,000
(14) City of Wainwright	Wainwright local government operations	300,000
(15) City of Barrow	Local government operations and maintenance	1,800,000

(b) If the amount received by the National Petroleum Reserve - Alaska special revenue fund (AS 37.05.530) under 42 U.S.C. 6506a(*l*) or former 42 U.S.C. 6508 by August 31, 2009, is less than $15,967,840, the Department of Commerce, Community, and Economic Development shall work with the municipalities listed in (a) of this section to reduce the allocations made in (a) of this section to equal the amount received.

* **Sec. 17.** DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT. (a) The sum of $8,000 is appropriated from the anatomical gift awareness fund (AS 13.50.160) to the Department of Commerce, Community, and Economic Development for payment as a grant under AS 37.05.316 to Life Alaska Donor Services, Inc., for promoting the donation program under AS 13.50.150 for the fiscal year ending June 30, 2010.

(b) Section 60(b), ch. 29, SLA 2008, is amended to read:

(b) The sum of $125,000 is appropriated from the general fund to the Department of Commerce, Community, and Economic Development for payment as a grant under AS 37.05.316 to World Trade Center Alaska for the international trade program partnership for the fiscal year ending **June 30, 2010** [JUNE 30, 2009].

(c) Section 10(b), ch. 159, SLA 2004, is amended to read:

(b) **The** [CONTINGENT UPON THE FORMATION OF A BOROUGH THAT ENCOMPASSES THE CITY OF DELTA JUNCTION, THE] balance owing on the loan made under (a) of this section on **June 30, 2009,** [THE DATE OF INCORPORATION OF THE BOROUGH] is redesignated as a grant under AS 37.05.315 to the City of Delta Junction for the payment of the costs of the settlement agreement for litigation regarding the establishment of a private prison in the vicinity of the city.

*** Sec. 18.** DEPARTMENT OF ENVIRONMENTAL CONSERVATION. Section 1, ch. 135, SLA 2000, page 10, lines 30 - 31, is amended to read:

	ALLOCATIONS
Village Safe Water Study, Design, and Construction Projects (HD 40) [TUNUNAK FLUSH TANK AND HAUL, AND WASHETERIA PROJECT (ED 38)]	834,387

*** Sec. 19.** HOUSE DISTRICT 1. (a) The unexpended and unobligated balance of the appropriation made in sec. 1, ch. 82, SLA 2003, page 5, lines 29 - 31 (Thorne Bay, medivac landing site construction - $175,000) is reappropriated to the Department of Commerce, Community, and Economic Development for payment as a grant under AS 37.05.315 to the City of Thorne Bay for emergency vehicle access and response.

(b) The unexpended and unobligated balance of the appropriation made in sec. 35(b), ch. 159, SLA 2004 (Ketchikan Area Arts and Humanities Council, design and project development of the Ketchikan community center for the arts) is reappropriated to the

Department of Commerce, Community, and Economic Development for payment as a grant under AS 37.05.316 to the First City Players for design and project development of the Ketchikan community center for the arts.

(c) The unexpended and unobligated balance of the appropriation made in sec. 1, ch. 135, SLA 2000, page 51, lines 7 - 9, as amended by sec. 33(b), ch. 30, SLA 2007 (Ketchikan Gateway Borough, multi-purpose maintenance facility improvements) is reappropriated to the Department of Commerce, Community, and Economic Development for payment as a grant under AS 37.05.315 to the Ketchikan Gateway Borough for a multi-purpose maintenance facility.

*** Sec. 20.** HOUSE DISTRICT 2. (a) Section 41(a), ch. 29, SLA 2008, is amended to read:

(a) The unexpended and unobligated balance of the appropriation made in sec. 1, ch. 1, SSSLA 2002, page 8, lines 8 - 10 (Wrangell, water tank and connection to upper water reservoir - $180,000) is reappropriated to the Department of Commerce, Community, and Economic Development for payment as a grant under AS 37.05.315 to the City of Wrangell for water tank and connection to upper water reservoir for the fiscal **years** [YEAR] ending June 30, 2009**, June 30, 2010, and June 30, 2011**.

(b) The unexpended and unobligated balance of the appropriation made in sec. 7, ch. 29, SLA 2008, page 27, lines 5 - 7 (Wrangell, medical center, 12-passenger handicapped van - $39,000) is reappropriated to the Department of Commerce, Community, and Economic Development for payment as a grant under AS 37.05.316 to the Wrangell Medical Center to purchase snow removal equipment.

(c) The unexpended and unobligated balance of the appropriation made in sec. 7, ch. 29, SLA 2008, page 12, lines 13 - 15 (Alaska Native Brotherhood Sitka Camp #1, Sitka ANB hall renovation - $50,000) is reappropriated to the Department of Commerce, Community, and Economic Development for payment as a grant under AS 37.05.316 to Sitka Kaagwaantaan, Inc. for the Sitka ANB hall renovations.

(d) The unexpended and unobligated balances of the appropriations made in sec. 7, ch. 29, SLA 2008, page 26, lines 10 - 12 (Sitka, Moller Park lighting improvements - $150,000) and sec. 7, ch. 29, SLA 2008, page 26, lines 13 - 14 (Sitka, Moller Park synthetic infield - $300,000) are reappropriated to the Department of Commerce, Community, and Economic Development for payment as a grant under AS 37.05.315 to the City and Borough

of Sitka for Moller Park baseball field improvements.

*** Sec. 21.** HOUSE DISTRICTS 3 - 4. Section 1, ch. 82, SLA 2006, page 85, lines 30 - 31, is amended to read:

	APPROPRIATION ITEMS	GENERAL FUND
Gastineau Channel Crossing EIS and Dredging **and North Douglas Highway Extension** (HD 3-4)	3,000,000	3,000,000

*** Sec. 22.** HOUSE DISTRICT 5. (a) The unexpended and unobligated balance of the appropriation made in sec. 33(k), ch. 159, SLA 2004 (Yakutat, teen center construction - $25,000) is reappropriated to the Department of Commerce, Community, and Economic Development for payment as a grant under AS 37.05.315 to the City and Borough of Yakutat for the Yakutat Community Health Center dental clinic remodel.

(b) The unexpended and unobligated balance of the appropriation made in sec. 42(e), ch. 29, SLA 2008 (Craig, Craig Elementary School roof replacement) is reappropriated to the Department of Commerce, Community, and Economic Development for payment as a grant under AS 37.05.315 to the City of Craig for Craig Clinic debt relief for the fiscal year ending June 30, 2010.

(c) The unexpended and unobligated balance of the appropriation made in sec. 42(d), ch. 29, SLA 2008 (Craig, Prince of Wales health care facility project) is reappropriated to the Department of Commerce, Community, and Economic Development for payment as a grant under AS 37.05.315 to the City of Craig for costs incurred for, construction of, and equipment for the Craig seafood processing and cold storage plant.

(d) The unexpended and unobligated balance of the appropriation made in sec. 52(a), ch. 61, SLA 2001 (Hydaburg, construction of a road and parking lot) is reappropriated to the Department of Commerce, Community, and Economic Development for payment as a grant under AS 37.05.316 to the Metlakatla Boys and Girls Club for equipment, projects, and improvements.

(e) The unexpended and unobligated balance, not to exceed $4,671, of the appropriation made in sec. 1, ch. 1, SSSLA 2002, page 6, lines 15 - 17, as amended by sec. 42(b), ch. 29, SLA 2008 (Hydaburg, water turbine impellors) is reappropriated to the

Department of Commerce, Community, and Economic Development for payment as a grant under AS 37.05.316 to the Metlakatla Boys and Girls Club for equipment, projects, and improvements.

(f) The unexpended and unobligated balance, not to exceed $10,000, of the appropriation made in sec. 1, ch. 1, SSSLA 2002, page 6, lines 15 - 17, as amended by sec. 42(b), ch. 29, SLA 2008 (Hydaburg, water turbine impellors) is reappropriated to the Department of Commerce, Community, and Economic Development for payment as a grant under AS 37.05.316 to the Angoon Boys and Girls Club for equipment, projects, and improvements.

(g) If the amount available for reappropriation under (e) and (f) of this section is less than $14,671, the reappropriations made in (e) and (f) of this section shall be reduced in proportion to the amount of the shortfall.

(h) The unexpended and unobligated balance of the appropriation made in sec. 34(c), ch. 30, SLA 2007 (Angoon Community Association, ANB hall renovation) is reappropriated to the Department of Commerce, Community, and Economic Development for payment as a grant under AS 37.05.315 to the City of Angoon for community projects and improvements.

*** Sec. 23.** HOUSE DISTRICT 6. (a) Section 4, ch. 30, SLA 2007, page 87, lines 19 - 21, is amended to read:

	APPROPRIATION ITEMS	GENERAL FUND
Galena - Ptarmigan Dorm Sprinkler System Installation **and Steam Heat Delivery, Monitoring, and Safety Improvements** (HD 6)	1,001,040	1,001,040

(b) The unexpended and unobligated balances of the appropriations made in sec. 1, ch. 61, SLA 2001, page 61, lines 20 - 21 (Gulkana, RV park construction completion, phase 2 - $25,000), sec. 1, ch. 1, SSSLA 2002, page 80, lines 7 - 8 (Marshall, teen and youth center - $27,179), sec. 8(a)(16), ch. 159, SLA 2004 (Lake Minchumina, community projects and improvements - $58,672), and sec. 8(b)(26), ch. 159, SLA 2004 (Marshall, community projects and improvements - $1,259) are reappropriated to the Department of Commerce, Community, and Economic Development for payment as a grant under AS 37.05.316 to the

Tetlin Village Council for community projects and improvements.

(c) The unexpended and unobligated balances of the appropriations made in sec. 1, ch. 1, SSSLA 2002, page 7, lines 3 - 4, as amended by sec. 35(a), ch. 30, SLA 2007 (Nenana, cemetery road resurfacing and community projects and improvements) and sec. 8(b)(17), ch. 159, SLA 2004 (Grayling, community projects and improvements - $24,887) are reappropriated to the Department of Commerce, Community, and Economic Development for payment as a grant under AS 37.05.316 to the Mentasta Lake Village Council for community projects and improvements.

(d) The unexpended and unobligated balances of the appropriations made in sec. 22(f), ch. 82, SLA 2003 (Deltana, Delta roads and erosion control), sec. 8(a)(8), ch. 159, 2004 (Deltana, community projects and improvements - $27,575), sec. 8(a)(12), ch. 159, SLA 2004 (Healy Lake Traditional, community projects and improvements - $1,292), and sec. 8(a)(24), ch. 159, SLA 2004 (Red Devil, community projects and improvements - $29,114), are reappropriated to the Department of Commerce, Community, and Economic Development for payment as a grant under AS 37.05.316 to the Yukon Flats School District for Stevens Village School equipment and upgrades.

(e) The unexpended and unobligated balances of the appropriations made in sec. 1, ch. 1, SSSLA 2002, page 75, lines 19 - 21 (Eagle, customs house renovation and fire hall addition - $25,000), sec. 1, ch. 1, SSSLA 2002, page 75, lines 22 - 23 (Eagle, renovation of old school - $15,000), and sec. 8(a)(10), ch. 159, SLA 2004 (Four Mile, community projects and improvements - $27,484) are reappropriated to the Department of Commerce, Community, and Economic Development for payment as a grant under AS 37.05.316 to the Northway Village Council for community projects and improvements.

(f) The unexpended and unobligated balance of the appropriation made in sec. 38(a), ch. 159, SLA 2004 (Chitina, purchase of land for a community hall and offices) is reappropriated to the Department of Commerce, Community, and Economic Development for payment as a grant under AS 37.05.315 to the City of Allakaket for community projects and improvements.

(g) The unexpended and unobligated balance of the appropriation made in sec. 8(a)(23), ch. 159, SLA 2004 (Rampart, community projects and improvements - $54,390) is reappropriated to the Department of Commerce, Community, and Economic Development for

payment as a grant under AS 37.05.316 to the Manley Village Council for community projects and improvements.

(h) The unexpended and unobligated balance, not to exceed $60,000, of the appropriation made in sec. 38(g), ch. 159, SLA 2004 (Sleetmute, community projects and improvements) is reappropriated to the Department of Commerce, Community, and Economic Development for payment as a grant under AS 37.05.316 to the Yukon Koyukuk School District for Merreline A. Kangas School projects and improvements.

(i) The unexpended and unobligated balance, not to exceed $40,000, of the appropriation made in sec. 38(g), ch. 159, SLA 2004 (Sleetmute, community projects and improvements) is reappropriated to the Department of Commerce, Community, and Economic Development for payment as a grant under AS 37.05.317 to the unincorporated community of Alatna for community projects and improvements.

(j) The unexpended and unobligated balance, not to exceed $38,796, of the appropriation made in sec. 38(g), ch. 159, SLA 2004 (Sleetmute, community projects and improvements) is reappropriated to the Department of Commerce, Community, and Economic Development for payment as a grant under AS 37.05.315 to the City of Hughes for community projects and improvements.

(k) If the total amount available for reappropriation in (h) - (j) of this section is less than $138,796, the reappropriations made in (h) - (j) of this section shall be reduced in proportion to the amount of the shortfall.

*** Sec. 24.** HOUSE DISTRICTS 7 - 11. Section 4, ch. 3, FSSLA 2005, page 98, lines 8 - 9, is amended to read:

	ALLOCATIONS
Fairbanks - Wilbur Street Extension **and Pioneer Park Access Safety Improvements** (HD 7-11)	1,000,000

*** Sec. 25.** HOUSE DISTRICT 12. (a) The unexpended and unobligated balance of the appropriation made in sec. 1, ch. 1, SSSLA 2002, page 88, line 25 - 26 (Tolsona, public road access - $25,000) is reappropriated to the Department of Commerce, Community, and

Economic Development for payment as a grant under AS 37.06.020 to the unincorporated community of Tolsona for public road access.

(b) The unexpended and unobligated balance of the appropriation made in sec. 8(a)(30), ch. 159, SLA 2004 (Tolsona, community projects and improvements - $102,637) is reappropriated to the Department of Commerce, Community, and Economic Development for payment as a grant under AS 37.06.020 to the unincorporated community of Tolsona for community projects and improvements.

* **Sec. 26.** HOUSE DISTRICT 17. The unexpended and unobligated balance of that portion of the appropriation made in sec. 100, ch. 2, FSSLA 1999, page 56, line 10, and allocated on lines 11 - 13, that was reappropriated by sec. 57(b), ch. 159, SLA 2004 (Eagle River Veterans, Eagle River Veterans Memorial Museum land acquisition and building construction) is reappropriated to the Department of Commerce, Community, and Economic Development for payment as a grant under AS 37.05.316 to the Alaska Veterans Museum for land acquisition, building construction, or renovation of an existing structure to house the museum.

* **Sec. 27.** HOUSE DISTRICT 19. The unexpended and unobligated balance of the appropriation made in sec. 1, ch. 159, SLA 2004, page 10, lines 26 - 28 (Anchorage, Muldoon town center traffic calming study - $50,000) is reappropriated to the Department of Commerce, Community, and Economic Development for payment as a grant under AS 37.05.316 to the United Way of Anchorage for Russian Jack/Muldoon Weed and Seed Program support for the fiscal year ending June 30, 2010.

* **Sec. 28.** HOUSE DISTRICTS 29 - 30. The unexpended and unobligated balance of the appropriation made in sec. 1, ch. 1, SSSLA 2002, page 14, lines 31 - 33 (Anchorage, Papago Park upgrades and improvements - $18,000) is reappropriated to the Department of Commerce, Community, and Economic Development for payment as a grant under AS 37.05.315 to the Municipality of Anchorage for the purchase of a mobile computer lab for Campbell Elementary School.

* **Sec. 29.** HOUSE DISTRICT 31. Section 1, ch. 159, SLA 2004, page 12, line 31, through page 13, line 4, is amended to read:

	APPROPRIATION ITEMS	OTHER FUNDS
Municipality of Anchorage/	11,000	11,000

Anchorage School District -
Huffman School - Intercom
System **and Light Fixture**
Replacement **(HD 17-32)**
[ED 17-32]

*** Sec. 30.** HOUSE DISTRICTS 33 - 34. (a) Section 42(h), ch. 30, SLA 2007, is amended to read:

(h) The unexpended and unobligated balance, not to exceed $593,700, of the appropriation made in sec. 4, ch. 3, FSSLA 2005, page 97, lines 14 - 15 (Kenai, Spur Road rehabilitation - $5,000,000) is reappropriated to the Department of Commerce, Community, and Economic Development for payment as a grant under AS 37.05.315 to the City of Kenai for Wildwood Drive reconstruction **and Marathon Road and Willow Street improvements**.

(b) Section 1, ch. 159, SLA 2004, page 7, line 33, through page 8, line 4, is amended to read:

	APPROPRIATION ITEMS	OTHER FUNDS
Kenai Peninsula Borough - Funny River Pedestrian Safety Light **and Driveway Improvements (HD 33-34)** [ED 33-35]	10,000	10,000

*** Sec. 31.** HOUSE DISTRICTS 33 - 35. Section 1, ch. 3, FSSLA 2005, page 24, lines 10 - 12, is amended to read:

	APPROPRIATION ITEMS	GENERAL FUND
Kenai Peninsula Borough - Homer Middle School **and McNeil Canyon Elementary School** Roofing Upgrades (HD 33-35)	200,000	200,000

*** Sec. 32.** HOUSE DISTRICTS 37 - 38. (a) The unexpended and unobligated balances of the appropriations made in sec. 8(a)(15), ch. 159, SLA 2004 (Kongiganak, community projects and improvements - $27,770), sec. 8(a), ch. 1, SSSLA 2002, page 96, line 17 (Kongiganak, community projects and improvements - $55,496), sec. 8(b)(28), ch. 159, SLA 2004 (Napaskiak, community projects and improvements - $6,326), sec. 131, ch. 139, SLA 1998, page 99, lines 19 - 20 (Nunapitchuk, motor grader snowblade - $15,500), sec. 1, ch. 135, SLA 2000, page 53, lines 28 - 30 (Nunapitchuk, washeteria renovation - water improvements - $50,000), sec. 15(b), ch. 61, SLA 2001, page 78, line 19 (Nunapitchuk, capital projects and improvements - $26,322), sec. 1, ch. 1, SSSLA 2002, page 81, lines 30 - 31 (Nunapitchuk, solid waste dumpsite upgrade - $25,000), sec. 8(a), ch. 1, SSSLA 2002, page 96, line 24 (Oscarville, community projects and improvements - $88,107), sec. 71(c), ch. 1, SSSLA 2002 (Oscarville, community facilities and equipment), sec. 8(a)(19), ch. 159, SLA 2004 (Oscarville, community projects and improvements - $58,651), sec. 1, ch. 61, SLA 2001, page 63, lines 12 - 13 (Tuntutuliak, jail house completion - $16,466), sec. 67(b), ch. 61, SLA 2001 (Tuntutuliak, construction of a post office), sec. 8(a), ch. 1, SSSLA 2002, page 97, line 2 (Tuntutuliak, community projects and improvements - $54,518), sec. 8(a)(31), ch. 159, SLA 2004 (Tuntutuliak, community projects and improvements - $7,881), and sec. 8(b)(38), ch. 159, SLA 2004 (Platinum, community projects and improvements - $26,900) are reappropriated for payment

(1) as a grant under AS 37.05.315 to the City of Akiak, in an amount not to exceed $240,000, for power generator upgrades;

(2) as a grant under AS 37.05.315 to the City of Kwethluk, in an amount not to exceed $92,045, for upgrades to the washeteria and water plant;

(3) as a grant under AS 37.05.316 to the Native Village of Tununak, in an amount not to exceed $142,318, for repairs to the Tununak bridge.

(b) If the total amount available for reappropriation in (a) of this section is less than $474,363, the reappropriations made in (a) of this section shall be reduced in proportion to the amount of the shortfall.

*** Sec. 33.** HOUSE DISTRICT 37. (a) Section 1, ch. 82, SLA 2006, page 32, lines 14 - 15, is amended to read:

	APPROPRIATION	GENERAL

	ITEMS	FUND
City of Sand Point - Ferry Dock Warehouse **and Other City-Owned Facilities** (HD 37)	200,000	200,000

(b) The unexpended and unobligated balances of the appropriations made in sec. 8(b), ch. 1, SSSLA 2002, page 97, line 18 (Atka, community projects and improvements - $25,000) and sec. 43(b), ch. 159, SLA 2004 (Atka, federal grant match for clinic/civic center project) are reappropriated to the Department of Commerce, Community, and Economic Development for payment as a grant under AS 37.05.315 to the City of Atka for new clinic construction.

(c) Section 1, ch. 82, SLA 2006, page 27, lines 14 - 15, is amended to read:

	APPROPRIATION ITEMS	GENERAL FUND
City of Akutan - Akutan Harbor Road Project **and Airport Access Projects** (HD 37)	3,100,000	3,100,000

*** Sec. 34.** HOUSE DISTRICT 38. (a) The unexpended and unobligated balances of the appropriations made in sec. 1, ch. 135, SLA 2000, page 56, lines 18 - 20 (Upper Kalskag, community restoration and graveyard restoration - $25,000), sec. 1, ch. 1, SSSLA 2002, page 84, lines 25 - 27 (Upper Kalskag, teen center and playground equipment purchase - $28,791), and sec. 8(b)(25), ch. 159, SLA 2004 (Lower Kalskag, community projects and improvements - $41,922) are reappropriated to the Department of Commerce, Community, and Economic Development for payment as a grant under AS 37.05.316 to the Native Village of Upper Kalskag for the multi-facility building renovation.

(b) The unexpended and unobligated balance of the appropriation made in sec. 8(b), ch. 1, SSSLA 2002, page 97, line 28 (Eek, community projects and improvements - $170,838) is reappropriated to the Department of Commerce, Community, and Economic Development for payment as a grant under AS 37.05.315 to the City of Eek for river bank repairs and boardwalks.

*** Sec. 35.** HOUSE DISTRICT 39. The unexpended and unobligated balances of the appropriations made in sec. 8(a), ch. 1, SSSLA 2002, page 96, line 26 (Pitka's Point,

Community projects and improvements - $77,149) and sec. 8(a)(21), ch. 159, SLA 2004 (Pitka's Point, Community projects and improvements - $35,507) are reappropriated to the Department of Commerce, Community, and Economic Development for payment as a grant under AS 37.05.316 to the Pitka's Point Traditional Council for upgrading the washeteria.

*** Sec. 36.** DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES. The unexpended and unobligated balance of the appropriation made in sec. 1, ch. 82, SLA 2006, page 38, lines 9 - 12 (Kenai Peninsula Borough, Diamond Ridge nonmotorized vehicle safety trail - $65,000) is reappropriated to the Department of Transportation and Public Facilities for Ohlson Mountain Road improvements.

*** Sec. 37.** REAPPROPRIATION OF LEGISLATIVE APPROPRIATIONS. (a) The unexpended and unobligated balances of the appropriations made in sec. 1, ch. 27, SLA 2008, page 44, line 28 (Legislative Council - $32,960,200) and sec. 1, ch. 27, SLA 2008, page 45, line 6 (legislative operating budget - $10,835,500), and the unexpended and unobligated balance, not to exceed $4,300,000, of the appropriation made in sec. 1, ch. 27, SLA 2008, page 44, line 20 (Budget and Audit Committee - $19,123,900) are reappropriated to the Legislative Council for the projects listed in the amounts stated:

PROJECT	AMOUNT
(1) boiler replacement and heating rehabilitation project	$2,900,000
(2) exterior and interior repair, renovation, and safety improvements	2,600,000
(3) information technology upgrades and electronic voting improvements	450,000
(4) comprehensive statewide energy plan	300,000

(b) If the amount available for reappropriation in (a) of this section is less than $6,250,000, the reappropriations made by (a)(1) - (3) of this section shall be reduced in proportion to the amount of the shortfall.

(c) The unexpended and unobligated balance, after the reappropriation made in (a) of this section, of the appropriation made in sec. 1, ch. 27, SLA 2008, page 44, line 20 (Budget and Audit Committee - $19,123,900) is reappropriated to the Legislative Budget and Audit Committee for purchase, restoration, and display of historical art and artifacts in conjunction with statehood celebrations in the capitol.

(d) Section 70(c), ch. 29, SLA 2008, is amended to read:

(c) The unexpended and unobligated balances, not to exceed $100,000, of the appropriations made in sec. 1, ch. 28, SLA 2007, page 42, line 22 (Budget and Audit Committee - $14,219,300); sec. 1, ch. 28, SLA 2007, page 42, line 28 (Legislative Council - $30,201,500); and sec. 1, ch. 28, SLA 2007, page 43, line 6 (legislative operating budget - $9,682,300) are reappropriated to the Legislative Council for the Legislative Outdoor Heritage Caucus for the fiscal year ending June 30, **2010** [2009].

*** Sec. 38.** UNIVERSITY OF ALASKA. The unexpended and unobligated balance of the appropriation made in sec. 4, ch. 30, SLA 2007, page 117, lines 23 - 25 (University of Alaska, Kachemak Bay Campus expansion - city hall purchase - $2,500,000) is reappropriated to the University of Alaska for property acquisition and property improvements to the Kachemak Bay Campus of the Kenai Peninsula College.

*** Sec. 39.** COASTAL IMPACT ASSISTANCE PROGRAM. (a) The share of money received by the state under the federal coastal impact assistance program, sec. 384, P.L. 109-58 (Energy Policy Act of 2005), expected to be $53,600,000, is appropriated in the following amounts to the departments listed for the projects described:

(1) $25,950,000 to the Department of Natural Resources for state-initiated capital projects, as allowed under federal and state laws governing the use of coastal impact assistance program funds;

(2) $750,000 to the Department of Fish and Game for the chum and sockeye genetic identification program in western Alaska;

(3) $16,000,000 to the Department of Commerce, Community, and Economic Development for capital project grants to be awarded through an open public solicitation process and as allowed under federal and state laws governing the use of coastal impact assistance program funds;

(4) $10,900,000 to the Department of Commerce, Community, and Economic Development for competitive capital project grants, as allowed under federal and state laws governing the use of coastal impact assistance program funds, to be allocated to the following coastal resource service areas and municipalities in the amounts stated:

RECIPIENT	AMOUNT
Cenaliulriit CRSA	$3,000,000

City and Borough of Juneau	1,900,000
Aleutians West CRSA	1,200,000
Bering Straits CRSA	1,100,000
City and Borough of Sitka	900,000
Ketchikan Gateway Borough	900,000
Aleutians East Borough	700,000
Bristol Bay CRSA	500,000
City and Borough of Yakutat	300,000
Haines Borough	200,000
Municipality of Skagway	100,000
City and Borough of Wrangell	100,000

(b) If the amount available for appropriation in (a) of this section is less than $53,600,000, the appropriations made in (a)(1) - (4) of this section shall be reduced in proportion to the amount of the shortfall.

*** Sec. 40.** DEPARTMENT OF FISH AND GAME. The sum of $750,000 is appropriated from the general fund to the Department of Fish and Game to supplement the appropriation of federal funds in sec. 39(a)(2) of this Act for the chum and sockeye genetic identification program in western Alaska for the fiscal year ending June 30, 2010.

*** Sec. 41.** FUND SOURCE CHANGES FOR FEDERAL ECONOMIC STIMULUS PROJECTS FOR THE DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES. (a) Section 2, ch. 61, SLA 2001, page 65, line 24, is amended to read:

Federal Receipts	**658,269,373**
	[664,017,739]
Federal Stimulus: ARRA 2009	**5,748,366**

(b) The fund source amendment in (a) of this section is for $5,748,366 of the allocation made in sec. 1, ch. 61, SLA 2001, page 41, lines 21 - 23 (Ketchikan: Tongass - viaducts replacement and rehabilitation - $5,750,000).

(c) Section 2, ch. 159, SLA 2004, page 53, line 28, is amended to read:

Federal Receipts	**1,095,667,288**
	[1,100,167,288]
Federal Stimulus: ARRA 2009	**4,500,000**

(d) The fund source amendment in (c) of this section is for

(1) $3,000,000 of the allocation made in sec. 1, ch. 159, SLA 2004, page 36, lines 29 - 30 (Fort Yukon: resurfacing - $3,000,000); and

(2) $1,500,000 of the allocation made in sec. 1, ch. 159, SLA 2004, page 44, line 33, through page 45, line 4 (Ketchikan: Tongass Highway - viaducts replacement and rehabilitation - $2,200,000).

(e) Section 2, ch. 3, FSSLA 2005, page 93, line 27, is amended to read:

1002 Federal Receipts	**742,445,086**
	[757,030,711]
1212 Federal Stimulus: ARRA 2009	**14,585,625**

(f) The fund source amendment in (e) of this section is for

(1) $4,220,000 of the allocation made in sec. 1, ch. 3, FSSLA 2005, page 69, lines 31 - 32 (Allakaket: airport improvements - $4,220,000);

(2) $2,765,625 of the allocation made in sec. 1, ch. 3, FSSLA 2005, page 71, lines 9 - 10 (Fort Yukon: airport resurfacing - $2,765,625);

(3) $6,600,000 of the allocation made in sec. 1, ch. 3, FSSLA 2005, page 73, lines 6 - 8 (Ouzinkie: airport reconstruction and relocation - $9,000,000); and

(4) $1,000,000 of the allocation made in sec. 1, ch. 3, FSSLA 2005, page 79, lines 30 - 31 (Dillingham: Wood River Road reconstruction - $1,000,000).

(g) Section 2, ch. 82, SLA 2006, page 113, line 23, is amended to read:

1002 Federal Receipts	**1,026,284,951**
	[1,036,719,351]
1212 Federal Stimulus: ARRA 2009	**10,434,400**

(h) The fund source amendment in (g) of this section is for

(1) $2,734,400 of the allocation made in sec. 1, ch. 82, SLA 2006, page 90, lines 16 - 17 (Fort Yukon: airport improvements - $4,725,151); and

(2) $7,700,000 of the allocation made in sec. 1, ch. 82, SLA 2006, page 99, lines 7 - 8 (Gustavus: dock replacement - $19,000,000).

(i) Section 5, ch. 30, SLA 2007, page 121, line 20, is amended to read:

1002 Federal Receipts	**531,315,800**
	[542,215,800]

1212 Federal Stimulus: ARRA 2009 **10,900,000**

(j) The fund source amendment in (i) of this section is for

(1) $3,500,000 of the allocation made in sec. 4, ch. 30, SLA 2007, page 105, lines 28 - 29 (Akiachak: airport relocation - $10,500,000);

(2) $400,000 of the allocation made in sec. 4, ch. 30, SLA 2007, page 105, lines 32 - 33 (Allakaket: airport improvements - $400,000); and

(3) $7,000,000 of the allocation made in sec. 4, ch. 30, SLA 2007, page 107, lines 4 - 5 (Huslia: airport improvements - $7,525,000).

(k) Section 14, ch. 29, SLA 2008, page 177, line 9, is amended to read:

1002 Federal Receipts **551,465,150**

[563,745,150]

1212 Federal Stimulus: ARRA 2009 **12,280,000**

(*l*) The fund source amendment in (k) of this section is for

(1) $1,780,000 of the allocation made in sec. 13, ch. 29, SLA 2008, page 162, lines 11 - 12 (Allakaket: airport improvements - $1,950,000); and

(2) $10,500,000 of the allocation made in sec. 13, ch. 29, SLA 2008, page 169, lines 31 - 33 (Juneau: Glacier Highway – Amalga to Eagle Beach widening - $10,500,000).

* **Sec. 42.** ALASKA HOUSING CAPITAL CORPORATION. (a) The available balance of all subfunds and accounts that would be deposited in the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska) for fiscal year 2009 by operation of art. IX, sec. 17(d), Constitution of the State of Alaska, to repay appropriations from the budget reserve fund is appropriated to the Alaska Housing Capital Corporation, a subsidiary of the Alaska Housing Finance Corporation created under authority of AS 18.56.086.

(b) Appropriations made to the Alaska Housing Capital Corporation for fiscal year 2009 that are made from subfunds and accounts other than the operating general fund (state accounting system fund number 11100) by operation of (a) of this section are appropriated from the Alaska Housing Capital Corporation to the subfunds and accounts from which those funds were appropriated under (a) of this section.

* **Sec. 43.** REVENUE AND APPROPRIATION BALANCE; CONSTITUTIONAL BUDGET RESERVE. (a) The sum of $1,673,000 is appropriated from the general fund to the

Department of Revenue, treasury division, for operating costs related to management of the constitutional budget reserve fund for the fiscal year ending June 30, 2010.

(b) If the unrestricted state revenue available for appropriation in fiscal year 2009 is insufficient to cover general fund appropriations made for fiscal year 2009, the amount necessary to balance revenue and general fund appropriations is appropriated from the budget reserve fund (AS 37.05.540) to the general fund.

(c) If, after the appropriation made in (b) of this section, the unrestricted state revenue available for appropriation in fiscal year 2009 is insufficient to cover general fund appropriations made for fiscal year 2009, the amount necessary to balance revenue and general fund appropriations is appropriated to the general fund from the Alaska Housing Capital Corporation, a subsidiary of the Alaska Housing Finance Corporation created under authority of AS 18.56.086.

(d) The amount calculated to be available for appropriation under art. IX, sec. 17(b), Constitution of the State of Alaska, for fiscal year 2010 is appropriated under art. IX, sec. 17(b), Constitution of the State of Alaska, from the budget reserve fund to the general fund.

*** Sec. 44.** LAPSE. (a) The appropriations made by secs. 14 and 15(1) of this Act are for the capitalization of funds and do not lapse.

(b) The appropriations made by secs. 16, 19(b), 20(b), 20(c), 22(d) - (f), 23(b) - (e), 23(g) - (i), 26, 32(a)(3), 34(a), 35, 36, 37(a), 37(c), 38, and 39 of this Act are for capital projects and lapse under AS 37.25.020.

(c) A grant awarded in this Act to a named recipient under AS 37.05.316 is for a capital project and lapses under AS 37.25.020, unless otherwise specified.

*** Sec. 45.** Sections 4, 7, 10, 18, 41, 43(b), and 43(c) of this Act take effect April 19, 2009.

*** Sec. 46.** Sections 17(b), 17(c), 19 - 38, and 42(a) of this Act take effect June 30, 2009.

*** Sec. 47.** Except as provided in secs. 45 and 46 of this Act, this Act takes effect July 1, 2009.

26-GS1003\C
Kane
4/8/09

CS FOR SENATE BILL NO. 75(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

"An Act making and amending appropriations, including capital appropriations, supplemental appropriations, and appropriations to capitalize funds; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

(SECTION 1 OF THIS ACT BEGINS ON PAGE 2)

* **Section 1.** The following appropriation items are for capital projects and grants from the general fund or other funds as set out in section 2 of this Act by funding source to the agencies named for the purposes expressed and lapse under AS 37.25.020, unless otherwise noted.

	Appropriation	General	Other
Allocations	Items	Funds	Funds
* * * * *	* * * * *		
* * * * * **Department of Administration** * * * * *			
* * * * *	* * * * *		
Alaska Public Offices Commission Online System Completion (HD 1-40)	175,000	175,000	
Facilities Deferred Maintenance (HD 1-40)	2,800,000		2,800,000
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* * * * * **Department of Commerce, Community and Economic Development** * * * * *			
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Alaska Energy Authority - Electrical Emergencies Program (HD 1-40)	330,400	330,400	
Alaska Energy Authority - Renewable Energy Project Grants (AS 42.45.045) (HD 1-40)	25,000,000		25,000,000
Alaska Energy Authority Energy Projects (HD 1-40)	20,000,000		20,000,000
Community Block Grants (HD 1-40)	6,100,000	70,000	6,030,000
Community Development and Assistance (HD 1-40)	2,630,000	430,000	2,200,000
Grants Tracking System	255,000	255,000	

	Allocations	Appropriation Items	General Funds	Other Funds
(HD 1-40)				
Kodiak Launch Complex Infrastructure (HD 36)		17,500,000	3,500,000	14,000,000
Organization Grant (HD 1-40)		100,000	100,000	
Grants to Named Recipients (AS 37.05.316)				
Arctic Power (HD 1-40)		120,000	120,000	
Grants to Municipalities (AS 37.05.315)				
Anchorage - Port of Anchorage Expansion (HD 17-32)		10,000,000	10,000,000	
*****		*****		
***** **Department of Corrections** *****				
*****		*****		
Annual Facilities Maintenance and Repairs (HD 1-40)		1,000,000	1,000,000	
Goose Creek Correctional Center Utility and Energy Costs for New Construction (HD 13-16)		6,000,000	6,000,000	
*****			*****	
***** **Department of Education and Early Development** *****				
*****			*****	
Mt. Edgecumbe High School Deferred Maintenance (HD 2)		1,000,000	1,000,000	
Major Maintenance Grant Fund (AS 14.11.007)		**42,443,481**	**42,443,481**	

	Allocations	Appropriation Items	General Funds	Other Funds
Craig Elementary School Roof Replacement (HD 5)	85,807			
St. Mary's - Garage and Warm Storage Renovation (HD 39)	882,608			
Houghtaling Elementary Outdoor Physical Education Shelter Replacement (HD 1)	276,110			
Evergreen Elementary School Playground Safety Upgrades (HD 2)	770,698			
Sand Point K-12 School Window Replacement (HD 37)	67,948			
Pacific High School Renovation (HD 2)	1,736,513			
Huslia High School Exterior Upgrades (HD 6)	923,685			
Valley Park Elementary Siding Replacement (HD 1)	467,164			
Craig Middle School Exterior Envelope Upgrades (HD 5)	26,868			
Cold Bay K-12 Heating System Upgrade (HD 37)	75,789			
Galena Regional Learning Center Gym Building Upgrade (HD 6)	6,888,506			
Allakaket K-12 School Water System Improvements (HD 6)	161,994			
Platinum K-12 School	181,678			

	Allocations	Appropriation Items	General Funds	Other Funds
Prime Power Generators (HD 38)				
False Pass K-12 School Siding Replacement (HD 37)	92,042			
Galena Regional Learning Center Dining Facility Upgrade (HD 6)	3,528,598			
Kasigluk-Akula K-12 School Generator Building Floor Failure Repairs (HD 38)	928,581			
Aleknagik, Clarks Point, Ekwok K-12 Schools: HVAC Upgrades (HD 37)	384,186			
Kotlik K-12 Heat Plant Relocation (HD 39)	1,369,016			
Saint Mary's - Districtwide Fuel Tank Farm Replacement (HD 39)	3,306,502			
Craig Middle School Classroom Renovation (HD 5)	83,588			
Kodiak Schools Seismic Mitigation Project (HD 36)	3,236,143			
Diomede K-12 School Renovation (HD 39)	15,890,622			
Kaltag K-12 School Heating System Replacement (HD 6)	1,078,835			
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* * * * * **Department of Environmental Conservation** * * * * *				
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Oil and Hazardous Substance		750,000		750,000

	Allocations	Appropriation Items	General Funds	Other Funds
First Responder Equipment and Preparedness (HD 1-40)				
Statewide Contaminated Sites Cleanup (HD 1-40)		5,000,000		5,000,000
Municipal Water, Sewage, and Solid Waste Facilities Grants (AS 46.03.030)		**23,189,396**	**23,189,396**	
Anchorage: Girdwood Wastewater Treatment Facility (HD 17-32)	4,182,000			
Dillingham: Water System Improvements, Phase II (HD 37)	3,090,000			
Fairbanks North Star Borough: Pioneer Park Water and Sewer Improvements (HD 7-11)	100,395			
Juneau: East Valley Reservoir/Jordan Creek Rehabilitation Project (HD 3-4)	41,400			
Juneau: North Douglas Sewer Expansion, Phase III (HD 3-4)	123,165			
Juneau: North Douglas Sewer Expansion, Phase IV (HD 3-4)	1,804,560			
Juneau: West Mendenhall Valley Sewer Expansion, Phase II (HD 3-4)	109,710			
Juneau: West Mendenhall	1,608,860			

	Allocations	Appropriation Items	General Funds	Other Funds
Valley Sewer Expansion, Phase III (HD 3-4)				
Kenai: New Water Transmission Mains Phase II and Wellhouse (HD 33-35)	2,132,100			
Kenai: Water Treatment Plant Upgrades, Phase III (HD 33-35)	648,945			
Ketchikan Gateway Borough: Waterline Extension from Mountain Point (HD 1)	1,453,241			
Ketchikan: Tongass Avenue Water and Sewer Replacement, Phase II (HD 1)	1,691,260			
Matanuska Susitna Borough: Garden Terrace Estates, Phase II (HD 13-16)	356,040			
Nome: Moonlight Springs Transmission Line Upgrade/Replacement, Phase II (HD 39)	3,090,000			
North Pole: Sewer Lift Station Renovation Project (HD 7-11)	724,500			
Palmer: Steel Water Main Replacement, Phase VII (HD 13-16)	2,033,220			
Village Safe Water and Wastewater Infrastructure		**66,666,598**	**14,041,598**	**52,625,000**

	Allocations	Appropriation Items	General Funds	Other Funds
Projects				
Adak: Water and Sewer Improvements (HD 37)	526,490			
Akiachak: Service Lines and Plumbing (HD 38)	1,652,060			
Alatna: Landfill Master Plan (HD 6)	55,000			
Alatna: Water Supply and Sewage Collection and Treatment Project Phase IV (HD 6)	124,697			
Ambler: Sanitation Facility Master Plan Upgrade (HD 40)	80,000			
Anchor Point: Water and Sewer Line Extension Study (HD 33-35)	81,000			
Anchor Point: Water System Upgrades (HD 33-35)	810,000			
Anderson: Sewage Lagoon (HD 7-11)	870,500			
Aniak: Sewer Service (HD 6)	44,535			
Atka: Phase IV Improvements (HD 37)	310,385			
Beaver: Sanitation Improvement Feasibility Study (HD 6)	64,800			
Bethel: Backbone Upgrades Phase I (HD 38)	1,514,181			
Buckland: Water and Sewer	3,919,056			

	Allocations	Appropriation Items	General Funds	Other Funds
System (HD 40)				
Chenega Bay: Water Treatment and Sewer Collection (HD 5)	290,794			
Chignik Bay: Wastewater System Improvements Phase IV (HD 37)	396,605			
Chistochina: Washeteria and Community Water System (HD 6)	471,778			
Chuathbaluk: Piped Sewer System Improvements (HD 6)	318,806			
Coffman Cove: Water Storage System (HD 1)	1,068,783			
Crooked Creek: Piped Water and Sewer System Final Phase (HD 6)	648,058			
Denali Commission/ANTHC/Other Federal Agencies (HD 1-40)	10,500,000			
Eek: Water and Sewer Service (HD 38)	4,186,267			
Ekwok: Sewer System Improvements (HD 37)	364,231			
Emmonak: Water and Sewer Mains and Upgrades (HD 39)	534,417			
False Pass: Sewage Collection System (HD 37)	638,276			
Fort Yukon: Sewer Collection and Water	165,902			

	Allocations	Appropriation Items	General Funds	Other Funds
Storage System (HD 6)				
Gambell: Water Storage System and Sewer System Improvements (HD 39)	35,628			
Glennallen: Hub Sewer Extension Final Phase (HD 12)	17,813			
Golovin: Water Storage Tank (HD 39)	169,232			
Hooper Bay: Piped Water and Sewer System (HD 39)	2,761,152			
Kachemak: Selo Water System Feasibility Study and Groundwater Investigation (HD 33-35)	216,000			
Kasaan: Water Treatment Plant and Storage Tank (HD 5)	502,846			
Kasigluk: Piped Water and Sewer and Sewer Haul Service (HD 38)	556,974			
Kongiganak: Water System Improvements (HD 38)	961,950			
Kotlik: Piped Water and Sewer Extensions (HD 39)	218,950			
Kotzebue: Water and Sewer Upgrades (HD 40)	1,567,622			
Lower Kalskag: Piped Water and Sewer System (HD 38)	1,564,758			
Manokotak: Old Village Water and Sewer Plan and	189,000			

	Allocations	Appropriation Items	General Funds	Other Funds
Source Study (HD 37)				
Manokotak: Water and Sewer Disposal and Distribution Improvements (HD 37)	860,658			
Marshall: Water and Sewer Line Replacement (HD 6)	254,418			
McGrath: Water and Sewer Improvements (HD 6)	1,456,541			
Mountain Village: Water Improvement Feasibility Study (HD 39)	113,400			
Nanwalek: Piped Water and Sewer System Replacement (HD 33-35)	404,259			
Napaskiak: Solid Waste Study (HD 38)	81,000			
Nightmute: Sewer Lagoon and System Improvements (HD 38)	368,712			
Nikolai: Water Treatment Study and Gravity Sewer Study (HD 6)	75,000			
Ninilchik: Water and Sewer System Improvements (HD 33-35)	1,613,955			
Nunapitchuk: Water Treatment and Sewer Lagoon Upgrades (HD 38)	569,011			
Old Harbor: Water Treatment Plant, Tank and Connections (HD 36)	326,796			

	Allocations	Appropriation Items	General Funds	Other Funds
Pelican: Water and Sewer Upgrades (HD 2)	855,095			
Pilot Point: Water and Sewer Pipe Extension and Upgrades (HD 37)	602,911			
Pitkas Point: Water and Sewer System Upgrades (HD 39)	751,006			
Quinhagak: Piped Water and Sewer System Upgrades (HD 38)	891,496			
Saint Mary's: Water System Upgrades (HD 39)	2,000,000			
Saint Michael: Completion of Piped Water and Sewer System (HD 39)	17,813			
Saint Paul: Sewage Ocean Outfall (HD 37)	1,512,000			
Saxman: Water Treatment Plant (HD 1)	266,638			
Seldovia: Water and Sewer Pipe Replacement and Upgrades (HD 33-35)	1,178,317			
Shageluk: Water Source and Sewer Service (HD 6)	2,310,105			
Shaktoolik: Water and Sewer Treatment Plant Upgrades and Compliance Study (HD 39)	81,000			
Shungnak: Sanitation Facilities Master Plan	80,000			

	Allocations	Appropriation Items	General Funds	Other Funds
Upgrade (HD 40)				
Slana: Wells and Septic Systems (HD 6)	808,501			
Stebbins: Water and Sewer System (HD 39)	2,939,292			
Takotna: Water and Sewer System Upgrades (HD 6)	423,614			
Tanana: Sewage Lagoon Improvements and Piped Water and Sewer Extension (HD 6)	1,291,150			
Thorne Bay: Water, Sewer and Solid Waste Study (HD 1)	135,000			
Togiak: Water Treatment Plant Upgrades and Repairs (HD 37)	1,066,856			
Toksook Bay: Water and Sewer System Improvements (HD 38)	1,315,797			
Tuluksak: Piped Water and Sewer System (HD 38)	1,154,004			
Tuntutuliak: Water and Sewer System Improvements (HD 38)	247,613			
Tununak: Flush Tank and Haul (HD 38)	140,633			
Unalakleet: Water and Sewer Lagoon Improvements (HD 39)	1,070,437			
Voznesenka: Water and Sewer	221,034			

	Allocations	Appropriation Items	General Funds	Other Funds
System Improvements (HD 33-35)				
Wales: Lagoon Repair and Expansion (HD 39)	783,990			
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* * * * * **Department of Fish and Game** * * * * *				
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Cooperative Resource Program (HD 1-40)		455,000		455,000
Pacific Coastal Salmon Recovery Fund (HD 1-40)		22,000,000		22,000,000
Permit Card Equipment for eLandings Program (HD 1-40)		138,000		138,000
Sport Fish Recreational Boating Access (HD 1-40)		3,100,000		3,100,000
Statewide Annual Deferred Maintenance, Repair, Upgrades, and Equipment (HD 1-40)		340,000	340,000	
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* * * * * **Department of Health and Social Services** * * * * *				
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Emergency Medical Services - Emergency Communications (HD 1-40)		190,000	190,000	
Emergency Medical Services Ambulances and Equipment Statewide – Match for Code Blue Project (HD 1-40)		425,000	425,000	
Health Insurance		1,337,448	668,724	668,724

	Allocations	Appropriation Items	General Funds	Other Funds
Portability and Accountability Act Compliance (HD 1-40)				
HIPAA Updated Electronic Transaction Standards (HD 1-40)		4,500,000	450,000	4,050,000
Non-Pioneer Home Deferred Maintenance, Renovation, Repair and Equipment (HD 1-40)		1,146,589	942,717	203,872
Online Resources for the Children of Alaska Enhancements to Meet Federal Requirements (HD 1-40)		414,255	242,163	172,092
Pioneer Homes Deferred Maintenance, Renovation, Repair and Equipment (HD 1-40)		800,000	800,000	
Production Printer Replacement (HD 1-40)		474,300	299,300	175,000
Public Health Disaster Preparedness (HD 1-40)		500,000	500,000	
Safety and Support Equipment for Probation Officers and Front Line Workers (HD 1-40)		1,115,750	750,000	365,750
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***** **Department of Labor and Workforce Development** *****				
*****			*****	
AVTEC Deferred		600,000	600,000	

	Allocations	Appropriation Items	General Funds	Other Funds
Maintenance and Training Facility Expansion (HD 33-35)				
Workers' Compensation .Net Upgrade and Rewrite (HD 1-40)		3,092,200		3,092,200
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***** **Department of Military and Veterans Affairs** *****				
*****			*****	
Army Guard Facilities Projects (HD 1-40)		2,500,000	750,000	1,750,000
Compliance Cleanup Site Restoration (HD 1-40)		17,000,000		17,000,000
Military Youth Academy Deferred Maintenance, Renewal and Replacement (HD 17-32)		400,000	400,000	
National Guard Counterdrug Support and ROPES Program (HD 1-40)		150,000	50,000	100,000
State Homeland Security Grant Program (HD 1-40)		9,500,000		9,500,000
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***** **Department of Natural Resources** *****				
*****			*****	
Abandoned Mine Lands Reclamation Federal Program (HD 1-40)		3,000,000		3,000,000
Alaska Boating Safety Program (HD 1-40)		1,450,000		1,450,000
Alaska Coastal Management		1,360,000		1,360,000

	Allocations	Appropriation Items	General Funds	Other Funds
Federal Pass Through Grants (HD 1-40)				
Cooperative Water Resource Program (HD 1-40)		300,000		300,000
Federal and Local Government Funded Forestry and Fire Projects (HD 1-40)		3,500,000		3,500,000
Land and Water Conservation Fund Federal Grant Program (HD 1-40)		600,000		600,000
Land Sales - New Subdivision Development (HD 1-40)		3,500,000		3,500,000
National Historic Preservation Fund Federal Grant Program (HD 1-40)		1,200,000	200,000	1,000,000
National Recreational Trail Grants Federal Program (HD 1-40)		900,000		900,000
Snowmobile Trail Development and Program Grants (HD 1-40)		250,000		250,000
Wildland Fire Truck Replacement (HD 1-40)		375,000	375,000	
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* * * * * **Department of Public Safety** * * * * *				
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Aircraft and Vessel Repair and Maintenance (HD 1-40)		600,000	600,000	
AST Law Enforcement		250,000	250,000	

	Allocations	Appropriation Items	General Funds	Other Funds
Equipment Replacement (HD 1-40)				
AST Mobile Data Computers - Phase II (HD 1-40)		240,000	240,000	
AWT Law Enforcement Equipment Replacement (HD 1-40)		200,000	200,000	
Crime Laboratory Equipment Replacement (HD 1-40)		50,000	50,000	
Marine Fisheries Patrol Improvements (HD 1-40)		2,500,000		2,500,000
Statewide Facilities Maintenance, Repairs, and Improvements (HD 1-40)		602,800	602,800	
*****		*****		
***** **Department of Revenue** *****				
*****		*****		
Child Support Services Computer Replacement Project - Phase 5 (HD 1-40)		216,200		216,200
Permanent Fund Dividend Division Call Center Automated Routing (HD 1-40)		135,000		135,000
Alaska Housing Finance Corporation				
AHFC Birch Park II Building (B) Reconstruction (HD 7-11)		640,000		640,000
AHFC Competitive Grants		1,000,000		1,000,000

	Allocations	Appropriation Items	General Funds	Other Funds
for Public Housing (HD 1-40)				
AHFC Denali Commission Projects (HD 1-40)		5,000,000		5,000,000
AHFC Energy Efficiency Monitoring Research (HD 1-40)		1,000,000		1,000,000
AHFC Federal and Other Competitive Grants (HD 1-40)		4,000,000		4,000,000
AHFC Housing and Urban Development Capital Fund Program (HD 1-40)		3,200,000		3,200,000
AHFC Housing and Urban Development Federal HOME Grant (HD 1-40)		4,050,000		4,050,000
AHFC Housing Loan Program/Teacher/Health and Public Safety Professionals Housing (HD 1-40)		6,800,000		6,800,000
AHFC Loussac Manor Renovation and Replacement - Phase 3 (HD 17-32)		2,336,000		2,336,000
AHFC Senior Citizens Housing Development Program (HD 1-40)		4,500,000		4,500,000
AHFC State Energy Program Special Projects (HD 1-40)		200,000		200,000
AHFC Statewide Project Improvements (HD 1-40)		2,000,000		2,000,000

	Allocations	Appropriation Items	General Funds	Other Funds
AHFC Supplemental Housing Development Program (HD 1-40)		6,000,000		6,000,000
AHFC Weatherization Program (HD 1-40)		2,000,000		2,000,000
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* * * * * **Department of Transportation/Public Facilities** * * * * *				
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Adak Airport Maintenance and Operations (HD 37)		1,621,900		1,621,900
Airport Deferred Maintenance (HD 1-40)		340,000	340,000	
Alaska Marine Highway System - Vessel and Facility Deferred Maintenance (HD 1-40)		936,760	936,760	
Alaska Marine Highway System - Vessel and Terminal Overhaul and Rehabilitation (HD 1-40)		6,000,000	6,000,000	
Americans with Disabilities Act Compliance Projects (HD 1-40)		238,000	238,000	
Facilities Deferred Maintenance and Critical Repairs (HD 1-40)		1,020,000	1,020,000	
Harbor Deferred Maintenance (HD 1-40)		272,000	272,000	
Highway Deferred Maintenance (HD 1-40)		1,100,000	1,100,000	
Highway Maintenance Vehicle		450,000	450,000	

	Allocations	Appropriation Items	General Funds	Other Funds
Replacement and Safety Equipment (HD 1-40)				
Measurement Standards and Commercial Vehicle Enforcement Equipment Replacement (HD 1-40)		61,500	61,500	
State Equipment Fleet Replacement (HD 1-40)		15,000,000		15,000,000
Statewide Rural Airport Safety Improvements (HD 1-40)		1,000,000	1,000,000	
Statewide Federal Programs		**113,560,000**	**35,360,000**	**78,200,000**
Commercial Vehicle Enforcement Program (HD 1-40)	3,400,000			
Cooperative Reimbursable Projects (HD 1-40)	13,500,000			
Federal Contingency Projects (HD 1-40)	25,000,000			
Federal Emergency Projects (HD 1-40)	10,000,000			
Federal Transit Administration Grants (HD 1-40)	9,000,000			
Federal-Aid Aviation State Match (HD 1-40)	6,320,000			
Federal-Aid Highway State Match (HD 1-40)	27,880,000			
Highway Safety Grants Program (HD 1-40)	5,500,000			
Other Federal Program	1,160,000			

	Allocations	Appropriation Items	General Funds	Other Funds
Match (HD 1-40)				
Statewide Safety Program (HD 1-40)	11,800,000			
Airport Improvement Program		**358,126,491**		**358,126,491**
Alakanuk: Airport Relocation (HD 39)	7,140,000			
Alakanuk: Snow Removal Equipment Building (HD 39)	950,000			
Alaska International Airport System: Reimbursable Services Authority (HD 1-40)	5,000,000			
Alaska International Airport System: System Master Plan (HD 1-40)	1,000,000			
Barrow: Airport Runway - Apron Paving and Safety Area Expansion (HD 40)	7,200,000			
Bethel: Airport Master Plan Update (HD 38)	300,000			
Birchwood: Airport Master Plan (HD 13-16)	175,000			
Central Region: Snow Removal Equipment (HD 1-40)	7,300,000			
Chalkyitsik: Airport Improvements (HD 6)	375,000			
Chefornak: Airport Relocation (HD 38)	16,000,000			
Chignik: Airport Master	100,000			

	Allocations	Appropriation Items	General Funds	Other Funds
Plan Wind Study (HD 37)				
Cold Bay: Airport Rescue and Firefighting Building Expansion (HD 37)	300,000			
Crooked Creek: Airport Improvements (HD 6)	20,000,000			
Dillingham: Airport Apron and Taxiway Resurfacing (HD 37)	10,200,000			
Emmonak: Airport Rehabilitation and Apron Expansion (HD 39)	3,550,000			
Fairbanks International Airport: Airport Rescue and Fire Fighting Building Reroof and Assessment (HD 7-11)	2,000,000			
Fairbanks International Airport: Annual Improvements (HD 7-11)	1,300,000			
Fairbanks International Airport: Contingency Funds (HD 7-11)	5,280,200			
Fairbanks International Airport: Equipment (HD 7-11)	830,000			
Fairbanks International Airport: Information Technology Improvements (HD 7-11)	80,000			
Fairbanks International	1,000,000			

	Allocations	Appropriation Items	General Funds	Other Funds
Airport: Master Plan Update (HD 7-11)				
False Pass: Airport Improvements (HD 37)	17,250,000			
Gustavus: Airport Runway Safety Area (HD 5)	10,000,000			
King Salmon: Airport Improvements (HD 37)	8,500,000			
Kipnuk: Airport Reconstruction (HD 38)	2,000,000			
Kodiak: Regulator Building (HD 36)	2,800,000			
Kotzebue: Airport Certification Compliance Improvements (HD 40)	1,800,000			
Little Diomede: Snow Removal Equipment Building (HD 39)	90,000			
Newtok: Airport Master Plan (HD 38)	375,000			
Northern Region: Snow Removal Equipment (HD 1-40)	3,000,000			
Northern Region: Snow Removal Equipment Building Upgrades (HD 1-40)	1,100,000			
Pilot Station: Airport Relocation (HD 39)	2,400,000			
Port Lions: Regulator Building (HD 36)	580,000			
Saint Marys: Airport	16,900,000			

	Allocations	Appropriation Items	General Funds	Other Funds
Improvements (HD 39)				
Seward: Regulator Building (HD 33-35)	330,000			
Southeast: Snow Removal and Fire Fighting Equipment (HD 1-5)	3,300,000			
Statewide: Aviation Preconstruction (HD 1-40)	18,000,000			
Statewide: Aviation Systems Plan Update (HD 1-40)	1,500,000			
Statewide: Various Airports - Surveys for Lateral Precision Vertical Guidance Systems (HD 1-40)	1,500,000			
Statewide: Various Airports Minor Surface Improvements (HD 1-40)	5,000,000			
Stony River: Airport Relocation and Airport Improvements (HD 6)	4,500,000			
Ted Stevens Anchorage International Airport: Advanced Project Design and Planning (HD 17-32)	3,500,000			
Ted Stevens Anchorage International Airport: AIAS Contingency Funds (HD 17-32)	20,991,049			
Ted Stevens Anchorage International Airport:	3,000,000			

	Allocations	Appropriation Items	General Funds	Other Funds
Annual Improvements (HD 17-32)				
Ted Stevens Anchorage International Airport: Emergency Operations Center / Airport Communication Center (HD 17-32)	10,000,000			
Ted Stevens Anchorage International Airport: Environmental Management System (HD 17-32)	500,000			
Ted Stevens Anchorage International Airport: Equipment (HD 17-32)	3,860,000			
Ted Stevens Anchorage International Airport: Facility Improvements, Renovations and Upgrades (HD 17-32)	2,400,000			
Ted Stevens Anchorage International Airport: Information Technology Improvements (HD 17-32)	1,185,500			
Ted Stevens Anchorage International Airport: Jet Bridge Replacements (HD 17-32)	2,800,000			
Ted Stevens Anchorage International Airport: Kulis Planning and Design	500,000			

	Allocations	Appropriation Items	General Funds	Other Funds
(HD 17-32)				
Ted Stevens Anchorage International Airport: Lake Hood Bank Stabilization and Land Acquisition (HD 17-32)	5,263,159			
Ted Stevens Anchorage International Airport: Lake Hood Strip Improvements (HD 17-32)	1,000,000			
Ted Stevens Anchorage International Airport: Lake Hood Strip Runway Protection Zone Land Acquisition (HD 17-32)	5,000,000			
Ted Stevens Anchorage International Airport: Land Acquisition (HD 17-32)	3,000,000			
Ted Stevens Anchorage International Airport: Master Plan Update (HD 17-32)	5,350,000			
Ted Stevens Anchorage International Airport: Master Plan-Part 150 Noise Compatibility Study (HD 17-32)	533,333			
Ted Stevens Anchorage International Airport: North Terminal Gates N1, 3, and 5 (HD 17-32)	681,250			

	Allocations	Appropriation Items	General Funds	Other Funds
Ted Stevens Anchorage International Airport: Part 150 Residential Sound Insulation Program (RSIP) (HD 17-32)	3,600,000			
Ted Stevens Anchorage International Airport: Runway 7L Rehabilitation (HD 17-32)	1,875,000			
Ted Stevens Anchorage International Airport: Runway 7R Design Group VI Upgrade (HD 17-32)	61,000,000			
Ted Stevens Anchorage International Airport: Runway 7R/25L Extension (HD 17-32)	29,102,000			
Ted Stevens Anchorage International Airport: Runway Deicer Storage (HD 17-32)	600,000			
Unalakleet: Snow Removal Equipment Building Replacement (HD 39)	1,130,000			
Willow: Airport Master Plan (HD 13-16)	250,000			
Surface Transportation Program		**319,830,000**		**319,830,000**
Alaska Marine Highway: Ferry Vessel Refurbishment (HD 1-40)	18,000,000			

	Allocations	Appropriation Items	General Funds	Other Funds
Alaska Marine Highway: Fleet Condition Survey Update (HD 1-40)	250,000			
Alaska Marine Highway: Terminal - Prince Rupert Ferry Terminal Acquisition (HD 1-5)	7,500,000			
Alaska Marine Highway: Terminal - Southwest Warehouse (HD 33-35)	360,000			
Anchorage Metropolitan Area Transportation Solutions (AMATS) Congestion Mitigation Air Quality (CMAQ) (HD 17-32)	2,000,000			
Anchorage Metropolitan Area Transportation Solutions (AMATS) Projects, Flexible (HD 17-32)	20,300,000			
Anchorage Metropolitan Area Transportation Solutions (AMATS) Trails and Recreational Access for Alaska (TRAAK) Projects (HD 17-32)	1,150,000			
Bethel: Tundra Ridge Road Improvements (HD 38)	1,200,000			
Central Region: National Highway System and Non-National Highway System Pavement and Bridge	20,000,000			

	Allocations	Appropriation Items	General Funds	Other Funds
Refurbishment (HD 1-40)				
Copper River Highway: Permanent Flooding Repairs (HD 5)	6,500,000			
Dalton Highway: Milepost 274 to 289 Reconstruction (HD 40)	3,090,000			
Emmonak: Landfill Road (HD 39)	470,000			
Fairbanks North Star Borough: Transportation Related PM 2.5 Reductions (HD 7-11)	1,160,000			
Fairbanks: Fairbanks Metropolitan Area Transportation System (FMATS): Illinois-Barnette Streets Bridge and Road Reconstruction (HD 7-11)	12,570,000			
Fairbanks: Fairbanks Metropolitan Area Transportation System (FMATS): Noble Street Reconstruction (HD 7-11)	1,560,000			
Fairbanks: Fairbanks Metropolitan Area Transportation System (FMATS): North Pole Interchange Pedestrian Facilities (HD 7-11)	1,630,000			

	Allocations	Appropriation Items	General Funds	Other Funds
Fairbanks: Fairbanks Metropolitan Area Transportation System (FMATS): Preventative Maintenance Program (HD 7-11)	1,370,000			
Fairbanks: Nelson Road Resurfacing (HD 7-11)	2,000,000			
Fairbanks: Phillips Field Road Rehabilitation (HD 7-11)	1,200,000			
Glenn Highway: Milepost 172 to 189 Rehabilitation (HD 12)	7,500,000			
Haines: Haines Highway Reconstruction, Milepost 17 to 21 (HD 5)	14,000,000			
Haines: Klehinin River Bridge (HD 5)	3,000,000			
Huslia: Landfill Road (HD 6)	630,000			
Hyder: Causeway Reconstruction and Trestle Replacement (HD 5)	2,300,000			
Juneau: Brotherhood Bridge and Industrial Boulevard Improvements (HD 3-4)	3,000,000			
Kake to Petersburg Road and Shuttle Ferry Terminals (HD 5)	10,000,000			
Ketchikan: Tongass/Water	1,300,000			

	Allocations	Appropriation Items	General Funds	Other Funds
Street Pedestrian Improvements (HD 1)				
Kodiak: Chiniak Road Milepost 23.7 Improvements (HD 36)	6,000,000			
Mat-Su: Trunk Road Reconstruction (HD 13-16)	10,000,000			
McCarthy Road/Edgerton Highway: Permanent Flooding Repairs (HD 6)	10,000,000			
Nome-Council Highway Milepost 62 to 72 (HD 39)	6,370,000			
Northern Region: National Highway System and Non-National Highway System Pavement and Bridge Refurbishment (HD 1-40)	23,000,000			
Northern Region: Winter Trail Markings (HD 1-40)	200,000			
Richardson Highway: Milepost 228 - One Mile Creek Bridge Replacement (HD 12)	380,000			
Richardson Highway: Milepost 353 to 357 Access (HD 7-11)	3,500,000			
Richardson Highway: Milepost 357 - Fairbanks New Weigh Station (HD 7-11)	2,790,000			
Richardson Highway:	11,400,000			

	Allocations	Appropriation Items	General Funds	Other Funds
Permanent Flooding Repairs (HD 1-40)				
Safe Routes to Schools (HD 1-40)	1,000,000			
Seward Highway: Dowling to Tudor Reconstruction (HD 17-32)	8,000,000			
Southeast Region: National Highway System and Non-National Highway System Pavement and Bridge Refurbishment (HD 1-5)	7,800,000			
Statewide: Bridge Inventory, Inspection, Monitoring, Rehabilitation and Replacement Program (HD 1-40)	8,000,000			
Statewide: Bridge Scour Monitoring and Retrofit Program (HD 1-40)	700,000			
Statewide: Civil Rights Program (HD 1-40)	200,000			
Statewide: Congestion Mitigation and Air Quality (CMAQ) Projects (HD 1-40)	7,500,000			
Statewide: Highway Data Equipment Acquisition and Installation (HD 1-40)	1,200,000			
Statewide: Highway Fuel Tax Enforcement (HD 1-40)	100,000			
Statewide: Highway Safety	5,000,000			

	Allocations	Appropriation Items	General Funds	Other Funds
Improvement Program (HSIP) (HD 1-40)				
Statewide: Intelligent Transportation Systems Implementation Plan (IWAYS) (HD 1-40)	1,500,000			
Statewide: Intelligent Transportation Systems Operations and Maintenance (IWAYS) (HD 1-40)	750,000			
Statewide: National Highway Institute and Transit Institute Training (HD 1-40)	750,000			
Statewide: Planning Work Program (HD 1-40)	7,500,000			
Statewide: Research Program (HD 1-40)	1,500,000			
Statewide: Scenic Byways Grants (HD 1-40)	500,000			
Statewide: Urban Planning Program (HD 1-40)	1,000,000			
Statewide: Weigh-in-Motion Equipment (HD 1-40)	750,000			
Steese Highway: Milepost 62 to 69 (HD 7-11)	300,000			
Sterling Highway: Milepost 135 - Ninilchik Intersection Improvements and Illumination (HD 33-35)	350,000			

	Allocations	Appropriation Items	General Funds	Other Funds
Stevens Village: Sanitation Road (HD 6)	730,000			
Surface Transportation Preconstruction (HD 1-40)	45,000,000			
Taylor Highway: Milepost 70 - Lost Chicken Slide (HD 6)	720,000			
Tok Cutoff: Milepost 2 Bridge Replacement - Gakona River (HD 6)	1,300,000			
*****		*****		
***** **University of Alaska** *****				
*****		*****		
Federal Receipt Authority (HD 1-40)		15,000,000		15,000,000
Maintaining Existing Facilities Renewal and Renovation Annual Requirement (HD 1-40)		3,200,000	3,200,000	
UA Climate Projects (HD 7-11)		10,000,000		10,000,000
UA Energy Projects (HD 7-11)		5,000,000		5,000,000
*****		*****		
***** **Alaska Court System** *****				
*****		*****		
Anchorage Campus Project Phase 2 (HD 17-32)		9,900,000	9,900,000	
Court Security Projects (HD 1-40)		1,190,000	1,190,000	
CourtView Enhancements		1,344,300	1,344,300	

		Appropriation	General	Other
	Allocations	**Items**	**Funds**	**Funds**
(HD 1-40)				

(SECTION 2 OF THIS ACT BEGINS ON PAGE 37)

* **Sec. 2.** The following sets out the funding by agency for the appropriations made in sec. 1 of this Act.

Funding Source	Amount
Department of Administration	
1004 Unrestricted General Fund Receipts	175,000
1147 Public Building Fund	2,800,000
*** Total Agency Funding ***	$2,975,000
Department of Commerce, Community and Economic Development	
1002 Federal Receipts	40,630,000
1003 General Fund Match	500,000
1004 Unrestricted General Fund Receipts	14,305,400
1007 Interagency Receipts	300,000
1061 Capital Improvement Project Receipts	1,300,000
1210 Renewable Energy Grant Fund	25,000,000
*** Total Agency Funding ***	$82,035,400
Department of Corrections	
1004 Unrestricted General Fund Receipts	7,000,000
*** Total Agency Funding ***	$7,000,000
Department of Education and Early Development	
1004 Unrestricted General Fund Receipts	43,443,481
*** Total Agency Funding ***	$43,443,481
Department of Environmental Conservation	
1002 Federal Receipts	52,125,000
1003 General Fund Match	14,041,598
1004 Unrestricted General Fund Receipts	23,189,396
1052 Oil/Hazardous Release Prevention & Response Fund	5,750,000
1108 Statutory Designated Program Receipts	500,000
*** Total Agency Funding ***	$95,605,994
Department of Fish and Game	
1002 Federal Receipts	24,325,000
1004 Unrestricted General Fund Receipts	340,000

1024	Fish and Game Fund	775,000
1108	Statutory Designated Program Receipts	455,000
1201	Commercial Fisheries Entry Commission Receipts	138,000
***	Total Agency Funding ***	$26,033,000
Department of Health and Social Services		
1002	Federal Receipts	5,635,438
1003	General Fund Match	2,494,744
1004	Unrestricted General Fund Receipts	2,773,160
***	Total Agency Funding ***	$10,903,342
Department of Labor and Workforce Development		
1004	Unrestricted General Fund Receipts	600,000
1157	Workers Safety and Compensation Administration Account	3,092,200
***	Total Agency Funding ***	$3,692,200
Department of Military and Veterans Affairs		
1002	Federal Receipts	28,350,000
1003	General Fund Match	750,000
1004	Unrestricted General Fund Receipts	450,000
***	Total Agency Funding ***	$29,550,000
Department of Natural Resources		
1002	Federal Receipts	10,810,000
1003	General Fund Match	200,000
1004	Unrestricted General Fund Receipts	375,000
1108	Statutory Designated Program Receipts	1,100,000
1153	State Land Disposal Income Fund	3,500,000
1195	Special Vehicle Registration Receipts	450,000
***	Total Agency Funding ***	$16,435,000
Department of Public Safety		
1002	Federal Receipts	2,500,000
1004	Unrestricted General Fund Receipts	1,942,800
***	Total Agency Funding ***	$4,442,800
Department of Revenue		

1002	Federal Receipts	18,182,692
1050	Permanent Fund Dividend Fund	135,000
1139	Alaska Housing Finance Corporation Dividend	24,686,000
1156	Receipt Supported Services	73,508
*** Total Agency Funding ***		$43,077,200
Department of Transportation/Public Facilities		
1002	Federal Receipts	698,360,550
1003	General Fund Match	35,360,000
1004	Unrestricted General Fund Receipts	11,418,260
1026	Highways Equipment Working Capital Fund	15,000,000
1027	International Airports Revenue Fund	16,806,800
1061	Capital Improvement Project Receipts	400,000
1108	Statutory Designated Program Receipts	12,000,000
1112	International Airports Construction Fund	24,029,141
1179	Passenger Facility Charges	4,560,000
1190	Adak Airport Operations	1,621,900
*** Total Agency Funding ***		$819,556,651
University of Alaska		
1002	Federal Receipts	30,000,000
1004	Unrestricted General Fund Receipts	3,200,000
*** Total Agency Funding ***		$33,200,000
Alaska Court System		
1004	Unrestricted General Fund Receipts	12,434,300
*** Total Agency Funding ***		$12,434,300
* * * * * Total Budget * * * * *		$1,230,384,368

(SECTION 3 OF THIS ACT BEGINS ON PAGE 40)

* **Sec. 3.** The following sets out the statewide funding for the appropriations made in sec. 1 of this Act.

Funding Source		Amount
General Funds		
1003	General Fund Match	53,346,342
1004	Unrestricted General Fund Receipts	121,646,797
Total General Funds		$174,993,139
Federal Funds		
1002	Federal Receipts	910,918,680
1190	Adak Airport Operations	1,621,900
Total Federal Funds		$912,540,580
Other Non-Duplicated Funds		
1024	Fish and Game Fund	775,000
1027	International Airports Revenue Fund	16,806,800
1108	Statutory Designated Program Receipts	14,055,000
1139	Alaska Housing Finance Corporation Dividend	24,686,000
1153	State Land Disposal Income Fund	3,500,000
1156	Receipt Supported Services	73,508
1157	Workers Safety and Compensation Administration Account	3,092,200
1179	Passenger Facility Charges	4,560,000
1195	Special Vehicle Registration Receipts	450,000
1201	Commercial Fisheries Entry Commission Receipts	138,000
Total Other Non-Duplicated Funds		$68,136,508
Duplicated Funds		
1007	Interagency Receipts	300,000
1026	Highways Equipment Working Capital Fund	15,000,000
1050	Permanent Fund Dividend Fund	135,000
1052	Oil/Hazardous Release Prevention & Response Fund	5,750,000

1061	Capital Improvement Project Receipts	1,700,000
1112	International Airports Construction Fund	24,029,141
1147	Public Building Fund	2,800,000
1210	Renewable Energy Grant Fund	25,000,000
Total Duplicated Funds		$74,714,141

(SECTION 4 OF THIS ACT BEGINS ON PAGE 42)

* **Sec. 4.** The following appropriation items are for capital projects to upgrade commercial passenger vessel services and watercraft infrastructure, enhance passenger safety and support cruise ship visitor activities from the Commercial Passenger Vessel Tax Account (AS 43.52.040) as set out in section 5 of this Act to the agencies named for the purposes expressed and lapse under AS 37.25.020, unless otherwise noted.

	Allocations	Appropriation Items	General Funds	Other Funds
* * * * *			* * * * *	
* * * * * **Department of Commerce, Community and Economic Development**				* * * * *
* * * * *			* * * * *	
Grants to Named Recipients (AS 37.05.316)				
Alaska Aviation Heritage Museum - Major Facility Safety, Energy and Collections Care Improvements (HD 17-32)		500,000		500,000
Alaska Native Heritage Center - Village Site Completion (HD 17-32)		275,000		275,000
Alaska Wildlife Conservation Center, Inc. - Visitor Education and Sactuary Research (HD 17-32)		1,000,000		1,000,000
Alaska Zoo - Infirmary and Commissary for the Animals (HD 17-32)		800,000		800,000
Marine Exchange of Alaska - Vessel Tracking System Upgrades (HD 1-40)		450,000		450,000

	Allocations	Appropriation Items	General Funds	Other Funds
Morris Thompson Cultural and Visitors Center - Exhibit Completion (HD 7-11)		1,000,000		1,000,000
Grants to Municipalities (AS 37.05.315)				
Anchorage - Egan Center Upgrades (HD 17-32)		1,000,000		1,000,000
Anchorage - Port of Anchorage Expansion (HD 17-32)		10,000,000		10,000,000
Cordova - Cordova Center Construction and Equipment (HD 5)		1,000,000		1,000,000
Fairbanks North Star Borough - Carlson Center Improvements (HD 7-11)		1,000,000		1,000,000
Haines Borough: Port Chilkoot Waterfront Improvements (HD 5)		1,900,000		1,900,000
Hoonah - Cruise Ship Mooring Buoy System (HD 5)		1,000,000		1,000,000
Juneau - Cruise Ship Dock Improvements (HD 3-4)		2,500,000		2,500,000
Juneau - Auke Bay Seawalk Construction (HD 3-4)		800,000		800,000
Ketchikan - Cruise Ship Berth IV Traffic Signal (HD 1)		1,300,000		1,300,000
Ketchikan - Port of		4,000,000		4,000,000

	Allocations	Appropriation Items	General Funds	Other Funds
Ketchikan Berth I and II Replacement (HD 1)				
Ketchikan - Reconstruction of Downtown Bridges and Trestles (HD 1)		5,000,000		5,000,000
Kodiak - Baranof Park Improvements (HD 36)		2,000,000		2,000,000
Palmer - Visitors Information Center Restrooms (HD 13-16)		100,000		100,000
Petersburg - Commercial Dock and Vehicle Drive Down Design (HD 2)		790,000		790,000
Petersburg - Design and Construct Tour Ship Berthing Improvements (HD 2)		2,600,000		2,600,000
Seward - Bus Transportation Assistance for Cruise Ship Passengers. (HD 33-35)		167,000		167,000
Seward - Dredging Cruise Ship Berthing Basins and Approaches (HD 33-35)		4,500,000		4,500,000
Sitka - Commercial Passenger Vessel Lightering Facility Improvements (HD 2)		2,000,000		2,000,000
Sitka - Crescent Harbor Sidewalk Widening (HD 2)		1,000,000		1,000,000
Sitka - Swan Lake Recovery and Improvements (HD 2)		1,650,000		1,650,000

	Allocations	Appropriation Items	General Funds	Other Funds
Skagway - Municipal Wastewater Treatment Facility Improvements Due to Seasonal Cruise Impacts (HD 5)		2,500,000		2,500,000
Valdez - City Dock Information and Interpretative Center (HD 12)		800,000		800,000
Valdez - Dock Improvements (HD 12)		3,325,000		3,325,000
Wasilla - Airport Train Station Improvements (HD 13-16)		430,000		430,000
Whittier - Railroad Station Improvements (HD 17-32)		325,000		325,000
Wrangell - Construction Activities to Complete the Marine Service Center (HD 2)		2,500,000		2,500,000
Wrangell - Stikine Avenue Sidewalk Extension (HD 2)		390,000		390,000
* * * * *		* * * * *		
* * * * * **Department of Natural Resources** * * * * *				
* * * * *		* * * * *		
State Parks Deferred Maintenance and Emergency Repairs		**6,000,000**		**6,000,000**
State Park Emergency Repairs (HD 1-40)	400,000			
State Parks Deferred	4,530,000			

	Allocations	Appropriation Items	General Funds	Other Funds
Maintenance and Equipment (HD 1-40)				
State Park Sanitation and Safety Projects (HD 1-40)	500,000			
Sultana Drive Reconstruction (HD 17-32)	570,000			
* * * * *			* * * * *	
* * * * * **Department of Transportation/Public Facilities** * * * * *				
* * * * *			* * * * *	
Cruise Ship-Related Projects		**21,180,500**		**21,180,500**
Haines: Beach Road Widening and Front Street Intersection Improvements (HD 5)	2,945,500			
Haines: Front Street, Main to Lutak Road (HD 5)	850,000			
Haines: Old Haines Highway Sidewalk Construction (HD 5)	1,150,000			
Homer: Homer Spit Pathway (HD 33-35)	2,000,000			
Juneau: Egan Drive - Whittier to Main Improvements (HD 3-4)	1,990,000			
Juneau: Glacier Spur Pavement Rehabilitation (HD 3-4)	2,000,000			
Juneau: Thane Road Pavement Rehabilitation (HD 3-4)	4,000,000			

	Allocations	Appropriation Items	General Funds	Other Funds
Ketchikan: Downtown Pedestrian Enhancements (HD 1)	375,000			
Seward: Seward Highway Replacement Bridges - Ptarmigan Creek, Falls Creek and Trail River (HD 33-35)	3,000,000			
Skagway: Dyea Road Taiya River Bridge Replacement (HD 5)	1,500,000			
Skagway: Gateway Pedestrian Improvements (HD 5)	620,000			
Valdez: Hazlet Drive Sidewalk (HD 12)	750,000			

(SECTION 5 OF THIS ACT BEGINS ON PAGE 48)

* **Sec. 5.** The following sets out the funding by agency for the appropriations made in sec. 4 of this Act.

Funding Source	Amount
Department of Commerce, Community and Economic Development	
1206 Commercial Passenger Vessel Tax	41,047,000
1207 Regional Cruise Ship Impact Fund	17,555,000
*** Total Agency Funding ***	$58,602,000
Department of Natural Resources	
1207 Regional Cruise Ship Impact Fund	6,000,000
*** Total Agency Funding ***	$6,000,000
Department of Transportation/Public Facilities	
1206 Commercial Passenger Vessel Tax	18,180,500
1207 Regional Cruise Ship Impact Fund	3,000,000
*** Total Agency Funding ***	$21,180,500
* * * * * Total Budget * * * * *	$85,782,500

(SECTION 6 OF THIS ACT BEGINS ON PAGE 49)

* **Sec. 6.** The following sets out the statewide funding for the appropriations made in sec. 4 of this Act.

Funding Source	Amount
General Funds	
Total General Funds	$0
Federal Funds	
Total Federal Funds	$0
Other Non-Duplicated Funds	
1206 Commercial Passenger Vessel Tax	59,227,500
1207 Regional Cruise Ship Impact Fund	26,555,000
Total Other Non-Duplicated Funds	$85,782,500
Duplicated Funds	
Total Duplicated Funds	$0

(SECTION 7 OF THIS ACT BEGINS ON PAGE 50)

* **Sec. 7.** The following appropriation items are for capital projects and grants associated with the American Recovery and Reinvestment Act of 2009 from the general fund or other funds as set out in section 8 of this Act by funding source to the agencies named for the purposes expressed and lapse under AS 37.25.020, unless otherwise noted.

	Allocations	Appropriation Items	General Funds	Other Funds
* * * * *			* * * * *	
* * * * * **Department of Transportation/Public Facilities** * * * * *				
* * * * *			* * * * *	
Airport Improvement Program		**9,500,000**		**9,500,000**
Fairbanks International Airport: Runway 1L-19R Reconstruction (HD 7-11)	3,000,000			
Kodiak: Chemical Storage Building (HD 36)	1,200,000			
Kotzebue: Apron Expansion (HD 40)	5,300,000			
Surface Transportation Program		**24,397,600**		**24,397,600**
Emmonak: Community Road Improvements (HD 39)	3,000,000			
Fairbanks: LED Street Light Conversion (HD 7-11)	3,310,000			
Fairbanks: Sign Replacement (HD 7-11)	973,600			
Fairbanks: Wendell Street ADA Improvements (HD 7-11)	814,000			
Haines: Front Street to Union Street (HD 5)	2,500,000			

	Allocations	Appropriation Items	General Funds	Other Funds
Kipnuk: Boardwalk Improvements (HD 38)	10,000,000			
Yakutat: Areawide Paving (HD 5)	3,800,000			
Airport Stimulus Projects		**46,250,000**		**46,250,000**
Akiachak: Airport Relocation (HD 38)	11,500,000			
Allakaket: Airport Improvements (HD 6)	3,600,000			
Fairbanks International Airport: Access Control Improvements (HD 7-11)	3,500,000			
Fort Yukon: Airport Improvements (HD 6)	6,500,000			
King Salmon: Apron and Taxiway Resurfacing (HD 37)	9,750,000			
Ouzinkie: Airport Reconstruction and Relocation (HD 36)	8,400,000			
Ted Stevens Anchorage International Airport: North Terminal Gate N8 (HD 17-32)	3,000,000			
Highway and Bridge Stimulus Projects		**158,743,900**		**158,743,900**
AMATS: Anchorage Traffic Congestion Relief - Lake Otis Parkway and Tudor (HD 17-32)	5,000,000			
AMATS: Old Glenn Highway	11,673,900			

	Allocations	Appropriation Items	General Funds	Other Funds
Reconstruction Phase II - Fire Lake to Peters Creek (HD 13-16)				
AMATS: Pavement Replacement Program (HD 17-32)	2,280,000			
Denali Highway: Milepost 7 Wayside (HD 12)	500,000			
Dillingham: Wood River Road Reconstruction (HD 37)	8,900,000			
Glenn Highway: Hiland to Eklutna Resurfacing (HD 12)	25,000,000			
Glenn Highway: Lighting - Birchwood to Eklutna (HD 13-16)	12,000,000			
Glenn Highway: Milepost 34 to 42 - Parks Interchange to Palmer Resurfacing (HD 12)	8,000,000			
Hoonah: Airport Road Paving - Ferry Terminal to Airport (HD 5)	3,000,000			
Juneau: Egan Drive and Glacier Highway Resurfacing - Mendenhall Loop to Auke Bay Ferry Terminal (HD 3-4)	4,000,000			
Juneau: Glacier Highway - Amalga to Eagle Beach	1,700,000			

	Allocations	Appropriation Items	General Funds	Other Funds
Widening (HD 3-4)				
Ketchikan: North Tongass Highway - Totem Bight to Whipple Creek (HD 1)	13,800,000			
Ketchikan: Water Street Sidewalk Improvements (HD 1)	2,500,000			
Kodiak: Rezanof Drive Resurfacing - Coast Guard Access Road to Jack Hinkel Way (HD 36)	10,000,000			
Kotzebue: Shore Avenue Rehabilitation and Erosion Protection (HD 40)	15,000,000			
Marshall: Airport Access Road Bridge Replacement (HD 6)	2,800,000			
Nome Road Improvements (HD 39)	4,000,000			
Parks Highway: Milepost 72 to 83 Rehabilitation, Willow to Kashwitna (HD 13-16)	6,800,000			
Sterling Highway Resurfacing: Soldotna to North Coho Loop (HD 33-35)	15,000,000			
Valdez: Areawide Bike and Pedestrian Trail Pavement Refurbishment (HD 12)	3,290,000			
Whittier Shot Gun Cove Road (HD 17-32)	3,500,000			

	Allocations	Appropriation Items	General Funds	Other Funds
Transit Stimulus Projects		**9,083,900**		**9,083,900**
Juneau: Downtown Transit Center Construction (HD 3-4)	3,000,000			
Mat-Su: Park and Ride at Seward Meridian/Parks Highway (HD 13-16)	900,000			
Statewide: Transit Rural Formula Capital Projects (HD 1-40)	5,183,900			

(SECTION 8 OF THIS ACT BEGINS ON PAGE 55)

* **Sec. 8.** The following sets out the funding by agency for the appropriations made in sec. 7 of this Act.

Funding Source	Amount
Department of Transportation/Public Facilities	
1002 Federal Receipts	42,397,600
1212 Federal Stimulus: ARRA 2009	205,577,800
*** Total Agency Funding ***	$247,975,400
* * * * * Total Budget * * * * *	$247,975,400

(SECTION 9 OF THIS ACT BEGINS ON PAGE 56)

* **Sec. 9.** The following sets out the statewide funding for the appropriations made in sec. 7 of this Act.

Funding Source	Amount
General Funds	
Total General Funds	$0
Federal Funds	
1002 Federal Receipts	42,397,600
1212 Federal Stimulus: ARRA 2009	205,577,800
Total Federal Funds	$247,975,400
Other Non-Duplicated Funds	
Total Other Non-Duplicated Funds	$0
Duplicated Funds	
Total Duplicated Funds	$0

(SECTION 10 OF THIS ACT BEGINS ON PAGE 57)

* **Sec. 10.** The following appropriation items are for capital projects and grants from the general fund or other funds as set out in section 11 of this Act by funding source to the agencies named for the purposes expressed and lapse under AS 37.25.020, unless otherwise noted.

	Allocations	Appropriation Items	General Funds	Other Funds
*****			*****	
***** **Department of Commerce, Community and Economic Development** *****				
*****			*****	
Grants to Named Recipients				
(AS 37.05.316)				
Inter-Island Ferry Authority - Operational Assistance (HD 1-5)		1,500,000	1,500,000	
*****		*****		
***** **Department of Fish and Game** *****				
*****		*****		
Cooperative Resource Program (HD 1-40)		55,000		55,000
*****		*****		
***** **Office of the Governor** *****				
*****		*****		
Elections Reform Under the Federal Help America Vote Act (HD 1-40)		3,821,720		3,821,720
*****			*****	
***** **Department of Transportation/Public Facilities** *****				
*****			*****	
Airport Rescue and Fire Fighting Safety Equipment (HD 1-40)		137,100	137,100	

	Allocations	Appropriation Items	General Funds	Other Funds
Alaska Marine Highway System - Vessel and Terminal Overhaul and Rehabilitation (HD 1-40)		702,100	702,100	
Alaska Marine Highway System: Columbia Fuel Management System (HD 1-5)		499,500	499,500	
Mission Road (Kodiak Island) - Upgrade and Repair (HD 36)		207,600	207,600	
Susitna Valley High School Safety Improvements (HD 13-16)		38,200	38,200	
Airport Improvement Program		**75,290,000**		**75,290,000**
Alaska International Airport System: Development Fund (HD 1-40)	5,000,000			
Bethel: Airport Parallel Runway and Other Improvements (HD 38)	4,000,000			
Dillingham: 3 Bay Chemical Storage Building (HD 37)	500,000			
Fairbanks International Airport: Runway 1L-19R Reconstruction (HD 7-11)	18,250,000			
Fort Yukon: Snow Removal Equipment Building (HD 6)	1,500,000			
Iliamna: Snow Removal Equipment / Sand and	1,000,000			

	Allocations	Appropriation Items	General Funds	Other Funds
Chemical Storage / Office Building (HD 36)				
Nulato: Airport Improvements (HD 6)	9,200,000			
Petersburg: Airport Runway Safety Area (HD 2)	26,000,000			
Savoonga: Airport Improvements (HD 39)	4,840,000			
Takotna: Airport Relocation (HD 6)	5,000,000			
Surface Transportation Program		**1,550,000**		**1,550,000**
Chena Hot Springs Road: Milepost 24 to 56 Rehabilitation (HD 7-11)	1,430,000			
Ester Weigh Station Scale Replacement (HD 7-11)	120,000			

(SECTION 11 OF THIS ACT BEGINS ON PAGE 60)

* **Sec. 11.** The following sets out the funding by agency for the appropriations made in sec. 10 of this Act.

Funding Source	Amount
Department of Commerce, Community and Economic Development	
1004 Unrestricted General Fund Receipts	1,500,000
*** Total Agency Funding ***	$1,500,000
Department of Fish and Game	
1108 Statutory Designated Program Receipts	55,000
*** Total Agency Funding ***	$55,000
Office of the Governor	
1185 Election Fund	3,821,720
*** Total Agency Funding ***	$3,821,720
Department of Transportation/Public Facilities	
1002 Federal Receipts	70,927,500
1004 Unrestricted General Fund Receipts	1,584,500
1027 International Airports Revenue Fund	5,000,000
1112 International Airports Construction Fund	912,500
*** Total Agency Funding ***	$78,424,500
* * * * * Total Budget * * * * *	$83,801,220

(SECTION 12 OF THIS ACT BEGINS ON PAGE 61)

* **Sec. 12.** The following sets out the statewide funding for the appropriations made in sec. 10 of this Act.

Funding Source	Amount
General Funds	
1004 Unrestricted General Fund Receipts	3,084,500
Total General Funds	$3,084,500
Federal Funds	
1002 Federal Receipts	70,927,500
Total Federal Funds	$70,927,500
Other Non-Duplicated Funds	
1027 International Airports Revenue Fund	5,000,000
1108 Statutory Designated Program Receipts	55,000
Total Other Non-Duplicated Funds	$5,055,000
Duplicated Funds	
1112 International Airports Construction Fund	912,500
1185 Election Fund	3,821,720
Total Duplicated Funds	$4,734,220

(SECTION 13 OF THIS ACT BEGINS ON PAGE 62)

* **Sec. 13.** FEDERAL AND OTHER PROGRAM RECEIPTS. (a) Federal receipts, designated program receipts as defined in AS 37.05.146(b)(3), information services fund program receipts as defined in AS 44.21.045(b), receipts of the University of Alaska as described in AS 37.05.146(b)(2), receipts of commercial fisheries test fishing operations under AS 37.05.146(c)(21), corporate receipts of the Alaska Housing Finance Corporation, corporate receipts of the Alaska Aerospace Development Corporation, Exxon Valdez oil spill trust receipts as defined in AS 37.05.146(b)(4), and receipts of the Alaska Fire Standards Council under AS 37.05.146(b)(5), that exceed the amounts appropriated by this Act are appropriated conditioned on compliance with the program review provisions of AS 37.07.080(h).

(b) If federal or other program receipts as defined in AS 37.05.146 and in AS 44.21.045(b) exceed the estimates appropriated by this Act, the appropriations from state funds for the affected program may be reduced by the excess if the reductions are consistent with applicable federal statutes.

(c) If federal or other program receipts as defined in AS 37.05.146 and in AS 44.21.045(b) fall short of the estimates appropriated by this Act, the affected appropriation is reduced by the amount of the shortfall in receipts.

* **Sec. 14.** FUND TRANSFERS. (a) The income earned during fiscal year 2010 on revenue from the sources set out in AS 37.13.145(d) is appropriated to the Alaska capital income fund (AS 37.05.565).

(b) The interest earned on amounts in the election fund, estimated to be $320,000, are appropriated to the election fund required by the federal Help America Vote Act.

(c) The sum of $2,500,000 is appropriated from the general fund to the information services fund (AS 44.21.045(a)).

(d) The sum of $15,000,000 is appropriated from the general fund to the Alaska Gasline Inducement Act reimbursement fund (AS 43.90.400(a)) for the natural gas pipeline project construction inducement under AS 43.90.110(a)(1).

(e) The sum of $25,000,000 is appropriated from the general fund to the renewable energy grant fund (AS 42.45.045).

* **Sec. 15.** INSURANCE CLAIMS. The amounts to be received in settlement of insurance claims for losses and the amounts to be received as recovery for losses are appropriated from

the general fund to the

(1) state insurance catastrophe reserve account (AS 37.05.289(a)); or

(2) appropriate state agency to mitigate the loss.

* **Sec. 16.** NATIONAL PETROLEUM RESERVE - ALASKA IMPACT GRANT PROGRAM. (a) The sum of $15,967,840 of the amount received by the National Petroleum Reserve - Alaska special revenue fund (AS 37.05.530) under 42 U.S.C. 6506a(*l*) or former 42 U.S.C. 6508 by August 31, 2009, estimated to be $16,035,066, is appropriated from that fund to the Department of Commerce, Community, and Economic Development for capital project grants under the National Petroleum Reserve - Alaska impact grant program to be allocated to the following municipalities in the amounts stated:

MUNICIPALITY	PROJECT	ALLOCATION
(1) North Slope Borough	North Slope Borough workforce development three-year program enforcement	$2,500,620
(2) North Slope Borough	Arctic Fox supplemental studies to include the prevalence and incidence of rabies and other related diseases in the National Petroleum Reserve - Alaska	409,262
(3) City of Atqasuk	Local government operations and youth program	226,500
(4) City of Wainwright	Operations and maintenance equipment	49,269
(5) North Slope Borough	Continuing waterfowl survey in the National Petroleum Reserve - Alaska	900,000
(6) North Slope Borough	Police officers for National Petroleum Reserve - Alaska impacted communities	1,354,712

(7) North Slope Borough	Meade River school counselor	243,598
(8) City of Barrow	New boat ramp	2,000,000
(9) City of Nuiqsut	Youth center operations and maintenance	188,847
(10) City of Wainwright	Wainwright youth recreation program	240,000
(11) North Slope Borough	Communications system upgrade	5,000,000
(12) North Slope Borough	Emerging disease surveillance: continuation of wildlife population health assessment in the National Petroleum Reserve - Alaska	335,032
(13) City of Nuiqsut	Local government operations and maintenance	420,000
(14) City of Wainwright	Wainwright local government operations	300,000
(15) City of Barrow	Local government operations and maintenance	1,800,000

(b) If the amount received by the National Petroleum Reserve - Alaska special revenue fund (AS 37.05.530) under 42 U.S.C. 6506a(*l*) or former 42 U.S.C. 6508 by August 31, 2009, is less than $15,967,840, the Department of Commerce, Community, and Economic Development shall work with the municipalities listed in (a) of this section to reduce the allocations made in (a) of this section to equal the amount received.

* **Sec. 17.** DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT. (a) The sum of $8,000 is appropriated from the anatomical gift awareness fund (AS 13.50.160) to the Department of Commerce, Community, and Economic Development for payment as a grant under AS 37.05.316 to Life Alaska Donor Services, Inc., for promoting the donation program under AS 13.50.150 for the fiscal year ending June 30, 2010.

(b) Section 60(b), ch. 29, SLA 2008, is amended to read:

(b) The sum of $125,000 is appropriated from the general fund to the Department of Commerce, Community, and Economic Development for payment as a grant under AS 37.05.316 to World Trade Center Alaska for the international trade program partnership for the fiscal year ending **June 30, 2010** [JUNE 30, 2009].

(c) Section 10(b), ch. 159, SLA 2004, is amended to read:

(b) **The** [CONTINGENT UPON THE FORMATION OF A BOROUGH THAT ENCOMPASSES THE CITY OF DELTA JUNCTION, THE] balance owing on the loan made under (a) of this section on **June 30, 2009,** [THE DATE OF INCORPORATION OF THE BOROUGH] is redesignated as a grant under AS 37.05.315 to the City of Delta Junction for the payment of the costs of the settlement agreement for litigation regarding the establishment of a private prison in the vicinity of the city.

*** Sec. 18.** DEPARTMENT OF ENVIRONMENTAL CONSERVATION. Section 1, ch. 135, SLA 2000, page 10, lines 30 - 31, is amended to read:

	ALLOCATIONS
Village Safe Water	834,387
Study, Design,	
and Construction	
Projects (HD 40)	
[TUNUNAK FLUSH	
TANK AND HAUL,	
AND WASHETERIA	
PROJECT (ED 38)]	

*** Sec. 19.** HOUSE DISTRICT 1. (a) The unexpended and unobligated balance of the appropriation made in sec. 1, ch. 82, SLA 2003, page 5, lines 29 - 31 (Thorne Bay, medivac landing site construction - $175,000) is reappropriated to the Department of Commerce, Community, and Economic Development for payment as a grant under AS 37.05.315 to the City of Thorne Bay for emergency vehicle access and response.

(b) The unexpended and unobligated balance of the appropriation made in sec. 35(b), ch. 159, SLA 2004 (Ketchikan Area Arts and Humanities Council, design and project development of the Ketchikan community center for the arts) is reappropriated to the

Department of Commerce, Community, and Economic Development for payment as a grant under AS 37.05.316 to the First City Players for design and project development of the Ketchikan community center for the arts.

(c) The unexpended and unobligated balance of the appropriation made in sec. 1, ch. 135, SLA 2000, page 51, lines 7 - 9, as amended by sec. 33(b), ch. 30, SLA 2007 (Ketchikan Gateway Borough, multi-purpose maintenance facility improvements) is reappropriated to the Department of Commerce, Community, and Economic Development for payment as a grant under AS 37.05.315 to the Ketchikan Gateway Borough for a multi-purpose maintenance facility.

*** Sec. 20.** HOUSE DISTRICT 2. (a) Section 41(a), ch. 29, SLA 2008, is amended to read:

(a) The unexpended and unobligated balance of the appropriation made in sec. 1, ch. 1, SSSLA 2002, page 8, lines 8 - 10 (Wrangell, water tank and connection to upper water reservoir - $180,000) is reappropriated to the Department of Commerce, Community, and Economic Development for payment as a grant under AS 37.05.315 to the City of Wrangell for water tank and connection to upper water reservoir for the fiscal **years** [YEAR] ending June 30, 2009**, June 30, 2010, and June 30, 2011**.

(b) The unexpended and unobligated balance of the appropriation made in sec. 7, ch. 29, SLA 2008, page 27, lines 5 - 7 (Wrangell, medical center, 12-passenger handicapped van - $39,000) is reappropriated to the Department of Commerce, Community, and Economic Development for payment as a grant under AS 37.05.316 to the Wrangell Medical Center to purchase snow removal equipment.

(c) The unexpended and unobligated balance of the appropriation made in sec. 7, ch. 29, SLA 2008, page 12, lines 13 - 15 (Alaska Native Brotherhood Sitka Camp #1, Sitka ANB hall renovation - $50,000) is reappropriated to the Department of Commerce, Community, and Economic Development for payment as a grant under AS 37.05.316 to Sitka Kaagwaantaan, Inc. for the Sitka ANB hall renovations.

(d) The unexpended and unobligated balances of the appropriations made in sec. 7, ch. 29, SLA 2008, page 26, lines 10 - 12 (Sitka, Moller Park lighting improvements - $150,000) and sec. 7, ch. 29, SLA 2008, page 26, lines 13 - 14 (Sitka, Moller Park synthetic infield - $300,000) are reappropriated to the Department of Commerce, Community, and Economic Development for payment as a grant under AS 37.05.315 to the City and Borough

of Sitka for Moller Park baseball field improvements.

*** Sec. 21.** HOUSE DISTRICTS 3 - 4. Section 1, ch. 82, SLA 2006, page 85, lines 30 - 31, is amended to read:

	APPROPRIATION ITEMS	GENERAL FUND
Gastineau Channel Crossing EIS and Dredging **and North Douglas Highway Extension** (HD 3-4)	3,000,000	3,000,000

*** Sec. 22.** HOUSE DISTRICT 5. (a) The unexpended and unobligated balance of the appropriation made in sec. 33(k), ch. 159, SLA 2004 (Yakutat, teen center construction - $25,000) is reappropriated to the Department of Commerce, Community, and Economic Development for payment as a grant under AS 37.05.315 to the City and Borough of Yakutat for the Yakutat Community Health Center dental clinic remodel.

(b) The unexpended and unobligated balance of the appropriation made in sec. 42(e), ch. 29, SLA 2008 (Craig, Craig Elementary School roof replacement) is reappropriated to the Department of Commerce, Community, and Economic Development for payment as a grant under AS 37.05.315 to the City of Craig for Craig Clinic debt relief for the fiscal year ending June 30, 2010.

(c) The unexpended and unobligated balance of the appropriation made in sec. 42(d), ch. 29, SLA 2008 (Craig, Prince of Wales health care facility project) is reappropriated to the Department of Commerce, Community, and Economic Development for payment as a grant under AS 37.05.315 to the City of Craig for costs incurred for, construction of, and equipment for the Craig seafood processing and cold storage plant.

(d) The unexpended and unobligated balance of the appropriation made in sec. 52(a), ch. 61, SLA 2001 (Hydaburg, construction of a road and parking lot) is reappropriated to the Department of Commerce, Community, and Economic Development for payment as a grant under AS 37.05.316 to the Metlakatla Boys and Girls Club for equipment, projects, and improvements.

(e) The unexpended and unobligated balance, not to exceed $4,671, of the appropriation made in sec. 1, ch. 1, SSSLA 2002, page 6, lines 15 - 17, as amended by sec. 42(b), ch. 29, SLA 2008 (Hydaburg, water turbine impellors) is reappropriated to the

Department of Commerce, Community, and Economic Development for payment as a grant under AS 37.05.316 to the Metlakatla Boys and Girls Club for equipment, projects, and improvements.

(f) The unexpended and unobligated balance, not to exceed $10,000, of the appropriation made in sec. 1, ch. 1, SSSLA 2002, page 6, lines 15 - 17, as amended by sec. 42(b), ch. 29, SLA 2008 (Hydaburg, water turbine impellors) is reappropriated to the Department of Commerce, Community, and Economic Development for payment as a grant under AS 37.05.316 to the Angoon Boys and Girls Club for equipment, projects, and improvements.

(g) If the amount available for reappropriation under (e) and (f) of this section is less than $14,671, the reappropriations made in (e) and (f) of this section shall be reduced in proportion to the amount of the shortfall.

(h) The unexpended and unobligated balance of the appropriation made in sec. 34(c), ch. 30, SLA 2007 (Angoon Community Association, ANB hall renovation) is reappropriated to the Department of Commerce, Community, and Economic Development for payment as a grant under AS 37.05.315 to the City of Angoon for community projects and improvements.

* **Sec. 23.** HOUSE DISTRICT 6. (a) Section 4, ch. 30, SLA 2007, page 87, lines 19 - 21, is amended to read:

	APPROPRIATION ITEMS	GENERAL FUND
Galena - Ptarmigan Dorm Sprinkler System Installation **and Steam Heat Delivery, Monitoring, and Safety Improvements** (HD 6)	1,001,040	1,001,040

(b) The unexpended and unobligated balances of the appropriations made in sec. 1, ch. 61, SLA 2001, page 61, lines 20 - 21 (Gulkana, RV park construction completion, phase 2 - $25,000), sec. 1, ch. 1, SSSLA 2002, page 80, lines 7 - 8 (Marshall, teen and youth center - $27,179), sec. 8(a)(16), ch. 159, SLA 2004 (Lake Minchumina, community projects and improvements - $58,672), and sec. 8(b)(26), ch. 159, SLA 2004 (Marshall, community projects and improvements - $1,259) are reappropriated to the Department of Commerce, Community, and Economic Development for payment as a grant under AS 37.05.316 to the

Tetlin Village Council for community projects and improvements.

(c) The unexpended and unobligated balances of the appropriations made in sec. 1, ch. 1, SSSLA 2002, page 7, lines 3 - 4, as amended by sec. 35(a), ch. 30, SLA 2007 (Nenana, cemetery road resurfacing and community projects and improvements) and sec. 8(b)(17), ch. 159, SLA 2004 (Grayling, community projects and improvements - $24,887) are reappropriated to the Department of Commerce, Community, and Economic Development for payment as a grant under AS 37.05.316 to the Mentasta Lake Village Council for community projects and improvements.

(d) The unexpended and unobligated balances of the appropriations made in sec. 22(f), ch. 82, SLA 2003 (Deltana, Delta roads and erosion control), sec. 8(a)(8), ch. 159, 2004 (Deltana, community projects and improvements - $27,575), sec. 8(a)(12), ch. 159, SLA 2004 (Healy Lake Traditional, community projects and improvements - $1,292), and sec. 8(a)(24), ch. 159, SLA 2004 (Red Devil, community projects and improvements - $29,114), are reappropriated to the Department of Commerce, Community, and Economic Development for payment as a grant under AS 37.05.316 to the Yukon Flats School District for Stevens Village School equipment and upgrades.

(e) The unexpended and unobligated balances of the appropriations made in sec. 1, ch. 1, SSSLA 2002, page 75, lines 19 - 21 (Eagle, customs house renovation and fire hall addition - $25,000), sec. 1, ch. 1, SSSLA 2002, page 75, lines 22 - 23 (Eagle, renovation of old school - $15,000), and sec. 8(a)(10), ch. 159, SLA 2004 (Four Mile, community projects and improvements - $27,484) are reappropriated to the Department of Commerce, Community, and Economic Development for payment as a grant under AS 37.05.316 to the Northway Village Council for community projects and improvements.

(f) The unexpended and unobligated balance of the appropriation made in sec. 38(a), ch. 159, SLA 2004 (Chitina, purchase of land for a community hall and offices) is reappropriated to the Department of Commerce, Community, and Economic Development for payment as a grant under AS 37.05.315 to the City of Allakaket for community projects and improvements.

(g) The unexpended and unobligated balance of the appropriation made in sec. 8(a)(23), ch. 159, SLA 2004 (Rampart, community projects and improvements - $54,390) is reappropriated to the Department of Commerce, Community, and Economic Development for

payment as a grant under AS 37.05.316 to the Manley Village Council for community projects and improvements.

(h) The unexpended and unobligated balance, not to exceed $60,000, of the appropriation made in sec. 38(g), ch. 159, SLA 2004 (Sleetmute, community projects and improvements) is reappropriated to the Department of Commerce, Community, and Economic Development for payment as a grant under AS 37.05.316 to the Yukon Koyukuk School District for Merreline A. Kangas School projects and improvements.

(i) The unexpended and unobligated balance, not to exceed $40,000, of the appropriation made in sec. 38(g), ch. 159, SLA 2004 (Sleetmute, community projects and improvements) is reappropriated to the Department of Commerce, Community, and Economic Development for payment as a grant under AS 37.05.317 to the unincorporated community of Alatna for community projects and improvements.

(j) The unexpended and unobligated balance, not to exceed $38,796, of the appropriation made in sec. 38(g), ch. 159, SLA 2004 (Sleetmute, community projects and improvements) is reappropriated to the Department of Commerce, Community, and Economic Development for payment as a grant under AS 37.05.315 to the City of Hughes for community projects and improvements.

(k) If the total amount available for reappropriation in (h) - (j) of this section is less than $138,796, the reappropriations made in (h) - (j) of this section shall be reduced in proportion to the amount of the shortfall.

*** Sec. 24.** HOUSE DISTRICTS 7 - 11. Section 4, ch. 3, FSSLA 2005, page 98, lines 8 - 9, is amended to read:

	ALLOCATIONS
Fairbanks - Wilbur Street Extension **and** **Pioneer Park Access** **Safety Improvements** (HD 7-11)	1,000,000

*** Sec. 25.** HOUSE DISTRICT 12. (a) The unexpended and unobligated balance of the appropriation made in sec. 1, ch. 1, SSSLA 2002, page 88, line 25 - 26 (Tolsona, public road access - $25,000) is reappropriated to the Department of Commerce, Community, and

Economic Development for payment as a grant under AS 37.06.020 to the unincorporated community of Tolsona for public road access.

(b) The unexpended and unobligated balance of the appropriation made in sec. 8(a)(30), ch. 159, SLA 2004 (Tolsona, community projects and improvements - $102,637) is reappropriated to the Department of Commerce, Community, and Economic Development for payment as a grant under AS 37.06.020 to the unincorporated community of Tolsona for community projects and improvements.

* **Sec. 26.** HOUSE DISTRICT 17. The unexpended and unobligated balance of that portion of the appropriation made in sec. 100, ch. 2, FSSLA 1999, page 56, line 10, and allocated on lines 11 - 13, that was reappropriated by sec. 57(b), ch. 159, SLA 2004 (Eagle River Veterans, Eagle River Veterans Memorial Museum land acquisition and building construction) is reappropriated to the Department of Commerce, Community, and Economic Development for payment as a grant under AS 37.05.316 to the Alaska Veterans Museum for land acquisition, building construction, or renovation of an existing structure to house the museum.

* **Sec. 27.** HOUSE DISTRICT 19. The unexpended and unobligated balance of the appropriation made in sec. 1, ch. 159, SLA 2004, page 10, lines 26 - 28 (Anchorage, Muldoon town center traffic calming study - $50,000) is reappropriated to the Department of Commerce, Community, and Economic Development for payment as a grant under AS 37.05.316 to the United Way of Anchorage for Russian Jack/Muldoon Weed and Seed Program support for the fiscal year ending June 30, 2010.

* **Sec. 28.** HOUSE DISTRICTS 29 - 30. The unexpended and unobligated balance of the appropriation made in sec. 1, ch. 1, SSSLA 2002, page 14, lines 31 - 33 (Anchorage, Papago Park upgrades and improvements - $18,000) is reappropriated to the Department of Commerce, Community, and Economic Development for payment as a grant under AS 37.05.315 to the Municipality of Anchorage for the purchase of a mobile computer lab for Campbell Elementary School.

* **Sec. 29.** HOUSE DISTRICT 31. Section 1, ch. 159, SLA 2004, page 12, line 31, through page 13, line 4, is amended to read:

	APPROPRIATION ITEMS	OTHER FUNDS
Municipality of Anchorage/	11,000	11,000

Anchorage School District -
Huffman School - Intercom
System **and Light Fixture**
Replacement **(HD 17-32)**
[ED 17-32]

*** Sec. 30.** HOUSE DISTRICTS 33 - 34. (a) Section 42(h), ch. 30, SLA 2007, is amended to read:

(h) The unexpended and unobligated balance, not to exceed $593,700, of the appropriation made in sec. 4, ch. 3, FSSLA 2005, page 97, lines 14 - 15 (Kenai, Spur Road rehabilitation - $5,000,000) is reappropriated to the Department of Commerce, Community, and Economic Development for payment as a grant under AS 37.05.315 to the City of Kenai for Wildwood Drive reconstruction **and Marathon Road and Willow Street improvements**.

(b) Section 1, ch. 159, SLA 2004, page 7, line 33, through page 8, line 4, is amended to read:

	APPROPRIATION ITEMS	OTHER FUNDS
Kenai Peninsula Borough - Funny River Pedestrian Safety Light **and Driveway Improvements (HD 33-34)** [ED 33-35]	10,000	10,000

*** Sec. 31.** HOUSE DISTRICTS 33 - 35. Section 1, ch. 3, FSSLA 2005, page 24, lines 10 - 12, is amended to read:

	APPROPRIATION ITEMS	GENERAL FUND
Kenai Peninsula Borough - Homer Middle School **and McNeil Canyon Elementary School** Roofing Upgrades (HD 33-35)	200,000	200,000

* **Sec. 32.** HOUSE DISTRICTS 37 - 38. (a) The unexpended and unobligated balances of the appropriations made in sec. 8(a)(15), ch. 159, SLA 2004 (Kongiganak, community projects and improvements - $27,770), sec. 8(a), ch. 1, SSSLA 2002, page 96, line 17 (Kongiganak, community projects and improvements - $55,496), sec. 8(b)(28), ch. 159, SLA 2004 (Napaskiak, community projects and improvements - $6,326), sec. 131, ch. 139, SLA 1998, page 99, lines 19 - 20 (Nunapitchuk, motor grader snowblade - $15,500), sec. 1, ch. 135, SLA 2000, page 53, lines 28 - 30 (Nunapitchuk, washeteria renovation - water improvements - $50,000), sec. 15(b), ch. 61, SLA 2001, page 78, line 19 (Nunapitchuk, capital projects and improvements - $26,322), sec. 1, ch. 1, SSSLA 2002, page 81, lines 30 - 31 (Nunapitchuk, solid waste dumpsite upgrade - $25,000), sec. 8(a), ch. 1, SSSLA 2002, page 96, line 24 (Oscarville, community projects and improvements - $88,107), sec. 71(c), ch. 1, SSSLA 2002 (Oscarville, community facilities and equipment), sec. 8(a)(19), ch. 159, SLA 2004 (Oscarville, community projects and improvements - $58,651), sec. 1, ch. 61, SLA 2001, page 63, lines 12 - 13 (Tuntutuliak, jail house completion - $16,466), sec. 67(b), ch. 61, SLA 2001 (Tuntutuliak, construction of a post office), sec. 8(a), ch. 1, SSSLA 2002, page 97, line 2 (Tuntutuliak, community projects and improvements - $54,518), sec. 8(a)(31), ch. 159, SLA 2004 (Tuntutuliak, community projects and improvements - $7,881), and sec. 8(b)(38), ch. 159, SLA 2004 (Platinum, community projects and improvements - $26,900) are reappropriated for payment

(1) as a grant under AS 37.05.315 to the City of Akiak, in an amount not to exceed $240,000, for power generator upgrades;

(2) as a grant under AS 37.05.315 to the City of Kwethluk, in an amount not to exceed $92,045, for upgrades to the washeteria and water plant;

(3) as a grant under AS 37.05.316 to the Native Village of Tununak, in an amount not to exceed $142,318, for repairs to the Tununak bridge.

(b) If the total amount available for reappropriation in (a) of this section is less than $474,363, the reappropriations made in (a) of this section shall be reduced in proportion to the amount of the shortfall.

* **Sec. 33.** HOUSE DISTRICT 37. (a) Section 1, ch. 82, SLA 2006, page 32, lines 14 - 15, is amended to read:

	APPROPRIATION	GENERAL

	ITEMS	FUND
City of Sand Point - Ferry Dock Warehouse **and Other City-Owned Facilities** (HD 37)	200,000	200,000

(b) The unexpended and unobligated balances of the appropriations made in sec. 8(b), ch. 1, SSSLA 2002, page 97, line 18 (Atka, community projects and improvements - $25,000) and sec. 43(b), ch. 159, SLA 2004 (Atka, federal grant match for clinic/civic center project) are reappropriated to the Department of Commerce, Community, and Economic Development for payment as a grant under AS 37.05.315 to the City of Atka for new clinic construction.

(c) Section 1, ch. 82, SLA 2006, page 27, lines 14 - 15, is amended to read:

	APPROPRIATION ITEMS	GENERAL FUND
City of Akutan - Akutan Harbor Road Project **and Airport Access Projects** (HD 37)	3,100,000	3,100,000

*** Sec. 34.** HOUSE DISTRICT 38. (a) The unexpended and unobligated balances of the appropriations made in sec. 1, ch. 135, SLA 2000, page 56, lines 18 - 20 (Upper Kalskag, community restoration and graveyard restoration - $25,000), sec. 1, ch. 1, SSSLA 2002, page 84, lines 25 - 27 (Upper Kalskag, teen center and playground equipment purchase - $28,791), and sec. 8(b)(25), ch. 159, SLA 2004 (Lower Kalskag, community projects and improvements - $41,922) are reappropriated to the Department of Commerce, Community, and Economic Development for payment as a grant under AS 37.05.316 to the Native Village of Upper Kalskag for the multi-facility building renovation.

(b) The unexpended and unobligated balance of the appropriation made in sec. 8(b), ch. 1, SSSLA 2002, page 97, line 28 (Eek, community projects and improvements - $170,838) is reappropriated to the Department of Commerce, Community, and Economic Development for payment as a grant under AS 37.05.315 to the City of Eek for river bank repairs and boardwalks.

*** Sec. 35.** HOUSE DISTRICT 39. The unexpended and unobligated balances of the appropriations made in sec. 8(a), ch. 1, SSSLA 2002, page 96, line 26 (Pitka's Point,

Community projects and improvements - $77,149) and sec. 8(a)(21), ch. 159, SLA 2004 (Pitka's Point, Community projects and improvements - $35,507) are reappropriated to the Department of Commerce, Community, and Economic Development for payment as a grant under AS 37.05.316 to the Pitka's Point Traditional Council for upgrading the washeteria.

*** Sec. 36.** DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES. The unexpended and unobligated balance of the appropriation made in sec. 1, ch. 82, SLA 2006, page 38, lines 9 - 12 (Kenai Peninsula Borough, Diamond Ridge nonmotorized vehicle safety trail - $65,000) is reappropriated to the Department of Transportation and Public Facilities for Ohlson Mountain Road improvements.

*** Sec. 37.** REAPPROPRIATION OF LEGISLATIVE APPROPRIATIONS. (a) The unexpended and unobligated balances of the appropriations made in sec. 1, ch. 27, SLA 2008, page 44, line 28 (Legislative Council - $32,960,200) and sec. 1, ch. 27, SLA 2008, page 45, line 6 (legislative operating budget - $10,835,500), and the unexpended and unobligated balance, not to exceed $4,300,000, of the appropriation made in sec. 1, ch. 27, SLA 2008, page 44, line 20 (Budget and Audit Committee - $19,123,900) are reappropriated to the Legislative Council for the projects listed in the amounts stated:

PROJECT	AMOUNT
(1) boiler replacement and heating rehabilitation project	$2,900,000
(2) exterior and interior repair, renovation, and safety improvements	2,600,000
(3) information technology upgrades and electronic voting improvements	450,000
(4) comprehensive statewide energy plan	300,000

(b) If the amount available for reappropriation in (a) of this section is less than $6,250,000, the reappropriations made by (a)(1) - (3) of this section shall be reduced in proportion to the amount of the shortfall.

(c) The unexpended and unobligated balance, after the reappropriation made in (a) of this section, of the appropriation made in sec. 1, ch. 27, SLA 2008, page 44, line 20 (Budget and Audit Committee - $19,123,900) is reappropriated to the Legislative Budget and Audit Committee for purchase, restoration, and display of historical art and artifacts in conjunction with statehood celebrations in the capitol.

(d) Section 70(c), ch. 29, SLA 2008, is amended to read:

(c) The unexpended and unobligated balances, not to exceed $100,000, of the appropriations made in sec. 1, ch. 28, SLA 2007, page 42, line 22 (Budget and Audit Committee - $14,219,300); sec. 1, ch. 28, SLA 2007, page 42, line 28 (Legislative Council - $30,201,500); and sec. 1, ch. 28, SLA 2007, page 43, line 6 (legislative operating budget - $9,682,300) are reappropriated to the Legislative Council for the Legislative Outdoor Heritage Caucus for the fiscal year ending June 30, **2010** [2009].

* **Sec. 38.** UNIVERSITY OF ALASKA. The unexpended and unobligated balance of the appropriation made in sec. 4, ch. 30, SLA 2007, page 117, lines 23 - 25 (University of Alaska, Kachemak Bay Campus expansion - city hall purchase - $2,500,000) is reappropriated to the University of Alaska for property acquisition and property improvements to the Kachemak Bay Campus of the Kenai Peninsula College.

* **Sec. 39.** COASTAL IMPACT ASSISTANCE PROGRAM. (a) The share of money received by the state under the federal coastal impact assistance program, sec. 384, P.L. 109-58 (Energy Policy Act of 2005), expected to be $53,600,000, is appropriated in the following amounts to the departments listed for the projects described:

(1) $25,950,000 to the Department of Natural Resources for state-initiated capital projects, as allowed under federal and state laws governing the use of coastal impact assistance program funds;

(2) $750,000 to the Department of Fish and Game for the chum and sockeye genetic identification program in western Alaska;

(3) $16,000,000 to the Department of Commerce, Community, and Economic Development for capital project grants to be awarded through an open public solicitation process and as allowed under federal and state laws governing the use of coastal impact assistance program funds;

(4) $10,900,000 to the Department of Commerce, Community, and Economic Development for competitive capital project grants, as allowed under federal and state laws governing the use of coastal impact assistance program funds, to be allocated to the following coastal resource service areas and municipalities in the amounts stated:

RECIPIENT	AMOUNT
Cenaliulriit CRSA	$3,000,000

City and Borough of Juneau	1,900,000
Aleutians West CRSA	1,200,000
Bering Straits CRSA	1,100,000
City and Borough of Sitka	900,000
Ketchikan Gateway Borough	900,000
Aleutians East Borough	700,000
Bristol Bay CRSA	500,000
City and Borough of Yakutat	300,000
Haines Borough	200,000
Municipality of Skagway	100,000
City and Borough of Wrangell	100,000

(b) If the amount available for appropriation in (a) of this section is less than $53,600,000, the appropriations made in (a)(1) - (4) of this section shall be reduced in proportion to the amount of the shortfall.

*** Sec. 40.** DEPARTMENT OF FISH AND GAME. The sum of $750,000 is appropriated from the general fund to the Department of Fish and Game to supplement the appropriation of federal funds in sec. 39(a)(2) of this Act for the chum and sockeye genetic identification program in western Alaska for the fiscal year ending June 30, 2010.

*** Sec. 41.** FUND SOURCE CHANGES FOR FEDERAL ECONOMIC STIMULUS PROJECTS FOR THE DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES. (a) Section 2, ch. 61, SLA 2001, page 65, line 24, is amended to read:

Federal Receipts	**658,269,373**
	[664,017,739]
Federal Stimulus: ARRA 2009	**5,748,366**

(b) The fund source amendment in (a) of this section is for $5,748,366 of the allocation made in sec. 1, ch. 61, SLA 2001, page 41, lines 21 - 23 (Ketchikan: Tongass - viaducts replacement and rehabilitation - $5,750,000).

(c) Section 2, ch. 159, SLA 2004, page 53, line 28, is amended to read:

Federal Receipts	**1,095,667,288**
	[1,100,167,288]
Federal Stimulus: ARRA 2009	**4,500,000**

(d) The fund source amendment in (c) of this section is for

(1) $3,000,000 of the allocation made in sec. 1, ch. 159, SLA 2004, page 36, lines 29 - 30 (Fort Yukon: resurfacing - $3,000,000); and

(2) $1,500,000 of the allocation made in sec. 1, ch. 159, SLA 2004, page 44, line 33, through page 45, line 4 (Ketchikan: Tongass Highway - viaducts replacement and rehabilitation - $2,200,000).

(e) Section 2, ch. 3, FSSLA 2005, page 93, line 27, is amended to read:

1002 Federal Receipts	**742,445,086**
	[757,030,711]
1212 Federal Stimulus: ARRA 2009	**14,585,625**

(f) The fund source amendment in (e) of this section is for

(1) $4,220,000 of the allocation made in sec. 1, ch. 3, FSSLA 2005, page 69, lines 31 - 32 (Allakaket: airport improvements - $4,220,000);

(2) $2,765,625 of the allocation made in sec. 1, ch. 3, FSSLA 2005, page 71, lines 9 - 10 (Fort Yukon: airport resurfacing - $2,765,625);

(3) $6,600,000 of the allocation made in sec. 1, ch. 3, FSSLA 2005, page 73, lines 6 - 8 (Ouzinkie: airport reconstruction and relocation - $9,000,000); and

(4) $1,000,000 of the allocation made in sec. 1, ch. 3, FSSLA 2005, page 79, lines 30 - 31 (Dillingham: Wood River Road reconstruction - $1,000,000).

(g) Section 2, ch. 82, SLA 2006, page 113, line 23, is amended to read:

1002 Federal Receipts	**1,026,284,951**
	[1,036,719,351]
1212 Federal Stimulus: ARRA 2009	**10,434,400**

(h) The fund source amendment in (g) of this section is for

(1) $2,734,400 of the allocation made in sec. 1, ch. 82, SLA 2006, page 90, lines 16 - 17 (Fort Yukon: airport improvements - $4,725,151); and

(2) $7,700,000 of the allocation made in sec. 1, ch. 82, SLA 2006, page 99, lines 7 - 8 (Gustavus: dock replacement - $19,000,000).

(i) Section 5, ch. 30, SLA 2007, page 121, line 20, is amended to read:

1002 Federal Receipts	**531,315,800**
	[542,215,800]

1212 Federal Stimulus: ARRA 2009 **10,900,000**

(j) The fund source amendment in (i) of this section is for

(1) $3,500,000 of the allocation made in sec. 4, ch. 30, SLA 2007, page 105, lines 28 - 29 (Akiachak: airport relocation - $10,500,000);

(2) $400,000 of the allocation made in sec. 4, ch. 30, SLA 2007, page 105, lines 32 - 33 (Allakaket: airport improvements - $400,000); and

(3) $7,000,000 of the allocation made in sec. 4, ch. 30, SLA 2007, page 107, lines 4 - 5 (Huslia: airport improvements - $7,525,000).

(k) Section 14, ch. 29, SLA 2008, page 177, line 9, is amended to read:

1002 Federal Receipts **551,465,150**

[563,745,150]

1212 Federal Stimulus: ARRA 2009 **12,280,000**

(*l*) The fund source amendment in (k) of this section is for

(1) $1,780,000 of the allocation made in sec. 13, ch. 29, SLA 2008, page 162, lines 11 - 12 (Allakaket: airport improvements - $1,950,000); and

(2) $10,500,000 of the allocation made in sec. 13, ch. 29, SLA 2008, page 169, lines 31 - 33 (Juneau: Glacier Highway – Amalga to Eagle Beach widening - $10,500,000).

* **Sec. 42.** ALASKA HOUSING CAPITAL CORPORATION. (a) The available balance of all subfunds and accounts that would be deposited in the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska) for fiscal year 2009 by operation of art. IX, sec. 17(d), Constitution of the State of Alaska, to repay appropriations from the budget reserve fund is appropriated to the Alaska Housing Capital Corporation, a subsidiary of the Alaska Housing Finance Corporation created under authority of AS 18.56.086.

(b) Appropriations made to the Alaska Housing Capital Corporation for fiscal year 2009 that are made from subfunds and accounts other than the operating general fund (state accounting system fund number 11100) by operation of (a) of this section are appropriated from the Alaska Housing Capital Corporation to the subfunds and accounts from which those funds were appropriated under (a) of this section.

* **Sec. 43.** REVENUE AND APPROPRIATION BALANCE; CONSTITUTIONAL BUDGET RESERVE. (a) The sum of $1,673,000 is appropriated from the general fund to the

Department of Revenue, treasury division, for operating costs related to management of the constitutional budget reserve fund for the fiscal year ending June 30, 2010.

(b) If the unrestricted state revenue available for appropriation in fiscal year 2009 is insufficient to cover general fund appropriations made for fiscal year 2009, the amount necessary to balance revenue and general fund appropriations is appropriated from the budget reserve fund (AS 37.05.540) to the general fund.

(c) If, after the appropriation made in (b) of this section, the unrestricted state revenue available for appropriation in fiscal year 2009 is insufficient to cover general fund appropriations made for fiscal year 2009, the amount necessary to balance revenue and general fund appropriations is appropriated to the general fund from the Alaska Housing Capital Corporation, a subsidiary of the Alaska Housing Finance Corporation created under authority of AS 18.56.086.

(d) The amount calculated to be available for appropriation under art. IX, sec. 17(b), Constitution of the State of Alaska, for fiscal year 2010 is appropriated under art. IX, sec. 17(b), Constitution of the State of Alaska, from the budget reserve fund to the general fund.

* **Sec. 44.** LAPSE. (a) The appropriations made by secs. 14 and 15(1) of this Act are for the capitalization of funds and do not lapse.

(b) The appropriations made by secs. 16, 19(b), 20(b), 20(c), 22(d) - (f), 23(b) - (e), 23(g) - (i), 26, 32(a)(3), 34(a), 35, 36, 37(a), 37(c), 38, and 39 of this Act are for capital projects and lapse under AS 37.25.020.

(c) A grant awarded in this Act to a named recipient under AS 37.05.316 is for a capital project and lapses under AS 37.25.020, unless otherwise specified.

* **Sec. 45.** Sections 4, 7, 10, 18, 41, 43(b), and 43(c) of this Act take effect April 19, 2009.

* **Sec. 46.** Sections 17(b), 17(c), 19 - 38, and 42(a) of this Act take effect June 30, 2009.

* **Sec. 47.** Except as provided in secs. 45 and 46 of this Act, this Act takes effect July 1, 2009.

Project Review Listing
FY2010 Governor Amended

Commerce Only

Department of Commerce, Community, and Economic Development

RefNum	AP/AL	Project Title			Fund Source Total
40056 1	AP	Organization Grant			
			1004	Gen Fund	$100,000
38950 4	AP	Alaska Energy Authority Energy Projects			
			1002	Fed Rcpts	$20,000,000
			1007	I/A Rcpts	$500,000
			1108	Stat Desig	$500,000
			1197	AK Cap Inc	$10,000,000
47877 8	AP	Alaska Energy Authority - Denali Commission Match for Rural Power System Upgrades			
			1197	AK Cap Inc	$10,000,000
38946 10	AP	Community Block Grants			
			1002	Fed Rcpts	$6,030,000
			1003	G/F Match	$70,000
47006 13	AP	Grants Tracking System			
			1004	Gen Fund	$255,000
41789 16	AP	Kodiak Launch Complex Infrastructure			
			1002	Fed Rcpts	$14,000,000
			1004	Gen Fund	$3,500,000
40242 18	AP	Manufacturing Extension Program			
			1004	Gen Fund	$806,401
38943 20	AP	Community Development and Assistance			
			1002	Fed Rcpts	$600,000
			1003	G/F Match	$430,000
			1007	I/A Rcpts	$300,000
			1061	CIP Rcpts	$1,300,000
47007 23	AP	Licensing myAlaska Integration			
			1156	Rcpt Svcs	$155,000
			1175	BLic&Corp	$155,000
47878 26	AP	Denali Commission Match for Rural Transportation			
			1197	AK Cap Inc	$5,000,000
47847 29	AP	Shishmaref Beach Erosion			
			1004	Gen Fund	$3,000,000
47987 31	AP	Kenai - River Bluff Erosion Project			
			1004	Gen Fund	$5,000,000
41956 33	AP	Municipality of Anchorage - Expansion of the Port of Anchorage			
			1213	AHCC Rcpts	$10,000,000
AMD47879 35	AP	Delete: Alaska Marine Exchange - Vessel Tracking System Operating Costs			
			1004	Gen Fund	0
38713 37	AP	Arctic Power			
			1004	Gen Fund	$120,000

* Indicates an appropriation with allocations (amounts not included in totals)

Project Review Listing
FY2010 Governor Amended

Commerce Only

Department of Commerce, Community, and Economic Development

RefNum	AP/AL	Project Title			Fund Source Total
41959 39	AP	Arctic Winter Games Team Alaska - Games Participation			
			1004	Gen Fund	$250,000
AMD38948 40 *	AP	NPR-A Impact Grant Program			
			1063	NPR Fund	$15,967,840
AMD48326 41-1	AL	NPR-A North Slope Borough - Workforce Development Program			
			1063	NPR Fund	$2,500,620
AMD48327 41-2	AL	NPR-A North Slope Borough - Arctic Fox Study to Include Prevalance and Incidence of Rabies and Other Related Disease in NPR-A			
			1063	NPR Fund	$409,262
AMD48328 41-3	AL	NPR-A City of Atqasuk - Local Government Operations and Youth Program			
			1063	NPR Fund	$226,500
AMD48329 41-4	AL	NPR-A City of Wainwright - Operations and Maintenance Equipment			
			1063	NPR Fund	$49,269
AMD48330 41-5	AL	NPR-A North Slope Borough - Continuing Waterfowl Survey in NPR-A			
			1063	NPR Fund	$900,000
AMD48331 41-6	AL	NPR-A North Slope Borough - Police Officers for NPR-A Impacted Communities			
			1063	NPR Fund	$1,354,712
AMD48333 41-7	AL	NPR-A North Slope Borough - Meade River School Counselor			
			1063	NPR Fund	$243,598
AMD48334 41-8	AL	NPR-A City of Barrow - New Boat Ramp			
			1063	NPR Fund	$2,000,000
AMD48335 41-9	AL	NPR-A City of Nuiqsut - Youth Center Operations and Maintenance			
			1063	NPR Fund	$188,847
AMD48337 41-10	AL	NPR-A City of Wainwright - Youth Recreation Program			
			1063	NPR Fund	$240,000
AMD48338 41-11	AL	NPR-A North Slope Borough - Communications Systems Upgrade			
			1063	NPR Fund	$5,000,000
AMD48339 41-12	AL	NPR-A North Slope Borough - Emerging Disease Surveillance Continuation of Wildlife Population Health Assessment in NPR-A			
			1063	NPR Fund	$335,032
AMD48340 41-13	AL	NPR-A City of Nuiqsut - Local Government Operations and Maintenance			
			1063	NPR Fund	$420,000
AMD48343 41-14	AL	NPR-A City of Wainwright - Local Government Operations			
			1063	NPR Fund	$300,000
AMD48344 41-15	AL	NPR-A City of Barrow - Local Government Operations and Maintenance			
			1063	NPR Fund	$1,800,000
47031 42	AP	Electrical Emergencies Program			
			1004	Gen Fund	$250,000

* Indicates an appropriation with allocations (amounts not included in totals)

Project Review Listing
FY2010 Governor Amended

Commerce Only

Department of Commerce, Community, and Economic Development

RefNum		AP/AL	Project Title			Fund Source Total
45662 44		AP	Climate Change Impact Mitigation Program - Additional Funding			
				1004	Gen Fund	$300,000
47898 45	*	AP	Cruise Ship-Related Grant Projects			
				1206	CPV Tax	$22,540,000
47737 46		AL	Cordova: Harbor Interpretive Walkway			
				1206	CPV Tax	$1,000,000
AMD48314 47		AL	Haines Borough: Port Chilkoot Waterfront Improvements			
				1206	CPV Tax	$1,900,000
47900 49		AL	Hoonah: Cruise Ship Mooring Buoy System			
				1206	CPV Tax	$1,000,000
47742 50		AL	Juneau: Auke Bay Seawalk Construction			
				1206	CPV Tax	$800,000
47828 51		AL	Ketchikan: Port of Ketchikan Berth I and II Replacement			
				1206	CPV Tax	$3,000,000
47829 52		AL	Seward: Dredging Cruise Ship Berthing Basins and Approaches			
				1206	CPV Tax	$4,500,000
47730 53		AL	Sitka: Crescent Harbor Sidewalk Widening			
				1206	CPV Tax	$1,000,000
47901 54		AL	Sitka: Commercial Passenger Vessel Lightering Facility Improvements			
				1206	CPV Tax	$2,000,000
47739 55		AL	Skagway: 5th to 7th Street Boardwalk			
				1206	CPV Tax	$400,000
47731 56		AL	Skagway: Congress Way Sidewalk Widening			
				1206	CPV Tax	$1,300,000
47745 57		AL	Skagway: Port Area Connector Pathway			
				1206	CPV Tax	$800,000
47728 58		AL	Valdez: City Dock Information and Interpretative Center			
				1206	CPV Tax	$800,000
47722 59		AL	Valdez: Dock Improvements			
				1206	CPV Tax	$3,325,000
47740 60		AL	Whittier: Railroad Station			
				1206	CPV Tax	$325,000

* Indicates an appropriation with allocations (amounts not included in totals)

Project Review Listing
FY2010 Governor Amended

Commerce Only

Department of Commerce, Community, and Economic Development

RefNum	AP/AL	Project Title	Fund Source Total
47736 61	AL	Wrangell: Stikine Avenue Sidewalk Extension	
		1206 CPV Tax	$390,000
		AHCC Rcpts (1213):	**$10,000,000**
		CSG Tax (1211):	**0**
		CPV Tax (1206):	**$22,540,000**
		General Fund Total:	**$14,081,401**
		Federal Total:	**$56,597,840**
		Other Total:	**$60,450,000**
		Department Total:	**$131,129,241**
		AHCC Rcpts (1213) Grand Total:	**$10,000,000**
		CSG Tax (1211) Grand Total:	**0**
		CPV Tax (1206) Grand Total:	**$22,540,000**
		General Fund Grand Total:	**$14,081,401**
		Federal Grand Total:	**$56,597,840**
		Other Grand Total:	**$60,450,000**
		Grand Total:	**$131,129,241**

* Indicates an appropriation with allocations (amounts not included in totals)

State of Alaska
Department of Education and Early Development
Capital Improvement Projects (FY2010)
School Construction Grant Fund

Final List

Feb 19	Dec 16	Nov 5	School District	Project Name	Amount Requested	Eligible Amount	Prior Funding	EED Recommended Amount	Participating Share	State Share	Aggregate Amount
1	1	1	Lower Yukon	Alakanuk K-12 School Replacement	$46,002,600	$46,002,600	$0	$46,002,600	$920,052	$45,082,548	$45,082,548
2	2	2	Lower Kuskokwim	Kipnuk K-12 School Renovation/Addition	$52,120,017	$33,721,379	$0	$33,721,379	$674,428	$33,046,951	$78,129,499
3	3	3	Lower Kuskokwim	Kwigillingok K-12 School Renovation/Addition	$36,524,739	$21,934,862	$0	$21,934,862	$438,697	$21,496,165	$99,625,664
4	4	5	Lower Yukon	Emmonak K-12 School Renovation / Addition	$49,293,728	$48,632,092	$0	$48,632,092	$972,642	$47,659,450	$147,285,114
5	5	4	Lower Kuskokwim	Nightmute K-12 School Renovation/Addition	$31,934,293	$31,934,293	$0	$31,934,293	$638,686	$31,295,607	$178,580,721
6	6	6	Lower Kuskokwim	Kuinerramiut Elitnaurviat K-12 School Renovation/Addition, Quinhagak	$31,160,414	$31,160,414	$0	$31,160,414	$623,208	$30,537,206	$209,117,927
7	7	7	Southeast Island	Hyder New K-12 School Construction	$8,147,388	$8,147,388	$0	$8,147,388	$162,948	$7,984,440	$217,102,367
8	8	8	Lower Kuskokwim	Nelson Island K-12 School Renovation/Addition, Toksook Bay	$35,762,990	$35,762,990	$0	$35,762,990	$715,260	$35,047,730	$252,150,097
9	9	9	Lower Kuskokwim	Z. J. Williams Memorial K-12 School Renovation/Addition, Napaskiak	$35,625,141	$23,925,048	$0	$23,925,048	$478,501	$23,446,547	$275,596,644
10	10	10	Southwest Region	Koliganek K-12 School Replacement	$26,311,134	$26,311,134	$0	$26,311,134	$526,223	$25,784,911	$301,381,555
11	11	11	Northwest Arctic	Kivalina K-12 Renovation / Addition	$26,204,226	$15,414,491	$0	$15,414,491	$4,624,347	$10,790,144	$312,171,699
12	12	12	Lower Kuskokwim	Kwethluk K-12 Replacement School	$51,178,075	$37,403,377	$0	$37,403,377	$748,068	$36,655,309	$348,827,008
13	13	15	Kuspuk	Auntie Mary Nicoli Elementary School Replacement, Aniak	$18,560,443	$12,363,060	$0	$12,363,060	$247,261	$12,115,799	$360,942,807
14	14	16	Northwest Arctic	Districtwide Clock Upgrade	$178,760	$178,760	$0	$178,760	$53,628	$125,132	$361,067,939
15	15	17	Galena	Galena Regional Learning Center Iditarod Classroom Conversion	$13,892,376	$13,892,376	$0	$13,892,376	$694,619	$13,197,757	$374,265,696
16	16	18	Craig City	Craig Schools Alternative Wood Heat Project, Recovery of Funds	$179,080	$179,080	$0	$179,080	$8,954	$170,126	$374,435,822
17	17	19	Kuspuk	Johnnie John Sr. K-12 Replacement School, Crooked Creek	$17,180,983	$13,314,890	$0	$13,314,890	$266,298	$13,048,592	$387,484,414
18	18	20	Lake & Peninsula	Port Alsworth Classroom Addition	$5,995,108	$7,309,818	$0	$7,309,818	$730,982	$6,578,836	$394,063,250
19	19	21	Northwest Arctic	Buckland Heating System Improvements	$220,200	$220,200	$0	$220,200	$66,060	$154,140	$394,217,390
20	20	22	Southeast Island	Kasaan K-12 School Covered Physical Education Area	$467,307	$467,307	$0	$467,307	$9,346	$457,961	$394,675,351
21	21	23	Mat-Su Borough	Iditarod Elementary School Interior Renovation	$8,697,896	$8,128,531	$0	$8,128,531	$2,438,559	$5,689,972	$400,365,323
22	22	24	Mat-Su Borough	Wasilla Attendance Area New Elementary School	$27,426,419	$24,345,498	$0	$24,345,498	$7,303,649	$17,041,849	$417,407,172

State of Alaska
Department of Education and Early Development
Capital Improvement Projects (FY2010)
School Construction Grant Fund

Final List

Feb 19	Dec 16	Nov 5	School District	Project Name	Amount Requested	Eligible Amount	Prior Funding	EED Recommended Amount	Participating Share	State Share	Aggregate Amount
23	23	25	Kenai Peninsula	Districtwide Asphalt Repair	$1,490,000	$1,469,467	$0	$1,469,467	$514,313	$955,154	$418,362,326
24	24	26	Yakutat City	Yakutat Schools Bus Zone & Paving	$357,289	$357,289	$0	$357,289	$107,187	$250,102	$418,612,428
25	25	27	Mat-Su Borough	Mat-Su Day School New Costruction	$15,353,051	$10,798,001	$0	$10,798,001	$3,239,400	$7,558,601	$426,171,029
26	26	28	Juneau City Borough	Districtwide Food Service	$1,907,961	$1,907,961	$0	$1,907,961	$667,786	$1,240,175	$427,411,204
27	27	29	Anchorage	Mears Middle School Paving & Site Circulation, Gruening Middle School Site Repairs	$5,900,000	$5,900,000	$0	$5,900,000	$1,770,000	$4,130,000	$431,541,204
28	28	30	Petersburg City	Districtwide Covered Sidewalks	$1,186,735	$1,186,735	$0	$1,186,735	$356,020	$830,715	$432,371,919
29	29	32	Anchorage	Middle & High School Athletic Field & Track Surface Improvements, 11 Schools	$27,615,000	$27,615,000	$0	$27,615,000	$8,284,500	$19,330,500	$451,702,419
30	30	33	Mat-Su Borough	Colony High School Running Track Resurface	$928,378	$1,089,378	$161,000	$928,378	$278,513	$649,865	$452,352,284
31	31	34	Anchorage	Whaley School Design	$964,000	$964,000	$0	$964,000	$289,200	$674,800	$453,027,084
32	32	35	Delta/Greely	Delta Elementary School Bleachers	$124,477	$124,477	$0	$124,477	$2,490	$121,987	$453,149,071
				TOTALS:	**$578,890,208**	**$492,161,896**	**$161,000**	**$492,000,896**	**$38,851,825**	**$453,149,071**	

Project Review Listing
FY2010 Governor

Public Safety Only

Department of Public Safety

Num		AP/AL	Project Title			Fund Source Total
6121	1	AP	Aircraft and Vessel Repair and Maintenance			
				1004	Gen Fund	$1,500,000
45300	4	AP	AWT Law Enforcement Equipment Replacement			
				1004	Gen Fund	$400,000
37774	6	AP	AST Law Enforcement Equipment Replacement			
				1004	Gen Fund	$500,000
41544	8	AP	APSIN Redesign, Final Phase			
				1004	Gen Fund	$2,000,000
40007	12	AP	Anchorage Aircraft Hangar Replacement - Phase II			
				1004	Gen Fund	$69,700
				1103	AHFC Rcpts	$2,430,300
45325	14	AP	Crime Laboratory Equipment Replacement			
				1004	Gen Fund	$100,000
41788	16	AP	Statewide Facilities Maintenance, Repairs, and Improvements			
				1004	Gen Fund	$1,507,000
47026	19	AP	Network Storage Servers and Software			
				1004	Gen Fund	$800,000
45337	22	AP	AST Mobile Data Computers - Phase II			
				1004	Gen Fund	$480,000
39941	24	AP	Online Fire and Life Safety Plan Review System Phase II - Mobile Solutions			
				1004	Gen Fund	$240,500
47890	27	AP	Alaska Law Enforcement Information Sharing System (ALEISS) Support			
				1004	Gen Fund	$220,000
47082	29	AP	Computer Replacements			
				1004	Gen Fund	$200,000
47081	30	AP	AWT Navigation Data Storage Project			
				1004	Gen Fund	$125,000

* Indicates an appropriation with allocations (amounts not included in totals)

Project Review Listing
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Public Safety Only

Department of Public Safety

Num	AP/AL	Project Title	Fund Source Total
35825 31	AP	Marine Fisheries Patrol Improvements	
		1002 Fed Rcpts	$2,500,000
		AHCC Rcpts (1213):	**0**
		CSG Tax (1211):	**0**
		CPV Tax (1206):	**0**
		General Fund Total:	**$8,142,200**
		Federal Total:	**$2,500,000**
		Other Total:	**$2,430,300**
		Department Total:	**$13,072,500**
		AHCC Rcpts (1213) Grand Total:	**0**
		CSG Tax (1211) Grand Total:	**0**
		CPV Tax (1206) Grand Total:	**0**
		General Fund Grand Total:	**$8,142,200**
		Federal Grand Total:	**$2,500,000**
		Other Grand Total:	**$2,430,300**
		Grand Total:	**$13,072,500**

* Indicates an appropriation with allocations (amounts not included in totals)

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1	1	1	Yukon-Koyukuk	Kaltag K-12 School Heating System Replacement	$1,115,740	$1,100,852	$0	$1,100,852	$22,017	$1,078,835	$1,078,835
2	2	2	Bering Strait	Diomede K-12 School Renovation	$16,214,920	$16,214,920	$0	$16,214,920	$324,298	$15,890,622	$16,969,457
3	3	3	Kodiak Island	Kodiak Schools Seismic Mitigation Project	$4,623,062	$4,623,062	$0	$4,623,062	$1,386,919	$3,236,143	$20,205,600
4	4	4	Craig City	Craig Middle School Classroom Renovation, Recovery of Funds	$87,987	$87,987	$0	$87,987	$4,399	$83,588	$20,289,188
5	5	5	Saint Marys	Districtwide Fuel Tank Farm Replacement	$3,480,528	$3,480,528	$0	$3,480,528	$174,026	$3,306,502	$23,595,690
6	6	6	Craig City	Craig Elementary School Roof Replacement	$90,323	$90,323	$0	$90,323	$4,516	$85,807	$23,681,497
7	7	7	Lower Yukon	Kotlik K-12 Heat Plant Relocation	$1,688,267	$1,396,955	$0	$1,396,955	$27,939	$1,369,016	$25,050,513
8	8	8	Southwest Region	HVAC Upgrades, Aleknagik, Clarks Point and Ekwok K-12 Schools	$466,471	$392,027	$0	$392,027	$7,841	$384,186	$25,434,699
9	9		Wrangell City	Evergreen Elementary School Playground Safety Upgrades	$1,126,571	$1,100,997	$0	$1,100,997	$330,299	$770,698	$26,205,397
10	10	9	Lower Kuskokwim	Floor Failure Repairs, Generator Building - Kasigluk-Akula K-12 School	$947,532	$947,532	$0	$947,532	$18,951	$928,581	$27,133,978
11	11	10	Galena	Galena Regional Learning Center Dining Facility Upgrade	$3,714,314	$3,714,314	$0	$3,714,314	$185,716	$3,528,598	$30,662,576
12	12		Ketchikan	Houghtaling Elementary Outdoor Physical Education Shelter Replacement	$394,443	$394,443	$0	$394,443	$118,333	$276,110	$30,938,686
13	13	11	Aleutians East	False Pass K-12 School Siding Replacement, Recovery of Funds	$131,488	$131,488	$0	$131,488	$39,446	$92,042	$31,030,728
14	14	12	Lower Kuskokwim	Prime Power Generators - Platinum K-12 School	$185,386	$185,386	$0	$185,386	$3,708	$181,678	$31,212,406
15	15	13	Yukon-Koyukuk	Allakaket K-12 School Water System Improvements	$188,500	$165,300	$0	$165,300	$3,306	$161,994	$31,374,400
16	16	24	Saint Marys	Garage and Warm Storage Renovation	$929,061	$929,061	$0	$929,061	$46,453	$882,608	$32,257,008
17	17	14	Galena	Galena Regional Learning Center Gym Building Upgrade	$7,251,059	$7,251,059	$0	$7,251,059	$362,553	$6,888,506	$39,145,514
18	18	15	Aleutians East	Cold Bay K-12 Heating System Upgrade	$108,270	$108,270	$0	$108,270	$32,481	$75,789	$39,221,303
19	19	16	Craig City	Craig Middle School Exterior Envelope Upgrades, Recovery of Funds	$28,282	$28,282	$0	$28,282	$1,414	$26,868	$39,248,171
20	20	17	Ketchikan	Valley Park Elementary Siding Replacement	$667,377	$667,377	$0	$667,377	$200,213	$467,164	$39,715,335

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21	21	18	Yukon-Koyukuk	Huslia High School Exterior Upgrade	$951,719	$942,536	$0	$942,536	$18,851	$923,685	$40,639,020
22	22	19	Sitka City Borough	Pacific High School Renovation	$2,837,276	$2,671,558	$0	$2,671,558	$935,045	$1,736,513	$42,375,533
23	23	20	Aleutians East	Sand Point K-12 School Window Replacement, Recovery of Funds	$97,068	$97,068	$0	$97,068	$29,120	$67,948	$42,443,481
24	24	21	Lower Kuskokwim	Mikelnguut Elitnaurviat Elementary Deferred Maintenance Phase 2, Bethel	$12,469,272	$12,469,272	$0	$12,469,272	$249,385	$12,219,887	$54,663,368
25	25	22	Kuspuk	Jack Egnaty Sr. K-12 School Roof Replacement, Sleetmute	$955,357	$827,225	$0	$827,225	$16,544	$810,681	$55,474,049
26	26	23	Southeast Island	Thorne Bay K-12 School Fire Suppression System Replacement	$1,278,955	$1,278,955	$0	$1,278,955	$25,579	$1,253,376	$56,727,425
27	27	25	Fairbanks	North Pole Middle School Mechanical Systems Upgrades	$7,602,397	$6,293,960	$0	$6,293,960	$1,888,188	$4,405,772	$61,133,197
28	28	26	Kenai Peninsula	Districtwide Window Replacements, 4 Schools	$1,795,741	$1,681,196	$0	$1,681,196	$588,419	$1,092,777	$62,225,974
29	29	27	Skagway City	Skagway K-12 School Dry Sprinkler Replacement	$274,780	$274,780	$0	$274,780	$96,173	$178,607	$62,404,581
30	30	28	Hoonah City	Hoonah High School Key Card Access System and Door Replacement	$635,802	$635,802	$0	$635,802	$190,741	$445,061	$62,849,642
31	31	29	Chatham	Gustavus K-12 School Major Maintenance	$4,492,274	$4,492,274	$2,061,484	$2,430,790	$48,616	$2,382,174	$65,231,816
32	32	30	Mat-Su Borough	Wasilla Middle School, Wasilla High School, Palmer Middle School Roof Replacements	$15,100,321	$13,717,086	$0	$13,717,086	$4,115,126	$9,601,960	$74,833,776
33	33	31	Hoonah City	Hoonah Schools Major Maintenance	$7,769,630	$7,769,630	$0	$7,769,630	$2,330,889	$5,438,741	$80,272,517
34	34	34	Lower Kuskokwim	Fuel Tank Remediation - Newtok	$339,238	$339,238	$0	$339,238	$6,785	$332,453	$80,604,970
35	35	32	Lower Yukon	Scammon Bay K-12 School Generator & Fuel Tank Relocation	$274,005	$187,815	$0	$187,815	$3,756	$184,059	$80,789,029
36	36	33	Lower Yukon	Pitka's Point K-8 School Renovation	$7,436,304	$6,453,151	$0	$6,453,151	$129,063	$6,324,088	$87,113,117
37	37	35	Lower Kuskokwim	Back-Up Generators - Chefornak K-12 School	$5,405,853	$5,405,853	$0	$5,405,853	$108,117	$5,297,736	$92,410,853
38	38	36	Lower Kuskokwim	Fuel Tank Remediation - Bethel	$166,119	$166,119	$0	$166,119	$3,322	$162,797	$92,573,650
39	39	37	Mat-Su Borough	Roof Replacements & Repairs, 4 Schools	$9,855,792	$8,875,636	$0	$8,875,636	$2,662,691	$6,212,945	$98,786,595
40	40	38	Mat-Su Borough	Administration Building Generator and Related Electrical Replacement	$680,844	$633,920	$0	$633,920	$190,176	$443,744	$99,230,339
41	41	39	Nenana City	Nenana K-12 School ADA / Erosion Control	$2,328,029	$1,924,313	$0	$1,924,313	$96,216	$1,828,097	$101,058,436

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42	42	40	Copper River	Slana K-12 School Upgrade	$1,108,949	$1,108,949	$0	$1,108,949	$22,179	$1,086,770	$102,145,206
43	43	41	Lower Yukon	Hooper Bay K-12 School Electrical Upgrades	$42,610	$42,610	$0	$42,610	$852	$41,758	$102,186,964
44	44	42	Lower Kuskokwim	Tununak K-12 School Major Maintenance	$13,891,691	$4,278,431	$0	$4,278,431	$85,569	$4,192,862	$106,379,826
45	45	43	Yukon-Koyukuk	Kaltag K-12 School Siding Completion	$202,989	$508,014	$322,140	$185,874	$3,717	$182,157	$106,561,983
46	46	44	Copper River	Glennallen High School Upgrade	$3,210,830	$3,210,830	$0	$3,210,830	$64,217	$3,146,613	$109,708,596
47	47	45	Southeast Island	Generator Replacement, 3 Schools	$137,938	$137,938	$0	$137,938	$2,759	$135,179	$109,843,775
48	48	46	Yukon Flats	Fort Yukon Soil Remediation & Fuel Tank Replacement	$9,356,328	$9,356,328	$0	$9,356,328	$187,127	$9,169,201	$119,012,976
49	49	47	Copper River	Chistochina Elementary School Upgrade	$625,575	$625,574	$0	$625,574	$12,511	$613,063	$119,626,039
50	50	48	Copper River	Kenny Lake High School Upgrade	$361,129	$361,129	$0	$361,129	$7,223	$353,906	$119,979,945
51	51	49	Chatham	Klukwan K-12 School Major Maintenance	$4,019,854	$4,019,854	$0	$4,019,854	$80,397	$3,939,457	$123,919,402
52	52	50	Lower Kuskokwim	Fuel Tank Remediation - Nunapitchuk	$799,301	$799,301	$0	$799,301	$15,986	$783,315	$124,702,717
53	53	51	Pelican City	Pelican Schools Major Maintenance	$2,703,769	$2,703,769	$0	$2,703,769	$811,131	$1,892,638	$126,595,355
54	54	52	Klawock City	Klawock K-12 Fuel Tank Decommissioning	$179,709	$179,708	$0	$179,708	$17,971	$161,737	$126,757,092
55	55	53	Annette Island	Metlakatla Elementary School Renovation	$5,313,608	$5,313,608	$0	$5,313,608	$106,272	$5,207,336	$131,964,428
56	56	54	Juneau City Borough	Marie Drake Renovation	$16,769,090	$16,769,090	$6,336,522	$10,432,568	$3,651,399	$6,781,169	$138,745,597
57	57	55	Mat-Su Borough	Butte, Cottonwood Creek, Pioneer Peak & Snowshoe Elementary Wash Fountain Replacements	$138,829	$138,829	$0	$138,829	$41,649	$97,180	$138,842,777
58	58	56	Southeast Island	Roof Replacement, 2 Schools	$1,933,364	$1,869,974	$0	$1,869,974	$37,399	$1,832,575	$140,675,352
59	59	57	Yupiit	Districtwide Site Deficiencies Upgrade	$2,558,673	$2,558,673	$0	$2,558,673	$51,173	$2,507,500	$143,182,852
60	60	58	Copper River	Copper Center Elementary School Upgrade	$555,145	$555,145	$0	$555,145	$11,103	$544,042	$143,726,894
61	61	59	Delta/Greely	Delta High School and Fort Greely School New Entrance Doors and Security	$373,430	$373,430	$0	$373,430	$7,469	$365,961	$144,092,855
62	62	60	Annette Island	Metlakatla Elementary School Underground Fuel Tank Replacement	$211,752	$190,113	$0	$190,113	$3,802	$186,311	$144,279,166

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63	63	61	Aleutians East	Akutan K-12 School Siding Replacement	$93,331	$93,331	$0	$93,331	$27,999	$65,332	$144,344,498
64	64	62	Juneau City Borough	Mendenhall River Community School Renovation	$4,081,200	$4,081,200	$0	$4,081,200	$1,428,420	$2,652,780	$146,997,278
65	65	63	Alaska Gateway	Tanacross K-8 School Building Renovation	$4,128,063	$3,841,560	$0	$3,841,560	$76,831	$3,764,729	$150,762,007
66	66	64	Bering Strait	Shaktoolik K-12 School Renovation	$11,885,454	$11,309,245	$0	$11,309,245	$226,185	$11,083,060	$161,845,067
67	67	65	Anchorage	Districtwide Roof Replacement & Structural Upgrades, 4 Schools	$5,678,000	$5,678,000	$0	$5,678,000	$1,703,400	$3,974,600	$165,819,667
68	68	66	Anchorage	Districtwide Fire Alarm Upgrades, 5 Schools	$1,645,000	$1,645,000	$0	$1,645,000	$493,500	$1,151,500	$166,971,167
69	69	70	Mat-Su Borough	Districtwide Fire Alarm Upgrades	$2,410,038	$2,259,411	$0	$2,259,411	$677,823	$1,581,588	$168,552,755
70	70	67	Yukon Flats	Venetie Generator Building Renovation	$886,313	$886,313	$0	$886,313	$17,726	$868,587	$169,421,342
71	71	68	Kake City	Kake Elementary School Ventilation System Upgrade	$695,837	$695,837	$394,029	$301,808	$30,181	$271,627	$169,692,969
72	72	69	Kuspuk	Districtwide Heating System Upgrades	$11,457,480	$9,246,510	$0	$9,246,510	$184,930	$9,061,580	$178,754,549
73	73	71	Petersburg City	Digital HVAC Controls	$465,256	$491,591	$0	$491,591	$147,477	$344,114	$179,098,663
74	74	72	Lower Kuskokwim	Bulk Fuel Tank Upgrade - Eek	$1,809,301	$1,809,301	$0	$1,809,301	$36,186	$1,773,115	$180,871,778
75	75	73	Delta/Greely	Delta High School Lead Dust Removal	$488,000	$488,000	$0	$488,000	$9,760	$478,240	$181,350,018
76	76	74	Yakutat City	Yakutat Schools Mechanical System Upgrades	$3,978,047	$3,978,047	$0	$3,978,047	$1,193,414	$2,784,633	$184,134,651
77	77	75	Fairbanks	Districtwide Locker Replacement	$1,389,686	$1,106,412	$0	$1,106,412	$331,924	$774,488	$184,909,139
78	78	76	Delta/Greely	Districtwide Clock and Intercom Systems Upgrade, Security Alarm and Cameras	$497,906	$497,906	$0	$497,906	$9,958	$487,948	$185,397,087
79	79	77	Petersburg City	Districtwide Lighting Upgrades	$336,165	$336,165	$0	$336,165	$100,849	$235,316	$185,632,403
80	80	78	Southeast Island	Port Alexander K-12 School Domestic Water System Pipe Replacement	$130,581	$130,581	$0	$130,581	$2,612	$127,969	$185,760,372
81	81	79	Petersburg City	Petersburg Elementary School Lunchroom Renovation	$1,209,885	$1,577,187	$0	$1,577,187	$473,156	$1,104,031	$186,864,403
82	82	80	Aleutians East	Sand Point K-12 School Pool Major Maintenance, Recovery of Funds	$103,936	$103,936	$0	$103,936	$31,181	$72,755	$186,937,158
83	83	81	Chatham	Tenakee Springs K-12 School Renovation	$1,058,253	$1,058,253	$0	$1,058,253	$21,165	$1,037,088	$187,974,246
84	84	82	Anchorage	Districtwide Sprinkler Upgrades, 3 Schools	$2,710,000	$3,143,606	$0	$3,143,606	$943,082	$2,200,524	$190,174,770

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85	85	83	Alaska Gateway	Northway K-12 School Building Renovation	$1,159,134	$1,076,665	$0	$1,076,665	$21,533	$1,055,132	$191,229,902
86	86	84	Fairbanks	Districtwide Septic System Replacement	$764,252	$648,873	$0	$648,873	$194,662	$454,211	$191,684,113
87	87	85	Mat-Su Borough	Big Lake Elementary, Renovate Old Classroom Wing	$1,785,516	$1,690,486	$0	$1,690,486	$507,146	$1,183,340	$192,867,453
88	88	86	Kenai Peninsula	Districtwide Security Systems	$1,625,000	$1,562,286	$0	$1,562,286	$546,800	$1,015,486	$193,882,939
89	89	87	Anchorage	Districtwide Intercom/PA Upgrades, 5 Schools	$1,555,000	$1,457,868	$0	$1,457,868	$437,360	$1,020,508	$194,903,447
90	90	88	Kenai Peninsula	Districtwide Locker Replacements	$1,000,000	$1,000,000	$0	$1,000,000	$350,000	$650,000	$195,553,447
91	91	89	Fairbanks	Districtwide Technology Upgrades	$8,916,275	$7,440,783	$0	$7,440,783	$2,232,235	$5,208,548	$200,761,995
92	92	90	Kenai Peninsula	Districtwide Roof Replacements: Seward High School Auditorium, Kalifornsky Beach Elementary And Warehouse	$3,712,387	$3,005,422	$0	$3,005,422	$1,051,898	$1,953,524	$202,715,519
93	93	91	Ketchikan	Districtwide Major Maintenance	$929,733	$929,733	$0	$929,733	$278,920	$650,813	$203,366,332
94	94	92	Wrangell City	Wrangell High School, Stikine Middle School Fire Alarm Upgrade	$363,670	$281,805	$0	$281,805	$84,541	$197,264	$203,563,596
95	95	93	Fairbanks	North Pole High School Vocational Wing Renovation	$4,114,690	$3,532,012	$0	$3,532,012	$1,059,604	$2,472,408	$206,036,004
96	96	94	Fairbanks	Lathrop High School Major Maintenance	$3,074,587	$2,615,477	$0	$2,615,477	$784,643	$1,830,834	$207,866,838
97	97	95	Southeast Island	Port Protection K-12 Gym Relocation / Foundation	$141,878	$141,878	$0	$141,878	$2,838	$139,040	$208,005,878
98	98	96	Denali Borough	Tri-Valley School, Gymnasium and Locker Rooms Roof Replacement	$254,122	$254,122	$0	$254,122	$76,237	$177,885	$208,183,763
99	99	97	Anchorage	Emergency Communication Systems, 5 Middle Schools	$820,000	$820,000	$0	$820,000	$246,000	$574,000	$208,757,763
100	100	98	Southeast Island	Thorne Bay K-12 School Underground Storage Tank Replacement	$273,671	$256,202	$0	$256,202	$5,124	$251,078	$209,008,841
101	101	99	Fairbanks	Weller Elementary School Lighting Upgrade	$2,150,119	$1,756,887	$0	$1,756,887	$527,066	$1,229,821	$210,238,662
102	102	100	Lower Kuskokwim	Generator Replacement, Oscarville	$1,101,527	$175,609	$0	$175,609	$3,512	$172,097	$210,410,759
103	103	101	Juneau City Borough	District Maintenance Facility Renovation	$3,480,860	$3,480,860	$185,587	$3,295,273	$1,153,346	$2,141,927	$212,552,686
104	104	102	Petersburg City	Petersburg Elementary School Siding Replacement	$882,589	$882,589	$0	$882,589	$264,777	$617,812	$213,170,498
105	105	103	Fairbanks	Woodriver Elementary Gymnasium Upgrade	$1,455,270	$1,241,962	$0	$1,241,962	$372,589	$869,373	$214,039,871

State of Alaska
Department of Education and Early Development
Capital Improvement Projects (FY2010)
Major Maintenance Grant Fund

Final List

Feb 19	Dec 16	Nov 5	School District	Project Name	Amount Requested	Eligible Amount	Prior Funding	EED Recommended Amount	Participating Share	State Share	Aggregate Amount
106	106	104	Anchorage	Districtwide Security System Upgrades, 18 Schools	$2,735,000	$2,342,223	$0	$2,342,223	$702,667	$1,639,556	$215,679,427
107	107	105	Alaska Gateway	Eagle K-12 School Building Renovation	$5,667,661	$5,227,433	$0	$5,227,433	$104,549	$5,122,884	$220,802,311
108	108	106	Yukon Flats	Cruikshank School Soil Remediation & Fuel Tank Replacement, Beaver	$1,711,181	$1,711,181	$0	$1,711,181	$34,224	$1,676,957	$222,479,268
109	109	107	Anchorage	Districtwide Electrical Projects, 4 Locations	$3,005,000	$3,005,000	$0	$3,005,000	$901,500	$2,103,500	$224,582,768
110	110	108	Delta/Greely	Delta High School, Delta Cyber School Bldg. & Construction Trades Building Generator Back-Up	$124,477	$124,477	$0	$124,477	$2,490	$121,987	$224,704,755
111	111	109	Mat-Su Borough	Snowshoe Elementary, Finger Lake Elementary, Cottonwood Elementary, Colony Middle School Flooring Replacements	$1,383,561	$1,383,561	$0	$1,383,561	$415,068	$968,493	$225,673,248
112	112	110	Lower Kuskokwim	Fire Alarm Repair/Replacement - Nunapitchuck & Platinum	$430,763	$430,763	$0	$430,763	$8,615	$422,148	$226,095,396
113	113	111	Southeast Island	Gym Lighting Upgrade, 2 Schools	$349,384	$349,384	$0	$349,384	$6,988	$342,396	$226,437,792
114	114	112	Lower Kuskokwim	Fire Alarm Repair/Replacement - Quinhagak, Nightmute, Napaskiak	$837,272	$837,272	$0	$837,272	$16,745	$820,527	$227,258,319
115	115	113	Aleutians East	Sand Point K-12 School Gym Floor Replacement	$413,395	$413,395	$0	$413,395	$124,018	$289,377	$227,547,696
116	116	114	Fairbanks	North Pole High School Lighting Upgrade	$4,811,883	$3,854,165	$0	$3,854,165	$1,156,249	$2,697,916	$230,245,612
117	117	115	Yukon Flats	Stevens Village Soil Remediation & Fuel Tank Replacement	$1,020,310	$1,020,310	$0	$1,020,310	$20,406	$999,904	$231,245,516
118	118	116	Iditarod Area	McGrath K-12 School Roof Repair, Phase 2	$233,400	$513,886	$32,600	$481,286	$9,626	$471,660	$231,717,176
119	119	117	Fairbanks	Administrative Center Replace / Upgrade Air Conditioning Units	$2,431,066	$1,947,207	$0	$1,947,207	$584,162	$1,363,045	$233,080,221
120	120	118	Fairbanks	Lathrop High School Kitchen Upgrade	$3,522,826	$2,904,290	$0	$2,904,290	$871,287	$2,033,003	$235,113,224
121	121	119	Mat-Su Borough	Renovate HVAC Systems, 5 Schools	$24,556,571	$22,619,426	$0	$22,619,426	$6,785,828	$15,833,598	$250,946,822
122	122	120	Denali Borough	Cantwell School Sprinkler Installation, Fire Alarm Upgrade, New Well	$646,154	$758,494	$0	$758,494	$227,548	$530,946	$251,477,768
123	123	121	Fairbanks	Districtwide Safety & Security Systems Upgrades	$5,731,766	$4,929,541	$0	$4,929,541	$1,478,862	$3,450,679	$254,928,447
124	124	122	Lake & Peninsula	Newhalen Kitchen Renovation	$121,504	$121,504	$0	$121,504	$12,150	$109,354	$255,037,801

State of Alaska
Department of Education and Early Development
Capital Improvement Projects (FY2010)
Major Maintenance Grant Fund

Final List

Feb 19	Dec 16	Nov 5	School District	Project Name	Amount Requested	Eligible Amount	Prior Funding	EED Recommended Amount	Participating Share	State Share	Aggregate Amount
125	125	123	Anchorage	Districtwide Mechanical Upgrades, 8 Schools	$10,725,000	$10,725,000	$0	$10,725,000	$3,217,500	$7,507,500	$262,545,301
126	126	124	Denali Borough	Anderson School Septic Leach Field Replacement	$601,548	$654,332	$0	$654,332	$196,300	$458,032	$263,003,333
127	127		Fairbanks	Salcha Elementary School Playground Upgrades	$549,306	$436,279	$0	$436,279	$130,884	$305,395	$263,308,728
128	128	125	Iditarod Area	Districtwide Lighting Upgrades	$200,700	$462,599	$0	$462,599	$9,252	$453,347	$263,762,075
129	129	126	Southeast Island	Thorne Bay K-12 Kitchen Upgrade	$1,771,215	$1,771,215	$0	$1,771,215	$35,424	$1,735,791	$265,497,866
130	130	127	Fairbanks	Badger Road Elementary School Repair/Refinish Building Exterior	$1,241,191	$945,531	$0	$945,531	$283,659	$661,872	$266,159,738
131	131	128	Delta/Greely	Delta Elementary School Mechanical Room Access	$124,477	$124,477	$0	$124,477	$2,490	$121,987	$266,281,725
132	132	129	Mat-Su Borough	Snowshoe, Pioneer Peak, Big Lake Elementary Schools, ADA Parking And Access Improvements	$196,519	$196,519	$0	$196,519	$58,956	$137,563	$266,419,288
133	133	130	Anchorage	Districtwide Building Renewal Projects, 7 Schools	$1,620,000	$1,620,000	$0	$1,620,000	$486,000	$1,134,000	$267,553,288
134	134	131	Juneau City Borough	Dzantik'i Heeni Middle School Renovation	$2,367,096	$2,367,096	$0	$2,367,096	$828,484	$1,538,612	$269,091,900
135	135	132	Iditarod Area	Innoko River K-12 Boiler Replacement, Shageluk	$61,600	$132,604	$0	$132,604	$2,652	$129,952	$269,221,852
136	136	133	Iditarod Area	Blackwell K-12 School Shower & Bathroom Repair Phase 2, Anvik	$77,200	$156,175	$0	$156,175	$3,123	$153,052	$269,374,904
137	137	134	Iditarod Area	Top of the Kuskokwim K-12 School Generator Project, Nikolai	$68,860	$151,053	$0	$151,053	$3,021	$148,032	$269,522,936
138	138	135	Iditarod Area	Innoko River K-12 School Fire Suppression / Tank Upgrade, Shageluk	$53,700	$106,583	$0	$106,583	$2,132	$104,451	$269,627,387
				TOTALS:	**$366,770,517**	**$338,300,733**	**$9,332,362**	**$328,968,371**	**$59,340,984**	**$269,627,387**	

Project Review Listing
FY2010 Governor Amended

Educ_Early Devel Only

Department of Education and Early Development

RefNum		AP/AL	Project Title			Fund Source Total
AMD47875	1	AP	Mt. Edgecumbe High School Deferred Maintenance			
				1004	Gen Fund	$1,000,000
47849	2 *	AP	School District Major Maintenance Grants			
				1193	MaintGrant	$42,443,481
47851	3	AL	Kaltag K-12 School Heating System Replacement			
				1193	MaintGrant	$1,078,835
47852	4	AL	Diomede K-12 School Renovation			
				1193	MaintGrant	$15,890,622
47853	5	AL	Kodiak Schools Seismic Mitigation Project			
				1193	MaintGrant	$3,236,143
47854	6	AL	Craig Middle School Classroom Renovation			
				1193	MaintGrant	$83,588
47855	7	AL	Saint Mary's - Districtwide Fuel Tank Farm Replacement			
				1193	MaintGrant	$3,306,502
47856	8	AL	Craig Elementary School Roof Replacement			
				1193	MaintGrant	$85,807
47857	9	AL	Kotlik K-12 Heat Plant Relocation			
				1193	MaintGrant	$1,369,016
47858	10	AL	Aleknagik, Clarks Point, Ekwok K-12 Schools: HVAC Upgrades			
				1193	MaintGrant	$384,186
AMD48293	11	AL	Evergreen Elementary School Playground Safety Upgrades			
				1193	MaintGrant	$770,698
AMD47859	12	AL	Kasigluk-Akula K-12 School Generator Building Floor Failure Repairs			
				1193	MaintGrant	$928,581
AMD47860	13	AL	Galena Regional Learning Center Dining Facility Upgrade			
				1193	MaintGrant	$3,528,598
AMD48294	14	AL	Houghtaling Elementary Outdoor Physical Education Shelter Replacement			
				1193	MaintGrant	$276,110
AMD47861	15	AL	False Pass K-12 School Siding Replacement			
				1193	MaintGrant	$92,042
AMD47862	16	AL	Platinum K-12 School Prime Power Generators			
				1193	MaintGrant	$181,678
AMD47863	17	AL	Allakaket K-12 School Water System Improvements			
				1193	MaintGrant	$161,994
AMD48295	18	AL	St. Mary's - Garage and Warm Storage Renovation			
				1193	MaintGrant	$882,608

* Indicates an appropriation with allocations (amounts not included in totals)

Project Review Listing
FY2010 Governor Amended

Educ_Early Devel Only

Department of Education and Early Development

RefNum	AP/AL	Project Title			Fund Source Total
AMD47864 19	AL	Galena Regional Learning Center Gym Building Upgrade	1193	MaintGrant	$6,888,506
AMD47865 20	AL	Cold Bay K-12 Heating System Upgrade	1193	MaintGrant	$75,789
AMD47866 21	AL	Craig Middle School Exterior Envelope Upgrades	1193	MaintGrant	$26,868
AMD47867 22	AL	Valley Park Elementary Siding Replacement	1193	MaintGrant	$467,164
AMD47868 23	AL	Huslia High School Exterior Upgrades	1193	MaintGrant	$923,685
AMD47869 24	AL	Pacific High School Renovation	1193	MaintGrant	$1,736,513
AMD47870 25	AL	Sand Point K-12 School Window Replacement	1193	MaintGrant	$67,948

AHCC Rcpts (1213):	**0**
CSG Tax (1211):	**0**
CPV Tax (1206):	**0**
General Fund Total:	**$1,000,000**
Federal Total:	**0**
Other Total:	**$42,443,481**
Department Total:	**$43,443,481**

AHCC Rcpts (1213) Grand Total:	**0**
CSG Tax (1211) Grand Total:	**0**
CPV Tax (1206) Grand Total:	**0**
General Fund Grand Total:	**$1,000,000**
Federal Grand Total:	**0**
Other Grand Total:	**$42,443,481**
Grand Total:	**$43,443,481**

* Indicates an appropriation with allocations (amounts not included in totals)

University of Alaska
FY10 Preliminary R&R Distribution

Campus	Project	Amount	Notes
Anchorage Campus	Science Building Renewal	1,714.0	
UAA Community Campuses	KPC water connection to city system	365.2	
Fairbanks Campus	Main waste line repairs	2,000.0	(reduced scope from original FY10 request)
Fairbanks Campus	Critical Electrical distribution	3,018.1	(reduced scope from original FY10 request)
UAF Community Campuses	Energy conservation	175.9	
Juneau Campus	Roof replacement, student housing	367.3	
UAS Community Campuses	New electrical service @ Hamilton Bldg	193.1	(Ketchikan campus)
Statewide	Computer Facility Backup power, design	166.4	
		8,000.0	

Project Review Listing
FY2010 Governor Amended

University of Alaska Only

niversity of Alaska

RefNum	AP/AL	Project Title			Fund Source Total
AMD45326 1	AP	Maintaining Existing Facilities Renewal and Renovation Annual Requirement			
			1004	Gen Fund	$8,000,000
43172 5	AP	UAF Life Sciences Innovation and Learning Facility			
			1048	Univ Rcpt	$20,625,000
47686 7	AP	UAF Energy Technology Building			
			1048	Univ Rcpt	$15,300,000
43213 9	AP	UAF Fire Station and Student Firefighter Training Center			
			1048	Univ Rcpt	$500,000
AMD45331 10	AP	Delete: UAF Alaska Region Research Vessel Additional Receipt Authority			
			1002	Fed Rcpts	0
43218 11	AP	Federal Receipt Authority			
			1002	Fed Rcpts	$15,000,000
AMD48258 11-1	AP	UA Energy Projects			
			1002	Fed Rcpts	$5,000,000
AMD48259 11-2	AP	UA Climate Projects			
			1002	Fed Rcpts	$10,000,000
MD47888 12	AP	Delete: Graduate Medical Education/Family Practice Residency Program			
			1004	Gen Fund	0
46872 17	AP	University of Alaska Gasline Workforce Development			
			1213	AHCC Rcpts	$1,072,000
				AHCC Rcpts (1213):	**$1,072,000**
				CSG Tax (1211):	**0**
				CPV Tax (1206):	**0**
				General Fund Total:	**$8,000,000**
				Federal Total:	**$30,000,000**
				Other Total:	**$37,497,000**
				Department Total:	**$75,497,000**
				AHCC Rcpts (1213) Grand Total:	**$1,072,000**
				CSG Tax (1211) Grand Total:	**0**
				CPV Tax (1206) Grand Total:	**0**
				General Fund Grand Total:	**$8,000,000**
				Federal Grand Total:	**$30,000,000**
				Other Grand Total:	**$37,497,000**
				Grand Total:	**$75,497,000**

* Indicates an appropriation with allocations (amounts not included in totals)

Verbal Testimony by Kathy Morgan of Tok, Alaska

Presented via teleconference to the Senate Finance Committee on SB75, FY2010 Capital Budget

My name is Kathy Morgan, and I'm representing the Tok Community Umbrella Corporation. I'd like to ask your support for the capital improvement projects that the community of Tok is requesting this year. First, though, thank you very much for the grant the legislature awarded us last session for purchase of a giant wood chipper to reduce our wildfire fuel stands of trees to a safe form that can heat the school and hopefully other public buildings in the community. That chipper should be delivered tomorrow.

This year we are requesting funding for 7 much smaller projects. All of them are intended either to make our community safer from wildfires, or to use wood to reduce heating costs for public buildings, which also indirectly helps to make the community safer, since it provides a market for the wildfire fuels we want to remove. Some of them involve hiring workers and equipment to remove wildfire fuel, which will also boost the local economy while making the community safer.

One project is the Senior's Defensible Space: we'd like to remove the wildfire fuels from around the homes of the seniors, veterans, and disabled who are not able to accomplish the removal themselves. [$150,000]

We want to build a fire lookout off the Eagle Trail, south of the community, at a location that overlooks the communities of Tok, Tanacross, and Tetlin. A fire spotter at that location could provide several hours of additional lead time for

fighting a wildfire and/or evacuating people from threatened areas before it's too late to escape. [$98,000]

We'd like $86,000 to move a couple of buildings belonging to Div of Forestry and set them up as a firefighting academy with a bunkhouse and shower facility, so that residents of surrounding villages would have a place to live and train for brief periods of time to upgrade their firefighting skills and certifications. That's a really small sum to make our communities safer as a result of having well-trained crews while also improving economic opportunities for the villagers who take advantage of the new fire fighting academy.

We're asking for $47,500 to install 5 wood pellet heating stoves in community buildings, including the Tok Volunteer Fire Department. These could heat the buildings for less than the cost of fuel oil, while keeping the money within the community instead of sending it out of state to the big oil companies.

The most expensive project that we're asking funding for is for a wood chip boiler to heat the DOT&PF facility. This would be $1,500,000 but would in the long run save the State a great deal on heating costs, while also providing a use for the chips that result from the wildfire fuel reduction projects.

We'd like money to purchase a small tractors or similar equipment to help in fighting fires and in removing wildfire fuels to prevent fires. [$295,000]

Finally, we'd like to upgrade our collection and processing area for wood chip storage and handling. We're asking for $190,000 to grade and pave a small area and put in a pole-supported roof structure to keep chips clean and dry.

Copies of our requests have been sent to Senator Kookesh and Rep. Salmon; I'd be glad to email copies to anyone else who is interested, and would be happy to send you a copy of my testimony tonight.

Thank you very much for the opportunity to testify. I'd be glad to answer questions if you have any.

Holt, Teresa M (HSS)

From: Mayes, Duane G (HSS) **Sent:** Thu 3/19/2009 4:16 PM
To: Holt, Teresa M (HSS)
Cc:
Subject: Testimony for the establishment of funding for cordinated community transportation
Attachments:

Teresa, Representing The Governor's Council on Disabilities and Special Education

Just left a message and I am hoping you will get this email before 5 PM today. I am hoping I can get you to go to Senate Finance Room 532 at 5 Pm to provide testimony on coordinated community transportation. The following info in this email can help you in ur testimony.....

Community transportation is a vital project in Alaska. The lack of accessible, affordable transportation is a major barrier to the employment and community participation of Alaskans with disabilities, seniors, Alaska Mental Health Trust Authority beneficiaries, youth, low-income Alaskans, and the general public. This service is provided through public transit systems like the People Mover, and coordinated transportation systems operated by local nonprofits.

Despite increased levels of federal funding, Alaska's community transportation systems are under constant financial pressure to keep up with the increasing demand for services. The Governor's FY10 capital budget includes $800,000 (GF) and $300,000 (MHTAAR) right now – THIS IS NOT ENOUGH! Alaska is one of only TWO states in the country that does not fully match federal funds for community transportation services. If they did, federal funds would increase.

---For every ONE dollar of state money provided for community transportation, another FOUR dollars is generated from federal funds!---

With the extra funding, the state could purchase new vehicles and other transportation-related capital equipment, which are vitally important for the continuation of community transportation systems in Alaska. Rising fuel costs are putting all Alaska transportation systems into financial peril, forcing them to cut back on service at a time when demand is at its highest ever. According to a survey over the summer of 2008, 61% of Alaskans supported the use of the state's then budget surplus to fund community transportations in Alaska.

WE NEED YOU to speak up and ask for $2.5 million in the capital budget for coordinated community transportation funding!

Teresa – you feel comfortable with this??

Advisory Board on Alcoholism and Drug Abuse

abada

amhb

Alaska Mental Health Board

Governor's Council on Disabilities and Special Education

Alaskan Seniors Living Longer Growing Stronger

from the Alaska Commission on Aging

The TRUST

The Alaska Mental Health Trust Authority

Establish funding for Coordinated Community Transportation

The Governor's Council on Disabilities and Special Education, Alaska Mental Health Board, Advisory Board on Alcoholism and Drug Abuse and the Alaska Commission on Aging, in collaboration with the Alaska Mental Health Trust Authority, the Alaska Brain Injury Network and the Alaska Suicide Prevention Council, have identified as one of their joint priorities the establishment of an Alaska Community Transportation Trust Fund, as well as capital appropriations for coordinated community transportation and operating appropriations for community transportation providers.

Overview

The lack of accessible, affordable transportation is a major barrier to the employment and community participation of Alaskans with disabilities, seniors, Alaska Mental Health Trust Authority beneficiaries, youth, low-income Alaskans and the general public. Even with an adequate infrastructure of roads and bridges, many of these individuals still won't have affordable, accessible community transportation.

There are generally two ways community transportation is provided in Alaska: 1) public transit systems (buses and Americans with Disabilities Act paratransit services) and 2) coordinated transportation systems operated by local nonprofits. However, in many communities in Alaska, there are no community transportation systems. Some non-profit organizations, churches, senior centers and civic groups may help their community members get a few rides, but the need far exceeds the availability. Some seniors and persons with disabilities are forced to move to communities that can support their transportation needs. It is no surprise that transportation is one of the top statewide needs identified in surveys of seniors, people with disabilities and beneficiaries of the Alaska Mental Health Trust Authority.

Most funding comes from federal formula grants, the Alaska Mental Health Trust Authority, fare box collections, fees for service and local government. Despite increased levels of federal funding, Alaska's community transportation systems are under constant financial pressure to keep up with the demand for services, particularly given increases in the number of rides and fuel and vehicle costs.

Rising fuel costs are putting all Alaska transportation systems into financial peril, forcing systems to cut back on hours, levels of services and raise fees beyond that which low income riders can support – at a time when demand for services is at its highest ever. In June 2008, the Alaska Mobility Coalition surveyed community transportation systems across the state. The number of rides increased by 5-7% (325,000 rides) and demand has remained high despite the recent drop in gas prices. However, fuel costs increased by 30% over the past 12 months.

We support the Governor's FY10 capital budget request which includes $800,000 (GF) and $300,000 (MHTAAR).

03-18-09

Project Review Listing
FY2010 Governor

Alaska Court System Only

Alaska Court System

lum	AP/AL	Project Title	Fund Source Total
43152	AP	Anchorage Campus Project Phase 2	

1004 Gen Fund	$2,500,000
AHCC Rcpts (1213):	**0**
CSG Tax (1211):	**0**
CPV Tax (1206):	**0**
General Fund Total:	**$2,500,000**
Federal Total:	**0**
Other Total:	**0**
Department Total:	**$2,500,000**
AHCC Rcpts (1213) Grand Total:	**0**
CSG Tax (1211) Grand Total:	**0**
CPV Tax (1206) Grand Total:	**0**
General Fund Grand Total:	**$2,500,000**
Federal Grand Total:	**0**
Other Grand Total:	**0**
Grand Total:	**$2,500,000**

* Indicates an appropriation with allocations (amounts not included in totals)

Project Title (By FY 2010 Priority Order and Brief Description -Appx. 185 characters)	Prog. / Proj.	FUND SOURCE	FY 2010 Request	FY 2011 Request	FY 2012 Request	FY 2013 Request	FY 2014 Request	FY 2015 Request	Total Funds
1) Anchorage Campus Project Renovation	7 --- 2, 3 & 5	FED GF OTHER	21,801.2						21,801.2
2) CourtView Enhancements	6, 7 --- 9 & 10	FED GF OTHER	1,344.3	809.0					2,153.3
3) Court Security Projects	7 --- 3 & 5	FED GF OTHER	1,190.0	1,158.8					2,348.8
4) Mediation Pilot Project	7 --- 10	FED GF OTHER	350.0						350.0
5) Building Equipment & Systems Replacement (to Extend Life of Facilities)	7 --- 2	FED GF OTHER	300.0	300.0	300.0	300.0	300.0	300.0	1,800.0
6) Statewide Remodel Projects	7 --- 2	FED GF OTHER	1,905.0	1,230.0	960.0				4,095.0
7) Provide and Replace Worn Furnishings and Finishes in Public Use Spaces	7 --- 5	FED GF OTHER	650.0	476.0					1,126.0
8) Deferred Maintenance Projects	7 --- 4	FED GF OTHER	8,943.2	1,294.0	2,582.5				12,819.7
9) Statewide Building Code and Energy Upgrade for Court Buildings	7 --- 5	FED GF OTHER	850.0						850.0
10) Vehicles and Forklift Replacement	7 --- 2	FED GF OTHER	90.0						90.0
GRAND TOTALS		FED GF OTHER	37,423.7	5,267.8	3,842.5	300.0	300.0	300.0	47,434.0
		TOTAL	37,423.7	5,267.8	3,842.5	300.0	300.0	300.0	47,434.0

Program Areas:

1=Education, 2=University, 3=Social Services/Housing, 4=Health/Safety, 5=Natural Resource, 6=Public Protection, 7=Justice, 8=Development, 9=Transportation, 10=Public Support Service

Project Types:

1=Planning, 2=Renewal/Replacement, 3=Health/Safety, 4=Deferred Maintenance, 5=Renovation/Remodeling, 6=Construction, 8=Transitional, 9=Equipment, 10=Information Systems

Capital Projects
Six Year Plan
Form CP2

Agency **Alaska Court System**

Page 1 of 1
Revised Date: 12/03/08

FY 2010 - FY 2015

Christine Marie

From: Louanne Christian
Sent: Tuesday, March 17, 2009 4:10 PM
To: lhfcltc+senateschedule@legis.state.ak.us
Subject: SFC Agenda Wednesday March 18

Wednesday, March 18, 2009 Senate Finance Room 532 – 9:00 AM
SB 75-BUDGET: CAPITAL, SUPP. & OTHER APPROPS
University
Department of Education and Early Development
Department of Public Safety
Bills previously Heard or Scheduled.

Wednesday, March 18, 2009 Senate Finance Room 532 – **1:30 PM – 3:00 PM**
SB 75-BUDGET: CAPITAL, SUPP. & OTHER APPROPS
Department of Revenue
Alaska Housing Finance Corporation
Bills previously Heard or Scheduled

Project Review Listing
FY2010 Governor Amended

Revenue Only

Department of Revenue

RefNum		AP/AL	Project Title			Fund Source Total
AMD46985	1	AP	Tax Revenue Management System			
				1196	Master LOC	$23,729,200
AMD46988	4	AP	Upgrade NetApp System			
				1197	AK Cap Inc	$418,600
42945	6	AP	Child Support Services Computer Replacement Project - Phase 5			
				1002	Fed Rcpts	$142,692
				1156	Rcpt Svcs	$73,508
42933	9	AP	Permanent Fund Dividend Division Computer Replacement Project - Phase 5			
				1050	PFD Fund	$119,500
46987	12	AP	Permanent Fund Dividend Division Call Center Automated Routing			
				1050	PFD Fund	$135,000
AMD46989	14	AP	Delete: SQL Database Evaluation			
				1004	Gen Fund	0
47034	16	AP	Permanent Fund Corporation Investment Portfolio Accounting and Reporting System			
				1105	PFund Rcpt	$500,000
37918	19	AP	AHFC Housing Loan Program/Teacher/Health and Public Safety Professionals Housing			
				1139	AHFC Div	$8,000,000
6323	21	AP	AHFC Supplemental Housing Development Program			
				1139	AHFC Div	$10,000,000
6332	23	AP	AHFC Weatherization Program			
				1002	Fed Rcpts	$2,000,000
6334	29	AP	AHFC Senior Citizens Housing Development Program			
				1139	AHFC Div	$7,500,000
47066	32	AP	AHFC Fire Protection Systems - Phase I			
				1139	AHFC Div	$3,450,000
47068	33	AP	AHFC Security Systems Replacement/Upgrades			
				1139	AHFC Div	$750,000
47069	34	AP	AHFC Building System Replacement Program			
				1139	AHFC Div	$2,500,000
6347	35	AP	AHFC Housing and Urban Development Federal HOME Grant			
				1002	Fed Rcpts	$3,300,000
				1139	AHFC Div	$750,000
6342	37	AP	AHFC Housing and Urban Development Capital Fund Program			
				1002	Fed Rcpts	$3,200,000
6348	39	AP	AHFC Federal and Other Competitive Grants			
				1002	Fed Rcpts	$3,000,000
				1139	AHFC Div	$1,500,000

* Indicates an appropriation with allocations (amounts not included in totals)

Project Review Listing
FY2010 Governor Amended

Revenue Only

epartment of Revenue

RefNum	AP/AL	Project Title			Fund Source Total
6350 41	AP	AHFC Competitive Grants for Public Housing			
			1002	Fed Rcpts	$750,000
			1139	AHFC Div	$250,000
6351 43	AP	AHFC Energy Efficiency Monitoring Research			
			1139	AHFC Div	$2,000,000
32526 47	AP	AHFC State Energy Program Special Projects			
			1002	Fed Rcpts	$150,000
			1139	AHFC Div	$50,000
40068 49	AP	AHFC Statewide Project Improvements			
			1139	AHFC Div	$3,000,000
43076 51	AP	AHFC Loussac Manor Renovation and Replacement - Phase 3			
			1139	AHFC Div	$8,492,500
41531 53	AP	AHFC Denali Commission Projects			
			1002	Fed Rcpts	$5,000,000
45388 55	AP	AHFC Statewide Energy Improvements			
			1139	AHFC Div	$5,000,000
45389 56	AP	AHFC Statewide ADA Improvements			
			1139	AHFC Div	$500,000
47070 58	AP	AHFC Birch Park II Building (B) Reconstruction			
			1002	Fed Rcpts	$640,000
			1139	AHFC Div	$800,000
45390 60	AP	MH AHFC Homeless Assistance Progam			
			1002	Fed Rcpts	$2,000,000
			1037	GF/MH	$500,000
			1092	MHTAAR	$500,000
			1108	Stat Desig	$1,000,000
			1139	AHFC Div	$6,000,000
6360 63	AP	MH AHFC Beneficiary and Special Needs Housing			
			1139	AHFC Div	$1,750,000
43318 65	AP	MH AHFC Emergency Assistance Grants for Mental Health Trust Beneficiaries			
			1092	MHTAAR	$200,000

* Indicates an appropriation with allocations (amounts not included in totals)

Project Review Listing
FY2010 Governor Amended

Revenue Only

Department of Revenue

...fNum	AP/AL	Project Title	Fund Source	Fund Source Total
AMD45291 67	AP	Alaska Gas Spur Line		
			1213 AHCC Rcpts	$8,000,000
			AHCC Rcpts (1213):	**$8,000,000**
			CSG Tax (1211):	**0**
			CPV Tax (1206):	**0**
			General Fund Total:	**$500,000**
			Federal Total:	**$20,182,692**
			Other Total:	**$96,968,308**
			Department Total:	**$117,651,000**
			AHCC Rcpts (1213) Grand Total:	**$8,000,000**
			CSG Tax (1211) Grand Total:	**0**
			CPV Tax (1206) Grand Total:	**0**
			General Fund Grand Total:	**$500,000**
			Federal Grand Total:	**$20,182,692**
			Other Grand Total:	**$96,968,308**
			Grand Total:	**$117,651,000**

* Indicates an appropriation with allocations (amounts not included in totals)

Johanna Crossett

From: Louanne Christian
Sent: Wednesday, March 18, 2009 4:51 PM
To: Miles Baker
Cc: Christine Marie; Johanna Crossett
Subject: tomorrow testifiers

Thursday, March 19, 2009 Senate Finance Room 532 – 9:00 AM
SB 75-BUDGET: CAPITAL, SUPP. & OTHER APPROPS
Department of Administration
No handouts
Eric Swanson, Director, Division of Administrative Services, Department of Administration

Questions:
Kim Garnero, Director, Division of Finance, Department of Administration
Remond Henderson, Deputy Director, Division of General Services, Department of Administration
Pat Shier, Director, Division of Retirement and Benefits, Department of Administration
Jim Kohler, Deputy Director, Enterprise Technology Services

Via Teleconference:
Quinlan Steiner, Director, Public Defender Agency, Department of Administration
Whitney Brewster, Director, Division of Motor Vehicles, Department of Administration
Rachel Levitt, Office of Public Advocacy
Cathy Foerster of the AOGCC

Military and Veterans Affairs
No handouts
Susan Colligan, Director, Division of Administrative Services, Military and Veterans Affairs
Possibly
Craig Campbell, Adjutant General, Commissioner, Department of Military & Veterans Affairs, or
Laura Baker, Deputy Director, Division of Administrative Services, Military and Veterans Affairs

Department of Corrections
No handouts
Leslie Houston, Division of Administrative Services, Department of Corrections
April Wilkerson, Budget Chief, Department of Corrections

Possibly on Teleconference:
Charlie Finch, Facilities Manager, Department of Corrections

Thursday, March 19, 2009 Senate Finance Room 532 **2:30 PM – 4:30 PM**
SB 75-BUDGET: CAPITAL, SUPP. & OTHER APPROPS
Department of Labor and Workforce Development

No handouts

Guy Bell, Assistant Commissioner and Director, Division of Administrative Services, Department of Labor and Workforce Development

Alaska Court System
Chris Christensen, Staff Counsel, Alaska Court System?

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Project Review Listing
FY2010 Governor Amended

Administration Only

Department of Administration

RefNum		AP/AL	Project Title			Fund Source Total
AMD47048	1	AP	Statewide System Replacement			
				1196	Master LOC	$76,500,000
47047	5	AP	State of Alaska Telecommunication System Critical Tower Repair, Upgrade, and Maintenance			
				1081	Info Svc	$3,000,000
47053	7	AP	Alaska Public Offices Commission Online System Completion			
				1004	Gen Fund	$175,000
AMD47041	9	AP	Network Communications and Connectivity Upgrades			
				1081	Info Svc	$1,300,000
AMD47060	11	AP	Delete: Lease Management System			
				1004	Gen Fund	0
47054	13	AP	Alaska License and Vehicle Information Network Replacement			
				1156	Rcpt Svcs	$5,000,000
47055	15	AP	Digital Driver License Printers			
				1156	Rcpt Svcs	$450,000
47052	16	AP	Combined Retirement System Upgrade			
				1004	Gen Fund	$4,900
				1017	Ben Sys	$100,900
				1023	FICA Acct	$2,100
				1029	P/E Retire	$170,800
				1034	Teach Ret	$67,400
				1042	Jud Retire	$500
				1045	Nat Guard	$3,400
AMD47059	19	AP	Delete: Non-PBF Facilities Deferred Maintenance			
				1004	Gen Fund	0
47058	21	AP	Facilities Deferred Maintenance			
				1147	PublicBldg	$2,800,000
					AHCC Rcpts (1213):	**0**
					CSG Tax (1211):	**0**
					CPV Tax (1206):	**0**
					General Fund Total:	**$179,900**
					Federal Total:	**0**
					Other Total:	**$89,395,100**
					Department Total:	**$89,575,000**
					AHCC Rcpts (1213) Grand Total:	**0**
					CSG Tax (1211) Grand Total:	**0**
					CPV Tax (1206) Grand Total:	**0**
					General Fund Grand Total:	**$179,900**
					Federal Grand Total:	**0**
					Other Grand Total:	**$89,395,100**
					Grand Total:	**$89,575,000**

* Indicates an appropriation with allocations (amounts not included in totals)

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Project Review Listing
FY2010 Governor Amended

Military_Vets Affairs Only

Department of Military and Veterans Affairs

efNum	AP/AL	Project Title			Fund Source Total
42900 1	AP	Army Guard Facilities Projects			
			1002	Fed Rcpts	$1,750,000
			1003	G/F Match	$750,000
AMD47882 3	AP	Delete: Interior Alaska Veterans Cemetery Design and Planning			
			1004	Gen Fund	0
35774 5	AP	Military Youth Academy Deferred Maintenance, Renewal and Replacement			
			1004	Gen Fund	$1,000,000
42898 7	AP	National Guard Counterdrug Support and ROPES Program			
			1002	Fed Rcpts	$100,000
			1004	Gen Fund	$50,000
42901 9	AP	State Homeland Security Grant Program			
			1002	Fed Rcpts	$9,500,000
AMD43330 11	AP	Compliance Cleanup Site Restoration			
			1002	Fed Rcpts	$17,000,000
				AHCC Rcpts (1213):	**0**
				CSG Tax (1211):	**0**
				CPV Tax (1206):	**0**
				General Fund Total:	**$1,800,000**
				Federal Total:	**$28,350,000**
				Other Total:	**0**
				Department Total:	**$30,150,000**
				AHCC Rcpts (1213) Grand Total:	**0**
				CSG Tax (1211) Grand Total:	**0**
				CPV Tax (1206) Grand Total:	**0**
				General Fund Grand Total:	**$1,800,000**
				Federal Grand Total:	**$28,350,000**
				Other Grand Total:	**0**
				Grand Total:	**$30,150,000**

* Indicates an appropriation with allocations (amounts not included in totals)

Project Review Listing
FY2010 Governor Amended

Corrections Only

Department of Corrections

RefNum		AP/AL	Project Title			Fund Source Total
AMD47567	1	AP	Goose Creek Correctional Center Utility and Energy Costs for New Construction			
				1213	AHCC Rcpts	$6,000,000
46994	2	AP	Fairbanks Correctional Center Space Renovation and Remodeling			
				1004	Gen Fund	$550,000
46995	3	AP	Medical Information System			
				1171	PFD Crim	$1,500,000
47014	4	AP	Combined Hiland Mountain Correctional Center Lead Abatement and Buffer Fence			
				1004	Gen Fund	$2,000,000
46996	5	AP	Online Electronic Procurement System			
				1004	Gen Fund	$250,000
45637	7	AP	Annual Facilities Maintenance and Repairs			
				1004	Gen Fund	$2,500,000
41515	9	AP	Institutions and Probation and Parole Equipment Replacement			
				1004	Gen Fund	$750,000
45248	10	AP	Inmate Health Care Medical and Dental Equipment Replacement			
				1171	PFD Crim	$140,400

AHCC Rcpts (1213):	**$6,000,000**
CSG Tax (1211):	**0**
CPV Tax (1206):	**0**
General Fund Total:	**$6,050,000**
Federal Total:	**0**
Other Total:	**$7,640,400**
Department Total:	**$13,690,400**

AHCC Rcpts (1213) Grand Total:	**$6,000,000**
CSG Tax (1211) Grand Total:	**0**
CPV Tax (1206) Grand Total:	**0**
General Fund Grand Total:	**$6,050,000**
Federal Grand Total:	**0**
Other Grand Total:	**$7,640,400**
Grand Total:	**$13,690,400**

* Indicates an appropriation with allocations (amounts not included in totals)

Christine Marie

From: Louanne Christian
Sent: Wednesday, March 18, 2009 4:51 PM
To: Miles Baker
Cc: Christine Marie; Johanna Crossett
Subject: tomorrow testifiers

Thursday, March 19, 2009 Senate Finance Room 532 – 9:00 AM
SB 75-BUDGET: CAPITAL, SUPP. & OTHER APPROPS
Department of Administration
No handouts
Eric Swanson, Director, Division of Administrative Services, Department of Administration

Questions:
Kim Garnero, Director, Division of Finance, Department of Administration
Remond Henderson, Deputy Director, Division of General Services, Department of Administration
Pat Shier, Director, Division of Retirement and Benefits, Department of Administration
Jim Kohler, Deputy Director, Enterprise Technology Services

Via Teleconference:
Quinlan Steiner, Director, Public Defender Agency, Department of Administration
Whitney Brewster, Director, Division of Motor Vehicles, Department of Administration
Rachel Levitt, Office of Public Advocacy
Cathy Foerster of the AOGCC

Military and Veterans Affairs
No handouts
Susan Colligan, Director, Division of Administrative Services, Military and Veterans Affairs
Possibly
Craig Campbell, Adjutant General, Commissioner, Department of Military & Veterans Affairs, or
Laura Baker, Deputy Director, Division of Administrative Services, Military and Veterans Affairs

Department of Corrections
No handouts
Leslie Houston, Division of Administrative Services, Department of Corrections
April Wilkerson, Budget Chief, Department of Corrections

Possibly on Teleconference:
Charlie Finch, Facilities Manager, Department of Corrections

Thursday, March 19, 2009 Senate Finance Room 532 **2:30 PM – 4:30 PM**
SB 75-BUDGET: CAPITAL, SUPP. & OTHER APPROPS
Department of Labor and Workforce Development

No handouts

Guy Bell, Assistant Commissioner and Director, Division of Administrative Services, Department of Labor and Workforce Development

Alaska Court System
Chris Christensen, Staff Counsel, Alaska Court System?

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Christine Marie

From: Louanne Christian
Sent: Wednesday, March 18, 2009 3:32 PM
To: lhfcltc+senateschedule@legis.state.ak.us
Subject: Thursday's agenda

Thursday, March 19, 2009 Senate Finance Room 532 – 9:00 AM
SB 75-BUDGET: CAPITAL, SUPP. & OTHER APPROPS
Department of Administration
Military and Veterans Affairs
Department of Corrections
Bills previously Heard or Scheduled.

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Thursday, March 19, 2009 Senate Finance Room 532 – **2:30 PM – 4:30 PM**
SB 75-BUDGET: CAPITAL, SUPP. & OTHER APPROPS
Department of Labor and Workforce Development
Alaska Court System
Bills previously Heard or Scheduled.

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Christine Marie

From: Louanne Christian
Sent: Wednesday, March 18, 2009 11:29 AM
To: Christine Marie; Miles Baker
Subject: AHFC capital overview testifiers

Dan Fauske, CEO/Executive Director, Alaska Housing Finance Corporation, Department of Revenue
Les Campbell, Director Budget, Alaska Housing Finance Corporation
Bryan Butcher, Director, Government Affairs and Public Relations, Alaska Housing Finance Corporation, Department Of Revenue

Christine Marie

From: Senate Finance Committee
Sent: Wednesday, March 18, 2009 11:29 AM
To: Christine Marie; Miles Baker
Subject: FW: SFC this afternoon

From: Burnett, Jerry D (DOR) [mailto:jerry.burnett@alaska.gov]
Sent: Wednesday, March 18, 2009 10:35 AM
To: Senate Finance Committee
Subject: RE: SFC this afternoon

It will be Ginger Blaisdell leading, I believe Jon Iversen and Johanna Bales will be on line. I will be there and Deven Mitchel will be there to answer any questions about the financing for financed projects..

From: Senate Finance Committee [mailto:Senate_Finance_Committee@legis.state.ak.us]
Sent: Wednesday, March 18, 2009 10:28 AM
To: Burnett, Jerry D (DOR)
Subject: SFC this afternoon

I assume you will be leading us through the capital budget in SFC. Will there be others with you? Thanks

3037

Airport Deferred Maintenance List
FY 2010

Reference Number: 30633

Depart of Transportation & Public Facilities

FY2010 Aviation - Deferred Maintenance Inventory

Priority	Project Title	Project Cost ($000)	Project Description	Location (City or Area)	Election District
1	Brush Cutting Tatitlek Airport	12.0	Cut brush back along the runway and safety areas, and reestablish sight distance to windsock and at intersections. Airport has not been brush cut for three years, and vegetation grows quite swiftly in the Southcentral climatic circumstances.	Valdez District	5-C
2	Homer Airport	55.0	New segmented circle and lighted windsock	Homer	35-R
3	Sitka Airport	75.0	Supplemental Lighted Wind Cone	Sitka	
4	St. Marys Airport: Minor Road and Appurtenances Repairs	28.0	The St. Marys Airport has several assets that need major maintenance or rehabilitation, such as the fencing around the sewer lagoon, snow dump area regrading, and perimeter road regrading, brush cutting and ditching. This project would enable the District to man and execute a project to cost-effectively complete these repairs.	Western District	39-T
5	Homer Airport	120.0	Fence and gates	Homer	35-R
6	Klawock Airport Brush Cutting	20.0	Brush Cut	Klawock	
7	Copper Center Runway Dust Palliative	80.0	Apply surfacing and dust palliative. This fund would be used in addition to existing deferred maintenance funds.	Tazlina District	6-C
8	SW Districk Airports	145.0	Fencing and gates	Various	37-S/38-S
9	Haines Airport Drainage Improvements	75.0	Repair Airport Apron Drainage phase II	Haines	
10	Segmented Circles Repairs	75.0	Current funding is not adequate to address the regionwide issue of aging segmented circles. Painting is not enough to restore these important regulatory visual markers and many must be completely replaced. This will be a continuing issue for several years as this maintenance has been deferred too long due to budget constraints.	Northern Region	40-T, 39-T, 6-C, 12-F, 8-D, 7-D
11	Haines Airport Crack Seal	20.0	Crack seal	Haines	
12	Unalaska Airport	168.0	Sea Plane Ramp	Unalaska	37-S
13	Brush Cutting Various Interior Aviation airports	210.0	Cut brush back along the runway and safety areas, and reestablish sight distance to windsock and at intersections. Most of our Interior airports have not been brush cut for several years, and vegetation needs attention as a project focus. Airports known to need brush cutting include: Beaver, Rampart, Huslia, Ruby, Birch Creek, Stevens Village and Tanana.	Interior Aviation	6-C
14	Kongigianak and Kwigillnok Airports	50.0	"Dura-Base" floor systems for SREB's	Kongigianak & Kwigillinok	38-S
15	Kake Airport R/W Repairs	100.0	Repair Runway Dips	Kake	
16	Kotzebue Airport Repair/Replace Perimeter Fencing & Gate	35.0	The Kotzebue Airport fence has not seen any substantive repairs in years, and is drawing negative attention from the FAA/TSA during every inspection, clearly needing repair or full replacement in some areas. The traffic control gate at R/W 09 needs to be completed and brought into service.	Western District	40-T
17	Quartz Creek Airport	64.0	Runway surface course	Quartz Creek	34-Q
18	Kake Airport Crack Seal	25.0	Crack seal	Kake	
19	Gulkana Airport Old Tower Removal	50.0	Remove old windsock/beacon tower. This is a large tower that requires special equipment for removal	Tazlina District	6-C
20	Tuluksak Airport	70.0	Runway repair and materialmining and stockpile	Tulusak	38-S
21	Yakutat Airport Brushing	50.0	Level Line of Sight Triangle, Phase I	Yakutat	

Priority	Project Title	Project Cost ($000)	Project Description	Location (City or Area)	Election District
22	Regionwide Airport Electrical Repairs & Upgrades: Lighting & Nav Aids	350.0	Replace, repair, or upgrade various electrical elements (by contracting out to competent electrical sub-contractors tasks that involve significant repair effort) at many airports, regionwide. Activities envisioned include: repairing or replacing runway and taxiway light cans, LED R/W lights and Distance To Go markers, conduit and wire, taxiway signage and/or lighted wind-cones at various Northern Region airports. Replacement of ailing regulators may also be necessary. Additionally, the FAA has recently been citing us during cert inspections about the need to provide lighted supplemental windcones at all certificated airports. Doing staged changeover to LED lit windcones is also envisioned, over time. Airports identified to have serious electrical repair needs include 1) all 6 certificated airports for the supplemental windcones, and 2) over a dozen airports needing various other electrical misc items, such as Kotzebue and Birch Creek.	Northern Region	40-T, 39-T, 6-C, 12-F, 8-D, 7-D
23	SW District Airports	85.0	New regulator and transformers	Various	37-S/38-S
24	Petersburn Airport Security Gate	30.0	Security Access Gate Replacement	Petersburg	
25	Tazlina Airport Runway Improvements	80.0	Continuing improving the runway base and extend the safety areas.	Tazlina District	6-C
26	Y-K Delta Airports	65.0	Equipment moves and brush cutting	Various	37-S/38-S
27	Gustavus Airport Crack Seal	25.0	Crack seal	Gustavus	
28	Kotzebue Airport - R/W 17-35 D-1 Surfacing & Dust Palliative	300.0	The short, gravel-surfaced cross-wind runway at Kotzebue needs additional D-1 surfacing, and dust control attention.	Western District	40-T
29	Adak Airport	75.0	Safety Area improvement	Adak	37-S
30	Gustavus Airport Striping	25.0	Enhanced Taxiway Markings	Gustavus	
31	Chistochina Runway Surfacing	40.0	Apply surfacing to extend the life until relocation can be completed.	Tazlina District	
32	Regionwide Surface Maintenance (Blading & shaping with compaction, to re-establish runway crown)	250.0	This project will fund the surface maintenance (blading) of numerous rural airports throughout the Region (including non-NPIAS airports!). This project will fund transportation, personnel, equipment, and contract costs for pro-active blading of rural gravel runways, by excellent motor grader operators. Due to the cost of transportation and the limited availability of personnel, many rural airports do not receive the proper surface maintenance during the limited summer season.	Northern Region	40-T, 39-T, 6-C, 12-F, 8-D, 7-D
33	Airport Surfacing Aggregate Stockpiles	300.0	Many of our NR Airports have no remaining D-1 stockpiles which would be used for significant surfacing repairs (Federal projects) and general maintenance. These stockpiles will allow the Department to respond to natural disasters and other unforeseen situations that require specialized crushed materials (requiring long lead-time to procure and provide) to repair. Currently, the lack of available stockpiles seriously impacts the Department's response in effectuating prompt surfacing repairs, causing less than satisfactory aviation operations. This funding will also allow for the barging of material to airports without construction projects in the foreseeable future.	Northern Region	40-T, 39-T, 6-C, 12-F, 8-D, 7-D
34	Security/Perimeter Fencing at 4 Certificated Airports	160.0	As with Kotzebue, the TSA is applying increased scrutiny regarding our airport fencing. Nome has worked hard, recently, to get their fences in order, but all of our other certificated airport sites have fence repair/rehab work to be done, which exceeds the normal GF funding available: Barrow, Deadhorse, Cordova, Valdez	Northern Region	12-F, 5-C. 40-T
35	Kotzebue Airport Fill alongside R/W (to eliminate existence of bird attractant area)	300.0	An area just west of the 35 threshold of R/W 17-35 (size = 75' x 2,000') is a bird attractant area, and Kotzebue has experienced bird strikes. Dave Wahto, FAA Cert Inspector, has recommended that this are be filled to eliminate this hazard.	Northern Region	40-T

Priority	Project Title	Project Cost ($000)	Project Description	Location (City or Area)	Election District
36	Prepare Environmental Assessments and Execute the Removal of Environmentally Complicated Structures on NR Airport Lease Lots	200.0	At least 15 of our NR airports have otherwise viable and valuable lease lots with abandoned buildings on them. Letting a multi-site contract to assess the buildings at most of these locations, and then accomplish the recommended hazmat mitigation and building sales or removals, would result in the return of these lots to productive aviation or community use.	Northern Region	40-T, 39-T, 6-C, 12-F, 8-D, 7-D
37	SW District Airports	32.0	Wind socks and poles	Various	37-S/38-S
38	Kodiak Airport	45.0	Lighting system replacement	Kodiak	36-R
39	Sitka Airport Striping	$20.0	Enhances Taxiway Markings	Sitka	
40	Petersburg Airport Striping	$20.0	Enhanced Taxiway Markings	Petersburg	
41	Wrangell Airport Striping	$20.0	Enhanced Taxiway Markings	Wrangell	
42	Yakutat Airport Crack Seal	$30.0	Crack Seal	Yakutat	
43	Yakutat Airport Brush Cutting	$25.0	Brushing	Yakutat	
44	Gustavus Airport Brushing	$15.0	Brushing	Gustavus	
45	Sitka Airport Crack Sealing	$25.0	Crack Seal	Sitka	
46	Sitka Airport Wind Cone	$20.0	Replace Lighted Wind cone, Runway 11 (base is in good shape but needs new mast and wind cone)	Sitka	
47	Sitka Airport Brushing	$20.0	Cut brush with excavator	Sitka	
48	Wrangell Airport Fog Seal	$120.0	Fog seal apron	Wrangell	
49	Ketchikan Airport Obstruction Survey	$25.0	Obstruction Survey	Ketchikan	
50	Hoonah Airport Obstruction Survey	$25.0	Obstruction Survey	Hoonah	
51	Haines Airport Gate	$45.0	Security Access Gate Replacement	Haines	
52	Yakutat Airport Obstruction Survey	$25.0	Obstruction Survey	Yakutat	
53	Kake Airport Gates	$75.0	Install maintenance access gates	Kake	
	Aviation Deferred Mantenance	**4,399.0**			

AMHS Vessel Deferred Maintenance FY 2010

Reference Number: 42001

Depart of Transportation & Public Facilities

Department of Transportation and Public Facilities

AMHS Vessel Deferred Maintenance -- FY09

Dept. Priority	Project Title	Project Cost ($000)	Running Total ($000)	GF Cost ($000)	GF Running Total ($000)	Project Description	Location (City)	Election District
1	Mens Toilet/Shower	2.00	2.0	2.0	2.0	Determine the location of the vents from the drain piping. Ensure that the vents have not been painted over. Replace drain pipes with new if blocked vents are not the issue. Explore the use of PVC or similar types of pipes to prevent problems seen with	Tustumena	1-40
2	Lower Hold Level	2.00	4.0	2.0	4.0	Monitor and renew coating systems as needed. A structural survey [should] be conducted to determine the extent of the damage in the overhead.	Tustumena	1-40
1	HVAC Enclosure (HPU3)	3.00	7.0	3.0	7.0	Trim the insulation studs and install buttons to prevent injuries.	Chenega	1-40
1	Top of Mooring Compartment (Port)	5.00	12.0	5.0	12.0	Renew wasted deck and modify drain to provide proper drainage from thecompartment.	Taku	1-40
2	MCC Space	5.00	17.0	5.0	17.0	Prep and paint the steel deck in the MCC Space.	LeConte	1-40
2	Oil Tank	6.00	23.0	6.0	23.0	Replace the bilge pump.	Malaspina	1-40
1	General Alarm Signage	10.00	33.0	10.0	33.0	Renew the general alarm signage.	Aurora	1-40
1	Auto Fire Dampers in MVZ Bulkheads	10.00	43.0	10.0	43.0	PC...All ductwork is of steel construction. Some of the steel ductwork is of at least 11 gauge thickness, thereby affording suitable A-0 protection in some locations Structural fire protection insulation is fitted only on the galley exhaust ductwork. [1.4	Matanuska	1-40
1	Passenger Elevator Doors	10.00	53.0	10.0	53.0	PC...Refer to S&A 054. [1.4.2008...Mike Aholt, Beacon Professional Services] The vessel passenger elevator is not currently compliant with 1974 SOLAS regulations. It is recommended that a request for a waiver be sent to MSC to approve the current configurat	Matanuska	1-40
1	Lifeboat Davit	10.00	63.0	10.0	63.0	Replace stair treads with new unpainted treads.	Tustumena	1-40
2	Shaft Alley	10.00	73.0	10.0	73.0	Repair pipe hanger.	Malaspina	1-40
2	Chain Lockers (P/S)	10.00	83.0	10.0	83.0	Replace steel in the bottom 1/3 of compartments as required. Prep and paint compartments to prevent any additional corrosion.	Tustumena	1-40
2	Forepeak SW Ballast Tank	10.00	93.0	10.0	93.0	Monitor and renew coating systems within the next 5 years [by 2011].	Tustumena	1-40
1	Rebuild EOS Electrical Transit	12.00	12.0	12.0	12.0	Remove Transit and repack with proper spacing blocks to make smoke and fire tight.	Aurora	1-40
1	Naming Convention	15.00	27.0	15.0	27.0	Update the tank & void names on the vessel to create a standard for all future reference to the tanks & voids. This would include the Sounding Procedures, Fueling Manual, Stability Manual, Capacity Plan and General Arrangements. Updates in Signage may a	Taku	1-40
2	Bow Thruster	15.00	42.0	15.0	42.0	Research an appropriate bow thruster of suitable size (need to verify thrust requirements with crew) and install. Approx cost $250,000	Chenega	1-40
2	CO2 Room	15.00	57.0	15.0	57.0	The marine joiner door should be replaced with a USCG approved fire door and frame. The overhead needs to be checked for the extent of structural damage from rust. The rust spots appear to continue up on the vehicle deck indicating the need for possible	Malaspina	1-40
2	MSD Room	15.00	72.0	15.0	72.0	Renew coating systems on the tank top within the next 5 years [by 2011].	Tustumena	1-40

Dept. Priority	Project Title	Project Cost ($000)	Running Total ($000)	GF Cost ($000)	Running Total ($000)	Project Description	Location (City)	Election District
2	Standing Water & Deck Corrosion	16.00	88.0	16.0	88.0	An aluminum housing shall be fabricated and installed to the underside of the deck structure, surrounding the capstan and providing a gasketed seal. The housing is to include a drain hole, a perimeter flange with bolt holes for attachment to the existing	Taku	1-40
1	Wheel House fire boundaries	20.00	108.0	20.0	108.0	Make corrections to fire boundaries between the wheelhouse and main machinery spaces.	Fairweather	1-40
1	Observation Lounge door replacement	20.00	128.0	20.0	128.0	Replace fire door leading to lounge.	Malaspina	1-40
2	Main Engine Room	20.00	148.0	20.0	148.0	Modify ventilation system as required to meet existing noise requirements. (If the ship is repowered, the ventilation system should be replaced. New automatic fire dampers should be installed, controllable from the EOS.)	Malaspina	1-40
2	Chain Locker, Port	20.00	168.0	20.0	168.0	Remove chain and conduct a full survey.	Matanuska	1-40
2	Capstans	20.00	188.0	20.0	188.0	Replace the motor controllers for the capstans.	Tustumena	1-40
2	Steam Condensate Piping	25.00	213.0	25.0	213.0	The steam duct heaters and convectors should be replaced. The valves for the steam convectors should be replaced. Replacement should occur in conjunction with the refurbishment of the surrounding compartments.	Malaspina	1-40
2	Steering Gear Room	25.00	238.0	25.0	238.0	Install a steering repeater in the steering gear room adjacent to the manual steering control station.	Malaspina	1-40
1	Wheel House navigation improvements	26.00	264.0	26.0	264.0	Instal a Comm. Nav. 2001 Auto Pilot above the ECDIS that acts as a helm repeater.	Fairweather	1-40
1	L4 Panel wire corrections	30.00	294.0	30.0	294.0	Pull back approximately 50 feet of the oversize cable to a junction box in the Aux engine room and run a smaller size cable appropriate for a 50 amp circuit from the JB to the panel.	Columbia	1-40
1	Stability Software Program	30.00	324.0	30.0	324.0	Using the stability software report within the FCS, find a suitable software and incorporate this into the vessel.	Kennicott	1-40
1	Towing & Mooring Equipment	30.00	354.0	30.0	354.0	Unknown...TBD	Matanuska	1-40
2	Steam Duct Heaters And Convectors	30.00	384.0	30.0	384.0	Replace all sealed steam traps.	Malaspina	1-40
1	Salt Water Pipe repairs	35.00	419.0	35.0	419.0	Renew flanges, valves or isolation kits as described in the Fleet Condition Survey report.	Fairweather	1-40
1	Fire Station Modifications	45.00	464.0	45.0	464.0	Replace one 1-1/2" sweep elbow at FS60 and one 1-1/2" 6" nipple at FS63.	Columbia	1-40
1	Vehicle Elevator Limit repairs	45.00	509.0	45.0	509.0	Repair photobeams to provide safety protection for crew and passengers.	Kennicott	1-40
2	Railings	45.00	554.0	45.0	554.0	Perform a detailed survey of the railings pay particular attention to the stanchion/deck interface. Repair or renew railing sections are required. Remount electrical cable mounts using compatible metals to prevent disimilar metal corrosion.	LeConte	1-40
1	Wheel House magnetic compass	50.00	604.0	50.0	604.0	Relocate or otherwise correct mag compass for proper operation	Chenega	1-40
1	Life Boat Davits	50.00	654.0	50.0	654.0	A design change is required and the author of this item does not know what the extent of the changes would be. It is recommended that Eagle hydraulics be consulted for details.	Kennicott	1-40
1	Open Deck hand rail repair	65.00	719.0	65.0	719.0	Repair the corroded handrail structure to the deck immediately.	Columbia	1-40
1	Vehicle Deck pipe replacement	75.00	794.0	75.0	794.0	Replacement of wasted riser pipes on vehicle deck including water, ballast and fuel lines	Malaspina	1-40

Dept. Priority	Project Title	Project Cost ($000)	Running Total ($000)	GF Cost ($000)	Running Total ($000)	Project Description	Location (City)	Election District
1	Auto Fire Dampers in MVZ Bulkheads	75.00	869.0	75.0	869.0	NC...No visible indicators are provided on fire dampers. [1.4.2008...Mike Aholt, Beacon Professional Services] In order to comply with the applicable SOLAS regulations, a total of nine automatic fire dampers, mostly in the Vehicle Deck overhead need A-60 insu	Matanuska	1-40
1	Handicap Head/Toilet/Shower	75.00	944.0	75.0	944.0	Recommend conducting an assessment of this space to make sure it complies with the current ADA regaulations. Determine method to prevent shower water from leaving the space under the door.	Tustumena	1-40
2	Cable Runs Too Close to Exhaust	75.00	1,019.0	75.0	1,019.0	Re-route or otherwise protect this existing cable run from the heat of the exhaust system.	Chenega	1-40
1	Fwd Observation Lounge window repairs	80.00	1,099.0	80.0	1,099.0	Replace seals in the windows that are leaking.	Kennicott	1-40
1	Water Maker rehab	80.00	1,179.0	80.0	1,179.0	This unit should be investigated and if found to be not acceptable for passenger use, it should be removed or upgraded.	Kennicott	1-40
1	CO2 Room steel repairs	80.00	1,259.0	80.0	1,259.0	Source and repair steel corrosion	Malaspina	1-40
1	Sliding Bridge Door Locks	80.00	1,339.0	80.0	1,339.0	Correct the problem with the door locks ASAP.	Tustumena	1-40
2	Main Breaker	80.00	1,419.0	80.0	1,419.0	Replace breakers or otherwise reconfigure existing. Expected cost $80,000	Chenega	1-40
2	Power Distribution System	80.00	1,499.0	80.0	1,499.0	Replace breakers or otherwise reconfigure existing. Expected cost $80,000	Fairweather	1-40
2	Power Distribution Systems	80.00	1,579.0	80.0	1,579.0	The condition of the cable should be monitored for insulation deterioration and be replaced as needed.	Fairweather	1-40
1	CO2 System improvements	90.00	1,669.0	90.0	1,669.0	Additional CO2 cylinders should be added into the system and the system configured to flood both spaces at the same time.	Malaspina	1-40
1	Anchor replacement	95.00	1,764.0	95.0	1,764.0	Replace the anchor. Anchor most likely will be a long lead-time procurement item.	LeConte	1-40
1	Passenger Elevator Doors	100.00	1,864.0	100.0	1,864.0	PC...The passenger elevator doors are not tight at each deck level. The service elevator has fire doors at each level. [1.4.2008...Mike Aholt, Beacon Professional Services] The vessel passenger elevator is not currently compliant with 1974 SOLAS regulations	Matanuska	1-40
1	Bow Thruster maintenance	120.00	1,984.0	120.0	1,984.0	Remove deflector, rotor blades, steering shaft and replace all bearings and seals	Columbia	1-40
1	SSDG No. 2 Overhaul	120.00	2,104.0	120.0	2,104.0	Overhaul engine as required	Columbia	1-40
1	Underwater Body coatingss	120.00	2,224.0	120.0	2,224.0	Perform total removal of the underwater hull system by abrasive blast grit. Apply new underwater hull system with Interspeed or Intersmooth system by International Paint.	Kennicott	1-40
1	Steel Renewal	125.00	2,349.0	125.0	2,349.0	Crop out and renew the areas of clad welding. One of these areas is over the #6 ballast tank, this could provide access into this tank for sandblasting and renewing the main deck tees if some are found to be wasted as shown in FCSI # 5595.	LeConte	1-40
1	Main Switchboard	150.00	2,499.0	150.0	2,499.0	Rectify Main Switchboard issues as covered on the FCSI	Aurora	1-40
2	Power Conditioning	150.00	2,649.0	150.0	2,649.0	Provide power conditioners to either all or part of the incomming shore power circuits Approx estimate cost $150,000	Chenega	1-40
2	Potable Water Pumps	150.00	2,799.0	150.0	2,799.0	Provide power conditioners to either all or part of the incomming shore power circuits Approx cost estimate $150,000	Columbia	1-40
2	Power Conditioning	150.00	2,949.0	150.0	2,949.0	Add additional 200 amp shore power connections near the forward starboard door and at the aft starboard mooring platform. If both connections are not possible the aft connection would be a higher priority than the forward.	Fairweather	1-40

Dept. Priority	Project Title	Project Cost ($000)	Running Total ($000)	GF Cost ($000)	Running Total ($000)	Project Description	Location (City)	Election District
2	Open Deck	175.00	3,124.0	175.0	3,124.0	Repair corrosion in bulkheads, find and repair source of corrosion. Repair faulty doors and door seals.	Aurora	1-40
2	Lifeboat Davits	200.00	3,324.0	200.0	3,324.0	Next 5-year davit inspection should be scheduled for (Oct2012) the FY13 Overhaul.	Tustumena	1-40
1	CO2 System re-configure	225.00	3,549.0	225.0	3,549.0	Install additional CO2 bottles to adequately protect both spaces--MMR and AMR.	Columbia	1-40
1	'A' Class Doors	250.00	3,799.0	250.0	3,799.0	PC...See SOLAS Insulation Upgrade Matrix and insulation markup plan where upgrades to doors are required. [1.4.2008...Mike Aholt, Beacon Professional Services] The vessel is not currently in compliance with the 1974 SOLAS regulations regarding "A" Class doors	Matanuska	1-40
1	Vehicle Space HVAC noise level	260.00	4,059.0	260.0	4,059.0	Recommend modifying system to comply with the regulations and installing silencers to reduce noise.	Columbia	1-40
1	#6 Ballast Tank pre & paint	260.00	4,319.0	260.0	4,319.0	The overhead should be blasted and painted along with about 400 square feet of other angles and frames in the tank. The majority of the tank has a good coating system and does not need a full blast and paint system.	LeConte	1-40
1	Fidley Natural Exhaust Vent	280.00	4,599.0	280.0	4,599.0	Fabricate and install two gooseneck vents with a total of 20 sq feet of area on top of the house. Formal plans may have to be presented for USCG approval.	Columbia	1-40
2	Watertight Doors	500.00	5,099.0	500.0	5,099.0	Inspect steel in areas of corrosion, repair steel as necessary. Clean, prime and recoat. Routine maintenance is required to prevent further deterioration.	Malaspina	1-40
2	Shaft Alley	500.00	5,599.0	500.0	5,599.0	The plate type access door from the space should be replaced with a USCG approved door and frame. Otherwise, with regular maintenance, this space should hold up satisfactorily until at least 2010.	Tustumena	1-40
1	Power management System	500.00	6,099.0	500.0	6,099.0	Install the Fuel Management System as outlined in the Fleet Condition Survey item	Columbia	1-40
1	Fire Detection System replacement	600.00	6,699.0	600.0	6,699.0	A centralized, comprehensive fire detection and alarm system should be installed throughout the vessel. The system should serve all passenger, crew and work areas.	Malaspina	1-40
1	Vehicle Space Ventilation System upgrades	650.00	7,349.0	650.0	7,349.0	The vehicle space ventilation system should be completely modified and replaced to meet the current regulatory requirements. New motorized, automatic fire dampers should be installed and tied into the fan controllers.	Malaspina	1-40
1	Engine re-power	25,000.00	32,349.0	25,000.0	32,349.0	Replace both Main Engines and associated equipment	Columbia	1-40
1	Life Boat & FRB Davits pipe mod	8.00	32,357.0	8.0	32,357.0	Modify the davit systems for the lifeboats and FRB to prevent the accidental discharge of oil from the accumulator through the vent.	Kennicott	1-40
1	Waste Heat Boilers modification	78.00	32,435.0	78.0	32,435.0	Modify and reroute exhaust through the funnel. Additionally, relocate the safety valves themselves to provide easier access to the valves by using stand pipes.	Malaspina	1-40
1	Auto Fire Dampers in MVZ Bulkheads	68.00	32,503.0	68.0	32,503.0	Modify system so that operating mechanisms are readily accessible (Refer to VNT 008), and mark in red light-reflecting color.	Matanuska	1-40
1	Auto Fire Dampers in MVZ Bulkheads	240.00	32,743.0	240.0	32,743.0	Where installed, existing fire dampers are fitted adjacent to the bulkhead. Where new fire dampers will be needed, such as for the vehicle space (Refer to VNT 015), and where dampers must be relocated to provided manual closing from each side of the boundary.	Matanuska	1-40

Dept. Priority	Project Title	Project Cost ($000)	Running Total ($000)	GF Cost ($000)	Running Total ($000)	Project Description	Location (City)	Election District
1	'B' Class Door Openings	150.00	32,893.0	150.0	32,893.0	Passenger cabin doors must be modified (to meet regulations) so that the gap under the door is no greater than 78 in2.	Matanuska	1-40
1	Bilge And Ballast Valve replacement	68.00	32,961.0	68.0	32,961.0	The bilge/ballast system valves should be replaced with new valves.	Matanuska	1-40
1	Bow Thruster Compartment mods	350.00	33,311.0	350.0	33,311.0	Install an inclined ladder similar to those on the Taku and Malaspina.	Matanuska	1-40
1	Controllable Pitch Propeller System	5,800.00	39,111.0	5,800.0	39,111.0	Replace CPP pumps #1 port and #1 starboard with new pumps. Overhaul piping, valves and controls as necessary. Open OD box, remove all components. Replace all wear parts with new, replace all O-rings, seals, gaskets, etc. with new. Test run, certify to n	Matanuska	1-40
1	Electrical Cabling replacement	252.00	39,363.0	252.0	39,363.0	Cabling with poor insulation should be replaced by 2010. A full insulation survey should be done to determine where higher risk cables are. This item for partial only.	Matanuska	1-40
1	Life Raft Radar Transponders	26.00	39,389.0	26.0	39,389.0	New transponders procured and installed at next recertification	Matanuska	1-40
1	Lifeboat registration	15.00	39,404.0	15.0	39,404.0	Correct the port of registration on the lifeboats.	Matanuska	1-40
1	Lifeboat covers	180.00	39,584.0	180.0	39,584.0	Repair or renew the lifeboat fiberglass covers.	Matanuska	1-40
1	Marine Growth Inhibitor install	130.00	39,714.0	130.0	39,714.0	Chlorinators or other marine growth inhibitors should be installed in each seachest to prevent engine overheating and down time.	Matanuska	1-40
1	Passageway (Fwd) hand rail repair	18.00	39,732.0	18.0	39,732.0	Make repairs/ replace handrail in fwd passageway	Matanuska	1-40
1	Reefer Drawers (Salad Station)	56.00	39,788.0	56.0	39,788.0	Replace refer drawers with new.	Matanuska	1-40
1	Reefer Drawers (Second Cook Station)	56.00	39,844.0	56.0	39,844.0	Replace refer drawers with new.	Matanuska	1-40
1	Reference Cell Replacement	37.00	39,881.0	37.0	39,881.0	Replace the reference cell with new using a CAPAC tech rep and parts. The lead time on this material is unknown so this will need to be research prior to the upcoming overhaul period.	Matanuska	1-40
1	Shafting Coupling repair	220.00	40,101.0	220.0	40,101.0	Replace muff couplings with new to overcome internal defects.	Matanuska	1-40
1	Steam Table Water Filling System & Heating	34.00	40,135.0	34.0	40,135.0	REPLACE STEAM TABLE SHELF WITH NEW STAINLESS STEEL WITH HEAT LAMPS UNDERNEATH. HOOK UP WATER FILL SYSTEM TO HOT WATER WITH FLOAT VALVE OR AUTO STOP SO THAT IT DOES NOT OVER FLOW.	Matanuska	1-40
1	Accommodation Spaces HVAC cleaning	160.00	40,295.0	160.0	40,295.0	Clean Accom space HAVAC system.	Taku	1-40
1	Engineer's Operating Station Steel Repairs	220.00	40,515.0	220.0	40,515.0	The deck plate is wasted and is in need of replacement to remain compliant.	Taku	1-40
1	Steering Gear Compartment coatings	80.00	40,595.0	80.0	40,595.0	Renew coatings within the space with areas of complete failure receiving priority.	Taku	1-40
1	Steward's Stores steel repair	80.00	40,675.0	80.0	40,675.0	Determine the source of the leak and repair. Crop out bulkhead and renew with new steel plate.	Taku	1-40
1	Vehicle Space insulation repair	80.00	40,755.0	80.0	40,755.0	Remove the insulation around Main Deck as allowed by the USCG to prevent further insulation damage. Prep and paint area around the interface between the deck and the bulkhead to protect the hull and deck from corrosion. Area aft of insulation on Main De	Taku	1-40
1	Vehicle Space steel tie downs	160.00	40,915.0	160.0	40,915.0	Repair the damaged car deck turtles which will require extensive hot work.	Taku	1-40
1	Vehicle Space Ventilation controls	90.00	41,005.0	90.0	41,005.0	Correct the vehicle space ventilation controls according to design specifications from 2000 upgrade.	Taku	1-40
1	Vehicle Space Ventilation repairs	130.00	41,135.0	130.0	41,135.0	Repair the damaged ducting.	Taku	1-40
1	Accommodation Ventilation Systems	60.00	41,195.0	60.0	41,195.0	Replace for repair the dampers that must be tied open.	Tustumena	1-40
1	Fin Stabilizer Room Platform	90.00	41,285.0	90.0	41,285.0	Execute repair in accordance with the approved dwgs to appropriately support platform.	Tustumena	1-40
1	Laundry space steel deck repair	110.00	41,395.0	110.0	41,395.0	Crop and renew affected steel.	Tustumena	1-40
1	Oily Water Separator tank repair	40.00	41,435.0	40.0	41,435.0	Replace failing oil tank	Tustumena	1-40

Dept. Priority	Project Title	Project Cost ($000)	Running Total ($000)	GF Cost ($000)	Running Total ($000)	Project Description	Location (City)	Election District
1	Port Main Engine overhaul	130.00	41,565.0	130.0	41,565.0	Engine is due for a 30,000 hour overhaul during next availability. At that time engine will have approx. 60,000 hours total.	Tustumena	1-40
1	Purser's Stateroom (S/R 108) PBX config	40.00	41,605.0	40.0	41,605.0	Reconfigure PBX to receive crew announcements in lieu of passenger stateroom announcements.	Tustumena	1-40
1	Side Port Door deck re-coat	30.00	41,635.0	30.0	41,635.0	The deck in way of the doors should be coated to reduce corrosion.	Tustumena	1-40
1	Stbd Main Engine overhaul	130.00	41,765.0	130.0	41,765.0	Engine is due for a 30,000 hour overhaul during next availability. At that time engine will have approx. 60,000 hours total.	Tustumena	1-40
1	Vehicle Space deck steel replacement	240.00	42,005.0	240.0	42,005.0	Make steel repairs to deck in way of vehicle doors.	Tustumena	1-40
2	Anchor Chain replacement	160.00	42,165.0	160.0	42,165.0	Replace shots 3-5.	Aurora	1-40
2	Bilge And Ballast Pump replacement	20.00	42,185.0	20.0	42,185.0	The bilge/ballast pump is old and should be replaced.	Aurora	1-40
2	Bridge Catwalk Stanchions	18.00	42,203.0	18.0	42,203.0	Repair stanchions as required.	Aurora	1-40
2	Bridge Wings (P/S) steel repair	35.00	42,238.0	35.0	42,238.0	Renew steel under the port compass stand. Prep and paint to renew coatings on this area which is often neglected because it can not be accessed by the crew.	Aurora	1-40
2	Crew Shower/Head Aft	35.00	42,273.0	35.0	42,273.0	Replace the deck covering in the head and improve the lighting levels.	Aurora	1-40
2	Depth Sounder replacement	22.00	42,295.0	22.0	42,295.0	Replace the depth sounder.	Aurora	1-40
2	Docking Intercom System	65.00	42,360.0	65.0	42,360.0	Intercom system overhaul to include updated as-built conditions.	Aurora	1-40
2	Emergency Generator & Fan Room	25.00	42,385.0	25.0	42,385.0	Replace the door and frame with new	Aurora	1-40
2	Engine Room coatings	34.00	42,419.0	34.0	42,419.0	Clean bilge, monitor tank and recoat as needed.	Aurora	1-40
2	Engineers Head floor coverings	15.00	42,434.0	15.0	42,434.0	Replace deck covering. Prep and paint rust on door sill.	Aurora	1-40
2	Fast Rescue Boat (FRB) Davit coatings	38.00	42,472.0	38.0	42,472.0	Prep and paint FRB davit to protect steel structure.	Aurora	1-40
2	Forecastle Lookout Point	15.00	42,487.0	15.0	42,487.0	Prep and paint as required.	Aurora	1-40
2	Forepeak coatings	86.00	42,573.0	86.0	42,573.0	Localized blast and recoat the lower horizontal plating.	Aurora	1-40
2	Housetop coatings	96.00	42,669.0	96.0	42,669.0	Clean, renew, prime and repaint steel surfaces, as needed.	Aurora	1-40
2	MCC Room repair and coatings	60.00	42,729.0	60.0	42,729.0	Determine the cause of the visible corrosion and take corrective action.	Aurora	1-40
2	MSD tank repair/ replacement	80.00	42,809.0	80.0	42,809.0	Rebuild the V1 tank during the next availability with either Mild Steel or 316 Stainless Steel.	Aurora	1-40
2	Open Deck coatings	120.00	42,929.0	120.0	42,929.0	Structure should be sandblasted and painted, as needed in localized areas.	Aurora	1-40
2	Paint Locker coatings	40.00	42,969.0	40.0	42,969.0	The compartment needs to be thoroughly cleaned and the steel inspected for wastage. Renew steel where necessary. The space should be sand-blasted, primed and repainted.	Aurora	1-40
2	Purser's Information Desk HVAC	60.00	43,029.0	60.0	43,029.0	Improve ventilation to this space by modifying existing system	Aurora	1-40
2	Speed Log transducer	30.00	43,059.0	30.0	43,059.0	Repair/ replace existing transducer for speed log	Aurora	1-40
2	Steam And Condensate Piping replacment	140.00	43,199.0	140.0	43,199.0	The remaining sections of the existing steam piping should be replaced. The remaining ACM insulation should be replaced with non-ACM.	Aurora	1-40
2	Wheelhouse window leak repair	8.00	43,207.0	8.0	43,207.0	Replace window seal	Aurora	1-40
2	Additional Shorepower Connections	28.00	43,235.0	28.0	43,235.0	Add additional 200 amp shore power connections near the forward starboard door and at the aft starboard mooring platform. If both connections are not possible the aft connection would be a higher priority than the forward.	Chenega	1-40
2	Black Water Tank level indicator	20.00	43,255.0	20.0	43,255.0	Modify the Tank Level Indicator to provide more acurate results.	Chenega	1-40
2	Bridge Console mods	15.00	43,270.0	15.0	43,270.0	Modify the consoles to allow easy removal of the access panels to facilitate maintenance.	Chenega	1-40
2	Bridge Console mods	6.00	43,276.0	6.0	43,276.0	Increase ventilation inside the bridge consoles to cool the equipment.	Chenega	1-40

Dept. Priority	Project Title	Project Cost ($000)	Running Total ($000)	GF Cost ($000)	Running Total ($000)	Project Description	Location (City)	Election District
2	Capstan area talk back speaker	18.00	43,294.0	18.0	43,294.0	Look at adding a talkback speaker in the Forepeak or modifying the controls to allow operation from the Forecastle Deck.	Chenega	1-40
2	Firemain valve replacement	26.00	43,320.0	26.0	43,320.0	Replace the check valves with a different material. Replace the iron ball valves with monel or stainless steel valves that will last longer in the marine environment.	Chenega	1-40
2	Water Jet hyd repair	10.00	43,330.0	10.0	43,330.0	Make repairs to hyd system to correct high temp.	Chenega	1-40
2	10-Inch Sewage Vent Line Replacement	80.00	43,410.0	80.0	43,410.0	Replace approximately 120-feet of vent piping.	Columbia	1-40
2	Air Compressor replacement	48.00	43,458.0	48.0	43,458.0	The two ships service/start air compressors should be replaced.	Columbia	1-40
2	Air Piping replacement	18.00	43,476.0	18.0	43,476.0	The compressed air piping should be replaced when new compressors are installed.	Columbia	1-40
2	Auxiliary Engine Room coatings	75.00	43,551.0	75.0	43,551.0	The bilge needs to be cleaned and painted.	Columbia	1-40
2	Battery Room coatings	16.00	43,567.0	16.0	43,567.0	Prep and paint the deck.	Columbia	1-40
2	Bilge And Ballast System mods	65.00	43,632.0	65.0	43,632.0	Modify the system to include independent piping for pumping out the ballast tanks. See specs developed during federal project 73780.	Columbia	1-40
2	Boiler re-tube	340.00	43,972.0	340.0	43,972.0	Replace the old tubing with new.	Columbia	1-40
2	Bow Thruster Compartment coatings	230.00	44,202.0	230.0	44,202.0	The compartment needs to be cleaned and the steel inspected for deterioration. Renew steel as necessary. Space should be blasted (SSPC-SP10) and coated.	Columbia	1-40
2	Bridge Toilet deck covering	15.00	44,217.0	15.0	44,217.0	New deck covering should be installed	Columbia	1-40
2	CCTV System modifications	180.00	44,397.0	180.0	44,397.0	Replace all cameras less the stack camera with a camera similar to the type installed at the AMHS terminals for security. Along with other components needed to control the cameras and record their images.	Columbia	1-40
2	Chain Locker coatings	160.00	44,557.0	160.0	44,557.0	Prep and coat P/S Chain lockers as needed.	Columbia	1-40
2	Crew Stairway deck coating/ covering	48.00	44,605.0	48.0	44,605.0	The stairways should be painted and deck covering replaced.	Columbia	1-40
2	Emergency Switchboard Batt Replacement	16.00	44,621.0	16.0	44,621.0	Replace emergency 120 volt batteries.	Columbia	1-40
2	Fan Room (100-104 Port) coatings	25.00	44,646.0	25.0	44,646.0	The deck should be cleaned and painted in the fan room.	Columbia	1-40
2	Fan Room (50-57 Port) coatings	25.00	44,671.0	25.0	44,671.0	The deck should be repaired to prevent further deterioration and possible structural problems.	Columbia	1-40
2	Fathometer replacement	26.00	44,697.0	26.0	44,697.0	Replace the fathometers with new equipment	Columbia	1-40
2	Fire Screen Door hold back install	90.00	44,787.0	90.0	44,787.0	Install a magnetic hold back for each door by extending the current magnetic hold back run from the nearest unit to each door. Hold backs should only be energized in port.	Columbia	1-40
2	Flushing Pumps replacement	36.00	44,823.0	36.0	44,823.0	The flushing pumps should be replaced.	Columbia	1-40
2	Fwd Observation Lounge window leaks	60.00	44,883.0	60.0	44,883.0	The window leaks should be repaired immediately. The torn upholstery should be repaired to prevent further deterioration.	Columbia	1-40
2	Main Deck to Second Deck Crew Quarters	60.00	44,943.0	60.0	44,943.0	Remove doors and door jams entirely, replace with new modern doors of same fire rating.	Columbia	1-40
2	Main Engine Pneumatic Control & Shutdown System	90.00	45,033.0	90.0	45,033.0	Remove pneumatic switches and associated tubing from Main Engines, Reduction Gears, and Turbo low oil pressure shutdowns and replace with modern electrical switches. Remove pneumatic Main Bearing high temp trips and replace with modern electronic sensors.	Columbia	1-40
2	Main Engine Room coatings	60.00	45,093.0	60.0	45,093.0	The bilge needs to be cleaned and painted.	Columbia	1-40
2	Mooring Compartment (Port) cable replace	13.00	45,106.0	13.0	45,106.0	The electrical cabling should be replaced.	Columbia	1-40
2	Mooring Compartment (Stbd) cable replace	13.00	45,119.0	13.0	45,119.0	The electrical cabling should be replaced.	Columbia	1-40
2	MSD Room coatings	48.00	45,167.0	48.0	45,167.0	The bilge needs to be cleaned and painted.	Columbia	1-40
2	No 5 DB FO Tank (CI) Open and inspect	5.00	45,172.0	5.0	45,172.0	This tank has not been surveyed in several years. Open and inspect tank	Columbia	1-40

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2	No 6 DB FO Tank (CI) Open and inspect	5.00	45,177.0	5.0	45,177.0	This tank has not been surveyed in several years. Open and inspect tank	Columbia	1-40
2	No 7 DB FO Tank (CI) Open and inspect	5.00	45,182.0	5.0	45,182.0	This tank has not been surveyed in several years. Open and inspect tank	Columbia	1-40
2	No 7 DB FO Tank (Port) Open and inspect	5.00	45,187.0	5.0	45,187.0	This tank has not been surveyed in several years. Open and inspect tank	Columbia	1-40
2	No 7 DB FO Tank (Stbd) Open and inspect	5.00	45,192.0	5.0	45,192.0	This tank has not been surveyed in several years. Open and inspect tank	Columbia	1-40
2	Observation Lounge window leaks & E lighting	75.00	45,267.0	75.0	45,267.0	The window leaks should be repaired immediately. The existing emergency lights should be replaced with new fixtures.	Columbia	1-40
2	OWS piping mods	18.00	45,285.0	18.0	45,285.0	The suction piping for the OWS should be relocated about 12 inches higher than the present location. A stripping suction should be added from the oily water processing tank directly to the waste oil pump.	Columbia	1-40
2	Paint Locker door replacement	15.00	45,300.0	15.0	45,300.0	The steel plate door to this space should be replaced with a USCG approved fire door and frame. The bulkheads, deck and overhead should be cleaned and painted.	Columbia	1-40
2	Shaft Alley coatings	25.00	45,325.0	25.0	45,325.0	Repair space coatings	Columbia	1-40
2	Steam Piping replacement	60.00	45,385.0	60.0	45,385.0	The steam piping and associated valves, traps and controls should be replaced. This may involve removal and disposal of ACM.	Columbia	1-40
2	Steering Gear Room coatings	25.00	45,410.0	25.0	45,410.0	Repair coatings	Columbia	1-40
2	Vehicle Doors modifications	230.00	45,640.0	230.0	45,640.0	The vehicle elevator cables and sheaves should be completely inspected for safety. Investigate adding vehicle elevator PLC/controls to UPS.	Columbia	1-40
2	Backup Power for Cell Phone Amplifier	12.00	45,652.0	12.0	45,652.0	Emergency power is available from the spare circuit at Inverter #2 Distribution Panel, located approximately six feet below the cell phone amplifier in the Bridge Electrical Room (BER). Rewire the cell phone amplifier feeder cable.	Fairweather	1-40
2	Bottom Paint	230.00	45,882.0	230.0	45,882.0	Each drydock the vessels underwater body paint shall be inspected. Due to the availability and cost of this paint, the underwater coatings should be planned one year in advance.	Fairweather	1-40
2	Bow Thruster Tunnel Marine Growth Reduction	68.00	45,950.0	68.0	45,950.0	Install two (2) Rolen-Star audio transducers on each of the bow thruster tunnels. These transducers shall be wired into the existing Hydrosonic Hull Tender oscillator unit on the forward side of bulkhead 31. Regulatory body approved transits shall be fi	Fairweather	1-40
2	Purser's Office and Stateroom improvements	80.00	46,030.0	80.0	46,030.0	Remove the weathertight door and rearrange the stateroom and office to provide a better office and living quarters	LeConte	1-40
2	Radar Mast	15.00	46,045.0	15.0	46,045.0	Prep and paint radar mast as required to eliminate active corrosion.	LeConte	1-40
2	Railings	8.00	46,053.0	8.0	46,053.0	Perform a detailed survey of the railings pay particular attention to the stanchion/deck interface. Repair or renew railing sections are required on Sun Deck.	LeConte	1-40
2	Railings	7.00	46,060.0	7.0	46,060.0	Perform a detailed survey of the railings pay particular attention to the stanchion/deck interface. Repair or renew railing sections are required on Upper Deck.	LeConte	1-40
2	Searchlights	82.00	46,142.0	82.0	46,142.0	Install 2 new Carlisle Finch Model X9398-HRF Xenon Arc Searchlights	LeConte	1-40
2	Shaft Alley,	45.00	46,187.0	45.0	46,187.0	Shaft alley is due to be prepped and painted.	LeConte	1-40
2	Solarium	30.00	46,217.0	30.0	46,217.0	Solarium heaters need to be replaced. Solarium windows need to be replaced. Solarium should be painted.	LeConte	1-40

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2	Steam	10.00	46,227.0	10.0	46,227.0	The steam and condensate piping is in fair condition. Traps, control valves, pipe insulation and other system components should be overhauled to keep the system operating at high efficiencies.	LeConte	1-40
2	Unisex Head	1.50	46,228.5	1.5	46,228.5	Replace rusted tiles. Fix deck drain & repair steel.	LeConte	1-40
2	V1 & V2 Sewage Tanks	22.00	46,250.5	22.0	46,250.5	Sewage tanks should be sand blasted and painted in place of the annual patch repair work that has been done over the past few years.	LeConte	1-40
2	Vehicle Space	75.00	46,325.5	75.0	46,325.5	Blast and paint the car deck to avoid corrosion of the steel deck.	LeConte	1-40
2	Weathertight Door	42.00	46,367.5	42.0	46,367.5	Many of the weather tight doors are deteriorating. There are 7 on the vessel that are showing rust. Renew the door and jambs with new SS weld in type doors	LeConte	1-40
2	CCTV System	20.00	46,387.5	20.0	46,387.5	Install new camera and weather proof heated housing on front of Foc'sle house to view fore deck.	Lituya	1-40
2	Re-Route Waste Oil Piping	13.00	46,400.5	13.0	46,400.5	Install larger drain pans with larger diameter piping with a propper slope with correct slope for drainage.	Lituya	1-40
2	A/C Compressors Officers Qtrs	12.00	46,412.5	12.0	46,412.5	The air conditioning system should be converted over to an EPA approved refrigerant other than R-134a.	Malaspina	1-40
2	Accommodation	10.00	46,422.5	10.0	46,422.5	Clean ducting which has been deffered for the past 7 years.	Malaspina	1-40
2	Accomodation Space Ventilation System	35.00	46,457.5	35.0	46,457.5	The ventilation systems serving the accommodation spaces should be inspected and ducting restrictions repaired. New humidifiers should be installed that inject potable quality steam into the air.	Malaspina	1-40
2	Accomodation Space Ventilation System	5.00	46,462.5	5.0	46,462.5	Add additional access covers inthe overhead for rebalancing and cleaning of the system.	Malaspina	1-40
2	Aft Mens T/S	14.00	46,476.5	14.0	46,476.5	Repair leaking fixtures and renew decking.	Malaspina	1-40
2	Auxiliary Machinery Room	15.00	46,491.5	15.0	46,491.5	Clean the bilge area and repair failed coating systems.	Malaspina	1-40
2	Bow Thruster	400.00	46,891.5	400.0	46,891.5	Capt. Sundt would like to see an omni-directional bow thruster such as those on the Columbia and Kennicott.	Malaspina	1-40
2	Camera System	10.00	46,901.5	10.0	46,901.5	Install the previously purchased cameras to improve security aboard the vessel. System is capable of 16 views, currently only 6 are installed.	Malaspina	1-40
2	Chill Room	4.00	46,905.5	4.0	46,905.5	The door gasket should be replaced. The indicator light in the light switch should be replaced.	Malaspina	1-40
2	Chill Room	5.00	46,910.5	5.0	46,910.5	Inspect areas of corrosion, repair and recoat as necessary.	Malaspina	1-40
2	Circuit Breaker Panels	8.00	46,918.5	8.0	46,918.5	Check ID markings for all circuits.	Malaspina	1-40
2	CO2 Room	3.00	46,921.5	3.0	46,921.5	Install an automatic hold back door, instead of the manual latch that is currently installed.	Malaspina	1-40
2	Crews Head	12.00	46,933.5	12.0	46,933.5	Repair leaks and recoat steel as necessary. Replace floor tiles and coving.	Malaspina	1-40
2	Cross Passage	6.00	46,939.5	6.0	46,939.5	Apply non-skid that could be used to build up the low points on deck to eliminate potential areas of standing water. Renew coatings.	Malaspina	1-40
2	Deck Coatings	35.00	46,974.5	35.0	46,974.5	Remove existing and renew external deck coatings on Sun Deck	Malaspina	1-40
2	Electrical Cabling	110.00	47,084.5	110.0	47,084.5	All electric cable should be meggered and replaced as required. Due to the age, it is suspected that the majority of the exposed wire will require replacing.	Malaspina	1-40
2	Fan Room	25.00	47,109.5	25.0	47,109.5	Repair and recoat steel as necessary. Descale and paint rusty pipes.	Malaspina	1-40
2	Fan Rooms	20.00	47,129.5	20.0	47,129.5	Renew filter housings to provide more effective air filtration. Improve access to filters if possible.	Malaspina	1-40
2	Fantail	15.00	47,144.5	15.0	47,144.5	Prep and paint the fantail to prevent corrosion.	Malaspina	1-40

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2	Fwd Observation Lounge	30.00	47,174.5	30.0	47,174.5	The overhead paneling should be replaced when possible. Window leaks should be repaired.	Malaspina	1-40
2	Fwd Womens Head	20.00	47,194.5	20.0	47,194.5	Repair leaks and steel deck and recoat steel as necessary.	Malaspina	1-40
2	Liferaft Racks	3.00	47,197.5	3.0	47,197.5	Prep and paint the liferaft racks.	Malaspina	1-40
2	Main Engine Room	15.00	47,212.5	15.0	47,212.5	Clean, prep and paint foundations to extend life of equipment.	Malaspina	1-40
2	Marine Growth Inhibitors	12.00	47,224.5	12.0	47,224.5	Chlorinators or other marine growth inhibitors should be installed in each seachest.	Malaspina	1-40
2	Mens Head - Aft	5.00	47,229.5	5.0	47,229.5	Replace caulking and paint the space.	Malaspina	1-40
2	Mens Head Stbd	14.00	47,243.5	14.0	47,243.5	The toilets should be replaced and the space cleaned up and painted.	Malaspina	1-40
2	Motor Control Circuitry	32.00	47,275.5	32.0	47,275.5	As motor controllers are replaced, the control voltages should be changed to low voltage.	Malaspina	1-40
2	MSD Room	40.00	47,315.5	40.0	47,315.5	Recommend building a coaming underneath the MSD system to catch the corrosive runoff that is causing multiple material failures under the equipment.MSD bilge needs spot scaling and coating.	Malaspina	1-40
2	Naming Convention	22.00	47,337.5	22.0	47,337.5	Update the tank & void names on the vessel to create a standard for all future reference to the tanks & voids. This would include the Sounding Procedures, Fueling Manual, Stability Manual, Capacity Plan and General Arrangements. Update signage at tanks.	Malaspina	1-40
2	Officer/Crew Passage	4.00	47,341.5	4.0	47,341.5	Replace the deck covering.	Malaspina	1-40
2	Oil Fired Boiler	350.00	47,691.5	350.0	47,691.5	Replace boiler it has reached the end of it's effective service life	Malaspina	1-40
2	Public Address System	25.00	47,716.5	25.0	47,716.5	Balance the entire system.	Malaspina	1-40
2	Recreation Rooms	8.00	47,724.5	8.0	47,724.5	Replace worn carpet in the fwd and aft rec room	Malaspina	1-40
2	Satellite Antenna Foundation Pedestal	3.00	47,727.5	3.0	47,727.5	The old Sat Phones are no longer used due to the new system that was installed.	Malaspina	1-40
2	Shaft Alley insulation	10.00	47,737.5	10.0	47,737.5	Repair damaged insulation. (Insulation may be ACM)	Malaspina	1-40
2	Shaft Alley piping	5.00	47,742.5	5.0	47,742.5	Remove unused sewage pipes.	Malaspina	1-40
2	Shaft Alley sewage piping	10.00	47,752.5	10.0	47,752.5	Renew coatings on sewage and drain piping	Malaspina	1-40
2	Shaft Alley	17.00	47,769.5	17.0	47,769.5	Recommend spot scale and coat of the shaft alley bilge.	Malaspina	1-40
2	Shaft Alley Escape Trunk	6.00	47,775.5	6.0	47,775.5	The shaft alley should be cleaned and painted.	Malaspina	1-40
2	Ships Stores	5.00	47,780.5	5.0	47,780.5	Replace the deck covering.	Malaspina	1-40
2	Side Port Doors	500.00	48,280.5	500.0	48,280.5	These weather tight car doors are original and require maintenance, this is an old system, doors should be renewed with hydraulic type doors.	Malaspina	1-40
2	Steering Gear Compartment	12.00	48,292.5	12.0	48,292.5	Areas with coating failures should be repaired.	Malaspina	1-40
2	Stern Loading Doors	100.00	48,392.5	100.0	48,392.5	Doors are operated with pnuematic cylinders. Pins and bushings need to be renewed and change to hydraulic cylinders.	Malaspina	1-40
2	Stewards Staterooms (Fwd)	7.00	48,399.5	7.0	48,399.5	The steel plate door to this space should be replaced with a USCG approved fire door and frame.	Malaspina	1-40
2	Stewards Stores	7.00	48,406.5	7.0	48,406.5	The steel plate door should be replaced with a USCG approved fire door and frame.	Malaspina	1-40
2	Store Room	6.00	48,412.5	6.0	48,412.5	Replace shelves with better grade shelving and new floor grating.	Malaspina	1-40
2	Stores Locker	5.00	48,417.5	5.0	48,417.5	Replace the deck covering.	Malaspina	1-40
2	Transformers	12.00	48,429.5	12.0	48,429.5	Conduct a transformer survey. The transformers should be replaced with transformers designed for the new voltage ranges.	Malaspina	1-40
2	Underwater Body	325.00	48,754.5	325.0	48,754.5	Underwater hull coatings are nearly 10 years old and get annual patch work as needed. Blast and renew coatings.	Malaspina	1-40
2	Vehicle Deck	25.00	48,779.5	25.0	48,779.5	Improve lighting.	Malaspina	1-40

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2	Vehicle Deck	15.00	48,794.5	15.0	48,794.5	Modernize the refrigeration van receptacles with supportable equipment.	Malaspina	1-40
2	Vehicle Deck	20.00	48,814.5	20.0	48,814.5	The valve seals need to be replaced or new valves installed at scuppers	Malaspina	1-40
2	Wheelchair Access	25.00	48,839.5	25.0	48,839.5	Modify hand rail on the sun deck to allow wheelchair access to the solarium.	Malaspina	1-40
2	Womens Head	25.00	48,864.5	25.0	48,864.5	Deck has soft spot, suspect wasted steel under deck coatings. Remove coatings, repair steel, and renew coatings on the deck.	Malaspina	1-40
2	Womens Head - Aft	12.00	48,876.5	12.0	48,876.5	Poured flooring should be installed in this space to replace tile.	Malaspina	1-40
2	1JV Circuit Between Wheelhouse & BT Compartment	15.00	48,891.5	15.0	48,891.5	Pull new cable between Wheelhouse to B/T Compartment. Install cabling and headset for better communication to the B/T flat.	Matanuska	1-40
2	AC Compressors	5.00	48,896.5	5.0	48,896.5	A new compressor oil needs to be found that properly lubricates the machines.	Matanuska	1-40
2	Accommodation Space Ventilation Systems	170.00	49,066.5	170.0	49,066.5	The crew and passenger spaces accommodation systems should be completely replaced. Individual terminal reheat systems should be installed for the cabins. Potable quality steam humidifiers should be added to the system.	Matanuska	1-40
2	Aft Capstan	3.00	49,069.5	3.0	49,069.5	Replace foundation bolts.	Matanuska	1-40
2	Anchor Chain	22.00	49,091.5	22.0	49,091.5	Range, gauge, sandblast and paint. Include shot marks.	Matanuska	1-40
2	Bar	3.00	49,094.5	3.0	49,094.5	Repair drain pipe that has been patched.	Matanuska	1-40
2	Bridge Wing Controls	2.00	49,096.5	2.0	49,096.5	Replace plexiglass control covers and equipment consoles.	Matanuska	1-40
2	Carpet	15.00	49,111.5	15.0	49,111.5	Install new carpet in the bridge, officers quarters and passageway.	Matanuska	1-40
2	Clean Stack, Crankcase Exhaust Fan & Motor	20.00	49,131.5	20.0	49,131.5	Remove screens, fan and motor. Clean the entire area and motor. Meg motor, reinstall and test.	Matanuska	1-40
2	Compressed Air Receivers	100.00	49,231.5	100.0	49,231.5	Replace the compressed air receivers by 2010.	Matanuska	1-40
2	Condensate Piping	90.00	49,321.5	90.0	49,321.5	The boiler condensate piping should be replaced. The existing piping insulation is suspected to be ACM and should be removed and replaced.	Matanuska	1-40
2	Cooling Piping	75.00	49,396.5	75.0	49,396.5	The seawater cooling system for the propulsion system auxiliaries should be replaced with Cu-Ni and the pipe size increased.	Matanuska	1-40
2	Fan Room No. 2	4.00	49,400.5	4.0	49,400.5	Fix the forward bulkhead penetration and replace insulation.	Matanuska	1-40
2	Forecastle Deck	8.00	49,408.5	8.0	49,408.5	Strip, prime and repaint approximately 1,700 square feet.	Matanuska	1-40
2	Forward Observation Lounge	45.00	49,453.5	45.0	49,453.5	Leaks in the overhead and window should be repaired immediately. An additional means of escape should be added to the space.	Matanuska	1-40
2	Hanging Lifejacket Storage Boxes	4.00	49,457.5	4.0	49,457.5	Install louver vents of the aft section of the boxes to reduce condensation and damage to the lifejackets.	Matanuska	1-40
2	Lifeboat Davits	10.00	49,467.5	10.0	49,467.5	Prep and paint the areas of corrosion on the lifeboat davits and associated equipment.	Matanuska	1-40
2	Main Engine Cooling Pumps	20.00	49,487.5	20.0	49,487.5	The seawater cooling pumps should be rebuilt/overhauled by 2010.	Matanuska	1-40
2	Main Engine Room Supply System	30.00	49,517.5	30.0	49,517.5	The MMR air supply system should be increased in capacity by 2010.	Matanuska	1-40
2	Men's Head (Fwd)	10.00	49,527.5	10.0	49,527.5	A new poured floor should be installed in this head.	Matanuska	1-40
2	Men's Toilet/Shower in the Solarium	44.00	49,571.5	44.0	49,571.5	This space should be refurbished in the next few years.	Matanuska	1-40
2	Move E-Gen Voltage Regulator	6.00	49,577.5	6.0	49,577.5	Remount regulator in the Switchboard, add multiple connector wire from E-Gen to switchboard and connect to regulator.	Matanuska	1-40
2	No. 10 Port Wing Void	20.00	49,597.5	20.0	49,597.5	Blast and recoat the lower sections and the aft bulkhead of this tank.	Matanuska	1-40
2	No. 10 Stbd Wing Void	15.00	49,612.5	15.0	49,612.5	Blast and recoat the lower sections of this tank.	Matanuska	1-40
2	No. 10 Void (Centerline)	15.00	49,627.5	15.0	49,627.5	Blast and recoat the lower sections of this tank.	Matanuska	1-40

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2	No. 11 Stbd Wing Void	12.00	49,639.5	12.0	49,639.5	Blast and recoat the lower section fwd of FR 162 of this tank.	Matanuska	1-40
2	No. 2 DB Ballast	28.00	49,667.5	28.0	49,667.5	Recoating of this tank is recommended.	Matanuska	1-40
2	No. 4 DB FW Ballast (Port)	30.00	49,697.5	30.0	49,697.5	Recoating of this tank is recommended.	Matanuska	1-40
2	No. 4 DB FW Ballast (Stbd)	30.00	49,727.5	30.0	49,727.5	Recoating of this tank is recommended.	Matanuska	1-40
2	No.11 Port Wing Void	18.00	49,745.5	18.0	49,745.5	Recoating of this tank is recommended.	Matanuska	1-40
2	Officers Mess & Crew Mess	6.00	49,751.5	6.0	49,751.5	Replace the officers quarters (water cooled) A/C unit with a new air cooled model.	Matanuska	1-40
2	Passageway (Aft-Steward Qtrs)	15.00	49,766.5	15.0	49,766.5	The space should be refurbished. Decking, bulkheads and overheads are old.	Matanuska	1-40
2	Passageway (Fwd Steward Qtrs)	15.00	49,781.5	15.0	49,781.5	The space should be refurbished. Decking, bulkheads and overheads are old.	Matanuska	1-40
2	Placards	3.00	49,784.5	3.0	49,784.5	The lifesaving placards are faded and stained, these should be renewed.	Matanuska	1-40
2	Purser's Office	18.00	49,802.5	18.0	49,802.5	Replace carpet. Install bulkhead cabinet at fwd bulkhead. Install undercounter shelves and cabinet. Add additional electrical outlets under counter.	Matanuska	1-40
2	Recliner Lounge	35.00	49,837.5	35.0	49,837.5	The deck covering and furniture should be replaced. The window leaks should be repaired as soon as possible to prevent deterioration of the deck.	Matanuska	1-40
2	Recreation Room	12.00	49,849.5	12.0	49,849.5	The deck covering should be replaced. The bulkheads should be painted.	Matanuska	1-40
2	Sanitary Pumps	14.00	49,863.5	14.0	49,863.5	Existing pumps were rebuild 3 years ago, should be replaced with bronze double seal pumps.	Matanuska	1-40
2	Speed Log Transducer	18.00	49,881.5	18.0	49,881.5	Speed Log is very old and hard to have serviced, renew with a more modern unit.	Matanuska	1-40
2	Stairwell	5.00	49,886.5	5.0	49,886.5	Paint stairwell, and renew signage.	Matanuska	1-40
2	Steam Piping	60.00	49,946.5	60.0	49,946.5	There are remaining sections of the original steam piping that should be replaced. The ACM insulation should be removed and replaced.	Matanuska	1-40
Th	Transfer Pump	26.00	49,972.5	26.0	49,972.5	The fuel oil pump is rebuilt on a regular bases and is to small causing long fuel transfer times. Larger pumps and piping should be installed.	Matanuska	1-40
2	Wheelhouse Window	4.00	49,976.5	4.0	49,976.5	The portside window has poped out of the frame and is secured in place till it can be replaced.	Matanuska	1-40
2	Wheelhouse Heated Windows	21.00	49,997.5	21.0	49,997.5	Replace the three heated windows, controls and power supplies since only the center one works marginal.	Matanuska	1-40
2	Women's CG Locker	4.00	50,001.5	4.0	50,001.5	Prep and paint this space.	Matanuska	1-40
2	Women's Shower	18.00	50,019.5	18.0	50,019.5	Shower surrounds showing signs of rust, renew surronds and repair deck coatings.	Matanuska	1-40
2	Women's Head (Aft)	12.00	50,031.5	12.0	50,031.5	The deck covering should be replaced before more deterioration leads to possible failure of the deck plate, and the sinks should be replaced.	Matanuska	1-40
2	Accommodation Spaces	30.00	50,061.5	30.0	50,061.5	Install new electric humidifiers throughout the ships ventilation system.	Taku	1-40
2	After Lounge	40.00	50,101.5	40.0	50,101.5	The deck covering and furniture is dated and worn out.	Taku	1-40
2	Battery Locker	4.00	50,105.5	4.0	50,105.5	The deck should be cleaned and repainted.	Taku	1-40
2	Boiler Condensate Tank	16.00	50,121.5	16.0	50,121.5	Replace with new tank which would have an epoxy coating on the inside to prevent corrosion.	Taku	1-40
2	Bow Thruster Machinery Space	8.00	50,129.5	8.0	50,129.5	Repair burn marks in the overhead. Renew deck coating.	Taku	1-40

Dept. Priority	Project Title	Project Cost ($000)	Running Total ($000)	GF Cost ($000)	Running Total ($000)	Project Description	Location (City)	Election District
2	Elevator Controls	28.00	50,157.5	28.0	50,157.5	The 1980 elevator motor controller and elevator controls are obsolete, and should be updated.	Taku	1-40
2	Electrical Power Distribution	150.00	50,307.5	150.0	50,307.5	The eleven NA1B power panels should be replaced. The circuit breakers are no longer available and it will be necessary to replace the entire panel.	Taku	1-40
2	Engine Room Bilges	20.00	50,327.5	20.0	50,327.5	Clean bilges and recoat as required.	Taku	1-40
2	Exterior Deck, Upper Deck	65.00	50,392.5	65.0	50,392.5	Correct areas with coating failure.	Taku	1-40
2	Exterior Deck, Cabin Deck	30.00	50,422.5	30.0	50,422.5	Renew coatings as required to protect the exterior of the Cabin Deck.	Taku	1-40
2	Exterior Deck	18.00	50,440.5	18.0	50,440.5	Add deck drains in areas of standing water.	Taku	1-40
2	Fan Room	4.00	50,444.5	4.0	50,444.5	Recoat the deck.	Taku	1-40
2	Fire Alarm Label Plates	3.00	50,447.5	3.0	50,447.5	Update signage to match current alarm type.	Taku	1-40
2	Firemain Piping	200.00	50,647.5	200.0	50,647.5	Current piping is steel and carries salt water, many areas have been patched. Recommend replacement with 90:10 CuNi piping.	Taku	1-40
2	Forecastle	30.00	50,677.5	30.0	50,677.5	Renew coatings.	Taku	1-40
2	Foredeck / Ladderway	14.00	50,691.5	14.0	50,691.5	Remove doubler plate, crop out wasted steel and renew steel plate as required.	Taku	1-40
2	Forward Observation Lounge	40.00	50,731.5	40.0	50,731.5	Reseal the windows. Remove joiner panel to determine the extent of corrosion that has occurred to the bulkhead, repair and paint.	Taku	1-40
2	FRB Davit	35.00	50,766.5	35.0	50,766.5	Renew coatings and davit components as required.	Taku	1-40
2	Fuel Oil Purifier	225.00	50,991.5	225.0	50,991.5	The fuel oil purifier is used continuously whenever the vessel is in service. The average economic life of a purifier is 15-20 years, which it has reached.	Taku	1-40
2	Main Machinery Room Ventilation	22.00	51,013.5	22.0	51,013.5	The ventilation supply and exhaust ductwork should be fitted with silencers.	Taku	1-40
2	Mens Head (Fwd)	10.00	51,023.5	10.0	51,023.5	Repair leaks in piping behind joinery work and recoat the deck.	Taku	1-40
2	Men's T/S Shower & Dressing Room Area	14.00	51,037.5	14.0	51,037.5	Remove existing tile and check integrity of the steel underneath. Renew with a deck coating rather than tile.	Taku	1-40
2	Mens Toilet/Shower	12.00	51,049.5	12.0	51,049.5	The Cabin Deck Men's Toilet/Shower should be refurbished as it is very old and in poor condition.	Taku	1-40
2	Mens Toilet/Shower	9.00	51,058.5	9.0	51,058.5	The failed deck covering should be replaced.	Taku	1-40
2	Mens Toilet/Shower CG Locker	15.00	51,073.5	15.0	51,073.5	Repair bulkhead and replace deck covering. Replace label plate of the space. Renew the sink.	Taku	1-40
2	Mooring Compartment (Port & Stbd)	52.00	51,125.5	52.0	51,125.5	Renew coatings as required to protect the exterior of the space. Replace all ordinary steel foundation bolts with stainless-steel.	Taku	1-40
2	No 4 Double Bottom Ballast Tank--Port	28.00	51,153.5	28.0	51,153.5	Prep and paint as required.	Taku	1-40
2	No 4 Double Bottom Ballast Tank--Starboard	28.00	51,181.5	28.0	51,181.5	Prep and paint as required.	Taku	1-40
2	No 4 Fresh Water Tank--Port	36.00	51,217.5	36.0	51,217.5	Prep and paint as required.	Taku	1-40
2	No 4 Fresh Water Tank--Starboard	36.00	51,253.5	36.0	51,253.5	Prep and paint as required.	Taku	1-40
2	No. 3 Void (Fr. 47-61)	18.00	51,271.5	18.0	51,271.5	Prep and paint as required.	Taku	1-40
2	No. 4 Wing Void (Fr. 131-145)	18.00	51,289.5	18.0	51,289.5	Prep and paint as required.	Taku	1-40
2	Passenger Staterooms	4.00	51,293.5	4.0	51,293.5	Renew lifesaving placards.	Taku	1-40
2	Recreation Room	10.00	51,303.5	10.0	51,303.5	The forward and aft recreation rooms should be completely refurbished; carpet and appropriate underlayment and padding should be installed.	Taku	1-40
2	Scullery	7.00	51,310.5	7.0	51,310.5	Replace broken window frame in scullery, water is leaking in this space.	Taku	1-40
2	Shaft Alley	6.00	51,316.5	6.0	51,316.5	Areas with coating failures should be repaired.	Taku	1-40

Dept. Priority	Project Title	Project Cost ($000)	Running Total ($000)	GF Cost ($000)	Running Total ($000)	Project Description	Location (City)	Election District
2	Ship Service Switchboard	85.00	51,401.5	85.0	51,401.5	The old type ML breakers are no longer supported by the manufacturer and should be replaced as required with the FA or KA type. Some bus work may have to be done.	Taku	1-40
2	Signage	10.00	51,411.5	10.0	51,411.5	Update signage throughout the ships passenger area to be uniform and correct.	Taku	1-40
2	Steering Repeater	20.00	51,431.5	20.0	51,431.5	Install a steering repeater in the steering room which would be used during emergencies.	Taku	1-40
2	Tonnage Opening (Fr. 127-130 Stbd)	9.00	51,440.5	9.0	51,440.5	Renew coatings as required. Repair insulation.	Taku	1-40
2	Top of Mooring Compartments (Port & Stbd)	16.00	51,456.5	16.0	51,456.5	Renew coatings as required. Repair insulation.	Taku	1-40
2	Upper Void (Fr. 47-61)	5.00	51,461.5	5.0	51,461.5	Mechanical spot paint repair needed.	Taku	1-40
2	Vehicle Space	86.00	51,547.5	86.0	51,547.5	Remove old coatings by track blast and apply zinc which is less maintenance and protects the steel deck.	Taku	1-40
2	Vehicle Space	14.00	51,561.5	14.0	51,561.5	Some of the vehicle space drain do not function properly due to their location. Install new drains near the car doors.	Taku	1-40
2	Vehicle Space Ventilation	35.00	51,596.5	35.0	51,596.5	The system should be thoroughly inspected and corroded sections renewed.	Taku	1-40
2	Void (1-35-0)	1.00	51,597.5	1.0	51,597.5	Open tank and inspect during next available drydock period.	Taku	1-40
2	Womens Head (Fwd)	5.00	51,602.5	5.0	51,602.5	Fix plumbing issues and install new stall door handles.	Taku	1-40
2	Anchor Windlass	12.00	51,614.5	12.0	51,614.5	Replace motor controllers on the anchor windlass	Tustumena	1-40
2	Bosun's Stores	11.00	51,625.5	11.0	51,625.5	Surfaces with loss of coating should be prepped and painted to help deter corrosion.	Tustumena	1-40
2	Bow Thruster Room	5.00	51,630.5	5.0	51,630.5	Areas with coating failures should be repaired.	Tustumena	1-40
2	Bridge Wings (P/S)	30.00	51,660.5	30.0	51,660.5	Prep & paint areas with active corrosion around the port & starboard bridge wings. Renew cable ties underneath railings.	Tustumena	1-40
2	Cocktail Lounge	16.00	51,676.5	16.0	51,676.5	Repair or replace gate. Recover bar stools & benches.	Tustumena	1-40
2	Collision Damage Repair	14.00	51,690.5	14.0	51,690.5	Insert gunwale where dented, and paint effected areas.	Tustumena	1-40
2	Cooling Pumps	22.00	51,712.5	22.0	51,712.5	These pumps run continously and have outlived their life span, they should be replaced.	Tustumena	1-40
2	Doppler Log	18.00	51,730.5	18.0	51,730.5	Install a Doppler Log to interact with the Stabilizer Fins.	Tustumena	1-40
2	Electrical Cabling	150.00	51,880.5	150.0	51,880.5	The original exterior cabling on the ship should be replaced with new cabling. All cable should be insulation-resistance checked.	Tustumena	1-40
2	Exterior Doors	125.00	52,005.5	125.0	52,005.5	Replace all the exterior doors due to corrosion. Work will include steel deck replacement due to corrosion.	Tustumena	1-40
2	Fan Room	6.00	52,011.5	6.0	52,011.5	Repair insulation and repaint deck as required.	Tustumena	1-40
2	Fin Stabilizer Compartment	8.00	52,019.5	8.0	52,019.5	Areas with coating failures should be repaired.	Tustumena	1-40
2	Focsle Open Deck	20.00	52,039.5	20.0	52,039.5	The areas of corrosion prepped and painted.	Tustumena	1-40
2	Life Boats	20.00	52,059.5	20.0	52,059.5	Overhaul the lifeboat engines.	Tustumena	1-40
2	Machinery Casing	10.00	52,069.5	10.0	52,069.5	Repaint the deck in worn areas.	Tustumena	1-40
2	Mens Forward Head	12.00	52,081.5	12.0	52,081.5	Repair deck drain, stalls & fix bulkhead.	Tustumena	1-40
2	MSD Room	14.00	52,095.5	14.0	52,095.5	Areas with coating failures should be repaired. Additional lighting fixtures should be installed.	Tustumena	1-40
2	MSD System	200.00	52,295.5	200.0	52,295.5	Perform upgrades on Tustumena similar to those being proposed for Step One of the AMHS Fleet MSD Upgrade project.	Tustumena	1-40
2	Navigation Antenna Foundations	15.00	52,310.5	15.0	52,310.5	Replace rusting antenna foundations on the House Top & paint all foundations.	Tustumena	1-40
2	Observation Lounge	18.00	52,328.5	18.0	52,328.5	Reseal leaking windows as required.	Tustumena	1-40
2	Officers Mess	9.00	52,337.5	9.0	52,337.5	Install new inset units with insulation sleeve around units. Install & attach new compressors making sure there is a good seal.	Tustumena	1-40

Dept. Priority	Project Title	Project Cost ($000)	Running Total ($000)	GF Cost ($000)	Running Total ($000)	Project Description	Location (City)	Election District
2	Open Deck	80.00	52,417.5	80.0	52,417.5	Weather decks should be blasted and recoated.	Tustumena	1-40
2	Open Deck Aft of Solarium	15.00	52,432.5	15.0	52,432.5	Weather decks should be blasted and recoated.	Tustumena	1-40
2	Open Deck, Exterior	20.00	52,452.5	20.0	52,452.5	Replace brass drain covers as required to prevent foreign objects from entering the drain pipes. Add deck drains to eliminate standing water problems.	Tustumena	1-40
2	Open Deck, Exterior	12.00	52,464.5	12.0	52,464.5	Install a stop to prevent the gates & railings from striking each other and renew coatings. Coatings on railings need spot repair.	Tustumena	1-40
2	Open Deck, Exterior	2.00	52,466.5	2.0	52,466.5	Replace homemade vent protection with a softer type of protection.	Tustumena	1-40
2	Passenger Cabins	24.00	52,490.5	24.0	52,490.5	There are 4 passenger cabin bathrooms that have cracked bulkheads that should be renewed.	Tustumena	1-40
2	Public Shower (Port side)	4.00	52,494.5	4.0	52,494.5	Replace this interior door and frame	Tustumena	1-40
2	Purser's Office	22.00	52,516.5	22.0	52,516.5	The Chief Purser has some ideas on moving a joinery bulkhead to provide more space for both the office and the stateroom.	Tustumena	1-40
2	Pursers Station	15.00	52,531.5	15.0	52,531.5	Replace shelves with a better sea going pan type shelf to prevent items from falling off.	Tustumena	1-40
2	Radar Mast	15.00	52,546.5	15.0	52,546.5	Prep and paint radar mast to stop corrosion.	Tustumena	1-40
2	Service Boat Crane	6.00	52,552.5	6.0	52,552.5	Install a new remove stop start switch by crane.	Tustumena	1-40
2	Shaft Alley	5.00	52,557.5	5.0	52,557.5	Spot paint repair needed.	Tustumena	1-40
2	Side Lounge & Vending Area	18.00	52,575.5	18.0	52,575.5	Rubber floor tile needs to be renewed, and benches recovered with vinyl.	Tustumena	1-40
2	Solarium	200.00	52,775.5	200.0	52,775.5	Solarium heaters need to be replaced. Solarium windows need to be replaced. Solarium should be painted.	Tustumena	1-40
2	Stairs, Exterior	6.00	52,781.5	6.0	52,781.5	Stairs are rusted and need coatings.	Tustumena	1-40
2	Steering Gear Compartment	6.00	52,787.5	6.0	52,787.5	The bilge needs to be cleaned and painted.	Tustumena	1-40
2	Transformers	20.00	52,807.5	20.0	52,807.5	Transformers are very old, new transformers should be installed with lower voltages.	Tustumena	1-40
2	Wheelhouse	5.00	52,812.5	5.0	52,812.5	Overhead in wheelhouse is old and has several unused holes, renew ceiling panels.	Tustumena	1-40
2	Women's Forward Head	10.00	52,822.5	10.0	**52,822.5**	Aft bulkhead has rust bleeding out of the walls, remove joinery panel, fix leak and reinstall joinery panels.	Tustumena	1-40

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AMHS Facility Deferred Maintenance FY 2010

Reference Number: 42001

Depart of Transportation & Public Facilities

Department of Transportation and Public Facilities

AMHS Facility Deferred Maintenance -- FY09

Dept. Priority	Project Title	Project Cost ($000)	Running Total ($000)	GF Cost ($000)	GF Running Total ($000)	Project Description	Location (City)	Election District
1	Ketchikan south berth repairs	230.0			230.0	Electrical system needs to be replace on South Berth mooring float.	Ketchikan	1
2	KTN Port Engineer bldg. roof replacement, and space modifications	320.0			550.0	Remove existing shingled roof and replace, add three new Offices, add three new windows, and replace floor coverings	Ketchikan	
3	KTN Heating control up grade	170.0			720.0	Remove existing pneumatic heating controls and replace with DDC controls.	Ketchikan	
4	Replace Heating system AMHS KTN Ware House.	120.0			840.0	Remove existing oil fired cabnet unit heaters, and replace with Electric unit heaters.	Ketchikan	
5	Reinstall damaged fender panel Berth III KTN	25.0			865.0	Weld new studs on fender panel, and reinstall.	Ketchikan	
6	Auke Bay roof Replacement	150.0			1,015.0	Remove and replace existing roof at the Auke Bay ferry terminal.	Juneau	
7	Auke Bay Terminal Renovations	375.0			1,390.0	Remove and replace all exterior Doors and frames and associated hardware, Remove and replace existing ticket counters.	Juneau	
8	Skagway Float rehab	350.0			1,740.0	Remove and replace existing concrete toping slab on the Skagway floating dock, and electrical conduit and breaker panel.	Skagway	
9	Sitka roof Replacement	75.0			1,815.0	Remove and replace existing roof at the Auke Bay ferry terminal.	Sitka	
10	Sitka potable waterline mods	75.0			1,890.0	Replace exist backflow device with a new Watts Model 009 OSY RPBA back flow preventer, and replace existing Heat Trace.	Sitka	
11	Mooring Dock Improvements	50.0			1,940.0	Install safety netting to catch the mooring lines, and top treat existing creosote piling to prevent rot.		
12	Petersburg out side storage Bldg.	30.0			1,970.0	Construct new 15 X 20 out side storage Bldg.	Petersburg	
13	Petersburg Apron	7.0			1,977.0	Replace expanded metal on the apron.	Petersburg	
14	Petersburg Transfer Bridge	20.0			1,997.0	Repair crack in wheel guard on the Transfer Bridge	Petersburg	
15	Cordova side walk replacement	30.0			2,027.0	Replace sections of the existing side walks at the Cordova ferry terminal due to damage caused by salting walks during winter weather.	Cordova	
16	Cordova FVF Facility Gate Mods	15.0			2,042.0	Lift gate on upper mezzanine needs to be redesigned for a swing gate, as lift gate is heavy and could cause a person removing it less balance	Cordova	
17	Cordova Shore Power	350.0			2,392.0	Resolve shore power issues the M/V Chenega is experiencing while	Cordova	
18	Cordova Heat Trace	125.0			2,517.0	Replace existing Heat Trace in potable water lines, and sewage	Cordova	
19	Valdez wall covering repairs	5.0			2,522.0	Remove existing wall covering at east end of the Valdez terminal Bldg. replace with drywall and texture and paint to match existing wall color	Valdez	
20	Whittier storage project	250.0			2,772.0	Close in part of covered area at the front of the Whittier Ferry Terminal	Whittier	
21	Whittier Terminal Window Leaks	30.0			2,802.0	Remove exterior windows on East of of the Wrangell Ferry Terminal and reflash, and make needed sheet rock repairs.	Whittier	
	DEPARTMENT TOTAL	**2,802.0**						

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Facility Deferred Maintenance List
FY 2010

Reference Number: 30632

Depart of Transportation & Public Facilities

FAC ES
FY2010 Deferred Maintenance List

				FY2010 Facility Deferred Maintenance -- Department Inventory		
	Department Name: DOT&PF					
			Project			
	Dept		Cost		Location	Election
Reg	Priority	Project Title	($000)	Project Description	(City)	District
NR	1	Nenana Shop Hydronic Heat Conversion and Mezzanine Remodel	60.0	Convert shop to more efficient hydronic heat. Elimination of the large forced air furnace on the mezanine will allow remodeling the space for better use as a meeting area for the crew. Not required if new shop is funded - see request below.	Nenana Maintenance Station	8D
SE	2	Region-wide eyewash and safety shower installation	140.0	Upgrade and/or install OSHA required and approved eyewash stations to meet ANSI standards.	Region-wide	1-A, 2-A, 3-B, 4-B & 5-C
SEF	3	Crane Replacement and Upgrade	30.0	Current Unit will not handle larger equipment	Valdez	
CR	4	Kodiak Griffin Building Repair Exterior Finish	145.0	Stucco type finish is cracking and allowing water to penetrate, needs repair or replaced	Kodiak	6
SEF	5	Equipment Lift Replacement	35.0	Replace Unsafe/Outdated Maintenance Lift	Nenana	
CR	6	Upgrade Lighting in DOT&PF Facilities to Energy Efficient Lighting	220.0	Numerous Facilities have T12 lighting and need to be replaced with the new energy efficient T8 bulbs and electronic ballasts will save 30% in lighting costs	Region Wide	10
CR	7	Anchorage Aviation HQ Building Replace Heating Coil	20.0	Existing heating coil has leaks and needs to be replaced. The location of the leak makes it impossible to repair	Anchorage	8
SEF	8	Equipment Lift Replacement	60.0	Replace Unsafe/Outdated Maintenance Lift	Palmer	
CR	9	Anchorage Aviatin Building Relocate Elevator Pump and Controller	20.0	Code requires the elevator pump and controller to be isolated from the elevator pit. We must correct this discrepancy to avoid penalties and fines.	Anchorage	8
CR	10	Anchorage Boney Court Upgrade Elevators	520.0	Elevators need modernization work to be code compliant	Anchorage	8
NR	11	Nome SEF Complex Concrete Slab for Tractor/Trailer Bldg	40.0	The Tractor/Trailer building was created by recycling two ATCO buildings placed end to end. Only one half of the structure has a concrete slab under it. This project will place concrete in one half of the building to allow maintenance in a normal shop environment vs. on a dirt floor.	Nome SEF Complex	39T
NR	12	Livengood Bunkhouse Upgrade	60.0	The bunkhouse kitchen needs remodeling due to wear & tear. Counter tops and floors are worn through. Appliances are at the end of useful life. This kitchen is to small for the assigned personnel and wears heavily as a result. A gas line will likely result in a new bunkhouse, but this kitchen remodel should not be delayed. Project includes new more efficient windows.	Livengood Maintenance Station	6C
SE	13	Ketchikan Court & Office Building - Interior Finish Repairs	70.0	Repair worn and damaged interior wall and ceiling finishes; replace worn carpet in corridors which is becoming a life safety hazard.	Ketchikan	1-A
SEF	14	Equipment Lift Installation	31.0	Lift Installation for Safety/Productivity	Wrangell	

FAC ES
FY2010 Deferred Maintenance List

Reg	Dept Priority	Project Title	Cost ($000)	Project Description	Location (City)	Election District
NR	15	Emergency DG Arctic Pack	50.0	Procure and set up portable Arctic Pack Diesel Generator for emergency power. This unit is backup to our DG powered maintenance stations. It can be quickly transported where needed and placed in service immediately with quick disconnect capability.	Peger Complex	7,8,9,10, 11
CR	16	Anchorage Public Safety Replace Carpet	150.0	Carpet is worn and unsightly and needs replacement	Anchorage Public Safety	10
NR	17	Paxson Install DG Coolant Heat Recovery System	80.0	Install heat exchangers and piping to recover and use heat radiated off of the camp's electrical generators. This is a energy saving upgrade with an estimated 3-year payback.These systems would tie into the existing cooling system and recover approximately 1 million BTU/hour, which should provide most of the necessary heat to the shop.	Paxson Maintenance Station	12F
NR	18	Montana Creek Shop Hydronic Heat Conversion and Mezzanine Remodel	60.0	Convert shop to more efficient hydronic heat. Elimination of the large forced air furnace on the mezanine will allow remodeling the space for better use as a meeting area for the crew.	Montana Creek Maintenance Station	7D
SE	19	Klawock - Rain Gutter Replacement	15.0	Replace failed rain gutters. This will extend building life by protecting siding and foundation	Klawock	5-C
SE	20	Gustavus - Rain Gutter Replacement	15.0	Replace failed rain gutters. This will extend building life by protecting siding and foundation	Gustavus	5-C
CR	21	Dutch Harbor Paint Exterior of Hanger Building	65.0	Building is deteriorating due to weather conditions and lack of protective coating.	Dutch harbor	
NR	22	Livengood Generator Heat Recovery System	80.0	Install heat exchangers and piping to recover and use heat radiated off of the camp's electrical generators. This is a energy saving upgrade with an estimated 3-year payback.These systems would tie into the existing cooling system and recover approximately 1 million BTU/hour, which should provide most of the necessary heat to the shop.	Livengood Maintenance Station	6C
NR	23	Livengood Shop Window Replacement	15.0	Windows in the shop need replacement.	Livengood Maintenance Station	6C
CR	24	Anchorage Boney Court Retofit with Energy Efficient Lighting	58.0	Many outdated lighting fixtures still exist within this facility, Changing these fixtures with new energy efficient lighting would save costly energy consumption.	Anchorage Boney Court	10
SE	25	Haines - Repair Roof	45.0	Replace all metal roofing fasteners to eliminate leaks in field and around flashings.	Haines	5-C
SEF	26	Crane Replacement and Upgrade	30.0	Current Unit will not handle larger equipment	Tok	
CR	27	Kodiak State Equiment Fleet Shop Pave Parking Area	150.0	Existing yard is poorly graded, gets extremely muddy and needs resurfaced	Kodiak SEF	6
SE	28	Juneau - Cold Storage	100.0	Repair structural steel at slab. Add concrete housekeeping pads to protect base of structural steel.	Juneau	3-B

Reg	Dept Priority	Project Title	Cost ($000)	Project Description	Location (City)	Election District
SE	29	Skagway - Drainage	25.0	Septic drains back up and create health and environmental hazards due to high water table in the area.	Skagway	5-C
CR	30	Kodiak Court Replace Carpet	52.0	Carpet is worn and unsightly and needs replacement	Kodiak Courthouse	6
NR	31	Tazlina Facilities Shop	950.0	The Tazlina Facilities crew shop is inadequate and is currently housed in a 1950's vintage Quonset hut. This building has almost no insulation, no vehicle bay, no bathroom and no foundation. This project would build a 40' x 50' shop with office, vehicle bay with overhead door, and a bathroom. Included would be a storage mezzanine and a two-ton hoist. This project is not needed if the Tazlina Warm Storage project is funded.	Tazlina Maintenance Station	12F
NR	32	Peger Admin Bldg - Engineering Area Remodel	85.0	Remodel the northeast Design area. This heavy traffic area has 26 employees in it. The space needs to be recarpeted, painted, office furniture upgraded, and electrical distribution reworked. The current use of the room is very different from what the space was designed for, resulting in an uncomfortable working environment for the employees. The logistics of displacing this many employees for the project adds significantly to the cost. Asbestos abatement is required to remove the tile mastic beneath the carpeting. It is believed that the poor working conditions in the space are contributing to hiring difficulties, moral, and retention problems.	Peger Admin Building	7,8,9,10, 11
CR	33	Anchorage Aviation HQ Replace Ceiling Tile and Light Sensors	30.0	Existing tile is unsightly and lighting sensors need to be installed for energy saving r	Kodiak Griffin	6
SE	33	Region-wide Lighting Upgrade	100.0	Replace T-12 fluorescent lighting with energy efficient T-8/T-5 lighting and install lighting controls to increase occupant comfort and reduce energy costs. Upgrade exterior lighting and high bay lighting at maintenance shops.	Region-wide	1-A, 2-A, 3-B, 4-B & 5-C
SEF	34	Crane Upgraded and Moved	30.0	Current Unit is too small and off center	Silvertip	
CR	35	Anchorage Annex Replace Water Lines with New Copper Lines	32.0	Replace existing corroded iron pipes with copper	Anchorage Annex	10
NR	36	Peger Parking Expansion and Head bolt Heater Upgrade	1,500.0	All existing headbolts are currently assigned. There are none available for new employees. The existing system has indoor rated wire which is impossible to repair in cold weather. Upgrade and expand system. This project adds 30 additional spaces adjacent to Davis Road.	Peger Complex	7,8,9,10, 11
SEF	37	Crane Replacement and Upgrade	30.0	Current Unit will not handle larger equipment	Tazlina	
CR	38	Upgrade Ready lines	130.0	Equipment requirements have changes requiring increases in electrical for ready lines	Ninilchik, Homer, kodiak, Seward, Palmer, McGrath, and N. Kenai	

FAC ES
FY2010 Deferred Maintenance List

Reg	Dept Priority	Project Title	Cost ($000)	Project Description	Location (City)	Election District
CR	39	Replace Highway Scale Signs with LED signs	30.0	Existing signs are hard to read and require constant maintenance	Anchorage Glenn-in and Glenn-out	10
SE	40	Sitka Court and Office Building - Restroom Renovation	140.0	New fixtures, replace tiling and flooring, partitions, counters, dispensers and upgrade automatic door openers.	Sitka	2-A
SEF	41	Equipment Lift Replacement	26.0	Replace due to size limitations - larger equipment	Anchorage LD	
NR	42	Peger Complex Building Maintenance Shop Addition	1,700.0	The facilities section has outgrown our existing shop. The existing shop is so crowded that it is nearly impossible to perform any work in it. All facility maintenance work for the Fairbanks/Denali areas and 23 rural airports is based out of this shop. Twenty seven maintenance personnel are currently working out of the existing 2,500 sq. ft. shop. Add 4000 sf with layout patterned after FIA and Anchorage International A/P Facility buildings with separate electrical, carpenter, and plumbing, shops. Central Region workshop is far superior to NR's converted loading dock.	Peger Complex	7,8,9,10, 11
NR	43	Peger Water Well & Pumphouse	200.0	Water Pumphouse – This will eliminate purchasing water from the city to use for road maintenance. High capacity well and associated equipment.	Peger Complex	7,8,9,10, 11
CR	44	Anchorage SEF Replace Bi-fold doors	200.0	Doors are original 1977 construction and are uninsulated. New insulated doors will save considerable energy/heating costs	Anchorage SEF	10
SE	45	Juneau - DOT&PF SE Regional Complex HVAC Major Maintenance and upgrade.	340.0	Replace malfunctioning pneumatic HVAC controls with direct digital controls; clean ducts in entire building, rebalance and repair system for efficient operation and lower operating costs. This project will increase productivity and improve indoor air quality for health/life safety.	Juneau	3-B
SE	46	Juneau - DOT&PF SE Regional Complex Ventilation Improvement	40.0	Replace restroom exhaust ventilator to improve indoor air quality. Install new exhaust system for 1st and 2nd floor copy rooms to reduce heat buildup in the building.	Juneau	3-B
SE	47	Ketchikan Court & Office Building - HVAC Major Maintenance and upgrade.	400.0	Replace malfunctioning pneumatic HVAC controls with direct digital controls; clean ducts in entire building, rebalance and repair system for efficient operation and lower operating costs. This project will increase productivity and improve indoor air quality for health/life safety.	Ketchikan	1-A
NR	48	Western District Rural Airport - Slabs for SREBs	800.0	Western area SREB's concrete floor installation at White Mountain, Teller, Emmonak, Golovin. Dirt floors in many of the SREB's trap moisture and causes mold growth on interior walls and ceilings. Concrete floors would eliminate this health risk and provide for a much cleaner environment for the contractors, mechanics and maintenance personnel.	White Mtn, Teller, Emmonak, Golovin	39T
CR	49	Anchorage Glenn Highway Scales Install Protective Barriers	15.0	Skidding automobiles are a potential hazard to state employees performing duties at the Glenn Highway scales. A barrier needs to be installed between the highway and the scales stations.	Anchorage Glenn-in and Glenn-out	10
CR	50	Maintenance Shops/Weigh Stations Water/Filtration Systems	425.0	Several Shops/Weigh Stations have nonpotable water supply need new wells or filtration systems	Glenn, Potter, Sterling, Silvertip,	

FAC ES
FY2010 Deferred Maintenance List

Reg	Dept Priority	Project Title	Cost ($000)	Project Description	Location (City)	Election District
SEF	51	Equipment Lift Installation	35.0	Lift Installation for Safety/Productivity	Bethel	
SE	52	Ketchikan COB Exterior Clean, Seal and Caulk	140.0	Concrete exterior panels need to be cleaned, sealed and joints caulked to protect from further weather damage; this will increase the service life of the building.	Ketchikan	1-A
CR	53	Kodiak Regional Office Repair Parking Lot and Sidewalks	300.0	Pave parking area and replace 200' of deteriorated sidewalks and curbs	Kodiak	6
SE	54	Region-wide - Insulation Upgrade	275.0	Survey and upgrade insulation and exterior sealing systems. Where necessary, added insulation and improving cladding integrity will reduce energy costs and increase productivity.	Region-wide	1-A, 2-A, 3-B, 4-B & 5-C
SEF	55	Equipment Lift Replacement	31.0	Replace Unsafe/Outdated Maintenance Lift	Valdez	
SE	56	Sitka - Prepare and Paint Exterior Doors	20.0	Prevailing weather-side doors are corroding due to failing paint; this will prolong the life of the doors. Door replacement may be necessary.	Sitka	2-A
SE	57	Juneau - AMHS Reservations Building	45.0	Install roof access to 2nd floor roof for roof inspections, snow removal and drain maintenance. Life/safety - hazard of accessing 2nd floor roof from 1st floor awning roof.	Juneau	3-B
CR	58	Chulitna Highway Maintenance Station Expansion	525.0	Existing shop is too small to accommodate the new larger equipment. Need to extend the bay area to allow inside storage of critical snow removal equipment	Chulitna SEF	36
NR	59	Manley Hot Springs Shop/SREB	900.0	Current rented shop is inadequate and inefficient. Combine with new SREB in A/P Relocation Project (AKSAS 61564) Add State funds to double size of AIP SREB. This funding would expand the AIP funded, planned 40'x50' building to 40'x100' and consolidate the Elliott Highway equipment under one roof in a new energy efficient building. This will eliminate leasing a substandard and inefficient building for highway equipment.	Manley Hot Springs	6C
NR	60	Trims Shop Addition	1,200.0	Expands the shop's equipment warm storage building. There are currently 2 bays and there is a for an additional bay. The warm storage shop is used for equipment during the winter months and also serves as the SEF shop when a mechanic travels from Delta. The existing bays are small and the amount of equipment makes it difficult to work on equipment. Equipment must be moved out of the building in order to change blades on graders and plow trucks. This project would add one 21'x100' bay to the joint SEF/M&O equipment building.	Trims	12F
CR	61	North Kenai Highway Maintenance Station Expansion	525.0	Existing shop is too small to accommodate the new larger equipment. Need to extend the bay area to allow inside storage of critical snow removal equipment	Kenai	

FAC ES
FY2010 Deferred Maintenance List

Reg	Dept Priority	Project Title	Cost ($000)	Project Description	Location (City)	Election District
NR	62	Cantwell Slab Repair	240.0	Replace slab in 40'x50' section of shop. Existing concrete floor is rough, broken, and has in-floor heat pipes that leak. Remove and replace concrete and underground plumbing. Install OWS for DEC compliance. Not required if Shop will be replaced - see request below.	Cantwell	8D
NR	63	Delta Maintenance Shop Office Addition	100.0	This shop's office is inadequate for the needs of the camp. It is only 300 square feet and poorly insulated. The eight personnel assigned need additional space. The office was an add-on to the original construction. It is uncomfortably cold during sub-zero weather. This project is not required if a new shop is funded.	Delta Maintenance Station	12F
NR	64	Western SREB Roof Ladder Installation	400.0	SREB's without roof mounted beacons do not have a wall mounted ladder to access roof. Currently, for roof maintenance (roof covering or chimney), access is gained with a ladder stood up in a loader bucket, and then raised high enough to reach the roof. (Extension ladders do not fit on passenger planes). This is a severe SAFETY hazard.	Western District SREBs	6C,39T, 40T
SE	65	Gustavus - Door Installation	30.0	Install 2 new doors in equipment storage area.	Gustavus	5-C
SEF	66	Crane, .5T Jib Crane	3.0	Additional unit, requires electricity and mounting	Kotzebue	
SEF	67	Crane Replacement and Upgrade	30.0	Current Unit will not handle larger equipment	Unalakleet	
CR	68	Silvertip Highway Maintenance Station Expansion	525.0	Existing shop is too small to accommodate the new larger equipment. Need to extend the bay area to allow inside storage of critical snow removal equipment	Hope	
NR	69	Peger SEF Shop Addition	1,800.0	Add two bays to Heavy Equipment Shop. 50'x80' total with O/H crane.	Peger SEF	10
NR	70	Healy Shop Replace Roof	210.0	The original roof design currently provides an R 11 energy rating. The current condition of the roof is very poor and needs to be replaced. This project would provide additional insulation, raising the R-value to R 40. At the time of replacement of the new roof system, an OSHA-approved, fall protection system would be installed. Not necessary if shop is replaced.	Healy Maintenance Station	8D
SE	71	Sitka Court & Office/Municipal Building Major Repairs	140.0	Replace defective glazing; renovate interior finishes (shared cost basis with City & Borough of Sitka.) This project will increase energy efficiency to reduce heating costs.	Sitka	2-A
SE	72	Petersburg Scow Bay Shop - Replace Roofing	175.0	Replace metal roof. Add insulation and improve wall/roof seal. This project will extend building life, increase building efficiency and reduce maintenance costs	Petersburg	5-C
CR	73	Anchorage Public Safety Repave Parking Lot	420.0	Existing Parking lot has deteriorated and has cracks and pot holes	Anchorage	10
SEF	74	Equipment Lift Replacement	31.0	Replace Unsafe/Outdated Maintenance Lift	Northway	
NR	75	Chandalar Bunkhouse Addition	175.0	Increased staffing level on the Dalton highway are taxing the existing bunkhouse. An additional four rooms are necessary to correct the situation. This will be an addition to the existing bunkhouse. Not required if new bunkhouse is funded.	Chandalar Maintenance Station	40T

FAC ES
FY2010 Deferred Maintenance List

Reg	Dept Priority	Project Title	Cost ($000)	Project Description	Location (City)	Election District
CR	76	Anchorage State Equipment Fleet Replace Sprinkler System	30.0	Existing sprinkler system is deteriorated and leaking. Pipes are over 30 years old and need to be replaced.	Anchorage	10
CR	77	Anchorage Comm Building DDC Upgrades	50.0	HVAC systems controls needs upgrade to better heat and cool the facilty. Many critical communications system depend on proper cooling in this facility.	Anchorage Communications	10
CR	78	Chulitna Highway Maintenance Station Replace Siding	300.0	Siding is old, damaged and lacks proper insulation. New insulated metal panels will save costly heating for this facility.	Chulitna Station	36
SEF	79	Equipment Lift Replacement	35.0	Replace Unsafe/Outdated Maintenance Lift	Livengood	
SE	80	Skagway Maintenance Shop - Cold Vehicle Storage	85.0	Install roof and siding to cold storage shed. Structure is in place and will increase equipment life by providing sheltered storage.	Skagway	5-C
NR	81	Peger Complex Supply Building Roof Replacement	170.0	This roof is in poor condition and requires patching several times every year.	Peger Complex Supply Building	7,8,9,10
CR	82	Replace Roof Anchorage Aviation Building	450.0	Roof membrane has surpassed its life expectancy. Leaks and needs replacement	Anchorage AviationHQ	10
NR	83	Tazlina District Headquarters ADA Office Addition	750.0	This building is not ADA compliant. This is the DOT hub for the district and is frequented by many members of the public. An elevator and many other modifications will need to be installed allowing wheelchair access to the 2nd floor offices.	Tazlina District Maintenance Station	12F
SE	84	Juneau DOT&PF SE Regional Complex - 2nd Floor Ceiling Tile	35.0	Replace poor quality ceiling tile for acoustical and lighting improvement. This will increase occupant productivity.	Juneau	3-B
SE	85	Skagway - 12-mile Bldg - Wastewater Tank	20.0	No wastewater facilities available at this remote site. Tank would be pumped as necessary to remove waste.	Skagway	5-C
CR	86	Aniak Maintenance Shop Roof Replacement	175.0	Roof is extremely old and leaks excessively	Aniak Maintenance Shop	36
CR	87	Dutch Harbor Storage Facility Repair Concrete Roof	350.0	Roof leaks excessively causing safety concerns with electrical panels needs drains installed and new membrane	Dutch harbor	
SE	88	Sitka Court and Office Building - Boiler Replacement	15.0	Original re-appropriation less than required for the project, creating an unpaid obligation.	Sitka	2-A
SEF	89	Equipment Lift Replacement	22.0	Replace Unsafe/Outdated Maintenance Lift	Delta	
NR	90	Delta Vehicle Warm Storage Extension	600.0	The Delta Warm Storage Bldg is not "deep" enough. Currently graders will not fit with any attachment installed. This causes inefficiency requiring removal of plows to utilize the warm storage or plugging the grader in outside while still spending money to heat the building.	Delta Maintenance Station	12F
NR	91	Peger Complex Tech Services Building Roof Replacement	260.0	Roof is in poor shape. Replace with EPDM and add fall protection system.	Peger Complex	7,8,9,10
NR	92	Peger Complex Vehicle Warm Storage Roof Replacement	250.0	Roof is in poor shape. Replace with EPDM and add fall protection system.	Peger Complex	7,8,9,10

FAC ES
FY2010 Deferred Maintenance List

Reg	Dept Priority	Project Title	Cost ($000)	Project Description	Location (City)	Election District
CR	93	Dutch Harbor Remove Asbestos from Hanger Building	175.0	Building contains asbestos and is a hazard to employees entering the facility. Asbestos needs to be removed or contained.	Dutch harbor	
NR	94	Coldfoot Station Vehicle Exhaust System	40.0	Existing system does not work adequately and results in unsatisfactory conditions in the shop during welding/cutting and vehicle testing operations.	Coldfoot Maintenance Station	6
NR	95	Peger SEF Complex Asbestos Removal	90.0	Asbestos mastic was used to secure carpeting when the Complex was built in 1971. This mastic must be abated so the old carpet can be stripped up, and new floor coverings can be installed in several areas.	Peger SEF Complex Floors	7,8,9,10
CR	96	Anchorage Aviation HQ Upgrade Electrical System	320.0	Existing electrical system is unsafe in its current configuration. Failure of the transformer could lead to an explosion within the facility. Transformers need to be relocated to outside of building for the safety of its occupants	Anchorage Aviation Headquarters	10
SEF	97	Equipment Lift Installation	35.0	Lift Installation for Safety/Productivity	McGrath	
SEF	98	Equipment Lift Replacement	31.0	Replace Unsafe/Outdated Maintenance Lift	Slana	
NR	99	Livengood Install New Fuel Station and Tanks	130.0	Existing system doesn't meet DEC Code. Above ground tanks are a concern because of age. Piping is underground (non compliant). Fueling station materials are wood and do not meet fire proof requirements.	Livengood Maintenance Station	6C
NR	100	Sag River Shop Metal Siding	100.0	Replace the maintenance intensive wood siding with metal siding.	Sag River Maintenance Station	40T
NR	101	Cordova ARFF Housing	120.0	Renovation of ARFF appartment housing – Both units need new carpeting, tile, windows, paint, bathroom and kitchen refurbishment. Iron removal system installation on domestic water.	Cordova A/P	5C
CR	102	Soldotna Highway Maintenance Station Correct Condensation problems	125.0	Shop has excessive condensation/water forming inside creating a hazardous work environment around electrical fixtures and panels. Need to increase air flow and building air exchange	Soldotna Maintenance Shop	8
SEF	103	Crane Replacement and Upgrade	30.0	Current Unit will not handle larger equipment	Tazlina	
SEF	104	Hoist Modification	4.0	Needs wireless system	Seven Mile	
SEF	105	Equipment Lift Replacement	22.0	Replace Unsafe/Outdated Maintenance Lift	O'Brien Creek	
SEF	106	Equipment Lift Replacement	35.0	Replace Unsafe/Outdated Maintenance Lift	Healy	
NR	107	Paxson Shop Addition	1,200.0	Add additional bay for heavy equipment warm storage.	Paxson Maintenance Station	12F
NR	108	Overhead Crane Replacement	100.0	Current cranes (2 each 7.5 ton) are over 30 years old, parts are no longer available.	Fairbanks SEF Shop Building	7,8,9,10

FAC ES
FY2010 Deferred Maintenance List

Reg	Dept Priority	Project Title	Cost ($000)	Project Description	Location (City)	Election District
CR	109	Soldotna Highway Maintenance Shop Replace Roof	820.0	Water condensation has caused internal damage and electrical hazards in side the facility. Poor design/construction has created a situation where it rains inside the building shorting out electrical circuits, blowing up lights and creating a potential fire hazard as water leaks into the main electrical distribution panel. A new sandwiched panel roof will eliminate these hazards	Soldotna Maintenance Shop	8
SEF	110	Hoist Modification	4.0	Needs wireless system	Chandalar	
		Total	24,897.0			

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Harbors Deferred Maintenance List
FY 2010

Reference Number: 7090

Depart of Transportation & Public Facilities

Harbors Deferred Maintenance - DOT&PF Inventory
2008 Update

(Prepared on 11/12/08)

Dept. Priority	Facility Name	Cost estimate ($000)	GF cost ($000)	GF running total ($000)	Description	Location (city or area)	Election District
1	Tenakee Springs Small Boat Harbor	$ 1,155.0	$ 1,155.0	$ 1,155.0	Float deferred maintenance & repairs. Replace and transfer 'C' and M2, M3 floats to local government.	Tenakee Springs - Chigikof Island	1A
2	Hyder Inner Float & SPF	$ 638.0	$ 638.0	$ 1,793.0	Float deferred maintenance & repairs. Replace of all floats. SPF float is okay.	Hyder - Ketchikan area	1A
3	Kasaan Harbor & SPF	$ 1,261.7	$ 1,261.7	$ 3,054.7	Float deferred maintenance, repairs, and replacement. Replace breakwater. Steel approach is okay.	Kasaan - Prince of Wales Island	1A
4	Port Alexander Inner Float	$ 3,861.1	$ 3,861.1	$ 6,915.8	Float deferred maintenance, repairs, and replacement. Salvage existing grid.	Port Alexander - Baranof Island	1A
5	Elfin Cove Inner Float	$ 1,274.9	$ 1,274.9	$ 8,190.7	Float deferred maintenance, repairs, and replacement. Improve harbor layout.	Elfin Cove - Chigikof Island	1A
6	Edna Bay Refuge Float	$ 759.0	$ 759.0	$ 8,949.7	Float deferred maintenance & repairs. Remove navigational obstructions in front of floats. Install $50K timber floating breakwater.	Edna Bay - Prince of Wales Island	1A
7	Funter Bay Refuge Float	$ 192.5	$ 192.5	$ 9,142.2	Float deferred maintenance, repairs, and replacement. Install a $50K timber floating breakwater.	Juneau area - Admiralty Island	1A
8	Papke's Landing Float	$ 717.2	$ 717.2	$ 9,859.4	Float deferred maintenance, repairs, and replacement. Expand existing float to accommodate more users.	Petersburg area	1A
9	Elfin Cove Outer Float & SPF	$ 854.7	$ 854.7	$ 10,714.1	Float deferred maintenance, repairs, and replacement. Install a $50K timber floating breakwater.	Elfin Cove - Chigikof Island	1A
10	Baranof Warm Springs Refuge Float & S	$ 690.8	$ 690.8	$ 11,404.9	Float deferred maintenance, repairs, and replacement	Baranof Warm Springs - Baranof Island	2A
11	Hollis Float & SPF	$ 760.1	$ 760.1	$ 12,165.0	Float deferred maintenance, repairs, and replacement. Need ADA ramp and expanded SPF float.	Hollis - Prince of Wales Island	1A

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12	Tenakee Springs Small Boat Harbor	$ 926.2	$ 926.2	$ 13,091.2	Float deferred maintenance & repairs. Replace and transfer 'A' and 'B' floats to local government.	Tenakee Springs - Chigikof Island	1A
13	Point Baker Refuge Float & SPF	$ 952.6	$ 952.6	$ 14,043.8	Float deferred maintenance, repairs, and replacement. Install a $50K timber floating breakwater.	Point Baker - Prince of Wales Island	1A
14	Meyer's Chuck Float & SPF	$ 1,256.2	$ 1,256.2	$ 15,300.0	Float deferred maintenance, repairs, and replacement. Steel approach is okay.	Meyer's Chuck - Wrangell area	1A
15	Port Protection Refuge Float & SPF	$ 380.6	$ 380.6	$ 15,680.6	Float deferred maintenance & repairs	Port Protection - Prince of Wales Island	1A
16	Hyder Outer Float	$ 366.3	$ 366.3	$ 16,046.9	Float deferred maintenance, repairs, and replacement	Hyder - Ketchikan area	1A
17	Funter Bay Cannery Float & SPF	$ 731.5	$ 731.5	$ 16,778.4	Float deferred maintenance & repairs	Juneau area - Admiralty Island	1A
18	Kupreanof Float	$ 717.2	$ 717.2	$ 17,495.6	Float deferred maintenance & repairs. Replace one rotten approach pile.	Kupreanof - Petersburg area	1A
19	Tenakee Springs Small Boat Harbor	$ 6,494.3	$ 6,494.3	$ 23,989.9	Floating breakwaters (2) deferred maintenance, repairs, and replacement.	Tenakee Springs - Chigikof Island	1A
20	Ninilchik Small Boat Harbor	$ 440.0	$ 440.0	$ 24,429.9	Float deferred maintenance & repairs	Ninilchik - Kenai area	34Q
21	Entrance Island Refuge Float	$ 11.0	$ 11.0	$ 24,440.9	Float deferred maintenance & repairs	Hobart Bay - Petersburg area	1A
22	Helm Bay Refuge Float	$ 11.0	$ 11.0	$ 24,451.9	Float deferred maintenance & repairs	Helm Bay - Ketchikan area	1A
23	Halibut Cove Refuge Float	$ 55.0	$ 55.0	$ 24,506.9	Float deferred maintenance & repairs	Halibut Cove - Kachemak Bay	34Q
24	Mountain Point Float and Ramp	$ 5.5	$ 5.5	$ 24,512.4	Float deferred maintenance & repairs	Ketchikan area	1A
25	Whale Pass Float & SPF	$ 11.0	$ 11.0	$ 24,523.4	Float deferred maintenance & repairs	Whale Pass - Prince of Wales Island	1A

26	Gustavus Dock & Float	$ 4,017.2	$ 4,017.2	$ 28,540.6	Dock programmed for replacement with FHWA & NPS funds in 2008-2009. Mostly new harbor floats installed in 2008. Remaining float deferred maintenance, repairs, and replacement cost is approximately $50K.	Gustavus - Juneau area	1A
	DEPARTMENT TOTAL	**$ 28,540.6**					

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Highway Deferred Maintenance List
FY 2010

Reference Number: 30631

Depart of Transportation & Public Facilities

FY2010 Highways - Deferred Maintenance Inventory

Region Priority	Project Title	Project Cost (000)	Project Description	Location	Election
	VEGETATION				
1	Fairbanks Area Brush Cutting	100.0	This project provides for cutting brush along roads throughout the Fairbanks District. Brush cutting would be completed to improve sight distance at curves and intersections and to provide adequate sight distance in area with known animal crossings. Vegetation on many of these priority roads has not been cut for years due to manpower and funding shortages.	Fairbanks District	7-D,8-D,9-E,10-E,11-F,12-F
2	P.O.W. Brush Cutting	50.0	Klawock/Hollis Hwy	Klawock MP 15-30	
3	Knik-Goose Bay Road	89.0	Brush Cutting	Knik	15-H
4	Richardson Hwy, MP 0 - 42 Valdez & Thompson Pass MS	60.0	Cut brush back from guardrail, road surface and reestablish sight distance on roads that have not been brush cut for several years. Some areas will require use of a mower-head excavator to reach from roadside.	Valdez District	12-F
5	Ketchikan Area Brush Cutting	30.0	N. Tongass	Ketchikan MP 4.8-13.8	
6	Seward Highway MP 35-37	31.4	Establish Clear Zone	Quartz Creek	35-R
7	Denali Highway Brush Cutting	100.0	Cut brush back from road surface and reestablish sight distance on roads that have not been brush cut for several years.	Denali District	8-D, 12-F
8	Kake Brush Cutting	7.5	Keku Rd Brush cut	Kake MP 0-3	
9	Big Lake Road	75.0	Brush Cutting	Big Lake	15-H
10	Sourdough & Slana Vegetative Management	100.0	This project will provide much needed cutting of heavy brush and trees in the Sourdough and Slana areas of the Tazlina District.	Tazlina District	6-C, 12-F
11	Sitka Brush Cutting	10.0	Sawmill Creek Road	Sitka MP 0-7	
12	Hollywood Road	76.0	Brush Cutting	Wasilla	15-H
13	Tok District Highways - Vegetative Management	200.0	Brush cut both sides of (portions of) the Alaska, Richardson and Taylor Highways and the Tok Cutoff. Several areas along these highways have not been brushed in 5 years due to manpower and equipment shortages. This project would allow M&O to develop brush cutting contract(s) to address brushing needs throughout the corridors. Due to the terrain, brush cutting this corridor will require a variety of specialized equipment.	Tok District	6-C
14	Sitka Brush Cutting - Halibut Pt Rd	10.0	Halibut Point Road	Sitka MP 0-7	
15	Knik River Road	55.0	Brush Cutting	Matanuska	16-H
16	St. Marys - Mountain Village Road Brush Cutting	20.0	Brush cut both sides of the road from St. Mary's, to the airport (MP 0-8). Sections of road have not been cut in quite a while, no available equipment, and dense vegetation is up to the edge of the road in places.	Western District	39T
17	Exit Glacier Road	24.3	Spot repairs	Seward	35-R
18	Portage Highway and Seward Highway @ Portage area	34.0	Brush Cutting	Portage	32-P
19	Copper River Hwy, MP 2 - 49 Cordova MS	40.0	Cut brush back from guardrail, road surface and reestablish sight distance on roads that have not been brush cut for several years. Some areas may require use of a mower-head excavator to reach from roadside	Valdez District	6-C
20	Lucus Road	16.0	Brush Cutting	Wasilla	14-G

Region Priority	Project Title	Project Cost (000)	Project Description	Location	Election
21	Steese Hwy MP 128-162 Brush Cutting	90.0	Brush cut the Steese Hwy from Central to Circle (MP 128-162). Sections of road have grown up 8' - 10' due to a decade or more of neglect. No equipment or funding has been available for years to accomplish this needed brushing work, and dense vegetation is up to the edge of the roadway in places.	Fairbanks District	7-D,8-D,9-E,10-E,11-F,12-F
22	Parks Highway MP 42-52	90.0	Brush Cutting	Houston	15-H
23	Nome Area Brush Cutting	125.0	Cut brush where necessary on Nome area road system. Between MP 31-34 we will widen the safety area to right of way limits. This project will result in an estimated spring maintenance cost savings of $15,000 or more in yearly road opening efforts.	Western District	39-T
24	Pittman Road	80.0	Brush Cutting	Meadow Lakes	15-H
25	Silvertip Area Roads and Highways	30.0	Brush Cutting	Silvertip	32-P
26	Schrock Road	60.0	Brush Cutting	Maeadow Lakes	15-H
27	Trunk Road	65.0	Brush Cutting	Palmer	13-G
28	Sterling Highway MP 158-169	100.0	Establish Clear Zone	Anchor Point	35-R
	VEGETATION MANAGEMENT	**$ 1,768.20**			
	GRAVEL SURFACING				
1	Denali Highway Gravel Resurfacing	100.0	This project would provide gravel resurfacing funds for the portion of Denali Highway that is within the Cantwell MS's coverage.	Denali District	8-D, 12-F
2	South Tongass Ave.	240.0	South Tongass D-1 resurface	Ketchikan MP 11-12	
3	Hatcher Pass Road MP 9-21	1,000.0	Gravel embankment spot repair and ditching	MatSu	35-R
4	Steese Hwy Surface Repair (MP 128-162)	100.0	5,000 cy of surface aggregate would finish off repairs to the washed out areas and locations that received new culverts this year	Fairbanks District	7-D,8-D,9-E,10-E,11-F
5	Revilla Road	240.0	Revilla Road D-1 resurface	Ketchikan MP 3-4	
6	Squaw Creek Road	85.0	Embankment repair and culverts	Dillingham	37-S
7	St. Mary's-Mountain Village Road Gravel Fills & Resurfacing (MP 8 - 21)	200.0	Place gravel in areas where the road has settled below adjacent tundra, and resurface approximately 5 - 8 miles of gravel roadway with an estimated 5,000 CY of D-1. This project would resurface the worst portions of this road, which is in desperate need of additional surfacing material.	Western District	39-T
8	Sawmill Creek Road	260.0	Sawmill Creek D-1 resurface	Sitka MP 5.7-7.1	
9	Jakolof Bay Road	217.8	Gravel resurface	Seldovia	35-R
10	Kougarok Road Improvements (MP 32-34)	100.0	This project would provide for the placement of material to raise the existing grade in this area by approximately four feet. This is a high snowfall area and raising the grade will help reduce spring road opening costs. The grade raise and the replacement/installation of several culverts in this area will improve drainage and help protect the roadway embankment, thus extending the life of the road.	Western District	39-T
11	Quartz Creek East and West and Williams Road	97.4	Gravel resurface	Quartz Creek	32-P

Region Priority	Project Title	Project Cost (000)	Project Description	Location	Election
12	Taylor Highway - Stockpile Road Surfacing Material	500.0	Provide some gravel stockpiles approximately 50 miles apart on the Taylor Hwy (as feasible). Strategic placement of stockpiles reduces resurfacing project costs by reducing the cost of hauling material, through the reduction of fuel cost, wear and tear on equipment and the potential for accidents. Approximately 80 miles of the Taylor is constructed of native rock. A substantial amount of effort is used grading large chucks of bedrock in an effort to keep the road safe. Due to the lack of crushed rock, this road is extremely unsafe when it is wet. As a result, tour buses, motor homes, fuel trucks and travel trailers slide off this road on an annual basis.	Tok District	6-C
13	Old Edgerton Hwy Repair/Resurface	80.0	Repair specific portions of the Old Edgerton Hwy that have little or no base material and is prone to annual flooding.	Tazlina District	12-F
14	Nome-Teller Highway Repairs	150.0	This project would provide for various surface repairs on the Nome-Teller Highway between MP 21 and MP 31. Repairs include hauling and placing gravel to fill in existing dips between MP 24 and 26. The project also includes a grade raise at MP 29 to eliminate spring glacier problems. Between MP 21 and 22 and from MP 23-31.5 existing shoulders will be pulled and the material processed utilizing the Fahr Roadcrusher in order to create new driving surface aggregate. These segments of highway have received very limited maintenance over the last several years due to manpower and funding shortages. This project will provide a smoother driving surface, improve safety by eliminating dips in the roadway, and reduce maintenance costs by eliminating glaciering and by crushing and placing a new driving surface aggregate.	Western District	39-T
15	Elliott Highway Gravel Resurfacing	100.0	This project would provide gravel resurfacing for the Elliott Highway.	Denali District	7-D,
16	Denali Highway: Dust Control (Calcium Chloride Application)	60.0	This project would be to apply 100 tons of CaCl to the sections of the Denali Hwy that would most benefit from dust control.	Denali District	8-D, 12-F
17	Elliott Highway: Dust Control (Calcium Chloride Application)	60.0	This project would be to apply 100 tons of CaCl to the sections of the Elliott Hwy that would most benefit from dust control.	Denali District	7-D
	GRAVEL SURFACING	**$ 3,590.20**			
	ASPHALT SURFACE REPAIRS				
1	Glenn Highway	2700.0	Rut Repair - Mill and overlay	N-S Birchwood 17.8-20.5	
2	Dalton Highway Asphalt Repairs (Hot Mix) MP 19-23	40.0	This project would provide repairs for existing asphalt surface which has incurred substantial potholing this year. This project will extend the life of the existing surface, provide a smoother and safer roadway, and will reduce future maintenance costs.	Denali District	6-C
3	Glacier Highway Repairs	500.0	Brotherhood Bridge to Hamilton Mill and fill	Juneau MP 9.3-10.2	
4	Jewel Lake Road (Raspberry to Strawberry)	5.0	Overlay pavement in southbound lane (0.2 miles)	*Anchorage*	***27-N***
5	Gaswell / Wendy Lane	3,000.0	Rut Repair - Mill and overlay	0-3	
6	Fairbanks Area Local Roads Asphalt Banding	150.0	Restore cross cracked asphalt due to frost expansion and contraction, extend the life of pavement and greatly improve ride quality.	Fairbanks District	7-D,8-D,9-E,10-E,11-F

Region Priority	Project Title	Project Cost (000)	Project Description	Location	Election
7	POW Pavement Repairs	45.0	Dip repair on Craig/Klawock/Hollis Hwy	Klawock MP 0-30	
8	Parks Highway	27,000.0	Rut Repair - Mill and overlay	72-99	
9	Huffman Road (Old Seward to Carrs entrance)	14.4	Overlay pavement all 3 lanes (0.3 miles)	*Anchorage*	***31-P***
10	Northway Road Re-surfacing (High Float)	2.0	Resurface 9 miles of Northway Road. Maintenance was deferred for 3 years pending the execution of the Northway airport project. At present time, approximately 50% of the road will need to be resurfaced at the end of the project. The remaining 50% would benefit from a resurfacing due to the shortened life span resulting from the numbers of heavy trucks utilizing the road during the 2008 airport project.	Tok District	6-C
11	North Cohoe Loop	5,000.0	Rut Repair - Mill and overlay		
12	North Tongass Highway Repairs	75.0	Mill and Pave	Ketichikan MP 4.8-13.8	
13	Smith Road MP 0-0.8	65.0	Overlay pavement	*Palmer*	***16-H***
14	Sterling Highway	7,000.0	Rut Repair - Mill and overlay	83-90	
15	Edgerton Highway Surface Maintenance	120.0	Resurface sections of the Edgerton Highway that are damaged due to frost heaving. Currently, federal preventative maintenance funds are not available to repair these heavily damaged areas.	Tazlina District	12-F
16	Kake Road Repairs	55.0	Cold Patch and fabric repair of dip in the road	Kake MP 2	
17	Glenn Highway	7,800.0	Rut Repair - Mill and overlay	Peters Ck. - Eklunta 22-25.5	
18	Ridgecrest Drive	100.0	Overlay 550' of road	Bethel	38-S
19	Airport Road, MP 0.5 - 2.8 Valdez MS	50.0	Airport Road (Valdez) needs repair and rehabilitation - particularly chip sealing, to perform properly over the next several years.	Valdez District	12-F
20	Mosquito Lake Road Repairs	350.0	Mosquito Lake Road; Core out road remove log cord and replace with rip rap and rebuild base and double chip seal.	Haines MP 0.9	
21	Seward Highway	15,000.0	Rut Repair - Mill and overlay	62-75	
22	Outer Springer Road MP 0-1.5	117.0	Overlay pavement	Palmer	13-G
23	Ester Dome Road Surface Repair	275.0	RAP and Chip surface has completely failed and requires excessive maintenance and attention. This project would reshape the base course, inject CSS-1 to create a 3% residual ATB, and then double chip the surface for future ease of maintenance.	Fairbanks District	7-D
24	Sterling Highway	15,000.0	Rut Repair - Mill and overlay	45-60	
25	Angoon Road Repairs	600.0	Patch and new chipseal overlay	Angoon MP 0-	
26	Exit Glacier Road	24.3	Spot repairs	Seward	35-R
27	Eagle River Loop	10,000.0	Rut Repair - Mill and overlay	Hiland-Eagle River Rd	
28	Resurface Clearwater Lake Loop Road in Delta	75.0	Purchase, haul, and place modified C-1 surface aggregate on Clearwater Lake Loop Road in Delta Junction. The total length of the project is approximately 4 miles. This project will help reduce maintenance costs and improve driver safety by providing a smooth driving surface that will not require as	Tok District	12-F
29	Zimovia Highway	100.0	Zimovia Highway Asphalt Patching a or Chip seal	Wrangell MP 7-8	

Region Priority	Project Title	Project Cost (000)	Project Description	Location	Election
30	Glenn	7,000.0	Rut Repair - Mill and overlay	35-42	
31	Edlund Road MP 0-0.72	61.0	Overlay Pavement	Wasilla	16-H
32	Regional Emulsified Asphalt Treated Base Stockpiles	800.0	This project would provide for the purchase of aggregate and emulsion in order to create regional stockpiles of EATB's around the Region for use on the road system. Due to limitations in Federal Preventative Maintenance funding, M&O has been unable to construct base improvements in areas with melting permafrost. This project would significantly improve M&O's highway patching program by providing the EATB material to be placed before the high float/chip seal patch is placed.	Northern Region	
33	Hoonah Airport Road Repairs	475.0	Airport Road mill and fill	Hoonah MP 0.7-1.3	
34	Clarks Road	244.0	Base repair, mill and overlay pavement	Anchorage	32-P
35	Rich Highway - Chip Seal Repairs MP 27 - 42	175.0	This project would provide repairs for existing asphalt surface which has incurred substantial potholing this year. This project will extend the life of the existing surface, provide a smoother and safer roadway, and will reduce future maintenance costs.	Valdez District	12-F
36	Halibut Point Rd Repairs	600.0	Halibut Point Road EATB & Chip Seal	Sitka MP 6.6-7.3	
37	Knik River Road	237.0	Base upgrade and pave	Matanuska	16-H
38	Clark Wolverine Road	348.0	Base upgrade and pave above existing paved section	Palmer	16-H
39	Jonesville Road MP 0-2.5	200.0	Overlay pavement	Sutton	12-F
40	C Street @ Fireweed Lane	9.6	Overlay pavement	Anchorage	25-M
41	Bodenburg Loop Road MP 0-5.7	453.0	Overlay pavement	Butte	16-H
42	Fairview Loop Road MP 9.2-11.1	148.0	Overlay pavement	Wasilla	16-H
43	Farm Loop Road MP 0-2.9	224.0	Overlay pavement	Palmer	13-G
44	New Glenn Highway @ Ft. Richardson Overpass	96.0	Overlay pavement	Anchorage	18-I
45	Reeve Boulevard	6.4	Overlay pavement	Anchorage	23-L
46	Sterling Highway MP 81.7-89.5	7,800.0	Rotomill and pave	Sterling	34-Q
47	Old Klatt Road	93.6	Overlay pavement	Anchorage	28-N
48	Jonhs Road	53.1	Overlay pavement	Anchorage	31-P
49	Old Seward Highway Huffman to Potter	44.0	Overlay sections of pavement	Anchorage	31-P
50	Eagle River Road MP 6-End	317.4	Overlay pavement	Eagle River	32-P
51	West Drive, Lakeshore and Longmere Road	153.5	Base prep and pave	Soldotna	34-Q
52	Poppy Ridge MP 0-0.5	120.0	Rotomill and pave	Soldotna	33-Q
53	E. Poppy MP 0-0.9	182.7	Rotomill and pave	Soldotna	33-Q
54	College Loop Road MP 0-1.4	314.9	Rotomill and pave	Soldotna	33-Q
55	Birch Road (Huffman to O'Malley)	16.0	Base repair and overlay	Anchorage	31-P
56	DeArmoun Road (last 1 mile)	100.0	Base repair, ditching and overlay pavement	Anchorage	32-P
57	South Birchwood @ Chugiak HS	80.0	Overlay pavement	Birchwood	16-H
58	Minnesota Drive Off-ramp @ West HS	4.8	Overlay pavement	Anchorage	26-M

Region Priority	Project Title	Project Cost (000)	Project Description	Location	Election
59	Potter Drive (C Street to Dowling)	17.6	Overlay pavement	Anchorage	24-L
60	Kincaid Road	292.5	Base repair, ditching and overlay pavement	Anchorage	27-N
61	Bragaw Street (Tudor Road to UAA Drive)	80.0	Overlay pavement	Anchorage	22-K
62	Seward Highway MP 90-97	224.0	Overlay pavement in outside lanes	Girdwood	32-P
63	Alyeska Highway MP 3-4	32.0	Overlay pavement	Girdwood	32-P
64	Portage Highway (Wye to Visitor Center)	16.0	Overlay pavement	Portage	32-P
65	Seward Highway MP 46-75	664.0	Overlay sections of pavement	Silvertip	32-P
66	Lucus Road MP 0-1.4	118.0	Overlay pavement	Wasilla	14-G
67	Pittman Road MP 0-2.5	200.0	Overlay pavement	Meadow Lakes	15-H
68	Mackey Lake Road MP 0-2.7	605.9	Rotomill and pave	Sterling	34-Q
69	Forest Lane MP 0.9-2.2	212.3	Base prep and pave	Soldotna	33-Q
70	Snug Harbor Road MP 1-2.1	49.5	Gravel resurface	Cooper Landing	34-Q
71	Kasilof Beach Road MP 0-1.1	195.2	Base prep and pave	Kasilof	34-Q
72	State Park, Rabbit Run and Browns Lake Roads	616.9	Base prep and pave	Soldotna	34-Q
73	Robinson Loop MP 0-5.1	1,133.9	Rotomill and pave	Soldotna	33-Q
74	Jewel Lake	$5,350.0	Rut Repair - Mill and overlay	Dimond - International Airpor	
75	Parks	$17,000.0	Rut Repair - Mill and overlay	146 - 163	
76	DeBarr	$10,000.0	Rut Repair - Mill and overlay	15th - Muldoon	
77	72nd Avenue	$1,100.0	Rut Repair - Mill and overlay	Lake Otis - Lore	
78	68th Avenue	$650.0	Rut Repair - Mill and overlay	Lake Otis - Brayton	
79	Potter Drive	$450.0	Rut Repair - Mill and overlay	Arctic - C St.	
80	80th Avenue	$200.0	Rut Repair - Mill and overlay	Lake Otis - Winchester	
81	East Seldon	$2,300.0	Rut Repair - Mill and overlay	0 - 2.3	
82	Fairview Loop	$11,000.0	Rut Repair - Mill and overlay	0 - 11	
83	Sterling	$21,500.0	Rut Repair - Mill and overlay	96.5 - 118	
84	Lucus	$1,400.0	Rut Repair - Mill and overlay	0 - 1.4	
85	49th State Street	$1,300.0	Rut Repair - Mill and overlay	0 - 1.3	
86	Bodenburg Loop	$5,700.0	Rut Repair - Mill and overlay	0 - 5.7	
87	Glenn	$10,000.0	Rut Repair - Mill and overlay	25 - 35	
88	South Big Lake	$2,000.0	Rut Repair - Mill and overlay	6 - 8	
89	Peninsula	$15,000.0	Rut Repair - Mill and overlay	Naknek - King Salmon	
90	Sterling	$39,000.0	Rut Repair - Mill and overlay	118 - 157	
91	Sterling	$15,000.0	Rut Repair - Mill and overlay	157 - 172	
92	Rezanof Drive	$7,500.0	Rut Repair - Mill and overlay	0 - 7.5	
93	O'Malley	$2,900.0	Rut Repair - Mill and overlay	Old Seward - Upper O'Malley	
94	Seward	$8,000.0	Rut Repair - Mill and overlay	18 - 26	
95	Seward	$7,000.0	Rut Repair - Mill and overlay	43 - 50	

Region Priority	Project Title	Project Cost (000)	Project Description	Location	Election
96	Old Klatt	$2,050.0	Rut Repair - Mill and overlay	Timberline - Victor	
97	Beaver Loop	$4,000.0	Rut Repair - Mill and overlay	0 - 4	
98	Funny River	$3,000.0	Rut Repair - Mill and overlay	0 - 3	
99	Dimond Boulevard	$6,300.0	Rut Repair - Mill and overlay	Arctic - Jewel Lake	
100	Rezanof Drive West	$4,000.0	Rut Repair - Mill and overlay	0 - 4	
101	Main Street (Homer)	$500.0	Rut Repair - Mill and overlay	0.2 - 0.7	
102	East End	$6,000.0	Rut Repair - Mill and overlay	14 - 20	
103	Dimond Boulevard	$3,350.0	Rut Repair - Mill and overlay	Old Seward - Arctic	
104	Fireweed Lane	$4,050.0	Rut Repair - Mill and overlay	Spenard - New Seward	
105	Abbott	$1,800.0	Rut Repair - Mill and overlay	Lake Otis - Hilltop	
106	Victor Rd.	$1,200.0	Rut Repair - Mill and overlay	all	
107	Birch	$350.0	Rut Repair - Mill and overlay	O'Malley - Lore	
108	Northern Lights Boulevard	$900.0	Rut Repair - Mill and overlay	Minnesota - Wisconsin	
109	A Street	$2,300.0	Rut Repair - Mill and overlay	15th - International Airport	
110	C Street	$2,200.0	Rut Repair - Mill and overlay	15th - International Airport	
111	Upper Huffman	$1,050.0	Rut Repair - Mill and overlay	Hillside to end	
112	Palmer-Wasilla	$14,700.0	Rut Repair - Mill and overlay	0 - 9.8	
	ASPHALT SURFACE REPAIRS	**$ 362,177.50**			
	GUARDRAIL REPAIR				
1	Tazlina District Guardrail Maintenance	120.0	Repair/replace damaged guardrail in the Tazlina district. This is a continuation of work that is already in progress.	Tazlina District	12-F, 6-C
2	Klondike Highway	105.0	Guardrail repair	Skagway MP	
3	Robinson Loop MP 0.6	3.1	Guardrail repair	Soldotna	33-Q
4	Alaska Highway Guardrail Replacement & Repair	100.0	Replace 630' and raise 430' of guardrail that has subsided and fallen away from the roadway. This section is located at Dot Lake corner which could be extremely hazardous if a vehicle runs off the road due to inadequate guard rail protection.	Tok District	6-C
5		75.0	Egan Drive, upgrade posts	Juneau MP 1.4-2.1	
6	Mackey Lake Road MP 0.2	4.9	Guardrail repair	Steling	34-Q
7	Fairbanks Area Guardrail Repair	50.0	Several roads require releveling guardrail posts due to freeze thaw jacking, to provide the safety they were designed for. Replace existing damaged w-beam guardrail at several locations. Many sections are twisted, gouged and some sections have sunk into the road shoulder below acceptable heights. This project would allow contractors to replace or adjust guardrail for us.	Fairbanks District	7-D,8-D,11-F,12-F
8	Seward Highway MP 18-22	200.0	Guardrail replacement	Seward	35-R
9	Richardson Hwy, MP 32 - 40 Thompson Pass MS	100.0	Replace 5,000 lineal feet of W-Beam guardrail, which needs rehab and replacement.	Valdez District	12-F
10	Funny River Road MP 1.7	15.5	Guardrail repair	Soldotna	33-Q

Region Priority	Project Title	Project Cost (000)	Project Description	Location	Election
11	Parks Highway Guardrail Upgrade	150.0	Upgrade and replace damaged and substandard guardrail to meet current standards. Upgrade end treatments.	Denali District	6-C, 7-D, 8-D
12	Funny River Road MP 9	2.4	Guardrail repair	Funny River	34-Q
13	Chena Hot Springs Road (MP 1 - 24)	35.0	Grub out brush underneath guardrail. Several guardrails are no longer visible due to brush that has grown during period without sufficient funding. This project would remove the brush and roots and allow sight distance to be established on curves, intersections and areas with known animal crossings.	Fairbanks District	7-D,8-D,11-F,12-F
14	Glenn Highway NB @Eagle River Loop Exit	1.4	Guardrail repair	Eagle River	17-I
16	Funny River Road @Bridge	4.4	Guardrail repair	Soldotna	33-Q
17	Cannery Road	1.1	Guardrail repair	Kalifornski	33-Q
18	Eagle River Road MP 0.5-0.6	1.7	Guardrail repair	Eagle River	17-I
19	Eagle River Loop @Kantishna	1.5	Guardrail repair	Eagle River	17-I
20	Echo Lake Road	3.0	Guardrail repair	Soldotna	34-Q
21	Old Glenn Highway, S. Birchwood to S. Peters Creek	5.0	Guardrail repair	Chugiak	16-H
22	Glenn Highway @N. Peters Creek Bridge	3.7	Guardrail repair	Peters Creek	16-H
23	Seward Highway MP 103-107	11.2	Guardrail repair	Indian	32-P
24	Seward Highway NB Huffman to Dowling	9.6	Guardrail repair	Anchorage	29-O
25	Glenn Highway SB @ Mirror Lake	2.5	Guardrail repair	Peters Creek	16-H
26	Seward Highway SB, 36th to Tudor	3.2	Guardrail repair	Anchorage	24-L
27	Seward Highway SB, Dimond to O'Malley	4.5	Guardrail repair	Anchorage	29-O
28	Seward Highway MP 108-Rabbit Creek Off-ramp	3.2	Guardrail repair	Anchorage	32-P
29	Minnesota Drive @Dimond Overpass	3.8	Guardrail repair	Anchorage	28-N
30	Eagle River Road MP 3.7-9.5	4.1	Guardrail repair	Eagle River	32-P
31	Glenn Highway SB, N. Birchwood to S. Birchwwod	2.6	Guardrail repair	Birchwood	16-H
32	Glenn Highway SB, S. Birchwood to Eagle River Bridge	4.5	Guardrail repair	Eagle River	16-H/17-I
33	Seward Highway MP 77-90	80.0	Guardrail repair	Girdwood	32-P
34	Seward Highway @Sivertip area	240.0	Guardrail repair	Silvertip	32-P
35	Pittman	4.2	Guardrail repair	Palmer	15-H
36	Parks @Cottonwood Cr.	1.2	Guardrail repair	Palmer	14-G
37	Hatcher MP.7-16	7.4	Guardrail repair	Palmer	13-G
38	Glenn Highway MP 61-62	20.0	Guardrail repair	Palmer	12-F
39	Glenn Highway MP. 58	3.0	Guardrail repair	Palmer	12-F
40	Glenn Highway MP. 57	1.2	Guardrail repair	Palmer	12-F

Region Priority	Project Title	Project Cost (000)	Project Description	Location	Election
41	Palmer-Wasiila HWY @ Wasilla Cr.	8.0	Guardrail repair	Palmer	14-G
42	Palmer-Wasiila HWY @ Summerwood	2.1	Guardrail repair	Palmer	14-G
43	Parks and Glenn Intersection	10.0	Guardrail repair	Palmer	16-H
44	Old Glenn Highway @ MP 7.2	1.0	Guardrail repair	Palmer	16-H
45	Old Glenn Highway @ MP 3.3	2.7	Guardrail repair	Palmer	16-H
	GUARDRAIL REPAIR	**$ 1,412.70**			
	TRAFFIC SIGNS/SIGNALS				
1	Parks Highway Sign Replacement	120.0	Most signs on the Parks Highway need replacement because of large amounts of snow removal wear and tear	Denali District	6-C, 7-D, 8-D
2	Ketchikan Sign Replacement	35.0	Replace Damaged Signs	Ketchikan	
3	Glenn Highway @Sylvia Sign	3.0	Sign base and guardrail repair	Anchorage	18-I
4	Nome Highway Delineators	35.0	Install delineators on all Nome area winter maintained roads, totaling 30 miles. Posts to be installed off plowing surface area thus eliminating secondary berms and improving snow removal efficiency. Annual Savings $10,000	Western District	39-T
5	Upgrade Paint Truck Message Board	25.0	The current message board on the paint truck can only display a directional arrow, which can no longer be used due to a state policy change. Replacing this with a programmable message board will improve crew safety and public safety.	Fairbanks District	7-D,8-D,9-E,10-E,11-F
6	College Road & Old Steese Hwy Badger Road & Old Rich Hwy	50.0	Replacement of existing 3M Program Visibility heads with current production models. This project would eliminate the high maintenance that has been required for years in two high traffic areas, and provide better service to the travelling public.	Fairbanks District	7-D,8-D,9-E,10-E,11-F
7	Western District Road Sign Improvements	50.0	All area roads. Replace, upgrade, repair all road, bridge and information signage.	Western District	6-C, 39-T
8	Airport Way	100.0	Replace obsolete traffic displays with current production models, significantly reducing operating costs.	Fairbanks District	9-E
9	Steese Highway	50.0	Replace obsolete traffic displays with current production models providing efficient and more reliable service to this high-traffic road.	Fairbanks District	7-D
	TRAFFIC SIGNS/SIGNALS	**$ 468.00**			
	CULVERT REPAIRS				
1	Richardson Highway Culvert Replacement	200.0	Replace failing culverts between MP 130-150 on the Richardson Highway	Tazlina District	12-F
2	Allen Road Culvert Improvements	30.0	Culvert replacement or lining	Haines	
3	Elliott Highway Culvert Rehab/Repair/Installation	100.0	Culvert rehab and installation would reduce washouts, shoulder erosion and time spent steaming culverts each spring.	Denali District	7-D
4		45.0	North Douglas drop inlet	Juneau MP 3.5	

Region Priority	Project Title	Project Cost (000)	Project Description	Location	Election
5	Fairview Loop MP 7-8	12.0	Ditching and culvert repair	Wasilla	16-H
6	Ballaine and Yankovich Roads. Culvert Replacements	25.0	Four culverts on these roads have failed and two have become partially blocked. This project would restore drainage and extend the life of the roadway, while reducing annual maintenance requirements.	Fairbanks District	7-D
7	Lucus Road MP 0-1.4	14.0	Ditching and culvert repair	Wasilla	14-G
8	Douglas Highway Culvert Repair	120.0	Culvert liner 48" culvert	Juneau MP 1.5	
9	Tok District - Culvert Replacement	300.0	Replace several of the failed culverts the Taylor, Alaska and Richardson Highways; and the Tok Cutoff. Approximately 40% of the culverts in the District are 38 years old and/or are in some need of repair or replacement. Many of these culverts are in deep fills up to 35' deep. (Alaska Highway 1226-1266 - 13 culverts)	Tok District	6-C, 12-F
10	Back Loop Road Culvert Improvements	195.0	Culvert Upgrade 24" - 48"	Juneau MP 3	
11	Maud Road MP 0-1.8	9.0	Ditching and culvert repair	Palmer	16-H
12	Richardson Hwy Culvert Restoration (MP 289 - 341.5)	30.0	Several culverts and drainages were filled in with material from the July/August 2008 floods. This project will restore the culverts' capability in preparation for the next high-water event.	Fairbanks District	7-D,8-D,9-E,10-E,11-F,12-F
13	Old Glenn Highway MP 11-12.8	10.0	Ditching and culvert repair	Butte	16-H
14	Richardson Hwy Culvert Replacement	1,500.0	Replace five 10 foot culverts on the Richardson Highway at MP 0.8, 1.2, 1.4, 1.6 and 2.1 that are failing. Replacing these culverts will improve roadside drainage and will reduce maintenance by eliminating standing water adjacent to the roadway.	Valdez District	6-C, 12-F
15	Plumbley Road MP 0-1.4	8.0	Ditching and culvert repair	Butte	16-H
16	Nome Area Culvert Installation	125.0	Culvert installation would reduce washouts, shoulder erosion and time spent steaming culverts each spring and give an estimated savings of $15,000 a year.	Western District	39-T
17	Parks Highway MP 42-52	10.0	Ditching and culvert repair	Palmer	12-F
18	Denali Highway Culvert Rehab/Installation	100.0	Culvert rehab and installation would reduce washouts, shoulder erosion and time spent steaming culverts each spring.	Denali District	8-D, 12-F
19	Seward Highway MP 81-89	246.1	Culvert replacement or lining	Girdwood	32-P
20	Emergency Culvert Stockpiles	600.0	This project would allow for the purchase of several larger diameter culverts in order to maintain a regional stockpile for use in emergency situations. During the Oct 06 flood it was determined that the lack of larger available culvert pipe was a major short coming. Larger culvert can take as long as 3-4 weeks to be delivered after it is ordered. Therefore, during an emergency the availability of large diameter culvert	Northern Region	7-D,8-D,9-E,10-E,11-F,12-F
	CULVERT REPAIRS	**$ 3,679.10**			
	SHOULDERS &				
1	Airport Road, MP 0.5 - 2.8 Valdez MS	20.0	Airport Road (Valdez) has several locations where shoulders have not been improved for years, even during adjacent PM projects. This project would restore the worst shoulder failures, and create proper drainage away from the road profile.	Valdez District	12-F
2	Klawock/Hollis Hwy	50.0	Ditch cleaning	Klawock MP 15-30	
3	Chiniak Highway	58.3	Ditch cleaning	Kodiak	36-R
4	Fairview Loop MP 0-1	5.0	Ditching and culvert repair	Wasilla	16-H

Region Priority	Project Title	Project Cost	Project Description	Location	Election
		(000)			
5	Chena Hot Springs Road Shoulder Rehabilitation	25.0	Chena Hot Springs Road has several locations where shoulders have not been improved during PM projects. This project would restore the worst shoulder failures, and create proper drainage away from	Fairbanks District	7-D, 12-F
6	N. Tongass Rd	12.0	Ditch cleaning	Ketchikan MP 7-8.6	
7	Glenn Highway MP 54-59	38.0	Shoulder erosion repair	Sutton	12-F
8	Denali Highway MP 60-131 Ditching Rehabilitation	125.0	Reestablish drainage in locations that cannot be reached with graders and slopers. We would have to rent equipment to accomplish this work.	Denali District	8-D, 12-F
9	N.Pt Higgins Rd	7.5	Ditch cleaning	Ketchikan MP 0-1	
10	58 Mile Road MP 0-0.3	9.0	Shoulder erosion repair	Sutton	12-F
11	Richardson Highway Drainage Improvement	95.0	As a result of the October 06 Southcentral flood, drainage ditches along various segments of the Richardson Highway have become plugged with debris, mud, and silt and numerous culverts have become completely or partially plugged. The areas proposed under this project are areas that the FHWA have declined emergency funding on declaring them "Major Maintenance Areas". This project will re-establish drainage by removing debris and brush and re-creating a flowline.	Tazlina District	12-F
12	Revilla Road Ditching	31.5	Ditch cleaning	Ketchikan MP	
13	Buffalo Mine Road MP 0.5-4.5	10.0	Shoulder erosion repair	Sutton	12-F
14	Tok District - Drainage Program	200.0	For the past 10 years, there has been minimal repairs to roadside ditches and shoulders. Part of this is a personnel/time issue. The other part is a funding issue. There are many areas within the District that could benefit from a comprehensive drainage improvement project.	Tok District	6-C, 12-F
15	Halibut Point Road Ditch Cleaning	35.0	Ditch cleaning	Sitka MP 0-7.3	
16	Edlund Road MP 0.2-0.3	5.0	Shoulder erosion repair	Wasilla	16-H
17	Robe Lake Road, MP 0.2 - 0.5 Valdez MS	12.0	Robe Lake Road (Valdez) has several locations where the ditches have filled up, and focused work is needed in order to carry rainwater and snow melt along and away from the road profile.	Valdez District	12-F
18	Jonesville Road MP 1.4-1.5	5.0	Shoulder erosion repair	Sutton	12-F
19	Portage Highway MP 2	150.0	Embankment erosion repair and riprap	Portage	32-P
20	Ninilchik Beach Road	3,500.0	Embankment erosion repair and riprap	Ninilchik	34-Q
21	Sterling Highway MP 45-58	37.3	Establish shoulders	Quartx Creek	32-P
22	Island Lake Road and Miller Loop Road	26.2	Establish shoulders	N. Kenai	34-Q
	SHOULDERS & DITCHES	**$ 4,456.80**			
	BRIDGE MAINTENANCE				
1	Western District Bridges Corrective Action to Annual Inspections	30.0	The Western District would like to be able to address a variety of bridge deficiencies identified over the last several years. Having a project with funding available, would enable the District to coordinate with Earl Ratliff and District personnel to execute a brief, cost-effective summer program of repairs.	Valdez District	5-C
2	Klawock River Bridge Approach Pavement Repair	17.0	Klawock River Bridge Approach Pavement Repair	Klawock	
3	Region-wide Bridges	25.0	Training and small tools funding	CR	All

Region Priority	Project Title	Project Cost (000)	Project Description	Location	Election
4	Richardson Highway Bridge Resurface	120.0	Mill and resurface Tiekel North, Tiekel South and Stuart Creek Bridges that have failing surfaces before bridge integrity is affected.	Tazlina District	12-F, 6-C
5	Angoon Float Repairs	12.0	Seaplane Float bridge pin replacement	Angoon	
6	Byers Creek Bridge	50.0	Replace bridge posts	Chulitna	15-H
7	Portable Traffic Lights	100.0	Purchase portable traffic light system for the Bridge Crew for work on one lane bridges. It would also be available in the region for other districts to use for projects involving traffic control, as needed.	Denali District	6-C, 7-D, 8-D, 12-F
8	Dyea River Bridge Repairs	450.0	Dyea River Bridge stringer and deck replacement	Skayway	
	BRIDGE MAINTENANCE	**$ 804.00**			
	OTHER				
1	Klutina River Levee Repairs	90.0	The Army COE inspected the Klutina River Levee, at Copper Center, on May 13, 2008 and determined that it was in disrepair to the point that its integrity and serviceability would be threatened during a flood or ice event. We (John Hoffman & Clark Milne) inspected the levee again in July and propose to do several simple and cost-effective repairs, using DOT&PF personnel and force account methods, to bring the levee into satisfactory operating condition. Repairs would include brush cutting, transport & placement of fill and surfacing for areas where the crest of the levee has been cut into and lowered, placement of additional riprap to protect the bridge pier by the levee, and removal of various residential encroachments atop the slopes and crest of the levee that preclude movement along it.	Tazlina District	12-F
2	Egan Drive sidewalk replacement	16.0	Egan Drive sidewalk replacement	Juneau MP 0.2	
3	Seward Highway, Anchorage	550.0	Repair wooden fences	Anchorage	29-O/31-P
4	Fairbanks District Paint Markings	75.0	Most arrows, only's and crosswalks within the district are not compliant due to traffic and winter maintenance. This project would purchase stencils and extra paint and beads and restore these markings to federal compliance.	Fairbanks District	10-E,11-F, 12-F
5	Douglas Highway Wall Repair	45.0	Douglas Highway, refurbish timber retaining wall	Juneau MP 0.6-1.5	
6	Seward Highway MP 100-117	1,000.0	Repair rockfall protection fencing	Indian	32-P
7	Larry Spengler Road	45.0	This spring, DOT&PF raised the elevation of the road 2' to keep the Delta River from flooding across the road. We now need to hydro seed the embankment and provide stabilizing mat to the ditch line to meet requirements of a Storm Water Pollution Protection Program.	Tok District	6-C
8	Seward Highway MP 26-28	15.0	Seward Highway MP 26-28	15.0	
9	Repair Rip Rap @ Richardson Hwy MP 7 - 8.5	50.0	This section of the Rich Hwy was severely impacted by flooding in Oct. 2006, and needs additional attention to best assure protection of the roadway during similar, future precipitation and flood events.	Valdez District	5-C
10	Kenai Spur Road Bike Path	64.0	Base spot repair and overlay pavement	Kenai	33-Q
11	Klutina River Boat Launch Access Improvements	100.0	This project would provide for various improvements to the existing boat launch facility on the Klutina River. At high flows the existing boat launch can be difficult to utilize due to the rapid current. This project would improve the launching ramp, protect the riverbank, and create a deadwater zone to improve boat launching capabilities.	Tazlina District	12-F

Region Priority	Project Title	Project Cost (000)	Project Description	Location	Election
12	Tazlina River Wayside Protection	200.0	Last year, sections of the Tazlina River Wayside were fenced off and warning signs were installed due to erosion caused by the Tazlina River. M&O had to remove a staircase and sections of asphalt due to the continued erosion of the riverbank. This project would provide for the placement of riprap along the river bank adjacent to the wayside. Completion of this project would allow M&O to open up the wayside to	Tazlina District	12-F
13	Richardson Highway Riprap Stockpiles	200.0	One of the primary "lessons learned" during the October 2006 Southcentral flooding was that M&O needed to develop stockpiles of riprap to be available during flood events and other river eroding events.	Tazlina District	12-F
	OTHER	**$ 2,450.00**			
	Grand total Highways Deferred Main.	**$ 380,806.50**			

DEC Water, Wastewater and Solid Waste Grant Programs

- Facility Programs of DEC's Division of Water work with communities to develop and maintain sustainable water, sewer, and solid waste services in full regulatory compliance.

- There are two types of grant programs managed by DEC for sanitation projects. The *Village Safe Water* program offers 100% grant funding for smaller, rural communities and the Municipal Matching Grants program offers 60%-85% grant funding for larger communities.

Village Safe Water (VSW) Program

- VSW Funding comes from a combination of federal grants and state appropriations. The two primary federal funding sources (which have provided a five year combined average of $57 million per year) are the U.S. Department of Agriculture and the Environmental Protection Agency. Funding through these agencies requires a 25% State match. In addition, the Denali Commission and the Indian Health Service have provided a recent average of $10 million a year in 100% federal grants for projects through VSW.

- Communities apply each year for proposed sanitation project funding. Applications are scored, based heavily on the proposed project's ability to address assessed critical public health needs, as well as the communities' demonstrated capacity to operate and maintain the facilities. Capital funding is requested for the highest ranking projects.

- Per a federal funding requirements established in 2004, the VSW CIP priority list which is divided into two types of projects – those that can be completed in less than three years and those that will take three years or longer.

- Projects that are estimated to take one year to complete receive full funding in a single fiscal year.

- The Three Year List contains large, high scoring projects; however projects on the list are not prioritized. This allows the flexibility that is required in scheduling funding for multi-year projects. An

unanticipated delay in one project will not hold up funding for a different project that is ready to go.

- Funding for the construction phases of Three Year List projects is granted based upon completion of design packages and chronological approval, available funding, and sufficient drawdown of existing project funds. In other words, this is a "first ready, first funded" list and new funds are not made available to a project until prior project grant funds for the project are exhausted.

- In some cases, funding is transferred by VSW through the Indian Health Service to the Alaska Native Tribal Health Consortium, who in turn assists communities in design and construct of sanitation projects.

Municipal Matching Grants Program

- The Alaska Municipal Water, Sewerage, and Solid Waste Matching Grant program provides partial funding and engineering support for drinking water, sewer, solid waste and non-point source pollution projects, such as water quality enhancement and waterbody restoration and recovery.

- These state grants primarily assist the larger communities and boroughs in the State.

- Each year, communities submit sanitation grant questionnaires which are scored weighing primarily the extent to which proposes projects address critical public health and environmental needs. Grants are awarded to the highest ranking projects as funding allows.

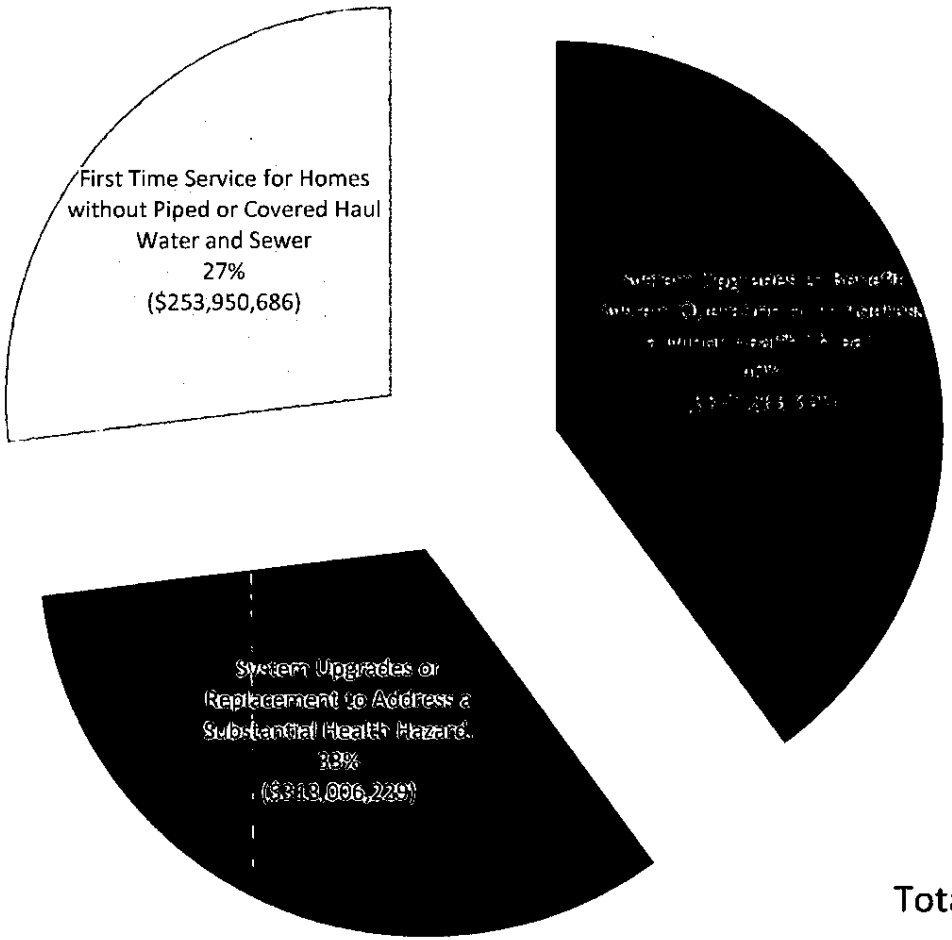
- SB 303 which passed the Legislature last year amended the Municipal Matching Grants enabling statute to change the State/Local funding ratio of eligible project costs. The State share of project costs for grants awarded under the program are now:

    - 85 percent of eligible costs for a municipality with a population of 1,000 persons or less.

    - 70 percent of eligible costs for a municipality with a population of 1,001 to 10,000 persons.

    - 60 percent of eligible costs for a municipality with a population of greater than 10,000 persons.

Rural Alaska Water and Sewer Needs

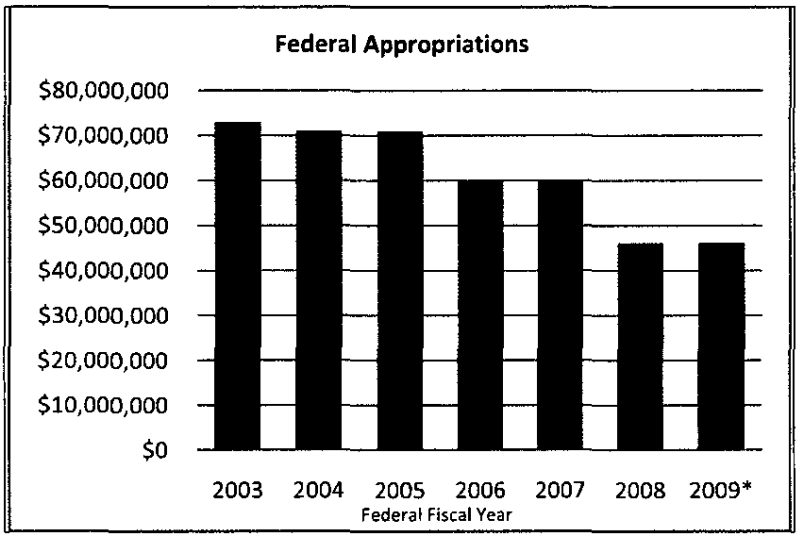


Total: $944,222,610

Source: Alaska Area Sanitation Deficiency System

March 9, 2009

Rural Alaska Sanitation Appropriations



Annual funding for rural sanitation improvements has declined by nearly $27 million or 37% since FFY 2003.

Fiscal Year	EPA				USDA				Total Enacted
	President	House	Senate	Enacted	President	House	Senate	Enacted	
2003	$40,000,000	$35,000,000	$45,000,000	$43,000,000	$20,000,000	$24,000,000	$30,000,000	$30,000,000	$73,000,000
2004	$40,000,000	$25,000,000	$45,000,000	$43,000,000	$11,800,000	$0	$30,000,000	$28,000,000	$71,000,000
2005	$40,000,000	$20,000,000	$50,000,000	$45,000,000	$11,800,000	$0	$28,000,000	$26,000,000	$71,000,000
2006	$15,000,000	$15,000,000	$40,000,000	$35,000,000	$11,800,000	$0	$26,000,000	$25,000,000	$60,000,000
2007	$14,850,000	$15,000,000	$40,000,000	$35,000,000	$0	$0	$25,000,000	$25,000,000	$60,000,000
2008	$15,500,000	$10,500,000	$30,000,000	$24,610,000	$0	$0	$21,945,000	$ 21,515,000	$46,125,000
2009*	$15,500,000			$24,610,000	$3,300,000			$ 21,515,000	$46,125,000

* Assumes the Continuing Resolution for the first six months of FFY09 will be extended through last six months of FFY09.

While funding has declined by 37% over the last six years, there are still over 500 rural Alaska sanitation projects that need funding. The cost of completing these projects is approximately $700 million.

The State's continued goal is to increase the number of rural households with adequate sanitation facilities by an average of 3% per year while at the same time assisting communities address sanitation needs relating to aging infrastructure and complying with new regulations.

We are concerned that although we've achieved this goal for the last several years, the momentum that we've gained may wane due to a decrease in federal funding levels.

Department of Environmental Conservation
Division of Water
Village Safe Water Program

Federal Receipt Authority Compared to Federal Funding Available
SFY 2007 - SFY 2009
March 9, 2009

State Fiscal Year	Federal Receipt Authority Requested	Federal Funding Available
2009*	$78,728,511	$45,395,629
2008*	$55,708,001	$49,213,946
2007*	$74,018,929	$60,251,294
	$208,455,441	$154,860,869

* Includes $10,000,000 in ANTHC/Denali Commission funding

Alaska Department of Environmental Conservation
Village Safe Water Program
2010 Project Lists

The Village Safe Water program provides funding for three types of projects that are identified on three separate lists. The first list consists of studies and/or plans that require one-year funding; the second list consists of single phased construction projects that require one-year funding; and the third list includes larger, multi-phased projects that will require funding over multiple years. Amounts included on the Studies and Single Phase Construction lists are the grant amounts that will be made available for the project once the capital budget is approved. Amounts included on the Multiple Year Funding Plan are estimates of the funding that will be needed for a project during the upcoming fiscal year. Actual SFY 2010 grant amounts may be higher or lower than these estimates and will be made on a first come, first served basis. Projects not funded this year will remain on the list and will be eligible for funding next fiscal year.

VSW 1 Year Studies List

Community	Description	Score	Federal	State	Total
Manokotak	Old Village Water & Sewer Plan and Source Study	450	$141,750	$47,250	$189,000
Beaver	Sanitation Improvement Feasibility Study	425	$48,600	$16,200	$64,800
Kachemak Selo	Water System Feasibility Study and Groundwater Investigation	425	$162,000	$54,000	$216,000
Mountain Village	Water Improvement Feasibility Study	425	$85,050	$28,350	$113,400
Shaktoolik	Water and Sewer Treatment Plant Upgrades & Compliance Study	425	$60,750	$20,250	$81,000
Thorne Bay	Water, Sewer and Solid Waste Study	425	$101,250	$33,750	$135,000
Shungnak	Sanitation Facilities Master Plan Upgrade	400	$60,000	$20,000	$80,000
Ambler	Sanitation Facilities Master Plan Upgrade	375	$60,000	$20,000	$80,000
Nikolai	Water Treatment Study and Gravity Sewer Study	350	$56,250	$18,750	$75,000
Napaskiak	Solid Waste Study	325	$60,750	$20,250	$81,000
Alatna	Landfill Master Plan	300	$41,250	$13,750	$55,000
Anchor Point	Water and Sewer Line Extension Study	300	$60,750	$20,250	$81,000
	Total VSW 1 Year Planning List		$938,400	$312,800	$1,251,200

VSW 1 Year Construction List

Community	Description	Score	Federal	State	Total
Anchor Point	Water System Upgrades	[redacted]	$607,500	$202,500	$810,000
St. Mary's	Water System Upgrades	[redacted]	$1,500,000	$500,000	$2,000,000
St. Paul	Sewage Ocean Outfall	[redacted]	$1,134,000	$378,000	$1,512,000
	Total VSW 1 Year Construction List		$3,241,500	$1,080,500	$4,322,000

VSW MULTIPLE YEAR FUNDING PLAN

Community	Scope of Project	Total Estimated Cost of Project (All Phases)	Estimated Amt Needed in 2010	Estimated Remaining Cost
Adak	Water and sewer improvements.	$2,955,500	$786,647	$2,168,853
Akiachak	Service lines and plumbing.	$9,274,000	$2,468,404	$6,805,596
Alatna	Water Supply and Sewage Collection and Treament Project Phase 4	$700,000	$186,315	$513,685
Anderson	Lagoon, septage facility, force main, and collection system.	$4,886,641	$1,300,647	$3,585,994
Aniak	Sewer service.	$250,000	$66,541	$183,459
Atka	Water storage tank, water line and ww collection routing.	$1,742,375	$463,757	$1,278,618
Bethel	Backbone Upgrades Phase 1.	$8,500,000	$2,262,393	$6,237,607
Buckland	Water and sewer system.	$22,000,000	$5,855,606	$16,144,394
Chenega	Water treatment and sewer collection.	$1,632,400	$434,486	$1,197,914
Chignik Bay	Wastewater system improvements, phase 4.	$2,226,380	$592,582	$1,633,798
Chistochina	Washeteria and core community piped water and sewer system.	$2,648,375	$704,902	$1,943,473
Chuathbaluk	Piped water and sewer system improvements.	$1,789,648	$476,340	$1,313,308
Coffman Cove	Water tank, source intake, lift station and system extension.	$5,999,718	$1,596,908	$4,402,810
Crooked Creek	Piped water and sewer system, final phase.	$3,637,935	$968,287	$2,669,648
Eek	Water and sewer service to homes.	$23,500,000	$6,254,852	$17,245,148
Ekwok	Sewer system improvements.	$2,044,648	$544,211	$1,500,437
Emmonak	Water and sewer mains; upgrade to water circulation system.	$3,000,000	$798,492	$2,201,508
False Pass	Sewage collection system.	$3,583,025	$953,672	$2,629,353
Fort Yukon	Sewer collection system, water services and water storage tank.	$931,310	$247,881	$683,429
Gambell	Water storage tank and water and sewer system improvements.	$200,000	$53,233	$146,767
Glennallen	Final phase of hub sewer extension.	$100,000	$26,616	$73,384
Golovin	New water storage tank.	$950,000	$252,856	$697,144
Hooper Bay	Piped Water and Sewer System	$15,500,000	$4,125,540	$11,374,460
Kasaan	Water treatment plant and water storage tank.	$2,822,775	$751,321	$2,071,454
Kasigluk	Piped and covered haul water and sewer system.	$3,126,631	$832,196	$2,294,435
Kongiganak	Water and sewer improvements.	$5,400,000	$1,437,285	$3,962,715
Kotlik	Piped water and sewer system extension.	$1,229,100	$327,142	$901,958
Kotzebue	Water and sewer upgrades.	$8,800,000	$2,342,242	$6,457,758
Lower Kalskag	Piped Water and Sewer System	$8,783,920	$2,337,962	$6,445,958
Manokotak	Water and sewer improvements .	$4,831,386	$1,285,941	$3,545,445
Marshall	Water and sewer line replacement and lagoon.	$1,428,205	$380,137	$1,048,068
McGrath	Water and sewer improvements.	$8,176,435	$2,176,272	$6,000,163
Nanwalek	Piped water and sewer system replacement.	$2,269,350	$604,019	$1,665,331
Nightmute	Sewer lagoon and system improvements.	$2,069,800	$550,906	$1,518,894
Ninilchik	Piped water and sewer for old town, washeteria and haul system.	$9,060,091	$2,411,469	$6,648,622
Nunapitchuk	Water treatment, washeteria and sewage lagoon upgrades.	$3,194,200	$850,181	$2,344,019
Old Harbor	Water treatment plant, tank and connections.	$1,834,500	$488,278	$1,346,222
Pelican	Water and sewer upgrades.	$4,800,160	$1,277,629	$3,522,531
Pilot Point	Water and sewer extension and upgrades.	$3,384,500	$900,832	$2,483,668

VSW MULTIPLE YEAR FUNDING PLAN

Community	Scope of Project	Total Estimated Cost of Project (All Phases)	Estimated Amt Needed in 2010	Estimated Remaining Cost
Pitka's Point	Sewer force main, piped water and sewer and vacuum sewer trailer.	$4,215,842	$1,122,105	$3,093,737
Quinhagak	Piped water and sewer system upgrades.	$5,004,500	$1,332,017	$3,672,483
Saint Michael	Completion of piped water and sewer system.	$100,000	$26,616	$73,384
Saxman	Water treatment plant.	$1,496,800	$398,394	$1,098,406
Seldovia	Water and sewer replacement and upgrades.	$6,614,600	$1,760,568	$4,854,032
Shageluk	Water source and sewer service.	$12,968,000	$3,451,613	$9,516,387
Slana	Individual on-site wells and septic systems.	$4,538,600	$1,208,011	$3,330,589
Stebbins	Water and sewer system.	$16,500,000	$4,391,704	$12,108,296
Takotna	Water storage tank and water & sewer system upgrades.	$2,378,000	$632,938	$1,745,062
Tanana	Sewage lagoon improvements and piped water and sewer extension.	$7,248,000	$1,929,156	$5,318,844
Togiak	Water plant upgrades and replace water/sewer main/service lines.	$5,988,900	$1,594,029	$4,394,871
Toksook Bay	Water and sewer system improvements.	$7,386,355	$1,965,981	$5,420,374
Tuluksak	Water plant, lagoon, and piped water and sewer system	$6,478,110	$1,724,239	$4,753,871
Tuntutuliak	Water and Sewer Improvements	$1,390,000	$369,968	$1,020,032
Tununak	Flush Tank and Haul	$789,458	$210,125	$579,333
Unalakleet	Water transmission line, sludge beds and lagoon improvements.	$6,009,000	$1,599,379	$4,409,621
Voznesenka	Water and sewer system improvements.	$1,240,800	$330,256	$910,544
Wales	Lagoon Repair and Expansion	$4,401,000	$1,171,387	$3,229,613
	Total VSW Multiple Year Funding Plan	$284,010,973	$75,593,468	$208,417,505

SFY 2010 - Governor's Proposed Budget
DEC Municipal Water, Sewerage and Solid Waste Matching Grants
Prioritized Listing of Projects

Prioritized Listing of Projects Included in the Governor's Proposed Budget

Priority	Community	Description	Allocation	Cumulative Allocation
1	Ketchikan Gateway Borough	Waterline Extension from Mountain Point	$1,453,241	$1,453,241
2	Kenai	Water Treatment Plant Upgrades, Phase 3	$648,945	$2,102,186
3	Juneau	West Mendenhall Valley Sewer Expansion, Phase 2	$109,710	$2,211,896
4	Juneau	North Douglas Sewer Expansion, Phase 3	$123,165	$2,335,061
5	Juneau	East Valley Reservoir/Jordan Creek Rehab Project	$41,400	$2,376,461
6	Fairbanks North Star Borough	Pioneer Park Sewer and Water Improvements	$100,395	$2,476,856
7	Matanuska-Susitna Borough	Garden Terrace Estates, Phase 2	$356,040	$2,832,896
8	Juneau	West Mendenhall, Phase 3	$1,608,860	$4,441,756
9	Juneau	North Douglas Sewer Expansion, Phase 4	$1,804,560	$6,246,316
10	Ketchikan	Tongass Avenue Water & Sewer Replacement, Phase 2	$1,691,260	$7,937,576
11	Palmer	Steel Water Main Replacement, Phase 7	$2,033,220	$9,970,796
12	Dillingham	Water System Improvements, Phase 2	$3,090,000	$13,060,796
13	Kenai	New Water Transmission Mains-Phase 2, Wellhouse	$2,132,100	$15,192,896
14	Anchorage	Girdwood Wastewater Treatment Facility	$4,182,000	$19,374,896
15	North Pole	North Pole Sewer Lift Station Renovation Project	$724,500	$20,099,396
16	Nome	Moonlight Springs Transmission Line Upgrade/Replacement, Phase 2	$3,090,000	$23,189,396
		TOTAL:	$23,189,396	

Prioritized Listing of Projects Below Governor's Budget Funding Line

Priority	Community	Description	Community Request
17	Kodiak	UV Secondary Water Treatment Facility Revised 70%	$3,830,000
18	Ketchikan	Baranof Reservoir Replacement Site Development	$525,000
19	Sitka	Rehab/Replace Water/Sewer Main @ HPR/SMC Intersection	$525,000
20	Kodiak	Aleutian Homes Water and Sewer Replacement Phase 4	$719,000
21	Unalaska	WWTP Upgrade/Leachate Treatment - Phase 3 Constr.	$2,000,000
22	Anchorage	Hiland Road Water Intertie	$3,000,000
23	Juneau	Twin Lakes/Mountainside Pump Station Improvement	$555,000
24	Anchorage	Little Campbell Creek Sediment Basin Retrofit	$2,000,000
25	Anchorage	Asplund WWTF Disinfection Upgrade	$3,228,000
26	Craig	Port St. Nicholas Gravity Sewer	$332,000
27	Petersburg	Gauffin Street Water and Sewer	$137,000
28	Petersburg	Wastewater Plant SCADA Upgrade	$53,000
29	Sitka	Halibut Point Road Water Main Replacement	$225,000
30	Hoonah	Water Line Replacement, Phase 1	$1,001,000
31	King Cove	Downtown Wastewater System Upgrade	$1,483,000
32	Haines Borough	Replace A/C Pipe on Ocean View	$110,000
33	Petersburg	Noseeum St. Water and Sewer	$183,000
34	Matanuska-Susitna Borough	Talkeetna Arsenic Treatment System	$157,000
35	Palmer	Wastewater Collection System Upgrades	$2,021,000
36	Homer	Homer STP Biosolids Treatment Improvements Design	$332,000
37	Soldotna	Water System Improvements	$420,000
38	Haines Borough	Upgrade Piedad Disinfection Facility	$86,000
39	Wasilla	Wasilla Wastewater Feasibility Study & Upgrades	$2,470,000
40	Wasilla	Wasilla Wastewater Treatment Plant Improvements	$2,470,000
41	Sitka	Waterline Loop System to Japonski Island	$800,000
42	Palmer	Rehabilitate Sewer Lift Station 3	$221,000
43	North Pole	North Pole Waste Water Treatment Plant Design	$350,000

SFY 2010 - Governor's Proposed Budget
DEC Municipal Water, Sewerage and Solid Waste Matching Grants
Prioritized Listing of Projects

Prioritized Listing of Projects Below Governor's Budget Funding Line (contintinued)

Priority	Community	Description	Community Request
44	Anchorage	Hillside Transmission Main	$3,500,000
45	Anchorage	Reservoir - Goldenview	$4,000,000
46	Anchorage	Kloep Station Water Quality Improvements	$2,060,000
47	King Cove	King Cove Landfill Expansion & Upgrade Phase 2	$565,000
48	Sand Point	Wastewater Improvements Project	$1,602,000
49	Unalaska	Water Treatment Plant LT2 Rule - Phase 2 Design	$1,478,000
50	Petersburg	Pumpstation 5 Upgrade	$238,000
51	Palmer	Storm Water Master Plan	$70,000
52	Sitka	Brady Street Sewer Rehabilitation	$451,000
53	North Pole	North Pole Industrial Park Force Main	$2,450,000
54	North Pole	North Pole Utility Garage	$700,000
55	Soldotna	Sewer Lift Station Upgrade Project	$525,000
56	Sitka	Sitka Water System Compliance Study	$70,000
57	Haines Borough	Replace A/C Pipe on 4th Ave & Lynn View	$466,000
58	Soldotna	Funny River Road Phase 3	$1,200,000
59	Juneau	Juneau Snow Storage and Treatment Facility	$530,000
60	Homer	Water Source Development	$525,000
61	Homer	Homer Water Storage/Distribution Improvements	$280,000
62	Ketchikan	Jackson St./4th/7th Avenues Water & Sewer Replacement	$3,365,000
63	Nome	Water & Sewer Infrastructure Improvements-Phase 6	$3,000,000
64	Whittier	Core Area Utility Improvements - Phase 1 Design	$323,000
65	Petersburg	Regional Solid Waste Materials Recovery Facility	$35,000
66	Soldotna	Storm Water Outfall Protection Project	$840,000
67	Soldotna	Centennial Park Road, Water & Sewer Improvements	$945,000
68	Soldotna	Soldotna Ave Water and Sewer Installation Project	$392,000
69	Soldotna	Robin Street Water and Sewer Installation Project	$278,000
70	Kodiak	Phase 3, Downtown Water and Sewer Replacement	$1,520,000
71	Valdez	Sewer Lift Station Design	$60,000
		TOTAL UNFUNDED REQUESTS:	**$60,701,000**

Alaska Department of Environmental Conservation

Survey of Piped Water and Sewer User Fees
February 6, 2009

No	Community	Monthly Residential Household Rate			Total	Notes
		Water	Sewer	Combined		
1	Cold Bay			$186.00	$186.00	
2	Lower Kalskag			$160.00	$160.00	
3	Deering			$155.00	$155.00	
4	Buckland	$75.00	$75.00		$150.00	
5	Selawik			$130.00	$130.00	
6	Tanana			$130.00	$130.00	
7	Haines	$46.93	$77.47		$124.40	
8	Ambler			$120.00	$120.00	
9	Brevig Mission			$120.00	$120.00	
10	Fort Yukon			$118.50	$118.50	
11	Akiachak			$118.00	$118.00	
12	Kobuk			$115.00	$115.00	
13	Bethel	$86.25	$27.00		$113.25	
14	Nulato			$110.00	$110.00	
15	Noatak			$108.00	$108.00	
16	Akiak			$105.00	$105.00	
17	McGrath	$60.00	$45.00		$105.00	
18	Kotzebue	$69.30	$31.83		$101.13	
19	Grayling			$100.00	$100.00	
20	Gambell			$95.00	$95.00	
21	Whittier	$47.17	$47.17		$94.34	
22	Skageway	$60.00	$30.30		$90.30	
23	Klawock	$42.81	$46.13		$88.94	
24	Chevak			$85.00	$85.00	
25	Chignik Lake			$85.00	$85.00	
26	Goodnews Bay			$85.00	$85.00	
27	Hooper Bay			$85.00	$85.00	
28	Savoonga			$80.00	$80.00	
29	Upper Kalskag		$80.00		$80.00	No water fee (household use individual wells)
30	Fairbanks	$36.09	$43.85		$79.94	
31	Juneau	$23.00	$56.00		$79.00	
32	Nome	$36.00	$43.00		$79.00	
33	Seward	$34.17	$43.11		$77.28	
34	Unalaska	$28.96	$47.31		$76.27	
35	Dillingham	$32.07	$43.40		$75.47	
36	Alakanuk			$75.00	$75.00	
37	Anchorage	$44.24	$29.00		$73.24	
38	Elim	$45.00	$25.00		$70.00	
39	Emmonak			$70.00	$70.00	
40	Russian Mission			$70.00	$70.00	
41	South Naknek			$70.00	$70.00	
42	Toksook Bay			$70.00	$70.00	
43	Barrow	$55.00	$14.00		$69.00	
44	Cordova	$29.58	$38.95		$68.53	
45	St. Mary's	$35.50	$30.50		$66.00	
46	Thorne Bay	$36.00	$30.00		$66.00	
47	Unalakleet			$66.00	$66.00	
48	Chuathbaluk			$65.00	$65.00	
49	Kaltag			$62.50	$62.50	
50	Petersburg	$32.47	$29.52		$61.99	
51	Ketchikan	$27.74	$33.97		$61.71	
52	Hoonah	$25.05	$35.05		$60.10	

No	Community	Monthly Residential Household Rate			Total	Notes
		Water	Sewer	Combined		
53	Marshall			$60.00	$60.00	
54	Shaktoolik			$60.00	$60.00	
55	Sleetmute	$60.00			$60.00	Water fee only (no community sewer system)
56	Togiak			$60.00	$60.00	
57	Nenana	$29.40	$29.40		$58.80	
58	Wrangell	$24.36	$31.92		$56.28	
59	Craig	$19.50	$35.00		$54.50	
60	Kenai	$13.78	$40.35		$54.13	
61	Yakutat	$25.00	$26.00		$51.00	
62	Atka			$50.00	$50.00	
63	New Stuyahok			$50.00	$50.00	
64	Twin Hills			$50.00	$50.00	
65	Soldotna	$18.90	$29.62		$48.52	
66	Larsen Bay			$46.00	$46.00	
67	Sitka	$16.00	$30.00		$46.00	
68	Port Lions			$45.50	$45.50	
69	Palmer	$24.75	$20.45		$45.20	
70	Homer	$25.00	$20.00		$45.00	
71	Sand Point	$24.00	$19.00		$43.00	
72	Manokotak			$40.00	$40.00	
73	Saint Paul	$20.00	$20.00		$40.00	
74	North Pole	$22.27	$13.41		$35.68	
75	Adak	$20.00	$15.00		$35.00	
76	Glenallen		$30.25		$30.25	No water fee (household use individual wells)
77	Aniak		$30.00		$30.00	No water fee (household use individual wells)
78	Chilkat Indian Villlage			$30.00	$30.00	
79	Hydaburg			$30.00	$30.00	
80	Scammon Bay			$30.00	$30.00	
81	Kake			$24.00	$24.00	
82	Koliganek			$20.00	$20.00	
83	Platinum			$20.00	$20.00	
84	Pelican	$5.80	$0.00		$5.80	
85	Akutan			$0.00	$0.00	Totally subsidized by Trident SF

Proj Ref: 47534

U.S. Department of Transportation
Federal Highway Administration

Memorandum

Subject: **INFORMATION:** Snow Removal on Sidewalks Constructed with Federal Funding

Date: AUG 27 2008

From: Butch Wlaschin
Director, Office of Asset Management

In Reply Refer To:
HIAM-20

To: Directors of Field Services
Division Administrators

The purpose of this memorandum is to address questions raised by several FHWA Division Offices about maintaining pedestrian facilities, particularly during the winter season.

Two provisions provide the FHWA with authority to require snow removal on pedestrian facilities constructed with Federal funds. Both of these provisions fall under current statutory and regulatory maintenance requirements.

The maintenance requirements of 23 U.S.C. § 116 apply to all transportation facilities that are constructed with Federal funds. Section 116 requires a State DOT to maintain projects constructed with Federal-aid funding or enter into a maintenance agreement with the appropriate local official where such projects are located.

Snow removal and treatment for ice on sidewalks is also a pedestrian accessibility issue, for which FHWA has oversight responsibility. In accordance with 28 CFR § 35.133, a public agency must maintain its walkways in an accessible condition for all pedestrians, including persons with disabilities, with only isolated or temporary interruptions in accessibility. Part of this maintenance obligation includes reasonable snow removal efforts. See FHWA, Questions and Answers About ADA/Section 504, question 31 under Maintenance, www.fhwa.dot.gov/civilrights/ada_qa.htm#q31.

Note that the maintenance requirements described in this memorandum also apply for other sidewalk obstructions. For more information see section *4.3.1, Surface Repairs, Snow Removal, and Vegetation* in the AASHTO Guide for the Planning, Design, and Operation of Pedestrian Facilities (July 2004).

Current maintenance provisions require pedestrian facilities built with Federal funds to be maintained in the same manner as other roadway assets. In some cases, however, local agencies may have policies that reasonably limit removal of snow from their own roadways and adjoining pedestrian facilities. State Agencies have generally established levels of service on various routes especially as related to Snow and Ice events. This is particularly

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important in heavy snow regions, since it is possible to have snow on the ground for many months from late fall to early spring.

It is recognized that winter conditions vary from State to State. The FHWA's role is to assure that reasonable snow removal efforts are provided to make facilities safe and traversable, considering local conditions.

If you have any further questions, your staff may contact Mr. Celso Gatchalian, Office of Asset Management, 202-366-1342, celso.gatchalian@dot.gov.

Proj Ref: 47534
45202

ALASKA DEPARTMENT OF TRANSPORTATION & PUBLIC FACILITIES

STATEWIDE DESIGN & ENGINEERING SERVICES

BRIDGE STATUS REPORT – March 6, 2009

Contact: Roger Healy, P.E., Chief Engineer 465-6958

Project Development Timeline – Bridges

All projects take time to bring from concept through completion: federally funded projects take longer yet. It is not unusual for the project development process (funding authorization, preliminary design, permits, environmental clearances, final design, bidding, and award) to take multiple years. Bridge projects have further challenges in preconstruction and construction because of historic structure considerations, river hydraulics, wetland impacts, Coast Guard clearances, fish permit timeframes, traffic detours, temporary bridges, and seasonal construction windows.

Bridge Work Present and Future

The focus of the following lists is bridges owned and maintained by the DOT&PF. Future anticipated Project Costs are preliminary and will change. The following lists identify:

- Major Bridge work underway or completed in the 2008 construction season;
- Major Bridge work anticipated for construction in the 2009 construction season;
- Major Bridge design and construction work for Structurally Deficient bridges without complete funding through design and/or construction;
- Structurally deficient bridges of major significance that, subject to available funding, must be replaced or undergo rehabilitation in the future.

Major Bridge Construction Work in 2008

Bridge	Highway/Location	Project Cost or Bridge Component (BC) Cost	Notes
Hick's Creek	Glenn Highway	~$4M (BC)	Open to Traffic
South Channel	Unalaska	~$20M	Open to Traffic
North Pole Interchange	Richardson/North Pole	~$2M (BC)	Open to Traffic
Susitna River Br. Rehab	Talkeetna	~$5.5M(BC)	Open to Traffic
ADOT Maintenance Repairs	Statewide	~$250K	Open to Traffic

3101

Anticipated Bridge Construction Work 2009 – Funds Identified for Design/Construction

Bridge	Highway/Location	Project Cost or Bridge Component (BC) Cost	Notes
Tanana River	Alaska Highway	~$40M	Bid on 2/26/2009
Gakona River	Tok	~$5M	2009 Stimulus - Fast List
Shaw Creek	Richardson	~$3M (BC)	GF Funded
Barnette Street	Chena River/Fairbanks	~$4M	FMATS TIP
Tok River	Alaska	~$380K	2008 G.O. Bonds for Future STIP Eligibility

On System Major Bridge Work – Planning and Design – Majority of Funds Identified

Bridge	Highway/Location	Project Cost or Bridge Component (BC) Cost	Notes	Proposed Funding Source
Snake River	Nome	~$10M	Replacement	2008 G.O. Bonds
Wood River	Aleknagik	~$20M	New Crossing	2008 G.O. Bonds
Ptarmigan Creek	Seward Highway	~$2M	Emergency Temp. Repairs	2008 G.O. Bonds
Falls Creek	Seward Highway	~$2.5M	Emergency Temp. Repairs	2008 G.O. Bonds
Trail River	Seward Highway	~$6.5M	Emergency Temp. Repairs	2008 G.O. Bonds
Slana River	Tok	~$6M	Replacement	2008 G.O. Bonds
Taiya River	Dyea/Skagway	~$1.5M	Load Rated/Rehab	2008 G.O. Bonds
Tolsona Creek	Glenn	~$1.5M	Replacement	2008 G.O. Bonds

FUTURE FUNDING

DOT&PF anticipate between $20M to $25M annually in federal Bridge Replacement monies for bridge replacement and rehabilitation. The limited federal Bridge Replacement (BR) funds will be prioritized based on needs for safety and transportation efficiency. Project costs are rough.

On System Bridge Work – Funds Not Secured – STIP Nominations for Federal Bridge Replacement Funds

Bridge	Highway/Location	Project Cost or Bridge Component (BC) Cost	Notes	Proposed Funding Source
Tok River	Alaska Highway	~$10.0M	Replacement – Functionally Obsolete/Gas Line Support	2009 STIP Nomination for Design
Moose Creek RR Xing	Richardson	~$14M	Replacement	2009 Stimulus – Contingent
Ketchikan Viaducts	Tongass	~$7.15M	Rehabilitation	2009 Stimulus – Contingent
Livengood Creek	Old Elliot	~$1.0M	Structurally Deficient - Replacement	2009 STIP -Potential Nomination for Design Funds
Phelan Creek	Richardson	~$2.5M	Replacement Structurally Deficient - Replacement	2009 STIP -Potential Nomination for Design Funds
Ruby Creek	Richardson	~$2.0M	Replacement - Structurally Deficient	2009 STIP -Potential Nomination for Design Funds
Snow River Center	Seward	~$1.8M	Rehabilitation - Structurally Deficient	2009 STIP -Potential Nomination for Design Funds
Snow River West	Seward	~$5M	Rehabilitation – Structurally Deficient	2009 STIP -Potential Nomination for Design Funds
S. Fork Anchor River	Sterling	~$2.5M	Replacement – Structurally Deficient	2009 STIP -Potential Nomination for Design Funds
Ptarmigan Creek	Seward Highway	~$4.0M	Permanent Replacement	2009 STIP
Falls Creek	Seward Highway	~$3.0M	Permanent Replacement	2009 STIP
Trail River	Seward Highway	~$8.5M	Permanent Replacement	2009 STIP
	TOTALS	**~$55M to $65M**		**FHWA BR Funds**

Structurally Deficient On-System Major Bridge Work – Future

Bridge	Highway/Location	Bridge Component Cost (est.)	Notes
Twenty Mile River	Seward Highway	~$25M	Seward Hwy MP75 to 90 – STIP ID# 11925
Virgin Creek	Seward Highway	~$7M	Seward Hwy MP75 to 90 – STIP ID# 11925
No Name Creek	Halibut Pt. Road	~$3M	Future Fund Request
Mendenhall River	Glacier Highway	$3.0M for Design	2010 Gov Budget for Design, Construction out-years
Portage Creek No. 1	Seward Highway	~$10M	Seward Hwy MP75 to 90 – STIP ID# 11925
Portage Creek No. 2	Seward Highway	~$12M	Seward Hwy MP75 to 90 – STIP ID# 11925
Peterson Creek	Seward Highway	~$5M	Seward Hwy MP75 to 90 – STIP ID# 11925
Glacier Creek	Seward Highway	~$15M	Seward Hwy MP75 to 90 – STIP ID# 11925
Placer River Main	Seward Highway	~$20M	Seward Hwy MP75 to 90 – STIP ID# 11925
Placer River Overflow	Seward Highway	~$13M	Seward Hwy MP75 to 90 – STIP ID# 11925
Gerstle River	Alaska Highway	~$55M	Future Fund Request
O'Connor Creek	Goldstream Road	~$1.5M	Future Fund Request
Klehini River	Porcupine River	~$7M	Future Fund Request
	TOTALS	**~$160M to ~$200M**	

Project Review Listing
FY2010 Governor

Environ Conservation Only

Department of Environmental Conservation

AgfNum	pg 1	AP/AL	Project Title			Fund Source Total
46946		AP	Oil and Hazardous Substance First Responder Equipment and Preparedness			
				1052	Oil/Haz Fd	$750,000
33826	3	AP	Statewide Contaminated Sites Cleanup			
				1052	Oil/Haz Fd	$5,000,000
41376	5 *	AP	Village Safe Water and Wastewater Infrastructure Projects			
				1002	Fed Rcpts	$52,125,000
				1003	G/F Match	$14,041,598
				1004	Gen Fund	$25,000,002
				1108	Stat Desig	$500,000
48140	7	AL	Adak: Water and Sewer Improvements			
				1002	Fed Rcpts	$394,868
				1003	G/F Match	$131,622
				1004	Gen Fund	$260,157
48141	8	AL	Akiachak: Service Lines and Plumbing			
				1002	Fed Rcpts	$1,239,047
				1003	G/F Match	$413,013
				1004	Gen Fund	$816,342
48143	9	AL	Alatna: Landfill Master Plan			
				1002	Fed Rcpts	$41,250
				1003	G/F Match	$13,750
				1004	Gen Fund	0
48142	10	AL	Alatna: Water Supply and Sewage Collection and Treatment Project Phase IV			
				1002	Fed Rcpts	$93,523
				1003	G/F Match	$31,174
				1004	Gen Fund	$61,617
48144	11	AL	Ambler: Sanitation Facility Master Plan Upgrade			
				1002	Fed Rcpts	$60,000
				1003	G/F Match	$20,000
				1004	Gen Fund	0
48145	12	AL	Anchor Point: Water and Sewer Line Extension Study			
				1002	Fed Rcpts	$60,750
				1003	G/F Match	$20,250
				1004	Gen Fund	0
48146	13	AL	Anchor Point: Water System Upgrades			
				1002	Fed Rcpts	$607,500
				1003	G/F Match	$202,500
				1004	Gen Fund	0
48147	14	AL	Anderson: Sewage Lagoon			
				1002	Fed Rcpts	$652,876
				1003	G/F Match	$217,624
				1004	Gen Fund	$430,145

* Indicates an appropriation with allocations (amounts not included in totals)

Project Review Listing
FY2010 Governor

Environ Conservation Only

Department of Environmental Conservation

Num		AP/AL	Project Title			Fund Source Total
48148	15	AL	Aniak: Sewer Service			
				1002	Fed Rcpts	$33,401
				1003	G/F Match	$11,134
				1004	Gen Fund	$22,006
48149	16	AL	Atka: Phase IV Improvements			
				1002	Fed Rcpts	$232,789
				1003	G/F Match	$77,596
				1004	Gen Fund	$153,372
48150	17	AL	Beaver: Sanitation Improvement Feasibility Study			
				1002	Fed Rcpts	$48,600
				1003	G/F Match	$16,200
				1004	Gen Fund	0
48151	18	AL	Bethel: Backbone Upgrades Phase I			
				1002	Fed Rcpts	$1,135,637
				1003	G/F Match	$378,544
				1004	Gen Fund	$748,211
48152	19	AL	Buckland: Water and Sewer System			
				1002	Fed Rcpts	$2,939,296
				1003	G/F Match	$979,760
				1004	Gen Fund	$1,936,545
48154	20	AL	Chenega Bay: Water Treatment and Sewer Collection			
				1002	Fed Rcpts	$218,096
				1003	G/F Match	$72,698
				1004	Gen Fund	$143,692
48155	21	AL	Chignik Bay: Wastewater System Improvements Phase IV			
				1002	Fed Rcpts	$297,454
				1003	G/F Match	$99,151
				1004	Gen Fund	$195,977
48153	22	AL	Chistochina: Washeteria and Community Water System			
				1002	Fed Rcpts	$353,834
				1003	G/F Match	$117,944
				1004	Gen Fund	$233,123
48156	23	AL	Chuathbaluk: Piped Sewer System Improvements			
				1002	Fed Rcpts	$239,105
				1003	G/F Match	$79,701
				1004	Gen Fund	$157,533
48157	24	AL	Coffman Cove: Water Storage System			
				1002	Fed Rcpts	$801,588
				1003	G/F Match	$267,195
				1004	Gen Fund	$528,124
48158	25	AL	Crooked Creek: Piped Water and Sewer System Final Phase			
				1002	Fed Rcpts	$486,044

* Indicates an appropriation with allocations (amounts not included in totals)

Project Review Listing
FY2010 Governor

Environ Conservation Only

Department of Environmental Conservation

fNum		AP/AL	Project Title			Fund Source Total
48158		AL	Crooked Creek: Piped Water and Sewer System Final Phase			
				1003	G/F Match	$162,014
				1004	Gen Fund	$320,228
48159	26	AL	Eek: Water and Sewer Service			
				1002	Fed Rcpts	$3,139,704
				1003	G/F Match	$1,046,563
				1004	Gen Fund	$2,068,583
48160	27	AL	Ekwok: Sewer System Improvements			
				1002	Fed Rcpts	$273,174
				1003	G/F Match	$91,057
				1004	Gen Fund	$179,980
48161	28	AL	Emmonak: Water and Sewer Mains and Upgrades			
				1002	Fed Rcpts	$400,813
				1003	G/F Match	$133,604
				1004	Gen Fund	$264,074
48162	29	AL	False Pass: Sewage Collection System			
				1002	Fed Rcpts	$478,708
				1003	G/F Match	$159,568
				1004	Gen Fund	$315,395
48163	30	AL	Fort Yukon: Sewer Collection and Water Storage System			
				1002	Fed Rcpts	$124,427
				1003	G/F Match	$41,475
				1004	Gen Fund	$81,978
48164	31	AL	Gambell: Water Storage System and Sewer System Improvements			
				1002	Fed Rcpts	$26,721
				1003	G/F Match	$8,907
				1004	Gen Fund	$17,605
48165	32	AL	Glennallen: Hub Sewer Extension Final Phase			
				1002	Fed Rcpts	$13,360
				1003	G/F Match	$4,453
				1004	Gen Fund	$8,802
48166	33	AL	Golovin: Water Storage Tank			
				1002	Fed Rcpts	$126,924
				1003	G/F Match	$42,308
				1004	Gen Fund	$83,624
48167	34	AL	Hooper Bay: Piped Water and Sewer System			
				1002	Fed Rcpts	$2,070,867
				1003	G/F Match	$690,285
				1004	Gen Fund	$1,364,384
48168	35	AL	Kachemak: Selo Water System Feasibility Study and Groundwater Investigation			
				1002	Fed Rcpts	$162,000
				1003	G/F Match	$54,000

* Indicates an appropriation with allocations (amounts not included in totals)

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Department of Environmental Conservation

Num		AP/AL	Project Title			Fund Source Total
48168		AL	Kachemak: Selo Water System Feasibility Study and Groundwater Investigation			
				1004	Gen Fund	0
48169	36	AL	Kasaan: Water Treatment Plant and Storage Tank			
				1002	Fed Rcpts	$377,135
				1003	G/F Match	$125,711
				1004	Gen Fund	$248,474
48170	37	AL	Kasigluk: Piped Water and Sewer and Sewer Haul Service			
				1002	Fed Rcpts	$417,731
				1003	G/F Match	$139,243
				1004	Gen Fund	$275,221
48171	38	AL	Kongiganak: Water System Improvements			
				1002	Fed Rcpts	$721,463
				1003	G/F Match	$240,487
				1004	Gen Fund	$475,334
48172	39	AL	Kotlik: Piped Water and Sewer Extensions			
				1002	Fed Rcpts	$164,213
				1003	G/F Match	$54,737
				1004	Gen Fund	$108,191
48173	40	AL	Kotzebue: Water and Sewer Upgrades			
				1002	Fed Rcpts	$1,175,718
				1003	G/F Match	$391,904
				1004	Gen Fund	$774,618
48174	41	AL	Lower Kalskag: Piped Water and Sewer System			
				1002	Fed Rcpts	$1,173,570
				1003	G/F Match	$391,188
				1004	Gen Fund	$773,203
48176	42	AL	Manokotak: Old Village Water and Sewer Plan and Source Study			
				1002	Fed Rcpts	$141,750
				1003	G/F Match	$47,250
				1004	Gen Fund	0
48175	43	AL	Manokotak: Water and Sewer Disposal and Distribution Improvements			
				1002	Fed Rcpts	$645,494
				1003	G/F Match	$215,164
				1004	Gen Fund	$425,282
48177	44	AL	Marshall: Water and Sewer Line Replacement			
				1002	Fed Rcpts	$190,814
				1003	G/F Match	$63,604
				1004	Gen Fund	$125,717
48178	45	AL	McGrath: Water and Sewer Improvements			
				1002	Fed Rcpts	$1,092,407
				1003	G/F Match	$364,134
				1004	Gen Fund	$719,729

* Indicates an appropriation with allocations (amounts not included in totals)

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Department of Environmental Conservation

Num		AP/AL	Project Title			Fund Source Total
48179	46	AL	Mountain Village: Water Improvement Feasibility Study			
				1002	Fed Rcpts	$85,050
				1003	G/F Match	$28,350
				1004	Gen Fund	0
48180	47	AL	Nanwalek: Piped Water and Sewer System Replacement			
				1002	Fed Rcpts	$303,195
				1003	G/F Match	$101,064
				1004	Gen Fund	$199,759
48181	48	AL	Napaskiak: Solid Waste Study			
				1002	Fed Rcpts	$60,750
				1003	G/F Match	$20,250
				1004	Gen Fund	0
48183	49	AL	Nightmute: Sewer Lagoon and System Improvements			
				1002	Fed Rcpts	$276,534
				1003	G/F Match	$92,178
				1004	Gen Fund	$182,194
48184	50	AL	Nikolai: Water Treatment Study and Gravity Sewer Study			
				1002	Fed Rcpts	$56,250
				1003	G/F Match	$18,750
				1004	Gen Fund	0
48185	51	AL	Ninilchik: Water and Sewer System Improvements			
				1002	Fed Rcpts	$1,210,468
				1003	G/F Match	$403,487
				1004	Gen Fund	$797,512
48186	52	AL	Nunapitchuk: Water Treatment and Sewer Lagoon Upgrades			
				1002	Fed Rcpts	$426,759
				1003	G/F Match	$142,252
				1004	Gen Fund	$281,169
48187	53	AL	Old Harbor: Water Treatment Plant, Tank and Connections			
				1002	Fed Rcpts	$245,097
				1003	G/F Match	$81,699
				1004	Gen Fund	$161,481
48188	54	AL	Pelican: Water and Sewer Upgrades			
				1002	Fed Rcpts	$641,322
				1003	G/F Match	$213,773
				1004	Gen Fund	$422,533
48189	55	AL	Pilot Point: Water and Sewer Pipe Extension and Upgrades			
				1002	Fed Rcpts	$452,184
				1003	G/F Match	$150,727
				1004	Gen Fund	$297,920
48190	56	AL	Pitkas Point: Water and Sewer System Upgrades			
				1002	Fed Rcpts	$563,255

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/Num		AP/AL	Project Title			Fund Source Total
48190		AL	Pitkas Point: Water and Sewer System Upgrades			
				1003	G/F Match	$187,751
				1004	Gen Fund	$371,099
48182	57	AL	Quinhagak: Piped Water and Sewer System Upgrades			
				1002	Fed Rcpts	$668,623
				1003	G/F Match	$222,873
				1004	Gen Fund	$440,520
48191	58	AL	Saint Mary's: Water System Upgrades			
				1002	Fed Rcpts	$1,500,000
				1003	G/F Match	$500,000
				1004	Gen Fund	0
48192	59	AL	Saint Michael: Completion of Piped Water and Sewer System			
				1002	Fed Rcpts	$13,360
				1003	G/F Match	$4,453
				1004	Gen Fund	$8,802
48193	60	AL	Saint Paul: Sewage Ocean Outfall			
				1002	Fed Rcpts	$1,134,000
				1003	G/F Match	$378,000
				1004	Gen Fund	0
48194	61	AL	Saxman: Water Treatment Plant			
				1002	Fed Rcpts	$199,979
				1003	G/F Match	$66,659
				1004	Gen Fund	$131,755
48195	62	AL	Seldovia: Water and Sewer Pipe Replacement and Upgrades			
				1002	Fed Rcpts	$883,739
				1003	G/F Match	$294,578
				1004	Gen Fund	$582,249
48196	63	AL	Shageluk: Water Source and Sewer Service			
				1002	Fed Rcpts	$1,732,581
				1003	G/F Match	$577,524
				1004	Gen Fund	$1,141,505
48197	64	AL	Shaktoolik: Water and Sewer Treatment Plant Upgrades and Compliance Study			
				1002	Fed Rcpts	$60,750
				1003	G/F Match	$20,250
				1004	Gen Fund	0
48198	65	AL	Shungnak: Sanitation Facilities Master Plan Upgrade			
				1002	Fed Rcpts	$60,000
				1003	G/F Match	$20,000
				1004	Gen Fund	0
48199	66	AL	Slana: Wells and Septic Systems			
				1002	Fed Rcpts	$606,377
				1003	G/F Match	$202,124

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Num		AP/AL	Project Title			Fund Source Total
48199		AL	Slana: Wells and Septic Systems			
				1004	Gen Fund	$399,509
48200	67	AL	Stebbins: Water and Sewer System			
				1002	Fed Rcpts	$2,204,472
				1003	G/F Match	$734,820
				1004	Gen Fund	$1,452,409
48201	68	AL	Takotna: Water and Sewer System Upgrades			
				1002	Fed Rcpts	$317,711
				1003	G/F Match	$105,903
				1004	Gen Fund	$209,323
48205	69	AL	Tanana: Sewage Lagoon Improvements and Piped Water and Sewer Extension			
				1002	Fed Rcpts	$968,364
				1003	G/F Match	$322,786
				1004	Gen Fund	$638,004
48202	70	AL	Thorne Bay: Water, Sewer and Solid Waste Study			
				1002	Fed Rcpts	$101,250
				1003	G/F Match	$33,750
				1004	Gen Fund	0
48203	71	AL	Togiak: Water Treatment Plant Upgrades and Repairs			
				1002	Fed Rcpts	$800,143
				1003	G/F Match	$266,713
				1004	Gen Fund	$527,172
48204	72	AL	Toksook Bay: Water and Sewer System Improvements			
				1002	Fed Rcpts	$986,849
				1003	G/F Match	$328,948
				1004	Gen Fund	$650,182
48206	73	AL	Tuluksak: Piped Water and Sewer System			
				1002	Fed Rcpts	$865,504
				1003	G/F Match	$288,500
				1004	Gen Fund	$570,234
48207	74	AL	Tuntutuliak: Water and Sewer System Improvements			
				1002	Fed Rcpts	$185,710
				1003	G/F Match	$61,903
				1004	Gen Fund	$122,354
48208	75	AL	Tununak: Flush Tank and Haul			
				1002	Fed Rcpts	$105,475
				1003	G/F Match	$35,158
				1004	Gen Fund	$69,492
48209	76	AL	Unalakleet: Water and Sewer Lagoon Improvements			
				1002	Fed Rcpts	$802,829
				1003	G/F Match	$267,608
				1004	Gen Fund	$528,941

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Num		AP/AL	Project Title			Fund Source Total
48211	77	AL	Voznesenka: Water and Sewer System Improvements			
				1002	Fed Rcpts	$165,776
				1003	G/F Match	$55,258
				1004	Gen Fund	$109,221
48212	78	AL	Wales: Lagoon Repair and Expansion			
				1002	Fed Rcpts	$587,993
				1003	G/F Match	$195,997
				1004	Gen Fund	$387,397
48210	79	AL	Denali Commission/ANTHC/Other Federal Agencies			
				1002	Fed Rcpts	$10,000,000
				1003	G/F Match	0
				1004	Gen Fund	0
				1108	Stat Desig	$500,000
46714	80 *	AP	Municipal Water, Sewage, and Solid Waste Facilities Grants (AS46.03.030)			
				1213	AHCC Rcpts	$23,189,396
47788	81	AL	Anchorage: Girdwood Wastewater Treatment Facility			
				1213	AHCC Rcpts	$4,182,000
47786	82	AL	Dillingham: Water System Improvements, Phase II			
				1213	AHCC Rcpts	$3,090,000
47780	83	AL	Fairbanks North Star Borough: Pioneer Park Water and Sewer Improvements			
				1213	AHCC Rcpts	$100,395
47779	84	AL	Juneau: East Valley Reservoir/Jordan Creek Rehabilitation Project			
				1213	AHCC Rcpts	$41,400
47778	85	AL	Juneau: North Douglas Sewer Expansion, Phase III			
				1213	AHCC Rcpts	$123,165
47783	86	AL	Juneau: North Douglas Sewer Expansion, Phase IV			
				1213	AHCC Rcpts	$1,804,560
47777	87	AL	Juneau: West Mendenhall Valley Sewer Expansion, Phase II			
				1213	AHCC Rcpts	$109,710
47782	88	AL	Juneau: West Mendenhall Valley Sewer Expansion, Phase III			
				1213	AHCC Rcpts	$1,608,860
47787	89	AL	Kenai: New Water Transmission Mains Phase II and Wellhouse			
				1213	AHCC Rcpts	$2,132,100
47776	90	AL	Kenai: Water Treatment Plant Upgrades, Phase III			
				1213	AHCC Rcpts	$648,945
47784	91	AL	Ketchikan: Tongass Avenue Water and Sewer Replacement, Phase II			
				1213	AHCC Rcpts	$1,691,260
47775	92	AL	Ketchikan Gateway Borough: Waterline Extension from Mountain Point			
				1213	AHCC Rcpts	$1,453,241

* Indicates an appropriation with allocations (amounts not included in totals)

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Department of Environmental Conservation

Num		AP/AL	Project Title			Fund Source Total
47781	93	AL	Matanuska Susitna Borough: Garden Terrace Estates, Phase II			
				1213	AHCC Rcpts	$356,040
47905	94	AL	Nome: Moonlight Springs Transmission Line Upgrade/Replacement, Phase II			
				1213	AHCC Rcpts	$3,090,000
47904	95	AL	North Pole: Sewer Lift Station Renovation Project			
				1213	AHCC Rcpts	$724,500
47785	96	AL	Palmer: Steel Water Main Replacement, Phase VII			
				1213	AHCC Rcpts	$2,033,220
					AHCC Rcpts (1213):	**$23,189,396**
					CSG Tax (1211):	**0**
					CPV Tax (1206):	**0**
					General Fund Total:	**$39,041,600**
					Federal Total:	**$52,125,000**
					Other Total:	**$29,439,396**
					Department Total:	**$120,605,996**

AHCC Rcpts (1213) Grand Total:	**$23,189,396**
CSG Tax (1211) Grand Total:	**0**
CPV Tax (1206) Grand Total:	**0**
General Fund Grand Total:	**$39,041,600**
Federal Grand Total:	**$52,125,000**
Other Grand Total:	**$29,439,396**
Grand Total:	**$120,605,996**

* Indicates an appropriation with allocations (amounts not included in totals)

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Health Social Svcs Only

Department of Health and Social Services

RefNum		AP/AL	Project Title			Fund Source Total
42830	pg 1	AP	Johnson Youth Center Renovation and Remodel to Meet Safety and Security Needs Phase I			
				1004	Gen Fund	$9,500,000
AMD41501	4-1	AP	Medicaid Management Information System Completion			
				1002	Fed Rcpts	$434,400
				1003	G/F Match	$5,965,500
31862	5	AP	Non-Pioneer Home Deferred Maintenance, Renovation, Repair and Equipment			
				1002	Fed Rcpts	$203,872
				1003	G/F Match	$237,862
				1004	Gen Fund	$1,762,138
37934	13	AP	Pioneer Homes Deferred Maintenance, Renovation, Repair and Equipment			
				1004	Gen Fund	$2,000,000
32446	19	AP	Safety and Support Equipment for Probation Officers and Front Line Workers			
				1002	Fed Rcpts	$365,750
				1003	G/F Match	$300,595
				1004	Gen Fund	$449,405
46898	23	AP	Production Printer Replacement			
				1002	Fed Rcpts	$175,000
				1003	G/F Match	$170,400
				1004	Gen Fund	$128,900
46905	25	AP	Online Resources for the Children of Alaska Enhancements to Meet Federal Requirements			
				1002	Fed Rcpts	$172,092
				1003	G/F Match	$242,163
46911	27	AP	Public Health Disaster Preparedness			
				1004	Gen Fund	$500,000
39148	29	AP	E-Grants			
				1002	Fed Rcpts	$43,100
				1003	G/F Match	$388,000
38923	32	AP	MH Continuing Bring the Kids Home Initiative Denali Match			
				1197	AK Cap Inc	$2,200,000
42837	34	AP	Emergency Medical Services Ambulances and Equipment Statewide – Match for Code Blue Project			
				1003	G/F Match	$425,000
33443	37	AP	Emergency Medical Services - Emergency Communications			
				1004	Gen Fund	$190,000
33670	41	AP	MH Deferred Maintenance and Accessibility Improvements			
				1037	GF/MH	$750,000
33671	43	AP	MH Housing - Home Modification and Upgrades to Retain Housing			
				1037	GF/MH	$500,000
				1092	MHTAAR	$300,000
				1139	AHFC Div	$250,000

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Health _Social Svcs Only

Department of Health and Social Services

efNum	AP/AL	Project Title	Fund Source Total
AMD47611	45 AP	HIPAA Updated Electronic Transaction Standards	
		1002 Fed Rcpts	$4,050,000
		1003 G/F Match	$450,000
		AHCC Rcpts (1213):	**0**
		CSG Tax (1211):	**0**
		CPV Tax (1206):	**0**
		General Fund Total:	**$23,959,963**
		Federal Total:	**$5,444,214**
		Other Total:	**$2,750,000**
		Department Total:	**$32,154,177**
		AHCC Rcpts (1213) Grand Total:	**0**
		CSG Tax (1211) Grand Total:	**0**
		CPV Tax (1206) Grand Total:	**0**
		General Fund Grand Total:	**$23,959,963**
		Federal Grand Total:	**$5,444,214**
		Other Grand Total:	**$2,750,000**
		Grand Total:	**$32,154,177**

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Project Review Listing
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Transportation Only

partment of Transportation and Public Facilities

RefNum		AP/AL	Project Title		Fund Source Total
47702	pg1	AP	Adak Airport Maintenance and Operations		
				1190 Adak Ops	$1,621,900
AMD30633	2	AP	Airport Deferred Maintenance		
				1004 Gen Fund	$850,000
AMD47583	4	AP	Alaska Aviation Safety Program		
				1004 Gen Fund	$400,000
AMD42001	7	AP	Alaska Marine Highway System - Vessel and Facility Deferred Maintenance		
				1004 Gen Fund	$2,341,900
AMD30624	9	AP	Alaska Marine Highway System - Vessel and Terminal Overhaul and Rehabilitation		
				1004 Gen Fund	$9,000,000
AMD6391	12	AP	Americans with Disabilities Act Compliance Projects		
				1004 Gen Fund	$595,000
32534	13	AP	Capital Improvement Program Equipment Replacement		
				1061 CIP Rcpts	$1,500,000
30648	14	AP	Coordinated Transportation and Vehicles (Transit)		
				1037 GF/MH	$800,000
				1092 MHTAAR	$300,000
46709	16	AP	Corp of Engineers - Harbor Program		
				1003 G/F Match	$1,150,000
47534	17	AP	Design of Seward Highway Replacement Bridges - Ptarmigan Creek, Falls Creek and Trail River		
				1004 Gen Fund	$3,000,000
30634	19	AP	Emergency and Non-Routine Repairs		
				1004 Gen Fund	$1,000,000
AMD30632	20	AP	Facilities Deferred Maintenance and Critical Repairs		
				1004 Gen Fund	$2,550,000
47564	22	AP	Fairbanks: Geist Road Rehabilitation		
				1004 Gen Fund	$5,000,000
AMD48214	23	AP	Delete: Fairbanks: Nelson Road Resurfacing		
				1004 Gen Fund	0
AMD48213	24	AP	Delete: Fairbanks: Phillips Field Road Rehabilitation		
				1004 Gen Fund	0
AMD7090	25	AP	Harbor Deferred Maintenance		
				1004 Gen Fund	$680,000
7091	26	AP	Harbor Program Development		
				1003 G/F Match	$350,000
ID47530	28	AP	Delete: Highway Condition Inventory		
				1004 Gen Fund	0

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Transportation Only

Department of Transportation and Public Facilities

RefNum		AP/AL	Project Title		Fund Source Total
AMD30631	29	AP	Highway Deferred Maintenance	1004 Gen Fund	$2,750,000
AMD45198	31	AP	Highway Maintenance Vehicle Replacement and Safety Equipment	1004 Gen Fund	$900,000
AMD46338	32	AP	Infrastructure and Erosion Control Design and Environmental Permitting	1004 Gen Fund	$100,000
AMD47822	33	AP	Koyukuk Evacuation Road	1004 Gen Fund	$400,000
AMD45197	34	AP	Measurement Standards and Commercial Vehicle Enforcement Equipment Replacement	1004 Gen Fund	$123,000
47823	36	AP	Newtok: Materials for Relocation Site	1004 Gen Fund	$2,000,000
45669	37	AP	Ports and Harbors Long Range Transportation Plan	1004 Gen Fund	$500,000
AMD48230	37-1	AP	Quinhagak: Old Airport Site Remediation	1004 Gen Fund	$250,000
AMD47599	38	AP	Rapid Reaction to Highway Safety Features	1004 Gen Fund	$200,000
AMD39356	39	AP	Resource Development Roads	1004 Gen Fund	$2,600,000
AMD39909	40	AP	Delete: Safe Roadsides with Integrated Vegetation Management	1004 Gen Fund	0
47582	41	AP	Southeast: Ice Control Chemical Storage Tank Replacement - Petersburg and Klawock	1004 Gen Fund	$100,000
AMD47572	42	AP	Delete: Southeast: Sidewalk Snow Removal Equipment	1004 Gen Fund	0
30628	43	AP	State Equipment Fleet Replacement	1026 Hwy Capitl	$15,000,000
AMD41394	44	AP	Statewide Anti-icing Program	1004 Gen Fund	$200,000
45202	45	AP	Statewide Emergency Bridge Repair	1004 Gen Fund	$1,000,000
AMD42072	46	AP	Statewide Rural Airport Safety Improvements	1004 Gen Fund	$2,500,000
33853	48	AP	Surfacing Materials	1004 Gen Fund	$1,000,000

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Department of Transportation and Public Facilities

RefNum	AP/AL	Project Title		Fund Source Total
47702 pg1	AP	Adak Airport Maintenance and Operations		
			1190 Adak Ops	$1,621,900
AMD30633 2	AP	Airport Deferred Maintenance		
			1004 Gen Fund	$850,000
AMD47583 4	AP	Alaska Aviation Safety Program		
			1004 Gen Fund	$400,000
AMD42001 7	AP	Alaska Marine Highway System - Vessel and Facility Deferred Maintenance		
			1004 Gen Fund	$2,341,900
AMD30624 9	AP	Alaska Marine Highway System - Vessel and Terminal Overhaul and Rehabilitation		
			1004 Gen Fund	$9,000,000
AMD6391 12	AP	Americans with Disabilities Act Compliance Projects		
			1004 Gen Fund	$595,000
32534 13	AP	Capital Improvement Program Equipment Replacement		
			1061 CIP Rcpts	$1,500,000
30648 14	AP	Coordinated Transportation and Vehicles (Transit)		
			1037 GF/MH	$800,000
			1092 MHTAAR	$300,000
46709 16	AP	Corp of Engineers - Harbor Program		
			1003 G/F Match	$1,150,000
47534 17	AP	Design of Seward Highway Replacement Bridges - Ptarmigan Creek, Falls Creek and Trail River		
			1004 Gen Fund	$3,000,000
30634 19	AP	Emergency and Non-Routine Repairs		
			1004 Gen Fund	$1,000,000
AMD30632 20	AP	Facilities Deferred Maintenance and Critical Repairs		
			1004 Gen Fund	$2,550,000
47564 22	AP	Fairbanks: Geist Road Rehabilitation		
			1004 Gen Fund	$5,000,000
AMD48214 23	AP	Delete: Fairbanks: Nelson Road Resurfacing		
			1004 Gen Fund	0
AMD48213 24	AP	Delete: Fairbanks: Phillips Field Road Rehabilitation		
			1004 Gen Fund	0
AMD7090 25	AP	Harbor Deferred Maintenance		
			1004 Gen Fund	$680,000
7091 26	AP	Harbor Program Development		
			1003 G/F Match	$350,000
MD47530 28	AP	Delete: Highway Condition Inventory		
			1004 Gen Fund	0

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Department of Transportation and Public Facilities

RefNum	AP/AL	Project Title			Fund Source Total
AMD30631 29	AP	Highway Deferred Maintenance			
			1004	Gen Fund	$2,750,000
AMD45198 31	AP	Highway Maintenance Vehicle Replacement and Safety Equipment			
			1004	Gen Fund	$900,000
AMD46338 32	AP	Infrastructure and Erosion Control Design and Environmental Permitting			
			1004	Gen Fund	$100,000
AMD47822 33	AP	Koyukuk Evacuation Road			
			1004	Gen Fund	$400,000
AMD45197 34	AP	Measurement Standards and Commercial Vehicle Enforcement Equipment Replacement			
			1004	Gen Fund	$123,000
47823 36	AP	Newtok: Materials for Relocation Site			
			1004	Gen Fund	$2,000,000
45669 37	AP	Ports and Harbors Long Range Transportation Plan			
			1004	Gen Fund	$500,000
AMD48230 37-1	AP	Quinhagak: Old Airport Site Remediation			
			1004	Gen Fund	$250,000
AMD47599 38	AP	Rapid Reaction to Highway Safety Features			
			1004	Gen Fund	$200,000
AMD39356 39	AP	Resource Development Roads			
			1004	Gen Fund	$2,600,000
AMD39909 40	AP	Delete: Safe Roadsides with Integrated Vegetation Management			
			1004	Gen Fund	0
47582 41	AP	Southeast: Ice Control Chemical Storage Tank Replacement - Petersburg and Klawock			
			1004	Gen Fund	$100,000
AMD47572 42	AP	Delete: Southeast: Sidewalk Snow Removal Equipment			
			1004	Gen Fund	0
30628 43	AP	State Equipment Fleet Replacement			
			1026	Hwy Capitl	$15,000,000
AMD41394 44	AP	Statewide Anti-icing Program			
			1004	Gen Fund	$200,000
45202 45	AP	Statewide Emergency Bridge Repair			
			1004	Gen Fund	$1,000,000
AMD42072 46	AP	Statewide Rural Airport Safety Improvements			
			1004	Gen Fund	$2,500,000
33853 48	AP	Surfacing Materials			
			1004	Gen Fund	$1,000,000

* Indicates an appropriation with allocations (amounts not included in totals)

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AgfNum	pg 1	AP/AL	Project Title			Fund Source Total
46946		AP	Oil and Hazardous Substance First Responder Equipment and Preparedness			
				1052	Oil/Haz Fd	$750,000
33826	3	AP	Statewide Contaminated Sites Cleanup			
				1052	Oil/Haz Fd	$5,000,000
41376	5*	AP	Village Safe Water and Wastewater Infrastructure Projects			
				1002	Fed Rcpts	$52,125,000
				1003	G/F Match	$14,041,598
				1004	Gen Fund	$25,000,002
				1108	Stat Desig	$500,000
48140	7	AL	Adak: Water and Sewer Improvements			
				1002	Fed Rcpts	$394,868
				1003	G/F Match	$131,622
				1004	Gen Fund	$260,157
48141	8	AL	Akiachak: Service Lines and Plumbing			
				1002	Fed Rcpts	$1,239,047
				1003	G/F Match	$413,013
				1004	Gen Fund	$816,342
48143	9	AL	Alatna: Landfill Master Plan			
				1002	Fed Rcpts	$41,250
				1003	G/F Match	$13,750
				1004	Gen Fund	0
48142	10	AL	Alatna: Water Supply and Sewage Collection and Treatment Project Phase IV			
				1002	Fed Rcpts	$93,523
				1003	G/F Match	$31,174
				1004	Gen Fund	$61,617
48144	11	AL	Ambler: Sanitation Facility Master Plan Upgrade			
				1002	Fed Rcpts	$60,000
				1003	G/F Match	$20,000
				1004	Gen Fund	0
48145	12	AL	Anchor Point: Water and Sewer Line Extension Study			
				1002	Fed Rcpts	$60,750
				1003	G/F Match	$20,250
				1004	Gen Fund	0
48146	13	AL	Anchor Point: Water System Upgrades			
				1002	Fed Rcpts	$607,500
				1003	G/F Match	$202,500
				1004	Gen Fund	0
48147	14	AL	Anderson: Sewage Lagoon			
				1002	Fed Rcpts	$652,876
				1003	G/F Match	$217,624
				1004	Gen Fund	$430,145

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Num		AP/AL	Project Title			Fund Source Total
48148	15	AL	Aniak: Sewer Service			
				1002	Fed Rcpts	$33,401
				1003	G/F Match	$11,134
				1004	Gen Fund	$22,006
48149	16	AL	Atka: Phase IV Improvements			
				1002	Fed Rcpts	$232,789
				1003	G/F Match	$77,596
				1004	Gen Fund	$153,372
48150	17	AL	Beaver: Sanitation Improvement Feasibility Study			
				1002	Fed Rcpts	$48,600
				1003	G/F Match	$16,200
				1004	Gen Fund	0
48151	18	AL	Bethel: Backbone Upgrades Phase I			
				1002	Fed Rcpts	$1,135,637
				1003	G/F Match	$378,544
				1004	Gen Fund	$748,211
48152	19	AL	Buckland: Water and Sewer System			
				1002	Fed Rcpts	$2,939,296
				1003	G/F Match	$979,760
				1004	Gen Fund	$1,936,545
48154	20	AL	Chenega Bay: Water Treatment and Sewer Collection			
				1002	Fed Rcpts	$218,096
				1003	G/F Match	$72,698
				1004	Gen Fund	$143,692
48155	21	AL	Chignik Bay: Wastewater System Improvements Phase IV			
				1002	Fed Rcpts	$297,454
				1003	G/F Match	$99,151
				1004	Gen Fund	$195,977
48153	22	AL	Chistochina: Washeteria and Community Water System			
				1002	Fed Rcpts	$353,834
				1003	G/F Match	$117,944
				1004	Gen Fund	$233,123
48156	23	AL	Chuathbaluk: Piped Sewer System Improvements			
				1002	Fed Rcpts	$239,105
				1003	G/F Match	$79,701
				1004	Gen Fund	$157,533
48157	24	AL	Coffman Cove: Water Storage System			
				1002	Fed Rcpts	$801,588
				1003	G/F Match	$267,195
				1004	Gen Fund	$528,124
48158	25	AL	Crooked Creek: Piped Water and Sewer System Final Phase			
				1002	Fed Rcpts	$486,044

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Num		AP/AL	Project Title			Fund Source Total
48158		AL	Crooked Creek: Piped Water and Sewer System Final Phase			
				1003	G/F Match	$162,014
				1004	Gen Fund	$320,228
48159	26	AL	Eek: Water and Sewer Service			
				1002	Fed Rcpts	$3,139,704
				1003	G/F Match	$1,046,563
				1004	Gen Fund	$2,068,583
48160	27	AL	Ekwok: Sewer System Improvements			
				1002	Fed Rcpts	$273,174
				1003	G/F Match	$91,057
				1004	Gen Fund	$179,980
48161	28	AL	Emmonak: Water and Sewer Mains and Upgrades			
				1002	Fed Rcpts	$400,813
				1003	G/F Match	$133,604
				1004	Gen Fund	$264,074
48162	29	AL	False Pass: Sewage Collection System			
				1002	Fed Rcpts	$478,708
				1003	G/F Match	$159,568
				1004	Gen Fund	$315,395
48163	30	AL	Fort Yukon: Sewer Collection and Water Storage System			
				1002	Fed Rcpts	$124,427
				1003	G/F Match	$41,475
				1004	Gen Fund	$81,978
48164	31	AL	Gambell: Water Storage System and Sewer System Improvements			
				1002	Fed Rcpts	$26,721
				1003	G/F Match	$8,907
				1004	Gen Fund	$17,605
48165	32	AL	Glennallen: Hub Sewer Extension Final Phase			
				1002	Fed Rcpts	$13,360
				1003	G/F Match	$4,453
				1004	Gen Fund	$8,802
48166	33	AL	Golovin: Water Storage Tank			
				1002	Fed Rcpts	$126,924
				1003	G/F Match	$42,308
				1004	Gen Fund	$83,624
48167	34	AL	Hooper Bay: Piped Water and Sewer System			
				1002	Fed Rcpts	$2,070,867
				1003	G/F Match	$690,285
				1004	Gen Fund	$1,364,384
48168	35	AL	Kachemak: Selo Water System Feasibility Study and Groundwater Investigation			
				1002	Fed Rcpts	$162,000
				1003	G/F Match	$54,000

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Num		AP/AL	Project Title			Fund Source Total
48168		AL	Kachemak: Selo Water System Feasibility Study and Groundwater Investigation			
				1004	Gen Fund	0
48169	36	AL	Kasaan: Water Treatment Plant and Storage Tank			
				1002	Fed Rcpts	$377,135
				1003	G/F Match	$125,711
				1004	Gen Fund	$248,474
48170	37	AL	Kasigluk: Piped Water and Sewer and Sewer Haul Service			
				1002	Fed Rcpts	$417,731
				1003	G/F Match	$139,243
				1004	Gen Fund	$275,221
48171	38	AL	Kongiganak: Water System Improvements			
				1002	Fed Rcpts	$721,463
				1003	G/F Match	$240,487
				1004	Gen Fund	$475,334
48172	39	AL	Kotlik: Piped Water and Sewer Extensions			
				1002	Fed Rcpts	$164,213
				1003	G/F Match	$54,737
				1004	Gen Fund	$108,191
48173	40	AL	Kotzebue: Water and Sewer Upgrades			
				1002	Fed Rcpts	$1,175,718
				1003	G/F Match	$391,904
				1004	Gen Fund	$774,618
48174	41	AL	Lower Kalskag: Piped Water and Sewer System			
				1002	Fed Rcpts	$1,173,570
				1003	G/F Match	$391,188
				1004	Gen Fund	$773,203
48176	42	AL	Manokotak: Old Village Water and Sewer Plan and Source Study			
				1002	Fed Rcpts	$141,750
				1003	G/F Match	$47,250
				1004	Gen Fund	0
48175	43	AL	Manokotak: Water and Sewer Disposal and Distribution Improvements			
				1002	Fed Rcpts	$645,494
				1003	G/F Match	$215,164
				1004	Gen Fund	$425,282
48177	44	AL	Marshall: Water and Sewer Line Replacement			
				1002	Fed Rcpts	$190,814
				1003	G/F Match	$63,604
				1004	Gen Fund	$125,717
48178	45	AL	McGrath: Water and Sewer Improvements			
				1002	Fed Rcpts	$1,092,407
				1003	G/F Match	$364,134
				1004	Gen Fund	$719,729

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Num		AP/AL	Project Title			Fund Source Total
48179	46	AL	Mountain Village: Water Improvement Feasibility Study			
				1002	Fed Rcpts	$85,050
				1003	G/F Match	$28,350
				1004	Gen Fund	0
48180	47	AL	Nanwalek: Piped Water and Sewer System Replacement			
				1002	Fed Rcpts	$303,195
				1003	G/F Match	$101,064
				1004	Gen Fund	$199,759
48181	48	AL	Napaskiak: Solid Waste Study			
				1002	Fed Rcpts	$60,750
				1003	G/F Match	$20,250
				1004	Gen Fund	0
48183	49	AL	Nightmute: Sewer Lagoon and System Improvements			
				1002	Fed Rcpts	$276,534
				1003	G/F Match	$92,178
				1004	Gen Fund	$182,194
48184	50	AL	Nikolai: Water Treatment Study and Gravity Sewer Study			
				1002	Fed Rcpts	$56,250
				1003	G/F Match	$18,750
				1004	Gen Fund	0
48185	51	AL	Ninilchik: Water and Sewer System Improvements			
				1002	Fed Rcpts	$1,210,468
				1003	G/F Match	$403,487
				1004	Gen Fund	$797,512
48186	52	AL	Nunapitchuk: Water Treatment and Sewer Lagoon Upgrades			
				1002	Fed Rcpts	$426,759
				1003	G/F Match	$142,252
				1004	Gen Fund	$281,169
48187	53	AL	Old Harbor: Water Treatment Plant, Tank and Connections			
				1002	Fed Rcpts	$245,097
				1003	G/F Match	$81,699
				1004	Gen Fund	$161,481
48188	54	AL	Pelican: Water and Sewer Upgrades			
				1002	Fed Rcpts	$641,322
				1003	G/F Match	$213,773
				1004	Gen Fund	$422,533
48189	55	AL	Pilot Point: Water and Sewer Pipe Extension and Upgrades			
				1002	Fed Rcpts	$452,184
				1003	G/F Match	$150,727
				1004	Gen Fund	$297,920
48190	56	AL	Pitkas Point: Water and Sewer System Upgrades			
				1002	Fed Rcpts	$563,255

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/Num		AP/AL	Project Title			Fund Source Total
48190		AL	Pitkas Point: Water and Sewer System Upgrades			
				1003	G/F Match	$187,751
				1004	Gen Fund	$371,099
48182	57	AL	Quinhagak: Piped Water and Sewer System Upgrades			
				1002	Fed Rcpts	$668,623
				1003	G/F Match	$222,873
				1004	Gen Fund	$440,520
48191	58	AL	Saint Mary's: Water System Upgrades			
				1002	Fed Rcpts	$1,500,000
				1003	G/F Match	$500,000
				1004	Gen Fund	0
48192	59	AL	Saint Michael: Completion of Piped Water and Sewer System			
				1002	Fed Rcpts	$13,360
				1003	G/F Match	$4,453
				1004	Gen Fund	$8,802
48193	60	AL	Saint Paul: Sewage Ocean Outfall			
				1002	Fed Rcpts	$1,134,000
				1003	G/F Match	$378,000
				1004	Gen Fund	0
48194	61	AL	Saxman: Water Treatment Plant			
				1002	Fed Rcpts	$199,979
				1003	G/F Match	$66,659
				1004	Gen Fund	$131,755
48195	62	AL	Seldovia: Water and Sewer Pipe Replacement and Upgrades			
				1002	Fed Rcpts	$883,739
				1003	G/F Match	$294,578
				1004	Gen Fund	$582,249
48196	63	AL	Shageluk: Water Source and Sewer Service			
				1002	Fed Rcpts	$1,732,581
				1003	G/F Match	$577,524
				1004	Gen Fund	$1,141,505
48197	64	AL	Shaktoolik: Water and Sewer Treatment Plant Upgrades and Compliance Study			
				1002	Fed Rcpts	$60,750
				1003	G/F Match	$20,250
				1004	Gen Fund	0
48198	65	AL	Shungnak: Sanitation Facilities Master Plan Upgrade			
				1002	Fed Rcpts	$60,000
				1003	G/F Match	$20,000
				1004	Gen Fund	0
48199	66	AL	Slana: Wells and Septic Systems			
				1002	Fed Rcpts	$606,377
				1003	G/F Match	$202,124

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Num		AP/AL	Project Title			Fund Source Total
48199		AL	Slana: Wells and Septic Systems			
				1004	Gen Fund	$399,509
48200	67	AL	Stebbins: Water and Sewer System			
				1002	Fed Rcpts	$2,204,472
				1003	G/F Match	$734,820
				1004	Gen Fund	$1,452,409
48201	68	AL	Takotna: Water and Sewer System Upgrades			
				1002	Fed Rcpts	$317,711
				1003	G/F Match	$105,903
				1004	Gen Fund	$209,323
48205	69	AL	Tanana: Sewage Lagoon Improvements and Piped Water and Sewer Extension			
				1002	Fed Rcpts	$968,364
				1003	G/F Match	$322,786
				1004	Gen Fund	$638,004
48202	70	AL	Thorne Bay: Water, Sewer and Solid Waste Study			
				1002	Fed Rcpts	$101,250
				1003	G/F Match	$33,750
				1004	Gen Fund	0
48203	71	AL	Togiak: Water Treatment Plant Upgrades and Repairs			
				1002	Fed Rcpts	$800,143
				1003	G/F Match	$266,713
				1004	Gen Fund	$527,172
48204	72	AL	Toksook Bay: Water and Sewer System Improvements			
				1002	Fed Rcpts	$986,849
				1003	G/F Match	$328,948
				1004	Gen Fund	$650,182
48206	73	AL	Tuluksak: Piped Water and Sewer System			
				1002	Fed Rcpts	$865,504
				1003	G/F Match	$288,500
				1004	Gen Fund	$570,234
48207	74	AL	Tuntutuliak: Water and Sewer System Improvements			
				1002	Fed Rcpts	$185,710
				1003	G/F Match	$61,903
				1004	Gen Fund	$122,354
48208	75	AL	Tununak: Flush Tank and Haul			
				1002	Fed Rcpts	$105,475
				1003	G/F Match	$35,158
				1004	Gen Fund	$69,492
48209	76	AL	Unalakleet: Water and Sewer Lagoon Improvements			
				1002	Fed Rcpts	$802,829
				1003	G/F Match	$267,608
				1004	Gen Fund	$528,941

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Num		AP/AL	Project Title			Fund Source Total
48211	77	AL	Voznesenka: Water and Sewer System Improvements			
				1002	Fed Rcpts	$165,776
				1003	G/F Match	$55,258
				1004	Gen Fund	$109,221
48212	78	AL	Wales: Lagoon Repair and Expansion			
				1002	Fed Rcpts	$587,993
				1003	G/F Match	$195,997
				1004	Gen Fund	$387,397
48210	79	AL	Denali Commission/ANTHC/Other Federal Agencies			
				1002	Fed Rcpts	$10,000,000
				1003	G/F Match	0
				1004	Gen Fund	0
				1108	Stat Desig	$500,000
46714	80 *	AP	Municipal Water, Sewage, and Solid Waste Facilities Grants (AS46.03.030)			
				1213	AHCC Rcpts	$23,189,396
47788	81	AL	Anchorage: Girdwood Wastewater Treatment Facility			
				1213	AHCC Rcpts	$4,182,000
47786	82	AL	Dillingham: Water System Improvements, Phase II			
				1213	AHCC Rcpts	$3,090,000
47780	83	AL	Fairbanks North Star Borough: Pioneer Park Water and Sewer Improvements			
				1213	AHCC Rcpts	$100,395
47779	84	AL	Juneau: East Valley Reservoir/Jordan Creek Rehabilitation Project			
				1213	AHCC Rcpts	$41,400
47778	85	AL	Juneau: North Douglas Sewer Expansion, Phase III			
				1213	AHCC Rcpts	$123,165
47783	86	AL	Juneau: North Douglas Sewer Expansion, Phase IV			
				1213	AHCC Rcpts	$1,804,560
47777	87	AL	Juneau: West Mendenhall Valley Sewer Expansion, Phase II			
				1213	AHCC Rcpts	$109,710
47782	88	AL	Juneau: West Mendenhall Valley Sewer Expansion, Phase III			
				1213	AHCC Rcpts	$1,608,860
47787	89	AL	Kenai: New Water Transmission Mains Phase II and Wellhouse			
				1213	AHCC Rcpts	$2,132,100
47776	90	AL	Kenai: Water Treatment Plant Upgrades, Phase III			
				1213	AHCC Rcpts	$648,945
47784	91	AL	Ketchikan: Tongass Avenue Water and Sewer Replacement, Phase II			
				1213	AHCC Rcpts	$1,691,260
47775	92	AL	Ketchikan Gateway Borough: Waterline Extension from Mountain Point			
				1213	AHCC Rcpts	$1,453,241

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Num		AP/AL	Project Title			Fund Source Total
47781	93	AL	Matanuska Susitna Borough: Garden Terrace Estates, Phase II			
				1213	AHCC Rcpts	$356,040
47905	94	AL	Nome: Moonlight Springs Transmission Line Upgrade/Replacement, Phase II			
				1213	AHCC Rcpts	$3,090,000
47904	95	AL	North Pole: Sewer Lift Station Renovation Project			
				1213	AHCC Rcpts	$724,500
47785	96	AL	Palmer: Steel Water Main Replacement, Phase VII			
				1213	AHCC Rcpts	$2,033,220
					AHCC Rcpts (1213):	**$23,189,396**
					CSG Tax (1211):	**0**
					CPV Tax (1206):	**0**
					General Fund Total:	**$39,041,600**
					Federal Total:	**$52,125,000**
					Other Total:	**$29,439,396**
					Department Total:	**$120,605,996**

AHCC Rcpts (1213) Grand Total:	**$23,189,396**
CSG Tax (1211) Grand Total:	**0**
CPV Tax (1206) Grand Total:	**0**
General Fund Grand Total:	**$39,041,600**
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Other Grand Total:	**$29,439,396**
Grand Total:	**$120,605,996**

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DEC Water, Wastewater and Solid Waste Grant Programs

- Facility Programs of DEC's Division of Water work with communities to develop and maintain sustainable water, sewer, and solid waste services in full regulatory compliance.

- There are two types of grant programs managed by DEC for sanitation projects. The *Village Safe Water* program offers 100% grant funding for smaller, rural communities and the Municipal Matching Grants program offers 60%-85% grant funding for larger communities.

Village Safe Water (VSW) Program

- VSW Funding comes from a combination of federal grants and state appropriations. The two primary federal funding sources (which have provided a five year combined average of $57 million per year) are the U.S. Department of Agriculture and the Environmental Protection Agency. Funding through these agencies requires a 25% State match. In addition, the Denali Commission and the Indian Health Service have provided a recent average of $10 million a year in 100% federal grants for projects through VSW.

- Communities apply each year for proposed sanitation project funding. Applications are scored, based heavily on the proposed project's ability to address assessed critical public health needs, as well as the communities' demonstrated capacity to operate and maintain the facilities. Capital funding is requested for the highest ranking projects.

- Per a federal funding requirements established in 2004, the VSW CIP priority list which is divided into two types of projects – those that can be completed in less than three years and those that will take three years or longer.

- Projects that are estimated to take one year to complete receive full funding in a single fiscal year.

- The Three Year List contains large, high scoring projects; however projects on the list are not prioritized. This allows the flexibility that is required in scheduling funding for multi-year projects. An

unanticipated delay in one project will not hold up funding for a different project that is ready to go.

- Funding for the construction phases of Three Year List projects is granted based upon completion of design packages and chronological approval, available funding, and sufficient drawdown of existing project funds. In other words, this is a "first ready, first funded" list and new funds are not made available to a project until prior project grant funds for the project are exhausted.

- In some cases, funding is transferred by VSW through the Indian Health Service to the Alaska Native Tribal Health Consortium, who in turn assists communities in design and construct of sanitation projects.

Municipal Matching Grants Program

- The Alaska Municipal Water, Sewerage, and Solid Waste Matching Grant program provides partial funding and engineering support for drinking water, sewer, solid waste and non-point source pollution projects, such as water quality enhancement and waterbody restoration and recovery.

- These state grants primarily assist the larger communities and boroughs in the State.

- Each year, communities submit sanitation grant questionnaires which are scored weighing primarily the extent to which proposes projects address critical public health and environmental needs. Grants are awarded to the highest ranking projects as funding allows.

- SB 303 which passed the Legislature last year amended the Municipal Matching Grants enabling statute to change the State/Local funding ratio of eligible project costs. The State share of project costs for grants awarded under the program are now:

    - 85 percent of eligible costs for a municipality with a population of 1,000 persons or less.

    - 70 percent of eligible costs for a municipality with a population of 1,001 to 10,000 persons.

    - 60 percent of eligible costs for a municipality with a population of greater than 10,000 persons.

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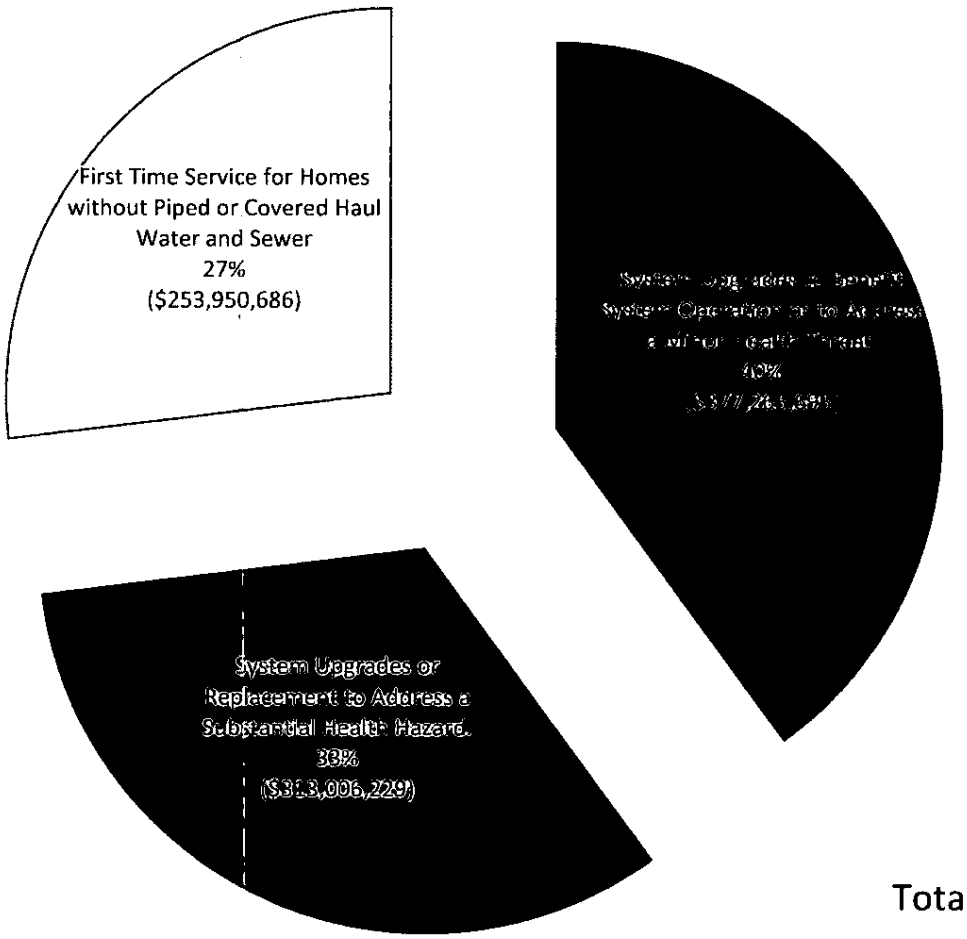
    - 60 percent of eligible costs for a municipality with a population of greater than 10,000 persons.

Rural Alaska Water and Sewer Needs

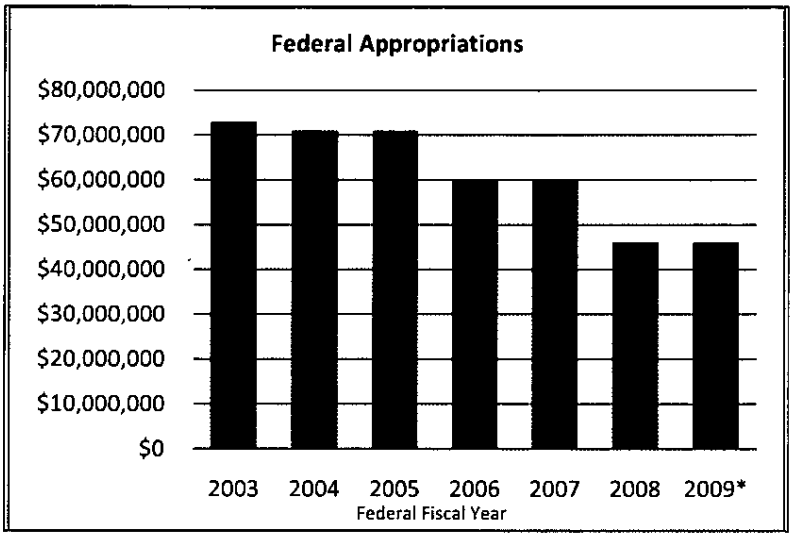


Total: $944,222,610

Source: Alaska Area Sanitation Deficiency System

March 9, 2009

Rural Alaska Sanitation Appropriations



Annual funding for rural sanitation improvements has declined by nearly $27 million or 37% since FFY 2003.

Fiscal Year	EPA				USDA				Total Enacted
	President	House	Senate	Enacted	President	House	Senate	Enacted	
2003	$40,000,000	$35,000,000	$45,000,000	$43,000,000	$20,000,000	$24,000,000	$30,000,000	$30,000,000	$73,000,000
2004	$40,000,000	$25,000,000	$45,000,000	$43,000,000	$11,800,000	$0	$30,000,000	$28,000,000	$71,000,000
2005	$40,000,000	$20,000,000	$50,000,000	$45,000,000	$11,800,000	$0	$28,000,000	$26,000,000	$71,000,000
2006	$15,000,000	$15,000,000	$40,000,000	$35,000,000	$11,800,000	$0	$26,000,000	$25,000,000	$60,000,000
2007	$14,850,000	$15,000,000	$40,000,000	$35,000,000	$0	$0	$25,000,000	$25,000,000	$60,000,000
2008	$15,500,000	$10,500,000	$30,000,000	$24,610,000	$0	$0	$21,945,000	$ 21,515,000	$46,125,000
2009*	$15,500,000			$24,610,000	$3,300,000			$ 21,515,000	$46,125,000

* Assumes the Continuing Resolution for the first six months of FFY09 will be extended through last six months of FFY09.

While funding has declined by 37% over the last six years, there are still over 500 rural Alaska sanitation projects that need funding. The cost of completing these projects is approximately $700 million.

The State's continued goal is to increase the number of rural households with adequate sanitation facilities by an average of 3% per year while at the same time assisting communities address sanitation needs relating to aging infrastructure and complying with new regulations.

We are concerned that although we've achieved this goal for the last several years, the momentum that we've gained may wane due to a decrease in federal funding levels.

Department of Environmental Conservation
Division of Water
Village Safe Water Program

Federal Receipt Authority Compared to Federal Funding Available
SFY 2007 - SFY 2009
March 9, 2009

State Fiscal Year	Federal Receipt Authority Requested	Federal Funding Available
2009*	$78,728,511	$45,395,629
2008*	$55,708,001	$49,213,946
2007*	$74,018,929	$60,251,294
	$208,455,441	$154,860,869

* Includes $10,000,000 in ANTHC/Denali Commission funding

Alaska Department of Environmental Conservation
Village Safe Water Program
2010 Project Lists

The Village Safe Water program provides funding for three types of projects that are identified on three separate lists. The first list consists of studies and/or plans that require one-year funding; the second list consists of single phased construction projects that require one-year funding; and the third list includes larger, multi-phased projects that will require funding over multiple years. Amounts included on the Studies and Single Phase Construction lists are the grant amounts that will be made available for the project once the capital budget is approved. Amounts included on the Multiple Year Funding Plan are estimates of the funding that will be needed for a project during the upcoming fiscal year. Actual SFY 2010 grant amounts may be higher or lower than these estimates and will be made on a first come, first served basis. Projects not funded this year will remain on the list and will be eligible for funding next fiscal year.

VSW 1 Year Studies List

Community	Description	Score	Federal	State	Total
Manokotak	Old Village Water & Sewer Plan and Source Study	450	$141,750	$47,250	$189,000
[redacted]ver	Sanitation Improvement Feasibility Study	425	$48,600	$16,200	$64,800
[redacted]hemak Selo	Water System Feasibility Study and Groundwater Investigation	425	$162,000	$54,000	$216,000
Mountain Village	Water Improvement Feasibility Study	425	$85,050	$28,350	$113,400
Shaktoolik	Water and Sewer Treatment Plant Upgrades & Compliance Study	425	$60,750	$20,250	$81,000
Thorne Bay	Water, Sewer and Solid Waste Study	425	$101,250	$33,750	$135,000
Shungnak	Sanitation Facilities Master Plan Upgrade	400	$60,000	$20,000	$80,000
Ambler	Sanitation Facilities Master Plan Upgrade	375	$60,000	$20,000	$80,000
Nikolai	Water Treatment Study and Gravity Sewer Study	350	$56,250	$18,750	$75,000
Napaskiak	Solid Waste Study	325	$60,750	$20,250	$81,000
Alatna	Landfill Master Plan	300	$41,250	$13,750	$55,000
Anchor Point	Water and Sewer Line Extension Study	300	$60,750	$20,250	$81,000
	Total VSW 1 Year Planning List		$938,400	$312,800	$1,251,200

VSW 1 Year Construction List

Community	Description	Score	Federal	State	Total
Anchor Point	Water System Upgrades	[redacted]	$607,500	$202,500	$810,000
St. Mary's	Water System Upgrades		$1,500,000	$500,000	$2,000,000
St. Paul	Sewage Ocean Outfall		$1,134,000	$378,000	$1,512,000
	Total VSW 1 Year Construction List		$3,241,500	$1,080,500	$4,322,000

SW MULTIPLE YEAR FUNDING PLAN

Community	Scope of Project	Total Estimated Cost of Project (All Phases)	Estimated Amt Needed in 2010	Estimated Remaining Cost
Adak	Water and sewer improvements.	$2,955,500	$786,647	$2,168,853
Akiachak	Service lines and plumbing.	$9,274,000	$2,468,404	$6,805,596
Alatna	Water Supply and Sewage Collection and Treament Project Phase 4	$700,000	$186,315	$513,685
Anderson	Lagoon, septage facility, force main, and collection system.	$4,886,641	$1,300,647	$3,585,994
Aniak	Sewer service.	$250,000	$66,541	$183,459
Atka	Water storage tank, water line and ww collection routing.	$1,742,375	$463,757	$1,278,618
Bethel	Backbone Upgrades Phase 1.	$8,500,000	$2,262,393	$6,237,607
Buckland	Water and sewer system.	$22,000,000	$5,855,606	$16,144,394
Chenega	Water treatment and sewer collection.	$1,632,400	$434,486	$1,197,914
Chignik Bay	Wastewater system improvements, phase 4.	$2,226,380	$592,582	$1,633,798
Chistochina	Washeteria and core community piped water and sewer system.	$2,648,375	$704,902	$1,943,473
Chuathbaluk	Piped water and sewer system improvements.	$1,789,648	$476,340	$1,313,308
Coffman Cove	Water tank, source intake, lift station and system extension.	$5,999,718	$1,596,908	$4,402,810
Crooked Creek	Piped water and sewer system, final phase.	$3,637,935	$968,287	$2,669,648
Eek	Water and sewer service to homes.	$23,500,000	$6,254,852	$17,245,148
Ekwok	Sewer system improvements.	$2,044,648	$544,211	$1,500,437
Emmonak	Water and sewer mains; upgrade to water circulation system.	$3,000,000	$798,492	$2,201,508
False Pass	Sewage collection system.	$3,583,025	$953,672	$2,629,353
Fort Yukon	Sewer collection system, water services and water storage tank.	$931,310	$247,881	$683,429
Gambell	Water storage tank and water and sewer system improvements.	$200,000	$53,233	$146,767
Glennallen	Final phase of hub sewer extension.	$100,000	$26,616	$73,384
Golovin	New water storage tank.	$950,000	$252,856	$697,144
Hooper Bay	Piped Water and Sewer System	$15,500,000	$4,125,540	$11,374,460
Kasaan	Water treatment plant and water storage tank.	$2,822,775	$751,321	$2,071,454
Kasigluk	Piped and covered haul water and sewer system.	$3,126,631	$832,196	$2,294,435
Kongiganak	Water and sewer improvements.	$5,400,000	$1,437,285	$3,962,715
Kotlik	Piped water and sewer system extension.	$1,229,100	$327,142	$901,958
Kotzebue	Water and sewer upgrades.	$8,800,000	$2,342,242	$6,457,758
Lower Kalskag	Piped Water and Sewer System	$8,783,920	$2,337,962	$6,445,958
Manokotak	Water and sewer improvements .	$4,831,386	$1,285,941	$3,545,445
Marshall	Water and sewer line replacement and lagoon.	$1,428,205	$380,137	$1,048,068
McGrath	Water and sewer improvements.	$8,176,435	$2,176,272	$6,000,163
Nanwalek	Piped water and sewer system replacement.	$2,269,350	$604,019	$1,665,331
Nightmute	Sewer lagoon and system improvements.	$2,069,800	$550,906	$1,518,894
Ninilchik	Piped water and sewer for old town, washeteria and haul system.	$9,060,091	$2,411,469	$6,648,622
Nunapitchuk	Water treatment, washeteria and sewage lagoon upgrades.	$3,194,200	$850,181	$2,344,019
Old Harbor	Water treatment plant, tank and connections.	$1,834,500	$488,278	$1,346,222
Pelican	Water and sewer upgrades.	$4,800,160	$1,277,629	$3,522,531
Pilot Point	Water and sewer extension and upgrades.	$3,384,500	$900,832	$2,483,668

SW MULTIPLE YEAR FUNDING PLAN

Community	Scope of Project	Total Estimated Cost of Project (All Phases)	Estimated Amt Needed in 2010	Estimated Remaining Cost
Pitka's Point	Sewer force main, piped water and sewer and vacuum sewer trailer.	$4,215,842	$1,122,105	$3,093,737
Quinhagak	Piped water and sewer system upgrades.	$5,004,500	$1,332,017	$3,672,483
Saint Michael	Completion of piped water and sewer system.	$100,000	$26,616	$73,384
Saxman	Water treatment plant.	$1,496,800	$398,394	$1,098,406
Seldovia	Water and sewer replacement and upgrades.	$6,614,600	$1,760,568	$4,854,032
Shageluk	Water source and sewer service.	$12,968,000	$3,451,613	$9,516,387
Slana	Individual on-site wells and septic systems.	$4,538,600	$1,208,011	$3,330,589
Stebbins	Water and sewer system.	$16,500,000	$4,391,704	$12,108,296
Takotna	Water storage tank and water & sewer system upgrades.	$2,378,000	$632,938	$1,745,062
Tanana	Sewage lagoon improvements and piped water and sewer extension.	$7,248,000	$1,929,156	$5,318,844
Togiak	Water plant upgrades and replace water/sewer main/service lines.	$5,988,900	$1,594,029	$4,394,871
Toksook Bay	Water and sewer system improvements.	$7,386,355	$1,965,981	$5,420,374
Tuluksak	Water plant, lagoon, and piped water and sewer system	$6,478,110	$1,724,239	$4,753,871
Tuntutuliak	Water and Sewer Improvements	$1,390,000	$369,968	$1,020,032
Tununak	Flush Tank and Haul	$789,458	$210,125	$579,333
Unalakleet	Water transmission line, sludge beds and lagoon improvements.	$6,009,000	$1,599,379	$4,409,621
Voznesenka	Water and sewer system improvements.	$1,240,800	$330,256	$910,544
Wales	Lagoon Repair and Expansion	$4,401,000	$1,171,387	$3,229,613
	Total VSW Multiple Year Funding Plan	$284,010,973	$75,593,468	$208,417,505

SFY 2010 - Governor's Proposed Budget
DEC Municipal Water, Sewerage and Solid Waste Matching Grants
Prioritized Listing of Projects

oritized Listing of Projects Included in the Governor's Proposed Budget

Priority	Community	Description	Allocation	Cumulative Allocation
1	Ketchikan Gateway Borough	Waterline Extension from Mountain Point	$1,453,241	$1,453,241
2	Kenai	Water Treatment Plant Upgrades, Phase 3	$648,945	$2,102,186
3	Juneau	West Mendenhall Valley Sewer Expansion, Phase 2	$109,710	$2,211,896
4	Juneau	North Douglas Sewer Expansion, Phase 3	$123,165	$2,335,061
5	Juneau	East Valley Reservoir/Jordan Creek Rehab Project	$41,400	$2,376,461
6	Fairbanks North Star Borough	Pioneer Park Sewer and Water Improvements	$100,395	$2,476,856
7	Matanuska-Susitna Borough	Garden Terrace Estates, Phase 2	$356,040	$2,832,896
8	Juneau	West Mendenhall, Phase 3	$1,608,860	$4,441,756
9	Juneau	North Douglas Sewer Expansion, Phase 4	$1,804,560	$6,246,316
10	Ketchikan	Tongass Avenue Water & Sewer Replacement, Phase 2	$1,691,260	$7,937,576
11	Palmer	Steel Water Main Replacement, Phase 7	$2,033,220	$9,970,796
12	Dillingham	Water System Improvements, Phase 2	$3,090,000	$13,060,796
13	Kenai	New Water Transmission Mains-Phase 2, Wellhouse	$2,132,100	$15,192,896
14	Anchorage	Girdwood Wastewater Treatment Facility	$4,182,000	$19,374,896
15	North Pole	North Pole Sewer Lift Station Renovation Project	$724,500	$20,099,396
16	Nome	Moonlight Springs Transmission Line Upgrade/Replacement, Phase 2	$3,090,000	$23,189,396
		TOTAL:	$23,189,396	

Prioritized Listing of Projects Below Governor's Budget Funding Line

Priority	Community	Description	Community Request
17	Kodiak	UV Secondary Water Treatment Facility Revised 70%	$3,830,000
18	Ketchikan	Baranof Reservoir Replacement Site Development	$525,000
19	Sitka	Rehab/Replace Water/Sewer Main @ HPR/SMC Intersection	$525,000
20	Kodiak	Aleutian Homes Water and Sewer Replacement Phase 4	$719,000
21	Unalaska	WWTP Upgrade/Leachate Treatment - Phase 3 Constr.	$2,000,000
22	Anchorage	Hiland Road Water Intertie	$3,000,000
23	Juneau	Twin Lakes/Mountainside Pump Station Improvement	$555,000
24	Anchorage	Little Campbell Creek Sediment Basin Retrofit	$2,000,000
25	Anchorage	Asplund WWTF Disinfection Upgrade	$3,228,000
26	Craig	Port St. Nicholas Gravity Sewer	$332,000
27	Petersburg	Gauffin Street Water and Sewer	$137,000
28	Petersburg	Wastewater Plant SCADA Upgrade	$53,000
29	Sitka	Halibut Point Road Water Main Replacement	$225,000
30	Hoonah	Water Line Replacement, Phase 1	$1,001,000
31	King Cove	Downtown Wastewater System Upgrade	$1,483,000
32	Haines Borough	Replace A/C Pipe on Ocean View	$110,000
33	Petersburg	Noseeum St. Water and Sewer	$183,000
34	Matanuska-Susitna Borough	Talkeetna Arsenic Treatment System	$157,000
35	Palmer	Wastewater Collection System Upgrades	$2,021,000
36	Homer	Homer STP Biosolids Treatment Improvements Design	$332,000
37	Soldotna	Water System Improvements	$420,000
38	Haines Borough	Upgrade Piedad Disinfection Facility	$86,000
39	Wasilla	Wasilla Wastewater Feasibility Study & Upgrades	$2,470,000
40	Wasilla	Wasilla Wastewater Treatment Plant Improvements	$2,470,000
41	Sitka	Waterline Loop System to Japonski Island	$800,000
42	Palmer	Rehabilitate Sewer Lift Station 3	$221,000
43	North Pole	North Pole Waste Water Treatment Plant Design	$350,000

SFY 2010 - Governor's Proposed Budget
DEC Municipal Water, Sewerage and Solid Waste Matching Grants
Prioritized Listing of Projects

oritized Listing of Projects Below Governor's Budget Funding Line (contintinued)

Priority	Community	Description	Community Request
44	Anchorage	Hillside Transmission Main	$3,500,000
45	Anchorage	Reservoir - Goldenview	$4,000,000
46	Anchorage	Kloep Station Water Quality Improvements	$2,060,000
47	King Cove	King Cove Landfill Expansion & Upgrade Phase 2	$565,000
48	Sand Point	Wastewater Improvements Project	$1,602,000
49	Unalaska	Water Treatment Plant LT2 Rule - Phase 2 Design	$1,478,000
50	Petersburg	Pumpstation 5 Upgrade	$238,000
51	Palmer	Storm Water Master Plan	$70,000
52	Sitka	Brady Street Sewer Rehabilitation	$451,000
53	North Pole	North Pole Industrial Park Force Main	$2,450,000
54	North Pole	North Pole Utility Garage	$700,000
55	Soldotna	Sewer Lift Station Upgrade Project	$525,000
56	Sitka	Sitka Water System Compliance Study	$70,000
57	Haines Borough	Replace A/C Pipe on 4th Ave & Lynn View	$466,000
58	Soldotna	Funny River Road Phase 3	$1,200,000
59	Juneau	Juneau Snow Storage and Treatment Facility	$530,000
60	Homer	Water Source Development	$525,000
61	Homer	Homer Water Storage/Distribution Improvements	$280,000
62	Ketchikan	Jackson St./4th/7th Avenues Water & Sewer Replacement	$3,365,000
63	Nome	Water & Sewer Infrastructure Improvements-Phase 6	$3,000,000
64	Whittier	Core Area Utility Improvements - Phase 1 Design	$323,000
65	Petersburg	Regional Solid Waste Materials Recovery Facility	$35,000
66	Soldotna	Storm Water Outfall Protection Project	$840,000
67	Soldotna	Centennial Park Road, Water & Sewer Improvements	$945,000
68	Soldotna	Soldotna Ave Water and Sewer Installation Project	$392,000
69	Soldotna	Robin Street Water and Sewer Installation Project	$278,000
70	Kodiak	Phase 3, Downtown Water and Sewer Replacement	$1,520,000
71	Valdez	Sewer Lift Station Design	$60,000
		TOTAL UNFUNDED REQUESTS:	**$60,701,000**

Alaska Department of Environmental Conservation

Survey of Piped Water and Sewer User Fees
February 6, 2009

No	Community	Monthly Residential Household Rate			Total	Notes
		Water	Sewer	Combined		
1	Cold Bay			$186.00	$186.00	
2	Lower Kalskag			$160.00	$160.00	
3	Deering			$155.00	$155.00	
4	Buckland	$75.00	$75.00		$150.00	
5	Selawik			$130.00	$130.00	
6	Tanana			$130.00	$130.00	
7	Haines	$46.93	$77.47		$124.40	
8	Ambler			$120.00	$120.00	
9	Brevig Mission			$120.00	$120.00	
10	Fort Yukon			$118.50	$118.50	
11	Aktachak			$118.00	$118.00	
12	Kobuk			$115.00	$115.00	
13	Bethel	$86.25	$27.00		$113.25	
14	Nulato			$110.00	$110.00	
15	Noatak			$108.00	$108.00	
16	Akiak			$105.00	$105.00	
17	McGrath	$60.00	$45.00		$105.00	
18	Kotzebue	$69.30	$31.83		$101.13	
19	Grayling			$100.00	$100.00	
20	Gambell			$95.00	$95.00	
21	Whittier	$47.17	$47.17		$94.34	
22	Skageway	$60.00	$30.30		$90.30	
23	Klawock	$42.81	$46.13		$88.94	
24	Chevak			$85.00	$85.00	
25	Chignik Lake			$85.00	$85.00	
26	Goodnews Bay			$85.00	$85.00	
27	Hooper Bay			$85.00	$85.00	
28	Savoonga			$80.00	$80.00	
29	Upper Kalskag		$80.00		$80.00	No water fee (household use individual wells)
30	Fairbanks	$36.09	$43.85		$79.94	
31	Juneau	$23.00	$56.00		$79.00	
32	Nome	$36.00	$43.00		$79.00	
33	Seward	$34.17	$43.11		$77.28	
34	Unalaska	$28.96	$47.31		$76.27	
35	Dillingham	$32.07	$43.40		$75.47	
36	Alakanuk			$75.00	$75.00	
37	Anchorage	$44.24	$29.00		$73.24	
38	Elim	$45.00	$25.00		$70.00	
39	Emmonak			$70.00	$70.00	
40	Russian Mission			$70.00	$70.00	
41	South Naknek			$70.00	$70.00	
42	Toksook Bay			$70.00	$70.00	
43	Barrow	$55.00	$14.00		$69.00	
44	Cordova	$29.58	$38.95		$68.53	
45	St. Mary's	$35.50	$30.50		$66.00	
46	Thorne Bay	$36.00	$30.00		$66.00	
47	Unalakleet			$66.00	$66.00	
48	Chuathbaluk			$65.00	$65.00	
49	Kaltag			$62.50	$62.50	
50	Petersburg	$32.47	$29.52		$61.99	
51	Ketchikan	$27.74	$33.97		$61.71	
52	Hoonah	$25.05	$35.05		$60.10	

No	Community	Monthly Residential Household Rate			Total	Notes
		Water	Sewer	Combined		
53	Marshall			$60.00	$60.00	
54	Shaktoolik			$60.00	$60.00	
55	Sleetmute	$60.00			$60.00	Water fee only (no community sewer system)
56	Togiak			$60.00	$60.00	
57	Nenana	$29.40	$29.40		$58.80	
58	Wrangell	$24.36	$31.92		$56.28	
59	Craig	$19.50	$35.00		$54.50	
60	Kenai	$13.78	$40.35		$54.13	
61	Yakutat	$25.00	$26.00		$51.00	
62	Atka			$50.00	$50.00	
63	New Stuyahok			$50.00	$50.00	
64	Twin Hills			$50.00	$50.00	
65	Soldotna	$18.90	$29.62		$48.52	
66	Larsen Bay			$46.00	$46.00	
67	Sitka	$16.00	$30.00		$46.00	
68	Port Lions			$45.50	$45.50	
69	Palmer	$24.75	$20.45		$45.20	
70	Homer	$25.00	$20.00		$45.00	
71	Sand Point	$24.00	$19.00		$43.00	
72	Manokotak			$40.00	$40.00	
73	Saint Paul	$20.00	$20.00		$40.00	
74	North Pole	$22.27	$13.41		$35.68	
75	Adak	$20.00	$15.00		$35.00	
76	Glenallen		$30.25		$30.25	No water fee (household use individual wells)
77	Aniak		$30.00		$30.00	No water fee (household use individual wells)
78	Chilkat Indian Villlage			$30.00	$30.00	
79	Hydaburg			$30.00	$30.00	
80	Scammon Bay			$30.00	$30.00	
81	Kake			$24.00	$24.00	
82	Koliganek			$20.00	$20.00	
83	Platinum			$20.00	$20.00	
84	Pelican	$5.80	$0.00		$5.80	
85	Akutan			$0.00	$0.00	Totally subsidized by Trident SF

SB

80

<target><bill>SB 80</bill><subject>SB
80</subject><comm>SFIN26</comm></target>

Alaska State Legislature

Interim:
716 West 4th Ave.
Anchorage, Alaska 99501
(907) 269-0199

Session:
State Capitol Building
Juneau, Alaska 99801-1182
(907) 465-4945

Senator Kevin Meyer
Senate District O

SPONSOR STATEMENT FOR SENATE BILL 80

"An Act extending the termination date of the Board of Veterinary Examiners; and providing for an effective date."

SB 80 extends the sunset date for the Board of Veterinary Examiners (BVE).

Responsible for controlling and regulating the practice of veterinary medicine in Alaska, the BVE ensures that over 290 licensed veterinarians and over 100 veterinary technicians in the state are competent and capable of maintaining the integrity of the profession.

The Division of Legislative Audit recommends extending the BVE termination date to June 30, 2017.

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ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

Division of Legislative Audit

P.O. Box 113300
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September 22, 2008

Members of the Legislative Budget
and Audit Committee:

In accordance with the provisions of Title 24 and Title 44 of the Alaska Statutes (sunset legislation), we have reviewed the activities of the Board of Veterinary Examiners. The attached report is submitted for your review.

DEPARTMENT OF COMMERCE, COMMUNITY,
AND ECONOMIC DEVELOPMENT
BOARD OF VETERINARY EXAMINERS

September 22, 2008

Audit Control Number
08-20059-08

This review examines the activities of the Board of Veterinary Examiners to determine if there is a demonstrated public need for its continued existence. Under AS 08.03.010(c)(21), the Board of Veterinary Examiners is currently scheduled to terminate June 30, 2009. We recommend the legislature extended the board's termination date to June 30, 2017.

The audit was conducted in accordance with generally accepted government audit standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Fieldwork procedures utilized in the course of developing the findings and discussion presented in this report are discussed in the Objectives, Scope, and Methodology.

Pat Davidson, CPA
Legislative Auditor

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OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with Titles 24 and 44 of the Alaska Statutes, we have reviewed the activities of the Board of Veterinary Examiners (BVE or board) to determine if there is a demonstrated public need for its continued existence and if it has been operating in an efficient and effective manner.

As required by AS 44.66.050(a), this report shall be considered by the committee of reference during the legislative oversight process in determining whether BVE shall be continued. Currently, AS 08.03.010(c)(21) states that the board will terminate on June 30, 2009. If the legislature does not extend the termination date for the board, BVE will have one year to conclude its administrative operations.

Objectives

The three central, interrelated objectives of our report are:

1. To determine if the termination date of the board should be extended
2. To determine if the board is operating in the public's interest
3. To determine if the board has exercised appropriate regulatory oversight of licensed veterinarians and veterinary technicians.

Scope

The assessment of operations and performance of the board was based on criteria set out in AS 44.66.050(c). Criteria set out in this statute relates to the determination of a demonstrated public need for the board. We reviewed the board's activities for FY 05 through FY 08.

Methodology

The major areas of our review were board proceedings, licensing, and complaint investigation. During the course of our audit we:

- Reviewed and evaluated applicable statutes and regulations related to the licensing of veterinarians and veterinarian technicians.
- Reviewed the minutes of BVE meetings.
- Reviewed the annual reports issued by the board.
- Analyzed the complaints filed with the Department of Commerce, Community and Economic Development's Office of Consumer Affairs and Investigations in order to evaluate the investigative support being provided to BVE.

- Requested information regarding any complaints regarding the BVE from the Department of Administration's Division of Personnel, the Equal Employment Opportunity Commission, the Human Rights Commission, The Office of Victim's Rights, and the State Ombudsman.
- Analyzed the financial records related to the revenues generated and the operating costs incurred by BVE to determine if sufficient revenues are being collected to cover the board's costs.
- Tested files related to applicants for, and holders of, licenses issued by BVE.
- Conducted interviews with employees of the Department of Commerce, Community, and Economic Development, Division of Corporations, Business, and Professional Licensing and the BVE chair and its members.
- Attended a BVE board meeting.

ORGANIZATION AND FUNCTION

The Board of Veterinary Examiners (BVE or board) was established for the purpose of controlling and regulating the practice of veterinary medicine in Alaska.

The board regulates the profession of veterinary care in the State by examining applicants and approving the issuance of licenses to qualified applicants, establishing or amending regulations necessary to enforce state statutes, and conducting disciplinary proceedings in accordance with law.

Applicants for a veterinary license are required to pass the North American Veterinary Licensing Examination and a state written exam which covers specific Alaskan issues of veterinary practice.

BVE is made up of five members. State law requires four board positions be filled by licensed veterinarians that have been engaged in the practice of veterinary medicine in the State for at least five years prior to appointment. The remaining position is to be filled by an individual from the general public.

Exhibit 1

Board of Veterinary Examiners
(As of June 30, 2008)

Professional Members
Steve Torrence, DVM, Chair
Timothy Bowser, DVM
David Hunt, DVM
Vacant

Public Member
Martin Buser

The Department of Commerce, Community, and Economic Development, Division of Corporations, Business, and Professional Licensing provides administrative and investigative assistance to the Board of Veterinary Examiners. Administrative assistance includes budgetary services and functions such as collecting fees, maintaining files, receiving and issuing application forms, and publishing notices of examinations and meetings.

Alaska Statute 08.01.065 mandates that the department shall adopt regulations that establish the amount and manner of payment of applications fees, examination fees, registration fees, permit fees, and investigative fees.

(Intentionally left blank)

REPORT CONCLUSIONS

Under AS 08.03.010(c)(21), the Board of Veterinary Examiners (BVE or board) will terminate on June 30, 2009. If the legislature does not take action to extend the board's termination date, AS 08.03.020 provides that the board will have one year in which to conclude its administrative operations.

The regulation and licensing of veterinarians and veterinary technicians benefits the public. BVE has demonstrated an ability to conduct its affairs in an efficient manner. The board continues to propose changes to regulations to improve the effectiveness of the board and ensure that veterinarians and veterinarian technicians licensed in the State of Alaska are competent and capable of maintaining the integrity of the profession.

In our opinion, the termination date of Board of Veterinary Examiners should be extended to June 30, 2017.

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FINDINGS AND RECOMMENDATIONS

Recommendation No. 1

The Department of Commerce, Community and Economic Development, Division of Corporations, Business and Professional Licensing, in conjunction with the Board of Veterinary Examiners, should review licensing fees as provided by statute and consider decreasing fees.

The Board of Veterinary Examiners (BVE or board) has had a significant cumulative surplus of revenues at the end of the last four fiscal years. Additionally, the Division of Corporations, Business and Professional Licensing has not reviewed BVE licensing rates since 2004. At the end of FY 08, the board had an estimated operating surplus of $78,000. This surplus exceeds the Board's total operating expenses for each of the prior three years (FY 05 – FY 07).

AS 08.01.065(c) states that:

> *...the department shall establish fee levels under (a) of this section so that the total amount of fees collected for an occupation approximately equals the actual regulatory costs for the occupation. The department shall annually review each fee level to determine whether the regulatory costs of each occupation are approximately equal to feel collections related to that occupation.*

The division was unable to provide an explanation of the Board's need for the cumulative surplus of excess revenue from licensing fees. Without the required annual review of licensing fee levels, it is likely that BVE will continue to accumulate revenue in excess of its regulatory costs.

We recommend the division, in conjunction with the Board, review the licensing fees and regulatory expenditures as required by statute and determine whether a fee decrease is necessary to reduce BVE's current surplus.

Recommendation No. 2

The Office of the Governor should fill vacant seats on the Board of Veterinary Examiners in a timely manner.

As of August 31, 2008, one of the veterinarian seats on the board has been vacant since March 2008. A vacancy of even one member on a board of five presents an undue hardship to the remaining board members.

Alaska Statute 08.01.020 states that board members are appointed by the Governor and serve at the pleasure of the Governor. Alaska Statute 08.98.010 states that four members of the board shall be licensed veterinarians who have been in active practice in the state for at least five years preceding appointment and one shall be a public member.

Turnover in the Office of Boards and Commissions has negatively impacted the Governor's ability to make timely appointments to the Board of Veterinary Examiners.

With only four board members[1], the board is continually at risk of not having a quorum and if for any reason, two of the current board members are unable to attend a scheduled meeting or continue as a member, the board will not be able to carry out its responsibilities.

We recommend that the Office of Boards and Commissions, Office of the Governor, fill vacancies on the board in a timelier manner.

[1] Three of the current board members are practicing veterinarians and/or practicing veterinarian/business owners and the public member is a musher/business owner.

ANALYSIS OF PUBLIC NEED

The following analyses of board activities relate to the public need factors defined in AS 44.66.050(c). This analysis was not intended to be comprehensive, but address those areas we were able to cover within the scope of our review.

Determine the extent to which the board, commission, or program has operated in the public interest.

The Board of Veterinary Examiners (BVE or board) has served the public through its examination and licensing of qualified applicants, by adopting regulations to carry out laws governing veterinary practice, and by making licensing decisions and taking disciplinary actions.

Determine the extent to which the operation of the board, commission, or agency program has been impeded or enhanced by existing statutes, procedures, and practices that it has adopted, and any other matter, including budgetary, resource, and personnel matters.

The board receives its primary revenue from licensing and renewal fees. Renewals are conducted on a biennial basis creating a two-year cycle in board revenues. The board has proven to be cognizant of expenditures and works to reduce costs when possible.

The BVE licensing fee level has not been reviewed since 2004. Since then, BVE has had a cumulative surplus at the end of every fiscal year from FY 05 to FY 08, see Exhibit 2 on the next page. We recommend that the division review licensing rates and consider changes to fee levels to reduce this cumulative surplus in licensing income, see Recommendation No. 1.

3155

Exhibit 2

Board of Veterinary Examiners
Schedule of License Revenue and Expenditures
As of June 30, 2008
(Unaudited)

	FY 05	FY 06	FY 07	FY 08
Total Revenues	$153,495	$33,149	$158,806	$34,218
Direct Expenditures				
Personal Services	31,688	26,773	26,550	26,009
Travel	6,153	8,605	10,885	10,582
Services	10,439	10,446	4,832	33,462[2]
Commodities	8	54	8	0
Total Direct Expenditures	48,288	45,878	42,275	70,053
Administrative Indirect Costs	20,498	17,160	25,103	22,413
Total Expenditures	68,786	63,038	67,378	92,466
Annual Revenues over (under) Expenditures	84,709	(29,889)	91,428	(58,248)
Beginning Cumulative Surplus (Deficit)	(10,000)[3]	74,709	44,820	136,248
Ending Cumulative Surplus (Deficit)	$74,709	$44,820	$136,248	$78,000

Determine the extent to which the board, commission, or agency has recommended statutory changes that are generally of benefit to the public interest.

From FY 05 – FY 08 the board developed proposed statutory changes and sought legislative sponsorship to introduce a bill. House Bill 297 was introduced, the board chairman testified in support of it, and the bill was signed into law on June 24, 2008 (Chapter 108 SLA 08). This law amended licensing statutes allowing veterinary students in their final year of graduate studies to return to the State to work under the supervision of an Alaska licensed veterinarian. Additionally, this law clarified statutes related to out of state veterinarians performing wildlife services and the use of out-of-state consulting services.

The board has also worked on improvements to the veterinarian regulations. Regulation changes involved:

[2] The increase in FY 08 Services account was primarily due to the large amount of legal fees incurred for interagency legal services.
[3] The beginning cumulative deficit shown in FY 05 was obtained from Department of Commerce, Community, and Economic Development Board of Veterinary Examiners Sunset Review, Audit Control No. 08-20036-05.

- Reducing the passing score for the State's jurisprudence exam[4].
- Addressing time requirements for the division's receipt of applications for the North American Veterinarian Licensing Examination.
- Assessing and restructuring fees for veterinary technician exams.

Determine the extent to which the board, commission, or agency has encouraged interested persons to report to it concerning the effect of its regulations and decisions on the effectiveness of service, economy of service, and availability of service that it has provided.

Board meeting dates, times and locations are published both on the State's Online Public Notice system and in the Anchorage Daily News. In addition, the board's licensing examiner notifies all licensees and persons on the interested parties listing she maintains of upcoming board meetings. Board members also encourage their peers to attend. One board member attends the Alaska State Veterinary Medical Association meetings, at his own expense, and gives a BVE report.

Review of the State's Online Public Notice system determined public notice was not given for the board's May 17, 2007, meeting. This omission was caused by staff turnover in the division's publications technician position.

Time was provided at every public meeting for public comment and board meetings are purposely rotated between Fairbanks, Anchorage, and Juneau to give interested parties every opportunity to attend.

Determine the extent to which the board, commission, or agency has encouraged public participation in the making of its regulations and decisions.

Notice of proposed regulation changes are posted on the State's Online Public Notice system and in the Anchorage Daily News. Proposed regulation changes are subjected to the State's public notice practice. From FY 05 to FY 08 all regulation changes were public noticed.

Determine the efficiency with which public inquiries or complaints regarding the activities of the board, commission, or agency filed with it, with the department to which a board or commission is administratively assigned, or with the office of victims' rights or the office of the ombudsman have been processed and resolved.

No complaints have been filed with the State Department of Administration's Division of Personnel, the Equal Employment Opportunity Commission, the Human Rights Commission, the State Ombudsman, or the Office of Victim's Rights.

[4] The passing score was lowered from 95% to 90%. The jurisprudence exam tests a licensees understanding of Alaska statutes and regulations governing veterinary practice in Alaska. The exam is an open book test.

From the period of July 1, 2005 through June 19, 2008, 42 veterinarian/veterinarian technician investigation cases were open or opened with the Division of Corporations, Business and Professional Licensing's Office of Consumer Affairs and Investigations Section (OCAI).[5] Cases involving continuing education enforcement are assigned to the division's Juneau Paralegal section but are also assigned a case number by OCAI.

Types of cases open or opened include:

- Violating Professional Ethics (1)
- Unlicensed Practice (9)
- Standard of Care (6)
- Prescriptive Practice (3)
- Negligence (9)
- Licensing Application Problems (3)
- Incompetence (2)
- Fraud/Misrepresentation (3)
- Drug Diversion (1)
- Continuing Education (5)

Of these 42 cases open or opened, 24 were closed in an average of four months time. The disposition of the 24 closed cases were: 12 cases were closed with no action taken; six cases were closed with some licensing action taken; five cases were closed after the investigator had issued an advisement letter; and the final case was closed when the licensee came into compliance with regulations.

Of the remaining 18 open cases, four were assigned to the Juneau Paralegal and involve continuing education issues and a longer time to close, eight cases involve the same individual and are related in nature[6], and six cases remain open. These six cases have been open an average of seven months and have a priority level of 3 or lower[7].

OCAI is effectively investigating complaints and taking disciplinary action when necessary. Additionally, we conclude that the board is operating efficiently by taking necessary enforcement actions and that these actions are both fair and objective.

Determine the extent to which a board or commission that regulates entry into an occupation or profession has presented qualified applicants to serve the public.

Veterinary licensing requirements involve passing national and state examinations. The national examination is developed and graded nationally. The state examination is developed by the board and includes statutory and regulatory material specific to Alaska. This state exam is reviewed continually by the board for updates. In addition, the board and the

[5] The Investigations Unit within the Department of Commerce, Community and Economic Development's Division of Corporations, Business and Professional Licensing was reorganized effective July 1, 2008 as the Office of Consumer Affairs and Investigations.

[6] The Office of Consumer Affairs and Investigations is working to find this individual who may be currently out of state.

[7] Priority levels are defined as:

Level 1 - Incident represents an immediate danger to public,
Level 2 - Incidents which by the severity of their nature dictate a high priority,
Level 3 - Incidents that are less serious in nature and do not appear to constitute immediate or severe pubic danger or serious damages,
Level 4 - Incidents involving failure to comply with statutes or regulations which are discovered through the course of proactive enforcement on the part of the Investigative Unit, but do not meet the criteria of priority 1 - 3. This type of enforcement can only occur when manpower and caseload allow.

Department of Commerce, Community, and Economic Development, Division of Corporations, Business, and Professional Licensing work together to ensure continuing education requirements are met and license renewals are issued only to qualified licensees.

The exhibit below summarizes new licenses and permits issued by the board from FY 05 to FY 08.

Exhibit 3 New Licenses or Permits Issued (Exclusive of Renewals)	FY 05	FY 06	FY 07	FY 08	Current License Holders as of June 30, 2008
Veterinarians	18	17	13	18	296
Veterinary Technicians	20	12	11	17	130
Temporary Permits	7	4	3	8	-
Temporary Licenses	4	2	1	1	-
Courtesy Licenses	51	49	49	53	-

Determine the extent to which state personnel practices, including affirmative action requirements, have been complied with by the board, commission, or agency to its own activities and the area of activity or interest.

We did not find any evidence that the board was not complying with state personnel practices, including affirmative action in qualifying applicants. Each time the board denied an applicant, the reason for this denial was based on requirements set out in licensing regulations. Applicants are informed in writing of the reason for their denial, their rights, and the process to contest or appeal.

Determine the extent to which statutory, regulatory, budgeting, or other changes are necessary to enable the agency, board, or commission to better serve the interests of the public and to comply with the factors enumerated in this subsection.

The majority of current board members are in their second term of service. Board member experience and the efficiency of their licensing examiner have allowed the board to consistently meet their goals. We have not identified any statutory changes necessary for the board to better serve the interests of the public.

Regulatory Changes

In 2008 a controversy arose regarding a possible conflict between a statute and regulation. The controversy centered on whether or not the client confidentiality aspects of 12 AAC 68.100 would impede a veterinarian in reporting animal cruelty under AS 03.55.110 to animal control, the department, or a peace officer when the client may be the perpetrator.

Legislative Affair's Division of Legal and Research Services addressed this controversy by opining:

> *...that there is not a recognized veterinarian-client testimonial privilege or other legal barriers in Alaska statute or regulation that currently serves to prevent a veterinarian from voluntarily reporting a suspected instance of animal cruelty.*

To ensure there is no lingering confusion regarding this issue, on June 13, 2008 the board unanimously approved a motion to initiate a regulation project to amend regulation, 12 AAC 68.100, with the following subsection:

> *...(b) Any veterinarian licensed in this state who reports, in good faith and in the normal course of business, a suspected incident of animal cruelty, as described by law, to the proper authorities shall be immune from liability in any civil or criminal action brought against such veterinarian for report of such incident.*

Other

As of August 31, 2008, one of the veterinarian seats on the board has been vacant since March 2008. Because the board is only five members, having a vacant seat on the board poses potential hardship, see Recommendation No. 2.

Determine the extent to which the board, commission, or agency has effectively attained its objectives and purposes and the efficiency with which the board, commission, or agency has operated.

The objectives adopted by the board are in line with its missions[8]. Major objectives the board has successfully met from FY 05 to FY 08 include:

- updating and distributing the Alaska Board of Veterinary Examiners Handbook annually;
- reviewing and evaluating current statutes and legislative proposals and developing new proposals as needed;
- continuing to license veterinarians and veterinarian technicians and monitoring continuing educations hours; and
- continuing to review and evaluate current regulations and develop new regulations as needed.

[8] The mission of the board is:

> *To protect the health, safety, and welfare of Alaskans by ensuring that veterinarian practitioners possess and maintain a level of skill and knowledge necessary to provide safe, competent professional veterinary services to consumers and to protect the public from veterinary practitioners who pose a risk to the public's health, safety, and welfare.*

Determine the extent to which the board, commission, or agency duplicates the activities of another governmental agency or the private sector.

BVE does not duplicate the activities of another governmental agency or private sector organizations; however BVE collaborates with various state and local agencies/programs.

Within the Department of Environmental Conservation, Division of Environmental Health there is the State Veterinarian program. The relationship between this program and BVE board is one of collaboration rather than duplication. An example of this collaboration is the State Veterinarian providing the board with information for use in its handbook regarding reportable diseases, import/export and shipping regulations, and health certificate information.

We found that membership in the American Veterinary Medical Association (AVMA) is optional for veterinarians. Although most Alaska veterinarians are members of this association, AVMA does not regulate, investigate, or take disciplinary actions against its members. The State's version of the AVMA is the Alaska Veterinary Medical Association (AKVMA). The AKVMA seeks to promote excellence and professionalism of Alaska veterinarians and advance the health and well being of animals. Membership in AKVMA is voluntary and their efforts do not duplicate those of the board.

BVE is a member of the American Association of Veterinary State Boards (AAVSB). Among other duties, AAVSB is the single entity that reports national licensing examination scores to state boards and maintains a national clearinghouse for the approval of continuing education providers. The association with AAVSB merely is complimenting rather than duplicating BVE's efforts.

Lastly, we explored BVE's affiliation with the National Board of Veterinary Medical Examiners (NBVME). NBVME is organized and operated for the purpose of providing standard examinations that may be used by states as part of their licensure procedures for veterinarians. Again, this affiliation is complimenting rather than duplicating BVE's efforts.

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STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

October 23, 2008

Ms. Pat Davidson
Legislative Auditor
Legislative Audit Division
P.O. Box 113300
Juneau, AK 99811-3300

RECEIVED
OCT 23 2008
LEGISLATIVE AUDIT

Dear Ms. Davidson:

This letter is in response to your September 22, 2008 confidential preliminary audit report on the Board of Veterinary Examiners.

Recommendation No. 2

The Office of the Governor should fill vacant seats on the Board of Veterinary Examiners in a timely manner.

The Office of the Governor concurs with this recommendation. I appreciate your observation that turnover in the Boards and Commissions office may have played a role in the delay. I am pleased to report that the Governor recently made her selection for the vacant veterinarian seat. We find it challenging to find volunteers from the various professions who are willing and able to devote the time necessary to serve on the licensing boards. We will continue to make every effort to fill vacant board and commission positions in a timely manner.

If you need additional information, please contact me at 269-7450.

Sincerely,

Frank Bailey, Director
Boards and Commissions

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STATE OF ALASKA
DEPARTMENT OF
COMMERCE
COMMUNITY AND
ECONOMIC DEVELOPMENT
Office of the Commissioner

Sarah Palin, Governor
Emil Notti, Commissioner

October 16, 2008

RECEIVED
OCT 20 2008
LEGISLATIVE AUDIT

Ms. Pat Davidson, CPA
Legislative Auditor
Legislative Budget and Audit Committee
Division of Legislative Audit
P.O. Box 113300
Juneau, Alaska 99811-3300

Dear Ms. Davidson,

Re: Audit Report, ACN 08-20059-08
Board of Veterinary Examiners

Thank you for allowing us to comment on the Audit Report of the Board of Veterinary Examiners.

We fully agree that the Board has conducted itself in an efficient manner and that the Board should be extended to June 30, 2017.

We concur with your audit findings and recommendations that –

Recommendation No. 1: The Department of Commerce, Community and Economic Development, Division of Corporations, Business and Professional Licensing, in conjunction with the Board of Veterinary Examiners, should review licensing fees as provided by statute and consider decreasing fees.

Staff turnover in the Division did have a negative impact on assessing fees in a timely manner. Fees for the December 2008 renewals are being reduced to utilize some of the surplus of excess revenue and to bring revenue more in line with program costs.

Recommendation No. 2: The Office of the Governor should fill vacant seats on the Board of Veterinary Examiners in a timely manner.

We concur with this recommendation. As noted, the vacancy of even one position on a five member Board does present an undue hardship to the remaining board members and the Division in coordinating actions with the Board on licensing issues.

Thank you again for the opportunity to comment on your audit findings.

Sincerely,

Emil Notti /by CH

Emil Notti
Commissioner

P.O. Box 110800, - 19 -Alaska 99811-0800
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FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: SB 80
(S) Publish Date: 3/5/09

Identifier (file name): SB80-CED-CBPL-03-03-09
Dept. Affected: DCCED
Title: Extending Veterinary Board
RDU: Corp, Bus, & Prof Licensing
Component: Corp., Bus., & Prof. Licensing
Sponsor: Senator Meyer
Requester: Senate Labor and Commerce
Component Number: 2360

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services		34.0	34.0	34.0	34.0	34.0	34.0
Travel		10.8	10.8	10.8	10.8	10.8	10.8
Contractual		20.5	20.5	20.5	20.5	20.5	20.5
Supplies		0.0	0.0	0.0	0.0	0.0	0.0
Equipment		0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**65.3**	**65.3**	**65.3**	**65.3**	**65.3**	**65.3**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other: (1156) RSS		65.3	65.3	65.3	65.3	65.3	65.3
TOTAL	**0.0**	**65.3**	**65.3**	**65.3**	**65.3**	**65.3**	**65.3**

Estimate of any current year (FY2009) cost: 65.3

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This bill extends the Board of Veterinary Examiners to June 30, 2017. In accordance with AS 08.03.020 funding would extend one year following the termination date allowing the Board to conclude its affairs. The FY 2010 funding is included in the Operating Budget request and the costs shown are an average of direct costs for a biennial licensing period.

Travel expenses represent transportation and per diem for the 5 member board and 2 staff to meet at least 3 times each year and to administer licensing examinations as required by AS 08.98.040.

The program is required to cover costs with licensing fees under AS 08.01.065, and revenue generated by board fees are anticipated to cover its full operating costs. New funds are not required to implement this bill.

Prepared by: Jennifer Strickler, Chief
Phone (907) 465-2144
Division: Corporations, Business & Professional Licensing
Date/Time 3/3/09 12:21 PM
Approved by: Emil Notti, Commissioner
Date 3/3/2009
Commerce, Community and Economic Development

(Revised 9/10/2008 OMB)

3166

SB

83

<target><bill>SB 83</bill><subject>SB
83</subject><comm>SFIN26</comm></target>

SENATE FINANCE COMMITTEE REPORT

DATE: 2/6/09

FURTHER:

DATE TURNED
IN TO OFFICE: _____

Finance Committee considered SENATE BILL NO. 83

SB 83 VOCATIONAL REHABILITATION COMMITTEE

"An Act repealing the governor's committee on employment of people with disabilities; creating the state vocational rehabilitation committee and relating to the committee; and providing for an effective date."

and recommends:

[✓] be **replaced** with [ ] **SCS** or [✓] **CS** _____ (_____)

[✓] adopt **previous** [ ] **SCS** or [✓] **CS** SB 83 (L+C)

[ ] attached amendment(s)

[ ] adopt _____ Letter of Intent

[ ] further referral to _____ Committee

SENATE BILL:
[✓] Same Title
[ ] New Title

HOUSE BILL:
[ ] Same Title
[ ] Technical Title Change
[ ] New Title w/ SCR #_____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet	Zero	FN#
LWF	2/1/10	✓			

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet	Zero	FN#

[ ] **APPROPRIATION - no fiscal note**

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	Huggins			✓	
	THOMAS	✓			
	ECSON	✓			
	ELLIS	✓			
CO-CHAIR:	STEDMAN			✓	
CO-CHAIR:					

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: **CSSB 83(L&C)**
() Publish Date:

Identifier (file name): SB083CS(L&C)-DOLWD-CS-01-21-10
Dept. Affected: Labor and Workforce Development
Title: Vocational Rehabilitation Committee
RDU: Vocational Rehabilitation
Component: Client Services
Sponsor: Rules Committee
Requester: Governor
Component Number: 1828

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel		7.5	7.5	7.5	7.5	7.5	7.5
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**7.5**	**7.5**	**7.5**	**7.5**	**7.5**	**7.5**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							
FUND SOURCE		(Thousands of Dollars)					
1002 Federal Receipts		7.5	7.5	7.5	7.5	7.5	7.5
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**7.5**	**7.5**	**7.5**	**7.5**	**7.5**	**7.5**

Estimate of any current year (FY2010) cost: None

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This bill will increase the number of individuals on the State Vocational Rehabilitation Committee to align with federal regulations by adding three additional seats. Additional costs estimated at $7.5 will result from travel, per-diem, and lodging for the three additional members. The Client Services component will absorb the additional costs within currently budgeted funding.

Prepared by: Cheryl Walsh, Director — Phone 465-6926
Division: Division of Vocational Rehabilitation — Date/Time 2/1/10 9:45 AM
Approved by: Click Bishop, Commissioner — Date 2/1/10
Agency: Department of Labor and Workforce Development

(Revised 11/8/2009 OMB)

2-8-10

CS SB 83 (L& C)

An Act relating to the State Vocational Rehabilitation Committee

Sectional Analysis

Section 1 repeals the Governor's Committee on Employment of People with Disabilities (GCEPD). Creates the State Vocational Rehabilitation Committee and describes its purpose.

Section 2 describes the appointment, number, composition of committee members. It states that the number and composition of the committee must consistent with the requirements of 29 U.S.C. 725 and 29 U.S.C. 3003, as amended.

Section 3 addresses the selection and term of the Committee Chair. It eliminates the need for the Governor to appoint the Chair, allowing the voting members of the Committee to make a selection, subject to disapproval by the Governor. Term of Chair is one year.

Section 4 provides for four (4) meetings per year. Meeting may be conducted telephonically.

Section 5 addresses the transition of current members of the GCEPD. Current members, who on the day before the effective date of this Act meet the requirements for membership on the new committee, will continue to serve their original GCEPD term on the new committee until that term would have expired. They may apply to the Governor for reappointment after their term expires.

Section 6 is a new section that changes the heading of art. 2 of AS 23.15 from the "Governor's Committee on Employment of People with Disabilities" to "State Vocational Rehabilitation Committee."

Section 7 provides for an effective date.

Prepared by the Alaska Department of Labor and Workforce Development

February 4, 2010

STATE OF ALASKA

Department of Labor and Workforce Development

OFFICE OF THE COMMISSIONER

SEAN PARNELL, GOVERNOR

P.O. BOX 111149
JUNEAU, ALASKA 99811-1149

PHONE: (907) 465-2700
FAX: (907) 465-2784

February 5, 2010

The Honorable Lyman Hoffman
The Honorable Bert Stedman
Co-Chairs Senate Finance
State Capital Building
Juneau, AK 99801-1182

Dear Senators Hoffman and Stedman,

Thank you for scheduling Senate Bill 83 which establishes a State Vocational Rehabilitation Committee (SVRC) in the Senate Finance Committee. The primary purpose of this legislation is to bring current state statute into compliance with federal law. The SVRC will function as the State Rehabilitation Council and the Assistive Technology Advisory Committee, both of which are required by federal law to accept funding from the U.S. Department of Education, Rehabilitation Services Administration to operate the Vocational Rehabilitation Client Services program and Assistive Technology grant. The SVRC will replace the Governor's Committee on Employment and Rehabilitation of People with Disabilities (GCERPD).

It is important that this legislation pass during this session. The Division of Vocational Rehabilitation is currently undergoing a federal review and monitoring of programs authorized under Title I of the Rehabilitation Act of 1973, as amended. Management and organization of the State Rehabilitation Council is included in this compliance review to determine whether the agency is fully constituted in accordance with federal law and regulations, including membership composition. Current state statutes are not in compliance with the federal laws related to the State Rehabilitation Council or the Assistive Technology Advisory Committee. Current statute was written for a committee that no longer exists, the President's Committee on Employment of People with Disabilities.

The GCERPD will continue to perform the duties of the State Rehabilitation Council and the Assistive Technology Advisory Committee until this matter is resolved. The Division of Vocational Rehabilitation could be sanctioned during the federal review. Similar legislation regarding SVRC was introduced during the 25th Legislative Session.

Federal compliance is critical to assist Alaskans with disabilities to become employed and have access to appropriate assistive technology services and devices. Thank you for your consideration of this important matter. Please contact me or my Legislative Liaison, Paula Scavera at 465-2700 if you would like to discuss this further.

Sincerely,

Clark Bishop

Clark Bishop
Commissioner

Printed on recycled paper by Alaska Litho, Inc.

SARAH PALIN
GOVERNOR
GOVERNOR@GOV.STATE.AK.US

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STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 23, 2009

The Honorable Gary Stevens
President of the Senate
Alaska State Legislature
State Capitol, Room 111
Juneau, AK 99801-1182

Dear President Stevens:

Under the authority of Article III, Section 18, of the Alaska Constitution, I am transmitting a bill repealing the Governor's committee on employment of people with disabilities, creating the state vocational rehabilitation committee, and relating to the committee.

The purpose of this bill is to eliminate the need to change state law every time federal requirements change the number and or constituency of the membership required for the Governor's committee on employment of people with disabilities and to expand its responsibilities to include the functions of an assistive technology advisory council as required under federal law. Since approximately 70 percent of the financing for the committee comes from the federal government, compliance with federal requirements is necessary.

Assisting those with disabilities in obtaining employment is vital to the economic and social well-being of the state. Given the opportunity, these Alaskans have the ability to contribute significantly to our workforce and to our communities, while granting them financial independence and affirmation of their value to society.

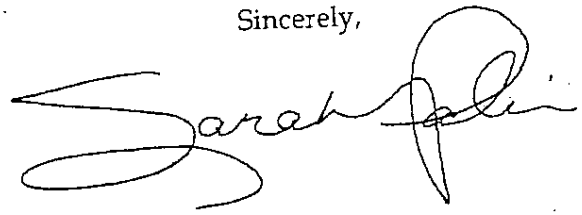
The Governor's committee on employment of people with disabilities has been carrying out the responsibilities of the state rehabilitation council identified in 29 U.S.C. 725, as amended. This bill would replace the existing committee with a federally compliant committee and would allow for adjustments necessary to remain in conformance with federal law without the need for further statute changes. The newly created committee's responsibilities would also include the functions of an assistive technology advisory council required under 29 U.S.C 3001.

The bill would also increase the frequency of meetings of the committee, from a minimum of once each year to four times a year. The bill would allow telephonic participation in committee meetings, and would provide for election of the chair by the committee members, subject to the approval of, rather than appointment by, the Governor.

The bill would also provide a reviser's instruction to change the heading of Article 2 of AS 23.15, to reflect the creation of the new committee.

I urge your prompt and favorable action on this measure.

Sincerely,



Sarah Palin
Governor

STATE OF ALASKA

Department of Labor and Workforce Development

DIVISION OF VOCATIONAL REHABILITATION

Governor's Committee on Employment & Rehabilitation
Of People with Disabilities

Sean Parnell, Governor

801 West 10th Street, Suite A
Juneau, AK 99801
V/TTY: (907) 465-2814
Fax: (907) 465-2856

January 26, 2010

Dear Senator:

The Governor's Committee on Employment & Rehabilitation of People with Disabilities strongly supports CS Senate Bill 83(L&C). This legislation will bring state statute into compliance with federal law. It will also eliminate the need to change state statute every time federal law changes. This committee will also function as the assistive technology advisory council which is also required under federal law and has similar membership requirements.

The Governor's Committee on Employment and Rehabilitation of People with Disabilities, which operates as Alaska's State Rehabilitation Council, is mandated by 29 U.S.C. 725 as amended, to have a very specific composition that is comprised of employers, service providers and individuals with disabilities. This varied composition provides an avenue for the Division of Vocational Rehabilitation to receive direct public feedback from a variety of stakeholders throughout Alaska. The Division utilizes this valuable feedback to continuously improve and refine its program.

We support the name change of the Governor's Committee on Employment of People with Disabilities to the State Vocational Rehabilitation Committee. Since this committee provides oversight to the Vocational Rehabilitation program, the name will clearly align it with the State of Alaska, Department of Labor and Workforce Development, Division Vocational Rehabilitation. The name change will also reduce the on-going confusion between this committee and the Governor's Council on Disability and Special Education.

Thank you for considering the CS SB 83(L&C). It is important that this committee is compliant with federal law to ensure continued funding which is critical to assist Alaskans with disabilities to become employed and have access to appropriate assistive technology services and devices. Please contact us if we can be of any assistance or provide any additional information.

Sincerely,

Ron Boynton

Ron Boynton
Committee Chair

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Alaska Center
FOR THE BLIND AND
VISUALLY IMPAIRED

3903 Taft Drive
Anchorage, AK 99517-3069
(907)248-7770
1(800)770-7517
(907)248-7517 fax
info@AlaskaBVI.org www.AlaskaBVI.org

Equipping Alaskans who are blind and visually impaired with skills for success in life and work

January 26, 2009

To Whom It May Concern:

This letter is to express strong support for SB 83, changing the name of the Governor's Committee on Employment of People with Disabilities to the State Vocational Rehabilitation Committee. Since this committee provides oversight of Vocational Rehabilitation, the name will clearly align it with the State of Alaska, Department of Labor and Workforce Development, Division of Vocational Rehabilitation. The name change will also reduce the ongoing confusion between this committee and the Governor's Council on Disabilities and Special Education.

This legislation will bring state statute into compliance with federal law. It will eliminate the need to change statutes every time federal law changes. This committee will also function as the assistive technology advisory council as required under federal law.

Thank you for considering SB 83. It is important that this committee is compliant with federal law to ensure continued funding which is critical to assisting Alaskans with visual and other disabilities to be employed and have access to assistive technology services. Please contact me if I can be of any assistance or provide additional information.

Sincerely,

Karla Jutzi

Karla Jutzi
Executive Director

Alaska Community Share

January 26, 2009

To Whom It May Concern:

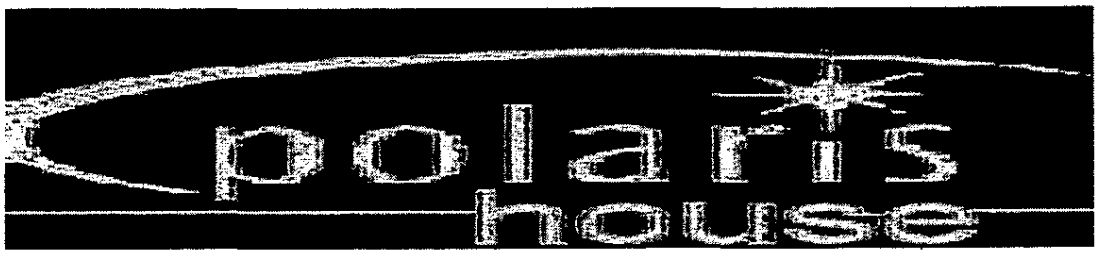
The Alaska Statewide Independent Living Council strongly supports SB 83. This legislation will bring state statute into compliance with federal law. It will also eliminate the need to change state statute every time federal law changes. This committee will also function as the assistive technology advisory council as required under federal law.

We support the name change of the Governor's Committee on Employment of People with Disabilities to the State Vocational Rehabilitation Committee. Since this committee provides oversight to the Vocational Rehabilitation program, the name will clearly align it with the State of Alaska, Department of Labor and Workforce Development, Division Vocational Rehabilitation. The name change will also reduce the on-going confusion between this committee and the Governor's Council on Disability and Special Education.

Thank you for considering SB 83. It is important that this committee is compliant with federal law to ensure continued funding which is critical to assist Alaskans with disabilities to become employed and have access to appropriate assistive technology services and devices. Please contact us if we can be of any assistance or provide any additional information.

Sincerely,

Teresa Sarabia
Vice Chair
Alaska Statewide Independent Living Council



Darwin

Promoting self-sufficiency and recovery...
434 Willoughby Ave.
P.O. Box 21661
Juneau, Alaska 99802
(907) 780-6775
(907) 780-6774-fax
email: polarishouse@alaska.net

RECEIVED
MAR 11 2009

March 6, 2009

Senator Bert Stedman
State Capital Building, Room 516
Juneau, AK 99801-1182

Dear Senator Stedman:

I Dorothy Green, Director of Polaris House strongly encourage you to schedule a hearing for SB 83 as soon as possible.

Polaris House is very much in support of SB 83. This legislation will bring state statute into compliance with federal law. It will also eliminate the need to change state statute every time federal law changes. This committee will also function as the assistive technology advisory council as required under federal law.

We support the name change of the Governor's Committee on Employment of People with Disabilities to the State Vocational Rehabilitation Committee. Since this committee provides oversight to the Vocational Rehabilitation program, the name will clearly align it with the State of Alaska, Department of Labor and Workforce Development, Division Vocational Rehabilitation. The name change will also reduce the on-going confusion between this committee and the Governor's Council on Disability and Special Education.

Thank you for considering scheduling a hearing for SB 83. It is important that this committee is compliant with federal law to ensure continued funding which is critical to assist Alaskans with disabilities to become employed and have access to appropriate assistive technology services and devices. Please contact me at Polaris House if we can be of any assistance or provide any additional information.

Sincerely,

Dorothy Green, Director

RECEIVED
MAR 10 2009

March 6, 2009

Senator Bert Stedman
State Capital Building, Room 516
Juneau, AK 99801-1182

Dear Senator Stedman:

Alyeska Vocational Services strongly encourages you to schedule a hearing for SB 83 as soon as possible.

Alyeska Vocation Services is very much in support of SB 83. This legislation will bring state statute into compliance with federal law. It will also eliminate the need to change state statute every time federal law changes. This committee will also function as the assistive technology advisory council as required under federal law.

We support the name change of the Governor's Committee on Employment of People with Disabilities to the State Vocational Rehabilitation Committee. Since this committee provides oversight to the Vocational Rehabilitation program, the name will clearly align it with the State of Alaska, Department of Labor and Workforce Development, Division Vocational Rehabilitation. The name change will also reduce the on-going confusion between this committee and the Governor's Council on Disability and Special Education.

Thank you for considering scheduling a hearing for SB 83. It is important that this committee is compliant with federal law to ensure continued funding which is critical to assist Alaskans with disabilities to become employed and have access to appropriate assistive technology services and devices. Please contact me at (907) 306-7258 if you would like more information.

Sincerely,

Keri Ornellas
Program Manager - Alaska Services

Darwin

1

Assistive Technology of Alaska

2217 E. Tudor Rd., Suite 4
Anchorage, AK 99507
Phone (907) 563-2599
TTY/VP (907) 561-2592
www.atlaak.org

March 9, 2009

RECEIVED
MAR - 9 2009

Senator Bert Stedman
State Capital Building, Room 516
Juneau, AK 99801-1182

Dear Senator Stedman:

Assistive Technology of Alaska (ATLA) strongly encourages you to schedule a hearing for SB 83 as soon as possible.

Our agency is very much in support of SB 83. This legislation will bring state statute into compliance with federal law. It will also eliminate the need to change state statute every time federal law changes. This committee will also function as the assistive technology advisory council as required under federal law.

We support the name change of the Governor's Committee on Employment of People with Disabilities to the State Vocational Rehabilitation Committee. Since this committee provides oversight to the Vocational Rehabilitation program, the name will clearly align it with the State of Alaska, Department of Labor and Workforce Development, Division Vocational Rehabilitation. The name change will also reduce the on-going confusion between this committee and the Governor's Council on Disability and Special Education.

Thank you for considering scheduling a hearing for SB 83. It is important that this committee is compliant with federal law to ensure continued funding which is critical to assist Alaskans with disabilities to become employed and have access to appropriate assistive technology services and devices. Please contact me if I can be of any assistance or provide any additional information.

Sincerely,

Kathy Privratsky
Executive Director

Darwin

REACH INCORPORATED

Phone (907) 586-8228
Fax (907) 586-8226

213 Third Street
Juneau, AK 99801
www.reachak.org

RECEIVED
MAR - 9 2009

March 6, 2009

Senator Bert Stedman
State Capital Building, Room 516
Juneau, AK 99801-1182

Dear Senator Stedman:

REACH, Inc. strongly encourages you to schedule a hearing for SB 83 as soon as possible. REACH, Inc. is very much in support of SB 83. This legislation will bring state statute into compliance with federal law. It will also eliminate the need to change state statute every time federal law changes. This committee will also function as the assistive technology advisory council as required under federal law.

We support the name change of the Governor's Committee on Employment of People with Disabilities to the State Vocational Rehabilitation Committee. Since this committee provides oversight to the Vocational Rehabilitation program, the name will clearly align it with the State of Alaska, Department of Labor and Workforce Development, Division Vocational Rehabilitation. The name change will also reduce the on-going confusion between this committee and the Governor's Council on Disability and Special Education.

Thank you for considering scheduling a hearing for SB 83. It is important that this committee is compliant with federal law to ensure continued funding which is critical to assist Alaskans with disabilities to become employed and have access to appropriate assistive technology services and devices. Please contact me if I can be of any assistance or provide any additional information.

Sincerely,

Richard Fagundes
Executive Director

CITE-

29 USC Sec. 725

-EXPCITE-

TITLE 29 - LABOR
CHAPTER 16 - VOCATIONAL REHABILITATION AND OTHER REHABILITATION SERVICES
SUBCHAPTER I - VOCATIONAL REHABILITATION SERVICES
Part A - General Provisions

-HEAD-

Sec. 725. State Rehabilitation Council

-STATUTE-

(a) Establishment

(1) In general

Except as provided in section 721(a)(21)(A)(i) of this title, to be eligible to receive financial assistance under this subchapter a State shall establish a State Rehabilitation Council (referred to in this section as the "Council") in accordance with this section.

(2) Separate agency for individuals who are blind

A State that designates a State agency to administer the part of the State plan under which vocational rehabilitation services are provided for individuals who are blind under section 721(a)(2)(A)(i) of this title may establish a separate Council in accordance with this section to perform the duties of such a Council with respect to such State agency.

(b) Composition and appointment

(1) Composition

(A) In general

Except in the case of a separate Council established under subsection (a)(2) of this section, the Council shall be composed of -

(i) at least one representative of the Statewide Independent Living Council established under section 796d of this title, which representative may be the chairperson or other designee of the Council;

(ii) at least one representative of a parent training and information center established pursuant to section 671 of the Individuals with Disabilities Education Act [20 U.S.C. 1471];

(iii) at least one representative of the client assistance program established under section 732 of this title;

(iv) at least one qualified vocational rehabilitation counselor, with knowledge of and experience with vocational rehabilitation programs, who shall serve as an ex officio, nonvoting member of the Council if the counselor is an employee of the designated State agency;

(v) at least one representative of community rehabilitation program service providers;

(vi) four representatives of business, industry, and labor;

(vii) representatives of disability advocacy groups representing a cross section of -

(I) individuals with physical, cognitive, sensory, and mental disabilities; and

(II) individuals' representatives of individuals with

disabilities who have difficulty in representing themselves or are unable due to their disabilities to represent themselves;

(viii) current or former applicants for, or recipients of, vocational rehabilitation services;

(ix) in a State in which one or more projects are carried out under section 741 of this title, at least one representative of the directors of the projects;

(x) at least one representative of the State educational agency responsible for the public education of students with disabilities who are eligible to receive services under this subchapter and part B of the Individuals with Disabilities Education Act [20 U.S.C. 1411 et seq.]; and

(xi) at least one representative of the State workforce investment board.

(B) Separate Council

In the case of a separate Council established under subsection (a)(2) of this section, the Council shall be composed of -

(i) at least one representative described in subparagraph (A)(i);

(ii) at least one representative described in subparagraph (A)(ii);

(iii) at least one representative described in subparagraph (A)(iii);

(iv) at least one vocational rehabilitation counselor described in subparagraph (A)(iv), who shall serve as described in such subparagraph;

(v) at least one representative described in subparagraph (A)(v);

(vi) four representatives described in subparagraph (A)(vi);

(vii) at least one representative of a disability advocacy group representing individuals who are blind;

(viii) at least one individual's representative, of an individual who -

(I) is an individual who is blind and has multiple disabilities; and

(II) has difficulty in representing himself or herself or is unable due to disabilities to represent himself or herself;

(ix) applicants or recipients described in subparagraph (A)(viii);

(x) in a State described in subparagraph (A)(ix), at least one representative described in such subparagraph;

(xi) at least one representative described in subparagraph (A)(x); and

(xii) at least one representative described in subparagraph (A)(xi).

(C) Exception

In the case of a separate Council established under subsection (a)(2) of this section, any Council that is required by State law, as in effect on October 29, 1992, to have fewer than 15 members shall be deemed to be in compliance with subparagraph (B) if the Council -

(i) meets the requirements of subparagraph (B), other than the requirements of clauses (vi) and (ix) of such subparagraph; and

(ii) includes at least -

(I) one representative described in subparagraph (B)(vi); and

(II) one applicant or recipient described in subparagraph (B)(ix).

(2) Ex officio member

The Director of the designated State unit shall be an ex officio, nonvoting member of the Council.

(3) Appointment

Members of the Council shall be appointed by the Governor or, in the case of a State that, under State law, vests authority for the administration of the activities carried out under this chapter in an entity other than the Governor (such as one or more houses of the State legislature or an independent board), the chief officer of that entity. The appointing authority shall select members after soliciting recommendations from representatives of organizations representing a broad range of individuals with disabilities and organizations interested in individuals with disabilities. In selecting members, the appointing authority shall consider, to the greatest extent practicable, the extent to which minority populations are represented on the Council.

(4) Qualifications

(A) In general

A majority of Council members shall be persons who are -

(i) individuals with disabilities described in section 705(20)(B) of this title; and

(ii) not employed by the designated State unit.

(B) Separate Council

In the case of a separate Council established under subsection (a)(2) of this section, a majority of Council members shall be persons who are -

(i) blind; and

(ii) not employed by the designated State unit.

(5) Chairperson

(A) In general

Except as provided in subparagraph (B), the Council shall select a chairperson from among the membership of the Council.

(B) Designation by chief executive officer

In States in which the chief executive officer does not have veto power pursuant to State law, the appointing authority described in paragraph (3) shall designate a member of the Council to serve as the chairperson of the Council or shall require the Council to so designate such a member.

(6) Terms of appointment

(A) Length of term

Each member of the Council shall serve for a term of not more than 3 years, except that -

(i) a member appointed to fill a vacancy occurring prior to the expiration of the term for which a predecessor was appointed, shall be appointed for the remainder of such term; and

(ii) the terms of service of the members initially appointed shall be (as specified by the appointing authority

described in paragraph (3)) for such fewer number of years as will provide for the expiration of terms on a staggered basis.

(B) Number of terms

No member of the Council, other than a representative described in clause (iii) or (ix) of paragraph (1)(A), or clause (iii) or (x) of paragraph (1)(B), may serve more than two consecutive full terms.

(7) Vacancies

(A) In general

Except as provided in subparagraph (B), any vacancy occurring in the membership of the Council shall be filled in the same manner as the original appointment. The vacancy shall not affect the power of the remaining members to execute the duties of the Council.

(B) Delegation

The appointing authority described in paragraph (3) may delegate the authority to fill such a vacancy to the remaining members of the Council after making the original appointment.

(c) Functions of Council

The Council shall, after consulting with the State workforce investment board -

(1) review, analyze, and advise the designated State unit regarding the performance of the responsibilities of the unit under this subchapter, particularly responsibilities relating to -

(A) eligibility (including order of selection);

(B) the extent, scope, and effectiveness of services provided; and

(C) functions performed by State agencies that affect or that potentially affect the ability of individuals with disabilities in achieving employment outcomes under this subchapter;

(2) in partnership with the designated State unit -

(A) develop, agree to, and review State goals and priorities in accordance with section 721(a)(15)(C) of this title; and

(B) evaluate the effectiveness of the vocational rehabilitation program and submit reports of progress to the Commissioner in accordance with section 721(a)(15)(E) of this title;

(3) advise the designated State agency and the designated State unit regarding activities authorized to be carried out under this subchapter, and assist in the preparation of the State plan and amendments to the plan, applications, reports, needs assessments, and evaluations required by this subchapter;

(4) to the extent feasible, conduct a review and analysis of the effectiveness of, and consumer satisfaction with -

(A) the functions performed by the designated State agency;

(B) vocational rehabilitation services provided by State agencies and other public and private entities responsible for providing vocational rehabilitation services to individuals with disabilities under this chapter; and

(C) employment outcomes achieved by eligible individuals receiving services under this subchapter, including the availability of health and other employment benefits in connection with such employment outcomes;

(5) prepare and submit an annual report to the Governor and the Commissioner on the status of vocational rehabilitation programs operated within the State, and make the report available to the public;

(6) to avoid duplication of efforts and enhance the number of individuals served, coordinate activities with the activities of other councils within the State, including the Statewide Independent Living Council established under section 796d of this title, the advisory panel established under section 612(a)(20) of the Individuals with Disabilities Education Act [20 U.S.C. 1412(a)(20)], the State Council on Developmental Disabilities established under section 15025 of title 42, the State mental health planning council established under section 300x-3(a) of title 42, and the State workforce investment board;

(7) provide for coordination and the establishment of working relationships between the designated State agency and the Statewide Independent Living Council and centers for independent living within the State; and

(8) perform such other functions, consistent with the purpose of this subchapter, as the State Rehabilitation Council determines to be appropriate, that are comparable to the other functions performed by the Council.

(d) Resources

(1) Plan

The Council shall prepare, in conjunction with the designated State unit, a plan for the provision of such resources, including such staff and other personnel, as may be necessary and sufficient to carry out the functions of the Council under this section. The resource plan shall, to the maximum extent possible, rely on the use of resources in existence during the period of implementation of the plan.

(2) Resolution of disagreements

To the extent that there is a disagreement between the Council and the designated State unit in regard to the resources necessary to carry out the functions of the Council as set forth in this section, the disagreement shall be resolved by the Governor consistent with paragraph (1).

(3) Supervision and evaluation

Each Council shall, consistent with State law, supervise and evaluate such staff and other personnel as may be necessary to carry out its functions under this section.

(4) Personnel conflict of interest

While assisting the Council in carrying out its duties, staff and other personnel shall not be assigned duties by the designated State unit or any other agency or office of the State, that would create a conflict of interest.

(e) Conflict of interest

No member of the Council shall cast a vote on any matter that would provide direct financial benefit to the member or otherwise give the appearance of a conflict of interest under State law.

(f) Meetings

The Council shall convene at least four meetings a year in such places as it determines to be necessary to conduct Council business and conduct such forums or hearings as the Council considers appropriate. The meetings, hearings, and forums shall be publicly announced. The meetings shall be open and accessible to the general

public unless there is a valid reason for an executive session.

(g) Compensation and expenses

The Council may use funds allocated to the Council by the designated State unit under this subchapter (except for funds appropriated to carry out the client assistance program under section 732 of this title and funds reserved pursuant to section 730(c) of this title to carry out part C of this subchapter) to reimburse members of the Council for reasonable and necessary expenses of attending Council meetings and performing Council duties (including child care and personal assistance services), and to pay compensation to a member of the Council, if such member is not employed or must forfeit wages from other employment, for each day the member is engaged in performing the duties of the Council.

(h) Hearings and forums

The Council is authorized to hold such hearings and forums as the Council may determine to be necessary to carry out the duties of the Council.

-SOURCE-

(Pub. L. 93-112, title I, Sec. 105, as added Pub. L. 105-220, title IV, Sec. 404, Aug. 7, 1998, 112 Stat. 1151; amended Pub. L. 105-277, div. A, Sec. 101(f) [title VIII, Sec. 402(c)(6)], Oct. 21, 1998, 112 Stat. 2681-337, 2681-415; Pub. L. 106-402, title IV, Sec. 401(b)(3)(A), Oct. 30, 2000, 114 Stat. 1737; Pub. L. 108-446, title III, Sec. 305(h)(2), (3), Dec. 3, 2004, 118 Stat. 2805.)

-REFTEXT-

REFERENCES IN TEXT

The Individuals with Disabilities Education Act, referred to in subsec. (b)(1)(A)(x), is title VI of Pub. L. 91-230, Apr. 13, 1970, 84 Stat. 175, as amended. Part B of the Act is classified generally to subchapter II (Sec. 1411 et seq.) of chapter 33 of Title 20, Education. For complete classification of this Act to the Code, see section 1400 of Title 20 and Tables.

-MISC1-

PRIOR PROVISIONS

A prior section 725, Pub. L. 93-112, title I, Sec. 105, as added Pub. L. 102-569, title I, Sec. 126(a), Oct. 29, 1992, 106 Stat. 4381; amended Pub. L. 103-73, title I, Sec. 107(d)(1), Aug. 11, 1993, 107 Stat. 721, related to State Rehabilitation Advisory Council, prior to the general amendment of this subchapter by Pub. L. 105-220.

AMENDMENTS

2004 - Subsec. (b)(1)(A)(ii). Pub. L. 108-446, Sec. 305(h)(2), substituted "671 of the Individuals with Disabilities Education Act" for "682(a) of the Individuals with Disabilities Education Act (as added by section 101 of the Individuals with Disabilities Education Act Amendments of 1997; Public Law 105-17)".

Subsec. (c)(6). Pub. L. 108-446, Sec. 305(h)(3), substituted "section 612(a)(20)" for "section 612(a)(21)" and "Individuals with" for "Individual with" and struck out "(as amended by section 101 of the Individuals with Disabilities Education Act Amendments of 1997; Public Law 105-17)" before ", the State Council".

2000 - Subsec. (c)(6). Pub. L. 106-402 substituted "the State

Council on Developmental Disabilities established under section 15025 of title 42" for "the State Developmental Disabilities Council described in section 6024 of title 42".

1998 - Subsec. (b)(3). Pub. L. 105-277, Sec. 101(f) [title VIII, Sec. 402(c)(6)(A)], substituted "Governor or, in the case of a State that, under State law, vests authority for the administration of the activities carried out under this chapter in an entity other than the Governor (such as one or more houses of the State legislature or an independent board), the chief officer of that entity" for "Governor" in first sentence and "appointing authority" for "Governor" in second and third sentences.

Subsec. (b)(4)(A)(i). Pub. L. 105-277, Sec. 101(f) [title VIII, Sec. 402(c)(6)(B)], substituted "section 705(20)(B)" for "section 705(20)(A)".

Subsec. (b)(5)(B). Pub. L. 105-277, Sec. 101(f) [title VIII, Sec. 402(c)(6)(C)], substituted "chief executive officer" for "Governor" in heading and "appointing authority described in paragraph (3) shall" for "Governor shall" in text.

Subsec. (b)(6)(A)(ii), (7)(B). Pub. L. 105-277, Sec. 101(f) [title VIII, Sec. 402(c)(6)(D)], substituted "appointing authority described in paragraph (3)" for "Governor".

-End-

-CITE-

29 USC Sec. 3003

-EXPCITE-

TITLE 29 - LABOR
CHAPTER 31 - ASSISTIVE TECHNOLOGY FOR INDIVIDUALS WITH DISABILITIES

-HEAD-

Sec. 3003. State grants for assistive technology

-STATUTE-

(a) Grants to States

The Secretary shall award grants under subsection (b) to States to maintain comprehensive statewide programs of technology-related assistance to support programs that are designed to maximize the ability of individuals with disabilities across the human lifespan and across the wide array of disabilities, and their family members, guardians, advocates, and authorized representatives, to obtain assistive technology, and that are designed to increase access to assistive technology.

(b) Amount of financial assistance

(1) In general

From funds made available to carry out this section, the Secretary shall award a grant to each eligible State and eligible outlying area from an allotment determined in accordance with paragraph (2).

(2) Calculation of State grants

(A) Base year

Except as provided in subparagraphs (B) and (C), the Secretary shall allot to each State and outlying area for a fiscal year an amount that is not less than the amount the State or outlying area received under the grants provided under section 3011 of this title (as in effect on the day before October 25, 2004) for fiscal year 2004.

(B) Ratable reduction

(i) In general

If funds made available to carry out this section for any fiscal year are insufficient to make the allotments required for each State and outlying area under subparagraph (A) for such fiscal year, the Secretary shall ratably reduce the allotments for such fiscal year.

(ii) Additional funds

If, after the Secretary makes the reductions described in clause (i), additional funds become available to carry out this section for the fiscal year, the Secretary shall ratably increase the allotments, until the Secretary has allotted the entire base year amount.

(C) Higher appropriation years

Except as provided in subparagraph (D), for a fiscal year for which the amount of funds made available to carry out this section is greater than the base year amount, the Secretary shall -

(i) make the allotments described in subparagraph (A);

(ii) from a portion of the remainder of the funds after the Secretary makes the allotments described in clause (i), the Secretary shall -

(I) from 50 percent of the portion, allot to each State or outlying area an equal amount; and

(II) from 50 percent of the portion, allot to each State or outlying area an amount that bears the same relationship to such 50 percent as the population of the State or outlying area bears to the population of all States and outlying areas,

until each State has received an allotment of not less than $410,000 and each outlying area has received an allotment of $125,000 under clause (i) and this clause;

(iii) from the remainder of the funds after the Secretary makes the allotments described in clause (ii), the Secretary shall -

(I) from 80 percent of the remainder allot to each State an amount that bears the same relationship to such 80 percent as the population of the State bears to the population of all States; and

(II) from 20 percent of the remainder, allot to each State an equal amount.

(D) Special rule for fiscal year 2005

Notwithstanding subparagraph (C), if the amount of funds made available to carry out this section for fiscal year 2005 is greater than the base year amount, the Secretary may award grants on a competitive basis for periods of 1 year to States or outlying areas in accordance with the requirements of subchapter III of this chapter (!1) (as in effect on the day before October 25, 2004) to develop, support, expand, or administer an alternative financing program.

(E) Base year amount

In this paragraph, the term "base year amount" means the total amount received by all States and outlying areas under the grants described in subparagraph (A) for fiscal year 2004.

(c) Lead agency, implementing entity, and advisory council

(1) Lead agency and implementing entity

(A) Lead agency

(i) In general

The Governor of a State shall designate a public agency as a lead agency -

(I) to control and administer the funds made available through the grant awarded to the State under this section; and

(II) to submit the application described in subsection (d) on behalf of the State, to ensure conformance with Federal and State accounting requirements.

(ii) Duties

The duties of the lead agency shall include -

(I) preparing the application described in subsection (d) and carrying out State activities described in that application, including making programmatic and resource allocation decisions necessary to implement the comprehensive statewide program of technology-related assistance;

(II) coordinating the activities of the comprehensive statewide program of technology-related assistance among public and private entities, including coordinating efforts

related to entering into interagency agreements, and maintaining and evaluating the program; and

(III) coordinating efforts related to the active, timely, and meaningful participation by individuals with disabilities and their family members, guardians, advocates, or authorized representatives, and other appropriate individuals, with respect to activities carried out through the grant.

(B) Implementing entity

The Governor may designate an agency, office, or other entity to carry out State activities under this section (referred to in this section as the "implementing entity"), if such implementing entity is different from the lead agency. The implementing agency shall carry out responsibilities under this chapter through a subcontract or another administrative agreement with the lead agency.

(C) Change in agency or entity

(i) In general

On obtaining the approval of the Secretary, the Governor may redesignate the lead agency, or the implementing entity, if the Governor shows to the Secretary good cause why the entity designated as the lead agency, or the implementing entity, respectively, should not serve as that agency or entity, respectively. The Governor shall make the showing in the application described in subsection (d).

(ii) Construction

Nothing in this paragraph shall be construed to require the Governor of a State to change the lead agency or implementing entity of the State to an agency other than the lead agency or implementing entity of such State as of October 25, 2004.

(2) Advisory council

(A) In general

There shall be established an advisory council to provide consumer-responsive, consumer-driven advice to the State for, planning of, implementation of, and evaluation of the activities carried out through the grant, including setting the measurable goals described in subsection (d)(3).

(B) Composition and representation

(i) Composition

The advisory council shall be composed of -

(I) individuals with disabilities that use assistive technology or the family members or guardians of the individuals;

(II) a representative of the designated State agency, as defined in section 7 of the Rehabilitation Act of 1973 (29 U.S.C. 705) and the State agency for individuals who are blind (within the meaning of section 101 of that Act (29 U.S.C. 721)), if such agency is separate;

(III) a representative of a State center for independent living described in part C of title VII of the Rehabilitation Act of 1973 (29 U.S.C. 796f et seq.);

(IV) a representative of the State workforce investment board established under section 111 of the Workforce Investment Act of 1998 (29 U.S.C. 2821);

(V) a representative of the State educational agency, as defined in section 7801 of title 20; and

(VI) representatives of other State agencies, public

agencies, or private organizations, as determined by the State.

(ii) Majority

(I) In general

A majority, not less than 51 percent, of the members of the advisory council, shall be members appointed under clause (i)(I).

(II) Representatives of agencies

Members appointed under subclauses (II) through (VI) of clause (i) shall not count toward the majority membership requirement established in subclause (I).

(iii) Representation

The advisory council shall be geographically representative of the State and reflect the diversity of the State with respect to race, ethnicity, types of disabilities across the age span, and users of types of services that an individual with a disability may receive.

(C) Expenses

The members of the advisory council shall receive no compensation for their service on the advisory council, but shall be reimbursed for reasonable and necessary expenses actually incurred in the performance of official duties for the advisory council.

(D) Period

The members of the State advisory council shall be appointed not later than 120 days after October 25, 2004.

(E) Impact on existing statutes, rules, or policies

Nothing in this paragraph shall be construed to affect State statutes, rules, or official policies relating to advisory bodies for State assistive technology programs or require changes to governing bodies of incorporated agencies who carry out State assistive technology programs.

(d) Application

(1) In general

Any State that desires to receive a grant under this section shall submit an application to the Secretary, at such time, in such manner, and containing such information as the Secretary may require.

(2) Lead agency and implementing entity

The application shall contain information identifying and describing the lead agency referred to in subsection (c)(1)(A). The application shall contain information identifying and describing the implementing entity referred to in subsection (c)(1)(B), if the Governor of the State designates such an entity.

(3) Measurable goals

The application shall include -

(A) measurable goals, and a timeline for meeting the goals, that the State has set for addressing the assistive technology needs of individuals with disabilities in the State related to -

(i) education, including goals involving the provision of assistive technology to individuals with disabilities who receive services under the Individuals with Disabilities Education Act (20 U.S.C. 1400 et seq.);

(ii) employment, including goals involving the State

vocational rehabilitation program carried out under title I of the Rehabilitation Act of 1973 (29 U.S.C. 720 et seq.);

(iii) telecommunication and information technology; and

(iv) community living; and

(B) information describing how the State will quantifiably measure the goals to determine whether the goals have been achieved.

(4) Involvement of public and private entities

The application shall describe how various public and private entities were involved in the development of the application and will be involved in the implementation of the activities to be carried out through the grant, including -

(A) in cases determined to be appropriate by the State, a description of the nature and extent of resources that will be committed by public and private collaborators to assist in accomplishing identified goals; and

(B) a description of the mechanisms established to ensure coordination of activities and collaboration between the implementing entity, if any, and the State.

(5) Implementation

The application shall include a description of -

(A) how the State will implement each of the required activities described in subsection (e), except as provided in subsection (e)(6)(A); and

(B) how the State will allocate and utilize grant funds to implement the activities, including describing proposed budget allocations and planned procedures for tracking expenditures for activities described in paragraphs (2) and (3) of subsection (e).

(6) Assurances

The application shall include assurances that -

(A) the State will annually collect data related to the required activities implemented by the State under this section in order to prepare the progress reports required under subsection (f);

(B) funds received through the grant -

(i) will be expended in accordance with this section; and

(ii) will be used to supplement, and not supplant, funds available from other sources for technology-related assistance, including the provision of assistive technology devices and assistive technology services;

(C) the lead agency will control and administer the funds received through the grant;

(D) the State will adopt such fiscal control and accounting procedures as may be necessary to ensure proper disbursement of and accounting for the funds received through the grant;

(E) the physical facility of the lead agency and implementing entity, if any, meets the requirements of the Americans with Disabilities Act of 1990 (42 U.S.C. 12101 et seq.) regarding accessibility for individuals with disabilities;

(F) a public agency or an individual with a disability holds title to any property purchased with funds received under the grant and administers that property;

(G) activities carried out in the State that are authorized under this chapter, and supported by Federal funds received

under this chapter, will comply with the standards established by the Architectural and Transportation Barriers Compliance Board under section 508 of the Rehabilitation Act of 1973 (20 (!2) U.S.C. 794d); and

(H) the State will -

(i) prepare reports to the Secretary in such form and containing such information as the Secretary may require to carry out the Secretary's functions under this chapter; and

(ii) keep such records and allow access to such records as the Secretary may require to ensure the correctness and verification of information provided to the Secretary under this subparagraph.

(7) State support

The application shall include a description of the activities described in paragraphs (2) and (3) of subsection (e) that the State will support with State funds.

(e) Use of funds

(1) In general

(A) Required activities

Except as provided in subparagraph (B) and paragraph (6), any State that receives a grant under this section shall use a portion of the funds made available through the grant to carry out activities described in paragraphs (2) and (3).

(B) State or non-Federal financial support

A State shall not be required to use a portion of the funds made available through the grant to carry out the category of activities described in subparagraph (A), (B), (C), or (D) of paragraph (2) if, in that State -

(i) financial support is provided from State or other non-Federal resources or entities for that category of activities; and

(ii) the amount of the financial support is comparable to, or greater than, the amount of the portion of the funds made available through the grant that the State would have expended for that category of activities, in the absence of this subparagraph.

(2) State-level activities

(A) State financing activities

The State shall support State financing activities to increase access to, and funding for, assistive technology devices and assistive technology services (which shall not include direct payment for such a device or service for an individual with a disability but may include support and administration of a program to provide such payment), including development of systems to provide and pay for such devices and services, for targeted individuals and entities described in section 3002(16)(A) of this title, including -

(i) support for the development of systems for the purchase, lease, or other acquisition of, or payment for, assistive technology devices and assistive technology services; or

(ii) support for the development of State-financed or privately financed alternative financing systems of subsidies (which may include conducting an initial 1-year feasibility study of, improving, administering, operating, providing capital for, or collaborating with an entity with respect to,

such a system) for the provision of assistive technology devices, such as -

(I) a low-interest loan fund;

(II) an interest buy-down program;

(III) a revolving loan fund;

(IV) a loan guarantee or insurance program;

(V) a program providing for the purchase, lease, or other acquisition of assistive technology devices or assistive technology services; or

(VI) another mechanism that is approved by the Secretary.

(B) Device reutilization programs

The State shall directly, or in collaboration with public or private entities, carry out assistive technology device reutilization programs that provide for the exchange, repair, recycling, or other reutilization of assistive technology devices, which may include redistribution through device sales, loans, rentals, or donations.

(C) Device loan programs

The State shall directly, or in collaboration with public or private entities, carry out device loan programs that provide short-term loans of assistive technology devices to individuals, employers, public agencies, or others seeking to meet the needs of targeted individuals and entities, including others seeking to comply with the Individuals with Disabilities Education Act (20 U.S.C. 1400 et seq.), the Americans with Disabilities Act of 1990 (42 U.S.C. 12101 et seq.), and section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794).

(D) Device demonstrations

(i) In general

The State shall directly, or in collaboration with public and private entities, such as one-stop partners, as defined in section 101 of the Workforce Investment Act of 1998 (29 U.S.C. 2801), demonstrate a variety of assistive technology devices and assistive technology services (including assisting individuals in making informed choices regarding, and providing experiences with, the devices and services), using personnel who are familiar with such devices and services and their applications.

(ii) Comprehensive information

The State shall directly, or through referrals, provide to individuals, to the extent practicable, comprehensive information about State and local assistive technology venders, providers, and repair services.

(3) State leadership activities

(A) In general

A State that receives a grant under this section shall use a portion of not more than 40 percent of the funds made available through the grant to carry out the activities described in subparagraph (B). From that portion, the State shall use at least 5 percent of the portion for activities described in subparagraph (B)(i)(III).

(B) Required activities

(i) Training and technical assistance

(I) In general

The State shall directly, or provide support to public or private entities with demonstrated expertise in collaborating with public or private agencies that serve

individuals with disabilities, to develop and disseminate training materials, conduct training, and provide technical assistance, for individuals from local settings statewide, including representatives of State and local educational agencies, other State and local agencies, early intervention programs, adult service programs, hospitals and other health care facilities, institutions of higher education, and businesses.

(II) Authorized activities

In carrying out activities under subclause (I), the State shall carry out activities that enhance the knowledge, skills, and competencies of individuals from local settings described in subclause (I), which may include -

(aa) general awareness training on the benefits of assistive technology and the Federal, State, and private funding sources available to assist targeted individuals and entities in acquiring assistive technology;

(bb) skills-development training in assessing the need for assistive technology devices and assistive technology services;

(cc) training to ensure the appropriate application and use of assistive technology devices, assistive technology services, and accessible technology for e-government functions;

(dd) training in the importance of multiple approaches to assessment and implementation necessary to meet the individualized needs of individuals with disabilities; and

(ee) technical training on integrating assistive technology into the development and implementation of service plans, including any education, health, discharge, Olmstead, employment, or other plan required under Federal or State law.

(III) Transition assistance to individuals with disabilities

The State shall directly, or provide support to public or private entities to, develop and disseminate training materials, conduct training, facilitate access to assistive technology, and provide technical assistance, to assist -

(aa) students with disabilities, within the meaning of the Individuals with Disabilities Education Act (20 U.S.C. 1400 et seq.), that receive transition services; and

(bb) adults who are individuals with disabilities maintaining or transitioning to community living.

(ii) Public-awareness activities

(I) In general

The State shall conduct public-awareness activities designed to provide information to targeted individuals and entities relating to the availability, benefits, appropriateness, and costs of assistive technology devices and assistive technology services, including -

(aa) the development of procedures for providing direct communication between providers of assistive technology and targeted individuals and entities, which may include partnerships with entities in the statewide and local workforce investment systems established under the

Workforce Investment Act of 1998 (29 U.S.C. 2801 et seq.), State vocational rehabilitation centers, public and private employers, or elementary and secondary public schools;

(bb) the development and dissemination, to targeted individuals and entities, of information about State efforts related to assistive technology; and

(cc) the distribution of materials to appropriate public and private agencies that provide social, medical, educational, employment, and transportation services to individuals with disabilities.

(II) Collaboration

The State shall collaborate with entities that receive awards under paragraphs (1) and (3) of section 3005(b) of this title to carry out public-awareness activities focusing on infants, toddlers, children, transition-age youth, employment-age adults, seniors, and employers.

(III) Statewide information and referral system

(aa) In general

The State shall directly, or in collaboration with public or private (such as nonprofit) entities, provide for the continuation and enhancement of a statewide information and referral system designed to meet the needs of targeted individuals and entities.

(bb) Content

The system shall deliver information on assistive technology devices, assistive technology services (with specific data regarding provider availability within the State), and the availability of resources, including funding through public and private sources, to obtain assistive technology devices and assistive technology services. The system shall also deliver information on the benefits of assistive technology devices and assistive technology services with respect to enhancing the capacity of individuals with disabilities of all ages to perform activities of daily living.

(iii) Coordination and collaboration

The State shall coordinate activities described in paragraph (2) and this paragraph, among public and private entities that are responsible for policies, procedures, or funding for the provision of assistive technology devices and assistive technology services to individuals with disabilities, service providers, and others to improve access to assistive technology devices and assistive technology services for individuals with disabilities of all ages in the State.

(4) Indirect costs

Not more than 10 percent of the funds made available through a grant to a State under this section may be used for indirect costs.

(5) Prohibition

Funds made available through a grant to a State under this section shall not be used for direct payment for an assistive technology device for an individual with a disability.

(6) State flexibility

(A) In general

Notwithstanding paragraph (1)(A) and subject to subparagraph

(B), a State may use funds that the State receives under a grant awarded under this section to carry out any 2 or more of the activities described in paragraph (2).

(B) Special rule

Notwithstanding paragraph (3)(A), any State that exercises its authority under subparagraph (A) -

(i) shall carry out each of the required activities described in paragraph (3)(B); and

(ii) shall use not more than 30 percent of the funds made available through the grant to carry out the activities described in paragraph (3)(B).

(f) Annual progress reports

(1) Data collection

States shall participate in data collection as required by law, including data collection required for preparation of the reports described in paragraph (2).

(2) Reports

(A) In general

Each State shall prepare and submit to the Secretary an annual progress report on the activities funded under this chapter, at such time, and in such manner, as the Secretary may require.

(B) Contents

The report shall include data collected pursuant to this section. The report shall document, with respect to activities carried out under this section in the State -

(i) the type of State financing activities described in subsection (e)(2)(A) used by the State;

(ii) the amount and type of assistance given to consumers of the State financing activities described in subsection (e)(2)(A) (who shall be classified by type of assistive technology device or assistive technology service financed through the State financing activities, and geographic distribution within the State), including -

(I) the number of applications for assistance received;

(II) the number of applications approved and rejected;

(III) the default rate for the financing activities;

(IV) the range and average interest rate for the financing activities;

(V) the range and average income of approved applicants for the financing activities; and

(VI) the types and dollar amounts of assistive technology financed;

(iii) the number, type, and length of time of loans of assistive technology devices provided to individuals with disabilities, employers, public agencies, or public accommodations through the device loan program described in subsection (e)(2)(C), and an analysis of the individuals with disabilities who have benefited from the device loan program;

(iv) the number, type, estimated value, and scope of assistive technology devices exchanged, repaired, recycled, or reutilized (including redistributed through device sales, loans, rentals, or donations) through the device reutilization program described in subsection (e)(2)(B), and an analysis of the individuals with disabilities that have benefited from the device reutilization program;

(v) the number and type of device demonstrations and referrals provided under subsection (e)(2)(D), and an analysis of individuals with disabilities who have benefited from the demonstrations and referrals;

(vi)(I) the number and general characteristics of individuals who participated in training under subsection (e)(3)(B)(i) (such as individuals with disabilities, parents, educators, employers, providers of employment services, health care workers, counselors, other service providers, or vendors) and the topics of such training; and

(II) to the extent practicable, the geographic distribution of individuals who participated in the training;

(vii) the frequency of provision and nature of technical assistance provided to State and local agencies and other entities;

(viii) the number of individuals assisted through the public-awareness activities and statewide information and referral system described in subsection (e)(3)(B)(ii);

(ix) the outcomes of any improvement initiatives carried out by the State as a result of activities funded under this section, including a description of any written policies, practices, and procedures that the State has developed and implemented regarding access to, provision of, and funding for, assistive technology devices, and assistive technology services, in the contexts of education, health care, employment, community living, and information technology and telecommunications, including e-government;

(x) the source of leveraged funding or other contributed resources, including resources provided through subcontracts or other collaborative resource-sharing agreements, from and with public and private entities to carry out State activities described in subsection (e)(3)(B)(iii), the number of individuals served with the contributed resources for which information is not reported under clauses (i) through (ix) or clause (xi) or (xii), and other outcomes accomplished as a result of such activities carried out with the contributed resources; and

(xi) the level of customer satisfaction with the services provided.

-SOURCE-

(Pub. L. 105-394, Sec. 4, as added Pub. L. 108-364, Sec. 2, Oct. 25, 2004, 118 Stat. 1714.)

-REFTEXT-

REFERENCES IN TEXT

Section 3011 of this title, referred to in subsec. (b)(2)(A), was omitted in the general amendment of this chapter by Pub. L. 108-364, Sec. 2, Oct. 25, 2004, 118 Stat. 1707.

Subchapter III of this chapter, referred to in subsec. (b)(2)(D), which consisted of sections 3051 to 3058 of this title, was omitted in the general amendment of this chapter by Pub. L. 108-364, Sec. 2, Oct. 25, 2004, 118 Stat. 1707.

The Rehabilitation Act of 1973, referred to in subsecs. (c)(2)(B)(i)(III) and (d)(3)(A)(ii), is Pub. L. 93-112, Sept. 26, 1973, 87 Stat. 355, as amended. Title I of the Act is classified generally to subchapter I (Sec. 720 et seq.) of chapter 16 of this

title. Part C of title VII of the Act is classified generally to subpart 3 (Sec. 796f et seq.) of part A of subchapter VII of chapter 16 of this title. For complete classification of this Act to the Code, see Short Title note set out under section 701 of this title and Tables.

The Individuals with Disabilities Education Act, referred to in subsecs. (d)(3)(A)(i) and (e)(2)(C), (3)(B)(i)(III)(aa), is title VI of Pub. L. 91-230, Apr. 13, 1970, 84 Stat. 175, as amended, which is classified generally to chapter 33 (Sec. 1400 et seq.) of Title 20, Education. For complete classification of this Act to the Code, see section 1400 of Title 20 and Tables.

The Americans with Disabilities Act of 1990, referred to in subsecs. (d)(6)(E) and (e)(2)(C), is Pub. L. 101-336, July 26, 1990, 104 Stat. 327, as amended, which is classified principally to chapter 126 (Sec. 12101 et seq.) of Title 42, The Public Health and Welfare. For complete classification of this Act to the Code, see Short Title note set out under section 12101 of Title 42 and Tables.

The Workforce Investment Act of 1998, referred to in subsec. (e)(3)(B)(ii)(I)(aa), is Pub. L. 105-220, Aug. 7, 1998, 112 Stat. 936, as amended. For complete classification of this Act to the Code, see Short Title note set out under section 9201 of Title 20, Education, and Tables.

-FOOTNOTE-

(!1) See References in Text note below.

(!2) So in original. Probably should be "(29".

-End-

SB

87

<target><bill>SB 87</bill><subject>SB
87</subject><comm>SFIN26</comm></target>

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SENATOR BILL WIELECHOWSKI

Sponsor Statement for SB 87: No Child Left Uninsured

The intent of SB 87 is to make health insurance accessible to all children in Alaska, while asking those families who can afford it to make a substantial financial contribution towards their coverage. By ensuring that all children have access to health services, SB 87 will reduce costs to the state and its citizens over the long run.

An estimated 20,000 children in Alaska lack health insurance and the number is growing. According to the Robert Wood Johnson Foundation, the number of children covered by private health insurance has declined by 31% in the last decade. The vast majority of these children are from working families.

Uninsured children have much higher health risks than do covered children. They are more likely to develop chronic illnesses such as asthma and diabetes and to suffer from acute conditions such as eye and ear infections. While many lack a regular doctor and don't receive preventative care, they are four times more likely than insured children to use emergency rooms when medical attention is needed.

The high cost of this emergency care is often borne by other Alaskans, including businesses that purchase health insurance for their employees. For example, Providence and Alaska Regional hospitals provided $89 million in uncompensated care in 2006. These costs are passed on to other hospital users through higher charges for medical services, which ultimately results in increased premiums. These costs could be reduced by insuring that all children have access to health insurance.

SB 87 raises the eligibility limit for participation in the Denali KidCare program to 200% of the federal poverty level (FPL), currently $36,000/year for a single parent and child. This change puts Alaska in line with other states, 41 of which allow participation by families at or above this level. Roughly 66% of the costs of this program are currently covered by the federal government.

SB 87 would also allow families with incomes up to 300% of the FPL to buy into Denali KidCare using a sliding fee scale for premiums and a 20% co-pay. Those with the greatest means would reimburse the state roughly 90% of its costs. Participants would have to certify that they don't have access to health insurance at work.

With the "No Child Left Uninsured Act," Alaska joins states from Idaho to Illinois that are working to ensure that all children have access to health insurance. Please support this critical legislation.

Senner * PO Box 102264 Anchorage, AK 99510
senfam@acsalaska.net

February 25, 2009

Testimony of Patricia Senner MS, RN, ANP
SB 13 and SB 87
Denali KidCare Eligibility

My name is Patricia Senner and I am a Family Nurse Practitioner working at Covenant House Alaska. I am speaking today in favor of SB 13 and 87. Just yesterday I had a young teenager in my office who was having problems in her home and both her and her mother agreed they needed family counseling. This is situation was more complicated than the usual adolescent/parent conflict. I was relieved to see that she had Denali KidCare to cover this counseling until her case manager informed me that her mother had said she had recently received a pay raise and so was probably no longer eligible for Denali KidCare.

This is a classic example of why we need to increase the eligibility criteria for Denali KidCare. If we can get proper care for this young teen we may stave off more serious problems in the future that will cost us much more. Her mother in turn, is being punished for working hard to provide for her family.

If we want to solve our current healthcare crisis we need to work together. Individuals, employers and government alone cannot afford health insurance for everyone. We need to pool our resources to provide these needed services. This is why I support SB 87. It allows families with higher incomes to pool their resources with the government's resources to purchase insurance for children.

Along this line I wanted to bring up the fact that I think the Federal SCHIP program allows for states to buy coverage for children from private insurance companies. For instance I think the state could pay for a parent to have their child covered under their insurance at work. People with low incomes usually don't have insurance at work so for the families with incomes below 200% this probably wouldn't be much help. But as we move to cover families with higher incomes we should include this as an option. Families could buy into Denali KidCare or the state could pay to have the child included on the parents insurance at work. This would be a true partnership between the government, families and employers.

Senner * PO Box 102264 Anchorage, AK 99510
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RK BEGICH
ALASKA

SUITE SH-825
HART BUILDING
WASHINGTON, DC 20510
(202) 224-3004

United States Senate

WASHINGTON, DC 20510

February 25, 2009

The Honorable Gary Stevens
Senate President
State Capitol, Room 111
Juneau, AK 99801-1182

The Honorable Lyman Hoffman
Co-Chairman, Senate Finance Committee
State Capitol, Room 518
Juneau, AK 99801-1182

The Honorable Bert Stedman
Co-Chairman, Senate Finance Committee
State Capitol, Room 516
Juneau, AK 99801-1182

Dear Senators Stevens, Hoffman and Stedman:

As the Alaska Senate this week resumes committee work on Denali KidCare, I urge your support of proposals to increase the number of children and pregnant women eligible for health insurance under this valuable program. One of my first acts as U.S. Senator was to vote in favor of the Children's Health Insurance Program Reauthorization Act of 2009. The measure also was supported by Senator Lisa Murkowski and Congressman Don Young. Now that Congress has reauthorized and funded the Children's Health Insurance Program (CHIP) for the next five years, it is time to give more Alaska families the chance to qualify for basic health care.

The federal legislation authorizes states to offer coverage for families earning up to 300 percent of the federal poverty level (FPL), and some already do. It is troubling that Alaska – recognized in the early days of Denali KidCare as a national leader for its outreach and signup efforts – is now at only 175 percent of FPL and one of the strictest states in the nation for eligibility.

At a minimum, I urge you and your colleagues to restore Alaska's eligibility guidelines to 200 percent. As you know, that step would return Alaska to 2003 levels and immediately qualify an estimated 1,277 additional children and 218 more pregnant women for Denali KidCare. I and many other Alaskans would celebrate that improvement. However, merely restoring the program to where it was six years ago is not exactly a huge victory for Alaska's families. We can and should do better. I support efforts to increase eligibility levels beyond 200 percent of FPL, including the possibility of an effective but equitable co-pay provision for families that can afford to buy into the program. I applaud your Senate and House colleagues on both sides of the political aisle who are working to improve Alaska's program.

We know the need is great. According to the respected Kaiser Family Foundation, there are more than 21,000 children in Alaska without health insurance. Many are from hard-working families who make too much for regular Medicaid but not enough to afford a private health plan. This results in less preventive care, more sickness and more lost school days. Emergency room visits also increase – last-minute care that is often uncompensated and results in higher insurance premiums and medical costs for everyone.

As you deliberate, let me alleviate concerns about federal support. When President Obama signed the CHIP reauthorization bill earlier this month, he and Congress effectively joined forces to provide states with funding certainty (CHIP is now authorized through FFY2013). That continuity is especially important during these times of economic instability. If families do lose employer-provided health coverage or fall further behind in their efforts to afford private insurance, it is essential that Denali KidCare be available to cover basic health care needs. Coupled with the fact that the federal government is offering financial incentives to states that increase enrollment and will pay up to 70 percent of the total cost of the program (currently estimated at 66 percent in Alaska), this is frankly a very good deal.

Given action by Congress to reauthorize CHIP, the Legislature's obvious interest in this issue and Governor Palin's announced intent to support an expansion of Denali KidCare, it looks as if the stars are finally aligned.

Thank you for your work on this matter. Please feel free to contact me if I can be of assistance.

Sincerely,

Mark Begich
U.S. Senator

Cc: The Honorable Mike Chenault, Speaker of the House
The Honorable Mike Hawker, Co-Chairman, House Finance Committee
The Honorable Bill Stoltze, Co-Chairman, House Finance Committee
Governor Sarah Palin

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 3
Bill Version: SB 87
(S) Publish Date: 2/11/09

Identifier (file name): SB087-DHSS-MS-02-06-09
Dept. Affected: Health & Social Services
Title: Medical Assistance Eligibility
RDU: Health Care Services
Component: Medicaid Services
Sponsor: Wielechowski
Requester: Senate HSS
Component Number: 2077

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims			4,082.1	4,443.0	4,828.5	5,240.1	5,679.8
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**4,082.1**	**4,443.0**	**4,828.5**	**5,240.1**	**5,679.8**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES (							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts			2,410.6	2,603.2	2,821.9	3,055.5	3,304.9
1003 GF Match			446.1	614.4	781.2	959.2	1,149.5
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts SDPR			1,225.4	1,225.4	1,225.4	1,225.4	1,225.4
TOTAL	**0.0**	**0.0**	**4,082.1**	**4,443.0**	**4,828.5**	**5,240.1**	**5,679.8**

Estimate of any current year (FY2009) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This bill raises the income level for existing categories of pregnant women and children under Denali Kidcare to 200% of federal poverty guidelines (FPG) and creates a new category of eligibility for children between 200 and 300% of FPG subject to premiums and co-payments. The bill makes most provisions effective on July 1, 2010.

More than 200 pregnant women and nearly 3,000 children will qualify for medical assistance under this bill. This fiscal note represents the portion of benefit costs paid through the Medicaid Services component.

(continued on page 2)

Prepared by: William J. Streur, Deputy Commissioner
Phone 334-2520
Division: Health Care Services
Date/Time 2/4/09 12:00 AM

Approved by: Alison Elgee, Assistant Commissioner
Date 2/6/2009
DHSS Finance Management Services

FISCAL NOTE # 3

STATE OF ALASKA **BILL NO.** SB 87

2009 LEGISLATIVE SESSION

ANALYSIS CONTINUATION

Health Care Services, Medicaid Services component is allocated 2/3 of the total costs for children (reduced by co-payments), all of the costs for pregnant women, and all of the collections for premiums. The Medicaid services component is responsible for all collections of premiums for the entire Medicaid program.

Summary of All Components:
Total additional enrollment/year: 3,197 (2,979 children and 218 pregnant women)
Total additional benefit cost/year less premiums & co-payments: $6,365.6 ($3,657.2 fed/$1,483.0 GF/$1,225.4 SDPR)
Total premiums collected/year: $1,225.4 SDPR
Total co-payment offset/year: $547.7

Assumptions:
176-200% FPG (no cost-sharing): 1,277 children; $1,300 annual benefit cost per person; 65% federal match
176-200% FPG (no cost-sharing): 218 pregnant women; $2,934 annual benefit cost per person; 50% federal
201-250% FPG (premiums): 851 children; $2,780 annual benefit cost per person; 50% federal
251-300% FPG (premiums & co-payments): 851 children; $2,780 annual benefit cost per person; 50% federal

Requiring cost sharing may discourage enrollment. Half as many children in the groups that require premiums or co-payments will enroll compared to the group with no cost sharing. Native families with access to tribal providers will not choose to enroll their children because they can access health care services without paying premiums or making co-payments.

Children in the 176-200% FPG group are assumed to have an annual average cost similar to those in 151-175% FPG. Children above 200% are assumed to have an average cost similar to all Denali KidCare enrollees.

Uninsured children under age 19, between 201% and 300% of the prevailing FPG will be required to pay premiums to the state ranging between $240 and $1,200 per year per child. The average premium across all income groups is $720. Those above 250% FPG will also be responsible for co-payments equal to 20% of the cost of service. Co-payments are payable to the health care provider at the time of service and offset benefit costs. Federal law limits total out-of-pocket expenses to 5% of household income and precludes cost sharing for certain services, such as family planning, hospice and emergency services. The ceiling on cost sharing is not a factor in calculations for this fiscal note. The annual cost per person is expected to be lower than the average out-of-pocket limit; however, some children will likely reach cost sharing limits.

Fund sources are based on historical federal collections. We assume the SCHIP allotment remains at the FFY2009 level. The SCHIP allotment, which receives 65% federal match, is sufficient to fund costs for the additional 1,277 children in the 176-200% FPG group. Costs for the remaining children will be reimbursed at the regular Medicaid match rate of 50%. Pregnant women are not eligible for SCHIP and all their costs will be reimbursed at 50%. Collections for premiums are SDPR. Co-payments are offsets to benefits. Benefit cost projections for 2012 through 2015 assume 6.8% annual growth.

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 4
Bill Version: **SB 87**
(S) Publish Date: 2/11/09

Identifier (file name): **SB087-DHSS-PAFS-02-06-09**
Dept. Affected: Health & Social Services
Title: Medical Assistance Eligibility
RDU: Public Assistance
Component: Public Assistance Field Services
Sponsor: Wielechowski
Requester: Senate HSS
Component Number: 236

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services	237.0		948.1	948.1	948.1	948.1	948.1
Travel	3.8		15.0	15.0	15.0	15.0	15.0
Contractual	298.1		192.4	192.4	192.4	192.4	192.4
Supplies	3.0		23.5	23.5	23.5	23.5	23.5
Equipment	150.0						
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**691.9**	**0.0**	**1,179.0**	**1,179.0**	**1,179.0**	**1,179.0**	**1,179.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES (							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	345.9		589.5	589.5	589.5	589.5	589.5
1003 GF Match	346.0		589.5	589.5	589.5	589.5	589.5
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**691.9**	**0.0**	**1,179.0**	**1,179.0**	**1,179.0**	**1,179.0**	**1,179.0**

Estimate of any current year (FY2009) cost: _____

POSITIONS

Full-time	13.0		13.0	13.0	13.0	13.0	13.0
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This legislation increases the income standards for covering children and pregnant women under Denali KidCare to 200% of the federal poverty level (FPL), up from 175%.

This legislation also provides new Medicaid coverage for children in higher income categories. To qualify, children must be under age 19, have no insurance coverage, and their family income must be between 200% and 300% of the FPL. Families will be required to pay premiums to the State of Alaska ranging between $240 and $1,200 per year per child. Families with income above 250% of the FPL will also be responsible for co-payments equal to 20% of the cost of their children's medical service, payable to the provider at the time of service.
(continued on next page)

Prepared by: Ellie Fitzjarrald
Phone (907) 465-5847
Division: Public Assistance
Date/Time 2/4/09 12:00 AM

Approved by: Alison Elgee, Assistant Commissioner
DHSS Finance Management Services
Date 2/6/2009

FISCAL NOTE # 4

STATE OF ALASKA

2009 LEGISLATIVE SESSION

BILL NO. SB 87

ANALYSIS CONTINUATION

Assumptions:

This fiscal note represents the administrative costs for managing the increase in applications, customer service, and eligibility determinations associated with expanding medical assistance coverage for pregnant women and children up to 200% of poverty, and instituting a new program for higher income groups that includes cost sharing. In addition to determining eligiblity based on income and household size, division staff will be required to calcuate the amount of the household's premium obligation, make adjustments to premium payments when household income changes, inform households and the Division of Health Care Services of the amount to be collected, confirm payment of the premium before Medicaid benefits are issued and suspend eligibilty when premiums are not collected. The casework complexity involved with this Medicaid exansion creates the need for additional eligibility staff and administrative support. Lead staff will be needed to provide outreach to medical providers and community service providers and the public to explain the program, initially and ongoing. An analyst is needed for the development of policy and processes and the creation of systems and supports for expanded medical coverage .

We estimate 13 positions will be needed to support this Medicaid program expansion:
2 Administrative Support Staff to provide customer service, manage phone lines, and clerical support ;
5 Eligibility Technicians to make decisions on applications and calculate premiums;
4 Lead Eligibilty Techicians to perform statewide outreach, quality assurance, training on program rules, and other lead worker duties;
1 Eligibility Supervisor to oversee and manage the work of the new staff ; and
1 Public Assistance Analyst for the development and management of the program policy and procedures and creation of systems and supports for the expanded coverage.

Modifications to DPA's Eligibility Information System (EIS) will also be necessary to facilitate the exchange of information between the Division of Public Assistance and the Division of Health Care Services regarding the calculation and payment of premiums .

FY 11- FY15 Total Annual Administrative Costs: $1,179.0

Personal Services: 13 staff at an annual cost of $948.1 (includes salary and benefits)
Travel: $15.0 for statewide outreach activities.
Contractual: $192.4 annual cost for phones/lease ($14.8 x 13 staff)=$192.4.
Supplies: $23.5 which includes $12.0 for Denali KidCare identification cards, renewal forms, and notices; $5.0 for outreach materials; and $6.5 for office supplies ($0.5 x 13 staff = $6.5).

FY10 Start-Up Costs: $691.9

Personal Services: $237.0 One quarter year's funding will be needed in FY10 to hire and train staff in order to be able to accept applications and make eligibility determinations effective July 1, 2010.
Travel: $3.8 to start community , public, and provider awareness about the new program.
Equipment: $150.0 for one time purchases which include a multi-function printer and personal computers, software, and workstations, and associated costs for 13 staff ($20.0 plus $10.0 x 13 = $150.0).
Contractual: $298.1 which includes $250.0 for modifications to DPA's Eligibility Information System (EIS) and $48.1 for phones and space to locate the additional staff.
Supplies: $3.0 for printing applications, outreach materials and office supplies.

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 2
Bill Version: SB 87
(S) Publish Date: 2/11/09

Identifier (file name): SB087-DHSS-MAA-02-06-09
Dept. Affected: Health & Social Services
Title: Medical Assistance Eligibility
RDU: Health Care Services
Component: Medical Assistance Administration
Sponsor: Wielechowski
Requester: Senate HSS
Component Number: 242

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services	83.0		332.0	332.0	332.0	332.0	332.0
Travel							
Contractual	159.4		162.6	162.6	162.6	162.6	162.6
Supplies	7.8		2.6				
Equipment	7.5		2.5				
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**257.7**	**0.0**	**499.7**	**494.6**	**494.6**	**494.6**	**494.6**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES							
FUND SOURCE		(Thousands of Dollars)					
1002 Federal Receipts	128.9		249.9	247.3	247.3	247.3	247.3
1003 GF Match	128.8		249.8	247.3	247.3	247.3	247.3
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**257.7**	**0.0**	**499.7**	**494.6**	**494.6**	**494.6**	**494.6**

Estimate of any current year (FY2009) cost:

POSITIONS

Full-time	**3.0**		4	4	4	4	4
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This bill raises the income level for existing categories of pregnant women and children under Denali Kidcare to 200% of federal poverty levels (FPL) and creates a new category of eligibility for children between 200% and 300% of FPL subject to premiums and copays.

The Division of Health Care Services estimates that it will need a total of 4 FTE's to collect and manage the premium collection and co-pay activities required by SB087.

Continued on Page 2

Prepared by: William Streur, Deputy Commissioner
Phone 334-2520
Division: Health Care Services
Date/Time

Approved by: Alison Elgee, Assistant Commissioner
Date 2/6/2009
DHSS Finance Management Services

FISCAL NOTE # 2

STATE OF ALASKA BILL NO. SB 87

2009 LEGISLATIVE SESSION

ANALYSIS CONTINUATION

System enhancements to the MMIS will cost approximately $150,000. These changes would accommodate the new Federal Poverty Level indicator and co-pay requirements and would be a one time cost in FY2010.

There will be increased referrals to the Department of Law for collections and appeals, this will result in approximately $125,000 in the contractual line starting in FY2011.

The Division of Health care Services anticipates the the following caseload increase from the passage of SB087:

For 176%-200% FPG (no cost-sharing): 1,277 kids and 218 pregnant women.
For premiums at 201%-300% FPG and co-payments at 251%-300% FPG: 851 kids at 201%-250% FPG and 851 kids from 251%-300% FPG
Total SB87 coverage: 3,197

We estimate two Accounting Technician I's, and a Medical Assistant Administrator I position will be needed to manage this additional work beginning in FY2010. In FY2011 a Medical Assistant Administrator II will be needed. The new extended Medicaid program increases complexity of the eligibility determination work and results in increased contact with applicants and enrollees.

Total Administrative Costs:
The increase in Medicaid applications and caseload creates the need for two Accounting Technician I, a Medical Assistant Administrator I, and a Medical Assistant Administrator II, all located in Anchorage. These annual costs are estimated to be:

2 Accounting Technician I's, $142.0 (Range 12 at a cost of $71.0, including benefits, per position).
1 Medical Assistant Administrator I, $89.0 (Range 16 at a cost of $89.0, including benefits, per position).
1 Medical Assistant Administrator II, $101.0 (Range 18 at a cost of $101.0, including benefits, per position).

It is assumed that one quarter year's personal services funding will be needed in FY10 to hire and train staff, the two Accounting Technician I's and the one Medical Assistant Administrator I in the Accounting and Recovery section, at the cost of $100.2, in order to be able to accept applications and make eligibility determinations effective July 1, 2010. The Medical Assistant Administrator II will be filled in FY2011.

With the additional caseload, a one time supplies cost will be incurred in FY2010, for computers and software with a cost of $2.6 for each additional staff for a total of $7.8 for three staff hired in FY2010 and $2.6 in FY2011 for the 4th new position. Annual costs for office space, phones and other contractual costs are calculated at a cost of $9.4, per additional staff for a total of $37.6 (prorated for 1/4 year in FY2010).

One time costs for office furniture (chairs, cubicle partitions, and cubical funiture) for three positions in FY2010 is estimated at $2.5 per person for a total of $7.5. In FY2011 furniture costs is estimated at $2.5.

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: **SB 87**
(S) Publish Date: 2/11/09

Identifier (file name): **SB087-DHSS-BHMS-02-06-09**
Dept. Affected: Health & Social Services
Title: Medical Assistance Eligibility
RDU: Behavioral Health Services
Component: Behavioral Health Medicaid Services
Sponsor: Wielechowski
Requester: Senate HSS
Component Number: 2660

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims			2,283.6	2,438.8	2,604.7	2,781.8	2,971.0
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**2,283.6**	**2,438.8**	**2,604.7**	**2,781.8**	**2,971.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES (							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts			1,289.9	1,370.0	1,463.1	1,562.6	1,668.9
1003 GF Match			993.6	1,068.9	1,141.6	1,219.2	1,302.1
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**2,283.5**	**2,438.9**	**2,604.7**	**2,781.8**	**2,971.0**

Estimate of any current year (FY2009) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This bill raises the income level for existing categories of pregnant women and children under Denali Kidcare to 200% of federal poverty guidelines (FPG) and creates a new category of eligibility for children between 200 and 300% of FPG subject to premiums and co-payments. The bill makes most provisions effective on July 1, 2010.

More than 200 pregnant women and nearly 3,000 children will qualify for medical assistance under this bill. This fiscal note represents the portion of benefit costs paid through the Behavioral Health Medicaid Services component.

(continued on page 2)

Prepared by: William J. Streur, Deputy Commissioner
Phone 334-2520
Division: Health Care Services
Date/Time 2/4/09 12:00 AM

Approved by: Alison Elgee, Assistant Commissioner
Date 2/6/2009
DHSS Finance Management Services

FISCAL NOTE # 1

STATE OF ALASKA BILL NO. SB 87

2009 LEGISLATIVE SESSION

ANALYSIS CONTINUATION

The Behavioral Health Medicaid Services component is allocated 1/3 of the total benefit costs for children (reduced by co-payments). Benefit costs for pregnant women and collections for premiums are reflected in another component (Medicaid Services).

Summary of All Components:
Total additional enrollment/year: 3,197 (2,979 children and 218 pregnant women)
Total additional benefit cost/year less premiums & co-payments: $6,365.6 ($3,657.2 fed/$1,483.0 GF/$1,225.4 SDPR)
Total premiums collected/year: $1,225.4 SDPR
Total co-payment offset/year: $547.7

Assumptions:
176-200% FPG (no cost-sharing): 1,277 children; $1,300 annual benefit cost per person; 65% federal match
176-200% FPG (no cost-sharing): 218 pregnant women; $2,934 annual benefit cost per person; 50% federal
201-250% FPG (premiums): 851 children; $2,780 annual benefit cost per person; 50% federal
251-300% FPG (premiums & co-payments): 851 children; $2,780 annual benefit cost per person; 50% federal

Requiring cost sharing may discourage enrollment. Half as many children in the groups that require premiums or co-payments will enroll compared to the group with no cost sharing. Native families with access to tribal providers will not choose to enroll their children because they can access health care services without paying premiums or making co-payments.

Children in the 176-200% FPG group are assumed to have an annual average cost similar to those in 151-175% FPG. Children above 200% are assumed to have an average cost similar to all Denali KidCare enrollees.

Uninsured children under age 19, between 201% and 300% of the prevailing FPG will be required to pay premiums to the state ranging between $240 and $1,200 per year per child. The average premium across all income groups is $720. Those above 250% FPG will also be responsible for co-payments equal to 20% of the cost of service. Co-payments are payable to the health care provider at the time of service and offset benefit costs. Federal law limits total out-of-pocket expenses to 5% of household income and precludes cost sharing for certain services, such as family planning, hospice and emergency services. The ceiling on cost sharing is not a factor in calculations for this fiscal note. The annual cost per person is expected to be lower than the average out-of-pocket limit, however, some children will likely reach cost sharing limits.

Fund sources are based on historical federal collections. We assume the SCHIP allotment remains at the FFY2009 level. The SCHIP allotment, which receives 65% federal match, is sufficient to fund costs for the additional 1,277 children in the 176-200% FPG group. Costs for the remaining children will be reimbursed at the regular Medicaid match rate of 50%. Pregnant women are not eligible for SCHIP and all their costs will be reimbursed at 50%. Collections for premiums are statutory designated program reciepts. Co-payments are offsets to benefits. Benefit cost projections for 2012 through 2015 assume 6.8% annual growth.

ALASKA STATE LEGISLATURE

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World Trade Committee

Impact of the Uninsured on the Broader Population

- Hospitals often serve as primary care treatment facilities for those without access to other health care. Providence and Alaska Regional Hospitals in Anchorage report providing $89 million in uncompensated care in 2006. In 2005, the total cost of health care in Alaska for the uninsured (excluding costs paid out-of-pocket by the uninsured) was $125 million (Families USA).

- These costs are passed on to other Alaskans, businesses and government, raising premiums and out-of-pocket expenses for individuals, employers, and the State of Alaska.

- According to new research, private employers in Alaska pay an average of $1,466 more per family and $565 more per individual in health insurance premiums to cover the costs of health care for the uninsured. By 2010, this is expected to increases to $2,248 per family and $857 per individual (Families USA).

- The cost to the State of Alaska of providing health insurance for its 14,786 full-time, executive branch employees is estimated to be $18.9 million higher because health providers shift the cost of caring for the uninsured. (March 2006, Legislative Research Report).

- Some $17 billion is spent in the U.S. annually on unnecessary hospitalizations, according to a 2004 study in *Pediatrics*. The study, which surveyed parents and doctors of children admitted to the hospital, found that 13-46% of the admissions could have been avoided with better care at home or by primary care physicians.

- Nationally, individuals unable to pay medical bills are filing for bankruptcy at unprecedented rates. Between 1980 and 2001, medically driven bankruptcies increased 23 times (American Medical Association, 2005). Half of the 1.5 million American families that filed for bankruptcy in 2001 cited medical bills as the cause (Health Affairs, Feb. 2005).

- The pay-off from providing health insurance for low-income children is substantial. According to governing.com, "Immunizations, annual visits to a pediatrician, dental care, and screening for vision, hearing and developmental problems are all long-term money savers for the health care system as a whole." For example, every $1 spent on a mumps/measles/rubella shot, saves $26, according to Washington State Dept. of Health research.

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World Trade Committee

A Primer on the "No Child Left Uninsured" Act

- The intent of this bill is to make health insurance accessible to all children in Alaska, while asking those families who can afford it to make a meaningful financial contribution towards their coverage.

- The bill raises the eligibility limit for participation in Denali KidCare from 175% to 200% of the federal poverty level (FPL). This was the eligibility limit for the program until 2003, when SB 105 substantially lowered the limit.

- 200% of the FPL is currently $36,000/year for a single parent and child. The FPL is adjusted annually for inflation.

- This proposal puts Alaska in line with other states, 43 of which allow participation by families at or above 200% of the FPL. Eighteen states set the limit at or above 300% of the FPL. Alaska is currently tied for the second lowest eligibility rate in the nation.

- This bill would also allow families with incomes up to 300% of the FPL to buy into Denali KidCare using a sliding fee scale. Many children from working families in Alaska are unable to afford private insurance and go without coverage, which results in poorer health and greater costs in the long-run.

- Premiums for coverage would range from about $240-$1,200 annually depending on income. In addition, a 20% co-pay would be required. (This is still significantly less than the cost of comparable private health insurance.) Parents and/or guardians would have to certify that eligible children do not have other insurance coverage.

- Several states have taken steps in recent years to ensure that all children have access to health insurance. For example, in Connecticut, uninsured children from families making 300% or more of the FPL can buy into "All Kids." In Illinois, coverage is available to any child that has been uninsured for 12 months or more, with the cost determined on a sliding scale basis. Similar proposals under are under consideration in Oregon, Wisconsin, Washington, California and New Mexico, among other states.

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Background on Denali KidCare

- Denali KidCare provides health insurance for children through age 18 and pregnant women who meet income guidelines. There is no cost for eligible children, teens and pregnant women. However, youth who are 18 may be required to pay a limited amount for some services.

- Denali KidCare pays for doctor's visits; eye exams and glasses; dental cleanings and fillings; hearing tests and aids; hospital care; speech, physical and mental health therapy; substance abuse treatment; lab tests; prescription drugs; and other care.

- Roughly 7,500 children are covered by Denali KidCare.

- The cost per child of providing this coverage is about $1,300/year.

- In recent calls to private insurers, the cost of a health insurance plan for a family of 3 (pregnant woman with two children) ranged from $8,000-$17,000 annually. Unlike Denali KidCare, this coverage comes with a $500 deductible, 20% co-pay, and no vision, dental or hearing benefits.

- **Alaska has one of the lowest program eligibility rates in the nation** (175% of the FPL). Forty-four states allow participation by families at or above 200% of the FPL. Nineteen have rates at or above 300% of the FPL.

- The federal government currently reimburses 66% of the cost of the Denali KidCare program up to the state's allocated funding level. After that, the reimbursement rate declines to 50%.

- In fiscal year 2006, the cost of Denali KidCare (also known as the State Children's Health Insurance Program) was $25.9 million, of which $18.2 million was paid by the federal government.

Why Coverage for Pregnant Women is Important:

- Alaska has one of the nation's highest documented pregnancy-associated mortality ratios – 58 per 100,000 live births during 1990-1999 (DHSS). National data indicate that women who receive no prenatal care are at increased risk of pregnancy-related death.

- Only 58% of women in Alaska receive adequate prenatal care, compared with 75% nationally.

- Mothers having late or no prenatal care are more likely to have low birth weight or pre-term infants and are at increased risk for pregnancy-related mortality and complications of childbirth (DHSS).

- The average cost of hospital care for a premature baby was $75,000 in 2001, compared with $1,300 for a healthy, full-term infant. The March of Dimes Prenatal Data Center reports that premature babies cost about $13.1 billion annually.

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ALASKA STATE LEGISLATURE

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Falling Through the Cracks: The Unmet Health Needs of Alaska's Uninsured Children

- The number of uninsured children in Alaska is estimated to be 19,638 or 10% of the population 18 and under (U.S. Census).
- Over the last decade, Alaska has seen a large decline (31%) in the number of children covered by private health insurance (Robert Wood Johnson Foundation).
- Nationally, more than 80% of uninsured children are from working families (Kaiser Commission on Medicaid and the Uninsured).
- Uninsured children have much higher health risks than do covered children. They receive less preventative care and are diagnosed at more advanced stages of illness (Kaiser Commission on Medicaid and the Uninsured).
- Uninsured children are more likely to develop viral soar throats, eye and ear infections, serious dental problems, and chronic conditions such as asthma and diabetes. They are more than 5 times as likely as insured children to have an unmet need for medical care and 9 times more likely not to have a regular doctor. They are also 4 times more likely to use emergency rooms (*Pediatrics* 105 and 113; Care for Children, *New England Journal of Medicine* 330; The Urban Institute).
- Almost 1/3 of uninsured children received no medical treatment during a 1-year period between 2002 and 2003 (Health Affairs 23, no. 5, September/October 2004).
- Uninsured children are 25% more likely to miss school than insured children (Children's Defense Fund Minnesota). Continued illness affects school performance and, in the long run, workforce participation (Southern Institute on Children and Families). A National Institute of Medicine study indicates that lack of insurance results in lost national economic productivity of $65-$130 billion annually.

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: CSSB 087 (FIN)
() Publish Date:

Identifier (file name): SB087CS(FIN)-DHSS-MAA-02-24-09
Dept. Affected: Health & Social Services
Title: Medical Assistance Eligibility
RDU: Health Care Services
Component: Medical Assistance Administration
Sponsor: Wielechowski
Requester: Senate HSS
Component Number: 242

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services			129.1	172.0	172.0	172.0	172.0
Travel							
Contractual			226.6	143.8	143.8	143.8	143.8
Supplies			5.2				
Equipment			5.0				
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**365.9**	**315.8**	**315.8**	**315.8**	**315.8**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES (							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts			238.7	206.0	206.0	206.0	206.0
1003 GF Match			127.2	109.8	109.8	109.8	109.8
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**365.9**	**315.8**	**315.8**	**315.8**	**315.8**

Estimate of any current year (FY2009) cost:

POSITIONS

Full-time			2	2	2	2	2
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This bill raises the income level for existing categories of pregnant women and children under Denali KidCare to 200% of federal poverty levels (FPL) and creates a new category of eligibility for children between 200% and 300% of FPL subject to premiums payments.

The Division of Health Care Services estimates that it will need a total of 2 FTE's to collect and manage the premium collection activities required by SB087.

Continued on Page 2

Prepared by: William Streur, Deputy Commissioner
Phone 334-2520
Division: Health Care Services
Date/Time 2/24/09 12:00 AM

Approved by: Alison Elgee, Assistant Commissioner
Date 2/24/2009
DHSS Finance & Management Services

FISCAL NOTE

STATE OF ALASKA

BILL NO. CSSB087(FIN)

2009 LEGISLATIVE SESSION

ANALYSIS CONTINUATION

The Division of Health Care Services estimates that it will need a total of 2 FTE's to collect and manage the premium collection activities required by SB087. The new extended Medicaid program increases complexity of the eligibility determination work and results in increased contact with applicants and enrollees.

The Division of Health care Services anticipates the following caseload increase from the passage of SB087: For 176%-200% FPG (no cost-sharing): 1,277 kids and 218 pregnant women. For premiums at 201%-300% FPG : 851 kids at 201%-250% FPG and 851 kids from 251%-300% FPG

Total SB87 coverage: 3,197

Medicaid Management Information System (MMIS) Enhancements:
System enhancements to the MMIS will cost approximately $150,000. These changes would accommodate the new Federal Poverty Level indicator and premium requirements and would be a one time cost in FY2011.

Legal Costs:
There will be increased referrals to the Department of Law for collections and appeals. This will result in approximately $62.5 in the contractual line starting in FY2011 (one-half fiscal year) and approximately $125.0 annually.

Administrative Costs:
The increase in Medicaid applications and caseload creates the need for one Accounting Technician I and a Medical Assistance Administrator II, all located in Anchorage. The annual costs are estimated to be:

1 Accounting Technician I, $71.0 (Range 12 at a cost of $71.0, including benefits, per position), $53.3 in FY2011 (three-quarters of FY2011); and 1 Medical Assistant Administrator II, $101.0 (Range 18 at a cost of $101.0, including benefits, per position), $75.8 for FY2011 (three-quarters of FY2011).

With the additional caseload, a one time supplies cost will be incurred in FY2011, for computers and software with a cost of $2.6 for each additional staff for a total of $5.2 for two staff hired in FY2011. Annual costs for office space, phones and other contractual costs are calculated at a cost of $9.4 per additional staff for a total of $18.8, $14.1 for FY2011 (three-quarters of FY2011).

One time costs for office furniture (chairs, cubicle partitions, and cubical funiture) for two positions in FY2011 is estimated at $2.5 per person for a total of $5.0.

The department recognizes that this is a new program with untested parameters. It may be necessary to request additional positions through the normal budgetary process if experience shows additional work effort is required.

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: CSSB087(FIN)
() Publish Date:

Identifier (file name): SB087CS(FIN)-DHSS-BHMS-02-24-09
Dept. Affected: Health & Social Services
Title: Medical Assistance Eligibility
RDU: Behavioral Health Services
Component: Behavioral Health Medicaid Services
Sponsor: Wielechowski
Requester: Senate HSS
Component Number: 2660

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims			1,236.3	2,640.8	2,820.4	3,012.2	3,217.0
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**1,236.3**	**2,640.8**	**2,820.4**	**3,012.2**	**3,217.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES (							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts			829.0	1,470.8	1,570.9	1,677.7	1,791.8
1003 GF Match			407.3	1,170.0	1,249.5	1,334.5	1,425.2
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**1,236.3**	**2,640.8**	**2,820.4**	**3,012.2**	**3,217.0**

Estimate of any current year (FY2009) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This bill raises the income level for existing categories of pregnant women and children under Denali Kidcare to 200% of federal poverty guidelines (FPG) and creates a new category of eligibility for children between 200 and 300% of FPG subject to premiums. This fiscal note assumes that enrollment and benefits will begin January 1, 2011, and that the projected enrollment will be complete within 12 months.

More than 200 pregnant women and nearly 3,000 children will qualify for medical assistance under this bill. This fiscal note represents the portion of benefit costs paid through the Behavioral Health Medicaid Services component.

(continued on page 2)

Prepared by: William J. Streur, Deputy Commissioner
Phone 334-2520
Division: Health Care Services
Date/Time 2/24/09 12:00 AM

Approved by: Alison Elgee, Assistant Commissioner
Date 2/24/2009
DHSS Finance & Mangement Services

FISCAL NOTE

STATE OF ALASKA

BILL NO. CSSB087(FIN)

2009 LEGISLATIVE SESSION

ANALYSIS CONTINUATION

The Behavioral Health Medicaid Services component is allocated 1/3 of the total benefit costs for children. Benefit costs for pregnant women and collections for premiums are reflected in another component (Medicaid Services). Benefit costs in FY2011 for this component, prorated for implementation January 1, will be $1,236.3 ($829.0 fed/$407.3 GF).

Summary of Benefits for All Components, first 12 months:
Total additional enrollment/year: 3,197 (2,979 children and 218 pregnant women)
Total additional benefit cost/year: $8,158.5 ($5,442.1.2 fed/$2,716.4 GF)
Total premiums collected/year: $1,225.4 Statutory Designated Program Receipts (SDPR)

Annualized enrollment and per child costs for first 12 months:
176-200% FPG (no cost-sharing): 1,277 children; $1,504 annual benefit cost per person
176-200% FPG (no cost-sharing): 218 pregnant women; $3,396 annual benefit cost per person
201-300% FPG (premiums): 1,702 children; $3,230 annual benefit cost per person

This fiscal analysis assumes that nearly 3200 individuals will enroll in the first 12 months. For children in the 201-300% group, some parents or guardians may be discouraged from enrolling eligible children due to the burden of premium costs. Native families with incomes above 200% FPG and with access to tribal providers will likely not choose to enroll their children because they can access health care services without paying premiums.

Children in the 176-200% FPG group are assumed to have an annual average cost similar to those in 151-175% FPG. Children above 200% are assumed to have an average cost similar to all Denali KidCare enrollees. Benefit cost projections are based on FY2008 average annual per child cost, inflated 5% annually until the first year of implementation. After implementation we assume 6.8% annual growth, which includes inflation and projected trends in population and utilization.

Uninsured children under age 19, between 201% and 300% FPG will be required to pay premiums to the state ranging between $240 and $1,200 per year per child. The average premium across all income groups is $720.

Fund sources are based on historical federal reimbursement rates. We assume the SCHIP allotment, which receives 65% federal match, is sufficient to fund costs for the additional 2,979 children. The FFY2009 allotment is the only amount that is already appropriated. There is some degree of uncertainty if the full amount needed will be available, but it appears likely the SCHIP allotment will remain at or above the FFY2009 level. Pregnant women are not eligible for SCHIP and all their costs will be reimbursed at 50%. Federal financial participation applies to revenues as well as expenditures, therefore, the federal government receives 65% of the premiums collected.

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: CSSB087(FIN)
() Publish Date:

Identifier (file name): SB087CS(FIN)-DHSS-MS-02-24-09
Dept. Affected: Health & Social Services
Title: Medical Assistance Eligibility
RDU: Health Care Services
Component: Medicaid Services
Sponsor: Wielechowski
Requester: Senate HSS
Component Number: 2077

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims			2,842.9	6,072.5	6,485.4	6,926.4	7,397.4
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**2,842.9**	**6,072.5**	**6,485.4**	**6,926.4**	**7,397.4**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES (			**612.7**	**1,225.4**	**1,225.4**	**1,225.4**	**1,225.4**

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts			1,492.3	3,205.4	3,477.5	3,768.1	4,078.5
1003 GF Match			737.9	1,641.7	1,782.5	1,932.9	2,093.5
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts SDPR			612.7	1,225.4	1,225.4	1,225.4	1,225.4
TOTAL	**0.0**	**0.0**	**2,842.9**	**6,072.5**	**6,485.4**	**6,926.4**	**7,397.4**

Estimate of any current year (FY2009) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This bill raises the income level for existing categories of pregnant women and children under Denali Kidcare to 200% of federal poverty guidelines (FPG) and creates a new category of eligibility for children between 200 and 300% of FPG subject to premiums. This fiscal note assumes that enrollment and benefits will begin January 1, 2011, and that the projected enrollment will be complete within 12 months.

More than 200 pregnant women and nearly 3,000 children will qualify for medical assistance under this bill. This fiscal note represents the portion of benefit costs paid through the Medicaid Services component and all the premiums collected.

(continued on page 2)

Prepared by: William J. Streur, Deputy Commissioner
Phone 334-2520
Division: Health Care Services
Date/Time 2/24/09 12:00 AM

Approved by: Alison Elgee, Assistant Commissioner
Date 2/24/2009
DHSS Finance & Management Services

FISCAL NOTE

STATE OF ALASKA **BILL NO.** CSSB087(FIN)

2009 LEGISLATIVE SESSION

ANALYSIS CONTINUATION

Health Care Services, Medicaid Services component is allocated 2/3 of the total costs for children, all of the costs for pregnant women, and all of the collections for premiums. The Medicaid services component is responsible for all collections of premiums for the entire Medicaid program. Benefit costs in FY2011 for this component, prorated for implementation January 1, will be $2,842.9. Premiums (prorated) will require an appropriation of $612.7 SDPR authority. Federal and GF revenues for this component in 2010, after offset for premiums, will be $1,492.3 Fed and $737.9 GF.

Summary of Benefits for All Components, first 12 months:
Total additional enrollment/year: 3,197 (2,979 children and 218 pregnant women)
Total additional benefit cost/year: $8,158.5 ($5,442.1.2 fed/$2,716.4 GF)
Total premiums collected/year: $1,225.4 Statutory Designated Program Receipts (SDPR)

Annualized enrollment and per child costs for first 12 months:
176-200% FPG (no cost-sharing): 1,277 children; $1,504 annual benefit cost per person
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201-300% FPG (premiums): 1,702 children; $3,230 annual benefit cost per person

This fiscal analysis assumes that nearly 3,200 individuals will enroll in the first 12 months. For children in the 201-300% group, some parents or guardians may be discouraged from enrolling eligible children due to the burden of premium costs. Native families with incomes above 200% FPG and with access to tribal providers will likely not choose to enroll their children because they can access health care services without paying premiums.

Children in the 176-200% FPG group are assumed to have an annual average cost similar to those in 151-175% FPG. Children above 200% are assumed to have an average cost similar to all Denali KidCare enrollees. Benefit cost projections are based on FY2008 average annual per child cost, inflated 5% annually until the first year of implementation. After implementation we assume 6.8% annual growth, which includes inflation and projected trends in population and utilization.

Uninsured children under age 19, between 201% and 300% FPG will be required to pay premiums to the state ranging between $240 and $1,200 per year per child. The average premium across all income groups is $720.

Fund sources are based on historical federal reimbursement rates. We assume the SCHIP allotment, which receives 65% federal match, is sufficient to fund costs for the additional 2,979 children. The FFY2009 allotment is the only amount that is already appropriated. There is some degree of uncertainty if the full amount needed will be available, but it appears likely the SCHIP allotment will remain at or above the FFY2009 level. Pregnant women are not eligible for SCHIP and all their costs will be reimbursed at 50%. Federal financial participation applies to revenues as well as expenditures, therefore, the federal government receives 65% of the premiums collected.

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: **CSSB 087 (FIN)**
() Publish Date:

Identifier (file name): **SB087CS(FIN)-DHSS-PAFS-02-24-09**
Dept. Affected: Health & Social Services
Title: Medical Assistance Eligibility
RDU: Public Assistance
Component: Public Assistance Field Services
Sponsor: Wielechowski
Requester: Senate HSS
Component Number: 236

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services	69.2		518.6	660.7	660.7	660.7	660.7
Travel			2.5	5.0	5.0	5.0	5.0
Contractual	198.6		212.4	183.2	183.2	183.2	183.2
Supplies	0.4		12.0	21.5	21.5	21.5	21.5
Equipment	10.0		100.0				
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**278.2**	**0.0**	**845.5**	**870.4**	**870.4**	**870.4**	**870.4**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES (							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	180.8		549.6	565.8	565.8	565.8	565.8
1003 GF Match	97.4		295.9	304.6	304.6	304.6	304.6
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**278.2**	**0.0**	**845.5**	**870.4**	**870.4**	**870.4**	**870.4**

Estimate of any current year (FY2009) cost:

POSITIONS

Full-time	1.0		9.0	9.0	9.0	9.0	9.0
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This legislation increases the income standards for covering children and pregnant women under Denali KidCare to 200% of the federal poverty level (FPL), up from 175%.

This legislation also provides new Medicaid coverage for children in higher income categories. To qualify, children must be under age 19, have no insurance coverage, and their family income must be between 200% and 300% of the FPL. Families will be required to pay premiums to the State of Alaska ranging between $240 and $1,200 per year per child.

(continued on next page)

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Phone (907) 465-5847
Division: Public Assistance
Date/Time 2/23/09 12:00 AM

Approved by: Alison Elgee, Assistant Commissioner
Date 2/24/2009
DHSS Finance & Management Services

FISCAL NOTE

STATE OF ALASKA BILL NO. CSSB087(FIN)

2009 LEGISLATIVE SESSION

ANALYSIS CONTINUATION

This fiscal note represents the administrative costs for managing the increase in applications, customer service, and eligibility determinations associated with expanding medical assistance coverage for pregnant women and children up to 200% of poverty, and administering a new program to provide coverage to children in higher income families. In addition to making routine eligibility determinations, the new program will require division staff to calculate premiums and make adjustments to them when household income changes, communicate premium obligations to eligible families and to the Division of Health Care Services, confirm payment of premiums before Medicaid benefits are issued, and suspend coverage when premiums are not collected. The casework complexity involved with this Medicaid expansion creates the need for additional eligibility staff and administrative support.

Assumptions:
States have some flexibility for setting Medicaid premium and payment collection polices. In completing this fiscal analysis we assumed premiums will be calculated at time of enrollment, and will only be adjusted or ended if a household reports a reduction in income. We also assumed a child's Medicaid coverage will be suspended if the household fails to pay their premium payments for two consecutive months, and that any unpaid premiums must be paid before Medicaid coverage is reinstated.

We estimate 9 positions will be needed to support this Medicaid program expansion:
1 Administrative Clerk III to provide customer service, manage phone lines, and perform clerical support;
5 Eligibility Technicians to make decisions on applications, calculate premium payments, and act on changes in household income or other factors affecting a household's eligibility for coverage such as leaving the state;
1 Lead Eligibility Technician to perform quality assurance, training on program rules, and other lead worker duties;
1 Eligibility Supervisor to oversee and manage the work of the new staff ; and
1 Program Coordinator for the development and administration of program policy and processes, the creation of systems and supports for the new expanded program, and to perform outreach.

FY2010 Administrative Costs $278.2
FY2010 costs include start-up funds to hire the Program Coordinator in October 2009 to begin development of the program , establish a plan for outreach, and submit the revised state plan to the federal Dept. of Health & Human Services, Center for Medicare and Medicaid Services (CMS) for approval. FY2010 start-up costs also include funding to begin making modifications to DPA's Eligibility Information System (EIS) that are needed to add premiums to the eligibility process and facilitate the system exchange of information between the Division of Public Assistance and the Division of Health Care Services regarding the calculation and payment of premiums.

FY2011 Administrative Costs $845.5
FY2011 costs include 9 months of funding to hire and train the eligiblity staff, including one-time purchases of equipment for the new positions. FY2011 costs also include funding for final modifications to EIS, outreach, media advertising, supplies, information technology, telecommunications, office space, and phones.

FY2012 - FY2015 Administrative Costs $870.4
Administrative Costs for FY2012 through FY2015 include annual costs for 9 positions, including associated supply costs. These annual costs also include continued funding for outreach and media advertising, information technology, telecommunications, office space, and phones.

SB

88

<target><bill>SB 88</bill><subject>SB
88</subject><comm>SFIN26</comm></target>

Senator Lyman Hoffman

Alaska State Legislature

Sponsor Statement for SB 88

Power Cost Equalization (PCE) is the program designed to (1) extend power assistance to rural Alaska as a response to the development of other power around the state and (2) make power more affordable to rural Alaskans. SB 88 proposes to make permanent the changes to the program adopted by the last legislature, which made higher cost power eligible for PCE. This helps Alaskan families continue to afford to buy the electricity that provides the basic services that we all take for granted.

Residents of Alaska whose electricity is generated by oil have seen their power costs increase significantly during the past few years. Last year for example, oil was purchased during the summer when delivery by barge was possible. At that time, they paid the highest price ever recorded. In consequence, though the price of a barrel of oil has plummeted, the cost in the villages continues to reflect the price at which it was purchased - currently over $7.00 per barrel in many communities.

During the previous legislative session, this high cost of electricity was acknowledged by a change in the Power Cost Equalization statute. It recognized the high cost of fuel and the subsequent increase in Power Cost Equalization by increasing the upper limit, the ceiling, of the PCE calculation from 52.5 cents per kilowatt hour to $1.00 per kilowatt hour. This change was for this heating season only, and sunsets on June 30, 2009.

The floor is a weighted average of the cost of power in Anchorage, Fairbanks and Juneau; currently a little over 12 cents per kilowatt. Power Cost Equalization is paid only on the first 500 kilowatts of power used each month. Any use above that does not qualify for PCE. The amount of PCE for each eligible family depends on a calculation which determines a floor and an amount per kilowatt which establishes the ceiling. As noted, the ceiling is now $1.00 but will revert to 52.5 cents if this bill were not to pass. PCE payments are made on any cost for power falling within this band. For many utilities, the cost of producing power now exceeds 52.5 cents per kilowatt. Consequently, for many electric users, reverting to a PCE ceiling of 52.5 cents would mean considerably higher power bills.

Because power costs in many rural communities are approaching the $1.00 per kilowatt range, it is crucial that PCE helps households by making power more affordable, particularly for basic services. To not pass this legislation would mean that many rural families would simply not be able to afford to buy the electricity needed for even the basic services that we take for granted.

Senate District S
Senator_Lyman_Hoffman@legis.state.ak.us

SENATE FINANCE COMMITTEE REPORT
First Committee of Referral

DATE: 1/28/09

FURTHER:

Date of 5-Day Notice: _____
(in accordance with Uniform Rule 23)

DATE TURNED IN TO OFFICE: _____

Finance Committee considered SENATE BILL NO. 88

SB 88 POWER COST EQUALIZATION

"An Act repealing certain provisions relating to modifying the factors that apply to calculate the amount of power cost equalization; providing for an effective date by repealing the effective date of sec. 3, ch. 2, 4SSLA 2008; and providing for an effective date."

and recommends:

[ ] be **replaced** with [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] adopt **previous** [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] attached amendment(s)

[ ] adopt _____Letter of Intent

[ ] further referral to _____Committee

SENATE BILL:
[ ] Same Title
[ ] New Title

HOUSE BILL:
[ ] Same Title
[ ] Technical Title Change
[ ] New Title w/ SCR #_____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet	Zero	FN#
CED	2/2/09	✓			

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet	Zero	FN#

[ ] **APPROPRIATION - no fiscal note**

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	Huggins	✓			
	Thomas	✓			
	Olson	✓			
CO-CHAIR:	Hoffman	✓			
CO-CHAIR:	Stedman	✓			

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: SB088-DCCED-AEA-01-3
Bill Version: SB 88
() Publish Date:

Identifier (file name): SB88-CED-AEA-02-02-09
Dept. Affected: Commerce
Title: Power Cost Equalization
RDU: Alaska Energy Authority
Component: AEA Power Cost Equalization
Sponsor: Senate Finance
Requester: Senate Finance
Component Number: 2602

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims	5,500.0		5,500.0	5,500.0	5,500.0	5,500.0	5,500.0
Miscellaneous							
TOTAL OPERATING	**5,500.0**	**0.0**	**5,500.0**	**5,500.0**	**5,500.0**	**5,500.0**	**5,500.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
Other PCE Endowment (1169)							
Other PCE Fund (1089)	5,500.0		5,500.0	5,500.0	5,500.0	5,500.0	5,500.0
TOTAL	**5,500.0**	**0.0**	**5,500.0**	**5,500.0**	**5,500.0**	**5,500.0**	**5,500.0**

Estimate of any current year (FY2009) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

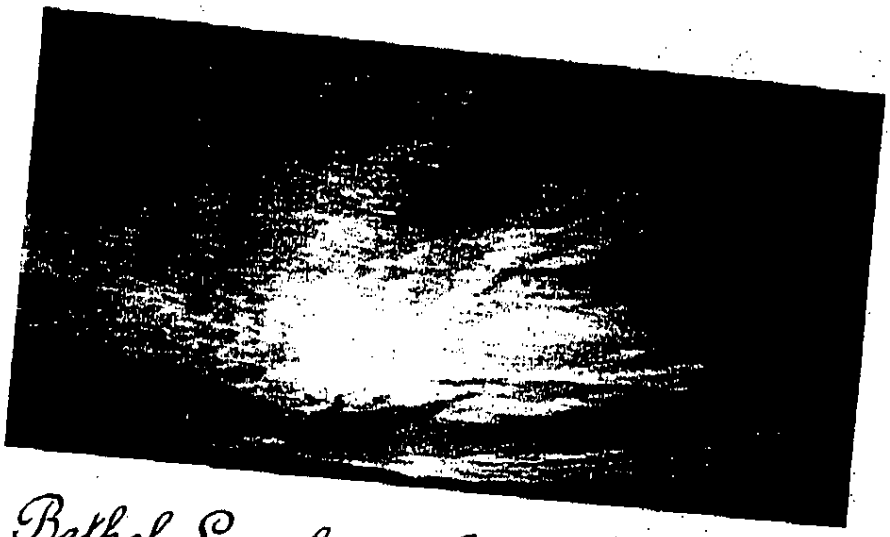
ANALYSIS: *(Attach a separate page if necessary)*

This bill continues a maximum $1.00 per kilowatt-hour cap for power costs paid by the PCE program. This fiscal note represents the additional funding needed for the PCE program if the bill passes. The Governor's budget currently contains $32.16 million. The total funding needed if this bill passes is anticipated to be $37.66 million.

Prepared by: Linda MacMillan, AIDEA & AEA Finance-Project Accountant — Phone 907-771-3029
Division: Alaska Energy Authority — Date/Time 1-30-09/5:00pm
Approved by: Amanda Ryder, Director — Date 02-02-09/8:30am
Adminstrative Services, Dept. of Commerce, Comm & Econ Development

(Revised 9/10/2008 OMB)

3230



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To: S Finance Cmte
Ph: 465-2187
Fax: 465-2187
Date: 2/3/09
Subj: Myron L Naneng's testimony
Pages: 4 (w/cover)

BILL: SB 88
BILL VERSION:
CURRENT STATUS: (S) FIN
SPONSOR(s): FINANCE
SHORT TITLE: POWER COST EQUALIZATION
STATUS DATE: 01/28/09
HEARING: (S) FIN Feb 03 9:00 AM SENATE FINANCE 532 TELECONFERENCE

TITLE: "An Act repealing certain provisions relating to modifying the factors that apply to calculate the amount of power cost equalization; providing for an effective date by repealing the effective date of sec. 3, ch. 2, 4SSLA 2008; and providing for an effective date."

AVCP, Inc.
Testimony to the 26th Alaska State Legislature
Senate Finance Committee
By
Myron P. Naneng, Sr., President

Regarding SB 88

Tuesday, February 3, 2009

Good morning Chairman Hoffman and Co-Chairman Bert Stedman. We at the Association of Village Council Presidents, Inc. (AVCP) are grateful for you to be holding this discussion in order to bring more appropriate energy relief to remote, rural Alaska communities like the 56 villages in our Yukon Kuskokwim region.

My name is Myron Naneng, I am President of our regional non-profit corporation. What we are testifying to today comes as no surprise to either of you, since you tried to address it in the last session through SB 4002. Since early last summer, tribal leaders as well as myself were very nervous about our coming winter since we were forced to prepay our winter fuel purchases for our tank farms at the highest costs of oil on record.

Because we are roadless, all of our villages have to import fuel by barge or by air in emergencies. In most cases, we have no choice but to sign no-fault contracts with fuel vendors if weather or acts of god prevent a scheduled delivery. Some of our villages, with human resources turnover or other constraints, are unable to make their fuel orders in concordance to State programs such as the bulk fuel loan in time to lock in at more agreeable rates. Factors such as these aggravate the already challenging nature of providing light and heat to our communities with little or no energy infrastructure.

Rural Alaska village communities are faced with extremely high costs of living, in particular, the people of the Wade Hampton district are having to pay upwards of $0.62 per kWh for electricity, $7.68 per gallon for heating fuel and, recently upwards of $11.00 for heating fuel that had to be flown into the village of Emmonak when they ran out of fuel. Energy costs are up to 60% or more of household costs for many rural Alaskans in this census district whose average incomes are $30,184. Some households went without electricity and fuel for heat because of the extremely high costs and lack of income to

pay. Clearly, energy costs in rural Alaska makes life unsustainable, and practically unhealthy. The high cost of energy combined with the severe cold winter of 2008 and 2009 is a threat to the general health and wellbeing of the residents of this region.

The villages in our region are extremely remote have great distances from major transportation hubs and commercial centers, have small size and economy of scale, and there are tremendous logistical problems and high costs for transporting fuel for home heating and electricity. This contributes to a high cost of electrical power plants with high capital and operating costs. All the villages in this region are dependent upon diesel fuel for electricity and home heating. It is often the only and best solution when considering the available energy resources, cost for development and deployment, and the small loads often experienced in rural Alaska villages. Diesel-electric power plants provide an efficient and effective energy solution in many cases. PCE provides a buffer against the high costs of electricity.

There have been concerns expressed by some of your colleagues within the Senate and your House counterpart that the subsidy suggested in SB 88 creates an unending entitlement program, that it is an insufficient one-size-fits-all solution to an enduring program. Truthfully, it could be that way should the commercial fisheries continue to collapse; however, the circumstances that brought about this particular energy crisis are unusual. The price of oil topping over $100 a barrel, the commercial salmon fishery on either river no good, but catastrophic on the Lower Yukon, the early freeze-up and particularly hard winter has sopped up whatever energy program and cash most families need for our sub-arctic winters. Because of the poor fishing season, the cash usually generated by that commercial practice was not there to outfit seal, small whale or moose hunting and gathering expeditions that make up most of our winter sustenance.

With continued and full funding by the Legislature of the Renewable Energy Fund coupled with possible federal stimulus infrastructure funds, we may be looking at a reality where accessible energy sources come to fruition in a matter of years, rather than a matter of decades. With affordable energy at the village level, a failed fishing season would not break us as badly as this hard winter has shown.

Though Governor Palin herself has not directly acknowledged the fishery or fuel crisis in our region, in her response to the U.S. Army's reduced retirement payments to 26 Alaska Native Elders who had served in the Territorial Guard during WWII, she argued:

> "Rural Alaskans face the highest food and energy costs in the nation, and these veterans need their retirement checks now more than ever," Governor Palin said. "Using the emergency fund to provide monetary protection for these 26 veterans is the right thing to do."

When arguments on fairness and equality are thrown around, keep in mind, that families with mid-range incomes who live in Anchorage were projected to spend about 3% of their income on energy costs (based on May prices) and that figure increases to about 5% of your income if you live in other cities or towns on Alaska's road system.

Mid-income households in remote villages (places you can only reach by water or plane) were expected to spend about 11% of the paycheck on energy because we rely on diesel fuel, while the majority of Anchorage families use natural gas.

ISER estimates that the median annual cost of power and heating costs for an Anchorage family is about $2,400, compared to about $4,100 for midsize towns and cities and **$6,600 for remote rural villages.**

AVCP provides direct assistance to many families in our member villages that include a Housing Improvement Program, TANF and LIHEAP to name a few. Last year we assisted 1,846 households with energy assistance, and we anticipate the same number if not more appeals for the remainder of this season.

On a related matter, there has been a lot of discussion among regional and tribal entities about heating and lighting village dependent offices that are necessary for operations to the community. When Governor Palin said in her Energy Plan press conference that she had tried to, but failed, to get a hold of people in Emmonak in response to a private citizens appeal for help in the Bristol Bay Times, we were confused as to whom she tried to communicate with. . .the people of Emmonak from the Mayor's office, the tribal council and Nick Tucker all said an hour before in our joint Agency teleconference that their calls were never answered in the Governor's office. It turns out that whatever attempts the Governor's office made - was communicating to a closed up City Office, because the village can't afford to keep the building operational more than one week out of the month. All other entities were operational, all of them frantically calling out for help with the State.

We tried to do this proactively, in public statements and resolutions. We warned that the $1,200 rebate would not adequately address the remote / rural fuel needs - and with the taxes due from as little as $90 to over $300 per person, we will continue to see pain in affected households this year. If we had access to affordable energy sources, all the factors we laid out for you would not have hurt us so badly this winter.

Senator Hoffman's call for the state to make up the difference in the instance where an Alaskan has to pay more than $3 a gallon for residential heating fuel up to 600 gallons purchased per residence from September through March, in addition to SB 88's extension of the PCE program, will go a long way to keeping our homes heated, and saving our families from deciding between freezing or going hungry.

Power Cost Equalization
Questions and Answers

Mike Harper, Deputy Director/Linda MacMillan, Project Accountant

Rural Energy Group, Alaska Energy Authority

February 3, 2009

ALASKA ENERGY AUTHORITY

Power for Rural Alaska
30 year History

- Statewide -almost no transmission in Alaska
  - Chugach Electric owned a line from Beluga through Anchorage to Nikiski
  - Fairbanks relied on local heavy oil and coal
  - Diesel fuel was the primary energy source elsewhere
- Very little hydropower
  - Eklutna – 30 mw, serving ML&P, MEA, CEA
  - Cooper Lake – 20 mw, serving CEA
  - Snettisham – 52 mw, serving Juneau
  - ~20 mw of small projects scattered throughout SE Alaska

Power Development Begins -Oil started flowing down the Pipeline

The State began to spend its newfound wealth

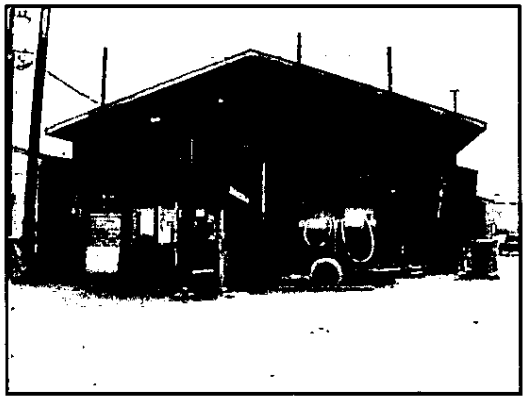
- A transmission line to Fairbanks was started
- The Susitna mega-project design was started - 1981
- The Bradley Lake project was started - 1983
- Kodiak, Valdez, Ketchikan, Wrangell and Petersburg began work on 4 Dam Pool - 1983
- Studies were commissioned to identify projects to reduce the cost of electricity throughout Alaska

Alaska Rural Electrification
The First Assistance program

- Oil prices peaked in 1979
- Diesel-fueled utilities were hit hard
- Legislature established the Power Production Cost Assistance Program in 1980 – a one year stop-gap
- In 1981, the program was amended into the Power Cost Assistance Program, which was designed to self-extinguish in five years

RPSU program: Golovin power house

Golovin Before and After



ALASKA ENERGY AUTHORITY

DENALI COMMISSION ALASKA

Alaska Rural Electrification
And finally - PCE

- There was no silver bullet to cure rural Alaska's electric needs
- Small loads and small communities spread across thousands of miles could not be interconnected
- Legislature established Power Cost Equalization
  - Cost of power was to be equalized to the average of Anchorage, Fairbanks and Juneau – 8.5 cents per kwh
  - PCA was rewritten as PCE – effective October 1984
  - Utilities using diesel to generate at least 75% of power in October 1984 were eligible
  - Costs above 52.5 cents were not covered
  - All users were eligible for the first 700 kwh used

Power Cost Equalization

- Eligible electricity has been reduced 30% to 500 kwh
- Only one meter per resident
- Commercial customers are ineligible for PCE
- Fuel use the same, but cost up 150% since FY00
- FY09 funding ($28 million) is at 100% level
- More utilities crossing through the 52.5 cent ceiling

PCE Program Changes in Recent Years

	2000	2007
Population served	77,625	78,530
Total Sales (gWh)	391	416
Eligible Sales	116	122
Percentage eligible	29.7%	29.2%
Average Fuel Cost/gallon	$1.10	$2.78
Fuel Consumed – million gallons	27.7	27.6
Fuel cost – millions	$30.4	$75.3
Non-fuel cost – millions	$41.5	$67.4
Total PCE Appropriations– millions	$14.4	$25.6
Percent of costs	20%	18%

Qn#1 – Does PCE Reduce Rural Power Cost to Urban Levels?

Residential Power Cost per 2007 PCE Report

Chugach Electric	Anchorage	.1205 kWh
Golden Valley	Fairbanks	.2030 kWh
AEL&P	Juneau	.1140 kWh
Kodiak Electric	Kodiak	.1831 kWh
Kotzebue Electric	Kotzebue	.1881* kWh
AVEC	52 Villages	.2362* kWh
Bettles	Bettles	.2859* kWh
MKEC	5 Villages	.4398* kWh
Napakiak	Napakiak	.6014* kWh

*after PCE

Cost of 700 Residential kwh

• Anchorage	$84.35
• Fairbanks	$142.10
• Juneau	$79.80
• Kodiak	$128.17
• Kotzebue	$171.05*
• AVEC Village	$219.56*
• Bettles	$268.63*
• MKEC	$374.88*
• Napakiak	$489.48*

*After PCE

Qn. #2 – Who gets PCE?

- Every residential consumer
  - Only one meter per consumer
  - Only the first 500 kWh
- Community Facilities
  - Up to 70 kWh/resident per month
    - Streetlights
    - Washeterias
    - Water and sewer facilities
    - Community buildings

Qn. #3 – Who doesn't get PCE?

- Schools
- State facilities
- Federal facilities
- Commercial consumers
- Consumers with seriously delinquent accounts

Qn. #4 – How does PCE work?

- Utility applies to RCA to participate
- Utility submits detailed cost and operational data
- RCA determines eligible costs and computes PCE by rate class
- Utility bills customers per normal tariff rates
- Utility applies PCE credit based upon actual consumption (subject to kWh limit)
- Consumer is responsible to pay bill after PCE credit
- Utility bills state (AEA) for all PCE credited
- Utility provides AEA with detailed billing records
- Utility files annual update of costs with RCA, per schedule established by RCA

Qn#5 – Doesn't PCE discourage Conservation & Innovation?

- Only 29% of all electricity sold in eligible communities receives PCE
- But the smaller the community, the more kwh that are eligible (because of minimal commercial usage)
  - Akiachak 46%
  - Aniak 37%
  - AVEC 48%
  - Cordova 28%
  - Kotzebue 27%
  - Napakiak 72% (School is on own generation)
  - Tanana 38%

Non Fuel Costs –Overhead

- Operating and maintaining power plants
- Operating and maintaining tanks farms
- Operating and maintaining distribution lines
- Connecting customers, billing, collections
- Administration, accounting, engineering, warehouse
- Insurance, depreciation, cost of long-term debt
- Taxes and miscellaneous

Qn#6 – Would PCE Money be better spent on Alternative Energy?

Wind generation costs 6 times diesel generation

- We cannot use 'utility grade' turbines as in Lower 48
- Average village load is ~150 kw
- There are only 1 or 2 manufacturers of 50-100 kw units
- To accommodate sophisticated integration needs, the existing generation and distribution must be upgraded
- Typical cost of an integrated project $4+ million
- Diesel generation and fuel tankage still needed for the 70%+ energy that wind cannot provide

PCE Utility Clerk Training

For more information, please contact...

Jeff Williams or Chris Mello

AEA Rural Energy Group

1-888-300-8534 – Toll Free

1-907-771-3000

Senator Joe Thomas
February 2, 2009

Golden Valley Electric Association Residential Electric Rates

(includes energy charge and fuel adjustment)

December 1, 2006	$.12885 /kWh
March 1, 2007	$.13053 /kWh
June 1, 2007	$.13534 /kWh
September 4, 2007	$.14026 /kWh
December 3, 2007	$.16280 /kWh
March 3, 2008	$.17056 /kWh
June1, 2008	$.20266 /kWh
September 2, 2008	$.19502 /kWh
December 1, 2008	$.15241 /kWh

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

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FAX (907) 465-2029
Mail Stop 3101

State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM January 28, 2009

SUBJECT: Senate Bill 88, repealing delayed amendments to the power cost equalization program in order to make permanent certain formula amendments that were treated as temporary when enacted -- sectional analysis (Work Order No. 26-LS0414\R)

TO: Senator Lyman Hoffman, Co-Chair
Senate Finance Committee

FROM: Jack Chenoweth
Assistant Revisor

Among other additions and amendments, § 2, ch. 2, 4SSLA 2008, temporarily amended the parameters for a community to be eligible to receive power cost equalization payments under the power cost equalization program.[1] For one year, now scheduled to

---

[1] Substantively, § 2, ch. 2, 4SSLA 2008, made changes to AS 42.45.110(c) that increased the maximum allowable kilowatt-hour cost for which power cost equalization payments could be calculated from 52.5 cents to $1.00 per kilowatt hour:

> (c) The amount of power cost equalization provided **for each** [PER] kilowatt-hour under [SUBSECTION] (b) of this section may not exceed 95 percent of the power costs, or the average rate **for each** [PER] eligible kilowatt-hour sold, whichever is less, as determined by the commission. However,
>
> (1) [DURING THE STATE FISCAL YEAR THAT BEGAN JULY 1, 1999,] the power costs for which power cost equalization **are** [WERE] paid to an electric utility **are** [WERE] limited to minimum power costs of more than 12 cents **a** [PER] kilowatt-hour and less than **$1 a** [52.5 CENTS PER] kilowatt-hour;
>
> (2) **each year** [DURING EACH FOLLOWING STATE FISCAL YEAR], the commission shall adjust the power costs for which power cost equalization may be paid to an electric utility based on the weighted average retail residential rate in Anchorage, Fairbanks, and Juneau; however, the commission may not adjust the power costs under this paragraph to reduce the amount below the lower limit set out in (1) of this subsection; and

end June 30, 2009, the standards were relaxed -- made less restrictive. Another provision of that Act, § 3, ch. 2, 4SSLA 2008, effective June 30, 2009, restores the standards to what they were before the temporary adjustment.

The provisions of Senate Bill 88 set aside the provisions of the 2008 Act that would restore the former standards.

Bill section 1 repeals the substantive law provision, sec. 3, ch. 2, 4SSSLA 2008, that, if left unamended, would restore the former factors that apply to calculate the amount of power cost equalization payable under that program.

Bill section 3 repeals the related delayed effective date provision, sec. 11, ch. 2, 4SSLA 2008, that, on June 30, 2009, would provide for restoration of the former factors under that power cost equalization formula. This bill section is, in effect, the repeal of an effective date provision that, under the *Manual of Legislative Drafting*, requires that it be separately set out and noticed in the bill title ("providing for an effective date by repealing the effective date of sec. 3, ch. 2, 4SSLA 2008"). *Manual of Legislative Drafting* at pp. 12 - 13. This change affects an effective date in the earlier bill and requires a two-thirds vote in each house for adoption.

Bill section 2 is a contingency provision so that, if Senate Bill 88 is passed late in the session and is substantially delayed in transmittal to the governor, or the governor otherwise fails to act to approve the bill until at or beyond the June 30, 2009, transitional date, the new provisions are made retroactive so that the legislature's intent (to eliminate the scheduled formula calculation change) is fully and seamlessly carried out.

Bill section 4 gives the measure an immediate effective date and requires a two-thirds vote in each house for adoption.

This sectional analysis was prepared in response to a request from Jay Livey.

JBC:lmb
09-007.lmb

---

(3) the power cost equalization **for each** [PER] kilowatt-hour may be determined for a utility without historical kilowatt-hour sales data by using kilowatt-hours generated.

A related amendment proposed by § 3, ch. 2, 4SSLA 2008, would readjust the maximum allowable, as amended in the last line of AS 42.45.110(c)(1), as shown in the text, from $1 back to the former rate of 52.5 cents.

SB 89

<target><bill>SB 89</bill><subject>SB 89</subject><comm>SFIN26</comm></target>

SENATE FINANCE COMMITTEE REPORT
First Committee of Referral

DATE: 1/28/09

FURTHER:

Date of 5-Day Notice: _____
(in accordance with Uniform Rule 23)

DATE TURNED IN TO OFFICE: 3/23/09

Finance Committee considered SENATE BILL NO. 89

SB 89 RETIREMENT BENEFITS: TERRITORIAL GUARD

"An Act relating to retirement benefits for members of the Alaska Territorial Guard; and providing for an effective date."

and recommends:

[✓] be **replaced** with [ ] **SCS** or [✓] **CS** SB 89 (FIN)

[ ] adopt **previous** [ ] **SCS** or [ ] **CS** ____)

[ ] attached amendment(s)

[ ] adopt _____ Letter of Intent

[ ] further referral to _____ Committee

SENATE BILL:
[✓] Same Title
[ ] New Title

HOUSE BILL:
[ ] Same Title
[ ] Technical Title Change
[ ] New Title w/ SCR #_____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet	Zero	FN#
MVA	3-20	✓			1

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet	Zero	FN#

[ ] **APPROPRIATION - no fiscal note**

SIGNATURES AND RECOMMENDATIONS	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	Huggins	✓			
	Thomas	✓			
	OLSON	✓			
	ELLIS	✓			
CO-CHAIR:	STEDMAN	✓			
CO-CHAIR:					

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: (1)
Bill Version: SB 89 (FIN)
() Publish Date:

Identifier (file name): SB89-DMVA-VS-3-20-09
Dept. Affected: Dept of Military and Veterans Affairs
Title: An Act relating to retirement benefits for members of the Alaska Territorial Guard; and providing for an effective date
RDU: Military and Veterans Affairs
Component: Veterans Services
Sponsor: Senate Finance Committee
Requester: (S) Finance
Component Number: 421

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Travel	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Contractual	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Supplies	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	83.5	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	**83.5**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CHANGE IN REVENUES ( )	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	83.5	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Interagency Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	**83.5**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2009) cost: 31.3

POSITIONS

Full-time	0	0	0	0	0	0	0
Part-time	0	0	0	0	0	0	0
Temporary	0	0	0	0	0	0	0

ANALYSIS: *(Attach a separate page if necessary)*

This bill provides for the Department of Military and Veterans Affairs to pay eligible individuals, each month, who served for in the Alaska Territorial Guard. Monthly pay to each eligible individual is calculated according to the attached spreadsheet (2009 Pay Delta column).

This fiscal note calculation is based on 3 months of payments in FY09 (April 09-June 09) and 8 months of payments in FY10 (July 09-Feb 10) at $10,437.00 per month to 26 eligible individuals. The department anticipates minimal time and cost to process the 26 monthly payments using existing staff.

Prepared by: McHugh Pierre, Legislative Liaison/Director of Communications
Phone 465-4402
Division: National Guard Military Headquarters/Office of the Commissioner
Date/Time 3/20/09 @ 11:30 am
Approved by: Commissioner Craig Campbell
Date 3/20/2009
Department of Military and Veterans Affairs

(Revised 9/10/2008 OMB)

3258

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS
Attachment to Fiscal Note SB89 (FIN) - March 20, 2009
Current Eligible Alaska Territorial Guardsmen Monthly Retirement Pay

Soldier	2008 Retired Gross Pay without Alaska Territorial Service	2008 Retired Gross Pay with credit for time served in Alaska Territorial Guard	2009 Retired Gross Pay without Alaska Territorial Service	2009 Retired Gross Pay with credit for time served Alaska Territorial Guard	2009 PAY DELTA
HA	$344.00	$850.00	$363.00	$899.00	$536.00
CA	$449.00	$892.00	$475.00	$943.00	$468.00
JA	$652.00	$1,119.00	$689.00	$1,183.00	$494.00
RA	$370.00	$859.00	$391.00	$908.00	$517.00
GB	$641.00	$839.00	$678.00	$887.00	$209.00
IB	$473.00	$925.00	$500.00	$978.00	$478.00
WB	$392.00	$598.00	$414.00	$632.00	$218.00
OF	$546.00	$1,020.00	$577.00	$1,079.00	$502.00
VG	$509.00	$1,035.00	$538.00	$1,095.00	$557.00
DG	$270.00	$595.00	$285.00	$629.00	$344.00
SJ	$404.00	$862.00	$427.00	$912.00	$485.00
WJ	$460.00	$919.00	$486.00	$972.00	$486.00
PJ	$251.00	$544.00	$265.00	$575.00	$310.00
PK	$856.00	$1,194.00	$905.00	$1,263.00	$358.00
BM	$640.00	$941.00	$677.00	$995.00	$318.00
JN	$399.00	$729.00	$422.00	$771.00	$349.00
PN	$609.00	$1,089.00	$644.00	$1,152.00	$508.00
NN	$604.00	$1,127.00	$639.00	$1,192.00	$553.00
FP	$627.00	$822.00	$663.00	$869.00	$206.00
JP	$201.00	$439.00	$212.00	$464.00	$252.00
CP	$567.00	$1,032.00	$599.00	$1,091.00	$492.00
JP	$271.00	$592.00	$286.00	$626.00	$340.00
RP	$557.00	$1,048.00	$589.00	$1,108.00	$519.00
CS	$595.00	$1,073.00	$629.00	$1,135.00	$506.00
JW	$235.00	$519.00	$248.00	$549.00	$301.00
WW	$1,057.00	$1,181.00	$1,118.00	$1,249.00	$131.00
				TOTAL PAY LOSS:	$10,437.00

WORK DRAFT WORK DRAFT WORK DRAFT

Adopted 3/23/09

26-LS0432\S
Bannister
3/21/09

CS FOR SENATE BILL NO. 89( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): SENATE FINANCE COMMITTEE

A BILL

FOR AN ACT ENTITLED

"An Act relating to retirement benefits for members of the Alaska Territorial Guard; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** The uncodified law of the State of Alaska is amended by adding a new section to read:

ALASKA TERRITORIAL GUARD INTERIM BENEFIT. (a) The department shall pay an interim benefit each month to an individual resident of the state whose monthly federal retirement payment was reduced in April 2009 because the individual's service in the Alaska Territorial Guard was not treated as active service under federal military law.

(b) The amount of the interim benefit to be paid under (a) of this section is the amount by which the individual's monthly federal retirement payment in January 2009 was reduced in April 2009 because the individual's service in the Alaska Territorial Guard was not treated as active service under federal military law.

(c) To be eligible for an interim benefit, an individual shall submit to the department

an application on a form established by the department and provide the department with the information that the department determines is necessary to determine whether the individual is eligible for the interim benefit and to calculate the amount of the interim benefit.

(d) The department shall pay the interim benefit to the individual each month until the federal government begins paying to the individual a monthly federal retirement payment that treats the individual's service in the Alaska Territorial Guard as active service under federal military law.

(e) If an individual receives for the same month both the interim benefit and a federal retirement payment that treats the individual's service in the Alaska Territorial Guard as active service under federal military law, the individual shall reimburse the department for the interim benefit paid for that month.

(f) In this section,

(1) "department" means the Department of Military and Veterans' Affairs;

(2) "federal military law" means 10 U.S.C. 1401 - 1414, 3991 - 3992, or 12731 - 12741;

(3) "federal retirement payment" means a retirement payment under 10 U.S.C. (Armed Forces);

(4) "interim benefit" means the interim benefit authorized under (a) of this section.

*** Sec. 2.** Section 1 of this Act is repealed February 28, 2010.

*** Sec. 3.** The uncodified law of the State of Alaska is amended by adding a new section to read:

RETROACTIVITY. Section 1 of this Act is retroactive to April 1, 2009.

* Sec. 4. This Act takes effect immediately under AS 01.10.070(c).

Congress of the United States

Washington, DC 20515

March 18, 2009

The Honorable Bill Wielechowski
Co-Chair, Joint Armed Services Committee
State Capitol, Room 115
Juneau, AK 99811

The Honorable Nancy Dahlstrom
Co-Chair, Joint Armed Services Committee
State Capitol, Room 411
Juneau, AK 99811

Dear Senator Wielechowski and Representative Dahlstrom:

We write to follow up on the issue of the retirement pay for 26 former members of the Alaska Territorial Guard (ATG).

As you know, in June 2008 these individuals were issued military retirement credit for the period of their service in the Territorial Guard and they began receiving a modest increase in their retirement pay. However, in January 2009, the Defense Finance and Accounting Service (DFAS) stopped the retirement payments, based on a finding that they were erroneously awarded due to a misinterpretation of the law.

We immediately contacted the Secretary of the Army seeking a solution and to his credit, Secretary Pete Geren tapped the Army Emergency and Extraordinary Expense Fund to continue the retirement payments for two months. At the same time, we introduced legislation in Congress providing lifetime retirement pay to these Guardsmen. The regular order in the Congress is to consolidate all defense-related legislation into one defense authorization bill, followed by a defense appropriations bill. Accordingly, it is unlikely that the Congress will consider our legislation until later this year. These bills are usually sent to the President in the summer and fall.

We have been asked by members of the Alaska Legislature whether it would be appropriate for the State to consider a special appropriation representing the difference in retirement pay that each of the 26 would receive if his Territorial Guard service were credited toward military retirement and what each will receive as a result of the January 2009 DFAS reinterpretation for the remainder of calendar year 2009.

3262

COPY ON FILE

We think it is important to maintain the economic safety net for these 26 elders and are supportive of this approach. These payments would serve as a "bridge" so these Guardsmen can continue to receive the modest increase in retirement payments to which we all believe they are entitled while we continue to pursue a permanent solution.

On behalf of these Alaska Territorial Guardsmen, thank you in advance for your consideration of our views.

Sincerely,

Mark Begich	Lisa Murkowski	Don Young
U.S. Senator	U.S. Senator	U.S. Congressman

SB

92

<target><bill>SB 92</bill><subject>SB
92</subject><comm>SFIN26</comm></target>

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: SB 92
(S) Publish Date: 2/3/10

Identifier (file name): SB092-OOG-DOE-1-29-10
Dept. Affected: OOG
Title "An Act ratifying an interstate compact to elect the President and Vice-President of the United States...."
RDU Elections
Component Elections
Sponsor Senator Bettye Davis
Requester Senate State Affairs Committee
Component Number 21

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual		0.0					
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF		0.0					
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2010) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*
This legislation has no financial impact on the division.

Prepared by: Gail Fenumiai, Director
Phone 465-4611
Division Division of Elections
Date/Time 1/29/10, 3:59pm
Approved by: Linda Perez, Director
Date
Division of Administrative Services

(Revised 10/13/2009 OMB)

3265

Alaska State Legislature

Senate
Health & Social
Services
Committee
Chair
•
Senate
Education Committee
Vice - Chair

Legislative Council
Vice - Chair
•
Senate
Transportation
Committee
•
Senate
Labor & Commerce
Committee

Senator_Bettye_Davis@legis.state.ak.us
http://www.aksenate.org

Session: (Jan. - May)
State Capitol, Suite 30, Juneau, AK 99801-1182 Phone: (907) 465-3822 • Fax: (907) 465-3756 •Toll free: (800) 770-3822
Interim: (May - Dec.)
716 W. 4th Ave, Suite 400, Anchorage, AK 99501 Phone: (907) 269-0144 • Fax: (907) 269-0148

SPONSOR STATEMENT: SB 92

Under the National Popular Vote interstate compact, electoral votes which are based on the number of U.S. Representatives and U.S. Senators in each state, would be awarded to the national winner, not the state winner. The U.S. Constitution gives the states exclusive and plenary control over the manner of awarding their electoral votes. The winner-take-all rule is not in the Constitution. The fact that Maine and Nebraska award electoral votes by Congressional district, is a reminder that an amendment to the U.S. Constitution is not required to change the way the President is elected.

As of January 2010, this interstate compact has been joined by Hawaii, Illinois, Maryland, New Jersey, and Washington. Their 61 electoral votes amount to 23% of the 270 votes needed for the compact to take effect. The bill has also passed in one or both houses in many states and has continued to gain support nationally.

Because of the current winner-take-all rule, a candidate can, and has won the Presidency Without winning the Most popular votes nationwide. This has occurred in 4 of the nation's 56 presidential elections (and 1 in 7 of the non-landslide elections). In 2004, A shift of fewer than 60,000 votes in Ohio would have defeated President Bush despite his nationwide lead of 3,500,000 votes.

Another shortcoming of the winner-take-all rule is that presidential candidates have no reason to poll, visit, advertise, or organize in states where they are comfortably ahead or hopelessly behind. In 2008, candidates concentrated over two-thirds of their campaign visits and ad money in just six closely divided "battleground" states. A total of 98% went to just 15 states. In other words, voters in two thirds of the states were essentially spectators to the election.

Under the National Popular Vote Interstate Compact bill, all the electoral votes from the enacting states would be awarded, as a bloc, to the presidential candidate who receives the most popular votes in all 50 states (and DC). The bill would take effect only when enacted by states possessing a majority of the electoral votes — that is, enough electoral votes to elect a President (270 of 538).

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM February 2, 2009

SUBJECT: Sectional summary of SB 92 (Work Order No. 26-LS0441/A)

TO: Senator Bettye Davis
Attn: Thomas Obermeyer

FROM: Alpheus Bullard
Legislative Counsel

You have requested a sectional summary of the above-described bill.

As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

Section 1. Ratifies an interstate compact to elect the President and Vice- President of the United States by national popular vote. Under the compact and the bill, the presidential candidate who receives the most popular votes in all 50 states and the District of Columbia will win the presidency. Under the compact, all of the state's electoral votes would be awarded to the presidential candidate who receives the most popular votes in all 50 states and the District of Columbia. This compact would take effect only when enacted by states possessing a majority of the electoral votes, that is, enough electoral votes to elect a President, which is 270 of 538 electoral votes.

Sections 2 -5. Conform statutes to the changes made by section one of the bill.

TLAB:ljw
09-055.ljw

12th Amendment

Amendment 12 - Choosing the President, Vice-President. Ratified 6/15/1804.

The Electors shall meet in their respective states, and vote by ballot for President and Vice-President, one of whom, at least, shall not be an inhabitant of the same state with themselves; they shall name in their ballots the person voted for as President, and in distinct ballots the person voted for as Vice-President, and they shall make distinct lists of all persons voted for as President, and of all persons voted for as Vice-President and of the number of votes for each, which lists they shall sign and certify, and transmit sealed to the seat of the government of the United States, directed to the President of the Senate;

Provided by the sponsor.

National Popular Election of the President

National Popular Vote!

www.NationalPopularVote.com

March 26, 2010

"Agreement Among the States to Elect the President by National Popular Vote"
(SB 92)

The National Popular Vote bill guarantees that the presidential candidate with the most popular votes in all 50 states (and DC) will win the Presidency; every voter in every state will be politically relevant in every presidential election; and every vote will be equal.

The bill has passed 29 legislative chambers in 19 states (Arkansas, California, Colorado, Connecticut, Delaware, Hawaii, Illinois, Maine, Maryland, Massachusetts, Michigan, Nevada, New Jersey, New Mexico, North Carolina, Oregon, Rhode Island, Vermont, and Washington).

The National Popular Vote bill has been enacted by states representing 61 electoral votes — 23% of the 270 necessary to activate the law (Hawaii, Illinois, Maryland, New Jersey, and Washington).

The bill has sponsors in all 50 states and has been endorsed by 1,825 state legislators.

A survey of 800 Alaska voters conducted on January 27–28, 2010 showed 70% overall support for the idea that the President of the United States should be the candidate who receives the most popular votes in all 50 states. Voters were asked "How do you think we should elect the President? Should it be the candidate who gets the most votes in all 50 states, or the current electoral college system?" By political affiliation, support for a national popular vote was 66% among Republicans, 78% among Democrats, 70% among Nonpartisan voters, 82% among Alaska Independent Party voters, and 69% among others. By gender, support was 78% among women and 60% among men. By age, support was 68% among 18-29 year olds, 70% among 30-45 year olds, 70% among 46-65 year olds, and 70% for those older than 65. The survey was conducted by Public Policy Polling, and has a margin of error of plus or minus 3 1/2%.

The shortcomings of the current system stem from the winner-take-all rule (i.e., awarding all of a state's electoral votes to the candidate who receives the most popular votes in each state).

The major shortcoming of the winner-take-all rule is that presidential candidates have no reason to poll, visit, advertise, or organize in states where they are comfortably ahead or hopelessly behind. In 2008, candidates concentrated over two-thirds of their campaign visits and advertising money in just six closely divided "battleground" states. A total of 98% went to just 15 states. Voters in two thirds of the states were essentially spectators to the election.

Alaska is not ignored in presidential elections because it is small. New Hampshire, for example, received 12 of the candidates' 300 post-convention visits in 2008. Meanwhile, the 6 predictably Republican small states (AK, ID, MT, WY, ND, SD) and the 6 predictably Democratic small states (VT, ME, RI, DE, DC, HI) were ignored.

Alaska (like two-thirds of the states) is ignored because the winner-take-all-rule gives presidential candidates no reason to campaign in Alaska (and, therefore, to pay attention to Alaska issues).

Under a national popular vote, every vote in Alaska would matter. In 2004, George W. Bush concentrated on winning the closely divided battleground state of Ohio (which he did, by 118,000 votes). However, Alaska generated a 79,864-vote margin for Bush — over half of Ohio's margin. A vote in Alaska would be as important as a vote in Ohio. Republican presidential candidates would have to pay attention to Alaska voters and issues because the 79,864-vote margin produced in Alaska would matter. Democratic presidential candidates would also have a reason to campaign in Alaska. Independent voters in Alaska would matter because both candidates would be trying to win their votes. A vote in Alaska would become as important as a vote in closely divided battleground states such as New Hampshire or Ohio.

Another shortcoming of the winner-take-all rule is that a candidate can win the Presidency without winning the most popular votes nationwide. This has occurred in 4 of the nation's 56 presidential elections (and 1 in 7 of the non-landslide elections). Moreover, a shift of a handful of votes in one or two states would have elected the second-place candidate in five of the last 12 presidential elections. A shift of fewer than 60,000 votes in Ohio in 2004 would have defeated President Bush despite his nationwide lead of 3,500,000 votes.

The U.S. Constitution gives the states exclusive and plenary control over the manner of awarding their electoral votes. Article II, Section 1, Clause 2 of the U.S. Constitution states:

> "Each State shall appoint, in such Manner as the Legislature thereof may direct, a Number of Electors...."

The winner-take-all rule is not in the Constitution. It was not the Founder's choice and was used by only 3 states in the nation's first presidential election in 1789. Maine and Nebraska currently award electoral votes by congressional district — a reminder that an amendment to the U.S. Constitution is not required to change the way the President is elected.

Under the National Popular Vote bill, all the electoral votes from the enacting states would be awarded, as a bloc, to the presidential candidate who receives the most popular votes in all 50 states (and DC). The bill would take effect only when enacted by states possessing a majority of the electoral votes — that is, sufficient electoral votes to elect a President (270 of 538).

The National Popular Vote bill would replace the current system based on which candidate happens to get the most popular votes in each separate state with a system that guarantees the Presidency to the candidate gets the most individual votes in all 50 states (and DC).

State polls show strong support for a national popular vote (AK–70%, AR–80%, CA–70%, CO–68%, CT–74%, DC–76%, DE–75%, ID–77%, IA–75%, KY–80%, ME–77%, MA–73%, MI–73%, MS–77%, MO–70%, NH–69%, NE–74%, NV–72%, NM–76%, NY–79%, NC–74%, OH–70%, OK–81%, PA–78%, RI–74%, SD–75%, UT–70%, VT–75%, VA–74%, WA–77%, WI–71%, and WV–81%). Support is strong in every partisan and demographic group.

The National Advisory Board of National Popular Vote includes former congressmen John Anderson (R–Illinois and later independent presidential candidate), John Buchanan (R–Alabama), Tom Campbell (R–California), and Tom Downey (D–New York) and former Senators Birch Bayh (D–Indiana), David Durenberger (R–Minnesota), and Jake Garn (R–Utah).

Additional information is available in our book *Every Vote Equal: A State-Based Plan for Electing the President by National Popular Vote* and at `www.NationalPopularVote.com`.

We the People National Popular Vote!

"The appointment, and mode of appointment, of electors belong exclusively to the states" - U.S. Supreme Court

Endorsed by 1,777 State Legislators

Massachusetts Rep. Charles A. Murphy

In addition to 829 state legislative sponsors (shown above), 948 other legislators have cast recorded votes in favor of the National Popular Vote bill.

Editorial Support

New York Times
Chicago Sun-Times
Minneapolis Star Tribune
Los Angeles Times
Sacramento Bee
The Columbian
Wichita Falls Times
Anderson Herald Bulletin
Fayetteville Observer
Boston Globe
Hartford Courant
The Tennessean
Daily Astorian
Sarasota Herald Tribune
Miami Herald
Connecticut Post
more endorsements

Short Explanation

The National Popular Vote bill would guarantee a majority of the Electoral College to the presidential candidate who receives the most popular votes in all 50 states and the District of Columbia. The bill would reform the Electoral College so that the electoral vote in the Electoral College reflects the choice of the nation's voters for President of the United States. more

5 Enactments

Hawaii - 4 votes
New Jersey - 15 votes
Illinois - 20 votes
Maryland - 10 votes

News on Reforming Electoral College to Reflect Nationwide Vote

- Delaware House Passes National Popular Vote Bill by a 23-12 Vote
- Hawaii, Illinois, Maryland, New Jersey and Washington Enact Bill
  - Washington joins Hawaii, Illinois, Maryland, New Jersey
  - 23% (61) of the 270 Electoral Votes That Are Needed to Activate Law
- 29 State Legislative Chambers Pass National Popular Vote Bill
- Since 2008 election, 12 Houses have Passed National Popular Vote Bill
  - Delaware House, Nevada Assembly, New Mexico House, Michigan House, Colorado House, Vermont Senate, Rhode Island Senate, Arkansas House, Oregon House, Connecticut House, Washington House and Senate
- 1,777 State Legislators Endorse National Popular Vote Bill
- 8 Legislative Chambers in Small States Pass National Popular Vote Bill
  - Both Houses in Hawaii, Vermont, and Rhode Island Pass Bill
  - Delaware House and Maine Senate Passes Bill

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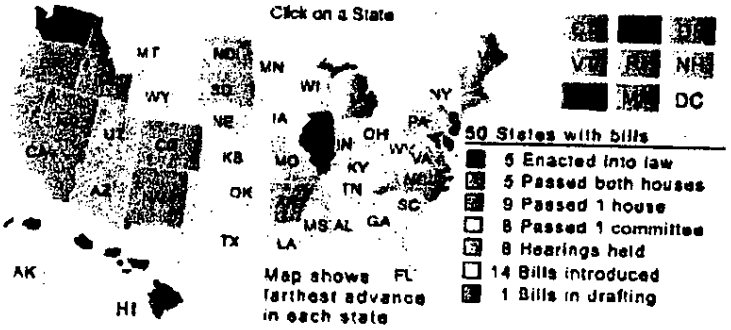
VIDEO | PHOTOS | RADIO | NEWSLETTERS | PRESS RELEASES

State Progress on Reforming Electoral College



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email: GO

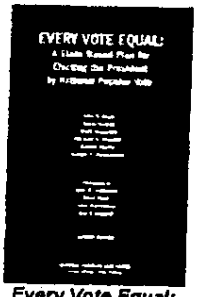
Sarasota Florida Herald Tribune Editorial

"The most compelling and practical alternative is promoted by a bipartisan group called National Popular Vote. The NPV proposal calls for legislatures to pass bills committing their state's electoral votes to the candidate who receives the most popular votes nationwide; the bill would take effect only when enacted by states that together have enough electoral votes to elect a president. more

Additional Topics

- Analysts Write-Off Three-Quarters of States in 2008 Election
  - Karl Rove Says 2008 Election Comes Down to 4 States
  - David Broder calls North Carolina "Unimportant" "Throwaway" State
- Congressional District Proposal Is Worse Than Current System
- Possibility of Tie in Electoral College in 2008

Read the Book



Every Vote Equal: A State-Based Plan For Electing The President By National Popular Vote
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Advisory Board

John Anderson (R-I-IL)
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70% Public Support

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Washington - 11 votes

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- Illinois Senator Kirk Dillard Interviewed about National Popular Vote
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  - Arkansas 80%, Mississippi 77%, North Carolina 74%, Virginia 74%
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- **70%-79% Public Support National Popular Vote in Other States**
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FairVote
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North Carolina Rep. Becky Carney

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Chicago Sun-Times
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Sacramento Bee
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5 Enactments

Hawaii - 4 votes
New Jersey - 15 votes
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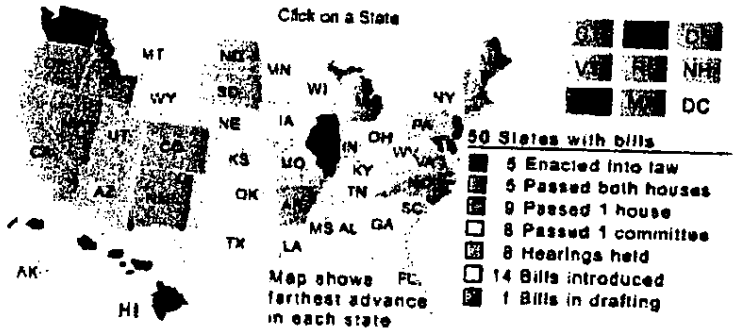
News on Reforming Electoral College to Reflect Nationwide Vote

- Delaware House Passes National Popular Vote Bill by a 23-12 Vote
- Hawaii, Illinois, Maryland, New Jersey and Washington Enact Bill
  - Washington Joins Hawaii, Illinois, Maryland, New Jersey
  - 23% (61) of the 270 Electoral Votes That Are Needed to Activate Law
- 29 State Legislative Chambers Pass National Popular Vote Bill
- **Since 2008 election, 12 Houses have Passed National Popular Vote Bill**
  - Delaware House, Nevada Assembly, New Mexico House, Michigan House, Colorado House, Vermont Senate, Rhode Island Senate, Arkansas House, Oregon House, Connecticut House, Washington House and Senate
- 1,777 State Legislators Endorse National Popular Vote Bill
- 8 Legislative Chambers in Small States Pass National Popular Vote Bill
  - **Both Houses in Hawaii, Vermont, and Rhode Island Pass Bill**
  - **Delaware House and Maine Senate Passes Bill**

SUMMARY | ARTICLES | COLUMNS | EDITORIALS | OP-ED | LETTERS TO EDITOR | BLOGS
VIDEO | PHOTOS | RADIO | NEWSLETTERS | PRESS RELEASES

State Progress on Reforming Electoral College



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Sarasota Florida Herald Tribune Editorial

"The most compelling and practical alternative is promoted by a bipartisan group called National Popular Vote. The NPV proposal calls for legislatures to pass bills committing their state's electoral votes to the candidate who receives the most popular votes nationwide; the bill would take effect only when enacted by states that together have enough electoral votes to elect a president. more

Additional Topics

- Analysts Write-Off Three-Quarters of States in 2008 Election
  - Karl Rove Says 2008 Election Comes Down to 4 States
  - David Broder calls North Carolina "Unimportant" "Throwaway" State
- Congressional District Proposal Is Worse Than Current System
- Possibility of Tie in Electoral College in 2008

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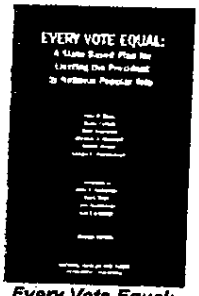

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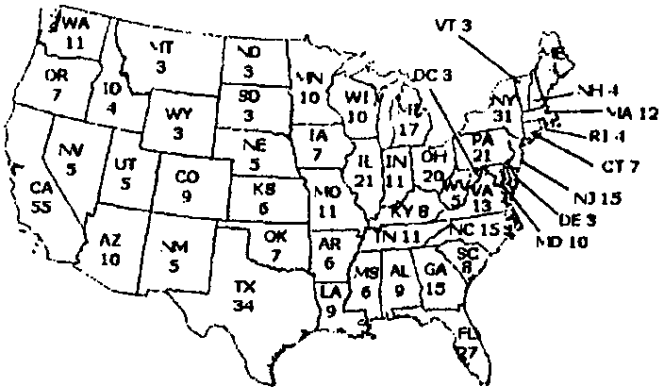
The Electoral College

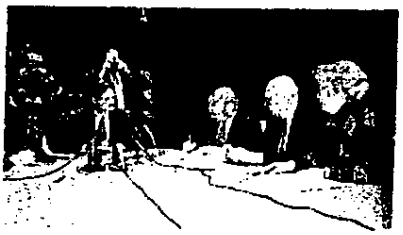


The U.S. Constitution specifies that the President and Vice President of the United States are to be chosen every four years by a small group of people who are individually referred to as "presidential electors." The electors are collectively referred to as the "Electoral College."

The Constitution specifies that each state is entitled to one member of the Electoral College for each of its U.S. Representatives and U.S. Senators. Today, there are a total of 538 electoral votes in the Electoral College. This total corresponds to the 435 U.S. Representatives from the 50 states *plus* the 100 U.S. Senators from the 50 states *plus* the three members of the Electoral College to which the District of Columbia became entitled under the 23rd Amendment (ratified in 1961). Every 10 years, the 435 U.S. Representatives are reapportioned among the states in accordance with the latest federal census, thereby automatically reapportioning the membership of the Electoral College among the states.

Members of the Electoral College are chosen by each state and the District of Columbia on the Tuesday after the first Monday in November in presidential election years. Each political party nominates its own candidates (typically long-standing party activists) for the position of presidential elector.

The 538 members of the Electoral College cast their votes for President and Vice President in meetings held in the 50 state capitals and the District of Columbia in mid-December of presidential election years. If all 538 electors are appointed, 270 electoral votes (i.e., a majority of 538 members of the Electoral College) are required to elect the President and the Vice President.



The three North Dakota members of the Electoral College met on December 15, 2000, in Bismarck to cast their votes for the Bush-Cheney ticket. Gov. John Hoeven (left) observes former Gov. Ed Schafer put his signature to ballot for Electoral College. The other two electors are former state Senator Bryce Streibel of Fressenden and former Lieutenant Governor Rosemarie Myrdal. more

Washington - 11 votes

The three Wyoming members of the Electoral College met in December 1996 in Cheyenne to cast their votes for the Robert Dole for President and Jack Kemp for Vice President.

The table below shows the distribution of electoral votes among the 51 jurisdictions that appoint members of the Electoral College. Because each state has two Senators and at least one Representative, no state has fewer than three members of the Electoral College. The states with the most members of the Electoral College are California (55), Texas (34), and New York (31). There are 13 low-population states with three or four members of the Electoral College. The average number of members of the Electoral College per state is about 11.

Distribution of electoral votes

Jurisdiction	Representatives	Senators	Total Members of the Electoral College
Alabama	7	2	9
Alaska	1	2	3
Arizona	8	2	10
Arkansas	4	2	6
California	53	2	55
Colorado	7	2	9
Connecticut	5	2	7
Delaware	1	2	3
DC	0	0	3
Florida	25	2	27
Georgia	13	2	15
Hawaii	2	2	4
Idaho	2	2	4
Illinois	19	2	21
Indiana	9	2	11
Iowa	5	2	7
Kansas	4	2	6
Kentucky	6	2	8
Louisiana	7	2	9
Maine	2	2	4
Maryland	8	2	10
Massachusetts	10	2	12
Michigan	15	2	17
Minnesota	8	2	10
Mississippi	4	2	6
Missouri	9	2	11
Montana	1	2	3
Nebraska	3	2	5
Nevada	3	2	5
New Hampshire	2	2	4
New Jersey	13	2	15
New Mexico	3	2	5
New York	29	2	31
North Carolina	13	2	15
North Dakota	1	2	3
Ohio	18	2	20

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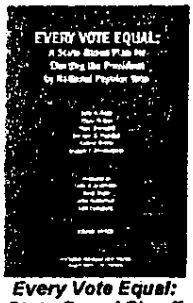

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What Do You Think

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- The candidate who gets the most votes in all 50 states.
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Oklahoma	5	2	7
Oregon	5	2	7
Pennsylvania	19	2	21
Rhode Island	2	2	4
South Carolina	6	2	8
South Dakota	1	2	3
Tennessee	9	2	11
Texas	32	2	34
Utah	3	2	5
Vermont	1	2	3
Virginia	11	2	13
Washington	9	2	11
West Virginia	3	2	5
Wisconsin	8	2	10
Wyoming	1	2	3
Total	435	100	538

The date for the meeting of the Electoral College is established by federal election law (United States Code. Title 3, chapter 1, section 7). In 2004, the designated day for the meeting of the Electoral College was Monday, December 13. This statute was enacted in 1934 after the 20th Amendment changed the date for the presidential inauguration from March 4 to January 20.

The people have the right, under the U.S. Constitution, to vote for U.S. Representatives. The 17th Amendment (ratified in 1913) gave the people the right to vote for U.S. Senators (who were elected by state legislatures under the original Constitution). The people, however, have no federal constitutional right to vote for President or Vice President or for their state's members of the Electoral College. Instead, the Constitution (Article II, section 1, clause 2) provides:

> "Each State shall appoint, in such Manner as the Legislature thereof may direct, a Number of Electors, equal to the whole Number of Senators and Representatives to which the State may be entitled in the Congress...."

As the U.S. Supreme Court observed in the 1892 case of *McPherson v. Blacker*:

> "The constitution does not provide that the appointment of electors shall be by popular vote, nor that the electors shall be voted for upon a general ticket, nor that the majority of those who exercise the elective franchise can alone choose the electors." ...
>
> "In short, the appointment and mode of appointment of electors belong exclusively to the states under the constitution of the United States."

In 2000, the U.S. Supreme Court in *Bush v. Gore* reiterated the principle that the people have no federal constitutional right to vote for President or Vice President or for their state's members of the Electoral College..

> "The individual citizen has no federal constitutional right to vote for electors for the President of the United States unless and until the state legislature chooses a statewide election as the means to implement its power to appoint members of the Electoral College."

The Constitution's delegation of power to the states to choose the manner of selecting their members of the Electoral College is unusually unconstrained. It contrasts significantly with the limitations contained in the Constitution on state power over the manner of conducting congressional elections (Article II, section 4, clause 1).

> "The Times, Places and Manner of holding Elections for Senators and Representatives, shall be prescribed in each State by the Legislature thereof; but the Congress may at any time by Law make or alter such Regulations...."

In a 1919 case involving a state statute entitled "An act granting to women the right to vote for presidential electors," the Maine Supreme Judicial Court wrote (*In re Opinion of the Justices*):

> "[E]ach state is thereby clothed with the absolute power to appoint electors in such manner as it may see fit, without any interference or control on the part of the federal government, except, of course, in case of attempted discrimination as to race, color, or previous condition of servitude...."

Certificate of Ascertainment showing that Wyoming cast its three electoral votes for the Bush-Cheney ticket because that state received more popular votes in Wyoming than any other state.

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Endorsed by 1,777 State Legislators

Pennsylvania Rep. Timothy J. Solobay

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2. Myths about Small States

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2 **Myths about Small States**
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- 2.2 MYTH: The small states oppose a national popular vote.
- 2.3 MYTH: The National Popular Vote bill threatens the equal representation of the states in the U.S. Senate.
- 2.4 MYTH: A national popular vote would undermine a partisan advantage in favor of the Republican Party in the small states.

2.1 MYTH: The small states would be disadvantaged by a national popular vote.

The small states are the most disadvantaged group of states under the current system.

Although the small states theoretically benefit from receiving two extra electoral votes corresponding to their U.S. Senators, this "bonus" does not, in practice, translate into political power. Political power in presidential elections comes from being a closely divided battleground state—not from the two-vote bonus conferred on the small states in the Electoral College.

Under the winner-take-all rule (i.e., awarding all of a state's electoral votes to the candidate who receives the most popular votes in each state), candidates have no reason to poll, visit, advertise, organize, or pay attention to the concerns of states where they are comfortably ahead or hopelessly behind. Instead, candidates concentrate their attention on a small handful of battleground states. This means that voters in the vast majority of the states are ignored in presidential elections. In 2004, candidates concentrated over two-thirds of their money and campaign visits in five states; over 80% in nine states; and over 99% of their money in 16 states. In 2008, candidates concentrated over two-thirds of their campaign events and ad money in just states, and 98% in just 15 states.[20]

The reason that the small states are the most disadvantaged group of states under the current system is that almost all of them are one-party states in terms of presidential elections. In the last six presidential elections (1988 through 2008), six of the 13 least populous states (i.e., those with three or four electoral votes) have regularly gone Republican (Alaska, Idaho, Montana, Wyoming, North Dakota, and South Dakota). Six others (Hawaii, Vermont, Maine, Rhode Island, Delaware, and the District of Columbia) have regularly gone Democratic.[21] New Hampshire has been the only battleground state among the 13 smallest states.

The 12 smallest non-competitive states have a combined population of 11.4 million. Because of the bonus of two electoral votes that every state receives, these 12 small states have 40 electoral votes. Coincidentally, Ohio has 11.4 million people. Ohio has 20 electoral votes. That is, the 11 million people in Ohio have "only" 20 electoral votes, whereas the 11 million people in the 12 smallest non-competitive states have 40 electoral votes. However, political power does not arise from the number of electoral votes that a state possesses, but, instead, from whether the state is a closely divided battleground state. The battleground state of Ohio (with "only" 20 electoral votes) received 62 visits in the 2008 presidential election. However, the 12 non-battlegound small states (with their 40 electoral votes) were politically irrelevant. In 2008, the 12 small non-competitive states received no visits, advertising, polling, or policy consideration by presidential candidates because the outcome of the presidential race in those states is generally a foregone conclusion. The winner-take-all rule makes the 11 million people in the closely divided battleground state of Ohio crucial in presidential races, while rendering the 11 million

Washington - 11 votes

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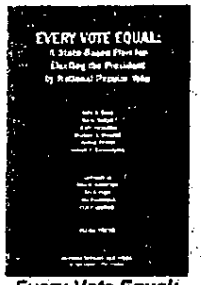

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people in the nation's smallest states irrelevant. This is a situation in which 20 is much more than 40. A national popular vote would make every vote equal throughout the United States. A national popular vote would make a vote cast in a small state as important as a vote cast in Ohio.

Most of the states with five or six electoral votes are similarly non-competitive in presidential elections (and therefore similarly disadvantaged). In fact, of the 22 least populous states (i.e. those with between three and six electoral votes), only New Hampshire (four electoral votes), New Mexico (five electoral votes), and Nevada (five electoral votes) have been battleground states in recent elections.

The fact that the small states are disadvantaged by the current system has been recognized by prominent officials from smaller states. In a 1979 Senate speech, Senator Henry Bellmon (R–Oklahoma) described how his views on the Electoral College had changed as a result of serving as National Campaign Director for Richard Nixon and a member of the American Bar Association's commission studying electoral reform.

> "While the consideration of the electoral college began—and I am a little embarrassed to admit this—I was convinced, as are many residents of smaller States, that the present system is a considerable advantage to less populous States such as Oklahoma. ... As the deliberations of the American Bar Association Commission proceeded and as more facts became known, **I came to the realization that the present electoral system does not give an advantage to the voters from the less populous States. Rather, it works to the disadvantage of small State voters who are largely ignored in the general election for President.**"[22] [Emphasis added]

Senator Robert E. Dole of Kansas, the Republican nominee for President in 1996 and Republican nominee for Vice President in 1976, stated:

> "Many persons have the impression that the electoral college benefits those persons living in small states. I feel that this is somewhat of a misconception. Through my experience with the Republican National Committee and as a Vice Presidential candidate in 1976, it became very clear that the populous states with their large blocks of electoral votes were the crucial states. It was in these states that we focused our efforts.
>
> "Were we to switch to a system of direct election, I think we would see a resulting change in the nature of campaigning. While urban areas will still be important campaigning centers, there will be a new emphasis given to smaller states. **Candidates will soon realize that all votes are important, and votes from small states carry the same import as votes from large states. That to me is one of the major attractions of direct election. Each vote carries equal importance.**
>
> "Direct election would give candidates incentive to campaign in States that are perceived to be single party states.[23] [Emphasis added]

Because so few of the least populous states are battleground states in presidential elections, the current system actually shifts power from voters in the small and medium-sized states to voters in a handful of big states. As early as the spring of 2008, both major political parties acknowledged that there would be at most 14 battleground states (involving only 166 of the 538 electoral votes) in the 2008 presidential election.[24] In other words, two-thirds of the states were regarded as irrelevant under the current system. Among this group of 14 battleground states, Michigan (17 electoral votes), Ohio (20), Pennsylvania (21), and Florida (27) contain over half (85) of the 166 electoral votes. Among the 22 least populous states, only three (i.e., New Hampshire, New Mexico, and Nevada) were among this group of 14 battleground states. These three states contain only 14 of the 166 electoral votes. The net result is that the current system shifts power from voters in the least populous states to voters in a handful of closely divided battleground states (almost all of which are big states).

2.2 MYTH: The small states oppose a national popular vote.

New York - 79%
North Carolina - 74%
Ohio - 70%
Oklahoma - 81%
Oregon - 76%
Pennsylvania - 78%
Rhode Island - 74%
South Dakota - 75%
Utah - 70%
Vermont - 75%
Virginia - 74%
Washington state - 77%
Washington state - 77%
Wisconsin - 71%

29 Houses Pass Bill

Arkansas House
California Senate
California Assembly
Colorado House
Colorado Senate
Connecticut House
Delaware House
Hawaii House
Hawaii Senate
Illinois House
Illinois Senate
Maine Senate
Maryland House
Maryland Senate
Massachusetts House
Massachusetts Senate
Michigan House
Nevada Assembly
New Jersey Assembly
New Jersey Senate
New Mexico House
North Carolina Senate
Oregon House
Rhode Island House
Rhode Island Senate
Vermont House
Vermont Senate
Washington House
Washington Senate

What Do You Think

How should we elect the President?

C The candidate who gets the most votes in all 50 states.

C The current Electoral College system.

Cast Your Vote
View Results

Add this poll to your web site

The facts speak for themselves. Hawaii was the fourth state to enact the National Popular Vote bill. As of 2008, the bill has been approved by a total of seven state legislative chambers in small states, including one house in Maine and both houses in Hawaii, Rhode Island, and Vermont.

The concept of a national popular vote for President is far from being politically "radioactive" in small states. Indeed, the concept of a national popular vote for President is popular in small states. Polls in 2008 showed a high level of support for a nationwide election for President in small states such as Vermont (75%), Maine (71%), New Hampshire (69%), and Rhode Island (74%).[25] These results are consistent with the fact that more than 70% of the American people have favored a nationwide election for President since the Gallup poll started asking this question in 1944. The *Washington Post*, Kaiser Family Foundation, and Harvard University poll in 2007 showed 72% support for direct nationwide election of the President. This recent national result is similar to recent statewide polls in Arkansas (74%), California (70%), Connecticut (73%), Massachusetts (73%), Michigan (73%), Missouri (70%), and Washington (77%). In short, there is very little difference in the level of political support for a national popular vote in small, medium-sized, and large states.

The small states are the most disadvantaged group of states under the current system (as discussed in section 10.2.1 of this book). The fact that the bonus of two electoral votes is an illusory benefit to the small states is not a new revelation. This fact has been widely recognized by the small states for some time. In 1966, Delaware led a group of 12 predominantly low-population states (including North Dakota, South Dakota, Wyoming, Utah, Arkansas, Kansas, Oklahoma, and Iowa) in suing New York in the U.S. Supreme Court. These states argued that New York's use of the winner-take-all rule effectively disenfranchised voters in their states.[26] The Court declined to hear the case (presumably because of the well-established constitutional provision that the manner of awarding electoral votes is exclusively a state decision). Ironically, the defendant (New York) is no longer an influential battleground state (as it was in the 1960s). Today, New York suffers the very same disenfranchisement as most of the less populous states because it too has become politically non-competitive. Today, a vote in New York is equal to a vote in Wyoming—votes in both are equally irrelevant in presidential elections.

The Electoral College is not the bulwark of influence for the small states in the U.S. Constitution. The 13 smallest states (with 3% of the nation's population) have 25% of the votes in the U.S. Senate—a very significant source of political clout. However, the 13 smallest states (i.e., those with three or four electoral votes) have only 26 extra votes in the Electoral College by virtue of the two-vote bonus—not a large number in relation to the total of 538 electoral votes. Although the 13 smallest states cast 3% of the nation's popular vote while possessing 6% of the electoral votes, the extra 3% is a minor numerical factor in the context of a presidential election. More significantly, this small theoretical advantage is eradicated by the fact that the small states are equally divided between the two major political parties and because the one-party character of the small states makes 12 out of 13 of them irrelevant in presidential elections. In fact, the bulwark of influence for the small states is the equal representation of the states in the U.S. Senate—not the small number of additional electoral votes that they have in the Electoral College.

2.3 MYTH: The National Popular Vote bill threatens the equal representation of the states in the U.S. Senate.

Equal representation of the states in the U.S. Senate is explicitly established in the U.S. Constitution. This feature of the U.S. Constitution cannot be changed by state law. In fact, it may not even be amended by an ordinary federal constitutional amendment. Instead, this feature of the U.S. Constitution may only be changed by unanimous consent of all 50 states.[27] In contrast, the U.S. Constitution explicitly assigns the power to choose the manner of electing the President to the state legislatures. The adoption by a state legislature of the National Popular Vote bill is an exercise of a legislature's existing powers under the U.S. Constitution. Such action has no impact or bearing on the constitutional provisions concerning representation in the U.S. Senate.

2.4 MYTH: A national popular vote would undermine a partisan advantage in favor of the Republican Party in the small states.

The small state issue sometimes serves as a surrogate for the unstated political concern (and misconception) that the small states confer a partisan advantage in favor of the Republican Party. However, this belief does not reflect current political reality. In the last six presidential elections (1988 through 2008), six of the 13 least populous states have regularly gone

Republican (Alaska, Idaho, Montana, Wyoming, North Dakota, and South Dakota), while six others (Hawaii, Vermont, Maine, Rhode Island, Delaware, and the District of Columbia) have regularly gone Democratic.[28] New Hampshire has been, in recent years, the one closely divided battleground state among the 13 smallest states (having supported the Democrat in 1992 and 1996, the Republican in 2000, and the Democrat in 2004 and 2008).

Interestingly, the 12 smallest non-competitive states actually confer a slight political advantage on the Democratic presidential candidate. For example, in 2004, John Kerry won 21 electoral votes from his 444,115-vote lead in the six non-competitive Democratic small states, whereas George W. Bush won only 19 electoral votes from his 650,421-vote lead in the six non-competitive Republican small states. The reason that the Democrats enjoy a partisan advantage in presidential elections in the smallest states is that the six regularly Republican small states are very heavily Republican (Alaska 64%, Idaho 69%, Montana 61%, Wyoming 70%, North Dakota 64%, and South Dakota 61%). In contrast, the Democrats carried three of their six small states (Delaware, Hawaii, and Maine) with only 54% of the vote. A 54% margin is generally viewed as placing a state safely out of reach for the opposition during a typical presidential campaign;[29] however, 54% is considerably less than the Republican Party's margin in their six small states. In two additional states (Vermont and Rhode Island), the Democrats won with 60% of the vote (again a smaller margin than the Republican Party's margin in their six small states). If the boundaries of the small states had been recently drawn, there would be accusations that the boundaries were a Democratic gerrymander.

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[20] http://fairvote.org/tracker/?page=27&pressmode=showspecific&showartide=230.

[21] Among the six regularly Republican-leaning small states Clinton carried Montana in 1992 (presumably due to Perot's presence on the ballot). Among the six Democratic-leaning small states, George H. W. Bush carried Delaware, Maine, and Vermont in 1988.

[22] *Congressional Record.* July 10, 1979. Page 17748.

[23] *Congressional Record.* January 14, 1979. Page 309.

[24] "Already, Obama and McCain Map Fall Strategies." New York Times. May 11, 2008.

[25] These polls (and many others) are available on National Popular Vote's web site at http://www.nationalpopularvote.com/pages/polls.php#2007WPKHU.

[26] Information about *State of Delaware v. State of New York* (and links to the pleadings) may be found at http://www.nationalpopularvote.com/pages/misc/de_lawsuit.php.

[27] Article V of the U.S. Constitution provides: "No State, without its Consent, shall be deprived of its equal Suffrage in the Senate."

[28] Among the six regularly Republican-leaning small states, Clinton carried Montana in 1992 (presumably due to Perot's presence on the ballot). Among the six Democratic-leaning small states, George H. W. Bush carried Delaware, Maine, and Vermont in 1988.

[29] Although there is no universally accepted definition of a battleground state, battleground states are, more or less, those in which the spread between the top two candidates is less than 8%.

Hartford Courant.

For National Popular Vote

Hartford Courant editorial
March 2, 2008

Connecticut, to everyone's surprise, was in play during the Super Tuesday primaries. Three major candidates visited the state.

But that may not happen in the run-up to the November general election (minus a quick fundraising visit or two to Fairfield County). If, say, the state is considered safe for the Democrats, neither candidate will feel the need to campaign here. The same thing is likely to happen in two-thirds of the other states.

Our system of electing the president and vice president is flawed and archaic. There is a way to change it without amending the U.S. Constitution. The states can simply agree to give their electoral votes — regardless of who wins each state's popular vote — to the winner of the national popular vote. There is a serious proposal to adopt the "National Popular Vote" plan here and across the country. It's worth supporting.

Connecticut Often Ignored

The problem with the present system is the winner-take-all rule used in 48 states. In all states except Maine and Nebraska, the candidate who wins the state's popular vote gets all of the state's electoral votes.

So if a candidate is assured of winning, say, 55 percent of the popular vote, the campaign is over. He or she will get all the electoral votes, and there's no point in trying to get more votes, nor is there any point in the losing candidate losing by fewer votes. Although it's possible that the losing candidate could try to reverse the numbers, what almost always happens is that both candidates put their money and time into battleground states.

According to the FairVote organization, 99 percent of the campaign advertising money in the 2004 presidential election was spent in just 17 states, and 92 percent of the campaign visits were in only 16 states. Issues in those states are thrust to the fore, at the expense of whatever Connecticut and other less-noticed states are concerned about. Federal grants tend to find their way to contested states, especially as elections near.

The way we elect presidents now thwarts the democratic principle of majority rule. Four times in our nation's history, most recently in 2000, a president has won the office while losing the popular vote. It almost happened in a number of other elections. A shift of only 60,000 votes in Ohio would have given the 2004 election to John Kerry, despite President George W. Bush's 3.5 million-vote lead in the popular tally.

Also, the lack of a meaningful campaign depresses voter turnout, which in turn makes things worse for the minority party.

Reformers have been trying to scuttle the Electoral College system for at least 50 years. Twice in the 1970s, a proposed constitutional amendment passed one house of Congress, only to be blocked by beneficiaries of the current system. It is difficult, as it should be, to amend the U.S. Constitution. But because states have the power to allocate their electoral votes, some clever folks have come up with another way around the block.

Change How States Use Votes

The National Popular Vote creates a compact. All of the states that join agree to give their electoral votes to the candidate who receives the most popular votes in all 50 states and the District of Columbia. The compact only kicks in when enacted by states possessing a majority of the electoral votes — 270 of 538, enough to elect a president.

The bill has passed in two states, Maryland and New Jersey, and is in the pipeline in more than 40 other states, including Connecticut. The bill, which failed to pass last year, has been introduced again, and backers say it has a better chance of passage this year.

Support is not universal. Critics such as Gov. Arnold Schwarzenegger, who vetoed the bill after it passed both houses in the California legislature, object to the possibility that a state could give its electoral votes to a candidate it didn't support.

Others in favor of the devil-we-got say the new method could increase the cost of elections and focus campaigning on population centers at the expense of rural areas.

Those points are well-taken, but the positives of National Popular Vote outweigh the negatives. There are no other indirect elections left in government; they are a relic of the past. The Electoral College was supposed to help small-population states (and Southern states where slaves couldn't vote), but most small population states aren't in play on Election Day. That the 2000 election was hanging on hanging chads was absurd.

If a million votes in Connecticut count as much as a million votes in Ohio, we'll see the candidates again. National Popular Vote is worth a try.

The New York Times

Maryland Takes the Lead

New York Times Editorial
April 14, 2007

As the nation braces for a long and numbing presidential election, the State of Maryland has done voters a favor by rejecting the Electoral College as a fossil in need of a democratic makeover. Gov. Martin O'Malley and the Annapolis legislature made the state the first in the nation to decide that its Electoral College members should someday be required to vote for the presidential candidate chosen by a plurality of the nation's voters, not according to the state's parochial tally.

The change would not take effect until it won final acceptance by enough states to amount to a 270-vote majority in the college. (Maryland has 10 votes.) But it is something all Americans would benefit from, particularly the masses of voters routinely ignored when candidates focus on a few battleground states — just 16 in 2004 — that increasingly settle modern campaigns.

The need to scrap the creaky college machinery was made clear in the angst of the 2000 election. George W. Bush lost the popular election by almost 544,000 votes, yet won in a Supreme Court showdown over Florida's electors that hinged on far fewer disputed state ballots. Four years later, it was Mr. Bush's turn to sweat as he handily won the national vote yet came close to losing Ohio — and the White House — in the college's arcane state-by-state fragmentation of the popular majority.

The reform movement, driven by a bipartisan coalition called National Popular Vote, has a long way to go. But Hawaii is close to approval, and hundreds of legislators are sponsoring the change in more than 40 other states. It is an ingenious way around the fact that the alternative strategy of trying to amend the Constitution would require the approval of three-fourths of the states, leaving veto power in the hands of smaller states over-represented in the college.

The objection that reform would mean that rural interests would be ignored is a canard. The change would require candidates to present positions that galvanized all Americans. This is the truer and more certain path of democracy.

CHICAGO SUN-TIMES
suntimes.com

We vote for a fairer way to decide national elections

Chicago Sun-Times editorial
March 1, 2006

Calls to reform or abolish the Electoral College hit a fever pitch after the 2000 presidential election, when Al Gore won the popular tally but didn't have enough votes in the right states to carry the electoral vote. That call quieted somewhat after the 2004 election, when President Bush won the popular vote but still could have lost the election if John Kerry had won Ohio. Despite interest in reform, nothing has happened, mostly due to the difficulty in amending the Constitution.

Now a bipartisan commission, whose members include former Rep. John Anderson (R-Ill.) and former Sen. Birch Bayh (D-Ind.), has proposed an idea to retain the Electoral College while still ensuring it reflects the will of the majority of voters. The Sun-Times News Group backs the concept and applauds the National Popular Vote group for thinking outside the box.

The group's plan is to get enough states to agree to give all their electoral votes to the national vote winner, regardless of the results in their individual states. Under the proposal, each state would pass laws to change the way their electoral votes are awarded, a process the Constitution leaves for the states to set. They would also enter an interstate compact with other states that make the same change, agreeing that the new system won't take effect until states representing 270 electoral votes -- the number needed to carry the Electoral College -- have joined.

In Illinois, the plan is backed by a group that includes state Senators Jacqueline Collins, a Chicago Democrat, and Kirk Dillard, a Hinsdale Republican and chairman of the DuPage County Republican Party.

Using such a system in the last election would have meant Bush won all of Illinois' electoral votes, even though Kerry easily carried the state. If that sounds strange, it's no stranger than Illinois and other populous states being virtually ignored by both parties during the last campaign, since one candidate or the other had them locked so early. That likely hurt the turnout in those noncompetitive states, affecting elections further down the ticket.

What of awarding electoral votes by the top vote-getter in each congressional district, as is currently done in Nebraska and Maine? That would simply set up a situation where candidates concentrate on a small number of battleground districts, because, thanks to gerrymandering, most districts are noncompetitive.

Republicans may be hardest to persuade to support this plan, over fears that large urban centers that tend to vote Democratic will dominate elections. But that wasn't an impediment to Bush's re-election. And polls show most Americans want the president to be elected by the popular vote. It's time to make the change with this innovative plan.

This editorial represents the view of the Sun-Times News Group of 100 newspapers in the Chicago metro area.

Los Angeles Times
latimes.com.

States join forces against electoral college

A piecemeal approach may be the only way to kill the anachronistic institution

Los Angeles Times Editorial

June 5, 2006

A PROPOSED EXPERIMENT with majority rule has generated plenty of naysayers who apparently think that some nations are simply too immature to let people directly choose their own leaders. But we say the United States is ready for real democracy.

The experiment is the National Popular Vote campaign, which intends to undermine the Constitution's anachronistic Electoral College. If the campaign succeeds, future presidents will take office only if they win the popular vote nationwide.

The ingenious scheme was developed by John R. Koza, a Stanford professor who also invented the scratch-off lottery ticket. It calls on state legislatures to pass a measure dictating that all the electoral votes from that state go to the winner of the national popular vote. It goes into effect only if enough states approve it to represent a majority of the electoral votes. In other words, if states that represent at least 270 of the 538 electoral votes all approve the measure, the winner of the popular vote nationwide would automatically win the presidency. It thus renders the Electoral College moot without eliminating it.

This kind of end run is necessary because the only way to get rid of the Electoral College entirely is via a constitutional amendment, which would be nearly impossible to pass. Enough small states benefit from the current system to block an amendment. The beauty of this approach is that each state is constitutionally allowed to allot its electoral votes as it sees fit. The measure was approved by California's Assembly on Tuesday and is pending in four other states; backers hope to get it before all 50 states by January.

Anyone wondering why he should care about the Electoral College need look no further than the 2000 election, when George W. Bush won the presidency despite getting about half a million fewer votes than Al Gore. If that makes conservatives think they should be thankful that the majority doesn't always rule in the United States, they should think again. The same thing nearly happened in reverse in 2004. If John Kerry had picked up a mere 60,000 more votes in Ohio, he would have won — even though Bush took in 3 million more votes overall.

The Electoral College doesn't skew just election results; it skews elections. Candidates know they don't have to campaign in states that either clearly favor them or clearly don't; they have to focus only on swing states. In the 2004 campaign, Bush and Kerry spent a great deal of time brushing up on agricultural policy and other issues of vital concern in Iowa, while ignoring matters important to people in states such as California, Texas and New York.

Opponents argue that the current system ensures that smaller states continue to have a say in setting national policy. But the U.S. Senate already gives Delaware every bit as much clout as California. Any method besides majority vote empowers some citizens at the expense of others and makes the president beholden to minority interests.

At its inception, the United States was, well, a union of states. But it is now one nation, and our president should be elected by the citizens of that nation, not by its constituent states. To argue otherwise is to say that some Americans should have more power to elect a president than others simply because of where they live. Remember, all men are created equal. Including Californians and New Yorkers.

http://www.latimes.com/news/printedition/opinion/la-ed-college05jun05,1,6822980.story

StarTribune.com
Minneapolis · St. Paul, Minnesota

How to drop out of the Electoral College:

There's a way to ensure top vote-getter becomes president

Editorial—Minneapolis Star Tribune
March 27, 2006

This country could form a more perfect union by accepting a novel idea: that the president of the United States should be elected by the people of the United States.

That's not the way it's done, of course, and, given the Constitution's enshrinement of the Electoral College, things aren't likely to change. To quit the college would take approval of two-thirds of both houses of Congress and three-quarters of state legislatures, so fuggedaboudit.

But now comes a gaggle of bipartisan reformers with a cheeky idea worth considering. What if legislatures, one by one, entered their states into an interstate compact under which members would agree to award their electoral votes to the winner of the national popular vote? The compact would kick in only when enough states had joined it to elect a president—that is, when a majority of the 538 electoral votes were assembled. As few as 11 states could ensure that the candidate with the most popular votes nationally would win the presidency. As a result, the Constitution and the Electoral College would stay intact, but the college's fangs would be removed.

That approach would be more democratic than current practice. Recall that Al Gore lost the 2000 election to George W. Bush despite getting a half-million more popular votes, and that Bush nearly lost the 2004 election despite getting 3 million more popular votes (a shift of only 60,000 votes in Ohio would have thrown the election to John Kerry). So, both parties have reason to fear the college's distortions.

That the Electoral College has "worked" in all but one election since 1888 isn't a good enough reason to stay with the status quo. The college has a perverse impact on campaigns. With no incentive to compete in states that are predictably red or blue, candidates concentrate on the battleground states—only 13 of them in 2004, down from 34 in 1960. That's not the national campaign voters deserve. In the last election, 92 percent of campaign events took place in just 13 states, which also absorbed 97 percent of advertising during the campaign's final month. Three dozen red and blue states as large as California, New York and Texas and as small as Delaware, Utah and Wyoming were mere spectators.

Now that Minnesota is a battleground getting lots of attention, it's a lot to ask the Legislature to do the right thing and endorse the new compact. But it really should. So should other states—both red and blue—join, for the sake of a better democracy.

The Sacramento Bee

Editorial: Rx for U.S. elections

States can assure the popular vote rules

Saturday, June 3, 2006

The election of the U.S. president should reflect the directly expressed will of the American people. But it doesn't.

The current Electoral College system can produce perverse results: A candidate can lose the popular vote and win the Electoral College vote and, thus, the presidency. That has happened several times in American history, most recently in 2000. With the nation so closely divided politically, this is likely to be an ongoing problem, undermining the legitimacy of our presidential elections.

It doesn't have to be that way.

Polls for the last 30 years have shown that Americans overwhelmingly support direct election of the president, but Congress hasn't budged on a constitutional amendment.

A new campaign, "National Popular Vote," spearheaded by several former members of Congress, including California's Tom Campbell (most recently Gov. Arnold Schwarzenegger's finance director), has a creative way to get the same result.

The campaign uses an old mechanism -- an interstate compact -- to achieve the direct election of the president. The idea is modeled on existing interstate compacts, such the Colorado River Compact, which divides water among seven Western states. The compact depends on states changing their own rules for dividing up their electoral votes.

We'd prefer a constitutional amendment simply abolishing the Electoral College, but this state-by-state reform is an achievable second-best solution to a defective product that even the Founding Fathers regarded wearily and warily.

The strongest arguments at the 1787 Constitutional Convention favored direct election of the president by the people. Proponents wanted the president to be the "guardian of the people" and as independent as possible of Congress and the states. But the delegates were hopelessly divided between direct election by the people and election by Congress.

The Electoral College was a last-minute compromise, reached under what James Madison called the "hurrying influence produced by fatigue and impatience." The Electoral College has been patched many times since.

The interstate compact proposal wouldn't abolish the Electoral College, but at least it would ensure that it reflects the national popular vote.

Election officials in the compact states would award all of their electoral votes to the candidate receiving the greatest number of votes nationally.

Clearly, one state could not do this on its own. So each of the states has the same 888-word bill entering into a binding interstate compact (you can find the text at www.nationalpopularvote.com). States would join the agreement one by one. The compact would take effect only after enough states joined to represent a majority of Americans and electoral votes -- 270 of the 538 electoral votes.

So far, the bill has been introduced in five legislatures -- California, Illinois, Colorado, Missouri and Louisiana. The campaign's goal is 10 states by the end of 2006 and enough states by the end of 2007 to make direct election the governing rule for the 2008 presidential election.

In California, the Assembly approved the bill Tuesday. Because California has such strong influence nationally, the governor and senators can get this process rolling in other states by acting this session. Otherwise, in presidential elections, unhappy Americans are bound to continue paying for the Founding Fathers' fatigue.

The Fayetteville Observer

Our View: Electoral vote change would be good for the state and its people

The Fayette Observer Editorial
May 16, 2007

Four times since the framers met in Philadelphia in 1787, the presidency has gone to the candidate on the losing end of the popular vote. The republic still stands.

That's hardly a compelling argument for leaving things as they are. The Electoral College less than perfectly reflects the will of the people, and the threat of the "faithless elector" who tips an election the way his partisan bias dictates is real, if remote. Both threats would vanish if the election automatically went to the candidate for whom most registered voters pulled the lever.

This is the point at which the conversation normally would turn to amending the federal Constitution to abolish the Electoral College. But the state Senate has just passed a bill that would achieve a comparable effect by simple statute.

The bill provides that, if enough states join in to command a majority in the Electoral College, all of North Carolina's electoral votes will be awarded to the winner of the popular vote — not the statewide winner, but the one who wins nationwide. More than 40 states are already looking at substantially the same bill.

If it works as planned, the problem goes away, with no violence done to the Constitution.

Something else happens, too. North Carolina will less often find itself in political obscurity when the nation chooses its top leader.

During the 2000 election, one analyst noted that the candidates were focusing most of their time and effort on 11 swing states. Ironically, only three of those had more electoral votes than North Carolina, which was not one of the 11. If candidates understand that they have a real shot at our 15 electoral votes right up until the polls close on that fateful Tuesday in November, we are unlikely to be shrugged off or taken for granted again.

The arguments against it are no stronger than those for retaining the Electoral College in all its supreme majesty: (1) it's different; and (2) it means that North Carolina could end up giving its 15 votes to someone not favored by the majority of Tar Heel voters. The first argument lacks heft. The second would make perfect sense, but only if one could ignore the fact that presidential elections are held to enable individual Americans to put someone in the White House, not merely to express each state's collective pique or pleasure.

This is worth a try — for the sake of simplicity and fairness, and in the interest of raising our state's political profile.

Drop Out of the College

New York Times editorial
March 14, 2006

The Electoral College is an antidemocratic relic. Everyone who remembers 2000 knows that it can lead to the election of the candidate who loses the popular vote as president. But the Electoral College's other serious flaws are perhaps even more debilitating for a democracy. It focuses presidential elections on just a handful of battleground states, and pushes the rest of the nation's voters to the sidelines.

There is an innovative new proposal for states to take the lead in undoing the Electoral College. Legislatures across the country should get behind it.

Both parties should have reason to fear the college's perverse effects. In 2000, the Democrats lost out. But in 2004, a shift of 60,000 votes in Ohio would have elected John Kerry, even though he lost the national popular vote decisively.

Just as serious is the way the Electoral College distorts presidential campaigns. Candidates have no incentive to campaign in, or address the concerns of, states that reliably vote for a particular party. In recent years, the battleground in presidential elections has shrunk drastically. In 1960, 24 states, with 327 electoral votes, were battleground states, according to estimates by National Popular Vote, the bipartisan coalition making the new proposal. In 2004, only 13 states, with 159 electoral votes, were. As a result, campaigns and national priorities are stacked in favor of a few strategic states. Ethanol fuel, a pet issue of Iowa farmers, is discussed a lot. But issues of equal concern to states like Alabama, California, New York and Indiana are not.

The Electoral College discourages turnout because voters in two-thirds of the nation know well before Election Day who will win their states. It also discriminates among voters by weighing presidential votes unequally. A Wyoming voter has about four times as much impact on selecting that state's electors as a California voter does on selecting that state's.

The answer to all of these problems is direct election of the president. Past attempts to abolish the Electoral College by amending the Constitution have run into difficulty. But National Popular Vote, which includes several former members of Congress, is offering an ingenious solution that would not require a constitutional amendment. It proposes that states commit to casting their electoral votes for the winner of the national popular vote. These promises would become binding only when states representing a majority of the Electoral College signed on. Then any candidate who won the popular vote would be sure to win the White House.

The coalition is starting out by trying to have laws passed in Illinois and a few other states. Americans are rightly cautious about tinkering with mechanisms established by the Constitution. But throughout the nation's history, there have been a series of reforms affecting how elections are conducted, like the ones that gave blacks and women the vote and provided for the direct election of United States senators. Sidestepping the Electoral

Sen. Bettye Davis

From: Joyce Hilyard [alaskajoyce2003@yahoo.com]
Sent: Sunday, January 31, 2010 7:56 PM
To: Senator_Joe_Paskavan@legis.state.ak.us
Cc: "Senator_ Linda_ Menard"@legis.state.ak.us; "Senator _Kevin_Meyer"@legis.state.ak.us; "Senator_ Hollis_French"@legis.state.ak.us; Sen. Albert Kookesh; Sen. Bettye Davis
Subject: Fw:

> To the Senate State Affairs
> Committee
> I would like to lend my support to SB 92, US Presidential Election
> Compact.
>
> Currently, the modern machinations of political campaigning, many
> states are essentially "left out" and their results of little concern
> to campaigns, their pollsters, or the news media. How disheartening
> is it for Alaskans to discover the election has already been called
> even before all our votes are cast?
>
> Alaska deserves better.
> Respectfully,
> Joyce G. Hilyard
>
>
>
>

Sen. Bettye Davis

From: lori@motznik.com on behalf of Lori Davey [lori@trentandlori.com]
Sent: Monday, February 01, 2010 5:49 PM
To: Sen. Linda Menard
Cc: Sen. Kevin Meyer; Sen. Hollis French; Sen. Albert Kookesh; Sen. Joe Paskvan; Sen. Bettye Davis
Subject: SB 92 Pular Vote

Sen. Linda Menard, Chair
Members of the State Affairs Committee

I strongly support SB 92, a bill to enter into an interstate compact for a popular vote for Presidential elections.

After looking at a number of sources on this important issue, I have concluded three basic advantages of this type of election; those being:
Nationwide popular election of the President is the only system that:
(1) makes all states competitive in presidential elections,
(2) guarantees that the candidate with the most popular votes nationwide wins the Presidency, and most importantly
(3) makes every vote equal.
I have been following the issue and am very excited to see that Alaska will now have an opportunity to comment in the form of this proposed legislation. This bill will give Alaska an opportunity to gain parity in Presidential elections.

Sincerely,

Lori Davey
17420 Mountainside Village Dr
Anchorage, AK 99516

RECEIVED
FEB 0 2 2010

Sen. Bettye Davis

From: james gilles [bigchief46@hotmail.com]
Sent: Monday, February 01, 2010 4:27 PM
To: Sen. Linda Menard; Sen. Kevin Meyer; senator_hollis_french@legis.state.ak.su; Sen. Albert Kookesh; Sen. Joe Paskvan; Sen. Bettye Davis
Subject: popular vote

Dear Senator Linda Menard, Chair
& Members of the State Affairs Committee:

Please consider supporting SB 92, in reference to a popular vote for Presidential elections. The current electoral system needs updating, a direct election of the president is just plain common sense as that is the system that's in place for all other elective officials.....

Thank you,

Jim Gilles

HC 52

P.O. Box 8505

Bird Creek, Alaska

99540

907-223-0324

Hotmail: Free, trusted and rich email service. Get it now.

Alaska State Legislature

Senate
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•
Senate
Education Committee
Vice - Chair

Legislative Council
Vice - Chair
•
Senate
Transportation
Committee
•
Senate
Labor & Commerce
Committee

Senator_Bettye_Davis@legis.state.ak.us
http://www.aksenate.org

Session: (Jan. - May)
State Capitol, Suite 30, Juneau, AK 99801-1182 Phone: (907) 465-3822 • Fax: (907) 465-3756 •Toll free: (800) 770-3822
Interim: (May - Dec.)
716 W. 4th Ave, Suite 400, Anchorage, AK 99501 Phone: (907) 269-0144 • Fax: (907) 269-0148

SB 92 BY SECTION

Section 1. Adding new sections to enact the Agreement Among the States to Elect the President by National Popular Vote

ARTICLE I—MEMBERSHIP

I-1 Any State of the United States and the District of Columbia may become a member of this agreement by enacting this agreement

ARTICLE II—RIGHT OF THE PEOPLE IN MEMBER STATES TO VOTE FOR PRESIDENT AND VICE PRESIDENT

II-1 Each member state shall conduct a statewide popular election for President and Vice President of the United States.

ARTICLE III—MANNER OF APPOINTING PRESIDENTIAL ELECTORS IN MEMBER STATES

III-1 Prior to the time set by law for the meeting and voting by the presidential electors, the chief election official of each member state shall determine the number of votes for each presidential slate in each State of the United States and in the District of Columbia in which votes have been cast in a statewide popular election and shall add such votes together to produce a "national popular vote total" for each presidential slate.

III-2 The chief election official of each member state shall designate the presidential slate with the largest national popular vote total as the "national popular vote winner."

III-3 The presidential elector certifying official of each member state shall certify the

appointment in that official's own state of the elector slate nominated in that state in association with the national popular vote winner.

III-4 At least six days before the day fixed by law for the meeting and voting by the presidential electors, each member state shall make a final determination of the number of popular votes cast in the state for each presidential slate and shall communicate an official statement of such determination within 24 hours to the chief election official of each other member state.

III-5 The chief election official of each member state shall treat as conclusive an official statement containing the number of popular votes in a state for each presidential slate made by the day established by federal law for making a state's final determination conclusive as to the counting of electoral votes by Congress.

III-6 In event of a tie for the national popular vote winner, the presidential elector certifying official of each member state shall certify the appointment of the elector slate nominated in association with the presidential slate receiving the largest number of popular votes within that official's own state.

III-7 If, for any reason, the number of presidential electors nominated in a member state in association with the national popular vote winner is less than or greater than that state's number of electoral votes, the presidential candidate on the presidential slate that has been designated as the national popular vote winner shall have the power to nominate the presidential electors for that state and that state's presidential elector certifying official shall certify the appointment of such nominees.

III-8 The chief election official of each member state shall immediately release to the public all vote counts or statements of votes as they are determined or obtained.

III-9 This article shall govern the appointment of presidential electors in each member state in any year in which this agreement is, on July 20, in effect in states cumulatively possessing a majority of the electoral votes.

ARTICLE IV—OTHER PROVISIONS

IV-1 This agreement shall take effect when states cumulatively possessing a majority of the electoral votes have enacted this agreement in substantially the same form and the enactments by such states have taken effect in each state.

IV-2 Any member state may withdraw from this agreement, except that a withdrawal occurring six months or less before the end of a President's term shall not become effective until a President or Vice President shall have been qualified to serve the next term.

IV-3 The chief executive of each member state shall promptly notify the chief executive of all other states of when this agreement has been enacted and has taken effect in that official's state, when the state has withdrawn from this agreement, and when this agreement takes effect generally.

IV-4 This agreement shall terminate if the electoral college is abolished.

IV-5 If any provision of this agreement is held invalid, the remaining provisions shall not be affected.

ARTICLE V—DEFINITIONS

V-1 For purposes of this agreement,
"chief executive" shall mean the Governor of a State of the United States or the Mayor of the District of Columbia;

V-2 "elector slate" shall mean a slate of candidates who have been nominated in a state for the position of presidential elector in association with a presidential slate;

V-3 "chief election official" shall mean the state official or body that is authorized to certify the total number of popular votes for each presidential slate;

V-4 "presidential elector" shall mean an elector for President and Vice President of the United States;

V-5 "presidential elector certifying official" shall mean the state official or body that is authorized to certify the appointment of the state's presidential electors;

V-6 "presidential slate" shall mean a slate of two persons, the first of whom has been nominated as a candidate for President of the United States and the second of whom has been nominated as a candidate for Vice President of the United States, or any legal successors to such persons, regardless of whether both names appear on the ballot presented to the voter in a particular state;

V-7 "state" shall mean a State of the United States and the District of Columbia; And

V-8 "statewide popular election" shall mean a general election in which votes are cast for presidential slates by individual voters and counted on a statewide basis.

Sections 2 and 3.

Notification of Electors. Amends AS 15.30.060 and adds a new subsection. These sections together allow the Director of the Division of Elections to send a certificate of election to each elector in accordance with the national popular vote totals.

Section 4.

Amends AS 15.30.090 by adding conforming language that allows the electors to vote in accordance with the national popular vote totals.

Section 5.

Adds a new subsection to AS 15.30.090 that dictates that electors follow the results of the national popular vote when the compact is in effect, and requires that any required administrative or legal services be provided to the electors.

Public Policy Polling

Alaska Survey Results

Q1 How do you think we should elect the President: should it be the candidate who gets the most votes in all 50 states, or the current electoral college system? If you think it should be the candidate who gets the most votes in all 50 states, press 1. If you think it should be the current electoral college system, press 2.

Candidate who gets the most votes in all 50 states	70%	*Current electoral college system*	30%

Q2 If you are a woman, press 1, if a man, press 2.

Women	54%	*Men*	46%

Q3 If you are a Democrat, press 1. If a Republican, press 2. If nonpartisan, press 3. If Alaskan Independent Party, press 4. If Republican Moderate Party, press 5. If Green Party, press 6. If other, press 7.

Democrat	18%
Republican	33%
Nonpartisan	44%
Alaskan Independent Party	1%
Other	4%

Q4 If you are white, press 1. If black, press 2. If Alaska native, press 3. If Asian, press 4. If other, press 5.

White	80%	*Asian*	1%
Black	4%	*Other*	10%
Alaska Native	5%		

Q5 If you are 18 to 29 years old, press 1 now. If you are 30 to 45, press 2. If you are 46 to 65, press 3. If older than 65, press 4.

18-29	9%	*46-65*	41%
30-45	34%	*Older than 65*	15%

Q6 Are you or is someone in your household a member of a labor union? If yes, press 1. If no, press 2.

Yes	28%
No	72%

January 27-28, 2010
Survey of 800 Alaska voters

3020 Highwoods Blvd.
Raleigh, NC 27604
information@publicpolicypolling.com / 888 621-6988

Public Policy Polling

Crosstabs

	Base	Gender	
		Women	Men
Change System			
Candidate who gets the most votes in all 50 states	70%	78%	60%
Current electoral college system	30%	22%	40%

	Base	Party				
		Democrat	Republican	Nonpartisan	Alaskan Independent Party	Other
Change System						
Candidate who gets the most votes in all 50 states	70%	78%	66%	70%	82%	69%
Current electoral college system	30%	22%	34%	30%	18%	31%

	Base	Race				
		White	Black	Alaska Native	Asian	Other
Change System						
Candidate who gets the most votes in all 50 states	70%	72%	53%	59%	63%	69%
Current electoral college system	30%	28%	47%	41%	38%	31%

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Public Policy Polling

Crosstabs

	Base	Age			
		18-29	30-45	46-65	Older than 65
Change System					
Candidate who gets the most votes in all 50 states	70%	68%	70%	70%	70%
Current electoral college system	30%	32%	30%	30%	30%

	Base	Union Household	
		Yes	No
Change System			
Candidate who gets the most votes in all 50 states	70%	65%	72%
Current electoral college system	30%	35%	28%

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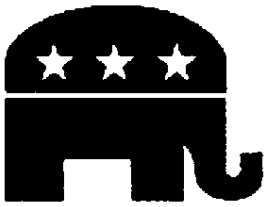


March 22, 2010

The Honorable Senator Bert Stedman
Alaska Senate
State Capitol
Room 516
Juneau, AK 99801-1182

Dear Senator Stedman:

I support the National Popular Vote bill, which would guarantee the Presidency to the candidate who receives the most popular votes in all 50 states—and I'm asking you to seriously consider this proposal.

As the former Chairman of the Michigan Republican Party, I am asking you to consider a bipartisan, truly representative and fairer process to elect the President of the United States -- Our President.

Currently, the Alaska Senate is considering SB 92.

The National Popular Vote does not abolish the Electoral College. Instead, it uses the state's existing authority to change how the Electoral College is chosen, namely from the current state-by-state count to the popular vote of the people in all 50 states.

This would guarantee the Presidency to the candidate who receives the most popular votes in all 50 states.

The shortcomings of the current system stem from the winner-take-all rule (i.e., awarding all of a state's electoral votes to the candidate who receives the most popular votes in each state).

Because of the winner-take-all rule, a candidate can win the Presidency without winning the most popular votes nationwide. This has occurred in 4 of the nation's 56 presidential elections. As an example of a near miss, a shift of fewer than 60,000 votes in Ohio in 2004 would have defeated President Bush, despite his nationwide lead of 3,500,000 votes.

This is a state rights issue. We the people—in every state—have the right to decide how and who is elected President.

The U.S. Constitution gives the states exclusive and plenary control over the manner of awarding their electoral votes. The winner-take-all rule is not in the Constitution. It was not the Founder's choice and was used by only three states in the nation's first presidential election in 1789.

Under the National Popular Vote, all the electoral votes from the enacting states would be awarded to the presidential candidate who receives the most popular votes in all 50 states. The bill would take effect only when enacted by states possessing a majority of the electoral votes—that is, enough electoral votes to elect a President (270 of 538). The bill would replace the current state-by-state system of awarding electoral votes with a system guaranteeing the Presidency to the candidate who wins the most popular votes in all 50 states.

As of today, 29 Legislative Chambers in 19 States have passed the National Popular Vote Bill. A 2007 national poll showed **72% support nationwide** for a national popular vote for the President. A recent poll of Alaskan voters in January of this year, found that 70% of your citizens supported the National Popular Vote concept.

The National Popular Vote bill has passed in states having almost a quarter (23%) of the electoral votes necessary to bring this into effect. Those states include Hawaii, Illinois, Maryland, New Jersey and Washington.

This proposal would guarantee that every vote matters, every state is relevant, every town and community would have the same value to each candidate for President in every presidential election.

More importantly, this bill would insure that every Alaskan vote matters, that every effort is relevant and that Alaska and issues important to Alaska stay in the forefront. Candidates would battle for every vote in Alaska!

During the 2008 Presidential campaign, John McCain determined that Michigan's 17 Electoral votes were out of reach. Senator McCain's staff announced to the world that campaign activities would cease in Michigan, so resources could be targeted to the battleground states of Ohio, Florida, Pennsylvania and Missouri. Candidate McCain abandoned conservatives in Michigan and made it difficult to win seats for U.S. Congress and the Michigan Legislature. With National Popular Vote, the McCain campaign would have fought for every Republican vote in Michigan right up until Election Day. Republicans—up and down our ticket—would have benefited from National Popular Vote in 2008, just as they would in 2012.

As a conservative and a Republican, there are several other political aspects that I think are important to consider.

I believe we are a 'center-right' nation. A national vote system would give our center-right coalition a greater voice in electing the President. Rather than having to campaign in 'battleground' states only, every one of our coalition's members would matter. Nationwide turnout, regardless of the impact on individual states, would matter. Our voices and issues move and affect voters nationally and candidates would have to take them into greater consideration.

Moving away from the current system also helps reduce the incentive and value of voter fraud. Today, small changes in a particular state could have determinative effects on the Electoral College vote. By moving away from the state-by-state system, we diminish the role any one group, city or 'machine' could play to swing a state's Electoral College votes. We insure that the will of the people is heard.

In The Federalist Papers No. 68, Alexander Hamilton, in arguing for an Electoral College that reflected a 'national perspective, said: "Talents for low intrigue, and the little arts of popularity, may alone suffice to elevate a man to the first honors in a single State; but it will require other talents, and a different kind of merit, to establish him in the esteem and confidence of the whole Union, or of so considerable a portion of it as would be necessary to make him a successful candidate for the distinguished office of President of the United States."

Today, conservatives in many states have little voice. Presidential campaigns concentrate their efforts in the 12-18 'battleground' states, depending on the year. Under a National Popular Vote, conservative turnout in California, New York and small states like Vermont would matter. This would provide for a great incentive to organize our 'natural' and often times 'silent' majority in EVERY state.

Obviously, the left has a similar scenario and perspective about the national electorate. They believe that they have a better organizational base, a broader appeal and would/should be the majority party and movement in America. I am confident that the conservatives across this country are under-represented and under-counted election after election.

The bottom line is that the National Popular Vote bill would guarantee the Presidency to the candidate who receives the most popular votes in all 50 states. I believe that is both right and fair.

For more information go to:

http://nationalpopularvote.com/

Or e-mail me at:

sanuzis@gmail.com

Thank you for your time and consideration. Keep the faith!

Sincerely,

Saul Anuzis
Former Chairman
Michigan Republican Party and
Chairman of the Technology Committee
Republican National Committee

SB

93

<target><bill>SB 93</bill><subject>SB
93</subject><comm>SFIN26</comm></target>

Senator Joe Paskvan

Alaska State Senate • District E • Fairbanks • Ft Wainwright

Senate Bill 93 - Municipal Air Quality Property Tax Credit

Sponsor Statement

Some communities in Alaska have been designated as non-attainment areas for PM 2.5 by the EPA. Based on the requirements of the Clean Air Act, the state and those impacted local governments have three years to develop attainment plans designed to bring air quality into compliance with federal air standards.

SB 93 is needed as a first step to allow local municipalities the latitude in developing tax credit programs to address the important public health and community compliance issues that result from poor air quality.

Senate Bill 93 is designed to provide optional tools to municipalities that can be used to create incentives for individuals to take actions that will improve local air quality and reduce fuel consumption.

SB 93 expands the discretion of municipalities in a manner that allows, by ordinance, the creation of programs that will offer property tax credits for actions that the local governing body determines will improve air quality. This bill requires that eligibility, conditions and other criteria for the tax credits be established by ordinance.

Examples of how this proposed legislation might be used by a municipality include:

- Incentives to residents to exchange old-style wood stoves for EPA certified wood stoves. Data show that EPA certified wood stoves significantly reduce fine particulate emissions over non-EPA stoves. It is in the interest of any community with air quality nonattainment issues to have citizens who choose to heat with wood do so in the most environmentally friendly way.

- Incentives to residences or commercial businesses to improve the energy efficiency of their property. Reduced fuel consumption would lead to reduced emissions from area heating or electricity generation. Incentives could be based on calculated BTU savings, MW reductions, etc.

- Incentives to convert from carbon based energy consumption to alternative energy generation. This could involve tax credits for construction and use of a solar array or wind turbine to power/heat residential or commercial facilities.

The proposed legislation would create a full range of options for a local municipality to address air quality issues, rather than just restriction and enforcement based options.

In Juneau:
State Capitol, Juneau, AK 99801
(907) 465-3709 Office • (907) 465-4714 Fax

Senator_joe_paskvan@legis.state.ak.us

In Fairbanks:
1292 Sadler Way, Ste. 308 Fairbanks, AK 99701
(907) 451-4347 Office • (907) 451-4348 Fax

Hey Darwin:

fyi, the following folks will be available on Monday morning to testify/answer questions regarding SB 93 - Muni Air Quality Tax Credits:

- Nadine Winders, Presiding Officer of the Fairbanks North Star Borough (FNSB) Assembly
- Jim Conner, FNSB Air Quality Specialist
- Alice Edwards, State DEC Environmental Specialist
- Tyson Fick, State DCCED (re the zero fiscal note)

Thomas & Elton are co-sponsors of the bill, and Olson heard the bill in (S)CRA last week, so I've asked the FNSB folks to keep their comments brief.

Thanks,

yuri

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: SB 93
(S) Publish Date: 2/13/09

Identifier (file name):SB93-CED-CRA-2-9-09
Dept. Affected: DCCED
Title: Municipal Air Quality Property Tax Credit
RDU: Community and Regional Affairs
Component: Community and Regional Affairs
Sponsor: Senator Paskvan
Requester: Senate Community and Regional Affairs Committee
Component Number: 2879

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2009) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This bill would allow municipalities to provide a property tax exemption based on a percentage of verifiable air quality improvement costs on a property.

The Department of Commerce, Community and Economic Development does not foresee a fiscal impact to DCCED as a result of this bill.

Prepared by: Tyson Fick, Legislative Liaison
Phone 465-2503
Division: DCCED
Date/Time 02/09/09 1:00pm
Approved by: Emil Notti, Commissioner
Department of Commerce, Community and Economic Development
Date 2/9/2009

(Revised 9/10/2008 OMB)

3309

Achieving a healthy and affordable energy future, for itself and its fellow Alaskans, is Fairbanks' goal. Recognizing the probable negative ramifications of inaction—or wrong action—is what drives Fairbanks to pursue this goal.

4. FNSB Air Quality (PM 2.5)

Monitoring of particulate levels in urban areas within the Fairbanks North Star Borough continues to show daily exceedances of Federal limits, particularly during periods of temperature inversions. This chapter describes the status of the FNSB's particulate emissions issue.

4.1 Particulate Matter (PM) 2.5 Non-Attainment

The Fairbanks area is surrounded by hills on three sides and is susceptible to severe surface-based temperature inversions during the winter that stratify cold air near the ground. Coupled with low wind speeds, pollutants in the air get trapped up to weeks at a time and concentrate resulting in periods of poor air quality. Particulate matter is one of those pollutants. Fine particles that are 2.5 micrometers in diameter and smaller (PM 2.5) are unhealthy to breathe and have been associated with serious lung and heart problems. These particles are a mixture of microscopic solids and liquid droplets suspended in air. Sources of fine particles include all types of combustion activities (motor vehicles, power plants, wood burning, etc.) and certain industrial processes. Cold weather (near 0 degrees F and below) seems to increase the PM 2.5 levels in the Fairbanks area during temperature inversions.

In 1997, the EPA issued standards for PM 2.5 based on health studies and extensive peer review. The annual standard of 15 micrograms per cubic meter and 24-hour standard of 65 micrograms per cubic meter (µg/m3) is based on a three-year average of annual mean PM 2.5 concentrations. In September 2006, the EPA issued revised national air quality standards for PM 2.5. The daily PM 2.5 particle standard has been reduced from 65 to 35 µg/m3 of air.

In March 2007, EPA issued a rule defining requirements for states to clean the air in areas with levels of fine particle pollution that do not meet national air quality standards. EPA designates an area as "non-attainment" if it violates the fine particle standards over a three-year period. Once an area is designated as non-attainment, the Clean Air Act requires a state to submit an implementation plan to EPA within three years. This plan must include enforceable measures to reduce air pollutant emissions that form the fine particles in the atmosphere. The plan must also provide enforceable steps to attain the PM 2.5 standards and show how it will make reasonable progress toward meeting them.

States must meet the new PM 2.5 standard by 2010. In their 2008 implementation plans, states may propose an attainment date extension for up to five years. Those areas for which EPA approves an extension must achieve clean air as soon as possible, but no later than 2015.

In August 2007, the Alaska Dept. of Environmental Conservation (ADEC) published "Alaska's 2008 Air Monitoring Network Program." This document included the following statements concerning Fairbanks:

- "Fairbanks had consistently experienced the highest PM 2.5 values measured in the State."

- "Based on winter PM 2.5 levels, Fairbanks had been flirting with exceeding the annual fine particulate standard (set at 15 µg/sm3) for the past seven years. If [they are] exceeded, Fairbanks will need to control year-round PM pollution."

- "To address the needs of an Alaska PM 2.5 State Implementation Plan (SIP), the Fairbanks North Star Borough is expanding its monitoring network to better identify the magnitude, extent, and source of its winter PM 2.5 problems. This effort will see the addition of between three and five new monitoring sites operated during the winter months."

- "The 2007 PM 2.5 network so far only monitored the fine particles at the State Office Building."

4.1.1 FNSB Non-Attainment Boundary (PM 2.5)

In December 2007, ADEC sent a letter to EPA recommending that, based on the past three years of ambient air monitoring data, EPA designate all areas of the State in attainment with the annual PM 2.5 standard of 15 µg/m3. The letter also stated that Fairbanks was the only Alaska community that had exceeded EPA's new 35 µg/m3 (24-hour) standard. Enclosed with the letter was supporting information that included a recommended boundary for a Fairbanks PM 2.5 (24-hour) non-attainment area. Following are excerpts from that document concerning the proposed PM 2.5 non-attainment boundary:

- "Ambient air monitoring has been conducted at one site in downtown Fairbanks since the PM 2.5 network was established in 1999. While this site does represent the level of fine particulates in the downtown area, there is nothing to confirm that PM 2.5 concentrations exceed State and Federal fine particulate standards outside of the urban center."

- "EPA recommends that states consider nine factors in making non-attainment boundary recommendations. These nine factors include: emission data, air quality data, population density and degree of urbanization (including commercial development), traffic and commuting patterns, growth rates and patterns, meteorology (weather/transport patterns), geography/topography (mountain ranges or other air basin boundaries), jurisdictional boundaries (e.g. counties, air districts, reservations, metropolitan planning organizations [MPOs]), and level of control of emission sources."

- "Based on a number of these factors, the department (ADEC), in consultation with the Fairbanks North Star Borough, has developed a recommended boundary for a PM 2.5 non-attainment area in Fairbanks. The proposed boundary captures the air shed most likely contributing to the exceedances in Fairbanks resulting in non-attainment of the health standard based on existing monitoring data and other factors listed above."

- "Because there is only one monitoring site in Fairbanks, the monitoring data and source characterization work derived from that site is most likely not representative of the source contributions throughout the entire area."

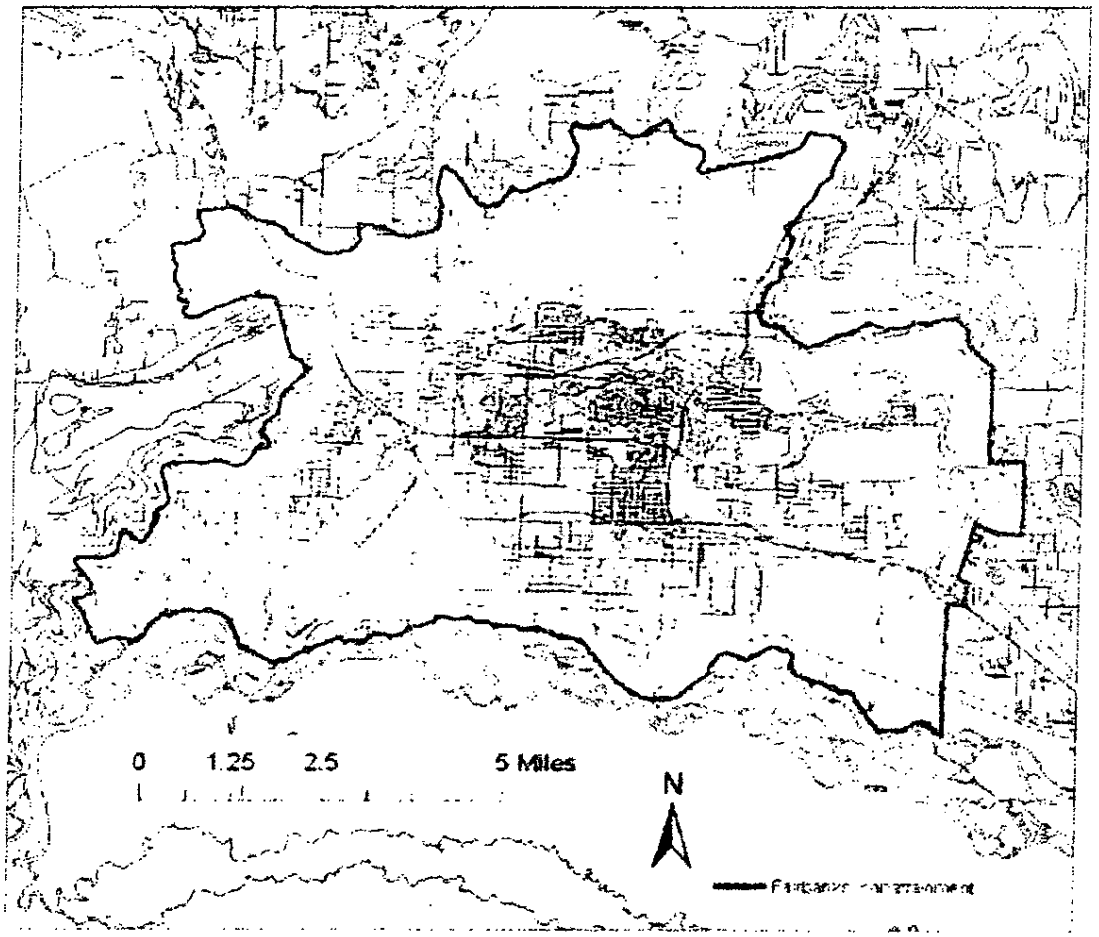
- "At this time, no monitoring data exist for the city of North Pole or other residential areas in the outlying valleys to the north of Fairbanks. At this time, there is insufficient information to suggest that North Pole or these other outlying populated areas have an air quality problem or are significantly contributing to the air quality violations occurring in downtown Fairbanks. Furthermore, some of the outlying populated areas are located at higher levels that are frequently above the inversion layer. Therefore, PM 2.5 concentrations are most likely lower than in downtown Fairbanks because areas above the inversion experience good exchange

with air masses aloft. For these reasons, they have been excluded from the proposed boundary."

- "As supplemental information and data are collected over the next several years, this boundary could be further refined. "

Figure 4-1 shows a map of the PM 2.5 non-attainment boundary originally proposed by ADEC and FNSB.

Figure 4-1: FNSB's Proposed PM 2.5 Non-Attainment Boundary



In 2007, FNSB installed a particle monitor at Nordale School and uses a mobile sniffer, known as the RAMS trailer, to gather air samples throughout the FNSB.

In April 2008, ADEC issued an updated "State Air Quality Control Plan." This document included the following statements concerning PM 2.5 emissions:

- "In a recent rulemaking with an effective date of December 18, 2006, EPA revised the level of the 24-hour PM 2.5 standard from 65 to 35 µg/m3. A review of monitoring data collected in Fairbanks in recent years shows summer values are generally low, approximately 7 µg/m3 (24-hour average), except when smoke from wildfires is transported into the downtown area (i.e., the location of the borough's PM 2.5 monitor). When this occurs, concentrations can become quite high (many multiples of the recently adopted 35 µg/m3 standard). Concentrations resulting from these conditions, however, can qualify as exceptional events. Winter values average approximately 23 µg/m3 (24-hour average), but episodically can exceed 50–60 µg/m3."

- "The entire State of Alaska is currently classified as in attainment of the PM 2.5 standard; however, barring a substantial change in wintertime concentrations, it is likely the State will recommend to EPA that Fairbanks be designated non-attainment of the revised 24-hour PM 2.5 standard in 2008/2009."

During the past three years, the Fairbanks area has exceeded the 2006 revised EPA PM 2.5 (24-hour) standard of 35 µg/m3 numerous days during the winter. Figure 4-2 shows the number of days the PM 2.5 (24-hour) standard was exceeded during the past five calendar years. The graph in Figure 4-3 shows the daily PM 2.5 (24-hour) levels in Fairbanks during the four winter months of November 2005 through February 2006.

Figure 4-2: PM 2.5 Exceedances (2003-2008)

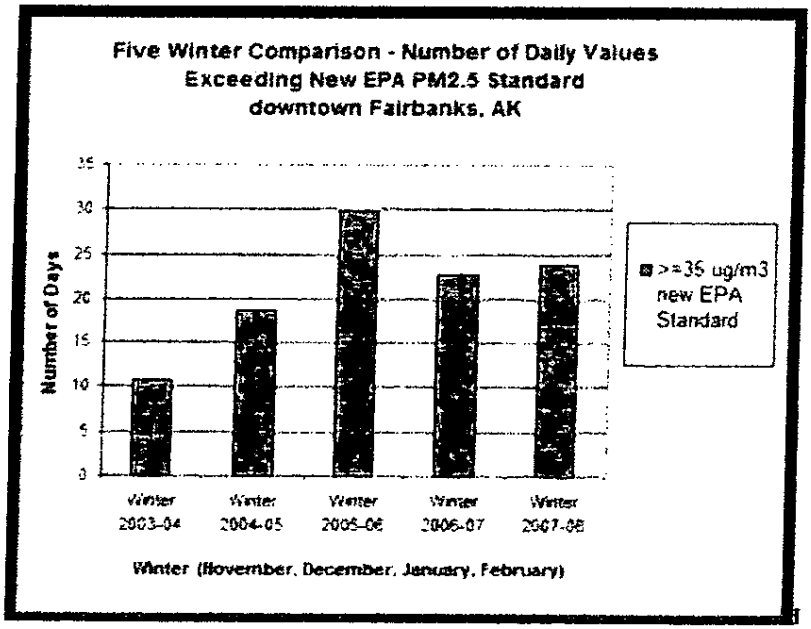


Figure 4-3: Fairbanks Daily PM 2.5 Levels (Winter 2005-2006)

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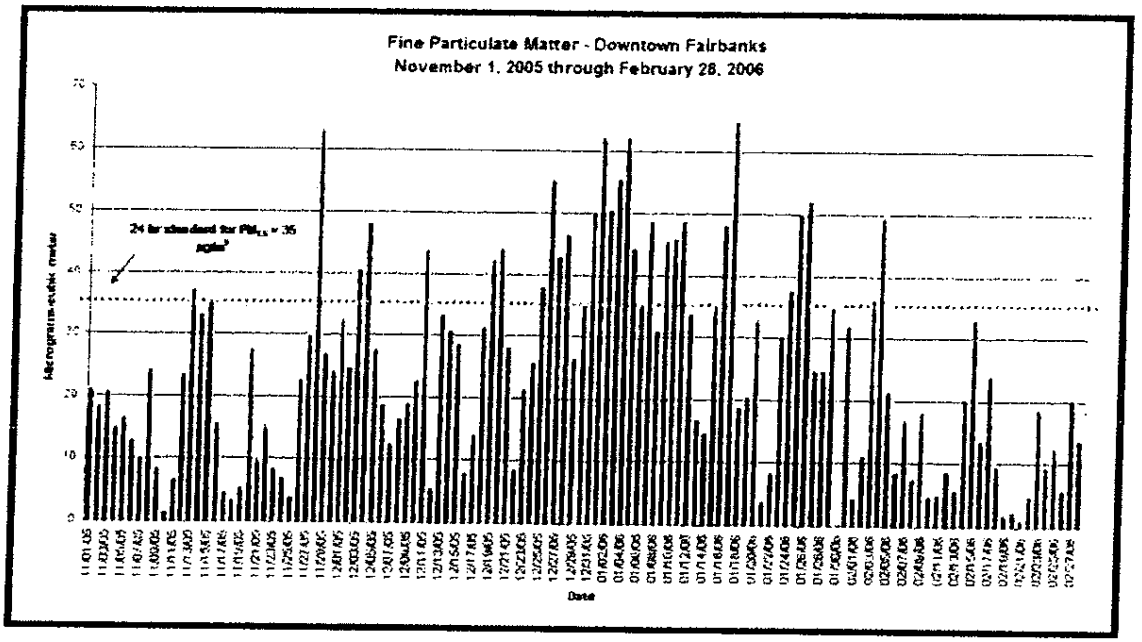

In August 2008, EPA sent a letter notifying the State of its intent to designate a portion of the Fairbanks North Star Borough (FNSB) as non-attainment and to modify Alaska's recommended FNSB non-attainment boundary. EPA encouraged the State to submit any additional information that EPA should consider concerning the FNSB PM 2.5 non-attainment boundary before October 20, 2008. Figure 4-4 shows EPA's proposed boundary. It encompasses a large area of the borough that has few or no people, such as the Tanana Flats. EPA plans to publish a notice in the Federal Register to solicit public comments on its decision and make final designation decisions for the 2006 PM 2.5 (24-hour) standard by December 18, 2008.

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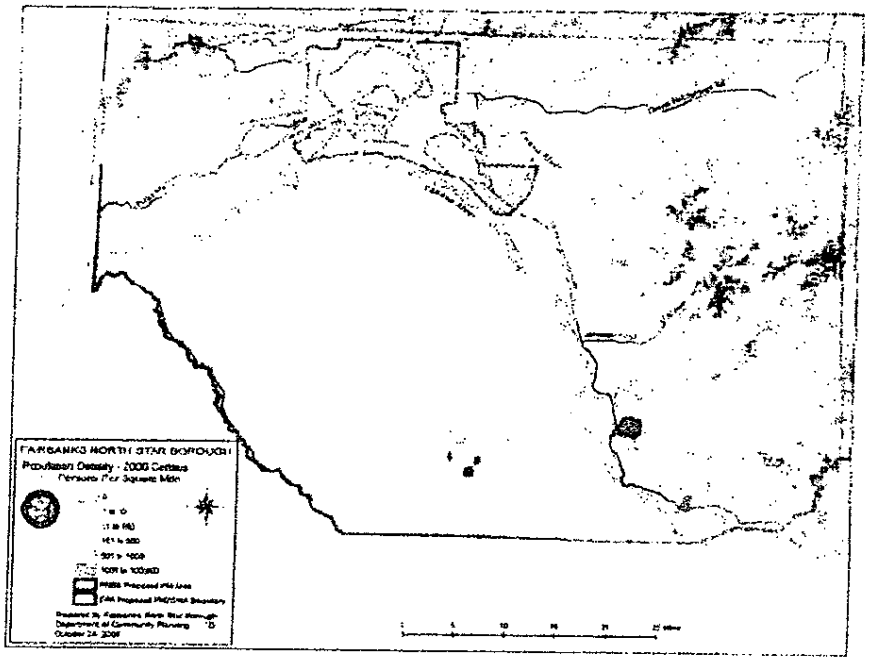
Figure 4-4: EPA's Proposed PM 2.5 Non-Attainment Boundary



In October 2008, the FNSB proposed a smaller PM 2.5 (24-hour) non-attainment boundary to EPA that is shown in Figure 4-5. An EPA decision on the non-attainment boundary is pending.

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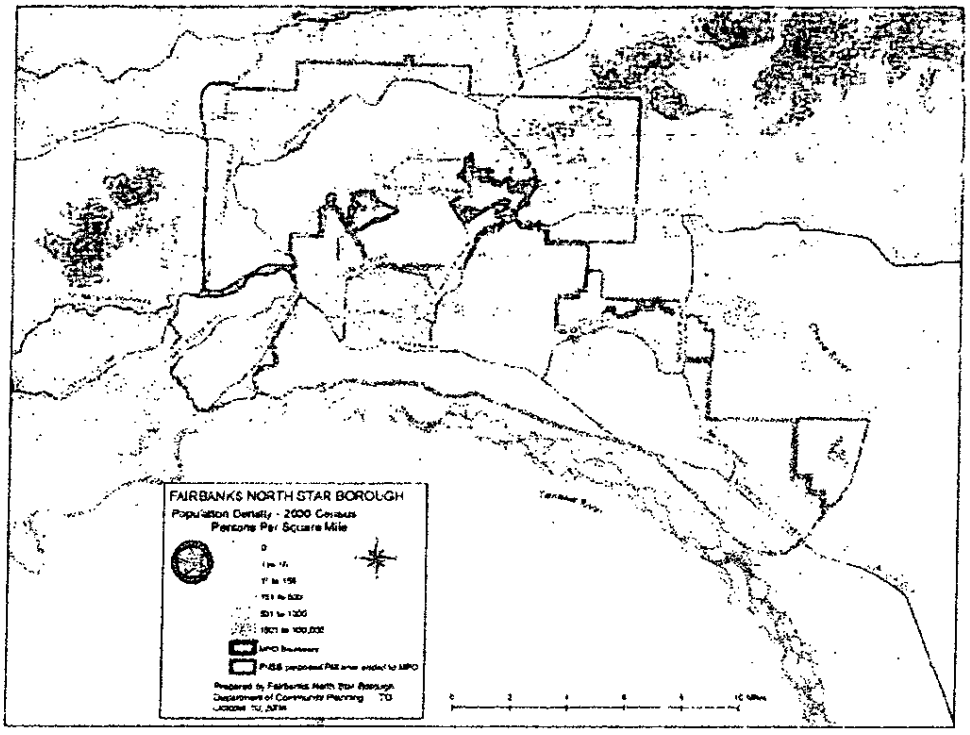
Figure 4-5: FNSB's Adjusted PM 2.5 Non-Attainment Boundary



4.2 PM 2.5 Particle Analysis

ADEC and FNSB have analyzed the samples collected in the ambient air monitors and identified possible sources of the PM 2.5 particles. They found that the winter samples contained about 40 to 55 percent of the fine PM 2.5 particles made of secondary sulfate and nitrate aerosols. Most of the remaining aerosol was contributed equally from wood burning emissions and an unknown zinc-related factor. Trace amounts were also identified as sea salt, motor vehicle emissions, and soil. Figure 4-6 summarizes these results.

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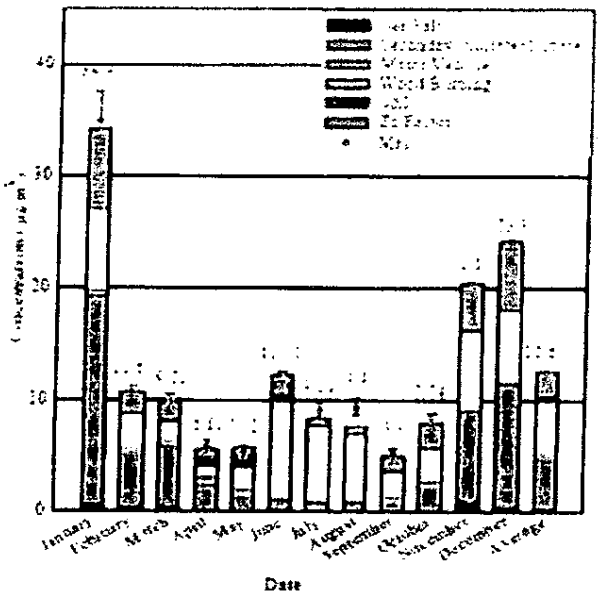
Figure 4-6: PM 2.5 Particle Analysis Results



Sulfite and Nitrate Aerosols: The source of the sulfur and nitrate aerosols is most likely burning fuels that contain sulfur. Fairbanks vehicles burn significant amounts of gasoline and diesel fuel; however, the sulfur content of both fuels has been reduced dramatically in recent years. Low-sulfur diesel fuel contains 0.007 percent sulfur by weight. The sulfur content of fuel oil used for building heating contains about 0.22 percent sulfur. Although there are numerous sources in Fairbanks that burn fuel containing sulfur, the distillate fuel oils used in space heating could be a dominant source of the atmospheric sulfite and nitrate aerosols in Fairbanks during the winter.

Wood Burning Emissions: Heating fuel oil prices in Alaska have increased significantly during the past four years, and data from ADEC-sponsored building heating surveys show that more households and businesses have installed supplemental wood-burning heaters. The EPA estimates that wood stoves emit more pollutants than oil-fired furnaces—generally 30 to 250 times more particulates on a heat-equivalent basis.

Zinc-based Emissions: The source of the zinc found in the Fairbanks PM 2.5 particles is unknown at this time. Possible sources include burning of waste lubricating oils, motor vehicles burning lube oil, or distant sources of zinc mining and ore handling. Zinc is widely used as an additive in lubricating oils for diesel engines and, in lower concentrations, for gasoline-powered engines.

4.2.1 Expanded PM 2.5 Sampling Program

Starting in 2007, the FNSB expanded monitoring to determine the extent of the elevated PM 2.5 emissions. This effort continued last winter (2007-08) with three new fixed monitoring sites, a re-locatable trailer, and a mobile monitor. One of the fixed sites was placed in the Hamilton Acres area to characterize the PM 2.5 in a neighborhood setting. The FNSB placed another fixed site downtown near the State Office Building, to support those monitors with new types of monitors

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that will help differentiate the sources of the PM downtown such as mobile sources. The third fixed site is on south Peger Road and monitors the roadway contributions and the effect of mobile sources such as cars and commercial vehicles.

The trailer was placed in eleven different locations in and around the Fairbanks and North Pole areas, including varying altitudes to better assess the spatial extent and inversion/particulate layer height for PM 2.5 particles.

The mobile monitor drove extensively through neighborhoods and industrial areas throughout the Fairbanks and North Pole area as well as Goldstream Valley. FNSB is using these data to assess the spatial extent as well as the local effects of hot spots (outdoor wood boilers [OWBs], poorly running woodstoves, and high-emitting vehicles).

During 2008, the FNSB Air Quality Department refined and expanded its studies further with a new fixed site in North Pole and the addition of new "speciation" monitors that provide data on the chemical types within the collected PM particles. These new instruments will help apportion the source mixture of the PM and indicate the best way to reduce and maintain PM emissions in the future. The FNSB has also expanded its meteorological monitoring to help assess any transport of PM from outside the downtown area. New meteorological measuring equipment has been set up at the South Peger and Hamilton Acres sites, and will soon operate at the North Pole site.

These new "speciation" monitors will provide data to be input into the EPA's UNMIX model as well as a Chemical Mass Balance model to help differentiate between mobile source contributions and space heating. In addition to those analyses, the information from those monitors will be analyzed for key tracers of wood burning. This should allow us to separate the wood burning sources from the rest of the sources.

A better understanding of the Fairbanks basin microclimate and the meteorological patterns that cause severe inversions is necessary so we can prevent exceedances of the PM 2.5 by applying cost-effective emission reduction practices.

4.3 PM 2.5 Standard Non-Compliance Consequences

Areas that EPA classifies as non-attainment are subject to a Federal measure known as "transportation conformity." It requires local transportation and air quality officials to coordinate planning to ensure transportation projects (road construction, etc.) do not hinder an area's ability to achieve and maintain clean air standards. Non-attainment areas also become subject to "new source review" requirements, which is a Federal permitting program designed to ensure that pollution from new and modified industrial facilities does not impede progress toward clean air.

Some of the potential negative consequences for the Fairbanks North Star Borough of not meeting and maintaining EPA's PM 2.5 (24-hour) standard could include the following:

- Unhealthy air quality during winter inversion periods leading to increased health care costs for residents, also deterring future population growth in the Fairbanks area and discouraging new businesses from locating in the Interior
- Loss of Federal highway funds along with other Federal funding streams

- Denials on submitted projects to Federal review due to continuation of non-attainment days after program implementation

- Reduced military staffing at Fort Wainwright and Eielson Air Force Base

4.3.1 Fairbanks PM 2.5 Implementation Plan

The FNSB, City of Fairbanks, City of North Pole, ADEC, and Alaska Department of Transportation and Public Facilities (DOT&PF) are working together to develop an implementation plan that will achieve and maintain the current EPA standards by reducing PM 2.5 air pollutant emissions by 2014. Population growth and increased fuel combustion in the Fairbanks area are most likely responsible for the area's PM 2.5 violations during winter months.

Following are some possible methods of reducing PM 2.5 (24-hour) levels during peak winter inversion periods:

Reduce Open Burn Periods: The FNSB currently bans open burning from November 1 through the last day of February in areas designated as Urban, Urban Preferred Commercial, Light or Heavy Industrial, or Perimeter area, with campfires as an exception. The length of the winter ban could increase and the affected area could be expanded to encompass the PM 2.5 boundary.

Reduce Distillate Fuel Emissions: The following could reduce particulate emissions from existing fuel oil-fired heating systems:

- Switch to a lower-sulfur fuel for all oil-fired building heating systems in the Fairbanks urban areas.

- Introduce annually required inspections and tune-ups on oil-fired furnaces similar to the I/M program to ensure optimum burning efficiency and low particulate emissions.

- Collaborate with other non-attainment northern tier communities across the U.S. to pursue subsidies, exceptions, waivers, retrofits, new regulatory requirements for manufacturers, etc., from Federal agencies. For example, as part of the process of reaching attainment for carbon monoxide (CO) standards in Alaska, Alaskan research conducted in the early 1980s documented that motor vehicle emissions reductions for CO were not achieved at cold temperatures because EPA tested vehicle emissions at room temperature ranges only. Efforts by Alaska and other local and state governments were successful in getting Congress to require EPA to test vehicular emissions at 20 degrees F to make sure auto manufacturers were improving combustion efficiency and the performance of pollution control devices to reduce CO emissions during cold starts. A similar effort could determine if the full benefits of the motor vehicle pollution control program are accrued at low temperatures for PM 2.5. Control of poorly tuned or broken vehicles may be necessary to address the hydrocarbon emissions that increase dramatically with low temperatures.

Reduce Wood Stove Emissions: Investigate methods of improving or restricting wood stove operation during winter inversion periods. EPA has published information on the efficiency and PM 2.5 emission rates of various wood stoves, summarized in the following two tables:

Table 4-1: Efficiencies by Stove Type

Appliance Type	Efficiency
Conventional Cordwood Stove	54%
Non-catalytic Cordwood Stove	63%
Catalytic Cordwood Stove	63%
Pellet Stove	78%

Table 4-2: Cordwood and Pellet Stove PM 2.5 Emission Factors

	Conventional Woodstove (lb/ton)	Catalytic Certified Woodstove (lb/ton)	Non-catalytic Certified Woodstove (lb/ton)	Pellet Stove	
				Exempt (lb/ton)	Certified (lb/ton)
AP-42 Emission Factors	30.6	16.2	14.6	8.8	4.2

According to EPA, certified pellet stoves had the highest fuel efficiency and the lowest PM 2.5 emission rates. Conventional wood stoves were much less efficient with the highest PM 2.5 emission rates.

Following are potential wood stove strategies that could help reduce their PM 2.5 emissions:

Restrict Wood Stoves: Restrict the installation and use of wood-burning or waste-oil heating appliances during winter inversions. This would require more information to quantify their contribution to PM 2.5 emissions in the Fairbanks and surrounding area during winter.

Wood Stove Buy-Out: Rapidly develop a trade-out of older wood stoves through a locally bonded, State, or Federally funded program that provides affordable upgrading for residents who own older or unapproved new simple wood heaters or the non-EPA approved wood boilers. Through local education, it would create an incentive to trade out rather than not comply. A successful trade-out program in Libby, Montana, could be used as a model.

Retrofit Wood Stoves: Investigate possible improvements in modes of operation or equipment modifications that could retrofit existing wood stoves to produce fewer PM 2.5 emissions.

Encourage Dry Wood Use: Discourage late season harvesting of green standing trees. Wet wood burns inefficiently and could increase particulate emissions. The FNSB could work with the State to provide residents access to supplies of dry seasoned firewood.

Reduce Waste Oil Heater Emissions: Consider restricting the use of waste oil burners during winter inversions. More information will be needed to verify that burning waste oil is the actual source of zinc-based PM 2.5 emissions in the area during the winter. Investigate whether using micron filtration can remove zinc compounds and unwanted impurities from waste oils before they are burned in the heaters.

Expand District Heating: Aurora Energy provides district heat to downtown Fairbanks through buried steam and hot water heating systems from its power plant. Expanding the existing district steam and hot water heating systems could replace individual oil-fired furnaces throughout the downtown area and surrounding subdivisions and lower PM 2.5 emission levels.

Expand Natural Gas Use: Switch existing residential and commercial oil-fired building heaters in the urban area to natural gas to reduce PM 2.5 emission levels. Fairbanks Natural Gas (FNG) has been expanding its buried distribution system and is providing heat to many Fairbanks-area buildings.

In the short term (2008-2010), we expect that implementing a combination of the methods listed above will help the Fairbanks region move toward achieving the new EPA PM 2.5 (24-hour) emission standard. We also believe that switching existing building heaters to natural gas and expanding district heat would provide the FNSB a long term solution for achieving and maintaining its air quality in compliance with EPA's PM 2.5 standards.

5. Alternatives for Energy

Though this Report's primary focus is on the use of in-state natural gas, a brief review of other alternative energy sources is appropriate. Alternative energy options are likely to be considered by individual homeowners. The most obvious is residential space heating with wood or coal stoves, which has already increased substantially in Fairbanks. These are, however, causing increased PM 2.5 air pollution problems and will require replacement of inefficient units or improvement of smoke emissions if they are to address one problem without exacerbating the other. They also cannot be considered a 50-year solution until forestry and horticultural techniques are devised and implemented on a commercial scale that might ensure sustainable cultivation of dedicated biomass-for-energy crops.

Solar panels (both photo-voltaic and solar-hydronic) for Interior Alaska are in the trial stage at homes, businesses, and the Cold Climate Housing Research Center. The cost of solar panel production must drop by a factor of at least five to be economically competitive with other potential energy sources.

Increased wind power may be a good prospect in some areas, if priced competitively, but cannot replace more than 20 percent of total electrical needs because of base load requirements and the unpredictability of wind. In some Alaska locations, wind-generated electricity can help heat homes and reduce overall diesel fuel usage but, like solar, we cannot rely on it as a sole solution.

Because of the above constraints, the introduction of alternative energy options will be incremental and evolutionary, and will not solve the energy shortages of Alaskans in the near to medium term (2014-2034). We believe from the 100-year perspective, however, electricity from hydroelectric, geothermal, and possibly nuclear reactors will heat residences and commercial buildings, and power transport vehicles. Other alternatives may also contribute, depending on the economics, but remain outside the bounds of this analysis.

In this section we discuss four major energy alternative scenarios (here defined as energy sources other than those predominating in a particular locality, such as Cook Inlet gas in Southcentral or oil in the Interior), which assumes that Alaska natural gas is not made available

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Fairbanks North Star Borough Office of the Mayor

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February 9, 2009

The Honorable Donald Olson, Chair
Senate Commerce, Community & Economic Development Committee
State Capitol
Juneau, Alaska 99811

Dear Senator Olson:

The Fairbanks North Star Borough appreciates Senator Joe Paskvan's effort to address a very serious issue facing our community by introducing SB 93. This letter is being offered in support of the change to Alaska Statutes, Title 29 proposed by SB 93, "An Act relating to a municipal property tax credit for an improvement that aids in improving air quality." This bill, if enacted by the legislature, will provide tools to local municipalities that can be used to create incentives for individuals to take actions that will improve local air quality and reduce fuel consumption. Local taxation policy and discretion is governed by Title 29 of the Alaska Statutes. Tax exemptions and tax credits are only permitted within the authority of this section of state law.

The proposed legislation expands the discretion of local municipalities in a manner that allows, by ordinance, creation of programs that will offer tax credits for actions that the local governing body determines will improve air quality. The language proposed requires that eligibility, conditions, and other criteria for the tax credits be established by ordinance.

Example of how this proposed legislation might be used by a municipality include:

- Incentives to residents to exchange old-style wood stoves for EPA certified wood stoves. Data show that EPA certified wood stoves reduce fine particulate emissions by approximately 67% over non-EPA stoves. It is clearly in the interest of any community with air quality nonattainment issues to have citizens who choose to heat with wood do so in the most environmentally friendly way possible.

- Incentives to residences or commercial businesses to improve the energy efficiency of their property. Reduced fuel consumption would lead to reduced emissions from area heating or electric generation. Incentives could be based on calculated BTU savings, MW reductions, etc.

- Incentives to convert from carbon based energy consumption to alternative energy generation. This could involve tax credits for construction and use of a solar array or wind turbine to power/heat residential or commercial facilities.

As the Fairbanks North Star Borough and the State of Alaska look to find solutions that will help the borough and the state come into compliance with the clean air act, there exists a clear lack of ability to provide incentives at the local level. Compliance efforts will ask individuals to take and pay for actions to benefit the air quality of the entire community. Enactment of this bill will allow local municipalities the ability to lessen the individual cost of action through creation of a tax credit program not presently allowed by state law.

The Fairbanks North Star Borough Assembly passed a resolution including this item as an FNSB legislative priority for 2009 on December 11, 2008. We support this bill and urge its passage as drafted and introduced on February 4, 2009.

Thank you.

Jim Whitaker, Mayor

Nadine Winters, Presiding Officer

JW:csm

ALASKA MUNICIPAL LEAGUE
Alaska Conference of Mayors

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ALASKA MUNICIPAL LEAGUE
BOARD OF DIRECTORS

RESOLUTION #BOD2009-02

A RESOLUTION OF THE ALASKA MUNICIPAL LEAGUE BOARD OF DIRECTORS ADVOCATING FOR AMENDING TITLE 29 TO ALLOW LOCAL GOVERNEMNT OPTION TO CONSIDER PROPERTY TAX CREDITS FOR IMPROVEMENTS TO AIR QUALITY CONDITIONS AND FUEL CONSUMPTION

WHEREAS, Alaska Municipal League Board of Directors supports the issue of local governments being able to develop local responses to Alaska's energy solutions; and

WHEREAS, municipalities should have the ability to adopt local incentives to encourage individuals to make their homes and businesses more energy efficient thereby improving local air quality; and

WHEREAS, local taxation policy determined by Title 29 currently allows a property tax credit only for river bank habitat protection; and

WHEREAS, by providing for an optional tax credit, local municipalities will be able to consider providing property tax credits for actions, such as reducing fuel consumption, that councils or assemblies determine will improve air quality; and

WHEREAS, the Alaska Municipal League Board of Directors believes it is in the best interest of Alaska to allow local government to encourage its citizens to make improvements to their home and businesses that positively impact the community's air quality and to heat their homes and businesses in the most environmentally responsible way possible.

NOW, THEREFORE BE IT RESOLVED that the Alaska Municipal League Board of Directors supports an amendment to Title 29 that provides local municipalities with the ability to provide tax incentives for residences or commercial businesses to improve the energy efficiency of their property, convert from carbon based energy consumption to alternative energy generation or to take other steps that positively impact their community's air quality; and

NOW, THEREFORE BE IT RESOLVED that the Alaska Municipal League Board of Directors supports legislation authorizing an air quality improvement tax credit that allows specific eligibility, conditions, and other criteria for the tax credits to be established by local ordinance so that governments will have flexibility in crafting appropriate tax incentives that meet their individual community's needs.

PASSED AND APPROVED by the Alaska Municipal League Board of Directors on this 30th day of January, 2009.

Signed: _____

Denise Michels, President, Alaska Municipal League

Attest: Kathie Wasserman

Kathie Wasserman, Executive Director, Alaska Municipal League

(Prepared by Fairbanks North Star Borough)

1) **Can you give an example of what kind of program might be established?**

   One likely example that would be considered is a wood stove change-out program. This would allow the FNSB to provide credits to people who replace old style (higher polluting) wood stoves with EPA certified wood stoves (that have catalytic converters to re-burn combustion gases). It would likely be administered by the FNSB Air Quality staff.

2) **How much do the wood boilers cost? Can they be converted to meet EPA standards?**

   Wood Boilers cost 8,000 – 12,000. Right now there is no "conversion" mechanism. We're working to see if one can be developed – but there would be no way to predict success in the near future of developing a conversion unit. If there was an identified conversion method that consumed exhaust gases – that would be another likely example.

3) **How many households are there in FNSB?** About 30,000

   a. **How many use wood boilers?** Estimate is about 1,000 (Cold Climate Housing Research currently researching this)

   b. **How many use non-EPA approved wood stoves?** Estimate is about 5-6000 woodstoves total, with an estimate of 20%-33% non-EPA. (Also on CCHRC task list)

4) **Brief history of increased EPA Standards & why?**

   This provides great background on fine particulate matter.
   http://www.dec.state.ak.us/air/anpms/pm/pm_bckgrd.htm

   This provides specific information on Fairbanks and PM 2.5.
   http://www.dec.state.ak.us/air/anpms/pm/pm2-5_fbks.htm

5) **Economic study / impact of increased EPA standards on Fairbanks/Interior - evidence of impact?**

   None currently exist.

6) **EPA Timeline for compliance?** 3 years to have a Mitigation plan approved and in place.

7) **FNSB efforts toward compliance – examples (in addition to this legislation)**

   $2M research effort across winters on 2008-9 and 2009-10 to characterize and identify contributing sources and control measures to work into a program.

8) **Other Allies in support of the bill: I understand Juneau is in the same situation. Anywhere else in Alaska?**

   State DEC , City & Borough of Juneau are the main two on AQ.

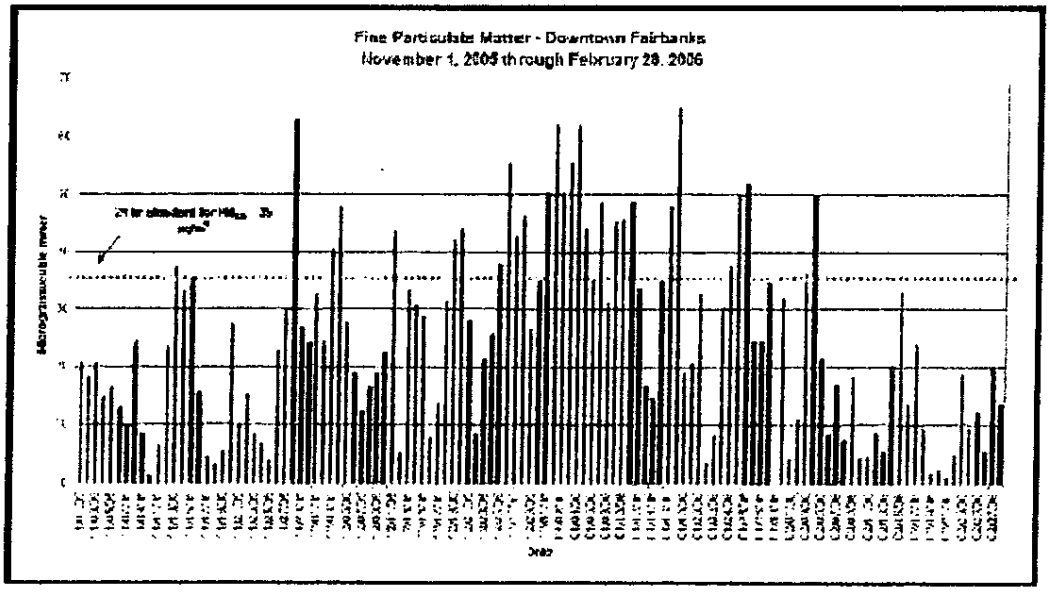
(Prepared by Fairbanks North Star Borough)

PM2.5 and Fairbanks

Fairbanks already has years of experience with programs associated with being in nonattainment for carbon monoxide. The reasons for Fairbanks problems with PM 2.5 may be similar. Surrounded by hills on three sides, Fairbanks is susceptible to temperature inversions which trap a layer of cold air close to the ground. Even relatively small amounts of pollution can be trapped for days, even weeks, at a time. This leads to episodes of poor air quality. Cold weather (below -10 or -15F) also seems to increase the PM2.5 levels. Fine particulates are products of combustion - burning more fuel, be it fuel oil or wood, when it is colder produces more PM2.5.

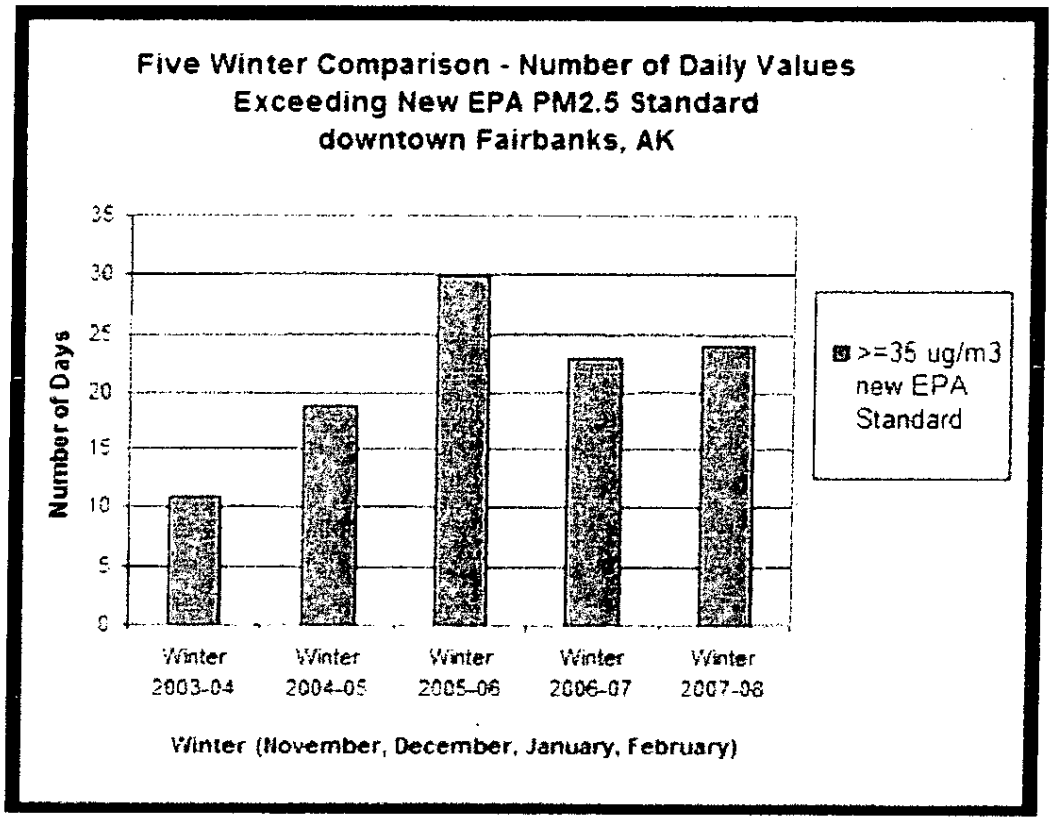
Fairbanks can be pro-active during the non-attainment process. The community can conduct studies, determine how to decrease the PM2.5 levels, and work to come into compliance prior to the attainment deadline. Should Fairbanks come into compliance, the community would not have to add control measures. This would avoid the need for the PM conformity process for federal projects.

The graph below shows the number of times PM2.5 levels in Fairbanks exceeded the September 2006 revised EPA particulate matter standard during the winter of 2005-2006. Fairbanks will likely exceed the PM2.5 standard in the years to come. Population growth, and a likely increase in use of woodstoves, seem responsible for the increasing number of PM2.5 violations.



(Prepared by Fairbanks North Star Borough)

The following chart shows the number of days the September 2006 PM2.5 Standard was exceeded in Fairbanks over the past five calendar years.



(from DEC Website: http://www.dec.state.ak.us/air/anpms/as/pm/pm_bckgrd.htm)

Particulate Matter - Background Information

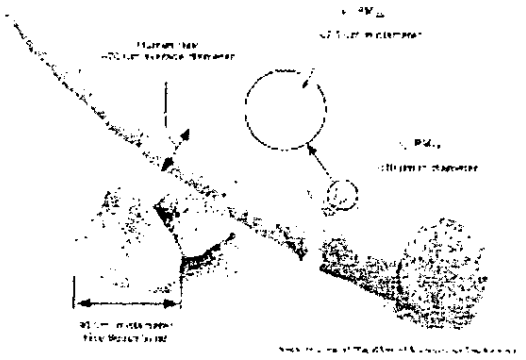
According to the Environmental Protection Agency (EPA), Particulate Matter (PM) is a "mixture of extremely small particles and liquid droplets."

Air quality professionals pay attention to particulate matter because these very small particles can cause health problems when inhaled. Specifically, particles less than 10 micrometers in diameter can pass the nose and throat and enter the lungs. A micrometer is one millionth of a meter.

Size is important to understand because the EPA classifies particulate matter as two types based on size. Alaska has problems with both types of particulate matter.

- **Coarse Particulate Matter (PM10)** is less than 10 micrometers in diameter. It primarily comes from road dust, agriculture dust, river beds, construction sites, mining operations, and similar activities. Most people in Alaska experience PM10 as dust.

- **Fine Particulate Matter (PM2.5)** is less than 2.5 micrometers in diameter. PM2.5 is a product of combustion, primarily caused by burning fuels. Examples of PM2.5 sources include power plants, vehicles, wood burning stoves, and wildland fires.



A single human hair is approximately 70 micrometers or seven of the largest PM10 particles in diameter. A single human hair is almost 30 times larger than the largest fine particle, PM2.5.

Air pollution standards are given as a mass of material in a volume of air: micrograms per cubic meter (µg/m3). A microgram is one millionth of a gram. A paper clip weighs about a gram. Imagine chopping the paperclip into a million equally sized pieces. One of those pieces would weigh about a microgram. A cubic meter (approximately 39" X 39" X 39") describes a volume of air that is about the size of a washing machine. If you place one of the million pieces of the paper clip in the space occupied by the washing machine, you would have 1 µg/m3.

NEW PARTICULATE MATTER REGULATIONS

The EPA recently updated the national standards for Particulate Matter. For PM10, the EPA retained the current 24 hour PM10 standard of 150 µg/m3 and eliminated the annual PM10 standard. The EPA increased the stringency of the PM2.5 standard by lowering the previous 24 hour standard of 65 µg/m3 to 35 µg/m3. EPA left the annual PM2.5 standard of 15 µg/m3 in place.

(from DEC Website: http://www.dec.state.ak.us/air/anpms/as/pm/pm_bckgrd.htm)

CONTROLLING PARTICULATE MATTER

Violations of air quality standards mean the state government and impacted communities must work together to formulate a plan to reduce particulate emissions.

PM10 - The state may recommend EPA designate areas violating the PM10 standard as "nonattainment." If EPA agrees, a process of planning and rulemaking begins for transportation related problems; these areas gain access to federal highway funds dedicated to air quality improvement. A second option might be for state and impacted communities to sign a "Memorandum of Agreement" with EPA for a pollution reduction plan. A Memorandum Of Agreement (MOA) avoids the stigma of being in "nonattainment" and provides some flexibility and timeliness in formulating a pollutant reduction plan, but does not allow special access to the air quality transportation funds.

PM2.5 - With the new PM2.5 standard, the EPA expects and is looking for states to designate communities in violation of the standard as nonattainment areas. The state may recommend designating the Fairbanks North Star Borough as a nonattainment area for PM2.5.

What does "nonattainment" status mean?

The state may recommend either a community or a region as a PM non-attainment area. Exactly how the state will group or classify portions of Alaska is still being discussed.

If the state submits an area as "nonattainment" for PM, the EPA has 18 months to approve or disapprove the request. The state begins forming plans to reduce PM levels. This is done in close cooperation with local and regional governments as pollution controls are generally enacted at a local level. If EPA approves the state's request for designating an area as "nonattainment," the state has 18 months to submit an "attainment" plan which includes all the controls and programs agreed to by the state and local governments. Two 18 month periods means it can take 3 years from submittal of the state recommendation to when controls are put into place. The state and local governments then have five years to bring nonattainment areas into attainment.

Next Steps

The state is in the early stages of planning a strategy to comply with EPA's new PM rules. The state will work with communities to determine the most effective controls. At this point, the state does not know how the areas will be designated, or what the controls might be. As the state works with communities and is given permission from communities to publicize information on PM levels and control strategies, the state will post updates on this website.

SB

95

<target><bill>SB 95</bill><subject>SB
95</subject><comm>SFIN26</comm></target>

MEMORANDUM

STATE OF ALASKA
Office of the Governor
Office of Management and Budget
PO Box 110020
Juneau AK 99811-0020
(907) 465-4660, fax 465-3008

To: Commissioners
Administrative Services Directors

Date: June 26, 2008

From: Karen J. Rehfeld
Director

Subject: FY2009 General Fund
Savings Plans

As you know, the Governor has set a savings target of $20 million general fund for FY2009. The attached document provides additional information and the savings targets by department to assist you in developing a FY2009 savings plan.

The savings targets were established as 2.9% of each department's estimated general fund personal services. Personal services are the only budget line item that includes fund source data. The estimated general fund personal services amounts came from the FY2009 Governor Amended Final scenario, which will be updated in the FY2009 Management Plan scenario.

Even though the target amounts were based on personal services, the saving plan does not necessarily need to come from personal services. However, since personal services is a large portion of a department's budget, cost savings may be achieved by requiring an internal review process before approving recruitment for vacant positions or by extending the vacancy by a month or more. Departments should also limit the creation of new positions.

As of July 1, OMB approval will be required for the creation of ALL new positions. In addition, OMB approval will be required for all reclassifications resulting in more than a two-range increase. Reclassifications as a result of flex-range positions or if initiated by the Division of Personnel are exempt from OMB approval. Updated personal services revised program procedures will be included in the July 2008 version of the Revised Program Manual. The manual will be available shortly.

I encourage you to review all line items and programs for potential savings. Consider savings in travel costs by using airline miles for ticket purchases, consolidating or reducing the number of trips and/or the number of travelers, and holding more video or teleconference meetings. Every year state agencies lapse funds. It may be helpful to look at FY08 lapse as the fiscal year ends for potential savings ideas.

Your department savings plan with amounts and impacts by component is due to OMB by Friday, August 1. If you have any questions, please contact me or your OMB Analyst. Thank you for your assistance.

Attachment

Task: Identify $20 million in FY2009 General Fund Savings

General fund target methodology

Targets established as a percentage of each department's estimated general fund personal services.

Departments are not limited to the personal services line for actually obtaining the required savings.

As of July 1 all new position requests must be submitted to OMB for approval along with reclassification requests that increase more than two ranges. Reclassifications associated with flex-range positions or initiated by the Division of Personnel are exempt from OMB review.

Departments develop savings plan and submit it to OMB by Friday, August 1.

No Washington Monuments!

Encourage departmental review of ALL line items and programs.

Engage department staff.

Savings plan memo to identify the amounts and impacts by component.

Identify the reductions that can be continued in the FY2010 budget.

Chief of Staff and OMB Director review each department's plan and work with department to modify if necessary.

Present summary to Governor for approval.

Departmental plans to be finalized by August 29 and incorporated into FY2009 Management Plan scenario.

Each department will establish general fund expenditure AKSAS restrictions by line item per the approved plan and report quarterly to OMB on progress.

Each department will develop a cost savings plan for FY2010 budget (may be different than that proposed for FY2009) and be prepared to discuss it at their Heads Up meetings in September - October, including whether or not legislation or regulations would be required for implementation.

Targets:

Administration - $1,100.0	
Commerce, Community & Economic Development - $80.0	
Corrections - $3,910.0	
Education & Early Development - $270.0	
Environmental Conservation - $390.0	
Fish & Game - $940.0	
Governor - $440.0	
Health & Social Services - $4,760.0	
Labor & Workforce Development - $330.0	
Law - $1,030.0	
Military & Veterans Affairs - $160.0	
Natural Resources - $1,300.0	
Public Safety - $2,280.0	
Revenue - $390.0	
Transportation & Public Facilities - $3,220.0	
Total	**$20,600.00**

MEMORANDUM

STATE OF ALASKA

Office of the Governor
Office of Management and Budget
PO Box 110020
Juneau AK 99811-0020
(907) 465-4660, fax 465-3008

To: Commissioners
Administrative Services Directors

Date: October 27, 2008

From: Karen J. Rehfeld
Director

Subject: Quarterly Reporting on FY2009 General Fund Savings Plans

During last month's Heads Up Meetings, we briefly discussed progress to date with the FY2009 Savings Plan in conjunction with potential supplemental needs. In order to keep track of efforts made by each agency toward meeting the savings target, we would like to receive a report on your progress for the first quarter of FY2009.

Please submit a memo that lists the approved components of your plan; the savings amounts assigned to each, if they were specified; your actual or estimated savings as of September 30 for each item identified; and any comments.

This format will be helpful:

Savings Plan	Savings Target	Sept 30 Savings	Comments
Hold 5 PCNs vacant in XYZ Division	$350.0	$17.5	On track to achieve this savings target
Reduce travel costs by using accrued miles	$100.0	$15.0	Struggling with this savings target. If unable to meet this target, will find other savings in department.
Savings Plan Totals	**$450.0**	**$32.5**	

If your department is having significant difficulty meeting your savings target, please contact me immediately. Otherwise, please submit your first quarter report to your OMB Analyst by October 31. Please use this format for subsequent quarterly reports (due dates are on the budget calendar).

Thank you for your efforts to control spending and find efficiencies that may result in cost containment and costs savings. The careful managing of our budget will have positive results in reduced supplemental need or in helping to find areas in the budget that may be trimmed in the future.

Rehfeld, Karen J (GOV)

From: Rehfeld, Karen J (GOV)
Sent: Friday, July 11, 2008 8:43 AM
To: GOV Commissioners; GOV Administrative Directors
Cc: GOV OMB Staff; GOV Special Assistants; Nizich, Michael A (GOV); Goode, Kelly C (GOV)
Subject: $20 Million Savings Target

Good Morning –

I have received some feedback from legislators who are hearing from their constituents that we are "cutting the FY09 budget" and impacting services.

In response, I explained the governor's concern about managing the growth in the operating budget and her goal in setting the $20 million savings target. I let them know that we have asked agencies to see what we may be able to accomplish in savings in FY09 by managing those things we have control over, finding efficiencies, and implementing changes in business processes and practices that could ultimately result in some savings.

We used 2.9% of GF personal services to establish the savings target so that departments would have a number to work toward, but we did not suggest that savings would have to come from personal services. We encourage departments to look at all line items for potential savings.

We typically end up with a GF lapse at the end of the year without imposing any savings targets. We have NOT asked agencies to cut services or positions. We have suggested delaying the filling of vacant positions or reassigning work, if possible, to achieve some savings.

We look forward to hearing your plans – emphasis on plans – in early August. The careful managing of our budget will have positive results in reduced supplemental need or in helping to find areas in the budget that may be trimmed in the future.

Please remind your divisions and programs that it is in everyone's best interest to be good stewards of public resources and demonstrate our commitment to provide quality service in the most efficient and effective manner. We have very talented and creative state employees who have excellent ideas on how to better serve Alaskans. Juneau's recent energy conservation efforts are a great example of what is possible.

Thanks for your help in communicating the positive aspects of our savings efforts!

Karen
****

Karen J. Rehfeld, Director
Office of Management & Budget
465-3568

karen.rehfeld@alaska.gov

STATE OF ALASKA

OFFICE OF THE GOVERNOR

OFFICE OF MANAGEMENT AND BUDGET

SARAH PALIN, GOVERNOR

P.O. BOX 110020
JUNEAU, ALASKA 99811-0020
TELEPHONE: (907) 465-4660
FAX: (907) 465-3008

February 6, 2009

The Honorable Lyman Hoffman
Co-Chair, Senate Finance Committee
Alaska State Legislature
State Capitol, Room 518
Juneau, AK 99801-1182

The Honorable Bert Stedman
Co-Chair, Senate Finance Committee
Alaska State Legislature
State Capitol, Room 516
Juneau, AK 99801-1182

The Honorable Mike Hawker
Co-Chair, House Finance Committee
Alaska State Legislature
State Capitol, Room 505
Juneau, AK 99801-1182

The Honorable Bill Stoltze
Co-Chair, House Finance Committee
Alaska State Legislature
State Capitol, Room 515
Juneau, AK 99801-1182

Dear Finance Committee Co-Chairs:

During my presentation before the House Finance Committee on January 26, 2009, and the Senate Finance Committee on February 4, 2009, I was asked to provide documents regarding the $20 million savings target. I have enclosed:

- memorandum of June 26, 2008, with instructions to state agencies;
- follow-up email of July 11, 2008, to state agencies;
- memorandum of October 27, 2008, regarding quarterly reporting;
- the departments' savings plans;
- the departments' second quarter report; and
- a one-page summary as of December 31, 2008

As the Governor stated in her operating budget transmittal letter dated May 23, 2008, she implemented a $20 million savings target last summer. We asked agencies to see what they could accomplish in savings in FY2009 by managing those things we have control over, finding efficiencies, and implementing changes in business processes and practices that could ultimately result in some savings.

We did not ask agencies to cut services or positions. We encouraged departments to look at all line items for potential savings. We also suggested delaying the filling of vacant positions or reassigning work, if possible, to achieve some savings. Agencies prepared savings plans and have provided quarterly reports on the status of the plans.

The Departments of Public Safety and Military and Veterans Affairs were exempted from the savings target although the commissioners are working hard to find efficiencies in their agencies also.

Departments' savings plans and reports vary in the amount of specificity, but all are committed to achieving the savings. We included $17.5 million in reductions in the FY2009 supplemental bill based on the savings identified through these plans. With five months left in the fiscal year, adjustments may be needed in the savings plans at the component level in order to achieve the target. In order to provide flexibility, we included unallocated reductions in the commissioner's office for the amount of the departments' savings targets with two exceptions - both related to Education: a reduction in the school performance incentive program and a reduction in school debt reimbursement.

Please contact me if you have additional questions.

Sincerely,

Karen J. Rehfeld
Director

Enclosures

cc: David Teal, Legislative Finance Division
House and Senate Finance Committee members

STATE OF ALASKA

OFFICE OF THE GOVERNOR

OFFICE OF MANAGEMENT AND BUDGET

SARAH PALIN, GOVERNOR

P.O. BOX 110020
JUNEAU, ALASKA 99811-0020
TELEPHONE: (907) 465-4660
FAX: (907) 465-3008

February 9, 2009

The Honorable Lyman Hoffman
Co-Chair, Senate Finance Committee
Alaska State Legislature
State Capitol, Room 518
Juneau, AK 99801-1182

The Honorable Bert Stedman
Co-Chair, Senate Finance Committee
Alaska State Legislature
State Capitol, Room 516
Juneau, AK 99801-1182

The Honorable Mike Hawker
Co-Chair, House Finance Committee
Alaska State Legislature
State Capitol, Room 505
Juneau, AK 99801-1182

The Honorable Bill Stoltze
Co-Chair, House Finance Committee
Alaska State Legislature
State Capitol, Room 515
Juneau, AK 99801-1182

Dear Finance Committee Co-Chairs:

The executive branch hiring freeze was instituted by the Governor on January 23 as a management tool to help save funds, particularly general funds, in FY2009 given our new fiscal realities. We did not mandate a specific dollar amount to achieve through the hiring freeze, but asked departments to critically look at their staffing needs and if possible, delay hiring by some period of time without negatively impacting services to the public. Any general fund savings realized by the hiring freeze will ultimately reduce the amount of the FY2009 draw from the Constitutional Budget Reserve (CBR) as proposed in the supplemental bill. Any savings from a non-general fund funding source that is subject to the year-end sweep into the CBR will increase the CBR balance.

I have enclosed the following hiring freeze information:

- January 23, 2009, memorandum establishing the hiring freeze and listing exemptions to the hiring freeze;
- February 6, 2009, memorandum adding clarification of exemptions to the hiring freeze; and
- the listing of waiver requests received as of this date and the disposition of them

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I also want to share with you our estimates of the number of permanent full-time positions (PFTs) potentially affected by the hiring freeze. As of December 31, 2008, there were nearly 1,500 vacant budgeted PFTs, of which 844 had general funds (GF) in their funding mix. The GF cost for the remainder of the fiscal year for those 844 vacant PFTs is approximately $25.5 million. As you know, agencies generally do not receive 100% funding of their personal services costs as there is a presumption of some vacancy during the fiscal year.

We know that some of these positions will remain vacant in order to achieve the budgeted vacancy factor and also efforts to achieve additional savings in FY2009 by managing position vacancy. Our initial $12 million estimate of potential savings was based on approximately one-half of the GF cost for the remainder of the fiscal year. We know there will be waivers requested and granted, so we do not expect to achieve that level of savings.

The hiring freeze explicitly exempts several types of positions, including public safety and 24 hour institutions. Any savings achieved will increase in the GF lapse at the end of the fiscal year which will reduce the amount of the draw on reserves to balance the budget.

Sincerely,

Karen

Karen J. Rehfeld
Director

Enclosures

cc: David Teal, Legislative Finance Division
House and Senate Finance Committee Members

State of Alaska
Sarah Palin, Governor

Office of the Governor
PO Box 110020
Juneau AK 99811-0020
(907) 465-3500, fax 465-3532

To: Commissioners
Administrative Services Directors

Date: January 23, 2009

From: Michael Nizich
Chief of Staff

Subject: Purchasing Restriction and Hiring Freeze

In her State of the State speech before a joint session of the Alaska Legislature last night, Governor Palin described the period of financial uncertainty due to current oil prices. As you may recall, last spring when the FY2009 budget was finalized, we expected the price of a barrel of oil to average $83.04 during this fiscal year. The price is currently hovering in the $30 - $40 range and is having a significant impact on our state revenues. In light of this, we need to take prudent management actions.

The Governor announced the immediate implementation of a non-essential purchasing restriction and a hiring freeze to reduce the impact on state general funds. Each Commissioner will determine what items are non-essential, but would likely include conference travel, administrative travel, subscriptions, supply or equipment purchases that could be delayed until FY2010, etc. The hiring freeze applies to all positions, except for those that are necessary to protect the health and safety of Alaskans. Departments may request a waiver from the hiring freeze due to extraordinary circumstances. That process is outlined below.

The hiring freeze applies to:

- All full-time, part-time, non-permanent and seasonal positions in bargaining units and in the partially-exempt and exempt service paid for by general funds and other state funds.
- Requests to establish new non-permanent positions.
- Requests to extend non-permanent positions.
- Positions that provide administrative support and maintenance in 24-hour facilities.
- Positions partially funded by federal funds.

The hiring freeze does not apply to:

- Positions essential to protect Alaska citizens. This includes Alaska State Troopers, corrections and probation officers, airport police and fire officers, airport screening officers, and employees that provide patient and resident services and food service at 24-hour institutions. The following are considered 24-hour institutions:
  - Correctional Facilities
  - Juvenile Justice Facilities
  - Alaska Military Youth Academy
  - Pioneer Homes
  - Alaska Psychiatric Institute
  - AVTEC
  - Mt. Edgecumbe High School
- Positions for which an offer of employment was made prior to January 23, 2009.
- Lateral transfers and promotions within the same department.
- Range changes in flexibly-ranged positions.
- Reclassifications within the same job family.
- Employees delegated the authority to perform the duties of a vacant position that is assigned a higher pay range if bargaining unit provisions or regulations provide for compensation.
- The use of on-call non-permanent employees if only used to perform work essential to protect the public's safety or meet other essential state responsibilities.
- Positions fully funded by federal funds. The Division of Personnel must be sent funding verification from the Commissioner of the requesting department for any new job posting for a position that is 100% federally funded.
- Alaska Aerospace Development Corporation,
- Alaska Commission on Postsecondary Education,
- Alaska Housing Finance Corporation,
- Alaska Industrial Development and Export Authority,
- Alaska Oil and Gas Conservation Commission,
- Commercial Fisheries Entry Commission
- Permanent Fund Corporation, and
- Regulatory Commission of Alaska.

Recruitments currently on Workplace Alaska will be open through the stated closing date. However, a notice to all applicants will be posted on Workplace Alaska advising applicants of the hiring freeze and stating that only positions necessary to protect the health and safety of Alaskans and to meet other essential state responsibilities will be filled. A currently posted recruitment will not be extended unless a waiver has been approved.

Positions providing direct patient or resident services (including food services) or that are essential in protecting Alaska citizens, but not employed in a 24-hour institution or in one of the exempt job classifications listed above IS subject to the hiring freeze, but a waiver may be requested.

If a department believes filling a position is necessary to protect the public's safety or meet other essential state responsibilities, a request for waiver from the freeze must be submitted to OMB. The waiver request must be submitted in a memorandum addressed to the Chief of Staff and approved by the department's Commissioner. The memorandum must include the following information:

- position title, range, ADN, annual personal services cost, and fund source (if CIP Receipts, identify the source of the CIP Receipts);
- the essential results that the person will be responsible for delivering;
- the extraordinary circumstances that contribute to why a waiver should be approved; and
- how long the position has been vacant.

When a waiver is approved, the department is responsible for providing a copy of it to their HR Manager in the Division of Personnel.

On behalf of the Governor, please accept her thanks for your cooperation in meeting this challenge.

State of Alaska
Sarah Palin, Governor

Office of Management and Budget
PO Box 110020
Juneau AK 99811-0020
(907) 465-4660, fax 465-3640

To: Commissioners
Administrative Services Directors

Date: February 6, 2009

From: Karen J. Rehfeld
Director

Subject: Hiring Freeze
Update

In response to questions that have been asked about hiring freeze applicability, I want to clarify that the following positions are also exempt from the hiring freeze:

- Recall seasonal positions.
- Student, college, and graduate interns.
- New hires into seasonal positions for the Department of Fish and Game, Department of Natural Resources, and the Department of Transportation and Public Facilities.
- On-call and temporary substitute positions.
- EVOS Trustee Council.

STATE OF ALASKA - OFFICE OF MANAGEMENT AND BUDGET

FY 2009 Revised Program Processing Log (2/6/2009 2:23:38 PM)

Req ADN	Svc ADN	Type	Fiscal Yr	Batch#	Seq #	Req Comp	Svc Comp	Description	Status	$ Amount	Date In	Date Out
01-09-8038	0-0-0	WRP	2009	0	0	0	0	Waiver: Position responsible for completing administrative regulations and citizens initiative function	Approved	0.0	1/26/2009	1/27/2009
01-09-8039	0-0-0	WRP	2009	0	0	0	0	Waiver: Attorney II-III PCN 01-9037 Partially Exempt R20-22 Human Rights Commission	Approved-Started pre-HF	0.0	2/3/2009	2/6/2009
02-09-0039	0-0-0	WRP	2009	0	0	0	0	Waiver: Maintenance Generalist , Sub-Journey I R58 PCN 25-2538 FT Seasonal in Grounds & Gardens	Pending	44.6	2/6/2009	
03-09-0240	0-0-0	WRP	2009	0	0	0	0	Waiver: Law Office Asst R13 Barrow DA's Office	Approved	78.3	2/4/2009	2/6/2009
06-09-0340	0-0-0	WRP	2009	0	0	0	0	Waiver: OCS, Div Health Care Services, Div Public Assistance, Div Public Health, Div Senior/Disability	Approved	0.0	2/3/2009	2/6/2009
07-09-1141	0-0-0	WRP	2009	0	0	0	0	Waiver: Admin Officer II R19 Div Labor Standards & Safety (Job offered 1/21/09)	Approved	88.6	1/23/2009	1/29/2009
07-09-1144	0-0-0	WRP	2009	0	0	0	0	Waiver: Demographer (07-1729) & Research Analyst I/II (07-1737) in Research & Analysis Section	Pending	0.0	1/27/2009	
07-09-1145	0-0-0	WRP	2009	0	0	0	0	Waiver: Education specialist II PCN 07-5517 R21 AGIA Training Strategic Plan	Approved-Started pre-HF	89.5	1/27/2009	2/6/2009
07-09-1146	0-0-0	WRP	2009	0	0	0	0	Waiver: Law Office Asst I PCN 07-3066 AK Workers' Compensation Appeals Commission R11	Approved-Started pre-HF	0.0	1/27/2009	2/6/2009
07-09-1147	0-0-0	WRP	2009	0	0	0	0	Waiver: Program Coordinator (PCN07-5481) R20 Div Business Partnerships	Approved-Started pre-HF	0.0	1/27/2009	2/6/2009
07-09-1149	0-0-0	WRP	2009	0	0	0	0	Waiver: ELEVEN Unemployment Insurance Employment Security Specialists (Claim Specialist)	Approved	0.0	1/30/2009	2/6/2009
08-09-0136	0-0-0	WRP	2009	0	0	0	0	Waiver: Div Corporations,Business & Prof.Licensing-Admin Officer & Bus Reg Examiner	Approved	0.0	1/29/2009	2/6/2009
08-09-01360	0-0-0	WRP	2009	0	0	0	0	Waiver: Div of Corporations, Business & Professional Licensing - Accounting Clerk II PCN 08-2052 R10	Disapproved	52.3	1/29/2009	2/6/2009
08-09-0139	0-0-0	WRP	2009	0	0	0	0	Waiver: Analyst Programmer II/III/IV R16/18/20 PCN 08-9005 Div Investments	Pending		2/4/2009	
08-09-0189	0-0-0	WRP	2009	0		0	0	Waiver: Micro/Network II PCN 08-2072 Admin Services	Pending	92.3	2/4/2009	
08-09-1035	0-0-0	WRP	2009	0	0	0	0	Waiver: THREE Financial Institution Examiners Div Banking & Securities (currently interviewing)	Approved	0.0	1/20/2009	1/29/2009
10-09-5097	0-0-0	WRP	2009	0	0	0	0	Waiver: Firefighting, Forester, Aircraft pilot, mechanic journeyman, Fire Info Officer, Nat Res Special	Pending	0.0	2/3/2009	
11-09-0782	0-0-0	WRP	2009	0	0	0	0	Waiver: Fishery Biologist IV R20 PCN 11-5023 Div Commercial Fisheries	Approved-Started pre-HF	93.4	1/28/2009	2/6/2009
11-09-0783	0-0-0	WRP	2009	0	0	0	0	Waiver: Biometrician II R17-20 PCN 11-4119 Div Sport Fish	Approved-Started pre-HF	85.7	1/28/2009	2/6/2009

FY 2009 Revised Program Processing Log (2/6/2009 2:23:38 PM)

Req ADN	Svc ADN	Type	Fiscal Yr	Batch#	Seq #	Req Comp	Svc Comp	Description	Status	$ Amount	Date In	Date Out
11-09-0798	0-0-0	WRP	2009	0	0	0	0	Waiver: Fishery Biologist III PCN 11-1223 R18	Pending	81.8	2/5/2009	
11-09-0796	0-0-0	WRP	2009	0	0	0	0	Waiver: Fish & Wildlife Tech II Short-term Non-Permanent R11 McGrath 2/1-4/30	Pending	10.5	2/5/2009	
11-09-0801	0-0-0	WRP	2009	0	0	0	0	Waiver: New Create Short-term Non-Permanent Fish &Wildlife Technician II Fbks R9 2/5-5/8	Pending	8.0	2/5/2009	
12-09-0220	0-0-0	WRP	2009	0	0	0	0	Waiver: SIX Public Safety Technician I & II's & Vessel Technician II & Boat Officer I	Pending	0.0	2/6/2009	
25-09-7339	0-0-0	WRP	2009	0	0	0	0	Blanket waiver for Federal vacant CIP ICAP positions	Disapproved	0.0	1/26/2009	1/27/2009
25-09-7340	0-0-0	WRP	2009	0	0	0	0	Waiver: Engineering Asst II R19 PCN 25-2318 SE Region Design & Engineering Services	Approved	85.4	1/27/2009	1/27/2008
25-09-7341	0-0-0	WRP	2009	0	0	0	0	Waiver: Planner I SE Planning R15 PCN 15-2340	Approved	67.1	2/2/2009	2/6/2009
25-09-7345	0-0-0	WRP	2009	0	0	0	0	Waiver: PCN 25-0723 Driller/Operator Journey R53 Statewide Design & Engineering Services	Approved-Started pre-HF	0.0	2/4/2009	2/6/2009
25-09-7346	0-0-0	WRP	2009	0	0	0	0	Waiver: Commercial Vehicle Enforcement Officer I/II PCN 25-3370 R 12-14	Approved	0.0	2/4/2009	2/6/2009

Number of Observations: 28

Approved Count: 17
Disapproved Count: 2
Pending Count: 9

STATE OF ALASKA

SARAH PALIN, GOVERNOR

OFFICE OF THE GOVERNOR

OFFICE OF MANAGEMENT AND BUDGET

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March 5, 2009

The Honorable Lyman Hoffman
Co-Chair, Senate Finance Committee
Alaska State Legislature
State Capitol, Room 518
Juneau, AK 99801-1182

The Honorable Bert Stedman
Co-Chair, Senate Finance Committee
Alaska State Legislature
State Capitol, Room 516
Juneau, AK 99801-1182

Dear Co-Chairs Hoffman and Stedman:

The following is provided in response to questions from the committee during my presentation on February 4, 2009.

1. **Constitutional responsibilities:** Art 9/Sec 16 of the Alaska Constitution sets a population and inflation adjusted annual spending limit. Within the limit, 1/3 is to be reserved for capital projects and loans. Given the administration's desire to maintain a combined (operating & capital) annual growth of 3% - can you help the committee understand how we can include both budgets in the growth target and still accomplish the constitutional requirement of reserving at least 1/3 of the annual appropriation for capital?

The long range plan that the Administration put forward associated with the release of the December 15 budget targeted general fund expenditure growth rate of 3% annually. This figure assumed the Governor's FY10 budget as the base and projected 3% annual growth in general fund spending regardless of whether the funds were in the capital or operating budget. Implicit in that assumption was that to the extent that operations costs can be held to a 3% or lower annual growth rate, growth in the capital budget would also grow at a 3% rate. It has been the Administration's goal to contain the growth of the operations budget, however factors such as growth in the state portion of Medicaid, the State's commitment to the contain the cost to public employers of paying the unfunded liability of the retirement systems, implementation of the Education Task Force's recommendations, and oil tax credits are portions of the operations budget that make the target of 3% growth in the operations portion of the budget challenging.

Additionally, in 1983 Law opined on the issue of the 1/3 reservation for capital projects and loans in art. IX, sec. 16. Op. Att'y Gen. No. 1 (1983). Law observed that the language was "ambiguous when applied for a year in which revenue available for

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appropriation falls short of the adjusted limit for that year." Id. at 16. Law advised that it would be unwise to "blindly apply the allocations imposed by the appropriation limit when conditions impose an even more stringent limit." Id. at 16-17. Law concluded that "the best way to resolve the ambiguity is to disregard the one-third allocation reserved for capital projects and loan appropriations when economic conditions impose a limit which is more restrictive than that set out in section 16." Id. at 17-18.

To the extent that the revenues currently available for appropriation, less the Permanent Fund Earnings Reserve, are significantly less than the appropriation limit FY2010, we concur with Law's advice that the one-third reservation in sec. 16 is not triggered.

2. **Efficiencies:** Has the administration addressed the problem of capital appropriations – DOT projects in particular – losing value due to long delays between when the time when the appropriation is made and when the project is finally executed? Inflation and cost escalations during these long delays require the legislature to provide additional supplemental project funding.

The Department of Transportation & Public Facilities (DOTPF) has instituted a policy that project cost estimates include contingencies to address higher than anticipated bids and change orders during construction. The inflation over the last few years has been unprecedented and resulted in projects being under funded. Single line appropriations are also challenging because when costs increase there is no ability to address it without additional funding from the legislature. Without flexibility and funds to use to cover cost increases, the projects are held up until additional funds are obtained.

The cost estimates will appear to be over inflated but it will allow projects to progress more timely. Unused funds can then be re-appropriated by the legislature.

3. **Hiring Freeze Data:** Senator Elton asked if you could provide the committee with written copies of the hiring freeze data you testified to in committee. Specifically, quantifying the full-time vacancies as of Dec 31, 2008 that will be subject to the freeze or waiver process broken out by community.

Enclosed is a summary of the full-time vacant general fund positions as of December 31, 2008 by community and department and our estimate of the positions that are exempt from and subject to the hiring freeze.

4. **Hiring Freeze: Guidance, Goals and Progress:** Senator Huggins asked 1) to see a copy of specific guidance that was provided by OMB to the agencies regarding the hiring freeze, 2) what savings goals you expect to achieve by instituting the hiring freeze, and 3) for a monthly summary of the waivers requested/granted/denied by agency (until the freeze is lifted). You stated in your testimony that you initially expected to achieve a $12 mill savings through the hiring freeze but because of exemptions and waivers you didn't expect to achieve that number. 4) What do you now expect is a reasonable savings to achieve as a result of the freeze?

The committee should have copies of my letter of February 9, 2009, containing copies of specific guidance given to departments and a list of the waiver requests received and processed as of February 6. The $12 million estimate used in my testimony was based on approximately 1/2 of the general fund cost of the vacant positions for the remainder of this fiscal year. We know some of these positions will be filled either through exemptions from the hiring freeze or through waivers from the hiring freeze. At this time, I cannot estimate the amount of savings that will result from the hiring freeze. Enclosed is an update of waiver requests received and processed as of March 3.

5. **Half-time vs. Full-time Employees:** Is the movement of half-time/part-time employees to full-time employees restricted by the hiring freeze? You indicated during your testimony that you felt that it would be allowed, can you please clarify how you will be handling those moves during the freeze?

Time status changes are not part of the hiring freeze. However, agencies must get approval to change the status of a position from part-time to full-time.

6. **New School Construction:** In the last 3 capital budget cycles the Governor has not proposed any new school construction. There seems to be support for the 70/30 debt reimbursement program for organized communities within the administration, but not for new schools in unorganized Alaska. What is the administration's policy on new school construction in rural Alaska?

The administration has requested funding for school major maintenance projects, which also includes major renovations. The administration's policy has been to focus on repair and upgrade of existing facilities.

7. **Kasayulie Lawsuit:** Senator Hoffman wanted to know if the administration is working on a settlement to the Kasayulie case, what the status of that case is and if the case is having any influence on the administration's approach to school construction in rural Alaska.

Settlement negotiations in *Kasayulie* have been off and on. The parties agreed that *Kasayulie* negotiations would be suspended during the *Moore* proceedings. The State has since attempted to restart negotiations but has not yet had a response from plaintiffs. The Department of Education & Early Development annually ranks proposed projects for grant funding based on need, and presents the list of priorities to the Governor and the legislature.

8. **Kalskag School Construction:** Senator Olson asked if there would be an appropriation request forthcoming from the administration to replace George Morgan Senior High School in Kalskag that burned on January 28th.

We are working with the Department of Education & Early Development to determine what is necessary for the replacement of the Kalskag high school to include in the FY2009 supplemental bill. The estimated replacement cost is $19 million, with the state share at approximately $18.7 million.

Please contact me if you have additional questions.

Sincerely,

Karen J. Rehfeld
Director

Enclosures

cc: David Teal, Legislative Finance Division
House and Senate Finance Committee members

Summary of Possible GF-Funded Permanent Fulltime Positions Subject to Hiring Freeze

GF-Funded Vacant PFT's by Location	Count	Less Exemptions:	Still Subject to Freeze	Admin	DCCED	DOC	EED	DEC	F&G	Gov	HSS	Labor	Law	DMVA	DNR	DPS	DOR	DOT	Total
Anchor Point	1	1 AST	0																0
Anchorage	360	31 DOC 8 PHome 27 API 11 FLSW 10 JuveJ 11 AST 7 DPS CrimID 1 DPS Lab 13 DOR	241	6	5		1	21	23	9	92	19	9	0	44	7	0	5	241
Aniak	2	1 FLSW 1 AST	0																0
Barrow	7	2 JuveJ 4 FLSW	1															1	1
Bethel	23	6 DOC 6 FLSW 2 AST	9	1					1		4	2	1						9
Camp Carroll - Ft. Rich	3	1 AMYA	2											2					2
Chandalar Camp	4		4															4	4
Cooper Landing	1	1 AST	0																0
Cordova	1	1 AST	0																0
Craig	2	1 FLSW	1								1								1
Dalton Highway	2		2															2	2
Deachorse	1		1															1	1
Delta Junction	1		1															1	1
Dillingham	3		3								2							1	3
Dutch Harbor	4	3 AST	1						1										1
Eagle River	1		1												1				1
Emmonak	1	1 AST	0																0
Ernestine	1		1															1	1
Fairbanks	76	5 DOC 5 PHomes 3 FLSW 2 JuveJ 1 DNR Fire 9 AST	51	1	1			3	7	1	7	4			9	2		16	51
Fort Richardson	6	1 AMYA	5											5					5
Fort Wainwright	1	1 DNR Fire	0																0
Glennallen	1	1 AST	0																0
Healy	1		1															1	1
Homer	1	1 FLSW	0																0
Jim River	1		1															1	1
Juneau	205	13 DOC 2 PHomes 1 FLSW 4 JuveJ 3 AST 6 DOR	176	29	4		12	8	21	8	50	21	4		7	2		10	176
Kenai	26	16 DOC 1 JuveJ 1 FLSW	8	3					1		3	1	1						8
Ketchikan	13	4 DOC 1 JuveJ	8	1					4		2				1				8
King Salmon	2	1 FLSW 1 AST	0																0
Klawock	1	1 AST	0																0
Kodiak	7	3 AST	4						3			1							4
Kotzebue	7	1 FLSW 3 AST	3	1								2							3
Livengood	1		1															1	1
Mackenzie Point	1	1 DOC	0																0
Mt. Edgecumbe	1	1 DEED	0																0
Nome	10	2 DOC 2 JuveJ 1 AST	5		1				2			1						1	5
Palmer	15	3 DOC 1 JuveJ 1 FLSW 5 AST	5										2		2			1	5
Petersburg	1	1 AST	0																0
Sag River	1		1															1	1
Saint Marys	2	1 FLSW 1 AST	0																0
Seward	9	6 DOC 1 AVTEC 2 AST	0																0
Sitka	8	3 PHome 1 AST 1 DPS TrAcad	3								1	1						1	3
Soldotna	9	1 DNR Fire 5 AST	3					1							2				3
Sterling	1		1															1	1
Talkeetna	1	1 AST	0																0
Tok	2		2								1							1	2
Unalakleet	1	1 AST	0																0
Wasilla	14	3 FLSW 1 AST	10					3			3	4							10
Yakutat	1	1 AST	0																0
	844	Total:	556																556

Feb. 20, 2009

Office of Management and Budget

STATE OF ALASKA - OFFICE OF MANAGEMENT AND BUDGET

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Req ADN	Svc ADN	Type	Fiscal Yr	Batch#	Seq #	Req Comp	Svc Comp	Description	Status	$ Amount	Date In	Date Out
01-09-8038	0-0-0	WRP	2009	0	0	0	0	Waiver: Position responsible for completing administrative regulations and citizens initiative function	Approved	0.0	1/26/2009	1/27/2009
01-09-8039	0-0-0	WRP	2009	0	0	0	0	Waiver: Attorney II-III PCN 01-9037 Partially Exempt R20-22 Human Rights Commission	Approved-Started pre-HF	0.0	2/3/2009	2/6/2009
01-09-8040	0-0-0	WRP	2009	0	0	0	0	Waiver: Election Supervisor PCN 01-514X ANC R21 Exempt vacant since 4/15/08	Pending	105.8	2/20/2009	
02-09-0039	0-0-0	WRP	2009	0	0	0	0	Waiver: Maintenance Generalist, Sub-Journey I R58 PCN 25-2536 FT Seasonal in Grounds & Gardens	Approved	44.6	2/6/2009	2/11/2009
02-09-0042	0-0-0	WRP	2009	0	0	0	0	Waiver: Div Operation Mgr/Dept Finance Officer PCN 02-1006 I/A Receipts vacant since 1/15/09	Approved	125.0	2/23/2009	3/3/2009
02-09-0045	0-0-0	WRP	2009	0	0	0	0	Waiver: AK Public Offices Commission Asst Director PCN 02-1302 R21 GF vacant 5/1/09	Pending	96.6	2/23/2009	
02-09-0050	0-0-0	WRP	2009	0	0	0	0	Waiver: Public Guardian PCN 02-1642 Office of Public Advocacy JNU GF vacant since 1/5/09	Pending	83.3	3/2/2009	
03-09-0240	0-0-0	WRP	2009	0	0	0	0	Waiver: Law Office Asst R13 Barrow DA's Office	Approved	78.3	2/4/2009	2/6/2009
03-09-0247	0-0-0	WRP	2009	0	0	0	0	Waiver: Public Advocate Utility Analyst I in Regulatory Affairs Public Advocacy section R22 ANC	Pending	105.2	2/23/2009	
04-09-1056	0-0-0	WRP	2009	0	0	0	0	Waiver: Chief, Revenue Economic Research (Chief Economist) R26 GF vacant since 5/08 Tax Div	Pending	130.4	3/2/2009	
04-09-1057	0-0-0	WRP	2009	0	0	0	0	Waiver: Petroleum Economist II R22 GF vacant since 1/31/09 Tax Div	Pending	105.8	3/2/2009	
04-09-1058	0-0-0	WRP	2009	0	0	0	0	Waiver: Economist III R20 GF vacant since 1/14/09 Tax Div.	Pending	93.3	3/2/2009	
04-09-1059	0-0-0	WRP	2009	0	0	0	0	Waiver: Oil & Gas Revenue Auditor (I/II/III) flexibly staffed R18-22 GF vacant since 1/14/09 Tax Div.	Pending	0.0	3/2/2009	
04-09-1060	0-0-0	WRP	2009	0	0	0	0	Waiver: Tax Technician I/II/III (Flexibly staffed) R10-14 GF vacant since 1/31/09 Tax Div.	Pending	0.0	3/2/2009	
05-09-0825	0-0-0	WRP	2009	0	0	0	0	Waiver: MEHS-Sitka Acct Technician II R14	Approved	63.1	2/9/2009	2/13/2009
05-09-0843	0-0-0	WRP	2009	0	0	0	0	Waiver: Museum Protection & Visitor Service Asst PCN 05-4105 R11 GF JNU/SIT Perm & seasonal (5.5 mos)	Pending	24.3	3/2/2009	
06-09-0327	0-0-0	WRP	2009	0	0	0	0	Waiver: New-Create Special Asst to Commissioner II R23 partially exempt ANC Tara Horton	Approved	0.0	2/10/2009	2/13/2009
06-09-0339	0-0-0	WRP	2009	0	0	0	0	Waiver: Lab Tech/Forensic Operations Supervisor State Medical Examiner's Office R13 PCN06-1655 GF	Pending	62.8	2/27/2009	
06-09-0340	0-0-0	WRP	2009	0	0	0	0	Waiver: OCS, Div Health Care Services, Div Public Assistance, Div Public Health, Div Senior/Disability	Approved	0.0	2/3/2009	2/6/2009

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05-09-0357	0-0-0	WRP	2009	0	0	0	0	Waiver: Administrative Clerk II R8 PCN 05-#043 JNU	Approved	24.7	2/11/2009	2/13/2009
05-09-0358	0-0-0	WRP	2009	0	0	0	0	Waiver: OCS Mat-Su Admin Clerk II PCN 05-3449 vacant since 11/16/08	Approved	0.0	2/18/2009	2/24/2009
05-09-0379	0-0-0	WRP	2009	0	0	0	0	Waiver: Admin Clerk III SW Regional Public Health Nursing R10 vacant 12/1/08	Pending	61.5	2/27/2009	
05-09-0381	0-0-0	WRP	2009	0	0	0	0	Waiver: Admin Clerk II JNU Public Health Center PCN 05-1227 R8 vacant since 1/5/09	Pending	47.0	2/27/2009	
05-09-0382	0-0-0	WRP	2009	0	0	0	0	Waiver: Admin Clerk III Valdez Public Health Center PCN 06-1426 R10 vacant since 1/23/09	Pending	56.0	2/27/2009	
05-09-0383	0-0-0	WRP	2009	0	0	0	0	Waiver: PT Admin Clerk II Homer Public Health Center PCN 06-1853 R9 vacated 02/08	Pending	33.5	2/27/2009	
05-09-0384	0-0-0	WRP	2009	0	0	0	0	Waiver: Admin Clerk III Dillingham Public Health Center PCN 06-1121 vacant 11/15/08 R10	Pending	62.5	2/27/2009	
05-09-0385	0-0-0	WRP	2009	0	0	0	0	Waiver: TWO Admin Clerk II PCN 06-5170 & PCN 06-5179 Div Behavioral Health R8	Pending	0.0	2/27/2009	
05-09-0389	0-0-0	WRP	2009	0	0	0	0	Waiver: Admin Asst III PCN06-2535 R19 Div Behavioral Health, API PT(stat support) vacant since 2/07	Pending	0.0	2/27/2009	
05-09-0392	0-0-0	WRP	2009	0	0	0	0	Waiver: Admin Clerk III PCN 06-1538 R10 AMC Pediatric Birth Defects, Metabolic Disease & Cleft Lip &	Pending	0.0	2/27/2009	
05-09-0393	0-0-0	WRP	2009	0	0	0	0	Waiver: PT Admin Clerk II for the Health Survey Lab PCN 06-1823 Section of Chronic Disease Prevention &	Pending	0.0	2/27/2009	
05-09-0394	0-0-0	WRP	2009	0	0	0	0	Waiver: PT Admin Clerk II PCN 06-1820 for the Health Survey Lab Section of Chronic Disease Prevention &	Pending		2/27/2009	
07-09-1141	0-0-0	WRP	2009	0	0	0	0	Waiver: Admin Officer II R19 Div Labor Standards & Safety (Job offered 1/21/09)	Approved	88.6	1/23/2009	1/29/2009
07-09-1145	0-0-0	WRP	2009	0	0	0	0	Waiver: Education specialist II PCN 07-5517 R21 ACIA Training Strategic Plan	Approved-Started pre-HF	89.5	1/27/2009	2/6/2009
07-09-1146	0-0-0	WRP	2009	0	0	0	0	Waiver: Law Office Asst I PCN 07-3056 AK Workers' Compensation Appeals Commission R11	Approved-Started pre-HF	0.0	1/27/2009	2/6/2009
07-09-1147	0-0-0	WRP	2009	0	0	0	0	Waiver: Program Coordinator (PCN07-5481) R20 Div Business Partnerships	Approved-Started pre-HF	0.0	1/27/2009	2/6/2009
07-09-1149	0-0-0	WRP	2009	0	0	0	0	Waiver: ELEVEN Unemployment Insurance Employment Security Specialists (Claim Specialist)	Approved	0.0	1/30/2009	2/6/2009
07-09-1150	0-0-0	WRP	2009	0	0	0	0	Waiver: New/Create: Admin Clerk II Short-term/Non-perm eff 4/1/09-6/30/09 Labor Market Info-Admin Svc	Approved	7.0	2/9/2009	2/23/2009
07-09-1151	0-0-0	WRP	2009	0	0	0	0	Waiver: Research Analyst I/II PCN 07-1737 Labor Market Info - Admin Svc	Approved	70.1	2/6/2009	2/13/2009
07-09-1152	0-0-0	WRP	2009	0	0	0	0	Waiver: Demographer PCN 07-1725 Labor Market Info-Admin Svc	Approved	80.0	2/5/2009	2/13/2009
07-09-1153	0-0-0	WRP	2009	0	0	0	0	Waiver: Microfilm/Imaging Operator I Non-Perm PCN 07-N00015 R10 Div Workers' Compensation	Approved	8.6	2/17/2009	2/23/2009

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07-09-1154	0-0-0	WRP	2009	0	0	0	0	Waiver: Admin Clerk II Seasonal PCN 07-3062 R8 Div Workers' Compensation	Approved	23.3	2/17/2009	2/23/2009
07-09-1155	0-0-0	WRP	2009	0	0	0	0	Waiver: Boiler/Pressure Vessel Inspector I PCN 07-4545 R19A FBks vacant since 10/20/08	Approved	80.8	2/17/2009	2/23/2009
07-09-1156	0-0-0	WRP	2009	0	0	0	0	Waiver: Employment Security Division Accounting Supervisor II (Director's Office) PCN 07-5508 R18A	Approved	81.1	2/17/2009	2/23/2009
07-09-1157	0-0-0	WRP	2009	0	0	0	0	Waiver: Program Coordinator PCN 21-3004 R20 vacant since 10/01/08	Approved	0.0	2/17/2009	2/23/2009
07-09-1158	0-0-0	WRP	2009	0	0	0	0	Waiver: Workers' Compensation Technician PCN 07-1027 R12 vacant 3/1/09 Fishermen Fund Component	Pending	57.0	2/24/2009	
07-09-1159	0-0-0	WRP	2009	0	0	0	0	Waiver: Admin Clerk III PCN 07-3036 R10 Workers' Compensation component vacant 2/27/09 FBX	Pending	53.6	2/24/2009	
08-09-0130	0-0-0	WRP	2009	0	0	0	0	Waiver: Div Corporations,Business & Prof Licensing-Admin Officer II Bus.Reg Examiner	Approved	0.0	1/29/2009	2/6/2009
08-09-01360	0-0-0	WRP	2009	0	0	0	0	Waiver: Div of Corporations, Business & Professional Licensing - Accounting Clerk II PCN 08-2052 R10	Disapproved	52.3	1/29/2009	2/6/2009
08-09-0139	0-0-0	WRP	2009	0	0	0	0	Waiver: Analyst Programmer (flex) II/III/V R16/18/20 PCN 08-9005 Div Investments	Approved		2/4/2009	2/13/2009
08-09-0142	0-0-0	WRP	2009	0	0	0	0	Waiver: 3 Local Gov't Specialist (Nome,Dillingham,FBX), Research Analyst, 2 Grants Administrators	Approved	0.0	2/12/2009	2/23/2009
08-09-0143	0-0-0	WRP	2009	0	0	0	0	Waiver: Occupational Licensing Examiner R13 PCN 08-2005 RSS Div Corporation,Business & Prof Licensing	Pending	60.2	2/25/2009	
08-09-0150	0-0-0	WRP	2009	0	0	0	0	Waiver: Local Gov't Specialist IV R19 ANC Div Community & Regional Affairs Local Boundary Commission	Pending	64.8	2/25/2009	
08-09-0151	0-0-0	WRP	2009	0	0	0	0	Waiver: Admin Clerk III R10 ANC Div Community/Regional Affairs vacant 2/26/09	Pending	52.4	2/25/2009	
08-09-0189	0-0-0	WRP	2009	0		0	0	Waiver: Micro/Network II (supervisory) PCN 08-2072 Admin Services	Approved	92.3	2/4/2009	2/13/2009
08-09-1035	0-0-0	WRP	2009	0	0	0	0	Waiver: THREE Financial Institution Examiners Div Banking & Securities (currently interviewing)	Approved	0.0	1/26/2009	1/29/2009
08-09-1045	0-0-0	WRP	2009	0	0	0	0	Waiver: Occupational Licensing Examiner	Approved	60.2	2/19/2009	2/23/2009
10-09-5097	0-0-0	WRP	2009	0	0	0	0	Waiver: Firefighting, Forester, Aircraft pilot, mechanic journeyman Fire Info Officer, Nat.Res Special	Approved	0.0	2/5/2009	2/20/2009
10-09-5101	0-0-0	WRP	2009	0	0	0	0	Waiver: FOUR in Oil & Gas- 2 Petroleum Engineers, Petroleum Economist, Cartographer	Approved	0.0	2/12/2009	2/23/2009
10-09-5102	0-0-0	WRP	2009	0	0	0	0	Waiver: THREE in Oil & Gas - N Res Specialist ANC, Tech Engineer, Engineer Asst	Disapproved	0.0	2/12/2009	2/23/2009
10-09-5105	0-0-0	WRP	2009	0	0	0	0	Waiver: Petroleum Reserver Engineer PCN 10-4222 Div Oil & Gas R26M J Williamson eff 3/16/09	Pending	150.0	2/26/2009	

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10-09-5106	0-0-0	WRP	2009	0	0	0	0	Waiver: 50 50 non-perms for Hazardous Fuel Treatment Stimulus (USDA Forest Svc) in Div Forestry	Pending	0.0	2/23/2009	
10-09-5109	0-0-0	WRP	2009	0	0	0	0	Waiver: Nat Resource Technician II PCN 10-2236 R12 Eagle River AK, Geologic Material Center created 12/8	Pending	58.4	2/26/2009	
10-09-5118	0-0-0	WRP	2009	0	0	0	0	Waiver: FT Classified Natural Resource Specialist V R23 PCN 10-#054 ANC Oil & Gas Development	Pending	11.0.6	3/3/2009	
10-09-5119	0-0-0	WRP	2009	0	0	0	0	Waiver: Analyst/Programmer IV Recorder's Office R20 A FSS vacant since 2/7/09	Pending	56.0	3/3/2009	
10-09-5120	0-0-0	WRP	2009	0	0	0	0	Waiver: Geologist IV PCN 10-2226 R21 vacant since 7/08 FBx Div Geological & Geophysical Surveys GF	Pending	10.0.7	3/3/2009	
11-09-0780	0-0-0	WRP	2009	0	0	0	0	Waiver: Fishery Biologist IV R20 PCN 11-5023 Div Commercial Fisheries	Approved-Started pre-I/F	93.4	1/28/2009	2/2/2009
11-09-0783	0-0-0	WRP	2009	0	0	0	0	Waiver: Biotechnician II R17-20 PCN 11-4119 Div Sport Fish	Approved-Started pre-I/F	82.7	1/28/2009	2/2/2009
11-09-0789	0-0-0	WRP	2009	0	0	0	0	Waiver: Fishery Biologist II R19 PCN 11-1833	Approved	79.3	2/10/2009	2/23/2009
11-09-0790	0-0-0	WRP	2009	0	0	0	0	Waiver: Fishery Biologist III PCN 11-1223 R18	Approved	61.8	2/5/2009	2/13/2009
11-09-0795	0-0-0	WRP	2009	0	0	0	0	Waiver: Fish & Wildlife Tech II Short-term Non-Permanent R11 McGrath 2/1-4/30	Approved	10.5	2/5/2009	2/13/2009
11-09-0801	0-0-0	WRP	2009	0	0	0	0	Waiver: New Create Short-term Non-Permanent Fish &Wildlife Technician II Fbks R9 2/5-5/8	Approved	8.0	2/5/2009	2/13/2009
11-09-0802	0-0-0	WRP	2009	0	0	0	0	Waiver: Positions funded w/SDPR, I/A Receipts, and FSG Fund Receipts - blanket waiver	Pending	0.0	2/19/2009	
11-09-0803	0-0-0	WRP	2009	0	0	0	0	Waiver: Habitat Biologist III R18 PCN 11-6135	Pending	61.3	2/10/2009	
11-09-0811	0-0-0	WRP	2009	0	0	0	0	Waiver: Biotechnician II R19 PCN 11-1257 vacant since 12/15/07	Pending	84.8	3/3/2009	
11-09-0812	0-0-0	WRP	2009	0	0	0	0	Waiver: Fishery Biologist III R18 PCN 11-1169	Approved	79.9	2/10/2009	2/18/2009
11-09-0826	0-0-0	WRP	2009	0	0	0	0	Waiver: Maintenance Specialist R51 PCN 11-N06036	Approved	17.9	2/13/2009	2/23/2009
11-09-0834	0-0-0	WRP	2009	0	0	0	0	Waiver: Admin Asst II R14 PCN 11-4021 Div Sport Fish Region I -Douglas Region I vacant since 10/28/08 GF	Pending	62.0	2/23/2009	
11-09-0844	0-0-0	WRP	2009	0	0	0	0	Waiver: Regional Supervisor R23D PCN 11-1030 vacant 4/30/09 GF	Pending	122.9	3/3/2009	
11-09-0847	0-0-0	WRP	2009	0	0	0	0	Waiver: Fishery Biologist I R14 A PCN 11-N06085 Long term Non Perm extend thru 6/30/09	Pending	0.0	3/3/2009	
12-09-0210	0-0-0	WRP	2009	0	0	0	0	Waiver: Admin Clerk III R10 PCN 12-2039 Plan Review Bureau vacant since 12/29/08	Pending	53.3	2/26/2009	
12-09-0270	0-0-0	WRP	2009	0	0	0	0	Waiver: SIX Public Safety Technician I & II's & Vessel Technician II & Boat Officer I	Approved	0.0	2/5/2009	2/13/2009

FY 2009 Revised Program Processing Log (3/3/2009 4:30:11 PM)

Req ADN	Svc ADN	Type	Fiscal Yr	Batch#	Seq #	Req Comp	Svc Comp	Description	Status	$ Amount	Date In	Date Out
12-09-0201	0-0-0	WRP	2009	0	0	0	0	Waiver: Forensic Technician I PCN 12-4497 R13 Div Statewide Services	Approved	61.2	2/17/2009	2/23/2009
12-09-0224	0-0-0	WRP	2009	0	0	0	0	Waiver: Database Specialist, FOUR Analyst/Programmers THREE Network Specialists.	Pending	0.0	2/20/2009	
12-09-0225	0-0-0	WRP	2009	0	0	0	0	Waiver: TWO Admin Clerk IIIs, TWO AK Automation Fingerprint ID Operators, Criminal Justice Tech I	Pending	0.0	2/20/2009	
12-09-0273	0-0-0	WRP	2009	0	0	0	0	Waiver: Radio Dispatcher II R12 GF vacant since 2/1/09 Soldotna	Approved	61.9	2/20/2009	2/23/2009
12-09-0274	0-0-0	WRP	2009	0	0	0	0	Waiver: Radio Dispatcher II R12 vacant since 2/1/09 GF Kodiak AST	Approved	61.9	2/20/2009	2/23/2009
18-09-0400	0-0-0	WRP	2009	0	0	0	0	Waiver: Environmental Engineer I R22 PCN 18-7004 vacant since 12/1/08 Div Environmental Health	Pending	104.6	3/2/2009	
18-09-0405	0-0-0	WRP	2009	0	0	0	0	Waiver: EIGHT positions re: Village Safe Water Program	Approved	0.0	2/19/2009	2/23/2009
18-09-0407	0-0-0	WRP	2009	0	0	0	0	Waiver: Environmental Program Specialist II/III R14/16 or 18 Fbks PCN 18-7400 vacant since 11/16 (NAPT	Approved	0.0	2/19/2009	2/23/2009
18-09-0408	0-0-0	WRP	2009	0	0	0	0	Waiver: Microcomputer/Network Specialist II R20 PCN 18-7605 Fbks/Deadhorse IT support	Approved	118.4	2/19/2009	2/23/2009
18-09-0409	0-0-0	WRP	2009	0	0	0	0	Waiver: Program Coordinator II R20 PCN 18-7195 Div of Water vacant since 6/2/08	Pending	91.0	3/2/2009	
18-09-0414	0-0-0	WRP	2009	0	0	0	0	Waiver: Maint Specialist-Journey II R51 PCN 18-N05020 (Assists water/sewer operators-NW Arctic Borough)	Pending	52.2	2/20/2009	
18-09-0417	0-0-0	WRP	2009	0	0	0	0	Waiver: Analyst Programmer IV R20 PCN 18-7226 vacant since 2/20/09 Information Svcs	Pending	95.9	3/2/2009	
18-09-0419	0-0-0	WRP	2009	0	0	0	0	Waiver: Environmental Health Officer III R18 PCN 18-7270 RSS vacant 1/30/09	Pending	75.8	3/2/2009	
20-09-0054	0-0-0	WRP	2009	0	0	0	0	Waiver: Acct Clerk Wildwood Correctional Center PCN 20-6309 R10A	Approved	0.0	2/12/2009	2/17/2009
20-09-0055	0-0-0	WRP	2009	0	0	0	0	Waiver: Maintenance Generalist Journey Anvil Mtn Correctional Center PCN10-4231 R54 A/B	Approved	80.0	2/12/2009	2/17/2009
25-09-2300	0-0-0	WRP	2009	0	0	0	0	Waiver: Fbks Maint & Operations Superintendent R21 PCN 25-3385 GF vacant 11/14/08 N Region Hiway/Aviat	Approved	101.9	2/13/2009	2/23/2009
25-09-2301	0-0-0	WRP	2009	0	0	0	0	Waiver: Maint & Operations Superintendent Tok PCN 25-1901 GF R21 vacant 12/8/08	Approved	112.5	2/13/2009	2/23/2009
25-09-2304	0-0-0	WRP	2009	0	0	0	0	Waiver: Engineer I R22 PCN 25-1437 N.Region Design & Engineering Svcs vacant 9/21/08	Approved	105.5	2/17/2009	2/23/2009
25-09-2305	0-0-0	WRP	2009	0	0	0	0	Waiver: Engineer I R22 N.Region Design & Engineering Svcs vacant since 6/16/08 PCN 25-3451	Approved	105.5	2/17/2009	2/23/2009
25-09-7330	0-0-0	WRP	2009	0	0	0	0	Blanket waiver for Federal vacant CIP ICAP positions	Disapproved	0.0	1/26/2009	1/27/2009
25-09-7340	0-0-0	WRP	2009	0	0	0	0	Waiver: Engineering Asst II R19 PCN 25-2318 SE Region Design & Engineering Services	Approved	85.4	1/27/2009	1/27/2009

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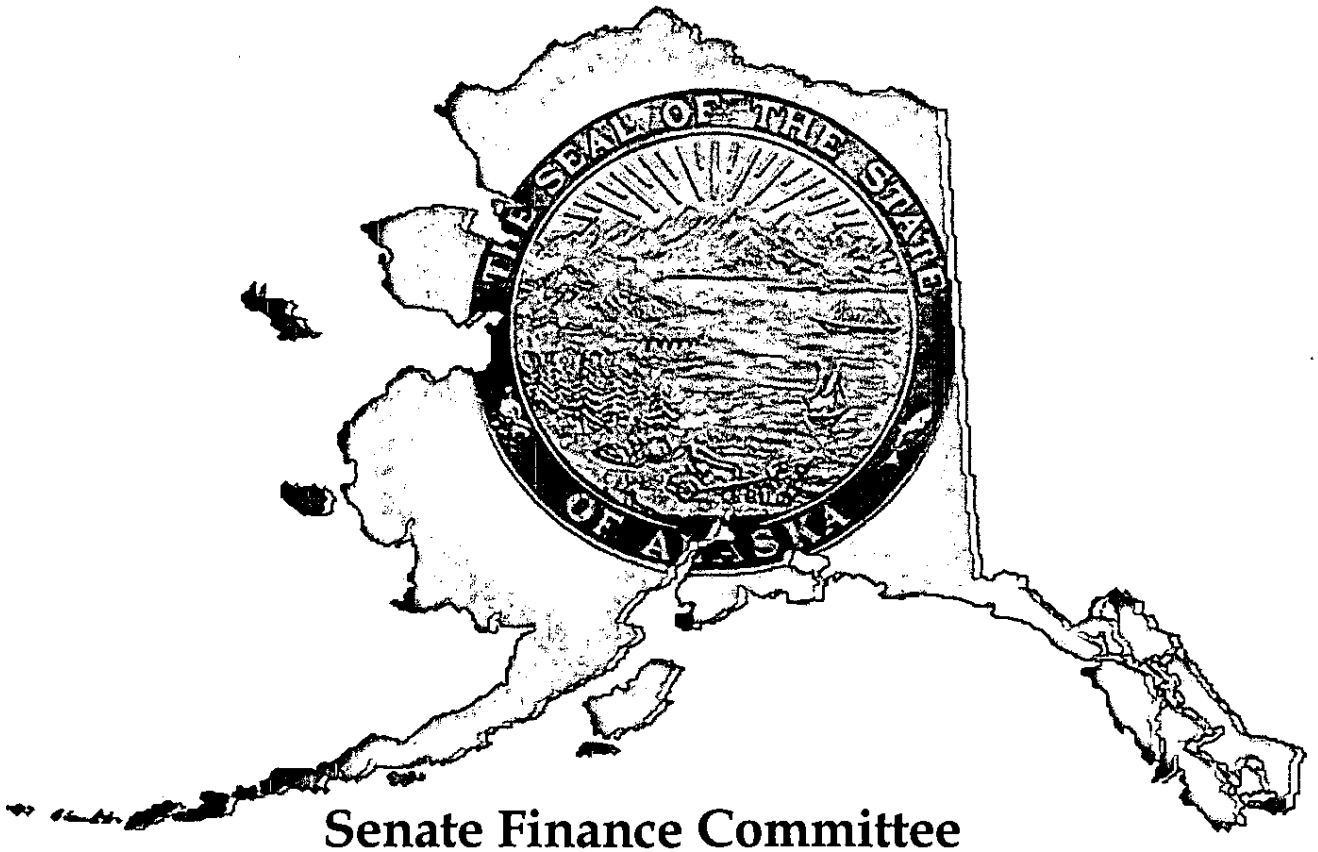
Req ADN	Svc ADN	Type	Fiscal Yr	Batch#	Seq #	Req Comp	Svc Comp	Description	Status	$ Amount	Date In	Date Out
25-09-7341	0-0-0	WRP	2009	0	0	0	0	Waiver: Planner I SE Planning R19 PCN 10-2340	Approved	67.1	2/6/2009	2/6/2009
25-09-7345	0-0-0	WRP	2009	0	0	0	0	Waiver: PCN 25-0723 Driller/Operator Journey R55 Statewide Design & Engineering Services	Approved-Started pre-HF	0.0	2/4/2009	2/6/2009
25-09-7346	0-0-0	WRP	2009	0	0	0	0	Waiver: Commercial Vehicle Enforcement Officer I/II PCN 25-2370 R 12 14	Approved	0.0	2/4/2009	2/6/2009
25-09-7348	0-0-0	WRP	2009	0	0	0	0	Waiver: Equipment Operator Journey III R52 PCN 25-1054	Approved	97.4	2/11/2009	2/23/2009
25-09-7349	0-0-0	WRP	2009	0	0	0	0	Waiver: Equipment Mechanic Sub-Journey III R56 PCN 25-1222	Approved	79.3	2/11/2009	2/23/2009
25-09-7350	0-0-0	WRP	2009	0	0	0	0	Waiver: Administrative Clerk III PCN 25-2302 SE Region Construction	Approved	54.1	2/11/2009	2/17/2009
25-09-7351	0-0-0	WRP	2009	0	0	0	0	Waiver: Engineering Asst III R17/19 SE Region Construction PCN 25-2371 25-3183, 25-5696	Approved	109.3	2/11/2009	2/17/2009
25-09-7352	0-0-0	WRP	2009	0	0	0	0	Waiver: Equip Operator Journey III R52 PCN 25-1148 Snow & Ice control Ilianna Highway & Aviation	Approved	87.6	2/13/2009	2/17/2009
25-09-7354	0-0-0	WRP	2009	0	0	0	0	Waiver: Equip Operator Journey II R53 GF PCN 25-1056 vacant 1/1/09 Homer Highway	Approved	62.1	2/13/2009	2/23/2009
25-09-7355	0-0-0	WRP	2009	0	0	0	0	Waiver: Equip Operator Journey II R53 PCN 25-1011 Kalsin Bay Snow Removal/Rd Maint. GF Kodiak Launch Fac	Approved	57.6	2/13/2009	2/23/2009
25-09-7358	0-0-0	WRP	2009	0	0	0	0	Waiver: Procurement Specialist IV R20 PCN 25-0184 vacant since 7/09 Commish Office,Contracts & Appeals	Pending	90.9	2/20/2009	
25-09-7360	0-0-0	WRP	2009	0	0	0	0	Waiver: Right of Way Agent III R18 PCN 25-0481 vacant since 11/25/08 C Region,Design/Engineering Svcs	Pending	81.0	2/20/2009	
25-09-7361	0-0-0	WRP	2009	0	0	0	0	Waiver: Engineering associate PCN 25-0634 R21 vacant 1/1/09 C Region Design/Engineering Svcs	Pending	106.0	2/20/2009	
25-09-7363	0-0-0	WRP	2009	0	0	0	0	Waiver: Procurement Specialist II R16 PCN 25-0379 C.Region Contracts Section vacant since 2/25/09	Pending	73.0	2/20/2009	
25-09-7373	0-0-0	WRP	2009	0	0	0	0	Waiver: Transportation Planner I R21 PCN 25-0126 vacant since 4/18/08 Fed Team Lead Planner	Pending	96.1	2/25/2009	
25-09-7374	0-0-0	WRP	2009	0	0	0	0	Waiver: Planner II/III PCN 25-1856 vacant since 5/30/04 assists State Program Team lead planner	Pending	67.1	2/25/2009	
25-09-7375	0-0-0	WRP	2009	0	0	0	0	Waiver: Planner III R19 PCN 25-0133 vacant since 4/30/08 Manages Dept's transportation data resources	Pending	86.4	2/25/2009	
25-09-7376	0-0-0	WRP	2009	0	0	0	0	Waiver: Accig Tech II R14 PCN 25-0137 GF vacant since 12/3/08 enables acct transactions	Approved	63.9	2/25/2009	2/26/2009

Number of Observations: 120

Approved Count:	64
Disapproved Count:	3
Pending Count:	53

FY2009/FY2010 Budget Overview



Senate Finance Committee

Governor's Office of Management and Budget

February 4, 2009

Budget Guidelines

Starts with clearly established goals communicated to state agencies, the legislature and the public

Governor Palin's budget goals have been consistent:

- Slow the growth of government
- Live within our means
- Save for the future
- Focus on core services
  - Constitutional and statutory responsibilities
  - Invest in responsible resource development

Budget Direction

The fundamental building blocks

- Focus on core state services,
- Find efficiencies in service delivery,
- Identify savings or reductions,
- Redirect existing resources, where possible, to higher priority items, and
- Limit growth in operating budget.

FY2009 Revenues/Expenditures

A year of unprecedented revenue volatility

FY2009 Budget Version Forecast Version	Governor Dec. 15, 2007 Fall 2007	Enacted May 23, 2008 Spring 2008	Post Special Sessions	Governor Dec. 15, 2008 Fall 2008	Interim Forecast With Supplemental January 2009
Price Per Barrel	$66.32	$83.04	$100 +	$77.66	$63.28
Production	0.701	0.689		0.689	0.686
Total Revenue*	**$5,264.9**	**$7,523.3**	**$7,523.3**	**$6,765.4**	**$5,536.2**
Budget Appropriations	**$4,609.6**	**$5,045.6**	**$5,979.7**	**$5,992.3**	**$5,723.7**
Savings Appropriations	**$500.0**	**$1,175.5**	**$1,195.3**	**$1,175.3**	**$1,175.3**
Surplus/(Shortfall)	$155.3	$1,302.2	$348.3	($402.2)	($1,362.8)

*Includes tax credits and carryover

Office of Management and Budget

FY2009 Revenue Shortfall

Steps taken and in process to address a revenue shortfall

- Governor Palin signed the appropriation bills on May 23, 2008, with instructions to the departments to achieve at least $20 million in savings in the operating budget.
- Freeze hiring and purchases issued January 23, 2009.
- FY2009 supplemental bill proposes $268.6 in reductions in current year authorized expenditures and the overall spending plan.
- Seeks legislative approval for use of reserves.

Reserve Balances

Estimated balances as of December 31, 2008

- Constitutional Budget Reserve $6.8 billion
  - Main Fund $3.2 billion
  - Sub Fund $3.6 billion
- Statutory Budget Reserve $1.0 billion
- Public Education Fund $1.0 billion
- AK Housing Capital Fund $342.3 million

FY2009 Economic Stimulus Bill

Moving quickly at the federal level

Federal action expected mid-February

- Formula and competitive grants
  - Transportation
  - Energy
  - Education
  - Health Care
- State agencies reviewing the legislation
- Anticipate separate supplemental bill

FY2010 Budget Overview

Consistent fiscal policy

- Dec. 15 budget proposes to spend less general fund dollars in FY2010 than we are spending in the current year - $4.9 billion compared to $5.2 billion (*comparison excludes resource rebate*)

- Budgeted $389 million below the fall forecast of $5.27 billion.

- Interim forecast will be provided on February 18 along with budget amendments.

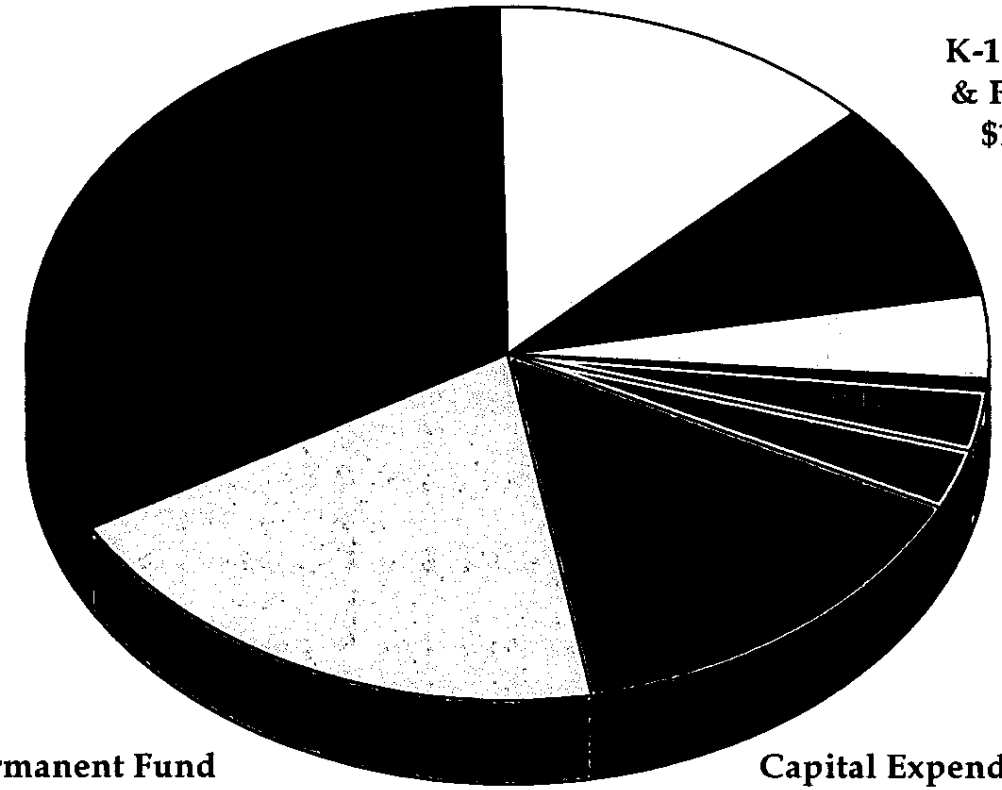
FY2010 Budget Highlights

Focus on priorities

- Operating
  - K-12 Education $1.05 billion
  - Revenue Sharing $60 million
  - Retirement system unfunded liability $451.2 million
  - Exploration tax credits $300 million
  - State employee contract increases $31 million
- Capital
  - Gas line projects $82.1 million
  - Renewable Energy Fund $50 million
  - School Major Maintenance $40.5 million
  - Highways & Aviation $772.5 million
  - Water & Sewer $114.8 million

FY2010 Budget Request

Provides statewide programs and services



Office of Management and Budget

1/ Excludes duplicated authorizations.

To Meet FY2009/FY2010 Budget Challenges

and Protect Alaska's economy

- Fiscal Discipline
  - Savings and efficiencies
  - Budget reductions where practical and sustainable
  - Freeze hiring and purchases
- Prudent use of Reserves
  - $8 billion in reserves
  - Careful planning to manage shortfall in the short-term and provide long-term stability
  - Avoid massive single-year cuts

More Information on the Budget

http://omb.alaska.gov/

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FY2009 SUPPLEMENTAL REQUESTS

	Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
1	1	Administration	Office of the Commissioner	Departments have implemented savings plans and this unallocated reduction will allow the commissioner to apply the reduction to the specific components in which the savings will be achieved.	(1,100.0)				(1,100.0)
2	1	Administration	Personnel	Personnel Board investigations and support - contracts for legal services for complaints filed with the board	725.0				725.0
3	1	Administration	Retirement and Benefits	This adjustment is necessary to properly allocate costs of the defined contribution plan, Tier 4, to the correct fund sources, per the fiscal note for Ch. 9, FSSLA2005 An Act relating to the teachers' and public employees' retirement systems and creating defined contribution and health reimbursement plans (SB 141).	(107.6)		154.1	120.0 PERS 34.1 TRS	46.5
4	1	Administration	Retirement and Benefits	Funding is needed to conduct an analysis of how pending legislation might affect retirement systems of the State. Per AS 24.08.036, a cost analysis must be done for legislation that may affect retirement systems of the State before that legislation is reported to the Rules Committee. General Funds are requested so that no current pension trust funds are impacted.	50.0				50.0
5	1	Administration	Group Health Insurance	The Division of Retirement and Benefits is preparing to re-bid the health benefits Third Party Administrator (TPA) contract and needs additional funding to have the healthcare consultant (Buck) help prepare information for the bid process, audit the performance of the current TPA contractor, and analyze the the long term care projections to determine if the State is carrying adequate reserves.			250.0	Group Health and Life Benefits Fund	250.0
6	1	Administration	EPORS	Actual increased program retirement and health benefits	85.0				85.0
7	1	Administration	Office of Public Advocacy	Authorization is needed to accept and spend two federal grants. The two grants are Court Appointed Special Advocate (CASA) program funds from the National CASA Program. One is for $31,000.00 and the other is for $1,949.00 for a total of $32,949.00. Both were awarded to the Office of Public Advocacy after the end of the last legislative session.		33.0			33.0

FY2009 SUPPLEMENTAL REQUESTS

	Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
8	1	Administration	Public Defender Agency	Caseload and cost increases - For the 1st half of FY2009, the Public Defender Agency has experienced caseload growth in the following key areas: The Anchorage Criminal Section has experienced an 11% increase for all cases, a 30% increase in felony petitions to revoke probation, a 14% increase in misdemeanor cases, and a 70% increase in misdemeanor petitions to revoke probation. Fairbanks has experienced a 5% increase in felony cases and a 14% increase in juvenile delinquency cases. The Civil Section within the Public Defender Agency has experienced a 7% increase in all cases, a 15% increase in juvenile delinquency cases, and a 9% increase in civil commitment cases. The Palmer office has seen a 35% increase in Child in Need of Aid (CINA) cases. Multi-year trends show significant increases over the past five years and predict caseload increases for FY2009. Statewide closing rates, however, are below 100% for the most complex caseloads, which indicates an increase in workload due to the increasing complexity of casework and trial preparation.	1,000.0				1,000.0
9	1	Administration	Motor Vehicles	Additional funding is needed to provide for the purchase of license plates, driver manuals, and license tabs. The plates, manuals and tabs were previously funded in the capital budget. When the budget was established in the operating budget, the division underestimated the annualized costs and the amount added was insufficient to cover the costs now being incurred. In addition, some materials costs have increased. It is critical that Division of Motor Vehicles not run out of these materials and have to stop issuing licenses and plates. The funding requested here is necessary to purchase sufficient stock and inventory for the remainder of FY2009.			562.8	Receipt Supported Services	562.8
10	1	Commerce	Commissioner's Office	Departments have implemented savings plans and this unallocated reduction will allow the commissioner to apply the reduction to the specific components in which the savings will be achieved.	(80.0)				(80.0)

FY2009 SUPPLEMENTAL REQUESTS

	Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
11	1	Corrections	Office of the Commissioner	Departments have implemented savings plans and this unallocated reduction will allow the commissioner to apply the reduction to the specific components in which the savings will be achieved.	(750.0)				(750.0)
12	1	Corrections	Inmate Health Care	The department is requesting a supplemental of $1,405.8 for increased inmate health care costs that includes fees-for-service, increased release medications for mentally ill inmates, and Inmate Health Care staff cost overages due to overtime for 24-hour medical coverage. $646.4 shortfall is projected in the in-state and out-of-state medical fees for service. The department is seeing an increase in chronic disease associated with diabetes, cancer, heart disease, surrounding health-related issues due to obesity, and health issues associated with care for geriatrics. $361.0 shortfall is projected for psychotropic drugs. As of September 2008, the department's Mental Health Unit began providing additional release medications to inmates with serious chronic mental illness as an interim measure until treatment begins with a community mental health provider. $398.4 shortfall is projected for overtime for 24-hour medical coverage; contractual nursing shortages; and the successful hiring of a Forensic Psychiatrist.	1,405.8				1,405.8
13	1	Education	Executive Administration	Departments have implemented savings plans and this unallocated reduction will allow the commissioner to apply the reduction to the specific components in which the savings will be achieved.	(270.0)				(270.0)
14	1	Environ Cons	Office of the Commissioner	Departments have implemented savings plans and this unallocated reduction will allow the commissioner to apply the reduction to the specific components in which the savings will be achieved.	(390.0)				(390.0)
15	1	Fish and Game	Commercial Fisheries Special Projects	Transfer excess SDPR from Commercial Fisheries Special Projects to Administrative Services to cover indirect receipt costs The FY10 budget contains a corresponding transfer.			(145.0)	Statutory Designated Prgm. Rcpts.	(145.0)
16	1	Fish and Game	Commercial Fisheries Special Projects	Transfer excess SDPR from Commercial Fisheries Special Projects to Fish and Game Boards and Advisory Committees to cover public information requests. The FY10 budget contains a corresponding transfer.			(6.0)	Statutory Designated Prgm. Rcpts.	(6.0)

FY2009 SUPPLEMENTAL REQUESTS

	Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
17	1	Fish and Game	Commercial Fisheries Special Projects	Transfer excess SDPR from Commercial Fisheries Special Projects to Habitat to cover the North Slope Borough Teshekpuk Lake Studies.			(22.0)	Statutory Designated Prgm. Rcpts.	(22.0)
18	1	Fish and Game	Commissioner's Office	Departments have implemented savings plans and this unallocated reduction will allow the commissioner to apply the reduction to the specific components in which the savings will be achieved.	(1,000.0)				(1,000.0)
19	1	Fish and Game	Administrative Services	Transfer excess SDPR from Commercial Fisheries Special Projects to Administrative Services to cover indirect receipt costs. The FY10 budget contains a corresponding transfer.			145.0	Statutory Designated Prgm. Rcpts.	145.0
20	1	Fish and Game	Fish and Game Boards and Advisory Committees	Transfer excess SDPR from Commercial Fisheries Special Projects to Fish and Game Boards and Advisory Committees to cover public information requests. The FY10 budget contains a corresponding transfer.			6.0	Statutory Designated Prgm. Rcpts.	6.0
21	1	Fish and Game	Habitat	Transfer excess SDPR from Commercial Fisheries Special Projects to Habitat to cover the North Slope Borough Teshekpuk Lake Studies.			22.0	Statutory Designated Prgm. Rcpts.	22.0
22	1	Governor	Unallocated Reduction	Departments have implemented savings plans and this unallocated reduction will allow the commissioner to apply the reduction to the specific components in which the savings will be achieved.	(465.0)				(465.0)
23	1	Governor	Executive Office	Transfer AGIA Coordinator PCN and funds to DNR (PCN 01-802X) $158.0 from personal services and $25.0 from travel.	(183.0)				(183.0)
24	1	Health & Soc Svcs	Behavioral Health Medicaid	Reduce GF and federal authorizations based on current trends and projections.	(8,100.0)	(8,100.0)			(16,200.0)
25	1	Health & Soc Svcs	Medicaid Services	Reduce GF due to reduction of RSA with Nursing due to recent determination of error in billing methodology. See related items in Nursing and Administrative Support Services. A corresponding FY10 budget amendment is likely.	(2,000.0)				(2,000.0)
26	1	Health & Soc Svcs	Medicaid Services	Medicaid rate increase for physician services effective 1/1/09 tied to increased Medicare rates. Many of the reimbursements for services are going up as much as 20-30% instead of the usual 4-5%. The ten most frequently used procedures are increasing 27%. The department analyzed nearly 3,000 medical procedure codes to determine the estimated cost impact.	6,000.0	6,000.0			12,000.0

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FY2009 SUPPLEMENTAL REQUESTS

	Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
27	1	Health & Soc Svcs	Probation Services	Funds necessary for guard hires for escorts, travel for juveniles who are not Medicaid-eligible, psychiatric evaluations that are not Medicaid-eligible and other various court-ordered costs. Recipients of the funds are youth either in division custody or under court order to receive specified services. The department previously received legislative direction to bring these costs forward as supplementals rather than include them in the base budget.	250.0				250.0
28	1	Health & Soc Svcs	Senior & Disabilities Medicaid Services	Reduce GF and federal authorizations based on current trends and projections.	(5,400.0)	(5,400.0)			(10,800.0)
29	1	Health & Soc Svcs	Unallocated Reduction	Departments have implemented savings plans and this unallocated reduction will allow the commissioner to apply the reduction to the specific components in which the savings will be achieved.	(4,760.0)				(4,760.0)
30	1	Health & Soc Svcs	Commissioner's Office	Interim management contract for Mary Conrad Center. The state suspended the license and assumed management of the facility on Dec 18, 2008. A plan of correction required by the federal Centers for Medicare and Medicaid Services has been developed to address the identified deficiencies. Implementation of that plan is directed by state staff working with a nursing consulting firm. These funds will be used to pay the nursing consulting firm as well as contracted security personnel. The current owners of the facility are trying to negotiate a sale of the facility and operations.	500.0				500.0
31	1	Labor	Commissioner's Office	Departments have implemented savings plans and this unallocated reduction will allow the commissioner to apply the reduction to the specific components in which the savings will be achieved.	(330.0)				(330.0)
32	1	Law	Deputy Attorney General's Office	Unplanned Legal Activity: Gasoline Pricing Investigation Public Records Polar Tanker Kensington Mine	849.0				849.0

FY2009 SUPPLEMENTAL REQUESTS

	Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
33	1	Law	Oil, Gas and Mining	Oil and Gas Projects The Department of Law has a number of major projects underway that will continue to require outside counsel and experts beyond the funding included in the base operating budget. The most noteworthy are the Pt. Thomson litigation, ongoing proceedings before the Federal Energy Regulatory Commission (FERC) on TransAlaska Pipeline Service (TAPS) tariffs issues, State of Alaska Assessment Review Board disputes and two major corporate income tax matters.	1,335.0				1,335.0
34	1	Law	Statehood Defense	Endangered Species Act Litigation Unplanned legal activity for costs associated with assessing and protecting the State's interest related to actions taken by the federal government as they relate to the Endangered Species Act, specifically Polar Bears and Beluga Whales.	150.0				150.0
35	1	Law	Office of the Attorney General	Departments have implemented savings plans and this unallocated reduction will allow the commissioner to apply the reduction to the specific components in which the savings will be achieved.	(980.0)				(980.0)
36	1	Military & Vets	Army Guard Facilities Maintenance	Increase federal authority for ongoing maintenance costs. There is a corresponding increase in the FY10 budget.		500.0			500.00
37	1	Military & Vets	Air Guard Facilities Maintenance	Increase federal authority for ongoing maintenance costs. There will likely be a corresponding FY10 budget amendment.		300.0			300.00
38	1	Natural Resources	Commissioner's Office	Transfer AGIA Coordinator PCN and funds from Governor's Office (PCN 01-802X) $158.0 from personal services and $25.0 from travel.	183.0				183.0
39	1	Natural Resources	Commissioner's Office	Departments have implemented savings plans and this unallocated reduction will allow the commissioner to apply the reduction to the specific components in which the savings will be achieved.	(1,240.0)				(1,240.0)
40	1	Public Safety	Fire and Life Safety Operations	A $10/month/person uniform allowance is included in the current PSEA bargaining unit agreement. Unfortunately that monetary term was inadvertently omitted from the FY09 PSEA appropriation. The total cost to the department in FY09 is $44.1. There is a corresponding increase in the department's FY10 budget of $50.5.	0.6				0.6

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FY2009 SUPPLEMENTAL REQUESTS

	Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
41	1	Public Safety	Special Projects	A $10/month/person uniform allowance is included in the current PSEA bargaining unit agreement. Unfortunately that monetary term was inadvertently omitted from the FY09 PSEA appropriation. The total cost to the department in FY09 is $44.1. There is a corresponding increase in the department's FY10 budget of $50.5.	1.7				1.7
42	1	Public Safety	Alaska Bureau of Judicial Services	A $10/month/person uniform allowance is included in the current PSEA bargaining unit agreement. Unfortunately that monetary term was inadvertently omitted from the FY09 PSEA appropriation. The total cost to the department in FY09 is $44.1. There is a corresponding increase in the department's FY10 budget of $50.5.	7.0				7.0
43	1	Public Safety	Alaska Bureau of Judicial Services	An approved increase of $656.3 was inadvertently omitted from CCS HB 310. This supplemental corrects that error. The FY10 budget includes an increment for the same purpose.	656.3				656.3
44	1	Public Safety	Prisoner Transportation	Increased transportation costs due to higher fuel and airline ticket costs.	300.0				300.0
45	1	Public Safety	Narcotics Task Force	A $10/month/person uniform allowance is included in the current PSEA bargaining unit agreement. Unfortunately that monetary term was inadvertently omitted from the FY09 PSEA appropriation. The total cost to the department in FY09 is $44.1. There is a corresponding increase in the department's FY10 budget of $50.5.	1.2				1.2
46	1	Public Safety	Alaska State Trooper Detachments	A $10/month/person uniform allowance is included in the current PSEA bargaining unit agreement. Unfortunately that monetary term was inadvertently omitted from the FY09 PSEA appropriation. The total cost to the department in FY09 is $44.1. There is a corresponding increase in the department's FY10 budget of $50.5.	19.8				19.8
47	1	Public Safety	Alaska State Trooper Detachments	Increased cost for dispatch services based on FY09 contracts.	208.3				208.3
48	1	Public Safety	Alaska State Trooper Detachments	Increased vehicle costs.	139.8				139.8

FY2009 SUPPLEMENTAL REQUESTS

	Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
49	1	Public Safety	Alaska Bureau of Investigation	A $10/month/person uniform allowance is included in the current PSEA bargaining unit agreement. Unfortunately that monetary term was inadvertently omitted from the FY09 PSEA appropriation. The total cost to the department in FY09 is $44.1. There is a corresponding increase in the department's FY10 budget of $50.5.	2.9				2.9
50	1	Public Safety	Alaska Bureau of Alcohol and Drug Enforcement	A $10/month/person uniform allowance is included in the current PSEA bargaining unit agreement. Unfortunately that monetary term was inadvertently omitted from the FY09 PSEA appropriation. The total cost to the department in FY09 is $44.1. There is a corresponding increase in the department's FY10 budget of $50.5.	1.1				1.1
51	1	Public Safety	Alaska Bureau of Alcohol and Drug Enforcement	Increased vehicle costs.	6.4				6.4
52	1	Public Safety	Alaska Wildlife Troopers	A $10/month/person uniform allowance is included in the current PSEA bargaining unit agreement. Unfortunately that monetary term was inadvertently omitted from the FY09 PSEA appropriation. The total cost to the department in FY09 is $44.1. There is a corresponding increase in the department's FY10 budget of $50.5.	8.4				8.4
53	1	Public Safety	Alaska Wildlife Troopers Aircraft Section	Increased risk management fees for aircraft.	318.8				318.8
54	1	Public Safety	Alaska Wildlife Troopers Marine Enforcement	Increased risk management fees for vessels.	21.2				21.2
55	1	Public Safety	Alaska Wildlife Troopers Investigations	A $10/month/person uniform allowance is included in the current PSEA bargaining unit agreement. Unfortunately that monetary term was inadvertently omitted from the FY09 PSEA appropriation. The total cost to the department in FY09 is $44.1. There is a corresponding increase in the department's FY10 budget of $50.5.	0.7				0.7
56	1	Public Safety	VPSO Contracts	The department has not been able to utilize the full VPSO Contract authority due to the inability of the grantees to hire VPSO's. Therefore, the department is reducing this amount to help fund other supplemental needs.	(1,100.0)				(1,100.0)

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FY2009 SUPPLEMENTAL REQUESTS

	Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
57	1	Public Safety	Training Academy	A $10/month/person uniform allowance is included in the current PSEA bargaining unit agreement. Unfortunately that monetary term was inadvertently omitted from the FY09 PSEA appropriation. The total cost to the department in FY09 is $44.1. There is a corresponding increase in the department's FY10 budget of $50.5.	0.7				0.7
58	1	Revenue	ARM Board	Reduce the $300,000 one-time item for the estimated cost of an independent audit of the state's actuary. The actual cost of the audit contract is $135,000, so funding may be reduced.			(165.0)	(107.6) PERS (55.2) TRS (1.5) Jud Retire (0.7) Nat Guard Retire	(165.0)
59	1	Revenue	Commissioner's Office	Departments have implemented savings plans and this unallocated reduction will allow the commissioner to apply the reduction to the specific components in which the savings will be achieved.	(390.0)				(390.0)
60	1	Revenue	AHFC	Utility expenses have increased due to increased rates for energy costs. Now that AHFC is in HUD's Moving to Work agency status, there are sufficient federal resources to cover these expenses. There is a corresponding increase in the FY10 budget.		959.7			959.7
61	1	Transportation	Commissioner's Office	Departments have implemented savings plans and this unallocated reduction will allow the commissioner to apply the reduction to the specific components in which the savings will be achieved.	(1,500.0)				(1,500.0)
62	1	Transportation	International Airport Systems Office	Reduce Operating Budget in Response to Airline Carrier Economic Operating Environment In response to a multitude of requests for economic relief from airline carriers, the Commissioner and Deputy Commissioner directed the Alaska International Airport System (AIAS) to implement certain operating and capital cost reductions to stabilize rates and fees. This response was in recognition of the deterioration of the economic operating environment in which AIAS customers operate. This reduces the amount to be spent on a feasibility study and contract consulting fees. These services will be performed by the Controller and other AIAS staff.			(16.2)	International Airport Revenue Funds	(16.2)

FY2009 SUPPLEMENTAL REQUESTS

	Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
63	1	Transportation	Measurement Standards and Commercial Vehicle Enforcement	Unified Carrier Registration Fees The Unified Carrier Registration (UCR) program requires individuals and companies that operate commercial motor vehicles in interstate or international commerce to register their business with a participating state and pay an annual fee based on the size of their fleet. FY09 was the first year Alaska participated in this program. Per the Federal Motor Carrier Safety Administration, these revenues may only be used for administration of the unified carrier fee system, motor carrier safety programs, or motor carrier enforcement programs.			150.0	Receipt Supported Services	150.0
64	1	Transportation	Measurement Standards and Commercial Vehicle Enforcement	Permit Fee Increase Changes to 17 AAC 25 are in process to increase the amounts charged for oversize/overweight permits. Measurement Standards and Commercial Vehicle Enforcement anticipates the permit fee increase to be in place mid-March 2009. This will be an overall average increase of 23%. This increased Receipt Supported Service revenue will be used to fund the following: $16.4 - Increased State equipment Fleet costs. $55.0 - Computer Equipment Replacement Program/Equipment for new inspector position. $31.1 Capital Outlay - which includes the following: Metrology Laboratory Air Quality Study $14.9. Anchorage Prover Truck Conversion $16.2.			102.5	Receipt Supported Services	102.5
65	1	Transportation	State Equipment Fleet	Credit Card Payments for Fuel The State Equipment Fleet (SEF) maintains contracts which allow a vehicle credit card to be used to purchase fuel and necessary consumables. These charges are paid by SEF and subsequently billed to executive branch state agencies.			400.0	HWCF	400.0
66	1	Transportation	State Equipment Fleet	Increased Travel Costs Related to Airfare in and Around Alaska's Rural Areas Increase receipt authority to cover travel costs in support of rural airports and highways for the repair and preventative maintenance of vehicles and equipment.			149.0	HWCF	149.0

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FY2009 SUPPLEMENTAL REQUESTS

	Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
67	1	Transportation	State Equipment Fleet	Increased Costs in Freight for Parts, Equipment and Vehicles Increased receipt authority to cover cost increases in freight (shipment of parts, commodities, vehicles and equipment around the state) and increased contractual costs for vendor supplied repairs or vehicle and equipment make-ready such as Trooper vehicle setups.			77.0	HWCF	77.0
68	1	Transportation	State Equipment Fleet	Increased Costs Related to Parts and Commodities Used in the Maintenance and Repair of Wheeled Assets Increase receipt authority to cover parts and commodities costs. The transportation sector has not seen the cost decreases that the average retail sector has. Commodities like oils and lubricants have not seen price reductions that mirror fuel prices. Bulk quantities were purchased early in the fiscal year when fuel prices were at their highest for shipment to rural locations statewide.			800.0	HWCF	800.0
69	1	Transportation	Central Region Facilities	State Equipment Fleet Costs Over the past few years the operating and replacement rates of state vehicles has increased without a corresponding increase in budgets to the Facilities components. Older vehicles have remained in the fleet and repair costs have been incurred to maintain these vehicles. Certain services, such as repairing damage from accidents, is a billable service and not part of operating rates established by the State Equipment Fleet (SEF). The accumulation of additional costs can no longer be absorbed in the operating budget.	54.8				54.8

FY2009 SUPPLEMENTAL REQUESTS

	Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
70	1	Transportation	Northern Region Facilities	State Equipment Fleet Costs Over the past few years the operating and replacement rates of state vehicles has increased without a corresponding increase in budgets to the Facilities components. Older vehicles have remained in the fleet to support full staffing and rotating schedules, and repair costs have been incurred to maintain these vehicles. Certain services, such as repairing damage from accidents, is a billable service and not part of operating rates established by the State Equipment Fleet (SEF). The accumulation of additional costs can no longer be absorbed in the operating budget.	116.7				116.7
71	1	Transportation	Central Region Highways and Aviation	Anchorage Sidewalk Snow Removal Funding is requested to operate newly acquired sidewalk tractors throughout the winter to blow, plow, and sweep the snow from Anchorage sidewalks, bus stops, trails and pathways. The Federal Highway Administration (FHWA) has notified the department that all infrastructure built with FHWA federal funds must be appropriately maintained. That maintenance includes snow removal from sidewalks and other pathways. Failure to meet these requirements could jeopardize future surface transportation funds and require reimbursement of previously expended funds.	250.0				250.0
72	1	Transportation	Central Region Highways and Aviation	Anchorage Snow Haul (Roads) Snowfall in Anchorage this winter has returned to the amount that used to be considered normal for the area. Including the heavy snowstorms over the holidays, the accumulation of snow plowed from the roads onto the shoulders and sidewalk areas reached the level that required hauling it away. To date, snow haul expenses have nearly exhausted the annual operating budget of $250. Supplemental funding of $250.0 will allow for one additional snow haul for the remainder of the winter. In addition to this funding request, an additional $31.5 in funding required to fully fund one additional snow haul has been requested as a reappropriation in sec. 14(b).	218.5				218.5

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FY2009 SUPPLEMENTAL REQUESTS

	Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
73	1	Transportation	Central Region Highways and Aviation	Commodities Price Increases The increased cost for commodities has significantly impacted the operating budget for Central Region Maintenance and Operations. Competitive bids were completed last spring for delivery of commodities prior to winter maintenance needs. Purchases of sand and winter chemicals fall into this category. Similarly, competitive bids are completed during the fall for delivery of commodities prior to spring maintenance needs, such as paint for striping. Supplemental funding is needed for sand ($575.0), winter chemicals ($205.3) and paint ($334.0).	1,114.3				1,114.3
74	1	Transportation	Central Region Highways and Aviation	State Equipment Fleet Costs Older equipment and vehicles have remained in the fleet and repair costs have been incurred for maintenance and repairs. Certain services, such as repairing damage from accidents, is a billable service and not part of operating rates established by the State Equipment Fleet (SEF). The accumulation of additional costs cannot be absorbed in the operating budget.	284.8				284.8
75	1	Transportation	Northern Region Highways and Aviation	Legal Costs for Material Site Lawsuits Due to ongoing lawsuits filed by one of the regional native corporations for supposed infringement on their land and rights of way, the department has incurred excessive costs this year for Department of Law attorneys. None of the three lawsuits filed have yet gone to court so the total cost is unknown at this time. Additional funding for $150.0 is based on the amount expended to date for attorneys and expert witnesses.	150.0				150.0
76	1	Transportation	Northern Region Highways and Aviation	State Equipment Fleet Costs Older equipment and vehicles have remained in the fleet and repair costs have been incurred for maintenance and repairs. Certain services, such as repairing damage from accidents, is a billable service and not part of operating rates established by the State Equipment Fleet (SEF). The accumulation of additional costs cannot be absorbed in the operating budget.	554.0				554.0

FY2009 SUPPLEMENTAL REQUESTS

	Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
77	1	Transportation	Southeast Region Highways and Aviation	State Equipment Fleet Costs Older equipment and vehicles have remained in the fleet and repair costs have been incurred for maintenance and repairs. Certain services, such as repairing damage from accidents, is a billable service and not part of operating rates established by the State Equipment Fleet (SEF). The accumulation of additional costs cannot be absorbed in the operating budget.	241.4				241.4
78	1	Transportation	Anchorage Airport Administration	Reduce Operating Budget in Response to Airline Carrier Economic Operating Environment In response to a multitude of requests for economic relief from airline carriers, the Commissioner and Deputy Commissioner directed the Alaska International Airport System (AIAS) to implement certain operating and capital cost reductions to stabilize rates and fees. This response was in recognition of the deterioration of the economic operating environment in which AIAS customers operate. Reduce contractual services for Anchorage Airport Administration. Public relations, cargo, passenger marketing services and capital improvement project support contracts were all reduced.			(281.0)	International Airport Revenue Funds	(281.0)

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FY2009 SUPPLEMENTAL REQUESTS

	Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
79	1	Transportation	Anchorage Airport Facilities	Reduce Operating Budget in Response to Airline Carrier Economic Operating Environment In response to a multitude of requests for economic relief from airline carriers, the Commissioner and Deputy Commissioner directed the Alaska International Airport System (AIAS) to implement certain operating and capital cost reductions to stabilize rates and fees. This response was in recognition of the deterioration of the economic operating environment in which AIAS customers operate. Reduce contractual services for Anchorage Airport Facilities. A maintenance contract was cancelled in FY07 and those services were provided from newly created maintenance positions as well as individual contracts for services (such as window washing). These changes resulted in cost savings that are included in this reduction.			(800.0)	International Airport Revenue Funds	(800.0)
80	1	Transportation	Anchorage Airport Field and Equipment Maintenance	Reduce Operating Budget in Response to Airline Carrier Economic Operating Environment In response to a multitude of requests for economic relief from airline carriers, the Commissioner and Deputy Commissioner directed the Alaska International Airport System (AIAS) to implement certain operating and capital cost reductions to stabilize rates and fees. This response was in recognition of the deterioration of the economic operating environment in which AIAS customers operate. Reduce Anchorage Airport Field and Equipment Maintenance snow removal services contract and equipment rentals. Snow removal will be for priority areas only. Lease agreements will be reviewed to ensure tenants provide their own snow removal and do not request services from the Anchorage Airport. Only priority equipment rentals will be approved (loaders, other large equipment).			(400.0)	International Airport Revenue Funds	(400.0)

FY2009 SUPPLEMENTAL REQUESTS

	Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
81	1	Transportation	Anchorage Airport Operations	Reduce Operating Budget in Response to Airline Carrier Economic Operating Environment In response to a multitude of requests for economic relief from airline carriers, the Commissioner and Deputy Commissioner directed the Alaska International Airport System (AIAS) to implement certain operating and capital cost reductions to stabilize rates and fees. This response was in recognition of the deterioration of the economic operating environment in which AIAS customers operate. Reduce Anchorage Airport Operations contractual services, commodity and equipment budget. Priority only items will be approved. A reduction in contractual services will reduce the contract for airport parking services.			(80.0)	International Airport Revenue Funds	(80.0)
82	1	Transportation	Anchorage Airport Safety	Reduce Operating Budget in Response to Airline Carrier Economic Operating Environment In response to a multitude of requests for economic relief from airline carriers, the Commissioner and Deputy Commissioner directed the Alaska International Airport System (AIAS) to implement certain operating and capital cost reductions to stabilize rates and fees. This response was in recognition of the deterioration of the economic operating environment in which AIAS customers operate. Reduce Anchorage Airport Safety contract for unarmed security at the Anchorage Airport. The coverage previously provided will be monitored using current on duty Police and Fire Officers as well as other contracted unarmed guards.			(254.0)	International Airport Revenue Funds	(254.0)

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FY2009 SUPPLEMENTAL REQUESTS

	Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
83	1	Transportation	Fairbanks Airport Field and Equipment Maintenance	Reduce Operating Budget in Response to Airline Carrier Economic Operating Environment In response to a multitude of requests for economic relief from airline carriers, the Commissioner and Deputy Commissioner directed the Alaska International Airport System (AIAS) to implement certain operating and capital cost reductions to stabilize rates and fees. This response was in recognition of the deterioration of the economic operating environment in which AIAS customers operate. Delete funding for a full-time equipment operator position, PCN 25-2997. This position is no longer needed and will be transferred to Statewide Aviation where it will be reclassified to an Administrative Assistant II. In addition, a time status change for PCN 25-2992, Equipment Operator Journey from full-time to part-time seasonal has been implemented to better focus staffing resources on airfield snow and ice removal during the winter. These actions were also taken as part of the FY10 Governor's budget.			(157.4)	International Airport Revenue Funds	(157.4)
84	1	Transportation	Fairbanks Airport Operations	Reduce Operating Budget in Response to Airline Carrier Economic Operating Environment In response to a multitude of requests for economic relief from airline carriers, the Commissioner and Deputy Commissioner directed the Alaska International Airport System (AIAS) to implement certain operating and capital cost reductions to stabilize rates and fees. This response was in recognition of the deterioration of the economic operating environment in which AIAS customers operate. Funding for PCN 25-3367, Engineering Assistant II, can be deleted. PCN 25-3367 was transferred without funding to Statewide Aviation as part of the FY10 Governor's budget to be utilized as a Transportation Planner I. In additon, PCN 25-2999 was reclassified from an Operations Superintendent to an Operations Officer.			(117.0)	International Airport Revenue Funds	(117.0)

FY2009 SUPPLEMENTAL REQUESTS

	Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
85	1	Transportation	Fairbanks Airport Safety	Reduce Operating Budget in Response to Airline Carrier Economic Operating Environment In response to a multitude of requests for economic relief from airline carriers, the Commissioner and Deputy Commissioner directed the Alaska International Airport System (AIAS) to implement certain operating and capital cost reductions to stabilize rates and fees. This response was in recognition of the deterioration of the economic operating environment in which AIAS customers operate. Delete funding for a part-time Radio Dispatcher II, PCN 25-3471. With a decrease in airport activity, the transfer of this PCN without funding to Statewide Aviation and the deletion of funding for this position will have little impact on the Fairbanks Airport. This action was taken as part of the FY10 Governor's Budget.			(47.3)	International Airport Revenue Funds	(47.3)
86	1	University	Statewide Services	Catastrophic Workers' Compensation Claims The University of Alaska is responsible for the first $300.0 of self insured claims and is requesting a supplemental to cover two catastrophic workers' compensation claims which have been paid in excess of that amount. Claim #2000179 has been paid $1,021.2 to date, and Claim #2005056 has been paid $325.0 to date. The amount exceeding $300.0 for each claim is $721.2 for Claim # 2000179 and $25.0 for Claim #2005056.	746.2				746.2

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FY2009 SUPPLEMENTAL REQUESTS

	Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
87	1	University	Multiple Campuses	Utility Cost Increase UA continues to make improvements to its facilities designed to improve energy efficiencies, thus reducing energy consumption. Unfortunately, most campuses continue to see utility cost increases due mostly to utility provider rate increases and colder than usual temperatures. For example, Anchorage and Mat-Su campuses are expecting a 22% natural gas increase and UAF rural sites are still being impacted by last year's high fuel/heating oil costs. UA's funding distribution is as follows: Statewide Services $ (28.6) Anchorage Campus 287.0 Kenai Peninsula College 34.1 Kodiak College 92.0 Mat-Su College 38.6 Prince William Sound CC 40.1 Fairbanks Campus 610.4 Bristol Bay Campus 29.5 Chukchi Campus 12.3 Interior-Aleutians Campus 17.3 Kuskokwim Campus 105.3 Northwest Campus 17.2 Juneau Campus 34.4 Ketchikan Campus (11.3) Sitka Campus (6.3)	1,272.0				1,272.0
88	1	Courts	Trial Courts	Utilities and Service Contracts Shortfall A corresponding increase for $725.0 is in the FY10 budget.	390.0				390.0
89	1	Courts	Judical Conduct	Funds are needed for Special Counsel Attorneys fees from formal disciplinary proceedings that are in excess of the budget for this type of expenditure.	33.2				33.2
90	2			Sets out the funding by agency for the appropriations in sec. 1.					0.0
91	3	Capital	Commerce	Banking and Securities Management System This project was submitted in the FY2010 Governor's Capital Budget, as a Governor's Office Information Technology project, reference number 47010 but a supplemental is needed now because of system failure. An amendment to the FY2010 budget will be submitted to remove this project.			890.0	Receipt Supported Services	890.0

FY2009 SUPPLEMENTAL REQUESTS

	Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
92	3	Capital	Commerce	Secretary of State Knowledge Base (SOSKB) System Replacement The department is very concerned about the continued viability of the Division of Corporations, Business and Professional Licensing's information technology system and cannot afford to operate without it.			630.0	Blic Rcpts	630.0
93	3	Capital	Fish and Game	Cooperative Resource Program This program allows Habitat to accept funds from the private sector to pass through to the U.S. Geological Survey (USGS), as part of a funding agreement for cooperative water resource programs. Funds passed to the federal agency can then be matched up to 100% by the federal government.			55.0	Statutory Designated Prgm. Rcpts.	55.0
94	3	Capital	Military & Vets	Alaska Military Youth Academy Infrastructure Project Improvements Unanticipated funding from a Department of Defense Appropriations Act, 2009 earmark for Camp Carroll Challenge Infrastructure Improvements will be used for health, safety and code compliance issues, including bringing plumbing up to code in various buildings, including dorms; replacing outdated washers and dryers; replacing outdated kitchen equipment, and upgrading information technology and management connectivity.		2,470.0			2,470.0
95	3	Capital	Natural Resources	Transfer the capital project, State Parks Deferred Maintenance and Emergency Repairs, from the FY10 capital budget to the supplemental to allow for an earlier start date.	6,000.0			Cruise Ship Gambling Tax	6,000.0
96	3	Capital	Transportation	**Airport Improvement Program Appropriation $64,590,000**					0.0
97	3	Capital	Transportation	Bethel: Airport Parallel Runway and Other Improvements This is a new FY2009 project. Complete parallel runway, expand runway 18-36 safety area; rehabilitate south end of runway 18-36 pavement surface; expand old General Aviation (GA) apron as a new air taxi/cargo apron; expand the existing north air taxi apron and widen the air taxi access road and cul-de-sac.		4,000.0			4,000.0

FY2009 SUPPLEMENTAL REQUESTS

	Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
98	3	Capital	Transportation	Dillingham: 3 Bay Chemical Storage Building This amends an existing FY2009 project (sec. 13, ch. 29, SLA2008, page 162, line 25), increasing the FY2009 allocation to $1,500,000. Construct a new heated facility with concrete floor and new 20,000 gallon E-36 storage tanks. The engineers estimate has been revised and advertising of the project is expected in the spring.		500.0			500.0
99	3	Capital	Transportation	Fairbanks International Airport: Runway 1L-19R Reconstruction This is a new FY2009 project. Funding to complete the reconstruction of 1L-19R, including replacement of the runway pavement structure, reconstruction of airfield lighting systems as necessary to accommodate pavement replacement, drainage modifications, safety area upgrades, pavement marking, and pavement grooving.		17,337.5	912.5	International Airport Construction Funds	18,250.0
100	3	Capital	Transportation	Fort Yukon: Airport Improvements This is a new FY2009 project. Resurface and include a dust palliative on the apron, taxiway and runway at the Fort Yukon Airport. Correct drainage problems, clear overgrown vegetation, and complete other improvements as funding allows. This request reflects an update to the engineer's estimate.		3,500.0			3,500.0
101	3	Capital	Transportation	Fort Yukon: Snow Removal Equipment Building This is a new FY2009 project. Construct a new snow removal equipment building at Fort Yukon Airport to include a building pad with surfacing and drainage improvements. The City of Fort Yukon has been under a yearly contract to maintain the airport. However, they have advised the department that they are not interested in contracting to perform airport maintenance for more than an additional year or so. Consequently, the department needs to acquire maintenance equipment and construct a snow removal equipment building to house it, in accordance with Federal Aviation Administration (FAA) regulations.		1,500.0			1,500.0

FY2009 SUPPLEMENTAL REQUESTS

	Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
102	3	Capital	Transportation	Iliamna: Snow Removal Equipment / Sand and Chemical Storage / Office Building This is a new FY2009 project. Construct a 4-bay Maintenance and Operating building to provide inside heated storage for an expanded equipment fleet, sand and urea storage, as well as an office, training room and bathroom facilities. This project will add two equipment storage bays with a minimum of 22 foot door openings. It will also add a bay for storing approximately 400 cubic yards of sand and 50 tons of urea. It will add additional space for an office area, a training room, and a bathroom facility complete with a shower.		1,000.0			1,000.0
103	3	Capital	Transportation	Petersburg: Airport Runway Safety Area This is a new FY2009 project. This project consists of the design and construction of an expanded Runway Safety Area, shifting the existing runway, replacing undersized culverts, relocating navigation aids, and other required work. It also includes the acquisition of additional property adjacent to the airport in order to protect Runway Protection Zones from incompatible land uses.		26,000.0			26,000.0
104	3	Capital	Transportation	Savoonga: Airport Improvements This is a new FY2009 project. This is the second stage for rehabilitating the Savoonga Airport. The work includes resurfacing the runway, taxiway, apron and airport access road, applying a dust palliative to the operating surfaces and replacing the lighting system. The taxiway will be realigned to meet geometric standards.		4,840.0			4,840.0

FY2009 SUPPLEMENTAL REQUESTS

	Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
105	3	Capital	Transportation	Takotna: Airport Relocation This amends an existing FY2009 project (sec. 13, ch. 29, SLA2008, page 164, line 16), increasing the FY2009 allocation to $10,500,000. Relocate the airport to a new location about a mile east of the village. This will include acquiring property and constructing the following to current standards: new runway, taxiway, apron, airport lighting and visual aids, snow removal equipment building and an airport access road.		5,000.0			5,000.0
106	3	Capital	Transportation	**Surface Transportation Program Appropriation $15,750,000**					0.0
107	3	Capital	Transportation	Chena Hot Springs Road: Milepost 24 to 56 Rehabilitation This is a new FY2009 project. The project consists of 32 miles of roadway reconditioning and paving with 1.5" of hot mix asphalt. The work includes bridge seismic retrofits and upgrading traffic signs, guardrail, striping, and approaches.		1,430.0			1,430.0
108	3	Capital	Transportation	Ester Weigh Station Scale Replacement This is a new FY2009 project. Replace the scale at the Ester weigh station and return it to service. The Ester Weigh Scale has currently been removed from service due to inaccuracies in its measurements. The steel scale deck support system and steel scale mechanisms have deteriorated beyond the point of reasonable repair. The extensive corrosion present is almost certainly a direct cause of the recent loss of accuracy of the scale system.		120.0			120.0

FY2009 SUPPLEMENTAL REQUESTS

	Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
109	3	Capital	Transportation	Kotzebue: Shore Avenue Rehabilitation and Erosion Protection This amends an existing FY2009 project (sec. 13, ch. 29, SLA2008, page 170, line 3), increasing the FY2009 allocation to $20,590,000. This project was originally requested as an FY2010 project. A corresponding decrement for FY2010 will be submitted as a budget amendment. Reconstruct Shore Avenue from Lake Street, through the primary commercial area of Kotzebue, approximately 4,400 feet to the end of the road at Crowley Dock. Shore Avenue will be paved, new sidewalks, a pathway, parallel parking, an open space on the seaward side, and an erosion protection revetment on the seaside.		14,200.0			14,200.0
110	4			Sets out the funding by agency for the appropriations in sec. 1.					0.0
111	5			Summarizes by fund source the funding for the appropriations in secs. 1 and 3.					0.0
112	6	Administration	AOGCC	Extend lapse date of AOGCC appropriation for reservoir depletion studies, sec. 61(d), ch. 30, SLA 2007, as amended by sec. 34(a), ch. 29, SLA 2008, from June 30, 2009 to June 30, 2010. The estimated carryforward amount is $1.4 million.					0.0
113	7(a)	Education	ACPE - Program Administration & Operations	Extend lapse date from June 30, 2009 to June 30, 2011 for the Mental Health Employee Loan Repayment Program, which is appropriated and allocated in sec 1, ch. 28, SLA 2008, page 2, line 31 - page 3, lines 3 - 5. This program makes payments on participant education loans over eight quarters. The lapse extension is necessary to be able to make payments for the entire period.					0.0

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FY2009 SUPPLEMENTAL REQUESTS

	Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
114	7(b)-(c)	Capital	Education	Increase the FY09 appropriation and allocation for the Maudry J. Sommers K-12 School Major Maintenance project. When HB 373, now ch. 107, SLA 2008, passed last year, the participating share amounts for some districts were revised and funds were appropriated in sec. 61(b), ch. 29, SLA 2008, page 220 and 221, to those districts whose amounts were lowered. Tanana City School District should have received a similar adjustment to make up the difference between a 5% and 10% participating share.	392.5				392.5
115	7(d)	Capital	Education	Repeal the $98,056 balance of the appropriation made in sec. 60, ch. 3, FSSLA 2005, page 140, line 24, for Alaska Gateway - Dot Lake School Mechanical Upgrade. In section 14(d) the funds are reappropriated to the Department of Transportation and Public Facilities, Southeast Region Highways and Aviation, for the purchase of required safety equipment at rural airports.	(98.1)				(98.1)
116	7(d)	Capital	Education	Repeal the $54,753 balance of the appropriation made in sec. 60, ch. 3, FSSLA 2005, page 142, line 13, for Southeast Island - Thorne Bay House Access Ramp. In section 14(m) the funds are reappropriated to the Department of Transportation and Public Facilities, Alaska Marine Highway System for vessel and terminal overhaul and rehabilitation.	(54.8)				(54.8)
117	7(e)	Education	School Performance Incentive program	Based on prior year trends, the department believes that only $2.5 million will be needed for this program in FY09, freeing up $2.3 million.	(2,300.0)				(2,300.0)
118	7(f)	Education	School Performance Incentive program	This subsection appropriates the amount necessary if the $2.5 million left in the appropriation is insufficient to make the payments.					0.0
119	8	Capital	Environmental Cons	Transfer the balance of $208,578 AHFC Dividend and $625,800 Federal funds from Tununak Flush Tank and Haul, and Washeteria Project (ED 38), made in sec. 1, ch. 135, SLA 2000, page 10, line 30, to a new Village Safe Water Study, Design and Construction Projects allocation.		(625.8)	(208.6)	AHFC Dividend	(834.4)

FY2009 SUPPLEMENTAL REQUESTS

	Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
120	8	Capital	Environmental Cons	New allocation:Village Safe Water Study, Design and Construction Projects $834,387 - Sec. 1, Ch. 135, SLA 2000. This supplemental is needed to meet federal funding agency requirements and to ensure that federal funds for water and sewer improvements throughout the state are retained.		625.8	208.6	AHFC Dividend	834.4
121	9(a)	Health & Soc Svcs	Medicaid Services	Payment Error Rate Measurement (PERM) is a new, ongoing federal audit program. If the PERM audits find that providers have been overpaid, the federal funds must be reimbursed to CMS within a very short period of time. We anticipate getting the audit findings in April or May and have to report them in the quarter ending June 2009. This is our best estimate of potential overpayments for all Medicaid direct service components.	450.0		50.0	Statutory Designated Prgm. Rcpts.	500.0
122	9(b)	Capital	Health & Soc Svcs	Amend the appropriation made in sec. 13, ch. 29, SLA 20089, page 149, lines 24 - 27 for the McLaughlin Youth Center Renovation to Meet Safety and Security Needs, Phase 1, by replacing GF with $303.5 of unappropriated NTSC Bond Proceeds and $14,000.0 of Miscellaneous Earnings from NTSC Bonds.	(15,469.9)		14,303.5	303.5 NTSC Bonds 14,000.0 Misc Earnings (from NTSC Bonds)	(1,166.4)
123	9(c)	Capital	Transportation	Reappropriate the unexpended and unobligated balance of $944,400 of the appropriation made in sec. 4, ch. 82, SLA 2006, page 120, lines 32 - 33 for Wik Road Improvements to the Department of Health and Social Services, McLaughlin Youth Center Renovation to Meet Safety and Security Needs, Phase 1.			(944.4)	NTSC Bonds	(944.4)
124	9(c)	Capital	Health & Soc Svcs	Reappropriate the unexpended and unobligated balance of $944,400 of the appropriation made in sec. 4, ch. 82, SLA 2006, page 120, lines 32 - 33 for Wik Road Improvements to the Department of Health and Social Services, McLaughlin Youth Center Renovation to Meet Safety and Security Needs, Phase 1.			944.4	NTSC Bonds	944.4

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FY2009 SUPPLEMENTAL REQUESTS

	Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
125	9(d)	Capital	Education	Reappropriate the unexpended and unobligated balance of $222,022 of the appropriation made in sec.1(a), ch. 131, SLA 2000, page 2, line 9, for Kashunamiut - Chevak School Replacement to the Department of Health and Social Services, McLaughlin Youth Center Renovation to Meet Safety and Security Needs, Phase 1.			(222.0)	NTSC Bonds	(222.0)
126	9(d)	Capital	Health & Soc Svcs	Reappropriate the unexpended and unobligated balance of $222,022 of the appropriation made in sec.1(a), ch. 131, SLA 2000, page 2, line 9, for Kashunamiut - Chevak School Replacement to the Department of Health and Social Services, McLaughlin Youth Center Renovation to Meet Safety and Security Needs, Phase 1.			222.0	NTSC Bonds	222.0
127	9(e)	Capital	Health & Soc Svcs	Amend the appropriation made in sec. 4, ch. 29, SLA 2007, page 13, lines 10 - 14, by changing the project's name by deleting "Eklutna" from the title: "MH Southcentral Foundation [EKLUTNA] Residential Psychiatric Treatment Center - Match for Bring the Kids Home" in order to expand the locations that can be considered for the center.					0.0
128	9(f)	Health & Soc Svcs	Foster Care Special Needs	Miscellaneous claim for denied Medicaid billing from Providence Medical Center in FY06. A child in foster care with an emergency medical condition was hospitalized for surgery and recovery. The foster parents realized they would not be able to deal with the child's medical needs, so the child stayed in the hospital until a specialized foster home placement could be found. The department was notified of the unpaid bill in August 2008. The exact amount of the invoice is $217,603.41.	217.6				217.6
129	9(g)	Health & Soc Svcs	Probation Services	Miscellaneous Claim in the amount of $298.75 from FY06. The invoice from the Bristol Bay Area Health Corporation was not received until June 2008.	0.3				0.3
130	9(h)	Health & Soc Svcs	Alaska Pioneer Homes	Pioneer Homes have been collecting more revenues than projected from the residents' own resources, enabling them to reduce GF and increase RSS to stay authorization-neutral. They do not think there will be an effect on the FY10 budget since this revenue stream varies from year to year.	(740.0)		740.0	Receipt Supported Services	0.0

FY2009 SUPPLEMENTAL REQUESTS

	Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
131	9(i)	Health & Soc Svcs	Children's Services: Children's Services Management	Increase GF due to identified problems with School Based Claims process and resulting reduction in achievable revenues. See related items in Administrative Support Services, Front Line Social Workers, Information Technology and Women, Children and Family Health. A corresponding FY10 budget amendment is likely.	165.0		(165.0)	I/A Receipts	0.0
132	9(i)	Health & Soc Svcs	Children's Services: Front Line Social Workers	Increase GF due to identified problems with School Based Claims process and resulting reduction in achievable revenues. See related items in Administrative Support Services, Children's Services Management, Information Technology and Women, Children and Family Health. A corresponding FY10 budget amendment is likely.	955.3		(955.3)	I/A Receipts	0.0
133	9(j)	Health & Soc Svcs	Public Health: Nursing	Increase GF due to reduction of RSA with Medicaid Services due to recent determination of error in billing methodology related to Nursing. See related items in Medicaid Services and Nursing. A corresponding FY10 budget amendment is likely.	4,000.0		(4,000.0)	I/A Receipts	0.0
134	9(j)	Health & Soc Svcs	Public Health: Women, Children and Family Health	Increase GF due to identified problems with School Based Claims process and resulting reduction in achievable revenues. See related items in Administrative Support Services, Children's Services Management, Front Line Social Workers and Information Technology. A corresponding FY10 budget amendment is likely.	347.8		(347.8)	I/A Receipts	0.0
135	9(k)	Health & Soc Svcs	Dept. Support Services: Administrative Support Services	Increase GF due to reduction of RSA with Medicaid Services due to recent determination of error in billing methodology related to Nursing. See related items in Medicaid Services and Nursing. A corresponding FY10 budget amendment is likely.	800.0	(800.0)			0.0
136	9(k)	Health & Soc Svcs	Dept. Support Services: Administrative Support Services	Increase GF due to identified problems with School Based Claims process and resulting reduction in achievable revenues. See related items in Children's Services Management, Front Line Social Workers, Information Technology and Women, Children and Family Health. A corresponding FY10 budget amendment is likely.	431.5		(431.5)	I/A Receipts	0.0
137	9(k)	Health & Soc Svcs	Dept. Support Services: Information Technology	Increase GF due to identified problems with School Based Claims process and resulting reduction in achievable revenues. See related items in Administrative Support Services, Children's Services Management, Front Line Social Workers and Women, Children and Family Health. A corresponding FY10 budget amendment is likely.	216.5		(216.5)	I/A Receipts	0.0

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FY2009 SUPPLEMENTAL REQUESTS

	Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
138	9(l)-(o)	Health & Soc Svcs		Reflects fund source changes from sec. 9(h)-(k)					0.0
139	10	Labor	Commissioner's Office	The $850.0 fiscal note for ch. 22, SLA 2007 (HB 177, AGIA) was appropriated in sec. 2, ch. 28, SLA 2007, page 44, line 22. Sec 34(e), Ch 29, SLA 2008, Pg 210, Ln 22 extended the lapse date to June 30, 2009. The department will not spend the entire amount in FY09, therefore they request that the lapse date be extended through June 30, 2010 in order to complete the work with the estimated balance of $325.0.					0.0
140	11(a)	Law	Deputy Attorney General's Office	Judgments and Settlements The actual amount of the FY2009 Judgments and Settlements that are finalized as of February 2, 2009 is $90,061.64.	90.1				90.1
141	11(b)	Law	Deputy Attorney General's Office	Judgments and Settlements Language The amount necessary to pay judgments awarded against the state on or before June 30, 2009, is appropriated from the general fund to the Department of Law, civil division, deputy attorney general's office, for the purpose of paying judgments against the state for the fiscal year ending June 30, 2009.					0.0
142	11(c)	Law	Second Judicial District	Extend the lapse date for the Sexual Assault/Domestic Violence Federal Earmark, made in sec. 27(d), ch. 11, SLA 2008, page 104, line 29 (SB 256), from June 30, 2009 to June 30, 2010 Further extending the lapse date to June 30, 2010 will enable the department to continue to fund additional attorneys and paralegals in Bethel, Barrow and Anchorage to aid in the prosecution of domestic violence as well as adult and child sexual assault cases. It is estimated that approximately $89,700 would be available to carry forward.					0.0

FY2009 SUPPLEMENTAL REQUESTS

	Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
143	11(c)	Law	Third Judicial District: Anchorage	Extend the lapse date for the Sexual Assault/Domestic Violence Federal Earmark, made in sec. 27(d), ch. 11, SLA 2008, page 104, line 30 (SB 256), from June 30, 2009 to June 30, 2010 Further extending the lapse date to June 30, 2010 will enable the department to continue to fund additional attorneys and paralegals in Bethel, Barrow and Anchorage to aid in the prosecution of domestic violence as well as adult and child sexual assault cases. It is estimated that approximately $149,000 would be available to carry forward.					0.0
144	11(c)	Law	Fourth Judicial District	Extend the lapse date for the Sexual Assault/Domestic Violence Federal Earmark, made in sec. 27(d), ch. 11, SLA 2008, page 104, line 31 (SB 256), from June 30, 2009 to June 30, 2010 Further extending the lapse date to June 30, 2010 will enable the department to continue to fund additional attorneys and paralegals in Bethel, Barrow and Anchorage to aid in the prosecution of domestic violence as well as adult and child sexual assault cases. It is estimated that approximately $407,900 would be available to carry forward.					0.0
145	11(d)	Law	BP Corrosion	Extend the lapse date for the BPXA Corrosion Litigation appropriation made in sec. 1, ch. 27, SLA 2008, page 31, line 20, from June 30, 2009 to June 30, 2010 Further extending the lapse date to June 30, 2010 will enable the department to pursue claims for penalties and lost revenues for the 2006 Prudhoe Bay pipeline spills and production shutdowns. It is estimated that approximately $1,900,000 would be available to carry forward.					0.0
146	12	Natural Resources	Oil & Gas	Extend lapse date on sec. 24(p), ch. 159, SLA 2004 Gasline Right of Way and Application from June 30, 2009 to June 30, 2011. Due to the number of projects under development and the work involved with right of ways and associated permitting there is huge demand for work not covered by the companies involved: ANGDA, ENSTAR, Denali and TransCanada. The estimated carryforward is $2,965,800.					0.0

FY2009 SUPPLEMENTAL REQUESTS

	Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
147	13(a)	Revenue	Resource Rebate	Extend lapse date from June 30, 2009 to June 30, 2010 for the Alaska Resource Rebate Program, appropriated in sec.1(b), ch. 1, 4SSLA 2008, in order to finalize determinations for approximately 10,000 applicants in some stage of having their eligibility determined, already denied but not yet appealed, or in appeal status.					0.0
148	13(b)-(c)	Revenue	AHFC	Fund source change from corporate receipts to federal, mostly in personal services. Now that AHFC is in HUD's Moving to Work agency status, there are sufficient federal resources to cover these expenses. There is a corresponding increase in the FY10 budget.		674.3	(674.3)	AHFC Rcpts	0.0
149	13(d)	Revenue	ARM Board	Implementation of cost allocation plan wherein FY09 is based on FY07 net asset values that realized a large increase in value of the funds under management. This is compounded by prior year allocations that were a flat amount and may not have charged benefit systems their full fair share, as well as an increase in the number of participants. Plus, ARM Board is managing additional new investment options for participants (SBS, deferred comp). The FY10 budget contains a corresponding increase of $249.0 relating to investment options and it is likely that an FY10 budget amendment will also be proposed.				890.0 Benefit Systems Rcpts (700.0) PERS (190.0) TRS	0.0
150	14(a)	Capital	Transportation	Mission Road (Kodiak Island) - Upgrade and Repair This amends an existing FY2009 project (sec. 13, Ch 29, SLA 2008, page 159, line 14), increasing the FY2009 appropriation to $782,600. Additional funding is being requested to cover costs for the project because the low bid came in higher than expected. Project work was initiated during the fall of 2008 and will resume in the spring of 2009 and is scheduled for completion mid-summer of 2009.	207.6				207.6

FY2009 SUPPLEMENTAL REQUESTS

	Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
151	14(a)(1)	Capital	Transportation	The unexpended and unobligated balance of the appropriation made in sec. 1, ch. 82, SLA 2006, page 84, line 23 (Anchorage: Hillcrest Bridge Repairs - $192,600) is reappropriated to the Department of Transportation and Public Facilities, Mission Road (Kodiak Island) - Upgrade and Repair. The bridge repairs have been completed and the trucking company's insurance covered the cost.	(192.6)				(192.6)
152	14(a)(2)	Capital	Transportation	The unexpended and unobligated balance, not to exceed $15,000, of the appropriation made in sec. 7, ch. 82, SLA 2006, page 128, line 22 (Willow - Fishhook Road Plowing - $41,000) is reappropriated to the Department of Transportation and Public Facilities, Mission Road (Kodiak Island) - Upgrade and Repair.	(15.0)				(15.0)
153	14(b)	Transportation	Central Region Highways and Aviation	Anchorage Snow Haul (Roads) Snowfall in Anchorage this winter has returned to the amount that used to be considered normal for the area. Including the heavy snowstorms over the holidays, the accumulation of snow plowed from the roads onto the shoulders and sidewalk areas reached the level that required hauling it away. To date, snow haul expenses have nearly exhausted the annual operating budget of $250. Supplemental funding of $250.0 will allow for one additional snow haul for the remainder of the winter. With the appropriation made in sec. 1, the department will have funds for one additional snow haul.	31.5				31.5
154	14(b)(1)	Capital	Transportation	The unexpended and unobligated balance of the appropriation made in sec. 13, ch. 29, SLA08, page 16, line 13 and allocated on page 160, line 32 (Yakutat Multi-Purpose Dock - $555,000) is reappropriated to the Department of Transportation and Public Facilities, Central region Highways and Aviation for Anchorage snow haul costs.	(5.5)				(5.5)

FY2009 SUPPLEMENTAL REQUESTS

	Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
155	14(b)(2)	Capital	Transportation	The unexpended and unobligated balance, not to exceed $26,000, of the appropriation made in sec. 7, ch. 82, SLA 2006, page 128, lines 22 - 23 (Willow - Fishhook Road Plowing - $41,000), is reappropriated to the Department of Transportation and Public Facilities, Central Region Highways and Aviation for Anchorage snow haul costs.	(26.0)				(26.0)
156	14(c)	Capital	Transportation	Alaska Railroad Crossing Maintenance and Operations Agreement The Alaska Railroad Corporation (ARRC) issued the Alaska Department of Transportation (ADOT) a "blanket permit" for the placement of ADOT facilities (roads, road crossings, pathways, etc.) on ARRC property about twenty years ago. Through this permit, ADOT is obligated to reimburse the ARRC for its work on the highway/railroad crossing surfaces. This request is necessary to reimburse ARRC for work performed under this permit as follows: Pittman Road 2/4/06 to 5/07 $180.2 Seward Highway (Lawing) 4/21/07 to 9/07 $398.9 Girdwood Toadstool 9/8/07 to 12/07 $146.7 Whittier Tunnel Original Construction 6/1/02 to 12/31/02 $92.6 Whittier Tunnel Monthly Billings for Signal Trouble Calls 1/01/04 to 3/31/08 $230.2	1,048.7				1,048.7

FY2009 SUPPLEMENTAL REQUESTS

	Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
157	14(c)(1-17)	Capital	Transportation	The unexpended and unobligated balances on June 30, 2009, of projects identified in the Department of Transportation and Public Facilities' January 2009 Capital Project Status Report are reappropriated to the Department of Transportation and Public Facilities for the construction and maintenance of Alaska Railroad Corporation crossings on state roads. Project citations are as follows; (1) sec. 53, ch. 120, SLA 1980, page 91, line 14, and allocated on page 91, line 15 (2) sec. 163, ch. 96, SLA 1991, page 42, line 9 (3) sec. 152, ch. 5, FSSLA 1992, page 41, line 21 (4) sec. 152, ch. 5, FSSLA 1992, page 41, line 22 (5) sec. 19, ch. 79, SLA 1993, page 20, line 30 (6) sec. 10, ch. 4, FSSLA 1994, page 12, line 29, and allocated on page 13, line 33 (7) sec. 9, ch. 103, SLA 1995, page 3, line 16 (8) sec. 84, ch. 103, SLA 1995, page 21, line 26 (9) sec. 135, ch. 103, SLA 1995, page 40, line 34, and allocated on page 41, line 11 (10) sec. 135, ch. 103, SLA 1995, page 40, line 34, and allocated on page 41, line 14 (11) sec. 100, ch. 123, SLA 1996, page 58, line 30, and allocated on page 58, line 31 (12) sec. 100, ch. 123, SLA 1996, page 58, line 30, and allocated on page 59, line 4 (13) sec. 46, ch. 100, SLA 1997, page 24, line 19 (14) sec. 46, ch. 100, SLA 1997, page 24, line 20 (15) sec. 82, ch. 100, SLA 1997, page 58, line 8, and allocated on page 58, line 9	(1,048.7)				(1,048.7)

FY2009 SUPPLEMENTAL REQUESTS

	Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
158	14(d)-(e)	Transportation	Southeast Region Highways and Aviation	Airport Rescue and Fire Fighting Safety Equipment Standards set by the National Fire Protection Association require Southeast Region to upgrade self-contained breathing equipment used in Airport Rescue and Fire Fighting (ARFF) operations. The upgrades include the Personal Alert Safety System (PASS) which activates an alarm when a firefighter becomes disabled inside a burning structure. Twenty-six sets are needed at a cost of over $5,000 per set. This equipment will reduce the risk of death and injuries to firefighters at Alaska's southeast rural airports. Reappropriation in 14(d) from sec. 7(d) provides $98.1 Reappropriation in 14(e) provides $39.0	137.1				137.1
159	14(e)	Capital	Health & Soc Svcs	Reappropriate the balance of $39,012 of the appropriation made in sec. 1, ch. 82, SLA 2006, page 73, lines 31 - 33, for the Ready to Read, Ready to Learn Program Development project to the Department of Transportation and Facilities, Southeast Region Highways and Aviation, for the purchase of required safety equipment at rural airports.	(39.0)				(39.0)
160	14(f)	Capital	Transportation	Delete $350,400 of the $400,000 GF-funded FY09 Department of Transportation and Public Facilities capital project, Bridge Repair and Upgrade, appropriated in sec. 13, ch. 29, SLA 2008, page 158, lines 21 and 22, to be replaced with reappropriated AHFC Dividend.	(350.4)				(350.4)
161	14(g)	Capital	Public Safety	Reappropriate the $350,400 AHFC Dividend balance of the appropriation made in sec. 1, ch. 61, SLA 2001, page 23, lines 26 - 27 for the Emergency Communications: Southeast Upgrade project to the Department of Transportation and Public Facilities to replace general funds appropriated in FY09 for bridge repair and upgrade.			(350.4)	AHFC Dividend	(350.4)

FY2009 SUPPLEMENTAL REQUESTS

	Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
162	14(g)	Capital	Transportation	Reappropriate the $350,400 AHFC Dividend balance of the appropriation made in sec. 1, ch. 61, SLA 2001, page 23, lines 26 - 27 for the Emergency Communications: Southeast Upgrade project to the Department of Transportation and Public Facilities to replace general funds appropriated in FY09 for bridge repair and upgrade.			350.4	AHFC Dividend	350.4
163	14(h)-(k)	Capital	Transportation	Alaska Marine Highway System: Columbia Fuel Management System This is a new FY2009 project. Install a Stellar Marine ESP 1000, Electronic Speed Pilot power management system to provide precision control of ship speed and fine tune throttle settings to maximize the vessel's propulsive efficiency.	499.5				499.5
164	14(h)	Capital	Military & Vets	Reappropriate the $484,518.10 balance of the appropriation made in sec. 1, ch. 82, SLA 2006, page 75, line 11 for the Alaska Military Youth Academy Expansion to the Department of Transportation and Public Facilities for the Alaska Marine Highway System: Columbia Fuel Management System. Total project cost is $499.5.	(484.5)				(484.5)
165	14(i)	Capital	Natural Resources	Reappropriate the $9,059.26 balance of the apppropriaton made in sec. 7, ch. 82, SLA 2006, page 127, line 26 for the Juneau Subport Asbestos Abatement project to the Department of Transportation and Public Facilities for the Alaska Marine Highway System: Columbia Fuel Management System. Total project cost is $499.5.	(9.1)				(9.1)
166	14(j)	Capital	Health & Soc Svcs	Reappropriate the $1,006.25 balance of the appropriation made in sec. 4, ch. 30, SLA 2007, page 94, lines 25 - 26 for the Anchorage Pioneers Home Safety Upgrades project to the Department of Transportation and Public Facilities for the Alaska Marine Highway System: Columbia Fuel Management System. Total project cost is $499.5.	(1.0)				(1.0)

FY2009 SUPPLEMENTAL REQUESTS

	Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
167	14(k)	Capital	Public Safety	Reappropriate the $4,913.22 balance of the appropriation made in sec. 1, ch. 82, SLA 2003, page 33, lines 9 - 11 for the Fairbanks Public Safety Bldg - Indoor Firing Range Lead Removal project to the Department of Transportation and Public Facilities for the Alaska Marine Highway System: Columbia Fuel Management System. Total project cost is $499.5.	(4.9)				(4.9)
168	14(l)	Capital	Transportation	Alaska Marine Highway System - Vessel and Terminal Overhaul and Rehabilitation This amends an existing FY2009 project (sec. 13, ch. 29, SLA2008, page 158, line 17), increasing the FY2009 appropriation to $10,600,000. Effective January 2009, the Ketchikan Shipyard increased their prices 18.5% to 20% to the Alaska Marine Highway System (AMHS) for state funded maintenance overhauls of AMHS vessels. This cost increase to AMHS will impact six scheduled vessel maintenance overhauls this fiscal year, with a budgeted value of $3,500,000. Total of secs. 14(l) and (m) is $702.1.	647.3				647.3
169	14(l)(1-4)	Capital	Transportation	The unexpended and unobligated balances of projects are reappropriated to the Department of Transportation and Public Facilities, Alaska Marine Highway System - Vessel and Terminal Overhaul and Rehabilitation. Project citations are as follows; (1) sec. 82, ch. 100, SLA 1997, page 59, line 11, and allocated on page 59, line 12 - $12,356 (2) sec. 131, ch. 139, SLA 1998, page 56, line 17 - $407,700 (3) sec. 1, ch. 82, SLA 2006, page 84, line 33 - $4,352 (4) sec. 20(b), ch. 30, SLA 2007, page 148, line 27 - $63,299	(487.7)				(487.7)
170	14(l)(5)	Capital	Commerce	The Organization Grant appropriation made in sec. 1, ch. 3, FSSLA 2005, page 3, line 29 is not needed as the community of Naukati elected not to form a municipal government. The appropriation's balance is reappropriated to the Department of Transportation and Public Facilities for the Alaska Marine Highway System - Vessel and Terminal Overhaul and Rehabilitation project.	(75.0)				(75.0)

FY2009 SUPPLEMENTAL REQUESTS

	Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
171	14(l)(6)	Capital	Education	Reappropriate the unexpended and unobligated general fund balance of $17,825 made in sec. 1, ch. 82, SLA 2006, page 65, line 25 for the Demolition and Site Restoration, Northern Lights School project to the Department of Transportation and Public Facilities for the Alaska Marine Highway System - Vessel and Terminal Overhaul and Rehabilitation project.	(17.8)				(17.8)
172	14(l)(7)	Capital	Education	Reappropriate the unexpended and unobligated general fund balance of $66,772 made in sec. 4, ch. 30, SLA 2007, page 89, line 24 for the Pedro Bay Old School Demolition project to the Department of Transportation and Public Facilities for the Alaska Marine Highway System - Vessel and Terminal Overhaul and Rehabilitation project..	(66.8)				(66.8)
173	14(m)	Capital	Education	Reappropriate the $54,753 balance of the appropriation made in sec. 60, ch. 3, FSSLA 2005, page 142, line 13, for Southeast Island - Thorne Bay House Access Ramp to the Department of Transportation and Public Facilities, Alaska Marine Highway System -Vessel and Terminal Overhaul and Rehabilitation project. (The negative amount is shown in sec. 7(d)).	54.8				54.8
174	14(n)	Transportation	Marine Vessel Operations	The Inlandboatmen's Union of the Pacific (IBU) has ratified a new three- year contract. This request is for the FY09 one-time bonus of $2,137/employee in pay status on July 1, 2008 ($1,917.8) plus a health insurance increase of $16 from $852 to $868 per month ($81.3). The contract calls for wage increases of 5% in FY10 and 4% in FY11, along with health insurance increases.	1,999.1				1,999.1
175	15(a)	Debt Service	Debt Retirement Fund	Reduce general fund capitalization for School Debt Reimbursement as additional School Fund (cigarette tax revenue) funding is available per the Fall 2008 Revenue Sources Book, Figure 5-3, page 67.	(600.0)				(600.0)
176	15(a)	Debt Service	Debt Retirement Fund	School construction bonds issued are below what was originally projected for FY2009, requiring less GF capitalization of the Debt Retirement Fund. General fund capitalization after both transactions is $104,427,500.	(2,015.8)				(2,015.8)
177	15(b)	Special Appropriations	Oil and Gas Tax Credit Fund	Reduce the FY2009 appropriation for oil and gas tax credits from $400 million to $200 million to reflect the Department of Revenue's updated estimate for this fiscal year.	(200,000.0)				(200,000.0)

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FY2009 SUPPLEMENTAL REQUESTS

	Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
178	16	Capital	Commerce	Amend the NPRA grants appropriation made in sec 38, ch. 29, SLA 2008 to the actual amount of NPRA funds received by reducing the North Slope Borough's Arctic Fox Continuing Study by $53.5 in favor of maintaining Nuiqsut's Youth Recreation grant as requested by the Mayor of the North Slope Borough.		(53.5)			(53.5)
179	17(a)	Debt Service	Administration Lease Financing	Name Change Only -- Sec. 27(l)(4), ch. 27, SLA 2008, page 86, line 6 - the name of the facility needs to be updated: Goose Creek [POINT MACKENZIE] Correctional Center [FARM]					0.0
180	17(a)	Debt Service	Administration Lease Financing	Repeal the debt service appropriation for the Spring Creek Correction Center -- Sec. 27(l)(2), ch. 27, SLA 2008, page 86, line 4 since bond payments will not be due until FY2010.	(1,755.6)				(1,755.6)
181	17(a)	Debt Service	Administration Lease Financing	Repeal the debt service appropriation for the Yukon Kuskokwim Correction Center -- Sec. 27(l)(3), ch. 27, SLA 2008, page 86, line 5 since bond payments will not be due until FY2010.	(951.8)				(951.8)
182	17(b)	Debt Reimbursement	School Construction Debt Reimbursement	FY2009 projections of the cigarette tax revenue to the School Fund are above the original estimates, so funds are available to supplant the amount drawn from the Debt Retirement Fund.				(600.0) DRF 600.0 School Fund	0.0
183	17(b)	Debt Reimbursement	School Construction Debt Reimbursement	School construction bonds issued are below what was originally projected for FY2009.			(2,015.8)	Debt Retirement Fund	(2,015.8)
184	19	Fish and Game	Wildlife Conservation Special Projects	Additional statutory designated program receipt authority is needed to accept funds from the National Fish and Wildlife Foundation to support two new research projects related to Dall Sheep and Grizzly Bears in northern Alaska. Additional EVOS authority is needed for continued research on Harlequin Ducks in Prince William Sound. Reduce excess federal and interagency receipt authority.		(100.0)	100.0	50.0 EVOS 160.0 SDPR (110.0) I/A Rcpts	0.0
185	20	Constitutional Budget Reserve Fund		Add language to access the CBR to balance the FY09 budget.					0.0
186	21	Lapse of Appropriations							0.0
187	22	Effective date of April 19, 2009							0.0
188									0.0
189				**Total of Supplemental Requests**	**(218,609.8)**	**75,911.0**	**9,202.3**		**(133,496.5)**
190									
191	**RATIFICATIONS**			**AR and AR Name**					
192	18(a)	Natural Resources	Fire Supression Activity	AR 37313-08 Fire General Fund	1,470,229.86				1,470,229.86

FY2009 SUPPLEMENTAL REQUESTS

	Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
193	18(b)(1)	Corrections	Capital	AR 51299-06 Offender Tracking Information System Development	59,856.00				59,856.00
194	18(b)(2)	Educaton	Teaching and Learning Support	AR 17722-07 Student and School Achievement	3,954.34				3,954.34
195	18(b)(3)	Health & Social Srvcs	Administrative Support Services	AR 22729-05 Integrated Strategic Planning	710.00				710.00
196	18(b)(4)	Health & Social Srvcs	Administrative Support Services	AR 22733-05 Transitions to Work	6.49				6.49
197	18(b)(5)	Public Safety	Council on Domestic Violence and Sexual Assault	AR 47180-08 Domestic Violence	29,544.44				29,544.44
198	18(b)(6)	Transportation	Anchorage Airport Safety	AR 57538-06 Anchorage Airport Safety	9,773.65				9,773.65

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STATE OF ALASKA

DEPARTMENT OF ADMINISTRATION

ANNETTE KREITZER, COMMISSIONER

SARAH PALIN, GOVERNOR

P.O. BOX 110200
JUNEAU, ALASKA 99811-0200
PHONE: (907) 465-2200
FAX: (907) 465-2135

Memorandum

To: Karen Rehfeld
Director, Office of
Management and Budget

Date: July 25, 2008

From: Annette Kreitzer

Phone: 907-465-5671

Subject: Department of Administration FY2009 GF Savings Plan

We have reviewed the FY2009 operating budget of the Department of Administration (DOA) to determine where reductions can be made to meet the Governor's savings target. I believe reductions for FY2009 can be made which will result in GF savings for FY2009 and which will limit the impact to the services we provide to our customers. My recommendations are as follows:

Division of Finance (DOF) **($300.0) GF**
This reduction will be offset with an increase in unbudgeted CIP receipts. The DOF currently has capital project funding in excess of $40 million GF for statewide systems replacement. The division plans to use staff resources to work on the project, and expect that staff efforts over the next several fiscal years will be at a level to support charging the project $300.0 annually.

Enterprise Technology Services (ETS) **($300.0) GF**
ETS received in excess of $800.0 GF for salary and health insurance cost increases for FY2009 for all units within the division. ETS also has in excess of $7.0 million of GF in the FY2009 budget for SATS/ALMR operations. I believe we can aggressively manage vacancy and achieve efficiencies in non-personal services costs in all areas of ETS to meet the targeted savings.

Department Wide Personal Services Reduction **($200.0) GF**
I am proposing to spread $200.0 of GF reduction among all divisions within the department that have GF in their personal services budget. The reduction will be based on each divisions' percentage share of the amount of the total GF received for salary and health insurance increases for FY2009. The reductions

will be modest for each division, and I believe with careful management of vacancy we can achieve the savings.

Retirement & Benefits GF Reduction **($107.6) GF**

The Division of Retirement & Benefits will see a reduction of GF needed in FY2009 for costs related to the defined contribution retirement plan. This reduction, which was projected in the fiscal note for SB141 (CHAPTER 9 FSSLA 05), and which should have been made in the FY2009 budget, was inadvertently overlooked.

Year End Lapsing **($200.0) GF**

For the past several years the DOA has lapsed in excess of $200.0 of GF each year. I believe it is reasonable to expect that to occur again in FY2009. As we progress through FY2009 we will be looking to identify specifically where this lapse will occur.

The total amount of FY2009 GF savings identified here is $1,107,600. This exceeds our target amount by $7,600.

Please let me know if you have questions or need additional information.

cc: Kevin Brooks, Deputy Commissioner, Department of Administration
Rachael Petro, Deputy Commissioner, Department of Administration
Division Directors, Department of Administration

STATE OF ALASKA

DEPARTMENT OF ADMINISTRATION

ANNETTE KREITZER, COMMISSIONER

SARAH PALIN, GOVERNOR

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cc: Kevin Brooks, Deputy Commissioner, Department of Administration
Rachael Petro, Deputy Commissioner, Department of Administration
Division Directors, Department of Administration

STATE OF ALASKA
DEPARTMENT OF
COMMERCE
COMMUNITY AND
ECONOMIC DEVELOPMENT
Office of the Commissioner

Sarah Palin, Governor
Emil Notti, Commissioner

Date: August 1, 2008

To: Karen Rehfeld, Director
Office of Management and Budget

From: Emil Notti, Commissioner
Department of Commerce, Community and Economic Development

Subject: FY09 General Fund Savings Plan

The Department of Commerce, Community, and Economic Development has looked at a variety of areas to determine where to achieve the $80,000 of general funds savings requested by the Governor. After discussions with the directors of the impacted divisions and careful consideration of the options, I am proposing the following general fund cuts:

The Office of Economic Development (OED): $60,000.
Although $290,000 was added via a fiscal note for the newly created film office, the regulations process and the position approval and recruitment has taken longer than anticipated. As a result, OED will be able to achieve one-time savings of $60,000 from the FY09 budget. However, the film office will be fully operational fairly soon, and OED will need the full $290,000 in FY10.

The Division of Community and Regional Affairs: $16,000.
Due to significant staff turnover, DCRA is actively recruiting for a number of positions. The payroll costs of these temporarily vacant positions should be enough to address most of this reduction. Additional cuts will be made by reducing staff travel. This travel reduction will result in a reduced presence at conferences this year, including the Southeast Conference, Alaska Municipal League, and AFN.

Because DCRA's turnover is typically very low, this cut will be difficult to sustain when the positions are filled. If this cut carries into FY10, the delivery of its programs may be negatively impacted.

Division of Administrative Services: $4,000.
Reductions in travel (in numbers of trips and the length of trips) and delaying the purchase of some equipment should enable this division to achieve these savings. These savings are probably sustainable and can be carried into FY10.

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STATE OF ALASKA /

MEMORANDUM

DEPARTMENT OF CORRECTIONS

Division of Administrative Services
P.O. Box 112000
Juneau, Alaska 99811-2000
Phone (907) 465-3376 Fax (907) 465-2006

To: Karen J. Rehfeld, Director
Office of Management and Budget
Governor's Office

DATE: July 31, 2008

From: Dwayne Peeples
Deputy Commissioner
Department of Corrections

SUBJECT: DOC FY09 Savings Scenario

The Department of Corrections appreciates the opportunity to provide the requested information on potential general fund savings for FY2009. This was a valuable exercise in looking for inefficiencies and areas where we identify long-term practices that can save general fund dollars in future years.

Challenges and Possibilities:

- FY 09 Anticipated Supplemental Requirements: Fuel/energy cost increases for 24/7 facilities. In addition to physical plant increased costs, this also includes increased transport cost and increased commodities—all tied to fuel and energy increased costs.

- FY09 *Knowns*: If population remains static, we will not be in supplemental mode *except for fuel/utilities*, and possibly *medical*. We can draw from Electronic Monitoring (EM) and Out-of-State (OOS)—OOS will generate fewer trips if populations remain static as of 7/31/08 (3696 max cap - 3626 incarcerated = -70).

Savings Scenario--$3,910.0 GF, $123.0 MHTAAR = $4,033.0:

- Substance abuse treatment program FY09 increases, $1,132.8: These services are expansion of treatment services appropriated for ¾ of the fiscal year and are the major part of the department's initiative to reduce recidivism. The expansion for the services have not been implemented and will not result in lay offs or cancelation of contracts. Impact: Elimination of this program expansion will result in increased population growth in future years requiring additional facility construction or purchase of contract beds; adversely impact the program design of the new 1,536 bed prison in the Mat/Su Borough and adversely impact the credibility of the department with the legislature to obtain funding for these programs in future years.

- Freeze Substance Abuse Coordinator and Education Program Coordinator (or the equivalent), $199.6: the substance abuse position is vacant, this will not result in a layoff situation. The Education Program Coordinator position is expected to become vacant by 10/1/08 and will remain unfilled, duties will be absorbed by existing filled positions.

- 3rd year fiscal note funding for Sex Offender Polygraph, $752.5: 1) the Sex Offender Polygraph program is under performing, however, it has recently shown improvements in our ability to hire qualified polygraphists; and, 2) we propose to restrict the funding for the 2 PFT probation officer positions until the program is performing at full levels. *(NOTE: this does not impact the YKCC (Bethel) program.)*

- Electronic Monitoring (EM) FY08 increase, $881.1: we have not increased EM by 50 slots as originally proposed. In FY09, adding 40 Community Residential Center (CRC) beds is being proposed which will reduce overcrowding in the Anchorage Correctional Complex and allow the out-of-state placements to remain static.*

- Freeze SCCC Micro-Tech (or equivalent) and HMCC Food Service Lead, $148.6: this does not generate lay-offs, these are vacant positions that we believe the duties can be absorbed by existing staff (HMCC) or by institutions sharing a Micro-Tech (WWCC and SCCC).

- Mental Health Services FY09 increase, $246.0: we have not implemented this increase in services by providing treatment materials; or, fund existing vacant positions that were to be reallocated to mental health to facilitate increased services. Not implementing increased services minimizes the impact versus reducing or eliminating an existing service. This does not create a lay-off situation.

- Increase the vacancy factor from 3.3% to 6.25% for Probation/Parole, $672.4: while this will increase the caseload for existing PO's, the positions are vacant and this does not create a lay-off situation.

**With OMB approval, DOC procured the CRC beds in July 2008, using EM funds*

Conservation and Efficiencies--In Process of Implementation:

- Energy Conservation Measures: DOC Energy Savings Performance Contracting w/Siemens Financial
  - Savings will not be measurable until project is complete and enough time has lapsed to generate a comparative analysis on energy savings

- Cost Containment Measure: Standardized Menu
  - Nutritionist/Contractor submitted first draft of standardized menu on 7/25/08; review is underway. Until standardized menus are adopted and implemented in the institutions, there is no measurable savings. Standardized menu savings will be linked to standard procurements (below) and may be possible to evaluate savings by the end of FY09.

- Cost Containment Measure: Western States Contracting Alliance (WSCA), standardized procurement
  - SOA/DGS is within a few weeks of signing the final WSCA contracts
  - WSCA allows states to purchase as much or as little at any one time at negotiated bulk flat rates
  - We pay NO freight and shipping costs, exceptions: Bethel, Nome, Fairbanks, Pt. McKenzie

        - DOC anticipates primary savings on paper products and cleaning supplies
            - Contract is not in place; no measurable savings as yet

- Fund Source Change: SGF to GF/MH – No direct savings, fund change
    - Working with AMTHA to complete preliminary identification of FY10 funds by early September; and, any amounts remaining will be captured in FY11.

- Liquidated Damage Recovery: Out-of-State (OOS) Contract with Corrections Corporation of America (CCA)
    - In FY08, the department recovered $275.0 in contract funds for not providing services included in the contract. The department has taken due diligence in controlling the OOS agreement by holding the CCA accountable and to the terms of the contract.
    - In FY09, we anticipate recovering up to $200.0

If you require additional information, please feel free to contact us.

cc: Joe Schmidt, Commissioner
Leslie Houston, Director of Administrative Services
April Wilkerson, Budget Chief
Steve Hildebrand, OMB Budget Analyst

Department of Corrections
FY 2009 Operating Summary

Scenario 1

Component	Description	GF	NGF	Other	Total
Offender Programs	Freeze Substance Abuse Program Coordinator position (or the equivalent)	(119.8)			**(119.8)**
Offender Programs	Freeze Education Program Coordinator position $106.4 annually / hold vacant 3/4 yr (or the equivalent)	(79.8)			**(79.8)**
SCCC	Freeze Micro Tech position / support maintained by WWCC's & Admn Support (or the equivalent)	(76.3)			**(76.3)**
HMCC	Freeze Food Service Lead (or the equivalent)	(72.3)			**(72.3)**
	Sub-Total FY09 Scenario 1 :	***(348.2)***	***0.0***	***0.0***	**(348.2)**
Statewide Probation	Increase V&T within Probation & Parole to meet GF reductions. FY09 Authorized PS = $10,786.7 less 6.25% (or $672.4) = $10,114.3. This is the equivalent of 8.5 Adult Probation Officer I/II positions statewide.	(672.4)			**(672.4)**
	FY09 Scenario 1 Total :	***(1,020.6)***	***0.0***	***0.0***	**(1,020.6)**

DEC FY 2009 General Fund Savings Report Proposal

Identify General Fund Type (GF, GFPR or GFM)	Program	Savings Amount	Describe Impact
GFPR	Air - Air Non-Point & Mobile Source Program	$34,980	It is projected at this point that all these receipts will not be realized in FY09.
GF	SPAR – Industry Preparedness and Pipeline Operations	$208,520	In fiscal year 2008 DEC received an appropriation of $606,500 and 4 positions for the purpose of pipeline compliance oversight and North Slope flow line integrity. The department has encountered extreme difficulties in the classification and recruitment of these four positions. One position has been filled with the incumbent to begin in August, however, we don't expect to fill the other 3 positions until later this year. This is a one time savings and will not be available in FY10.
GF / GFM / GFPR	All Divisions – Implement agency based travel program	$126,500	This would eliminate $56,000 in travel agent fees annually and one position estimated at $70,500.
GF / GFM / GFPR	Mileage Tickets	$20,000	Current balance of the DEC mileage account would allow approximately 50 tickets to be purchased. This would be allocated to a variety of programs.

TOTAL $390,000

Department of Education & Early Development
FY2009 Management Plan Discussion

The Department of Education & Early Development has conducted an internal review of general fund program expenditures to identify potential areas of savings to meet the target provided by the Governor's Office of Management & Budget. While developing a management plan to minimize program impact but still attaining the goal, it is critical to review the overall fund source levels for program operations compared to annual growth and the personal services required for agency operations.

General fund for the Foundation Program, Boarding Home Grants, Youth in Detention, Special Schools, School Performance Incentive Program, Pupil Transportation, Alaska Challenge Youth Academy, Early Learning Coordination (Head Start) and WWAMI were not considered for targeted restrictions. The School Debt Reimbursement expenditures are not included in ABS under the Department of Education & Early Development and were not manually added for this analysis but do have a human resource impact. These totals are included in the analysis of personal services expenditures because of the human resources required to manage and execute these authorized programs.

Based on the program funding levels recorded in ABS under Management Plan scenarios for each given fiscal year with the exception of FY2009 which is still being developed, the overall growth of general fund personal services expenditures remains relatively low as shown below. For FY2009, only 2.13% of the total budget (all fund sources) is allocated to personal services and this represents an annual change of -.04% since FY2004. The sharp decline in the total position count from FY2004 to FY2005 was due to a statewide realignment/integration which transferred programs to more appropriate agencies and also included the elimination of specific programs or reductions through efficiency measures.

	FY2009	FY2008	FY2007	FY2006	FY2005	FY2004
Positions:						
Permanent Full Time	332	331	304	298	294	319
Permanent Part Time	14	15	39	40	37	61
Non Permanent	0	0	0	0	0	1
	346	346	343	338	331	381
Position count change from FY08	0					
Position count change from FY04	-35					
% Change from FY04	-9.19%					
% Personal Services to Total Agency Funds	2.13%	2.05%	2.01%	2.09%	2.01%	2.34%
% Change from FY08	0.08%					
% Change from FY04	-0.21%					
5 year average annual growth	-0.04%					
General Fund % Personal Services to Total Agency Funds	0.67%	0.61%	0.65%	0.68%	0.57%	0.61%
% Change from FY08	0.06%					
% Change from FY04	0.06%					
5 year average annual growth	0.01%					
General Fund Personal Services Comparison to Personal Services Total all fund sources	31.38%	29.74%	32.49%	32.48%	28.41%	26.02%
% Change from FY08	1.64%					
% Change from FY04	5.36%					
5 year average annual growth	1.07%					

The general fund allocated to personal services represents less than 1% of the total agency funding. The general fund allocated to personal services in the DEED budget

represents less than 1/3 of the total funding allocated specifically for personal services. The average annual growth of general fund personal services compared to overall personal services authorization allocated within DEED budget is only 1.07% as illustrated over the six year period.

In order to mitigate the perception of cutting programs or services connected to other funding sources, DEED did not to include general fund match in the following analysis of positions. This analysis identifies the specific components containing funding for personal services, and the percentage funded with general funds.

Component	Percentage General Fund	Total Position count
Executive Administration	100%	8
Administrative Services	77%	8
Information Services	30%	6
School Finance	58%	13
Student & School Achievement	16%	70
Mt. Edgecumbe	30%	44
Libraries	100%	35
Archives	89%	10
Museums	97%	18

Executive Administration

The Executive Administration component provides oversight and leadership to the agency in support of the mission and vision of the State Board of Education & Early Development. Historically, this component has maintained extremely low staffing levels relative to the responsibilities and duties. For FY2009, this component received general funds through a fiscal note associated with SB 285 which also authorized three new positions for the Statewide System of Support (district intervention). The total position count of eight shown for this component includes these three new positions created specifically for the Statewide System of Support directing state resources to fund activities necessary to fulfill the constitutional mandate clearly defined in the Moore v. State decision. In the review to identify areas where efficiencies can be managed, the Department of Education & Early Development will meet the OMB target in components other than Executive Administration. General funds to support essential staff and State Board of Education & Early Development priorities remain critical to the success of the entire agency in execution of the mission to ensure quality standards-based instruction to improve academic achievement for all students.

Administrative Services

This unit has maintained stable staffing levels and supports the activities of the entire department. With a low turnover rate, the vacancy factor must remain relatively low to accurately reflect the personal services expenditures necessary for this unit. This unit has available funding from interagency receipts collected from various components and has historically been able to return funding to the programs at the end of the fiscal year. This section would be able to restrict $5.0 general fund in the contractual line item by allocating expenditures to the interagency fund source.

Department of Education & Early Development
FY2009 Management Plan Discussion

Information Services
Beginning in FY2007, the Information Services section has seen extremely challenging levels of turnover and difficulties in the recruitment process to keep the section fully staffed with experienced personnel. We anticipate stabilization within this section since two key positions have been filled. On going recruitment issues for Analyst/Programmer positions will continue to exist but restricting funds based on any anticipated vacancies would be detrimental to funding contractors through the ETS Task Order system which has become a critical component to meeting the business requirements of the department while these positions are vacant. This section has seen significant savings related to software expenditures and the enterprise agreement with Microsoft for educational discounts. This section would be able to restrict $5.0 in the contractual line item in support of the efficiency efforts.

School Finance & Facilities
The School Finance & Facilities section manages K-12 Foundation program, Pupil Transportation, School Debt Reimbursement, the CIP process, and the audit process. While all of these programs are removed from the operational areas where funding could be restricted for FY2009, the personal services associated with providing the human resources necessary to execute these programs are contained in this section. Within this section, PCN 05-1058, Statistical Technician II, Range 14 with a total cost projected at $66,519 for FY2009, remains unfilled due to recruitment difficulties. Under the current memo of instruction from OMB regarding job reclassification, this section will seek the approval of an upgrade for this position to accurately reflect the duties required to meet the business needs of this section. DEED anticipates the approval and recruitment process to take several months and can restrict approximately 4 months of the costs associated with the position for a total of $16.9 to manage a lapse savings for FY2009.

Student & School Achievement
This section manages most of the federal funding for education programs administered through DEED. The majority of the federal receipt authority is located in the grants line item. The general fund in this component is approximately 4.6% of the total funds authorized for this component (FY2009 Management Plan). The largest expenditure of general fund is the contract costs for Data Recognition Corporation to administer the Comprehensive Statewide System of Assessments which includes the High School Graduation Qualifying Examination. A newly funded general fund program for the development of a longitudinal data system is also contained within this component for the first time in FY2009. This program was funded previously with federal receipts from a 3 year grant. During the FY2009 budget cycle, it was anticipated that the federal receipts would expire or be fully expended. We have since received approval for a no-cost grant extension on the period of performance and contractual obligations were moved into the current fiscal year accordingly. Recruiting fully qualified, expert Analyst/Programmers required due to the complexity of this project continues to be an issue. Managing the use of the DOA/ETS Task Order system or other procurement procedures for professional services must be utilized to fill the void while recruitment efforts continue. A projected 6 month vacancy can be managed to allow a restriction of $36.5 for PCN 05-8723 and 05-8724, Analyst/Programmer II, Range 16 positions. Specific projected costs associated

with hardware/software maintenance identified for the general fund appropriation can be deferred to FY2010 due to the timing of the maintenance and licensing renewals. General fund in the amount of $100.0 may be restricted in order to contribute to the managed lapse savings target for FY2009.

Mt. Edgecumbe High School
Mt. Edgecumbe High School has been successful in managing the increasing costs of running the State Boarding School's academic and residential programs with the help of additional funding for fuel costs through various energy relief funding measures. The additional increases in the funding available through the Foundation Program will also contribute substantially to the success of this program. To avoid the appearance of making unnecessary reductions to this program when fuel costs could realistically require some level of supplemental funding and until the energy costs stabilize or begin trending toward a manageable growth, DEED recommends not restricting any general funds associated with this program pre-maturely for FY2009.

State Facilities Rent
This component contains the funding necessary for leased space acquired through General Services and also space associated with the Public Building Fund. DEED received a general fund appropriation to provide off site storage for the State Archives. The Division of General Services is preparing a Request for Proposals (RFP) to acquire existing space or provide a build to suit contract for the necessary square footage. The RFP will be made public at the end of July with an anticipated award date of September. Since the appropriation anticipated the lease costs on an annual basis, $60.0 may be restricted in order to contribute to the managed lapse savings target for FY2009.

Libraries, Archives and Museums
The Division of Libraries, Archives and Museums (LAM) provides services to the public, the legislature and the executive branch. The (LAM) budget has been impacted by rising costs associated with materials, books, periodicals and online database subscriptions required to provide reference and research services. These costs erode the capacity of this unit to maintain a budget with little or no growth to mitigate the pressure on existing general fund appropriations.

This component has identified several areas that will be restricted without impacting the delivery of services to the public. Through vacancies associated with staff turnover and recruitment efforts, this division will be able to restrict $11.8 for PCN 05-3080, Librarian I Range 16, and $24.8 for PCN 05-3508, Micrographics Manager (Archives) Range 17.

By deferring purchases of equipment and museum acquisitions, another $10.0 will be restricted in the commodities line item.

School Performance Incentive Program
A lapse balance could occur within the School Performance Incentive Program in FY09 but will not be included as part of the DEED reduction analysis since the payments are formula driven based on assessment data and not subject to savings attributable to

management decisions. In FY 07, the payments totaled approximately $1.9 million and $3.86 million lapsed. The FY08 payments are projected to be close to $1.1 million which will leave a lapse balance of nearly $2.5 million. If the trend continues, a significant lapse balance may be available in FY09 that could be included as part of the overall OMB savings target. Ideally, the final year of the School Performance Incentive Program will reflect greater improvements in student performance throughout the state.

The proposed general fund managed lapse savings will be restricted as follows:

Component	General Fund Proposed Managed Lapse
Administrative Services Total	5.0
Information Services Total	5.0
School Finance & Facilities	16.9
Student & School Achievement Total	136.5
State Facilities Rent	60.0
Library Operations	16.8
Archives	24.8
Museum Operations	5.0
Total Proposed General Fund Restriction	270.0

STATE OF ALASKA

DEPARTMENT OF FISH AND GAME

ADMINISTRATIVE SERVICES

SARAH PALIN, GOVERNOR

P.O. BOX 115526
JUNEAU, AK 99811-5526
PHONE: (907) 465-6085
FAX: (907) 465-6078

MEMORANDUM

TO: Karen Rehfeld, Director
Office of Management and Budget

THRU:

FROM: Tom Lawson, Director

DATE: August 1, 2008

SUBJECT: FY09 General Fund Savings Plan

The purpose of this memo is to outline the Department of Fish and Game's (ADF&G) FY09 savings plan as requested by Governor Palin. Per your June 26, 2008 memo, the department's targeted savings goal is $1.0 million of general fund (GF). ADF&G determined that the most equitable method of allocating the savings target within the department should be based on the percentage of GF in each division.

Following is the proposed ADF&G FY09 savings plan. Savings plans for most divisions are based on extending the vacancies of already vacant positions or leaving positions vacant for a period of time, once the incumbent departs. It must be noted that generally, extended vacancies in divisions are the result of our inability to attract candidates because of non-competitive wages and benefits. Vacant positions put a significant strain on existing staff as the workloads of vacant positions must be absorbed.

Division of Commercial of Commercial Fisheries – $644.2

The Division of Commercial Fisheries continues to experience recruitment difficulties within each regional, headquarters, and special projects components.

SE Region: The SE Region Fisheries Management component will leave a Fishery Biologist vacant for over 7 months. This position has been vacant and work has been and will continue to be absorbed by other positions. Savings from this position is expected to result in a one-time spending reduction of $41.9.

Central Region: The Central Region Fisheries Management component will leave 3 positions (Vessel Technician, and 2 Fishery Biologists) vacant for a minimum of three months. Savings from these positions are expected to result in a one-time spending reduction of $37.7.

AYK Region: The AYK Region Fisheries Management component will leave vacant 7 positions (4 Fishery Biologists, Research Analyst, Program Technician, and F&G Regional Supervisor) for a minimum of three months. Savings from these positions are expected to result in a one-time spending reduction of $94.5.

Westward Region: The Westward Region Fisheries Management component will leave vacant 4 positions (4 Fishery Biologists). for a minimum of three months. Savings from these PCNs are expected to result in a one-time spending reduction of $85.0.

HQ Fisheries Management: The Headquarters Fisheries Management component will leave 11 positions (Deputy Director, 2 Analyst Programmers, Database Manager, 2 Biometricians, 3 Fishery Biologists, Fisheries Scientist, and F&G Regional Supervisor) for a minimum of two to three months. Many of the vacant positions within headquarters have been vacant for a while and recent recruitment efforts have failed. It is hoped that a successful applicant pool will be available when these positions are recruited again. In the interim, some staff members have been placed in acting status or others have taken on additional duties. Neither are good long-term solutions. Savings from these positions are expected to result in a one-time spending reduction of $284.9.

CF Special Projects: Every effort will be made to leave positions vacant longer than usual to try and achieve a GF savings of $100.2.

Division of Sport Fisheries – $67.9

The Division of Sport Fisheries is experiencing ongoing recruitment difficulties in positions throughout the state, particularly at the professional level (biometricians, fishery scientists, fishery biologists). This general fund decrease in personal services could be absorbed in FY09 due to these vacancies, but with ongoing recruitments and a fully staffed division this general fund decrease would be difficult to absorb in future fiscal years.

Division of Wildlife Conservation – $123.5

The Division of Wildlife Conservation will manage this requested spending reduction through the vacancy of its new Wildlife Scientist position. This position is required by the division to oversee the scientific rigors of division research. The position must receive final classification action by the Division of Personnel and complete the recruitment and hiring process. This is expected to require six months of time, achieving a one-time FY09 savings of approximately $60.0. Additionally, the division continues to experience recruitment difficulties within each region. To achieve the balance of the savings required by this target, the division will extend by one month the vacancy period when positions turnover. If savings by this mechanism do not materialize, the division would have to reduce spending on field research. The division does not anticipate the savings to be sustainable in future years.

Commissioner's Office – $13.4

The Commissioner's Office generally budgets for a zero vacancy factor, but due to turnover with clerical staff, the actual vacancy factor is higher than zero. Historically, the Commissioner's Office has a very tight budget, but in FY09 every effort will be made to manage position costs with a reduced personal services line.

Division of Administrative Services – $42.2

The Division of Administrative Services has recruitment and retention issues in all positions in Juneau where most of the staff are located. The division generally budgets for a 5 percent vacancy factor, but due to turnover of clerical staff and the inability to fill higher level positions, the actual vacancy factor has been higher than 5 percent. This personal services reduction amount is possible in FY09 due to recruitment and retention issues. However, the division will continue to actively recruit for these higher level professional positions and does not expect the savings to be sustainable in future years.

Boards Support – $20.6

The Boards Support Section was able to procure a new contract for printing for FY09 that was less than last year's costs. This contractual services reduction amount is possible due to a one time savings because of the lower bid award to the vendors and the section does not anticipate the savings to be sustainable in future years.

Division of Subsistence – $36.2

73000 per 70m

For FY09, the Division of Subsistence is projecting to use carry-forward federal indirect receipts savings from the previous year to pay for services normally paid with general fund. The division does not anticipate the savings to be sustainable in future years.

Division of Habitat – $52.0

The Division of Habitat will manage the requested reduction in spending by reducing its contractual services by $30.0; FY09 lease costs will be less than in FY08 due to the transition from the Department of Natural Resources to ADF&G per Executive Order 114. The division will also reduce commodities by $22.0; many older computers and office supplies were updated in FY08 so FY09 expenses should be less. This GF decrease will be very difficult to absorb in future fiscal years due to decreases in several of the division's interagency agreements that provide key personal services support.

cc: Denby Lloyd, ADF&G Commissioner
David Bedford, ADF&G Deputy Commissioner
ADF&G Division Directors and Boards Executive Directors

20.6 + 30

22.

SARAH PALIN
Governor

P.O. Box 110001
Juneau, Alaska 99811-0001
(907) 465-3500
Fax (907) 465-3532

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

MEMORANDUM

TO: Karen Rehfeld, Director
Office of Management and Budget

DATE: August 1, 2008

FROM: Linda Perez
Administrative Director
Office of the Governor

SUBJECT: FY 2009 Savings Plan

As requested, the Office of the Governor has identified $465.0 in potential GF savings in FY 2009. We will create a 'savings plan' management encumbrance for these funds against our FY 2009 Executive Office appropriation.

We will continue to review our accounts throughout the year to identify any additional savings that may be realized in FY2009.

cc: Mike Nizich, Acting Chief of Staff
Joan Brown, Chief Budget Analyst
Sara Peacock, Finance Officer

STATE OF ALASKA

DEPT. OF HEALTH AND SOCIAL SERVICES

OFFICE OF THE COMMISSIONER
FINANCE AND MANAGEMENT SERVICES

SARAH PALIN, GOVERNOR

P.O. Box 110650
Juneau, AK 99811-0650
Phone: (907) 465-3082
Fax: (907) 465-2499

MEMORANDUM

DATE: July 31, 2008

TO: Karen Rehfeld
Director
Office of Management and Budget

FROM: Randall Super
Deputy Commissioner

SUBJECT: Governor's $20 million Savings Target

The Department of Health and Social Services will achieve its portion of the Governor's savings target through a range of management and program actions. To most effectively manage achievement the department will establish restrictions on AKSAS limiting each affected division's expenditure authority. However, as the year progresses the department may adjust the allocation of those restrictions to reflect actual activity; but will maintain restrictions totaling the department's $4,760.0 general fund target.

Summary	GF Amount
Position Management	(500.0)
Senior Benefits Program	(500.0)
Medicaid Client Travel	(437.6)
Administrative Travel	(134.5)
Additional Medicaid Reductions	(3,187.9)
Total	***(4,760.0)***

Position Management - $500.0 GF
The department will manage position vacancy and turnover to achieve an additional savings totaling $500.0 in general funds through a combination of management techniques. Division directors will evaluate the necessity of filling each individual position (new or becoming vacant), may hold positions that become vacant open longer before recruitment, or may lay off positions

determined less essential to achieving the division's mission. This target is allocated between the divisions based on the number of authorized positions in each division divided by the total authorized positions in the Department. The following table displays the Division and the allocation of this portion of the target.

Division	PFT	PPT	Non-Perm	Total Positions	% of Total Positions	Target Amount
Alaska Pioneer Homes	557	49	40	646	17.6%	88.0
Behavioral Health	304	15	27	346	9.4%	47.1
Children's Services	475	2	7	484	13.2%	65.9
Health Care Services	91	-	7	98	2.7%	13.4
Juvenile Justice	467	5	18	490	13.4%	66.8
Public Assistance	528	9	-	537	14.6%	73.2
Public Health	519	16	15	550	15.0%	74.9
Senior and Disabilities Servies	119	1	3	123	3.4%	16.8
Commissioner's Office/FMS	357	1	17	375	10.2%	51.1
Boards and Commissions	19	-	2	21	0.6%	2.9
Totals	3,436	98	136	3,670		500.0

Senior Benefits Program - $500.0 GF

The new Senior Benefits Program helps low-income seniors who are at least 65 years of age remain independent in the community by providing a monthly cash benefit.

During a special session in late June 2007, the Alaska Legislature passed legislation to create a new program to benefit low-income seniors, which followed the sunset and end of the SeniorCare program on June 30. The department successfully transitioned almost 7,000 seniors from the former SeniorCare program to the new Senior Benefits Program, and continues to process applications for individuals newly eligible under the income limits. By FY09, the division expects 11,000 seniors will qualify for assistance under this new program. Individual monthly payments are $125, $175 or $250 depending on the senior's gross annual income. Income limits are tied to the Alaska Federal Poverty Guidelines and will change annually.

The FY09 appropriation for the program includes $19,662.3 in benefits and $683.1 for administrative costs. With actual caseload and expenditure data through the end of April, the Department conservatively projects that it will not expend $500.0 GF of the appropriation by the end of FY09.

Medicaid Client Travel – $875.2 ($437.6 GFM/$437.6 Fed)
The divisions will reduce the Medicaid FY09 Travel Authorization by 2%. The 2% reduction target is calculated based on the 5/27/08 MMIS FY08 projected Travel expenditure of $43,760.3. Division reductions are calculated based on that division's percentage portion of the total Medicaid authorization times the FY08 projected actual travel expenditure multiplied by 2%. This reduction estimate does not include any savings that may result from an internal review of the State Travel Office by the Department of Administration.

Medicaid Services Transportation

Estimated FY08 Actuals as of 5/27/08	43,760.3			
Division Allocation based on FY08 Exp to Date			**Total**	**GF Portion**
DHCS	676,032	57.3%	(501.5)	(250.8)
DBH	168,921	14.3%	(125.3)	(62.7)
OCS	16,146	1.4%	(12.0)	(6.0)
DSDS	318,610	27.0%	(236.4)	(118.2)
Total Services Transportation		100.0%	***(875.2)***	**(437.6)**

Agency Travel – $134.5 GF
Each division will reduce the FY09 Travel line allocation within its programs by 2%. This reduction estimate does not include or reflect any savings that may result from an internal review of the State Travel Office by the Department of Administration.

FY09 DHSS Travel Budget by Appropriation		
Alaska Pioneer Homes	24.3	(0.5)
Behavioral Health	617.0	(12.3)
Children's Services	1,026.7	(20.5)
Adult Preventative Dental Medicaid Services	-	
Health Care Services	179.9	(3.6)
Juvenile Justice	415.8	(8.3)
Public Assistance	666.8	(13.3)
Public Health	2,646.5	(52.9)
Senior and Disabilities Services	304.5	(6.1)
Departmental Support Services	455.9	(9.1)
Boards and Commissions	388.3	(7.8)
Human Services Community Matching Grant	-	
Community Initiative Matching Grants	-	
Agency Total	***6,725.7***	***(134.5)***

Additional Medicaid Program - $3,187.9 GF
The final portion of the target will be achieved through actions by the Division's within their portions of the Medicaid program to reduce expenditures. The Division's portion of the target will be achieved by allocating the reduction between the divisions based on their portion of the

FY2008 Medicaid expenditures similar to the Medicaid Client Travel above. However, given the sensitivity around children in the custody of the state the small amount (43.6) allocated to the Office of Children's Services has been reallocated to the Division of Health Care Services.

Division of Health Care Services	(1,870.4)
Division of Behavioral Health	(456.5)
Division of Senior & Disability Services	(861.0)
Total	***(3,187.9)***

cc: William Hogan, Commissioner
William J. Streur, Deputy Commissioner
Jay Butler, Chief Medical Officer
Sherry Hill, Assistant Commissioner
Wilda Laughlin, Special Assistant
HSS Division Directors
HSS Administrative Managers

Brown, Joan A (GOV)

From: Bell, Guy B (DOL)

Sent: Thursday, July 31, 2008 10:46 AM

To: Towne, Barbara L (GOV); Brown, Joan A (GOV); Rehfeld, Karen J (GOV)

Cc: Helms, Michael E (DOL); Bishop, Clark C (DOL); Stone, David (DOL); Endicott, William D (DOL); Keith, Brynn (DOL); Hegg, Paul S (DOL); Mitchell, Grey R (DOL); Lisankie, Paul F (DOL); Geldhof, Corine S (DOL); Nelson, Thomas W (DOL); Esposito, Fred W (DOL); Walsh, Cheryl A (DOL)

Subject: FY 09 GF Lapse Projection.xls

Attachments: FY 09 GF Lapse Projection.xls

I have enclosed our general plan to reach the general fund savings target. We hope to achieve the target by managing travel and personal services costs. Specific actions include the following:

1. Data Processing Section will delay the hiring of a position to implement Chapter 92, SLA 08. This position is critical to our achieving the security requirements contemplated in Chapter 92, but given that we have just completed the classification process and given the hiring timeline, we feel we can achieve the proposed level of savings.
2. Various components have had some difficulty recruiting and while we continue to actively pursue qualified candidates for critical positions, we believe the extended vacancy in some areas will enable us to manage toward a general fund lapse.
3. Other components are identified for modest general fund savings that we think are achievable through prudent management.

If circumstances arise is specific components that require adjustments we will keep you apprised.

Guy

Department of Labor and Workforce Development
FY 09 General Fund Lapse Projection

Component	Total GF	GF Red.	Notes
Commissioner's Office	$ 658.5	$ 4.4	Travel Management
Management Services	$ 184.6	$ 12.0	Vacancy Management
Data Processing	$ 426.7	$ 25.0	Delay hire of position to implement Ch. 92, SLA 08.
Labor Market Information	$ 1,242.2	$ 8.0	Vacancy Management
Workers' Compensation	$ 3.3	$ 3.3	Restrict GF and manage cost of travel, contractual, personal services.
Second Injury Fund	$ 0.2	$ 0.2	Restrict GF and manage cost of travel, contractual, personal services.
Wage and Hour	$ 1,588.8	$ 40.0	Delay maint. of new Certified Payroll System-system development is still underway
Mechanical Inspection	$ 1.3	$ 1.3	Restrict GF and manage cost of travel, contractual, personal services.
Employment & Training	$ 1,312.8	$ 128.0	Adjust funding distribution for Tok/Glenallen PCN's/delay hiring some PCN's
Unemployment Insurance	$ 942.4	$ 42.0	Vacancy Management
Business Services	$ 2,323.8	$ 5.0	Vacancy Management
AVTEC	$ 4,783.2	$ 5.0	Vacancy Management
VR Administration	$ 3.9	$ 3.9	Restrict GF and manage cost of travel, contractual, personal services.
VR Client Services	$ 3,897.3	$ 50.0	Vacancy Management
Disability Determination Unit	$ 1.9	$ 1.9	Restrict GF and manage cost of travel, contractual, personal services.
		$ 330.0	

MEMORANDUM

STATE OF ALASKA

Department of Law

To: Karen J. Rehfeld, Director
Office of Management and Budget

Date: July 31, 2008

From: Talis Colberg, Attorney General
Department of Law

Subject: FY2009 General Fund Savings Plans

CONFIDENTIAL: DELIBERATIVE PROCESS PRIVILEGE

OMB has requested the Department of Law propose a savings plan for FY2009 that will generate $1,030,000 in general fund cost savings. We have identified the following areas where general funds can be saved.

RDU	Component	Description	FY2009 General Fund Savings	Potential Carryover to FY2010
Civil	Commercial and Fair Business	Move $200,000 in existing unused SDPR authority from Labor and State Affairs to Commercial and Fair Business and expended additional consumer protection program receipts instead of general funds	$200,000	$200,000
Civil	Human Services	Lapse the majority of the $500,000 Curyung multi-year supplemental. The case appears to be settling and the Dept had minimal costs during FY08. NOTE: If the status of the settlement suddenly changes we could have to revisit this item.	$475,000	
Criminal	2nd Judicial	Fund Barrow Victim Witness Paralegal with federal earmark money from July 2008 – September 2009 (new PCN approved in FY09 budget)	$106,200	$26,550
Criminal	OSPA	Recruitment time will result in estimated start dates of the new Attorney and LOM of Sept 1, 2008 (2 mos x $35,000/month)	$75,000	
Criminal	4th Judicial	The current lease will renew in November 2008 at a lower rate as the cost of amortizing leasehold improvements drop off.	$78,000	$78,000

All	Various	Slow down PC replacement cycle (currently 3 years)	$95,800	$37,500
		Total	$1,030,000	$342,050

Approximately 33% of the FY2009 savings will carry forward into FY2010. Following is a discussion of other constraints facing the Department as it moves into the FY2010 budget planning process.

Civil Division Billing Methodology:

Over $29 million of the Civil Division's costs are captured for accounting purposes in a cost allocation pool. From there these costs are billed out to the Division's clients based upon actual attorney and paralegal hours worked on cases times a uniform billing rate. "Clients" are either RSA's with other agencies or the Division's own general fund. Reduction in charges to any RSA or to general funds can happen one of two ways – either the billing rate is reduced (which affects all clients) or fewer hours are billed (which affects only the client being billed to).

Reduce hourly billing rate: First, the hourly billing rate can be reduced by cutting actual costs in the pool. On average, 51% of our professionals' time is billed to the Division's general funds. Every dollar saved in the pool by the direct reduction of costs only equates to 51 cents in savings to general fund cases – the other 49% benefit is passed along to other agencies when time is billed to them. Or stated differently, to reduce billings to the Division's general funds by $1 a total of $1.96 in costs must be cut from the pool. This equitable sharing of costs across all matters the attorneys work on makes the exercise of finding general fund specific savings extra burdensome for the department.

Reduce the number of hours billed: The second way to reduce charges to the general fund would be to reduce hours worked on matters funded from the Division's general fund. A quarter of the Division's general fund is used to cover work on human services and child protection – areas that do not readily lend themselves to simply not performing the work as a way of reducing the dollars billed. Another 30% of the Division's general funds are spent on oil and gas related matters. Because the nature of this work requires the department to engage expensive outside counsel and continues to be an area of heavy investment by the State, the Division has sought supplementals and increments for the last few years. For all intents and purposes attempts to save money in this area will simply result in a subsequent supplemental.

The remaining 45% of the Division's general fund billings are primarily in the areas of Labor and State Affairs, Opinions and Appeals and Statehood Defense. These billings include matters such as representation of the State in significant civil appellate matters (approximately 100 active cases at any time) before the Alaska Supreme Court, Ninth Circuit and U.S. Supreme Court; legal matters relating to Indian law, native sovereignty, federal subsistence, land into trust, Tongass National Forest, ANSCA, RS 2477, ANILCA access rights; ownership of navigable waters; involvement in ethics, elections, personnel and employment litigation; and advice for the State acting as an employer as well as legal advice when requested by the Offices of the Governor and Lt. Governor.

Lease Expirations:

Our lease in Anchorage is expiring and the Division of General Services has estimated the increase to market rate with the signing of a new lease will result in an additional $1.5 million in rent per year. As a result, in FY 2010 roughly $510,000 in general funds will be required for the Criminal Division as well as $485,000 in additional interagency authority and $505,000 in general funds for the Civil Division. The Civil Division's share will be charged through the pool and is likely to require us to raise our billing rates approximately $2.00/hour.

Our Bethel and Kenai offices are currently functioning seriously below the state's space standards. We are currently investigating the availability of additional space and determining the actual expected increase in costs.

Personnel Services:

HB417: The passage of HB417 was accompanied by a fiscal note that did not include the effect to the Department of Law of dozens of attorneys suddenly receiving pay increments years in advance of when longevity increases would have happened (or as in the case of those at M step resulted in pay increments to those who would other wise have never seen another increase other than COLA). The costs to us in FY2009 alone will be $235,000.

During the FY2007 budget process, the Civil Division's Statehood Defense general funds were cut and replaced with carry forward reappropriated funds. As we stated at the time, we believe the reappropriated funds will cover the reduced general funds through FY2009 but we will need to seek replacement general funds in FY2010.

Federal Funds:

The Criminal Division received two multi-million dollar earmarks in 2004 to fund expanded work in the areas of rural prosecution and domestic violence and sexual assault. These funds expire in FY2009 and FY2010. We are anticipating carry-over funds and are proceeding with requests to extend with the appropriate federal agency but the exact impact to our FY2010 budget is still undetermined.

Karen, we look forward to our meetings with you and the Chief of Staff in August to further discuss these items.

MEMORANDUM

State of Alaska
Department of Military & Veterans Affairs
Division of Administrative Services

TO:	Lena Simmons Budget Analyst Office of Management and Budget	DATE:	August 4, 2008
FROM:	Susan Colligan Director	SUBJECT:	FY09 Cost Savings Plan

The Department of Military and Veterans Affairs has followed Governor Palin's direction during her administration regarding budget expectations. DMVA has met or exceeded the expectations of no O&M Supplemental in SFY08 and a "No Growth" budget for SFY09. At this time we have not been able to identify any additional savings that would not impact the effectiveness of our programs and our mission.

As you know DMVA is responsible for the Army and Air National Guard military force, the State Defense Force, Alaska Military Youth Academy, Homeland Security and Emergency Management, and the Naval Militia, being fully prepared to protect Alaska from any threat, disaster, or emergency at all times. This can only be accomplished with adequate resources of military and civilian personnel and support costs to maintain the necessary infrastructure in preparation and response to any threat, disaster, or emergency. As a department with the responsibility of the military forces for protection, preparedness, and recovery, it is important to ensure that we do not jeopardize our ability to respond to our mission by reducing necessary resources with cost savings measures.

We are willing to look at our budget over time and identify any additional savings that might be available.

We look forward to discussing this information with you. Please contact me at 428-6881 if you have any questions.

MEMORANDUM

State of Alaska
Department of Military & Veterans Affairs
Division of Administrative Services

TO: Lena Simmons
Budget Analyst
Office of Management & Budget

DATE: August 19, 2008

FROM: Susan Colligan
Director

SUBJECT: FY09 Savings Plan

Per your request of August 13, I am providing additional information on how this department has continued to hold the line in the operating budget. As we stated before, the Department of Military and Veterans Affairs has followed Governor Palin's direction during her administration regarding budget expectations.

In FY2008, the department contributed to the Governor's target reduction request by: discontinuing the JROTC program which resulted in a $40.0 general fund reduction; reduced general funds related to publication distribution by $25.0; cost savings of approximately $215.0 in general funds through efficiencies in facility maintenance costs; and deleted a net of nine permanent full-time positions department-wide resulting in a reduction of approximately $233.0 in general funds.

The Department submitted a no new growth FY2009 budget as requested by the Governor. It is our understanding that DMVA was the only department to follow the Governor's direction of no new growth. The department also adhered to the Governor's direction of no position increases in the budget.

Additionally, the department proposed efficiencies through consolidation of Information Technology Services and Procurement. This consolidation will allow for better management and support of these functions across the entire department. Although no specific savings has been identified with these consolidations, efficiencies will allow for maintaining required staffing levels to provide the department-wide support in a more accountable and efficient manner.

Another important thing to consider with DMVA's budget is that while DMVA has not asked for new funding per the Governor's direction, other departments have. As a result the base funding level to find "savings" is much tighter for DMVA than other agencies that have seen increased funding requests under this Administration.

With those points made, DMVA is committed to help the Palin Administration meet the goal of reducing spending, but cannot identify specific dollar savings at this time. However, the department will monitor use of overtime, travel, and contracting costs where possible without impairing its ability to meet its mission and requirements of the Federal/State Cooperative Agreement.

If you have any further questions, please contact me at 428-6881.

cc: John Cramer, Deputy Commissioner
Laura Baker, Deputy Director, DAS
Teri Clark, Budget Analyst

ALASKA DEPARTMENT OF NATURAL RESOURCES

Support Services Division

400 Willoughby, Suite 500 PO Box 111010 Juneau, AK 99811-1010

TO: Karen J. Rehfeld, Director
Office of Management and Budget

FROM: Leta Simons, Director
Support Services Division

THRU: Tom Irwin, Commissioner

DATE: July 18, 2008

RE: FY09 General Fund Savings Plan

The Department of Natural Resources has developed a FY2009 savings plan as requested by the Office of Management and Budget in the memo dated June 26, 2008. The targeted savings for DNR is $1.24 million, approximately 1% of our operating budget for FY09.

FY09 SAVINGS PLAN

DNR will realize cost savings for FY09 by restricting transfers from the Personal Services line item, thereby allowing excess funds due to vacancies to lapse rather than be transferred for use in other line items. Savings estimates by component are detailed on the attached spreadsheet. Actual savings may differ from this initial plan. We will monitor the variance between budgeted and actual Personal Services expenditures quarterly, and recommend adjustments as needed.

IMPACT

For all components, the impact will be the same. Funds that were previously available to purchase office furniture and equipment, pay down DNR's leave balance, conduct special events such as the AGIA forum, pay for unexpected buildout and move expenses, purchase software and other technology resources that became available, cover increases in the cost of facilities and commodities, and otherwise cover a variety of unexpected and under-budgeted expenses will not be available in FY09. A tighter budget with reduced margin for error will likely result in an increase in the amount of time spent on budget management and a decrease in time devoted to program management and service delivery.

DNR FY09 Cost Savings Plan
Details by Component

	Component	Line Item	Planned Savings
423	Commissioner's Office	Personal Services	-
424	Administrative Services	Personal Services	48,400
427	Information Resource Management	Personal Services	-
439	Oil & Gas Development	Personal Services	465,500
2847	Petroleum Systems Integrity Office	Personal Services	129,700
1191	Pipeline Coordinator	Personal Services	2,200
2680	Alaska Coastal and Ocean Management	Personal Services	75,000
2733	Large Project Permitting	Personal Services	-
2460	Claims, Permits & Leases	Personal Services	184,300
2456	Land Sales & Municipal Entitlements	Personal Services	-
2459	Title Acquisition & Defense	Personal Services	105,300
916	Water Development	Personal Services	49,000
2440	Director's Office/Mining, Land & Water	Personal Services	-
435	Forest Management & Development	Personal Services	16,700
2132	Non-Emergency Hazard Mitizagion Projects	Personal Services	-
1031	Geological Development	Personal Services	24,800
802	Recorder's Office/Uniform Commercial Code	Personal Services	-
455	Agricultural Development	Personal Services	-
2204	North Latitude Plant Material Center	Personal Services	41,100
2235	Agriculture Revolving Loan Program Admin	Personal Services	-
2633	Conservation and Development Board	Personal Services	16,600
2441	Public Services Office	Personal Services	-
1199	Trustee Council Projects	Personal Services	-
1650	Interdepartmental Information Technology Chargeback	Personal Services	-
1635	Mental Health Trust Lands Administration	Personal Services	-
2225	Citizen's Advisory Commission on Federal Areas	Personal Services	19,800
2226	RS 2477/Navigability Assertions and Litigation Support	Personal Services	-
2705	Fire Suppression Preparedness	Personal Services	20,800
451	State Historic Preservation Program	Personal Services	-
452	Parks Management	Personal Services	33,700
2136	Parks & Recreation Access	Personal Services	7,100
			1,240,000

STATE OF ALASKA
Department of Public Safety
MEMORANDUM

To: Karen Rehfeld, Director
Office of Management & Budget

Date: February 4, 2009

Telephone: 907-465-5488

From: Dan Spencer, Director
Administrative Services

Subject: FY09 Savings Target

The Department of Public Safety has examined our budget and business practices to consider the means by which we might achieve the Governor's targeted general fund savings of $2,280,000 for this department. Obviously, we will do our best to make efficient use of state resources and where possible we will make processes more efficient, so long as those efficiencies do not come with an unacceptable cost in effectiveness nor cause a significant drop in services we provide unless we have discussed that with the Governor's Office.

So far as it is practical and prudent we may reduce staff assigned to special events, curtail some lower priority enforcement activity, and take other measures that will not significantly reduce services. We will also work to implement technological improvements funded in the FY09 capital budget; this will not provide operating budget savings in FY09, but it will help us provide better service in a cost effective manner. We have already planned measures such as targeted use of airline miles to hold down increasing travel costs for recruiting and training.

However, unless we immediately reduce services significantly, I do not expect the department to lapse this amount of general funds. My assessment of our fiscal situation is that the department will need a multi-million dollar FY09 supplemental appropriation if we intend to continue to provide the same level of services in FY09 as we did in FY08. Our efforts to save money may reduce the amount of supplemental appropriations required, but will not eliminate the need.

As you know, the Governor requested more than $4 million in supplemental appropriations for the department in FY08. The legislature did not fully fund that request and the Alaska State Trooper RDU was forced to reduce services to save more than $900,000 in the last two months of FY08. In recognition of the FY08 supplemental needs, the Governor's amended FY09 budget included an increase of about $3.4 million just to ensure a continuation level of service. That amount was reduced by more than $1.3 million. Additionally, the legislature inadvertently failed to appropriate more than $650,000 for the Anchorage prisoner transportation agreement even though we are providing those services, so that will need to be requested as supplemental funding. And finally, rising inflation for all facets of operations, not just for fuel, will almost certainly drive our cost of operations even higher.

The managers and staff of the department are serious about being good stewards of public funds and accomplishing our mission in a cost effective manner. Unfortunately, we cannot at this time tell you that we have any realistic expectation of lapsing enough general funds to meet the savings goal established for the department.

As always, I would be happy to answer any questions you may have.

State of Alaska

Department of Revenue

Administrative Services Division

SARAH PALIN, GOVERNOR
333 Willoughby Avenue, 11th Floor
P.O. Box 110400
Juneau, Alaska 99811-0405
Phone: (907) 465-2300
Fax: (907) 465-2394

MEMORANDUM

To: Karen Rehfeld
Director
Office of Management & Budget

Date: August 1, 2008

From: Jerry Burnett
Director
Administrative Services Division

Phone: 465-2312

Subject: FY2009 GF Savings Plan

In response to the Governor's request that departments collectively meet a savings target of $20 million general fund for FY2009, the Department of Revenue proposes the following savings plan to meet its target of $390.0.

General funds in the Department of Revenue exist primarily in the Tax Division, which accounts for over 81% of the department's general fund budget. The Treasury Division has about 9%, and the Commissioner's Office and Administrative Services have 1.4% each. The remaining general fund is spread in small amounts amongst minimally funded agencies such as the Long-term Care Ombudsman.

The operating budgets for Treasury, the Commissioner's Office and Administrative Services each contain a mix of funding sources that are based on cost allocation plans and indirect cost recovery. The general fund in these budgets serves to supplement the receipt-based allocation methods that are used, reduces the amount that must be charged back to GF-funded programs, and provides funding for costs that aren't otherwise allocable. For example, Treasury allocates the cost of managing the investments of the state's general fund to the GF in their budget; this cost isn't allocable to other funds being invested by Treasury. With the increase in the state's general fund accounts, Treasury may actually require an increase of GF in their budget in order to maintain proper cost allocation. Removing general funds from these three components is not recommended, due to the effect on other funds and other components cited above.

In order to meet the general fund reduction target, the department must look to the Tax Division. The largest cost in the Tax Division's budget is personal services, which accounts for 78% of its overall funding. Because this division has had high vacancy rates of up to 20% in recent years, much effort has gone into the recruitment and retention of tax auditors and other staff critical to meeting the division's mission of collecting revenues for use by state government. Currently we have managed to reduce the vacancy to near 12% which is the lowest level in several years, but the Tax Division continues to have turnover and it will require aggressive recruitment to maintain that level.

To achieve savings of $390.0, the equivalent of four tax auditor positions would need to be left vacant for one year. This is in addition to the positions which will be held vacant to meet the budgeted vacancy factor of approximately 10%. The actual positions held vacant will be determined by the division based on workload priorities. The division will supplement personal services savings by reducing travel whenever possible.

During the 2008 legislative session the Tax Division requested funding for four audit master positions that were established as part of the ACES legislation passed during the special session in 2007. This request was short-funded by the legislature in the amount of $200.0 with the expressed intent that the Tax Division would be able to ask for supplemental funding in FY2009 if the positions are filled. The Tax Division's general fund increment request to implement ACES was further reduced by an additional $473.2 from the FY2009 Governor's Amended budget. When combined with the $390.0, the division will receive a total general fund reduction in their current year budget of $1,063.2.

To minimize the impact of this reduction on the Tax Division, the Department of Revenue intends to closely review all line items and programs for potential savings as part of the management plan budget exercise and will continue to work with OMB to achieve the Governor's savings goals.

cc: Pat Galvin, Commissioner
Marcia Davis, Deputy Commissioner
Brian Andrews, Deputy Commissioner

MEMORANDUM

State of Alaska

Department of Transportation & Public Facilities
Office of the Commissioner

TO: Karen Rehfeld, Director
Office of Management and Budget

DATE: August 4, 2008

TELEPHONE NO: 465-3901
TEXT TELEPHONE: 465-3652
FAX NUMBER: 586-8365

FROM: Leo von Scheben, P.E., L.S., M.B.A.
Commissioner

SUBJECT: FY09 Operating Savings

This is in response to your memo of June 26, 2008, requesting our department savings plan for FY09. Over the years the department has been faced with maintaining services at fairly flat funding levels and staff have implemented many cost efficiencies as a result. For example, DOT&PF has warehouses in Juneau, Anchorage, Fairbanks and Ketchikan that allow the purchase of supplies in quantity at lower prices and then distribute and charge those supplies as they are needed. I am including a list of program efficiencies that are either currently being implemented or plan to be implemented in the future.

Alaska Marine Highways

- Starting Oct. 1, 2008, the Alaska Marine Highway System will commence the use of "Force Account" work. Force account work allows the use of the State's own workforce, when the costs are determined to be less than with a bid contract. A labor-cost comparison indicates that as much as $599.0 could be saved by using vessel engineering staff as opposed to outside manufacturer's labor.
- During the last overhaul of the M/V Aurora, an electronic voyage power management system was installed. This system controls the vessel's power and speed settings to effect fuel consumption savings. With the setting of the departure point, arrival point and time-to-destination, the system controls the engines, via the most efficient means, bringing the vessel to its destination – taking into account all the external forces the vessel may encounter. The Aurora is seeing a fuel savings of over 12% as a result of this computerized control system. This new system cost $250.0 to install through a federal project and is projecting a fuel costs savings of $378.0 this year (based on fuel at $4.00/gallon). AMHS plans to install this system aboard 9 vessels as they rotate through their federal overhaul projects.

Highways and Aviation

- Implementation of "pave and trade" road projects where state owned facilities are improved to local government standards and then turned over to the local governments for ownership and responsibility for maintenance. Such has taken place in Petersburg, Juneau, Wrangell, Haines, Wasilla, Palmer and Anchorage. Estimated annual savings is $109.5.
- Reimbursing employees for use of personal aircraft to reduce commercial travel costs for maintaining outlying rural airports. Estimated annual savings is $8.0.
- Reducing overtime. Estimated annual savings is $500.8.

- Installation of magnetic cards and readers at bulk fuel tanks at maintenance stations to monitor fuel consumption and theft protection. There is no estimate of savings at this time.
- Increased heavy equipment size to accomplish more highway snow/ice removal work, with same labor hours. Estimated annual savings is $300.0.
- Acquired modern, secure/dedicated frequency FM-band radios, both vehicle-mounted and hand-held, to provide much better communication and field execution efficiency with available personnel. Estimated annual savings is $100.0.
- Deployed RWIS (Road Weather Information system) to have remote cameras and thermo-sensors to dispatch crews more timely and efficiently. Estimated annual savings is $25.0.
- Now post all seasonal weight restriction notices on Public Notice website, thus informing many more users without answering phone calls or paying for newspaper notices. Estimated annual savings is $25.0.
- Applying dust control products on roads and airports as well as winter road icing practices has helped us decrease overall maintenance cost by retaining fines, and reducing frequency of surface maintenance. Estimated annual savings has been $400.0.
- Established a statewide training program for Equipment Operators. Adequately training operators provides for efficiencies in work and repair of equipment. This has reduced the cost of preventable accidents by reducing damage to state equipment. We have seen a 40% reduction in equipment damage which is about $150.0 cost savings per year. Savings could also result from less damage to other items such as overhead doors and airport lighting. These can range from $20.0 to $50.0 per incident.
- Installation of LED lights in all traffic signals in the Anchorage District. Estimated annual savings is $350.0.

Facilities

- Participated in the Energy Performance Contract for three of our large energy consuming facilities: Aviation Avenue Building, Department of Public Safety Headquarters, and Anchorage Annex Building. Cost savings are used to pay for upgrades to facilities. Once upgrades are paid for, all savings are available for reallocation or cover rising cost of utilities. Annual savings is $63.5 which covers the cost of the Siemens contract. These improvements include:
    a. Installing new energy efficient lighting
    b. Add motion light sensors
    c. Install Direct Digital Controls for HVAC fans to shut down in the evening
- Reducing heating fuel for remote snow removal equipment buildings. Installation of low temperature "fixed" thermostats at our SREBs. Our contractor maintained airports were using too much fuel relative to contracted work activities. We installed tamper proof thermostats set at 45 degrees in the SREBs. This effort, in conjunction with aggressive control of available funding allowed NR SREB heat to come in on-budget vs. over-budget in prior years. Estimated annual savings is $65.0.
- Installed Variable Frequency Drive Fan motors in the Boney Court Facility saving over $25.0 annually in electric costs.
- Retrofitted lighting at the Anchorage Boney Court Building with new energy efficient T8 lighting saving an average of $3.0 per month or about $36.0 annually in electric costs. Transition to T-8 florescent has improved our electrical efficiency in upgraded buildings by 10% over the past ten years. There is an initiative in progress to retrofit our Tok, Tazlina, and Valdez buildings to even more efficient T-5 technology lamps. Occupancy sensors

reduce lighting costs and have been retrofitted in many of our buildings. All new buildings incorporate them. Northern Region estimated annual savings is $100.0.

- Installed high efficiency boilers in the Department of Public Safety Headquarters, Anchorage Boney Court and Kodiak Griffin facilities saving approximately 20% in gas consumption. Estimated annual savings is $27.2.
- Replaced roofs on Anchorage Building Maintenance Building and on the Ninilchik, Kalsin Bay and Chulitna Maintenance Stations with energy efficient roof systems reducing heating oil consumption by 20% and 15%. Estimated annual savings is $6.5.
- Installed insulated thermo pane windows at the Bethel Combined Facility reducing heating fuel consumption by 10%. Installed insulated thermo pane windows at the Juneau, 7-Mi facility. Estimated annual savings is $1.2.
- There are ongoing energy projects to retrofit many of the older existing facilities with upgraded high efficiency lighting. Estimated savings could be 25% of lighting costs.
- Altered heating and cooling set-points in many facilities to 68 degrees for heating and 72 degrees for cooling. The impact of this measure has not been determined at this time.
- Smart building technology. New construction and some retrofitted buildings have Direct Digital Control systems that improve fuel and electric efficiency while improving the comfort level of occupants. This technology enables remote monitoring and control of the buildings which drastically cuts employee time/travel to them. In addition, system alarms and trending identifies failing components before they fail, reducing overall repair cost. Estimated annual savings is $100.0.
- Alternative schedules for Roving Crew. The 7on/7off schedule reduces "windshield time" and increases productivity. The crew works remote jobs and stays onsite for their shift, eliminating commute time and overall cost. The LOA pays them long term per diem vs. the higher cost short term. This has enabled completion of projects that would otherwise be too costly to consider. Estimated annual savings is $40.0.
- Dispatching personnel by trade. This major organizational change greatly improved efficiency. Previously Facilities personnel were each assigned buildings. Some buildings needed more attention than others which caused inefficiencies. Now personnel are dispatched centrally by trade. If the building needs plumbing work, a plumber is dispatched. If there is an electrical problem, an electrician is sent. The respective district foremen dispatch staff for optimum use of available staff. Estimated annual savings is $30.0.
- Northern Region mandated many of the LTC employees to achieve a Journey level in a second trade. Many jobs can be completed by a single employee as a result. We have been able to defer staffing increases as a result. Estimated annual savings is $160.0.
- Locking fuel tanks. While we have found no lock stops a determined thief, locks installed on our fuel tanks have reduced fuel theft. With the rising fuel cost, this is going to be more of a problem than ever. Estimated annual savings is $50.0.
- Installation of "heat recovery" systems at our diesel generator powered facilities. These systems recover wasted heat from the diesel's cooling system. Instead of using a typical radiator, we route the coolant through a heat exchanger and use it as heat in our buildings. These systems reduce station heating fuel consumption by up to 40% depending on the size of the shop. Estimated annual savings is $200.0.
- Use of thermographic cameras. These cameras allow us to "see" where our heat loss is. We have used camera data to make decisions on door and window replacement, weather stripping, and insulation projects. This is new technology we began using in FY08. No

savings data is available, but it is very obvious it can be a big heating (and cooling) cost saver. Estimated annual savings is $40.0.

- Right tools for the job. To cover all buildings situated throughout Northern Region with only 40 maintenance technicians, having the right tool for the job is critical. Investment in tools has improved job efficiency by reducing necessary manpower and "gofer" trips to rent or buy the proper tool. Estimated annual savings is $60.0.
- Computerized Maintenance Management System. We have implemented a system that streamlines administration of the workforce documentation. Face to face communications are reduced by inputting data remotely that is reviewed and approved by management. The system called the Buildings Interface includes all aspects of building management. Workers check the computer to view assigned jobs, record data including time, parts, materials, actions taken and status. The system maintains a searchable database of completed, in progress, and scheduled work. Workers do not have to wait in line to receive their jobs for the day or week. They know in advance and plan accordingly. Since all workers log on daily, it serves as a bulletin board for group communications. Estimated annual savings is $120.0.
- Conversion to oil fired hydronic heat. All Peger Road complex buildings were built with electric heat. We have converted most buildings to hydronic heat and realized a 15% energy cost savings. With the rising cost of fuel oil however, this savings may be eroded. Estimated annual savings is $100.0.

Measurement Standards and Commercial Vehicle Enforcement (MSCVE)

- Movement of MSCVE to Virtual Servers (VMWare) which will realize a savings of $14.4 in 2009 in server costs alone, and will have additional savings throughout the subsequent years. Virtualization essentially lets one computer do the job of multiple computers by sharing the resources of a single computer across multiple environments. Virtual servers and virtual desktops will allow MSCVE to host multiple operating systems and multiple applications locally and in remote locations, freeing MSCVE from physical and geographical limitations. The Information Services section of Administrative Services Division is looking at this for possible efficiencies in other areas of the department.
- MSCVE purchased a 100/500 gallon prover to be placed in Dutch Harbor this past year. To move the prover to various locations as needed during the testing of fuel meter devices, MSCVE acquired an X-class extended cab pick-up truck. This will allow MSCVE to no longer ship a truck and prover to Dutch Harbor for the annual inspections. This will result in a cost savings of $3.0 or more each subsequent year.
- MSCVE will be moving toward the automation of the load analysis impact on bridge structures for overweight permits. This automation should increase the efficiency of the Commercial Vehicle Customer Service Center in the number of permits issued by 12%. This increase in efficiency will reduce overtime needed to process permits as well as increase the revenue received. It will also eliminate any potential errors of these impact calculations, protecting public infrastructure.
- Measurement Standards is often requested by a company to go to a site for a special inspection or for a re-inspection of devices. The companies agree to pay for all costs associated with the trip using our Device Inspection Request form. In FY08, MSCVE increased RSS by $30.0 and in FY09 an additional $5.0 to offset the expenditure to travel to these locations. Prior to this increase in RSS, these expenditures were funded by GF/GOR and caused a shortfall in the travel budget every year, affecting regularly scheduled trips to inspect devices to assure market place confidence and equitable trade.

Construction

- Eliminated the Construction/M&O Director at a position savings of $153.0.

Transportation Management and Security

- Keep the Integrated Vegetation Management Coordinator position vacant an additional three (3) months ($11.8). Delaying the filling of this position will impact the department's ability to address our longstanding brush control issues and the new challenge of noxious weeds infesting our right of ways.

Contracts and Appeals

- The Engineer/Architect II position will be reclassified to a Procurement Specialist position. Since the Design/Build program is up and going, an engineering position is no longer needed. Anticipated savings is expected to be $32.0.

Administrative Services

- The following vacant positions will be kept open longer resulting in a savings of $41.6: Accountant III, Administrative Clerk III, and Procurement Specialist II.

Program Development

- Keep two more positions vacant resulting in savings of $5.5. Leaving these positions vacant could interfere with meeting Federal requirements set by Federal Highways Administration (FHWA). Our solution is to cross train existing staff to cover the FHWA required duties of the vacant positions.

Statewide Design and Engineering Services

- The Division will not complete as many bridge inspections during FY09 as originally anticipated. Those inspections will be delayed until FY10. This will provide an estimated savings of $20.0.

Department-wide initiatives

- Implemented an electronic procurement system throughout most of the department (still training vessel crew on this program). This is an on-line stock request program that has increased processing efficiencies for purchase and receipt of orders. It has reduced the amount of redundant data entry and has allowed in at least one office to convert a clerical position to an additional procurement position.
- Partially implemented an electronic time sheet program that reduces the amount of data entry and thus errors associated with payroll processing and AKSAS charges to projects.
- Travel is more scrutinized by the regions especially travel that is not specific to a project. Estimated annual savings is $5.5. Mileage is being used where ever possible – the department's most recent mileage balance is 355,000 which is pretty low for the size of this agency.
- Converted computer replacement schedules to 4 years as opposed to 3 years. Estimated annual savings is $60.3.
- Software purchases (i.e., Adobe) are not made for all computers which reduces the number of software licenses in use and renewed each year. Estimated annual savings is $22.8.
- Equipment is being sent in for repair instead of replacement.

- Implement more sharing of copiers, scanners and plotters between the different sections within the regions. Estimated annual savings is $32.0.
- The use of cellular phones by each section is monitored closely and reviewed each year to identify areas where costs can be reduced by eliminating phones and changing calling plans. Estimated annual savings is $4.7.
- Eliminated the agreement with a local courier service to pick up recycling and instead use warehouse staff during their frequent trips between the Juneau offices to deliver recycling to the recycling center. Estimated annual savings is $1.0.

As you can see, we are dedicated to providing state services in as efficient manner as possible. The past several years have shown that DOT&PF has little to no general fund lapse balances. We have also needed supplemental funding to cover the cost increases associated with fuel, utility and contractual services. I expect that we will be seeking supplemental funding again this year for the same reasons. If further costs savings are required of this agency, then service reductions would be necessary. I am hesitant to offer reductions in Marine Highway service, reduced maintenance on roads, airports and public buildings, or elimination of any positions. I would appreciate your feedback on the items we are presenting to you. If I can be of further assistance, please do not hesitate to call.

cc: Jim Beedle, Deputy Commissioner of Marine Operations
Christine Klein, Deputy Commissioner of Aviation
Frank Richards, Deputy Commissioner of Highways & Public Facilities
Nancy Slagle, Director, Division of Administrative Services

MEMORANDUM

STATE OF ALASKA
Department of Administration
Office of the Commissioner

To: Karen Rehfeld
Director
Office of Management & Budget

Date: January 14, 2009

From: Annette Kreitzer
Commissioner

Phone: 465-2200

Subject: Quarterly Reporting on
FY2009 GF Savings Plan

The approved components of the Department of Administration FY2009 GF Savings Plan and second quarter estimates are as follows:

Savings Plan	Savings Target	Est. Jan. 15 Savings	Comments
Division of Finance GF Reduction	$300.0	$300.0	Savings will be Achieved.
ETS GF Reduction	$300.0	Unknown	We continue to be challenged with this target.
Department Personal Services Reduction	$200.0	$75.0 - $200.0	Many divisions should be able to achieve.
R&B Reduction	$107.6	$107.6	Savings is achieved.
Year End Lapsing	$200.0	Unknown	It is too early to estimate amounts. Some of these savings may be difficult to achieve.

Please let me know if you need additional information.

C: Kevin Brooks, Deputy Commissioner
Rachael Petro, Deputy Commissioner
DOA Directors

DCCED 2nd Qtr Savings Plan
31-Dec-08

Component	Savings Plan	Savings Target	1st Qtr Savings	2nd Qtr Savings	Total Savings	Comments
Administrative Services	Cut travel and delay equipment purchases	4.0	1.0	1.0	2.0	Director is not traveling to Anchorage as often ($2.0 savings) The savings plan is on track.
Community and Regional Affairs	Cut travel & leave positions vacant	16.0	16.0	0.0	16.0	Although it appears that DCRA has met its target (and absolutely plans to meet this target), given the challenges communities now face, DCRA must absorb the following: --$10.1 for the FY09 contractual increases. --Costs associated with the Ketchikan Gateway Borough lawsuit (DCRA was going to request this in the supplemental bill) The savings plan is on track.
Office of Economic Development	Savings occurred due to delay in hiring two Film Office positions	60.0	42.5	17.5	60.0	A delay in hiring two film positions ($150.0 appropriated for the positions) has allowed OED to meet its goal. However, achieving additional savings will be difficult for the following reasons: --The two film positions have been hired. --Travel costs for two film positions will be incurred. --OED must absorb another $1.8 due to contractual salary agreements The savings plan is on track.
	Savings Plan Totals	**80.0**	**59.5**	**18.5**	**78.0**	

STATE OF ALASKA

MEMORANDUM

DEPARTMENT OF CORRECTIONS

Division of Administrative Services
P.O. Box 112000
Juneau, Alaska 99811-2000
Phone (907) 465-3339 Fax (907) 465-3315

TO: Karen Rehfeld, Director
Office of Management and Budget
Office of the Governor

DATE: January 15, 2009

PHONE: 465-3339

FROM: Leslie Houston, Director
Division of Administrative Services

SUBJECT: FY2009 2nd Quarter General Fund Savings Plans

The falling price of oil is certainly a mixed-blessing. For the Department of Corrections (DOC), this has alleviated our fears as we anticipated a large fuel cost-related supplemental. The 38% surcharges on our foodstuffs has dropped to less than 4%; our shipping costs have dropped; and most of all, our energy costs in all facilities with the exception of Anvil Mountain (Nome) and Yukon-Kuskokwim (Bethel) have dropped and stabilized. Barring the price of oil rising sharply, we believe we are secure with our level of fuel/energy funding for FY2009.

Following is the updated DOC FY2009 2nd Quarter General Fund savings and efficiencies status report:

- ***Savings Plan, $672.4***: Statewide Probation/Parole V&T– we will meet this savings.

- ***Energy Conservation Measures:*** We are resubmitting the DOT Energy Savings Plan and DOC Analysis. This is the same document that was submitted with the 1st Qtr Savings Update. Please let us know if you have questions and we can coordinate a teleconference to include Facilities/Project Manager, Charlie Finch.

- ***Cost Containment Measures***

o **Western States Contracting Alliance (WSCA) Standardized Procurement**: this is a multi-state buying consortium contract facilitated by DGS. The first vendor Waxie was found by the DOC to be unresponsive, and in some cases, charging more for products than competing vendors that are not included in the WSCA contract. The second vendor Coastwide (aka Corporate Express) is no improvement. We have determined WSCA purchasing is not cost effective for all of our facilities. The four institutions located in the Anchorage Bowl may eventually realize savings when DGS can secure a reliable vendor, however, the other eight institutions will no longer attempt to participate in the WSCA purchasing process because the products offered are more costly.

The DOC agreed to be a pilot agency for this contract based on the savings we would gain. To date, we have no measurable savings from this contract. We will continue attempting to participate through the 3rd quarter of FY2009, if no improvements are made we will be seeking alternate forms of procurement that are both reliable and cost-effective.

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- **Standardized Menu**: We are on target to implement the standardized menu by February 1, 2009. The savings are unknown, we should be able to evaluate savings by the end of FY2009.

- **Out-of-State Liquidated Damage Recovery, $429.0**: On October 20, 2008, DOC received a check from the out-of-state contract vendor Corrections Corporation of America (CCA) in the amount of $429.0. These funds are being applied to prior fiscal years 2007 and 2008—there is no savings in FY2009.

If you require additional information, please feel free to contact me directly.

Attachment: Energy Savings Plan

Cc: Joe Schmidt, Commissioner
Dwayne Peeples, Deputy Commissioner
April Wilkerson, Budget Chief

State of Alaska, DOT&PF - Energy Performance Contracting
Phase II - DOC Statewide Facilities

Project Goals

A - The primary goal of this program is to reduce energy consumption by investing in high efficiency electrical and mechanical equipment with a highly favorable return on investment (ROI).

B - Our secondary goal was to utilize the savings generated by the high ROI systems, such as lighting, heat reclaim units, etc. and invest those savings in systems with longer payback periods. We specifically looked at systems that were not being funded via our 6-year capital improvement program due to higher priority items (emergency repairs, etc.) displacing them.

C - Our Tertiary goal was to install systems that could reduce the workload on our staff and allow their efforts to be directed on planed maintenance and less on emergency response on antiqueted equipment failures.

Project Finacial Data

Financed Amount	$ 9,010,700	Annual Interest Rate	4.3%
Rebates & Down payments	$ -	Finance Period	15 years
Escrow Interest Earnings (17 Months)	$ 201,428	Finance Payments / Year	12/Year
Total Project Cost to ADOC	$ 9,010,700	Interest Payments (Total)	$ 4,547,038
Annual Utility Savings	$ 913,329	Energy Escalation	3.5%
Annual Operating Savings	$ 5,152	Operational Escalation	2.0%
Monthly Lease Payment	$ 75,109	Number of Lease Payments	198
ROI	15 years	Buy-Out option after Month 25	$ 9,560,760
Construction Period	18 months	Construction Completion Date	2/28/2009
Energy/Utility Savings (over 15 years)	$ 13,699,933	ESCO (Siemens) cost	$ 7,339,895
Operational Savings (over 15 years)	$ 77,284	SLS (Sylvania Lighting Services Corp.)	$ 1,670,805
Total Savings	**$ 13,777,217**	**Total Contract Services**	**$ 9,010,700**
Maximum Loan term	16.5 Years	Final Scheduled Payment	2/1/2024

Facility Improvement Measures (FIM's)

Lighting Upgrades	FIM # 1.00	New or renovated lighting fixtures	
- Lighting Controls	FIM # 1.01	New lighting controls	
Water Conservation	FIM # 2.00	Flow control on toilets, shower & laundries	
Electrical Motors	FIM # 3.00	Replace with new high efficiency motors	
- Variable Frequency Drive Applications	FIM # 3.01	Replace constant speed motors with VFD's	
Building Automation System	FIM # 4.00	Replace antiquated and or missing HVAC controls	
- Vending Misers	FIM # 4.01	Occupancy Sensor controls	
Mechanical Retrofits	FIM # 5.00		
- Heat Recovery	FIM # 5.01	Repair or replace Heat Recovery systems	
- Valve Insulation	FIM # 5.02	Provide and install piping and valve insulation	
- Burner Replacement	FIM # 5.03	Replace antiquated fuel burning equipment	
- Air Handler Conversions	FIM # 5.04	Convert Constant Volume to Variable Air Volume Fan Conversions...	
- Return Air Conversions	FIM # 5.05	Convert 100% make up air systems to balanced return air systems	

MEMORANDUM

State of Alaska
Department of Education
& Early Development

To: Karen J. Rehfeld
Director
Office of Management & Budget

Date: January 15, 2009

Phone: 465-2875

FAX: 465-3452

File: OMBQuarterly

From: Mark E. Lewis
Administrative Services Director

Subject: Quarterly Reporting FY2009

The Department of Education & Early Development has reviewed our targeted general fund savings for the second quarter of FY2009.

Savings Plan	Savings Target	January 15 Savings	Comments
Administrative-Information Services contractual line items	$10.0	$5.0	On track to achieve this savings target
School Finance & Facilities personal services vacancy	$16.9	$16.9	On track to achieve this savings target
Student & School Achievement personal services vacancy	$36.5	$36.5	On track to achieve this savings target
Student & School Achievement contractual line items	$100.0	$50.0	On track - IT infrastructure issues may require use of this funding. Other departmental balances will be identified to meet this target.
State Facilities Rent	$60.0	$30.0	Funding identified is tied to occupancy date of the new leased facility and build out requirements. EED is tracking progess.
Library, Archives & Museums	$46.6	$23.3	On track to achieve savings.
Savings Plan Totals	**$270.0**	**$161.7**	

FY 2009 General Fund Savings Quarterly Report
December 31, 2008

Savings Plan	Savings Target	Dec 31 Savings	Savings Amount
Uncollectible GFPR	$34,980	$17,490	On track to achieve this savings target.
In fiscal year 2008 DEC received an appropriation of $606,500 and 4 positions for the purpose of pipeline compliance oversight and North Slope flow line integrity. The department has encountered extreme difficulties in the classification and recruitment of these four positions. One position has been filled with the incumbent to begin in August, however, we don't expect to fill the other 3 positions until later this year. This is a one time savings and will not be available in FY10.	$208,520	$0.00	The return of the GF from the Contaminated Sites component to the Industry Preparedness and Pipeline Operations (IPP) did not occur. Since the vacant positions are in the IPP component the funding source realizing this savings is now Oil/Hazardous Response funding (1052) not GF as originally appropriated. We are continuing to review current spending levels to identify areas in which we may be able to cut back on our GF spending.
This would eliminate $56,000 in travel agent fees annually and one position estimated at $70,500.	$126,500	$0.00	The managed travel process is still in place so no savings have been realized this quarter. Savings not realized this quarter total $50,377.
Current balance of the DEC mileage account would allow approximately 50 tickets to be purchased. This would be allocated to a variety of programs.	$20,000	$2,087	On track to achieve this savings target. Update of mileage use procedure is completed and mileage usage is on the rise.
Savings Plan Totals	**$390,000**	**$19,577**	

Department of Fish and Game
FY09 General Fund Savings Plan
As of December 31, 2008

Savings Plan Item	Division	Savings Target	1st Quarter savings	2nd quarter savings	Cumulative savings	Comment (update)
SE Region - leave positions vacant for 3 months	Comm Fish	41.9	20.0	11.9	31.9	PCN expected to remain vacant for about 7 mm. The target amount may not be met if estimated service step increases of 10.0 are unfunded.
Central Region - leave positions vacant for 3 months	Comm Fish	37.7	37.7	(12.4)	25.3	PCNs have remained vacant for the required 3 mm but the target amount may not be met if estimated service step increases of 12.4 are unfunded.
AYK Region - leave positions vacant for 3 months	Comm Fish	94.5	94.5	(6.7)	87.8	PCNs have remained vacant for the required 3 mm but the target amount may not be met if estimated service step increases of 6.7 are unfunded.
WW Region - leave positions vacant for 3 months	Comm Fish	85.0	85.0	100.0	185.0	PCNs have remained vacant for the required 3 mm. The region has identified additional savings due a cancelled project and the availability of other funding sources.
HQ Fisheries Mgmt - leave positions vacant for 3 months	Comm Fish	284.9	284.9	(100.0)	184.9	While PCNs have remained vacant for the required 3 mm the target amount is not expected to be met due miscellaneous expenditures and if estimated service step increases of 16.6 are unfunded. However, the Westward region has identified additional savings that cover this components savings target.
CF Special Projects - leave positions vacant for 3 months	Comm Fish	100.2	25.0	25.1	50.1	PCNs have remained vacant for the required 3 mm. The region is on track to meet its savings objective.

Department of Fish and Game
FY09 General Fund Savings Plan
As of December 31, 2008

Savings Plan Item	Division	Savings Target	1st Quarter savings	2nd quarter savings	Cumulative savings	Comment (update)
Realize savings due to ongoing recruitment difficulties	Sport Fish	67.9	14.8	15.5	30.3	The target amount may not be met if estimated service step increases of 37.6 are unfunded.
Wildlife Scientist position - hold vacant for 6 months.	Wildlife Cons	60.0	30.4	29.6	60.0	Held vacant for 6 months. On-Target
Division vacancies - hold open for an additional month	Wildlife Cons	63.5	18.3	33.5	51.8	On-target
Reduction in personal services line	Comm office	13.4	4.0	-	4.0	Due to unanticipated moving expenses for two newly appointed staff members, the personal services savings from the deputy commissioner position vacancy is no longer available. The 1st quarter GF savings amount is still valid.
Reduction in personal services line	Admin Services	42.2	10.0	-	10.0	The division has had to absorb some unanticipated Information Technology costs. In addition, the target amount may not be met if estimated service step increases of 7.0 are unfunded.
Reduction in printing/lower bid award.	Boards	20.6	20.6	-	20.6	The target has been met. The Boards Support Section was able to procure a new contract for printing for FY09 that was less than last year's costs. This contractual services reduction has allowed for a savings of approximately 20 percent for each legal notice and call for proposals mail out. We are currently working on a multi-year bid for the printing of proposal books.

Department of Fish and Game FY09 General Fund Savings Plan As of December 31, 2008						
Savings Plan Item	**Division**	**Savings Target**	**1st Quarter savings**	**2nd quarter savings**	**Cumulative savings**	**Comment (update)**
Division of Subsistence	Subsistence	36.2	9.1	-	9.1	The division is not on track to realize the target savings especially if estimated service step increases of 6.5 are unfunded.
Reduce Contractual Services	Habitat	30.0	6.0	-	6.0	The Habitat Division has been unable to meet its projected second quarter GF savings plan due the transition from DNR to ADF&G and the associated move costs as well as other contractual and personnel costs. Specifically, line 300 and line 400 funds where we had anticipated savings, will need to be shifted to line 100 to cover a potential shortfall.
Reduce Commodities	Habitat	22.0	5.0	-	5.0	The Habitat Division has been unable to meet its projected second quarter GF savings plan due the transition from DNR to ADF&G and the associated move costs as well as other contractual and personnel costs. Specifically, line 300 and line 400 funds where we had anticipated savings, will need to be shifted to line 100 to cover a potential shortfall.
	Total	**1,000.0**	**665.3**	**96.5**	**761.8**	

KTR
- Primary

STATE OF ALASKA

DEPT. OF HEALTH AND SOCIAL SERVICES

OFFICE OF THE COMMISSIONER

SARAH PALIN, GOVERNOR

P.O. Box 110650
Juneau, AK 99811-0650
Phone: (907) 465-3030
Fax: (907) 465-3068

OFFICE OF
MANAGEMENT & BUDGET
JAN 0 5 2009

MEMORANDUM

DATE: December 30, 2008

TO: Karen Rehfeld
Director
Office of Management and Budget

FROM: Alison M. Elgee
Assistant Commissioner

SUBJECT: FY2009 General Fund Savings Plan

In response to the Governor's FY2009 General Fund Savings Plan, the Department of Health and Social Services fully restricted the $4.7 million general funds allotted as its share. The restrictions will remain in place throughout the year and the impacted entities are monitoring their expenditures to ensure the general funds will not be needed.

Savings Plan	Savings Target	Dec 31 Savings	Comments
Position Management	<$500.0>	<$250.0>	On track
Senior Benefits Program	<$500.0>	<$250.0>	On track
Medicaid Client Travel	<$437.6>	<$218.8>	On track
Administrative Travel	<$134.5>	<$67.2>	On track
Additional Medicaid Reductions	<$3,187.9>	<$1,594.0>	On track
Savings Plan Totals	**<$4,760.0>**	**<$2,380.0>**	

If you have additional questions regarding this issue, please contact me at 465-1630.

cc: Patrick Hefley, Deputy Commissioner
Bill Streur, Deputy Commissioner
Kate Bowns, Acting Budget Manager

H:\BSECDATA\FY09 Budget\FY09 Gov's Savings Plan 4.8 mil HSS

FY09 General Fund Lapse Projections
Department of Labor and Workforce Development
01-12-09

Savings Plan	Savings Target	Dec 31 Savings	Comments
Commissioner: Travel Savings	$ 4.4	$ 2.2	On track to achieve this savings target
Management Services Vacancy Management	$ 12.0	$ 6.0	On track to achieve this savings target
Data Processing Hiring Delay	$ 25.0	$ 25.0	Met target – position now filled.
Labor Market Info: Vacancy Management	$ 8.0	$ 4.0	Met target.
Workers' Comp: Restrict GF	$ 3.3	$ 3.3	Met target.
Second Injury Fund: Restrict GF	$ 0.2	$ 0.2	Met target.
Wage and Hour: Certified Payroll System Maintenance	$ 40.0	$ 20.0	On track to achieve this savings target
Mechanical Inspection: Restrict GF	$ 1.3	$ 0.7	On track to achieve this savings target
Employment & Training: Personal Services	$ 128.0	$ 64.0	On track to achieve this savings target
Unemployment Insurance: Vacancy Management	$ 42.0	$ 21.0	On track to achieve this savings target
Business Services: Vacancy Management	$ 5.0	$ 5.0	Met target.
AVTEC: Vacancy Management	$ 5.0	$ 2.5	On track to achieve this savings target
DVR: Hold 2 PCNs vacant Client Services Component	$ 50.0	$ 50.0	Met target
DVR: Reduce travel costs by using accrued miles. VR Administration & Disability Determinations Unit	$ 5.8	$ 5.8	Met target
Savings Plan Totals	**$ 330.0**	**$ 209.7**	

MEMORANDUM

State of Alaska
Department of Law
Division of Administrative Services
Phone (907) 465-3672 Fax (907) 465-5419

To: Mike Crabb, Budget Analyst
Office of Management & Budget
Office of the Governor

Date: January 15, 2009

Telephone: 465-3673

From: Dave Blaisdell, Director
Administrative Services Division
Department of Law

Subject: 2nd Quarterly Report
FY2009 Savings Plan

As requested, this memorandum is intended to report on the Department of Law's progress during the second quarter of FY2009 toward meeting the Savings Plan goal of $1,030.000 set out in Attorney General Colberg's July 31, 2008 memo to Karen Rehfeld.

Savings Plan	Savings Target	Dec 31 Savings	Comments
Move $200K in unused SDPR to offset GF expenditures on consumer protection matters.	$200.0	$0.0	Savings will not be realized until final quarter of FY09 when these adjustments are customarily made.
Lapse majority of $500K Curyung Supplemental.	$475.0	$245.2	Expenditures against this approp have totaled only $4,830 through the second quarter. Savings goal appears to be on target.
Fund Barrow VW Paralegal from federal earmark.	$106.2	$34.9	Position was not filled until mid-August and vacated in mid-November. It is currently only 50% allocated to federal earmark funds. If filled in January savings may only reach $58K
Delay filling new OSPA attorney and LOM until after first quarter.	$75.0	$75.0	Savings target fully achieved.
Fairbanks DA office lease reduction after November 2008.	$78.0	$78.0	Savings target fully achieved.
Slow PC hardware replacement cycle.	$95.8	$0.0	Savings will not be realized until final quarter of FY09 when these purchases are customarily made.
Savings Plan Totals:	**$1,030.0**	**$433.1**	

As with last quarter, although the total savings through December may not appear at first glance to be "on-target" I would note that for several of the items originally listed the actual savings were not anticipated until specific payments or adjustments were made. In two cases those payments or adjustments would not customarily occur until the last quarter of the fiscal year. In the case of the Barrow victim/witness paralegal it was previously reported that we could not fund the position 100%

from the federal earmark funds originally cited; however, the position has been vacant for three of the last six months so some additional savings have been realized through vacancy as well as federal funding.

If you have any questions or would like to discuss any of these matters in greater detail, please don't hesitate to call.

MEMORANDUM

State of Alaska
Department of Military & Veterans Affairs
Division of Administrative Services

TO: Lena Simmons
Budget Analyst
Office of Management and Budget

DATE: January 15, 2009

FROM: Susan Colligan
Director

SUBJECT: FY09 Cost Savings
Second Quarter Update

I am responding to OMB's request for a second quarter update on FY09 cost savings for the Department of Military and Veterans' Affairs.

As you know in August 2008 DMVA provided you with information on how the department has continued to hold the line on the operating budget. In addition to holding the line on the budget, DMVA submitted cost savings in FY08 (budget reductions) and consolidated department core services to achieve efficiencies.

In the Governor's FY10 budget, the department has again, held the line on the budget with no major changes to the base funding level. As a result of the recent budget reductions and holding the line on the budget, the base funding level to find "savings" is much tighter for DMVA than other agencies that have seen increased funding requests under this Administration.

The department is continuing to monitor overtime, travel (we have been using up unused tickets and will be using mileage as a means to reduce costs), and contracting costs but at this time cannot identify specific dollar savings due to the loss in buying power of our base budget to maintain services without impairing our ability to meet our mission and the requirements of the Federal/State Cooperative Agreement.

If you have any further questions, please contact me at 428-6881.

cc: John Cramer, Deputy Commissioner
Laura Baker, Deputy Director, DAS
Teri Clark, Budget Analyst, DAS

Department of Natural Resources
FY09 Cost Savings Plan
Second Quarter Report, for the Period Ending 12/31/2008

	Component	Line Item	Planned Savings	Savings due to Vacancies 7/1/2008 - 9/30/2008	Savings due to Vacancies 7/1/2008 - 12/31/2008
423	Commissioner's Office	Personal Services	-	13,375	42,600
424	Administrative Services	Personal Services	48,400	-	49,500
427	Information Resource Management	Personal Services	-	2,887	14,300
439	Oil & Gas Development	Personal Services	465,500	250,720	321,500
2847	Petroleum Systems Integrity Office	Personal Services	129,700	38,703	78,400
1191	Pipeline Coordinator	Personal Services	2,200	10,136	18,000
2680	Alaska Coastal and Ocean Management	Personal Services	75,000		
2733	Large Project Permitting	Personal Services	-		
2460	Claims, Permits & Leases	Personal Services	184,300	11,172	8,000
2456	Land Sales & Municipal Entitlements	Personal Services	-		
2459	Title Acquisition & Defense	Personal Services	105,300	26,610	29,900
916	Water Development	Personal Services	49,000	2,070	12,700
2440	Director's Office/Mining, Land & Water	Personal Services	-		
435	Forest Management & Development	Personal Services	16,700		
2132	Non-Emergency Hazard Mitizagion Projects	Personal Services	-		
1031	Geological Development	Personal Services	24,800	71,355	101,400
802	Recorder's Office/Uniform Commercial Code	Personal Services	-		
455	Agricultural Development	Personal Services	-		
2204	North Latitude Plant Material Center	Personal Services	41,100	11,595	14,100
2235	Agriculture Revolving Loan Program Admin	Personal Services	-		
2633	Conservation and Development Board	Personal Services	16,600	5,191	15,100
2441	Public Services Office	Personal Services	-		
1199	Trustee Council Projects	Personal Services	-		
1650	Interdepartmental Information Technology Chargeback	Personal Services	-	16,055	28,500
1635	Mental Health Trust Lands Administration	Personal Services	-		
2225	Citizen's Advisory Commission on Federal Areas	Personal Services	19,800	8,547	15,500
2226	RS 2477/Navigability Assertions and Litigation Support	Personal Services	-		
2705	Fire Suppression Preparedness	Personal Services	20,800	95,148	
451	State Historic Preservation Program	Personal Services	-		
452	Parks Management	Personal Services	33,700	101,030	149,900
2136	Parks & Recreation Access	Personal Services	7,100	2,351	4,000
			1,240,000	666,945	903,400

1st quarter notes

DNR will restrict the Personal Services line items in the above components for a total realized cost savings of $666,945 as of 9/30/2008. This amount represents a little more than half of the FY09 cost savings goal amount of $1.24 million for our agency. Since payroll adjustments are not made quarterly, subsequent adjustments may cause a change in the amount or the source. However, we do expect to meet the target goal by the end of the fiscal year.component

2nd quarter notes

DNR will restrict transfers from Personal Services line items in the above components for a total realized cost savings of $903,400 as of 12/31/2008. This amount represents 75% of the FY09 cost savings goal amount of $1.24 million for our agency. We expect to meet the target goal by the end of the fiscal year.

State of Alaska

Department of Revenue

Administrative Services Division

SARAH PALIN, GOVERNOR
333 Willoughby Avenue, 11th Floor
P.O. Box 110400
Juneau, Alaska 99811-0405
Phone: (907) 465-2300
Fax: (907) 465-2394

MEMORANDUM

To: Karen Rehfeld
Director
Office of Management & Budget

Date: January 15, 2009

From: Ginger Blaisdell
Director
Administrative Services Division

Phone: 465-2312

Subject: FY2009 GF Savings Plan
Second Quarter Report

In response to the Governor's request that departments collectively meet a savings target of $20 million general fund forFY2009, the Department of Revenue proposed holding three positions vacant in the Tax Division to meet its savings plan target of ($390.0).

During the first quarter of FY2009, unexpected vacancies and delays in filling newly created positions resulted in sufficient savings in the personal services line to allow the Tax Division to fill these positions for the balance of FY2009 and still meet the target. The $390.0 GF has been restricted in the personal services line of the Tax Division budget.

Savings Plan	Savings Target	December 31 Savings	Comments
Hold three positions vacant in Tax Division for FY2009	$390.0	$390.0	Savings goal achieved
Savings Plan Totals	**$390.0**	**$390.0**	

MEMORANDUM State of Alaska

Department of Transportation & Public Facilities
Administrative Services Division

TO: Karen Rehfeld, Director
Office of Management and Budget

DATE: January 19, 2009

TELEPHONE NO: 465-3911
FAX NO: 465-3124

FROM: Nancy J. Slagle
Director

SUBJECT: 2nd Quarter Report
FY2009 GF Savings

This in response to your October 27, 2008 memo requesting the status of achieving cost savings this year. The following is the information you requested for DOT&PF:

Savings Plan	Savings Target	December 31 Savings	Comments
AMHS use of force account	599.0	-	Authorization restricted. Savings should begin during 3rd quarter.
AMHS - fuel management system	378.0	189.0	Authorization restricted. On track to achieve savings target.
MSCVE - virtual servers	14.4	14.4	Authorization restricted. Savings has already been realized for FY09.
MSCVE - prover transport	3.0	3.0	Authorization restricted. Savings has already been realized for FY09.
MSCVE-automation of load analysis	7.7	3.0	Authorization restricted. Overtime reduction has been reflected in FY09 Mgmt Plan. On track to achieve savings target.
MSCVE-travel for re-inspection services (third-party billing)	5.0	2.9	Authorization restricted. Billing for special inspections directly to customer. On track to achieve savings target.
TM&S - Integrated Vegetation	11.8	11.8	Authorization restricted. Position held vacant.
Contracts & Appeals - reclass	32.0	32.0	Authorization restricted. Position held vacant.
Admin Svcs - positions	41.6	22.7	Authorization restricted. Positions held vacant.
Prog Dev -position vacancies	5.5	5.5	Authorization restricted. Positions vacant.

"Providing for the safe movement of people and goods and the delivery of state services."

SD&ES - bridge inspections	20.0	-	Authorization restricted. On track to achieve savings target.
Dept wide - travel	5.5	-	Savings will be realized by year-end.
Dept wide - computer replace	60.3	-	Savings will be realized by year-end.
Dept wide - software purchases	22.8	-	Savings will be realized by year-end.
Dept wide - shared equipment	32.0	-	Savings will be realized by year-end.
Dept wide - cell phones	4.7	-	Savings will be realized by year-end.
Admin Svcs - courier svcs	1.0	-	On target - the contract has been cancelled
Total	1,244.3	284.3	

Please let me know if you require any further information.

December 31, 2008 Savings Target Update

Department	Original Saving Target	Savings as of Dec. 31, 2008	Supplemental Bill Budget Reduction	Comments
Administration	1,100.0	607.6	1,100.0	Savings target is a challenge.
Commerce, Community, and Economic Dev.	80.0	78.0	80.0	On track to meet target.
Corrections	3,910.0	672.4	750.0	Original savings target reduced.
Education & Early Development	270.0	2,461.7	2,570.0	On track to meet original target. Increased savings of $2,300.0 comes from the School Performance Incentive Program
Environmental Conservation	390.0	19.6	390.0	Savings target is a challenge.
Fish & Game	1,000.0	761.8	1,000.0	More or less on track to meet target.
Governor	440.0	465.0	465.0	On track to meet target.
Health & Social Services	4,760.0	2,380.0	4,760.0	On track to meet target.
Labor & Workforce Development	330.0	209.7	330.0	On track to meet target.
Law	1,030.0	433.1	980.0	More or less on track to meet target.
Military & Veterans Affairs	160.0	0.0	0.0	Held harmless from savings target.
Natural Resources	1,240.0	903.4	1,240.0	On track to meet target.
Public Safety	2,280.0	0.0	0.0	Held harmless from savings target.
Revenue	390.0	390.0	390.0	Savings target has been achieved.
Transportation	3,220.0	284.3	1,500.0	Original savings target reduced.
Debt		2,015.8	2015.8	Savings due to reduced school debt reimbursement need.
	20,600.0	**11,682.4**	**17,570.8**	

SB 96

<target><bill>SB 96</bill><subject>SB 96</subject><comm>SFIN26</comm></target>

Alaska State Legislature

Interim: (May - Dec.)
716 W. 4th Ave
Anchorage, AK 99501
Phone: (907) 269-0144
Fax: (907) 269-0148

Session: (Jan. - May)
State Capitol, Suite 30
Juneau, AK 99801-1182
Phone: (907) 465-3822
Fax: (907) 465-3756
Toll free: (800) 770-3822

Senator_Bettye_Davis@legis.state.ak.us
http://www.akdemocrats.org

SB 96

TITLE: "An Act relating to nonpayment of child support: relating to certain judicial and administrative orders for medical support of a child;."

SPONSOR STATEMENT (B)

In July 2008, the federal government issued new medical support regulations that require states to have guidelines addressing how either or both parents will provide for a child's healthcare needs through accessible health insurance coverage, cash medical support, or both. Under the federal regulations, states must order either or both parents to purchase reasonably-priced, accessible health insurance coverage, provide cash medical support or both. Cash medical support may be required in those cases where no reasonably-priced health insurance coverage is accessible to the child. If a parent is ordered to pay cash medical support, the Child Support Services Division must enforce the ongoing cash medical support obligation as well as collect any cash medical support arrears. Failure to satisfy these mandated jeopardizes 17 million dollars in federal funding for the state's child support program.

This bill adds to existing law the authority for a tribunal to order either or both parents to pay cash medical support, if warranted. In addition, the bill directs CSSD to review child support orders for modification on a federally mandated three-year cycle. The bill adds cash medical support to the definition of arrearage and the definition of support order thereby enabling CSSD to use

its existing enforcement tools to collect a cash medical support obligation on behalf of the child. Finally, the bill removes the language limiting who may request the correction of a clerical mistake in an administrative order or request the vacation of an administrative order based upon a default income.

This bill puts Alaska in compliance with the federal requirements. As explained above, this bill will assure that Alaska's children receive the medical support to which they are entitled.

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM February 27, 2009

SUBJECT: Sectional Summary (CSSB 96( ); (Work Order No. 26-LS0485\E))

TO: Senator Betty Davis
Attn: Lynda Zaugg

FROM: Jean M. Mischel
Legislative Counsel

You have requested a sectional summary of the above-described bill.

As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

Section 1. Adds reference to cash medical support to the crime of aiding the nonpayment of child support in the second degree.

Section 2. Adds the Virgin Islands and Indian Tribes to the definition of "state."

Section 3. Amends order of support provision to include both parents, medical support, and insurance.

Section 4. Adds medical support to provision authorizing the initiation of administrative action to establish a duty of support.

Section 5. Amends periodic reviews of support orders to require a three year cycle of review.

Section 6. Deletes motion requirement for correcting an administrative mistake in a support order.

Section 7. Deletes motion requirement for vacating a support order that is based on a default amount.

Section 8. Redefines "arrearage" for child support purposes.

Section 9. Amends the definition of "support order" to include cash medical support.

Section 10. Amends garnishment provision to include insurance and cash medical support.

Section 11. Amends the Alaska Native family assistance program to include obligations for cash medical support.

Section 12. Provides for an indirect court rule amendment to Rule 90.3, Alaska Rules of Civil Procedure for changes made in the bill.

Section 13. Makes bill changes applicable to child support actions filed on or after the bill's effective date.

Section 14. Authorizes the Department of Revenue to proceed to adopt regulations needed under the bill.

Section 15. Provides for a conditional effect for the court rule amendment in sec. 12 only for two-thirds majority vote.

Section 16. Makes sec. 14 effective immediately.

Section 17. Provides for a July 1, 2009, effective date for all other bill sections.

JMM:ljw
09-125.ljw

DEPARTMENT OF HEALTH & HUMAN SERVICES

ADMINISTRATION FOR CHILDREN AND FAMILIES
370 L'Enfant Promenade, S.W.
Washington, D.C. 20447

JAN 29 2009

Mr. John Mallonee
Director
Child Support Services Division, MS
550 West 7th Avenue, Suite 310
Anchorage, AK 99501

Dear Mr. Mallonee:

This is in response to your letter dated December 18, 2008 regarding Alaska's request for an exemption from the State plan requirement in section 466(f) of the Social Security Act (the Act), which mandates that on and after January 1, 1998, each State must have in effect the Uniform Interstate Family Support Act (UIFSA), as approved by the American Bar Association on February 9, 1993, and as in effect on August 22, 1996, including any amendments officially adopted as of such date by the National Conference of Commissioners on Uniform States Laws. Specifically, the State's UIFSA does not include Indian Tribes in the definition of 'State'. Based upon the submitted documentation, the State's request for an authority exemption to exclude Indian Tribes from the definition of State as well as the State's request for an exemption to operate a similar procedure is disapproved.

The State plan provision at section 454(20) of the Act requires States to have in effect and use the laws and procedures specified in section 466 to improve the effectiveness of child support enforcement programs. However, States may apply for an exemption from implementing one or more of these laws and procedures, which may be approved if a State demonstrates to the satisfaction of the Secretary that the mandated law or procedure would not increase the efficiency or effectiveness of the State IV-D program "through the presentation to the Secretary of such data pertaining to caseloads, processing times, administrative costs, and average support collections, and such other data or estimates as the Secretary may specify." [42 U.S.C. 666(d)]

As indicated in OCSE's October 2, 2008 letter, the authority exemption that Alaska requested requires that the State have an existing law or other legal authority for procedures under which it is operating in compliance with the intent of the Federal mandatory procedure even though the State does not have a statute specifically addressing the matter. Alaska does not have a procedure that is in compliance with or meeting the intent of section 466(f) of the Act; thus the State lacks an essential requirement for an authority exemption.

Your request asserts that the Full Faith and Credit for Child Support Orders Act (FFCCSOA), 28 U.S.C. 1738B, provides sufficient authority to recognize the child support orders of other jurisdictions. However, UIFSA provides necessary and additional procedures, not included in

FFCCSOA, for the orderly and efficient recognition and enforcement of inter-governmental child support orders including procedures for: registration of support orders; challenging registration and enforcement of support orders; paternity establishment; direct wage withholding; and long-arm jurisdiction. These procedures apply to tribal child support orders across the United States, but do not apply in Alaska because of the failure to include "Tribes" in the definition of State. As a result, FFCCSOA does not meet the goals and intent of UIFSA and cannot substitute for UIFSA.

Alaska's second request is for an exemption to operate a similar procedure. In addition to the application of FFCCSOA, the request states that the State can recognize tribal child support orders issued outside Indian Country under comity principles. The request fails to provide any description of the similar procedure, i.e., the comity procedure, as is required by AT-07-06.

Section 466(d) of the Social Security Act, 45 CFR 302.70(d)(2) and AT-07-06 also require that the State provide supporting data showing that a mandated law or procedure would not increase the efficiency or effectiveness of the child support program. The requirement to provide supporting data was made clear to the State in the October 2, 2008 letter from Region X to the State (page 2, paragraph 1). According to the exemption request, the State estimates that the cost of operating under a similar procedure is "zero" and that the "required inclusion" would not increase, decrease, or have a minimal impact on the average length of time to take action in a case in Alaska, the number of support orders enforced, and/or the amount of collections. The State, however, failed to fully document the request by describing the similar procedure it would operate; defining the methodology used to reach its conclusion; and identifying the assumptions made and/or sampling approaches used.

As such, Alaska must enact the appropriate laws and implement the mandatory practice as soon as possible. The State must then submit for approval copies of the required laws, written policies and procedures, and administrative regulations or court rules as attachments to their IV-D State plan page for the mandated procedure.

We look forward to working with you to resolve this matter.

Sincerely,

Donna J. Bonar
Acting Commissioner
Office of Child Support Enforcement

cc: Linda Gillett
OCSE Regional Program Manager
Region X

State of Alaska

Department of Revenue

Administrative Services Division

SARAH PALIN, GOVERNOR
333 Willoughby Avenue, 11th Floor
P.O. Box 110400
Juneau, Alaska 99811-0405
Phone: (907) 465-2300
Fax: (907) 465-2394

March 20, 2009

The Honorable Bert Stedman
Chair, Senate Finance Committee
Alaska State Legislature
State Capitol, Room 516
Juneau, AK 99801

Dear Senator Stedman;

The Department of Revenue has requested a hearing to be scheduled for SB96 Child Support / Cash Medical. This bill was introduced by the Senate Health and Social Services Committee with support from the Governor. This letter outlines the need for the legislation to pass during this legislative session both for content of the bill and fiscal impact to the citizens of the state.

The Alaska Child Support Services Division (CSSD) needs to amend state law on three issues.

1. The requirement for cash medical support
2. The three year review cycle
3. The change of the definition of state in UIFSA

The first two amendments are less controversial and only require that child support orders include a provision for obligors to pay cash medical assistance to the custodial parent to help with health costs when insurance is not provided for that child, and that the division performs regular reviews of its cases.

The third amendment is more sensitive to certain legislators. The Uniform Interstate Family Support Act (UIFSA) contains a definition of "state." Under federal law, all states must adopt the uniform act's definition of "state" that includes "the United States Virgin Islands" and "an Indian tribe." For Alaska, the impact of adopting a definition that would include Indian tribes, means Indian tribes can issue and serve income-withholding orders on employers. The obligor would be entitled to contest the jurisdiction of the tribe to issue the order and the usual rights to contest the validity or enforcement of an order by an obligor would still apply. The change would also affect the process for state recognition of tribal orders. A tribal child support order would be registered in the Alaska state courts under the UIFSA procedures instead of a comity process. These changes are consistent with the purpose of UIFSA. The purpose of UIFSA is to unify state laws relating to child support orders, to provide efficient procedures for collecting child support in interstate cases, and to eliminate multiple support orders that were permitted under prior child support laws.

One question raised by the changes required by UIFSA is whether the tribal amendment would result in an expansion of tribal authority. The Department of Law has examined this question and came to the

following conclusion:

> "UIFSA's underlying purpose is not to define jurisdiction. Nor does the state have the ability to define tribal jurisdiction. The overall purpose of UIFSA is simply to unify state laws relating to child support orders, to provide efficient procedures for collecting child support in interstate cases, and to eliminate multiple support orders that were permitted under prior child support laws. These purposes do not trigger broader jurisdictional concerns."

Intent language could be included in the introduced child support legislation (SB 96) to ease concerns of legislators who are not comfortable with issues related to Indian tribes. Or a letter of intent could be attached as a separate letter to the bill. I might suggest the following as an amendment:

LEGISLATIVE FINDINGS AND INTENT. (a) The legislature finds that

(1) failure to bring AS 25.25.101 into compliance with the federal Social Security Act Title IV-D could result in the loss of approximately $17,000,000 in administrative funding;

(2) of the 33 states that have federally recognized tribes, Alaska is the only state that has not yet passed conforming legislation; and

(3) to bring Alaska into conformity with UIFSA, the legislature finds that it is necessary to amend AS 25.25.101 to include "an Indian tribe" and "the United States Virgin Islands" in the definition of "state."

(b) It is the intent of the legislature that this Act not alter or expand in any way the governmental relationship between federally recognized tribes and the state.

A zero fiscal note accompanies the legislation because passage of the bill would result in no additional impact to the Department of Revenue, Child Support Services Division. The fiscal impact to non-passage of SB96, or another like bill, could be detrimental to 62,000 Alaska's children under age 19. If the state remains out of compliance after this legislative session, CSSD could lose nearly the entire operating budget required to operate the child support activities mandated by state and federal law and could jeopardize the entire TANF block grant received by the Department of Health and Social Services, Division of Public Assistance. (The division currently has a budget of $174,000 General Funds.)

$11,000,000	Federal receipts paid through Title IV-D of the Social Security Act for child support services.
$12,708,403	Each year CSSD collects funds from families who also receive state benefits through the State's TANF (Temporary Assistance for Needy Families) program. The collections received on behalf of the children receiving funding through TANF are retained by CSSD and used as match to obtain additional federal funding for child support, $6,070,137 state match, and $6,638,266 to be used as part of the total federal receipts to be paid to CSSD for its services. *FY08 totals

$ 1,025,761	Annual collections from obligors whose children are in state foster care are sent to the Department of Health and Social Services to help pay for foster care costs. *FY08 totals
$ 860,560	Annual collections from obligors whose children are institutionalized are sent to the Department of Health and Social Services to help pay for non-federal foster care. *FY08 totals
$60,000,000	Federal TANF Block Grant is part of the Social Security Act. If any part of the Act is not in compliance, the State would risk losing the entire block grant. The majority of this funding is appropriated in the Department of Health and Social Services. Action Transmittal OCSE-AT-97-05 dated April 28, 1997 describes that CSSD funding would be lost and that non-compliance could also put at risk Title IV-A funding. The language from this Action Transmittal follows:

AUTHORITY:Section 455(a)(1)(A) of the Act specifies that funds appropriated under title IV-D shall be paid to States with approved State IV-D plans. There is no authority to expend Federal funds under title IV-D of the Act for the operation of a Child Support Enforcement program unless such State has an approved State IV-D plan.

Section 466 of the Act requires that all States, as a condition for approval of their State IV-D plan, must have in effect laws requiring the use of mandatory procedures to increase the effectiveness of their Child Support Enforcement programs. As a condition for State plan approval, section 454(20) of the Act provides that, to the extent required by section 466, States must have laws in effect and implement the procedures prescribed in or pursuant to such laws.

Section 454 of the Act sets the statutory requisites for the State IV-D plan. In addition, regulations at 45 CFR 301.10 define the State IV-D plan as a comprehensive statement submitted by the IV-D agency describing the nature and scope of its program. The State IV-D plan contains all the information necessary for the Office of Child Support Enforcement (OCSE) to determine whether the plan can be approved, as a basis for Federal financial participation in the State IV-D program.

Section 452(a)(3) of the Act requires that OCSE review and approve State plans for Child Support Enforcement programs under title IV-D of the Act. The authority to approve State plans is delegated to the Regional Office, but OCSE retains authority for determining that a State IV-D plan is not approvable.

As stated above, a determination that a State IV-D plan is disapproved will result in immediate suspension of all Federal payments for the State's child support enforcement program, and such payments will continue to be withheld until the State IV-D plan can be approved by OCSE. If a State is dissatisfied with OCSE's decision, reconsideration may be requested pursuant to 45 CFR 301.14. Withholding of Federal payments cannot be stayed pending reconsideration.

Section 402(a)(2) of the Act (as amended by PRWORA) provides that the chief executive officer of a State must certify that it will operate a child support enforcement program under an approved IV-D plan as a condition of eligibility for a TANF block grant under title IV-A of the Act. Therefore, States should be aware that TANF funds may also be at risk.

In conclusion:

1. Monthly distribution of child support payments to custodial parents averages $9,350,000.

2. One out of six citizens (approximately 125,000 people) in Alaska are somehow involved in a child support case.

3. If this legislation does not pass in the next 30 days, Alaska risks losing its entire child support services program and could lose its state TANF block grant that serves low-income citizens in every community.

Thank you for working with us on this issue.

Sincerely,

Ginger Blaisdell
Director

State of Alaska

Department of Revenue

Administrative Services Division

SARAH PALIN, GOVERNOR
333 Willoughby Avenue, 11th Floor
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March 27, 2009

The Honorable Bert Stedman
Co-Chair Senate Finance Committee
Alaska State Capitol, Room 516
Juneau, AK 99801

Dear Senator Stedman;

In consideration of a letter of intent for SB 96 Child Support / Cash Medical, I am offering the following language that would clarify the changes to AS 25 and conform to Uniform Code.

> It is the intent of the legislature that in order to bring Alaska into conformity with the nationwide Uniform Interstate Family Support Act (UIFSA) as approved by the American Bar Association on February 9, 1993, and as in effect on August 22, 1996 including any amendments officially adopted as of such date by the National Conference of Commissioners on Uniform State Laws, it is necessary to amend AS 25.25.101 to include "an Indian tribe" and "the United States Virgin Islands" in the definition of "state."
>
> The proposed UIFSA amendments are conforming amendments which will result in procedural changes in Alaska for enforcement and modification of child support orders from other jurisdictions. UIFSA does not determine the authority of an Indian tribe to enter, modify or enforce a child support order. In Alaska, the scope of tribal authority to enter, modify or enforce child support orders is an unsettled legal question, due in part to the lack of Indian country in most of the state. In adopting UIFSA conforming amendments, the legislature does not intend either to grant or restrict tribal jurisdiction, if any, which may exist to enter, modify, or enforce child support orders, and the amendments are not intended either directly or impliedly to acknowledge, expand or restrict tribal jurisdiction.

Thank you for working with us on this issue.

Sincerely,

V Blaisdell

Ginger Blaisdell
Director

SENATE FINANCE COMMITTEE REPORT

DATE: 3/18/09

FURTHER:

DATE TURNED
IN TO OFFICE: _____

Finance Committee considered SENATE BILL NO. 96

SB 96 CHILD SUPPORT/ CASH MEDICAL SUPPORT

"An Act relating to nonpayment of child support; relating to certain judicial and administrative orders for medical support of a child; relating to periodic review and adjustment of child support orders; relating to relief from administrative child support orders; relating to child support arrearages; relating to medical support of a child and the Alaska Native family assistance program; amending Rule 90.3, Alaska Rules of Civil Procedure; and providing for an effective date."

and recommends:

[X] be **replaced** with [ ] **SCS** or [X] **CS** SB96 (FIN)

[ ] adopt **previous** [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] attached amendment(s)

[ ] adopt _____Letter of Intent

[ ] further referral to _____Committee

SENATE BILL:
[X] Same Title
[ ] New Title

HOUSE BILL:
[ ] Same Title
[ ] Technical Title Change
[ ] New Title w/ SCR #_____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet	Zero	FN#
REV	12/15/08			✓	1

[ ] **APPROPRIATION - no fiscal note**

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	Huggins	X			
	Thomas	✓			
	Olson			✓	
	Ellis	✓			
CO-CHAIR:		✓			
CO-CHAIR:	Stedman			✓	

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: CSSB 96(HSS)
(S) Publish Date: 3/3/09

Identifier (file name): CSSB96(HSS)-DOR-CSS-03-02-09
Dept. Affected: Revenue
Title: Cash Medical Support for Minor Children
RDU: Child Support Services Division
Component: Child Suppor Services Division
Sponsor
Requester: Governor
Component Number: 111

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2009) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This legislation does not require any additional funding.

Prepared by: John Mallonee
Phone: 269-6801
Division: Child Support Services Division
Date/Time: 12/12/2008 / 5:00pm
Approved by: Jerry Burnett
Date: 12/15/2008
Department of Revenue

(Revised 9/10/2008 OMB)

3484

Adopted 4.9.09

26-LS0485\P
Mischel
4/7/09

CS FOR SENATE BILL NO. 96( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): SENATE HEALTH AND SOCIAL SERVICES COMMITTEE

A BILL

FOR AN ACT ENTITLED

"An Act relating to nonpayment of child support, to the definition of the term "state" for the purposes of the Uniform Interstate Family Support Act, to certain judicial and administrative orders for medical support of a child, to periodic review and adjustment of child support orders, to relief from administrative child support orders, to child support arrearages, and to medical support of a child and the Alaska Native family assistance program; amending Rule 90.3, Alaska Rules of Civil Procedure; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** The uncodified law of the State of Alaska is amended by adding a new section to read:

DEFINITION OF "STATE"; LEGISLATIVE INTENT. (a) It is the intent of the legislature that in order to bring Alaska into conformity with the nationwide Uniform Interstate Family Support Act (UIFSA), as approved by the American Bar Association on

February 9, 1993, and as in effect on August 22, 1996, including any amendments officially adopted as of that date by the National Conference of Commissioners on Uniform State Laws, it is necessary to amend AS 25.25.101 to include "an Indian tribe" and "the United States Virgin Islands" in the definition of "state."

*** Sec. 2.** AS 11.51.122(a) is amended to read:

(a) A person commits the crime of aiding the nonpayment of child support in the second degree if the person knows that an obligor has a duty under an administrative or judicial order for periodic payment of child support**, for cash medical support,** or for the provision of health care coverage for a child under a medical support order **or a cash medical support order, or both** and

(1) being a person with a statutory duty to disclose information to a child support enforcement agency intentionally withholds the information when it is requested by a child support enforcement agency;

(2) being an employer of the obligor, intentionally withholds information about the residence or employment of the obligor, the eligibility of the obligor's children for coverage under the employer's health insurance plan, or the cost of the coverage of the children under the plan, when that information is requested by a child support enforcement agency or when the employer is required by state or federal law to report the information without a request by a child support enforcement agency; or

(3) intentionally participates in a commercial, business, employment, or other arrangement with the obligor, knowing at the time that the arrangement is made that it will allow the obligor to avoid paying all or some of the support when it is due or to avoid having a lien placed on assets for the payment of delinquent support; receipt of a substantial asset for less than fair market value from an obligor after the obligor's support order has been established constitutes a rebuttable presumption that the person receiving the asset knew that the transfer would allow the obligor to avoid paying all or some of the support or to avoid having a lien placed on the asset.

*** Sec. 3.** AS 25.25.101(19) is amended to read:

(19) "state" means a state of the United States, the District of Columbia, the Commonwealth of Puerto Rico**, the United States Virgin Islands**, or

any territory or insular possession subject to the jurisdiction of the United States; the term "state" includes **an Indian tribe and** a foreign jurisdiction that has enacted a law or established procedures for issuance and enforcement of support orders that are substantially similar to the procedures under this chapter or under the Uniform Reciprocal Enforcement of Support Act or the Revised Uniform Reciprocal Enforcement of Support Act;

*** Sec. 4.** AS 25.27.060(c) is amended to read:

(c) In a court or administrative proceeding where the support of a minor child is at issue, the court or agency, as applicable, may order either **parent** or both parents to pay the amount necessary for support, maintenance, nurture, and education of the child. Regardless of whether a support order for periodic payments is issued, the court or agency shall issue a medical support order**, a cash medical support order, or both**. The medical support order shall require health care insurance coverage for the child if health care insurance coverage is available to either parent **or both parents** for the child at a reasonable cost. The court or agency shall consider whether the child is eligible for services through the Indian Health Service or other insurance coverage before ordering either parent **or both parents** to provide health care coverage through insurance**, cash medical support,** or other means **or a combination of insurance, cash medical support, or other means**. The court or agency shall allocate equally the cost of health care insurance for the child between the parents unless there is good cause to allocate the costs unequally. If the obligor has the duty to make periodic payments for non-medical child support, the obligor's periodic payments shall be decreased by the amount of the other parent's portion of payments for health insurance ordered by the court or agency and actually paid by the obligor. If the obligor has a duty to make periodic payments for non-medical child support, the periodic payments shall be increased by the obligor's portion of payments for health insurance if the other parent is ordered to and actually does obtain and pay for insurance. The court or agency shall allocate equally between the parents the cost of reasonable health care expenses not covered by private insurance unless there is good cause to allocate the costs unequally. One parent shall reimburse the other parent for the first parent's share of the uncovered expenses paid by the parent within 30 days after receipt by the first

parent of the bill for the health care, payment verification, and, if applicable, a health insurance statement indicating what portion of the cost is uncovered. The medical support order must meet the requirements of AS 25.27.063. Upon a showing of good cause, the court may order the parents required to pay support to give reasonable security for payments.

*** Sec. 5.** AS 25.27.160(c) is amended to read:

(c) If the agency is establishing only [A] medical support [ORDER], the notice and finding of financial responsibility must state

(1) that health care insurance shall be provided for the child to whom the duty of support is owed if health care insurance is available to the alleged obligor at a reasonable cost and that the alleged obligor and the other parent shall share equally the cost of the health care insurance and the costs of reasonable health care expenses not covered by insurance;

(2) **the sum of periodic payments of cash medical support for which either parent or both parents are found to be responsible under this chapter;**

(3) the name of the alleged obligee and the obligee's custodian;

(4) [(3)] that the alleged obligor may appear and show cause in a hearing held by the agency why the finding is incorrect, should not be finally ordered, and should be modified or rescinded, because

(A) no duty of support is owed;

(B) health care insurance for the child is not available to the alleged obligor at a reasonable cost;

(C) adequate health care is available to the child through the Indian Health Service or other insurance coverage; or

(D) there is good cause to allocate the costs of health insurance**, cash medical support,** or uninsured health care expenses unequally between the parents;

(5) [(4)] that, if the person served with the notice under this subsection does not request a hearing within 30 days, a copy of the medical support order will be sent to the person's employer under AS 25.27.063(b) without further notice or hearing

for inclusion of the child in family health coverage if it is available through the person's employer.

*** Sec. 6.** AS 25.27.193 is amended to read:

Sec. 25.27.193. Periodic review or adjustment of support orders. As necessary to comply with 42 U.S.C. 666, the agency, by regulation, shall provide procedures and standards for the modification, through **a three-year cycle of** [PERIODIC] review or adjustment, of a support order. Regulations adopted under this section must include procedures for periodic notice of the right to request review, procedures for hearings, and standards for adjustments regarding future periodic support payments. A modification under this section may be made without a showing of a material change in circumstances.

*** Sec. 7.** AS 25.27.195(a) is amended to read:

(a) A clerical mistake in an administrative order issued by the agency or an error arising from an oversight or omission by the agency may be corrected by the agency at any time [ON THE MOTION OF AN OBLIGOR].

*** Sec. 8.** AS 25.27.195(b) is amended to read:

(b) **The** [UPON THE MOTION OF AN OBLIGOR, THE] agency may, at any time, vacate an administrative support order issued by the agency under AS 25.27.160 that was based on a default amount rather than on the obligor's actual ability to pay.

*** Sec. 9.** AS 25.27.900(2) is repealed and reenacted to read:

(2) "arrearage" means a debt that is past due and equal to at least one monthly obligation under the support order for one or more of the following:

(A) monetary support;

(B) cash medical support;

(C) payment of health care costs or maintenance of health insurance;

(D) reimbursement of related costs;

(E) payment of attorney fees and legal costs and other fees;

(F) penalty, interest, and other relief as required by a support order;

*** Sec. 10.** AS 25.27.900(12) is amended to read:

(12) "support order" means any judgment, decree, or order that is issued by a tribunal for the support and maintenance of a child or of a parent with whom the child is living; "support order" includes a judgment, decree, or order

(A) on behalf of a child who has reached the age of majority if the judgment, decree, or order was lawfully issued; and

(B) for any or all of the following:

(i) monetary support, including arrearages;

(ii) payment of health care costs or maintenance of health insurance;

(iii) **payment of cash medical support;**

(iv) reimbursement of related costs;

(v) [(iv)] payment of attorney fees and legal costs and other fees; or

(vi) [(v)] penalty, interest, and other relief as required by a tribunal;

*** Sec. 11.** AS 47.07.025(b) is amended to read:

(b) Through the child support services agency or on its own behalf, the department may garnish the wages, salary, or other employment income of a person who

(1) is required by a medical support order**, cash medical support order, or both,** under AS 25.27.060(c) to provide **insurance or cash** coverage of the costs of medical care to a child who is eligible for medical assistance under this chapter;

(2) has received payment from a third party for the costs of the services; and

(3) has not used the payments to reimburse, as appropriate, the other parent or custodian of the child, the provider of the services, or the department.

*** Sec. 12.** AS 47.27.200(o) is amended to read:

(o) The applicability of AS 25.27 in the case of a recipient under an Alaska Native family assistance program includes the following:

(1) an obligor is liable to the Alaska Native family assistance program

in the amount of the family assistance provided by the program to a child to whom the obligor owes a duty of support except that, if a support order has been entered, the liability of the obligor for assistance provided by an Alaska Native family assistance program may not exceed the amount of support provided for in the support order, and, if a medical **support order, cash medical support order, or both,** [ORDER OF SUPPORT] has been entered, the liability of the obligor for assistance granted under AS 47.07 may not exceed the amount of support provided for in the medical **support order, cash medical support order, or both** [ORDER OF SUPPORT]; the child support services agency shall send notice of accruing liability under this paragraph in the same manner as required under AS 25.27.120(c), and, if the agency fails to comply with the notice requirement of this paragraph, interest does not accrue on the liability to the Alaska Native family assistance program unless a support order or medical support order**, or cash medical support order**, as applicable, has been entered;

(2) the child support services agency may appear in an action authorized under AS 25.27.045 at the agency's own discretion if an obligor under AS 25.27 is liable to the Alaska Native family assistance program under (1) of this subsection;

(3) an Alaska Native family assistance program to which the child support services agency erroneously disburses an overpayment of child support under an income withholding order is liable to the state for the amount disbursed, plus interest at the rate imposed under AS 25.27.062(*l*)(1);

(4) when the right to receive child support has been assigned to an Alaska Native family assistance program, an agreement under AS 25.27.065(a) that has not been adopted as an administrative order of the child support services agency is not effective during a period when the obligee is receiving assistance under an Alaska Native family assistance program;

(5) the child support services agency, on behalf of an Alaska Native family assistance program, shall take all necessary action permitted by law to enforce child support orders entered under AS 25.27, including petitioning the court for orders to aid in the enforcement of child support;

(6) if an obligor under AS 25.27 is liable to an Alaska Native family

assistance program under (1) of this subsection, the state is subrogated to the rights of the obligee to take actions authorized under AS 25.27.130(a);

(7) notwithstanding AS 25.27.130(c), the recovery of an amount for which an obligor under AS 25.27 is liable that exceeds the total assistance granted under AS 47.07 and this chapter shall be paid to the obligee;

(8) except as provided in AS 25.27.130(f), if an obligee under AS 25.27 is not receiving assistance under AS 47.07 or this chapter at the time the state recovers money in an action under AS 25.27.130(d) or (1) of this subsection, the recovery of any amount for which the obligor is liable shall be distributed to the obligee for support payments, including medical support payments, that had become due and unpaid since the termination of assistance under AS 47.07 or this chapter under a support order in favor of the obligee;

(9) after payment to the obligee under (8) of this subsection, the state may retain an amount not to exceed the total unreimbursed assistance paid on behalf of the obligee under AS 47.07 or this chapter;

(10) if an alleged obligor is liable to an Alaska Native family assistance program under (1) of this subsection, and a support order has not been entered, the child support services agency may, at its own discretion, undertake an action to establish paternity and a duty of support using the procedures prescribed in AS 25.27 and may enforce a duty of support using the procedures prescribed in AS 25.27; the agency may also institute administrative proceedings to determine the paternity of a child born out of wedlock upon application of an Alaska Native family assistance program; the agency may not recover costs of genetic tests required under this paragraph from a person who is a recipient of assistance under an Alaska Native family assistance program;

(11) when a hearing officer makes a determination under AS 25.27.170(d), the hearing officer shall, in addition to the factors described in AS 25.27.170(e), consider the amount of the alleged obligor's liability to an Alaska Native family assistance program under (1) of this subsection;

(12) notwithstanding AS 25.27.255(a), the child support services agency may not pay to an obligee any money that has been assigned to an Alaska

Native family assistance program.

*** Sec. 13.** The uncodified law of the State of Alaska is amended by adding a new section to read:

INDIRECT COURT RULE AMENDMENT. AS 25.27.060(c), amended by sec. 4 of this Act, has the effect of changing Rule 90.3, Alaska Rules of Civil Procedure, by changing standards for issuance of medical and other support orders by the court.

*** Sec. 14.** The uncodified law of the State of Alaska is amended by adding a new section to read:

APPLICABILITY. This Act applies to actions filed on or after the effective date of this section and to motions filed on or after the effective date in proceedings filed before, on, or after the effective date of this section.

*** Sec. 15.** The uncodified law of the State of Alaska is amended by adding a new section to read:

TRANSITION: REGULATIONS. The Department of Revenue may proceed to adopt regulations necessary to implement this Act. The regulations take effect under AS 44.62 (Administrative Procedure Act), but not before July 1, 2009.

*** Sec. 16.** The uncodified law of the State of Alaska is amended by adding a new section to read:

CONDITIONAL EFFECT. Section 4 of this Act takes effect only if sec. 13 of this Act receives the two-thirds majority vote of each house required by art. IV, sec. 15, Constitution of the State of Alaska.

*** Sec. 17.** Section 15 of this Act takes effect immediately under AS 01.10.070(c).

*** Sec. 18.** Except as provided in sec. 17 of this Act, this Act takes effect July 1, 2009.

SB 108

<target><bill>SB 108</bill><subject>SB 108</subject><comm>SFIN26</comm></target>

ALASKA STATE LEGISLATURE

SENATOR JOE THOMAS

Senate Bill 108 - An Act creating the Stampede State Recreation Area

Sponsor Statement

The Stampede Road corridor, northwest of Healy and flanked on three sides by the Denali National Park, is a traditional place for many Alaskans to hunt, fish, trap, snowmachine, mush and pursue other recreational opportunities. Home to a growing number of Denali Borough residents and businesses, this is a wild and beautiful place that Alaskans from across the state can easily access.

This bill would establish the Stampede State Recreation Area in the vacant and unappropriated state land and water within the corridor as described in the bill and attached maps. The purpose of State Recreation Areas is to manage state-owned land and water in such a way that provides the maximum level of outdoor recreation opportunities without significant adverse effects on the natural system. The goal of this legislation is to protect the area for continued traditional use.

The Stampede mining trail was trail blazed in the 1930s. In 1961, the new State of Alaska upgraded the trail as part of the Pioneer Road Program. The project was halted in 1963 after some fifty miles of road was built, but no bridges were ever constructed over the several rivers it crossed, and the route was shortly rendered impassable by thawing permafrost and floods. While the road is described as being fifty miles long, only the first few miles are paved, and only the first eight miles are passable by standard car.

SB 108 will preserve the traditional uses of this area by creating the Stampede Recreation Area within the Stampede corridor. Several years ago, former Governor Murkowski proposed to build a road through this area. This planned road was vehemently opposed by borough residents as well as the recreational and traditional user groups who had an interest in keeping things "the way they are." In an effort to preserve the area for use by residents and visitors, the Denali Borough Assembly passed a resolution calling on the Alaska Legislature to designate the corridor as the Stampede State Recreation Area, with a strong emphasis on self-determination by the residents and users of the area.

The current use of the area includes off-road and all-terrain vehicle use, watercraft use, snowmobiling, horseback riding, hiking, bicycling, dog sledding, cross-country skiing, skijoring, camping, hunting, fishing, wildlife viewing, and photography. Recreational users of the area come from the Denali Borough, Fairbanks, Mat-Su and Anchorage. Tourists and adventurers travel to the area from across the globe. The area supports several tourism-related businesses including several lodges and a road-touring company that rents all-terrain vehicles for use on the more primitive sections of the road.

This bill is supported by the Denali Borough Assembly (see attached resolution). Additionally, the bill's sponsor has hosted several constituent meetings on the proposed legislation. By and large, the proposed area is supported by local residents and trail users. The main impetus behind the legislation is to protect the area for continued traditional use.

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June – December: 1292 Sadler Way Ste 203 – Fairbanks, Alaska 99701 – (907) 456-8161 – Fax (907) 456-8163
Senator.Joe.Thomas@legis.state.ak.us

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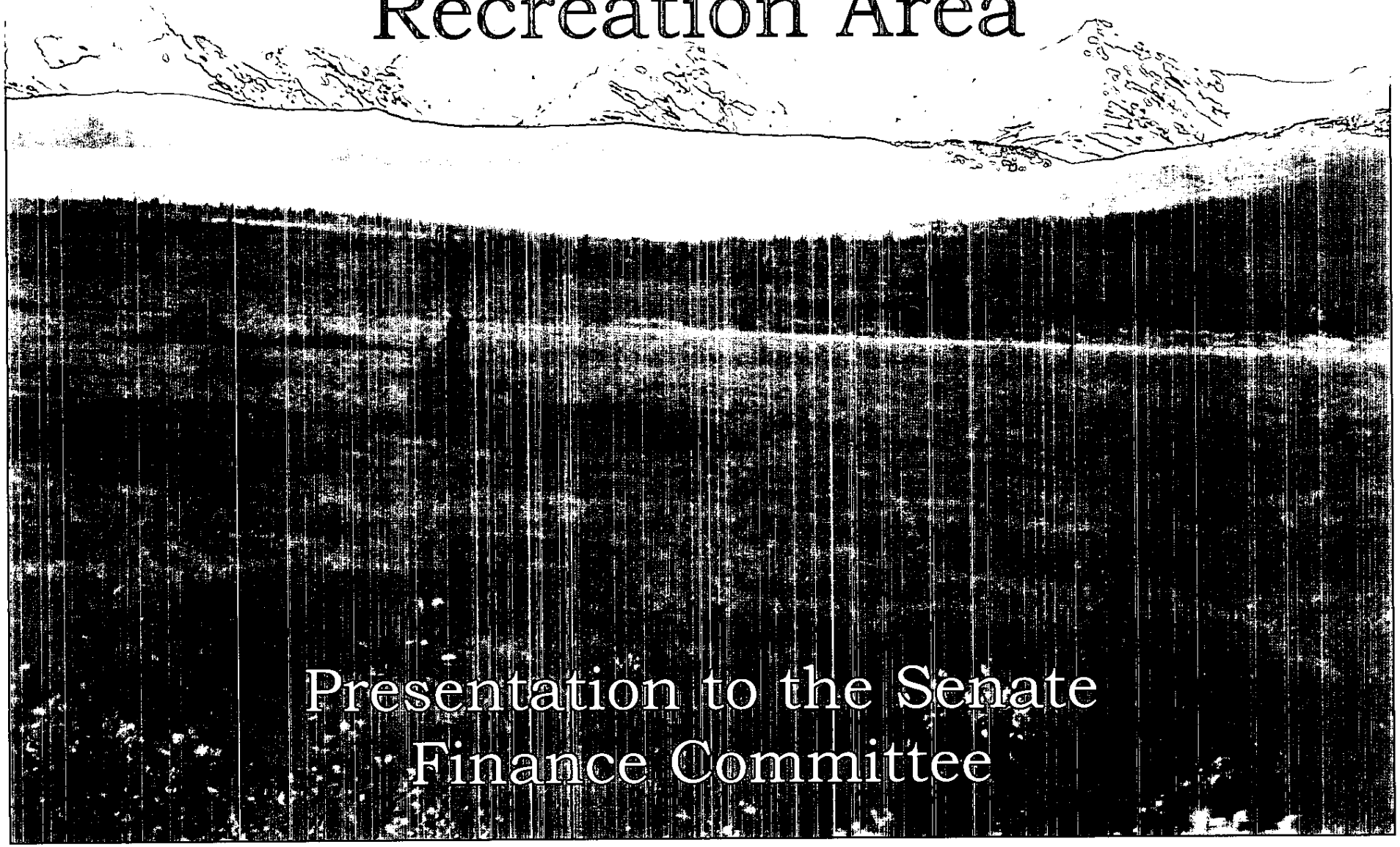
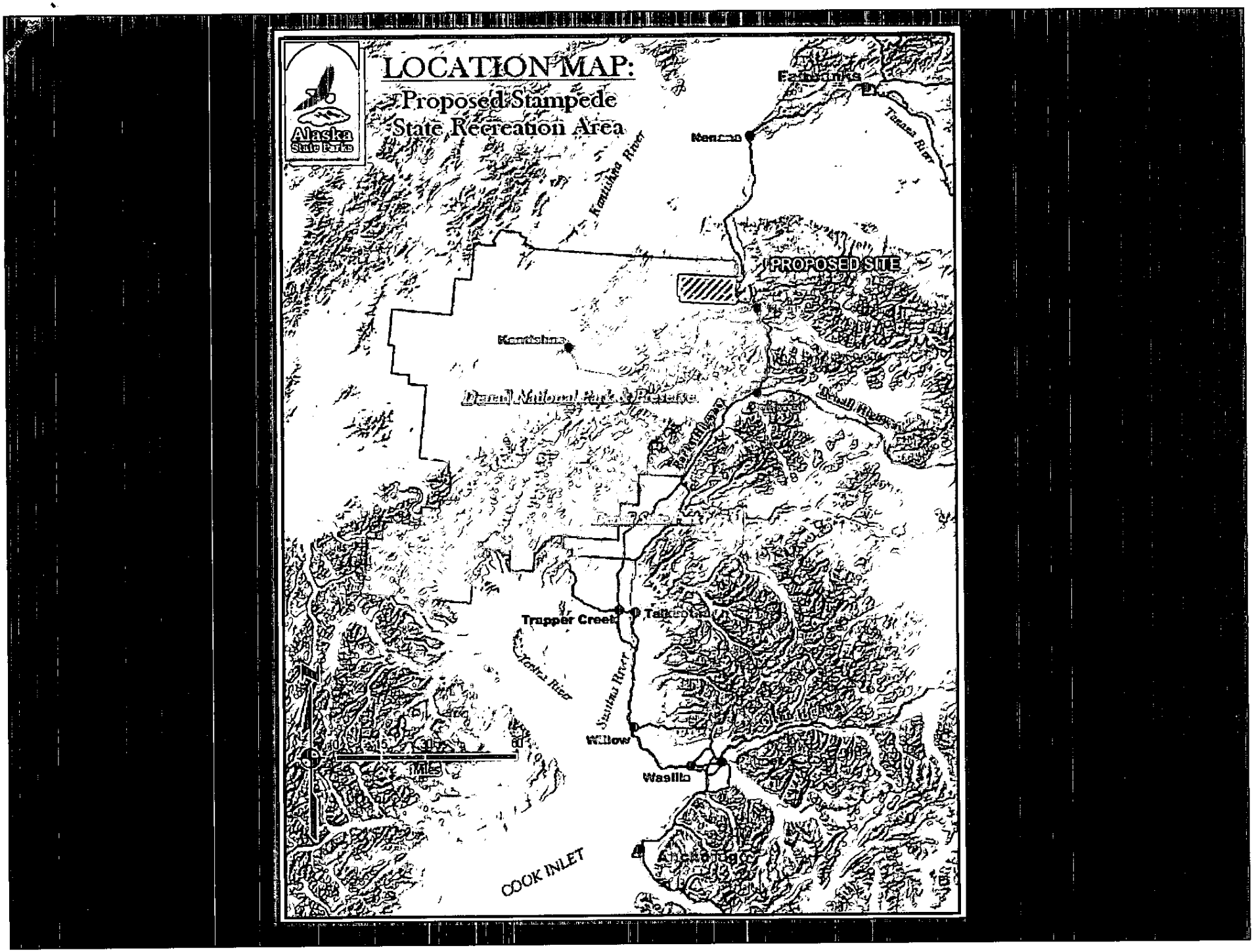
4/19/09

SB 108 – Stampede State Recreation Area

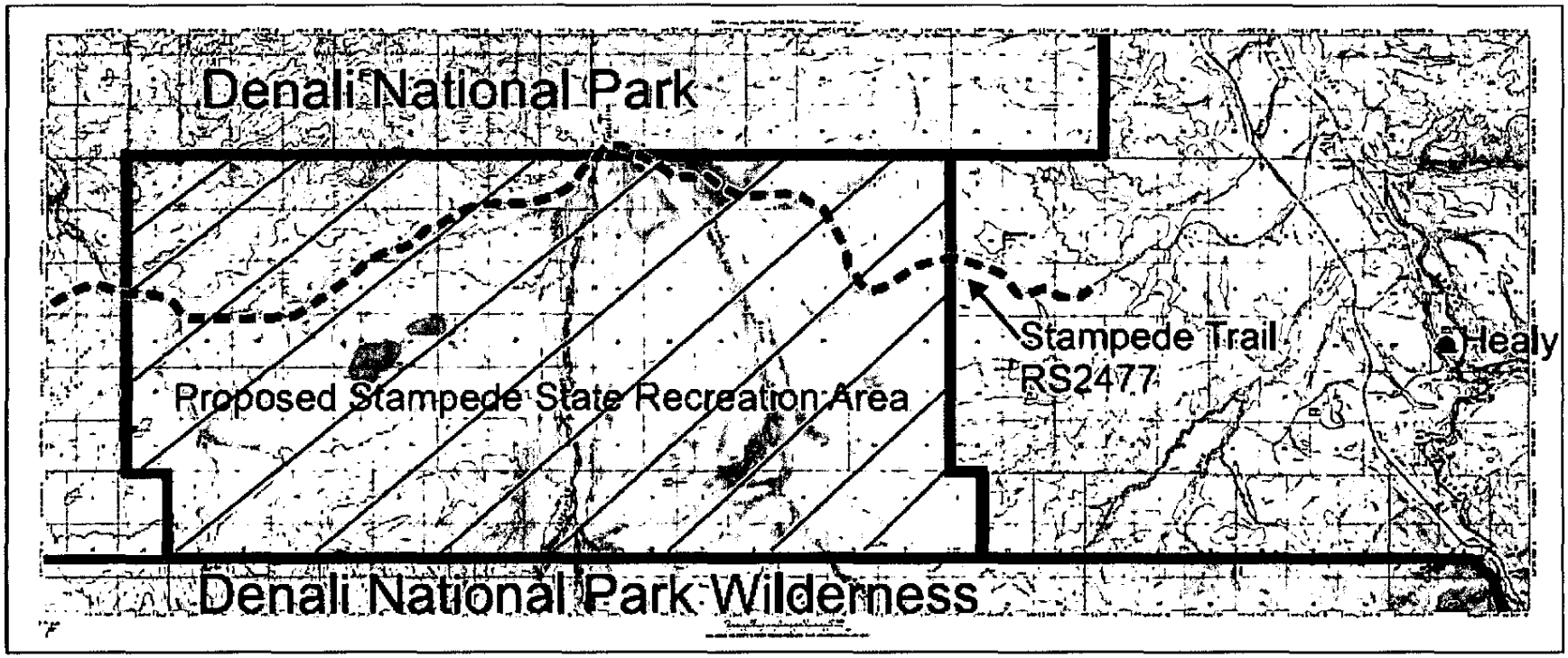


Presentation to the Senate Finance Committee


LOCATION MAP:
Proposed Stampede
State Recreation Area
Alaska
State Parks
Fairbanks
Nenana
Tanana River
Kantishna River
PROPOSED SITE
Kantishna
Denali National Park & Preserve
Denali Highway
Trapper Creek
Talkeetna
Yentna River
Susitna River
Willow
Wasilla
Anchorage
COOK INLET
0 15 30 60
Miles

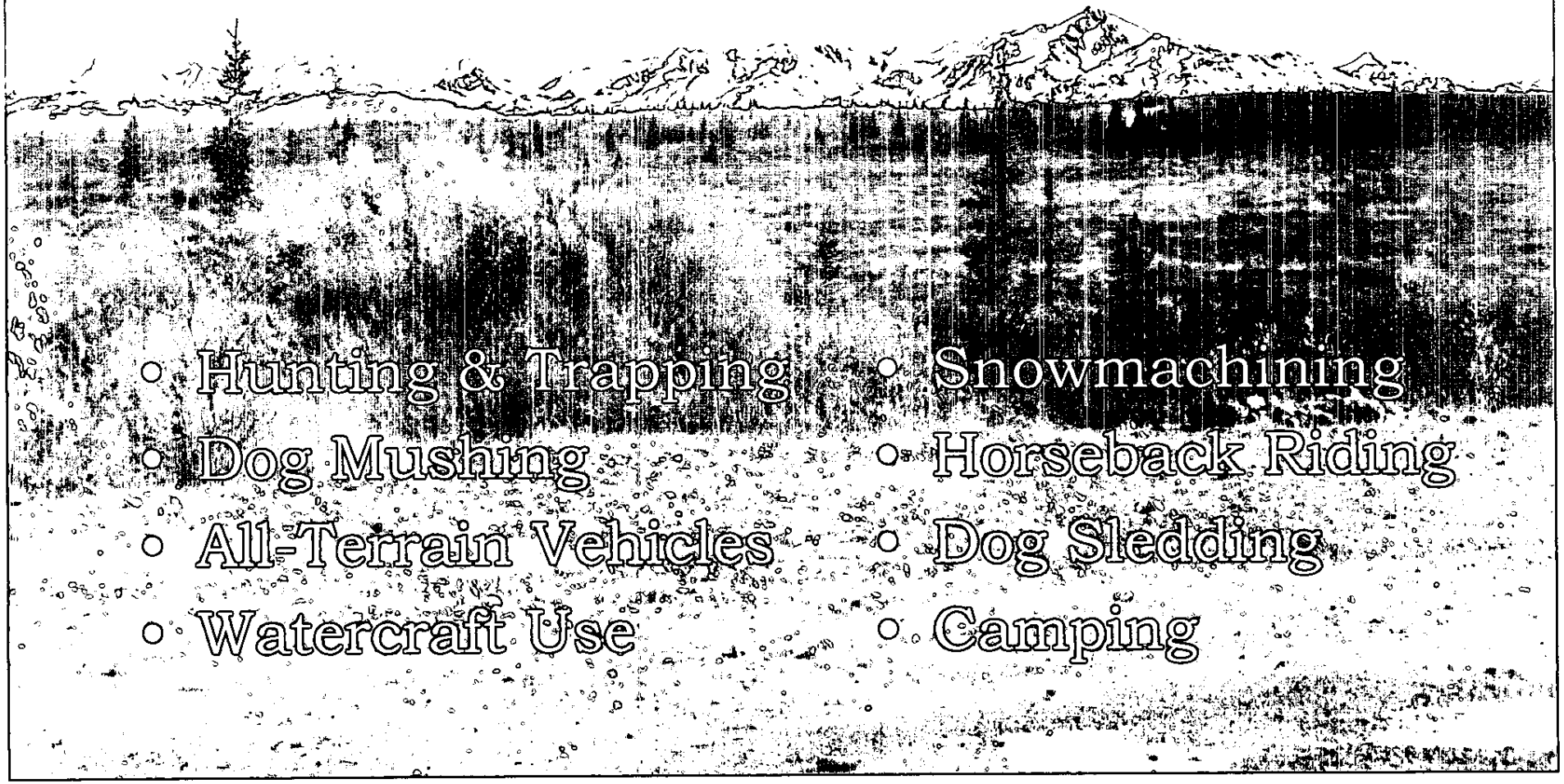
The Proposed Area with Stampede Trail RS2477 Shown

Stampede State Recreation Area—Boundaries per SRA Draft Legislation



Proposed Recreation Area roughly 16 miles x 8 miles

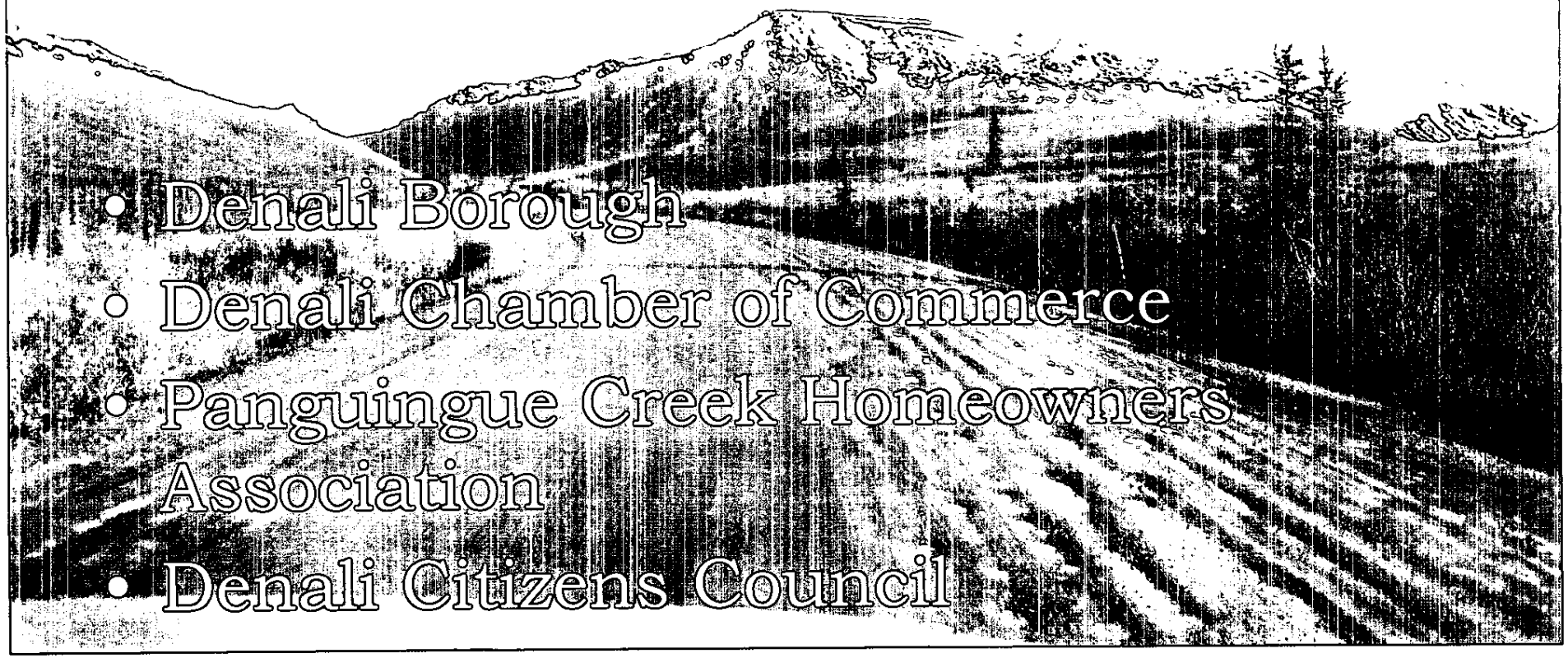
Current Uses of the Area



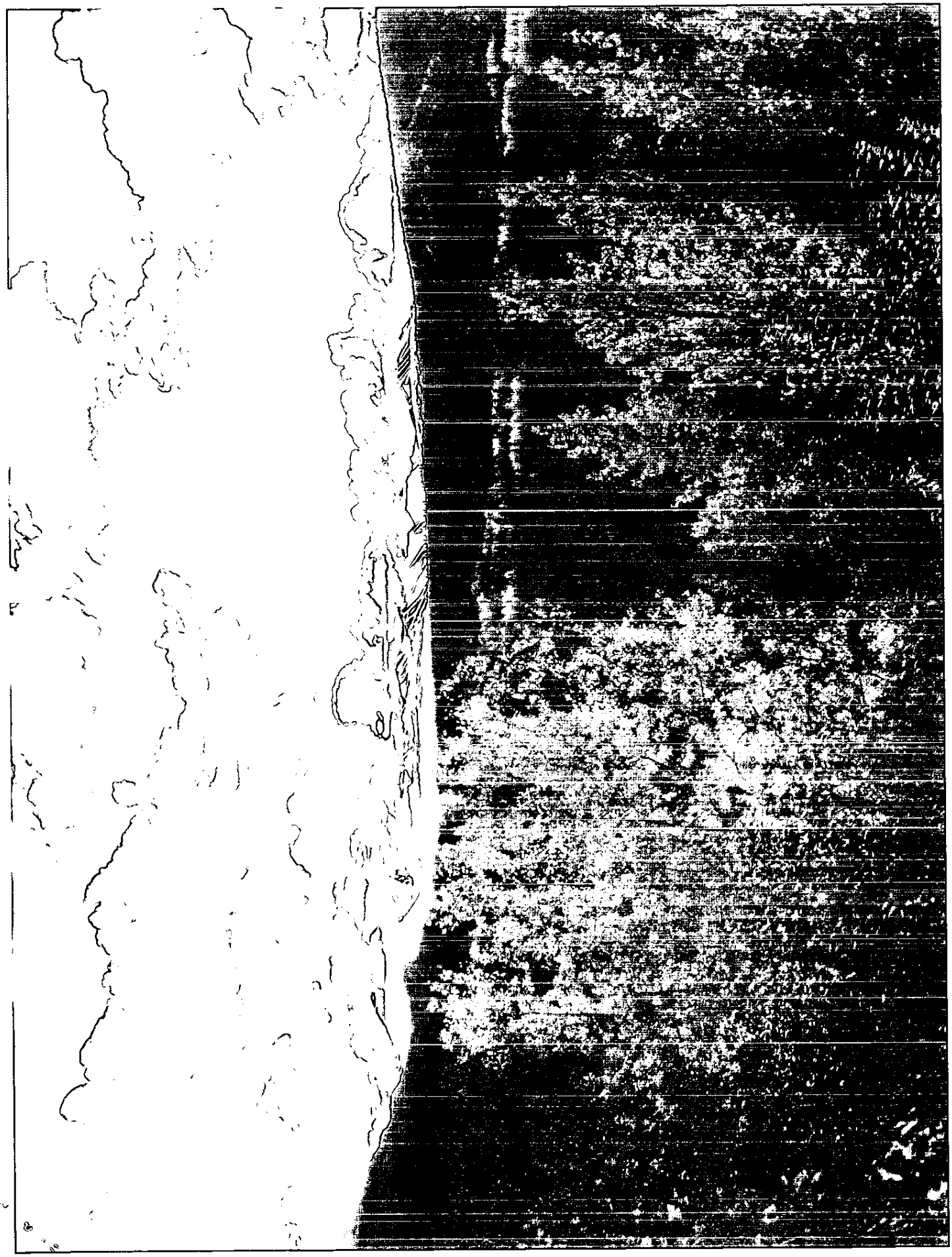
- Hunting & Trapping
- Dog Mushing
- All-Terrain Vehicles
- Watercraft Use
- Snowmachining
- Horseback Riding
- Dog Sledding
- Camping

3500

Resolutions of Support



- Denali Borough
- Denali Chamber of Commerce
- Panguingue Creek Homeowners Association
- Denali Citizens Council



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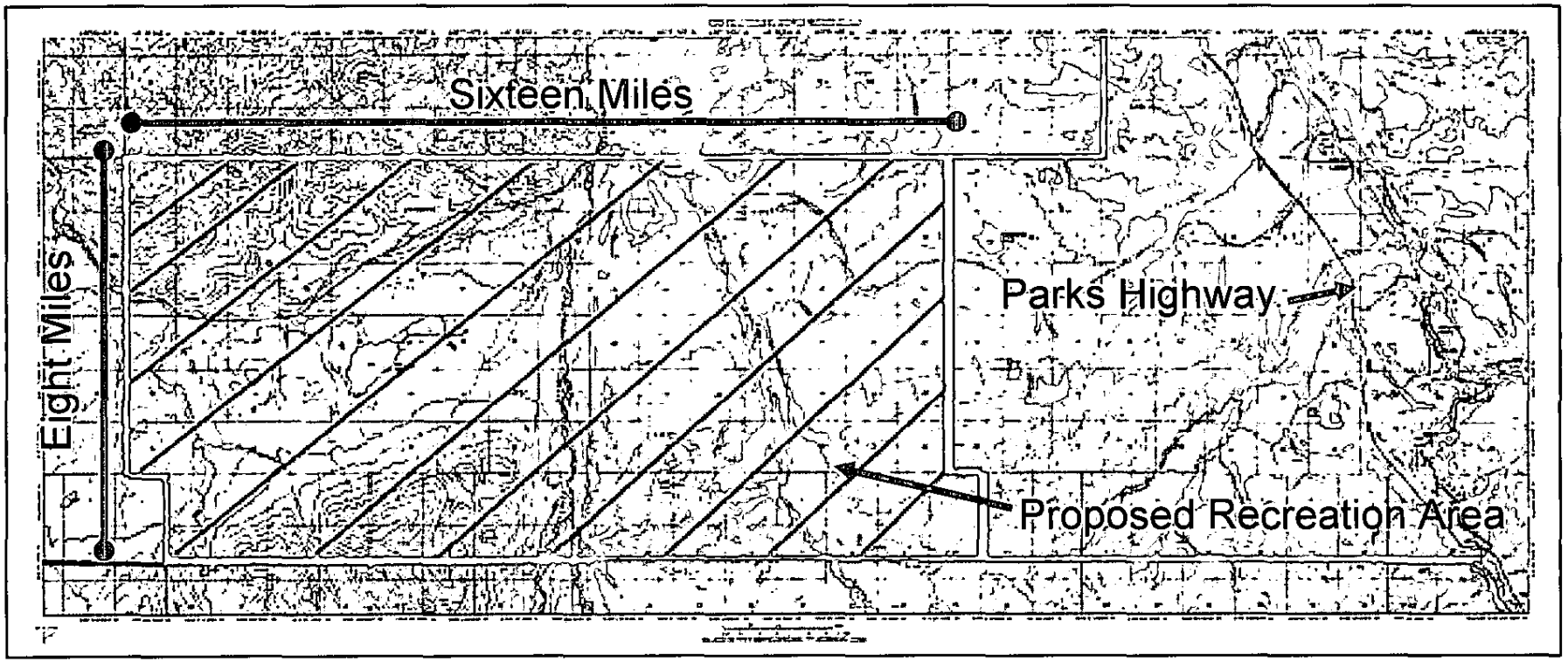
The Proposed State Recreation Area



Stampede State Recreation Area - Boundaries per SRA Draft Legislation

3505

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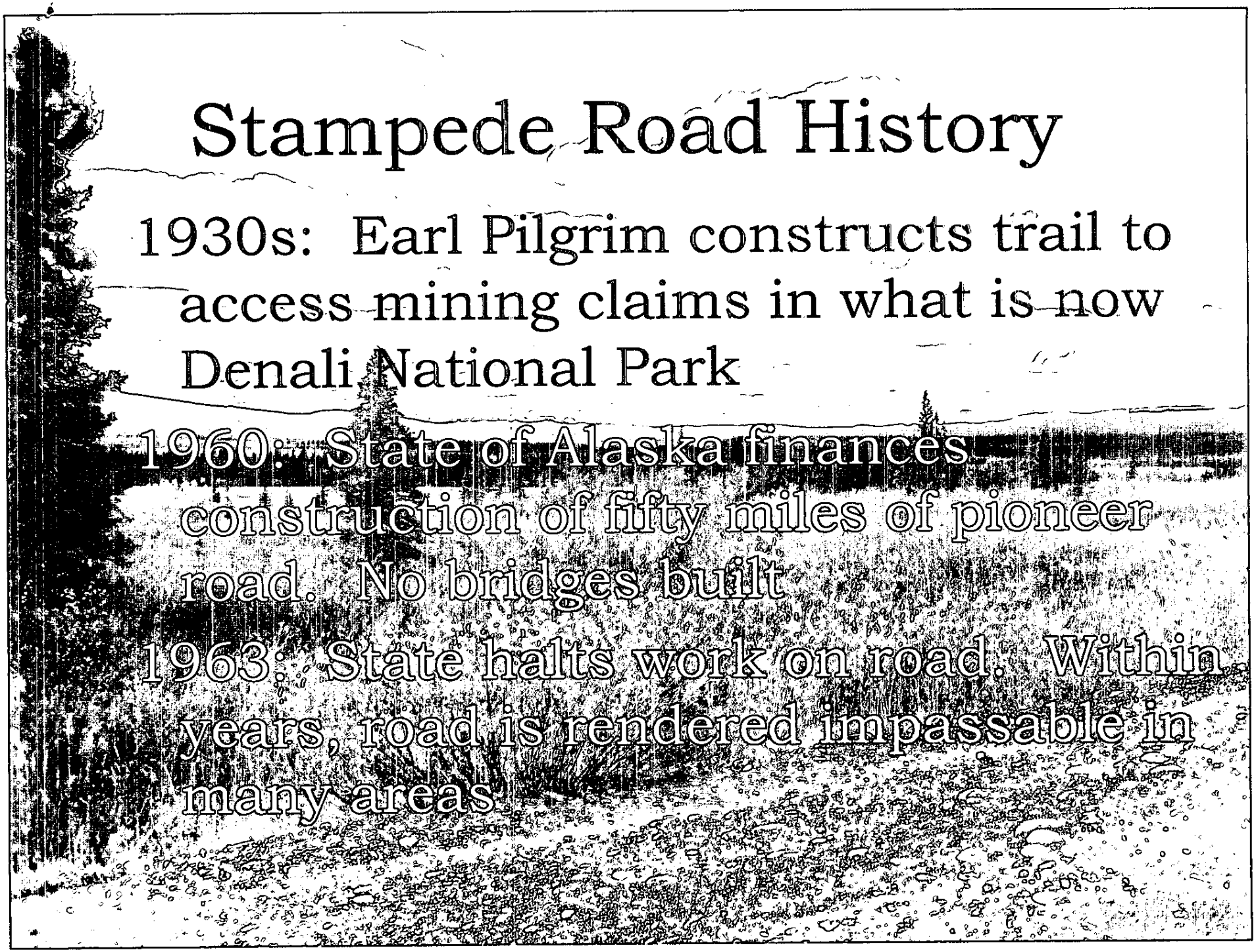
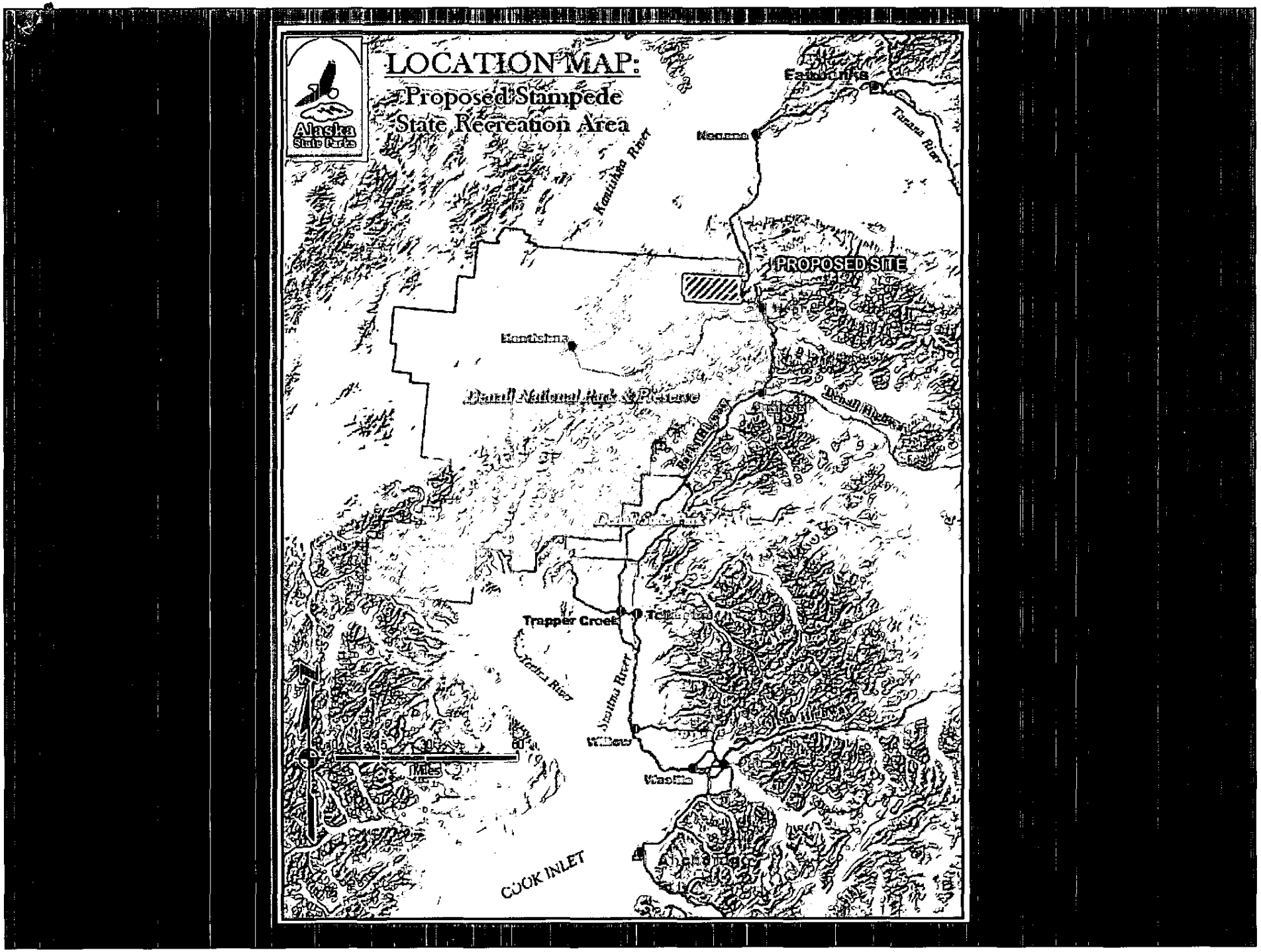

Stampede Road History
1930s: Earl Pilgrim constructs trail to access mining claims in what is now Denali National Park
1960: State of Alaska finances construction of fifty miles of pioneer road. No bridges built
1963: State halts work on road. Within years, road is rendered impassable in many areas


LOCATION MAP:
Proposed Stampede
State Recreation Area
Alaska
State Parks
Eagle River
Nenana
Kashitna River
Tanana River
PROPOSED SITE
Houston
Denali National Park & Preserve
Denali Highway
Parks Highway
Trapper Creek
Talkeetna
Talkeetna River
Susitna River
Willow
Wasilla
Anchorage
COOK INLET
0 15 30 60
Miles

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: CSSB 108(RES)
(S) Publish Date: 4/11/09

Identifier (file name): SB108-DNR-Parks-03-16-09
Dept. Affected: Natural Resources
Title: STAMPEDE STATE RECREATION AREA
RDU: Parks & Recreation Management
Component: Parks Management
Sponsor: Senator Thomas
Requester: Senate Resources Committee
Component Number: 452

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services	86.6		175.4	88.8	88.8	88.8	88.8
Travel	3.0		8.0	5.0	5.0	5.0	5.0
Contractual	61.0		59.9	26.0	26.0	26.0	26.0
Supplies	15.0		18.0	11.5	11.5	11.5	11.5
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**165.6**	**0.0**	**261.3**	**131.3**	**131.3**	**131.3**	**131.3**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							
FUND SOURCE		(Thousands of Dollars)					
1002 Federal Receipts							
1003 GF Match							
1004 GF	165.6		261.3	131.3	131.3	131.3	131.3
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**165.6**	**0.0**	**261.3**	**131.3**	**131.3**	**131.3**	**131.3**

Estimate of any current year (FY2009) cost: 0.0

POSITIONS

Full-time			1	1	1	1	1
Part-time							
Temporary	1		1	0	0	0	0

ANALYSIS: *(Attach a separate page if necessary)*

The costs associated with management of this new state recreation area include funding for a limited 2 year public planning process to develop a management plan (FY 2010-2011), followed by funding for a full time Park Ranger providing field management beginning in FY2011. Costs associated with the public planning process include scoping and survey work, draft management plan preparation, maps, displays, public notice advertising, room rentals, printing and distribution of final plan, lease space, computer and office supplies. Field management costs beginning in FY2011 include funding for a park ranger position, lease space, vehicle costs, utilities, and general supplies. One-time start up costs include one new vehicle, office supplies, and law enforcement gear.

Potential infrastructure identified in the management plan such as camping areas could generate park fees in future years.

Prepared by: James King
Phone (907) 269-8701
Division: Parks and Outdoor Recreation
Date/Time: March 16, 2009
Approved by: Tom Irwin, Commissioner
Natural Resources
Date: March 16, 2009

(Revised 9/10/2008 OMB)

ALASKA STATE LEGISLATURE

SENATOR JOE THOMAS

MEMORANDUM March 16, 2009

SUBJECT: Sectional Summary for SB 108

TO: Senators Lesil McGuire and Bill Wielechowski, Co-Chairs
Members of the Senate Resources Committee

FROM: Senator Joe Thomas, Sponsor

This sectional summary is developed based on earlier summaries developed by Legislative Legal, and should not be considered an authoritative interpretation of the bill.

Section 1. Establishes the Stampede State Recreation Area. Describes the purpose for creating the recreation area, the land and water to be included, management responsibilities and incompatible uses. Identifies activities that the commissioner may not restrict within the recreation area. Authorizes the commissioner to purchase real property lying within the boundaries of the recreation area. Prohibits the use of the power of eminent domain to acquire privately owned land for inclusion in the recreation area.

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Senator.Joe.Thomas@legis.state.ak.us

DENALI BOROUGH, ALASKA
RESOLUTION NO. 07-01

A RESOLUTION IN SUPPORT OF THE ALASKA LEGISLATURE DESIGNATING MANAGEMENT OF THE STAMPEDE ROAD AREA WEST OF EIGHT MILE LAKE TO THE STATE OF ALASKA; DIVISION OF PARKS AND OUTDOOR RECREATION:70 CREATE THE STAMPEDE STATE RECREATION AREA.

WHEREAS, there are many issues related to the Stampede Trail and surrounding area west of Eight Mile Lake, many of which have brought into question the ability to continue traditional use dating back prior to statehood; and

WHEREAS, the Denali Borough has openly and repeatedly expressed a desire to have recreational opportunities and uses continued in this area; and

WHEREAS, the current use of the area includes motor vehicle access, horseback riding, dog mushing, cross-country skiing, skijoring, hiking, fishing, hunting, snowmobiling, and other outdoor activities; and

WHEREAS, there are no designated Alaska State Parks or Recreation Sites within the Denali Borough; and

WHEREAS, the Stampede Trail and surrounding area are well known critical habitat for caribou, moose and other wildlife; and

WHEREAS, this area is of current and future importance for providing a land base to support Alaska-owned outdoor recreation enterprises at Denali National Park and Preserve and other existing tourism destinations.

THEREFORE, BE IT RESOLVED that the Denali Borough Assembly strongly encourages the state of Alaska Legislature to pass legislation designating management of the following area to the state of Alaska, Division of Parks and Outdoor Recreation the following area: Fairbanks Meridian, Healy Quadrangle, the western half of Township 12S9W, the western half of Township 13S9W, Township 12S10W, Township 12511 W, Township 13S10W, Township 13S11 W.

BE IT FURTHER RESOLVED that the Denali Borough specifically requests that the aforementioned current uses be included in the management of the area and the Denali Borough Assembly be designated as the Local Advisory Management Council for the Stampede Recreation area.

ED a APPROVED by the DENALI BOROUGH ASSEMBLY this 10th day of January, 2007.

Denali Borough Mayor

ATTEST: Borough Clerk

RESOLUTION IN SUPPORT OF THE STAMPEDE STATE RECREATION AREA
DENALI BOROUGH, ALASKA

WHEREAS, the State of Alaska has recognized the importance of the Stampede townships for habitat and public recreation by classifying most of this area as Wildlife Habitat and/or Public Recreation in the Tanana Basin Area Plan (1991); and

WHEREAS, the State of Alaska recently validated the importance of these lands for habitat and recreation by choosing to retain acreage around 8 Mile Lake and near Otto Lake in state ownership when determining the Denali Borough's entitlement conveyances; and

WHEREAS, 8 Mile Lake is a logical gateway to such a State Recreation Area, and is most in need of immediate planning to provide services and avoid negative impacts; and

WHEREAS, local citizens who attended two Stampede Summits and commented on land and resource planning issues have re-iterated their individual interest in maintaining these lands for existing recreational uses; and

WHEREAS, growing numbers of statewide and national visitors enjoy the Denali area, for its landscape, wildlife, and its unique recreational opportunities; and

WHEREAS, in view of increased pressures for visitation, the established purposes of the Stampede townships will best be furthered by use of a management structure that enables all stakeholders to plan the future of this valuable public resource; and

WHEREAS, designation as a State Recreation Area will ensure such management.

THEREFORE, BE IT RESOLVED BY THE BOARD AND MEMBERS OF THE DENALI CITIZENS COUNCIL, that we support the establishment by the State of Alaska of the Stampede State Recreation Area, with boundaries as described in the legislation brought forth by Senator Joe Thomas, but with the ADDITION of nine sections around 8 Mile Lake (see map attached).

March 10, 2009

Denali Citizens Council
PO Box 78
Denali Park, AK
907-683-3396

Panguingue Creek Homeowner's Association
P.O. Box 451, Healy, AK 99743

3/24/2009

Dear Senator Thomas,

The Panguingue Creek Homeowner's Association would like to thank you for sponsoring the bill to create the Stampede State Recreation Area and for your work toward its passage. The Panguingue Creek Subdivision is located along the first few miles of the Stampede Road, so all of our members are very interested in the future of the lands proposed to be a part of the new recreation area.

Many of us that own property in this area and choose to live here do so because of the area's beautiful setting and access to Alaska's wilderness. We live here because we enjoy hiking, camping, berry picking, bird watching, skiing, skijoring, dog mushing, snowmobiling, riding ATV's, hunting, trapping, and fishing, and just about everything you can do to enjoy Alaska's beauty. Indeed, we have given up easy access to groceries and services we travel for over 100 miles to obtain, in order to have easy access to all the Stampede area has to offer.

Already, people from across the state, the country, and the world pass through here to use the state's land for recreation. Creating the Stampede State Recreation Area will help ensure that future generations of Alaskans and visitors will be able to enjoy this area, as well. As homeowner's closest to the proposed area, we know of the need that already exists for some type of management and improvement of this area.

Stampede Road offers vehicle access as far as Eight-mile Lake, one of the area's biggest draws, for the summer months. This area sees the highest use in the summer months, and without any improvements, its quality as a destination will continue to deteriorate as users leave trash and impact the area. The area around Eight-mile Lake already serves as a trail head for the area and begs for its inclusion in the State Recreation Area Proposal.

Two "Stampede Summits" got our community together to think about what we could do to make sure that we will always have access to these lands so near to our homes. The Stampede State Recreation Area is the best way to achieve that goal, and we thank you for taking this issue to Juneau for us.

Sincerely,

Panguingue Creek Homeowner's

William Price, President
Phil Brease, Secretary
Jared Zimmerman, Treasurer

Denali Chamber of Commerce

PO Box 437
Healy, AK 99743
907-683-INFO (4636)

website: http://denalichamber.com
email : denali.chamber@gmail.com

March 16, 2009

Senator Joe Thomas
State Capitol, Room 510
Juneau, AK 99801

RE: Senate Bill 108, Creation of a Stampede State Recreation Area

Dear Senator Thomas,

The Denali Chamber of Commerce was created for the purpose of cooperating in matters of interest to the public and professional people of the community; to promote and perpetuate the business, commercial, manufacturing and civic interests of the members and the community; to promote and perpetuate the general welfare and prosperity of the Denali area, and to stimulate public interest to these ends; and to develop a uniform public spirit whereby we may put forth the maximum effort in the aid of our area and to make it more prosperous, beautiful and a better place in which to live.

Therefore, in fulfilling the purpose of the Denali Chamber of Commerce, the Board of Directors on behalf of the members of the chamber support the proposed legislation you have introduced in the State of Alaska Senate, for the Creation of the Stampede State Recreation Area.

Our community residents use this area for many recreational purposes such as hiking, bird watching, motor vehicle travel (ATV's and snowmobiling), dog mushing, skiing, skijoring, photography, berry picking, hunting and trapping. Several chamber members own business enterprises on the Stampede Road which provide recreational services to users of the area which include horseback riding, jeep safari tours and sled dog tours along the Stampede Trail, as well as lodging facilities for tourists visiting the area.

The chamber members also support inclusion of lands around the 8-Mile Lake area in the legislation. These lands provide a natural gateway to a recreation area and are most in need of management. Most locals and visitors use this as a parking and/or staging area for access to the Stampede Trail and state lands on which they recreate.

Denali Chamber of Commerce

PO Box 437
Healy, AK 99743
907-683-INFO (4636)

website: http://denalichamber.com
email : denali.chamber@gmail.com

We are most appreciative of your efforts to introduce this important legislation which will provide a means of management to encourage stewardship and continued recreation opportunities for all Alaskans and visitors alike. We also appreciate you making the wishes of your constituents known to the legislature.

Best regards,

Denali Chamber of Commerce Board of Directors

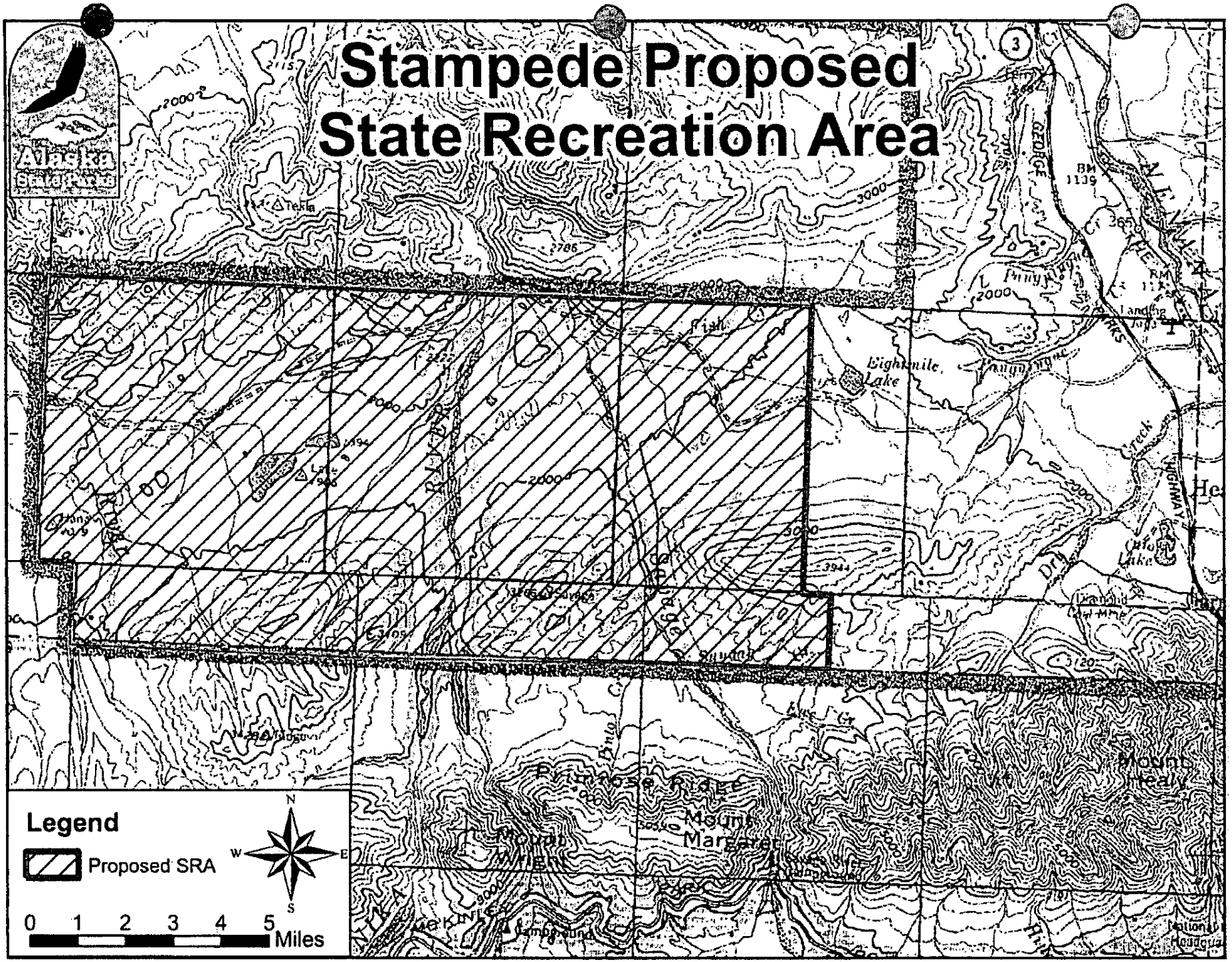
Josh Wilhour, President

Heidi DeCoeur, Vice President

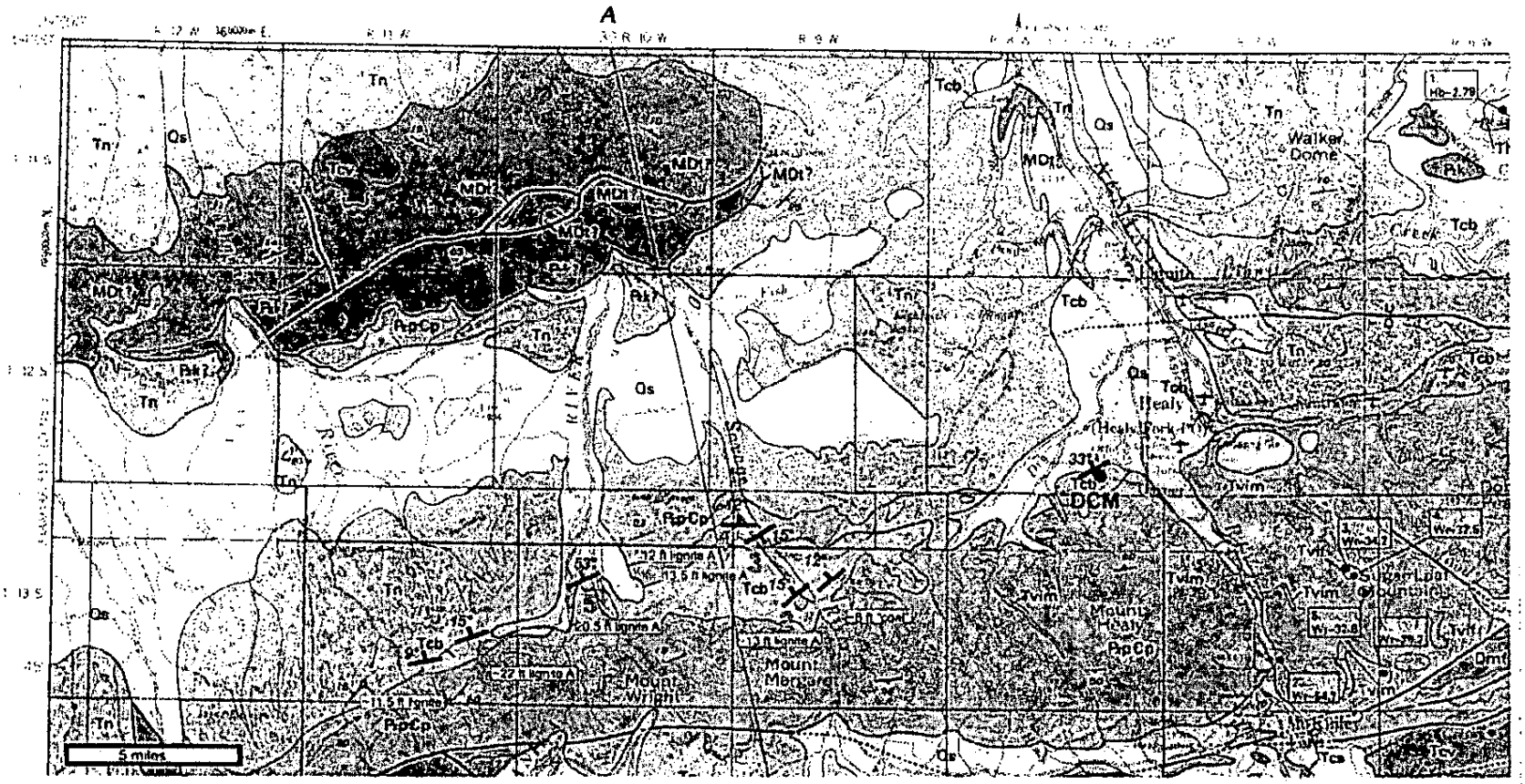
Julia Potter, Treasurer

Cathey Peterson-Hall, Correspondence Secretary

Teresa Loegering, Recording Secretary


Stampede Proposed
State Recreation Area
Alaska
Legend
Proposed SRA
N
W
E
S
0 1 2 3 4 5 Miles
Eightmile Lake
Mount Healy
Mount Margaret
Primrose Ridge
BOUNDARY

U.S. DEPARTMENT OF THE INTERIOR
U.S. GEOLOGICAL SURVEY



Boundary of proposed Stampede State Recreation area

1 Approximate locations (1-7) of coal localities with strike and dip, coal analyses, and total coal thickness from Toenges and Jolley, 1949.

50° Strike and dip of bedding (from Toenges and Jolley, 1949)

ROCK UNITS IN PROPOSED STAMPEDE STATE RECREATION AREA

- Qs — Surficial Deposits
- Tn — Nenana Gravel
- Tcb — Coal-bearing rocks Usibelli Group
- MDt, PzPk, PzPCp — Metamorphic schists

Fig. 1. Geologic map modified from NW corner of geologic map of Csejtey and others, 1992.

Division of Geological & Geophysical Surveys

Coal and CBM Resource Assessment for the Proposed Stampede State Recreation Area

Executive Summary

The Division of Geological & Geophysical Surveys undertook the following short analysis of available geologic data in an area west of Healy, Alaska, to determine the state's current understanding of the area's coalbed methane (CBM) and other energy resource potential. Figure 1 outlines the acreage that is being considered for designation as a State Recreation Area (SRA). Sedimentary rocks of the coal-bearing Usibelli Group were mapped and analyzed at the southern boundary of the SRA by previous geologists working this region. They noted that the thickest coal seam was 13 feet, 6 inches and the thickest cumulative coal at one locality was 22 feet. Coal quality analyses from these exposures indicate the maturity rank is predominantly Lignite A. If coal bearing strata extending beneath the extensive covered area to the north within the SRA are all of this rank, the potential for commercially viable CBM or other energy resources would be low.

However, coal measures exposed to the east of the SRA, in the vicinity of the town of Healy, contain much thicker coal seams and are of much higher thermal rank. If these strata are present in the subsurface in the area of the SRA, there would be unrealized potential for natural gas and/or coal resources within the area in question. The currently available information does not rule out either interpretation. Gathering subsurface information by drilling a few critically-placed core holes would provide a relatively definitive answer as to the energy resource potential of the area.

Sources of Information

Available resource information for the proposed Stampede State Recreation Area include several regional 1:250,000 scale geologic maps (Csejtey and others, 1992; see Fig. 1); detailed 1:63.360 scale geologic map of the Healy D-5 quadrangle (eastern half of the proposed area, Wahrhaftig, 1970; see Fig. 2), and maps of the Healy D-5 and D-6 quadrangles (Gilbert and Bundtzen, 1976); U.S. Bureau of Mines Report of Investigations 4520 (Toenges and Jolley, 1949); Alaska coal geology, resources, and coalbed methane potential (Flores and others, 2004, see Fig. 3); geologic report on coal investigations in Alaska (Barnes and others, 1951); the Alaska Coal Mine Land Inventory (Plangraphics, Inc., 1983); and the U.S. Bureau of Mines Selected Coal Deposits in Alaska (Meyer, 1990). The RI 4520 contains outcrop descriptions of bed and coal thickness, strike and dip bedding attitude information, and coal quality analyses (11 analyses shown in table 1) at seven sites (1-7 on attached map, Fig. 1) that are at or just below the southern margin of the area. Unfortunately, the locations of these sites are indicated on a single page, hand drafted cartographic map (Fig. 7 from Toenges and Jolley, 1949) so no precise latitude or longitude data are available. However, these locations were approximately located on the map of Csejtey and others, 1992 (our Fig. 1) by using the river drainages as depicted on Fig. 7 in Toenges and Jolley, 1949, and the descriptions given in the text. The discussion that follows is based on the above mentioned **publicly-available** data and relies on the geologic mapping

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presented in Csejtey and others (1992) and Wahrhaftig (1970). This discussion will focus on the coal geology and related data that are relevant to the proposed Stampede State Recreation area.

Geology

The proposed Stampede State Recreation area contains Quaternary surficial deposits (**Qt** map unit, Fig. 1), and sedimentary rocks consisting of the Nenana Gravel (**Tcn** map unit, Fig. 1), and the Tertiary-age coal-bearing Usibelli Group (**Tcb** map unit, Fig. 1) exposed on its southern border. These Tertiary rocks were deposited on much older metamorphic rocks of the Yukon-Tanana terrane, that includes Paleozoic and Precambrian (?) pelitic and quartzose schist (**PzpCp**, **Pzk** and **MDt** map units, Fig. 1).

The Usibelli Group (**Tcb** map unit, Fig. 1) is predominantly Miocene-age strata that were deposited in southward-flowing fluvial, lacustrine, and peat bog environments situated north of the present day central Alaska Range (Ridgway and others, 2007). The Usibelli Group sedimentary sequence consists of five formations that are summarized in Fig. 3. These are from bottom to top: 1.) coal-bearing Healy Creek; 2.) noncoaly Sanctuary; 3.) coal-bearing Suntrana; 4.) coal-bearing Lignite Creek; and 5.) noncoaly Grubstake. The Usibelli group is conformably overlain by the Tertiary-age Nenana Gravel (unit 6 described in Fig. 3).

East of the Parks Highway near Healy, Alaska the Usibelli Coal Mine successfully produces annually about 1.5 million short tons of coal. In the immediate area, the only past production west of the Parks Highway and southeast of the proposed Stampede State Recreation area was at the abandoned Diamond Coal Mine (shown as DCM on Fig. 1). Here, a 40 foot thick coal bed that strikes N62° E and dips 33° NW, along the slope of the hill, was mined in 1946, producing 34,911 (short) tons of coal in stripping operations (Toenges and Jolley, 1949). This unit is mapped as **Tcu**, or undifferentiated coal-bearing Usibelli Group by Wahrhaftig (1970, see Fig. 2).

Figure 1 shows outcrops of the Usibelli Group at the southern edge of the proposed Stampede State Recreation area and south into Mt. McKinley National Park as coal-bearing strata (**Tcb**). Strikes and dips of **Tcb** shown on the Fig. 1 are from Toenges and Jolley (1949) and they generally dip from 9° to 33° to the northwest, directly into the proposed recreation area. The total thickness of the exposed coal at these localities ranges from 8 ft to 22 ft (see Fig. 1) with the thickest bed of coal at 13 ft 6 in (data from Toenges and Jolley, 1949; locations approximate). In general, detailed geologic mapping by Wahrhaftig (1970) shows similar directions of bedding attitude (strike and dip) of the coal-bearing Usibelli Group. However, Wahrhaftig's mapping further differentiates the Usibelli Group into the lowermost Healy Creek Formation (unit 1, Fig. 3) and the Lignite Creek Formation (unit 4, Fig. 3). The Lignite Creek Formation is queried (Tlc?) indicating uncertainty which formation is present. The intervening Sanctuary Formation (unit 2, Fig. 3) and the Suntrana Formation (unit 3, Fig. 3), the main source of minable coal to the east at the Usibelli Coal Mine are not indicated on the Wahrhaftig 1970 map in the area along the southern border of the proposed Stampede State Recreation area. Additionally, Wahrhaftig's 1970 map of the Healy D-5 quadrangle has structure contours (red-dashed lines, Fig. 2) drawn at the base of the Nenana Gravel that suggest that the local basin may be up to 2500 ft deep. However, his cross sections A to A' (shown on Fig. 2) and B to B' (not

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shown) imply that this small basin is filled with ~2500 ft of Nenana Gravel. The base of the Nenana gravel in these cross sections is denoted by question marks (?) indicating what lies beneath the Nenana Gravel is unknown. The 1970 Wahrhaftig map does not indicate the source of the information for the structure contour, or that data that indicates the local "basin" may be 2500 feet deep. On the basis of the general trend of northwest dipping strata it is reasonable to suggest that coal-bearing Usibelli Group rocks might underlie the proposed recreation area at some depth. However, drilling would be necessary to confirm their presence, thickness, and depth.

Coal Quality of Coal Exposed near the Proposed Stampede State Recreation Area

Eleven coal quality analyses reported in Toenges and Jolley (1949) for coal seams sampled at the seven localities (1-7 shown on the map, Fig. 1) were placed into an Excel spreadsheet and Apparent Coal Rank was calculated for each (Table 1). Nine of the samples have an Apparent Rank of Lignite A and have Moist, Mineral Matter Free BTUs between 7536 to 8140. Two samples have "Apparent Ranks" of High Volatile Bituminous C (Locality 1, analysis C- 64425) and Subbituminous C (Locality 5, analysis C-64418). The high moisture content of 26.3% for sample C- 64425 at locality 1 suggests that this sample was highly weathered prior to testing and that the "Apparent Rank" of High Volatile Bituminous C is suspect. The description given on page 22 in Toenges and Jolley (1949) suggests that this 7 ft 10 in thick coal seam is directly beneath the Nenana Gravel and was subaerially exposed for a long period of time. Bacterial action on highly weathered coals results in higher water retention, and the moisture content of High Volatile Bituminous C coals should not exceed 20%. Therefore, discounting the analysis for this sample, all of the other coals are low rank Lignite A (9 samples) to Subbituminous C (1 sample). The low apparent rank of these coals indicates that the original peat bogs were never buried deep enough and for a long enough time to develop into higher rank coals. This is consistent with these coals likely being from the uppermost Lignite Creek formation (unit 4, Fig. 3).

3520

SB 110

<target><bill>SB 110</bill><subject>SB 110</subject><comm>SFIN26</comm></target>

SENATE FINANCE COMMITTEE REPORT

DATE: 4/7/09

FURTHER:

DATE TURNED
IN TO OFFICE: _____

Finance Committee considered SENATE BILL NO. 110

SB 110 PRESERVATION OF EVIDENCE

"An Act relating to the preservation of evidence."

and recommends:

[ ] be **replaced** with [ ] **SCS** or [~~]~~ **CS** SB110 (FIN)

[ ] adopt **previous** [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] attached amendment(s)

[ ] adopt _____ Letter of Intent

[ ] further referral to _____ Committee

SENATE BILL:
[ ] Same Title
[ ] New Title

HOUSE BILL:
[ ] Same Title
[ ] Technical Title Change
[ ] New Title w/ SCR #_____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
SFIN DPS	3/12			✓	
DPS	3/10			✓	
LAW	3/9	✓			

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

[ ] **APPROPRIATION - no fiscal note**

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	Huggins			✓	
	Thomas	✓			
	EGAN	✓			
	OLSON			✓	
	ELLIS	✓			
CO-CHAIR:	Hoffman	✓			
CO-CHAIR:	STEDMAN	✓			

Alaska State Legislature

Senator Hollis French

Sponsor Statement
Senate Bill 110 Preservation of Evidence

The American system of justice is founded on balancing the twin protections of the rights of those harmed by crimes, and the rights of the accused. Criminal convictions are guided by evidence of innocence or guilt, and no one in the criminal justice system wants innocent people to be convicted of crimes they did not commit. The availability and use of physical evidence at trials and during appeals is a critical piece of a meaningful justice system.

Modern DNA technology, coupled with today's comprehensive information and communications technologies, has exponentially increased the power of preserved evidence. Preserved evidence can solve cold cases and prove or disprove claims of innocence in ways unimaginable just a few years ago. The problem is, however, that evidence collection and preservation policies have not always kept pace with these new technologies.

Senate Bill 110 begins to address this issue by requiring that biological evidence in murder and sexual assault cases is properly retained while cases are unsolved and during the period after conviction that an offender is imprisoned or required to register as a sex offender. The bill still provides for police departments to return or dispose of evidence too large to keep after portions of the material likely to contain biological evidence have been removed and preserved. The bill provides for a notice process in cases where evidence will be destroyed, and it establishes a temporary task force to look at other issues involved in this emerging field of technology and make recommendations on standards and practices in cataloging and handling evidence.

Recently in Denver, Colorado a young man who had been convicted of murder at the age of 15 and who served over a decade in prison was released and his conviction was vacated as a result of DNA evidence that proved his innocence. And in cases closer to home, DNA was used after 13 years to identify a suspect in the murder of Bonnie Craig, a UAA student. The preservation of evidence is a vital and effective way to ensure the criminal justice system meets its goal of protecting the innocent and convicting the guilty. Join me in supporting this important bill.

Senator Hollis French

SB110 Preservation of Evidence
Sectional Analysis

Section 1.

Section 1 creates new provisions in the criminal code for the preservation of evidence that require state agencies and municipal law enforcement agencies to preserve all evidence that relate to unsolved cases of murder and 1st degree sexual assault and 1st degree sexual abuse of a minor.

The section further requires that biological evidence in these crimes be retained while a person remains a prisoner in the custody of the Department of Corrections or subject to registration as a sex offender.

The section then provides that evidence that is impracticable due to size or other characteristics to retain may be destroyed after removal and preservation of portions likely to contain relevant evidence, and that evidence can be destroyed before the expiration of the time period by following a notice procedure outlined in the bill.

The section provides for the court to order remedies if evidence is destroyed in violation of this section, and protects agencies from civil immunity for unintentional failure to comply with the provisions of the section.

Finally, section one provides definitions of terms.

Sections 2, 3 and 4, make amendments to the disposal of DNA for persons who are not guilty of offences for which they were arrested.

Section 5 establishes a task force to address standards and practices for the proper collection and preservation of preserved evidence.

Section 6 establishes the applicability of section 1.

Section 7 provides a repeal of the task force established in Section 5.

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Anchorage Daily News

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Prison inmate charged in Bonnie Craig killing

DNA Database connects man held Outside to 1994 slaying of Anchorage teen.

By MEGAN HOLLAND
Anchorage Daily News
(05/01/07 05:39:00)

A grand jury has charged a former Anchorage man with murder in the slaying of Bonnie Craig, an 18-year-old college student who was raped and savagely beaten before she toppled over a cliff into a creek in 1994.

Kenneth Dion, now 37 and in prison in New Hampshire for a series of armed robberies, has also been charged with rape in one of the most highly publicized and emotional slayings in Anchorage in recent decades.

DNA evidence that prosecutors say links Dion to the slaying was central to the solution, according to cold-case investigators.

"It's a major step in a case that was of significance to Anchorage and a burden to the family for years," prosecutor Pat Gullufsen said.

Dion was on probation on an Anchorage robbery conviction and had been out of prison for only a few months when Bonnie was killed.

"Just to know he's already in jail and there's no way he can hurt anyone else is a relief," said Bonnie's mother, Karen Foster, reached Monday morning. She said she had been told in January that charges could be coming in the slaying of her daughter, who had been a high school wrestler and had taught swimming to junior high kids.

Troopers were able to match semen found on Bonnie with Dion through a national computer database of DNA profiles. Dion was never known to troopers and wasn't a suspect in the case until the DNA match came back in November.

"There is no doubt about this one," trooper cold-case investigator Jim Stogsdill said of the match. "There's no confusion."

Dion likely did not know Bonnie, Stogsdill said, but apparently picked her up as she walked to a bus stop on Lake Otis Parkway on the way to an early-morning class on Sept. 28, 1994, at the University of Alaska Anchorage. Her body was found that afternoon by a hiker at McHugh Creek.

FORT RICHARDSON

Dion, originally from New Hampshire, came to Alaska as a soldier and was stationed at Fort Richardson, then stayed for a couple of years after he left the military. He did not have a job at the time of Bonnie's slaying and was in and out of jail on robbery and assault charges. He was 25 years old when Bonnie was killed.

He was in jail in Alaska at the end of July 1994, two months before Bonnie's death. And he

returned to jail on a probation violation about two months after the slaying.

Troopers say Bonnie was beaten and raped before she fell off a cliff near the Seward Highway. Her body was found floating in McHugh Creek near Mile 112.

Troopers have said she died of a head injury and hypothermia.

As to how Bonnie got to McHugh Creek, 10 miles from her home, or where she was raped, or whether she was struck in the head by her killer or she injured her head in the fall off the 30-foot cliff, "we can only surmise," Stogsdill said.

The hunt for her killer mesmerized Anchorage. Family and friends posted photocopies of the doe-eyed teenager who graduated from Service High School, asking for anyone with information about her killer to call troopers. She was not the kind of young woman to get in trouble. She lived with her parents and played the violin. She didn't drink.

Clues, though, were few and far between. And as the years passed, the crime remained unsolved and a reminder to young women walking alone that a brutal rapist had not been found.

As authorities kept looking, technology advanced to better match DNA, and more people were put into a national database.

DNA from Bonnie's case was put in the national database in 2000. New Hampshire authorities entered Dion's information in November 2006. Immediately, when workers with the Alaska state crime lab were conducting their weekly routine check of the database on Nov. 9, they had a hit.

Tammy Gregory, who was married to Dion at the time Bonnie was killed, broke down crying when reached Monday afternoon in Kenai. She said Dion was in and out of jail, on drugs, and generally abusive during those years. She hasn't seen or spoken to him in a decade. She doesn't want to remember that time in her life.

But still, she said, "I would never have thought he was capable of that. I would never have thought I was associated with someone like that."

NEW HAMPSHIRE RECORD

Dion, who left Alaska around 1996, made it back to New Hampshire, where he committed a series of robberies beginning in May 2002, according to authorities there and in Alaska. One robbery was of a pharmacy. He didn't have a weapon but, using his finger, pretended to, said Tom Velardi, deputy county attorney for Strafford County, N.H.

Dion ordered the pharmacy workers to give him OxyContin, a prescription painkiller similar to heroin that has become a popular street drug. "He had very serious addiction to it," Velardi said.

After the initial DNA match in November, authorities collected new DNA from Dion, which was taken back to Anchorage and matched again, Stogsdill said.

The grand jury in Anchorage indicted Dion on one count of first-degree murder, two counts of second-degree murder and one count of first-degree sexual assault. The two counts of second-degree murder are because it could have been a situation in which Dion didn't intend to kill Bonnie, Stogsdill said.

According to the New Hampshire Department of Corrections, Dion was sentenced to 15 years in

prison in February 2003 for five robberies that occurred from spring 2002 until he was incarcerated. Dion was living in Rochester, N.H., before he went to prison. According to the department's Web site, he is eligible for parole in August 2008.

Alaska troopers and New Hampshire authorities interviewed Dion recently, but Stogsdill said he revealed little information.

"This is a long-overdue resolution to the Bonnie Craig case," Stogsdill said.

Bonnie's mother said the news of the charges is a relief, but it also opens old wounds and memories of what happened to her little girl. She said she doesn't want a trial to deepen those wounds. She hopes Dion will admit to the crime and make a deal with prosecutors. That would be easier, she said.

Alaska authorities will try to have him extradited here to face the new charges, Gullufsen said. And, if he is convicted, he will likely finish out his sentence in New Hampshire, then transfer to an Alaska prison.

Daily News reporter Megan Holland can be reached at mrholland@adn.com.

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THE DENVER POST

denver & the west

Masters released from jail

By Howard Pankratz
The Denver Post
Posted: 01/22/2008 01:02:20 PM MST

Tim Masters leaves the Larimer County courtroom where he was released after serving nearly a decade of a life term in prison for the murder of Peggy Hettrick in 1987. (THE DENVER POST | CRAIG F. WALKER)

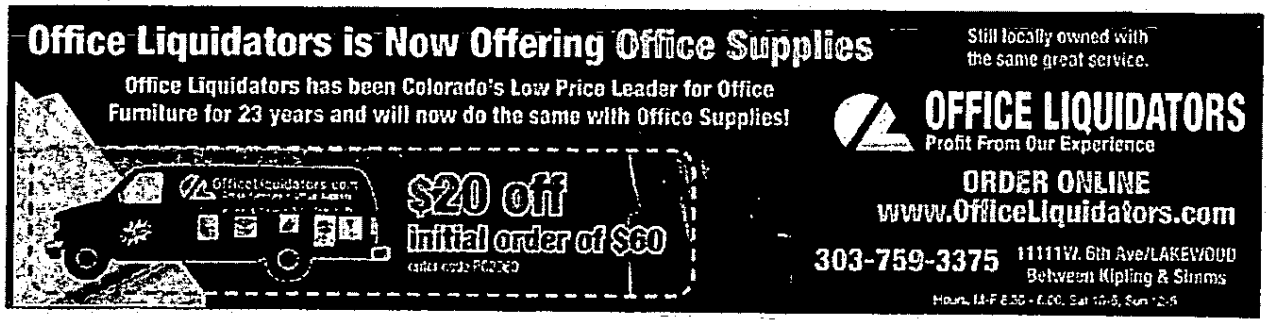
FORT COLLINS — Special prosecutors today said that DNA testing of murder victim Peggy Hettrick's clothing revealed the partial profiles of three men but that the profiles excluded Tim Masters as the source of the DNA.

Minutes after the prosecutors handed their findings to Judge Joe Weatherby, Weatherby vacated the judgment of conviction and sentence against Masters, who was immediately released from custody on a $200,000 personal recognizance bond.

Masters' next court date is Feb. 5, after the Larimer County district attorney assesses the status of the case.

A short time after Masters' release, longtime Colorado defense attorney David Wymore — who led the effort to free Masters for a crime Masters maintained he didn't commit — praised former employees of the Colorado Bureau of Investigation, the FBI and Fort Collins Police Department for their help in freeing Masters.

Advertisement



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MAR 27 2009

Dale I. Webb, MD · Jeanne E. Anderson, MD · Dennis D. Beckworth, MD

March 24, 2009

Senator Bert Steadman, Co-Chair, Senate Finance Committee
State Capitol, Rm. 516
Juneau, Alaska 99801-1182
Phone: 907-465-3873
Fax: 907-465-3922
E-mail: Senator_Bert_Steadman@legis.state.ak.us.

Dear Senator Steadman:

We are writing this letter to explain to you the importance of Senate Bill 10, a bill sponsored by the cancer physicians in Alaska to require health care insurers to provide insurance coverage for the routine medical care costs for cancer patients who enroll on certain approved clinical trials. We believe that this bill will significantly enhance the care and outcome for many of our patients with cancer. Clearly, a diagnosis of cancer is life threatening and requires the best care possible. Many clinical trials are available in Alaska, but this treatment option is often not pursued by patients because of the concern for costs of the standard medical care.

This bill has been fully vetted in the Senate Health & Social Services and the Labor & Commerce Committees. Furthermore, it carries a zero fiscal note. We would like to urge you to place this bill on the Finance Committee as soon as possible or to waive the bill through your committee due to the zero fiscal note.

Your prompt attention to this bill will clearly enhance the treatment for our patients and that of all the Alaskans affected by cancer..

Thank you very much for your attention. Please contact our office to speak with one of us if you have any questions.

Sincerely yours,

Jeanne E. Anderson, MD

Dale I. Webb, MD

Dennis D. Beckworth, MD

Susan Delgavis, MD

JEA/ln

3851 Piper Street, Suite U340 · Anchorage, Alaska 99508 · (907) 562-0321 · (907) 562-2683 FAX
www. katmaioncology. com

SB 10 Current mandates in statute

Section
120. Filing, approval of forms
123. Form filing subject to prior approval
125. Form filing subject to file and use; penalties
130. Grounds for disapproval
140. Standard provisions
145. Stop-loss insurance provisions
150. Policy must contain entire contract
160. Contents of policies in general
170. Additional policy contents
175. Non-English translations
180. Charter, bylaw provisions
190. Execution of policies
200. Underwriters' and combination policies
205. Coordination of benefits
210. Interest in reinsurance
220. Validity of noncomplying forms
230. Construction of policies
240. Binders
250. Delivery of policy
260. Renewal by certificate
265. Effective date of coverage
270. Assignment of policies
280. Payment discharges insurer
290. Minor may give acquittance
300. Forms for proof of loss to be furnished
310. Claims administration not waiver

Section
345. Required provision for coverage of dependents
347. Coverage for costs of birth
349. Coverage for newborn and infant hearing screening
351. Coverage for well-baby exams
353. Coverage for the costs of acupuncture treatment
355. Coverage for cost of services provided by nurse midwives
363. Eye care under health insurance
365. Coverage for treatment of alcoholism or drug abuse
370. Separate accounts
375. Coverage for mammograms
377. Coverage for colorectal cancer screening
380. Coverage for treatment of phenylketonuria
385. Dental, vision, and hearing coverage
390. Coverage for treatment of diabetes
392. Requirements relating to dental care coverage provisions
395. Coverage for prostate and cervical cancer detection
400. Coverage for reconstructive surgery following mastectomy
405. High deductible health plan
500. Definitions

Sec. 21.42.010. Applicability. AS 21.42.010 — 21.42.500 do not apply to

(1) reinsurance;

(2) policies or contracts not issued for delivery in this state or delivered in this state, except as provided in AS 21.42.120;

(3) wet marine and transportation insurance;

(4) title insurance, except that AS 21.42.080, 21.42.120, 21.42.130, 21.42.180, 21.42.190 and 21.42.230 do apply. (§ 1 ch 120 SLA 1966)

Revisor's notes. — In the introductory language of this section, in 2006, "AS 21.42.010 — 21.42.500 do not" was substituted for "this chapter does not" to reflect the addition of AS 21.42.700 — 21.42.705 to this chapter by § 1, ch. 39, SLA 2006.

Sec. 21.42.020. Insurable interest: life, annuity, or health. (a) A person of competent legal capacity may procure or effect an insurance contract on the life or body of the person for the benefit of any person. A person may not procure or cause to be procured an insurance contract upon the life or body of another person unless the benefits under the contract are payable to the individual insured, the personal representatives of the individual insured, or to a person having, at the time the contract was made, an insurable interest in the individual insured.

(b) If the beneficiary, assignee, or other payee under a contract made in violation of this section receives from the insurer any benefits from the contract upon the death, disablement, or injury of the person insured, the person insured or the executor or administrator of the person insured may maintain an action to recover the benefits from the person receiving them.

(c) Notwithstanding the other provisions of this section, a charitable organization may obtain, by procurement, assignment, or otherwise, life or health insurance on an insured who consents to the issuance of the insurance. In this subsection, "charitable organization" means a charity that is exempt from taxation under 26 U.S.C. 501(c)(3) (Internal Revenue Code).

(d) "Insurable interest," with reference to life, annuity, or health insurance, includes only the following interests:

(1) in the case of persons related closely by blood or by law, a substantial interest engendered by love and affection;

(2) in the case of perso
and substantial economic
insured continue, as distir
enhanced in value by, the

(3) an individual party
a business partnership o
interest in the shares, has
contract for the purposes
may otherwise exist as to
SLA 1992; am § 36 ch 56

Revisor's notes. — Subsecti
Relettered in 1992, at which ti
(c) was relettered as (d).

Effect of amendments. — T
effective September 9, 1996, su
"disability" in subsection (c).

The 2002 amendment, effect
subsection (d) substituted "life
insurance" for "personal insura
tory language and made a stylis

Collateral references. — 4
ance, §§ 974 to 1001.

Sec. 21.42.030. Insur
erty or of an interest in p
insurance except for the
insured at the time of the

(b) The measure of an i
might be indemnified by l

(c) In this section, "in
economic interest in the s
loss, destruction, or pecur

Revisor's notes. — Subsectio
and present (c) was formerly (b)

Interest of non-owner spou
to have had a sufficient benefi
band's truck to give her an insu

Collateral references. — 43
ance, §§ 943 to 971.

44 C.J.S., Insurance, §§ 218-2

Insurable interest predicated u
forceable contract. 9 ALR2d 181.

Insurable interest of husban
property. 27 ALR2d 1059.

Sec. 21.42.040. Intere
is specified in a policy insu
interest of the person insu

Applicability of section. —
Towing & Salvage, Inc., 523 P.2d

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: CSSB110(JUD)
() Publish Date:

Identifier (file name): SB110CS(JUD)-LAW-CRIM-03-09-10
Dept. Affected: Law
Title: An Act relating to the preservation of evidence and to the DNA identification system.
RDU: Criminal
Component: Criminal Justice Litigation
Sponsor: Senator French
Requester: Judiciary
Component Number: 2203

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services	0.0		0.0	0.0	0.0	0.0	0.0
Travel	2.5		0.0	0.0	0.0	0.0	0.0
Contractual	2.0		0.0	0.0	0.0	0.0	0.0
Supplies	0.5		0.0	0.0	0.0	0.0	0.0
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**5.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF	5.0		0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**5.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2010) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

See attached analysis...

Prepared by: Eileen Donahue, Division Operations Manager
Phone 465-5427
Division: Administrative Services Division
Date/Time 3/9/10 4:30 PM
Approved by: Daniel S. Sullivan, Attorney General
Department of Law
Date 3/9/2010

(Revised 11/6/2009 OMB)

STATE OF ALASKA
2010 LEGISLATIVE SESSION

BILL NO. CSSB110(JUD)

ANALYSIS CONTINUATION

CSSB110(JUD) would establish requirements for the preservation or retention of certain types of evidentiary material. Since Law only maintains temporary custody and returns such material to the investigating agency there will be no fiscal impact on Law from this portion of the bill.

The bill also adopts a procedure for a person whose DNA is collected at the time the person is arrested for a felony offense but who is later acquitted of the charge to request that his or her DNA be removed from the system. It also provides that DNA included in the DNA identification registration system in good faith, even if it is later removed, may be used a provided by law in a criminal investigation.

Section 5 of the bill establishes a "Task Force on Standards and Training of Evidence Technicians" under the Department of Law and directs the Task Force to complete its work by 12/31/2011. In contemplating the creation and assignment of the Task Force to Law it is clear there will be a period of considerable staff work involved (for which Law is not seeking additional monetary support). In addition, the potential also exists for some significant out-of-pocket costs. With eleven members on the task force including the Attorney General, the Chief Justice, and members of the Legislature it seems reasonable to conclude some face-to-face meetings would be necessary. Law will minimize such costs by carrying out the extensive and detailed interagency staff work largely (if not entirely) via teleconference, videoconference, etc. Presuming all participating agencies would assume their own costs, Law would anticipate incurring travel and other associated Task Force related expenses not to exceed $5,000.00 in FY11.

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: **CSSB 110(JUD)**
() Publish Date:

Identifier (file name): CSSB 110(JUD)
Dept. Affected: Public Safety
Title: Preservation of Evidence
RDU: Statewide Support
Component: Laboratory Services
Sponsor: Senator French
Requester: Senate Finance Committee
Component Number:

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2010) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

Prepared by: Darwin Peterson — Phone 465-3873/465-4453
Senate Finance Committee — Date/Time 3/12/10 8:30 AM
Approved by: Co-Chair Bert Stedman/Co-Chair Lyman Hoffman — Date

(Revised 11/6/2009 OMB)

3534

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version:
() Publish Date:

Identifier (file name): CSSB110-DPS-AST-03-10-10
Title "An Act relating to the preservation of evidence."
Sponsor Senator French
Requester Senate Finance

Dept. Affected: Public Safety
RDU Alaska State Troopers
Component AST Detachments
Component Number 2325

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2010) cost: 0.0

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This bill amends AS 12.36.010 by adding a new section which requires the preservation of evidence in crimes listed under AS 11.41.100 - 11.41.130. This legislation will result in additional evidence being stored for a longer period of time. It is expected that the requirements of this bill will be manageable and have no fiscal impact on the department.

Prepared by: Lt. Rodney Dial
Division Alaska State Troopers
Approved by: Joseph Masters, Commissioner
Department of Public Safety

Phone 907-247-4480
Date/Time 03-10-10 / 4:00
Date 3/10/2010

(Revised 11.6.2009 CMB)

3535

SB 114

<target><bill>SB 114</bill><subject>SB 114</subject><comm>SFIN26</comm></target>

SENATE FINANCE COMMITTEE REPORT

DATE: 3/13/09

FURTHER:

DATE TURNED
IN TO OFFICE: _____

Finance Committee considered SENATE BILL NO. 114

SB 114 EXT BD OF ARCHITECTS, ENGRS, & SURVEYORS

"An Act extending the termination date of the State Board of Registration for Architects, Engineers, and Land Surveyors; and providing for an effective date."

and recommends:

[ ] be **replaced** with [ ] **SCS** or [ ] **CS** _____ (_____)

[X] adopt **previous** [ ] **SCS** or [X] **CS** SB114 (L&C)

[ ] attached amendment(s)

[ ] adopt _____ Letter of Intent

[ ] further referral to _____ Committee

SENATE BILL:
[X] Same Title
[ ] New Title
_____

HOUSE BILL:
[ ] Same Title
[ ] Technical Title Change
[ ] New Title w/ SCR #_____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
CED	3/9/09	✓			1

[ ] **APPROPRIATION - no fiscal note**

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	Huggins	X			
	Thomas	✓			
	Olsen			✓	
	Ellis	✓			
CO-CHAIR:				✓	
CO-CHAIR:	Stevens	✓			

3537

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: CSSB 114(L&C)
(S) Publish Date: 3/13/09

Identifier (file name): SB114-CED-CBPL-03-09-09
Dept. Affected: DCCED
Title: Extend Board of Architects/Engineers/Surveyors
RDU: Corp., Bus., & Prof. Licensing
Component: Corp., Bus., & Prof. Licensing
Sponsor: Senate Labor and Commerce
Requester: Senate Labor and Commerce
Component Number: 2360

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services		264.4	264.4	264.4	264.4	264.4	264.4
Travel		50.4	50.4	50.4	50.4	50.4	50.4
Contractual		138.5	138.5	138.5	138.5	138.5	138.5
Supplies		1.6	1.6	1.6	1.6	1.6	1.6
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**454.9**	**454.9**	**454.9**	**454.9**	**454.9**	**454.9**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other: (1156) RSS		454.9	454.9	454.9	454.9	454.9	454.9
TOTAL	**0.0**	**454.9**	**454.9**	**454.9**	**454.9**	**454.9**	**454.9**

Estimate of any current year (FY2009) cost: 454.9

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This bill extends the State Board of Registration for Architects, Engineers, and Land Surveyors to June 30, 2017. In accordance with AS 08.03.020 funding would extend one year following the termination date allowing the Board to conclude its affairs. FY 2010 funding is included in the Operating Budget request. The costs shown are an average of direct costs for a biennial licensing period and are included in the FY 2010 budget request.

Travel expenses represent transportation and per diem for the 10 member board and at least 3 staff to meet at least four times each year and to administer licensing examinations as required by statutes.

The program is required to cover costs with licensing fees under AS 08.01.065, and revenue generated by board fees are anticipated to cover its full operating costs. New funds are not required to implement this bill.

Prepared by: Jennifer Strickler, Chief — Phone (907) 465-2144
Division: Corporations, Business & Professional Licensing — Date/Time 3/6/09 1:30 PM
Approved by: Emil Notti, Commissioner — Date 3/9/2009
Commerce, Community and Economic Development

(Revised 9/10/2008 OMB)

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4/10/09

ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

Division of Legislative Audit

P.O. Box 113300
Juneau, AK 99811-3300
(907) 465-3830
FAX (907) 465-2347
legaudit@legis.state.ak.us

September 22, 2008

Members of the Legislative Budget
and Audit Committee:

In accordance with the provisions of Title 24 and Title 44 of the Alaska Statutes, sunset legislation, we have reviewed the activities of the State Board of Registration for Architects, Engineers, and Land Surveyors. The attached report is submitted for your review.

DEPARTMENT OF COMMERCE, COMMUNITY
AND ECONOMIC DEVELOPMENT
STATE BOARD OF REGISTRATION FOR ARCHITECTS,
ENGINEERS, AND LAND SURVEYORS

September 22, 2008

Audit Control Number
08-20058-08

This review examines the activities of the State Board of Registration for Architects, Engineers, and Land Surveyors to determine if there is a demonstrated need for its continued existence. Currently, under AS 08.03.010(c)(3), the State Board of Registration for Architects, Engineers, and Land Surveyors is scheduled to terminate on June 30, 2009. We recommend that the legislature extend the board's termination date to June 30, 2017.

The audit was conducted in accordance with generally accepted government audit standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Fieldwork procedures utilized in the course of developing the findings and discussion presented in this report are discussed in the Objectives, Scope, and Methodology.

Pat Davidson

Pat Davidson, CPA
Legislative Auditor

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OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with Titles 24 and 44 of the Alaska Statutes, we have reviewed the activities of the State Board of Registration for Architects, Engineers, and Land Surveyors (BRAELS or board) to determine if there is a demonstrated public need for its continued existence and if it has been operating in an efficient and effective manner.

As required by AS 44.66.050(a), this report shall be considered by the committee of reference during the legislative oversight process in determining whether BRAELS shall be continued. Currently, AS 08.03.010(c)(3) states that the board will terminate on June 30, 2009. If the legislature does not extend the termination date for the board, BRAELS will have one year to conclude its administrative operations.

Objectives

The three central, interrelated objectives of our report are:

1. To determine if the termination date of the board should be extended.
2. To determine if the board is operating in the public's interest.
3. To determine if the board has exercised appropriate regulatory oversight of architects, engineers, land surveyors, and landscape architects.

Scope

The assessment of operations and performance of the board was based on criteria set out in AS 44.66.050(c). Criteria set out in this statute relates to the determination of a demonstrated public need for the board. We reviewed the board's activities for FY 05 through FY 08.

Methodology

The major areas of our review were board proceedings, licensing, and complaint investigation. During the course of our audit we:

- Reviewed applicable statutes and regulations.
- Tested for compliance with statutes and regulations related to the State Board of Registration for Architects, Engineers, and Land Surveyors.
- Reviewed meeting minutes of the board.
- Reviewed and tested licensing files for compliance with statutory and regulatory requirements.
- Reviewed and analyzed investigation files.
- Reviewed annual reports issued by the board.
- Corresponded with the Department of Administration, Division of Personnel, the Equal Employment Opportunity Commission, the Human Rights Commission, the Office of

Victim's Rights, and the State Ombudsman's Office regarding complaints against BRAELS.

- Reviewed the reading and correspondence files maintained with the Department of Commerce, Community, and Economic Development's Division of Corporations, Business, and Professional Licensing.
- Interviewed employees of the Division of Corporations, Business, and Professional Licensing and BRAELS board members.

ORGANIZATION AND FUNCTION

The State Board of Registration for Architects, Engineers, and Land Surveyors (BRAELS or board) is a regulatory board consisting of 10 members appointed by the governor. The board consists of two civil engineers, two land surveyors, one mining engineer, one electrical or mechanical engineer, one engineer from another branch of the profession of engineering, two architects, and one public member[1].

Alaska Statute requires each board member to have been a resident of the State for three consecutive years immediately preceding an appointment to BRAELS.

Additionally, except for the public member, board members must be registered and have a minimum of five years of professional practice in their field.

Exhibit 1

STATE BOARD OF REGISTRATION FOR ARCHITECTS, ENGINEERS, AND LAND SURVEYORS
(As of June 30, 2008)

Professional Members
Boyd Brownfield, Chair, Civil Engineer
Craig Fredeen, Vice Chair, Mechanical Engineer
Mark Morris, Secretary, Electrical Engineer
Charles Leet, Civil Engineer
Clifford Baker, Land Surveyor
Richard Heieren, Land Surveyor
Daniel Walsh, Mining Engineer
Harley Hightower, Architect
Burdett Lent, Landscape Architect (non-voting)
Vacant, Architect

Public Member
Vacant

Alaska Statutes 08.48.101 and 08.48.111 establish the powers of the board. They include adopting regulations for:

1. Describing the contents, conducting, and establishing a minimum score for passing examinations.
2. Establishing bylaws governing its meetings and activities.
3. Publishing a code of ethics or professional conduct for those persons regulated by the board.
4. Establishing continuing education requirements for persons regulated by the board.

The board may issue registrations to architects, engineers, land surveyors, and landscape architects who meet the standards of education and training determined to be necessary by the board. In addition to issuing new or renewal registrations, the board may also suspend, refuse to renew, or revoke registrations.

By statute, the Department of Commerce, Community, and Economic Development's, Division of Corporations, Business, and Professional Licensing (division) provides administrative support to the board. Administrative support is carried out by the board's

[1] In August 2007, the board voted to introduce legislation to make the landscape architect representative a full voting member and increase the board to 11 members. This legislation was introduced in the 2007-2008 legislative session. The result was unsuccessful and legislation will again be introduced in the 2008 – 2009 legislative session. Currently, the Landscape Architect seat is non-voting.

Executive Administrator and Licensing Examiner and the division's Office of Consumer Affairs and Investigations.

Administrative support includes budgetary services and functions such as collecting fees, maintaining files, receiving application forms, and publishing notices of examinations and meetings.

AS 08.01.087 empowers the division with the authority to act on its own initiative or in response to a complaint. The division may:

1. Conduct an investigation if it appears a person is engaged or about to engage in a prohibited professional practice.
2. Bring an action in Superior Court to enjoin the act.
3. Examine the books and records of a registrant or an individual engaged in practices regulated by the board.
4. Issue subpoenas for the attendance of witnesses and records.

REPORT CONCLUSIONS

Under AS 08.03.010(c)(3), the Board of Registration for Architects, Engineers, and Land Surveyors (BRAELS or board) will terminate on June 30, 2009. If the legislature does not take action to extend the board's termination date, AS 08.03.020 provides that the board will have one year in which to conclude its administrative operations.

In our opinion, the termination date for the board should be extended. BRAELS serves a public purpose and has demonstrated an ability to conduct its business in a satisfactory manner. The registration of qualified architects, engineers, land surveyors, and landscape architects benefits the public's health, safety, and welfare. We recommend that the legislature extend the termination date of the board until June 30, 2017.

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FINDINGS AND RECOMMENDATIONS

Recommendation No. 1

The Department of Commerce, Community, and Economic Development Division of Corporations, Business, and Professional Licensing, in conjunction with the State Board of Registration for Architects, Engineers, and Land Surveyors (BRAELS), should review registration fees as provided by statute and consider decreasing fees.

BRAELS has a significant cumulative surplus of revenues. The FY 08 surplus income is almost twice the four year average of expenditures. Additionally, the division has not reviewed BRAELS registration rates since 2005.

Based on the division's 2005 review, BRAELS registration fees were increased for the 2006-2007 biennium registration period. However, the division's review was flawed due to understated revenue information. The division neglected to include over half a million dollars in registration fees paid through the internet in its analysis[2].

AS 08.01.065(c) states that:

> *...the department shall establish fee levels under (a) of this section so that the total amount of fees collected for an occupation approximately equals the actual regulatory costs for the occupation. The department shall annually review each fee level to determine whether the regulatory costs of each occupation are approximately equal to fee collections related to that occupation.*

The division was unable to provide an explanation of BRAELS's need for the cumulative surplus of excess revenue from registration fees. Without the required annual review of registration fee levels, it is likely that the board will continue to accumulate revenue in excess of its regulatory costs.

We recommend the division, in conjunction with the board, review registration fees and regulatory expenditures as required by statute and determine whether a fee decrease is necessary to reduce BRAELS's current surplus. Further, we recommend that the division perform the annual review of fee levels as defined in state statute.

[2] Specifically, revenues collected electronically over the internet were missing from the rate review. These missing revenues total: FY 02 (renewal year) $230,283, FY 03 $780, and FY 04 (renewal year) $435,318.

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Recommendation No. 2

The director of Corporations, Business, and Professional Licensing should ensure that BRAELS registrants that are Corporations, Limited Liability Companies (LLC's), and Limited Liability Partnerships (LLP's) are licensed in accordance with state regulations.

In addition to registering individuals, the board also registers architects, engineer, land surveyor, and landscape architect corporations, LLC's and LLP's. State regulation[3] requires that:

1. Corporations, LLPs or LLCs designate an individual currently registered in Alaska as the responsible person for each field of practice, and;
2. The entity must provide full authority to the designated individual to make all final practice decisions on behalf of the corporation, LLC, or LLP.

In FY 08, over 35% of corporations, LLC's, and LLP's registered by division staff were registered without the required documentation showing the acceptance by the individual designated by the entity as the responsible person for each field of practice.

12 AAC 36.135(7) states that:

> *...a certified statement on a form provided by the board, stating that each licensee designated in responsible charge for each branch of practice acknowledges and agrees to that designation by the corporation, limited liability company, or limited liability partnership; the statement must include each responsible charge licensee's (A) state registration number; (B) registration expiration date; (C) professional seal; and (D) signature.*

We recommend that the director of Corporations, Business, and Professional Licensing obtain any missing certified statement of acceptance, from the responsible person, for all corporations, LLCs and LLPs currently licensed. The director should also have registration procedures corrected to ensure all required documentation is obtained prior to registering any corporations, LLCs or LLPs.

Recommendation No. 3

The Office of the Governor should fill vacant seats on the State Board of Registration for Architects, Engineers, and Land Surveyors in a timely manner.

For the past nine months, the board has not been in a position to serve in the best interest of the public due to board vacancies. The public member seat has been vacant since December 5, 2007 and an architect seat vacant since March 1, 2008.

[3] 12 AAC 36.135(3).

Alaska Statute 08.48.011(b) states that the board consists of ten members appointed by the governor having the qualifications as set out in AS 08.48.031. The board consists of two civil engineers, two land surveyors, one mining engineer, one electrical or mechanical engineer, one engineer from another branch of the profession of engineering, two architects, and one public member.

Staff turnover in the Office of Boards and Commissions has negatively impacted the Governor's ability to make timely appointments to the State Board of Registration for Architects, Engineers, and Land Surveyors.

The public has not been represented by a seat on the board for the past three meetings; architects have not been fully represented for the past two meetings.

We recommend that the Office of the Governor fill vacant seats on the State Board of Registration for Architects, Engineers, and Land Surveyors in a timely manner.

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ANALYSIS OF PUBLIC NEED

The following analyses of board activities relate to the public need factors defined in AS 44.66.050(c). These analyses are not intended to be comprehensive, but address those areas we were able to cover within the scope of our review.

Determine the extent to which the board, commission, or program has operated in the public interest.

The State Board of Registration for Architects, Engineers, and Land Surveyors (BRAELS or board), through its registration of architects, engineers, land surveyors and landscape architects, has presented competent professionals to the public. There is a continued public need for this board because of the professional expertise required to practice the varied professions within its scope. The registering of applicants who meet the required qualifications is necessary to protect the public's safety, health, and welfare.

The board is responsible for adopting regulations to ensure only persons with the proper qualifications are admitted into the profession. The board disciplines, suspends, or revokes registrations of practitioners who have committed acts in violation of state law. Registrants are required to stamp final drawings, specifications, surveys, plats, plates, reports, and similar documents with a seal bearing the registrant's name, registration number, and the profession for which they are registered. By affixing this seal and signing the documents, the registrant certifies that these documents were prepared by or under the registrant's direct supervision, and the registrant has met the minimum standard set to protect public safety, health, and welfare.

Determine the extent to which the operation of the board, commission, or agency program has been impeded or enhanced by existing statutes, procedures, and practices that it has adopted, and any other matter, including budgetary, resource, and personnel matters.

The board receives its primary revenue from registration and renewal fees. Renewals are conducted on a biennial basis creating a two-year cycle in board revenues. The board has had an ending cumulative surplus since FY 06, see Exhibit 2 on the following page.

BRAELS registration fees have not been reviewed since October 2005 when fees were increased $100. This increase in registration fees was based on understated revenue information. We recommended that the division, using corrected revenue information, review registration rates and consider changes to fee levels to reduce this cumulative surplus in income, see Recommendation No. 1.

Exhibit 2

State Board of Registration for Architects, Engineers, and Land Surveyors
Schedule of License Revenue and Expenditures
As of June 30, 2008
(Unaudited)

	FY 05	FY 06	FY 07	FY 08
Regular Revenue	$170,065	$870,474	$185,778	$ 903,769
Online Revenue	1	890,983	4,425	864,941
Total Revenues	170,066	1,761,457	190,203	1,768,710
Direct Expenditures				
Personal Services	268,313	286,842	242,015	199,898
Travel	36,362	59,818	41,040	33,863
Services	146,170	176,596	100,339	147,836
Commodities	1,472	1,845	1,271	1,456
Total Direct Expenditures	452,317	525,101	384,665	383,053
Administrative Indirect Costs	303,021	273,258	353,890	310,652
Total Expenditures	755,338	798,359	738,555	693,705
Annual Revenues over (under) Expenditures	(585,272)	963,098	(548,352)	1,075,005
Beginning Cumulative Surplus (Deficit)	469,600	(115,672)	847,426	299,074
Ending Cumulative Surplus (Deficit)	$ (115,672)	$ 847,426	$ 299,074	$ 1,374,079

Determine the extent to which the board, commission, or agency has recommended statutory changes that are generally of benefit to the public interest.

In FY 08 the board supported SB 263 which was passed into law (Ch. 66, SLA 2005) on June 6, 2008. This law provided a BRAELS registration exemption for persons already authorized by the Department of Public Safety who are engaged in the design of fire detection and suppression systems. Additionally, this law allowed that if a mining engineer who qualifies for appointment to the board and is interested in serving on the board is not available, the governor may appoint a petroleum or chemical engineer to the seat designated for a mining engineer.

The board has also worked to make needed revisions to BRAELS regulations. Significant changes to regulations include:

- 12 AAC 36.061(a)(2) – Updating the National Council of Architectural Registration Boards' education standards.
- 12 AAC 36.067 – Changing the computation of qualifying experience days for admission to the examination.
- 12 AAC 36.068 – Updating landscape architect mentoring regulations.
- 12 AAC 36.100 – Mandating an applicant seeking registration by examination pass a jurisprudence questionnaire, with the exception of land surveyors.
- 12 AAC 36.910 – Enacting stricter policies to board member absences.
- 12 AAC 36.510 – Changing the continuing education requirements for architects, engineers, and landscape architects.

Determine the extent to which the board, commission, or agency has encouraged interested persons to report to it concerning the effect of its regulations and decisions on the effectiveness of service, economy of service, and availability of service that it has provided.

Board meeting dates, times and locations are published both on the State's Online Public Notice system and in the Anchorage Daily News. In addition, board members extend meeting invitations to peers and to the public, and promote use of the BRAELS ListServ[4] function. Meetings are rotated between the State's three largest cities and time was provided at every meeting for public comment.

Online public notice was not given for the board's November 17, 2006 and May 17, 2007 meetings. Additionally, public notice was only given ten days in advance of the August 9, 2007 meeting, instead of the required 15 days notice. These omissions were caused by staff turnover in the Department of Commerce, Community, and Economic Development's, Division of Corporations, Business, and Professional Licensing publications technician position.

Determine the extent to which the board, commission, or agency has encouraged public participation in the making of its regulations and decisions.

Meetings were sufficiently advertised; time was allotted in the agenda of each meeting for public discussion; and often, public members with knowledge in a specific field were sought to share their insights. Public notices of proposed regulations are published on the Alaska State website, and circulated to architects, engineers, land surveyors and landscape architects in professional trade journals, public notice advertisements, and direct mail correspondence with the division. The board reviews and considers all public correspondence at their meetings.

[4] ListServ is the board's electronic mailing list. Members receive agendas, minutes and other board-related materials.

Determine the efficiency with which public inquiries or complaints regarding the activities of the board, commission, or agency filed with it, with the department to which a board or commission is administratively assigned, or with the office of victims' rights or the office of the ombudsman have been processed and resolved.

Complaints

No complaints against the board were reported to the State Department of Administration's Division of Personnel, the Equal Employment Opportunity Commission, the Human Rights Commission, or the Office of Victim's Rights.

The State Ombudsman received four complaints against the board from FY 05 to FY 08. Three were declined based on a lack of jurisdiction and the fourth involved providing oral advice to the complainant. Each of these cases was closed the same day they were received.

We received a complaint regarding possibly inappropriate communications between the board and the administrative law judge (ALJ) while the board was meeting in executive session. In the cases of professional occupation boards, the dispute before an ALJ would be between the complainant and the attorney general's office. Since it is the board that decides to accept or reject the ALJ's decision, the board itself is not a party to the dispute.

Typically when transmitting their decision, the ALJ will offer the board an opportunity to meet and answer questions that the board might have. If the board meets with the ALJ as part of its deliberation regarding a possible licensing action, this would be done in executive session. This process appears reasonable given the relative duties and responsibilities of both the board and the ALJ.

Registrant Investigations

The board sets goals and then develops objectives in order to meet these goals. Two objectives related to investigations were developed and accomplished. These objectives included working to reduce the backlog of enforcement cases and having active participation in investigations. A special board committee was created to work with investigators on technical issues and expedite cases. The length of time between when cases opened and closed and the amount of cases open have significantly declined during the last four years.

From the period of July 1, 2005 through June 19, 2008, 245 investigation cases were open or opened with the Division of Corporations, Business and Professional Licensing's Office of Consumer Affairs and Investigations (OCAI)[5]. Types of cases are summarized on the next page.

[5] The investigations unit in the Department of Commerce, Community and Economic Development's Division of Corporations, Business, and Professional Licensing was reorganized effective July 1, 2008 as the Office of Consumer Affairs and Investigations.

- Unlicensed Practice/Activity (94)
- Violation of Licensing Regulations (65)
- Negligence (27)
- Practice Beyond Scope (17)
- Violating Professional Ethics (11)
- License Application Practice (8)
- Incompetence (5)
- Fraud/Misrepresentation (5)
- Other (4)
- Violation of Agreement (3)
- Contested License Denial (2)
- Action in Another State (2)
- Supervision (1)
- Malpractice (1)

Of these 245 cases open or opened, 230 were closed in an average of 2.5 months time. Exhibit 3 identifies the actions taken in these closed cases:

Exhibit 3

Case Closure Summary July 1, 2005 - June 19, 2008

Disposition of Closed Cases	Number of Cases
Advisement Letter	113
Compliance	57
No Action - No Violation, Unfounded or Insufficient Evidence	47
Other	6
License Action	4
Incomplete Complaint	2
Director Caseload Reduction	1

Of the remaining 15 cases open, 14 cases were assigned to OCAI and one case to the Office of Administrative Hearings. The average time these 14 cases have been opened with OCAI is 4.6 months and all have a case priority level of 3[6].

OCAI is effectively investigating cases, and the board has operated efficiently by taking necessary enforcement actions. These board actions were both fair and objective.

Determine the extent to which a board or commission that regulates entry into an occupation or profession has presented qualified applicants to serve the public.

The board registers architects, engineers, land surveyors, or landscape architects either by

[6] Case Priority levels are defined as:

Level 1 - Incident represents an immediate danger to public,

Level 2 - Incidents which by the severity of their nature dictate a high priority,

Level 3 - Incidents that are less serious in nature and do not appear to constitute immediate or severe pubic danger or serious damages,

Level 4 - Incidents involving failure to comply with statutes or regulations which are discovered through the course of proactive enforcement on the part of the Investigative Unit, but do not meet the criteria of priority 1 - 3. This type of enforcement can only occur when manpower and caseload allow.

examination or by using past performance records. Registration using past performance records is more commonly referred to as registration by comity. Each applicant is required to satisfy the requirements listed in State regulations for registration. In addition, architect, engineer, and landscape architect applicants are required to complete a board-approved university level course in arctic engineering. The registration application process appears to be reasonable and appropriate. We found no instances of unqualified applicants being registered.

In 35% of licenses issued to corporations, limited liability companies, and limited liability partnerships, the certified statement acknowledging and agreeing with the responsible party designation had not been obtained by the division. Obtaining this statement is required by regulation,[7] see Recommendation No. 2.

The board implemented continuing education (CE) requirements for Land Surveyors during the 2007 renewal period. Architects, engineers, and landscape architects will be required to fulfill CE requirements for the 2009 renewal period. Registrants fulfill CE requirements on the honor system and a sample is audited by division staff for compliance. Due to a procedural error, division staff only audited 7% sample of registrants for compliance instead of the 10% defined in regulations.

Concerns surfaced in FY 08 regarding the board's comity policy with Canada, specifically, that the Board waived the fundamentals of engineering examination (FE) if a Canadian engineer applicant had at least 5 years of experience.

The board's position is that Canada's education program for engineers differs from that of the United States (US) and therefore comity regulations[8] for Canadian engineers differ. As explained by a board member, in the US, engineering candidates receive a bachelor's degree and then sit for the FE exam. The FE exam tests engineering basics. After at least four years of work experience an US applicant sits for the Practice of Engineering (PE) exam prior to being registered.

In Canada, engineering candidates go to school longer and are subject to a rigorous mentoring program. These Canadian schools and mentoring programs' curriculums exceed what is tested on the US FE exam, and therefore the exam is waived. Canadian engineers applying for practice in the US are still required to pass the US PE exam. These regulations appear reasonable and a review of the 245 investigations shows no licensing actions taken against Alaskan registered engineers residing in Canada.

The exhibit on the following page summarizes new registrations issued by the board from FY 05 to FY 08.

[7] 12 AAC 36.135
[8] 12 AAC 36.105

Exhibit 4

New Licenses or Permits Issued (Exclusive of Renewals)	FY 05	FY 06	FY 07	FY 08	Current License Holders as of June 30, 2008
Architects	25	22	34	21	539
Landscape Architects	8	5	2	4	45
Land Surveyors	7	11	18	11	478
Chemical Engineers	3	7	6	6	103
Civil Engineers	124	128	117	135	2755
Electrical Engineers	21	33	33	27	581
Mechanical Engineers	39	38	38	30	679
Mining Engineers	2	0	0	1	30
Petroleum Engineers	5	2	2	4	114
Certificate of Authority - Corporations	29	32	43	39	375
Certificate of Authority - LLC	12	15	27	14	90
Certificate of Authority - LLP	0	1	1	0	3

Determine the extent to which state personnel practices, including affirmative action requirements, have been complied with by the board, commission, or agency to its own activities and the area of activity or interest.

The board is in compliance with State personnel practices, including affirmative action in qualifying applicants. From FY 05 to FY 08, the board did not deny an applicant registration based on personal attributes.

Determine the extent to which statutory, regulatory, budgeting, or other changes are necessary to enable the agency, board, or commission to better serve the interests of the public and to comply with the factors enumerated in this subsection.

Statutory

In August 2007, the board voted to support introduction of legislation to make the landscape architect representative a full voting member. The legislation introduced to revise the statute during the 2007/2008 legislative session was unsuccessful. Currently, board members are working with the Alaska Professional Design Council to craft new legislation to be introduced during the 2008/2009 legislative session. The board anticipates that the landscape architect representative will be a full voting member by spring 2009.

Regulatory

In May 2007, the board voted to begin registering structural, environmental, and fire protection engineers. The special committee assigned to studying additional engineering specialties for registering is now addressing issues such as regulation changes, definitions,

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and grandfathering of civil engineers. The board anticipates having these disciplines registered by the end of FY 09.

Other Changes

For the past nine months, the board has been hampered in its work due to board vacancies. The public member seat has been vacant since December 05, 2007 and an architect seat vacant since March 1, 2008; see Recommendation No. 3.

Determine the extent to which the board, commission, or agency has effectively attained its objectives and purposes and the efficiency with which the board, commission, or agency has operated.

BRAELS's mission is to protect the public health, safety, and welfare through the regulation of the practice of architecture, engineering, land surveying, and landscape architecture by:

- Ensuring that those entering these practices meet minimum standards of competency, and maintain such standards during their practice;
- Requiring registration to practice in the State of Alaska; and
- Enforcing both the registration and competency requirements in a fair and uniform manner.

We reviewed the board's goals and objectives established to achieve this mission from FY 05 to FY 08. These goals and related objectives were aligned with the board's mission and they have either been met by the board or the board is in the process of attaining them.

Major goals and objectives the board has successfully met include:

- Implemented continuing education requirements for architects, engineers, land surveyors and landscape architects.
- Reviewed the Arctic Engineering course to ensure all materials used to establish competency in professions are appropriate.
- Evaluated administrative process and staffing functions to ensure effective use of human resources.
- Continually updated the board's website with new and changing information.
- Attended architect, engineer, land surveyor, and landscape architect zone and national meetings.
- Encouraged board members to assume leadership positions in national organizations.

Determine the extent to which the board, commission, or agency duplicates the activities of another governmental agency or the private sector.

BRAELS is the only such board that registers, investigates, and enforces continuing education requirements for architects, engineers, land surveyors and landscape architects in Alaska. BRAELS registrants have the option to affiliate with state and national organizations. We reviewed numerous state and national organizations and have found none that duplicate the efforts of the board.

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SARAH PALIN
GOVERNOR
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JUNEAU, ALASKA 99811-0001
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WWW.GOV.STATE.AK.US

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

October 23, 2008

RECEIVED
OCT 23 2008
LEGISLATIVE AUDIT

Ms. Pat Davidson
Legislative Auditor
Legislative Audit Division
P.O. Box 113300
Juneau, AK 99811-3300

Dear Ms. Davidson:

This letter is in response to your September 22, 2008 confidential preliminary audit report on the State Board of Registration for Architects, Engineers and Land Surveyors.

Recommendation No. 4

The Office of the Governor should fill vacant seats on the State Board of Registration for Architects, Engineers and Land Surveyors in a timely manner.

The Office of the Governor concurs with this recommendation. I appreciate your observation that turnover in the Boards and Commissions office may have played a role in the delay. I am pleased to report that the Governor recently selected the public member for the board, however, we are still working on identifying an architect to fill the remaining vacancy. We find it challenging to find volunteers from the various professions who are willing and able to devote the time necessary to serve on the licensing boards. We will continue to make every effort to fill vacant positions in a timely manner.

If you need additional information, please contact me at 269-7450.

Sincerely,

Frank Bailey, Director
Boards and Commissions

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STATE OF ALASKA
DEPARTMENT OF
COMMERCE
COMMUNITY AND
ECONOMIC DEVELOPMENT
Office of the Commissioner

Sarah Palin, Governor
Emil Notti, Commissioner

October 16, 2008

RECEIVED
OCT 20 2008
LEGISLATIVE AUDIT

Ms. Pat Davidson, CPA
Legislative Auditor
Legislative Budget and Audit Committee
Division of Legislative Audit
P.O. Box 113300
Juneau, AK 99811

Dear Ms. Davidson,

Re: Audit Report, CAN 08-20058-08
Board of Registration for Architects, Engineers and Land Surveyors

Thank you for allowing us to comment on the Audit Report of the State Board of Registration for Architect, Engineers and Land Surveyors.

We concur with your audit findings and recommendations that –

Recommendation No. 1: The Department of Commerce, Community, and Economic Development, Division of Corporations, Business, and Professional Licensing, in conjunction with the State Board of Registration for Architects, Engineers, and Land Surveyors (BRAELS), should review registration fees as provided by statute and consider decreasing fees.

We fully concur with this recommendation and will take immediate action to reassess expenditure and revenue data, and calculate new fee proposals to utilize the surplus of excess revenue. Staff turnover in the Division and miscommunications with the department's Fiscal staff have unfortunately caused this negative impact on incorrect fee assessments. The new fee assessments will be ready for implementation at the next license renewal cycle in December 2009.

Recommendation No. 2: The director of Corporations, Business, and Professional Licensing should ensure that BRAELS registrants that are Corporations, Limited Liability Companies (LLC's), and Limited Liability Partnerships (LLP's) are licensed in accordance with state regulations.

P.O. Box 110800, - 23 -Alaska 99811-0800
Telephone: (907) 465-2500 Fax: (907) 465-5442 Text Telephone: (907) 465-5437
Email: questions@commerce.state.ak.us Website: http://www.commerce.state.ak.us/

We concur with your recommendation. Staff has already initiated the process of reviewing files to obtain a "responsible charge" statement for each business. Since January 2008, there were 50 corporate authorizations issued. Of the 50, seventeen failed to contain the responsible charge statement or a copy of the seal of the responsible charge individual. Attempts to obtain the missing information are currently in progress.

Another item worth mentioning is while many of the files failed to contain a "responsible charge form" as required by regulation, the files do contain correspondence identifying or verifying the designation of the responsible charge individual. The department will ensure procedures are followed to satisfy regulation 12 AAC 36.135(7).

Recommendation No. 3: The Office of the Governor should fill vacant seats on the State Board of Registration for Architects, Engineers, and Land Surveyors in a timely manner.

We concur with this recommendation.

Thank you again for the opportunity to comment on your audit findings.

Sincerely,

Emil Notti /by CH

Emil Notti
Commissioner

STATE OF ALASKA
DEPARTMENT OF
COMMERCE
COMMUNITY AND
ECONOMIC DEVELOPMENT

Sarah Palin, Governor
Emil Notti, Commissioner
Mark R. Davis, Director

Division of Corporations, Business and Professional Licensing

October 21, 2008

Mr. Pat Davidson
Legislative Auditor
Legislative Audit and Budget Committee
PO Box 113300
Juneau, Alaska 99811-3300

RECEIVED
OCT 22 2008
LEGISLATIVE AUDIT

Dear Pat:

I have reviewed the "CONFIDENTIAL" preliminary audit report on:

Department of Commerce, Community, and Economic Development, State Board of Registration for Architects, Engineers and Land Surveyors, September 22, 2008

The Board agrees with the contents and substance of your Preliminary Audit Report dated September, 2008, most notably the three "FINDINGS AND RECOMMENDATIONS" contained therein.

It is further noted that the Preliminary Audit Report removed Recommendation number three of four recommendations contained in an earlier "Management Letter No. 1", State Board of Registration for Architects, Engineers, and Land Surveyors" dated September 9, 2008.

The board will work closely with our divisional staff to bring the recommendations to closure as follows:

- RECOMMENDATION #1. The board will avail itself to and cooperate with our division's budgeting and accounting activities to review registration fees and make appropriate recommendations as provided by statute.

- RECOMMENDATION #2. The board will work closely with our investigative support, as appropriate, to bring closure to those corporations, LLC's and LLP's who are operating without proper documentation and to correct procedures that will ensure the process is complete upon original application.

- RECOMMENDATION #3. The board will continue to emphasize the importance of fielding a complete representation of professionals as defined by statute/regulation. It is noted that, after an extended time without a Public Member, the board has recently received a replacement. Our board needs only to fill an Architect seat.

PO Box 110806, Juneau, AK 99811-0806
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STATE OF ALASKA
DEPARTMENT OF
COMMERCE
COMMUNITY AND
ECONOMIC DEVELOPMENT

Sarah Palin, Governor
Emil Notti, Commissioner
Mark R. Davis, Director

Division of Corporations, Business and Professional Licensing

In behalf of the board, I appreciate the opportunity to view and provide comment on the contents of these documents

Sincerely,

Richard Jones

For Boyd J. Brownfield, PE
Chair

PO Box 110806, Juneau, AK 99811-0806
Telephone: (907) 465-2550 Fax: (907) 465-2974 Website: www.commerce.state.ak.us/occ

SB 115

<target><bill>SB 115</bill><subject>SB 115</subject><comm>SFIN26</comm></target>

Senator Lyman Hoffman

Alaska State Legislature

2/23/09

Sponsor Statement for SB 115

SB 115 creates the Rural Community Energy Assistance Program (RCEAP) within the Department of Commerce. This program will provide grants for energy assistance to rural communities based on a community's population and the price they pay for fuel. The program is for 1 year only, and will sunset at the end of that time.

During this winter, it has been difficult for many Alaskan families to afford to purchase heating oil. This issue was first highlighted by reports from Emmonak but has spread to other areas of the state. These reports detail the dilemma faced by many families; choosing between purchasing adequate amounts of heating fuel or choosing other necessities of life.

Reports indicate that, unlike previous years, there is sufficient fuel in the villages. However, because fuel and other necessities of life are so expensive, people cannot afford to buy both. A recent report written by the Institute of Social and Economic Research noted than in 1990, food costs in Bethel were 45 percent above food costs in Anchorage. By the beginning of 2007, this differential had increased to 92 per cent. It stands to reason that small villages outside of Bethel are even more expensive. This issue is exacerbated by a lack of income to accommodate these rising prices.

The same ISER document reports that in 2007, 100 gallons of fuel oil in Bethel cost $459 while in Anchorage the equivalent energy costs $120. Again this difference would be even greater if comparing more remote villages in Alaska with Anchorage.

This legislation is not a permanent fix to the energy problems in rural Alaska. It provides one time assistance to Alaskan families to help them get through the remainder of the winter heating season.

Senate District S
Senator_Lyman_Hoffman@legis.state.ak.us

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2/23/09

Community Heating Fuel and Gasoline Survey - November 2008

Community	Region	Community Retailer: (entity selling fuel)	Heating Fuel #1 11/2008 Retail Price: (selling price per gallon)	Percent +/- Statewide Heating Fuel Average ($5.85*):	Percent +/- 6/2008 Retail: (selling price per gallon)	Gasoline 11/2008 Retail Price: (selling price per gallon)	Percent +/- Statewide Gasoline Average ($5.80):	Percent +/- 6/2008 Retail: (selling price per gallon)	Volume Discounts?	Discount Levels? (Gallons)
Alatna	Interior	Alatna Traditional Council	$5.50	-6 %	0 %	$7.00	20 %	0 %	No	
Anderson	Interior	Nenana Heating	$2.80	-52 %	-43 %	$3.51	-40 %	-28 %	Yes	200
Arctic Village	Interior	Arctic Village Traditional Council	$9.00	54 %	13 %	$9.00	55 %	13 %	No	
Circle	Interior	Steese (HF) HC Company Store (Gas)	$3.01	-49 %	-40 %	$4.70	-19 %	-12 %	Yes	175
Delta Junction	Interior	Delta Fuel (HF) Buffalo Service (Gas)	$2.75	-53 %	-41 %	$2.90	-50 %	-35 %	Yes	400
Eagle	Interior	Telegraph Hill Services	$4.95	-15 %	0 %	$5.50	-5 %	0 %	No	
Fairbanks	Interior	Alaska Petroleum	$2.63	-55 %	-43 %	$2.75	-53 %	-37 %	Yes	150, 350, 500
Galena	Interior	Crowley Marine Services	$6.27	7 %	-5 %	$6.00	3 %	-2 %	No	
Healy	Interior	Fisher Fuel (HF) Keith's Healy Service (Gas)	$3.30	-44 %	-37 %	$3.49	-40 %	-29 %	Yes	100, 150

COPY ON FILE

Community Heating Fuel and Gasoline Survey - November 2008

Community	Region	Community Retailer: (entity selling fuel)	Heating Fuel #1 11/2008 Retail Price: (selling price per gallon)	Percent +/- Statewide Heating Fuel Average ($5.85*):	Percent +/- 6/2008 Retail: (selling price per gallon)	Gasoline 11/2008 Retail Price: (selling price per gallon)	Percent +/- Statewide Gasoline Average ($5.80):	Percent +/- 6/2008 Retail: (selling price per gallon)	Volume Discounts?	Discount Levels? (Gallons)
Hughes	Interior	Hughes City Council	$8.55	46 %	14 %	$8.50	46 %	3 %	No	
Huslia	Interior	Huslia Gas & Oil	$7.00	20 %	22 %	$7.00	20 %	22 %	No	
Minto	Interior	North Fork Store	$3.30	-44 %	-42 %	$4.05	-30 %	-27 %	No	
Nenana	Interior	Nenana Heating	$2.80	-52 %	-43 %	$3.51	-40 %	-28 %	Yes	200
Ruby	Interior	Dinega Fuel Corporation	$6.15	5 %	0 %	$5.70	-2 %	27 %	No	
Tanana	Interior	Tanacon Fuel	$4.59	-22 %	-7 %	$6.39	10 %	12 %	No	
Anaktuvuk Pass	North Slope	Nunamiut Corporation	$1.55	-74 %	19 %	$8.60	48 %	3 %	No	
Atqasuk	North Slope	Atqasuk Corporation	$1.40	-76 %	0 %	$4.10	-30 %	0 %	No	
Barrow	North Slope	Eskimo Inc.	Natural Gas	n/a	n/a	$4.70	-19 %	6 %	n/a	

Community Heating Fuel and Gasoline Survey - November 2008

Community	Region	Community Retailer: (entity selling fuel)	Heating Fuel #1 11/2008 Retail Price: (selling price per gallon)	Percent +/- Statewide Heating Fuel Average ($5.85*):	Percent +/- 6/2008 Retail: (selling price per gallon)	Gasoline 11/2008 Retail Price: (selling price per gallon)	Percent +/- Statewide Gasoline Average ($5.80):	Percent +/- 6/2008 Retail: (selling price per gallon)	Volume Discounts?	Discount Levels? (Gallons)
Kaktovik	North Slope	Kaktovik Inupiat Corporation	$2.00	-66 %	33 %	$4.90	-16 %	42 %	No	
Nuiqsut	North Slope	Kuukpik Corporation	$2.75	-53 %	0 %	$4.95	-15 %	32 %	No	
Point Hope	North Slope	Tigara Corporation	$1.65	-72 %	-13 %	$5.95	2 %	40 %	No	
Wainwright	North Slope	Olgoonik Corporation	$1.45	-75 %	0 %	$4.76	-18 %	3 %	No	
Akutan	South Coastal	City of Akutan	$4.78	-18 %	42 %	$4.40	-24 %	16 %	No	
Atka	South Coastal	Atka Native Store	$7.24	24 %	-9 %	$5.09	-13 %	0 %	No	
Chenega Bay	South Coastal	Chengega Bay Utility	$5.60	-4 %	0 %	$5.70	-2 %	0 %	No	
Chignik	South Coastal	City of Chignik (HF) Trident (Gas)	$3.88	-34 %	-10 %	$3.31	-43 %	-23 %	No	
Chitina	South Coastal	Chitina Services (HF) Kenny Lake Merc. (Gas)	$3.20	-45 %	-33 %	$3.50	-40 %	-26 %	No	

Community Heating Fuel and Gasoline Survey - November 2008

Community	Region	Community Retailer: (entity selling fuel)	Heating Fuel #1 11/2008 Retail Price: (selling price per gallon)	Percent +/- Statewide Heating Fuel Average ($5.85*):	Percent +/- 6/2008 Retail: (selling price per gallon)	Gasoline 11/2008 Retail Price: (selling price per gallon)	Percent +/- Statewide Gasoline Average ($5.80):	Percent +/- 6/2008 Retail: (selling price per gallon)	Volume Discounts?	Discount Levels? (Gallons)
Clark's Point	South Coastal	City of Clark's Point	$6.00	3 %	17 %	$6.00	3 %	28 %	No	
Cordova	South Coastal	Hovers Mover	$4.34	-26 %	-21 %	$4.94	-15 %	-7 %	Yes	100, 200, 300
Dillingham	South Coastal	Delta Western	$6.12	5 %	6 %	$6.32	9 %	22 %	Yes	50, 200, 400, 1000, 5000
Glennallen	South Coastal	Service Oil (HF) The Hub (Gas)	$3.20	-45 %	-25 %	$3.45	-41 %	-27 %	No	
Goodnews Bay	South Coastal	Mumtram Pikkai Village Corporation	$6.14	5 %	54 %	$6.91	19 %	35 %	No	
Homer	South Coastal	Homer Run Oil	$2.68	-54 %	-43 %	$3.18	-45 %	-33 %	Yes	50, 100, 200, 400
King Cove	South Coastal	Peter Pan Seafood	$4.64	-21 %	23 %	$4.47	-23 %	3 %	No	
Kodiak	South Coastal	Thompson (HF) Petro Marine (Gas)	$3.83	-35 %	-19 %	$3.55	-39 %	-23 %	Yes	200, 800, 1000
Kokhanok	South Coastal	Kokhanok Tribal Council	$8.00	37 %	-12 %	$8.83	52 %	0 %	No	

Community Heating Fuel and Gasoline Survey - November 2008

Community	Region	Community Retailer: (entity selling fuel)	Heating Fuel #1 11/2008 Retail Price: (selling price per gallon)	Percent +/- Statewide Heating Fuel Average ($5.85*):	Percent +/- 6/2008 Retail: (selling price per gallon)	Gasoline 11/2008 Retail Price: (selling price per gallon)	Percent +/- Statewide Gasoline Average ($5.80):	Percent +/- 6/2008 Retail: (selling price per gallon)	Volume Discounts?	Discount Levels? (Gallons)
Larsen Bay	South Coastal	City of Larsen Bay	$5.70	-3 %	-15 %	$5.92	2 %	-3 %	No	
Nelson Lagoon	South Coastal	Nelson Lagoon Enterprises	$5.96	2 %	0 %	$5.71	-2 %	0 %	No	
New Stuyahok	South Coastal	New Stuyahok Village Corporation	$6.34	8 %	27 %	$6.34	9 %	4 %	No	
Nondalton	South Coastal	City of Nondalton	$6.00	3 %	-25 %	$6.65	14 %	-15 %	No	
Old Harbor	South Coastal	City of Old Harbor	$4.43	-24 %	-33 %	$5.95	2 %	2 %	No	
Ouzinkie	South Coastal	Ouzinkie Native Corporation	$3.56	-39 %	0 %	n/a	n/a	n/a	No	
Port Lions	South Coastal	Kizhuyak Oil Sales	$6.50	11 %	24 %	$5.60	-4 %	20 %	No	
Saint George	South Coastal	Delta Fuel Company	$6.50	11 %	18 %	$6.63	14 %	63 %	No	
Sand Point	South Coastal	TDX Svcs (HF) Trident (Gas)	$4.90	-16 %	-3 %	$3.95	-32 %	-11 %	Yes	100, 250, 2000

Community Heating Fuel and Gasoline Survey - November 2008

Community	Region	Community Retailer: (entity selling fuel)	Heating Fuel #1 11/2008 Retail Price: (selling price per gallon)	Percent +/- Statewide Heating Fuel Average ($5.85*):	Percent +/- 6/2008 Retail: (selling price per gallon)	Gasoline 11/2008 Retail Price: (selling price per gallon)	Percent +/- Statewide Gasoline Average ($5.80):	Percent +/- 6/2008 Retail: (selling price per gallon)	Volume Discounts?	Discount Levels? (Gallons)
Seldovia	South Coastal	Seldovia Fuel and Lube	$4.09	-30 %	-23 %	$3.90	-33 %	-22 %	Yes	400
Togiak	South Coastal	Togiak Village Corporation	$5.87	0 %	-2 %	$5.63	-3 %	1 %	No	
Unalaska	South Coastal	Delta Western	$4.49	-23 %	1 %	$4.56	-22 %	10 %	No	
Valdez	South Coastal	North Pacific (HF) Captain Joe's (Gas)	$3.10	-47 %	-35 %	$3.12	-46 %	-37 %	No	
Angoon	Southeast	Angoon Oil and Gas	$5.01	-14 %	-3 %	$5.00	-14 %	3 %	No	
Craig	Southeast	Petro Marine	$3.90	-33 %	-17 %	$3.72	-36 %	-13 %	Yes	100, 400, 1000
Gustavus	Southeast	Gustavus Dray - Gustavus Propane	$4.69	-20 %	-9 %	$4.38	-25 %	-11 %	No	
Hoonah	Southeast	Hoonah Trading	$4.55	-22 %	-15 %	$4.14	-29 %	-14 %	No	
Juneau	Southeast	Delta Western - Fred Meyer Gas	$4.07	-30 %	-16 %	$2.89	-50 %	-35 %	Yes	200, 400, 600

Community Heating Fuel and Gasoline Survey - November 2008

Community	Region	Community Retailer: (entity selling fuel)	Heating Fuel #1 11/2008 Retail Price: (selling price per gallon)	Percent +/- Statewide Heating Fuel Average ($5.85*):	Percent +/- 6/2008 Retail: (selling price per gallon)	Gasoline 11/2008 Retail Price: (selling price per gallon)	Percent +/- Statewide Gasoline Average ($5.80):	Percent +/- 6/2008 Retail: (selling price per gallon)	Volume Discounts?	Discount Levels? (Gallons)
Kake	Southeast	Kake Tribal Fuel	$4.85	-17 %	-18 %	$4.67	-20 %	-13 %	Yes	300
Pelican	Southeast	Pelican Fuel Dock	$5.90	1 %	3 %	$6.34	9 %	51 %	Yes	100
Petersburg	Southeast	Petro Marine	$3.93	-33 %	-20 %	$3.52	-40 %	-18 %	Yes	100, 400
Point Baker	Southeast	Point Baker Trading Post	$8.80	50 %	60 %	$8.80	51 %	60 %	No	
Thorne Bay	Southeast	Petro (Craig - HF) Bayview (Gas)	$4.00	-32 %	-9 %	$3.93	-32 %	-11 %	Yes	100, 400, 1000
Wrangell	Southeast	Wrangell Oil - Fennemore's Service	$4.90	-16 %	-8 %	$4.46	-23 %	-15 %	Yes	200, 400, 750
Akiak	Western	Kokarmiut Corporation	$6.45	10 %	37 %	$6.25	7 %	23 %	No	
Anvik	Western	Deloyges, Inc.	$5.25	-10 %	-16 %	$5.50	-5 %	-4 %	No	
Atmautluak	Western	Atmauthluak Limited	$5.86	0 %	13 %	45.92	2 %	n/a	No	

Community Heating Fuel and Gasoline Survey - November 2008

Community	Region	Community Retailer: (entity selling fuel)	Heating Fuel #1 11/2008 Retail Price: (selling price per gallon)	Percent +/- Statewide Heating Fuel Average ($5.85*):	Percent +/- 6/2008 Retail: (selling price per gallon)	Gasoline 11/2008 Retail Price: (selling price per gallon)	Percent +/- Statewide Gasoline Average ($5.80):	Percent +/- 6/2008 Retail: (selling price per gallon)	Volume Discounts?	Discount Levels? (Gallons)
Bethel	Western	Crowley	$5.75	-2 %	-9 %	$5.59	-4 %	-3 %	No	
Brevig Mission	Western	Brevig Mission Native Store	$7.21	23 %	62 %	$7.00	20 %	n/a	No	
Deering	Western	Deering IRA	$7.98	36 %	107 %	$7.82	34 %	52 %	No	
Emmonak	Western	Emmonak Corp. Tank Farm	$7.83	34 %	61 %	$7.25	25 %	23 %	No	
Gambell	Western	ANICA (Gambell Native Store)	$7.88	35 %	66 %	$7.26	25 %	24 %	No	
Golovin	Western	Golovin Public Utilities	$5.32	-9 %	33 %	$5.30	-9 %	25 %	No	
Grayling	Western	AYL Grayling Fuel Company	$7.00	20 %	56 %	$6.00	3 %	9 %	No	
Holy Cross	Western	Holy Cross O.L. Company	$7.66	31 %	30 %	$7.28	25 %	23 %	No	
Hooper Bay	Western	Crowley Marine	$7.37	26 %	46 %	$7.16	23 %	35 %	No	

Community Heating Fuel and Gasoline Survey - November 2008

Community	Region	Community Retailer: (entity selling fuel)	Heating Fuel #1 11/2008 Retail Price: (selling price per gallon)	Percent +/- Statewide Heating Fuel Average ($5.85*):	Percent +/- 6/2008 Retail: (selling price per gallon)	Gasoline 11/2008 Retail Price: (selling price per gallon)	Percent +/- Statewide Gasoline Average ($5.80):	Percent +/- 6/2008 Retail: (selling price per gallon)	Volume Discounts?	Discount Levels? (Gallons)
Kaltag	Western	Kaltag Cooperative	$5.50	-6 %	-12 %	$5.75	-1 %	-4 %	No	
Kiana	Western	Kiana Traditional Council	$6.64	14 %	17 %	$7.21	24 %	3 %	No	
Kotlik	Western	Kotlik Yupik Enterprises	$7.79	33 %	52 %	$7.55	30 %	3 %	Yes	100
Kotzebue	Western	Crowley (HF) EZ Market (Gas)	$6.35	9 %	51 %	$7.25	25 %	66 %	Yes	200, 400, 1000, 3000
Koyuk	Western	Koyuk Native Corporation	$8.06	38 %	103 %	$7.71	32 %	94 %	No	
Kwigillingok	Western	KWIK Marina Inc.	$6.70	15 %	38 %	$5.75	-1 %	8 %	No	
Marshall	Western	Maserculiq Inc.	$7.54	29 %	4 %	$7.26	25 %	56 %	No	
McGrath	Western	Crowley	$6.93	18 %	-2 %	$6.37	9 %	-1 %	Yes	500, 2500
Mountain Village	Western	Azachorak Fuel	$7.02	20 %	38 %	$6.50	12 %	30 %	Yes	100

Community Heating Fuel and Gasoline Survey - November 2008

Community	Region	Community Retailer: (entity selling fuel)	Heating Fuel #1 11/2008 Retail Price: (selling price per gallon)	Percent +/- Statewide Heating Fuel Average ($5.85*):	Percent +/- 6/2008 Retail: (selling price per gallon)	Gasoline 11/2008 Retail Price: (selling price per gallon)	Percent +/- Statewide Gasoline Average ($5.80):	Percent +/- 6/2008 Retail: (selling price per gallon)	Volume Discounts?	Discount Levels? (Gallons)
Noorvik	Western	Morris Trading Post	$7.50	28 %	63 %	$7.22	24 %	48 %	No	
Nulato	Western	City of Nulato	$5.40	-8 %	-20 %	$5.75	-1 %	-4 %	No	
Nunapitchuk	Western	Nunapitchuk LTD.	$5.86	0 %	13 %	$5.91	2 %	13 %	No	
Pilot Station	Western	Pilot Station Native Corporation	$7.44	27 %	4 %	$6.76	16 %	5 %	No	
Quinhagak	Western	Qanirtuuq Corporation	$7.33	25 %	4 %	$6.41	10 %	3 %	No	
Russian Mission	Western	Russian Mission Corporation	$6.15	5 %	29 %	$6.05	4 %	10 %	No	
Saint Michael	Western	Saint Michael Fuel Company	$8.06	38 %	67 %	$7.80	34 %	51 %	Don't Know	
Savoonga	Western	ANICA (Savoonga Native Store)	$7.88	35 %	68 %	$7.05	21 %	26 %	No	
Scammon Bay	Western	Askinuk Corporation	$7.04	20 %	41 %	$6.93	19 %	39 %	No	

Community Heating Fuel and Gasoline Survey - November 2008

Community	Region	Community Retailer: (entity selling fuel)	Heating Fuel #1 11/2008 Retail Price: (selling price per gallon)	Percent +/- Statewide Heating Fuel Average ($5.85*):	Percent +/- 6/2008 Retail: (selling price per gallon)	Gasoline 11/2008 Retail Price: (selling price per gallon)	Percent +/- Statewide Gasoline Average ($5.80):	Percent +/- 6/2008 Retail: (selling price per gallon)	Volume Discounts?	Discount Levels? (Gallons)
Shishmaref	Western	Shishmaref Native Store	$7.75	32 %	52 %	$7.39	27 %	41 %	No	
Sleetmute	Western	Henry Hill Store	$7.75	32 %	-5 %	$7.70	32 %	0 %	Yes	55, 200
Stebbins	Western	Tapraq Fuel Company	$7.99	37 %	33 %	$7.71	32 %	43 %	No	
Teller	Western	Teller Native Fuel Business	$6.95	19 %	-13 %	$6.64	14 %	56 %	No	
Toksook Bay	Western	Nunakauiak Yupik Corporation	$7.86	34 %	-10 %	$7.74	33 %	-3 %	No	
Tuntutuliak	Western	Qinarmiut Corporation	$6.86	17 %	-10 %	$6.60	13 %	-1 %	No	
Unalakleet	Western	Unalakleet Native Corporation	$6.81	16 %	0 %	$6.97	20 %	43 %	No	
Upper Kalskag	Western	City of Upper Kalskag	$6.50	11 %	30 %	$6.50	12 %	26 %	No	
Wales	Western	Wales Native Store	$7.98	36 %	65 %	$7.73	33 %	56 %	No	

Community Heating Fuel and Gasoline Survey - November 2008

Community	Region	Community Retailer: (entity selling fuel)	Heating Fuel #1 11/2008 Retail Price: (selling price per gallon)	Percent +/- Statewide Heating Fuel Average ($5.85*):	Percent +/- 6/2008 Retail: (selling price per gallon)	Gasoline 11/2008 Retail Price: (selling price per gallon)	Percent +/- Statewide Gasoline Average ($5.80):	Percent +/- 6/2008 Retail: (selling price per gallon)	Volume Discounts?	Discount Levels? (Gallons)
White Mountain	Western	White Mountain Native Store	$6.25	7 %	0 %	$6.05	4 %	1 %	No	

* Heating fuel average does not include North Slope Region communities, whose residential fuel is subsidized by the North Slope Borough.

2/23/09

Understanding Alaska's Remote Rural Economy

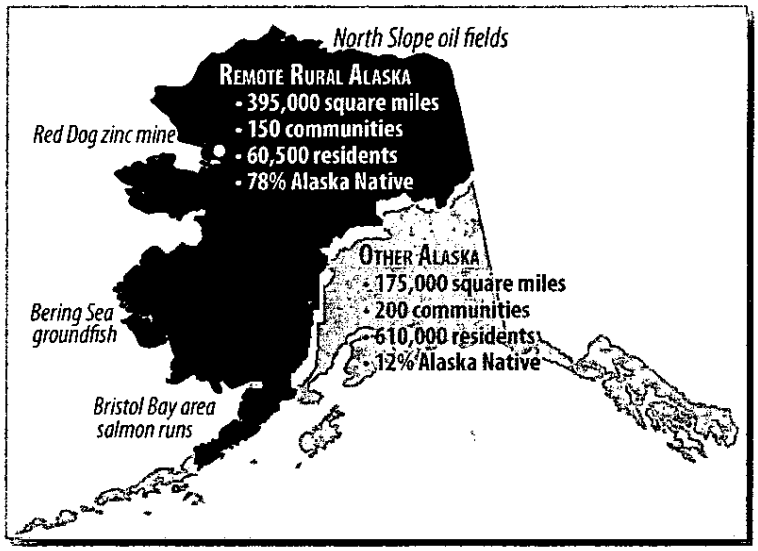
By Scott Goldsmith

UA Research Summary No. 10 • January 2008
Institute of Social and Economic Research • University of Alaska Anchorage

In the big, remote stretches of northern and western Alaska, many households keep themselves going with a mix of cash, subsistence, sharing, and other non-cash trading. That's a world away from the state's urban economy, and under standard measures like income, the remote rural economy lags far behind.

Over the years there have been many efforts to improve the remote rural economy—but there's a lot we don't know about it. Standard economic measures don't capture all the activity in an economy where subsistence, sharing, and non-cash trading play important parts. Some kinds of data don't even exist.

But to develop effective strategies, Alaskans need to understand the economic realities of the remote region. This paper is an overview of the remote economy, based on published data. It's at best an approximation, because the data are so limited. Still, it's a first step—and it highlights the many gaps in information.



Stretching from the North Slope to the Alaska Peninsula, the remote region covers 395,000 square miles and is large enough to hold Japan, Germany, and Great Britain. Alaska Natives, the region's aboriginal people, still make up most of the population—although thousands have moved to urban areas in recent times. The 60,500 residents live in five regional centers and about 150 small communities.

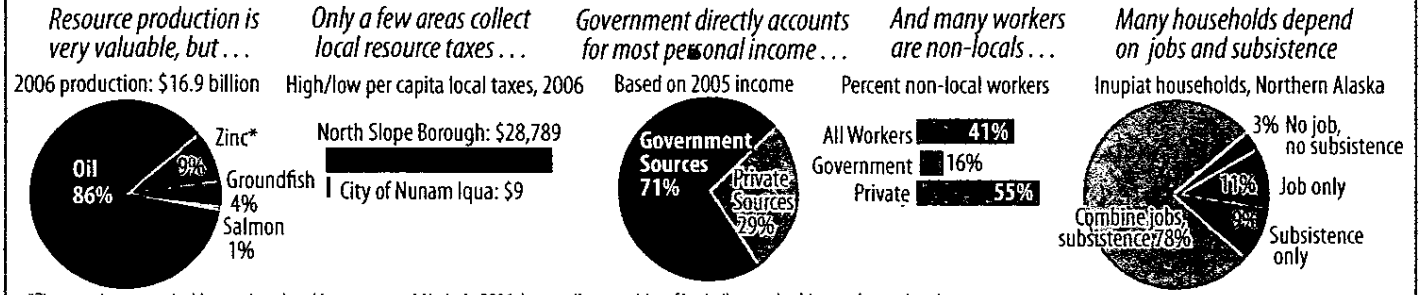
Most of Alaska's natural resource wealth is produced in the remote region—but largely in enclaves like the North Slope oil facilities. Outside the enclaves, the region's isolation, difficult terrain, and harsh climate have historically limited economic growth.

Commercial salmon fishing was the region's largest private industry for much of the last century, and thousands of residents still depend on it. But changes in world markets have hurt that industry. Oil has been by far the most valuable resource since the 1970s. Pollock and other groundfish harvested offshore are also valuable, making up much of the world's groundfish catch. And with rising prices, zinc produced in the region has also recently become much more valuable.

But with some important exceptions, this resource wealth bypasses the regional economy, and it's government that accounts for most income of residents. Regional unemployment is high and cash incomes are low. Figure 1 tells the story of the remote economy.

- *Despite the high value of resources produced in remote areas—nearly $17 billion in 2006—local residents depend on government for 71% of their personal income.* That share would likely be closer to 90% if it also included income that indirectly depends on government spending. Government supports not only public but also many private jobs.
- *Some residents and a few areas do benefit from resource production* —through local taxes, jobs, and Alaska Native corporations that own resources or do business with resource industries.
- *The locations and types of jobs available in remote areas often don't match the local labor supply*—which means many local residents are unemployed, while at the same time about 40% of workers are non-locals, either from other areas of Alaska or outside the state.
- *Combining cash-paying jobs and subsistence activities is the way most households in remote areas get along.* A recent survey found, for example, that 78% of Inupiat households in northern Alaska combine jobs and subsistence fishing, hunting, and other activities.

Figure 1. The Remote Rural Economy: What Makes It Different?



*Zinc was the most valuable metal produced in remote rural Alaska in 2006, but smaller quantities of lead, silver, and gold were also produced.

Sources: Alaska Departments of Labor, Natural Resources, Fish and Game, and Commerce, Community and Economic Development; National Marine Fisheries Service; Bureau of Economic Analysis; Survey of Living Conditions in the Arctic, 1998-2001; author's estimates. Note: Resource production value based on wellhead value of oil, market value of zinc, and price paid fishermen for salmon and groundfish.

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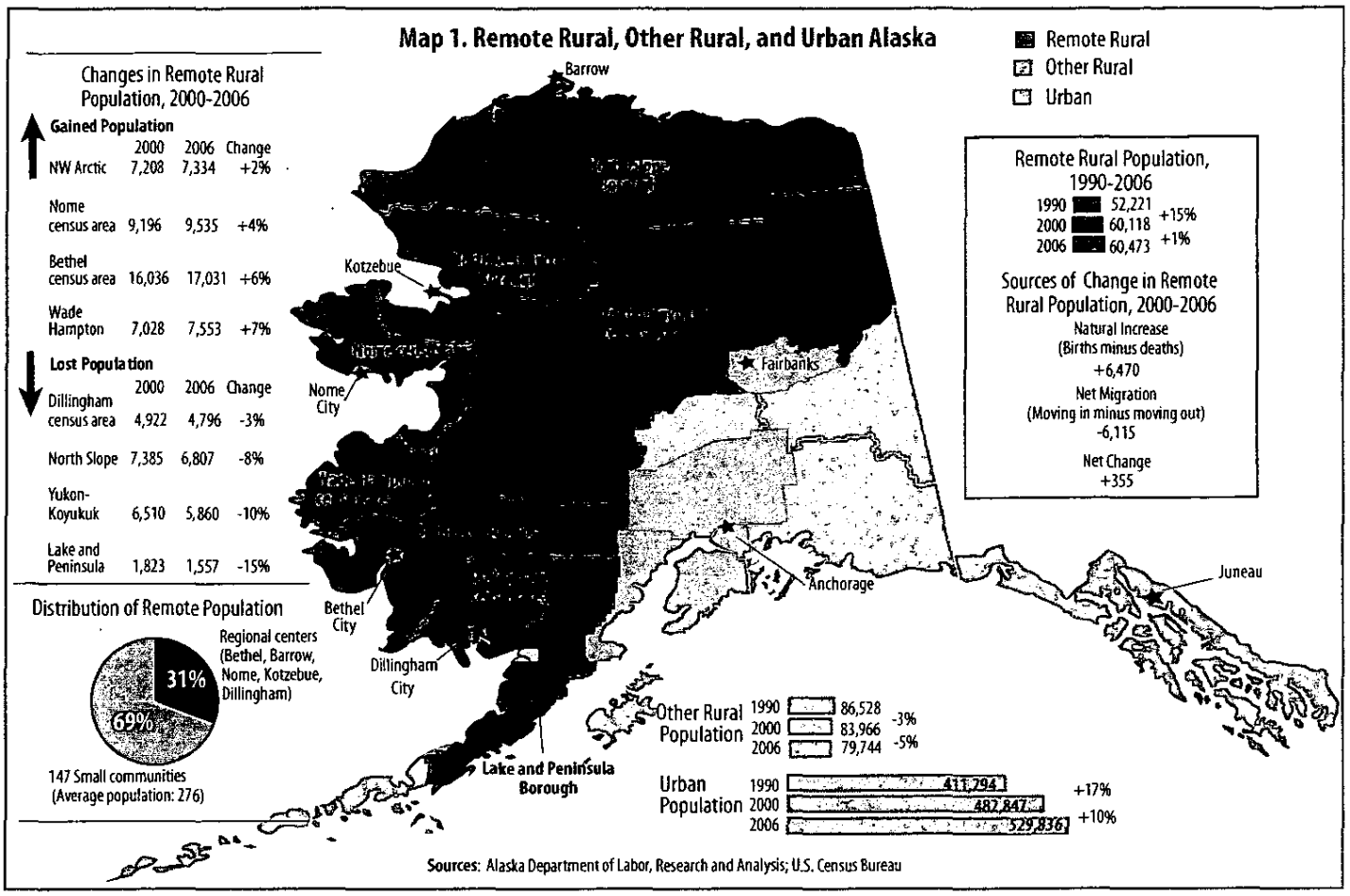


The Remote Rural Region

We define the remote rural region as the North Slope, Northwest Arctic, and Lake and Peninsula boroughs and the Wade Hampton, Bethel, Nome, Dillingham, and Yukon-Yoyukuk census areas.[1] Most communities in this region are small and along the coast or on rivers, far off the state's main road and ferry systems.[2]

The people, the way of life, the local government structure, and the Alaska Native corporations in remote rural Alaska all influence the regional economy. Data about this region are spotty at best, and some figures we include here are estimates. The huge size, isolation, and small population of the region—and the complexity of the economy—make collecting data expensive and difficult. That complexity also means that standard measures—income, employment, and consumption—are useful but don't give the whole economic picture. They don't account for the contributions of subsistence and other non-market activities, or differences in spending patterns and other factors that complicate comparisons of living conditions between remote rural and urban places.

The People

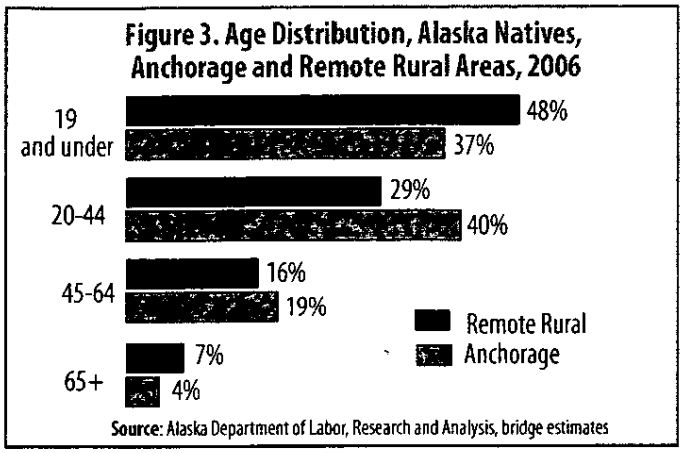
We used population data from both the U.S. census, last done in 2000 but still the only available source for some data, and the Alaska Department of Labor's Research and Analysis section, which estimates population between federal censuses.[3]

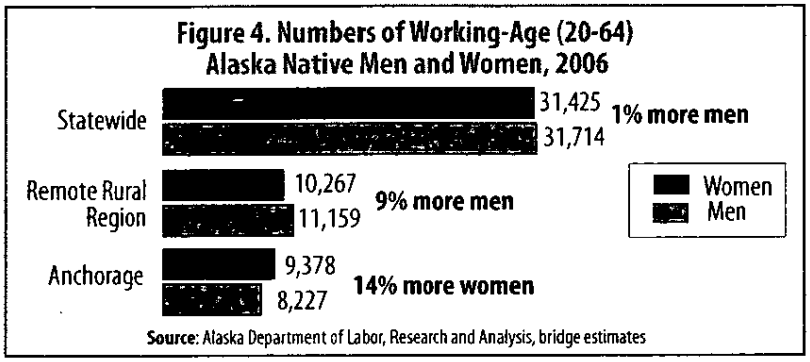
- *One in eleven Alaskans lives in remote areas—about 60,500 in 2006.* A third live in the regional centers of Barrow, Bethel, Dillingham, Kotzebue, and Nome—towns with populations in the thousands. The rest live in nearly 150 small communities with average populations of about 280.
- *Close to 80% of regional residents are Alaska Native. That share is higher in small places.* Non-Natives are concentrated in the regional centers, where they made up a third of the population in 2000.
- *The remote rural population increased only about 1% between 2000 and 2006, despite thousands of births, and population actually declined in several areas.* Nearly 6,500 more people were born in the region than died between 2000 and 2006. But at the same time, 6,100 more people moved out than in (Map 1).
- *Much of that movement is accounted for by Alaska Natives moving from remote to urban areas.*[4] The Alaska Department of Labor estimates that from 2000 to 2006, the number of Alaska Natives dropped about 3% in the remote region but was up nearly 25% in Anchorage. Lack of jobs in the smaller remote places is a big reason for this migration, but other factors likely also contribute—better access to specialized medical care, higher education, or technical training, for instance.

Figure 2. Estimated Changes in Alaska Native Population In Remote Rural Region and Anchorage, 2000-2006

	2000	2006	Change
Remote Rural	48,490	47,182	-3%
Anchorage	24,025	29,730	+24%

Source: Alaska Department of Labor, Research and Analysis, bridge estimates





- *Until recently, gains from natural increase were considerably larger than losses from migration.* In the 1990s, the remote rural population grew 15%—almost as fast as growth in urban areas.
- *Other rural areas—outside the remote region*—have also lost population (Map 1). Those areas, typically on the state road or ferry systems, have been hurt by declines in the timber and fishing industries.
- *Nearly half the Alaska Natives in remote areas are under 20, compared with 37% in Anchorage* (Figure 3). High birth rates in remote areas partly account for that difference, but migration of working-age Alaska Natives from remote to urban areas also plays a part.
- *Working-age Alaska Natives (20 to 64) make up 59% of the Native population in Anchorage but just 45% in remote places*—another sign that Alaska Natives are moving to urban places (Figure 3).
- *Alaska Native women of working age are especially likely to live in urban areas.* Numbers of working-age Alaska Native men and women statewide are about equal. But in Anchorage, there are 14% more women and in remote areas 9% more men (Figure 4).
- *Non-Native residents of the remote region are concentrated among working-age adults* and are most likely to live in regional centers.

The Mixed Economy

Some analysts wonder if the cash economy is replacing the traditional subsistence economy in remote rural Alaska. According to the evidence so far, the answer is no.

Subsistence activities—hunting, fishing, berry picking, and preserving meat and fish, among others—are part of the Alaska Native culture, as is sharing those subsistence foods. Both the subsistence activities themselves and the sharing among families and friends also have substantial economic value.

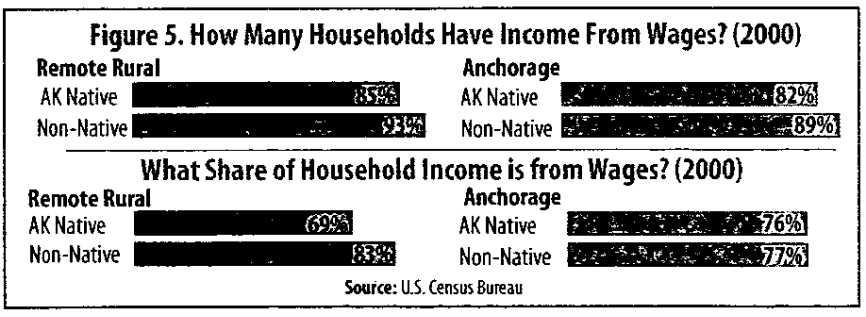
The Alaska Department of Fish and Game estimated in 2000 that among remote rural households (including both Alaska Native and non-Native households), 60% harvest game and 80% fish, and that annual harvests are several hundred pounds per person.[5]

But the U.S. Census Bureau reported in 2000 that most households in the remote rural region—85% of Alaska Native and 93% of non-Native—also had at least some income from wage work, and that wages made up most household income among both Alaska Native and non-Native households (Figure 5).

So it's clear, given the large subsistence harvests and the prevalence of wage-work, that remote rural households routinely combine work and subsistence. Evidence of that pattern is in the recent Survey of Living Conditions in the Arctic, an international survey of indigenous people around the Arctic. It found that in northern Alaska (including the North Slope and Northwest Arctic boroughs and the Nome census area), 78% of Inupiat households combined subsistence activities and jobs.[6] (See Figure 1 on the front page).

There's also an "informal" economy, not captured in statistics, in remote places. Families and neighbors may trade services, share goods, or make cash payments not reported to the IRS. Such activities outside the standard market economy go on nationwide. But they are especially important in remote rural Alaska, where both cash and local businesses are scarce. Small remote communities can't support most of the service businesses—everything from vehicle repair to hair-cutting shops—found in urban areas.

No estimates exist of how much time residents spend in the informal economy. But such activities clearly add to households' economic well-being.



Prices and Living Costs

Prices in remote rural places are much higher than in urban areas. Transportation costs, severe climate, small local markets, inefficiencies, lack of competition, and other structural problems all add to prices in remote areas.

The limited available information about how residents of remote places spend their money suggests that most cash spending, especially in the smallest villages, is for food from stores, utilities (including fuel), and transportation.

Rising energy prices have made it more expensive for all Alaskans to heat their homes and keep the lights on. But most remote rural places rely on fuel oil for both heating homes and generating electricity. Fuel oil is far more expensive than natural gas, which is available in Anchorage and a few other communities.

In mid-2007, energy from fuel oil in Bethel was roughly four times more expensive than energy from natural gas in Anchorage (Figure 6). And fuel oil is even more expensive in smaller remote places than in regional centers like Bethel.

Rising energy costs have also increased the costs of transporting food and everything else to remote places. For example, in 1990 the cost of buying the same market basket of foods was 45% higher in Bethel than in Anchorage, but by mid-2007 it was 92% higher (Figure 7). Again, prices are higher in smaller remote places than in Bethel and other regional centers.

Keep in mind that higher prices for individual items don't necessarily mean overall living costs are equally high. Comparing living costs in urban and remote rural Alaska is complicated, because households in remote places don't typically buy the same kinds and quantities of things urban households do.

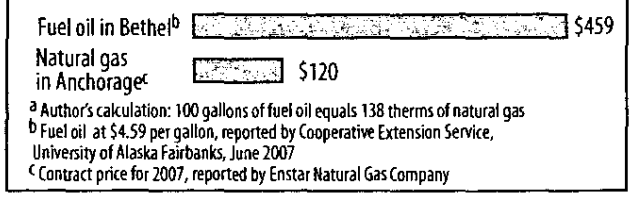
A big difference is that people in remote places are more likely to buy gear and supplies for subsistence hunting and fishing. (That doesn't mean urban Alaskans don't hunt and fish—just that the percentage who do is smaller.) In turn, harvests of fish and game mean that people in remote places often don't have to buy as much meat and fish as most urban Alaskans do.

Transportation and other kinds of everyday expenses also differ. For instance, most urban Alaskans own cars, while snow machines and all-terrain vehicles are common in remote villages.

Another thing affecting spending patterns is that a majority of people in remote areas are Alaska Natives, who as indigenous people are eligible for federal health care, housing, and other programs. Such programs can reduce costs for Alaska Natives—but availability of specialized health care and other services is limited in small remote places.

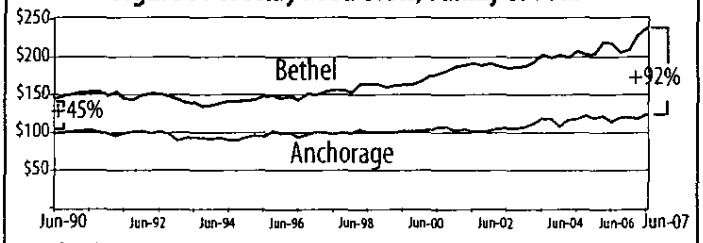
Still, even though we know about some of these differences in spending patterns, there isn't enough specific information to estimate overall living costs for remote rural households. Estimating those costs would require knowing much more—for example, about what remote rural households typically buy, how much subsistence harvests offset food and other costs, and how much informal economic activities contribute to the well-being of households.

Figure 6. Cost of 100 Gallons of Fuel Oil and Equivalent Energy from Natural Gas in Anchorage, 2007[a]



[a] Author's calculation: 100 gallons of fuel oil equals 138 therms of natural gas
[b] Fuel oil at $4.59 per gallon, reported by Cooperative Extension Service, University of Alaska Fairbanks, June 2007
[c] Contract price for 2007, reported by Enstar Natural Gas Company

Figure 7. Weekly Food Costs, Family of Four*



*Based on grocery store prices
Source: Cooperative Extension Service, University of Alaska Fairbanks

Local Government

Local governments of several kinds play a big part in the remote rural economy, accounting for more than a quarter of all jobs. Borough and city governments are authorized under state law. Boroughs are regional governments similar to counties. School districts are also considered local government entities. Tribal governments for Alaska Native communities are authorized under federal law.

Many but not all remote places have city governments, which typically collect some local taxes—most often sales taxes. Alaska school districts get about two-thirds of their operating money from the state, and the rest comes from a combination of local and federal money. Tribal governments, supported by federal money, exist in Alaska Native communities throughout remote rural areas. They account for nearly 20% of local government jobs in remote places.

Borough governments have never been established in many parts of remote rural Alaska—because most remote places don't have adequate tax bases to support regional governments. There are, however, three borough governments in the remote rural region (as defined in this paper)—the North Slope, Northwest Arctic, and Lake and Peninsula boroughs (Map 1). They exist because resource production provides tax bases that other remote rural areas don't have.

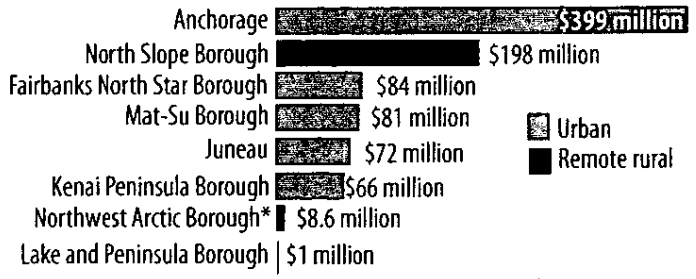
The North Slope Borough, formed in 1972, collects taxes on petroleum property on the North Slope—which for 30 years has been the largest onshore oil-producing area in the country. Inupiat leaders realized early on that a borough government would help local people capture some benefits of oil production. It was the first non-tribal regional government in the U.S. controlled by Native Americans.

The Northwest Arctic Borough was established in 1986, after a very large mineral deposit was confirmed on land owned by NANA, the Alaska Native regional corporation representing northwest Alaska. The borough collects payments in lieu of taxes from the operators of the Red Dog mine, which primarily produces zinc but also smaller quantities of lead and silver.

The Lake and Peninsula Borough was established in 1989 and includes major commercial salmon fishing districts. It operates mostly with revenues from a tax on raw fish, but also collects taxes related to recreational hunting and fishing and tourism.[7]

Figure 8 compares local tax revenues among Alaska's urban and remote rural boroughs. The North Slope Borough, with the oil facilities around Prudhoe Bay as a tax base, collected nearly $200 million in property taxes in 2006. It is second only to Anchorage in local tax revenues—and on a per-capita basis, it is the wealthiest borough in Alaska and among the wealthiest regional governments in the country.

Figure 8. Local Tax Revenues, Urban and Remote Rural Boroughs, 2006



*These are not taxes but payments in lieu of taxes, paid by the operators of the Red Dog mine.

Sources: Alaska Division of Community Advocacy, *Alaska Taxable;* Northwest Arctic Borough

The Northwest Arctic Borough collected $8.6 million in payments in lieu of taxes from the Red Dog mine in 2006. The Lake and Peninsula Borough collected about $1 million in local taxes, mostly from a fish tax.

Taxes boroughs collect are one way local residents benefit from resource production, because they fund local services and create local jobs. That's especially true of the North Slope Borough, which employs several hundred people. The two other boroughs, with much smaller tax bases, employ fewer people—Northwest Arctic about 30 and the Lake and Peninsula 6 full-time employees in 2006.

Alaska Native Corporations

Alaska Native corporations—both for-profit and non-profit—are unique to Alaska and have become very important to the remote rural economy (as well as the state economy). The for-profit corporations were established under the 1971 Alaska Native Claims Settlement Act, which awarded Alaska Natives 44 million acres and $1 billion, to settle aboriginal land claims.

The act established 13 for-profit regional corporations (12 in Alaska and one outside), as well as more than 200 village corporations within the regions.[8] Those corporations manage the land and money on behalf of their Alaska Native shareholders. Six regional corporations—Arctic Slope, Bristol Bay, Bering Straits, NANA, Calista, and Doyon—represent shareholders from remote rural areas. (Some areas within the Doyon and Bristol Bay corporation boundaries are outside our defined remote rural region.)

The non-profit corporations often grew out of older Native associations. They administer health, housing, and other programs the U.S. government provides Alaska Natives and other Native Americans. They are among the largest employers in remote areas (see Figure 11, page 7). Although funded largely with federal money, they are in the private non-profit sector.

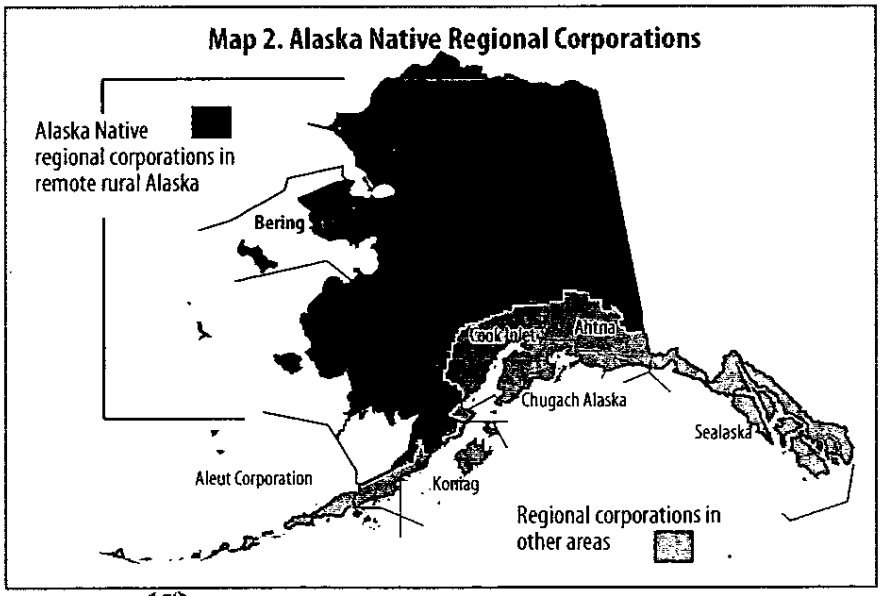
The six for-profit regional corporations in remote rural areas own businesses in many industries, inside and outside Alaska. All six are involved—some much more than others—in resource industries in remote rural Alaska.

It's beyond the scope of this paper to try to sort out the regional corporations' many business ventures. Instead, we'll cite a few examples, to show the ways they benefit from resource development—and in turn contribute to the remote rural economy. Broadly speaking, the corporations benefit when resources they own are developed or when they provide services to resource developers.

- *All Native regional corporations benefit when any corporation collects revenues from developing its subsurface minerals or timber.* That's because a provision of the claims settlement act (7i) requires the regional corporations to share 70% of the net revenues they collect from production of subsurface minerals or logging on their lands. That provision was included to account for the fact that some regions have more minerals and timber than others. From 1971 through 2004, about $675 million was distributed among the corporations under the revenue-sharing requirement.[9]

- *The recent spike in oil prices has been good for Arctic Slope Regional Corporation.* ASRC is part owner of the Alpine oil field on the North Slope, and its royalties increase with higher oil prices. It also owns ASRC Energy Services, which was ranked number 6 among the top private employers in Alaska in 2006.[10] It provides oil field services on the North Slope and in other places. ASRC also owns refineries in Fairbanks and Valdez. Shareholders working for various ASRC businesses—in remote rural Alaska and elsewhere—collected $61 million in wages in 2006. The corporation reports that profits related in one way or another to high oil prices contributed to a fall 2007 shareholder dividend of $42.21 per share, or $4,221 for the average shareholder owning 100 shares.

Map 2. Alaska Native Regional Corporations



• *A recent big increase in zinc prices has benefited NANA regional corporation, which owns the land where the Red Dog zinc mine is located.* NANA collects royalties from the mine operators based on the price of zinc. As part of the lease agreement with mine operators, NANA also requires that shareholder hire be a priority—and in early 2007, NANA shareholders made up about 55% of the mine's 370 employees. NANA also owns businesses that provide a range of services for the North Slope oil fields and the Red Dog mine.

• *The fortunes of both ASRC and NANA depend heavily on resource prices.* As Figure 9 shows, as recently as 2002 oil and zinc prices were a small fraction of what they were in 2006—as were revenues of those corporations.

• *Other Native regional corporations in remote areas also benefit but in more limited ways from resource development.* Examples include Doyon, the corporation in interior Alaska, which owns a number of drilling rigs on the North Slope. Calista and Kuskokwim Corporation (representing 10 village corporations that merged) have an agreement with mining companies planning to develop a large gold deposit on corporation-owned land in southwest Alaska. A subsidiary of Bristol Bay provides construction and other services for North Slope operators. Bering Straits corporation, in western Alaska, owns part of the Rock Creek gold mine, being developed outside Nome.

The corporation activity described above is by no means comprehensive, but it gives an idea of the growing role of regional corporations in the remote rural economy.[11] It also reflects their vulnerability to volatile oil and mineral prices.

Economic Drivers

Large-Scale Resource Production

The oil, zinc, salmon, and groundfish from remote rural Alaska or offshore waters were worth nearly $17 billion in 2006 (Figure 1, front page) and will be worth more in 2007, with prices climbing even higher. But resource prices are famously volatile. Figure 9 compares 2002 and 2006 prices. Oil and zinc prices in 2006 were three to four times what they had been in 2002. Salmon prices hit highs in the 1980s and then began a long decline through 2002, when they began to recover somewhat. Prices for pollock from the Bering Sea were also up considerably between 2002 and 2006.

What prices will be next year or the year after depends on market, political, and environmental factors Alaska can't control. It's important to keep that in mind, because the benefits the remote rural economy gets from resource production—through industry jobs, borough governments, and Alaska Native corporations—also rise and fall with prices.

• *Figures from the Alaska Department of Labor show that around 1% to 2% of the several thousand oil company* and support workers in the North Slope oil fields are residents of remote rural areas.[12] Most work for subsidiaries of Alaska Native regional corporations.

• *More than half the workers producing zinc in northwest Alaska are shareholders of NANA* corporation, but employment at the zinc mine is less than 400—compared with the thousands of jobs in oil production. Also, not all NANA shareholders are local residents. As of 2005, about 46% of mine employees lived in remote areas.[13]

• *The commercial salmon fisheries employ far more regional residents than any other resource industry.* But the season is short—and as prices fell from the late 1980s to 2002 employment also fell. These are limited entry fisheries centered in Bristol Bay but extending out along the Alaska Peninsula and along rivers flowing into the Bering Sea.

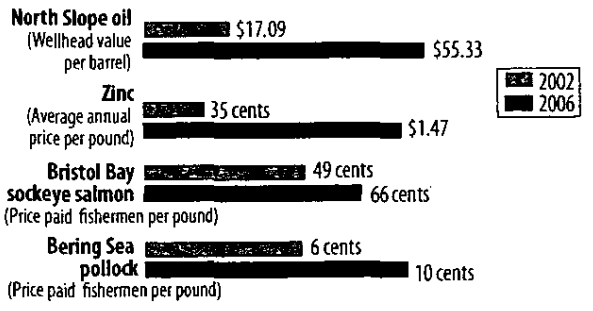
The Research and Analysis section of the Alaska Department of Labor estimates that about 4,000 residents of remote rural areas worked seasonally either as permit holders or crew members in the salmon fisheries in the 2005 season. In small fisheries of the Northern and Yukon Delta areas, most captains and crew members are local residents, but in the more lucrative Bristol Bay area fisheries only about 20% of permit holders and crew live in the remote region.[14]

• *Seafood processing also creates thousands of seasonal jobs in remote rural Alaska, primarily in the Bristol Bay area.* But non-locals (either from other areas of Alaska or outside Alaska) hold most processing jobs in that area—more than 80% in 2005, according to the Department of Labor. But local residents hold a larger share of the much smaller number of processing jobs in other remote rural areas.

• *Most coastal communities in western Alaska also share in the revenue from bottom fishing through the federal Community Development Quota (CDQ) program.* The program allocates a share of the seafood catch—including pollock, cod, halibut, and crab from the Bering Sea and Aleutian Islands— to six groups representing 65 western Alaska villages, including many in the remote rural region. Some groups own their own vessels and harvest their own allocation, but others lease their harvest rights and collect royalties.

In 2005, the CDQ program generated 2,025 seasonal jobs, a payroll of $16.5 million, and $120 million in net revenues and royalties for CDQ communities. Accumulated net revenues and royalties for CDQ groups totaled nearly $820 million from 1992 through 2005.[15] Most of that total is attributable to villages within the remote rural region.

Figure 9. Natural Resource Prices, 2002 and 2006



Sources: Alaska Departments of Fish and Game, Revenue, and Natural Resources; National Marine Fisheries Service

The CDQ groups have invested income in the local harvesting and processing sectors, in harbor improvements and other infrastructure, and training programs. This spending contributes to local income and economic activity. But much of this investment likely doesn't stay in the local economy. For example, the construction of boats purchased outside the region doesn't directly create local jobs.

- *State and federal services supported by taxes and royalties from resource production also benefit regional residents*—in addition to the benefits from borough governments, discussed earlier.

Small-Scale Resource-Based Activities

Smaller resource-based activities also take place in remote areas, including sport fishing and hunting lodges and guiding, as well as other tourism and recreation, small-scale mining, handicraft manufacture, resource management, logging, trapping, and agriculture.[16] Their combined contribution to economic activity in the region (as measured by income for resident households) is modest—perhaps $100 million to $200 million annually.

But that is just a ball-park estimate. Jobs in these activities are often held by self-employed people, are mostly seasonal, and are often part-time—so many of them don't show up in the state's official employment figures.

Also, as with the major resource industries, it's likely that a large share of the income, particularly from small-scale mining and recreation, goes to non-locals. Still, these activities are valuable because they add to the region's jobs, income, and economic diversity.

Government Spending

- *Excluding resource development, the largest source of cash flowing into remote rural Alaska is the federal government* (Figure 10). Grants, purchases from businesses, payments to individuals, and wages totaled $900 million in 2005. Grants made up more than two-thirds of that total, with the largest for Medicaid and the Alaska Area Native Health Service. Alaska Native non-profit corporations administer much of the federal grant money related to health care—and are among the largest employers in remote areas (Figure 11). Payments to individuals include retirement and disability payments, as well as food stamps and other assistance.
- *State general fund spending in the remote rural region was roughly $250 million in 2005*—assuming that the share of state spending equals the share of the population. Available data don't allow us to precisely calculate general fund spending in remote areas. The largest component of state operating spending is for education. The state pays most of the costs for school districts—and school districts are among the largest employers in the remote rural region (Figure 11).
- *A share of federal grants to the state*—an estimated $100 million—was also spent for remote rural projects in 2005.
- *Permanent Fund dividends provide a floor for household income in remote areas and accounted for 3% of all personal income in 2005.* These are payments the state makes annually to all Alaska residents from the earnings of the state's big savings account, the Permanent Fund (see Figure 18, page 11). Because every Alaskan gets equal payments, the dividends mean all households have at least some level of cash income.[17]

Figure 10. Estimated Federal, State, and Other Cash Flows into Remote Alaska, 2005
(Excluding Resource-Based Activities)

(In Millions of Dollars)

Total	$1,400
Federal Money	
• Grants	$640
• Purchases	$73
• Payments to individuals	$158
• Wages	$29
State Money	
• General Fund	$250
• Flow-through federal grants	$100
• Permanent Fund dividends	$50
Other*	$100

*Includes private investment income, dividends paid by Alaska Native corporations, pensions, and cash brought in by residents who work elsewhere.
Source: Author's calculations

Figure 11. Number of Employees, Large Government-Supported Organizations In Remote Rural Alaska, 2006

School Districts	
Lower Kuskokwim School District	1,104
Northwest Arctic Borough School District	648
Lower Yukon School District	592
Bering Strait School District	552
North Slope Borough School District	500
Private Non-Profit Organizations	
Yukon Kuskokwim Health Corporation	1,292
Maniilaq Association	555
Norton Sound Health Corporation	478

Source: Alaska Department of Labor

Other Sources of Cash

- *Cash coming into the region from other sources is modest, perhaps in the range of $100 million.* It includes investment income, dividends paid shareholders by Alaska Native corporations, private pensions, and earnings of residents who work outside the region.

[a]This figure is an estimate of the general pattern of employment in remote rural Alaska. We relied on several sources that measure employment in somewhat different ways, and we made some adjustments in the figures so we could fit all the pieces together. It includes all jobs in the region, held by both local residents and non-locals. It is a count of the average number of jobs, not workers, over the year.

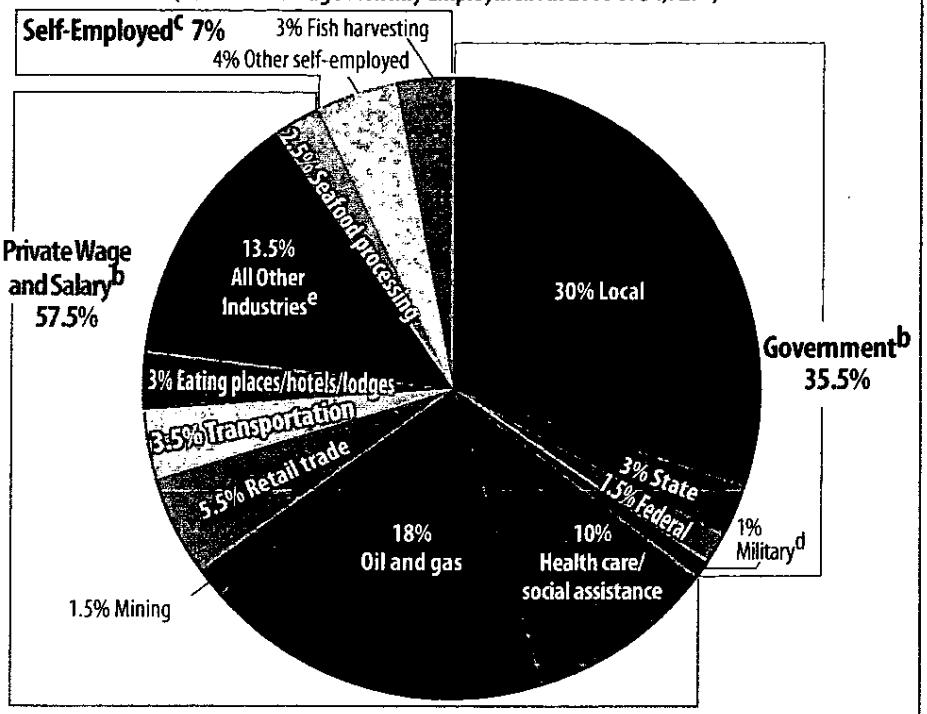
[b]Government and private wage and salary employment are based on the Alaska Department of Labor's 2006 figures on average monthly employment by industry.

[c]Standard employment figures cover wage and salary jobs but exclude self-employment, which is a significant share of all jobs. To include the self-employed for a complete and consistent picture of jobs in the region, we used the Alaska Department of Labor's estimate of annual average jobs in fish harvesting and our own estimate of other self-employment. Fish harvesting here includes average annual figures for the Northern, Yukon Delta, and Bristol Bay region fisheries, excluding those in the Bristol Bay Borough. We estimated the number of self-employed workers other than fish harvesters by subtracting fish harvesters from the total number of self-employed (proprietors) reported by the Bureau of Economic Analysis. We then converted the remaining count of proprietors to an estimate of annual average jobs, assuming the average proprietor works six months per year.

[d]Military jobs based on the Bureau of Economic Analysis's 2005 figures by census area.

[e]Other industries include construction, finance, real estate, arts, wholesale trade, and other services.

Figure 12. Estimated Employment in Remote Rural Alaska, 2006
(Based on Average Monthly Employment in 2006 of 34,729[a])



Sources: Alaska Department of Labor, Research and Analysis; Bureau of Economic Analysis; and author's estimates

Total Employment in the Region

How do all the cash sources just described translate into jobs? The region had average monthly employment of about 34,800 in 2006, including jobs held by local residents and people either from other areas of Alaska or outside Alaska. The total job count over the year would be larger than the average, because many jobs are seasonal.

Figure 12 is based on several sources, and it's not precise. Standard employment figures include only wage and salary jobs. Self-employment is estimated here. Also, some wage jobs don't show up in regional figures, because some employers report their employees where the business is headquartered rather than where they work.

- *Government (mostly local) accounts for almost 36% of jobs*, self-employment 7%, and private wage and salary jobs just under 58%.
- *One in five local government jobs is in tribal government.* Others are in schools or municipal governments and utilities.
- *The oil and gas industry accounts for 18% of employment and the mining industry 1.5%.* Oil industry jobs are on the North Slope, in enclaves far from established communities—and almost all jobs are held by non-locals. Mining jobs are concentrated at the Red Dog mine, where about half the employees are local residents.
- *About 10% of jobs are in health care or social assistance*, primarily with the Alaska Native non-profits that administer federal health and other programs for Alaska Natives. Although supported by federal money, these are private jobs.
- *Commercial fishing jobs account for an estimated 3% of jobs, on an average over the year.* Fish processing accounts for another 2.5%.
- *Other industries that contribute a significant share of private jobs* are trade (mostly small general stores), transportation (mostly air) and eating places and hotels and lodges.

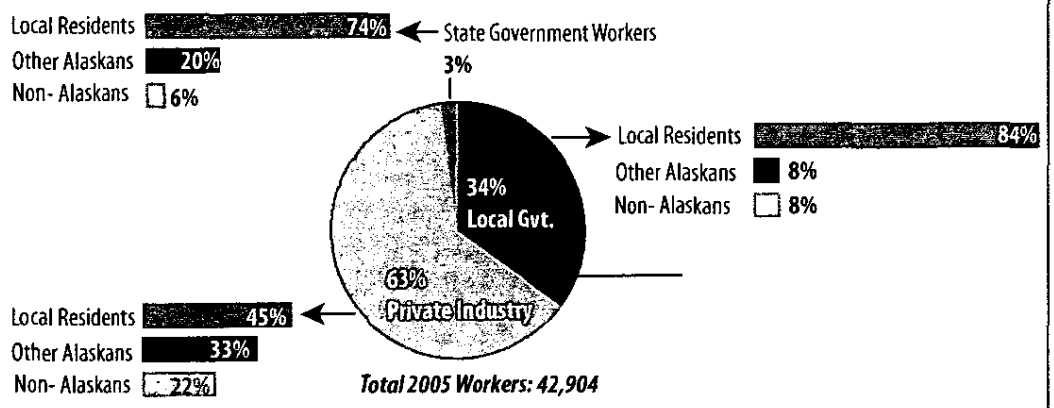
Employment Among Local Residents

We know that many workers in remote areas aren't local residents, and Figure 13 shows the Alaska Department of Labor's 2005 estimate of how many workers are residents and how many are non-locals—either from other areas of Alaska or outside Alaska.

The total number of workers in the remote region—nearly 43,000 in 2005—is considerably higher than the 34,800 average monthly employment shown in Figure 12. That's because it is a count of everybody who worked at any time during the year. Two or more people can hold a single job over the course of the year. Also, the number of people who work during the summer fishing season is much larger than the annual average number of jobs in fish harvesting.

- *Nearly two-thirds of the workers in remote areas are in private industry—but less than half those workers are local residents.* Alaskans from outside the region account for 33% of private workers and non-Alaskans 22%. Most oil industry and seafood processing workers are non-locals. All the other industries also have some non-local workers, but the percentages are smaller.
- *Just over a third of the workers in remote areas have government jobs, and most are local residents.* The majority of government jobs are in local government—school districts, city and borough governments, and tribal governments.
- *Overall, local residents made up 59% of all workers in remote areas in 2005, but they collected only 44% of wages paid.* Many of the highest-paying jobs—especially in the oil industry—are held by non-locals. Alaskans from other areas of the state collected 37% of the wages and non-Alaskans 19%.

Figure 13. Workers* in Remote Rural Alaska, By Type of Job and Residence, 2005



Comparing Share of Resident Workers and Resident Share of Wages Paid, 2005

Share of Total Workers			Share of Total Wages		
Local Residents	59.5%	25,495	Local Residents	44%	$561.9 million
Other Alaskans	24%	10,345	Other Alaskans	37%	$472.1 million
Non- Alaskans	16.5%	7,064	Non- Alaskans	19%	$249.4 million

*Includes full-time, part-time, and seasonal workers covered by Alaska unemployment insurance. Excludes federal employees and self-employed people. Each worker is counted only once, even if some workers have more than one job.

Unemployment Among Local Residents

We've just seen that non-locals account for about four in ten workers in remote areas. At the same time, unemployment among local residents is high. Both the unemployment rate and the number of unemployed people rose sharply in remote areas in recent years—even though many people left for urban areas.

Government statistics show that from 2000 to 2006, the unemployment rate in the remote region increased from 9.3% to 12%. The number of unemployed people rose from 2,264 to 3,194—a jump of 41%. During the same period, the unemployment rate in Anchorage was also up, but much less—from 4.9% to 5.3%—and the number of unemployed was up about 17% (Figure 14).

But those government figures probably underestimate the number of people who want jobs in remote areas, because they include only those who say they want jobs *and* have been actively looking for work. That ignores the "discouraged worker" effect in small places with few jobs—that is, people who would like jobs may not be actively looking because they know there aren't any jobs.

Another way of assessing how many residents are without work is the number of Alaska Native villages in the region that are exempt from the standard five-year limit on welfare benefits. Since the national overhaul of the welfare system in the late 1990s, most welfare recipients are limited to five years of benefits. But residents of federally recognized Alaska Native villages where more than half the adults do not have jobs are exempt from that limit.

Figure 15 shows that 120 Alaska Native villages statewide are currently classified as exempt from the five-year limit. Three quarters of those villages are in remote rural Alaska. That measure *overstates* how many people can't find jobs, because not all adults want jobs—due to age, disability, family responsibilities, or other reasons.

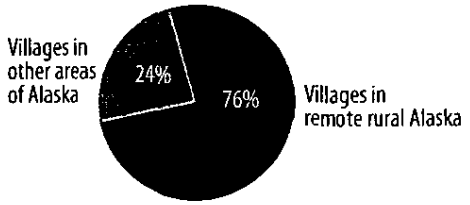
Still, the large number of remote rural communities where half the adults don't have wage jobs shows there must be many people who want jobs but can't find them.

Figure 14. Changes in Unemployment, Remote Rural Alaska and Anchorage, 2000-2006

	Number of Unemployed People			Unemployment Rate	
Remote Rural	2000	2,264	+41%	2000	9.3%
	2006	3,194		2006	12.0%
Anchorage	2000	6,909	+17%	2000	4.9%
	2006	8,052		2006	5.3%

Source: Alaska Department of Labor, Research and Analysis

Figure 15. Alaska Native Villages Where Half the Adults (16 and Older) Don't Have Wage Jobs*



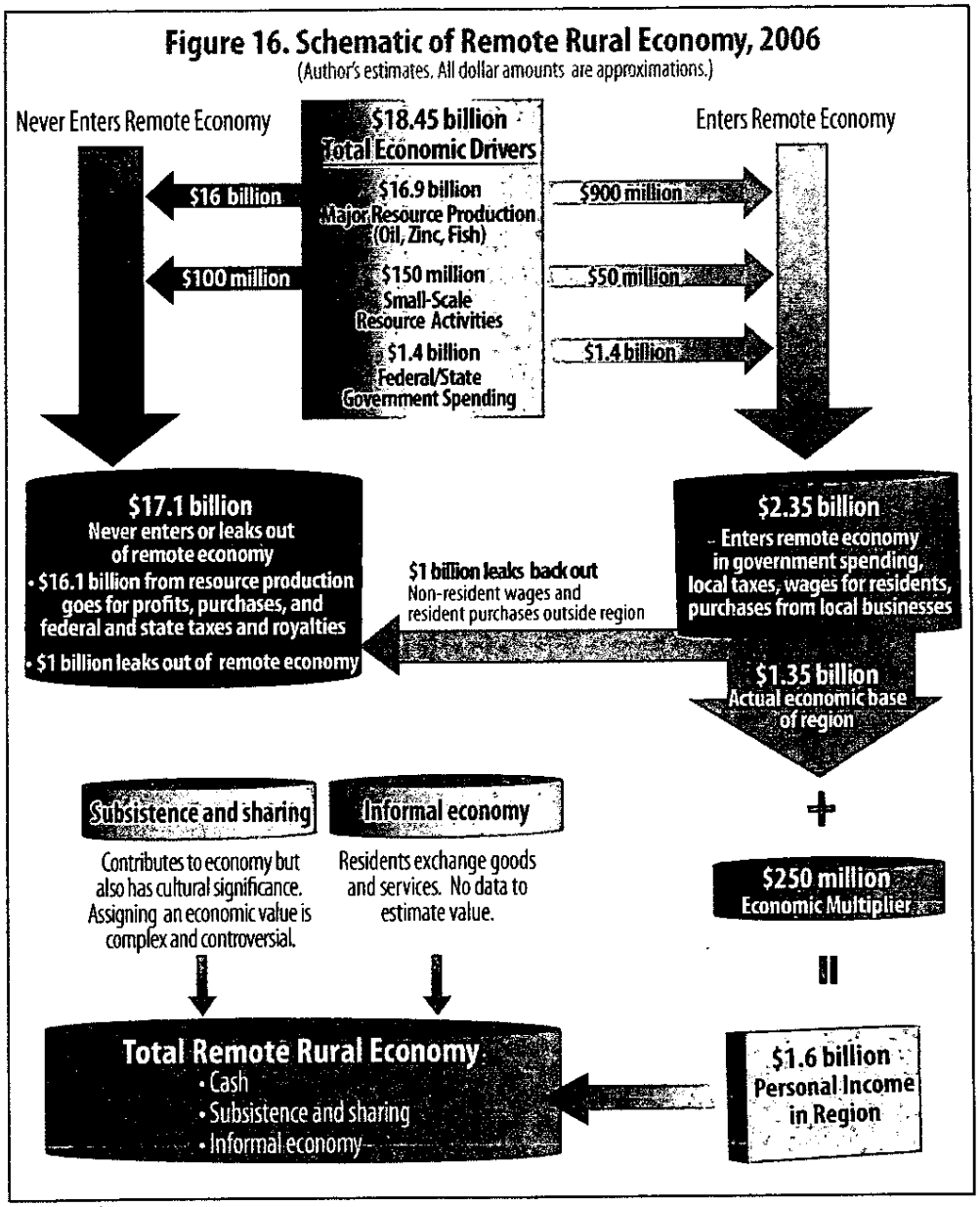
Total: 120 communities

*These are villages exempt from the standard 5-year limit on welfare benefits, as determined by the Alaska Division of Public Assistance. That determination is based on 2000 U.S. census data supplemented by the most recent reliable data from surveys, following procedures established by the Alaska Department of Labor and Workforce Development. Under federal law, Alaska Native villages where half or more of the adult population (16 and older) don't have jobs are exempt from the 5-year benefit limit.

Money Doesn't Stick

Figure 16 helps explain why the remote economy doesn't produce enough jobs for residents. It estimates cash either flowing into or generated in the region in 2006—and it shows that most cash generated in remote areas never influences the local economy at all. And of the cash that does flow into the economy, a big share doesn't stick around. The flows are approximations, based on limited data.

- *Nearly $18.5 billion was either generated in or flowed into remote areas in 2006, but only $2.35 billion entered the local economy.* The rest went directly to other areas for producer profits; purchases of labor, supplies, and services; and federal and state taxes and royalties.
- *Of the $2.35 billion that did go into the local economy in 2006, $1 billion quickly leaked out again, because:* (1) the many non-residents working in remote areas take their paychecks home when they leave, and (2) resident households and businesses can't or won't buy many things locally—and therefore spend money outside the region.



• *That left about $1.35 billion as the actual economic base of the economy in 2006—the share of the $18.5 billion that went to remote rural households, businesses, and local governments.* That's the purchasing power households and businesses have to support the local economy.

• *Major resource production was valued at nearly $17 billion in 2006, but more than $16 billion of that bypassed the local economy.* Around $900 million did go in—$550 million in wages and $350 million in local taxes and purchases.

• *Smaller resource-based activities generated another $150 million or so in 2006,* with $100 million bypassing the local economy and $50 million going in.

• *All the $1.4 billion the federal and state governments spent* for wages, grants, or purchases from local businesses in 2006 initially went into the local economy.

• *The $1.35 billion economic base from resource production and government spending generates more economic activity* when residents, businesses, and governments buy locally. Say a resident fisherman uses his fishing income to buy food or fuel from local businesses. That keeps cash circulating in the local economy, which helps make local businesses profitable and pay their employees. That additional activity is called the economic multiplier.

• *But in small remote communities the economic multiplier is small.* They can't support many businesses—so, as we just discussed, residents often can't buy what they need locally. When they buy outside the region, the economy loses the money needed to support local jobs. We estimate that in 2006 the money coming into the region from outside sources generated only about $250 million of additional household income as it circulated.

• *The economic base of $1.35 billion and the $250 million economic multiplier* together roughly total the $1.6 billion in personal income of residents in 2006.

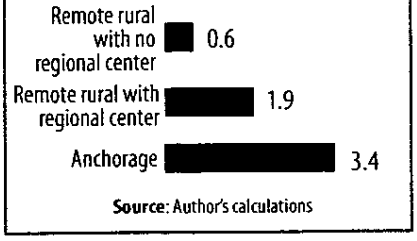
Figure 16 also recognizes that the remote economy is not based just on cash. Both subsistence and informal economic activities also contribute to the well-being of residents. But there isn't enough information to assign them monetary value. Subsistence activities also have cultural significance for Alaska Native people, making it even more complex to assign them a dollar value.

Figure 17 is another illustration of why small communities have trouble generating local jobs. In Anchorage, $1 million of household income generates 3.4 trade jobs. With 270,000 people, Anchorage can support a range of businesses.

By contrast, remote areas with regional centers can generate only about half as many jobs—1.9 jobs per $1 million in household income. In remote areas without regional centers, like the Wade Hampton census area, the number of jobs generated is much smaller: only 0.6 trade jobs for every $1 million of household income.

This short characterization of the remote rural economy highlights both the challenges of economic development and the opportunities. Cash is in short supply. To increase that supply, residents and businesses have to find ways either to bring in more cash or to circulate it more before it leaks out.

Figure 17. Trade Jobs Generated by $1 Million in Household Income



Source: Author's calculations

Income of Regional Residents

As we've just seen, personal income among the roughly 60,500 remote rural residents is about $1.6 billion. Nearly all comes from outside sources, with about $250 million from money circulating in the economy. Figures 18 to 21 show more about regional income.

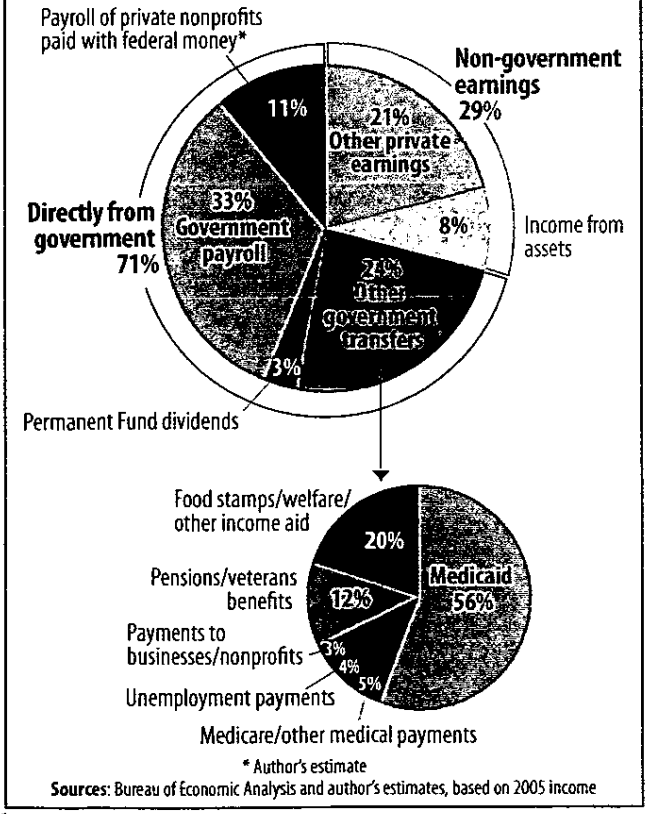
- *About 71% of personal income can be traced directly to government*—transfer payments, government payroll, and payroll for private jobs supported by federal money. Those private jobs are mostly in non-profit Alaska Native corporations that contract with the federal government to administer health and other programs for Alaska Natives.

- *The 29% of income not directly from government is private payroll and non-wage income.* But probably only about 10% of income is really independent of government. An unknown share is the indirect result of government spending—through the economic multiplier. Also, non-wage income is a government estimate of individuals' income from assets like stocks. Such income often stays in financial accounts rather than going into people's pockets.

- *Permanent Fund dividends make up 3% of personal income and other government transfers another 24%.* Those include unemployment and welfare payments and pensions, all paid directly to individuals. But by far the biggest single transfers are Medicaid payments to hospitals, doctors, and others for medical costs of low-income Alaskans. Also included are payments under Medicare, the program for older Americans. (The fact that government figures classify these medical payments as "personal income," even though they don't go to individuals, highlights why personal income is a less-than-perfect measure of cash actually available to families and communities.)

- *Per capita personal income in most remote rural areas in 2005 was anywhere from 25% to 50% below the state average*—largely due to a combination of part-time work and lower wages (Figure 19). The exception is the North Slope, where the borough government and the Arctic Slope regional corporation employ many residents.

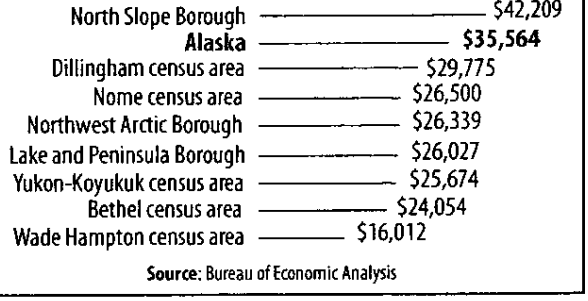
Figure 18. Sources of Personal Income, Remote Residents



* Author's estimate

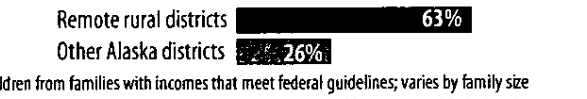
Sources: Bureau of Economic Analysis and author's estimates, based on 2005 income

Figure 19. Per Capita Personal Income, 2005



Source: Bureau of Economic Analysis

Figure 20. School Children Qualified for Free Meals,* 2007

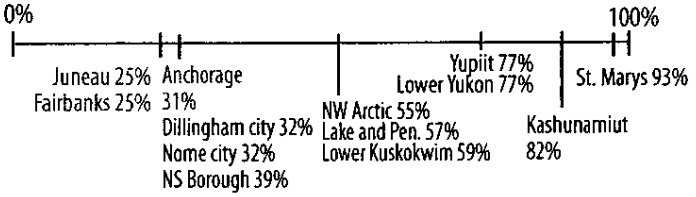


*Children from families with incomes that meet federal guidelines; varies by family size

Source: Food and Nutrition Services, Alaska Department of Education and Early Development

Figure 21. Percentage of School Children From Families Receiving Public Assistance*

(Selected **Urban** and **Remote Rural** School Districts, 2006-07 School Year)



*Food stamps, Medicaid, or welfare payments. **Source:** Alaska Department of Education

- *Poverty is widespread, under standard measures.* Among children in the region, 63% qualify for free meals at school, compared with 26% in other Alaska districts (Figure 20). Some areas are poorer than others. About 32% of children in the Dillingham school district are from families receiving public assistance—Temporary Aid to Families, Medicaid, or food stamps—compared with more than 80% in the Kashunamuit and St. Marys districts in the Wade Hampton census area (Figure 21).

Challenges and Opportunities

Strengthening the economy of remote rural Alaska will take work as well as creativity. We can identify a number of challenges for the region and some opportunities as well. Keep in mind that the vast remote region has three very different kinds of communities—the many small, isolated villages; the five regional centers; and the enclaves where valuable natural resources are produced. Future challenges and opportunities will be different in those three kinds of places.

- *Importing goods and services will continue to be expensive.* Improved access can reduce but not eliminate the cost difference between remote rural and urban areas.

- *The young age of the population will continue to swell the labor force.* Most opportunities for young people will be created by retirements or turnover in health, education, and government administration jobs.

- *Future government spending in the region will be constrained,* as the federal budget tightens and as oil production—the state's main source of general operating money—declines.

- *Job growth will slow down, because so many jobs depend on government spending.* New jobs will be mainly in regional centers. Innovative ways to share jobs—like village labor contracting cooperatives—might be useful.
- *Development of oil and gas and hard-rock minerals will continue to offer high-paying jobs*—but such jobs will still typically be in remote enclaves, and most will continue to go to workers from outside the region. Local benefits will still likely be concentrated in a few areas.
- *The paradox of high local unemployment at the same time non-locals hold many jobs isn't likely to change overnight.* Many jobs in resource production are not only in isolated enclaves but also require special skills.
- *Opportunities in the "knowledge economy"*—data processing, for example—will continue to increase, but will require more education.
- *Expansion of small-scale mining, tourism, recreation, handicraft manufacture, agriculture, and trapping* can potentially provide modest economic benefits for some communities.
- *The undeveloped natural environment in remote areas will become more valuable* for tourism and recreation—but high costs and isolation will still constrain growth.
- *Cash will continue to be scarce.* Informal economic activities—like exchange of services among family and neighbors—will continue to be extremely valuable, because they reduce the need for cash. Cash circulating in the local economy will still only be able to generate a few jobs in retail trade and other support businesses.
- *Finding ways to capture more of the value of resource production for local residents* would boost the cash economy in remote areas. Right now most of the multi-billion dollar value of resource production bypasses the local economy.
- *To reduce unemployment, residents will have to continue moving out* of the region or commuting to jobs in other areas.

Limits of Data

Finally, as we said at the outset, the available data on the remote economy have many shortcomings. It's important to keep those shortcomings in mind.

- *By ignoring time residents spend in subsistence and the informal economy, employment figures underestimate time residents spend working.* If such time were included, employment would be larger than official data show and would have a more complex seasonal pattern.
- *More people are unemployed than the official figures show*—because those figures only include people actively looking for work. In many villages, residents know there aren't any jobs to look for.
- *Personal income numbers don't fully measure the well-being of households, because they ignore the value of subsistence harvests* and services exchanged in the informal economy. But putting a monetary value on subsistence is fraught with conceptual and political challenges.
- *Existing cost-of-living measures don't account for the differences in urban and remote rural spending patterns.* For instance, remote households typically have to buy more equipment and supplies for subsistence—but they may also receive federal health and other services non-Native urban households have to pay for.
- *The economic base of the remote rural region can't be accurately identified with current data.* We approximated cash flow into and out of the region by piecing together data with many gaps.

Of course, it's easy to identify shortcomings and hard to fix them. It may be impossible to correct them all, given the difficulties and costs involved. But finding ways to improve the economy of the remote rural areas has been a goal of Alaskans for decades. If more information were available, it would help us all understand the realities that constrain economic development in remote areas.

Endnotes

1. This publication excludes the Bristol Bay Borough and the Aleutian Islands from the remote rural region, because historically these areas have been different from other remote Alaska areas. The Aleutians East and Bristol Bay boroughs overwhelmingly depend on commercial fisheries with mostly non-local fishermen. And although the naval station on Adak Island closed in the 1990s, the large military population there dominated the Aleutians West census area for several decades. Still, including those areas wouldn't appreciably change the overall patterns we see in remote rural Alaska.

2. A few have road or ferry access.

3. The job of estimating population by race became more complicated after the 2000 U.S. census, which for the first time allowed people to identify themselves as being of more than one race. Previously, respondents chose a single primary race. Now, the Alaska Department of Labor does two types of estimates by race: (1) estimates based on the 2000 U.S. census definition, which includes a multi-race category; and (2) "bridge" estimates, which attempt to replicate the previous single-race categories, using assumptions about which primary race people of more than one race would choose. When presenting numbers by race in this publication, we use the bridge estimates, because they allow us to compare changes in Alaska's population by race over time.

4. See *Status of Alaska Natives 2004*, by Scott Goldsmith, et al., ISER, May 2004. This migration of Alaska Natives from remote to urban places doesn't imply that Alaska Natives living in urban areas no longer maintain ties with remote communities or take part in subsistence activities.

5. Robert Wolfe, Alaska Department of Fish and Game, Subsistence Division, 2000.

6. The Survey of Living Conditions in the Arctic is a survey of indigenous people in Northern Alaska and Arctic areas of Canada, Russia, and Greenland, conducted between 1998 and 2001. For more information see www.arcticlivingconditions.org.

7. A deposit of gold and copper believed to be among the world's largest, the Pebble site, has also been discovered in the Lake and Peninsula Borough, potentially adding to the borough's resource tax base. But the proposed open-pit mine near river drainages that provide habitat for Bristol Bay area salmon has been very controversial. In fall 2007, campaigns for and against the proposed mine continued.

8. In 2007 there were only about 169 village corporations. Some have merged with regional corporations; in southwest Alaska, 10 village corporations banded together to form a single new corporation.

9. Cited in 2006 report of Association of ANCSA Regional Corporation Presidents.

10. Alaska Department of Labor, *Alaska Economic Trends*, July/August 2007, "The Trends 100," by Neal Fried.

11. Information about business activities of individual corporations is from annual reports and Web sites of ASRC, NANA, Calista, Doyon, Bering Straits, and Bristol Bay corporations.

12. The Department of Labor reports that a shortcoming of these figures on workers by place of residence is that not all employers report the geographic area where their employees work. Some report all employment at their headquarters, not where the work takes place.

13. Data from ISER study of economic effects of the Red Dog zinc mine, to be published in 2008.

14. Includes the Department of Labor's Northern, Yukon Delta, and Bristol Bay region, excluding residents of the Bristol Bay Borough (which is not included in our analysis).

15. Alaska Department of Commerce, Community, and Economic Development Web site, October 2007. See www.commerce.state.ak.us/bsc/CDQ/cdq.htm..

16. Mining exploration, particularly at the Donlin Creek and Pebble sites, is included here—but development at those sites would move them into the large-scale resource production category.

17. Some households don't receive dividends because they are garnished for various reasons.

Understanding Alaska is a special series of studies looking at economic development issues, funded by the University of Alaska Foundation. This UA Research Summary is based on a longer paper by Scott Goldsmith, *The Remote Rural Economy of Alaska*, April 2007. Copies are available for $5.00, plus postage; call 907-786-7710. It's also online at:
www.alaskaneconomy.uaa.alaska.edu/economy.htm

Editors: Linda Leask and Pamela Cravez
Graphics: Clemencia Merrill and Molly Ridout

ALASKA PRIMARY CARE ASSOCIATION, INC.

"... Uncompromising in the pursuit of access to primary care for all Alaskans."

2/23/09

Honorable Lyman Hoffman, Senate Finance Co-Chair
And Members of the Senate Finance Committee
Alaska State Legislature
Juneau, Alaska 99801

RE: Support for SB 115 and SB 116 Energy Assistance Program

February, 22, 2009

Dear Co-Chair Hoffman and Members of the Senate Finance Committee,

The Alaska Primary Care Association (APCA) appreciates and supports SB 115 and SB 116 introduced by the Senate Finance Committee. The APCA represents 26 Community Health Center (CHC) organizations and the 141 clinic sites they operate across the state. The health and welfare of Alaskans in medically underserved areas is of utmost concern to the APCA; these bills will help provide much needed relief for these communities.

The APCA requests that the non-profit CHC organizations and local tribal CHC organizations be considered as eligible for assistance via this grant program to communities. We hope the assistance funds will not only provide relief for energy costs at facilities but will also provide for weatherization assistance to reduce future costs at these facilities.

CHC directors have reported that revenues intended for patient services are being re-directed to cover high energy costs at their facilities. The CHCs are facing tough decisions daily and have developed contingency plans as they work to keep their doors open. Some clinics have reduced or are planning to reduce provider hours or have shortened or are planning to shorten clinic hours. Not filling vacancies until the situation is alleviated is another option. Some plan to close off parts of their building if needed; all are working to conserve energy.

Energy assistance is needed for Community Health Centers to help offset high energy costs. Without assistance, patient access will be reduced. If the Senate Finance Committee does not think these bills are the appropriate vehicle for assistance to the CHCs, the Alaska Primary Care Association has an alternative plan to suggest to provide energy relief for CHCs: the amount would be calculated on the same basis as the state Office of Management and Budget (OBM) allocated energy cost increase amounts authorized to be distributed under sec. 22, ch. 28, SLA 2007 and subsequent appropriations. Based on the FY07 operating budgets of the CHCs, the amount for assistance would be $5.631,400.

The Alaska Primary Care Association commends the Senate Finance Committee for introducing and hearing SB 115 and SB 116 and asks members to support and move the bills out of committee.

Respectfully,

Regan Mattingly
State Affairs Coordinator

Shelley S. Hughes
Government Affairs Director

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Los Angeles Times

2/23/09

http://www.latimes.com/news/nationworld/nation/la-na-rural-alaska25-2009jan25,0,6182382.story?page=1
From the Los Angeles Times

In rural Alaska, villagers suffer in near silence

Bush residents struggle to balance the need for food with the need for fuel – the building blocks of survival in a frigid winter that has months to go. Some call for massive airlifts of aid.

By Kim Murphy

January 25, 2009

Reporting from Tuluksak, Alaska — As the temperature plunged to minus-40 degrees last month, Nastasia Wassilie waited.

The 61-year-old widow had run out of wood and fuel oil, and had no money to buy more. Nor was there much food in the house. But people here in rural Alaska try to take care of themselves. Her sister would come to help. Surely she would.

Nearly three days later, when neighbors learned of Wassilie's plight, the Tribal Council put out a call on the VHF radio that is the lifeline for most of the far-flung Yupik Eskimo villages along this remote stretch of the Kuskokwim River.

People who had enough gas for their snowmobiles immediately set off across miles of tundra, hauling firewood back to Wassilie's small house. A few offered helpings of dry fish, which most families keep in the larder for winter.

There was little more they could do. Nearly every one of Tuluksak's roughly 500 residents is performing a perilous balancing act between food and fuel -- the building blocks of survival in a frigid winter that still has months to go.

Life in rural Alaska always has been treacherous. But last year's dramatic escalation in fuel prices, combined with a disastrous fishing season, plunged the ramshackle villages of America's frontier into one of the worst crises in decades, prompting calls for humanitarian aid and demands for pricing reform.

"Holy Jiminy Christmas, what we're going through," said Dora Napoka, 49, the librarian at the village school. "It's like we have to choose between six gallons of stove oil or six gallons of gas to go out and get the firewood -- or does my baby need infant milk? Which one is more important?"

The public alarm first sounded from Emmonak, a town of about 800 people near the mouth of the Yukon River, when Nicholas Tucker polled fellow villagers and found many in a state of desperation: They were running out of food after paying up to $200 a week for fuel oil to heat their homes.

"Help is needed and cannot be delayed," Tucker wrote in an open letter to state authorities that was published in several rural newspapers this month, requesting a "massive airlift" of food.

"What is mind-boggling about the whole situation is that they have remained silent, anonymous, suffered, and cried," he said.

Tucker included a terse case list of 25 households he had contacted. It read like a report from a Third World country.

"Near-middle-aged couple, family of six. The husband cried as he was talking to me. . . . ," one summary read. "He receives a very small unemployment income and is out of fuel a lot. . . . His family has been out of food for quite

some time now. Their 1-year-old child is out of milk, can't get it and [the father] has no idea when he will be able to get the next can. He has been borrowing milk from anyone he can. His moose meat supply is running out. . . . The electricity has skyrocketed and he can't pay all the bills."

From a couple in their mid-30s: "He and his girlfriend have no heating fuel. Whatever money he gets goes to getting gasoline for his snow machine to get logs. . . . Today, they had nothing for breakfast. Most of the time, they have some dry fish for lunch or cup of noodles with [crackers]."

As word of Emmonak's troubles spread, donations from across the country poured in. On Wednesday, a shipment of 5,300 pounds of food and other basic supplies was delivered by plane.

But regional leaders say dozens of rural villages -- where unemployment is at 65% and higher -- quietly are enduring similar emergencies.

The main reason is the price of heating fuel, which warms homes and powers village electrical plants. While the rest of the United States has seen prices ease since last summer, most Alaskan villages had to lock in purchase contracts for their fall fuel deliveries while costs were at their peak.

Worse, some villages weren't able to get their bulk deliveries of winter fuel by barge because the early onset of winter froze the river. Much of the fuel now must be flown in, which makes it even more expensive. Residents in Tuluksak are paying $6.99 a gallon for heating fuel, up more than $2 from last year, and $6.58 for gasoline. In some villages, prices have climbed past $8 a gallon.

A typical home here is a small, primitive cabin without running water that may shelter more than a dozen people. Even a family with a modern, efficient stove will spend $185 a week for heating.

"The oil is drilled right here in Alaska, and yet we're paying $8 a gallon? Something is amiss here. The oil companies are making billions of dollars, and people here can't afford to eat," said Pat Samson, social services director for the Assn. of Village Council Presidents in Bethel, about 35 miles southwest of Tuluksak.

The price for heating fuel and gas is only the beginning of the story. Groceries must be flown in at ever-higher freight prices. A pound of hot dogs in the village store costs $7.39, and a two-pound loaf of domestic cheese runs $17.49. A loaf of Wonder Bread is $5.85.

The cost of flying to Bethel has risen to $186 for a round trip, so few go there to shop -- and even fewer make the trip to the dentist or hospital until ailments become urgent.

In earlier years, hunting, fishing and trapping helped villagers get by. But the market for fur has disappeared, and the fish stock has declined precipitously. Last year, there was no commercial fishing season at all for the region's mainstay, chinook salmon. Moose hunting, also because of declining numbers, hasn't been allowed around Tuluksak for five years.

"Me, I have 17 people living in my house," said Elena Gregory, the Tribal Council secretary. She is the only breadwinner in a household that includes her husband -- a seasonally employed carpenter -- four daughters, two sons-in-law and nine grandchildren.

"I'm lucky because I have a full-time job. . . . Most people are two weeks on, two weeks off," a job-sharing arrangement devised to spread out the village's 34 available jobs, Gregory said.

"Right now, my truck and my snow machine are out there rusting, because I can't afford gas for them," said Rachel Sallaffie, a teacher's aide. "But we're lucky. I have four freezers of birds and fish, and two months ago my husband got a caribou, so we still have meat."

Samson, an Alaska Native who grew up in the region before going away to college in Fairbanks, helps villagers

here apply for fuel subsidies and other aid programs.

Walking through lots filled with abandoned vans and pickups -- the remnants of an era when the fishing was good enough that people could afford cars and could repair them when they broke down -- he pointed to a shack made of weathered plywood, its roof ripped open to the chilly sky.

"This guy asked for help fixing his house, but I couldn't do it -- too dangerous for the workers," he said.

"When I started this job, I was going to pay my student loans and then just work menial jobs after that, go commercial fishing in the summer. Now, I've been to just about all these villages, and I've seen things -- things that keep me working," he said. "It was going to be a six-month job, and come September, I'll be doing this for 18 years."

The state has sent fact-finding delegations to the hardest-hit rural areas. Bill McAllister, spokesman for Gov. Sarah Palin, said officials were in the process of finding aid programs already in place that could be extended immediately to help afflicted families.

The governor shepherded rural fuel subsidies and a $1,200-per-person fuel rebate through the Legislature last summer in anticipation of the high prices, and now is looking to see what more can be done, McAllister said.

But doing much more can be politically difficult in a state where urban residents often resent the substantial subsidies that keep rural Alaska afloat.

Stories about Emmonak prompted a number of angry comments to the Anchorage Daily News, some noting that rural families often collect tens of thousands of dollars from the state's annual oil dividends and from annual tribal corporation payouts, and asking why city dwellers should subsidize them even more.

"Folks who live in the bush do so because of a personal choice. Some just have the concept now that they need not save and conserve because the government will pay their way," one letter said. "When you are not able to live there for whatever reason, then move."

At the moment, villagers in Tuluksak say their greatest hope is that Venezuelan President Hugo Chavez will come through again on his pledge to deliver free fuel to Native Americans -- a promise that could mean 100 gallons for many families.

"What most people do not realize is that what our country as a whole has been seeing for the past year or so is nothing compared to the economic conditions that have been prevailing in many of our Native communities for over 100 years," Sen. Lisa Murkowski (R-Alaska) told the Senate Committee on Indian Affairs on Jan. 15.

"It is truly tragic," she said, "that Alaska Native villages must depend on Venezuela for their safety net."

There is talk of distributing state-funded fuel vouchers to ease the crisis until spring. But Tuluksak residents say no one is expecting much from Juneau.

"Two governors ago, we were promised no more honey buckets in the villages. And yet you see we still have the honey buckets," said Gregory, referring to the portable toilets that are a pungent feature everywhere in Tuluksak except the school.

"Sarah Palin got us the fuel rebate, but she never promised anything," Samson said. "Which I guess is to her credit."

Wassilie was making her way to the village post office the other day -- her slight, shuffling figure smothered in a dark parka, moving like a blackbird on the snow.

Asked why she had waited so long to seek help, she shrugged, and smiled, and blinked, and didn't answer at all.

Tucker says he's seen the same thing all over. Shame. Pride. Silence.

"You would think a Yupik village like this would be aware of its neighbors' needs, but we weren't, because people were so shy and quiet," he said. "They were suffering alone. Like one of them said during our testimonials with the state officials, 'I thought I was the only one.' "

kim.murphy@latimes.com

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In rural Alaska villages, families struggle to survive

STORY HIGHLIGHTS

- Villagers paying up to $1,500 to heat homes for a month, $400 for groceries a week
- Some families say they have run out of food, others eat only one meal a day
- Resident: "We have remained quiet, cried and suffered in silence"
- Early winter, devastating fishing season, high fuel prices crippling economy

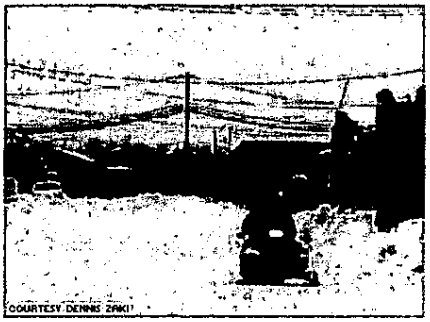
Next Article in U.S. »

READ VIDEO MAP

By Mallory Simon
CNN

TEXT SIZE

(CNN) -- Thousands of villagers in rural Alaska are struggling to survive, forced to choose between keeping their families warm and keeping their stomachs full, residents say.



Villagers in Emmonak, Alaska, travel to the store and to hunt by snowmobile now that the river has frozen over.

1 of 2

Harvested nuts and berries, small game animals, and dried fish are the only things keeping some from starving.

To get to the nearest store, Ann Strongheart and her husband, who live in Nunam Iqua, Alaska, take an hour-and-15-minute snowmobile ride to Emmonak, Alaska. Their town does not have a store of its own.

Normally, they would each ride a snowmobile, in case one broke down. But now, they can't afford to waste the fuel, so they just take one and hope for the best.

At the store, the Stronghearts buy groceries and supplies for the family for the week, which cost more than $400. They buy only as much as their snowmobile can carry.

In many stores, 2 pounds of cheese costs between $15 and $18, milk costs $10 a gallon, a 5-pound bag of apples costs $15, and a dozen eggs costs $22 – more than double the price in the area just two years ago.

Many area residents don't even bother with fruits and vegetables, which can be damaged by freezing on the trip home.

After shopping, the Stronghearts pack their groceries into boxes, tie them to the snowmobile, and begin the 25-mile trek home, passing moose, rabbit and fox tracks along the way.

Watch how transportation is a challenge in rural Alaska »

The trip sets them back about $50 in fuel alone.

On top of high food prices, some residents are paying nearly $1,500 a month to heat their homes.

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The Stronghearts live in one of a group of Native American communities along the Yukon-Kuskokwim Delta.

They and other residents of these villages of 200 to 800 residents are feeling the impact of a devastating perfect storm of events.

See where the towns are and learn more about them »

Commercial fishermen couldn't make money from the seasonal king salmon harvest this year, because there was barely enough fish for subsistence. In fact, most fishermen lost money.

Then a brutal early winter brought the longest cold snap in five years. In September the temperature in many villages dropped as low as 20 degrees, a record low for many, according to the Alaska Center for Climate Assessment and Policy.

The 1,200-mile Yukon River, which the villages use as a highway, froze completely in September, at least two months earlier than usual. That left residents cut off from some basic necessities, and forced them to have pricey bulk fuel flown in.

These residents and their ancestors have lived for hundreds of years in the Yukon Delta, which Emmonak resident Cindy Beans describes as something out of National Geographic.

Watch how rural Alaskans celebrate their culture »

Though they send their kids to school, many speak the native Yup'ik language, and live a much simpler life than even urban Alaskans.

They have always had the comfort of food around them – whatever they can pick, catch and hunt.

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"But in order to have access to all the subsistence food, you have to be able to get out there and hunt for it," Beans said.

And that requires them to go out on their snowmobiles, which means using more fuel.

The community is always gathering food, Beans said.

"All summer long we are putting away fish for the winter, by fall working on moose, then setting nets under the ice for winter time. But now, this food which used to supplement groceries is all that people have, since they can't afford to buy food at these prices."

So residents have been forced to rely more on these subsistence methods.

Beans said her brother walks three miles in 20-below-zero weather to check on nets under the ice for fish. The fish is a staple they need to keep themselves fed.

"The life out here has always been hard, it's just that its a lot harder now," she said.

Emmonak resident Nicholas Tucker wondered if others were feeling the impact, so he broadcast an inquiry via VHF radio, one of the common ways to communicate in the village.

Tucker said many residents sobbed as they radioed him back.

"His family has been out of food for quite some time now," Tucker wrote about one resident in a letter sent to legislators and the media. "Their 1-year-old child is out of milk, [he] can't get it and he has no idea when he will be able to get the next can."

"There are days without food in his house," Tucker wrote.

A single father with five children choked back tears as he told Tucker of his struggle to help his kids.

"Right now, we can't eat during the day, only at supper time," Tucker wrote of the man. "If there had been no school lunch our kids would be starving."

Many of the tribal leaders said they are begging the state and federal governments to do something to help.

George Lamont, tribal administrator in Tuluksak, Alaska, said because of the crisis and villagers' inability to pay their utility bills, he fears many may have their electricity shut off.

Watch how heating the house is a daily struggle for one family »

Alaska has given many residents $1,200 energy rebate checks, but residents say it barely helps them with one month's heating costs. Aid agencies, including the Red Cross, aren't an option right now -- the Alaska Red Cross said they couldn't help unless a disaster is declared.

But the state hasn't declared an emergency yet, and it can't because of a state statute that requires the average income levels in the villages to drop below $26,500 -- regardless of the cost of living.

Alaska Gov. Sarah Palin's office said the state is trying to find a way to free up government help.

"Local government specialists in the state Department of Commerce, Community and Economic Development continue to crunch numbers and seek creative approaches to finding a statutorily acceptable way to justify a disaster declaration, which would open the door to federal aid, as well," deputy press secretary Sharon Leighow said.

Leighow said Palin is sending her new rural advisor, John Moller, to the area next week, accompanied by representatives of the Alaska Food Bank.

Sen. Lisa Murkowski, R-Alaska, asked the Bureau of Indian Affairs to step in and help the towns most in need.

"I find it ironic, tragically ironic, that it takes an economic downturn in the rest of the country for this Congress to consider an economic stimulus for Indian Country," she said during a Senate Committee on Indian Affairs economic stimulus hearing.

The villagers hold out hope that the state or federal governments can come through.

"People have really been looking forward to some emergency assistance," Lamont said.

ADVERTISEMENT

After hearing the stories from his neighbors, Tucker said it's clear help is needed now. "We have remained quiet, cried and suffered in silence," he said.

"So now, this is our simple cry to others for help."

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All About Alaska • Bureau of Indian Affairs

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SB 116

<target><bill>SB 116</bill><subject>SB 116</subject><comm>SFIN26</comm></target>

SENATE FINANCE COMMITTEE REPORT
First Committee of Referral

DATE: 2/19/09

FURTHER:

Date of 5-Day Notice: _____
(in accordance with Uniform Rule 23)

DATE TURNED IN TO OFFICE: 3/11/09

Finance Committee considered SENATE BILL NO. 116

SB 116 APPROP: RURAL ENERGY ASSISTANCE

"An Act making a special appropriation for energy assistance for rural communities; and providing for an effective date."

and recommends:

[✓] be **replaced** with [ ] **SCS** or [✓] **CS** SB 116 (FIN)

[ ] adopt **previous** [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] attached amendment(s)

[ ] adopt _____ Letter of Intent

[ ] further referral to _____ Committee

SENATE BILL:
[ ] Same Title
[✓] New Title

HOUSE BILL:
[ ] Same Title
[ ] Technical Title Change
[ ] New Title w/ SCR #_____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet	Zero	FN#

[✓] **APPROPRIATION - no fiscal note**

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	Huggins	✓			
	Thomas	✓			
	Olson	✓			
	ELLIS	✓			
CO-CHAIR:	Hoffman	✓			
CO-CHAIR:	Stedman	✓			

Senator Lyman Hoffman

Alaska State Legislature

Sponsor Statement for SB 116

SB 116 appropriates $5,000,000 into the Rural Community Energy Assistance Program, created by SB 115 to help Alaska households afford to heat their homes.

During this winter, it has been difficult for many Alaskan families to afford to purchase heating oil. This is especially true in rural areas of the state. Reports detail the dilemma of choosing between purchasing adequate amounts of heating fuel or choosing among the other necessities of life.

Unlike past years, there is sufficient fuel in the villages. But fuel and other costs have become so expensive that people cannot afford to buy both. A recent report written by the Institute of Social and Economic Research (ISER) noted than in 1990, food costs in Bethel were 45 percent above food costs in Anchorage. By the beginning of 2007, this differential had increased to 92 per cent. It stands to reason that small villages outside of Bethel are even more expensive. This issue is exacerbated by a lack of income to accommodate these rising prices.

The ISER document said that in 2007, 100 gallons of fuel oil in Bethel costs $459 while in Anchorage the equivalent energy costs $120. Again this difference would be greater if comparing Anchorage with more remote villages in Alaska.

This legislation is not a permanent fix to the energy problems in rural Alaska. However, this funding for the Rural Community Energy Assistance Program will provide much needed relief to some Alaskan families during the rest of the winter.

Senate District S
Senator_Lyman_Hoffman@legis.state.ak.us

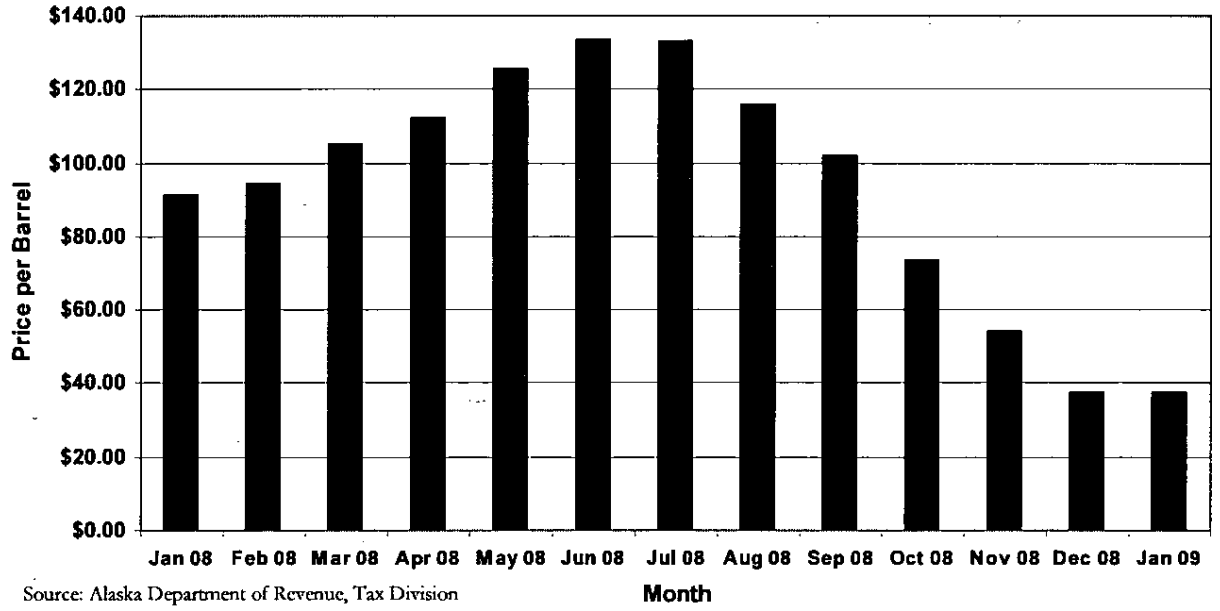
DIVISION OF COMMUNITY & REGIONAL AFFAIRS
REPORT TO THE DIRECTOR

CURRENT COMMUNITY CONDITIONS:
FUEL PRICES ACROSS ALASKA

FEBRUARY 2009 UPDATE

INTRODUCTION

Figure 1.
Alaska North Slope Crude: January 2008 to January 2009
Average Monthly per Barrel Price



Source: Alaska Department of Revenue, Tax Division

In December 2008, the price of Alaskan North Slope (ANS) crude dropped to $37.70, its lowest price since June 2004. This drop continued in January 2009, and prices fell to $37.38. This is markedly lower than the price six months earlier in June 2008, when ANS crude oil reached a record average monthly price of $133.78 per barrel (Figure 1). The national average price of gasoline dropped 55 percent from its peak of $4.05 per gallon in mid-July to $1.84 at the end of January. Similarly, national average heating fuel prices have dropped 36 percent since October

PREPARED BY ANN MARBOURG AND ROBERT SYLVESTER
DIVISION OF COMMUNITY & REGIONAL AFFAIRS (DCRA), RESEARCH AND ANALYSIS SECTION
ALASKA DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT

FEBRUARY 2009

2008, from $3.66 to $2.36[1] per gallon. Alaska has not experienced the same level of decline. Due to transportation issues, many remote rural Alaska communities purchased most or all of this winter's fuel at peak prices during June and July. These communities are unlikely to see price relief until the middle of 2009.

During February 2009, the Division of Community & Regional Affairs (DCRA) repeated a statewide survey of retail heating fuel and gasoline prices in a cross-section of 100 select Alaska communities, first initiated during 2005 (*Community Conditions: Fuel Prices Across Alaska*). This report, *Current Community Conditions: Fuel Prices Across Alaska, February 2009 Update*, summarizes fuel survey findings, discusses changes in fuel prices during the recent past, and provides a current and historical perspective on fluctuating fuel prices. This report details fuel prices in each community on the date of contact.

METHODOLOGY

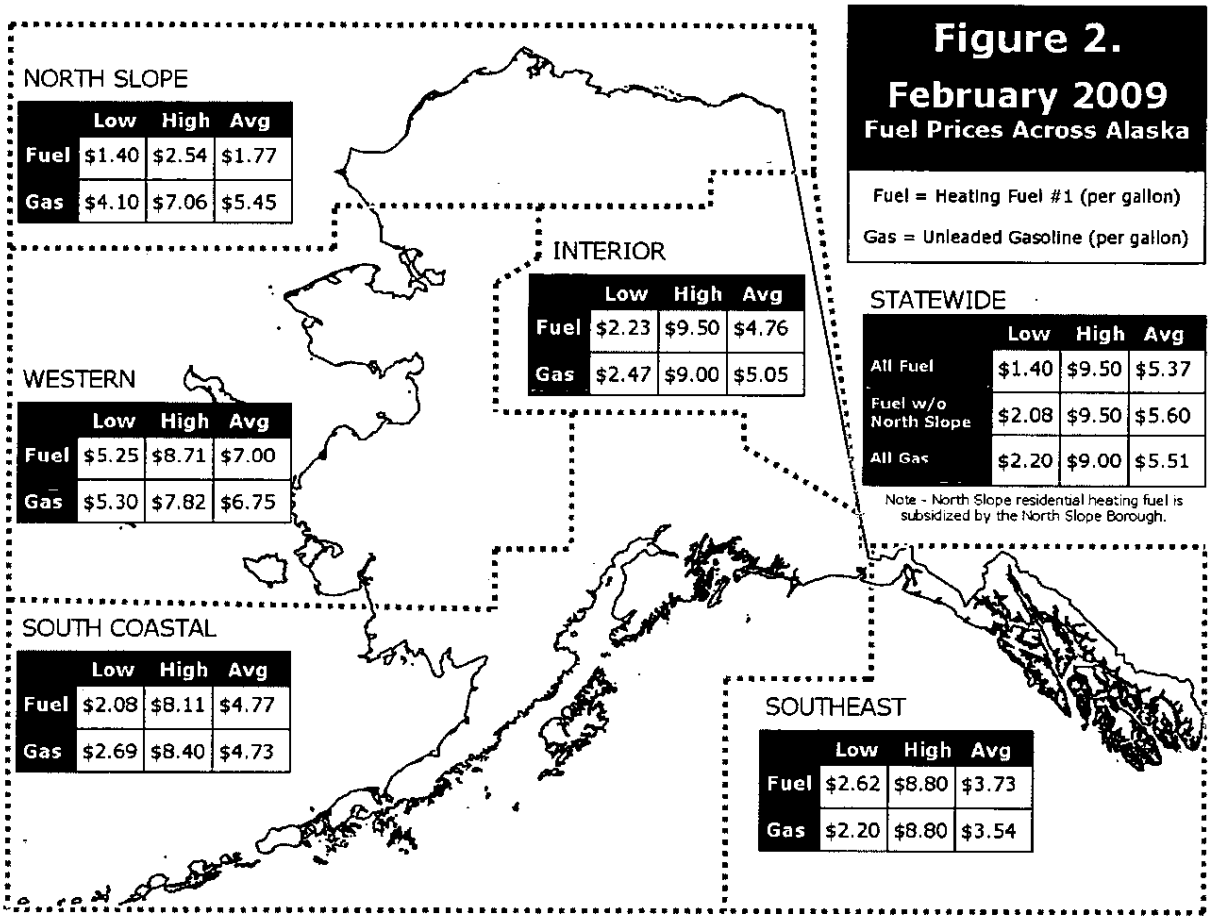
The DCRA Research and Analysis Section and Local Government Assistance Section, developed the survey and selected a community sample during 2005. Communities were strategically selected to represent differing socioeconomic conditions and all Alaska regions, including the Interior, North Slope, South Coastal, Southeast, and Western regions. Selected communities had also generally been the recipient of an Alaska Energy Authority bulk fuel project during the recent past.

Since a non-probability sampling method was utilized, this survey is considered a non-scientific study with results not generalizable to the entire population of rural Alaska. To accurately and consistently track longitudinal changes in fuel prices, the 2005 survey and community sample were used to collect 2006, 2007, 2008, and 2009 fuel information – the communities and core questionnaire items remained the same from 2005 to 2009.

DCRA Research and Analysis staff conducted a survey between February 3 - 6, 2009. In total, local fuel retailers serving 100 communities were contacted (via telephone) and asked to provide current heating fuel (#1) and gasoline per gallon prices. Survey results are one-time measurements and representative of retail fuel prices on the particular day of contact. Heating fuel and gasoline prices may have changed between the time of contact and publishing of this report.

[1] Source: United States Department of Energy, Energy Information Administration. Note: Heating fuel prices are only recorded from October to March. Gasoline prices are recorded year-round.

CURRENT FUEL PRICES ACROSS ALASKA



Average heating fuel prices per gallon vary across Alaska by region (Figure 2). Western Alaska communities report the highest average heating fuel retail price at $7.00 per gallon, while North Slope communities report the lowest average retail price at $1.77 per gallon. Of noteworthy importance, the North Slope Borough provides free heating fuel for residential use through village corporations, who distribute fuel to residents throughout the borough, charging only a delivery fee on a per gallon basis. The North Slope Borough does not subsidize heating fuel for commercial use. Consequently, the retail price of heating fuel for commercial entities is significantly higher than for residences (Table 1). Compared to other regions, excluding the North Slope, Southeast communities experience the lowest heating fuel prices, at an average price of $3.73 per gallon.

Table 1. North Slope Heating Fuel (#1) and Gasoline Retail Prices

Community	Community Retailer	Heating Fuel Retail Price		Gasoline Retail Price
		Residential	Commercial	
Anaktuvuk Pass	Nunamiut Corporation	$1.55	$9.20	$6.50
Atqasuk	Atqasuk Corporation	$1.40	$4.10	$4.10
Barrow	BUEC, Inc.	Natural Gas	$5.78	$4.70
Kaktovik	Kaktovik Inupiat Corporation	$2.00	$6.95	$4.90
Nuiqsut	Kuukpik Corporation	$2.54	$3.95	$4.95
Point Hope	Tigara Corporation	$1.65	$6.35	$5.95
Wainwright	Olgoonik Corporation	$1.50	$7.83	$7.06

To accurately summarize statewide heating fuel prices, it is appropriate to exclude North Slope Region communities because of the North Slope Borough subsidy for residential use heating fuel. The Arctic Village Traditional Council in Arctic Village (Interior Region) reports the highest heating fuel retail price at $9.50 per gallon (see Appendix). In contrast, Homer Run Oil in Homer (South Coastal Region) reports the lowest heating fuel retail price at $2.08 per gallon. On average, excluding North Slope Region communities, heating fuel retails for $5.60 per gallon across the 93 surveyed Alaska communities.

As Figure 2 illustrates, average gasoline prices per gallon also vary across Alaska by region. Western Region communities report the highest average gasoline retail price at $6.75 per gallon while Southeast communities report the lowest average retail price at $3.73 per gallon. Statewide retail prices indicate significant variation in gasoline retail price. Specifically, the Arctic Village Traditional Council in Arctic Village (Interior Region) reports the highest gasoline prices at $9.00 per gallon. In contrast, Fred Meyer Gas in Juneau (Southeast Region) reports the lowest gasoline retail price at $2.20 per gallon. On average, gasoline retails for $5.51 per gallon across 99 Alaska communities.

CHANGE IN FUEL PRICES ACROSS ALASKA

Portions of Alaska have begun to realize fuel price relief (Figure 3). Excluding North Slope Region communities, the statewide average per gallon heating fuel price decreased from $5.85 to $5.60 from November 2008 to February 2009. This $0.25 per gallon average price change represents a four percent decrease in the statewide average heating fuel price per gallon. Prices in the Southeast (-25%), South Coastal (-6%), Interior (-2%), and North Slope (-2%) regions

decreased from November 2008 to February 2009 (Figure 4). The Western Region experienced a $.01 increase, less than one percent.

Figure 3. Trend in Average Alaska Fuel Price: November 2005 to Feburary 2009

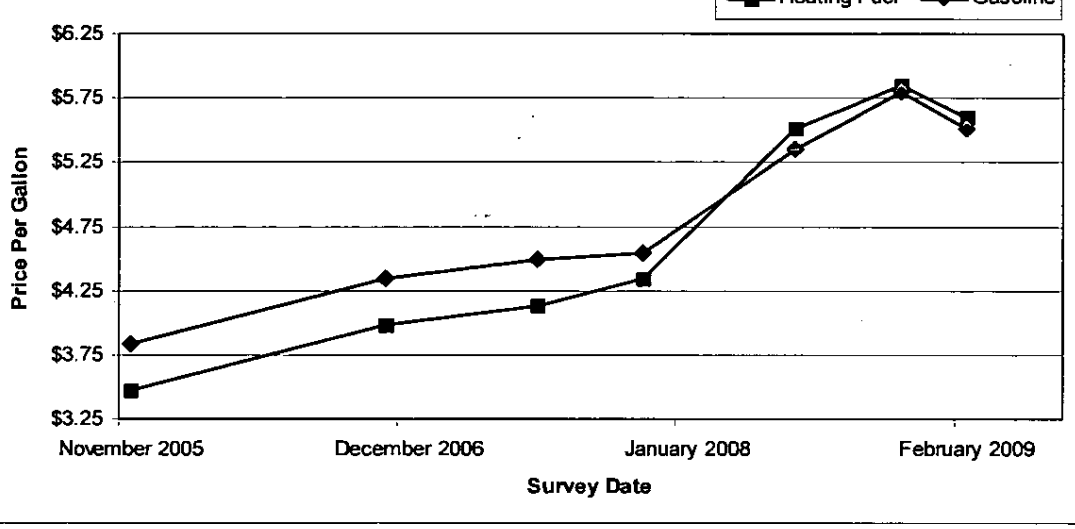
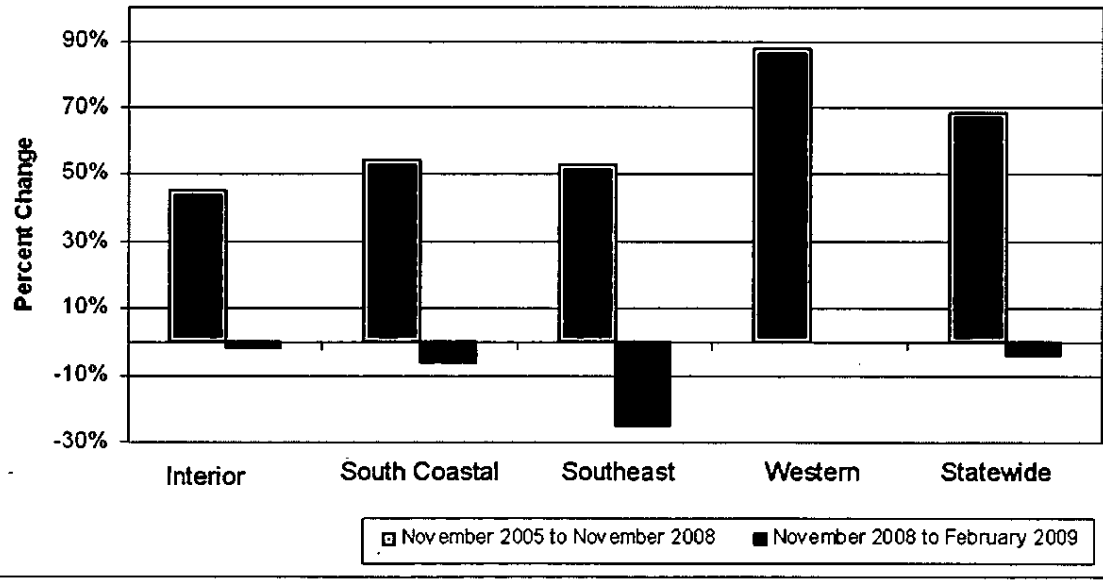


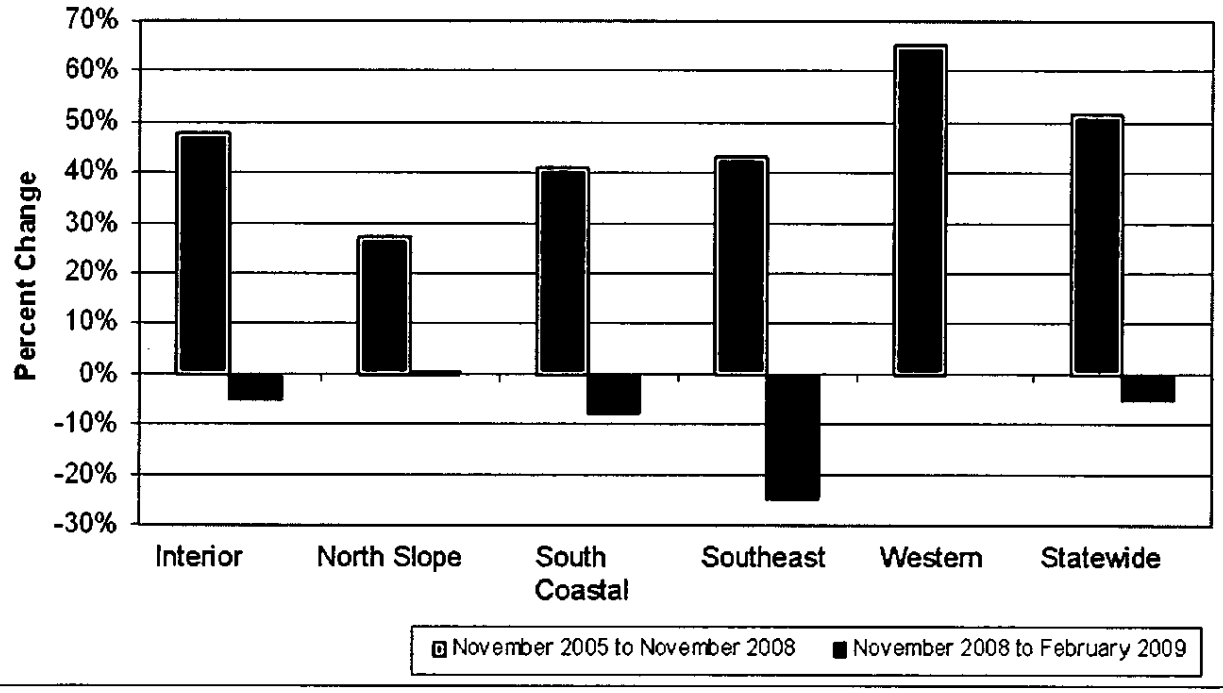
Figure 4. Percent Change: Cost of Heating Fuel by Region



The statewide average gasoline price also decreased from November 2008 to February 2009, from $5.80 to $5.51 per gallon (Figure 5). This $0.29 per gallon average price decrease

represents a five percent decrease in the statewide average price per gallon of gasoline. Prices in the Southeast (-25%), South Coastal (-8%), and Interior (-5%) regions declined during the past three months. Western Region prices decreased by $.01, less than one percent. Prices in the North Slope Region increased one percent.

Figure 5. Percent Change: Cost of Gasoline by Region



From November 2005, when this survey began, to November 2008, the statewide average price for heating fuel increased $2.37 per gallon. From June 2008 to November 2008, it increased $0.34 per gallon; from November 2008 to February 2009, it decreased by $0.25 per gallon. Similarly, from November 2005 to November 2008, the statewide average price for gasoline increased $1.97 per gallon. From June 2008 to November 2008, it increased $0.45 per gallon; from November 2008 to February 2009, it decreased by $0.29 per gallon.

ADDITIONAL DISCOUNTS ON HEATING FUEL

Due to the high price of fuel in Rural Alaska, vendors were asked if any discounts were being offered to residents. Of the one hundred surveyed, nine vendors were offering discounts. The discounts were not consistent. For example, Point Hope offers a 10% discount for elders, the

City of Akutan is selling their fuel at cost, and Dillingham dropped its gas tax from six to three percent (see Appendix). Twenty-one respondents were unsure whether the business offered discounts or not. Fuel vendors operated by a tribe, such as in Quinhagak, often give discounts to local tribal shareholders.

In the previous fuel survey, one of the questions posed to fuel vendors was whether they offered volume discounts. Volume discounts are more prevalent in larger and/or more accessible communities. In the Southeast Region, where most communities have regular barge service, two-thirds (64%) of fuel vendors offer volume discounts. Only five Western Region vendors (13%) offer volume discounts, two of them located in the regional hubs of Kotzebue and McGrath. Generally speaking, residents of remote rural Alaska communities have the least opportunity to benefit from volume purchases of residential heating fuel.

Other fuel cost relief came during the 2008 legislative special session, in which the final outcome was a $1200 energy rebate to every Permanent Fund eligible individual. From September 1, 2008, through August 31, 2009, there was also a one-year suspension of both the state motor fuel tax of $0.08 and the state tax on resident heating fuel. Despite these measures, the cost of fuel remains an issue for Alaska.

SUMMARY

While Alaska North Slope crude oil prices have dropped significantly during the past few months, Alaskans have continued to pay high prices for heating fuel and gasoline. As the price of crude oil continues to drop, communities along the road system and in temperate coastal regions have seen their cost of fuel decline; however, many remote rural Alaska communities are still plagued with high fuel prices.

From November 2008 to February 2009, the statewide average per gallon price of heating fuel decreased four percent from $5.85 to $5.60. Concurrently, the statewide average per gallon price of gasoline decreased five percent from $5.80 to $5.51. Since DCRA began keeping track of fuel prices in November 2005, this period is the first time the average price of fuel has decreased. From November 2005 to November 2008, the statewide average cost of fuel increased 68%; from November 2008 to February 2009, prices declined 4%. Although the average cost of fuel is still several dollars higher in 2009 than it was in 2005, this decline in the price of fuel has offered some relief to residents of Southeast and communities on the road system. Unfortunately, many of the communities off the road system are not experiencing the same relief, continue to pay high fuel costs, and are unlikely to see a decline in fuel prices any time in the near future.

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ALASKA DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT

FEBRUARY 2009

Community Heating Fuel and Gasoline Survey – February 2009

Community	Region	Community Retailer: (entity selling fuel)	Heating Fuel #1 02/2009 Retail: (selling price per gallon - $$)	Percent (%) +/- Statewide Heating Fuel Average ($5.38*):	Percent +/- 11/2008 Retail: (selling price per gallon)	Gasoline 02/2009 Retail Price: (selling price per gallon - $$)	Percent (%) +/- Statewide Gasoline Average ($5.51):	Percent +/- 6/2008 Retail: (selling price per gallon)	Reduced price?	Amount Price Reduced?
Alatna	Interior	Alatna Traditional Council	$5.50	2%	0%	$7.00	27%	0%	No	
Anderson	Interior	Nenana Heating	$2.53	-53%	-10%	$2.76	-50%	-21%	No	
Arctic Village	Interior	Arctic Village Traditional Council	$9.50	77%	6%	$9.00	63%	0%	No	
Circle	Interior	Steese (HF) HC Company Store (Gas)	$2.46	-54%	-18%	$3.60	-35%	-23%	No	
Delta Junction	Interior	Crowley Fuel (HF) Buffalo Service (Gas)	$2.36	-56%	-14%	$2.70	-51%	-7%	No	
Eagle	Interior	Telegraph Hill Services	$4.95	-8%	0%	$5.50	0%	0%	No	
Fairbanks	Interior	Alaska Petroleum	$2.23	-59%	-15%	$2.47	-55%	-10%	No	
Galena	Interior	Crowley Marine Services	$6.27	17%	0%	$6.00	9%	0%	No	

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Healy	Interior	Fisher Fuel (HF) Keith's Healy Service (Gas)	$2.77	-49%	-16%	$2.79	-49%	-20%	No	
Hughes	Interior	Hughes City Council	$8.55	59%	0%	$8.50	54%	0%	No	
Huslia	Interior	Huslia Gas & Oil	$7.00	30%	0%	$7.00	27%	0%	No	
Minto	Interior	North Fork Store	$2.85	-47%	-14%	$3.40	-38%	-16%	Don't know	
Nenana	Interior	Nenana Heating	$2.44	-55%	-13%	$2.87	-48%	-18%	No	
Ruby	Interior	Dinega Fuel Corporation	$6.15	14%	0%	$5.70	3%	0%	No	
Tanana	Interior	Tanacon Fuel	$5.80	8%	26%	$6.39	16%	0%	Don't know	
Anaktuvuk Pass	North Slope	Nunamiut Corporation	$1.55	-71%	0%	$6.50	18%	-24%	No	
Atqasuk	North Slope	Atqasuk Corporation	$1.40	-74%	0%	$4.10	-26%	0%	No	

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Barrow	North Slope	Eskimo Inc.	Natural Gas	N/A	N/A	$4.70	-15%	0%	No	
Kaktovik	North Slope	Kaktovik Inupiat Corporation	$2.00	-63%	0%	$4.90	-11%	0%	No	
Nuiqsut	North Slope	Kuukpik Corporation	$2.54	-53%	-8%	$4.95	-10%	0%	No	
Point Hope	North Slope	Tigara Corporation	$1.65	-69%	0%	$5.95	8%	0%	Yes - for elders	10%
Wainwright	North Slope	Olgoonik Corporation	$1.50	-72%	3%	$7.06	28%	48%	No	
Akutan	South Coastal	City of Akutan	$3.65	-32%	-24%	$4.40	-20%	0%	Yes	Selling at cost, no profit
Atka	South Coastal	Atka Native Store	$7.99	49%	10%	$5.09	-8%	0%	No	
Chenega Bay	South Coastal	Chengega Bay Utility	$5.60	4%	0%	$5.70	3%	0%	No	Costs them $4000 to transport fuel
Chignik	South Coastal	City of Chignik (HF) Trident (Gas)	$3.85	-28%	-1%	$3.31	-40%	0%	No	

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Chitina	South Coastal	Chitina Services (HF) Kenny Lake Mercantile (Gas)	$2.87	-47%	-10%	$2.91	-47%	-17%	No	
Clark's Point	South Coastal	City of Clark's Point	$6.00	12%	0%	$6.00	9%	0%	No	
Cordova	South Coastal	Hovers Mover	$3.30	-39%	-24%	$3.50	-36%	-29%	No	
Dillingham	South Coastal	Delta Western	$6.12	14%	0%	$5.76	5%	-9%	Yes	From Jan to Apr, city tax on gas drops from 6% to 3%
Glennallen	South Coastal	Crowley (HF) The Hub (Gas)	$2.77	-49%	-13%	$2.80	-49%	-19%	Don't know	
Goodnews Bay	South Coastal	Mumtram Pikkai Village Corporation	$6.14	14%	0%	$6.71	22%	-3%	Don't know	
Homer	South Coastal	Homer Run Oil	$2.08	-61%	-22%	$2.69	-51%	-15%	No	
King Cove	South Coastal	Peter Pan Seafood	$4.64	-14%	0%	$4.61	-16%	3%	No	
Kodiak	South Coastal	Petro Marine	$3.10	-42%	-19%	$2.85	-48%	-20%	Don't know	

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Kokhanok	South Coastal	Kokhanok Tribal Council	$8.11	51%	1%	$8.40	52%	-5%	Don't know	
Larsen Bay	South Coastal	City of Larsen Bay	$5.53	3%	-3%	$5.75	4%	-3%	Don't know	
Nelson Lagoon	South Coastal	Nelson Lagoon Enterprises	$5.96	11%	0%	$5.71	4%	0%	No	
New Stuyahok	South Coastal	New Stuyahok Village Corporation	$6.64	23%	5%	$6.34	15%	0%	No	
Nondalton	South Coastal	City of Nondalton	$5.35	-1%	-11%	$5.95	8%	-11%	No	
Old Harbor	South Coastal	City of Old Harbor	$3.47	-36%	-22%	$3.86	-30%	-35%	Don't know	
Ouzinkie	South Coastal	Ouzinkie Native Corporation	$3.47	-36%	-3%	N/A	N/A	N/A	No	
Port Lions	South Coastal	Kizhuyak Oil Sales (open M, W, F)	$5.65	5%	-13%	$5.60	2%	0%	No	
Saint George	South Coastal	Delta Fuel Company	$6.50	21%	0%	$6.63	20%	0%	Don't know	

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Sand Point	South Coastal	TDX Svcs (HF) Trident (Gas)	$3.62	-33%	-26%	$3.09	-44%	-22%	No	
Seldovia	South Coastal	Seldovia Fuel and Lube	$4.29	-20%	5%	$3.81	-31%	-2%	No	
Togiak	South Coastal	Togiak Village Corporation	$5.87	9%	0%	$5.53	0%	-2%	No	
Unalaska	South Coastal	Delta Western	$3.44	-36%	-23%	$3.00	-46%	-34%	Don't know	
Valdez	South Coastal	North Pacific (HF) Captain Joe's (Gas)	$2.65	-51%	-15%	$2.86	-48%	-8%	Don't know	
Angoon	Southeast	Angoon Oil and Gas	$3.69	-31%	-26%	$3.53	-36%	-29%	No	
Craig	Southeast	Petro Marine	$2.75	-49%	-29%	$2.71	-51%	-27%	Don't know	
Gustavus	Southeast	Gustavus Dray - Gustavus Propane	$2.84	-47%	-39%	$2.74	-50%	-37%	Don't know	
Hoonah	Southeast	Hoonah Trading	$3.50	-35%	-23%	$2.89	-48%	-30%	Don't know	

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Juneau	Southeast	Delta Western - Fred Meyer Gas	$3.02	-44%	-26%	$2.20	-60%	-24%	No	
Kake	Southeast	Kake Tribal Fuel	$3.61	-33%	-26%	$3.33	-40%	-29%	Don't know	
Pelican	Southeast	Pelican Fuel Dock	$4.27	-21%	-28%	$3.96	-28%	-38%	No	
Petersburg	Southeast	Petro Marine	$2.62	-51%	-33%	$2.63	-52%	-25%	Don't know	
Point Baker	Southeast	Point Baker Trading Post	$8.80	64%	0%	$8.80	60%	0%	Don't know	
Thorne Bay	Southeast	Petro (Craig - HF) Bayview (Gas)	$2.75	-49%	-31%	$2.91	-47%	-26%	Don't know	
Wrangell	Southeast	Wrangell Oil - Fennemore's Service	$3.18	-41%	-35%	$3.21	-42%	-28%	Don't know	
Akiak	Western	Kokarmiut Corporation	$6.45	20%	0%	$6.25	13%	0%	No	
Anvik	Western	Deloyges, Inc.	$5.25	-2%	0%	$5.50	0%	0%	No	

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Atmautluak	Western	Atmauthluak Limited	$5.86	9%	0%	$5.92	7%	0%	No	
Bethel	Western	Crowley	$5.58	4%	-3%	$5.48	-1%	-2%	Quantity discount	$.07/gallon if more than 100 gallon
Brevig Mission	Western	Brevig Mission Native Store	$7.00	30%	-3%	$6.80	23%	-3%	No	
Deering	Western	Deering IRA	$7.88	46%	-1%	$7.82	42%	0%	No	
Emmonak	Western	Emmonak Corp. Tank Farm	$8.71	62%	11%	$7.25	32%	0%	No	Lowest possible mark-up, barely making profit
Gambell	Western	ANICA (Gambell Native Store)	$7.88	46%	0%	$7.26	32%	0%	No	
Golovin	Western	Golovin Public Utilities	$5.32	-1%	0%	$5.30	-4%	0%	No	
Grayling	Western	AYL Grayling Fuel Company	$7.00	30%	0%	$6.00	9%	0%	No	
Holy Cross	Western	Holy Cross O.L. Company	$7.66	42%	0%	$7.28	32%	0%	No	

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Hooper Bay	Western	Crowley Marine	$7.37	37%	0%	$7.16	30%	0%	No	
Kaltag	Western	Kaltag Cooperative	$5.50	2%	0%	$5.75	4%	0%	Yes	$.25/gallon rebate
Kiana	Western	Kiana Traditional Council	$6.64	23%	0%	$7.21	31%	0%	No	
Kotlik	Western	Kotlik Yupik Enterprises	$7.79	45%	0%	$7.55	37%	0%	No	
Kotzebue	Western	Crowley (HF) EZ Market (Gas)	$6.35	18%	0%	$7.25	32%	0%	No	
Koyuk	Western	Koyuk Native Corporation	$8.06	50%	0%	$7.71	40%	0%	No	
Kwigillingok	Western	KWIK Marina Inc.	$6.70	25%	0%	$5.75	4%	0%	No	
Marshall	Western	Maserculiq Inc.	$7.21	34%	-4%	$6.21	13%	-14%	No	
McGrath	Western	Crowley	$6.85	27%	-1%	$6.35	15%	0%	No	

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Mountain Village	Western	Azachorak Fuel	$7.02	30%	0%	$6.50	18%	0%	No	
Noorvik	Western	Morris Trading Post	$7.50	39%	0%	$7.22	31%	0%	Yes	5%
Nulato	Western	City of Nulato	$5.40	0%	0%	$5.75	4%	0%	No	
Nunapitchuk	Western	Nunapitchuk LTD.	$6.59	22%	12%	$6.54	19%	11%	Don't know	
Pilot Station	Western	Pilot Station Native Corporation	$7.42	38%	0%	$6.66	21%	-1%	Don't know	
Quinhagak	Western	Qanirtuuq Corporation	$7.02	30%	-4%	$6.22	13%	-3%	No	Shareholders get for $5.24 and $5.26/gallon
Russian Mission	Western	Russian Mission Corporation	$6.15	14%	0%	$6.05	10%	0%	Yes	Markup lower this year (DK how much)
Saint Michael	Western	Saint Michael Fuel Company	$8.06	50%	0%	$7.80	42%	0%	No	
Savoonga	Western	ANICA (Savoonga Native Store)	$7.88	46%	0%	$7.26	32%	3%	No	

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Scammon Bay	Western	Askinuk Corporation	$7.04	31%	0%	$6.93	26%	0%	No	
Shishmaref	Western	Shishmaref Native Store	$7.91	47%	2%	$7.54	37%	2%	No	
Sleetmute	Western	Henry Hill Store	$7.75	44%	0%	$7.70	40%	0%	No	Discount by volume
Stebbins	Western	Tapraq Fuel Company	$7.99	49%	0%	$7.71	40%	0%	No	Ration community members to 5 gall/day
Teller	Western	Teller Native Fuel Business	$6.95	29%	0%	$6.64	21%	0%	First year in business	As low as possible
Toksook Bay	Western	Nunakauiak Yupik Corporation	$7.86	46%	0%	$7.74	40%	0%	No	
Tuntutuliak	Western	Qinarmiut Corporation	$6.86	28%	0%	$6.60	20%	0%	Yes	Don't know (6%?)
Unalakleet	Western	Unalakleet Native Corporation	$6.81	27%	0%	$6.97	26%	0%	Yes	By less than a dollar
Upper Kalskag	Western	City of Upper Kalskag	$6.50	21%	0%	$6.50	18%	0%	No	

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Wales	Western	Wales Native Store	$7.98	48%	0%	$7.73	40%	0%	No	Tried to make as low as possible
White Mountain	Western	White Mountain Native Store	$6.31	17%	1%	$6.05	10%	0%	No	

* Heating fuel average does not include North Slope Region communities, whose residential fuel is subsidized by the North Slope Borough.
** Petro Alaska closed its Thorne Bay location in 2008. Heating fuel deliveries for Thorne Bay residents are now being provided by Petro Alaska in Craig.

Division of Community & Regional Affairs

Department of Commerce, Community, and Economic Development

Sarah Palin, Governor • Emil Notti, Commissioner • Tara Jollie, Director

The Community Fuel Survey was conducted by the Alaska Department of Commerce, Community, and Economic Development, Division of Community & Regional Affairs (DCRA). If you have any questions or comments regarding the survey or this report, please contact:

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Previous editions of *Current Community Conditions: Fuel Prices Across Alaska* may be found on DCRA's website:
http://commerce.alaska.gov/dcra/researchanalysis/RApublications.htm

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FEBRUARY 2009

AVERAGE MONTHLY TEMPERATURES FOR BETHEL ALASKA

MARCH AND APRIL (1997 – 2008)

SOURCE: NATIONL WEATHER SERVICE (2-24-09)

Year	March	April
1997	8.3	33.9
1998	27.6	31.4
1999	19.5	25.3
2000	20.5	26.8
2001	13.5	29.1
2002	21.9	27.5
2003	15.5	33.2
2004	11.9	33.2
2005	18.5	20.9
2006	10.6	18.8
2007	2.3	35.7
2008	12.0	22.1

Submitted by the Office of Senator Lyman Hoffman
Source: National Weather Service. Bethel Alaska
Phone conversation – 2/24/09

Adopted 3.11.09

26-LS0600\R
Kane
3/3/09

CS FOR SENATE BILL NO. 116(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:
Referred:

Funding Information:	**General Fund**	**$**	**9,000,000**
	Other Funds		**-0-**
	Total	**$**	**9,000,000**

Sponsor(s): SENATE FINANCE COMMITTEE

A BILL

FOR AN ACT ENTITLED

"An Act making a special appropriation for energy assistance for Alaska residents; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** The sum of $9,000,000 is appropriated from the general fund to the Department of Health and Social Services, division of public assistance, for the heating assistance program that administers federal assistance under 42 U.S.C. 8621 - 8629 (Low-Income Home Energy Assistance Act of 1981) and the Alaska heating assistance program (AS 47.25.621) for the fiscal year ending June 30, 2009.

*** Sec. 2.** This Act takes effect immediately under AS 01.10.070(c).

Alaska Native Health Board

1840 South Bragaw Street, Suite 220
Anchorage, Alaska 99508

Phone: (907) 562-6006
Fax: (907) 563-2001

Honorable Lyman Hoffman, Senate Finance Co-Chair
Honorable Bert Stedman, Senate Finance Co-Chair
Senate Finance Committee
Alaska State Legislature
Juneau, Alaska 99801

RE: Energy Assistance Need

Dear Co-Chairs Hoffman and Stedman and Members of the Senate Finance Committee:

The Alaska Native Health Board (ANHB) thanks the Senate Finance Committee for introducing and expresses support for SB 115 and SB 116.

ANHB represents 24 regional and village tribal health organizations that provide direct care services and programs to approximately 130,000 Alaska Natives and American Indians and to non-Native residents in most of the rural/remote villages in Alaska.

Village clinics and regional health organizations are experiencing extreme energy-related hardships with as a second year of high energy costs set in. As they struggling to balance budgets, many have had to cut direct patient services, reduce spending on medical supplies, and, in the worst instances, close clinics. I'll give you a few examples of these struggles.

- Maniilaq Association, which represents the hub village of Kotzebue and 11 surrounding villages, has seen fuel prices increase by 45%. The cost of electricity has increased 28%, along with office space rent. Maniilaq is estimating the increased cost in energy from last year to this year at $2.1 million.
- Eastern Aleutian Tribes, Inc. represents eight remote villages along the Aleutian Chain and Whittier. Transportation fuel costs have risen more than 35%. As a result, many of their grants have spent 75% of their total budget in just the first eight months of the year. The Adak clinic has been open on an intermittent basis. It is one example of the impact high fuel and utility costs are having on direct patient services. The ability of the clinic to pay staff salaries has created retention and recruitment problems.
- Tyonek employs one Community Health Aide. Their energy costs have increased substantially, but they have been able to maintain clinic hours. However, they are experiencing rising supply costs due to freight charges causing changes to supplies orders.
- Bristol Bay Area Health Corporation (BBAHC) serves Dillingham and 34 villages in the area. BBAHC's village cost of living increases directly related to energy and fuel costs range from 206% to 376% above the Anchorage cost of living index. Facing their very first unbalanced budget, BBAHC recently laid off 18 employees and reduced hours for six employees. To

ALASKA NATIVE TRIBAL HEALTH CONSORTIUM
ALEUTIAN/PRIBILOF ISLANDS ASSOCIATION
ARCTIC SLOPE NATIVE ASSOCIATION
BRISTOL BAY AREA HEALTH CORPORATION
CHUGACHMIUT
COPPER RIVER NATIVE ASSOCIATION
COUNCIL OF ATHABASCAN TRIBAL GOVERNMENTS
EASTERN ALEUTIAN TRIBES
KARLUK IRA TRIBAL COUNCIL
KENAITZE INDIAN TRIBE
KETCHIKAN INDIAN COMMUNITY
KODIAK AREA NATIVE ASSOCIATION
METLAKATLA INDIAN COMMUNITY
MT. SANFORD TRIBAL CONSORTIUM
NATIVE VILLAGE OF EKLUTNA
NATIVE VILLAGE OF TYONEK
NINILCHIK TRADITIONAL COUNCIL
NORTON SOUND HEALTH CORPORATION
SELDOVIA VILLAGE TRIBE
SOUTHCENTRAL FOUNDATION
SOUTHEAST ALASKA REGIONAL HEALTH CONSORTIUM
TANANA CHIEFS CONFERENCE
YUKON-KUSKOKWIM HEALTH CORPORATION
VALDEZ NATIVE TRIBE

offset increased fuel and electricity costs experienced by village clinics, BBAHC increased Indian Health Service village lease payments by ten percent. Patient travel, medevac services, fuel oil and electricity combined are $1 million above BBAHC's FY 2008 budget.

ANHB is also concerned about the toll high energy costs are taking on individual families. As households struggle with home heating and other energy costs, some families are deciding to close their homes and move in with relatives. Combining households means more people are living together in close quarters, raising public health issues. In these circumstances, the risk of spreading communicable diseases, including respiratory disease and skin infections, increases dramatically. Another concern is persons who are dependent on durable medical equipment (such as respirators) for chronic conditions are choosing to limit their hours of use because of high electric rates, which risks their health and, in the long run, puts the patient at risk for more invasive treatment.

Alaskans who live in rural/remote areas of the state count on the health systems in their communities for a complex array of health services. For most of rural Alaska, that is the tribal health system. As you consider energy assistance to the part of Alaska most challenged during high energy costs, we respectfully request you craft a solution that includes energy assistance for rural health facilities.

If we can provide any additional information or assistance please feel free to contact me at 907-562-6006 or via e-mail at edotomain@anhb.org.

Respectfully,

Evangelyn Dotomain
President/CEO

Estimated Impact of $9M Appropriation for Heating Assistance Programs[1]

Community	Avg. CHP[2]	Fuel Oil $/Gal.[3]	Est. Avg. HH Award[4]	Est. # Gal.
Anchorage	5	2.68	$285	106.3
Fairbanks	7	2.63	$399	151.7
Juneau	5	4.07	$285	70.0
Noorvik	26	7.50	$1,482	197.6
Chitina	11	4.12	$627	152.2
Togiak	14	5.87	$798	135.9
Shismaref	29	7.75	$1,653	213.3
New Stuyahok	16	6.34	$912	143.8
Est. $ per CHP[5]	$57			

[1] Estimates show the impact on households participating in the state-operated heating assistance programs

[2] Avg. CHP - Average Community Heating Points based on 2009 ytd approved Heating Assistance Applications

[3] Fuel Oil Prices from DCRA "Current Community Conditions: Fuel Prices Across Alaska November 2008 Update"

[4] Est. Avg. HH Award - Estimated award for average household based on the average total number of Community Heating Points for the community multiplied by calculated dollar value per CHP

[5] $57 is the estimated dollar per CHP based on the statewide average of CHP (8.5), the projected number of eligible households (13,000), and the amount of the appropriation available for the State heating assistance programs ($6.3M)

Provided by the Department of Health and Social Services
Submitted by the Office of Sen. Lyman Hoffman

3628

Alaska Heating Assistance Programs

From the Office of Sen. Lyman Hoffman
March 9.2009

3629

- Low Income Home Energy Assistance Program (LIHEAP)
- Alaska Heating Assistance Program (AkHAP)

.3630

Program Participants

- Program is statewide
- Directly serves 162 communities
- Through contracts with Native organizations serves 114 more communities
- Outside of tribal areas, 47% of households using the program live in 6 communities – Anchorage, Wasilla, Fairbanks, Palmer, North Pole, Homer

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Eligibility

- Resident of the State
- Living in the home in which the heating costs occur
- For LIHEAP have income (family of four) less than $39,750
- For AkHAP have income (family of four) less than $59,750
- For heating costs incurred from November 1st through April 30

3632

Program Mechanics

- Individual must apply on behalf of a household
- Household is assigned points based on application information
- Number of applications is estimated
- Based on state and federal appropriations and estimate of the number of applications, a dollar amount is assigned to each point
- Initial grant is made on behalf of household to vendor in community
- Supplemental assistance is provided if available

3633

Amount of Assistance

- Based on household points
- Fuel cost and climatic conditions
- Size and type of housing
- Household size and income
- If elderly, disabled or young children are in the household
- Federal and state appropriations

3634

Sample Calculation

- Based on application, household has 15 points.
- Based on available funds and estimate of total number of applications – each point is worth $220.
- Applicant would receive $3300
- Based on heating oil prices of $6.50 per gallon user could purchase 507 gallons or 84 gallons per month
- Assuming each household uses 150 gallons per month, only 56 per cent of household's fuel needs are recognized by the program

SB 117

<target><bill>SB 117</bill><subject>SB 117</subject><comm>SFIN26</comm></target>

SENATE FINANCE COMMITTEE REPORT

DATE: 3/4/10

FURTHER:

DATE TURNED
IN TO OFFICE: _____

Finance Committee considered SENATE BILL NO. 117

SB 117 PRICE OF CIGARETTES

"An Act requiring the Department of Revenue to set the minimum price for cigarettes for sale by wholesalers and retailers; and prohibiting a wholesaler or retailer from selling at wholesale or retail cigarettes at a lower price than the price set by the Department of Revenue."

and recommends:

[ ] be **replaced** with [ ] **SCS** or [ ] **CS** _____ (_____)

[✓] adopt **previous** [ ] **SCS** or [✓] **CS** SB117 (1st C)

[ ] attached amendment(s)

[ ] adopt _____ Letter of Intent

[ ] further referral to _____ Committee

SENATE BILL:
[ ] Same Title
[ ] New Title

HOUSE BILL:
[ ] Same Title
[ ] Technical Title Change
[ ] New Title w/ SCR #_____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
~~DEBRA~~ REV	3/5/10			✓	1

[ ] **APPROPRIATION - no fiscal note**

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	Huggins	✓			
	Thomas	✓			
	Ecker	✓			
	Olson			✓	
	Ellis	✓			
CO-CHAIR:	Hoffman	✓			
CO-CHAIR:		✓			

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FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: CSSB 117(L&C)
(S) Publish Date: 3/4/10

Identifier (file name): SB117-REV-TAX-02-05-10
Dept. Affected: Revenue
Title: Price of Cigarettes
RDU: Taxation and Treasury
Component: Tax Division
Sponsor: Senator McGuire
Requester: (S) Labor and Commerce
Component Number: 2476

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							
FUND SOURCE		(Thousands of Dollars)					
1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2010) cost:

POSITIONS							
Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This bill would amend Alaska's current cigarette minimum price statutes by removing the ability for a cigarette distributor or retailer to present evidence to the Department of Revenue that their actual cost of selling cigarettes is below the state manadated mark-ups of 4.5% for wholesale and 6% for retail. There would be no effect on state revenues as a result of this bill. There also would be no effect on the operating costs incurred by the Department of Revenue. However, the Department would be able to divert the resources currently expended on auditing a distributor or retailer's actual cost to cigarette tax audits. The Department will still continue to expend resources to update the minimum price of cigarettes on its website and conduct investigations to insure distributors and retailers are not selling cigarettes below state mandated minimums.

Prepared by: Johanna Bales, Deputy Director
Phone: (907) 269-6628
Division: Tax Division
Date/Time: 02-05-10; 1:23pm
Approved by: Ginger Blaisdell, Director
Date: 02-05-10; 9:19pm
Administrative Services Division

(Revised 11/6/2009 OMB)

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ALASKA STATE LEGISLATURE

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Senate Special Committee on Energy
Senate Committee on World Trade,
Technology and Innovations

Co-Chair
Senate Resources Committee

Member
Senate Judiciary Committee

SENATOR LESIL MCGUIRE

SPONSOR STATEMENT
CS for SENATE BILL NO. 117

Alaska, along with at least 23 other states, prohibits wholesale cigarette distributors and retailers from selling cigarettes below a state regulated minimum price. This reflects a public policy which seeks to prevent the use of cigarettes as a "loss leader" or a bargain item. Furthermore, studies have shown that pricing cigarettes below cost has been linked to youth smoking.

However, current law contains a loophole which allows large, high-volume cigarette sellers to price their cigarettes at less than the minimum price set by law if they can prove their actual cost of doing business is lower than the mandated minimum price.

In order to qualify for the lower price, application for each cigarette brand must be made. The Department of Revenue must then review the financial data provided to see if the submission is available for an exception. This process of verifying the cost versus price calculations by brand is both expensive and time consuming for the agency. If the exception is granted, it changes the state minimum prices for all wholesalers and retailers. Consequently, cigarettes in effect become somewhat of a "loss leader" because the granted exemption price is at or below cost for some retailers, thus defeating the original purpose of setting a minimum price.

If CS SB 117 is passed, it requires the Department of Revenue to set the same minimum cigarette price for all vendors – regardless of size, volume, or accounting practices. Thereby promoting fairness by putting all cigarette sellers on the same playing field with regard to the state mandated minimum cigarette price. Furthermore, CS SB 117 would ensure that it will no longer be permissible for anyone to set a price any lower than that which the State establishes.

The percentages in CS SB 117 are based on a compromise between interested parties. As a result, major cigarette brands will experience an increase in price.

In the end, if passed, CS SB 117 will increase the price of cigarettes overall; will eliminate the labor and expense for the Department of Revenue in calculating exceptions to the minimum price; and it will promote fair and reasonable competition in the marketplace.

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SENATOR LESIL MCGUIRE

SECTIONAL ANALYSIS
Senate Bill No. 117 (26-LS0386\S)

Section 1. Amends AS 43.50.710(a) by removing language that currently allows wholesalers and retailers to price cigarettes as low as that seller's actual cost. This section replaces that language by setting the Department's minimum price as the lowest price at which a wholesaler or retailer can sell cigarettes.

Section 2. Amends AS 43.50.710(b) by removing language that currently permits a retailer to attempt to procure the purchase of cigarettes at a price as low as the actual cost to a wholesaler. This section replaces that language by setting the Department's minimum price as the lowest price.

Section 3. Amends AS 43.50.710(c). This section of law allows the State to utilize evidence of advertisement or offers to sell cigarettes at less than actual cost as prima facie evidence of intent to injure competition. The proposed change simply replaces the actual cost with the minimum price set by the Department as the new benchmark for constituting prima facie evidence.

Section 4. Amends AS 43.50.720. This section of law requires that when cigarettes are priced together with other merchandise the selling price may not be less than the wholesaler or retailer's actual cost. This section will again replace the seller's actual cost with the minimum price set by the Department as the lowest price available.

Section 5. Amends AS 43.50.790(a). This section removes the Department's authority to calculate and set the actual cost of doing business as the lowest price available to sell cigarettes. It would now require the Department to instead determine only the applicable minimum price for cigarette sales.

Section 6. Adds a new section to AS 43.50 at 43.50.810. This section requires the Department to set the minimum price for which a wholesaler or retailer may advertise or sell cigarettes, and it sets forth the applicable formula for determining that minimum price.

Section 7. Repeals several sections of Title 43 to make the law consistent with the foregoing changes.

AS 43.50.730 is repealed, which currently requires wholesalers to provide their actual costs to one another when selling cigarettes. Since the actual cost is no longer available for setting a sales price, this provision is irrelevant.

AS 43.50.740(a) is repealed, which allows sellers to cut their prices to match the actual cost.

AS 43.50.760, AS 43.50.770, and AS 43.50.800 are repealed, which all currently set forth the factors used in determining the actual cost to a wholesaler or retailer. Since actual cost will not be utilized to set the lowest price, these provisions are irrelevant.

AS 43.50.849(4) is repealed, which is the definition of a direct-buying retailer.

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SENATOR LESIL MCGUIRE

SUMMARY OF CHANGES
CS FOR SB 117 – VERSION S

(1) Section 6 (a)
Changed the multiplier used to calculate the Wholesale Minimum Price from 1.045 to 1.02.

(2) Section 6 (b)
Changed the multiplier used to calculate the minimum price for which a retailer or wholesaler may advertise, offer to sell, or sell cigarettes at retail from 1.06 to 1.04.

Reasons:

The CS represents a compromise among interested parties with respect to the specific minimum price formula. While it still eliminates the exception to price below minimum, it reflects a slightly lower minimum wholesale and retail price than the original Senate Bill 117.

This change allows the State to firmly establish a minimum wholesale price; prohibits any exceptions; and sets the figure at a price that is consistent with fair competitive market principles. Compared to historical exemptions granted, it will raise the minimum price slightly to a figure that allows market competition, and still maintains the policy of setting a minimum price.

CAMPAIGN for TOBACCO-FREE Kids

RAISING CIGARETTE TAXES REDUCES SMOKING, ESPECIALLY AMONG KIDS (AND THE CIGARETTE COMPANIES KNOW IT)

The cigarette companies have opposed tobacco tax increases by arguing that raising cigarette prices would not reduce adult or youth smoking. But the companies' internal documents, disclosed in the tobacco lawsuits, show that they know very well that raising cigarette prices is one of the most effective ways to prevent and reduce smoking, especially among kids.

- Philip Morris: *Of all the concerns, there is one - taxation - that alarms us the most. While marketing restrictions and public and passive smoking [restrictions] do depress volume, in our experience taxation depresses it much more severely. Our concern for taxation is, therefore, central to our thinking . . . .*[1]
- Philip Morris: *When the tax goes up, industry loses volume and profits as many smokers cut back.*[2]
- RJ Reynolds: *If prices were 10% higher, 12-17 incidence [youth smoking] would be 11.9% lower.*[3]
- Philip Morris: *It is clear that price has a pronounced effect on the smoking prevalence of teenagers, and that the goals of reducing teenage smoking and balancing the budget would both be served by increasing the Federal excise tax on cigarettes.*[4]
- Philip Morris: *Jeffrey Harris of MIT calculated...that the 1982-83 round of price increases caused two million adults to quit smoking and prevented 600,000 teenagers from starting to smoke...We don't need to have that happen again.*[5]
- Philip Morris: *A high cigarette price, more than any other cigarette attribute, has the most dramatic impact on the share of the quitting population...price, not tar level, is the main driving force for quitting.*[6]

  [For more on cigarette company documents and price/tax increases see the 2002 study in the *Tobacco Control* journal, "Tax, Price and Cigarette Smoking: Evidence from the Tobacco Documents."[7]]

The cigarette companies have even publicly admitted the effectiveness of tax increases to deter smoking in their required filings with the U.S. Securities and Exchange Commission.

- Philip Morris: *Tax increases are expected to continue to have an adverse impact on sales of tobacco products by our tobacco subsidiaries, due to lower consumption levels...* [10-Q Report, November 3, 2008]
- Lorillard Tobacco: *We believe that increases in excise and similar taxes have had an adverse impact on sales of cigarettes. In addition, we believe that future increases, the extent of which cannot be predicted, could result in further volume declines for the cigarette industry, including Lorillard Tobacco...* [10-Q Report, November 4, 2008]
- R.J. Reynolds: *Together with manufacturers' price increases in recent years and substantial increases in state and federal taxes on tobacco products, these developments have had and will likely continue to have an adverse effect on the sale of tobacco products.* [10-Q Report, October 24, 2008]

Economic Research Confirms That Cigarette Tax Increases Reduce Smoking. Numerous economic studies in peer-reviewed journals have documented that cigarette tax or price increases reduce both adult and underage smoking. The general consensus is that every 10 percent increase in the real price of cigarettes reduces overall cigarette consumption by approximately three to five percent, reduces the number of young-adult smokers by 3.5 percent, and reduces the number of kids who smoke by six or seven percent.[8] Research studies have also found that:

- Cigarette price and tax increases work even more effectively to reduce smoking among males, Blacks, Hispanics, and lower-income smokers.[9]
- A cigarette tax increase that raises prices by ten percent will reduce smoking among pregnant women by seven percent, preventing thousands of spontaneous abortions and still-born births, and saving tens of thousands of newborns from suffering from smoking-affected births and related health consequences.[10]
- Higher taxes on smokeless tobacco reduce its use, particularly among young males; and increasing cigar prices through tax increases reduce adult and youth cigar smoking.[11]

1400 I Street NW - Suite 1200 - Washington, DC 20005
Phone (202) 296-5469 · Fax (202) 296-5427 · www.tobaccofreekids.org

- Cigarette price increases not only reduce youth smoking but also reduce both the number of kids who smoke marijuana and the amount of marijuana consumed by continuing users.[12]
- By reducing smoking levels, cigarette tax increases reduce secondhand smoke exposure among nonsmokers, especially children and pregnant women.

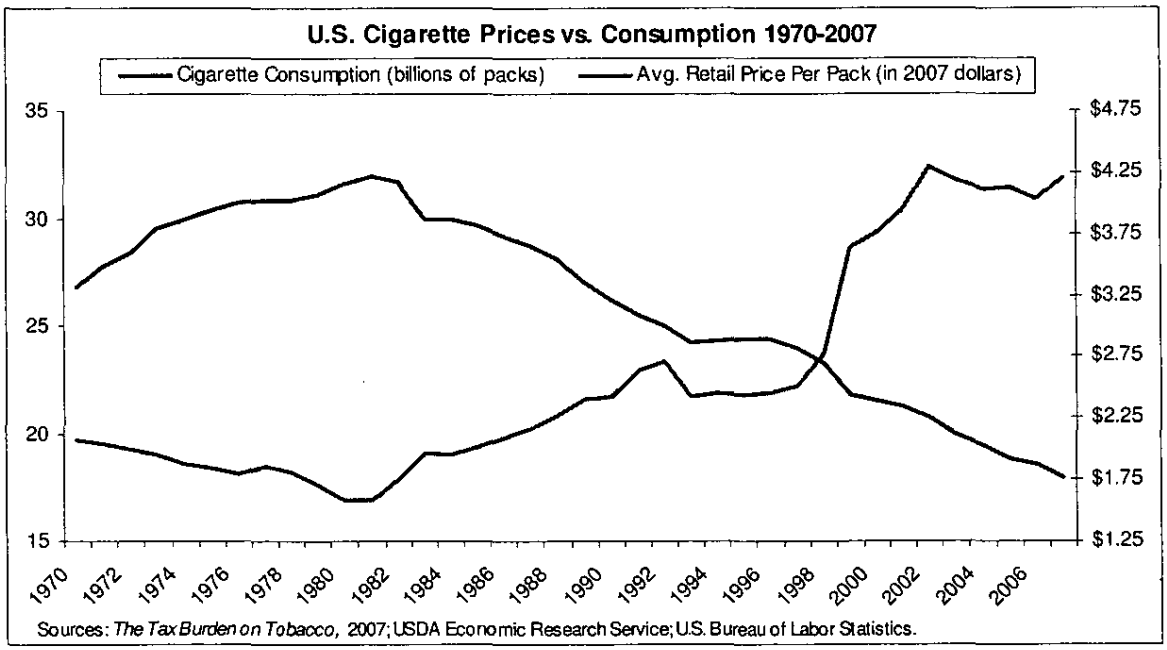
Recent State Experiences

In every single state that has significantly raised its cigarette tax rate, pack sales have gone down sharply.[13] While some of the decline in pack sales comes from interstate smuggling and from smokers going to other lower-tax states to buy their cigarette, reduced consumption from smokers quitting and cutting back plays a more powerful role. As shown in more detail, below, nationwide data – which counts both legal in-state purchases and the vast majority of packs purchased through cross-border, Internet, or smuggled sales – shows that overall packs sales go down as state cigarette tax increases push up the average national price.

In-state evidence shows that state cigarette tax increases are prompting many smokers to quit or cutback. For example, the Wisconsin Quit Line received a record-breaking 20,000 calls in the first two months after its $1.00 per cigarette pack increase (it typically receives 9,000 calls per year). Likewise, in Texas and Iowa, which each increased their cigarette taxes by $1.00 in 2007, the number of calls to the state quitlines have been much higher compared to the year before.[14] It is also clear that these efforts to quit by smokers after tax increases translate directly into lower future smoking rates. In Washington State, for example, adult smoking from the year before its 60-cent cigarette tax increase in 2002 to the year afterwards declined from 22.6 to 19.7 percent, reducing the number of adult smokers in the state by more than 100,000, despite overall population increases.[15]

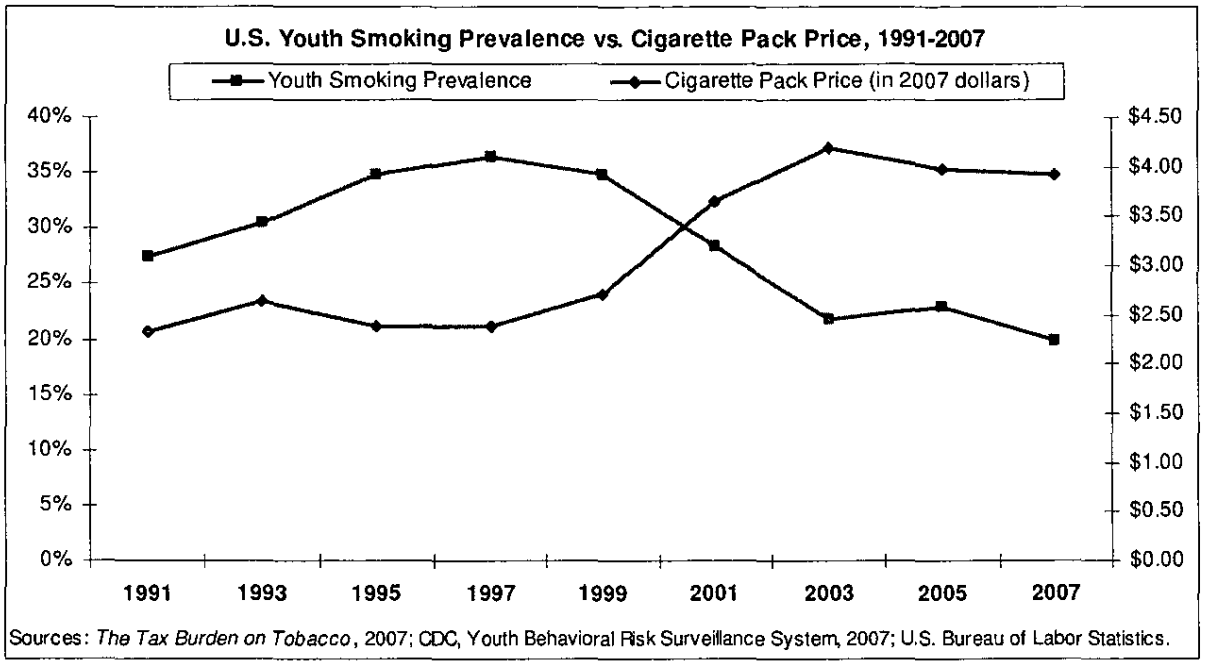
Increasing U.S. Cigarette Prices and Declining Consumption

Although there are many other factors involved, comparing the trends in cigarette prices and overall U.S. cigarette consumption from 1970 to 2007 shows that there is a strong correlation between increasing prices and decreasing consumption.



While U.S. cigarette prices are largely controlled by the cigarette companies' price-setting decisions, from 1970 to 2006, the federal tax on cigarettes also increased from eight cents to 39 cents per pack and the average state cigarette tax increased from 10 cents to $1.07 per pack during that time period. Without these federal and state tax increases, U.S. cigarette prices would be much lower and U.S. smoking levels would be much higher.

Prices and Youth Smoking Rates. The chart below shows how closely youth smoking prevalence is to cigarette pack prices. As prices climbed in the late 1990s and early 2000s, youth smoking rates declined, but as the price decreased between 2003 and 2005 (along with funding for tobacco prevention programs in many states), youth rates increased. Even the slight increase in price between 2005 and 2007 corresponds with a decline in youth smoking rates.



Sources: *The Tax Burden on Tobacco*, 2007; CDC, Youth Behavioral Risk Surveillance System, 2007; U.S. Bureau of Labor Statistics.

Expert Conclusions on Cigarette Prices and Smoking Levels

- In its 2007 report, *Ending the Tobacco Problem: A Blueprint for the Nation*, the National Academy of Sciences' Institute of Medicine recommends raising cigarette taxes in states with low rates and indexing them to inflation, to reduce cigarette consumption and to provide money for tobacco control. The report states, "Tobacco excise tax revenues pose a potential funding stream for state tobacco control programs. Setting aside about one-third of the per-capita proceeds from tobacco excise taxes would help states fund programs at the level suggested by CDC."[16]
- The President's Cancer Panel's 2007 report, *Promoting Healthy Lifestyles*, advised increasing state tobacco taxes, stating, "Increases in tobacco excise taxes, which are passed along to consumers in the form of higher tobacco product prices, have proven highly effective in reducing tobacco use by promoting cessation among current users, discouraging relapse among former users, preventing initiation among potential users, and reducing consumption among those who continue to use tobacco. These revenues also provide crucial dollars needed to fund anti-tobacco efforts."[17]
- The 2000 U.S. Surgeon General's Report, *Reducing Tobacco Use*, found that raising tobacco-product prices decreases the prevalence of tobacco use, particularly among kids and young adults, and that tobacco tax increases produce "substantial long-term improvements in health." From its review of existing research, the report concluded that raising tobacco taxes is one of the most effective tobacco prevention and control strategies.[18]
- Wall Street tobacco industry analysts have long recognized the powerful role increased cigarette taxes and rising cigarette prices play in reducing U.S. smoking levels. For example, a December 1998 "Sensitivity Analysis on Cigarette Price Elasticity" by Credit Suisse First Boston Corporation settled on a "conservative" estimate that cigarette consumption will decline by four percent for every 10 percent increase in price.
- In its 1998 report, *Taking Action to Reduce Tobacco Use*, the National Academy of Sciences' Institute of Medicine concluded that "the single most direct and reliable method for reducing consumption is to increase

the price of tobacco products, thus encouraging the cessation and reducing the level of initiation of tobacco use."[19]

Campaign for Tobacco-Free Kids, January 9, 2009 / Eric Lindblom & Ann Boonn

For more information, please see http://tobaccofreekids.org/research/factsheets/index.php?CategoryID=18 and http://tobaccofreekids.org/reports/prices.

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[1] Philip Morris document, "General Comments on Smoking and Health," Appendix I in *The Perspective of PM International on Smoking and Health Initiatives*, March 29, 1985, Bates No. 2023268329-8348.
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COSTCO WHOLESALE

January 21, 2010

Senator Lesil McGuire
Alaska Senate
Room 125
State Capitol
Juneau, AK 99801

RE: In Support of Committee Substitute for Senate Bill 117

Dear Senator McGuire:

I am writing to you on behalf of Costco Wholesale Corporation ("Costco") to support Committee Substitute for Senate Bill 117 ("CSSB 117"). Costco holds licenses as a wholesale distributor and a retailer of cigarettes and other tobacco products.

Currently, the law is difficult to interpret. CSSB 117 clarifies the language in the statute and makes it easier for wholesale distributors and retailers to determine the minimum price of cigarettes. The Department of Revenue and all licensees will benefit with CSSB 117 because the determination of price for cigarettes is simpler and more efficient, thus saving valuable state resources. Further, we believe that CSSB 117 is consistent with the fair and competitive practices in Alaska.

Thank you for your time and the opportunity to comment on this pending legislation.

Sincerely,

COSTCO WHOLESALE

John McKay
Senior Vice President

999 Lake Drive • Issaquah, WA 98027 • 425/313-8100 • www.costco.com

Michael J. Elerding
Box 5811
Ketchikan, AK 99901

March 19, 2010

Senator Bert Stedman
Alaska State Senate
State Capitol Room 516
Juneau, AK 99801

RE: CS for SB 117 Price of Cigarettes

Dear Senator Stedman,

The purpose of this letter is to urge your support of the above referenced bill. This bill is a technical correction of the Un-Fair Cigarette Sales Act, which was passed in 2005. The bill is strictly defined and deals with just one topic – The Minimum Price of Cigarettes. While the bill may not have much sex appeal it is an important legislation for the following reasons:

1. Price is a significant determinant to youth access to cigarettes. Studies ad nauseam have linked the price to cigarettes to youth smoking rates. The higher the price of cigarettes the lower youth smoking rates.
2. Article 7 of AS 43 50 700 was intended to end the predatory pricing practice of selling cigarettes at below cost. This legislation closes a loophole in the original measure (AS 43 50 800(c))which allows large mega distributors to sell cigarettes for less than presumptive costs if they can show that their "Cost of Doing Business" is less than 4.50% at the wholesale level. By eliminating this loophole, using a percentage that all parties collaborated on, the legislation is promoting competition and leveling the playing field for wholesalers and retailers.
3. This legislation will save the Department of Revenue time and money contrary to the fiscal note because the department would no longer need to perform time consuming audits on a distributor's "Cost of Doing Business." Instead the department could redeploy their auditors to conduct audits on actual tax returns – a much more beneficial use of their time.

The concept of ending predatory pricing practices and restricting youth access to cigarettes has been vetted among all of the vested constituency groups; Tobacco Alliance Groups (Mark Hickey et al), Large Wholesale/Retailer's (Costco); Big Tobacco (Philip Morris – Bob Evans) and the Department of Revenue. There is no opposition to the measure. The negotiations and discussions that have taken place among these diverse groups is nothing short of amazing. The fact that all of these interest groups are on the same page mandates that the legislature take a serious look and support the efforts that have manifested themselves in the form of SB 117.

As with many measures that arrive on your door step there has been a lot of blood, sweat and tears that have gone into the crafting of SB 117. Senator McGuire and her staff have done a yeoman's job of carrying this measure thus far. Now we need your support and your leadership in getting a hearing for SB 117 before your Senate Finance Committee. Because this legislation is narrowly defined and only deals with a technical correction regarding the price of cigarettes there is no controversy or any danger of unintended consequences. Finally, there is no opposition to this legislation.

Michael J. Elerding
Box 5811
Ketchikan, AK 99901

As you know this legislation is important to Northern Sales Company and their eighty two (82) plus employees who live and work in SE Alaska. Your support and leadership in marshalling this legislation through your Senate Finance Committee will not go unnoticed by your constituents who work for Northern Sales.

If you have any questions of if you require additional information please feel free to give me a call at 907-617-5412. If you think my testimony would assist with the passage of this legislation I would be happy to arrange my schedule to accommodate the hearing schedule of your Senate Committee. Thank you in advance for your leadership and support of this legislation.

Sincerely yours

Michael J. Elerding

SB 123

<target><bill>SB 123</bill><subject>SB 123</subject><comm>SFIN26</comm></target>

2/2/09

U.S. Department
of Transportation
Federal Highway Administration

Alaska Division

709 West 9th Street, Rm. 851
P.O. Box 21648
Juneau, AK 99802
(907) 586-7418
(907) 586-7420 Fax

February 19, 2009

Mr. Leo von Scheben, Commissioner
Alaska Department of Transportation
and Public Facilities
P.O. Box 112500
Juneau, AK 99811-2500

In Reply Refer To:
Adm F&A 5

Dear Commissioner von Scheben:

As you are aware, on February 17, 2009, President Obama signed the American Recovery and Reinvestment Act (ARRA) of 2009 into law. Since that time, the FHWA has been working to interpret the provisions of the Act, and has identified an Alaska specific suballocation issue that will affect the development of the Alaska Statewide Transportation Improvement Program (STIP) and the advancement of projects under ARRA.

Specifically, apportionments to States, including Alaska, are divided into 3 "pots" as follows:

- 3% is dedicated to Transportation Enhancements
- 67% is for use on projects anywhere in the State
- 30% is allocated for urbanized areas urbanized areas over 200,000 and areas under 200,000.

The allocation for areas under 200,000 is further divided as follows:

- areas under 200,000.
- areas under 5,000.

The law requires that the calculation for areas under 5,000 be an amount which is not less than 110 percent of the amount of funds apportioned to the State for the Federal-aid secondary system for fiscal year 1991. In the case of Alaska, this calculation results in the entire suballocation for areas under 200,000 going to areas of under 5,000. **This result occurs only in Alaska.**

This might be better illustrated in the following table:

Total Distribution	Transportation Enhancements (3 percent)	Division between Urbanized Areas over 200,000 population and other areas (30 percent)			Available for any area (67 percent)
		Areas over 200,000	Areas under 200,000	Areas under 5,000	
175,461M	5,263M	18,953M	0	33,684M	117,559M

MOVING THE AMERICAN ECONOMY

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Therefore, while urban areas between 5000 and 200,000 are not eligible for the suballocated portion of ARRA funds, they are eligible for funding from the $117,559M pot which is available for use in any area of the State. We understand that this has not been the interpretation that the Alaska Department of Transportation and Public Facilities has been working under.

Please be aware that these calculations are preliminary at this time and are offered in an advisory capacity. Final suballocation amounts will be released with the respective Notice(s) of Apportionment and accompanying computation tables. In the interim, we would request that you review our initial computations and take action as appropriate.

Sincerely,

David C. Miller

David C. Miller
Division Administrator

cc: Mr. Frank Richards, Deputy Commissioner
Mr. Jeff Ottesen, Director, Division of Program Development

SB 124

<target><bill>SB 124</bill><subject>SB 124</subject><comm>SFIN26</comm></target>

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: SB 124
(S) Publish Date: 2/25/09

Identifier (file name):
Dept. Affected: DOT&PF
Title: Authorization to Participate in the American Recovery and Reinvestment Act of 2009
RDU: Administration & Support
Component: Commissioner's Office
Sponsor
Requester: Governor
Component Number: 530

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2009) cost: 0.0

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

Authorization to receive and expend federal economic stimulus funds is requested in a separate appropriations bill.

Prepared by: Mary Siroky
Phone 465-4772
Division: Commissioner's Office
Date/Time 02/24/2009-1:30pm
Approved by: Nancy Slagle, Director
Date 2/24/2009
Administrative Services Division

(Revised 9/10/2008 OMB)

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DRAFT

STATE IMPLEMENTATION OF THE AMERICAN RECOVERY AND REINVESTMENT ACT

A National Governors Association Report

February 20, 2009

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Key Points

1. The American Recovery and Reinvestment Act (ARRA) will have a huge impact on state government because it will affect about 50 state formula and discretionary grants as well as about 15 entitlement and anti-cyclical programs. States or individuals through state programs will receive over $250 billion from the package. Many of these programs will require states to make legislative, business, and even management information system changes. In addition, state revenues and bonding activities will also be impacted.

2. In many instances, the act requires funds to be obligated quickly. In particular, it contains several "use it or lose it" provisions, which would reallocate unobligated funds to other states. For example, there is a requirement in the highway section for states to obligate 50 percent of funds in 120 days.

3. States are likely to experience difficult fiscal conditions for at least the next three years. Both 2009 and 2010 will be difficult because the economy will grow very little. Meanwhile, 2011 also will be difficult because history has shown that the biggest impact on state government budgets has been felt the year after the recession ends. It is also true that these funds are only temporary. Thus, governors will be challenged to develop the correct balance between quick obligation and program stability and efficiency in bridging the gap until economic recovery.

4. The act includes numerous provisions to ensure that the appropriated funds are spent as intended by Congress. As a result, state activities will be subjected to extensive public scrutiny and will have to meet very high standards with respect to transparency and accountability. States also should be prepared for extensive audits by the federal government.

5. The current estimate of total state budget shortfalls over fiscal years (FYs) 2009-2011 is about $250 billion. The ARRA contains some flexible funds to counter these shortfalls, namely $87 billion from Medicaid and about $48 billion in the State Stabilization Fund (for a total of about $135 billion in countercyclical funds). On average, this is just a little over 50 percent of the projected shortfall, which means it will be a big help but no panacea. To bridge the gap, states will have to continue to consolidate and streamline state government.

6. There are three categories of funds in the ARRA – countercyclical or flexible funds, safety net (i.e., Medicaid, Food Stamps, Unemployment Insurance), and direct appropriations – that are all an integral part of the short-run stimulus. These programs must be implemented quickly to have positive macro-economic impacts.

7. The act includes substantial funds for health IT, research and development, alternative energy, and broadband development. These are intended to transform the economy and set the foundation for long-run economic growth. They also provide a major opportunity for governors to aggressively combine various funds to maximize long-run growth and competitiveness. To maximize these opportunities, governors should develop a strategic vision for using the funds and engage their state universities and the private sector.

8. Governors may want to appoint a lead coordinator and a team or task force that includes staff with extensive budget, transparency and accountability expertise. They may also want to appoint other sub-leads for the four major categories of spending, i.e., countercyclical, direct appropriations, safety net, and long-run foundational funds to maximize coordination. The lead coordinator may report directly to the governor. It is critical for this team to develop strategic visions as well as management plans..

9. Governors also may want to develop an aggressive outreach strategy to develop input directly from the public as well as local governments and the private sector. Some states may wish to appoint advisory groups to assist in channeling input and advice.

10. Finally, governors may want to develop a comprehensive strategy to keep citizens informed at each step of the implementation, given continuing economic difficulties and the importance of the stimulus. Developing a sophisticated Internet strategy to share information will be critical.

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STATE IMPLEMENTATION OF THE AMERICAN RECOVERY AND REINVESTMENT ACT

ARRA provides about $787 billion to reduce the risk of deflation and to significantly reduce both the decline of GDP and loss of jobs over the next two to three years. It includes $478 billion in increased spending and $300 billion in tax cuts.

Spending Categories

From a state perspective, it is critical to think in terms of the various categories of spending because they have very different intents and many require different management structures, reporting requirements, and even the involvement of state legislatures. Four categories are particularly important.

1. Countercyclical Funds

There are two major categories of the countercyclical funds, which are the most flexible funds. First, there is the $87 billion in estimated federal increase in Medicaid funds that, depending on the future growth of Medicaid, will allow states to reprogram some of their own previous matching funds to other areas to offset planned budget cuts. The second is the $48 billion in the State Fiscal Stabilization Fund, which includes $8.8 billion that can be used for any purpose as well as $39 billion that must be used for elementary and secondary education, higher education, and early childhood. Because education averages about 30 percent of state budgets, it provides considerable flexibility. It is important to note that local school districts will also receive an additional $25 billion in Title I and special education grants for education. The combination of Medicaid and the State Stabilization Fund means that the flexible funds provided under the act total about $135 billion. Additional detail is provided for this category in **Appendix A.**

2. Appropriated Programs

The ARRA contains a significant number of direct appropriations into existing state programs, which run the gamut from $27.5 billion for highways to $1 billion for community services block grants to $3.1 billion for state energy grants. States have little flexibility here and must spend these additional funds in the specified program areas. Many of these grants are formula while others are discretionary or competitive grants. This category includes about 50 programs. In many cases, states need to obligate and spend these funds quickly to create jobs. Additional detail is provided for this category in **Appendix B.**

3. Safety Net

The act does expand on a number of safety net programs such as Medicaid, including transitional Medicaid assistance as well as both increased food stamp benefits and eligibility. Also, it extends eligibility for unemployment insurance. Most of these programs will require states to make decisions regarding new eligibility and benefit levels, which may require state legislative changes as well as major changes to business processes and management information systems. The additional safety net funds will be spent quickly by recipients and, thus, will have a positive macroeconomic impact. Additional detail is provided for this category in **Appendix C**.

These three categories of available funds are all intended to be part of the stimulus portion of the bill, which requires that all changes be enacted quickly and funds obligated rapidly. They all are important in limiting the rate of decline in GDP and job loss.

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4. Foundations for Economic Growth

The legislation also targets long-run investments in four areas with substantial potential for both short- and long-term economic growth. These areas are:

- Alternative Energy, Energy Efficiency and Green Jobs;
- Health IT;
- Broadband Development; and
- Research and Development.

To maximize the benefit of these investments provided under the act, states must develop strategic plans to combine the various grants and loans. Achieving the maximum "bang-for-the-buck" requires a coordinated approach, governance structure, and clear strategic goals. The legislation authorizes about $56 billion for these four areas. However, these funds are not in addition to funds described in the three preceding categories. This number is just illustrative of the potential to draw linkages between program funds. Additional detail is provided for this category in **Appendix D.**

Federal Tax Changes

The legislation also contains a number of provisions designed to provide tax rebates or other forms of tax benefits to individuals and businesses. Some of these changes may have an adverse impact on state tax revenue in those states that are still coupled with the federal income tax law. Other changes may affect state and local bonding authority and affect the cost of that borrowing. Those changes most likely to affect states and localities are described in more detail in **Appendix E**.

Challenges and Opportunities

This act presents governors with an almost unprecedented series of challenges and opportunities. While new funds will become available almost immediately, the recession will likely continue to affect state government for the next three years. As a result, the first challenge for governors will be to obligate funds quickly while also ensuring program stability over the 2009-2011 period.

The second challenge for governors will be the need to ensure that state departments and agencies:

- Secure the maximum amount of federal funds available;
- Fulfill transparency and reporting requirements;
- Ensure full and timely use of resources; and
- Avoid waste, fraud, and abuse.

Federal Oversight and Accountability

The legislation contains numerous provisions to ensure that the appropriated funds are spent as intended by the Congress. As a result, state activities will be subjected to extensive public scrutiny and to enhanced oversight by a variety of federal entities, including federal program managers, agency inspectors general, and the Government Accountability Office. Federal efforts will be coordinated by a newly established Accountability and Transparency Board that will be chaired by the President's Chief Performance Officer and include six members designated by the President from among the inspectors general and deputy secretaries. The board is charged with:

- Ensuring that reporting meets applicable standards;
- Verifying compliance with competition requirements; and
- Investigating spending to identify poor contract management, fraud, or waste.

The legislation requires the board to establish a Web site, www.recovery.gov, as a portal or gateway to key information related to the act and to provide a window to other government websites with related information. States will be required to use this Web site to post information on the use of both operational funding and infrastructure investments. The required information is generally more detailed than mandated by current statutes and will include:

- Descriptions of the intended use of the funds;
- Impact on job development and preservation; and
- Copies of individual grants and contracts.

The legislation includes substantial increases in the appropriations for the Government Accountability Office and departmental inspectors general. It requires grantees to provide federal reviewers with unfettered access to state records. It also establishes new whistle-blower protections, including the authority for federal inspectors general to review and decide claims regarding retaliation.

Timing Issues and Constraints

The legislation has numerous requirements regarding obligation of funds for the various programs. Many of these incorporate "use or lose" provisions, which means that funds are reallocated to other states if they are not obligated by the given deadline.

Additional provisions govern the availability of some other funds, such as enhanced Medicaid reimbursement and temporary increases in eligibility and benefit levels for programs assisting needy individuals and families.

The ability of states to meet these timing requirements may be affected by a number of factors, including the need for:

- State legislative authorization to receive and expend funds;
- State legislative authorization for needed program/eligibility changes;
- Modification of business processes and/or information systems;
- Staff capacity; and
- Public support.

Assessing the Management Challenge

Governors should expect to be held fully accountable for their use of these new federal funds. Critics are already questioning state decisions during the period leading up to the recession and will likely be even more vocal as time passes. Governors will be expected to achieve an almost impossible balance between three related objectives:

- Expending funds quickly;
- Targeting funds effectively; and
- Avoiding any appearance of waste, fraud, or abuse.

To best achieve these objectives, governors will need to quickly build or expand a capacity to:

- Plan and establish priorities;
- Obtain necessary legislative and public support;
- Coordinate the interaction between state and federal agencies;
- Oversee state agency implementation, including coordination and collaboration across agency and program lines;
- Expand workforce capacity to develop and monitor a rapid growth in contracts;
- Ensure compliance with grant requirements, including transparency and accountability provisions; and

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- Facilitate local government and private sector opportunities to utilize federal grant and loan programs to the maximum extent.

Thoughtful planning and skilled implementation will be required to achieve the full benefit of the opportunities encompassed in the ARRA. Planning is required to ensure that new spending is timed to provide necessary resources over the duration of the recession and initial recovery. Failure to plan early for the next two to three years could worsen the out-year impact because states might be hard pressed to meet service expectations or commitments.

Planning is also vital to ensure that available funds are used strategically to address both the short-term needs of individuals adversely affected by the recession and the opportunities to invest in some critical elements of future economic growth. A thoughtful planning process that involves multiple stakeholders at an early stage can help both to identify priorities and the opportunities to coordinate a variety of funding sources to help achieve broader goals. That process also can help identify and address issues relating to the sustainability of programs and services that may be initiated or expanded under the ARRA.

The full use of new federal funds will likely require quick state legislative action. The heated debates in the Congress underscore the importance of communicating a clear message regarding the importance of timely action to the public and of an aggressive outreach effort to include key legislative interests early in the planning process.

Similarly, a proactive approach by the governor may be needed to identify and maximize opportunities for better collaboration and coordination with direct federal programs and to minimize the restraints inherent is some of the traditional stovepipe programs that are being used to channel increased funding. While department and agency heads will often play a lead role in these efforts, gubernatorial oversight and participation will be critical for their success.

The need to commit new funding quickly will require speedy action by a large number of state departments and agencies. In some cases, new programs must be developed and implemented. In other cases, extraordinary steps may be required to expand the capacity to deliver existing services to additional clients. Implementation plans may need to encompass new regulations, changes in operating procedures, large scale modifications to information systems, enhanced training, and expanded outreach efforts. Governors will want to ensure that their department and agency heads clearly understand their critical roles and to develop procedures to monitor their progress.

The use of new resources available to the states in a number of program areas will require a rapid expansion in state capacity for contracting. An initial focus on the preparing and issuing contracts will need to be followed by intensive contract management to ensure the proper and timely expenditures of funds. Many states may lack the trained manpower needed to carry out these tasks. Governors will want to review the possible need to enhance their contracting and contract management capacity.

Extensive public reporting provisions, particularly the mandate for posting detailed information on a national Web site, provide numerous opportunities for ongoing scrutiny by the public at large and for those hoping to identify waste and misuse. Governors will want to ensure that state departments and agencies are fully meeting these requirements in a timely manner and to monitor the data that is being made available in an effort to anticipate potential problems.

Similarly, governors may want to consider additional ways to identify and monitor potential problems before they can become operational or political issues. Possible steps include a more aggressive state auditing schedule, special waste and abuse hotlines, and an aggressive risk management strategy that encourages participation and truth-telling by all levels of employees and managers.

Finally, governors and their appointees can help local governments, nonprofits, and other segments of the private sector identify and pursue grant and loan opportunities, as well as help coordinate those activities and identify intergovernmental and cross-program opportunities to work together toward a set of common objectives.

Creating a Management Structure

The issues involved in implementing state responsibilities under the ARRA are too important and too complex to leave to "business as usual." They will require extraordinary steps to prepare for and carry out those responsibilities efficiently and effectively. Some of the possible steps include:

- Assigning oversight responsibility to the governor's office;
- Assigning oversight responsibility to an existing planning or budgeting agency;
- Assigning oversight responsibility to the cabinet or to sub-cabinets;
- Delegating responsibility to department and agency heads; and
- Creating new mechanisms to coordinate planning and implementation.

As described in **Appendix F,** more than 20 governors already have taken steps to prepare for the new opportunities and responsibilities resulting from enactment of the ARRA.

Conclusion

Over the next 12 to 36 months, the ARRA will make over $250 billion available to state government or through state governments to individuals. This act provides governors with a unique opportunity to mitigate the impact of the recession while they work to lay the foundation for future economic growth. It also presents governors with an almost unprecedented series of challenges and opportunities.

As already demonstrated, governors are working quickly to identify and respond to those challenges and opportunities in a timely and responsible manner.

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APPEDIX A: COUNTERCYCLICAL FUNDS

In the midst of a deepening national recession, states can play a critical role in determining when the economy will start to recover. Because states must balance their budgets every year, when faced with falling revenues from an economic crisis, states must reduce spending or raise taxes—options that further exacerbate the effects of a downturn. Federal investments to stimulate the economy and speed recovery must therefore include flexible funds so that states can postpone planned budget cuts.

The two largest components of state budgets are health care and education. The scope of the financial crisis means these core services are subject to cuts to meet balanced budget requirements. The ARRA contains several provisions to support these services and reduce the need for cuts to these programs. States will receive approximately $87 billion in funding through enhancements of the Federal Medical Assistance Percentage (FMAP), $53.6 billion through a new State Fiscal Stabilization Fund for education and other critical government services, and $26 billion for Title I and special education.

COUNTERCYCLICAL FUNDING

Federal Dept.	Program Title or Description	ARRA Appropriations (in millions of dollars)		Comments
		FY08	*ARRA*	
EDU	State Fiscal Stabilization Fund	----	53,600	Grants to governors based on population to support (1) elementary and secondary education (81.8% of allocation); and (2) public safety and other government services, which may include education (18.2% of allocation). Funds may be used in state FYs 2009, 2010, and 2011. Governors must submit an application including assurances. Funds also reserved for a new state Incentive Fund at Secretary's discretion. Governors may also seek fiscal and regulatory relief from other federal education programs.
EDU	NCLB Title I School Improvement Grants section 1003 (g)	491	3,000	Use funds for 2009-2010 2010-2011 school year
EDU	Special Education IDEA	11,760	12,200	$11.7 billion Part B Grants $500 million Part C grants Use funds for 2009-2010 2010-2011 school year
HHS	Child Support Enforcement	0	1,000	2-year restoration of federal incentive match
HHS-CMS	Enhanced Medicaid FMAP	191 Bil. (FY07)	87,000	27-month provision Broad eligibility MOE Prompt pay enforcement
HHS-CMS	Medicaid Disproportionate Share Hospitals (DSH) payments		500	2.5% increase in FY 2009-2010 allotments

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APPENDIX B: APPROPRIATED PROGRAMS

This category of funding will increase direct spending to help create jobs. To ensure that these funds are used quickly, Congress included provisions that require federal agencies to make both formula and competitive funds available to grant recipients on an accelerated schedule. At the same time, the legislation requires grant funds to be obligated by September 30, 2010, unless other timelines are established in the legislation for a specific program. In addition, the legislation also includes program-specific use-it-or-lose-it clauses that require states to obligate available funding within a specified timeframe to prevent reappropriation to other states.

These categorical grants do not provide much state flexibility in determining how the funds can be spent and are therefore unlikely to offset state shortfalls.

In most cases, the use of these funds will not require changes in authorizing legislation at the state level. However, individual programs may require changes in state policies or law, and many states may need legislation to appropriate the increased funds.

DIRECT APPROPRIATIONS

Federal Dept.	Program Title or Description	ARRA Appropriations (in millions of dollars)		Comments
		FY08	*ARRA*	
Comm.	National Telecommunications and Information Administration's (NTIA) Broadband Technology Opportunities Program	N/A	4,350	Available until 9/30/10 for competitive grants to increase broadband deployment; requires 20% match unless waived.
Comm.	NTIA Broadband Mapping grants	N/A	350	Only one grantee per state, designated by the state.
DOT	Office of the Secretary - Supplemental Discretionary Grants for a National Surface Transportation System	N/A	1,500	New discretionary grant program for projects that will have a significant impact on the nation, metro area, or region. Eligible grantees include states, localities, and transit agencies; grants range between $20M-$300M. Not more than 20% of these funds may go to projects in a single state; eligible projects include highway, bridge, public transportation, passenger and freight rail, and port infrastructure. SecDOT to publish criteria for selection process within 90 days of enactment. All applications due to SecDOT within 180 days of enactment. All funding awarded within one year; money must be obligated by recipients by 9/30/10.
EDU	Educational Technology Grants	267.5	650	Formula grants to states and local schools. Use funds for 2009-2010 and 2010-2011 school year.
EDU	Teacher Incentive Fund	97.3	200	Competitive grant to states.

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EDU	McKinney-Vento Homeless Act	64	70	Formula grants to states with a pass through to locals.
EDU	Teacher Quality Enhancement	33.7	100	Competitive grant to states.
EDU	Statewide Data Systems (P-16) Alignment	48.3	250	Competitive grant to states. Up to $5 million for state data coordinators and awards for public or private organizations to improve data coordination.
Energy	Weatherization Assistance Grant	227	5,000	Raises eligibility threshold from 150% to 200% of poverty. Increases maximum grant from $2,500 to $6,500. All funds must be obligated by 9/30/10.
Energy	State Energy Program	44	3,100	Requires governors to: work with utilities to implement a general policy that ensures utilities provide financial incentives to help customers use energy more efficiently; adopt residential and commercial building codes that exceed specified standards; give priority to projects that include an expansion of existing energy efficiency programs; expand existing support for renewable energy projects and deployment activities; and cooperate in joint activities among states to support energy efficiency priorities. All funds must be obligated by 9/30/10.
Energy	Energy Efficiency and Conservation Block Grant	0	2,800	The State Energy Programs receive approximately 12% of these funds. Another 16% must be passed through to towns of fewer than 35,000 residents or counties of less than 200,000. All funds must be obligated by 9/30/10.
Energy	Alternative Fueled Vehicles Pilot Program	0	300	Available to states, localities, and metropolitan transportation authorities. Must include a Clean Cities Initiative participant. Funds alternative fuel, fuel cell, and ultra-low-sulfur diesel vehicles, fueling infrastructure, and O&M of vehicles or equipment. All funds must be obligated by 9/30/10.
Energy	Transportation Electrification	0	400	Available to states, localities, and metropolitan transportation authorities. All funds must be obligated by 9/30/10.
EPA	Clean Water State Revolving Loan Fund	700	4,000	The Administrator shall reallocate funds where projects are not under contract or construction within 12 months. Priority funding must be given to projects on the state priority list that can be under construction within 12 months. Further, states must use 50 percent of the funds for grants, negative interest loans, and principal forgiveness. Not less than 20% of the SRFS fund must devoted to specific project types specified in the legislation. Funds cannot be used to purchase land or easements. Funds may be used to buy, refinance, or restructure existing debt obligations incurred on or after 10/01/08. The bill would waive the 20% state match requirement.
EPA	Drinking Water State Revolving Loan Fund	842	2,000	See above.

EPA	Leaking Underground Storage Tanks	107	200	State cost share has been waived. All funds must be obligated by 9/30/10.
EPA	Brownfields	95	100	All funds must be obligated by 9/30/10.
EPA	Superfund Hazardous Waste	1,270	600	States are eligible for grants to conduct site assessments. All funds must be obligated by 9/30/10.
EPA	Diesel Emission Reduction Act	49.5	300	States receive 30% of these funds. All funds must be obligated by 9/30/10.
FAA	Grants-In-Aid for Airports (AIP)	3,500	1,100	Discretionary grant program. Grantees are primarily local governments that run airports. Priority to projects that can be completed within 2 years of enactment.
FHWA	Highway Infrastructure Investment	38,900	27,500 -840 million in top-of-line set-asides	Distributed by formula to states; 30% of state apportionment must be suballocated within the state by population. 3% is set aside for Transportation Enhancements. Funds must be apportioned within 21 days of enactment. States must obligate first 50% within 120 days of apportionment. States given 1 year to obligate remaining 50% of funds. Suballocated funds must be obligated within 1 year.
FRA	High-Speed Rail Corridors and Intercity Passenger Rail	0	8,000	Discretionary grants. SecDOT must submit a "strategic plan" to Congress for the program within 60 days of enactment. SecDOT to issue interim regulations within 120 days of enactment. Projects will not need to be included on a state rail plan. Funds must be obligated by 09/30/12.
FRA	Capital Grants to Amtrak	470	850	$450 million for capital security grants; $850 million for capital grants. No funds may be used for operating costs. Not more than 60%/grants may go toward Northeast Corridor projects.
FTA	Transit Capital Assistance	7,700	6,900	$100 million set aside for discretionary grants to reduce energy consumption of public trans systems. Remaining funds must be apportioned to states and transit agencies by formula within 21 days of enactment. 50% of funds must be obligated within 180 days of apportionment; remaining 50% must be obligated within 1 year.
FTA	Fixed Guideway Infrastructure	1,300	750	Distributed by formula to states and transit agencies. Funds must be apportioned to states and transit agencies within 21 days of enactment. 50% of funds must be obligated within 180 days of apportionment; remaining 50% must be obligated within 1 year.
FTA	Capital Investment Grants	1,560	750	Discretionary grants to transit agencies for approved and existing New Starts and Small Starts projects.
HHS-CDC	Prevention & Wellness fund		1,000	Funds targeted to programs largely at discretion of CDC/HHS
HUD	Public and Indian Housing - Public Housing Capital Fund	2,440	4,000	$3billion to public housing agencies by formula; $1billion to PHAs in competitive grants.
HUD	Community Development Block Grant	3,590	1,000	
HUD	Neighborhood Stabilization Program	N/A	2,000	Competitive grants to states, local government, and nonprofits.

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Interior	Wildfire Hazard Reduction	358	500	Increases funds for state and private lands from $48 million to $250 million. The state cost share is waived. All funds must be obligated by 9/30/10.
Justice	Byrne JAG	170.4	2,000	Formula grants; available FY09-FY10.
Justice	Byrne competitive grants	16	225	Competitive grants; available FY09-FY10.
Justice	Violence Against Women	183.8	225	Formula grants; $50 million for transitional housing assistance; available FY09-FY10.
Justice	Victim compensation	0	100	Formula grants; available FY09-FY10.
Labor	WIA Adult Program	849	500	Formula grants to states available for obligation on date of enactment.
Labor	WIA Youth Program	924	1,200	Formula grants to states available for obligation on date of enactment. Funding includes summer jobs programs. Bill changes the eligibility age from 21 to 24 years.
Labor	WIA Dislocated Worker	1,117	1,250	Formula grants to states available for obligation on date of enactment.
Labor	Community Service Employment for Older Americans	522	120	22% of the funds are allocated to States, and 78% go to national organizations that compete to provide services. Funds for existing Community Service Employment Program (CSEP) grantees available for obligation on date of enactment.
Labor	WIA Dislocated Worker National Reserve	402	200	Secretary's discretionary funding for National Emergency Grants (NEGs) to states.
Labor	High Growth and Emerging Industry Grants	0	750	Competitive grants to states for worker training and placement in high growth and emerging industries. $500 million is reserved for energy efficiency and renewable energy sectors.
Labor	State Employment Service	703	400	Formula grants to states. $250 million is designated for Reemployment Service Grants (RES) to serve Unemployment Insurance recipients.
Labor	Extension of Unemployment Benefits	----	----	Provides qualifying individuals with 20 weeks of federally funded extended UI benefits and 13 additional weeks in high unemployment states thru 12/31/2009.
Labor	Weekly Unemployment Insurance Benefit Increase	-----	-----	States voluntarily select to increase state UI benefits by $25/ week/eligible individual thru 12/31/2009. Full reimbursement paid to states by the federal government.
Labor	Unemployment Insurance Modernization	0	500	Special transfers to state UI accounts for FY2009 for administration.
Labor	Unemployment Insurance Modernization	0	7,000	Incentive grants to states for enacting UI reforms. To access incentive funds, the state must currently have specific unemployment laws or enact specific legislative changes.
Labor	State Loans from Federal Unemployment Account	----	----	Temporarily waives interest accrual and interest payments on state loans from the FUA used to pay state Unemployment Insurance benefits. The provision is in effect from the date of enactment to 12/31/10.

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Labor	Trade Adjustment Assistance - Training	220	575	Expands TAA and Alternative TAA ("*wage insurance*" for older workers) for qualifying trade-affected individuals and extends reauthorization thru 12/31/2010.
Labor	Trade Adjustment Assistance - Communities	0	180	Discretionary grants to states for a new Sector Partnerships Program and Community College and Career Training Program.
Labor	Trade Adjustment Assistance – Case management	0	350,000 thousand per state	Set grant amount provided to each state for case management services.
USDA	Rural Broadband Infrastructure: USDA – Rural Utilities Service	6.4	2,500	Loans, grants, and loan guarantees for open access broadband infrastructure projects that serve rural areas primarily; projects funded are ineligible for funding under the Broadband Technology Opportunities Program; states are specifically eligible for grants - historically the money for loan and loan guarantees has been designated for other entities. 15% match requirement for grants.
VA	State Extended Care Facilities Grants	175	150	Competitive grants; available FY09-FY10.

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APPENDIX C: SAFETY NET

The ARRA provides significant funding increases for a number of human services, health, employment and other safety net programs. This additional support is intended to provide relief for lower-income families and others hardest hit by the recession. In addition, the funding will assist fiscally constrained state and local governments as they manage administrative and operational challenges stemming from the rise in demand for programs and services. Economists agree that increased assistance to low-income families has the most immediate stimulative effect on the economy because those with the least amount of financial security traditionally engage in more immediate consumption and are less likely to divert those resources into savings or debt reduction. Safety net programs also provide education and training for America's workforce, ensuring that there is a supply of qualified workers as new jobs become available.

SAFETY NET PROGRAMS

Federal Dept.	Program Title or Description	ARRA Appropriations (in millions of dollars)		Comments
		FY08	*ARRA*	
AG	Supplemental Nutrition Assistance Program (SNAP)	39,700	20,000	13.6% benefit increase, plus grants to states for administration ($145 million for FY09 and $150 million for FY10.
EDU	Rehabilitation Services and Assistance	3,280	680	540 million for state grants under part B of title I of the Rehabilitation Act $140 million for state grants for independent living under parts B and C of chapter 1 and chapter 2 of title VII of the Rehabilitation Act
HHS-ACF	Temporary Assistance for Needy Families (TANF)	16,500	5,000	Grants to states experiencing increases in caseload or expenditures and 2-year extension of supplemental grants.
HHS-ACF	Child Care Development Block Grant (CCDBG)	2,000	2,000	
HHS-ACF	Community Services Block Grant (CSBG)	654	1,000	
HHS-CMS	Transitional Medical Assistance (TMA) extension	1,000	1,300	Extension of otherwise expiring current law for 7/1/09-12/30/10. State legislative approval may be needed.
HHS-CMS	Qualifying Individuals (QI-1) extension	500	550	Extension of otherwise expiring current law for 1/1/10-12/30/10
HUD	Public and Indian Housing - Public Housing Capital Fund	2,440	4,000	$3billion to public housing agencies by formula; $1billion to PHAs in competitive grants.
HUD	HOME Investment Partnerships	1,700	2,250	
HUD	Homelessness Prevention Fund	1,580	1,500	
HUD	Neighborhood Stabilization Program	N/A	2,000	Competitive grants to states, local government, and nonprofits.
Labor	Extension of Unemployment Benefits			20 weeks of federally funded extended benefits; 13 additional weeks in high unemployment states.

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APPENDIX D: FOUNDATIONS FOR ECONOMIC GROWTH

Introduction

As mentioned, AARA provides states an unprecedented opportunity to build the types of foundations that are critical to economic growth and competitiveness in a global economy. These foundations are important because they provide the basis for long-run job and productivity growth. The four areas are described briefly below. Every state should strongly consider establishing a strategic planning effort for each area to maximize public and private investments; avoid duplication or conflicts; and coordinate activities across a wide array of institutions, including businesses, universities, community colleges, and research centers.

Alternative Energy, Energy Efficiency, and Green Jobs

- Numerous alternative energy, energy efficiency, and green jobs programs are included in the ARRA, totaling some $25 Billion, not including funds for school construction. They fall mainly under the Department of Energy but also involve the departments of Education, Labor, and Housing and Urban Development. They span the areas of alternative energy development; energy efficiency improvements to homes, schools, and industry; smart grid and transmission enhancements; fossil energy R&D; alternative fueled vehicles; and workforce programs to promote green jobs (i.e., careers in energy efficiency and alternative energy). States would be eligible recipients in 14 of the 20 programs identified. Remaining programs target businesses, universities, or non-state entities that could support state efforts and may call for state-sponsored outreach and technical assistance efforts. In addition, the legislation contains a dozen tax credit, bond, and loan guarantee measures supporting alternative energy development, energy conservation, energy research, and development.

- Many of the ARRA provisions entail enhancements to existing programs; however, some of the enhancements represent substantial increases to current funding and will require expansions, as in the case of State Energy Program (a 70-fold increase over FY08 appropriation) and the Weatherization Program (a 20-fold increase over FY08 appropriation). In addition, there are some new programs like the Energy Efficiency and Conservation Block Grants that will need to be established. The most significant flexible addition would be funds provided to the State Energy Program, which can be utilized to pursue a wide range of activities.

- Governors will face three major issues specific to this area of funding:
    - First, governors may want to consider whether the current structure of their state energy office needs to be enhanced, including elevating it to a cabinet level, as has been done in about a dozen states. Through the ARRA, state energy offices will receive considerable increases in funding and responsibility. In addition, they will need to be able to coordinate state efforts across a wide range of agencies and stakeholders and with local entities.
    - Second, governors may need to prioritize some portion of the more flexible energy funding and leverage existing programs to assist with energy workforce development. Successfully spending the ARRA funds will hinge on having an adequate number of trained energy workers available to conduct energy audits; install renewable energy devices, insulation, advanced lighting, HVAC, and other technologies; and perform operations and maintenance functions. This is in addition to the upstream demands on manufacturing that will be generated. Some ARRA funds are available to support workforce development, but demand already outpaces supply in some states, and the rise in demand nationally will further strain the system.
    - Third, to receive a portion of the energy related funding, governors will need to provide written assurances that the appropriate state or local bodies in their state are pursuing actions on electricity sector rate "decoupling" (adjusting utility profits to be independent of electricity sold) and state energy building code enhancements.. This will entail the governor taking actions

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such as petitioning the state public utility regulatory body to implement decoupling and encouraging the state legislature to upgrade state residential and commercial energy building codes.

Health Information Technology (Health IT)

- The ARRA has three major components relating to the development of health IT that will be of interest to states: (1) a grant program for states (or state-designated entities) to plan for and help build an electronic health records (HER) exchange; (2) a loan program, to be administered by states, to help providers purchase the equipment they need to "plug into" the exchange; and (3) financial assistance to providers through Medicaid for the purchase and use of health IT equipment, with no matching funds required.

- The bill gives the states a great deal of responsibility for planning and helping create a nationwide EHR exchange. States will need to develop capacity in their Medicaid programs and other agencies to deliver and oversee the provider payments for EHRs.

- States receiving health IT grants will need to move quickly to create a business and oversight plan for the exchange—which includes choosing how patient records will be transmitted, stored, and protected and how the exchange will be financed. It appears that the grants could also be used to purchase and house the exchange directly or support industry-based construction.

- Governors will need to focus on three major activities to get the full advantage of this funding: (1) Agency capacity and potential legislation will be needed to get the Medicaid-based incentives implemented and ensure accountability; (2) states should immediately begin planning with stakeholders how to govern an EHR exchange and how to ensure standards-based purchases by providers; and (3) states will need to work with HHS and begin their own planning efforts to design grant and loan programs that reflect state interests and contribute to other health care reform efforts.

Broadband

- The ARRA includes $7.2 billion for broadband-related provisions. Of this amount, $2.5 billion will flow through the U.S. Department of Agriculture's Rural Utilities Services Distance Learning, Telemedicine, and Broadband Program to be used for building broadband infrastructure in rural areas without sufficient access to high-speed broadband service. The remaining amount, $4.7 billion, will flow through the U.S. Department of Commerce's National Telecommunications and Information Administration (NTIA) Broadband Technology Opportunities Program (TOP) to provide funds for accelerating broadband deployment in unserved and underserved communities and to strategic institutions that are likely to create jobs or provide significant public benefits.

- Given the economic impact of investing in broadband, these programs could be very beneficial to states in terms of economic development. The Information Technology & Innovation Foundation estimates that 498,000 total jobs will be created from a $10 billion investment in broadband infrastructure. Connected Nation projects that a 7 percent rise in broadband adoption would create 2.4 million U.S. jobs, with an annual economic benefit of $134 billion.

- States are to use grant funds primarily for building out broadband services to rural, unserved, and underserved communities; expand awareness, education, and training; and identify and track the availability and adoption of broadband services. NTIA is tasked with developing and maintaining a nationwide broadband inventory map.

- Governors will need to move quickly in the following areas:
    - Create a Strategic Plan: Because states are only one eligible entity under these grant programs, governors should quickly designate a broadband advisor or agency to assemble potential grantees and other stakeholders. These stakeholders will create a "high-level" strategic plan for broadband deployment to coordinate investments. Many governors have already created a broadband advisory group. The task is to ensure the right people are included and that the governor assigns the strategic planning assignment with the goal of expanding broadband to rural areas. States should utilize existing public-private partnerships and/or form new ones that will be most effective in building out broadband service. It is also important for stakeholders to assess rural accessibility in relation to what service is provided to urban/suburban areas. This will help to coordinate existing investments with those provided by the stimulus.
    - Create a Statewide Broadband Inventory Map: With funds available through the grant programs, governors should task the broadband advisor with creating a state broadband availability map to identify unserved and underserved areas. Governors can use this map to inform decisionmaking about where the investments in broadband should be focused. States should quickly gather existing availability information from service providers that will feed into the strategic planning.

Research and Development

- Because most states have strategies to build innovation capacity to spur long-term economic growth, they should be aware that ARRA includes increased federal investment in research and development, research equipment, and research facilities. Overall, there may be as much as $21.5 billion in new federal R&D money, including $18 billion for research and $3.5 billion for R&D facilities. The majority of this money will be available to universities and research institutes and awarded through a competitive process run by federal agencies such as National Science Foundation, National Institutes of Health, and Department of Energy.

- The key requirements and issues for states to consider include:
    - States may want to use the additional R&D and infrastructure funding to enhance the strengths of their universities and research institutes or seek to build new institutes where the opportunity exists.
    - States will need to act quickly. Nearly all of the funding will be awarded within 120 days of when the President signs the bill into law, with staggered deadlines of 30 days for formula funds, 90 days for competitive grants, and 120 days for competitive grants in brand-new programs.
    - As a result, governors may want to coordinate in-state efforts by universities, research institutes, and industry to pursue these new funds.
    - No state match is required for research grants; state or university matching is required for most construction and equipment grants.

APPENDIX E: FEDERAL TAX CHANGES

Nearly 40 percent of the ARRA is dedicated to tax law changes to promote private investment, provide tax relief to individuals, and loosen credit markets. Although the tax provisions deal with federal taxes, those states coupled with federal income tax laws may experience revenue losses from some of the tax law changes. The act also includes provisions meant to address the difficulty states are experiencing in raising capital. Even highly rated public issuers now wait longer and offer higher interest rates than before to attract investors. Several provisions in the ARRA are intended to boost the public bond market through new tax credit programs and changes to existing bond programs that could loosen credit markets and encourage more public issuers to go to market.

TAXES/BONDS				
Federal Dept.	**Program Title or Description**	**ARRA Appropriations (in millions of dollars)**		**Comments**
		FY08	***ARRA***	
TAX PROVISIONS				
INDIVIDUALS				
IRS	Sales Tax Deduction for Vehicle Purchases		1,684	Provides all taxpayers with a deduction for State and local sales and excise taxes paid on the purchase of new cars, light truck, recreational vehicles, and motorcycles through 2009.
IRS	Temporary Suspension of taxation of unemployment benefits		4,740	Temporarily suspends federal income tax on the first $2,400 of unemployment benefits per recipient.
HOUSING				
IRS	Low-income housing grants in lieu of tax credits		3,006	Permits states to elect to substitute a portion of low-income housing credit allocation for 2009 for grants. State housing agencies would receive a grant equal to up to 85% of 40% of the state's low-income housing tax credit allocation in lieu of the low-income housing tax credits they would have received.
BUSINESS				
IRS	Extension/bonus depreciation		5,074	Extends authority for business to recover the costs of capital expenditures made in 2009 by allowing them to immediately write off 50% of cost.
IRS	Extend/enhanced small business expensing		41	Last year, Congress temporarily increased the amount that small businesses could write-off for capital expenditures incurred in 2008 to $250,000 and increased the phase-out threshold for 2008 to $800,000. The act extends these temporary increases for capital expenditures incurred in 2009.
IRS	5Y NOL carry-back		947	For 2008 and 2009, the act extends the maximum carryback period for net operating losses from 2 years to 5 years.

STATE & LOCAL	*Bond Provisions Generally*			*Note: The Act mandates that wage requirements under the* Davis-Bacon Act *apply to the Recovery Zone Economic Development Bonds, Qualified Zone Academy Bonds, Qualified School Construction Bonds, Clean Renewable Energy Bonds and the Qualified Energy Conservation Bonds.*
IRS	De Minimus Safe Harbor Exception		3234	Allows banks to deduct 80% of the carrying costs of purchasing all types of tax exempt bonds issued in 2009 and 2010 provided no more than 2% of a bank's assets comprise those bonds..
IRS	"Qualified Small Issuer" Exception			Encourages financial institutions to invest in tax-exempt bonds issued in 2009 and 2010 by raising the annual issuance threshold for qualified small issuers to $30 million from $10 million.
IRS	Temporary Modification of AMT Limit		555	Eliminates the application of the AMT on all bonds issued in 2009 and 2010, including refunding of bonds that were initially issued after 2003.
IRS	Withholding Tax on Government Contractors		291	Delays until 2012 law requiring withholding at a three percent rate on certain payments to persons providing property or services made by federal, state, and local governments.
IRS	AMT exclusion/all Private activity tax exempt bonds		555	Excludes interest earned on all private activity tax exempt bonds issued during 2009 and 2010, including the refunding of bonds issued after 2003, from the alternative minimum tax (AMT).
IRS	Qualified School Construction Bonds		9,970	Creates new category/tax credit bonds to finance repair/renovation (existing schools) and build new public schools; 11 billion annual allotment for 2009-2010 (60%/states; 40%/large school districts).
IRS	Qualified Zone Activity Bonds (QZABs)		1,000	Increases to $1.4 billion annual issuing authority (2009-2010)/states for bonds to finance repair/renovation; financing new construction is ineligible use.
IRS	Taxable Bond Option for state/locals (Build America Bonds)		4,348	New option for states to issue taxable rather than tax-exempt bonds for 2009 and 2010; issuer may opt to receive direct federal payment (35%/interest costs) for 2009 and 2010 issues in lieu of interest subsidy/35% refundable tax credit to investor.

IRS	Recovery Zone Bonds		5,371	New taxable (Recovery Zone Economic Development bonds/$10 billion annual allocation) and tax-exempt (Recovery Zone Facility private activity/$15 billion annual allocation) categories for use in "recovery zones," which are designated areas with significant unemployment, poverty, and home foreclosure rates. Both bond categories allocated to the states in proportion to their respective 2008 job losses, with sub-allocations to counties and large municipalities within a state also made based on relative job losses. States would receive a minimum allocation of .9%. Bonds must be issued by01/01/11. For taxable bonds state issuer would receive a 45 percent reimbursement of interest paid, with no option to apply the credit to investors.
ENERGY	Clean renewable energy bonds (CREB) for State and local governments		578	Increases annual allotment by $1.6 billion for existing tax credit authority used to finance renewable energy facilities. States, local, and tribal governments eligible for one-third of annual allocation; remainder to public power providers and electric cooperatives.
IRS	Energy Conservation Bonds		803	Increases annual allotment by $2.4 billion for existing tax credit bond authority for green community programs, including financing loans to homeowners for energy retrofits.
IRS	Addition of Permanent Sequestration Requirement to CO2 Capture Tax Credit		0	Requires that any taxpayer claiming the $10 credit per ton for carbon dioxide captured and transported for use in enhanced oil recovery must also ensure that such carbon dioxide is permanently stored in a geologic formation.

APPENDIX F: EXAMPLES OF GOVERNORS' ACTIONS TO MANAGE AND COORDINATE STATE RESPONSES TO THE ARRA

- Alabama – Governor Bob Riley has hired two former state finance officials to oversee the stimulus money.

- California – Every agency is part of a working group to constantly monitor the implementation of the stimulus.

- Colorado – Eleven transportation commissioners will determine which projects to fund based, in part by recommendations for local governments and planners.

- Connecticut – Governor Rell has created a working group of municipal officials, business leaders, legislators and state agencies to determine the final list of stimulus projects.

- Florida – Governor Crist has announced that he will chair a sixteen member Federal Stimulus Working Group that will include the lieutenant governor, the governor's chief of staff, the state budget director and twelve state agency heads. The group has been directed to begin reviewing the best use of federal stimulus funds and to plan for the distribution of the monies by identifying critical program and infrastructure needs.

- Indiana – Governor Daniels has created two parallel efforts. The state OMB director will head a team to analyze formula spending. The Secretary of Commerce and the Chairman of the Economic Development Corporation will prepare a strategy for competitive grants. In addition, a task force of key department and agency heads and the governor's policy director will meet regularly with the governor to provide up-to-date information.

- Kansas – Governor Sebelius has assembled a group of key state officials, including four representatives appointed by state legislative leaders, to better prepare Kansas for the use of new federal funds. The group is named The American Recovery and Reinvestment Act Advisory Group. They have also launched a web site.

- Maine – Governor John Baldacci says he will seek guidance from lawmakers and, while legislative input is not required, he plans to provide legislative leaders with an opportunity to review a plan for spending the stimulus.

- Massachusetts - Governor Patrick appointed Jeffrey Simon, a senior real estate professional as Director of Infrastructure Reinvestment and promised comprehensive oversight and unprecedented transparency.

- Minnesota – Governor Pawlenty has named state Management and Budget Director Tom Hanson to serve as Federal Stimulus Coordinator.

- Missouri – Governor Nixon appointed twenty-six members to a new Economic Stimulus Coordination Council.

- New Hampshire – Governor John Lynch has tapped a former state attorney general to manage stimulus funds.

- New Jersey – Governor Corzine has formed a federal stimulus working group to spearhead New Jersey's efforts in maximizing federal economic stimulus aid and a second group to monitor job creation resulting from his Economic Assistance and Recovery Plan.

- New York – Governor Paterson has created the New York State Economic Recovery and Reinvestment Cabinet to manage the development and state and local infrastructure projects financed through the ARRA. The Cabinet will oversee the distribution of federal funds throughout the state for projects involving transportation, water and sewer, energy, technology and other infrastructure. It will work closely with local governments to ensure federal dollars reach critical projects and put people to work as quickly as possible.

- North Carolina – Governor Perdue has established the Office of Economic Recovery & Reinvestment to coordinate and track North Carolina's handling of federal stimulus funds as well as state-level economic recovery initiatives. The office will be led by Dempsey Benton, former secretary of the state Health and Human Services Department.

- North Dakota – Governor Hoeven plans to hire a senior staff member to oversee the implementation of stimulus funds.

- Ohio – Governor Strickland has created an Infrastructure Czar and has appointed the president and CEO of the Cleveland Foundation to that new position.

- Oklahoma – Governor Henry is considering an executive order assigning oversight responsibilities to a task force comprised of affected state agencies, private sector representatives and, possibly, members of the legislature. The governor is also considering working with the State Auditor in establishing reporting systems and providing public access to allow for citizen review of the implementation process.

- Oregon - Governor Ted Kulongoski created a new public-private advisory council called The Oregon Way Advisory Group to use Oregon's green advantage to maximize potential grants from the federal economic recovery package to create jobs immediately and for the long term.

- Puerto Rico – Governor Fortuno is working to centralize oversight by selecting one state agency to serve as "project manager" and authorizing that agency to subcontract with private firms to manage specific program components and to coordinate reporting efforts.

- Utah – Governor Huntsman's Office of Planning and Budget is coordinating planning for the distribution of federal funds. It has solicited suggestions of the best use of funds from state agencies and from outside of state government.

- Vermont – Governor Douglas has created a Vermont Federal Recovery Office to expedite projects when federal funds are received.

- Virginia – Governor Tim Kaine is taking a grass-roots approach to planning for the stimulus package and has set up a website seeking input from citizens, local governments and community groups.

- Washington – Governor Gregoire has named a former head of the Office of Financial Management, Dick Thompson, to lead state efforts to protect existing jobs and accelerate job creation.

- Wisconsin – Governor Doyle created an Office of Recovery and Reinvestment. Gary Wolter, President and CEO of Madison Gas and Electric will head the office on a voluntary basis.

STATE OF ALASKA

OFFICE OF THE GOVERNOR

OFFICE OF MANAGEMENT AND BUDGET

SARAH PALIN, GOVERNOR

P.O. BOX 110020
JUNEAU, ALASKA 99811-0020
TELEPHONE: (907) 465-4660
FAX: (907) 465-3008

March 2, 2009

The Honorable Lyman Hoffman
Co-Chair, Senate Finance Committee
Alaska State Legislature
State Capitol, Room 518
Juneau, AK 99801-1182

The Honorable Bert Stedman
Co-Chair, Senate Finance Committee
Alaska State Legislature
State Capitol, Room 516
Juneau, AK 99801-1182

Dear Co-Chairs Hoffman and Stedman:

The enclosed documents are being provided as requested today by the committee regarding SB 124, relating to the federal economic stimulus bill:

1. H.R. 1--Title VI--Department of Homeland Security
2. H.R. 1--Title XIII-Transportation and Housing and Urban Development, and related agencies
3. H.R. 1--Sec. 1607. (a) Certification by Governor
4. Governor Actions required
5. Key State Deadlines

Please contact me if you have additional questions.

Sincerely,

Karen

Karen J. Rehfeld
Director

Enclosures

cc: David Teal, Legislative Finance Division
Senate Finance Committee members

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TITLE VI—DEPARTMENT OF HOMELAND SECURITY

OFFICE OF THE UNDER SECRETARY FOR MANAGEMENT

For an additional amount for the "Office of the Under Secretary for Management", $200,000,000 for planning, design, construction costs, site security, information technology infrastructure, fixtures, and related costs to consolidate the Department of Homeland Security headquarters: *Provided*, That no later than 60 days after the date of enactment of this Act, the Secretary of Homeland Security, in consultation with the Administrator of General Services, shall submit to the Committees on Appropriations of the Senate and the House of Representatives a plan for the expenditure of these funds.

OFFICE OF INSPECTOR GENERAL

For an additional amount for the "Office of Inspector General", $5,000,000, to remain available until September 30, 2012, for oversight and audit of programs, grants, and projects funded under this title.

U.S. CUSTOMS AND BORDER PROTECTION

SALARIES AND EXPENSES

For an additional amount for "Salaries and Expenses", $160,000,000, of which $100,000,000 shall be for the procurement and deployment of non-intrusive inspection systems; and of which $60,000,000 shall be for procurement and deployment of tactical communications equipment and radios: *Provided*, That no later than 45 days after the date of enactment of this Act, the Secretary of Homeland Security shall submit to the Committees on Appropriations of the Senate and the House of Representatives a plan for expenditure of these funds.

BORDER SECURITY FENCING, INFRASTRUCTURE, AND TECHNOLOGY

For an additional amount for "Border Security Fencing, Infrastructure, and Technology", $100,000,000 for expedited development and deployment of border security technology on the Southwest border: *Provided*, That no later than 45 days after the date of enactment of this Act, the Secretary of Homeland Security shall submit to the Committees on Appropriations of the Senate and the House of Representatives a plan for expenditure of these funds.

CONSTRUCTION

For an additional amount for "Construction", $420,000,000 solely for planning, management, design, alteration, and construction of U.S. Customs and Border Protection owned land border ports of entry: *Provided*, That no later than 45 days after the date of enactment of this Act, the Secretary of Homeland Security shall submit to the Committees on Appropriations of the Senate and the House of Representatives a plan for expenditure of these funds.

U.S. Immigration and Customs Enforcement

AUTOMATION MODERNIZATION

For an additional amount for "Automation Modernization", $20,000,000 for the procurement and deployment of tactical communications equipment and radios: *Provided,* That no later than 45 days after the date of enactment of this Act, the Secretary of Homeland Security shall submit to the Committees on Appropriations of the Senate and the House of Representatives a plan for expenditure of these funds.

Transportation Security Administration

AVIATION SECURITY

For an additional amount for "Aviation Security", $1,000,000,000 for procurement and installation of checked baggage explosives detection systems and checkpoint explosives detection equipment: *Provided,* That the Assistant Secretary of Homeland Security (Transportation Security Administration) shall prioritize the award of these funds to accelerate the installations at locations with completed design plans: *Provided further,* That no later than 45 days after the date of enactment of this Act, the Secretary of Homeland Security shall submit to the Committees on Appropriations of the Senate and the House of Representatives a plan for the expenditure of these funds.

Coast Guard

ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS

For an additional amount for "Acquisition, Construction, and Improvements", $98,000,000 for shore facilities and aids to navigation facilities; for priority procurements due to materials and labor cost increases; and for costs to repair, renovate, assess, or improve vessels: *Provided,* That no later than 45 days after the date of enactment of this Act, the Secretary of Homeland Security shall submit to the Committees on Appropriations of the Senate and the House of Representatives a plan for the expenditure of these funds.

ALTERATION OF BRIDGES

For an additional amount for "Alteration of Bridges", $142,000,000 for alteration or removal of obstructive bridges, as authorized by section 6 of the Truman-Hobbs Act (33 U.S.C. 516): *Provided,* That the Coast Guard shall award these funds to those bridges that are ready to proceed to construction: *Provided further,* That no later than 45 days after the date of enactment of this Act, the Secretary of Homeland Security shall submit to the Committees on Appropriations of the Senate and the House of Representatives a plan for the expenditure of these funds.

FEDERAL EMERGENCY MANAGEMENT AGENCY

STATE AND LOCAL PROGRAMS

For an additional amount for grants, $300,000,000, to be allocated as follows:

(1) $150,000,000 for Public Transportation Security Assistance and Railroad Security Assistance under sections 1406 and 1513 of the Implementing Recommendations of the 9/11 Commission Act of 2007 (Public Law 110–53; 6 U.S.C. 1135 and 1163).

(2) $150,000,000 for Port Security Grants in accordance with 46 U.S.C. 70107, notwithstanding 46 U.S.C. 70107(c).

FIREFIGHTER ASSISTANCE GRANTS

For an additional amount for competitive grants, $210,000,000 for modifying, upgrading, or constructing non-Federal fire stations: *Provided*, That up to 5 percent shall be for program administration: *Provided further*, That no grant shall exceed $15,000,000.

DISASTER ASSISTANCE DIRECT LOAN PROGRAM ACCOUNT

Notwithstanding section 417(b) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, the amount of any such loan issued pursuant to this section for major disasters occurring in calendar year 2008 may exceed $5,000,000, and may be equal to not more than 50 percent of the annual operating budget of the local government in any case in which that local government has suffered a loss of 25 percent or more in tax revenues: *Provided*, That the cost of modifying such loans shall be as defined in section 502 of the Congressional Budget Act of 1974 (2 U.S.C. 661a).

EMERGENCY FOOD AND SHELTER

For an additional amount to carry out the emergency food and shelter program pursuant to title III of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11331 et seq.), $100,000,000: *Provided*, That total administrative costs shall not exceed 3.5 percent of the total amount made available under this heading.

GENERAL PROVISIONS—THIS TITLE

SEC. 601. Notwithstanding any other provision of law, the President shall establish an arbitration panel under the Federal Emergency Management Agency public assistance program to expedite the recovery efforts from Hurricanes Katrina and Rita within the Gulf Coast Region. The arbitration panel shall have sufficient authority regarding the award or denial of disputed public assistance applications for covered hurricane damage under section 403, 406, or 407 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5170b, 5172, or 5173) for a project the total amount of which is more than $500,000.

SEC. 602. The Administrator of the Federal Emergency Management Agency may not prohibit or restrict the use of funds designated under the hazard mitigation grant program for damage caused by Hurricanes Katrina and Rita if the homeowner who is an applicant for assistance under such program commenced work

otherwise eligible for hazard mitigation grant program assistance under section 404 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5170c) without approval in writing from the Administrator.

SEC. 603. Subparagraph (E) of section 34(a)(1) of the Federal Fire Prevention and Control Act of 1974 (15 U.S.C. 2229a(a)(1)(E)) shall not apply with respect to funds appropriated in this or any other Act making appropriations for fiscal year 2009 or 2010 for grants under such section 34.

SEC. 604. (a) REQUIREMENT.—Except as provided in subsections (c) through (g), funds appropriated or otherwise available to the Department of Homeland Security may not be used for the procurement of an item described in subsection (b) if the item is not grown, reprocessed, reused, or produced in the United States.

(b) COVERED ITEMS.—An item referred to in subsection (a) is any of the following, if the item is directly related to the national security interests of the United States:

(1) An article or item of—

(A) clothing and the materials and components thereof, other than sensors, electronics, or other items added to, and not normally associated with, clothing (and the materials and components thereof);

(B) tents, tarpaulins, covers, textile belts, bags, protective equipment (including but not limited to body armor), sleep systems, load carrying equipment (including but not limited to fieldpacks), textile marine equipment, parachutes, or bandages;

(C) cotton and other natural fiber products, woven silk or woven silk blends, spun silk yarn for cartridge cloth, synthetic fabric or coated synthetic fabric (including all textile fibers and yarns that are for use in such fabrics), canvas products, or wool (whether in the form of fiber or yarn or contained in fabrics, materials, or manufactured articles); or

(D) any item of individual equipment manufactured from or containing such fibers, yarns, fabrics, or materials.

(c) AVAILABILITY EXCEPTION.—Subsection (a) does not apply to the extent that the Secretary of Homeland Security determines that satisfactory quality and sufficient quantity of any such article or item described in subsection (b)(1) grown, reprocessed, reused, or produced in the United States cannot be procured as and when needed at United States market prices. This section is not applicable to covered items that are, or include, materials determined to be non-available in accordance with Federal Acquisition Regulation 25.104 Nonavailable Articles.

(d) DE MINIMIS EXCEPTION.—Notwithstanding subsection (a), the Secretary of Homeland Security may accept delivery of an item covered by subsection (b) that contains non-compliant fibers if the total value of non-compliant fibers contained in the end item does not exceed 10 percent of the total purchase price of the end item.

(e) EXCEPTION FOR CERTAIN PROCUREMENTS OUTSIDE THE UNITED STATES.—Subsection (a) does not apply to the following:

(1) Procurements by vessels in foreign waters.

(2) Emergency procurements.

(f) EXCEPTION FOR SMALL PURCHASES.—Subsection (a) does not apply to purchases for amounts not greater than the simplified

acquisition threshold referred to in section 2304(g) of title 10, United States Code.

(g) APPLICABILITY TO CONTRACTS AND SUBCONTRACTS FOR PROCUREMENT OF COMMERCIAL ITEMS.—This section is applicable to contracts and subcontracts for the procurement of commercial items not withstanding section 34 of the Office of Federal Procurement Policy Act (41 U.S.C. 430), with the exception of commercial items listed under subsections (b)(1)(C) and (b)(1)(D) above. For the purposes of this section, "commercial" shall be as defined in the Federal Acquisition Regulation—Part 2.

(h) GEOGRAPHIC COVERAGE.—In this section, the term "United States" includes the possessions of the United States.

(i) NOTIFICATION REQUIRED WITHIN 7 DAYS AFTER CONTRACT AWARD IF CERTAIN EXCEPTIONS APPLIED.—In the case of any contract for the procurement of an item described in subsection (b)(1), if the Secretary of Homeland Security applies an exception set forth in subsection (c) with respect to that contract, the Secretary shall, not later than 7 days after the award of the contract, post a notification that the exception has been applied on the Internet site maintained by the General Services Administration known as FedBizOps.gov (or any successor site).

(j) TRAINING DURING FISCAL YEAR 2009.—

(1) IN GENERAL.—The Secretary of Homeland Security shall ensure that each member of the acquisition workforce in the Department of Homeland Security who participates personally and substantially in the acquisition of textiles on a regular basis receives training during fiscal year 2009 on the requirements of this section and the regulations implementing this section.

(2) INCLUSION OF INFORMATION IN NEW TRAINING PROGRAMS.—The Secretary shall ensure that any training program for the acquisition workforce developed or implemented after the date of the enactment of this Act includes comprehensive information on the requirements described in paragraph (1).

(k) CONSISTENCY WITH INTERNATIONAL AGREEMENTS.— This section shall be applied in a manner consistent with United States obligations under international agreements.

(l) EFFECTIVE DATE.—This section applies with respect to contracts entered into by the Department of Homeland Security 180 days after the date of the enactment of this Act.

TITLE VII—INTERIOR, ENVIRONMENT, AND RELATED AGENCIES

DEPARTMENT OF THE INTERIOR

BUREAU OF LAND MANAGEMENT

MANAGEMENT OF LANDS AND RESOURCES

For an additional amount for "Management of Lands and Resources", for activities on all Bureau of Land Management lands including maintenance, rehabilitation, and restoration of facilities, property, trails and lands and for remediation of abandoned mines and wells, $125,000,000.

CAPITAL INVESTMENT FUND

(INCLUDING TRANSFER OF FUNDS)

For an additional amount for "Capital Investment Fund", $290,000,000, for information technology security and upgrades to support mission-critical operations, of which up to $38,000,000 shall be transferred to, and merged with, funds made available under the heading "Capital Investment Fund" of the United States Agency for International Development: *Provided*, That the Secretary of State and the Administrator of the United States Agency for International Development shall coordinate information technology systems, where appropriate, to increase efficiencies and eliminate redundancies, to include co-location of backup information management facilities, and shall submit to the Committees on Appropriations within 90 days of enactment of this Act a detailed spending plan for funds appropriated under this heading.

OFFICE OF INSPECTOR GENERAL

For an additional amount for "Office of Inspector General" for oversight requirements, $2,000,000.

INTERNATIONAL COMMISSIONS

INTERNATIONAL BOUNDARY AND WATER COMMISSION, UNITED STATES AND MEXICO

CONSTRUCTION

(INCLUDING TRANSFER OF FUNDS)

For an additional amount for "Construction" for the water quantity program to meet immediate repair and rehabilitation requirements, $220,000,000: *Provided*, That up to $2,000,000 may be transferred to, and merged with, funds available under the heading "International Boundary and Water Commission, United States and Mexico—Salaries and Expenses": *Provided further*, That the Secretary of State shall submit to the Committees on Appropriations within 90 days of enactment of this Act a detailed spending plan for funds appropriated under this heading.

TITLE XII—TRANSPORTATION AND HOUSING AND URBAN DEVELOPMENT, AND RELATED AGENCIES

DEPARTMENT OF TRANSPORTATION

OFFICE OF THE SECRETARY

SUPPLEMENTAL DISCRETIONARY GRANTS FOR A NATIONAL SURFACE TRANSPORTATION SYSTEM

For an additional amount for capital investments in surface transportation infrastructure, $1,500,000,000, to remain available through September 30, 2011: *Provided*, That the Secretary of Transportation shall distribute funds provided under this heading as discretionary grants to be awarded to State and local governments or transit agencies on a competitive basis for projects that will have a significant impact on the Nation, a metropolitan area,

or a region: *Provided further,* That projects eligible for funding provided under this heading shall include, but not be limited to, highway or bridge projects eligible under title 23, United States Code, including interstate rehabilitation, improvements to the rural collector road system, the reconstruction of overpasses and interchanges, bridge replacements, seismic retrofit projects for bridges, and road realignments; public transportation projects eligible under chapter 53 of title 49, United States Code, including investments in projects participating in the New Starts or Small Starts programs that will expedite the completion of those projects and their entry into revenue service; passenger and freight rail transportation projects; and port infrastructure investments, including projects that connect ports to other modes of transportation and improve the efficiency of freight movement: *Provided further,* That of the amount made available under this paragraph, the Secretary may use an amount not to exceed $200,000,000 for the purpose of paying the subsidy and administrative costs of projects eligible for federal credit assistance under chapter 6 of title 23, United States Code, if the Secretary finds that such use of the funds would advance the purposes of this paragraph: *Provided further,* That in distributing funds provided under this heading, the Secretary shall take such measures so as to ensure an equitable geographic distribution of funds and an appropriate balance in addressing the needs of urban and rural communities: *Provided further,* That a grant funded under this heading shall be not less than $20,000,000 and not greater than $300,000,000: *Provided further,* That the Secretary may waive the minimum grant size cited in the preceding proviso for the purpose of funding significant projects in smaller cities, regions, or States: *Provided further,* That not more than 20 percent of the funds made available under this paragraph may be awarded to projects in a single State: *Provided further,* That the Federal share of the costs for which an expenditure is made under this heading may be up to 100 percent: *Provided further,* That the Secretary shall give priority to projects that require a contribution of Federal funds in order to complete an overall financing package, and to projects that are expected to be completed within 3 years of enactment of this Act: *Provided further,* That the Secretary shall publish criteria on which to base the competition for any grants awarded under this heading not later than 90 days after enactment of this Act: *Provided further,* That the Secretary shall require applications for funding provided under this heading to be submitted not later than 180 days after the publication of such criteria, and announce all projects selected to be funded from such funds not later than 1 year after enactment of this Act: *Provided further,* That projects conducted using funds provided under this heading must comply with the requirements of subchapter IV of chapter 31 of title 40, United States Code: *Provided further,* That the Secretary may retain up to $1,500,000 of the funds provided under this heading, and may transfer portions of those funds to the Administrators of the Federal Highway Administration, the Federal Transit Administration, the Federal Railroad Administration and the Maritime Administration, to fund the award and oversight of grants made under this heading.

FEDERAL AVIATION ADMINISTRATION

SUPPLEMENTAL FUNDING FOR FACILITIES AND EQUIPMENT

For an additional amount for necessary investments in Federal Aviation Administration infrastructure, $200,000,000, to remain available through September 30, 2010: *Provided*, That funding provided under this heading shall be used to make improvements to power systems, air route traffic control centers, air traffic control towers, terminal radar approach control facilities, and navigation and landing equipment: *Provided further*, That priority be given to such projects or activities that will be completed within 2 years of enactment of this Act: *Provided further*, That amounts made available under this heading may be provided through grants in addition to the other instruments authorized under section 106(l)(6) of title 49, United States Code: *Provided further*, That the Federal share of the costs for which an expenditure is made under this heading shall be 100 percent: *Provided further*, That amounts provided under this heading may be used for expenses the agency incurs in administering this program: *Provided further*, That not more than 60 days after enactment of this Act, the Administrator shall establish a process for applying, reviewing and awarding grants and cooperative and other transaction agreements, including the form and content of an application, and requirements for the maintenance of records that are necessary to facilitate an effective audit of the use of the funding provided: *Provided further*, That section 50101 of title 49, United States Code, shall apply to funds provided under this heading.

GRANTS-IN-AID FOR AIRPORTS

For an additional amount for "Grants-In-Aid for Airports", to enable the Secretary of Transportation to make grants for discretionary projects as authorized by subchapter 1 of chapter 471 and subchapter 1 of chapter 475 of title 49, United States Code, and for the procurement, installation and commissioning of runway incursion prevention devices and systems at airports of such title, $1,100,000,000, to remain available through September 30, 2010: *Provided*, That such funds shall not be subject to apportionment formulas, special apportionment categories, or minimum percentages under chapter 471: *Provided further*, That the Secretary shall distribute funds provided under this heading as discretionary grants to airports, with priority given to those projects that demonstrate to his satisfaction their ability to be completed within 2 years of enactment of this Act, and serve to supplement and not supplant planned expenditures from airport-generated revenues or from other State and local sources on such activities: *Provided further*, That the Secretary shall award grants totaling not less than 50 percent of the funds made available under this heading within 120 days of enactment of this Act, and award grants for the remaining amounts not later than 1 year after enactment of this Act: *Provided further*, That the Federal share payable of the costs for which a grant is made under this heading shall be 100 percent: *Provided further*, That the amount made available under this heading shall not be subject to any limitation on obligations for the Grants-in-Aid for Airports program set forth in any Act: *Provided further*, That the Administrator of the Federal Aviation Administration may retain up to 0.2 percent of the funds provided under this

heading to fund the award and oversight by the Administrator of grants made under this heading.

FEDERAL HIGHWAY ADMINISTRATION

HIGHWAY INFRASTRUCTURE INVESTMENT

For an additional amount for restoration, repair, construction and other activities eligible under paragraph (b) of section 133 of title 23, United States Code, and for passenger and freight rail transportation and port infrastructure projects eligible for assistance under subsection 601(a)(8) of such title, $27,500,000,000, to remain available through September 30, 2010: *Provided*, That, after making the set-asides required under this heading, 50 percent of the funds made available under this heading shall be apportioned to States using the formula set forth in section 104(b)(3) of title 23, United States Code, and the remaining funds shall be apportioned to States in the same ratio as the obligation limitation for fiscal year 2008 was distributed among the States in accordance with the formula specified in section 120(a)(6) of division K of Public Law 110–161: *Provided further*, That funds made available under this heading shall be apportioned not later than 21 days after the date of enactment of this Act: *Provided further*, That in selecting projects to be carried out with funds apportioned under this heading, priority shall be given to projects that are projected for completion within a 3-year time frame, and are located in economically distressed areas as defined by section 301 of the Public Works and Economic Development Act of 1965, as amended (42 U.S.C. 3161): *Provided further*, That 120 days following the date of such apportionment, the Secretary of Transportation shall withdraw from each State an amount equal to 50 percent of the funds awarded to that State (excluding funds suballocated within the State) less the amount of funding obligated (excluding funds suballocated within the State), and the Secretary shall redistribute such amounts to other States that have had no funds withdrawn under this proviso in the manner described in section 120(c) of division K of Public Law 110–161: *Provided further*, That 1 year following the date of such apportionment, the Secretary shall withdraw from each recipient of funds apportioned under this heading any unobligated funds, and the Secretary shall redistribute such amounts to States that have had no funds withdrawn under this proviso (excluding funds suballocated within the State) in the manner described in section 120(c) of division K of Public Law 110–161: *Provided further*, That at the request of a State, the Secretary of Transportation may provide an extension of such 1-year period only to the extent that he feels satisfied that the State has encountered extreme conditions that create an unworkable bidding environment or other extenuating circumstances: *Provided further*, That before granting such an extension, the Secretary shall send a letter to the House and Senate Committees on Appropriations that provides a thorough justification for the extension: *Provided further*, That 3 percent of the funds apportioned to a State under this heading shall be set aside for the purposes described in subsection 133(d)(2) of title 23, United States Code (without regard to the comparison to fiscal year 2005): *Provided further*, That 30 percent of the funds apportioned to a State under this heading shall be suballocated within the State in the manner and for the purposes described in the first sentence of subsection

133(d)(3)(A), in subsection 133(d)(3)(B), and in subsection 133(d)(3)(D): *Provided further,* That such suballocation shall be conducted in every State: *Provided further,* That funds suballocated within a State to urbanized areas and other areas shall not be subject to the redistribution of amounts required 120 days following the date of apportionment of funds provided under this heading: *Provided further,* That of the funds provided under this heading, $105,000,000 shall be for the Puerto Rico highway program authorized under section 165 of title 23, United States Code, and $45,000,000 shall be for the territorial highway program authorized under section 215 of title 23, United States Code: *Provided further,* That of the funds provided under this heading, $60,000,000 shall be for capital expenditures eligible under section 147 of title 23, United States Code (without regard to subsection(d)): *Provided further,* That the Secretary of Transportation shall distribute such $60,000,000 as competitive discretionary grants to States, with priority given to those projects that demonstrate to his satisfaction their ability to be completed within 2 years of enactment of this Act: *Provided further,* That of the funds provided under this heading, $550,000,000 shall be for investments in transportation at Indian reservations and Federal lands: *Provided further,* That of the funds identified in the preceding proviso, $310,000,000 shall be for the Indian Reservation Roads program, $170,000,000 shall be for the Park Roads and Parkways program, $60,000,000 shall be for the Forest Highway Program, and $10,000,000 shall be for the Refuge Roads program: *Provided further,* That for investments at Indian reservations and Federal lands, priority shall be given to capital investments, and to projects and activities that can be completed within 2 years of enactment of this Act: *Provided further,* That 1 year following the enactment of this Act, to ensure the prompt use of the $550,000,000 provided for investments at Indian reservations and Federal lands, the Secretary shall have the authority to redistribute unobligated funds within the respective program for which the funds were appropriated: *Provided further,* That up to 4 percent of the funding provided for Indian Reservation Roads may be used by the Secretary of the Interior for program management and oversight and project-related administrative expenses: *Provided further,* That section 134(f)(3)(C)(ii)(II) of title 23, United States Code, shall not apply to funds provided under this heading: *Provided further,* That of the funds made available under this heading, $20,000,000 shall be for highway surface transportation and technology training under section 140(b) of title 23, United States Code, and $20,000,000 shall be for disadvantaged business enterprises bonding assistance under section 332(e) of title 49, United States Code: *Provided further,* That funds made available under this heading shall be administered as if apportioned under chapter 1 of title 23, United States Code, except for funds made available for investments in transportation at Indian reservations and Federal lands, and for the territorial highway program, which shall be administered in accordance with chapter 2 of title 23, United States Code, and except for funds made available for disadvantaged business enterprises bonding assistance, which shall be administered in accordance with chapter 3 of title 49, United States Code: *Provided further,* That the Federal share payable on account of any project or activity carried out with funds made available under this heading shall be, at the option of the recipient, up to 100 percent of the total cost thereof: *Provided further,* That

funds made available by this Act shall not be obligated for the purposes authorized under section 115(b) of title 23, United States Code: *Provided further,* That funding provided under this heading shall be in addition to any and all funds provided for fiscal years 2009 and 2010 in any other Act for "Federal-aid Highways" and shall not affect the distribution of funds provided for "Federal-aid Highways" in any other Act: *Provided further,* That the amount made available under this heading shall not be subject to any limitation on obligations for Federal-aid highways or highway safety construction programs set forth in any Act: *Provided further,* That section 1101(b) of Public Law 109–59 shall apply to funds apportioned under this heading: *Provided further,* That the Administrator of the Federal Highway Administration may retain up to $40,000,000 of the funds provided under this heading to fund the oversight by the Administrator of projects and activities carried out with funds made available to the Federal Highway Administration in this Act, and such funds shall be available through September 30, 2012.

FEDERAL RAILROAD ADMINISTRATION

CAPITAL ASSISTANCE FOR HIGH SPEED RAIL CORRIDORS AND INTERCITY PASSENGER RAIL SERVICE

For an additional amount for section 501 of Public Law 110–432 and discretionary grants to States to pay for the cost of projects described in paragraphs (2)(A) and (2)(B) of section 24401 of title 49, United States Code, subsection (b) of section 24105 of such title, $8,000,000,000, to remain available through September 30, 2012: *Provided,* That the Secretary of Transportation shall give priority to projects that support the development of intercity high speed rail service: *Provided further,* That within 60 days of the enactment of this Act, the Secretary shall submit to the House and Senate Committees on Appropriations a strategic plan that describes how the Secretary will use the funding provided under this heading to improve and deploy high speed passenger rail systems: *Provided further,* That within 120 days of enactment of this Act, the Secretary shall issue interim guidance to applicants covering grant terms, conditions, and procedures until final regulations are issued: *Provided further,* That such interim guidance shall provide separate instructions for the high speed rail corridor program, capital assistance for intercity passenger rail service grants, and congestion grants: *Provided further,* That the Secretary shall waive the requirement that a project conducted using funds provided under this heading be in a State rail plan developed under chapter 227 of title 49, United States Code: *Provided further,* That the Federal share payable of the costs for which a grant is made under this heading shall be, at the option of the recipient, up to 100 percent: *Provided further,* That projects conducted using funds provided under this heading must comply with the requirements of subchapter IV of chapter 31 of title 40, United States Code: *Provided further,* That section 24405 of title 49, United States Code, shall apply to funds provided under this heading: *Provided further,* That the Administrator of the Federal Railroad Administration may retain up to one-quarter of 1 percent of the funds provided under this heading to fund the award and oversight by the Administrator of grants made under this heading, and funds retained for said purposes shall remain available through September 30, 2014.

CAPITAL GRANTS TO THE NATIONAL RAILROAD PASSENGER CORPORATION

For an additional amount for the National Railroad Passenger Corporation (Amtrak) to enable the Secretary of Transportation to make capital grants to Amtrak as authorized by section 101(c) of the Passenger Rail Investment and Improvement Act of 2008 (Public Law 110–432), $1,300,000,000, to remain available through September 30, 2010, of which $450,000,000 shall be used for capital security grants: *Provided*, That priority for the use of non-security funds shall be given to projects for the repair, rehabilitation, or upgrade of railroad assets or infrastructure, and for capital projects that expand passenger rail capacity including the rehabilitation of rolling stock: *Provided further*, That none of the funds under this heading shall be used to subsidize the operating losses of Amtrak: *Provided further*, That funds provided under this heading shall be awarded not later than 30 days after the date of enactment of this Act: *Provided further*, That the Secretary shall take measures to ensure that projects funded under this heading shall be completed within 2 years of enactment of this Act, and shall serve to supplement and not supplant planned expenditures for such activities from other Federal, State, local and corporate sources: *Provided further*, That the Secretary shall certify to the House and Senate Committees on Appropriations in writing compliance with the preceding proviso: *Provided further*, That not more than 60 percent of the funds provided for non-security activities under this heading may be used for capital projects along the Northeast Corridor: *Provided further*, That of the funding provided under this heading, $5,000,000 shall be made available for the Amtrak Office of Inspector General and made available through September 30, 2013.

FEDERAL TRANSIT ADMINISTRATION

TRANSIT CAPITAL ASSISTANCE

For an additional amount for transit capital assistance grants authorized under section 5302(a)(1) of title 49, United States Code, $6,900,000,000, to remain available through September 30, 2010: *Provided*, That the Secretary of Transportation shall provide 80 percent of the funds appropriated under this heading for grants under section 5307 of title 49, United States Code, and apportion such funds in accordance with section 5336 of such title (other than subsections (i)(1) and (j)): *Provided further*, That the Secretary shall apportion 10 percent of the funds appropriated under this heading in accordance with section 5340 of such title: *Provided further*, That the Secretary shall provide 10 percent of the funds appropriated under this heading for grants under section 5311 of title 49, United States Code, and apportion such funds in accordance with such section: *Provided further*, That funds apportioned under this heading shall be apportioned not later than 21 days after the date of enactment of this Act: *Provided further*, That 180 days following the date of such apportionment, the Secretary shall withdraw from each urbanized area or State an amount equal to 50 percent of the funds apportioned to such urbanized areas or States less the amount of funding obligated, and the Secretary shall redistribute such amounts to other urbanized areas or States that have had no funds withdrawn under this proviso utilizing whatever method he deems appropriate to ensure that all funds

redistributed under this proviso shall be utilized promptly: *Provided further,* That 1 year following the date of such apportionment, the Secretary shall withdraw from each urbanized area or State any unobligated funds, and the Secretary shall redistribute such amounts to other urbanized areas or States that have had no funds withdrawn under this proviso utilizing whatever method he deems appropriate to ensure that all funds redistributed under this proviso shall be utilized promptly: *Provided further,* That at the request of an urbanized area or State, the Secretary of Transportation may provide an extension of such 1-year period if he feels satisfied that the urbanized area or State has encountered an unworkable bidding environment or other extenuating circumstances: *Provided further,* That before granting such an extension, the Secretary shall send a letter to the House and Senate Committees on Appropriations that provides a thorough justification for the extension: *Provided further,* That of the funds provided for section 5311 of title 49, United States Code, 2.5 percent shall be made available for section 5311(c)(1): *Provided further,* That of the funding provided under this heading, $100,000,000 shall be distributed as discretionary grants to public transit agencies for capital investments that will assist in reducing the energy consumption or greenhouse gas emissions of their public transportation systems: *Provided further,* That for such grants on energy-related investments, priority shall be given to projects based on the total energy savings that are projected to result from the investment, and projected energy savings as a percentage of the total energy usage of the public transit agency: *Provided further,* That applicable chapter 53 requirements shall apply to funding provided under this heading, except that the Federal share of the costs for which any grant is made under this heading shall be, at the option of the recipient, up to 100 percent: *Provided further,* That the amount made available under this heading shall not be subject to any limitation on obligations for transit programs set forth in any Act: *Provided further,* That section 1101(b) of Public Law 109–59 shall apply to funds appropriated under this heading: *Provided further,* That the funds appropriated under this heading shall not be comingled with any prior year funds: *Provided further,* That notwithstanding any other provision of law, three-quarters of 1 percent of the funds provided for grants under section 5307 and section 5340, and one-half of 1 percent of the funds provided for grants under section 5311, shall be available for administrative expenses and program management oversight, and such funds shall be available through September 30, 2012.

FIXED GUIDEWAY INFRASTRUCTURE INVESTMENT

For an amount for capital expenditures authorized under section 5309(b)(2) of title 49, United States Code, $750,000,000, to remain available through September 30, 2010: *Provided,* That the Secretary of Transportation shall apportion funds under this heading pursuant to the formula set forth in section 5337 of title 49, United States Code: *Provided further,* That the funds appropriated under this heading shall not be commingled with any prior year funds: *Provided further,* That funds made available under this heading shall be apportioned not later than 21 days after the date of enactment of this Act: *Provided further,* That 180 days following the date of such apportionment, the Secretary shall

withdraw from each urbanized area an amount equal to 50 percent of the funds apportioned to such urbanized area less the amount of funding obligated, and the Secretary shall redistribute such amounts to other urbanized areas that have had no funds withdrawn under this proviso utilizing whatever method he or she deems appropriate to ensure that all funds redistributed under this proviso shall be utilized promptly: *Provided further*, That 1 year following the date of such apportionment, the Secretary shall withdraw from each urbanized area any unobligated funds, and the Secretary shall redistribute such amounts to other urbanized areas that have had no funds withdrawn under this proviso utilizing whatever method he or she deems appropriate to ensure that all funds redistributed under this proviso shall be utilized promptly: *Provided further*, That at the request of an urbanized area, the Secretary of Transportation may provide an extension of such 1-year period if he or she feels satisfied that the urbanized area has encountered an unworkable bidding environment or other extenuating circumstances: *Provided further*, That before granting such an extension, the Secretary shall send a letter to the House and Senate Committees on Appropriations that provides a thorough justification for the extension: *Provided further*, That applicable chapter 53 requirements shall apply except that the Federal share of the costs for which a grant is made under this heading shall be, at the option of the recipient, up to 100 percent: *Provided further*, That the provisions of section 1101(b) of Public Law 109–59 shall apply to funds made available under this heading: *Provided further*, That notwithstanding any other provision of law, up to 1 percent of the funds under this heading shall be available for administrative expenses and program management oversight and shall remain available for obligation until September 30, 2012.

CAPITAL INVESTMENT GRANTS

For an additional amount for "Capital Investment Grants", as authorized under section 5338(c)(4) of title 49, United States Code, and allocated under section 5309(m)(2)(A) of such title, to enable the Secretary of Transportation to make discretionary grants as authorized by section 5309(d) and (e) of such title, $750,000,000, to remain available through September 30, 2010: *Provided*, That such amount shall be allocated without regard to the limitation under section 5309(m)(2)(A)(i): *Provided further*, That in selecting projects to be funded, priority shall be given to projects that are currently in construction or are able to obligate funds within 150 days of enactment of this Act: *Provided further*, That the provisions of section 1101(b) of Public Law 109–59 shall apply to funds made available under this heading: *Provided further*, That funds appropriated under this heading shall not be commingled with any prior year funds: *Provided further*, That applicable chapter 53 requirements shall apply, except that notwithstanding any other provision of law, up to 1 percent of the funds provided under this heading shall be available for administrative expenses and program management oversight, and shall remain available through September 30, 2012.

MARITIME ADMINISTRATION

SUPPLEMENTAL GRANTS FOR ASSISTANCE TO SMALL SHIPYARDS

To make grants to qualified shipyards as authorized under section 3508 of Public Law 110–417 or section 54101 of title 46, United States Code, $100,000,000, to remain available through September 30, 2010: *Provided*, That the Secretary of Transportation shall institute measures to ensure that funds provided under this heading shall be obligated within 180 days of the date of their distribution: *Provided further*, That the Maritime Administrator may retain and transfer to "Maritime Administration, Operations and Training" up to 2 percent of the funds provided under this heading to fund the award and oversight by the Administrator of grants made under this heading.

OFFICE OF INSPECTOR GENERAL

SALARIES AND EXPENSES

For an additional amount for necessary expenses of the Office of Inspector General to carry out the provisions of the Inspector General Act of 1978, as amended, $20,000,000, to remain available through September 30, 2013: *Provided*, That the funding made available under this heading shall be used for conducting audits and investigations of projects and activities carried out with funds made available in this Act to the Department of Transportation: *Provided further*, That the Inspector General shall have all necessary authority, in carrying out the duties specified in the Inspector General Act, as amended (5 U.S.C. App. 3), to investigate allegations of fraud, including false statements to the Government (18 U.S.C. 1001), by any person or entity that is subject to regulation by the Department.

GENERAL PROVISION—DEPARTMENT OF TRANSPORTATION

SEC. 1201. (a) MAINTENANCE OF EFFORT.—Not later than 30 days after the date of enactment of this Act, for each amount that is distributed to a State or agency thereof from an appropriation in this Act for a covered program, the Governor of the State shall certify to the Secretary of Transportation that the State will maintain its effort with regard to State funding for the types of projects that are funded by the appropriation. As part of this certification, the Governor shall submit to the Secretary of Transportation a statement identifying the amount of funds the State planned to expend from State sources as of the date of enactment of this Act during the period beginning on the date of enactment of this Act through September 30, 2010, for the types of projects that are funded by the appropriation.

(b) FAILURE TO MAINTAIN EFFORT.—

If a State is unable to maintain the level of effort certified pursuant to subsection (a), the State will be prohibited by the Secretary of Transportation from receiving additional limitation pursuant to the redistribution of the limitation on obligations for Federal-aid highway and highway safety construction programs that occurs after August 1 for fiscal year 2011.

(c) PERIODIC REPORTS.—

(1) IN GENERAL.—Notwithstanding any other provision of law, each grant recipient shall submit to the covered agency from which they received funding periodic reports on the use of the funds appropriated in this Act for covered programs. Such reports shall be collected and compiled by the covered agency and transmitted to Congress. Covered agencies may develop such reports on behalf of grant recipients to ensure the accuracy and consistency of such reports.

(2) CONTENTS OF REPORTS.—For amounts received under each covered program by a grant recipient under this Act, the grant recipient shall include in the periodic reports information tracking:

(A) the amount of Federal funds appropriated, allocated, obligated, and outlayed under the appropriation;

(B) the number of projects that have been put out to bid under the appropriation and the amount of Federal funds associated with such projects;

(C) the number of projects for which contracts have been awarded under the appropriation and the amount of Federal funds associated with such contracts;

(D) the number of projects for which work has begun under such contracts and the amount of Federal funds associated with such contracts;

(E) the number of projects for which work has been completed under such contracts and the amount of Federal funds associated with such contracts;

(F) the number of direct, on-project jobs created or sustained by the Federal funds provided for projects under the appropriation and, to the extent possible, the estimated indirect jobs created or sustained in the associated supplying industries, including the number of job-years created and the total increase in employment since the date of enactment of this Act; and

(G) for each covered program report information tracking the actual aggregate expenditures by each grant recipient from State sources for projects eligible for funding under the program during the period beginning on the date of enactment of this Act through September 30, 2010, as compared to the level of such expenditures that were planned to occur during such period as of the date of enactment of this Act.

(3) TIMING OF REPORTS.—Each grant recipient shall submit the first of the periodic reports required under this subsection not later than 90 days after the date of enactment of this Act and shall submit updated reports not later than 180 days, 1 year, 2 years, and 3 years after such date of enactment.

(d) DEFINITIONS.—In this section, the following definitions apply:

(1) COVERED AGENCY.—The term "covered agency" means the Office of the Secretary of Transportation, the Federal Aviation Administration, the Federal Highway Administration, the Federal Railroad Administration, the Federal Transit Administration and the Maritime Administration of the Department of Transportation.

(2) COVERED PROGRAM.—The term "covered program" means funds appropriated in this Act for "Supplemental Discretionary Grants for a National Surface Transportation System"

to the Office of the Secretary of Transportation, for "Supplemental Funding for Facilities and Equipment" and "Grants-in-Aid for Airports" to the Federal Aviation Administration; for "Highway Infrastructure Investment" to the Federal Highway Administration; for "Capital Assistance for High Speed Rail Corridors and Intercity Passenger Rail Service" and "Capital Grants to the National Railroad Passenger Corporation" to the Federal Railroad Administration; for "Transit Capital Assistance", "Fixed Guideway Infrastructure Investment", and "Capital Investment Grants" to the Federal Transit Administration; and "Supplemental Grants for Assistance to Small Shipyards" to the Maritime Administration.

(3) GRANT RECIPIENT.—The term "grant recipient" means a State or other recipient of assistance provided under a covered program in this Act. Such term does not include a Federal department or agency.

(e) Notwithstanding any other provision of law, sections 3501–3521 of title 44, United States Code, shall not apply to the provisions of this section.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

PUBLIC AND INDIAN HOUSING

PUBLIC HOUSING CAPITAL FUND

For an additional amount for the "Public Housing Capital Fund" to carry out capital and management activities for public housing agencies, as authorized under section 9 of the United States Housing Act of 1937 (42 U.S.C. 1437g) (the "Act"), $4,000,000,000, to remain available until September 30, 2011: *Provided*, That the Secretary of Housing and Urban Development shall distribute $3,000,000,000 of this amount by the same formula used for amounts made available in fiscal year 2008, except that the Secretary may determine not to allocate funding to public housing agencies currently designated as troubled or to public housing agencies that elect not to accept such funding: *Provided further*, That the Secretary shall obligate funds allocated by formula within 30 days of enactment of this Act: *Provided further*, That the Secretary shall make available $1,000,000,000 by competition for priority investments, including investments that leverage private sector funding or financing for renovations and energy conservation retrofit investments: *Provided further*, That the Secretary shall obligate competitive funding by September 30, 2009: *Provided further*, That public housing authorities shall give priority to capital projects that can award contracts based on bids within 120 days from the date the funds are made available to the public housing authorities: *Provided further*, That public housing agencies shall give priority consideration to the rehabilitation of vacant rental units: *Provided further*, That public housing agencies shall prioritize capital projects that are already underway or included in the 5-year capital fund plans required by the Act (42 U.S.C. 1437c–1(a)): *Provided further*, That notwithstanding any other provision of law, (1) funding provided under this heading may not be used for operating or rental assistance activities, and (2) any restriction of funding to replacement housing uses shall be inapplicable: *Provided further*, That notwithstanding any other provision of law, the Secretary shall institute measures to ensure that funds provided under this heading

LIMIT ON FUNDS

SEC. 1604. None of the funds appropriated or otherwise made available in this Act may be used by any State or local government, or any private entity, for any casino or other gambling establishment, aquarium, zoo, golf course, or swimming pool.

BUY AMERICAN

SEC. 1605. USE OF AMERICAN IRON, STEEL, AND MANUFACTURED GOODS. (a) None of the funds appropriated or otherwise made available by this Act may be used for a project for the construction, alteration, maintenance, or repair of a public building or public work unless all of the iron, steel, and manufactured goods used in the project are produced in the United States.

(b) Subsection (a) shall not apply in any case or category of cases in which the head of the Federal department or agency involved finds that—

(1) applying subsection (a) would be inconsistent with the public interest;

(2) iron, steel, and the relevant manufactured goods are not produced in the United States in sufficient and reasonably available quantities and of a satisfactory quality; or

(3) inclusion of iron, steel, and manufactured goods produced in the United States will increase the cost of the overall project by more than 25 percent.

(c) If the head of a Federal department or agency determines that it is necessary to waive the application of subsection (a) based on a finding under subsection (b), the head of the department or agency shall publish in the Federal Register a detailed written justification as to why the provision is being waived.

(d) This section shall be applied in a manner consistent with United States obligations under international agreements.

WAGE RATE REQUIREMENTS

SEC. 1606. Notwithstanding any other provision of law and in a manner consistent with other provisions in this Act, all laborers and mechanics employed by contractors and subcontractors on projects funded directly by or assisted in whole or in part by and through the Federal Government pursuant to this Act shall be paid wages at rates not less than those prevailing on projects of a character similar in the locality as determined by the Secretary of Labor in accordance with subchapter IV of chapter 31 of title 40, United States Code. With respect to the labor standards specified in this section, the Secretary of Labor shall have the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (64 Stat. 1267; 5 U.S.C. App.) and section 3145 of title 40, United States Code.

ADDITIONAL FUNDING DISTRIBUTION AND ASSURANCE OF APPROPRIATE USE OF FUNDS

SEC. 1607. (a) CERTIFICATION BY GOVERNOR.—Not later than 45 days after the date of enactment of this Act, for funds provided to any State or agency thereof, the Governor of the State shall certify that: (1) the State will request and use funds provided by this Act; and (2) the funds will be used to create jobs and promote economic growth.

(b) ACCEPTANCE BY STATE LEGISLATURE.—If funds provided to any State in any division of this Act are not accepted for use by the Governor, then acceptance by the State legislature, by means of the adoption of a concurrent resolution, shall be sufficient to provide funding to such State.

(c) DISTRIBUTION.—After the adoption of a State legislature's concurrent resolution, funding to the State will be for distribution to local governments, councils of government, public entities, and public-private entities within the State either by formula or at the State's discretion.

ECONOMIC STABILIZATION CONTRACTING

SEC. 1608. REFORM OF CONTRACTING PROCEDURES UNDER EESA. Section 107(b) of the Emergency Economic Stabilization Act of 2008 (12 U.S.C. 5217(b)) is amended by inserting "and individuals with disabilities and businesses owned by individuals with disabilities (for purposes of this subsection the term 'individual with disability' has the same meaning as the term 'handicapped individual' as that term is defined in section 3(f) of the Small Business Act (15 U.S.C. 632(f))," after "(12 U.S.C. 1441a(r)(4)),".

SEC. 1609. (a) FINDINGS.—

(1) The National Environmental Policy Act protects public health, safety and environmental quality: by ensuring transparency, accountability and public involvement in federal actions and in the use of public funds;

(2) When President Nixon signed the National Environmental Policy Act into law on January 1, 1970, he said that the Act provided the "direction" for the country to "regain a productive harmony between man and nature";

(3) The National Environmental Policy Act helps to provide an orderly process for considering federal actions and funding decisions and prevents ligation and delay that would otherwise be inevitable and existed prior to the establishment of the National Environmental Policy Act.

(b) Adequate resources within this bill must be devoted to ensuring that applicable environmental reviews under the National Environmental Policy Act are completed on an expeditious basis and that the shortest existing applicable process under the National Environmental Policy Act shall be utilized.

(c) The President shall report to the Senate Environment and Public Works Committee and the House Natural Resources Committee every 90 days following the date of enactment until September 30, 2011 on the status and progress of projects and activities funded by this Act with respect to compliance with National Environmental Policy Act requirements and documentation.

SEC. 1610. (a) None of the funds appropriated or otherwise made available by this Act, for projects initiated after the effective date of this Act, may be used by an executive agency to enter into any Federal contract unless such contract is entered into in accordance with the Federal Property and Administrative Services Act (41 U.S.C. 253) or chapter 137 of title 10, United States Code, and the Federal Acquisition Regulation, unless such contract is otherwise authorized by statute to be entered into without regard to the above referenced statutes.

(b) All projects to be conducted under the authority of the Indian Self-Determination and Education Assistance Act, the Tribally-Controlled Schools Act, the Sanitation and Facilities Act, the

Sections in American Recovery and Reinvestment Act of 2009 requiring Governor action:

--Sec. 410(a). Additional State Energy Grants. Grants in excess of state base allocation under the Energy Policy Conservation Act require governor to notify the Secretary of Energy that the governor has obtained certain necessary assurances spelled out in bill.

--Sec. 1201(a). Within 30 days of enactment (3/19/09), for each appropriation distributed to state or agency for a covered program, governor shall certify to Secretary of Transportation that state will maintain its effort with regard to state funding for types of projects funded by appropriation. Governor shall submit statement to Secretary identifying amount of funds state planned to expend from state sources as of date of enactment (2/17/09) through 9/30/10 for types of projects funded by appropriation.

--Sec. 14001. Grants from State Fiscal Stabilization Fund. (f) Governor shall return any funds within two years of receipt if not awarded or otherwise granted.

--Sec. 14002. Grants from State Fiscal Stabilization Fund. (a)(1) Governor shall use 81.8% of grants for support of elementary, secondary, postsecondary education, and as applicable, early childhood education programs and services.
--(a)(2) and (3) sets forth the order in which funds should be expended.
--(b)(1) Governor shall use 18.2% of grants for public safety and other gov't services, including education
--(b)(2) All institutions of higher education eligible for funds under (b)(1) – this may preempt our constitutional prohibition against appropriating funds for private or religious schools.

--Sec. 14005. Governor to apply for sec. 14001 grants. Sec'y of Education to set the timing and requirements for grant applications.

--Sec. 14005(c). Governor to apply for sec. 14006 state incentive grants.

--Sec. 14008. Requires annual state report on use and impact of fiscal stabilization funds.

--Sec. 1511. For covered funds made available for infrastructure investment, governor shall certify that the investment has received full review and vetting required by law and governor accepts responsibility that it is an appropriate use of taxpayer dollars. Investment must be described – total cost, funds used. Certification must be posted on a website and linked to federal ARRA website.

--Sec. 1607. Governor shall certify within 45 days of enactment (4/3/09) that for funds provided to state, state will apply for and use ARRA funds and that the funds will be used to create jobs and promote economic growth.

ECONOMIC STIMULUS
KEY STATE DEADLINES
DRAFT

(Revised 2-27-09)

DATE	BILL	DEADLINE
March 19, 2009	General Provision for Funding Distributed by the Department of Transportation	Deadline for states to **certify** to the Secretary of Transportation "that the State will maintain its effort with regard to State funding for the types of projects that are funded by the appropriation."
April 3, 2009	Other General Provisions	Deadline for the Governor of the State to **certify** that: (1) the State will request and use funds provided by this Act; and (2) the funds will be used to create jobs and promote economic growth.
May 18, 2009	General Provision for Funding Distributed by the Department of Transportation	First Reporting deadline for recipients of grants under this section.
June 17, 2009	Other General Provisions	Deadline for projects to use 50 percent of the funds allocated to them in order to be considered "quick-start."
July 17, 2009	Capital Investment Grants	Projects not under construction by the date of enactment must be able to obligate funds by this date in order to receive priority funding.
July 17, 2009	2009 Neighborhood Stabilization Program	Applications due to HUD for grants to purchase abandoned and foreclosed property for use as affordable housing.
August 16, 2009	General Provision for Funding Distributed by the Department of Transportation	Second Reporting deadline for recipients of grants under this section.
December 1, 2009	Education for the Disadvantaged	Deadline for local educational agencies to file with the state educational agency a school-by school listing of per-pupil expenditures from state and local resources during the 2008-2009 academic year. (See March 31, 2010).
December 31, 2009	Extension of Emergency Unemployment Compensation Program	End of extension of period during which individuals are eligible for extended unemployment benefits.
January 1, 2010	Full Federal Funding of Extended Unemployment Compensation for a Limited Period	End of full federal funding for extended unemployment compensation benefits. (Can be extended; see June 1, 2010.
January 1, 2010	Increase in Unemployment Compensation Benefits	End of period during which federal government will finance extra $25 per week in unemployment compensation.
February 17, 2010	Clean and Drinking Water State Revolving Funds	Deadline for beginning construction if projects are to receive priority status.

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ECONOMIC STIMULUS
KEY STATE DEADLINES
DRAFT
(Revised 2-27-09)

DATE	BILL	DEADLINE
February 17, 2010	General Provision for Funding Distributed by the Department of Transportation	Third Reporting deadline for recipients of grants under this section.
February 17, 2010	HOME Investment Partnerships Program	Deadline for state agencies to commit at least 75 percent of the funds.
March 31, 2010	Education for the Disadvantaged	Deadline for state educational agencies to file with the Secretary of Education a school-by-school listing of per-pupil expenditures during the 2008-2009 academic year. (See Dec. 1, 2009).
June 1, 2010	Full Federal Funding of Extended Unemployment Compensation for a Limited Period	End of extension period with respect to certain workers for full federal funding for extended unemployment compensation benefits.
June 30, 2010	Job Corps Centers	Deadline for obligation of construction, rehabilitation, and acquisition funds for Job Corps Centers.
June 30, 2010	Workforce Investment Programs	End of period during which additional Workforce Investment Act funds are available.
September 30, 2010	Community Oriented Policing Services	End of additional funding for career law enforcement officers.
September 30, 2010	Extension of TANF Supplemental Grants	End of extension period for TANF supplemental grants.
September 30, 2010	NSF Research and Related Activities	Extra funding for "research and related activities" is available until this date.
September 30, 2010	Other General Provisions	ALL ARRA funds are available until this date unless otherwise specified.
September 30, 2010	State Unemployment Insurance and Employment Services Grants	End of period during which additional unemployment insurance and employment services funds are available.
December 31, 2010	Extension of the Qualifying Individual Program	End of twelve-month extension of Qualifying Individual Program.
December 31, 2010	Extension of Transitional Medical Assistance ("TMA")	End of eighteen-month extension of work-related TMA.
December 31, 2010	Temporary Increase in Federal Medical Assistance Percentage ("FMAP")	End of period during which each state's FMAP is increased by 6.2 percent.
January 1, 2011	Election to substitute grants to states for low-income housing projects in lieu of low-income housing credit	Deadline for states to use the funds provided for in this section.
February 17, 2011	General Provision for Funding Distributed by the Department of	Fourth Reporting deadline for recipients of grants under this section.

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ECONOMIC STIMULUS
KEY STATE DEADLINES
DRAFT
(Revised 2-27-09)

DATE	BILL	DEADLINE
	Transportation	
February 17, 2011	Grants-in-Aid to Airports	Projects must be scheduled to be finished by this date in order to receive priority funding.
February 17, 2011	HOME Investment Partnerships Program	Deadline for state agencies to demonstrate that project owners have spent at least 75 percent of the funds.
February 17, 2011	Supplemental Funding for Facilities and Equipment	Projects must be scheduled to be finished by this date in order to receive priority funding.
September 30, 2011	Temporary Increase in Federal Medical Assistance Percentage ("FMAP")	Deadline for states to submit form regarding how additional FMAP funds were expended. (HR1 pg 387)
February 17, 2012	General Provision for Funding Distributed by the Department of Transportation	Final Reporting deadline for recipients of grants under this section.
February 17, 2012	HOME Investment Partnerships Program	Deadline for state agencies to demonstrate that project owners have spent all the funds.
February 17, 2012	Supplemental Discretionary Grants for a National Surface Transportation System	Projects must be scheduled to be finished by this date in order to receive priority funding.

Note: This document is under review by Alaska State Departments and is subject to change as more information becomes available.

3700

3/2/09

SARAH PALIN, GOVERNOR

DEPARTMENT OF TRANSPORTATION & PUBLIC FACILITIES
OFFICE OF THE COMMISSIONER

3132 CHANNEL DRIVE
PO Box 112500
JUNEAU, ALASKA 99811-2500
FAX: (907) 586-8365
PHONE: (907) 465-3900

February 27, 2009

The Honorable Lyman Hoffman
Co-Chair, Senate Finance Committee
State Capitol, Room 518
Juneau, AK 99801

The Honorable Bert Stedman
Co-Chair, Senate Finance Committee
State Capitol, Room 516
Juneau, AK 99801

Dear Senator Hoffman and Senator Stedman:

I respectfully request a hearing on SB 124 authorizing the Department of Transportation and Public Facilities (DOT&PF) to apply for funding available through the American Recovery and Reinvestment Act. The bill amends the uncodified law of Alaska. Specifically, DOT&PF is directed to apply to for funds from the Departments of Homeland Security and Transportation.

The bill contains language directing DOT&PF to maximize the funding it applies for and receives.

I look forward to discussing this important piece of legislation with you and your committee.

Sincerely,

Leo von Scheben, P.E., L.S., M.B.A.
Commissioner

cc: Mary Siroky, Legislative Liaison
Frank Richards, Deputy Commissioner for Highways and Public Facilities

3701

SB 125

<target><bill>SB 125</bill><subject>SB 125</subject><comm>SFIN26</comm></target>

3/23/09

ALASKA STATE LEGISLATURE

Senator Joe Paskvan

Chair, Labor and Commerce
Vice Chair, Health and Social Services
Member, Transportation
Member, State Affairs
Member, Joint Armed Services

Senate District E
Fairbanks and Fort Wainwright

State Capitol Building, Room 7
Juneau, Alaska 99801-1182

Phone (907) 465-3709
Fax (907) 465-4714
sen.joe.paskvan@legis.state.ak.us
http://paskvan.aksenate.org/

Sponsor Statement

SB 125 Alaska Aerospace Corporation

"An Act changing the name of the Alaska Aerospace Development Corporation to Alaska Aerospace Corporation."

Senate Bill 125 simply seeks to change the name of the Alaska Aerospace Development Corporation to the Alaska Aerospace Corporation.

"Development" gives the perception that the organization is a non-profit administrative body that simply encourages aerospace development in Alaska, rather than an organization that owns and operates space launch facilities that are fully developed and capable of launching rockets as large as the Minotaur IV.

There are an increasing number of state sponsored aerospace development organizations that have been established in the lower 48 (California, Florida, New Mexico, Oklahoma, Texas, Virginia) that fit the "development" mold. They have some facilities, and they all work hard to develop aerospace incentives within the individual states, but they all have limited hands-on rocket launch experience.

The launch site in Kodiak is operational, functioning and self supporting, in that no Alaska General Fund appropriations are needed for operations and maintenance of the site. The site has had 14 successful launches since November 1998. The corporation's title needs to reflect these facts and this name change will help the organization meet its 21st century goals.

The new title, Alaska Aerospace Corporation, is unambiguous about their capabilities and will improve their ability to offer launch services to the national and international aerospace market.

This name change will further assist the corporation in securing launch and other aerospace related contracts that generate significant economic benefits to Alaska by providing long-term, high paying, stable jobs; by providing local economic diversity; and by creating short-term benefits from projects and construction activities.

I urge your support of this legislation.

3703

COPY ON FILE

SENATE FINANCE COMMITTEE REPORT

DATE: 3/13/09

FURTHER:

DATE TURNED
IN TO OFFICE: _____

Finance Committee considered SENATE BILL NO. 125

SB 125 AK AEROSPACE CORPORATION

"An Act changing the name of the Alaska Aerospace Development Corporation to Alaska Aerospace Corporation."

and recommends:

[ ] be **replaced** with [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] adopt **previous** [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] attached amendment(s)

[ ] adopt _____Letter of Intent

[ ] further referral to _____Committee

SENATE BILL:
[ ] Same Title
[ ] New Title

HOUSE BILL:
[ ] Same Title
[ ] Technical Title Change
[ ] New Title w/ SCR #_____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet	Zero	FN#
CED	3.13	✓			

[ ] **APPROPRIATION - no fiscal note**

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	Huggins	✓			
	Thomas	✓			
	Olson			✓	
	Ellis	✓			
CO-CHAIR:	Stedman	✓			
CO-CHAIR:					

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: SB 125
(S) Publish Date: 3/13/09

Identifier (file name): SB125-CED-AADC-03-10-09
Dept. Affected: DCCED
Title: Alaska Aerospace Corporation
RDU
Component: Alaska Aerospace Develop. Corp.
Sponsor: Senate Labor and Commerce
Alaska Aerospace Develop. Corp.
Requester: Senate Labor and Commerce
Component Number: 1424

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel							
Contractual							
Supplies	4.5						
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	4.5	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	4.5						
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other ( )							
TOTAL	4.5	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2009) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This bill proposes to change the name of the Alaska Aerospace Development Corporation to Alaska Aerospace Corporation. The supplies expenditures reflect the cost of new letterhead, business cards, logo and website updates.

Prepared by: Tyson Fick, Legislative Liaison — Phone 465-2503
Division: DCCED — Date/Time 3/10/09 12:00 PM
Approved by: Emil Notti, Commissioner — Date 3/1/2009
Department of Commerce, Community and Economic Development

(Revised 9/10/2008 OMB)

3705

3/23/09

ALASKA AEROSPACE DEVELOPMENT CORPORATION

March 10, 2009

Senator Joe Paskvan, Chair
Senate Labor and Commerce Committee
Alaska State Capitol, Room #7
Juneau, Alaska 99801

SUBJECT: Support of SB 125 - Alaska Aerospace Corporation
"An Act changing the name of the Alaska Aerospace Development Corporation to Alaska Aerospace Corporation"

Dear Senator Paskvan:

The Alaska Aerospace Development Corporation completely supports this bill that changes our name to the Alaska Aerospace Corporation. We feel strongly that this name change will further assist the corporation in securing launch and other aerospace related contracts that generate significant economic benefits to Alaska by providing long-term, high paying, stable jobs; by providing local economic diversity; and by creating short-term benefits from projects and construction activities.

The launch site in Kodiak is fully operational, functioning and self supporting. The site has had 14 successful launches since November 1998. The corporation's title needs to reflect our maturity and this name change will help the organization meet its 21st century goals.

The new title, Alaska Aerospace Corporation, is unambiguous about our capabilities and will improve our ability to compete for and offer launch services to the national and international aerospace market.

Please call me if you have any questions.

Sincerely,

Dale K. Nash

Dale K. Nash
Chief Executive Officer

Alaska Aerospace Development Corporation • 4300 "B" Street, Suite 101 • Anchorage, AK 99503 • (907) 561-3338 • (907) 561-3339

SB 133

<target><bill>SB 133</bill><subject>SB 133</subject><comm>SFIN26</comm></target>

ALASKA STATE LEGISLATURE

Senator Joe Paskvan

State Capitol Building, Room 7
Juneau, Alaska 99801-1182
http://paskvan.aksenate.org/

Phone (907) 465-3709
Fax (907) 465-4714
sen.joe.paskvan@legis.state.ak.us
Senate District E – Fairbanks, AK

Sponsor Statement

SB 133

Alaska health care providers and patients continue to rely on an outdated healthcare infrastructure, with many providers using only paper based systems, which contributes to dangerous drug interactions, missed diagnoses, costly delays, duplicate testing and administrative overhead. According to national studies, these problems contribute to approximately 5% of health care expenditures or $250 million annually in Alaska and unnecessarily degrade the quality of health care for all Alaskans.

SB 133 modernizes Alaska's healthcare IT infrastructure by developing a secure electronic Health Information Exchange (HIE) system to improve the *safety, cost effectiveness,* and *quality of healthcare* in Alaska. This standards-based electronic health network will allow individual Alaskans to have their own personal health record and to authorize their health care providers to exchange electronic medical records in a timely, secure manner.

The use of such technology requires careful and strict privacy protection measures. Current Federal and State laws already provide a number of standards protecting a patient's privacy and personal information. The privacy and security rules contained in the Health Insurance Portability and Accountability Act (HIPAA) most directly and extensively impact the HIE system. HIPAA establishes individuals' right to review and obtain a copy of their health information, requires notice of privacy practices, limits the use of records and the disclosure of information, and institutes strict security standards.

SB 133 establishes further strict standards to secure and protect the confidentiality of individually identifying health information of a patient. These standards include a secure and traceable electronic audit system to allow patients to see who has viewed their record, restrictions on how information may be used, patient consent requirements, an ability to opt out of the health information exchange system, and notification of confidentiality violations.

When complete, the Health Information Exchange System will have the capability to provide any Alaskan with a secure Personal Health Record, including authorization for their health care providers on the network to have access to electronic records required for continuity of care, such as hospitalization records, prescription information, vaccinations, allergies, imaging records, laboratory results, etc. The Network will support telemedicine services, the transfer of high resolution images for patient care, video conferencing, and Voice over Internet applications for providers.

Over 300 health organizations in Alaska are eager to participate in the electronic Health Information Exchange system.

I urge your support for SB 133.

SENATE FINANCE COMMITTEE REPORT

DATE: 3/30/09

FURTHER:

DATE TURNED IN TO OFFICE: 4/13/09

Finance Committee considered SENATE BILL NO. 133

SB 133 ELECTRONIC HEALTH INFO EXCHANGE SYSTEM

"An Act creating a statewide electronic health information exchange system; and providing for an effective date."

and recommends:

[X] be **replaced** with [ ] **SCS** or [X] **CS** SB133 (FIN)

[ ] adopt **previous** [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] attached amendment(s)

[ ] adopt _____ Letter of Intent

[ ] further referral to _____ Committee

SENATE BILL:
[X] Same Title
[ ] New Title

HOUSE BILL:
[ ] Same Title
[ ] Technical Title Change
[ ] New Title w/ SCR #_____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
DHS	4/10/09	✓			

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

[ ] **APPROPRIATION - no fiscal note**

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	Higgins	X			
	Thomas	✓			
	Olson			✓	
	Ellis	✓			
CO-CHAIR:	Hoffman	✓			
CO-CHAIR:	Stephens	✓			

3710

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: SB 133
() Publish Date:

Identifier (file name): SB 133-DHSS-MAA-03-13-09
Dept. Affected: Health & Social Services
Title: Electronic Health Info Exchange System
RDU: Health Care Services
Component: Medical Assistance Administration
Sponsor: Paskvan, Davis
Requester: Senate HSS
Component Number: 2660

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services	232.2		232.2	232.2	232.2	232.2	232.2
Travel	10.0		10.0	3.0	3.0	3.0	3.0
Contractual	18.8		18.8	2,118.8	2,118.8	2,118.8	2,118.8
Supplies	9.2		4.0	4.0	4.0	4.0	4.0
Equipment	10.0						
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**280.2**	**0.0**	**265.0**	**2,358.0**	**2,358.0**	**2,358.0**	**2,358.0**
CAPITAL EXPENDITURES	**27,275.0**						
CHANGE IN REVENUES (							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	24,799.7		238.5	1,281.3	1,281.3	1,281.3	1,281.3
1003 GF Match	2,755.5		26.5	1,076.7	1,076.7	1,076.7	1,076.7
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**27,555.2**	**0.0**	**265.0**	**2,358.0**	**2,358.0**	**2,358.0**	**2,358.0**

Estimate of any current year (FY2009) cost:

POSITIONS

Full-time	2.0		2.0	2.0	2.0	2.0	2.0
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

SB 133 proposes to oversee creation of a secure statewide electronic health information exchange system. It would mandate the department oversee 1) infrastructure planning by a qualified nonprofit or for-profit entity; 2) implementation measures that include installation and training, a plan to encourage use of the system, support to providers, and compliance with federal and state health information policies. The fiscal note assumes federal stimulus funding is available for the first five years of the project; it assumes those funds will create a number of new private sector jobs with those funds, and that the project promotes cost efficiencies across the public and private health delivery systems. The project assumes that when federal stimulus funds are gone, the electronic exchange system will be self-sustaining afterward from a combination of public and private sources that utilize the system. (continued on next page)

Prepared by: William J. Streur, Deputy Commissioner
Phone 334-2520
Division: Health Care Services
Date/Time 4/10/09 12:00 AM

Approved by: Alison Elgee, Assistant Commissioner
Date 4/10/2009
DHSS Finance & Management Services

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

BILL NO. SB 133

ANALYSIS CONTINUATION

Given the size and complexity of the task, the department has chosen to pursue funding in both the operating and capital budgets. The department believes that this approach enhances the overall success of the project.
The Division of Health Care Services estimates that it will need a total of 2 FTE's for the planning and administration of the electronic health information exchange system.

Operating Budget :

Administrative costs

1 Project Manager, $150.0, 1 Accountant III $82.2, All personal services costs include benefits. Assumes $9.4 per FTE annually for office space, phones, and other contractual costs. Assumes $2.6 one time costs per FTE for computers and software. Assumes $5.0 one time costs per FTE for Office equipment. Assumes $2.0 per FTE annually for supplies. Assumes $10.0 for travel for first 2 years and $3.0 for remaining years.

Maintenance

Assumes $1,800.0 per year for hosted service maintenance costs beginning in FY2012.

Assumes $300.0 annual maintenance costs for broadband support beginning in FY2012.

Capital Budget:
Planning

Assumes approximately $1,500.0 will be needed for infrastructure planning, Statewide Technical planning, policy and standard planning, training and workforce development planning, and health information policy compliance.

Implementation

Assumes $13,000.0 one time costs will be needed for contractual services to upgrade broadband support statewide for the electronic health information exchange system to be interactive, responsive, and less subject to frequent breakdowns especially in rural parts of the state. Assumes $7,000.0 one time costs will be needed for hardware and software updates for the system. Assumes $5,775.0 one time costs will be needed for Health Electronic Records repository, patient and provider potals.

Fund Source
Assumes 90% federal for FY2010 and FY2011
Assumes 54.34% federal for 2012 and beyond

Adopted
4/13

26-LS0489\P.2
Mischel
4/10/09

AMENDMENT 1 S. Thomas

OFFERED IN THE SENATE

TO: CSSB 133(HSS)

Page 4, line 7:

Delete "the state or"

Page 4, lines 8 - 9:

Delete "or a combination of the state and one or more entities under contract with the state"

Page 5, line 2, following "information":

Insert ";

(6) ensure that the health information exchange system becomes self-sustaining through a combination of user fees and other private and public funding sources."

3713

CSSB 133(HSS) Amendment

Summary

This amendment does two things:

1. Deletes the designation of "the state" as an option for fully implementing and operating the HIE system
    a. It is not necessary to have a big-government operation when there are private sector options – the state can just act in an oversight role.

2. Puts in statute the expectation that the designated entity must become self-sustaining through a combination of user fees and other private and public funding sources.

SB 133 – Electronic Health Info Exchange
Questions and Answers

1. Impact of developed AeHN to sole practitioner
2. Does North Sound Support?
3. $27 million fiscal note includes federal dollars – if we don't get the federal stimulus funding have we obligated the state to $27 million general funds?
4. Why does the fiscal note include 6 positions?
5. What happens if this bill doesn't pass this year?
6. What "strings" are attached to the stimulus funding?
7. Do we need the state match?

---

1. Impact of developed AeHN to sole practitioner?

SB 133 does not mandate any provider to implement (Electronic Health Records) EHRs or to join the Health Information Exchange (HIE) system.

It is anticipated that any provider could join the network for a minimum membership fee of $50/year. Additional fees would be charged for additional services such as practice work flow design and use of an ASP (application service provider) model EHR. By utilizing a shared network to exchange data, the cost to private providers is greatly decreased.

The real benefit to providers is in the connectivity. While the provider may be able to implement a local EHR, the real need is to have access to data in other provider EHRs. This is what will provide "meaningful use". Note that meaningful use is still being defined by CMS (Center for Medicare/Medicaid Services), but connectivity has been identified as one of the criteria.

S. Paskavan's office

2. Does Norton Sound support?

All of the regional organizations including Norton Sound have signed letters of agreement to participate in the FCC network build out for the non-profit AeHN and are participating in the ongoing health information exchange planning process.

The health information exchange does not provide the regional corporations with EHRs, but does connect the EHRs currently being installed at regional locations with the ANTHC EHR and the rest of the state.

3. $27 million fiscal note includes federal dollars – if we don't get the federal stimulus funding have we obligated the state to $27 million general funds?

The current fiscal note is based on a state-developed Health Information Exchange (HIE), with state employees. However, SB 133 allows the state to designate an entity other than itself to plan and implement the system. This approach would avoid costs of state employees and place the costs in a non-profit, user supported entity.

Below may be considered alternative fiscal note summary language which would identify the actual costs to the state based on the cost estimates prepared by the non-profit AeHN:

2010 $1.3M (stimulus match) plus $65K (1 FTE for a oversight position)
2011 $1.0M (stimulus match) plus $65K (1 FTE for a oversight position)
2012 $1.0M (Operations membership fee) plus $65K (1 FTE for a oversight position)
2013 $1.0M (Operations membership fee) plus $65K (1 FTE for a oversight position)
2014 $1.0M (Operations membership fee) plus $65K (1 FTE for a oversight position)

The AeHN Business Plan shows the cost being borne by all of the stakeholders not just the state. The State's ongoing bill is $1M. This amount is offset by a potential savings to Medicaid of $10M.

4. Why does the fiscal note include 6 positions?

The state is projecting the entire project cost in the fiscal note if the state were to fully implement it on its own. With SB 133, the state has the option to designate another entity while maintaining oversight.

The state oversight may be handled by 1 FTE. A second position may be required for Finance. The other positions are part of the HIE and would be covered in the sustainable model by revenues generated through user fees.

5. What happens if this bill doesn't pass this year?

Passing this bill would cement the state's involvement in the HIE project, demonstrate the state's commitment to HIE, require a standards based approach, and solidify privacy standards on Alaska's terms. Other states are moving forward with a similar approach. With the availability of stimulus funds, and additional competitive grants, passing this bill would put a designated entity in a better position to be awarded additional funding.

If it doesn't pass, the HIE project would not have the match required to apply for regular grants, stimulus grants or the stimulus match required funds. Essentially, the existing work done to bring Alaska along with the rest of the nation for health information exchange would be severely impacted and momentum to complete this project would be lost.

SB 133 ensures that progress toward HIE completion is done on Alaska's terms. It outlines additional privacy standards not currently existing in Federal and State law.

AeHN will continue to look for additional funds from other funders (Denali, Rasmuson and others), and will do this whether there are stimulus funds or not. However, the guarantee for success is much higher with a state match. The $10 million FCC project which is already approved by the feds would also be placed on hold.

6. What "strings" are attached to the stimulus funding?

There are no strings attached according to the Office of the National Coordinator (ONC) staff and the speakers at a recent HIMSS Conference. All the federal agencies are feeling the push from the Obama administration to get stimulus funds released. In particular, agencies are focusing on the money that will be given directly to states. But all agencies are gearing up for an increased number of competitive grants as well. There are still unanswered questions regarding the release of funds, but each day brings additional clarity as agencies meet with consumers.

The HIMSS Conference in Chicago was attended by over 30,000 people representing most of the states. Almost every state is approaching electronic health network system development similarly as proposed in SB 133—partnership organization with a state designated, shareholder based entity. Speakers from Congress, federal agencies, HIE Directors, providers and consumers all spoke about the need to include private providers, state agencies, federal agencies, consumers and payors.

3717

7. Do we need the state match?

Yes. The language in ARRA is clear, and requires a 90/10 match. The state is a key player in the health information exchange process. Without state commitment, this project will move much slower and cost the state more over time. The non-profit, AeHN, which has already made significant progress, will continue to pursue other revenue sources whether the state money is awarded or not.

There will be stimulus funds available very soon in the form of competitive grants from federal agencies such as HRSA, FCC, and NTIA to anyone. If a non-profit has the $1.3M, they can use it as match for other funds as well. They can apply for these funds with or without the governor's approval of the stimulus $$ for states. State match will be necessary to apply for these funds as well.

SARAH PALIN, GOVERNOR

DEPT. OF HEALTH AND SOCIAL SERVICES
OFFICE OF THE COMMISSIONER

P.O. BOX 110601
JUNEAU, ALASKA 99811-0601
PHONE: (907) 465-3030
FAX: (907) 465-3068

MEMORANDUM

DATE: April 9, 2009

TO: Senator Bert Stedman
Chair, Senate Finance

FROM: William J. Streur
Deputy Commissioner

SUBJECT: SB 133

Chair: No, I'm under the assumption that we're looking at 6 FTE and capital expenditures of 27.9 of which 25.1 is federal. I mean we don't *have to* take action on this bill. So, I guess I'm struggling with the timing issue because we are going to be out of session apparently when the administration decides or doesn't decide to accept any of the stimulus funding.

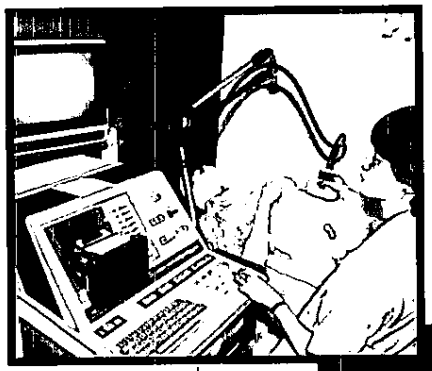
Does it put us in any jeopardy if we just set this aside until January when you make your decision?

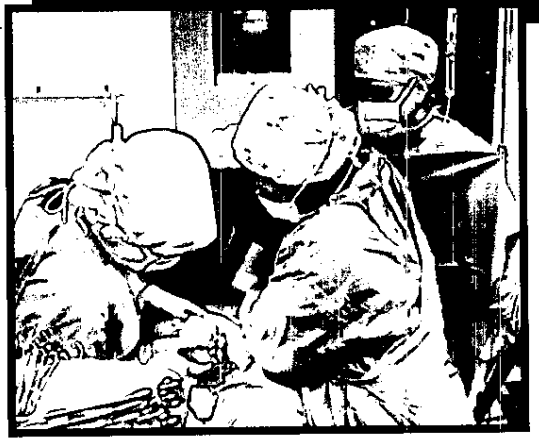
DHSS: To answer your question regarding a delay until next year, it may jeopardize our ability to realize the full benefits as envisioned under the bill. The ARRA Stimulus Funds anticipated come from two pots of money; the Provider pot for provider enhancements to encourage expansion of HIT/HIE/EHR activities. This money requires no match and is intended to be provided on a first come first served basis until gone. With this funding, we also face the potential ire of providers who would like to access that funds source for their efforts. CMS believes we may place the provider incentives in jeopardy as well as potential good will if we do not request the money. The money could potentially not be available once we are approved to request the funding and the authority to spend it. The second pot is more straightforward and, with the Legislature/Governor's approval, we will be able to request the funding from CMS through an Advance Planning Document (APD) much as we do when planning for Medicaid expenditures on an annual/biannual basis.

My concern is with our spending limits. In the past couple of years we have taken significant cuts in the Medicaid budget and our federal authority has been cut right along with our GF authority. So, I do not have enough authority on the books right now to spend the money even if I am able to submit the APD to request the funds.

CMS does not believe enough is known on the larger 90/10 match funds and how aggressive the states will be in their efforts to go after the money. They believe if there is significant interest, there may be less funds available in the second year, but that remains an unknown.

We continue to look carefully at the elements of the legislation and also the planning funding contained in the ARRA to determine what the state's role should/could be, particularly in this current revenue situation with over $1 billion in revenue shortfall for the next fiscal year.





Deploying a Health Information Exchange for Alaskans

Paul Sherry, President
Alaska eHealth Network
March 2009

3/21

Medical Care: From Paper to Electronic

- Alaska's health care providers are now making major investments ($100M+) in moving from paper records to ***Electronic Medical Records***

- Alaska's health care providers are aligned in support of creating a statewide ***Health Information Exchange*** network so patient records may be securely exchanged between providers for timely and safe patient care

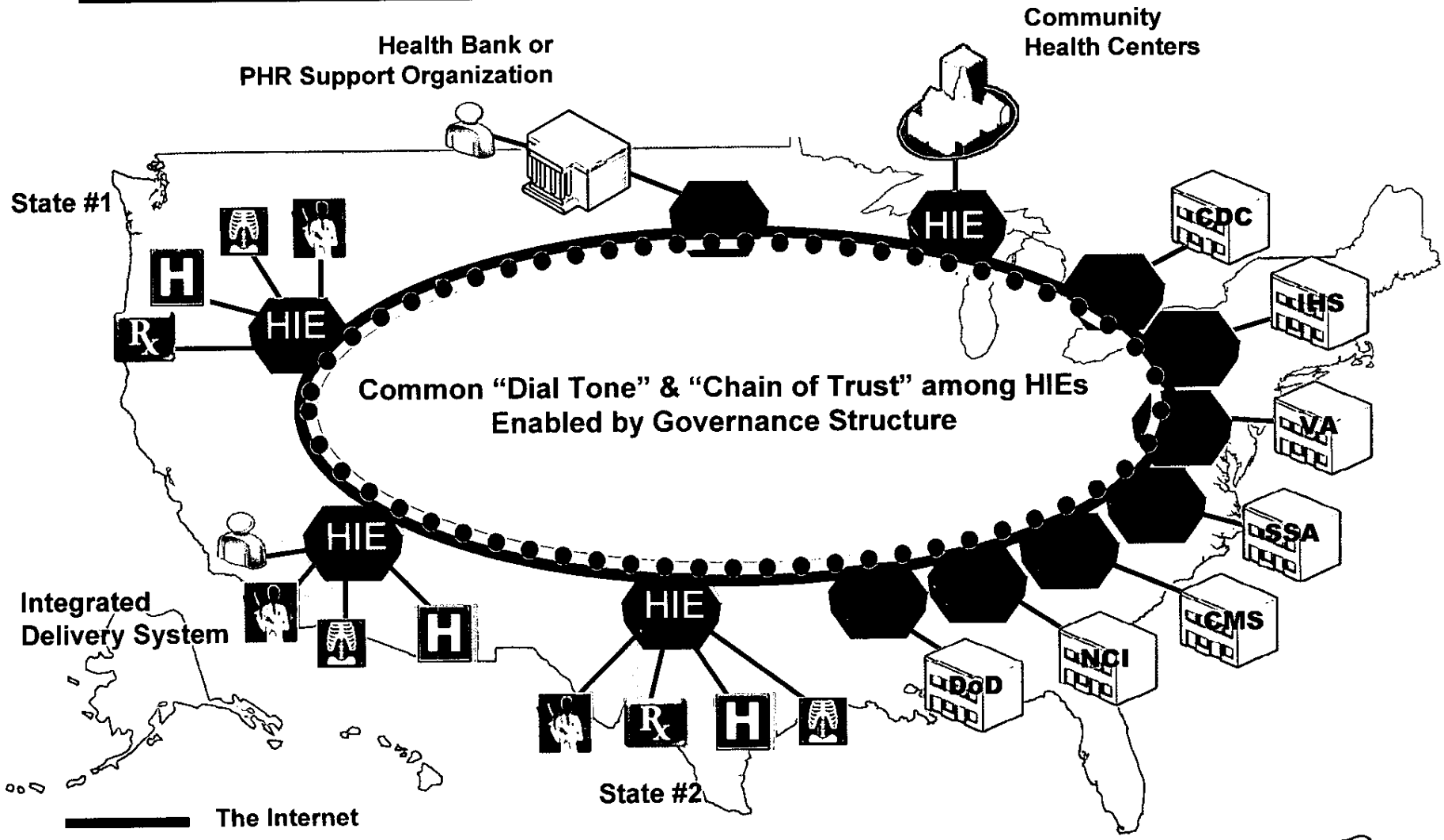
- State of Alaska plays a ***key role as a partner*** in Alaska's developing Health Information Exchange

3722

Health Information Exchanges: National effort: State Solutions

- Statewide and regional health information exchanges have developed over the last 10 years in other states
- "National Health Information Network" concept created in Bush administration and enhanced in Obama administration through ARRA 2009 stimulus
- Successful State Models:
  - DHIN - Delaware Health Information Network
  - CalRHIO – California, Los Angeles County
  - FHIN – Florida Health Information Network
  - Regenstrief – Indiana Eight County Network

NHIN "Network of Networks"



Health Information Exchanges: Providing timely, safer care

- Provide rapid access by authorized providers to critical patient information at the point of care

medical history	allergies
medication status	laboratory reports
immunization status	imaging reports

- Reduce redundancy in medical testing and procedures
- Improve patient safety through reducing medication reconciliation errors
- Reduce provider administrative costs for data management
- Expedited response to public health emergencies

Health Information Exchanges: Respecting Patient Privacy

- Do not require centralized patient health record repositories: health providers continue to own their records
- Facilitate connectivity with patient's Personal Health Record choices
- Respect patient decisions to opt-out of network participation
- Provide significant penalties for data breaches

3726

Health Information Exchanges: Saving money

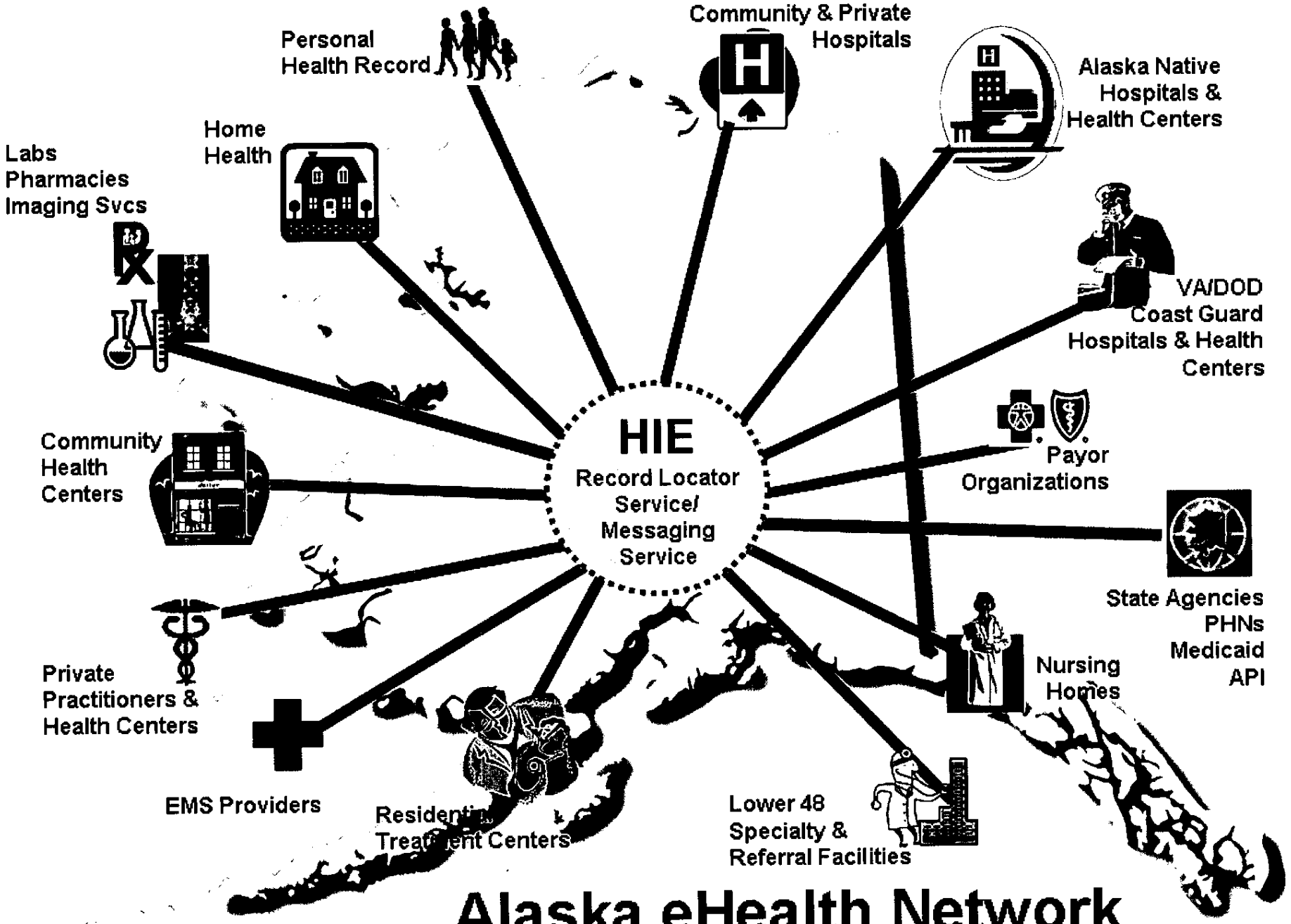
- Federal and private research projects 5% savings in annual U.S. health care expenditures from full deployment of inter-operable electronic medical records
- For Alaska's $5B health care industry, annual savings could reach $250M.
- For the State of Alaska's $250M GF Medicaid expenditures, annual savings could exceed $10M

3727

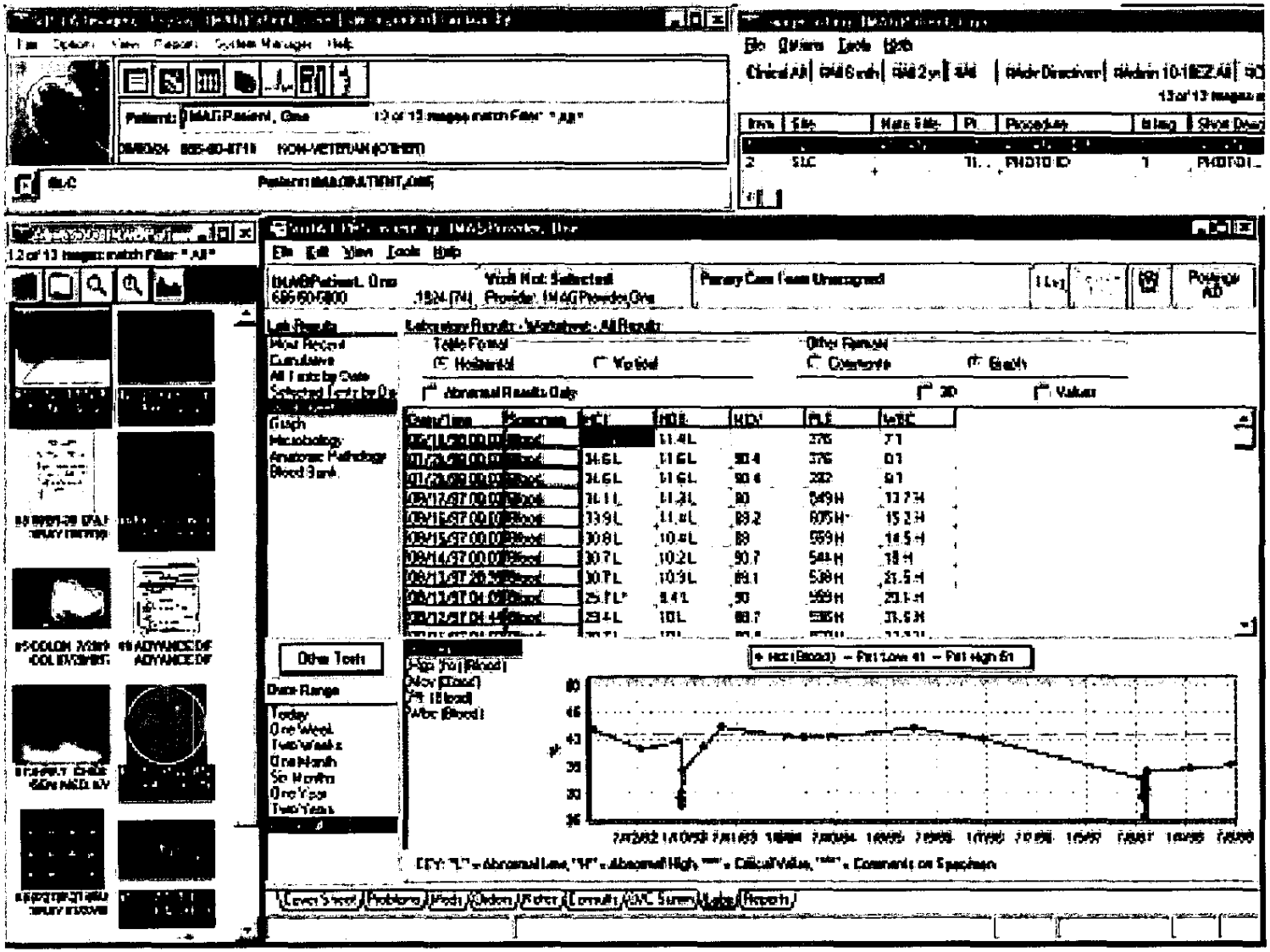
Alaska eHealth Network

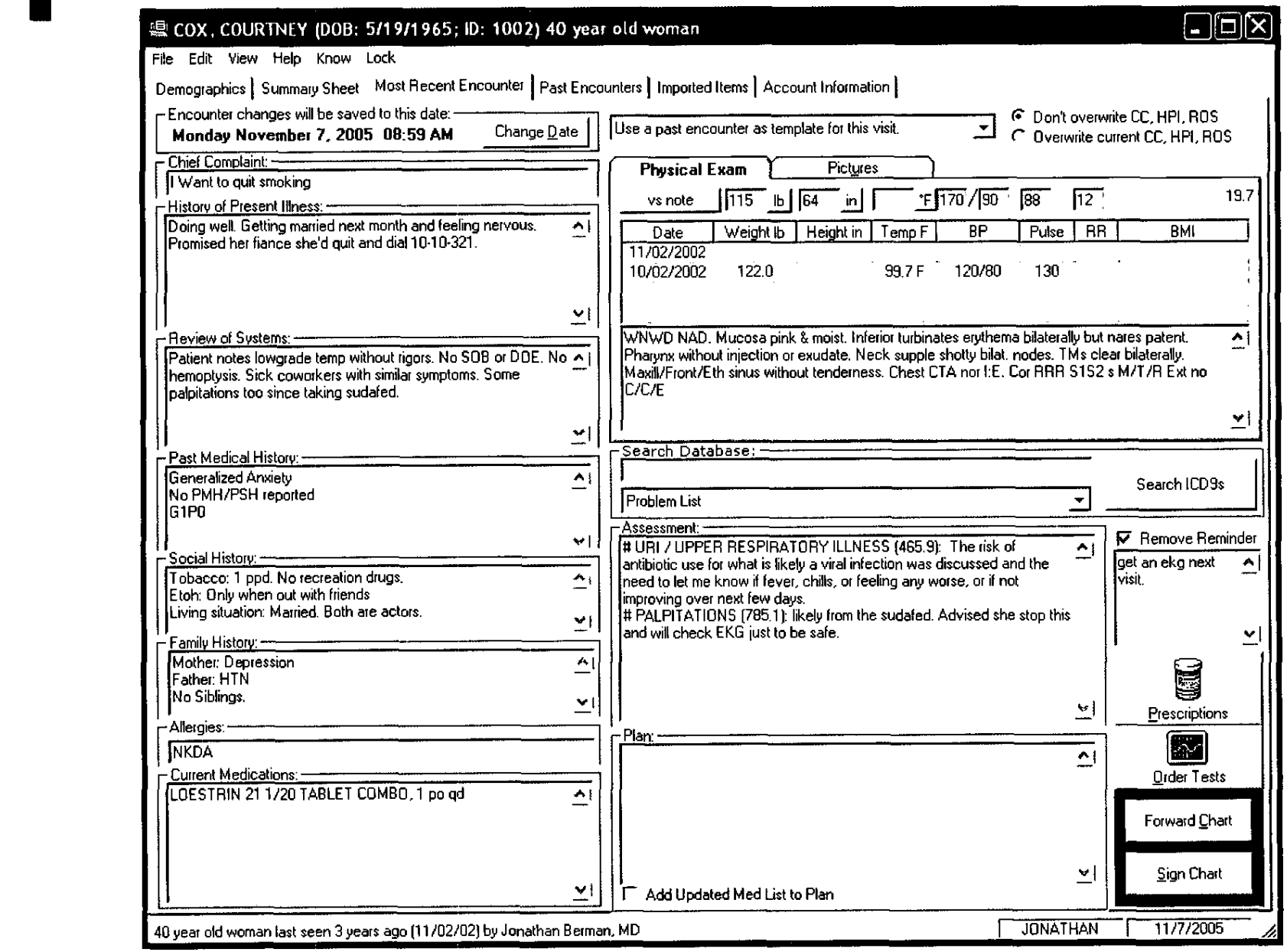
- **5 year $35 million project** to deploy a secure network supporting the exchange of electronic health records between all Alaska health care providers

- **$12.0 million currently awarded** through 2008 from Federal Communications Commission, US Dept. of Health and Human Services, State of Alaska, Alaska Federal Health Care Partnership



Alaska eHealth Network




COX, COURTNEY (DOB: 5/19/1965; ID: 1002) 40 year old woman
File Edit View Help Know Lock
Demographics | Summary Sheet | Most Recent Encounter | Past Encounters | Imported Items | Account Information
Encounter changes will be saved to this date:
Monday November 7, 2005 08:59 AM
Change Date
Use a past encounter as template for this visit.
Don't overwrite CC, HPI, ROS
Overwrite current CC, HPI, ROS
Chief Complaint:
I Want to quit smoking
History of Present Illness:
Doing well. Getting married next month and feeling nervous. Promised her fiance she'd quit and dial 10-10-321.
Review of Systems:
Patient notes lowgrade temp without rigors. No SOB or DOE. No hemoptysis. Sick coworkers with similar symptoms. Some palpitations too since taking sudafed.
Past Medical History:
Generalized Anxiety
No PMH/PSH reported
G1P0
Social History:
Tobacco: 1 ppd. No recreation drugs.
Etoh: Only when out with friends
Living situation: Married. Both are actors.
Family History:
Mother: Depression
Father: HTN
No Siblings.
Allergies:
NKDA
Current Medications:
LOESTRIN 21 1/20 TABLET COMBO, 1 po qd
Physical Exam
Pictures
vs note
115 lb
64 in
°F
170 / 90
88
12
19.7
Date | Weight lb | Height in | Temp F | BP | Pulse | RR | BMI
11/02/2002
10/02/2002 122.0 99.7 F 120/80 130
WNWD NAD. Mucosa pink & moist. Inferior turbinates erythema bilaterally but nares patent. Pharynx without injection or exudate. Neck supple shotty bilat. nodes. TMs clear bilaterally. Maxill/Front/Eth sinus without tenderness. Chest CTA nor I:E. Cor RRR S1S2 s M/T/R Ext no C/C/E
Search Database:
Search ICD9s
Problem List
Assessment:
URI / UPPER RESPIRATORY ILLNESS (465.9): The risk of antibiotic use for what is likely a viral infection was discussed and the need to let me know if fever, chills, or feeling any worse, or if not improving over next few days.
PALPITATIONS (785.1): likely from the sudafed. Advised she stop this and will check EKG just to be safe.
Remove Reminder
get an ekg next visit.
Prescriptions
Plan:
Order Tests
Forward Chart
Sign Chart
Add Updated Med List to Plan
40 year old woman last seen 3 years ago (11/02/02) by Jonathan Berman, MD
JONATHAN
11/7/2005

Alaska eHealth Network

- Incorporated non-profit August 2008
- Partners:
  - Alaska Native Tribal Health Consortium (designated lead partner)
  - Alaska State Hospitals and Nursing Homes Association
  - Alaska Primary Care Association
  - Premera Blue Cross/Blue Shield
  - State of Alaska DHSS
  - Alaska Federal Health Care Partnership (DOD, VA, USCG, Indian Health Service)
  - University of Alaska
  - Alaska E.H.R. Alliance (private physicians)
  - American Association of Retired Persons

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Alaska eHealth Network Board of Directors

- Alex Spector
- Jeff Davis
- Garth Hamblin
- Jay Butler, M.D.
- Jerome List, M.D.
- Tom Nighswander, M.D.
- Joel Gilbertson
- Marilyn Walsh-Kasmar
- Pat Luby
- Paul Sherry
- Rod Betit

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Progress to Date: 2007-2008

- Participation in determining national privacy standards and technology interoperability standards
- Contract for technical network design awarded to GCI; determining requirements for needed broadband connectivity for Alaska health providers
- FCC grant funding is now available for health provider network technology acquisitions in 2009 and 2010

Next Steps: 2009-2010

- Complete network design and assist providers with connectivity
- Secure AeHN designation as Alaska's qualified Health Information Exchange organization
- Secure $20M+ from $19B available federal ARRA funding to acquire Health Information Exchange software

Next Steps: 2009-2010

- Secure $1.3M for FY2010 and $1.0M in FY2011 from State of Alaska for network development
  - Ensures match for federal stimulus funds
- Engage contractor/vendors to deploy Health Information "bridging" software to interconnect Alaska's various Electronic Medical Records systems
- Align the Health Information Exchange with State systems: MMIS, API, Public Health data
- Add Internet2 connectivity for telemedicine applications, teleconferencing, voice-over-internet, and consults from lower-48 academic/teaching hospitals

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Sustainability: FY2011+

Establish the Alaska eHeath Network business structure to sustain network and software services through provider and payor contributions

AeHN Estimated recurring costs after FY11: $5.0M

$1.3M administration/business operations

$3.7M contractual HIE technical/software services

Estimated recurring AeHN revenues after FY11: $5.0M

- $1.5M 1500+ physicians/clinicians
- $0.5M 26 Hospitals
- $0.5M Laboratories/Pharmacies/Imaging Centers
- $1.0M State of Alaska
- $1.0M Private Insurers
- $0.5M Alaska Federal Health Care partners

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SB133 Facilitates HIE development

- Positions Alaska for substantial stimulus funding
- Demonstrates state commitment to support and participate in Alaska's Health Information Exchange development
- Provides for DHSS oversight, engagement, and long-term participation plan
- Provides framework for designation of a qualified state Health Information Exchange entity
- Ensures privacy protections

Alaskan's support Health Information Exchange

- Partner organization support: hospitals, physicians, tribal health, insurers, citizens, community health centers, employers, federal health providers
- Alaska Health Care Commission short term priority area
- Strong Congressional delegation support

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Summary recommendations

- A. Passage of SB133
- B. State DHSS oversight, support, and designation of HIE organization
- C. Provide stimulus match of $1.3M in FY10 and $1.0M in FY11

The outcomes:

- Timelier access to safer health care for Alaskans

- $1M annual State investment yields ~5% savings in future State expenses for Medicaid, employee health care, state-operated health care programs

ALASKA STATE LEGISLATURE

Finance Committee
•
Health & Social Services Committee
•
Legislative Council
•
Committee on Committees

While in Session
State Capitol, Rm. 103
Juneau, AK 99801
(907) 465-3704
Fax: (907) 465-2529
•
While in Anchorage
716 W. 4th Ave
Anchorage, AK 99501
(907) 269-0169
Fax: (907) 269-0172

SENATE MAJORITY LEADER
JOHNNY ELLIS

FREQUENTLY ASKED QUESTIONS
ABOUT UNEMPLOYMENT INSURANCE MODERNIZATION FUNDING IN THE FEDERAL STIMULUS

The American Recovery and Reinvestment Act of 2009, better known as the federal stimulus, has been the subject of intense scrutiny here in Alaska and around the country. Because of the amount of interest and complexity of the stimulus bill, there has been significant confusion about a number of specific points. In the interest of ensuring accuracy in the conversation around Senate Bill 170 and the unemployment insurance funds in the federal stimulus, this sheet attempts to address some of those common misconceptions around the specific changes proposed in this bill.

Q: What changes Alaska must make to our unemployment insurance program to be eligible for the modernization incentive? Many states are concerned that changes to the UI statutes will require significant expansions of eligibility requirements.

A: The US Department of Labor has certified that **Alaska already meets two of the three qualifications** for the unemployment insurance modernization incentive funds. The first third of the money is contingent on a state including an alternative base period to determine eligibility, which is the change SB170 proposes. The second two-thirds are based on a state allowing UI payments to be made to unemployed workers who fit at least two of the following four conditions: part-time workers, workers enrolled in training programs, workers who leave their jobs for compelling family reasons, and additional benefits for workers with dependents. Alaska already meets the final two categories, making further change unnecessary. Many other states need to make all three changes.

Q: Won't those changes mean increased numbers of people receiving UI benefits and increase business taxes over the long term?

A: The Alaska Department of Labor has determined that had the changes in SB170 been in effect in calendar year 2008, 1,300 additional people would have been eligible for $1.9 million in payments. The amount necessary to keep the UI trust fund solvent, given the current balance of over $350 million, is significantly less than the amount offered by the federal government. After seeing these calculations, the **National Federation of Independent Business – Alaska endorsed SB170** as "a relatively simple administrative change the cost of which will be born by stimulus funding. . . This is good for individual Alaskans, employers, and Alaska's economy."

Q: What is the effect on state government of accepting short-term federal money? Will we be forced to close down the existing programs or replace the federal dollars with state funds?

A: While the stimulus does not mandate that any federal funds be replaced, the unemployment insurance modernization funds provided are **more than enough to cover the costs of the expansion indefinitely**. The state Department of Labor is determining exactly how much of the

$15.6 million Alaska would be eligible for if SB170 is adopted would need to be deposited in the UI trust fund to maintain solvency, but it is expected to be significantly less than the available total, freeing up the rest of the money to support job training and workforce development programs.

Q: If all the money is not necessary to shore up the UI trust fund, what will be done with it, and how can we be assured that it will not create a long-term growth in government?

A: The UI modernization incentive funds are eligible to be used for three purposes: paying UI benefits, administering the UI program, or job training programs. It is our intent that funding in excess of the amount required to pay benefits without increasing taxes would be appropriated to support job training. Alaska is currently facing the highest unemployment rates in a generation, and we are facing a massive shortage of qualified workers as we approach construction on a natural gas pipeline. The confluence of these two events makes the timing perfect for a **highly targeted short term expansion of workforce development programs**, the need for which will decline as the federal money runs out.

Q: Are these stimulus funds a backdoor approach to increasing state spending through the requirement of a state match?

A: There are some stimulus programs that require a state match component to participate, but the UI modernization is not one of them. It is also worth noting that other stimulus programs serve to reduce state spending, either by increasing federal reimbursement levels or eliminating state match components altogether.

Q: Some are concerned about the impact of the federal stimulus package on the overall federal debt. Many of these criticisms portray the stimulus package as burdening the future and passing debt on to future generations.

A: The federal debt is a very serious issue, and significant action must be taken to undo the fiscal impacts of the last eight years and return to the surpluses left by the Clinton Administration. Unfortunately, **state action on the stimulus cannot have any impact**. All funds have already been appropriated by the federal government, and any moneys not accepted by Alaska will be re-routed to other states that are willing to take advantage of them – many of which have already stated their willingness to do so due to the hardships caused by the current economic downturn.

Q: A major consideration for some has been potential strings attached to federal funds, and what a change in statute now means for the future.

A: Any changes to state statute that are made to maximize federal funding are done freely, after a detailed examination of the positive and negative attributes of the package. While the unemployment insurance section of the stimulus explicitly prohibits sunset clauses or temporary provisions, there is **no prohibition on future legislatures re-examining the program** and making whatever changes they see fit.

Q: Doesn't increasing our reliance on federal funding create a potential loss of state sovereignty? Many are concerned that the stimulus funds represent a marked increase in moneys contingent on compliance with federal mandates.

A: The fiscal year 2010 operating budget contains approximately $2.8 billion in federal funds, almost all attached to highly specific instructions on how it may be spent. Since its inception, the state of Alaska has received tens of billions of dollars from the federal government, and our delegation to Congress, most notably Sen. Ted Stevens, has made careers out of maximizing the number of federal dollars that flow into our state.

ALASKA STATE LEGISLATURE

Senator Joe Paskvan

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CS for SB 133

Explanation of Changes

Added Flexibility

The CS reflects new language to provide the department with some added flexibility while maintaining the integrity of multiple stakeholder participation. *(Page 4, Lines 7-10)*

The department now has the option to designate one entity or a combination of entities to fulfill the purposes of Section 2. The department may designate the state, an outside vendor, and/or a nonprofit to fulfill the purposes of Section 2.

Any and all entities designated must meet the same requirements which include:

- Have an advisory or governing body made up of health system stakeholders
- Apply for available federal and state funding for planning and implementation of the system
- Meet the most stringent applicable federal or state privacy law governing the protection of the information contained in the system.
- Submit an annual budget for approval of the commissioner
- Provide cost and cost saving data associated with the development and use of the system

Clear Responsibilities

Section 18.23.305 was added in the CS to more clearly establish the Department's duties.. *(Page 4, Line 22 – Page 5, Line 2)*

- in accordance with federal recommendations, determine the manner in which the system is developed and operated
- provide oversight and technical assistance needed for planning and implementing the system
- authorize and facilitate applications for available federal funding for planning and implementing the system
- ensure compliance with applicable federal and state health information policies and standards
- ensure compliance with federal and state law and standards that safeguard the privacy and security of health information

Clarification of Board Membership

The CS places specific advisory/governing board membership requirements. *(Page 4, Lines 11-21)*

Interoperable Statewide Health Information Exchange (HIE)

State Medicaid General Fund and Alaska Health Care System Cost Savings Projections

Annual Medicaid State General Funds	Net Value Percentage	Annual Net Value of HIE*	
$248,544,000	4.68%	$11,631,859	Based on standard cost benefit model
$248,544,000	3.69%	$9,171,274	Based on high-cost HIE model
$248,544,000	5.70%	$14,167,008	Based on low-cost HIE model

Annual AK Health Care Spending	Net Value Percentage	Annual Net Value of HIE*	
$5,294,000,000	4.68%	$247,759,200	Based on standard cost benefit model
$5,294,000,000	3.69%	$195,348,600	Based on high-cost HIE model
$5,294,000,000	5.70%	$301,758,000	Based on low-cost HIE model

*Full Annual Net Value realized beginning 2013

Assumptions:

Fully standardized and fully implemented statewide interoperable Health Information Exchange
State Medicaid GF budget based on Gov 09 Request for Medicaid Services Component only
State Medicaid GF budget remains flat
Annual AK Health Care Spending remains flat
Based on national cost benefit model (see Sources):
- Cost savings: 5.68% of annual health care expenditures, minus cost: 1% of annual health care expenditures
- National cost benefit model calculates projected cost savings based on projected efficiencies in laboratory testing, imaging procedures, interactions between outpatient providers and pharmacies, provider to provider connectivity, provider to public health agency connectivity, and provider-payer transactions

Sources:

Institute for Social and Economic Research, UA Research Summary No. 6, March 2006
http://www.iser.uaa.alaska.edu/Publications/researchsumm/RS6_06.pdf
Walker, J, et al, The Value of Health Care Information Exchange and Interoperability, Health Affairs, January 2005.
http://content.healthaffairs.org/cgi/content/full/hlthaff.w5.10/DC1

Implementation Project Summary and Impact Analysis

State of Alaska Report

Subcontract No.
RTI Project No. 9825

Prepared by:

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Privacy and Security Solutions for
Interoperable Health Information Exchange

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3040 Cornwallis Road
Research Triangle Park, NC 27709-2194

December 5, 2007

RTI INTERNATIONAL

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Alaska HISPC Implementation Project Summary and Impact Analysis Report

Executive Summary:

Alaska, like the rest of the United States, faces challenges in addressing increasing health care costs, improving access to medical care, and ensuring and improving quality medical care for patients. Timely access to essential medical information by providers at the point of care is critical to good outcomes for the patients. A statewide initiative is working to address these challenges by promoting the expansion of the use of electronic health records by Alaska's medical providers and by establishing a statewide electronic health information exchange delivery system to provide critical information when and where it is needed.

Alaska health care leaders and members of the Alaska Telehealth Advisory Council formed the Alaska Regional Health Information Organization to look at innovative technology solutions targeted toward lowering costs and preventing medical errors. To accomplish this goal the Alaska RHIO, with the support of the Alaska Governor's office, successfully competed for a national contract to focus on issues of security and privacy as related to health information exchange. In January 2007, the Alaska RHIO was reorganized as Alaska ChartLink.

The Health Information Security and Privacy Collaboration (HISPC) is part of a national effort to encourage wider adoption of Electronic Health Records (EHRs) and establish a Health Information Exchange (HIE) network in Alaska and throughout the United States. Participation in this national initiative gives a voice to Alaska specific issues, needs, and recommendations in the development of national policies as related to security, privacy and best business practices surrounding interoperability of health information exchange.

Phase I of the HISPC contract provided an assessment of the privacy and security climate in Alaska as it relates to health information exchange. The findings from this assessment determined a number of action steps that needed to be addressed in order for Alaskans to begin exchanging electronic health information. Key areas of action included:

- Legal solutions for enacting legislation related to medical records and the electronic exchange of health information,
- Standardized policies and procedures for use across participating organizations,
- Participation agreements for use by participating organizations and consumers, and
- Education and marketing tailored to consumers and providers encouraging use of electronic health records.

Alaska HISPC Implementation Project Summary and Impact Analysis Report

Phase II of the HISPC contract provided an opportunity for Alaska to implement selected solutions developed during Phase I and to participate in a national collaborative security and privacy think tank. In particular, the Alaska HISPC contract produced three products:

1. Five essential documents providing a standardized approach to the exchange of health information and addressing privacy and security concerns.
2. A Communications Plan and educational materials targeted toward patients, providers, and payers, that addressed the benefits of exchanging critical medical information in a secure manner that ensures patient privacy.
3. A collaborative report developed in conjunction with Guam, Iowa, New Jersey, North Carolina, North Dakota, Puerto Rico, and South Dakota addressing multi-state inter-organizational agreements for health information exchange.

Volunteers from across the state participated in the HISPC project. Over 250 Alaska citizens participated in stakeholder meetings held in both urban and rural locations. Participants included; healthcare consumers, public, private and federal providers, payers, state and municipal workers, healthcare professionals, lawyers and employers. These dedicated individuals provided valuable insights into the needs, desires and fears associated with electronic health information. The documents created through the exchanges with the citizens of Alaska provide a sound basis for the ongoing development of health information exchange in Alaska.

V. Conclusion

Phase I of the HISPC contract provided an assessment of the privacy and security climate in Alaska as it relates to health information exchange. The findings from this assessment determined a number of action steps that needed to be addressed in order for Alaskans to begin exchanging electronic health information. Key areas of action included:

- Legal solutions for enacting legislation related to medical records and the electronic exchange of health information,
- Standardized policies and procedures for use across participating organizations,
- Participation agreements for use by participating agreements and consumers, and
- Education and marketing tailored to consumers and providers encouraging use of electronic health records.

Phase II of the HISPC contract provided an opportunity for Alaska to implement selected solutions developed during Phase I and to participate in a national collaborative security and privacy think tank. In particular, the Alaska HISPC contract produced three products:

1. Six essential documents providing a standardized approach to the exchange of health information and addressing privacy and security concerns.
2. A Communications Plan and educational materials targeted toward patients, providers, and payers addressing the benefits of electronic health records, personal health records, and exchanging critical medical information in a secure manner that ensures patient privacy.
3. A collaborative report developed in conjunction with Guam, Iowa, New Jersey, North Carolina, North Dakota, Puerto Rico, and South Dakota addressing multi-state inter-organizational agreements for health information exchange.

In addition to the products developed during the HISPC contract, the Alaska partners received additional benefits:

The HISPC project has helped to increase awareness of electronic health records and health information exchange in both consumers and providers throughout the state. Processes are now in place to continue this awareness campaign.

Prior to this project there was no coordinated statewide approach to addressing issues of privacy and security. Standardized policies, procedures, and participation agreements are now available for use statewide.

The collaborative process initiated by HISPC facilitated the exchange of ideas and lessons learned between many states. It was an opportunity for Alaska's Core Team to share and receive "best practice" solutions to privacy and security issues.

The HISPC project created an opportunity for Alaska to advance the HIE and EHR initiatives within Alaska and has opened the door to potential future grant opportunities.

Updating Privacy Laws to Facilitate Health Information Exchange

Consumer and provider concerns about privacy and security are inhibiting adoption of health IT. Consumers are concerned about the consequences of disclosure of sensitive health information related to dire or stigmatized diseases, such as the loss of health coverage or employment. Providers, concerned about varying interpretations of state and federal privacy laws and the liability for violations, often are reluctant to exchange data. State updates to health privacy laws can help alleviate these and other concerns. Trends identified in enacted legislation include the following.

Comprehensive Reform

Key policy decisions for states that want to update privacy laws to allow for health information exchange include structuring patient consent, addressing provider concerns and establishing accountability mechanisms.

Structuring Patient Consent

States face key questions on the issue of patient consent. Under what circumstances should patient consent be required? How should consent be structured (opt-in, opt-out)? Will patients have to choose between including all their information for exchange or none? Or will patients be able to choose specific information to share? As states set policy on consent, a number of competing issues must be balanced, including: patients' desire to control data, providers' concern about having access to all relevant information for treatment, and implementation costs for providers and health information exchanges.

Provider Concerns

Providers, understandably, want access to all relevant patient information at time of treatment. They are concerned about liability if they treat a patient based on incorrect or missing data obtained from a health information exchange. Providers also are concerned about the cost of implementing privacy rules and their effect on practice workflows.

Accountability

States need to structure regulations and penalties so that patient, provider and health information exchange needs are balanced.

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Minnesota and Rhode Island passed health privacy updates as part of comprehensive health IT measures. A comparison of the privacy portion of the bills illustrates the differing paths states take as they attempt to capture the benefits of mobile health data and temper the associated risks (Table 1).

Table 1. Comparison of Privacy Provisions from Minnesota and Rhode Island

	Minnesota *Minnesota Health Records Act*	**Rhode Island** *Rhode Island Health Information Exchange Act of 2008*
Bill	2007 HB 1078	2008 HB 7409
Status	Enacted 5/25/07	Enacted 7/10/2008
Summary	Allows creation of record locator services (RLS). An RLS is an electronic index of patient identifying information that directs providers to the location of patient health records held by providers and group purchasers.	Establishes a statewide health information exchange (HIE) under state authority. Designates the Rhode Island Quality Institute as the governance body or regional health information organization (RHIO) for the HIE.
Putting Patient Data into the System	An RLS can be created without patient consent. Patients have the right to opt-out of the RLS in total or can exclude specific provider contacts from the system.	Patients must opt in for their data to be included in the HIE.
Consent for Access	Consent is required to search an RLS for the location of a patient's records except in an emergency. To facilitate the real-time exchange of data, one provider can electronically represent patient consent to another. To do so, a provider must have a signed and dated patient consent form authorizing the release. In addition, the provider releasing the record shall document: 1) the provider requesting the health records; 2) the identity of the patient; 3) the health records requested; and 4) the date the health records were requested.	Patients who opt in can choose which providers have access to their data. If a patient opts in their authorization is not required for release to: • public health authorities for specified functions; • health care providers for diagnosis or treatment in an emergency; and • the RHIO for operation and administrative oversight of the HIE.

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Table 1. Comparison of Privacy Provisions from Minnesota and Rhode Island (continued)

	Minnesota *Minnesota Health Records Act*	**Rhode Island** *Rhode Island Health Information Exchange Act of 2008*
Audit Log	RLS must maintain an audit log of providers who access a patient's information. The log must contain at least the following: 1) the identity of the provider accessing the information; 2) the identity of the patient whose information was accessed by the provider; and 3) the date the information was accessed.	Patients have the following rights: (a) to obtain a copy of their health care information from the HIE; (b) to obtain a copy of the disclosure report pertaining to their health care information; (c) to be notified of a breach of the HIE security system; (d) to terminate participation in the HIE; and (e) to request to amend their information through the provider participant.
Provider Liability	(b) When requesting health records using consent, or a representation of holding a consent, a provider warrants that the request: 1) contains no information known to the provider to be false; 2) accurately states the patient's desire to have health records disclosed or that there is specific authorization in law; and 3) does not exceed any limits imposed by the patient in the consent.	Provides immunity to health care providers who rely in good faith upon information provided through the HIE in the treatment of a patient.
Penalties	An RLS is liable for inappropriate disclosures of information. Anyone who inappropriately discloses a patient's data is liable for compensatory damages caused by an unauthorized release, plus costs and reasonable attorneys' fees. Providers who violate the statute can face disciplinary action by the appropriate licensing board or agency.	The bill establishes civil and criminal penalties for violations of the statute. Attorneys' fees may be awarded by the court to the successful party in any action under this chapter.

Source: National Conference of State Legislatures, 2008.

Other Strategies

Make HIPAA the Rule

Nevada specifies that the Health Insurance Portability and Accountability Act (HIPAA) shall preempt any more stringent state laws related to the electronic exchange of health information by covered entities. The bill allows patients to not participate in electronic transmission of individually identifiable health information, with an exception for Medicaid and SCHIP patients and when required by HIPAA or state law.

> Nevada SB 536 *Section 1 1. "If a covered entity transmits electronically individually identifiable health information in compliance with the provisions of the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191, which govern the electronic transmission of such information, the covered entity is, for purposes of the electronic transmission, exempt from any state law that contains more stringent requirements or provisions concerning the privacy or confidentiality of individually identifiable health information."*

Address Varying Interpretations of State and Federal Privacy Laws

To address differing interpretations and application of federal and state privacy laws, the Oklahoma Legislature ordered the State Board of Health to create a standard authorization form for exchange of health information. Providers who use the form and follow the board's instructions are immunized from liability under state privacy laws that may arise from the exchange of health information. Use of the form is not required. (Oklahoma SB 1420)

Data Breach Notification

California AB 1298 expands the state's data breach notification law to include unencrypted medical information and health insurance information. The bill also expands the definition of provider of health care under the state's Confidentiality of Medical Information Act to cover third-party vendors of personal health records such as Google and Microsoft. HIPAA and most state health privacy laws do not cover personal health records maintained by third-party vendors.

E-prescribing

A few states prohibit e-prescribing systems from influencing provider prescribing practices. New Hampshire passed the most comprehensive of these bills, which included the following language to prohibit use of prescription information by certain parties:

> New Hampshire HB 134 *"(e) No person who has access to electronic prescription information solely by transmitting or facilitating the transmission of prescriptions between the licensed prescriber generating the prescription and the pharmacy receiving the prescription, or any intermediary, shall retain the prescription or any information it contains for longer than is mandated by federal or state law, after which time the prescription information shall be destroyed. No such person shall sell, use, or otherwise make available the prescription information for any purpose other than transmission of prescriptions, prescription refills, and clinical information displayed to the prescriber or pharmacist."*

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Promoting Health Information Exchange

States are working to advance health information exchange by promoting interoperable health IT tools and by establishing and sustaining health information exchange organizations and infrastructure. Interoperability, combined with state initiatives to create health information exchange organizations is essential to states efforts to achieve quality improvements and reduce duplicative tests. Trends identified in the enacted legislation include the following.

Interoperability

Interoperability allows different systems to share information in an understandable format. Uniform data standards are essential to achieving this capability among health IT systems. At the national level, the Healthcare Information Technology Standards Panel is establishing standards, and the Certification Commission for Healthcare Information Technology certifying products. State approaches to encourage interoperability vary. Some states adopted these standards by reference, while others designated a state agency or outside group to establish standards. To encourage use of the standards, states can require agencies to purchase only standards-based systems. States also can require specific functions for health IT systems sold within their borders.

Require Purchase of Certified Systems

Minnesota mandated interoperable electronic health records by 2015 for all hospital and health care providers. To meet the interoperability standards set by statute, providers must use an electronic health records system certified by the Certification Commission for Healthcare Information Technology or its successor. An exception is included in the legislation for specialists whose practice setting the Certification Commission for Healthcare Information Technology doesn't certify electronic health records for. (Minnesota SB 3780)

Use State Agency Purchasing Requirements

Virginia HB 2198 requires that electronic health records systems or other tools that interact with electronic patient information purchased by state agencies meet interoperability standards or be certified by a recognized certification body. The bill also requires state agencies that provide grants available to other entities for such systems ensure that the systems meet interoperability standards or be certified by a recognized certification body.

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Create Standards and Require Use to Exchange Data

Utah HB 47 authorizes the Department of Health to adopt standards for electronic health information exchange. Payers and providers must use the standards adopted by the department to electronically exchange health information between health care systems. Payers and providers are not required to use the standards if they electronically exchange health information within a health care system.

Require Certain Functions

Texas SB 204 requires that electronic medical record systems sold to Texas health care providers who administer immunizations be able to interface with the state immunization registry.

Create or Designate a State-level Health Information Exchange

Many early health information exchange efforts began in the private sector, and state governments were asked to join. The current wave of health information exchanges, by contrast, is as likely to originate at the state level. Texas and Indiana created bodies to run the state-level health information exchange; and Connecticut, Vermont and Rhode Island designated existing independent nonprofit entities. Whether they create new entities or bless existing activities, statutes that define a state-level health information exchange confer formal status and authority, charge the health information exchange to promote health IT in both private and public sectors, define governance to include state agencies, and determine that they may receive and disburse funds on behalf of statewide health IT initiatives. Beyond these broad elements, various models have been adopted, reflecting existing activity in the state. Statutes that create these entities typically are comprehensive measures that, among other things, include: start-up support for a designated group, a state governance role, ongoing funding, and unique state-level responsibilities.

Appendix A compares legislation from Indiana, Texas and Vermont that creates or designates a state-level health information exchange.

Advancing Adoption and Use

States are drawing on a wide range of policy levers to expand the use of health IT. These include mandates, incentives and leveraging state purchasing power. Trends identified in the enacted legislation include the following.

Mandates

Minnesota and Massachusetts have enacted mandates for the use of health IT tools. A few other states considered such mandates but did not enact them.

Mandate Purchase

Minnesota enacted two mandates for the purchase of health IT systems. The first requires hospitals and health care providers to have interoperable electronic health records systems by 2015. (Minnesota HB 1078) The second requires that, by 2011, all providers, group purchasers, prescribers and dispensers establish and maintain e-prescribing systems. (Minnesota SB 3780)

Tie Facility Licensure to Health IT System Implementation

Massachusetts tied implementation of computerized physician order entry and electronic health records to facility licensure standards for hospitals and community health centers. The Department of Public Health is charged with adopting regulations to require implementation of computerized physician order entry by Oct. 1, 2012, and of electronic health records by Oct. 1, 2015. The systems are to be certified by the Certification Commission for Healthcare Information Technology or its successor. (Massachusetts SB 2863)

Require health IT competency for physician licensure.

(Massachusetts SB 2863) *"The board shall require, as a standard of eligibility for licensure, that applicants show a predetermined level of competency in the use of computerized physician order entry, e-prescribing, electronic health records and other forms of health information technology, as determined by the board."*

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Incentives

Link Medical School Loan Repayment to Health IT Competency

Massachusetts created a workforce loan repayment assistance program for graduates of medical or nursing schools who specialize in areas where practitioners are in short supply. Among other eligibility requirements for the program is demonstration of competency with certain health IT tools. (Massachusetts SB 2863)

Offer Tax Credits

Wisconsin SB 40 creates a tax credit for providers who purchase electronic medical records. Providers can claim up to 50 percent of the cost of the system, to a maximum of $10 million per year.

Leverage State Purchasing Power

States are leveraging their role as a purchaser and provider of care to drive adoption and use of health IT.

Offer Incentive Payments for Electronic Health Records Use

New York SB 6808 allows providers who meet certain standards set by the Department of Health to receive supplemental payments for the increased cost of using electronic health records. To receive the payments, a provider must have an operating electronic health records system, and a set percentage of patients must be on Medicaid or uninsured.

Provide Targeted Reimbursement

Colorado SB 196 provides medical assistance program reimbursement for home and community services delivered via telemedicine.

Leverage State Employee Health Plan

Minnesota HB 548 creates a pilot program to provide a consumer-owned portable personal health record to members of the state employee health plan.

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Appendix A. Comparison of Health Information Exchange Legislation in Three States

	Indiana *Indiana Health Informatics Corporation*	**Texas** *Texas Health Services Authority Corporation*	**Vermont** *Vermont Information Technology Leaders*
Bill	**2007 IN S 551**	**2007 TX H 1066**	**2007 VT H 229**
Status	Enacted 5/2/07	Enacted 6/15/07	Enacted 6/5/07
Project's Role within State Health IT Activities			
	Chapter 5. General Powers Sec. 1. The corporation shall encourage and facilitate the development of health informatics functions in Indiana. Sec. 2. The corporation is granted all powers necessary or appropriate to carry out the corporation's public and corporate purposes under this article. Chapter 7. Expiration Corporation will expire on June 30, 2015.	Section 182.051 (a) Created to promote the establishment of a voluntary statewide network for the communication of electronic health information and to foster a coordinated public-private initiative for the development and operation of the health information infrastructure in the state.	Amends the scope of work of the Vermont Information Technology Leaders (VITL, a non-profit organization incorporated in 2005). Section 903 (c) VITL shall develop the states health information technology plan. Designates VITL to operate the statewide health information exchange network.
Organizational Structure			
	Chapter 3. Indiana Health Informatics Corporation Sec. 2. (a) The corporation is a body politic and corporate, not a state agency but an independent instrumentality exercising essential public functions.	Sec.A182.051. Texas Health Services Authority; Purpose. ... (b) The corporation is a public nonprofit corporation and, except as otherwise provided in this chapter, has all the powers and duties incident to a nonprofit corporation under the Business Organizations Code.	VITL is a nonprofit corporation.

Appendix A. Comparison of Health Information Exchange Legislation in Three States (continued)

	Indiana *Indiana Health Informatics Corporation*	Texas *Texas Health Services Authority Corporation*	Vermont *Vermont Information Technology Leaders*
Bill	**2007 IN S 551**	**2007 TX H 1066**	**2007 VT H 229**
Status	Enacted 5/2/07	Enacted 6/15/07	Enacted 6/5/07
Board Membership			
	Chapter 4. Corporation Board Sec. 1. The corporation shall be governed by a board. Sec. 2. (a) The board is composed of the following nine (9) members, none of whom may be a member of the general assembly: (1) The secretary of family and social services, or the secretary's designee. (2) The state health commissioner, or the state health commissioner's designee. (3) Seven (7) individuals appointed by the governor, of which at least: (A) one (1) individual must be a licensed physician who is actively engaged in the practice of medicine; and (B) one (1) individual must be engaged in the administration of a hospital licensed under IC 16-21.	Sec.A182.053.AA Composition Of Board Of Directors. (a) The corporation is governed by a board of 11 directors appointed by the governor, with the advice and consent of the senate. (b) The governor shall also appoint at least two ex officio, nonvoting members representing the Department of State Health Services. (c) The governor shall appoint as voting board members individuals who represent consumers, clinical laboratories, health benefit plans, hospitals, regional health information exchange initiatives, pharmacies, physicians, or rural health providers, or who possess expertise in any other area the governor finds necessary for the successful operation of the corporation.	Sec. 903. Health Information Technology (d) The following persons shall be members of VITL: (1) the commissioner, who shall advise the group on technology best practices and the state's information technology policies and procedures, including the need for a functionality assessment and feasibility study related to establishing an electronic health information infrastructure under this section; (2) the director of the office of Vermont health access or his or her designee; (3) the commissioner of health or his or her designee; and (4) the commissioner of banking, insurance, securities, and health care administration or his or her designee.

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Appendix A. Comparison of Health Information Exchange Legislation in Three States (continued)

	Indiana *Indiana Health Informatics Corporation*	**Texas** *Texas Health Services Authority Corporation*	**Vermont** *Vermont Information Technology Leaders*
Bill	**2007 IN S 551**	**2007 TX H 1066**	**2007 VT H 229**
Status	Enacted 5/2/07	Enacted 6/15/07	Enacted 6/5/07
Financing			
	Chapter 5. General Powers Section 11 The corporation may request appropriations from the general assembly to: 1) carry out the corporation's duties under this article; and 2) fund the effort to develop and operate a statewide health information network. Section 12. (a) The Indiana health informatics fund is established. ...the corporation shall deposit the following in the fund: (1) All appropriations made by the general assembly to the corporation (2) All funding received from nonprofit entities under IC 5-31-6-2(4). (3)All other contributions received by the corporation from a nonprofit entity, as long as the nonprofit entity does not otherwise have an interest in the decisions of the corporation or board.	Sec. 182.107 (a) The corporation may be funded through the General Appropriations Act and may request, accept, and use gifts and grants as necessary to implement its functions. (b) The corporation may assess transaction, convenience, or subscription fees to cover costs associated with implementing its functions. All fees must be voluntary but receipt of services provided by the corporation may be conditioned on payment of fees. (c) The corporation may participate in other revenue-generating activities that are consistent with the corporation's purposes.	Sec. 903 (a)(8)(g) By July 1, 2007, shall prepare a plan for achieving self-sustainable funding, including an analysis of the costs, benefits, and effectiveness of any pilot projects. (i) VITL is authorized to seek matching funds...In addition, it may accept any and all donations, gifts and grants of money, equipment, supplies, materials, and services from the federal or any local government, or any agency thereof, and from any person, firm or corporation for any of its purposes and functions under this section and may receive and use the same, subject to the terms, conditions, and regulations governing such donations, gifts, and grants.

Appendix A. Comparison of Health Information Exchange Legislation in Three States (continued)

	Indiana *Indiana Health Informatics Corporation*	**Texas** *Texas Health Services Authority Corporation*	**Vermont** *Vermont Information Technology Leaders*
Bill	**2007 IN S 551**	**2007 TX H 1066**	**2007 VT H 229**
Status	Enacted 5/2/07	Enacted 6/15/07	Enacted 6/5/07
Privacy and Security			
	Chapter 6. Duties Sec. 3. The corporation's plan to create the statewide health information exchange system must provide for procedures and security policies to ensure the following: (1) Compliance with the federal Health Insurance Portability and Accountability Act (HIPAA) (P.L. 104-191). (2) Protection of information privacy. (3) Use of information in the statewide health information exchange system only in accordance with the federal Health Insurance Portability and Accountability Act (HIPAA) (P.L.104-191) and as required by public health agencies.	Sec. 182.104.AASecurity Compliance. The corporation shall: (1) establish appropriate security standards to protect both the transmission and the receipt of individually identifiable health information or health care data; (2) establish appropriate security standards to protect access to any individually identifiable health information or health care data collected, assembled, or maintained by the corporation; (3) establish the highest levels of security and protection for access to and control of individually identifiable health information, including mental health care data and data relating to specific disease status, that is governed by more stringent state or federal privacy laws; and	Sec. 903. Health Information Technology (f) The standards and protocols developed by VITL shall be no less stringent than the "Standards for Privacy of Individually Identifiable Health Information" established under the Health Insurance Portability and Accountability Act of 1996 and contained in 45 C.F.R., Parts 160 and 164, and any subsequent amendments. In addition, the standards and protocols shall ensure that there are clear prohibitions against the out-of-state release of individually identifiable health information for purposes unrelated to treatment, payment, and health care operations, and that such information shall under no circumstances be used for marketing purposes. The standards and protocols shall require that access to individually identifiable health information is secure and traceable by an electronic audit trail.

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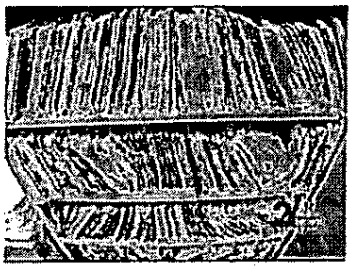
Appendix A. Comparison of Health Information Exchange Legislation in Three States (continued)

	Indiana *Indiana Health Informatics Corporation*	**Texas** *Texas Health Services Authority Corporation*	**Vermont** *Vermont Information Technology Leaders*
Bill	**2007 IN S 551**	**2007 TX H 1066**	**2007 VT H 229**
Status	Enacted 5/2/07	Enacted 6/15/07	Enacted 6/5/07
Data Standards			
	Chapter 6. Duties Sec. 1. The corporation shall do the following:... (6) Promote the use of the statewide health information exchange system by doing the following: (A) Encouraging and facilitating users of the statewide health information exchange system and other interested parties in developing and adopting standards for the statewide health information exchange system. (B) Recommending policies and legislation that advance the development and efficient operation of the statewide health information exchange system.... (10) Encourage and endorse interoperability standards.	Sec.A182.103. Privacy of Information. (c) The corporation shall develop privacy, security, operational, and technical standards to assist health information networks in the state to ensure effective statewide privacy, data security, efficiency, and interoperability across networks. The network 's standards shall be guided by reference to the standards of the Certification Commission for Healthcare Information Technology or the Health Information Technology Standards Panel, or other federally approved certification standards, that exist on May 1, 2007, as to the process of implementation, acquisition, upgrade, or installation of electronic health information technology.	Sec. 903. Health Information Technology b) The health information technology plan shall: (3) promote the use of national standards for the development of an interoperable system, which shall include provisions relating to security, privacy, data content, structures and format, vocabulary, and transmission protocols;... (6) incorporate the existing health care information technology initiatives in order to avoid incompatible systems and duplicative efforts; (7) integrate the information technology components of the blueprint for health established in chapter 13 of Title 18, the global clinical record, and all other Medicaid management information systems being developed by the office of Vermont health access, information technology components of the quality assurance system, the program to capitalize with loans and grants electronic medical record systems in primary care practices, and any other information technology initiatives coordinated by the secretary of administration pursuant to section 2222a of Title 3;

<<Back

Medical offices gradually switching to electronic records



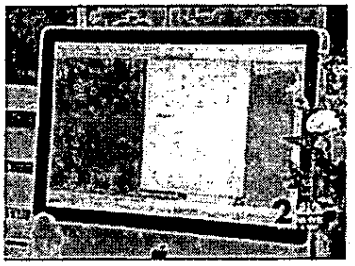
Doctors are hoping to transition patient records from this ... (Daniel Hernandez/KTUU-TV)

by Ashton Goodell
Tuesday, March 17, 2009

ANCHORAGE, Alaska -- Visiting the doctor's office you can expect two things: paperwork and a wait time.

But a new record system might do away with one of those two things. Doctors say it's a wonder offices still use paper charts.

"If this were the banking industry or any other industry we would be bankrupt," Dr. Tom Nighswander said.



... to this, a computerized database. (Daniel Hernandez/KTUU-TV)

The Alaska eHealth Network is designing a system to exchange medical records. The network would allow you and your doctor to access your medical information anywhere.

"The No. 1 reason is for patient safety," said Rebecca Madison director of the Alaska eHealth Network. "You've probably heard horror stories (about people) who had drug interactions or have tests done by mistake just because there's not a way to transfer records."

Rebecca Madison director of the Alaska eHealth Network (Daniel Hernandez/KTUU-TV)

The network won't have a central database where patient information is stored. All the data will be in your doctor's office and will stay there, but offices will share the information through a network.

"It's less time consuming as far as the time it takes to make a chart," said Yanira Williams, a doctor's office administrator.

Patients have raised concerns about privacy. They are worried someone could potentially hack the system or get into private records.

Dr. Jerome List (Daniel Hernandez/KTUU-TV)

"A lot of people are nervous about their stuff being scanned into the system, so they are a little bit hesitant about identity theft," Williams said.

Some doctors say paper databases aren't necessarily safer.

"Paper charts have just always been messy and difficult to organize, difficult to gather information from, easy to lose," Dr. Jerome List said.

Electronic records could replace the bulk of paper records, and a patient has full control over who accesses their health records.

Electronic records work kind of like an ATM -- the information you see on the screen isn't transmitted and can't be pulled up by someone else after it's closed.

You might go home or to the office and look at your bank statement online -- the same applies for the e-network. You can look up your information at any time to see who last touched the record.

"You can see who actually looked at your record for how long and for what purpose," Nighswander said.

The e-network is voluntary, so it's up to you whether you want to be on the system, and if so who you'll allow access to your records.

Some doctors have already switched to electronic records, but they said it wasn't easy.

"Early on document scanning was very difficult," List said. "Scanning did not get saved and so on and so forth, so yes, I had some bumps along the road to show for it."

The goal now is to exchange those records between offices, probably two years down the road.

A move toward electronic record keepers will eliminate jobs in doctors' offices. The eHealth Network says the system would cut jobs but would also cut other costs like the mailing of records.

They say that savings would pass along to patients.

The e-network says it needs $20 million to finish the system. Some of the state's stimulus money could go toward the project.

Contact Ashton Goodell at agoodell@ktuu.com

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March 1, 2009

UNBOXED

How to Make Electronic Medical Records a Reality

By STEVE LOHR

IN the world of technology, inventors are hailed as heroes. Yet it is more subtle forms of innovation that typically determine the impact of a technology in the marketplace and on society. Clever engineering, smart business models and favorable economics are the key ingredients of widespread adoption and commercial success.

History abounds with evidence. For years, much of what was known as "Yankee ingenuity" was, in fact, the American ability to pursue commercial applications of British inventions, from the Bessemer steel process to the jet engine. Even in computing, which we regard as made-in-America technology, the first stored-program computer, simple programming language and reusable code were pioneered in Britain.

But, of course, computer technology and the industry really flowered in the United States. That happened in no small part because the federal government nurtured the market with heavy investment, mainly by the Defense Department, and by choosing standards, like the Cobol programming language.

Today, Washington is about to embark on another ambitious government-guided effort to jump-start a market — in electronic health records. The program provides a textbook look at the economic and engineering challenges of technology adoption.

In its economic recovery package, the Obama administration plans to spend $19 billion to accelerate the use of computerized medical records in doctors' offices. Medical experts agree that electronic patient records, when used wisely, can help curb costs and improve care.

The proof is seen in large medical groups, with hundreds or thousands of physicians. They sift, sort and analyze the data from digital records, for example, to better manage the health of patients with costly, chronic conditions like diabetes and heart disease. These larger groups have the scale to invest in information technology, and they are often insurers as well as providers, so they benefit directly from the cost savings.

Yet these large groups are the exceptions in American health care. Three-fourths of the nation's doctors practice in small offices, with 10 doctors or fewer. For most of them, an investment in digital health records looks like a cost for which they are not reimbursed.

It is scarcely surprising, then, that only about 17 percent of the nation's physicians are using computerized patient records, according to a government-sponsored survey published last year in The New England Journal of Medicine.

"This is really not a technology problem," observed Erik Brynjolfsson, an economist at the Sloan School of Management at the Massachusetts Institute of Technology. "It's a matter of incentives and market failure."

That market failure is a principal target of the Obama administration's plan. A main feature of the legislation calls for incentive payments of more than $40,000 spread over a few years for a physician who buys and uses electronic health records. But the technology is just a tool, one that needs to be used properly to improve health care.

So the legislation states that physicians will be paid only for the "meaningful use" of digital records. The government has not yet defined that term precisely. While the long-term goal is better health for patients, that can take years to measure. Consequently, many health experts predict that the meaningful use will be a requirement to collect and report measurements that can be closely correlated with improved health. Examples would be data for blood glucose, cholesterol and blood pressure levels for diabetes patients.

The legislation, health experts say, seems thoughtfully put together, but the obstacles to success will be daunting. "What's underappreciated is the implementation challenge," said Dr. Blackford Middleton, chairman of the Center for Information Technology Leadership, a research arm of Partners Healthcare in Boston.

A crucial bridge to success, according to experts, will be how local organizations help doctors in small offices adopt and use electronic records. The new legislation calls for creation of "regional health I.T. extension centers." In a letter to the White House and Congress last month, Dr. Middleton and 50 other experts emphasized the importance of these centers and pointed to the Primary Care Information Project in New York City as a model.

The New York project's brief history, beginning two years ago with $27 million in financing, offers a glimpse of the challenges of wiring small physician practices. The New York team, headed by Dr. Farzad Mostashari, an assistant commissioner in the city's health department, started by bringing in decision-support experts in medicine to study how doctors work, so the technology would be easier to use. Team members considered writing their own software for simple, Web-based electronic health records, but abandoned that idea once they understood that patient records would have to be tightly linked to billing — a physician's financial lifeblood.

The project's 50-member staff provides centralized technical support and education for doctors and others. "There's no way small practices can effectively implement electronic health records on their own," Dr. Mostashari said. "This is not the iPhone."

The staff worked closely with its software supplier, eClinicalWorks, to tweak and tailor the system. They began rolling out the records a little more than a year ago. They are now used by more than 1,000 physicians, mainly in poorer neighborhoods, whose workplaces include two hospital outpatient clinics, 10 community health centers, 150 small group physician practices and one women's jail, serving a total of one million patients. The rollout is progressing, and the government plan promises to accelerate adoption.

"Our experience here is that it's just hard," Dr. Mostashari said. "It's not impossible."

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DEPARTMENT OF VETERANS AFFAIRS
Alaska VA Healthcare System and Regional Office
2925 DeBarr Road
Anchorage, Alaska 99508-9998

March 4, 2009

In Reply Refer To: 463/00

Senator Joe Paskvan
State Capitol
Juneau, Alaska

Subject: Alaska e-Health Network

Dear Senator Paskvan:

I recently read with interest Senate Bill #133 that advocates creating a statewide electronic health information exchange system. The Alaska Veteran Affairs Healthcare System is a strong advocate of such a system. The VA has had an electronic medical record since the 1980's and has seen the benefits of improving quality patient care and safety, reducing healthcare costs, coordinating care and improving emergency services. Increasing the ability to exchange information with private sector providers would further enhance these benefits for Alaska veterans.

The Alaska VA Healthcare System has a strong relationship with providers throughout Alaska. Last year the Alaska VA purchased approximately $40m of healthcare services from hospitals, clinics and doctor's offices throughout the state. Allowing instantaneous exchange of vital information can do nothing but improve the quality of care for Alaskans. Reducing duplication of tests, x-rays, medications and procedures would surely drive down costs for everyone. We are excited about the possibilities of a statewide network. As such, I am a member of the Board of the Alaska e-Health Network to assure federal providers are included as a stakeholder in any system developed in our state.

The Alaska VA Healthcare System seeks the same solutions as you do. We would be glad to work with all parties to assure such a system is comprehensive in its scope.

Good Luck in your efforts.

Sincerely,

Alex Spector
Director
Alaska VA Healthcare System

Alaska State Medical Association

4107 Laurel Street • Anchorage, Alaska 99508 • (907) 562-0304 • (907) 561-2063 (fax)

March 17, 2009

Honorable Joe Paskvan
Alaska State Senate
Capitol, Room 7
Juneau, Alaska

RE: SB 133 – Electronic Health Information Exchange System

Dear Senator Paskvan:

The Alaska State Medical Association (ASMA) represents physicians statewide and is primarily concerned with the health of all Alaskans.

We in Alaska need the ability to electronically transmit patient health information securely and flawlessly between the various facilities and health care professionals involved in the treatment process. The transfer of such information in a uniform manner is important in providing the best care for our injured or ill citizens. Additionally, this system also needs to mesh with similar systems outside of Alaska as well. This facilitates the timely and best care for patients in Alaska who reside elsewhere in the United States and Alaskan patients who require care while in another state.

ASMA has been engaged as a stake holder in this process for sometime being represented by Dr Jerome List, an ASMA past president. He currently is on the board of Alaska e-Health Network. Additionally, ASMA was one of the founders of the Alaska Electronic Health Record Alliance and is represented on its board by Dr. List and Jim Jordan, ASMA Executive Director. This entity is engaged in developing pilot programs to get electronic health records deployed in the office of solo or small number physician practices. It needs the uniform interoperability to maximize patient care through the ability to send and receive health information involving all in the care of a patient.

ASMA supports SB 133 and urges its passage.

Sincerely,

Thomas J Vasileff

By: Thomas Vasileff, MD, President
For: The Alaska State Medical Association

PREMERA | BLUE CROSS BLUE SHIELD OF ALASKA

3/9/09

Senator Joe Paskvan
State Capitol
Juneau, Alaska 99801
Fax: (907) 465-4714

Re: SB 133

Dear Senator Paskvan:

Premera Blue Cross Blue Shield of Alaska is pleased to offer this letter of support for Senate Bill No.133. Benefits to Alaskans will be significant. Health information exchange networks have been successful in improving patient care and safety, reducing healthcare costs and enhancing emergency response to public health emergencies.

A non-profit organization which is independent, widely representative of the major stakeholders, and operates transparently is crucial to the success of this effort. We feel this is necessary to win and maintain the trust of Alaskans. Your bill truly meets these important criteria.

Premera feels a deep commitment to improving the health and welfare of the citizens of Alaska while creating efficiencies in the health care system. This organization is willing to work with other stakeholders to seek out best practices and solutions for a statewide healthcare network infrastructure enabling the secure exchange of health care data.

Premera supports this plan. Healthcare organizations in Alaska have a track record of working together with other health care leaders in Alaska to improve health services for our patients. We see this as a next logical step toward improving health care delivery and outcomes throughout Alaska.

Thank you, Senator Paskvan, for supporting this important legislation.

Sincerely,

Barbara B. Russell

Barbara B. Russell, CLU
Vice President, Alaska Sales
Premera Blue Cross Blue Shield of Alaska

2550 Denali Street
Suite 1404
Anchorage, AK 99503

tel 907.258.5065
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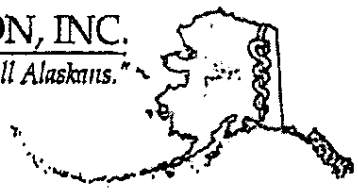

March 6, 2009

Senator Joe Paskvan
State Capitol
Juneau, Alaska 99801
Fax: (907) 465-4714

Re: Alaska e-Health Network Appropriation Request

Dear Senator Paskvan:

The Alaska Primary Care Association (APCA) is pleased to offer this letter of support for Senate Bill No.133. Irrefutable research shows that health information exchange (HIE) networks are successful in improving patient care and safety, reducing healthcare costs and enhancing emergency response to public health emergencies. Thus, there is no question that benefits to Alaskans as a result of this bill will be significant.

APCA holds a deep commitment to improving the health and welfare of the citizens of Alaska while creating efficiencies in the health care system. APCA's mission, purpose and programs revolve around increasing access to primary care for all Alaskans. APCA is committed to working with other stakeholders to seek out best practices and solutions for a statewide healthcare network infrastructure enabling the secure exchange of health care data, as it will help our constituents (Alaska's community health centers and other safety net providers) in providing quality health care more effectively.

Healthcare organizations in Alaska have a track record of working together with other leaders and stakeholders here to improve health services for our patients. APCA sees this plan for the continued development of an HIE as a next logical step toward improving health care delivery and outcomes throughout Alaska.

Thank you, Senator Paskvan, for supporting this important legislation.

Sincerely,

Marilyn Walsh Kasmar, RNC, MBA
Executive Director.

Phone 907-929-2722 Fax 907-929-2734 www.alaskapca.org alaskapca@alaskapca.org
905 West Northern Lights Blvd. Suite 200 Anchorage AK 99503-2460

Alaska Ear Nose & Throat, Inc.

Jerome List, DDS, MD

3841 Piper Street
Suite T4-348
Anchorage, Alaska 99508

Tel: (907) 261-3096
Fax: (907) 261-3094

March 3, 2009

Senator Joe Paskvan
State Capitol
Juneau, Alaska 99801
Fax: (907) 465-4714

Re: Alaska e-Health Network appropriation request

Dear Senator Paskvan:

Alaska Ear Nose & Throat, Inc. is pleased to offer this letter of support for Senate Bill No.133. Benefits to Alaskans will be significant. Health information exchange networks have been successful in improving patient care and safety, reducing healthcare costs and enhancing emergency response to public health emergencies.

A non-profit organization which is independent, widely representative of the major stakeholders, and operates transparently is crucial to the success of this effort. We feel this is necessary to win and maintain the trust of Alaskans. Your bill truly meets these important criteria.

Alaska Ear Nose & Throat, Inc. feels a deep commitment to improving the health and welfare of the citizens of Alaska while creating efficiencies in the health care system. This organization is willing to work with other stakeholders to seek out best practices and solutions for a statewide healthcare network infrastructure enabling the secure exchange of health care data.

With the geography in Alaska, exchange of medical information is critical. Telemedicine has been a huge cost savings to the Native Health System not to mention numerous other benefits. We need to expand our interconnectivity to allow exchange of medical data among all Health Care Providers for all patients when appropriate & needed.

Alaska Ear Nose & Throat, Inc. supports this plan. Healthcare organizations in Alaska have a track record of working together with other health care leaders in Alaska to improve health services for our patients. We see this as a next logical step toward improving health care delivery and outcomes throughout Alaska.

Thank you, Senator Paskvan, for supporting this important legislation.

Sincerely,

Barbara Stare for
Jerome List, DDS, MD

Bristol Bay Area
Health Corporation
6000 Kanakanak Road
P.O. Box 130
Dillingham, AK 99576
(907) 842-5201
800-478-5201
FAX (907) 842-9354

Bristol Bay Area Health Corporation is a tribal organization representing 34 villages in Southwest Alaska:

- Aleknagik
- Chignik Bay
- Chignik Lagoon
- Chignik Lake
- Clark's Point
- Dillingham
- Egegik
- Ekuk
- Ekwok
- Goodnews Bay
- Igiugig
- Iliamna
- Ivanof Bay
- Kanatak
- King Salmon
- Knugank
- Kokhanok
- Koliganek
- Levelock
- Manokotak
- Naknek
- New Stuyehok
- Newhalen
- Nondalton
- Pedro Bay
- Perryville
- Pilot Point
- Platinum
- Port Heiden
- Portage Creek
- South Naknek
- Togiak
- Twin Hills
- Ugashik

To promote health with competence, a caring attitude &

March 16, 2009

To Whom It May Concern:

The Bristol Bay Area Health Corporation (BBAHC) has begun implementation of a Electronic Health Records EHR system at our Kanakanak Hospital and hopes to secure additional funding to do so with our 28 village clinics.

It is our hope that we can electronically communicate our EHR's and receives EHR's from all patients using our system and other health facilities throughout the state and elsewhere.

With our different system's we need a way to all talk to each other.
We are excited about the possibility of SB No. 133 "An Act creating a statewide electronic health information exchange systems; and providing for an effective date. By senators PASKVAN, Davis introduced on 3.2.09.

We are members of several statewide groups who are supportive of an HIE as proposed, as we have seen how well it works in the lower 48.

This should be a high priority of the state and is an area that President Obama's stimulus package supports.

Thank you for you support.

Robert J. Clark
President/CEO

426 Main Street
Juneau, AK 99801
907-586-1790

March 4, 2009

The Honorable Joe Paskvan
Alaska State Senator
State Capitol
Juneau, Alaska 99801

Re: SB 133 and the Alaska e-Health Network (AeHN) Budget Request

Dear Senator Paskvan:

The Alaska State Hospital & Nursing Home Association (ASHNHA) is pleased to offer this letter of support for Senate Bill No.133. ASHNHA has been – and is – a long standing and strong supporter of the efforts of the AeHN. Indeed, I have seat on the newly formed board of directors for the AeHN, in part as a reflection of the Association's keen interest in this important project, but primarily because ASHNHA's members believe that the benefits to Alaskans from the outcome of the AeHN initiative will be significant. Health information exchange (HIE) networks in other parts of the country have been successful in improving not only the quality of patient care but patient safety, as well. As a result, HIE's contribute to reducing healthcare costs while enhancing emergency response to public health emergencies.

The AeHN is an independent, non-profit organization with representative of the major stakeholders within Alaska concerned for the development and provider and patient utilization of important health information technologies (HIT). In this day of heightened concern for the speed at which digital information is spinning out across the Internet, the purposeful and transparent actions and activities of the AeHN are viewed by ASHNHA as crucial to the success of this statewide effort to bring unity of purpose to this important cost-effective, public safety program. The AeHN Board of Directors feels strongly that it must conduct its business in the full view of the public in order to win and maintain the trust of Alaskans. Your bill truly ensures these important criteria.

ASHNHA and its individual members feel a deep and demonstrative commitment to improving the health and welfare of the citizens of Alaska, while also recognizing citizen call for the creation of more efficiencies within the health care system.

Our organization is most willing to work with other healthcare related stakeholders to seek out best practices and solutions as we move forward together to create a statewide healthcare network infrastructure enabling the secure exchange of personal health care data.

ASHNHA whole heartedly supports the approach outlined in SB 133. Healthcare organizations in Alaska have a track record of working together with other health care leaders in Alaska to improve health services for our patients. We see this legislation, its goals and intents, as the next logical step toward improving health care delivery and outcomes throughout Alaska.

Thank you, Senator Paskvan, for sponsoring this important legislation.

Respectfully,

Rod Betit

Rod Betit
President and Chief Executive Officer
Alaska State Hospital & Nursing Home Association

cc: Rebecca Madison

DORSEY
DORSEY & WHITNEY LLP

CAROLYN Y. HEYMAN-LAYNE
(907) 257-7670
FAX (907) 276-4152
heyman.carolyn@dorsey.com

March 9, 2009

VIA FACSIMILE

Senator Joe Paskvan
State Capitol
Juneau, Alaska 99801
Fax: (907) 465-4714

Re: SB 133

Dear Senator Paskvan:

As a mother and a health care lawyer, I am writing in support of Senate Bill No.133. Health information exchange networks can be a great tool to improve healthcare and increase the efficiency and safety of health care services. In addition, they can assist in reducing healthcare costs and eliminating redundant services. As a mother, I want to make sure my daughter can receive the best health care with the least amount of pain or discomfort. As a health lawyer, I want to make sure clients can provide services quickly and in compliance with all laws and regulations. An independent non-profit organization representing the major stakeholders would help to facilitate these goals and is an important step towards a complete health care system. Senate Bill No. 133 is a major part of this goal.

Everyday, I encourage clients to adopt electronic health records and help them figure out the privacy and security of those records. Most clients are ready and willing to support health information exchange, if they know there will be support available and the infrastructure to make their efforts worthwhile. They also want to know that there are local laws that address and encourage the exchange of health information, so they can show patients that these efforts are backed by more than just a computer company selling a program, or a healthcare organization pushing its own agenda. This bill would be one step in the building blocks that form a health information exchange network.

Even with my daily interaction with health care providers, I did not realize how difficult coordination of records would be without an electronic health record and health information network until I had a baby. My daughter was born over a year ago, was happy and healthy, and yet we are still working out the bills and services provided during her birth. I can only imagine the difficulty that we would have had if she were not healthy and happy. By coordinating records and services electronically, and by helping families avoid redundant tests and paperwork, a health information exchange network can make it easier for parents to cope with a loved one's illness.

I strongly support this plan. Healthcare organizations in Alaska have a track record of working together with other health care leaders in Alaska to improve health services for patients – I see this happening everyday. This bill is the next logical step toward improving health care delivery and outcomes throughout Alaska.

DORSEY

Thank you, Senator Paskvan, for supporting this important legislation.

Sincerely,

DORSEY & WHITNEY LLP

Carolyn Heyman-Layne

Carolyn Y. Heyman-Layne

cc: R. Madison (via email)

Alaska Native Tribal Health Consortium

Administration · 4000 Ambassador Drive · Anchorage, Alaska 99508 · Phone: (907) 729-1900 · Fax: (907) 729-1901 · www.anthc.org

March 10, 2009

Senator Joe Paskvan
Alaska State Capitol
Juneau, Alaska 99801

RE: Endorsement of SB133: Alaska Health Information Exchange

Dear Senator Paskvan:

The Alaska Native Tribal Health Consortium (ANTHC) hereby expresses our support for your introduction of SB133 for consideration by the Alaska State Legislature.

For the past two years our organization has been the managing partner for the development of the Alaska e-Health Network, organized to create a health information exchange serving all residents of the State of Alaska. Like most Americans, Alaskans receive medical care services from multiple providers, and the availability of an electronic network allowing rapid transfer of medical data will significantly improve medical care wherever patients seek services. We have been encouraged that all of the major health care provider organizations in Alaska are aligned and working together in support of development of such a network.

Our organization is making a significant investment in the process of transferring all of our paper medical records to electronic medical records. When this process is complete, the Alaska e-Health Network will allow us to exchange our records with other participating health care providers both within the Alaska Tribal Health System and with other governmental and private health care providers who also see our patients.

National research, and the experience of health information exchanges developed in the lower-48 states, have demonstrated that full deployment of interoperable electronic health records save the health care system nearly 5% of total annual costs, improve patient safety through reduction of medical errors, and improve the coordination of patient care.

The Alaska e-Health Network will ensure that patient privacy is protected and enhanced through the availability of a secure, encrypted network that is HIPAA compliant.

ANTHC urges the State of Alaska to take a leadership role in deploying health information exchange for Alaskans through passage of SB133 as enabling legislation, through a capital contribution to the development of the Network, and through a proportionate contribution for the long-term operations of the Network. The State will realize savings as a health care provider, as an employer, and as a major payor for health care services for Alaskans.

Please let me know how ANTHC can assist further in supporting your initiative.

Sincerely,

Don Kashevaroff
Chief Executive Officer
Alaska Native Tribal Health Consortium

cc: Governor Sarah Palin
Commissioner William Hogan, DHSS
Paul Sherry, Alaska e-Health Network

AARP Alaska
3601 C Street
Suite 1420
Anchorage, AK 99503

T 1-866-227-7447
F 907-341-2270
TTY 1-877-434-7598
www.aarp.org/ak

March 6, 2009

The Honorable Joe Paskvan
Member of the Senate
Alaska State Capitol, Room 7
Juneau, AK 99801-1182

RE: SB 133 (Paskvan)—Support

Dear Senator Paskvan:

On behalf of the 97,000 members of AARP in Alaska, we are pleased to support SB 133, authored by you and co-sponsored by Senator Davis.

AARP has been collaborating with a group of organizations and medical leaders for several years to determine how Alaska can develop electronic medical record systems in medical offices and an electronic health record exchange network to connect clinics, hospitals, labs, pharmacies, insurers, the State of Alaska and other related health and medical providers that need to have quick access to accurate records.

SB 133 will establish an electronic health information exchange system.

AARP strongly supports this effort.

We believe electronic medical records will save overall costs as well as significantly reduce medical errors. In addition, electronic medical records will also lead to the more effective use of personal health records to increase consumers' engagement in their health care. Electronic records can take advantage of technology to facilitate patient education and self-management, permit secure messaging reminders, allow patients to maintain diaries, eg., of pain, symptoms and side effects, and to obtain prescription refills, schedule medical appointments online, and track medical test results. Ideally these personal health records will be connected to the electronic medical record system.

Even if all an electronic health information exchange accomplished was a reduction in medical errors, that goal alone is worth pursuing in Alaska.

Some proponents of setting up such an exchange system believe such a network could be the biggest advance in medicine since the discovery of penicillin. A network like this in Alaska has the potential to save hundreds, if not thousands, of lives and save millions of

dollars by eliminating duplicate tests, shortening hospital stays, improving care for chronically ill patients, and guaranteeing accurate prescribing.

The collaboration on this issue that we have already witnessed in Alaska gives us confidence that the system will work and work well. Some of our "best and brightest" are committed to accomplishing this for Alaska citizens and health consumers.

AARP members, more than any other age group, are consumers of health care. We believe SB 133 is in the best interests of our members as well as their families.

AARP is pleased to lend our strong support to SB 133.

Should you have any questions about our position, please feel free to contact me (586-3637) or Patrick Luby, AARP Advocacy Director (907-762-3314).

Thank you for your consideration.

Sincerely,

Marie Darlin

Marie Darlin, Coordinator
AARP Capital City Task Force
415 Willoughby Avenue, Apt. 506
Juneau, AK 99801
586-3637 (voice)
463-3580 (fax)

CC: Senator Bettye Davis
Patrick Luby

STATE OF ALASKA

DEPT. OF HEALTH & SOCIAL SERVICES

Alaska Commission on Aging

SARAH PALIN, GOVERNOR

P.O. BOX 110693
JUNEAU, ALASKA 99811-0693
PHONE: (907) 465-3250
FAX: (907) 465-1398

April 6, 2009

The Honorable Lyman Hoffman, Co-Chair
The Honorable Bert Stedman, Co-Chair
Senate Finance Committee
Alaska State Capitol, Rooms 518 and 516
Juneau, AK 99801-1182

RECEIVED
APR - 7 2009

Subject: Support for SB 133

Dear Chair Hoffman and Chair Stedman:

The Alaska Commission on Aging (ACoA) respectfully asks for your support of SB 133, a bill to establish a statewide electronic health information exchange system that would modernize the current paper-based system and allow health care providers quick access to patient health care records, reducing medical errors and enhancing cost effectiveness. This legislation is authored by Senator Joe Paskvan and co-sponsored by Senator Bettye Davis.

The benefits of an electronic heath care information exchange system are significant and would contribute substantially to the State's goals to improve safety, cost effectiveness, and quality of health care in Alaska. An electronic information exchange system provides the means for individual Alaskans to have their own personal health records accessible to all health care providers so that providers can make medical decisions in a timely and secure manner in the location where medical services are delivered. The electronic exchange system will support telemedicine services including the transfer of high resolution images for patient care and video conferencing between providers and between providers and patients which are particularly important for patients living in rural Alaskan communities. SB 133 also provides for the implementation of a secure infrastructure that follows federal standards and requires patient consent to insure maximum protection of patient confidentiality and their medical records.

For older Alaskans, an electronic health information system will help to enhance the management of chronic diseases and improve health outcomes by increasing the availability of complete patient health information to ensure appropriate care and use of evidence-based health care services. An electronic health information system can also help to facilitate patient education in self-management of health conditions and potentially provide a means for personal health records to be connected to the electronic medical record system – including prescription records, lab results, schedules of medical appointments, and patient diaries of reported symptoms, side effects related to medicine, and other related information.

ACoA is pleased to support SB 133 and appreciates your consideration of this bill. We believe that an electronic health care information system will serve all Alaskans well, including older Alaskans who are among the largest consumers of health care services. Please feel free to contact Denise Daniello, ACoA's executive director (465-4879), should you have any questions regarding our position or request assistance from our office. Thank you for your consideration of support for this important legislation.

Sincerely,

Sharon Howerton-Clark
Chair, Alaska Commission on Aging

CC: Senator Johnny Ellis
Senator Charlie Huggins

Sincerely,

Denise Daniello
ACoA Executive Director

CC: Senator Donald Olson
Senator Joe Thomas

AARP Alaska
3601 C Street
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Anchorage, AK 99503

T 1-866-227-7447
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TTY 1-877-434-7598
www.aarp.org/ak

RECEIVED
APR - 7 2009

April 6, 2009

The Honorable Lyman Hoffman, Co-Chair
Senate Finance Committee
Alaska State Capitol, Room 518
Juneau, AK 99801-1182

The Honorable Bert Stedman, Co-Chair
Senate Finance Committee
Alaska State Capitol, Room 516
Juneau, AK 99801-1182

RE: SB 133 (Paskvan)—Support

Dear Co-Chairs Hoffman and Stedman:

On behalf of the members of AARP in Alaska, we encourage you and your colleagues on the Senate Finance Committee to support SB 133, authored by Senator Joe Paskvan and co-sponsored by Senator Bettye Davis.

AARP has been collaborating with a group of organizations and medical leaders for several years to determine how Alaska can develop electronic medical record systems in medical offices and an electronic health record exchange network to connect clinics, hospitals, labs, pharmacies, insurers, the State of Alaska and other related health and medical providers that need to have quick access to accurate records.

SB 133 will establish an electronic health information exchange system.

AARP strongly supports this effort.

We believe electronic medical records will save overall costs as well as significantly reduce medical errors. In addition, electronic medical records will also lead to the more effective use of personal health records to increase consumers' engagement in their health care. Electronic records can take advantage of technology to facilitate patient education and self-management, permit secure messaging reminders, allow patients to maintain diaries, eg., of pain, symptoms and side effects, and to obtain prescription refills, schedule medical appointments online, and track medical test results. Ideally these personal health records will be connected to the electronic medical record system.

Even if all an electronic health information exchange accomplished was a reduction in medical errors, that goal alone is worth pursuing in Alaska.

Some proponents of setting up such an exchange system believe such a network could be the biggest advance in medicine since the discovery of penicillin. A network like this in Alaska has the potential to save hundreds, if not thousands, of lives and save millions of dollars by eliminating duplicate tests, shortening hospital stays, improving care for chronically ill patients, and guaranteeing accurate prescribing.

The collaboration on this issue that we have already witnessed in Alaska gives us confidence that the system will work and work well. Some of our "best and brightest" are committed to accomplishing this for Alaska citizens and health consumers.

AARP members, more than any other age group, are consumers of health care. We believe SB 133 is in the best interests of our members as well as their families.

AARP is pleased to lend our strong support to SB 133.

Should you have any questions about our position, please feel free to contact me (586-3637) or Patrick Luby, AARP Advocacy Director (907-762-3314).

Thank you for your consideration.

Sincerely,

Marie Darlin

Marie Darlin, Coordinator
AARP Capital City Task Force
415 Willoughby Avenue, Apt. 506
Juneau, AK 99801
586-3637 (voice)
463-3580 (fax)

CC: Senator Charlie Huggins
Senator Donald Olson
Senator Joe Thomas
Senator Johnny Ellis
Senator Joe Paskvan

SB 139

<target><bill>SB 139</bill><subject>SB 139</subject><comm>SFIN26</comm></target>

ALASKA STATE LEGISLATURE

SENATOR DONALD C. OLSON

SENATOR ALBERT KOOKESH
SENATOR JOE THOMAS
SENATOR HOLLIS FRENCH
SENATOR LINDA MENARD

ALASKA STATE CAPITOL
ROOM 514
JUNEAU, AK, 99801-1182
(907) 465-3877
FAX: (907) 465-4821

Senate Bill 139 – Incentives for Certain Medical Providers

Version 26-LS0503\E

SPONSOR STATEMENT

Alaska is facing a serious shortage of healthcare practitioners, especially in the rural areas of our state, and it is projected to worsen significantly in the next few decades. Senate Bill 139 is intended to address this issue by establishing a program to immediately begin filling the vacant healthcare practitioner positions throughout the state.

This legislation will establish a loan repayment and incentive program in the Department of Health and Social Services. The program is designed to attract healthcare practitioners to Alaska. Currently, the WWAMI program serves a similar purpose by giving WWAMI medical students the option of paying off a portion of their loans by staying in Alaska to practice for a specified number of years. Last year, the number of WWAMI seats was increased from 10 to 20, and this year, SB 18 aims to raise that number to 24. However, expanding the WWAMI program only ensures that we have more healthcare practitioners in future years, as WWAMI participants must complete their education before they can begin their service. Therefore, it is not the immediate solution that we need. SB 139 would be an effective way to fill this gap in the very near future, and would attract healthcare practitioners from all areas of country, rather than just from the WWAMI participating states.

Senate Bill 139 will provide loan repayments and incentives for up to 90 applicants per year in 10 different health care occupations. Sixty of the slots will be reserved for "regular" site positions, which can be located anywhere in the state. Thirty of the slots will be reserved for "very-hard-to-fill" positions, which can be located only in areas that are designated by the

Commissioner of Health and Social Services. Priority will be given to sites that treat patients who are uninsured and who have medical assistance or Medicare coverage. The amount of monetary incentive will vary with each slot, according to location and the category of healthcare provided. Prioritized Tier 1 slots are designated according to the relative need in the state, and will include physicians, pharmacists and dentists. A slot in this tier has incentives of up to $35,000 per year for three years at a regular site, and up to $47,000 per year for three years at a very-hard-to-fill site. Tier 2 slots are also designated according to the relative need in the state, and will include dental hygienists, registered nurses, certified nurse practitioners, physician assistants, physical therapists, clinical psychologists, and clinical social workers holding at least a master's degree in social work. A slot in this tier has incentives of up to $20,000 per year for three years at a regular site, and up to $27,000 per year for three years at a very-hard-to-fill site.

It is critical that we promptly address Alaska's healthcare shortages in order to ensure that all Alaskans have adequate access to medical care. SB 139 helps us to save and improve the lives of our constituents by allowing us to provide for those who cannot wait until tomorrow to get the care that they need today.

SENATE FINANCE COMMITTEE REPORT

DATE: 4/7/09

FURTHER:

DATE TURNED
IN TO OFFICE: _____

Finance Committee considered SENATE BILL NO. 139

SB 139 INCENTIVES FOR CERTAIN MEDICAL PROVIDERS

"An Act establishing a loan repayment program and employment incentive program for certain health care professionals employed in the state; and providing for an effective date."

and recommends:

[✓] be **replaced** with [ ] **SCS** or [✓] **CS** SB139 (FIN)

[ ] adopt **previous** [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] attached amendment(s)

[ ] adopt _____ Letter of Intent

[ ] further referral to _____ Committee

SENATE BILL:
[ ] Same Title
[✓] New Title

HOUSE BILL:
[ ] Same Title
[ ] Technical Title Change
[ ] New Title w/ SCR #_____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
HSS	4/10/10	✓			

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

[ ] **APPROPRIATION - no fiscal note**

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	Huggins	X			
	Thomas	✓			
	Kelly	✓			
	Olson	X			
	Ellis	X			
CO-CHAIR:	Hoffman	✓			
CO-CHAIR:	Stedman	✓			

3787

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: **CSSB139(FIN)**
() Publish Date:

Identifier (file name): SB139CS(FIN)-04-10-10
Dept. Affected: Health & Social Services

Title: Incentives for certain Medical Providers
RDU: Health Care Services
Component: Medical Assistance Administration

Sponsor: Olson

Requester: Senate Finance
Component Number: 242

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services	89.3		89.3	89.3	89.3	89.3	89.3
Travel	6.0		6.0	6.0	6.0	6.0	6.0
Contractual	2,742.4		2,742.4	2,742.4	2,742.4	2,742.4	2,742.4
Supplies	2.0		2.0	2.0	2.0	2.0	2.0
Equipment	7.6						
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**2,847.3**	**0.0**	**2,839.7**	**2,839.7**	**2,839.7**	**2,839.7**	**2,839.7**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match	2,036.3		2,036.3	2,036.2	2,036.2	2,036.2	2,036.2
1004 GF	132.3		124.7	124.7	124.7	124.7	124.7
1005 GF/Program Receipts	678.7		678.7	678.8	678.8	678.8	678.8
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**2,847.3**	**0.0**	**2,839.7**	**2,839.7**	**2,839.7**	**2,839.7**	**2,839.7**

Estimate of any current year (FY2010) cost:

POSITIONS

Full-time	**1.0**		**1.0**	**1.0**	**1.0**	**1.0**	**1.0**
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

CS for SB 139(FIN) creates a cash incentive program for eligible health professionals engaged in qualified employment. The intent of the legislation is to "address the worsening shortage of certain health care professionals in the state by increasing the number and
improving the distribution of health care professionals who provide direct patient care."

Division of Health Care Services estimates that it will need a total of 1 FTE to fully administer the employment incentive programs.

(continued on next page)

Prepared by: William J. Streur, Deputy Commissioner
Phone (907) 269-7827
Division: DHSS Health Care Services
Date/Time 4/10/10 1:00 PM

Approved by: Alison Elgee, Assistant Commissioner
Date 4/10/2010
DHSS Finance & Management Services

ANALYSIS CONTINUATION

Health Care Professions Incentive Program

The Division assumes it will need $2,715.0 for practitioner incentive payments in FY2011. Maximum payments established for cash incentive are: $35.0 annually for tier I health care professionals employed in "regular" positions; $47.0 annually for tier I health care professionals employed in "very hard-to-fill" positions; $20.0 annually for tier II health care professionals employed in "regular" positions; and $27.0 annually for tier II health care professionals employed in "very hard-to-fill" positions. The need for $2,715.0 in FY2011 assumes the following:

Tier I 27 Practitioners $1,161.0 (assumes 9 participants from each of 3 types comprising tier I at $387.0 for each type)
Tier II 63 Practitioners $1,554.0 (assumes 9 participants from each of 7 types comprising tier II at $222.0 for each type)
Total 90 Practitioners $2,715.0

The Division assumes the employing entities will provide 25% of the $2,715.0 as contributing match as specified in HB392. Therefore, the expected GF match is $2,036.3 The match for the employing entities is $678.7.

Incentive payments are available to professionals for up to 3 years of qualified employment with a lifetime maximum participation of six years in the direct incentives program by a tier I or tier II health care professional. The total number of participants in the program may not exceed 90 participants annually, regardless of whether the participant is a new or continuing participant.

On the fiscal note, the payments for practitioners will be paid from the contractual line:

Item	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016
Practitioner Payments	$2,715.0	$2,715.0	$2,715.0	$2,715.0	$2,715.0	$2,715.0
Evaluation Contract	$ 18.0	$ 18.0	$ 18.0	$ 18.0	$ 18.0	$ 18.0
Staff Contractual Costs	$ 9.4	$ 9.4	$ 9.4	$ 9.4	$ 9.4	$ 9.4
Total:	$2,742.4	$2,742.4	$2,742.4	$2,742.4	$2,742.4	$2,742.4

Administrative Costs
1 Health Program Manager II, $89.3 (includes fringe benefits). Assumes $9.4 per FTE annually for office space, phones, and other contractual costs; $2.6 one time costs per FTE for computers and software; $5.0 one time costs per FTE for office equipment; $2.0 per FTE annually for supplies; $6.0 per year for travel; $18.0 each year for a program evaluation contract.

Health Program Manager II.
This position will serve as lead program manager for the employment incentive program and will: establish procedures for the commissioner's designation and prioritization of sites eligible for participation in the program, develop the application process for participation in the program for sites and professionals, develop and disseminate public information and notices pertinent to the program, lead the development of the methodology and procedures for classifying each eligible site as having either regular or very hard-to-fill positions, prepare annual reports that document the successes and challenges of the program, facilitate the creation of and ongoing work of the advisory committee, and establish procedures and manage the employer contribution portion of the program.

Adopted 4/11/10

26-LS0503\U
Mischel
4/9/10

CS FOR SENATE BILL NO. 139( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): SENATORS OLSON, Wielechowski, Meyer, Davis, French, Kookesh, Paskvan, Egan

A BILL

FOR AN ACT ENTITLED

"An Act establishing an employment incentive program for certain health care professionals employed in the state; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** AS 18 is amended by adding a new chapter to read:

Chapter 29. Health Care Professions Incentive Program.

Sec. 18.29.010. Legislative findings and intent. (a) The legislature finds that

(1) the state is facing a serious shortage of health care practitioners and the shortage is projected to worsen;

(2) the state is one of few states that does not offer direct incentives to attract trained primary care providers to the state;

(3) the villages and towns in rural areas of the state are experiencing the greatest shortage of health care practitioners.

(b) The incentive payments provided under this chapter are intended to ensure that residents throughout the state, including recipients of medical assistance and

Medicare, have access to health care and that residents of rural areas of the state, in particular, experience improved access to health care services.

Sec. 18.29.015. Health care professions incentive program; purpose; advisory body. (a) The health care professions incentive program is established in the department for the purpose of addressing the worsening shortage of certain health care professionals in the state by increasing the number and improving the distribution of health care professionals who provide direct patient care.

(b) The program established under this section must include

(1) direct incentives paid under AS 18.29.020;

(2) procedures for the commissioner's designation and prioritization of sites eligible for participation in the program;

(3) an application process for participation in the program as

(A) an eligible site; or

(B) a tier I or tier II health care professional;

(4) the dissemination of public information and notices pertinent to the program;

(5) classification by the commissioner of each eligible site as having either regular or very hard-to-fill positions, or both;

(6) a lifetime maximum period of six years for participation in the program by a tier I or tier II health care professional; and

(7) annual program evaluations and reports.

(c) The program shall be administered by the commissioner in consultation with an advisory body appointed by the commissioner. The advisory body is made up of members with health care expertise, including expertise in economic issues affecting the hiring and retention of health care professionals in the state. Members of the advisory body serve at the pleasure of the commissioner to provide recommendations for and oversight and evaluation of all aspects of the program. The commissioner shall accept a recommendation of the advisory body on a matter pertaining to the identification and monitoring of areas of shortages, eligible sites, payment priorities, or evaluation of the program, unless the commissioner finds, in writing, that the recommendation cannot be financially or otherwise supported by the

department.

Sec. 18.29.020. Direct incentives. (a) The department shall provide direct incentives in the form of quarterly cash payments to eligible tier I and tier II health care professionals engaged in qualified employment. The department may not make an incentive payment

(1) before the employment period begins;

(2) for a period of qualified employment of less than three months; or

(3) under a contract term that is less than one calendar quarter.

(b) Payments made under this section may not exceed

(1) $35,000 annually for a tier I health care professional employed in a regular position;

(2) $47,000 annually for a tier I health care professional employed in a very hard-to-fill position;

(3) $20,000 annually for a tier II health care professional employed in a regular position; or

(4) $27,000 annually for a tier II health care professional employed in a very hard-to-fill position.

(c) The commissioner shall calculate the annual incentive payment amount by multiplying the annual maximum payment under (b) of this section by the percentage of full-time-equivalent employment for each of not more than three years of qualified employment less a matching payment amount as determined under (d) of this section.

(d) An employer or other entity that employs an eligible tier I or tier II health care professional at an eligible site shall make nonrefundable quarterly matching payments to the department. The payments must be in an amount that is

(1) not more than half of the annual incentive payment made under (c) of this section, as determined by the commissioner; and

(2) based on the employer's or entity's ability to pay, as determined by the commissioner, in consultation with the program advisory body.

(e) A payment made under (d) of this section shall be combined with the payment made to the professional by the department.

Sec. 18.29.025. Number of participants. (a) The number of participants to

whom the commissioner may provide a direct payment under the program established under AS 18.29.015 may not exceed 90 participants annually as described in (b) of this section, regardless of whether the participant is a new or continuing participant.

(b) The commissioner shall reserve sufficient funding for not fewer than three positions in each of the 10 tier I and tier II health care professions in very hard-to-fill positions at an eligible site.

Sec. 18.29.030. Eligibility and priority. (a) To be eligible for a direct incentive payment under AS 18.29.020, an individual shall

(1) submit an application on a form approved by the commissioner;

(2) be engaged in qualified employment at an eligible site;

(3) be licensed as a tier I or tier II health care professional in the state within 90 days after the first day of employment;

(4) meet a priority for payment established under (b) of this section; and

(5) meet other criteria established by the commissioner.

(b) The commissioner shall establish priorities for payment of an incentive under the program based on the recommendations of the program advisory body and the availability of funding. The commissioner shall prioritize eligible sites based on the remoteness of the site and the percentage of patients treated at the site who

(1) are uninsured;

(2) have or are eligible for medical assistance or Medicare coverage; or

(3) have or are eligible for other federal health program benefits.

(c) After June 30, 2017, the commissioner shall discontinue the approval of new applicants under the program and provide incentives to eligible participants who were approved previously and are continuing participants.

Sec. 18.29.099. Definitions. In AS 18.29.010 - 18.29.099,

(1) "commissioner" means the commissioner of health and social services;

(2) "department" means the Department of Health and Social Services;

(3) "eligible site" means a service area or health care facility that the commissioner has designated as located in a health care services shortage area based

on a needs assessment and employment statistics for qualified tier I or tier II health care professionals;

(4) "program" means the health care professions incentive program;

(5) "qualified employment" means employment of a tier I or tier II health care professional at an eligible site at which the health care professional is hired and paid to work

(A) in a full-time or not less than half-time position;

(B) for a contract term that is not less than three years; and

(C) not less than 50 percent time on direct patient health care services;

(6) "tier I health care professional" means a dentist, pharmacist, or physician;

(7) "tier II health care professional" means a dental hygienist, registered nurse, certified nurse practitioner, physician assistant, physical therapist, clinical psychologist, or clinical social worker holding at least a master's degree in social work.

*** Sec. 2.** The uncodified law of the State of Alaska is amended by adding a new section to read:

HEALTH CARE INCENTIVE PROGRAM; REPORT. On or before January 1, 2019, the Department of Health and Social Services shall prepare and submit a report to the legislature that describes the participation rates, costs, and the effect on health care profession shortage areas, as designated by the commissioner, of the health care profession incentive program established under AS 18.29.015.

*** Sec. 3.** AS 18.29.010, 18.29.015, 18.29.020, 18.29.025, 18.29.030, and 18.29.099, added by sec. 1 of this Act, are repealed June 30, 2019.

*** Sec. 4.** This Act takes effect immediately under AS 01.10.070(c).

adopted 3/31/10 Replaced 4/11/10

CS FOR SENATE BILL NO. 139( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): SENATORS OLSON, Wielechowski, Meyer, Davis, French, Kookesh, Paskvan, Egan

A BILL

FOR AN ACT ENTITLED

"An Act establishing a loan repayment program and employment incentive program for certain health care professionals employed in the state; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** AS 14.43 is amended by adding new sections to read:

Article 8A. Health Care Professions Loan Repayment.

Sec. 14.43.430. Loan repayment; purpose. (a) The commission shall repay a portion of education loans made by the state to eligible tier I and tier II health care professionals under the health care professions loan repayment and employment incentive program established in AS 18.29.010 and the loan repayment procedures established under this section.

(b) The Department of Health and Social Services shall administer the health care professions loan repayment program under AS 18.29.010 - 18.29.099. The commission shall act as a disbursing agent in carrying out the provisions of

AS 14.43.430 - 14.43.449.

(c) Loan repayments under this section shall be made with funds appropriated by the legislature for that purpose. The loan repayments made under this section do not constitute a financial obligation of the corporation.

Sec. 14.43.435. Eligibility. To be eligible for loan repayment under AS 14.43.430, an individual must

(1) meet eligibility and priority criteria established under AS 18.29.030;

(2) have an unpaid balance on one or more education loans made by the state and verified by the commission; and

(3) meet other criteria established by the commission.

Sec. 14.43.440. Conditions and limitations on loan payments. (a) A loan repayment under AS 14.43.430 - 14.43.449 shall be in an amount not to exceed 33.3 percent of the unpaid loan balance existing in the first year of program participation, multiplied by the percentage of full time equivalent employment for each of up to three years of qualified employment less a matching loan or incentive amount from an employer or other entity as determined under AS 18.29.020.

(b) The commission shall make a loan repayment under this section in quarterly installments payable to the lending institution. A loan repayment made under this section may not exceed the annual benefit amounts established under AS 18.29.020(b). The commission may not make a loan repayment installment for an employment period of less than one calendar quarter.

(c) A loan or interest on a loan is not eligible for repayment under this section if the loan or interest is eligible for repayment from another source, including another loan repayment or forgiveness program or an employer-sponsored repayment program.

Sec. 14.43.449. Definitions. In AS 14.43.430 - 14.43.449,

(1) "qualified employment" has the meaning given in AS 18.29.099;

(2) "tier I health care professional" means a dentist, pharmacist, or physician;

(3) "tier II health care professional" means a dental hygienist,

registered nurse, certified nurse practitioner, physician assistant, physical therapist, clinical psychologist, or clinical social worker holding at least a master's degree in social work.

* **Sec. 2.** AS 18 is amended by adding a new chapter to read:

Chapter 29. Health Care Professions Loan Repayment and Incentive Program.

Sec. 18.29.010. Health care professions loan repayment and incentive program; purpose; advisory body. (a) The health care professions loan repayment and incentive program is established in the department for the purpose of addressing the worsening shortage of certain health care professionals in the state by increasing the number and improving the distribution of health care professionals who provide direct patient care.

(b) The program established under this section must include

(1) loan repayments made under AS 14.43.430 - 14.43.449;

(2) direct incentives paid under AS 18.29.020;

(3) procedures for the commissioner's designation and prioritization of sites eligible for participation in the program;

(4) an application process for participation in the program as

(A) an eligible site; or

(B) a tier I or tier II health care professional;

(5) the dissemination of public information and notices pertinent to the program;

(6) classification by the commissioner of each eligible site as having either regular or very hard-to-fill positions, or both;

(7) a lifetime maximum period of six years for participation in the loan repayment and direct incentive aspects of the program by a tier I or tier II health care professional; and

(8) annual program evaluations and reports.

(c) Except as provided under AS 14.43.430, the program shall be administered by the commissioner in consultation with an advisory body appointed by the commissioner. The advisory body is made up of members with health care expertise, including expertise in economic issues affecting the hiring and retention of health care

professionals in the state. Members of the advisory body serve at the pleasure of the commissioner to provide recommendations for and oversight and evaluation of all aspects of the program. The commissioner shall accept a recommendation of the advisory body on a matter pertaining to the identification and monitoring of areas of shortages, eligible sites, payment priorities, or evaluation of the program, unless the commissioner finds, in writing, that the recommendation cannot be financially or otherwise supported by the department.

Sec. 18.29.020. Direct incentives. (a) The department shall provide direct incentives in the form of quarterly cash payments to eligible tier I and tier II health care professionals engaged in qualified employment. The department may not make an incentive payment

(1) before the employment period begins;

(2) for a period of qualified employment of less than three months; or

(3) under a contract term that is less than one calendar quarter.

(b) Payments made under this section, when combined with a loan repayment amount paid under AS 14.43.440, if any, may not exceed

(1) $35,000 annually for a tier I health care professional employed in a regular position;

(2) $47,000 annually for a tier I health care professional employed in a very hard-to-fill position;

(3) $20,000 annually for a tier II health care professional employed in a regular position; or

(4) $27,000 annually for a tier II health care professional employed in a very hard-to-fill position.

(c) The commissioner shall calculate the annual incentive payment amount by multiplying the annual maximum payment under (b) of this section by the percentage of full time equivalent employment for each of not more than three years of qualified employment less a matching payment amount as determined under (d) of this section and loan repayment amount, if any, under AS 14.43.440.

(d) An employer or other entity that employs an eligible tier I or tier II health care professional at an eligible site shall make nonrefundable quarterly matching

payments to the department. The payments must be in an amount that is

(1) not more than half of the combined annual incentive payment made under (c) of this section and the loan repayment amount paid under AS 14.43.440(a), as determined by the commissioner; and

(2) based on the employer's or entity's ability to pay, as determined by the commissioner, in consultation with the program advisory body.

(e) A payment made under (d) of this section shall be combined with the payment made to the professional by the department.

Sec. 18.29.025. Number of participants. (a) The number of participants to whom the commissioner may provide a direct payment, loan repayment, or both under the program established under AS 18.29.010 may not exceed 90 participants annually as described in (b) of this section, regardless of whether the participant is a new or continuing participant.

(b) The commissioner shall provide direct incentive payments, loan repayments, or both, to not fewer than three participants employed in very hard-to-fill positions at an eligible site in each of the 10 tier I and tier II health care professions.

Sec. 18.29.030. Eligibility and priority. (a) To be eligible for a direct incentive payment under AS 18.29.020, an individual shall

(1) submit an application on a form approved by the commissioner;

(2) be engaged in qualified employment;

(3) be licensed as a tier I or tier II health care professional in the state within 90 days after the first day of employment;

(4) meet a priority for payment established under (b) of this section; and

(5) meet other criteria established by the commissioner.

(b) The commissioner shall establish priorities for payment of a loan and incentive under the program based on the recommendations of the program advisory body and the availability of funding. The commissioner shall prioritize eligible sites based on the percentage of patients treated at the site who

(1) are uninsured;

(2) have or are eligible for medical assistance or Medicare coverage; or

(3) have or are eligible for other federal health program benefits.

Sec. 18.29.099. Definitions. In AS 18.29.010 - 18.29.099,

(1) "commissioner" means the commissioner of health and social services;

(2) "department" means the Department of Health and Social Services;

(3) "eligible site" means a service area or health care facility that the commissioner has designated as located in a health care services shortage area based on a needs assessment and employment statistics for qualified tier I or tier II health care professionals;

(4) "program" means the health care professions loan repayment and incentive program;

(5) "qualified employment" means employment of a tier I or tier II health care professional at an eligible site at which the health care professional is hired and paid to work

(A) in a full-time or not less than half-time position;

(B) for a contract term that is not less than three years; and

(C) not less than 50 percent time on direct patient health care services;

(6) "tier I health care professional" means a dentist, pharmacist, or physician;

(7) "tier II health care professional" means a dental hygienist, registered nurse, certified nurse practitioner, physician assistant, physical therapist, clinical psychologist, or clinical social worker holding at least a master's degree in social work.

*** Sec. 3.** This Act takes effect immediately under AS 01.10.070(c).

Denied 3/31/10

ALASKA STATE LEGISLATURE

SENATOR DONALD C. OLSON

ALASKA
STATE CAPITOL
ROOM 508
JUNEAU, ALASKA 99801-1182

(907) 465-3707
FAX (907) 465-4821

Explanation of Changes Contained in CS for SB 139

This CS makes two changes to version "C".

- Language was added to page 1, line 8 to limit the loan repayments to only those loans held by the State of Alaska. It simply means that loan repayments for loans held by other states, the federal government or other entities are not offered. This is expected to make the implementation simpler and less administratively burdensome. Please note that it does nothing to change that all participants, including those with student loans held by the State of Alaska, are still eligible for the direct incentive provided they meet the criteria outlined in 18.29.020.

- A new section was added, Section 18.29.025 found on page 5, to limit the number of participants to 90 per year regardless of whether it is a new or continuing participant; and to allocate the slots between regular and very-hard-to-fill locations to ensure some slots are reserved for those very-hard-to-fill locations.

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM March 17, 2009

SUBJECT: Sectional Summary (SB 139; Work Order No. 26-LS0503\E)

TO: Senator Donald Olson
Attn: Kendri Cesar

FROM: Jean M. Mischel
Legislative Counsel

You have requested a sectional summary of the above-described bill.

As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

Section 1. Requires the Alaska Commission on Postsecondary Education to repay education loans made to health care professionals, as defined, under eligibility criteria established in sec. 2. Specifies that the loan repayment obligation is not a financial obligation of the corporation. Provides for quarterly payments based on the fulfillment of qualified employment at eligible sites located in the state.

Section 2. Establishes the health care professions loan repayment and incentive program in the Department of Health and Social Services for the purpose of addressing a shortage of certain health care professionals in the state and for improving the distribution of those professionals. Requires the commissioner of health and social services to administer the program, to designate and prioritize eligible employment sites, and to monitor the program in consultation with an advisory body established under this section. Provides for maximum combined loan repayment and employment incentives base on the type of employment.

Section 3. Provides for an immediate effective date for the bill.

JMM:ljw
09-162.ljw

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: **CSSB139 (FIN)**
() Publish Date:

Identifier (file name): CSSB139(FIN)-EED-ACPE-03-31-10
Dept. Affected: Education
Title: An Act establishing a loan repayment program and employment incentive program for certain health care...
RDU: ACPE
Component: Program Administration and Operations
Sponsor: Senator Donald Olson
Requester: (S)Finance
Component Number: 2738

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							
FUND SOURCE		(Thousands of Dollars)					
1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2010) cost:

POSITIONS							
Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

As currently amended, this legislation will require the Alaska Commission on Postsecondary Education (ACPE) to receive and apply loan repayment benefits for participants in a health care provider loan repayment and direct incentive program. The Department of Health and Social Services (HSS) is the primary administrative agency. Given ACPE's minimal involvement, there is no related fiscal impact to the agency.

Prepared by: Diane Barrans, Executive Director — Phone 465-6740
Division: Alaska Commission on Postsecondary Education — Date/Time 3/31/10 Noon
Approved by: Diane Barrans, Executive Director — Date 3/31/2010
Alaska Commission on Postsecondary Education

(Revised 11/6/2009 OMB)

3803

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: **CSSB139**
() Publish Date:

Identifier (file name): CSSB139-EED-ACPE-03-30-10
Dept. Affected: Education
Title: An Act establishing a loan repayment program and employment
RDU: ACPE
Component: Program Administration and Operations
Sponsor: Senator Donald Olson
Requester: (S) Finance
Component Number: 2738

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2010) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This legislation will require the Alaska Commission on Postsecondary Education (ACPE) to serve as disbursing agent for a loan repayment program for certain health care professionals employed in the state. As drafted, the Department of Health and Social Services (HSS) is the primary administrative agency. Based on HSS estimates of the number of individuals participating in the program, it will be of sufficient size that ACPE, in order to mitigate the need for manual processing and related personal services expenses, will need to procure services to develop a program database to ensure program benefits are paid out in compliance with program statutes and ensure accurate annual reporting of benefits paid to the Internal Revenue Service. We estimate the one-time contractual costs would be $35 thousand and will be included in the HSS fiscal note associated for this bill. Due to the anticipated functionality of the database, including the ability to electronicaly share files between HSS and ACPE, no additional staffing will be needed to provide these fiscal agent services in support of the loan repayment program

Prepared by: Diane Barrans, Executive Director — Phone 465-6740
Division: Alaska Commission on Postsecondary Education — Date/Time 3/30/10 3:30 PM
Approved by: Diane Barrans, Executive Director — Date 3/30/2010
Alaska Commission on Postsecondary Education

(Revised 10/13/2009 OMB)

3804

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: CSSB139(HSS)
() Publish Date:

Identifier (file name): SB139CS(HSS)-DHSS-MAA-03-29-10
Dept. Affected: Health & Social Services

Title: Incentives for Certain Medical Providers
RDU: Health Care Services
Component: Medical Assistance Administration

Sponsor: Olson, Wielechowski, Meyer, Davis

Requester: Senate HSS
Component Number: 242

Expenditures/Revenue (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITU	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services	89.3		89.3	89.3	89.3	89.3	89.3
Travel	6.0		6.0	6.0	6.0	6.0	6.0
Contractual	2,777.4		2,742.4	2,742.4	2,742.4	2,742.4	2,742.4
Supplies	2.0		2.0	2.0	2.0	2.0	2.0
Equipment	7.6						
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**2,882.3**	**0.0**	**2,839.7**	**2,839.7**	**2,839.7**	**2,839.7**	**2,839.7**
CAPITAL EXPENDITURE							
CHANGE IN REVENUES							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match	2,036.3		2,036.3	2,036.2	2,036.2	2,036.2	2,036.2
1004 GF	167.3		124.7	124.7	124.7	124.7	124.7
1005 GF/Program Receipt	678.7		678.7	678.8	678.8	678.8	678.8
1037 GF/Mental Health							
Other Interagency Receipt							
TOTAL	**2,882.3**	**0.0**	**2,839.7**	**2,839.7**	**2,839.7**	**2,839.7**	**2,839.7**

Estimate of any current year (FY2010) cc

POSITIONS

Full-time	1.0		1	1	1	1	1
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if neces*

SB 139 creates a loan repayment program for identified health professional occupations and provides for cash incentives for eligible health professionals engaged in qualified employment. The intent of the legislation is to "address the worsening shortage of certain health care professionals in the state by increasing the number and improving the distribution of health care professionals who provide direct patient care."

Division of Health Care Services estimates that it will need a total of 1 FTE to fully administer the loan repayment and employment incentive programs.

(continued on next page)

Prepared by: William J. Streur, Deputy Commissioner
Phone (907) 334-2520
Division: DHSS Health Care Services
Date/Time: 3/5/10 12:00 AM

Approved by: Alison Elgee, Assistant Commissioner
Date: 3/29/2010
DHSS Finance & Management Services

(Revised 11/6/2009 OMB)

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

BILL NO. CSSB139(HSS)

ANALYSIS CONTINUATION

Health Care Professions Loan Repayment & Incentive Program

The Division assumes it will need $2,715.0 for practitioner payments in FY2011. This funding will be used for either practitioner payments as cash incentives, or payments to lender institutions for loan repayments, or there can be a combination of the two types of payments. Maximum payments established for any combination of loan repayment and cash incentive are: $35.0 annually for tier I health care professionals employed in "regular" positions; $47.0 annually for tier I health care professionals employed in "very hard-to-fill" positions; $20.0 annually for tier II health care professionals employed in "regular" positions; and $27.0 annually for tier II health care professionals employed in "very hard-to-fill" positions. The need for $2,715.0 in FY2011 assumes the following:

Tier I	27 Practitioners	$1,161.0	(assumes 9 participants from each of 3 types comprising tier I at $387.0 for each type)
Tier II	63 Practitioners	$1,554.0	(assumes 9 participants from each of 7 types comprising tier II at $222.0 for each type)
Total	90 Practitioners	$2,715.0	

The Division assumes the employing entities will provide 25% of the $2,715.0 as contributing match as specified in SB139. Therefore, the expected GF match is $2,036.3 The match for the employing entities is $678.7.

Incentive payments are available to professionals for up to 3 years of qualified employment with a lifetime maximum participation of six years in the loan repayment and direct incentives aspects of the program by a tier I or tier II health care professional. The total number of participants in the program may not exceed 90 participants annually, regardless of whether the participant is a new or continuing participant.

On the fiscal note, the payments for practitioners will be paid from the contractual line:

Item	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016
Practitioner Payments	$2,715.0	$2,715.0	$2,715.0	$2,715.0	$2,715.0	$2,715.0
Evaluation Contract	$ 18.0	$ 18.0	$ 18.0	$ 18.0	$ 18.0	$ 18.0
Staff Contractual Costs	$ 9.4	$ 9.4	$ 9.4	$ 9.4	$ 9.4	$ 9.4
ACPE Software	$ 35.0	$	$	$	$	$
Total:	$2,777.4	$2,742.4	$2,742.4	$2,742.4	$2,742.4	$2,742.4

Administrative Costs
1 Health Program Manager II, $89.3 (includes fringe benefits). Assumes $9.4 per FTE annually for office space, phones, and other contractual costs; $2.6 one time costs per FTE for computers and software; $5.0 one time costs per FTE for office equipment; $2.0 per FTE annually for supplies; $6.0 per year for travel; $18.0 each year for a program evaluation contract.

Health Program Manager II.
This position will serve as lead program manager for the loan repayment and employment incentive program and will: establish procedures for the commissioner's designation and prioritization of sites eligible for participation in the program, develop the application process for participation in the program for sites and professionals, develop and disseminate public information and notices pertinent to the program, lead the development of the methodology and procedures for classifying each eligible site as having either regular or very hard-to-fill positions, prepare annual reports that document the successes and challenges of the program, facilitate the creation of and ongoing work of the advisory committee, and establish procedures and manage the employer contribution portion of the program.

Assumes one time costs of $35.0 for contractual services/software development for Alaska Commission on Postsecondary Education (ACPE).

ACPE will facilitate the disbursement of the loan repayment benefit. It will not be the budgetary agency for requesting and receiving the funds. After HCS selects program participants, ACPE will verify the existence of their qualifying education debt, and, on a periodic basis, transmit the appropriate benefit amount to the individual's lender.

STATE OF ALASKA

DEPT. OF HEALTH AND SOCIAL SERVICES
OFFICE OF THE COMMISSIONER

SARAH PALIN, GOVERNOR

P.O. BOX 110601
JUNEAU, ALASKA 99811-0601
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MEMORANDUM

DATE: April 1, 2009

TO: Senator Joe Paskvan
Senator Bettye Davis, Chair Senate Health & Social Services Committee
Senator Donald Olson

FROM: Commissioner Bill Hogan

SUBJECT: Questions regarding SB 139

Administration response to questions posed by Senator Paskvan during the 3/25/2009 Senate HSS hearing on SB 139

Question 1. I understand the administration does not support this bill. Does the administration recognize the need for attracting health care workers, or is the administration rejecting recognition of the need?

Response:
Yes, the administration recognizes the need for recruiting and retaining health care workers. The Alaska Dept. of Health and Social Services (DHSS) provided statements during the 3/25/2009 Senate HSS hearing that the department has prepared documents and conducted projects that recognize health care workforce shortages and strategies to resolve these shortages. Specifically, the department referenced the Physician Supply Task Force Report that was prepared in 2006, which was staffed by DHSS and funded by the University of Alaska. This report includes documentation of need for additional physicians as well as recommended strategies, such as loan repayment (p. 55), for addressing these shortages.

In addition, DHSS is working with the Alaska Mental Health Trust Authority and the University of Alaska to address shortages in the social services workforce (including behavioral health, developmental disabilities, senior services, etc.). In addition, DHSS, along with the Alaska Dental Action Coalition, is undertaking various needs assessments and developing strategies to address the oral health workforce shortages. DHSS has also participated in an analysis of health care workforce recruitment efforts across Alaska. DHSS has participated in researching and documenting strategies that are effective in attracting and retaining health care professionals, such as loan repayment and direct incentives (http://hss.state.ak.us/dph/Healthplanning/publications).

Finally, DHSS prepares health professional shortage area (HPSA) applications on behalf of communities/boroughs and submits them to U.S. Department of Health and Human Services Health Resources and Services Administration. Designation of a borough as a health professional

shortage area allows providers in that area to apply for National Health Service Corps loan repayment.

Question 2. Does the administration oppose the bill because it wants to reject certain fields as covered under the bills? Is there the recognition that some fields should be supported, and is there some lesser number of positions the administration would support? Or is it that, despite any recognition of need, the administration opposes spending the money?

Response: The administration's opposition to SB139 is not related to rejection of certain professional fields covered under the bill. The concerns of the administration are related to the fiscal note and the funding that would be required to place 90 professionals.

The department assumed 90 positions when developing the fiscal note in order to make a substantial impact on the workforce shortages. SB 139 cites the level of funding provided to each type of professional. The bill does not identify the number of professionals to be funded each year. Thus, the bill allows for placement of fewer than 90 professionals per year if the annual funding for the loan repayment and employment incentive program were made at a lesser total amount.

At this point, the administration cannot commit to supporting a loan repayment program, even for a reduced number of loans. Because of current economic conditions, the administration has recently introduced two other bills, SB 140 and HB 172, that would allow the Department of Revenue to enter into a bond purchase agreement and take other measures necessary to avoid a disruption in education loan services provided by the Alaska Student Loan Corporation. These measures are necessary to ensure the viability of the ASLC, and take precedence over creating additional obligations.

Mat-Su Health Foundation Resolution to Support Health Care Professions Loan Repayment & Incentive Program for Alaska

WHEREAS the Mat-Su Health Foundation's mission is to enhance the health of Alaskans living in Mat-Su, where health is in part determined by access to primary, behavioral, and dental care and preventive services;

WHEREAS an adequate healthcare workforce is necessary to provide this access, and according to the *2005-2015 Mat-Su Borough Health Plan*, Mat-Su has an "inadequate number of providers to meet the demands of a growing population" in both the core area and the outlying rural areas of the borough;[i]

WHEREAS Mat-Su is designated a Medically-Underserved Area/Population by the U.S. Health Resources and Services Administration and has sub-regions designated Primary Care Health Professional Shortage Area, Mental Health Professional Shortage Area, and Dental Care Health Professional Shortage Area;[ii]

WHEREAS the Mat-Su Borough is the fastest growing area of Alaska, growing from 5,188 in 1960 to 82,515 in 2008 due to both positive birth and in-migration rates; and the AK Department of Labor projects that all Mat-Su age groups will continue to grow through 2020;[iii]

WHEREAS the Mat-Su Borough is experiencing one of the highest rates of population growth in the state among senior citizens, who use the healthcare system disproportionately more than any other age group; and the Alaska Commission on Aging reports Mat-Su's senior growth rate at 11.6%, which includes a net gain from a senior in-migration rate that is almost double its senior out-migration rate;[iv]

WHEREAS the Alaska Health Care Commission has designated Medicare-access as one of its six focus areas; and the University of Alaska Anchorage Institute of Social and Economic Research has reported that access to primary care for Medicare beneficiaries is problematic in Mat-Su, where data reveals that only 57.7% of Mat-Su primary care physicians will see new Medicare patients;[v]

WHEREAS the Mat-Su Health Foundation believes that an investment in the education of Mat-Su residents will help to build the healthcare workforce of the future and an engaged citizenship with a higher capacity to address the health-related challenges impacting Mat-Su and Alaska; and to this end has offered scholarships to help defray the cost of higher education and encourage Mat-Su residents to complete a degree or certificate program that emphasizes health and/or wellness; but also recognizes that more needs to be done to bolster the healthcare workforce in Mat-Su and Alaska;

WHEREAS Mat-Su Regional Medical Center has spent $6,238,438 on contract labor over the last five years on temporary health professionals from outside the state to fill current needs;

WHEREAS Alaska is competing with other states for the finite pool of available health care professionals; and over 40 states currently offer Support-for-Service Programs (SFSPs) that have influenced health professionals' geographic and specialty distributions;

WHEREAS national studies have determined loan repayment and incentive programs to be two of the most effective strategies in terms of both recruitment and retention;[vi]

WHEREAS without this incentive, it will be challenging for Alaska to compete for medical and health professionals, especially to work in rural areas;

BE IT THEREFORE RESOLVED that the Mat-Su Health Foundation promotes and advocates for the establishment of the Health Care Professions Loan Repayment & Employment Incentive Program to bring more qualified medical professionals to Alaska and will advocate for the necessary authorizing and fiduciary legislation.

***Approved by the Mat-Su Health Foundation Board of Directors on* January 18, 2010.**

Deborah J. Prator

Deborah Prator, President

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[i] 2005-2015 Mat-Su Borough Health Plan. Information Insights. January 2006. http://www.matsugov.us/planning/index.php?option=com_content&view=article&id=69:mayors-blue-ribbon-taskforce-on-forming-a-health-and-social-service-board&catid=29:health-and-human-services-board&Itemid=20147#.

[ii] U.S. Department of Human Services, Health Resources and Service Administration. Health Professional Shortage Area. http://datawarehouse.hrsa.gov/GeoAdvisor/shortagedesignationadvisor.aspx.

[iii] Matanuska-Susitna Borough. Alaska Department of Labor, Division of Research & Analysis. http://laborstats.alaska.gov/cgi/databrowsing/localAreaProfileQSResults.asp?geogArea=0204000170&population+census+data=Population&B1=View+Report.

[iv] Alaska State Plan for Senior Services FY2008-FY2011. Alaska Commission on Aging. June 2007. http://www.hss.state.ak.us/acoa/documents/statePlanFinalFY08_FY11.pdf.

[v] How Hard Is It for Alaska's Medicare Patients to Find Family Doctors? University of Alaska Anchorage Institute of Social and Economic Research. UA Research Summary No. 14. March 2009. http://www.hss.state.ak.us/healthcommission/200905/iser_doctors.pdf

[vi] Health Care Professions Loan Repayment Program Concept Proposal. Pat Carr, Chief Health Planning & Systems Development, Alaska DHSS. September 11, 2007. http://www.hss.state.ak.us/primarycare/assets/loan-proposal.pdf.

Alaska State Legislature

Please enter into the record my testimony to the Senate Finance
committee name

Committee on SB 139, dated 3-31-10
bill # / subject — public hearing date

Dear Senators,

I am writing you with my concern regarding the omission of Licensed Professional Counselors (LPCs) in SB 139.
This is an important bill which I would support, with the inclusion of LPCs. Licensed Professional Counselors provide many of the front line direct mental/behavioral health services to the people of Alaska. We help to fulfill the realization of the vision of the Alaska Mental Health Act (Title 47) in serving to fill the mental/behavioral health vacuum throughout Alaska. To meet the needs that you seek to address, it is necessary to include LPCs in this legislation.
My colleagues and I, ask you to make this small but important addition to this important piece of legislation.

Sincerely,

J.R. Myers, LPC
President
Kenai Peninsula Counselors Association

3811

Outcomes of States' Scholarship, Loan Repayment, and Related Programs for Physicians

Donald E. Pathman, MD, MPH,† Thomas R. Konrad, PhD,* Tonya S. King, PhD,‡ Donald H. Taylor, Jr., PhD,§ and Gary G. Koch, PhD‖*

Context: Many states attempt to entice young generalist physicians into rural and medically underserved areas with financial support-for-service programs—scholarships, service-option loans, loan repayment, direct financial incentives, and resident support programs—with little documentation of their effectiveness.

Objective: The objective of this study was to assess outcomes of states' support-for-service programs as a group and to compare outcomes of the 5 program types.

Design: We conducted a cross-sectional, primarily descriptive study.

Participants: We studied all 69 state programs operating in 1996 that provided financial support to medical students, residents, and practicing physicians in exchange for a period of service in underserved areas; federally funded initiatives were excluded. We also surveyed 434 generalist physicians who served in 29 of these state programs and a matched comparison group of 723 nonobligated young generalist physicians.

Data Collection: Information on eligible programs was collected by telephone, mail questionnaires, and from secondary sources. Obligated and nonobligated physicians were surveyed, with 80.3% and 72.8% response rates, respectively.

Main Outcome Measures: Levels of socioeconomic need of communities and patients served by physicians, programs' participant service completion and retention rates, and physicians' satisfaction levels.

Results: Compared with young nonobligated generalists, physicians serving obligations to state programs practiced in demonstrably needier areas and cared for more patients insured under Medicaid and uninsured (48.5% vs. 28.5%, $P < 0.001$). Service completion rates were uniformly high for loan repayment, direct incentive, and resident-support programs (93% combined) but lower for student-targeting service-option loan (mean, 44.7%) and scholarship (mean, 66.5%) programs. State-obligated physicians were more satisfied than nonobligated physicians, and 9 of 10 indicated that they would enroll in their programs again. Obligated physicians also remained longer in their practices than nonobligated physicians ($P = 0.03$), with respective group retention rates of 71% versus 61% at 4 years and 55% versus 52% at 8 years. Retention rates were highest for loan repayment, direct incentive, and loan programs.

Conclusions: States' support-for-service programs bring physicians to needy communities where a strong majority work happily and with at-risk patient populations; half stay over 8 years. Loan repayment and direct financial incentive programs demonstrate the broadest successes.

Key Words: physicians, health services access, rural health, primary care, student loans and scholarships, loan repayment, state health policy

(*Med Care* 2004;42: 560–568)

■ *It is one of the happy incidents of the federal system that a single courageous State may, if its citizens choose, serve as a laboratory; and try novel social and economic experiments without risk to the rest of the country.—"Louis Brandeis*
Supreme Court of the United States
New State Ice Co. v. Liebmann, *1932; dissenting opinion*[1]

States and federal agencies frequently use service-requiring scholarships, loans, loan repayment, and related incentives to entice physicians into medically underserved settings.[2–4] As of 1996, 40 states offered 69 such physician-obligating programs, the federal National Health Service Corps (NHSC) and Indian Health Service (IHS)-sponsored scholarship and loan repayment initiatives,[5] and the NHSC and states jointly sponsored an additional 29 loan repayment programs. Service-requiring programs collectively wield a sizable workforce, estimated at 2900 physicians in 1996, half each under state and federal auspices.[5]

The 5 recognized program types—scholarships, service-option loans, loan repayment, direct financial incentives,

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ISSN: 0025-7079/04/4206-0560
DOI: 10.1097/01.mlr.0000128003.81622.ef

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and resident support[5]—share fundamental goals and an approach that links financial support to periods of service; however, these program variations differ in important ways. *Scholarship programs* obligate medical students early in their training and many years before they are to serve their obligations. Participants in scholarship programs are firmly expected to provide service, and hefty penalties are used to discourage participants from buying out their obligations should their career interests change. *Service-option loan programs* also target medical students but offer participants a choice of performing service or repaying program funds at standard interest rates.

Loan repayment and *direct financial incentive programs* commit physicians much later, near the completion of residency training when their service is to begin. They typically levy no or minimal penalties on physicians who fail to complete a period of service. With loan repayment programs, physicians receive assistance repaying traditional education loans they acquired years earlier as students, whereas financial incentive programs provide unrestricted funds.

The newest programs, the *resident support* type, respond to the growing financial pressures on residents[6] with assistance in the form of scholarships, loan repayment, and direct financial incentives. Service is required and begins 1 to 2 years after a commitment is signed, at the end of residency.

Over the decades much has been said, with little supporting evidence, about the outcomes of these programs as a group and the relative strengths of the individual program types. It is generally believed, for example, that physicians in support-for-service programs are less satisfied and remain in their practices briefer than physicians without obligations. Many observers believe that stiff penalties are required to curtail otherwise high buyout rates, especially in programs that obligate individuals years in advance of service.[7] Others worry, however, that high penalties trap some participants in ill-suited commitments who are then unhappy as they serve and unlikely to be retained.[8–10] Proponents of loan repayment and direct incentive programs believe satisfaction and retention are better when physicians sign commitments after their training when they know their career interests, job options, and families' needs.[11] Scholarship defenders counter that only captive scholarship recipients can be drawn to the most desperately underserved communities because they are so unattractive.[12]

Few studies have assessed the outcomes of support-for-service programs, like the rates at which their practitioners complete their obligations with service and their practitioners' satisfaction and retention. Programs do not often undertake self-evaluations and those that do seldom have comparative data on other programs.[2,13] States and federal agencies regularly add, drop, and modify their programs without firm evidence of their effectiveness.[14–17]

This study has 2 primary goals: 1) to assess outcomes of states' support-for-service programs as a group, and 2) to compare outcomes for the 5 program types. We assess program outcomes we believe are important to underserved communities, physicians, and policymakers: the levels of socioeconomic need of communities and patients served by participating physicians, participant service completion and retention rates, and satisfaction levels of participants and their families. We also test the assumptions that 1) higher buyout penalties increase the proportion of physicians who fulfill their obligations with service but at a cost of lower physician satisfaction and poorer retention, and 2) scholarship programs bring physicians into the neediest communities.

METHODS

Identifying Eligible State Programs

We identified all state support-for-service physician programs nationally as of 1996[5] by supplementing previous lists of relevant programs[3,18,19] with information from telephone calls to key contacts in every state and from available online sources and printed materials. Eligibility criteria for programs were that they 1) provided financial support to students, residents, and/or practicing physicians in 1996; 2) had a service requirement or option in defined medically needy settings located across a given state; and 3) received no direct federal support. Of the 69 identified eligible programs, 20 offered scholarships, 24 provided loan repayment incentives, 12 offered loans with service options, 7 offered direct financial incentives, and 6 offered support to residents.

Program Data

We obtained basic descriptive information for all programs through initial and follow-up telephone contacts with program directors and from programs' web sites, brochures, reports, and copies of their enacting legislation. This information was verified and supplemented through an 8-page mailed questionnaire completed by 45 programs (65%). Forty-eight (86%) of the 56 programs old enough to have had more than 20 physicians eligible for placement in service sites provided estimates of the service completion rate for their obligated physicians over the previous 3 years. Programs were approached for survey and other data in no particular order other than we started with the few directors we knew and tended to recruit all programs within a particular state at the same time.

Identifying State-Obligated and Comparison Group Physicians

Programs were asked to provide names and basic information on each physician who signed a first contract with them and/or had been placed in a first-service site in 1991 and 1996. These 2 years were selected because individuals who

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committed to student programs in 1991 and loan repayment and direct incentive programs in 1996 would have begun serving their obligations in approximately 1996. Programs created after 1991 provided names of individuals contracted in their first year of operation; very large programs provided only a randomly selected subsample of names from 1991 and 1996, and smaller programs supplemented their samples with names of physicians obligated in proximate years (eg, 1992 and 1995). We elected not to request physician names from the last 12 eligible programs as a result of project time requirements. Of the 48 programs from which we requested physician data, 29 (60%) provided all data we needed to survey their obligated physicians. Programs from which we requested and received physician-specific information, programs from which we requested but did not receive this information, and programs from which this information was not requested were similar in size, physicians' contract terms, the types of geographic locations where their obligated practitioners served, and reported service completion rates.

We surveyed all 434 family physician, general internist, and general pediatrician participants (allopaths and osteopaths) identified by programs as then serving or having served their obligations. We excluded nongeneralists and physicians who defaulted or bought out their obligations without ever serving a day of their obligations. Programs reported no international medical graduates.

We constructed a comparison group of nonobligated generalists from the American Medical Association Physician Masterfile. A sampling frame of eligible subjects was constructed of all 8742 graduates of U.S. allopathic and osteopathic medical schools in 1988 and 1992 who 4 years after graduation were in clinical practice in the United States in family practice, general internal medicine, and general pediatrics. A stratified random sample of 723 of these physicians was selected, with oversampling of strata to match the state-obligated cohort in specialty distribution and geography, and to ensure diverse racial and ethnic representation.

Physician Surveys

In 1998 and early 1999, we sent up to 4 questionnaire mailings to the state-obligated and comparison group physicians. Of the 434 obligated physicians surveyed, 23 proved to be ineligible or were never located, and there were 330 eligible respondents (80.3%). Response rates for obligated physicians were comparable across service program types, physician specialties, and racial–ethnic groups.

In the comparison sample of 723 physicians, 56 subjects proved ineligible or were never located and 468 eligible physicians responded (72.8%). Response rates for the comparison sample did not vary by subjects' rural/urban location, gender, or specialty; rates were somewhat lower for blacks (52.4%). We excluded 100 physicians from the comparison group who indicated that they had or were serving a state or federal obligation.

In the physician questionnaires, participants of state programs reported details of the first practice in which they served their obligations. On parallel questionnaire items, comparison group physicians described the first practice after residency in which they worked 9 months or longer. Both groups reported their incomes, satisfaction, their families' experiences, and their patients' insurance types. Nearly all questionnaire items had been used in earlier studies[9,20,21] and were pilot-tested again for applicability to this study with 30 obligated and nonobligated physicians in North Carolina.

We appended 1990 U.S. Census data characterizing the towns and cities where physicians worked.[22] County data on local physician-to-population numbers were appended for 1994 from the Area Resource File.[23]

Analyses

We compared obligated and nonobligated physicians on a variety of outcomes, including satisfaction and retention rates. We also compared programs of each of the 5 types individually and with the other 4 program types as a group. We used chi-squared tests, independent sample 2-tailed t tests, and 1-way analysis of variance (ANOVA) to compare groups on normally distributed variables. The Kruskal-Wallis test was used to compare groups on 4 nonnormally distributed variables: physician income, town population, town per capita income, and county primary care physician-to-population ratios. Bivariate comparisons were followed with linear and logistic regression models (with log transformations of nonnormally distributed variables) to adjust for key potentially confounding or explanatory variables. Life tables were used to describe proportions of physician groups remaining in their practices for specified numbers of years. Kaplan-Meier plots and Cox proportional hazards models were used to compare estimates of retention for various physician groups over time.

We also assessed relationships between programs' buyout costs and the various program outcomes with chi-squared and 2-tailed t tests. We further used multiple and logistic regression to test the relationships between buyout costs and the various outcomes for confounding by varying service obligation terms across programs and/or respondents' actual obligation periods. No confounding was found and we do not report these models.

Comparisons of obligated and nonobligated physicians were weighted to adjust for strata sampling fractions and response rates and run on the SUDAAN statistical software program (Research Triangle Institute, Research Triangle Park, NC). Analyses involving only obligated physicians were run on the SPSS statistical program (release 11.5.0; SPSS Inc., Chicago, IL) and not weighted. A level of statistical significance of $P \leq 0.05$ was used throughout.

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RESULTS

State Programs

In 1996, the 69 eligible programs were relatively new and small, with a median age of just 6 years and median workforce of 11 physicians. Sixty-four programs were funded with state revenues, 2 had only private support, and 3 were self-supporting using buyout funds from earlier participants; 9 programs also used community matching funds. Forty-seven programs were based in state offices of rural health or other state agencies, 18 within individual medical schools, and 4 within private organizations.

Programs supported physicians with an average of $14,000 for each year of obligated service with no significant differences across the 5 types of programs ($P = 0.55$). Average minimum service obligation terms did vary across program types, from 12 months in resident support programs, 18 months in scholarship programs, 19 months in service-option loan programs, 29 months in loan repayment programs, and 36 months in direct financial incentive programs ($P = 0.003$).

Physicians and Their Practices

Physicians obligated to state programs, compared with physicians without obligations, were more often male (63% vs. 53%, $P < 0.05$), more often married (84% vs. 75%, $P < 0.05$), slightly older (33 vs. 32 years on average, $P < 0.001$), but no more or less likely to be black or Hispanic (8.5% vs. 6.2%, $P = 0.10$). Obligated physicians were much more likely than nonobligated generalist physicians to be family physicians (72% vs. 38%, $P < 0.001$) and more often owned the practices where they worked (36% vs. 27%, $P < 0.05$), but earned comparable salaries (median, $89,735 vs. $89,622, $P = 0.2$).

Comparing physicians obligated to the 5 types of programs, we found no differences in gender, marital status, ethnicity, or income. Loan program participants, however, were less likely to be family physicians than participants of other programs (54% vs. 75%, $P = 0.02$), and physicians in incentive programs more often owned their practices (49% vs. 16%, $P = 0.01$).

Although minimum service obligation durations varied across programs of the 5 types, the average number of years this study's respondents were actually obligated to their programs did not differ for those in 4 of the types (range, 3.13–3.48 years, $P = 0.31$) but was shorter for participants of resident-support programs (2.72 years, $P = 0.02$).

Service Completion Rates

The 5 types of programs differed greatly in how often their physicians completed their obligations with service rather than buying out or defaulting ($P < 0.001$) (Fig. 1). Service-option loan programs reported the lowest average service completion rates (44.7%) followed by scholarship programs (66.5%). The 30 programs of the remaining 3 types, programs that committed physicians after training or as residents, reported uniformly high service rates (entire group mean, 93%; 92% after omitting the 5 of these 30 programs without a minimum service period).

Program directors reported obligation default rates, the proportion of obligated physicians who failed to provide either service or repay program funds, of 5.2% on average for all programs combined with no significant differences across program types ($P = 0.78$). In contrast, the percentage of physicians who bought out-of-service commitments differed greatly across the 5 program types, greatest in service-option loan programs (49.2%) and scholarship programs (27.2%).

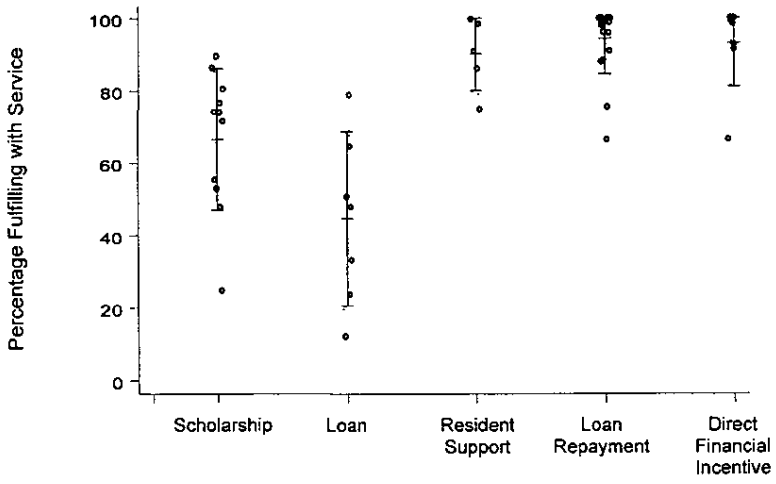

FIGURE 1. Percentage of recent physicians in each program (°) who fulfilled their obligations with service, grouped by program type.

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Programs of the remaining 3 types reported comparable low buyout rates (2.3% combined). Thus, the high buyout rates of student programs account for their low service completion rates.

The costs that loan repayment, direct incentive, and resident support programs levy on physicians who buyout of obligations had no relationship with programs' service completion rates. Only among student programs, scholarships and service-option loans, were penalties and service completion rates related; specifically, rates averaged 80.3% for the 4 student programs that charged penalties of 3 times the amount of support provided compared with 48.6% for the 12 programs that charged less ($P = 0.02$).

Communities and Patients Served by Physicians

Physicians serving in state programs of all types combined, compared with the nonobligated physicians, worked in counties that were far more often rural and had lower primary care physician-to-population ratios, in cities and towns that were much smaller and poorer, and they reported more of their patients were uninsured or covered under Medicaid (Table 1). Even in analyses run separately for rural and urban-situated physicians and in multivariate models adjusting for physicians' rural versus urban location, specialty, and demographics, obligated physicians were still found to work in needier communities and with needier patients by all measures.

We explored whether county physician-to-population ratios were lower for obligated physicians simply because states with a greater need for physicians (and thus lower ratios) more often sponsored support-for-service programs.[24] We confirmed that, indeed, obligated physicians worked in counties with primary care physician-to-population ratios lower than their state's median county ratios more often than nonobligated physicians (37% vs. 11%, $P < 0.001$).

Among obligated physicians and weighing findings on all 5 measures of community need (Table 1), those serving in direct financial incentive programs worked in the neediest settings. Contrary to popular belief, the towns and counties where scholarship participants worked demonstrated no greater need than where participants of other programs worked.

Physician and Family Satisfaction

Physicians serving state obligations were more often satisfied with their work and practices and more often felt a sense of belonging to their communities than nonobligated physicians (Fig. 2). Obligated and nonobligated physicians gave comparable estimations of the satisfaction and needs-fulfillment of their spouses and children.

In virtually all ways tested, satisfaction was comparable for physicians and families participating in the 5 types of programs, the only exception being that scholarship program participants more often than others felt restricted by the practice sites available to them (36.6% vs. 19.3%; $P < 0.01$).

TABLE 1. Comparison of Community and Patient Characteristics of State-Obligated and Nonobligated Physicians; Physicians Serving in the 5 Types of Service Programs; and Physicians Obligated to Programs Using Different Types of Site-Eligibility Criteria

		Community and Patient Characteristics				
	(n Physicians/ Programs)	Rural (Nonmetropolitan) County (%)	Median Town/City Population	Median Town/City per Capita Income ($)	Median County Primary Care Physician-to-Population Ratio	Mean Patients Covered by Medicaid or Uninsured (%)
Obligated vs. nonobligated						
Obligated, all types	(330/29)	68.4‡	5094‡	10,813‡	78.5‡	48.5‡
Nonobligated	(368/NA)	11.6	56,129	14,090	118.1	28.5
Comparisons of 5 program types						
Scholarship	(30/5)	86.2*	3541	10,302	82	40.5
Service-option loan	(56/3)	50.0‡	7284	12,082‡	76	43.3
Resident support	(38/3)	51.4*	4062†	10,958	57‡	50.8
Loan repayment	(138/14)	73.3	5422*	10,681	91†	48.0
Direct financial incentive	(68/4)	75.4	4410	9911‡	64	55.5†

*$P \leq 0.05$;
†$P \leq 0.01$;
‡$P \leq 0.001$; 2-tailed t-test, chi-square, and Kruskal-Wallis comparisons of nonobligated versus obligated physicians, and comparisons of physicians in each program type versus obligated physicians in all four other types of programs.

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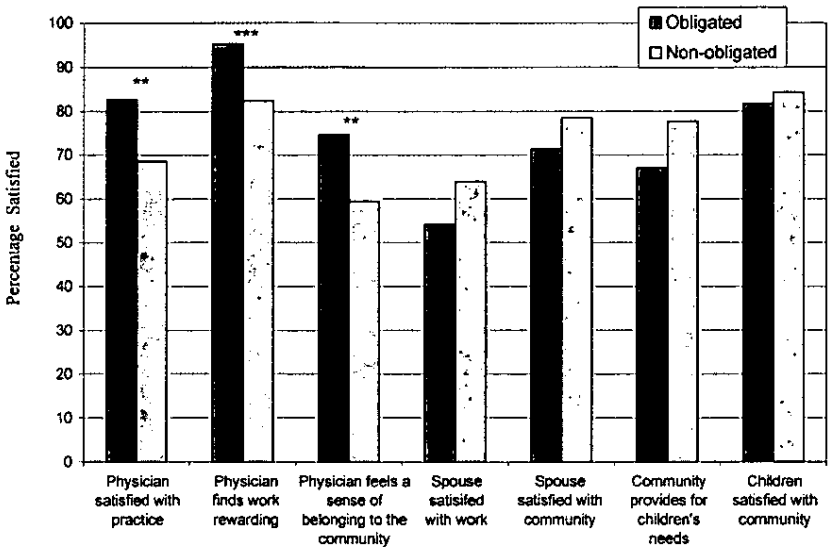

* $p \leq .05$; ** $p \leq .01$; *** $p \leq .001$

FIGURE 2. Satisfaction and needs fulfillment of physicians and their families serving in all state programs combined (n = 330) compared with nonobligated physicians (n = 368)

A remarkable 90.2% of obligated physicians indicated that they likely would enroll in their program if they had it to do all over again, including 64.2% who indicated that they definitely would do so. Differences across programs were found only for physicians in scholarship compared with loan repayment programs in which 47% versus 71% of physicians indicated that they would definitely sign up again ($P = 0.01$).

We explored the relationships between the buyout costs that programs levied and physicians' satisfaction, again finding associations only for medical student-targeted programs. When service-option loan and scholarship programs charged more than simple principal plus interest to buyout, most measures of physician satisfaction were lower, including fewer participants reporting, in retrospect, a definite willingness to commit to their programs again (36% vs. 65%, $P = 0.04$).

Retention

Obligated physicians remained longer in their service practices than nonobligated physicians remained in their first jobs after training (hazard ratio [HR] for leaving, 0.70; 95% confidence interval [CI], 0.51–0.96; $P = 0.029$) (Table 2). Respective group retention rates from life tables at 2 years were 92% versus 77%, at 4 years 71% versus 61%, at 6 years 59% versus 55%, and at 8 years 55% versus 52%. Retention tended to be better for obligated physicians than nonobligated physicians even after adjusting for group differences in physicians' specialties and demographics, although the differ-

TABLE 2. Comparison of the Retention of State-Obligated versus Nonobligated Physicians

	Hazard Ratio	*P* Value	95% Confidence Interval
Model 1 (unadjusted)			
Obligated vs. nonobligated	0.70	0.029	(0.51–0.96)
Model 2 (adjusted)			
Obligated vs. nonobligated	0.75	0.080	(0.53–1.03)
Family physician vs. internist	0.91	0.688	(0.58–1.43)
Pediatrician vs. internist	0.80	0.533	(0.40–1.61)
Male vs. female	0.76	0.190	(0.50–1.15)
Married vs. unmarried	0.75	0.270	(0.46–1.25)
Age when physicians began serving obligations	1.01	0.675	(0.95–1.08)

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ence fell under the threshold of statistical significance (P = 0.08).

Among the 5 types of service-requiring programs, the longest group retention was seen for loan repayment recipients, 66% of whom remained in their service sites 8 years after starting work there, with a hazard ratio of departure compared with all other programs = 0.46 (95% CI, 0.30–0.70; P <0.001) (Fig. 3). Retention was shortest for resident support programs (HR, 6.72; 95% CI, 4.05–11.12; P <0.002). Scholarship participants demonstrated the second shortest retention (HR relative to service-option loan, loan repayment and direct incentive programs, 1.96; 95% CI, 0.97–3.97; P = 0.061).

Programs' buyout penalties were associated with retention, but once again only in scholarship and service-option loan programs, wherein penalties above simple principal plus interest were associated with lower odds of retention at 4 years (odds ratio, 12.4; P = 0.012).

DISCUSSION

Outcomes for states' support-for-service programs as a group were generally quite positive. Programs as a whole placed physicians in small and needy rural towns and counties, where physicians estimated that almost half of their patients were covered by Medicaid or were without health insurance. Physicians who served in these state programs were generally more satisfied with their work and communities and remained in their service sites longer than nonobligated "mainstream" generalists. We do not believe that the jobs and communities where these physicians served were inherently more pleasing; rather, we suspect that the benevolence of individuals who commit to and then fulfill service requirements predisposes them to find particular satisfaction from work that they believe in.[25,26]

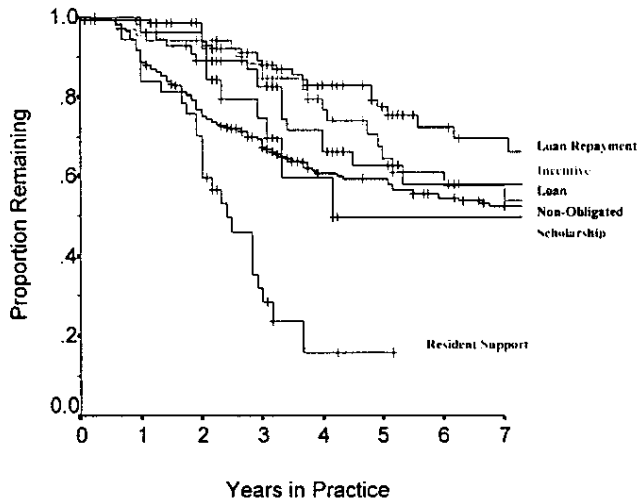

FIGURE 3. Retention of obligated physicians within their service practices: Kaplan-Meier estimations by type of program and compared with nonobligated physicians

Loan repayment and direct financial incentive programs enjoyed the greatest successes among the various program types, confirming the wisdom of recruiting physicians at the end of their training.[11] Financial buyout penalties were generally not used or needed in these programs, because their service completion rates were excellent without financial threats. Several program directors spoke of how much easier loan repayment and financial incentive programs are to administer than student-targeted programs, in which program staff must monitor participants during their training and deal with the many who buy out.[10,27] Direct financial incentive programs demonstrated an interesting niche among the program types, supporting physicians who often owned their practices, often in particularly needy settings.

Despite positive outcomes for programs overall, this study confirmed some commonly held concerns about scholarship programs. Very high penalties do seem to cut buyout rates by one third,[7] but penalties of any amount were associated with lower physician satisfaction and shorter retention. Contrary to claims,[12] state scholarship program participants did not work in demonstrably needier settings than participants of other programs. Studies of the NHSC Scholarship Program have similarly found that its participants do not serve in needier settings than those in the NHSC Loan Repayment Program.[11,27] The Congressional Government Accounting Office (GAO) and NHSC further similarly concluded that the NHSC Loan Repayment Program achieved better outcomes—higher service-completion rates, greater satisfaction, and longer retention—than the NHSC Scholarship Program, and also at a lower cost.[11,15,28]

The affordable buyout terms of student service-option loan programs allowed half of their participants to opt out of service, but the half who did serve were satisfied and long retained. Service-option loans could play an important complementary role to programs that target graduates, appealing to aspiring medical students who might otherwise choose not to pursue a medical career rather than assume the typical $100,000+ debt in traditional education loans. To embrace loan programs with service options, states must accept that it is not fatally undesirable for some participants to satisfy their loan contracts financially rather than with service. Indeed, most medical students fund their education with traditional loans, like the Health Education Assistance Loans (HEAL), where there is no option or enticement for service.[6] Concerns that too many physicians buyout of loan-for-service programs leaving too few available for shortage communities can be addressed quite readily by making more awards up front, costing programs nothing more because nearly all who opt not to serve repay their loans with interest.

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Limitations and Unanswered Questions

Some of this study's data were self-reported and thus vulnerable to reporting inaccuracies. Directors provided figures on their programs' default and buyout rates and likely used a variety of methods to determine these rates. We are unaware, however, of any systematic inaccuracies likely to have biased our principal findings.

Some directors of scholarship and service-option loan programs who otherwise cooperated with our study would not provide the physician-specific information we needed to survey their participants, citing federal confidentiality protections of administrative data collected on students.[29] Given the demonstrated similarities between participating and nonparticipating programs, most importantly in the service completion rates of their participants, we do not suspect that the lower participation rates of student programs biased our outcomes. However, if less successful student programs withheld participants' names to hide their weaknesses, then loan repayment and direct incentive programs could actually be relatively even *more* successful than we judged (ie, bias, if present, was toward the null).

We had wanted to assess program costs and cost-effectiveness but program directors could not provide complete or comparable cost data. We also did not assess the experiences of physicians who signed up with these programs but chose not to serve.

We had no validated criteria on which to judge how often state-obligated physicians work in the very neediest settings, because states have not substantiated their site eligibility criteria and current federal criteria are inadequate.[30,31] Nonetheless, because some state programs use very broad site eligibility criteria, it is very likely that some obligated physicians do not work in the neediest areas.[5,32]

CONCLUSIONS AND RECOMMENDATIONS

As a whole, states' support-for-service programs bring physicians to needy communities where they find satisfying work caring for at-risk patient populations and remain for many years. Of all program types, the loan repayment and direct financial incentive forms, which target physicians after training, show the broadest successes. The successes of these state programs warrant their continued support and perhaps expansion to remedy the continuing maldistribution of physicians.

ACKNOWLEDGMENTS

The authors are grateful to the many state program directors, program staff, and participating physicians who provided data for this study. The authors thank the indispensable contributions of Kathleen Crook, MPA, to the data management aspects of this study, and the contributions of Tim Henderson, MSPH, of the National Conference of State Legislatures and James Bernstein, MHA, and Thomas Tucker of the NC Office of Rural Health and Resources Development to our understanding of these state programs and interpretation of the data. The authors also thank the fellows of UNC's National Research Service Award Primary Care Research Fellowship for their thoughtful suggestions on various drafts of this paper. This study was funded by grant R01-HS09165 from the Agency for Healthcare Research and Quality.

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ORIGINAL CONTRIBUTION

State Scholarship, Loan Forgiveness, and Related Programs

The Unheralded Safety Net

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Context In the mid-1980s, states expanded their initiatives of scholarships, loan repayment programs, and similar incentives to recruit primary care practitioners into underserved areas. With no national coordination or mandate to publicize these efforts, little is known about these state programs and their recent growth.

Objectives To identify and describe state programs that provide financial support to physicians and midlevel practitioners in exchange for a period of service in underserved areas, and to begin to assess the magnitude of the contributions of these programs to the US health care safety net.

Design Cross-sectional, descriptive study of data collected by telephone, mail questionnaires, and through other available documents, (eg, program brochures, Web sites).

Setting and Participants All state programs operating in 1996 that provided financial support in exchange for service in defined underserved areas to student, resident, and practicing physicians; nurse practitioners; physician assistants; and nurse midwives. We excluded local community initiatives and programs that received federal support, including that from the National Health Service Corps.

Main Outcome Measures Number and types of state support-for-service programs in 1996; trends in program types and numbers since 1990; distribution of programs across states; numbers of participating physicians and other practitioners in 1996; numbers in state programs relative to federal programs; and basic features of state programs.

Results In 1996, there were 82 eligible programs operating in 41 states, including 29 loan repayment programs, 29 scholarship programs, 11 loan programs, 8 direct financial incentive programs, and 5 resident support programs. Programs more than doubled in number between 1990 (n=39) and 1996 (n=82). In 1996, an estimated 1306 physicians and 370 midlevel practitioners were serving obligations to these state programs, a number comparable with those in federal programs. Common features of state programs were a mission to influence the distribution of the health care workforce within their states' borders, an emphasis on primary care, and reliance on annual state appropriations and other public funding mechanisms.

Conclusions In 1996, states fielded an obligated primary care workforce comparable in size to the better-known federal programs. These state programs constitute a major portion of the US health care safety net, and their activities should be monitored, coordinated, and evaluated. State programs should not be omitted from listings of safety-net initiatives or overlooked in future plans to further improve health care access.

JAMA. 2000;284:2084-2092 www.jama.com

DURING THE PAST 30 YEARS, the federal government has played a key role in efforts to encourage primary care physicians and other health care practitioners to work in underserved areas. The most visible federal program has been the National Health Service Corps (NHSC), which supports students and young practitioners with scholarships and loan repayment incentives in exchange for a specified period of work in shortage areas.[1-4] The NHSC has supported some 20000 health care practitioners and received wide recognition for its efforts.

States also have offered programs to encourage physicians and others to work in underserved areas, although their efforts have been much less visible.[5-10] Among the most common of these state safety-net efforts are those similar to the NHSC's programs, in which financial support is provided to students and practitioners of health care professions in exchange for a period of service in underserved communities.[9]

See also p 2112.

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State involvement in these programs dates to Arkansas' creation of a medical scholarship program with a service requirement in 1940, 30 years before US Congress created the NHSC.[8,11] By the mid-1980s, 26 states supported 29 programs that offered health care professionals financial support in return for service commitments.[9] From 1985 through 1992, the pace of program growth quickened, with 35 states enacting legislation to create physician scholarships and similar programs.[12,13]

Despite states' investments, little is known about their service-requiring programs. No national organization or central public agency monitors these programs. Partial lists of state programs have been assembled[9,10,14-19] but there has not been a complete enumeration of them.[20] These programs also tend not to formally evaluate themselves or document their successes, as they often lack the funds, expertise, and mandate to do so.[18,20] As a consequence, these state-level programs and their contributions have been hidden from national awareness, omitted from most listings of medical safety-net efforts,[2,21-24] and overlooked in national access-to-care policy discussions.

We aimed to describe these overlooked state programs and to begin to understand their role in remedying the geographic maldistribution of health care practitioners. We addressed both public and private programs that operate within states and provide financial support to physicians and nonphysician primary care practitioners and trainees in exchange for service in underserved areas. We calculated comparative information on similar federal programs to add a sense of perspective to the characterization of these state programs.

METHODS

Identifying Eligible State Programs

Eligibility criteria for programs were refined through the course of this study as we learned about the numerous and varied state programs that support young practitioners. Ultimately, eligible programs were designated as those that (1) provided financial support to students, resident or practicing physicians, physician assistants, nurse practitioners, or certified nurse midwives; (2) had a service requirement or option in a defined medically underserved setting; (3) supported practitioners with state public dollars, community funds, recurring program dollars, or funds from private nonprofit sources (eg, state medical societies) but did not have direct federal support; (4) placed practitioners in underserved areas across a given state rather than solely in 1 region or community within a state; (5) delivered financial support directly to practitioners or to an educational or financial entity on their behalf, such as to a medical school or commercial lender; and (6) were operating in 1996. The calendar year 1996 is the period for which this evolving group of state programs is described because it was the most recent year for which programs could report complete information when data collection for this study began in 1997.

We excluded the 29 programs sponsored jointly by states and the federal government—called "state loan repayment programs" by the NHSC[1,3]—because of their federal support and their differences under federal regulations from the fully independent and more varied programs created and managed solely by states. However, we included the nonfederal components of the few loan repayment programs that sponsored some practitioners with solely state funds under one set of contract terms and also supported other practitioners with combined state and federal funds under different contract terms. We also excluded programs with other types of federal support (eg, the Native Hawaiian Health Scholarship Program), programs run by individual employers and communities, and programs that provided funds directly to communities or other local entities for recruitment and retention activities even if used for loan repayment or other financial incentives. We further excluded service-requiring programs for registered nurses, dentists, pharmacists, and other health care workers if they were not open to physicians or midlevel practitioners or if these 2 latter groups did not compose a significant portion of obligated participants.

To identify all eligible programs, we augmented previous lists of relevant programs[9,10,14-19] with information from telephone calls to key contacts in every state from mid-1997 through mid-1999. Contacts included individuals and program offices named in prior compendia, officials in state offices of rural health, state public health offices, state higher education financial aid authorities, financial aid offices of individual medical schools, and, in some cases, state medical and specialty societies and relevant within-state foundations. Contacts were queried about potentially eligible programs run by their organizations or by others in their states. Contacts for potential new programs were then called, sometimes leading to further contacts. No additional calls were made when contacts indicated that we were aware of all potentially eligible programs and when we were confident of the eligibility and fate of every program listed in prior compendia. Typically, 4 to 6 individuals were interviewed in each state.

Data Collection

Detailed information about eligible state programs, including their mission, history, types of obligated practitioners, field strengths, and contract terms, was obtained through the initial and subsequent telephone interviews, typically with program directors. All programs provided enough information by telephone to ascertain eligibility and most provided virtually all of the information on program characteristics reported here. This information was then confirmed and supplemented with mailed questionnaires that were returned by 67.1% of the directors of eligible programs, and for all programs with information from Internet Web sites, brochures, application materials, texts of enacting legislation, or prior in-state evaluations and compendia.

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Further follow-up contacts were made to program directors to clarify ambiguous and conflicting information. In the 17 cases in which sources could not—or, in a few cases, would not—provide exact counts of new practitioner contracts and program field strength in 1996, we generated estimates from all available information, typically by averaging or extrapolating data from earlier and subsequent years. When information about a program differed among various sources, we heeded information from programs' printed reports and program directors over other sources.

We calculated the comparative field strength of the NHSC's scholarship, federal loan repayment, and state loan repayment programs as of September 1996 with data from the NHSC on all of its current and past practitioners. Data on practitioners serving in the Indian Health Service (IHS) loan repayment program[25] were from the IHS Office of Management Services. We were unable to obtain needed practitioner counts for several smaller federal programs, such as the NHSC Community Scholarship Program and the IHS Health Professions Scholarship Grant Program.[3,26] However, with collectively fewer than 50 primary care practitioners at any point during the 1990s, we simply omitted these programs from the federal comparison data.

Analyses

We developed a classification of program types. Frequencies of eligible programs in 1996 were tabulated by type. Tallies of the numbers and types of programs in operation each year from 1990 to 1996 were based on the reported start and end dates of all current programs and those that ceased operation between 1990 and 1996. The distribution of state programs across the states and US regions was described. National tallies of 1996 new practitioner contracts and total field strength were estimated by summing data across programs. Last, basic features of programs were described, including their missions, funding sources, eligible service sites, and terms of contracts with practitioners.

RESULTS

Types of State Programs

Discussions with program directors revealed that there were no universally accepted terms for denoting the various types of programs. For example, the terms *bonus*, *incentive*, *grant*, and *tuition reimbursement* used in program titles all indicated funds given to practitioners and graduating residents to be used for any desired purpose. Some other programs blurred the distinctions between loan and scholarship programs by using both terms in their titles and in program descriptions they provided to applicants, reasoning that when a contractual loan debt was repaid with service, it in effect became a scholarship. Other loan-writing programs retained the term *loan* in their titles and descriptions of practitioners' obligations, regardless of how individuals settled their debt.

From the great variability in program features and labels, 5 program types were distinguished: scholarship, loan, resident support, loan repayment, and direct financial incentive programs (TABLE 1). These program categories were based on (1) the career stage of targeted eligible applicants (ie, students, junior residents, senior residents, or practitioners); (2) whether service was required or optional (from which many other program characteristics followed, such as the criteria for selecting practitioners and the buyout terms of practitioners' contracts); and (3) whether programs' financial support to practitioners was to be used solely for up-front training costs, after-the-fact repayment of educational loans, or for unrestricted use. This typology of programs captured the key differences across programs and reflected the underlying rationale of virtually all programs. It also was consistent with the classification and labels used for federal programs. Furthermore, this typology distinguishes among the program options that practitioners encounter at various career stages. For example, students could opt for either a scholarship or loan program where available, whereas graduating residents and practitioners could commit to loan repayment or direct financial incentive programs.

State Program Numbers and Flux

In total, 82 eligible programs were identified in 41 states in 1996, with 9 states and the District of Columbia not offer-

Table 1. Classification of Support-for-Service Programs

Program Type	No. in 1996	Eligible Individuals	Service	Use of Funds	Typical Design
Scholarship	29	Students	Required	Up-front training costs	Funds to students for tuition, fees, books, and living expenses, with service expected after training
Loan	11	Students	Optional	Up-front training costs	Loans to students for tuition, fees, books, and living expenses; loan is repaid after training either financially or by providing service
Resident support	5	Junior residents	Required	Variable	Unrestricted funds for junior and, occasionally, senior residents, with service expected after training
Loan repayment	29	Senior residents and practitioners	Required	Repayment of educational loans	Funds to repay outstanding educational loans of graduating residents and practitioners in exchange for service
Direct financial incentive	8	Senior residents and practitioners	Required	Unrestricted	Unrestricted incentive funds for graduating residents and practitioners in exchange for service

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ing an eligible program. (States named 79 eligible programs, of which 3 were dual programs that maintained 2 components, each of which fit 1 of the 5 program types. For clarity, ease of presentation, and because all other states treated similarly distinct components as 2 different programs, we present these 3 dual programs as 6 separate programs in this article.) Alaska, California, Colorado, Connecticut, Delaware, Hawaii, Michigan, Rhode Island, and Wyoming had no qualifying programs.

There were many state programs that were similar to the 82 eligible programs but that failed to meet 1 or 2 of the eligibility criteria. These not-quite-eligible programs included 6 generally large programs in which obligated practitioners were restricted to work within their states' borders but not in underserved areas. Also ineligible were 3 very large loan and scholarship programs that supported individuals from a wide array of professions, of whom only a few were physicians or midlevel health care practitioners.

Loan repayment (n=29) and scholarship (n=29) programs were the most numerous in 1996, with fewer loan (n=11), direct financial incentive (n=8), and resident support types (n=5). Among all programs, 84% (n=69) were available to medical students, residents, and physicians, whereas 44% (n=36) supported student or practicing physician assistants, nurse practitioners, or nurse midwives. Twenty-eight percent (n=23) targeted both groups. Twenty percent (n=16) also supported other types of health care workers, such as registered nurses, dentists, and podiatrists.

Year-by-year tallies of operating programs, based on all sources of information on current and past programs, revealed that these state programs more than doubled in number from 1990 to 1996, increasing from 39 to 82 (FIGURE). Nearly all of this growth was due to the tripling of loan repayment programs and doubling of scholarship programs. The first resident support program was created in 1992. We learned of 3 programs that were terminated from 1990 through 1996 and another 3 that were transformed from one type of program into another (eg, a loan program created in 1965 became a scholarship program in 1995 when service changed from an option to a requirement and payback penalties were greatly increased).

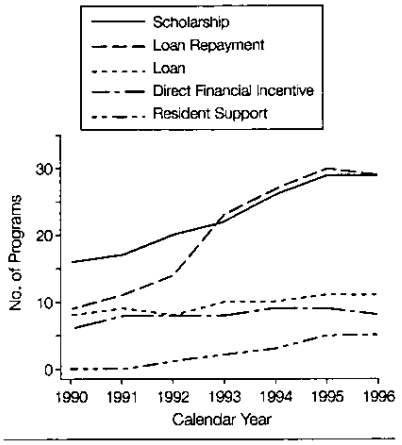
Of the programs in operation in 1996, 5 (6%) predated 1950, whereas 47 (59%) had been established or assumed their current form since January 1990. Among the newest programs in 1996 were 2 that had not yet signed a contract with a practitioner and another 5 programs that had signed contracts but had yet to place their first participating practitioner. At the other end of the program life span were 5 programs operating in 1996 that were being phased out. In nearly every case, program creations, eliminations, and transformations were undertaken at the initiative of state legislators, program officials, or local advocates in an effort to try newer and more promising program types, eliminate underperforming programs, or rectify perceived weaknesses in existing programs.

Distribution of Support-for-Service Programs Across States

Of the 41 states that offered eligible state-level support-for-service programs, 23 offered 2 or more such programs (TABLE 2). Twenty-four states offered both fully state-supported programs and programs with joint state and federal support. States that offered programs funded with purely in-state funds were no more or less likely to cosponsor joint state-federal programs (odds ratio, 1.07; $P=.93$). State-funded programs were somewhat less common among states in the West than in states in the South, Northeast, and North Central regions (61% vs 89%), whereas joint state-federal programs were more common among states in the Northeast than in other regions (100% vs 50%).

Some program director respondents working in offices that managed both state and joint state-federal loan repayment programs indicated that they first attempted to place practitioners through their jointly funded programs to save state costs. However, informants also indicated that positions in purely state-funded programs often were more popular with practitioners because they generally offered a wider choice of practice sites and greater flexibility, despite having less lucrative financial terms.

Figure. Number of State Support-for-Service Programs in the United States, by Type and Year



Program Workforce

Programs funded solely within states tended to be small, with a median number of 8 new contracts in 1996 and a median field strength of 11 practitioners serving their obligations. Some programs were substantially larger, including 12 that signed more than 25 new contracts (the largest had 112 contracts) and 16 that maintained field strengths of more than 35 practitioners (the largest had 120 practitioners).

In 1996, the 82 state programs collectively signed initial contracts with an estimated 1215 practitioners, of whom 959 (79%) were physicians (TABLE 3). In the same year, these programs maintained an estimated collective field strength of 1676 practitioners working to fulfill their obligations, of whom 1306 (78%) were physicians.

The estimated total field strength of physician and midlevel practitioners in both state and federal support-for-service programs in 1996 was 3876 in-

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Table 2. Qualifying State and Joint State-Federal Support-for-Service Programs for All 50 States and by Type, 1996*

	State Programs					
State	Scholarship	Loan	Resident Support	Loan Repayment	Direct Incentive	Joint State-Federal Programs (Loan Repayment)
South						
Alabama	1					
Arkansas	1	2			1	
Delaware						
Florida	1			1		1
Georgia	1	1				1
Kentucky	1				1	
Louisiana	1					1
Maryland	1					1
Mississippi	1					
North Carolina		2	1	2	1	1
Oklahoma	1		1		1	
South Carolina			1		2	
Tennessee					1	
Texas	1			1		1
Virginia	2					1
West Virginia	1	1				1
West						
Alaska						
Arizona	1					1
California						1
Colorado						1
Hawaii						
Idaho				1		
Montana				1		
Nevada				1		1
New Mexico	2			1		1
Oregon				1		
Utah	1			2		1
Washington	1			1		1
Wyoming						
Northeast						
Connecticut						1
Maine		2				1
Massachusetts		1				1
New Hampshire				1		1
New Jersey				1		1
New York	3		1	2		1
Pennsylvania				1		1
Rhode Island						1
Vermont				1		1
North Central						
Illinois	3					1
Indiana	1					
Iowa	1			2		1
Kansas	2					
Michigan						1
Minnesota				3		1
Missouri		2	1			1
Nebraska	1			1		
North Dakota				2		
Ohio				1		
South Dakota					1	
Wisconsin				2		

*The District of Columbia had neither a qualifying state program nor a joint state-federal program.

dividuals (Table 3). Of this number, approximately 1700 were serving in state programs, a roughly comparable number were serving in federal programs, and another 489 individuals were serving in joint state-federal programs. State programs supported a larger physician workforce than federal programs, whereas federal programs supported a larger workforce of midlevel practitioners.

Features of State Programs

The primary or joint mission of all but 3 of the 82 state programs was to influence the distribution of the health care workforce. Programs were administered by a variety of organizations and offices, including individual medical schools, state offices of rural health, and a few private organizations (TABLE 4). Three of 4 state programs were funded entirely or partially by annual appropriations from state legislatures, and others had received state funds earlier in their history. Only 3 programs were supported completely or in part by private funds.

Reliable revenue figures were unavailable for many programs, typically because program-specific funds could not be separated from lump-sum appropriations allocated to administering offices for a variety of programs. Many programs indicated, however, that they operated under very modest budgets, with funds allocated almost entirely to meet the stipend or incentive needs of participating practitioners and with little additional funding available for practitioners' other needs or for program administration.

States used a variety of approaches to define sites where practitioners could serve their obligations. Most programs (55%) used unique criteria specified in their enacting legislation or devised by a shortage area designation office within the state. State-defined community eligibility criteria varied from complex combinations of need indicators, such as physician-population ratios, indicators of population health status, and travel distances to nearest physicians, to simple ceiling sizes of town or county populations (eg, all towns smaller than 10000 were

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deemed eligible). Only 10% of programs used the federal Health Professional Shortage Area (HPSA) or Medically Underserved Area (MUA) criteria without modifications, and 35% of programs used the federal HPSA or MUA designations in combination with state-devised criteria. A sizable minority of programs (41%) placed practitioners exclusively or preferentially in rural areas. All but 1 of the 23 programs available to both physicians and midlevel practitioners used identical site eligibility designations for both groups.

Programs that supported physicians clearly targeted primary care physicians: all accepted family physicians and 93% accepted general internists and pediatricians. Far fewer programs accepted physicians of other specialties, and they sometimes accepted them only on a case-by-case basis to meet a particular community's needs.

In most programs, obligated practitioners were asked to identify their own practice opportunities within designated eligible communities, then seek approval from their program for their chosen site. Only 13 programs (16%) listed specific types of qualifying practice settings (eg, health departments, prisons, neighborhood health centers) or named specific practices where practitioners could fulfill their obligations.

Practitioners' contract terms varied greatly across programs. For physicians, financial support varied from $3000 to $38 000 per year and the minimum obligation term varied from 1 to 60 months. Costs for those who bought out of their obligations financially rather than through service varied from nothing (in several programs that paid physicians only after they completed their service and had no need for penalties) to 3 times the outstanding principal plus interest. Contract terms for nonphysician practitioners were typically the same as those for physicians.

COMMENT

The number of state-run programs that leverage financial incentives to entice physicians and other primary care practitioners into underserved area practices began to grow in the mid-1980s.[8,12] This study demonstrates a continued and remarkable growth in these programs through the mid-1990s. In 1996, nearly 1700 physicians and midlevel practitioners were serving in 82 identified state programs, comparable with the number serving in the better-known federal NHSC and IHS. States and the federal government cosponsored another 489 primary care practitioners.

Because of their relatively recent and rapid expansion and lack of central coordination, little has been known about the contributions of state programs to the health care needs of underserved communities. We found that most state programs have missions and structures similar to those of federal loan repayment and scholarship programs. States also offer 2 new program variants, the resident support and direct financial incentive types, as well as traditional loan programs with service options. As is common of state programs, support-for-service programs vary significantly in design and operations.[27] Variation arises from creative approaches to meet local needs and opportunities, or is a less deliberate outcome of political forces. In addition to wholly new program types, specific examples of innovation include a southern loan program that required its students to participate in a rural training curriculum, an Appalachian-region program in which financial benefits varied according to the level of need where physicians served, and a midwestern loan program for which acceptance into the program improved the chances of admission into in-state public medical schools. Some programs allowed practitioners to fulfill obligations with part-time work, an innovation now proposed for the NHSC.[28] Outcomes for these various program

Table 3. Number of Practitioners Signing First Contracts and Serving in State, Federal, and Joint State-Federal Support-for-Service Programs in 1996

Program Type	No. of Practitioners		
	Physicians	Nonphysicians*	Program Totals
Signing First Contract in 1996 (State Programs Only)			
Scholarship	368	113	**481**
Loan	175	58	**233**
Resident support	168	0	**168**
Loan repayment	209	76	**285**
Direct financial incentive	39	9	**48**
Total	**959**	**256**	**1215**
Serving in Programs in 1996			
State			
Scholarship	517	156	**673**
Loan	120	41	**161**
Resident support	65	0	**65**
Loan repayment	466	139	**605**
Direct financial incentive	138	34	**172**
Subtotal	**1306**	**370**	**1676**
Joint state-federal (NHSC state loan repayment programs)†	372	117	**489**
Federal†‡			
NHSC scholarship and federal loan repayment programs	1000	515	**1515**
Indian Health Professions loan repayment program	162	34	**196**
Subtotal	**1162**	**549**	**1711**
Total	**2840**	**1036**	**3876**

*Nonphysicians included nurse practitioners, physician assistants, and certified nurse midwives.
†NHSC indicates National Health Service Corps.
‡Several very small federal programs (collective field strength <50 individuals) for which we were unable to obtain discipline-specific data are not listed; specifically, the NHSC Community Scholarship Program and the Indian Health Service Scholarship Grant Program.

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Table 4. Characteristics of State Support-for-Service Programs (n = 82)

Primary program mission, No. (%)	
To influence the size or distribution of the health care workforce	70 (85)
To make health care careers affordable	3 (4)
Both of the above equally emphasized	9 (11)
Administrating organization, No. (%)	
Individual medical school	20 (24)
State office of rural health	14 (17)
State higher education financial aid authority	13 (16)
Other state health department office	17 (21)
Other state office	14 (17)
Private organization	4 (5)
Program funding sources, No. (%)*	
State appropriations	62 (76)
Communities	10 (12)
Recurring program dollars	8 (10)
Fees and taxes on health care providers	5 (6)
Private	3 (5)
Miscellaneous	5 (6)
Eligible service sites, No. (%)	
Criteria for eligible underserved sites	
State-specific designation	45 (55)
Federal HPSA and/or MUA	8 (10)
State designation combined with HPSA and/or MUA	29 (35)
Rural vs urban site eligibility restrictions	
Solely rural locations	23 (28)
Preference for rural locations	11 (13)
No preference for rural or urban locations	47 (57)
Solely urban locations	1 (1)
Eligible medical specialties (among 69 programs for physicians), No. (%)	
Family practice	69 (100)
General internal medicine	64 (93)
General pediatrics	64 (93)
Obstetrics/gynecology	28 (41)
Psychiatry	16 (23)
General surgery	13 (19)
Other specialties (including exceptions)	13 (19)
Contract terms for physicians	
Annual financial support, $†	
Median and mode	10 000
Minimum	3000
Maximum	38 000
Minimum duration of service, mo	
Median	24
Mode	12
Minimum	1
Maximum	60
Financial buy-out costs	
Median and mode	Remaining principal plus interest
Minimum‡	None
Maximum	3 Times principal plus interest

*Some programs reported more than 1 funding source. HPSA indicates Health Professional Shortage Area; MUA, Medically Underserved Area.
†Maximum allowable annual support amount during the minimum service term.
‡Eight loan repayment and incentive programs provided support to practitioners only after they had provided service and did not assess fines if providers terminated participation early.

features are unknown and may vary from state to state. Such local innovations are interesting and promising but unproven.

Several factors prompt states to create their own support-for-service programs when federal programs are available. Program informants often indicated a belief that state-designed initiatives operating under state control better meet the needs of their communities, and that these locally tailored programs are more likely to yield lasting solutions for underserved areas.[10] States also recognized that their programs' smaller size make them more manageable, and their closer relationships with communities give them advantages in innovation and flexibility.[13,29,30] Indeed, the New Federalism doctrines in recent years have encouraged innovation by states as "policy laboratories."[27,29]

State support-for-service programs also grew to fill a workforce void left when NHSC staffing dwindled in the late 1980s and when President Clinton's health care workforce reform proposals were defeated in the early 1990s.[3,10,27,29] These experiences revealed states' vulnerability when relying completely on federal programs and leadership. States created their own programs as a solution that offered greater control and flexibility to meet their needs.[10] A mixture of state and federal financial enticement programs is now the chosen course for half of states.

There have been repeated calls to expand federal support-for-service programs and even proposals to create a universal, mandatory service requirement for all newly trained physicians.[2,22,27,31-35] Plans for such expansions and new initiatives must be mindful of all current types of support-for-service programs—including federal, state, community, and privately sponsored programs—which collectively field an obligated safety-net workforce more than double that generally recognized based on federal program data alone. If an expansion of federal programs is pursued, it should be coordinated with states' efforts. With fully informed considerations, perhaps a further

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expansion of state programs will be found preferable. Continued uncoordinated growth in state programs and an unmindful broadening of federal efforts—whose requirements of practitioners always supersede those of states—raise the likelihood of conflicts between state and federal programs.[36] Some state programs already report competition for students and young practitioners willing to work in underserved areas, and some are now unable to fill all of their funded positions. Whether this is due to an exhausted pool of interested practitioners or unattractively designed programs is unclear. What is clear is that mutual recognition, communication, and coordination between federal and state initiatives in underserved areas is needed.[4,37]

Many state program directors voiced a need to communicate with and learn from other programs. Directors working in individual medical schools and those in higher education financial aid state offices most often voiced or demonstrated their need for more communications with others because they had little contact with programs based in state offices of rural health and other public health agencies and had little experience managing students' obligations other than loans. Among the few current models of national collaboration are the promising centralized electronic listings of support-for-service opportunities maintained by the National Rural Recruitment and Retention Network (3R Net[38]) and by the Association of American Medical Colleges.[39]

Changing Spectrum of State Programs

The growth of state programs from 1990 to 1996 occurred primarily in new loan repayment and scholarship programs. The growth in loan repayment programs is not surprising given that the first such programs were created in the mid-1980s and their growth had been documented for the late 1980s.[8,12] Loan repayment is perceived as a responsive mechanism to rapidly target needed specialties and practitioner types to specific underserved communities.[4,24] Loan repayment commitments, typically made as practitioners complete their training, come at a time in practitioners' careers when they can make informed practice commitments. The growing debt of today's young physicians also makes loan repayment assistance increasingly attractive to physicians and, thus, a stronger enticement mechanism for programs and communities.[40]

The explanation for the growth in scholarship programs is less evident. Perhaps as the only model for obligating practitioners at the student level (service in loan programs is optional), scholarships remain a requisite choice for states that believe it is important to offer service-requiring support at several career stages through a constellation of programs.[41] Paradoxically, while some states were creating new scholarship programs, others were replacing these programs with loan repayment incentives in an effort to decrease program costs and lessen the administrative and legal burdens that have been associated with programs that obligate individuals years in advance of required service.[4,24,42]

Direct financial incentives are a less familiar program approach, as these programs are newer and exist in only 8 states, and there is no comparable federal model. Respondents identified 2 advantages for these programs over loan repayment programs: (1) they relieve programs of the need to verify the eligibility of applicants' educational loans; and (2) they broaden the number of individuals eligible to participate. As a program director stated, there is no reason to assume that only those with educational loans are worth recruiting to underserved areas.

Resident support programs also are new and uncommon. They emerged to capitalize on the growing financial pressures on residents—who now carry a median debt amount of more than $75 000[40]—and to help fill in-state residency positions and retain physicians within the states where they train.

How the 5 types of programs differ in their outcomes for communities and for participating physicians and other practitioners remains to be documented.

Limitations

Despite careful efforts, we may have overlooked several eligible state programs. The addition of data from these omitted programs, however, would further substantiate the collective size and, thus, importance of states' efforts. It is also likely that practitioner counts for some programs are inaccurate because programs sometimes found it difficult to reconstruct complete field strength numbers from their records. We anticipate that practitioner count inaccuracies tend to be underestimates because it was easy for programs to overlook individuals as they tallied names for our study. We do not expect any program to have misjudged their practitioner strength so greatly as to significantly affect our findings and conclusions.

Although we demonstrated growth in program numbers from 1990 through 1996, we were unable to assess how much the collective field strength of these programs grew over time because many programs could not provide the requisite data for trend analysis on their workforce size in the early 1990s. We also did not document how state service-requiring programs changed in number, size, or characteristics since 1996. Similar state initiatives for nurses, dentists, and other non–primary care health care professionals also were not assessed.

CONCLUSIONS AND RECOMMENDATIONS

The tremendous growth in state loan repayment, scholarship, and related programs is one of the most important developments in the US health care safety net over the past 15 years. Remarkably, this growth occurred without fanfare or deliberate design at a national level. The expansion and innovation in state programs is good news, for without them the safety net would be thinner and more vulnerable than it now is. However, much remains to be learned about these state programs and their contributions to promoting uniform access to health care.

Without some degree of cross-state linkage, these programs will remain underappreciated and their lessons hid-

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den.[27] As proposed recently by the Council on Graduate Medical Education,[21] we recommend establishment of a mechanism to track, evaluate, and offer coordination to the safety-net efforts of states and local communities, including their support-for-service programs. Joint evaluation and planning will help states and others clarify the optimal complimentary roles for federal, state, local, and private efforts. With coordination, programs can avoid duplication and harmful competition, address gaps in existing program coverage, and identify synergistic opportunities.[4]

Many program directors desired more contact with other programs. Beyond assistance and collaboration, however, directors were not looking for the imposition of uniform standards, restrictive requirements, or federal oversight. Whatever coordinating approach is pursued, it should have the consent and contributing leadership of states. An appropriate seat for a coordinating center might be 1 of the existing national resource organizations for states, such as the National Governors' Association or the National Conference of State Legislatures. Alternatively, a new national association of state safety-net programs might be established or responsibility might be placed on a capable state office experienced with support-for-service programs; in either case, support by federal or foundation funding should exist.

Beyond new coordination for states' efforts, we recommend that all future national safety-net descriptions and proposals incorporate state initiatives and, when possible, community efforts. Despite the challenges of acquiring complete information on states' programs, planning based on federal data and remedies alone is inadequate, as it overlooks half of the full picture and can envision only some of the options.

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Funding/Support: This study was funded by grant R01-HS09165 from the Agency for Healthcare Research and Quality.
Acknowledgment: We are grateful to the many state program directors and staff who graciously participated in this study, generously giving their time and sharing openly about their programs. We also thank Barbara E. Starrett, MHA, and Michelle Blackwell for helping assemble survey data, and Janice Pope, MSLS, for assistance with library services.

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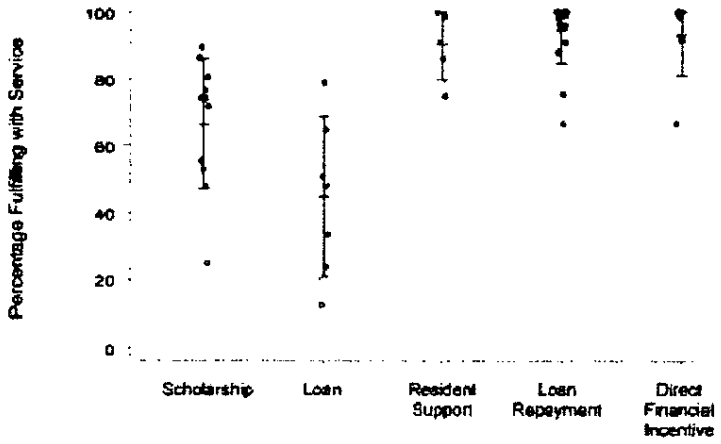
From: Pathman DE, Konrad TR, King TS, Taylor DH, Koch GG. Outcomes of states' scholarship, loan repayment, and related programs for physicians. *Medical Care*. 2004;42:560-568.

FIGURE 1. Percentage of recent physicians in each program (°) who fulfilled their obligations with service, grouped by program type.



Bars denote group means +/- standard deviations

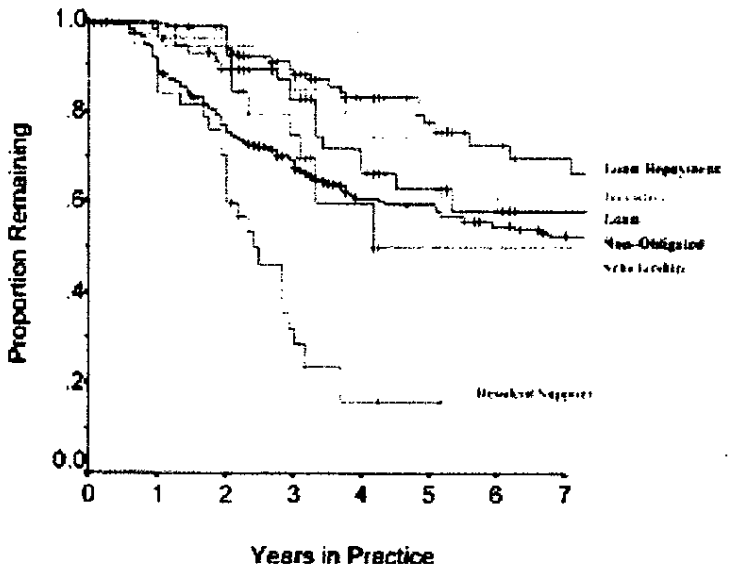


FIGURE 3. Retention of obligated physicians within their service practices: Kaplan-Meier estimations by type of program and compared with nonobligated physicians

STATE OF ALASKA

DEPT. OF HEALTH & SOCIAL SERVICES

Alaska Commission on Aging

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March 18, 2010

Senator Donald Olson
Alaska Capitol, Room 508
Juneau, AK 99801-1182

Subject: Support for CSSB 139, Incentives for Certain Medical Providers

Dear Senator Olson:

The Alaska Commission on Aging (ACoA) is pleased to support CSSB 139, a bill to establish a loan repayment program to build Alaska's health care workforce by increasing the recruitment and retention of targeted health care professionals in urban and rural, underserved communities. This bill is authored by you.

Alaska, as with the rest of the nation, is experiencing a shortage of health care workers as fewer students are entering the health care profession and many of those already working in health care are preparing for retirement. Alaska is one of five states that does not offer a state-sponsored loan repayment program for health care professions. As a result, our hospitals, clinics, and communities lose potential health care workers to other states that incentivize their workforce with loan repayment programs.

Access to quality health care is a priority for all Alaskans and a critical need for people age 65 years and older. Older Alaskans benefit from regular health care services which enhance their overall health and decrease the need for more expensive, intensive treatment and emergency visits.

Alaska continues to lead all states with the fastest growing senior population currently comprising about 12 percent of our state's population and is projected to increase by five to six percent each year until 2020. The graying of Alaska's population is creating substantial shifts for workforce, particularly in the health care and long-term support service sectors, as demand increases and providers are reaching retirement age. If older Alaskans are unable to find a health care provider, they may be forced to leave the state in search of access to health care professionals. As a result, Alaska could suffer from a loss of retirees, who contribute more than $1.7 billion to the state's economy in addition to their significant volunteer service, caregiving activities, and community leadership.

ACoA supports CSSB 139 and believes that the proposed legislation will help to build a qualified health care workforce who will be available to meet the health care needs of older Alaskans. Please feel free to contact Denise Daniello, ACoA's executive director, by phone (465-4879) or email (denise.daniello@alaska.gov) should you have questions or require additional information about our position. Thank you.

Sincerely,

Sharon Howerton-Clark
Chair, Alaska Commission on Aging

Sincerely,

Denise Daniello
ACoA Executive Director

Health Professional Shortage Area (HPSA) and Medically Underserved Areas and Populations (MUA/MUP) Listing 3/2009

(Listing does not include the automatic Primary Care HPSAs for Alaska Native Tribal Populations, which are available to meet designation requirements)

Census Area/Borough	Primary Care HPSA	Dental HPSA	Mental Health HPSA	MUA (Medically Underserved Area)	MUP (Medically Underserved Population per Governor's Request)
013 - Aleutians East Borough	yes	yes	yes	y	
016 - Aleutians West Census Area	yes	yes	yes	y	
020 - Anchorage Borough	CHC	CHC	CHC		y (North)
050 - Bethel Census Area	yes	CHC (applied for geographic DHPSA)	yes	y	
060 - Bristol Bay Borough	CHC	yes	applied/CHC	y	
068 - Denali Borough	yes	applied; CHC site	yes		y
070 - Dillingham Census Area	only AN; CHC shortly	yes	applied for geographic; CHC		y
090 - Fairbanks North Star Borough	Low income	CHC;applying for low income	CHC		y
100 - Haines Borough	CHC	–	yes		y
110 - Juneau Borough	–	–	–	–	–
122 - Kenai Peninsula Borough	CHC	CHC	CHC; Seward subarea is MHPSA		y
130 - Ketchikan Gateway Borough	–	–	–	–	–
150 - Kodiak Island Borough	CHC	CHC	CHC		y
164 - Lake and Peninsula Borough	yes	yes	yes	y	
170 - Matanuska-Susitna Borough	yes (north); 2 CHCs	yes (north); 2 CHCs	2 CHCs		y
180 - Nome Census Area	yes	yes	yes	y	
185 - North Slope Borough	yes	yes	yes	y	
188 - Northwest Arctic Borough	yes	yes	yes	y	
201 - Prince of Wales-Outer Ketchikan Census Area	CHC (lost geo)	CHC	CHC	y	
220 - Sitka Borough	–	–	–	–	–
232 - Skagway-Hoonah-Angoon Census Area	yes	yes	yes	y	
240 - Southeast Fairbanks Census Area	yes	--	–		y
261 - Valdez-Cordova Census Area	Cordova geo (and CHC); CHC Copper Valley	2 CHCs	2 CHCs	y part (Copper Valley)	y part (Cordova; Whittier)
270 - Wade Hampton Census Area	yes	yes	yes	y	
280 - Wrangell-Petersburg Census Area	CHC	CHC	yes		y
282 - Yakutat Borough	yes	yes	CHC	y	
290 - Yukon-Koyukuk Census Area	yes	yes	yes	y	

data from www.hrsa.gov March 3, 2009

http://www.hpsafind.hrsa.gov/HPSASearch.aspx

Health Professional Shortage Areas (HPSAs) are designated by HRSA as having shortages of primary medical care, dental or mental health providers and may be geographic (a county or service area), demographic (low income population) or institutional (comprehensive health center, federally qualified health center or other public facility).

Medically Underserved Areas/Populations are areas or populations designated by HRSA as having: too few primary care providers, high infant mortality, high poverty and/or high elderly population.

USDHHS HRSA: More about shortage areas

Alaska Primary Care Office information: http://www.hss.state.ak.us/dph/healthplanning/primarycare/PC_Home.htm

"Yes" in HPSA columns means there is a "geographic" HPSA designatuion approved by HRSA Office of Shortage Designation, for all or part of the census area or borough.

"CHC" indicates there is at least one Community Health Center with automatice HPSA designation. Where geographic HPSAs exist, the geographic area score is generally higher than the CHC score. Most of the areas with geographic designations also have CHCs in one or more sites within the census area or borough.

Prepared by Health Planning and Systems Development Section, Health Care Services, Alaska Department of Health and Social Services 3/19/2009

Alaska Center for Rural Health – Alaska's AHEC
UNIVERSITY of ALASKA ANCHORAGE
August 2007

2007 Alaska Health Workforce Vacancy Study Research Summary

Key Findings: *Alaska is confronted by severe shortages of professional health workers, primarily in high-level primary care occupations that include* ***Family Physician, General Internist, Critical Care Nurse, Nurse Case Manager, Family Nurse Practitioner, Physician Assistant, Pharmacist, Dentist, Physical/Occupational/Speech Therapist,*** *and* ***Behavioral Health*** *occupations. Shortages in* ***RNs*** *and* ***Allied Health*** *are much less acute. Most affected are rural areas and Tribal Health Organizations, though growth-driven high vacancy rates affect the Anchorage-Matsu region as well.*

BACKGROUND

Alaska is confronted by a "perfect storm" of health professional shortages. The state has long suffered from a deficient "supply side" characterized by insufficient numbers of key health workers whose recruitment, retention and training have been impeded by Alaska's remoteness, harsh climate, rural isolation, low population density and scarce training resources. Now exacerbating this already difficult situation is a burgeoning "demand side" for increased health services for a steadily growing and aging population. The health services industry is the fastest growing sector of Alaska's economy, employing over 7% of the state workforce.

METHODOLOGIES

The key questions this study sought to answer were: What health occupations were at this time most critically affected by shortages? Exactly how many budgeted positions existed and how many of these currently remained unfilled? Where were these vacancies regionally and in what types of organizations? What did employers perceive to be the major underlying causes of their vacancies? How many new trainees/graduates could the job market actually absorb annually and how many organizations could absorb them?

Four hundred seventy-six (476) purposively sampled Alaska health service organizations of all types responded to the study survey (Figure 1). Survey data was used to generate estimates of positions and vacancies for the entire state of Alaska.

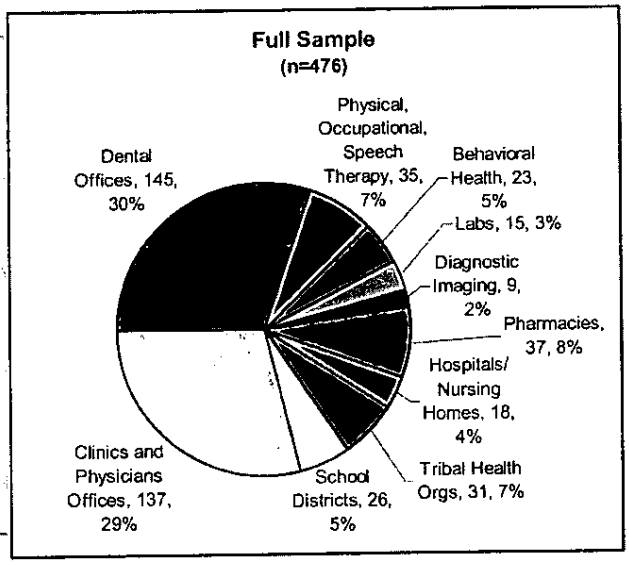

Figure 1

KEY FINDINGS

The findings confirm and quantify the trends cited in recent studies and accumulating anecdotal evidence: despite the recent progress in training and deploying health personnel, such as **Registered Nurses**, critical shortages persist (Tables 1,2).

The situation for key primary care occupations – **Family Physician, General Internist, Nurse Practitioner, and Physician Assistant** – was troubling, particularly in the rural areas, with numerous estimated vacancies and high estimated state vacancy rates between 15% and 20%.

Though vacancies for **Psychiatrists** were not numerous, they were particularly in demand (19.0% estimated vacancy rate) and difficult to recruit (mean vacancy length of 34.5 months).

This study was funded by the Office of Associate VP for Health, University of Alaska Anchorage, through Center for Disease Control and Prevention grant #5-H755-DP024673, and by the Alaska Mental Health Trust Authority.

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The national **Pharmacist** shortage has hit Alaska hard and affects every region, with high estimated vacancy numbers (98), and an estimated vacancy rate of 23.7%.

Therapists of all kinds – **Physical, Occupational, Speech, and Speech-Language Pathologists** – were in short supply, with estimated vacancy rates ranging from 15.6% to 29.3%. No part of the state escaped the shortages; vacancy rates were most acute in rural areas, but numerically high in the Anchorage Mat-Su region.

High numbers of vacancies and high vacancy rates were reported for key specialized nursing occupations, particularly for **Nurse Case Manager, Family Nurse Practitioner**, and **Critical Care Nurse**. These appeared to be the current areas of most critical shortage in nursing.

The estimated **Registered Nurse** vacancy rate was moderate (8.0%), but this masked 10% rates in hospitals and tribal health organizations, and an estimated rural rate of 16.1%.

While the estimated vacancy rate for **Dentist** was 10.3%, this masked a 15.3% estimated rural rate and a very high 42.0% rate for tribal health organizations, which had 39% of estimated **Dentist** vacancies.

Table 1. Occupational Groups

Occupational Groups	Study Sample (n=476)			State Estimate		
	Positions	Vacancies	Vacancy Rate	Positions	Vacancies	Vacancy Rate
All Occupations	18158	1866	10.3%	34738	3529	10.2%
Physicians	730	109	14.9%	1931	226	11.7%
Professional Nurses	4202	462	11.0%	7139	696	9.8%
Other Nursing Staff	1769	135	7.6%	1762	111	6.3%
Professions/ Therapists	1240	217	17.5%	2281	404	17.7%
Behavioral Health	2938	327	11.1%	7450	1033	13.9%
Allied Health	3209	291	9.1%	5523	434	7.9%
Public Health/ Nutrition	154	18	11.7%	189	ND	ND
Other Primary Care (PA & CHAP)	759	132	17.4%	1067	198	18.5%
Managers	1337	69	5.2%	2947	160	5.4%
Health Information/ Reimbursement	1816	106	5.8%	4451	253	5.7%

In the **Behavioral Health** occupational group, the most acute shortages – with both extremely high vacancy numbers and high vacancy rates – appeared to be among **Human Services Workers**. In addition, overall estimated **Behavioral Health** occupation vacancies were extremely numerous (1033), around 29% of all estimated vacancies – more than any other occupational group.

Among **Allied Health** occupations, high vacancy rates were affecting employers of **Physical Therapy Assistants** and **Respiratory Therapists**. **Sonographer** vacancies were difficult to fill, and **Surgical Technician** vacancies, though not numerous, were averaging 3 to 4 years in length.

One hundred (100) vacancies and a vacancy rate of 18.1% were reported for **Community Health Aide/Practitioners (CHA/Ps).**

Among "front office" and "back office" occupations, **Coding Specialist** and **Certified Coder** had 11% estimated vacancy rates and very long mean vacancy lengths.

The managerial occupations for which high vacancy rates were reported were healthcare related: **Behavioral Health Supervisor, Clinical Department Manager, Health Information Manager, Medical Director, Nurse Manager, and Practice Manager.** Behavioral health organizations had the most estimated managerial vacancies.

Table 2. Key occupations

Key Occupations (high numbers of vacancies, high vacancy rates)	Study Sample (n=476)			State Estimate		
	Positions	Vacancies	Vacancy Rate	Positions	Vacancies	Vacancy Rate
Family Physician	252	48	18.3%	675	107	15.8%
General Internist	71	15	21.1%	200	40	20.0%
Psychiatrist	36	10	27.8%	93	18	19.0%
Registered Nurse	3109	299	9.6%	5489	439	8.0%
Critical Care Nurse	497	43	8.7%	629	60	9.5%
Nurse Case Manager	136	42	30.9%	209	49	23.4%
Family Nurse Practitioner	155	36	23.2%	364	71	19.5%
Physician Assistant	207	32	15.5%	515	98	19.0%
Pharmacist	302	73	24.2%	413	98	23.7%
Physical Therapist	271	29	10.7%	510	84	16.5%
Dentist	319	47	14.7%	692	71	10.3%
Human Services Worker	1568	170	10.8%	4800	697	14.5%
Behavioral Health Clinician	297	35	11.8%	555	71	12.8%
Case Manager/Care Coordinator	505	52	10.3%	1163	164	14.1%
Physical Therapy Assistant	35	11	31.4%	62	18	28.6%
Medical Assistant	367	38	10.4%	1092	102	9.3%
CHA/P	552	100	18.1%	552	100	18.1%
Certified Coder	85	6	7.1%	209	22	10.6%
Medical Director	49	6	12.2%	120	18	14.8%
Behavioral Health Supervisor	82	13	15.9%	176	22	12.5%

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Looking at respondent types, tribal health organizations reported the highest overall vacancy rate (16.5%). These organizations reported 87 **CHA/P** vacancies; approximately half of all estimated vacancies for **Nurse Case Manager, Pharmacist, Chemical Dependency Counselor, Dentist, Medical Lab Tech, Medical Technologist,** and **Health Educator**; and all the estimated vacancies for **Coding Specialist**. But every respondent type was a locus for acute shortages in key occupations, such as clinics/offices of physicians for **PAs**, hospitals/nursing homes for **RNs**, pharmacies for **Pharmacists**, behavioral health organizations for **Human Services Workers**, and school districts for **Speech-Language Pathologists**.

Higher vacancy rates were generally found in the rural respondents, particularly in the North/West and Southwest regions, which reported double digit vacancy rates for nearly all occupational groups, and overall vacancy rates of around 20% (Table 3, Figure 2). Occupations with much higher rural estimated vacancy rates included **RN** (6.9% urban, 16.1% rural), **Behavioral Health Clinician** (9.3% urban, 22.9% rural), **Dentist** (7.2% urban, 15.3% rural), **Physical Therapist** (13.5 urban, 31.6% rural), and **PA** (14.7% urban, 26.8% rural) (Table 4).

DISCUSSION

The "supply side" shortages apparently persist. "Inadequate Pool of Qualified Workers" was the top reason given for vacancies, cited by 54% of respondents, followed by "Transience/Moving Away" (28%), "Insufficient Compensation" (18%), and "Rural Isolation" (16%). Many tribal health organizations also reported "Insufficient/Expensive Housing" as a top reason for unfilled vacancies. The data also indicated a burgeoning "demand side," where shortages were exacerbated by population growth and an increased need and demand for health services, particularly in the high-growth Anchorage Mat-Su region.

Table 3. Regional vacancy rates

Occupational Group	Regions (Study Sample = n=476)						
	North/ West (n=10)	Southwest (n=17)	Interior (n=72)	Anchorage/ Mat-Su (n=232)	Gulf Coast (n=69)	Southeast (n=70)	Statewide/ Multiregional (n=6)
Physicians	26.7%	21.2%	21.6%	12.6%	10.4%	6.8%	30.3%
Professional Nurses	26.0%	21.6%	5.9%	11.1%	8.0%	5.9%	12.1%
Other Nursing Staff	18.6%	18.8%	5.8%	6.2%	4.6%	2.3%	8.8%
Dentists/Pharmacists/Therapists	32.4%	32.4%	20.7%	15.9%	16.5%	16.3%	12.4%
Behavioral Health	19.0%	22.7%	13.1%	8.3%	7.1%	11.1%	11.6%
Allied Health	17.0%	24.6%	7.3%	6.5%	8.4%	7.7%	8.6%
Public Health/ Nutrition	30.0%	6.3%	0.0%	4.0%	18.9%	0.0%	10.5%
Other Primary Care (PA & CHA/P)	19.7%	18.6%	24.5%	9.0%	9.1%	4.0%	0.0%
Managers	13.8%	2.4%	3.5%	3.2%	6.4%	11.7%	4.0%
Health Information/ Reimbursement	15.9%	16.9%	2.0%	5.3%	6.6%	2.8%	7.2%
All Occupations	20.1%	20.3%	9.0%	8.6%	8.1%	7.7%	10.2%

Table 4. Urban vs. Rural vacancies and vacancy rates

Occupation	Urban		Rural	
	Estimated Vacancies	Estimated Vacancy Rate	Estimated Vacancies	Estimated Vacancy Rate
Family Physician	68	14.9%	38	17.6%
General Internist	27	18.8%	13	23.1%
RN	339	6.9%	94	16.1%
Family Nurse Practitioner	36	13.3%	34	36.4%
Pharmacist	68	22.7%	30	25.9%
Behavioral Health Clinician	36	9.3%	34	22.9%
Human Services Worker	158	8.5%	209	10.1%
Dentist	32	7.2%	38	15.3%
Dental Hygienist	14	3.6%	17	10.0%
Dental Assistant	27	4.4%	64	14.9%
Physical Therapist	59	13.5%	26	31.6%
PA	50	14.7%	47	26.8%
All Occupations	1998	8.1%	1162	13.3%

Many respondents provided commentary with their surveys and noted positions that are particularly difficult to fill:

- *"We have been hiring travelers for Physical Therapy positions at $67/hr – we can't find therapists to employ. We have been looking for 2 years."* (Urban Medical Clinic).
- *"Without a state Physical Therapy program it is very difficult to get PT staff. Usually this area is staffed by PTs that leave competing PT clinics."* (Urban Physical Therapy Office)
- *We really need a pharmacy school in Alaska. It took two years to fill our last pharmacist position."* (Urban Pharmacy)
- *"Pharmacists are always the most difficult position to fill."* (Rural Pharmacy)

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The availability of military spouses has apparently alleviated some of the workforce pressure, but has exacerbated the "transience" problem. Also affecting the shortages was the absence of local training resources (such as medical, dental, pharmacy, and therapy schools) to provide a local workforce pipeline. In the qualitative data, common refrains were, "we need a pharmacy school," "we need a dental school," "we need a physical therapy school."

The acuity of workforce shortages was also reflected by the high percentage of estimated vacancies the responding employers would consider filling with new grads (Table 5). Respondents indicated that they had the capacity to hire sizeable graduating cohorts of Family Physicians, PAs, Occupational and Physical Therapists, Pharmacists, and Dentists. These may be the occupations likely to yield optimal responses to substantial investments in preparation and training programs and/or targeted recruitment and retention campaigns.

Copies of the full study can be downloaded from the ACRH website at:

http://nursing.uaa.alaska.edu/acrh/

Table 5. New Grad Vacancies

Occupation	Study Sample (n=476)	Statewide Estimate
Human Services Worker – HS diploma	68	266
Registered Nurse	93	226
Human Services Worker – AA degree	47	195
Case Manager/Care Coordinator	37	120
Family Physician	25	89
CHA/P	88	88
Pharmacist	46	84
Medical Assistant	21	84
Physician Assistant	23	80
Occupational Therapist	21	75
Dental Assistant	26	75
Dentist	27	67
Physical Therapist	23	62
Speech-Language Pathologist	28	53
Behavioral Health Clinician	19	53

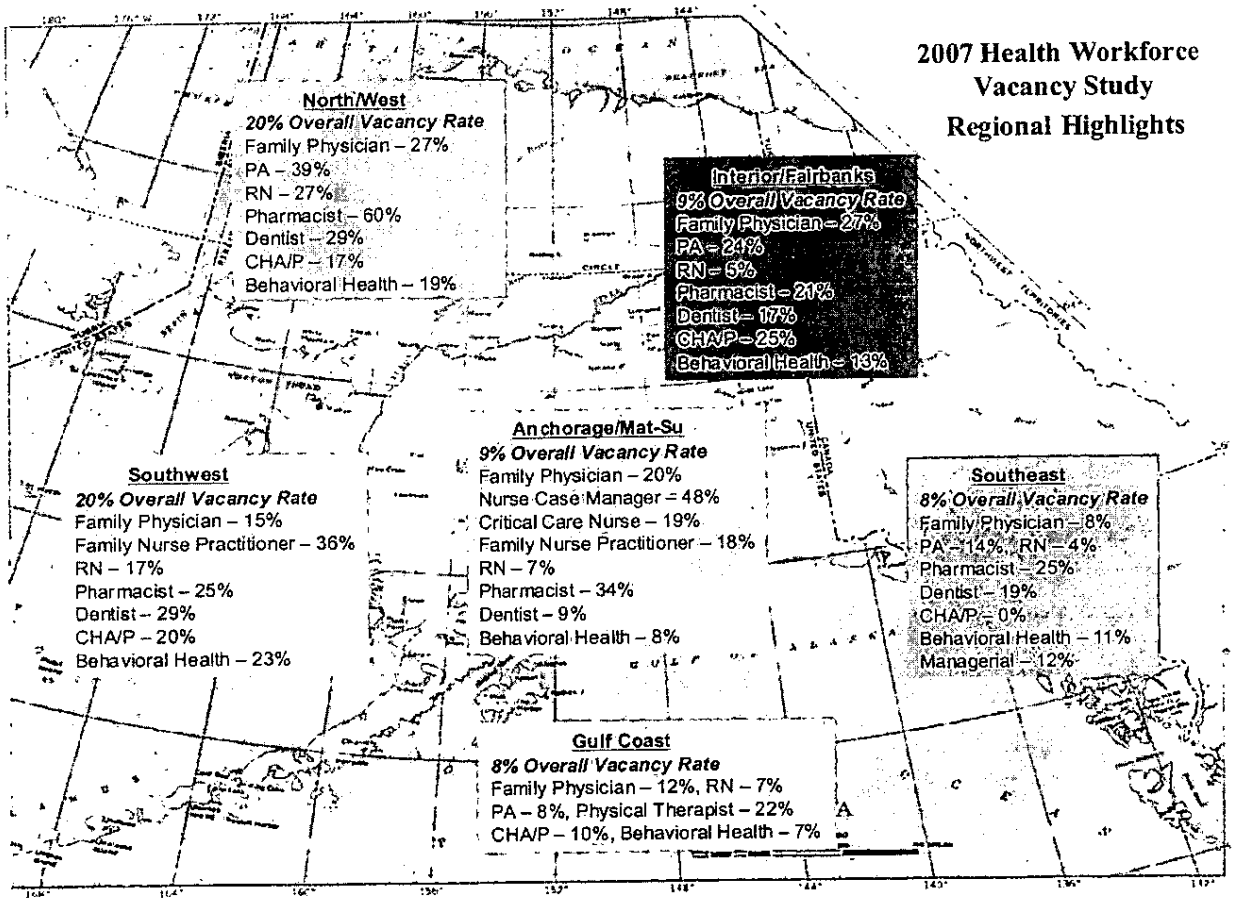

Figure 2. Regional Highlights

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How Hard Is It for Alaska's Medicare Patients to Find Family Doctors?

By Rosyland Frazier and Mark Foster

UA Research Summary No. 14 • March 2009
Institute of Social and Economic Research • University of Alaska Anchorage

In the past few years, Alaskans have been hearing reports that some primary-care doctors won't see new Medicare patients. Medicare pays these doctors only about two-thirds of what private insurance pays—and that's after a sizable increase in 2009. But most Americans 65 or older have to use Medicare as their main insurance, even if they also have private insurance. Just how widespread is the problem of Alaska's primary-care doctors turning away Medicare patients? ISER surveyed hundreds of doctors to find out—and learned that so far there's a major problem in Anchorage, a noticeable problem in the Mat-Su Borough and Fairbanks, and almost no problem in other areas.

Medicare is the federal health insurance program for older Americans and for some younger people with disabilities. At issue is what Medicare pays primary-care doctors for their services—not what it pays for other medical costs. Alaska's 50,000 Medicare enrollees are almost all in the "fee for service" plan, which pays doctors standard fees for their services.*

Why is it so worrisome if primary-care doctors won't see Medicare patients? These are the doctors who provide broad care, track patients' overall health, and coordinate care with specialists. That's very important for older people, who often have various medical problems and chronic conditions. And the number of Alaskans over 65 is growing fast—it's expected to double in the next 15 years.

To learn how hard it is for older Alaskans to find primary-care doctors, in 2008 we tried to survey all those who could see the general population of Medicare patients. We were able to interview 229 doctors or their staffs—about 85% of those we tried to reach.

But Medicare payments for Alaska doctors increased in 2009, thanks to efforts of Alaska's U.S. senators. So we recently called back the doctors who had told us they weren't taking new Medicare patients. None of them had opened their doors to significant numbers of new Medicare patients. Four said they now see a very limited number of new Medicare patients, under special circumstances. Two doctors in a joint practice who still didn't see new Medicare patients had hired a nurse practitioner who did.

It's certainly also possible that without the 2009 increase, even more doctors would have decided not to see Medicare patients. Figure 1 shows what our 2008 and 2009 surveys found.

• *It's mainly doctors in Alaska's larger urban areas who are declining to see new Medicare patients.* But that's where the majority of older Alaskans live. Most doctors (even in Anchorage) will still see established patients—that is, patients they've seen in the past.

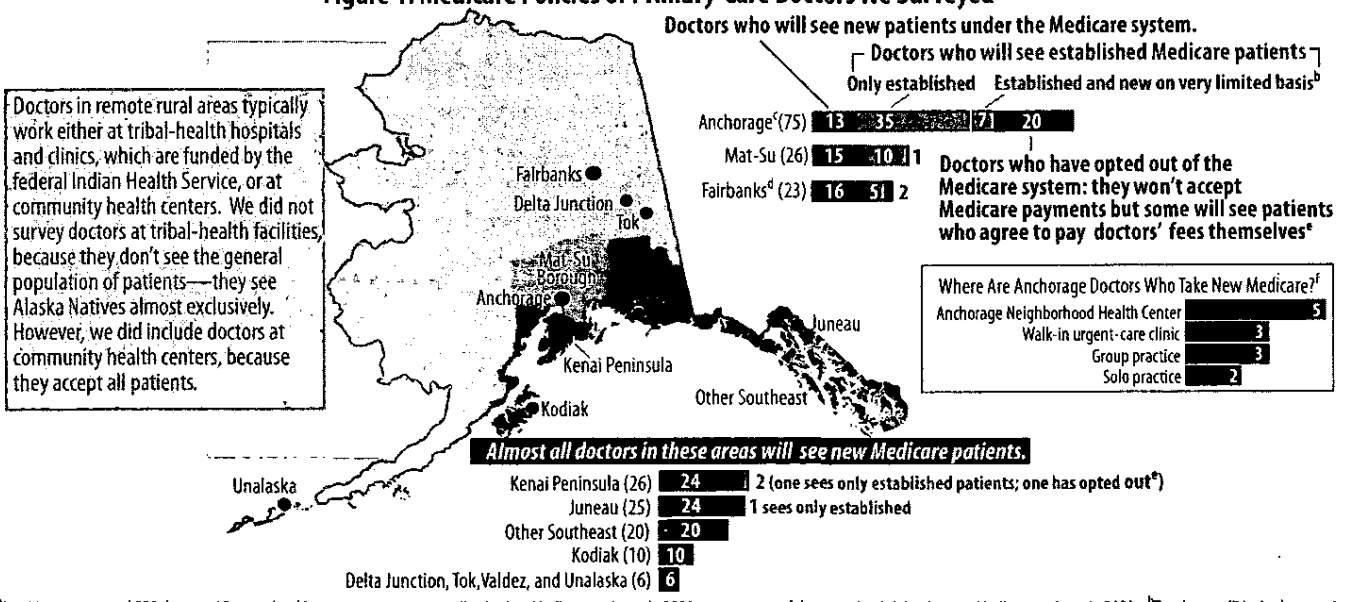
• *Almost all doctors in smaller communities take new Medicare patients.* Rural places have few doctors—so doctors probably feel more of an obligation to see all patients. For patients (Medicare or otherwise) in rural Alaska, the challenge is more likely to be recruiting and keeping doctors.

• *One in ten doctors we surveyed has opted out of the Medicare system.* Most are in Anchorage. They will not accept Medicare payments, but some will see patients who agree to pay the entire doctor's bill themselves.

• *The Anchorage Neighborhood Health Center,* which accepts all patients, saw twice as many Medicare patients in 2007 as in 2001. It has become the only choice for many of Anchorage's Medicare patients.

• *Medicare patients are not relying more on emergency rooms,* if figures for Providence Hospital's emergency room in Anchorage are typical. Numbers of Medicare patients there haven't changed much in the past several years.

Figure 1. Medicare Policies of Primary-Care Doctors We Surveyed[a]



[a]In 2008 we surveyed 229 doctors; 15 weren't taking any new patients at all; 3 had no Medicare patients. In 2009 we re-surveyed doctors who didn't take new Medicare patients in 2008. [b]Ten doctors (7 in Anchorage, 2 in Fairbanks, 1 in Mat-Su) accept a few new Medicare patients under special circumstances, but don't typically see new Medicare patients. [c]Includes Eagle River/Chugiak. [d]Includes North Pole. [e]See Figure 9. [f]See page 3.

*Nationwide, 21% of beneficiaries have enrolled in Medicare Advantage programs—which means they become members of private health plans, and Medicare then pays the plans a set monthly amount for each Medicare enrollee.

Survey of Primary-Care Doctors

We surveyed only primary-care doctors. So far there hasn't been any sign that specialists are declining to see Alaska's Medicare patients—not surprising, since Medicare tends to pay them closer to private-insurance rates.

We first had to determine how many doctors fit our survey criteria: those who currently practice general, family, or internal medicine at least 20 hours a week and who could see the average Medicare patient, if they chose to.

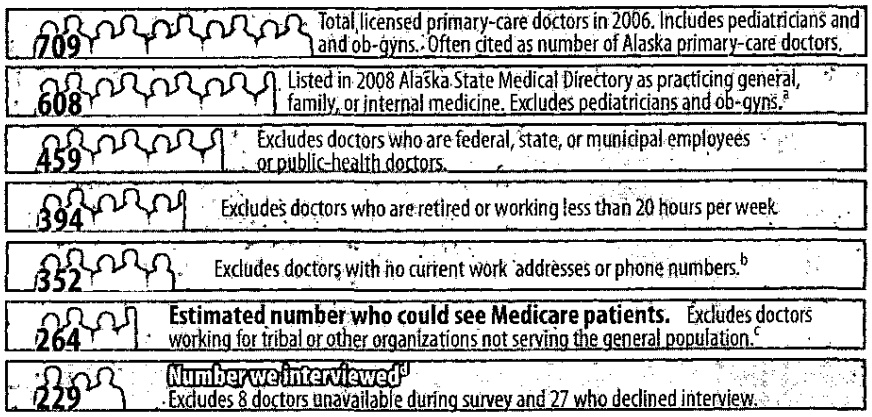
About 700 primary-care doctors are licensed in Alaska, but most aren't available to see the general population of Medicare patients. Hundreds work for government agencies, are in public health, or see only specific groups (Figure 2).

Among those who didn't fit our criteria are doctors working for tribal-health facilities that provide Indian Health Service programs for Alaska Natives. These doctors do see Alaska Native Medicare patients.

We estimated that 264 doctors were left, after we took out those who didn't fit our criteria. In 2008 we tried to reach all 264. We were able to talk with about 85%—229 doctors or their staffs. We asked them to tell us their policies for seeing Medicare patients and to rank reasons why they might be limiting or turning them away. The top reason they cited was "inadequate reimbursement"—that is, Medicare payments aren't enough to cover the costs of seeing patients.

We also followed up, in 2009, with doctors who had told us in 2008 that they weren't taking new Medicare patients. We reached all but two.

Figure 2. How Many Primary-Care Doctors Are Available to See Medicare Patients?
(Among Alaska Doctors Practicing General, Family, or Internal Medicine at Least 20 Hours per Week)



[a]We excluded pediatricians and obstetrician-gynecologists, who are often included in definitions of primary-care doctors, because they don't routinely see older patients. [b]About 42 doctors were not at the addresses and phone numbers in the medical directory. We tried but weren't able to find them, and we assume they have left the state or are not practicing. [c]We excluded doctors working for tribal-health organizations, the military, the Veterans' Administration, and Planned Parenthood, because they don't see the general population of Medicare patients. Doctors who work for tribal-health facilities do see Alaska Native Medicare patients. [d]We interviewed either doctors or members of their staffs.

Medicare Versus Private Insurance

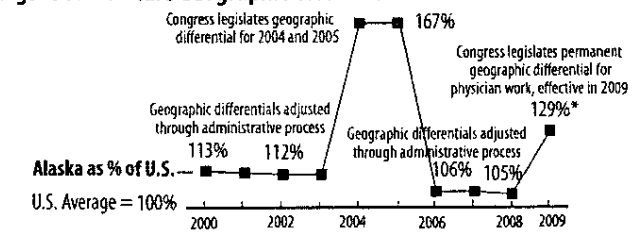
The federal Center for Medicare and Medicaid Services (CMS) calculates Medicare payments for doctors under a complex formula that takes into account geographic differences in costs around the country. Alaska's doctors have historically been paid more than the U.S. average for seeing Medicare patients.

The CMS formula actually includes three geographic differentials: one for "physician work" itself, one for doctors' costs of operating practices, and one for doctors' costs of carrying liability insurance.

In 2008, Congress set the Alaska geographic differential for "physician work" at 50% above the U.S. average, effective in 2009. Alaska's U.S. senators Lisa Murkowski and Ted Stevens were instrumental in gaining that increase for Alaska doctors. But combined with the other differentials—set by CMS—the overall Medicare geographic differential for Alaska doctors in 2009 is 29% above the U.S. average. Figure 3 shows the differential since 2000.

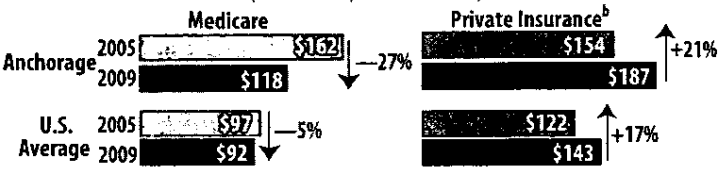
- *From 2000 to 2003, the geographic differential for Alaska doctors was about 12% above the U.S. average.* That differential was set entirely under CMS's administrative process.
- *In 2004 and 2005, the differential for Alaska doctors jumped to 67% above the U.S. average.* Ted Stevens, at that time Alaska's senior U.S. senator, spearheaded the legislation that led to the substantial but temporary increase. In those two years, Medicare paid Alaska doctors as much as private health insurance (Figure 4).
- *After that legislation expired, the Medicare differential dropped sharply,* to about 5% above the U.S. average from 2006 to 2008.
- *In 2009, the cost differential for Alaska doctors climbed to 29% above the U.S. average,* due to new federal legislation—as we just discussed. But Medicare still pays doctors less now than it did in 2005 (Figure 4).
- *Medicare pays about two-thirds of what private insurance pays, in Alaska and on average nationwide.* (But in the adjacent markets of Washington state, Medicare pays 68% to 75% of what private insurance pays.)
- *That nationwide gap helps explain why more Medicare patients are having trouble finding doctors.* Recent national surveys sponsored by the Medicare Payment Advisory Commission found that 17% of Medicare patients in the U.S. had "a big problem" finding family doctors in 2007, up from 13% in 2005. Alaska may be the harbinger of a national trend.

Figure 3. Medicare Geographic Cost Differential* for Alaska Doctors



*This is a weighted average of three geographic cost differentials the Center for Medicare and Medicaid Services uses in a complex formula that determines what doctors are paid. One of those is the differential for "physician work," and Congress set that at 150% of the U.S. average for Alaska doctors, effective in 2009. But the other differentials—for physicians' costs of operating their practices and for carrying liability insurance—are set by CMS and can vary from year to year.
Source: Center for Medicare and Medicaid Services; Medicare Payment Advisory Committee

Figure 4. Medicare and Private Insurance Payments[a] To Primary-Care Doctors, Anchorage and U.S. Average, 2005 and 2009
(New Patient, 30-Minute Visit)



[a]Figures include the amount Medicare or private insurance pays and the amount the patient pays. [b]Median payments
Source: Ingenix National Fee Analyzer

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Where Are the Medicare Patients?

• *Nearly 70% of non-Natives over 65 live in Anchorage, the Mat-Su Borough, and the Fairbanks area.* Figure 5 shows only where older non-Natives live, because older Alaska Native patients have access to doctors through tribal-health care facilities. For them, the issue is not that doctors won't see them but that there may not be enough doctors, especially in rural areas.

Who Accepts Medicare Patients?

Besides the doctors who will see new or established patients, some doctors have made another choice: they've opted out of the Medicare system. They don't accept any Medicare payments (see Figure 9), but some will see Medicare patients who agree to pay the doctor's fee themselves. Patients who can do that have more choices. But for those who need Medicare to help pay the bill, the access problem is the worst in Anchorage.

• *We found only 13 primary-care doctors seeing the general population of new Medicare patients in Anchorage.* Of those, 3 were at walk-in, urgent-care clinics, which mostly just treat minor injuries and illnesses (Figure 1).

• *Five of the 13 Anchorage doctors seeing new Medicare patients in 2008 were at the Anchorage Neighborhood Health Center.* That's one of dozens of federally funded community health centers in Alaska. There are hundreds more across the U.S. These centers are open to everyone, but they are mainly for medically "under-served" groups of people—poor and uninsured, for instance—or areas of the country without adequate local medical care, like many of Alaska's rural communities.

• *The Anchorage Neighborhood Health Center is the main choice for growing numbers of Medicare patients.* Both the number of Medicare patients coming to the clinic and the percentage they make up of all patients doubled between 2001 and 2007 (Figure 6). That growth did flatten out in 2004 and 2005, when Medicare paid doctors at a level comparable to private insurance. But after that, the numbers climbed. (In Fairbanks, the community health center saw a similar percentage increase. In the Mat-Su Borough, a health center just opened in 2005, so data are limited.)

• *Until recently there was another choice for Anchorage's Medicare patients—the Alaska Family Medicine Residency Program*, where some family doctors get their final phase of training. These resident doctors see patients, and they had been accepting growing numbers of Medicare patients. But to make sure the residents see a variety of patients, the program has now capped the number of Medicare patients it accepts.

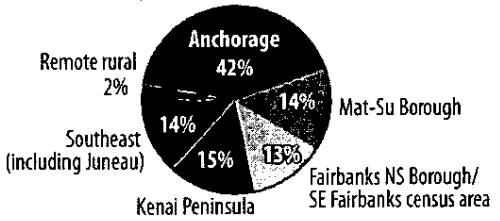
• *Anchorage's Medicare patients don't seem to be turning more to emergency rooms.* Data from Providence Hospital's emergency room show that visits by older patients have stayed mostly steady, with seasonal variations, since 2004 (Figure 7). But some health-care providers think that Medicare patients may be postponing care they need and coming in only when medical problems get much worse.

Medicare Payments to Doctors and to Health Centers

• *Medicare pays doctors and community health centers differently.* Some people believe that Medicare uniformly pays health centers more than it pays private doctors, making it more feasible for health centers to see Medicare patients. But the reality is more complex.

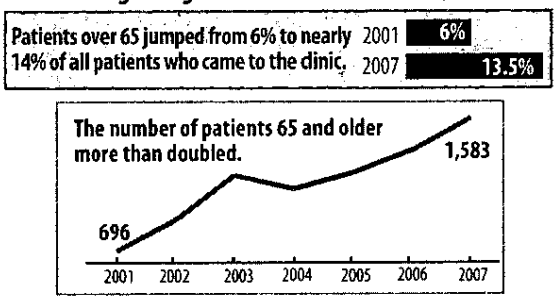
• *Medicare pays health centers the same fee for seeing Medicare patients for any visit, but private doctors more for longer, more complex visits.* Figure 8 compares payments for 30- and 60-minute visits with new patients, at doctors' offices and the Anchorage Neighborhood Health Center (ANHC). For a 30-minute visit, Medicare pays ANHC $119 and doctors about $95. But for a 60-minute visit, it still pays ANHC $119, but the doctors $189.

Figure 5. Where Do Non-Native Alaskans Over 65 Live?
(2006 Estimate: 38,227)



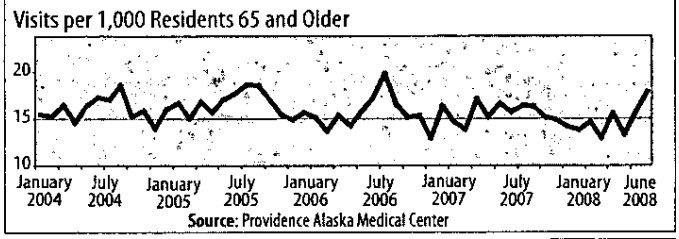
Source: Alaska Department of Labor, Research and Analysis section, 2006 bridge estimates

Figure 6. Growth in Number of Patients 65 and Older at Anchorage Neighborhood Health Center, 2001-2007



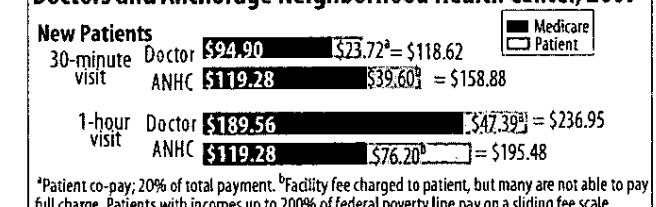
Source: Uniform Data System Reports, U.S. Department of Health and Human Services, Health Resources and Services Administration

Figure 7. Visits to Providence Hospital's Emergency Room in Anchorage, Patients 65 and Older, 2004 to 2008



Source: Providence Alaska Medical Center

Figure 8. Medicare and Patient Payments to Private Doctors and Anchorage Neighborhood Health Center, 2009



[a]Patient co-pay; 20% of total payment. [b]Facility fee charged to patient, but many are not able to pay full charge. Patients with incomes up to 200% of federal poverty line pay on a sliding fee scale.

Sources: Anchorage Neighborhood Health Center; Ingenix National Fee Analyzer

• *What Medicare patients pay at health centers and at doctors' offices is also determined in different ways.* Essentially, Medicare allows the health centers to take their own fees into account when determining what patients are charged. But Medicare doesn't allow doctors to use their own fees; instead, Medicare sets a maximum allowable charge for specific kinds of visits, and patients pay a portion of that (see Figure 9).

• *Neither ANHC nor the doctors' offices necessarily collect the amounts shown in Figure 8 as payments from patients.* At ANHC, patients with incomes up to 200% of the federal poverty line are charged on a sliding fee scale. Likewise, private doctors may not always be able to collect the patient's share. And both private doctors and ANHC report losing money when they see Medicare patients.

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Doctors and the System

Primary-care doctors who see Medicare patients have three choices for getting paid. Figure 9 describes those choices among doctors we surveyed.

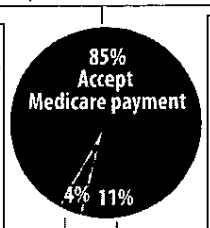
About 85% choose the standard Medicare process ("participating"). Another 4% still work with the Medicare system but charge patients somewhat more ("non-participating"). The final 11% have opted out of the Medicare system, but will still see patients who agree to foot the bill.

Patients also pay different amounts, depending on their doctors' policies. For a service with an allowable Medicare fee of $100, patients seeing doctors who accept that fee would pay $20—but only after Medicare paid the other $80. Patients seeing "non-participating" doctors would pay the doctors $109.25; Medicare would later reimburse the patients $76, so their final cost would be $33.25. Patients seeing doctors who have opted out of the Medicare system would pay a fee determined by the doctor—perhaps a negotiated fee, but still typically more than Medicare pays.

Figure 9. How Do Alaska Primary-Care Doctors Who See Medicare Patients Deal with the System?
(Among 211 Surveyed Who See New or Established Patients)

Most doctors accept standard Medicare fees and bill Medicare. They are called "participating." Medicare sets maximum allowable charges for various services. Participating doctors agree not to charge more than the allowable rate, and Medicare pays them 80% of that. The patients (and their secondary insurance, if they have any) pay the other 20%.

A few doctors (called non-participating) can charge up to 9% more than the allowable Medicare charge. But Medicare pays less and patients pay more. Here's how it works. The patient pays the entire bill, but the doctor submits a statement to Medicare so the patient is paid for the Medicare share. But instead of paying 80% of the charge, Medicare pays only 76%. The patients (and their secondary insurance, if they have any) pay the rest of the bill.



Some doctors don't accept Medicare payments for their fees. They are said to have "opted out." They will still see Medicare patients, but patients must agree to pay a fee the doctor sets. Medicare doesn't pay either doctors or patients, and patients can't bill any secondary health insurance they may have. Remember that patients pay only the fee for the doctor. They still use Medicare to help pay hospital and other medical costs. Doctors who opt out have to re-confirm their decision with Medicare every two years. They can also apply to come back into the system after two years.

Example: How Much Would Patients Pay for a Service with an Allowable Medicare Charge of $100?

	Participating Doctors Charge $100	Non-Participating Doctors Can Charge $109.25	Doctors Who Have Opted Out Can Set Their Own Fees
Medicare pays	$80	$76	$0
Patient pays	$20[a]	$33.25[a]	Entire doctor's fee[b]

[a]Patients can bill secondary insurance to help pay their share. [b]Patients can't bill secondary insurance to pay any amount.

Sources: American Academy of Family Physicians; Government Accountability Office

Conclusion

With few exceptions, Americans 65 or older who are retired have to use Medicare as their primary insurance—even if they also carry private health insurance or have retirement benefits that include health-care coverage. Any other insurance they have can *only* be used to help pay *their share of the allowable Medicare charge*. They can't use private insurance to pay doctors more than Medicare allows.

As more Alaskans turn 65, the access problem will get worse, unless something changes. Growing numbers of Medicare patients around the country are also reporting access problems. And the American College of Physicians has reported that a nationwide shortage of primary-care doctors is looming—which would make the problem even worse.

This summary talks about just a very narrow slice of the multitude of issues facing Medicare. It's one of the largest and fastest-growing federal programs, and President Obama has said reforming it will be part of his plan to improve the U.S. health-care system. How potential reforms might affect Medicare patients' access to family doctors isn't clear today.

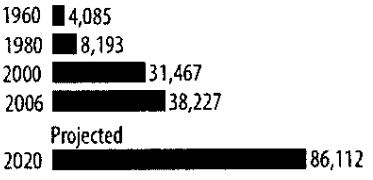
Because Medicare is a federal program, the state's options for helping improve access are limited. But Alaskans are talking about various possibilities—like recruiting more doctors and offering them bonuses to see Medicare patients, and either establishing an Anchorage clinic for Medicare patients or expanding the Anchorage Neighborhood Health Center.

In a publication later this year, we'll look at the implications of various ways of trying to improve access for Medicare patients. We'll also report what family doctors themselves told us—how they make decisions about seeing Medicare patients and what might make them willing to see more.

Figure 10. Alaska Medicare Enrollment, 2005

Source: Alaska Department of Health and Social Services, Alaska Health Care Data Book 2007

Figure 11. Non-Native Alaskans 65 and Older



Sources: U.S. Bureau of the Census; ISER estimates based on census data; Alaska Department of Labor, Research Analysis, 2006 estimates and mid-range 2020 projections

Back-up materials for figures in this summary are available from ISER. Call the authors at 907-786-7710 with questions. We've also developed a basic model that doctors—or anyone else—can use to estimate how changing the balance between patients paying with Medicare and with private insurance could affect doctors' revenues. To try that model, go to ISER's Web site:

www.iser.uaa.alaska.edu

The authors thank the doctors and others in health care who took the time to help us. We especially thank doctors Leslie Bryant, Richard Neubauer, and Thomas Nighswander; Joan Fisher of the Anchorage Neighborhood Health Center; James Jordan of the Alaska State Medical Association; and Providence Alaska Medical Center, Providence Health and Services - Alaska.

This research is part of ISER's Understanding Alaska Choices research initiative, funded by the University of Alaska Foundation. Karen Perdue, associate vice president for health programs, University of Alaska, provided additional funds.

Editor: Linda Leask Graphics: Clemencia Merrill

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Health Care Professions Loan Repayment Program

Concept Proposal

Submitted by
Pat Carr, Chief
Health Planning & Systems Development
Department of Health & Human Services
State of Alaska

on
September 11th, 2007

via
PCC Workforce Subcommittee

to
Alaska Primary Care Council

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Health Care Professions Loan Repayment Program

Summary

Problem

Alaska is competing with other states and nations for the finite pool of available healthcare professionals. This competition will only intensify since the growth of supply is continuing to fall behind that of demand.

A common state-level response to these pressures is the use of financial inducements, collectively known as support-for-service programs (SFSP's). Good outcomes have been achieved with these. There are five types: scholarships, service-option loans, loan repayment, direct financial incentives, and residency support programs. All SFSP's have the same public goal: To improve healthcare staffing in shortage areas. National studies have determined loan repayment programs to be one of the most effective of the several support-for-service strategies - in terms of both recruitment and retention (see: *HCPLRP: Issue Paper*, 2007)

A key problem is that Alaska does not have a robust support-for-service program while most other states do, many have several, and further, some of those are growing. In sum, Alaska is at a substantive disadvantage as it necessarily competes in the national healthcare labor market.

Discussion

Alaskan health care provider agencies use many approaches to recruit and retain staff. This has proved difficult, however, and particularly so where (1) federal loan repayment programs do not apply, or, (2) there is insufficient resource available to meet need. More tools are needed to confront the problem of steadily growing vacancies in the Alaskan healthcare workforce.

Most all other states have state-sponsored programs that influence health professionals' geographic and specialty distributions. Programs that integrate a number of strategies for attracting and retaining health professionals have had a greater likelihood of success than have programs which rely on a single strategy. Substantial evidence indicates that state-level support-for-service programs typically are a fundamental part of those strategies.

Support-for-Service Programs

It is well-established that many healthcare professionals carry a heavy debt-burden as they come out of training and are attracted to serving in those locations where a share of that burden can be taken away. For instance, in 2004, young physicians' educational debt averages stood at over $109,000 and this cost was increasing at the rate of more than $4,000 per annum.

There are several types of support-for-service programs. One of the two most common types of such programs is the service-requiring scholarship program. These pay tuition and other costs for healthcare students while obligating them to a period of service that begins when they complete residency (or similar post-graduate training) years later. The other common program type is loan repayment. Loan repayment programs recruit healthcare practitioners as they complete their training and are ready to begin service in exchange for paying off the traditional education loans

they acquired years earlier. Programs of both types typically require one year of service for each year of training cost support they provide.

Considerable precedent exists for state-level offices to sponsor and manage financial support and inducement programs to thus encourage the within-state service of healthcare personnel. Overall, 81 state-level programs were identified. There were 44 states with at least one program (88% of states). Fully 21 states had two or more programs (47%), with highs found in New Mexico (at 5) and Minnesota (at 7). On average, the 44 states had nearly two programs (1.8) each.

Loan Repayment Programs

In national studies, loan repayment has been found to be a successful strategy to recruit and retain health care professionals. Twenty-five years of program evaluations have clarified many of the outcomes possible from healthcare training support-for-service programs. Furthermore, studies have demonstrated that loan repayment programs, as a whole, have better outcomes than scholarship programs. Studies have shown that there are several benefits which can accrue from loan repayment programs. Selected examples include: (a) high position-fill rates, (b) high service-completion rates, and (c) high retention rates.

These programs are successful because the benefit of loan repayment is clear to potential applicants, and programs typically only provide payments to participants after they complete each 3 or 6 months of work; therefore, if a participant leaves or otherwise fails to work in the agreed upon area or practice, payments simply stop and there is no need to enforce penalties.

In 2006, the Alaska Physician Supply Task Force recommended a number of specific strategies and action steps to assuring an adequate supply of physicians to meet Alaska's need. One of the PSTF findings was that loan repayment is a proven strategy for recruiting physicians, and the federal loan repayment programs currently available to Alaska physicians need to be stabilized financially and supplemented with Alaska-based programs.

Conclusion

Reported increasing vacancy rates, increasing costs of recruitment [SORRAS report], and comparisons with national norms [PSTF report] suggest that Alaska currently experiences a shortage of healthcare professionals, and, that shortages exist in several key occupational categories. Loan repayment programs have demonstrated substantial and longstanding success as a public strategy which has helped to rectify such shortages.

Recommendation

It is recommended that Alaska create a "Health Care Professions Loan Repayment Program".

To do this, a planning process should be established. This process should define and prepare for adoption at least the following program elements: (a.) organizational support, (b.) oversight, (c.) fiduciary agent, (d.) practitioner eligibility, (e.) site eligibility, (f) repayment details, (g.) program design & management, and (g) program evaluation.

Resource

Health Care Professions Loan Repayment Program: Issue Paper (2007). Health Planning & Systems Development, Alaska Department of Health & Social Services.

Health Care Professions Loan Repayment Program
Issue Paper

Abstract

This paper: (1.) illustrates the current and expected healthcare workforce needs of Alaska; (2.) indicates the widespread use elsewhere of support-for-service programs, and in particular loan repayment; and (3.) recommends that Alaskans should now explore creation of a Health Care Professions Loan Repayment Program (HCPLRP).

Main Issue

Alaska is increasingly vulnerable to the competitive challenges posed by other states and nations for the finite pool of available healthcare graduates. This vulnerability will increase during coming years because of two factors. (1.) The need for health care professionals in Alaska is steadily rising, and, shortages are now evident in some categories. (2.) Further, these trends are national. These workers are part of, and often respond to, nationwide labor markets. Further, these trends are expected to accelerate. This is particularly true in those states that do not produce adequate numbers of their own health workers in the given disciplines. This puts such states at a marked disadvantage. Financial incentive programs are particularly important for those states, and Alaska is one of these. As a result, several other states have become robust competitors in recruitment of the healthcare workforce, and some are planning new and expanded loan repayment programs (Pathman, 2007).

A fundamental, and common, state-level response to these pressures is the use of financial inducements, these collectively known as support-for-service programs (SFSP's). Excellent outcomes are readily achievable from these efforts. There are five types: scholarships, service-option loans, loan repayment, direct financial incentives, and resident support programs. All support-for-service programs have the same key public goal: To improve healthcare staffing in shortage area communities.

National studies have determined loan repayment programs to be one of the most effective of the several support-for-service strategies - in terms of both recruitment and retention. As compared to the other SFSP options, here loan repayment participants sign support-for-service contracts after they complete their training, when they are older and better informed as to their career options. These professionals make commitments at the time they are ready to begin their service-obligations. They are more likely to know their own needs and those of their families at this later juncture. They know where they will serve and have a sense as to how well their chosen worksites will "fit" their needs.

Problem

This section presents evidence which indicates that:

- A healthcare workforce shortage currently exists in several occupations.
- Under current conditions these shortages will continue into the foreseeable future.
- In several occupations, these shortages will escalate.

Trends in National Workforce

Numerous, prominent sources indicate that there is a growing national shortage in the rural health care workforce. Two examples follow.

GAO Position (2001): In 2001, the General Accounting Office's (GAO's) director of health care-public health issues testified before Congress regarding growing concerns about the adequacy of the health care work force and lessons learned from the experience of the National Health Service Corps (NHSC) in addressing the maldistribution of health care professionals (Heinrich, 2001). Selected key points were:

- Recruitment and retention of adequate numbers of qualified health care workers are major concerns for many health care providers today.
- Available evidence suggests emerging shortages in some fields (e.g. nurses).
- Vacancy rates for HC workers in rural areas and inner cities are especially high.
- Although demand for most health workers will continue to grow, the increasing age of Americans, and their workforce may limit supply.
- The National Health Services Corp (NHSC) illustrates the challenges in addressing shortages of health professionals in certain locations.
- Better placement coordination with waivers for J-1 visa physicians is needed.
- Loan repayment is a better approach than service-requiring scholarships, to which individuals commit when they are still students.

NOSORH Position (2006): A representative and recent understanding can be gained from the National Organization of State Offices of Rural Health (NOSORH). In September 2006 NOSORH issued a Statement of National Priorities. Presented below are selected summaries of that document, without further comment. Interested readers should see: http://www.nosorh.org/pdf/Rural_Impact_Study_States_IT.pdf

- While most rural communities in the U.S. already experience health care workforce shortages, the demand for health care workers nationwide is projected to grow faster than the supply. This shortage of health care workers can impact health care in a variety of ways, including: decreasing quality of care, decreasing access to care, increasing stress in the workplace, increasing medical errors, increasing workforce turnover/decreasing retention rates, and increasing health care costs.

- Most rural areas ... are classified by the federal government as Health Professional Shortage Areas (HPSAs) for primary medical care. A HPSA designation is made using a formula that includes a ratio of physician to population that is greater than 1:3,500. A population is considered "adequately served" when the ratio is 1:2,000. In 1997, more than 2,200 additional physicians would have been needed in non-metropolitan areas to eliminate HPSA designations. SORH directors consider the workforce shortage to be one of the greatest issues facing rural health, in particular shortages related to physicians and nurses.

- Certain national health workforce trends that will have a profound impact on rural populations and exacerbate the current rural health workforce shortages. Examples follow:

    - If health care consumption patterns and physician productivity remain constant over time, the aging population will increase the demand for physicians per thousand population from 2.8 in 2000 to 3.1 in 2020. Demand for fulltime-equivalent RNs per thousand population would increase from 7 to 7.5 during this same period.

    - Minority and female physicians have a greater propensity than do non-minority and male physicians to practice in urban communities. Meanwhile the percentage of physicians that are minorities and women is increasing.

    - The Bureau of Health Professions projects that there will be a 33-44% increase in demand for physicians, 41 percent for RNs, and 46 percent for LPNs from 2000 to 2020.

    - According to the Bureau of Health Professions, there is an acute shortage of pharmacists in the U.S. In February 1998, there were 2,670 unfilled full and part-time positions in the U.S. as compared to 6,920 in February 2000. Adding to this, enrollment rates in U.S. schools of pharmacy declined during this period.

    - In 1970, women accounted for 13 percent of the nation's pharmacists as compared to 2000 when they were 46 percent of the nation's pharmacists. Women tend to elect part-time work as pharmacists.

    - From 1990 to 1999, there was a 46 percent increase in the number of prescriptions dispensed from hospitals.

- *NOSORH concluded the following in its 2006 statement of national priorities:* ...SORH directors around the U.S. determined that they are most concerned with issues related to rural health workforce, health care services, and the needs of special populations. Research suggests that this concern is warranted as: demand for health care workers is increasing while the supply is decreasing; rural health care facilities continue to be fragile, there are gaps in these services, and all of these rural health services are critical to the health and well-being of the U.S.; and the needs of rural populations are changing, however, the programs serving them are unable to meet their needs. While SORHs respond to a variety of rural health needs and issues, new health care policies and additional rural health programs and funding will be needed if states are to address these increasingly important rural health issues and concerns.

Growth in Alaskan Jobs

Healthcare Workforce Overall: In 2004 there were 301,300 jobs in Alaska, with 32,700 (10.9 percent) of these in health care and social assistance (HCSA). By 2014, the overall job count is projected to be 349,550, with the HCSA workforce at 43,650 (12.5 percent). Thus by 2014, the number of HCSA jobs is projected to grow by 10,950 (34 percent), accounting for 22.7 percent of overall statewide job growth for the period. By 2014, health care and social assistance is projected to be the largest single industry workforce category in Alaska with 43,650 workers. (AHCDB, 2007, Table 3.300).

Social Service Occupations: For 2004, employment in community & social service (CSS) occupations was estimated to be 6,025 jobs. By 2014, this category of jobs is forecasted to be at 7,487, a rise of 1,462 (24 percent). The highest projected growth rates from 2000-2014 are projected to include mental health & substance abuse social workers (36.2 percent), social & human service assistants (34.6 percent) and mental health counselors (32 percent). (AHCDB, 2007, Table 3.310).

Selected Occupations: Review of 42 particular healthcare occupations indicates that these held 14,083 jobs in 2000, and that these are forecasted to reach 25,009 by 2010, an overall rise of 10,026 jobs (78 percent). Registered nursing positions are expected to grow the most, from 4,439 in 2000 to 8,556 in 2010, a gain of 4,117 jobs or (93 percent). All but one of the examined occupations is expected to have more jobs available by 2010. Further, of the 42 occupations presented, employment in 8 of these will more than double (e.g. AHCDB, 2007, Table 3.330).

Shortage in Alaskan Workforce

Health Professional Shortage Areas: Alaska has a large number of federally designated "Health Professional Shortage Areas" (HPSAs), the point of these designations being to aid in health care planning and finance. Typically these are determined by the existence of: (1.) a relative lack of desired personnel, and (2.) the existence of particular socio-economic conditions. A second route to HPSA designation, which is automatic, is via the existence of a federally funded community health center (CHC). HPSAs are of three types. Statewide in 2007 the following HPSAs existed: 28 in Primary Care (with 16 scored, and 12 via CHCs), 27 in Mental Health (with 14 scored, and 13 via CHCs), and 24 in Dental Health (with 7 scored, & 17 via CHCs). (Alaska Health Care Databook, 2007, Table 3.360). However, an important caveat is that many observers feel that the federal HPSA designation process underestimates the extant need for more healthcare professionals (e.g. US GAO, 1995). Thus, these designations should be considered as a conservative method for establishing need for the healthcare workforce.

Medically Underserved Areas: Alaska also has numerous federally designated "Medically Underserved Areas" (MUA) and "Medically Underserved Populations" (MUP). These designations identify shortages of primary medical care, dental health or mental health providers. Designations may be either geographic (MUA, i.e. a county or service area), or demographic (MUP, i.e. low income, Medicaid-eligible populations, cultural and/or linguistic access barriers to primary medical care services). Each designation is assigned an Index of Medical Underservice (IMU) score, which is used to determine the eligibility of an area or population for MUA/MUP status. For 2007, there were 17 area designations and 11 population designations. (Alaska Health Care Databook, 2007, Table 3.350).

Resident Workers with Age: Two aspects of worker demographics further suggest the likelihood of a workforce shortage in the health care and social assistance (HCSA). The first of these regards "resident workers with age". In 2005 total employment in all HCSA occupations stood at 28,356. Of resident workers in all HCSA occupations statewide, 40 percent were age 45 and older; 27 percent were age 50 and older. Of resident workers who were in health care practitioner occupations per se, 47 percent were age 45 and older; and 31 percent were age 50 and older. Therefore, succession planning will be of concern over the next two decades as today's mature health care professionals retire (Alaska Health Care Databook, 2007, Table 3.320).

Non-Resident Workers: A second workforce demographic issue regards the sizeable number of "non-resident" workers. Overall, 10 percent of the workforce was non-residents in 2005, with a

high of (13 percent) among non-resident health care practitioner and technologist occupations. Expect additional pressure to build on the health care system if non-resident (itinerate) workers are not available to fill Alaska health care workforce gaps (e.g. AHCDB, 2007, Table 3.320).

Selected Occupations: Physicians

Physician Shortage – 1997: A decade ago Johnson and Norris (1997) conducted a comprehensive study to describe Alaska's geographic distribution of generalist physicians relative to population. These investigators queried all 443 generalist care physicians (family, general, general internal medicine, and pediatric) or their offices as to their specialties, employers, populations served, hours spent per week offering direct patient care, and locations. The results indicated a 30% overall shortage of generalist physicians for the state, representing roughly 141 full-time-equivalent generalists relative to national practice patterns and trends of health maintenance organizations. Of 17 primary health care areas, including the Anchorage area, 15 showed a need for additional generalist physicians. Most areas had a 20 to 40% shortage.

Physician Shortage – 2004: In 2004, a survey by the American Medical Association showed that, nationally, there were 2.38 practicing physicians per 1,000 people. Alaska's rate of practicing physicians was 2.05 per 1,000 people. Based on Alaska's 2004 population estimate of 656,834 and the national average of 2.38 physicians per 1,000 people, Alaska should have had 1,565 practicing physicians to be on par with national averages. The actual number of physicians practicing in Alaska was 1,347, indicating a shortage of 14 percent or 218 physicians. In areas outside of Anchorage, the rate of physician deficiency was 16 percent. (Alaska Health Care Databook, 2007, Table 3.370).

Physician Shortage – 2006: In 2006, the AK DHSS and the University of Alaska jointly assembled the "Alaska Physician Supply Task Force" (PSTF). This group then conducted a large inter-agency study, issuing the authoritative report, "*Securing an Adequate Number of Physicians for Alaska's Needs*". It found that Alaska had a shortage of physicians. Although not at crisis levels, the shortage was affecting access to care throughout the state, and, increasing cost to hospitals and other health care organizations. Up to 16% of rural physician positions in Alaska were vacant in 2004. Patients with Medicare were having difficulty finding a primary care physician. Several important specialties were in serious shortage in Alaska. It concluded that:

- The shortage is very likely to worsen over the next 20 years as the state's population increases and ages. Physician supply nationwide is entering a period of shortage, according to the best current predictions. Physicians in Alaska are aging and one-third may be retiring in the next 10-15 years. The new generation of physicians wants a more balanced life, meaning fewer hours on duty and more predictable schedules. These trends mean that more physicians will be required to serve the same population. Technology and scientific advances have increased the amount of medical care available, also adding to the need for physicians, as the patients expect more care than previously.

- As the supply of physicians shrinks, recruitment will become more competitive. Alaska's traditional system of recruiting physicians from federal assignment in the military and Indian Health Service is much less effective with changes in these systems. Alaska is far behind the other states in production capacity. (1-2) Long-range planning, even if it includes a four-year medical school in Alaska, will not address current physician needs in a timely fashion, so interim measures are needed. (59)

Selected Occupations: Nurses

Nursing Shortage – 2003: The nursing shortage is particularly acute, both in Alaska and nationwide. It is estimated that during this decade the need for RN's will increase by 4,117 (in 2000: 4,439; in 2010: 8,556) (Fried, N. & Keith, B. (2003). National shortages will make recruitment yet more difficult. As a result, Alaska will have a great need to recruit and retain registered nurses. Addressing the need of rural and remote areas will be yet more difficult and expensive than to do so for urban areas.

Impact on CHC's

Rosenblatt, et al. (2006) examined the status of provider workforce shortages such as these may limit CHC expansion. They noted that the federal government has continued to expand the capacity of community health centers (CHCs) to provide care to underserved populations. The researchers therefore conducted a survey of all 846 federally funded US CHCs that directly provide clinical services and are within the 50 states and the District of Columbia (May-Sept, 2004). Questionnaires were completed by the chief executive officer of each grantee. Overall response rate was 79.3%. Information was supplemented by data from the 2003 Bureau of Primary Health Care Uniform Data System and weighted to be nationally representative.

Rosenblatt, et al (2006) found that primary care physicians made up 89.4% of physicians working in the CHCs, the majority of whom are family physicians. In rural CHCs, 46% of the direct clinical providers of care were non-physician clinicians compared with 38.9% in urban CHCs. There were 428 vacant funded full-time equivalents (FTEs) for family physicians and 376 vacant FTEs for registered nurses. There were vacancies for 13.3% of family physician positions, 20.8% of obstetrician/gynecologist positions, and 22.6% of psychiatrist positions. Rural CHCs had a higher proportion of vacancies and longer-term vacancies and reported greater difficulty filling positions compared with urban CHCs. Physician recruitment in CHCs was heavily dependent on National Health Service Corps scholarships, loan repayment programs, and international medical graduates with J-1 visa waivers. The study concluded that CHCs face substantial challenges in recruitment of clinical staff, particularly in rural areas. The largest numbers of unfilled positions were for family physicians at a time of declining interest in family medicine among graduating US medical students. They stated that success of the current US national policy to expand CHCs may be challenged by these workforce issues.

Strategy

It is essential to enhance the capacity of Alaskan health care provider agencies to recruit and retain staff where: (1.) federal loan repayment programs either do not apply, or, (2.) there are insufficient resources available to meet need. More tools are needed to confront the problem of steadily growing vacancies in the Alaskan healthcare workforce.

Most other states have programs that influence health professionals' geographic and specialty distributions. Programs that integrate a number of strategies for attracting and retaining health professionals have a greater likelihood of success than do programs which rely on a single strategy. Substantial evidence indicates that state-level support-for-service programs should be, and typically are, a fundamental part of those strategies.

Debt from Health Care Training

What follows are brief summaries of recent, representative studies which suggest that:

- Health care student debt affects subsequent practitioner career choices;
- Loan repayment options support recruitment goals; and
- These programs directly help to correct practitioner maldistributions.

Factors in Recruitment & Retention: Daniels, et al. (2007) sought to identify factors associated with rural recruitment and retention of graduates from a variety of health professional programs in the southwestern United States. They conducted a longitudinal study by mailing a survey to graduates from 12 health professional programs in New Mexico. The main outcomes examined were: (1.) first rural employment, and, (2.) aspects of any rural employment, since graduation. Daniels, et al. (2007) concluded that rural background and preference for smaller sized communities are associated with both recruitment and retention. In addition, however, they stated that loan forgiveness and rural training programs appear to support recruitment. Retention efforts must focus on financial incentives, professional opportunity, and desirability of rural locations

Medical Student Debt & Career Choice: Rosenblatt & Andrilla (2005) examined the notion that medical students' rising total educational debt is one of the factors that explains the recent decline in students' interest in family medicine and primary care. They analyzed the results from questions on the Association of American Medical Colleges' 2002 Medical School Graduation Questionnaire that focused on students' debt and career choices. Students reported that higher levels of debt influenced their future career choices. An inverse relationship was observed between the level of total educational debt and the intention to enter primary care, with the most marked effect noted for students owing more than $150,000 at graduation.

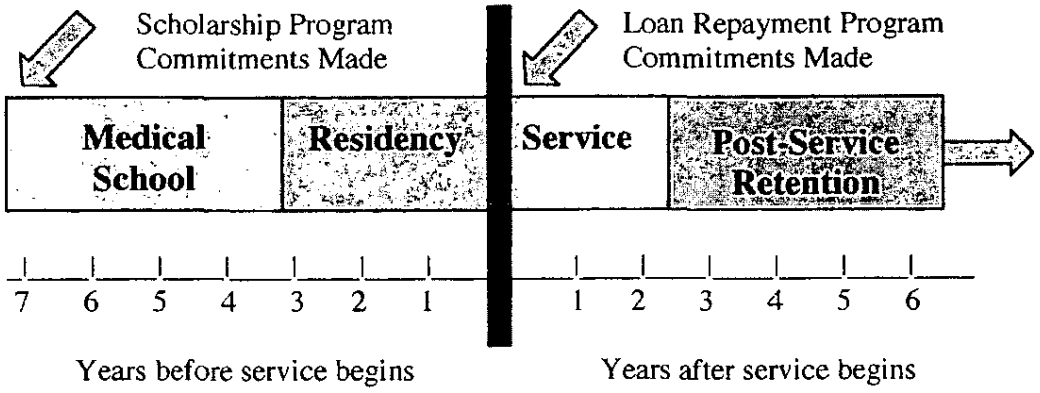
Medical Training Debt & Service Commitments: Pathman, et al (2000) assessed how student loan debt and scholarships, loan repayment and related programs with service requirements influence the incomes young physicians seek and attain, influence whether they choose to work in rural practice settings and affect the number of Medicaid-covered and uninsured patients they see. Data are from a 1999 mail survey of a national probability sample of 468 practicing family physicians, general internists and pediatricians who graduated from U.S. medical schools in 1988 and 1992. A majority of these generalist physicians recalled "moderate" or "great" concern for their financial situations before, during and after their training. Eighty percent financed all or part of their training with loans, and one-quarter received support from federal, state or community-sponsored scholarship, loan repayment and similar programs with service obligations. In their first job after residency, family physicians and pediatricians with greater debt reported caring for more patients insured under Medicaid and uninsured than did those with less debt. For no "specialty" was debt associated with physicians' income or likelihood of working in a rural area. Physicians serving commitments in exchange for training cost support, compared to those without obligations, were more likely to work in rural areas (33 vs. 7 percent, respectively, $p < 0.001$) and to provide care to more Medicaid-covered and uninsured patients (53 vs. 29 percent, $p < 0.001$), but did not differ in their incomes ($99,600 vs. $93,800, $p = 0.11$). Thus, among physicians who train as generalists, the high costs of medical education appear to promote, not harm, national physician work force goals by prompting participation in service-requiring financial support programs and perhaps through increasing student borrowing.

Support-for-Service Programs

It is well-established that a sizeable number of healthcare professionals carry a heavy debt-burden as they come out of training and are attracted to serving in those locations where a share of that burden can be taken away. For instance, training to become a physician is expensive, as 80 percent of medical students who graduate in debt will attest (e.g. Jolly, 2005). In 2004, young physicians' educational debt averages stood at over $109,000 and was this cost was increasing at the rate of more than $4,000 per annum (e.g. AAMC, 2004). Nonetheless, educational costs and students' fears of acquiring six-figure debts have created a market for government programs that link support for healthcare training costs to a period of obligated clinical work in shortage areas.

There are several types of financial "support-for-service programs" (SFSP's). These include: scholarships, service-option loans, loan repayment, direct financial incentives, and resident support programs. One of the two most common types of such programs is the service-requiring scholarship program. These pay tuition and other costs for healthcare students while obligating them to a period of service that begins when they complete residency (or similar post-graduate training) years later. The other common program type is loan repayment. Loan repayment programs recruit healthcare practitioners as they complete their training and are ready to begin service in exchange for paying off the traditional education loans they acquired years earlier. Programs of both types typically require one year of service for each year of training cost support they provide.

Figure 1 - Timeline of physicians' training years, signing of commitments with service-requiring scholarship and loan repayment programs, service periods (typically two-to-four years) and post service retention.



(After: Pathman, D.E. (2006). What Outcomes Should We Expect From Programs That Pay Physicians' Training Expenses in Exchange For Service? NCMEDJ, 67(1), pg. 77)

Support-for-service programs appear to be a natural solution to both the students' and the public's needs. They have grown in popularity over the past 25 years in tandem with rising tuition costs, with both federal and state agencies using them. In one well-known federal example, in 2005 the Bureau of Health Professions reported that the National Health Service Corps (NHSC) was providing an obligated physician workforce of about 1,700 scholars and loan re-payers. As a result of NHSC shifting most of its funding to loan repayment, more workers were immediately brought into the fold, and that census has now roughly doubled. In addition, most states also

sponsor their own support-for-service programs. In 1996 there were a total of 69 state programs with an estimated workforce of 1,300 practicing physicians. These state programs doubled in number from 1990 to 1996 and very likely have grown further since (Pathman, et al. 2000).

State Scholarship, Loan Forgiveness, and Related Programs: Pathman, Taylor, et al (2000) noted that in the mid-1980s, states expanded their initiatives of scholarships, loan repayment programs, and similar incentives to recruit primary care practitioners into underserved areas. These programs have since grown substantially during the ensuing two decades. The authors thus sought to identify and describe state programs that provide financial support to physicians and midlevel practitioners in exchange for a period of service in underserved areas, and to begin to assess the magnitude of the contributions of these programs to the US health care safety net. This cross-sectional, descriptive study established the number and types of state support-for-service programs in 1996; trends in program types and numbers since 1990; distribution of programs across states; numbers of participating physicians and other practitioners in 1996; numbers in state programs relative to federal programs; and basic features of the state programs.

The study found that in 1996 there were 82 eligible programs operating in 41 states, including 29 loan repayment programs, 29 scholarship programs, 11 loan programs, 8 direct financial incentive programs, and 5 resident support programs. Programs more than doubled in number between 1990 (n = 39) and 1996 (n = 82). In 1996, an estimated 1306 physicians and 370 midlevel practitioners were serving obligations to these state programs, a number comparable with those in federal programs. Common features of state programs were a mission to influence the distribution of the health care workforce within their states' borders, an emphasis on primary care, and reliance on annual state appropriations and other public funding mechanisms.

The authors concluded that as of 1996 the several states had fielded an obligated primary care workforce comparable in size to the better-known federal programs. Thus, these state programs constitute a major portion of the US health care safety net. The study emphasized that such state programs should be considered in plans to further improve health care access.

Experience of Other States

State-Level Support-for-Service Programs (2007): Considerable precedent exists for state-level offices to sponsor and manage financial support and inducement programs to thus encourage the within-state service of healthcare personnel. Tables 1, 2 & 3 here-present listings of those state-level support-for-service programs that were web-posted by the Association of American Medical Colleges (as of 8/10/07). These provide a selective look at state and federal loan repayment, forgiveness and scholarship programs available to allopathic medicine and other health professions students. This compilation is not exhaustive, and at present, our office is not aware of one that is. The here-derived tables shows that, overall, there were 81 programs. There were 44 listed states with at least one program (88% of US states). Fully, 21 of these states had two or more programs (47% of listing), with highs found in New Mexico (at 5) and Minnesota (at 7). On average, the 44 listed states had nearly 2 programs (1.8) each. Table 1 presents 43 listings that were designated as "state programs". Table 2 presents another 20 listings that were designated as "federal/state programs". Finally, Table 3 presents another 18 programs were not otherwise classified, though quick inspection of titles suggests that many can be readily classified. Those programs that were categorized as (strictly) "federal" (e.g. NIH, military) are not further considered. Click on any program title for more programmatic detail.

State-Level Offices: Service-for-Support Programs

Table 1: Designation as: "State Program"

State	Program
Arizona	Arizona Medical Student Loan Program
Arkansas	Community Match Physician Recruitment Program
Arkansas	Physician Grant Recruitment and Retention Program
Colorado	Colorado Health Professions Loan Repayment Program
Georgia	State Medical Education Board of Georgia Scholarship Program
Indiana	Indiana Primary Care Scholarship Program (IPCSP)
Iowa	Osteopathic Physician Recruitment Program (O.P.R.P.)
Kansas	Kansas Bridging Plan
Maine (2)	Maine Health Professions Loan Program
Maryland	Loan Assistance Repayment Program for Primary Care Physicians
Minnesota	Minnesota Dentist Loan Forgiveness Program
Minnesota	Minnesota Nurse Loan Forgiveness Program
Minnesota	Minnesota Rural Mid-level Practitioner Loan Forgiveness Program
Minnesota	Minnesota Rural Physician Loan Forgiveness Program
Minnesota	Urban Physician Loan Forgiveness Program
Mississippi (2)	Family Medical Education Loan/Scholarship Program
Mississippi	State Medical Education Loan/Scholarship Program
Missouri	Primary Care Resource Initiative for Missouri (PRIMO)
Montana (3)	Montana Rural Physician Incentive Program (MRPIP)
Montana	WICHE Professional Student Exchange Program
Montana	WWAMI Medical Exchange Program
Nebraska	Nebraska Student Loan Program
Nevada	Nevada Health Service Corps
New Mexico (5)	Allied Health Loan-for-Service Program
New Mexico	New Mexico Health Professions Student Loan-for-Service Program
New Mexico	Nursing Loan-for-Service Program
New Mexico	Osteopathic Medical Student Loan for Service Program
New York	Regents Physician Loan Forgiveness Award Program
North Carolina (4)	Community Practitioner Program
North Carolina	NC Student Loan Program for Health, Science and Mathematics
North Carolina	North Carolina State Loan Repayment Program
Ohio	Ohio Physician Loan Repayment Program

Table 1: "State Program" (continued)

Oklahoma (3)	Family Practice Resident Rural Scholarship Loan Program
Oklahoma	Oklahoma Rural Medical Education Scholarship Loan Program
Oklahoma	Oklahoma State Loan Repayment Program
Oregon	Oregon Rural Health Services (RHS) Loan Repayment Program
South Dakota	South Dakota Midlevel Tuition Reimbursement Program
Tennessee (2)	Health Access Incentive Program: Incentive Grant: Mid-Levels
Tennessee	Health Access Incentive Program: Incentive Grant: Physicians
Virginia	Virginia Loan Repayment Program
Washington (2)	WA State Health Professional Loan Repayment Program
West Virginia	Medical Student Loan Program
Wyoming	Wyoming WWAMI Medical Education Program

State-Level Offices: Service-for-Support Programs

Table 2: Designations as: "Federal/State Program"

Connecticut	Connecticut State Loan Repayment Program
Delaware	Delaware State Loan Repayment Program
Illinois	Illinois/National Health Service Corps Loan Repayment Program
Iowa (2)	Iowa PRIMECARRE Loan Repayment Program
Louisiana	Louisiana State Loan Repayment Program
Maine	Maine State Loan Repayment Program
Massachusetts	Massachusetts State Loan Repayment Program
Minnesota	Minnesota State Loan Repayment Program
Missouri (2)	Physician Loan Repayment
New Hampshire	NH Primary Loan Care Repayment Provider Plans
New Jersey	Primary Care Loan Redemption Program of New Jersey
New Mexico	Health Professional Loan Repayment Program (HPLPP)
Ohio	NHSC / BHPr Ohio Loan Repayment Program
Pennsylvania	Pennsylvania's Primary Health Care Practitioners Loan Repayment Program
Texas	Physician Education Loan Repayment Program of Texas
Utah	Utah Health Care Workforce Financial Assistance Program
Virginia (2)	National Health Service Corp-VA Loan Repayment Program
Washington	WA State Health Professional Scholarship Program
Wisconsin (2)	Wisconsin Health Professions Loan Assistance Program
Wisconsin	Wisconsin Physician Loan Assistance Program

(number in parentheses indicates total state-office programs for that state that are not "federal" per se)

State-Level Offices: Service-for-Support Programs

Table 3: Programs – "Not Otherwise Designated"

Arizona (3)	Arizona Loan Repayment Program
Arizona	NHSC/Arizona Department of Health Services
Arkansas (3)	Arkansas Rural Medical Practice Student Loan/Scholarship Program (ARMPSLSP)
California (2)	Dr. James L. Hutchinson & Evelyn Ribbs Hutchinson Medical School Scholarship
California	NHSC/CA State Loan Repayment Program
Georgia (2)	Georgia Physician Loan Repayment Program
Kentucky	Rural Kentucky Medical Scholarship Fund (RKMSF) Grant Program
Michigan	Michigan Essential Health Provider Program/SLRP
Minnesota (7)	Federal National Health Service Corps (NHSC) Loan Repayment Program
Nebraska (2)	Nebraska Loan Repayment Program
North Carolina	Loan Repayment Program
North Dakota (2)	The Medical Personnel Loan Repayment Program
North Dakota	The State Community Matching Physician Loan Repayment Program
Rhode Island	Rhode Island Health Professional Loan Repayment Program
South Dakota (3)	NHSC/Loan Repayment and Scholarship Program
South Dakota	South Dakota Physician Tuition Reimbursement Program
Vermont (2)	Freeman Educational Loan Repayment for Physicians Program
Vermont	Vermont State Loan Repayment Program

(number in parentheses indicates total state-office programs for that state that are not "federal" per se)

Loan Repayment Programs

In national studies, loan repayment has been found to be a successful strategy to recruit and retain physicians and nurses. Twenty-five years of program evaluations have clarified many of the outcomes possible from healthcare training support-for-service programs. Furthermore, studies have demonstrated that loan repayment programs, as a whole, have better outcomes than scholarship programs. Results of these comparisons have proved compelling. For example, studies demonstrating the strengths of loan repayment programs prompted Congress recently to allow the NHSC to make more loan repayment and fewer scholarship awards (e.g. Bureau of Health Professions, 2005) and led some states to expand their loan repayment programs (Pathman, et al. 2000).

Studies have shown that there are several benefits which can accrue from loan repayment programs. Selected examples follow:

> *High Position Fill-Rates:* Some programs, including the NHSC, have many more applicants than their funds can support and regularly fill all funded positions; other programs have many unfilled positions for lack of applicants.
>
> *High Service Completion Rates*: Very few loan repayment programs, accordingly, have found a need to set any buy-out penalties; as a group, their service completion rates average 93% without them (Pathman, et al, 2004). It is the physician-program-community fit and the financial attractiveness of the program that prompts physicians to complete their obligations with service (the "carrot"), not financial and legal threats (the "stick").
>
> *High Retention Rates:* Beyond merely completing obligations with service, there has long been the hope that obligated physicians will remain in their service communities for years afterwards ... In fact, data show that physicians participating in state-run support-for-service programs remain in their service sites as long on average as other young physicians remain in practices of all types nationwide. Physicians obligated to state-run loan repayment programs remain substantially *longer* than other young physicians (e.g. Pathman, 2004).

Effectiveness of Support-for-Service: Sempowski, I.P. (2004) attempted to evaluate the effectiveness of programs that provide financial incentives to physicians in exchange for a rural or underserviced area return-of-service (ROS) commitment. This was done via a systematic literature review using Medline and Ovid HealthSTAR databases were searched from 1966 to 2002. The initial search yielded 516 results. Bibliography review yielded additional references. Ten publications were selected as the highest level of evidence available. The main outcome measures were: (a.) initial recruitment of physicians, (b.) buyout rates, and (c.) long-term retention.

The majority of studies reported effective recruitment despite high buyout rates in some US-based programs. The one prospective cohort study on retention showed that physicians who chose voluntarily to go to a rural area were far more likely to stay long term than those who located there as an ROS commitment. Multidimensional programs appeared to be more successful than those relying on financial incentives alone. Sempowski, I.P. (2004) concluded that ROS programs to rural and underserviced areas have achieved their primary goal of short-term recruitment but have had less success with long-term retention. However, this study combined different types of support-for-service programs within its analysis thus somewhat preventing conclusions as to loan repayment programs, per se.

Loan Repayment vs. Payback Programs: Miller & Crittenden (2001) sought to determine and contrast the possible impact that two different types of support-for-service programs might have on medical school choice, and, students' intentions to return to their home states. The authors examined difference in preferences for: (a.) payback programs regarding state-subsidized medical education which are designed to increase the rate of graduates returning to those states to practice; and (b.) loan repayment programs that are designed to entice medical school graduates from rural states to return to their home states.

Miller & Crittenden (2001) surveyed 229 medical students (response rate 80 percent). The questionnaire collected background information on the students and addressed the possible

impact of payback and loan repayment policy proposals on student plans. Forty-seven percent of students reported that they would attend a different medical school if a required payback program were in place. Students who were more competitive at the time of admission to medical school were significantly more likely to say they would attend another medical school than were less competitive students. In contrast, 48 percent of students reported that they would be more likely to return to their home states if expanded loan repayment programs were available for service in areas of need. The findings suggest that payback programs may dissuade more competitive students from entering medical schools with such requirements, compromising the pool of students most likely to return to rural areas. Conversely, medical students appear willing to consider loan repayment programs upon completion of their training.

Why Do Loan Repayment Programs Work? Expert opinion was sought for insights into why loan repayment programs work. Donald Pathman, MD, MPH, (Univ. of North Carolina) was queried as to his view. Dr. Pathman stated:

> "As a whole, state-run (loan repayment) programs are successful but not because they are run well---- most are under-funded, under-staffed and can't offer individualized assistance to the health care practitioners they support. They are successful because the benefit of loan repayment is clear to potential applicants and programs typically only provide payments to participants after they complete each 3 or 6 months of work; therefore, if a participant leaves or otherwise fails to work in the agreed upon area or practice, payments simply stop and there is no need to enforce penalties." (Pathman, 2007)

Does a Loan Repayment Program Make Sense for Alaska? Expert opinion was sought for perceptions as to whether a loan repayment program makes sense for Alaska. Again, Donald Pathman, MD, MPH, (Univ. of North Carolina) was queried as to his view. Dr. Pathman stated:

> "I am glad to hear that Alaska is thinking of expanding loan repayment opportunities. I visited Alaska for the first time this past spring for the National Rural Health Association meeting, in Anchorage, with a side trip to Minto and Fairbanks. What an amazing place! I spoke with several folks working with the Native American health corporation in the state, and realize the physician shortages for the populations they serve. I was impressed that they knew little about how to attract and keep a physician. Lots of opportunities there for improvement in programs." (Pathman, personal communication, 2007)

Position of the Alaska Physician Supply Task Force (2006): The PSRF recommended a number of specific strategies and action steps to achieve four main goals related to assuring an adequate supply of physicians to meet Alaska's need. One of the PSRF findings was that Alaska's clinics and hospitals receive inquiries from physicians about the availability of loan forgiveness often. Loan repayment is a proven strategy for recruiting physicians, and the federal loan repayment programs currently available to Alaska physicians need to be stabilized financially and supplemented with Alaska-based programs. For detail, see: "*Securing an Adequate Number of Physicians for Alaska's Need*" (2006).

Precedents in Alaska: There are, and have been, other circumspect loan repayment programs for health professionals here in Alaska. These have typically been via categorical federal funding. Examples include Indian Health Service supports, and use of the National Health Service Corp. There have also been selected opportunities via the regional health corporations, and certain hospitals. Further, the Alaska Mental Health Trust has recently considered some loan repayment supports in the behavioral health field. While promising, these will collectively still fall far short of garnering the needed workforce to face projected need.

Recommendation

Recommended: Alaska should establish a Health Care Professionals Loan Repayment Program (HCPLRP). Decisions as to particular program elements must await further public process. Questions should be addressed regarding at least the following program elements:

- *Organizational Support*: What are the best ways to build legislative and public understanding and support on this issue? For instance, members of the Alaska Physician Supply Task Force supported a loan payback provision for physicians.

- Oversight: What is that governance entity most suited to provide leadership and oversight of this program? Similarly, which entity is most suited to administer the program? There is evidence that no single entity has the expertise to properly oversee and administer such a program. This might argue for a blended or interagency oversight structure. One agency might provide programmatic administration, while the other might serve as fiduciary agent.

- *Fiduciary Agent*: It may prove both workable and preferred that fiduciary mechanics and other administrative aspects be organizationally separated. If so, which agency is most to assume this fiduciary role? One approach might be to have the program work in tandem with the Alaska Commission on Postsecondary Education (ACPE). It is possible that the functions of the Alaska Commission on Postsecondary Education could be amended as these relate to repayment provisions healthcare degree program participants. It appears likely that no substantive change would be necessary for ACPE to act strictly as fiscal agent for participant payments. Further, this would not be a recommendation to change the scope of the ACPE mission to include direct workforce development. This later function would likely be accomplished by another state agency via interagency partnership.

- *Provider Eligibility*: Which healthcare occupations are to be deemed as eligible for the HCPLRP? Are all eligible occupations to benefit equally from the HCPLRP, or, will the occupations differ in terms of: (a.) maximum financial benefit, (b.) length of service required, (c.) specificity of service location, and, (d.) penalty for early-quit? There is evidence that for a loan repayment program, marked penalties are not needed, and, are actually likely harm outcomes.

- *Repayment Details*: Several policy and procedural decisions must be concluded. Examples follow. What is an adequate period of service-payback? What is the proportionality of payback when scheduled over years? What are the most useful policies with which to govern service payoff?

- *Work Processes*: Several work-process details will need to be established as regards management client relationships. Programmatically, what ways do we want to work, one-on-one, with program applicants to help them find suitable communities/positions? What types of assistance do we most want to provide to applicants, practices and communities?

- *Program Evaluation*: An ongoing evaluation should be installed and maintained as an expected part of any proposed support-for-service program (e.g. Henderson & Fox-Grage, 1997). It is in everyone's interest, and particularly in those of Alaska's medically underserved communities, that such programs: (a.) have explicit outcome objectives, (b.)

are regularly monitor as to those outcomes, (c.) openly acknowledge weaknesses, and (d.) embrace change as needed. Many different types of outcomes might be monitored. Reasonable measures might include:

- Practice in specific needy communities (e.g. HPSAs)
- Serve high-priority patient groups (e.g. Medicaid)
- Service completion of participants
- Retention rate of participants
- Satisfaction of participants
- Indictors as to the content of practice/work of program participants (e.g., proportion that provide inpatient care, that provide obstetrical care, or whatever specific services are deemed to have critical workforce shortages)

Other Support-For-Service Options to Consider:

As robust as a state-level loan repayment is likely to prove, there are other programmatic strategies. At least two other strategies should also be thoroughly examined: (a.) service-option loans, and (b.) direct incentives.

- *Strategy: Service-Option Loan Programs*

  Consider provision of educational loans to all citizens of Alaska who undertake health professions training, where the loans will be forgiven if they work within Alaska after graduation. This would provide added incentive for health care students who were raised in Alaska to return to Alaska to practice, rather than being wooed away by the states/communities where they receive their training. There is evidence that these have worked well elsewhere, given attention to key programmatic details. For Alaska, a service-option loan program should nicely complement a loan repayment program; because the former would address only Alaska residents and the latter would primarily attract those health practitioners coming from out-of-state.

- *Strategy: Direct Incentive Programs*

  Consider provision of direct incentive programs. In these, funding is provided to practitioners who agree to work in needy settings whether or not they have educational loans to be repaid. There is no reason to believe that only young practitioners-with-debt are suited to work in rural areas and/or with underserved populations.

  Loan repayment programs only target recent graduates who have weighty educational debts. For instance, as regards physicians, many recent graduates carry minimal debt (perhaps 40%). Further, a large portion of those physicians who are potentially recruit-able to Alaska are 10 or 20 years out of training and have no educational debts. It is possible, even likely, that "an Alaskan adventure" would appeal to some number of mid and late-career physicians. It may prove informative to assess the State's medical licensure files to learn the average/median/quartiles of age of physicians as to when they gain their first Alaska license. If, indeed, many are older, then this is a group that should be targeted. Direct incentive programs target those practitioners without loans, and, older practitioners.

Finally, support-for-service programs (of all types) constitute only one way to help bolster recruitment and retention of health care professionals. Alaska must develop a multi-pronged approach to confronting our growing healthcare workforce shortage.

Conclusion

Substantial evidence shows that Alaska currently experiences a shortage of healthcare professionals, and, that this shortage exists in several key occupational categories.

There are several types of support-for-service programs, and the national experience has proven loan repayment programs to be robust. These have demonstrated substantial and longstanding success as a public strategy which has helped to rectify such shortages. To quote from Pathman, et al. (2004),

> "As a whole, states' support-for-service programs bring physicians to needy communities where they find satisfying work caring for at-risk patient populations and remain for many years. Of all program types, the loan repayment and direct financial incentive forms, which target physicians after training, show the broadest successes. The successes of these state programs warrant their continued support and perhaps expansion to remedy the continuing maldistribution of physicians." (pg. 567).

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Money seen as cure for shortage of doctors in Alaska

PRIMARY CARE: State considers help for more medical students; paying physicians to move north.

By ROSEMARY SHINOHARA
rshinohara@adn.com
(12/16/09 16:10:18)

Citing a continuing shortage of primary care doctors in Alaska, a state commission recommends the state spend considerably more money to train new doctors and lure more already-qualified doctors to the state.

Exactly how many primary care physicians Alaska needs isn't clear, but it's certain we need more, said Dr. Ward Hurlburt, chief medical officer for the Alaska Department of Health and Social Services and chair of the Alaska Health Care Commission, which made the recommendations.

Getting more primary care doctors will help deal with the crisis in care for senior citizens on Medicare, too, the commission believes. Doctors say reimbursement rates for Medicare are too low, and many primary care physicians won't take new Medicare patients.

If there were more doctors available, though, they could spread the Medicare population around.

The proposals include:

• Adding four students annually to the WWAMI medical school jointly operated by University of Alaska Anchorage and the University of Washington, taking each class up from 20 to 24 students. The state pays about $50,000 per student to UW for each of the second, third and fourth years of their schooling. The first year is spent at UAA.

• Starting up three new residency programs to turn medical school graduates into fully qualified psychiatrists, pediatricians and primary care internists. The cost is unknown, but the state pays $2 million per year to support Alaska's only full-fledged residency program: Alaska Family Medicine Residency.

• Paying primary care doctors to get them to move to and practice in Alaska.

The health care commission, comprised of seven people most of whom work in health care, was appointed by then-Gov. Sarah Palin in January. The report completed so far is a draft. The group's final report is to be delivered to the governor and the Legislature by Jan. 15.

A spokesman for Gov. Sean Parnell said it's too early for him to comment.

The commission suggested other ways to improve health care in Alaska beyond increasing the supply of doctors, but put some issues -- such as expanding health insurance, and improving water and sanitation systems around Alaska -- aside for later.

ALASKANS IN MEDICAL SCHOOL

The commission recommends that the state's financial resources target increasing the supply of primary care providers, including doctors, physician assistants and nurse practitioners.

In one case, at least, this single-minded focus is controversial: their approach to the WWAMI program, in which Alaska medical school students do part of their studies at the UAA and the rest at the University of Washington.

The state subsidizes each Alaskan in WWAMI. The commission proposes the students be required to pay the state subsidy back in full if they don't practice as primary care physicians in Alaska for five years. Currently, there's a requirement that Alaska students pay back half the state contribution if they don't practice in Alaska for five years.

Dennis Valenzeno, director of the Alaska WWAMI program, said in an interview that he's afraid the 100 percent payback provision could actually discourage med school graduates from going into primary care.

They come out of medical school with about $100,000 in other debt anyway, he said. If they also have to repay some $150,000 plus interest to the state, the medical school graduates might think they can't afford to go into primary care -- a career that pays half or a third as much as some other specialities, said Valenzeno.

"My fear is this is going to be another disincentive," he said.

WWAMI does have the space to add four more students as recommended, said Valenzeno, but the earliest it could do so would be the fall of 2011.

PAY AND THEY WILL COME The quickest way to get more doctors to Alaska, without doubt, is to pay doctors who have already finished their training to come here.

Research shows that's also the most cost effective way to get primary care doctors, said Hurlbert. "It's convincing."

A bill pending in the Legislature, SB 139, calls for paying doctors, nurses or specified other health workers incentives to take certain Alaska jobs -- from $35,000 to $47,000 for doctor positions, depending on how hard they are to fill.

The commission also suggests the state should figure out how to deliver primary care to Alaskans more efficiently, and how to make better use of "physician extenders" like advanced nurse practitioners, who do some of the same work as a doctor.

The Alaska Health Care Commission's proposals include three new residency programs to turn med school graduates into fully qualified psychiatrists, pediatricians and primary care internal medicine.

Two of those programs are already more than just a dream: Residency programs for psychiatrists and pediatricians are in the planning stages for Alaska, said Dr. Harold Johnston, director of the Alaska Family Medicine Residency.

Both of the new programs would be partnerships with University of Washington. Multiagency steering committees are putting together the pediatric and psychiatric residency proposals.

"We think it's very realistic, very doable. It will require some funding. We don't know how much," Johnston said.

Both Johnston and Susan Humphrey-Barnett, area operations administrator for Providence Health

and Services Alaska, say Alaska's most critical shortage appears to be in psychiatrists.

The need for more pediatricians doesn't seem to be as urgent, said Dr. Richard Mandsager, chief executive of Providence Alaska Medical Center, but there is an opportunity available -- Seattle Children's Hospital and UW are interested in starting a pediatrics residency in Alaska, he said.

An internal medicine residency for primary care doctors -- arguably the one that would help older Alaskans the most -- doesn't appear to be off the ground yet.

Find Rosemary Shinohara online at adn.com/contact/rshinohara or call her at 257-4340.

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Alaska Native
Tribal Health Consortium

Administration · 4000 Ambassador Drive · Anchorage, Alaska 99508 · Phone: (907) 729-1900 · Fax: (907) 729-1901 · www.anthc.org

POSITION PAPER

CONTACT: Valerie Davidson, Senior Director
Legal and Intergovernmental Affairs
Through Pat Jackson, State Liaison for Alaska Native Health
523-0363 – pajackson@anthc.org

DATE: March 12, 2010

RE: SB 139 – Incentives for Certain Medical Providers

POSITION: Support

ANTHC is a tribally controlled, non-profit, statewide tribal health organization formed pursuant to federal law to provide a range of medical and community health services for more than 130,000 Alaska Natives. ANTHC is part of the Alaska Tribal Health System (ATHS), which is owned and managed by the 231 federally recognized tribes in Alaska and by their respective regional health organizations.

ANTHC and Southcentral Foundation jointly manage the Alaska Native Medical Center (ANMC), the tertiary hospital of the ATHS located in Anchorage. ANMC hospital and SCF clinic facilities together employ 161 physicians, 37 dentists and 509 nurses, along with many more employees working in health-related professions. We face the same workforce challenges as our partner health organizations, competing with employers in the Lower 48 to recruit and retain a quality workforce.

Current reports prepared by the Indian Health Service on physician positions within the tribal system and by Alaska tribal facilities on nursing positions provide a good snapshot of workforce challenges.

Profession	***Positions Authorized***	***Vacancies***	***Percentage***
Physicians – statewide	305	81	26.6%
Physicians – ANTHC/SCF	161	35	21.7%
RN – statewide	775	113	15%
LPN – statewide	92	26	28%
APN – statewide	120	28	23%

Ideally we would grow our own health professionals in numbers that would meet our workforce needs, and we have made progress over the years. The tribal health system offers internships and scholarships that bring some of our best and brightest to the medical field. More Alaska Natives are choosing Medical and Dental careers; a University of Alaska Anchorage program, Recruitment and Retention of Alaska Natives into Nursing, is graduating Alaska Native nurses; many of our Community Health Aides have built on their basic training opportunities to prepare for advancing careers; and the Dental Health Aide Program is graduating students who fill a need for dental health services and patient education. We are inching forward, but more work needs to be done.

HB 392 is a strategy to attract skilled health professional to Alaska jobs. It would work in tandem with other efforts as Alaska's health provider community work to provide quality care to our residents. ANTHC urges your favorable consideration and passage of HB 392 to help us turn the corner on Alaska's health care workforce.

INDIAN HEALTH SERVICE LOAN REPAYMENT PROGRAM
PHYSICIAN SITE SCORING FY 2010

Site	Department	NUMBER OF FUNDED PHYSICIAN POSITIONS	NUMBER OF VACANT PHYSICIAN POSITIONS	VACANCY RATE Non-Solo Site or Dept. Score 3 pts./5% of Vacancy Rate (MAX SCORE 60)	LONGEVITY OF VACANCY 5 points for vacancies => 6 months; 10 points for vacancies => 12 months (MAX SCORE 10 POINTS)	Recruiter/ CMO Adjustment (MAX SCORE 40 POINTS)	Total Score (MAX. = 100)
ANMC	Anesthesiology	4	1	15	10	40	65
ANMC	Cardiology	3	1	20		40	60
ANMC	Dermatology	1	0			40	100
ANMC	Diabetes Program	2	0			40	40
ANMC	ENT	9	0			40	40
ANMC	Emergency	9	0			40	40
ANMC	General Surgery	9	0			40	40
ANMC	Pediatric Intensivist	3	0			40	40
ANMC	Hospitalists	7	5	42	10	40	92
ANMC	Internal Medicine	2	1	30	10	40	80
ANMC	Neurology	1	0			40	100
ANMC	Neurosurgery	2	1	30	10	40	80
ANMC	Oncology	1	0			40	100
ANMC	Ophthalmology	3	0			40	40
ANMC	Orthopedic surgery	6	0			40	40
ANMC	Pathology	3	0			40	40
ANMC	Pulmonology	3	1	20	10	40	70
ANMC	Radiology	9	0			40	40
ANMC	Urology	3	1	20		40	60
ANTHC	Ryan White Early Intervention	1	0			40	100
ANTHC	Immunizations	1	0			40	100
ANTHC	Epidemiology	1	0			40	100
ANTHC	Hepatitis Program	3	0			40	40
Arctic Slope Native Association	Family Medicine	8	4	30	10	40	80
Bristol Bay Area Health Corp	Family Medicine	8	3	22	10	40	72
Bristol Bay Area Health Corp	Pediatrician	1	1	60	10	40	100
Chugachmiut – North Star Clinic	Family Medicine	1	0			40	100
Chugachmiut – Ilanka Community Health Center	Family Medicine	1	0			40	100
Hoonah Indian Association	Family Medicine	1	0			40	100
Ketchikan Indian Community	Family Medicine	4	1	15	10	40	65
Kodiak Area Native Association	Family Medicine	4	1	15	5	40	60
Maniilaq Association	Family Medicine	11.5	3.5	18	10	40	68
Metlakatla Indian Community	Family Medicine	2	0			40	40
Norton Sound Health Corp	Family Medicine	8	5	37	10	40	87
Norton Sound Health Corp	Psychiatrist	1	1	60	10	40	100

Norton Sound Health Corp	Pediatrician	1	1	60	10	40	100
Norton Sound Health Corp	Internal Medicine	1	1	60	10	40	100
Norton Sound Health Corp	Radiologist	1	0			40	100
SEARHC – Haines	Family Medicine	3	0			40	40
SEARHC - Juneau	Family Medicine	9	1	6	10	40	56
SEARHC - Juneau	Pediatrics	1	0			40	100
SEARHC - Juneau	Psychiatry	1	0			40	100
SEARHC – Klawock	Family Medicine	3	1	20	5	40	65
SEARHC – Mt. Edgecumbe	Anesthesia	1	0			40	100
SEARHC – Mt. Edgecumbe	ENT	1	0			40	100
SEARHC – Mt. Edgecumbe	Family Medicine	9	0			40	40
SEARHC – Mt. Edgecumbe	General Surgery	2	1	30	10	40	90
SEARHC – Mt. Edgecumbe	Internal Medicine	2	0			40	40
SEARHC – Mt. Edgecumbe	OB/GYN	1	1	60	10	40	100
SEARHC – Mt. Edgecumbe	Hospitalist	1	0			40	100
SEARHC – Mt. Edgecumbe	Pediatrics	1	0			40	100
SEARHC – Mt. Edgecumbe	Radiology	2	0			40	40
SEARHC – Mt. Edgecumbe	Psychiatry	2	0			40	40
Seldovia Village Tribe – Homer	Family Medicine	2	2	60	10	40	100
Southcentral Foundation	Pediatrics	18	3	10	10	40	60
Southcentral Foundation	OB-GYN	11	3	16	10	40	66
Southcentral Foundation	Family Medicine	30	6	12	10	40	62
Southcentral Foundation	Chiropractor	4	4	60	10	40	100
Southcentral Foundation	Psychiatry	6	2	20	10	40	70
Southcentral Foundation	Optometry	6	6	60	10	40	100
Tanana Chiefs Conference	OBGYN	1	0			40	100
Tanana Chiefs Conference	Family Practice	6	1	10	10	40	60
Tanana Chiefs Conference	Pediatrics	1	1	60	10	40	100
Tanana Chiefs Conference	Internal Medicine	1	0			40	100
Tanana Chiefs Conference	Psychiatry	2	0			40	40
Tanana Chiefs Conference	Optometry	2	1	30	10	40	80
Yukon-Kuskokwin Health Corp	Family Medicine	9	4	26	10	40	76
Yukon-Kuskokwin Health Corp	Internal Medicine	2	2	60	10	40	100
Yukon-Kuskokwin Health Corp	Emergency Medicine	5	3	36	10	40	86
Yukon-Kuskokwin Health Corp	Hospitalist	10	3	20	10	40	70
Yukon-Kuskokwin Health Corp	OB/GYN	1	1	60	10	40	100
Yukon-Kuskokwin Health Corp	Pediatrics	6	2.5	25	10	40	75
Yukon-Kuskokwin Health Corp	Radiologist	1	0			40	100
Yukon-Kuskokwin Health Corp	Psychiatrist	1	0			40	100
Yukon Flats Health Center-CATG	Family Medicine	1	0			40	100
		304.5	81	Total Area Vacancy Rate= 26.6%			

EDIT A REPORT - MAIN

Return to normal view

Facility: Alaska Native Tribal Health Consortium, Anchorage, AK **Quarter:** 4th/2009 **Date:** 01/29/2010
Service Type: Tribal **Area:** Alaska

First Name: Gloria **Middle Init:** L **Last Name:** Rhodes
Phone: 907-729-1319
Email: glrhodes@anthc.org

A	B	C	D	E	F	G	H
Group: Category	**Total Positions Allocated**	**Total Positions Filled**	**Total Positions Vacant**	**Total Accessions**	**Total Separations**	**Vacancy Rate**	**Turnover Rate**
RN: Chief Nurse Administrator	1	1	0	1	0	0 %	0 %
RN: Supervisory Clinical Nurse	23	23	0	0	0	0 %	0 %
RN: OB/L&D	42	40	2	1	0	5 %	0 %
RN: ICU	58	54	4	4	3	7 %	5 %
RN: ER	24	19	5	4	3	21 %	13 %
RN: OR	42	34	8	2	2	19 %	5 %
RN: PACU	17	11	6	1	2	35 %	12 %
RN: Medical/Surgical	115	94	21	7	4	18 %	3 %
RN: Generalists	0	0	0	0	0	N/A	N/A
RN: Public Health Nurse	0	0	0	0	0	N/A	N/A
RN: Nurse Educator	6	2	4	0	0	67 %	0 %
RN: Diabetes Nurse	1	0	1	0	0	100 %	0 %
RN: Ambulatory Care Nurse	38	30	8	0	2	21 %	5 %
RN: Pediatric Nurses	54	40	14	2	3	26 %	6 %
RN: Psychiatric Nurses	0	0	0	0	0	N/A	N/A
RN: Nurse Specialist	0	0	0	0	0	N/A	N/A
TOTAL RNs:	421	348	73	22	19	17 %	5 %
APN: Nurse Practitioner	7	4	3	0	0	43 %	0 %
APN: CNM	0	0	0	0	0	N/A	N/A
APN: CRNA	19	16	3	0	0	16 %	0 %
TOTAL APNs:	26	20	6	0	0	23 %	0 %
TOTAL RN/APNs:	447	368	79	22	19	18 %	4 %
LPN: LPN	20	13	7	0	1	35 %	5 %
			B-C=D			**D/B*100**	**F/B*100**

EDIT A REPORT - MAIN

Return to normal view

Facility: South Central Foundation, Anchorage, AK **Quarter:** 4th/2009 **Date:** 01/05/2010
Service Type: Tribal **Area:** Alaska

First Name: Anna **Last Name:** King
Phone: 907-729-4919
Email: aking@scf.cc

A	B	C	D	E	F	G	H
Group: Category	**Total Positions Allocated**	**Total Positions Filled**	**Total Positions Vacant**	**Total Accessions**	**Total Separations**	**Vacancy Rate**	**Turnover Rate**
RN: Chief Nurse Administrator	5	3	2	0	0	40 %	0 %
RN: Supervisory Clinical Nurse	0	0	0	0	0	N/A	N/A
RN: OB/L&D	9	7	2	1	0	22 %	0 %
RN: ICU	0	0	0	0	0	N/A	N/A
RN: ER	0	0	0	0	0	N/A	N/A
RN: OR	0	0	0	0	0	N/A	N/A
RN: PACU	0	0	0	0	0	N/A	N/A
RN: Medical/Surgical	0	0	0	0	0	N/A	N/A
RN: Generalists	0	0	0	0	0	N/A	N/A
RN: Public Health Nurse	16	15	1	1	2	6 %	13 %
RN: Nurse Educator	0	0	0	0	0	N/A	N/A
RN: Diabetes Nurse	0	0	0	0	0	N/A	N/A
RN: Ambulatory Care Nurse	0	0	0	0	0	N/A	N/A
RN: Pediatric Nurses	15	14	1	0	0	7 %	0 %
RN: Psychiatric Nurses	0	0	0	0	0	N/A	N/A
RN: Nurse Specialist	43	43	0	2	0	0 %	0 %
TOTAL RNs:	88	82	6	4	2	7 %	2 %
APN: Nurse Practitioner	29	29	0	1	0	0 %	0 %
APN: CNM	17	14	3	0	0	18 %	0 %
APN: CRNA	0	0	0	0	0	N/A	N/A
TOTAL APNs:	46	43	3	1	0	7 %	0 %
TOTAL RN/APNs:	134	125	9	5	2	7 %	1 %
LPN: LPN	28	20	8	4	1	29 %	4 %
			B-C=D			**D/B*100**	**F/B*100**

Comments Regarding Senate Bill 139

These comments are unsolicited support for Senate Bill 139.

My name is David Head, M.D. I have practiced medicine in Nome, Alaska at Norton Sound Health Corporation nearly 21 years, 20 of those years as Chief of Staff. I have also served on the Alaska State Medical Board for the last 7 years, 4 of those years as the Chairman for the Board. In addition I have served on multiple State and National committees and advisory groups regarding Physician Shortage and recruitment and retention strategies.

It is these experiences that cause me to be such a strong supporter for **Senate Bill 139**.

At this time Alaska is entering a crisis situation when it comes to adequate medical providers. For the first 15 years that I was in Nome, if we had a vacancy open up we were able to pick and choose between several qualified, experienced and well educated physicians to fill that slot. We had no difficulty maintaining a full staff. During the last 5 years this has changed dramatically. The national shortage of primary care physicians, along with the dramatic increase in the cost of living in Bush Alaska has led us into operating in crisis mode. We have slowly gone from a full time staff of 8 physicians to now 3. We scramble to maintain adequate coverage with temporary "traveling doctors", often going through 20-30 different physicians per year to provide basic care. This makes it near impossible to maintain the high quality level of care that the people of this area have become accustomed to, as well as burning out our regular doctors. We have hired recruitment firms that over the last 3 years have only been able to find 2 doctors that would even come for interview. Although I do not see Senate Bill 139 as the "cure all", I do believe it offers immediate aid and will greatly help give us additional chips to play in this game of attracting the professionals that we so greatly need until other more long term answers can be found.

Thank you for your time and dedicated service.

David Head, M.D
Chief of Staff
Norton Sound Health Corporation
Nome, Alaska

Christina Apathy

From: Coady [coady@alaska.net]
Sent: Tuesday, January 26, 2010 3:03 PM
To: Sen. Donny Olson
Subject: SB 139

Dear Senator Olson...Donny:

...a voice from the past, in Nome. It's hard to believe that our family moved from Nome back to Fairbanks 18 years ago. We still have the same C-180 as we did in Nome, and I'm doing some flight instruction to keep my hand in the flying business.

Carol and I noted your Bill SB139, and it made us think of a situation with one of our daughters: Erica will complete a 2 year post-doctoral fellowship in neuropsychology at UCLA this summer. Her work has focused on neurocognitive testing of patients with brain tumors, memory issues, aphasias, movement disorders, HIV, brain injuries, as well as other neurological problems associated with both clinical and forensic cases. She would love to return to Alaska (I'm told there is only one board-certified neuropsychologist in Alaska), but with $100,000 in student loans to pay off she has no choice but to remain in California or other South 48 location where salaries are high enough to make reasonable progress in paying down her education debt. A cash incentive or loan forgivineness program that would include her profession would be a major step in bring her skills and training back home to Alaska.

We trust all is well with you and your family. Please contact us on your next trip to Fairbanks (cell 907-750-5083). It would be great to get together for a visit. Best regards for now.

John Coady

From: Barbara Hale [mailto:bfhale1@msn.com]
Sent: Sunday, April 05, 2009 3:44 PM
To: Sen. Bettye Davis; Sen. Joe Paskvan; Sen. Johnny Ellis; Sen. Joe Thomas; Sen. Fred Dyson
Cc: Sen. Donny Olson; Sen. Bill Wielechowski; Sen. Kevin Meyer; Natalie Hale
Subject: The Alaska Health Care Professions Loan Repayment & Incentive Program
Importance: High

Dear Senators Davis, Paskvan, Ellis, Thomas and Dyson,

Alaska is one of only six states without a state-sponsored support-for-service program such as a loan repayment and incentive program and is losing ground. Competition for recruitment of providers is very difficult. Currently only 2% of medical students nationally are choosing the primary care field; more than 90 pharmacists vacancies exist in Alaska; many communities have inadequate access to dentists; physician assistants and nurse practitioners are increasingly difficult to recruit; nurses, dental hygienists, psychologists, licensed certified social workers, and physical therapists are all in short supply in Alaska. The Alaska Health Care Professions Loan Repayment & Incentive Program provides an important part of the solution to the workforce shortage Alaska faces. This proposal was developed after careful review of national studies of best practices for workforce recruitment and retention and input from stakeholders statewide, including consideration of factors unique to Alaska. Loan repayment and incentives have been shown to effectively help alleviate shortage problems in other states. This proposal is more cost-efficient and results-producing than other methods.

My daughter, Natalie Hale, will be entering her first year of medical school in August at the University of Washington WWAMI program in Anchorage. With more than $50,000 in student loan debt from her undergraduate studies at Yale already, the Alaska Health Care Professions Loan Repayment and Incentive Program will offer an incentive and encouragement for her to be able to pursue her first love, public health policy and primary care, here in Alaska. Thank you all for your consideration of this important policy under SB 139 to help alleviate health care shortages that Alaska is experiencing and to help retain providers who begin their studies here.

Best Regards,
Barbara Hale
P.O. Box 240211
Douglas, AK 99824-0211
907-586-6590

Christina Apathy

From: Julie Lynch McDonald [julie.cpfi@gmail.com]
Sent: Wednesday, March 03, 2010 8:47 AM
To: Sen. Donny Olson
Cc: Denise Liccioli
Subject: SB 139 Support by Pharmacist Interested in Working in Alaska
Attachments: SB139_Julie_McDonald_3-2-10.pdf

Dear Senator Olson,

I am a pharmacist in south Florida who previously interned in Alaska. I would like to share my story and subsequent support for SB 139 *Incentives for Certain Medical Providers* due to my desire to return and work in Alaska. Please include my attached letter as written testimony for the SB 139 hearing.

After putting myself through college to earn a bachelors degree in environmental science, I decided to move back into my parent's home in order to save for a place of my own and to begin aggressively repaying my nearly twenty thousand in student loans. After a year of working as a field biologist and living on a restricted budget, I was very excited to purchase a garden apartment. However, during this year had been very involved with a children's hospital and nursing home. This volunteer work inspired me to return to college in order to pursue a career that offered the daily opportunity to help alleviate suffering and improve the health of those in my community. I decided the best career would be the profession of pharmacy. As a result, I spent the following year continuing my same employment as a field biologist, completing prerequisite courses in the evening, volunteering on the weekends, living with my parents, and renting my apartment. I was accepted into two private colleges of pharmacy and one out of state college. I knew any choice would result in massive student loans accrued during the four years required for a Doctor of Pharmacy degree (tuition alone exceeded eighty thousand). Therefore, I choose a local college of pharmacy that allowed me to continue living with my parents throughout pharmacy school and rented my apartment that I sold a few years later without having the pleasure of ever living in it.

The summer after my first year in pharmacy school, I was thrilled to have the opportunity to spend a month working at the Prescription Center Pharmacy in Fairbanks and volunteering with the Fairbanks Native Bible Church. I anticipated enjoying the beauty of the Alaskan outdoors, but did not expect to fall in love with the people and culture of Alaska. One small example is the quick bond I developed with those who simply rode the same bus route. One day a co-worker generously offered to pick me up for work. I can still recall on the following morning how those on the bus shared they had been truly concerned since I had not been on the bus the previous day. My time in Alaska made a marked impression. Therefore, I was saddened to leave when the month was over and have hoped to return to Alaska ever since.

After graduation from pharmacy school, I felt a great responsibility to begin immediately paying down my student loans. As a result, I did not choose to defer my loans in order to complete a residency and subsequently enter into a more sought-after field of pharmacy. Rather, I entered the very demanding field of retail pharmacy. I have spent nearly two years working fulltime at an independent retail pharmacy and as a relief pharmacist at another independent pharmacy. I have come to value and respect the vital role a local retail pharmacist has in counseling and advising patients, collaborating with practitioners on patients' medication therapy, seeking innovative ways to meet individual patient's needs (i.e. compounding medications), and often serving as a listening friend. It is a physically demanding and emotionally draining, but richly rewarding by the relationships built with your patients.

Currently my husband, who has a bachelors in business, and I are considering moving to Craig. We would be working at an independent retail pharmacy and are enthused to become a part of the Prince of Wales

community. Additionally, I serve on the board of directors for a pharmacy organization where I oversee seventy-six student chapters nationwide and internationally. Part of my work in Craig would be encouraging pharmacy students from numerous states to come to Alaska for a summer position or complete a rotation during their final year of pharmacy school. My husband and I are confident the culture and spirit of Alaska would be of great benefit for us and we would continually seek to benefit the community through our combined diverse background in medicine, environmental science, business, accounting, and construction. However, my monthly student loan payment is significantly greater than our mortgage payment. My husband and I would like to relocate to Craig, but my more than two hundred thousand in student loans causes us to be very cautious with our choices.

From my perspective, SB139 would be a powerful incentive to draw pharmacists to the great state of Alaska. I have witnessed much legislation that is well intentioned, but often a significant portion ends up benefiting or rewarding those who have not necessarily made the hard choices. In contrast, I personally found SB139 to be distinctive and very encouraging. The reason for this is twofold. First, SB139 will attract medical professionals to Alaska and rural areas in particular, thus benefitting those who live in those areas and are often underserved. Second, SB139 will actually assist those who have made the continuous rigorous sacrifices of time, energy, and finances to enter the medical profession in an effort to give of themselves in the service of others.

Thank you for your time and consideration!

Sincerely,

Julie McDonald
Julie.CPFI@gmail.com
561.222.3330

Alaska Primary Care Association

"...uncompromising in the pursuit of access to primary care for all Alaskans."

The Honorable Senator Olson
Alaska State Senate
State Capitol, Room 514
Juneau, Alaska 99801-1182

Re: Support for Incentives for Certain Medical Providers – SB 139

March 18, 2008

Dear Senator Olson,

The Alaska Primary Care Association (APCA) represents 26 health care organizations and 141 Community Health Centers (CHCs), as well as other safety net providers throughout Alaska. The APCA knows firsthand that workforce shortages can affect access to health care services in Alaska's Community Health Centers. In 2007, our sites provided primary health care services to over 80,000 patients despite suffering a severe 35% shortage of primary care physicians and a 22% shortage of midlevel providers at Community Health Centers.[1] In fact, Alaska's CHCs have current vacancies for an estimated 22 physicians, 20 physician assistants, 26 nurse practitioners, 6 dentists, and 10 licensed certified social workers – to name a few.

Alaska is suffering from labor shortages in most professional health care occupations[2], while most of the State of Alaska has been designated either as a Health Professional Shortage Area or a Medically Underserved Area[3]. All but six states have addressed similar professional health provider shortages by implementing support-for-service programs which have helped to attract and retain health care providers[4].

The Alaska Primary Care Association supports SB 139 and the creation of a state-sponsored "Health Care Professions Loan Repayment and Incentive Program" to help fill vacancies and help health care facilities recruit and retain health care professionals.

We appreciate your hard work and service to Alaskans and support your efforts to expand access to health care for all Alaskans.

Respectfully,

Regan Mattingly
State Affairs Coordinator

Shelley S. Hughes
Government Affairs Director

[1] Bureau of Primary Health Care. "Alaska Section 330 Grantees Uniform Data System (Provider Utilization)."
2 Alaska Health Workforce Vacancy Study Research Summary. University of Alaska. August 2007. http://nursing.uaa.alaska.edu/acrh/index_downloads/workforce-summary_final.pdf.
3 US Department of Human Services, Health Resources and Service Administration. Health Professional Shortage
4 Health Care Professions Loan Repayment Program Concept Proposal. Pat Carr, Chief Health Planning & Systems Development, Alaska

Alaska Primary Care Association
903 W Northern Lights Blvd, Suite 200
Anchorage, AK 99503

ph. 907-929-2722
fx. 907-929-2734
www.alaskapca.org

Alaska Primary Care Association

"...uncompromising in the pursuit of access to primary care for all Alaskans."

Alaska Primary Care Association
Board of Directors

RESOLUTION 2009-02

Health Care Professions Loan Repayment and Incentive Program for Alaska

WHEREAS the Alaska Primary Care Association strives toward the goal of a healthy population, it recognizes that a robust health care workforce is necessary to provide adequate health care access for all Alaskans and is a key ingredient in improving the public health of all Alaskans; and

WHEREAS Alaska is competing with other states and nations for the finite pool of available health care professionals; and

WHEREAS Alaska is suffering from labor shortages in most professional health care occupations[1], and these shortages are hitting primary care "safety net" agencies particularly hard; and

WHEREAS most of the State of Alaska has been designated either a Health Professional Shortage Area or a Medically Underserved Area;[2] and

WHEREAS a common state-level response to these pressures is the use of financial inducements, collectively known as support-for-service programs (SFSPs), and good outcomes have been achieved with these;[3] and

WHEREAS national studies have determined loan repayment and incentive programs to be two of the most effective of the several SFSP strategies in terms of both recruitment and retention;[4] and

WHEREAS a key problem is that Alaska does not have a robust SFSP while most other states do, many have several, and further, some of those are growing;[5] and

WHEREAS most all other states have state-sponsored SFSPs that influence health professionals' geographic and specialty distributions;[6] and

WHEREAS it is well-established that many health care professionals carry a heavy debt-burden as they come out of training and are attracted to serving in those locations where a share of that burden can be taken away; and

Phone 907-929-2722 • Fax 907-929-2734 • www.alaskapca.org • alaskapca@alaskapca.org
903 West Northern Lights Blvd., Suite 200 • Anchorage, AK 99503-2400

Alaska Primary Care Association

"...uncompromising in the pursuit of access to primary care for all Alaskans."

DONE AND DATED THE 21st DAY OF January IN THE YEAR 2009

SIGNED BY _____

Sonia Handforth-Kome, APCA Board President

---

[1] Alaska Health Workforce Vacancy Study Research Summary. University of Alaska. August 2007. http://nursing.uaa.alaska.edu/acrh/index_downloads/workforce-summary_final.pdf.

[2] US Department of Human Services, Health Resources and Service Administration. Health Professional Shortage Area. http://hpsafind.hrsa.gov/.

[3] Health Care Professions Loan Repayment Program Concept Proposal. Pat Carr, Chief Health Planning & Systems Development, Alaska DHSS. September 11, 2007. http://www.hss.state.ak.us/primarycare/assets/loan-proposal.pdf.

[4] Ibid.

[5] Ibid.

[6] Ibid.

[7] Health Planning & Systems Development, Alaska Department of Health & Social Services. *Health Care Professions Loan Repayment Program Concept Proposal*, September 11, 2007.

[8] Ibid.

Alaska State Medical Association

4107 Laurel Street • Anchorage, Alaska 99508 • (907) 562-0304 • (907) 561-2063 (fax)

March 17, 2009

Honorable Donald Olson
Alaska State Senate
Capitol, Room 514
Juneau, Alaska

RE: SB 139 – Recruitment Increments for Certain Health Care Professionals

Dear Senator Olson:

As you know, Dr. Olson, the Alaska State Medical Association (ASMA) represents physicians statewide and is primarily concerned with the health of all Alaskans.

On behalf of all ASMA members, I thank-you for introducing SB 139. ASMA participated as one of the stake holders who came together to develop the concept for the loan repayment and direct incentive program embodied in SB 139. ASMA strongly supports SB 139 as an effective recruitment tool for physicians as well as the other health care professionals covered by the program.

Alaska competes with all other states in the recruitment of an ever shrinking pool of physicians practicing general internal medicine or family medicine. Currently only 2% of medical school graduates are choosing general internal medicine or family medicine residencies. 44 of those states already have a loan repayment or direct incentive program.

SB 139 will help to provide an important part in solving Alaska's chronic and acute (in certain practice specialties) physician workforce shortages. All of the health care system reforms aimed at providing some form of universal insurance coverage provides an empty promise so long as sufficient numbers of appropriately trained physicians (and other health care professionals) do not exist.

ASMA supports SB 139 and urges passage of this important legislation.

Again, ASMA, thanks you in your leadership and efforts to introduce and secure passage of the Alaska Health Care Professions Loan Repayment and Incentive Program.

Sincerely,

Thomas P. Vasileff

By: Thomas Vasileff, MD, President
For: The Alaska State Medical Association

Re: Support for SB 139 Incentives for Certain Medical Providers

March, 19, 2009

Dear Senate and House Members of the Alaska State Legislature:

Because the health care workforce shortage in Alaska is reducing health care access for our state's residents, I strongly support SB 139 to establish a loan repayment and incentive program to allow Alaska to compete with the lower 48 in recruitment of providers from a shrinking national pool.

In my roll as clinical site director for the U.W. DENTEX Training Center, I have had the opportunity to hear about the difficulties health care facilities in Alaska have in recruiting and retaining providers.

With alarming and rising vacancy rates, Alaska is posed for a crisis without intervention. Alaska is one of only six states without a state-sponsored support-for-service program such as a loan repayment and incentive program and is losing ground. The competition for recruitment of providers is very difficult. Currently only 2% of medical students nationally are choosing the primary care field; more than 90 pharmacists vacancies exist in Alaska; many communities have inadequate access to dentists; physician assistants and nurse practitioners are increasingly difficult to recruit; nurses, dental hygienists, psychologists, licensed certified social workers, and physical therapists are all in short supply in Alaska.

There is already a crisis of dental care access in rural Alaska. We have large numbers of our Alaska Native population who cannot access even the basic services needed, such as a yearly exam or treatment for urgent dental needs. The caries rate is 2 ½ times the national rate in our rural communities. Headstart programs struggle to find local providers to perform the mandatory evaluations for their students, many programs resort to bringing in outside providers at great expense. Teeth are left untreated until it is too late to restore them, because there are not appointments available for routine care. Our communities should not have to suffer with the pain and cost of untreated disease.

The Alaska Health Care Professions Loan Repayment & Incentive Program provides an important part of the solution to the workforce shortage Alaska faces. The proposal was developed after careful review of national studies of best practices for workforce recruitment and retention and input from stakeholders statewide, including consideration of factors unique to Alaska. More cost-efficient and results-producing than other methods, loan repayment and incentives have been shown to effectively help alleviate shortage problems in other states. SB 139 establishes a loan repayment and incentive program customized for Alaska and will provide much needed relief for our state.

I support SB 139 and urge passage of this important legislation. Your active steps to assure the establishment of the Alaska Health Care Professions Loan Repayment & Incentive Program are greatly appreciated.

Respectfully,

Mary E. Williard, DDS
Clinical Site Director
ANTHC Division of Community Health Services
U.W. DENTEX Training Center
4200 Lake Otis Parkway, Suite 204
Anchorage, AK 99508

Alaska Native Health Board

1840 Bragaw Street, Suite 220
Anchorage, Alaska 99508

Phone: (907) 562-6006
Fax: (907) 563-2001

January 25, 2010

Senator Donny Olson
State Capital Building, Room 514
Juneau, Alaska 99801-1182

Dear Senator Olson,

We write to express the Alaska Native Health Board's support for SB 139, establishing a health professions loan repayment and employment incentive program. Alaska is one of only six states without a state-sponsored health professions support-for-service program.

Overall, Alaska health workforce vacancy rates are now over 10% and growing, particularly for hard-to-fill positions in rural locations where most providers are "safety net" providers who deliver care to primarily to Medicaid and Medicare beneficiaries and the uninsured.

Among tribal providers, who are the only provider of health services in many areas of the state, health professional vacancy rates exceed the statewide rates across the board by 150-200%.

The challenges are daunting: The average time it takes for a tribal provider to fill a physician vacancy is over a year, while the average time to fill a mid-level vacancy is six months. **As of November 2009, within the Alaska tribal health system alone, there were over 80 physician vacancies.** These severe workforce shortages compound the challenge of providing good access to quality healthcare for all Alaskans, particularly in the rural areas.

SB 139, The Alaska Health Care Professions Loan Repayment & Incentive Program, is an important part of the solution to Alaska's health workforce shortage. It was developed after careful review of national studies of best practices for workforce recruitment and retention and input from stakeholders statewide, including consideration of factors unique to Alaska.

More cost-efficient and results-producing than other methods, loan repayment and incentives have been shown to effectively alleviate shortage problems in other states, and we are certain that SB 139 will work because it has been thoroughly reviewed and customized for Alaska.

Sincerely,

Evangelyn "Angel" Dotomain
President/CEO

P.O. Box 240247 " Anchorage, AK 99524 " www.asdha.com

ASDHA
Alaska State Dental Hygienists' Association

Re: Support for SB 139—Incentives for Certain Medical Providers

March 23, 2009

Dear Senate and House Members of the Alaska State Legislature:

The Alaska State Dental Hygienists' Association (ASDHA) supports Senate Bill 139 to establish a loan repayment and incentive program. This legislation addresses the shortage of certain health care professionals in the state by increasing the number and improving the distribution of health care professionals that provide direct patient care.

Alaska is one of only six states without a state-sponsored support-for-service program such as a loan repayment and incentive program. The proposal was developed after careful review of national studies of best practices for workforce recruitment and retention and input from stakeholders statewide, including consideration of factors unique to Alaska. More cost-efficient and results-producing than other methods, loan repayment and incentives have been shown to effectively help alleviate shortage problems in other states. This legislation would allow Alaska to compete with other states in the recruitment of numerous providers and help fill the alarming number of vacancies that exist.

Senate Bill 139 provides incentives for dental professionals, including dentists and dental hygienists. While current practice act limitations exist for direct patient care by dental hygienists, we are hopeful SB 139 will attract more dentists and dental hygienists to our state and to rural communities. With up to eighteen dental hygiene students graduating from Alaska universities yearly, we believe SB 139 would provide an additional incentive for them to stay.

The ASDHA supports SB 139 and urges passage of this important legislation. Your active steps to assure the establishment of the Alaska Health Care Professions Loan Repayment & Incentive Program are greatly appreciated.

Respectfully,

Gail Walden

Gail Walden, RDH
Alaska State Dental Hygienists' Association

Alaska Osteopathic Medical Association

142 East Ontario Street | Chicago, IL 60611
Phone 800.621.1773, ext. 8128 | Fax 312.202.8428 | Email: AKOMA@osteopathic.org

December 3, 2008

Dear Governor and Members of the Alaska State Legislature:

Because the health care workforce shortage in Alaska is reducing health care access for our state's residents, the Alaska Osteopathic Medical Association (AKOMA) strongly supports the concept of a state-sponsored loan repayment and incentive program to allow Alaska to compete with the lower 48 in recruitment of providers from a shrinking national pool.

The mission of the AKOMA is to promote public health through providing quality, relevant and professional CME that enhances the body of knowledge and skills of those in attendance. Emphasis will be placed upon Osteopathic Practice and Principles to enable attending physicians to better serve the needs of their patients.

With alarming and rising vacancy rates, Alaska is posed for a crisis without intervention. Alaska is one of only six states without a state-sponsored support-for-service program such as a loan repayment and incentive program and is losing ground. The competition for recruitment of providers is very difficult. Currently only 2% of medical students nationally are choosing the primary care field; more than 90 pharmacists vacancies exist in Alaska; many communities have inadequate access to dentists; physician assistants and nurse practitioners are increasingly difficult to recruit; nurses, dental hygienists, psychologists, licensed certified social workers, and physical therapists are all in short supply in Alaska.

The Health Care Professions Loan Repayment & Incentive Program proposal brings to the table an important part of the solution to the workforce shortage Alaska faces. The proposal was developed after careful review of national studies of best practices for workforce recruitment and retention and input from stakeholders statewide, including consideration of factors unique to Alaska. More cost-efficient and results-producing than other methods, loan repayment and incentives have been shown to effectively help alleviate shortage problems in other states. The proposed program designed for Alaska will provide much needed relief for our state.

AKOMA recommends the establishment of the Alaska Health Care Professions Loan Repayment & Incentive Program and requests that you actively take steps to create and fund the program.

Respectfully,

T. Capistrant

Todd Capistrant, DO
President

3884

Alaska Pharmacists Association

RE: Support for SB 139
Alaska Health Care Professions Loan Repayment & Incentive Program

March 24, 2009

Dear Members of the Alaska State Legislature:

Because the health care workforce shortage in Alaska is reducing health care access for our state's residents, putting Alaskans in jeopardy, the Alaska Pharmacists Association strongly supports the concept of a state-sponsored loan repayment and incentive program to allow Alaska to compete with the lower 48 in recruitment of providers from a limited and shrinking national pool.

"The Mission of the Alaska Pharmacists Association is to preserve, promote and lead the profession of pharmacy in Alaska."

With alarming and rising vacancy rates, Alaska is posed for a crisis without intervention. Alaska is one of only six states without a state-sponsored support-for-service program such as a loan repayment and incentive program and is losing ground. The competition for recruitment of providers is very difficult. Currently only 2% of medical students nationally are choosing the primary care field; more than 90 pharmacists vacancies exist in Alaska; many communities have inadequate access to dentists; physician assistants and nurse practitioners are increasingly difficult to recruit; nurses, dental hygienists, psychologists, LCSWs (licensed, clinical social workers), and physical therapists are all in short supply in Alaska.

Based on statistics provided by Laura Miller, PhD, Senior Economist with the National Association of Chain Drug Stores, the national average of community pharmacists per 10,000 people is 5.36. For Alaska, the figure is 3.35. To get to the national average, Alaska would need an additional 137 pharmacists. The average number of people per community retail pharmacy is about 5,300 nationally, and in Alaska it is 8,900. Even if you add in the 15 Indian Health Service (IHS) pharmacies, Alaska's pharmacies average about 7,500 people, much higher than the national average.

The Health Care Professions Loan Repayment & Incentive Program proposal brings to the table an important part of the solution to the workforce shortage Alaska faces. The proposal was developed after careful review of national studies of best practices for workforce recruitment and retention and input from stakeholders statewide, including consideration of factors unique to Alaska. More cost-efficient and results-producing than other methods, loan repayment and incentives have been shown to effectively help alleviate shortage problems in other states. The proposed program designed for Alaska will provide much needed relief for our state.

Respectfully,

Nancy O. Davis
Executive Director

E-mail: akphrmcy@alaska.net

203 W. 15th Ave., Suite 100 • Anchorage, Alaska 99501 • (907) 563-8880 • (907) 563-7880

Alaska Pharmacists Association

Alaska Pharmacists Association
Board of Directors

RESOLUTION 2009-01

Health Care Professions Loan Repayment and Incentive Program for Alaska

WHEREAS Alaska is competing with other states and nations for the finite pool of available healthcare professionals; and

WHEREAS Alaska is suffering labor shortages in most professional healthcare occupations, and that these shortages are hitting primary care "safety net" agencies particularly hard; and

WHEREAS the harsh conditions of Alaska and the fiscal limitations of safety net clinics makes it difficult for Alaska to compete in the hiring market; and

WHEREAS the entire State of Alaska has been designated either a Health Professional Shortage Area or a Medically Underserved Area;[1] and

WHEREAS a common state-level response to these pressures is the use of financial inducements, collectively known as support-for-service programs (SFSP's), and that good outcomes have been achieved with these; and

WHEREAS national studies have determined loan repayment programs to be one of the most effective of the several SFSP strategies in terms of both recruitment and retention; and

WHEREAS a key problem is that Alaska does not have a robust support-for-service program while most other states do, many have several, and further, some of those are growing; and

WHEREAS most all other states have state-sponsored SFSP programs that influence health professionals' geographic and specialty distributions; and

WHEREAS it is well-established that many healthcare professionals carry a heavy debt-burden as they come out of training and are attracted to serving in those locations where a share of that burden can be taken away; and

WHEREAS considerable precedent exists for state-level offices to sponsor and manage financial support and inducement programs to thus encourage the within-state service of healthcare personnel; and

E-mail: akphrmcy@alaska.net

203 W. 15th Ave., Suite 100 • Anchorage, Alaska 99501 • (907) 563-8880 • (907) 563-7880

WHEREAS in 2006, the Alaska Physician Supply Task Force recommended a number of specific strategies and action steps to assuring an adequate supply of physicians to meet Alaska's need, including creation of a loan repayment program; and

WHEREAS AkPhA serves as a voice on behalf of Pharmacists to preserve, promote and lead the profession of pharmacy n Alaska;

THEREFORE BE IT RESOLVED that the Alaska Pharmacists Association (AkPhA) supports the creation of a state-sponsored "Health Care Professions Loan Repayment and Incentive Program" and will advocate for the necessary authorizing and fiduciary legislation.

SUBMITTED BY:
Melanie Gibson, AkPhA President
Nancy Davis, Executive Director

DONE AND DATED THE 25th DAY OF AUGUST IN THE YEAR 2008

SIGNED BY

_____

Melanie Gibson, AkPhA Board President

[1] Alaska Center for Rural Health. *2007 Alaska Health Workforce Vacancy Study*. July 2007, http://nursing.uaa.alaska.edu/acrh/index_downloads/workforce_7-24-07_body-final.pdf.

E-mail: akphrmcy@alaska.net

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ALASKA PHYSICAL THERAPY ASSOCIATION, INC.

A CHAPTER OF THE AMERICAN PHYSICAL THERAPY ASSOCIATION
PO BOX 140351 ANCHORAGE, AK 99514-0351
PHONE (907) 566-3749

Re: Support for Alaska Health Care Professions Loan Repayment & Incentive Program

November, 26, 2008

Dear Governor and Members of the Alaska State Legislature:

Because the health care workforce shortage in Alaska is reducing health care access for our state's residents, the Alaska Physical Therapy Association strongly supports the concept of a state-sponsored loan repayment and incentive program to allow Alaska to compete with the lower 48 in recruitment of providers from a shrinking national pool.

The Alaska Physical Therapy Associations mission is that it's a member driven organization (290 members) is to represent and advocate for the profession of physical therapy and promote excellent, ethical, and autonomous practice, which serves the culturally diverse population of Alaska.

With alarming and rising vacancy rates, Alaska is posed for a crisis without intervention. Alaska is one of only six states without a state-sponsored support-for-service program such as a loan repayment and incentive program and is losing ground. The competition for recruitment of providers is very difficult. Currently only 2% of medical students nationally are choosing the primary care field; more than 90 pharmacists vacancies exist in Alaska; many communities have inadequate access to dentists; physician assistants and nurse practitioners are increasingly difficult to recruit; nurses, dental hygienists, psychologists, licensed certified social workers, and physical therapists are all in short supply in Alaska.

At any given time you can contact most remote hospitals and clinics and find at least 1-2 vacancies, or openings for physical therapists. Even urban clinics are constantly recruiting for providers due to turnover, retirement, or keeping up with population growth in their respective communities. There are companies that provide temporary travelling Physical Therapists for 13-16 week assignments which can be extremely expensive for coverage, and again the turn over rate creates changes for patients and can also cause breaks in care or shortage of man power coverage.

The Health Care Professions Loan Repayment & Incentive Program proposal brings to the table an important part of the solution to the workforce shortage Alaska faces. The proposal was developed after careful review of national studies of best practices for workforce recruitment and retention and input from stakeholders statewide, including consideration of factors unique to Alaska. More cost-efficient and results-producing than other methods, loan repayment and incentives have been shown to effectively help alleviate shortage problems in other states. The proposed program designed for Alaska will provide much needed relief for our state.

APTA
American Physical Therapy Association

The Alaska Physical Therapy Association highly recommends and advocates for the establishment of the Alaska Health Care Professions Loan Repayment & Incentive Program and requests that you actively take steps to create and fund the program for health related assistance to our states residents.

Respectfully,

Sundi Hondl, PT, OCS

Sundi M Hondl, PT, OCS
Alaska Physical Therapy Association President

abha
Alaska Behavioral Health Association
alaskabehavioralhealth.net

March 20, 2009

Re: Support for SB 139 Incentives for Certain Medical Providers

Dear Senate and House Members of the Alaska State Legislature:

Because the health care workforce shortage in Alaska is reducing health care access for our state's residents, the Alaska Behavioral Health Association strongly supports SB 139 to establish a loan repayment and incentive program to allow Alaska to compete with the lower 48 in recruitment of providers from a shrinking national pool.

One of our primary goals deals with Workforce Development and this bill fits well within the goal to assure that a well trained adequate workforce is available to behavioral health providers.

With alarming and rising vacancy rates, Alaska is posed for a crisis without intervention. Alaska is one of only six states without a state-sponsored support-for-service program such as a loan repayment and incentive program and is losing ground. The competition for recruitment of providers is very difficult. Currently only 2% of medical students nationally are choosing the primary care field; more than 90 pharmacists vacancies exist in Alaska; many communities have inadequate access to dentists; physician assistants, behavioral health clinicians, addiction professionals, and nurse practitioners are increasingly difficult to recruit; nurses, dental hygienists, psychologists, licensed certified social workers, and physical therapists are all in short supply in Alaska.

The Alaska Health Care Professions Loan Repayment & Incentive Program provides an important part of the solution to the workforce shortage Alaska faces. The proposal was developed after careful review of national studies of best practices for workforce recruitment and retention and input from stakeholders statewide, including consideration of factors unique to Alaska. More cost-efficient and results-producing than other methods, loan repayment and incentives have been shown to effectively help alleviate shortage problems in other states. SB 139 establishes a loan repayment and incentive program customized for Alaska and will provide much needed relief for our state.

The Alaska Behavioral Health Association supports SB 139 and urges passage of this important legislation. Your active steps to assure the establishment of the Alaska Health Care Professions Loan Repayment & Incentive Program are greatly appreciated.

In Health,

Steve Horn
Executive Director

2009 abha Membership

Organization	Community
Akeela	Anchorage
Alaska Children's Services	Anchorage
Alaska Family Services	Palmer
Alaska Island Community Services	Wrangell
Alaska Youth & Family Network	Anchorage
Anchorage Community Mental Health Services (Southcentral Counseling)	Anchorage
Arc of Anchorage	Anchorage
Assets, Inc.	Anchorage
Mat-Su Health Services	Wasilla
Bristol Bay Counseling Center (BBAHC)	Dillingham
Boys and Girls Home of Alaska	Fairbanks
Catholic Community Service	Juneau
The Center	Homer
Community Connections, Inc.	Ketchikan
Denali Family Services	Anchorage
Edgar Nollner Health Center	Galena
Fairbanks Community Behavioral Health Center, Inc.	Fairbanks
Fairbanks Native Association	Fairbanks
Family Centered Services of Alaska	Fairbanks

Organization	Community
Frontier Community Services	Soldotna
Gateway Center for Human Services	Ketchikan
Impact Counseling	Haines
Juneau Alliance for Mental Health, Inc.	Juneau
Juneau Youth Services	Juneau
Kenai Peninsula Care Center	Kenai
Lynn Canal Counseling	Haines
Maniilaq Association	Kotzebue
North Star Behavioral Health System	Anchorage
Peninsula Community Health Services	Soldotna
Petersburg Mental Health Services, Inc.	Petersburg
Railbelt MH and Addictions	Nenana
SEARHC - Behavioral Health Service Division	Sitka
SeaView Community Services	Seward
Sitka Counseling and Prevention Services	Sitka
Southcentral Foundation Behavioral Health Services	Anchorage
Volunteers of America of AK	Anchorage
Yukon-Kuskokwim Health Corporation	Bethel

Advisory Board on Alcoholism and Drug Abuse

abada amhb

Alaska Mental Health Board

ALASKA MENTAL HEALTH BOARD
ADVISORY BOARD ON ALCOHOLISM AND DRUG ABUSE
431 NORTH FRANKLIN STREET, SUITE 200
JUNEAU, ALASKA 99801
(907) 465-8920

March 25, 2009

Senator Donald Olson
Alaska State Capitol, Room 514
Juneau, Alaska 99801

Re: SB139 – Loan Repayment and Employment Incentive Program

Dear Senator Olson,

The Advisory Board on Alcoholism and Drug Abuse and the Alaska Mental Health Board appreciate your support for Alaska's health care workforce. The Boards support the intent of SB 139, and look forward to continued dialogue about how best to support our health care professionals and encourage more Alaskans to enter the field.

As you know, the health care industry has been one of our fastest growing employment sectors. Despite that, health care providers — including mental health and substance abuse providers — report an inability to maintain a workforce that meets the demand for services. The Alaska Department of Labor and Workforce Development reported that growth in health care jobs has slowed since 2006 (reporting growth of only 1% in Anchorage in 2008) and forecasts only modest growth in 2009. In this environment, we need measures to sustain the workforce we have and to encourage more Alaskans to enter the health care fields.

Loan repayment programs prove to be very effective ways to encourage health care professionals to serve rural and underserved populations, and often result in longer terms of service in these communities. Offering this much needed support to our current health care workforce will help promote stability for our providers and encourage more people to pursue health care careers.

We recognize the immense amount of effort that has gone into SB 139, and applaud the fact that it involved a cooperative effort by a coalition of stakeholders. We also recognize the concerns about the potential cost of the program and the infrastructure necessary to implement the program. We are hopeful that as SB 139 progresses through committee, there will be greater understanding about these issues.

Thank you for your work this session, and always, on behalf of Alaska.

Sincerely,

L S Walters

Lonnie Walters, Chair
ABADA

Debi Keith

Debi Keith, Chair
AMHB

3892

The TRUST

The Alaska Mental Health Trust Authority

November 10, 2008

Re: Support for Alaska Health Care Professions Loan Repayment & Incentive Program

Dear Governor and Members of the Alaska State Legislature:

The Alaska Mental Health Trust Authority (The Trust) strongly supports the concept of a state-sponsored health professional loan repayment and incentive program to allow Alaska to compete with the lower 48 in recruitment of providers from a limited and shrinking national pool.

The Trust has invested in workforce development around providers serving our beneficiaries for many years, often partnering with both state and non-state entities. The Trust will be investing over $3,300,000 in FY 10 in our Workforce Development Focus Area and partners such as the University of Alaska will invest much more in this important area. Currently The Trust's Workforce Development Focus Area is investing $200,000 in a loan repayment strategy for behavioral health professionals in underserved areas and another $200,000 in cash incentives because research indicated this is an effective strategy for recruitment and retention. The Trust believes that in order to continue to address health professional recruitment and retention we will have to be innovative and aggressive, and with many other states and the federal government using loan repayment as a key strategy, we must also have a program that is available to our health professional organizations serving Alaska's residents.

With alarming and rising vacancy rates, Alaska is posed for a crisis without intervention. The Department of Labor and Workforce Development's labor data tell us that health and social services jobs are and will be some of the top growth job opportunities in Alaska for the next 10 years. Strategies such as loan repayment are critical to meeting the demand in this high job growth area and Alaska is one of only six states without a state-sponsored support-for-service program such as a loan repayment and incentive program and is losing ground. The competition for recruitment of providers is very difficult. Currently only 2% of medical students nationally are choosing the primary care field; more than 90 pharmacists vacancies exist in Alaska; many communities have inadequate access to dentists, psychiatrists, physician assistants and nurse practitioners are increasingly difficult to recruit; nurses, dental hygienists, psychologists, LCSWs (licensed, certified social workers), and physical therapists are all in short demand in Alaska.
The Trust invests in a semi-annual vacancy rate study conducted by the Alaska Center for Rural Health which shows that behavioral health vacancy rates are some of the highest of all health professionals. Psychiatrist's in all of our public mental health systems have become a critical problem with a mean vacancy length of 34.5 months.

Tel Fax

The TRUST

The Alaska Mental Health Trust Authority

The Health Care Professions Loan Repayment & Incentive Program proposal brings to the table an important part of the solution to the workforce shortage Alaska faces. The proposal was developed after careful review of national studies of best practices for workforce recruitment and retention and input from stakeholders statewide, including consideration of factors unique to Alaska. More cost-efficient and results-producing than other methods, loan repayment and incentives have been shown to effectively help alleviate shortage problems in other states. The proposed program designed for Alaska will provide much needed relief for our state.

The Trust recommends the establishment of the Alaska Health Care Professions Loan Repayment & Incentive Program and requests that you actively take steps to create and fund the program.

Respectfully,

Delisa Culpepper

Delisa Culpepper
Chief Operating Officer

Tel Fax

ALASKA PUBLIC HEALTH ASSOCIATION

Committed To Advancing Alaska's Public Health Since 1978

ALPHA

March 20, 2009

Dear Senate and House Members of the Alaska State Legislature:

Because the health care workforce shortage in Alaska is reducing health care access for our state's residents, the Alaska Public Health Association (ALPHA) strongly supports SB 139 to establish a loan repayment and incentive program to allow Alaska to compete with the lower 48 in recruitment of providers from a shrinking national pool.

With alarming and rising vacancy rates, Alaska is posed for a crisis without intervention. Alaska is one of only six states without a state-sponsored support-for-service program such as a loan repayment and incentive program and is losing ground. The competition for recruitment of providers is very difficult. Currently only 2% of medical students nationally are choosing the primary care field; more than 90 pharmacists vacancies exist in Alaska; many communities have inadequate access to dentists; physician assistants and nurse practitioners are increasingly difficult to recruit; nurses, dental hygienists, psychologists, licensed certified social workers, and physical therapists are all in short supply in Alaska.

The Alaska Health Care Professions Loan Repayment & Incentive Program provides an important part of the solution to the workforce shortage Alaska faces. The proposal was developed after careful review of national studies of best practices for workforce recruitment and retention and input from stakeholders statewide, including consideration of factors unique to Alaska. More cost-efficient and results-producing than other methods, loan repayment and incentives have been shown to effectively help alleviate shortage problems in other states. SB 139 establishes a loan repayment and incentive program customized for Alaska and will provide much needed relief for our state.

ALPHA supports SB 139 and urges passage of this important legislation. Your active steps to assure the establishment of the Alaska Health Care Professions Loan Repayment & Incentive Program are greatly appreciated.

Respectfully,

Jayne Andreen

President
ALPHA Board of Directors

P.O. Box 9-1825 Anchorage, AK 99509 907/332-1030 *e-mail:* publichealth@alaska.net
www.alaskapublichealth.org

3895

Unangam Tunuu

Iliuliuk Family and Health Services, Inc.

P.O. Box 144
Unalaska, Alaska 99685

Phone: (907) 581-1202
Fax: (907) 581-2331

Re: Support for SB 139 Incentives for Certain Medical Providers

March 17, 2009

Dear Senate and House Members of the Alaska State Legislature:

Because the health care workforce shortage in Alaska is reducing health care access for our state's residents, Iliuliuk Family and Health Services, Inc. (IFHS) strongly supports SB 139 to establish a loan repayment and incentive program to allow Alaska to compete with the lower 48 in recruitment of providers from a shrinking national pool.

Our organization, IFHS, is the only comprehensive service provider for medical, dental and behavioral health services within 800 air miles of Unalaska. We are remote, and we frequently find that we are unable to compete with "lower 48" medical practices for providers, since we also cannot compete effectively with salaries. State loan repayment options for our providers would help us offer a competitive package.

With alarming and rising vacancy rates, Alaska is posed for a crisis without intervention. Alaska is one of only six states without a state-sponsored support-for-service program such as a loan repayment and incentive program and is losing ground. The competition for recruitment of providers is very difficult. Currently only 2% of medical students nationally are choosing the primary care field; more than 90 pharmacists vacancies exist in Alaska; many communities have inadequate access to dentists; physician assistants and nurse practitioners are increasingly difficult to recruit; nurses, dental hygienists, psychologists, licensed certified social workers, and physical therapists are all in short supply in Alaska.

It takes IFHS over a year to recruit a single doctor; six months to recruit a behavioral health specialist, and the last time we recruited a dentist, it took us four years to do so. We cannot recruit RNs – we have had two open RN positions for over two years. A state-sponsored support-for-service program would help make our recruitment package more appealing and more competitive.

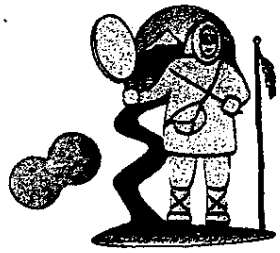
The Alaska Health Care Professions Loan Repayment & Incentive Program provides an important part of the solution to the workforce shortage Alaska faces. The proposal was developed after careful review of national studies of best practices for workforce recruitment and retention and input from stakeholders statewide, including consideration of factors unique to Alaska. More cost-efficient and results-producing than other methods, loan repayment and incentives have been shown to effectively help alleviate shortage problems in other states. SB

139 establishes a loan repayment and incentive program customized for Alaska and will provide much needed relief for our state.

IFHS supports SB 139 and urges passage of this important legislation. Your active steps to assure the establishment of the Alaska Health Care Professions Loan Repayment & Incentive Program are greatly appreciated.

Respectfully,

Sonia Handforth-Kome
Executive Director



Maniilaq Association

Maniilaq Health Center

Administration

Phyllis Boskofsky RN
Hospital Administrator
P.O. Box 43, 436 5th & Stevens Way
Kotzebue, AK 99752
Phone (907) 442-7319
FAX (907) 442-7250

Re: Support for SB 139 Incentives for Certain Medical Providers

March 20, 2009

Dear Senate and House Members of the Alaska State Legislature:

Because the health care workforce shortage in Alaska is reducing health care access for our state's residents, especially in remote regions such as ours, the Maniilaq Health Center (MHC) strongly supports SB 139 to establish a loan repayment and incentive program to allow Alaska to compete with the lower 48 in recruitment of providers from a shrinking national pool.

In order for the Maniilaq Health Center to meet its Mission Statement:
"The Maniilaq Health Center provides comprehensive health care to all the people in our service area while promoting prevention, fitness, wellness, holistic strategies, and incorporating local traditional core values and beliefs", its Vision Statement: ***"All customers of Maniilaq health services, including its employees, are empowered, and involved partners in its high quality services and healing atmosphere"***, and its Purpose statement: ***"We are a family of care, helping every person live a healthier life"***, we must have a trained healthcare workforce.

With alarming and rising vacancy rates, Alaska is posed for a crisis without intervention. Alaska is one of only six states without a state-sponsored support-for-service program such as a loan repayment and incentive program and is losing ground. The competition for recruitment of providers is very difficult, and becomes even more difficult as you leave urban area facilities for remote facilities such as MHC. Currently only 2% of medical students nationally are choosing the primary care field; more than 90 pharmacists vacancies exist in Alaska; many communities have inadequate access to dentists; physician assistants and nurse practitioners are increasingly difficult to recruit; nurses, dental hygienists, psychologists, licensed certified social workers, and physical therapists are all in short supply in Alaska.

Maniilaq Health Centers Professional Vacancy Rates

MD/DO Vacancies	3 vacancies out of 9 positions = 30% vacancy rate
Dentist Vacancies	3 vacancies out of 5 positions= 60% vacancy rate
Pharmacist Vacancies	3 vacancies out of 4 positions= 75% vacancy rate
Registered Nurse Vacancies	12 vacancies out of 24 positions = 50% vacancy rate
Physical Therapist	1 vacancy for > 2 years= 100% vacancy rate

The Alaska Health Care Professions Loan Repayment & Incentive Program provides an important part of the solution to the workforce shortage Alaska faces. The proposal was developed after careful review of national studies of best practices for workforce recruitment and retention and input from stakeholders statewide, including consideration of factors unique to Alaska. More cost-efficient and results-producing than other methods, loan repayment and incentives have been shown to effectively help alleviate shortage problems in other states. SB 139 establishes a loan repayment and incentive program customized for Alaska and will provide much needed relief for our state.

The Maniilaq Health Center supports SB 139 and urges passage of this important legislation. Your active steps to assure the establishment of the Alaska Health Care Professions Loan Repayment & Incentive Program are greatly appreciated.

Respectfully,

Phyllis A. Boskofsky
Hospital Administrator

Member Villages

Ivissaappaat, Nunatchiaq, Ipnatchiaq, Katyaak, Kivaliniq, Laugviik, Qikiqtagruk, Naitaaq, Nuurvik, Tikigaq, Akuligaq, Isinnaq,
Ambler, Buckland, Deering, Kiana, Kivalina, Kobuk, Kotzebue, Noatak, Noorvik, Point Hope, Selawik, Shungnak

Mat-Su Health Foundation Resolution to Support Health Care Professions Loan Repayment & Incentive Program for Alaska

WHEREAS the Mat-Su Health Foundation's mission is to enhance the health of Alaskans living in Mat-Su, where health is in part determined by access to primary, behavioral, and dental care and preventive services;

WHEREAS an adequate healthcare workforce is necessary to provide this access, and according to the *2005-2015 Mat-Su Borough Health Plan*, Mat-Su has an "inadequate number of providers to meet the demands of a growing population" in both the core area and the outlying rural areas of the borough;[i]

WHEREAS Mat-Su is designated a Medically-Underserved Area/Population by the U.S. Health Resources and Services Administration and has sub-regions designated Primary Care Health Professional Shortage Area, Mental Health Professional Shortage Area, and Dental Care Health Professional Shortage Area;[ii]

WHEREAS the Mat-Su Borough is the fastest growing area of Alaska, growing from 5,188 in 1960 to 82,515 in 2008 due to both positive birth and in-migration rates; and the AK Department of Labor projects that all Mat-Su age groups will continue to grow through 2020;[iii]

WHEREAS the Mat-Su Borough is experiencing one of the highest rates of population growth in the state among senior citizens, who use the healthcare system disproportionately more than any other age group; and the Alaska Commission on Aging reports Mat-Su's senior growth rate at 11.6%, which includes a net gain from a senior in-migration rate that is almost double its senior out-migration rate;[iv]

WHEREAS the Alaska Health Care Commission has designated Medicare-access as one of its six focus areas; and the University of Alaska Anchorage Institute of Social and Economic Research has reported that access to primary care for Medicare beneficiaries is problematic in Mat-Su, where data reveals that only 57.7% of Mat-Su primary care physicians will see new Medicare patients;[v]

WHEREAS the Mat-Su Health Foundation believes that an investment in the education of Mat-Su residents will help to build the healthcare workforce of the future and an engaged citizenship with a higher capacity to address the health-related challenges impacting Mat-Su and Alaska; and to this end has offered scholarships to help defray the cost of higher education and encourage Mat-Su residents to complete a degree or certificate program that emphasizes health and/or wellness; but also recognizes that more needs to be done to bolster the healthcare workforce in Mat-Su and Alaska;

WHEREAS Mat-Su Regional Medical Center has spent $6,238,438 on contract labor over the last five years on temporary health professionals from outside the state to fill current needs;

WHEREAS Alaska is competing with other states for the finite pool of available health care professionals; and over 40 states currently offer Support-for-Service Programs (SFSPs) that have influenced health professionals' geographic and specialty distributions;

WHEREAS national studies have determined loan repayment and incentive programs to be two of the most effective strategies in terms of both recruitment and retention;[vi]

WHEREAS without this incentive, it will be challenging for Alaska to compete for medical and health professionals, especially to work in rural areas;

BE IT THEREFORE RESOLVED that the Mat-Su Health Foundation promotes and advocates for the establishment of the Health Care Professions Loan Repayment & Employment Incentive Program to bring more qualified medical professionals to Alaska and will advocate for the necessary authorizing and fiduciary legislation.

***Approved by the Mat-Su Health Foundation Board of Directors on* January 18, 2010.**

Deborah Prator, President

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[i] 2005-2015 Mat-Su Borough Health Plan. Information Insights. January 2006. http: www.matsugov.us/planning index.php?option com_content&view article&id 69:mayors-blue-ribbon-taskforce-on-forming-a-health-and-social-service-board&catid 29:health-and-human-services-board&Itemid 20147#.

[ii] U.S. Department of Human Services, Health Resources and Service Administration. Health Professional Shortage Area. http: datawarehouse.hrsa.gov/GeoAdvisor/shortagedesignationadvisor.aspx.

[iii] Matanuska-Susitna Borough. Alaska Department of Labor, Division of Research & Analysis. http: laborstats.alaska.gov cgi databrowsing localAreaProfileQSResults.asp?geogArea 0204000170&population census data Population&B1 View - Report.

[iv] Alaska State Plan for Senior Services FY2008-FY2011. Alaska Commission on Aging. June 2007. http: www.hss.state.ak.us acoa documents statePlanFinalFY08_FY11.pdf.

[v] How Hard Is It for Alaska's Medicare Patients to Find Family Doctors? University of Alaska Anchorage Institute of Social and Economic Research. UA Research Summary No. 14. March 2009. http://www.hss.state.ak.us/healthcommission/200905/iser_doctors.pdf

[vi] Health Care Professions Loan Repayment Program Concept Proposal. Pat Carr, Chief Health Planning & Systems Development, Alaska DHSS. September 11, 2007. http: www.hss.state.ak.us primarycare assets loan-proposal.pdf.

Christina Apathy

From: RIPLEY, ELIZABETH [E.Ripley@MSrmc.com]
Sent: Monday, January 25, 2010 11:40 AM
To: Sen. Donny Olson
Subject: Mat-Su Health Foundation Resolution to Support Health Care Professions Loan Repayment & Incentive Program for Alaska
Attachments: MSHF Resolution in Support of Loan Repayment & Incentive Program 10.pdf

Sen. Olson, In reference to your sponsorship of SB 139, please consider the attached **Mat-Su Health Foundation Resolution to Support Health Care Professions Loan Repayment & Incentive Program for Alaska** in support of your efforts. Many thanks!

Elizabeth Ripley

Elizabeth Ripley | Executive Director | Mat-Su Health Foundation | 950 E. Bogard Road | Wasilla, AK 99654 | Direct: 907-352-2896 | Main Office: 907-352-2863 | Fax: 907-352-2865 | e.ripley@msrmc.com | http://www.matsuhealthfoundation.org

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Christina Apathy

From: Nancy St.John-Smith [nsjsmith@pchsak.org]
Sent: Tuesday, February 09, 2010 5:01 PM
To: Sen. Donny Olson
Subject: Capitol Hill Visit

Dear Senator Olson and staff,

Thank you for your hospitality during our capitol hill visit on February 2 and 3, 2010. It was my first visit to Juneau and you all made us feel right at home. We know that we can count you as a friend to community health centers across the state and we appreciate the time and attention you were able to give to our cause.

An amazing fact that you can share with others who need to know about the importance of community health centers in our great state is that Peninsula Community Health Services provided either medical, dental, or behavioral health care to about 25% of the central peninsula's population last year. The demands on community health centers continue to grow as there are more and more uninsured and underinsured consumers in our state. As always, we treat all comers and do not turn consumers away based on their ability to pay. Due to the high quality of care received at our facilities, people from all walks of life access their health care through us. Unfortunately, we are not able to keep up with the rising costs of providing care and recruiting providers.

As members of the Alaska Primary Care Association, we are in support of SB 139, which provides loan repayment and incentives for health care providers to work and live in the state of Alaska. We have asked for $ 400,282.00 in funding for senior access. Alaska's community health centers are asking for $2 million for operating funds to cover the rising costs of doing business, such as insurance premiums. We support increasing the Denali Kid Care eligibility limit to 200% of the federal poverty level.

We look to you and our other legislators to provide the leadership and support to accessing funding from the state of Alaska for community health centers in Alaska. We are one of only 5 states which do not routinely fund their community health centers.

Sincerely,
Nancy

Nancy St.John-Smith
Manager of Dental Support Services
Aspen Dental Center, a clinic of
Peninsula Community Health Services
395 Main Street Loop
Kenai, Alaska 99611
907.283.7759

SEARHC
SouthEast Alaska Regional Health Consortium
3245 Hospital Drive, Juneau, AK 99801
907 463-4000 • www.searhc.org

Re: Support for SB 139 Incentives for Certain Medical Providers

March 20, 2009

Dear Senate and House Members of the Alaska State Legislature:

Because the health care workforce shortage in Alaska is reducing health care access for our state's residents, the SEARHC Ethel Lund Medical Center strongly supports SB 139 to establish a loan repayment and incentive program to allow Alaska to compete with the lower 48 in recruitment of providers from a shrinking national pool.

The SEARHC Ethel Lund Medical Center provides comprehensive outpatient care to Alaska Native/Native American patients in the Juneau area (over 7,000 active patients). We have found recruitment of health providers to be extremely challenging, including physicians, physician assistants, pharmacists, physical therapists, optometrists, and other health care professionals. Almost all potential applicants request loan repayment. Juneau does not qualify for any loan-repayment program, and this puts us at a significant disadvantage in recruiting health care providers.

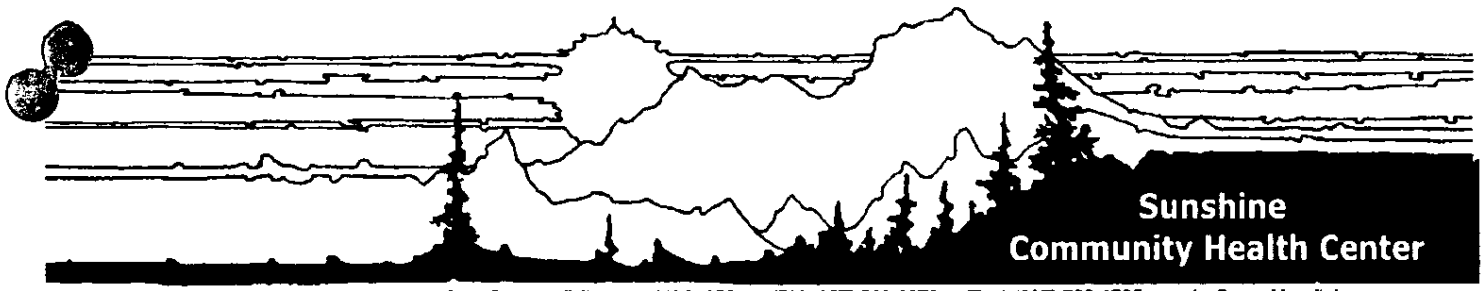
The Alaska Health Care Professions Loan Repayment & Incentive Program provides an important part of the solution to the workforce shortage that we here at SEARHC Juneau, and that the rest of Alaska faces. The proposal was developed after careful review of national studies of best practices for workforce recruitment and retention and input from stakeholders statewide, including consideration of factors unique to Alaska. More cost-efficient and results-producing than other methods, loan repayment and incentives have been shown to effectively help alleviate shortage problems in other states. SB 139 establishes a loan repayment and incentive program customized for Alaska and will provide much needed relief for our state.

The SEARHC Ethel Lund Medical Center supports SB 139 and urges passage of this important legislation. Your active steps to assure the establishment of the Alaska Health Care Professions Loan Repayment & Incentive Program are greatly appreciated.

Respectfully,

Janice Sheufelt, MD

Janice Sheufelt, MD
Medical Director
SEARHC Ethel Lund Medical Center
Juneau, Alaska



P.O. Box 787 (Mile 4.4 Talkeetna Spur Road) Talkeetna, AK 99676 (Ph) (907) 733-2273 (Fax) (907) 733-1735 schc@sunshineclinic.org

RE: Support for SB 139 Incentives Alaska Health Care Professions Loan Repayment & Incentive Program

March 25, 2009

Dear Senate and House Members of the Alaska State Legislature:

Because the health care workforce shortage in Alaska is reducing health care access for our state's residents, Sunshine Community Health Center (SCHC) strongly supports SB 139 to establish a loan repayment and incentive program to allow Alaska to compete with the lower 48 in recruitment of providers from a shrinking national pool.

SCHC's mission is to assist people in the upper Susitna Valley to meet their health care responsibilities by providing affordable, accessible, quality health care, including preventive aspects, to all people regardless of their ability to pay for services. We are a safety-net provider, with our primary focus on patients who are uninsured and unable to pay for basic medical care. We operate two clinics, one in Talkeetna that is open 6 days a week and one in Willow that is open 5 days a week.

The biggest obstacle to accomplishing our mission is our inability to fully staff the organization with the number of medical, dental, and mental health providers we need. As of this writing, SCHC has been recruiting unsuccessfully for a medical provider to staff our Willow clinic for 3 years. We have been recruiting for a full-time mental health professional for 2 years, a nurse for 1 year, and a dentist for 6 months. Two years ago, unsuccessful recruiting and unexpected vacancies shrank our staff of five medical providers (not including dental and mental health) to just two medical providers covering both clinics, and since then we have never been fully staffed.

Our efforts at recruitment during this period have attracted a high level of interest from providers interested in relocating to our community because of the attractive quality of life we offer. Unfortunately, once excitement gives way to realism, the following factors dissuade them from actually accepting a position and moving here:

- the high cost of student loans; medical and dental graduates average over $100,000 of student debt;
- moving expenses;
- high cost of living in Alaska;
- the escalating cost of health insurance.

SCHC's experience is not unusual. With alarming and rising vacancy rates, Alaska is poised for a crisis unless there is some new intervention. Alaska is one of only six states without a state-sponsored incentive program such as a loan repayment program. The competition for recruitment of providers is very difficult. Currently only 2% of medical students nationally are choosing the primary care field; more than 90 pharmacist vacancies exist in Alaska; many communities have inadequate access to dentists; physician assistants and nurse practitioners are increasingly difficult to recruit; nurses, dental hygienists, psychologists, licensed certified social workers, and physical therapists are all in short supply in Alaska.

The Alaska Health Care Professions Loan Repayment & Incentive Program provides an important part of the solution to the workforce shortage Alaska faces. The proposal was developed after careful review of national studies of best practices for workforce recruitment and retention and input from stakeholders statewide, including consideration of factors unique to Alaska. More cost-efficient and results-producing than other methods, loan repayment and incentives have been shown to effectively help alleviate shortage problems in other states. SB 139 establishes a loan repayment and incentive program customized for Alaska and will provide much needed relief for our state.

Sunshine Community Health Center supports SB 139 and urges passage of this important legislation. Your support and action on this matter are greatly appreciated.

Respectfully,

Mary Loeb, MD
Medical Director of Sunshine Community Health Center

AaNA
Alaska
Nurses
Association
3701 E Tudor Road Suite 208
Anchorage, Alaska 99507

March 9, 2010

To Senator Olson

Re: SB 139

The Alaska Nurses Association supports SB 139 Education Reinvestment Act that will provide loan repayment and incentives to health professionals who commit to continued professional practice in Alaska. The elements of SB 139 that provide incentives to health professionals who have completed their education and are ready to provide critical health services are excellent recruitment and retention strategies for those professionals in short supply.

SB 139 provides a fast start to making a difference in our health professional shortages. Incentives and loan repayment are key concerns for recruitment and the mechanism for staging the incentive payments on a quarterly basis increase the likelihood that it will also serve as an excellent retention tool.

Alaska faces an uphill struggle to attract qualified health professionals to work here. A number of other states have enacted incentives and loan repayment programs that stiffen the competition for our state. Although our state has many unparalleled opportunities, the economic burdens for health professionals to move to Alaska, get set up in a practice, and repay enormous loans for education, make it impossible for many to even consider working in our state. SB 139 not only helps level that economic field, but it speaks volumes to Alaska's commitment to solving our health professional shortages

The Alaska Nurses Association with a membership of over 1100 Registered Nurses in Alaska appreciates your sponsoring SB 139 and looks forward to working with you in support of this important legislation. Alaskans deserve our best efforts to protect and promote their health. A qualified workforce of health professionals is essential to that goal.

Sincerely,

Nancy C. Davis, RN, MS

Nancy C. Davis, RN, MS
AaNA President
907-274-0827 Office

Debbie Thompson

Debbie Thompson, BSN, RN, CNOR
AaNA Executive/Labor Program Director
907-274-0827 Office

3906

AARP Alaska
3601 C Street
Suite 1420
Anchorage, AK 99503

T 1-866-227-7447
F 907-341-2270
TTY 1-877-434-7598
www.aarp.org/ak

March 25, 2009

The Honorable Bettye Davis, Chair
Senate Health, Education and Social Services Committee
Alaska State Capitol, Room 30
Juneau, AK 99801-1182

Dear Chair Davis: RE: SB 139 (Olson)--Support

On behalf of the members of AARP in Alaska, we encourage you and your colleagues on the Senate Health and Social Services Committee to support SB 139, authored by Senator Donald Olson and co-sponsored by Senators Bill Wielechowski, Kevin Meyer and you.

As you know, Alaska has a chronic shortage of health professionals. We compete with the other states who all have their own shortages. SB 139 follows a proven tradition of recruitment incentives by providing loan forgiveness and economic incentives to encourage health professionals to practice in our state. We understand that there is a cost to recruitment and retention. We also understand that there is a greater cost when our citizens are unable to secure the services of health professionals.

AARP requests an "AYE" vote on SB 139.

Should you have any questions about our position, please feel free to contact me (586-3637) or Patrick Luby, AARP Advocacy Director (907-762-3314).

Thank you for your consideration.

Sincerely,

Marie Darlin

Marie Darlin, Coordinator
AARP Capital City Task Force
415 Willoughby Avenue, Apt. 506
Juneau, AK 99801
586-3637 (voice)
463-3580 (fax)

CC: Vice-Chair Joe Paskvan
Senator Johnny Ellis
Senator Joe Thomas
Senator Fred Dyson
Senator Donald Olson

COMMONWEALTH
NORTH

Resolution 2009-2
In support of Incentives for Certain Medical Providers as proposed in Senate Bill 139
April 14, 2009

This resolution is based on the 2005 Commonwealth North study entitled "Alaska Primary Health Care: Opportunities and Challenges."

Commonwealth North:

Encourages and promotes the establishment of incentives to bring more qualified Medical professionals to Alaska.

Requests all state legislators to approve authorizing legislation in Senate Bill 139; and

Forwards this resolution to all members of the Alaska State Legislature, Governor Sarah Palin, and Alaska's congressional delegation.

Resolved for the following reasons:

1. There are critical health manpower shortages in both our urban and rural areas
2. The State of Alaska is in competition with over forty states who already offer similar programs
3. Without this incentive, it will be difficult for Alaska to compete for medical and health professionals
4. Multiple millions of dollars are being spent annually in Alaska to have temporary health professionals from Outside fill our current needs
5. Current and potential future shortages can be identified in specific specialties including family practice physicians, internists, nurse practitioners, physician's assistants, nurses and clinical support health manpower areas such as physical therapist, x-ray and laboratory technicians

Approved by the Commonwealth North Board of Directors
April 14, 2009

David Wight

David Wight, President

Nome Eskimo Community
Box 1090
Nome, Alaska 99762
Phone (907) 443-2246
Fax (907) 443-3539

March 23, 2009

RE: Support for SB 139 Incentives for Health Care Professions

Dear Senate and House Members of the Alaska State Legislature:

The Nome Eskimo Community strongly supports SB 139 that would establish a loan repayment and incentive program for health care professions in Alaska. The on-going healthcare workforce shortage in Alaska significantly impacts access to and continuity of health care for our residents and the creation of such a program could be a solution to address a critical shortage in our state.

Alaska is one of only six states without a state-sponsored support-for-service program such as a loan repayment and incentive program. The competition for recruitment of providers is very difficult and the establishment of this program would allow Alaska to compete with the lower 48 for the recruitment of much needed medical providers. Alaska is experiencing a crisis: we have more than 90 pharmacist vacancies in Alaska; many communities have inadequate, if any, access to dentists; physician assistants and nurse practitioners are increasingly difficult to recruit, and nurses, dental hygienists, psychologists, licensed certified social workers, and physical therapists are all in short supply statewide.

Loan repayment and incentive programs have been proven to effectively alleviate workforce shortage problems in other states and the Alaska Health Care Professions Loan Repayment & Incentive Program could be part of the solution to address this issue in Alaska. The proposal was developed after careful review of national studies of best practices for workforce recruitment and retention, and with input from stakeholders statewide that includes consideration of factors that are unique to Alaska; SB 139 will establish a program customized for Alaska.

The Nome Eskimo Community fully supports and encourages the passage of SB 139. Your support to assure the establishment of the Alaska Health Care Professions and Loan Repayment & Incentive program is greatly appreciated.

Respectfully,

NOME ESKIMO COMMUNITY

Denise Barengo, Executive Director

Christina Apathy

From: Pamela J Embler [afpje@uaa.alaska.edu]
Sent: Wednesday, February 03, 2010 7:23 AM
To: Sen. Donny Olson
Subject: SB139

Senator Olsen -

Thank you for sponsoring such an important piece of legislation which has the potential to positively impact the residents of our great state. I would like to ask that you consider adding nurse educators to the list of qualified applicants. I am a faculty member at the University of Alaska Anchorage, School of Nursing. I recently received my masters in nurse education, that is my specialty area of nursing practice. Nurse educator certification has been recognized by the National League of Nursing as an advance practice specialty. I have been accepted to the University of Tennessee's nurse PhD program, an online/onsight program. The PhD is the expected terminal degree for nurse educators.
Alaska, the University of Alaska needs nurse educators to prepare the nurses of tomorrow, nurses for tomorrow that can meet the needs of the residents of Alaska. Many students are traveling outside to obtain a their nurse edcuation, many who leave may not return. If we want the students to stay in Alaska after obtaining their education we need to be able to educate them here, to that end we need more nurse educators.

Thank you for your time and your consideration.

Respectfully,
Pam Embler

Pam Embler, MSN, RN
Assistant Professor
University of Alaska Anchorage
3211 Providence Drive
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UAA UNIVERSITY of ALASKA ANCHORAGE
Dental Clinic

Re: Support for SB 139 Incentives for Certain Medical Providers

March 15 2009

Dear Senate and House Members of the Alaska State Legislature:
Senator Bettye Davis, Chair, and Members of the Senate HSS Committee

The University of Alaska Anchorage Dental Hygiene Program has produced successful candidates for over thirty years, our graduates placing second nationally in two of the last three years. Our goal is to prepare professionals who are familiar with the most advanced technology and evidenced-based practice and proficient in providing a wide range of dental services to diverse populations in a caring manner. It is a well known fact that we face an increasing demand for dental care with the burgeoning senior population, in addition to the many citizens who lack access to care. Poor dental health directly compromises systemic health, and contributes to a myriad of complications when not addressed. Our rural population suffers the most. Because the health care workforce shortage in Alaska is reducing health care access for our state's residents, the University of Alaska Anchorage Dental Hygiene Program strongly supports SB 139 to establish a loan repayment and incentive program to allow Alaska to compete with the lower 48 in recruitment of providers from a shrinking national pool.

Alaska is one of only six states without a state-sponsored support-for-service program such as a loan repayment and incentive program. The competition for recruitment of providers is very difficult. Due to alarming and rising vacancy rates, Alaska is posed for a crisis without intervention. Currently only 2% of medical students nationally are choosing the primary care field; more than 90 pharmacist vacancies exist in Alaska; many communities have inadequate access to dentists or hygienists; physician assistants and nurse practitioners are increasingly difficult to recruit. Dental hygienists, psychologists, licensed certified social workers, and physical therapists are all in short supply in Alaska.

The Alaska Health Care Professions Loan Repayment & Incentive Program provides an important part of the solution to the workforce shortage Alaska faces by providing more support to those willing to serve at risk populations. The proposal was developed after careful review of national studies of best practices for workforce recruitment and retention and input from stakeholders statewide, including consideration of factors unique to Alaska. Loan repayment and incentives have been shown to effectively help alleviate shortage problems in other states, proving less costly and more effective than other methods. SB 139 establishes a loan repayment and incentive program customized for Alaska and will provide much needed relief for our state.

3211 Providence Drive, AHS 104 • Anchorage, Alaska 99508-4614 • T 907 786 6960 • F 907 786 6037 • www.uaa.alaska.edu/dental

The University of Alaska Anchorage Dental Hygiene Program supports SB 139 and strongly recommends passage of this important legislation.

Respectfully,

Elizabeth Barnett, Clinic Director
UAA Dental Hygiene Program
3211 Providence Drive
Allied Health Science Bldg #121
Anchorage, Alaska 99508
barnett@uaa.alaska.edu
907.786.6926

Christina Apathy

From: Becca [Becca@Juneaubirthcenter.org]
Sent: Tuesday, March 30, 2010 3:42 PM
To: Sen. Donny Olson
Subject: testimony for SB 139

Dear Sir,

I am a Certified Nurse-Midwife and Advanced Nurse Practitioner, offering healthcare to women here in Juneau at the Juneau Family health and Birth Center. I am unable to attend tomorrow's hearing of SB 139. However I would like to offer my testimony: I trained at Yale University, and completed my degree with educational debt of $140,000.00 . I am struggling to manage this debt based on high cost of living in this state, and because of lack of Loan Repayment options. On many occasions I have considered relocating to a state in which better Loan Repayment options and lower cost of living exist. I think this is a shame, in that there is incredible need for skilled and compassionate healthcare providers in this state. SB 139, if passed, would provide incentive for existing providers in this state to continue their healthcare offerings; it would also create incredible incentive to prospective healthcare providers, especially those newly graduated and therefore most up to date in their provision of care.

I would be delighted to discuss this further, should it be helpful to you.

Yours very truly,

Rebecca M. Van De Water CNM, ANP
Certified Nurse-Midwife, Advanced Nurse Practitioner

Midwifery Director; Director of The Birth Center
Juneau Family Health and Birth Center
1601 Salmon Creek Lane
Juneau, AK 99801
Tel. 907.586.1203, fax 907.586.5765

Replaced

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: CSSB139(HSS)
() Publish Date:

Identifier (file name): SB139CS(HSS)-DHSS-MAA-03-29-10
Dept. Affected: Health & Social Services

Title: Incentives for Certain Medical Providers
RDU: Health Care Services
Component: Medical Assistance Administration

Sponsor: Olson, Wielechowski, Meyer, Davis

Requester: Senate HSS
Component Number: 242

Expenditures/Revenue (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITU	FY 2011	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Personal Services	89.3		89.3	89.3	89.3	89.3	89.3
Travel	6.0		6.0	6.0	6.0	6.0	6.0
Contractual	2,777.4		2,742.4	2,742.4	2,742.4	2,742.4	2,742.4
Supplies	2.0		2.0	2.0	2.0	2.0	2.0
Equipment	7.6						
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	2,882.3	0.0	2,839.7	2,839.7	2,839.7	2,839.7	2,839.7
CAPITAL EXPENDITURE							
CHANGE IN REVENUES							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match	2,036.3		2,036.3	2,036.2	2,036.2	2,036.2	2,036.2
1004 GF	167.3		124.7	124.7	124.7	124.7	124.7
1005 GF/Program Receipt	678.7		678.7	678.8	678.8	678.8	678.8
1037 GF/Mental Health							
Other Interagency Receipt							
TOTAL	2,882.3	0.0	2,839.7	2,839.7	2,839.7	2,839.7	2,839.7

Estimate of any current year (FY2010) cc

POSITIONS

Full-time	1.0		1	1	1	1	1
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if neces*

SB 139 creates a loan repayment program for identified health professional occupations and provides for cash incentives for eligible health professionals engaged in qualified employment. The intent of the legislation is to "address the worsening shortage of certain health care professionals in the state by increasing the number and improving the distribution of health care professionals who provide direct patient care."

Division of Health Care Services estimates that it will need a total of 1 FTE to fully administer the loan repayment and employment incentive programs.

(continued on next page)

Prepared by: William J. Streur, Deputy Commissioner
Phone (907) 334-2520
Division: DHSS Health Care Services
Date/Time 3/5/10 12:00 AM

Approved by: Alison Elgee, Assistant Commissioner
Date 3/29/2010
DHSS Finance & Management Services

(Revised 11/6/2009 OMB)

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

BILL NO. CSSB139(HSS)

ANALYSIS CONTINUATION

Health Care Professions Loan Repayment & Incentive Program

3914

The Division assumes it will need $2,715.0 for practitioner payments in FY2011. This funding will be used for either practitioner payments as cash incentives, or payments to lender institutions for loan repayments, or there can be a combination of the two types of payments. Maximum payments established for any combination of loan repayment and cash incentive are: $35.0 annually for tier I health care professionals employed in "regular" positions; $47.0 annually for tier I health care professionals employed in "very hard-to-fill" positions; $20.0 annually for tier II health care professionals employed in "regular" positions; and $27.0 annually for tier II health care professionals employed in "very hard-to-fill" positions. The need for $2,715.0 in FY2011 assumes the following:

Tier I 27 Practitioners $1,161.0 (assumes 9 participants from each of 3 types comprising tier I at $387.0 for each type)
Tier II 63 Practitioners $1,554.0 (assumes 9 participants from each of 7 types comprising tier II at $222.0 for each type)
Total 90 Practitioners $2,715.0

The Division assumes the employing entities will provide 25% of the $2,715.0 as contributing match as specified in SB139. Therefore, the expected GF match is $2,036.3 The match for the employing entities is $678.7.

Incentive payments are available to professionals for up to 3 years of qualified employment with a lifetime maximum participation of six years in the loan repayment and direct incentives aspects of the program by a tier I or tier II health care professional. The total number of participants in the program may not exceed 90 participants annually, regardless of whether the participant is a new or continuing participant.

On the fiscal note, the payments for practitioners will be paid from the contractual line:

Item	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016
Practitioner Payments	$2,715.0	$2,715.0	$2,715.0	$2,715.0	$2,715.0	$2,715.0
Evaluation Contract	$ 18.0	$ 18.0	$ 18.0	$ 18.0	$ 18.0	$ 18.0
Staff Contractual Costs	$ 9.4	$ 9.4	$ 9.4	$ 9.4	$ 9.4	$ 9.4
ACPE Software	$ 35.0	$	$	$	$	$
Total:	$2,777.4	$2,742.4	$2,742.4	$2,742.4	$2,742.4	$2,742.4

Administrative Costs
1 Health Program Manager II, $89.3 (includes fringe benefits). Assumes $9.4 per FTE annually for office space, phones, and other contractual costs; $2.6 one time costs per FTE for computers and software; $5.0 one time costs per FTE for office equipment; $2.0 per FTE annually for supplies; $6.0 per year for travel; $18.0 each year for a program evaluation contract.

Health Program Manager II.
This position will serve as lead program manager for the loan repayment and employment incentive program and will: establish procedures for the commissioner's designation and prioritization of sites eligible for participation in the program, develop the application process for participation in the program for sites and professionals, develop and disseminate public information and notices pertinent to the program, lead the development of the methodology and procedures for classifying each eligible site as having either regular or very hard-to-fill positions, prepare annual reports that document the successes and challenges of the program, facilitate the creation of and ongoing work of the advisory committee, and establish procedures and manage the employer contribution portion of the program.

Assumes one time costs of $35.0 for contractual services/software development for Alaska Commission on Postsecondary Education (ACPE).

ACPE will facilitate the disbursement of the loan repayment benefit. It will not be the budgetary agency for requesting and receiving the funds. After HCS selects program participants, ACPE will verify the existence of their qualifying education debt, and, on a periodic basis, transmit the appropriate benefit amount to the individual's lender.

SB 144

<target><bill>SB 144</bill><subject>SB 144</subject><comm>SFIN26</comm></target>

SENATE FINANCE COMMITTEE REPORT

DATE: 3/10/10

FURTHER:

DATE TURNED
IN TO OFFICE: _____

Finance Committee considered SENATE BILL NO. 144

SB 144 MUSK OXEN PERMITS

"An Act relating to hunting permits and tag fees for musk oxen."

and recommends:

[x] be **replaced** with [ ] **SCS** or [x] **CS** SB 144 (FIN)

[ ] adopt **previous** [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] attached amendment(s)

[ ] adopt _____Letter of Intent

[ ] further referral to _____Committee

SENATE BILL:
[ ] Same Title
[ ] New Title

HOUSE BILL:
[ ] Same Title
[ ] Technical Title Change
[ ] New Title w/ SCR #_____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
ADF&G				✓	1

[ ] **APPROPRIATION - no fiscal note**

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	Egan	✓			
	OLSON	✓			
	Huggins			✓	
CO-CHAIR:	Hoffman	✓			
CO-CHAIR:	Stedman	✓		05	

ALASKA STATE LEGISLATURE

SENATOR DONALD C. OLSON

ALASKA
STATE CAPITOL
ROOM 514
JUNEAU, ALASKA 99801-1182

(907) 465-3707
FAX (907) 465-4821

Senate Bill 144 – Musk Oxen Permits & Tags

Version 26-LS0666/R, March 9, 2009
STAFF: Tim Benintendi, 465-4989

SPONSOR STATEMENT and SECTIONAL ANALYSIS

SPONSOR STATEMENT:

There are four Game Management Units in which musk oxen are found in Alaska; Unit 18 (Nunivak and Nelson Islands), Units 22 and 23 (Seward Peninsula and Northwest), and Unit 26 (Northeast). The musk oxen population in Alaska is currently estimated to be 4,400 animals, and annually, between 325 and 350 animals are available for harvest.

The primary objective of SB 144 is to allow issuance of a second permit for a musk ox hunt in a second Game Management Unit or hunt area within a unit, for resident hunters and subsistence hunters only; no out-of-state hunters qualify. If a harvester does not take an animal under the first permit, this would double the chance a hunter has to harvest the bag limit of one animal, either a bull or a cow. It would not allow for the taking of two animals.

Current statute provides for a limit of one musk ox permit for each hunter per calendar year. Musk oxen are the only game animals in the Arctic to which the one-permit restriction still applies. Under SB 144, the department could issue subsistence permits beyond a calendar year basis, to accommodate a season which straddles two calendar years (Example: a season which runs from August 1st to March 15th), because a "year" under this bill, is changed from a calendar year to a regulatory year, which is July 1st to June 30th.

Wildlife biologists and regulators within the Department of Fish and Game have determined that the health and size of the state's herd is well past the threshold for expanding opportunities for Alaskan hunters. State biologists

estimate that a minimal number of additional permits would be issued under the provisions of this bill, and perhaps 25 more animals would be harvested. If passed this legislative session, these new provisions would be in place for seasons beginning in August of this year.

SB 144 would authorize the Board of Game to reduce or eliminate subsistence tag and fee requirements at its discretion.

SB 144 carries a ZERO fiscal note, and has the support of the department. Support from the hunting community in Northwest Alaska includes the Northern and Southern Norton Sound Advisory Committees, and the Seward Peninsula Musk Ox Cooperators' Group. We have discovered no opposition to this bill.

SECTIONAL ANALYSIS:

SECTION 1: Amends AS 16.05.340(a)(16) to allow the Board of Game to reduce or eliminate the fee, as well as the tag requirements, for a musk oxen hunt, and makes it applicable to all or a portion of a game management unit. Applying this to an open season has been eliminated. The objective is to have the statute for musk oxen read the same as for other game.

SECTION 2: Amends AS 16.05.346(a) by providing that the department shall issue permits to take musk oxen once the Board of Game has reduced or eliminated requirements for a resident tag and fee. This statute is further amended by providing that a resident may not be charged a fee for an application for a musk oxen permit under these circumstances.

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: SB 144
(S) Publish Date: 3/10/10

Identifier (file name): SB144-DFG-DAS-03-05-10
Dept. Affected: ADF&G
Title: An Act relating to hunting permits and tag fees for musk oxen
RDU: Administration and Support
Component: Administrative Services
Sponsor: Senator Olson
Requester: Senate Resources
Component Number: 479

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Travel	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Contractual	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Supplies	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CHANGE IN REVENUES ( )	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
FUND SOURCE		(Thousands of Dollars)					
1002 Federal Receipts							
1003 GF Match							
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2010) cost:

POSITIONS							
Full-time	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Part-time	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0

ANALYSIS: *(Attach a separate page if necessary)*

No fiscal impact to Department of Fish and Game

Prepared by: Jeff Hoover, Deputy Director
Phone 907-465-6077
Division: Administrative Services
Date/Time 3/5/10 12:00 PM
Approved by: Tom Lawson, Director of Administrative Services
Date 3/5/2010
Alaska Department of Fish and Game

(Revised 11/6/2009 OMB)

3920

Adopted 3/22/10

26-LS0666\E
Kane
3/16/10

CS FOR SENATE BILL NO. 144(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): SENATOR OLSON

A BILL

FOR AN ACT ENTITLED

"An Act relating to hunting permits and tag fees for musk oxen."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** AS 16.05.340(a)(16) is amended to read:

(16) Resident big game tags

(A) Bear, brown or grizzly, each 25

The Board of Game may, by regulation effective for not more than one year, eliminate the resident brown or grizzly bear tag and fee for all or a portion of a game management unit.

(B) Musk oxen, each 500

However, the Board of Game may by regulation reduce or eliminate the [FEE FOR A] resident big game tag **and fee** for musk oxen for **all or a portion of a game management unit** [AN OPEN SEASON].

*** Sec. 2.** AS 16.05.346(a) is amended to read:

(a) If the Board of Game establishes an open season for musk oxen and has not reduced or eliminated the $500 resident tag **and** fee under AS 16.05.340(a)(16),

the department shall conduct a drawing for permits to take the musk oxen. If the Board of Game establishes an open season for musk oxen for which the Board of Game has reduced or eliminated the resident tag **and** fee, the department shall issue permits to take the musk oxen in the order in which applications are received by the department. [A PERSON IS NOT ELIGIBLE FOR MORE THAN ONE MUSK OXEN PERMIT A YEAR.] The department may not charge **a resident** a fee for an application for a musk oxen permit for an open season in which the Board of Game has reduced or eliminated the resident tag **and** fee under AS 16.05.340(a)(16). In all other cases, the application fee for a musk oxen permit is $10.

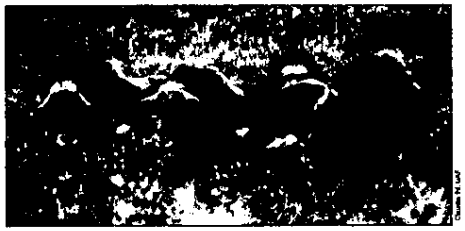
Current Status of Muskoxen in Alaska 1970-2009

Letty Hughes[1*], Patricia Reynolds[2*], Kimberlee Beckmen[1*], Phillip Perry[1], Geoff Carroll[1], Steve Arthur[1]

[1]Alaska Dept. of Fish & Game, [2]US Fish & Wildlife Service, Arctic National Wildlife Refuge

Introduction

Muskoxen (*Ovibos moschatus*) were reintroduced to Alaska after disappearing in the late 1800s. The first establishment of muskoxen from Greenland to rural Alaska was Nunivak Island in 1936. The Nunivak population acted as a source of animals for future relocations on historic range between 1967-1981. The relocation of 300 animals created five populations throughout Alaska: Nunivak, Nelson Island, Northeastern, Northwestern, and Seward Peninsula (Figure 1). The successful establishment of muskoxen populations and current cooperative management efforts have resulted in range expansion, population growth and stability, along with hunting and viewing opportunities .



Harvest

Hunting of reintroduced muskoxen first occurred on Nunivak Island in 1975. Four of the five populations are open to harvest on an annual quota and permit basis (Table 1). In 2008, the Board of Game adopted regulations that allow Alaskans to harvest muskoxen on the Seward Peninsula with a registration permit (Gorn 2009). The new hunts were created from recommendations from local advisory committees and Seward Peninsula Muskox Cooperators, a stakeholder group established n 1994.

Table 1. Harvest of Muskoxen in Alaska

Population	Hunting Began	Average Annual harvest Pre-1998	Average Annual Harvest 1998-2008	Available Harvest 2009	Hunt Structure 2009	Sex of Harvest	Available Harvest as % of population 2009
Nunivak Island	1975	56	81	85	•Drawing •Registration	•Bulls 1975-1976 •Cows & Bulls 1979-present	15
Nelson Island	1981	23	23	42	•Registration	•Cows & Bulls	8
Northeastern	1990	9	6	0	No Open Season	•Closed to harvest in 2006	0
Northwestern	1998	No Hunt	<3	6	•Tier II drawing	•Bulls 1999-present	1
Seward Peninsula	1995	13	76	187	•Tier I Registration •Drawing •Federal Permit	•Bulls 1995-2000 •Cows & Bulls 2000-present	7* *will be < 7% in 2010-2011 pending census results

Recent Range Expansion

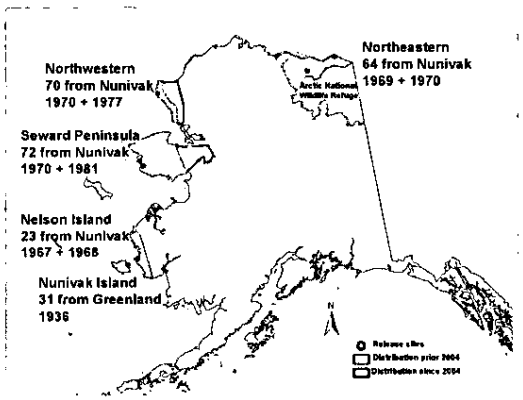


Figure 1. Reintroduction sites and group distribution of muskoxen populations

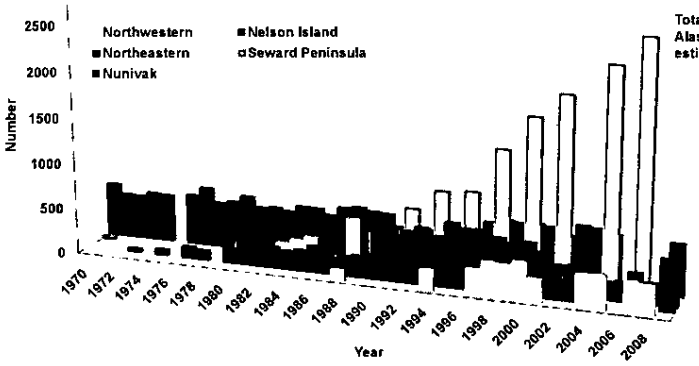


Figure 2. Historic counts of Alaska muskoxen populations 1970-2009

Future Management

The reintroduction of muskoxen to Alaska continues to be successful. Population growth and range expansion provides opportunities for consumptive and non-consumptive uses of muskoxen. Continued investigation of population parameters and health assessments along with public input will enhance future management of Alaska muskoxen.

Population Growth

During the 74 years since 31 muskoxen were first established on Nunivak Island, populations have increased to over 4400 animals in Alaska (Table 2). The Seward Peninsula population is the state's largest, and continues to expand eastward (Figure 1) as the population increases (Figure 2).

Table 2. Current size of Alaska muskoxen populations

Population	Population Size	Date of Estimate	Status
Nunivak Island	567	Oct. 2009	•16% from 1947-1968 •Stable since 1970
Nelson Island	557	Jun. 2009	•22% from 1968-1981 •6% from 2004
Northeast	200-250*	Apr. 2008	•650 muskoxen by 1995 •Declined 60% 1996-2006 •Stable from 2006-2009
Northwest	324-424*	Jan. 2008	•8% from 1970-1998 •Stable from 1999-2008
Seward Peninsula	2688[b]	Mar. 2007	•14% from 1970-2000 •6% from 2000-2007
Total minimum Alaska population estimate	4486		[a] Westing 2009 [b] Gorn 2009 * Northern Canada animals excluded

Table 3. Mortality type in Northeastern population 2007-2009

Mortality Type	Adults	Calves	Total
Bear Predation	16	36	52
Disease	2	2	4
Vehicle collision	3	0	3
Other non-predation	4	10	14
Total	25	48	73

Mortality and Disease Surveillance

Seward Peninsula

- Predation relatively low compared to Northeastern
- Chlamydia present (Gorn 2009)
- Low in copper
- Negative for iron, zinc, selenium (Gorn 2009)
- Composition surveys show 30 yearlings:100 cows since 2002 (Gorn 2009)

Northeastern

- Predation a significant mortality factor (Table 3)
- Mortalities from drowning and stranding on sea ice
- Chlamydia present (Lenart 2009)
- Copper deficient (Lenart 2009)
- Low calf recruitment and low calf:cow ratios (Lenart 2007)

Your Purchases of hunting licenses and equipment support Wildlife Restoration funding

References

Gorn, T.S. 2009. In Prep. Unit 22 Muskox. Muskox management report of survey and inventory activities. 1 July 2006-30 June 2008. Alaska Department of Fish and Game. Juneau AK USA

Lenart, E. A. 2007. Units 26B and 26C muskox. Pages 48-69 in P. Harper, editor. Muskox management report and inventory activities. 1 July 2004-30 June 2006. Alaska Department of Fish and Game Project 16.0. Juneau AK USA

Lenart, E.A. 2009. In Prep. Units 26B and 26C muskox. Muskox management report of survey and inventory activities. 1 July 2006-30 June 2008. Alaska Department of Fish and Game. Juneau, AK USA

Westing, C. In Prep. Unit 23 muskox. Muskox management report of survey and inventory activities. 1 July-30 June 2008. Alaska Department of Fish and Game. Juneau, AK USA

SB 159

<target><bill>SB 159</bill><subject>SB 159</subject><comm>SFIN26</comm></target>

ALASKA STATE LEGISLATURE

Senator Joe Paskvan

Chair, Labor and Commerce
Vice Chair, Health and Social Services
Member, Transportation
Member, State Affairs
Member, Joint Armed Services

Senate District E
Fairbanks and Fort Wainwright

State Capitol Building, Room 7
Juneau, Alaska 99801-1182

Phone (907) 465-3709
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sen.joe.paskvan@legis.state.ak.us
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Sponsor Statement

SB 159: Workers' Compensation Funeral Expenses

"An Act increasing the maximum funeral expenses payable as a workers' compensation death benefit; and providing for an effective date."

Under current Workers' Compensation Statutes in Alaska, a $5,000 death benefit is provided to help pay the funeral expenses of a worker who has been killed on the job.

This amount is not nearly enough to bury a loved one and insulting when attached to a human life lost through negligence on behalf of an employer.

The $5,000 funeral expense has not been adjusted since 2000 – nine years ago. During this time, the cost of a funeral has risen significantly. Traditional funerals may run between $7,500 and $12,000 – and often more.

Senate Bill 159 seeks to increase the maximum funeral expense under the Workers' Compensation Statues to a modest $10,000.

I urge your support of this legislation.

SENATE FINANCE COMMITTEE REPORT

DATE: 4/3/09

FURTHER:

DATE TURNED IN TO OFFICE: 2/23/10

Finance Committee considered SENATE BILL NO. 159

SB 159 WORKERS' COMPENSATION FUNERAL EXPENSES

"An Act increasing the maximum funeral expenses payable as a workers' compensation death benefit; and providing for an effective date."

and recommends:

[ ] be **replaced** with [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] adopt **previous** [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] attached amendment(s)

[ ] adopt _____ Letter of Intent

[ ] further referral to _____ Committee

SENATE BILL:
[X] Same Title
[ ] New Title

HOUSE BILL:
[ ] Same Title
[ ] Technical Title Change
[ ] New Title w/ SCR #_____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
LWF	2/5			✓	

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

[ ] **APPROPRIATION - no fiscal note**

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	Huggins	✓			
	Thomas	✓			
	Egan	✓			
	Olson			✓	
	Ellis	✓			
CO-CHAIR:		✓			
CO-CHAIR:	Stitzman	✓			

3926

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: SB 159
() Publish Date:

Identifier (file name): SB159-DOLWD-WC-02-05-10
Dept. Affected: Labor and Workforce Development
Title: Workers' Compensation Funeral Expenses
RDU: Workers' Compensation
Component: Workers' Compensation
Sponsor: Senator Paskvan
Requester: Senate Finance
Component Number: 344

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2010) cost: None

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

Currently if an employee is fatally injured in a work-related accident, the employer is liable for burial expenses up to a maximum of $5,000 in addition to the other benefits required under AS 23.30.215. The proposed bill would raise the maximum burial expense from $5,000 to $10,000. The maximum funeral expense payable under AS 23.30.215 was last increased from $2,500 to $5,000 in 2000. This bill would not change any other benefits. The estimated increase in premium costs associated with this bill will be less than 0.1%. The department does not anticipate any significant fiscal impact from this bill.

Prepared by: Trena L. Heikes, Director
Phone 465-6059
Division: Workers' Compensation
Date/Time 2/5/10 1:29 PM
Approved by: Click Bishop, Commissioner
Date 2/5/10
Agency: Department of Labor and Workforce Development

(Revised 11/6/2009 OMB)

National Council on Compensation Insurance, Inc.

ANALYSIS OF ALASKA SENATE BILL (SB) 159
As Introduced March 20, 2009

Alaska Senate Bill (SB) 159 proposes to raise the maximum burial benefit from $5,000 to $10,000. NCCI estimates that SB 159 would result in a negligible increase in overall workers compensation system costs in Alaska.

Background and Bill Summary

Currently in Alaska, if an employee is fatally injured in a work-related accident, then the employer is liable for burial expenses up to a maximum of $5,000, in addition to the other benefits required by Alaska statutes.

The proposed language of SB 159 would raise the maximum burial expense from $5,000 to $10,000. This bill would not change any other benefits.

Actuarial Analysis of Senate Bill 159

To estimate a cost impact if SB 159 were enacted, NCCI used CPS data for 1989-1993 and NCCI Detailed Claim Information (DCI) data for 1984-1993 for fatalities, to estimate the distribution of fatal cases involving widow alone, widow with children, parents, siblings, etc.

NCCI used annuity calculations to estimate the indemnity benefits payable for 1,000 cases, assuming each fatal claim receives the maximum burial benefit ($5,000). Based on these calculations burial expenses represent 2.1% of overall fatal indemnity costs.

Other fatal benefit provisions are unchanged by this proposal. Thus, the projected cost impact from a 100% increase ($10,000 / $5,000 – 1.0) in the maximum burial expense is +2.1% on overall fatal indemnity benefits.

Fatal indemnity benefit costs comprise an estimated 2.8% of Alaska indemnity costs, based on workers compensation statistical plan data from the two-year policy period ending March 31, 2006. Therefore, the estimated impact on indemnity costs would be an increase of +0.1% (= +2.1% x 2.8%). Indemnity benefit costs comprise an estimated 26.1% of Alaska's overall benefit costs. If enacted in its current form, NCCI estimates that overall workers compensation system costs in Alaska will increase by less than 0.1% (= +0.1% x 26.1%).

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TOTAL FILINGS BY TYPE
2007 Annual Report Board Filings
(Percentage Change)

	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08
Total Board Files Established	28,621	28,233	28,665	28,174	25,981	24,544	23,939	23,716	22,528	22,261
	-3.37%	-1.36%	1.53%	-1.71%	-7.78%	-5.53%	-2.46%	-0.93%	-5.01%	-1.19%
No Time-Loss	17,920	18,040	18,012	18,281	17,193	16,032	15,959	15,873	15,352	15,484
	-7.10%	0.67%	-0.16%	1.49%	-5.95%	-6.75%	-0.46%	-0.54%	-3.28%	0.86%
Time-Loss	10,397	10,073	10,582	9,802	8,739	8,472	7,914	7,771	6,395	6,727
	4.44%	-3.12%	5.05%	-7.37%	-10.84%	-3.06%	-6.59%	-1.81%	-17.71%	5.19%
Fatality	31	33	37	39	23	17	27	15	21	29
	-16.22%	6.45%	12.12%	5.41%	-41.03%	-26.09%	58.82%	-44.44%	40.00%	38.10%
Jurisdictional	273	87	36	21	14	20	39	57	30	21
	-18.99%	-68.13%	-58.62%	-41.67%	-33.33%	42.86%	95.00%	46.15%	-47.37%	-30.00%

ANNUAL REPORT	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08
Total Board Files Reported (all years)	34,556	31,938	34,937	35,980	34,851	33,997	31,538	30,592	29,351	29,469
	-0.62%	-7.58%	9.39%	2.99%	-3.14%	-2.45%	-7.23%	-3.00%	-4.06%	0.40%
No Time-Loss	16,191	14,298	15,465	16,459	15,916	15,880	14,852	13,749	13,893	14,519
	-5.05%	-11.69%	8.16%	6.43%	-3.30%	-0.23%	-6.47%	-7.43%	1.05%	4.51%
Time-Loss	17,978	17,433	19,256	19,303	18,727	17,935	16,569	16,662	15,365	14,862
	3.30%	-3.03%	10.46%	0.24%	-2.98%	-4.23%	-7.62%	0.56%	-7.78%	-3.27%
Fatality	224	196	204	202	197	175	109	167	88	83
	7.18%	-12.50%	4.08%	-0.98%	-2.48%	-11.17%	-37.71%	53.21%	-47.31%	-5.68%
Jurisdictional	77	10	11	3	3	2	3	10	5	5
	2.67%	-87.01%	10.00%	-72.73%	0.00%	-33.33%	50.00%	233.33%	-50.00%	0.00%

Prepared by Alaska Department of Labor and Workforce Development January 2009

TOTAL FILINGS BY TYPE
2007 Annual Report Board Filings
(Percentage Change)

	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08
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Time-Loss	10,397	10,073	10,582	9,802	8,739	8,472	7,914	7,771	6,395	6,727
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Jurisdictional	77	10	11	3	3	2	3	10	5	5
	2.67%	-87.01%	10.00%	-72.73%	0.00%	-33.33%	50.00%	233.33%	-50.00%	0.00%

Prepared by Alaska Department of Labor and Workforce Development January 2009

Alaska State Legislature

Please enter into the record my testimony to the SENATE FINANCE committee name

committee on SB 159 bill/subject, dated 2-11-2010.

Thursday, February 11, 2010

The Alaska Injured Workers alliance supports SB 159 for the increase of death benefits for burial of workers who are killed in the course of their work. However we believe that this legislature and the division are very slow in increasing death and burial benefits for workers in our state over all. Using a generic cost estimator the estimated costs are still over ten thousand dollars. Alaska has cost that are sometimes higher than in other states. Workers Compensation Burial benefits from other states range from about four thousand to about ten thousand dollars. Some states are paying more to support families after the death of their loved ones. We need to increase support to families. We are not raising cost for death and burial benefits quickly enough and the cost may be increased by the time our laws change.

We believe that these issues need to be visited on a more regular basis to keep up with inflation. Workers families who have lost a family member in some cases have lost the main provider for their families. They need to be able to bury their loved ones with dignity and have the cost completely covered by workers compensation. They also need support benefits after the burial phase. Please support this bill and increase death and burial benefits for workers

Thank you

Barbara Williams
Alaska Injured Workers Alliance
P. O. Box 671942
Chugiak, Alaska 99567
907-688-0166
barbw.aiwa@gmail.com

Testifier

Representing (Optional)

Address

Phone No.

Alaska Department of Administration

Violent Crimes Compensation Board

Funeral Costs

Short Description

The Board may award up to $7,000 in funeral related costs to relatives of homicide victims. To determine who may be eligible to apply see Alaskan statute **AS 18.67.180**. Items eligible for reimbursement may include memorial or funeral services, headstone, travel, lodging, food, and other expenses related to the death of an eligible crime victim.

Policy

Adopted 7-12-99
Revised 7-25-03
Revised 1-24-08

Based on AS 18.67, the Violent Crimes Compensation Board may award up to $7,000.00 in funeral related costs provided all of the following applies:

1. All other related claim criteria are met;
2. The claimant submits a verifiable death certificate;
3. The related costs are determined to be actual and reasonable as established in AS 18.67; and
4. All requirements under AS 18.67 to establish dependency and relationship have been met.

Quick Links
- Forms
- Policies

Photo banner above: © Alaska Division of Tourism

PO Box 110230, Juneau, AK 99811
10th Fl., State Office Building, 333 Willoughby Ave., Juneau, Alaska
Email VCCB | Fax: (907) 465-2379 | Phone: (907) 465-3040
State of Alaska | Webmaster

International Association of
Bridge, Structural, Ornamental and Reinforcing Iron Workers

Local Union 751

Anchorage
8141 Schoon Street
Anchorage, AK 99518
Tel (907) 563-4766
Fax (907) 563-2855

Fairbanks
25 Timberland Drive
Fairbanks, AK 99701
Tel (907) 456-6960
Fax (907) 456-3884

Washington D.C.
1750 New York Ave., N.W.
Suite 400
Washington, D.C. 20006
Tel (202) 783-4800

March 4, 2009

Dear Senator Paskvan,

As a matter of introduction, I am John Lewis, Organizer for Ironworkers Local Union 751 and I would like to bring to your attention a few major flaws with the current Workers' Compensation Laws in the State of Alaska. The problem with the Workers Compensations Statutes in Alaska are that they allow an employer to commit gross acts of negligence, which can result in the death of workers and allow them to compensate the family of the deceased worker a mere $5,000. This amount is not only an unrealistic one to bury a loved one but insulting when attached to a human life lost through negligence on behalf of an employer.

As an Alaskan worker I can tell you how this amount of money is unfair, how our current laws protect contractors from litigation from their own gross incompetence, or how our current laws allow a project owner or a general contractor to sue for damages as a result of the sub-contractors incompetence while at the same time prohibits the family of a victim the same right. But it would be far more effective to allow you to hear first hand from the mother of Tyler Kahle, who was killed along with Craig Bagley on July 19, 2007 in Nome, Alaska while working for Alaska Mechanical Inc.

Tyler Kahle was a 19-year-old man with his life ahead of him and Craig Bagley was a married man with five young children at home to feed. Both were killed by a high degree of negligence on their employer's behalf and now the families are left with this terrible loss. A loss that is compounded by the way our statutes protect or reward this behavior by protecting employers from lawsuits.

Please read the attached letter from Michele Kahle and respond with your thoughts on the matter. We look forward to speaking with you in the near future on this matter.

Thank you for your time and consideration.

Sincerely,

John Lewis
Ironworkers Local Union 751

CC: Senator Thomas
Senator Davis
Senator Meyer
Senator Bunde

525 Theiler Drive
Tomahawk, WI 54487

March 4, 2009

Senator Joe Paskvan, Chairman
Senate Labor & Commerce Committee
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

Dear Senator Paskvan:

RE: Worker's compensation statutes

Tyler Kahle, my 19 year old son and our only child, was killed on July 19, 2007, along with a fellow employee, while working on a construction project at Nome. His death and the resulting collateral damage to our family left us in financial, social and emotional ruin.

Tyler's death, as horrific as it would have been under any circumstances, seems all the more so in light of the accident investigation which concluded that he lost his life as a result of the negligence of others. MSHA cited his employer for a high degree of negligence, finding their policies, procedures and controls inadequate and task training incomplete. Management also failed to identify and implement the specific safe operating procedures that were critical to safely operate the manlift that killed my son, an innocent passenger who was simply being transported from the rooftop of a building to the ground at the end of his shift.

I am writing because my son's death underscores serious inequities in Alaska's worker's compensation laws, and I am hopeful that you would introduce and support changes to make these laws fairer and more equitable for those who work in Alaska.

First, the worker's compensation death benefit must be increased. Under current law, that benefit is limited to $5,000. I do not presume to know how much it should be increased, but I do know that this amount is grossly inadequate. In the case of my son's death, it did not fully cover even the cost of his funeral. That seems so terribly unjust, especially since his death was due to the negligence of management. A life lost through the negligence of others should be worth more than the cost of burying the body.

Second, the exclusive remedy provision should not apply in cases involving gross negligence or, as a reasonable alternative, benefits should at least more fairly compensate victims who have lost the right to litigate. Unfortunately, under current law in Alaska, it can be far more expensive for employers to implement important safety and training measures than to simply cover the costs of worker's compensation insurance premiums and be able to walk away from any additional liability after tragedy strikes.

There clearly is an issue of just compensation in this, but even more importantly, it raises important questions relative to workplace safety. If employers who are found to be grossly negligent in a workplace death are not liable to the victim's family for such negligence, then what are the incentives to create a safe workplace? This is not to suggest that employers habitually disregard issues of workplace safety. But by relaxing any incentives to keep the workplace safe, by definition it becomes less safe.

According to the MSHA report, my son's employer eventually took steps to adequately train employees on the safe use of the equipment. But that was only after two men were dead and they were required by MSHA to do so. The law needs to be changed to provide an incentive to include workplace safety among the most important of corporate goals. If that had been the case in Nome, my son would be alive today.

Finally, exclusive remedy should not apply to contractors and project owners. Entities that are exempt from the requirement to provide worker's compensation insurance should not be insulated from civil litigation by the exclusive remedy provision. If the contractor and the owner pushing for project completion are insulated from such litigation, then it is reasonable to question whether the remaining incentives can adequately ensure that the project is completed in a safe and responsible manner. Insulated from the threat of civil litigation, an employer may question whether the costs of doing so far outweigh the consequences of a possible workplace accident. What kind of a legal system would allow a contractor and project owner to legally recover losses incurred due to the negligence of subcontractors, while at the same time prohibiting the victims from also bringing suit? Victims have no rights under current law.

In closing, I know that worker's compensation laws are critically important to all in the workplace, employer and employee alike. But the laws in Alaska have serious flaws, and until these problems are rectified, the system will never be equitable for those who have lost a family member due to the negligence of an employer. Under current law the victims have more rights if the employer does not have worker's compensation insurance at all.

But I also know that good men and women working together in Juneau can change the laws to restore the proper balance that was the original intent of the worker's compensation law.

Today is the 594th day since our son was torn from our lives. Our lives have become living nightmares from which we will never awake. We implore you to take the necessary action to ensure that others who lose loved ones in the future will not have to live through the utter hopelessness that will confront my husband and me for a lifetime.

Thank you for your consideration of this, Senator. If you have any questions or would like additional information or testimony, I would be happy to provide it.

Sincerely,

Michele S. Kahle
(715) 453-8921
michelekahle@verizon.net

Copies

Senator Joe Thomas, Vice Chair
Senator Bettye Davis
Senator Kevin Meyer
Senator Con Bunde

3936 P. 03 FAX NO. 907 269 0229 APR-02-2009 THU 12:15 PM ANCHORAGE LIO

Itemization of selected service options

Traditional Funeral Service Preceded by a Visitation	**$3,500.00**
Basic Services	$ 995.00
Embalming	$ 625.00
Dressing, Casketing, & Cosmetology	$ 230.00
Transfer of Deceased to Funeral Home	$ 350.00
Use of Facilities and/or staff for a Visitation	$ 375.00
Use of Facilities and/or Staff for Funeral Ceremony	$ 575.00
Funeral Coach	$ 350.00

Graveside Service Preceded by a Visitation	**$3,220.00**
Basic Services	$ 995.00
Embalming	$ 625.00
Dressing, Casketing, & Cosmetology	$ 230.00
Transfer of Deceased to Funeral Home	$ 350.00
Use of facilities & Staff for Visitation	$ 375.00
Use of Equipment & Staff for Graveside Service	$ 295.00
Funeral Coach	$ 350.00

Simple Cremation	**$2050.00**
Basic Services	$ 400.00
Transfer of Deceased to Funeral Home	$ 350.00
Use of Facilities & Staff for a Memorial Service	$ 575.00
Cremation Process	$ 725.00
Cardboard Cremation Tray	included
Temporary Cremation Container	included

Direct Cremation	**$1475.00**
Basic Services	$400.00
Transfer of Deceased to Funeral Home	$350.00
Cremation Process	$725.00
Cardboard Cremation Tray	included
Temporary Cremation Container	included

Anchorage Funeral Home & Crematory

1800 Dare Avenue
Anchorage, Alaska 99515
Phone (907) 345-2244
Fax (907) 345-1096
Website: alaskanfuneral.com
Email: afh@alaskanfuneral.com

GENERAL PRICE LIST

(Effective August 1, 2008 - Prices are subject to change without notice)
The goods and services shown below are those we can provide to our families. You may choose only those items you desire. However, any funeral arrangements you select will include a charge for our basic services and overhead. If legal or other requirements mean you must be items you did not specifically ask for, we will explain the reason in writing on the statement we provide describing the funeral goods and servicesyou selected.

Methods of payment: Payment for services and merchandise is expected prior to services rendered. We accept payment by cash, check or credit card (Visa & Mastercard.) Pre-arrangements may be funded through an irrevocable trust account through an insurance agent.

MISSION STATEMENT

"Our mission at Anchorage Funeral Home is to provide the best care for your loved one and you, their family & friends. We strive to provide the dignified, compassionate service that is of the utmost importance at this critical time in your life. It is our philosophy to treat those we care for as if they were our own loved ones."

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FAX NO. 907 269 0229
APR-02-2009 THU 12:16 PM ANCHORAGE L10

PROFESSIONAL SERVICES

Basic Services of Funeral Director & Staff **$995.00**
Our services include conducting the arrangement conference, planning the services, consulting with the family and officiants, sheltering of remains, preparing and filing necessary notices, obtaining authorizations and permits, coordinating with cemetery, crematory, and/or other third parties, and a proportionate share of our basic operating costs. This fee for our basic services and overhead will be added to the total cost of the funeral arrangements you select. (This fee is already included in our charges for Direct Cremation, Immediate Burials and Forwarding or Receiving Remains.)

Embalming **$625.00**
Except in certain special cases, embalming is not required by law. Embalming may be necessary, however, if you select certain funeral arrangements, such as a funeral with viewing. If you do not want embalming, you usually have the right to choose an arrangement that does not require you to pay for it, such as direct cremation or immediate burial. Anchorage Funeral Home requires embalming for public viewing and/or a funeral service.

Other Preparation of the Body

Sanitation & Preparation in lieu of embalming **$175.00**

Dressing, Casketing, & Cosmetology **$230.00**

Autopsy Restoration (when necessary) **$150.00**

USE OF FACILITIES & STAFF

Funeral Ceremony at the Funeral Home or other location **$575.00**

Memorial Service at the Funeral Home **$575.00**

Memorial Service at Church or other location **$375.00**

Public Visitation at the Funeral home or other location **$375.00**

Equipment /Staff for Graveside Service **$295.00**
(Does not apply if preceded by funeral ceremony)

Refrigeration (per day) ..... **$ 55.00**
(If not embalmed or cremated with 24 hrs.)

Weekend/Holiday/After Hours Fee **$350.00**

URN PRICE LIST

(Effective Nov. 14, 2008 – Prices and availability are subject to change without notice)

Choice of Mini-Keepsake Urn $60.00
Engrave Keepsake Urn (Moose/Fisherman) $125.00
Keepsake necklaces ..... $150.00 and up
Glenwood Urn with Cross $195.00
Simplicity (*Handmade in Alaska*) $150.00
Marquette Urn $190.00
Classic Bronze Urn $250.00
Classic Pewter Urn $250.00
Brushed Platinum Urn $250.00
Silver/Gold Urn $275.00
Patina Urn $250.00
Olympus Marble Urn $250.00
Bronze Patrician Urn $550.00
Moose Oak Urn $375.00
Triumph Urn $250.00
Walnut Military Urn $475.00
Clock Urn $425.00
Soaring Eagle Marble Urn $425.00
Oak Fleur Urn $400.00
Brentwood Mahogany $460.00
Arlington $210.00
Laser Engraved Eagle Urn $375.00
Laser Engraved American Urn $375.00
Laser Engraved Bear Urn $375.00

Additional urns and personalization are available upon request. Ask your funeral director for further information.

(Normal hours of operation from 8:00 a.m. to 5:00 p.m., Monday – Friday)

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P. 05
FAX NO. 907 269 0229
APR-02-2009 THU 12:16 PM ANCHORAGE LIO

WOOD CASKETS

7. **Westridge, Hardwood** $2,130.00
Rosetan Crepe Interior, Living Memorial Program

8. **Woodbridge Pecan** $3,200.00
Rosetan Crepe Interior, Living Memorial Program

9. **Finley Pine** $2,530.00
Dawnlite Crepe Interior, Living Memorial Program

10. **Oxford Solid Hardwood** $2,200.00
Rosetan Crepe Interior, Living Memorial Program

11. **Arlington Traditional Hardwood** $2,750.00
Rosetan Crepe Interior, Living Memorial Program

BASIC & MISCELLANEOUS

12. **NewPointe, Dome Top Construction** ..... $ 995.00
Embossed Blue-Grey finish, Heron-Lite Fiberboard Construction

13. **Rental Casket, Hardwood/Veneer** ..... $ 925.00
Rosetan Twill Crepe Interior
(Used for funeral ceremony followed by cremation)

Additional caskets may be available upon request.
Ask your funeral director for further information.

DISCLAIMER OF WARRANTIES

Anchorage Funeral Home & Crematory makes no representations or warranties regarding the caskets listed above. The only warranties, expressed or implied, granted in connection with caskets sold are the express written warranties, if any, extended by the manufacturers thereof. Anchorage Funeral Home hereby expressly disclaims all warranties, expressed or implied, relating to the caskets, including, but not limited to the implied warranties of merchantability and fitness for a particular purpose.

TRANSPORTATION

Transportation of Deceased to Funeral Home **$350.00**
Within 25 mile radius (Beyond this radius the charge is $2.50 per mile one-way)

Funeral Coach **$350.00**

Service / Utility Vehicle **$225.00**

Transportation to or from the airport **$150.00**

OTHER SERVICES

Cremation Process **$725.00**

Packaging & Mailing of Cremated Remains **$45.00**

MERCHANDISE

Caskets ..... **$995.00 ~ $3,760.00**
(A detailed list can be found inside this booklet)

Outer Burial Containers **$750.00**
(Nonbiodegradable, water & chemical resistant polymers)
State or local law does not require that you buy a container to surround the casket in the gave. However, many cemeteries require that you have such a container so that the gave will not sink in. Either a grave liner or a burial vault will satisfy these requirements.

Air Tray **$200.00**
(Used for the intra & interstate transfer of casketed remains).

Combination Shipping Unit **$200.00**
(Used for the intra & interstate transfer of remains)

Cremation Urns ..... **N/C ~ $550.00**
(A detailed list can be found in this booklet)

Cremation Container ..... **$ 60.00**
(Used for the cremation process)

Memorial Markers/Headstones ..... **$735.00 and up**
(A detailed price list will be furnished at the funeral home)

Memorial/Register Book with personalized printing ..... **$25.00-$120.00**

Memorial Folders ..... **$ 75.00 per 100 cards / $50 ea. Additional**
(black & white or color photograph, limited personalization)

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SPECIAL CHARGES

This list does not include prices for cash advance items, such as cemetery charges, death certificates, newspaper notices, and flowers. The prices for these items will be shown on your itemized bill or the statement describing the funeral goods and services you selected.

Forwarding Remains to another Funeral Home.....$1,625.00
Our charge includes: Basic Services of Funeral Director & Staff, Transfer of deceased to Funeral Home, Embalming, Combination Shipping Unit, and Transportation to the local airport.

Receiving Remains from another Funeral Home.....$1,350.00
Our charge includes: Basic Services of Funeral Director & Staff, Transfer of deceased to Funeral Home, and Transportation to a local cemetery.

Immediate Burial ***(Range of Prices)*****.....$945.00 Plus Casket of Choice**
Our charge for an immediate burial (without ceremony) includes: Basic Services of Funeral Director & Staff, Transfer of deceased to funeral home, dressing & casketing, and Transportation to local cemetery.

A. Immediate Burial with customer provided casket.....**$ 945.00**

B. Immediate Burial with minimum cloth covered casket.....**$1940.00**

Direct Cremation ***(Range of Prices)*****.....$1,415.00 to $1,475.00**
Our charge for a Direct Cremation (without a ceremony) includes: Basic Services of Funeral Director & Staff, Transfer of Deceased to Funeral Home, Cremation Process, Cremation Container, and a Temporary Container for the cremains. ***If you want to arrange a direct cremation, you can use an alternative container. Alternative Containers encase the body and can be made of materials like fiberboard or composition materials (with or without an outside covering). The containers we provide are cardboard trays.***

A) Direct Cremation with customer provided container.....**$1,415.00**

B) Direct Cremation with cardboard tray.....**$1,475.00**

CASKET PRICE LIST

(Effective November 14, 2008, prices and availability are subject to change without notice)

METAL CASKETS

1. Heirloom Pewter, 20 gauge Steel, Monoseal $ 2, 305.00
Ivory Drexel Crepe
Living Memorial Program

2. Roman Bronze, 20 gauge Steel, Monoseal...$ 2,105.00
Rosetan Drexel Crepe Interior
Living Memorial Program

3. Primrose, 18 gauge Steel, Monoseal.....$ 2,830.00
Pink Velvet Interior
White Shaded Alameda finish
Living Memorial Program

4. Polaris, 20 gauge Steel.....$ 2,205.00
Lite Blue Crepe Interior
Blue Shaded Silver Finish

5. Onyx, 18 gauge Steel.....$2,730.00
Silver Radium Crepe Interior
Black Shaded Silver Finish
Living Memorial Program

6. Platinum, 18 gauge Steel.....$2,655.00
Light Blue Crepe Interior
Veterans Memorial Theme
Living Memorial Program

(Additional caskets continued on next page)

Fairbanks Funeral Home
3704 Erickson Ave.
Fairbanks, Alaska 99709

PROFESSIONAL SERVICES		
Basic Services of Funeral Director/Staff	$975.00	
Embalming	$575.00	
Sanitation and Preparation in lieu of Embalming		
Dressing/Casketing/Cosmetics	$215.00	
Restoration (When Necessary)		
Refrigeration ($60 per day)		$1,765.00
FACILITIES AND STAFF		
Funeral Service	$525.00	
Memorial Services at Funeral Home		
Memorial Services at Church or Other Location		
Public Visitation	$320.00	
Graveside Services		
Weekend/Holiday/After Hours Fee		$845.00
TRANSPORTATION		
Transfer of Remains to Funeral Home	$375.00	
Transportation to Anchorage		
Service/Utility Vehicle to Airport		
Funeral Coach	$375.00	$750.00
OTHER SERVICES		
Cremation Process		
Cremains sent by U.S. Registered Mail		$0.00
MERCHANDISE		
Casket - Westridge Hardwood Casket	$2,130.00	
Outer Burial Container (required)	$800.00	
Air Tray		
Combination Shipping Container		
Urn		
Headstone		
Register Book		
Memorial Cards		
Flag Case		$2,930.00
SPECIAL SERVICES		
Forwarding Remains to a Funeral Home		
Receiving Remains from Another Funeral Home		
Immediate Burial		
Immediate Burial with Min. Casket		
Direct Cremation		$0.00
CASH ADVANCES		
Death Certificates (@ $20 per copy)		
Minister		
Obituary Charges		
Flowers		
Cemetery-Plot Charge Birch Hill	$650.00	
Grave Digging Fee	$650.00	
Air Fare		
Marker Setting Fee (required)	$150.00	
Vault Installation	$200.00	
		$1,650.00
Traditional Funeral followed by Burial		
TOTAL		$7,940.00

Peninsula Memorial Chapel
5839 Kenai Spur Hwy.
Kenai, Alaska 99611

PROFESSIONAL SERVICES		
Basic Services of Funeral Director/Staff	$1,095.00	
Embalming	$625.00	
Sanitation and Preparation in lieu of Embalming		
Dressing/Casketing/Cosmetics	$275.00	
Restoration (When Necessary)		
Refrigeration ($75 per day)		$1,995.00
FACILITIES AND STAFF		
Funeral Service	$575.00	
Memorial Services at Funeral Home		
Memorial Services at Church or Other Location		
Public Visitation	$375.00	
Graveside Services		
Weekend/Holiday/After Hours Fee		$950.00
TRANSPORTATION		
Transfer of Remains to Funeral Home	$375.00	
Transportation from Homer		
Service/Utility Vehicle to Cemetery	$375.00	
Funeral Car		$750.00
OTHER SERVICES		
Cremation Process		
Cremains sent by U.S. Registered Mail		$0.00
MERCHANDISE		
Casket -Westridge	$2,130.00	
Outer Burial Container		
Air Tray		
Combination Shipping Container		
Urn		
Headstone		
Register Book		
Memorial Cards		
Flag Case		$2,130.00
SPECIAL SERVICES		
Forwarding Remains to a Funeral Home		
Receiving Remains from Another Funeral Home		
Immediate Burial		
Immediate Burial with Min. Casket		
Direct Cremation		$0.00
CASH ADVANCES		
Death Certificates (@ $20 per copy)		
Minister		
Obituary Charges		
Flowers		
Cemetery Plot Charge -Kenai Cemetery	$250.00	
Grave Digging Fee	$510.00	
Air Fare		
		$760.00
Traditional Funeral followed by burial		
TOTAL		$8,585.00

National Council on Compensation Insurance, Inc.

ANALYSIS OF ALASKA SENATE BILL (SB) 159
As Introduced March 20, 2009

Alaska Senate Bill (SB) 159 proposes to raise the maximum burial benefit from $5,000 to $10,000. NCCI estimates that SB 159 would result in a negligible increase in overall workers compensation system costs in Alaska.

Background and Bill Summary

Currently in Alaska, if an employee is fatally injured in a work-related accident, then the employer is liable for burial expenses up to a maximum of $5,000, in addition to the other benefits required by Alaska statutes.

The proposed language of SB 159 would raise the maximum burial expense from $5,000 to $10,000. This bill would not change any other benefits.

Actuarial Analysis of Senate Bill 159

To estimate a cost impact if SB 159 were enacted, NCCI used CPS data for 1989-1993 and NCCI Detailed Claim Information (DCI) data for 1984-1993 for fatalities, to estimate the distribution of fatal cases involving widow alone, widow with children, parents, siblings, etc.

NCCI used annuity calculations to estimate the indemnity benefits payable for 1,000 cases, assuming each fatal claim receives the maximum burial benefit ($5,000). Based on these calculations burial expenses represent 2.1% of overall fatal indemnity costs.

Other fatal benefit provisions are unchanged by this proposal. Thus, the projected cost impact from a 100% increase ($10,000 / $5,000 – 1.0) in the maximum burial expense is +2.1% on overall fatal indemnity benefits.

Fatal indemnity benefit costs comprise an estimated 2.8% of Alaska indemnity costs, based on workers compensation statistical plan data from the two-year policy period ending March 31, 2006. Therefore, the estimated impact on indemnity costs would be an increase of +0.1% (= +2.1% x 2.8%). Indemnity benefit costs comprise an estimated 26.1% of Alaska's overall benefit costs. If enacted in its current form, NCCI estimates that overall workers compensation system costs in Alaska will increase by less than 0.1% (= +0.1% x 26.1%).

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NFIB

The Voice of Small Business®

ALASKA

February 5, 2010

The Honorable Joe Paskvan
State Capitol Building
Juneau, Alaska 99801-1182

RE: Senate Bill 159

Dear Senator Paskvan:

On behalf of the National Federation of Independent Business/Alaska, I wish to respectfully share our Opposition to Senate Bill 159. The National Federation of Independent Business is the largest small-business advocacy group in Alaska.

We can appreciate your concern for the funeral benefit in the workers compensation program. However, Alaska currently has the dubious distinction of having the highest premiums in the United States. The Alaska premiums are 176% of the median premium of our sister states. This cost to small businesses is simply unbearable.

There is work being done to reform the program to bring down the program costs. We believe any benefit increases should be deferred until reforms are in place to hold down the premiums in the Alaska program.

Sincerely yours,

Dennis L. DeWitt
Alaska State Director

Cc: Senate Finance Committee
NFIB/AK Leadership Council

SB 161

<target><bill>SB 161</bill><subject>SB 161</subject><comm>SFIN26</comm></target>

3/23/09

SARAH PALIN
GOVERNOR
GOVERNOR@GOV.STATE.AK.US

P.O. Box 110001
JUNEAU, ALASKA 99811-0001
(907) 465-3500
FAX (907) 465-3532
WWW.GOV.STATE.AK.US

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

March 19, 2009

The Honorable Gary Stevens
President of the Senate
Alaska State Legislature
State Capitol, Room 111
Juneau, AK 99801-1182

Dear President Stevens:

I am transmitting a second appropriation bill to implement the $787 billion American Recovery and Reinvestment Act of 2009 (ARRA). This bill contains authorization requests for capital projects designed to create jobs and promote economic growth within the State of Alaska. This appropriation bill does not include every ARRA program that runs to or through the State of Alaska.

Under the direction of the Office of Management and Budget, I have asked our departments to review the Federal spending package with jobs for Alaskans in mind. This is particularly important because I must certify that all the funds I am requesting on behalf of the state will create jobs and promote economic growth. However, because I cannot yet in good conscience certify that all funds in the Federal stimulus package will be used to create jobs and stimulate our economy, I am requesting only job-ready funding and am encouraging a public discussion through the legislative process.

There are three categories of funding that are not included in this legislation: programs with potential strings attached for receipt of the funds; competitive funding where the federal guidance and requirements are uncertain or unknown; and operating funds that increase existing federally funded programs above what is already included in the state budget to provide services to Alaskans.

Programs that have been left out of this bill include those with outstanding questions, such as the impact on Alaskans of "strings" Congress attached to the funding, and tenuous or unclear links to job creation or economic growth. Descriptions of the specific issues for each program that has not been included in this legislation are set out in more detail later in this letter.

My concerns about ARRA spending too much on operating programs that leave the state responsible to pay for expanded services after federal funding ends were stated even before it was passed by Congress. I was disappointed when the final bill cut billions in spending for infrastructure and jobs in favor of operating programs. Despite such changes to the final version of ARRA, Congress maintained a requirement for Governor's to certify that ARRA funds will be used to create jobs and promote economic growth within their respective states.

I respectfully request your assistance and that of the entire Legislature to hold hearings for review, and allow public testimony and debate on the projects included for funding in the bill as well as programs that have not been included. I understand the amount of hard work this effort will require and that this approach is definitely not the easy way out. The easy way would be to blindly say "yes" to all ARRA federal funds without concern, review, or discussion for the consequences to the state, individual Alaskans, and the nation. Our efforts at review and discussion would likely be made easier by issuance of clear final guidance documents from all federal agencies and adequate answers to specific questions we have posed about certain programs.

The appropriation bill I am transmitting today contains capital projects requests totaling $252.5 million, with all but $1.0 million coming from economic stimulus funds. Capital projects requested include $20.7 million for education and job training, $68.6 million for water and sewer projects and storage tank replacements, $3.0 million for the Alaska Vocational Training Center, $2.5 million for Fire Fuels and Forest Management, $39.6 million for public housing projects through the Alaska Housing Finance Corporation, and $116.0 million for the University of Alaska Fairbanks Research Vessel. We have also included two $1.0 million placeholders for competitive grant opportunities for state agencies and the University.

After careful review of the assurances and requirements in ARRA under each title for receipt of federal economic stimulus funds, there are several items that are not included in this appropriation bill. Some items require statutory changes in order to receive and expend these funds, or, in some instances, we have not yet obtained sufficient information upon which to base recommendations to you. Following is a list of the items and policy questions for legislative consideration:

Unemployment Insurance - after review of the requirements to expand unemployment insurance benefits, I will not propose a revision to Alaska's current law to permanently change the calculation of unemployment insurance benefits that would result in a cost increase to employers and businesses. The statutory change would require that Alaskan businesses pick up this increased cost once the federal funds are no longer available. Increasing taxes on business is simply not the way to stimulate the economy. $15 million would be available to the state if the legislature makes a statutory change to comply with the new requirement. Once those funds are no longer available, the Department of Labor estimates a $2 million annual cost to the UI Trust Fund in the future.

I would like to note that Alaska has already moved forward on accepting the additional $25 a week for unemployment benefits provided in ARRA. The additional weekly benefit is 100 percent federally funded and will benefit unemployed Alaskans and support the stability of Alaska's economy. The $25 additional benefit is payable for weeks of unemployment beginning February 22 2009 and continuing through the end of 2009 with a phase out for existing claims through July 3, 2010.

Energy - three assurances that present challenges for Alaska are required in order to receive energy funds: (1) implementation of a general policy that ensures that electric and gas utility financial incentives are aligned with helping customers use energy more efficiently; (2) implementation of a statewide building energy code; and (3) an implementation plan for both pieces in order to achieve 90% compliance on new or renovated buildings within eight years. Without these assurances, the state will not qualify for $28.6 million for the State Energy Program, $18.5 million for Weatherization, and $8.5 million for Energy Efficiency and Conservation Block Grants.

This administration is taking a proactive approach to address areas where federal requirements in the economic stimulus bill create significant hurdles for receipt of funds, such as the adoption of a statewide building energy code. We currently are working with the U.S. Department of Energy to determine possible solutions that will allow Alaska to receive these funds.

Air Quality Grants - Granting authority is needed by the Department of Environmental Conservation (DEC) to receive and expend approximately $2 million from the Environmental Protection Agency (EPA) for the Diesel Emission Reduction Program. The goal of the program is to reduce diesel emissions with new technologies and to further advance these technologies to a larger audience.

This is not a new program; DEC currently has a grant award from EPA and is already spending this funding on diesel emission reduction projects. Current funding is distributed to other government agencies such as the Alaska Energy Authority to increase the fuel efficiency of stationary source diesel power generation, the Alaska Railroad, and the Department of Transportation & Public Facilities for diesel equipment retrofit. Statutory language would be necessary for DEC to identify grantees beyond government agencies, such as smaller private sector businesses, that are looking to forward more efficient diesel fuel usage.

Broadband and health information technology grants – These are two other areas that are not included in the appropriation bill. Gaining sufficient guidance from the federal agencies and a clear understanding of the requirements for receipt of the funds require additional time in order to develop the requests for these significant program areas. These programs fall under the long-range economic development strategies in the economic stimulus legislation. The administration is closely monitoring the evolution of guidelines in the relevant federal agencies in order to determine the benefits and timing of these funds.

Other competitive grant funds for state agencies are also not included in this appropriation bill due to lack of information regarding the application process, amounts available, requirements, and other needed guidance. The Legislative Budget & Audit (LB&A) Committee process is certainly an option for legislative consideration of funding requests during

the interim or the FY2010 supplemental process is another option once more information on these programs becomes available. We have included a statewide placeholder for capital project grants for state agencies and also for the University to allow for LB&A consideration should agencies be successful in obtaining grant funds for capital projects.

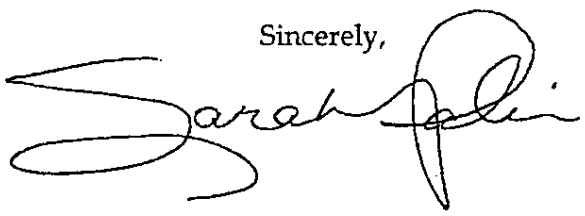
ARRA also provides competitive grant funding to non-state entities, communities, and organizations through the discretion of federal agencies that will flow directly to project applicants. We are communicating information to interested parties and guiding them to <Recovery.gov>, <Grants.gov>, and federal department websites. We are also posting information on the state website at alaska.gov/recovery.

In conclusion I am required to certify that the requests I am forwarding for legislative approval will meet the requirements of the ARRA to create jobs and promote economic growth in Alaska. We are open to discussions on the operating funds that are not included in this appropriation bill. These program increases should be fully debated as part of the ongoing budget process. The Legislature has been working diligently on the operating budget for the next fiscal year to provide for the needs of Alaskans. Simply expanding these programs based on receipt of economic stimulus funds does not meet the ARRA certification requirement and creates an unrealistic expectation that the state will continue these programs when the federal funds are no longer available.

The federal economic stimulus package will have profound implications for Alaska and the nation. The legislative process to consider proposed ARRA spending is crucial to developing a responsible approach to use of these funds. When the final tally of spending and borrowing is added up, current and future generations of Alaskans and all Americans will be required to pay what amounts to the biggest credit card bill in history.

I appreciate your consideration of this legislation.

Sincerely,



Sarah Palin
Governor

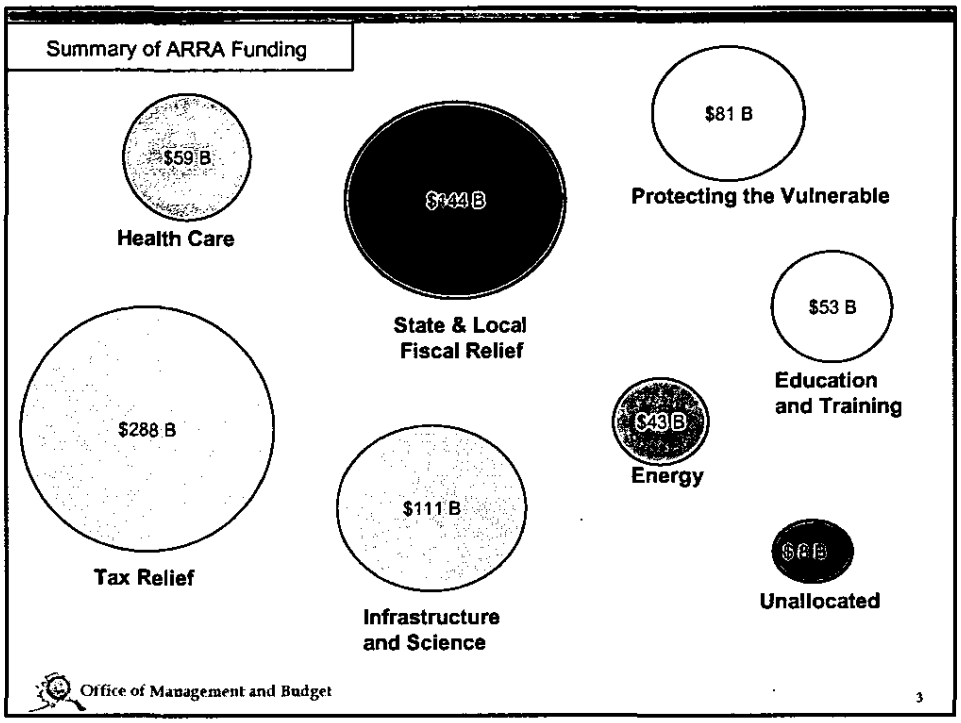
3/23/09

American Recovery and Reinvestment Act (ARRA)

Enacted February 17, 2009

ARRA - WHAT IS IT?

- $787 billion economic stimulus package to accelerate the nation's economic recovery
  - Federal tax relief
    - $288 billion in tax relief between now and close of FFY 2011
  - Federal spending increases
    - $499 billion in additional federal spending.



OBJECTIVES OF LEGISLATION

- Recovery
  - Job preservation and creation
  - Stabilize state and local economies
- Reinvest
  - Build and repair infrastructure
  - Energy efficiency and science

FEDERAL SPENDING TIMELINES

- 20 percent of the ARRA federal spending will occur before October, 2009
- An additional 38 percent is projected to be spent before October 2010.
- By October 2011, about 80 percent of the stimulus package-related spending will have occurred.

FEDERAL FUNDS DISTRIBUTION FIVE PRIMARY METHODS

1. **Formula**: Medicaid (FMAP), Education, Highway Infrastructure
   - Limits need for new processes to receive and expend funds
2. **Demand**: Premium Subsidies for COBRA Continuation Coverage, Unemployment Insurance, Food Stamps
3. **Competition**: Broadband, COPS, National Science Foundation
   - States, Communities, Non-profits, Others
4. **One-Time Automatic Disbursement**: Social Security payments, Veterans & Supplemental Security Income beneficiaries
5. **Federal Agency Operating and Spending Plans**: Environmental cleanup of nuclear waste sites, National Parks construction, Defense and Veterans infrastructure programs

UNPRECEDENTED ACCOUNTABILITY & TRANSPARENCY

- Distribution of funds through formula programs
  - Existing framework for tracking and reporting
- Inspector General Funding
  - Appropriations for IG services in every department
- Recovery Act Accountability & Transparency Board
- Expedited application for and obligation of funds
  - State agencies continue to meet application deadlines
- Certifications & Assurances by the State

GOVERNOR CERTIFICATION BY APRIL 3, 2009

SEC 1607 (a) Not later than 45 days after the date of enactment of this Act, for funds provided to any State or agency thereof, the Governor of the State shall certify that:

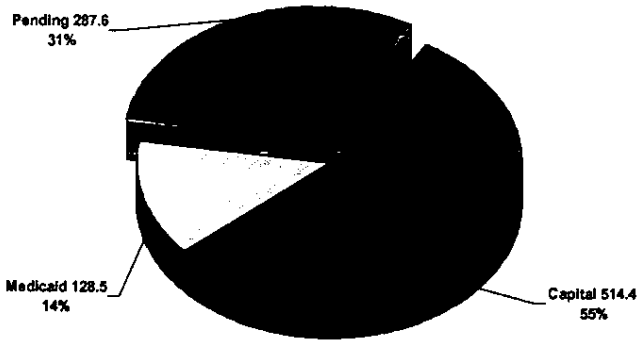
(1) the State will request and use funds provided by this Act; and

(2) the funds will be used to create jobs and promote economic growth.

OTHER GOVERNOR CERTIFICATIONS & ASSURANCES

- Unemployment Insurance $25 weekly increase
  (*signed February 18, 2009*)
- Transportation maintenance of effort
  (*signed March 12, 2009 Sec 1201*)
- Transportation appropriate use of taxpayer dollars
  (*signed March 12, 2009 Sec 1511*)
- Energy – three assurances required; to meet two of these would require changes to Alaska's regulatory energy policy and a statewide energy building code

Estimated Allocation
State Government $930.5 million

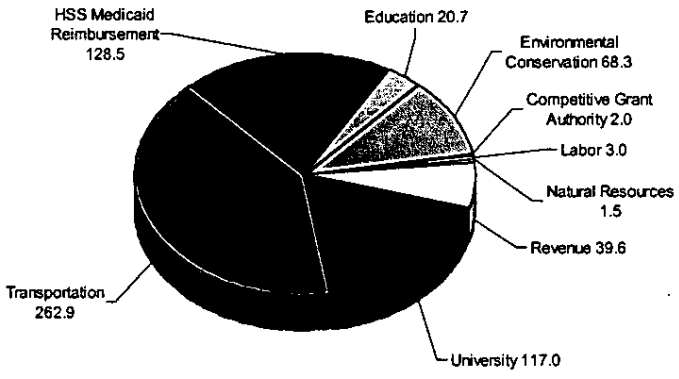


LEGISLATION SUBMITTED TO DATE

- Total ARRA Request to Date : $642.9* million
  - $262.9 Transportation HB154/SB123*
  - $251.5 Non- DOT Economic Stimulus SB161
  - $128.5 Medicaid FY09 & FY10 Amendments

Transportation Bill includes request for excess authority for contingent funding that is not included here.

ARRA BUDGET REQUEST
$642.9 million



WHAT IS THERE TO DISCUSS?

⌘ **Policy Issues $73.2 million**

- Statewide policy and code changes that effect individuals and/or businesses
- Statute changes that impact the way a state agency does business and may effect the public
- Permanent increased liability for the State and employers

⌘ **Operating and Capital Issues $214.4**

- One Time Funds
- Managing Expectations
- Opportunities to benefit the state that will not increase long term costs to the state

GOVERNOR ASSSURANCES ENERGY

Sec 410

(a)(1) that the state regulatory authority will seek to implement a policy to ensure utility financial incentives are aligned with helping customers use energy more efficiently.

(a) (2) requires that the state, or the applicable units of governmental that have authority to implement building codes will implement:

- building energy code for residential buildings that meets the International Energy Conservation Code
- building energy code for commercial buildings that meets standards ANSI/ASJHRAE/IESNA standards
- a plan for achieving compliance with the above energy codes within 8 years of enactment in at least 90 percent of new and renovated buildings, the plan shall include training and enforcement programs and measurement of the rate of compliance each year.

(a)(3) that the grants will be prioritized, "to the extent practicable," toward energy efficiency and renewable energy programs.

ENERGY ASSURANCE STATE GUIDANCE

- USDOE written guidance needed
  - Are energy assurances an "all or nothing" requirement?
    - State Energy Program $28.6 million
    - Weatherization Program $18.5 million
    - Energy Efficiency Grants $ 8.5 million
- Application Timelines
  - March 23, 2009 – Initial
    - Withhold until assurances issues resolved *(per DOE)*
  - May 12, 2009 - Final

ENERGY CODE CONSIDERATIONS

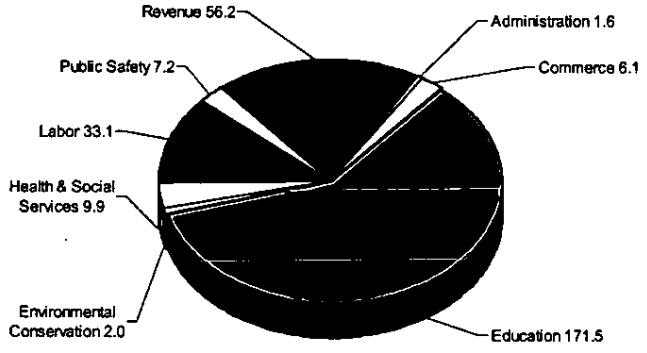
- Public debate on energy building code
  - Cost versus potential savings to homeowners
  - Cost to enforce at state and local levels
  - Local control concerns
  - Cost to the state to continue funding renovation programs for buildings that are not built to energy efficiency standards

UNEMPLOYMENT STATUTE CHANGE ALTERNATE BASE PERIOD

An estimated increase in the number of individuals that could be eligible for unemployment insurance would result in:

- $2 million annual impact on UI Trust fund
- $10 per worker cost to the employer
- .03% employer rate increase

ARRA ITEMS PENDING DISCUSSION
$287.6 million



ONE TIME FUNDS

- ARRA Funds Used For:
  - Salaries may delay, but not prevent, layoffs
  - Expansion of services to Alaskans will abruptly end
  - Public Safety capacity increases will create on-going position costs
  - Permanent changes in programs may create expectations for continuing programs once the federal funds are no longer available

ACCOUNTABILITY

- Significant responsibility is incumbent upon the State, even for pass through funds

- Accountability attaches to the Governor
  - Ladder certifications down to sub-grantees
  - Tracking of expenditures
  - Reporting requirements

RESPONSIBLE QUESTIONS
Before Committing Alaska

⌘ Are we fully utilizing the federal funds that are currently available to us?

⌘ Is the state ready and willing to accept these as onetime funds or will there be an expectation that the state will backfill the hole when federal funds are gone?

⌘ Is the public fully informed and in concurrence with proposed increases to the state operating budget ?

POTENTIAL OPPORTUNITIES
Benefit Without Long Term Cost

- Intensive teacher training
- Expand student and teacher use of technology in schools
- Obtain state-of-the art assistive devices that reduce barriers to obtaining employment, learning, or living independently
- Equipment, technology and software upgrades to sustain or enhance services in education, public safety, and workforce training programs
- Rapid deployment of workforce development strategies on work skills and work preparedness for targeted populations
- Modifications to facilities for safety, efficiency, improved durability and longevity

ARRA Web Site
Alaska.gov/Recovery

Alaska Federal Economic Stimulus Information

Links to Federal Recovery.Gov Web Site

Grant Information

Alaska Legislation/Appropriation Bills and Back Up

Department Fact Sheets

3961

4/3/09

Items Not Included in the March 19 Economic Stimulus Bill

	ARRA Page Ref.	FY	Department	RDU/ Component	PFT	PPT	NP	Description	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
Operating Items													
1	p. 314-316	FY2009 - FY2010 Operating	Administration	Finance				This provides for a federally funded subsidy for COBRA health insurance coverage to assistance eligible individuals (AEIs). AEI is defined as an individual who is involuntarily terminated from employment between September 1, 2008 and December 31, 2009, who elects to receive COBRA coverage and pays 35% of the premium due as of March 1, 2009. The employer pays the remaining 65% of the premium and is reimbursed by the federal government by withholding premiums paid from payroll taxes reported on the quarterly 941 employer tax form.		1,489.0			1,489.0
2	p. 16	FY2009 - FY2010 Operating	Administration	Violent Crimes Compensation Board				Funding will be used to pay claims for assistance received from Alaskans and visitors to Alaska that suffer financial losses that are the direct result of violent crimes. Categories of expenses covered include mental health counseling, medical expenses, lost wages, funeral expenses, and other expenses as authorized by statute.		149.4			149.4
3	p. 70	FY2009 - FY2010 Operating	Commerce	Alaska State Community Services Commission				Funding will provide grants to existing AmeriCorps grantees for performing volunteer programs.		1,500.0			1,500.0
4	p. 67	FY2009 - FY2010 Operating	Education	Student and School Achievement				ESEA Title I-A Grants to LEAs and School Improvement Grants will help school districts mitigate the effect of the reduction in local revenues and State support for education by distributing funding to schools and school districts with a high percentage of students from low-income families, and by providng funding for academic assessment, LEA and school improvement.		40,000.0			40,000.0
5	p. 68	FY2009 - FY2010 Operating	Education	Student and School Achievement				ESEA Title II-D Education Technology Grants will improve student achievement through the use of technology in elementary and secondary schools.		3,210.0			3,210.0
6	p. 68	FY2009 - FY2010 Operating	Education	Student and School Achievement				McKinney Vento Homeless assistance Grants to ensure that homeless children, including preschoolers and youth, have equal access to free and appropriate education.		328.0			328.0
7	p.68	FY2009 - FY2010 Operating	Education	Student and School Achievement				IDEA Part B (611 and 619) Grants to States, Preschool Grants to provide services to students with disabilities ages three through twenty-one who are enrolled in special eduation programs. The state will receive the allocation as a grant and pass-through to LEAs based on the number of children with disabilities who are receiving special education and related services. Funding will also be provided for services to children with disabilities ages three through five (and optionally to two-year olds who turn three during the school year). The state will receive the allocation as a grant and pass-through to LEAs based on population, including consideration for the number of children living in poverty.		34,300.0			34,300.0
8	p. 168	FY2009 - FY2010 Operating	Education	Student and School Achievement				State Stabilization Funds (base) will be distributed by the department to LEAs based on their relative share of funding under Title I-A grants for 2009. LEAs may use the funds for activities authorized by ESEA, IDEA, Adult Family Literacy Act, Carl D. Perkins Career and Technology Act, or for the repair, modernization or renovation of public school facilities that is consistent with State law.		93,043.2			93,043.2
9	p. 5	FY2009 - FY2010 Operating	Education	Child Nutrition				Temporary Emergency Food Assistance Program will provide funding for the emergency food assistance program, allocated as a grant to the State distributing agency who then distributes to public or private nonoprofit organizations that provide food and nutrition assistance to the needy.		100.0			100.0
10	p. 5	FY2009 - FY2010 Operating	Education	Child Nutrition				National School Lunch Program Grants provides funding to the state for National School Lunch Program equipment assistance in proportion to the State's administrative expense allocation. In turn, the state will provide competitive grants to school food authorities based on the need for equipment assistance in participating schools. Priority given to schools in which at least 50% of the students are eligible for free or reduced priced meals.		286.0			286.0
11	p. 57	FY2009 - FY2010 Operating	Education	Alaska State Council on the Arts				National Endowment for the Arts Funding to provide an additional distribution to State Art Agencies. The Arts Council submitted an application for the additional funds by the March 13, 2009 deadline.		300.0			300.0
12	p. 369	FY2009 - FY2010 Operating	Health & Social Srvcs	Health Care Services/Medical Assistance Administration	4			This request will allocate funds for Medicaid provider Health Information Technology (HIT) adoption and Electronic Health Records (EHR) payments. Administrative funding is to be used to coordinate with other state or local HIT projects, national standards setting, and coordinate with other agencies to assure interoperability of systems and avoid duplicate provider payments.	40.0	2,000.0			2,040.0

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Items Not Included in the March 19 Economic Stimulus Bill

	ARRA Page Ref.	FY	Department	RDU/ Component	PFT	PPT	NP	Description	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
13	p. 61	FY2009 - FY2010 Operating	Health & Social Srvcs	Public Assistance/Child Care Benefits				Child Care Development Block Grants - increased funding to improve the quality of child care and provide for the expansion of child care services. These funds cannot be used to supplant state funding. Of this allotment, $333.7 is targeted for quality expansion and $193.2 is for improving the quality of infant and toddler care.		4,036.0			4,036.0
14	p. 5	FY2009 - FY2010 Operating	Health & Social Srvcs	Public Assistance/Public Assistance Administration			4	Supplemental Nutrition Assistance Program (SNAP) - formerly Food Stamps - funding for increased administrative costs beginning April 1, 2009. This expands the benefit but is not an expansion of the program. Includes funding for 4 non-perm staff to assist with increased caseload, outreach and administrative process revisions for greater efficiency.		462.0			462.0
15	p. 5	FY2009 - FY2010 Operating	Health & Social Srvcs	Public Assistance/Women, Infants and Children				Additional funds to support Women, Infants and Children (WIC) operations and establish, improve or administer WIC management information system. Funds are to be used for extension and expansion of programs.		777.7			777.7
16	p. 63	FY2009 - FY2010 Operating	Health & Social Srvcs	Public Health/Chronic Disease Prevention and Health Promotion				Increased funding for immunization, prevention and wellness and infection reduction grants. The department assumes that current Health and Human Serviecs (HHS) requirements apply.		2,000.0			2,000.0
17	P. 65	FY2009 - FY2010 Operating	Health & Social Srvcs	Children's Services/Infant Learning Program Grants				Expand Infant Learning Program grants established as part of the Individuals with Disabilities Education Act, Part C.. Department will focus on one-time infrastructure improvements; any service expansions are intended to be backfilled with enhanced Medicaid claiming through program changes.		2,139.8			2,139.8
18	p. 62	FY2009 - FY2010 Operating	Health & Social Srvcs	Senior and Disabilities Services/ Senior Community Based Grants				Administration on Aging, Home Delivered Meals and Congregate Meals Continue and enhance food security for current eligible groups. These funds are limited to senior meal programs only.		485.0			485.0
19	p. 59-60	FY2009 - FY2010 Operating	Labor	Employment Training Services	8			These funds will be used to hire an additional 8 full time, front-line service delivery staff to assist with the increased volume of labor exchange customers and unemployment insurance claimants. Six Employment Security Specialist II positions (qualified in case management) will provide job search assistance, labor market information, case management, and other reemployment services in the job centers. Two Community Development Specialist positions will provide career support and training services to unemployment insurance claimants who need training to upgrade skills in order to obtain employment. Funding will also be used to support salary and benefit costs of existing staff, travel for trainers, enhancements to the Alaska Labor Exchange System (ALEXsys) and equipment replacement and upgrade to support the federal Stimulus effort. These efforts include continuing to provide front-line employment and reemployment services, and career support and training services, to an increased volume of labor exchange customers. The outcome will be to increase the		4,304.7			4,304.7
20	p. 59	FY2009 - FY2010 Operating	Labor	Employment Training Services				Funding will support additional training and employment opportunities for unemployed low-income seniors. Grantees will expand the number of Senior Community Service Employment Program (SCSEP) participants assigned to community service work, especially in those growth industries emphasized in the Recovery Act (e.g., health care, child care, education, green jobs, energy efficiency and environmental services) and in expanded public service activities that utilize Recovery Act funds. The funds will be used to provide high quality job training, on-the-job training and employment assistance to an estimated 80 low income older workers and will assist employers that are faced with the challenges of today's workplace.		507.3			507.3
21	p. 329	FY2009 - FY2010 Operating	Labor	Unemployment Insurance				Funds will be used to upgrade computers on the department's annual replacement schedule, UI tax and benefit program enhancements, software and associated data processing costs, and office equipment. The funds will support a UI claim center phone call routing software package along with licensing and installation charges. They will also purchase a Tax auditing software package; web based Quality Control audit software; software to record and retrieve claim center calls for staff performance review; software for managing UI workflow and documentation processes; and computer enhancements to existing Employment Security Division on-line systems integration.		1,115.7			1,115.7

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Items Not Included in the March 19 Economic Stimulus Bill

	ARRA Page Ref.	FY	Department	RDU/ Component	PFT	PPT	NP	Description	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
22	p. 58-59	FY2009 - FY2010 Operating	Labor	Business Services				Additional funding will be utilized to increase workforce development training opportunities in the Workforce Investment Act programs for Adult $1,679.5, Dislocated Worker $3,546.4, and Youth $3,936.1. It will be used for personal services to support existing staff engaged in Stimulus related activities, travel to monitor grantees, commodities and contractual services for normal office and staff related costs, and contractual services and grant funds to provide training. It is estimated to provide training opportunities to an additional 729 Adult, 733 Dislocated Worker and 1,681 Youth participants.		9,161.9			9,161.9
23	p. 69	FY2009 - FY2010 Operating	Labor	Client Services				Funding will provide vocational rehabilitation services and grants to disabled individuals. These services include assessment for determining eligibility for services, job development, orientation and mobility services, and supported employment services.		1,800.0			1,800.0
24	p. 266	FY2009 - FY2010 Operating	Labor	Employment and Training Services				The ARRA reauthorized and permanently expanded the Trade Adjustment Assistance program. Eligibility was expanded to include workers in the services sector. The funds will be utilized to support salary and benefit costs of existing staff to provide employment and case management services to increased participants to include comprehensive and specialized assessment of skill levels and service needs; development of an individual employment plan; information on how to apply for financial aid; information on training available in local and regional areas; short-term prevocational services; individual career counseling; employment statistics information; and information relating to local occupations that are in demand and the earnings potential of such occupations. In addition, the Trade Adjustment Assistance database will need to be upgraded as mandated by new federal regulations. The estimated outcome is 115 participants will utilize Trade Adjustment Assistance program benefits such as job search activities, relocation benefits, training, health care		350.0			350.0
25	p. 69	FY2009 - FY2010 Operating	Labor	Independent Living Rehabilitation				These funds will be granted to the four Centers for Independent Living (CILs) to support activities that lead to competitive employment, independent living and business ownership by Alaskans with disabilities. Activities include providing home accessibility modifications, adaptive equipment and/or services that allow people to remain in their homes and communities. Funds will also be used to expand independent living services statewide, including rural and remote areas of the state, by encouraging partnerships, collaborative efforts, training and outreach. The funds will also support operations of the State Independent Living Council (SILC), examining the State Plan for Independent Living resource plan to determine if it needs to be updated.		246.2			246.2
26	p. 16	FY2009 - FY2010 Operating	Public Safety	Alaska State Troopers/Special Projects				Funds are to be used to enhance law enforcement's response to online child victimization and child pornography cases. The department will use the funds to cover personal services costs of investigators and associated supplies and equipment. The Anchorage Police Department is the only eligible applicant in Alaska and is expected to subgrant these funds to the department.		50.0			50.0
27	p. 16	FY2009 - FY2010 Operating	Public Safety	Alaska State Troopers/ Narcotics Task Force	6			Justice Assistance Grant (JAG) will be used to cover the personal services costs of new trooper positions, travel, training, supplies and sub-grants to other state agencies and to units of local government to fund projects supporting approved JAG purpose areas.		5,821.0			5,821.0
28	p. 16	FY2009 - FY2010 Operating	Public Safety	Council on Domestic Violence and Sexual Assault/Council on Domestic Violence and Sexual Assault				Victim compensation and assistance. These federal funds may be used to provide services to victims of criminal violence. The funds will be sub-granted to approved victim services programs to provide immediate safety and support to victims of domestic violence and sexual assault in Alaska.		545.0			545.0
29	p. 15	FY2009 - FY2010 Operating	Public Safety	Council on Domestic Violence and Sexual Assault/Council on Domestic Violence and Sexual Assault				Services*Training*Officers*Prosecutors (STOP) Grant. These funds may be used to provide for law enforcement, prosecution and victim services enhancements such as training public safety and court-related personnel, expanding specialized units and enhancing technology. Funds will be sub-granted to law enforcement and prosecutorial agencies, courts and approved victim services programs.		803.6			803.6

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Items Not Included in the March 19 Economic Stimulus Bill

	ARRA Page Ref.	FY	Department	RDU/ Component	PFT	PPT	NP	Description	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
	p. 335, Sec. 2104	FY2009 Operating	Revenue	Child Support Services Division				This request is the result of language changes in the federal economic stimulus package that temporarily changes how the Child Support Services Division (CSSD) can utilize existing federal incentive dollars. The overall amount of the annual CSSD operating budget is not increased, nor are there any new programs established. Instead, the American Recovery and Reinvestment Act of 2009 (ARRA) allows the state to return to using earned federal incentive receipts as part of the required state match funding (34%), which reduces the amount of state funding needed as match and increases the amount of federal receipts that can be collected as part of the 66% federal financial participation rate (FFP). The amount shown in the Federal Funds column is the net result of ($798.0) Federal Receipts and +$1,383.5 Federal Economic Stimulus.		585.5	(585.5)	Receipt Supported Services	0.0
30	p. 335, Sec. 2104	FY2010 Operating	Revenue	Child Support Services Division				The division had originally requested a $1.9 million fund source change from RSS to GF Match. Neither the House or Senate Finance Subcommittee budgets include that change. The combination of a change in federal policy that now allows federal incentive funds to be used as match and the unexpected level of FY10 carryforward due to high PFD collections now result in just $400.0 GF Match being required. The $400.0 GF Match is necessary to collect the federal funds. The amount shown in the Federal funds column is the net result of ($612.4) Federal Receipts and + $1,330.5 Federal Economic Stimulus.	400.0	718.1	(1,118.1)	Receipt Supported Services	0.0
31					18	0	4	**Operating Items Total**	**440.0**	**212,615.1**	**(1,703.6)**		**211,351.5**
Capital Projects													
32	p. 103		Commerce					Community Development Block Grant Program This program provides grants (not to exceed $850,000) to municipalities for planning activities, infrastructure projects, and economic development activities which benefit low- to moderate-income individuals.		679.9			679.9
33	p. 65		Commerce					Community Services Block Grant Program The CSBG program is designed to provide a range of services which assist low-income people to attain skills, knowledge and motivation necessary to achieve self-sufficiency. The program may also provide low-income people immediate life necessities such as food, shelter, medicine, etc. As authorized by federal Public Law 97-35, the U.S. Department of Health and Human Services (H&HS) has designated 950 Community Action Agencies (CAAs) -- all of whom may then receive federal funding that passes through their appropriate state agency. Within Alaska the federal H&HS has designated only one CAA. That entity is the non-profit corporation Rural Alaska Community Action Program, referred to as RurAL CAP.		3,960.0			3,960.0
34	p. 56		Environmental Conservation					Air Non-Point Mobile Source Stimulus Projects include diesel emission reduction, increasing the fuel efficiency of stationary source diesel power generation in Alaska villages, coupling use of ultra low sulfur diesel with oxidative catalysts or particulate traps, development and use of fish oil and waste vegetable oil derived biodiesel, and installation of anti-idling technologies. These funds will be managed by the Air Non-Point Mobile Source program.		2,000.0			2,000.0
35	p. 32		Revenue					AHFC - State Energy Program U.S. Department of Energy (DOE) funds for State Energy Program (SEP) special projects such as building technologies, codes and standards, wind and power technologies, renewable energy for remote areas, or transportation technologies.		28,563.0			28,563.0
36	p. 31		Revenue					AHFC - Weatherization Program U.S. Department of Energy (DOE) funds to assist low- and moderate-income families attain decent, safe, and affordable housing through the weatherization and rehabilitation of existing homes. Weatherization provides for fire safety through furnace and electrical repairs, education, chimney and woodstove repairs, and egress windows (installed during bedroom window replacements).		18,466.2			18,466.2
37	p. 24		Revenue					AHFC - Energy Efficiency and Conservation Block Grants U.S. Department of Energy (DOE) funds for energy efficiency and conservation activities for communities, including but not limited to: developing/implementing an energy efficiency and conservation strategy; retaining technical consultant services to assist in the development of such a strategy.		9,593.5			9,593.5

Items Not Included in the March 19 Economic Stimulus Bill

	ARRA Page Ref.	FY	Department	RDU/ Component	PFT	PPT	NP	Description	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
38					0	0	0	Capital Projects Total	0.0	63,262.6	0.0		63,262.6
39					18	0	4	Operating and Capital Combined Total	440.0	275,877.7	(1,703.6)		274,614.1

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Economic Stimulus March 19, 2009

	A	B	C	D	E	F	G	H	I	J	K	L	M	N
1	ARRA Page Ref.	FY	Sec. No.	Department	RDU/ Component	PFT	PPT	NP	Description	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
2	p. 165	FY2009 Capital	1	Education	Commissioner's Office				State Fiscal Stabilization Fund - Education and Job Training		20,699.0			20,699.0
3		FY2009 Capital	1	Environmental Conservation	**Appropriation**				**American Recovery and Reinvestment Act of 2009** **Appropriation totals $68,637,000**					0.0
4	p. 55-56	FY2009 Capital	1	Environmental Conservation	Allocation Water/Water Quality				Alaska Clean Water Stimulus Projects include sewer collection, treatment, discharge and water quality related projects. These funds will be allocated and administered by the Municipal Grant and Loan program.		23,637.0			23,637.0
5	p. 55-56	FY2009 Capital	1	Environmental Conservation	Allocation Water/Water Quality			3	Alaska Drinking Water Stimulus Projects include drinking water source, treatment, storage, and distribution. These funds will be managed by the Municipal Grant and Loan program and the Drinking Water program.		19,500.0			19,500.0
6	p. 55	FY2009 Capital	1	Environmental Conservation	Allocation SPAR/Contaminated Sites Program				Leaking Underground Storage Tank Stimulus Projects include those that involve the cleanup of leaking underground storage tank sites. There are currently 501 open Leaking Underground Storage Tank (LUST) sites in Alaska, and the Contaminated Sites program plans to use the funds to cleanup 10-20 so-called "orphan" sites (sites where the responsible party cannot be located or is not viable).		1,000.0			1,000.0
7	p. 55 and 57	FY2009 Capital	1	Environmental Conservation	Allocation Water/Facility Construction			5	Village Safe Water Stimulus Projects include water and sewer infrastructure improvements. Funds are being allocated by the Indian Health Service using a statewide database of water and sewer project needs in Native communities. These funds will be managed by the Village Safe Water program.		24,260.0			24,260.0
8	p. 55	FY2009 Capital	1	Environmental Conservation	Allocation Water Quality				Water Quality Planning Stimulus Projects include natural conditions statistical analysis implementation tools, grants for stormwater projects, environmental assessments, and green infrastructure assessments.		240.0			240.0
9	Various	FY2009 Capital	1	Governor					American Recovery and Reinvestment Act of 2009 Statewide Competive, Discretionary, and Incentive Grants Executive Branch placeholder for future grant awards in order for departments to be able to comply with the Legislative Budget and Audit Committee review provisions of AS 37.07.080(h).		1,000.0			1,000.0
10	p. 13	FY2009 Capital	1	Labor	AVTEC				Economic Stimulus - Additional Funding for AVTEC Culinary Building Replacement and Cafeteria Upgrade Funding from the Economic Development Administration to support the increased costs of construction and equipment for AVTEC's Culinary Building Replacement and Cafeteria Upgrade project.		3,000.0			3,000.0
11	p. 56	FY2009 Capital	1	Natural Resources	Forest Development				Forestry and Fire Economic Stimulus - Fire Fuels and Forest Management This project will provide for hazardous fuels reduction and wood to energy projects that will minimize the rish of wildland fire to homes and community infrastructure while providing wood energy and employment.		1,500.0	1,000.0	Statutory Designated Program Receipts	2,500.0
12	p. 100	FY2009 Capital	1	Revenue	AHFC				Capital Fund Program (CFP) - Competitive This program provides funding for the capital and management activities of Public Housing Agencies and will be used to help renovate and modernize public housing units. Funds will be distributed competitively to Public Housing Authorities nationwide.		1,200.5			1,200.5
13	p. 100	FY2009 Capital	1	Revenue	AHFC				Capital Fund Program (CFP) - Formula This program provides funding for the capital and management activities of Public Housing Agencies and will be used to help renovate and modernize public housing units. Funds will be distributed to grantees that received funding in FFY08.		3,307.0			3,307.0
14	p. 107	FY2009 Capital	1	Revenue	AHFC				Emergency Shelter Grants (ESG) This program provides foreclosure prevention and re-housing, case management and social services, renovation, major rehabilitation, or conversion of buildings for use as emergency shelters or transitional housing, shelter operating costs, and related activities.		1,144.0			1,144.0

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Submitted March 19, 2009

Economic Stimulus March 19, 2009

	A	B	C	D	E	F	G	H	I	J	K	L	M	N
1	ARRA Page Ref.	FY	Sec. No.	Department	RDU/ Component	PFT	PPT	NP	Description	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
15	p. 106	FY2009 Capital	1	Revenue	AHFC				Home Investment Partnerships This program expands the supply of affordable, low- and moderate-income housing and to strengthen the ability of the state to design and implement strategies to achieve an adequate supply of safe, energy-efficient, and affordable housing.		5,490.7			5,490.7
16	p. 248	FY2009 Capital	1	Revenue	AHFC				Low-Income Housing Grants in Lieu of Tax Credits This program allows taxpayers to receive a grant from the Treasury Department in lieu of low-income housing tax credits. So, the state's housing agency would receive a grant up to a maximum of 85% of 40% of the State's low-income housing tax credit allocation in lieu of credits. The grant would apply to each state's 2009 low-income housing tax credit allocation.		28,500.0			28,500.0
17	p. 17	FY2009 Capital	1	University	Appropriation				UAF Alaska Region Research Vessel Additional Receipt Authority The American Reinvestment and Recovery Act directed $3 billion to the National Science Foundation (NSF) to enable U.S. investment in America's scientific enterprise. Of this funding, NSF will direct $196 million to the University of Alaska Fairbanks (UAF) for the construction of the Alaska Region Research Vessel. In FY05, UAF was given receipt authority up to $80 million for NSF funding to purchase a new research vessel. Since this time the NSF funding has increased by $116 million to accommodate inflation and changes in scope of work over the past few years.		116,000.0			116,000.0
18	Various	FY2009 Capital	1	University	Appropriation				UA Economic Stimulus Federal Receipt Authority Competitive, Discretionary, and Incentive Grants University of Alaska placeholder for future grant awards. The University of Alaska plans to pursue economic stimulus grant funding opportunities from various federal agencies. The main areas of focus will be energy, research, technology, and health.		1,000.0			1,000.0
19		FY2009 Capital	2 - 3			0	0	8	**Sets out funding by agency and statewide for the appropriations made in sec. 1.**	0.0	251,478.2	1,000.0		252,478.2
20			4						Statement of Intent regarding the one-time nature of the federal appropriations and the appropriations to state agencies, the University of Alaska, and other entities of the executive branch.					0.0
21	p. 17	Prior Year Capital	5	University					UAF Alaska Region Research Vessel Additional Receipt Authority prior year fund source change Add $80 million in Federal Economic Stimulus Funds and remove $80 million of Federal Receipts to the appropriation made in.sec. 2, ch. 159, SLA 2004, page 54.					0.0
22			6						Retroactive effective date of February 17, 2009.					0.0
23			7						Immediate effective date.					0.0
24						0	0	8	**Economic Stimulus Bill Subtotal**	0.0	251,478.2	1,000.0	0.0	252,478.2
25									**Economic Stimulus Bill Total including UA's $80 million Federal ES Fund Source Change**	0.0	331,478.2	1,000.0		332,478.2

STATE OF ALASKA
DEPARTMENT OF
COMMERCE
COMMUNITY AND
ECONOMIC DEVELOPMENT
Division of Administrative Services

RECEIVED
APR - 6 2009

Sarah Palin, Governor
Emil Notti, Commissioner
Amanda Ryder, Director

April 6, 2009

Senator Stedman
Room 516
State Capitol
Juneau, AK 99801-1182

Senator Stedman:

In the April 3rd Senate Finance meeting on SB 161, you asked if communities other than Anchorage, Palmer, Wasilla, Kenai, Soldotna and Homer were going to be included in the Alaska Foreclosure Prevention program. A follow-up conversation with Mitzi Barker, RurAL CAP's Housing and Planning Division Director, indicates that RurAL CAP *does* plan to include Southeast and other communities in its Foreclosure Prevention Program list.

One aspect of the Alaska Default Avoidance & Foreclosure Prevention program will partner with existing consumer credit service providers in the State to directly deliver financial counseling to traditional homeowners and, because Juneau, Ketchikan and Sitka are among the communities with high proportions of conventional bank and AHFC mortgages, RurAL CAP believes it is important include these communities. RurAL CAP will continue to work with AHFC to prioritize the list of communities that will be included in this program.

Thank you so much for taking the time to hear about DCCED's programs. Please contact me if you need additional information.

Sincerely,

Amanda Ryder

Amanda Ryder

P.O. Box 110803, Juneau, Alaska 99811-0803
Telephone: (907) 465-2505 Fax: (907) 465-2563 Text Telephone: (907) 465-5437
Website: www.commerce.alaska.gov

Theatre in the Rough
315 Fifth Street, #3
Juneau, Alaska 99801
907 209 0867

Senate Finance Committee
Alaska State Capitol
Juneau, Alaska
Fax: 465-2187 PAGE 1 OF 1

Re: SB 161

Senators,

I urge you to appropriate the money offered in support of the arts in the Economic Stimulus Package. The possibility of exactly two years of salary support via the Alaska State Council on the Arts is just what my organization needs.

On March 12, 2006, just three blocks from the Capitol, fire claimed the historic and culturally vital Holy Trinity Episcopal Church and McPhetres Hall. Theatre in the Rough and many other small groups called McPhetres Hall home and the Holy Trinity campus was a joyful gathering place for every kind of community event: dances, lectures, luncheons, concerts, and plays.

The new building is not only truely beautiful, it will provide two fully equiped, intimate, turn-key venues to the Capital City, as well as numerous other rooms for rehearsals, meetings and small activities. Construction is underway. We hope to see it complete for our 20th Anniversary Season in the Fall of 2011.

Holy Trinity has asked Theatre in the Rough to be theatre in residence in the New McPhetres Hall and to partner in fundraising. Theatre in the Rough is a non-profit theatre started in 1991 by Aaron Elmore and Katie Jensen. In 2002, we won the Governor's Award for the Arts. In 2008, we received a Meritorious Service Award from UAS. We, our company of actors, and our board all work day jobs yet we all make time to make theatre, gather money for this building, and build up this community.

If we could pay someone full time for the next two years to either write grants or to coordinate volunteer contract and construction labor, we could get this job done. We don't want to do this for ever. We want to get this place built and then go back to working our day jobs and making great theatre in this great new place. Please help us make this happen.

Aaron Elmore
Co Artistic Director
Theatre in the Rough

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(In Backup SB 160 file)

Economic Stimulus March 19, 2009

	A	B	C	D	E	F	G	H	I	J	K	L	M
1	ARRA Page Ref.	Sec. No.	Department	RDU/ Component	PFT	PPT	NP	Description	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
2	p. 165	1	Education	Commissioner's Office				State Fiscal Stabilization Fund - Education and Job Training		20,699.0			20,699.0
3		1	Environmental Conservation	**Appropriation**				**American Recovery and Reinvestment Act of 2009** **Appropriation totals $68,637,000**		-			0.0
4	p. 55-56	1	Environmental Conservation	Allocation Water/Water Quality				Alaska Clean Water Stimulus Projects include sewer collection, treatment, discharge and water quality related projects. These funds will be allocated and administered by the Municipal Grant and Loan program.		23,637.0			23,637.0
5	p. 55-56	1	Environmental Conservation	Allocation Water/Water Quality			3	Alaska Drinking Water Stimulus Projects include drinking water source, treatment, storage, and distribution. These funds will be managed by the Municipal Grant and Loan program and the Drinking Water program.		19,500.0			19,500.0
6	p. 55	1	Environmental Conservation	Allocation SPAR/Contaminated Sites Program				Leaking Underground Storage Tank Stimulus Projects include those that involve the cleanup of leaking underground storage tank sites. There are currently 501 open Leaking Underground Storage Tank (LUST) sites in Alaska, and the Contaminated Sites program plans to use the funds to cleanup 10-20 so-called "orphan" sites (sites where the responsible party cannot be located or is not viable).		1,000.0			1,000.0
7	p. 55 and 57	1	Environmental Conservation	Allocation Water/Facility Construction			5	Village Safe Water Stimulus Projects include water and sewer infrastructure improvements. Funds are being allocated by the Indian Health Service using a statewide database of water and sewer project needs in Native communities. These funds will be managed by the Village Safe Water program.		24,260.0			24,260.0
8	p. 55	1	Environmental Conservation	Allocation Water Quality				Water Quality Planning Stimulus Projects include natural conditions statistical analysis implementation tools, grants for stormwater projects, environmental assessments, and green infrastructure assessments.		240.0			240.0
9	Various	1	Governor					American Recovery and Reinvestment Act of 2009 Statewide Competive, Discretionary, and Incentive Grants Executive Branch placeholder for future grant awards in order for departments to be able to comply with the Legislative Budget and Audit Committee review provisions of AS 37.07.080(h).		1,000.0			1,000.0
10	p. 13	1	Labor	AVTEC				Economic Stimulus - Additional Funding for AVTEC Culinary Building Replacement and Cafeteria Upgrade Funding from the Economic Development Administration to support the increased costs of construction and equipment for AVTEC's Culinary Building Replacement and Cafeteria Upgrade project.		3,000.0			3,000.0
11	p. 56	1	Natural Resources	Forest Development				Forestry and Fire Economic Stimulus - Fire Fuels and Forest Management This project will provide for hazardous fuels reduction and wood to energy projects that will minimize the risk of wildland fire to homes and community infrastructure while providing wood energy and employment.		1,500.0	1,000.0	Statutory Designated Program Receipts	2,500.0
12	p. 248	1	Revenue	AHFC				Low-Income Housing Grants in Lieu of Tax Credits This program allows taxpayers to receive a grant from the Treasury Department in lieu of low-income housing tax credits. So, the state's housing agency would receive a grant up to a maximum of 85% of 40% of the State's low-income housing tax credit allocation in lieu of credits. The grant would apply to each state's 2009 low-income housing tax credit allocation.		28,500.0			28,500.0
13	p. 106	1	Revenue	AHFC				Home Investment Partnerships This program expands the supply of affordable, low- and moderate-income housing and to strengthen the ability of the state to design and implement strategies to achieve an adequate supply of safe, energy-efficient, and affordable housing.		5,490.7			5,490.7

not viewed Discussed 3/23/09

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Economic Stimulus March 19, 2009

	A	B	C	D	E	F	G	H	I	J	K	L	M
1	ARRA Page Ref.	Sec. No.	Department	RDU/ Component	PFT	PPT	NP	Description	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
14	p. 100	1	Revenue	AHFC				Capital Fund Program (CFP) - Formula This program provides funding for the capital and management activities of Public Housing Agencies and will be used to help renovate and modernize public housing units. Funds will be distributed to grantees that received funding in FFY08.		3,307.0			3,307.0
15	p. 100	1	Revenue	AHFC				Capital Fund Program (CFP) - Competitive This program provides funding for the capital and management activities of Public Housing Agencies and will be used to help renovate and modernize public housing units. Funds will be distributed competitively to Public Housing Authorities nationwide.		1,200.5			1,200.5
16	p. 107	1	Revenue	AHFC				Emergency Shelter Grants (ESG) This program provides foreclosure prevention and re-housing, case management and social services, renovation, major rehabilitation, or conversion of buildings for use as emergency shelters or transitional housing, shelter operating costs, and related activities.		1,144.0			1,144.0
17	p. 17	1	University	Appropriation				UAF Alaska Region Research Vessel Additional Receipt Authority The American Reinvestment and Recovery Act directed $3 billion to the National Science Foundation (NSF) to enable U.S. investment in America's scientific enterprise. Of this funding, NSF will direct $196 million to the University of Alaska Fairbanks (UAF) for the construction of the Alaska Region Research Vessel. In FY05, UAF was given receipt authority up to $80 million for NSF funding to purchase a new research vessel. Since this time the NSF funding has increased by $116 million to accommodate inflation and changes in scope of work over the past few years.		116,000.0			116,000.0
18	Various	1	University	Appropriation				UA Economic Stimulus Federal Receipt Authority Competitive, Discretionary, and Incentive Grants University of Alaska placeholder for future grant awards. The University of Alaska plans to pursue economic stimulus grant funding opportunities from various federal agencies. The main areas of focus will be energy, research, technology, and health.		1,000.0			1,000.0
19		2 - 3			0	0	8	**Sets out funding by agency and statewide for the appropriations made in sec. 1.**	0.0	251,478.2	1,000.0		252,478.2
20		4						Statement of Intent regarding the one-time nature of the federal appropriations and the appropriations to state agencies, the University of Alaska, and other entities of the executive branch.					0.0
21	p. 17	5	University					UAF Alaska Region Research Vessel Additional Receipt Authority prior year fund source change Add $80 million in Federal Economic Stimulus Funds and remove $80 million of Federal Receipts to the appropriation made in sec. 2, ch. 159, SLA 2004, page 54.					0.0
22		6						Retroactive effective date of February 17, 2009.					0.0
23		7						Immediate effective date.					0.0
24					0	0	8	**Economic Stimulus Bill Subtotal**	0.0	251,478.2	1,000.0	0.0	252,478.2
25								**Economic Stimulus Bill Total including UA's $80 million Federal ES Fund Source Change**	0.0	331,478.2	1,000.0		332,478.2

RurAL CAP
2009 ARRA CSBG Funds
Plan Overview

RurAL CAP will utilize CSBG funds for two programs—Energy Burden Reduction and Alaska Foreclosure Prevention. Energy Burden Reduction will utilize locally-hired and trained Alaskans to help communities and home owners reduce operating costs for their residences and facilities. We will target homes not scheduled to benefit from weatherization programs in the near future. The program will focus on improving the efficiency of electrical use and utilizing energy saving tools. The program already exists through our Community Development Division. Stimulus funding would be used to train more Alaskans and to reach more homes and facilities in a shorter amount of time, bringing valuable energy cost savings to Alaska more quickly. This program would create 150 new jobs and serve 25 communities. The 25 communities will be Akiak, Alakanuk, Chevak, Copper Center/Kluti-kaah, Haines, Homer, Hooper Bay, Hydaburg, Kake, Ketchikan, Kodiak, Kwethluk, Marshall, Mountain Village, Napaskiak, Nunapitchuk, Pilot Station, Savoonga, Seward, St. Mary's, Stebbins, Sterling, Tanacross, Toksook Bay and Tok.

Alaska Foreclosure Prevention will partner with consumer credit service providers in the state to directly deliver financial counseling to traditional homeowners in Anchorage, Palmer, Wasilla, Kenai, Soldotna and Homer who are struggling with financial literacy and are challenged by mortgage payments. The program will provide support for 10 credit counselor positions to deliver at-home services to more than 1,000 Alaskans struggling with maintaining homeownership in the current economic crisis.

Four Great Programs

Alaska Service Corps /Serve Alaska Youth Corps
Young Alaskans Building Affordable Housing
Eagle Valley Center
Connections
www.servealaska.org

P.O. Box 33037
Juneau, AK 99803
(907) 789-6172
(800) 789-6172
(907) 789-3118 Fax

Sitka AmeriCorps members serve in Sitka.

RurAL CAP AmeriCorps members serve in the following communities:

1. Togiak
2. Tyonek
3. Sterling
4. Cooper Landing
5. Klukwan
6. Chevak
7. Twin Hills
8. Nondalton
9. Copper Center
10. Marshall
11. Crooked Creek
12. Petersburg
13. Toksook Bay
14. Naukati
15. Valdez
16. Coffman Cove
17. Russian Mission
18. Hughes
19. Emmonak
20. Huslia
21. Napakiak
22. Venetie
23. Kasigluk
24. Crooked Creek
25. Sterling
26. Kwigillingok
27. Tanacross
28. Esther; Perryville
29. Klukwan
30. Slana
31. Yakutat
32. New Stuyahok
33. Nenana

BEES COMPLIANCE CERTIFICATION (BCC)
AS OF MARCH 4, 2009

ANCHORAGE	NAME	ADDRESS	ZIP	NUMBER	EXP. DATE
Anchorage	Backus, Michael R.	3820 Lake Otis Parkway	99508	1408	2/01/2010
Anchorage	Bateman, Ron	5201 E Northern Lghts Blvd	9951	1562	2/01/2010
Anchorage	Boehm, James	P.O. Box 196650	99519-6650	1497	2/01/2010
Anchorage	Brooks, Stuart	3510 Spenard Rd	99503	57	2/01/2010
Anchorage	Buza, Michael	1225 W12th Ave	99501	1157	2/01/2010
Anchorage	de Schweinitz, William	1825 Academy	99507	1532	2/01/2010
Anchorage	Dittrich, Jamie	P.O. Box 90411	99509-0411	1359	2/01/2010
Anchorage	Ellwein, Vernon	8200 Barnett Cir	99518	1482	2/01/2010
Anchorage	Ericsen, Kris	7712 Arlene Street	99502-4523	1231	2/01/2010
Anchorage	Feiler, Geoff	4128 Wright Street	99508-5347	1	2/01/2010
Anchorage	Freeman, John	1529 Sunrise Drive	99508-3024	56	2/01/2010
Anchorage	Hagmeier, John	2204 Cleveland Street	99517	1042	2/01/2010
Anchorage	Hanni, Karl D.	P.O. Box 190228	99519-0228	1284	2/01/2010
Anchorage	Harding, Evan	9380 Autumn Ridge Cir	99507	1026	2/01/2010
Anchorage	Harris, Chet	1574 Wintergreen St	99508	1453	2/01/2010
Anchorage	Hodgson, Douglas	2748 W 64th	99502	1163	2/01/2010
Anchorage	Itchoak, Bob	4412 Lois Drive	99517-3199	7	2/01/2010
Anchorage	Jackson, Jim	P.O. Box 92301	99509-2301	1024	2/01/2010
Anchorage	Juliussen, Robert	3510 Spendard Rd Ste 100	99503	1505	2/01/2010
Anchorage	Lance, Todd E.	606 Pearl Dr	99518	1542	2/01/2010
Anchorage	Lyman, Mark R.	731 E. 8th Ave	99501	1368	2/01/2010
Anchorage	Maitland, Debra	1054 E34th Ave	99503	1029	2/01/2010
Anchorage	Marlow, Mark	7960 Upper Omalley Rd	99507	1476	2/01/2010
Anchorage	Mathias, Ryan	13120 Lupine Road	99516	1526	2/01/2010
Anchorage	Matthews, Matt	2804 W Northern Lights	99517	1148	2/01/2010
Anchorage	McBain, Larry	P.O. Box 231169	99523-1169	1317	2/01/2010
Anchorage	McKeever, John	P.O. Box 230666	99523-0666	1354	2/01/2010
Anchorage	Michelsohn Jr., Paul	750 W. Dimond Blvd #100	99515	1250	2/01/2010
Anchorage	Monaghan, Kevin	8628 Emerald Street	99502	1364	2/01/2010

Anchorage	O'Mahony, Brian	3600 W43rd Ave	99517	1521	2/01/2010
Anchorage	Petersen, J. Chris	P.O. Box 111982	99511-1982	1479	2/01/2010
Anchorage	Purvis, Gregory	360 E. 100th Ave	99515	1406	2/01/2010
Anchorage	Quigley, Linda	9237 Autumn Ridge Cir	99507	1052	2/01/2010
Anchorage	Quigley, Steve	9237 Autumn Ridge Cir	99507	1051	2/01/2010
Anchorage	Reed, Jeromy	300 W 31st Ave	99503	73	2/01/2010
Anchorage	Renfro, Chuck	307 W 12th Avenue	99501	19	2/01/2010
Anchorage	Rowland, Evan	3705 Arctic Blvd #2559	99503	1001	2/01/2010
Anchorage	Sharrock, Michael	10101 Hillside Dr	99507	1455	2/01/2010
Anchorage	Shittu, Ganiyu	2730 Scarborough Drive	99504	1321	2/01/2010
Anchorage	Sliwinski, John	10250 Sextant Cr	99515	1544	2/01/2010
Anchorage	Spinelli, Andre	1900 W. N. Lights Blvd #200	99517	1003	2/01/2010
Anchorage	Spinelli, Chuck	1900 W. N. Lights Blvd #200	99517	1056	2/01/2010
Anchorage	Strawn, Steve	4304 Hayes St	99503	1376	2/01/2010
Anchorage	Taylor, Bill	9420 Vanguard #A	99516	1384	2/01/2010
Anchorage	Tuckey, John	13551 Spendlove Dr	99516	1358	2/01/2010
Anchorage	Vice, Bret	P.O. Box 232936	99523-2936	2	2/01/2010
Anchorage	Wilkinson, William	1670 Ransom Ridge	99516	1536	2/01/2010
BARROW					
Barrow	Itchoak, Bob	4412 Lois Drive	99517-3199	7	2/01/2010
BETHEL					
Bethel	Davis, John	P.O. Box 314	99559-0314	1310	2/01/2010
BIG LAKE					
Big Lake	Zweifel, Brad	P.O. Box 521810	99652-1810	1427	2/01/2010
CHUGIAK					
Chugiak	Dillard, Michael	21718 Peg Street	99567	1520	2/01/2010
Chugiak	Minter, Gerald	P.O. Box 745	99567-0745	1257	2/01/2010
Chugiak	Myers, Michelle	P.O. Box 670495	99567-0495	1047	2/01/2010
COFFMAN COVE					
Coffman Cove	Douglass, Jr. Gordon	P.O. Box 182004	99918-2004	1538	2/01/2010
COOPER LANDING					
Cooper Landing	James, Jon	P.O. Box 761	99572-0761	1247	2/01/2010

DELTA JUNCTION					
Delta Junction	Gay, Mitchell	P.O. Box 581	99737-0581	1395	2/01/2010
DILLINGHAM					
Dillingham	Isaacs, Gorden	P.O. Box 563	99576-0563	13	2/01/2010
Dillingham	Scandura, Ray	P.O. Box 483	99576-0483	78	2/01/2010
EAGLE RIVER					
Eagle River	Bloxom, Troy	17640 Lacey Drive	99577	1035	2/01/2010
Eagle River	Bronner, John	13336 Konrad Drive	99577	1087	2/01/2010
Eagle River	Disotell, Carl	P.O. Box 770469	99577-0469	1075	2/01/2010
Eagle River	Duffus, Ken	20441 Ptarmigan Blvd	99577	1361	2/01/2010
Eagle River	Frank, Linda	10900 Corrie Way	99577	1041	2/01/2010
Eagle River	Klassen, Ronald	P.O. Box 770348	99577-0348	1531	2/01/2010
Eagle River	Martin, Royce	P.O. Box 773326	99577-3326	1286	2/01/2010
Eagle River	McGough, Mike	300 Hiland	99577-9477	1416	2/02/2010
Eagle River	Metcalf, Rodney	654 Harp Circle	99577-9451	1425	2/01/2010
Eagle River	Quinn, Mike	P.O. Box 772641	99577-2641	1053	2/01/2010
Eagle River	Thomson, John E.	17343 Santa Maria Drive	99577	1150	2/01/2010
Eagle River	Wakeland, Steve	19048 Mountain Pt. Circle	99577	1178	2/01/2010
Eagle River	Witachek, Larry	14501 W Lakeridge Dr	99577	1058	2/01/2010
ESTER					
Ester	Musick, Mike	P.O. Box 170	99725-0170	28	2/01/2010
Ester	Hoener, Todd	P.O. Box 144	99725-0144	1559	2/02/2010
FAIRBANKS					
Fairbanks	Borjesson, Bryan F.	P.O. Box 74715	99707-4715	1294	2/01/2010
Fairbanks	Bourne, Darrell	P.O. Box 83890	99708-3890	1503	2/01/2010
Fairbanks	Braumberger, Dale	4005 Fahrenkamp Ave	99709	1490	2/01/2010
Fairbanks	Chlupp, Thorsten	P.O. Box 74798	99707-4798	1429	2/01/2010
Fairbanks	Dallaire, Reginald	4680 Killen Lane	99709	1392	2/01/2010
Fairbanks	Dillard, Dave	P.O. Box 58144	99705-8144	1129	2/01/2010
Fairbanks	Dobberpuhl, Dave	1479 Alderwood Drive	99709-2633	82	2/01/2010
Fairbanks	Duncan, Tom	P.O. Box 82318	99708-2318	1518	2/01/2010
Fairbanks	Duszynski, Terry	P.O. Box 83149	99708-3149	26	2/01/2010

Fairbanks	Ellison, John D.	409 Driveway Street	99701	1325	2/01/2010
Fairbanks	Gronewold, Kerry	335 5th Ave	99701	1568	2/01/2010
Fairbanks	Hafele, Kerry	P.O. Box 81170	99708-1170	1556	2/01/2010
Fairbanks	Hammond, Evangeline	1657 Old John Trail	99709	1559	2/01/2010
Fairbanks	Hebert, Jack	1460 Goshawk Lane	99709	1132	2/01/2010
Fairbanks	Herting, Robert	1041 Upper Court	99712	1143	2/01/2010
Fairbanks	Hoener, Todd	P.O. Box 144			
Fairbanks	Karella, Kevin	3590 Holden Rd	99709	1546	2/01/2010
Fairbanks	Kuhl, Lynn	5151 Electra	99709-4520	81	2/01/2010
Fairbanks	Lee, James	713 15th Avenue	99701-6116	83	2/01/2010
Fairbanks	Loudon, Phil	1318 Well Street	99701	15	2/01/2010
Fairbanks	Marsh, Paul	1301 9th Ave Apt H	99701	1565	2/01/2010
Fairbanks	Martin, Mark	4823 Villanova Drive	99709	1133	2/01/2010
Fairbanks	Miller, Dave	P.O. Box 73247	99707-3247	1388	2/01/2010
Fairbanks	Musick, Richard	3245 College Rd	99712	1492	2/01/2010
Fairbanks	Mustard, Jerry	1820 Marika	99709	1146	2/01/2010
Fairbanks	Olson, Eric	1666 Aspen Street	99709	1135	2/01/2010
Fairbanks	Pomeroy, Keith	1820 Marika	99709	1533	2/01/2010
Fairbanks	Roy, Milton	316 Farewell Avenue	99701-3628	84	2/01/2010
Fairbanks	Russell, Darrell	4680 Killen Lane	99709	1536	2/01/2010
Fairbanks	Schreder, Mike	P.O. Box 74945	99707-4945	1137	2/01/2010
Fairbanks	Sinkey, David	P.O. Box 82880	99708-2880	1144	2/01/2010
Fairbanks	Slongwhite, Andy	2295A VanHorn Road	99701-7205	1355	2/01/2010
Fairbanks	Stagdon, Chris	P.O. Box 83077	99708-3077	1282	2/01/2010
Fairbanks	Stossmeister, Micah J.	246 Hawk Dr	99712	1561	2/01/2010
Fairbanks	Tilly, Richard S.	P.O. Box 72080	99707-2080	1009	2/01/2010
Fairbanks	Wakefield, Randy	4494 Cranberry St	99709	1545	2/01/2010
GIRDWOOD					
Girdwood	Kesler, Michael	P.O. Box 188	99587-0188	1572	2/01/2010
Girdwood	Valhovich, Caryl	P.O. Box 301	99587-0301	1335	2/01/2010
HOMER					
Homer	McNamara, Don	811 Ocean Dr	99603	1046	2/01/2010

Homer	Steyer, Bill	P.O. Box 15291	99603-6291	1571	2/01/2010
Homer	Veal, Ted	539 Elderberry	99603	3	2/01/2010
Homer	Venuti, Franco	P.O. Box 3652	99603-3652	1264	2/01/2010
JUNEAU					
Juneau	Ford, Charlie	P.O. Box 240203	99824-0203	50	2/01/2010
Juneau	George, Marquam	8752 N. Douglas Hwy	99801-7605	49	2/01/2010
Juneau	Moore, Craig	P.O. Box 20072	99802-0072	65	2/01/2010
Juneau	Petersen, Richard F.	P.O. Box 34939	99803-4939	1114	2/01/2010
KASILOF					
Kasilof	Moerlein, Tim	P.O. Box 298	99610-0298	1072	2/01/2010
KENAI					
Kenai	Hall, Clint	P.O. Box 2829	99611-2829	1065	2/01/2010
Kenai	Jones, Tracy	P.O. Box 2749	99611-2749	1554	2/01/2010
Kenai	Moss, Jennifer	P.O. Box 3413	99611-3413	93	2/01/2010
Kenai	Moss, Robert	P.O. Box 3413	99611-3413	94	2/01/2010
Kenai	Springer, Robert	1206 Third Avenue	99611-7621	77	2/01/2010
Kenai	Wisdom, Steve	P.O. Box 3413	99611-3413	59	2/01/2010
KETCHIKAN					
Ketchikan	Bowers, Kent	482 Forest Park Drive	99901	1525	2/01/2010
Ketchikan	Brown, Joe	402 Jackson St	99901	1550	2/01/2010
Ketchikan	Booth, Doug	6068 Churchhill Ct	99901	1549	2/01/2010
Ketchikan	Dearden, Charles	P.O. Box 8945	99901-8945	70	2/01/2010
Ketchikan	Edwardson, Chas	3309 Ohana Ct	99901	1186	2/01/2010
Ketchikan	Holm, Brad	6765 Springwood Court	99901	1189	2/01/2010
Ketchikan	Joseph, Thomas	730 Hill Road	99901	1190	2/01/2010
Ketchikan	Loughman, Don	P.O. Box 6235	99901-6235	1193	2/01/2010
Ketchikan	Matsuura, John	3810 Chatham St	99901	1194	2/01/2010
Ketchikan	Mickel, Guy	2506 First Avenue	99901	1196	2/01/2010
Ketchikan	Olson, Wayne	P.O. Box 7836	99901-7836	1197	2/01/2010
Ketchikan	Ratzat, Michael A.	51 Raspberry Lane	99901	1199	2/01/2010
Ketchikan	Rauwolf, Andy	7942 S Tongass	99901	1198	2/01/2010
Ketchikan	Rotecki, Bill	P.O. Box 7738	99901-7738	1200	2/01/2010

Ketchikan	Roth, Kelley	284 Forrest Park Dr	99901	1201	2/01/2010
Ketchikan	Thompson, James H.	2450 Tongass Ave #192	99901	1528	2/01/2010
Ketchikan	Urick, Ed	P.O. Box 5161	99901-5161	1551	2/01/2010
Ketchikan	Vermilyea, Joe	193 Yeoman Rd	99901	1557	2/01/2010
KODIAK					
Kodiak	Arndt, Brent	P.O. Box 1066	99615-1066	1209	2/01/2010
Kodiak	Bonney, Scott	P.O. Box 5524	99615-5524	1373	2/01/2010
Kodiak	Friend, Jerrol	1515 Baranof Street	99615-6522	30	2/01/2010
Kodiak	Hansen, A. Ted	P.O. Box 2876	99615-2876	74	2/01/2010
Kodiak	Hilsinger, Dennis	P.O. Box 3119	99615-3119	1523	2/01/2010
Kodiak	Hogen, Douglas	11106 S. Russian Creek Rd	99615	1211	2/01/2010
Kodiak	Huster, John	P.O. Box 1212	99615-1212	1212	2/01/2010
Kodiak	Knowles, Ken	P.O. Box 1934	99615-1934	1336	2/01/2010
Kodiak	Kostelecky, Chris	P.O. Box 2383	99615-2383	1213	2/01/2010
Kodiak	Lindholm, Rick	3137 Mill Bay Road	99615	1215	2/01/2010
Kodiak	Mahoney, Ed	P.O. Box 2281	99615-2281	1547	2/01/2010
Kodiak	Martin, Leonard L.	3137 Mill Bay Rd	99615	1404	2/01/2010
Kodiak	Olson, Craig R	P.O. Box 32	99615-0032	1225	2/01/2010
Kodiak	Rippey, James	P.O. Box 2038	99615-2038	1210	2/01/2010
Kodiak	Smith, Lucas	1815 Mill Bay Rd	99615	1384	2/01/2010
Kodiak	Smith, Stan	P.O. Box 8888	99615-8888	79	2/01/2010
Kodiak	Springer, Tom	P.O. Box 3532	99615-3532	1219	2/01/2010
NENANA					
Nenana	Verhagen, Paul	P.O. Box 563	99760-0563	1566	2/01/2010
NOME					
Nome	Weiss, Charlie	P.O. Box 415	99762-0415	1568	2/01/2010
NORTH POLE					
North Pole	Dalton, Les	P.O. Box 56201	99705-6201	1227	2/01/2010
North Pole	Everhart, Jeremy	P.O. Box 55560	99705-5560	1523	2/01/2010
North Pole	Flemming, Brian	P.O. Box 55304	99705-5304	1553	2/01/2010
North Pole	Garn, Randy	1898 Loose Moose Lp	99705	1494	2/01/2010
North Pole	Gustafson, Jerry	P.O. Box 56300	99705-6300	1031	2/01/2010

North Pole	Roberts, Jason	P.O. Box 58535	99711	1424	2/01/2010
North Pole	Staley, Richard	P.O. Box 55882	99705-5882	1372	2/01/2010
PALMER					
Palmer	Berube, Dan	1517 Industrial Way #8	99645-6711	64	2/01/2010
Palmer	Doolaard, Jeremy M.	P.O. Box 2308	99645-2308	1342	2/01/2010
Palmer	Draper, John	P.O. Box 1768	99645-1768	1472	2/01/2010
Palmer	Fern, Shiela	P.O. Box 1255	99645-1255	1275	2/01/2010
Palmer	Grimstad, Lee	P.O. Box 4235	99645-4235	1548	2/01/2010
Palmer	Hall, Jess	P.O. Box 1987	99645-1987	1043	2/01/2010
Palmer	Hamming, Darrin	655 N. Natasha	99645	1413	2/01/2010
Palmer	Hendrickson, Grant	7320 Ester Drive	99645	1539	2/01/2010
Palmer	Holmes, Joel	11411 E Crimsonview Dr	99645	67	2/01/2010
Palmer	McLain, Luke	P.O. Box 2616	99645-2616	1543	2/01/2010
Palmer	Mattingley, Ken	P.O. Box 2993	99645-2993	1411	2/01/2010
Palmer	Nieman, Lee	3704 N. Willow Ptarmigan Cir	99645	1318	2/01/2010
Palmer	Owens, David R.	P.O. Box 3589	99645-3589	89	2/01/2010
Palmer	Owens, Richard	P.O. Box 4857	99645-4857	92	2/01/2010
Palmer	Renner, Charles	11400 E. Lupine Rd	99645	1519	2/01/2010
Palmer	Scott, Jon	3617 N. Willow Ptargmigan	99645	1334	2/01/2010
SALCHA					
Salcha	Ostlind, Jim	6754 Canaday Rd	99714	1563	2/01/2010
SEWARD					
Seward	Sutherland, Donald	P.O. Box 1852	99664-1852	1013	2/01/2010
Seward	Zimmerman, Philip	33318 Bear Lake Dr	99664	1515	2/01/2008
SITKA					
Sitka	Duguay Chris	200 Observatory St	99835	1540	2/01/2010
SKAGWAY					
Skagway	Doland, Charles	P.O. Box 477	99840-0477	1366	2/01/2010
SOLDOTNA					
Soldotna	Bonebrake, Steve	41265 Golden Eye Ave	99669-9027	43	2/01/2010
Soldotna	Brenton, James	40655 Huckabay Rd	99669	1059	2/01/2010
Soldotna	Herring, Jerry	32266 Lakefront Drive	99669	75	2/01/2010

UNALAKLEET					
Unalakleet	Comack, Alfred	P.O. Box 224	99684-0224	1560	2/01/2010
VALDEZ					
Valdez	Zastrow, Richard	P.O. Box 2203	99686-2203	1570	2/01/2010
WARD COVE					
Ward Cove	Byron, Jim	P.O. Box 678	99928-0678	1184	2/01/2010
Ward Cove	Hasty, William	P.O. Box 741	99928-0741	1188	2/01/2010
Ward Cove	Stulken, Merrill	P.O. Box 1538	99928-1538	1204	2/01/2010
WASILLA					
Wasilla	Alderman, Mark	1265 E. Lolly Circle	99654	1332	2/01/2010
Wasilla	Basalyga, Michael	4640 W Yundt Dr	99654	1530	2/01/2010
Wasilla	Bruu, Bill	1650 Cottonwood Creek Dr	99654	61	2/01/2010
Wasilla	Caldwell, Sheirwin	P.O. Box 871089	99687-1089	1036	2/01/2010
Wasilla	Clark, Patrick	P.O. Box 874426	99687-4426	1076	2/01/2010
Wasilla	Clements, Jeffrey R.	P.O. Box 875156	99687-5156	1016	2/01/2010
Wasilla	Davis, Troy	1075 Check Street #107	99654	1038	2/01/2010
Wasilla	Divis, Mike	5159 S. Snowshoe Parkway	99654	1021	2/01/2010
Wasilla	Earns, Clint	P.O. Box 872574	99687-2574	1552	2/01/2010
Wasilla	Erickson, Keith	P.O. Box 870023	99687-0023	1313	2/01/2010
Wasilla	Fletcher, Bill	P.O. Box 870184	99687-0184	1412	2/01/2010
Wasilla	Fonov, Nikolay	P.O. Box 872963	99687-2963	1522	2/01/2010
Wasilla	Hearn, Robert	2752 N. Cottonwood Loop	99654	1534	2/01/2010
Wasilla	Helton, Wendell	PMB642 1830 E Parks Hwy	99654	1474	2/01/2010
Wasilla	Hesselbach, Bruce	874096	99687-4096	1315	2/01/2010
Wasilla	Hill, John	5073 N. Kipling	99654	1111	2/01/2010
Wasilla	Hull, Daniel R.	2505 N. Pitman Rd	99654	1558	2/01/2010
Wasilla	Janneck, Doug	P.O. Box 298248	99629-8248	1511	2/01/2010
Wasilla	Janneck, Howard	P.O. Box 298373	99629-8373	1087	2/01/2010
Wasilla	Judkins, Cliff	P.O. Box 874124	99687-4124	1488	2/01/2010
Wasilla	Kappen, Carl	1830 E. Parks Hwy #A113	99654-7374	1044	2/01/2010
Wasilla	Kuzina, Ron	P.O. Box 873152	99687-3152	1096	2/01/2010
Wasilla	Ledford, Thomas	P.O. Box 879594	99687-9594	1535	2/01/2010

Wasilla	Manual, Steve	P.O. Box 870376	99687-0376	1101	2/01/2010
Wasilla	Mersdorf, Dennis	P.O. Box 874535	99687-4535	1507	2/01/2010
Wasilla	Metcalf, Jason	2780 Heritage Farm Dr	99654	1426	2/01/2010
Wasilla	Metcalf, Ryan	208 E Eagle Vista	99654	1569	2/01/2010
Wasilla	Nolan, Aaron	6001 South Hallie	99654	1077	2/01/2010
Wasilla	Olstad, Donald	P.O. Box 873912	99687-3912	1082	2/01/2010
Wasilla	Orr, Steve M.	351 Roy Rd	99654	1090	2/01/2010
Wasilla	Payne, Ron	4645 N Gunflint Trail	99654	1481	2/01/2010
Wasilla	Pendergraft, Mike	P.O. Box 875503	99687-5503	1271	2/01/2010
Wasilla	Perkins, Carol	P.O. Box 871825	99687-0505	80	2/01/2010
Wasilla	Pevan, Robert T.	3091 Meadow Lakes Dr	99654	1410	2/01/2010
Wasilla	Publicover, John	P.O. Box 871377	99687-1377	1050	2/01/2010
Wasilla	Roloff, Randall	P.O. Box 875910	99687-5910	1092	2/01/2010
Wasilla	Roth, Roy	7335 E Springwood Dr	99654	1098	2/01/2010
Wasilla	Schrock, Marvin	HC 35 Box 5373 D	99654	1502	2/01/2010
Wasilla	Smith, Tom	440 S. Denali Street	99687	1006	2/01/2010
Wasilla	Sumner, Jesse	P.O. Box 872992	99687-2992	1541	2/01/2010
Wasilla	Swinford, Caryl	P.O. Box 871825	99687-1825	1078	2/01/2010
Wasilla	Tobin, Tim	P.O. Box 873916	99687-3916	1104	2/01/2010
Wasilla	Vandorn, Brian	490 N. Main #175	99654	1529	2/10/2010
Wasilla	Wolfe, Phillip	P.O. Box 871158	99687-1158	1363	2/01/2010
WILLOW					
Willow	Anderson, John	P.O. Box 1072	99688-1072	1527	2/01/2010
Willow	Johnson, Richard	P.O. Box 674	99688-0674	1280	2/01/2010

ALASKA HOUSING FINANCE CORPORATION: Energy Raters

Yellow highlight denotes new energy rater

As of March 10, 2009

To participate in the energy rebate program for existing homes, you MUST request a rater by calling: 1-877-AKREBATE (877-257-3228) or visiting the website at www.akrebate.com. You may use this list to contact a rater directly for all other programs or purposes.

CITY	COMPANY	PHONE/FAX	E-MAIL	ADDRESS	CITY	ZIP	EXPIR.
ANCHORAGE							
Bennett, Jesse	Jesse Bennett Unlimited	907-726-0696	energyratemyhouse@gmail.com	8650 Brookway Cir	Anchorage	99504	04/01/10
Bonnett, Brendan	The Borealis Woodwright LLC	907-242-5475	brendan@borealiswoodwright.com	1026A W 10th Ave	Anchorage	99501	04/01/10
Brooks, Stuart	Energy Design Assoc.	907-696-5573(phone/fax)		17526 Rachel Circle	Eagle River	99577-7512	04/01/10
Curry, David A.	Curry Inspection Svcs.	907-376-4652	dac@mtaonline.net	P.O. Box 877398	Wasilla	99687-7398	04/01/10
Diemer, James	BR-3 Energy Rating, LLC	907-980-1083	br3energyrating@gmail.com	P.O. Box 231692	Anchorage	99523-1692	04/01/10
Feiler, Geoff	Heat Loss Analysis, Inc.	907-563-0773/563-8061	hla@alaska.net	4128 Wright Street	Anchorage	99508-5347	04/01/10
Fischer, Bill	Energy Smart Alaska	907-884-0112	bill@energysmartalaska@yahoo.com	P.O. Box 244324	Anchorage	99524-4324	04/01/10
Freeman, John	Sunrise Energy Works	907-276-1984	rise@ak.net	1529 Sunrise Drive	Anchorage	99508-3024	04/01/10
Hickson, Cliff	C2H, Inc.	386-931-8270	arl@starband.net	3745 A W 64th Ave	Anchorage	99502	04/01/10
Houston, Mark	The Comforts of Home, LLC	244-4250	mark@tcohllc.com	P.O. Box 244145	Anchorage	99524-4145	04/01/10
Itchoak, Bob	R-Value Energy Services	907-575-9424	007rater@gmail.com	9402 Endicott	Anchorage	99502	04/01/10
Jenkins, Jeff	Ak. Prof. Enrgy Rat. Inc.	907-373-3740	akproenergy@mtaonline.net	P.O. Box 879584	Wasilla	99687-9584	04/01/10
Lee, Ralph	Rural AK Com. Act. Program	907-865-7374	rlee@ruralcap.com	731 E 8th Ave	Anchorage	99501	04/01/10
Lepping, Kyle	Alaska Energy Analysis, LLC	907-720-7283	akrater@gci.net	11826 Wilderness Dr	Anchorage	99516	04/01/10
Oster, Matt	Red Edge Design, LLC	907-563-1119	rededgedesignllc@gmail.com	3842 Williams Street	Anchorage	99508	04/01/10
Renfro, Chad	Energy Efficiency Assoc.	907-277-0955	Chadfro_09@yahoo.com	P.O. Box 103991	Anchorage	99510-3991	04/01/10
Renfro, Chuck	Energy Efficiency Assoc.	907-277-0955	crenfro@alaska.net	P.O. Box 103991	Anchorage	99510-3991	04/01/10
Schultz, Jon	Accurate Inspection Services	907-243-0352	ahis@gci.net	7821 Ascot Street	Anchorage	99502	04/01/10
Vice, Bret	Active Energy Inspection	907-561-7474 (phone/fax)		P.O. Box 232936	Anchorage	99523-2936	04/01/10
Waterman, Scott	Alaska Housing Fin. Corp.	907-338-6100/338-1747	swaterma@ahfc.state.ak.us	4300 Boniface Prkwy	Anchorage	99504-4387	04/01/10
AUKE BAY							
Walling, Randy	Walling Construction	907-790-3058	randywalling@alaska.net	P.O. Box 210422	Auke Bay	99821-0422	04/01/10
BETHEL							
Osentoski, Dan	Osentoski Construction	907-543-5609	danosentoski@hotmail.com	P.O. Box 1261	Bethel	99559-1261	04/01/10
Steyer, Bill	The Energy Saver	907-399-1078	saanti@mosquitonet.com	P.O. Box 15291	Fritz Creek	99603-6291	04/01/10
Whitney, Eric	Whitney Construction	907-544-4445	e_whitney@mac.com	P.O. Box 923	Bethel	99559-0923	04/01/10
CHUGIAK							
Bennett, Jesse	Jesse Bennett Unlimited		energyratemyhouse@gmail.com	8650 Brookway Cir	Anchorage	99504	04/01/10
Brooks, Stuart	Energy Design Assoc.	907-696-5573 (phone/fax)		17526 Rachel Circle	Eagle River	99577-7512	04/01/10
Curry, David A.	Curry Inspection Svcs.	907-376-4652	dac@mtaonline.net	P.O. Box 877398	Wasilla	99687-7398	04/01/10
Jenkins, Jeff	Ak. Prof. Enrgy Rat. Inc.	907-373-3740	akproenergy@mtaonline.net	P.O. Box 879584	Wasilla	99687-9584	04/01/10
Owens, Richard	Residential Energy Designs	907-746-5652	rich_r_owens@hotmail.com	P.O. Box 4857	Palmer	99645-4857	04/01/10
Perkins, Carol	Act. Insp. & Energy Ratings	907-376-0402 (phone/fax)	info@activeinspections.net	P.O. Box 871825	Wasilla	99687-1825	04/01/10
CORDOVA							
Irving, Mark	Mark Irving Gen. Contractor	907-424-7219	alaskaenergysolutions@gmail.com	P.O. Box 2233	Cordova	99574-2233	04/01/10
Srb, Roy	Enersave of Alaska	907-424-3483	rwsrb@gci.net	P.O. Box 1069	Cordova	99574	04/01/10
DILLINGHAM							
Isaacs, Gorden	Alaska West Supply, Inc.	907-842-5500/842-5938	gorden.isaacs@gmail.com	P.O. Box 563	Dillingham	99576-0563	04/01/10
Kurtz, Dick	Bristol Bay Hsing Auth.	907-842-5956/842-2645	dickaanc@hotmail.com	P.O. Box 72	Dillingham	99576-0072	04/01/10
Nelson, Dagen		907-842-5956/842-2645	dnelson@bbha.org	P.O. Box 477	Dillingham	99576-0477	04/01/10
Scandura, Ray	RPC Alaska Inc.	907-842-2530/775-535-1505	ray@rpcalaska.com	P.O. Box 483	Dillingham	99576-0483	04/01/10
Steyer, Bill	The Energy Saver	907-399-1078	saanti@mosquitonet.com	P.O. Box 15291	Fritz Creek	99603-6291	04/01/10

CITY	COMPANY	PHONE/FAX	E-MAIL	ADDRESS	CITY	ZIP	EXPIR.
DOUGLAS							
Ford, Charlie	Energy Conservation Svc.	907-364-3338p/5863990	fordw@gci.net	P.O. Box 240203	Douglas	99824-0203	04/01/10
EAGLE RIVER							
Bennett, Jesse	Jesse Bennett Unlimited		energyratemyhouse@gmail.com	8650 Brookway Cir	Anchorage	99504	04/01/10
Brooks, Stuart	Energy Design Assoc.	907-696-5573(phone/fax)		17526 Rachel Circle	Eagle River	99577-7512	04/01/10
Curry, David A.	Curry Inspection Svcs.	907-376-4652	dac@mtaonline.net	P.O. Box 877398	Wasilla	99687-7398	04/01/10
Jenkins, Jeff	Ak. Prof. Enrgy Rat. Inc.	907-373-3740	akproenergy@mtaonline.net	P.O. Box 879584	Wasilla	99687-9584	04/01/10
Owens, Richard	Residential Energy Designs	907-746-5652	rich_r_owens@hotmail.com	P.O. Box 4857	Palmer	99645-4857	04/01/10
Perkins, Carol	Act. Insp. & Energy Ratings	907-376-0402 (phone/fax)	info@activeinspections.net	P.O. Box 871825	Wasilla	99687-1825	04/01/10
Renfro, Chad	Energy Efficiency Assoc.	907-277-0955	Chadfro_09@yahoo.com	P.O. Box 103991	Anchorage	99510-3991	04/01/10
Renfro, Chuck	Energy Efficiency Assoc.	907-277-0955	crenfro@alaska.net	P.O. Box 103991	Anchorage	99501	04/01/10
ESTER							
Hoener, Todd	Stellar Energy	907-479-0454	tmhoener@gmail.com	P.O. Box 144	Ester	99725-0144	04/01/10
FAIRBANKS							
Akin, David	Arctic Tech. Services	907-452-8368/452-8007	adavidak@yahoo.com	1318 Well Street	Fairbanks	99701-2821	04/01/10
Alexander, Wes	Ak Energy Conservation	907-479-8944	energypro@live.com	1240 Crown Road	Fairbanks	99709	04/01/10
Collette, John	Alaskaworks Engineering	907-479-0706	gnordic@acsalaska.net	3221 Ester Dome Road	Fairbanks	99709-6102	04/01/10
Duszynski, Terry	Duszynski & Assoc.	907-479-3324/479-9139	tduszy@acsalaska.net	P.O. Box 83149	Fairbanks	99708-3149	04/01/10
Hafele, Kerry	Hafele Energy Ratings	907-457-5905	hafele@gci.net	P.O. Box 81170	Fairbanks	99708-1170	04/01/10
Hammond, Evangeline	Denali Contract Services	907-479-4790	ehammond@denalicontract.com	1657 Old John Trail	Fairbanks	99709	04/01/10
Hobbs, Steve	Arctic Tech. Services	907-452-8368/452-8007	Shobbs2244@gmail.com	1318 Wells Street	Fairbanks	99701-2821	04/01/10
Hirt, Michael	Alaska BTU	907-799-2114/479-5540	alaska.btu@gmail.com	P.O. Box 81863	Fairbanks	99708-1863	04/01/10
Hough, Karl	Subsistence Products	907-457-4568	subsistencepro@aol.com	P.O. Box 10918	Fairbanks	99710-0918	04/01/10
Kuhl, Lynn	Kuhl Inspections	907-452-5601 (phone/fax)	kuhls@gci.net	5151 Electra Avenue	Fairbanks	99709-4520	04/01/10
Leffel, Emmett	AK Thermal Imaging, LLC	907-488-4332	akthermalimaging@yahoo.com	P.O. Box 60386	Fairbanks	99706-0386	04/01/10
Loudon, Phil	Arctic Tech. Services	907-452-8368/452-8007	nrgtech@polarnet.com	1318 Well Street	Fairbanks	99701-2821	04/01/10
Ninmer, Marshall	Energy Marshall	(907) 456-1320	energymarshall@hotmail.com	2604 Chief Alexander Dr	Fairbanks	99709-4862	04/01/10
Martin, Mark M.	Martin Engineering Co.	907-458-7013/458-7019	mark@mei6482.com	1985 Gilmore Trail	Fairbanks	99712-3011	04/01/10
Pharr, George	ABC Inc.	907-457-2221	abcwoodyg@yahoo.com	401 Driveway St	Fairbanks	99701	04/01/10
Roy, Milton	Roy Construction, Inc.	907-455-0315/455-0316	rcinc02@hotmail.com	316 Farewell Avenue	Fairbanks	99701-3628	04/01/10
Spillane, Dan	Arctic Technical Services	907-452-8368/452-8007	akspillane@gmail.com	P.O. Box 74952	Fairbanks	99707-4952	04/01/10
Steyer, Bill	The Energy Saver	907-399-1078	saanti@mosquitonet.com	P.O. Box 15291	Fritz Creek	99603-6291	04/01/10
Twogood, Alex	Skyfire Inspections	907-479-7625	alex.twogood@gmail.com	P.O. Box 60203	Fairbanks	99706-0203	04/01/10
FRITZ CREEK							
Steyer, Bill	The Energy Saver	907-399-1078	saanti@mosquitonet.com	P.O. Box 15291	Fritz Creek	99603-6291	04/01/10
GLENNALLEN							
Brooks, Stuart	Energy Design Assoc.	907-696-5573(phone/fax)		17526 Rachel Circle	Eagle River	99577-7512	04/01/10
Owens, Richard	Residential Energy Designs	907-746-5652	rich_r_owens@hotmail.com	P.O. Box 4857	Palmer	99645-4857	04/01/10
Perkins, Carol	A. Insp. & Energy Ratings	907-376-0402 (phone/fax)	info@activeinspections.net	P.O. Box 871825	Wasilla	99687-1825	04/01/10
HAINES							
White, John	Peninsula Marine Env. Div.	907-314-3054	akenergyrater@hotmail.com	P.O. Box 1377	Haines	99827-1377	04/01/10
HOMER							
Herring, Jerry	Central Alaska Engineering	907-260-5311/260-5312		32266 E. Lakefront	Soldotna	99669-8913	04/01/10
Moss, Jennifer	Wisdom & Associates	907-235-6045	jwisdom@alaska.com	P.O. Box 4184	Homer	99603-4184	04/01/10
Moss, Robert	Wisdom & Associates	907-283-0629	rmoss@alaska.com	P.O. Box 4184	Homer	99603-4184	04/01/10
Nelson, James A.	Nelson Energy Ways	907-235-6524	alaskayerway@yahoo.com	P.O. Box 650	Homer	99603-0650	04/01/10
Springer, Robert	RS Inspection Services	907-283-3969/283-3622	RCSpringer@gci.net	1206 3rd Avenue	Kenai	99611-7621	04/01/10
Steyer, Bill	The Energy Saver	907-399-1078	saanti@mosquitonet.com	P.O. Box 15291	Fritz Creek	99603-6291	04/01/10
Veal, Ted	Ted Veal & Co.	907-235-7461	tveal@xyz.net	539 Elderberry Drive	Homer	99603-7112	04/01/10

CITY	COMPANY	PHONE/FAX	E-MAIL	ADDRESS	CITY	ZIP	EXPIR.
Wisdom, Steven	Wisdom & Associates	907-283-0629/9188 fax	wisdom@alaska.com	P.O. Box 4184	Homer	99603-4184	04/01/10
Woodward, John	Building Performance	907-229-2372	panuktuk@yahoo.com	P.O. Box 3407	Homer	99603-3407	04/01/10
JUNEAU							
Ford, Charlie	Energy Conservation Svc.	907-364-3338p/586-3990	fordw@gci.net	P.O. Box 240203	Douglas	99824-0203	04/01/10
Geary, Daymond	AK Energy Insp. Company	907-500-7959	greeninspect@gmail.com	1200 Mendenhall Pen.	Juneau	99801	04/01/10
Moore, Craig	First City Builders	907-586-6697/586-6693	cmoore@ptialaska.net	P.O. Box 20072	Juneau	99802-0072	04/01/10
KENAI							
Moss, Robert	Wisdom & Associates	907-283-0629	rmoss@alaska.com	P.O. Box 4184	Homer	99603-4184	04/01/10
Moss, Jennifer	Wisdom & Associates	907-235-6045	jwisdom@alaska.com	P.O. Box 4184	Homer	99603-4184	04/01/10
Russell, Todd	Wisdom & Associates	907-283-0629p/283-9188	wisdom@alaska.com	P.O. Box 3413	Kenai	99611-3413	04/01/10
Springer, Robert	RS Inspection Services	907-283-3969/283-3622	RCSpringer@gci.net	1206 3rd Avenue	Kenai	99611-7621	04/01/10
Veal, Ted	Ted Veal & Co.	907-235-7461	tveal@xyz.net	539 Elderberry Drive	Homer	99603-7112	04/01/10
Wisdom, Steven	Wisdom & Associates	907-283-0629p/283-9188	wisdom@alaska.com	P.O. Box 3413	Kenai	99611-3413	04/01/10
KETCHIKAN							
Cragun, Scott	Home Tech Home Srvcs.	907-225-5129/225-5129	hometech@kpunet.net	P.O. Box 8701	Ketchikan	99901-8701	04/01/10
Dearden, Chuck	Gold Coast Bldg Consultants	907-225-6822 (phone/fax)	cdear@kpunet.net	P.O. Box 8945	Ketchikan	99901-8945	04/01/10
KODIAK							
Friend, Jerrol	Friend Contractors	907-486-4946p/7654 fax	jfriend@alaska.com	1515 Baranof Street	Kodiak	99615-6522	04/01/10
Hansen, A. Ted	The Energy Guy	907-486-2817p/2657fax		P.O. Box 2876	Kodiak	99615-2876	04/01/10
Smith, Stanley V.		907-486-8885/486-8878	pavlov@gci.net	P.O. Box 8888	Kodiak	99615-8888	04/01/08
NAKNEK							
Scandura, Ray	RPC Alaska Inc.	907-775-535-1505	rays99576@yahoo.com	P.O. Box 483	Dillingham	99576-0483	04/01/08
NENANA							
Verhagen, Paul	P.O. Box 563	907-378-5454	paulverhagen@prodigy.net	P.O. Box 563	Nenana	99760-0563	04/01/10
NORTH POLE							
Moodie, Patricia		907-490-6944	moodie@alaska.net	P.O. Box 56510	North Pole	99705-6510	04/01/10
Tallant, Richard	R T Interiors	907-480-4811/456-7650	r_t_interiors@yahoo.com	2630 Kalispell	North Pole	99705	04/01/10
NOME							
Bensin, Robert	Eagle Electric/BSNC	907-443-8062	rbensin@eagleelectricllc.com	P.O. Box 1810	Nome	99762-1810	04/01/10
Nagaruk, Nathan							
Parsons, Anthony	Bering Straits Dev. Corp.	907-443-5254	tparsons@beringstraits.com	P.O. Box 1008	Nome	99762-1008	04/01/10
PALMER							
Brooks, Stuart	Energy Design Assoc.	907-696-5573 (phone/fax)		17526 Rachel Circle	Eagle River	99577-7512	04/01/10
Collins, Jason	Collins Architecture	907-745-2034	collinsarchitect@gmail.com	16800 E Plumley	Palmer	99645	04/01/10
Curry, David A.	Curry Inspection Svcs.	907-376-4652	dac@mtaonline.net	P.O. Box 877398	Wasilla	99687-7398	04/01/10
Holmes, Joel	Alaska Energy Testing	907-354-6153	alaskaeps@yahoo.com	11411 E Crimson View	Palmer	99645	04/01/10
Jenkins, Jeff	Ak. Prof. Enrgy Rat. Inc.	907-373-3740	akproenergy@mtaonline.net	P.O. Box 879584	Wasilla	99687-9584	04/01/10
Owens, Dave	Owens Inspection Svcs.	907-746-5471p/746-5476	oweninspemtaonline.net	P.O. Box 3589	Palmer	99645-3589	04/01/10
Owens, Richard	Residential Energy Designs	907-232-5644 or 746-5652	rich_r_owens@hotmail.com	P.O. Box 4857	Palmer	99645-3589	04/01/10
Perkins, Carol	A. Insp. & Energy Ratings	907-376-0402 (phone/fax)	info@activeinspections.net	P.O. Box 871825	Wasilla	99687-1825	04/01/10
Renfro, Chad	Energy Efficiency Assoc.	907-277-0955	Chadfro_09@yahoo.com	P.O. Box 103991	Anchorage	99510-3991	04/01/10
PETERSBURG							
Grundberg, Eric	Grundberg Construction	907-772-2078		P.O. Box 2193	Petersburg	99833-2193	04/01/10
SEWARD							
Herring, Jerry	Central Alaska Engineering	907-260-5311/260-5312		32266 E. Lakefront	Soldotna	99669-8913	04/01/10
Kaluza, Phil	Arctic Energy Systems		pkaluza@gmail.com	P.O. Box 3234	Seward	99664-3234	04/01/10
Moss, Robert	Wisdom & Associates	907-283-0629/283-9188	rmoss@alaska.com	P.O. Box 4184	Homer	99603-4184	04/01/10

CITY	COMPANY	PHONE/FAX	E-MAIL	ADDRESS	CITY	ZIP	EXPIR.
Moss, Jennifer	Wisdom & Associates	907-235-6045	jwisdom@alaska.com	P.O. Box 4184	Homer	99603-4184	04/01/10
Nilsson, Stefan	Nilsson's Services	907-224-2324	nilsson@gci.net	P.O. Box 529	Seward	99664-0529	04/01/10
Wisdom, Steve	Wisdom & Associates	907-235-6045	wisdom@alaska.com	P.O. Box 4184	Homer	99603-4184	04/01/10
SELDOVIA							
Moss, Robert	Wisdom & Associates	907-283-0629	rmoss@alaska.com	P.O. Box 4184	Homer	99603-4184	04/01/10
Moss, Jennifer	Wisdom & Associates	907-235-6045	jwisdom@alaska.com	P.O. Box 4184	Homer	99603-4184	04/01/10
Wisdom, Steve	Wisdom & Associates	907-235-6045	wisdom@alaska.com	P.O. Box 4184	Homer	99603-4184	04/01/10
SITKA							
Duguay, Chris	One Island Energy	907-747-4507 phone/fax	webfoot@alaska.net	314 Charteris St	Sitka	99835	04/01/10
SOLDOTNA							
Bonebrake, Steve	Bonebrake Engineering	907-262-1671/262-9877	bonebrake@ci.soldotna.ak.us	P.O. Box 2497	Soldotna	99669-2497	04/01/10
Herring, Jerry	Central Alaska Engineering	907-260-5311/260-5312		32266 E. Lakefront	Soldotna	99669-8913	04/01/10
Moss, Jennifer	Wisdom & Associates	907-235-6045	jwisdom@alaska.com	P.O. Box 4184	Homer	99603-4184	04/01/10
Moss, Robert	Wisdom & Associates	907-283-0629		P.O. Box 4184	Homer	99603-4184	04/01/10
Springer, Robert	RS Inspection Services	907-283-3969/283-3622	RCSpringer@gci.net	1206 3rd Avenue	Kenai	99611-7621	04/01/10
Steyer, Bill	The Energy Saver	907-399-1078	saanti@mosquitonet.com	P.O. Box 15291	Fritz Creek	99603-6291	04/01/10
Veal, Ted	Ted Veal & Co.	907-235-7461	tveal@xyz.net	539 Elderberry Drive	Homer	99603-7112	04/01/10
Wisdom, Steve	Wisdom & Associates	907-235-6045	wisdom@alaska.com	P.O. Box 4184	Homer	99603-4184	04/01/10
STATEWIDE							
Bonnett, Brendan	The Borealis Woodwright LLC	907-242-5475	brendan@borealiswoodwright.com	1026A W 10th Ave	Anchorage	99501	04/01/10
Bruu, Bill	Ti-Le-An Management	907-373-5296		1650 Cottonwood Cr Dr	Wasilla	99687	04/01/10
Clayton, Keith	Arctic Climate Eff. Srvcs.	907-488-9749	nrgtech08@yahoo.com	P.O. Box 72171	Fairbanks	99707-2171	04/01/10
Feiler, Geoff	Heat Loss Analysis, Inc.	907-563-0773w/563-8061	hla@alaska.net	4128 Wright Street	Anchorage	99508-5347	04/01/10
Ford, Charlie	Energy Conservation Svc.	907-364-3338p/586-3990 fa	fordw@gci.net	P.O. Box 240203	Douglas	99824-0203	04/01/10
Loudon, Phil	Arctic Tech. Services	907-452-8368/452-8007	nrgtech@polarnet.com	1318 Well Street	Fairbanks	99701-2821	04/01/10
Perkins, Carol	A. Insp. & Energy Ratings	907-376-0402 (phone/fax)	info@activeinspections.net	P.O. Box 871825	Wasilla	99687-1825	04/01/10
Moss, Jennifer	Wisdom & Associates	907-235-6045	jwisdom@alaska.com	P.O. Box 4184	Homer	99603-4184	04/01/10
Moss, Robert	Wisdom & Associates	907-283-0629	rmoss@alaska.com	P.O. Box 4184	Homer	99603-4184	04/01/10
Owens, Richard	Residential Energy Designs	907-746-5652	rich_r_owens@hotmail.com	P.O. Box 4857	Palmer	99645-4857	04/01/10
Renfro, Chuck	Energy Efficiency Assoc.	907-277-0955	crenfro@alaska.net	P.O. Box 103991	Anchorage	99501	04/01/10
Springer, Robert	RS Inspection Services	907-283-3969/283-3622	RCSpringer@gci.net	1206 3rd Avenue	Kenai	99611-7621	04/01/10
Wisdom, Steven	Wisdom & Associates	907-235-6045	wisdom@alaska.com	P.O. Box 4184	Homer	99603-4184	04/01/10
Woodward, John	Building Performance	907-229-2372	panuktuk@yahoo.com	P.O. Box 3407	Homer	99603-3407	04/01/10
STERLING							
Herring, Jerry	Central Alaska Engineering	907-260-5311/260-5312		32266 E. Lakefront	Soldotna	99669-8913	04/01/10
Moss, Jennifer	Wisdom & Associates	907-235-6045	jwisdom@alaska.com	P.O. Box 4184	Homer	99603-4184	04/01/10
Moss, Robert	Wisdom & Associates	907-283-0629	rmoss@alaska.com	P.O. Box 4184	Homer	99603-4184	04/01/10
Springer, Robert	RS Inspection Services	907-283-3969/283-3622	RCSpringer@gci.net	1206 3rd Avenue	Kenai	99611-7621	04/01/10
Wisdom, Steve	Wisdom & Associates	907-235-6045	wisdom@alaska.com	P.O. Box 4184	Homer	99603-4184	04/01/10
TALKEETNA							
Bonnett, Brendan	The Borealis Woodwright LLC	907-242-5475	brendan@borealiswoodwright.com	1026A W 10th Ave	Anchorage	99501	04/01/10
TOK							
Humphreys, Jarrett	Wolf Solar Electric	907-940-5580	sales@wolfsolarelectric.com	P.O. Box 612	Tok	99780	04/01/10
VALDEZ							
Zastrow, Richard	Blue Line Design	907-831-1072	rich_jeri@cvinternet.net	P.O. Box 2203	Valdez	99686-2203	04/01/10
WASILLA							
Agen, Jordan	Flawless Construction, Inc.	907-315-3540	energy@flawlessco.com	189 E. Nelson Ave #214	Wasilla	99654	04/01/10
Brooks, Stuart	Energy Design Assoc.	907-696-5573		17526 Rachel Circle	Eagle River	99577-7512	04/01/10

CITY	COMPANY	PHONE/FAX	E-MAIL	ADDRESS	CITY	ZIP	EXPIR.
Bruu, Bill	Ti-Le-An Management	907-373-5296		1650 Cottonwood Cr Dr	Wasilla	99687	04/01/10
Curry, David A.	Curry Inspection Svcs.	907-376-4652	dac@mtaonline.net	P.O. Box 877398	Wasilla	99687-7398	04/01/10
Holmes, Joel	Alaska Energy Testing	907-354-6153/745/5620		11411 E Crimson View	Palmer	99645	04/01/10
Jenkins, Jeff	Ak. Prof. Enrgy Rat. Inc.	907-373-3740	akproenergy@mtaonline.net	P.O. Box 879584	Wasilla	99687-9584	04/01/10
Judkins, Cliff	Certified Home Insp. Srvcs.	907-355-3591/373-3592	cjudkins@mtaonline.net	P.O. Box 874124	Wasilla	99687-4124	04/01/10
Owens, Richard	Residential Energy Designs	907-746-5652	rich_r_owens@hotmail.com	P.O. Box 4857	Palmer	99645-4857	04/01/10
Perkins, Carol	Active Inspections, Inc.	907-376-0402	info@activeinspections.net	P.O. Box 871825	Wasilla	99687-1825	04/01/10
Renfro, Chad	Energy Efficiency Assoc.	907-277-0955	Chadfro_09@yahoo.com	P.O. Box 103991	Anchorage	99510-3991	04/01/10
WILLOW							
Curry, David A.	Curry Inspection Svcs.	907-376-4652	dac@mtaonline.net	P.O. Box 877398	Wasilla	99687-7398	04/01/10
Jenkins, Jeff	Ak. Prof. Enrgy Rat. Inc.	907-373-3740	akproenergy@mtaonline.net	P.O. Box 879584	Wasilla	99687-9584	04/01/10
Owens, Richard	Residential Energy Designs	907-746-5652	rich_r_owens@hotmail.com	P.O. Box 4857	Palmer	99645-4857	04/01/10
Renfro, Chad	Energy Efficiency Assoc.	907-277-0955	Chadfro_09@yahoo.com	P.O. Box 103991	Anchorage	99510-3991	04/01/10
Renfro, Chuck	Energy Efficiency Assoc.	907-277-0955	crenfro@alaska.net	P.O. Box 103991	Anchorage	99510-3991	04/01/10

Population OVER 2500				
Community/Municipality	**Pop'n**	**Energy Efficiency & Conservation Block Grants**	**Planning Commission**	**Codes**
State of Alaska		$9,593,500		
Aleutians East Borough	2795	$50,000	No	
Muni Anchorage	283,938	$2,688,900	Yes	2006 IRC / 2006 IECC
Fairbanks NStar Borough	96,888	$250,300	Yes	*
City & Borough Juneau	30,317	$131,400	Yes	2003 IRC
Kenai Pen Borough	52,407	$192,200	Yes	*
Ketchikan Gateway Borough	13,166	$50,000	Yes	
Kodiak Island Borough	13,574	$50,000	Yes	
Mat-Su Borough	80,088	$249,300	Yes	1997 UBC
N. Slope Borough	6751	$50,000	Yes	
NW Arctic Borough	7399	$50,000	Yes	
City & Borough Sitka	8644	$50,000	Yes	2006 IRC
City of Barrow	4054	$129,300	N. Slope B.	
City of Bethel Ourutsaramuit Native Village	5653	$50,000 $138,200	Yes	
City of Fairbanks	31639	$164,100	FAI N. Star Borough	2006 IRC / 2006 IECC
City of Homer	5504		Yes	
City of Kenai	6975	$50,000	Yes, Zoning	2006 IRC
City of Ketchikan Ketchikan Indian Coop.	7732	$50,000 $105,700	Ketch. Gateway B.	1997 UHC-soon 2006 IRC / 2006 IECC
City of Kodiak Su`naq Tribe of Kodiak	5691	$50,000 $49,800	Kodiak Isl. Borough	1997 UBC
City of Kotzebue	3135	$115,000	Yes	
City of Nome	3497	$101,800	Yes	2000 IRC
City of Palmer	5506	$50,000	Yes, Zoning	2006 IRC
City of Petersburg Petersberg Indian Assocn.	3072	$0 $50,700	Yes	2006 IRC
City of Seward	2661		Yes, Zoning	
City of Soldotna	3983		Yes, Zoning	2006 IRC
City of Unalaska Qawalangin Tribe of Unalaska	3678	$0 $45,500	Yes, Platting Board	
City of Valdez	4353		Yes, Zoning	2006 IRC
City of Wasilla	7028	$50,000	Yes, Utilities Commission	

Population Between 1000-2499				
Denali Borough	2033	$50,000	Assembly	
Bristol Bay Borough	1035		Yes	
Haines Borough Chilkoot Indian Village	2257	$0 $50,000	Yes	
Lake & Pen Borough	1538		Yes	
City & Borough of Wrangell	2062	($53,400) to Wrangell Coop Assocn.	Yes	1997 UBC-soon IRC / IECC
City of Cordova Eyak	2194	$0 $48,900	Yes	
City of Craig	1054	(50,200) to Craig Community Assoc.	Yes	
City of Dillingham	2405		Yes	
City of Hooper Bay	1149	$70,300	No	
City of Houston	1588		Mat-Su B.	
Indian Community of Metlakatla	1404	$75,400	No	
City of North Pole	1946		FAI N. Star Borough	

Energy Efficiency and Conservation Block Grants

Energy efficiency retrofits (residential and commercial)
Financial incentive programs for energy efficiency, renewable energy
Improve energy efficiency to reduce energy costs
Save taxpayers money

- $9,593,500 for State of AK to go to public facilities and communities left out
- $4,376,200 to communities, many with deferred jurisdiction
- 2 of those communities with populations under 2500
- 4 communities with population over 2500 not receiving direct funds according to my best review of the U.S. Dept. of Energy press release from 3/26/09.
- There also may be even more money going to specific boroughs and cities based on city money and Native Alaskan money.

References:

Alaska Conference of Mayors. 2009 Alaska Municipal Officials Directory. January 2009.

U.S. Dept. of Energy. Press Release: "Obama Administration Announces Additional $13,969,700 for Local Energy Efficiency Improvements in Alaska". March 26, 2009.

Legislative Research Services Report. Building Codes in Alaska, Statewide and Local. Report Number: 09.221. March 25, 2009.

Population Between 500-999				
Muni of Skagway Village of Skagway	846	$0 $35,800	Yes	2006 IRC
City & Borough Yakutat	621		Yes	
City of Akutan	859	$38,300	Yes, Zoning	
City of Alakanuk	681	$57,100	Through council	
City of Anderson	536		Denali B.	
City of Aniak	506	$48,500	No	
City of Chevak	942	$61,700	No	
City Delta Junction	975		Not really	
City of Emmonak	796	$61,700	No	
City Fort Yukon	591	$51,500	No	
City of Galena	610	$49,300	Platting through council	
City of Gambell	662	$56,900	No	
City of Hoonah	852	$52,300	Yes, Zoning	
City of Kake	536	$57,200	Through council	
City of King Cove	756	$48,400	Yes	
City of Klawock	743	$50,700	Yes	
City of Kotlik	600	$54,500	No	
City of Kwethluk	721	$59,400	Council	
City of Mtn. Village	784		Yes	
City of Nenana	553		No	
City of Noorvik	636	$55,500	No	
City of Nunapitchuk	545	$51,300	No	
City of Pilot Station	580	$54,500	No	
City of Point Hope	704	$58,400	No	
City of Quinhagak	643	$54,600	No	
City of St. Mary's	549	$47,700	Yes	
City of Sand Point (Qagan Tayagungin Tribe)	992	$48,100	No	
City of Savoonga	712	$56,600	No	
City of Scammon Bay	517	$51,400	No	
City of Selawik	828	$61,400	NW Arctic Borough	
City of Shishmaref	609	$53,400	No	
City of Stebbins	598	$52,400	No	
City of Togiak (Togiak Traditional Village)	787	$58,300	No	
City of Toksook Bay	610	$53,400	No	
City of Unalakleet	724	$57,500	No	
City of Wainwright	540	$51,600	N. Slope B.	

4/2/09

Congressional Research Service

MEMORANDUM

March 17, 2009

To: Hon. Lindsey Graham
Attention: Laura Bauld

From: Kenneth R. Thomas
Legislative Attorney
American Law Division

Subject: **Analysis of § 1607 of the American Recovery and Reinvestment Act of 2009**

This memorandum has been prepared in response to your request to analyze the language contained in §1607 of the American Recovery and Reinvestment Act of 2009 (Recovery Act),[1] which provides that federal funds can be made available to a state by the federal government either after certification by a governor that such money will be requested and spent or after the adoption of a concurrent resolution by a state legislature. You requested an analysis as to whether, under this language, a state legislature can, by concurrent resolution, provide for the acceptance of federal funds.

Background

Section 1607 may be a congressional response to statements by several state governors who indicated a disinclination to have entities in their state seek and receive funds provided under the Recovery Act.[2] The Act requires that, in order to be eligible for such funds, a governor must first either certify that such funds will be requested, or, if that does not occur, then a state legislature may fulfill the same condition by passing a concurrent resolution (which does not generally require a governor's signature).[3] Specifically, § 1607 of the Recovery Act provides that:

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[1] Pub. L. 111-5.

[2] Melinda Deslatter, *Some US governors may turn down stimulus money*, Associated Press Wire (February 19, 2009) ("A handful of Republican governors are considering turning down some money from the federal stimulus package . . .").

[3] CRS Report 98-728, *Bills, Resolutions, Nominations, and Treaties: Characteristics, Requirements, and Uses*, by Richard S. Beth at 2. At the federal level, this legislative vehicle is used principally for internal procedural matters such as adjournment sine die, to provide for joint session or joint committee, or to express a "sense of Congress." The exception to this is a concurrent resolution, passed by two-thirds of both houses, which is used to send a constitutional amendment to the states. U.S. Const. Article V. CRS Report 98-706, *Bills and Resolutions: Examples of How Each Kind Is Used*, by Richard S. Beth at 2. It is beyond the scope of the memorandum to survey the use of concurrent resolutions at the state level.

> (a) Certification by Governor- Not later than 45 days after the date of enactment of this Act, for funds provided to any State or agency thereof, the Governor of the State shall certify that: (1) the State will request and use funds provided by this Act; and (2) the funds will be used to create jobs and promote economic growth.
>
> (b) Acceptance by State Legislature- If funds provided to any State in any division of this Act are not accepted for use by the Governor, then acceptance by the State legislature, by means of the adoption of a concurrent resolution, shall be sufficient to provide funding to such State.
>
> (c) Distribution- After the adoption of a State legislature's concurrent resolution, funding to the State will be for distribution to local governments, councils of government, public entities, and public private entities within the State either by formula or at the State's discretion.

The language of § 1607 contains significant ambiguities, and the terms used may not be easily reconciled with either other portions of the Act or with existing statutory law. Section 1607(a) for instance, requires a governor to, within 45 days, "certify" that the state will, at some unspecified future time, request and use funds provided by this act to create jobs and promote economic growth. The language does not specify to whom such certification shall be made;[4] nor does it specify whether, in making the certification, the state will be accepting all the funds that the state is eligible for under the Act, or only some portion of the funds. Further, this subsection does not specify whether a governor's office will be the political entity requesting the funds at some time in the future, or whether such a request will come from a state agency, a local government, councils of government, or public private entities within a state.

Section 1607(b) provides that if funds "in any division of the Act" are not "accepted" for use by a governor, then it "shall be sufficient to provide funding to the state" for a state legislature to "accept[]" such funds by a concurrent resolution. However, the term "concurrent resolution" is not defined, and some states do not appear to have this legislative vehicle.[5] Further, "accepting" funds is not a precise term of art, and it would appear to be a description of only a portion of the process usually used to allocate federal funds. Finally, it is not clear if the language which provides that a concurrent resolution shall "be sufficient" to provide funding to the state is intended only to fulfill the "certification" requirement of § 1607(a), or whether it is intended to be: 1) a waiver of all the requirements for receiving grant monies, such as making a grant application or providing supporting data or required assurances, and 2) a direction to state and local officials to accept and spend these monies.

Finally, section 1607(c) provides that, after the adoption of a state legislature's concurrent resolution, funding to the state "will be for distribution to local governments, councils of government, public entities, and public private entities within the State either by formula or at the State's discretion." Federal funds may be distributed by formula or at a state's discretion, depending upon the criteria specified in federal law governing a particular grant program. It is not clear if this language is intended to supplant existing federal and state law regarding the application for and distribution of federal funds, or merely to indicate that this process may move forward after a state's adoption of a concurrent resolution.

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[4] Certification by the state of Texas was apparently made by a letter from Governor Rick Perry to President Obama, which provided "On behalf of the people of Texas, please allow this letter to certify that we will accept the funds in H.R.1 and use them to promote economic growth and create jobs in a fiscally responsible manner that is in the best interest of Texas." Dave Montgomery & Kevin Lyon, *Perry says Texas will take stimulus money*, Fort Worth Star-Telegram, February 18, 2009 (available at http://www.star-telegram.com/804/story/1212448.html).

[5] Nebraska, for instance, has a unicameral legislature, and consequently is unlikely to have a legislative vehicle referred to as a "concurrent resolution."

Alternative Interpretations

Although many of the terms and phrases used above are imprecise, perhaps the most significant ambiguity is the meaning of the phrase in § 1607(b) that "acceptance . . . shall be sufficient to provide funding." Without considering the context of the rest of the Act, the language in §1607(b) might at first appear to authorize the state legislature, by concurrent resolution, to waive all federal requirements which would otherwise need to be followed for a state or local entity to apply for and receive federal funds. As noted, it might even be argued that this language could be interpreted to require state entities to receive and spend such monies consistent with a state legislature's concurrent resolution. As will be explored below, however, this more expansive interpretation is difficult to reconcile with the rest of the Recovery Act, with canons of statutory interpretation, or with constitutional doctrine.

A more likely interpretation of this language is that an "acceptance . . .[which] shall be sufficient to provide funding" would only trigger the authority of federal agencies to grant federal funds, but would not otherwise reallocate power within the state. Under this interpretation, "acceptance" by a state legislature by concurrent resolution under § 1607(b) is merely the functional equivalent of the "certification" that can be made by a governor under § 1607(a). Either of these actions would appear to be nothing more than preliminary conditions which must be met before a state becomes eligible to apply for and receive federal funds under the Recovery Act. In effect, §1607(a) gives a governor the opportunity to exercise a veto over receipt of federal funding under the Act by failing to make such certification within 45 days, but then § 1607(b) gives the state legislature the opportunity to act to negate the effect of this veto.

The problems with the more expansive interpretation of the phrase "acceptance . . .[which] shall be sufficient to provide funding" become more clear when the language is considered in conjunction with other provisions of the Recovery Act. Provisions of the Act which would be useful to analyze would include those where: 1) funds allocated by a formula are to be made available only upon application of a governor, 2) discretionary state grant funding is available only upon application of a governor, and 3) local grant funding is made available upon application by a subordinate government agency.

Authority under Title § 14001(d) To Receive Allocated Stabilization Funds

For instance, one can evaluate how the broader interpretation of the phrase "acceptance . . . [which] shall be sufficient to provide funding" would be reconciled with Title XIV of the Recovery Act. Under § 14001(d) of the Act, the United States Department of Education is given authority over a "State Fiscal Stabilization Fund" (Stabilization Fund) of $53.6 billion. After providing for certain reserve funds, the Secretary of Education is directed to determine how much of these funds will be allocated to each state based on a population-related formula.[6]

Section 14005(a) & (b) provide that, in order for a state to receive its allocation from the Stabilization Fund, a state governor must do, among other things, the following:

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[6] The formula for allocation is (1) 61 percent on the basis of their relative population of individuals aged 5 through 24, and (2) 39 percent on the basis of their relative total population. Recovery Act, § 14001.

- Submit an application to the Department of Education, containing such information as the Secretary of the Department may reasonably require.[7] In that application, a governor shall provide assurances regarding "maintenance of effort" for elementary and higher education schools,[8] address the issue of inequitable distribution of high quality teachers,[9] establish a longitudinal data system,[10] and enhance the quality of academic assessments.[11]
- Provide baseline data that demonstrates the state's current status in each of the areas described in such assurances;[12]
- Describe how the state intends to use its allocation, including whether the state will use such allocation to meet maintenance of effort requirements under the Elementary and Secondary Education Act[13] and Individuals with Disabilities Act[14] and, in such cases, what amount will be used to meet such requirements.

Thus, the question arises as to whether, under the broader interpretation of the phrase "acceptance by the State legislature . . .shall be sufficient to provide funding to such State" would give a state legislature the authority to "accept" the allocations from the Stabilization Fund, even if a governor did not make the necessary application complying with the statutory requirements.[15] The term "acceptance" does not appear to be defined in the statute, nor does it appear to be a term of art in the context of federal funding. Under contract law, however "acceptance" is generally considered to be the final approval necessary to make a binding contract after a completed offer has been made. By analogy, the meaning of the term would suggest that under Title XIV, a state legislature, without the cooperation of a governor, would be allowed to accept a completed offer by the federal government of federal funds.

Under this interpretation, a completed offer of funds to be allocated under the Stabilization Fund will be made by passage of the Recovery Act and by the Secretary's determination of a state's allocation. Under this interpretation, the phrase "acceptance by the state legislature . . . shall be sufficient to provide funding to such State" would have to be interpreted as waiving both the application requirements and other

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[7] Recovery Act, § 14005(a).

[8] Recovery Act, § 14005(b) & (d)(1) require that states "maintain State support for elementary and secondary education at least at the level of such support in fiscal year 2006" and "maintain State support for public institutions of higher education (not including support for capital projects or for research and development or tuition and fees paid by students) at least at the level of such support in fiscal year 2006."

[9] "The State will take actions to improve teacher effectiveness and comply with section 1111(b)(8)(C) of the ESEA (20 U.S.C. § 6311(b)(8)(C)) in order to address inequities in the distribution of highly qualified teachers between high- and low-poverty schools, and to ensure that low-income and minority children are not taught at higher rates than other children by inexperienced, unqualified, or out-of-field teachers." Recovery Act, § 14005(b) & (d)(2).

[10] This data system must include the elements described in section 6401(e)(2)(D) of the America COMPETES Act, 20 U.S.C. § 9871. Id. at § 14005(b) & (d)(3).

[11] Id. at § 14005(b) & (d)(4)

[12] Recovery Act, § 14005(b)(2).

[13] 20 U.S.C. § 6301, *et. seq.*

[14] 20 U.S.C. § 1400, *et. seq.*

[15] It should be noted that nothing in Title XIV appears to authorize a Governor to "accept" its allocation from the "Stabilization Fund." Rather, Title XIV speaks to a relatively elaborate application process which must be completed prior to federal funds being disbursed. Thus, a Governor who does not wish to receive Title XIV funds would not generally refuse to "accept" funds - rather, he would just not apply. It is unclear, under the more expansive interpretation of §1607, when the state legislature's power (which can be implemented only after a Governor refuses funds) could be exercised.

statutory conditions and requirements such as the provision of necessary data and assurances.[16] While it may be possible to make this argument in instances where funds have already been allocated, this interpretation becomes more unlikely under other provisions of the Recovery Act where monies are not allocated ahead of time.

Authority under § 14006 To Receive State Incentive Grants

The Secretary is directed, under § 14001(c), to reserve certain funds from the Stabilization Fund for "State Incentive Grants" to the states. In order to receive a state incentive grant, a governor must submit an application which documents the status of the state's progress in a variety of different areas.[17] A governor must also describe the status of the state's progress in implementing various existing federal standards.[18] Finally, a governor must submit a plan for evaluating the state's progress in closing achievement gaps.[19] At that point, the Secretary will determine which states receive grants and the amount of those grants on the basis of information provided by the states and such other criteria as the Secretary determines appropriate.[20]

The argument that the term "acceptance by the State legislature . . . shall be sufficient to provide funding to such State" actually means "waiver of the application and other statutory conditions and requirements" appears less likely in this context. For instance, it is not clear how grants could be made when the Secretary only has the authority to make grants based on specified criteria and assurances to be provided by a governor. Absent a governor making a grant application, the Secretary would have no basis under which it could distribute the state incentive grants. So, the ability of a state legislature to "accept" funds could not logically mean "waiver of the application and other statutory conditions and requirements," since those requirements must be fulfilled in order for the Secretary to make a determination of the amount of funds to be made available to the states.

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[16] Another possible interpretation would be that any concurrent resolution passed by a state legislature will include a completed grant application and all supporting data, which is required to be provided to the federal government. This does not appear to be a reasonable interpretation § 1607(b), as the phrase "shall be sufficient to provide funding to the state" would seem to imply that the federal agency will have no discretion in allocating these funds. Consequently, any application and supporting documentation provided in the concurrent resolution would be superfluous, and thus this interpretation would disfavored.

[17] These areas include, under §§ 14005(c) and 14006, "maintenance of effort," inequitable distribution of high quality teachers, development of a longitudinal data system, and the quality of academic assessments.

[18] For instance, the Governor must ensure that students in the subgroups described in section 1111(b)(2)(C)(v)(II) of the ESEA (20 U.S.C. § 6311(b)(2)(C)(v)(II)) who have not met the State's proficiency targets continue making progress toward meeting the State's student academic achievement standards; describe the achievement and graduation rates (as described in section 1111(b)(2)(C)(vi) of the ESEA (20 U.S.C. § 6311(b)(2)(C)(vi)) and as clarified in section 200.19(b)(1) of title 34, Code of Federal Regulations) of public elementary and secondary school students in the State, and the strategies the State is employing to help ensure that all subgroups of students identified in section 1111(b)(2) of the ESEA (20 U.S.C. § 6311(b)(2)) in the State continue making progress toward meeting the State's student academic achievement standards; and describe how the State would use its grant funding to improve student academic achievement in the State, including how it will allocate the funds to give priority to high-need local educational agencies.

[19] Recovery Act, Section 14005(c)(5).

[20] Recovery Act, Section 14006(b).

Authority under § 14007 To Receive Innovation Fund Awards

Finally, in some instances, an expansive interpretation of the language in § 1607 would appear to run counter to existing facts. For instance, § 1607(b) envisions exercise of the state legislature's authority regarding "any division of this Act . . . not accepted for use by the Governor." However, a governor does not appear to have underlying authority to "not accept" funds under all divisions of the Act. For instance, under § 14007 the Secretary is given the authority to reserve up to $650,000,000 to establish an Innovation Fund, which shall consist of academic achievement awards. These awards may only go to a local educational agency or a partnership between a nonprofit organization and either one or more local educational agencies or a consortium of schools.[21] These awards will go to entities that have made gains in closing certain specified achievement gaps.[22]

Although this section does not specify an application process, it would not appear that a governor of the state would either make the application for, or provide supporting data to justify, such awards. Further, it may be the case that, under state law, a governor has no role in determining whether the local education agency will apply for or accept such awards.[23] Only under § 1607(b) does a governor appear to have the authority to control, through certification, whether federal funds would be provided under this portion of the Act. Since the authority of the state legislature to accept funds under "all divisions" would seem to only be possible if a governor had the power to reject the funds in "all divisions" (a power only found in § 1607(a)), the expansive interpretation of § 1607 would again be disfavored.

Tenth Amendment Concerns

Even if the term "acceptance by the state legislature . . . shall be sufficient to provide funding to such State" were to be interpreted broadly as to provide for a waiver of requirements regarding applications and other statutory conditions, this might not be effective in providing that the federal monies actually be spent by a state. For instance, in some cases, a governor might have direct control over the administrative apparatus under which a federal grant might be administered, and might decline to spend any monies received. In other instances, a governor may have significant indirect control over many aspects of state agencies, mostly exercised by his power to appoint or dismiss persons of authority in the Executive Branch, by which he could dissuade state officials from spending such monies. Finally, many local governments, councils of government, public entities, and public private entities which accept and utilize federal funds might have independent authority to decline to spend any monies received.

In order for the state legislature to actually force these entities to spend federal monies, one would need to interpret the phrase "acceptance . . . shall be sufficient to provide funding to such state" to essentially authorize the state legislature, by concurrent resolution, to direct the activities of local governments, councils of government, public entities, and public private entities. On its face, §1607(b) is not consistent with such an interpretation, as the language addresses "provid[ing] funding" (which is done by federal agencies), not spending monies (which would be done by state entities). But even more importantly, an

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[21] Recovery Act, § 14007(a)(1).

[22] Recovery Act, § 14007(b).

[23] Cynthia Dickers, *Stimulus Plan Ties the Hands of Reluctant Governors*, *MinnPost.com* (available at http://www.minnpost.com/stories/2009/02/19/6785/stimulus_plan_ties_the_hands_of_reluctant_governors) (noting that some federal programs allow cities to apply directly for federal money).

interpretation of § 1607 which provided that a state legislature could, by concurrent resolution, direct the activities of a governor, state, and local entities would appear to violate the Tenth Amendment.

The Tenth Amendment provides that "the powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people." In *New York v. United States*,[24] Congress had attempted to regulate in the area of low-level radioactive waste. In a 1985 statute, Congress provided that states must either develop legislation on how to dispose of all low-level radioactive waste generated within the state, or the state would be forced to take title to such waste, which would mean that it became the state's responsibility. The Court found that although Congress had the authority under the Commerce Clause to regulate low-level radioactive waste, it only had the power to regulate the waste directly. Here, Congress had attempted to require the states to perform the regulation, and decreed that the failure to do so would require the state to deal with the financial consequences of owning large quantities of radioactive waste. In effect, Congress sought to "commandeer" the legislative process of the states. In the New York case, the Court found that this power was not found in the text or structure of the Constitution, and it was thus a violation of the Tenth Amendment.

A later case presented the question of the extent to which Congress could regulate through a state's Executive Branch officers. This case, *Printz v. United States*,[25] involved the Brady Handgun Act. The Brady Handgun Act required state and local law-enforcement officers to conduct background checks on prospective handgun purchasers within five business days of an attempted purchase. This portion of the act was challenged under the Tenth Amendment, under the theory that Congress was without authority to "commandeer" state executive branch officials. After a historical study of federal commandeering of state officials, the Court concluded that commandeering of state executive branch officials was, like commandeering of the legislature, outside of Congress's power, and consequently a violation of the Tenth Amendment.

In the instant case, if the statutory language in question were interpreted to mean that state or local public entities could be directed by the state legislature to accept and utilize federal funds, this would arguably be a commandeering of those entities for a federal purpose, which would violate the principles of the cases cited above. One might argue that since the directions were not coming from the federal government, but from the state legislature, that federalism concerns were diminished. However, this distinction would not appear relevant if the power being exercised by the state legislature arose out of the Recovery Act, and not state law.[26] If Congress does not have the power to require a state to spend federal funds in furtherance of a federal program, then it would not appear to have the authority to delegate such power to others.

Statutory Interpretation

As noted, a broad interpretation of the phrase "acceptance by the State legislature. . . .shall be sufficient to provide funding to such State" might imply that Congress intends that all statutory requirements for the receipt of federal funds, such as submitting an application and complying with grant conditions, can be

[24] 505 U.S. 144 (1992).

[25] 521 U.S. 898 (1997).

[26] Generally, a legislature would not be authorized by a state constitution to exercise significant legislative authority by a concurrent resolution.

waived by a state legislature. The Recovery Act, however, provides funding both in the forms of funds allocated by formula and by the application of state grants.[27] As noted above, the phrase under consideration could only logically be implemented in the case of allocated funds, since waiving the requirement of application and provision of necessary data in the context of discretionary grants would leave no basis for funds to be allocated. Thus, in order for the language of § 1607 to take on the broader meaning in the context of allocated funds, the language "shall be sufficient to provide funding under this Act" would have to mean something different in relation to state grants. However, under general rules of statutory construction, the same words of a statute cannot not interpreted differently in different contexts.[28]

Instead, a statute should be read as a harmonious whole, with its various parts being interpreted within their broader statutory context in a manner that furthers statutory purposes.[29] As noted, the narrower interpretation suggested for § 1607(b) appears to complement the gubernatorial certification scheme established in § 1607(a). Further, this interpretation would allow the terms in question ("acceptance," "sufficient to provide funding") to take on a natural meaning closer to apparent meaning of the terms used.

And finally, to the extent that one interpretation of a statute were to raise constitutional concerns, this interpretation would generally be disfavored.[30] An interpretation of § 1607(b) that authorized a state legislature to use federal law to commandeer state or local entities to administer federal funds would appear to violate the Tenth Amendment. Consequently, such an interpretation would be unlikely to be adopted by a court.

Conclusion

Section 1607(a) of the Recovery Act provides that, in order for a state to be eligible for the federal funds in the Recovery Act, a governor must certify that (1) a state will request and use funds in the future, and (2) the funds will be used to create jobs and economic growth. This language does not appear to bind a

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[27] Section § 1607 specifically provides that the language of § 1607(b) shall apply to "funds provided to any State in any division of this Act."

[28] Where the same term is used several places in statutory text, it is generally presumed to have the same meaning in every instance, Ratzlaf v. United States, 510 U.S. 135, 143 (1994). See also Gustafson v. Alloyd Co., 513 U.S. 561, 570 (1995); Wisconsin Dep't of Revenue v. William Wrigley, Jr. Co., 505 U.S. 214, 225 (1992). This presumption is particularly strong when the term is used within the same sentence, Brown v. Gardner, 513 U.S. 115, 118 (1994); Reno v. Bossier Parish Sch. Bd., 528 U.S. 320, 329-30 (2000), and this conclusion seems inevitable when the different meanings are sought in the same word.

[29] United Savings Ass'n v. Timbers of Inwood Forest Associates, 484 U.S. 365, 371 (1988) ("Statutory construction . . . is a holistic endeavor. A provision that may seem ambiguous in isolation is often clarified by the remainder of the statutory scheme – because the same terminology is used elsewhere in a context that makes its meaning clear, or because only one of the permissible meanings produces a substantive effect that is compatible with the rest of the law." (citations omitted)). United States v. Boisdoré's Heirs, 49 U.S. (8 How.) 113, 122 (1850) (opinion of Court)("In expounding a statute, we must not be guided by a single sentence or member of a sentence, but look to the provisions of the whole law, and to its object and policy"). A related canon of statutory construction is that statutes should be construed "so as to avoid rendering superfluous" any statutory language. Astoria Federal Savings & Loan Ass'n v. Solimino, 501 U.S. 104, 112 (1991). See, e.g., Sprietsma v. Mercury Marine, 537 U.S. 51, 63 (2003) (interpreting word "law" broadly could render word "regulation" superfluous in preemption clause applicable to a state "law or regulation").

[30] Under the doctrine of constitutional doubt, courts will construe statutes, "if fairly possible, so as to avoid not only the conclusion that it is unconstitutional but also grave doubts upon that score." United States v. Jin Fuey Moy, 241 U.S. 394, 401 (1916).

governor to request or accept any particular level of governmental funding, nor does it appear that the certification must be based on the governor's future acceptance of funds, as such request or acceptance can sometimes be made by state or local officials.

Forty-five days after passage of the Recovery Act, if a governor has not provided the necessary certification, then § 1607(b) would appear to provide a state legislature the authority to step in to "accept" state funds by concurrent resolution, achieving the same result as would have been achieved by the certification. However, it seems clear that such acceptance, while "sufficient" to trigger the availability of federal funds under the Recovery Act, does not free a state from any other conditions of receiving funds, such as filling out applications, justifying needs, and providing assurance of compliance with program requirements.

Although the language of § 1607 is arguably ambiguous, it does not appear likely that it was intended to significantly reallocate powers between a state legislature and a state executive branch. Thus, once either a governor's certification or the legislature's acceptance has been made, § 1607 would have little or no apparent effect on the power of a governor, state or local official to choose whether or not to seek and administer these funds. The language of § 1607(b), while adding an additional requirement to the federal funding process, does not otherwise appear to supplant or replace existing federal requirements, nor does it appear to change the allocation of power within a state to make decisions regarding the application, acceptance and use of such federal funds. Any interpretation of this language which did provide authority to a state legislature, by concurrent resolution, to direct the acceptance and spending of federal monies, would likely raise Tenth Amendment issues. Consequently, such an interpretation would be disfavored.

AHFC - Energy Efficiency and Conservation Block Grants **FY2009 Request:** **$9,593,500**
Reference No: **48447**

AP/AL: Appropriation **Project Type:** Energy
Category: Housing/Social Services
Location: Statewide **Contact:** Les Campbell
House District: Statewide (HD 1-40) **Contact Phone:** (907)330-8356
Estimated Project Dates: 03/16/2009 - 06/30/2013

Brief Summary and Statement of Need:
Federal Department of Energy (DOE) funds for energy efficiency and conservation activities for communities, including but not limited to: developing/implementing an energy efficiency and conservation strategy; retaining technical consultant services to assist in the development of such a strategy.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$9,593,500						$9,593,500
Total:	$9,593,500	$0	$0	$0	$0	$0	$9,593,500

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
Federal Economic Stimulus

Project Description/Justification:

ENERGY EFFICENCY & CONSERVATION BLOCK GRANTS (EECBG)

Total Funds: $9,593.5 Federal ES – FY2009 Capital Budget (Estimated about $13.9 million total to Alaska, $4.3 million direct grants to municipalities, $9.6 million to the state energy office (AHFC).)

Purpose: Provide funding for energy efficiency and conservation activities for communities, including but not limited to:

- Developing/implementing an energy efficiency and conservation strategy;
- Retaining technical consultant services to assist in the development of such a strategy;
- Conducting residential and commercial building energy audits;
- Establishing financial incentive programs for energy efficiency improvements *(e.g., loan programs, rebate programs, waive permit fees)*;
- Providing grants to nonprofit organizations to perform energy efficiency retrofits;
- Developing/implementing programs to conserve energy used in transportation *(e.g., flex time by employees, satellite work centers, promotion of zoning requirements that promote energy efficient*

development, transportation infrastructure: bike lanes/pathways, pedestrian walkways, and synchronized traffic signals);
- Developing and implementing building codes and inspection services to promote building energy efficiency;
- Implementing energy distribution technologies;
- Developing public education programs to increase participation and efficiency rates for recycling programs;
- Purchasing/implementing technologies to reduce and capture methane and other greenhouse gases generated by landfills or similar sources;
- Installing light emitting diodes (LEDs);
- Developing, implementing, and installing on or in any government building, onsite renewable energy technology that generates electricity from renewable resources (solar and wind energy, fuel cells, and biomass); and
- Any other activity as determined by the Secretary of Energy in consultation with the Secretaries of Transportation and Housing and Urban Development and the Administrator of the Environmental Protection Agency.

Timing Issues:
- Funding is available until September 30, 2010
- Recipients prioritize projects that award bid-based contracts within 180 days from funding availability
- 68% designated for cities over 35,000 or county/boroughs over 200,000; or ten largest cities will be direct recipients from US DOE
- 2% designated for Indian tribes
- 2% competitive
- Of the 28% to the state, 60% of that must be passed through to municipalities not eligible for direct funding
- Matching funds not required
- Competitive grant information not yet available. AHFC is reviewing or awaiting additional federal guidance before determining whether to apply

Other Restrictions
- Application due to US DOE within 60 days of grant guidance issue
- State has 180 days to encumber the funds
- All funding must be spent within 3 years

Recipients
- Cities and municipal governments
- Alaska Housing Finance Corporation

ASSOCIATION OF ALASKA SCHOOL BOARDS

ADVOCATES FOR ALASKA'S YOUTH

The Honorable Sarah Palin
Office of Governor
P.O. Box 110001
Juneau, Alaska 99811-0001

March 20, 2009

Dear Governor Palin,

The announcement by your administration of your intent to decline an estimated $170 million in federal funding for public education programs in Alaska startled many members of the education community. I am writing this letter to explain why our 53 member school districts believe it makes sense for the State of Alaska to accept this funding on behalf of our public school children.

As you may know, Alaska and other states have been under a federal mandate since 1975 to provide educational services to disabled students. This laudable initiative for approximately 18,000 Alaska children has been hampered, however, by the failure of the federal government to provide adequate funding for this mandate. The State of Alaska has requested assistance to overcome this unfunded mandate of the Individual with Disabilities Education Act (IDEA), but until the stimulus package was proposed in Congress, only incremental progress was made in eliminating this funding gap. The $33 million proposed for IDEA programs in Alaska public schools would go a long way towards providing relief from what amounts to a federal tax on our schools.

Another $29.5 million in stimulus funding is proposed for Title I schools in Alaska. By declining to accept this funding, the State of Alaska would be forfeiting an opportunity to help approximately 285 schools across the state that serve predominately children from economically disadvantaged families. At a time when schools in every district in Alaska face ever higher standards to meet the requirements of the No Child Left Behind Act, the extra Title I funds offered by the federal government would be most welcome.

The fiscal stabilization funds offered to Alaska total $113.7 million, of which $93 million would be dedicated to early childhood, K-12 and post-secondary education. As fashioned by Congress and the U.S. Department of Education, these monies can go towards most anything in our schools, including modernization, renovation or repair of classrooms and student housing. It cannot be spent on school district central office administration.

The "strings" attached to the fiscal stabilization money require the state to document plans to improve teacher effectiveness, establish better student tracking data through their educational career, enhance academic standards and support academically struggling schools. As yet, we have not heard from the Alaska Department of Education & Early Development whether statutory changes would be necessary to implement these requirements. Our member districts may also face additional burdens due to the

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requirements of this funding program. But, I understand, the stimulus bill has grant money available, if needed, to help meet the requirements.

In conclusion, our association asks that your administration and the Legislature consider the impact of turning away $170 million for our schools. The funds would provide relief from a federal tax on local schools, improve programs for some of our most needy students and allow our education community to tap the innovative spirit of Alaska's teachers and students.

Sincerely,

Carl Rose
Executive Director

Sammy Crawford
President, Board of Directors

cc: House Speaker Mike Chenault
Senate President Gary Stevens
Larry LeDoux, Commissioner, Department of Education & Early Development

ASSOCIATION OF ALASKA SCHOOL BOARDS

ADVOCATES FOR ALASKA'S YOUTH

Position Statement on Education Funding in The American Recovery & Reinvestment Act

Alaska's locally elected school officials understand the need for an open and transparent discussion about investing these funds wisely in programs that will benefit our kids without growing the bureaucracy. Alaska and other states have faced mandated programs from the federal government for several decades. The American Recovery & Reinvestment Act offers a promise of funding to help meet these mandates, from IDEA and Title I to English language proficiency, 21st Century skills, as well as improving graduation rates. School districts in Alaska also need to ensure that we can continue to address infrastructure and equipment needs, such as broadband communication capabilities.

It is for these reasons that we support state certification under section 1607 of the new federal law and that we accept all requirements for accountability and transparency.

The Office of Management and Budget has suggested potential opportunities to use these funds without long-term costs. The suggestions include:

- Intensive teacher training
- Expand student and teacher use of technology in schools
- Obtain state-of-the-art assistive devices that reduce barriers to employment, learning or living independently
- Equipment, technology and software upgrades to sustain or enhance services in education
- Rapid deployment of workforce development strategies on work skills and work preparedness for targeted populations
- Modifications to facilities for safety, efficiency, improved durability and longevity.

Our member districts believe we are in the business of human development, and these suggestions describe many of the needs that exist in local schools. AASB would also encourage the state to take advantage of other funding opportunities in the American Recovery & Reinvestment Act.

March 30, 2009

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Project Review Listing
FY2009 Economic Stimulus Other

3/23/09

Educ _Early Devel Only

Department of Education and Early Development

RefNum	AP/AL	Project Title		Fund Source Total
48467	AP	State Fiscal Stabilization Fund - Education and Job Training		
			1212 Federal ES	$20,699,000
			Federal ES (1212):	**$20,699,000**
			General Fund Total:	**0**
			Federal Total:	**$20,699,000**
			Other Total:	**0**
			Department Total:	**$20,699,000**
			Federal ES (1212) Grand Total:	**$20,699,000**
			General Fund Grand Total:	**0**
			Federal Grand Total:	**$20,699,000**
			Other Grand Total:	**0**
			Grand Total:	**$20,699,000**

* Indicates an appropriation with allocations (amounts not included in totals)

State Fiscal Stabilization Fund - Education and Job Training **FY2009 Request: $20,699,000**
Reference No: 48467

AP/AL: Appropriation
Project Type: Research / Studies / Planning
Category: Education
Location: Statewide
Contact: Mark Lewis
House District: Statewide (HD 1-40)
Contact Phone: (907)465-2802
Estimated Project Dates: 03/16/2009 - 06/30/2012

Brief Summary and Statement of Need:
Funding from the American Recovery and Reinvestment Act of 2009, State Fiscal Stabilization Fund, will be used to advance education and job training programs statewide.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$20,699,000						$20,699,000
Total:	$20,699,000	$0	$0	$0	$0	$0	$20,699,000

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
Program details and distribution criteria wil be developed in coordination with the legislature.

Project Review Listing
FY2009 Economic Stimulus Other

Environ Conservation Only

Department of Environmental Conservation

RefNum		AP/AL	Project Title			Fund Source Total
48409	*	AP	American Recovery and Reinvestment Act of 2009			
				1212	Federal ES	$68,637,000
48415		AL	Alaska Clean Water Stimulus			
				1212	Federal ES	$23,637,000
48410		AL	Alaska Drinking Water Stimulus			
				1212	Federal ES	$19,500,000
48414		AL	Leaking Underground Storage Tank Stimulus			
				1212	Federal ES	$1,000,000
48411		AL	Village Safe Water Stimulus			
				1212	Federal ES	$24,260,000
48412		AL	Water Quality Planning Stimulus			
				1212	Federal ES	$240,000

Federal ES (1212):	**$68,637,000**
General Fund Total:	**0**
Federal Total:	**$68,637,000**
Other Total:	**0**
Department Total:	**$68,637,000**

Federal ES (1212) Grand Total:	**$68,637,000**
General Fund Grand Total:	**0**
Federal Grand Total:	**$68,637,000**
Other Grand Total:	**0**
Grand Total:	**$68,637,000**

* Indicates an appropriation with allocations (amounts not included in totals)

American Recovery and Reinvestment Act of 2009

FY2009 Request: $68,637,000
Reference No: 48409

AP/AL: Appropriation with Allocations
Project Type: Life / Health / Safety
Category: Health/Human Services
Location: Statewide
Contact: Laura Beason
House District: Statewide (HD 1-40)
Contact Phone: (907)465-5273
Estimated Project Dates: 03/16/2009 - 09/30/2010

Brief Summary and Statement of Need:
Authorization is being requested due to passage of the American Recovery and Reinvestment Act of 2009 (H.R. 1). Supplemental appropriations signed by President Obama on February 16, 2009 for job preservation and creation, infrastructure investment, energy efficiency and science, assistance to the unemployed, and State and local fiscal stabilization, for the federal fiscal year ending September 30, 2009, and for other purposes.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$68,637,000						$68,637,000
Total:	$68,637,000	$0	$0	$0	$0	$0	$68,637,000

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:

Alaska Clean Water Stimulus

FY2009 Request: **$23,637,000**
Reference No: **48415**

AP/AL: Allocation
Project Type: Water / Sewer / Solid Waste
Category: Health/Human Services
Location: Statewide
Contact: Lynn Kent
House District: Statewide (HD 1-40)
Contact Phone: (907)269-6281
Estimated Project Dates: 03/16/2009 - 09/30/2010
Appropriation: American Recovery and Reinvestment Act of 2009

Brief Summary and Statement of Need:
Projects include sewer collection, treatment, discharge and water quality related projects. These funds will be allocated and administered by the Municipal Grant and Loan program.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$23,637,000						$23,637,000
Total:	$23,637,000	$0	$0	$0	$0	$0	$23,637,000

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
American Recovery and Reinvestment Act of 2009: Environmental Protection Agency - State and Tribal Assistance Grants, Clean Water Revolving Loan Fund.

Alaska Drinking Water Stimulus **FY2009 Request: $19,500,000**
Reference No: 48410

AP/AL: Allocation **Project Type:** Water / Sewer / Solid Waste
Category: Health/Human Services
Location: Statewide **Contact:** Lynn Kent
House District: Statewide (HD 1-40) **Contact Phone:** (907)269-6281
Estimated Project Dates: 03/16/2009 - 09/30/2010
Appropriation: American Recovery and Reinvestment Act of 2009

Brief Summary and Statement of Need:
Projects include drinking water source, treatment, storage, and distribution. These funds will be managed by the Municipal Grant and Loan program and the Drinking Water program.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$19,500,000						$19,500,000
Total:	$19,500,000	$0	$0	$0	$0	$0	$19,500,000

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
American Recovery and Reinvestment Act of 2009: Environmental Protection Agency, State and Tribal Assistance Grants, Drinking Water Revolving Loan Fund.

Leaking Underground Storage Tank Stimulus **FY2009 Request:** **$1,000,000**
Reference No: **48414**

AP/AL: Allocation
Project Type: Life / Health / Safety
Category: Health/Human Services
Location: Statewide
Contact: Larry Dietrick
House District: Statewide (HD 1-40)
Contact Phone: (907)465-5250
Estimated Project Dates: 03/16/2009 - 09/30/2010
Appropriation: American Recovery and Reinvestment Act of 2009

Brief Summary and Statement of Need:
Projects include those that involve the cleanup of leaking underground storage tank sites. There are currently 501 open Leaking Underground Storage Tank (LUST) sites in Alaska, and the Contaminated Sites program plans to use the funds to cleanup 10-20 so-called "orphan" sites (sites where the responsible party cannot be located or is not viable). These funds will be managed by the Contaminated Sites program.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$1,000,000						$1,000,000
Total:	$1,000,000	$0	$0	$0	$0	$0	$1,000,000

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
American Recovery and Reinvestment Act of 2009: Environmental Protection Agency - State and Tribal Assistance Grants, Leaking Underground Storage Tank Trust Fund.

Village Safe Water Stimulus **FY2009 Request: $24,260,000**
Reference No: 48411

AP/AL: Allocation **Project Type:** Water / Sewer / Solid Waste
Category: Health/Human Services
Location: Statewide **Contact:** Lynn Kent
House District: Statewide (HD 1-40) **Contact Phone:** (907)269-6281
Estimated Project Dates: 03/16/2009 - 09/30/2010
Appropriation: American Recovery and Reinvestment Act of 2009

Brief Summary and Statement of Need:
Projects include water and sewer infrastructure improvements. Funds are being allocated by the Indian Health Service using a statewide database of water and sewer project needs in Native communities. These funds will be managed by the Village Safe Water program.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$24,260,000						$24,260,000
Total:	$24,260,000	$0	$0	$0	$0	$0	$24,260,000

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
American Recovery and Reinvestment Act of 2009: Environmental Protection Agency and Indian Health Service - State and Tribal Assistance Grants, Indian Health Service funding and funding from the EPA Tribal Clean Water and Drinking Water Set-aside Programs.

Water Quality Planning Stimulus **FY2009 Request:** **$240,000**
Reference No: **48412**

AP/AL: Allocation
Project Type: Water / Sewer / Solid Waste
Category: Health/Human Services
Location: Statewide
Contact: Lynn Kent
House District: Statewide (HD 1-40)
Contact Phone: (907)269-6281
Estimated Project Dates: 03/16/2009 - 09/30/2010
Appropriation: American Recovery and Reinvestment Act of 2009

Brief Summary and Statement of Need:
Projects include natural conditions statistical analysis implementation tools, grants for stormwater projects, environmental assessments, and green infrastructure assessments. These funds will be managed by the Water Quality Management program.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$240,000						$240,000
Total:	$240,000	$0	$0	$0	$0	$0	$240,000

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
American Recovery and Reinvestment Act of 2009: Environmental Protection Agency - 205(j) Water Quality Management.

Project Review Listing

FY2009 Economic Stimulus Other

Governor Only

Office of the Governor

RefNum	AP/AL	Project Title	Fund Source Total
48442	AP	American Recovery and Reinvestment Act of 2009 Statewide Competitive, Discretionary, and Incentive Grants	
		1212 Federal ES	$1,000,000
		Federal ES (1212):	**$1,000,000**
		General Fund Total:	**0**
		Federal Total:	**$1,000,000**
		Other Total:	**0**
		Department Total:	**$1,000,000**
		Federal ES (1212) Grand Total:	**$1,000,000**
		General Fund Grand Total:	**0**
		Federal Grand Total:	**$1,000,000**
		Other Grand Total:	**0**
		Grand Total:	**$1,000,000**

* Indicates an appropriation with allocations (amounts not included in totals)

American Recovery and Reinvestment Act of 2009 **FY2009 Request:** **$1,000,000**
Statewide Competitive, Discretionary, and Incentive Grants **Reference No:** **48442**

AP/AL: Appropriation
Project Type: Economic Assistance
Category: Development
Location: Statewide
Contact: Karen J. Rehfeld
House District: Statewide (HD 1-40)
Contact Phone: (907)465-4660
Estimated Project Dates: 03/16/2009 - 09/30/2014

Brief Summary and Statement of Need:
Congress has passed and President Obama has signed the American Recovery and Reinvestment Act of 2009 (ARRA). The purpose of the federal appropriation bill is: "Making supplemental appropriations for job preservation and creation, infrastructure investment, energy efficiency and science, assistance to the unemployed, and State and local fiscal stabilization, for the fiscal year ending September 30, 2009, and for other purposes." This capital project ensures that the State of Alaska can receive and expend any economic stimulus funding from the ARRA that departments become eligible for through competitive, discretionary or incentive grants.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$1,000,000						$1,000,000
Total:	$1,000,000	$0	$0	$0	$0	$0	$1,000,000

☐ State Match Required ☐ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
No prior funding history.

Project Description/Justification:
Agencies of the Executive Branch do not yet have comprehensive information about the competitive, discretionary, or incentive grants for which they may be eligible to apply. Rather than have a "placeholder" capital grant appropriation in each department, this "placeholder" appropriation is applicable to all departments. In the event that a department is awarded an economic stimulus capital grant, with this enacted appropriation, the department will be able to comply with the requirements of AS 37.07.080(h).

Project Review Listing

FY2009 Economic Stimulus Other

Labor Workforce Only

Department of Labor and Workforce Development

RefNum	AP/AL	Project Title	Fund Source Total
48441	AP	Economic Stimulus - Additional Funding for AVTEC Culinary Building Replacement and Cafeteria Upgrade	
		1212 Federal ES	$3,000,000
		Federal ES (1212):	**$3,000,000**
		General Fund Total:	**0**
		Federal Total:	**$3,000,000**
		Other Total:	**0**
		Department Total:	**$3,000,000**
		Federal ES (1212) Grand Total:	**$3,000,000**
		General Fund Grand Total:	**0**
		Federal Grand Total:	**$3,000,000**
		Other Grand Total:	**0**
		Grand Total:	**$3,000,000**

* Indicates an appropriation with allocations (amounts not included in totals)

Economic Stimulus - Additional Funding for AVTEC Culinary Building Replacement and Cafeteria Upgrade

FY2009 Request: $3,000,000
Reference No: 48441

AP/AL: Appropriation
Project Type: Renewal and Replacement
Category: Education
Location: Seward
Contact: Fred Esposito
House District: Homer/Seward (HD 35)
Contact Phone: (907)224-4159
Estimated Project Dates: 03/16/2009 - 06/30/2011

Brief Summary and Statement of Need:
In a prior year capital project AVTEC received $8,659.0 of General Funds for Culinary Building Replacement and Instructional Equipment. Final project costs for construction have come in at approximately $11,359.0 and some additional needed equipment has been identified costing $300.0. Federal Economic Stimulus funds ($3,000.0) from the Economic Development Administration are available to support the increased costs.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$3,000,000						$3,000,000
Total:	$3,000,000	$0	$0	$0	$0	$0	$3,000,000

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
$8,659.0 GF for AVTEC Culinary Building Replacement and Instructional Equipment, sec. 10, ch. 29, SLA 2008, page 68, lines 23-25.

Project Description/Justification:
The Federal Economic Stimulus funds from the Economic Development Administration are available to support the increased costs.

Project Review Listing
FY2009 Economic Stimulus Other

Natural Resources Only

Department of Natural Resources

RefNum	AP/AL	Project Title		Fund Source Total
48430	AP	Forestry and Fire Economic Stimulus - Fire Fuels and Forest Management		
			1108 Stat Desig	$1,000,000
			1212 Federal ES	$1,500,000
			Federal ES (1212):	$1,500,000
			General Fund Total:	0
			Federal Total:	$1,500,000
			Other Total:	$1,000,000
			Department Total:	$2,500,000
			Federal ES (1212) Grand Total:	$1,500,000
			General Fund Grand Total:	0
			Federal Grand Total:	$1,500,000
			Other Grand Total:	$1,000,000
			Grand Total:	$2,500,000

* Indicates an appropriation with allocations (amounts not included in totals)

Forestry and Fire Economic Stimulus - Fire Fuels and Forest Management | **FY2009 Request:** $2,500,000 | **Reference No:** 48430

AP/AL: Appropriation
Project Type: Life / Health / Safety
Category: Natural Resources
Location: Statewide
Contact: Leta Simons
House District: Statewide (HD 1-40)
Contact Phone: (907)465-3379
Estimated Project Dates: 03/16/2009 - 09/30/2010

Brief Summary and Statement of Need:
Economic Stimulus (ES) funding provides support to mitigate hazardous fuels to reduce risk to communities from catastrophic wildfire; Community Wildfire Protection Planning and Firewise Education; enhanced local community energy independence through wood to energy projects and community forestry. This project meets the mission of continued protection, development, and management of the State's natural resources, by enlisting cooperation at the local level throughout Alaska. ES funding from the US Forest Service and ES funding for local governments will be used for project-specific forestry and fire work.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$1,500,000						$1,500,000
Stat Desig	$1,000,000						$1,000,000
Total:	$2,500,000	$0	$0	$0	$0	$0	$2,500,000

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
New project - no prior funding history

Project Description/Justification:
This project supports the Department's mission to develop, conserve, and enhance natural resources for present and future Alaskans by delivering federally and locally funded forest management and development, community forestry, and hazardous fuels reduction programs. AS 41.17.030 gives management of state forests to the Department of Natural Resources. The threat of catastrophic wildland fires in the urban interface areas in the state is increasing as the citizens of Alaska continue to move into the forested areas of the state, increasing fire risk. Division of Forestry has an unprecedented opportunity to put Alaskans to work, especially those from rural communities where unemployment is high and seasonal, and has opportunity to reduce the build up of hazardous fuels. These federal funds from the American Recovery and Reinvestment Act (ARRA) will allow the Division to improve and enhance the ability to support both resources and wildland fire programs that benefit the citizens and resources of Alaska and create jobs.

Through economic stimulus funding from the USDA Forest Service, Forestry can quickly implement hazardous fuels reduction and wood to energy projects that will minimize the risk of wildland fire to

homes and community infrastructure while providing much needed wood energy and employment. A common thread for each of the hazard fuel reduction projects will be the additional training for Alaska's Type II firefighting crews to upgrade their capabilities in tree felling and sawyer skills. This will enable crews to attain a critical requirement in the Type II-Initial Attack certification process. This higher crew rating will improve the crew's ability to compete for fire assignments in state and in the Lower 48 jurisdictions during future fire seasons.

Wood to energy projects stimulate local economies, aid Alaskans in becoming more energy independent, and will decrease local energy costs. Funds can go to local vendors and local governments supporting local economies and jobs as well improving conditions and capabilities. Forest restoration and productivity on Alaska Native Lands and State land from pre-commercial thinning provides the immediate benefits of road infrastructure repair, fish habitat restoration, water quality improvement and enhanced forest growth and yield on private lands and provides the long term benefits of enhancement to forest product and fishing industries, enhanced community planning for wildfires, hazardous fuel mitigation and an active Firewise education program. Programs receiving benefit from ARRA funding include but are not limited to:

- Forest resources and management
- Insect and Disease projects – Invasive pests
- Community Forestry
- Natural Resources Intern Program
- Forest Stewardship
- Forest Practices
- Forest Resource Inventory
- Hazardous Fuels Mitigation
- Prevention and education emphasizing Firewise concepts
- Provide funding for the development of Community Wildfire Protection Plans

The Project does not directly raise state revenue. However, it expands the state's effectiveness in both forest management and wildland fire management.

Federal Economic Stimulus funds of up to $1.5 million will pass through the Division of Forestry to local governments for project specific forestry and fire work. In some cases, the local governments will contract with the Division of Forestry to implement projects. The $1.0 million request for SDPR is for authorization to receive funds and provide services to local governments.

Why is this Project Needed Now?

This project will allow the Division to address one-time unfunded project needs in both forest resources and hazardous fuels reduction. The State has the opportunity to reduce risks to public health and safety (i.e., through wildland/urban interface education, hazardous fuel mitigation), focus on getting wood to energy, and put federal funding into local economies. Benefits from the proposed projects bolster local security from mitigation of hazardous fuels and strengthen local communities, improve climate for residential expansion and business opportunities and enhance local community infrastructure (trees).

Specific Spending Detail:

LINE ITEM	DOLLAR AMOUNT	DESCRIPTION (text)
Personal Services	$ 1,000,000	Non-perm firefighting crews to perform hazard fuel mitigation work. Firewise education, forestry intern crew expansion, project coordinators from non-perm or seasonal extensions to manage projects with boroughs and municipalities.
Travel	$ 50,000	Travel costs associated with statewide hazardous fuels mitigation and wood to energy projects
Services	$ 250,000	Contractual Services related to ARRA projects, including mechanical fuels treatment contracts.
Commodities	$ 100,000	Miscellaneous supplies for hazard fuel reduction projects, Firewise Education, Community Wildfire Protection Planning,
Grants	$1,100,000	Pass thru grants to cities and boroughs, and local govt. for community forestry projects. Note: Actual expenditures will depend on which projects are identified by the USFS.

**Note - For fire fuel mitigation crews, the state will create limited duration short-term non-perm positions (approximately 60 to 80) to work at specific project locales.

The one-time projects are estimated to put almost 200 people to work in the private sector or with the state in non-perm firefighting/fuels crews. The State does not bear the burden of continued operating budget obligations for the projects and services. As fuel treatment projects are completed in a geographic location, the vacant non-perm positions will be transferred to new duty stations for reuse with new crew hires on new projects. Project management costs will be billed as direct costs.

Project Support:
Broad support is anticipated from the public, local government, volunteer fire departments, Alaska Native organizations, numerous state, and federal government cooperating agencies, and grantees.

Project Opposition:
No opposition is anticipated for this project.

Project Review Listing
FY2009 Economic Stimulus Other

Revenue Only

Department of Revenue

RefNum	AP/AL	Project Title			Fund Source Total
48437	AP	AHFC - Low-Income Housing Grants in Lieu of Tax Credits			
			1212	Federal ES	$28,500,000
48436	AP	AHFC - Home Investment Partnerships			
			1212	Federal ES	$5,490,700
48438	AP	AHFC - Capital Fund Program (CFP) - Formula			
			1212	Federal ES	$3,307,000
48439	AP	AHFC - Capital Fund Program (CFP) - Competitive			
			1212	Federal ES	$1,200,500
48440	AP	AHFC - Emergency Shelter Grants (ESG)			
			1212	Federal ES	$1,144,000

Federal ES (1212):	**$39,642,200**
General Fund Total:	**0**
Federal Total:	**$39,642,200**
Other Total:	**0**
Department Total:	**$39,642,200**

Federal ES (1212) Grand Total:	**$39,642,200**
General Fund Grand Total:	**0**
Federal Grand Total:	**$39,642,200**
Other Grand Total:	**0**
Grand Total:	**$39,642,200**

* Indicates an appropriation with allocations (amounts not included in totals)

AHFC - Low-Income Housing Grants in Lieu of Tax Credits **FY2009 Request:** **$28,500,000**
Reference No: **48437**

AP/AL: Appropriation
Project Type: Renewal and Replacement
Category: Housing/Social Services
Location: Statewide
Contact: Les Campbell
House District: Statewide (HD 1-40)
Contact Phone: (907)330-8356
Estimated Project Dates: 03/16/2009 - 06/30/2013

Brief Summary and Statement of Need:
This program allows taxpayers to receive a grant from the Treasury Department in lieu of low-income housing tax credits. State housing agencies would receive a grant in an amount up to 85 percent of 40 percent of the State's low-income housing tax credit allocation in lieu of credits. The grants would apply to each State's 2009 low-income housing tax credit allocation.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$28,500,000						$28,500,000
Total:	$28,500,000	$0	$0	$0	$0	$0	$28,500,000

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
Federal Economic Stimulus

Project Description/Justification:

LOW-INCOME HOUSING GRANTS IN LIEU OF TAX CREDITS
Total Funds: $28,500.0 Federal ES – FY2009 Capital Budget
Purpose: The Act allows taxpayers to receive a grant from the Treasury Department in lieu of low-income housing tax credits. State housing agencies would receive a grant in an amount up to 85 percent of 40 percent of the State's low-income housing tax credit allocation in lieu of credits. The grants would apply to each State's 2009 low-income housing tax credit allocation.
Timing Issues:
- Funding must be spent within two years of receiving the funds.

Other Restrictions – Beyond the existing regulations and statutes of 26 USC Section 42, unknown at this time. The US Treasury department hasn't issued regulations yet and ARRA didn't detail out any other restrictions.
Recipients - Multi-family rental projects that are unable to syndicate a tax credit allocation received in 2009.

AHFC - Home Investment Partnerships **FY2009 Request: $5,490,700**
Reference No: 48436

AP/AL: Appropriation **Project Type:** Renewal and Replacement
Category: Housing/Social Services
Location: Statewide **Contact:** Les Campbell
House District: Statewide (HD 1-40) **Contact Phone:** (907)330-8356
Estimated Project Dates: 03/16/2009 - 06/30/2013

Brief Summary and Statement of Need:
The purpose of this program is to expand the supply of affordable, low- and moderate-income housing and to strengthen the ability of the state to design and implement strategies to achieve an adequate supply of safe, energy-efficient, and affordable housing.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$5,490,700						$5,490,700
Total:	$5,490,700	$0	$0	$0	$0	$0	$5,490,700

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
Federal Economic Stimulus

Project Description/Justification:

HOME INVESTMENT PARTNERSHIPS – Modified for Low-Income Housing Tax Credit
Total Funds: $5,490.7 Federal ES – FY2009 Capital Budget
Purpose: To provide capital investments in low-income housing tax credit projects
National Funding Level: $2.25 billion
Allocation Method: AHFC will distribute funds competitively (after receiving the initial formula allocation to States, based on Fiscal Year 2008 HOME formula)
Decision-Maker: HUD Office of Community Planning and Development, then state housing credit agencies - AHFC
Eligible Applicants: Affordable housing developers of qualified projects that, within a certain timeframe, received or simultaneously receive a Low Income Housing Tax Credit (LIHTC)
Special Criteria:
Timing
Housing credit agencies must commit at least 75 percent of funds within one year of enactment, and demonstrate that project owners have expended 75 percent of funds within two years of enactment and 100 percent within three years – failure by an owner to do so will result in redistribution of funds within the State
Available until September 30, 2011

Project Selection Criteria:
For housing credit agencies decisions, prioritize projects that will be completed within three years
Eligible projects must be awarded LIHTC in Fiscal Years 2007, 2008, or 2009
Housing credit agencies shall assure asset management functions comply with LIHTC requirements

Eligible basis of a qualified LIHTC building receiving assistance cannot be reduced by the amount of any stimulus grant
Environmental compliance remains subject to HOME requirements

AHFC - Capital Fund Program (CFP) - Formula **FY2009 Request: $3,307,000**
Reference No: 48438

AP/AL: Appropriation
Project Type: Renewal and Replacement
Category: Housing/Social Services
Location: Statewide
Contact: Les Campbell
House District: Statewide (HD 1-40)
Contact Phone: (907)330-8356
Estimated Project Dates: 07/01/2008 - 06/30/2013

Brief Summary and Statement of Need:
Federal (HUD) grant that provides Public Housing Authorities (PHA) with funds each year to help renovate and modernize public housing units.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$3,307,000						$3,307,000
Total:	$3,307,000	$0	$0	$0	$0	$0	$3,307,000

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
Federal Economic Stimulus

Project Description/Justification:

CAPITAL FUND PROGRAM (CFP)
Total Funds: $3,307.0 Federal ES FY2009 Capital Budget
Purpose: Provide funding for the capital and management activities of Public Housing Agencies as authorized under Section 9 of the United States Housing Act of 1937 (42 U.S.C. 1437g), including modernization and development of public housing.
Timing Issues:
- Funding must be obligated 100% within one year of the effective date
- Funding must be 60% expended within two years of the effective date
- Funding must be 100% expended within three years of the effective date
- Grantees must submit an annual statement and board resolution no later than 21 calendar days from the effective date
- Recipients prioritize projects that can award bid-based contracts within 120 days from the effective date
- Recipients prioritize capital projects that are already underway or included in the five-year Capital Fund Plan

Other Restrictions
- Funds cannot be transferred to operations or used for rental assistance activities
- Extensions to the obligation and expenditure dates are not permitted
- Priority consideration shall be given to the rehabilitation of vacant rental units

- Funds provided in this grant to supplement expenditures not supplant expenditures from other Federal, State, or local sources or funds independently generated by the grantee
- Grantee will provide a physical needs assessment as specified by HUD
- Requirements relating to the procurement of goods and services arising under state and local laws and regulations shall not apply to the CFP assistance provided by this agreement
- Secretary of HUD may waive or specify alternative requirements for any provision of any statute or regulation in connection with the obligation if necessary to expedite or facilitate the timely use of this funding and if it is not inconsistent with the overall purpose of the statute (42 U.S.C. 5301)

Recipients

- Funding will be distributed to grantees that received funding in FFY08

AHFC - Capital Fund Program (CFP) - Competitive **FY2009 Request: $1,200,500**
Reference No: 48439

AP/AL: Appropriation **Project Type:** Renewal and Replacement
Category: Housing/Social Services
Location: Statewide **Contact:** Les Campbell
House District: Statewide (HD 1-40) **Contact Phone:** (907)330-8356
Estimated Project Dates: 03/16/2009 - 06/30/2013

Brief Summary and Statement of Need:
Federal (HUD) grant that provides Public Housing Authorities (PHA) with funds each year to help renovate and modernize public housing units.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$1,200,500						$1,200,500
Total:	$1,200,500	$0	$0	$0	$0	$0	$1,200,500

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
Federal Economic Stimulus

Project Description/Justification:

CAPITAL FUND PROGRAM (CFP)
Total Funds: $1,200.5 Federal ES - FY2009 Capital Budget
Purpose: Provide funding for the capital and management activities of Public Housing Agencies as authorized under Section 9 of the United States Housing Act of 1937 (42 U.S.C. 1437g), including modernization and development of public housing.
Timing Issues:
- Funding must be obligated 100% within one year of the effective date
- Funding must be 60% expended within two years of the effective date
- Funding must be 100% expended within three years of the effective date
- Grantees must submit an annual statement and board resolution no later than 21 calendar days from the effective date
- Recipients prioritize projects that can award bid-based contracts within 120 days from the effective date
- Recipients prioritize capital projects that are already underway or included in the five-year Capital Fund Plan

Other Restrictions
- Funds cannot be transferred to operations or used for rental assistance activities.
- Extensions to the obligation and expenditure dates are not permitted.
- Priority consideration shall be given to the rehabilitation of vacant rental units

- Funds provided in this grant to supplement expenditures not supplant expenditures from other Federal, State, or local sources or funds independently generated by the grantee.
- Grantee will provide a physical needs assessment as specified by HUD.
- Requirements relating to the procurement of goods and services arising under state and local laws and regulations shall not apply to the CFP assistance provided by this agreement.
- Secretary of HUD may waive or specify alternative requirements for any provision of any statute or regulation in connection with the obligation if necessary to expedite or facilitate the timely use of this funding and if it is not inconsistent with the overall purpose of the statute (42 U.S.C. 5301).

Recipients

Total Funding will be distributed competitively to Public Housing Authorities nationwide, AHFC expects to receive $1,200.5

AHFC - Emergency Shelter Grants (ESG) **FY2009 Request: $1,144,000**
Reference No: 48440

AP/AL: Appropriation **Project Type:** Life / Health / Safety
Category: Housing/Social Services
Location: Statewide **Contact:** Les Campbell
House District: Statewide (HD 1-40) **Contact Phone:** (907)330-8356
Estimated Project Dates: 03/16/2009 - 06/30/2013

Brief Summary and Statement of Need:
To provide funding for foreclosure prevention and re-housing; case management and social services; renovation, major rehabilitation, or conversion of buildings for use as emergency shelters or transitional housing; shelter operating costs; and related activities.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$1,144,000						$1,144,000
Total:	$1,144,000	$0	$0	$0	$0	$0	$1,144,000

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
Federal Economic Stimulus

Project Description/Justification:

EMERGENCY SHELTER GRANTS (ESG)
Total Funds: $1,144.0 Federal ES – FY2009 Capital Budget
Purpose: To provide funding for foreclosure prevention and re-housing; case management and social services; renovation, major rehabilitation, or conversion of buildings for use as emergency shelters or transitional housing; shelter operating costs; and related activities.
Decision-Maker: HUD Office of Community Planning and Development
Eligible Applicants: Commerce and AHFC have agreed to transfer this program to AHFC because of AHFC's role as the coordinator of homeless housing programs in Alaska. A request is being prepared for the Governor's approval.
Special Criteria:
Timing Issues:
Grantees must expend at least 60 percent of funds within two years of fund availability, and 100 percent within three years;
HUD may recapture unexpended funds if two-year expenditure requirement is not met and reallocate to others in compliance;
HUD must publish a notice establishing requirements within 30 days of enactment; and
HUD may set a minimum formula grant result for localities to receive funds that ensures critical mass of resources to have impact.

Eligible Use:
Including short- and medium-term rental assistance and prevention activities, housing relocation, and stabilization services including: housing search, mediation or outreach to property owners, credit repair, security or utility deposits, utility payments, rental assistance for a final month at a location, moving cost assistance, and case management, or other activities for homelessness prevention and rapid re-housing of persons who have become homeless.
Grantee Administration – There is an Administrative cost allowance of up to five percent; Data collection to be in HUD's Homeless Management Information System.

Project Review Listing
FY2009 Economic Stimulus Other

University of Alaska Only

University of Alaska

RefNum	AP/AL	Project Title		Fund Source Total
45331	AP	UAF Alaska Region Research Vessel Additional Receipt Authority		
			1212 Federal ES	$116,000,000
48433	AP	UA Economic Stimulus Federal Receipt Authority Competitive, Discretionary, and Incentive Grants		
			1212 Federal ES	$1,000,000

Federal ES (1212):	**$117,000,000**
General Fund Total:	**0**
Federal Total:	**$117,000,000**
Other Total:	**0**
Department Total:	**$117,000,000**

Federal ES (1212) Grand Total:	**$117,000,000**
General Fund Grand Total:	**0**
Federal Grand Total:	**$117,000,000**
Other Grand Total:	**0**
Grand Total:	**$117,000,000**

* Indicates an appropriation with allocations (amounts not included in totals)

UAF Alaska Region Research Vessel Additional Receipt Authority | **FY2009 Request:** $116,000,000 | **Reference No:** 45331

AP/AL: Appropriation
Project Type: Construction
Category: University
Location: Statewide
Contact: Michelle Rizk
House District: Statewide (HD 1-40)
Contact Phone: (907)450-8180
Estimated Project Dates: 03/16/2009 - 06/30/2014

Brief Summary and Statement of Need:
The American Reinvestment and Recovery Act directed $3 billion to the National Science Foundation (NSF) to enable U.S. investment in America's scientific enterprise. Of this funding, NSF will direct $196 million to the University of Alaska Fairbanks (UAF) for the construction of the Alaska Region Research Vessel. In FY05, UAF was given receipt authority up to $80 million for NSF funding to purchase a new research vessel. Since this time the NSF funding has increased by $116 million to accommodate inflation and changes in scope of work over the past few years.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$116,000,000						$116,000,000
Total:	$116,000,000	$0	$0	$0	$0	$0	$116,000,000

☐ State Match Required ☐ One-Time Project ☐ Phased - new ☑ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
FY05 $80M, Federal Receipt Authority

Project Description/Justification:
The Alaska Region Research Vessel (ARRV) is a 236-foot ice-capable vessel to support research in high latitudes. The ARRV will be owned by the National Science Foundation and operated by UAF on behalf of the entire ocean sciences community, through the University-National Oceanographic Laboratory System. The new vessel will open up the ice-choked waters of the Alaska region to scientists from all over the world and will be the first vessel in the U.S. academic research fleet capable of breaking ice up to 2.5 ft thick. In addition to its ice-breaking capabilities, the ARRV will allow researchers to collect sediment samples directly from the seafloor, host remotely operated vehicles and use a suite of flexible winches to raise and lower testing equipment throughout the water column. The ship will also be able to transmit real-time information directly to classrooms all over the world. The ARRV will accommodate 26 scientists and students at a time, including those with disabilities.

With its ability to penetrate the polar and sub-polar regions, the ARRV will allow scientists and graduate students to study global issues, such as sea-level rise and climate change and the effects of both on the coastal and arctic ecosystems.

UA Economic Stimulus Federal Receipt Authority **FY2009 Request:** **$1,000,000**
Competitive, Discretionary, and Incentive Grants **Reference No:** **48433**

AP/AL: Appropriation **Project Type:** Research / Studies / Planning
Category: University
Location: Statewide **Contact:** Michelle Rizk
House District: Statewide (HD 1-40) **Contact Phone:** (907)450-8191
Estimated Project Dates: 03/16/2009 - 06/30/2014

Brief Summary and Statement of Need:
The University of Alaska plans to pursue economic stimulus grant funding opportunities from various federal agencies. The main areas of focus will be energy, research, technology, and health. Research projects are temporary in nature and carry no on-going continuation of funding beyond the terms of the contract. Requests for capital funding is limited to one-time items, or facilities that can be supported completely by indirect cost recovery from on-going research projects. This capital project ensures that the University of Alaska can receive and expend, with legislative approval, any economic stimulus funding from the ARRA that becomes available through competitive, discretionary or incentive grants.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$1,000,000						$1,000,000
Total:	$1,000,000	$0	$0	$0	$0	$0	$1,000,000

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
None.

Project Description/Justification:
The University of Alaska has identified several federal agencies which are likely to award economic stimulus grants to the University. The American Recovery and Reinvestment Act (ARRA) has directed funds to the Federal Department of Energy (DOE) for energy efficiency and renewable energy. UA plans to pursue grant funding in areas such as: wind-diesel applications; carbon sequestration; assessing geothermal resources; and small scale biomass development. Energy grants such as these are focused on reducing the use of fossil fuels and improving delivery of energy to rural Alaska.

In addition to the DOE, several other federal agencies have been identified as likely sources of research funding for the University. The National Science Foundation (NSF) and the National Oceanic and Atmospheric Administration (NOAA) will have grant funding available for scientific research. UA plans to pursue grant funding for projects such as climate modeling in Alaska, North Pacific Storm and Climate research and professional development for Alaska's science teachers.

Michelle Rizk, Associate Vice President
(907) 450-8187
(907) 450-8181 fax
michelle.rizk@alaska.edu

UNIVERSITY of ALASKA
Many Traditions One Alaska

Planning & Budget Development
PO BOX 755260
910 Yukon Drive Ste. 108
Fairbanks, AK 99775-5260

March 17, 2009

Karen Rehfeld, Director
Office of Management and Budget
P.O. Box 110020
Juneau, AK 99811

Re: Fund Source Change

Dear Ms. Rehfeld:

The University of Alaska is requesting a fund source change on an FY05 appropriation that will be used for a federal economic stimulus project. To meet the reporting needs of the American Recovery and Reinvestment Act of 2009, a new fund source code has been created. We are requesting a fund source change for the UAF Alaska Region Research Vessel in the amount of $80 million from Federal Receipts (1002) to the Federal Economic Stimulus fund (1212) as follows:

FUND SOURCE CHANGES FOR FEDERAL ECONOMIC STIMULUS PROJECTS.

Sec. 2, ch. 159, SLA 2004, page 54, lines 7 – 9, is amended to read:

University of Alaska	
Federal Receipts	**36,000,000** [116,000,000]
Federal Economic Stimulus	**80,000,000**
University of Alaska Restricted Receipts	26,302,500

Please let me know if you have any questions.

Sincerely,

Michelle Rizk

4036

Sec. --. FUND SOURCE CHANGES FOR FEDERAL ECONOMIC STIMULUS PROJECTS. (a) Sec. 2, ch. 159, SLA 2004, page 54, lines 7 – 9, is amended to read:

University of Alaska	
Federal Receipts	**36,000,000** [116,000,000]
Federal Economic Stimulus	**80,000,000**
University of Alaska Restricted Receipts	26,302,500

3/23/09

Items Not Included in the March 19 Economic Stimulus Bill

	ARRA Page Ref.	FY	Department	RDU/ Component	PFT	PPT	NP	Description	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
Operating Items													
1	p. 314-316	FY2009 - FY2010 Operating	Administration	Finance				This provides for a federally funded subsidy for COBRA health insurance coverage to assistance eligible individuals (AEIs). AEI is defined as an individual who is involuntarily terminated from employment between September 1, 2008 and December 31, 2009, who elects to receive COBRA coverage and pays 35% of the premium due as of March 1, 2009. The employer pays the remaining 65% of the premium and is reimbursed by the federal government by withholding premiums paid from payroll taxes reported on the quarterly 941 employer tax form.		1,489.0			1,489.0
2	p. 16	FY2009 - FY2010 Operating	Administration	Violent Crimes Compensation Board				Funding will be used to pay claims for assistance received from Alaskans and visitors to Alaska that suffer financial losses that are the direct result of violent crimes. Categories of expenses covered include mental health counseling, medical expenses, lost wages, funeral expenses, and other expenses as authorized by statute.		149.4			149.4
3	p. 70	FY2009 - FY2010 Operating	Commerce	Alaska State Community Services Commission				Funding will provide grants to existing AmeriCorps grantees for performing volunteer programs.		1,500.0			1,500.0
4	p. 67	FY2009 - FY2010 Operating	Education	Student and School Achievement				ESEA Title I-A Grants to LEAs and School Improvement Grants will help school districts mitigate the effect of the reduction in local revenues and State support for education by distributing funding to schools and school districts with a high percentage of students from low-income families, and by providng funding for academic assessment, LEA and school improvement.		40,000.0			40,000.0
5	p. 68	FY2009 - FY2010 Operating	Education	Student and School Achievement				ESEA Title II-D Education Technology Grants will improve student achievement through the use of technology in elementary and secondary schools.		3,210.0			3,210.0
6	p. 68	FY2009 - FY2010 Operating	Education	Student and School Achievement				McKinney Vento Homeless assistance Grants to ensure that homeless children, including preschoolers and youth, have equal access to free and appropriate education.		328.0			328.0
7	p.68	FY2009 - FY2010 Operating	Education	Student and School Achievement				IDEA Part B (611 and 619) Grants to States, Preschool Grants to provide services to students with disabilities ages three through twenty-one who are enrolled in special eduation programs. The state will receive the allocation as a grant and pass-through to LEAs based on the number of children with disabilities who are receiving special education and related services. Funding will also be provided for services to children with disabilities ages three through five (and optionally to two-year olds who turn three during the school year). The state will receive the allocation as a grant and pass-through to LEAs based on population, including consideration for the number of children living in poverty.		34,300.0			34,300.0
8	p. 168	FY2009 - FY2010 Operating	Education	Student and School Achievement				State Stabilization Funds (base) will be distributed by the department to LEAs based on their relative share of funding under Title I-A grants for 2009. LEAs may use the funds for activities authorized by ESEA, IDEA, Adult Family Literacy Act, Carl D. Perkins Career and Technology Act, or for the repair, modernization or renovation of public school facilities that is consistent with State law.		93,043.0			93,043.0
9	p. 5	FY2009 - FY2010 Operating	Education	Child Nutrition				Temporary Emergency Food Assistance Program will provide funding for the emergency food assistance program, allocated as a grant to the State distributing agency who then distributes to public or private nonoprofit organizations that provide food and nutrition assistance to the needy.		50.0			50.0
10	p. 5	FY2009 - FY2010 Operating	Education	Child Nutrition				National School Lunch Program Grants provides funding to the state for National School Lunch Program equipment assistance in proportion to the State's administrative expense allocation. In turn, the state will provide competitive grants to school food authorities based on the need for equipment assistance in participating schools. Priority given to schools in which at least 50% of the students are eligible for free or reduced priced meals.		286.0			286.0
11	p. 57	FY2009 - FY2010 Operating	Education	Alaska State Council on the Arts				National Endowment for the Arts Funding to provide an additional distribution to State Art Agencies. The Arts Council submitted an application for the additional funds by the March 13, 2009 deadline.		300.0			300.0

Items Not Included in the March 19 Economic Stimulus Bill

	ARRA Page Ref.	FY	Department	RDU/ Component	PFT	PPT	NP	Description	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
12	p. 369	FY2009 - FY2010 Operating	Health & Social Srvcs	Health Care Services/Medical Assistance Administration	4			This request will allocate funds for Medicaid provider Health Information Technology (HIT) adoption and Electronic Health Records (EHR) payments. Administrative funding is to be used to coordinate with other state or local HIT projects, national standards setting, and coordinate with other agencies to assure interoperability of systems and avoid duplicate provider payments.	40.0	2,000.0			2,040.0
13	p. 61	FY2009 - FY2010 Operating	Health & Social Srvcs	Public Assistance/Child Care Benefits				Child Care Development Block Grants - increased funding to improve the quality of child care and provide for the expansion of child care services. These funds cannot be used to supplant state funding. Of this allotment, $333.7 is targeted for quality expansion and $193.2 is for improving the quality of infant and toddler care.		3,153.1			3,153.1
14	p. 5	FY2009 - FY2010 Operating	Health & Social Srvcs	Public Assistance/Public Assistance Administration			4	Supplemental Nutrition Assistance Program (SNAP) - formerly Food Stamps - funding for increased administrative costs beginning April 1, 2009. This expands the benefit but is not an expansion of the program. Includes funding for 4 non-perm staff to assist with increased caseload, outreach and administrative process revisions for greater efficiency.		462.0			462.0
15	p. 5	FY2009 - FY2010 Operating	Health & Social Srvcs	Public Assistance/Women, Infants and Children				Additional funds to support Women, Infants and Children (WIC) operations and establish, improve or administer WIC management information system. Funds are to be used for extension and expansion of programs.		777.7			777.7
16	p. 63	FY2009 - FY2010 Operating	Health & Social Srvcs	Public Health/Chronic Disease Prevention and Health Promotion				Increased funding for immunization, prevention and wellness and infection reduction grants. The department assumes that current Health and Human Serviecs (HHS) requirements apply.		2,000.0			2,000.0
17	P. 65	FY2009 - FY2010 Operating	Health & Social Srvcs	Children's Services/Infant Learning Program Grants				Expand Infant Learning Program grants established as part of the Individuals with Disabilities Education Act, Part C.. Department will focus on one-time infrastructure improvements; any service expansions are intended to be backfilled with enhanced Medicaid claiming through program changes.		1,000.0			1,000.0
18	p. 62	FY2009 - FY2010 Operating	Health & Social Srvcs	Senior and Disabilities Services/ Senior Community Based Grants				Administration on Aging, Home Delivered Meals and Congregate Meals Continue and enhance food security for current eligible groups. These funds are limited to senior meal programs only.		485.0			485.0
19	p. 59-60	FY2009 - FY2010 Operating	Labor	Employment Training Services	8			These funds will be used to hire an additional 8 full time, front-line service delivery staff to assist with the increased volume of labor exchange customers and unemployment insurance claimants. Six Employment Security Specialist II positions (qualified in case management) will provide job search assistance, labor market information, case management, and other reemployment services in the job centers. Two Community Development Specialist positions will provide career support and training services to unemployment insurance claimants who need training to upgrade skills in order to obtain employment. Funding will also be used to support salary and benefit costs of existing staff, travel for trainers, enhancements to the Alaska Labor Exchange System (ALEXsys) and equipment replacement and upgrade to support the federal Stimulus effort. These efforts include continuing to provide front-line employment and reemployment services, and career support and training services, to an increased volume of labor exchange customers. The outcome will be to increase the number of customers receiving staff-assisted services by approximately 2,250		4,304.7			4,304.7
20	p. 59	FY2009 - FY2010 Operating	Labor	Employment Training Services				Funding will support additional training and employment opportunities for unemployed low-income seniors. Grantees will expand the number of Senior Community Service Employment Program (SCSEP) participants assigned to community service work, especially in those growth industries emphasized in the Recovery Act (e.g., health care, child care, education, green jobs, energy efficiency and environmental services) and in expanded public service activities that utilize Recovery Act funds. The funds will be used to provide high quality job training, on-the-job training and employment assistance to an estimated 80 low income older workers and will assist employers that are faced with the challenges of today's workplace.		507.3			507.3

Items Not Included in the March 19 Economic Stimulus Bill

	ARRA Page Ref.	FY	Department	RDU/ Component	PFT	PPT	NP	Description	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
21	p. 329	FY2009 - FY2010 Operating	Labor	Unemployment Insurance				Funds will be used to upgrade computers on the department's annual replacement schedule, UI tax and benefit program enhancements, software and associated data processing costs, and office equipment. The funds will support a UI claim center phone call routing software package along with licensing and installation charges. They will also purchase a Tax auditing software package; web based Quality Control audit software; software to record and retrieve claim center calls for staff performance review; software for managing UI workflow and documentation processes; and computer enhancements to existing Employment Security Division on-line systems integration.		1,115.7			1,115.7
22	p. 58-59	FY2009 - FY2010 Operating	Labor	Business Services				Additional funding will be utilized to increase workforce development training opportunities in the Workforce Investment Act programs for Adult $1,679.5, Dislocated Worker $3,546.4, and Youth $3,936.1. It will be used for personal services to support existing staff engaged in Stimulus related activities, travel to monitor grantees, commodities and contractual services for normal office and staff related costs, and contractual services and grant funds to provide training. It is estimated to provide training opportunities to an additional 729 Adult, 733 Dislocated Worker and 1,681 Youth participants.		9,161.9			9,161.9
23	p. 69	FY2009 - FY2010 Operating	Labor	Client Services				Funding will provide vocational rehabilitation services and grants to disabled individuals. These services include assessment for determining eligibility for services, job development, orientation and mobility services, and supported employment services.		1,800.0			1,800.0
24	p. 266	FY2009 - FY2010 Operating	Labor	Employment and Training Services				The ARRA reauthorized and permanently expanded the Trade Adjustment Assistance program. Eligibility was expanded to include workers in the services sector. The funds will be utilized to support salary and benefit costs of existing staff to provide employment and case management services to increased participants to include comprehensive and specialized assessment of skill levels and service needs; development of an individual employment plan; information on how to apply for financial aid; information on training available in local and regional areas; short-term prevocational services; individual career counseling; employment statistics information; and information relating to local occupations that are in demand and the earnings potential of such occupations. In addition, the Trade Adjustment Assistance database will need to be upgraded as mandated by new federal regulations. The estimated outcome is 115 participants will utilize Trade Adjustment Assistance program benefits such as job search activities, relocation benefits, training, health care tax credits and trade readjustment allowance benefits.		350.0			350.0
25	p. 69	FY2009 - FY2010 Operating	Labor	Independent Living Rehabilitation				These funds will be granted to the four Centers for Independent Living (CILs) to support activities that lead to competitive employment, independent living and business ownership by Alaskans with disabilities. Activities include providing home accessibility modifications, adaptive equipment and/or services that allow people to remain in their homes and communities. Funds will also be used to expand independent living services statewide, including rural and remote areas of the state, by encouraging partnerships, collaborative efforts, training and outreach. The funds will also support operations of the State Independent Living Council (SILC), examining the State Plan for Independent Living resource plan to determine if it needs to be updated.		246.2			246.2
26	p. 16	FY2009 - FY2010 Operating	Public Safety	Alaska State Troopers/Special Projects				Funds are to be used to enhance law enforcement's response to online child victimization and child pornography cases. The department will use the funds to cover personal services costs of investigators and associated supplies and equipment. The Anchorage Police Department is the only eligible applicant in Alaska and is expected to subgrant these funds to the department.		50.0			50.0
27	p. 16	FY2009 - FY2010 Operating	Public Safety	Alaska State Troopers/ Narcotics Task Force	6			Justice Assistance Grant (JAG) will be used to cover the personal services costs of new trooper positions, travel, training, supplies and sub-grants to other state agencies and to units of local government to fund projects supporting approved JAG purpose areas.		5,821.0			5,821.0

Items Not Included in the March 19 Economic Stimulus Bill

	ARRA Page Ref.	FY	Department	RDU/ Component	PFT	PPT	NP	Description	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
28	p. 16	FY2009 - FY2010 Operating	Public Safety	Council on Domestic Violence and Sexual Assault/Council on Domestic Violence and Sexual Assault				Victim compensation and assistance. These federal funds may be used to provide services to victims of criminal violence. The funds will be sub-granted to approved victim services programs to provide immediate safety and support to victims of domestic violence and sexual assault in Alaska.		545.0			545.0
29	p. 15	FY2009 - FY2010 Operating	Public Safety	Council on Domestic Violence and Sexual Assault/Council on Domestic Violence and Sexual Assault				Services*Training*Officers*Prosecutors (STOP) Grant. These funds may be used to provide for law enforcement, prosecution and victim services enhancements such as training public safety and court-related personnel, expanding specialized units and enhancing technology. Funds will be sub-granted to law enforcement and prosecutorial agencies, courts and approved victim services programs.		803.6			803.6
30	p. 335, Sec. 2104	FY2009 - FY2010 Operating	Revenue	Child Support Services Division				The division had originally requested a $1.9 million fund source change from RSS to GF Match. Neither the House or Senate Finance Subcommittee budgets include that change. The combination of a change in federal policy that now allows federal incentive funds to be used as match and the unexpected level of FY10 carryforward due to high PFD collections now result in just $400.0 GF Match being required. The $400.0 GF Match is necessary to collect the federal funds.	400.0	612.5	(1,012.5)	Receipt Supported Services	0.0
31					18	0	4	**Operating Items Total**	440.0	209,851.1	(1,012.5)		209,278.6
Capital Projects													
32	p. 103		Commerce					Community Development Block Grant Program This program provides grants (not to exceed $850,000) to municipalities for planning activities, infrastructure projects, and economic development activities which benefit low- to moderate-income individuals.		679.9			679.9
33	p. 65		Commerce					Community Services Block Grant Program The CSBG program is designed to provide a range of services which assist low-income people to attain skills, knowledge and motivation necessary to achieve self-sufficiency. The program may also provide low-income people immediate life necessities such as food, shelter, medicine, etc. As authorized by federal Public Law 97-35, the U.S. Department of Health and Human Services (H&HS) has designated 950 Community Action Agencies (CAAs) -- all of whom may then receive federal funding that passes through their appropriate state agency. Within Alaska the federal H&HS has designated only one CAA. That entity is the non-profit corporation Rural Alaska Community Action Program, referred to as RurAL CAP.		3,960.0			3,960.0
34	p. 56		Environmental Conservation					Air Non-Point Mobile Source Stimulus Projects include diesel emission reduction, increasing the fuel efficiency of stationary source diesel power generation in Alaska villages, coupling use of ultra low sulfur diesel with oxidative catalysts or particulate traps, development and use of fish oil and waste vegetable oil derived biodiesel, and installation of anti-idling technologies. These funds will be managed by the Air Non-Point Mobile Source program.		2,000.0			2,000.0
35			Revenue					AHFC - State Energy Program U.S. Department of Energy (DOE) funds for State Energy Program (SEP) special projects such as building technologies, codes and standards, wind and power technologies, renewable energy for remote areas, or transportation technologies.		28,563.0			28,563.0
36			Revenue					AHFC - Weatherization Program U.S. Department of Energy (DOE) funds to assist low- and moderate-income families attain decent, safe, and affordable housing through the weatherization and rehabilitation of existing homes. Weatherization provides for fire safety through furnace and electrical repairs, education, chimney and woodstove repairs, and egress windows (installed during bedroom window replacements).		18,466.2			18,466.2
37			Revenue					AHFC - Energy Efficiency and Conservation Block Grants U.S. Department of Energy (DOE) funds for energy efficiency and conservation activities for communities, including but not limited to: developing/implementing an energy efficiency and conservation strategy; retaining technical consultant services to assist in the development of such a strategy.		8,500.0			8,500.0
38					0	0	0	**Capital Projects Total**	0.0	62,169.1	0.0		62,169.1
39					18	0	4	**Operating and Capital Combined Total**	440.0	272,020.2	(1,012.5)		271,447.7

3/23/09

Federal Economic Stimulus Funding March 20, 2009

			INCLUDED IN BILL		NOT INCLUDED IN BILL		
	Department	Item	Federal ES Capital	Other Funds Capital	Federal ES Operating	Other Funds Operating	Federal ES Capital
1	Administration	COBRA Health Insurance Subsidy			1,489.0		
2		Violent Crimes Compensation Board			149.4		
3	Subtotal Administration		0.0	0.0	1,638.4	0.0	0.0
4	Commerce	AK State Community Service Commission (AmeriCorps)			1,500.0		
5		Community Development Block Grant Program					679.9
6		Community Services Block Grant Program					3,960.0
7	Subtotal Commerce		0.0	0.0	1,500.0	0.0	4,639.9
8	Education	ESEA Title IA			40,000.0		
9		ESEA Title IIA Education Technology			3,210.0		
10		McKinney Vento Homeless Assistance Grants			328.0		
11		IDEA Part B Grants to States, Preschool			34,300.0		
12		State Fiscal Stabilization Base Funds			93,043.0		
13		Temporary Emergency Food Assistance			50.0		
14		National School Lunch Program			286.0		
15		National Endowment for the Arts Funding			300.0		
16		State Fiscal Stabilization Fund - Education and Job Training	20,699.0				
17	Subtotal Education		20,699.0	0.0	171,517.0	0.0	0.0
18	Environmental Conservation	Alaska Clean Water Municipal Grant and Loans	23,637.0				
19		Alaska Drinking Water Municipal Grant and Loans	19,500.0				
20		Leaking Underground Storage Tanks	1,000.0				
21		Village Safe Water	24,260.0				
22		Water Quality Planning	240.0				
23		Air Quality Grants - Diesel Emission Reductions Grant authority legislation needed					2,000.0
24	Subtotal Environ Conserv		68,637.0	0.0	0.0	0.0	2,000.0
25	Governor's Office	Executive Branch Capital Grant Placeholder (for LB&A)	1,000.0				
26	Subtotal Governor		1,000.0	0.0	0.0	0.0	0.0
27	Health & Social Services	Health Care Medicaid Provider Electronic Health Records			2,000.0	40.0	
28		Child Care Development Block Grants			3,153.1		
29		Supplemental Nutrition Assistance Program (food stamps)			462.0		
30		Women, Infants, Children Operations & Mgt. Information System			777.7		
31		Immunization, Prevention & Wellness, Infection Reduction Grants			2,000.0		
32		Infant Learning Program Grants			1,000.0		
33		Senior Meal Program			485.0		
34	Subtotal Health & Social		0.0	0.0	9,877.8	40.0	0.0
35	Labor	Employment and Training Services			4,304.7		
36		Employment Services for Low-Income Seniors			507.3		
37		Unemployment Insurance for Program Improvements			1,115.7		
38		Unemployment Insurance Alternate Base Calculation Legislation needed			15,600.0		
39		Workforce Investment Act Increase Training for Adults, Youth, & Dislocated Workers			9,161.9		
40		Vocational Rehabilitation Services to Disabled Individuals to Obtain or Maintain Employment			1,800.0		
41		Trade Adjustment Assistance			350.0		
42		Independent Living/Blind Services			246.2		
43		AVTEC Culinary Building Replacement - additional funding from EDA	3,000.0				
44	Subtotal Labor		3,000.0	0.0	33,085.8	0.0	0.0
45	Natural Resources	Forestry & Fire Fuels and Forest Management	1,500.0	1,000.0			
46	Subtotal Natural Res		1,500.0	1,000.0	0.0	0.0	0.0
47	Public Safety	Online Child Victimization and Child Pornography Cases			50.0		
48		Justice Assistance Grants			5,821.0		
49		CDVSA Victim Compensation & Assistance			545.0		
50		Services Training Officers Prosecution (STOP) Grants			803.6		
51	Subtotal Public Safety		0.0	0.0	7,219.6	0.0	0.0
52	Revenue	Child Support Services Division			612.5	-612.5	
53		Low Income House Grants in Lieu of Tax Credits	28,500.0				
54		HOME Investment Partnerships (Increase supply of safe, energy-efficient, affordable housing)	5,490.7				
55		Capital Fund Program - Formula (Renovate and modernize public housing)	3,307.0				
56		Capital Fund Program - Competitive (Renovate and modernize public housing)	1,200.5				
57		Emergency Shelter Grants (Renovation and rehabilitation)	1,144.0				
58		State Energy Program Legislation needed					28,563.0
59		Weatherization Program Legislation needed					18,466.2
60		Energy Efficiency and Conservation Block Grants Legislation needed					8,500.0
61	Subtotal Revenue		39,642.2	0.0	612.5	-612.5	55,529.2
62	University	UAF Alaska Region Research Vessel	116,000.0				
63		Fund source change of $80 million in prior year capital project for the UAF Alaska Region Research Vessel					
64		Capital Grant Placeholder (for LB&A)	1,000.0				
65	Subtotal University		117,000.0	0.0	0.0	0.0	0.0
66		Economic Stimulus March 19 - Bill Total	251,478.2	1,000.0			
67							
68		Items not Included in Economic Stimulus March 19 Bill Total			225,451.1	-572.5	62,169.1

4042

3/23/09
RECEIVED
MAR 2 3 2009

Association of Village Council Presidents
Regional Housing Authority
P.O. Box 767 – Bethel, AK 99559
907-543-3121
1-800-478-4687
907-543-3933 (FAX)
www.avcphousing.org

COPY

"Empowering Tribal Communities of the AVCP Region through locally-developed, quality housing and facilities."

March 20, 2009

cc Darwin Miles

TWENTY-SIXTH ALASKA STATE LEGISLATURE
State Capitol
Juneau AK 99801-1182
Mailstop: 3100

RE: Gov. Palin Stimulus Funding Request

Dear Hon. Members of the Alaska State Legislature,

I sincerely apologize for not writing a personal letter to each of you, however this letter is going out to all members of the State Legislature and time is of the essence.

We have all heard that Governor Palin is only asking for 69% of the ARRA stimulus funding, and I believe she should be asking for all what Alaska has been allocated. If Gov. Palin believes nearly $650 million is good for Alaska, then consider how much more an additional $290 million would be beneficial to our state. And that $290 million that Gov. Palin failed to ask for would offer supplemental funding in some of the most important activities needed right now in the state of Alaska: Education, unemployment services, emergency food assistance, children's services, public safety, housing, weatherization, etc.

We all understand stimulus funding is one-time funding, and we don't expect the State of Alaska to try and cover the funding when it runs out. We are not ignorant of this fact. We basically consider ARRA funding to be a "shot in the arm" in the overall economy. It can do nothing but help us in this period of the worst economic crisis since the Great Depression of the 1930s. Therefore, we should use the opportunity presented by President Obama's administration to try to stimulate all sectors of our economy.

Alaskans can only benefit from stimulus funding. Since ARRA is already law, why cheat ourselves by not accepting all funding offered to Alaska? What I mean by that is, since ARRA is now law, we're ALL going to pay for its funding by paying our taxes to the IRS. Alaskans are not going to be excluded. So if we don't get all of the ARRA funding slated for Alaska, each of us won't feel right by paying taxes on something our state is not getting. Even if we agree with Gov. Palin and not request all of the ARRA funding, each of us will STILL be paying for the ARRA funding

whether we like it or not – but it won't be us Alaskans that fully benefit from the law, but residents of the other 49 states which get full ARRA funding. Therefore, if we don't take all of the ARRA funding for Alaska, we will lose in more ways than one.

AVCP Housing in Bethel will do its part by seeking all ARRA funding that its member tribes are eligible for under the federal ARRA guidelines. AVCP Housing truly believes in being part of the solution to housing and infrastructure needs in its service area. We request the State Legislature to do the same for all of Alaska, and be part of the solution to improving the overall economy of the State and the rest of the nation.

Thank you very much for your kind considerations.

Sincerely,

Ron Hoffman
President/CEO

SB 161
(replacement)

3/23/09

Federal Economic Stimulus Summary as of March 22, 2009	
State Government Preliminary Allocations	**$930.5**
(does not include competitive grants or funds direct to community/organizations)	
Capital Requests - Create Jobs & Promote Economic Growth	
February 24, 2009 DOTPF Appropriations Requested*	
Surface Transportation	$175.5
Transit	$9.1
Aviation	$78.3
Subtotal February 24	**$262.9**
March 19, 2009 Appropriations Requested:	
Education and Job Training	$20.7
Environmental Conservation - Water/Storage Tanks	$68.6
Labor - AVTEC Training Center	$3.0
Natural Resources - Fire Fuels & Forest Management	$1.5
AK Housing Finance - Public Housing	$39.7
University Research Vessel	$116.0
Competitive Capital Grants for LB&A	$2.0
Subtotal March 19	**$251.5**
*HB154 / SB 123 - DOTPF Economic Stimulus Appropriations - includes additional contingent authorization should more funds become available	
Total Capital Requested - 55% of estimated allocation	**$514.4**
Operating Items Requested**	
Medicaid - Federal Reimbursement Rate - 14% of estimated allocation	**$128.5**
** Requested in budget amendments for FY2009 ($54.0) and FY2010 ($74.5)	
Total Capital and Operating Items Requested - 69% of est allocation	**$642.9**
Items Not Requested - pending policy discussions	
Environmental Conservation - Air Quality Grants	$2.0
AK Housing Finance Corporation - State Energy Program	$28.6
AK Housing Finance Corporation - Weatherization	$18.5
AK Housing Finance Corporation - Energy Efficiency & Conservation Block Grants	$8.5
Labor - Unemployment Insurance Alternate Base Calculation	$15.6
Subtotal Policy Items	**$73.2**
Operating & Capital Items Not Requested - pending additional budget discussions	
Administration - COBRA ($1.5) and Violent Crimes Compensation Funds ($0.2)	$1.6
Commerce - Serve Alaska (formerly AK State Community Service Commission)	$1.5
Commerce - Community Development Block Grants ($0.6), Community Services Block Grants ($4.0)	$4.6
Education - Title I ($40.0), Special Education ($34.3), Technology ($3.2), Fiscal Stabilization Base Funds ($93.0), Emergency Food Assistance ($0.05), Homeless Grants ($0.3), School Lunch Program ($0.3), Natl Endowment for Arts ($0.3)	$171.5
Health & Social Services - Electronic Health Records ($2.0), Child Care Development Block Grants ($3.2), Supplemental Nutrition ($0.5), WIC ($0.8), Immunizations ($2.0), Infant Learning ($1.0), Senior Meals ($0.5)	$9.9
Labor - Employment Services ($4.8), Unemployment Insurance ($1.1), WIA ($9.2), Vocational Rehabilitation ($1.8), Trade Adjustment Assistance ($0.4), Independent Living ($0.3)	$17.5
Public Safety - Online Child Victimization ($0.05), Justice Assistance Grants ($5.8), CDVSA ($0.5), STOP Grants ($0.8)	$7.2
Revenue - Child Support Enforcement	$0.6
Subtotal Operating & Capital Items	**$214.4**
Total Not Requested Pending Further Discussion/Information - 31% est alloc	**$287.6**

SB 163

<target><bill>SB 163</bill><subject>SB 163</subject><comm>SFIN26</comm></target>

2-8-10

ALASKA STATE LEGISLATURE

Senator Joe Paskvan

State Capitol Building, Room 7
Juneau, Alaska 99801-1182
http://paskvan.aksenate.org/

Phone (907) 465-3709
Fax (907) 465-4714
sen.joe.paskvan@legis.state.ak.us
Senate District E – Fairbanks, AK

Sponsor Statement

SB 163

An Act increasing the allowances for injury, disability, or heart attack payable from the fisherman's fund; and providing for an effective date.

The Alaska Fishermen's Fund was established in 1951, to provide for the treatment and care of Alaska licensed commercial fishermen and crew who have been injured while fishing on shore or off shore in Alaska. The upper limit on claims in the fund has been $2500 since 1959. If this $2500 in 1959 been adjusted for the Consumer Price Index, it would be worth approximately $18,229.64 today. While the upper limit on claims has remained unchanged, healthcare costs have steadily risen.

reading

Access to health insurance and health care is a concern among fishermen and especially presents an obstacle to those younger fishermen seeking to continue the next generation in Alaska's sustainable fisheries.

SB 163 updates the Alaska Fishermen's Fund limit to $10,000 to help ensure that Alaska's fishermen have access to health care when injured while fishing. Updating the claim limit to $10,000 will bring this very worthwhile program back to providing a meaningful level of assistance as the payer of last resort for commercial fishermen and crew that sustain injuries or illness while fishing.

The Fund is financed from revenue received from each resident and nonresident commercial fisherman's license and permit fee. Commercial fishermen and crew members pay 39% or up to $50 each, of their annual license fees to fund this account. In 2008, there were 13,706 commercial fishing permit holders who contributed to the fund, including 135 from the Fairbanks North Star Borough.

The account has grown to $11.5 million even as health care costs have risen, due in part to continuing improvements in fishing industry safety.

This increase is not projected to jeopardize the sustainability of the Fund.

I urge your support for SB 163.

SENATE FINANCE COMMITTEE REPORT

DATE: 4/3/09

FURTHER:

DATE TURNED IN TO OFFICE: 2/23/10

Finance Committee considered SENATE BILL NO. 163

SB 163 MAXIMUM BENEFIT FROM FISHERMEN'S FUND

"An Act increasing the allowances for injury, disability, or heart attack payable from the fisherman's fund; and providing for an effective date."

and recommends:

[ ] be **replaced** with [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] adopt **previous** [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] attached amendment(s)

[ ] adopt _____Letter of Intent

[ ] further referral to _____Committee

SENATE BILL:
[X] Same Title
[ ] New Title

HOUSE BILL:
[ ] Same Title
[ ] Technical Title Change
[ ] New Title w/ SCR #_____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
LWF	2/5	✓			
DFG	2/6			✓	

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

[ ] **APPROPRIATION - no fiscal note**

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	Huggins	✓			
	Thomas	✓			
	EGAN	✓			
	OLSON				✓
	ELLIS	✓			
CO-CHAIR:				—	
CO-CHAIR:	STOLMAN	✓			

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: SB 163
() Publish Date:

Identifier (file name): SB163-DOLWD-FF-02-05-10
Dept. Affected: Labor and Workforce Development
Title: Maximum Benefit from Fishermen's Fund
RDU: Workers' Compensation
Component: Fishermen's Fund
Sponsor: Senator Paskvan
Requester: Senate Finance
Component Number: 343

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims	63.7		63.7	63.7	63.7	63.7	63.7
Miscellaneous							
TOTAL OPERATING	**63.7**	**0.0**	**63.7**	**63.7**	**63.7**	**63.7**	**63.7**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
1032 Fishermen's Fund	63.7		63.7	63.7	63.7	63.7	63.7
TOTAL	**63.7**	**0.0**	**63.7**	**63.7**	**63.7**	**63.7**	**63.7**

Estimate of any current year (FY2010) cost: None

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This legislation increases the total allowance for a claim that can be approved by the Fishermen's Fund Administrator before a request for additional monies and a showing of compelling reasons is required under AS 23.35.140. There are claims that exceed the current $2,500 limit but the claimant does not take the next step to request additional sums as required under AS 23.35.140. With the higher approval level some of those claims would be paid to a higher level and thus increase our expenditures. Based on a10-year claim history, the department estimates that expenditures could increase by approximately $63,700. The program has sufficient budgeted expenditure authorization to absorb this cost increase.

Prepared by: Trena L. Heikes, Director — Phone 465-6059
Division: Workers' Compensation — Date/Time 2/5/10 1:29 PM
Approved by: Click Bishop, Commissioner — Date 2/5/10
Agency: Department of Labor and Workforce Development

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: **SB163A**
() Publish Date:

Identifier (file name): SB163-DFG-CFEC-02-06-10
Dept. Affected: Fish and Game
Title: An Act increasing the allowances for injury, disability, or heart
RDU: Comm Fisheries Entry Commission
Component: Comm Fisheries Entry Commission
Sponsor: SENATOR(S) PASKVAN, Wagoner, Dyson, Stevens
Requester: Senate Finance Committee
Component Number: 471

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Travel	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Contractual	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Supplies	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CHANGE IN REVENUES ( )	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
FUND SOURCE		(Thousands of Dollars)					
1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Interagency Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2010) cost: 0.0

POSITIONS

Full-time	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Part-time	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Temporary	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

ANALYSIS: *(Attach a separate page if necessary)*

There are no significant fiscal impacts for CFEC associated with this bill.

Prepared by: Shirley Penrose, Administrative Officer
Phone 907-790-6960
Division: Commercial Fisheries Entry Commission
Date/Time 2/6/10 12:54 PM
Approved by: Frank M. Homan, Chairman
Date 2/6/2010
Comercial Fisheries Entry Commission

(Revised 10/13/2009 OMB)

4050

Fishermen's Fund Claims by Residency

Fiscal Year	Resident	Non-Resident	Unknown	Total	% Resident	%Non-Resident
FY10	274	177	2	453	60.5%	39.1%
FY09	458	240	0	698	65.6%	34.4%
FY08	626	140	0	766	81.7%	18.3%
FY07	707	99	0	806	87.7%	12.3%
FY06	609	169	3	781	78.0%	21.6%
FY05	650	124	1	775	83.9%	16.0%
FY04	618	221	10	849	72.8%	26.0%
FY03	508	176	15	699	72.7%	25.2%
FY02	451	214	16	681	66.2%	31.4%
FY01	540	187	18	745	72.5%	25.1%

Prepared by
Department of Labor and Workforce Development on February 8, 2010

Fishermen's Fund Claims by Dollar Amount

Amout of Claim	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10
$0 - $2,500	714	653	658	778	696	624	565	529	482	306
$2,501 - $5,000	14	16	20	39	46	0	39	30	43	42
$5,001 - $7,500	9	5	9	12	12	14	12	10	13	10
$7,501 - $10,000	6	4	2	8	6	10	9	11	6	6
$10,001 - $12,500	0	0	4	5	9	7	15	7	9	0
$12,501 - $15,000	0	0	1	3	0	2	1	4	6	2
$15,001 - $17,500	1	0	2	1	1	3	2	5	4	1
$17501 - $20000	1	0	0	0	1	1	1	1	3	1
Over $20,000	0	3	3	3	4	6	11	11	7	7
Total No. of Claims	745	681	699	849	775	667	655	608	573	375
No of Claims Between $2,500 and $10,00	29	25	31	59	64	24	60	51	62	58
% of Claims Between $0 and $10,000	99.7%	99.6%	98.6%	98.6%	98.1%	97.2%	95.4%	95.4%	94.9%	97.1%

Prepared By
Department of Labor and Workforce Development on February 8, 2010

Residency Requirements for Commercial Fishing Crewmember License

Sec. 16.05.415. Determination of residency.

(a) In AS 16.05.330 - 16.05.430, a person, except as provided in (c) - (f) of this section, is a resident if the person

(1) is physically present in the state with the intent to remain in the state indefinitely and to make a home in the state;

(2) has maintained the person's domicile in the state for the 12 consecutive months immediately preceding the application for a license;

(3) is not claiming residency in another state, territory, or country; and

(4) is not obtaining benefits under a claim of residency in another state, territory, or country.

(b) A person who establishes residency in the state under (a) of this section remains a resident during an absence from the state unless during the absence the person

(1) establishes or claims residency in another state, territory, or country; or

(2) performs an act, or is absent under circumstances, that are inconsistent with the intent required under (a) of this section.

(c) A person who is a member of the military service or the United States Coast Guard is a resident for the purposes of AS 16.05.330 - 16.05.430 if the person has been stationed in the state for the 12 consecutive months immediately preceding the application for a license. This subsection does not apply to a person who establishes and maintains residency in the state under (a) and (b) of this section.

(d) A person who is the dependent of a resident member of the military service or the United States Coast Guard under (a) or (c) of this section is a resident for the purposes of AS 16.05.330 - 16.05.430 if the person has lived in the state for the 12 consecutive months immediately preceding the application for a license. This subsection does not apply to a person who establishes and maintains residency in the state under (a) and (b) of this section.

(e) A person who is an alien is a resident for the purposes of AS 16.05.330 - 16.05.430 if the person

(1) is physically present in the state with the intent to remain in the state indefinitely and to make a home in the state;

(2) has maintained the person's domicile in the state for the 12 consecutive months immediately preceding the application for a license;

(3) is not claiming residency in another state, territory, or country; and

(4) is not obtaining benefits under a claim of residency in another state, territory, or country.

(f) In AS 16.05.330 - 16.05.430, a person who is not a natural person, other than a sole proprietorship, establishes residency by maintaining its main office or headquarters in the state and providing proof, satisfactory to the commissioner, of that fact to the department or an agent of the department upon demand. A sole proprietorship has the same residency as the person, whether natural or otherwise, who is the proprietor of the entity. The commissioner may adopt regulations as necessary to implement this subsection.

(g) A natural person who does not qualify as a resident under (a) - (e) of this section does not qualify as a resident by virtue of an interest in a resident business entity under (f) of this section.

(h) In AS 16.05.330 - 16.05.430, a nonresident

(1) person is a person who does not qualify as a resident under (a) - (f) of this section; and

(2) alien is an alien person who does not qualify as a resident under (e) of this section.

(i) In this section, "license" means a license, tag, permit, stamp, identification card, or other indicia of permission to engage in an activity subject to AS 16.05.330 - 16.05.430.

AS 16.05.940(27)
"resident" means
(A) a person who for the 12 consecutive months immediately preceding the time when the assertion of residence is made has maintained the person's domicile in the state and who is neither claiming residency in another state, territory, or country nor obtaining benefits under a claim of residency in another state, territory, or country;
(B) a partnership, association, joint stock company, trust, or corporation that has its main office or headquarters in the state; a natural person who does not otherwise qualify as a resident under this paragraph may not qualify as a resident by virtue of an interest in a partnership, association, joint stock company, trust, or corporation;
(C) a member of the military service, or United States Coast Guard, who has been stationed in the state for the 12 consecutive months immediately preceding the time when the assertion of residence is made;
(D) a person who is the dependent of a resident member of the military service, or the United States Coast Guard, and who has lived in the state for the 12 consecutive months immediately preceding the time when the assertion of residence is made; or
(E) an alien who for the 12 consecutive months immediately preceding the time when the assertion of residence is made has maintained the person's domicile in the state and who is neither claiming residency in another state, territory, or country nor obtaining benefits under a claim of residency in another state, territory, or country.

Prepared By The
Department of Labor and Workforce Development on February 8, 2010.

Residency Requirements for Limited Entry Permits -Alaska Statute and Regulation

Statute
AS 01.10.055. Residency.
(a) A person establishes residency in the state by being physically present in the state with the intent to remain in the state indefinitely and to make a home in the state.
(b) A person demonstrates the intent required under (a) of this section
(1) by maintaining a principal place of abode in the state for at least 30 days or for a longer period if a longer period is required by law or regulation; and
(2) by providing other proof of intent as may be required by law or regulation, which may include proof that the person is not claiming residency outside the state or obtaining benefits under a claim of residency outside the state.
(c) A person who establishes residency in the state remains a resident during an absence from the state unless during the absence the person establishes or claims residency in another state, territory, or country, or performs other acts or is absent under circumstances that are inconsistent with the intent required under (a) of this section to remain a resident of this state.

Regulation
20 AAC 05.290. Residency
(a) For the purposes of assessing the fees for the application for, annual issuance of, or renewal of entry and interim-use permits, the commission will determine an individual to be a resident of this state if, on the date of permit application, issuance, or renewal, and throughout the 12-month period before that date, that individual
(1) except for brief intervals, military service, attendance at an educational or training institution, or absence for good cause is, and was, physically present in the state with the intent to remain in the state indefinitely and to make a home in the state; and
(2) did not claim or receive benefits as a resident of another state, territory or country.
(b) For purposes of (a) of this section, criteria relevant to the commission's determination of residence include
(1) where an individual is registered to vote;
(2) where an individual claims residence on the individual's income tax returns;
(3) where an individual registers or licenses the individual's personal property, including cars, boats, trucks, and trailers;
(4) by which state the individual is licensed to drive;
(5) in which state the individual maintains bank accounts, savings accounts, lines of credit, and other such financial relationships; and
(6) in which state the individual maintains a permanent place of abode.

History: Eff. 10/27/2001, Register 160
Authority:
AS 01.10.055
AS 16.43.100
AS 16.43.160

Provided by the Alaska Department of Labor and Workforce Development

UNITED FISHERMEN OF ALASKA

211 Fourth Street, Suite 110
Juneau, Alaska 99801-1172
(907) 586-2820
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E-Mail: ufa@ufa-fish.org
www.ufa-fish.org

March 26, 2009.

Senator Joe Paskvan, Chair
Senate Committee on Labor and Commerce
Alaska State Legislature
State Capitol (Mail Stop 3100)
Juneau AK 99801

RE: Support for SB 163 regarding Fishermen's Fund

Dear Senator Paskvan,

United Fishermen of Alaska supports SB 163 to raise the limit of payment from the Alaska Fishermen's Fund from $2500 to $10,000 for injury and heart attack incidents that commercial fishermen may suffer while fishing. We applaud your introduction of this legislation and ask for support from the committee.

The Fishermen's fund is self-funded by commercial fishermen and crew through fees that are included in the license price. The fund is self sustaining and this measure is not expected to change that. The $2,500 benefit in AS 23.35.140 has not been increased since the Fund was created in 1959, and is worth just $345 today, adjusted for inflation. This legislation will help the fund provide meaningful assistance to fishermen and crew members injured on the job, as was intended in recognition that fishermen are generally not covered by workman's compensation insurance.

We do not support any other changes that might jeopardize the dedicated nature of the Fishermen's Fund.

Thank you for your consideration of our support of SB 163.

Mark Vinsel
Executive Director

MEMBER ORGANIZATIONS
Alaska Crab Coalition • Alaska Independent Fishermen's Marketing Association • Alaska Independent Tendermen's Association
Alaska Longline Fishermen's Association • Alaska Scallop Association • Alaska Trollers Association • Alaska Whitefish Trawlers Association
Armstrong Keta • At-sea Processors Association • Bristol Bay Reserve • Bristol Bay Regional Seafood Development Association • Cape Barnabas Inc.
Concerned Area "M" Fishermen • Cook Inlet Aquaculture Association • Cordova District Fishermen United • Crab Group of Independent Harvesters
Douglas Island Pink and Chum • Fishing Vessel Owners Association • Groundfish Forum • Kenai Peninsula Fishermen's Association
Kodiak Regional Aquaculture Association • North Pacific Fisheries Association • Northern Southeast Regional Aquaculture Association
Petersburg Vessel Owners Association • Prince William Sound Aquaculture Corporation • Purse Seine Vessel Owner Association
Seafood Producers Cooperative • Sitka Herring Association • Southeast Alaska Fisherman's Alliance • Southeast Alaska Regional Dive Fisheries Association
Southeast Alaska Seiners • Southern Southeast Regional Aquaculture Association • United Catcher Boats • United Cook Inlet Drift Association
United Southeast Alaska Gillnetters • Valdez Fisheries Development Association • Western Gulf of Alaska Fishermen

Alaska Trollers Association
130 Seward #205
Juneau, AK 99801
(907)586-9400
(907)586-4473

March 26, 2009

Senator Joe Paskvan, Chair
Senate Committee on Labor and Commerce
Alaska State Legislature
State Capitol (Mail Stop 3100)
Juneau AK 99801

RE: SB 163 Alaska Fishermen's Fund

Dear Senator Paskvan:

Alaska Trollers Association (ATA) supports SB 163, which seeks to increase the allowable payment provided under the Alaska Fishermen's Fund from $2,500 to $10,000, for each covered incident of heart attack, injury, or disablement.

As you know, the Alaska Fishermen's Fund (Fishermen's Fund) is derived from assessments paid by commercial fishermen and crew through fees associated with licensing. Fishermen are not seeking additional monies from the state to provide an increased benefit, they are just asking for a more realistic payout under the fund that better reflects the real and growing costs of healthcare.

Allowable payments under the Fishermen's Fund (AS 23.35.140) have not been adjusted since the fund's inception in 1959. The current $2,500 limit is simply too low to provide a meaningful benefit for this group of workers, who are not covered by Workman's Compensation. Furthermore, access to healthcare services and affordable insurance programs is presently out of reach for the commercial fishing industry. This makes the Fishermen's Fund even more important to those fishing families who may be faced with the steep cost of medical emergencies.

Please note that ATA does not support any additional changes at this time and wishes to maintain the dedicated nature of the Fishermen's Fund.

ATA encourages our support of SB 163. Please contact me if I can provide additional information or perspectives this or similar issues of concern to the commercial fishing industry.

Best regards,

Dale Kelley

Dale Kelley
Executive Director

2-8-10

STATUS OF FISHERMEN'S FUND
REPORT
AS OF FEBRUARY 28,2009

YEAR	NUMBER OF CLAIMS	AVERAGE CLAIM COST	RECEIPTS	BENEFITS PAID	ADMINISTRATIVE EXPENSES	TOTAL EXPENSES	SURPLUS/ DEFICIT	FUND BALANCE AT YEAR END
FY09*	561	$1,033	$616,469	$579,691	$161,686	$741,377	($124,908)	$11,592,381
FY08	766	$1,075	$1,044,821	$823,235	$255,465	$1,078,700	($33,879)	$11,602,201
FY07	806	$1,100	$1,008,764	$886,350	$215,947	$1,102,297	($93,533)	$11,472,401
FY06	781	$1,156	$981,769	$902,990	$323,036	$1,226,026	($244,257)	$11,585,914
FY05	775	$892	$1,031,916	$691,220	$216,125	$907,345	$124,571	$11,783,308
FY04	849	$763	$1,023,990	$648,050	$254,894	$902,944	$121,046	$11,710,389
FY03	699	$875	$983,947	$611,692	$299,569	$911,261	$72,686	$11,810,386
FY02	681	$858	$1,079,756	$584,408	$223,565	$807,973	$271,783	$11,717,249
FY01	745	$713	$1,182,554	$531,366	$211,964	$743,330	$439,224	$11,447,962
FY00	856	$582	$1,196,999	$497,998	$201,748	$699,746	$497,253	$10,729,131
FY99	806	$741	$1,196,703	$597,542	$211,576	$809,118	$387,585	$10,495,242
FY98	816	$490	$1,146,900	$399,967	$198,982	$598,949	$547,951	$9,657,834
FY97	946	$473	$1,232,900	$447,500	$188,500	$636,000	$596,900	$9,484,800
FY96	1002	$290	$1,556,700	$290,200	$187,100	$477,300	$1,079,400	$8,305,400
FY95	1237	$274	$1,272,500	$339,400	$206,000	$545,400	$727,100	$7,367,700
FY94	1405	$317	$1,494,600	$445,700	$222,900	$668,600	$826,000	$6,580,500
FY93	1538	$321	$1,492,400	$493,400	$243,700	$737,100	$755,300	$5,808,500
FY92	1787	$332	$1,599,300	$593,900	$172,900	$766,800	$832,500	$4,891,200
FY91	1943	$305	$1,651,400	$593,300	$168,000	$761,300	$890,100	$3,381,900
FY90	2101	$307	$1,545,300	$644,400	$163,300	$807,700	$737,600	$3,382,500
FY89	2,312	$288	$1,552,000	$665,857	$156,313	$822,170	$729,830	$2,536,000
FY88	2,489	$298	$1,420,000	$741,473	$140,485	$881,958	$538,042	$1,673,000
FY87	2,363	$326	$1,408,000	$770,622	$121,523	$892,145	$515,855	$1,098,000
FY86	3,011			$1,070,522	$118,670	$1,189,192		
FY85	2,999			$932,525	$106,863	$1,039,388		
FY84	2,637			$868,346	$111,411	$979,757		
*	Figures through 02/28/2009							

Prepared by Alaska Department of Labor and Workforce Development, Division of Workers' Compensation 2/28/2009

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2-8-10

License Revenue Activity

	2010	2009	2008	2007	2006	2005	2004	2003
					PERMITS & LICENSES SOLD			
Resident	6,294	9,497	9,577	9,620	9,335	9,930	9,732	9,393
Non-Resident	5,113	8,649	8,077	7,499	7,192	8,164	7,726	7,061
Duplicate	491	676	589	562	525	670	632	571
Child	264	351	346	398	370	296	331	349
Non-Res Child	34	25	25	55	35	26	29	48
7-Day Res Crewmember License	274	283	351	375	202	1	0	0
7-Day Non-Res Crewmember License	1,162	1,267	1,305	1,201	310	0	0	0
Total Licenses	**13,632**	**20,748**	**20,270**	**19,710**	**17,969**	**19,087**	**18,450**	**17,422**
Resident CFEC Permit	2,954	8,622	9,090	9,170	9,140	9,802	9,952	9,892
Nonresident CFEC Permit	1,090	3,333	3,358	3,374	3,627	3,184	3,486	3,486
Resident CFEC Permit - Reduced	0	0	0	0	0	0	0	0
Nonresident CFEC Permit - Reduced	0	0	0	0	0	0	0	0
Total Permits	**4,044**	**11,955**	**12,448**	**12,544**	**12,767**	**12,986**	**13,438**	**13,378**
Grand Total	**17,676**	**32,703**	**32,718**	**32,254**	**30,736**	**32,073**	**31,888**	**30,800**
					CONTRIBUTIONS DUE FISHERMEN'S FUND			
Resident	$ 147,279.60	$ 222,229.80	$ 224,101.80	$ 225,108.00	$ 218,439.00	$ 232,362.00	$ 227,728.80	$ 219,796.20
Non-Resident	$ 255,650.00	$ 432,450.00	$ 403,850.00	$ 374,950.00	$ 359,600.00	$ 408,200.00	$ 386,300.00	$ 353,050.00
Duplicate	$ 957.45	$ 1,318.20	$ 1,148.55	$ 1,095.90	$ 1,023.75	$ 1,306.50	$ 1,232.40	$ 1,113.45
Child	$ 514.80	$ 684.45	$ 674.70	$ 776.10	$ 721.50	$ 577.20	$ 645.45	$ 680.55
Non-Res Child	$ 1,657.50	$ 1,218.75	$ 1,218.75	$ 2,681.25	$ 1,706.25	$ 1,267.50	$ 1,413.75	$ 2,340.00
7-Day Res Crewmember License	$ 3,205.80	$ 3,311.10	$ 4,106.70	$ 4,387.50	$ 2,363.40	$ 11.70	$ -	$ -
7-Day Non-Res Crewmember License	$ 13,595.40	$ 14,823.90	$ 15,268.50	$ 14,051.70	$ 3,627.00	$ -	$ -	$ -
Total Licenses	**$ 422,860.55**	**$ 676,036.20**	**$ 650,369.00**	**$ 623,050.45**	**$ 587,480.90**	**$ 643,713.20**	**$ 617,320.40**	**$ 576,980.20**
Resident CFEC Permit	$ 69,123.60	$ 201,754.80	$ 212,706.00	$ 214,578.00	$ 213,876.00	$ 229,366.80	$ 232,876.80	$ 231,472.80
Nonresident CFEC Permit	$ 54,500.00	$ 166,650.00	$ 167,900.00	$ 168,700.00	$ 181,350.00	$ 159,200.00	$ 174,300.00	$ 174,300.00
Resident CFEC Permit - Reduced	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Nonresident CFEC Permit - Reduced	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Permits	**$ 123,623.60**	**$ 368,404.80**	**$ 380,606.00**	**$ 383,278.00**	**$ 395,226.00**	**$ 388,566.80**	**$ 407,176.80**	**$ 405,772.80**
Grand Total	**$ 546,484.15**	**$ 1,044,441.00**	**$ 1,030,975.00**	**$ 1,006,328.45**	**$ 982,706.90**	**$ 1,032,280.00**	**$ 1,024,497.20**	**$ 982,753.00**

Prepared by the Alaska Dept. of Labor and Workforce Development, Jan 2010

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FISCAL YEAR 2009
MONTHLY COLLECTIONS
LICENSES

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOT
PERMITS & LICENSES SOLD													
Resident License	3,901	1,358	546	199	182	108	0	0	0	0	0	0	6,294
Non-Resident License	3,524	792	350	148	128	171	0	0	0	0	0	0	5,113
Duplicate License	134	89	103	61	31	73	0	0	0	0	0	0	491
Child License	175	61	23	9	22	(26)	0	0	0	0	0	0	264
Non-Res Child License	16	1	1	0	16	0	0	0	0	0	0	0	34
7-Day Res Crewmember License	84	98	50	27	27	(12)	0	0	0	0	0	0	274
7-Day Non-Res Crewmember License	501	321	255	54	0	31	0	0	0	0	0	0	1,162
Total Licenses	**8,335**	**2,720**	**1,328**	**498**	**406**	**345**	**0**	**0**	**0**	**0**	**0**	**0**	**13,632**
Resident CFEC Permit	0	0	0	0	0	2,954	0	0	0	0	0	0	2,954
Nonresident CFEC Permit	0	0	0	0	0	1,090	0	0	0	0	0	0	1,090
Resident CFEC Permit - Reduced	0	0	0	0	0	0	0	0	0	0	0	0	0
Nonresident CFEC Permit - Reduced	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Permits	**0**	**0**	**0**	**0**	**0**	**4,044**	**0**	**0**	**0**	**0**	**0**	**0**	**4,044**
Grand Total	**8,335**	**2,720**	**1,328**	**498**	**406**	**4,389**	**0**	**0**	**0**	**0**	**0**	**0**	**17,676**
CONTRIBUTIONS DUE FISHERMEN'S FUND													
Resident License	$ 91,283.40	$ 31,777.20	$12,776.40	$ 4,656.60	$ 4,258.80	$ 2,527.20	$ -	$ -	$ -	$ -	$ -	$ -	$ 147,279.60
Non-Resident License	$176,200.00	$ 39,600.00	$17,500.00	$ 7,400.00	$ 6,400.00	$ 8,550.00	$ -	$ -	$ -	$ -	$ -	$ -	$ 255,650.00
Duplicate License	$ 261.30	$ 173.55	$ 200.85	$ 118.95	$ 60.45	$ 142.35	$ -	$ -	$ -	$ -	$ -	$ -	$ 957.45
Child License	$ 341.25	$ 118.95	$ 44.85	$ 17.55	$ 42.90	$ (50.70)	$ -	$ -	$ -	$ -	$ -	$ -	$ 514.80
Non-Res Child License	$ 780.00	$ 48.75	$ 48.75	$ -	$ 780.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,657.50
7-Day Res Crewmember License	$ 982.80	$ 1,146.60	$ 585.00	$ 315.90	$ 315.90	$ (140.40)	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,205.80
7-Day Non-Res Crewmember License	$ 5,861.70	$ 3,755.70	$ 2,983.50	$ 631.80	$ -	$ 362.70	$ -	$ -	$ -	$ -	$ -	$ -	$ 13,595.40
Total Licenses	**$275,710.45**	**$ 76,620.75**	**$34,139.35**	**$13,140.80**	**$11,858.05**	**$ 11,391.15**	$ -	$ -	$ -	$ -	$ -	$ -	**$ 422,860.55**
Resident CFEC Permit	$ -	$ -	$ -	$ -	$ -	$ 69,123.60	$ -	$ -	$ -	$ -	$ -	$ -	$ 69,123.60
Nonresident CFEC Permit	$ -	$ -	$ -	$ -	$ -	$ 54,500.00	$ -	$ -	$ -	$ -	$ -	$ -	$ 54,500.00
Resident CFEC Permit - Reduced	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Nonresident CFEC Permit - Reduced	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Permits	$ -	$ -	$ -	$ -	$ -	**$123,623.60**	$ -	$ -	$ -	$ -	$ -	$ -	**$ 123,623.60**
Grand Total	**$275,710.45**	**$ 76,620.75**	**$34,139.35**	**$13,140.80**	**$11,858.05**	**$135,014.75**	$ -	$ -	$ -	$ -	$ -	$ -	**$ 546,484.15**

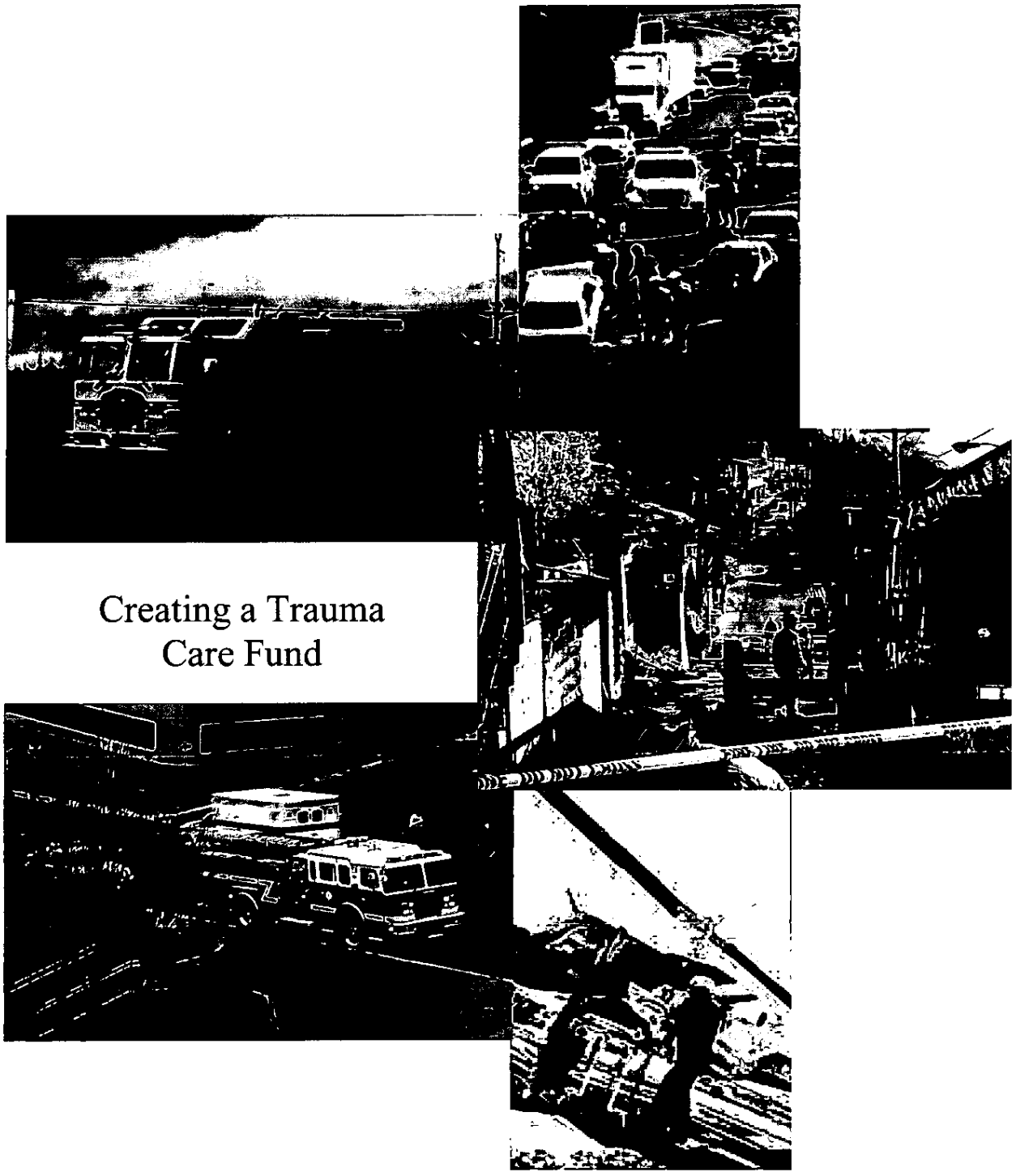
2/3/20104:37 PM

Prepared by the Alaska Dept. of Labor and Workforce Development, June 2010

SB 168

<target><bill>SB 168</bill><subject>SB 168</subject><comm>SFIN26</comm></target>

TRAUMA CARE IN ALASKA



Creating a Trauma
Care Fund

House Bill 168

Senate Bill 168

4062

1.

ALASKA'S TRAUMA SYSTEM DEVELOPMENT FOLDER
TRAUMA LEGISLATION HOUSE AND SENATE BILLS 168

SECTION	TOPIC
1	Sponsor Back Up & HB 168
2	Trauma Fact Sheet
3	Trauma Care in Alaska 2010 Slides
4	Alcohol Screening & Brief Intervention in the Injured Patient:
	Injury Prevention in the Hospital & ER
5	Trauma Mortality Rates-Anchorage
6	Trauma System Consultation – State Of Alaska, November 2008
7	Preparing for the Worst – NSCL Report
8	Emergency Trauma Care Needs Improvement in Alaska Letter
	Alaska Needs A Better Trauma System Letter
9	American College Of Surgeons Recommendations
10	Appendix
	Harris Poll Objectives And Methodology
	Alaska State Medical Association (ASMA)Letter Of Support
	National Conference Of State Legislatures
	Trauma System Funding Mechanisms By State
	Uncompensated Trauma Care By State
	Trauma Legislation Sticks From Other States

Alaska State Legislature

Senate Health & Social Services Committee
Senator Bettye Davis, Chair

Senate Bill 168 – Sponsored by Senate Health & Social Services Committee

"An Act relating to state certification and designation of trauma centers; creating the uncompensated trauma care fund to offset uncompensated trauma care provided at certified and designated trauma centers; and providing for an effective date."

Sponsor Statement

SB 168 addresses the urgent need for a comprehensive state-wide trauma center system coordinating and integrating the efforts of Emergency Medical Services (EMS), public safety agencies, air medical services, and health care facilities to ensure that patients receive the most efficient, effective care possible from time of injury through rehabilitation. Trauma care systems have been shown to reduce death from injury by as much as 25 percent and are recognized as an integral part of a state's EMS and disaster response system. Only eight states reportedly have fully functioning systems and 15 states have no system.

Trauma is any life-threatening occurrence, either accidental or intentional, that causes injuries. The leading causes of trauma are motor vehicle accidents, falls, and assaults. Trauma is the leading cause of death among Americans under 44 years of age. A trauma center is a hospital, clinic, or other certified entity equipped to provide comprehensive emergency medical services to patients suffering traumatic injuries. Trauma centers were established by the medical establishment in response to traumatic injuries that often require complex and multi-disciplinary treatment including surgery, in order to give the victim the best possible chance for survival and recovery.

SB 168, Section 1, adds subsection (c) to AS 18.08.082, Emergency Medical Services, to address the state certification and designation of trauma centers; it creates the "Uncompensated Trauma Care Fund" under Section 2, AS 18.08.085, to offset uncompensated trauma care provided at certified and designated trauma centers; and it provides for an immediate effective date. The bill requires the commissioner to establish special designations in regulation of Levels I-IV of certified trauma centers that shall be used to set compensation eligibility and amounts under the Uncompensated Trauma Care Fund.

Although the current Alaska statutes revised in 1993 require certification of hospitals, clinics, or other entities represented as trauma centers, the statutes do not require or provide incentives for participation. The Uncompensated Trauma Care Fund will provide the needed incentive for hospitals, clinics, and other entities to seek certification as trauma centers. Since the state statutes and regulations in this area were enacted over 15 years ago only three of 24 eligible Alaska hospitals reportedly have successfully completed the verification and certification process as trauma centers.

In order to qualify as a trauma center, a hospital must meet certain criteria as established by the American College of Surgeons. Trauma centers vary in their specific capabilities and are identified by "Level" designation: Level-I being the highest, to Level-IV being the lowest. Higher levels of trauma centers will have trauma surgeons available, including those trained in such specialties as neurosurgery and orthopedic surgery as well as highly sophisticated medical diagnostic equipment and specialized treatment units. Lower levels of trauma centers may only be able to provide initial care and stabilization of a traumatic injury and arrange for transfer of the victim to a higher level of trauma care.

Under the Alaska trauma center system, it is anticipated that tertiary hospitals designated as higher level trauma centers will ensure availability of critical care specialists 24 hours a day, seven days a week. The Alaska Native Medical Center is a Level II trauma center, Yukon Kuskokwim Regional and Norton Sound Regional Hospitals are Level IV. It is believed that there are adequate medical resources to establish more Level II trauma centers in Anchorage, and it is considered feasible to establish level III and IV centers throughout the state. Because of long transport times, trauma centers at all levels are necessary to improve patient outcomes. Level I trauma centers have critical care specialists in the hospital or on call at all times. The closest Level I trauma center is Harborview Medical Center in Seattle.

The operation of a trauma center is extremely expensive. Some areas are under-served by trauma centers because of this expense. For example, Harborview Medical Center in Seattle is the only Level I trauma center to serve the entire states of Washington, Idaho, Montana, and Alaska. In Florida, Orlando Regional Medical Center, reportedly built to serve five counties, now serves more than twenty.

Patient traffic at trauma centers can vary widely, as there is no way to schedule the need for emergency services. A variety of different methods have been developed for dealing with this. Halifax Health in Daytona Beach, Florida reportedly is deploying a "pod system," allowing trauma care to be provided by several different small emergency departments at different hospitals, rather than at one central large trauma center. It is anticipated that Alaska, likewise, will have to develop a trauma center system which best suits its needs. It is anticipated that persons critically injured in remote areas of Alaska will be transported directly to a distant trauma center by plane and helicopter for faster and better medical care than if they had been transported to a closer hospital or clinic which is not a designated trauma center. The designation, coordination, and funding of a trauma center system in Alaska as provided by SB 168 will save time and lives. SB 168 will also provide the financial incentives for more participation by hospitals, clinics and other certified trauma care entities which are not available under present law.

ALASKA STATE HOUSE OF REPRESENTATIVES

Contact:
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3340 Badger Road
North Pole, AK 99705
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Fax# (907)-488-4271

Session

(907)-465-3719
FAX# (907)-465-3258
State Capitol
Room 214

SENATOR JOHN COGHILL

HB 168 Designate Trauma Centers and the Uncompensated Trauma Care Fund

Sectional

Section 1. AS 18.08.082 currently prescribes by regulation criteria for training programs and for personnel involved in emergency medical services. This section adds a requirement for the commissioner of Health and Social Services establish special designations for varying levels of services offered by a certified trauma center.

Section 2. Establishes a trauma care fund to be used to compensate certified trauma centers for uncompensated trauma care. The fund can accept money appropriated by the legislature, which can include donations, income from the fund, and of the other designated receipts. The commissioner is given authority to establish a special committee for review of the program and limits are set on the distribution of the funds.

Section 3. Would permit the appropriation of unrestricted alcohol beverage taxes to the trauma care fund. The alcohol and other drug abuse treatment and prevention fund. Half of the alcohol beverage taxes are restricted to use in the

Section 4. The bill has an immediate effective date.

CS FOR HOUSE BILL NO. 168(HSS)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY THE HOUSE HEALTH AND SOCIAL SERVICES COMMITTEE

Offered: 2/17/10
Referred: Finance

Sponsor(s): REPRESENTATIVES COGHILL, Kerttula, Lynn, Cissna, Keller, Herron

A BILL

FOR AN ACT ENTITLED

"An Act relating to state certification and designation of trauma centers; creating the uncompensated trauma care fund to offset uncompensated trauma care provided at certified and designated trauma centers and including a portion of the tax levy on alcohol as a source of money that may be appropriated to the trauma care fund; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** AS 18.08.082 is amended by adding a new subsection to read:

(c) The commissioner shall establish special designations in regulation for varying levels of trauma care provided by a certified trauma center that shall be used to set compensation eligibility and amounts under AS 18.08.085. The designations shall be based on nationally recognized standards and procedures.

*** Sec. 2.** AS 18.08 is amended by adding a new section to read:

Sec. 18.08.085. Uncompensated trauma care fund; creation. (a) The

uncompensated trauma care fund is created. The purpose of the fund is to compensate certified trauma centers in the state that receive a special designation under AS 18.08.082(c) for care uncompensated by the person receiving the care or by any other source.

(b) The fund consists of money appropriated to it by the legislature, including donations, recoveries of or reimbursements for awards made from the fund, income from the fund, and other program receipts from activities under this chapter. Appropriations to the fund do not lapse.

(c) The commissioner shall administer the fund in accordance with the provisions of this chapter. The commissioner shall spend money from the uncompensated trauma care fund for the purpose established in (a) of this section. The commissioner may establish and seek the advice of a special committee for review of statewide trauma care and compensation standards.

(d) The commissioner may not provide more than 25 percent of the total assets, including earnings, of the fund in a fiscal year to one trauma center.

* **Sec. 3.** AS 43.60 is amended by adding a new section to read:

Sec. 43.60.055. Disposition of proceeds; availability for appropriation to the uncompensated trauma care fund. The portion of the tax collected under AS 43.60.010 that is not separately accounted for under AS 43.60.050(a) may be appropriated to the uncompensated trauma care fund (AS 18.08.085). Nothing in this section creates a dedicated fund.

* **Sec. 4.** This Act takes effect immediately under AS 01.10.070(c).

SENATE BILL NO. 168

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - FIRST SESSION

BY THE SENATE HEALTH AND SOCIAL SERVICES COMMITTEE BY REQUEST

Introduced: 3/27/09
Referred: Health and Social Services, Finance

A BILL

FOR AN ACT ENTITLED

"An Act relating to state certification and designation of trauma centers; creating the uncompensated trauma care fund to offset uncompensated trauma care provided at certified and designated trauma centers; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** AS 18.08.082 is amended by adding a new subsection to read:

(c) The commissioner shall establish special designations in regulation for varying levels of trauma care provided by a certified trauma center that shall be used to set compensation eligibility and amounts under AS 18.08.085. The designations shall be based on nationally recognized standards and procedures.

*** Sec. 2.** AS 18.08 is amended by adding a new section to read:

Sec. 18.08.085. Uncompensated trauma care fund; creation. (a) The uncompensated trauma care fund is created. The purpose of the fund is to compensate certified trauma centers in the state that receive a special designation under AS 18.08.082(c) for care uncompensated by the person receiving the care or by any

other source.

(b) The fund consists of money appropriated to it by the legislature, including donations, recoveries of or reimbursements for awards made from the fund, income from the fund, and other program receipts from activities under this chapter. Appropriations to the fund do not lapse.

(c) The commissioner shall administer the fund in accordance with the provisions of this chapter. The commissioner shall spend money from the uncompensated trauma care fund for the purpose established in (a) of this section. The commissioner may establish and seek the advice of a special committee for review of statewide trauma care and compensation standards.

(d) The commissioner may not provide more than 25 percent of the total assets, including earnings, of the fund in a fiscal year to one trauma center.

*** Sec. 3.** This Act takes effect immediately under AS 01.10.070(c).

ALASKA STATE HOUSE OF REPRESENTATIVES

SENATOR JOHN COGHILL

HB 168 Certification and Designation of Trauma Centers

Sponsor Statement

This legislation would create a trauma care fund which could reimburse trauma centers for uncompensated or undercompensated services. The bill would create incentives for becoming a certified trauma center but does not force facilities to become certified trauma centers.

Trauma is the leading cause of death for Alaskans between the age of one and forty-four and more than 800 Alaskans are hospitalized each year for spinal cord and brain injuries.

There is a "golden hour" after the injury during which proper treatment and appropriate interventions will potentially save a patient's life and prevent further damage to an injured person. Personal trauma is any bodily injury from an external force including car crashes, shootings, falls, snow machine crashes, and stabbings.

A good trauma system is an organized multidisciplinary response to managing treatment of severely injured people and it spans the full spectrum from prevention and emergency care to recovery and rehabilitation. A trauma system enhances the chance of survival by making sure patients are brought to the most appropriate facility in the most efficient manner and that optimal care is delivered every step of the way. Alaska has many good parts to our trauma response but we must do better.

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: CSSB 168(HSS)
(S) Publish Date: 2/24/10

Identifier (file name): SB168-REV-TRS-2-8-10
Dept. Affected: Revenue

Title: Uncompensated Trauma Care fund
RDU: Taxation and Treasury
Component: Treasury Division

Sponsor: Senate HSS committee
Requester: Senate Health and Social Services
Component Number: 121

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							
FUND SOURCE		(Thousands of Dollars)					
1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2010) cost:

POSITIONS							
Full-time	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Part-time	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Temporary	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

ANALYSIS: *(Attach a separate page if necessary)*

This bill establishes a fund to compensate certain certified trauma centers in Alaska for care uncompensated by the person receiving the care or by another source. This fund will be invested within the GeFonsi investment pool No additional costs have been identified.

Prepared by: Pamela J. Leary, Comptroller — Phone 465-2300
Division: Treasury — Date/Time 2-8-10; 10:01am
Approved by: Ginger Blaisdell, Director — Date 2-8-10; 8:16pm
Administrative Services Division

(Revised 11/6/2009 OMB)

4073

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 2
Bill Version: CSSB 168(HSS)
(S) Publish Date: 2/24/10

Identifier (file name): **SB168-DHSS-IPEMS-02-08-10**

Dept. Affected: Health & Social Services

Title	Trauma Care Centers/Fund	RDU	Public Health
		Component	Injury Prevention/Emergency Medical Services
Sponsor	HSS By Request		
Requester	Senate HSS	Component Number	2876

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES (							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2010) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

SB 168 establishes a mechanism to provide a financial incentive for hospitals to become designated as certified trauma centers in order to encourage their participation in a statewide trauma system, with the goal of improving delivery of trauma care in the Alaska medical system. This bill establishes a fund for reimbursement of trauma care for uninsured or underinsured patients, and allows designated trauma centers to apply for compensation of claims that are otherwise uncompensated by insurance or other funds.

The Department proposes to manage this fund using existing staff resources.

Prepared by: Ward B. Hulburt, M.D., MPH, Chief Medical Officer / Director — Phone 269-8126
Division: Public Health — Date/Time 2/4/10 2:27 PM

Approved by: Alison Elgee, Assistant Commissioner — Date 2/8/2010
DHSS Finance & Management Services

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 3
Bill Version: CSSB 168(HSS)
(S) Publish Date: 2/24/10

Identifier (file name):
Dept. Affected: Health & Social Services
Title: Relating to state certification, designation of trauma centers, creating the uncompensated trauma care fund
RDU
Component
Sponsor: Senate Health & Social Services Committee
Requester
Component Number

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims	5,000.0	5,000.0					
Miscellaneous							
TOTAL OPERATING	**5,000.0**	**5,000.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	3,100.0	3,100.0					
1003 GF Match							
1004 GF	1,900.0	1,900.0					
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**5,000.0**	**5,000.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2010) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This bill creates the uncompensated trauma care fund to be used to compensate certified trauma centers for practicing at the highest national standards for trauma care.

Prepared by: Celeste Hodge, Committee Aide
Phone 465-3822
Division: Senate Health & Social Services Committee
Date/Time
Approved by: Senator Bettye Davis
Date 2/10/2010
Senate Health & Social Services Committee

(Revised 11.6/2009 OMB)

4075

26th Legislature(2009-2010)

Bill History/Action for 26th Legislature

BILL: HB 168 **SHORT TITLE:** TRAUMA CARE CENTERS/FUND

BILL VERSION:

CURRENT STATUS: (H) FIN **STATUS DATE:** 02/17/10

SPONSOR(s): REPRESENTATIVE(s) COGHILL, Kerttula, Lynn, Cissna, Keller, Herron

TITLE: "An Act relating to state certification and designation of trauma centers; creating the uncompensated trauma care fund to offset uncompensated trauma care provided at certified and designated trauma centers; and providing for an effective date."

Bill Number: [ ] Search Bills Next Bill

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Sponsor Statement

Display Committee Action with Bill History

Jrn-Date	Jrn-Page	Action
03/09/09	0409	(H) READ THE FIRST TIME - REFERRALS
03/09/09	0409	(H) HSS, FIN
03/23/09	0567	(H) COSPONSOR(S): KERTTULA
02/17/10	1500	(H) HSS RPT CS(HSS) NT 5DP
02/17/10	1500	(H) DP: T.WILSON, SEATON, LYNN, HERRON, KELLER
02/17/10	1500	(H) FN1: ZERO(DHS)
02/17/10	1500	(H) FN2: ZERO(REV)
02/17/10	1501	(H) REFERRED TO FINANCE
02/17/10	1514	(H) COSPONSOR(S): LYNN, CISSNA, KELLER, HERRON

Similar Subject Match or Exact Subject Match

FUNDS
HEALTH & SOCIAL SERVICES
HOSPITALS
LICENSING
MEDICAL CARE

Bill Number: [ ] Display Bill

Next Bill

Return to Basis Main Menu (26th Legislature)

Trauma-Emergency Medical Services System in Alaska

Background:

Alaska's Trauma-EMS System is a work in progress. A great deal has been accomplished since 1992 when the state received the first year of a three-year federal grant specifically targeted toward trauma care system development. Since federal funding has been re-instated, there has been further momentum in enhancing our system.

We currently have a committee the Alaska Trauma System Review Committee that assists the State in the development, enhancement, and evaluation of our Trauma-EMS System.

In 1993 Alaska passed enabling legislation for trauma care system development and accompanying regulations, (AS 18.08.010-015, and 7 AAC 26.710-745) were adopted in 1996.

Trauma Center Designation:

An important component of Alaska's trauma care system is certified trauma centers. Trauma centers provide an organized and timely response to traumatic injury. What this means in Alaska is:

- The hospital has demonstrated commitment to providing the best trauma care possible by allowing experts to review staffing and qualifications, procedures, protocols and resources;
- The hospital meets state and national standards for providing timely and optimal care for the trauma patient, and;
- The hospital is prepared to treat and transport trauma patients according to Alaska's system-wide plan.

There are four levels of trauma center designation/certification. Alaska has adopted the criteria set forth by the American College of Surgeons Committee on Trauma (ACSCOT). Prior to applying for state certification, Level I, II, and III

American College of Surgeons recommendations for a trauma system:

- ACS Recommendations Presentation

Trauma Training:

Continuing education training in trauma care for healthcare providers is an important component of a Trauma-EMS System.

Advanced Trauma Life Support (ATLS) Courses are offered periodically throughout the year in Anchorage at the Alaska Native Medical Center (ANMC) and occasionally in other areas of the state. For more information on the ATLS courses at ANMC, contact Mary Leemhuis, RN at (907) 729-2729; or Casie Williams, RN at (907) 729-2936. In addition, Providence Alaska Medical Center is providing ATLS courses. Contact Jeanne Molitor, RN for information.

Basic Trauma Life Support (BTLS) Courses are offered periodically through the EMS Regional offices. Contact the nearest office for more information.

Trauma Nursing Core Course (TNCC) and Emergency Nursing Pediatric Course (ENPC) are other courses available around the state. For more information contact Jeanne Molitor, RN. For TNCC only contact Mary Leemhuis, RN or Margaret (Rocky) Cardoni, RN.

Trauma care continuing medical education training is often available at the State and Regional EMS Symposia. Click HERE for more information.

Alaska Trauma Registry:

Alaska is very fortunate to have a great

trauma centers must complete an application to ACSCOT and have a verification visit by a team from ACSCOT. Using ACSCOT criteria, Level IV trauma centers are verified by a state team, appointed by the Alaska Division of Public Health.

• **Level I – Regional Resource Center** – Level I Trauma Centers generally serve large cities or population-dense areas. A Level I Trauma Center is responsible for providing leadership in research, professional and community education. There are no Level I Trauma Centers in Alaska because, there are no trauma research and teaching facilities in Alaska.

• **Level II – Regional Trauma Centers** – A Level II Trauma Center provides comprehensive trauma care and serves as a lead trauma facility for a geographical area. A Level II Trauma Center provides educational outreach and prevention programs and assumes responsibility for trauma system leadership. There are emergency physicians and nurses in-house to initiate resuscitation and stabilization, with surgical teams on call and promptly available.

• **Level III – Area Trauma Center** – The Level III Trauma Center provides assessment, resuscitation, emergency surgery, and stabilization and, for the most critically injured patients, arranges for transfer to a Level I or Level II trauma center that can provide further definitive care. A general surgeon must be promptly available and the facility must be involved with prevention and have an active outreach program for its referring communities.

• **Level IV – Local Trauma Stabilization Center** – Level IV Trauma Centers are small rural facilities that provide initial evaluation and assessment of injured patients prior to transfer to a larger referral facility.

For more information, you can download a brochure about Trauma Center Certification in Alaska.

Below are documents/links to assist hospitals interested in seeking Trauma Center Designation.

For the American College of Surgeons, Committee on Trauma (ACSCOT) Level I, II, III verification program visit:
http://www.facs.org/trauma/verificationhosp.html

For the pre-review questionnaire for Level I, II, and III verification visit:
http://www.facs.org/trauma/prq.doc

To request for a verification visit from ACSCOT visit:
http://www.facs.org/trauma/sitevisitapplication1006.doc

source of data through our Alaska Trauma Registry.

Links:

American College of Surgeons is a scientific and educational association of surgeons founded to improve the quality of care for the surgical patient by setting high standards for surgical education and practice. The Committee on Trauma works to improve the care of injured and critically ill patients – before, en route to, and during hospitalization. Their web site has information on trauma center designation and Advanced Trauma Life Support courses.

American Trauma Society is dedicated to the prevention of trauma and improvement of trauma care. The society is a strong advocate for injury care and prevention and have numerous programs.

American College of Emergency Physicians promotes the highest standards of patient care through its advocacy and leadership efforts. Their web site has numerous resources on a variety of topics.

TRAUMA.ORG provides global education, information and communication resources for professionals in trauma and critical care.

Alaska Trauma/EMS List Server

Alaska Trauma/EMS program is pleased to announce the list server that we have developed to disseminate information from the federal and state Trauma/EMS programs. This forum can also be used to improve communication between the facilities and open opportunities for sharing. Please be advised that if you send a message via the list serve it will go to everyone that is a member.

To join this free list, send an e-mail message to:

list.manager@list.state.ak.us

The body of the message should be:

Subscribe ak-trauma

- Level IV Trauma center information
  - Pre-review Questionnaire (Level IV Trauma Center Checklist) [coming soon]
  - Level IV, Desirable and Expected Resources/Services
  - Level IV Request for a verification visit
  - Performance Improvement for Small Rural Hospitals in Alaska
  - Performance Improvements Sample meeting minutes

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alaska
brain injury
network

Every 15 seconds someone sustains a traumatic brain injury (TBI) in the U.S.

Thirty years ago, only half of all people with brain injury survived; now 78% survive. This means that many individuals now live with significant disability requiring a full range of services.

Every year the Alaska Department of Health & Social Services reports about 800 traumatic brain injury (TBI) cases resulting in hospitalization or fatality. The Alaska TBI rate is 28% higher than the national average. The TBI rate in rural Alaska is one of the highest in the nation.

It is estimated that at least 10,000 Alaskans are living with brain injury today. The number keeps accumulating. Brain Injury can be a life-long disability

The Alaska Brain Injury Network, Inc. (ABIN) is a non-profit organization dedicated to Alaskans whose lives have been changed by brain injury.

ABIN's Board of Directors represent all regions of Alaska and the extended brain injury community – survivors, family members, service providers, health educators, researchers and those who write laws and policy.

ABIN works with the Alaska Mental Health Trust Authority, Department of Health and Social Services, and partner boards to advocate for policy changes, programs, and facilities to better serve the brain injury population.

ABIN connects survivors and family members with others. Please contact us to learn about brain injury programs in your region.

The goal for every brain injury survivor is the best possible recovery for a fulfilling and productive life. Achieving that goal requires full range of services close to home. This includes...

- Prevention
- Early identification and intervention
- Access to skilled specialists
- Community-based post injury services
- Continuing rehabilitation
- Brain injury support groups and in-state resources

What you can do...

- **Be aware of the fiscal and social burden of brain injury nationally and to the state of Alaska**
- **Become familiar with ABIN Priorities in the Governor's FY09 GF/MH Budget: Brain Injury Training for Providers.**
- **Support the Housing Trust,** www.akhousingtrust.com
- **Join Alaska Brain Matters listserve to meet Alaskans who have been touched by traumatic brain injury.**

ABIN Priorities

In-state rehab facility – many Alaskans are left in a hospital setting because there is no post-acute rehabilitation option in the State. Others are sent out of State. It is time for Alaskans to have treatment for their brain injury. Research shows outcomes improve with quality rehabilitation.

Brain Injury Waiver - recommendations for the current Medicaid waiver system to accommodate the services needed by brain injury survivors: neuropsychological assessment, cognitive and functional therapy, case management, counseling, home modifications, transportation, respite care, and more.

alaska brain injury network

www.alaskabraininjury.net
3745 Community Park Loop, Ste 240
Anchorage, AK 99508
(907) 274-2824

Alaska Brain Injury Network, Inc. helps identify, develop, implement, and sustain needed programs and resources that promote prevention and expand treatment and service delivery to Alaskans who experience TBI and their families.

You KNOW us...

The Public Health Burden of Brain Injury (prevalence)

5.3 million Brain Injuries

5 million persistent Mental Illness
4 million Alzheimer's
3 million Stroke
2 million Epilepsy
900,000 HIV/AIDS
500,000 Cerebral Palsy
400,000 Spinal Cord Injury

Brain injury accounts for more years of lost productivity than any other injury.

The Financial Burden of Brain Injury

- It is estimated that over a lifetime, it can cost between $600,000 and $1,875,000 to care for a survivor of severe TBI.
- Direct medical costs and indirect costs of TBI such as lost productivity totaled an estimated 60 billion dollars in the United States in 2000. *(Centers for Disease Control and Prevention)*
- Every dollar used for brain injury rehabilitation saves up to $35 in future medical costs. (Rhode Island Brain Injury Association)

Prevention is the only cure for Brain Injury

- The three leading causes of brain injury nationally and in Alaska are:
  1) motor vehicle crashes 2) falls and 3) assaults.
- One-third of all TBIs recorded in the Alaska Trauma Registry were alcohol related.
- The use of safety belts is the single most effective measure to prevent traumatic brain injuries.
- Helmets are estimated to be 37% effective in preventing fatal injuries to motorcyclists. (*National Highway Traffic Safety Administration)*
- Bicycle helmets are 85-88 percent effective in mitigating head and brain injuries. Every dollar spent on a bike helmet saves $40 in direct medical costs and other costs to society. *(National Highway Traffic Safety Administration)*
- 60-67% of injured U.S. soldiers sent from Iraq to Walter Reed Army Medical Center have a TBI from blasts, severe falls and motor vehicle accidents. *(United Press International, July 2004).* These soldiers are now returning home to Alaska for continuing treatment and rehabilitation.

Traumatic Brain Injury is a beneficiary group participating in the Alaska Mental Health Trust Authority "You Know Me" Anti-Stigma Campaign.

Alaska Brain Injury Network

Alaska Scorecard and TBI Dashboard – (DRAFT)

DRAFT #1 – May 22, 2008

○ Getting worse ⟺ Not changing ● Improving

	5-year Trend	Current Data	Source
SCORECARD: A "scorecard" provides a snapshot of the status of TBI issues in the State of Alaska			
Traumatic Brain Injury Non-fatal Incidence Rates			
TBI rate per 100,000	●	98.6	1
Causes			
Falls	○	28.7	1
Motor Vehicle Transportation Occupant	●	24.7	1
Assault	●	12.2	1
ATV	○	6.5	1
Bicycle	●	4.5	1
Snowmachine	●	4.4	1
Pedestrian	●	3.6	1
Sports	●	1.8	1
Water Transport	⟺	1.3	1
Suicide Attempt	●	.8	1
Gender			
TBI percentage among males		65.4 %	1
TBI percentage among females	⟺	33.2 %	1
Ethnicity			
Percentage of TBI population that is Alaska Native		34%	1.a
Percentage of TBI population that is White		53%	1.a
Percentage of TBI population that is Other; unknown, Pacific Islander, Hispanic, Black, American Indian, Asian		22%	1.a
Those at highest risk for hospitalization due to TBI (rate per 100,000)			
Males age 80+		301.3	1
Females age 80+		217.2	1
Males age 70-79		215.7	1
Males age 15-19		200.9	1
Traumatic Brain Injury Numbers			
TBI hospitalizations/year		640	1.b
TBI deaths/year		150	1.b
Est. TBI-related Emergency Department Visits		2953	2

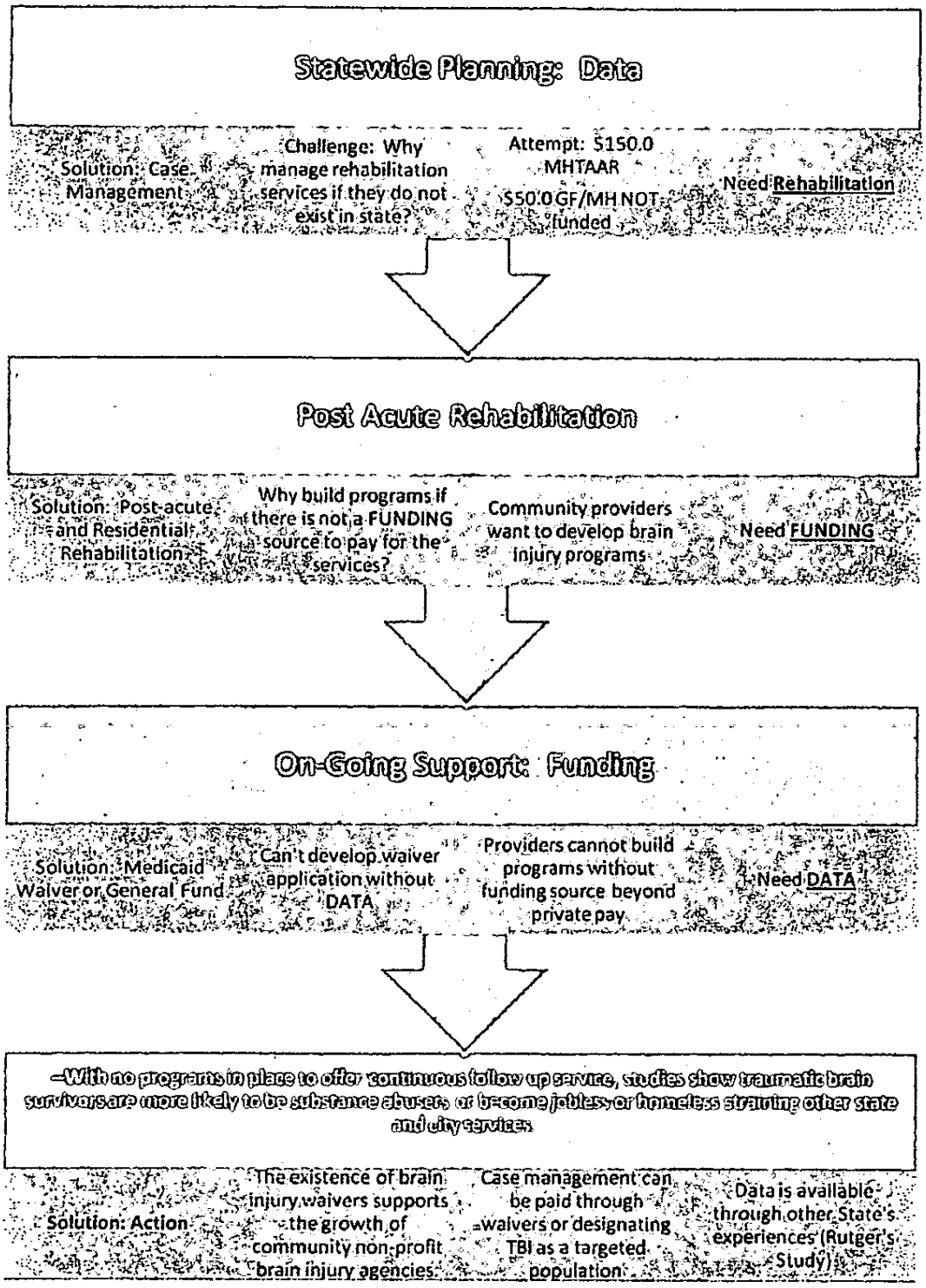
1 Alaska Trauma Registry 2001-2005 – Non-fatal TBI hospitalizations
1.a Alaska Trauma Registry 1996-2005 – Non-fatal TBI hospitalizations
1.b Alaska Trauma Registry 2006 – Non-fatal TBI hospitalizations
2 HRSA TBI Implementation Grant

Alaska Trauma Registry records those who are hospitalized for more than 24 hours. This does not include the number of people who visit the emergency department and are sent home in the same day. This does not include the number of returning service members with traumatic brain injury.

DASHBOARD: A "dashboard" provides a way to see how well an activity is working to affect the TBI population			
O Getting worse	⟺ Not changing	O Improving	
Dashboard: Behavioral Health			
TBI and Mental Health	Spot look trend	Current Data	Source
Percentage BH clients screening positive for TBI	⟺	32%	3
TBI and Substance Use			
Alcohol-related TBI 100,000		33%	1
TBI and Suicide			
Percentage of suicide victims with history of TBI		32%	4
Dashboard: Education			
Special Education			
Number of children in Special Education statewide with TBI diagnosis (2007)	⟺	66	5
Dashboard: Justice			
Corrections			
Percent of incarcerated Alaskans (adults) who are Trust beneficiaries, including those with cognitive disabilities		42%	6
Dashboard: Employment			
Vocational Rehabilitation			
Number of TBI cases		167	7
Number of TBI cases closed employed		17	7
Number of TBI cases closed with plan for employment		11	7
Average wage at closure		$12.54	7
Dashboard: Providence			
ImPACT Program			
Number of baselines (ImPACT)		57	8
Number of student/athletes seen in program (ImPACT)		25	8
Emergency Department			
Patients given the diagnosis of "head injury" or "concussion in Emergency Department in 2006		547	8
% of TBI-related ED visits that led to hospitalizations		1%	8
% of ED visits that are Pediatric		15%	8
Dashboard: Alaska Brain Injury Network			
TBI Advisory Board			
Est. Board Member Volunteer hours/year	↑	1054	9
Board Member Participation in Quarterly Board Meetings		83%	9
Ex-officio participation in quarterly board meetings		65-80%	9
% of survivors/family members on TBI board		55%	9
% Board Members who give a financial contribution		100%	9
TBI Resource Navigation			
Average new consumer contacts per month	↑	30	9
Average unique visitors/month to ABIN website	↑	750	9
Number of people on Alaska Brain Matters Listserve	↑	100+	9

3 AKAIMS
4 Suicide Follow-back Study
5 http://www.eed.state.ak.us/stats/
6 Trust/DOC Study 07
7 Division of Vocational Rehabilitation (FY07)
8 Providence Neuroservices
9 Alaska Brain Injury Network

For more information view the "10 Year Plan for TBI in Alaska" at www.alaskabraininjury.net



Alaska Trauma Hospitals as of April 2009

Name	Designation	Certification date	Certification due
Alaska Native Medical Center (Anchorage)	Level II	November 2006	2009
Mt. Edgecumbe Hospital (Sitka)	Level IV	April 2007	2010
Yukon-Kuskokwim Delta Regional Hospital (Bethel)	Level IV		2010
Sitka Community Hospital (Sitka)	Level IV	January 2007	2010
Norton Sound Regional Hospital (Nome)	Level IV	October 2006	2010

ALASKA COUNCIL ON EMERGENCY MEDICAL SERVICES

ACEMS
P.O. Box 110616
Juneau, AK 99811-0616
(907) 465-3027

April 9, 2009

Representative Coghill
Juneau, Alaska

Representative Coghill,

Trauma is any bodily injury from an external force. Trauma puts a tremendous burden on families and communities in Alaska. An average of 400 Alaskans die each year from trauma. For every death, 11 people are hospitalized. One in four hospital admissions is uncompensated which puts an additional burden on the State's health care system. HB 168 is offered to assist in this dilemma.

House Bill 168 provides the DHSS Commissioner authority to establish special designations in regulation for varying levels of trauma care so that a 'Certified Trauma Center' would be eligible to recoup expenses as a result of uncompensated care being rendered. The purpose of the fund is to reimburse certified trauma centers in the state for care uncompensated by the person receiving the treatment or by any other source. HB 169 would then set up the uncompensated trauma care fund that would help cover some of the losses suffered by the trauma center rendering the care.

The Alaska Council on EMS seeks your support for a fully functioning trauma system, including funding for the development of trauma centers and legislation addressing the issue of incentives for trauma center designation and uncompensated care of trauma patients. The added benefit of HB 168, we believe, would be an incentive for more hospitals in the state to become 'Certified Trauma Centers' thereby assisting in the development in a state wide trauma care system.

The American College of Surgeons met 11/08 in Anchorage to assess the States trauma system. The passage of HB 168 & 169 would provide support to address some of the areas that were noted in the report.

Thank you for your support of this critical issue.

David Hull

David Hull, Chair
Alaska Council on Emergency Medical Services

cc Bill Hogan, DHSS Commissioner
Dr. Jay Butler, Chief Medical Officer
Tim Bundy, Section Chief IPEMS

ASHNHA
Alaska State Hospital and Nursing Home Association

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TESTIMONY ON SENATE BILLs 168 and SENATE BILL 169
February 8, 2010

ASHNHA represents 27 private, federal, state, and tribal health care facilities located throughout Alaska. The testimony presented here has been approved by ASHNHA's general membership (see detailed member list at bottom of testimony).

ASHNHA's membership supports **SB 168** and its companion bill **SB 169.**

This incentive based approach to increasing trauma treatment capability in Alaska is well reasoned and addresses one key barrier that discourages facilities from seeking trauma designation. A key barrier not addressed by SB 168 is the availability and cost associated with assuring certain physician specialties are on hand to deal with trauma cases. This barrier will continue to limit the ability of hospitals to achieve optimal trauma designation levels unless it too is addressed. In order to solve this problem Alaska's physician community will have to be included in the discussion.

A possible approach might be to broaden Section 18.08.085 to allow the Commissioner of DHSS discretion to use the 'fund' to help offset costs incurred to meet physician staffing requirements necessary to achieve trauma designation. We understand other states are deploying innovative strategies to address the physician staffing challenge which Alaska could possibly learn from and incorporate into this incentive based program if the language of Section 18.08.085 were broader.

ASHNHA supports **SB 168 and SB 169** and urges their passage from Senate HSS to the next committee of referral at the earliest possible time. Thank you for the opportunity to testify.

This Testimony is on Behalf of the Following Alaska Health Care Facilities

Alaska Regional Hospital, Alaska Native Medical Center, Bartlett Regional Hospital, Central Peninsula General Hospital, Cordova Community Medical Center, Denali Center Nursing Home, Fairbanks Memorial Hospital, Heritage Place Nursing Home, Kanakanak General Hospital, Ketchikan General Hospital, Maniilaq Health Center, Mt. Edgecumbe Hospital SEARHC, Norton Sound Regional Hospital, Petersburg Medical Center, Providence Alaska Medical Center, Providence Extended Care Center, Providence Kodiak Island Medical Center, Providence Seward Medical & Care Center, Providence Valdez Medical Center, Sitka Community Hospital, South Peninsula Hospital, St. Elias Specialty Hospital, Wrangell Medical Center, Yukon Kuskokwim Delta Regional Hospital, North Star Behavioral Health, Wildflower Court Nursing Home.

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Alaska Native
Tribal Health Consortium

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POSITION PAPER

CONTACT: Valerie Davidson, Senior Director
Legal and Intergovernmental Affairs
Through Pat Jackson, State Liaison for Alaska Native Health
523-0363 – pajackson@anthc.org

DATE: April 8, 2009

RE: HB 168 – State certification and designation of trauma centers and creating the uncompensated trauma care fund
HB 169 – Appropriating $5,000,000 to the uncompensated trauma care fund

POSITION: Support

ANTHC supports HB 168 and HB 169 as important steps in increasing the trauma care capacity in the state.

The Alaska Native Tribal Health Consortium (ANTHC) is a tribally controlled, non-profit statewide tribal health organization formed pursuant to federal law to provide a range of medical and community health services for more than 130,000 Alaska Natives. It is part of the Alaska Tribal Health System (ATHS), which is owned and managed by the 231 federally-recognized tribes in Alaska and by their respective regional health organizations.

ANTHC and Southcentral Foundation jointly manage the Alaska Native Medical Center (ANMC), the tertiary hospital of the ATHS located in Anchorage. ANMC is the only Level II Trauma Center in the Indian Health Service/tribal health system nationally. ANMC is also the only Level II Trauma Center in Alaska. The nearest Level I Trauma Center is in Seattle.

Trauma system development is a public health priority. A comprehensive system of trauma care is an essential part of the public safety net. Regionalized trauma systems based on a network of coordinated Trauma Centers designated at the appropriate level improves health outcomes and reduces costs. ANMC, as the highest level designated Trauma Center in the State of Alaska, is the lynchpin for the state's trauma system, and provides the foundation for continued statewide system development.

Trauma Center designations were created as a way to improve outcomes for patients who face extraordinary medical issues. On balance, early and appropriate medical attention to life-threatening health issues reduces overall length of stay in the hospital and reduced complications for many patients. Without trauma care, the costs of health care for trauma patients will be greater, including trauma patients who are Medicaid eligible.

The cost of providing trauma care at ANMC has more than doubled over the past four years and funding has not kept pace. ANMC's Trauma Center simply cannot be maintained at current revenue levels. If ANMC's Trauma Center designation is discontinued because funding levels have rendered the service unsustainable, the hospital faces reductions in staffing. Diversions of patients to non-tribal providers would increase, and because the federal government reimburses 100% of the cost of services provided for Native clients at Native facilities but a smaller percentage at non-tribal providers, there would be an increased cost to the state's general fund budget.

ANTHC supports HB 168 and HB 169 as important steps by the State to encourage and support appropriate trauma care options for Alaskans. Because we are Alaska's only Level II Trauma Center we recommend removing the language in section (d) on Page 2, Line 11, that limits appropriations to any one facility to 25%.

Thank you for your consideration.

More Funding Needed To Fight Brain Injuries In Alaska

By Corey Allen-Young, CBS 11 News Reporter
KTVA

Posted:02/26/2009 05:34:33 PM AKST

Known as the silent epidemic, traumatic brain injury here in Alaska is the highest in the country. That's why partnerships are being made statewide to come up with solutions. The key word is solutions as leaders are looking for a permanent fix to decreasing traumatic brain injuries in Alaska. Experiencing a traumatic brain injury can change a life forever. "The recovery process after traumatic brain injury is journey that happens daily and it will continue," said Jill Hodges, of the Alaska Brain Injury Network. With 800 Alaskans being hospitalized or dying and over 10,000 Alaskans currently living with traumatic brain injuries, the consequences could be devastating.

"Yeah it will change your life and everybody else's around you," said Frank Box, who experienced a traumatic brain injury. "It can happen to you while you are walking across the street, you can fall and slip on the ice, or if you are playing a sport or riding a bicycle especially without a helmet, you can also suffer traumatic brain injury," said Christie Artuso, who is the director of the Providence Neuroscience Center. "My brother was a such a vibrant, outgoing person, and for this to happen to him is just unreal," said Duain White, whose brother suffered a traumatic brain injury in an ATV accident.

Taking into account that traumatic brain injuries are the leading cause of death and disability among children and young adults in Alaska, the need to be aware of what exactly can cause an injury is crucial. "We can't do that without the prevention needed and the education needed of our population to tell them about TBI (traumatic brain injury) and to also tell them on how to be healthy," said Don Kashevaroff, who is the CEO of the Alaska Native Tribal Health Consortium. "What we don't have in the state of Alaska is an effective rehabilitative program for people who have been afflicted with a traumatic brain injury can be helped with cognitive therapies, thru rehabilitative therapies to return to a normal functioning life," said Artuso.

Thirty years ago, one half of people who experienced a brain injury survived. Now the number has increased to 78 percent. But officials say the problem in our state is that traumatic brain injury survivors are not getting the services needed for life long living. While people who are victims of traumatic brain injuries do receive initial help there are many questions of what happens next for them. And with money in low supply to provide any additional support, officials say other agencies could be feeling the burden.

With over 10,000 Alaskans currently living with traumatic brain injuries, getting additional care and support is badly needed. "We were just released from the hospital and that was it there was no long term therapy, there was no where to go to offer cognitive therapy, long term physical therapy," said White. "We want to help them maintain their relationships, maintain their families, maintain their lifestyles," said Artuso. "What we need are community and governmental support to do that because currently there is no resources."

Adding more resources is what folks are banking on in helping their loved ones live normal functioning lives. "Is that all we can offer him, is that the best he's going to be doing the rest of his life, its very frustrating," said White. "Treatment, rehabilitation services are essential, they are the key to recovery and sometimes eventual abilities for our brothers or sisters, and family members," said Hodges.With no programs in place to offer continuous follow up service, studies show traumatic brain survivors are more likely to be substance abusers or become jobless or homeless straining other state and city services.

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Aol News.
http://www.aolnews.com/article/trauma-victims-face-far-worse-odds-when-uninsured-study-says/19261879

Uninsured Trauma Victims Face High Death Rate

(Nov. 16) — It's federal law: All seriously injured emergency and trauma patients must be given equal lifesaving care, whether or not they can pay for it. But that's not happening, according to a new report. The study, conducted by Children's Hospital Boston research fellow Dr. Heather Rosen and colleagues from three other hospitals, found that uninsured trauma victims ages 18 to 30 are dying at an annual rate 89 percent higher than insured victims with identically severe injuries.

As the health reform tornado continues to swirl on Capitol Hill, the data could provide fresh ammunition for those pushing for expanded health insurance coverage.

The study, published today in the Archives of Surgery, examines the survival rates for patients brought to about 900 U.S. trauma centers between 2002 and 2006, analyzing some 690,000 patients who had suffered penetrating trauma — such as wounds inflicted by a gun or knife — or blunt trauma from vehicle crashes and falls. Earlier research found 18,000 extra deaths a year among uninsured victims of such injuries. Rosen and the other researchers chose to focus on the 18-to-30-year-old subset because they had fewer existing conditions — comorbidity — that muddy the evaluation of the cause of death.

Courtesy of Heather Rosen
Dr. Heather Rosen, a research fellow at Children's Hospital Boston who authored the study.

The study concludes that there is "pervasive evidence of disparities in screening, hospital admission, treatment and outcome due to insurance status." Overall, uninsured patients had the highest rate of death, even after controlling for age, sex, race, and severity and mechanism of injury.

In an e-mail interview, Rosen puts it more plainly: "Uninsured patients in the United States have a higher risk of dying after trauma, even though there is universal access to emergency care."

That the absence of insurance leads to preventable deaths of patients with cancer, diabetes, respiratory and other chronic diseases is by now accepted wisdom among medical professionals. But existing policy is supposed to protect victims of trauma and other acute medical events, for whom instant medical intervention makes the difference between survival and death. In 1986, in response to widespread dumping of uninsured critically injured or ill patients onto the street or on lesser hospitals, Congress passed the Emergency Medical Treatment and Active Labor Act. It mandated that hospitals and ambulance services provide care to anyone who needs emergency treatment, regardless of citizenship, legal status or ability to pay.

But if the law is not preventing uninsured trauma patients from receiving substandard care, as Rosen's study indicates, the question becomes why.

Trauma is well-studied, and the specific steps that must be taken to keep the lethal dominoes from falling are well-established. Dr. R Adam Cowley, one of the fathers of the field, sermonized on the importance of the "Golden Hour" that exists between an injury and getting the patient definitive treatment. "Who's paying the bill is the last thing we have time to worry about," he liked to say. Trauma doctors and nurses insist that mentality continues to govern today, even as the high cost of trauma care and ICU follow-up — which can run to hundreds of thousands of dollars for a single patient — have brought trauma centers in Los Angeles, Miami and other urban areas to the edge of bankruptcy and created pressure to cut costs.

Interviewed over the weekend, nine members of five different trauma units who had read the study all had the same message: "Not in my shop." "They will tell you they don't even know the funding status of most of their patients until after they've been hospitalized for some time," says Dr. Harold Sherman, a retired trauma surgeon in Pittsburgh. "They take and treat all comers equally as required by their ethics and the law, and certainly don't actively discriminate on the basis of insurance status."

Some trauma specialists I spoke with recall representatives from the hospital billing departments sometimes hovering at the fringes of the bloody ballet to save a life. But as a trauma social worker from Washington, D.C. — who declined to allowed her name to be used because she isn't authorized to speak to reporters — puts it: "They would never be foolish enough to tell a trauma surgeon to not order this or that test, or cancel a scan or expensive lab work because they found no insurance card in the patient's wallet."

"What surgeon, ER doc or nurse would risk their license and violate federal law to keep the billing office happy?" the social worker adds.

The problems, Sherman explains, creep in after patients leave trauma care. "Post-discharge care certainly does vary with insurance status. It is a constant irritant to trauma surgeons."

Dr. Gregory Jurkovich, chief of trauma for Seattle's Harborview Medical Center, claims his hospital had not seen the disparity in treatment described in Rosen's report, but he too says that follow-up efforts are falling short. For the underinsured, he says, "there is decreased access to rehabilitation and chronic care services."

Such anecdotal evidence squares with another finding of Rosen's study: Even when everything else was equal, "uninsured patients received significantly fewer radiographic studies and were less likely to be admitted compared with insured patients with similar diagnoses."

In a comment published with the journal article, Dr. Brent Eastman, a trauma and vascular surgeon from Scripps Memorial Hospital in San Diego who was just elected chairman of the Board of Regents of the American College of Surgeons, noted that emergency rooms and trauma centers "are the safety net for many communities." He called for Rosen's conclusions to be taken seriously.

Rosen cautions that the definitive cause for the higher death rate for uninsured people remains to be determined. Still, the hard number — the nearly 90 percent jump in mortality rates for uninsured accident victims — speaks loudly on its own. "Although the lack of insurance may not be the only explanation," she says, "the accidental costs of being uninsured in the United States today may be too high to continue to overlook."

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IT'S ABOUT TI

GEORGIA NEEDS A TRAUMA SYSTE

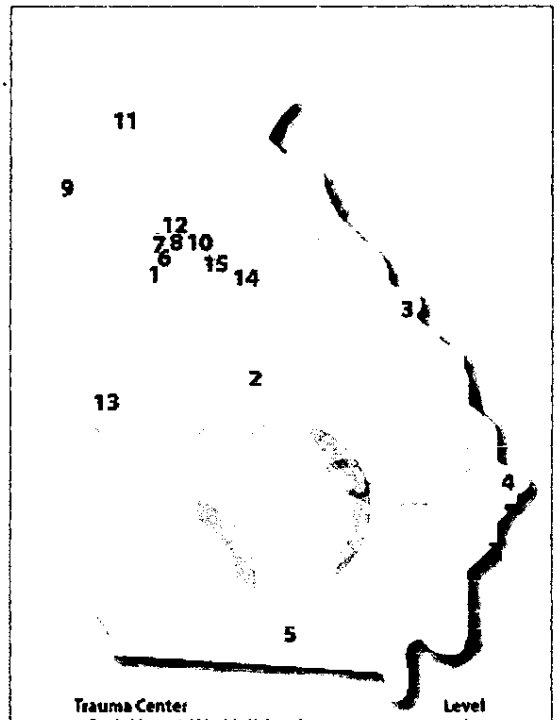
TRAUMA OVERVIEW NEWS & RESOURCES GET INVOLVED

It's about time... the golden hour.

The clock begins ticking the instant that the car crashes, the worker falls, or the bullet rips into the victim.

Then it's a race against time and distance. A trauma patient's chances of survival increase dramatically if he or she receives care within the "golden hour" immediately following injury. Rapid response by emergency medical technicians in ground and air ambulances is critical. So is the distance to the nearest trauma center - a special hospital facility with the resources and medical specialists to handle the most severe injuries. View our interactive map to determine the distance to your nearest trauma center.

Most hospitals with an emergency room are not trauma centers. In Georgia, only 15 of the state's 152 acute-care hospitals are - an alarmingly inadequate number. Georgia should have approximately 25-30 designated trauma centers in strategic locations to adequately address trauma and emergency preparedness needs.



Trauma Center	Level
1 Grady Memorial Health (Atlanta)	1
2 Medical Center of Central Georgia (Macon)	1
3 Medical College of Georgia (Augusta)	1
4 Memorial Health University Medical Center (Savannah)	1
5 Archbold Memorial Hospital (Thomasville)	2
6 Atlanta Medical Center (Atlanta)	2
7 Children's Healthcare of Atlanta - Egleston (Atlanta)	2 Pediatric
8 Children's Healthcare of Atlanta - Scottish Rite (Atlanta)	2 Pediatric
9 Floyd Medical Center (Rome)	2
10 Gwinnett Medical Center (Lawrenceville)	2
11 Hamilton Medical Center (Dalton)	2
12 N Fulton Regional Hospital (Roswell)	2
13 The Medical Center (Columbus)	2
14 Morgan Memorial Hospital (Madison)	4
15 Walton Regional Medical Center (Monroe)	4

It's about time... to save as many as 700 lives a year.

Although some regions of Georgia have excellent trauma care, gaps exist. Georgians in many areas simply do not have fast access to trauma care. As a result, of the estimated 40,000 cases of major trauma each year in Georgia, only about 10,000 are treated in designated trauma centers.

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Access to trauma care is a matter of life and death. Trauma is the number one killer of Americans between the ages of one and 44, and the number three cause of death across all age groups. Studies report that as many as one third of trauma deaths occurring in areas without an organized trauma care system are preventable. Georgia's trauma death rate is significantly higher than the national average: 63 of every 100,000 people compared to the national average of 56 per 100,000. If Georgia's death rate improved to the national average, it would mean a difference of as many as 700 more lives saved every year.

It's about time ...that Georgia has a statewide trauma system.

Georgia's trauma death rate
have an adequate statewide trauma system.

The movement to establish a statewide trauma system in Georgia began 30 years ago and in recent years there has been progress. In 2006, the state legislature began a study of the infrastructure and funding mechanisms needed. In 2007 lawmakers passed Senate Bill 60 and created the Georgia Trauma Care Network Commission to continue the work. And, in early 2008, Gov. Sonny Perdue and the General Assembly approved a one-time $58.9 million appropriation which the Commission later distributed to trauma care providers. But the General Assembly has stopped short of a long-term solution.

The keys are establishing an integrated trauma infrastructure throughout the state, and easing the financial burden on those who provide trauma care, but are not paid for their services. Financial losses due to the cost of uncompensated care by hospitals, physicians and emergency medical services (EMS) providers discourage hospitals from adding new trauma centers and pressure participating hospitals to close their trauma centers.

Now it's time for action that will ensure that trauma care will be available for our families, our neighbors and us.

More delay means more lives lost.

Now is the time for Georgia's local government officials, business leaders and citizens to join with hospital administrators, physicians, nurses, and EMS providers in declaring support for development of a statewide trauma system.

This Web site examines trauma care in Georgia. It is sponsored by the Georgia Statewide Trauma Action Team (GSTAT), a coalition of hospitals, EMS providers, physicians, nurses and others interested in creating a statewide trauma system. The cost of licensing and maintaining this Web site is underwritten by a grant from Healthcare Georgia Foundation, Inc. We hope it enlightens you, and inspires you to join us in working for a statewide trauma system.

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For more about the
the GSTAT advisor
here.

Rynnieva Moss

From: Christopher Clark [cgcalaska@yahoo.com]

Sent: Wednesday, March 11, 2009 8:44 AM

To: Tim Barry; John Bitney; Shannon Devon; Peter Fellman; Linda Hay; Paul Labolle; Karen Lidster; Tom Maher; John Manly; Rynnieva Moss; Jane Pierson; Chris Wyatt

Subject: Daily News editorial: Attracting doctors - Legislature can raise Alaska's stake in competition for docs; Obama right to nix mileage tax

Attracting doctors

Legislature can raise Alaska's stake in competition for docs

Published: March 10th, 2009 06:54 PM
Last Modified: March 10th, 2009 06:54 PM

Alaska's shortage of primary care doctors has been described as grim. A study two years ago found **we needed 400 more doctors to provide the same level of care as is available elsewhere in the country**. One result is that few doctors will accept the low rates paid by Medicare, the government insurance for those 65 and older. **It's a horrible situation for Alaska's senior citizens**.

Two bills introduced during this legislative session would help relieve the shortage of doctors and other health care workers, and both are worth passing.

Senate Bill 18 would increase the number of state-subsidized medical students in each class of the WWAMI program operated through the University of Washington. Alaska WWAMI students spend their first year of study at UAA.

These students offer an excellent return -- according to the Alaska Physician Supply Task Force study in late 2006, half of Alaska WWAMI students end up practicing in the state, and a few WWAMI students from other states join them.

The state raised the number of Alaska WWAMI students in each class to 20 in 2007.

SB 18 would increase the number by a modest amount, to 24. That's the most UAA can accommodate without incurring expensive overhead costs, said Sen. Bill Wielechowski of Anchorage, the bill's sponsor.

Adding the four students would cost the state little to no money the first year. But by the fourth year, when we would have an additional 16 Alaska students in med school, the state cost is estimated at $550,000 per year.

A second bill, SB 139 [by Sen. Donny Olson], calls for the state to pay financial incentives to already-qualified doctors, nurses or other health workers if they take certain jobs in Alaska.

The bill, with a bipartisan group of sponsors, would carry out a plan developed by a group of health care professionals including representatives of the Alaska Primary Care Association and the Alaska State Hospital and Nursing Home Association.

The state would offer financial incentives to as many as 90 workers, from physicians to nurses, to come work in Alaska. Those who take hard-to-fill jobs, or treat a share of uninsured patients or those on Medicare or Medicaid, would get priority.

3/12/2009

Each person would be guaranteed the incentive for three years as long as they kept working here.

The state would either repay part of their student loans or, if the health worker didn't have loans, simply pay them directly. The individual payments would range from $20,000 per year for nurses, physicians assistants and some others, to $35,000 for doctors, pharmacists and dentists, to $47,000 for doctors who accept the hardest-to-fill positions.

The state's cost for three years' worth of incentives would be $7.5 million.

That sum is large enough to cause concern this year, with a big drop in state revenues anticipated.

But consider this: Forty-four of the 50 states already offer financial incentives to lure health workers. Alaska is not competitive for health care jobs, and people are suffering because of it.

BOTTOM LINE: **The Legislature should pass two bills to relieve a critical shortage of health care workers in Alaska.**

Not now

Obama right to nix mileage tax

States and the federal government rightly worry that they'll see less revenue to pay for road work as Americans turn to more fuel-efficient vehicles and future technology takes us further from the internal combustion engine.

One solution is **a mileage tax, whereby vehicles would be equipped with GPS tracking devices and people would be taxed according to the miles they drive rather than the gallons of gasoline they purchase.**

Oregon has already run a pilot program for such a tax, and a federal mileage tax has gained favor in the Democratic Congress despite the opposition of President Obama.

Concerns for revenue and how to pay for road building and maintenance are valid. But the mileage tax is the wrong solution, at least for now.

First, a major shift in transportation tax policy shouldn't be done on the fly in the middle of an economic crisis. There are too many unanswered questions. Among them:

• Is the ability to track people's driving one we want governments to have?

• How does such a tax encourage the use of higher-mileage vehicles? Is the owner of a hybrid getting 35 mpg going to pay the same tax as the owner of a gas-guzzling Hummer?

• Do we really want to charge people more for miles driven during rush hours, a premium that's been suggested in some states?

Raise the gasoline tax if necessary, but let's not be talking about a mileage tax until we've done a lot more research.

BOTTOM LINE: Mileage tax? Maybe down the road. Maybe.

3/12/2009

Alaska Statewide Trauma System

Fact Sheet

What is Trauma?
Trauma is any bodily injury from external force. Although many people think of trauma as "accidents", it is better thought of as a disease. Like heart disease and cancer, trauma has identifiable causes and risk factors; and like these conditions, prevention is the best strategy. However, even with the best prevention efforts we still need to be able to take care of the seriously injured. We need to show the same commitment that we brought to cardiac and cancer treatment to trauma care. The seriously injured require timely diagnosis and treatment by health care professionals who are appropriately trained and provided with the necessary resources to reduce the risk of death or permanent disability.

Impact of Trauma in Alaska
Trauma is a tremendous burden on families and communities. In the 1990s, nearly 5,000 Alaskans died from trauma.

- For Alaskans, ages 1 to 44, trauma is the leading cause of death.
- On average, more than 400 Alaskans die from trauma each year. For every injury death, eleven people are hospitalized for trauma-related injuries. For every trauma death that occurs in the hospital, there are an estimated 3 people discharged with permanent disability.
- On average, more than 800 Alaskans are hospitalized each year for central nervous system injury (spinal cord and brain injuries).
- In 2004, motor vehicles were the leading cause of injury death (117), followed by firearm-related injuries (116).
- In 2004, the economic cost of hospital stay alone for trauma patients in Alaska was estimated at over $73 million. One in four hospital admissions were uncompensated.

Years of Potential Life Lost to Trauma
Death from trauma is tragic at any age. Society's loss is especially great because so many young people die from trauma. The impact can be measured in "years of potential life lost:" the number of years between early death from injury and the average age of death at age 70. Using years of potential life lost, trauma is the leading cause of potential life lost for all Alaskans followed by cancer and heart disease.

What is a Trauma System?
A trauma system is a predetermined, organized, multidisciplinary response to managing the care and treatment of severely injured people. It spans the full spectrum of care; from prevention and emergency care to recovery and rehabilitation. Best practice standards guide each stage of care to ensure that injured patients are promptly transported to and treated at facilities appropriate to their severity of injury and that they receive optimal care at each stage of their treatment.

A statewide trauma system also provides a framework for disaster preparedness and response. As part of its activities, a trauma system coordinates and monitors the

movement and care of severely injured people. Ideally, the trauma system identifies the needs and resources available at any moment and responds to insure optimal care.

Why Have a Trauma System?
For a severely injured person, the time between an injury and receiving definitive care is the most important predictor of survival—the "golden hour." The chance of survival diminishes with time, despite of the availability of resources and modern technology. A trauma system enhances the chance of survival by making sure that patients are brought to the most appropriate facility in the most efficient manner and that they receive optimal care each step of the way. Trauma systems benefit everybody regardless of income, race, party affiliation or locale. States with mature, comprehensive statewide trauma systems have experienced:

- A 9 percent decrease in motor vehicle crash deaths.
- A 15-20 percent increase in the survival rates of seriously injured patients.
- An increase in productive working years.
- An improvement in statewide disaster preparedness.

Disaster Preparedness
Trauma systems play a vital role in the community response to natural disasters or manmade incidents. Despite concerns over bioterrorism, experience has shown that the vast majority of terrorist attacks will involve explosive devices. We also do know that Alaska will experience major earthquakes in the future. A functioning trauma system is the framework for developing an organized coherent response to these incidents

Alaska's Trauma System
In 1990, state authority for designating trauma centers was created in Alaska. Under this statute hospital participation is entirely voluntary. Criteria were established and the process for designation at Levels I-IV outlined. Since the original legislation there have been only three hospitals that have been designated by the state. One level II and four level IV centers. Clearly to fully realize the benefits of a trauma system more widespread participation is needed. Alaska's trauma system is ideally an inclusive system, recognizing the vital role that rural communities, hospitals and health care professionals play in the care and management of the trauma patient. Wide-scale involvement is critical to get optimal outcomes for the seriously injured.

Review of Alaska Trauma Care by the American College of Surgeons November 2008

The Alaska Department of Health and Social Services (DHSS) recently contracted with the Committee on Trauma of the American College of Surgeons to review trauma care in Alaska. The full report is available on the DHSS website (www.chems.alaska.gov). It notes our strengths and weaknesses and makes recommendations for improving trauma care in our state.

Strengths include: well established injury prevention programs; extensive and creative networks for ground and air medical transport; medical subspecialty availability at three

Anchorage hospitals; and a good relationship with Harborview Medical Center (Level I trauma center) in Seattle.

Deficiencies include the lack of an additional Level II trauma center in Anchorage and the existence of two patterns of trauma care, one for Alaska natives that follows national standards and one for the rest of the state. The review team members noted that among the nontribal hospitals " few of the facilities serving the majority population have made a similar commitment to achieving nationally recognized standards of trauma care". They also noted that there is no statewide trauma plan and no incentive or requirements for hospitals to participate in the system. Additionally, there are few resources at the state level for trauma system management and coordination. Perhaps as important as any of the above, they noted that there seemed to be very little public awareness of trauma system issues.

The review team made 15 priority recommendations. Several involve better organization of state resources and development of a comprehensive statewide trauma plan. The most sweeping recommendation was that all acute care hospitals be required to become designated trauma centers at a level appropriate to their resources and size within two years. They further stated that there should be a second level II trauma center in Anchorage as soon as possible. In addition, an assessment of pediatric trauma care needs should be completed with the goal of developing at least one pediatric trauma center of excellence.

The Alaska Trauma Systems Review Committee oversees the statewide trauma system in Alaska. The system addresses four primary components: trauma hospital designation criteria; trauma registry (monitors system performance and provides feedback for improvement); EMS/pre-hospital triage and transport guidelines; and inter-facility (hospital to hospital) transfer guidelines.

Where To Go From Here

- Increased hospital participation is necessary for the statewide trauma system to function optimally.
- There need to be incentives for hospitals to provide the staff and resources required for trauma center designation.
- Legislation to cover the cost of uncompensated trauma care and to limit the medical
  liability for care given at designated trauma centers are two incentives that have been successful in other states.

  House Bills 168 and 169 have been introduced by John Coghill to encourage hospitals to participate in the trauma system by covering some of the cost of uncompensated trauma care when it is given at designated trauma centers.

.The goal of the statewide trauma system is to see every hospital in Alaska designated at an appropriate level.

- *Surveys show that the general public overwhelmingly supports having a hospital in their community that is prepared for and capable of effectively managing a seriously injured patient—and are willing to pay for it!

*2005 Harris Interactive poll, "The American Public's Views of and Support for Trauma Systems: A Congressional Briefing."

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Alaska Statewide Trauma System

Fact Sheet

What is Trauma?
Trauma is any bodily injury from external force. Although many people think of trauma as "accidents", it is better thought of as a disease. Like heart disease and cancer, trauma has identifiable causes and risk factors; and like these conditions, prevention is the best strategy. However, even with the best prevention efforts we still need to be able to take care of the seriously injured. We need to show the same commitment that we brought to cardiac and cancer treatment to trauma care. The seriously injured require timely diagnosis and treatment by health care professionals who are appropriately trained and provided with the necessary resources to reduce the risk of death or permanent disability.

Impact of Trauma in Alaska
Trauma is a tremendous burden on families and communities. In the 1990s, nearly 5,000 Alaskans died from trauma.

- For Alaskans, ages 1 to 44, trauma is the leading cause of death.
- On average, more than 400 Alaskans die from trauma each year. For every injury death, eleven people are hospitalized for trauma-related injuries. For every trauma death that occurs in the hospital, there are an estimated 3 people discharged with permanent disability.
- On average, more than 800 Alaskans are hospitalized each year for central nervous system injury (spinal cord and brain injuries).
- In 2004, motor vehicles were the leading cause of injury death (117), followed by firearm-related injuries (116).
- In 2004, the economic cost of hospital stay alone for trauma patients in Alaska was estimated at over $73 million. One in four hospital admissions were uncompensated.

Years of Potential Life Lost to Trauma
Death from trauma is tragic at any age. Society's loss is especially great because so many young people die from trauma. The impact can be measured in "years of potential life lost:" the number of years between early death from injury and the average age of death at age 70. Using years of potential life lost, trauma is the leading cause of potential life lost for all Alaskans followed by cancer and heart disease.

What is a Trauma System?
A trauma system is a predetermined, organized, multidisciplinary response to managing the care and treatment of severely injured people. It spans the full spectrum of care; from prevention and emergency care to recovery and rehabilitation. Best practice standards guide each stage of care to ensure that injured patients are promptly transported to and treated at facilities appropriate to their severity of injury and that they receive optimal care at each stage of their treatment.

A statewide trauma system also provides a framework for disaster preparedness and response. As part of its activities, a trauma system coordinates and monitors the

movement and care of severely injured people. Ideally, the trauma system identifies the needs and resources available at any moment and responds to insure optimal care.

Why Have a Trauma System?
For a severely injured person, the time between an injury and receiving definitive care is the most important predictor of survival—the "golden hour." The chance of survival diminishes with time, despite of the availability of resources and modern technology. A trauma system enhances the chance of survival by making sure that patients are brought to the most appropriate facility in the most efficient manner and that they receive optimal care each step of the way. Trauma systems benefit everybody regardless of income, race, party affiliation or locale. States with mature, comprehensive statewide trauma systems have experienced:

- A 9 percent decrease in motor vehicle crash deaths.
- A 15-20 percent increase in the survival rates of seriously injured patients.
- An increase in productive working years.
- An improvement in statewide disaster preparedness.

Disaster Preparedness
Trauma systems play a vital role in the community response to natural disasters or manmade incidents. Despite concerns over bioterrorism, experience has shown that the vast majority of terrorist attacks will involve explosive devices. We also do know that Alaska will experience major earthquakes in the future. A functioning trauma system is the framework for developing an organized coherent response to these incidents

Alaska's Trauma System
In 1990, state authority for designating trauma centers was created in Alaska. Under this statute hospital participation is entirely voluntary. Criteria were established and the process for designation at Levels I-IV outlined. Since the original legislation there have been only three hospitals that have been designated by the state. One level II and four level IV centers. Clearly to fully realize the benefits of a trauma system more widespread participation is needed. Alaska's trauma system is ideally an inclusive system, recognizing the vital role that rural communities, hospitals and health care professionals play in the care and management of the trauma patient. Wide-scale involvement is critical to get optimal outcomes for the seriously injured.

Review of Alaska Trauma Care by the American College of Surgeons November 2008

The Alaska Department of Health and Social Services (DHSS) recently contracted with the Committee on Trauma of the American College of Surgeons to review trauma care in Alaska. The full report is available on the DHSS website (www.chems.alaska.gov). It notes our strengths and weaknesses and makes recommendations for improving trauma care in our state.

Strengths include: well established injury prevention programs; extensive and creative networks for ground and air medical transport; medical subspecialty availability at three

Anchorage hospitals; and a good relationship with Harborview Medical Center (Level I trauma center) in Seattle.

Deficiencies include the lack of an additional Level II trauma center in Anchorage and the existence of two patterns of trauma care, one for Alaska natives that follows national standards and one for the rest of the state. The review team members noted that among the nontribal hospitals " few of the facilities serving the majority population have made a similar commitment to achieving nationally recognized standards of trauma care". They also noted that there is no statewide trauma plan and no incentive or requirements for hospitals to participate in the system. Additionally, there are few resources at the state level for trauma system management and coordination. Perhaps as important as any of the above, they noted that there seemed to be very little public awareness of trauma system issues.

The review team made 15 priority recommendations. Several involve better organization of state resources and development of a comprehensive statewide trauma plan. The most sweeping recommendation was that all acute care hospitals be required to become designated trauma centers at a level appropriate to their resources and size within two years. They further stated that there should be a second level II trauma center in Anchorage as soon as possible. In addition, an assessment of pediatric trauma care needs should be completed with the goal of developing at least one pediatric trauma center of excellence.

The Alaska Trauma Systems Review Committee oversees the statewide trauma system in Alaska. The system addresses four primary components: trauma hospital designation criteria; trauma registry (monitors system performance and provides feedback for improvement); EMS/pre-hospital triage and transport guidelines; and inter-facility (hospital to hospital) transfer guidelines.

Where To Go From Here

- Increased hospital participation is necessary for the statewide trauma system to function optimally.
- There need to be incentives for hospitals to provide the staff and resources required for trauma center designation.
- Legislation to cover the cost of uncompensated trauma care and to limit the medical
  liability for care given at designated trauma centers are two incentives that have been successful in other states.

  House Bills 168 and 169 have been introduced by John Coghill to encourage hospitals to participate in the trauma system by covering some of the cost of uncompensated trauma care when it is given at designated trauma centers.

The goal of the statewide trauma system is to see every hospital in Alaska designated at an appropriate level.

- *Surveys show that the general public overwhelmingly supports having a hospital in their community that is prepared for and capable of effectively managing a seriously injured patient—and are willing to pay for it!

*2005 Harris Interactive poll, "The American Public's Views of and Support for Trauma Systems: A Congressional Briefing."

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TRAUMA CARE IN ALASKA 2010

Frank Sacco MD, FACS
Alaska Trauma Systems Review Committee

Goals

- Trauma as a public health problem here in the US and Alaska.
- Trauma systems- Treating the severely injured.
- American College of Surgeons Review: Trauma Care in Alaska.
- The Future.

Introduction

"If a disease were killing our children at the rate unintentional injuries are, the public would be outraged and demand that this killer be stopped."

C. Everett Koop, MD, ScDC. ScD
Former US Surgeon General
Former General Chairman, The National SafeKids Campaign

Introduction

- Injury is a major public health problem
  - Leading cause of death in 1st 4 decades of life
  - Leading cause of loss of productivity
- Despite the magnitude little public focus
- The "neglected disease" since 1966
- Significant progress in individual patient care
- Trauma systems shown to save lives

Trauma in Alaska

- Second highest trauma mortality in the US
- Leading cause of death age 1-44.
- 400-500 alaskans die each year.
- Over 5000 hospital admissions.
- Over 1000 with permanent disabilty.

All Cause Mortality Alaska

10 Leading Causes of Death, Alaska
2005, All Races, Both Sexes

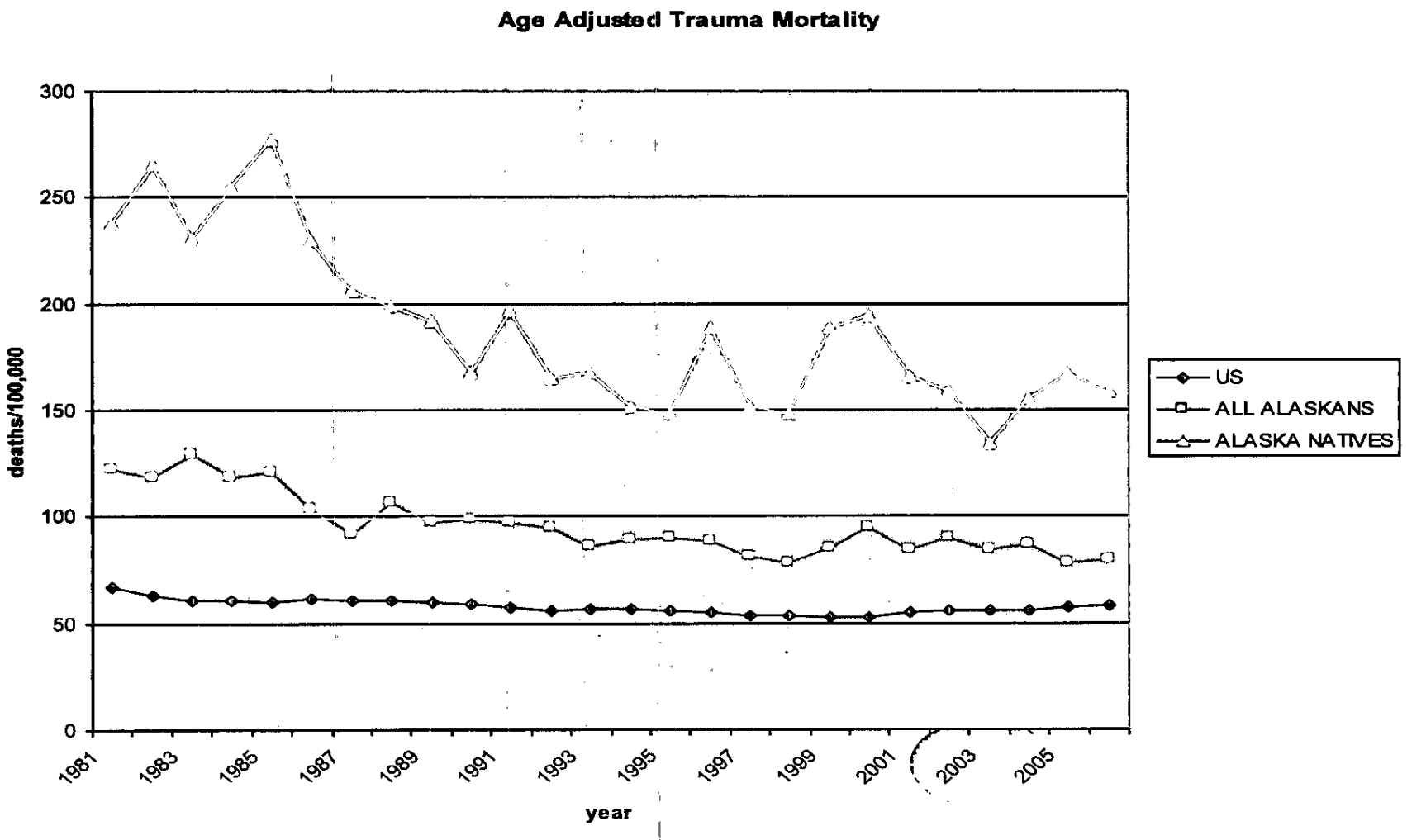
Rank	Age Groups										
	<1	1-4	5-9	10-14	15-24	25-34	35-44	45-54	55-64	65+	All Ages
1	Congenital Anomalies 15	Unintentional Injury 4	Unintentional Injury 3	Unintentional Injury 13	Unintentional Injury 47	Unintentional Injury 54	Unintentional Injury 55	Malignant Neoplasms 104	Malignant Neoplasms 163	Malignant Neoplasms 419	Malignant Neoplasms 732
2	Unintentional Injury 13	Congenital Anomalies 2	Malignant Neoplasms 2	Congenital Anomalies 1	Suicide 31	Suicide 23	Suicide 34	Heart Disease 71	Heart Disease 111	Heart Disease 405	Heart Disease 627
3	Maternal Pregnancy Comp. 7	Homicide 1	Congenital Anomalies 1	Heart Disease 1	Homicide 10	Homicide 10	Malignant Neoplasms 30	Unintentional Injury 56	Unintentional Injury 29	Cerebro-vascular 139	Unintentional Injury 313
4	Short Gestation 6			Homicide 1	Heart Disease 6	Malignant Neoplasms 7	Heart Disease 26	Suicide 25	Chronic Low. Respiratory Disease 26	Chronic Low. Respiratory Disease 117	Cerebro-vascular 178
5	Homicide 2			Malignant Neoplasms 1	Malignant Neoplasms 6	Heart Disease 6	Liver Disease 10	Liver Disease 16	Cerebro-vascular 19	Alzheimer's Disease 60	Chronic Low. Respiratory Disease 158
6	Necrotizing Enterocolitis 2			Meningitis 1	Cerebro-vascular 1	Diabetes Mellitus 2	Cerebro-vascular 7	Chronic Low. Respiratory Disease 14	Diabetes Mellitus 17	Diabetes Mellitus 57	Suicide 181
7	SIDS 2				Congenital Anomalies 1	Nephritis 2	Homicide 6	Diabetes Mellitus 14	Liver Disease 12	Unintentional Injury 39	Diabetes Mellitus 93
8	Six Tied 1				Diabetes Mellitus 1	Congenital Anomalies 1	Septicemia 4	Cerebro-vascular 12	Influenza & Pneumonia 11	Influenza & Pneumonia 30	Alzheimer's Disease 61
9	Six Tied 1				Pneumonitis 1		Three Tied 2	Three Tied 5	Suicide 9	Nephritis 28	Liver Disease 52
10	Six Tied 1						Three Tied 2	Three Tied 5	Septicemia 7	Parkinson's Disease 22	Influenza & Pneumonia 44

WISQARS™

Produced By: Office of Statistics and Programming, National Center for Injury Prevention and Control, Centers for Disease Control and Prevention

Data Source: National Center for Health Statistics (NCHS), National Vital Statistics System

Trauma Mortality in Alaska



Trauma in Alaska

- Motor vehicle crashes leading cause of death.
- Firearm related injuries, second.
- 2004 hospital cost for Alaska trauma patients over $73 million.
- ~ 25% over trauma admissions uncompensated.

Trauma Systems

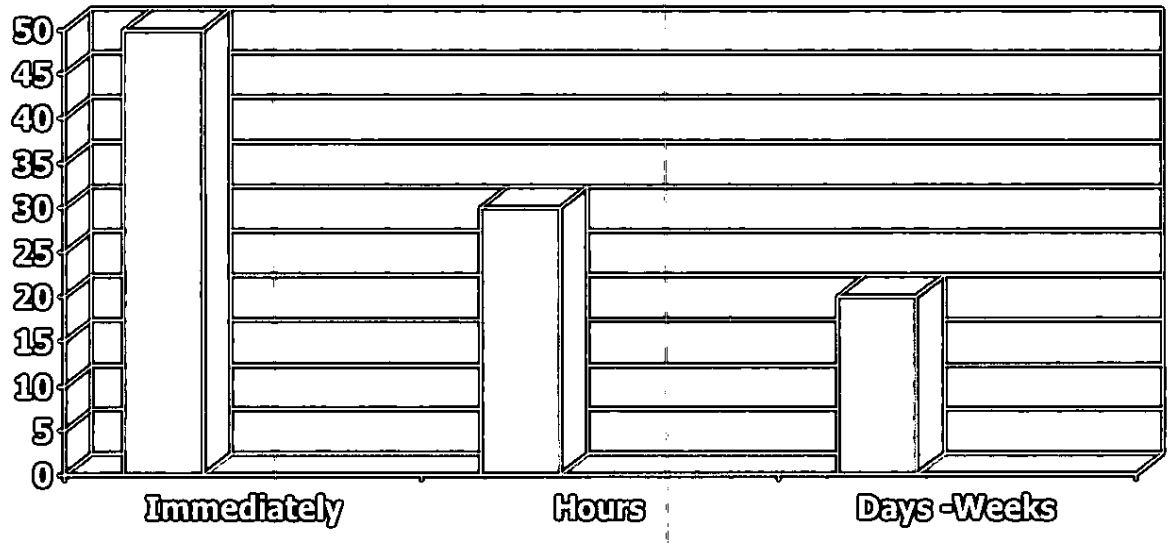
- Wounded in the remote jungle or rice paddy of Vietnam, an American citizen has a better chance for quick definitive surgical care by board certified specialists than were he hit on a highway near his home in the continental United States. Even if he were struck immediately outside the emergency room of most United States hospitals rarely would he be given such prompt, expert operative care as routinely is furnished from the site of combat wounding in Vietnam."

  Eiseman, Journal of Trauma, 1967

Trauma Systems

- A trauma system consists of hospitals, personnel, and public service agencies with a preplanned response to caring for the injured patient.

Death from Trauma



Trauma Systems:Military Experience

- "The only victor in war is medicine"
  Mayo brothers WWII

Vietnam and Iraq development of systems of care to ensure optimal care from injury to rehab.

Trauma Systems

"Getting the right patient to the right place in the right amount of time."

- Facilities (trauma center designation)
- Personnel (training)
- Patient transport
- Triage

Facilities-Trauma Centers

- Level I -Definitive subspecialty care, research.
- Level II – Definitive subspecialty care, surgery, orthopedics, neurosurgery.
- Level III- General surgery, orthopedics, no neurosurgery
- Level IV- Stabilization, limited or no surgical capacity

Trained Personnel

- ATLS
- TNCC
- PHTLS
- ETT first responders
- RTTDC

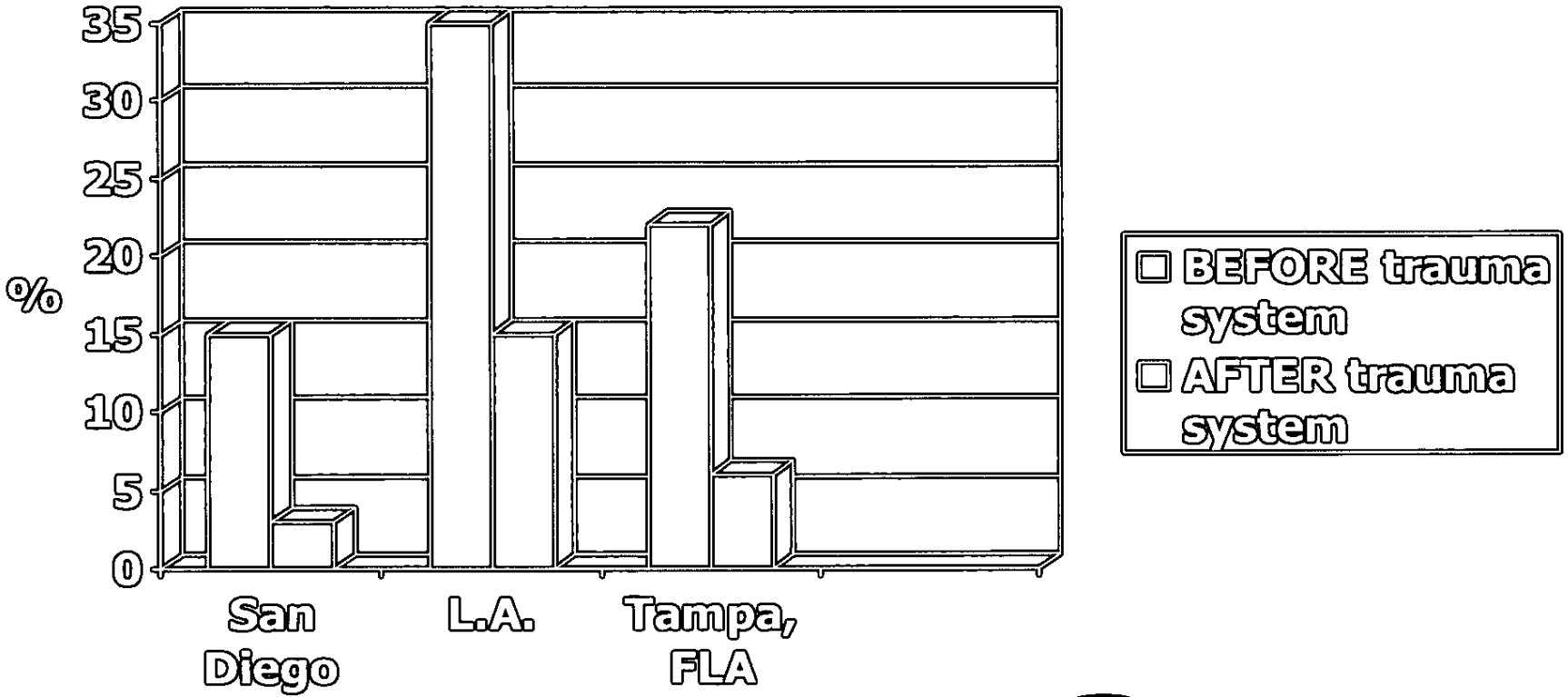
Transport and triage

- Guidelines that take into account local resources and capabilities.
- Head Injury Guidelines.
- Burn Triage.

Trauma Systems

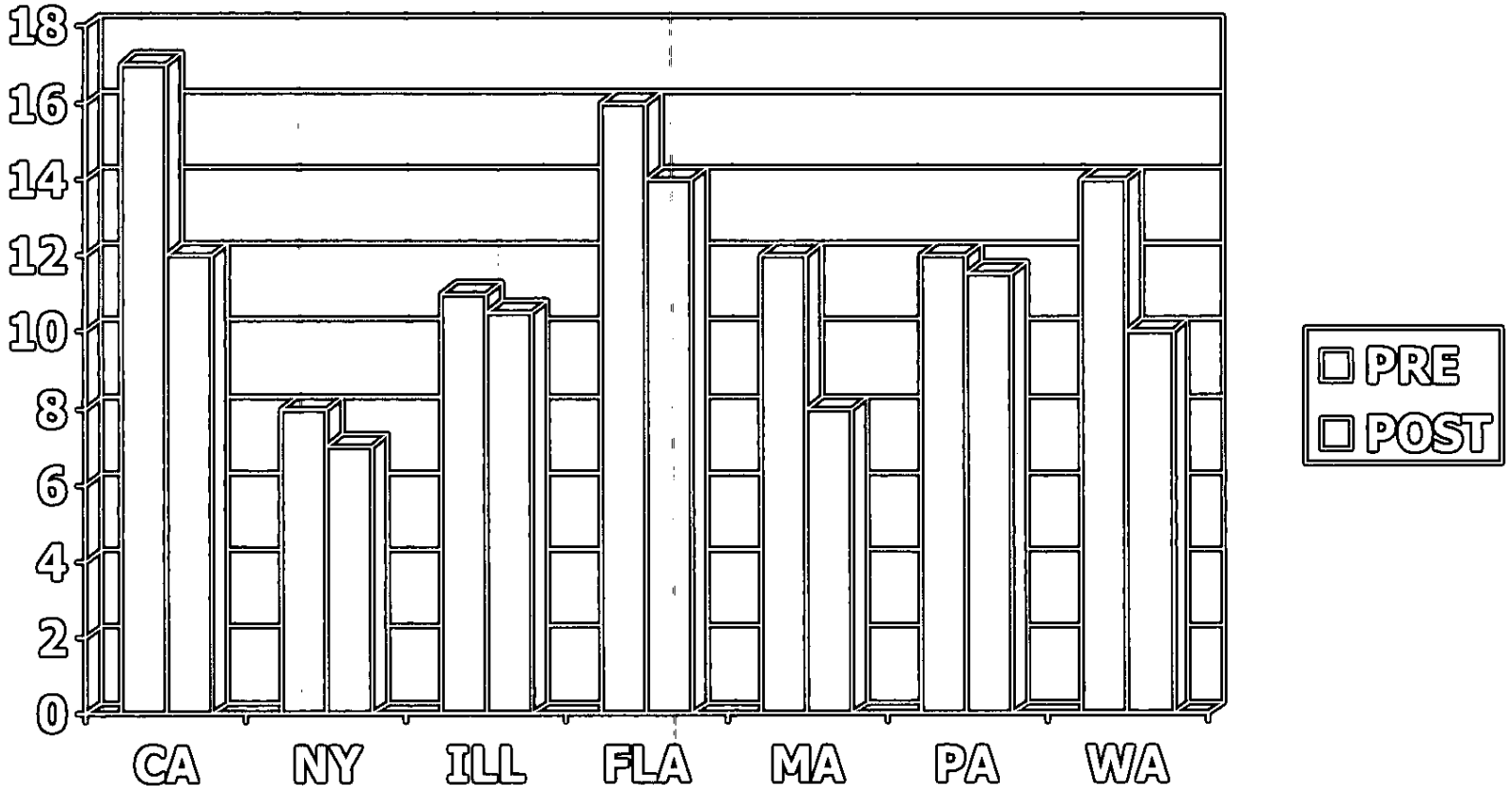
- 15-25% improvement in survival of the seriously injured.
- Increase productive working years
- Improve statewide disaster preparedness.
- Inclusive systems -best

Preventable Deaths: The impact of trauma systems



Trauma Systems & crash mortality

Nathens et.al. 2000



Trauma systems & crash mortality

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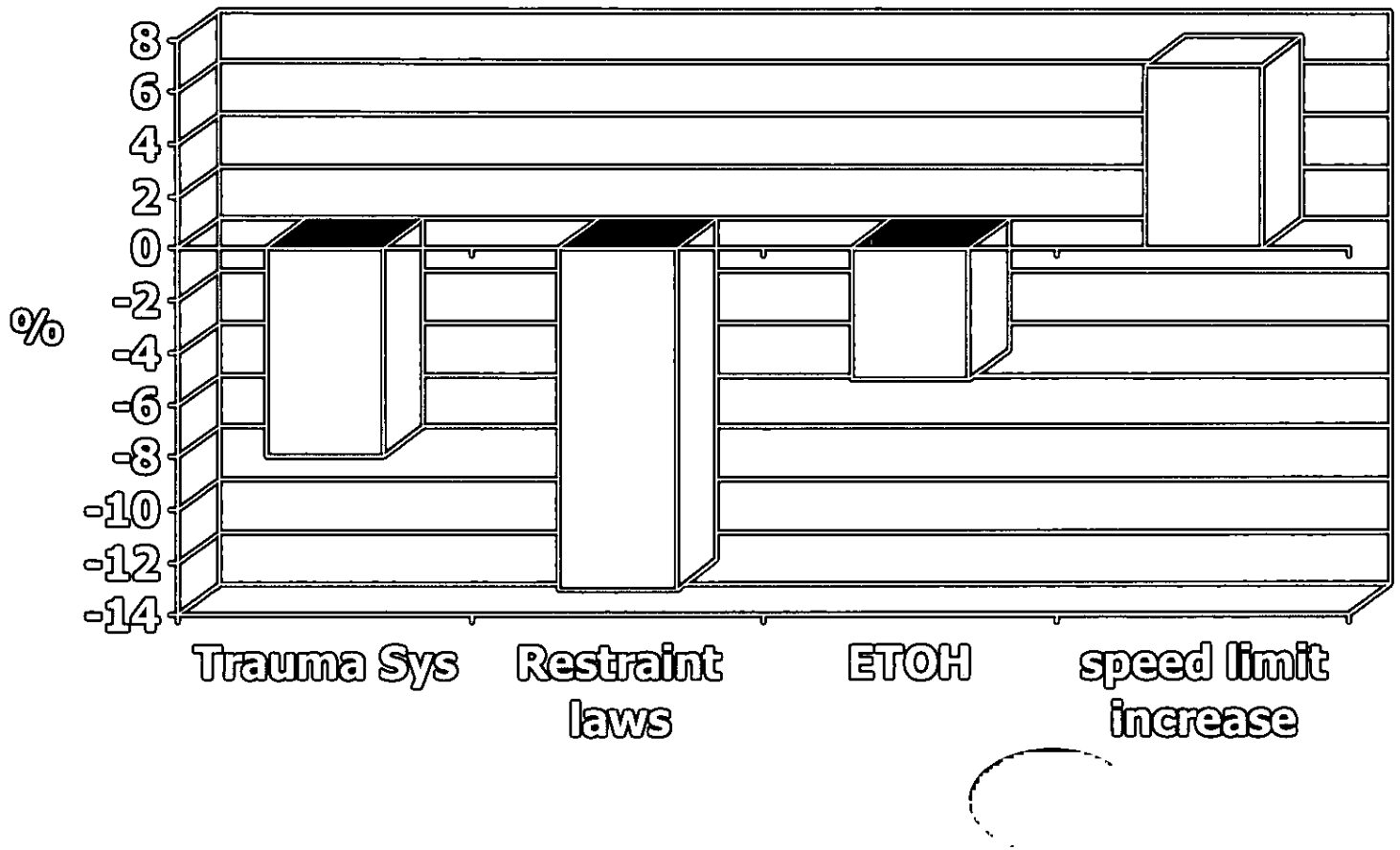
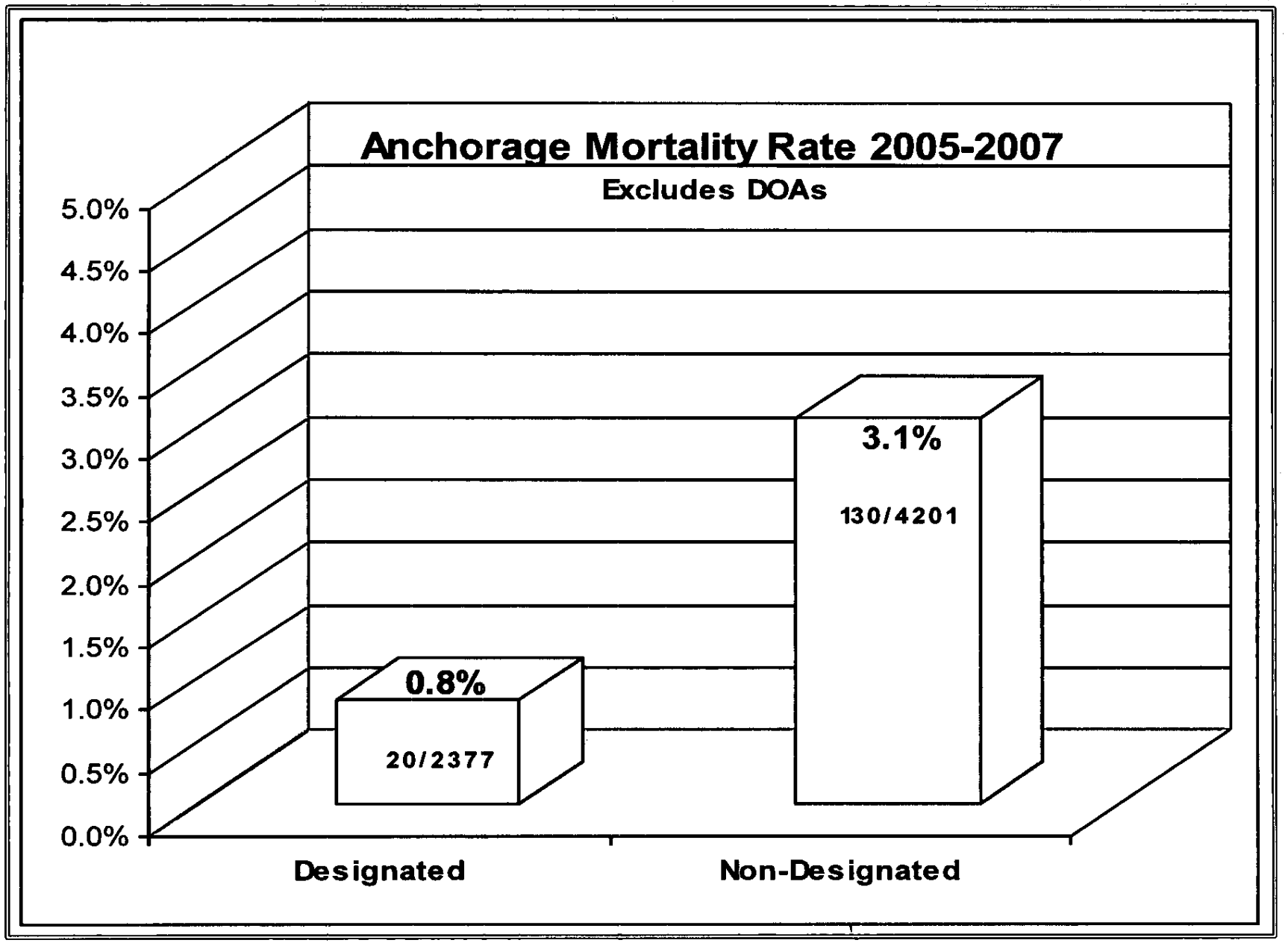




- Alaska Trauma Registry ($p<.01$)

Mortality Rates for Pediatric & Adults
With ISS 0-14 & ISS 15-75
2005-2007 (*Excludes DOAs*)

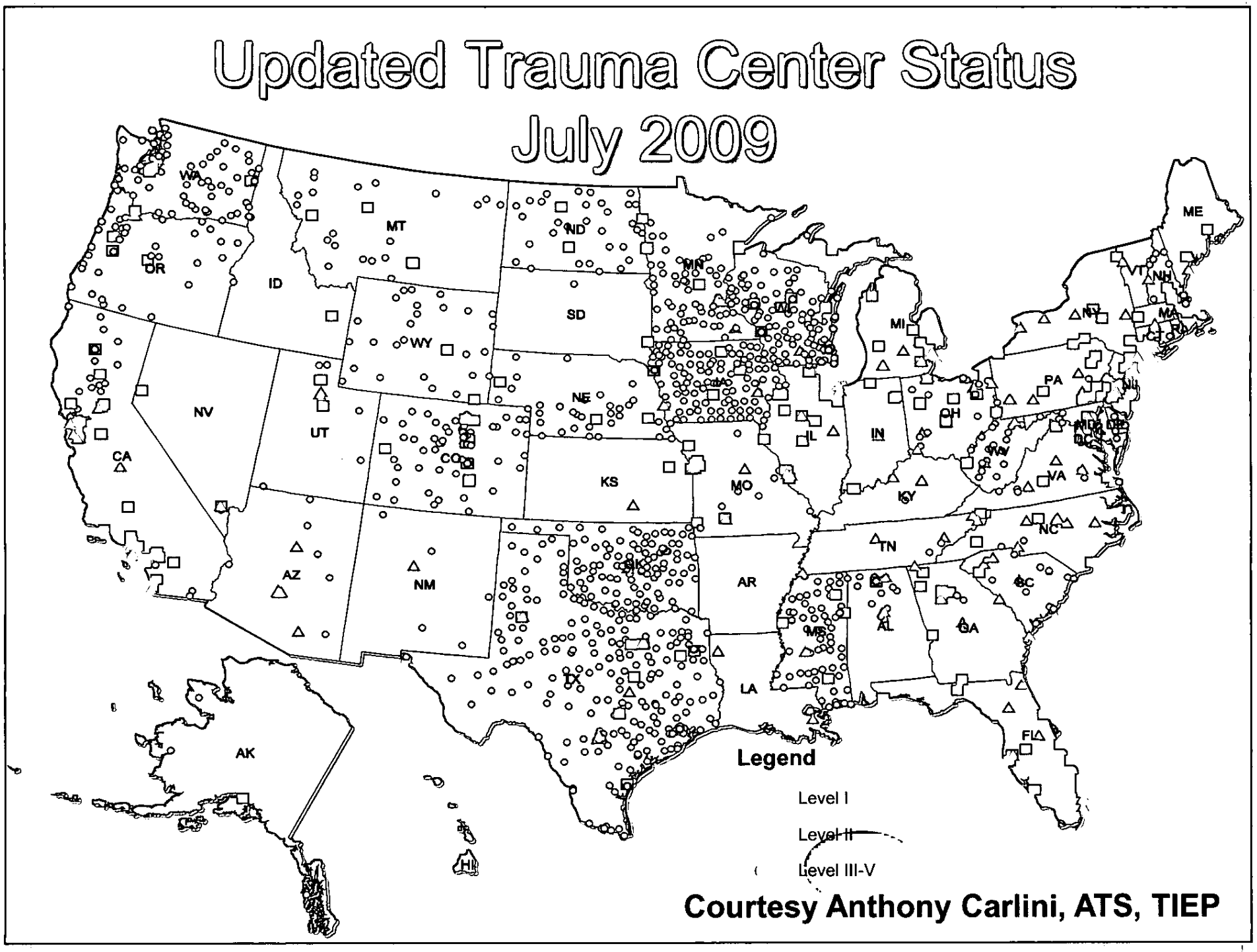
0/542
0%

Trauma Center Growth Over Time

	1991	2002	2009
Level I	165	190	199
Level II	209	263	269
Level III	76	251	362
Level IV-V	21	450	748
Total	471	1,154	1,578
Pediatric Only			41

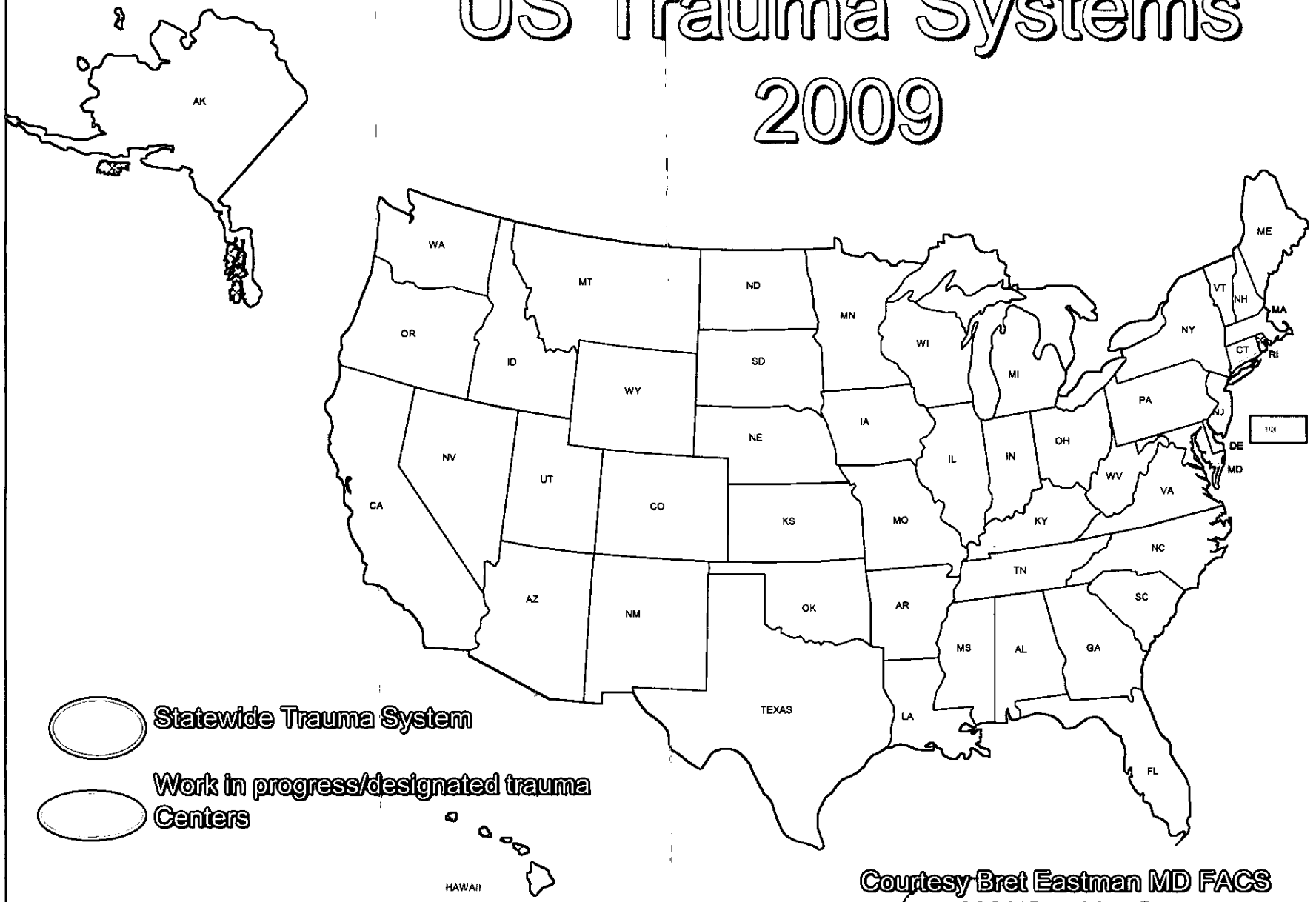
Courtesy Anthony Carlini ATS TIEP

Updated Trauma Center Status
July 2009



Courtesy Anthony Carlini, ATS, TIEP

US Trauma Systems 2009



Courtesy Bret Eastman MD FACS
2009 Scudder Oration

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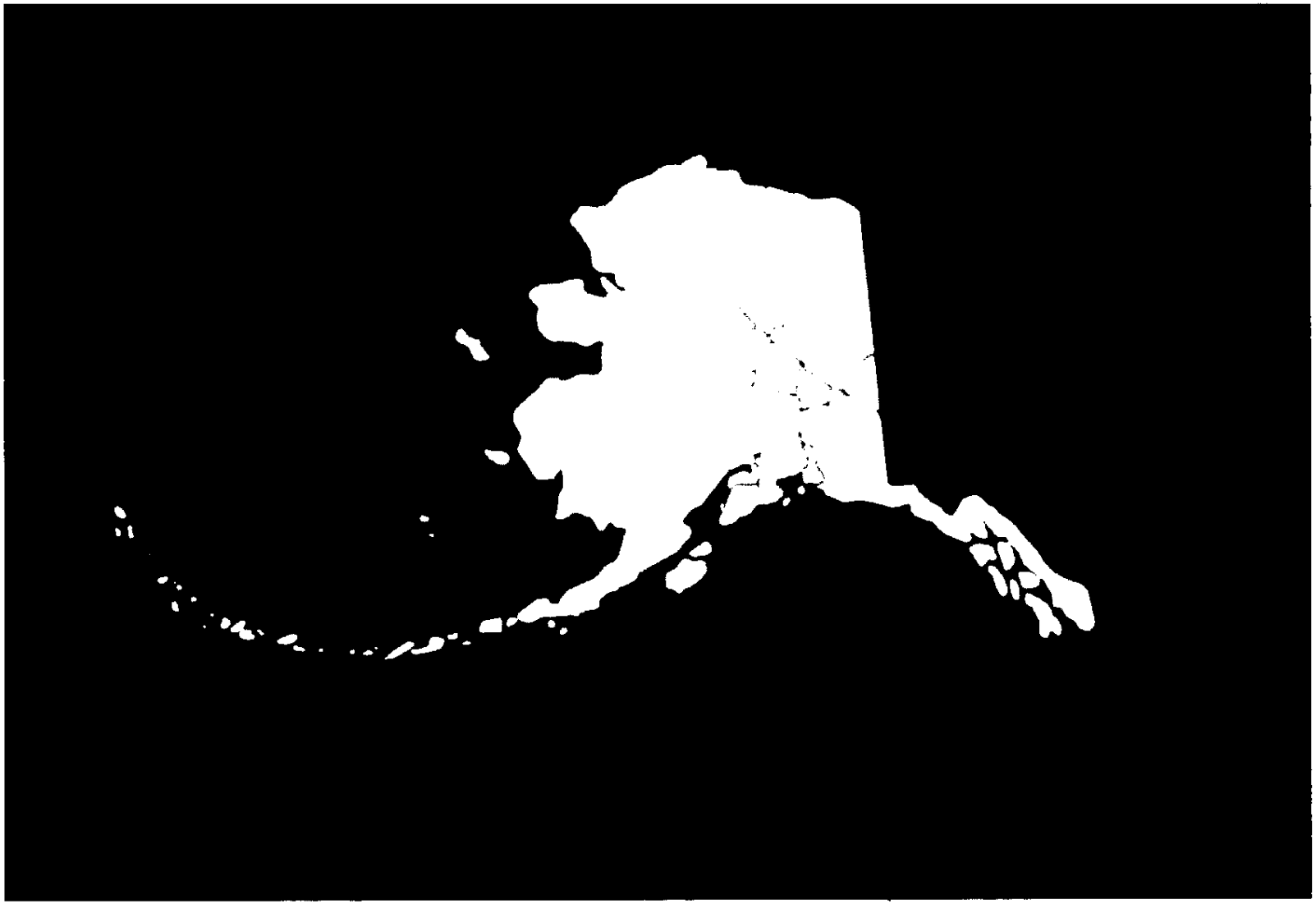
ALASKA The Great Land



Trauma Systems and the Public

- 2004 Harris poll to assess public Knowledge and perceptions on trauma and trauma care.

- Most Americans are not aware that injury is the leading cause of death for children, youth, and adults under the age of 34.

Harris Poll

- After hearing a description of a trauma center, almost all Americans feel it is extremely or very important to be treated at a trauma center in the event of a life-threatening injury.

Harris Poll

- Almost 9 out of 10 of Americans feel that having a trauma center nearby is as important as or more important than having a Fire Department or Police Department.

Harris Poll

- At the time of the survey although 75% thought there was a trauma system where they lived only about 20% actually lived in an area covered by a trauma system.
- Nearly all Americans *believe* that if they had a serious or life-threatening injury, they *would* be taken to the hospital that is best equipped to handle their specific injury in less than 1 hour.

Harris Survey- Conclusions

- The majority of the public thinks it is important to have a trauma system. (It is a nonpartisan issue.)
- Most people think they have it already.
- Many who think they are covered by a regional system are not.

Alaska Trauma System

- 1993 statute- EMS authority for designating trauma centers created.
- Hospital participation voluntary.
- Standards for trauma center designation follow American College of Surgeons criteria.

Alaska Trauma System

Verification of compliance by outside reviewers for Level I, II, III

- In-state review for Level IV

Current Status -16 Years Later

- 24 hospitals in Alaska

Verified / Certified

- 1 Level II ANMC
- 4 Level IV centers- NSH -MEH - YKHC –SCH
- 9 other facilities with reviews or consultations.

Non-Verified

- 2 centers providing care for multiple trauma patients
- 6 centers that provide surgical capabilities
- 2 military hospitals

Alaska Trauma Facilities

- Alaska -Only state without a designated Level I or II trauma center that serves the majority of the population.
- Anchorage is the largest city in the US without a designated Level I or II center for the majority of the population.

Insanity

"Insanity is doing the same thing in the same way and expecting a different outcome"

- Old Chinese Proverb

State of Alaska DHSS
Trauma System Consultation
November 2-5 2008

ACS-COT Site Visit Team

○ Reginald A. Burton, MD FACS	Team Leader, Trauma Surgeon
○ Jane Ball, RN, DrPH	ACS Consultant
○ Samir M. Fakhry, MD FACS	Trauma Surgeon
○ Holly Michaels	ACS Program Coordinator
○ Drexdal Pratt, CEM	State EMS Director
○ Nels Sanddal, PhDc, REMT-B	ACS Consultant
○ James D. Upchurch, MD	Emergency Physician

Objective

- To help promote a sustainable effort in the graduated development of an inclusive trauma system for Alaska
- Multidisciplinary review of the trauma system
- 17 states have been reviewed

Executive Summary

Advantages & Assets

- Committed individuals who use their time and expertise every day to serve Alaska citizens
- Extensive networks for transport
- 3 large medical centers with extensive subspecialty expertise within the state
- Large Level I trauma center in Seattle which freely accepts adult and pediatric trauma patients

Advantages & Assets

- One center maintains ACS Level II verification standards and others have obtained consultations and are working toward verification.
- Alaska Trauma Registry- all 24 acute care hospitals provide data.
- Injury prevention activities are well established.
- Initial efforts at legislative change.

Challenges and Vulnerabilities

- No trauma system plan
- Geography / Weather / Remote and isolated communities
- No standards for scene trauma triage or trauma inter-facility transfers
- Trauma system issues have limited visibility within state government.

Challenges and Vulnerabilities

Public not aware of trauma system issues.

Limited human resources.

Few incentives for hospitals to participate.

No statewide evaluation of system performance.

Trauma Care in Alaska 2009

- " There are two healthcare systems for injured patients. One for Alaska natives that adheres to national standards and another for the majority of the population"

ACS-COT Alaska Trauma Systems Review
11/2009

Executive Summary

- "Several Alaska Native facilities have sought and achieved verification and designation as trauma centers. ..... To date few of the facilities serving the majority population have made a similar commitment to achieving nationally recognized standards of trauma care."

ACS-COT Alaska Trauma Systems Review
11/2008

Recommendations: Coalition Building and Community Support

- Develop and disseminate public information about the challenges in providing trauma care and the status of the trauma system in the state for all Alaskans.

Recommendations: Definitive Care Facilities

- Establish, as soon as practical, a second Level II Trauma Center in Anchorage in accordance with ACS criteria to meet the existing volume and acuity demands.

- Mandate participation of all acute care hospitals in the trauma system within a 2 year time frame with trauma center designation appropriate to their capabilities.

Recommendations: Definitive Care Facilities

- Study pediatric trauma care needs and establish one or more in-state centers of excellence in pediatric trauma care.

- Determine a method of providing financial support for hospitals designated/certified by the state as trauma centers to assist with uncompensated care and the cost of readiness

Recommendations: System Coordination and Patient Flow

- Implement standardized prehospital triage and trauma activation protocols customized to the three response areas (Anchorage, Southeast, and the bush).

Recommendations: Financing

- Provide state funding to hire a fulltime trauma system manager.

- Determine a method of providing financial support for hospitals designated/certified by the state as trauma centers to assist with uncompensated care and the cost of readiness.

Themes

- You are closer than you think – many of the components are already in place.
- Alaska is a unique environment different from anywhere else
- You have developed innovative solutions to your unique challenges.
- Despite differences amongst stakeholders, all agree with the need for a consensus developed and integrated trauma system.

ACS Recommendations- Actions

- Commitment by DHSS to create a trauma manager position and develop a statewide trauma plan.
- Trauma Systems Review Committee working to develop metrics to measure trauma system performance.
- Legislation to create incentives for facilities to participate.

Alaska Trauma Systems Review Committee

- MDs, nurses, administrative, and prehospital representation

- Oversight- Trauma Registry
  - -Level IV Trauma verification
  - - EMS triage and interfacility transfer guidelines
  - -Trauma system performance improvement.

Alaska Trauma System: Facility Participation

- Increasing facility participation is essential.
- "Carrots and/or sticks"
- ACS recommends both
- Mandatory participation and payment for uncompensated care.

House and Senate Bills 168 and 169

- Introduced by Representative John Coghill(R) and Senator Bettye Davis(D) March 2009.

- Creates a fund to pay for uncompensated trauma care given at designated trauma centers.

Barriers

Hospital Administration concerns

- -Extra cost especially at Level IIs
- -Lack of physician support.
- -Lack of demand from the community.

Provider Concerns

- - Not needed " we do fine"
- - No financial incentive to do it.
- - More rules and regulations.

Social Change

- Pearl Harbor: A sudden crisis causes fundamental change.
- The Tipping Point: Pressure builds to an inflection point of change.
- Glacial Erosion: A steady growth or pressure that is hard to resist or ignore.

Ian Morrison-Author, Futurist

How can you help?

The Tipping Point

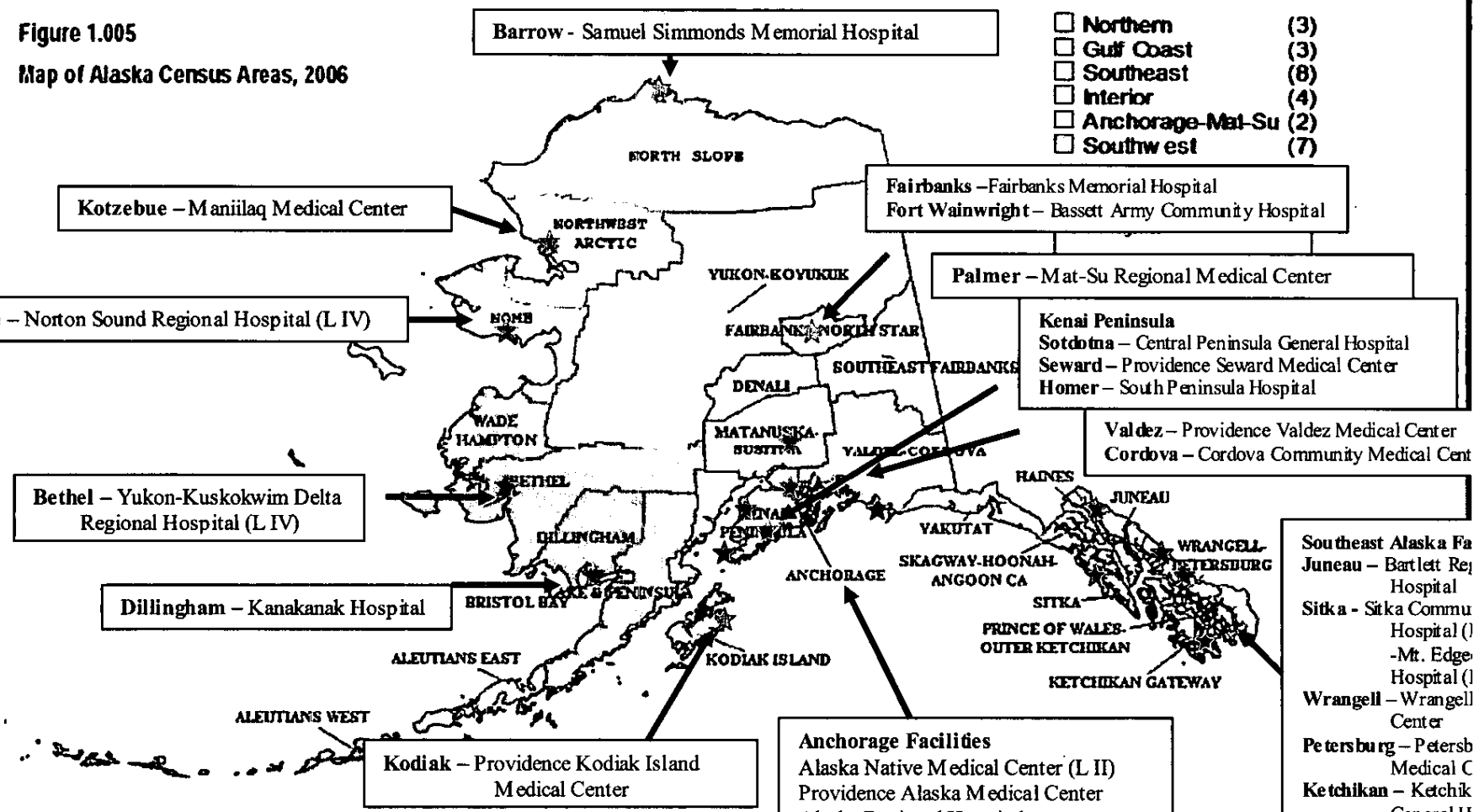
- Letters/emails to your legislators H.B. and S. 168 and 169.
- Letters/emails to your your hospital administration
- Ballot initiative?. (ie Arizona)

Acute Care Facilities in Alaska

Population

Figure 1.005

Map of Alaska Census Areas, 2006

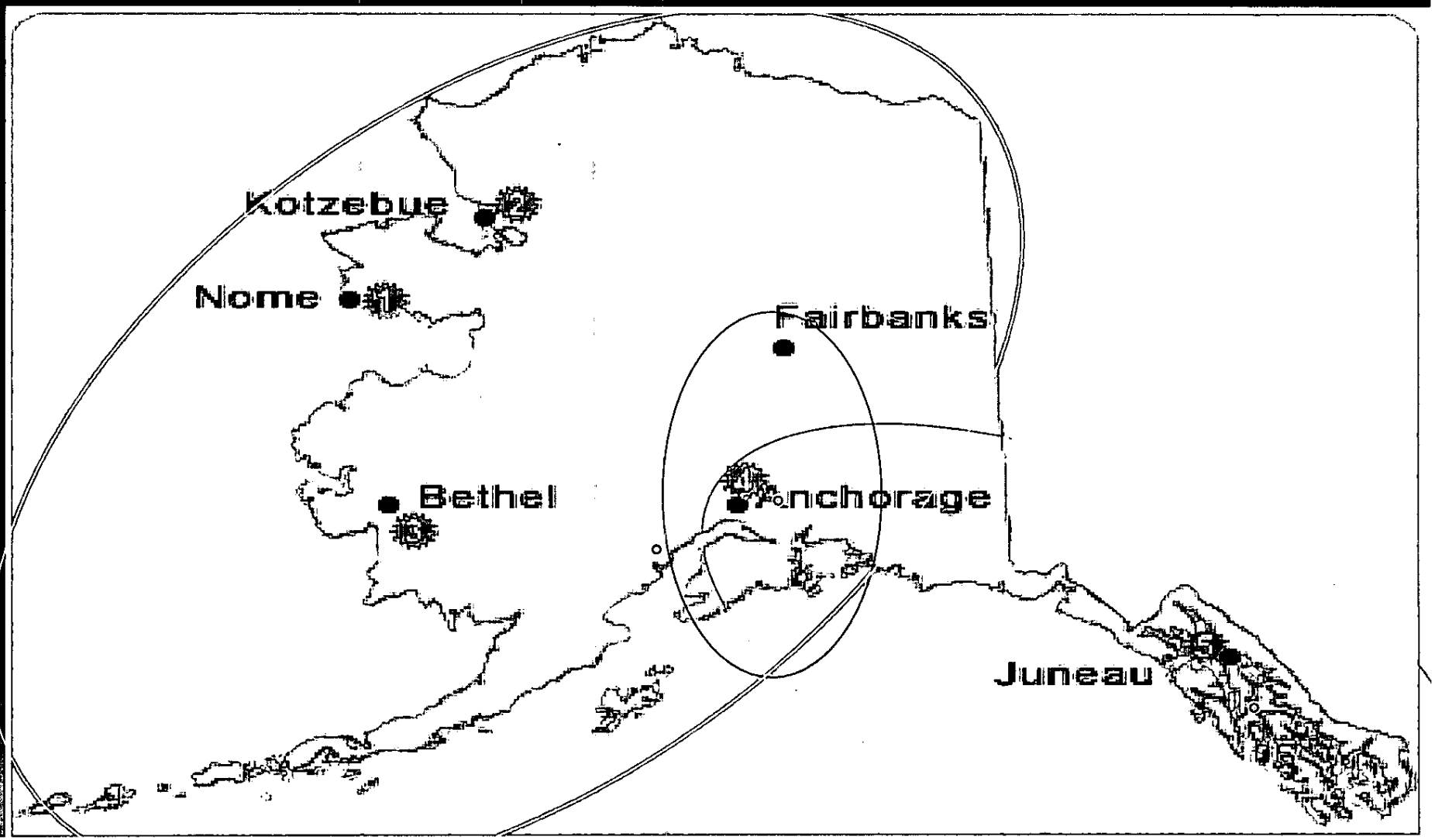


Source: Alaska Dept of Labor & Workforce Development, Research & Analysis. (2008).
For further information: http://www.labor.state.ak.us/research/cgin/Censusareas/2000CNTYwaterF.pdf

Vision

- An integrated system that addresses trauma from injury prevention through acute care and rehabilitation.

The Future: Alaska Trauma System(s)



Why is this important?

Because it makes a difference and it is the care you want for your family and neighbors if they are seriously injured.

4

4169

Alcohol Screening and Brief Intervention in the Injured Patient:

Injury Prevention in the Hospital and ER

Injury Terminology

- Trauma=Injury
  - Unintentional
    - Classified by Mechanism of Injury (E-Codes)
  - Intentional
    - Suicide
    - Homicide
- Injury Recidivism
- Injury Prevention
- Trauma Costs

FIVE LEADING CAUSES OF DEATH FOR DECEDENTS 15 TO 24 YEARS OF AGE

American Indians and Alaska Natives, IHS Service Area, 1996-98 and
U.S. All Races and White Populations, 1997
(Rate per 100,000 population)

	AI/AN Rate Adjusted [1/]	U.S. All Races Rate	U.S. White Rate	Ratio AI/AN to U.S. All Races	Ratio AI/AN to U.S. White
ALL CAUSES	193.4	86.2	77.5	2.2	2.5
Accidents	106.3	36.5	38.3	2.9	2.8
Motor vehicle	82.9	27.9	29.5	3.0	2.8
Other accidents	23.4	8.6	8.8	2.7	2.7
Homicide and legal intervention	37.4	11.4	11.9	3.3	3.1
Suicide	21.3	16.8	8.3	1.3	2.6
Malignant neoplasms	5.1	4.5	4.4	1.1	1.2
Diseases of the heart	4.1	3.0	2.5	1.4	1.6

[1/] Adjusted to compensate for misreporting of Indian race on death certificates.
NOTE: Causes of death are listed based upon the order of adjusted number of deaths.

ALCOHOLISM DEATH RATES

(Rate per 100,000 population)

AI/AN Adjusted [1/]	U.S. All Races	U.S. White
3.7	0.3	0.3

Injury Mortality & Alcohol

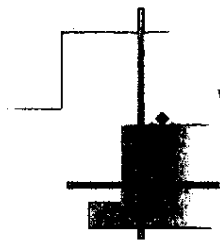
- Trauma is the leading cause of death among Alaska natives
- Alcohol Intoxication has been repeatedly associated with over half of trauma incidence and mortality.
- This Alcohol-Injury Relationship is well known throughout Alaska

Public Health Impact of Alcohol Use & Abuse

- Alcohol abuse is a preventable public health problem contributing to 100,000 deaths and costing 185 billion dollars annually.

- Alcohol misuse has far-reaching implications for the; individual drinker, family, workplace, community, and health care system.

Alcohol and Injury



What Percent of American Indian and Alaska Native Deaths Are Alcohol-Related?

- Motor Vehicular— 73%
- Pedestrian—75%
- Homicide —85 %
- Suicide —84%

Sources: May P, *The Epidemiology of Alcohol Abuse Among American Indians: the Mythical and Real Properties*. The Primary Care Provider, Volume 20, March 1995, Indian Health Service; . *Ethnicity and Alcohol-Related Fatalities, 1990-1994, by* Voas RB and Tipetts AS, National Highway Traffic Safety Administration, 1999. Courtesy of D. Wallace

Trauma Centers & ED Alcohol Patients

- 25-55% test+ for alcohol on ED admission
- 25-50% have a diagnosable alcohol use problem
- These Pts are 3.5 times more likely to be re-admitted for another trauma episode
- Death from another trauma episode is almost 6 times greater than for the general population

'Controlling Alcohol Problems among Hospitalized Trauma Patients'

"To combat America's injury epidemic, trauma care systems have steadily improved over the last 30 years; such improvements include the development of highly successful Level I and Level II trauma centers."

"These improvements in care have not reduced the incidence of trauma-related deaths that occur at the scene (~ 50%).These numbers will change only when prevention efforts are increased."

Ronald V. Maier, MD, FACS, *J Trauma (Supplement)* 2005;59:S1-S2

IHS-Tribal ASBI PROGRAM Strategic Approach

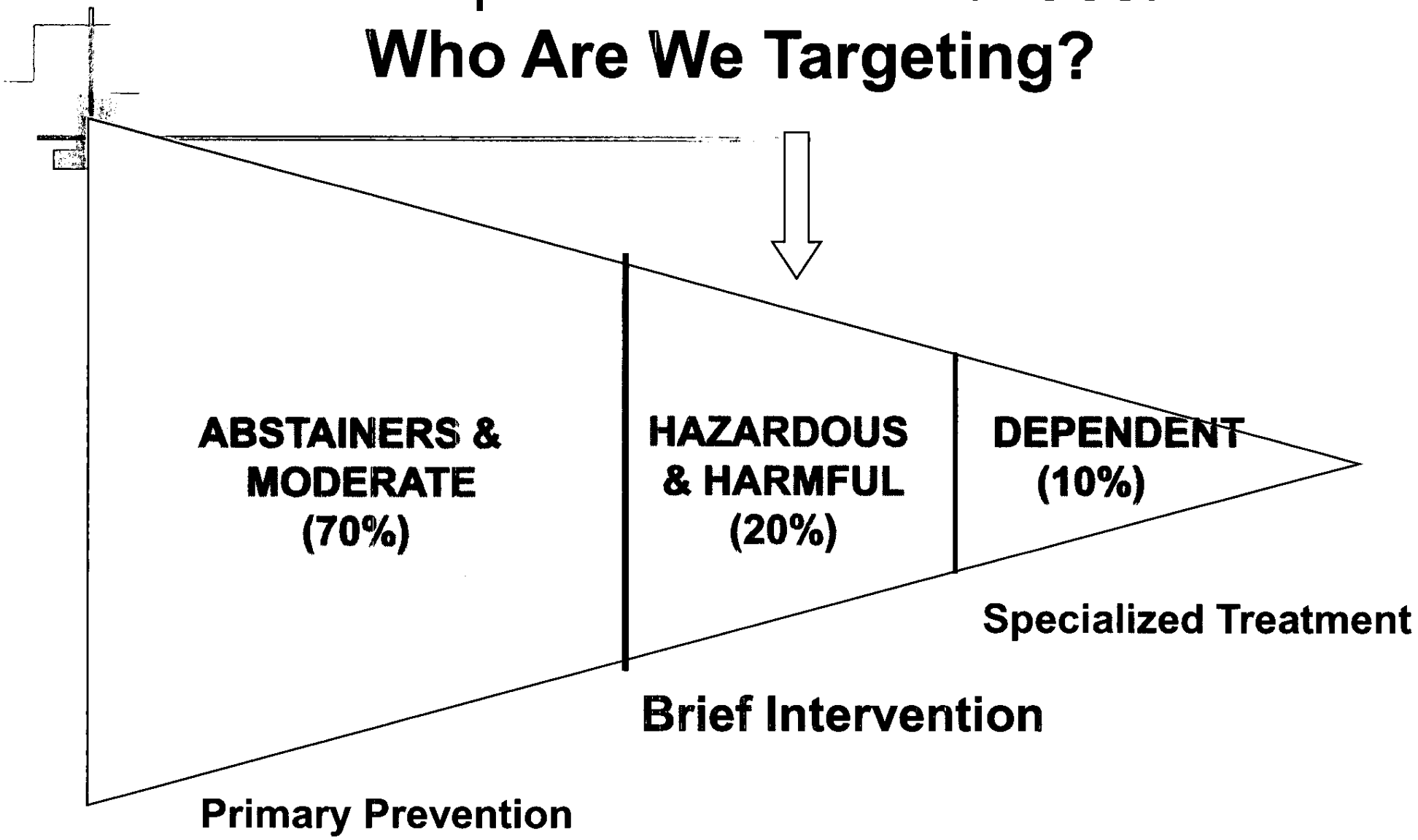
- Targeted Injury Control Initiative
- Brings Alcohol Screening into the Trauma, ED and Acute Care Settings
- Expanded and Universal Screening Applications for other Substance Abuse and "Injurious Behaviors" i.e., Spousal and Child Abuse
- Low Cost and Cost Effective

IHS-Tribal (ASBI) Program

"ALCOHOL SCREENING AND A BRIEF NEGOTIATED INTERVIEW, DURING - THE TEACHABLE MOMENT, AFTER INJURY, CAN BE EFFECTIVE IN REDUCING RE-INJURIES (RECIDIVISM) UP TO 50% FOR SEVERAL YEARS"

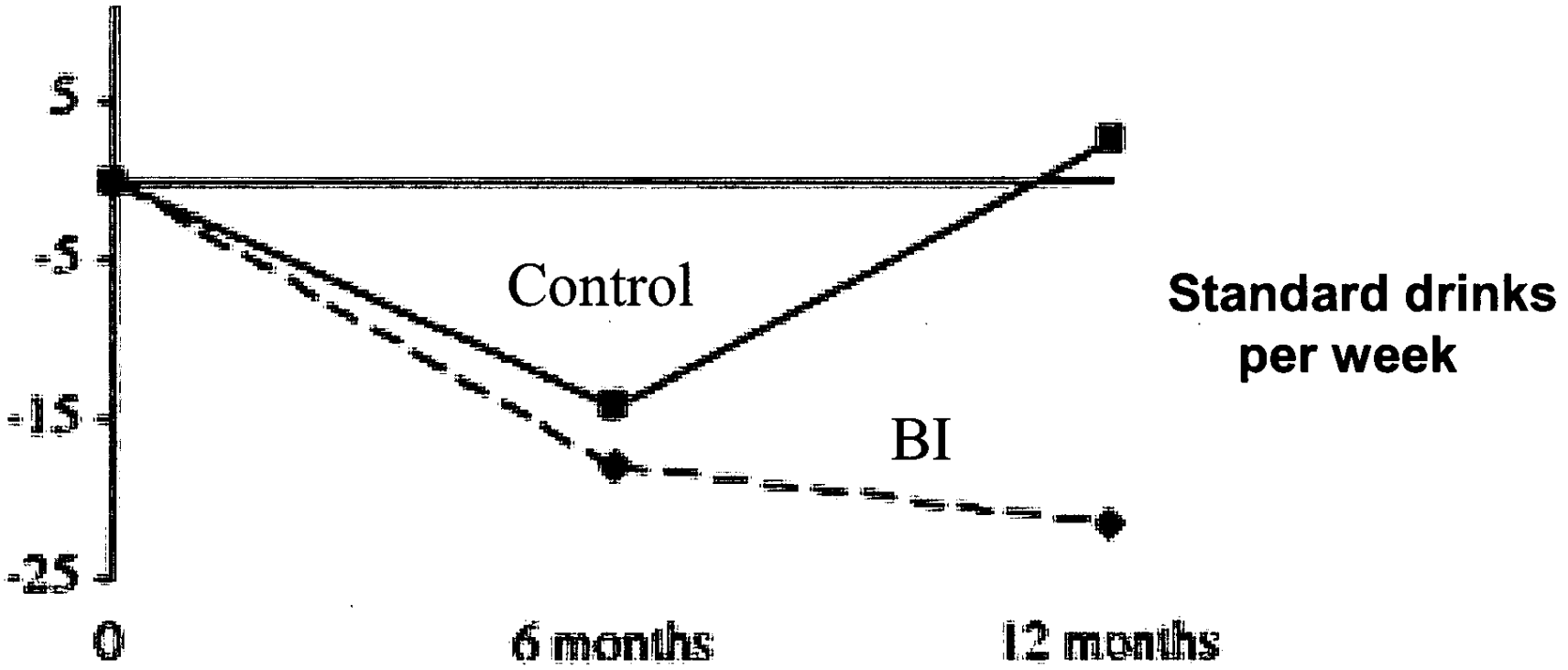
DR Boyd MDCM, FACS

The Spectrum of Alcohol Use:
Who Are We Targeting?



Alcohol Interventions in a Trauma Center as a Means of Reducing the Risk of Injury Recurrence

Gentilello LM (Dunn CW) et al: Ann Surg 1999;230:473-483



Literature Review

- Prochaska and DiClemente* (1983)
- Bien et al (1993)
- Gentilello* (1999)
- D'Onofrio* and Degutis* (2002, 2005)
- Dischinger* and Soderstrom* (2001)
- Moyer et al (2002)
- Soderstrom* and DiClemente*, (2005)
- Sanddal(s)* and Upchurch*, (2005)
- Schermer*, (2006)

*Assisting the IHS-Tribal ASBI Program

ASBI Conceptual Rationale

- Teachable Moment
- Readiness for Change
- Non-Judgmental Environment
- Provided by a Variety Health Care Practitioners
- Decrease Loss of Limb, Life and Trauma Dollars
- Within the Acute Care Setting

The Transtheoretical Model of Intentional Behavior Change

Carlo C. DiClemente, PhD

STAGES OF CHANGE

PRECONTEMPLATION →

CONTEMPLATION →
(Post-Injury)

PREPARATION →

ACTION →

MAINTENANCE

RATIONALE for ED INTERVENTION

A Trauma or ED encounter provides a
" WINDOW OF OPPURTUNITY"

Excessive drinking patients are:

- MORE OPEN TO SEEING DRINKING AS PROBLEM
- MORE VULNERABLE TO LINKING CONSEQUENCES TO DRINKING
- MORE MOTIVATED TO CHANGE
- HAVE A MORE MOBILIZED FAMILY SYSTEM

A review of screening and brief intervention (SBI) for alcohol problems: Implications for Emergency Medicine Practice

Gail D'Onofrio & Linda C. Degutis

Evidence-based review of SBI

39 studies

(30 randomized controlled, 9 cohort)

These studies take into account recent trauma center & emergency departments

Positive effect in 32 of 39 studies - 82%

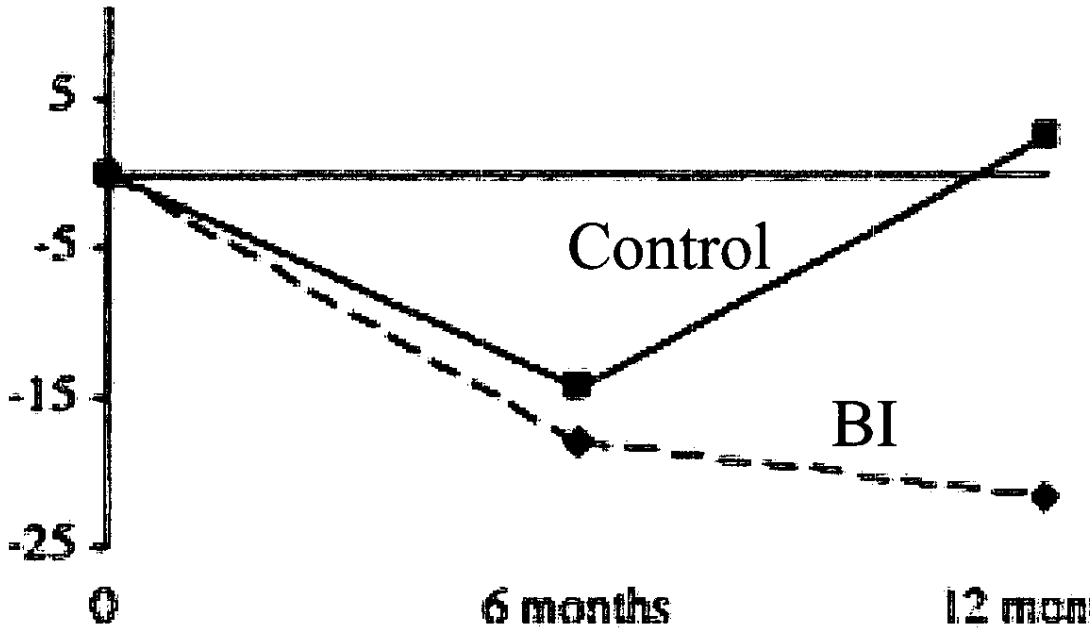
Key Trauma Center Study

Showed beneficial results with a brief intervention in TC patients.

The experimental group demonstrating decreases in drinking at 6 months and at one year.

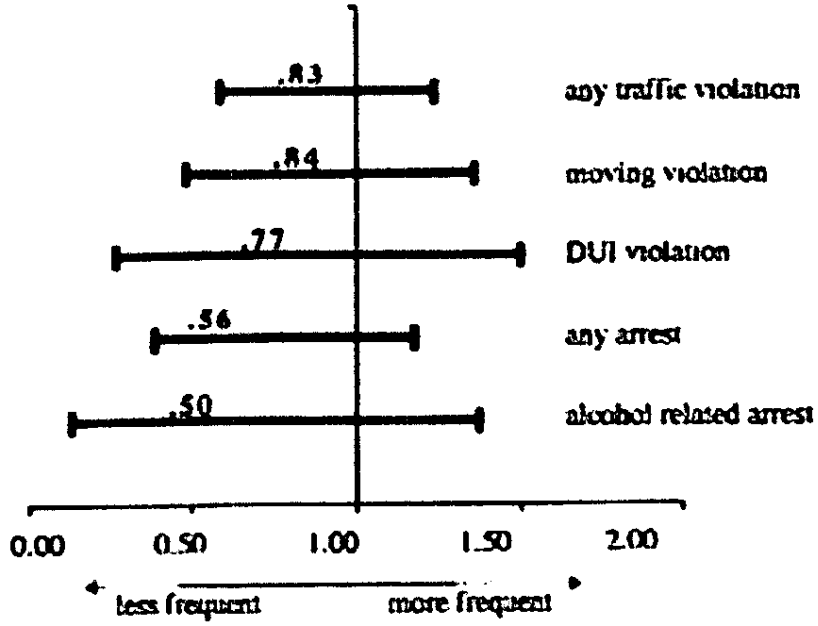
- The control group returned to pre-injury level (or higher) at one year.
- They experimental group had a 47% reduction in injuries requiring emergency department care or trauma center admission.

Gentilello LM, Rivara FP, Donovan DM, Jurkovich GJ, et al: Alcohol interventions in a trauma center as a means of reducing the risk of injury recurrence. *Ann Surg,* 1999;230: 473-483.



Standard drinks per week

Adverse Outcomes
Controls *vs* BI
at 1 year



Gentilello et al *Ann Surg* '99

Courtesy of Carl A. Soderstrom, MD

R.A. Cowley STC Longitudinal Death Study

- Not offering advice/intervention to STC patients who test positive for alcohol misuse results in significant subsequent higher death rates from injury.
- 27,000 patients discharged from the STC and followed for 1.5 to 14.5 years.
- A subsequent injury death occurred in 1,631 or (23%) in those who tested toxicology positive at the initial STC admission.

Dischinger PC, Mitchell KA, Kufera JA, Soderstrom CA, et al: A longitudinal study of former trauma center patients: the association between toxicology status and subsequent injury mortality. *J Trauma* 2001;51:55-564.

Billings Area Injury Death Study

- 38% of patients with fatal injuries had a previous IHS Service Unit ETOH encounter without prevention counseling within the previous six months.
- Injury-Prevention activities should be initiated at the time of any health-system contact in which alcohol use is identified.
- Intervention strategies should be developed that convey the immediate risk of death from injury in these patients.

Analysis of Prior Health System Contacts as a Harbinger of Subsequent Fatal Injury in American Indians. TL Sanddal, J Upchurch,ND Sanddal and TJ Esposito; Journal of Rural Health, 2005

Trauma Center Study: DUI Recidivism

- Patients who receive BI during a trauma center admission are less likely to be arrested for DUI within 3 years of discharge.
- BI represents a viable intervention to reduce DUI after trauma center admission.

Trauma center brief interventions for alcohol disorders decrease subsequent driving under the influence arrests. Schermer CR, Moyers TB, Miller WR, Bloomfield LA. J Trauma. 2006 Jan;60(1):29-34.

ASBI COST-EFFECTIVENESS

- "Cost-Benefit" analysis for injured patients demonstrates a savings of nearly four dollars in direct injury related medical costs for every dollar invested in screening and intervention for injured patients".

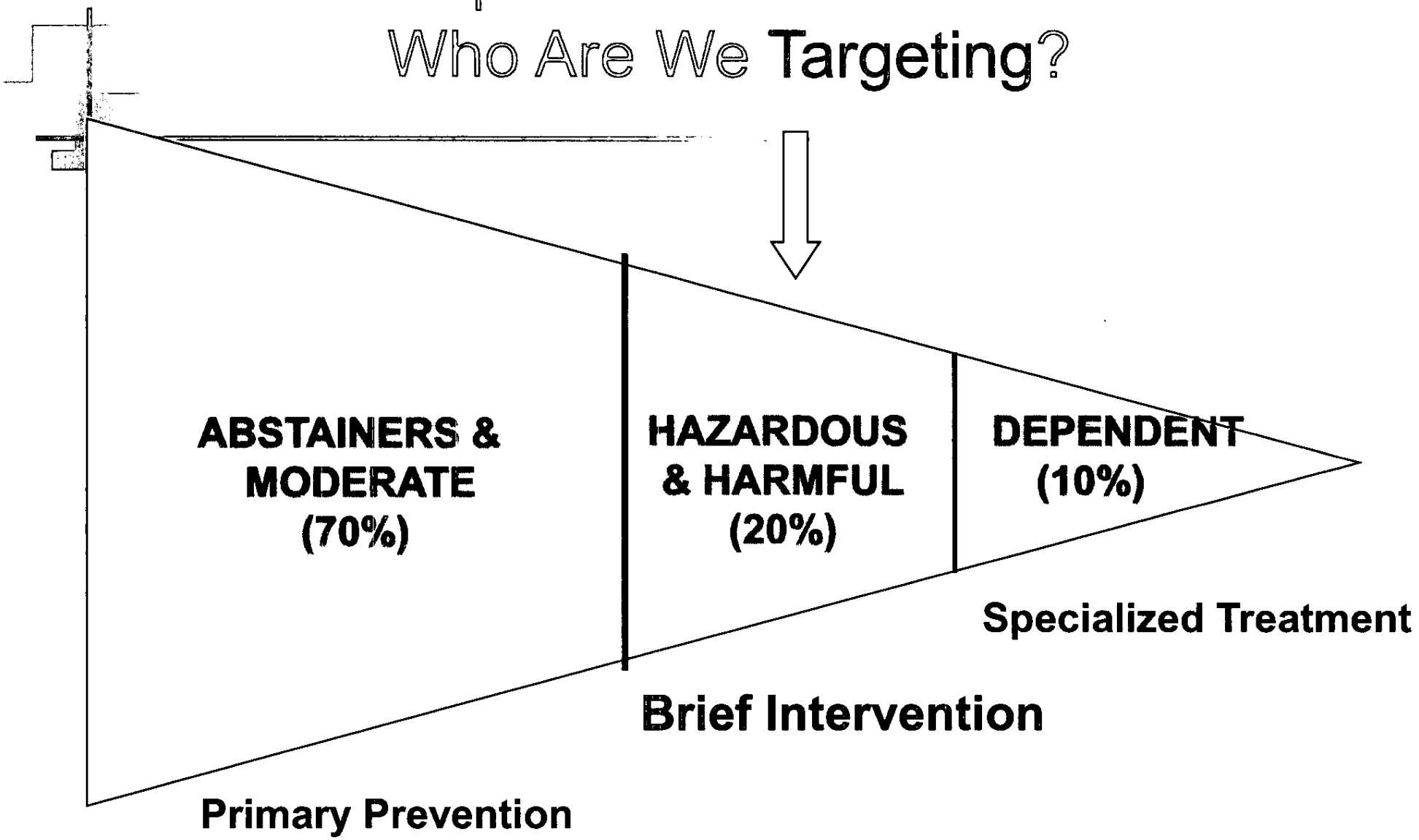
- 4 Trauma $ vs. 1 ASBI $

Gentilello. Lm. Et al, Alcohol interventions for trauma patients treated in emergency departments and hospitals: a cost benefit analysis. *Ann. Surg*. 2005;241:541-550

ASBI Efficacy

- Evidence-based review on ASBI identified 39 published studies including 30 randomized controlled and 9 cohort studies; a positive effect was demonstrated in 32 of these studies (82%).
- The effectiveness of brief intervention for risky drinking has been established in primary care & emergency department/ trauma settings.
- Brief interventions (5-10 minutes) delivered by a physician, nurse or nurse practitioner as part of routine primary care were found to significantly reduce alcohol consumption by high-risk drinkers at 12 month follow up.
- These data provide compelling evidence that ASBI can reduce alcohol-related injury recidivism (repeat injury).

The Spectrum of Alcohol Use: Who Are We Targeting?



IHS Target ASBI Populations

1. Young Teens and Adults
2. Non-dependent Alcohol Abusers
3. Hazardous or Harmful Behavior
4. Injury Causing an to themselves or others
5. Injury Presentation to an IHS-Tribal Emergency Department, Urgent or Ambulatory Care
6. Are in the "Teachable Moment"

"Prevention Paradox"

- For every known alcohol dependent person there are more than six persons who have alcohol related problems, but are not dependent.
- A majority of this group of non-dependent alcohol user group are in the hazardous and harmful alcohol use group.

Personal Communication with Daniel Hungerford, DPH, MS; CDC; May 2006

ASBI Recommendations

- WHO (1989, 1992, 2001)
  - Developed the AUDIT for screening, assessment, & intervention
- USPHS Preventive Services Task Force (2002)
  - established ASBI as an "alpha" rated procedure, that is, supported by Level I evidence (properly conducted, randomized, controlled trials) and recommended to be offered in the emergency department setting.
- ACEP (2002)
  - Promoted use of ASBI in the ED
  - Provided CD-ROM tool for Emergency Physicians, "Put the Brakes on the Next Drunk Driver"
- NHTSA (2005)
  - ASBI was one of three priority Initiatives to help reduce driving while impaired (DWI) & focus greater attention on the impaired driving problem.
- ACS COT (2006)
  - ASBI Program to be required for all Level I & II TC
  - ACS-COT SBIRT Program

Alcohol Screening (AS)

- Pre-Screen or Clinical Assessment
- CAGE
- Single Question
- AUDIT

Patient Triage to BI

- Patients with a Positive Screen are ...TRIAGED
- Within the ED or PCC by MD or RN staff prior to discharge and...
- Outpatient follow-up after injury within 7 days
- Service Unit admitted patients within several days or prior to discharge
- Trauma Center Referral admissions with a discharge "Back-Referral" to IHS-Tribal Primary Care and/or Behavioral Health

4199

Alcohol Screening and Brief Intervention (ASBI) Project

BNI Training Manual

Gail D'Onofrio MD, MS[1]
Michael V. Pantalon Ph.D. [2]
Linda C. Degutis DrPH[1]
David Fiellin MD[3]
Patrick G. O'Connor MD[3]
[1]Department of Surgery, Section of Emergency Medicine, [2]Department of Psychiatry, Division of Substance Abuse & [3]Department of Medicine,
Yale University School of Medicine
New Haven, CT

4 Steps of the Yale BNI

- **Raise The Subject**
- **Provide Feedback**
- **Enhance Motivation**
- **Negotiate And Advise**

ASBI-BNI Website

A collaboration between Boston University School of Public Health and Boston Medical Center's Dept. of Emergency Medicine*

http://www.ed.bmc.org/sbirt/index.htm

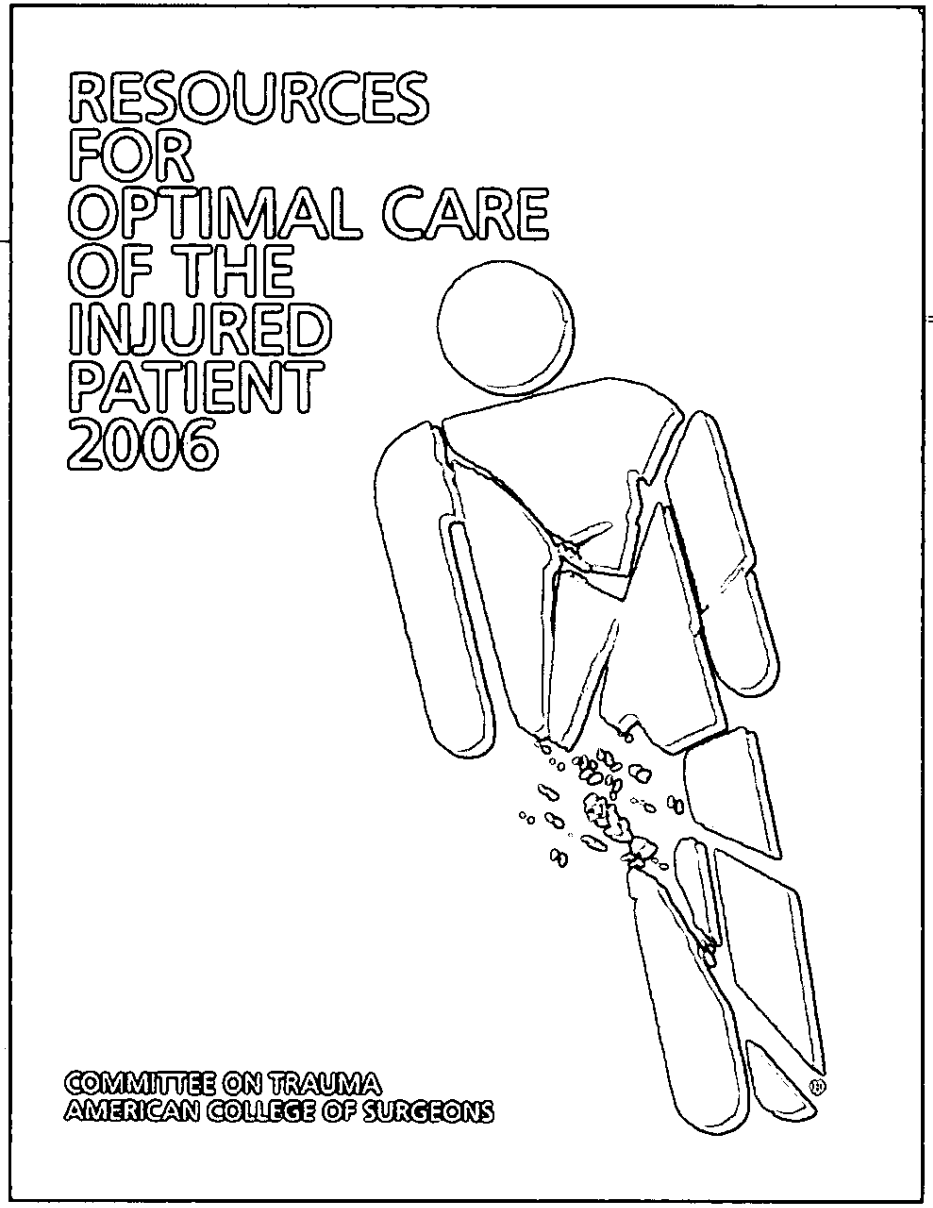
*Includes 5 Excellent Teaching Case Scenarios

IHS-Tribal ASBI Plan

- Phase I
  - Conceptualize and Develop Program February 2006
  - Dissemination of Information to all IHS and Tribal Hospitals and EMS Systems
  - Establish SU "Champions" and develop Hospital programs
  - ASBI Leadership Conference, IHS-HQ 31 Jan1Feb 2007
- Phase II
  - Collaboration with ACS-COT, introduction of IHS ASBI to distant receiving ED & Trauma Centers and "back-referral" program
  - IHS-Tribal Leadership, Training, and Assessments
  - Train-The-Trainer (TTT) Conferences at Five (5) Sites; Aberdeen, Billings, Navajo, Oklahoma, Phoenix
- Phase III
  - Introduce IHS ASBI to all IHS-Tribal Clinics
  - Research and Future Applications

ASBI Train-The-Trainer Sites(5)

- Crow- BIL, J. Upchurch, S. Wegner K. Masis
- GIMC-NAV , J Stone, J. Flaherty, P. Stuart
- PIMC-PHX, A. Dekker, G. Butler (20 April)
- Rosebud- ABR, D. Lehman, D. LaRocque



CHAPTER 16

Prevention

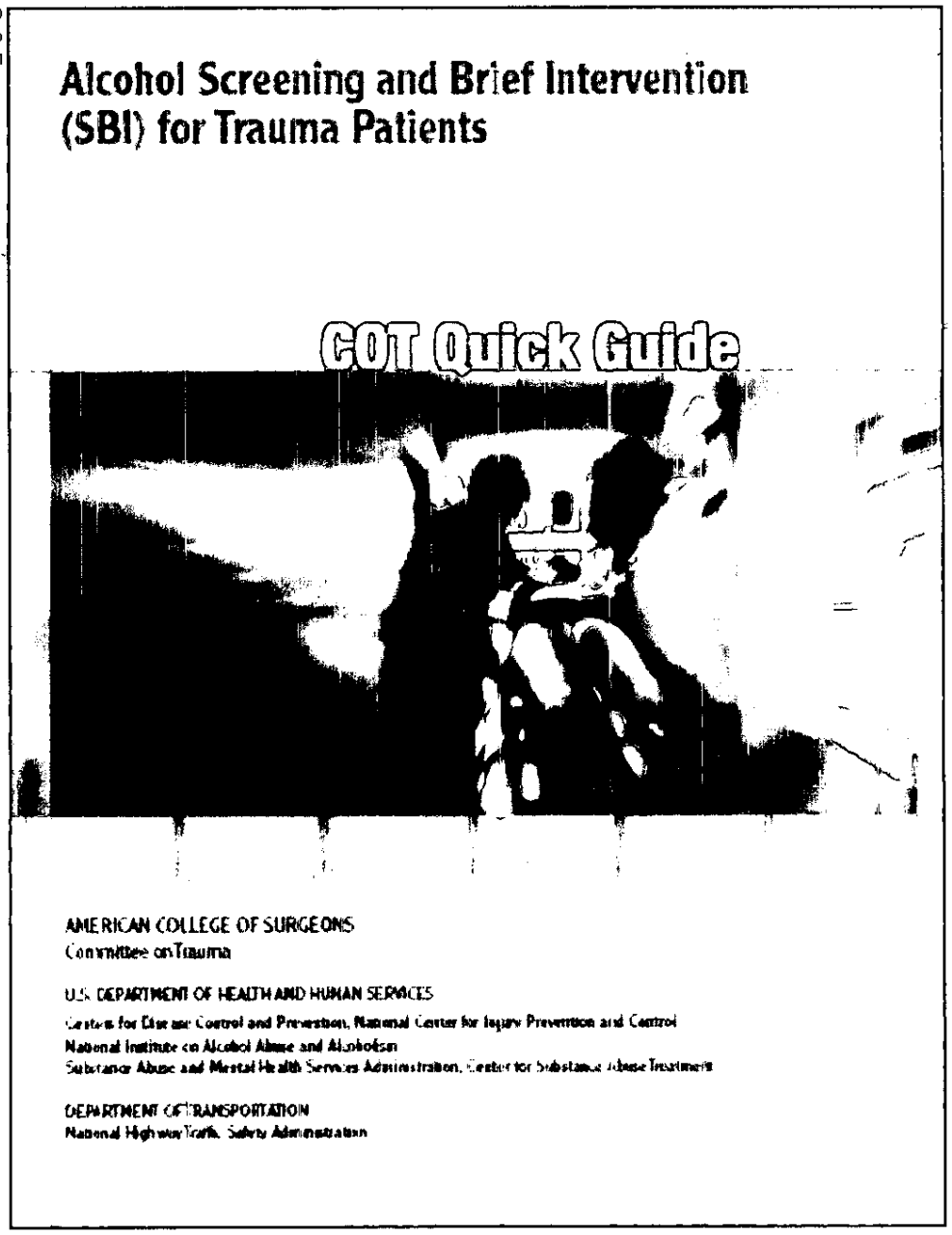
Level I & II - Essential

"Have a mechanism to identify patients who are problem drinkers"

Level I – Essential

"Must have the capability to provide an intervention for patients identified as problem drinkers."

2006 ACS Frequently Asked Questions (FAQ) website in development as of Jan 15, 2007 facs.org/trauma/faq_answers.htm



"Must Reading"

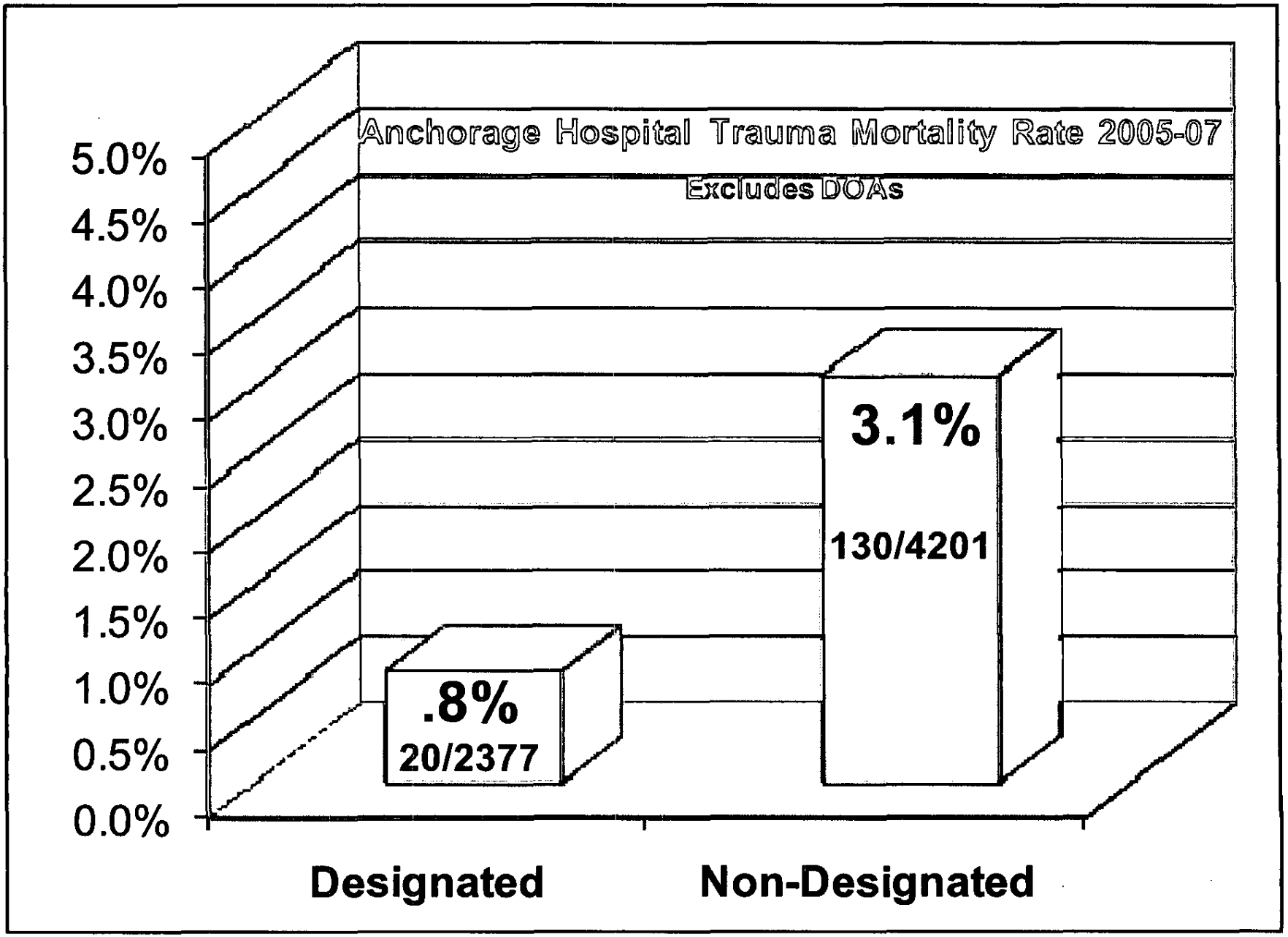
ACS COT SBI 2006

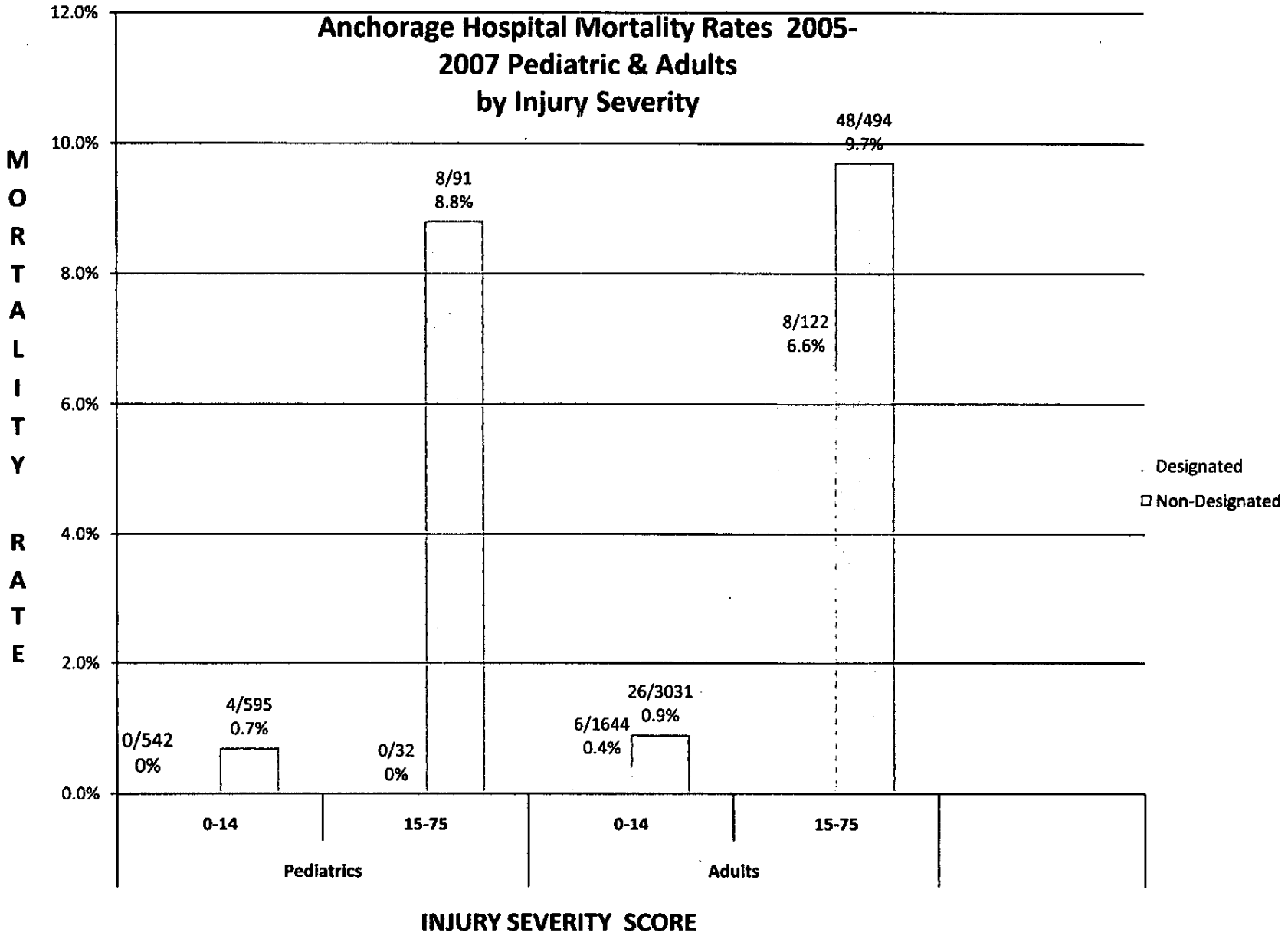
"Although this guide is intended to help Level I and II trauma centers implement SBI, the COT recommends that all trauma centers incorporate alcohol screening and brief intervention as part of routine trauma care."

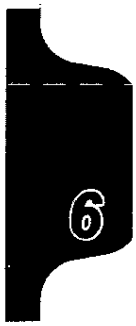
www.mayatech.com/sbirt/documents/SBIRT_guide_Sep07.pdf

ASBI Documentation and Reimbursement

- Chart Documentation, PCC and HER
- Pre-Screen, Alcohol Screen (AS)& Brief Intervention (BI)
- Coding
- CPT-HCPCS Codes
- H-0049 Screening
- H-0050 Screening and Brief Intervention,
- RPMS
- CRS… GPRA
- Billing and Reimbursement
- ICDA Codes


Anchorage Hospital Trauma Mortality Rate 2005-07
Excludes DOAs
5.0%
4.5%
4.0%
3.5%
3.0%
2.5%
2.0%
1.5%
1.0%
0.5%
0.0%
.8%
20/2377
3.1%
130/4201
Designated
Non-Designated


Anchorage Hospital Mortality Rates 2005-2007 Pediatric & Adults by Injury Severity
MORTALITY RATE
12.0%
10.0%
8.0%
6.0%
4.0%
2.0%
0.0%
0/542
0%
4/595
0.7%
0/32
0%
8/91
8.8%
6/1644
0.4%
26/3031
0.9%
8/122
6.6%
48/494
9.7%
0-14
15-75
0-14
15-75
Pediatrics
Adults
Designated
Non-Designated
INJURY SEVERITY SCORE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4211

Trauma System Consultation
State of Alaska
Anchorage, Alaska

November 2nd -5th , 2008
American College of Surgeons
Committee on Trauma

PRIORITY RECOMMENDATIONS AMERICAN COLLEGE OF SURGEONS ALASKA TRAUMA SYSTEM REVIEW

November 2-5 2008

Definitive Care Facilities

- Establish, as soon as practical, a second Level II Trauma Center in Anchorage in accordance with American College of Surgeons Committee on Trauma (ACS-COT) verification criteria to meet the existing volume and acuity demands.
- Mandate participation of all acute care hospitals in the trauma system within a 2 year time frame with trauma center certification/designation appropriate to their capabilities.
  - Facilities should seek trauma center designation at a level appropriate for their capabilities.
  - Other facilities, such as remote health care clinics, should participate with rapid patient assessment and stabilization and by following guidelines for trauma triage and transfer.
- Study pediatric trauma care needs with the goal of establishing one or more centers of excellence in pediatric trauma care.

Coalition Building and Community Support

- Develop and disseminate public information about the challenges in providing trauma care and the status of the trauma system in the state for Alaskans.

Lead Agency and Human Resources Within the Lead Agency

Develop an appropriate position classification and duty statement for a 1.0 full time equivalent (FTE), permanent trauma system manager that specifies education as a health professional, experience in trauma or emergency health care, and the administrative skills and clinical understanding necessary to support trauma system development.

Trauma System Plan

- Develop a comprehensive trauma system strategic plan consistent with the Health Resources and Services Administration (HRSA) *Model Trauma System Planning and Evaluation* document.

Coalition Building and Community Support

- Develop and disseminate public information about the challenges in providing trauma care and the status of the trauma system in the state for Alaskans.

System Integration

- Ensure that the Injury Prevention and Emergency Medical Services

(IPEMS) Section is engaged in planning with disaster preparedness, emergency management, and public health functions for integration of the trauma system.

Financing

• Provide state funding to hire a fulltime trauma system manager.

Emergency Medical Services

• Develop a central coordination center for statewide air medical resources that will maintain an updated registry of all medical aircraft to include medical services and flight characteristics (e.g., load capacity, instrument rating, landing requirements, etc); and to monitor the availability and location of air resources in near real-time.

System Coordination and Patient Flow

• Implement standardized prehospital triage and trauma activation protocols customized to the three response areas (Anchorage, Southeast, and the bush).

Disaster Preparedness

• Integrate all components of the trauma system into state and local disaster planning activities.

System-wide Evaluation and Quality Assurance

• Develop an initial set of 3-5 statewide system performance indicators from among the list of nine provided in the Pre-Review Questionnaire.

Trauma Management Information Systems

• Ensure that all elements considered essential to system development, evaluation and performance improvement in the State of Alaska are included and functional in the new trauma registry and are consistent with the National Trauma Data Standard definitions.

Statutory Authority and Administrative Rules

System Leadership

• Form an Alaska Technical Advisory Committee (ATAC) and task it with providing the Alaska Council on Emergency Medical Services (ACEMS) with recommendations regarding the following functions: data systems, trauma system planning, system-wide performance improvement and patient safety, trauma education (Advanced Trauma Life Support [ATLS], Trauma Nurse Core Curriculum [TNCC], Prehospital Trauma Life Support [PHTLS], etc), trauma center review and certification, injury prevention and control, public policy, and research.

• Enact legislation to expand the membership of the ACEMS to represent the trauma system and to include the following members appointed as follows:

- One member, appointed by the Governor, shall represent the Alaska Chapter of the American College of Surgeons Committee on Trauma.
- One member, appointed by the Governor, shall be a general surgeon who routinely participates in the care of injured patients.
- One member, appointed by the Governor, shall represent the Alaska Chapter of the American Academy of Pediatrics.
- One member, appointed by the Alaska Legislature, upon the recommendation of the Speaker of the House of Representatives.
- One member, appointed by the Alaska Legislature, upon the recommendation of the President of the Senate.

NATIONAL CONFERENCE of STATE LEGISLATURES

IN DEPTH
STATE HEALTH *NOTES*

Volume 27, Issue 461 February 20, 2006

PREPARING FOR THE WORST: STATES ADDRESS TRAUMA CENTERS' TROUBLES

By Christina Kent

Victims of traumatic events are at least 25 percent more likely to live if they're taken to a certified trauma center than if they are taken to a non-trauma center, according to a carefully controlled, nationwide study in the Jan. 26 *New England Journal of Medicine*.

That finding could give a boost to state legislators who are scrambling to find new sources of funds for the centers, which provide care for the most expensive conditions in the nation. In January, the Agency for Healthcare Research and Quality reported that trauma disorders have become, for the first time, the most expensive condition to treat. According to the agency's Medical Expenditure Panel Survey, trauma-related disorders cost the nation $71.5 billion in 2003 – topping the cost of treating heart conditions ($68 billion), cancer ($48 billion), mental disorders ($47 billion), and cardiopulmonary disease and asthma ($46 billion).

Trauma centers differ from general hospital emergency departments in that they provide, on a 24/7 basis, teams of trauma surgeons, plastic surgeons and other specialists who can deal with the most severe injuries within the "golden hour" – the early period of trauma where skilled intervention may mean the difference between life and death or life-long disability. The centers are capable of dealing with the most severe, life-threatening injuries, including blunt force wounds, multiple internal injuries, burns, broken bones and severe shock.

"Trauma is the number one killer of people aged one to 40," said Dr. J. Wayne Meredith, chairman of the American College of Surgeons' trauma committee. "One of the most prominent tools to prevent those deaths is the trauma system."

The nation's approximately 600 regional trauma centers – which also are often public and teaching hospitals – collectively lose $1 billion a year, according to Connie Potter, executive director of the National Foundation for Trauma Care. And they're facing growing pressure from rising health-care costs, increases in the number of un- and underinsured patients, and physicians' growing unwillingness to provide on-call trauma care, which many regard as underpaid and highly risky (because of possible malpractice lawsuits).

A 2004 report by the Foundation says that, without corrective action, the current rate of closures among the nation's trauma centers will increase, and 10 percent to 20 percent will close within three years.

Preventing Closures

States play an enormously important role in providing trauma care. Not only do they pass legislation authorizing state agencies to design trauma systems, but they strive to keep the trauma centers functioning by channeling to them special funding streams.

Since car crashes are the number one cause of trauma (see chart), many states elect to help pay for trauma care by imposing fines on individuals who are convicted of drunken or reckless driving, or who lose their driver's

license. Some states also use revenues from tobacco, alcohol or firearms taxes, while others tax auto insurance or fine persons convicted of illegal drug distribution.

A number of states are currently considering legislation to shore up their trauma centers; some bills would address the crisis in getting physicians to provide on-call trauma care by increasing their reimbursement.

In New Mexico, HB 356 and SB 356, introduced at the behest of Gov. Bill Richardson, would provide $6 million to create a trauma system fund. Of that amount, $4 million would go to support trauma services at the University of New Mexico hospital and $2 million would go to strengthen the trauma system throughout the state.

In Hawaii, the Legislature is considering HB 3142, which states that Hawaii's "extreme isolation and limited physician re-supply capability renders Hawaii uniquely vulnerable to natural disasters that may occur in a mid-Pacific environment." The bill would create a fund to reimburse the state's only trauma center for documented un- or under-compensated care (including supplemental funding for treatment given to Medicaid beneficiaries). The fund would draw money from state surcharges, the state's environmental response revolving fund, as well as any funds that are separately appropriated by the Legislature or granted by Congress (as long as they don't place an obligation upon the Legislature to continue the purpose for which the federal funds are made available).

In Florida, HB 1697 and HB 497 were signed into law in 2005 after first being vetoed by the governor, who reportedly had concerns about the way the funds were to be distributed. The first bill is expected to raise as much as $4.7 million annually for the state's trauma centers by increasing the penalties for motorists who cause serious injuries (they now will be charged $500) or fatalities ($1,000) in traffic accidents.

The second bill will provide new funding for in-state trauma care by increasing the fine for running a red light from $60 to $125. Florida's 20 trauma centers incur an annual net loss of $96 million, said Amy Maguire, director of the Alliance to Save Florida's Trauma Care. The funds will be distributed to the hospitals based on their state of "readiness" (e.g., how many physicians are on call), and the severity and volume of injuries treated.

Pennsylvania, which has one of the oldest trauma systems in the nation, is considering a bill (HB 502) that would seek to retain trauma providers by increasing their reimbursement. The bill notes that many high-risk health-care providers and institutions in the state are being paid less than Medicare rates by private insurers. "[H]igh-risk health-care providers and institutions may leave this Commonwealth or close down if the low reimbursements continue," the bill states. It would require insurers to pay 25 percent more than the Medicare fee to high-risk providers (defined as those who pay malpractice premiums in one of the four highest classes) for providing covered treatment to trauma patients at a state-accredited Level 1 or 2 trauma center – or the provider's "usual and customary charge," whichever is less.

If states play the primary role in creating trauma centers, the federal government historically also has contributed. For years, the Health Research and Services Administration's (HRSA) Trauma/Emergency Medical Services program provided grants to states to help them plan trauma systems. But the federal FY 2006 budget zeroed out funds for that program. It had been funded at about $3.4 million a year since 2001, Potter said, and grants to individual states had averaged about $40,000 per state.

Both Potter and Meredith were highly critical of the fact that the program was elimnated. "Having a federal agency that supports trauma care is critical," Meredith said. "It's the catalyst, the grist of the mill." Trauma costs the nation billions of dollars a year, he noted. "Spending $3 to $4 million to keep that on track seems like a pretty good investment to me." Repeated calls to HRSA for comment were not returned.

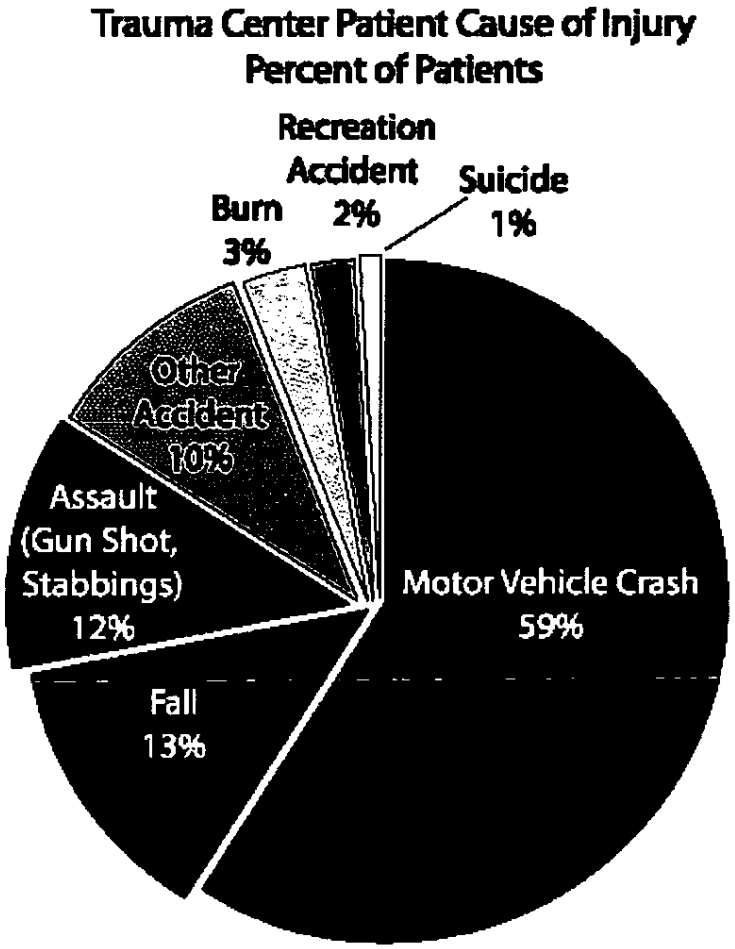
How Many?

September 11th and Hurricanes Katrina and Rita have raised the profile of trauma centers. But it's not clear how many centers the nation needs. A September 2005 issue brief by Charles Branas at the University of Pennsylvania notes that the geographic distribution of trauma centers varies widely across states and regions. Branas and colleagues calculated that 84.1 percent of the U.S. population has access to a Level 1 or 2 trauma center within one hour. (Level 1 and 2 trauma centers provide the most sophisticated care; Level 3 centers transport the most severely wounded patients to a Level 1 or 2 center.)

The Northeast has the greatest access, followed by the West, the Midwest, and the South. About 36.7 million people – most of whom live in rural areas – do not have access within one hour, Branas found.

A significant proportion of people could reach a trauma center within the "golden hour" by crossing state lines, Branas pointed out. As of 2005, 47 states had protocols to enhance interstate cooperation during mass casualty incidents, but just 31 states had standardized protocols for border crossing of day-to-day trauma patients.

Policymakers who are trying to evaluate their trauma systems can measure how long it takes their state's residents to reach a trauma center, in comparison to national norms, Branas suggested. This would enable policymakers to "more realistically allocate scare resources," he wrote.



Tara Lubin contributed reporting to this story.

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DRAFT

Summary of Trauma Systems and Funding Mechanisms by State

DRAFT

State	ACS Trauma System Consultation	ACS BIS Facilitation	Legislated Trauma System?	Is that System Funded?	Fines/Fees on Moving Violations	Fines/Fees on Other Criminal Penalities	Motor Vehicle Registration/License Plates or Driver's License Renewal Surcharge	Cigarette Excise Tax	Gambling	General Revenue Funds	Surcharge on 911 calls	Other	
Alaska	2008	575	Yes	No									
Alabama			No	No									
Arkansas	In Discussion		Yes	Yes				X					
Arizona	2007		Yes	Yes				X	X*				*Money to Level I only
California	2002*		No	Yes	X								*Marin County (San Rafel, CA)
Colorado	In Discussion		Yes	Yes			X						
Connecticut	2006		Yes	No									
Delaware			Yes	Yes				X					
District of Columbia	In Discussion		No	No									
Florida			Yes	Yes	X								
Georgia	2009		No	No						X*			* Not a permanent funding source.
Hawaii	2005		Yes	Yes				X					
Iowa			Yes	No									
Idaho			No	No									
Illinois	2006		Yes	Yes	X	X							
Indiana	2008		Yes	No									
Kansas		2008	Yes	Yes	X								
Kentucky			Yes	No									*No Permanent Funding Source
Louisiana		Possible 2009	Yes	No									
Massachusetts			Yes	No									
Maryland			Yes	Yes			X						
Maine			Yes	No									
Michigan			No*	No									*Development of System in Progress
Minnesota	2007		Yes	Yes						X*			*$ from General fund, but generated from a hospital license fee of all Hospitals & money from Dept of Health
Missouri			Yes	Yes			X					Weapons License, ATV registration, Boat registration	
Mississippi			Yes	Yes	X		X	X					
Montana	1999		Yes	No									
North Carolina	2004		Yes	No									
North Dakota	2008		Yes	No									
Nebraska			Yes	Yes			X						
New Hampshire			Yes	No									
New Jersey	2008		No	No									
New Mexico			Yes	Yes						X*			*Yearly Legislative Appropriation. The surcharges to to Pre-hospitalEMS.
Nevada	2004*		Yes	No									*Clark County (Las Vegas, NV)
New York			Yes	No									
Ohio	2002*		Yes	Yes		X							*Tri-State Trauma Coalition (Cincinnati, OH)
Oklahoma			Yes	Yes	X		X	X					
Oregon			Yes	Yes						X			
Pennsylvania	2007		Yes	Yes	X	X							
Rhode Island	2004		No	Yes	X								
South Carolina			Yes	No									
South Dakota			No	No									
Tennessee	2008		Yes	Yes				X					
Texas		2005*	Yes	Yes	X						X		*Southwest Region

Please Contact Mindy Baker, 312-202-5363 (mbaker@facs.org) State Affairs Associate with corrections/additions etc.

DRAFT

Summary of Trauma Systems and Funding Mechanisms by State

DRAFT

State	ACS Trauma System Consulation	ACS BIS Facilitation	Legislated Trauma System?	Is that System Funded?	Fines/Fees on Moving Violations	Fines/Fees on Other Criminal Penalities	Motor Vehicle/ Registration/License Plates or Driver's License Renewal Surcharge	Cigarette Excise Tax	Gambling	General Revenue Funds	Surcharge on 911 calls	Other
Utah		2005	Yes	Yes	X	X						
Virginia		2005	Yes	Yes	X		X					
Vermont			No	No								
Washington			Yes	Yes	X		X					Surcharge on sale or lease of a new vehicle
Wisconsin			Yes	Minimal						X*		
West Virginia	poss 2009		Yes	No								
Wyoming	2004		Yes	No								

*Partial funding for Trauma Coordinator position and $50, 000 for RTAC development and infrastructure

Please Contact Mindy Baker, 312-202-5363 (mbaker@facs.org) State Affairs Associate with corrections/additions etc.

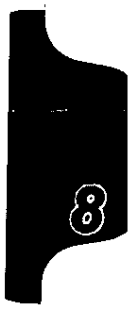
Uncompensated Trauma Care by State

Arkansas	Tobacco Tax 56 cents Per Pack
Iowa	Tobacco Tax
Oklahoma	Medicaid Enhanced Rates State Trauma Fund $24 million Vehicle License Fees
Wisconsin	$1 Increase in Vehicle Registration Fees
Hawaii	$5 Registration Fee for EMS
Minnesota	General Fund $10 Failure to Wear Seatbelt Hospital License Fee (Base Fee Plus Per Bed Fee)
South Carolina	Trauma Fund-no Dedicated Funding Considering Surcharge for Seatbelt Violations, Drunk Driving, Alcohol Tax, Gun Tax
Texas	Surcharges on Drunk Driving and Reckless Driving to Trauma Fund
New Mexico	General Fund-Proposed 1% Fee on Home, Rental, Auto Insurance Policies
North Carolina	General Fund-HRSA Bioterrorism and Preparedness Money

Kentucky	Proposed 5% Tax on Guns and Ammunition
Kansas	Fees on Moving Violations Line Item
Florida	$5 Motor Vehicle Violation Fee Vehicle License Fees $25 Drunk Driving Charge
Rhode Island	$1 Surcharge on all Violations
Arizona	2.3 Million from DUI and Moving Violations
Massachusetts	Vehicle License Fees
Maine	Vehicle License Fees

TRAUMA LEGISLATION STICKS FROM OTHER STATES

State Mandated Designation
Hospital Licensure Dependent on Designation
Medicaid Reimbursement Rates Lower if Not Designated
Medicaid Reimbursement Rates Higher if Designated
Medicaid Eligibility Dependent on Designation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Daily News Opinion

COMPASS: *Other points of view*

Emergency trauma care needs improvement in Alaska

By MARK S. JOHNSON and FRANK SACCO, M.D.

Johnson

You can be confident that you will receive emergency trauma care that compares favorably with care virtually anywhere else in the nation. Right? Maybe, but maybe not.

Sacco

Imagine you and your family driving across Anchorage. As you pass through a major intersection, a drunk driver runs a red light and hits your vehicle broadside. In an instant, you and your passengers face a life or death situation. If you're still conscious, you may think, thank God this happened in Anchorage where we have state of the art emergency medical services.

The Anchorage Fire Department has exceptional ambulance services staffed with well-trained paramedics. Local hospitals have sophisticated emergency departments staffed 24 hours a day with qualified emergency medicine physicians, nurses and support personnel.

You can be confident that you will receive emergency trauma care that compares favorably with care virtually anywhere else in the nation. Right?

Maybe, but maybe not.

Though Alaskans die from injury at the second highest rate in the U.S., there is no statewide system of trauma care. In Anchorage, only the Alaska Native Medical Center has been verified by the American College of Surgeons and certified by the State of Alaska as a trauma center (Level II). Neither Providence nor Alaska Regional Hospital has achieved this national standard.

Trauma center certification means that a hospital has surgical teams readily available to take care of the most seriously injured patients at all times. Backup teams are available and outcomes are continuously reviewed to improve care.

Serious traumatic injuries can produce internal bleeding in the brain, spinal cord or internal organs. Often, this bleeding can be stopped only by surgeons in hospital operating rooms. Studies have verified the golden hour of trauma, meaning that critically injured persons have increased chances of survival if treated within that time. Trauma centers, as part of a system of care, have been shown to decrease the mortality of the seriously injured 15 percent to 25 percent. Although rural areas may not meet the golden-hour standard, improvements in the statewide system have been shown to achieve better outcomes for patients seriously injured in remote areas as well.

The Alaska Department of Health and Social Services recently contracted with the Committee on Trauma of the American College of Surgeons (ACS) to review Alaska's trauma care. That review notes Alaska has excellent injury prevention programs, extensive and creative networks for ground and air medical transport, medical specialists in Anchorage and a good relationship with Harborview Trauma Center (Level I) in Seattle.

Among Alaska's deficiencies: Anchorage does not have another Level II trauma center, so there are two systems of trauma care, one for Alaska Natives that follows national standards and another for non-Natives. The team identified no statewide trauma plan and no incentives or requirements for hospitals to participate in the system. State government devotes few resources to coordinating trauma care, and there seems to be very little public awareness of these issues.

The review team recommended requiring all acute care hospitals to become designated as trauma centers at a level appropriate to their resources and size within two years (Levels II, III or IV). They recommended getting a second level II trauma center in Anchorage as soon as possible, along with a pediatric trauma center. Currently, due to a shortage of Anchorage surgeons willing to take care of children, some seriously injured non-Native children may need to be treated at the Alaska Native Medical Center.

Representative John Coghill Jr. recently introduced House Bills 168 and 169 to create incentives for hospitals to become trauma centers and to offset some of the cost of uncompensated trauma care. The Department of Health and Social Services should be commended for this comprehensive and impartial review of trauma care in Alaska. We urge Alaskans to support these bills and encourage the legislature and Gov. Palin to carefully consider the recommendations in the ACS report.

We hope the scenario above never happens to you but, if it does, let's make sure that the care we expect for our loved ones is available for all Alaskans when we need it.

Mark S. Johnson, MPA, retired as chief of Community Health and Emergency Medical Services for the State of Alaska in 2004. Frank Sacco, M.D., is chairman of the Alaska Trauma Systems Review Committee. The full report on Alaska's trauma care system is available at www.chems.alaska.gov.

Daily News

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ce Fanning, Editor and Publisher, 1967-1971

OPINION

COMPASS: *Points of view from the community*

Alaska needs a better trauma system

By FRANK SACCO and MARK S. JOHNSON

Alaska is much safer than it was a generation ago. From 1980 to 2004, the unintentional injury death rate dropped more than 50 percent. Without this improvement, an additional 300 Alaskans would have died in 2004. However, Alaska's 2004 rate remained 30 percent above the national average.

We are all aware of the terrible toll of cancer and cardiovascular diseases, but the leading cause of death for people younger than 44 is injury. It remains a major cause of death and disability for all age groups. For every death approximately three people are left with permanent disabilities.

As with other diseases, prevention is preferable to treatment. Alaska's dramatic reduction in injury deaths is largely attributable to prevention, including use of child restraints and safety belts, reduced rates of drunken driving, and increased use of personal flotation devices. Though prevention is paramount, we also must be prepared to provide the best possible care for those who become injured.

A trauma system is an organized, state-coordinated effort to deliver the full spectrum of care to injured people. The integration of EMS systems, public safety agencies, air medical services and health care facilities ensures that patients receive the most efficient, effective care possible from time of injury through rehabilitation. Trauma systems have been shown to reduce death from injury by as much as 25 percent and are recognized as an integral part of a state's EMS and disaster response system.

According to a 2004 Harris poll, most people want a comprehensive trauma system in their area. Throughout the United States, 83 percent of those surveyed felt a trauma system was as essential as having a fire department and 80 percent were willing to pay extra for it. Interestingly, though 75 percent thought there was a trauma system in their state, only eight states have fully functioning systems and 15 states have no system.

Sacco

Alaska is blessed with exceptional physicians and quality medical resources, but lack of an organized trauma system means that access to timely, quality care cannot be assured.

Johnson

Where do we stand? In 1993, the Alaska Legislature provided authority to the Department of Health and Social Services to verify and certify trauma centers. The statute does not require, or provide incentives for, hospital participation. It does state that no hospital can represent itself as a trauma center unless certified by the state.

Regulations adopted in 1996 require trauma centers to meet standards developed by the American College of Surgeons. Four levels are recognized, from Level I (highest) to Level IV (trauma stabilization facility). There are adequate medical resources to establish Level II trauma centers in Anchorage. In addition, it is feasible to establish Level III and IV centers throughout the state. Because of long transport times, centers of all levels are essential for improving outcomes.

Since the statute and regulations were enacted, only three of 24 eligible hospitals have successfully completed the verification and certification process. (Alaska Native Medical Center — Level II, Yukon Kuskokwim Regional and Norton Sound Regional Hospitals — Level IV).

Alaska is blessed with exceptional physicians and quality medical resources, but lack of an organized trauma system means that access to timely, quality care cannot be assured. In recent years there have been times when critical specialties such as neurosurgery and vascular surgery have been unavailable for emergencies, necessitating transfer of some critical patients to Seattle.

Here are four steps to improve trauma care in Alaska.

1. Residents need to let legislators know that quality trauma care is important.

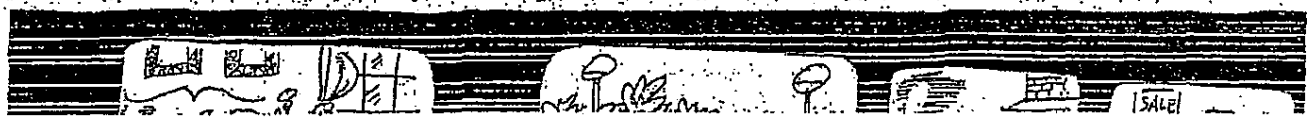
2. The Legislature should put teeth and incentives in the current statute. Successful approaches in other states include requiring trauma center certification at some level as a condition for hospital licensing and limiting medical liability for injuries treated at trauma centers.

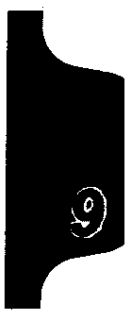
3. Tertiary hospitals should ensure availability of critical sub-specialists 24 hours a day, seven days a week.

4. Local EMS and medical providers should organize regional trauma systems and integrate them with the statewide system.

Developing a comprehensive statewide trauma system, and expanding injury prevention efforts, will make Alaska a safer, healthier place to live.

■ Dr. Frank Sacco is chief of surgery at the Alaska Native Medical Center and chairman of the Alaska Chapter of American College of Surgeons Committee on Trauma. Mark S. Johnson was chief of Emergency Medical Services in the Department of Health and Social Services from 1979 until he retired in 2004.





Trauma System Consultation

State of Alaska

Anchorage, Alaska

November 2nd-5th, 2008

American College of Surgeons

Committee on Trauma

4228

A multidisciplinary working group prepared this document based on the consultation visit that took place on November 2nd-5th, 2008 in Anchorage, Alaska and included the following members:

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Executive Summary

American College of Surgeons
Trauma System Consultation Visit
Alaska Department of Health and Social Services
November 2nd-5th, 2008

The American College of Surgeons, Trauma Systems Evaluation and Planning Committee (TSEPC) is honored to have been invited to the largest state in the nation and to have listened as the state's impassioned health care providers and public servants discussed their success and remaining challenges. We are pleased to provide this report and to encourage you to implement the key recommendations to improve the system of trauma care for all Alaskans and visitors, regardless of where that injury may occur.

It is clear that Alaska recognizes the significance of its injury problem as witnessed both by epidemiological descriptions of fatal and non-fatal injury and by the extensive focus on injury prevention programs across the state. Alaska's current trauma system is a testament to the adage that "necessity is the mother of invention". Clearly the "Last Frontier" is challenged with issues of geography, remoteness, inclement weather and limited health care resources. State and regional leaders, along with a wide ranging cadre of health care providers are to be congratulated for their efforts to achieve the trauma system mantra of "getting the right patient to the right place in the right amount of time". Whether this has involved training a hunting buddy to be an Emergency Trauma Technician, or a local aviation service has figured out how to carry a litter in a small aircraft, or a rural Critical Access Hospital has strived to become certified or designated as a Level IV trauma center, clear progress has been demonstrated toward the betterment of trauma care in Alaska.

The achievements to date have largely been unplanned with limited coordination. As a result, incongruity exists within the current trauma system. Several Alaska Native facilities have sought and achieved verification/designation as trauma centers. These facilities are to be commended for their dedication and commitment to trauma care and the trauma system. To date, few of the facilities serving the majority population have made a similar commitment to achieving nationally recognized standards of trauma care.

The current leadership of the Alaska Department of Health and Social Services recently made a commitment to trauma system development by making this a priority project in the 2009 work plan. This represents an opportunity to begin the process to coordinate, systematize and institutionalize these efforts so that, regardless of where someone is injured in Alaska or what their racial and ethnic heritage might be, all have equal access to optimal trauma care.
Alaska must make a commitment of resources, both fiscal and human, to achieve the recommendations outlined in this document. The consultation team encourages the state to retain the opportunity for system ingenuity when addressing the challenges that Alaska's geography and environment impose when increasing the standardization of trauma system processes.

Advantages and Assets of the Alaska Trauma System

- The lead agency for trauma is identified. Statute designates the Alaska Council on EMS (ACEMS) as an advisory group with responsibility for trauma.
- The state has very committed individuals who use their time and expertise every day to serve Alaska citizens.
- The state has extensive and creative networks for transport.
- Three large medical centers with extensive subspecialty expertise exist within the state.
- A large Level I trauma center in Seattle freely accepts adult and pediatric trauma patients.
- One medical center maintains ACS Level II verification standards and other facilities have obtained consultation and are working toward verification.
- All 24 acute care hospitals provide data to the Alaska trauma registry.
- Injury prevention activities are well established.
- The EMS Goals document categorizes communities by size and remoteness and identifies the resources that should be available for health care and trauma care.
- The state created the Emergency Trauma Technician program to prepare community members to provide initial trauma care.

- Initial efforts have been made to obtain legislative change.

Challenges and Vulnerabilities of the Alaska Trauma System

- The state has many challenges due to geography, weather, and remote and isolated communities.
- No trauma system strategic plan has been developed.
- No standards exist for scene trauma triage or trauma inter-facility transfers.
- Trauma system issues receive limited attention by the Alaska Council on EMS, and thus little visibility within the Department of Health and Social Services.
- The general public is not aware of trauma system issues.
- The state has limited human resources for the provision of trauma care. The lead agency also has limited human resources for trauma system management.
- The ACEMS has no formal trauma representatives.
- There are two healthcare systems for trauma care, one for Native Alaskans and one for other Alaskans.
- Few incentives exist for hospitals to participate in the trauma system.
- No statewide evaluation of system performance is conducted.
- The trauma registry data are not current.

Priority Recommendations Summary

This report contains more than seventy recommendations. Of these, the TSEPC team felt that the following were the most critical to the system's short and long-term success.

Statutory Authority and Administrative Rules

- **Enact legislation to expand the membership of the ACEMS to represent the trauma system and to include the following members appointed as follows:**
    - **One member, appointed by the Governor, shall represent the Alaska Chapter of the American College of Surgeons Committee on Trauma.**
    - **One member, appointed by the Governor, shall be a general surgeon who routinely participates in the care of injured patients.**
    - **One member, appointed by the Governor, shall represent the Alaska Chapter of the American Academy of Pediatrics.**
    - **One member, appointed by the Alaska Legislature, upon the recommendation of the Speaker of the House of Representatives.**
    - **One member, appointed by the Alaska Legislature, upon the recommendation of the President of the Senate.**
- **Require participation of all acute care hospitals in the trauma system within a 2 year time frame.**
    - **Facilities should seek trauma center designation at a level appropriate for their capabilities.**
    - **Other facilities, such as remote health care clinics, should participate with rapid patient assessment and stabilization and by following guidelines for trauma triage and transfer.**

System Leadership

- **Form an Alaska Technical Advisory Committee (ATAC) and task it with providing the Alaska Council on Emergency Medical Services (ACEMS) with recommendations regarding the following functions: data systems, trauma system planning, system-wide performance improvement and patient safety, trauma education (Advanced Trauma Life Support [ATLS], Trauma Nurse Core Curriculum [TNCC], Prehospital Trauma Life Support [PHTLS], etc), trauma center review and certification, injury prevention and control, public policy, and research.**

Coalition Building and Community Support

- **Develop and disseminate public information about the challenges in providing trauma care and the status of the trauma system in the state for Alaskans.**

Lead Agency and Human Resources Within the Lead Agency

Develop an appropriate position classification and duty statement for a 1.0 full time equivalent (FTE), permanent trauma system manager that specifies education as a health professional, experience in trauma or emergency health care, and the administrative skills and clinical understanding necessary to support trauma system development.

Trauma System Plan

- **Develop a comprehensive trauma system strategic plan consistent with the Health Resources and Services Administration (HRSA) *Model Trauma System Planning and Evaluation* document.**

System Integration

- **Ensure that the Injury Prevention and Emergency Medical Services (IPEMS) Section is engaged in planning with disaster preparedness, emergency management, and public health functions for integration of the trauma system.**

Financing

- **Provide state funding to hire a fulltime trauma system manager.**

Emergency Medical Services

- **Develop a central coordination center for statewide air medical resources that will maintain an updated registry of all medical aircraft to include medical services and flight characteristics (e.g., load capacity, instrument rating, landing requirements, etc); and to monitor the availability and location of air resources in near real-time.**

Definitive Care Facilities

- **Establish, as soon as practical, a second Level II Trauma Center in Anchorage in accordance with American College of Surgeons Committee on Trauma (ACS-COT) verification criteria to meet the existing volume and acuity demands.**
- **Mandate participation of all acute care hospitals in the trauma system within a 2 year time frame with trauma center certification/designation appropriate to their capabilities.**
- **Study pediatric trauma care needs with the goal of establishing one or more centers of excellence in pediatric trauma care.**

System Coordination and Patient Flow

- **Implement standardized prehospital triage and trauma activation protocols customized to the three response areas (Anchorage, Southeast, and the bush).**

Disaster Preparedness

- **Integrate all components of the trauma system into state and local disaster planning activities.**

System-wide Evaluation and Quality Assurance

- **Develop an initial set of 3-5 statewide system performance indicators from among the list of nine provided in the Pre-Review Questionnaire.**

Trauma Management Information Systems

- **Ensure that all elements considered essential to system development, evaluation and performance improvement in the State of Alaska are included and functional in the new trauma registry and are consistent with the National Trauma Data Standard definitions.**

Trauma System Assessment

Injury Epidemiology

Purpose and Rationale

Injury epidemiology is concerned with the evaluation of the frequency, rates, and pattern of injury events in a population. Injury pattern refers to the occurrence of injury-related events by time, place, and personal characteristics (for example, demographic factors such as age, race, and sex) and behavior and environmental exposures, and, thus, it provides a relatively simple form of risk-factor assessment.

The descriptive epidemiology of injury among the whole jurisdictional population (geographic area served) within a trauma system should be studied and reported. Injury epidemiology provides the data for public health action and becomes an important link between injury prevention and control and trauma system design and development. Within the trauma system, injury epidemiology has an integral role in describing the root causes of injury and identifying patterns of injury so that public health policy and programs can be implemented. Knowledge of a region's injury epidemiology enables the identification of priorities for directing better allocation of resources, the nature and distribution of injury prevention activities, financing of the system, and health policy initiatives.

The epidemiology of injury is obtained by analyzing data from multiple sources. These sources might include vital statistics, hospital administrative discharge databases, and data from emergency medical services (EMS), emergency departments (EDs), and trauma registries. Motor-vehicle crash data might also prove useful, as would data from the criminal justice system focusing on interpersonal conflict. It is important to assess the burden of injury across specific population groups (for example, children, elderly people and ethnic groups) to ensure that specific needs or risk factors are identified. It is critical to assess rates of injury appropriately and, thus, to identify the appropriate denominator (for example, admissions per 100,000 population). Without such a measure, it becomes difficult to provide valid comparisons across geographic regions and over time.

To establish injury policy and develop an injury prevention and control plan, the trauma system, in conjunction with the state or regional epidemiologist, should complete a risk assessment and gap analysis using all available data. These data allow for an assessment of the "injury health" of the population (community, state, or region) and will allow for the assessment of whether injury prevention programs are available, accessible, effective, and efficient.

An ongoing part of injury epidemiology is public health surveillance. In the case of injury surveillance, the trauma system provides routine and systematic data collection and, along with its partners in public health, uses the data to complete injury analysis, interpretation, and dissemination of the injury information. Public health officials and trauma leaders should use injury surveillance data to describe and monitor injury events and emerging injury trends in their jurisdictions; to identify emerging threats that will call for a reassessment of priorities and/or reallocation of resources; and to assist in the planning, implementation, and evaluation of public health interventions and programs.

OPTIMAL ELEMENTS

I. There is a thorough description of the epidemiology of injury in the system jurisdiction using population-based data and clinical databases. **(B-101)**

a. There is a through description of the epidemiology of injury mortality in the system jurisdiction using population-based data. **(I-101.1)**

b. There is a description of injuries within the trauma system jurisdiction, including the distribution by geographic area, high-risk populations (pediatric, elderly, distinct cultural/ethnic, rural, and others), incidence, prevalence, mechanism, manner, intent, mortality, contributing factors, determinants, morbidity, injury severity (including death), and patient distribution using any or all the following: vital statistics, ED data, EMS data, hospital discharge data, state police data (data from law enforcement agencies), medical examiner data, trauma registry, and other data sources. The description is updated at regular intervals. **(I-101.2)**
Note: Injury severity should be determined through the consistent and system-wide application of one of the existing injury scoring methods, for example, Injury Severity Score (ISS).

c. There is comparison of injury mortality using local, regional, statewide, and national data. **(I-101.3)**

d. Collaboration exists among EMS, public health officials, and trauma system leaders to complete injury risk assessments. **(I-101.4)**

e. The trauma system works with EMS and public health agencies to identify special at-risk populations. **(I-101.7)**

II. Collected data are used to evaluate system performance and to develop public policy. **(B-205)**

a. Injury prevention programs use trauma management information system data to develop intervention strategies. **(I-205.4)**

III. The trauma, public health, and emergency preparedness systems are closely linked. **(B-208)**

a. The trauma system and the public health system have established linkages, including programs with an emphasis on population based public health surveillance and evaluation for acute and chronic traumatic injury and injury prevention. **(I-208.1)**

IV. The jurisdictional lead agency, in cooperation with the other agencies and organizations, uses analytic tools to monitor the performance of population based prevention and trauma care services. **(B-304)**

a. The lead agency, along with partner organizations, prepares annual reports on the status on injury prevention and trauma care in the state, regional, or local areas. **(I-304.1)**

b. The trauma system management information system database is available for routine public health surveillance. There is concurrent access to the databases (ED, trauma, prehospital, medical examiner, and public health epidemiology) for the purpose of routine surveillance and monitoring of health status that occurs regularly and is a shared responsibility. **(I-304.2)**

CURRENT STATUS

Injury is the leading cause of death for Native Alaskans of all ages. Injury is the third leading cause of death for all Alaskans. Like the remainder of the United States, injury is the leading cause of death for the population between 1 and 44 years of age. Leading mechanisms for unintentional injury include the following: motor vehicle crash, falls, airplane crash, fire, all terrain vehicles, snow machine, and firearms. Suicide is a leading cause of injury death for ages 15 to 64 years. Injury mortality is significantly higher in Alaska than in the remainder of the United States where injury is the fifth leading cause of death; however it was reported that the state's injury mortality rate has decreased significantly over the last 30 years.

Healthy Alaskans 2010 describes significant injury prevention objectives for the state, with indicators identified for unintentional injury, occupational fatalities, attempted suicide, nonfatal, hospitalized traumatic brain injury, prenatal physical abuse, population using seatbelts, and households keeping firearms locked and loaded. A strategic plan for addressing these injury prevention objectives was not identified.

A dedicated staff working on epidemiology is assigned to the Department of Health and Social Services (DHSS) Injury Prevention and EMS (IPEMS) Section to coordinate the data analysis for various injury focus areas. Additionally, the Native Alaska Epidemiology Center analyzes data related to injury among the native population. A report on Native Alaskan injury morbidity and mortality was published in 2008.

Access to numerous population-based databases (e.g., vital statistics, fatal analysis reporting system, public safety information system, civilian fire fatality statistics, uniform crime reporting, medical examiner case database, and hospital discharge data system) are readily available for study of the injury problem.

Funding from grants and other state agencies has been obtained and creatively used to support injury surveillance. The state has many population-based injury databases used to describe the injury problem. Numerous injury surveillance activities are ongoing, such as the violent deaths reporting, occupational injuries, motor vehicle crashes, and traumatic brain injuries. The Alaska trauma registry which has data from all 24 acute care hospitals has been used extensively to describe the patterns of injury in the state.

The state had a State and Territorial Injury Prevention Directors Association (STIPDA) assessment conducted in 2003. Work was reported to be still in progress to address many of the recommendations included in the report.

The state has a wealth of data about the injury problem. Primary injury prevention has been the priority focus of information shared with the public and members of the injury coalition. The data have been used to compete successfully for numerous federal grants and state agency projects.

The state website has fairly recent information and reports about injury trends for selected injuries, particularly regarding injury mechanisms for which the state has grant funding. Several publications were reported to be in draft stage related to grant funded activities, but no general description of the injury problem in the state has been published since *Healthy Alaskans 2010*.

No apparent linkage has been made between injury prevention and injury control, which would integrate secondary and tertiary prevention (or the care provided after the patient is injured) in the injury epidemiology focus. Alaskans have not been informed about the injury problem, its relationship to trauma care, and the need for a trauma system.

RECOMMENDATIONS

- Develop fact sheets for public education regarding injuries that require hospitalization and a trauma system.
- Expand the focus of injury epidemiology to report on trauma patient outcomes and the relationship to the trauma system.

Indicators as a Tool for System Assessment

Purpose and Rationale

In the absence of validated national benchmarks, or norms, the benchmarks, indicators and scoring (BIS) process included in the Health Resources and Services Administration's *Model Trauma System Planning and Evaluation* document provides a tool for each trauma system to define its system-specific health status benchmarks and performance indicators and to use a variety of community health and public health interventions to improve the community's health status. The tool also addresses reducing the burden of injury as a community-wide public health problem, not strictly as a trauma patient care issue.

This BIS tool provides the instrument and process for a relatively objective state and sub-state (regional) trauma system self-assessment. The BIS process allows for the use of state, regional, and local data and assets to drive consensus responses to the BIS. It is essential that the BIS process be completed by a multidisciplinary stakeholder group, most often the equivalent of a state trauma advisory committee. The BIS process can help focus the discussion on various system strengths and weaknesses, can be used to set goals or benchmarks, and provides the opportunity to target often limited resources and energies to the areas identified as most critical during the consensus process. The BIS process is useful to develop a snapshot of any given system at a moment in time. However, its true usefulness is in repeated assessments that reveal progress toward achieving various benchmarks identified in the previous application of the BIS. This process further permits the trauma system to refine goals to be attained before future reassessments using the tool.

OPTIMAL ELEMENT

I. Assurance to constituents that services necessary to achieve agreed-on goals are provided by encouraging actions of others (public or private), requiring action through regulation, or providing services directly. **(B-300)**

CURRENT STATUS

In early 2007, the Benchmark, Indicators and Scoring (BIS) document from the *Model Trauma System Planning and Evaluation* document was distributed to the Trauma System Review Committee (TSRC). Seven of the sixteen members completed the BIS scoring. Results were compiled and means were calculated for each indicator. Those summary scores were presented to the TSRC at their May, 2007, meeting. The TSRC selected benchmarks 205, 206 and 208 for improvement over the succeeding year.

Specifically, the TSRC identified three tactics to improve scores for identified benchmarks. These tactics included:

1. Select three measures of patient care that can be reviewed by the committee.
2. Compare and contrast transfers from designated Level IV facilities with those from non-designated facilities.
3. Review deaths in transport and deaths within 24 hours of admission.

When queried about the status of these tactical objectives, the TSRC members noted that little progress has been made in completing those processes. Initial data were reviewed from the state trauma registry to begin the process. However, the consensus was that the data needed additional cleaning, so the project was placed on hold and has not been revisited.

Those who had participated in the BIS review relayed some frustration about the process, stating that they did not have sufficient information to answer each of the indicators. Other states that have completed the BIS process in the same individual process have had similar experiences; however, when states have completed the BIS in a facilitated group process, individuals from across the trauma system spectrum learn a great deal about other areas of the trauma system. These facilitated processes have been conducted in many different formats, including audio teleconferencing, segmentation of the BIS by section, and in face-to-face retreats.

When participants were asked about whether the BIS might be revisited, little enthusiasm was expressed for undertaking the process, probably due to the frustration associated with the initial process and the low perceived value of the outcome.

RECOMMENDATIONS

- Select and complete one of the three tactical objectives identified in the May, 2007, TSRC meeting.
- Secure funding to support a facilitated trauma system assessment utilizing the Benchmark, Indicators and Scoring (BIS) process with the newly formed Alaska Trauma Advisory Committee (ATAC) and other trauma system stakeholders and state partners.
- Repeat the BIS process at regular intervals (e.g., every two years) as a means of establishing and monitoring system benchmarks

Trauma System Policy Development

Statutory Authority and Administrative Rules

Purpose and Rationale

Reducing morbidity and mortality due to injury is the measure of success of a trauma system. A key element to this success is having the legal authority necessary to improve and enhance care of injured people through comprehensive legislation and through implementing regulations and administrative code, including the ability to regularly update laws, policies, procedures, and protocols. In the context of the trauma system, comprehensive legislation means the statutes, regulations, or administrative codes necessary to meet or exceed a predescribed set of standards of care. It also refers to the operating procedures necessary to continually improve the care of injured patients from injury prevention and control programs through post injury rehabilitation. The ability to enforce laws and rules guides the care and treatment of injured patients throughout the continuum of care.

There must be sufficient legal authority to establish a lead trauma agency and to plan, develop, maintain, and evaluate the trauma system during all phases of care. In addition, it is essential that as the development of the trauma system progresses, included in the legislative mandate are provisions for collaboration, coordination, and integration with other entities also engaged in providing care, treatment, or surveillance activities related to injured people. A broad approach to policy development should include the building of system infrastructure that can ensure system oversight and future development, enforcement, and routine monitoring of system performance; the updating of laws, regulations or rules, and policies and procedures; and the establishment of best practices across all phases of intervention. The success of the system in reducing morbidity and mortality due to traumatic injury improves when all service providers and system participants consistently comply with the rules, have the ability to evaluate performance in a confidential manner, and work together to improve and enhance the trauma system through defined policies.

OPTIMAL ELEMENTS

I. Comprehensive state statutory authority and administrative rules support trauma system leaders and maintain trauma system infrastructure, planning, oversight, and future development. **(B-201)**

a. The legislative authority states that all the trauma system components, emergency medical services (EMS), injury control, incident management, and planning documents work together for the effective implementation of the trauma system (infrastructure is in place). **(I-201.2)**

b. Administrative rules and regulations direct the development of operational policies and procedures at the state, regional, and local levels. **(I-201.3)**

II. The lead agency acts to protect the public welfare by enforcing various laws, rules, and regulations as they pertain to the trauma system. **(B-311)**

a. Laws, rules, and regulations are routinely reviewed and revised to continually strengthen and improve the trauma system. **(I-311.4)**

CURRENT STATUS

The IPEMS Section has served as the administrative unit for trauma and emergency medical services (EMS) since 1977. The Alaska State Statutes (AS 18.08.010), related to EMS and Trauma as revised in 1993, provide the agency with authority for the development, implementation, and maintenance of a statewide comprehensive EMS system. Historically the IPEMS has provided leadership with dedicated individuals who have committed themselves to the improvement of trauma and emergency care for the state. Leadership within the IPEMS has experienced changes beginning in 2004 due to the retirement of its Chief and reorganization within the DHSS.

A significant strength for the IPEMS Section is that it currently has support from the senior leadership within the DHSS to provide for the development and regulatory oversight of the state's EMS and trauma system. The statutory authority and departmental support provide an opportunity for the IPEMS Section to identify and collaborate with the numerous stakeholders for trauma and EMS to include the Alaska Hospital Association, the Native Alaskan healthcare providers, prehospital provider organizations, health professional organizations, and numerous governmental and non-governmental entities.

The Alaska Council on Emergency Medical Services (ACEMS) was established in statute (AS 18.08.020). The council has eleven members appointed by the Governor, and it is charged with advising the Commissioner of DHSS and Governor regarding the planning and implementation of a statewide EMS system. Membership of the council includes prehospital professionals, other healthcare professionals, an EMS administrator, a hospital administrator and members of the public. The ACEMS currently has no required surgical, pediatric, or legislative representation on the council.

The Trauma System Review Committee (TSRC) is appointed by the Commissioner of DHSS. It is comprised of physicians and other healthcare professionals tasked to review the trauma system data. The committee is a legal medical review organization under statute AS 18.23.010-070, and membership is approved by the State Medical Board.

The TSRC's work in reviewing the trauma registry data and monitoring the care being delivered to the state's citizens and visitors is provided confidentiality and liability protection in statute AS 18.23.020. This represents another significant strength in the state's EMS and trauma system. The committee's role beyond the review of trauma registry data is not clearly defined and no direct connection to the ACEMS currently exists.

Recently the TSRC proposed a legislative effort titled the Alaska Trauma Improvement Act, but insufficient legislative support was obtained for passage in the last (2006) legislative session. The efforts and success of the TSRC to promote improvements in trauma care for all Alaskans is commendable and can be attributed to the vision and leadership provided by its chair Dr. Frank Sacco and to the dedication of its membership. Currently hospital participation in the statewide trauma system is voluntary and no incentives are provided to promote participation. For an inclusive trauma system approach and to improve trauma care statewide all hospitals should be required to participate, not only by submission of trauma data, but at some level of trauma system participation.

The state EMS medical director's current role does not include medical oversight of the trauma system. The state does not have a trauma medical director or advisor identified to provide the IPEMS Section with guidance in the development and oversight of the trauma system. The designation of a trauma surgeon to such a role would increase the state's ability to fully integrate all phases of care, including prehospital, into a statewide inclusive trauma system.

RECOMMENDATIONS

- **Enact legislation to expand the membership of the ACEMS to represent the trauma system and include the following members appointed as follows:**
  - **One member, appointed by the Governor, shall represent the Alaska Chapter of the American College of Surgeons Committee on Trauma.**
  - **One member, appointed by the Governor, shall be a general surgeon who routinely participates in the care of injured patients.**
  - **One member, appointed by the Governor, shall represent the Alaska Chapter of the American Academy of Pediatrics.**
  - **One member, appointed by the Alaska Legislature upon the recommendation of the Speaker of the House of Representatives.**
  - **One member, appointed by the Alaska legislature upon the recommendation of the President of the Senate.**
- **Require participation of all acute care hospitals in the trauma system within a 2 year time frame.**

- **Facilities should seek trauma center designation at a level appropriate for their capabilities.**
- **Other facilities, such as remote health care clinics, should participate with rapid patient assessment and stabilization and by following guidelines for trauma triage and transfer.**

- Require all hospitals and clinics to submit data to the state trauma registry.
- Amend the Alaska Administrative Code (AAC) to give the IPEMS Section responsibility for development of a statewide plan for the implementation and monitoring of an inclusive trauma system.

Purpose and Rationale

In addition to lead agency staff and consultants (for example, trauma system medical director), there are other significant leadership roles essential to developing mature trauma systems. A broad constituency of trauma leaders includes trauma center medical directors and nurse coordinators, prehospital personnel, injury prevention advocates, and others. This broad group of trauma leaders works with the lead agency to inform and educate others about the trauma system, implements trauma prevention programs, and assists in trauma system evaluation and research to ensure that the right patient, right hospital, and right time goals are met. There is a strong role for the trauma system leadership in conveying trauma system messages, building communication pathways, building coalitions, and collaborating with relevant individuals and groups. The marketing communication component of trauma system development and maintenance begins with a consensus-built public information and education plan. The plan should emphasize the need for close collaboration between coalitions and constituency groups and increased public awareness of trauma as a disease. The plan should be part of the ongoing and regular assessment of the trauma system and be updated as frequently as necessary to meet the changing environment of the trauma system.

When there are challenges to providing the optimal care to trauma patients within the system, the leadership needs to effect change to produce the desired results. Broad system improvements require the ability to identify challenges and the resources and authority to make changes to improve system performance. However, system evaluation is a shared responsibility. Although the leadership will have a key role in the acquisition and analysis of system performance data, the multidisciplinary trauma oversight committee will share the responsibility of interpreting those data from a broad systems perspective to help determine the efficiency and effectiveness of the system in meeting its stated performance goals and benchmarks. All stakeholders have the responsibility of identifying opportunities for system improvement and bringing them to the attention of the multidisciplinary committee or the lead agency. Often, subtle changes in system performance are noticed by clinical care providers long before they become apparent through more formal evaluation processes.

Perhaps the biggest challenge facing the lead agency is to synergize the diversity, complexity, and uniqueness of individuals and organizations into a finely tuned system for prevention of injury and for the provision of quality care for injured patients. To meet this challenge, leaders in all phases of trauma care must demonstrate a strong desire to work together to improve care provided to injured victims.

OPTIMAL ELEMENTS

I. Trauma system leaders (lead agency, trauma center personnel, and other stakeholders) use a process to establish, maintain, and constantly evaluate and improve a comprehensive trauma system in cooperation with medical, professional, governmental, and other citizen organizations. **(B-202)**

II. Collected data are used to evaluate system performance and to develop public policy. **(B-205)**

III. Trauma system leaders, including a trauma-specific statewide multidisciplinary, multiagency advisory committee, regularly review system performance reports. **(B-206)**

IV. The lead agency informs and educates state, regional, and local, constituencies and policy makers to foster collaboration and cooperation for system enhancement and injury control. **(B-207)**

CURRENT STATUS

The IPEMS Section of the DHSS is the lead agency charged with development, implementation, and maintenance of a statewide comprehensive EMS system, including trauma care. The DHSS has identified the development of a statewide trauma system as one of its 2009 priorities. Both the DHSS Commissioner and Chief Medical Officer were supportive of obtaining an American College of Surgeons (ACS) Trauma Systems Consultation, and both attended. Alaska has not established a clear process for developing, maintaining and continually evaluating a comprehensive trauma system, and this, in part, was the impetus for this consultative visit.

The Alaska Trauma Registry Review Committee was created to review registry data, provide guidance for trauma registry improvement, and review and approve requests for release of registry data. The TSRC role has broadened over the years to include reviewing trauma registry data, making recommendations for trauma system improvement, and reviewing facilities for Level IV trauma center designation. The name has also changed, to become the Trauma Systems Review Committee (TSRC). The TSRC has multidisciplinary membership appointed by the IPEMS Section and approved by the Alaska Medical Board. The chairperson of the Alaska Chapter of the American College of Surgeons Committee on Trauma (ACS-COT) is currently a member of the TSRC.

The TSRC has been attempting to effect change by conducting selected studies from the trauma registry to evaluate trauma care, and then developing care guidelines, such as the head injury management guidelines for rural facilities.

Recommendations from the TSRC that have been transmitted to the lead agency have not always resulted in action or change, and the TSRC is not empowered to make changes in the trauma system. Individuals from the committee are also active in proposing new trauma system improvement legislation.

By statute the ACEMS is charged with advising the Governor and the Commissioner of DHSS with regard to the planning and implementation of a statewide EMS system that by definition includes trauma. From a review of ACEMS minutes, this council has primarily addressed prehospital issues with little focus on issues related to the broader trauma system. The Chair of the Alaska Chapter of the ACS-COT regularly attends meetings of ACEMS, and he has reported trauma system issues and advances to the council. The Alaska COT has been active in proposing trauma system improvements and change.

While the surgeons of the Alaska Native Healthcare System are very active in trauma systems development and performance improvement, other community surgeons in Anchorage are not as actively engaged. The trauma nurse coordinators from the hospitals throughout the state appear to be experienced, knowledgeable, and active in trying to improve the trauma system.

The state does not have a group of multidisciplinary trauma stakeholders; however the large number of participants present at the trauma system consultation (TSC) demonstrates that the state has interested stakeholders. No forum exists for trauma system problem resolution. A state trauma advisory body that serves as a subcommittee of the ACEMS is a recommended strategy for giving stakeholders an opportunity to participate in trauma system development.

RECOMMENDATIONS

- **Form the Alaska Trauma Advisory Committee (ATAC) and task it with providing the Alaska Council on Emergency Medical Services (ACEMS) with recommendations regarding the following functions of the trauma system: trauma system planning, data systems, systemwide performance improvement and patient safety, trauma education (Advanced Trauma Life Support [ATLS], Trauma Nurse Core Curriculum [TNCC], Prehospital Trauma Life Support [PHTLS], etc), trauma center review and designation, injury prevention and control, public policy, and research.**
- Ensure that the Alaska Trauma Advisory Committee (ATAC) has a broad multidisciplinary membership that might include legislative personnel and representation from the Alaska Native Healthcare System, the public sector hospital systems, the Alaska Hospital Association, emergency nurses, prehospital providers, and the media.
- Develop trauma stakeholder discussion groups (e.g., trauma medical directors, trauma coordinators, trauma registrars) to provide direction and

broad-based, multidisciplinary and multi-committee support for trauma system development.

- Make the existing TSRC a subcommittee of the ATAC, sanctioned by the Alaska Medical Board and narrow its focus to specifically concentrate on issues of system performance and improvement.

Coalition Building and Community Support

Purpose and Rationale

Coalition building is a continuous process of cultivating and maintaining relationships with constituents (interested citizens) in a state or region who agree to collaborate on injury control and trauma system development. Key constituents include health professionals, trauma center administrators, prehospital care providers, health insurers and payers, data experts, consumers and advocates, policy makers, and media representatives. The coalition of key constituents comprises the trauma system's stakeholders. The involvement of these key constituents is important for the following:

- Trauma system plan development
- Regionalization: promoting collaboration rather than competition between trauma centers
- System integration
- State policy development: authorizing legislation and regulations
- Financing initiatives
- Disaster preparedness

The coalition should be effectively organized through the formation of multidisciplinary state and regional advisory groups to coordinate trauma system planning and implementation efforts. Constituents also communicate with elected officials and policy leaders regarding the development and sustainability of the trauma system. Information and education are needed by constituents to be effective partners in policy development for trauma system planning. Regular communication about the status of the trauma system helps these key partners to recognize needs and progress made with trauma system implementation.

One of the most effective ways to educate elected officials and the public is through an organized public information and education effort that may involve a media campaign about the burden of injury in the state and the need for trauma system development. Information and education are important to reduce the incidence of injury in all age groups and to demonstrate the value of an effective trauma system when a serious injury occurs.

OPTIMAL ELEMENT

I. The lead agency informs and educates state, regional, and local constituencies and policy makers to foster collaboration and cooperation for system enhancement and injury control. **(B-207)**

CURRENT STATUS

Alaska does not currently have a coalition of trauma stakeholders who meet or communicate about the trauma system. It was reported that a prior trauma stakeholder group, associated with federal grant funding, had met but was disbanded when federal funding ended. This trauma system consultation was one of the first opportunities for health professionals, acute care facility administrators, state agency representatives, prehospital providers, and data managers to meet and focus on aspects of the trauma system.

The most significant barrier to sustaining a trauma stakeholder group was identified as geography and the high cost associated with travel to a central location. Alternate mechanisms of communication such as an electronic listserv or web-based conferencing have not been investigated. Another barrier is the lack of a state trauma manager with adequate time to facilitate communication among stakeholders interested in trauma care issues.

Developing a trauma system has only recently become a priority goal of the DHSS. It was reported that Alaskans have an expectation that they will be cared for in the event of injury, and they believe the resources of a trauma system are in place. No public education regarding trauma care and the need for a trauma system has yet been initiated. Some education of elected state officials has been initiated, but it may be challenging to make the trauma system a priority without strong public support.

RECOMMENDATIONS

- **Develop and disseminate public information about the challenges in providing trauma care and the status of the trauma system in the state for Alaskans.**
- Establish a mechanism of communication (e.g., electronic listserv or discussion group) for stakeholders with an interest in trauma system development.
    - Ensure that information about planning meetings is posted and accessible to stakeholders in a timely manner.
- Identify mechanisms for interested individuals to participate in trauma system planning from remote locations (e.g., web-based teleconferencing).

4254

Lead Agency and Human Resources within the Lead Agency

Purpose and Rationale

Each trauma system (state, regional, local, as defined in state statute) should have a lead agency with a strong program manager who is responsible for leading the trauma system. The lead agency, usually a government agency, should have the authority, responsibility, and resources to lead the planning, development, operations, and evaluation of the trauma system throughout the continuum of care. The lead agency, empowered through legislation, ensures system integrity and provides for program integration with other health care and community-based entities, namely, public health, EMS, disaster preparedness, emergency management, law enforcement, social services, and other community-based organizations.

The lead agency works through a variety of groups to accomplish the goals of trauma system planning, implementation, and evaluation. The ability to bring multidisciplinary, multiagency advisory groups together to accomplish trauma system goals is essential in developing and maintaining the trauma system and is part of providing leadership to evolving and mature systems.

The lead agency's trauma system program manager coordinates trauma system design, the adoption of minimum standards (prehospital and in-hospital), and provides for overall system evaluation through performance indicator assessment and assurance. In addition to a trauma program manager, the lead agency must be sufficiently staffed to actively participate in each phase of development and in maintaining the system through a clearly defined structure for decision making (policies and procedures) and through proactive surveillance and evaluation. *Minimum* staffing usually consists of a trauma system program manager, data entry and analysis personnel, and monitoring and compliance personnel. Additional staff resources include administrative support and a part-time commitment from the public health epidemiology service to provide system evaluation and research support.

Within the leadership and governance structure of the trauma system, there is a role for strong physician leadership. This role is usually fulfilled by a full- or part-time trauma medical director within the lead agency.

OPTIMAL ELEMENTS

I. Comprehensive state statutory authority and administrative rules support trauma system leaders and maintain trauma system infrastructure, planning, oversight, and future development. **(B-201)**

a. The legislative authority (statutes and regulations) plans, develops, implements, manages, and evaluates the trauma system and its component parts, including the identification of the lead agency and the designation of trauma facilities. **(I-201.1)**

b. The lead agency has adopted clearly defined trauma system standards (for example, facility standards, triage and transfer guidelines, and data collection standards) and has sufficient legal authority to ensure and enforce compliance. **(I-201.4)**.

II. Sufficient resources, including financial and infrastructure-related, support system planning, implementation, and maintenance. **(B-204)**

CURRENT STATUS

The role of the IPEMS Section in trauma system development is clearly stated in state statutes; however, better definition of how the agency integrates trauma care into the overall EMS program is needed, such as through the development of a statewide trauma strategic plan (See Trauma System Plan).

The trauma system is currently managed by a trauma system manager (0.2 full-time equivalent [FTE]) and a trauma registrar (1.0 FTE). The trauma registrar is supported by two contracted positions. The trauma registrar also has computer and epidemiology support from the National Institute for Occupational Safety and Health (NIOSH) Field Station staff. The IPEMS Section also has an impressive injury prevention program and staffing. However, the lead agency is not adequately staffed to meet the demands of developing and maintaining a statewide trauma system through trauma program assessment, policy development, and performance improvement activities.

The present job classification for the trauma manager is a Public Health Specialist II position which does not specify any education or experience requirements related to emergency health care. The present job description identifies the additional duties and responsibilities for the state trauma manager to include serving as the state Emergency Medical Services for Children (EMSC) program manager and the manager of grants for the state rural automated external defibrillator program. Additional duties and responsibilities for this position include analyzing the continuing education needs and soliciting

educational sessions for the annual EMS Symposium. It was reported that the EMSC responsibilities have now been shifted to another position. However, the remaining responsibilities would significantly impact the individual's ability to focus on trauma system development.

Staffing is currently insufficient within the lead agency to encourage and support trauma stakeholders in building a statewide inclusive trauma system. A qualified trauma manager is needed to facilitate the development of a statewide trauma system plan. As the position is currently vacant, the timing is optimal to revise the job description and job classification to enable recruitment of an individual who is a health professional (e.g., nurse with a BSN or MSN) with experience in trauma or emergency health care.

Additionally, the trauma system has no designated physician to provide medical oversight. The IPEMS Section has a designated emergency physician serving as the State EMS Medical Director, but this individual has no responsibilities for trauma system medical control and oversight. If a Trauma Medical Director can not be recruited and hired, potentially a Trauma Medical Oversight Subcommittee of the ATAC could be created to fulfill this responsibility and support the State EMS Medical Director.

RECOMMENDATIONS

- **Develop an appropriate position classification and duty statement for a 1.0 full time equivalent (FTE), permanent trauma system manager that specifies education as a health professional, experience in trauma or emergency health care, and the administrative skills and clinical understanding necessary to support trauma system development.**
- Recruit a trauma manager.
- Develop a mechanism for trauma system medical oversight (e.g., hire a Trauma Medical Director, develop a subcommittee of the Alaska Trauma Advisory Committee).
- Ensure that the trauma system has trauma medical direction.

Trauma System Plan

Purpose and Rationale

Each trauma system, as defined in statute, should have a clearly articulated trauma system planning process resulting in a written trauma system plan. The plan should be built on a completed inventory of trauma system resources identifying gaps in services or resources and the location of assets. It should also include an assessment of population demographics, topography, or other access enhancements (location of hospital and prehospital resources) or barriers to access. It is important that the plan identify special populations (for example, pediatric, elderly, in need of burn care, ethnic groups, rural) within the geographic area served and address the needs of those populations within the planning process. A needs assessment (or other method of identifying injury patterns, patient care review/preventable death study) should also be completed for initial trauma system planning and updated periodically as needed to assess system changes over time.

The trauma system plan is developed by the lead trauma agency based on the results of a needs assessment and other data resources available for review. It describes the system design, integrated and inclusive, with adopted standards of care for prehospital and hospital personnel and a process to regularly review the plan over time. The plan is built on input from trauma advisory committees (or stakeholder groups) that assist in analyzing data, identifying resources, and developing system standards of care, including system policies and procedures and overall system design. Ideally, although every stakeholder group may not be satisfied with the plan or system design, the plan, to the extent possible, should be based on consensus of the advisory committees and stakeholder groups. These advisory groups should be able to review the plan before final adoption and approve the plan before it is submitted to the lead agency with authority for plan approval.

The trauma system plan is used to guide system development, implementation, and management. Each component of the trauma system (for example, prehospital, hospital, communications, and transportation) is clearly defined and an established service level identified (baseline) with goals for enhancement (benchmark). Within the plan are incorporated other planning documents used to ensure integration of similar services and build collaboration and cooperation with those services. Service plans for emergency preparedness, EMS, injury prevention and control, public health, social services, and mental health are examples of services for which the trauma system plan should include an interface between agencies and services.

4258

OPTIMAL ELEMENT

I. The state lead agency has a comprehensive written trauma system plan based on national guidelines. The plan integrates the trauma system with EMS, public health, emergency preparedness, and incident management. The written trauma system plan is developed in collaboration with community partners and stakeholders. **(B-203)**

a. The trauma system plan clearly describes the system design (including the components necessary to have an integrated and inclusive trauma system) and is used to guide system implementation and management. For example, the plan includes references to regulatory standards and documents and includes methods of data collection and analysis. **(I-203.4)**

CURRENT STATUS

In 1993, Alaska secured funding from HRSA to develop a statewide trauma system plan. A task force was created to draft a trauma plan within the existing *Alaska EMS Goals* document. The 1992 Health Resources and Services Administration (HRSA) *Model Trauma Care System Plan* draft was utilized as the basis for the development of this trauma system plan. The grant funding also enabled the state to develop two additional documents: Trauma Triage, Transport and Transfer Guidelines and a Guide on Rehabilitation Services. No mention was made of work performed during federal trauma grant funding from 2002 to 2004.

The *Alaska EMS Goals* document is a guide for the development of EMS and trauma systems by categorizing communities throughout the state by remoteness and resources that should be available. The document identifies specific challenges that Alaska communities face such as access and availability of care, limited road access, availability of training, and recruitment and retention of EMS volunteers. The classifications of communities can also be used to identify levels of care and capabilities to manage the trauma patient.

The *Alaska EMS Goals* document provides a brief overview of EMS system needs in Alaska and lists the state's priorities for grant funding. The integration and consideration of special organizations such as rural health networks, critical incident stress management teams, community injury prevention organizations and local emergency preparedness councils are reflected in the document, along with topics such as seasonal impacts, special populations, hazardous materials, injury prevention, air medical transportation, communications, trauma care, and quality assurance.

An assessment tool called the EMS Community Checklist is available to communities in order to determine their current status in meeting EMS and Trauma system goals within a specified community classification. It is unclear if the data from the assessment tools have been collated and utilized for state system planning.

The community classification in the goals document references classification levels from rural to urban using a 1-5 numbering system. This numbering system is inconsistent with the ACS standards for level of trauma center verification which are in reverse order by facility capabilities.

The TSRC has adopted the *ACS Resources for Optimal Care of the Injured Patient for Acute Care Facilities*, as the standard for trauma center certification (the term used by Alaska for designation). The *Alaska EMS Goals* document clearly specifies the adoption of these standards within each community categorization. The document also promotes the utilization of the various triage and treatment guidelines for the trauma patient. In addition, the guide specifies the importance of establishing an inclusive trauma system and the utilization of trauma registry data to assess the effectiveness of the system.

The *Alaska EMS Goals* document was last updated in 2003, making it consistent with planning and evaluation standards of the time. The guide does not incorporate the 2006 *HRSA Model Trauma System Planning and Evaluation* document that promotes a public health approach to trauma system development.

Overall, the *Alaska EMS Goals* document provides the necessary and comprehensive guidelines for the development and enhancement of the components of a state trauma system. A state assessment to determine at what level the communities have met the goals, has not been accomplished to determine the current needs or trauma resources and assets available.

The IPEMS Section has established five reasonable goals for the trauma system with the limited state resources that are available. Though the goals appear to be achievable, it is unclear how the needs for these goals were determined and how they will be measured and accomplished.

The state has seven EMS regions and EMS Councils. Specific areas of the *Alaska EMS Goals* document recognize the importance of these regional and local assets. However, utilization of these resources for trauma system assessment and strategic planning has not been clearly demonstrated.

RECOMMENDATIONS

- **Develop a comprehensive trauma system strategic plan based on the Health Resources and Services Administration (HRSA) *Model Trauma System Planning and Evaluation* document.**
- Consider revising the *Alaska EMS Goals* document by reversing the community classification numbering system to be consistent with the American College of Surgeons Committee on Trauma (ACS-COT) trauma center verification levels (e.g., urban is 1 and isolated community is 5).
- Ensure that the comprehensive trauma system plan is integrated and made consistent with the 2003 *Alaska EMS Goals* document, the state health plan, the injury prevention plan, the rural health plan and disaster preparedness plans.

System Integration

Purpose and Rationale

Trauma system integration is essential for the daily care of injured people and includes such services as mental health, social services, child protective services, and public safety. The trauma system should use the public health approach to injury prevention to contribute to reducing the entire burden of injury in a state or region. This approach enables the trauma system to address primary, secondary, and tertiary injury prevention through closer integration with community health programs and mobilizing community partnerships. The partnerships also include mental health, social services, child protection, and public safety services. Collaboration with the public health community also provides access to health data that can be used for system assessment, development of public policy, and informing and educating the community.

Integration with EMS is essential because this system is linked with the emergency response and communication infrastructure and transports severely injured patients to trauma centers. Triage protocols should exist for treatment and patient delivery decisions. Regulations and procedures should exist for online and off-line medical direction. In the event of a disaster affecting local trauma centers, EMS would have a major role in evacuating patients from trauma centers to safety or to other facilities or to make beds available for patients in greater need.

The trauma system is a significant state and regional resource for the response to mass casualty incidents (MCIs). The trauma system and its trauma centers are essential for the rapid mobilization of resources during MCIs. Preplanning and integration of the trauma system with related systems (public health, EMS, and emergency preparedness) are critical for rapid mobilization when a disaster or MCI occurs. The extensive impact of disasters and MCIs on the functioning of trauma centers and the EMS and public health systems within the affected region or state must be considered, and joint planning for optimal use of all resources must occur to enable a coordinated response to an MCI. Trauma system leaders need to be actively involved in emergency management planning to ensure that trauma centers are integrated into the local, regional, and state disaster response plans.

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OPTIMAL ELEMENTS

I. The state lead agency has a comprehensive written trauma system plan based on national guidelines. The plan integrates the trauma system with EMS, public health, emergency preparedness, and incident management. The written trauma system plan is developed in collaboration with community partners and stakeholders. **(B-203)**

a. The trauma system plan has established clearly defined methods of integrating the trauma system plan with the EMS, emergency, and public health preparedness plans. **(I-203.7)**

II. The trauma, public health, and emergency preparedness systems are closely linked. **(B-208)**

CURRENT STATUS

The two groups involved with EMS and trauma are the ACEMS and the TSRC. Membership on the ACEMS is dictated in statute and consists of two physicians with experience in either emergency medicine or trauma, emergency nurses, prehospital providers, an EMS administrator, a hospital administrator, and consumers. Currently the only formal trauma involvement is the Chair of the ACS-COT who serves in a liaison capacity. TSRC membership includes a trauma registrar, epidemiologist, surgeon, emergency physician, hospital administrator, hospital trauma director, all Anchorage trauma nurse coordinators, two prehospital EMS personnel, a pediatrician, and six other miscellaneous members.

Little apparent integration occurs between other trauma stakeholders. Even with EMS representation on the TSRC and a trauma liaison on ACEMS, an EMS participant reported continuing issues regarding communications with the hospitals providing trauma care in Anchorage. Issues were said to involve diversion status and availability of specialty care providers, stemming from the differing level of commitment to trauma care by the facilities.

No integration was reported between the state trauma system and other related services, such as public safety or law enforcement agencies, mental health services, and social services. While psychiatric and social services consultations are available within the verified trauma care center and remaining two hospitals providing trauma care, there was no evidence of ongoing discussions regarding ways to improve interactions or for planning better system integration in the future.

Integration with the Office of Rural Health to support trauma education across the state was described. Integration with numerous other agencies was demonstrated by the transfer of funds for specific program support (see the Financing Section).

The membership of the future ATAC should include representation from fire, law enforcement, social services, injury prevention, mental health, and protective services, in addition to health professionals involved in trauma care. Having a consumer of trauma care or their family member would also bring the public perspective to issues. Legislative representatives would bring much needed insight into legal methods of change. Agencies that could also be included as formal or liaison members include the Office of Rural Health, the Alaska Native Healthcare System, and disaster preparedness agencies. The broader the representation working on the trauma system, the broader the attack base for resolution.

RECOMMENDATIONS

- **Ensure that the Injury Prevention and Emergency Medical Services (IPEMS) Section is engaged in planning with disaster preparedness, emergency management, and public health functions for integration of the trauma system.**

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Financing

Purpose and Rationale

Trauma systems need sufficient funding to plan, implement, and evaluate a statewide or regional system of care. All components of the trauma system need funding, including prehospital, acute care facilities, rehabilitation, and prevention programs. Lead agency trauma system management requires adequate funding for daily operations and other important activities such as advisory committee meetings, development of regulations, data collection, performance improvement, and public awareness and education. Adequate funding to support the operation of trauma centers and their state of readiness to care for seriously injured patients within the state or region is essential. The financial health of the trauma system is essential for ensuring its integrity and its improvement over time.

The trauma system lead agency needs a process for assessing its own financial health, as well as that of the trauma system. A trauma system budget should be prepared, and costs should be reported by each component, if possible. Routine collection of financial data from all participating health care facilities is encouraged to fully identify the costs and revenues of the trauma system, including costs and revenues pertaining to patient care, administrative, and trauma center operations. When possible, the lead agency financial planning should integrate with the budgets and costs of the EMS system and disaster, rehabilitation, and prevention programs to enable development of a comprehensive financial health report.

Trauma system financial planning should be related to the trauma plan outcome measures (for example, patient outcome measures such as mortality rates, length of stay, and quality-of-life indicators). Such information may demonstrate the value added by having a trauma system in place.

OPTIMAL ELEMENTS

I. Sufficient resources, including financial and infrastructure-related, support system planning, implementation, and maintenance. **(B-204)**

a. Financial resources exist that support the planning, implementation, and ongoing management of the administrative and clinical care components of the trauma system. **(I 204.2)**

b. Designated funding for trauma system infrastructure support (lead agency) is legislatively appropriated. **(I-204.3)**

c. Operational budgets (system administration and operations, facilities administration and operations, and EMS administration and operations) are aligned with the trauma system plan and priorities. **(I-204.4)**

II. The financial aspects of the trauma systems are integrated into the overall performance improvement system to ensure ongoing fine tuning and cost-effectiveness. **(B-309)**

a. Collection and reimbursement data are submitted by each agency or institution on at least an annual basis. Common definitions exist for collection and reimbursement data and are submitted by each agency. **(I-309.2)**

CURRENT STATUS

Although Alaska has no designated state funding for the development and maintenance of a statewide trauma system, the IPEMS Section has been creative in leveraging funding to support various aspects of the trauma system. The IPEMS Section receives significant funding from several sources (primarily federal grants and other state allocations) that is being used to support the state's efforts to maintain the trauma system. However, many of these funding sources will only provide short term assistance. The current funding sources include the following:

- Community Health Grants to support Community Health Aide Training and medical supervision of the community health aides throughout the state based on a formula defined in AS 18.28.010.
- Rural Health Flexibility Funding is used to provide trauma training to Critical Access Hospitals and emergency services.
- The state provides capital project funding to support the communication needs of emergency responders for the maintenance and replacement of communications equipment.
- HRSA's Emergency Medical Services for Children program funding pays a portion of the salary support for the individual filling the part-time trauma manager position.
- Centers for Disease Control (CDC) Disaster Preparedness funds were used to pay for the ACS-COT trauma system consultation visit.
- NIOSH provides funding for one FTE and two contractors to support the trauma registry.

- Federal Emergency Preparedness Grants are pass-through funds used to develop and implement fire and burn injury prevention strategies. Recipients include the Municipality of Anchorage, the Alaska Native Tribal Health Consortium, and the Alaska State Hospital and Nursing Home Association.
- The state also provides funding to local agencies from the Code Blue Project Funds to provide EMS equipment and ambulances for local communities. With the assistance of the Department of Agriculture (USDA), the Rasmusson Foundation, and the Denali Commission, approximately $14 million was received to provide new EMS equipment in 2008. A local match is required for the foundation funding and is key to the success of the project.
- The state also provides resources to regional EMS agencies to develop a comprehensive EMS system as outlined in the Alaska EMS Goals document.

Currently, the state does not employ either the State EMS Medical Director or a Trauma Medical Director. However, they contract with an MD, on a part-time basis to, serve as the State EMS Medical Director. State funding to support EMS and trauma system medical direction is critical to the development and maintenance of a statewide inclusive trauma system.

The state does not charge fees for the designation of trauma center site visits. However, charging a fee for trauma center certification/designation would likely go directly to the state general fund due to the state's constitutional requirement prohibiting dedicated funds for program support. In addition, given the fact that trauma center certification/designation is currently voluntary, charging fees may be an impediment to implementing the state's inclusive trauma system.

Levels I-III trauma centers are verified by the ACS after which the state certifies/designates them as trauma centers at these levels. Level IV certifications/designations are conducted by the IPEMS based on meeting the criteria of the ACS Committee on Trauma. No state funding is available to support trauma center readiness or uncompensated care.

The trauma registry includes a mechanism to collect financial data regarding trauma patients, and all the hospitals participate in the registry. The data are not submitted from all hospitals in a timely manner, and the information is not currently being used for financial planning or evaluation of the statewide system.

RECOMMENDATIONS

- **Provide state funding to hire a fulltime trauma system manager.**
- Provide state funding to ensure sufficient medical direction for the trauma and EMS programs.
- Determine a method of providing financial support for hospitals certified/designated by the state as trauma centers to assist with uncompensated care and the cost of readiness.
- Encourage the use of FLEX grant funding for the preparation of eligible facilities to become certified/designated as Level IV trauma centers.

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Trauma System Assurance

Prevention and Outreach

Purpose and Rationale

Trauma systems must develop prevention strategies that help control injury as part of an integrated, coordinated, and inclusive trauma system. The lead agency and providers throughout the system should be working with business organizations, community groups, and the public to enact prevention programs and prevention strategies that are based on epidemiologic data gleaned from the system.

Efforts at prevention must be targeted for the intended audience, well defined, and structured, so that the impact of prevention efforts is systemwide. The implementation of injury control and prevention requires the same priority as other aspects of the trauma system, including adequate staffing, partnering with the community, and taking advantage of outreach opportunities. Many systems focus information, education, and prevention efforts directly to the general public (for example, restraint use, driving while intoxicated). However, a portion of these efforts should be directed toward emergency medical services (EMS) and trauma care personnel safety (for example, securing the scene, infection control). Collaboration with public service agencies, such as the department of health is essential to successful prevention program implementation. Such partnerships can serve to synergize and increase the efficiency of individual efforts. Alliances with multiple agencies within the system, hospitals, and professional associations, working toward the formation of an injury control network, are beneficial.

Activities that are essential to the development and implementation of injury control and prevention programs include the following:

- A needs assessment focusing on the public information needed for media relations, public officials, general public, and third-party payers, thus ensuring a better understanding of injury control and prevention
- A needs assessment for the general medical community, including physicians, nurses, prehospital care providers, and others concerning trauma system and injury control information
- Preparation of annual reports on the status of injury prevention and trauma care in the system
- Trauma system databases that are available and usable for routine public health surveillance

OPTIMAL ELEMENTS

I. The lead agency informs and educates state, regional, and local constituencies and policy makers to foster collaboration and cooperation for system enhancement and injury control. **(B-207)**

a. The trauma system leaders (lead agency, advisory committees, and others) inform and educate constituencies and policy makers through community development activities, targeted media messaging, and active collaborations aimed at injury prevention and trauma system development. **(I-207.2)**

II. The jurisdictional lead agency, in cooperation with other agencies and organizations, uses analytic tools to monitor the performance of population based prevention and trauma care services. **(B-304)**

a. The lead agency, along with partner organizations, prepares annual reports on the status of injury prevention and trauma care in state, regional, or local areas. **(I-304.1)**

III. The lead agency ensures that the trauma system demonstrates prevention and medical outreach activities within its defined service area. **(B-306)**

a. The trauma system is active within its jurisdiction in the evaluation of community based activities and injury prevention and response programs. **(I-306.2)**

b. The effect or impact of outreach programs (medical and community training and support and prevention activities) is evaluated as part of a system performance improvement process. **(I-306.3)**

CURRENT STATUS

The state is to be commended for recognizing the significant problem and impact of injury on Alaskans. The IPEMS Section within DHSS is the primary focus area for injury epidemiology and injury prevention in the state. Numerous programs and sources of funding from other agencies and from grant funding (e.g., NIOSH, Maternal and Child Health, Department of Highway Safety, Medicaid, and CDC) support injury program efforts. Documents provided to the consultant team identified an injury program manager and 8 additional staff members in IPEMS.

The state has numerous groups with which it works successfully to implement injury prevention programs. The Alaska Native Tribal Health Consortium Injury Prevention Program works to develop and disseminate culturally appropriate injury prevention programs. Acute care facilities were reported to be implementing brief alcohol screening and intervention programs.
The Alaska Injury Prevention Center is an example of a coalition formed to promote injury prevention outreach by the Anchorage acute care facilities. This center has progressed beyond its original Anchorage outreach focus to become a nonprofit organization that can develop, implement, and evaluate injury program interventions across the entire state.

The state has been an acknowledged leader in the development of injury prevention programs, such as the Kids Don't Float program that has reduced drowning deaths among children. This program is now sustained through partnerships with the Coast Guard and SafeKids. The state often serves as a facilitator for injury program implementation through its many partnerships, such as Injury Prevention in a Bag with EMTs in small communities. Information about 16 injury mechanisms, their prevention strategies, and resources for injury prevention programs are available on the IPEMS website.

Several state agencies collaborate with IPEMS in conducting injury surveillance and in implementing injury prevention strategies, such as the Alaska Marine Safety and Education Association, Alaska Highway Safety Office, Alaska Division of Fire and Life Safety.

The EMS Goals document describes the importance of implementing injury prevention programs in all communities across the state. Injury prevention education is targeted to prehospital providers during the annual EMS conference, and continuing medical education units are provided. Prehospital providers have been engaged in implementing the Injury in a Bag program as well as other injury prevention programs.

The focus of the state and its extensive programming for primary injury prevention is exemplary. Injury prevention is an important component of the trauma system. An opportunity now exists to expand the primary injury prevention focus to the broader concept of injury control so that this emphasis can be integrated with the future state trauma system.

RECOMMENDATIONS

- Ensure representation of an injury prevention representative on the Alaska Trauma Advisory Council (ATAC).

- Incorporate the concept of "injury control" into the prevention activities to raise awareness of the need for a comprehensive and integrated trauma system.

Purpose and Rationale

The trauma system includes, and/or interacts with, many different agencies, institutions, and systems. The EMS system is one of the most important of these relationships. EMS is often the critical link between the injury-producing event and definitive care at a trauma center. Even though at its inception the EMS system was a very broad system concept, over time, EMS has come to be recognized as the prehospital care component of the larger emergency health care system. It is a complex system that not only transports patients, but also includes public access, communications, personnel, triage, data collection, and quality improvement activities.

The EMS system medical director must have statutory authority to develop protocols, oversee practice, and establish a means of ongoing quality assessment to ensure the optimal provision of prehospital care. If not the same individual, the EMS system medical director must work closely with the trauma system medical director to ensure that protocols and goals are mutually aligned. The EMS system medical director must also have ongoing interaction with EMS agency medical directors at local levels, as well as the state EMS for Children program, to ensure that there is understanding of and compliance with trauma triage and destination protocols.

Ideally, a system should have some means of ensuring whether resources meet the needs of the population. To achieve this end, a resource and needs assessment evaluating the availability and geographic distribution of EMS personnel and physical resources is important to ensure a rapid and appropriate response. This assessment includes a detailed description of the distribution of ground ambulance and air medical locations across the region. Resource allocations must be assessed on a periodic basis as needs dictate a redistribution of resources. In communities with full-time paid EMS agencies, ambulances should be positioned according to predictable geographic or temporal demands to optimize response efficiencies. Such positioning schemes require strong prehospital data collection systems that can track the location of occurrences over time. Periodic assessment of dispatch and transport times will also provide insight into whether resources are consistent with needs.

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Each region should have objective criteria dictating the level of response (advanced life support [ALS], basic life support [BLS]), the mode of transport, and the disposition of the patient based on the location of the incident and the severity of injury. A mechanism for case-based review of trauma patients that involves prehospital and hospital providers allows bidirectional information sharing and continuing education, ensuring that expectations are met at both ends. Ongoing review of triage and treatment decisions allows for continuing quality improvement of the triage and prehospital care protocols. A more detailed discussion of in-field (primary) triage criteria is provided in the section titled: System Coordination and Patient Flow.

Human Resources

Periodic workforce assessments of EMS should be conducted to ensure adequate numbers and distribution of personnel. EMS, not unlike other health care professions, experiences shortages and misdistribution of personnel. Some means of addressing recruitment, retention, and engagement of qualified personnel should be a priority. It is critical that trauma system leaders work to ensure that prehospital care providers at all levels attain and maintain competence in trauma care. Maintenance of competence should be ensured by requiring standards for credentialing and certification and specifying continuing educational requirements for all prehospital personnel involved in trauma care. The core curricula for First Responder, Emergency Medical Technician (EMT) Basic, EMT-Intermediate, EMT Paramedic, and other levels of prehospital personnel have an essential orientation to trauma care for all ages. However, trauma care knowledge and skills need to be continuously updated, refined, and expanded through targeted trauma care training such as Prehospital Trauma Life Support®, Basic Trauma Life Support®, and age-specific courses. Mechanisms for the periodic assessment of competence, educational needs, and education availability within the system should be incorporated into the trauma system plan.

Systems of excellence also encourage EMS providers to go beyond meeting state standards for agency licensure and to seek national accreditation. National accreditation standards exist for ground-based and air medical agencies, as well as for EMS educational programs. In some states, agency licensure requirements are waived or substantially simplified if the EMS agency maintains national accreditation.

EMS is the only component of the emergency health care and trauma system that depends on a large cadre of volunteers. In some states, substantially more than half of all EMS agencies are staffed by volunteers. These agencies typically serve rural areas and are essential to the provision of immediate care to trauma patients, in addition to provision of efficient transportation to the appropriate facility. In some smaller facilities, EMS personnel also become part of the emergency resuscitation team, augmenting hospital personnel. The trauma care system program should reach out to these volunteer agencies to help them achieve their vital role in the outcome of care of trauma patients. However, it

must be noted that there is a delicate balance between expecting quality performance in these agencies and placing unrealistic demands on their response capacity. In many cases, it is better to ensure that there is an optimal BLS response available at all times rather than a sporadic or less timely response involving ALS personnel. Support to volunteer EMS systems may be in the form of quality improvement activities, training, clinical opportunities, and support to the system medical director.

Owing to the multidisciplinary nature of trauma system response to injury, conferences that include all levels of providers (for example, prehospital personnel, nurses, and physicians) need to occur regularly with each level of personnel respected for its role in the care and outcome of trauma patients. Communication with and respect for prehospital providers is particularly important, especially in rural areas where exposure to major trauma patients might be relatively rare.

Integration of EMS Within the Trauma System

In addition to its critical role in the prehospital treatment and transportation of injured patients, EMS must also be engaged in assessment and integration functions that include the trauma system and also public health and other public safety agencies. EMS agencies should have a critical role in ensuring that communication systems are available and have sufficient redundancy so that trauma system stakeholders will be able to assess and act to limit death and disability at the single patient level and at the population level in the case of mass casualty incidents (MCIs). Enhanced 911 services and a central communication system for the EMS/trauma system to ensure field-to-facility bidirectional communications, interfacility dialogue, and all-hazards response communications among all system participants are important for integrating a system's response. Wireless communications capabilities, including automatic crash notification, hold great promise for quickly identifying trauma-producing events, thereby reducing delays in discovery and decreasing prehospital response intervals.

Further integration might be accomplished through the use of EMS data to help define high-risk geographic and demographic characteristics of injuries within a response area. EMS should assist with the identification of injury prevention program needs and in the delivery of prevention messages. EMS also serves a critical role in the development of all-hazards response plans and in the implementation of those plans during a crisis. This integration should be provided by the state and regional trauma plan and overseen by the lead agency. EMS should participate through its leadership in all aspects of trauma system design, evaluation, and operation, including policy development, public education, and strategic planning.

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OPTIMAL ELEMENTS

I. The trauma system is supported by an EMS system that includes communications, medical oversight, prehospital triage, and transportation; the trauma system, EMS system, and public health agency are well integrated. **(B-302)**

a. There is well-defined trauma system medical oversight integrating the specialty needs of the trauma system with the medical oversight for the overall EMS system. **(I-302.1)**

b. There is a clearly defined, cooperative, and ongoing relationship between the trauma specialty physician leaders (for example, trauma medical director within each trauma center) and the EMS system medical director. **(I-302.2)**

c. There is clear-cut legal authority and responsibility for the EMS system medical director, including the authority to adopt protocols, to implement a performance improvement system, to restrict the practice of prehospital care providers, and to generally ensure medical appropriateness of the EMS system. **(I-302.3)**

d. The trauma system medical director is actively involved with the development, implementation, and ongoing evaluation of system dispatch protocols to ensure they are congruent with the trauma system design. These protocols include, but are not limited to, which resources to dispatch, for example, ALS versus BLS, air ground coordination, early notification of the trauma care facility, pre-arrival instructions, and other procedures necessary to ensure that resources dispatched are consistent with the needs of injured patients. **(I-302.4)**

e. The retrospective medical oversight of the EMS system for trauma triage, communications, treatment, and transport is closely coordinated with the established performance improvement processes of the trauma system. **(I-302.5)**

f. There is a universal access number for citizens to access the EMS/trauma system, with dispatch of appropriate medical resources. There is a central communication system for the EMS/trauma system to ensure field- to-facility bidirectional communications, interfacility dialogue, and all-hazards response communications among all system participants. **(I-302.7)**

g. There are sufficient and well-coordinated transportation resources to ensure that EMS providers arrive at the scene promptly and expeditiously transport the patient to the correct hospital by the correct transportation mode. **(I-302.8)**

II. The lead trauma authority ensures a competent workforce. **(B-310)**

a. In cooperation with the prehospital certification and licensure authority, set guidelines for prehospital personnel for initial and ongoing trauma training, including trauma-specific courses and courses that are readily available throughout the state. **(I-310.1)**

b. In cooperation with the prehospital certification and licensure authority, ensure that prehospital personnel who routinely provide care to trauma patients have a current trauma training certificate, for example, Prehospital Trauma Life Support or Basic Trauma Life Support and others, or that trauma training needs are driven by the performance improvement process. **(I-310.2)**

c. Conduct at least 1 multidisciplinary trauma conference annually that encourages system and team approaches to trauma care. **(I-310.9)**

III. The lead agency acts to protect the public welfare by enforcing various laws, rules, and regulations as they pertain to the trauma system. **(B-311)**

a. Incentives are provided to individual agencies and institutions to seek state or nationally recognized accreditation in areas that will contribute to overall improvement across the trauma system, for example, Commission on Accreditation of Ambulance Services for prehospital agencies, Council on Allied Health Education Accreditation for training programs, and American College of Surgeons (ACS) verification for trauma facilities. **(I-311.6)**

CURRENT STATUS

The lead agency for Alaska EMS is the IPEMS Section under the authority of the DHSS. The EMS system is comprised of seven EMS regions that span a huge geographic area with extreme terrain and weather variations. These regions receive varying degrees of funding from the state. The state has approximately 3,300 Emergency Medical Technicians (EMTs), 175 Mobile Intensive Care Paramedics (MICPs) and unknown numbers of first responders.

When injured or ill patients require treatment not available locally, they may be transported by ground (ambulance, privately owned vehicle, snow machine, dog sled), by water (U.S. Coast Guard, fishing boat) or air (rotor or fixed wing, medical private or commercial). EMS ground services in Alaska include five BLS, 39 ALS with occasional BLS, and 33 ALS services. Air medical services include eight Medevac and 10 Critical Care Air Ambulance services with one service also certified as a Perinatal Specialty Air Medical Transport Service. Each of the regional hub cities has at least one air medical service. There are approximately

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180 certified and uncertified first responder services across the state, however not all communities are covered.

EMT levels are as follows:

- EMT I (EMT Basic, 1994 U.S. Department of Transportation (DOT) National Standard Curriculum (NSC) with medication module but not manual defibrillation or advanced airway module);

- EMT II (EMT I plus 50 additional hours of training; exceeds EMT Intermediate 85, can administer intravenous fluids (5% dextrose in water, crystalloid volume-replacement solutions) and selected medications (50% dextrose in water and naloxone hydrochloride);

- EMT III (EMT I plus EMT II plus 50 hours of additional training; can administer EMT II medications plus lidocaine, atropine, morphine, and epinephrine 1:1000/1:10,000; apply electrodes, monitor cardiac activity and provide countershock for ventricular fibrillation and pulseless ventricular tachycardia).

- Defibrillator Technician training is available for EMT I and II levels that allows them to perform manual defibrillation.

EMT levels II and III function under direct or indirect supervision of a physician, and if they do not have a medical director they must function at the EMT I level. EMT I, II and III personnel are certified by the IPEMS Section. The local medical director may expand the scope of an EMT I, II or III after approval by the IPEMS Section and submission of a training and evaluation plan. The local medical director is responsible for the expanded care provided.

The Mobile Intensive Care Paramedic (MICP) is licensed by the Alaska State Medical Board which requires completion of training that follows the U.S. DOT NSC for paramedics, successful completion of the National Registry paramedic examination, and obtaining a physician sponsor approved by the Alaska State Medical Board.

First Responders are not certified by the state, including the Alaska Emergency Trauma Technician (ETT). The ETT is trained via a 44 hour course developed by the Public Safety Academy to cover emergency trauma care, medical communication, and Medevac preparations.

Most isolated communities have Community Health Aids (CHA) who are trained and function as the primary care provider either under the distant supervision of a physician or the direct supervision of a nurse practitioner or physician assistant located in the community. CHA's are First Responder or ETT trained with many at the EMT I level or higher. Due to the limited access to roads and a transportation system that depends on air or water and good weather, the injured

patient may be in the care of the CHA for up to 72 hours. It is essential that these communities have optimal communications capabilities for access to physicians and regional medical facilities. Due to the high turnover rate of the CHAs, the state will need to continue to make training programs available so this level of care can continue to be provided in these isolated communities.

The state contracts with an emergency physician on an as needed basis to perform selected duties of the state EMS medical director, and a federally-funded Alaska Native Health Service Medical Director oversees the Indian Health Service/Public Health Service medical directors. Regional and local physician medical directors are largely volunteers. A regional or local medical director for state certified EMT II or III personnel, training programs or courses (EMT II, EMT III or manual defibrillator technician training) or for a service (basic life support (BLS), advanced life support (ALS) or air medical) must be an Alaska licensed physician or a physician working in the regular medical service of the U.S. Armed Services or the U.S. Public Health Service. The medical director must participate in an orientation provided by the IPEMS Section within one year after accepting the responsibility of medical direction. Medical directors of an ALS ground service or air medical service have additional requirements.

Medical director responsibilities for the certified EMT include the following:

- supervise the medical care,
- establish and annually review treatment protocols,
- approve advanced life support standing orders for each state-certified EMT,
- provide quarterly critiques of patient care,
- schedule quarterly on-site supervision, and
- approve a program of continuing medical education for each state-certified EMT supervised.

The licensed MICP functions under a physician sponsor as noted above. While the responsibilities of the medical director of an MICP service are defined, the responsibility of the physician sponsor for the individual MICP is not. The IPEMS Section suggests that the MICP physician sponsor should follow the guidelines outlined for medical directors of certified EMTs. Local and regional EMS medical directors are provided liability coverage for their EMS duties, but their time is not compensated by the state.

Resources for regional and local EMS medical directors include an Alaska Medical Director's Handbook, a physician track during the annual State EMS Symposium, and an EMS Medical Directors' meeting during the symposium, both facilitated by the state EMS medical director.

Online medical direction for EMS providers in rural and remote locations is provided by the hospital or clinic in that region via phone (some locations have limited telemedicine capability). Often the communications system is solely dependent on satellite access. The regional facility will decide on patient disposition and help arrange transport to the most appropriate health care facility. Patient transport may involve multiple transfers requiring various modes of travel.

Alaska's 27 largest communities have Enhanced 911 services. Wireless E-911 is available in Anchorage and Juneau with limited availability in Fairbanks and Kenai. The service is Phase II compliant (Phase II rules require wireless carriers to begin providing more precise Automatic Location Identification). Alaska has uniform minimum standards for training and certification of Emergency Medical Dispatchers.

RECOMMENDATIONS

- **Develop a central coordination center for statewide air medical resources that will maintain an updated registry of all medical aircraft to include medical services and flight characteristics (i.e. load capacity, instrument rating, landing requirements, etc); and to monitor the availability and location of air resources.**
- Continue to support the Emergency Trauma Technician training and maximize course availability.
- Develop a program of prehospital continuing education for trauma that includes special populations such as geriatrics and pediatrics.
- Develop a medical director's listserv as a method to disseminate information in a timely manner and encourage interaction among medical directors.
- Continue to develop a National EMS Information System (NEMSIS) - compliant electronic EMS database to support evaluation of the EMS system and as a quality improvement tool for patient care.

Definitive Care Facilities

Purpose and Rationale

Inclusive trauma systems are the systems that include all acute health care facilities, to the extent that their resources and capabilities allow and in which the patient's needs are matched to hospital resources and capabilities. Thus, as the core of a regional trauma system, acute care facilities operating within an inclusive trauma system provide definitive care to the entire spectrum of patients with traumatic injuries. Acute care facilities must be well integrated into the continuum of care, including prevention and rehabilitation, and operate as part of a network of trauma-receiving hospitals within the public health framework. All acute care facilities should participate in the essential activities of a trauma system, including performance improvement, data submission to state or regional registries, representation on regional trauma advisory committees, and mutual operational agreements with other regional hospitals to address interfacility transfer, educational support, and outreach. The roles of all definitive care facilities, including specialty hospitals (for example, pediatric, burn, severe traumatic brain injury [TBI], spinal cord injury [SCI]) within the system should be clearly outlined in the regional trauma plan and monitored by the lead agency. Facilities providing the highest level of trauma care are expected to provide leadership in education, outreach, patient care, and research and to participate in the design, development, evaluation, and operation of the regional trauma system.

In an inclusive system, patients should be triaged to the appropriate facility based on their needs and facility resources. Patients with the least severe injuries might be cared for at appropriately designated facilities within their community, whereas the most severe should be triaged to a level I or II trauma center. In rural and frontier systems, smaller facilities must be ready to resuscitate and initiate treatment of the major injuries and have a system in place that will allow for the fastest, safest transfer to a higher level of care.

Trauma receiving facilities providing definitive care to patients with other than minor injuries must be specifically designated by the state or regional lead agency and equipped and qualified to do so at a level commensurate with injury severity. To assess and ensure that injury type and severity are matched to the qualifications of the facilities and personnel providing definitive care, the lead agency should have a process in place that reviews and verifies the qualifications of a particular facility according to a specific set of resource and quality standards. This criteria-based process for review and verification should be consistent with national standards and be conducted on a periodic cycle as determined by the lead agency. When centers do not meet set standards, there should be a process for suspension, probation, revocation, or dedesignation.

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Designation by the lead agency should be restricted to facilities meeting criteria or statewide resource and quality standards and based on patient care needs of the regional trauma system. There should be a well-defined regulatory relationship between the lead agency and designated trauma facilities in the form of a contract, guidelines, or memorandum of understanding. This legally binding document should define the relationships, roles, and responsibilities between the lead agency and the medical leadership from each designated trauma facility. The number of trauma centers by level of designation and location of acute care facilities must be periodically assessed by the lead agency with respect to patient care needs and timely access to definitive trauma care. There should be a process in place for augmenting and restricting, if necessary, the number and/or level of acute care facilities based on these periodic assessments. The trauma system plan should address means for improving acute care facility participation in the trauma system, particularly in systems in which there has been difficulty addressing needs.

Human Resources

The ability to deliver high-quality trauma care is highly dependent on the availability of skilled human resources. Therefore, it is critical to assess the availability and educational needs of providers on a periodic basis. Because availability, particularly of subspecialty resources, is often limited, some means of addressing recruitment, retention, and engagement of qualified personnel should be a priority. At this time, there are no fellowship trained trauma surgeons in Alaska. Periodic workforce assessments should be conducted. Maintenance of competence should be ensured by requiring standards for credentialing and certification and specifying continuing educational requirements for physicians and nurses providing care to trauma patients. Mechanisms for the periodic assessment of ancillary and subspecialty competence, educational needs, and availability within the system for all designated facilities should be incorporated into the trauma system plan. The lead trauma centers in rural areas will need to consider teleconferencing and telemedicine to assist smaller facilities in providing education on regionally identified needs. In addition, lead trauma centers within the region should assist in meeting educational needs while fostering a team approach to care through annual educational multidisciplinary trauma conferences. These activities will do much to foster a sense of teamwork and a functionally inclusive system.

Integration of Designated Trauma Facilities Within the Trauma System

Designated trauma facilities must be well integrated into all other facets of an organized system of trauma care, including public health systems and injury surveillance, prevention, EMS and prehospital care, disaster preparedness, rehabilitation, and system performance improvement. This integration should be provided by the state and/or regional trauma plan and overseen by the lead agency.

Each designated acute care facility should participate, through its trauma program leadership, in all aspects of trauma system design, evaluation, and operation. This participation should include policy and legislative development, legislative and public education, and strategic planning. In addition, the trauma program and subspecialty leaders should provide direction and oversight to the development, implementation, and monitoring of integrated protocols for patient care used throughout the system (for example, TBI guidelines used by prehospital providers and nondesignated transferring centers), including region specific primary (field) and secondary (early transfer) triage protocols. The highest level trauma facilities should provide leadership of the regional trauma committees through their trauma program medical leadership. These medical leaders, through their activities on these committees, can assist the lead agency and help ensure that deficiencies in the quality of care within the system, relative to national standards, are recognized and corrected. Educational outreach by these higher level centers should be used when appropriate to help achieve this goal.

OPTIMAL ELEMENTS

I. Acute care facilities are integrated into a resource efficient, inclusive network that meets required standards and that provides optimal care for all injured patients. **(B-303)**

a. The trauma system plan has clearly defined the roles and responsibilities of all acute care facilities treating trauma and of facilities that provide care to specialty populations (for example, burn, pediatric, SCI, and others). **(I-303.1)**

II. To maintain its state, regional, or local designation, each hospital will continually work to improve the trauma care as measured by patient outcomes. **(B-307)**

a. The trauma system engages in regular evaluation of all licensed acute care facilities that provide trauma care to trauma patients and of designated trauma hospitals. Such evaluation involves independent external reviews. **(I-307.1)**

III. The lead trauma authority ensures a competent workforce. **(B-310)**

a. As part of the established standards, set appropriate levels of trauma training for nursing personnel who routinely care for trauma patients in acute care facilities. **(I-310.3)**

b. Ensure that appropriate, approved trauma training courses are provided for nursing personnel on a regular basis. **(I-310.4)**

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c. In cooperation with the nursing licensure authority, ensure that all nursing personnel who routinely provide care to trauma patients have a trauma training certificate (for example, Advanced Trauma Care for Nurses, Trauma Nursing Core Course, or any national or state trauma nurse verification course). As an alternative after initial trauma course completion, training can be driven by the performance improvement process. **(I-310.5)**

d. In cooperation with the physician licensure authority, ensure that physicians who routinely provide care to trauma patients have a current trauma training certificate of completion, for example, Advanced Trauma Life Support® (ATLS®) and others. As an alternative, physicians may maintain trauma competence through continuing medical education programs after initial ATLS completion. **(I-310.8)**

e. Conduct at least 1 multidisciplinary trauma conference annually that encourages system and team approaches to trauma care. **(I-310.9)**

f. As new protocols and treatment approaches are instituted within the system, structured mechanisms are in place to inform all personnel about the changes in a timely manner. **(I-310-10)**

CURRENT STATUS

Facilities

Alaska has an inclusive, voluntary trauma system. There are 24 hospitals, two of which are military facilities. Five hospitals are certified/designated trauma centers:

- Level II trauma center: Alaska Native Medical Center
- Level IV trauma centers : Norton Sound Regional Hospital
  Yukon Kuskokwim Delta Regional Hospital
  Mt. Edgecumbe Hospital
  Sitka Community Hospital

Harborview Medical Center in Seattle, WA is the Level I trauma center that supports Southeast Alaska, and often patients from other areas of the state.

The hospitals caring for the largest volume of trauma patients are concentrated in Anchorage:

- Alaska Native Medical Center (certified/designated Level II)
- Providence Alaska Medical Center (not designated), private not-for-profit
- Alaska Regional Hospital (not designated), for-profit

The only other community with more than one hospital is Sitka (Sitka Community Hospital and Mt. Edgecumbe Hospital, both level IV trauma centers).

Large portions of the state are in remote, austere areas with low population, no roads and minimal health care availability. These areas are essentially isolated in periods of bad weather and must rely on local resources for emergency care for extended periods of time.

For purposes of health care delivery, the two distinct populations in Alaska (not including the military), are Native Alaskans and all other Alaskans. Native Alaskans generally receive care via the Alaska Tribal Health System/Alaska Native Tribal Health Consortium, an integrated network of facilities and providers that deliver care to defined beneficiaries. At the local level, community clinics staffed by Community Health Aides or mid-level providers are sources of healthcare in small communities. These clinics are part of an established referral relationship that includes mid-level providers, physicians, regional hospitals, and the Alaska Native Medical Center (Level II trauma center), providing the entire spectrum of acute trauma care. The community clinics and Community Health Aides/mid-level providers assume a significant role for the stabilization and early management of trauma patients prior to transport, and when patients cannot be transported out to larger facilities because of weather or other conditions.

Perception of incentives for hospitals to become certified/designated as trauma centers vary. The Alaska Tribal Health System/ Alaska Native Tribal Health Consortium has recognized the burden of injury on Native Alaskans, leading to the support of trauma center certification/designation of the Alaska Native Medical Center and some level IV facilities. Despite the financial costs associated with verification and certification, participants reported collateral benefits of trauma center certification/designation, including contributing to an overall elevation of the quality of care at that institution and providing service to their community. Although the private non-profit hospitals that serve Alaskans recognize that trauma care is an important contribution to the community, these facilities are reluctant to pursue certification/designation without the support of their medical staffs.

Human Resources

Human resources are limited, and significant problems exist for recruitment and retention of physicians and nurses. The shortages of physicians and nurses will likely worsen in the coming years (Alaska Physician Supply Task Force report, 2006). Since Alaska has no medical school, the option of "growing our own" which has been somewhat successful for other states, will not work without strong collaboration with the University of Washington's WWAMI program, partnership between the University of Washington School of Medicine and the states of Wyoming, Alaska, Montana, and Idaho. For example, there are currently no trauma fellowship trained general surgeons in the state, in any facility. There are surgeons who do trauma surgery. Alaska Native Medical

Center has 3 surgery residents rotating from Phoenix. Providence Alaska Medical Center has family practice residents on rotation.

Several surgical specialties are in jeopardy including pediatric surgery and vascular surgery. One of 2 pediatric surgeons in the state has recently retired, prompting the remaining pediatric surgeon to make tentative plans to leave Alaska. The situation for neurosurgery and orthopedics appears more stable with sufficient numbers in Anchorage to support current volumes. Patients requiring re-implantation and many requiring burns are transported to centers outside Alaska. Among general surgeons taking emergency department call in non-designated hospitals with significant trauma volumes, participants expressed concern regarding the burden of trauma call and identified emerging requests for financial support for taking trauma call.

Among nurses, high turnover rates and staffing with travelers are commonplace challenges. Given the national outlook for nursing shortages, this will likely worsen with time. Critical care nurse staffing levels are especially low and contribute to bypass decisions.

Integration of Designated Trauma Facilities Within the Trauma System

Diversion or inability to accept trauma patients reportedly occurs regularly and appears most often due to emergency department capacity issues, ICU bed availability, or the lack of staffed beds secondary to nursing shortages. On occasion, all 3 emergency departments in Anchorage have closed for trauma at the same time, which prompts the automatic re-opening of all the facilities and trauma patient transports in rotation. No state data are available to describe the frequency of such closings. The impact on EMS has been significant by their report, and this is compounded by challenges in communication about the rotation schedule.

Nondesignated hospitals provide the majority of trauma care in Alaska. Significant concerns were expressed by Fire and EMS crews regarding challenges they have faced when delivering patients to high-volume, nondesignated hospitals in Anchorage. Among these concerns expressed were that the nondesignated hospitals do not have the "system" in place to bring in the personnel resources needed for optimal care in a timely and efficient manner.

RECOMMENDATIONS

- **Establish, as soon as practical, a second Level II Trauma Center in Anchorage in accordance with American College of Surgeons Committee on Trauma (ACS-COT) verification criteria to meet the existing volume and acuity demands.**

- **Require participation of all acute care hospitals in the trauma system within a 2 year time frame with trauma center designation appropriate to their capabilities.**
- **Study pediatric trauma care needs with the goal of establishing one or more centers of excellence in pediatric trauma care.**
- Develop a memorandum of understanding between certified/designated hospitals and the state lead agency describing mutual roles and responsibilities.
- Support designated trauma center and affiliated physician readiness/standby costs and uncompensated trauma care costs through an identified state funding mechanism.
- Establish a mechanism to routinely track data on emergency department closures or bypass, and develop notification plans that include EMS and hospital stakeholders.
- Pursue a focused, well-funded strategy to recruit trauma surgeons and trauma prepared nurses to the state.
- Increase the number of physician resident positions at Alaska hospitals to encourage potential candidates to relocate to the state.

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System Coordination and Patient Flow

Purpose and Rationale

To achieve the best possible outcomes, the system must be designed so that the right patient is transported to the right facility at the right time. Although on the surface this objective seems relatively straightforward, patients, geography, and transportation systems often conspire to present significant challenges. The most critically injured trauma patient is often easy to identify at the scene by virtue of the presence of coma or hypotension. However, in some circumstances, the patients requiring the resources of a Level I or II center may not be immediately apparent to prehospital providers. Primary or field triage criteria aid providers in identifying which patients have the greatest likelihood of adverse outcomes and might benefit from the resources of a designated trauma center. Even if the need is identified, regional geography or limited air medical (or land) transport services might not allow for direct transport to an appropriate facility.

Primary triage of a patient from the field to a center capable of providing definitive care is the goal of the trauma system. However, there are circumstances (for example, airway management, rural environments, inclement weather) when triaging a patient to a closer facility for stabilization and transfer is the best option for accessing definitive care. Patients sustaining severe injuries in rural environments might need immediate assessment and stabilization before a long-distance transport to a trauma center. In addition, evaluation of the patient might bring to light severe injuries for which needed care exceeds the resources of the initial receiving facility. Some patients might have specific needs that can be addressed at relatively few centers within a region (for example, pediatric trauma, burns, severe TBI, SCI, and reimplantation). Finally, temporary resource limitations might necessitate the transfer of patients between acute care facilities.

Secondary triage at the initial receiving facility has several advantages in systems with a large rural or suburban component. The ability to assess patients at non-designated or level III to V centers provides an opportunity to limit the transfer of only the most severely injured patients to level I or II facilities, thus preserving a limited resource for patients most in need. It also provides patients with lesser injuries the possibility of being cared for within their community.

The decision to transfer a trauma patient should be based on objective, prospectively agreed-on criteria. Established transfer criteria and transfer agreements will minimize discussions about individual patient transfers, expedite the process, and ensure optimal patient care. Delays in transfer might increase mortality, complications, and length of stay. A system with an excess of transferred patients might tax the resources of the regional trauma facility. Conversely, inappropriate retention of patients at centers without adequate

facilities or expertise might increase the risk of adverse outcomes. Given the importance of timely, appropriate interfacility transfers, the time to transfer, as well as the rates of primary and secondary overtriage and undertriage, should be evaluated on a regular basis, and corrective actions should be instituted when problems are identified. Data derived from tracking and monitoring the timeliness of access to a level of trauma care commensurate with injury type and severity should be used to help define optimal system configuration.

A central communications center with real-time access to information on system resources greatly facilitates the transfer process. Ideally, this center identifies a receiving facility, facilitates dialogue between the transferring and receiving centers, and coordinates interfacility transport.

To ensure that the system operates at the greatest efficiency, it is important that patients are repatriated back to community hospitals once the acute phase of trauma care is complete. The process of repatriation opens up the limited resources available to care for severely injured patients. In addition, it provides an opportunity to bring patients back into their local environment where their social network might help reintegrate patients into their community.

OPTIMAL ELEMENTS

I. The trauma system is supported by an EMS system that includes communications, medical oversight, prehospital triage, and transportation; the trauma system, EMS system, and public health agency are well integrated. **(B-302)**

a. There are mandatory systemwide prehospital triage criteria to ensure that trauma patients are transported to an appropriate facility based on their injuries. These triage criteria are regularly evaluated and updated to ensure acceptable and system-defined rates of sensitivity and specificity for appropriately identifying a major trauma patient. **(I-302.6)**

b. There is a universal access number for citizens to access the EMS/trauma system, with dispatch of appropriate medical resources. There is a central communications system for the EMS/trauma system to ensure field-to-facility bidirectional communications, interfacility dialogue, and all-hazards response communications among all system participants. **(I-302.7)**

c. There is a procedure for communications among medical facilities when arranging for interfacility transfers, including contingencies for radio or telephone system failure. **(I-302.9)**

II. Acute care facilities are integrated into a resource-efficient, inclusive network that meets required standards and that provides optimal care for all injured patients. **(B-303)**

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a. When injured patients arrive at a medical facility that cannot provide the appropriate level of definitive care, there is an organized and regularly monitored system to ensure that the patients are expeditiously transferred to the appropriate system-defined trauma facility. **(I-303.4)**

CURRENT STATUS

In Alaska, prehospital trauma care and patient triage is highly variable and dependent on location of injury, regional resources and local protocols. As stated in the PRQ:

> *"There are no statewide protocols for prehospital triage. The Trauma Triage, Transport & Transfer Guidelines developed by the Trauma System Planning and Development Task Force in 1993 and revised in 2002, offers guidelines to assist local EMS agencies and hospitals in developing local protocols. The protocols themselves are developed locally and approved by their medical director."*

Trauma care delivery (as most health care in Alaska) is closely tied to geographic location which dictates resources, communication, and transportation. At least three distinct areas are identified based on models of trauma care delivery:

- *Bush area:* these remote areas are geographically isolated and have unique challenges including weather, no roads, and basic health care capabilities with few hospitals.

- *Anchorage area:* this urban environment is the major population center of the state and has several acute care hospitals, advanced infrastructure, and system redundancy in several segments. It is the primary health care referral area for the state for all Alaskans.

- *Southeast:* this area has intermediate capabilities compared to the 2 areas listed above and has a special relationship with Harborview Medical Center (Level I trauma center) in Seattle.

In addition to the geographic differentiation mentioned above, Alaska health care delivery can also be viewed in the context of populations (excluding the military):

- Native Alaskans: health care delivery to this population occurs across all geographic regions and is organized and administered by Alaska Tribal Health System/ Alaska Native Tribal Health Consortium, an integrated network of facilities and providers that deliver care to Native Alaskans as defined beneficiaries.

- Alaskans: health care delivery to this population occurs along more typical lines and involves a variety of hospitals and providers in varying density dependent on location and funding source.

Care to Native Alaskans and other Alaskans in the bush is overlapping, as many Alaskans receive primary and emergency care in Alaska Native clinics and hospitals when they are the only resources available. To a degree, some overlapping of trauma care for Native Alaskans and other Alaskans occurs within the Anchorage hospitals when by-pass or diversion causes a trauma patient to be directed to Alaska Native Medical Center or one of the non-certified/designated hospitals.

Many remote areas of the state are faced with unique challenges in the provision of trauma care. Providers and facilities have demonstrated creativity and resourcefulness in their attempt to overcome the problems of distance, limited resources, and communication challenges. This innovation and flexibility is to be commended, and it has been valuable and necessary.

In the more urban regions, such as Anchorage, the transition to more organized, efficient and coordinated systems of patient flow has not been complete. This has been reflected in frustrations expressed by local EMS services, referring physicians from outlying facilities, and members of the local physician provider community. Physicians described the problem of making multiple calls for transfer of a patient to an Anchorage hospital. In some cases Anchorage is by-passed and the patient is sent to Seattle. While there are two pediatric intensive care units in Anchorage hospitals, beds are sometimes unavailable, and children are sometimes sent to Seattle as well.

The situation is further complicated by the co-existence in the Anchorage area of a higher level of organized trauma care at the Alaska Native Medical Center (including a pediatric ICU), while the private not-for-profit hospitals (Providence Alaska Medical Center and Alaska Regional Hospital) maintain non-certified/designated trauma care facilities. All three hospitals serve as regional referral facilities for large areas of the state with Providence Alaska Medical Center receiving the largest volume of patients, including pediatrics. Local EMS as well as referring facilities throughout the state are faced with at least two differing sets of referral guidelines and triage criteria (for Native Alaskans and other Alaskans), as well as varying abilities to provide care to special populations (including burns, pediatrics, and vascular surgery).

In addition to the lack of statewide triage protocols, the flow of patients within the major treating facilities varies greatly. Available trauma registry data from 2006 show that at the designated Level II hospital, Alaska Native Medical Center, the majority of patients are admitted to surgical services. In contrast, at hospitals serving Alaskans, such as Providence Alaska Medical Center, which has the largest trauma patient volume, substantial numbers of patients are admitted to

non-surgical services. With the increase in hospital-based medical specialists (e.g., hospitalists), these trends are likely to have become pronounced. The care of trauma patients on non-surgical services without an organized trauma service is inconsistent with national guidelines, and it likely contributes to inferior outcomes such as longer ICU and hospital stays, higher complication and mortality rates, lower patient and provider satisfaction scores, and increased costs.

Significant divergence of opinion is apparent among providers at the private nonprofit hospitals in Anchorage regarding the need for, and value of, trauma center certification/designation and an organized trauma system. Emergency physicians expressed the opinion that they are able to deliver all aspects of initial care and obtain prompt surgical support, as well as the opinion that there were significant deficiencies in the availability and involvement of surgical specialists. As noted above, EMS services and referring physicians at outlying facilities participating in the TSC supported the latter perspective. Surgeons also expressed divided opinions regarding trauma center designation – surgeons at designated trauma centers are supportive while those at the non-designated facilities expressed serious concerns. Participants indicated that the provision of financial support for on-call responsibilities would facilitate the participation of private surgeons in meeting the certification/designation standards. The support of these groups of physicians would likely facilitate improvements in system coordination and patient flow.

It is recognized that Harborview Medical Center in Seattle provides important referral care for Alaska, especially for special populations (e.g., pediatrics, burns, reimplantation, and rehabilitation). Patient flow to Harborview appears to be relatively straightforward thanks to significant efforts by the receiving facility to treat Alaska patients preferentially and by the placement of fixed-wing aircraft in Southeast Alaska.

Within the state there are 79 ground ambulance units, 19 primarily fixed-wing air services, as well as civilian, Coast Guard, and military helicopters. Many of these units function under very difficult circumstances and succeed because of experience and innovation. No central coordinating agency or mechanism to manage these resources exists, and no easily accessible resource describing runways and equipment that can be used in each location is available.

Repatriation rarely occurs in this system, particularly for patients treated in Seattle.

RECOMMENDATIONS

- **Implement standardized prehospital triage and trauma activation protocols customized to the three response areas (Anchorage, Southeast, and the bush).**

- Preserve the flexibility and encourage the innovation for trauma care that exists in the remote regions of the state.
- Develop an online resource describing available patient transport resources across the state.
- Encourage the adoption of standardized, evidence-based, in-hospital trauma team activation protocols.
- Develop inter-facility transfer criteria to ensure that patients with specialized needs are sent to facilities with matching resources.
- Maintain the existing effective relationship with Harborview Medical Center and develop strategies to improve Medicaid funding for transfers.

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Rehabilitation

Purpose and Rationale

As an integral component of the trauma system, rehabilitation services in acute care and rehabilitation centers provide coordinated care for trauma patients who have sustained severe or catastrophic injuries, resulting in long-standing or permanent impairments. Patients with less severe injuries may also benefit from rehabilitative programs that enhance recovery and speed return to function and productivity. The goal of rehabilitative interventions is to allow the patient to return to the highest level of function, reducing disability and avoiding handicap whenever possible. The rehabilitation process should begin in the acute care facility as soon as possible, ideally within the first 24 hours. Inpatient and outpatient rehabilitation services should be available. Rehabilitation centers should have CARF (Commission of Accreditation of Rehabilitation Facilities) accreditation for comprehensive inpatient rehabilitation programs, and accreditation of specialty centers (SCI and TBI) should be strongly encouraged.

The trauma system should conduct a rehabilitation needs assessment (including specialized programs in SCI, TBI, and for children) to identify the number of beds needed and available for rehabilitation in the geographic region. Rehabilitation specialists should be integrated into the multidisciplinary advisory committee to ensure that rehabilitation issues are integrated into the trauma system plan. The trauma system should demonstrate strong linkages and transfer agreements between designated trauma centers and rehabilitation facilities located in its geographic region (in or out of state). Plans for repatriation of patients, especially when rehabilitation centers across state lines are used, should be part of rehabilitation system planning. Feedback on functional outcomes after rehabilitation should be made available to the trauma centers.

OPTIMAL ELEMENTS

I. The lead agency ensures that adequate rehabilitation facilities have been integrated into the trauma system and that these resources are made available to all populations requiring them. **(B-308)**

a. The lead agency has incorporated, within the trauma system plan and the trauma center standards, requirements for rehabilitation services, including interfacility transfer of trauma patients to rehabilitation centers. **(I-308.1)**

b. Rehabilitation centers and outpatient rehabilitation services provide data on trauma patients to the central trauma system registry that include final disposition, functional outcome, and rehabilitation costs and also participate in performance improvement processes. **(I-308.2)**

II. A resource assessment for the trauma system has been completed and is regularly updated. **(B-103)**

a. The trauma system has completed a comprehensive system status inventory that identifies the availability and distribution of current capabilities and resources. **(I-103.1)**

CURRENT STATUS

While rehabilitation resources are available in Alaska, they are relatively limited in scope and capacity. The 20 inpatient rehabilitation beds in Alaska are all in the Anchorage (10 at Alaska Regional Hospital and 10 at Providence Alaska Medical Center). No pediatric rehabilitation beds for children under age 14 years exist in the state. Limited individual outpatient rehabilitation programs exist to support defined patient groups (e.g., traumatic brain injury [TBI]) at hospitals and in the community.

Patients with traumatic brain injury (adult and children 14 years and older) commonly utilize these rehabilitation beds in Anchorage, while most patients with spinal cord injury (SCI) are sent to spinal cord rehabilitation facilities in the lower 48 states. It was reported that patients wait approximately two days for an inpatient rehabilitation bed for TBI, and about 20 days for SCI; however this varies by patient status and availability of a funding source.

Harborview Medical Center in Seattle, WA provides significant support for rehabilitation services to injured patients from Alaska, including pediatric patients. This relationship is longstanding and well-developed, especially with acute care facilities in the Southeastern Alaska. Because Alaska Medicaid reimbursement rates are reportedly lower than Washington Medicaid rates, much of the care provided to patients with Alaska Medicaid transferred to Seattle is uncompensated or undercompensated.

Repatriation of patients transferred to rehabilitation centers is difficult and complicated by many variables (e.g., the cost of travel home, finding a physician to assume care responsibility). It was reported that patients transported out-of-state for rehabilitation frequently do not return to Alaska and that patients who are brought to Anchorage for rehabilitation services are likely to remain in the area.

No state data are available to evaluate the status of rehabilitation in Alaska. No needs assessment has been conducted to identify the rehabilitation needs of trauma patients in the state. Few data describe utilization, ultimate outcomes and dispositions of trauma patients requiring rehabilitation services. It is not clear that efforts are being made to include rehabilitation data and patient outcomes in the state trauma registry.

No rehabilitation specialist (physiatrist) sits on the TSRC.

RECOMMENDATIONS

- Include rehabilitation outcomes in the trauma registry.
- Perform a needs assessment for rehabilitation of trauma patients in Alaska.
- Develop a comprehensive plan to provide a continuum of rehabilitation services from acute care settings to inpatient rehabilitation to outpatient services, especially for traumatic brain injury, spinal cord injury, and pediatric trauma.
- Appoint a rehabilitation specialist to membership in the newly formed Alaska Trauma Advisory Committee (ATAC).
- Encourage rehabilitation centers to attain CARF (Commission of Accreditation of Rehabilitation Facilities) accreditation.
- Evaluate repatriation options for patients transferred to Anchorage or out-of-state.

Disaster Preparedness

Purpose and Rationale

As critically important resources for state, regional, and local responses to MCIs, the trauma system and its trauma centers are central to disaster preparedness. Trauma system leaders need to be actively involved in public health preparedness planning to ensure that trauma system resources are integrated into the state, regional, and local disaster response plans. Acute care facilities (sometimes including one or more trauma centers) within an affected community are the first line of response to an MCI. However, an MCI may result in more casualties than the local acute care facilities can handle, requiring the activation of a larger emergency response plan with support provided by state and regional assets.

For this reason, the trauma system and its trauma centers must conduct a resource assessment of its surge capacity to respond to MCIs. The resource assessment should build on and be coupled to a hazard vulnerability analysis. An assessment of the trauma system's response to simulated incident or tabletop drills must be conducted to determine the trauma system's ability to respond to MCIs. Following these assessments, a gap analysis should be conducted to develop statewide MCI response resource standards. This information is essential for the development of an emergency management plan that includes the trauma system.

Planning and integration of the trauma system with plans of related systems (public health, EMS, and emergency management) are important because of the extensive impact disasters have on the trauma system and the value of the trauma system in providing care. Relationships and working cooperation between the trauma system and public health, EMS, and emergency management agencies support the provision of assets that enable a more rapid and organized disaster response when an event occurs. For example, the EMS emergency preparedness plan needs to include the distribution of severely injured patients to trauma centers, when possible, to make optimal use of trauma center resources. This plan could optimize triage through directing less severely injured patients to lower level trauma centers or nondesignated facilities, thus allowing resources in trauma centers to be spared for patients with the most severe injuries. In addition, the trauma system and its trauma centers will be targeted to receive additional resources (personnel, equipment, and supplies) during major MCIs.

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Mass casualty events and disasters are chaotic, and only with planning and drills will a more organized response be possible. Simulation or tabletop drills provide an opportunity to test the emergency preparedness response plans for the trauma system and other systems and to train the teams that will respond. Exercises must be jointly conducted with other agencies to ensure that all aspects of the response plan have the trauma system integrated.

OPTIMAL ELEMENTS

I. An assessment of the trauma system's emergency preparedness has been completed, including coordination with the public health agency, EMS system, and the emergency management agency. **(B-104)**

a. There is a resource assessment of the trauma system's ability to expand its capacity to respond to MCIs in an all-hazards approach. **(I-104.1)**

b. There has been a consultation by external experts to assist in identifying current status and needs of the trauma system to be able to respond to MCIs. **(I-104.2)**

c. The trauma system has completed a gap analysis based on the resource assessment for trauma emergency preparedness. **(I-104.3)**

II. The lead agency ensures that its trauma system plan is integrated with, and complementary to, the comprehensive mass casualty plan for natural and manmade incidents, including an all-hazards approach to planning and operations. **(B-305)**

a. The EMS, the trauma system, and the all-hazards medical response system have operational trauma and all-hazards response plans and have established an ongoing cooperative working relationship to ensure trauma system readiness for all-hazards events. **(I-305.1)**

b. All-hazards events routinely include situations involving natural (for example, earthquake), unintentional (for example, school bus crash), and intentional (for example, terrorist explosion) trauma-producing events that test the expanded response capabilities and surge capacity of the trauma system. **(I-305-2)**

c. The trauma system, through the lead agency, has access to additional equipment, materials, and personnel for large-scale traumatic events. **(I-305.3)**

CURRENT STATUS

Alaska has an active geological environment with frequent earthquakes, extensive volcano eruptions, huge avalanches, periodic flooding and large expanses of fresh and salt water, all of which invite potential disaster. Two-thirds of Alaska is without roads and Alaskans are dependent on air travel for routine and emergent travel. Communication capabilities and disaster resources decrease as distance from population centers increases.

The lead agency for disaster preparedness is the Division of Emergency Services which resides within the Department of Military and Veterans Affairs, Division of Homeland Security and Emergency Management. The DHSS has primary functional responsibility for mass casualty events. Both agencies recognize the need for an effective trauma system as an integral component of disaster capability.

A recent full scale exercise, Alaska Shield/Northern Edge 2007 demonstrated strengths that included effective local interoperable communications equipment. However this interoperability does not necessarily transfer to the majority of the state. Weaknesses identified were lack of coordination of air transports and local/state/military resources, as well as lack of interagency coordination for resource requests and allocation during mass casualty events.

The state has no registry for volunteer medical providers, except for the Alaska Board of Nursing that maintains a registry of nurses who would volunteer to respond to a disaster. There are two Medical Reserve Corps in Alaska, but they are not functional due to lack of funding.

Some EMS providers have received disaster training, but they are not required to obtain or maintain such training.

RECOMMENDATIONS

- **Integrate all components of the trauma system into state and local disaster planning activities.**
- Perform a detailed statewide communication assessment.
- Provide basic all-hazards disaster training for all prehospital providers that can be delivered via a variety of formats.

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Systemwide Evaluation and Quality Assurance

Purpose and Rationale

The trauma lead agency has responsibility for instituting processes to evaluate the performance of all aspects of the trauma system. Key aspects of systemwide effectiveness include the outcomes of population based injury prevention initiatives, access to care, as well as the availability of services, the quality of services provided within the trauma care continuum from prehospital and acute care management phases through rehabilitation and community reintegration, and financial impact or cost. Intrinsic to this function is the delineation of valid, objective metrics for the ongoing quality audit of system performance and patient outcomes based on sound benchmarks and available clinical evidence. Trauma management information systems (MISs) must be available to support data collection and analysis.

The lead agency should establish forums that promote inclusive multidisciplinary and multiagency review of cases, events, concerns, regulatory issues, policies, procedures, and standards that pertain to the trauma system. The evaluation of system effectiveness must take into account the integration of these various components of the trauma care continuum and review how well personnel, agencies, and facilities perform together to achieve the desired goals and objectives. Results of customer satisfaction (patient, provider, and facility) appraisals and data indicative of community and population needs should be considered in strategic planning for system development. System improvements derived through evaluation and quality assurance activities may encompass enhancements in technology, legislative or regulatory infrastructure, clinical care, and critical resource availability.

To promote participation and sustainability, the lead agency should associate accountability for achieving defined goals and trauma system performance indicators with meaningful incentives that will act to cement the support of key constituents in the health care community and general population. For example, the costs and benefits of the trauma system as they relate to reducing mortality or decreasing years of productive life lost may make the value of promoting trauma system development more tangible. A facility that achieves trauma center verification/designation may be rewarded with monetary compensation (for example, ability to bill for trauma activation fees) and the ability to serve as a receiving center for trauma patients. The trauma lead agency should promote ongoing dialog with key stakeholders to ensure that incentives remain aligned with system needs.

OPTIMAL ELEMENTS

I. The trauma MIS is used to facilitate ongoing assessment and assurance of system performance and outcomes and provides a basis for continuously improving the trauma system, including a cost-benefit analysis. **(B-301)**

a. The lead trauma authority ensures that each member hospital of the trauma system collects and uses patient data, as well as provider data, to assess system performance and to improve quality of care. Assessment data are routinely submitted to the lead trauma authority. **(I-301.1)**

II. The jurisdictional lead agency, in cooperation with other agencies and organizations, uses analytic tools to monitor the performance of population based prevention and trauma care services. **(B-304)**

III. The financial aspects of the trauma system are integrated into the overall performance improvement system to ensure ongoing fine tuning and cost-effectiveness. **(B-309)**

a. Financial data are combined with other cost, outcome, or surrogate measures, for example, years of potential life lost, quality-adjusted life years, and disability adjusted life years; length of stay; length of intensive care unit stay; number of ventilator days; and others, to estimate and track true system costs and cost- benefits. **(I-309.4)**

CURRENT STATUS

According to the PRQ, the TSRC is charged with "ongoing monitoring and evaluating of the trauma system". Even though the actions of the TSRC are exempt from discovery, it is unclear that the TSRC has truly been empowered or authorized to perform its system evaluation and quality improvement functions. No clear line of authority could be identified in provided documentation for the TSRC to recommend or impose system change. The PRQ illustrates this challenge in the following statement:

> "The TSRC has reported findings to the Lead Agency, ACEMS and liaisons, EMS regional coordinators, and trauma care providers via the Annual EMS Symposium... In special circumstances, such as the advancement of a Trauma System Improvement Act, members of the TSRC have shared information with legislators... The TSRC may make recommendations to the Lead Agency and constituent members of the trauma system".

The uncertainty of lines of authority is further exacerbated by the fact that the TSRC formally operates under the aegis of the Alaska State Medical Board.

When asked about specific evaluation and quality assurance processes, the stakeholders present acknowledged that they have neither determined Alaska's preventable mortality rate nor quantified the opportunities for improvement by phase of care.

The TSRC has made significant contributions to the standardization of care through the development of documents such as "Guidelines for the Management and Transfer of Head Injury Patients in Remote and Rural Alaska". However, the impact of this and other guidelines has not been monitored, and adherence to the guidelines was reported as variable. There has not been "loop closure" on these efforts.

The TSRC identified nine indicators of interest and initiated efforts to examine the data necessary to determine the status of those indicators. However, during the first pass of the data, it was reported that the data were of insufficient quality to answer the questions posed by the indicator. Additional data cleaning was needed.

While it was reported that a major impediment to system evaluation and quality assurance was either the lack or quality of data, the ACS team was able to request and receive trauma registry data (2006) that was sufficiently detailed to engage in rudimentary evaluation processes, e.g., stratification of trauma patients by facility and by ISS. While the data are aging, these data serve as a fundamental building block of a system evaluation process.

RECOMMENDATIONS

- **Develop an initial set of 3-5 statewide system performance indicators from among the list of 9 provided in the Pre-Review Questionnaire (PRQ).**
- Examine available data points and definitions, and develop indicators for performance improvement that can be determined on the basis of those data points.
- Formally review the data associated with each indicator on a quarterly to annual basis and start a benchmarking process.
- Report the results of all evaluation and quality assurance processes in an annual report that is presented to all system stakeholders, including the new Alaska Trauma Advisory Committee (ATAC) and Alaska Council on Emergency Medical Services (ACEMS).

Purpose and Rationale

Hospital-based trauma registries developed from the idea that aggregating data from similar cases may reveal variations in care and ultimately result in a better understanding of the underlying injury and its treatment. Hospital-based registries have proven very effective in improving trauma care within an institution but provide limited information regarding how interactions with other phases of health care influence the outcome of an injured patient. To address this limitation, data from hospital-based registries should be collated into a regional registry and linked such that data from all phases of care (prehospital, hospital, and rehabilitation) are accessible in 1 data set. When possible, these data should be further linked to law enforcement, crash incident reports, ED records, administrative discharge data, medical examiner records, vital statistics data (death certificates), and financial data. The information system should be designed to provide systemwide data that allow and facilitate evaluation of the structure, process, and outcomes of the entire system; all phases of care; and their interactions. This information should be used to develop, implement, and influence public policy.

The lead agency should maintain oversight of the information system. In doing so, it must define the roles and responsibilities for agencies and institutions regarding data collection and outline processes to evaluate the quality, timeliness, and completeness of data. There must be some means to ensure patient and provider confidentiality is in keeping with federal regulations. The agency must also develop policies and procedures to facilitate and encourage injury surveillance and trauma care research using data derived from the trauma MIS. There are key features of regional trauma MISs that enhance their usefulness as a means to evaluate the quality of care provided within a system. Patient information collected within the management system must be standardized to ensure that noted variations in care can be characterized in a similar manner across differing geographic regions, facilities, and EMS agencies. The composition of patients and injuries included in local registries (inclusion criteria) should be consistent across centers, allowing for the evaluation of processes and outcomes among similar patient groups. Many regions limit their information systems to trauma centers. However, the optimal approach is to collect data from all acute care facilities within the region. Limiting required data submission to hospitals designated as trauma centers allows one to evaluate systems issues only among patients transported to appropriate facilities. It is also important to have protocols in place to ensure a uniform approach to data abstraction and collection. Research suggests that if the process of case abstraction is not routinely calibrated, practices used by abstractors begin to drift.

Finally, every effort should be made to conform to national standards defining processes for case acquisition, case definition (that is, inclusion criteria), and registry coding conventions. Two such national standards include the National Highway Traffic Safety Administration's National Emergency Medical Services Information System (NEMSIS), which standardizes EMS data collection, and the American College of Surgeons National Trauma Data Standard, which addresses the standardization of hospital registry data collection. Strictly adhering to national standards markedly increases the value of state trauma MISs by providing national benchmarks and allowing for the use of software solutions that link data sets to enable a review of the entire injury and health care event for an injured patient.

To derive value from the tremendous amount of effort that goes into data collection, it is important that a similar focus address the process of data reporting. Dedicated staff and resources should be available to ensure rapid and consistent reporting of information to vested parties with the authority and vision to prevent injuries and improve the care of patients with injuries. An optimal information reporting process will include standardized reporting tools that allow for the assessment of temporal and/or system changes and a dynamic reporting tool, permitting anyone to tailor specific "views" of the information.

OPTIMAL ELEMENTS

I. There is an established trauma MIS for ongoing injury surveillance and system performance assessment. **(B-102)**

a. There is an established injury surveillance process that can, in part, be used as an MIS performance measure. **(I-102.1)**

b. Injury surveillance is coordinated with statewide and local community health surveillance. **(I-102.2)**

c. There is a process to evaluate the quality, timeliness, completeness, and confidentiality of data. **(I-102.4)**

d. There is an established method of collecting trauma financial data from all health care facilities and trauma agencies, including patient charges and administrative and system costs. **(I-102.5)**

II. The trauma MIS is used to facilitate ongoing assessment and assurance of system performance and outcomes and provides a basis for continuously improving the trauma system, including a cost-benefit analysis. **(B-301)**

a. The lead trauma authority ensures that each member hospital of the trauma system collects and uses patient data, as well as provider data, to assess system performance and to improve quality of care. Assessment data are routinely submitted to the lead trauma authority. **(I-301.1)**

b. Prehospital care providers collect patient care and administrative data for each episode of care and not only provide these data to the hospital, but also have a mechanism to evaluate the data within their own agency, including monitoring trends and identifying outliers. **(I-301.2)**

c. Trauma registry, ED, prehospital, rehabilitation, and other databases are linked or combined to create a trauma system registry. **(I-301.3)**

d. The lead agency has available for use the latest in computer/technology advances and analytic tools for monitoring injury prevention and control components of the trauma system. There is reporting on the outcome of implemented strategies for injury prevention and control programs within the trauma system. **(I-301.4)**

CURRENT STATUS

The State of Alaska has worked diligently over several decades to develop, maintain, and improve a systemwide trauma registry. This has meant an evolutionary process involving at least two vendors and substantial challenges in linking disparate computer languages that exist in the Native Alaskan and other Alaskan record keeping systems. The State is to be commended for its persistence in this regard.

The lead agency maintains a full-time trauma registrar which represents, in fact, the most significant personnel commitment dedicated to the trauma program. Funds to support this position come from external sources (NIOSH).

Currently all hospitals contribute to the statewide trauma registry. For the larger facilities, this involves electronic data transfer. However, for the smaller facilities, the process involves on-site abstraction of records, completion of a data abstract summary, and manual input into the system. A contract employee is assigned the responsibility of facilitating this process. She described multiple challenges at some of the smaller hospitals, such as limited personnel resources for abstracting, enormous travel distances and costs for her to visit the hospitals, a reluctance by the hospitals to ask for or accept consultative help, and persistent turnover of data registrars at the hospitals. These challenges result in a significant delay (up to 2 years) in acquiring trauma data from all acute care facilities. In some cases, the consultant performs data abstraction at some of the smaller hospitals in an effort to get data submission caught up.

A second contract employee is used to clean and validate the data. She demonstrated significant adeptness with the system registry data by fulfilling several requests of the ACS team during their deliberations. For example, she was able to easily stratify injury severity by hospital and track transfers in an out of each facility. The contract employees are responsible for an annual training of trauma registrars.

During the discussion of the management information system, it was revealed that recently a new trauma registry vendor has received the Alaska contract. There was substantial discordance with the manner in which the vendor was selected, with the end-users (e.g., registrars, trauma managers, trauma directors, and the TSRC) having little to no input into the process. While data input into the new system is tentatively scheduled to begin January 1, 2009, concern was expressed by participants that during the transition period there was the potential for data to be delayed or, perhaps, even lost. Several participants suggested that they might maintain their current system in lieu of using the newly acquired system.

One of the perceived advantages of the new trauma system is that it can, and will, be linked with electronic prehospital data since the same vendor holds a single contract for the provision of both systems. The effectiveness of this linkage could not be fully ascertained at the time of the ACS visit since the systems were only then "coming on-line". However, it is important to note that similar efforts by other states to link the trauma registry and prehospital data systems have not been universally successful, even when the same vendor has been used for each system. The IPEMS Section will need to work closely with the vendor to monitor progress in meeting contract expectations. The state is to be commended for obtaining a grant that will enable to the lead agency to perform additional linkage with other, free standing, data sets such as the traffic crash database.

Alaska has a data rich environment. Numerous other databases exist and have been used for epidemiologic and prevention activities. However, they have only been used in a limited capacity to help steer and manage the trauma system.

Specific policies and procedures have been developed by the TSRC concerning the release of trauma registry data. Several researchers have accessed the data system following these guidelines.

RECOMMENDATIONS

- **Ensure that all elements considered essential to system development, evaluation and performance improvement in the State of Alaska are evident and working in the new trauma registry and are consistent with the National Trauma Data Standard (NTDS) definitions.**
    - This should be tasked to a peer review protected subcommittee, (e.g. the Trauma System Review Committee) of the Alaska Technical Advisory Committee (ATAC), in collaboration with the trauma registrar, trauma registrar contract employees, and the vendor.
- Safeguard the legacy data by maintaining the current software system separately and discretely from the new system until a legacy data transfer has occurred and validation queries have been completed.

- Minimize gaps and delays in data during the trauma registry transition process by maintaining dual systems until the transfer of legacy and concurrent data has been completed and validated.
- Establish mechanisms for capturing data from remote facilities in a timely manner, e.g., provide scanners and/or encrypted methods of electronic transmission of records in lieu of travel to each facility.
- Submit statewide trauma registry data to the National Trauma Data Bank (NTDB) on an annual basis.
- Achieve linkage and integration with other data sets, specifically, prehospital and hospital discharge data (UB 92/04).
- Use existing data, beginning immediately, for system development and quality improvement activities, in spite of its acknowledged imperfections.
- Provide reports on at least a quarterly basis to all stakeholders.

4306

Purpose and Rationale

Overview of Research Activity

Trauma systems are remarkably diverse. This diversity is simply a reflection of authorities tailoring the system to meet the needs of the region based on the unique combination of geographic, economic, and population characteristics within their jurisdiction. In addition, trauma systems are not fixed in their organization or operation. The system evolves over years in response to lessons learned, critical review, and changes in population demographics. Given the diversity of organization and the dynamic nature of any particular system, it is valuable when research can be conducted that evaluates the effectiveness of the regional or statewide system. Research drives the system and will provide the foundation for system development and performance improvement. Research findings provide value in defining best practices and might alter system development. Thus, the system should facilitate and encourage trauma-related research through processes designed to make data available to investigators. Competitive grants or contracts made available through lead authorities or constituencies should provide funds to support research activities. All system components should contribute to the research agenda. The extent to which research activities are required should be clearly outlined in the trauma system plan and/or the criteria for trauma center designation.

The sources of data used for research might be institutional and regional trauma registries. As an alternative, population-based research might provide a broader view of trauma care within the region. Primary data collection, although desirable, is expensive but might provide insights into system performance that might not be otherwise available.

Trauma Registry–based Research

Investigators examining trauma systems can use the information recorded in trauma registries to great advantage to determine the prevalence and annual incidence rate of injuries, patterns of care that occur to injured patients in the system's region, and outcomes for the patients. These data can be compared with standards available from other trauma registries, such as the NTDB. Such comparisons can then enable investigators to determine if care within their region is within standards and can allow for benchmarking. Initiating and sustaining injury prevention initiatives is a vital goal in mature trauma systems. Investigators can take a leadership role in performing research using trauma registry data that identify emerging threats and instituting public health measures to mitigate the threats. For example, a recent surge in death and disability related to off -road

vehicles can be identified and the scope of the problem defined in terms of who, where, and how riders are injured, and then, through presentations and publications, the public can be informed of a new threat.

Trauma system administrators have a responsibility to control investigators' access to the registry. The integrity and reliability of data in a trauma systems registry are essential if accurate research and valid conclusions are to be reached using the data. Trauma system administrators should have a process that screens data entered into the system's composite registry from individual institutions. There should be a mechanism that ensures that the information is stored in a secure manner. Investigators who seek access to the trauma registry must follow a written policy and procedure that includes approval by an authorized institutional review board. Trauma registry data may include unique identifiers, and system administrators must ensure that patient confidentiality is respected, consistent with state and federal regulations.

Population-based Trauma System Research

A major disadvantage of using only trauma registry data to conduct research that evaluates injured patients in a region is the bias resulting from missing data on patients not treated at trauma centers. Specifically, most registry data are restricted to information from hospitals that participate in the trauma system. Although ideally all facilities participate in the form of an inclusive system, many systems do not attain this goal. Thus, a population-based data set provides investigators with the full spectrum of patients, irrespective of whether they have been treated in trauma centers or nondesignated centers or were never admitted to the hospital owing to death at the scene of incident or because their injuries were insufficiently severe to require admission. The state and national hospital discharge databases are examples of population-based data. These discharge databases contain information that was abstracted from medical records for billing purposes by hospital employees who enter these data into an electronic database. For investigators seeking a wider perspective on the care of injured patients in their region, these more inclusive data sets, compared with registries, are essential tools. Other population based data that may be of help include mortality vital statistics data recorded in death certificates. Selected regions might have outpatient data to capture patients who are assessed in the ED and then released.

Investigators can use these population-based data to study the influence of a regional trauma system on the entire spectrum of patients within its catchment area.

4308

Participation in Research Projects and Primary Data Collection

Multi-institutional research projects are important mechanisms for learning new knowledge that can guide the care of injured patients. Investigators within trauma systems can participate as co-investigators in these projects. Investigators can participate by recruiting patients into prospective studies, being leaders in the design and administration of grants, and preparing manuscripts and reports. Evidence of this collaboration is that investigators within a trauma system are recognized in announcements of grants or awards. Lead agency personnel should identify and reach out to resources within the system with research expertise. These include academic centers and public health agencies.

Measures of Research Activity

Research can be broadly defined as hypothesis-driven data analysis. This analysis leads the investigators to a conclusion, which might become a recommendation for system change. Full manuscripts published in peer reviewed research journals are an exemplary form of research activity. Research reported in annual reviews or in public information formats intended to inform the trauma system's constituency can also be considered legitimate research activity.

OPTIMAL ELEMENTS

I. The trauma MIS is used to facilitate ongoing assessment and assurance of system performance and outcomes and provides a basis for continuously improving the trauma system, including a cost-benefit analysis. **(B-301)**

a. The lead agency has available for use the latest in computer/technology advances and analytic tools for monitoring injury prevention and control components of the trauma system. There is reporting on the outcome of implemented strategies for injury prevention and control programs within the trauma system. **(I-301.4)**

II. The lead agency ensures that the trauma system demonstrates prevention and medical outreach activities within its defined service area. **(B-306)**

a. The trauma system has developed mechanisms to engage the general medical community and other system participants in their research findings and performance improvement efforts. **(I-306.1)**

b. The effect or impact of outreach programs (medical community training/support and prevention activities) is evaluated as part of a system performance improvement process. **(I-306.3)**

III. To maintain its state, regional, or local designation, each hospital will continually work to improve the trauma care as measured by patient outcomes. **(B-307)**

a. The trauma system implements and regularly reviews a standardized report on patient care outcomes as measured against national norms. **(I-307.2)**

CURRENT STATUS

A specific research agenda has not been developed for the Alaska trauma system. However, a reasonable representation of trauma-related literature can be found using an electronic medical literature search. Several articles use the trauma registry as a basis of data. Unfortunately, most of the articles are aging. Several are published in *Alaska Medicine*, which reportedly is changing from a quarterly publication to an annual publication.

A wealth of scientific and technical publications has been produced in the Alaska injury prevention literature. Again several of these publications use trauma registry data, at least partially, as a basis for the publications.

The University of Alaska – Anchorage currently offers a Master of Public Health (MPH) degree within its Department of Health Sciences. Linkages between the MPH program and the trauma system were not discussed. The lead agency has direct access to a staff epidemiologist.

RECOMMENDATIONS

- Establish a collaborative relationship between the University of Alaska-Anchorage's public health program and the lead agency's epidemiologist and the Alaska Trauma Advisory Committee (ATAC).

- Develop, jointly, a research agenda that can build on the current trauma registry data and expand to include more rigorous research projects.

- Attempt to minimize Institutional Review Board approval challenges while still maintaining full protection of any/all subjects.

Focus Questions

1. How can Alaska attain full participation of hospitals in the statewide trauma system?

Trauma centers and trauma systems have been demonstrated to decrease mortality following injury.[1,2,3] All of the acute care hospitals in Alaska are currently providing care for injured patients. However; trauma patients in Alaska who are not Native Alaskans do not have routine access to a verified/designated Level I or II trauma center. A trauma system will fully attain the benefits of improved patient care and superior outcomes only when all facilities institute and follow evidence-based guidelines to decrease variability in care and deviations from the standard of care. Central to this evolution is the implementation of a rigorous, multidisciplinary performance improvement program. A coordinated system of trauma care within acute care facilities accomplishes the following:

- improved communications,
- streamlined coordination of care issues,
- increased physician satisfaction,
- a sense of pride in trauma care providers throughout the facility, and
- the community is reassured that everything possible is being done to provide them state-of-the art trauma care.

Trauma systems have been well studied, and these studies form the basis for the recommendations and guidelines found in the ACS-COT *Resources for Optimal Care of the Injured Patient* document.

Hospitals, healthcare providers, and physicians in Alaska are already providing trauma care. The adoption of an inclusive trauma system with verified/ designated trauma centers would enable facilities in the state to provide trauma care to all Alaskans with less variability in care, better patient outcomes, lower resource utilization, and higher patient and provider satisfaction. In many cases, trauma care within an organized and verified trauma center also results in lower costs as evidence-based practice replaces less efficient practice patterns.

Only five hospitals are currently verified/designated trauma centers in Alaska. Reasons expressed by participants for not becoming verified and designated are varied but fall into two main categories:

- Administrator's concerns regarding increased costs to be borne by the hospital and the potential impact on the medical staff
- Lack of broad physician support

Administrators' concerns

Administrators' concerns involve a number of issues related to trauma center verification:

- Multi-system trauma patients require an organized system of care for optimal outcomes which increases institutional readiness costs.
- "Poor" uninsured case mix of trauma patients.
- Effect on hospital operations such as disruption of operating room schedules, filling ICU beds, etc.
- Physicians tend to be reluctant to participate and may elect to abandon a hospital that seeks designation.

Lack of physician support

Medical staff support for trauma center verification tends to be lukewarm at private hospitals for a number of reasons:

- Trauma patients have higher rates of uncompensated care than "elective" patients.
- Trauma patients are more likely to sue a physician (unfounded).
- The care of trauma patients imposes undue burdens including night and weekend work, and this care is generally disruptive of elective practices.

To address the above mentioned concerns, a number of issues should be openly discussed by key representatives of the identified groups, and a variety of solutions should be considered. It is likely that no one answer fits every situation and a combination of flexibility and transparency is needed.

While it is true that verification/designation as a trauma center requires commitment by administration and medical staffs, the benefits in improved patient outcomes, decreased complication rates and length of stay, and increased patient and provider satisfaction can outweigh the costs. In the case of the hospitals and physicians in Alaska who are already providing trauma care, an inclusive trauma system would likely make trauma care easier and less costly.

The cost of readiness is significant in trauma centers and may be addressed through several means. The recently introduced trauma activation fees using the 68x designation on the UB 92/UB 04 form can relieve a significant portion of these costs. Trauma activation fees can only be submitted if the center is verified/designated. A number of states have provided financial support to their trauma centers through legislation or appropriations. State financial support for trauma care is usually linked to trauma center verification/designation and continued participation in an organized trauma system. Trauma center verification/designation carries important benefits to hospitals in terms of disaster

preparedness, and this may be especially relevant in Alaska given its unique geography and circumstances.

The issues of poor case mix and disruption of hospital operations are best addressed by considering the impact of verification/designation on hospital functions. For a hospital that is already caring for trauma patients, the introduction of a trauma system will likely mean an overall increase in the efficiency of caring for these patients, secondary to improvements required in the verification process. Decreased ICU and hospital length of stay, lower resource consumption and lower rates of complications will improve hospital bottom lines while increasing patient and provider satisfaction.

Physician concerns should be carefully addressed as a functional trauma system requires broad physician support. This is especially true for the specialties of general surgery (including pediatric surgery), orthopedic surgery, neurosurgery, anesthesia and emergency medicine. The Anchorage area hospitals have ample physician specialization to provide optimal care with the following estimated numbers:

- 30 surgeons, many sub-specialized.
- 40 orthopedists
- 6 neurosurgeons
- 4 cardiac surgeons
- 2 pediatric surgeons

Education can alleviate the concerns that trauma patients are more litigious than average.

The concerns regarding reimbursement and work hours are real and require more focused solutions. Trauma patients do, in fact, have higher rates of uncompensated care than elective patients in almost all regions of the United States. They are also more likely to arrive during evening and night hours.[4] The specific concerns of physicians should be acknowledged and actions should be taken to address them. For hospitals, actions may include one or more of the following options:

- Provide an on-call stipend to cover the perceived burden of trauma call. This would include high volume specialists who are not ordinarily in-house and who agree to participate in the activities of the trauma center, including performance improvement and continued medical education (CME). Most frequently this would include general surgery, orthopedics, and neurosurgery.

- Recruit one or more trauma/surgical critical care specialists to provide the core trauma care functions. Such individuals would support the private physicians and decrease their burden by providing back-up, assuming the care of patients admitted to the hospital, and taking responsibility for organizing the requisite activities for verification. By providing an actual trauma service with a specialized team led by a trauma/surgical critical care boarded specialist, the community surgeon can transfer patient care the following morning and feel confident the patient will receive state-of-the-art care. This frees the private physician to continue with his/her surgical practice. The specialist-led trauma service would improve care by decreasing variability, complications, length of stay and dissatisfaction.
- Support the private physicians through CME expenses, liability coverage, or a fund to cover a portion of uncompensated care exposure.

While this will require substantial financial support from hospital administration initially, the improvement in outcomes and the increase in patient and provider satisfaction should return at least a portion of the investment. Additional revenue through activation fees and state support would also contribute to deferring any start-up and readiness costs. Providing hospitals and physicians with financial support as part of a proposed inclusive trauma system plan will likely facilitate the adoption of trauma center verification/designation.

In addition, the implementation of an inclusive trauma system in Alaska with broad hospital participation would provide a critical element in disaster preparedness.[5] The vital role of trauma centers in support of disaster management should also be a central part of any funding requests to the legislature.

RECOMMENDATIONS:

- Verify/designate all the medical facilities in Anchorage who wish to provide trauma care at levels commensurate with these resources and commitment
- Develop city-wide trauma triage guidelines for Anchorage with further application to the needs of in-coming transfer patient.
    - Establish a predetermined plan that accounts for subspecialty needs of the patient matched with the hospitals' capabilities.
    - Establish trauma diversion guidelines with back-up plans.

- Develop evidence-based trauma team activation criteria
    - Use the "status 1" only when there is prehospital physiologic evidence that the patient requires an immediate surgical response.
    - Start tracking surgical response times for "status 1" patients from time of notification. Benchmark to the ACS verification guideline of a surgeon being present on arrival of patient or within 15 minutes of notification. The threshold is to meet this 80% of the time.
    - Study outcomes associated with used of the criteria to further refine them for optimal patient outcomes with minimal physician encumbrance.
- Identify physician leadership – trauma champions
    - Encourage Level II trauma centers (or hospitals that seek to become Level II trauma centers) to consider recruiting a trauma/surgical critical care specialist who can provide a knowledgeable back-up for sub-specialized surgeons who may or may not be comfortable with caring for a multi-system critically injured patient.
- Develop trauma chart forms
    - Establish standardized trauma patient admission orders. Establish automatic orders for glucose monitoring and control, peptic ulcer prophylaxis, deep vein thrombosis prophylaxis and surveillance, head injury protocols, etc.
    - Ensure that trauma history and physical forms have prompts for problem documentation areas such as Glasgow Coma Scale scores, procedures performed, notification and arrival times, critical care times, etc.
- Address finance issues
    - Encourage medical facilities to invest in the trauma service to obtain and maintain verification/designation.
        - Recruit and retain trauma/critical care specialists.
        - Initiate discussions with general surgeons to identify their needs to be able to provide the call coverage and to identify patient care issues.
        - Track costs that can be recouped by improved patient length of stay, decreased cost of care, and the value of improved medical staff satisfaction.
    - Charge trauma activation fees (can only be charged by verified/designated centers).
    - Seek legislation to include assistance for uncompensated care and readiness fees for verified/designated trauma centers.

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4316

2. **How can Alaska better coordinate resources, especially air medical, for every day trauma responses, as well as disaster response?**

Assessment:
Alaskans depend on aircraft for routine travel and medical transport, especially those who reside in the isolated two-thirds of the state without roads. At any given place or time, local providers are familiar with local resources available, but may not know about back-up resources available in the region. Local providers may then be challenged to make multiple calls when their primary local air medical resource is not available.

Coordinating trauma care resources in the state of Alaska requires current knowledge of the status of those resources, e.g., personnel, equipment, communication, facilities. To date, a comprehensive needs or resource assessment of the trauma system has not been conducted. While some of this information is available, such as for facilities, it is lacking for other aspects of the trauma system, such as air medical resources.

Policy Development:
Once an air medical resource assessment has been completed, information collected about all trauma system resources (including military, National Guard, and Coast Guard) should be organized by region and made available to users in an easily retrieved format. A central coordination center could then be created to track the air medical assets available and in use throughout the state, and this information could potentially be available on-line. Likewise, the EMS regions could develop and maintain a regional resource information database that could be updated regularly.

The next step could be the establishment of a regional "one call does all" service. Such services could assist a referring provider to obtain the aircraft that matches the patient's need and local landing restrictions. The regional service could also help direct community-based air medical resources to available and appropriate facilities and assist in the coordination of ramp transfers. The "one call does all" concept includes the identification of the receiving trauma facility that best matches the patient's needs.

The regional centers would feed information about the aircraft deployed to the central coordination hub. This coordination hub would be useful in a state disaster, and could potentially be maintained by the state's emergency management system. This type of statewide system status coordination hub would need to be operable and accessible at all hours and be updated in near real-time.

Another problem that the state faces is the lack of comprehensive guidelines for the indications of air medical transport. The reality is that urgent or even routine, non-emergent medical care not available in the local community may require air

travel. Development of guidelines will help ensure the optimal use of the air resources in a safe and efficient manner.

Assurance:
This service could optimize resource utilization locally and statewide on a continuous basis. Performance improvement could be conducted using trauma registry data to determine changes in time to transfer, and appropriateness of facility selection.

Recommendations

- Decrease patient transfer times by developing a central coordination center for statewide air medical resources that will maintain an updated registry of all medical aircraft to include medical services and flight characteristics (e.g., load capacity, instrument rating, and landing requirements).
    - Monitor the availability and location of air resources.
    - Provide availability status to users.
    - Coordinate air medical resources in a disaster situation.
- Develop regional system status databases of current trauma resources that are utilized to provide a 'one call does all' service for referring providers and support a statewide trauma resources data bank.
- Develop a state registry for disaster volunteers, similar to the Emergency System for Advanced Registration of Volunteer Health Professionals.
- Update and keep current the Trauma Triage, Transport and Transfer Guidelines.
- Use the Guidelines for the Management of Head Injuries in Remote and Rural Alaska as a template to develop other transport guidelines to optimize resources.
- In more populated areas with more than one healthcare facility, develop a tracking system of real time bed capacity for time sensitive diseases (trauma, ST elevated myocardial infarction [STEMI], stroke, etc.) and share that information with EMS dispatch in order to prevent delays or mistakes in patient destination (right patient to right facility).

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Acronyms and Glossary

AAC - Alaska Administrative Code
ACEMS - Alaska Council on Emergency Medical Services
ACS – American College of Surgeons
ACS-COT- American College of Surgeons Committee on Trauma
ALS – advanced life support-+
ATAC - Alaska Trauma Advisory Committee
ATLS – Advanced Trauma Life Support

BIS – Benchmarks, Indicators, and Scoring
BLS – basic life support

CARF - Commission on Accreditation of Rehabilitation Facilities
CDC – Centers for Disease Control
CHAs – Community health aides
CME – continuing medical education

DHSS – Department of Health and Social Services
DOT – US Department of Transportation

EMS – Emergency Medical Services
EMSC – Emergency Medical Services for Children
EMTs – Emergency medical technicians

FTE – full-time equivalent

HRSA - Health Resources and Services Administration

ICU – intensive care unit
IPEMS – Injury Prevention and Emergency Medical Services Section

MICPs – Mobile intensive care paramedics
MPH – Master of Public Health degree

NEMSIS – National EMS Information System
NIOSH - National Institute for Occupational Safety and Health
NSC – National Standard Curriculum for EMTs
NTDB – National Trauma Data Bank
NTDS – National Trauma Data Standard

PHTLS – Prehospital Trauma Life Support

SCI – spinal cord injury
STEMI - ST-Segment Elevation Myocardial Infarction
STIPDA – State and Territorial Injury Prevention Directors Association

TBI – traumatic brain injury
TNCC – Trauma Nurse Core Curriculum
TSC – Trauma system consultation
TSRC - Trauma System Review Committee

Alaska Council on Emergency Medical Services (ACEMS)

The mission of the Emergency Medical Services program in Alaska is to reduce both the human suffering and economic loss to society resulting from premature death and disability due to injuries and sudden illness. The Governor's Alaska Council on Emergency Medical Services, also known as "ACEMS," provides the Commissioner of the Department of Health and Social Services and the Governor with recommendations related to all aspects of EMS, including distribution of funding, and policy development. The Council:

- brings together technical resources, experience, and knowledge to assist and advise on the continued development of the EMS and trauma system in Alaska;
- advises the state EMS staff and EMS regional directors regarding public education and generation of broad community support for the goals of the EMS program;
- provides recommendations regarding EMS program policy and priorities; and
- reviews EMS or EMS-related program proposals on request of the Commissioner of the Department of Health and Social Services, the Director of the Division of Public Health, and Section of Injury Prevention and EMS staff.

ACEMS was established by Alaska Statute 18.08 and meets two times a year to take action on issues affecting EMS in Alaska.

Alaska Council on Emergency Medical Services
As of 9/2008

BOARD MEMBERS	NOTES
Ronald L. Bowers, EMT-III P.O. Box 6 Dillingham, AK 99576 PH# 842.4186 FAX# 842.4186 ronmarieiris@yahoo.com *Consumer Position* *Term Expires: 11/05/11*	
Sharon (Sherry) K. Breaker P.O. Box 779 Nome, AK 99762 PH# 443.6947 PH# 443.3221work FAX# 443.4869 sbreaker@gci.net & sbreaker@nshcorp.org *Consumer Position* *Term expires: 11/5/09*	
John A. Dickens, EMT-III Box 89 Emmonak, AK 99581 PH# 949.1858 FAX# 949.1226 mightyjades@yahoo.com *Prehospital Emergency Care Provider Position* *Term Expires: 11/05/11*	
Don Hudson, DO 7130 E. Chester Heights Circle Anchorage, AK 99504 PH# 337.7990 FAX# 333.3262 donaldhudson@gci.net *Emergency Medicine Physician Position* *Term Expires : 11/05/10*	
David Hull, MICP 827 Brown Deer Road Ketchikan, AK 99901 PH# 225.5051 PH# 723.6051 cell daveh@borough.ketchikan.ak.us *Prehospital Emergency Care Provider Position* *Term Expires 11/05/11*	Chair
Danita N. Koehler, MD Chief Emergency Medicine Bassett Army Community Hospital 1060 Gaffney Road, #7400 Ft. Wainwright, AK 99703 PH# 361.5593 work PH# 496.0911 pager PH# 361.5144 ER Danita.koehler@us.army.mil *Emergency Medicine Position*	

Term expires: 11/5/2012	
Steven D. O'Connor, MICP PO Box 1472 Kenai, AK 99611 PH# 776.8525 corvy@alaska.net *Consumer Position* *Term Expires 11/05/08 will be re-instated*	
Karen F. O'Neill, MD, FACEP Norton Sound Health Corp/Regional Hospital P.O. Box 966 Nome, AK 99762 PH# 443.3311 FAX# 443.3610 oneill@nshcorp.org *Hospital Administrator Position* *Term Expires 11/05/10*	
Roy L. Sursa, EMT-III 3291 Amber Bay Loop Anchorage, AK 99515 PH# 349.9536 **sursal@muni.org** *Prehospital Provider Position* *Term Expires 11/5/10*	
Soren Threadgill, MICP Anchorage Fire Department 100 E. 4th Avenue Anchorage, AK 99501-2506 PH# 267.4932 FAX# 267.4984 threadgills@ci.anchorage.ak.us *EMS Administrator Position* *Term Expires 11/05/08 will be re-instated*	
VACANT *Emergency Nurse Position* *Term Expires 11/05/09*	
LIAISON REPRESENTATIVES	
Cindy Cashen 3167 Pioneer Ave. Juneau, AK 99801 PH# 465.4374 FAX# Cindy.cashen@alaska.gov Appointed: 4/20/06	Alaska Highway Safety Office
Barbara (BJ) Coopes, MD 10400 Elies Dr. Anchorage, AK 99508 PH# FAX# bcoopes@povak.org Appointed: 5/11/05	Pediatric Community
Lt. Col. Charles C. Foster 11RCC/CC HQ AK ANG Stop 2	Rescue Coordination Center

P.O. Box 5800 Anchorage, AK 99505 PH# FAX# _____@_____._____ Appointed: 10/5/00	
Frank Sacco, MD Department of Surgery Alaska Area Native Medical Center 4315 Diplomacy Dr. Anchorage, AK 99508 PH# FAX# franksacca@anmc.org Appointed: 10/4/02	American College of Surgeons Alaska Native Tribal Health Consortium
Terry Smith Department of Veterans Affairs Division of the Emergency Services P.O. Box 5750 Fort Richardson, AK 99505 PH# FAX# _____@_____._____ Appointed: 10/4/02	Division of Emergency Services
Ken Zafren, MD 10181 Curvi Street Anchorage, AK 99516 PH# FAX# zafren@alaska.com Appointed: 10/21/01	State EMS Medical Director

Appendix A: Site Visit Team Biographical Sketches

REGINALD A BURTON, MD, FACS- TEAM LEADER

Dr. Burton started his Trauma career while in high school when he got his first EMT certification. He worked as an EMT throughout college and medical school to offset his tuition. He and his wife, Dr. Snyder, moved to Ohio after finishing his residency in Surgery in 1992.

Dr. Burton was very active in the establishment of the Trauma System in Ohio. He developed and was the Trauma Director of the first ACS verified level III trauma center in Ohio, while continuing to participate in trauma call at the Level I trauma center in Dayton. He gave numerous lectures throughout the state on trauma center development, trauma center Performance Improvement programs, and EMS/Hospital integration of trauma plans. He became the medical director for the Fire/EMS services in two surrounding cities and sat on the regional EMS Council. He was the Co-Chairman of the Southwest Ohio Regional Trauma System from 1997 until 2002. He was the Chairman of the Region 2 Physician Advisory Board to the Ohio State Trauma Board for 5 years until he moved to Nebraska. He sat on the Data Committee of the Ohio Trauma Board during the statewide trauma registry development, and helped work out many issues enabling it to start functioning 2000.

Dr. Burton took a sabbatical and did a Trauma/Surgical Critical Care Fellowship at the renowned R. Adams Cowley Shock Trauma Center in Baltimore Maryland in 2006-7, and is currently the Director of Trauma and Surgical Critical Care at Bryan LGH Medical Center in Lincoln, Nebraska. He is a Clinical Associate Professor in Surgery at the University of Nebraska. He is the Medical Director of Region 2 in the Nebraska Statewide Trauma System, Chair of the Nebraska Statewide Trauma Data and Performance Improvement Committee, and the author of the Nebraska Trauma Performance Improvement training workshop. His team developed a web-based trauma registry reporting system that has enabled small critical access hospitals in rural Nebraska to report their trauma data to the Nebraska Statewide Trauma Registry, and thus also to the National Trauma Data Bank.

Dr. Burton has been a site visitor for the ACS Verification Committee since 2000. He became the Chairman of the Nebraska ACS Committee on Trauma in 2002, and is the current Regional Chief of Region 7(Nebraska, Kansas, Missouri, and Iowa). Dr. Burton was also involved in the ACS Political Action Taskforce briefing on trauma issues to state senators and congressmen in Washington, D.C. in March, 2005. He was the ACSCOT representative to the National EMS Workforce Stakeholders Meeting and the HHS State Trauma Leadership meeting in 2006. He represented rural trauma physicians in the National Rural Health Association's meeting with federal partners in Washington, D.C. this year. Dr Burton has always been an outspoken advocate for Trauma System Development.

JANE W. BALL, RN, DRPH

Dr. Jane W. Ball served as the Director of the National Resource Center (NRC) at the Children's National Medical Center in Washington, D.C. from 1991 through 2006. The NRC provided support to two Federal Programs in the U. S. Department of Health and Human Services' Health Services and Resources Administration (HRSA): the Emergency Medical Services for Children (EMSC) Program and the Trauma-Emergency Medical Services Systems Program. As director of the NRC, she coordinated the support provided to the Federal Program Directors as well as the provision of technical assistance to state grantees. Support to the Federal Program Directors often included meeting facilitation, preparation of special reports (such as the Model Trauma Systems Evaluation and Planning document), and consultation on Program issues. Technical assistance often included strategic planning, providing guidance in securing funding, developing and implementing grants, developing injury prevention plans and programs, building coalitions, shaping public policy, conducting training, and producing educational resource materials.

Dr. Ball has authored numerous articles and publications as well as several health care textbooks, including Mosby's Guide to Physical Examination (6 editions), Child Health Nursing (first edition), Pediatric Nursing: Caring for Children (4 editions), Maternal and Child Nursing (2 editions), and Pediatric Emergencies: A Manual for Prehospital Care Providers (2 editions). One of these texts, Pediatric Nursing: Caring for Children, received the1999 and 2001 Robert Wood Johnson Foundation Last Acts Coalition Outstanding Specialty Book Award. As an expert in the emergency care of children, Dr. Ball has frequently been invited to join committees and professional groups that address the unique needs of children.

Dr. Ball recently completed her term as the President of the National Academies of Practice, an organization composed of distinguished health care practitioners from 10 disciplines that promote education, research, and public policy related to improving the quality of health care for all through interdisciplinary care. She currently serves as the organization's Immediate Past President.

Dr. Ball graduated from the Johns Hopkins Hospital School of Nursing. She obtained her master's degree and doctorate in Public Health from John Hopkins University School of Hygiene and Public Health. She is a Certified Pediatric Nurse Practitioner.

SAMIR M. FAKHRY, MD, FACS

Dr. Fakhry graduated from the American University of Beirut, School of Medicine in 1981. He completed his residency in general surgery and his fellowship in critical care and trauma at the University of North Carolina at Chapel Hill and North Carolina Memorial Hospital, Chapel Hill, N.C. in 1987.

From 1988 until 1991 he led the trauma program as Director for Trauma Services at George Washington University Medical Center in Washington D.C. In 1991, he accepted a position as Director, Surgical Critical Care Services at UNC Hospitals in Chapel Hill, NC. While at UNC, he rose to the rank of Associate Professor of Surgery with Tenure and was awarded several teaching awards by the medical students and the surgical residents. He remained there until 1997 when he was recruited to the Inova Regional Trauma Center at Inova Fairfax Hospital in Falls Church, Virginia as the Chief of Trauma Services.

Since 1997 he has held the position of Chief, Trauma and Surgical Critical Care Services at the Inova Regional Trauma Center. Additionally, he holds the positions of Associate Chair for Research and Education, Department of Surgery; Medical Director for the Inova Regional Trauma Center Injury Prevention Program; Professor of Surgery, VCU, Inova Campus; Clinical Professor of Surgery at Georgetown University School of Medicine; and is the immediate past Chair of the American College of Surgeons Washington DC Committee on Trauma.

Dr. Fakhry has been heavily involved in trauma and surgical critical care research. He has numerous peer-reviewed publications, abstracts and book chapters to his credit. He is a member of many national societies and serves on several national committees and boards. He is a frequent speaker locally as well as nationally.

Dr. Fakhry maintains a high interest in all aspects of trauma. He has been Principal Investigator (PI) for the Crash Injury Research and Engineering Network (CIREN) Center at Inova Fairfax Hospital since May, 2000. With injury prevention as a goal he has worked closely with The National Highway Traffic Safety Administration (NHTSA), automobile manufacturers and bio-engineers to help produce safe vehicles. In addition to the CIREN project, he has been awarded funding for numerous projects in areas of injury prevention, surgical critical care and trauma. These include medical informatics applications, head trauma, intestinal injury, aggressive driving, teen DUI prevention and surgical education.

DREXDAL PRATT

Chief Drexdal Pratt heads the Office of Emergency Medical Services in the Division of Health Service Regulation of the North Carolina Department of Health and Human Services. His agency manages Emergency Medical Services and Trauma and the Assistant Secretary for Preparedness and Response (ASPR) Hospital Preparedness Cooperative Agreement.

Mr. Pratt is a graduate of the Institute of Government at the University of North Carolina at Chapel Hill, the EMS Management Institute at the University of North

Carolina at Charlotte, and Forsyth Technical Community College. He is also a Certified Emergency Manager (CEM) and a Certified Public Manager (CPM).

Mr. Pratt joined the North Carolina Office of Emergency Medical Services in 1987 as a Regional Coordinator. He was promoted through the ranks, first to Regional Supervisor, and then to Chief of the agency in 1999.

Mr. Pratt served two terms as Chair of the Region I EMS Advisory Council. He received the National Association of County Commissioner's Achievement Award for coordinating the development of the Stokes County NC computer-aided dispatch program.

Currently, Chief Pratt serves as a Commissioner on the Governor's State Emergency Response Commission and serves as Chairman of the Commission's Homeland Security Medical Committee. In addition, Mr. Pratt serves as Chairman of the NC Hospital Preparedness Committee.

NELS D. SANDDAL, MS, REMT-B

Mr. Sanddal is currently the president of the Critical Illness and Trauma Foundation (CIT), in Bozeman, Montana. CIT is a non-profit organization dedicated to improving the outcomes of people who are injured in rural America through programs of prevention, training, and research. He recently completed a detachment as the Director of the Rural EMS and Trauma Technical Assistance Center which was funded by the Department of Health and Human Services, Health Resources and Services Administration. Mr. Sanddal worked as the training coordinator for the EMS and Injury Prevention Section of the Montana Department of Public Health and Human Services in the late 1970's. He has served as the Chairperson of the National Council of State EMS Training Coordinators and as the lead staff member for that organization, as well as the National Association of EMT.

Mr. Sanddal has been a co-investigator for six state or regional rural preventable trauma mortality studies and has conducted research in the area of training for prehospital and nursing personnel as well as in rural injury prevention and control. He is a core faculty member for the NHTSA Development of Trauma Systems course and has conducted several statewide EMS assessments for NHTSA. Mr. Sanddal served on the IOM Committee on the Future of Emergency Care in the U.S.

He received his EMT training in Boulder, Montana, in 1973 and has been an active EMT with numerous volunteer ambulance services since that time. He currently responds with the Gallatin River Ranch Volunteer Fire Department where he serves as the Medical Officer and Assistant Chief.

He completed his undergraduate work at Carroll College, received his Master's degree in psychology from Montana State University and is currently completing his doctorate in Health and Human Behavior from Walden University.

JIM UPCHURCH, MD, MA, REMTP

Dr. Upchurch began his medical career in 1971 as a Special Forces Medic courtesy of the US Army. He graduated from the University of Texas Medical Branch at Galveston in 1982 and completed a Family Practice residency from the University of Oklahoma in 1985. Since 1985, he has served as an Indian Health Service (IHS) Physician on the Crow Indian Reservation in Montana. The majority of his clinical practice involves emergency medicine (EM), Emergency Medical Services (EMS), surgery and obstetrics. He maintains current National Registry certification and state licensure as a paramedic. In 2003, he completed a masters degree in educational technology from George Washington University.

Dr. Upchurch is a long-standing member of the National Association of EMS Physicians and the American College of Emergency Physicians. Since 1986, he has functioned as EMS medical director for Big Horn County in Montana and guided their basic care program to the advanced life support level, including critical care interfacility transport. He also provides EMS medical direction for Big Horn Canyon National Park and the Incident Medical Specialist Program, US Forest Service, Region I.

Dr. Upchurch is director of a small non-profit organization, EMS Education & Training. They offer distance and face-to-face educational opportunities to rural and frontier EMS personnel in Montana who desire to advance their level of care. He is an active ACLS, ACLS EP, ATLS and PHTLS instructor. Recently, he authored the Geriatric chapter for the sixth edition of *Nancy Caroline's Emergency Care in the Streets*, released in 2007.

Although Montana has no recognized state EMS medical director, Dr. Upchurch has served in that function for many years and represents Montana on the National Council of State EMS Medical Directors of the National Association of State EMS Officials. He functions at the IHS national level as a consultant on EM and EMS issues. He also sits on the Montana Board of Medical Examiners and on the board for the Critical Illness and Trauma Foundation.

JOLENE R. WHITNEY, MPA

Jolene R. Whitney has worked with the Bureau of Emergency Medical Services, Utah Department of Health for 27 years. She spent the first 6 years of her career as a regional EMS consultant. She became Assistant Training Coordinator in 1986. She has been a program manager for EMS systems and trauma system development since 1991. She is currently a Deputy Director for the Bureau of EMS and Preparedness, which includes Trauma System Development, Chemical

Stockpile Emergency Preparedness, Hospital Disaster Planning, ED, Trauma and Pre-hospital databases, EMS Licensing and Operations, CISM, and EMS for Children.

She spent 250 hours in the Olympic Command Center, serving as an EMS liaison for the 2002 Winter Olympics in Salt Lake City, Utah. She has been involved with all aspects of EMS including ambulance licensure, EMS councils, certification and training, computer testing, and curricula development. She has experience in statute and rule development, grant writing, system plan development, coalition building, and disaster preparedness. She has served on several national committees and teams, including a state EMS system assessment for NHTSA, reviewing rural trauma grant applications, developing the HRSA model trauma system plan and the NASMESO trauma system planning guide, and the NHTSA curriculum for an EMT refresher course.

Jolene has a Masters in Public Administration from Brigham Young University and a B.S. in Health Sciences, with an emphasis in Community Health Education from the University of Utah. She was certified as an EMT-Basic in 1979. She also obtained certification as an EMT instructor and became certified as an EMT III (Intermediate) in 1983. She has attended numerous conferences, courses, and workshops on EMS, trauma and disaster planning and response. She also completed a course for investigator training from CLEAR. Jolene is a co-author of three publications on domestic violence and hospital surge capacity planning.

She is the current Chair for the National Council of State Trauma System Managers/NASEMSO. She is a member of the American Trauma Society, previous member of the National Association of State EMS Training Coordinators.

In 2005, she was nominated by her staff and received a Utah Manager of the Year Nominee Award from the Governor. She also received recognition from the Utah Association of Emergency Medical Technicians in 2006.

Appendix B: List of Participants

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American College of Surgeons
Trauma Systems Consultation
November 2nd-5th, 2008

Name	Title	Organization
Abbott, Sally	SOA Preparedness Coordinator	SOA (State of Alaska)
Allard, Faith	RNFP Director	SOA
Andraschko, Andrea	Communication Specialist	ARH (Alaska Regional Hospital)
Barros, Nancy	SOA Program Manager	SOA
Bowman MD, J. Dani	Pediatrician	ANMC (Alaska Native Medical Center)
Brown MD, Ken	Planning Manager	BRH (Bartlett Regional Hospital)
Bryson, George	Staff Writer	Anchorage Daily News
Bundy, Tim	Section Chief, EMS	IPEMS (Injury Prevention & Emergency Medical Services) SOA
Butler MD, Jay	Chief Medical Officer	SOA- DHSS
Carr, Pat	Section Chief	SOA Health Planning and Systems Development
Chennault MD, Regina	Surgeon	ANMC
Coopes MD, B.J.	Director of Pediatric ICU	TCHAP (The Children's Hospital at Providence)
Crum RN, Bev	ER Manager	Ketchikan General Hospital
Davis, Rick	COO	ARH (Alaska Regional Hospital)
Derring RN, Shelly	Director of Clinical Operations	Airlift Northwest
DeGreef RN, Margie	Assistant with Administrative Services	PKIMC (Providence Kodiak Island Medical Center)

Name	Title	Organization
Fisher, Bryan	Chief of Operations	ADHSEM (Alaska Division of Homeland Security and Emergency Management)
Funk, Beth	State Epidemiologist	DHSS (SOA Department of Health and Social Services)
Gariepy RN, Debbie	TNC- Nurse	ARH
Gilkey, Ed	Chief Physician Executive	ANMC
Godfrey, Gerad	Chair	Violent Crimes Compensation Board
Goodrich, Craig	Fire Chief	Anchorage Fire Department
Greenberg MD, Matt	ED Director	YKHC (Yukon Kuskokwim Health Corporation)
Hecks, Sue	Director	Southern Region EMS
Hilgendorf, Rebecca	Acting Director	DSDS (Division of Senior and Disabilities Services) SOA
Hoebelheinrich MD, S. Roger	MD	CPGH (Central Peninsula General Hospital)
Hull-Jilly, Debra	IPU Unit Manager	IPEMS (Injury Prevention & Emergency Medical Services) SOA
Ives, George	Program Manager	PH- SOA
Jessop, Dan	Administrator	ANMC
Johnson, Mark	Volunteer	Former SOA Section of Community Health and EMS
Lamb, Ed	CEO	ARH
Lamoureux, Bruce	Senior Administrator	PAMC (Providence Alaska Medical Center)
Leemhuis RN, Mary	Trauma Program Manager, Nurse	ANMC
Leighty, Bobbi	Director of SE Region EMS	SEREMS (S.E. Region EMS)
Lerner MD, Deborah	Pediatrician	PAMC
Levy MD, Mike	Emergency Medicine Physician	ARH
Mackin, Jim	Preparedness Director	SOA/DHSS

Name	Title	Organization
Mandsager MD, Richard	TCHAP Director	PAMC
Maskay, Raj	Public Health Specialist	Section of Injury Prevention and EMS, SOA
Molitor RN, Jeanne	Course Director	SOA
Olliff, Terry	EMS Unit Manager	SOA IPEMS
Parks MD, Stephen	MD	PAMC/Lifemed
Poggi, Stephen R.	EMS	AFD (Anchorage Fire Department)
Potashnik, Dave	Emergency Medical Service Officer/Assistant Chief	North Slope Borough Fire Department- Barrow
Potts, Joanne	Program Manager	ARH
Robinette MD, Danny	MD	Northern Alaska Medical Surgical
Sacco MD, Frank	Trauma Systems Review Committee Chair/Surgeon	ANMC
Scandling, Bruce	Program Manager/Legislative Liaison	SOA Division of Public Health
Searles MD, Grant	MD	Anchorage Surgical and Bariatric
Simonsen RN, Barb	State Trauma Analyst/Nurse	IPEMS
Smith MD, Linda	ED Physician	ARH
Somervell, Philip	Epidemiologist	NIOSH (National Institute for Occupational Safety and Health)
Thompson RN, Mary	Trauma Program Managaer	PAMC
Wilder MD, Norman	Chief Medical Officer	ARH
Wooley, Bev	Director PH, DHSS	SOA
Zafren MD, Ken	SOA EMS Medical Director	SOA

Objectives and Methodology

- The Coalition for American Trauma Care commissioned Harris Interactive to conduct a survey of the public's views of and support for trauma systems.
- Telephone interviews were conducted with a nationally representative sample of 1000 adults aged 18 and over, between November 3rd and 14th, 2004.
- Final data were weighted by age, education, gender, income, and region, where necessary, using 2003 Current Population Survey data to adjust for sampling biases, if any.
- With 1,000 respondents, the sampling error is +/- 3%.

Key Topics

- Knowledge about leading causes of death
- Perceived value of and expectations about trauma centers
- Perceived value of and expectations about trauma systems
- Willingness to support funding of trauma centers and systems
- Disaster preparedness and trauma systems

Harris Interactive Ground Rules For Publicly Released Surveys

- Harris Interactive Inc. has very strong ground rules for surveys which may be publicly released. No other survey firm has stronger rules.
- Our **Five Rules** ensure that our surveys are never used to lead or mislead policymakers or the public. We do not do "hired gun surveys."
  1. **The survey must be fair, balanced and comprehensive.**
  2. **If the survey is publicly released, the full survey report must be released.**
  3. We will not include questions for possible publication about our clients' company or their products or brand names, or the names of their competitors. (The one exception: we sometimes do readership surveys or audience measurement surveys which ask about our clients.)
  4. **The survey must not be used to mislead the public, the media, policymakers or anyone else.**
  5. **We need to review the information that is being released prior to its release in order to check for accuracy.**

Overview

- Most Americans are not aware that injury is the leading cause of death for children, youth, and adults under the age of 34.
- After hearing a description of a trauma center, Americans value them highly and appreciate the importance of having one within easy reach.
  - Almost all Americans feel it is extremely or very important to be treated at a trauma center in the event of a life-threatening injury.
  - Nearly nine in ten Americans think it is extremely or very important for an ambulance to take them to a trauma center in the event of a life-threatening injury, even if it is not the closest hospital.
  - Nearly all Americans *believe* that if they had a serious or life-threatening injury, they *would* be taken to the hospital that is best equipped to handle their specific injury in less than 1 hour.
- Majorities of Americans feel that having a trauma center nearby is as important as or more important than having a Fire Department or Police Department.

Overview (cont.)

- After hearing a description of a trauma system, nearly all Americans recognize the importance of having a trauma *system* in place in their state.
- Large majorities feel that having a trauma *system* in place is as important as or more important than having State Police or HAZMAT teams.
- About two in three Americans would be extremely or very concerned if they learned that the trauma system in their state did not meet recognized standards. (*However, a 2002 survey of the status of trauma system development conducted by the Health Resources and Services Administration of the U.S. Department of Health and Human Services shows that only 8 states have fully developed trauma systems, 12 states do not have the authority to designate trauma centers, and the rest are in varying stages of partial development.*)
- Americans are willing to spend their own money to have trauma centers and systems in place in their states.
- Generally, Americans have high expectations of their states' trauma centers and systems when it comes to handling natural disasters or terrorist attacks.

Alaska State Medical Association

4107 Laurel Street • Anchorage, Alaska 99508 • (907) 562-0304 • (907) 561-2063 (fax)

October 13, 2008

Regina Chennault, MD
Frank Sacco, MD
4315 Diplomacy Drive
Anchorage, AK 99508

Via fax: 729-2746

RE: Alaska Trauma System

Dear Drs. Chennault and Sacco:

Thank you, Dr. Chennault for presenting at the ASMA House of Delegates Meeting on Saturday, September 27, 2008.

By consensus the ASMA HOD supported the concept of an appropriate trauma system for Alaska. However, the proposal recommended that there be a $500,000 cap on all damages for treatment of trauma patients in a state certified trauma center. The HOD recommended that be dropped from your proposal as any cap on economic damages would likely be found unconstitutional in Alaska. Additionally, the HOD also recommended that the proposal be amended to provide for a mechanism to directly compensate physicians for providing treatment for uninsured trauma patients in a state certified trauma center. (This would be for physicians who are not employees of that certified trauma center).

Several individual HOD members also suggested that you may wish to explore Alaska's "Good Samaritan" laws in lieu of any special economic damages caps which, as previously stated, are constitutionally problematic.

Please let me know if I may be of any future assistance.

Sincerely,

By: James J. Jordan, Executive Director
For: The Alaska State Medical Association

CC: John Raster, MD, Speaker of the House
Tom Vasileff, MD, President
J. Ross Tanner, MD, Immediate Past President

ALASKA STATE LEGISLATURE
SENATE HEALTH AND SOCIAL SERVICES STANDING COMMITTEE
April 8, 2009
1:36 p.m.

MEMBERS PRESENT

Senator Bettye Davis, Chair
Senator Joe Paskvan, Vice Chair
Senator Johnny Ellis
Senator Joe Thomas
Senator Fred Dyson

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

SENATE BILL NO. 66
"An Act relating to a mental health patient grievance procedure."
HEARD AND HELD

SENATE BILL NO. 168
"An Act relating to state certification and designation of trauma centers; creating the uncompensated trauma care fund to offset uncompensated trauma care provided at certified and designated trauma centers; and providing for an effective date."
HEARD AND HELD

SENATE BILL NO. 169
"An Act appropriating $5,000,000 to the uncompensated trauma care fund; and providing for an effective date."
HEARD AND HELD

PREVIOUS COMMITTEE ACTION

BILL: SB 66
SHORT TITLE: MENTAL HEALTH PATIENT GRIEVANCES
SPONSOR(s): SENATOR(s) DAVIS

01/21/09	(S)	READ THE FIRST TIME - REFERRALS
01/21/09	(S)	HSS, FIN
04/01/09	(S)	HSS AT 1:30 PM BUTROVICH 205
04/01/09	(S)	Bills Previously Heard/Scheduled
04/08/09	(S)	HSS AT 1:30 PM BELTZ 211

04/08/09	(S)	Heard & Held
04/08/09	(S)	MINUTE(HSS)

BILL: SB 168
SHORT TITLE: TRAUMA CARE CENTERS/FUND
SPONSOR(s): HEALTH & SOCIAL SERVICES BY REQUEST

03/27/09	(S)	READ THE FIRST TIME - REFERRALS
03/27/09	(S)	HSS, FIN
04/08/09	(S)	HSS AT 1:30 PM BELTZ 211

BILL: SB 169
SHORT TITLE: APPROP: TRAUMA CARE FUND
SPONSOR(s): HEALTH & SOCIAL SERVICES BY REQUEST

03/27/09	(S)	READ THE FIRST TIME - REFERRALS
03/27/09	(S)	HSS, FIN
04/08/09	(S)	HSS AT 1:30 PM BELTZ 211

WITNESS REGISTER

TOM OBERMEYER
Staff to Senator Davis
Alaska State Legislature
Juneau, AK
POSITION STATEMENT: Commented on SB 66, SB 168 and SB 169.

BRENDA KNAPP, Program Administrator
Treatment and Recovery
Division of Behavioral Health
Department of Health and Social Services (DHSS)
POSITION STATEMENT: Supported the concept of SB 66, but had many concerns.

JEAN MISCHEL, Attorney
Legislative Legal Services
Legislative Affairs Agency
State Capital
Juneau, AK.
POSITION STATEMENT: Answered questions on SB 66.

JAMES GOTTSTEIN, President/CEO
Law Project for Psychiatric Rights (Psych Rights)
POSITION STATEMENT: Strongly supported SB 66.

FAITH MEYERS, speaking for herself
POSITION STATEMENT: Supported SB 66.

DARENCE COLLINS, representing himself
POSITION STATEMENT: Supported SB 66.

RON ADLER, Director
Alaska Psychiatric Institute
Department of Health and Social Services (DHSS)
POSITION STATEMENT: Commented on SB 66.

DR. JAY BUTLER, Chief Medical Officer
Department of Health and Social Services (DHSS)
POSITION STATEMENT: Neutral stance on SB 168.

ROD BETIT, President/CEO
Alaska State Hospital and Nursing Home Association (ASHNHA)
POSITION STATEMENT: Supported the concept of SB 168.

MARK JOHNSON, former chief of Emergency Medical Services
POSITION STATEMENT: Supported SB 168.

ACTION NARRATIVE

1:36:32 PM
CHAIR BETTYE DAVIS called the Senate Health and Social Services Standing Committee meeting to order at 1:36 p.m. Present at the call to order were Senators Paskvan, Thomas, Dyson and Davis.

SB 66-MENTAL HEALTH PATIENT GRIEVANCES

1:37:01 PM
CHAIR DAVIS announced consideration of SB 66.

1:37:13 PM
TOM OBERMEYER, staff to Senator Davis, sponsor of SB 66, read the sponsor statement. He explained that SB 66 replaces a one-paragraph mental health grievance procedure under AS 47.30.184(7) with a much more comprehensive process. It recognizes and protects to a much greater extent the constitutional right of due process to an aggrieved patient who is undergoing treatment at a public or private evaluation facility or mental health unit.

Because of the exceptional circumstances under which such patients are admitted and treated, due process requires special safeguards. SB 66 provides a reasonable opportunity for informal or formal resolution of concerns or grievances with timely written complaints, responses and appeals, department review,

maintenance of records and reporting. It covers all state and private mental health facilities or hospital mental health units licensed in this state. New procedure requires detailed complaint forms, written answers by an impartial body within five days, three levels of appeal including response to urgent grievances within 24 hours. The timelines are strict because many patients are only in mental health facilities for a matter of days and grievances or appeals cannot be heard before discharge. A grievance may be filed at any time, but there is a statutory limitation of year after being discharged from the facility or unit.

1:38:39 PM
SB 66 provides notice of the grievance procedure upon admission to the facility, easy access to grievance forms and a secure complaint box in which to deposit the forms. The contents of the complaint box are to be read each day, and the original copy of the form must be kept in the patient record. The department is charged with reviewing all grievances and responses. Facilities and units must file quarterly reports of the number and type of grievance and the resolution including litigation. SB 66 prevents mental health facilities or units from "front loading" or asking patients to go through an informal complaint process before filing a grievance. In this way grievances in the past were reportedly were seldom heard and there is no written record of a grievance on which to file an appeal.

The bill allows for personal representatives to act in the interest of the patient in the grievance process as well as providing an appointed patient advocate in the mental health facility or unit.

He noted that the department sent over some suggestions that include adding a definition of "grievance." He said typically there is no record of what is going on and many of the people who are involved in the process are denied due process because they are mentally ill. He explained that due process involves deprivation of life, liberty or property, and the main problem here is a lack of liberty, particularly in those who are in forced civil commitments. The department has said maybe this bill should only apply to those, but they are trying to recognize that this state doesn't have a procedure or standard form that allows these patients to have routine issues dealt with in a timely way.

Finally, three levels of appeal have been set up. The first two levels go up to the commissioner; no response is needed. If they

want to appeal to the third level - the administrative hearing officer, the department is asked to intervene. This means that the hearing officer would make a determination, and then it would be turned over to the commissioner to accept or make some other determination. At that point, the administrative process is over and the next step would be court. This does not anticipate that the process of criminal law will not apply should the police be called, but it ensures that there will be a record of what goes on throughout the process.

1:42:51 PM
SENATOR PASKVAN moved to adopt the proposed committee substitute (CS) to SB 66, labeled 26-LS0239\E, as the working document. There being no objection, version E was before the committee.

SENATOR ELLIS joined the meeting.

1:44:07 PM
CHAIR DAVIS asked Mr. Obermeyer to explain the changes in the CS.

MR. OBERMEYER said essentially the CS ties up some loose ends. "Formal grievance" was replaced with "grievance" on page 2, line 2, and "written" was added before "notice" on page 3, line 2, and "appeal" before "procedure" on line 9. On page 3, lines 12-14 added "a written response to the grievance on the form required by one of the subsection within five days after receipt of the grievance and after each level of requested review."

The written response is supposed to include a list of options to resolve the grievance including a level-3 appeal. It also changed the time frame to appeal from 20 days to 30 in subsection 5(c) on page 3, line 30. Page 4, lines 1-4 adds "the hearing officer shall make findings and recommendations to the commissioner who shall make a final written decision on or before the 5th day after the commissioner receives the recommendations." This is to give the department an opportunity to resolve the matter at the lowest level, and if it is determined it can't be resolved the patient can go to court.

MR. OBERMEYER said that the hearing process has many more formalities and it is truly an independent body. One of the big concerns in the process is that impartiality is almost impossible unless you do get to an impartial administrative hearing officer; however, the biggest problem is that most grievances are not ever heard and there is no documentation that they ever occurred.

1:47:56 PM
MR. OBERMEYER said language on page 5, lines 6-7, says the facility or unit shall make a good faith effort to mail a response to a grievant that has been discharged from the facility. The facility is defined to mean "hospital or clinic in which mental health patients receive evaluation or treatment and for which public funds are provided" on page 5, line 26. Page 6, lines 2-3 describes a unit as "a discrete portion of facility dedicated to the treatment or evaluation of mental health patients."

1:50:07 PM
BRENDA KNAPP, Program Administrator, Treatment and Recovery, Division of Behavioral Health, Department of Health and Social Services (DHSS), said they support the spirit of the bill and share the legislature's desire to ensure that mental health patients in the state are treated fairly, receive appropriate treatment and that their concerns, when they have them, are heard. But they do have some concerns with the bill as written and those are in a memo.

She advised that first of all, there are already grievance policies in place. Certainly the hospital facilities with designated evaluation and treatment facilities and stabilization facilities are all accredited by the joint commission are required to have and follow grievance procedures. But within the community system, which would also be impacted by this bill, any grantee is required as part of their RFP procedure to provide a copy of their grievance procedure for consumer complaints. That has to be approved by the department in order for them to receive funding. She said her experience is that having the grievances resolved at the lowest level does work. If it can't be resolved, the department is already required in AS 47.36.060 to investigate and respond to complaints made by a patient or an interested party on behalf of a patient.

Although the current bill sets forth some new requirements - one of them being the three levels of review - the third one requiring department intervention, it does nevertheless require that copies of all grievance activity and the resolutions of those complaints be provided to the department. This would be a huge volume of documentation, and the department would be required to review all grievance documents that are provided for compliance with the section.

1:53:41 PM

MS. KNAPP said although they might only be required to intervene on the third level, all levels would require review for compliance. Certainly if something was found to be mishandled they would have an obligation to investigate and follow through. So it raises a level of work for the department that has been handled at the local level. They deal mostly in communities with non-profits or with municipal or tribal entities that do have their own governing boards where grievances of any sort are resolved. "We have that that works."

The bill also requires a specific form to be used for grievances. At this time the community programs have to design a form and submit it to the department for approval. They are given models they can use and have some latitude within their own structure to tailor it to their own needs as long as some of the core elements are there. Certainly the Joint Commission has standards regarding what the grievance procedure and policy would look like for the inpatient facilities. The state would like to move toward accreditation of community facilities but that represents a lot of money to providers.

Another concerning aspect of the bill is the broad definition of grievance. Currently it is a concern or a complaint that is unresolved. This bill broadens it to include "suggestions" which widens the arena. It is too broad.

1:56:37 PM
MS. KNAPP pointed out that there are other venues for patients and recipients of community based services to express their concerns without having to fill out a form and wait for a formal procedure - organizations such as the State Mental Health Board, the Mental Health Trust Authority, the Disability Law Center, Office of Public Advocacy and the Ombudsman. She concluded by saying they are very willing to work with the committee on this bill.

1:58:29 PM
CHAIR DAVIS asked how many grievances have come before the department per year.

MS. KNAPP answered probably about five actual grievances in the past five years.

CHAIR DAVIS asked if that doesn't seem odd to her.

1:59:10 PM

MS. KNAPP said that was not surprising, because she has worked in the community system for many years and knows how grievances are handled. It doesn't surprise her that they are resolved at the level in which they occur. If a grievance involves a criminal act, of course, it is referred to law enforcement.

SENATOR DYSON said he thought this bill changes what "grievance" means and that more things might fall into it now.

MS. KNAPP agreed.

SENATOR DYSON asked her to help him understand the down side of this from the department's perspective.

MS. KNAPP said if grievances can be successfully handled at the level at which they occur, it seems appropriate to do that, and to require that the department be copied on all documents surrounding that seems like an unnecessary administrative burden. They want staff to focus on real problems.

SENATOR DYSON asked if, in her profession, there is a possibility of people using the grievance process inappropriately out of spite.

MS. KNAPP replied that is true in any field, but all complaints merit review.

2:03:16 PM
SENATOR DYSON asked since she said she appreciated the spirit of the legislation if she was inferring that improvements could be made to the system.

MS. KNAPP said that if there is the perception of a problem, there is a problem. So it is important to look at the concerns of those who perceive the problem and find what the reasons might be.

SENATOR DYSON asked if this department had been audited in regard to this issue in recent history.

MS. KNAPP said she did not know.

CHAIR DAVIS asked her to find out.

CHAIR DAVIS said Jean Mischel, drafting attorney for this legislation, and they should ask her to address the change in definition of "grievance" with her.

2:05:41 PM
MR. OBERMEYER commented that the definition of "grievance" was intentionally put into the statute because many of the issues that come before these facilities are often changed from what might be a grievance to a suggestion or a complaint. So it gives the facility the opportunity to talk the individual out of what they are doing. This recognizes the problem of "front loading" and making a grievance disappear.

2:07:39 PM
JEAN MISCHEL, Attorney, Legislative Legal Services, said the definition used here is very broad. Alaska statue has no other definition of grievance; so lacking that, the courts would apply the dictionary definition. This change goes beyond that, and it is a policy call for the legislature.

2:09:10 PM
JAMES GOTTSTEIN, President/CEO, Law Project for Psychiatric Rights (Psych Rights), said he was on the Mental Health Board and strongly supported SB 66. The board pushed through standards for grievances and he wrote a letter to the Chair on 2/16/09 on this issue. He said the administration didn't appreciate the way mental health clients are marginalized just by being classified as mental health clients. So whatever they do can easily be dismissed and disregarded unless safeguards are in place. So it is very important that this bill puts those safeguards in place.

Also, when he was still on the board they pushed for putting the requirements they had negotiated with the department into regulations so that they would be more permanent.

In line with what he said before about people being marginalized, they are often really coerced into accepting things, and that's another reason why there really should be oversight of the process.

MR. GOTTSTEIN said it is interesting that the administration would complain about the huge amount of paperwork if this were enacted and at the same time say that there were only five grievances in five years. It strains credulity to say only five grievances were unresolved to the satisfaction of clients in five years. He thought the current process was suppressing the elimination of the problems that are going on.

2:13:24 PM

FAITH MEYERS, speaking for herself, supported SB 66. The current psychiatric patient grievance procedure statute, AS 47.30.847, does not adequately protect patients and their rights.{ As a former psychiatric patient, she said she had been in acute care psychiatric facilities, evaluation units and had received treatment as an out-patient. As an advocate, she has talked to former psychiatric patients and their newsletter includes results of a recent survey that shows dissatisfaction with current psychiatric patient procedures.

She stated that 10 different categories of clients receiving services from the DHSS who are not satisfied can file an appeal with the department or with an administrative law judge. Alaska may be the only state that does not allowing psychiatric patients to file an appeal to a higher level. Even individuals in prisons or jails can file an appeal with the Department of Corrections, but as of now all psychiatric patients do not have a clear path to file an appeal either with DHSS or an administrative law judge. Either would be acceptable.

MS. MEYERS said the loopholes in the current statute allow psychiatric facilities to deny patients their right to file a grievance at the time of their choosing. It is important that patients receive a written copy of the grievance procedure and associated rules, get a written response in a timely manner, be able to file a grievance when they choose instead of having to through the facility informal complaint resolution process first, be able to appeal to a higher authority when dissatisfied with the resolution, and to have grievance reporting that will be looked at by more than one person within 24 hours for an emergency grievance. These are all rights given by SB 66.

2:17:40 PM
DARENCE COLLINS, representing himself, supported SB 66. In Maine, he said, people sued their DHSS equivalent to force improvements in the state psychiatric patient grievance procedure. In the state of Georgia, the legislature stepped in, in 2008 and revised the grievance procedure statute after it was shown that their equivalent of DHSS was not properly investigating psychiatric patient complaints or keeping records of them.

At ease at 2:18 p.m.

MR. COLLINS said the Alaska Psychiatric Institute (API) that is managed by DHSS in a 2006 report showed 256 complaints filed by patients in a 12-month period; not one was considered a

grievance, and not one person received a written response, which is a federal requirement. The loophole and inadequacy in the current grievance procedure statute allowed API to treat all complaints informally. He enumerated complaints included safety, sexual abuse, and medications. API has made some improvements, but nothing stops them from going back to their old habits and 50 other facilities are still doing the same type of thing.

2:22:19 PM
MR. COLLINS said two reports from the Ombudsman's Office were critical of DHSS because they did not want to keep statistics. SB 66 will require DHSS to keep statistics. The same report indicated that DHSS has not investigated a psychiatric complaint in many years even though they are required to do so by AS 47.30.660. The department cannot by law delegate its responsibility of investigating a patient's complaint to a non-state entity, but that is exactly what DHSS is doing. He said that revising and updating psychiatric patient procedure statutes is a national trend as is making them uniform.

2:25:08 PM
SENATOR PASKVAN asked if an internal peer review process had been performed at API, which is confidential.

RON ADLER, Director, Alaska Psychiatric Institute, Department of Health and Social Services (DHSS), said, "We are always in a continuous state of continuous quality improvement." All complaints and grievances are review by both himself and the medical director; they have a Patients' Rights and Ethics Committee that reviews these and looks at trends and documents them as they are relevant. The medical staff at API has a peer review process that is confidential.

SENATOR PASKVAN asked how many of those processes have been completed on average per year.

MR. ADLER responded that he could get that data for him.

SENATOR PASKVAN said he wanted to see if any of the 256 complaints were addressed in the 2006 review.

MR. ADLER stated that API deals with a number of people who have disturbances of thoughts, and he takes exception to anyone who says x number of people complain of sexual misconduct or violence, whatever. That is just the kind of thing they hear from people who are incapacitated at time of admission. Once they stabilize, they will frequently either retract their

complaint or not acknowledge that it was going on out of embarrassment.

2:29:34 PM
CHAIR DAVIS asked him to provide that information to her office.

SENATOR DYSON asked when someone has been involuntarily been committed, has a guardian ad litem been appointed.

MR. ADLER answered that a "court visitor" and a public defender come in and work with the patient and represent him in any legal proceedings that are relevant to commitment status and medication orders.

SENATOR DYSON said he worries about an organization that is far less professional than API, that is just warehousing folks and may not be properly caring for people. If that organization was not being professional, how would an outside person ever find out and "blow the whistle?"

2:31:40 PM
MR. ADLER replied that the federally funded authority in the state is the Disability Law Center that is headquartered in Anchorage, but has offices in Juneau and Fairbanks. They are very active with API; their telephone number is at each treatment unit, and if there is any allegation of violation of human rights they are quick to investigate. The scope of the Center's authority goes beyond that of the state hospital and includes the private sector.

SENATOR DYSON asked who has oversight of conduct at the 50 other facilities.

MR. ADLER responded that his impression is that Alaska is a very small state; the Mental Health Board conducts quarterly meetings in various parts of the state and spends a great deal of time taking public testimony and/or holding town halls to get input from the local constituents to see how the system can be improved. It's always been amazing to him when a consumer of services makes a statement that things aren't right without going into detail. And then after testimony has closed, a number of people who are involved in the system engage the person to see what is wrong and a subcommittee is established to make changes. That is the same process that started when Faith Meyers brought complaints about her treatment at API.

MR. ADLER said he thinks Alaska has a very transparent and collaborative process; it is very difficult for any type of misconduct to occur. The things that need to be changed have already been changed through a process of oversight and collaboration through the variety of stakeholder meetings and public testimonies that go on throughout the year.

2:35:32 PM
MS. KNAPP added that within the community system of 50 or so grantee programs, these are voluntary programs; people are not "committed" to them. If a person is deemed not competent to manage her own affairs, a guardian would be appointed. If they might be a danger to themselves they might be committed for a period of time so they are not actually locked down. Family members are often the guardians.

2:36:53 PM
SENATOR DYSON said the inference is that some of the people who are complaining, if indeed it was bad, they could leave. He assumed that people who are involuntarily committed are not free to leave.

MS. KNAPP replied yes; that would be if they are in the psychiatric unit under commitment at Bartlett Hospital, which is the designated evaluation and treatment facility. But at the community program like Juneau Alliance for Mental Health they are free to leave.

SENATOR PASKVAN asked if the results of the medical review or joint accreditation are confidential.

MR. ADLER answered that the joint commission review is public; the peer and medical reviews are confidential.

2:38:52 PM
CHAIR DAVIS asked Ms. Knapp for a list of grantees and to identify the levels of care provided by the grantees and hospitals. She advised that the bill will probably not get another hearing this session, but she was going to appoint a subcommittee. Her feeling is that there is a reason for the bill, and she appreciated the department's willingness to work with her on it.

MS. KNAPP agreed.

SENATOR DYSON asked for any audits.

2:41:19 PM
CHAIR DAVIS said if one wasn't available, she may have to request one. She closed public testimony and held SB 66 in committee.

SB 168-TRAUMA CARE CENTERS/FUND

2:42:09 PM
CHAIR DAVIS announced consideration of SB 168.

TOM OBERMEYER, staff to Senator Davis, sponsor of SB 168, read the sponsor statement. It is about state certification and designation of trauma centers, creating the uncompensated trauma care fund to offset uncompensated trauma care provided at certified and designated trauma centers and providing for an effective date.

SB 168 addresses the urgent need for a comprehensive statewide trauma center system coordinating and integrating the efforts of emergency medical services, public safety agencies, air medical services and health care facilities to insure that patients receive the most efficient and effective care from time of injury through rehabilitation. Trauma care systems have been shown to reduce death from injury by as much as 25 percent and are recognized as an integral part of the state's EMS and disaster response system. Only eight states have fully functioning systems and 15 states have no system.

Trauma is any life threatening occurrence either accidental or intentional that causes injuries. The leading causes of trauma are motor vehicle accidents, falls and assaults; trauma is the leading cause of death among Americans under 44 years of age.

A trauma center is a hospital, clinic or other certified entity equipped to provide comprehensive emergency medical services to patients suffering traumatic injuries. They were established by the medical establishment in response to traumatic injuries that often require complex and multi-disciplinary treatment including surgery in order to give the victim the best possible chance for survival and recovery.

2:43:57 PM
Section 1 in SB 168 adds subsection (c) to emergency medical services to address the state certification and designation of trauma centers. It creates the uncompensated trauma care fund under section 2 to offset uncompensated trauma care provided at

certified and designated trauma centers and provides for an immediate effective date.

The bill requires the commissioner to establish special designations in regulation of levels of 1-4 of certified trauma centers that shall be used to set compensation eligibility and the amounts under the uncompensated trauma care fund. Although current Alaska statutes revised in 1993 require certification of hospitals, clinics or other entities representative of trauma centers, they do not require or provide incentives for participation. The uncompensated trauma care fund will provide the needed incentives for hospitals for clinics and other entities to seek certification as trauma centers.

Since the state's statutes and regulations in this area were enacted over 15 years ago, only 3 of 24 eligible Alaska hospitals reportedly have successfully completed the verification and certification process as trauma centers. In order to qualify as a trauma center, a hospital must meet certain criteria established by the American College of Surgeons. Trauma centers vary in their specific capacities and are identified by levels 1-4; 1 being the highest. Higher levels of trauma centers will have trauma surgeons available including those trained in such specialties as neurosurgery, orthopedic surgery, as well as highly sophisticated medical diagnostic equipment and specialized treatment units. Lower levels of trauma centers may only be able to provide initial care and stabilization of a traumatic injury and arrange for transfer of the victim to a higher level trauma care.

2:45:52 PM
MR. OBERMEYER said under the Alaska trauma center system, it is anticipated that tertiary hospitals designated as higher level trauma centers will insure the availability of critical care specialists 24 hrs/day, 7 days/wk. The Alaska Native Medical Center is a level 2 trauma center; Yukon Kuskokwim and Norton Sound Regional Hospitals are level 4. It is believed that there are adequate medical resources to establish more level 2 trauma centers in Anchorage, and it is considered feasible to establish level 3 and 4 centers throughout the state. Because of long transport times trauma centers at all levels are necessary to improve patient outcomes. Level 1 trauma centers have critical care specialists in the hospital or on call at all times.

The closest level 1 trauma center is Harborview Medical Center in Seattle. The operation of a trauma center is extremely expensive. Some areas are underserved by trauma centers because

of this expense. For instance, Harborview is the only level 1 trauma center to serve the entire states of Washington, Idaho, Montana, and Alaska.

He said that patient traffic at trauma centers can vary widely as there is no way to schedule the need for emergency services. A variety of different methods have been developed for dealing with this. Halifax Health in Daytona Beach, Florida, reportedly is employing a pod system to be provided by several different small emergency departments at different hospitals rather than one large trauma center.

It is anticipated that Alaska, likewise, will have to develop a trauma center system which is best suited to its needs. It is anticipated that persons critically injured in remote areas of Alaska will be transported directly to a distant trauma center by plane and helicopter for faster and better care than if they had been transported to a closer hospital, which is not designated a trauma center.

The designation, coordination and funding of a trauma center in Alaska as provided under SB 168 will save time and lives. It will also provide the financial incentives for more participation by hospitals, clinics and other certified trauma care entities which are not available under present law.

He drew the committee's attention to the attachments and documents that indicate that in Alaska the leading cause of death in persons ages 1 to 44 is trauma; the average number of fatalities from trauma is 400 each year, and for every injury death, 11 people are hospitalized for trauma-related injuries. For every trauma death that occurs in the hospital, there are an estimated 3 people discharged with permanent disability. On average, more than 800 Alaskans are hospitalized annually with central nervous system injury (spinal cord or brain injuries). In 2004 motor vehicles were the leading cause of injury death (117), followed by firearm injuries (116). In 2004, the economic cost of hospital stays for trauma patients in Alaska was estimated at over $73 million; 1 in 4 of those hospital admissions were uncompensated.

CHAIR DAVIS set SB 168 aside.

SB 169-APPROP: TRAUMA CARE FUND

2:49:14 PM

CHAIR DAVIS asked Mr. Obermeyer to provide a brief overview of SB 169.

MR. OBERMEYER explained that SB 169 is the appropriation bill that asks the state to fund the uncompensated trauma fund at $5 million.

SB 168-TRAUMA CARE CENTERS/FUND

CHAIR DAVIS returned attention to SB 168 to continue taking testimony.

2:50:46 PM
DR. JAY BUTLER, Chief Medical Officer, Department of Health and Social Services (DHSS), said Alaska's trauma death rate has declined over the last 30 years thanks to prevention efforts, but it is still significant. The department took a neutral stance on SB 168.

DR. BUTLER said, "A better job can be done with the medical management of trauma victims." To begin a systematic approach to improving trauma care in Alaska, the DHSS hosted the American College of Surgeons' Committee on trauma system evaluation and planning this past November. The committee noted that Alaska has no trauma system and the report included over 70 recommendations for improving trauma care and creating a statewide trauma system. Among the priority recommendations was a recommendation to require all acute care hospitals to seek trauma center designation appropriate to their capacity within the next two years to improve the quality of medical care for trauma victims and improve outcomes.

DR. BUTLER said SB 168 provides an incentive for hospitals to become certified trauma centers rather than creating a mandate. It creates a fund for reimbursement of trauma care that would be provided for care to uninsured or underinsured patients. There are a number of potential sources of funds, and the department has been working to develop the sources further. However, he said because of the uncertainty involving funding, the administration is taking a neutral stance on SB 168.

2:53:07 PM
SENATOR DYSON asked if the administration requested this bill.

CHAIR DAVIS replied no; it was requested by others than the department.

2:54:10 PM
ROD BETIT, President/CEO, Alaska State Hospital and Nursing Home Association (ASHNHA), said they support the concept of SB 168. The detailed report from the College of Surgeons prescribes a mandatory approach, which he didn't think would be well received for a variety of reasons. This is a priority that his members selected to work on in 2009, and he understands it is one of the department's priorities, too. The trauma system needs to be improved; the reasons why it hasn't happened need to be understood why it hasn't happened before. Some of those include the availability of physicians and their willingness to serve because there are very significant and time sensitive requirements around each classification level in the trauma scheme, and the costs to do that. And since there is clear evidence that if you have trauma centers, they attract more uncompensated care that has to be dealt with as well as what levels are care should be in each community.

He understood that Alaska has five designated facilities, four of those are tribal. The one with the highest level designation is Alaska Native Medical Center. Those are staff model hospitals where the physicians work for those hospitals. One private facility that is certified at the lowest level is co-located in a community with one of those tribal facilities. The rest have struggled with ways to meet the conditions of certification - being private hospitals with physicians who do not work for them and having a shortage of some of the types of physicians needed and the ability to make sure the physicians will be there within the time response required. This is one issue they don't know how to solve at this point, but a group within the AHNSHA is working on it. This is a great approach to try to pull more facilities in and get them designated. Clearly, uncompensated care is one way to do that, but unless they can figure out some of the logistical problems around physician availability, they won't get as far as the committee would like with this piece of legislation.

2:57:49 PM
SENATOR PASKVAN asked, if it were funded at the $5 million level, what range of hospitals would want to participate in the plan.

MR. BETIT answered that since this deals with "a half a glass" and deals with uncompensated care, but not with the physician cost or availability, none said they would be willing to move forward to get the designation. It's a step in the right direction, but maybe the $5 million could be matched through

some disproportionate sharing funding that Medicaid makes available that the state hasn't fully capitalized on. Maybe some of that could also go into offsetting some of the increased costs for the physician on call and recognizing that they have to have the right physicians available to be on call. He hoped to work with the department on these issues over the next few months.

2:59:09 PM
MARK JOHNSON, former chief of Emergency Medical Services, said during that time that he served, he worked very hard to develop an EMS system in Alaska and made a lot of progress. One of the issues they worked on was to improve the trauma system in Alaska where they made some limited progress. In the 1990s with the use of some federal grant funds, his office co-sponsored American College of Surgeon reviews of eight different hospitals in Alaska that created reports on their strengths and weaknesses. Some hospitals have been reviewed multiple times. The report that the college came out with addressed some issues mentioned by Mr. Betit as well as going into a lot more detail on how to solve some of the problems.

It's been said for many years, that trauma systems require commitment, and unless the medical community and the hospitals are willing to provide it, they aren't going to solve the problem, Mr. Johnson said, and he's been dealing with it for decades. The reality is that Alaska's hospitals are not meeting national standards in trauma care, and the public is not well served by that. Harris polls indicate that nationwide, people actually think they live in a community with a trauma system, but in fact in many places it doesn't exist.

MR. JOHNSON said reducing complications and lengths of stay can produce better outcomes and more lives saved, and these can all result in downstream long term savings. One of the biggest problems in this state is on-call. Sometimes a surgeon is needed immediately, but they must be called to find somebody available. Those calls take time and that sometimes results in bad outcomes. That should be pre-planned and pre-arranged; and that's what this is about.

3:02:55 PM
SENATOR DYSON said "commitment" sounds like money.

MR. JOHNSON said to some extent that is true, but other things can be done that don't cost much. You look at creative solutions, and some are in this report.

CHAIR DAVIS said this bill will come back next session. [SB 168 was held in committee.]

3:04:11 PM
There being no further business to come before the committee, she adjourned the meeting at 3:04 p.m.

ALASKA STATE LEGISLATURE
SENATE HEALTH AND SOCIAL SERVICES STANDING COMMITTEE
February 22, 2010
1:31 p.m.
Draft

MEMBERS PRESENT

Senator Bettye Davis, Chair
Senator Joe Paskvan, Vice Chair
Senator Johnny Ellis
Senator Joe Thomas
Senator Fred Dyson

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

SENATE BILL NO. 168
"An Act relating to state certification and designation of trauma centers; creating the uncompensated trauma care fund to offset uncompensated trauma care provided at certified and designated trauma centers; and providing for an effective date."
MOVED CSSB 168(HSS) OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: SB 168
SHORT TITLE: TRAUMA CARE CENTERS/FUND
SPONSOR(s): HEALTH & SOCIAL SERVICES BY REQUEST

03/27/09	(S)	READ THE FIRST TIME - REFERRALS
03/27/09	(S)	HSS, FIN
04/08/09	(S)	HSS AT 1:30 PM BELTZ 211
04/08/09	(S)	Heard & Held
04/08/09	(S)	MINUTE(HSS)
02/10/10	(S)	HSS AT 1:30 PM BUTROVICH 205
02/10/10	(S)	Heard & Held
02/10/10	(S)	MINUTE(HSS)
02/22/10	(S)	HSS AT 1:30 PM BUTROVICH 205

WITNESS REGISTER

REPRESENTATIVE COGHILL

State Capitol
Juneau, AK
POSITION STATEMENT: Sponsor of SB 168.

ROD BETIT, President
Alaska State Hospital and Nursing Home Association
Juneau, AK
POSITION STATEMENT: Testified in favor of the amendment to the committee substitute to SB 168.

WARD HURLBURT M.D., MPH, Chief Medical Officer
Department Of Health and Social Services
Division of Public Health
Anchorage, AK
POSITION STATEMENT: Supported SB 168.

DR. REGINA CHENAULT, Chair
College of Surgeon's Committee on Alaska Trauma
Anchorage, AK
POSITION STATEMENT: Supported SB 168.

ACTION NARRATIVE

1:31:44 PM
CHAIR BETTYE DAVIS called the Senate Health and Social Services Standing Committee meeting to order at 1:31 p.m. Present at the call to order were Senators, Ellis, Dyson, Paskvan and Davis.

SB 168-TRAUMA CARE CENTERS/FUND

1:32:05 PM
CHAIR DAVIS announced consideration of SB 168.

1:33:45 PM
REPRESENTATIVE COGHILL provided an overview of the committee substitute (CS) for SB 168. It contains language that points to the alcohol tax as a funding source to be used not only to help fill the fund itself, but to help match federal disproportionate share money [Medicaid disproportionate share hospital (DSH) payment adjustment program].

The amendment to the CS removes the word "uncompensated" from the title and other parts of the CS. According to the state's Medicaid official, this will increase the state's flexibility in the use of disproportionate share money. He said he is comfortable with that amendment.

1:36:42 PM
ROD BETIT, President, Alaska State Hospital and Nursing Home Association, Juneau, Alaska, testified in favor of the amendment to the committee substitute, which broadens the language in the bill to include more than uncompensated care. That is a key factor that has kept hospitals from moving to those higher trauma designation levels. Broadening the use of those funds will allow the department to work through barriers to accomplish the purpose of this bill without compromising the use of disproportionate share funds.

1:38:01 PM
WARD HURLBURT M.D., MPH, Chief Medical Officer, Department Of Health And Social Services, Division of Public Health, testified that, in his experience as a surgeon, alcohol is definitely associated with unintentional trauma in Alaska.

1:39:15 PM
DR. REGINA CHENAULT, Chair, College of Surgeon's Committee on Alaska Trauma; member of the Violent Crimes Compensation Board and the Alaska State Trauma System Review Committee, Anchorage, Alaska, thanked the committee for recognizing the link between alcohol and trauma in the state. She said the violent crimes board tracked the association of drugs and alcohol to trauma for several years and found that it was a factor from 70 to 88 percent of the time.

1:40:33 PM
CHAIR DAVIS closed public testimony.

SENATOR PASKVAN moved to adopt the proposed committee substitute (CS) to SB 168, labeled 26-LS0799\R, as the working document of the committee. There being no objection, version R was before the committee.

SENATOR PASKVAN provided an overview of Amendment 1 to draft version R. He said the purpose is to remove the word "uncompensated" throughout the bill, where it refers to trauma care.

CHAIR DAVIS asked for a motion to adopt the amendment.

SENATOR PASKVAN moved to adopt Amendment R.1 to CSSB 168. There being no objection, Amendment R.1 was adopted.

SENATOR THOMAS read from page 2, line 14(d), which provides that "the commissioner may not provide more than 25 percent of the total assets, including earnings, of the fund in a fiscal year to one trauma center." He said 50 percent of that fund [Alcohol and Other Drug Treatment and Prevention Fund (ADTP)] {is already dedicated for drug and alcohol related prevention and asked if the 25 percent refers to the entire amount, or the 50 percent that remains beyond that dedicated amount.

TOM OBERMEYER said the statutory authority is found in AS 43.60.050.

REPRESENTATIVE COGHILL said his understanding is that the amount of the tax available to the [trauma care] fund from the alcohol tax is a specified amount and the amount that can be appropriated from the fund is also limited, so there are two different limitations. The intent was that only so much of the alcohol tax would come into this fund.

1:45:50 PM
SENATOR PASKVAN moved to report CSSB 168 as amended from the committee with individual recommendations and attached fiscal note(s). There being no objection, CSSB 168(HSS) moved from committee.

1:46:55 PM
There being no further business to come before the committee, Chair Davis adjourned the meeting at 1:46 p.m.

ALASKA STATE LEGISLATURE
HOUSE HEALTH AND SOCIAL SERVICES STANDING COMMITTEE
April 9, 2009
3:05 p.m.

MEMBERS PRESENT

Representative Bob Herron, Co-Chair
Representative Wes Keller, Co-Chair
Representative John Coghill
Representative Bob Lynn
Representative Paul Seaton
Representative Sharon Cissna
Representative Lindsey Holmes

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

HOUSE BILL NO. 188
"An Act relating to the taxation of moist snuff tobacco, and amending the definition of 'tobacco product' in provisions levying an excise tax on those products."

- HEARD AND HELD

HOUSE BILL NO. 168
"An Act relating to state certification and designation of trauma centers; creating the uncompensated trauma care fund to offset uncompensated trauma care provided at certified and designated trauma centers; and providing for an effective date."

- HEARD AND HELD

HOUSE BILL NO. 223
"An Act relating to the qualifications for residential psychiatric treatment center caregiver staff; and providing for an effective date."

- HEARD AND HELD

PREVIOUS COMMITTEE ACTION

BILL: HB 188
SHORT TITLE: TAX ON MOIST SNUFF

SPONSOR(s): REPRESENTATIVE(s) HERRON

03/12/09	(H)	READ THE FIRST TIME - REFERRALS
03/12/09	(H)	HSS, L&C, FIN
03/24/09	(H)	HSS AT 3:00 PM CAPITOL 106
03/24/09	(H)	<Bill Hearing Rescheduled to 03/26/09>
03/26/09	(H)	HSS AT 3:00 PM CAPITOL 106
03/26/09	(H)	Heard & Held
03/26/09	(H)	MINUTE(HSS)
04/09/09	(H)	HSS AT 3:00 PM CAPITOL 106

BILL: HB 168
SHORT TITLE: TRAUMA CARE CENTERS/FUND
SPONSOR(s): REPRESENTATIVE(s) COGHILL

03/09/09	(H)	READ THE FIRST TIME - REFERRALS
03/09/09	(H)	HSS, FIN
04/09/09	(H)	HSS AT 3:00 PM CAPITOL 106

BILL: HB 223
SHORT TITLE: TRAINING FOR PSYCHIATRIC TREATMENT STAFF
SPONSOR(s): HEALTH & SOCIAL SERVICES

04/08/09	(H)	READ THE FIRST TIME - REFERRALS
04/08/09	(H)	HSS
04/09/09	(H)	HSS AT 3:00 PM CAPITOL 106

WITNESS REGISTER

ROB EARL, Staff
to Representative Bob Herron
Alaska State Legislature
Juneau, Alaska
POSITION STATEMENT: Introduced the proposed CSHB 188, Version N, for the prime sponsor, Representative Herron.

DR. FRANK SACCO, Chair
Alaska Trauma Systems Review Committee
Anchorage, Alaska
POSITION STATEMENT: Presented a Power Point titled "Trauma Care in Alaska 2009" and answered questions about the Alaska trauma system.

DR. REGINA CHENNAULT, Chair
Alaska Committee on Trauma;
American College of Surgeons
Alaska Native Medical Center

Anchorage, Alaska
POSITION STATEMENT: Spoke in support of HB 168.

DR. DANNY ROBINETTE
Northern Alaska Medical Surgical
Fairbanks, Alaska
POSITION STATEMENT: Spoke in support of HB 168.

GERAD GODFREY, Chair
Alaska Violent Crimes Compensation Board
Juneau, Alaska
POSITION STATEMENT: Spoke about HB 168.

DAVID HULL, Chairman
Alaska Council on Emergency Medical Services
Ketchikan, Alaska
POSITION STATEMENT: Testified in support of HB 168.

ROD BETIT, President & CEO
Alaska State Hospital and Nursing Home Association (ASHNHA)
Juneau, Alaska
POSITION STATEMENT: Testified about HB 168.

MARK JOHNSON, Chief (ret.)
Community Health and Emergency Medical Services
Department of Health and Social Services (DHSS)
POSITION STATEMENT: Testified about HB 168.

DR. JAY BUTLER, Chief Medical Officer
Office of the Commissioner
Department of Health and Social Services (DHSS)
Anchorage, Alaska
POSITION STATEMENT: Testified about HB 168.

MYRA MUNSON, Attorney
The Boys and Girls Home of Alaska
Fairbanks, Alaska
POSITION STATEMENT: Testified about HB 223.

PAT HEFLEY, Deputy Commissioner
Office of the Commissioner
Department of Health and Social Services (DHSS)
Juneau, Alaska
POSITION STATEMENT: Testified about HB 223.

STACIE KRALY, Chief Assistant Attorney General;
Statewide Section Supervisor

Human Services Section
Civil Division (Juneau)
Department of Law (DOL)
Juneau, Alaska
POSITION STATEMENT: Answered questions about HB 223.

STACY TONER, Deputy Director
Division of Behavioral Health
Department of Health and Social Services (DHSS)
Juneau, Alaska
POSITION STATEMENT: Answered questions about HB 223.

BEVERLY WOOLEY, Director
Division of Public Health
Department of Health and Social Services (DHSS)
Juneau, Alaska
POSITION STATEMENT: Answered questions about HB 223.

JIM MALEY, President & CEO
Alaska Children's Services (ACS)
Anchorage, Alaska
POSITION STATEMENT: Testified about HB 223.

JEFF JESSEE, Chief Executive Officer
Alaska Mental Health Trust Authority (AMHTA)
Department of Revenue (DOR)
Anchorage, Alaska
POSITION STATEMENT: Testified about HB 223.

KATE BURKHART, Executive Director
Alaska Mental Health Board (AMHB)
Office of the Commissioner
Department of Health and Social Services (DHSS)
Juneau, Alaska
POSITION STATEMENT: Answered questions about HB 223.

FRAN PURDY, Executive Director
Alaska Youth & Family Network (AYFN)
Anchorage, Alaska
POSITION STATEMENT: Testified about HB 223.

ACTION NARRATIVE

3:05:45 PM

CO-CHAIR WES KELLER called the House Health and Social Services Standing Committee meeting to order at 3:05 p.m.

(3) maintains a vending machine that dispenses cigarettes, cigars, tobacco, or products containing tobacco **or nicotine** ; or

(4) holds a business license endorsement under AS 43.70.075 and allows a person under 19 years of age to sell a cigarette, a cigar, tobacco or a product containing tobacco **or nicotine**.

He explained that this would regulate products that contained either tobacco or nicotine. He said that the issue revolved around two methods for taxes on tobacco, and he asked the sponsor to formulate a per nicotine dose tax, so that the committee could achieve a balanced discouragement to each nicotine delivery system.

3:19:21 PM

CO-CHAIR KELLER closed testimony.

[HB 188 was held over. Co-Chair Keller's objection to the motion to adopt the committee substitute (CS) for HB 188, Version 26-LS0714\N, Bullock, 4/9/09, as the working document, was left pending.]

HB 168-TRAUMA CARE CENTERS/FUND

3:19:35 PM

CO-CHAIR KELLER announced that the next order of business would be HOUSE BILL NO. 168, "An Act relating to state certification and designation of trauma centers; creating the uncompensated trauma care fund to offset uncompensated trauma care provided at certified and designated trauma centers; and providing for an effective date."

3:20:19 PM

REPRESENTATIVE COGHILL stressed that it was a high priority for Alaska to have an emergency trauma delivery system. He explained that he would like to incentivize hospitals to attain trauma center designation, and to direct funding for trauma uses. He noted that two central issues were for uninsured patients, and for payment to the hospitals for the new programs. He suggested that hospitals which increased their trauma designation would receive repayment for the expenses. He referred to the "Trauma System Consultation" report from its November 2-5, 2008, meeting in Anchorage, Alaska. [Included in

the members' packets] He noted that the report contained suggestions of ways for Alaska to improve its trauma system. He opined that hospitals would be reluctant, but would support this program. He summarized that there was an important need to take care of Alaskans who were hurt, and that there should not be a question of where the payment would come from.

3:27:48 PM

DR. FRANK SACCO, Chair, Alaska Trauma Systems Review Committee, said that his report would demonstrate why this was important, what had been done so far, and what was still needed. He quoted the former U.S. Surgeon General, C. Everett Koop, "If a disease were killing our children at the rate unintentional injuries are, the public would be outraged and demand that this killer be stopped." He opined that a public health system approach was the only proven way to make an impact. He stated that the leading cause of death for individuals up to 44 years of age was trauma, and yet it was still not recognized.

3:31:15 PM

DR. SACCO referred to slide 5, "Trauma in Alaska," and detailed the annual impact to Alaskans.

3:31:45 PM

DR. SACCO directed attention to the comparative deaths by trauma in the U.S. and Alaska on slide 6, "Death from Trauma in Alaska." He pointed out the high rate for Alaskans and the much higher rate for Alaska natives, and he noted that the Alaska trauma death rate was second only to New Mexico.

3:32:21 PM

DR. SACCO explained that the leading causes of traumatic death in Alaska were motor vehicles and firearms, slide 7, "Trauma in Alaska." He disclosed that 25 percent of the $73 million cost for trauma care in Alaska was not compensated.

3:32:53 PM

DR. SACCO compared the time from injury to death on slide 8, "Death from Trauma." He pointed out that intervention during the golden hours would improve survival.

3:33:27 PM

DR. SACCO indicated slide 9, "Trauma Systems," and read "A trauma system consists of hospitals, personnel, and public service agencies with a preplanned response to caring for the injured patient."

3:33:51 PM

DR. SACCO considered slide 10, "Trauma Systems," and described the facilities, the personnel training, the patient transport, the triage. He said "a trauma system was getting the right patient to the right place in the right amount of time."

3:34:20 PM

DR. SACCO looked at slide 11, "Facilities-Trauma Centers," and reviewed the definitions for Levels I-IV of trauma centers.

3:35:28 PM

DR. SACCO spoke about the various trauma related courses, which included ATLC, TNCC, RTTDC, and ETT, on slide 12, "Personnel."

3:36:07 PM

DR. SACCO directed attention to slide 13, "Transport and triage," and spoke about the guidelines that take into account local resources and capabilities.

3:36:35 PM

DR. SACCO referred to "Trauma Systems" on slide 14, and declared that trauma systems improved survival of the seriously injured by 15 -25 percent, increased the productive working years, and enhanced the statewide disaster preparedness.

3:37:25 PM

DR. SACCO spoke to slide 15 "Preventable Deaths: the impact of trauma systems," and he compared the decrease to percentages of preventable deaths for three major metropolitan areas.

3:37:47 PM

DR. SACCO continued on to slide 16, "Trauma Systems & crash mortality," which depicted a state to state comparison for crash mortality before and after the introduction of trauma systems.

3:37:59 PM

DR. SACCO explained that slide 17, "Trauma systems & crash mortality" revealed the impact on mortality rates with trauma systems, seat belt restraint laws, lower allowable blood level alcohol, and increases to the speed limit.

3:38:21 PM

DR. SACCO spoke about slide 18, "Anchorage Mortality Rate 2005-2007" which depicted the lower mortality rate for designated, as opposed to non-designated, trauma centers in Anchorage. He explained that the next slide reflected the significant differences for age group mortality rates between the designated and non-designated trauma centers. He reviewed the next slide, "Trauma Center and Disaster Preparedness," and noted that a trauma center maintained its readiness, was staffed for all types of injuries, had a broad communications network, and had the resources to facilitate the patient's recovery.

3:39:21 PM

DR. SACCO stated that slide 21 "Trauma Systems and the Public," showed that 83 percent of the people wanted a trauma system in their area.

3:39:47 PM

DR. SACCO said that slide 22, also titled "Trauma Systems and the Public," affirmed that 75 percent of people interviewed thought there was a trauma center system in their state, but in actuality only 15 percent of the people lived in a state with a comprehensive system.

3:40:17 PM

DR. SACCO explained slide 23, "Alaska Trauma System," and noted that a 1993 Alaska statute created the EMS authority for designating trauma centers, set national standards for trauma centers, and made hospital participation in the trauma system voluntary. He said that in the 15 years since, there was only one Level II trauma center and four Level IV centers in Alaska, which were all listed on slide 25, "Current Status."

3:41:54 PM

DR. SACCO introduced the Site Visit Team on slide 26, and he described the "Objective," slide 27, which was "To help promote a sustainable effort in the graduated development of an inclusive trauma system for Alaska."

3:42:20 PM

DR. SACCO continued on to slide 28, "Advantages & Assets," and emphasized that Alaska had very committed individuals who served Alaska, that there was an extensive transport network, that there were three large medical centers with extensive expertise in the state, and that there was a very good relationship with Harborview Medical Center in Seattle for sending trauma patients. He also listed the Level II facility, with other small hospitals working toward verification of Level IV. He said the Alaska Trauma Registry received data from all 24 acute care hospitals.

3:43:27 PM

DR. SACCO moved on to slide 30, "Challenges and Vulnerabilities." He declared that Alaska did not have a trauma system plan, there were no trauma standards, there were limited human resources, there were few incentives for hospital participation, and there was not a statewide performance evaluation.

3:44:24 PM

DR. SACCO directed attention to slide 31, "Trauma Care in Alaska 2009," and concluded: "There are two healthcare systems for injured patients. One for Alaska natives that adheres to national standards and another for the majority of the population." [original punctuation provided]

3:44:32 PM

DR. SACCO referred to the recommendations on slide 32, "Definitive Care Facilities," and said that a second Level II Trauma Center had to be established in Anchorage, and that participation by all acute care hospitals should be mandated within two years for trauma center designation appropriate to their capabilities. He continued with slide 33, and declared that there was a need for pediatric trauma care capability. He concluded that it was necessary to determine a method of financial support to trauma centers for uncompensated care.

3:45:30 PM

DR. SACCO noted that slide 36, "Alaska Trauma Systems Review Committee," reflected that the committee met twice a year and that its role was to review the Level IV hospitals and the interfacility transfer guidelines, and make suggestions for trauma system improvement.

3:45:57 PM

DR. SACCO explained that "Head Injury Guidelines for Rural and Remote Alaska," were implemented primarily by the tribal health system and it decreased unnecessary medevacs by 75 percent, with no adverse consequences.

3:47:10 PM

DR. SACCO commented on slide 38, "Current Activity US," and compared that both Georgia and Arkansas put millions of dollars into the trauma system, whereas Alaska was the only state without a designated Level 1 or Level 2 trauma center, other than the Native Health Service facility. He added that federal legislation was currently being considered for help to trauma centers.

3:48:24 PM

DR. SACCO concluded with slide 39, "Alaska Trauma System: "Where do we go now?" and said that it was necessary to increase facility participation for development of an inclusive system.

3:49:08 PM

REPRESENTATIVE CISSNA asked about community emergency response training.

DR. SACCO, in response to Representative Cissna, explained that the difference between designated and non-designated hospitals was determined by the ability to maintain a minimum care level. He endorsed the need to organize providers and facilities to ensure that this care level was always available.

DR. SACCO, in response to Representative Cissna, explained that the mortality rates were adjusted per 100,000 people, and that Alaskans had the second highest rate.

3:52:30 PM

REPRESENTATIVE CISSNA referred to the need for funding, and asked what could be done that was not funding related.

DR. SACCO said that there were over 70 recommendations in the American College of Surgeons report [Included in the members' packets], many of which did not require any funding. He gave two examples: mal-practice caps on damages at a designated trauma center and Medicare and Medicaid allowable billing by designated trauma centers for the Emergency Room activation of a trauma team.

3:55:37 PM

CO-CHAIR KELLER opened public testimony.

3:55:55 PM

DR. REGINA CHENNAULT, Chair, Alaska Committee on Trauma, American College of Surgeons, Alaska Native Medical Center, said that she agreed with Dr. Sacco, and that a trauma system was also the best design for handling any disaster. She stated that appropriate trauma care did reduce mortality.

3:58:26 PM

DR. DANNY ROBINETTE, Northern Alaska Medical Surgical, observed that there was an increasing manpower shortage for general surgery. He noted that trauma patients were often under insured and he suggested that there be incentives for doctors. He said that it became necessary to medevac a patient to Seattle when the Anchorage medical system did not have the availability.

4:01:45 PM

GERAD GODFREY, Chair, Alaska Violent Crimes Compensation Board, related a personal story which reflected the flaws in the trauma response time. He said that the ad hoc committee had realized that there was not a standardized procedure for all the potential variables. He opined that there was unwillingness from the hospitals to go along with the training, the protocols, and the start up cost. He supported the pro active approach of the American College of Surgeons.

4:08:00 PM

DAVID HULL, Chairman, Alaska Council on Emergency Medical Services, said that trauma care needed to be addressed. He offered examples of emergency medical systems that had treated trauma patients, and he advocated for an entire trauma care system.

4:12:30 PM

ROD BETIT, President & CEO, Alaska State Hospital and Nursing Home Association (ASHNHA), said that ASHNHA agreed that work needed to be done on the trauma care system, and that there should be incentives for initiating the system. He opined that DHSS needed to agree on its importance before any talks would be effective. He observed that that there was a significant cost to guarantee the availability of physicians and nurses for the required time response. He remarked that it was different for staff model hospitals, as the physicians worked for that hospital, than for private hospitals, where the physicians did not work for the hospital. He agreed that HB 168 was a good idea.

4:16:45 PM

MR. BETIT, in response to Representative Coghill, said that the Medicaid disproportionate share funds were available, as these were often left unused.

4:17:22 PM

REPRESENTATIVE COGHILL agreed that having an already existing funding stream was optimal.

4:17:27 PM

MARK JOHNSON, Chief (ret.), Community Health and Emergency Medical Services, referred to the initial legislation passed in 1993, which had set up the aforementioned voluntary system. He explained that DHSS had co-sponsored the American College of Surgeons review of eight different hospitals in Alaska. He said that he participated in the reviews, and that many facilities were close to designation. He opined that incentives were necessary for enthusiasm for the designation process. He stressed that the trauma system would save lives.

4:19:38 PM

DR. JAY BUTLER, Chief Medical Officer, Office of the Commissioner, Department of Health and Social Services (DHSS), said that injury deaths could not be controlled like a disease. He reported that a systematic approach to improve trauma care had become a DHSS priority. He shared that an American College of Surgeons recommendation was for each acute care hospital to seek trauma center designation, appropriate to its capacity, within the next two years. He affirmed that the goal was to improve the quality of care for trauma victims. He stated that HB 168 provided an incentive to become a trauma center. He cited potential funding sources for reimbursement to hospitals for underinsured trauma patients. He noted that DHSS recognized the importance of trauma care, but that there was uncertainty for fiscal support. He observed that the administration had taken a neutral stance.

4:22:37 PM

REPRESENTATIVE SEATON asked how many trauma deaths were alcohol related, and if it was necessary to address the larger problem of alcoholism.

DR. BUTLER, in response to Representative Seaton, agreed that alcohol was a component and that the reduction to the legal limit for blood alcohol was a part of the larger solution.

REPRESENTATIVE COGHILL, in response to Representative Seaton, said that he was open to the inclusion of other aspects for prevention, as these also had an impact on the system.

4:25:53 PM

DR. BUTLER spoke about teachable moments, and he shared that non-fatal incidences of trauma, specifically alcohol related events, were excellent teachable moments.

4:26:42 PM

DR. SACCO agreed with the use of teachable moments, and he gave examples to the success with alcohol intervention and education. He suggested that a requirement for trauma centers was to teach injury prevention to high risk populations.

4:29:17 PM

REPRESENTATIVE COGHILL, in reference to the bill, reflected that it was important to "be quick but don't get in a hurry." He

agreed that there were complexities to the issues, but that people's lives were involved.

4:30:34 PM

CO-CHAIR KELLER closed public testimony.

[HB 168 was held over.]

HB 223-TRAINING FOR PSYCHIATRIC TREATMENT STAFF

4:31:00 PM

CO-CHAIR KELLER announced that the final order of business would be HOUSE BILL NO. 223, "An Act relating to the qualifications for residential psychiatric treatment center caregiver staff; and providing for an effective date."

The committee took an at-ease from 4:31 p.m. to 4:36 p.m.

4:36:57 PM

CO-CHAIR KELLER acknowledged that there had been ongoing discussion and negotiation about HB 223. He opened public testimony.

4:39:12 PM

CO-CHAIR HERRON moved to adopt the proposed Committee Substitute (CS) for HB 223, Version 26-LS0842\C, Mischel, 4/8/09, as the working document.

REPRESENTATIVE HOLMES objected for the purpose of discussion.

MYRA MUNSON, Attorney, The Boys and Girls Home of Alaska, said that the Committee Substitute (CS) set a new level of caregiver qualification for residential psychiatric treatment centers (RPTC). She noted that there were currently three caregiver standards, and she explained the requirements for each option. She reported that HB 223 allowed for a fourth qualification option.

4:45:47 PM

REPRESENTATIVE HOLMES asked for a clarification for the new qualification.

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: CSSB 168(HSS)
(S) Publish Date: 2/24/10

Identifier (file name): SB168-REV-TRS-2-8-10
Dept. Affected: Revenue
Title: Uncompensated Trauma Care fund
RDU: Taxation and Treasury
Component: Treasury Division
Sponsor: Senate HSS committee
Requester: Senate Health and Social Services
Component Number: 121

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							
FUND SOURCE		(Thousands of Dollars)					
1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2010) cost:

POSITIONS							
Full-time	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Part-time	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Temporary	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

ANALYSIS: *(Attach a separate page if necessary)*

This bill establishes a fund to compensate certain certified trauma centers in Alaska for care uncompensated by the person receiving the care or by another source. This fund will be invested within the GeFonsi investment pool No additional costs have been identified.

Prepared by: Pamela J. Leary, Comptroller
Phone 465-2300
Division: Treasury
Date/Time: 2-8-10; 10:01am
Approved by: Ginger Blaisdell, Director
Date: 2-8-10; 8:16pm
Administrative Services Division

(Revised 11/6/2009 OMB)

4381

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: **CSSB168(HSS)**
() Publish Date:

Identifier (file name): SB168CS(HSS)-DHSS-IPEMS-03-05-10
Dept. Affected: Health & Social Services

Title: Trauma Care Centers/Fund
RDU: Public Health
Component: Injury Prevention/Emergency Medical Services
Sponsor: Senate HSS by Request
Requester: Senate Finance
Component Number: 2876

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES (							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2010) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This bill establishes a mechanism to provide a financial incentive for hospitals to become designated as certified trauma centers in order to encourage their participation in a statewide trauma system, with the goal of improving delivery of trauma care in the Alaska medical system. This bill establishes a fund for reimbursement of trauma care using alcohol taxes, and allows designated trauma centers to apply for payments.

This assumes that funding of $5 million for the trauma care fund would be provided under another fiscal note. The Department proposes to administer this fund using existing staff resources. Significantly higher funding levels may require additional resources to support greater trauma center capacity development.

Prepared by: Ward B. Hurlburt, M.D., MPH, Chief Medical Officer / Director
Phone 269-8126
Division: Public Health
Date/Time 3/4/10 12:00 AM

Approved by: Alison Elgee, Assistant Commissioner
Date 3/5/2010
DHSS Finance & Management Services

4382

(Revised 11/6/2009 OMB)

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: **SB 168**
(S) Publish Date:

Identifier (file name): CSSB 168(HSS)
Dept. Affecte: Health & Social Services
Title: Trauma Care Centers/Fund
RDU
Component
Sponsor: Senator Bettye Davis
Requester: Senate Finance Committee
Component Number

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims	5,000.0		5,000.0	5,000.0			
Miscellaneous							
TOTAL OPERATING	**5,000.0**	**0.0**	**5,000.0**	**5,000.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							
FUND SOURCE							
1002 Federal Receipts	2,500.0		2,500.0	2,500.0			
1003 GF Match							
1004 GF	2,500.0		2,500.0	2,500.0			
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**5,000.0**	**0.0**	**5,000.0**	**5,000.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2010) cost:

POSITIONS							
Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This bill creates the trauma care fund to be used to compensate certified trauma centers for practicing at the highest national standards for trauma care. Monies from the Disproportionate Share Hospital (DSH) program can be used as a match to money in the trauma care fund once the state CMS revision is approved and hospitals submit adequate documentation for payment. This would be a 50/50 match.

Prepared by: Rynnieva Moss
Phone 465-3719
Division: Senator Coghill's Office
Date/Time 3/9/10 2:42 PM
Approved by: Senate Finance Committee
Date

(Revised 11/19/2007 OMB)

4383

SB 168

Alaska Native
Tribal Health Consortium

Administration · 4000 Ambassador Drive · Anchorage, Alaska 99508 · Phone: (907) 729-1900 · Fax: (907) 729-1901 · www.anthc.org

POSITION PAPER

CONTACT: Valerie Davidson, Senior Director
Legal and Intergovernmental Affairs
Through Pat Jackson, State Liaison for Alaska Native Health
523-0363 – pajackson@anthc.org

DATE: April 8, 2009

RE: SB 168 – State certification and designation of trauma centers and creating the uncompensated trauma care fund
SB 169 – Appropriating $5,000,000 to the uncompensated trauma care fund

POSITION: Support

ANTHC supports SB 168 and SB 169 as important steps in increasing the trauma care capacity in the state.

The Alaska Native Tribal Health Consortium (ANTHC) is a tribally controlled, non-profit statewide tribal health organization formed pursuant to federal law to provide a range of medical and community health services for more than 130,000 Alaska Natives. It is part of the Alaska Tribal Health System (ATHS), which is owned and managed by the 231 federally-recognized tribes in Alaska and by their respective regional health organizations.

ANTHC and Southcentral Foundation jointly manage the Alaska Native Medical Center (ANMC), the tertiary hospital of the ATHS located in Anchorage. ANMC is the only Level II Trauma Center in the Indian Health Service/tribal health system nationally. ANMC is also the only Level II Trauma Center in Alaska. The nearest Level I Trauma Center is in Seattle.

Trauma system development is a public health priority. A comprehensive system of trauma care is an essential part of the public safety net. Regionalized trauma systems based on a network of coordinated Trauma Centers designated at the appropriate level improves health outcomes and reduces costs. ANMC, as the highest level designated Trauma Center in the State of Alaska, is the lynchpin for the state's trauma system, and provides the foundation for continued statewide system development.

Trauma Center designations were created as a way to improve outcomes for patients who face extraordinary medical issues. On balance, early and appropriate medical attention to life-threatening health issues reduces overall length of stay in the hospital and reduced complications for many patients. Without trauma care, the costs of health care for trauma patients will be greater, including trauma patients who are Medicaid eligible.

The cost of providing trauma care at ANMC has more than doubled over the past four years and funding has not kept pace. ANMC's Trauma Center simply cannot be maintained at current revenue levels. If ANMC's Trauma Center designation is discontinued because funding levels have rendered the service unsustainable, the hospital faces reductions in staffing. Diversions of patients to non-tribal providers would increase, and because the federal government reimburses 100% of the cost of services provided for Native clients at Native facilities but a smaller percentage at non-tribal providers, there would be an increased cost to the state's general fund budget.

ANTHC supports SB 168 and SB 169 as important steps by the State to encourage and support appropriate trauma care options for Alaskans. Because we are Alaska's only Level II Trauma Center we recommend removing the language in section (d) on Page 2, Line 11, that limits appropriations to any one facility 25%.

Thank you for your consideration.

SB 170

<target><bill>SB 170</bill><subject>SB 170</subject><comm>SFIN26</comm></target>

ALASKA STATE LEGISLATURE

Finance Committee
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Health & Social Services Committee
•
Legislative Council
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Committee on Committees

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State Capitol, Rm. 103
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Fax: (907) 465-2529
•
While in Anchorage
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Fax: (907) 269-0172

SENATE MAJORITY LEADER
JOHNNY ELLIS

SPONSOR STATEMENT – SENATE BILL 170

SB 170 – An Act modifying the Alaska unemployment insurance statutes to comply with the requirements of the federal economic stimulus bill by redefining the base period for determining eligibility for unemployment benefits; and providing for an effective date.

Senate Bill 170 updates Alaska's unemployment insurance statutes to conform to the federal unemployment insurance modernization provisions included in the American Recovery and Reinvestment Act of 2009, commonly known as the federal stimulus bill. ARRA provides over $16 million in funding to support these changes, which includes just over $1 million in administrative assistance. This funding is conditional on making the changes included in SB 170. Of the three provisions necessary to receive this funding, Alaska is already in compliance with the two more difficult requirements. The bill meets the final requirement by creating an alternative base period to determine an unemployed person's eligibility for unemployment insurance.

Thirteen Governors (including seven Republicans) from across the country have expressed their intention to make these changes, and four states already comply. Iowa and South Dakota have already passed legislation to modernize their UI systems and accept their share of the federal money, and Georgia is in the process, with the support of each of their Governors. Any funding sources Alaska chooses not to take advantage of will be re-allocated to the federal UI program that will put it to use rather than being used to reduce federal deficit spending.

The Alaska Department of Labor estimated that the alternative base period would make approximately 1,300 more Alaskans eligible for unemployment insurance compensation each year. This change will help low-income Alaskans weather the national economic downturn without placing an undue hardship on employers and small businesses that support the UI trust fund. The estimated impact on the UI trust fund in calendar year 2008 had this change been in place would have been approximately $1.9 million in additional payments (on top of the $121 million paid out already). This amount is small enough in comparison to the overall size of the fund's corpus - $351 million at the end of 2008 – the annual investment returns, and the additional federal funds which would become available, that the impact on business taxes would be negligible.

ALASKA STATE LEGISLATURE

Finance Committee
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Health & Social Services Committee
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Legislative Council
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Committee on Committees

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SENATE MAJORITY LEADER
JOHNNY ELLIS

FREQUENTLY ASKED QUESTIONS
ABOUT UNEMPLOYMENT INSURANCE MODERNIZATION FUNDING IN THE FEDERAL STIMULUS

The American Recovery and Reinvestment Act of 2009, better known as the federal stimulus, has been the subject of intense scrutiny here in Alaska and around the country. Because of the amount of interest and complexity of the stimulus bill, there has been significant confusion about a number of specific points. In the interest of ensuring accuracy in the conversation around Senate Bill 170 and the unemployment insurance funds in the federal stimulus, this sheet attempts to address some of those common misconceptions around the specific changes proposed in this bill.

Q: What changes Alaska must make to our unemployment insurance program to be eligible for the modernization incentive? Many states are concerned that changes to the UI statutes will require significant expansions of eligibility requirements.

A: The US Department of Labor has certified that **Alaska already meets two of the three qualifications** for the unemployment insurance modernization incentive funds. The first third of the money is contingent on a state including an alternative base period to determine eligibility, which is the change SB170 proposes. The second two-thirds are based on a state allowing UI payments to be made to unemployed workers who fit at least two of the following four conditions: part-time workers, workers enrolled in training programs, workers who leave their jobs for compelling family reasons, and additional benefits for workers with dependents. Alaska already meets the final two categories, making further change unnecessary. Many other states need to make all three changes.

Q: Won't those changes mean increased numbers of people receiving UI benefits and increase business taxes over the long term?

A: The Alaska Department of Labor has determined that had the changes in SB170 been in effect in calendar year 2008, 1,300 additional people would have been eligible for $1.9 million in payments. The amount necessary to keep the UI trust fund solvent, given the current balance of over $350 million, is significantly less than the amount offered by the federal government. After seeing these calculations, the **National Federation of Independent Business – Alaska endorsed SB170** as "a relatively simple administrative change the cost of which will be born by stimulus funding. . . This is good for individual Alaskans, employers, and Alaska's economy."

Q: What is the effect on state government of accepting short-term federal money? Will we be forced to close down the existing programs or replace the federal dollars with state funds?

A: While the stimulus does not mandate that any federal funds be replaced, the unemployment insurance modernization funds provided are **more than enough to cover the costs of the expansion indefinitely**. The state Department of Labor is determining exactly how much of the

$15.6 million Alaska would be eligible for if SB170 is adopted would need to be deposited in the UI trust fund to maintain solvency, but it is expected to be significantly less than the available total, freeing up the rest of the money to support job training and workforce development programs.

Q: If all the money is not necessary to shore up the UI trust fund, what will be done with it, and how can we be assured that it will not create a long-term growth in government?

A: The UI modernization incentive funds are eligible to be used for three purposes: paying UI benefits, administering the UI program, or job training programs. It is our intent that funding in excess of the amount required to pay benefits without increasing taxes would be appropriated to support job training. Alaska is currently facing the highest unemployment rates in a generation, and we are facing a massive shortage of qualified workers as we approach construction on a natural gas pipeline. The confluence of these two events makes the timing perfect for a **highly targeted short term expansion of workforce development programs**, the need for which will decline as the federal money runs out.

Q: Are these stimulus funds a backdoor approach to increasing state spending through the requirement of a state match?

A: There are some stimulus programs that require a state match component to participate, but the UI modernization is not one of them. It is also worth noting that other stimulus programs serve to reduce state spending, either by increasing federal reimbursement levels or eliminating state match components altogether.

Q: Some are concerned about the impact of the federal stimulus package on the overall federal debt. Many of these criticisms portray the stimulus package as burdening the future and passing debt on to future generations.

A: The federal debt is a very serious issue, and significant action must be taken to undo the fiscal impacts of the last eight years and return to the surpluses left by the Clinton Administration. Unfortunately, **state action on the stimulus cannot have any impact**. All funds have already been appropriated by the federal government, and any moneys not accepted by Alaska will be re-routed to other states that are willing to take advantage of them – many of which have already stated their willingness to do so due to the hardships caused by the current economic downturn.

Q: A major consideration for some has been potential strings attached to federal funds, and what a change in statute now means for the future.

A: Any changes to state statute that are made to maximize federal funding are done freely, after a detailed examination of the positive and negative attributes of the package. While the unemployment insurance section of the stimulus explicitly prohibits sunset clauses or temporary provisions, there is **no prohibition on future legislatures re-examining the program** and making whatever changes they see fit.

Q: Doesn't increasing our reliance on federal funding create a potential loss of state sovereignty? Many are concerned that the stimulus funds represent a marked increase in moneys contingent on compliance with federal mandates.

A: The fiscal year 2010 operating budget contains approximately $2.8 billion in federal funds, almost all attached to highly specific instructions on how it may be spent. Since its inception, the state of Alaska has received tens of billions of dollars from the federal government, and our delegation to Congress, most notably Sen. Ted Stevens, has made careers out of maximizing the number of federal dollars that flow into our state.

STEDMAN

NFIB

The Voice of Small Business®

ALASKA

March 25, 2009

The Honorable Johnny Ellis
State Capitol Building
Juneau Alaska 99801-1182

RE: Senate Bill 170

Dear

On behalf of the National Federation of Independent Business/Alaska, I wish to express our appreciation and understanding of your introduction of Senate Bill 170. The National Federation of Independent Business is the largest small-business advocacy group in Alaska.

As you know, NFIB/AK had strong reservations about the state taking stimulus money for the Unemployment Insurance Program. We worked with you over the last two years to update our program and we had no desire to have the federal government dictate revisions to our program that were nor in the best interest of Alaskan businesses and their employees.

I am pleased to tell you that the Alaska Department of Labor and Workforce Development has done a great service to Alaska by fighting the US Department of Labor and winning! As a result of their efforts, Alaska will not need to change any of its statutes relative to eligibility or determinations of able and available for work. Because of this great victory for Alaska, NFIB/AK withdraws our opposition to accepting federal stimulus funds for the Unemployment Insurance Program.

NFIB/AK understands that we will need to amend our statutes relative to the base period for the calculation of eligibility. This is a relatively simple administrative change the cost of which will be born by stimulus funding. The larger benefit to Alaska will be the availability of funding that can be used for additional vocational training to assist unemployed Alaskans get back into the workforce more quickly. This is good for individual Alaskans, employers and Alaska's economy.

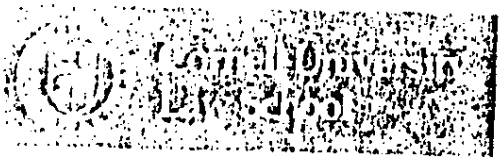
NFIB/AK is pleased to have been able to work with Governor Palin, the Alaska Department of Labor and Workforce Development and you, Senator Ellis, to find this

solution that allows Alaska to accept a portion of the stimulus funding without making any significant or inappropriate changes to our Unemployment Insurance Program.

Sincerely yours,

Dennis L. DeWitt
Alaska State Lobbyist

Cc: Senate Labor & Commerce Committee
Governor Sarah Palin
Karen Rehfeld, Office of Management & Budget
Commissioner Clark Bishop
Senator Bert Stedman
Senator Lyman Hoffman
Representative Mike Hawker
Representative Bill Stoltze



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TITLE 26 > Subtitle C > CHAPTER 23 > § 3309

§ 3309. State law coverage of services performed for nonprofit organizations or governmental entities

(a) State law requirements

For purposes of section 3304 (a) (6)—

(1) except as otherwise provided in subsections (b) and (c), the services to which this paragraph applies are—

(A) service excluded from the term "employment" solely by reason of paragraph (8) of section 3306 (c), and

(B) service excluded from the term "employment" solely by reason of paragraph (7) of section 3306 (c); and

(2) the State law shall provide that a governmental entity, including an Indian tribe, or any other organization (or group of governmental entities or other organizations) which, but for the requirements of this paragraph, would be liable for contributions with respect to service to which paragraph (1) applies may elect, for such minimum period and at such time as may be provided by State law, to pay (in lieu of such contributions) into the State unemployment fund amounts equal to the amounts of compensation attributable under the State law to such service. The State law may provide safeguards to ensure that governmental entities or other organizations so electing will make the payments required under such elections.

(b) Section not to apply to certain service

This section shall not apply to service performed—

(1) in the employ of

(A) a church or convention or association of churches,

(B) an organization which is operated primarily for religious purposes and which is operated, supervised, controlled, or principally supported by a church or convention or association of churches, or

(C) an elementary or secondary school which is operated primarily for religious purposes, which is described in section 501 (c)(3), and which is exempt from tax under section 501 (a);

(2) by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order;

(3) in the employ of a governmental entity referred to in paragraph (7) of section 3306 (c), if such service is performed by an individual in the exercise of his duties—

(A) as an elected official;

(B) as a member of a legislative body, or a member of the judiciary, of a State or political subdivision thereof, or of an Indian tribe;

(C) as a member of the State National Guard or Air National Guard;

(D) as an employee serving on a temporary basis in case of fire, storm, snow, earthquake, flood, or similar emergency;

(E) in a position which, under or pursuant to the State or tribal law, is designated as

(i) a major nontenured policymaking or advisory position, or

(ii) a policymaking or advisory position the performance of the duties of which ordinarily does

not require more than 8 hours per week; or

(F) as an election official or election worker if the amount of remuneration received by the individual during the calendar year for services as an election official or election worker is less than $1,000;

(4) in a facility conducted for the purpose of carrying out a program of—

(A) rehabilitation for individuals whose earning capacity is impaired by age or physical or mental deficiency or injury, or

(B) providing remunerative work for individuals who because of their impaired physical or mental capacity cannot be readily absorbed in the competitive labor market,

by an individual receiving such rehabilitation or remunerative work;

(5) as part of an unemployment work-relief or work-training program assisted or financed in whole or in part by any Federal agency or an agency of a State or political subdivision thereof or of an Indian tribe, by an individual receiving such work relief or work training; and

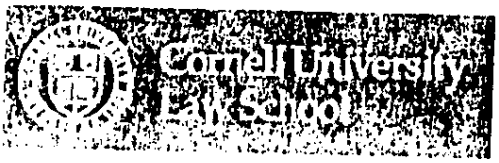
(6) by an inmate of a custodial or penal institution.

(c) Nonprofit organizations must employ 4 or more

This section shall not apply to service performed during any calendar year in the employ of any organization unless on each of some 20 days during such calendar year or the preceding calendar year, each day being in a different calendar week, the total number of individuals who were employed by such organization in employment (determined without regard to section 3306 (c)(8) and by excluding service to which this section does not apply by reason of subsection (b)) for some portion of the day (whether or not at the same moment of time) was 4 or more.

(d) Election by Indian tribe

The State law shall provide that an Indian tribe may make contributions for employment as if the employment is within the meaning of section 3306 or make payments in lieu of contributions under this section, and shall provide that an Indian tribe may make separate elections for itself and each subdivision, subsidiary, or business enterprise wholly owned by such Indian tribe. State law may require a tribe to post a payment bond or take other reasonable measures to assure the making of payments in lieu of contributions under this section. Notwithstanding the requirements of section 3306 (a)(6), if, within 90 days of having received a notice of delinquency, a tribe fails to make contributions, payments in lieu of contributions, or payment of penalties or interest (at amounts or rates comparable to those applied to all other employers covered under the State law) assessed with respect to such failure, or if the tribe fails to post a required payment bond, then service for the tribe shall not be excepted from employment under section 3306 (c)(7) until any such failure is corrected. This subsection shall apply to an Indian tribe within the meaning of section 4(e) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b (e)).



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TITLE 26 > Subtitle C > CHAPTER 23 > § 3306

§ 3306. Definitions

(a) Employer

For purposes of this chapter—

(1) In general

The term "employer" means, with respect to any calendar year, any person who—

(A) during any calendar quarter in the calendar year or the preceding calendar year paid wages of $1,500 or more, or

(B) on each of some 20 days during the calendar year or during the preceding calendar year, each day being in a different calendar week, employed at least one individual in employment for some portion of the day.

For purposes of this paragraph, there shall not be taken into account any wages paid to, or employment of, an employee performing domestic services referred to in paragraph (3).

(2) Agricultural labor

In the case of agricultural labor, the term "employer" means, with respect to any calendar year, any person who—

(A) during any calendar quarter in the calendar year or the preceding calendar year paid wages of $20,000 or more for agricultural labor, or

(B) on each of some 20 days during the calendar year

or during the preceding calendar year, each day being in a different calendar week, employed at least 10 individuals in employment in agricultural labor for some portion of the day.

(3) Domestic service

In the case of domestic service in a private home, local college club, or local chapter of a college fraternity or sorority, the term "employer" means, with respect to any calendar year, any person who during any calendar quarter in the calendar year or the preceding calendar year paid wages in cash of $1,000 or more for such service.

(4) Special rule

A person treated as an employer under paragraph (3) shall not be treated as an employer with respect to wages paid for any service other than domestic service referred to in paragraph (3) unless such person is treated as an employer under paragraph (1) or (2) with respect to such other service.

(b) Wages

For purposes of this chapter, the term "wages" means all remuneration for employment, including the cash value of all remuneration (including benefits) paid in any medium other than cash; except that such term shall not include—

(1) that part of the remuneration which, after remuneration (other than remuneration referred to in the succeeding paragraphs of this subsection) equal to $7,000 with respect to employment has been paid to an individual by an employer during any calendar year, is paid to such individual by such employer during such calendar year. If an employer (hereinafter referred to as successor employer) during any calendar year acquires substantially all the property used in a trade or business of another employer (hereinafter referred to as a predecessor), or used in a separate unit of a trade or business of a predecessor, and immediately after the acquisition employs in his trade or business an individual who immediately prior to the acquisition was employed in the trade or business of such predecessor, then, for the purpose

of determining whether the successor employer has paid remuneration (other than remuneration referred to in the succeeding paragraphs of this subsection) with respect to employment equal to $7,000 to such individual during such calendar year, any remuneration (other than remuneration referred to in the succeeding paragraphs of this subsection) with respect to employment paid (or considered under this paragraph as having been paid) to such individual by such predecessor during such calendar year and prior to such acquisition shall be considered as having been paid by such successor employer;

(2) the amount of any payment (including any amount paid by an employer for insurance or annuities, or into a fund, to provide for any such payment) made to, or on behalf of, an employee or any of his dependents under a plan or system established by an employer which makes provision for his employees generally (or for his employees generally and their dependents) or for a class or classes of his employees (or for a class or classes of his employees and their dependents), on account of—

(A) sickness or accident disability (but, in the case of payments made to an employee or any of his dependents, this subparagraph shall exclude from the term "wages" only payments which are received under a workmen's compensation law), or

(B) medical or hospitalization expenses in connection with sickness or accident disability, or

(C) death;

[(3) Repealed. Pub. L. 98-21, title III, § 324(b)(3)(B), Apr. 20, 1983, 97 Stat. 124]

(4) any payment on account of sickness or accident disability, or medical or hospitalization expenses in connection with sickness or accident disability, made by an employer to, or on behalf of, an employee after the expiration of 6 calendar months following the last calendar month in which the employee worked for such employer;

(5) any payment made to, or on behalf of, an employee or his beneficiary—

(A) from or to a trust described in section 401 (a) which is exempt from tax under section 501 (a) at the time of such payment unless such payment is made to an employee of the trust as remuneration for services rendered as such employee and not as a beneficiary of the trust, or

(B) under or to an annuity plan which, at the time of such payment, is a plan described in section 403 (a),

(C) under a simplified employee pension (as defined in section 408 (k)(1)), other than any contributions described in section 408 (k)(6),

(D) under or to an annuity contract described in section 403 (b), other than a payment for the purchase of such contract which is made by reason of a salary reduction agreement (whether evidenced by a written instrument or otherwise),

(E) under or to an exempt governmental deferred compensation plan (as defined in section 3121 (v)(3)),

(F) to supplement pension benefits under a plan or trust described in any of the foregoing provisions of this paragraph to take into account some portion or all of the increase in the cost of living (as determined by the Secretary of Labor) since retirement but only if such supplemental payments are under a plan which is treated as a welfare plan under section 3(2)(B)(ii) of the Employee Retirement Income Security Act of 1974; [1]

(G) under a cafeteria plan (within the meaning of section 125) if such payment would not be treated as wages without regard to such plan and it is reasonable to believe that (if section 125 applied for purposes of this section) section 125 would not treat any wages as constructively received, or

(H) under an arrangement to which section 408 (p) applies, other than any elective contributions under paragraph (2)(A)(i) thereof,[2]

(6) the payment by an employer (without deduction from the remuneration of the employee)—

(A) of the tax imposed upon an employee under section 3101, or

(B) of any payment required from an employee under a State unemployment compensation law,

with respect to remuneration paid to an employee for domestic service in a private home of the employer or for agricultural labor;

(7) remuneration paid in any medium other than cash to an employee for service not in the course of the employer's trade or business;

[(8) Repealed. Pub. L. 98-21, title III, § 324(b)(3)(B), Apr. 20, 1983, 97 Stat. 124]

(9) remuneration paid to or on behalf of an employee if (and to the extent that) at the time of the payment of such remuneration it is reasonable to believe that a corresponding deduction is allowable under section 217 (determined without regard to section 274 (n));

(10) any payment or series of payments by an employer to an employee or any of his dependents which is paid—

(A) upon or after the termination of an employee's employment relationship because of

(i) death, or

(ii) retirement for disability, and

(B) under a plan established by the employer which makes provision for his employees generally or a class or classes of his employees (or for such employees or class or classes of employees and their dependents),

other than any such payment or series of payments which would have been paid if the employee's employment relationship had not been so terminated;

(11) remuneration for agricultural labor paid in any medium other than cash;

(12) any contribution, payment, or service, provided by an employer which may be excluded from the gross income of

an employee, his spouse, or his dependents, under the provisions of section 120 (relating to amounts received under qualified group legal services plans);

(13) any payment made, or benefit furnished, to or for the benefit of an employee if at the time of such payment or such furnishing it is reasonable to believe that the employee will be able to exclude such payment or benefit from income under section 127, 129, 134 (b)(4), or 134 (b)(5);

(14) the value of any meals or lodging furnished by or on behalf of the employer if at the time of such furnishing it is reasonable to believe that the employee will be able to exclude such items from income under section 119;

(15) any payment made by an employer to a survivor or the estate of a former employee after the calendar year in which such employee died;

(16) any benefit provided to or on behalf of an employee if at the time such benefit is provided it is reasonable to believe that the employee will be able to exclude such benefit from income under section 74 (c), 108 (f)(4), 117, or 132;

(17) any payment made to or for the benefit of an employee if at the time of such payment it is reasonable to believe that the employee will be able to exclude such payment from income under section 106 (b);

(18) any payment made to or for the benefit of an employee if at the time of such payment it is reasonable to believe that the employee will be able to exclude such payment from income under section 106 (d); or

(19) remuneration on account of—

(A) a transfer of a share of stock to any individual pursuant to an exercise of an incentive stock option (as defined in section 422 (b)) or under an employee stock purchase plan (as defined in section 423 (b)), or

(B) any disposition by the individual of such stock.

Except as otherwise provided in regulations prescribed by the Secretary, any third party which makes a payment included in wages solely by reason of the parenthetical matter contained in subparagraph (A) of paragraph (2) shall be

treated for purposes of this chapter and chapter 22 as the employer with respect to such wages. Nothing in the regulations prescribed for purposes of chapter 24 (relating to income tax withholding) which provides an exclusion from "wages" as used in such chapter shall be construed to require a similar exclusion from "wages" in the regulations prescribed for purposes of this chapter.

(c) Employment

For purposes of this chapter, the term "employment" means any service performed prior to 1955, which was employment for purposes of subchapter C of chapter 9 of the Internal Revenue Code of 1939 under the law applicable to the period in which such service was performed, and

(A) any service, of whatever nature, performed after 1954 by an employee for the person employing him, irrespective of the citizenship or residence of either,

(i) within the United States, or

(ii) on or in connection with an American vessel or American aircraft under a contract of service which is entered into within the United States or during the performance of which and while the employee is employed on the vessel or aircraft it touches at a port in the United States, if the employee is employed on and in connection with such vessel or aircraft when outside the United States, and

(B) any service, of whatever nature, performed after 1971 outside the United States (except in a contiguous country with which the United States has an agreement relating to unemployment compensation) by a citizen of the United States as an employee of an American employer (as defined in subsection (j)(3)), except—

(1) agricultural labor (as defined in subsection (k)) unless—

(A) such labor is performed for a person who—

(i) during any calendar quarter in the calendar year or the preceding calendar year paid remuneration in cash of $20,000 or more to individuals employed in agricultural labor (including labor performed by an

alien referred to in subparagraph (B)), or

(ii) on each of some 20 days during the calendar year or the preceding calendar year, each day being in a different calendar week, employed in agricultural labor (including labor performed by an alien referred to in subparagraph (B)) for some portion of the day (whether or not at the same moment of time) 10 or more individuals; and

(B) such labor is not agricultural labor performed by an individual who is an alien admitted to the United States to perform agricultural labor pursuant to sections 214(c) and 101(a)(15)(H) of the Immigration and Nationality Act;

(2) domestic service in a private home, local college club, or local chapter of a college fraternity or sorority unless performed for a person who paid cash remuneration of $1,000 or more to individuals employed in such domestic service in any calendar quarter in the calendar year or the preceding calendar year;

(3) service not in the course of the employer's trade or business performed in any calendar quarter by an employee, unless the cash remuneration paid for such service is $50 or more and such service is performed by an individual who is regularly employed by such employer to perform such service. For purposes of this paragraph, an individual shall be deemed to be regularly employed by an employer during a calendar quarter only if—

(A) on each of some 24 days during such quarter such individual performs for such employer for some portion of the day service not in the course of the employer's trade or business, or

(B) such individual was regularly employed (as determined under subparagraph (A)) by such employer in the performance of such service during the preceding calendar quarter;

(4) service performed on or in connection with a vessel or aircraft not an American vessel or American aircraft, if the

employee is employed on and in connection with such vessel or aircraft when outside the United States;

(5) service performed by an individual in the employ of his son, daughter, or spouse, and service performed by a child under the age of 21 in the employ of his father or mother;

(6) service performed in the employ of the United States Government or of an instrumentality of the United States which is—

(A) wholly or partially owned by the United States, or

(B) exempt from the tax imposed by section 3301 by virtue of any provision of law which specifically refers to such section (or the corresponding section of prior law) in granting such exemption;

(7) service performed in the employ of a State, or any political subdivision thereof, or in the employ of an Indian tribe, or any instrumentality of any one or more of the foregoing which is wholly owned by one or more States or political subdivisions or Indian tribes; and any service performed in the employ of any instrumentality of one or more States or political subdivisions to the extent that the instrumentality is, with respect to such service, immune under the Constitution of the United States from the tax imposed by section 3301;

(8) service performed in the employ of a religious, charitable, educational, or other organization described in section 501 (c)(3) which is exempt from income tax under section 501 (a);

(9) service performed by an individual as an employee or employee representative as defined in section 1 of the Railroad Unemployment Insurance Act (45 U.S.C. 351);

(10)

(A) service performed in any calendar quarter in the employ of any organization exempt from income tax under section 501 (a) (other than an organization described in section 401 (a)) or under section 521, if the remuneration for such service is less than $50, or

(B) service performed in the employ of a school,

college, or university, if such service is performed

(i) by a student who is enrolled and is regularly attending classes at such school, college, or university, or

(ii) by the spouse of such a student, if such spouse is advised, at the time such spouse commences to perform such service, that

(I) the employment of such spouse to perform such service is provided under a program to provide financial assistance to such student by such school, college, or university, and

(II) such employment will not be covered by any program of unemployment insurance, or

(C) service performed by an individual who is enrolled at a nonprofit or public educational institution which normally maintains a regular faculty and curriculum and normally has a regularly organized body of students in attendance at the place where its educational activities are carried on as a student in a full-time program, taken for credit at such institution, which combines academic instruction with work experience, if such service is an integral part of such program, and such institution has so certified to the employer, except that this subparagraph shall not apply to service performed in a program established for or on behalf of an employer or group of employers, or

(D) service performed in the employ of a hospital, if such service is performed by a patient of such hospital;

(11) service performed in the employ of a foreign government (including service as a consular or other officer or employee or a nondiplomatic representative);

(12) service performed in the employ of an instrumentality wholly owned by a foreign government—

(A) if the service is of a character similar to that performed in foreign countries by employees of the United States Government or of an instrumentality

thereof; and

(B) if the Secretary of State shall certify to the Secretary of the Treasury that the foreign government, with respect to whose instrumentality exemption is claimed, grants an equivalent exemption with respect to similar service performed in the foreign country by employees of the United States Government and of instrumentalities thereof;

(13) service performed as a student nurse in the employ of a hospital or a nurses' training school by an individual who is enrolled and is regularly attending classes in a nurses' training school chartered or approved pursuant to State law; and service performed as an intern in the employ of a hospital by an individual who has completed a 4 years' course in a medical school chartered or approved pursuant to State law;

(14) service performed by an individual for a person as an insurance agent or as an insurance solicitor, if all such service performed by such individual for such person is performed for remuneration solely by way of commission;

(15)

(A) service performed by an individual under the age of 18 in the delivery or distribution of newspapers or shopping news, not including delivery or distribution to any point for subsequent delivery or distribution;

(B) service performed by an individual in, and at the time of, the sale of newspapers or magazines to ultimate consumers, under an arrangement under which the newspapers or magazines are to be sold by him at a fixed price, his compensation being based on the retention of the excess of such price over the amount at which the newspapers or magazines are charged to him, whether or not he is guaranteed a minimum amount of compensation for such service, or is entitled to be credited with the unsold newspapers or magazines turned back;

(16) service performed in the employ of an international organization;

(17) service performed by an individual in (or as an officer or member of the crew of a vessel while it is engaged in) the catching, taking, harvesting, cultivating, or farming of any kind of fish, shellfish, crustacea, sponges, seaweeds, or other aquatic forms of animal and vegetable life (including service performed by any such individual as an ordinary incident to any such activity), except—

(A) service performed in connection with the catching or taking of salmon or halibut, for commercial purposes, and

(B) service performed on or in connection with a vessel of more than 10 net tons (determined in the manner provided for determining the register tonnage of merchant vessels under the laws of the United States);

(18) service described in section 3121 (b)(20);

(19) Service [3] which is performed by a nonresident alien individual for the period he is temporarily present in the United States as a nonimmigrant under subparagraph (F), (J), (M), or (Q) of section 101(a)(15) of the Immigration and Nationality Act, as amended (8 U.S.C. 1101 (a)(15)(F), (J), (M), or (Q)), and which is performed to carry out the purpose specified in subparagraph (F), (J), (M), or (Q), as the case may be;

(20) service performed by a full time student (as defined in subsection (q)) in the employ of an organized camp—

(A) if such camp—

(i) did not operate for more than 7 months in the calendar year and did not operate for more than 7 months in the preceding calendar year, or

(ii) had average gross receipts for any 6 months in the preceding calendar year which were not more than 331/3 percent of its average gross receipts for the other 6 months in the preceding calendar year; and

(B) if such full time student performed services in the employ of such camp for less than 13 calendar weeks in such calendar year; or

(21) service performed by a person committed to a penal institution.

(d) Included and excluded service

For purposes of this chapter, if the services performed during one-half or more of any pay period by an employee for the person employing him constitute employment, all the services of such employee for such period shall be deemed to be employment; but if the services performed during more than one-half of any such pay period by an employee for the person employing him do not constitute employment, then none of the services of such employee for such period shall be deemed to be employment. As used in this subsection, the term "pay period" means a period (of not more than 31 consecutive days) for which a payment of remuneration is ordinarily made to the employee by the person employing him. This subsection shall not be applicable with respect to services performed in a pay period by an employee for the person employing him, where any of such service is excepted by subsection (c)(9).

(e) State agency

For purposes of this chapter, the term "State agency" means any State officer, board, or other authority, designated under a State law to administer the unemployment fund in such State.

(f) Unemployment fund

For purposes of this chapter, the term "unemployment fund" means a special fund, established under a State law and administered by a State agency, for the payment of compensation. Any sums standing to the account of the State agency in the Unemployment Trust Fund established by section 904 of the Social Security Act, as amended (42 U.S.C. 1104), shall be deemed to be a part of the unemployment fund of the State, and no sums paid out of the Unemployment Trust Fund to such State agency shall cease to be a part of the unemployment fund of the State until expended by such State agency. An unemployment fund shall be deemed to be maintained during a taxable year only if throughout such year, or such portion of the year as the unemployment fund was in

existence, no part of the moneys of such fund was expended for any purpose other than the payment of compensation (exclusive of expenses of administration) and for refunds of sums erroneously paid into such fund and refunds paid in accordance with the provisions of section 3305 (b); except that—

(1) an amount equal to the amount of employee payments into the unemployment fund of a State may be used in the payment of cash benefits to individuals with respect to their disability, exclusive of expenses of administration;

(2) the amounts specified by section 903(c)(2) or 903(d)(4) of the Social Security Act may, subject to the conditions prescribed in such section, be used for expenses incurred by the State for administration of its unemployment compensation law and public employment offices,[4]

(3) nothing in this subsection shall be construed to prohibit deducting any amount from unemployment compensation otherwise payable to an individual and using the amount so deducted to pay for health insurance, or the withholding of Federal, State, or local individual income tax, if the individual elected to have such deduction made and such deduction was made under a program approved by the Secretary of Labor;

(4) amounts may be deducted from unemployment benefits and used to repay overpayments as provided in section 303 (g) of the Social Security Act;

(5) [5] amounts may be withdrawn for the payment of short-time compensation under a plan approved by the Secretary of Labor; and

(5) [5] amounts may be withdrawn for the payment of allowances under a self-employment assistance program (as defined in subsection (t)).

(g) Contributions

For purposes of this chapter, the term "contributions" means payments required by a State law to be made into an unemployment fund by any person on account of having individuals in his employ, to the extent that such payments are made by him without being deducted or deductible from the

remuneration of individuals in his employ.

(h) Compensation

For purposes of this chapter, the term "compensation" means cash benefits payable to individuals with respect to their unemployment.

(i) Employee

For purposes of this chapter, the term "employee" has the meaning assigned to such term by section 3121 (d), except that paragraph (4) and subparagraphs (B) and (C) of paragraph (3) shall not apply.

(j) State, United States, and American employer

For purposes of this chapter—

(1) State

The term "State" includes the District of Columbia, the Commonwealth of Puerto Rico, and the Virgin Islands.

(2) United States

The term "United States" when used in a geographical sense includes the States, the District of Columbia, the Commonwealth of Puerto Rico, and the Virgin Islands.

(3) American employer

The term "American employer" means a person who is—

(A) an individual who is a resident of the United States,

(B) a partnership, if two-thirds or more of the partners are residents of the United States,

(C) a trust, if all of the trustees are residents of the United States, or

(D) a corporation organized under the laws of the United States or of any State.

An individual who is a citizen of the Commonwealth of Puerto Rico or the Virgin Islands (but not otherwise a citizen of the United States) shall be considered, for purposes of this

section, as a citizen of the United States.

(k) Agricultural labor

For purposes of this chapter, the term "agricultural labor" has the meaning assigned to such term by subsection (g) of section 3121, except that for purposes of this chapter subparagraph (B) of paragraph (4) of such subsection (g) shall be treated as reading:

"(B) in the employ of a group of operators of farms (or a cooperative organization of which such operators are members) in the performance of service described in subparagraph (A), but only if such operators produced more than one-half of the commodity with respect to which such service is performed;".

[(l) Repealed. Sept. 1, 1954, ch. 1212, §4(c), 68 Stat. 1135]

(m) American vessel and aircraft

For purposes of this chapter, the term "American vessel" means any vessel documented or numbered under the laws of the United States; and includes any vessel which is neither documented or numbered under the laws of the United States nor documented under the laws of any foreign country, if its crew is employed solely by one or more citizens or residents of the United States or corporations organized under the laws of the United States or of any State; and the term "American aircraft" means an aircraft registered under the laws of the United States.

(n) Vessels operated by general agents of United States

Notwithstanding the provisions of subsection (c)(6), service performed by officers and members of the crew of a vessel which would otherwise be included as employment under subsection (c) shall not be excluded by reason of the fact that it is performed on or in connection with an American vessel—

(1) owned by or bareboat chartered to the United States and

(2) whose business is conducted by a general agent of the Secretary of Commerce.

For purposes of this chapter, each such general agent shall be considered a legal entity in his capacity as such general agent, separate and distinct from his identity as a person employing individuals on his own account, and the officers and members of the crew of such an American vessel whose business is conducted by a general agent of the Secretary of Commerce shall be deemed to be performing services for such general agent rather than the United States. Each such general agent who in his capacity as such is an employer within the meaning of subsection (a) shall be subject to all the requirements imposed upon an employer under this chapter with respect to service which constitutes employment by reason of this subsection.

(o) Special rule in case of certain agricultural workers

(1) Crew leaders who are registered or provide specialized agricultural labor

For purposes of this chapter, any individual who is a member of a crew furnished by a crew leader to perform agricultural labor for any other person shall be treated as an employee of such crew leader—

(A) if—

(i) such crew leader holds a valid certificate of registration under the Migrant and Seasonal Agricultural Worker Protection Act; or

(ii) substantially all the members of such crew operate or maintain tractors, mechanized harvesting or crop-dusting equipment, or any other mechanized equipment, which is provided by such crew leader; and

(B) if such individual is not an employee of such other person within the meaning of subsection (i).

(2) Other crew leaders

For purposes of this chapter, in the case of any individual who is furnished by a crew leader to perform agricultural labor for any other person and who is not treated as an employee of such crew leader under paragraph (1)—

(A) such other person and not the crew leader shall be

treated as the employer of such individual; and

(B) such other person shall be treated as having paid cash remuneration to such individual in an amount equal to the amount of cash remuneration paid to such individual by the crew leader (either on his behalf or on behalf of such other person) for the agricultural labor performed for such other person.

(3) Crew leader

For purposes of this subsection, the term "crew leader" means an individual who—

(A) furnishes individuals to perform agricultural labor for any other person,

(B) pays (either on his behalf or on behalf of such other person) the individuals so furnished by him for the agricultural labor performed by them, and

(C) has not entered into a written agreement with such other person under which such individual is designated as an employee of such other person.

(p) Concurrent employment by two or more employers

For purposes of sections 3301, 3302, and 3306 (b)(1), if two or more related corporations concurrently employ the same individual and compensate such individual through a common paymaster which is one of such corporations, each such corporation shall be considered to have paid as remuneration to such individual only the amounts actually disbursed by it to such individual and shall not be considered to have paid as remuneration to such individual amounts actually disbursed to such individual by another of such corporations.

(q) Full time student

For purposes of subsection (c)(20), an individual shall be treated as a full time student for any period—

(1) during which the individual is enrolled as a full time student at an educational institution, or

(2) which is between academic years or terms if—

this chapter.

(C) Nonqualified deferred compensation plan

For purposes of this paragraph, the term "nonqualified deferred compensation plan" means any plan or other arrangement for deferral of compensation other than a plan described in subsection (b)(5).

(s) Tips treated as wages

For purposes of this chapter, the term "wages" includes tips which are—

(1) received while performing services which constitute employment, and

(2) included in a written statement furnished to the employer pursuant to section 6053 (a).

(t) Self-employment assistance program

For the purposes of this chapter, the term "self-employment assistance program" means a program under which—

(1) individuals who meet the requirements described in paragraph (3) are eligible to receive an allowance in lieu of regular unemployment compensation under the State law for the purpose of assisting such individuals in establishing a business and becoming self-employed;

(2) the allowance payable to individuals pursuant to paragraph (1) is payable in the same amount, at the same interval, on the same terms, and subject to the same conditions, as regular unemployment compensation under the State law, except that—

(A) State requirements relating to availability for work, active search for work, and refusal to accept work are not applicable to such individuals;

(B) State requirements relating to disqualifying income are not applicable to income earned from self-employment by such individuals; and

(C) such individuals are considered to be unemployed for the purposes of Federal and State laws applicable to

unemployment compensation,

as long as such individuals meet the requirements applicable under this subsection;

(3) individuals may receive the allowance described in paragraph (1) if such individuals—

(A) are eligible to receive regular unemployment compensation under the State law, or would be eligible to receive such compensation except for the requirements described in subparagraph (A) or (B) of paragraph (2);

(B) are identified pursuant to a State worker profiling system as individuals likely to exhaust regular unemployment compensation; and

(C) are participating in self-employment assistance activities which—

(i) include entrepreneurial training, business counseling, and technical assistance; and

(ii) are approved by the State agency; and

(D) are actively engaged on a full-time basis in activities (which may include training) relating to the establishment of a business and becoming self-employed;

(4) the aggregate number of individuals receiving the allowance under the program does not at any time exceed 5 percent of the number of individuals receiving regular unemployment compensation under the State law at such time;

(5) the program does not result in any cost to the Unemployment Trust Fund (established by section 904(a) of the Social Security Act) in excess of the cost that would be incurred by such State and charged to such Fund if the State had not participated in such program; and

(6) the program meets such other requirements as the Secretary of Labor determines to be appropriate.

(u) Indian tribe

For purposes of this chapter, the term "Indian tribe" has the meaning given to such term by section 4(e) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b (e)), and includes any subdivision, subsidiary, or business enterprise wholly owned by such an Indian tribe.

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[1] So in original. The semicolon probably should be a comma.

[2] So in original. The comma probably should be a semicolon.

[3] So in original. Probably should not be capitalized.

[4] So in original. The comma probably should be a semicolon.

[5] So in original. Two pars. (5) have been enacted.

U.S. Department of Labor

Employment and Training Administration
Region 6 San Francisco
90 7th Street, Suite 17300
San Francisco, CA 94103

FEB 0 3 2009

Mr. Clark Bishop
Commissioner
Alaska Department of Labor & Workforce Development
P.O. Box 21149
Juneau, AK 99802-1149

Dear Commissioner Bishop:

By letter dated February 12, 2008, Atkinson to Bishop, we advised you of the need for the State of Alaska to enact conforming legislation arising from the passage of the Consolidated Appropriations Act, 2001. This legislation amended the Federal Unemployment Tax Act (FUTA) to change the treatment of services performed for federally recognized "Indian tribes." We have enclosed a copy of this letter which provides a complete discussion of the issues and remedy.

On February 26, 2008, you wrote to inform us of your agency's desire to be in full compliance with Federal law and regulation, and that you would work diligently to resolve the issue. Now that Alaska's state legislature is in session, we are writing to advise this continues to be an issue and to encourage you to pursue conforming legislation.

As our earlier letter informed, failure to enact the necessary legislation could, after an opportunity for a hearing and appeal, result in the loss of the full FUTA credit (5.4%) for all employers in the state, as well as the loss of Federal UC administrative grants. Therefore it is extremely important to pass this conforming legislation as soon as possible.

Please inform us of your specific plans to obtain legislation to ensure that Alaska's law conforms to the requirements of Federal UC law. If you have any questions concerning this issue, please contact your Regional Office's UI legislation specialist, Pat O'Neal, at 415-625-7926 or oneal.pat@dol.gov.

Sincerely,

Richard C. Trigg
Regional Administrator

cc: Bill Kramer, Chief of Unemployment Insurance, via e-mail a bill.kramer@alaska.gov

Enclosure

4416

Sarah Palin, Governor

DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT

OFFICE OF THE COMMISSIONER

P. O. Box 111149
Juneau, AK 99811-1149

PHONE: (907) 465-2700
FAX: (907) 465-2784

February 26, 2008

Ms. Cheryl Atkinson, Administrator
Office of Workforce Security
Employment and Training Administration
200 Constitution Avenue N.W.
Washington, D.C. 20210

Dear Ms. Atkinson:

I am in receipt of your letter dated February 12, 2008 and would like to take this opportunity to thank you for bringing to my attention the matter regarding unemployment compensation services for Alaska's Native entities.

Alaska's legislative session is limited to 90 days, January 15 through April 13, 2008. Since the deadline for personal legislation for the current session has passed, the Department will be pursuing the required statutory changes during the 2009 legislative session.

I would like to point out that Alaska is currently meeting some of the federal requirements.

- Alaska has always required that services performed for tribal entities be covered for unemployment insurance purposes
- Alaska Department of Labor and Workforce Development currently reports tribal delinquencies to the Internal Revenue Service on a quarterly basis.
- Alaska has not paid any extended benefits since 2005, and will work to ensure tribal entities are billed 100 percent of any future extended benefits.

Alaska law currently does not give tribes the option of choosing the reimbursable method of payment as our law limits the option to specific non-profit and government entities. The Department suspects, as was the case in 2002, tribal entities currently reporting may actually pay less in contributions than would be billed for reimbursement. The economic incentives will likely argue powerfully for tribes to remain as taxable employers.

It is the State of Alaska's desire to be in full compliance with Federal law and regulation, and we will work diligently to resolve this issue. If you have any questions or concerns, please do not hesitate to contact me.

Sincerely,

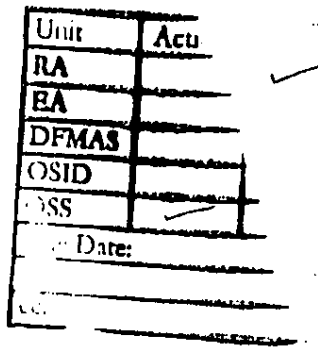
David G. Stone for:

Clark Bishop
Commissioner

cc: Pat O'Neil, Office of Systems Performance, Workforce Security
Region 6, Legislation and Appeals

U.S. Department of Labor

FEB 12 2008



Mr. Click Bishop
Commissioner
Alaska Department of Labor & Workforce Development
P.O. Box 21149
Juneau, AK 99802-1149

Dear Commissioner Bishop:

I am writing to remind you of the need for Alaska to amend its state unemployment compensation (UC) law to provide that services for Alaska's Native entities are covered under your state law and that these entities are offered the reimbursement option. A more detailed description of the issue follows.

The Consolidated Appropriations Act, 2001 (CAA, Public Law 106-544) amended the Federal Unemployment Tax Act (FUTA) to change the treatment of services performed for federally recognized "Indian tribes." For purposes of these amendments, "any Alaska Native village or regional or village corporation as defined in or established pursuant to the Alaska Native Claims Settlement Act . . . ." is included in the definition of "Indian Tribe." (See Section 3306(u), FUTA, as amended, which refers to the definition of "Indian tribe" in Section 4(e) of the Indian Self-Determination and Education Assistance Act.)

For purposes of your state's UC laws, these amendments mean that:

- Services performed in the employ of Alaska Native entities are, with specified exceptions, required to be covered under state UC laws; and
- Alaska Native entities must be offered the opportunity to reimburse the state unemployment fund for UC attributable under state law to such services in lieu of making contributions.

I also note that, although no change was required to state law, these amendments also resulted in states no longer being eligible for the Federal share of extended benefit payments based on services performed in the employ of Alaskan Native entities.

A complete explanation of these Federal law amendments is found in Unemployment Insurance Program Letter No. 14-01. (69 Fed. Reg. 16965, March 31, 2004.) In brief, Section 3304(a)(6)(A), FUTA, requires, as a condition for employers in a state to receive credit against the Federal unemployment tax, that state law provide that UC be payable on the basis of certain services. These services are described in Section 3309(a)(1), FUTA, which in turn references Section 3306(c)(7), FUTA, which now includes services

performed for federally recognized Indian tribes, including Alaska Native entities. Thus, UC must be payable based on these services.

Regarding reimbursements, Section 3304(a)(6)(B), FUTA, requires that state law provide for funding the benefit costs of UC based on these services through "payments (in lieu of contributions)," commonly called "reimbursements." As a result of the CAA amendments, Alaska Native entities must now be offered the reimbursement option. Please note that the reimbursement option may only be offered for services performed "in the employ of" an Alaskan Native entity. It does not apply to services performed for a private entity in native villages or for individuals or for private businesses owned by members of an Alaskan Native entity.

We had been holding these issues in abeyance as a result of Section 805 of Public Law 107-206 enacted in 2002. That section prohibited the Department from using appropriated funds to pursue the CAA amendments as they related to Alaska Native entities. Since that prohibition has expired, there is no longer a basis for holding this matter in abeyance. Failure to enact the necessary legislation could, after an opportunity for a hearing and appeal, result in the loss of the full FUTA credit (5.4%) for all employers in the state, as well as the loss of Federal UC administrative grants.

Please inform me of your plans to obtain legislation to ensure that Alaska's law conforms to the requirements of Federal UC law. Please provide a written response within thirty days of your receipt of this letter and provide a copy to your Regional Office. If you have any questions concerning this issue, please contact your Regional Office's legislative liaison, Pat O'Neal, at 415-625-7926 or oneal.pat@dol.gov.

Sincerely,

Cheryl Atkinson

Cheryl Atkinson
Administrator,
Office of Workforce Security

cc: Richard C. Trigg
Regional Administrator
San Francisco

GOVERNORS IN SUPPORT OF THE UNEMPLOYMENT INSURANCE MODERNIZATION ACT STIMULUS PROVISIONS

Arkansas
- Governor Mike Beebe (D)
- Arkansas Democrat-Gazette, March 4, 2009
- Editorial: "Beebe should accept help," Arkansas Leader, March 2, 2009

California
- Governor Arnold Schwarzenegger (R)
- Los Angeles Times, February 25, 2009; New York Times, February 22, 2009
- Editorial: "As We See It: Shoring up jobless benefits," San Jose Mercury News, March 6, 2009

Connecticut
- Governor Jodi Rell (R)
- Governor's Press Release, March 6, 2009

Florida
- Governor Charlie Crist (R)
- Miami Herald, March 5, 2009

Georgia
- Governor Sonny Perdue (R)
- Atlanta Journal-Constitution, March 4, 2009; 11Alive, Atlanta, March 4, 2009
- Oped: "Too few Georgia workers qualify for unemployment," Atlanta Journal-Constitution, March 9, 2009

Iowa
- Governor Chet Culver (D)
- Governor's Press Release, February 18, 2009

Oklahoma
- Governor Brad Henry (D)
- Tulsa World, March 4, 2009

Oregon
- Governor Ted Kulongoski (D)
- Statesmen Journal, February 24, 2009

Pennsylvania
- Governor Ed Rendell (D)
- Allentown Morning Call, February 28, 2009
- Editorial: "Funds for state's unemployed are getting precariously low," Patriot News, March 5, 2009

National Employment Law Project
75 Maiden Lane, Suite 601, New York, NY 10038
(212) 285-3025 • www.nelp.org • nelp@nelp.org • (212) 285-3044 (fax)

Rhode Island

- Governor Donald Carcieri (R)
- Governor's Press Release, February 26, 2009

South Dakota

- Governor Michael Rounds (R)
- "Opinion: Stimulus cash means more unemployment benefits in S. Dakota," The Daily Republic, March 07, 2009

Tennessee

- Governor Phil Bredesen (D)
- Chattanooga Times Free Press, March 7, 2009; WSMV Nashville, March 6, 2009

Utah

- Governor Jon Hunstman (R)
- New York Times, February 26, 2009

Gov. Bobby Jindal may accept refused stimulus money for expanded unemployment benefits

by Robert Travis Scott, The Times-Picayune

Thursday March 19, 2009, 10:03 PM

BATON ROUGE -- Gov. Bobby Jindal's workforce commissioner said Thursday that the U.S. Labor Department's latest clarification of the federal stimulus act has opened the possibility that the administration could consider accepting a previously rejected $98.4 million package of extra jobless benefits, although important questions remain in what has become a high-profile issue.

Tim Barfield, the governor's appointee as head of the Louisiana Workforce Commission, said the federal agency has made "real progress" in allaying concerns about strings attached to the program.

State agency officials are seeking more answers and continuing to examine the consequences of accepting the money, Barfield said. He said it was not out of the question that he could recommend that the governor accept the package "if we can show it does not increase taxes on business and industry."

Jindal helped turn the stimulus act's jobless benefits program into a national debate last month when he announced his refusal to take the money just before his appearance at a national governors' conference and his nationally televised Republican Party response to the Democratic president's address to Congress.

Although he has accepted nearly all the state's share of the federal stimulus money, he has resisted a $98.4 million portion of the jobless benefits package, which would require a change in state law to expand the number of people eligible for unemployment compensation. One of the concerns is that businesses, which pay for jobless benefits, could end up with a larger financial burden even with the nearly $100 million in assistance.

Defining 'permanent'

A key sticking point for Jindal was that the federal stimulus act requires states to adopt "permanent" changes to accommodate the expanded system. Jindal's team and Sen. Mary Landrieu, D-La., have been asking what would happen if the state changed its law and repealed it later. Would the federal government try to get the money back?

The U.S. Department of Labor sent a letter to Landrieu on Wednesday stating that the stimulus act "does not prohibit the state's legislature from repealing these provisions in the future."

"As a result, if a state eventually decides to repeal or modify any of these provisions, it may do so, and it will not be required to return any incentive payment, " according to the letter, signed by Deputy Assistant Secretary Douglas Small.

The letter also stated that Congress "clearly intended" to encourage states to adopt the expanded eligibility requirements for jobless claims on a permanent basis and that Congress and the Labor Department "rely on states' good faith in adopting the eligibility criteria."

Landrieu said the department had "weighed in clearly" and put the issue to rest.

"I hope the Jindal administration and the Legislature can come to a consensus, as families struggle during this difficult economic time," Landrieu said.

Risk reduced

Barfield said the letter, while not providing a 100 percent legal guarantee, "carries a tremendous amount of weight and significantly reduces the risk we have of them coming back to get the money."

The state still wants to know more details, Barfield said. For example, would the stimulus money be sufficient to cover the added costs of the program until such time as the expanded system could be repealed?

Also, because businesses are assessed payments for unemployment insurance based on their history of layoffs, would the new expanded system put a long-lasting stain on their records?

Barfield said he hopes to get answers to these questions within 30 days, or before the legislative session begins April 27.

If the answers are that employers would not get an increase in their rates, then the governor and the Legislature could work together and seriously consider the program, he said.

Partisan debate

With veto power and control of the agency that would apply for the jobless benefits program, Jindal holds the keys to adopting the expanded benefits program. In the Legislature, the issue so far has been divided largely along party lines.

State Sen. Eric LaFleur, D-Ville Platte, a leader in the movement to adopt the stimulus package, said there is a good chance the state would not use all the federal jobless benefits money during a period of two years or so. With that in mind, the Legislature could change the law and revisit the program when the economy improves, he said.

In the meantime, the Labor Department letter proves that "permanency is not an issue. You can change the law, period," LaFleur said.

If Jindal keeps opposing the program at this point, "then it becomes something he's doing purely for political reasons . . . and not for the taxpayers of Louisiana," LeFleur said.

Business lobbyists have argued against adopting the expanded program because laws, once put in place, are difficult to repeal.

. . . . . .

Robert Travis Scott can be reached at rscott@timespicayune.com or 225.342.4197.

NFIB

The Voice of Small Business®

ALASKA

March 25, 2009

The Honorable Johnny Ellis
State Capitol Building
Juneau Alaska 99801-1182

RE: Senate Bill 170

Dear

On behalf of the National Federation of Independent Business/Alaska, I wish to express our appreciation and understanding of your introduction of Senate Bill 170. The National Federation of Independent Business is the largest small-business advocacy group in Alaska.

As you know, NFIB/AK had strong reservations about the state taking stimulus money for the Unemployment Insurance Program. We worked with you over the last two years to update our program and we had no desire to have the federal government dictate revisions to our program that were nor in the best interest of Alaskan businesses and their employees.

I am pleased to tell you that the Alaska Department of Labor and Workforce Development has done a great service to Alaska by fighting the US Department of Labor and winning! As a result of their efforts, Alaska will not need to change any of its statutes relative to eligibility or determinations of able and available for work. Because of this great victory for Alaska, NFIB/AK withdraws our opposition to accepting federal stimulus funds for the Unemployment Insurance Program.

NFIB/AK understands that we will need to amend our statutes relative to the base period for the calculation of eligibility. This is a relatively simple administrative change the cost of which will be born by stimulus funding. The larger benefit to Alaska will be the availability of funding that can be used for additional vocational training to assist unemployed Alaskans get back into the workforce more quickly. This is good for individual Alaskans, employers and Alaska's economy.

NFIB/AK is pleased to have been able to work with Governor Palin, the Alaska Department of Labor and Workforce Development and you, Senator Ellis, to find this

solution that allows Alaska to accept a portion of the stimulus funding without making any significant or inappropriate changes to our Unemployment Insurance Program.

Sincerely yours,

Dennis L. DeWitt
Alaska State Lobbyist

Cc: Senate Labor & Commerce Committee
Governor Sarah Palin
Karen Rehfeld, Office of Management & Budget
Commissioner Clark Bishop
Senator Bert Stedman
Senator Lyman Hoffman
Representative Mike Hawker
Representative Bill Stoltze

[Federal Register: April 4, 2008 (Volume 73, Number 66)]
[Notices]
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[DOCID:fr04ap08-87]

DEPARTMENT OF THE INTERIOR

Bureau of Indian Affairs

Indian Entities Recognized and Eligible To Receive Services From the United States Bureau of Indian Affairs

AGENCY: Bureau of Indian Affairs, Interior.

ACTION: Notice.

SUMMARY: This notice publishes the current list of 562 tribal entities recognized and eligible for funding and services from the Bureau of Indian Affairs by virtue of their status as Indian tribes. The list is updated from the notice published on March 22, 2007 (72 FR 13648).

FOR FURTHER INFORMATION CONTACT: Daisy West, Bureau of Indian Affairs, Division of Tribal Government Services, Mail Stop 4513-MIB, 1849 C Street, NW., Washington, DC 20240. Telephone number: (202) 513-7641.

SUPPLEMENTARY INFORMATION: This notice is published pursuant to Section 104 of the Act of November 2, 1994 (Pub. L. 103-454; 108 Stat. 4791, 4792), and in exercise of authority delegated to the Assistant Secretary--Indian Affairs under 25 U.S.C. 2 and 9 and 209 DM 8.

Published below is a list of federally acknowledged tribes in the contiguous 48 states and in Alaska.

One tribe became recognized since the last publication. The Mashpee Wampanoag Tribe was acknowledged under 25 CFR part 83. The final determination for Federal acknowledgment became effective on May 23, 2007. The list also contains several tribal name changes and corrections. To aid in identifying tribal name changes, the tribe's former name is included with the new tribal name. To aid in identifying corrections, the tribe's previously listed name is included with the tribal name. We will continue to list the tribe's former or previously listed name for several years before dropping the former or previously listed name from the list.

The listed entities are acknowledged to have the immunities and privileges available to other federally acknowledged Indian tribes by virtue of their government-to-government relationship with the United States as well as the responsibilities, powers, limitations, and obligations of such tribes. We have continued the practice of listing the Alaska Native entities separately solely for the purpose of facilitating identification of them and reference to them given the large number of complex Native names.

Dated: March 25, 2008.
Carl J. Artman,
Assistant Secretary--Indian Affairs.

Indian Tribal Entities Within the Contiguous 48 States Recognized and Eligible To Receive Services From the United States Bureau of Indian Affairs

Absentee-Shawnee Tribe of Indians of Oklahoma
Agua Caliente Band of Cahuilla Indians of the Agua Caliente Indian Reservation, California
Ak Chin Indian Community of the Maricopa (Ak Chin) Indian Reservation, Arizona
Alabama-Coushatta Tribes of Texas
Alabama-Quassarte Tribal Town, Oklahoma
Alturas Indian Rancheria, California
Apache Tribe of Oklahoma
Arapahoe Tribe of the Wind River Reservation, Wyoming
Aroostook Band of Micmac Indians of Maine
Assiniboine and Sioux Tribes of the Fort Peck Indian Reservation, Montana
Augustine Band of Cahuilla Indians, California (formerly the Augustine Band of Cahuilla Mission Indians of the Augustine Reservation)
Bad River Band of the Lake Superior Tribe of Chippewa Indians of the Bad River Reservation, Wisconsin
Bay Mills Indian Community, Michigan
Bear River Band of the Rohnerville Rancheria, California
Berry Creek Rancheria of Maidu Indians of California
Big Lagoon Rancheria, California
Big Pine Band of Owens Valley Paiute Shoshone Indians of the Big Pine Reservation, California
Big Sandy Rancheria of Mono Indians of California
Big Valley Band of Pomo Indians of the Big Valley Rancheria, California
Blackfeet Tribe of the Blackfeet Indian Reservation of Montana
Blue Lake Rancheria, California
Bridgeport Paiute Indian Colony of California
Buena Vista Rancheria of Me-Wuk Indians of California
Burns Paiute Tribe of the Burns Paiute Indian Colony of Oregon
Cabazon Band of Mission Indians, California
Cachil DeHe Band of Wintun Indians of the Colusa Indian Community of the Colusa Rancheria, California
Caddo Nation of Oklahoma
Cahuilla Band of Mission Indians of the Cahuilla Reservation, California
Cahto Indian Tribe of the Laytonville Rancheria, California
California Valley Miwok Tribe, California (formerly the Sheep Ranch Rancheria of Me-Wuk Indians of California)
Campo Band of Diegueno Mission Indians of the Campo Indian Reservation, California
Capitan Grande Band of Diegueno Mission Indians of California:
    Barona Group of Capitan Grande Band of Mission Indians of the Barona Reservation, California
    Viejas (Baron Long) Group of Capitan Grande Band of Mission Indians of the Viejas Reservation, California
Catawba Indian Nation (aka Catawba Tribe of South Carolina)
Cayuga Nation of New York
Cedarville Rancheria, California
Chemehuevi Indian Tribe of the Chemehuevi Reservation, California
Cher-Ae Heights Indian Community of the Trinidad Rancheria, California
Cherokee Nation, Oklahoma
Cheyenne and Arapaho Tribes, Oklahoma (formerly the Cheyenne-Arapaho Tribes of Oklahoma)
Cheyenne River Sioux Tribe of the Cheyenne River Reservation, South Dakota

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Chickasaw Nation, Oklahoma
Chicken Ranch Rancheria of Me-Wuk Indians of California
Chippewa-Cree Indians of the Rocky Boy's Reservation, Montana
Chitimacha Tribe of Louisiana
Choctaw Nation of Oklahoma
Citizen Potawatomi Nation, Oklahoma
Cloverdale Rancheria of Pomo Indians of California
Cocopah Tribe of Arizona
Coeur D'Alene Tribe of the Coeur D'Alene Reservation, Idaho
Cold Springs Rancheria of Mono Indians of California
Colorado River Indian Tribes of the Colorado River Indian Reservation, Arizona and California
Comanche Nation, Oklahoma
Confederated Salish & Kootenai Tribes of the Flathead Reservation, Montana
Confederated Tribes of the Chehalis Reservation, Washington
Confederated Tribes of the Colville Reservation, Washington
Confederated Tribes of the Coos, Lower Umpqua and Siuslaw Indians of Oregon
Confederated Tribes of the Goshute Reservation, Nevada and Utah
Confederated Tribes of the Grand Ronde Community of Oregon
Confederated Tribes of the Siletz Reservation, Oregon
Confederated Tribes of the Umatilla Reservation, Oregon
Confederated Tribes of the Warm Springs Reservation of Oregon
Confederated Tribes and Bands of the Yakama Nation, Washington
Coquille Tribe of Oregon
Cortina Indian Rancheria of Wintun Indians of California
Coushatta Tribe of Louisiana
Cow Creek Band of Umpqua Indians of Oregon
Cowlitz Indian Tribe, Washington
Coyote Valley Band of Pomo Indians of California
Crow Tribe of Montana
Crow Creek Sioux Tribe of the Crow Creek Reservation, South Dakota
Death Valley Timbi-Sha Shoshone Band of California
Delaware Nation, Oklahoma
Dry Creek Rancheria of Pomo Indians of California
Duckwater Shoshone Tribe of the Duckwater Reservation, Nevada
Eastern Band of Cherokee Indians of North Carolina
Eastern Shawnee Tribe of Oklahoma
Elem Indian Colony of Pomo Indians of the Sulphur Bank Rancheria, California
Elk Valley Rancheria, California
Ely Shoshone Tribe of Nevada
Enterprise Rancheria of Maidu Indians of California
Ewiiaapaayp Band of Kumeyaay Indians, California
Federated Indians of Graton Rancheria, California
Flandreau Santee Sioux Tribe of South Dakota
Forest County Potawatomi Community, Wisconsin
Fort Belknap Indian Community of the Fort Belknap Reservation of Montana
Fort Bidwell Indian Community of the Fort Bidwell Reservation of California
Fort Independence Indian Community of Paiute Indians of the Fort Independence Reservation, California
Fort McDermitt Paiute and Shoshone Tribes of the Fort McDermitt Indian Reservation, Nevada and Oregon
Fort McDowell Yavapai Nation, Arizona

Fort Mojave Indian Tribe of Arizona, California & Nevada
Fort Sill Apache Tribe of Oklahoma
Gila River Indian Community of the Gila River Indian Reservation, Arizona
Grand Traverse Band of Ottawa and Chippewa Indians, Michigan
Greenville Rancheria of Maidu Indians of California
Grindstone Indian Rancheria of Wintun-Wailaki Indians of California
Guidiville Rancheria of California
Habematolel Pomo of Upper Lake, California (formerly the Upper Lake Band of Pomo Indians of Upper Lake Rancheria of California)
Hannahville Indian Community, Michigan
Havasupai Tribe of the Havasupai Reservation, Arizona
Ho-Chunk Nation of Wisconsin
Hoh Indian Tribe of the Hoh Indian Reservation, Washington
Hoopa Valley Tribe, California
Hopi Tribe of Arizona
Hopland Band of Pomo Indians of the Hopland Rancheria, California
Houlton Band of Maliseet Indians of Maine
Hualapai Indian Tribe of the Hualapai Indian Reservation, Arizona
Inaja Band of Diegueno Mission Indians of the Inaja and Cosmit Reservation, California
Ione Band of Miwok Indians of California
Iowa Tribe of Kansas and Nebraska
Iowa Tribe of Oklahoma
Jackson Rancheria of Me-Wuk Indians of California
Jamestown S'Klallam Tribe of Washington
Jamul Indian Village of California
Jena Band of Choctaw Indians, Louisiana
Jicarilla Apache Nation, New Mexico
Kaibab Band of Paiute Indians of the Kaibab Indian Reservation, Arizona
Kalispel Indian Community of the Kalispel Reservation, Washington
Karuk Tribe of California
Kashia Band of Pomo Indians of the Stewarts Point Rancheria, California
Kaw Nation, Oklahoma
Keweenaw Bay Indian Community, Michigan
Kialegee Tribal Town, Oklahoma
Kickapoo Tribe of Indians of the Kickapoo Reservation in Kansas
Kickapoo Tribe of Oklahoma
Kickapoo Traditional Tribe of Texas
Kiowa Indian Tribe of Oklahoma
Klamath Tribes, Oregon (formerly the Klamath Indian Tribe of Oregon)
Kootenai Tribe of Idaho
La Jolla Band of Luiseno Mission Indians of the La Jolla Reservation, California
La Posta Band of Diegueno Mission Indians of the La Posta Indian Reservation, California
Lac Courte Oreilles Band of Lake Superior Chippewa Indians of Wisconsin
Lac du Flambeau Band of Lake Superior Chippewa Indians of the Lac du Flambeau Reservation of Wisconsin
Lac Vieux Desert Band of Lake Superior Chippewa Indians, Michigan
Las Vegas Tribe of Paiute Indians of the Las Vegas Indian Colony, Nevada
Little River Band of Ottawa Indians, Michigan
Little Traverse Bay Bands of Odawa Indians, Michigan
Lower Lake Rancheria, California
Los Coyotes Band of Cahuilla & Cupeno Indians of the Los Coyotes Reservation, California
Lovelock Paiute Tribe of the Lovelock Indian Colony, Nevada
Lower Brule Sioux Tribe of the Lower Brule Reservation, South Dakota
Lower Elwha Tribal Community of the Lower Elwha Reservation, Washington

Lower Sioux Indian Community in the State of Minnesota
Lummi Tribe of the Lummi Reservation, Washington
Lytton Rancheria of California
Makah Indian Tribe of the Makah Indian Reservation, Washington
Manchester Band of Pomo Indians of the Manchester-Point Arena Rancheria, California
Manzanita Band of Diegueno Mission Indians of the Manzanita Reservation, California
Mashantucket Pequot Tribe of Connecticut
Mashpee Wampanoag Tribe, Massachusetts
Match-e-be-nash-she-wish Band of Pottawatomi Indians of Michigan
Mechoopda Indian Tribe of Chico Rancheria, California

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Menominee Indian Tribe of Wisconsin
Mesa Grande Band of Diegueno Mission Indians of the Mesa Grande Reservation, California
Mescalero Apache Tribe of the Mescalero Reservation, New Mexico
Miami Tribe of Oklahoma
Miccosukee Tribe of Indians of Florida
Middletown Rancheria of Pomo Indians of California
Minnesota Chippewa Tribe, Minnesota (Six component reservations: Bois Forte Band (Nett Lake); Fond du Lac Band; Grand Portage Band; Leech Lake Band; Mille Lacs Band; White Earth Band)
Mississippi Band of Choctaw Indians, Mississippi
Moapa Band of Paiute Indians of the Moapa River Indian Reservation, Nevada
Modoc Tribe of Oklahoma
Mohegan Indian Tribe of Connecticut
Mooretown Rancheria of Maidu Indians of California
Morongo Band of Cahuilla Mission Indians of the Morongo Reservation, California
Muckleshoot Indian Tribe of the Muckleshoot Reservation, Washington
Muscogee (Creek) Nation, Oklahoma
Narragansett Indian Tribe of Rhode Island
Navajo Nation, Arizona, New Mexico & Utah
Nez Perce Tribe, Idaho (previously listed as Nez Perce Tribe of Idaho)
Nisqually Indian Tribe of the Nisqually Reservation, Washington
Nooksack Indian Tribe of Washington
Northern Cheyenne Tribe of the Northern Cheyenne Indian Reservation, Montana
Northfork Rancheria of Mono Indians of California
Northwestern Band of Shoshoni Nation of Utah (Washakie)
Nottawaseppi Huron Band of the Potawatomi, Michigan (formerly the Huron Potawatomi, Inc.)
Oglala Sioux Tribe of the Pine Ridge Reservation, South Dakota
Ohkay Owingeh, New Mexico (formerly the Pueblo of San Juan)
Omaha Tribe of Nebraska
Oneida Nation of New York
Oneida Tribe of Indians of Wisconsin
Onondaga Nation of New York
Osage Nation, Oklahoma (formerly the Osage Tribe)
Ottawa Tribe of Oklahoma
Otoe-Missouria Tribe of Indians, Oklahoma
Paiute Indian Tribe of Utah (Cedar City Band of Paiutes, Kanosh Band of Paiutes, Koosharem Band of Paiutes, Indian Peaks Band of Paiutes, and Shivwits Band of Paiutes)
Paiute-Shoshone Indians of the Bishop Community of the Bishop Colony, California

Paiute-Shoshone Tribe of the Fallon Reservation and Colony, Nevada
Paiute-Shoshone Indians of the Lone Pine Community of the Lone Pine Reservation, California
Pala Band of Luiseno Mission Indians of the Pala Reservation, California
Pascua Yaqui Tribe of Arizona
Paskenta Band of Nomlaki Indians of California
Passamaquoddy Tribe of Maine
Pauma Band of Luiseno Mission Indians of the Pauma & Yuima Reservation, California
Pawnee Nation of Oklahoma
Pechanga Band of Luiseno Mission Indians of the Pechanga Reservation, California
Penobscot Tribe of Maine
Peoria Tribe of Indians of Oklahoma
Picayune Rancheria of Chukchansi Indians of California
Pinoleville Pomo Nation, California (formerly the Pinoleville Rancheria of Pomo Indians of California)
Pit River Tribe, California (includes XL Ranch, Big Bend, Likely, Lookout, Montgomery Creek and Roaring Creek Rancherias)
Poarch Band of Creek Indians of Alabama
Pokagon Band of Potawatomi Indians, Michigan and Indiana
Ponca Tribe of Indians of Oklahoma
Ponca Tribe of Nebraska
Port Gamble Indian Community of the Port Gamble Reservation, Washington
Potter Valley Tribe, California (formerly the Potter Valley Rancheria of Pomo Indians of California)
Prairie Band of Potawatomi Nation, Kansas
Prairie Island Indian Community in the State of Minnesota
Pueblo of Acoma, New Mexico
Pueblo of Cochiti, New Mexico
Pueblo of Jemez, New Mexico
Pueblo of Isleta, New Mexico
Pueblo of Laguna, New Mexico
Pueblo of Nambe, New Mexico
Pueblo of Picuris, New Mexico
Pueblo of Pojoaque, New Mexico
Pueblo of San Felipe, New Mexico
Pueblo of San Ildefonso, New Mexico
Pueblo of Sandia, New Mexico
Pueblo of Santa Ana, New Mexico
Pueblo of Santa Clara, New Mexico
Pueblo of Santo Domingo, New Mexico
Pueblo of Taos, New Mexico
Pueblo of Tesuque, New Mexico
Pueblo of Zia, New Mexico
Puyallup Tribe of the Puyallup Reservation, Washington
Pyramid Lake Paiute Tribe of the Pyramid Lake Reservation, Nevada
Quapaw Tribe of Indians, Oklahoma
Quartz Valley Indian Community of the Quartz Valley Reservation of California
Quechan Tribe of the Fort Yuma Indian Reservation, California & Arizona
Quileute Tribe of the Quileute Reservation, Washington
Quinault Tribe of the Quinault Reservation, Washington
Ramona Band or Village of Cahuilla Mission Indians of California
Red Cliff Band of Lake Superior Chippewa Indians of Wisconsin
Red Lake Band of Chippewa Indians, Minnesota
Redding Rancheria, California
Redwood Valley Rancheria of Pomo Indians of California
Reno-Sparks Indian Colony, Nevada

Resighini Rancheria, California
Rincon Band of Luiseno Mission Indians of the Rincon Reservation, California
Robinson Rancheria of Pomo Indians of California
Rosebud Sioux Tribe of the Rosebud Indian Reservation, South Dakota
Round Valley Indian Tribes of the Round Valley Reservation, California
Rumsey Indian Rancheria of Wintun Indians of California
Sac & Fox Tribe of the Mississippi in Iowa
Sac & Fox Nation of Missouri in Kansas and Nebraska
Sac & Fox Nation, Oklahoma
Saginaw Chippewa Indian Tribe of Michigan
St. Croix Chippewa Indians of Wisconsin
Saint Regis Mohawk Tribe, New York (formerly the St. Regis Band of Mohawk Indians of New York)
Salt River Pima-Maricopa Indian Community of the Salt River Reservation, Arizona
Samish Indian Tribe, Washington
San Carlos Apache Tribe of the San Carlos Reservation, Arizona
San Juan Southern Paiute Tribe of Arizona
San Manual Band of Serrano Mission Indians of the San Manual Reservation, California
San Pasqual Band of Diegueno Mission Indians of California
Santa Rosa Indian Community of the Santa Rosa Rancheria, California
Santa Rosa Band of Cahuilla Indians, California (formerly the Santa Rosa Band of Cahuilla Mission Indians of the Santa Rosa Reservation)
Santa Ynez Band of Chumash Mission Indians of the Santa Ynez Reservation, California
Santa Ysabel Band of Diegueno Mission Indians of the Santa Ysabel Reservation, California

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Santee Sioux Nation, Nebraska
Sauk-Suiattle Indian Tribe of Washington
Sault Ste. Marie Tribe of Chippewa Indians of Michigan
Scotts Valley Band of Pomo Indians of California
Seminole Nation of Oklahoma
Seminole Tribe of Florida (Dania, Big Cypress, Brighton, Hollywood & Tampa Reservations)
Seneca Nation of New York
Seneca-Cayuga Tribe of Oklahoma
Shakopee Mdewakanton Sioux Community of Minnesota
Shawnee Tribe, Oklahoma
Sherwood Valley Rancheria of Pomo Indians of California
Shingle Springs Band of Miwok Indians, Shingle Springs Rancheria (Verona Tract), California
Shoalwater Bay Tribe of the Shoalwater Bay Indian Reservation, Washington
Shoshone Tribe of the Wind River Reservation, Wyoming
Shoshone-Bannock Tribes of the Fort Hall Reservation of Idaho
Shoshone-Paiute Tribes of the Duck Valley Reservation, Nevada
Sisseton-Wahpeton Oyate of the Lake Traverse Reservation, South Dakota
Skokomish Indian Tribe of the Skokomish Reservation, Washington
Skull Valley Band of Goshute Indians of Utah
Smith River Rancheria, California
Snoqualmie Tribe, Washington
Soboba Band of Luiseno Indians, California
Sokaogon Chippewa Community, Wisconsin
Southern Ute Indian Tribe of the Southern Ute Reservation, Colorado
Spirit Lake Tribe, North Dakota

Spokane Tribe of the Spokane Reservation, Washington
Squaxin Island Tribe of the Squaxin Island Reservation, Washington
Standing Rock Sioux Tribe of North & South Dakota
Stockbridge Munsee Community, Wisconsin
Stillaguamish Tribe of Washington
Summit Lake Paiute Tribe of Nevada
Suquamish Indian Tribe of the Port Madison Reservation, Washington
Susanville Indian Rancheria, California
Swinomish Indians of the Swinomish Reservation, Washington
Sycuan Band of the Kumeyaay Nation (formerly the Sycuan Band of Diegueno Mission Indians of California)
Table Mountain Rancheria of California
Te-Moak Tribe of Western Shoshone Indians of Nevada (Four constituent bands: Battle Mountain Band; Elko Band; South Fork Band and Wells Band)
Thlopthlocco Tribal Town, Oklahoma
Three Affiliated Tribes of the Fort Berthold Reservation, North Dakota
Tohono O'odham Nation of Arizona
Tonawanda Band of Seneca Indians of New York
Tonkawa Tribe of Indians of Oklahoma
Tonto Apache Tribe of Arizona
Torres Martinez Desert Cahuilla Indians, California (formerly the Torres-Martinez Band of Cahuilla Mission Indians of California)
Tule River Indian Tribe of the Tule River Reservation, California
Tulalip Tribes of the Tulalip Reservation, Washington
Tunica-Biloxi Indian Tribe of Louisiana
Tuolumne Band of Me-Wuk Indians of the Tuolumne Rancheria of California
Turtle Mountain Band of Chippewa Indians of North Dakota
Tuscarora Nation of New York
Twenty-Nine Palms Band of Mission Indians of California
United Auburn Indian Community of the Auburn Rancheria of California
United Keetoowah Band of Cherokee Indians in Oklahoma
Upper Sioux Community, Minnesota
Upper Skagit Indian Tribe of Washington
Ute Indian Tribe of the Uintah & Ouray Reservation, Utah
Ute Mountain Tribe of the Ute Mountain Reservation, Colorado, New Mexico & Utah
Utu Utu Gwaitu Paiute Tribe of the Benton Paiute Reservation, California
Walker River Paiute Tribe of the Walker River Reservation, Nevada
Wampanoag Tribe of Gay Head (Aquinnah) of Massachusetts
Washoe Tribe of Nevada & California (Carson Colony, Dresslerville Colony, Woodfords Community, Stewart Community, & Washoe Ranches)
White Mountain Apache Tribe of the Fort Apache Reservation, Arizona
Wichita and Affiliated Tribes (Wichita, Keechi, Waco & Tawakonie), Oklahoma
Winnebago Tribe of Nebraska
Winnemucca Indian Colony of Nevada
Wiyot Tribe, California (formerly the Table Bluff Reservation--Wiyot Tribe)
Wyandotte Nation, Oklahoma
Yankton Sioux Tribe of South Dakota
Yavapai-Apache Nation of the Camp Verde Indian Reservation, Arizona
Yavapai-Prescott Tribe of the Yavapai Reservation, Arizona
Yerington Paiute Tribe of the Yerington Colony & Campbell Ranch, Nevada
Yomba Shoshone Tribe of the Yomba Reservation, Nevada
Ysleta Del Sur Pueblo of Texas
Yurok Tribe of the Yurok Reservation, California
Zuni Tribe of the Zuni Reservation, New Mexico

Native Entities Within the State of Alaska Recognized and Eligible To

Receive Services From the United States Bureau of Indian Affairs

Native Village of Afognak (formerly the Village of Afognak)
Agdaagux Tribe of King Cove
Native Village of Akhiok
Akiachak Native Community
Akiak Native Community
Native Village of Akutan
Village of Alakanuk
Alatna Village
Native Village of Aleknagik
Algaaciq Native Village (St. Mary's)
Allakaket Village
Native Village of Ambler
Village of Anaktuvuk Pass
Yupiit of Andreafski
Angoon Community Association
Village of Aniak
Anvik Village
Arctic Village (See Native Village of Venetie Tribal Government)
Asa'carsarmiut Tribe
Native Village of Atka
Village of Atmautluak
Atqasuk Village (Atkasook)
Native Village of Barrow Inupiat Traditional Government
Beaver Village
Native Village of Belkofski
Village of Bill Moore's Slough
Birch Creek Tribe
Native Village of Brevig Mission
Native Village of Buckland
Native Village of Cantwell
Native Village of Chenega (aka Chanega)
Chalkyitsik Village
Cheesh-Na Tribe (formerly the Native Village of Chistochina)
Village of Chefornak
Chevak Native Village
Chickaloon Native Village
Chignik Bay Tribal Council (formerly the Native Village of Chignik)
Native Village of Chignik Lagoon
Chignik Lake Village
Chilkat Indian Village (Klukwan)
Chilkoot Indian Association (Haines)
Chinik Eskimo Community (Golovin)
Native Village of Chitina
Native Village of Chuathbaluk (Russian Mission, Kuskokwim)
Chuloonawick Native Village
Circle Native Community
Village of Clarks Point
Native Village of Council
Craig Community Association
Village of Crooked Creek
Curyung Tribal Council

[[Page 18557]]

Native Village of Deering
Native Village of Diomede (aka Inalik)
Village of Dot Lake
Douglas Indian Association

Native Village of Eagle
Native Village of Eek
Egegik Village
Eklutna Native Village
Native Village of Ekuk
Ekwok Village
Native Village of Elim
Emmonak Village
Evansville Village (aka Bettles Field)
Native Village of Eyak (Cordova)
Native Village of False Pass
Native Village of Fort Yukon
Native Village of Gakona
Galena Village (aka Louden Village)
Native Village of Gambell
Native Village of Georgetown
Native Village of Goodnews Bay
Organized Village of Grayling (aka Holikachuk)
Gulkana Village
Native Village of Hamilton
Healy Lake Village
Holy Cross Village
Hoonah Indian Association
Native Village of Hooper Bay
Hughes Village
Huslia Village
Hydaburg Cooperative Association
Igiugig Village
Village of Iliamna
Inupiat Community of the Arctic Slope
Iqurmuit Traditional Council (formerly the Native Village of Russian Mission)
Ivanoff Bay Village
Kaguyak Village
Organized Village of Kake
Kaktovik Village (aka Barter Island)
Village of Kalskag
Village of Kaltag
Native Village of Kanatak
Native Village of Karluk
Organized Village of Kasaan
Kasigluk Traditional Elders Council (formerly the Native Village of Kasigluk)
Kenaitze Indian Tribe
Ketchikan Indian Corporation
Native Village of Kiana
King Island Native Community
King Salmon Tribe
Native Village of Kipnuk
Native Village of Kivalina
Klawock Cooperative Association
Native Village of Kluti Kaah (aka Copper Center)
Knik Tribe
Native Village of Kobuk
Kokhanok Village
Native Village of Kongiganak
Village of Kotlik
Native Village of Kotzebue
Native Village of Koyuk
Koyukuk Native Village

Organized Village of Kwethluk
Native Village of Kwigillingok
Native Village of Kwinhagak (aka Quinhagak)
Native Village of Larsen Bay
Levelock Village
Lesnoi Village (aka Woody Island)
Lime Village
Village of Lower Kalskag
Manley Hot Springs Village
Manokotak Village
Native Village of Marshall (aka Fortuna Ledge)
Native Village of Mary's Igloo
McGrath Native Village
Native Village of Mekoryuk
Mentasta Traditional Council
Metlakatla Indian Community, Annette Island Reserve
Native Village of Minto
Naknek Native Village
Native Village of Nanwalek (aka English Bay)
Native Village of Napaimute
Native Village of Napakiak
Native Village of Napaskiak
Native Village of Nelson Lagoon
Nenana Native Association
New Koliganek Village Council
New Stuyahok Village
Newhalen Village
Newtok Village
Native Village of Nightmute
Nikolai Village
Native Village of Nikolski
Ninilchik Village
Native Village of Noatak
Nome Eskimo Community
Nondalton Village
Noorvik Native Community
Northway Village
Native Village of Nuiqsut (aka Nooiksut)
Nulato Village
Nunakauyarmiut Tribe (formerly the Native Village of Toksook Bay)
Native Village of Nunam Iqua (formerly the Native Village of Sheldon's Point)
Native Village of Nunapitchuk
Village of Ohogamiut
Village of Old Harbor
Orutsararmuit Native Village (aka Bethel)
Oscarville Traditional Village
Native Village of Ouzinkie
Native Village of Paimiut
Pauloff Harbor Village
Pedro Bay Village
Native Village of Perryville
Petersburg Indian Association
Native Village of Pilot Point
Pilot Station Traditional Village
Native Village of Pitka's Point
Platinum Traditional Village
Native Village of Point Hope
Native Village of Point Lay
Native Village of Port Graham

Native Village of Port Heiden
Native Village of Port Lions
Portage Creek Village (aka Ohgsenakale)
Pribilof Islands Aleut Communities of St. Paul & St. George Islands
Qagan Tayagungin Tribe of Sand Point Village
Qawalangin Tribe of Unalaska
Rampart Village
Village of Red Devil
Native Village of Ruby
Saint George Island (See Pribilof Islands Aleut Communities of St. Paul & St. George Islands)
Native Village of Saint Michael
Saint Paul Island (See Pribilof Islands Aleut Communities of St. Paul & St. George Islands)
Village of Salamatoff
Native Village of Savoonga
Organized Village of Saxman
Native Village of Scammon Bay
Native Village of Selawik
Seldovia Village Tribe
Shageluk Native Village
Native Village of Shaktoolik
Native Village of Shishmaref
Native Village of Shungnak
Sitka Tribe of Alaska
Skagway Village
Village of Sleetmute
Village of Solomon
South Naknek Village
Stebbins Community Association
Native Village of Stevens
Village of Stony River
Sun'aq Tribe of Kodiak (formerly the Shoonaq' Tribe of Kodiak)
Takotna Village
Native Village of Tanacross
Native Village of Tanana
Native Village of Tatitlek
Native Village of Tazlina
Telida Village
Native Village of Teller
Native Village of Tetlin
Central Council of the Tlingit & Haida Indian Tribes
Traditional Village of Togiak
Tuluksak Native Community
Native Village of Tuntutuliak
Native Village of Tununak
Twin Hills Village
Native Village of Tyonek
Ugashik Village
Umkumiute Native Village
Native Village of Unalakleet
Native Village of Unga
Village of Venetie (See Native Village of Venetie Tribal Government)
Native Village of Venetie Tribal Government (Arctic Village and Village of Venetie)
Village of Wainwright
Native Village of Wales
Native Village of White Mountain
Wrangell Cooperative Association
Yakutat Tlingit Tribe

[FR Doc. E8-6968 Filed 4-3-08; 8:45 am]

BILLING CODE 4310-4J-P

SENATE FINANCE COMMITTEE REPORT

DATE: 4/1/09

FURTHER:

DATE TURNED IN TO OFFICE: 4-11-09

Finance Committee considered SENATE BILL NO. 170

SB 170 UNEMPLOYMENT AMENDMENTS: FED STIMULUS

"An Act modifying the Alaska unemployment insurance statutes to comply with the requirements of the federal economic stimulus bill by redefining the base period for determining eligibility for unemployment benefits; and providing for an effective date."

and recommends:

[X] be **replaced** with [ ] **SCS** or [X] **CS** SB170 (FIN)

[ ] adopt **previous** [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] attached amendment(s)

[ ] adopt _____ Letter of Intent

[ ] further referral to _____ Committee

SENATE BILL:
[ ] Same Title
[X] New Title

HOUSE BILL:
[ ] Same Title
[ ] Technical Title Change
[ ] New Title w/ SCR #_____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet	Zero	FN#
LWF	3/27/09			✓	1

[ ] **APPROPRIATION - no fiscal note**

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	Huggins	X			
per Thomas	Thomas	✓			
	Olson	✓			
CO-CHAIR:	Hoffman	✓			
CO-CHAIR:	Stedman	✓			

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: SB 170
(S) Publish Date: 4/1/09

Identifier (file name): SB170-DOLWD-UI-03-27-09
Title: Unemployment Amendments: Fed Stimulus
Sponsor: Senator Ellis
Requester: Senate L&C

Dept. Affected: Labor and Workforce Development
RDU: Employment Security
Component: Unemployment Insurance
Component Number: 2276

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2009) cost: None

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

There is no anticipated fiscal impact to the department as a result of this legislation.

This legislation makes changes to the Unemployment Insurance base period used to determine eligibility for benefits by allowing use of the most recent completed quarter if an individual would not be eligible using the prior four quarters. Based on a review of 2008 unemployment insurance benefit applications, 1,293 additional unemployed workers would have been eligible for unemployment insurance benefits if the alternate base period were in place in 2008, resulting in $1.95 million in unemployment insurance benefits paid from the Unemployment Insurance Trust Fund.

Prepared by: Thomas Nelson, Director — Phone 465-5933
Division: Division of Employment Security — Date/Time 3/27/09 3:48 PM
Approved by: Click Bishop, Commissioner — Date 3/27/09
Agency: Department of Labor and Workforce Development

(Revised 9/2008 OMB)

SENATE FINANCE COMMITTEE REPORT

DATE: 4/1/09

FURTHER:

DATE TURNED IN TO OFFICE: 4-11-09

Finance Committee considered SENATE BILL NO. 170

SB 170 UNEMPLOYMENT AMENDMENTS: FED STIMULUS

"An Act modifying the Alaska unemployment insurance statutes to comply with the requirements of the federal economic stimulus bill by redefining the base period for determining eligibility for unemployment benefits; and providing for an effective date."

and recommends:

[X] be **replaced** with [ ] **SCS** or [X] **CS** SB170 (FIN)

[ ] adopt **previous** [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] attached amendment(s)

[ ] adopt _____ Letter of Intent

[ ] further referral to _____ Committee

SENATE BILL:
[ ] Same Title
[X] New Title

HOUSE BILL:
[ ] Same Title
[ ] Technical Title Change
[ ] New Title w/ SCR #_____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
LWF	3/27/09			✓	1

[ ] **APPROPRIATION - no fiscal note**

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	Wielechowski	X			
	Thomas	✓			
	Olson	✓			
CO-CHAIR:	Hoffman	✓			
CO-CHAIR:	Stedman	✓			

4442

Adopted 4.7.09

26-LS0762\S.1
Cook/Wayne
4/7/09

AMENDMENT 1

OFFERED IN THE SENATE BY SENATOR ELLIS

TO: CSSB 170(FIN), Draft Version "S"

Page 1, lines 1 - 2:

Delete **"to comply with the requirements of the federal economic stimulus bill"**

4443

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: **SB 170**
(S) Publish Date: 4/1/09

Identifier (file name): **SB170-DOLWD-UI-03-27-09**
Title: Unemployment Amendments: Fed Stimulus
Sponsor: Senator Ellis
Requester: Senate L&C

Dept. Affected: Labor and Workforce Development
RDU: Employment Security
Component: Unemployment Insurance
Component Number: 2276

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2009) cost: None

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

There is no anticipated fiscal impact to the department as a result of this legislation.

This legislation makes changes to the Unemployment Insurance base period used to determine eligibility for benefits by allowing use of the most recent completed quarter if an individual would not be eligible using the prior four quarters. Based on a review of 2008 unemployment insurance benefit applications, 1,293 additional unemployed workers would have been eligible for unemployment insurance benefits if the alternate base period were in place in 2008, resulting in $1.95 million in unemployment insurance benefits paid from the Unemployment Insurance Trust Fund.

Prepared by: Thomas Nelson, Director — Phone 465-5933
Division: Division of Employment Security — Date/Time 3/27/09 3:48 PM
Approved by: Click Bishop, Commissioner — Date 3/27/09
Agency: Department of Labor and Workforce Development

(Revised 9/2008 OMB)

4444

SB 171

<target><bill>SB 171</bill><subject>SB 171</subject><comm>SFIN26</comm></target>

4/14/09

Alaska State Legislature

Interim:
716 West 4th Ave.
Anchorage, Alaska 99501
(907) 269-0199

Session:
State Capitol Building
Juneau, Alaska 99801-1182
(907) 465-4945

Senator Kevin Meyer
Senate District O

TO: Senator Kevin Meyer
FROM: Christine R. Marasigan, Legislative Aide
DATE: April 7, 2009
RE: CS for SB 171, explanation of change.

The drafted CS for SB 171 makes one change.

Page 1, line 13
Inserted new language:
(a)(1) - (3)

Reason for change:

The bill originally exempted (a)(3) of the eligibility requirement since those who are deceased, even if their remains are in the state of Alaska are not technically a 'resident' since they are not living.

During discussion with the PFD Division Director, Debbie Bitney, it was pointed out that (a)(1) and (2) should also be exempted since (1) if the applicant is deceased it is not they who are applying but rather their successors and or estate (this is covered in page 1, line 14 of the bill). The second requirement (2) requires that an applicant is a state resident on the date of application and should be exempted in the bill for the same reason (3) was exempted—the applicant is deceased and technically not a resident.

The intent of the bill is to treat the deceased application as they would a living applicant in all of the requirements and eligibility one would have to meet in order to qualify for a PFD.

SENATE FINANCE COMMITTEE REPORT

DATE: 4/7/09

FURTHER:

DATE TURNED
IN TO OFFICE: _____

Finance Committee considered SENATE BILL NO. 171

SB 171 PERMANENT FUND DIVIDEND FOR DECEASED

"An Act relating to the permanent fund dividend of an otherwise qualified individual who dies during the qualifying year; and providing for an effective date."

and recommends:

[√] be **replaced** with [ ] **SCS** or [√] **CS** SB 171 (FIN)

adopt **previous** [ ] **SCS** or [**CS** _____ _____ ( )

[ ] attached amendment(s)

[ ] adopt _____ Letter of Intent

[ ] further referral to _____ Committee

SENATE BILL:
[x] Same Title
[ ] New Title

HOUSE BILL:
[ ] Same Title
[ ] Technical Title Change
[ ] New Title w/ SCR #_____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
REV	4-9-09	✓			

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
					1

[ ] **APPROPRIATION - no fiscal note**

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	Hughes				
	Thomas	✓			
	Olson	✓			
	Ellis	✓			
CO-CHAIR:	Huffman	✓			
CO-CHAIR:					

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: SB 171
() Publish Date:

Identifier (file name): CSSB171(STA)-DOR-PFD-04-09-09
Title: PFD Dividends to Deceased Individuals
Sponsor: Senator Meyer
Requester: Senate Finance Committee

Dept. Affected: 04
RDU: Taxation and Treasury
Component: Permanent Fund Dividend Division
Component Number: 981

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services	57.2		57.2	57.2	57.2	57.2	57.2
Travel							
Contractual	27.0		27.0	27.0	27.0	27.0	27.0
Supplies	2.5		2.5	2.5	2.5	2.5	2.5
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**86.7**	**0.0**	**86.7**	**86.7**	**86.7**	**86.7**	**86.7**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts	86.7		86.7	86.7	86.7	86.7	86.7
TOTAL	**86.7**	**0.0**	**86.7**	**86.7**	**86.7**	**86.7**	**86.7**

Estimate of any current year (FY2009) cost: 0.0

POSITIONS

Full-time	**1.0**		1	1	1	1	1
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

Historically, approx. 3,500 people die in Alaska each year. It is understood that all absence and eligibility rules will apply to deceased individuals, therefore, it is presumed that approx 1,750 people per year will qualify for this provision. Application on behalf of a deceased person will create an automatic eligibility case that must be assigned to a technician and worked. The average time a technician can expect to put into an deceased individual's eligibility case is estimated at one hour. This includes public response time in answering the many questions the executors of the estates will have regarding the deceased individuals eligibility as well as time spent reviewing documents, requesting information and writing letters. 1,750 man hours translates to 50 weeks or one full time position.

Prepared by: Deborah M. Bitney
Division: Permanent Fund Dividend
Phone: 465-4785
Date/Time: 4/9/09 3:23 PM

Approved by: Ginger Blaisdell, Director
Administrative Services Division
Date: 4/9/2009

(Revised 9/10/2008 OMB)

4448

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

BILL NO. SB 171

ANALYSIS CONTINUATION

It is expected that 100 of those applications will result in denial/appeal which translates to one full month of Appeals technician time, adding to the backlog that currently exists. OAH typically spends 15-20 hours at $135 hour per case. This is estimated to increase our costs of Formal hearings by as much as $27,000 annually. Supply cost is based solely on increased 1099 mailing.

1,750 additional complicated cases annually is not something the division can absorb without increased staffing. At current staffing levels, regular eligiblity casework is not complete for a given year until well into the 4th month of the following year. Applicants who appeal at the informal level can expect resolution of their case to take approximately 8 months.

Adopted 4/13/09

26-LS0804\S
Cook
4/9/09

CS FOR SENATE BILL NO. 171( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): SENATOR MEYER

A BILL

FOR AN ACT ENTITLED

"An Act relating to the permanent fund dividend of an otherwise qualified individual who dies during the qualifying year; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** AS 43.23.005(h) is amended to read:

(h) If an individual who would otherwise have been eligible for a permanent fund dividend dies after applying for the dividend but before the dividend is paid, the department shall pay the dividend to a personal representative of the estate or to a successor claiming personal property under AS 13.16.680. If an individual who would otherwise have been eligible for a dividend and who did not apply for the dividend dies during the application period, a personal representative of the estate or a successor claiming personal property under AS 13.16.680 may apply for and receive the dividend. **If an individual who received a dividend for the year immediately before the qualifying year and who would otherwise have been eligible for a dividend dies during the qualifying year after having been a state resident for at**

least 180 days immediately before the date of death, notwithstanding (a)(1) - (3) and (a)(6) of this section, a personal representative of the estate or a successor claiming personal property under AS 13.16.680 may apply for and receive the dividend. Notwithstanding AS 43.23.011, **an** [THE] application for **a** [THE] dividend may be filed by the personal representative or the successor **under this subsection** at any time before the end of the application period for the next dividend year.

*** Sec. 2.** This Act takes effect January 1, 2010.

replaced FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: CSSB 171(STA)
(S) Publish Date: 4/7/09

Identifier (file name): SB171-DOR-TAX-04-03-09
Title: PFD Dividends to Deceased Individuals
Sponsor: Senator Meyer
Requester: Senate State Affairs

Dept. Affected: 4
RDU: Taxation and Treasury
Component: Permanent Fund Dividend Division
Component Number: 981

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services	114.4		114.4	114.4	114.4	114.4	114.4
Travel							
Contractual	27.0		27.0	27.0	27.0	27.0	27.0
Supplies	2.5		2.5	2.5	2.5	2.5	2.5
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**143.9**	**0.0**	**143.9**	**143.9**	**143.9**	**143.9**	**143.9**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts	143.9		143.9	143.9	143.9	143.9	143.9
TOTAL	**143.9**	**0.0**	**143.9**	**143.9**	**143.9**	**143.9**	**143.9**

Estimate of any current year (FY2009) cost: 0.0

POSITIONS

Full-time	**2.0**		2	2	2	2	2
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

Historically, approx. 3,500 people die in Alaska each year. This does not take into consideration Alaskans who die outside of Alaska that may also result in an application. Application on behalf of a deceased person will create an automatic eligibility case that must be assigned to a technician and worked. It is expected that some of the applicants will apply for the first time as deceased individuals, complicating the issue. The average time a technician can expect to put into an deceased individual's eligibility case is estimated at one hour. This includes public response time in answering the many questions the executors of the estates will have regarding the deceased individuals eligibility as well as time spent reviewing documents, requesting information and writing letters. 3,500 man hours translates to 100 weeks or two full time positions.

Prepared by: Deborah M. Bitney — Phone 465-4785
Division: Permanent Fund Dividend — Date/Time 4/2/09 5:44 PM
Approved by: Ginger Blaisdell, Director — Date 4/3/2009
Administrative Services Division

(Revised 8/10/2008 OMB)

STATE OF ALASKA
2009 LEGISLATIVE SESSION

BILL NO. CSSB 171(STA)

ANALYSIS CONTINUATION

It is expected that 100 of those applications will result in denial/appeal which translates to one full month of Appeals technician time, adding to the backlog that currently exists. OAH typically spends 15-20 hours at $135 hour per case. This is estimated to increase our costs of Formal hearings by as much as $27,000 annually. Supply cost is based solely on increased 1099 mailing.

3,500 additional complicated cases annually is not something the division can absorb without increased staffing. At current staffing levels, regular eligiblity casework is not complete for a given year until well into the 4th month of the following year. Applicants who appeal at the informal level can expect resolution of their case to take approximately 8 months.

4/14/09

Alaska State Legislature

Interim:
716 West 4th Ave.
Anchorage, Alaska 99501
(907) 269-0199

Session:
State Capitol Building
Juneau, Alaska 99801-1182
(907) 465-4945

Senator Kevin Meyer
Senate District O

TO: Senator Kevin Meyer
FROM: Christine R. Marasigan, Legislative Aide
DATE: April 9, 2009
RE: CS for CSSB 171, explanation of change.

The drafted CS for CSSB 171 makes three changes.

1. Page 1, Line 12, "**received a dividend for the year immediately before the qualifying year and**" was inserted after the words, "If an individual who"

2. Page 1, Line 13, "**after having been a state resident for at least 180 days immediately before the date of death,**" was inserted after the words, "dies during the qualifying year"

3. Page 1, Line 14, " **and (a)(6)**" was inserted after the words, "notwithstanding (a)(1) - (3)"

Reason for change:
Immediately after the passage of CSSB 171 from the Senate State Affairs committee, Chris Poag from the Department of Law and Debbie Bitney from the Permanent Fund Dividend division noted a few technical issues that they thought should be fixed. The current CS satisfies their concerns.

1. A majority of letters and emails supporting this bill are from people whose loved one died in November or December, was a longtime Alaskan, and met all PFD eligibility requirements with the exception of their death. There was some concern about SB 171 opening up the PFD to deceased, first time applicants. By adding language requiring that the deceased received a dividend in the prior year will effectively close any loophole for new deceased applicants. This has precedent in other application requirements and eligibility for the PFD.

2. In order to make absolutely sure that the deceased that the estate or successor is applying for was truly a resident, the requirement of 180 days of residency has been added—this has precedent in other application requirements and eligibility for the PFD.

3. (a)(6) reads "at all times during the qualifying year, physically present in the state or, if absent, was absent only as allowed in AS 43.23.008" If the applicant is deceased, they can not be physically present in the state and so (a) (6) was exempted in the text of the bill. Physical presence is required in the 2nd change in the CS which requires residency 180 days prior to death. The intent is that all other eligibility and exemptions for absences -- with the exception for death, which this bill addresses – still apply.

4/14/09

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State tells families deceased Alaskans not eligible for PFD

Rule requires residents to live in Alaska for entire year to qualify

Monday, February 09, 2009
By Mike Nesper | **Peninsula Clarion**

When Kasilof resident Carole Okamoto contacted the Alaska Permanent Fund dividend division with questions concerning the PFD application process on behalf of her late husband, she was asked a series of questions one would expect:

Did the applicant receive the 2008 dividend? Yes.

During 2008 was the applicant gone from Alaska more than 90 days total? No.

Did the applicant die during the period beginning January 1, 2009, and ending at midnight March 31, 2009?

Huh?

Why does this matter? Okamoto wondered.

What she discovered was that because her husband, Bob, died Nov. 8, 2008, he was not eligible to apply for a 2009 PFD check, which is paid to Alaska residents for the 2008 calendar year. But how could this be?

Okamoto's husband was a long-time Alaska resident, he was in state the necessary 180 days and wasn't a convicted felon. He should be entitled to his check, his wife thought.

"It negated his whole life that year," Okamoto said. "It just doesn't make sense. He deserves it."

Okamoto contacted Rep. Mike Chenault's office, looking for assistance and an explanation of the law. Chenault's office put Okamoto in contact with Deborah Bitney, the director of the permanent fund dividend division.

Chenault's office e-mailed Bitney explaining Okamoto's situation and asked if her husband qualified to receive a 2009 PFD check. Bitney responded with one line: "A person who dies during 2008 does not qualify for a 2009 dividend."

In an interview Friday, Bitney said in order to apply for the PFD Bob would have had to have been alive at some point during 2009. She said a person has to be a resident of Alaska the entire year of 2008 to qualify.

"The rule is you have to be a resident of the state the entire qualifying year," she said.

Bitney said if a person dies during the application process then a family member can apply for them on their behalf, but if a person dies during the qualifying year, 2008 in this case, they are not eligible to apply.

Bitney said the PFD division doesn't have the authority to change the laws surrounding the application process and that any changes would have to come from the Legislature.

Okamoto has attempted to call Chenault and Sen. Tom Wagoner but has not received any return calls. With the Legislature now in session, Okamoto wants to see this law changed.

"This is the time to address it," she said. "This is the time to correct it."

"We need to change the rules, this is not right," said Rose Renner, of Kasilof.

Renner's father died Nov. 14, 2008, and like Okamoto, the PFD office told Renner her father did not qualify to apply for the 2009 dividend.

Renner said if someone can live in Alaska for half of the year and Outside for the other six months and still receive a check, then her father, who lived in the state more than 10 months of 2008, should be eligible to receive the PFD.

"I am still going to file his PFD," Renner said. "There are a lot of people facing this same issue. I do not think that these laws are acceptable."

Click here to return to story:
http://www.juneauempire.com/stories/020909/sta_386176653.shtml

4/14/09

Mary K. (Katy) Neher
1230 West 79th Ave. ~ Anchorage, AK 99518
Work Phone 265-6207 ~ Email K.Neher@conocophillips.com
Home Phone 344-3382 ~ Email mkneher@chugach.net

March 27, 2009

The Honorable Kevin Meyer
Alaska State Legislature
The State Senate
Alaska State Capitol
Juneau, AK 99801-1182

Dear Senator Meyer,

Thank you for taking the time to meet with me when I was in Juneau with the ConocoPhillips Alaska CAP program.

As we discussed, I am very anxious to have the Permanent Fund Dividend eligibility for deceased Alaskans changed. Currently statue AS43.23.005 (h) states: ..."If an individual who would otherwise have been eligible for a dividend and who did not apply for the dividend *dies during the application period*, a personal representative of the estate or a successor claiming personal property under AS 13.16.680 may apply for and receive the dividend."...

I would like to see the simple words "*dies during the application period*" changed to "*dies during the dividend year*". I think this simple change would effect what is fair. Alaskans deserve to receive their final PFD. Although this change won't affect my daughter Melissa's last PFD or other Alaskans that have been denied their final PFD it will affect those in the future.

Accomplishing this change to the PFD eligibility is very important to me. It's the last task I have to do in memory of my daughter, Melissa. Please let me know if you need me to do anything to help with this change.

Once again, thank you for your help.

Thank you,

Mary K. (Katy) Neher

MKN:kn

4/14/09

My name is Lena Mason. I would like to thank you for giving me the opportunity to testify at this important hearing. I would like to thank Representative Harry Crawford for introducing bill # HB205 and Senator Kevin Meyer for introducing Bill #SB171. Special thanks to their staff for their support and research they rendered me in this important situation. It is very much appreciated.

My husband Robert and I have been residence of Alaska since 1969. Unfortunately he passed away suddenly on Nov 18, 2008. We have both received permanent fund checks since its inception.

I contacted the permanent fund office to inquire what the procedure was to file for my spouses dividend for 2008. We were advised he was not eligible. If he had passed away in Jan, Feb., or March of 2009 he would have been eligible for the 2008 permanent fund. They also advised that they had to implement a deadline for deceased residents and to be eligible they would have had have been to be a resident for one full year prior to death. I do know that prior to this new ruling deceased resident's received a check for the year they passed away.

If a child is born on Dec 31st they are eligible for a permanent fund check for the year they were born. Residents are allowed to be out of state for 180 days and still be eligible for the permanent fund. This new ruling for deceased residents does not make any sense.

My husband contributed to the state economy and was never out of state for for the maximum amount of time required to qualify to receive the fund.

How is it that the Permanent Fund Office is authorized to make changes for the distribution of the funds? It should be up to the legislature to make rulings regarding how State money is spent and distributed.

My situation is not unique judging by the letters I have read in the Anchorage Daily News.

I did submit an estate form to the PFD office with a copy of a death certificate. The estate form states it must be submitted by Mar 31st 2010., Whether they will honor our request remains to be seen.

I would like to request that you review this ruling and take it under advisement to rectify the guidelines for distribution of funds.

Please accept my most sincere Thanks for your consideration in this matter.
Sincerely,
Lena Mason
2926 Campbell Airstrip Rd.
Anchorage, Ak 99504
907-333-4166

4/14/09

[redacted]

From: [redacted]
Sent: Wednesday, March 25, 2009 8:04 AM
To: [redacted]
Subject: FW: Permanent Fund - Alan Kajikawa

[redacted]

-----Original Message-----
From: [redacted]
Sent: Wednesday, March 25, 2009 7:24 AM
To: Sen. Kevin Meyer
Subject: Permanent Fund - Alan Kajikawa

Good Morning Kevin,

This is Alan Kajikawa. I talked to you about the status of the permanent fund issue for deceased family members for 2008. You may know that I lost my wife Carol in December after 45 years together with 31 of those in Alaska. I found out like many others through the article in the newspaper that she wouldn't qualify for the permanent fund dividend for 2008 even though she was present in the state all year.
It seems a shame that any Alaskan who was here even through December 31 at 11:59pm of any year would be denied a benefit that was earned by their presence actually in the state vs. many who are not really here. Please let me know if you and your colleagues can correct this situation to benefit those who don't need another situation in their lives to compound the grief that we all will be facing for a long time to come.

On another note, the UAA women came from 12 points behind to win their first game and will play at 3pm Alaska time for their second game. It was a great effort on their part and a heart stopping one for all Alaska fans present at the game.

thank you for your consideration,
e malama pono,

Alan & Hanna Malia Kajikawa
[redacted]

[redacted]

[redacted]

Sent: Tuesday, April 07, 2009 9:58 AM

[redacted]

Subject: FW: Senate Bill #171

[redacted]

Sent: Tuesday, April 07, 2009 9:54 AM
To: Sen. Kevin Meyer
Subject: Senate Bill #171

Dear Senator Meyer,

I am writing today to voice my unqualified support for Senate Bill #171. I personally find it ludicrous that an otherwise qualified individual is ineligible for the PFD should he or she have the misfortune to die outside the specified time frame of January to March! Were these people (assuming Alaska residency and otherwise being eligible) somehow ***not*** Alaskans during the previous 9 months in the cycle? I commend you wholeheartedly for introducing this bill and I assure you that I will continue to support it during its travels through the legislative process.

God bless you!
Molly Palmer
Valdez, Alaska

Adapted 4.7.09

26-LS0762\S
Wayne
4/6/09

CS FOR SENATE BILL NO. 170(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): SENATOR ELLIS

A BILL

FOR AN ACT ENTITLED

"An Act modifying the Alaska unemployment insurance statutes to comply with the requirements of the federal economic stimulus bill by redefining the base period for determining eligibility for unemployment benefits; relating to contributions, interest, penalties, and payments under the Alaska Employment Security Act; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** The uncodified law of the State of Alaska is amended by adding a new section to read:

LEGISLATIVE FINDINGS AND INTENT. (a) The legislature finds that

(1) P.L. 106-544 (Consolidated Appropriations Act, 2001) amended 26 U.S.C. 3301 - 3311 (Federal Unemployment Tax Act) to require certified state unemployment insurance programs to provide federally recognized tribes and their wholly owned subdivisions, subsidiaries, or businesses the option to be a reimbursable employer;

(2) the state's unemployment insurance program has been certified by the United States Department of Labor;

(3) as a certified program, the Department of Labor and Workforce Development receives federal funds to administer its unemployment insurance program;

(4) because this state has a certified program, Alaska employers receive a tax credit of up to 90 percent of the federal unemployment tax that employers are required to pay;

(5) to maintain its certified status, this state must conform AS 23.20 (Alaska Employment Security Act) with the requirements of 26 U.S.C. 3301 - 3311 (Federal Unemployment Tax Act);

(6) failure to bring AS 23.20 (Alaska Employment Security Act) into compliance with federal legislation could result in the loss of approximately $20,000,000 in administrative funding under 26 U.S.C. 3301 - 3311 (Federal Unemployment Tax Act) and the loss of approximately $111,000,000 in tax credits under 26 U.S.C. 3301 - 3311 (Federal Unemployment Tax Act) to employers in this state;

(7) of the 33 states that have federally recognized tribes, Alaska is the only state that has not yet passed conforming legislation; and

(8) to bring AS 23.20 (Alaska Employment Security Act) into conformity with 26 U.S.C. 3301 - 3311 (Federal Unemployment Tax Act), the legislature finds that it is necessary to amend AS 23.20 to allow federally recognized tribes and their wholly owned subdivisions, subsidiaries, or businesses the option to be a reimbursable employer.

(b) It is the intent of the legislature that this Act not alter or expand in any way the governmental relationship between federally recognized tribes and the state.

*** Sec. 2.** AS 23.20.277(b) is amended to read:

(b) At the end of each calendar quarter, or at the end of any other period as determined by the department, the department shall bill each government entity, **federally recognized tribe,** nonprofit organization, or group of nonprofit organizations that has elected to make payments in place of contributions, for benefits paid during the quarter or other prescribed period that are attributable to service in the employ of the government entity, **federally recognized tribe,** nonprofit organization, or group. In the case of nonprofit organizations and groups of nonprofit organizations, the amount billed is an amount equal to the full amount of regular benefits plus

extended benefits that are not reimbursable by the federal government. In the case of a government entity **or federally recognized tribe,** the amount billed is an amount equal to the full amount of the regular benefits plus the full amount of the extended benefits paid.

*** Sec. 3.** AS 23.20.277(e) is amended to read:

(e) At the end of each taxable year, the department shall determine whether the total of payments for the year made by a nonprofit organization or group of nonprofit organizations is less than, or in excess of, the total amount of regular benefits plus extended benefits not reimbursable by the federal government paid to individuals during the taxable year based on wages attributable to service in the employ of the nonprofit organization or group. In the case of a government entity **or federally recognized tribe** that has elected to make payments under this section, the department shall determine whether the total of payments for the year is less than, or in excess of, the total amount of regular benefits plus the total amount of extended benefits as determined in this subsection. **If** [EACH ORGANIZATION OR GROUP WHOSE] total payments for the taxable year are less than the amount so determined, **the employer** is liable for payment of the unpaid balance to the fund in accordance with (f) of this section. If the total payments exceed the amount so determined for the taxable year, all or part of the excess may, at the discretion of the department, be refunded from the fund or retained in the fund as part of the payments that may be required for the next taxable year.

*** Sec. 4.** AS 23.20.277(f) is amended to read:

(f) Payment of any bill rendered under (b) or (c) of this section shall be made not later than 30 days after the bill was mailed to the last known address of the nonprofit organization**, group of nonprofit organizations, government entity, or federally recognized tribe** or was otherwise delivered to it, unless there has been an application for review and redetermination in accordance with (h) of this section.

*** Sec. 5.** AS 23.20.277(g) is amended to read:

(g) Payments made by any nonprofit organization**, group of nonprofit organizations, government entity, or federally recognized tribe** under the provisions of this section may not be deducted or deductible, in whole or in part, from

the remuneration of **an individual** [INDIVIDUALS] in the employ of the organization**, group of organizations, government entity, or federally recognized tribe**; nor may contributions be required of an employee on the basis of wages paid to that employee for services performed by the employee in employment for a nonprofit organization**, group of nonprofit organizations, government entity, or federally recognized tribe that** [WHICH] makes an election to become liable for payments in place of contributions under **AS 23.20.276 - 23.20.278** [AS 23.20.276], and the wages are paid during the period of election.

*** Sec. 6.** AS 23.20.277(h) is amended to read:

(h) The amount due, specified in a bill from the department, is conclusive on the **employer** [ORGANIZATION] unless, not later than 30 days after the bill was mailed to its last address of record or otherwise delivered to it, the **employer** [ORGANIZATION] files an application for redetermination by the department, setting out the grounds for the application. The department shall promptly review and reconsider the bill and shall [THEREAFTER] issue a redetermination in any case in which an application for redetermination has been filed. Any redetermination is conclusive on the **employer** [ORGANIZATION] unless, not later than 30 days after the redetermination was mailed to its last address of record or otherwise delivered to it, the **employer** [ORGANIZATION] files an appeal to the commissioner, setting out the grounds for the appeal. Proceedings on appeal to the commissioner from the amount of a bill rendered under this subsection or a redetermination of the amount shall be in accordance with AS 23.20.410 - 23.20.470.

*** Sec. 7.** AS 23.20.277(j) is amended to read:

(j) At the discretion of the department, a nonprofit organization**, group of nonprofit organizations, government entity, or federally recognized tribe** that elects to become liable for payments in place of contributions under **AS 23.20.276 - 23.20.278** [AS 23.20.276] is required, within 30 days after the effective date of its election, to execute and file with the department a surety bond approved by the department or it may elect instead to deposit with the department money or securities. The amount of the bond or deposit shall be determined by the department in accordance with regulations adopted by the department.

* **Sec. 8.** AS 23.20.277(k) is amended to read:

(k) If a nonprofit organization**, group of nonprofit organizations, government entity, or federally recognized tribe** is delinquent in making payments in place of contributions as required under this section **and after having been given notice**, the department**, after giving notice to the employer who is delinquent, shall** [MAY] terminate that **employer's** [ORGANIZATION'S] election to make payments in place of contributions **until a time provided by regulations adopted by the department** [AS OF THE BEGINNING OF THE NEXT TAXABLE YEAR, AND THE TERMINATION IS EFFECTIVE FOR THAT AND THE NEXT TAXABLE YEAR].

* **Sec. 9.** AS 23.20.277(*l*) is amended to read:

(*l*) Each employer that is liable for payments in place of contributions shall pay to the department for the fund the amount of regular benefits plus the extended benefits not reimbursable by the federal government paid to individuals that are attributable to service in the employ of that employer. However, a government entity **or federally recognized tribe** that has elected to make payments under this section is liable for the amount of regular benefits plus the full amount of extended benefits that are attributable to service in the employ of that entity **or tribe**. If benefits paid to an individual are based on wages paid by more than one employer and one or more of these employers is liable for payments in place of contributions, the amount payable to the fund by each employer that is liable for payments shall be determined by the department in accordance with regulations adopted by the department.

* **Sec. 10.** AS 23.20.277 is amended by adding a new subsection to read:

(m) The department may not approve an election to make payments in place of contributions if, at the time of the election, a nonprofit organization, group of nonprofit organizations, government entity, or federally recognized tribe is delinquent in making contributions under AS 23.20.165.

* **Sec. 11.** AS 23.20.278 is amended to read:

Sec. 23.20.278. Financing benefits paid to employees of the state, [AND ITS] political subdivisions of the state, or a federally recognized tribe. A **federally recognized tribe, a** political subdivision, or a department, division, or other agency of

the state subject to this chapter, under **AS 23.20.525(a)(14)** [AS 23.20.525(a)(4) AND (14)], shall pay contributions under the provisions of AS 23.20.165, unless it elects to reimburse the department for the unemployment compensation fund according to the provisions applicable to nonprofit organizations**, government entities, or federally recognized tribes** under AS 23.20.276 and 23.20.277.

*** Sec. 12.** AS 23.20.381(j) is amended to read:

(j) Benefits based on services described in (e) and (h) of this section shall be denied under (e), (h), and (i) of this section to an individual who performed those services in an educational institution while in the employ of an educational service agency. In this subsection, "educational service agency" means a governmental agency**,** [OR] governmental entity**, or federally recognized tribe** that is established and operated exclusively for the purpose of providing services to one or more educational **institutions** [INSTITUTION].

*** Sec. 13.** AS 23.20.520(3) is amended to read:

(3) "base period" means the first four of the last five completed calendar quarters immediately preceding the first day of an individual's benefit year**, except that if an individual would not otherwise be eligible for unemployment compensation because of the use of a base period that does not include the most recently completed calendar quarter immediately preceding the first day of an individual's benefit year, "base period" means, and eligibility shall be determined using, the four most recently completed calendar quarters before the start of the benefit year**;

*** Sec. 14.** AS 23.20.520(10) is amended to read:

(10) "employing unit" means one or more departments or other agencies of the state, a political subdivision of the state, **a federally recognized tribe,** an individual, or a type of organization, partnership, association, trust, estate, joint trust company, insurance company, or domestic or foreign corporation, or the receiver, referee in bankruptcy, trustee, or successor of one of these, or the legal representative of a deceased person, **that** [WHICH] has or [, AFTER JANUARY 1, 1937,] had one or more individuals performing service for it in the state; an individual performing services in the state for an employing unit **that** [WHICH] maintains two or more

separate establishments in the state is considered as employed by a single employing unit for the purposes of this chapter; notwithstanding any provision in this chapter, any employing unit **that** [WHICH] employs individuals whose services must be covered by the unemployment insurance laws of this state [AFTER DECEMBER 31, 1971] as a condition of approval of the unemployment insurance laws of this state under 26 U.S.C. 3304(a) (Internal Revenue Code of 1954), as amended, will be considered an employer as to those individuals and is subject to contributions on all wages paid [AFTER DECEMBER 31, 1971,] or reimbursement payments to cover benefits paid based on services performed [AFTER DECEMBER 31, 1971], depending on the applicable law;

*** Sec. 15.** AS 23.20.520(14) is amended to read:

(14) "institution of higher education" means an educational institution **that** [WHICH]

(A) admits as regular students only individuals having a certificate of graduation from a high school, or the recognized equivalent of a high school graduation certificate;

(B) is legally authorized in the state in which it is located to provide a program of education beyond high school;

(C) provides an educational program for which it awards a bachelor's or higher degree, or provides a program **that** [WHICH] is acceptable for full credit toward either degree, a program of postgraduate or postdoctoral studies, or a program of training to prepare students for gainful employment in a recognized occupation; and

(D) **is operated by a federally recognized tribe or** is a public or other nonprofit institution;

*** Sec. 16.** AS 23.20.520 is amended by adding a new paragraph to read:

(22) "federally recognized tribe"

(A) means a tribe that is recognized by the United States Secretary of the Interior to exist as an Indian tribe under 25 U.S.C. 479a (Federally Recognized Indian Tribe List Act of 1994);

(B) includes any subdivision, subsidiary, or business enterprise

wholly owned by a federally recognized tribe.

*** Sec. 17.** AS 23.20.525(a)(14) is amended to read:

(14) service performed [AFTER DECEMBER 31, 1977,] in the employ of this state or any of its instrumentalities or any political subdivision of this state or any of its instrumentalities or any instrumentality of any of the foregoing and one or more other states or political subdivisions, **or in the employ of a federally recognized tribe,** if that service is excluded from "employment" under 26 U.S.C. 3306(c)(7) (Federal Unemployment Tax Act, Internal Revenue Code) and is not excluded from "employment" under **AS 23.20.526(d)** [AS 23.20.526(d)(8)];

*** Sec. 18.** AS 23.20.526(d) is amended to read:

(d) For the purposes of **AS 23.20.525(a)(6) and (14)** [AS 23.20.525(a)(4) - (6) AND (14)], the term "employment" does not apply to service performed

(1) by a duly ordained, commissioned, or licensed minister of a church in the exercise of the person's ministry or by a member of a religious order in the exercise of duties required by the order;

(2) in a facility conducted for the purpose of carrying out a program of rehabilitation for individuals whose earning capacity is impaired by age or physical or mental deficiency or injury or providing remunerative work for individuals who, because of their impaired physical or mental capacity, cannot be readily absorbed in the competitive labor market by an individual receiving the rehabilitation or remunerative work;

(3) as part of an unemployment work-relief or work-training program assisted or financed in whole or in part by **a federally recognized tribe or** any federal agency or any agency of a state or political subdivision of the state, by an individual receiving work relief or work training;

(4) for a state hospital by an inmate of a prison or correctional institution;

(5) in the employ of a school, college, or university if the service is performed by a student who is enrolled and is regularly attending classes at the school, college, or university;

(6) by an individual under the age of 22 who is enrolled at a nonprofit

or public educational institution that normally maintains a regular faculty and curriculum and normally has a regularly organized body of students in attendance at the place where its educational activities are carried on as a student in a full-time program, taken for credit at the institution, that combines academic instruction with work experience if the service is an integral part of the program and the institution has so certified to the employer, except that this paragraph does not apply to service performed in a program established for or on behalf of an employer or group of employers;

(7) in the employ of a hospital if the service is performed by a patient of the hospital, as defined in AS 23.20.520;

(8) in the employ of the state or a political subdivision of the state if the service is performed by an individual in the exercise of duties

(A) as a judicial officer, the governor, the lieutenant governor, a person hired or appointed as the head or deputy head of a department in the executive branch, a person hired or appointed as the director of a division of a department in the executive branch, an assistant to the governor, a chair or member of a state commission or board, state investment officers and the state comptroller in the Department of Revenue, an appointed or elected municipal officer, any other elected official, the fiscal analyst of the legislative finance division, the legislative auditor of the legislative audit division, the executive director of the Legislative Affairs Agency, and the directors of the divisions within the Legislative Affairs Agency;

(B) as a member of the Alaska Army National Guard or Alaska Air National Guard or Alaska Naval Militia;

(C) as an employee serving on only a temporary basis in case of fire, storm, snow, earthquake, flood, or similar emergency; or

(D) as an election official or election worker if the amount of remuneration received by the individual during the calendar year for services as an election official or election worker is less than $1,000;

(9) in the employ of

(A) a church or a convention or association of churches; or

(B) an organization that is operated primarily for religious purposes and that is operated, supervised, controlled, or principally supported by a church or a convention or association of churches;

(10) in the employ of a federally recognized tribe in this state if the service is performed by an individual in the exercise of duties as an officer of the federally recognized tribe and meets the requirements of 26 U.S.C. 3309(b)(3)(E) (Federal Unemployment Tax Act, Internal Revenue Code).

*** Sec. 19.** The uncodified law of the State of Alaska is amended by adding a new section to read:

REVISOR'S INSTRUCTION. The revisor of statutes shall change the heading of AS 23.20.277 from "Reimbursement payments by nonprofit organizations and government entities" to "Reimbursement payments by nonprofit organizations, government entities, and federally recognized tribes."

*** Sec. 20.** Section 13 of this Act takes effect January 1, 2010.

*** Sec. 21.** Sections 1 - 12 and 14 - 19 of this Act take effect immediately under AS 01.10.070(c).

April 10, 2009

The Honorable Johnny Ellis
State Capitol Building Room 103
Juneau Alaska 99801-1182

Senator Ellis,

The Alaska State Chamber of Commerce has previously expressed concerns regarding the State of Alaska acceptance of the federal stimulus money for the Unemployment Insurance (UI) program. Those concerns centered on the painstakingly difficult process in finding a compromise on UI contained in Senate Bill 120 from last year's legislative session. Under your leadership, we worked to update Alaska's UI program, therefore we had no desire to have the federal government dictate revisions to Alaska's program that were not in the best interest of Alaskan businesses and their employees.

After extensive conversations with your staff Max Hensley, Dana Owen of the Juneau Senator's office, Department of Labor Commissioner Click Bishop, Tom Nelson, Director of Employment Security and Bill Kramer Assistant Director of Employment Security, those concerns have been abated. Through those interactions assurances that acceptance of the federal stimulus monies related to UI programs will not offset hard-made changes to the UI program through passage of Senate Bill 120.

It is our understanding that Alaska will need to amend our statutes relative to the base period for the calculation of eligibility. This is a relatively simple administrative change, the cost of which will be born by stimulus funding. The larger benefit to Alaska will be the availability of funding that can be used for additional vocational training to assist unemployed Alaskans get back into the workforce more quickly. This is good for individual Alaskans, employers and Alaska's economy.

Commissioner Bishop and Tom Nelson are to be commended for their hard work in clarifying the U. S. Department of Labor rules with acceptance of the stimulus funds. Due to their efforts, Alaska will not need to change any of its statutes with regards to worker eligibility.

The Alaska State Chamber of Commerce supports the acceptance of the federal stimulus funds for the Unemployment Insurance Program.

Yours in economic prosperity,

Wayne A. Stevens
President/CEO

ALASKA STATE CHAMBER OF COMMERCE

Headquarters
217 2nd Street
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SB 172

<target><bill>SB 172</bill><subject>SB 172</subject><comm>SFIN26</comm></target>

ALASKA STATE LEGISLATURE

SENATOR DONALD C. OLSON

CAPITOL BUILDING
ROOM 514
JUNEAU, AK 99801-1182
PHONE: (907) 465-3707
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Senate Bill 172 Alaska Health Care Commission

26-LS0790\A

SPONSOR STATEMENT

Alaska is currently facing serious healthcare cost, access and quality issues. Between 1991 and 2005, health care expenditures in our state more than tripled from $1.6 billion to $5.3 billion. Costs are expected to double again by 2013 to over $10 billion. All levels of government – state, local, and federal – are affected, and Alaska's economy cannot sustain this inflationary growth. The purpose of SB 172 is to establish in statute the Alaska Health Care Commission to address the need for health care reform in our state. This issue is complex and broad in scope, and cannot be dealt with adequately unless we have a permanent body to plan and follow through for long range comprehensive health care reform.

The two most recent groups to work on the issue of health care reform in Alaska, the Alaska Health Care Roundtable (2005) and the Alaska Health Care Strategies Planning Council (2007), both recommended that a permanent body be established to address the problem of health care reform. The Roundtable (which met for 2 years) and the Planning Council (which met for 6 months) recognized that the problem is too great to be effectively addressed through a short-term, ad-hoc body.

The Alaska Health Care Commission would be established in the Department of Health And Social Services, and would consist of a ten member body including public officials and private citizens. Representatives from both the executive and legislative branches of state government are included, as well as citizens representing the private business sector, the health care community, and consumers. Three members are to be ex officio appointees from the legislature and the governor's office.

The composition and small size would enable efficient and effective teamwork and decision-making, while bring a balance of viewpoints and perspectives.

The commission would provide its recommendations and support the development of a statewide plan to address the quality, accessibility, and availability of health care for all citizens of the State. A plan for reform will be based on education, sustainability, management efficiency, health care effectiveness, private-public partnerships, research, personal responsibility and individual choice.

Alaska's need for healthcare reform is pressing and must be dealt with thoroughly and efficiently, with a long range view towards meaningful and lasting change. The Alaska Health Care Commission would play an important role in this process, and it is essential that we make it a permanent component of the Department of Health and Social Services, so that present as well as future issues with Alaska's healthcare systems can be better anticipated, understood and addressed.

Sectional analysis: Alaska Health Care Commission Bill

Section 1

AS 18.05.010(b)- Establishes the Alaska Health Care Commission in the Department of Health and Social Services that will work toward recommendations for a statewide health plan under AS 18.09.

Statewide Health Care
Section 2

Sec 18.09.010-This section is the basic language to establish the Commission and outline the commission's primary objectives.

Sec 18.09.020-Creates a 10 member Commission made up of Health Professionals and the public including three ex officio appointees from the legislature and the governors office.

Sec. 18.09.030- Members will serve three year staggered terms. Should an opening occur prior to the completion of the term the governor shall appoint a replacement.

Sec. 18.09.040- Creates the position of executive director as a partially exempt position appointed by the commission.

Sec. 18.09.050- Permits the Department to assign employees to work with the Commission as support staff.

Sec. 18.09.060- The commission shall submit internally by-laws for consideration by the full Commission. By laws will establish quorum requirements, time and locations for meetings, etc. The section also defines conflicts of interests when voting and annual reporting requirements

Sec. 18.09.070- This section defines the duties of the Commission, to include goals and language for input from the public through the public hearing process.

Sec. 18.09.080- Standard language that allows members to receive per diem and travel but no salary for serving on the commission.

Sec. 18.09.900- Authorizes the Department to promulgate the necessary regulations to maintain the commission

Sec 18.09.990- Defines the use of the words commission and department.

Section 3

AS 39.25.120 (c)(7)- adds the commissions executive director position to the list of existing executive directors serving other boards and commissions.

Section 4

AS 44.66.010 (a)- Sunset- the commission expires unless renewed by the legislature on June 30, 2014

Section 5

Uncodified language- Permits the department to begin the regulatory process which can not take effect until this bill is singed into law.

Section 6

Uncodified language- The members already serving on the commission shall continue in their positions based on the staggering of their terms.

Section 7

Effective date- Immediate effective date clause.

SENATE FINANCE COMMITTEE REPORT

DATE: 3/18/10

FURTHER:

DATE TURNED
IN TO OFFICE: _____

Finance Committee considered SENATE BILL NO. 172

SB 172 ALASKA HEALTH CARE COMMISSION

"An Act establishing the Alaska Health Care Commission in the Department of Health and Social Services; and providing for an effective date."

and recommends:

[√] be **replaced** with [ ] **SCS** or [√] **CS** SB 172 (FIN)

[ ] adopt **previous** [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] attached amendment(s)

[ ] adopt _____Letter of Intent

[ ] further referral to _____Committee

SENATE BILL:
[ ] Same Title
[x] New Title

HOUSE BILL:
[ ] Same Title
[ ] Technical Title Change
[ ] New Title w/ SCR #_____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
HSS	4/7/10	√			

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

[ ] **APPROPRIATION - no fiscal note**

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	HUGGINS	X			
	Thomas	✓			
	EGAN	✓			
	OLSON	X			
	Ellis	X			
CO-CHAIR:	Hoffman	✓			
CO-CHAIR:	Stedman	✓			

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: CSSB172(HSS)
() Publish Date:

Identifier (file name): CSSB172-DHSS-CO-04-07-10
Dept. Affected: Health & Social Services

Title: Alaska Health Care Commission
RDU: Departmental Support Services
Component: Commissioner's Office

Sponsor: Olson

Requester: Senate FIN
Component Number: 106

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services	192.7		192.7	192.7	192.7	192.7	192.7
Travel	40.0		40.0	40.0	40.0	40.0	40.0
Contractual	236.8		257.3	257.3	257.3	257.3	257.3
Supplies	30.5		10.0	10.0	10.0	10.0	10.0
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**500.0**	**0.0**	**500.0**	**500.0**	**500.0**	**500.0**	**500.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	165.0		165.0	165.0	165.0	165.0	165.0
1003 GF Match	335.0		335.0	335.0	335.0	335.0	335.0
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**500.0**	**0.0**	**500.0**	**500.0**	**500.0**	**500.0**	**500.0**

Estimate of any current year (FY2010) cost:

POSITIONS

Full-time	**2.0**		**2.0**	**2.0**	**2.0**	**2.0**	**2.0**
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

SB 172 establishes the Alaska Health Care Commission in DHSS to provide recommendations for and foster the development of a statewide plan to address the quality, accessibility, and availability of health care for all citizens of the state. The commission would be composed of 12 members. SB 172 closely parallels Administrative Order #246, the Governor's December 2008 order establishing a health care commission to address Alaska's health care challenges.

The current Alaska Health Care Commission's 2009 report included a formal policy recommendation to establish a permanent health care commission in statute to address the need for health care reform in Alaska.

(continued on page 2)

Prepared by: Ward B. Hurlburt, MD, MPH, Chief Medical Office / Director
Phone 269-8126
Division: Public Health
Date/Time 4/2/10 12:00 AM

Approved by: Alison Elgee, Assistant Commissioner
Date 4/7/2010
DHSS Finance & Management Services

(Revised 11/6/2009 OMB)

ANALYSIS CONTINUATION

(continued from page 1)

The two most recent groups to work on the issue of health care reform in Alaska, the Alaska Health Care Roundtable (2005) and the Alaska Health Care Strategies Planning Council (2007), both recommended that a permanent body be established to address the problem of health care reform. The problem is too great in scope and too complex to be able to plan and follow-through in just one or two years time through an ad-hoc body. Most recently, the new federal health care reform laws enacted this past month significantly change the structure within which state health systems operate, and a state planning body is required to help evaluate the impact on Alaskans and Alaska's businesses and health care industry, and to provide advice on implementation.

$500.0 ($165.0 Fed/$335.0 GF Match) is required for operations of the health care commission, as follows:

71000 Personal Services: The bill states that an Executive Director (range 23, step F) would staff the commission, $134.5; in addition an Administrative Assistant I (range 12) is required to provide administrative support, $58.2.

72000 Travel: Travel and per diem for commission staff and for 12 commission members, including the two legislators, to conduct quarterly face-to-face public meetings at various locations around the state.

73000 Contractual: Professional services contracts will be needed to supplement staff research; meeting expenses such as transcriptionist, audio, and meeting space will be incurred; and core service RSAs will be required to provide lease space, telecommunications, mainframe connectivity, printing, postage, etc.

74000 Supplies: FY11 includes start-up costs such as computers, office furniture, reconfiguring leased space, wiring needs for connectivity, printers, fax, and photocopier. On-going costs are for basic office supplies and small equipment purchases. Start up supply costs of $20.5 in the first budget year will be shifted to the contractual services line after the first year to cover ongoing contractual needs.

adopted 4-9-10

26-LS0790\P.1
Mischel
4/9/10

AMENDMENT 1

OFFERED IN THE SENATE BY SENATOR HUGGINS

TO: CSSB 172(HSS)

Page 3, line 6:

Delete "12"

Insert "13"

Page 3, line 8:

Delete "nine"

Insert "10"

Page 4, line 3:

Delete "and"

Page 4, following line 3:

Insert a new subparagraph to read:

"(J) one member who represents community health centers in the state; and"

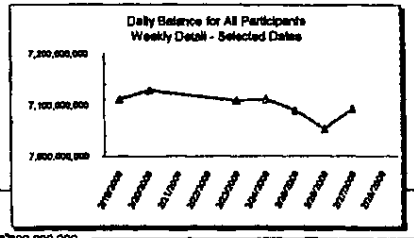
Page 4, line 17:

Delete "AS 18.09.020(1)(B) - (I)"

Insert "AS 18.09.020(1)(B) - (J)"

4481

General Fund and Other Non-Segregated Investments (GeFONSI)



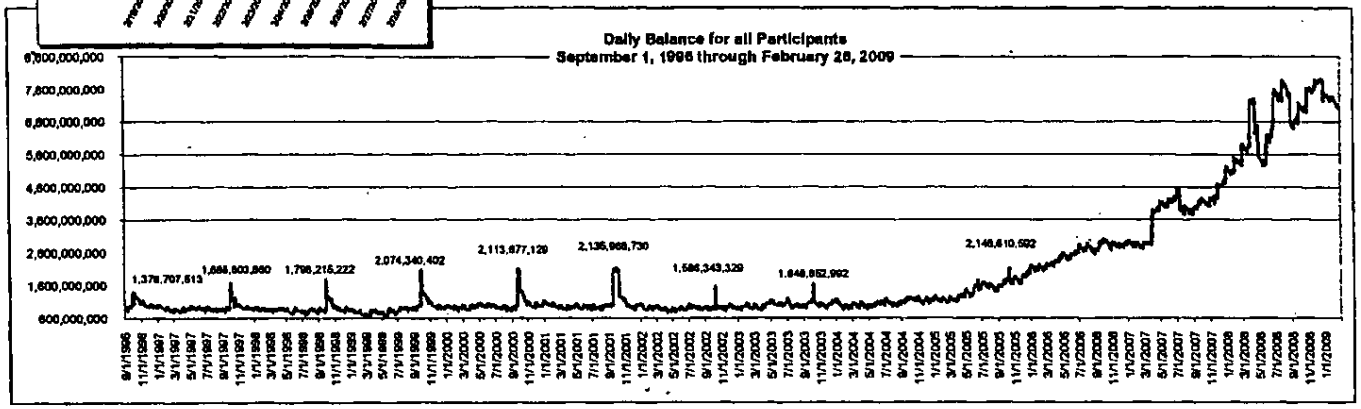
Historically, the operating General Fund has made up about 1/3 of the GeFONSI.

Beginning 7/1/99, daily balances shown below include unallocated receipts, some of which may be transferred to non-GeFONSI participants. The daily unallocated balance generally averages about $60 million and doubles at month end.

7/3/00: Transfers from CBR through GeFONSI not reflected below.

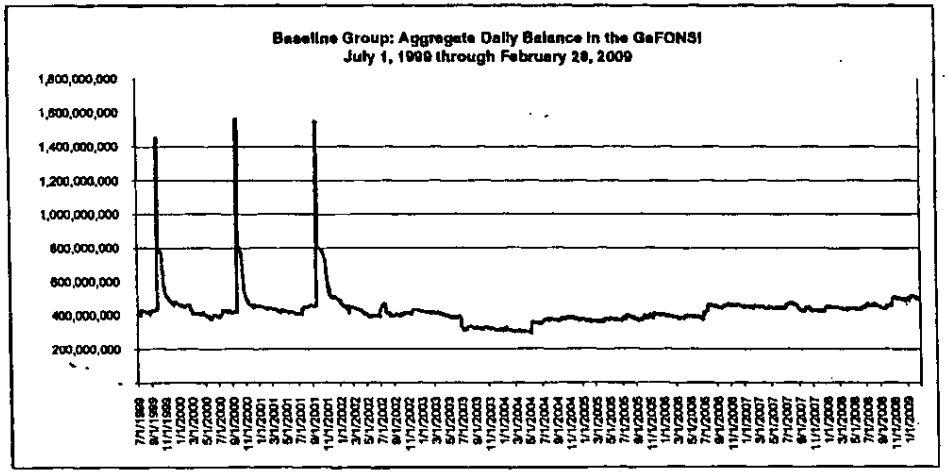
7/26/02: PFD Corporation transferred $897 million to the General Fund for the 2001 dividend. These funds along with $49 million previously invested in the GeFONSI have been invested separately. These balances do not appear on GeFONSI charts.

10/04: Electronic deposits of PFDs were not processed through the GeFONSI.



Baseline Group Information:
The baseline group was formed in February 1998 when Treasury considered the creation of a second GeFONSI. The baseline group is composed of participants (funds) which have demonstrated stable balances or predictable trends over time. This group, along with the General Fund, represents the core of the GeFONSI (based on daily balances). The baseline group contains the following participants (additional information is available from Treasury Division, Accounting Section):

21468 OHSR Substance Prevention*
21472 OHSR Response Account*
21477 Employee Assistance & Training
21478 Storage Tank Assistance
21496 Fishermen's Fund**
21497 Ratbelt Energy*
21503 Prevention Mitigation*
21504 Oil Restoration*
21511 Municipal CIP Matching Grants**
21512 Unincorporated CIP Matching Grants**
21516 Power Cost Equalization* (inactive 4/2005)
21520 School Fund
21530 Fish and Game Fund*
21560 AK Marine Highway**
21980 Agricultural Revolving Loan
21900 Commercial Fish Revolving Loan Fund
22078 Alaska Clean Water Fund*
22083 Power Project (inactive 4/2001)
22110 Highway Equipment Working Capital Fund - Operating
22115 Information Services
22160 Suspense and Deposits
22162 Public Advocacy Trust*
22170 Permanent Fund Dividend
22178 Alyeska Settlement*
22297 Student Loan Corp. - GF Appropriations*



* Indicates that the participant is credited with investment income.
** Indicates that the participant is credited with investment income only if appropriated by the State Legislature.

Treasury Division, Department of Revenue

About the Commission

The Alaska Health Care Commission was established by Governor Palin on December 4, 2008 under Administrative Order #246. The Commission will serve as the state health planning and coordinating body, providing recommendations to the governor and the legislature on a comprehensive statewide health care policy and on strategies for improving the health of Alaskans.

Creation of the Alaska Health Care Commission follows from the work of the Alaska Health Care Strategies Planning Council. The Council was convened by the Governor in 2007 to develop a set of strategies for improving access to health care in Alaska. One of the Council's seven recommended goals was to develop the leadership necessary to support a comprehensive statewide health care policy through creation of an on-going commission.

The Alaska Health Care Commission consists of 10 members. Membership requirements are specified in the Administrative Order, and include the state's chief medical officer (who also serves as chairperson of the commission), an Alaska health care provider and an Alaska health care consumer, and one representative each from the Alaska tribal health system, the Alaska health insurance industry, the Alaska State Chamber of Commerce, and the Alaska State Hospital and Nursing Home Association. Three nonvoting members are representatives from the state Senate, House of Representatives, and executive branch. Governor Palin announced the appointment of the members to the commission on January 27, 2009.

The commission's first year of study and planning will culminate in a report to the governor and the legislature due January 15, 2010. This web site will be updated regularly with information on the meetings and work of the commission.

Contact the Commission

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Executive Director
Alaska Health Care Commission
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Anchorage, AK 99503-5923
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(907) 269-0060 - Fax
deborah.erickson@alaska.gov

Sarah Palin
GOVERNOR

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

December 04, 2008

ADMINISTRATIVE ORDER NO. 246

I, Sarah Palin, Governor of the State of Alaska, under the authority of art. III, secs. 1 and 24, of the Alaska Constitution, and in accordance with AS 44.19.145(c), establish the Alaska Health Care Commission (commission) in the Department of Health and Social Services.

PURPOSE

The purpose of the commission is to provide recommendations for and foster the development of a statewide plan to address the quality, accessibility, and availability of health care for all citizens of the state.

DUTIES OF THE COMMISSION

The commission's duties are to:

1. serve as the state health planning and coordinating body;

2. consistent with state and federal laws, provide recommendations for and foster the development of a:

   A. comprehensive statewide health care policy;

   B. strategy for improving the health of Alaskans that includes

      i. encouraging personal responsibility in prevention and healthy living for all residents of the state;

      ii. a reduction in health care costs for all residents of the state to be below the national average;

      iii. access in communities of the state to safe water and wastewater systems;

      iv. the development of a sustainable health care workforce in the state;

      v. quality health care being accessible for all residents of the state; and

      vi. increasing the number of residents of the state who are covered by health

care insurance; and

3. submit a report to the Governor and the Legislature on or before January 15, 2010 regarding the commission's recommendations and activities.

MEMBERSHIP

The commission consists of seven voting members appointed by the Governor, and the voting members serve at the pleasure of the Governor.

Voting members are:

1. the chief medical officer of the Department of Health and Social Services, who shall serve as the chair of the commission;
2. a representative from the tribal health community in this state;
3. a representative from the Alaska State Chamber of Commerce;
4. a representative from the Alaska State Hospital and Nursing Home Association;
5. a health care provider, who is
   A. actively practicing the provider's profession in this state;
   B. licensed in this state; and
   C. not affiliated with the Alaska State Hospital and Nursing Home Association;
6. a representative of the health insurance industry in this state; and
7. a health care consumer who is a resident of this state.

Non-voting members are:

1. an ex officio, non-voting member from the executive branch, appointed by the Governor;
2. an ex officio, non-voting member from the Alaska House of Representatives, appointed by the speaker of the house; and
3. an ex officio, non-voting member from the Alaska Senate, appointed by the president of the senate.

ADMINISTRATIVE SUPPORT

The commission shall employ an executive director, who may not be a member of the

commission. The executive director serves at the pleasure of the commission. The commission shall establish the duties of the executive director.

The Department of Health and Social Services may assign employees of the Department of Health and Social Services to serve as staff to the commission. The commission shall prescribe the duties of the staff.

The commission shall, upon approval of a majority of its members and consistent with state law, adopt and amend, as necessary, bylaws governing its proceedings and all other activities.

GENERAL PROVISIONS

Commission members do not receive compensation as members of the commission. Members of the commission who are not state or federal employees are entitled to per diem and travel expenses in the same manner permitted for members of state boards and commissions. Per diem and travel expenses for members of the commission who are representatives of a state or federal agency are the responsibility of that agency.

To reduce costs, the commission may use teleconferencing and other electronic means to the extent practicable, in order to gain the widest public participation at minimum cost.

Meetings of the commission shall be conducted in accordance with AS 44.62.310 and 44.62.320 (Open Meetings of Governmental Bodies).

Records of the commission are subject to inspection and copying as public records under AS 40.25.110 - 40.25.220.

This Order takes effect immediately.

DATED at Anchorage, Alaska this 4th day of December, 2008.

/s/Sarah Palin
Governor

PROPOSED HEALTH COMMISSION MEMBERS

Sec. 18.09.020 Composition; chair. The commission consists of 12 members as follows:

Nine voting members appointed by the governor as follows:

(1) The state officer assigned the duties of medical director for the department, who shall serve as chair;

(2) One member representing the tribal health community in the state;

(3) One member representing a statewide chamber of commerce who is not associated with health care;

(4) One member representing the Alaska State Hospital and Nursing Home Association

(5) One member who is a health care provider

(i) Actively practicing the provider's profession in the state;
(ii) Licensed to practice in the state; and
(iii) Not affiliated with the Alaska State Hospital and Nursing Home Association;

(6) One member who is a representative of the health insurance industry in the state;

(7) One member who is

(i) A health care consumer;
(ii) A resident of the state; and
(iii) Not employed by and does not have a business interest in the health care industry; and

(8) One member who is a primary care physician (i) licensed to practice in the state; (ii) board certified in family medicine or pediatric medicine; and (iii) who practices family medicine, primary care internal medicine, or pediatric medicine.

(9) One member who is a behavioral health care provider (i) licensed as a behavioral health practitioner is the state or (ii) employed as an administrator of an organization that provides behavioral health care services.

(2)Three nonvoting members appointed as follows:

(A)One ex officio member from the house of representatives, appointed by the speaker of the house of representatives;

(B)One ex officio member from the senate, appointed by the president of the senate;

(C)An ex officio member representing the Office of the Governor.

STATE OF ALASKA
DEPT. OF HEALTH & SOCIAL SERVICES

Alaska Commission on Aging

SARAH PALIN, GOVERNOR

P.O. BOX 110693
JUNEAU, ALASKA 99811-0693
PHONE: (907) 465-3250
FAX: (907) 465-1398

April 5, 2009

Senator Donald Olson
Alaska State Capitol, Room 514
Juneau, AK 99801-1182

Subject: Support for SB 172

Dear Senator Olson:

The Alaska Commission on Aging (ACoA) is pleased to offer our support of SB 172, a bill to establish the Alaska Health Care Commission in the Department of Health and Social Services. This legislation is authored by you.

The purpose of the Alaska Health Care Commission is to provide recommendations for and facilitate development of a statewide health plan to address the quality, accessibility, and availability of health care for all Alaskans in a cost-effective manner. ACoA supports the establishment of a state commission to comprehensively and systematically address the multitude of issues related to improving health care services, including preventative care and chronic disease management within the primary care setting through collaboration with public and private partners.

Older Alaskans represent one of the largest consumer groups of health care services of all age categories. Access to primary care is of top concern for many Alaska seniors insured by Medicare who are challenged to find a primary care physician particularly if they live in Anchorage, Fairbanks, and the Mat-Su Borough. Limited access to essential health care services for older individuals can put these persons at greater health risk who may postpone going to a provider for the care they need only when their medical conditions become serious. In addition, workforce shortages of health care workers, particularly nurses and doctors, is another serious problem that affects all Alaskans and has a critical impact on people 65 years and older. These are examples of issues that ACoA would like to see addressed by the Alaska Health Care Commission.

ACoA supports SB 172. We also ask you to consider including a seat on the Alaska Health Care Commission to represent the health care concerns of older Alaskans. Please feel free to contact Denise Daniello, ACoA's executive director (465-4879), should you have any questions regarding our position or request assistance from our office. Thank you for your sponsorship of SB 172.

Sincerely,

Sharon Howerton-Clark
Chair, Alaska Commission on Aging

Sincerely,

Denise Daniello
ACoA Executive Director

COMMONWEALTH
NORTH

Resolution 2009-3
In support of continuing the Alaska Health Care Commission as proposed in Senate Bill 172
April 14, 2009

This resolution is based on the 2005 Commonwealth North study entitled "Alaska Primary Health Care: Opportunities and Challenges."

Commonwealth North:

Encourages the Alaska State Legislator to extend the life of the Alaska Health Care Commission

Requests all state legislators to approve authorizing legislation in Senate Bill 172; and

Forwards this resolution to all members of the Alaska State Legislature, Governor Sarah Palin, and Alaska's congressional delegation.

Resolved for the following reasons:

1. A body needs to be vested in the long term interest in understanding and improving the system; consistent advocacy is necessary make needed fundamental changes

2. Through the quality of its participants, and the comprehensiveness and depth of its vision, the body will set a standard of credibility that will sustain its ongoing operations and facilitate implementation of its recommendations

Approved by the Commonwealth North Board of Directors
April 14, 2009

David Wight, President

COMMONWEALTH NORTH

Alaska Primary Health Care: *OPPORTUNITIES & CHALLENGES*

Approved by the Board of Directors on June 7, 2005
Updated July 31, 2005

Co-chairs:
Thomas Nighswander, M.D. and Marvin Swink

Editor: Duane Heyman
Hartig Fellow: Dan Kiley, D.D.S.

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Alaska Railroad Corporation
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EXECUTIVE SUMMARY

Why Alaska health care issues must be addressed and solved

Health care is not a goal or end in itself. The ultimate goal of health care and of this study is health and wellness for Alaskans. Alaskans must identify and improve the aspects of health care that are under our control. Many health care issues are national, that Alaskans cannot affect. Therefore, it is even more important to address and solve issues we can do something about. Furthermore, the demographics of an aging population will put foreseeable pressure on all fronts.

ACCESS

- Approximately 110,000 Alaskans have no health insurance coverage.
- Many others have minimal or inadequate coverage.
- Thousands are turning to hospital emergency rooms as a source of primary health care, often without ability to pay.
- Adequate health care in remote areas is a significant logistical, financial and educational challenge.

QUALITY

- Based on the 2004 National Healthcare Quality Report, Alaska has low rankings in several key measures of cancer, heart disease, maternal and child health, respiratory diseases, and nursing and home health care.
- Many Alaskans are in high-risk health categories, many are not receiving adequate care.

COST

- Alaska health care costs are approximately 40% higher than Seattle (per Premera, corroborated by Providence and Alaska Regional)
- Medicaid costs to the State of Alaska are rising dramatically, to over $1 billion in 2005. It is placing a strain on the state budget.
- Health care insurance premiums are also rising dramatically, creating a significant burden on employers and employees.
- Alaska hospitals are losing tens of millions of dollars from uncollectable accounts arising from excessive emergency room use and they are unable to reduce the amount of emergency room care provided due to Federal law.

What can we do?

There are four major interrelated factors driving primary healthcare in Alaska today:

1. Health and wellness of the population
2. Availability of care and insurance
3. Affordability of care and insurance
4. Financial health of the stakeholders, such as employers, providers and individuals

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These drivers are currently interacting in a "cost spiral" that is creating a very serious situation nationally and in Alaska. The rate of increase in the cost of health care is unsustainable—if unchecked health care increases will price employers out of the market. Already industries such as automobiles are threatened. We need to avoid similar impacts in Alaska.

We believe that with focus and coordination Alaskans can impact this "cost spiral" positively through specific actions in the four areas mentioned above:

1. Lifestyle and prevention: Raise public awareness and increase personal responsibility for wellness
2. Access: Make services and insurance more widely available
3. Quality: Continue improving quality of care that is delivered
4. Costs: Reduce costs of service delivery and insurance to make them more affordable

There are many health care initiatives already underway in these areas by various governmental and non-governmental entities. Some have proven to be effective and cost-efficient. Others show significant promise. Health care reform is complex and controversial, with multiple players and competing interests. Inconsistent tracking and trending create significant factual disputes about healthcare systems. Any major reform has potential to create both winners and losers.

Given this environment, the Study Group came to three overarching conclusions:

1. The Study Group process itself has been enlightening, educational and productive.
2. Every aspect of health care is complex. Understanding the system and improving it is beyond the capacity of any one element within the system.
3. The Study Group recommends that an ongoing body be established to continue and deepen this Group's work.

The time to act is now. Involvement of Alaskans in the health care debate is vital. Reform of some sort is inevitable, and Alaskans should control it as much as possible to our own benefit. Since there is no single forum today where the disparate players can come together to agree on facts, share solutions and craft a win-win for our unique Alaskan conditions, this Study Group recommend formation of—

The Alaska Health Care Roundtable ("Roundtable")

The goals of the Roundtable are to continue communication and foster action among parties that have a long-term vested interest in health care reform. It must set a standard of credibility and create timely actionable ideas that can gather bipartisan support, get quick approval and become part of a long-term fiscal plan for Alaska. It would be a sounding board and facilitator for ideas and recommendations, with a focus on lifestyle and prevention, access, quality and cost.

The core membership in the Roundtable would be self-selecting, comprised of members with a long-term compelling interest in improving the Alaska health care system. Examples of core members would be major employers at risk, health care providers and local foundations. A wide variety of other potential members, resources and ad hoc participants could be included as needed. Funding would be by voluntary contributions by the participants and the community.

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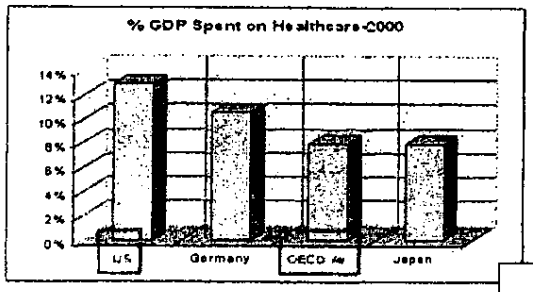
INTRODUCTION

The big picture: National background issues and the state of health in the U.S.

While the focus of this study is factors controllable in Alaska, it is important to understand the national context in which we operate. The United States spends more on health care than any other country, measured either as a percentage of gross domestic product, or in terms of money spent per person. The OECD, or Organization for Economic Cooperation and Development, is a group of industrialized nations that are an appropriate benchmark for U.S. expenditures and performance.

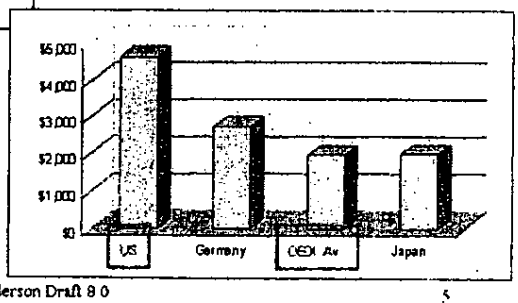
The National Situation - Spending



OECD—Organization for Economic Cooperation and Development

Source: Commonwealth Fund

Per capita health care expenditures by country



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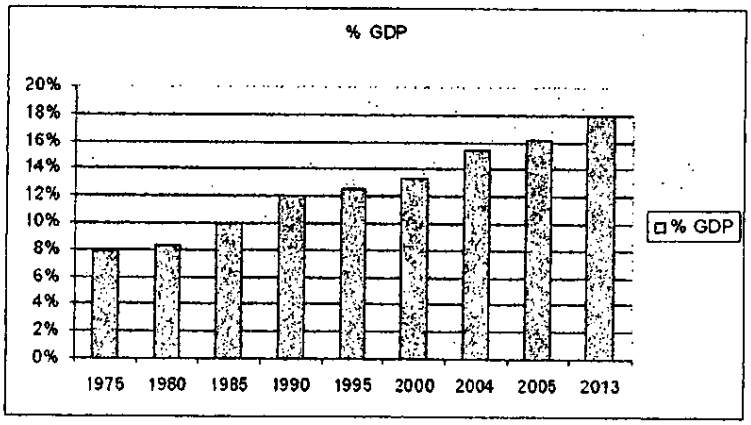
Health care spending has risen dramatically in recent years, increasing from about 8 % of the gross domestic product in 1975 to over 16% today. The Commonwealth Fund, a private nonpartisan foundation that supports independent research on health and social issues, projects that by 2013 the U.S. will be spending 18% of GDP on health care.

Many factors contribute to these increases. Often cited are huge costs caring for the last three months of life, advertising driven consumerism, high cost of technology, defensive medicine practiced to avoid malpractice suits, malpractice insurance, a fractionated payment system and massive cost shifting to those able to pay caused by inadequate or no health insurance for many Americans (and Alaskans). The crushing cost of health care threatens whole industries and affects our worldwide ability to compete economically.

The National Spending Situation:
Trend in Healthcare Costs as a % of GDP



Source: Commonwealth Fund

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The **Commonwealth Fund** is a foundation specializing in health care issues.

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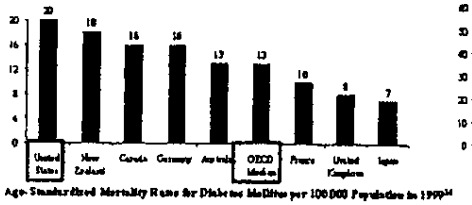
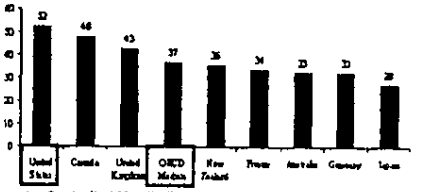
In terms of outcomes, the United States has obtained poor results from the massive amounts invested. By many measures, the U.S. trails other industrialized nations, as represented by Organization of Economic Cooperation and Development averages. We also have a higher percentage of uninsured than most advanced countries, which tend to have centralized health care systems.

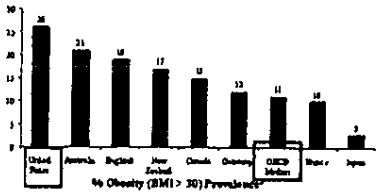
The National Situation: Outcomes



DIABETES



LUNG CANCER



OBESITY

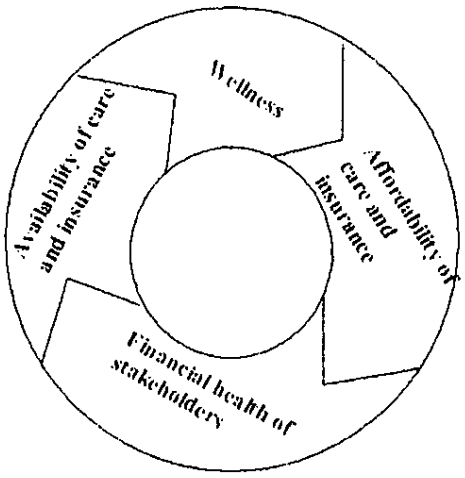
And, the U.S. ranks only

- #28 overall in infant mortality
- #24 in life expectancy

Source: OECD Health Data 2002,
March of Dimes Data Center 2002
World Health Organization 2000

A conceptual framework of four primary healthcare factors can help us understand how all the different factors are interrelated.

Four Primary Healthcare Factors and how they are interrelated



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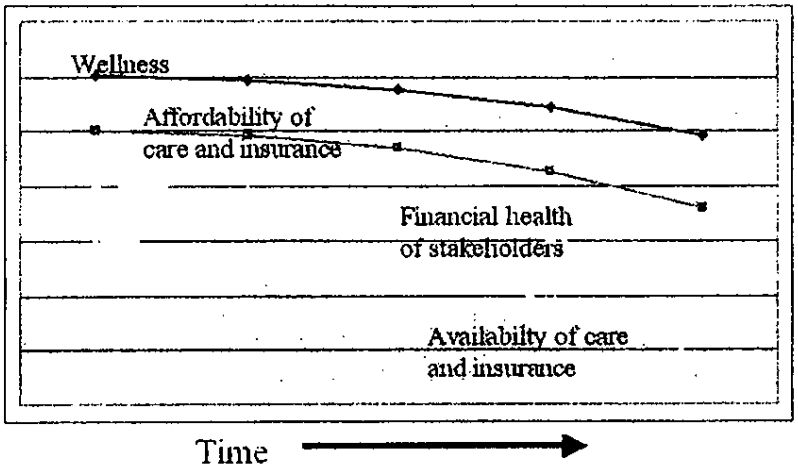
- Wellness of the population
- Affordability, coordination and quality of care and insurance
- Availability of care and insurance
- Financial health of stakeholders including:
  - Health care providers (physicians, clinics, hospitals)
  - Companies, institutions and government

These factors are all part of a complete cycle. Each factor affects the other. Therefore they are portrayed in a circle.

As time goes on, each of these factors influences the others, with the ultimate result of either undermining or improving the health and wellness of our people.

The conceptual crux of the problem



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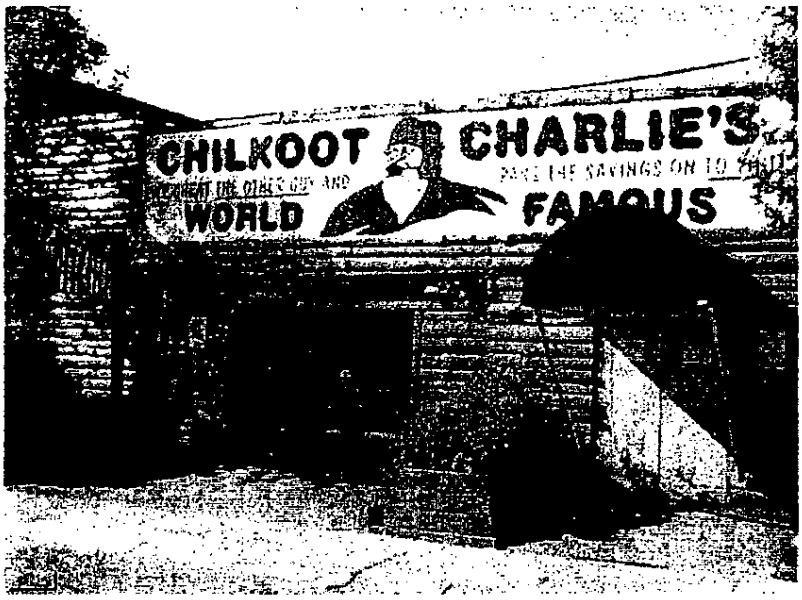
A significant problem is a de facto dynamic in our current U.S. health care policy.

The motto of a popular Alaska establishment embodies this unintended and unwanted de facto policy, to wit—



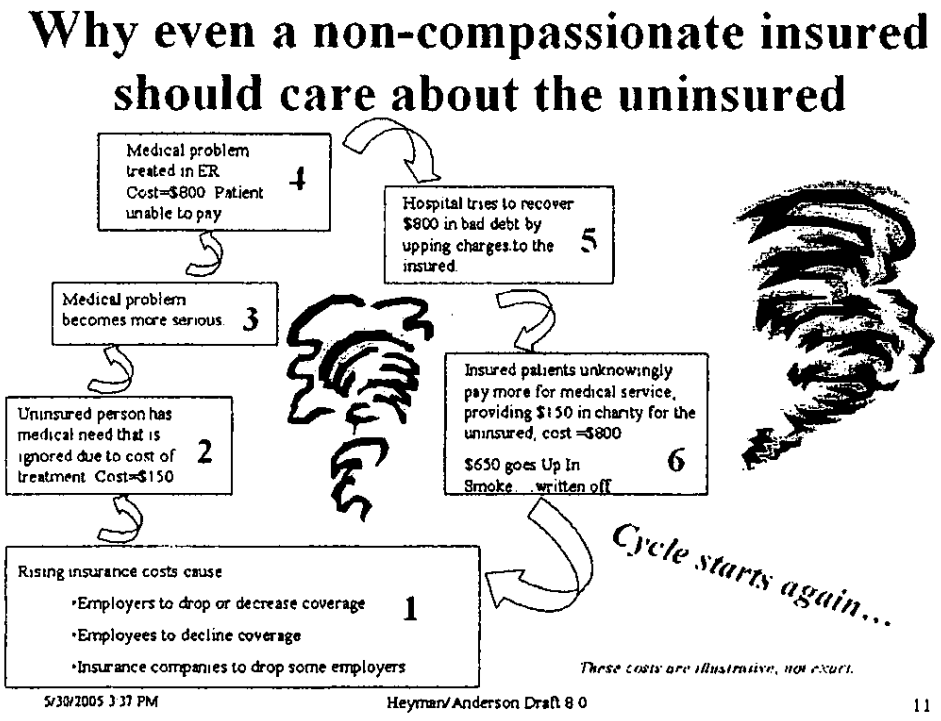
"We cheat the other guy and pass the savings on to you!"

This phenomenon has impacts both nationally and in Alaska, and Alaskans are not always the beneficiary, creating serious cost shifting and economic dislocations.

A SIGNIFICANT ISSUE FOR HEALTH CARE IN ALASKA

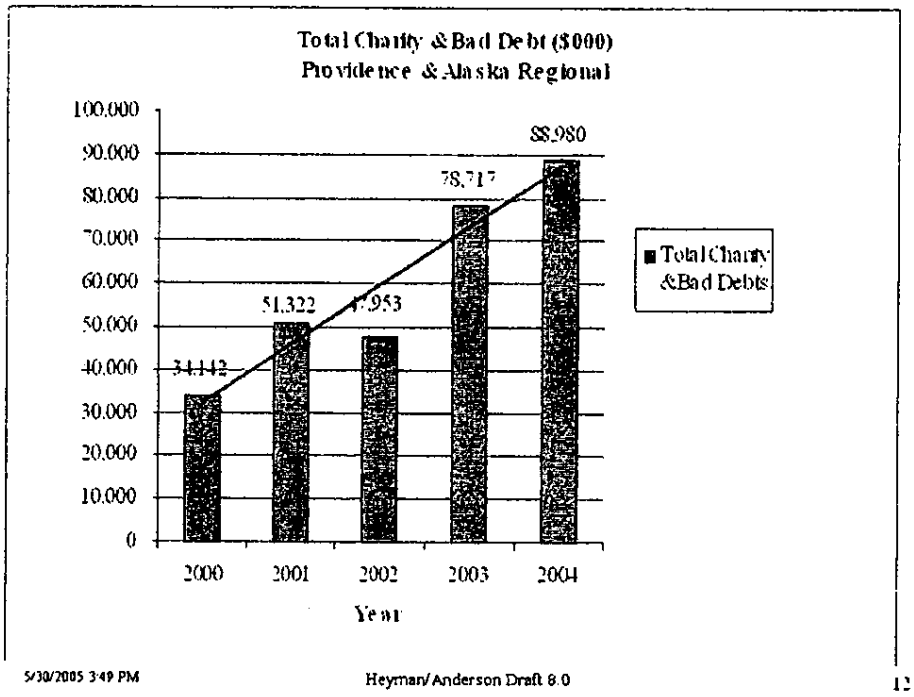
The focus of this study is what can be done in Alaska. It does not address national issues such as a single payer system, rationing of health care or national structural issues. However, the following conceptual illustration is both a national and Alaska problem.

It shows how the high cost of health care causes people to postpone needed care, which increases ultimate costs of treatment, frequently and reluctantly performed by practitioners at unneeded and inappropriate levels. Often the emergency room of a hospital becomes a highly expensive primary care facility. If treated earlier, medical conditions could have better outcomes at a lower cost.

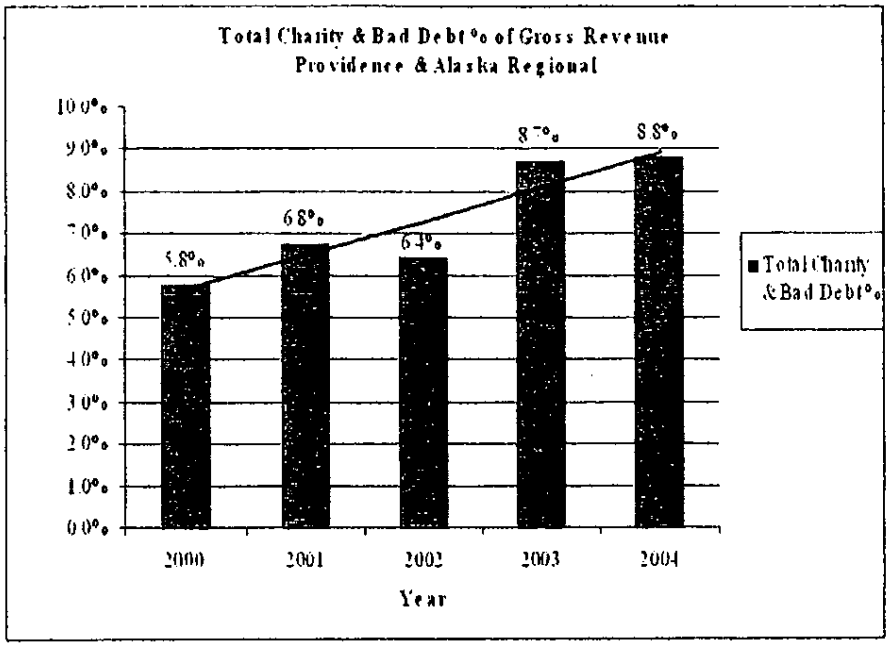


A federal law, the Emergency Medical Treatment and Active Labor Act ("EMTALA") requires that hospital emergency rooms treat and not turn away any patients who show up, regardless of ability to pay.

Emergency rooms are becoming primary care treatment centers for those without access to, or awareness of, alternatives. Current waits can be up to two hours, especially during high traffic times like early evenings or weekends. This creates inefficient use of specially trained staff and is enormously expensive. Many ER patients have no insurance coverage or other means to pay their bill. The financial burden then falls on the hospital to write off uncollectible accounts.



Note: the numbers above are in thousands of dollars. E.g. 88,980 = $88,980,000



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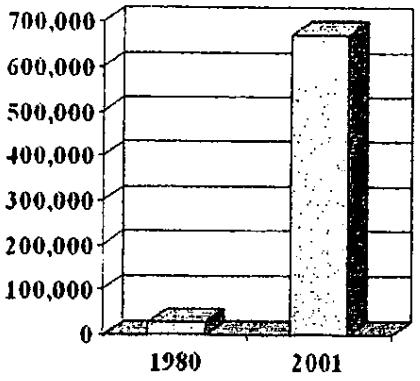
The financial impact on hospitals is even more acute than the slide above suggests. While the percentage of charity and bad debt compared to gross revenue has increased dramatically in recent years, the bottom line impact is significantly greater because actual hospital cash collections are much less than the gross revenue billings used in the chart above.

Hospitals are not the only ones affected. Individuals unable to pay medical expenses are filing for bankruptcy at staggering rates. Although Alaska data are not available, national data are noted below.

Personal Bankruptcies due to Health Care Costs-U.S.



- Between 1980 and 2001 medically driven bankruptcies increased 23 times
- 60% skipped doctors visits
- 47% skipped prescription medicines

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Source: American Medical Association 2/05 and a Harvard Law School/Medical School 2/05 studies.

70% of these debtors had some form of health insurance at the start.

Main factors cited for declaring bankruptcy were:

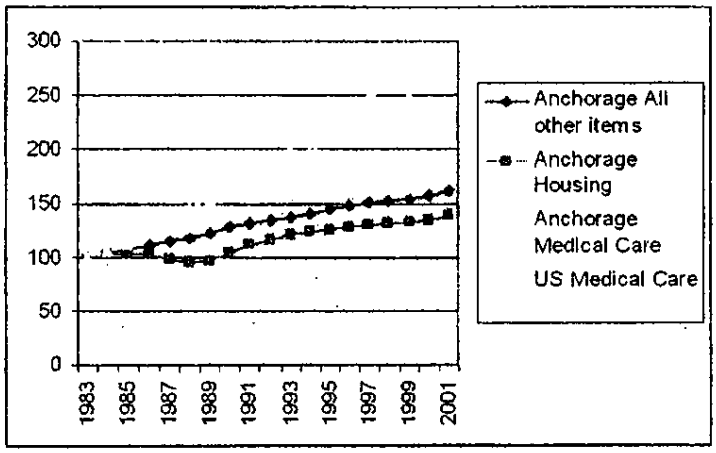
Hospital costs	42%
Prescription drug costs	21%
Doctor bills	20%

Cost: What do Alaskans pay? Why?

The impact of **bad debt** on the health care system has been clearly illustrated in the preceding charts.

Increasing Cost of Medical Care in Alaska

Anchorage CPI-U for selected components 1982-2001



Source: Alaska Economic Trends June 2004

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Premera, Alaska's largest health care insurer, reports that their **Alaska costs are about 40% higher than Seattle**. General observations by resource people have referenced a 40% differential overall, more in some specialties, less in others. Local hospitals have corroborated this differential. Other information points to even larger discrepancies on reimbursement rates for physicians. The Alaska Division of Medical Assistance Health Care Cost Analysis Report placed Alaska in the top five states in terms of the cost of medical and surgical procedures.

Small practices and increasing personnel costs contribute to the high cost of medicine in Alaska. Also there is general, but not substantiated, belief that the **Alaska population is too small to support HMOs**. Any discussion of managed care has been resisted by medical providers.

Dependence on "Fair Share" and other sources of federal dollars place about $800 million potentially at risk, an important share of current health care funding to Alaska. Alaska also faces **competition from other states** for willing providers. Furthermore, **reimbursement**

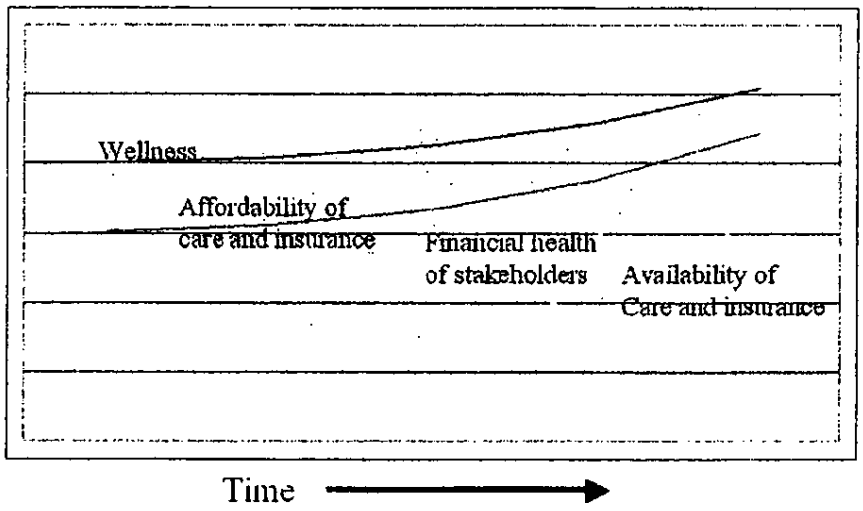
formulas are going down. The state is now paying over one billion dollars annually to pay Medicaid expenses.

Cost of health insurance—there is no public oversight of health care insurance rates by the Division of Insurance as there is in some other states. They are a result of negotiations between insurance companies and large groups.

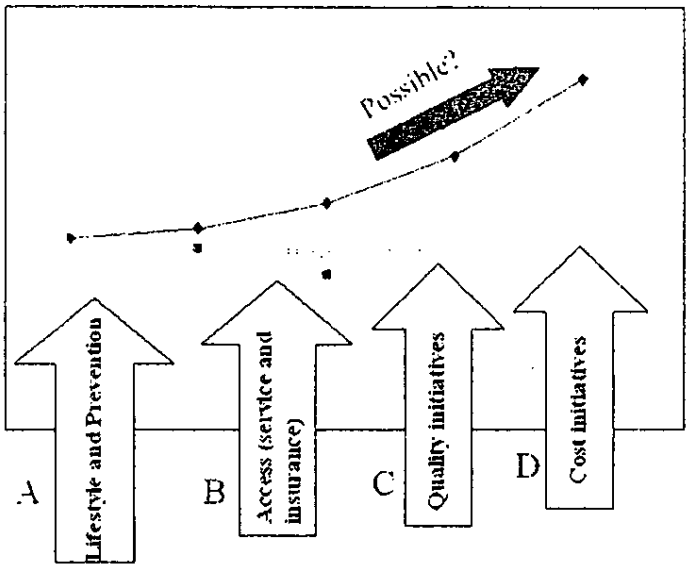
The **Certificate of Need** situation needs to be objectively analyzed and considered as a component in a comprehensive statewide health care plan. Critics of the Certificate of Need claim the process stifles competition and innovation. Supporters claim it prevents unnecessary duplication of facilities and allows more rational allocation of assets.

The impact of tort issues on health care. The cost of malpractice insurance and defensive medicine is hard to quantify, but is deemed to be substantial. OB/GYN liability insurance is $60-65k/year. SB 67 puts a 250k cap on non-economic suffering. The California experience with a similar cap since 1975 has been positive. Alaska has only two traditional liability carriers. However, compared to U.S. averages, malpractice insurance costs in Alaska are middle of the pack.

Is a trend reversal possible in Alaska?



Perhaps, with coordinated and focused effort



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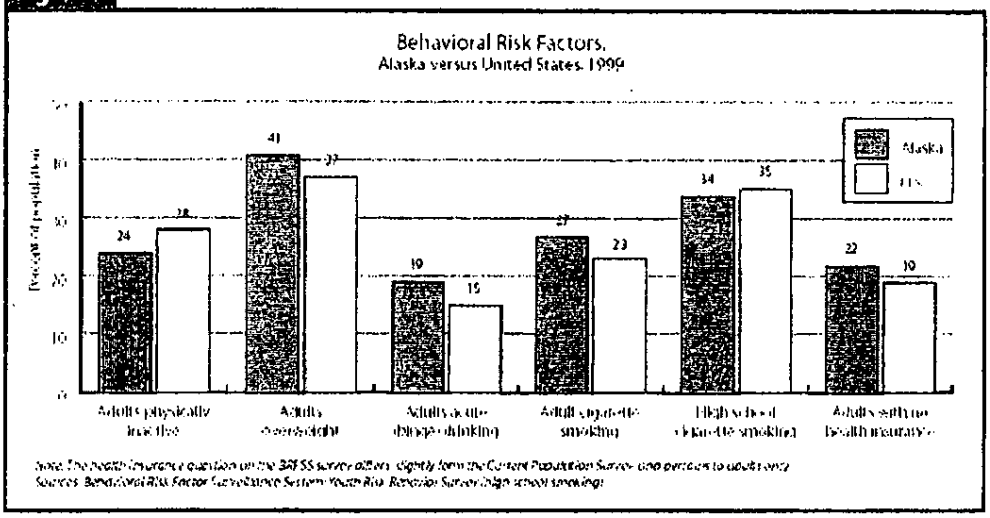
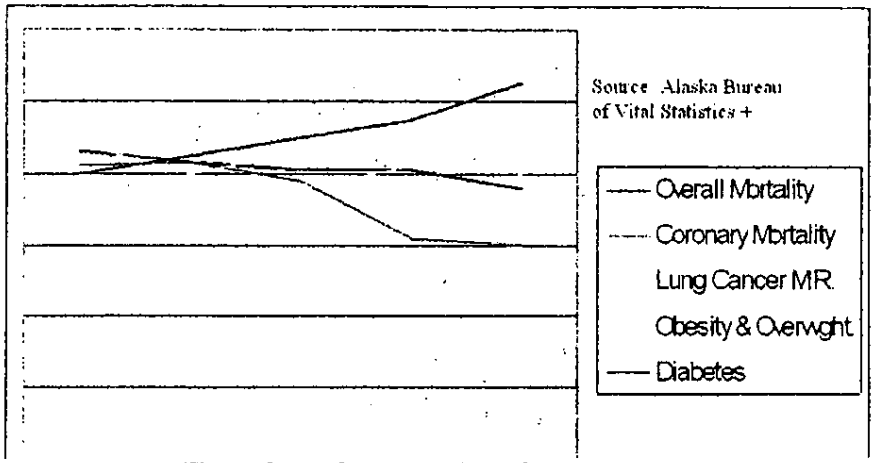
Quality of Alaska's health: Based on the 2004 National Health Care Quality Report of 100 measures of health care quality, Alaska is about average for the U.S. However, as the charts on page 7 indicate, the U.S. trails many other industrialized nations.

Unfortunately, Alaska mirrors poor National behavioral risk factors

Figure 9



Alaska Trends in major disease



Trends only—not incidence rates

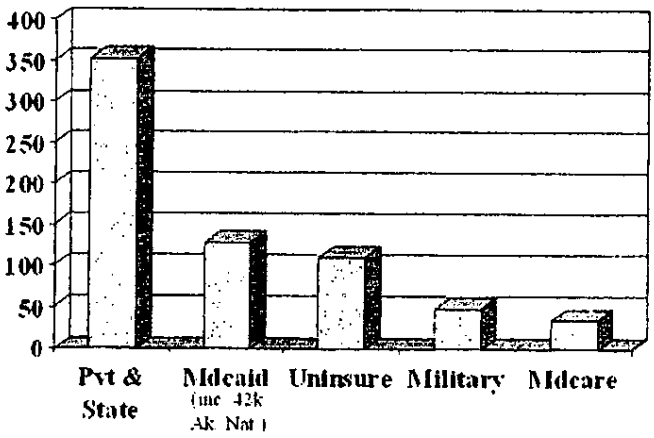
(Vertical axis is rates of disease, horizontal axis is time)

While progress has been made in heart and lung disease, obesity and diabetes have negative trends.

How is Alaska's health care being paid? What about those without coverage?

Currently about 110,000 Alaskans do not have health care insurance. Approximately 82% of Alaskans have some type of insurance coverage, as illustrated by the chart below. The column for private and state coverage includes state employees. Medicaid covers over 40,000 Alaska Natives, the remainder of which are covered under federal programs. Military and Medicare coverage rounds out the picture. However, an unquantified, but suspected to be substantial, number of people have inadequate insurance coverage.

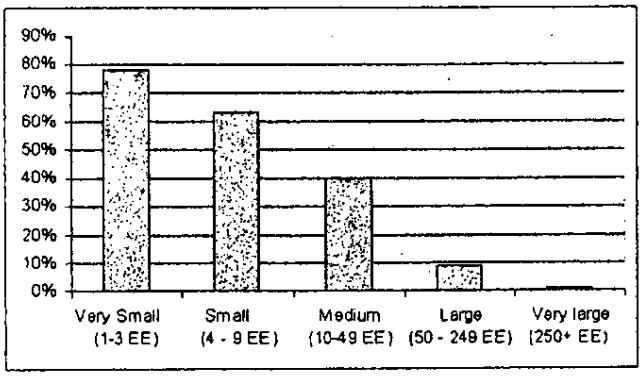
Alaska's Insurance Coverage



Source Navigant Consulting, Ak Journal of Commerce

The majority of Alaskans without insurance work for smaller businesses.

Alaskan firms NOT offering health insurance



And only [illegible]% of Alaskans were employed in firms with over 50 employees

Source: Alaska Dept of Labor and Workforce Development, 2002

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Safety net providers

There are 34 federally sponsored Community Health Centers (CHCs) in Alaska. They see all patients and charge a sliding fee schedule based upon income. Although there are the Neighborhood Health Center in Anchorage and the Interior Community Health Center in Fairbanks (both federally sponsored CHSs), a large number of uninsured patients receive their care in the city's emergency rooms.

Under federal law, patients who visit the emergency rooms must be seen regardless of their ability to pay. This results in the uncompensated care that was referenced previously.

Although not safety net providers, the Alaska Native Health system provides care to an estimated 125,000 Alaska Natives through an extensive network of community health aid clinics, regional hospitals and a major referral center.

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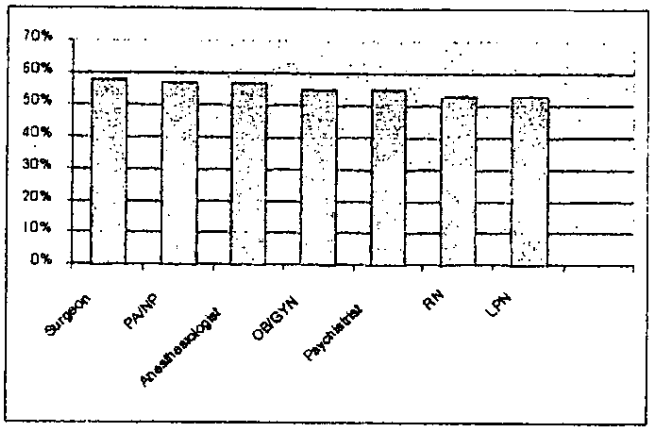
Healthcare Provider Shortages are Projected for Alaska

PERCENT OF PROVIDERS CURRENTLY MORE THAN 45 YEARS OF AGE



Source: AK Department of Labor

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Shortage of doctors: ½ doctors in Alaska are over 50. Fewer doctors are practicing than are licensed. Compared to the rest of the U.S., Alaska has 17-30% fewer doctors per capita, partly because we have a relatively younger population. However Alaskans are aging, and the need will increase. Today Alaska needs 472 more doctors than it has. The shortage will increase in the future. Statewide Alaska has a 25-30% shortage of physicians. Physicians are practicing fewer hours and retiring younger than in past decades. As a result it may require more than one new physician to replace a retiring one. 70% of doctors in the lower 48 practice near where they did their residency. The rate of return on a medical education is diminishing compared to other professions. Medical students average $100,000 of debt; specialties can be $250,000 with an average of 8 years post-graduate education. Similarly, graduating dentists average nearly $200,000 in debt. In contrast, graduating attorneys and MBA's begin earning money faster and with less debt.

Nurse Practitioners and Physician Assistants provide care to Alaskans in a wide variety of settings, including rural and urban primary care clinics, urban specialty practices, and remote critical access hospitals that were historically difficult to staff with other providers. There are over 200 physician assistants and 420 nurse practitioners working in Alaska. This gives Alaska one of the highest ratios of nurse practitioners per capita in the nation.

As in 25 other states nurse practitioners are licensed to practice autonomously. A recent Columbia University study (JAMA, 2000) and another from Yale University (1992), compared physician and nurse practitioner practice. They found that patients expressed a high degree of satisfaction with the care they received, that accuracy of diagnosis and health outcomes were equivalent, and that Nurse Practitioners provide quality, cost-effective care to their patients.

The role and extent of coverage of complementary and alternative medicine (chiropractic, acupuncture, etc.) in Alaska is undefined, but substantial. As of May 25, 2005, the Alaska Division of Occupational licensing listed the following numbers of active licenses for the following types of doctors:

Allopathic doctors (M.D.)	2,377
Chiropractic doctors (D.C.)	227
Osteopathic doctors (D.O.)	183
Podiatrist (D.P.M.)	20

4513

SPECIFIC ALASKAN RECOMMENDATIONS FOR IMPROVEMENT

This Study Group has identified a continuum of challenges, many of which are interrelated to each other. While they may all be part of a whole, the Study Group identified discrete categories to more readily focus on how each recommendation may be best implemented. A chart below summarizes the recommendations and identifies which parties are affected by, or responsible for, each recommendation.

However, in the process of assessing health care in Alaska, and looking for improvements, the Study Group developed consensus on three overarching conclusions:

1. **The Study Group process itself, which includes representatives of all key components of the health care system in Alaska, has been enlightening, educational and productive. For the first time in recent years, key players have been able to share experiences and ideas in a supportive and cooperative environment.**

2. **Every aspect of health care is complex. Education, technology, funding, social and demographic factors, economics, federal and state laws and regulations all have many interrelated facets. Understanding the health care system, and improving it, are beyond the capacity of any one element within the system.**

3. **Therefore, a fundamental recommendation of the Study Group is that an ongoing body be established to achieve multiple goals:**

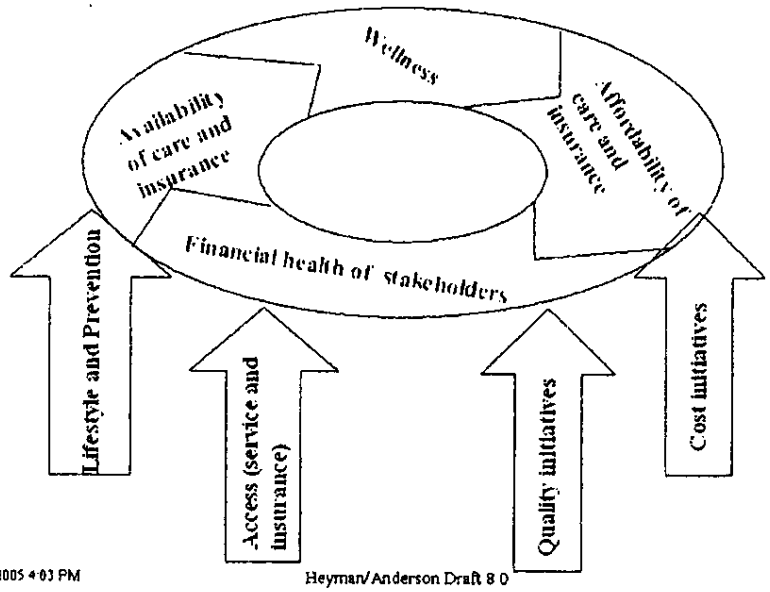
    a. **Continue the communication process started by this Study Group among the key elements in the Alaska health care system and the broader Alaska community.**

    b. **Create a body that will have a long-term vested interest in understanding and improving the system. Some solutions are immediate, others will take generations. But without consistent advocacy, the system is unlikely to make needed fundamental changes.**

    c. **Through the quality of its participants, and the comprehensiveness and depth of its vision, the body will set a standard of credibility that will sustain its ongoing operations and facilitate implementation of its recommendations.**

In that spirit, this Study Group offers the "Yarmon Plan" as a starting point for structuring such a body.

The **Roundtable** Proposal (The Yarmon Plan)



The Alaska Health Care Roundtable

Goals: a, b, c on the previous page. Create a timely, actionable package that will gather bipartisan political support, get quick approval, and become a significant part of a long-term fiscal plan for Alaska.

Focus: Access, quality and cost. Function as both a sounding board and facilitator for ideas and recommendations.

Structure: Create the **"Alaska Health Care Roundtable"**

Membership in the Roundtable: Self-selecting. Must have a core of members who have a long-term compelling interest in improving access, quality and cost of health care in Alaska. Examples of potential members would be:

a. Major employers
b. Providers
c. Foundations
d. Other participants as invited by the Roundtable

Funding: Voluntary contributions by the participants.

Strategic relationships: Form a research relationship with the **University of Alaska/Institute of Social and Economic Research (ISER)**. The Roundtable itself could focus on strategic policy and political analysis. UA would provide in-depth research as needed on a contract basis.

Tactics: Secure the support of major employers and secure their interest in funding such a Roundtable. There is no point in CWN issuing a major recommendation that will fall flat on its face. Get seven or more CEOs of major employers to make a financial commitment to the project and be present at its unveiling.

Create a package of recommendations that will be dynamic, compelling and politically impossible not to accept. Create a "win-win" atmosphere so all participants can claim victory.

Local or regional Roundtables can address "nuts and bolts" issues of cooperation, implementation, sharing and efficiency.

Potential resources, ad hoc participants or additional members: Business leaders of large businesses, business leaders of small businesses, Alaska Natives, labor, non-profit (Foraker Group), education, military, insurance industry, state government (legislature, administration), health care providers, Medicare, Medicaid

4516

Summary table of recommendations with affected and responsible parties
The following chart summarizes various recommendations that were suggested in the course of our study. They are a starting point of menu items for the Roundtable to analyze and prioritize.

A = Parties affected by or benefiting from the listed Recommendation

R = Parties responsible for implementing the listed recommendation

Recommendation	Individuals	Legislature	Governor	Local Governments	Private Sector	Health Care Professionals & Institutions	Universities (or schools)	Insurance Companies
Lifestyle & Prevention								
1. Walkable community	AR			AR	AR	AR	AR	AR
2. Public Health role	A	R	R	AR	A	A	AR	A
3. School phys ed	A	R	R	AR	A	AR	R	A
4. Schools nix bad foods	AR	R	R	AR	A	AR	AR	A
5. Incentivize behaviors	AR	AR	AR	AR	AR	A	AR	AR
7. Rural dentistry	A	A	A	AR	A	AR	AR	AR
8. Drug/psych facilities	A	AR	AR	AR	A	AR	A	AR
9. U.S. preventive health recommendations	AR	AR	AR	AR	AR	AR	AR	AR
10. Circumpolar health studies	A	AR	AR	AR	A	A	A	A

Access	Indiv.	Legis.	Gov.	Loc Gv	Private	HC	Univ/Sc	Ins. Cos
1a. Expand WWAMI	A	R	R	A	A	AR	AR	AR
1b. Market AK To MDs	A	R	R	AR	AR	AR	A	AR
2. Cut liability ins. Cost factors	A	R	R	A	A	AR		AR
3. Cover uninsured	AR	AR	AR	AR	AR	AR	AR	AR
4. Pool small cos.	A	R	R	AR	AR	A		AR
5. Promote lower cost centers	A	AR	AR	AR	AR	AR	A	A
6. Same day non ER alternatives	A	R	R	AR	A	AR	A	AR
7. Examine other state models e.g. UT, ME	A	R	R	A		R	R	AR
8. More GME $ for family practice	A	R	R	A	A	AR	AR	A
9. Improve MD reimbursements	A	R	R	A	A	AR		AR
10. Medicare licensing requirement	A	R	R	A	A	A	A	A
11. Public insurance hearings	A	R	R	A	A	A	A	AR
Quality								
1. Evidence based prevention, Intervention	AR	AR	AR	AR	AR	AR	AR	AR
2. Use bench-marks	A	R	R	AR	AR	AR	AR	AR
3. Measure, disclose quality info	AR	AR	AR	AR	AR	AR	AR	AR
Costs								
1. Prevention education, intervention	AR	AR	AR	AR	AR	AR	AR	AR
2. Electronic medical records	A	AR	AR	AR	AR	AR	AR	AR
3. Drug formularies	AR	AR	AR	AR	AR	AR	A	AR
4. Health care <> State fiscal plan	A	AR	AR	AR	AR	AR	AR	AR
5. Disclose fees clearly	A	R	R	A	A	AR	A	AR
6. Community duplication dialogue	A			AR	AR	AR		AR
7. Joint purchasing	A			AR	AR	AR		A
8. Allocation & rationing	A	AR	AR	AR	A	AR	AR	AR
9. Fee transparency legislation	A	R	R	AR	A	AR	AR	AR
10. Legislative ins., reimbursement, tort solutions	A	R	R	AR	AR	AR	AR	AR

The impact of lifestyle and prevention

First and foremost, this is an issue of individual responsibility. This means that each of us is ultimately responsible for our own health, how we eat, exercise and live. Nevertheless, many collective societal educational and social efforts can help further acceptance of this individual responsibility through application of sound health maintenance principles.

Our society is not used to facing the facts of collective issues. They are not part of the national or state non-Native psyche. Currently, the health care industry plugs holes in the dike that are the result of unhealthy lifestyles. We need to go way upstream and focus on prevention.

Fortunately, we can learn from the positive example of reduction of smoking in America. Much remains to be done. Today's limited but meaningful success is the result of a long-term effort that lasted over a generation. Extensive public education, warning labels, laws banning smoking in public places and a consistent message from the health care community ultimately resulted in societal changes that now appear to have gained a self-reinforcing life of their own.

1. **Plan a "walkable community."**
    a. Land use designed to facilitate walking and biking can encourage cardiovascular health. Maintaining safe municipal trail systems, seasonal bike paths, and cleared wintertime walkways permit citizens to practice healthful life habits year around.
    b. Enlightened city planning and architecture can promote a more active lifestyle.
    c. As public demand for exercise opportunities grow, their inclusion in real estate development and city planning can improve property values.

2. **The role of public health as community educator and provider.** Municipal health departments need to serve many more people than those who seek care at the clinic. Promoting wellness and healthful living habits to the entire community is an essential part of the public health mission. This portion of the mission needs to be funded adequately in the budget.

3. **The importance of physical education in the schools— (not a "frill")** It is important to teach children about the relationship between health, diet and exercise. Not every child will want to join a sports team, but learning to be responsible for their own health by incorporating physical activity into their daily lives is an important health lesson that cannot be ignored.

4. **Eliminate internal inconsistencies and conflicts between programs and objectives.** For example, eliminate financial incentives in schools to promote unhealthy foods. Provide a financial alternative to schools that have come to rely upon income from selling junk foods in the schools.

5. **Incentivize healthy behaviors through workplace activities.** Convince the Top 49 Alaska businesses to educate their employees on healthy lifestyles and offer healthful workplace activities. The Top 49 businesses would represent a large percentage of the Alaska population not already covered by Federal or Alaska Native health care systems. Encourage a **Top 49 Health Summit** to facilitate understanding and participation of these large Alaska businesses.

6. Develop intervention programs for **promoting the traditional rural diet.**

7. **Reconsider rural access to dentistry as part of the study.** Many rural communities lack a sufficient population to support construction of a simple dental facility to house a full time dental practice. The investment required to maintain a facility for use by an itinerant dentist would likely need to be made by the community, possibly partnering with the state. Lack of roads prevents the use of mobile dental clinics that are used in other remote locations worldwide.

8. **Reduce the critical shortage of facilities for alcohol and drug detox, and psychiatric facilities. The lack of services these facilities provide can increase costs in the long run.** Persons affected by alcohol and drug use, and the accidents they cause, account for a significant portion of the population needing care in hospital emergency rooms and psychiatric facilities. Yet Alaska has too few beds to treat those in need of drug and alcohol recovery. As a result we are forced to tolerate that burden of higher healthcare costs. Detox beds make good economic and health policy sense.

9. Find ways to incorporate **U.S Task Force on Preventive Health** recommendations into medical practices, schools, work environments and homes.

10. **Continue the Institute of Circumpolar Health Studies** to analyze common problems and look for solutions that will work for all circumpolar peoples. Similar environments and cultures may result in shared knowledge that can benefit those in northern latitudes. Many health issues in Alaska relate to weather, the environment, subsistence food quantity and quality, potable water and sanitation issues. These are issues shared by other circumpolar peoples. Alliances with other circumpolar countries, and organizations like the Institute for Circumpolar Health Studies may provide new insights in resolving some of these issues.

Access improvement recommendations

1. **Workforce development issues**
   a. **Expand the WWAMI program.** Improve the supply of primary care providers (family practice physicians, internists, nurse practitioners, physician's assistants), especially outside of Anchorage. Current or potential shortages can be identified in specific specialties.
   b. **Market the Alaska lifestyle to Outside doctors.** JV with tourism, the State Medical Board, ASMA. Create a dog and pony show.

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2. **Investigate and modify the factors that influence the cost of professional liability insurance**

3. **Reduce the number of uninsured Alaskans**— A non-government designed system is probably preferable to a government-operated system.

4. **Investigate pooling smaller companies a la the Foraker Group in an effort to reduce premium costs.**

5. **Promote lower cost models such as neighborhood health centers where appropriate**

6. Educate the public and promote same day access to **alternatives other than hospital emergency rooms**. This involves creation of more readily available and timely access to primary care. Alternatives could include increasing the number of primary care providers and clinics, establishing a variety of disincentives for visits for minor complaints, and establishing a system for care for the uninsured. Emergency rooms themselves may need to be reorganized and redesigned to separate life-threatening emergencies from routine medical needs.

7. **Examine uninsured models elsewhere; e.g. Utah, Maine and Florida.**

8. **Adjust the Medicare (GME) reimbursement formula for Family Practice Residency programs.**

9. **Ensure adequate government reimbursement to doctors, hospitals, community health centers, mid-level practitioners and community health aides without unreasonable bureaucratic burdens.**

10. **Consider making accepting Medicare patients a condition of licensure in Alaska. This has been done in Massachusetts.** Weigh the advantages of increased access for Medicare patients against the negative effect of attracting practitioners to Alaska.

11. Consider **public hearings for health care insurance and professional liability insurance rates** to facilitate price transparency. Currently insurance rates are largely negotiated between large institutional users and insurance carriers. As private contracts, the resulting rates are not disclosed. Individuals have little or no negotiating power and either have to accept or reject rates offered to them. The thought is that greater transparency could result in more favorable, or at least understandable, rates for individual consumers.

Quality improvement recommendations

1. **Promote and encourage primary prevention, early intervention, and evidence based practices by providers and payers of health care.**

2. **Use meaningful benchmarks; e.g. the Alaska 20/20 example.**

3. **Measure quality of service and make the information publicly available.**

Cost reduction recommendations

1. **Prevention through Public health education, and early intervention** Preventing illness will save more lives, more lost work time and more healthcare dollars than any other option available to us as a community. Consider the adage "the cheapest health insurance is healthcare you don't need." Measures include flu shots when they are recommended and vaccinations against common diseases. Encourage the following behaviors: weight control, regular exercise, avoiding cigarettes and excessive alcohol, fat, salt, and sugar, adequate water consumption, and controlling blood pressure.

2. Encourage and promote the establishment of an **Electronic Medical Record** with a common interface as a means to improved safety and efficiency of health care.

3. **Drug formularies**—utilize where appropriate and effective.

4. **Promote the strong interrelationship between cost of health care and a state fiscal plan** as a means of putting health and budget decisions in perspective.

5. **Fee and billing transparency.** Mandatory disclosure of fees in advance of treatment and "understandability" standards for medical billing.

6. Encourage **local cooperation and sharing of services and facilities**. Promote community by community dialogue on the cost of duplication

7. Analyze the possibility of saving money by **joint purchasing** by appropriate parties.

8. **Allocation and rationing** might be considered if other measures fail to stabilize health care costs.

9. **Suggest legislation to mandate fee transparency**

10. **Consider legislative solutions to tort and liability issues.** Quantify professional liability insurance, patient reimbursement and tort issues—are there legislative solutions? Look at tort reform experiences Outside, such as MICRA, for ideas that might apply to Alaska.

SUCCESS STORIES AND PROMISING PROGRAMS

Alaska has a number of programs that have proven to be successful:

Lifestyle and prevention

- The South Central Foundation Primary Care Clinics place great emphasis on prevention. This results in some of the best state data for immunization rates, colorectal screening, mammograms and other standard preventive health interventions.

Access

- Anchorage Neighborhood Health Center
- Other community health centers
- Health aides in rural Alaska
- South Central Foundation has programs that have established same day access. Utilization rates for emergency room use and specialty services have fallen dramatically. Utilization rates of primary care services have also had a modest decrease.

Quality

- Hospital quality control programs have been established in all the major hospitals in Alaska with excellent results. For example, Providence Hospital received national recognition for reducing surgical site infections after joining a national collaborative focus on this issue. Alaska Regional Hospital was recognized for reducing pneumonias after intubations. The Alaska Native Medical Center has developed a national reputation for quality improvement activities working in close association with the Institute for Health Care Improvement. All of our major hospitals have joined the national initiative known as the "100,000 Lives Campaign" to save this many lives in U.S. hospitals by June 2006.

Costs

- The Alaska Federal Health Care Partnership, consisting of the DOD, VA, Coast Guard and the Alaska Native Health System, have been able to reduce costs by bulk purchasing and the sharing of clinical resources.

Other programs show promise:

- The State of Alaska has developed benchmarks for population health improvement targets in a document called "Healthy Alaskans 2010."

Lifestyle and prevention

- The Anchorage Daily News and a growing number of businesses are discussing wellness incentives in an effort to reduce health care costs. Generally all of these approaches are similar. Employees who agree to join this effort receive personal health care improvement plans and personalized coaching on a regular basis. Some companies offer health care premium discounts as an incentive to participate.

Access

- Anchorage Project Access is a developing physician initiative in Anchorage (adopting a national model) to provide free care to uninsured individuals who meet certain low-income criteria. Almost all physicians and hospitals currently provide uncompensated care. By organizing this effort, other communities with this program have been able to efficiently provide more care to the uninsured.

Quality

- A new initiative in the U.S., public reporting of quality indicators in hospitals and nursing homes, is being required by the Center for Medicaid/Medicare Services (CMS). Hospital quality reports are now available on the Web under the title of "Hospital Compare." Both the federal government and insurance companies are instituting "pay for performance" programs to improve service quality by hospitals and doctors. Countries like Great Britain have already introduced these programs.

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APPENDIX

Key ideas in the 1994 CWN study "Health Care: Finding an Alaskan Solution"

1. The health care reform debate is complex and controversial, with multiple players with competing interests.

2. There are significant factual disputes about the health care system.

3. Health care reform creates winners and losers.

4. The most important conclusion for Alaskans: Involvement of Alaskans in the health care debate is vital. Some type of reform is inevitable and Alaskans must work to ensure that reform is responsive to our unique Alaskan conditions.

Study Group Participants

Co-chairs: Thomas Nighswander, M.D and Marvin Swink
Editor: Duane Heyman
Hartig Fellow: Dan Kiley, DDS

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Eric Wohlforth	Attorney, Wohlforth, Vassar, Johnson and Brecht
James Yarmon	CEO, Yarmon Investments, Inc.
Duane Heyman	Executive Director, Commonwealth North

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The Charge

Alaska Primary Health Care – Opportunities & Challenges

Approved by the Commonwealth North Board on July 20, 2004

1. Questions to be addressed:

a) How is primary health care currently being delivered to Alaskans?
b) Are Alaskans receiving quality health care under the current scenario?
c) What does the future hold for health care in Alaska?
d) Are there ways to do a better job, such as by bridging the current multiple systems?

2. Scope of study:

The intention of this study is to focus on primary care – the need for Alaskans to receive basic health care. Recognizing there are a number of health care areas which merit similar attention such as long-term care, behavioral health, dental care, etc., the focus of this particular study is to address the past, present and future of primary health care in Alaska. The study will include an update/compilation of previous reports to provide a context.

- The study will briefly explore the historical delivery of health care and how that history impacts the present challenges Alaska faces. In providing this background, the study will also look at the health status of Alaskans – is it above/below that of other states or are we keeping pace?
- The study will explore the "drivers" behind the cost of health care in Alaska and will assess its impact, if any, upon economic development in the State. Access and quality of care/services are a critical determinant of cost within the various health systems in Alaska.
- This study will identify principal health care entities and look at the current multiple health systems – what are the benefits and challenges? Are they sustainable? What impact, if any, do these multiple systems have on the cost and quality of health care?
- There are a number of challenges facing health care providers and recipients. This study will identify those challenges and where possible, potential solutions.
- There are a number of examples where health care entities are collaborating. The study will highlight the best practices and identify additional areas of collaboration. The study will also take into account lessons learned from other states.

3. Nature of report to be issued (Technical, Analytical, or Opinion):

This report will analyze issues, identify a process for addressing them and suggest guiding principles. The report will provide background, current status and recommendations for change or further study. While the report will largely express opinions, it will address technical issues that are necessary aspects of the larger picture.

4. Conflict of interest standards:

The intent of the study is to represent a balance between the geographic, demographic, ethnic and economic interests in Alaska. It is expected that persons with interests in the outcome of the study will be members of the study group and will participate in its deliberations. Study group leaders should request that study group members identify their interests relative to specific points they advocate.

5. Measure of success:

This study will succeed by generating a greater understanding of and insight into health care issues in Alaska and areas in which health providers can work together for the mutual benefit of all Alaskans.

Resource People Interviewed

9.23.04 Ed Lamb, Al Parrish—Hospital perspectives

9.30.04 Barbara Russell—Premera

10.07.04 Alex Spector—VA, Lt. Col. Vic Rosenbaum—Elmendorf Hospital, Maj. Ward Hinger--TRICARE

10.14.04 Commissioner Joel Gilbertson

10.21.04 Paul Sherry—Alaska Native Tribal Health Consortium

10.28.04 Tessa Rinner—Denali Commission

10.28.04 The Maine Plan (Sergei Bogojavlensky, MD)

11.11.04 Norman Wilder MD, MBA (Regional), Roy Davis MD (Providence)—Quality and cost control initiatives

11.18.04 Rod Betit—State Hospital & Nursing Home Association

12.02.04 Catherine Schumacher MD—Access to health care in Anchorage

12.09.04 Cathy Giessel, MS, FNP-CS—The role of nurse practitioners

12.09.04 Harold Johnston, MD—Program Director, Alaska family Practice Residency

1.06.05 Joan Fisher – Executive Director, Anchorage Neighborhood Health Center and Medical Director, Dr. Tom Hunt and Beverly Wooley, Director, Anchorage Municipal Health Department

1.27.05 Janet Trautwein – VP Government Affairs, National Assn of Health Underwriters

1.28.05 (Forum) panel discussion with Commissioner Joel Gilbertson, Al Parrish, Randall Burns—Alaska Small Hospital Performance Improvement Network, Dr. David Snyder—Alaska Native Medical Center

2.03.05 James Jordan, Executive Director, Alaska State Medical Association

3.10.05 Ann Conway, Maine Center for Public Health

3.25.05 Joseph Ditre, Executive Director, Consumers for Affordable Health Care Foundation (Maine)

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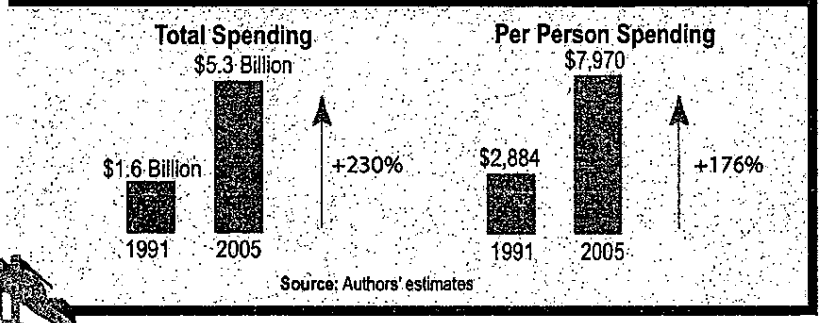
Alaska's $5 Billion Health Care Bill—Who's Paying?

By Mark Foster and Scott Goldsmith

March 2006
UA Research Summary No. 6
Institute of Social and Economic Research • University of Alaska Anchorage

Figure 1. Growth in Alaska Health-Care Spending, 1991-2005



Spending for health care in Alaska topped $5 billion in 2005. Just how big is $5 billion? It is, for perspective, one-third the value of North Slope oil exports in 2005—a year of high oil prices. It's nearly one-sixth the value of everything Alaska's economy produced last year.

In 1991, health-care spending in Alaska was about $1.6 billion. Even after we take population growth into account, spending for health care increased 176% per Alaskan in 15 years. These soaring costs are taking a growing share of family and government budgets, increasing labor costs, and putting businesses at a competitive disadvantage.

The $5.3 billion in spending in 2005 was all for the 665,000 people who live in Alaska, but individuals didn't pay all the bills. They paid nearly 20% out of their pockets and through payroll deductions. Businesses (including non-profits) and governments paid about 80%. Of course, individual Alaskans and other Americans indirectly pay all these costs, because they buy goods and services, own businesses, and pay taxes.

What does health-care spending buy? Stays in the hospital, visits to doctors and dentists, prescription drugs, and more, as well as program administration and public health programs. Our estimates don't include capital expenditures.[1]

Who pays the bills, and how has that burden shifted as spending increased?

• *Private and government employers spent about $2 billion for employee health-care coverage in 2005.* For comparison, they paid $11.8 billion in wages in 2005. With rising costs, businesses and governments have become increasingly likely to pay health-care bills themselves—"self-insure"—rather than pay through insurance premiums.

• *Alaska households spent just over $1 billion for health care in 2005, up from $361 million in 1991.* That includes everything individual Alaskans spent—not only their out-of-pocket costs, but also what was deducted from their paychecks to help pay for health coverage through their employers.

• *Governments spent $2.2 billion for health care programs in 2005, up from $736 million in 1991.* Medicaid spending was almost $1 billion.

Health-care spending could double again by 2013, if current trends continue. Why are costs of medical care so high, and why are they increasing faster than everything else? Why have health-care costs in Alaska stayed higher than U.S. averages, even as other costs moved closer to national levels? Are we getting better care now? Who can't afford care?

We're starting to assemble data to help answer those questions. Alaskans face some hard choices about how to control costs but still have a health-care system that provides good care and is accessible to everyone. We hope to provide some useful insights.

This publication is the first step in ISER's research on the health-care industry. It starts with our new estimates of spending and of changes since 1991, when we last looked at health-care spending.[2] But cost alone is only one part of the complicated health-care story, and here we also begin looking at:

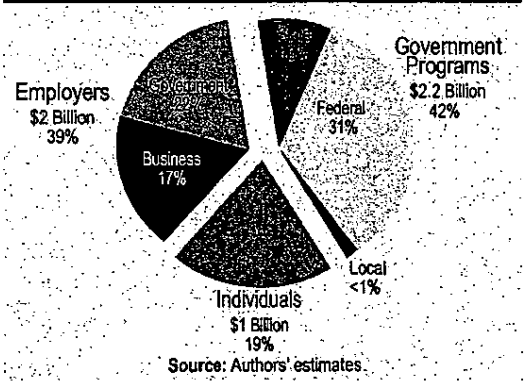
• Who are the most expensive patients? Our analysis of national data shows that the average "high-cost" patients aren't as expensive as you might think.

• Who is more likely to have health insurance provided through their jobs at a reasonable cost? Single people working for big companies.

• How does use of the health care system in the U.S. compare with use in other countries? Canadians and Australians seem to use their systems about as much.

• What is driving costs? Despite what many people think, there are no simple explanations: it's a puzzle with many pieces.

Figure 2. Who Pays The Bills?
(Total 2005 Spending: $5.3 Billion)



Understanding Alaska (UA) is a special series of ISER research studies examining Alaska economic development issues. The studies are paid for by the University of Alaska Foundation. UA reports are available from ISER's offices and at: www.alaskaneconomy.uaa.alaska.edu

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Organization of Summary

We first describe what health-care dollars buy—what shares go to doctors, hospitals, drugs, and other expenses. Then we look in more detail at our estimates of health-care spending in 2005 and the changes since 1991. We think our estimates are a good effort to update our previous work. But the health-care industry is complex, and tracking all the spending is difficult.

After we talk about spending, we give readers a glimpse of related health-care issues. In some cases we have no Alaska data and rely on national figures, which are still useful in illustrating important issues.

Pages 4, 5, and 6 discuss access to, use of, and benefits from the health-care system: who is uninsured; who has health-care coverage and how that coverage is provided; which patients get the costliest care; how Americans' use of medical care compares with use by people in other industrialized countries; and whether we've gotten healthier in exchange for more spending.

Page 7 summarizes what we know about how medical costs in Alaska differ from the U.S. average, and page 8 concludes with a discussion about the many things that may be driving health-care costs.

Keep in mind that population growth and general inflation account for part of the increase in health-care spending since 1991. Alaska's population increased from about 570,000 in 1991 to 665,000 by 2005. Also, prices for everything Americans buy also went up, by about 43% nationwide and 39% in Anchorage. But prices of medical care nearly doubled (Figure 3).

What Are We Buying?

Figure 4 shows that as of 2000, more than 70% of Alaska's health-care spending was for hospital care and visits to doctors. Prescription drugs accounted for about 9% and dental care 7%. The "other" category includes medical products, health care provided on the job and in schools, and Medicaid payments for in-home care.

Nursing home and home health care made up only 2% of health-care spending in 2000, far short of the U.S. average of 11%—and that share actually dropped between 1990 and 2000, despite fast growth in the number of Alaskans over 65. There has been a shift in how long-term care is provided in Alaska. A change in Medicaid allowed payment for in-home and assisted-living care for people who would otherwise have been cared for in nursing homes.

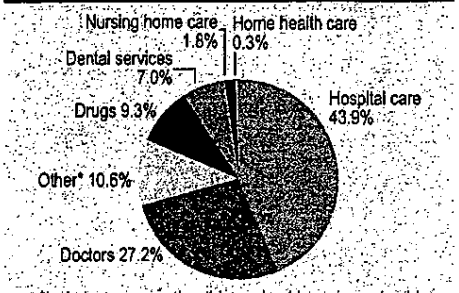
All types of health-care spending grew rapidly since 1990, but the fastest growth was in prescription drugs and the "other" category (described in the footnote to Figure 4).

How Has Spending Changed?

Table 1 details who paid for health-care in 2005. Figures 5 and 6 show changes in levels and shares of spending from 1991 to 2005.

• Growth in government spending wasn't uniform. The federal government's share of spending increased (Figure 5). Costs for Medicare and Medicaid more than quadrupled and costs for the Indian Health Service doubled.

Figure 4. What Are We Buying?
(Alaska Health Care Spending, 2000)



*Includes, among other things, durable and non-durable medical products, direct services employers provide employees, government expenditures in schools, and Medicaid payments that allow people to be cared for at home instead of in institutions.
Source: Center for Medicare and Medicaid Services

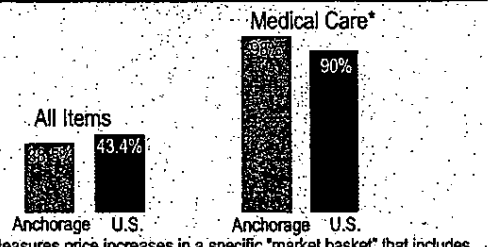
• State government's share dropped, partly because the federal government paid a bigger share of Medicaid costs in 2005 than in 1991.[3]

• Local government is the smallest government spender, but the local share of spending increased, mostly because of growing costs for employee health coverage.

• Employers saw the fastest growth. Combined spending by private and government employers increased about 290% (Figure 6).

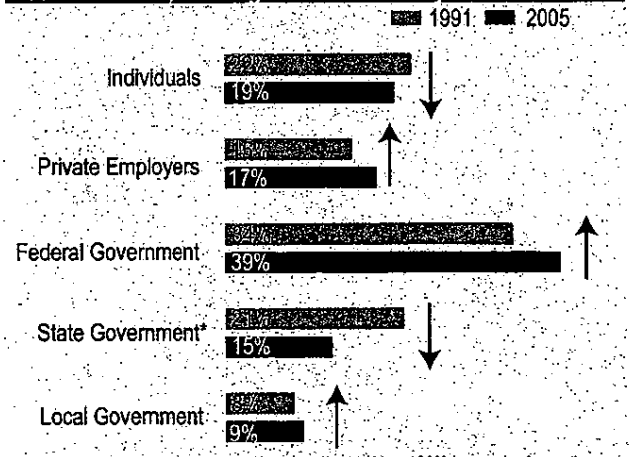
• Spending by individual Alaskans didn't go up as much—184%—but the $1 billion they spent in 2005 was still more than the $922 million businesses spent.

Figure 3. Increase in Consumer Price Index Anchorage and U.S., 1991-2005



*Measures price increases in a specific "market basket" that includes hospital care, visits to doctors and dentists, nursing home care, and medical supplies; also indirectly measures increases in health insurance premiums.
Source: U.S. Bureau of Labor Statistics, Consumer Price Index for All Urban Consumers, Anchorage and U.S. City Average

Figure 5. How Did Shares of Spending Change From 1991 to 2005, Among Those Who Buy Health Care?



*See endnote 3, page 8. Note: Totals may not add to 100% because of rounding.
Source: Authors' estimates

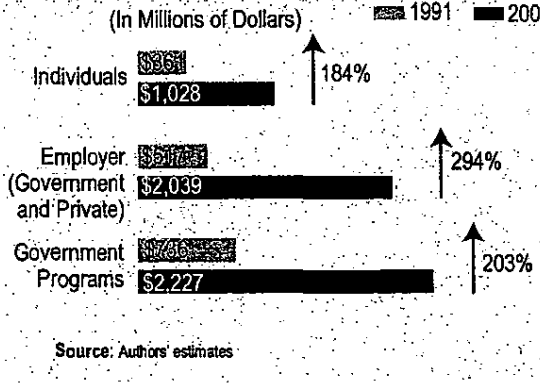
Table 1. Health-Care Spending in Alaska, Fiscal Year 2005
(Total Spending: $5.3 Billion)

Who Provides the Coverage?	Who Buys the Care? (In Millions of Dollars)					
	Individuals	Businesses	Local Government	State Government	Federal Government	Total
Individuals	$1,028					$1,028
Out-of-pocket costs	$438					
Individual policies	$270					
Payments for employer-based Insurance	$320					
Employers (including retiree coverage)		$922	$454	$252	$411	$2,039
Insurance Premiums		$303	$63	$72	$75	
Self-Insured Costs[a]		$485	$362	$180	$115	
Military Medical Costs					$221	
Worker's Compensation (medical benefits)		$134				
Government Health Programs			$38	$535	$1,654	$2,227
Medicare					$949	
Medicaid				$303	$667	
Other Public Programs						
Federal						
Indian Health Service Contracts					$101	
Veterans' Affairs					$105	
Community Health Centers					$28	
State						
Grant to local governments, private groups				$116		
API, Pioneers' Homes				$55		
Other State-Administered				$31		
Elementary and Secondary Schools			$3	$8	$96	
WAMI Medical Education				$2		
Department of Corrections				$21		
Local						
Health and hospital spending			$35		$11	
Total Spending	$1,028	$922	$492	$787	$1,950	$5,294

[a]Many organizations that self-insure—that is, they pay some of their bills themselves—also still carry some insurance to help cover extraordinary risks.

Source: Authors' estimates Note: Totals may not sum because of rounding.

Figure 6. How Did Spending Change From 1991 to 2005, Among Those Who Provide Coverage?



Source: Authors' estimates

Biggest Kinds of Changes

- Individual Alaskans have seen big increases not only in costs they notice most—how much they have to pay out of their own pockets—but also in less obvious costs: deductions from their paychecks to pay their share of employer-based insurance.
- Both private and government employers became much more likely to self-insure. Self-insurance costs made up about two-thirds of combined employer spending for insurance premiums and self-insurance in 2005, up from about one-third in 1991.
- Spending for Medicaid more than quadrupled (from $215 million to $970 million), so that in 2005 it alone made up nearly $1 in every $5 of health-care spending. Analysts attribute the fast growth of Medicaid nationwide to growing numbers of eligible Americans, including low-paid workers whose employers don't provide coverage and low-income seniors; to program expansion; to increasing prices of medical care; and to treatment of medical conditions at lower thresholds.

Health-Care Coverage

Most Alaskans—an estimated 87%—have some form of health-care coverage, either through private insurance or government programs.[4] Some people have more than one kind of coverage, so the percentages in Figure 7 add to more than 100%.

Around 64% of Alaskans are covered by private insurance, 38% by government programs, and nearly 13% have no coverage. Nationwide, 68% of people are covered by private insurance, 30% by government programs, and close to 16% have no coverage.

Alaskans are more likely to have coverage through the military (reflecting the state's large number of active-duty and retired military); the Indian Health Service (because Alaska Natives make up 20% of the population); and Medicaid (the joint federal-state program mainly for low-income and disabled people). Fewer Alaskans are covered by Medicare, because fewer are over 65.

We don't know characteristics of the 13% of Alaskans with no health-care coverage, but we know that nationwide the uninsured are most likely to be young adults and to have annual incomes below $25,000 (Figure 8).

Children in Alaska are more likely to have coverage than both adults in Alaska and children nationwide. Figure 9 shows that about 8% of children in Alaska had no coverage in 2003, compared with the U.S. average of nearly 12%.[5] The smaller share of uninsured children in Alaska is probably due to the fact that Alaska Native children are eligible for care through the Indian Health Service, and also to the Denali KidCare program, an extension of Medicaid that provides coverage for low-income children without other coverage.

It's outside the scope of this summary to describe all the ways that families, communities, and governments are affected because millions of Americans lack health insurance. But a recent report by the National Academy of Sciences broadly summarized those effects. It found that the uninsured are in worse health; that uninsured children are more likely to have development delays; that the direct costs of caring for uninsured Americans fall heavily on local communities; and that governments pay hospitals large public subsidies to offset their costs for uncompensated care.[6]

The 64% of Alaskans with private insurance either pay for that coverage themselves (through individual policies) or are covered through their jobs and share the costs with their employers. Figures 10, 11, and 12 show how the rising costs of medical care have affected health-insurance coverage for Alaskans working for private industry.

Figure 7. Health-Care Coverage, Alaska and U.S., 2004

	Private Insurance	Medicaid	Medicare	Military	IHS only*	None
Alaska	63.5%	15.3%	7.3%	11.6%	4.2%	12.8%
U.S.	68.1%	12.9%	13.7%	3.7%	N/A	15.7%

*Authors' adjustment. See endnote 4, page 8.

Note: Totals are more than 100% because some people have more than one coverage.
Source: U.S. Census Bureau, Current Population Survey, 2004

Figure 8. Who Is Most Likely To Be Uninsured in U.S.?

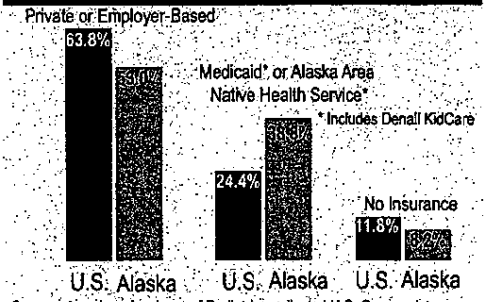
By Age	Percent Uninsured
18-24	31%
65+	1%
By Annual Income	
Less than $25,000	24%
$75,000+	8.4%

Source: U.S. Census Bureau, *Income, Poverty, and Health Insurance Coverage in the U.S.*, 2004

- Health insurance in Alaska was already more expensive in the 1990s and still is. In 2003, insurance premiums for family coverage at private firms were about $10,500 in Alaska and $9,200 nationwide. By 2005, those premiums had jumped to an average of $11,268 nationally (Figure 10).

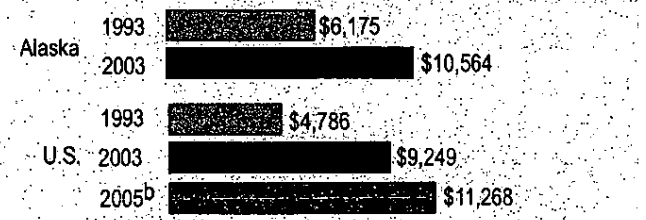
- Premiums are higher in Alaska, but workers here pay a smaller share, as Figure 11 shows. As of 2003, employees at private firms in Alaska paid 11% of the premiums for single-person coverage and 17% for family coverage, compared with 17% for single-person coverage and 25% for family coverage nationwide. But employers, especially at small firms, have been shifting more insurance costs to workers. The 2005 UBA-Ingenix Health Plan Survey found that employees of businesses nationwide paid 43% of the premiums for family coverage.

Figure 9. Health-Care Coverage for Children (18 and Under), Average 2001-2003



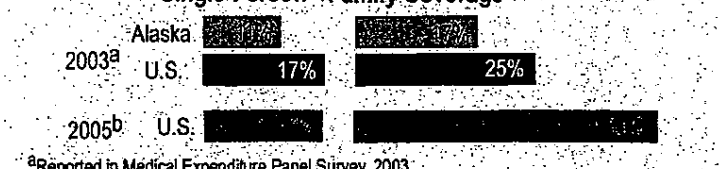
Source: American Academy of Pediatrics, adjusted U.S. Census data; see endnote 5, page 8.

Figure 10. Health Insurance Premiums For Family Coverage[a], Private Firms



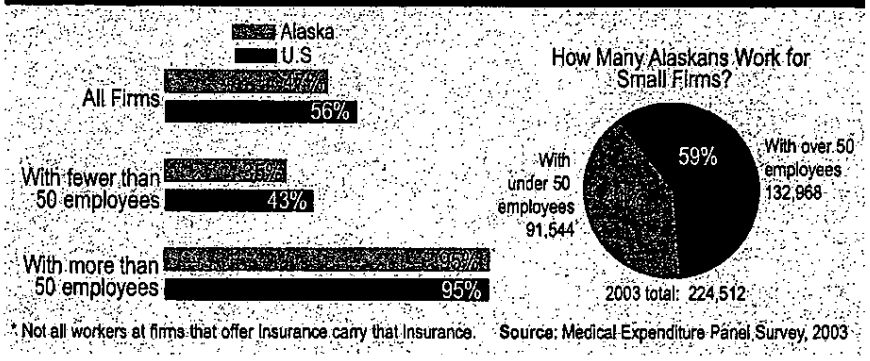
[a]Total costs shared by employer and employee. [b] Alaska figures for 2005 not available.
Sources: Medical Expenditure Panel Survey, U.S. Agency For Health Care Research and Quality, 2003; 2005 UBA/Ingenix *Health Plan Survey*

Figure 11. Share of Health Insurance Premiums Employees Pay
(At Private Firms Offering Health Insurance)



[a]Reported in Medical Expenditure Panel Survey, 2003
[b]Alaska 2005 figures not available; national figures from 2005 UBA/Ingenix *Health Plan Survey*

Figure 12. Private Firms Offering Health Insurance,* Alaska and U.S., 2003



* Not all workers at firms that offer insurance carry that insurance. Source: Medical Expenditure Panel Survey, 2003

• Small Alaska businesses are less likely to offer insurance coverage. Only about a third of those with fewer than 50 employees offer coverage, compared with 43% nationwide (Figure 12).

A lot of Alaskans work for small businesses. In 2003, about 91,500 of the state's 224,500 private-industry employees worked for businesses with fewer than 50 employees. That's more than 40% of all those with jobs in private industry.

Who Costs the Most and the Least?

We've talked about the costs of health care and of health-care coverage. Now we turn to the other side of the equation: who's getting the benefits of the spending?

Health-care spending in Alaska was close to $8,000 per person in 2005. But not everyone is average. The cost of care for a few is significantly higher than average, but for many it's only a few hundred dollars a year.

As a first step toward understanding who gets the benefits of health-care spending, ISER analyzed national data on the characteristics of high- and low-cost patients. That data is from a federal panel survey—that is, a survey that follows households over time.

As Figure 13 shows, just 5% of patients nationwide account for almost half of all health-care spending in any given year, while at the other extreme 50% of patients account for just 3% of spending in a year.

A lot of Americans tend to think that the most expensive patients are probably very old, or suffering from some catastrophic illness or injury, and are possibly uninsured.

The high-cost patients are older; health-care costs do go up as people age.[7] But their average age is 57, and fewer than 40% are over 65. The average bill for high-cost patients in 2002, under $20,000, doesn't reflect major illnesses or end-of-life care. Rather, it's for a few days in the hospital for surgery, several visits to doctors, and significant spending for prescription drugs. Few of the high-cost patients—2%—are uninsured.

The low-cost patients are mostly young, averaging 28 years old. They may see a doctor or a dentist once a year, and they pay almost half their modest medicals bills out of their pockets.

Many of the low-cost group—nearly 20%—are uninsured. The share of uninsured patients in this group tracks with what the National Academy of Sciences has reported: that the uninsured often don't have any medical costs at all in a year, and among those who do, their expenses are less than half the average for people under 65.[8]

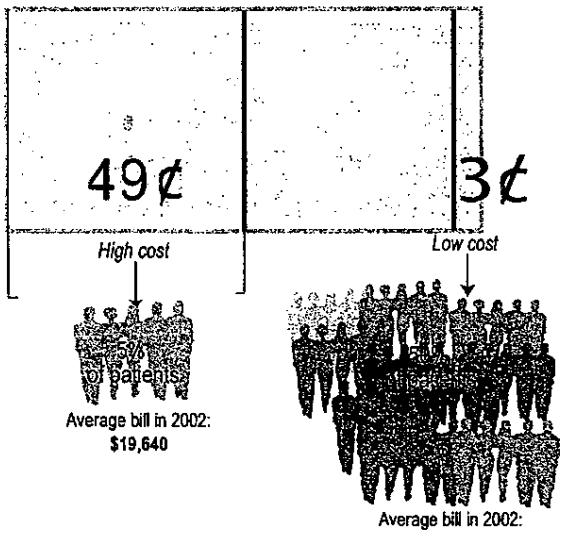
Keep in mind that it's easy to go from being a low-cost patient in one year to a much costlier one the next—a car accident, the sudden onset of an illness, or a hundred other unpredictable events can push anyone into the ranks of the high-cost patients.

Figure 13. Who Are the High-Cost and the Low-Cost Patients in the U.S.?

Distribution of Health-Care Spending on Patients, 2002

Who Are the High-Cost Patients?

- Mostly middle-aged people (average age 57), who are hospitalized for a few days, see doctors several times a year, and spend considerable money (average $3,000) on prescription drugs.
- About 40% are over 65
- They are from all income levels. A third have high incomes (family income over $80,000), and about a fifth are poor (family income under $18,000).
- Only 2% are uninsured. More than two-thirds have private insurance, and nearly a third are covered by government health programs, the most common being Medicare.
- They pay about 12% (average $2,400) of their bills out-of-pocket.



Who Are the Low-Cost Patients?

- Mostly young (average age 28), healthy people, who are likely to see a doctor and a dentist once a year and spend little (average $44) for prescription drugs.
- About 3% are over 65
- They are from all income levels, with almost the same breakdown as among high spenders: nearly a third have high incomes and about a fifth are poor.
- Nearly 20% are uninsured. About 17% are covered by government programs, most commonly Medicaid. The majority have private insurance.
- They pay about 40% (average $84) of their bills out-of-pocket.

Sources: *MEPS Statistical Brief No. 81, May 2005 and analysis of MEPS data by Stephanie Martin of ISER*

Do We Use More Medical Care?

Americans spend more on health care than anybody else. Do Americans increase health-care costs by getting more medical care than people in other developed countries? Or conversely, do countries with national health-care systems hold down costs by rationing care?

Figure 14 compares Americans with the British, Canadians, New Zealanders, and Australians on use of, access to, and satisfaction with their health-care systems. The comparison countries all have some form of national health-care system.

Overall, the comparisons show that residents of all four countries are almost equally likely to see doctors and have diagnostic tests, and that Americans are slightly more likely to take prescription drugs.

Americans are, however, more likely to skip medical tests because of cost and less likely to get appointments the same day they call. They also seem to be somewhat less satisfied with care they get from their doctors and in the emergency room.

Figure 14. Use of Medical Care, U.S. and Selected Countries, 2004
(Percent of Survey Respondents)

	U.S.	Great Britain	New Zealand	Canada	Australia
Saw at least one doctor in previous 2 years	97%	95%	97%	95%	98%
Regularly take prescription drugs	46%	44%	39%	43%	39%
Had blood tests, x-rays, or other diagnostic tests in past 2 years	84%	71%	82%	84%	83%
Able to get doctor's appointment same day when sick	33%	41%	60%	27%	54%
Skipped medical tests, treatment or follow-up because of cost	27%	2%	20%	8%	18%
Rate regular doctor's care excellent or very good	61%	64%	74%	68%	71%
Among those who used emergency room, share who rate emergency services fair or poor	34%	23%	27%	27%	23%

Source: Commonwealth Fund International Health Policy Survey, 2004

Are We Healthier?

Another important aspect of the health-care story is what we're getting in return for the high spending. Are Alaskans healthier than in 1990?

The answer seems mixed. In 2005 the United Health Foundation ranked Alaska as among the most improved states in health outcomes since 1990. Despite that improvement, the foundation still ranks Alaska somewhere in the mid-range of states on health measures—because 15 years ago Alaska was ranked toward the bottom.[9] Figure 15 illustrates some of the improvements Alaska has made since 1990.

Rates of infectious disease (which include hepatitis, tuberculosis, and many more) went from far above the U.S. average in 1990 to significantly below by 2005. Infant mortality dropped in Alaska and throughout the country.

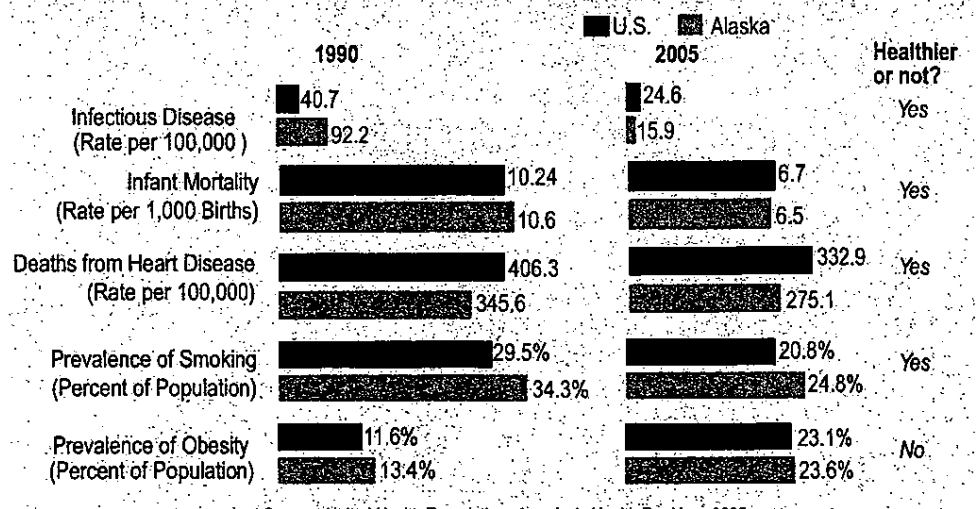
Declines in infectious disease and infant deaths in Alaska can be traced partly to public-health spending for immunizations, as well as for safe water and sewer systems, new housing, and better access to medical care in remote villages.[10] In Alaska and nationwide, advances in treatment and technology have also reduced infant deaths.

With improved treatments for heart disease, the rate of death from heart disease declined by 20% in Alaska since 1990, dropping slightly faster than the national rate.

Rates of smoking among Alaskans fell also, but Alaskans are still more likely to smoke than other Americans. Again, public-health campaigns to fight smoking likely contributed to the decline.

On the down side, Alaskans and other Americans are far more likely to be obese now than in 1990—and obese people are more likely to require treatment for diabetes and high blood pressure.

Figure 15. Are Alaskans Healthier Now Than in 1990?



Source: United Health Foundation, *America's Health Rankings 2005*

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Alaska and U.S. Costs

Years ago, everything cost more in Alaska, and costs still remain high in remote areas. But in Anchorage and other urban places, the historically high costs of many things have moved closer to U.S. averages in recent times, as the population grew, local markets got bigger, and infrastructure and transportation improved.

But costs of medical care haven't declined relative to U.S. averages. Overall medical costs are probably somewhere in the range of 25% higher in Alaska, but that cost difference varies quite a bit among services and procedures, and prices don't always reflect cost.

Alaska has fewer practicing doctors per capita than the nation as a whole, but somewhat more dentists—so how the supply of medical professionals may affect costs is not clear (Figure 16).

Figures 17 through 20 show some examples of cost differences, but it isn't a comprehensive picture.

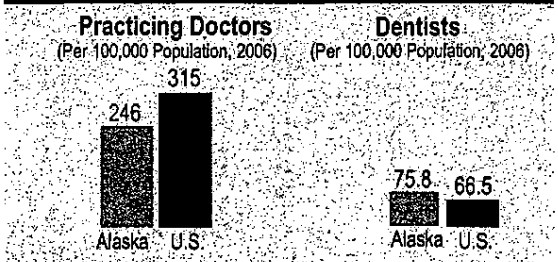
- Overall costs of medical and surgical procedures in Alaska were about 18% above the U.S. average in 2001 and dental procedures 37% more (Figure 17).

- Average costs of a visit to a doctor's office were 30% higher in Alaska in 2001. But the average is a mix of private insurance and government payments. A private insurer in Anchorage and Fairbanks paid nearly twice as much as Medicare for an office visit in 2001, as Figure 18 shows.

- Alaskans don't use as many prescription drugs as other Americans—mostly because there are fewer Alaskans over 65—but we pay more. In 2003, the average price of retail prescriptions was 25% higher in Alaska.

- Costs of hospital care went up faster in Alaska than nationwide from 2000 to 2003—so in 2003 average expenses for a day in an Alaska hospital were 42% above the U.S. average, compared with 30% in 2000.

Figure 16. How Do Numbers of Alaska Doctors and Dentists Compare with U.S. Averages?



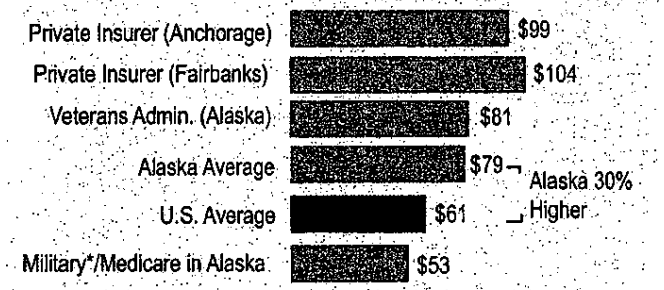
Note: Figures updated and corrected March 2007; see endnote 11.
Sources: American Medical Association; American Dental Association; U.S. Census Bureau

Figure 17. How Much Higher are Medical Costs in Alaska?
(Costs Paid by Private Insurer, 2000)

	Percent Above U.S. Average
Medical/Surgical Procedures	18.1%
Dental Procedures	37.7%

Source: Ingenix data base; cited in Alaska Division of Medical Assistance, HealthCare Cost Analysis, 2001

Figure 18. Costs of An Office Visit, Alaska and U.S., 2001
(Established Patient, 15 minutes)



*Insurance coverage for active-duty and retired military personnel for medical care not available from military facilities.
Source: GAO Report GAO-01-620, May 2001

Figure 19. Prescription Use and Cost, Alaska and U.S., 2003

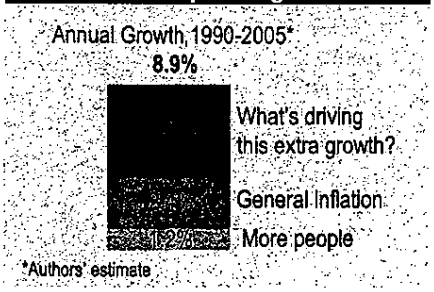
	Prescriptions Per Capita	Average Price of Retail Prescriptions	Average Cost Per Capita
United States	10.7	$52.97	$566.78
Alaska	6.3	$66.89	$421.41

Source: Kaiser Family Foundation, based on data from Verispan, LLC.: Special Data Request, 2004; and U.S. Census Bureau, State Population Datasets for six Race Groups

Figure 20. Hospital Costs, Alaska and U.S. , 2000 and 2003
(Expenses per In-Patient Day)

Source: 2003 American Hospital Association, Annual Survey

Figure 21. What's Driving Health-Care Spending In Alaska?



What's Driving Costs? It's a Puzzle

Spending for health care in Alaska increased an average of nearly 9% a year from 1990 to 2005—and that figure doesn't reflect the big capital costs for building hospitals and clinics in the state since 1990.

More people and general inflation together account for only about 40% of that growth. So what's driving the rest?

Just about everybody has an opinion about what's pushing up medical costs, here and nationwide. Alaska has some special conditions—mostly small markets and high costs in rural areas—but other possible contributors to high costs are common to Alaska and the rest of the country.

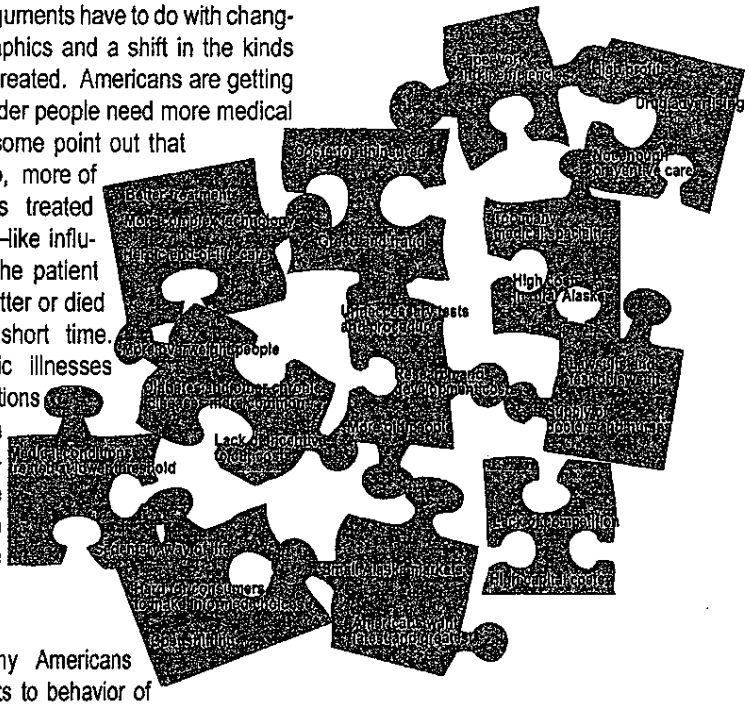
Some people think the big factors have to do with our system of delivering health care. Those include market forces—like lack of competition, for instance, and lack of incentives in many parts of the system to control costs—as well as inefficiencies created by the complexity of the U.S. system.

Other arguments related to the delivery system are that Americans get more medical care than they need, because most of the bills are still paid by health insurance. Others believe, by contrast, that costs of caring for uninsured people are responsible.

Others blame environmental factors, especially Americans eating too much and not exercising—leading to the spread of diabetes and other conditions requiring more care.

Still others say the growth has to do with changes in treatments and technology—treating conditions at lower thresholds (like the recent drop in the cholesterol level at which doctors recommend treatment); more effective but costlier treatments and prescription drugs; and more complex technology.

Other arguments have to do with changing demographics and a shift in the kinds of illnesses treated. Americans are getting older, and older people need more medical care. Also, some point out that decades ago, more of the illnesses treated were acute—like influenza—and the patient either got better or died in a fairly short time. Now, chronic illnesses and conditions—like high blood pressure—are common and require long-term treatment.



And many Americans link high costs to behavior of drug companies, the insurance industry, the medical and legal professions, and individual Americans. Such behavior would include, for instance, insurance and drug companies making high profits; doctors overbilling government programs; and patients filing lawsuits—causing doctors to practice "defensive medicine."

Probably there are other opinions we haven't discussed here. We're not endorsing any of them, but merely pointing out that many things could be contributing to rising costs—and it's a puzzle how all the pieces fit together. We will learn more as we study Alaska's health-care system. But for now, we want to emphasize that the answer to what is driving health-care costs is not simple, and finding solutions won't be simple either.

Endnotes

1. Our estimates are based on the Center for Medicare and Medicaid Services' definitions of personal health care spending. See http://www.cms.hhs.gov/NationalHealthExpendData/01_Overview.asp#TopOfPage. We have also included insurance costs, to capture the expenses paid by employers and employees.

2. ISER *Research Summary* No. 53, "The Cost of Health Care in Alaska," December 1992.

3. The decline in state share is expected to ameliorate somewhat beginning in FY 2006, due to a decision by the 9th District Appellate Court to disallow the Fair Share program that enabled tribal hospitals to receive a higher reimbursement than non-tribal hospitals for uncompensated care.

4. U.S. Census Bureau figures from the Current Population Survey classify Alaskans with coverage only through the Indian Health Service as "uninsured." We have adjusted those figures, separating those with IHS-only coverage from the uninsured. The adjustment is based on methods of the University of Minnesota's School of Medicine, State Health Access Data Center.

5. American Academy of Pediatrics figures for uninsured Alaska children are adjusted U.S. Census figures, separating children with IHS-coverage only from the "uninsured" category.

6. National Academy of Sciences, *Hidden Costs, Value Lost: Uninsurance in America.* Available at: http://www.nap.edu/catalog/10719.html Public subsidies for uncompensated care are illustrated in the State of Alaska's FY 2007 budget request, which includes $27 million to help Alaska hospitals pay for uncompensated care.

7. In 1999, for example, health-care spending for Americans 75 to 84 was seven times higher than for those 18 and under.

8. See note 6.

9. United Health Foundation, *America's Health Rankings*, 2005 edition.

10. See Chapter 3 in ISER report, *Status of Alaska Natives 2004*, May 2005.

11. Our original figure for number of dentists per 100,000 in Alaska was incorrect. We thank researchers at Health Planning and Systems Development in the Alaska Department of Social Services for helping us identify that error. A separate addendum, *Dentists in Alaska*, prepared in March 2007, provides more information about the source of the error and the correction. See: http://www.iser.uaa.alaska.edu/Publications/researchsumm/UA_RS6_addendum03_07.pdf

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Editor—Linda Leask • Graphic Artist—Clementia Martin

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Principles, Elements and Specific Steps

Draft 8 August 29, 2007

Proposal by the Alaska Health Care Roundtable to help the Council achieve the goals it identified at its first meeting:

Health Care Strategies Planning Council Mission Statement (Approved at the June 11, 2007 meeting)

Develop strategies, including performance measures, to provide health care access for all Alaskans by 2014 with the goal of making Alaskans the healthiest population in the nation.

The definition of "access" includes: coverage, affordability, timely service, quality of care, prevention, managing chronic conditions, workforce issues and cost.

Roundtable recommendations are as follows:

Principles of reform — Guidelines for creating effective specific action steps

- Creating healthier people who consume less medical services is the only major sustainable strategy to slow growth of health care costs.

- Plans, programs and policies must encourage and support the principle of individual responsibility to maintain and protect each person's health.

- Dramatically improve value for every health care dollar.
    - Health services that effectively educate and motivate individuals underpin an effective, efficient health care system. Prevention and timely appropriate levels of care earn strong return on investment (ROI) for both employer and public programs. Examples are immunization programs, hypertension or HIV screening, promoting prenatal care, etc.
    - Organizational wellness programs, government or private, are starting to prove that improving employee health is a win/win for both employees and employers.

- Financially support carefully planned experimentation with different types of health delivery models and payment models. Alaska is a highly diverse state. The wide variety of community sizes, many in remote areas, with differing access to care and different prevailing payment systems argues towards creating a variety of solutions from which to choose. Employers are particularly concerned about quality.

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- All Alaskans need quality, affordable health care that provides:
  - Physical access
  - Financial access
  - Information access

- Facilitate universal participation in the most appropriate fashion for each individual. Forms of coverage or care include:
  - Employer-based
  - Individual-based
  - Federal programs
  - Military programs
  - Alaska Native programs

- Rely on and develop the private insurance market in sectors where it is currently working and other sectors where it can be logically employed. Avoid creating costly state bureaucracies that duplicate private sector capabilities.

- "Grow our own" health care practitioners at all levels as much as possible.
  - In-state education and clinical training increases the likelihood of keeping graduates in Alaska.
  - In-state education stems the flow of education dollars Outside and helps generate a sustainable economy.
  - Create specialized programs to meet the needs of rural Alaska.

- Collaboration and cooperation is essential. The problem is larger than any one part of the system can solve. Areas to address are financing and insurance, workforce development, facilities and citizen education. Private, state, federal and Native resources will need to be coordinated so all can contribute to the solution.

- Generate sufficient information and research, both in Alaska and from best practices Outside, to support sound fact-based decision making.

- Provide sufficient and appropriate facilities where necessary around the state. Emphasize regional planning, coordination, cooperation and efficiency.

- Develop a statewide electronic health record network that is secure and interoperable with existing systems to improve quality of care and reduce waste by providing necessary medical information to providers.

Elements of reform — Building blocks for a better system

- The problem is huge and complex. Businesses, individuals and governments all must contribute to managing and financing a new Alaskan health care system for it to be sustainable.

- We must stem erosion of employer-sponsored insurance. Keep what works and reshape or fill in as necessary. Reform plans should build on and improve existing parts of the system that work without harming those who are already well served.

- Information to evaluate costs and alternatives before and after treatment is an essential building block of individual financial responsibility. Information access and transparency seems like a basic need, but is elusive. Technology and disclosure requirements will help.

- Encourage adequate federal Medicare reimbursement of provider's costs, but cobble together work-arounds until that happens. This can include creative use of Medicare and Medicaid waivers. Keep track of the changing federal health care environment to uncover opportunities and influence needed change.

- Electronic health records are the cornerstone to modernizing Alaska's health care. Build on existing private and state-level initiatives.

- Develop navigation aids and fail-safe systems to help people gain access to and deal with complexities of the system. Navigation aids must take into account the human, as well as the technological networks, which build healthy lives.

- Alaska has information gaps that need to be filled to chart an optimum path to progress. Fundamental research will enable policy-makers to make sound decisions based on facts: 1. Quantify and identify the source of Alaska cost differentials vs. Outside. 2. Understand who is not covered or insufficiently covered. 3. Continue to define work force development challenges across the full job spectrum.

- Build on the many Alaskan programs that have proven effective or show promise in the areas of quality, access and cost control.

- Monitor and learn from other state's experience in coverage and cost control.

- Alaska will need an ongoing official state-wide group to monitor the ever-changing health care scene and find appropriate synergies.

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Specific immediate steps to consider

- Establish an ongoing Alaska health care council/commission/board to coordinate public policy.
- Support and coordinate Alaska research and monitor national research and developments.
- Develop a variety of Alaska health care reform plans based on research to be able to compare and contrast their benefits, costs and impacts.
- Support the next step in development of Alaska electronic health records.
- Develop and monitor quantifiable health care goals for Alaska.
- Support workforce development capable of filling current and anticipated needs.
- Encourage primary care capability based on the "Medical Home" model which provides an ongoing health care point of contact. Examples are family physicians or community health centers.
- Monitor and improve liability and tort laws to help reduce malpractice insurance costs, encourage quality improvements and make Alaska a more attractive place to practice medicine.
- Encourage schools at all levels to foster healthy life styles and offer sports and exercise programs that build life long healthy habits.
- Work with the federal delegation and authorities to maximize federal support of Alaska projects and programs and to support national health care reform efforts that will benefit Alaskans.
    - E.g. Develop stand-alone Medicare clinics in major Alaska hubs via an open RFP process
- Identify pseudo-reform "myths"—things to avoid.

Pseudo-reform "myths" — Things to avoid

- Continued employer transfer of health care costs to employees.
- Assuming that "market forces" alone will make health care better and more efficient. Health Savings Accounts (HSAs) may be part of a total solution, but not the only solution. Even enlightened health care consumers do not have access to information they need to "shop around" for best value.
- Freezing or reducing state funding. The State of Alaska will need to make additional financial and programmatic investments as a full partner in a comprehensive solution.
- Reliance on the federal government to solve the problem. National solutions are necessary and hopefully will be forthcoming. However, in the interim, Alaska needs to do what it can to help itself.

- Assuming, hoping or praying that the problem will solve itself and go away. Effective, creative coordination of every tool available within Alaska is the only chance for success. An ongoing, adequately resourced council, commission or board will need to continue the work of the Alaska Health Care Strategies Planning Council.

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Why we need to act now

- As a small state with significant resources, Alaska has the elements it needs to improve the health of its citizens in the long-term.
- Guiding principles will focus the creativity and coordination needed to achieve this lofty, but basic human goal.
- Unchecked, current health trends will create the first generation in 100 years that can expect a shorter life span than their parents.
- Insufficient federal reimbursements are transferring a huge financial burden to the private sector which in turn is passing costs on to employees.
- A mandatory rational system based on the strongest elements already in place can provide basic care for all Alaskans enabling a shift of emphasis towards prevention.
- Investing in prevention and individual responsibility offer high "bang for the buck." Healthy people feel better and place less financial demands on the system.
- The aging population will increase per capita costs of health. These increases can be mitigated by effective primary prevention and health promotion.
- Everyone and all parts of society need to be part of the solution—businesses, individuals and all levels of government.
- The health care system is not a goal in and of itself. The real goal is healthy Alaskans who know they will be properly cared for if they do get sick.

Background — An unsustainable deteriorating situation

- Many thanks to the Alaska Health Care Strategies Planning Council and key legislators for beginning a formal state dialogue.
- Businesses face annual double-digit increases in health care costs. This necessitates:
  - Cutting back coverage
  - Increasing employee financial contributions
  - Educating and empowering employees to develop healthier lifestyles
- The situation is bad and getting worse.
  - According to a July 2007 Commonwealth Fund report comparing states, Alaska ranks 26th overall, 36th for access and 49th in quality.
  - Medicare and Medicaid do not reimburse providers for their cost of doing business. This "pinch" is being passed on to businesses and insurers, creating an ever-escalating financial burden on them. Health care costs for businesses are a financial ball and chain not shared by international competitors.
  - Many Alaskans are without any health care coverage, or have inadequate coverage.
    - Over 90,000 Alaskans have no health care coverage—if living together, they would be the second largest city in Alaska.
    - Many more are under-insured.
  - Everyone has nominal access to some form of health care at the emergency room, but it is after-the-fact and expensive.
  - Many people in need do not know where to turn because of:
    - Lack of knowledge
    - Lack of money
    - Linguistic and cultural barriers
    - Crushing work and family schedules
  - Alaska is short 300 doctors today, with more needed to replace an aging work force. Similar shortages exist for nurses and other health practitioners.
  - Potential gas pipeline construction will further strain an already challenged Alaska health care system.

- The unhappy net result:
  - Alaska has the highest per capita state expenditures on health care in America ($8,000 per person).
  - America has the highest per capital health care expenditures in the world ($7,000 per person).
  - Alaska and America have poor health compared to other industrialized nations despite having greater expenditures on health care.
  - Alaskan and American businesses are becoming less competitive compared to international businesses in countries with public health care systems.

- A caring, humane and financially efficient society cannot continue this downward spiral. Serious national conversations and major state-level reform efforts are under way. Fortunately, Alaska has potential building blocks for a better system and guidelines to help use them.

Alaska Health Care Strategies Planning Council

Final Report: Summary and Recommendations

Making Alaskans the healthiest people in the nation...

December 23, 2007

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Executive Summary

On February 15, 2007, Governor Sarah Palin issued Administrative Order #232 establishing the Alaska Health Care Strategies Planning Council in the Office of the Governor. The purpose of the Council was to build the foundation for developing a statewide plan to identify both short-term and long-term strategies that effectively address issues related to access, cost and quality of health care for Alaskans. Members of the Council, all appointed by Governor Palin, are listed in Appendix C.

The Council interpreted its charge from Governor Palin broadly, to focus on the overall goal of improving the health of Alaskans. Within that broad charge, the Council considered health care to be an important component in improving the health of Alaskans. According to the Council, health care is a broadly defined term, relating to the prevention, treatment and management of illness, preserving mental, behavioral, physical health, and dealing with chemical dependency.

In accordance with the order, the Council reviewed and synthesized the extensive body of existing research on the subject, agreed upon the most salient facts, and identified the most significant health care issues in the state. Based on seven overarching healthcare challenges identified by the Council, members articulated the following seven comprehensive health care policy goals:

- *Personal responsibility and prevention in health care will be top priorities for government, the private sector, tribal entities, communities, families, and individuals;*
- *Health care costs for all Alaskans will consistently be below the national average;*
- *Alaska will have a sustainable health care workforce;*
- *All Alaskan communities will have access to clean and safe water and wastewater systems;*
- *Quality health care will be accessible to all Alaskans to meet their health care needs;*
- *Develop and foster the statewide leadership necessary to support a comprehensive statewide health care policy;*
- *Increase the number of Alaskans covered by health insurance and encourage employers to offer a range of health insurance options.*

Because of its short time frame, the Council was unable to address the Administrative Order's directive to present fiscal information to accompany each of the short- and long-term strategies. Unfortunately, with only 24 hours of face-to-face meeting time, identifying the fiscal impact of recommendations remains unaddressed, and must be a top priority in future consideration by this or subsequent bodies.

The Council's Vision and Long-term Goal

At its inaugural meeting on June 11, 2007, Council members articulated an overall vision of health care in Alaska – that ***"Alaskans are the healthiest people in the nation."*** This vision led to development of a concrete mission statement describing the ultimate

outcome of the Council's work: "***To develop strategies, including performance measures, to provide health care access to all Alaskans by 2014.***"

The "Fact-Based Process"
The work of the Council was facilitated through a "fact-based" process by Mr. Dennis McMillian, President and CEO of The Foraker Group, an Alaskan-based nonprofit corporation. Members were asked to review existing research and initiatives, and hear from subject-matter experts on the major issues in Alaska's health care system. Only those facts garnered from existing sources and/or presented to the Council at its meetings, and which were widely recognized by Council member as salient to the process, were allowed to remain in the conversation.

While time-consuming, the fact-based process allowed the development of a solid basis for discussing the issue of health care in Alaska, highlighting the major challenges with that system, and identifying realistic solutions to address those challenges.

Alaska's Health Care Challenges: A Strategic Plan for the Future
In the opinion of the Council, there are seven challenges requiring immediate and comprehensive attention in Alaska's health care system:

- *Prevention and personal responsibility don't play big enough roles in the health and health care of Alaskans;*
- *Receiving quality health care in Alaska is expensive, well above the national average, and increasing;*
- *There are significant shortages in the health care workforce across the state;*
- *Water and wastewater systems in many rural communities lead to health problems;*
- *Quality health care is difficult to access for many Alaskans, urban and rural;*
- *There must be consistent and focused state and local leadership to improve the health of Alaskans, and build a comprehensive health care system in Alaska;*
- *Health insurance is an important if as yet misunderstood part of comprehensive health and health care.*

Based on the vision of a healthy Alaska, a one-page "Alaska Health Care Action Plan" was developed by the Council. The plan appears in the following section, and includes a combination of long-term and short-term goals. Where applicable, the short-term strategies appear at the beginning of the relevant goals.

During its work the Council was able to generate dozens of possible solutions to address the challenges, much of that the result of "brain-storming." The identified solutions are presented in Appendix A. Most require development of implementation plans, which was considered beyond the scope of the Council's work, especially given the short window for completion of its tasks. Although they are not developed fully, the articulated solutions in the plan, and within Appendix A, present a real and actionable foundation for helping to meet the goals in the "Alaska Health Care Action Plan."

Alaska's Health Care Action Plan: "*Making Alaskans the healthiest people in the nation.*"
Long-Term Goals and Strategic Directions (2008 – 2014)

Goal One: Health costs for all Alaskans will consistently be below the national average.

- Increase the place of consumerism in health care purchasing by giving people control over their health care dollar – the foundations are accessible, transparent, evidence-based price/quality information about providers and services (short-term)
- Create an easily accessible and constantly updated website containing evidence-based price and quality information about health care providers and services (short-term)
- Increase community-based health care services, both public and private sector
- Stabilize the costs of health care by reducing the rate of increase relative to other states (national increase is 6%, decrease Alaskan rate to 4% annual increase)

Goal Two: Alaska will have a sustainable health care workforce.

- Increase WWAMI seats to 50 per year, and increase seats in UA Nursing and Nurse Practitioner programs (short-term)
- Develop policies and systems to alleviate the health care worker shortage, and prevent it from recurring
- Implement a doctoral-level nursing program at the University of Alaska to meet the 2015 deadline for Nurse Practitioner education requirements

Goal Three: All Alaskan communities will have clean and safe water and wastewater systems.

- Improve adherence to the state's existing water and wastewater treatment "plan," through the Village Safe Water Program

Goal Four: Quality health care will be accessible to all Alaskans to meet their health care needs.

- Expand tele-health and electronic health record systems, taking the lead in pursuing matching FCC grant funds (short-term)
- Increase presence of the public health system, particularly public health nurses, especially in rural communities (short-term)
- Increase access of Alaskans to a primary care provider and behavioral health provider when they are needed
- Decrease the likelihood that Alaskans will use emergency rooms for primary care
- Reduce the impact of existing barriers to health care accessibility by exploring private enterprise incentives
- Improve primary and long-term health care options for elders, particularly with regard to Medicaid and Medicare

Goal Five: Personal responsibility and prevention in health care will be top priorities for government, the private sector, tribal entities, communities, families, and individuals.

- Decrease the impact of obesity, smoking, substance abuse and other lifestyle factors on the health of Alaskans, through intense public education with public and private partners (short-term)
- Improve the likelihood that every Alaskan will choose to live a healthy lifestyle and make healthy lifestyle choices
- Increase the place of personal responsibility in health care decision making for all Alaskans

Goal Six: Develop and foster the statewide leadership necessary to develop and support a comprehensive statewide health and health care policy.

- Create an ongoing, quasi-independent, non-partisan, volunteer "Alaska Health Care Commission" in statute (short-term)
- Elevate the discussion of health care to a statewide audience

Goal Seven: Increase the number of Alaskans covered by health insurance

- Raise the eligibility criteria for Denali KidCare from the current 175% to 200% of federal poverty limits (short-term)
- Reduce potential for financial impact from catastrophic loss by supporting new and innovative approaches to insurance for individuals, which would be consumer-owned, portable, and purchased with pre-tax dollars
- All Alaskans have at least a catastrophic, incentive-based insurance option (i.e., high deductible coverage)
- Encourage employers, through varied incentives, to offer a range of insurance options/choices to employees – to include at a minimum, high deductible plans

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Alaska's Health Care Challenges: Discussion and Recommendations
The Council engaged in lengthy discussion of the seven main challenges facing Alaska's health care system, and generated the following discussion points related to each.

- *Defining the specific problem or problems*
- *Why addressing them through comprehensive state action is important*
- *What should be done about it – in other words, identifying desired outcomes*

In addition to discussing what should be done to address each problem, the Council generated possible solutions and solicited public comment on the Health Care Action Plan. A Strategic Implementation Table (Appendix A) list the many solutions generated by the Council, and sets the foundation for implementation of selected short and long-term strategies. The full text of public comment will be presented to Governor Palin under separate cover, but the overriding themes contained within those comments are summarized in Appendix B.

Goal One: The High Cost of Health Care in Alaska

What's the problem? *The costs of producing quality health care are high, and therefore it is quite expensive to be a consumer of that care. The costs of health care in Alaska are already well above the national average, and like the rest of the nation, are increasing.*

Why this is important: *A new approach to this problem must be embraced if there is to be long-term, positive reform in Alaska's health care system. If Alaska continues along the same path, the results will remain unchanged. Reducing the rate of increase in the costs of health care is a "must do" priority, and Alaskans need to get the best value for health care dollars spent. Every health care dollar must be spent wisely. Broadly stated, the high cost of health care is a barrier to many Alaskans getting the health care they need. The present system supports the high and increasing costs of health care and inefficient utilization of health care dollars.*

What should be done about it: *Decreasing the rate of growth in health care costs in Alaska will require development of a high-quality health care system that is evidence-based, consumer driven and market-responsive. With respect to lowering costs, insurance that is portable and consumer-owned plays a central role, and requires much more discussion at the state level. Overall, giving people more control over their health care dollar is a central component, as is providing appropriate, accessible, transparent, and evidence-based cost and quality information about health care providers and services. In the short-term, one of the most important goals should be state creation of an easily accessible and up-to-date website providing health care cost and quality information to Alaskans. These strategies alone are not sufficient to reduce the overall cost of health care in Alaska, nor to reduce the rate of growth. Closely related are the subjects of personal responsibility, access to health care, increasing the number of health care providers, and insurance.*

Goal Two: The Health Care Workforce

What's the problem? *There are significant shortages in the health care workforce across the state. Alaska needs more health care workers throughout the system, at all levels.*

Why this is important: *Without ample health care workers, the system will continue to falter – it is already showing signs of strain. Lack of a sustainable health care workforce is a primary factor in the increasing costs of health care, and also in the decreasing access of health care for Alaskans. In addition, significant access issues exist in both urban and rural areas, which will likely require expansion of the health care workforce.*

What should be done: *Statewide policy should enable the creation of a sustainable health care workforce that alleviates the current shortage and prevents it from recurring. A good start is to "grow more of our own" within Alaska, by presenting health care professions more prominently as viable career options, with students continually encouraged to build the skills and the interests necessary to pursue health care careers. In the short-term, to increase primary care providers in the state, the number of WWAMI seats should be increased to meet the projected need of 50 per year in the next decade. In concert with that, the University of Alaska nursing doctorate degree should be implemented as well. The number of resident positions in the Family Practice Residency Program should be increased, as should the number of graduates in both the UA Nursing and Nurse Practitioner Programs.*

Goal Three: Sustainable Rural Water and Wastewater Systems

What's the problem: *Water and wastewater systems in many rural communities are inadequate, unsafe, or non-existent, and can be a major cause of health problems within those communities.*

Why this is important: *There is a strong correlation between the health of Alaska's rural residents, and water and wastewater safety. Building and operating clean drinking water and wastewater disposal systems is one of the most effective means for improving the health and wellness of rural Alaskans and rural communities.*

What should be done: *There is an active state program in place to bring sustainable and safe drinking water and wastewater disposal systems to all of Alaska's rural communities – the Village Safe Water Program. However, the real success of that program depends on the recognition by state policy makers that there is no "one size fits all" approach to bringing those systems to rural Alaska. What works in one community may not work in another. Efforts to provide infrastructure that the community can support in the future should continue. The state's long-term health care policy, therefore, should improve and ensure the state's adherence to the "plan" for bringing sustainable and appropriate safe water and wastewater systems to every Alaskan community.*

Goal Four: Access to Health Care

What's the problem? *Accessing quality health care is difficult for many Alaskans, both urban and rural. There is little consistency of access to health care for all Alaskans – some have it all the time, some have it some times, and some have it hardly at all. In Alaska's urban areas there is a lack of access to necessary specialized care and efficient "same-day" primary care. In rural communities, there is often no access at all to health care because of a variety of barriers, including costs, geography, transportation challenges, lack of providers and much more.*

Why this is important? *The lack of access to quality health care contributes to Alaskans' wellness challenges. Being able to guarantee timely access to primary care, in particular, presents significant challenges; but appropriate primary care is one of the most effective means for keeping Alaskans healthy. There was considerable discussion among members about the positive impact of Community Health Centers, and the state's public health nurses, in providing greater access to health and health care opportunities.*

There was agreement among Council members on two major points relevant to health care access. First, Community Health Centers (CHCs) are a valuable part of the "health care safety net" for Alaskans. Second, the state's public health nursing structure is one of the most important mechanisms for affording greater access to a wider range of health care. The problem with CHCs and public health nursing is that both programs are under-funded. Community Health Centers are federally funded, and most states provide supplemental financial assistance because CHCs are viewed as an important part of the overall health care system in those states. Partly due to the provision of health care services to the under-insured and uninsured, CHCs consistently face budgetary challenges. In Alaska, CHCs receive virtually no funding from the state. Similarly, the state's public health nursing system has been chronically under-funded for years. Ever-decreasing state dollars for the Public Health Division has meant that fewer and fewer public health nurses are able to do their important work improving the health of Alaskans.

What should be done: *Accessing health care should not be difficult for Alaskans, and broad policies that improve access to primary care and behavioral health care should be the focus of any state health care policy. Strategies should include: 1) the state becoming more actively engaged as an active investor in the Community Health Center system through supplemental funding and regulatory relief; 2) appropriate funding for and utilization of the state's Public Health Division, in particular the Public Health Nursing program; 3) building monetary and other incentives into the health care system which encourage Alaskans to more effectively utilize primary care opportunities; 4) leveraging information technologies such as tele-health and electronic health record systems which can improve access while reducing costs; and 5) reducing barriers to private clinicians practicing in underserved areas. In the very short term, the state could take the lead in guaranteeing that the required "match" associated with the current $10 million Federal Communications Commission tele-health grant is made.*

Goal Five: Prevention and Personal Responsibility

What's the problem: *Prevention and personal responsibility play too small a role in health care, including maintaining and improving health. While Alaskans may understand the connection between their lifestyle choices and their individual health, for the most part they do not make a connection between personal choices, having a personal stake in their health, and the cost of their health care. Alaskans are not optimally encouraged and equipped to make the kinds of choices that improve health and subsequently decrease health care costs.*

Why this is important: *More healthy Alaskans translates into fewer sick Alaskans, and improved quality of life with resultant cost savings. A clear understanding of the role of personal choice in individual health status and the impact on health care costs, as well as the central role of government in supporting health choices, are critical components in developing long-term strategic health and health care policies.*

What should be done about it: *Solving this problem requires a two-pronged approach. First, Alaskans must be encouraged to play a much greater role in their own wellness by having both a personal and financial "stake" in their own health. Having a "stake" in their own health is the product of a personal investment in wellness, and realizing the financial benefits of saved dollars by maintaining healthy lifestyles. In the opinion of the Council, the most effective mechanism for increasing the personal health investment of Alaskans is incentivizing and supporting positive change.*

Second, governments, school districts, tribal entities and other employers are uniquely situated to be catalysts for positive change. These entities have the influence to help Alaskans understand and make healthy choices, while at the same time avoiding those lifestyle decisions that contribute to poor health.

Goal Six: Statewide Leadership

What's the problem: *A lack of consistent statewide leadership makes development of comprehensive statewide health and health care policy challenging.*

Why this is important: *Public leaders have a pivotal role as catalysts for positive change. Commitment at the executive and legislative levels to comprehensive and lasting change will effect health and health care in Alaska.*

What should be done about it: *The Council believes that government has an obligation to "jump start" healthy choices through incentives, and in addition build the necessary incentive structures for the future. Positive change will be the result of a concerted effort by the governor and the legislature, through partnering with local communities, in a long-term commitment to maintain positive momentum. The key is elevating the discussion of health and health care to the statewide level.*

One of the most effective mechanisms for solidifying that long-term commitment to bringing positive change to Alaska's health care system is to establish through statute a quasi-independent "Alaska Health Care Commission," which would seek to provide advice on innovative solutions, and act as a catalyst for positive change. The Commission would be responsible for advising state leaders on incentivizing positive lifestyle choices; fostering ongoing research; controlling health care costs; improving access, and ensuring a sustainable health care workforce.

Goal Seven: Health Insurance

What's the problem: *Over 100,000 Alaskans – including more than 14,000 children – are without health insurance at some time during any given year. When insurance is made available, there is often a misconception that it should cover everything, from routine and predictable events to catastrophic occurrences and long-term care; this misconception increases the cost of health insurance beyond the reach of many Alaskans.*

Why this is important: *Having access to health insurance coverage is one of the most significant determinants of access to appropriate health care. Alaskans who do not have health insurance are often unable to get the services they need to become healthy, and to maintain wellness.*

When uninsured Alaskans do seek health and health care services, it is often for expensive chronic conditions which could possibly have been avoided if they had had health insurance coverage, or access to appropriate primary care. When Alaskans who may not be eligible for Medicaid and Denali KidCare do access health care, they are often unable to pay and often seek care in a hospital emergency room, which is the most expensive and inefficient mechanism for receiving primary care. The costs of such access are borne across the whole health care system, which raises the overall costs of health care in Alaska. When the uninsured who are not eligible for Medicaid and Denali KidCare do pay for health and health care services, they often do so at significant personal and family financial impact.

Not having insurance is only part of the problem, and simply providing insurance under the current structure is not the answer. With the exception of preventative health services, comprehensive health insurance is not an efficient way to pay for routine and predictable care, such as the common cold, ear infections, hang nails, and sprained ankles. Whereas health insurance IS the most important tool for protecting people from unplanned catastrophic health events, it is an inefficient way to pay for routine expenditures. Therefore, the current system, which relies on insurance to pay for routine and predictable health care expenses, raises the costs of premiums above the reach of many Alaskans.

What should be done about it: *More Alaskans need to be covered by efficient health insurance plans. Increasing the number of Alaskans covered by efficient health insurance will be the result of several specific actions. In the short-term, the Council recommends that the state immediately pursue and support change in the Denali KidCare program to make Alaskan children in families at 200% of the federal poverty level eligible for coverage. While there was a majority vote among Council members regarding this expansion of Denali KidCare coverage, the role of that program within an efficient and effective system of health care coverage is worthy of continued debate at the statewide level, through the recommended "Alaska Health Care Commission."*

To most effectively cover the adults and remaining children without health insurance, bringing consumerism to the forefront of Alaska's health insurance structure is important. Alaskans should have access to choices, through a wide range of health insurance options, including at the very least high deductible coverage with a strong prevention component. The key to success is insurance that at least covers catastrophic care, so no Alaskan suffers from the extreme financial burden of catastrophic or unanticipated health events. Whereas some uninsured Alaskans are not working, most are working for employers who would like to, but cannot necessarily afford to, provide health insurance coverage for their employees. Therefore, through incentives, Alaskan employers should be encouraged to offer a wide range of coverage choices, to include at a minimum, high deductible coverage.

Consumerism is an essential component of bringing rationality to the health insurance structure in Alaska, and extending coverage to as many Alaskans as possible. The key to success is insurance that at least covers catastrophic care, so no Alaskan suffers from the extreme financial burden of catastrophic or unanticipated health events. In addition, insurance must be consumer-owned, market-responsive and portable; this recommendation has received attention elsewhere in this report. Coverage options debated in the Council's discussions, which are by no means exhaustive, include Health Savings Accounts, Health Opportunity Accounts, and high-deductible plans with a strong prevention component. This list provides a solid foundation from which to continue the ongoing discussion about expanding health care coverage for all Alaskans.

Summary and Conclusions

Resolving the health and health care issues in Alaska will not be the result of a single solution. Instead, bringing real and lasting change means working together in partnership. Many of the solutions presented within this report fall squarely within the purview of state government. But no matter how committed state government is, solutions will not be forthcoming without involving all stakeholders as partners for change – from individual Alaskans to families, nonprofit organizations and private sector employers and employees, communities and local governments, tribal entities, state government, the governor, the legislature, and the federal government.

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The Council has deliberately not prioritized solutions for solving the problems it has identified with the health and health care system in Alaska. Indeed, all of the problems must be addressed concurrently if real, long-term change is to take place. Having said that, within those identified by the Council, one is definitely the larger-order problem, meaning if we can solve it, many of the other problems will be alleviated. That problem is the lack of prevention and personal responsibility.

By improving the place of prevention and personal responsibility in the health and health care decision-making rubric of Alaskans, costs of health care could be lower than they otherwise would be. With concentration on a wellness model of health care, as well as state support for the Community Health Center system and a robust public nursing program, the current access problems could be significantly reduced. Most Alaskans will have both the motivation and the means to maintain their own wellness. And with greater wellness, the composition of the health care workforce will likely change, decreasing the dependence on health care professionals who are the most difficult and most expensive to attract and retain.

Becoming the healthiest people in the nation is indeed a grand vision – but it is real and achievable.

Respectfully Submitted,

The Alaska Health Care Strategies Planning Council
December 23, 2007

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Appendix A: Strategy Implementation Table

2008 / 2009 / 2010 / 2011 / 2012 / 2013 / 2014

Short-Term Strategies (for implementation between 2008 and 2010)	Action Required (Policy, Resolution, Statute)	Expense	Implementation Timeline
• Create an ongoing and quasi-independent "Alaska Health Care Commission."			
• Promote incentives for clinic use, rather than the use of emergency rooms for routine/primary care.			
• Promote the use and expansion of Community Health Centers throughout the state.			
• More effectively target recruitment of health care professionals by marketing Alaska to rest of nation/world as a great place to live, work, raise a family, enjoy nature, etc.			
• Conduct a comprehensive, statewide health care workforce assessment.			
• Continue to support Alaska Native Tribal Health Consortium's ongoing efforts to develop sustainable, community-specific water and wastewater capacity in all villages.			
• Increase quality of and access to Telemedicine, Community Health Aides/Practitioners, Community Mental Health Aides and Community Dental Health Aides.			
• Implement a prevention-focused "Fit for Life" social marketing program that is multigenerational and culturally aware.			
• Emphasize the role of the public health nurses in prevention and wellness – from well-baby checks on up to flu shots for elders.			
• Support programs to encourage employers to offer employees "time off" for making healthy lifestyle choices and maintaining wellness.			
• Institute "Silver Sneakers Programs" – for elders – to keep elders healthy.			
• Ensure public health immunization funding.			
• Fund free and/or low-cost clinics, keeping in mind uninsured Alaskans.			
• Incorporate a "Wellness Certificate" into the PFD program, and give a five percent boost in the dividend for maintaining a healthy lifestyle.			
• Foster a state culture through policy that rewards schools for wellness.			
• Provide financial incentives for "healthy schools."			
• Support the ongoing efforts to establish comprehensive health care insurance options to employees of Alaska's nonprofit sector.			

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• Pay the tuition – or forgive student loans – for residents from rural Alaska who are willing to practice – after graduation – in their home community.			
• Institute student loan forgiveness for medical/health professionals and para-professionals who make a commitment to stay in Alaska.			
• Provide grants for low-income vocational/tech students in Certified Nurses Assistant/Pharmacy Tech programs.			
• Increase the presence of public health system, particularly public health nurses, especially in rural communities.			
• Follow through on existing state plans for safe drinking water and wastewater, through the Village Safe Water Program and other efforts.			
• Support and expand telemedicine and tele-behavioral medicine – include education, maintenance and equipment upgrades.			
• Increase behavioral health training and support,			
• Increase available slots in Physician Assistant and Nurse Practitioner programs at the University of Alaska and with other academic partners.			
• Increase number of Residents in Family Practice Residency Program.			
• Create a greater awareness of the distinction between routine and predictable health care costs (less expensive) and unanticipated or catastrophic costs (more expensive).			
• Promote Health Savings Accounts and high deductible insurance plans – for individuals and employers.			
• Provide incentives for providers and consumers, with performance measures and rewards (for providers), based on evidence-based results.			
• Foster better informed consumers through creation of a dynamic (continuously updated) website providing transparent quality and cost information about medical services, prescriptions, etc.			
• Build teaching capacity in K-12 schools to excite young Alaskans about the physical sciences generally, and the health care field in particular.			
• Increase penalties for selling alcohol to youth.			

Long-Term Strategies *(for implementation between 2010 - 2014)*	Action Required (Policy, Regulation, Statute)	Expense	Implementation Timeline
• Support information technology improvements.			
• Promote insurance that is portable, consumer-focused and consumer owned, purchased with pre-tax dollars.			
• Increase Alaska WWAMI seats to 50 /year – the projected need to meet demand in the next 10 years.			
• Institute doctoral NP program at UAA.			
• Increase the availability of education programs for health care disciplines.			

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• Expand State role in direct funding of and improving access to Community Health Centers. • Foster a consumer-directed health care approach to long-term care. • Encourage the implementation of a consumer-directed health care system. • Integrate "consumerism," encouraging people to shop around for the best quality and appropriate cost and consider personal responsibility. • Encourage formation of Tobacco Free communities, businesses and workplaces through Statewide Clean Indoor Air Act. • Institute/Increase Alcohol taxes. • Increase fluoride in drinking water. • Reduce barriers to establishing and running CHCs: (state and federal red tape). • Where establishing a CHC is difficult, encourage creation of public-private partnership in creating primary/urgent care clinics.			

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Appendix B: Summary of Public Comment Received by the Council

- Support the Community Health Centers as a way to improve access and decrease use of the emergency room for primary care.
- Improve e-health
- Increase workforce, specifically mid-level practitioners
- Incorporate incentives to attract and retain necessary health care workers, including loan forgiveness and other repayment incentives
- Make sure to get the mix right of what is needed in the health care workforce
- Recruitment programs are best done in state
- Build interest in the health care field at the middle and high school level
- Develop a statewide group with oversight responsibility for recruitment and retention – because it cost too much for individual organizations to do it
- Eliminate shortage of UA educators in health care professions
- Put fluoride in rural water systems
- Improve the place of preventative dental service in the health care continuum
- Prevention, collaboration and partnerships are the key to improving access
- Building existing programs makes the most sense, versus making new programs and the associated structures
- Remove bureaucratic barriers to effective health care access
- Examine innovative solutions that involve Medicaid reimbursement
- Acknowledge and build upon the work of public health nurses and the public health nursing program
- Include alternative treatments when talking about prevention and personal responsibility
- Improve worksite health as a cost-saver
- Most feel there should be basic, portable insurance coverage for all Alaskans
- Concentrate on preventing sickness rather than curing it
- Should be at least some mechanism to insure a minimum coverage for all Alaskans
- People with disabilities have real trouble finding primary care – the state should close the gap in those services
- Alaskans need a range of services that are affordable – maybe the state should subsidize those services
    - Don't forget the severely disadvantaged – Alaska's working poor
- Funding for substance abuse and mental health are effective preventative services, which lead to increase wellness
- State must support the e-health FCC grant
- State should not be shy about supplementing the loss of federal Medicaid dollars with state support
- Behavioral health in Alaska has taken huge cuts, and the system is on the verge of crisis
- The broadly stated goals of the Council really skip over the importance of behavioral health and substance abuse as preventative factors

- Oral health needs to play a more significant role in overall health
- Need more dental techs in the health care workforce
- Realize that turning 65 in Alaska means no more health care for most elders
- Make it easy for people to navigate the health care system – now it is really difficult
- Remove barriers that prevent Alaskans from receiving necessary primary care, and to get Denali KidCare after birth
- There MUST be a continued forum for addressing health care issues in the long term

4560

Appendix C: Alaska Health Policy Council Members

The council is composed of 14 Alaskans appointed by the governor:

- Jeff Davis of Anchorage has served as president of Premera Blue Cross Blue Shield of Alaska for nine years, which provides insurance for 180,000 Alaskans statewide.
- Cathy Giessel of Anchorage is a registered nurse and advanced nurse practitioner whose career and experience spans more than 30 years.
- Dr. Derek Hagen of Anchorage is a doctor of osteopathy associated with Primary Care Associates, the largest private family practice in the state.
- Thomas Hendrix, PhD, of Anchorage is an assistant professor at the University of Alaska School of Nursing specializing in the policy, economics, assessment, and fundamentals of health care.
- Don Kashevaroff of Anchorage is the chair and president of the Alaska Native Tribal Health Consortium, and serves as the primary spokesman for the Consortium regarding state and federal funding, legislation, and regulatory issues.
- Brian Slocum of Fairbanks is the administrator at Tanana Valley Clinic, the largest multi-specialty, multi-site practice in Alaska.
- Dr. Michael Carroll of Fairbanks is a private practice physician, specializing in internal medicine and oncology.
- Donna Fenske of Homer served the State of Alaska as a public health nurse from 1979 to 2004 and most recently has provided community health aide services in Port Graham and Nanwalek clinics, and nursing services to K-12 students in rural communities in the Kenai Peninsula Borough School District.
- Steve Horn of Soldotna is the executive director of the Alaska Behavioral Health Association whose members are the businesses that provide direct services to recipients of behavioral health services throughout the state.
- Dr. Cathy Baldwin-Johnson of Wasilla is a private practice family physician and the 2002 National Family Physician of the Year from the American Academy of Family Physicians.
- Karen Rhoades of Wasilla is the owner and operator of Northern Living Centers, a five bed assisted-living home.
- Tim Joyce of Cordova is a three-term mayor of the City of Cordova who has dealt with escalating community medical costs, a constant turnover of medical center administrators and a community medical center that is continually in need of city assistance.
- Rod Betit of Juneau is the president and CEO of the Alaska State Hospital and Nursing Home Association (ASHNA), a not-for-profit association with members representing hospitals, nursing homes, and Native Alaska health care providers.
- Dr. Bob Urata of Juneau has served as a family physician for over 23 years, and has served on the Bartlett Regional Hospital Board of Directors.
- Commissioner Karleen Jackson managed the Health Council. Serving as ex-officio, non-voting members were Senator Bettye Davis and Representative Peggy Wilson, chairs of the Health, Education and Social Services committees in the Alaska State Legislature.

4561

April 15, 2009

The Honorable Bettye Davis, Chair
Senate Health, Education and Social Services Committee
Alaska State Capitol, Room 30
Juneau, AK 99801-1182

RE: SB 172 (Olson)--Support

Dear Chair Davis:

On behalf of the members of AARP in Alaska, we encourage you and your colleagues on the Senate Health and Social Services Committee to support SB 172, authored by Senator Donald Olson.

As you know, Governor Palin appointed a Health Care Commission that is just beginning to take on its enormous responsibility. Senator Olson serves on that Commission.

SB 172 would basically extend the life of the Alaska Health Care Commission until 2014.

Alaska and our entire country are about to enter a period during which many health issues will have to be considered. Not all decisions will be made in Washington. No matter what the White House and Congress do, it is evident that every state will have to make health care work for its citizens.

As we review the responsibilities of the Commission as outlined in SB 172, it is obvious to us that this will be one of the most important teams that addresses issues that touch every single Alaskan.

We believe that it is critical that SB 172 passes to allow the Commissioners to take on this responsibility, knowing that they will have the support of the Legislature for an extended period.

AARP requests an "AYE" vote on SB 172.

Should you have any questions about our position, please feel free to contact me (586-3637) or Patrick Luby, AARP Advocacy Director (907-762-3314).

Thank you for your consideration.

Sincerely,

Marie Darlin, Coordinator
AARP Capital City Task Force
415 Willoughby Avenue, Apt. 506

Juneau, AK 99801
586-3637 (voice)
463-3580 (fax)

CC: Vice-Chair Joe Paskvan
Senator Johnny Ellis
Senator Joe Thomas
Senator Fred Dyson
Senator Donald Olson

SB 174

<target><bill>SB 174</bill><subject>SB 174</subject><comm>SFIN26</comm></target>

SENATE FINANCE COMMITTEE REPORT

DATE: 4/8/09

FURTHER:

DATE TURNED
IN TO OFFICE: _____

Finance Committee considered SENATE BILL NO. 174

SB 174 PROF STUDENT EXCHANGE LOAN FORGIVENESS

"An Act relating to professional student exchange program availability and conditions for loan forgiveness."

and recommends:

[✓] be **replaced** with [ ] **SCS** or [~~✓~~ **CS** SB 174 (FIN)

[ ] adopt **previous** [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] attached amendment(s)

[ ] adopt _____ Letter of Intent

[ ] further referral to _____ Committee

SENATE BILL:
[ ] Same Title
[ ] New Title

HOUSE BILL:
[ ] Same Title
[ ] Technical Title Change
[ ] New Title w/ SCR #_____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet	Zero	FN#
EED	4/12/10	✓			
Univ	4/10/10	✓			

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet	Zero	FN#

[ ] **APPROPRIATION - no fiscal note**

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	Huggins			X	
	Thomas				✓
	EGAN			✓	
	Olson			X	
	Ellis	✓			
CO-CHAIR:	Hoffman	✓			
CO-CHAIR:	Stedman			✓	

4565

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: CSSB 174 (Fin)
() Publish Date:

Identifier (file name):
Title: An Act relating to scholarships . . .
Sponsor: Senate Finance Committee
Requester: Senate Finance Committee

Dept. Affected: University
RDU: Statewide Programs and Services
Component: Statewide Services
Component Number: 730

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims	7,732.2	7,732.2	5,537.8	6,468.8	7,369.6	8,202.4	9,256.7
Miscellaneous							
TOTAL OPERATING	**7,732.2**	**7,732.2**	**5,537.8**	**6,468.8**	**7,369.6**	**8,202.4**	**9,256.7**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF	7,732.2	7,732.2	5,537.8	6,468.8	7,369.6	8,202.4	9,256.7
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**7,732.2**	**7,732.2**	**5,537.8**	**6,468.8**	**7,369.6**	**8,202.4**	**9,256.7**

Estimate of any current year (FY2010) cost:

POSITIONS

Full-time	0.0	0.00	0	0	0	0	0
Part-time	0.0	0	0	0	0	0	0
Temporary	0.0	0	0	0	0	0	0

ANALYSIS: *(Attach a separate page if necessary)*

This bill creates Alaska scholars program based on the existing University of Alaska scholars program, increases the annual awards to students, and increases the number of students eligible for the program. The appropriations listed would be in addition to the existing $3,800.0 funded by the University of Alaska from the Land Grant Trust Fund and currently budgeted within the university's budget. Key assumptions: Tuition rates for FY11 and FY12 as approved by the Board of Regents; tuition rates for FY13-FY14 increasing by 10% each year and FY15-FY16 by 5% each year. Student numbers assume 3% annual growth in the number of students accepting the award, and that 60% of current recipients are in the top 5% of their class and 40% are in the next 5% of their class, and assume the number of new freshman in the third 5% of the class who accept the award will be half the number of the top 10%. As is the case with the current program, all four years of award are reserved in the year of award.

Prepared by:
Division
Phone
Date/Time
Approved by: Wendy Redman
Date 4/10/10

(Revised 11/6/2009 OMB)

4566

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: CSSB174(FIN)
() Publish Date:

Identifier (file name): SB174CS-EED-ACPE-04-12-10
Dept. Affected: Education

Title: An Act relating to the Alaska scholars program administered by the Board of Regents of the University of Alaska...
RDU: ACPE
Component: Program Administration and Operations

Sponsor: Senator Menard
Requester: (S)FIN
Component Number:

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims	11,700.1	11,700.1	13,100.0	14,024.0	15,001.0	16,050.0	17,223.0
Miscellaneous	0.0		0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	**11,700.1**	**11,700.1**	**13,100.0**	**14,024.0**	**15,001.0**	**16,050.0**	**17,223.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF	11,700.1	11,700.1	13,100.0	14,024.0	15,001.0	16,050.0	17,223.0
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**11,700.1**	**11,700.1**	**13,100.0**	**14,024.0**	**15,001.0**	**16,050.0**	**17,223.0**

Estimate of any current year (FY2010) cost: 0.0

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This bill amends the existing AlaskAdvantage Education Grant program by 1) proposing a minimum of $10 million in grants be distributed annually, 2) providing that the grants may be used at career and technical school programs approved and published by the Department of Labor and Workforce development, and 3) increasing the monetary range of annual grant awards to between $1,000 and $5,000 per recipient. The bill also modifies Alaska's participation in the Western Interstate Commission on Higher Education's (WICHE) Professional Student Exchange Program (PSEP) by setting an annual minimum number of supported Alaska participants in the pharmacy, dentistry, and optometry fields of study.

Prepared by: Diane Barrans, Executive Director — Phone 465-6740
Division: Alaska Commission on Postsecondary Education — Date/Time 4/12/10 8:30 AM
Approved by: Diane Barrans, Executive Director — Date 4/12/2010
Alaska Commission on Postsecondary Education

(Revised 10/13/2009 OMB)

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STATE OF ALASKA
2010 LEGISLATIVE SESSION

BILL NO. CSSB174(FIN)

ANALYSIS CONTINUATION

Notwithstanding the proposed funding level contained in the bill, this fiscal note was prepared based on the historical pool of eligible AlaskAdvantage Education Grant applicants and using the last four-year average in the growth in that pool (7%) as a growth factor. Over the past four years there has been an average of 4,934 grant-eligible applicants. Using an average grant amount of $2,500, the costs in year one is estimated to be $12.3 million. ACPE has $620,000 remaining in GF appropriated in the FY09 capital budget for funding grants in FY11

There are no costs anticipated relative to the changes to the PSEP.

FISCAL NOTE replaced

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: **CSSB174**
() Publish Date:

Identifier (file name): SB174CS(EDC)-EED-ACPE-02-03-10
Title: An Act relating to professional student exchange program availability and conditions for loan forgiveness
Sponsor: Senator Menard
Requester: (S) FIN

Dept. Affected: Education
RDU: ACPE
Component: Program Administration and Operations
Component Number: 2738

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous	230.5		466.0	721.5	944.0	1,028.0	1,063.0
TOTAL OPERATING	**230.5**	**0.0**	**466.0**	**721.5**	**944.0**	**1,028.0**	**1,063.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF	230.5		466.0	721.5	944.0	1,028.0	1,063.0
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**230.5**	**0.0**	**466.0**	**721.5**	**944.0**	**1,028.0**	**1,063.0**

Estimate of any current year (FY2010) cost: 0.0

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This legislation establishes an education loan for Alaska residents participating in certain professional programs of study in the Western Interstate Commission on Higher Education's (WICHE) Professional Student Exchange Program (PSEP). The loan terms include periods of interest-free borrowing, fixes the interest rate at 5% during the repayment period, and entitles the borrower to forgiveness benefits under certain conditions. The bill sets a minimum number of students to be funded on an annual basis. The PSEP operates as a multi-state student exchange program by which compact member states that have institutions that offer certain professional programs of study agree to provide preferential consideration for admission to residents of member states without those programs. WICHE facilitates the collection of a per resident fee for each person accepted into a participating institution. The amount of the Support Fee varies by professional field of study and is arrived at through a negotiated

Prepared by: Diane Barrans, Executive Director — Phone 907-465-6740
Division: Alaska Commission on Postsecondary Education — Date/Time 1/25/10 9:00 AM
Approved by: Diane Barrans, Executive Director — Date 1/25/2010
Alaska Commission on Postseconary Education

(Revised 11/6/2009 OMB)

4569

ANALYSIS CONTINUATION

process facilitated by WICHE staff and all receiving institutions.

The terms by which the Support Fee is provided as a loan to each Alaska participant are such that state general funds would need to be appropriated to fund the loans. The Alaska Student Loan Corporation would not be able to finance the proposed loans in the capital markets through the issuance of bonds.

Although there is no effective date included in the bill, the fiscal impact is shown as beginning with the first cohort of five students per specified field enrolling in Fall 2011. The cost steps up over a four-year timeframe as five additional students are enrolled in the sucessive years, from 15 students in year one to a total of 60 students in year four. Costs thereafter are projected to increase by 3.4% per year which has been the historical average annual increase in Support Fees.

Within five years of program implementation, there would be an income stream back to the general fund as program participants complete their program and enter repayment. The standard repayment is a fifteen-year term.

Senator Linda Menard

Session
State Capitol, Room 9
Juneau, Alaska 99801
Phone: (907) 465-6600
Fax: (907) 465-3805

Interim
600 E. Railroad Ave.
Wasilla, Alaska 99654
Phone: (907) 376-3370
Fax: (907) 376-3157

Alaska State Legislature

Senate Bill 174 will boost the number of Alaska's health care providers by making it more financially feasible and attractive for a recent graduate to come back to the state.

We now have the WAMI program, which provides educational opportunities for medical students. But for dentists, there is a massive gap in educational opportunities.

This is where Senate Bill 174 comes in.

There's no doubt about Alaska's shortage of dentists. This has been a long-time problem in rural Alaska. In other areas of the state there are an extremely small percentage of providers taking Medicaid. As the exodus of retiring dentists continues, and recent graduates are wooed by Lower 48 medical clinics, the problem worsens and Alaska loses.

A well crafted loan forgiveness program will entice Alaskans graduating in dentistry, pharmacy and optometry to come home for their careers.

Senate Bill 174 accomplishes this by setting requirements for loan forgiveness.

Working with the Western Interstate Commissions for Higher Education, also known as WICHE, Alaska residents will be able to attend professional health care programs not offered in the Alaska university system. WICHE is a regional organization adopted in the 1950s. Its purpose is to create resource sharing among higher education systems in the American west.

This bill establishes a minimum number of supported Alaska participants in dentistry, pharmacy and optometry. The bill also sets the loan interest rate for the PSE loan in statute at 5 percent and provides zero percent interest during the participants' in school period.

Senate Bill 174 will establish a forgiveness program entitlement of up to 25 percent loan forgiveness for the participants who meet this criteria: They must accept Medicaid for not less than 5 percent of their total average gross billings for the year.

Participants in the program could get an additional 25 percent loan forgiveness if they maintain a practice in rural areas.

Please help me support retaining new dentists and other medical professionals in Alaska, for the entire state's benefit.

Senator_Linda_Menard@legis.state.ak.us

Senator Linda Menard

Session
State Capitol, Room 9
Juneau, Alaska 99801
Phone: (907) 465-6600
Fax: (907) 465-3805

Interim
600 E. Railroad Ave.
Wasilla, Alaska 99654
Phone: (907) 376-3370
Fax: (907) 376-3157

Alaska State Legislature

February 2, 2010

To: Sen. Bert Stedman

From: Sen. Linda Menard

Re: Changes to SB 174 since its introduction

Below, please find the changes to Senate Bill 174 since its introduction:

Section One: The professions this bill addresses has been reduced. In its original format, the bill covered dentistry, occupational therapy, optometry, physician assistant, podiatry and pharmacy. The bill before the Finance Committee now covers only dentists, pharmacists and optometrists.

Section Two: the bill previously addressed the set interest rate amount to repay the loan. The language in the original bill set into statute the loan repayment interest amount of 7.5 percent. In the version before the Finance Committee, the bill no longer sets into statute the interest rate. Loan repayment now is governed by AS 14.43.510:

AS 14.43.510 reads: Except as provided under (b) and (c) of this section, as a condition of participating in a medical education program under AS 14.42.030(d), a program participant shall agree to either return to the state and actively engage in professional medical practice or repay financial support provided by the state on behalf of the program participant. The financial support to be repaid is equal 50 percent of the amount paid for each program participant by the state to the contracting postsecondary institution, plus interest. The rate of interest is equal to the 12th Federal Reserve District discount rate in effect on March 1 of the year in which the financial support is provided plus two percentage points. Interest imposed under this subsection begins to accrue when the person terminates studies under the medical education program. Accrued interest shall be added to the principal balance of the repayment obligation at the time the borrower is obligated to commence repayment and at the end of a deferment period.

Those are the only changes to take place.

Senator_Linda_Menard@legis.state.ak.us

4/11/10
Adopted

26-LS0764\U
Mischel
4/10/10

CS FOR SENATE BILL NO. 174(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Replaced

Offered:
Referred:

Sponsor(s): SENATOR MENARD

A BILL

FOR AN ACT ENTITLED

"An Act relating to the Alaska scholars program administered by the Board of Regents of the University of Alaska and to scholarship information; repealing provisions related to University of Alaska scholarships; relating to the AlaskAdvantage Education Grant Program; and relating to professional student exchange program availability and conditions for loan repayment under that program and the medical education program."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** AS 14.43 is amended by adding new sections to read:

Sec. 14.43.011. Creation of the Alaska scholars program. The Alaska scholars program is created as a scholarship program to be administered by the Board of Regents of the University of Alaska.

Sec. 14.43.021. Scholarship eligibility. (a) To be eligible for a scholarship from the Alaska scholars program, a student shall

(1) be a United States citizen or an alien lawfully admitted for permanent residence in the United States; and

(2) be academically ranked in the top 15 percent of the student's secondary class at the end of the student's junior year as determined by each qualified high school in the state.

(b) To receive a scholarship disbursement from the Alaska scholars program, the student shall

(1) have a high school diploma from a qualified high school in the state;

(2) by the fall semester that begins within 16 months following the student's high school graduation, be accepted to a certificate or degree program of the University of Alaska; and

(3) be enrolled as a full-time student at the University of Alaska.

(c) To maintain eligibility for a scholarship disbursement under AS 14.43.026, the student shall

(1) successfully complete at least 12 credit hours of courses of the University of Alaska each semester;

(2) be in good standing in accordance with University of Alaska institutional and program standards; and

(3) be making progress toward completion of a certificate or degree program.

Sec. 14.43.026. Scholarship award. (a) The president of the University of Alaska shall award to an eligible student under the Alaska scholars program a scholarship of

(1) 100 percent of the cost of 15 credit hours of regular tuition at the University of Alaska for a student who is in the top five percent of the student's secondary class;

(2) 75 percent of the cost of 15 credit hours of regular tuition at the University of Alaska for a student who is below the top five percent and in the top 10 percent of the student's secondary class;

(3) 50 percent of the cost of 15 credit hours of regular tuition at the

University of Alaska for a student who is below the top 10 percent and in the top 15 percent of the student's secondary class.

(b) Disbursements under this section may not be made for more than eight semesters or for enrollment commencing more than five years after initial enrollment at the University of Alaska.

(c) The award may be used only for tuition, fees, room, board, books, supplies, necessary transportation, and other costs incurred for attendance at the University of Alaska.

(d) The board of regents may adjust the amount of the scholarship award and disbursement to reflect changes in the cost of education or the amount of funding provided by the state.

Sec. 14.43.031. Financing; administration. (a) The Alaska scholars program account is established, to be administered by the board of regents. The Alaska scholars program is financed from the account. The account consists of money appropriated to the account by the legislature, which may include appropriations from the endowment trust fund established under AS 14.40.400, from income and earnings of the account, and from any other source. Appropriations to the account do not lapse.

(b) The board of regents shall provide not less than $3,800,000 annually to contribute to the awards provided under AS 14.43.026(a).

(c) The board of regents shall make information about the scholarship program available in each school district in the state and at each campus of the University of Alaska.

(d) The board of regents may adopt rules, orders, and plans to implement AS 14.43.011 - 14.43.049. The rules may include provisions for discretionary eligibility consideration and leaves of absence that are consistent with the purposes of the Alaska scholars program.

Sec. 14.43.049. Definitions. In AS 14.43.011 - 14.43.049,

(1) "accredited" means a school that has been accredited by the Northwest Association of Accredited Schools;

(2) "board of regents" means the Board of Regents of the University of Alaska;

(3) "department" means the Department of Education and Early Development;

(4) "qualified high school" means a public or private secondary school located in the state that is authorized by the department to issue a diploma and that is accredited by the Northwest Association of Schools and Colleges or registered with the department;

(5) "scholarship program" means the Alaska scholars program.

*** Sec. 2.** AS 14.43.410 is amended by adding a new subsection to read:

(c) The commission shall annually distribute not less than $10,000,000 or, if available funding from appropriations and other sources is less than that amount, the full amount available in grant awards on behalf of eligible students under AS 14.43.415. Payments shall be made directly to the postsecondary or lending institution if feasible. If available funds are insufficient to fully fund grants to eligible students, the commission shall distribute funds to eligible applicants on a pro rata basis.

*** Sec. 3.** AS 14.43.415(a) is amended to read:

(a) For an applicant to be eligible for a grant under AS 14.43.400 - 14.43.420, the applicant must be

(1) a resident of this state;

(2) enrolled or about to be enrolled

(A) at an institution [APPROVED TO PARTICIPATE IN FEDERAL FINANCIAL AID PROGRAMS UNDER 20 U.S.C. 1070 - 1099-2, AS AMENDED,] located in this state **that**

(i) is approved to participate in federal financial aid programs under 20 U.S.C. 1070 - 1099c-2, as amended; or

(ii) has been included on a list of certified career and technical school programs approved and published by the Department of Labor and Workforce Development; and

(B) on at least a half-time basis; and

(3) able to demonstrate financial need in accordance with standards for determining financial need established by the commission under 20 U.S.C. 1070c-2, as

amended.

*** Sec. 4.** AS 14.43.415(b) is repealed and reenacted to read:

(b) The commission shall give an applicant eligible under (a) of this section priority for a grant award if that applicant is, or is about to be, enrolled in a postsecondary education program that prepares the applicant for employment in an occupation or profession for which there is a severe shortage of trained individuals in the state. In this subsection,

(1) "occupation or profession" means a job for which specific postsecondary certification is a prerequisite for entry-level placement;

(2) "severe shortage" means a current or recurring job vacancy rate of 15 percent or greater, as determined by the Department of Labor and Workforce Development or by another workforce data source determined reliable by the commission.

*** Sec. 5.** AS 14.43.420(a) is amended to read:

(a) A grant made under AS 14.43.400 - 14.43.420 may not be in an amount less than **$1,000** [$500] nor more than **$5,000** [$2,000] for each school year.

*** Sec. 6.** AS 14.43.420(c) is amended to read:

(c) A student may receive not more than a total of **$20,000** [$8,000] in grants awarded under AS 14.43.400 - 14.43.420.

*** Sec. 7.** AS 14.43.510(g) is amended to read:

(g) This section does not apply to **scholarships received by a person under AS 14.43.011 - 14.43.049 or 14.43.050 - 14.43.075, to free tuition and fees at a state-supported educational institution authorized by AS 14.43.085, or to** loans received by a person under **AS 14.43.091 - 14.43.160** [AS 14.43.010 - 14.43.160] or 14.43.710 - 14.43.750.

*** Sec. 8.** AS 14.43.930(b) is amended to read:

(b) By **October 1** [SEPTEMBER 15] before each annual graduation, a qualified high school in the state with a high school graduating class shall provide

(1) to the board a list of the names**, dates of birth, telephone numbers,** and addresses of students in the graduating class who meet scholarship eligibility requirements for each scholarship program; and

(2) a notice of eligibility for the scholarship program to those students on the list prepared under (1) of this subsection.

*** Sec. 9.** AS 14.43.930(e) is amended to read:

(e) In this section,

(1) "board" means the Board of Regents of the University of Alaska;

(2) "qualified high school" **has the meaning given in AS 14.43.049** [MEANS A PUBLIC HIGH SCHOOL, A HIGH SCHOOL ACCREDITED BY THE NORTHWEST ASSOCIATION OF SCHOOLS AND COLLEGES, OR A HIGH SCHOOL REGISTERED WITH THE DEPARTMENT].

*** Sec. 10.** AS 14.44.025 is amended by adding a new subsection to read:

(b) Notwithstanding the funding priorities established under (a) of this section, the Alaska Commission on Postsecondary Education shall provide adequate funding for not fewer than five students to attend four-year programs in each of the following fields:

(1) dentistry;

(2) optometry; and

(3) pharmacy.

*** Sec. 11.** AS 14.44.040(a) is amended to read:

(a) As a condition of eligibility for receiving financial support from the state under the Professional Student Exchange Program of the Western Interstate Commission **for** [ON] Higher Education, a program participant shall agree to repay to the state the support provided by the state on behalf of that person**. Except as otherwise provided in this chapter, the terms of loan repayment must be consistent with the terms provided under AS 14.43.510** [, PLUS INTEREST].

*** Sec. 12.** AS 14.43.010, 14.43.015, 14.43.020, 14.43.025, and 14.43.030 are repealed.

*** Sec. 13.** The uncodified law of the State of Alaska is amended by adding a new section to read:

APPLICABILITY. Section 1 of this Act applies to students who were in their senior year of high school of a public or accredited school in the state with a high school graduating class in the 2009 - 2010 or a subsequent school year.

*** Sec. 14.** The uncodified law of the State of Alaska is amended by adding a new section to

read:

REVISOR'S INSTRUCTION. The revisor of statutes is instructed to change the heading of art. 1 of AS 14.43 from the "University of Alaska Scholarships for High School Graduates" to "Alaska Scholars Program."

Adopted 4/1/10

26-LS0764\T
Mischel
2/1/10

CS FOR SENATE BILL NO. 174( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): SENATOR MENARD

A BILL

FOR AN ACT ENTITLED

"An Act relating to professional student exchange program availability and conditions for loan forgiveness."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** AS 14.44.025 is amended by adding a new subsection to read:

(b) Notwithstanding the funding priorities established under (a) of this section, the Alaska Commission on Postsecondary Education shall provide adequate funding for not fewer than five students to attend four-year programs in each of the following fields:

(1) dentistry;

(2) optometry; and

(3) pharmacy.

*** Sec. 2.** AS 14.44.035 is amended to read:

Sec. 14.44.035. Administration. The Alaska Commission on Postsecondary Education shall administer the state's participation in the Western Regional Higher

Education Compact. The Alaska Commission on Postsecondary Education may adopt regulations to implement **AS 14.44.010 - 14.44.041** [AS 14.44.010 - 14.44.040].

*** Sec. 3.** AS 14.44.040(a) is amended to read:

(a) As a condition of eligibility for receiving financial support from the state under the Professional Student Exchange Program of the Western Interstate Commission **for** [ON] Higher Education, a program participant shall agree to repay to the state the support provided by the state on behalf of that person**. Except as otherwise provided in this chapter, the terms of loan repayment must be consistent with the terms provided under AS 14.43.510** [, PLUS INTEREST].

*** Sec. 4.** AS 14.44 is amended by adding a new section to article 1 to read:

Sec. 14.44.041. Loan forgiveness for program participants. (a) The Alaska Commission on Postsecondary Education shall annually, for not more than five years, forgive five percent of the outstanding principal on a loan made under the Professional Student Exchange Program of the Western Interstate Commission for Higher Education if the participant

(1) is a resident of the state;

(2) practices in the state in a field of study listed in AS 14.44.025(b) for not less than 750 hours during the year; and

(3) maintains the participant's license in good standing in the state.

(b) In addition to other loan forgiveness benefits available to a participant, the Alaska Commission on Postsecondary Education shall annually, for not more than five years, forgive 10 percent of the outstanding principal on a loan made under the Professional Student Exchange Program of the Western Interstate Commission for Higher Education if the participant

(1) is a resident of the state;

(2) is in a practice that serves an underserved population

(A) in a geographical area the commissioner of health and social services has designated as underserved; or

(B) by serving patients who are covered under the medical assistance program in the state, if billings for services provided to those patients are not less than five percent of the participant's average gross billings

for the year; and

(3) maintains the participant's professional license in good standing in the state.

(c) A participant may receive aggregate loan forgiveness benefits in an amount that is not more than 50 percent of the original principal on a loan made under the Professional Student Exchange Program of the Western Interstate Commission for Higher Education.

Alaska Pharmacists Association

January 11, 2010

RE: Support of SB174/HB235- Professional Student Exchange Program

Pharmacists improve patient care. Chronic diseases cost the health care system about 75 cents on every health care dollar spent. Inappropriate use of medications leads to adverse events, costing the health care system $177 billion each year. Trained clinically, with expertise in medication use, pharmacists can and do ensure patients properly utilize their medications, improving health care outcomes, reducing overall health care costs. Every person has a right to have access to pharmacists and pharmacist provided care.

Because the health care workforce shortage in Alaska is reducing health care access for our state's residents, putting Alaskans in jeopardy, the Alaska Pharmacists Association strongly supports the concept of a state-sponsored loan repayment and incentive program to allow Alaska to compete with the lower 48 in recruitment of pharmacists from a limited and shrinking national pool.

The shortage will continue with the aging of the population and the increase in medication use needed as more state residents decide to retire in Alaska. Alaska is the only state currently without a School of Pharmacy and one of 5 states without loan repayment program. These are all factors contributing to the difficulty in recruiting and retaining pharmacists, including our own residents to relocate to Alaska.

The Alaska Pharmacists Association (AkPhA) supports SB174 and its companion HB235 that would provide funding for loan forgiveness in professional programs currently not offered at the University of Alaska. Alaska students wishing to pursue a post graduate program in dentistry, optometry and pharmacy must attend an out of state school incurring higher tuition and loan debt. SB174 would provide incentives for Alaska residents to return to Alaska upon completion of the above post graduate programs with a service commitment in the state. Alaska continues to have a cycle of a shortage of pharmacists with a 25% vacancy rate in 2007.

Amber L. Briggs, Pharm.D., President

E-mail: akphrmcy@alaska.net

203 W. 15th Ave., Suite 100 • Anchorage, Alaska 99501 • (907) 563-8880 • (907) 563-7880

Alaska Dental Society, Inc.
9170 Jewel Lake Road, Suite 203
Anchorage, Alaska 99502-5390
(907) 563-3003 • FAX: 563-3009
akdental@alaska.net

April 6, 2009

Sen. Donald Olson
Senate Education Committee
State Capitol Rm. 514
Juneau, AK 99801 + 1182

Dear Sen. Olson,

The Alaska Dental Society urges members of the Senate Education Committee to pass SB174 out of committee.

SB174 will reestablish funding and program guidelines for Alaska's participation in the Western Interstate Commission on Higher Education (WICHE) in healthcare professions for which in-state programs are not available:

Dentistry
Optometry
Pharmacy; and
Physical therapy.

SB174 will establish a low interest loan that will be partially forgiven if the graduate returns to Alaska. An additional amount can be forgiven if the graduate practices in an underserved area in Alaska or provides a percentage of care under the state's Medicaid system.

Alaska has long faced a shortage of healthcare providers in rural areas. An increasingly aging workforce combined with a lack of new providers to replace retiring practioners is rapidly leading to a shortage in Alaska's urban areas. The cost to attend professional school has rapidly escalated in recent years resulting in heavy loan repayment burdens for graduating professionals. Forty-four states have at least one or more incentive programs to entice health professionals to establish a practice in those states – Alaska is one of 6 states without a program.

Encouraging Alaskan residents to seek careers in healthcare fields will pay several dividends. Returning Alaskan residents are more likely to remain in Alaska for their practicing careers providing a stable source of healthcare providers. In a troubled economy healthcare fields provide stable, well paying jobs and healthcare providers will employ additional people providing an economic boost for communities.

Sincerely,

Mark Prator, DDS
President, Alaska Dental Society

April 6, 2009

Members of the Senate Education Committee:

The Alaska Dental Society urges members of the Senate Education Committee to pass SB174 out of committee.

SB174 will restablish funding and program guidelines for the Alaska's participation in the Western Interstate Commission on Higher Education (WICHE). The WICHE program will provide a partial tuition incentive for Alaskan residents to attend health care programs not offered in Alaska: dentistry, pharmacy, optometry and physical therapy. The program would provide support in the form of a low interest loan that would be partially forgiven if the graduate returns to Alaska and an additional amount would be forgiven if the graduate practices in an underserved area or provides a percentage of care under the Medicaid system.

Alaska has long faced a shortage of health care providers in rural areas. A rapidly graying workforce and lack of providers to replace retiring practioners is rapidly leading to a shortage in non-rural areas. The cost to attend professional school has rapidly escalated resulting in heavy loan repayment burdens for graduating professionals. 44 states have one or more incentive programs for health professionals – Alaska is one of 6 states without a program.

Encouraging Alaskan residents to seek careers in health care fields will pay several dividends. Returning Alaskan residents are more likely to remain in Alaska for their practicing careers providing a stable source of health care providers. In a troubled economy health care fields provide stable, well paying jobs and health care providers will employ additional people providing an economic boost for communities.

Sincerely,

Mark Prator, DDS
President, Alaska Dental Society

Senator Olson:

SB174 will provide an incentive for Alaskan residents to attend dental school and return to Alaska. SB174 contains further incentives to practice in currently under served areas or provide care to Medicaid patients.

Alaska has long faced a shortage of health care providers in rural areas. The shortage is starting to affect the towns and cities in Alaska and unless rapidly addressed will limit the number of people with ready access to oral health care.

As a state we need to encourage Alaskan residents to seek a career in dentistry. Returning Alaskan residents are more likely to remain in Alaska for their practicing careers providing care for communities for 40 years. Good oral health is crucial to good overall health and unless the trend is reversed Alaska will continue to lose ground in the number of dentists providing care.

Sincerely,

Kim Hort
3304 Pioneer Ave
Juneau, AK 99801

Prepared by the ALASKA COMMISSION ON POSTSECONDARY EDUCATION
SECTIONAL ANALYSIS
SB174—loan terms and forgiveness benefits for professional student exchange loans

BILL SECTION	SECTION TITLE	PAGE	LINE	PURPOSE OF SECTION	QUESTIONS/COMMENTS	EFFECTIVE DATE
1	Provisions of services	1	4-14	Adds a new subsection to establish a minimum number of supported Alaska participants in: 1) dentistry; 2) [redacted]; 3) optometry; 4) [redacted] (sic); 5) [redacted] and 6) pharmacy	The composite changes made by this legislation substantially change the nature of the loans being financing to the extent that the Alaska Student Loan Corporation cannot finance the loans by the issuance of debt in the credit markets. In this section the Commission is required to fund a minimum number of students each year.	None specified
2	Repayment provisions for program participants	2	1-10	Sets the loan interest rate for the PSE loan in statute at 7.5% and provides of 0% interest during the participants' in school period	Postponement of interest accrual on these loans and setting a single fixed rate of interest by law, regardless of the cost of funds and administration, is another reason why these loans cannot be funded by ASLC.	Absent transition and effective date language, it is unclear whether individuals who have previously borrowed PSEP loans will be considered eligible for the forgiveness benefits.
3	Residency loan forgiveness for program participants.	2	12-20	Establishes a forgiveness entitlement of up to 25% of outstanding principal on the loan for program participants who: 1) are state residents; 2) practice in the state; and; 3) maintain their license to practice	As noted above, loans with forgiveness entitlements are not suitable for ASLC financing.	
3	Residency loan forgiveness for program participants.	2 3	21-31 1-4	Establishes a forgiveness entitlement of up to 25% of outstanding principal on the loan for program participants who: 1) are state residents; 2) practice in underserved areas as defined; and 3) maintain their license to practice	In regards to this provision, the determination of eligibility in accordance with the specified criteria is well outside the scope of ACPE's mission and internal expertise. Would require applicant's assertion of eligibility to be attested to by a reliable third-party (CPA, etc.) With respect to eligibility for these benefits, it is unclear whether a participant can claim benefits under both provisions if, in fact, they qualify for both and giving them a total benefit of up to 50% of their outstanding loan principal.	

April 3, 2009

SB 177

<target><bill>SB 177</bill><subject>SB 177</subject><comm>SFIN26</comm></target>

ALASKA STATE LEGISLATURE

4/14/09

Interim:
716 West 4th Avenue
Anchorage, Alaska 99501-2133
Phone: (907) 269-0199
Fax (907) 269-0197
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Session:
Alaska State Capitol
Juneau, Alaska 99801-1182
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SENATOR KEVIN MEYER
SENATE DISTRICT O

SPONSOR STATEMENT FOR SB 177

"An Act repealing the termination of licensing and regulation of sport fishing operators and sport fishing guides and licensing and registration of sport fishing vessels; and providing for an effective date."

SB 177 will ensure the continuation of Alaska's sport fish guide licensing and reporting program, which has proven beneficial to both the sport fishing industry and resource managers.

Legislation authorizing the program was passed in 2004 for a number of purposes. The Department of Fish & Game (ADF&G) sought more comprehensive and credible information on guide numbers and guiding activities. ADF&G also wanted to create basic standards for sport fish business operators and guides, including minimum liability insurance coverage, first aid certification, and in some cases U.S. Coast Guard vessel licensing.

Many stakeholders who were initially skeptical of these measures now acknowledge their role in advancing the guiding profession. This increased level of professionalism has helped raise the standing of the sport fish industry across the state.

Many also agree that data collected through the program is an important tool in ADF&G's mission to develop and sustain healthy sport fisheries. The data is of great value not only to the ADF&G's fisheries biologists but also to the Alaska Board of Fisheries, the International Pacific Halibut Commission, and the North Pacific Fishery Management Council.

Sport fish data collection also contributes to Alaska's exemption from the recently instituted National Saltwater Angler Registry. NOAA exempts states from this federal registry and data collection system if they have programs in place to provide angler information. Sport fishers would otherwise be required by 2011 to purchase a certificate of registration for $15 to $25.

Passing SB 177 will permit the ADF&G to continue to foster high standards in Alaska's sport fishing industry. It will also enable the ADF&G to continue collecting important data for management decisions benefitting both the state's fisheries resources and their stakeholders.

26-LS0832\A

April 2, 2009

SENATE FINANCE COMMITTEE REPORT

DATE: 4/11/09

FURTHER:

DATE TURNED
IN TO OFFICE: _____

Finance Committee considered SENATE BILL NO. 177

SB 177 NO REPEAL OF SPORT FISH GUIDE LICENSING

"An Act repealing the termination of licensing and regulation of sport fishing operators and sport fishing guides and licensing and registration of sport fishing vessels; and providing for an effective date."

and recommends:

[X] be **replaced** with [ ] **SCS** or [X] **CS** SB 177 (FIN)

[ ] adopt **previous** [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] attached amendment(s)

[ ] adopt _____Letter of Intent

[ ] further referral to _____Committee

SENATE BILL:
[x] Same Title
[ ] New Title

HOUSE BILL:
[ ] Same Title
[ ] Technical Title Change
[ ] New Title w/ SCR #_____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
DFG	4/11/09	✓			1

[ ] **APPROPRIATION - no fiscal note**

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	Huggins	X			
	Thomas	✓			
	OLSON			✓	
	ELLIS	✓			
CO-CHAIR:	Hoffman			✓	
CO-CHAIR:	STEVENS	✓			

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: **CSSB 177(RES)**
(S) Publish Date: 4/11/09

Identifier (file name): SB177-DFG-SFD-04-03-09
Dept. Affected: ADF&G
Title: An act repealing the termination of licensing & regulation of sport fishing operators and sport fishing guides.....
RDU: Sport Fisheries
Component: Sport Fisheries
Sponsor: Senator Meyer
Requester: Senate Resources
Component Number: 464

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services		344.5	344.5	344.5	344.5	344.5	344.5
Travel		10.0	10.0	10.0	10.0	10.0	10.0
Contractual		100.7	100.7	100.7	100.7	100.7	100.7
Supplies		7.0	7.0	7.0	7.0	7.0	7.0
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**462.2**	**462.2**	**462.2**	**462.2**	**462.2**	**462.2**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
1024 Fish/Game		462.2	462.2	462.2	462.2	462.2	462.2
TOTAL	**0.0**	**462.2**	**462.2**	**462.2**	**462.2**	**462.2**	**462.2**

Estimate of any current year (FY2009) cost: 0.0

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

The division has budgeted $462.2 in the FY10 Governor's budget to administer the Sport Fish operator/guide/vessel program. The program generates estimated Fish & Game Fund revenues of $256.0, with the balance covered by other Fish & Game Funds.

Prepared by: Charles O. Swanton, Director — Phone 465-6184
Division: Sport Fisheries — Date/Time 4/3/09 10:13 AM
Approved by: Tom Lawson, Director — Date 4/3/2009
Administrative Services

(Revised 9/10/2008 OMB)

4591

Adopted 4.13.09

26-LS0832\E
Kane
4/13/09

CS FOR SENATE BILL NO. 177(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): SENATOR MEYER

A BILL

FOR AN ACT ENTITLED

"An Act relating to an exception for professional fishing guide services in the Kenai River Special Management Area; relating to the licensing and regulation of sport fishing operators and sport fishing guides and licensing and registration of sport fishing vessels; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** The uncodified law of the State of Alaska is amended by adding a new section to read:

PURPOSE. The purpose of sec. 2 of this Act is to allow employers of professional fishing guides in the Kenai River Special Management Area to hire a licensed guide who has not completed the course requirement listed in 11 AAC 20.885(c)(9) if the employer has lost the services of an employee because of unforeseen circumstances and is unable to hire an available replacement guide who has completed the course.

*** Sec. 2.** AS 41.21.506(b) is amended to read:

(b) The commissioner shall adopt regulations under AS 44.62 (Administrative

Procedure Act) that are necessary to achieve the purposes of AS 41.21.500 - 41.21.514 and to implement the plan adopted under (a) of this section. The regulations must

(1) designate incompatible uses and prohibit or restrict them, and

(2) establish a registration, licensing, or comparable procedure for professional fishing guides and such additional fishing guide controls as the commissioner considers necessary; **notwithstanding the requirements established by the commissioner to implement this paragraph, the commissioner shall establish a procedure by which the holder of a valid sport fishing operator license issued under AS 16.40.260 may petition for, and the director of the division of parks, or the director's designee, shall expeditiously issue, a waiver to allow the sport fishing operator license holder to use the services in the Kenai River Special Management Area of a guide licensed under AS 16.40.270 who has not completed the procedures and additional controls that are required by the department under this paragraph; the waiver authorized in this paragraph applies only for the duration of the sport fishing season during which the waiver application is submitted and only if the sport fishing operator license holder**

(A) employing the licensed guide has lost the services of a licensed guide because of unforeseen circumstances; and

(B) is unable to hire as a replacement an available licensed guide who has satisfied all the requirements of this paragraph, including those required by regulation.

*** Sec. 3.** Section 8, ch. 70, SLA 2004, is amended to read:

Sec. 8. AS 16.05.340(a)(26); AS 16.40.260, 16.40.270, 16.40.280, 16.40.290, 16.40.299; AS 25.27.244(s)(2)(A)(xviii), and 25.27.244(s)(2)(A)(xix) are repealed January 1, **2015** [2010].

*** Sec. 4.** This Act takes effect immediately under AS 01.10.070(c).

26-LS0832\E
Kane
4/13/09

CS FOR SENATE BILL NO. 177(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): SENATOR MEYER

A BILL

FOR AN ACT ENTITLED

"An Act relating to an exception for professional fishing guide services in the Kenai River Special Management Area; relating to the licensing and regulation of sport fishing operators and sport fishing guides and licensing and registration of sport fishing vessels; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** The uncodified law of the State of Alaska is amended by adding a new section to read:

PURPOSE. The purpose of sec. 2 of this Act is to allow employers of professional fishing guides in the Kenai River Special Management Area to hire a licensed guide who has not completed the course requirement listed in 11 AAC 20.885(c)(9) if the employer has lost the services of an employee because of unforeseen circumstances and is unable to hire an available replacement guide who has completed the course.

*** Sec. 2.** AS 41.21.506(b) is amended to read:

(b) The commissioner shall adopt regulations under AS 44.62 (Administrative

Procedure Act) that are necessary to achieve the purposes of AS 41.21.500 - 41.21.514 and to implement the plan adopted under (a) of this section. The regulations must

(1) designate incompatible uses and prohibit or restrict them, and

(2) establish a registration, licensing, or comparable procedure for professional fishing guides and such additional fishing guide controls as the commissioner considers necessary**; notwithstanding the requirements established by the commissioner to implement this paragraph, the commissioner shall establish a procedure by which the holder of a valid sport fishing operator license issued under AS 16.40.260 may petition for, and the director of the division of parks, or the director's designee, shall expeditiously issue, a waiver to allow the sport fishing operator license holder to use the services in the Kenai River Special Management Area of a guide licensed under AS 16.40.270 who has not completed the procedures and additional controls that are required by the department under this paragraph; the waiver authorized in this paragraph applies only for the duration of the sport fishing season during which the waiver application is submitted and only if the sport fishing operator license holder**

(A) employing the licensed guide has lost the services of a licensed guide because of unforeseen circumstances; and

(B) is unable to hire as a replacement an available licensed guide who has satisfied all the requirements of this paragraph, including those required by regulation.

*** Sec. 3.** Section 8, ch. 70, SLA 2004, is amended to read:

Sec. 8. AS 16.05.340(a)(26); AS 16.40.260, 16.40.270, 16.40.280, 16.40.290, 16.40.299; AS 25.27.244(s)(2)(A)(xviii), and 25.27.244(s)(2)(A)(xix) are repealed January 1, **2015** [2010].

*** Sec. 4.** This Act takes effect immediately under AS 01.10.070(c).

4/14/09

Resolution 2008-08 Kenai River Special Management Area Advisory Board

Presented 3-13-08

Provisions for Replacing a Guide In-season

This process addresses the in-season replacement of a fishing guide registered with Alaska State Parks to guide on the Kenai River in the current year and who has been issued a State Park Commercial Permit for the current year.

The justification for replacement can be either a major medical situation or an extenuating circumstance. The major medical option would be applicable in the case of incapacitating injury, extended illness or death of the fishing guide. The death of an immediate family member that necessitates the guide leaving the business may also be a valid reason to replace the guide. The extenuating circumstance requirement pertains to the termination of the guide's employment with the business owner.

ISSUE: The sudden and unexpected loss of a guide in-season could have serious effects on the business, as well as clients who have paid for these services. Current guide numbers are static and are expected to decline in future years. Due to this trend, it will become more difficult to find a qualified guide as an in-season replacement from among those who have graduated from the state required Kenai River Guide Academy.

The sport fishing business loss particularly among the small operators (t-3 fishing guides) could amount to a significant portion of their season's incomes. For the larger operator, the loss would be proportional to the total number of guides employed. The public would suffer as those who had booked and paid for a guided fishing trip, sometimes a year or more in advance, sometimes a once in a lifetime trip to Alaska and the Kenai Peninsula, would not be able to participate due to the loss of a guide due to one of the reasons cited above.

PROCESS: The person licensed by the State of Alaska as the Sport Fishing Business owner may apply for an in-season guide replacement. Said individual will petition the Kenai River Guide Advisory Board for a hearing. The designated application will be filled out and submitted to the KRSMA superintendent. The KRGAB chair will review the application and set a date for a meeting of the board. The chair can call a meeting at the earliest time a quorum can be present. The business owner applicant will be asked to attend.
The business owner applicant will need to explain the particulars circumstances relative to this petition and why it deserves consideration. The applicant can be asked questions by the board members.

The KRGAB will make a recommendation, in writing to the DNR Area Superintendent.

The following factors will impact the recommendation made by the KRGAB:

1. The business owner applicant will need to show that all options to secure a replacement guide have been exercised. This will include but is not limited to consideration of guides previously licensed with Parks as well as those students having completed the Guide Academy who have given permission to release their contact information. The first action is taken through Parks and the Kenai River Center. The second action is taken through the Kenai Peninsula College.

2. There can be no net gain in the number of guides the Sport Fishing Business has licensed. The replacement is for the remainder of the current year only.

3. The replacement guide will be required to meet all of the following requirements:
a. Must be 18 years of age.
b. Must be a United States citizen.
c. Have a current first aid certification.
d. Have a valid current United States Coast Guard license (when applicable).
e. Have a current Alaska sport fishing license.
f. Have a State of Alaska, ADF&G Sport Fish Guide License.
g. Have proof of current enrollment in an approved drug testing program.
h. Pay the Park Use Permit fee.
i. Sign the Alaska State Park Use Stipulations package.

4 The replacement guide will be required to complete the Orientation Course provided by the Alaska Department of Natural Resources at the Kenai River Center and pay any fees associated with this course. The guide must successfully pass the course; the course is offered on a pass/fail basis.

5 Should the replacement guide wish to guide in a subsequent, he/she will be required to graduate from the Kenai River Guide Academy, as well as meeting all local, state and federal Requirements.

Be it resolved that Resolution 2008-08 is approved and forwarded to the Commissioner of Natural Resources and the Director of the Division of Parks for Consideration for implementation in 2009.

Dave Carey
President

3/13/2008
Date

4/14/09

2009 Board Members

Richard Erkeneff
Board Chair
Owner – Kenai River Raven

Eldon Mulder
Vice Chair
President - The Mulder Company

Kevin Branson
Secretary and Treasurer
CPA - Thomas, Head & Greisen

Ron Rainey
Vice President
Ron's Alaska Lodge – Retired

Jim Golden
Vice President
Owner - The Sports Den

Ed Bryson
Vice President Field Operations
Alaska Communications Systems

Rik Bucy
General Manager
Tesoro Northstores – Retired

Bill Eckhardt
President
Alaska USA Federal Credit Union

Ben Ellis
Managing Director
Institute of the North

Mark Hamilton
President
University of Alaska

Reuben Hanke
Owner
Harry Gaines Kenai River Fishing

Bill MacKay
Senior Vice President
Alaska Airlines

Robert Penney
Owner
PENCO Properties

Darwin Peterson
Legislative Aide
Senator Stedman's Office

Karen Rey
Registered Nurse
ANS Territory Manager, Alaska

Gary Turner
Director
Kenai Peninsula College

KENAI RIVER SPORTFISHING
ASSOCIATION

April 3, 2009

Senator Kevin Meyer
Alaska State Capitol
Juneau, AK 99801

Re: SB 177

Dear Senator Kevin Meyer:

Kenai River Sportfishing Association (KRSA) is a 501(c) 3 charitable non-profit dedicated to fishery conservation on the Kenai River and in Alaska. Our programs focus on habitat conservation, fisheries management, research and education.

KRSA is in full support of SB 177, which would repeal the sunset of the sport fish guide licensing program through ADFG. We feel that the sport fish guide licensing program is an essential component of fisheries management that should continue without sunset. The program provides sport fish guides with minimum professional standards and gathers valuable information on the numbers of guides, clients, and harvest levels and patterns, which can be used in sound management of our recreational fisheries.

We support timely reporting requirements of log book information from guides, and the efforts of ADFG process such information into real-time data that then can be used in a timely manner by fisheries managers.

We would like to see implementation of an electronic based log book reporting system, which would remove the current bottleneck of having to enter the paper-based log book information into an electronic database management system. Access to and the ability to use data from the log books should mirror the timeframe of the weekly guide reporting requirements. Unfortunately at this time with the paper-based system that is not possible. This leaves fisheries managers in the position of having to use forecast or past trend data instead of real time data in their in-season decision making.

We support a fee structure that covers the full costs of the program, with the understanding that the goal of being able to provide real-time data from the

log books to fisheries managers is a priority for the department and gets implemented in a timely fashion.

In summary, KRSA supports the continuation of the sport fish guide licensing program as an essential component of responsible fisheries management. Thank you for the opportunity to provide comment on this issue.

Respectfully,

Dick Erkeneff, Board Chair
Kenai River Sportfishing Association

4/14/09

SEAGO
SouthEast Alaska Guides Organization

April 3, 2009

Senator Kevin Meyer
Capitol Building Room 101
Juneau, AK 99801

Re: Support for SB-177

Dear Senator Meyer:

The Southeast Alaska Guides Organization (SEAGO) represents 26 sport fishing guides and lodges throughout Southeast Alaska with more than 100 active vessels. Information provided to ADF&G for reporting and analysis under this legislation is of great value and continuation of this program is beneficial to multiple user groups.

This program is one of the best tools that ADF&G has to identify who is involved in the charter/lodge industry and provides important data used to establish levels of harvest, effort, identification of clients, as well as species targeted. The money collected is used for issuing licenses and for sport fishing logbook data collection and reporting expenses.

Our members support extension of the current law with the fees at their levels as originally passed in 2004.

Sincerely,

John Blair, Executive Director

Note: sent via email to: christine_marasigan@legis.state.ak.us

SEAGO • P.O. Box 422 • Sitka, Alaska 99835 • 907.947.2121
www.seagoalaska.org

4600

4/14/09

April 3rd, 2009

Senator Kevin Meyer
26th Alaska legislature

RE: SUPPORT SB 177
SENATE RESOURCES COMMITTEE

Dear Senator Meyer,

The Petersburg Charter Boat Association (PCBA) represents 17 individual charter and lodge businesses operating 22 active vessels in the sportfishing industry. We have been an active association since 1991.

The original legislation authorizing the guide license and logbook program has been an extremely valuable tool in aiding the Alaska Department of Fish and Game and the State of Alaska , in the collection of data necessary to identify not only who the charter industry is but how they interact with other user groups. This information is important for the management of Alaska's resources and resource users, both sport and commercial.

PCBA supported the original bill and we fully support SB 177 complete with the associated fees necessary to fund this ongoing program.

Sincerely,

Stan Malcom
President
Petersburg Charter Boat Association

Note: sent via email to Senator_Kevin_Meyer@legis.state.ak.us
Cc: Christine_marasigan@legis.state.ak.us

4/14/09

Alaska State Legislature

Please enter into the record my testimony to the Senate Finance committee name

Committee on SB 177 bill # / subject, dated 4/14/09

I am in support of SB 177 even as amended.

(See attached Reasons)

Fees are a fact of life in any industry, and certainly in one that caters to visitors to Alaska; and one that is now recognized as being responsible for $1.4 billion dollars in economic activity statewide! I encourage your support of SB 177.

Signed: Theresa Weiser
Testifier

Charter Lodge Owner for 20 years
Representing (optional)

P.O. Box 2300 Sitka, AK. 99835
Address

907-738-3879
Phone number

Page 1 of 2

4602

4/14/09

Re: SB 177 4/14/09

From: Theresa Weiser

Lodge Owner for 20 years in Sitka & President of Sitka Charter Boat Operators Assoc.

I am in support of SB 177 even as amended. By supporting SB 177 the ADF&G will continue to collect fees to provide licensing & conduct the logbook program for the charter fishing industry.

This guide licensing program has created basic minimum standards for sport fish business operators & guides including minimum liability insurance coverage & first aid certification, as well as stable ADF&G to continue collection of important data via the logbook program. This logbook program is very important as a tool to manage & sustain sport fisheries & the only means the Dept. has to collect this data specific to the guided industry.

I am supportive of Dept efforts towards moving into an electronic reporting system which will help & simplify reporting requirements for guides on a daily and/or weekly basis.

The sport fishing businesses & recreational anglers accounted for $274 million in expenditures in SE Alaska alone in 2007. In Sitka this represents a huge stimulus to local economy. The program represented by this legislation is paramount to collecting data and information vital to our industry.

SB 183

<target><bill>SB 183</bill><subject>SB 183</subject><comm>SFIN26</comm></target>

SENATE FINANCE COMMITTEE REPORT
First Committee of Referral

DATE: 4/6/09

FURTHER:

Date of 5-Day Notice: _____
(in accordance with Uniform Rule 23)

DATE TURNED IN TO OFFICE: _____

Finance Committee considered SENATE BILL NO. 183

SB 183 GRANT AUTHORITY FOR AIR QUALITY

"An Act authorizing the Department of Environmental Conservation to award grants for the control of air emissions or the development and administration of air quality control programs; and providing for an effective date."

and recommends:

[ ] be **replaced** with [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] adopt **previous** [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] attached amendment(s)

[ ] adopt _____Letter of Intent

[ ] further referral to _____Committee

SENATE BILL:
[ ] Same Title
[ ] New Title

HOUSE BILL:
[ ] Same Title
[ ] Technical Title Change
[ ] New Title w/ SCR #_____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
DEC	4/7/09			✓	

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

[ ] **APPROPRIATION - no fiscal note**

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	Huggins			X	
	Thomas	✓			
	Olson			✓	
	Ellis	✓			
CO-CHAIR:		✓			
CO-CHAIR:	STEDMAN	✓			

4605

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: SB 183
() Publish Date:

Identifier (file name): SB183-DEC-AQ-4-6-09
Dept. Affected: Environmental Conservation
Title: Grant Authority for Air Quality
RDU: Division of Air Quality
Component: Air Quality
Sponsor: Senate Finance Committee
Requester: Senate Finance Committee
Component Number: 2061

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Travel	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Contractual	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Supplies	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							
FUND SOURCE		(Thousands of Dollars)					
1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Interagency Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2009) cost: 0.0

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

There is no fiscal impact to DEC associated with this legislation.

Prepared by: Keri S. Hubbard, Administrative Officer II
Phone 907-269-3010
Division: Air Quality
Date/Time 4/6/09 6:24 PM
Approved by: Dan Easton
Date 4/7/2009
Deputy Commissioner

(Revised 9/10/2008 OMB)

4606

4/10/09

Fact Sheet – Department of Environmental Conservation
American Recovery and Reinvestment Act (ARRA)
Environmental Protection Agency - Diesel Emissions Reduction Act
Total Available ARRA Funding: $2,000.0

The Air Non-Point Mobile Source program within the Division of Air Quality in Department of Environmental Conservation (DEC) is responsible for mobile and area sources of air contaminants. As part of their responsibilities for mobile sources they were tasked with management of the grant funding being distributed by the Environmental Protection Agency (EPA) under the State Clean Diesel Grant program. FFY08 was the first year of this allocation funding to states through a formula outlined in the Energy Policy Act of 2005. EPA's program is designed with the idea that states will fund grants or loan programs for clean diesel projects, but other competitive processes are allowed.

To distribute this funding DEC can execute agreements with other governmental agencies or establish contracts or grants to municipalities and others throughout the state for projects such as:

- Purchasing and installing pollution controls on diesel engines for vehicle fleets such as bus or construction equipment fleets;
- Replacing older diesel generators in villages with newer, more efficient diesel engines;
- Repowering or replacing state, municipal or school bus fleets with cleaner, more efficient engines or vehicles;
- Providing plug-ins and other means to reduce the need to idle diesels in cold weather; and
- Converting vehicle fleets from diesel power to cleaner fuels such as natural gas or propane.

A variety of entities are eligible for this funding, they are:

- Regional, state, local, tribal or port agencies with jurisdiction over transportation or air quality;
- Nonprofit organizations or institutions that represent or provide pollution reduction or educational services to persons or organizations that operate diesel fleets;
- Entities whose principle purpose is the promotion of transportation or air quality

In FFY08 DEC received $295,320. To date projects identified as eligible for this funding include:

- Alaska Energy Authority to conduct a feasibility assessment of operating a small organic rankine cycle powered generator utilizing waste heat from the exhaust stack of a diesel engine.
- Alaska Department of Transportation diesel equipment retrofits.
- Alaska Railroad diesel equipment retrofits and assessment of anti-idling technologies.
- Contract to be issued for other diesel emission reduction projects throughout Alaska.

The funding available for the diesel emissions program through the American Recovery and Reinvestment Act of 2009 provides approximately $2.0 million to support the efforts of Alaska's State Clean Diesel Grant program.

DEC is requesting granting authority that would allow a distribution of funding to other entities beyond governmental agencies or contractors. The statutory language needed in order to allow this granting authority would be:

Section 1. AS46.14 is amended by adding a new section to read:

Sec 46.14.535. Grants. (a) Subject to appropriation, the department may award grants of federal or other funds received by the department for the control of air emissions or the development or administration of air quality control programs in this state.

(b) The department may adopt regulations under AS44.62 (Administrative Procedure Act) to carry out the purposes of this section.

ALASKA STATE LEGISLATURE

4/10/09

SENATE FINANCE COMMITTEE

Senator Bert Stedman, Co-Chair
State Capitol, Room 516
Juneau, AK 99801-1182
(907) 465- 3873 - Phone
(907) 465-3922 - Fax
Senator_Bert_Stedman@legis.state.ak.us

Official Business

Senator Lyman Hoffman, Co-Chair
State Capitol, Room 518
Juneau, AK 99801-1182
Phone - (907) 465- 4453
Fax - (907) 465- 4523
Senator_Lyman_Hoffman@legis.state.ak.us

SB 183
Sponsor Statement

"An Act authorizing the Department of Environmental Conservation to award grants for the control of air emissions or the development and administration of air quality control programs; and providing for an effective date."

SB 183 provides statutory authority for the Department of Environmental Conservation to grant funds for the control of air emissions or the development or administration of air quality control programs in the state. The authority is needed so that the Department of Environmental Conservation can distribute funds available through the Air Quality Grant – Diesel Emission Reduction program in the American Recovery and Reinvestment Act of 2009. This program would provide $2 million to grantees for energy efficiency upgrades such as new, more efficient power generation equipment and public transportation vehicles.

SB 184

<target><bill>SB 184</bill><subject>SB 184</subject><comm>SFIN26</comm></target>

SENATE FINANCE COMMITTEE REPORT

DATE: 1/29/10

FURTHER:

DATE TURNED IN TO OFFICE: _____

Finance Committee considered SENATE BILL NO. 184

SB 184 INTERNET ACCESS TO LEG COMMITTEE MTGS

"An Act relating to public access to legislative committee meetings during regular legislative sessions by Internet broadcast."

and recommends:

[ ] be **replaced** with [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] adopt **previous** [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] attached amendment(s)

[ ] adopt _____Letter of Intent

[ ] further referral to _____Committee

SENATE BILL:
[ ] Same Title
[ ] New Title

HOUSE BILL:
[ ] Same Title
[ ] Technical Title Change
[ ] New Title w/ SCR #_____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet	Zero	FN#
FIN	4/6/10			✓	

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet	Zero	FN#

[ ] **APPROPRIATION - no fiscal note**

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	Huggins	X			
	Thomas	✓			
	EGAN	✓			
	OLSON			X	
	Ellis	X			
CO-CHAIR:	Hoffman	✓			
CO-CHAIR:	Stedman	✓			

4611

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: **SB 184**
() Publish Date:

Identifier (file name):
Dept. Affected: Legislature
Title: Relating to public access to legislative committee meetings during regular legislative sessions by Internet...
RDU: Legislative Council
Component: Administrative Services
Sponsor: Sen. French
Requester: Senate Finance Committee
Component Number: 780

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2010) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

Prepared by: Senate Finance Committee
Co-Chair Bert Stedman/Co-Chair Lyman Hoffman
Phone 465-3873/465-4453
Date/Time

Approved by:
Date 4/6/2010

(Revised 11/6/2009 OMB)

4612

Replaced

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: SB 184
(S) Publish Date: 1/29/10

Identifier (file name): LEG-COU-SB184-1-27-10
Dept. Affected: Legislature
Title "An act relating to public access to legislative committee meetings during regular legislative sessions by Internet...."
RDU Legislative Council
Component Administrative Services
Sponsor Senator French
Requester Senate State Affairs
Component Number 780

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services	32.0		32.0	32.0	32.0	32.0	32.0
Travel							
Contractual							
Supplies	56.0						
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**88.0**	**0.0**	**32.0**	**32.0**	**32.0**	**32.0**	**32.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF	88.0	0.0	32.0	32.0	32.0	32.0	32.0
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**88.0**	**0.0**	**32.0**	**32.0**	**32.0**	**32.0**	**32.0**

Estimate of any current year (FY2010) cost: 0.0

POSITIONS

Full-time							
Part-time	1		1	1	1	1	1
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

SB184 requires that each room regularly used for meetings of committees of the Legislature be equipped with fixed cameras capable of producing an audio and video feed without an operator once turned on. Each committee meeting held during the regular session in one of these equipped rooms shall be recorded and the live feed made immediately available to the public through Internet broadcast so that the public may listen and observe while the meeting is in progress.

The Legislative Affairs Agency currently has a pilot program in place, authorized by the Rules Chairs, in two of the committee rooms. These rooms were equipped at a cost of $8,000 per room. If this legislation passes it is anticipated that the cost to equip the remaining seven committee rooms with camera equipment, associated wiring and installation services would be $56,000. Costs for recurring broadband services will be absorbed within the Legislative Affairs Agency budget.

In order to monitor these cameras and the live Internet broadcast during the regular session, a new part time five month position at a Range 16 would be established to ensure that technical issues were addressed immediately and the Internet broadcast operated smoothly.

Prepared by: Karla Schofield, Deputy Director
Phone 465-6626
Division Legislative Affairs Agency
Date/Time 1/27/10 4:25 PM
Approved by: Pamela Varni, Executive Director
Date 1/27/2010
Legislative Affairs Agency

(Revised 11/6/2009 OMB)

4613

Alaska State Legislature

Senator Hollis French

SB 184 – INTERNET ACCESS TO LEGISLATIVE COMMITTEE MEETINGS

Sponsor Statement

Senate Bill 184 is meant to bring the workings of the legislature to every computer in Alaska. The legislation would place a webcam in every room where committee meetings are held in the State Capitol. This would ensure that Alaskans can see their legislature in action, live via internet, whenever a scheduled meeting takes place.

These webcams will add to currently available media resources in the capitol. Gavel to Gavel - partly funded by the city of Juneau – provides excellent video coverage of select committee meetings, but the service doesn't have the capacity to cover all proceedings. The current draft of the bill won't replace or duplicate the valuable service provided by Gavel to Gavel, which can be viewed on cable TV networks across the state. Instead, it will ensure that all meetings have video coverage, while also providing a broadcast to anyone with internet access.

Washington, Florida and Texas have recently implemented similar web based initiatives. We know the technology is available. Senate Bill 184 would put this technology to work for Alaskans who want to follow their state government in action.

KTOO

PUBLIC BROADCASTING
FROM ALASKA'S CAPITAL

January 27, 2010

Senator Linda Menard
Senate State Affairs Committee
Alaska State Capitol
Juneau, Alaska 99801

Dear Senator Menard:

I am writing regarding SB 184, Internet Access to Legislative Committee Hearings. We understand that the bill would provide for the installation of webcams and live video streams from committee rooms.

As the producer of Gavel to Gavel Alaska, we support steps to improve electronic access to state government. One of our long term goals is to install broadcast quality television cameras throughout the capitol, to enable us to provide video on demand of all official Legislative proceedings. SB 184 would provide a good demonstration of such a service, and we stand ready to work with Legislative staff on the project, to provide a seamless, easy to use service for Alaska citizens.

Please don't hesitate to contact me if I can provide more information.

Sincerely,

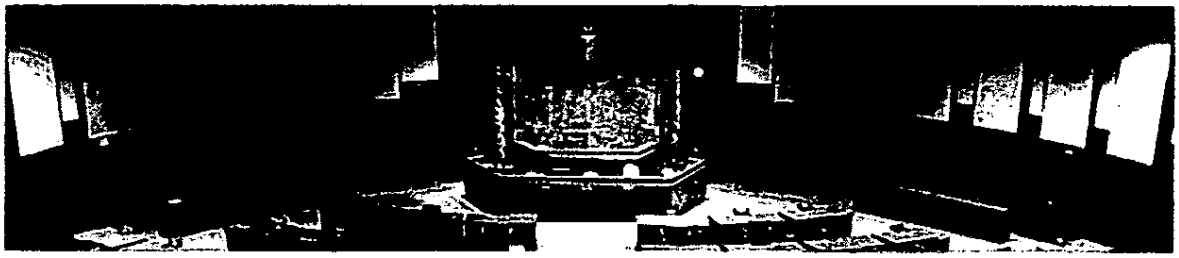
Bill Legere

Bill Legere
President and General Manager

360 Egan Drive Juneau, Alaska 99801-1748 Phone: 907-586-1670 FAX: 907-586-3612

Arizona House of Representatives

Bill Search:



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- Video Archives
- Weekly Schedule
- Arizona House Republicans
- Caucus Websites Policy

Click a link to watch the live proceedings of the Arizona House of Representatives.

Floor Session and Hearing Room 1
Hearing Room 2
Hearing Room 3
Hearing Room 4
Hearing Room 5

Use Windows Media Player to play the video.

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Colorado General Assembly

Live Legislative Video

Colorado Channel
Home Page

Watch the House Chambers
House of Representatives

Watch the Senate Chambers
Colorado Senate

Live Legislative Audio

The audio broadcast of proceedings of the Colorado General Assembly is provided only as an informational service. Please be advised that the time and place for scheduled hearings is subject to change. The broadcasts will only occur when the committees are in session. In addition, technical difficulties could result in loss of audio signals or in the impairment of the quality of transmission. (Note: To listen to legislative audio within this site requires you to have Windows Media Player installed on your computer).

Listen to the House and Senate Chambers

House of Representatives | Colorado State Senate

Listen to House Committee Rooms

House Committee Room 0107 | House Committee Room 0109 | House Committee Room 0111 | House Committee Room 0112

Listen to Senate Committee Rooms

Senate Committee Room 352 | Senate Committee Room 353 | Senate Committee Room 354 | Senate Committee Room 356

Listen to Other Committee Rooms

Joint Budget Committee Room | Legislative Audit Committee Room | Legislative Services Building Hearing Room A | Old Supreme Court Chambers

Press Room

SB 199

<target><bill>SB 199</bill><subject>SB 199</subject><comm>SFIN26</comm></target>

ALASKA STATE LEGISLATURE

Rules Committee
•
Finance Committee
•
Health & Social Services Committee
•
Legislative Council
•
Committee on Committees

While in Session
State Capitol, Rm. 103
Juneau, AK 99801
(907) 465-3704
Fax: (907) 465-2529
•
While in Anchorage
716 W. 4th Ave
Anchorage, AK 99501
(907) 269-0169
Fax: (907) 269-0172

SENATE MAJORITY LEADER
JOHNNY ELLIS

SPONSOR STATEMENT – SENATE BILL 199

SB 199 – An Act relating to a two year funding cycle for medical assistance coverage for dentures.

SB 199 makes a simple change to the Adult Medicaid Dental program that would allow patients who are approved for dentures to receive both the uppers and lowers in a single fiscal year. The bill would let patients access two years of funding in a single year, thereby allowing them and their dentists to schedule treatment around the oral health of the patient, rather than the bureaucratic ease of the state fiscal year.

Current law places a limit on expenditures per eligible client at $1,150 per year. This number was designed to pay for ½ of a set of dentures, either uppers or lowers, in a single fiscal year. When the program was created, the idea was that a client who needed dentures could receive one set on June 30th, and the second on July 1st. Unfortunately, this has proven to be impractical. Dentists who are forced to pull teeth can't always do so on the state's fiscal calendar, and Alaskans shouldn't suffer needlessly because their medical emergency occurred in the fall rather than the summer.

Adult Medicaid Dental has been recognized across the political spectrum as a successful government health care program. Over the past three years, the state has saved substantial amounts of money – and poorer Alaskans have been saved immense pain and hardship – by allowing Medicaid to pay for exams, cleanings, fillings, root canals, and dentures before painful and expensive surgery became necessary. SB 199 will fix a small flaw in the cost-containment portion of the program and help protect this important state investment.

SENATE FINANCE COMMITTEE REPORT

DATE: 1/27/10

FURTHER:

DATE TURNED IN TO OFFICE: 2/23/10

Finance Committee considered SENATE BILL NO. 199

SB 199 MEDICAID COVERAGE FOR DENTURES

"An Act providing for a two-year funding cycle for medical assistance coverage for dentures."

and recommends:

[ ] be **replaced** with [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] adopt **previous** [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] attached amendment(s)

[ ] adopt _____Letter of Intent

[ ] further referral to _____Committee

SENATE BILL:
[X] Same Title
[ ] New Title
_____

HOUSE BILL:
[ ] Same Title
[ ] Technical Title Change
[ ] New Title w/ SCR #_____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
S.FIN	2/22			✓	3

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
DHS	1/20	✓			2

[ ] **APPROPRIATION - no fiscal note**

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	Huggins	✓			
	Thomas	✓			
	Coe	✓			
	Olson			✓	
CO-CHAIR:	Hoffman	✓			
CO-CHAIR:	STEDMAN			✓	

4620

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: **SB 199**
() Publish Date:

Identifier (file name):
Title: Medicaid Coverage for Dentures
Dept. Affected: Health and Social Serv.
RDU: Health Care Services
Component: Medical Assistance Administration
Sponsor: Ellis
Requester: Senate Finance Committee
Component Number: 242

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2010) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

Prepared by: Senate Finance Committee
Co-Chair Bert Stedman/Co-Chair Lyman Hoffman
Phone 465-3873/465-4453
Date/Time

Approved by:
Date 2/22/2010

(Revised 11/6/2009 OMB)

4621

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 2
Bill Version: SB 199
(S) Publish Date: 1/27/10

Identifier (file name): SB199-DHSS-ADPMS-01-22-10
Dept. Affected: Health & Social Services

Title: Medicaid Coverage for Dentures
RDU: Health Care Services
Component: Adult Preventive Dental

Sponsor: Ellis

Requester: Senate HSS
Component Number: 2839

Expenditures/Revenue (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITU	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims	935.0		467.5	0.0	0.0	0.0	0.0
Miscellaneous							
TOTAL OPERATING	**935.0**	**0.0**	**467.5**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURE							
CHANGE IN REVENUES							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	626.5		266.5				
1003 GF Match	308.6		201.0	0.0	0.0	0.0	0.0
1004 GF							
1005 GF/Program Receipt							
1037 GF/Mental Health							
Other Interagency Receipt							
TOTAL	**935.0**	**0.0**	**467.5**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2010) c

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if nece:*

This bill addresses limitations of coverage for upper and lower dentures within a given state fiscal year with the current $1,150 annual limit. The annual limit provides for expenditures that would typically cover only an upper or lower denture, thus requiring Medicaid recipients to wait until the subsequent fiscal year to obtain the opposing denture under the Adult Preventive Dental (APD) program. The bill would authorize the department to allow for provision of both an upper and lower denture within the same state fiscal year, however when these services are provided the adult recipient would not be eligible for additional services under the APD program for a 2-year period.

In SFY 2009, the total cost of complete, partial and immediate denture claims was approximately $1,620.0. (continued on page 2)

Prepared by: William J. Streur, Deputy Commissioner
Division: Health Care Services
Phone: 269-7827
Date/Time: 1/20/10 12:00 AM

Approved by: Alison Elgee, Assistant Commissioner
Finance & Management Services
Date: 1/22/2010

STATE OF ALASKA

2010 LEGISLATIVE SESSION

BILL NO. SB199

ANALYSIS CONTINUATION

We estimate that the cost of denture services in the APD has grown at the same rate as all Health Care Services Medicaid Services costs (forecasted to be 6%) from FY 2009 to 2010. Medicaid growth for APD alone is forecasted to be 8.9% from FY 2010 to 2011 to reach a baseline cost of $1,868.0 for denture services in FY 2011 with no changes to the program.

With the changes proposed in this bill and an expected effective date of July 1, 2010, we estimate the baseline costs noted above for denture services in FY 2011 will increase by 50%, assuming half of denture services recipients would be completing the denture process from FY2010 and the other half would be getting both their upper and lower dentures in FY 2011 for a total cost of $2,803.0 (a difference of $935.0 from baseline). We would still expect some increased costs over baseline in FY2012 as the number of people getting denture services has been growing each year as adults continue to learn about the APD program and this bill allows for them to be paid in one year. For FY2012, we estimate the need for increased funds to be half of the amount needed in FY 2011.

For subsequent years, we would expect the cost of denture services to level out to approximately what we would expect without the changes in this bill, the shift being not in cost but in how many recipients are receiving services.

For FY2011, we estimate 67% of APD services to be federally reimbursable, assuming ARRA FMAP increases are valid through all 4 quarters of FY 2011. For FY2012 we expect a FMAP of 50%. As some ADP services are IHS and reimbursed at 100%, we expect 57% of ADP costs to be federally reimbursable.

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February 10, 2010

RECEIVED
FEB 10 2010

The Honorable Lyman Hoffman, Co-Chair
Senate Finance Committee
Alaska State Capitol, Room 518
Juneau, AK 99801-1182

The Honorable Bert Stedman, Co-Chair
Senate Finance Committee
Alaska State Capitol, Room 516
Juneau, AK 99801-1182

RE: SB 199 (Ellis)--Support

Dear Co-Chairs Hoffman and Stedman:

On behalf of the members of AARP in Alaska, we would like to urge your support for SB 199 to establish a two year funding cycle for the adult dental benefit in Medicaid. The bill is sponsored by your Committee colleague, Senator Johnny Ellis, and co-sponsored by twelve other Senators including your Committee members Senators Egan, Thomas, Olson and Huggins as well as Senators Davis, French, Menard, Paskvan, Wielechowski, Kookesh, Wagoner and McGuire.

SB 199 basically changes the benefit for dentures so that an adult Medicaid beneficiary would be able to use the funds available for two years to pay for dentures. This makes sense for both the client and the provider.

Older persons in need of dentures often have accompanying nutrition problems. These nutrition problems can cause other health issues and create an overall deterioration in health status. For those who need them, dentures are essential to quality health care. Two-year funding for dentures should be considered sensible prevention with the long term possibility of saving Medicaid funds that would not need to be spent on more serious health care problems resulting from poor oral health status.

AARP recommends an "AYE" vote on SB 199.

Should you have any questions about our position, please feel free to contact me (586-3637) or Patrick Luby, AARP Advocacy Director (907-762-3314).

Thank you for your consideration.

Sincerely,

Marie Darlin

Marie Darlin, Coordinator
AARP Capital City Task Force
415 Willoughby Avenue, Apt. 506
Juneau, AK 99801
586-3637 (voice)
463-3580 (fax)

CC: Senator Joe Thomas
Senator Charlie Huggins
Senator Dennis Egan
Senator Donald Olson
Senator Johnny Ellis

STATE OF ALASKA

DEPT. OF HEALTH & SOCIAL SERVICES

Alaska Commission on Aging

SEAN PARNELL, GOVERNOR

P.O. BOX 110693
JUNEAU, ALASKA 99811-0693
PHONE: (907) 465-3250
FAX: (907) 465-1398

January 23, 2010

Senator Johnny Ellis
Senate Health and Social Services Committee
Alaska State Capitol, Room 103
Juneau, AK 99801-1182

Subject: Support Letter for SB 199

Dear Senator Ellis:

The Alaska Commission on Aging (ACoA) is pleased to offer support for SB 199, a bill to provide access to Medicaid patients who are approved for dentures using a two-year funding cycle for medical assistance benefits to cover the costs for complete and partial dentures in a single fiscal year. This legislation is authored by you and co-sponsored by Senators Bettye Davis, Dennis Egan, Hollis French, Linda Menard, Donald Olson, Joe Paskvan, Joe Thomas, and Bill Wielechowski.

The Commission believes SB 199 provides a common sense solution that allows patients and their dentists the flexibility to schedule treatment around the oral health needs of the patient, which will improve the quality of care for older Alaskans and other qualifying recipients. Moreover, this legislation enhances the cost-effectiveness of the current Medicaid Adult Dental program by reducing the number of oral surgery visits, medical procedures, and related travel costs required for individuals who need a complete set of dentures but are limited to half of a set of dentures per fiscal year under the existing program. Anecdotally, we have learned that some individuals may even refuse partial extractions in one arch knowing that they could be without teeth for a prolonged period waiting for Medicaid to cover the cost of the other complete denture in the next fiscal year.

Good nutrition is vital for health and wellness across the life span and depends on oral health. Dental pain and missing or decaying teeth can affect dietary choices for seniors that may impact overall health and wellness. Vulnerable older Alaskans are at risk of developing dental infections that have been associated with periodontal disease, diabetes, pneumonia, and other chronic diseases including cardiovascular disease. Restorative dental care can help to prevent the progression of serious dental disease and discomfort which can result in more costly emergency care.

Older Alaskans utilize the Medicaid Adult Dental program. According to data based on Medicaid claims information for persons age 60 years and older for the period April 1, 2007 thru December 31, 2009, there were a total of 3,104 (unduplicated) seniors served by the Medicaid Adult Dental Program. The average cost for partial dentures for seniors ranges between $1,085 (for a complete maxillary denture) to $1,125 (for a complete mandibular denture). The approximate cost for a complete set of dentures is $2,225. The current program cap is $1,150 per year.

As we move forward, the Commission respectfully asks for your consideration of our recommendations below to enhance SB 199 and the Adult Dental Medicaid program for qualifying older Alaskans and other Medicaid recipients:

- Allow eligible patients access to two years of total funding as determined by the cost cap of the Medicaid Adult Dental program to permit individuals receiving partial dentures through the program the ability to access remaining benefits under the cost cap should they need additional denture services during the two-year period.

- Pending approval of SB 199, begin work with the Department of Health and Social Services to expand the two-year access of services to phase in other preventative and restorative services allowed under the Medicaid Adult Dental program in FY 2012.

- Adjust the annual cost cap for dental services (currently in statute for the last three years) to address the rising costs of dental care and encourage more participation of Medicaid dental providers.

Please accept our sincere appreciation for your efforts to improve the Medicaid Adult Dental program by allowing patients who qualify for dentures under the program to receive their full set of dentures according to a treatment schedule determined by the patient with their dentist. We believe that SB 199 will help to improve health and wellness for many older Alaskans who need dentures and we support passage of this legislation. Please feel free to contact Denise Daniello, ACoA's executive director, by phone (465-4879) or email (denise.daniello@alaska.gov) should you have questions or require additional information. Thank you.

Sincerely,

Sharon Howerton-Clark
Chair, Alaska Commission on Aging

Sincerely,

Denise Daniello
ACoA Executive Director

Cc: Senator Bettye Davis
Senator Dennis Egan
Senator Hollis French
Senator Linda Menard
Senator Donald Olson
Senator Joe Paskvan
Senator Joe Thomas
Senator Bill Wielechowski

ALASKA
PRIMARY CARE ASSOCIATION

The Honorable Senator Ellis
Alaska State Senate
State Capitol, Room 103
Juneau, Alaska 99801-1182

Re: Support for Medicaid Coverage for Dentures – SB 199

January 22, 2010

Dear Senator Ellis,

The Alaska Primary Care Association (APCA) represents 26 health care organizations and 142 non-profit Community Health Centers (CHCs), as well as other safety net providers throughout Alaska. In 2009, our sites provided primary healthcare to over 81,000 Alaskans from across the state. According to the Alaska Community Health Center Uniform Data System, Alaska's CHC provided dental services to 16,244 Alaskans and totaled 39,016 dental encounters in 2007.

The APCA supports providing a two-year funding cycle for Medicaid assistance coverage for dentures. The APCA knows that access to dental services improves health outcomes and reduces overall health care costs. Oral health is critical for overall health and adults in the Medicaid program receiving access to dental services reduces the likeliness that they will develop more expensive and acute dental problems.

We appreciate your hard work and service to Alaskans and support your efforts to expand access to health care for all Alaskans.

Respectfully,

Regan Mattingly
State Affairs Coordinator

Shelley S. Hughes
Government Affairs Director

Alaska Primary Care Association
903 W Northern Lights Blvd, Suite 200
Anchorage, AK 99503

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fx. 907-929-2734
www.alaskapca.org

The Alaska Mental Health Trust Authority

Alaskan Seniors Living Longer Growing Stronger
from the Alaska Commission on Aging

brain injury network

Advisory Board on Alcoholism and Drug Abuse

abada amhb

Governor's Council on Disabilities and Special Education

Alaska Mental Health Board

Adjust Cap on Adult Dental Services Reimbursed by Medicaid

The Governor's Council on Disabilities and Special Education, Alaska Mental Health Board, Advisory Board on Alcoholism and Drug Abuse, and Alaska Commission on Aging, in collaboration with the Alaska Mental Health Trust Authority and the Alaska Brain Injury Network, jointly support the developing a solution that will allow for the adjustment of the current cap on adult dental services reimbursed by Medicaid.

- Currently, the annual cap for dental services – such as cleanings, exams, crowns, root canals and dentures – is $1,150 per individual. With the rising cost of dental care, this cap is proving not adequate yet the cap is set in statute and has not been increased in over three years.

- The American Dental Association recommends adult preventive and restorative dental services be included in all state Medicaid programs, and as former U.S. Surgeon General C. Everett Koop stated, "You're not healthy without good oral health."

- Trust beneficiaries continue to list dental services as a priority unmet health needs.

- The challenge this session is to find a current bill or to introduce a new bill that will create a method for adjusting the adult dental Medicaid cap on a regular basis or will at least increase the cap to cover the increase the cost of living increases over a 4 or five year period.

Therefore, we support a legislative solution that will allow for the adjustment of the current cap on adult dental services reimbursed by Medicaid.

11.18.09

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November 19, 2009

Honorable Johnny Ellis
Majority Leader
Alaska Senate
716 W. 4th Avenue
Anchorage, AK 99501

Dear Majority Leader Ellis:

On behalf of the 97,000 members of AARP in Alaska, we would like to pledge our support for your bill to establish a two year funding cycle for the adult dental benefit in Medicaid.

We understand you are particularly interested in changing the benefit for dentures so that an adult Medicaid beneficiary would be able to use the funds available for two years to pay for dentures. This makes sense for both the client and the provider.

Older persons in need of dentures often have accompanying nutrition problems. These nutrition problems can cause other health issues and create an overall deterioration in health status. For those who need them, dentures are essential to quality health care. Two-year funding for dentures should be considered sensible prevention with the long term possibility of saving Medicaid funds that would not need to be spent of more serious health care problems resulting from poor oral health status.

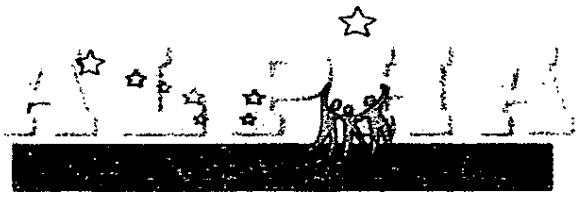
Should you have any questions about our position, please feel free to contact me (586-3637) or Patrick Luby, AARP Advocacy Director (907-762-3314).

Thank you for your consideration.

Sincerely,

Marie Darlin

Marie Darlin, Coordinator
AARP Capital City Task Force
415 Willoughby Avenue, Apt. 506
Juneau, AK 99801
586-3637 (voice)
463-3580 (fax)



November 6, 2009

Senator Johnny Ellis
Senate Majority Leader
Alaska State Legislature
716 W. 4th Ave
Anchorage, AK 99501
Fax: (907) 269-017

Dear Senator Ellis;

I am writing on behalf of the Alaska Public Health Association (ALPHA) to extend our support for and thank you for introducing a Bill that will allow Alaska's adult Medicaid recipients to receive a set of dentures within one fiscal year. This Act will meet the needs of patients and dental providers by providing two-years worth of dental benefits for dentures in a single year.

The ALPHA represents over 150 health professionals in Alaska; the primary mission of ALPHA is the enhancement of the public's health. In fulfilling our mission, we support systems that support patient-oriented health service delivery. ALPHA believes that the "Act providing for a two-year funding cycle for medical assistance coverage for dentures" establishes a system enabling patients to receive patient-oriented care.

Thank you for consulting ALPHA in developing this Bill. Please feel free to contact me if you have further questions.

Sincerely,

Karol Fink, MS, RD
ALPHA Health Policy Chair
Karolfink@yahoo.com
907.227.8178

L O G A N

D E N T A L

December 17, 2008

ACS
Preauthorizations
POB 240808
Anchorage, AK 99524-0808

Re: [redacted]
Medicaid #: [redacted]

Dear Sirs:

Mr. [redacted] is currently edentulous (without teeth) upper and lower. We have previously preauthorized Mr. [redacted] for a lower denture (preauth [redacted]) – working with a Sitka Clinic we had not previously seen Mr. [redacted].

Mr. [redacted] has been without teeth for 6 years. One denture, the maximum allowed under the MEDS system, will provide little improvement for him. Mr. [redacted] will be traveling to our office from Sitka for completion of the denture. The travel costs will ultimately cost more then the fee for the denture given the number of appointments required to properly construct a denture.

I am requesting preauthorization for upper and lower dentures (included) for Mr. [redacted]. This is a case where everyone will benefit: the state will have less overall costs then a second round of travel costs to construct the other denture after July 1, Mr. [redacted] will have opposing dentures to eat with, and my overall costs will be less then repeating the same appointments come July 1.

Sincerely,

, DDS

David Logan, DDS

2237 N. Jordan Avenue, Juneau, AK 99801
Phone: (907) 780-6066 Fax: (907) 780-4274 info@juneausmiles.com

www.juneausmiles.com

L O G A N

D E N T A L

November 10, 2009

Senator Ellis
716 W. 4th Ave. Suite 500
Anchorage AK, 99501-2133

Dear Senator Ellis:

Thank you for sponsoring a bill to allow Medicaid recipients to use two consecutive years of supplemental benefits in the same year to receive upper and lower dentures at the same time. This will greatly help recipients as a single denture when you have no teeth to oppose it is of limited value. I believe it will ultimately lower costs for the Medicaid division, also, when travel benefits are factored in for this multi step procedure that must be repeated twice under the current system.

A case I did earlier this year may illustrate the problem providers' face. Due to HIPAA concerns I am not using names for this story.

I have a dental office in Juneau. Unfortunately, for a variety or reasons, dental offices in other Southeast communities do not usually accept new Medicaid patients. This patient had to travel over from Sitka and needed dentures, both upper and lower. He currently did not have either upper and lowers having lost both sets. The supplemental system for adult Medicaid benefits would cover a single denture, either the upper or lower. The patient, 78 years old and on fixed income, was unable to afford the second set even at reduced Medicaid fees. I wrote a letter Medicaid division, enclosed, outlining the problem and pointing out that travel costs associated with constructing the second set at a later date (when the new year's benefits kicked in) would ultimately cost more than the Medicaid fee for a denture. I received a reply from the division basically saying their hands were tied given the current statutes in place.

In the case of this patient I did a full set of dentures for the patient and absorbed the cost of construction of the second set. As I write this letter I saw two patients today in the same situation, one who lives here in Juneau that we are constructing an upper denture alone although he has no lower teeth. Currently are plan is construct the lowers after July

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1, 2010. The second patient traveled here from Angoon and lost both his upper and lower dentures 2 weeks ago. His treatment will be further complicated as his old set was apparently ill fitting and led to a large tissue mass on the lower that will have to be removed prior to denture construction.

Sincerely,

DG, DDS

David Logan, DDS

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www.juneausmiles.com

Sen. Bettye Davis

From: Steven Bliss [sbliss@alaska.com]
Sent: Saturday, January 23, 2010 7:49 PM
To: Sen. Bettye Davis
Subject: Support for SB199 Medicaid Adult Dental Coverage

Senator Davis

I would like to add my support for the following endorsement from the Alaska Dental Society. We as dental providers really do want to minimize costs to the State and inconvenience for the poor recipients of the needed dental procedures. It would seem to me that there is hardly a downside in paying the same amount of money averaged over two years.

I urge you to support SB-199.

SB199 will remedy an unintended outcome of the adult dental supplemental Medicaid, which hinders patients from receiving care in a timely fashion.

Currently, under the maximum allowable benefit, a Medicaid recipient may receive either an upper or lower denture. Unfortunately many Medicaid recipients need dentures for both the upper and lower jaws or dental arches.

SB199 would allow a Medicaid recipient to combine two years worth of coverage so they could receive a full denture of both upper and lower dentures at the same time.

SB199 provides a benefit for everyone involved - the patient, the doctor and the Medicaid program:

. Medicaid recipients benefit from receiving both dentures at once, restoring their appearance, their ability to talk and chew, and most importantly their dignity.

. Providers benefit as they are no longer placed in the uncomfortable position of deciding which arch is in the worst condition. They can also work in a more efficient fashion constructing both sets of dentures simultaneously.

. The state benefits economically. The cost for both dentures, which would normally be borne over 2 years are now in one year but Medicaid recipients would still be limited to the same benefit total for 2 years. Denture patients frequently have to use travel benefits to reach a provider and for dentures this can be especially costly as dentures require multiple appointments. Providing both dentures at the same time would reduce the states travel expenses in half. Removing diseased and abscessed teeth would also save on costly ER and oral surgery visits.

Thank you for voting for SB199.

Sincerely,

Steven D. Bliss
502 E Fireweed Ln
Anchorage, AK 99503

RECEIVED
JAN 25 2010

This is a form letter. 15 additional copies were received.

Sen. Bettye Davis

From: Ryle Radke III [rradke@mosquitonet.com]
Sent: Thursday, January 21, 2010 5:47 PM
To: Sen. Bettye Davis
Subject: Support for SB199 Medicaid Adult Dental Coverage

Senator Davis

I urge you to support SB-199.

I served almost 10 years at the Salvation Army Dental Access Program before it closed in 2007. One of the most satisfying services that I provided was providing upper and lower dentures to patients that had lost all their teeth. Many patients testified about the change, that having a complete set of teeth, made in how other people related to them, and the improved opportunities for gaining employment.

As a practicing dentist I can also testify on the vastly improved outcome of a denture case if the two sets (upper and lower) are fitted simultaneously as opposed to making one and then later trying to fit the other one to the existing. Fit, form, and function will be much better if dentures are made as a set.

I urge you to vote for SB-199

Sincerely,

Ryle A Radke III, DDS
[illegible]9 Carnegie Way
Fairbanks, AK 99709

RECEIVED
JAN 2[illegible] 2010

4637

SENIOR VOICE

Serving Older Alaskans and Their Families Since 1978

A publication of *Older Persons Action Group, Inc.* 325 E. Third Ave., Suite 300, Anchorage, Alaska 99501 Vol. 32 No. 11 November, 2009

Desperate senior prompts denture legislation

By SEN. JOHNNY ELLIS

I have worked with the Dept. of Health and Social Services to allow patients who qualify for dentures under the Medicaid Adult Dental program to receive their full set of dentures in one sitting.

Late last summer, an elderly man walked into my office and threatened to commit suicide. Needless to say, it was a very tense and upsetting situation for me and my staff. This gentleman had come from the Medicaid Adult Dental office, where he had been told that he had a choice – he could receive either the upper half or the lower half of the dentures that he needed, but not both, at least not in the same year. Of course, this set of options was really no choice at all, seeing as how he had no teeth at all. The state's wholly inadequate response to this constituent's unfortunate situation set my office in motion, and I am prepared to introduce legislation this session with bipartisan support that will provide a common-sense fix to an otherwise successful and needed program.

Medicaid Adult Dental was created three years ago. Until that time, Medicaid only covered emergency dental services for low income Alaskans. By expanding the program to cover preventative care – exams, cleanings, root canals, fillings and dentures – the state has saved millions of dollars and patients have avoided painful surgeries as the need for emergency care declines. In addition, good dental health is closely linked with decreased risk for diabetes, heart disease, cancer and other serious diseases. Last year, the legislature unanimously made this successful program permanent.

The program limits the care that can be paid for in a single year, which is intended as a cost-control measure, an important feature in these uncertain budgetary times. Unfortunately, these measures go beyond cost control and have impacted the function of the program by limiting patients to half of a set of dentures per year. In public testimony on these limits, it was suggested that a patient could receive the upper dentures on June 30, the final day of the state fiscal year, and the lower dentures on July 1. I don't believe that we should be punishing citizens who happen to require dental care in the fall or winter, and I don't believe that dentists should be forced to schedule the care their patients need to make things more convenient for bureaucrats. This is the kind of frustrating flaw in our system that drives people crazy and gives government a bad name.

That's why I have worked with the Department of Health and Social Services to develop a way to allow patients who qualify for dentures under the Medicaid Adult Dental program to receive their full set of dentures in one sitting, without destroying the cost-control mechanisms currently in place. The bill will be introduced when the legislature goes back into session in January, and I am pleased to have received bi-partisan support from my colleagues in the Senate.

In fact, as I have continued to work on this issue, I have heard more and more about how much sense this small change makes. A dentist in Juneau told me about the patients he sees from all around Southeast Alaska. The state pays for them to fly to Juneau, pays for their lodging, and pays for one half of their dentures. Then, a little while later, public money is spent to do it all over again for the other half. Allowing him and other dentists to consolidate the care they are giving into one session will make the program a more efficient use of public money and improve the quality of care received by patients.

State government can be a large and unwieldy bureaucracy, and change is hard to do and often happens slowly. Most of the attention goes to the big issues that attract press coverage or help generate campaign slogans. But sometimes, there are issues that require us to place people over politics and give a direct benefit to the neighbors and constituents we are privileged to serve. It's too late for the gentleman who threatened to kill himself in my office – we worked with him to get his dentures through the existing two-year process – but it's not too late for others in his situation. This may be a small bill, and it won't change the world, but it will improve the lives of a few senior citizens in need – and that's a job I'm glad to do.

Senator Johnny Ellis represents downtown and midtown Anchorage in the Alaska State Senate and serves as the Majority Leader of the Senate Bi-Partisan Working Group.

Alaska Dental Society
9170 Jewel Lake Road, Suite 203
Anchorage, Alaska 99502-5390
(907) 563-3003 • FAX: 563-3009
info@akdental.org

SB199/HB265
Medicaid Adult Dental Coverage

The Alaska Dental Society urges passage of SB199/HB265.

SB199 and its companion bill HB265 remedy an unintended consequence of the adult dental supplemental Medicaid coverage. Currently, under the maximum allowable benefit, a Medicaid recipient may receive either an upper or lower denture. Unfortunately many Medicaid recipients need dentures for both the upper and lower jaws or dental arches. SB199/HB265 would allow a Medicaid recipient to combine two years worth of coverage so they could receive a full denture of both upper and lower dentures at the same time.

SB199/HB265 provides a benefit for everyone involved – the patient, the doctor and the Medicaid program:

- Medicaid recipients benefit from receiving both dentures at once, restoring their appearance, their ability to talk and chew, and most importantly their dignity.
- Providers benefit as they are no longer placed in the uncomfortable position of deciding which arch is in the worst condition. They can also work in a more efficient fashion constructing both sets of dentures simultaneously.
- The state benefits economically. The cost for both dentures, which would normally be borne over 2 years are now in one year but Medicaid recipients would still be limited to the same benefit total for 2 years. Denture patients frequently have to use travel benefits to reach a provider and for dentures this can be especially costly as dentures require multiple appointments. Providing both dentures at the same time would reduce the states travel expenses in half. Removing diseased and abscessed teeth would also save on costly ER and oral surgery visits.

SB 203

<target><bill>SB 203</bill><subject>SB 203</subject><comm>SFIN26</comm></target>

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: **CSSB 203(RES)**
(S) Publish Date: 3/2/10

Identifier (file name): CSSB 203-DNR-O&G-02-11-10
Title: Cook Inlet Gas Storage Facility Tax Credit
Sponsor: Sen. Wielechowski, French, Ellis
Requester: Senate Finance

Dept. Affected: Natural Resources
RDU: Resource Development
Component: Oil and Gas Development
Component Number: 439

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )			**Indeterminate**				

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2010) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

SB 203 amends AS 43.20 and adds a new section called the Cook Inlet gas storage facility tax credit. The bill would provide 20% of qualified capital investment of a Cook Inlet gas storage facility to receive a tax credit that does not exceed 50% within a tax credit year. This tax credit would: (1) be in addition to any other available credits authorized by this Chapter; (2) may be conveyed, assigned or transferred to another taxpayer or business entity; (3) appears to provide tax credit for any fees associated with the acquisition and maintenance of a gas storage lease or agreement; and (4) and includes the cost and royalties associated with "cushion gas".

There is no anticipated fiscal impact to the Division of Oil and Gas. The application of tax credits will have an indeterminate impact on the revenues acquired by the Division.

Prepared by: Kevin Banks, Director — Phone 269-8800
Division: Oil and Gas — Date/Time 2/11/10 11:55 AM
Approved by: Tom Irwin, Commissioner — Date 2/11/10 2:10 PM
Natural Resources

(Revised 11/6/2009 OMB)

4640

Alaska State Legislature

Senator Hollis French

SB 203 – Cook Inlet Gas Storage Facilities

Sponsor Statement

Senate Bill 203 creates economic incentives for companies in Cook Inlet to develop storage facilities for natural gas.

While natural gas supply in Cook Inlet is sufficient to supply southcentral Alaska with the energy it needs for the near future, the need to produce gas at a constant rate results in more gas than the system needs in the summer months and near-shortages when demand is far higher in the winter.

Recently, the Regulatory Commission of Alaska (RCA), the Municipality of Anchorage and local utility companies have all discussed the possibility of natural gas shortages for homes and businesses during peak winter use. Both Enstar and Chugach Electric Association indicated in a recent RCA hearing that gas shortages could occur as early as winter 2011-2012.

While incentives exist to encourage producers to explore for new supplies, there are no similar incentives for storage. According to studies and industry sources, development of an adequate storage system could cost companies $100 -- $200 million dollars.

Under SB 203 development costs for the creation of gas storage facilities or reservoirs will be eligible for a tax credit like those offered for development of new wells. Cushion gas, which would remain in storage wells to maintain pressure for efficient removal, would not be subject to taxation. The legislation would also exempt storage facilities and equipment from state property taxes.

Senator Hollis French

CSSB 203 (RES)
SECTIONAL ANALYSIS

Section 1

Section 1 adds gas storage facilities that have received a tax credit under Section 2 of this bill to the list of "public utilities" regulated by the Regulatory Commission of Alaska under AS 42.05.

Section 2

Section 2 provides for a 20% non-transferrable tax credit on qualified gas storage facilities. Qualifying expenditures include; a payment for a lease, machinery, supplies, equipment, or the cost of cushion gas which pressurizes the well for efficient extraction. The gas must be designated for sale and delivery in Alaska.

A qualifying purchase must be made between December 31, 2009 and January 1, 2013, and cannot exceed 50% of the total tax liability. The credit only applies to the first purchase, construction , or acquisition of a storage facility.

The section also outlines the process for applying for the tax credit, and defines "Cook Inlet gas storage facility," and "cushion gas."

Senator Hollis French

CSSB 203\T Explanation of Changes (Res)

Section 1

P. 2, line 10-16: Adds gas storage facilities that have received a tax credit under Section 2 of this bill to the definition of "public utilities" regulated by the RCA. Also adds electrical service to the list of public utilities to which the storage facility could supply gas. Inserts "or used" in line 12, as an electric utility would presumably use natural gas in order to furnish the service to the public.

Section 2

P.2 line 24-26: Adds "The credit under this section is applicable only to the first purchase, construction, or acquisition of a Cook Inlet gas storage facility after December 31, 2009," limiting the credit to one per facility.

P. 2, line 29: Deleted "a cash expenditure or a payment" and inserted "an expenditure incurred." This was made in response to a concern by the Department of Revenue that a company could apply twice for a single expenditure, once when the expenditure accrued, and once when it was paid out.

P.3 line 18-26: Deleted the provision requiring the pre-authorization of credits. A taxpayer claiming a credit will do so when they file their return. Removes language specifying how a credit can be claimed, as this is done by regulation. Eliminates provision stating that the taxpayer has the burden of demonstrating compliance. According to the Department of Revenue, the taxpayer always has the burden of demonstrating compliance, and the old language may have implied additional or special burden. The CS also deletes the provision granting the transfer of tax credit, though the carry-forward provision remains.

Section 3

P.4 line 13: The original Section 3 was deleted, eliminating the state property tax exemption from the bill.

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STATE OF ALASKA

REGULATORY COMMISSION OF ALASKA

Before Commissioners: Robert M. Pickett, Chair
Kate Giard
Paul F. Lisankie
Anthony A. Price
Janis W. Wilson

In the Matter of the Petition for Declaratory Judgment Regarding Jurisdiction of the Regulatory Commission of Alaska Under AS 42.05 Over the Natural Gas Storage Project Proposed by Cook Inlet Natural Gas Storage, LLC.	U-09-124
In the Matter of the Petition for Declaratory Judgment Regarding Jurisdiction of the Regulatory Commission of Alaska Under AS 42.06 Over the Natural Gas Storage Project Proposed by Cook Inlet Natural Gas Storage, LLC.	P-09-16

THE ATTORNEY GENERAL'S BRIEFING

The Attorney General ("AG") in his capacity as public advocate for regulatory affairs pursuant to AS 44.23.020(e) and Executive Order 111 offers the following legal brief in response to Order U-09-124(1)/P-09-16(1). The AG further encourages the Commission to provide an opportunity for interested persons to reply to the legal briefs that are filed.[1]

[1] Order U-09-124(1)/P-09-16(1), page 4 notes: "We may order reply briefing."

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INTRODUCTION

Pragmatically speaking, natural gas storage in Cook Inlet is the type of service that seems best suited to both certification and rate regulation as a public utility at this time. In addition to encouraging orderly development of the first nonproprietary/publicly accessible gas storage service in the state, a regulatory framework would best assure that optimal pricing and other terms of service are established to the benefit of both the proposed sole service provider and prospective utility customers, and also that scarce economic resources are efficiently allocated to the endeavor.

THE LEGAL QUESTION

That said, there is no clear-cut, comforting answer to the posed legal question of whether the Commission has jurisdiction over Cook Inlet Natural Gas Storage, LLC ("CINGS") and its proposed natural gas storage facility in the Cannery Loop reservoir near Kenai. Based upon the facts presented thus far, AS 42.05, as opposed to AS 42.06,[2] provides the most likely foundation for establishing the Commission's regulatory authority in this matter. Even under AS 42.05, however, rational arguments can be made both for and against a finding of Commission jurisdiction. Thus, an exhaustive parsing of applicable law by commenters may not

[2] *But see Tesoro Alaska Petroleum Co. v. Kenai Pipe Line Co.*, 746 P.2d. 896 (Alaska 1987).

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relieve the Commission of an interpretive challenge in ultimately resolving questions posed about its own jurisdiction.

The Michigan Public Service Commission regulates gas storage and sets intrastate storage rates, including for the Eaton Rapids 36 reservoir in which entities related to both CINGS and Enstar Natural Gas Co. ("Enstar") have a property interest. Reportedly, during peak winter periods, as much as two thirds of Michigan's gas comes from storage as transmission pipelines from the southern states have inadequate capacity to supply the peak demand of the northern states, including Michigan.[3] Michigan's jurisdictional basis for regulation of gas storage flows from an express grant of authority to exercise "complete power and jurisdiction to regulate all public utilities in the state" and the "power and jurisdiction to hear and pass upon all matters *pertaining to, necessary, or incident to the regulation of public utilities, including . . . gas,* and pipeline companies . . . ." *See* Act 3 of 1939, MCL § 460.6(1) (emphasis added).

By contrast, and as noted by CINGS in its petition, AS 42.05.990(4)(D) qualifies the Alaska Commission's jurisdiction over gas-related entities by defining a public utility in terms of its "*furnishing* by *transmission or distribution*" gas to the public for compensation. It is not presently clear that the dynamics of natural gas storage can be deemed, strictly speaking, a transmission or distribution function as contemplated under the statute.

[3] Source: Mr. John King, Engineering Manager for the Michigan Public Service Commission (Jan.12, 2010).

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It is instructive, however, that some courts have recognized the importance of gas storage to the overall supply of natural gas to consumers when interpreting statutory law. For example, consider the federal court's perspective in *Columbia Gas Transmission Corp. v. Exclusive Gas Storage Easement*, 776 F.2d 125, 129 (6th Cir. 1985):

> Given the importance of natural gas underground storage facilities to the overall function of supplying natural gas to the consuming public, the underground *facilities fall within the intent of the legislature* to provide the use of eminent domain to acquire the right-of-way for stations or equipment necessary to the proper operation of gas pipelines.[4] (Emphasis added)

Columbia Gas Transmission thus underscores the need to take a broad, rather than a crabbed, approach to interpreting applicable law by assessing the interconnected role that gas storage could play in the provision of fundamental, otherwise fully regulated, public utility gas service in the Railbelt.[5]

THE COMPELLING PRACTICAL AND POLICY CONSIDERATIONS

As stated in previously filed Comments, the development of gas storage is one of various measures that may enhance deliverability of Cook Inlet gas for the purpose of meeting peak demand usage in the Railbelt. The more certainty present

[4] *Citing Columbia Gas Transmission Corp. v. Exclusive Gas Storage Easement*, 578 F. Supp. 930, 933 (N.D. Ohio 1984). Alaska law similarly confers upon regulated public utilities a right to take by eminent domain. AS 42.05.631.

[5] This is so notwithstanding the 1995 modification of the Commission's general powers and duties in AS 42.05.141(a). *See* § 1 Ch. 1 SLA 1995.

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regarding the aspects of any proposed gas storage project, including regulatory oversight, increases the prospect of a successful venture. The jurisdictional question posed by CINGS' gas storage proposal is a question of first impression because public gas storage has neither existed nor previously been proposed in Alaska. Likewise, gas storage was likely not contemplated at the time existent law was enacted. Absent contemporary legislative guidance, the Commission should bring broader policy considerations to bear upon the question of whether CINGS' gas storage proposal is subject to its regulatory authority.

As a matter of public policy and as a practical matter, there are several reasons why the better course of action is to find jurisdiction to regulate prospective provision of gas storage at this time. First, this seminal (CINGS) proposal to provide gas storage would be a monopoly service. Since there is no existent market in the Cook Inlet for the provision of public gas storage to exert price discipline, the classic economic basis exists to substitute monopoly regulation as a proxy for market discipline at this time.

Second, the successful provision of public gas storage will be an integral part[6] of the overall provision of fundamental public utility gas service, so Alaska customers can heat their homes and fuel their businesses. It is commercially rational

[6] To paraphrase the Irish poet: how can we separate the dancer from the dance? "Among School Children", William Butler Yeates, 1928 ("How can we know the dancer from the dance?").

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and plainly practical to regulate the costs of that component as part of the overall, established regulatory process administered by the Commission for the purpose of determining just and reasonable gas rates, and terms of public utility gas service.

Third, the imperfect Cook Inlet gas supply market as a whole, including regulated public utilities (and the Commission itself), has already experienced the systemic difficulties involved when one party to a proposed gas supply agreement submitted for the Commission's regulatory approval is regulated, while the other party is not. No market for gas storage presently exists (much less an imperfect market); it will enhance the development of one at this time to have all prospective parties to gas storage transactions – utility-customers and the storage provider- and the storage service itself subject to public process involved in regulatory oversight.

Finally, a decision that gas storage is subject to established regulatory oversight will likely promote more certainty (rather than less) across the board, to all stakeholders. That should be a desired outcome that will increase the prospect of a successful venture – one that can meaningfully contribute to enhancing deliverability of Cook Inlet gas for the purpose of meeting peak demand usage by Alaskans in the Railbelt and throughout the state wherever else that natural gas can eventually be delivered.

CONCLUSION

As applied to presently known facts, existent law may ultimately be determined to confer the requisite jurisdiction for the Commission to undertake

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regulation of the natural gas storage proposal of CINGS. More importantly, regulatory oversight is the best public policy alternative under the circumstances.

DATED this 15th day of January, 2010, at Anchorage, Alaska.

DANIEL S. SULLIVAN
ATTORNEY GENERAL

By: _____
Daniel Patrick O'Tierney
Chief Assistant Attorney General
Regulatory Affairs & Public Advocacy
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STATE OF ALASKA

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CERTIFICATE OF SERVICE

I hereby certify that on this 15th day of January, 2010, true and correct copies of the THE ATTORNEY GENERAL'S BRIEFING and this CERTIFICATE OF SERVICE were served by First Class U.S. Mail on the following:

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Law Office Assistant

Cook Inlet Natural Gas Reservoir & Storage

RFP Number 2008-0400-7351

Prepared for the

Alaska Department of Revenue

Alaska Natural Gas Development Authority

December 31, 2007

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Disclaimer

This report did not involve the collection or generation of any new or original data. All conclusions and judgments presented in this report are based on information obtained at the time of the assessment. This report is intended to be used in its entirety. Taking or using in any way excerpts from this report are not permitted because, when taken out of context, such excerpts run the risk of being misinterpreted and are not representative of its findings; therefore, any party doing so does so at its own risk.

In preparing this report, SAIC has relied on verbal and written information provided by secondary sources and interviews, including information provided by customer. Because the assessment consisted of evaluating a limited supply of information, SAIC may not have identified all potential items of concern and/or discrepancies and, therefore, SAIC warrants only that project activities under this contract have been performed within the parameters and scope communicated by the Alaska Department of Revenue and the Alaska Natural Gas Development Authority reflected in the contract. SAIC has made no independent investigations concerning the accuracy or completeness of the information relied upon.

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Executive Summary

The seasonal variation in South-central Alaska natural gas demand is large, about 1.75 times the yearly average demand on the peak demand day in the winter for total gas demand (utility natural gas for residential and commercial heating and electric utility use for power generation) and about 2.5 for utility gas only. Historically the swing in gas demand has been met by spare production capacity from the Cook Inlet gas fields. As Cook Inlet production capacity has declined, the capability of the existing gas fields has decreased to the point that gas storage has been developed by the operators to provide contracted quantities and to provide the peak capacity needed on the coldest days. On January 9, 2007 a record was set by ENSTAR that required that natural gas be diverted from the liquefied natural gas (LNG) plant to meet the peak requirement (ENSTAR 2007). In the future, unless additional natural gas resources are developed in the Cook Inlet basin, natural gas from other sources will have to be developed to meet the demand for natural gas. Options include a spur pipeline to bring North Slope natural gas to South-central Alaska or gas from interior basins (e.g., the Nenana Basin) or imported LNG. Other options to reduce the demand such as coal plants, wind farms, hydropower, geothermal, and tidal power opportunities in the Railbelt region may reduce the demand for natural gas for power generation but will not offset the need for natural gas for home and business heating unless customers convert home heating to electric heating.

The objective of this study is to identify potential locations for underground natural gas storage in the Cook Inlet region. Storage is anticipated to be essential to achieve the capacity and deliverability required to meet the regional need for load balancing, operational balancing, and efficient management of the spur line system supply.

The reservoir characteristics and the production infrastructure for the existing and potential gas storage reservoirs in the Cook Inlet provide the basis for the evaluation and determination of the most likely candidates for possible future underground storage. It is assumed that a spur pipeline connecting an Alaska Gas Pipeline transporting North Slope natural gas to markets outside Alaska with offtake points in Alaska will be operational in 2020. The storage volume and deliverability rate required to meet the anticipated natural gas demand for utility gas and electric power generation are estimated from historical production and demand data. The characteristics of an ideal underground natural gas storage facility (base-load and peaking-load gas storage facilities) are described as are the three existing underground Cook Inlet storage facilities and the characteristics of potential underground storage facilities in the Cook Inlet. Finally, the potential Cook Inlet storage fields and pools are compared to the ideal storage characteristics to arrive at a ranking of the potential gas storage reservoirs. A general description and estimate of the costs related to conversion of a gas production reservoir to a gas storage facility are presented.

Overview of Cook Inlet Reservoirs

The Cook Inlet area has been the subject of oil and gas exploration since the early 20th Century, and the initial commercial discovery was made in 1957 at the Swanson River oil field on the Kenai Peninsula. Over the next decade additional oil accumulations were discovered and developed. During the oil exploration and subsequently, 30 gas fields were discovered ranging in size from less than 1.0 billion cubic feet (Bcf) of gas to more than 2.3 trillion cubic feet (Tcf) of gas. There are currently 30 gas fields and 57 individual pools recognized by the Alaska Oil and Gas Conservation Commission.

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Storage Volume, Rate of Delivery Requirements and Estimates

A Railbelt natural gas demand forecast developed by ANGDA based on historical and projected demands for the use sectors is used for this assessment (ANGDA 2006). This demand forecast is for the entire Railbelt and includes regions of the state that will be served by an Alaska Natural Gas Pipeline from the North Slope and a spur pipeline to South-central Alaska. However, some of these regions will not be directly served by the spur pipeline; i.e., Fairbanks, North Pole, Delta Junction, Healy, Tok, Valdez).

The future of industrial use of natural gas in the Cook Inlet area will be determined by availability and price of natural gas for industrial purposes in the South-central Alaska. Agrium closed its nitrogen fertilizer operations due to a shortage of natural gas supply in Alaska's Cook Inlet basin. The balance of the historical industrial natural gas usage is for the ConocoPhillips/ Marathon LNG plant at Nikiski. The export license expires March 31, 2009. The plant owners have applied to the U.S. Department of Energy for a 2-year extension of this export license but the outcome of that assessment is not known at this time.

Continued industrial use of natural gas to provide an industrial base in South-central Alaska such as continued LNG operations and petrochemical industry will be determined by the availability and price of gas in the Cook Inlet from gas produced in the Cook Inlet or delivered through a spur pipeline from the North Slope (Thomas et al. 2004, Thomas et al. 2006, ANGDA 2006).

The minimum gas storage based on future estimated demand ranges from 11.1 Bcf in 2020 to 15.7 Bcf in 2040. Depending on the minimum gas storage required to meet demand in South-central Alaska is considered **too risky** because of the serious consequences of any shortfall that would cause a disruption in service in winter. There are currently **no alternative sources** of natural gas for heating and other essential services so a shortage causing a disruption of service to large portions of service area would be very costly and highly disruptive. Therefore, a safety factor of 1.5 was applied to arrive at the amount of gas storage required to meet seasonal swings in demand and possible longer-term disruptions that could result from equipment failures or pipeline breaks requiring several days to weeks to repair. Use of the 1.5 safety factor results in estimated gas storage capacity requirements of 16.7 Bcf in 2020 increasing to 23.5 Bcf in 2040. The selected gas storage reservoirs must be capable of providing the daily delivery rates during peak-demand season or multiple gas storage reservoirs or peaking reservoirs must be developed. Gas storage must also be able to deliver the incremental rates needed on the coldest highest demand days.

Although it is not possible to accurately predict the supply and demand situation that will exist in 2020, the estimated demand implies that a 300 MMcf/d spur pipeline will be needed in 2020. This assumes no new additional sources of gas from the Cook Inlet and no offsetting reduction in demand that could result from power generation from sources other than natural gas. This spur pipeline capacity will need to be expanded to 350 MMcf/d in 2030, 400 MMcf/d in 2035 and 450 MMcf/d in 2040 to meet the anticipated demand growth. Future industrial demand is not included in these capacity volumes.

The design withdrawal rates for base storage requirements range from 120 MMcf/d in 2020 to 169 MMcf/d in 2040. Unless the base storage reservoirs are capable of providing adequate deliverability through additional wells to meet the anticipated peak-day demands, peaking storage facilities may need to come on line between 2020 and 2025 and increase to a minimum deliverability rate of about 80 MMcf/d.

Ranked Candidates for Base Load Storage

The ranking of potential future base load storage sites will be determined by the following considerations.

- Reservoir size near the ideal volume–excessive capacity may require large volumes of cushion gas in order to achieve optimum operating rates. Capacity significantly below the ideal would require high existing reservoir pressures to minimize cushion gas and maximize working gas. Excessive storage concerns may be offset by using a greater number of wells to keep withdrawal rates at required levels. Reservoir size less than the ideal volume will require multiple facilities, which may be an advantage, when taking disruptions into consideration.
- Deliverability of a reservoir is a function of the number of wells, reservoir pressure, and communication. In the scenario analyzed, the number of wells in each potential storage site is taken to be two times the number of wells utilized during that pools historically high production stage (Appendix A, Table A.2). It may be possible to achieve greater deliverability by drilling more infill wells and adding compression.
- Gas volume can be a very costly component of the storage economics. The amount of working gas is taken as a constant (20 Bcf) and the variable is the volume of cushion gas required, which is based largely on the reservoir pressure. Large low pressure reservoirs may require several 100 Bcf of gas to achieve the necessary pressure.
- Depletion prior to 2015 is preferred and prior to 2020 is a virtual necessity. This provides adequate time to plan and prepare the site for gas storage. Those that are depleted after 2020 would need to be deferred or some agreement with the lease holders/operators would need to be negotiated to use part or all the field/pool for storage.

The large Kenai Field pools and the Beluga River Undefined pool were excluded from the final list because they have very large reservoir size (capacity) and require excessive volumes of cushion gas, 146 to 179 Bcf (Appendix A, Table A.1) to achieve pressures equivalent to the ambient pipeline pressure.

The Beluga River Undefined pool is somewhat unique. It includes numerous pay sandstones (more than 40) in the Sterling and Beluga formations. These pays are cut by an unknown number of the wells, probably ranging from 2 or 3 per pay to perhaps as many as 10 per pay interval. Individual wells may penetrate and produce from as many as 50 pays. The volume of cushion gas required is nearly 650 Bcf (Appendix A, Table A.2). The issues regarding well integrity, communication between pay zones, and depletion status of individual sandstones indicate that using any of these horizons for storage is not feasible based on current knowledge. The operators continue to delineate and refine their understanding of the interrelations among pays, wells, and production. Hence, there may come a time when specific, depleted horizons are viable candidates for storage.

The rankings for the potential base load storage site candidates are shown in Table 1 and the locations are shown on Figure1. They are compared to the "Ideal Storage Pool" criteria.

The Swanson River Sterling pool is ranked as number one primarily because it has good-to-high deliverability, is expected to be depleted by 2020, and requires moderate amounts of cushion gas. The reservoir size is adequate but falls in the mid-range of the preferred size class, and expansion of storage capacity is limited to about 10 Bcf over the estimated requirement.

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Table 1. Ranked Candidates for Cook Inlet Base Load Storage

Rank	Pool	Reservoir Size (Bcf)	Deliverability[1] (MMcf/d)	Cushion Gas Required (Bcf)	Depletion Date (Year)
	IDEAL POOL	**25-50**	**120-169**	**0.0**	**2010-2015**
1	Swanson River/Sterling	39	60 (160)	9.0	2019
2	Beaver Creek/Beluga	92	61 (106)	16.0	2028
3	Ivan River	97	34 (65)	8.0	2019
4	Kenai/Sterling # 5.2	66	30 (36)	0.0	1981
5	Swanson River/Tyonek	28	29 (89)	6.0	2006
6	Beaver Creek/Sterling	140	33 (51)	24.0	1994

1. The number in the column is the 'adjusted" low deliverability, which is the value used to rank the candidate sites; the number in parenthesis is the "adjusted" high deliverability and can be achieved but is not sustainable for the entire demand season (Appendix A, Table A.2).

The Beaver Creek Beluga site has excellent reservoir size, the highest deliverability, but requires more cushion gas and is not expected to be depleted until 2028. These latter two factors prevent it from being ranked No. 1 and could drop it below the Ivan River pool.

The Ivan River pool is rated as the third choice due to the capacity and moderate volume of cushion gas required. The expected depletion date of 2019 is an additional plus. The primary negative factor is the relatively low deliverability of only 34 MMcf/d under the assumed development scenario.

The Kenai Sterling # 5.2 has been depleted since 1981 and has good-to-excellent reservoir size. The capacity is in excess of the requirements and no cushion gas is required to achieve ambient pipeline pressures. The chief problem is deliverability of only 30 MMcf/d using the one-to-one producing well scenario. There are suggestions that water encroachment has been detected, which may have the potential to reduce deliverability.

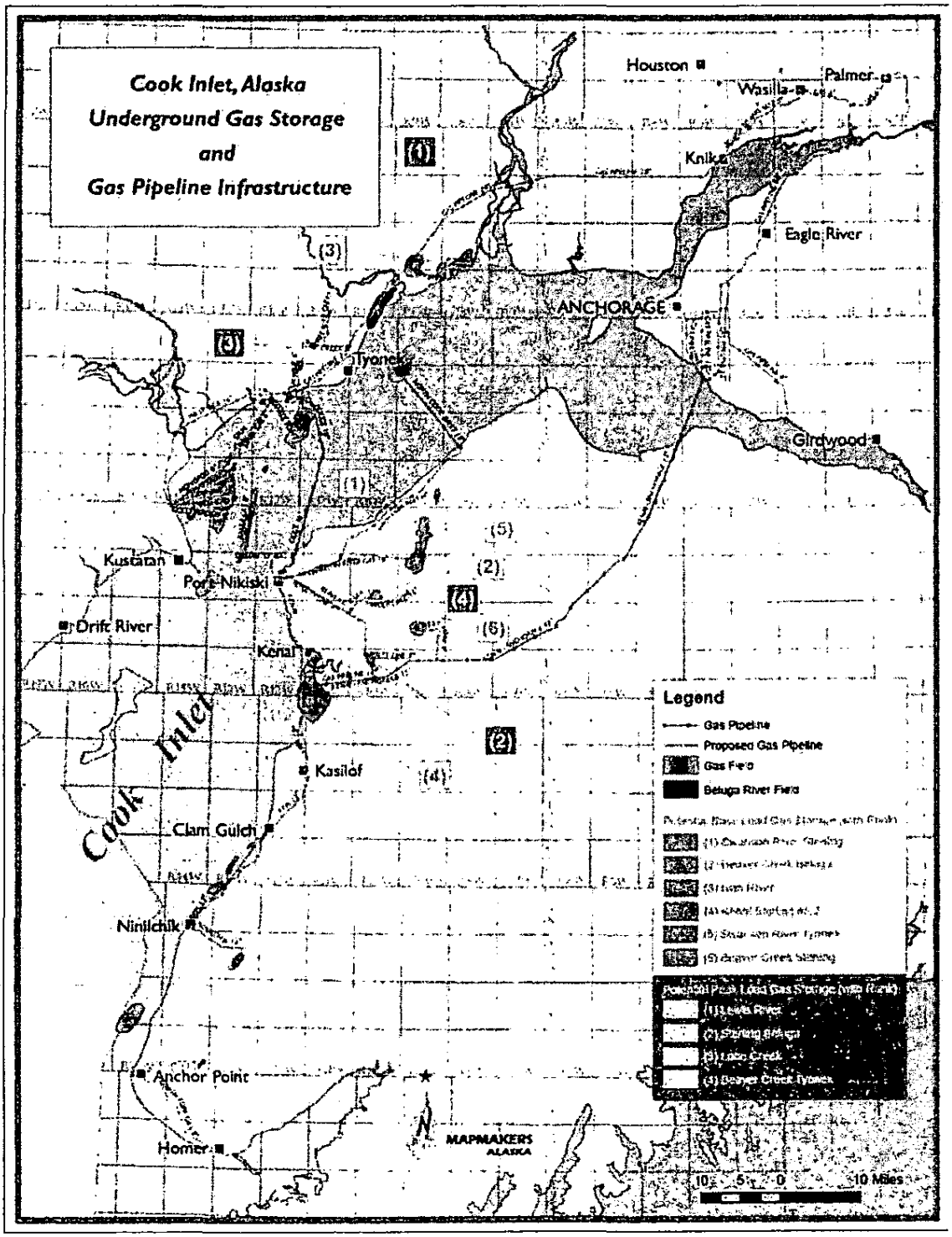
The Swanson River Tyonek pool is the smallest of the top six candidates at 28 Bcf, which is at the low end of the preferred size range. It requires a moderate amount of cushion gas, but has a projected deliverability in the one-to-one infill well case of only 29 MMcf/d.

The Beaver Creek Sterling pool is ranked No. 6 because of the problems with water encroachment, which requires a large volume of cushion gas and also reduces the deliverability. There is a large capacity for gas storage, and an early depletion date, but unfortunately that is due largely to the fact the pool watered out. The anticipated deliverability is about 33 MMcf/d.

The results of these evaluations indicate that there are viable potential future underground natural gas storage sites in the Cook Inlet gas fields that will meet the anticipated need for base load gas storage. However, among the leading candidates there are no true stand-alone reservoirs with regard to sustainable deliverability. Each of the candidate pools meets the capacity needs but under the proposed development none of them are capable of achieving the 120 to 169 MMcf/d design withdrawal rates (see Table 2.6 and Section 3.1).

Unless future detailed studies indicate otherwise, these pools in some combination should provide adequate storage for any reasonably forecast seasonal storage needs and achieve the deliverability needs for peak season demand. Under certain conditions, multiple base load storage facilities may negate the need for separate peak load storage, at least for the initial years of the pipelines existence.

Figure 1. Cook Inlet Potential Underground Gas Storage Locations and Gas Pipeline Infrastructure



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Ranked Candidates for Potential Peak Load Storage Sites

The need for a separate peak load facility or facilities depends on the ultimate nature of the base load storage facilities. At this time the working scenario requires peak load storage for the short, very high demand periods resulting from conditions of extreme cold weather. Five pools were identified that would be candidates for potential peak load storage as shown in Table 2. The total storage capacity of these pools ranges from 6.2 Bcf to 15.1 Bcf (Appendix A, Table A.3). These pools are all on the pipeline system and are within 50 to 100 miles of the major consumers. Three key factors were utilized to rank or eliminate the pools: reservoir size, deliverability, and cushion gas requirements.

Table 2. Cook Inlet Ranked Peaking Load Storage Candidates

Rank	Pool	Reservoir Size (Bcf)	Cushion Gas Required (Bcf)	Deliverability[1] (MMcf/d)
1	Lewis River Undefined	14.3	1.6	130
2	Sterling Beluga Undefined	15.1	2.0	125+
3	Lone Creek Undefined	6.2	0	62
4	Beaver Creek Tyonek Undefined	6.3	0.5	58

1. 1% of the working gas volume (reservoir size minus cushion gas).

The existing Cook Inlet gas storage facilities have gas volumes of this size or smaller and average deliverability rates are about one percent of the total working gas. Based on these averages, maximum deliverability rates may range from a low of 58 MMcf/d for the Beaver Creek Tyonek undefined pool to a high of 131 MMcf/d for the Sterling Beluga Undefined pool. This assumes the reservoirs are filled to capacity and the cushion gas has been discounted.

Using the one percent of working gas volume (reservoir size minus cushion gas) as average daily deliverability, only two of the remaining pools are capable of achieving the 80 MMcf/d maximum anticipated peak gas requirements in 2040. The Lone Creek Undefined and the Beaver Creek Undefined pools are fall below the margin of 70 MMcf/d in 2025 for the assumed spur pipeline rates. Both the Lewis River and Sterling Beluga undefined pools have capability to achieve the desired deliverability in 2040 with potentials of approximately 125 to 130 MMcf/d each.

The Lone Creek and Lewis River sites are located on the west side of the Cook Inlet and could easily supply the electrical generation plant, while the Beaver Creek and Sterling Beluga sites are located on the east side and could be dedicated to the gas utilities.

The location and ranking of the potential peak load gas storage reservoirs/pools are shown in Figure 1.

Summary of Potential Cook Inlet Storage Sites

Six potential base load storage and four peak load storage sites are identified in the study. All the base load storage candidates are of sufficient size that, even with the anticipated cushion gas requirements of the various pools, they retain the capacity for the requisite volume of about 20 Bcf of working gas. At the calculated low sustainable deliverability rates none of them are gauged to have rates that are sufficient to serve as the sole storage facility and multiple storage pools are required. At the calculated high deliverability rates the Beaver Creek Beluga (120 MMcf/d) and the Swanson River Sterling (160 MMcf/d) can meet the demand, but not for sustained periods or for the duration of the high demand winter season.

The four potential peak storage sites are equally distributed between the west and east sides of Cook Inlet and the Lewis River and Sterling Beluga undefined pools have the potential to meet any anticipated peak demand needs. The Lone Creek and Beaver Creek Tyonek, as a pair could also meet that demand.

Cost of Potential Storage Facilities

The total capital costs for a 20 Bcf working gas storage facility, requiring the purchase of 20 Bcf of cushion gas, drilling of four new wells at $7 million each, and capable of delivering a maximum rate of 100 MMcf/d are estimated to be $8.1 million/Bcf. This compares to values given in a study by the Federal Energy Regulatory Commission (FERC 2004) of $5 to $6 million/Bcf for a typical depleted natural gas reservoir storage field in the Lower 48. The costs will vary depending on the specific sites chosen. The average cost-of-service for 20 storage operator tariffs collected by FERC (2004) indicated a median cost-of-service of $0.64/Mcf. A determination of the regulatory framework that the spur pipeline and gas storage facilities in the Cook Inlet will need to be determined as well as site-specific requirements to provide an accurate estimate of the tariff. A cost-of service estimate is not included in this study.

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Acronyms and Abbreviations

ADNR.....Alaska Department of Natural Resources
ADOG.....Alaska Division of Oil and Gas
ANGDA.....Alaska Natural Gas Development Authority
AOGCC.....Alaska Oil and Gas Conservation Commission
Bcf.....billion cubic feet of natural gas
DOE.....U.S. Department of Energy
FERC.....Federal Energy Regulatory Commission
LNG.....liquefied natural gas
md.....millidarcies
MD.....Measured depth
MMcf.....million cubic feet natural gas
MMcf/d.....million cubic feet per day
NETL.....National Energy Technology Laboratory
RCA.....Regulatory Commission of Alaska
Tcf.....trillion cubic feet of natural gas
TVDss.....True Vertical Depth sub-sea

Storage Measures

Total capacity is the maximum volume of gas that can be stored in an underground storage facility and is determined by the physical characteristics of the reservoir.

Base gas (or **cushion gas**) is the volume of gas intended as permanent inventory in a storage reservoir to maintain adequate pressure and deliverability rates throughout the withdrawal season.

Working gas capacity is, by definition, total capacity minus base gas.

Working gas is the volume of gas in the reservoir above the designed level of the base gas. Working gas is that which is available to the marketplace.

Deliverability is a measure of the amount of gas that can be delivered (withdrawn) from a storage facility on a daily basis. Also referred to as the deliverability rate, withdrawal rate, or withdrawal capacity, deliverability is most often measured in terms of million cubic feet or dekatherms per day. The deliverability of a given storage facility is variable, and depends on factors such as the amount of gas in the reservoir at any particular time, the pressure within the reservoir, compression capability available to the reservoir, the configuration and capabilities of surface facilities associated with the reservoir, and other factors. In general, a facility's deliverability rate varies directly with the amount of base and working gas in the reservoir; it is at its highest when the reservoir is most full and declines as working gas is withdrawn.

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1 Introduction

The seasonal variation in South-central Alaska natural gas demand is large, about 1.75 times the yearly average demand on the peak demand day in the winter for total gas demand (utility natural gas for residential and commercial heating and electric utility use for power generation) and about 2.5 for utility gas only. Historically the swing in gas demand has been met by spare production capacity from the Cook Inlet gas fields. As Cook Inlet production capacity has declined, the capability of the existing gas fields and pools has decreased to the point that gas storage has been developed by the operators to provide contracted quantities and to provide the peak capacity needed on the coldest days. On January 9, 2007 a record was set by ENSTAR that required that natural gas be diverted from the liquefied natural gas (LNG) plant to meet the peak requirement (ENSTAR 2007). In the future, unless additional natural gas resources are developed in the Cook Inlet basin natural gas from other sources will have to be developed to meet the demand. Options include a spur pipeline to bring North Slope natural gas to South-central Alaska or gas from interior basins (e.g., the Nenana Basin) or imported LNG.

ANGDA is a major driving force to construct a pipeline to deliver North Slope gas into the Cook Inlet area to meet the energy needs of South-central Alaska. The need for a pipeline to bring natural gas to South-central Alaska is based on the declining natural gas reserves in the Cook Inlet from the currently developed fields. The critical nature of this need has been described in several recent reports and studies (Thomas et al. 2004, Thomas, et al. 2006, ANGDA 2006). The issues facing South-central Alaska future natural gas needs and sources were discussed in great detail by numerous presenters at the Alaska Oil and Gas Conservation Commission's (AOGCC) South Central Alaska Energy Forum held in Anchorage, Alaska, September 20-21, 2006.[1]

When a spur pipeline is used to deliver natural gas to South-central Alaska, it will be essential that the pipeline operate at a constant rate matching the nominated and contracted rate. This can be achieved by developing one or more of the depleted or nearly-depleted Cook Inlet gas reservoirs as gas storage facilities.

1.1 Objective

The objective of the project is to identify potential locations for underground natural gas storage in the Cook Inlet region. Storage is anticipated to be essential to meet storage capacity and deliverability required to meet the regional need for load balancing, operational balancing, and efficient management of the spur line system supply. The reservoir characteristics and the production infrastructure for the existing and potential gas storage reservoirs in the Cook Inlet provide the basis for the evaluation and determination of the most likely candidates for possible future underground storage.

1.2 Scope and approach

Section 2 of the report contains an analysis of the storage volume and deliverability rate required to meet the anticipated natural gas demand for utility gas for residential/commercial heating, and electric power generation. Section 3 contains a description of the characteristics of an ideal underground natural gas storage facility including base-load and peaking-load gas

[1] http://www.aogcc.alaska.gov/homeogc.shtml

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storage facilities. Section 4 contains a description of the three existing underground Cook Inlet storage facilities. Section 5 describes the characteristics of potential underground storage facilities in the Cook Inlet. In Section 6 the potential storage facilities are compared to the ideal storage characteristics to arrive at a ranking of the potential gas storage reservoirs. Section 7 includes a general description and estimate of the costs related to conversion of a gas production reservoir to a gas storage facility to provide a general guideline for the costs on a unit volume basis.

The data used to analyze Cook Inlet oil and gas reservoirs were obtained from the publicly available sources including the AOGCC, Alaska Department of Natural Resources (ADNR), and the Regulatory Commission of Alaska (RCA). Chevron and Marathon currently operate gas storage facilities in the Cook Inlet at Swanson River, Pretty Creek and Kenai River Sterling Pool #6. These operators were contacted and they all provided general overviews of their operations and experiences in operating gas storage reservoirs in the Cook Inlet.

1.3 Overview of Cook Inlet Petroleum Geology and Reservoirs

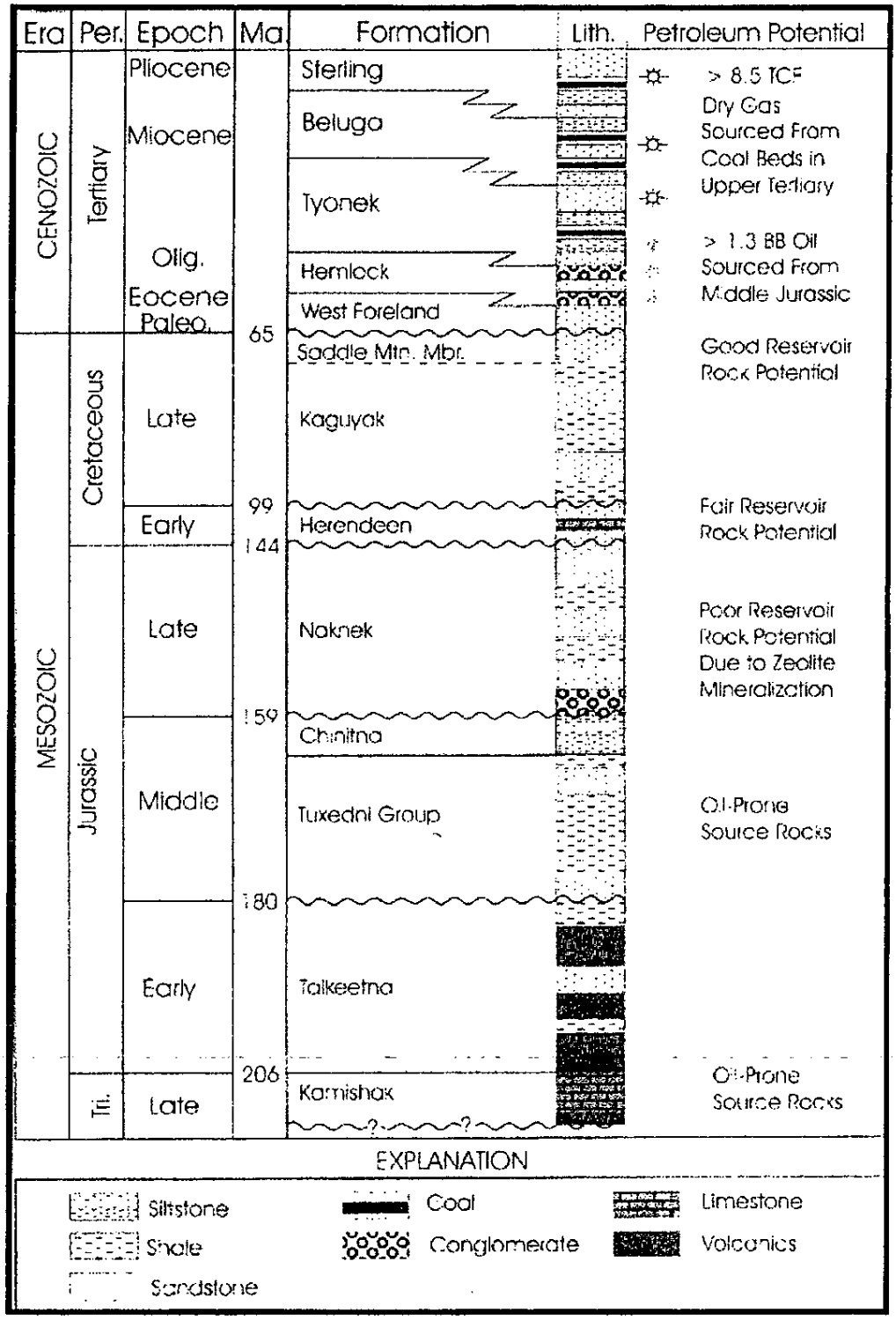
The effort to identify and evaluate potential Cook Inlet natural gas storage facilities is focused on the nearly depleted or depleted oil and gas reservoirs of the Cook Inlet Tertiary Basin. Prior to the discussion of the character and criteria required for Cook Inlet natural gas storage, it is informative to provide a very rudimentary over-view of the geological setting and petroleum geology of the Cook Inlet basin.

The Cook Inlet area has been the subject of oil and gas exploration since the early 20th Century, and the initial commercial discovery was made in 1957 at the Swanson River oil field on the Kenai Peninsula. Over the next decade additional oil accumulations were discovered and developed. During the oil exploration and subsequently, 30 gas fields were discovered ranging in size from less than 1.0 billion cubic feet (Bcf) of gas to more than 2.3 trillion cubic feet (Tcf) of gas (Thomas, et al. 2004, Table 2.5). The basin geological framework, character of the petroleum systems, the age, depositional framework, and distribution of hydrocarbons are discussed in considerable detail in Thomas, et al. (2004) and only a brief overview is provided here.

The entire Cook Inlet Tertiary section was deposited under non-marine conditions. The sub-aerial fans and a variety of fluvial channel systems constitute the reservoirs for the known, commercial oil and gas accumulations of the basin. The alluvial fan complexes provide thick, relatively continuous reservoirs and are best developed along the margins of the basin. The fluvial reservoirs have varying geometries and degrees of heterogeneity, depending upon the type of steam (braided, meandering, etc.) responsible for their formation. Consequently, these reservoirs have varying degrees of potential to serve as storage reservoirs depending on the nature of fluvial system and the degree to which they inter-finger with and migrate across the various overbank and flood plain facies (coals, mudstones, etc).

The Cook Inlet stratigraphic section (Figure 1.1) depicts both the Mesozoic and Cenozoic rocks of the Cook Inlet Basin and indicates the source intervals for oil and gas. The bulk of the gas is non-associated gas and is in no way related to the rocks or processes that generated the oil and associated gas. As can be seen from Figure 1.1 the oil is sourced thermogenically, from older Mesozoic rocks, and has accumulated in the lower portion of the Tertiary interval–in the West Foreland, Hemlock and lower Tyonek formations. Many of these oil-bearing reservoirs of the lower portion of the Tertiary section are of fan origin and hence thick and widespread in nature. This is especially true of the most important oil-bearing unit, the Hemlock Conglomerate.

Figure 1.1. Cook Inlet Basin Alaska–Stratigraphic Column & Oil and Gas Reservoirs



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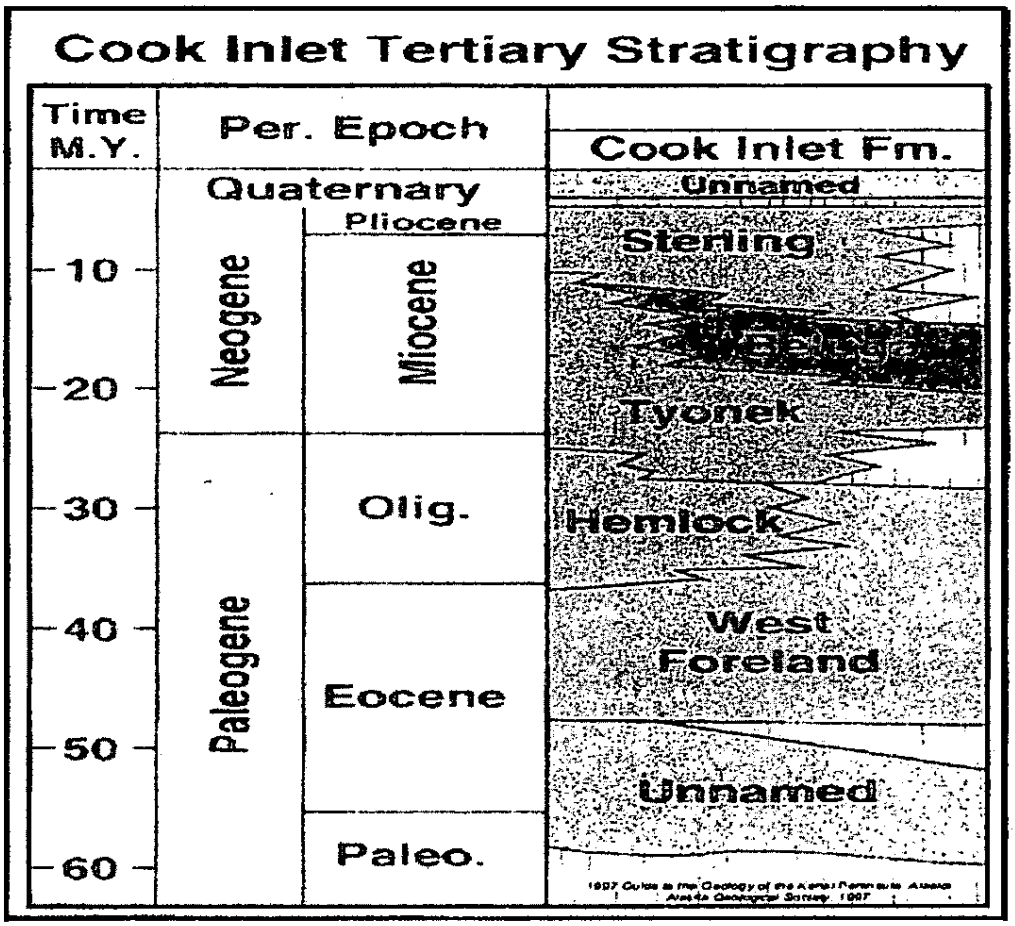
The non-associated gas was sourced biogenically, from the coals and coaly mudstones of the upper Tyonek, Beluga, and Sterling Formations. This gas has accumulated in reservoirs of the same age and system. These reservoirs are predominantly of fluvial origin, are more limited in distribution, and possess greater lateral heterogeneity. Figure 1.2 shows the stratigraphic and temporal relationships of the various formations of the Kenai Group (Swenson, R. F., 1997).

Figure 1.2 Cook Inlet Tertiary Section



There are currently 30 gas fields and 57 individual pools recognized by the Alaska Oil and Gas Conservation Commission (AOGCC 2006a). These Cook Inlet gas fields and pools, the cumulative production through 8/31/2007, and the remaining reserves estimates using a 10 MMcf/mon production cutoff for each pool are shown in Table 1.1. The reserves estimates were made using standard reservoir engineering material balance methodology (Slider 1983). The material balance data and the production rate versus pressure data for the field/pool are also used to estimate to estimate the amount of cushion gas required to return the pools to a pressure condition required to provide the required production rates. These estimated reserves total 1,102.4 Bcf in this analysis and do not include Probable/Under-development reserves. The ADNR Division of Oil and Gas (ADOG) 2007 Annual Report Table III.2 (ADNR 2007) lists gas reserves as 1,269.0 Bcf, without Probable/Under-development reserves, and 1,684.6 Bcf with

Probable/Under-development reserves. These reserves and production forecasts are close enough to the same that the ADOG production forecast (Table III.9. ADNR 2007) is used as a basis for estimating the gas storage capacity and deliverability rate required for gas storage in the Cook Inlet and the individual pool assessments performed in this study were used for individual pool estimates for the year when production is expected to stop and to determine the volumes of cushion gas required and associated pressures and deliverability rates.

The bulk of the Cook Inlet pools are in sandstone deposited by the fluvial channel systems of the upper Tyonek, Beluga, and Sterling formations. The sandstones of the lower part of the Sterling Formation constitute the best gas reservoirs in the basin and reflect the development of a thick succession of superposed fluvial channel systems. Consequently, it can be predicted, that all other factors being equal, the Sterling fields and pools should rank high in the ultimate listing of potential natural gas storage facilities.

The gas pools of the area are typically defined in one of two ways; 1) named after a specific sandstone within a formation as the Kenai #5.1 or #6 pools in the Kenai gas field, or 2) termed undefined, meaning there are multiple productive zones through the section and are named after the field or formation in which they occur, as Beluga River Undefined (produces from interval throughout the Beluga and Sterling formations) and Beaver Creek Tyonek Undefined (produces from intervals throughout the Tyonek).

Thomas et al. (2004) present a table derived from AOGCC data (2003) that provides porosity and permeability data for the three primary gas-bearing formations. While the number of samples is small, these data indicate the relative quality of the units as storage targets. In the most attractive unit, Sterling Formation, this sampling yields a porosity range of 10 to 33 percent with an average of 28 percent, and the permeability ranges from 125 to 2000 md with an average of 579 md. The upper Tyonek Formation has a porosity range of 12 to 29 percent with an average of 20.7 percent, and the permeability range is 0.25 to 1600 md with an average of 312 md. The Beluga Formation is the least prospective interval having a porosity range of 10 to 28 percent, with an average of 21.7 percent, but the permeabilities are much lower, ranging from 0.1 to 300 md, with an average of only 75 md. As stated earlier, the Sterling Formation gas pools should provide the most attractive options for future natural gas storage facilities.

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Table 1.1. Cook Inlet Gas Fields and Pools (as of 08/31/2007)

Field	Pool	Cumulative (8/31/2007) (MMcf)	Remaining Reserves (10 MMcf/mon production cutoff)
Albert Kaloa	Undefined	2,933.1	1308.0
Beaver Creek	Beluga	60,379.6	22846.2
Beaver Creek	Sterling	125,952.9	0.0
Beaver Creek	Tyonek Undefined	5,498.4	0.0
Beluga River	Undefined	1,044,081.8	408665.2
Birch Hill	Undefined	65.3	0.0
Granite Pt	Undefined	872.8	0.0
Ivan River	Undefined	78,654.4	4666.0
Kasilof	Tyonek Undefined	1,868.2	398.4
Kenai	Beluga Undefined	0.1	0.0
Kenai	Sterling 3	332,329.2	5598.0
Kenai	Sterling 4	451,659.9	3892.8
Kenai	Sterling 5.1	484,638.7	0.0
Kenai	Sterling 5.2	44,031.6	0.0
Kenai	Sterling 6	530,063.8	12556.4
Kenai[1]	Sterling 6 Storage	488.5	N.A.
Kenai	Tyonek	187,060.5	8238.0
Kenai	Upper Tyonek Beluga	297,761.4	113899.6
Kenai C.L.U.	Beluga	64,121.5	37262.0
Kenai C.L.U.	Sterling Undefined	19,943.9	9538.4
Kenai C.L.U.	Tyonek D	1,399.4	0.0
Kenai C.L.U.	Upper Tyonek	71,898.7	8748.8
Kustatan	Undefined	311.4	0.0
Lewis River	Undefined	11,589.8	0.0
Lone Creek	Undefined	5,335.3	228.0
McArthur River[2]	Middle Kenai	1,066,396.2	111268.0
Middle Ground Shoal	Undefined	16,393.6	0.0
Moquawkie	Undefined	3,716.7	470.4
Nicolai Creek	Beluga Undefined	2,286.5	714.8
Nicolai Creek	North Undefined	1,123.2	0.0
Nicolai Creek	South Undefined	855.6	333.2
Ninilchik	Deep Undefined	8,767.0	15791.6
Ninilchik	Fc Tyonek Undefined	18,931.1	15714.8
Ninilchik	Go Tyonek Undefined	16,758.2	13870.8
Ninilchik	Pax Tyonek Undefined	1,319.8	2452.4
Ninilchik	Sd Tyonek Undefined	21,317.3	43967.6
North Cook Inlet[3]	Tertiary	1,763,222.1	231704.0
North Fork	Undefined	104.6	0.0
Pretty Creek	Undefined	9,402.2	0.0
Pretty Creek[1]	Beluga Storage	114.2	N.A.
Pretty Creek	Tyonek Undefined	3.0	0.0
Pioneer	Tyonek Undefined	3.0	0.0
Redoubt Shoal	Undefined	451.9	0.0
Redoubt Shoal	Tyonek Undefined	0.0	0.0
Sterling	Beluga Undefined	5,597.4	7911.2
Sterling	Sterling Undefined	3,699.9	0.0
Sterling	Tyonek Undefined	175.3	0.0
Stump Lake	Undefined	563.3	0.0
Swanson River	Beluga Undefined	1,018.4	1662.8
Swanson River	Sterling Undefined	30,248.2	4758.0
Swanson River[1]	Tyonek Undefined	18,347.1	N.A.
Three Mile Creek	Beluga Undefined	1,342.6	1586.0
Trading Bay	Undefined	5727.9	0.0
W Foreland	Tyonek Undefined 4.0	6,444.6	7289.6
W Foreland	Tyonek Undefined 4.2	2,839.1	3437.2
W Fork	Sterling A	1,230.8	0.0
W Fork	Sterling B	1,519.6	0.0
W Fork	Undefined	2,716.0	1649.6
Wolf Lake	Beluga-Tyonek Undefined	872.0	0.0

1. Current Gas Storage Fields/Pools
2. McArthur River Production Cutoff rate = 50 MMcf/mon
3. North Cook Inlet Production Cutoff rate = 100 MMcf/mon

2 Storage Volume and Rate of Delivery Requirements

The seasonal variation in South-central Alaska natural gas demand is large, about 1.75 times the yearly average demand on the peak demand day in the winter for total gas demand (utility natural gas for residential/commercial heating and electric utility gas for power generation) and about 2.5 for residential/commercial utility gas only. Historically the swing in gas demand has been met by spare production capacity from the Cook Inlet gas fields. When a spur pipeline is used to deliver natural gas to South-central Alaska, it will be essential that the pipeline operate at a constant rate matching the nominated and contracted rate. This can be achieved in the Cook Inlet by developing one or more of the depleted or nearly-depleted gas reservoirs as gas storage facilities. The basis for estimating the natural gas volumes and delivery rates from gas storage reservoirs needed to meet the seasonal fluctuations in natural gas demand throughout the year are described in this section.

2.1 South-central Alaska Demand Forecast

A Railbelt natural gas demand forecast developed by ANGDA based on historical and projected demands for the use sectors is used for this assessment (ANGDA 2006). This demand forecast is for the entire Railbelt and includes regions of the state that will be served by an Alaska Natural Gas Pipeline from the North Slope and a spur pipeline to South-central Alaska. However, some of these regions will not be directly served by the spur pipeline; i.e., Fairbanks, North Pole, Delta Junction, Healy, Tok, Valdez). The utilities and service areas are defined as shown in Table 2.1.

Table 2.1. Railbelt Gas and Electric Utilities and Service Areas (ANGDA 2006)

Electric Utility	Service Area
Anchorage Municipal Light & Power (AML&P)	**Central Anchorage**
Chugach Electric Association (Chugach)	Anchorage, Kenai Peninsula, Whittier, Tyonek
Homer Electric Association (HEA)	Homer, Soldotna, Seldovia, Kenai
Matanuska Electric Association (MEA)	Chugiak, Eagle River, Palmer, Wasilla, Talkeetna
Golden Valley Electric Association (GVEA)	Fairbanks, North Pole, Delta Junction, Healy
Seward Electric System (SES)	Seward
Copper Valley Electric Association (CVEA)	Copper River Basin, Valdez
Alaska Power Company (APC)	Tok, Dot Lake
Gas Distribution Utility	**Service Area**
ENSTAR	South-central Alaska/Anchorage Area
Fairbanks natural Gas (FNG)	Portion of Fairbanks
Independents and Direct	Anchorage area in addition to ENSTAR

The forecast is described in the ANGDA (2006) report in Section 4.2 Gas Demand and is shown in Table 2.2 and Figure 2.1. The natural gas used for electrical power generation by Railbelt power utilities are shown in columns B through G and the gas utilities are shown in columns H thought J. The 5-year industrial average represents the historical use by the LNG plant and the Agrium fertilizer plant. The estimate for the gas used for operation of the natural gas production and delivery system is shown in column L. Column M shows the total natural gas demand in trillions of BTUs (tBtu). Some of these demand components, APC-Tok, CVEA, and FNG, will not be connected to the anticipated spur pipeline but their impact is minor relative to other uncertainties in long-term demand forecasting and these demand components are not removed from this assessment.

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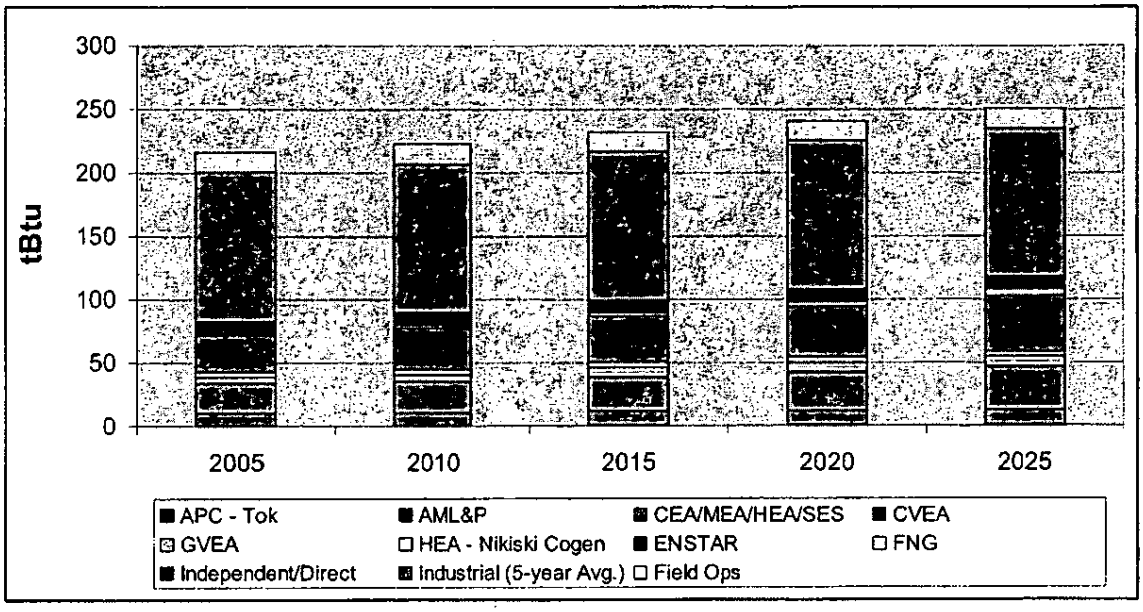
Table 2.2. Railbelt Natural Gas Demand (trillion Btu–tBtu)

A	B	C	D	E	F	G	H	I	J	K	L	M
Year	APC Tok	Anch. ML&P	CEA/ MEA/ HEA/ SES	CVEA	GVEA	HEA - Nikiski Cogen	ENSTAR	FNG	Indep/ Direct	Industrial (5-year Avg.)	Field Ops	Total tBtu
2005	0	10.5	23.5	0	5	4.1	29.0	0.9	10	117.7	15.4	216.1
2010	0	10.9	25.1	0	5	4.1	33.1	1.6	10	117.7	15.4	222.9
2015	0.4	11.4	27.1	0.3	7.5	4.1	36.2	2.2	10	117.7	15.4	232.3
2020	0.4	12.1	29.9	0.3	7.6	4.1	40.2	3.2	10	117.7	15.4	240.9
2025	0.4	12.7	33.5	0.4	7.7	4.1	44.2	4.6	10	117.7	15.4	250.7

Source: ANGDA

Figure 2.1. Railbelt Natural Gas Demand (Source: ANGDA)



2.1.1 Industrial Demand

The future of industrial use of natural gas in the Cook Inlet will be determined by availability and price of natural gas for industrial purposes in the South-central Alaska. Agrium announced in a September 25, 2007 statement that it was closing its nitrogen fertilizer operations at the end of September due to a shortage of natural gas supply in Alaska's Cook Inlet basin (PN 2007). The balance of the historical industrial natural gas usage is for the ConocoPhillips/Marathon LNG plant at Nikiski. The export license to continue operation of this facility expires March 31, 2009. The plant owners have applied to the U.S. Department of Energy for a 2-year extension of this export license but the outcome of that assessment is not known at this time.

Continued industrial use of natural gas to provide an industrial base in South-central Alaska such as continued LNG operations and petrochemical industry will be determined by the availability and price of gas in the Cook Inlet from gas produced in the Cook Inlet or delivered through a spur pipeline from the North Slope (Thomas et al. 2004, Thomas et al. 2006, ANGDA 2006).

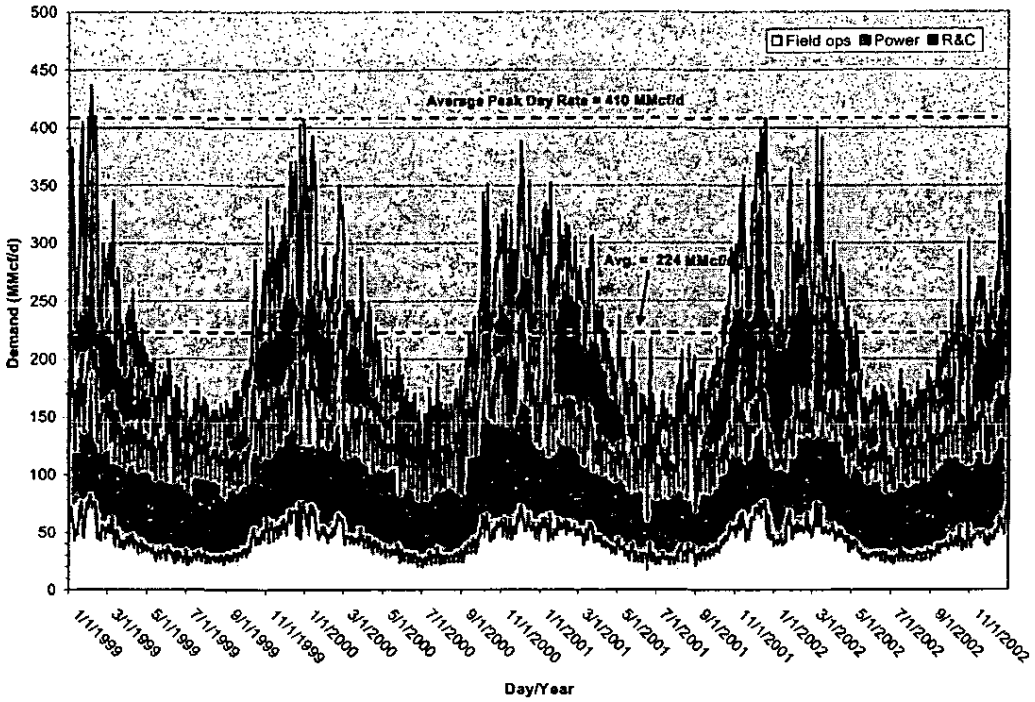
2.1.2 Seasonal Variations in Gas Demand

The seasonal fluctuation in gas demand is a function of ambient conditions and the balancing of available gas production, transmission, and end-user requirements of the South-central and Railbelt demand. Any industrial customers for natural gas from the spur pipeline will require a steady supply of natural gas and would be expected contract for constant delivery rates of gas and would not contribute to the seasonal fluctuations.

Historically, Cook Inlet gas fields have had adequate excess production capacity to meet seasonal demands. Ideally, the industrial users would not be called on to curtail industrial operations to meet peak-day demands from the gas utility and electric generation sectors. However, on January 6, 2007 natural gas was diverted from the LNG plant to meet a surge in demand due to cold weather (ENSTAR 2007). A properly designed spur pipeline and gas storage operation would alleviate the need for curtailing any future industrial operations.

The seasonal changes in demand that cause the need for gas storage are illustrated in Figure 2.2. Swings in utility gas demand (residential and commercial) are much larger than the power generation sector These data, which show daily demand for the 1999 to 2002 time period, are provided to illustrate the daily and seasonal demand swings and **should not be relied upon for decision purposes** because some of the data were generated by scaling to yearly average data from ADNR (2007). The natural gas from a spur pipeline that is not required to meet demand in the summer is available for injection into gas storage facilities for withdrawal to meet the shortfall in winter. This would allow a spur pipeline to be operated at a constant flow rate, which is highly desirable.

Figure 2.2. Illustrative South-central Alaska Daily Demand-1999-2002



Data sources: ENSTAR, AML&P and scaled to match yearly data by segment are reported by ADNR 2007, Table III.10, Division of Oil and Gas 2007 Report.

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2.1.3 Gas Demand Forecasts to 2040

Forecasts for the time period from 2020 to 2040 were developed by extending the forecast shown in Table 2.2 for electricity generation (Columns B to G), residential/commercial (columns H to J), and field operations Column L). Gas storage to make up for any short fall in spur pipeline delivery in these demand components is essential. Fro simplicity, utility gas is assumed to be 1000 Btu/Mcf, the results are shown in Table 2.3.

Table 2.3. Railbelt Natural Gas Demand to 2040 (1000 Btu/Mcf)

A	B	C	D	E	F	G	H
Year	Electric Utilities (Bcf/yr)	% increase Elec. Utilities	Gas Utilities (Res. and Commercial) (Bcf/yr)	% increase Gas Utilities	Field Ops (Bcf/yr)	Electric & Gas Utilities and Field Ops (Bcf/yr)	% increase Electric and gas Utilities and Field Ops
2005	43.1		39.9		15.4	98.4	
2010	45.1	4.64%	44.7	12.03%	15.4	105.2	6.91%
2015	50.8	12.64%	48.4	8.17%	15.4	114.6	8.89%
2020	54.4	7.09%	53.4	10.44%	15.4	123.2	7.55%
2025	58.8	8.09%	58.8	10.11%	15.4	133.0	7.95%
2030	63.5	8.00%	64.7	10.00%	15.4	143.6	7.96%
2035	68.6	8.00%	71.2	10.00%	15.4	155.1	8.04%
2040	74.1	8.00%	78.3	10.00%	15.4	167.7	8.12%

Source: SAIC based on ANGDA forecast (2006)

2.2 Storage Volumes and Rate of Delivery to Meet Seasonal Fluctuations

An analysis of Cook Inlet production history from 1990 to 2006 provides a long-term view of the year-to-year variation in production to meet total demand (industrial, residential/commercial, electricity production, and field operations and other) over a longer history. These data were normalized to the average monthly production rate of 15.9 Bcf/mon over this period and are shown in Figure 2.3. The volume of gas above the monthly average ranges from a high of 10.7 Bcf in the 1990-1991 winter season to a low of 5.2 Bcf in the 2000-2001 winter season. The average of the peak monthly production during this time period is 18.5 Bcf/mon. The difference between the average peak month and monthly average is 87 MMcf/d.

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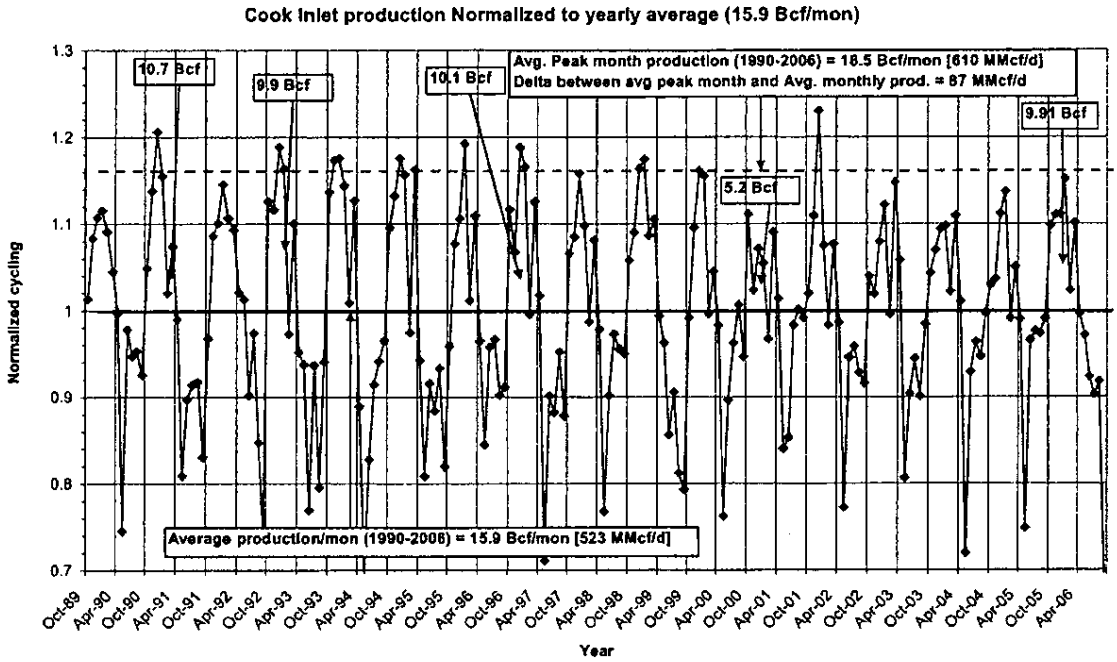
Figure 2.3. Normalized Cook Inlet Production (1990 to 2006)



2.2.1 Storage Volumes Based on Total Cook Inlet Production from 1990 to 2006

The average of gas for the peak-season months above the monthly average from 1990 to 2006 is 8.2 Bcf. In 2006 the volume was 9.6 Bcf. Using these volumes and the projected percentage increases in Table 2.2, Column H, the volume required for storage would range from 10.3 Bcf in 2020 to 14.0 Bcf in 2040 as shown in Table 2.4.

Table 2.4. Base Gas Storage Capacity Estimate from Historical Production

Year	Gas Storage Estimate (Bcf/yr)
2005	8.2
2010	8.8
2015	9.6
2020	10.3
2025	11.1
2030	12.0
2035	13.0
2040	14.0

2.2.2 Storage Volumes Based on Daily Gas Utility and Electric Utility Demand

Cook Inlet daily demand data are available from various sources for the Residential/Commercial and Electric Generation segments and have been complied for 2006 and forecasts developed through 2020 (Dunmire 2007). These data are shown in Figure 2.4. These demand volumes do not include the Fields Ops segment included in the Railbelt Demand included in Table 2.2.

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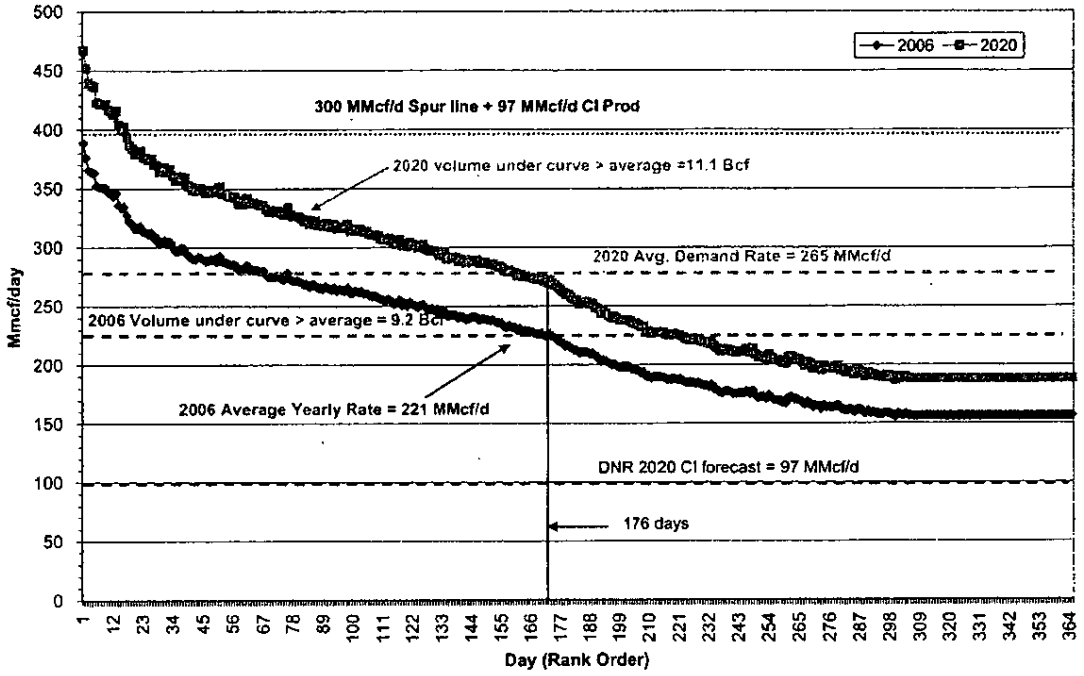
The volume of gas above the average demand to meet Residential/Commercial and Electricity Generation demand for 2006 is 9.2 Bcf and 11.1 Bcf for 2020.

Figure 2.4. South-central Alaska Natural Gas Demand (Gas Utility and Power Generation)



The data used to develop Figure 2.4 also provide the peak-day demand for these demand segments (Dunmire 2007). The gas storage estimates, the average daily demand rate, and peak daily demand rate to 2040 are estimated based on the 2020 estimates using the percentage increases from Table 2.3 Column C for Electric Utilities (power generation) and Column E for Gas Utility (residential/commercial). These estimates are shown in Table 2.5. These estimates are about 10% larger than the volumes shown in Table 2.4 that were based on total Cook Inlet production. Gas storage reservoirs must be capable of supplying the volumes and deliverability rates to meet demand above the average daily rate throughout the high-demand season of the year. The daily demand analysis indicates this is about 176 days per year.

Table 2.5. Base Storage Estimate from Daily Demand

Year	Gas Storage Estimate (Bcf/yr)	Avg. Daily Demand (MMcf/d)	Peak daily Demand (MMcf/d)
2006	9.2	221	389
2020	11.1	265	467
2025	12.1	290	511
2030	13.2	316	559
2035	14.4	344	611
2040	15.7	376	668

The consequences to South-central Alaska utility gas customers of deliverability falling below demand for even one day in the winter makes it imperative that a safety factor be included in the planning for gas storage requirements. A longer disruption of several days or weeks resulting from events such as equipment failure or pipeline breaks is always a possibility. Hence, the base storage capacity is increased by 1.5 times the base gas storage estimate to provide a safety factor for evaluating potential gas storage reservoirs as shown in column C in Table 2.6. The gas storage volumes increase from 16.7 Bcf/yr in 2020 to 23.5 Bcf/yr in 2040. Table 2.6 also includes the average withdrawal rate for the base storage and the proposed design withdrawal rates of 1.9 times the average withdrawal rates, columns D and E, respectively.

Table 2.6. Base Gas Storage and Average Withdrawal Rates for Gas and Electric Utilities

A	B	C	D	E
Year	Gas Storage Estimate (Bcf/yr)	1.5 times Required Gas Storage (Bcf/yr)	Avg. Withdrawal Rate[1] (MMcf/d)	Design Withdrawal Rate[2] MMcf/d)
2006	9.2	--	--	--
2020	11.1	16.7	63.1	120
2025	12.1	18.2	68.9	131
2030	13.2	19.8	75.0	142
2035	14.4	21.6	81.8	155
2040	15.7	23.5	89.0	169

1. Average withdrawal rate = Required gas storage/176 days
2. The design withdrawal rates are 1.9 times the daily average withdrawal rates

It is essential that the spur pipeline and Cook Inlet production provide the **average daily demand** throughout the year and that gas storage or some other alternative source of gas be available to meet the daily demand above the average. The average daily demand must also include the volumes required for Field Ops to operate the natural gas supply system. Any Industrial demand would be in addition to the volumes presented in these tables. The minimum required throughput rate for a spur pipeline to meet this average requirement is shown in Table 2.7. However, a higher spur pipeline rate will be required in the first few years to provide gas to build cushion gas and working gas volumes required to meet the capacity and deliverability required.

Table 2.7. Minimum Spur Pipeline Rate to Meet Average Demand

Year	Average Daily Gas and Elec. Utility Demand (MMcf/d)	Average Daily Field Ops Demand (MMcf/d)[1]	Average Daily Demand (Gas and Elec. Utility & Field Ops) (MMcf/d)	Cook Inlet Production Forecast[2] (MMcf/d)	Spur Pipeline Rate Required for Average Daily Demand[3] (MMcf/d)
2006	221	42	263	--	--
2020	265	42	307	97	210
2025	290	42	332	52	280
2030	316	42	358	30	328
2035	344	42	386	17	369
2040	376	42	418	10	408

1. From Table 2.2.
2. ADNR 2007 Annual Report (Forecast extended to 2040 from 2036)
3. Spur pipeline rate = Average Daily Demand – Cook Inlet Production

Before a spur pipeline will be operational in 2020, South-central Alaska must have additional natural gas for power generation and residential/commercial use to meet the short fall from existing Cook Inlet reserves. This shortfall can be offset by successful Cook Inlet natural gas exploration; switching a portion of the power generation from natural gas to alternatives such as

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coal, wind, hydropower, or tidal power; import of LNG; or some combination of all of these options including energy efficiency and conservation measures. When a spur pipeline is available those options that have been put in place for the interim need will still be available. For example, if LNG import is part of the solution, it may need to be continued until gas storage has been built to a level to meet the winter season demand.

In addition, gas storage deliverability must be available to meet the peak-day demands. Gas storage reservoir characteristics, operational design, and costs will determine whether this can be accomplished by spare capacity from the base storage facility or if a peaking-load storage facility will be required to meet the demand.

Due to the necessity to nominate spur pipeline rates on a long-term basis and to build gas storage (cushion gas and working gas), it is assumed that the spur pipeline rate will initially be 300 MMcf/d. Because of the uncertainty of the alternatives, described above, that will have been put in place this assumption is only one possible scenario out of numerous possible scenarios. In addition, if there are industrial users for spur pipeline gas, the rate will need to be higher by that amount unless industrial users would be willing to be curtailed on high demand days.

The assumed initial rate of 300 MMcf/d would need to be increased in increments to meet growing demand and it is anticipated that the spur pipeline will be designed such that additional compression can be added to increase the throughput rate as needed. This also means that there must be opportunities to nominate higher off-take rates from the Alaska Gas Pipeline in the future as currently anticipated. The gas storage withdrawal rates needed for peak-day deliveries for the assumed spur pipeline rates of 300 MMcf/d in 2020 increasing to 450 MMcf/d by 2035 are shown in Table 2.8. These volumes would allow for a significant build up of gas storage of a full year's supply for Cook Inlet consumers or industrial use.

The peak-day demand shown in Table 2.6 has been increased by the average daily demand for the Field Ops demand segment (42 MMcf/d) for these calculations. The Field Ops demand will also vary on a daily basis throughout the year but volumes for that variation are not available.

Table 2.8. Gas Storage Deliverability Required for Peak-Day Rate

Year	Avg. Daily Demand (MMcf/d)	Estimated Peak day rate[1] (MMcf/d)	Cook Inlet Production Forecast[2] (MMcf/d)	Spur Pipeline Rates[3] (MMcf/d)	Gas Storage Withdrawal Rate Req'd for Peak Day[4] (MMcf/d)	Design Withdrawal Rate[5] (1.9 times Avg. Rate) (MMcf/d)	Max. rate req'd from peaking storage[6] (MMcf/d)	Yrly Volume Available for Cushion and Working Gas[7] (Bcf/yr)
2006	263	–	–	–	–	–	–	–
2020	307	509	97	300	112	120	-8	33
2025	329	553	52	300	201	131	70	8
2030	352	601	30	350	221	142	79	10
2035	377	653	17	400	236	155	81	15
2040	404	710	10	450	250	169	81	20

1. Peak day rates from Table 2.5 are increased by 42 MMcf/d to include the Field Ops volumes.
2. ADNR 2007 Annual Report (Forecast extended to 2040)
3. Assumed Nominated Spur Pipeline rates
4. Gas Storage Withdrawal Rate reqd. for Peak Day = Est. Peak Day rate – Cook Inlet Production – Spur Pipeline Rate
5. From Table 2.6.
6. Max. Rate for Peaking Storage = Gas Storage Withdrawal Rate Reg'd on peak Day – Design Withdrawal Rate
7. Gas Volume available for Building Cushion & Working Gas Volumes = (Cook Inlet Prod. + Spur Pipeline Rate – Avg. Daily Demand)*365 days

2.3 Summary of Storage Volume and Rate of Delivery Estimates

Historical Cook Inlet production and seasonal demand data were both analyzed and indicate a similar gas storage requirement. The minimum gas storage based on future estimated demand

ranges from 11.1 Bcf in 2020 to 15.7 Bcf in 2040. Depending on the minimum gas storage required to meet demand in South-central Alaska is considered too risky because of the serious consequences of any shortfall because there are **no alternative sources** of gas for heating and other essential services totally dependent on natural gas at this point in time. Therefore, a safety factor of 1.5 was applied resulting in an estimated gas storage capacity of 16.7 Bcf in 2020 increasing to 23.5 Bcf in 2040. The spur pipeline must have a delivery rate high enough to build up the cushion gas and working gas required for the selected reservoir to meet the base storage requirement plus the 50% safety factor in volume and provide the daily delivery rates during peak-demand season.

Gas storage must also be able to deliver the incremental rates needed on the coldest days. Based on an assumed 300 MMcf/d spur pipeline in 2020, with expansion to 350 MMcf/d in 2030, 400 MMcf/d in 2035 and 450 MMcf/d in 2040, the incremental delivery from gas storage required to meet the peak-day demand estimates ranges from 112 MMcf/d in 2020 to 250 MMcf/d in 2040. The design withdrawal rates for base storage requirements range from 120 MMcf/d in 2020 to 169 MMcf/d in 2040. Unless the base storage reservoirs are capable of providing adequate deliverability through additional wells to meet the anticipated peak demands, peaking storage facilities may need to come on line between 2020 and 2025 and increase to a minimum deliverability rate of about 80 MMcf/d.

The potential gas storage reservoirs are described in the Section 3.

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3 Characteristics of Ideal Natural Gas Storage Facility

An ideal natural gas storage system is described that will meet the optimum base load and peaking load conditions for the Cook Inlet area. The characteristics of this storage system are based on gas volumes that are largely determined by an anticipated constant spur line capacity and seasonally variable usage volumes (residential, commercial, and industrial) in the Cook Inlet area. With these assumptions is place, both the ideal base load and peak load storage facilities are described within the constraints of the known geologic and engineering characteristics of the reservoir intervals of the Cook Inlet Tertiary section (Figure 1.1 and 1.2).

Ideal storage facilities are the products of a complementary interaction of geological, engineering, and logistical elements that are present within the Cook Inlet area. Essential parameters include proximity and connection to existing pipeline system(s), existing gas producing infrastructure, potential storage volume, reservoir geometry and heterogeneity, porosity, permeability, water saturation, water influx characteristics, access to potential storage site, and reservoir pressure/depth. The criteria necessary for the "ideal' storage facility or facilities are described below. The concept of a dual storage system requires that the base load and peak load storage sites/systems possess somewhat different characteristics.

3.1 Base Load Storage Facility Criteria

The base-load storage facility must be of sufficient size to accommodate the excess gas delivered during the low-demand summer months and have the characteristics that will facilitate the withdrawal of the gas during the winter season in quantities and at rates sufficient to meet the average expected demand. This storage facility is not intended or designed to meet the extreme volumes required for short periods during very high use days. The following criteria describe the ideal base-load storage reservoir for Cook Inlet.

- To meet the anticipated storage needs required to offset annual seasonal fluctuations in residential/commercial and power generation demand, at a proposed start-up date of 2020, the storage facility has a working gas capacity of 16.7 BCF (Table 2.8). The facility needs to be capable of expansion to 23.5 BCF or more by 2040, to satisfy the demands of a growing population. The storage system must be capable of delivering an average of 120 MMcf/d in 2020 and 169 MMcf/d in 2040.

  The storage volume discussed above represents only the working gas with a 150% safety factor and does not include the volume of cushion gas required. The cushion gas volume, depending on the reservoir conditions, may be zero to one, or more, times the working gas volume. Consequently, the target storage sites should be viewed as having a total storage capacity (cushion plus base load) of 25 to 50 Bcf gas-in-place.
- Trapped and capped with tank-like characteristics, distinct structure, and evidence of pressure depletion without support.
- Low to moderate water encroachment is preferred. Gas storage in a water-saturated sandstone may cause production problems if water is produced thereby decreasing gas flow rate and increasing water handling problems at the surface. Formation water may potentially trap gas when injection displaces it and then resaturates it during production operations (AOGCC 2005a).
- Gas field/pool near depletion but with enough residual gas to act as cushion gas and provide base-line pressure (≈ 1000 psi) at or near existing pipeline pressures, thus requiring little, if any, compression to get gas into distribution network.

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- All wells in good condition, including injectors, producers, and any plugged wells within the area of storage; the production infrastructure is in place.
- Storage site located on and with access to an existing pipeline, with sufficient capacity to deliver required volumes on demand. The pipeline must not have bottlenecks that can compromise its ability to meet demand.
- Storage reservoir porosity of 15 percent or more and permeability in the range of 400 to 1,000 md. These parameters provide sufficient volumes for storage and guarantee high production rates
- Good lateral reservoir continuity, adequate net pay thickness (50 ft or more), and high net to gross ratios in the storage formation (0.75 to 1.0), to facilitate injection, communication, and withdrawal.
- Access to storage site must be unencumbered, no operator or environmental/refuge issues.
- Proximal to market(s) – generation plants, distribution systems, etc.

These criteria describe a storage reservoir that is capable of holding enough natural gas to satisfy long term seasonal demand requirements, provide a buffer should a disruption in delivery from the spur pipeline occur, and guarantee a prolonged steady supply of natural gas for months without the need to cycle additional gas into the storage facility.

3.2 Peak Load Storage Criteria

If a peak load storage facility is required, it may be met two ways. It may be provided by a separate storage site that is designed to produce high volumes of gas for short intervals, a few days at a time. After this short period of high production the facility may be exhausted and require recharging in preparation for the next interval of high demand. Many of the characteristics of an ideal peak load storage facility are similar to that of base load storage but some important differences exist and are highlighted in the following listing.

- Storage capacity of **6 to 8 Bcf** and capability of producing 60 **MMcf/d** in 2020 with ability to increase to **80 MMcf/d** by 2040 (Table 2.8).
- Trapped and capped with tank-like characteristics, distinct structure, and evidence of pressure depletion without support.
- No water encroachment.
- Gas field/pool at or near depletion, but with pressures equal to or above those of the pipeline system – preferably a deep reservoir to assist with high pressure requirement.
- All wells in good condition as with the base-load case and production infrastructure is in place.
- Storage site with **access to high volume pipeline.**
- Porosities and permeabilities of 15 percent and 400 to 1000 md respectively
- Good lateral continuity and reservoir homogeneity and high net-to-gross ratio and adequate pay thickness (50 ft) as in the base load case.
- Access to storage site must be unencumbered.
- Proximal to markets/customers.

These criteria describe a relatively small, well-defined reservoir, which has an existing infrastructure capable of both compressing and injecting significant volumes of gas at high pressure over a period of one to two weeks and producing similar volumes over the same period of time.

4 Characteristics of Existing Cook Inlet Underground Storage Facilities

There are currently three natural gas storage facilities in Cook Inlet. Two are operated by Chevron, Pretty Creek on the west side of Cook Inlet and Swanson River on the east side of the inlet as show in Figure 4.1. The third is operated by Marathon at the Kenai gas field on the east side of Cook Inlet. The operators of these facilities produce the gas and store it for times of high demand. This is unlike the situation that would exist if these facilities or other fields/pools operated by the Cook Inlet gas producers were to be utilized by the owners of North Slope natural gas delivered to the Cook Inlet area by a spur line. These third-party issues are beyond the scope of this study and will need to be evaluated by others at a later date.

4.1 Swanson River Natural Gas Storage Facility

The oldest natural gas storage facility in Cook Inlet is operated by Chevron at the Swanson River field (Figure 4.1). This storage facility was approved and the Storage Injection Order No. 2 was issued in 2001 (AOGCC 2001). The facility was later expanded to include a second reservoir (AOGCC 2005b). The facility stores dry gas from the Swanson River field and other Cook Inlet fields. The storage intervals are the 64-5 and 77-3 sandstones of the Tyonek Formation (AOGCC 2001, AOGCC 2005b, and Havelock 2006). The facility is situated on a major gas pipeline network, near the intended market. The facility has met all state requirements regarding integrity of wells, infrastructure, and stratigraphic isolation of the storage horizons and is located on a 16-inch gas pipeline (Figure 4.1)

The original storage interval was the Tyonek 64-5 sandstone, defined as the sandstone between measured depths of 6,375 ft and 6,443 ft in the SRU #43-28 well. The SRU #43-28 well has a gas/water contact at a measured depth of 6,390 ft, providing for a net pay of approximately 12 ft (AOGCC 2006). The calculated porosity ranges from 10 to 36 percent, water saturation from 51 to 55 percent, and the permeability ranges to several hundred millidarcies. The reported average values for porosity and permeability in the AOGCC 2004 Annual Report on pool statistics are 29 percent and 200 md respectively (AOGCC 2006a). While the injection orders do not provide a depositional environment for the Tyonek 64-5 sandstone, the description of the encasing sediments strongly suggest that the unit is the product of deposition by meandering streams.

The reservoir pressure as of December 4, 2004 was 2,850 psi. The estimated maximum daily injection volume is 10 MMcf/d and peak production is also 10 MMcf/d.

The second storage reservoir at Swanson River is the Tyonek 77-3 sandstone, which is defined as the sandstone found in the SCU #42A-05 well between 7,972 and 8,001 ft measured depth (MD). The Tyonek 77-3 interval was approved in 2005 (AOGCC 2005b). Based on core data this sandstone has an average net reservoir porosity of 28 percent (AOGCC 2005b), permeability ranges to several hundred millidarcies, and average water saturation is 50 percent. Gross sandstone thicknesses range from 25 to 40 ft based on well control. The reservoir sandstone is interpreted as a meandering stream deposit, which is laterally equivalent to flood plain mudstones and coals.

The original reservoir pressure within the 77-3 sandstone was 4,774 psi and the average injection pressure is 3,500 psi (AOGCC 2005b). The estimated maximum injection rate is expected to be 42 MMcf/d (AOGCC 2005b) and peak production rate is about 10 MMcf/d (Havelock 2006).

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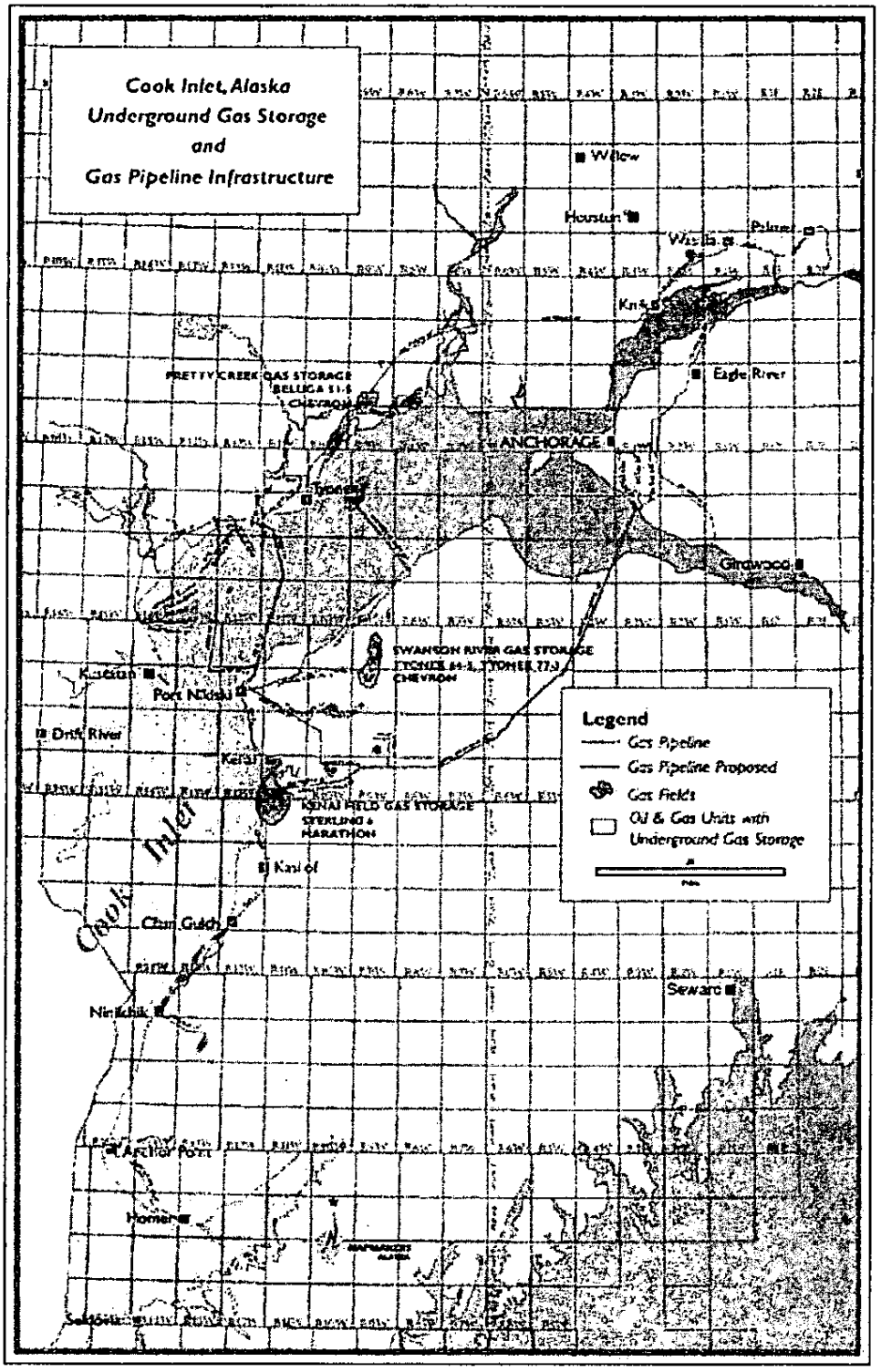
Figure 4.1. Cook Inlet Map of Existing Storage Locations



The working gas capacity and deliverability of the two Tyonek storage reservoirs at Swanson River are provided by Havelock (2006) in his presentation to the South Central Alaska Energy Forum. The working gas capacity is 2.2 Bcf/yr. The total daily average deliverability is 7.4 MMcf/d, and total daily peak deliverability is 20.8 MMcf/d, from two wells, one producing from the 64-5 and the other from the 77-3 sandstone.

The operator, Chevron,[2] has provided an update on the Swanson River storage facility, which revises the deliverability of the facility. There are now four production wells in the storage facility, two in the Tyonek 64-5 reservoir and two in the Tyonek 77-3 reservoir. These wells are expected to be capable of peak deliverability rates of 60 to 70 MMcf/d from a total storage volume of ~ 30 Bcf.

4.2 Pretty Creek Natural Gas Storage Facility

Chevron has developed a second gas storage facility at Pretty Creek (Figure 4.1), designed as a periodic peak demand producer (AOGCC 2005a). The storage gas is predominantly from the Middle Kenai Gas Pool in the McArthur River field, but may also include some gas from other fields on the west side of the inlet. The Pretty Creek storage facility is connected to a major 20-inch gas pipeline (Figure 4.1) and is in close proximity to the electrical generation facility at Beluga. The facility has met all the state requirements regarding well integrity, infrastructure, and isolated nature of storage reservoir. The isolated nature of the reservoir was established by material balance analysis.

The storage interval is the Beluga 51-5 sandstone, which is defined as lying between 5,144 ft MD (-3,585 ft TVDss) and 5,173 ft MD (-3,605 TVDss) in the PCU #4 well. Data regarding the nature of the 51-5 sandstone is not included in Injection Order No. 4 (AOGCC 2005a) but Chevron (2007) supplied the following information. The net pay is 16 ft and the net-to-gross ratio is 0.80. Porosity ranges from 18 to 30 percent with an average of 28 percent and permeability is 132 md based on a pressure buildup in the storage sandstone. The water saturation is poorly known but estimated to be about 45 percent. The general depositional environment is described as stream sediments deposited in a low energy environment (AOGCC 2005a). The injection order further states that these Beluga sandstones "are commonly lenticular and often discontinuous over interwell distances."

The estimated original pressure was 1,674 psi at a true vertical depth (TVD) of 3,686 ft. The average wellhead injection pressure is 1,550 psi. The estimated maximum injection rate is 20 MMcf/d (AOGCC 2005a).

The facility is small with limited storage capacity and deliverability. Havelock (2006) places the working gas volume at only 0.70 Bcf/yr and the total daily peak delivery at 7.3 MMcf/d. Chevron[2] has provided revised numbers for the Pretty Creek Beluga 31-5 storage facility. The storage volume is given as ~ 2.0 Bcf and a peak delivery rate of 10 MMcf/d when the reservoir is full.

4.3 Kenai Natural Gas Storage Facility

The third natural gas storage facility in the Cook Inlet area is the most recently developed and the largest established to date. It is operated by Marathon at the Kenai gas field. The storage interval is the Sterling #6 pool (Figure 4.1). This facility has a much greater storage potential than the Pretty Creek and Swanson River facilities combined. Gas from the Kenai and Cannery

[2] Chevron – personally communication, December 2007.

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Loop fields are stored during the summer for withdrawal during the high demand months of the winter.

The facility is connected to a 12-inch gas pipeline that supplies Anchorage (Figure 4.1). It has met all state requirements regarding infrastructure, reservoir isolation, and performance. However, there is a necessary qualifier; the storage facility meets the requirements for well integrity at the limited operating pressures and volumes, mandated by the Alaska Oil and Gas Conservation Commission. Caution was dictated by the lack of cement bond logs, for some wells, that are typically used to determine isolation of the injection zone in all wells penetrating the confining layer (AOGCC 2006).

The gas is stored in two thick fluvial sandstones, the C-1 and C-2 sandstones of the Sterling #6 gas pool. The sandstones are comprised of friable to unconsolidated sandstone to clayey sandstone, with minor inter-bedded siltstone and coal (AOGCC 1969). These sandstones are defined in the KU 31-07X well. The C-1 sandstone occurs between 4,366 ft and 4,500 ft TVDss and the C-2 interval is between 4,530 ft and 4,569 ft TVDss. The two sandstones have a total of 110 ft of net pay (AOGCC 2006a) and a net-to-gross ratio of 0.64. The two sandstones are in pressure communication, have porosities that range from 4 to 16 percent, permeabilities that range from 400 to 1000 md, and original water saturations of about 32 percent.

The original reservoir pressure was 2,138 psi at a datum of 4,565 ft TVDss (AOGCC 1969) and the maximum pressure at which the Sterling #6 gas storage will operate is 300 psi (AOGCC 2006b). The storage unit is currently operating at less than 200 psi. A typical injection cycle will consist of 6 Bcf stored during the summer and produced during the winter.

Peak delivery rates vary widely at the Sterling Pool #6. Pool #6 working gas capacity is currently 6 Bcf/yr, but may be expanded to 11 Bcf/yr or more. The total gas-in-place is limited to 50 Bcf under the current lease (Havelock 2006). Prior to being designated a storage interval, the Sterling #6 pool had produced more than 523 Bcf and OGIP is modeled to have been at least 563 Bcf (AOGCC 2006b). Thus, the true potential of this pool as a storage facility has not been realized and at some time in the future it could potentially be expanded to provide storage for 100 Bcf or more.

4.4 Summary of Existing Natural Gas Storage

The three existing natural gas storage facilities in the Cook Inlet area provide seasonal storage for their operators, who store surplus production during the low-demand summer season to meet their obligations and the increased demand of the utilities during the winter. The gas stored is exclusively from the fields that they (Chevron and Marathon) own and operate. This will not be the situation, when and if, storage from a spur line is initiated. However, the characteristics of these facilities are probably very like those that will be developed for storage of spur line natural gas. Havelock (2006) provided a table that summarized the existing facilities and it is reproduced (*with modifications*) here to provide an overview of the current situation and to serve as an example of what the future gas storage pools may resemble.

Table 4.1. Cook Inlet Gas Storage Deliverability (MMcf/d) (Havelock 2006) (*modified to include revisions for Swanson River and Pretty Creek as provided by Chevron;[3] numbers in parenthesis are from Chevron)*

Facility	Number of Wells	Peak Delivery/Well (Average) (MMcf/d)	February 2006 Rate (MMcf/d)	Historical Average Produced Volume (MMcf)	Total Daily Peak Delivery (MMcf)	Total Daily Average Delivery (MMcf)	Working Gas (Bcf/yr)
Swanson River (Tyonek 54-5 and 77-3)	2 *(4)*	10.4 *(~15 to 16)*	9.2	3.7	20.8 *(60 to 70)*	7.4	2.2
Kenai (Sterling Pool #6)	9	6.7	3.7	–	60.3	33.3	6.0
Pretty Creek (Beluga 31-5)	1	7.3 *(10)*	–	2.4	7.3 *(10)*	2.4	0.7
TOTAL	**12 (14)**				**88.4 (~135)**	**43.1**	**8.9**

[3] Chevron – personal communication, December 2007

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5 Characteristics of Potential Underground Storage Facilities in Cook Inlet

The objective is to identify and describe in detail the characteristics of depleted or soon to be depleted reservoirs that may be suitable for conversion to and use as future potential underground gas storage facilities in Cook Inlet

This task involves the identification, review, and evaluation of all gas fields or participating areas that may be depleted or otherwise abandoned by the time the spur line is built (10 years ±), to determine their suitability as base-load and/or peak-load gas storage facilities. Oil fields have been **excluded** and the effort is focused on the more conventional gas fields as potential storage facilities. The use of any of these gas fields/participating areas by a third party will likely depend on them no longer being economically viable as commercial gas fields.

In addition to the evaluation and characterization of the parameters listed under Tasks 2.1 and 2.2, the issue of ownership of the abandoned pore space and the ultimate responsibility for remediation and restoration of these fields may be factors that have to be considered in determining the viability of any site as a storage facility. These latter two components may have some bearing on the costs of operating some potential storage facilities.

5.1 Geological and Reservoir Engineering Characteristics of Potential Storage Facilities

The first step in evaluating Cook Inlet reservoirs as potential gas storage facilities was to eliminate the oil fields to avoid the issues related to duplication of facilities and the added costs of oil and water handling in these fields. As shown in Table 1.1, 30 gas fields and 57 gas pools have been discovered in the Cook Inlet Basin. The objective is to reduce this number to those that best meet the requirements and characteristics to function as a potential gas storage facility.

The elimination process began with the offshore gas fields (6 fields/6 pools), including the two large gas fields, McArthur River and North Cook Inlet fields. These were excluded because of the remoteness of the fields, difficult access, and limited space available to develop the gas handling and associated facilities. Next, those gas fields south of the Kenai gas field (4 fields and 8 pools) are considered to be too far removed from the major market/users and therefore are not included in the listing of fields that would be considered as potential future natural gas storage facilities. As a consequence of these two steps, the number of candidates was reduced to 20 fields and 43 pools. The bulk of the effort from this point onward was devoted to identification of primary candidates for base load storage.

The question of underground peak-load storage has two possible answers; either simply create larger base load facilities and add extra wells and increase the operating pressure or identify and develop smaller, high pressure high volume storage sites.

5.1.1 Potential Base Load Storage Facilities

After eliminating the oil fields, offshore gas fields and southern Kenai Peninsula gas fields, a high percentage of the remaining fields/pools are simply too small to provide adequate base load storage capacity for the winter heating and electrical generation needs of the area. Included in this category are fields like Albert Kaloa, Birch Hill, Lone Creek, and Lewis River, which have estimated ultimate recoveries (EUR) in the range of less than 1.0 Bcf to about 12.0 Bcf. To this point most of the culling of potential storage sites has not been based on geological

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and reservoir engineering criteria, but rather on location, type of native hydrocarbon, and size. There are a number of fields or pools that may have the requisite geological, engineering, and infrastructure characteristics to serve as future base load storage facilities for natural gas. These fields and pools will be the focus of this section of the report.

A total of six fields with 16 pools meet the initial set of requirements and are summarized in Table 5.1. This table provides information regarding the capacity to store cushion and working gas, reservoir parameters, and estimates of remaining reserves in 2020, the year reserves are expected to be depleted to the point of non-commerciality, and probability of reserves growth.

Table 5.1. Cook Inlet Gas Fields/Pools Geological and Engineering Characteristics

Field/pool (6/30 & 16/57)	Reservoir Volume[1] (Bcf)	Porosity[2] (%)	Perm.[3] (md)	Pay(n/g)[4] (Feet)	Pressure[5] (Psi)	Estimated reserves at 2020 (Bcf)[6]	Reserves[7] (Est. Yr. Depleted)	Reserves Growth[8] (high/mod/low/none)
Beaver Creek/ Sterling	140	30	2000	110 ft (0.88)	1100-2100	0	1994[9]	none
Beaver Creek/ Beluga	92	10	(25 ?) estimated	50 ft (1.00)	1943	2.0	2028	low
Beluga River/ Undefined	1,614	(S)31 (B)24	(S)50-199 (B)20-49	(S)107 ft (?) (B)106 ft (?)	(S)755 (B)942	73.6	2030[*]	high
Ivan River Undefined	97	20	1600	37 ft (0.39)	922	0	2019	low
Kenai/ Sterling #3	375	15	300-1000	88 ft (?)	175	0	2020	none
Kenai/ Sterling #4	506	15	300-1000	60 ft (?)	106	0	2016	none
Kenai/ Sterling #5.1	538	15	300-1000	113 ft (?)	310	0	1999[9]	none
Kenai/ Sterling #5.2	66	15	300-1000	53 ft (?)	1200	0	1981[9]	none
Kenai/ Sterling #6	603	4-16	400-1000	110 ft (0.64)	190	0	2019	none
Kenai/Upper Tyonek/Beluga	457	(25-29 ?) estimated	(25-250?) estimated	213 ft (?)	2311	19.9	2030[*]	mod
Kenai/ Tyonek	218	(25-29 ?) estimated	(5-500?) estimated	100' (?)	740	1.2	2027	mod
Cannery Loop/ Sterling	32	(15-20 ?) estimated	(300-1000) estimated	76' (?)	1012	0.4	2023	low
Cannery Loop/ Beluga	113	(10 ?) estimated	25	33' (0.6)	1627	3.6	2031	low
Cannery Loop/ Upper Tyonek	90	(25-29 ?) estimated	250	17' ().77)	651	0.3	2022	low
Swanson River/Sterling	39	28	200-250	10' (?)	1213	0	2019	low
Swanson River/Tyonek	28	25-29	5-500	13-40 (?)	2462	0	2006[9]	low

1. Reservoir Volume – Estimated Original Gas in Place Volume (OGIP).
2. Porosity – value either calculated or from cores; (?) indicates values estimated from equivalent producing intervals.
3. Permeability – value either calculated or from cores: (?) indicates values estimated from equivalent producing intervals.
4. Pay (n/g) – net pay in feet and (portion of sandstone-bearing interval that is net pay).
5. Pressure – current reservoir pressure.
6. Estimated reserves 2020 – reserves remaining to be recovered at assumed pipeline startup date.
7. Reserves (Estimated Year. Depleted) – year of last production from pool, now available for storage use.
8. Reserves Growth – probability that additional reserves will be attributed to the pool before 2020 and not included in estimated reserves 2020 column.
9. 10 MMcf/mon Production cutoff.

The criteria (1) through (8) in Table 5.1 will be applied to the candidate pools to determine their suitability for conversion to storage facilities. Each pool was examined in respect to the criteria listed above and will ultimately be ranked in terms of how closely it approaches the ideal characteristics described in Section 3. These comparisons are summarized below.

Reservoir Storage Volume: Adequate reservoir volume is the first and foremost criterion in choosing a storage facility. Based on the demand assumptions of Section 2.0, fields with adequate pressures to minimize the quantity of cushion gas may qualify if their capacity exceeds the 16.7 Bcf required for working gas volume, including a 50 percent safety margin. Under those standards all 16 pools would have adequate capacity to meet the base load storage needs of the region in 2020, but two, the Swanson River Tyonek and the Cannery Loop Sterling (Table 5.1), may be marginal to store the 23.5 Bcf needed in 2040.

Given that cushion gas will be required and perhaps in volumes equal to or greater than the working gas volume, then any pool with less than 25 Bcf of total gas storage capacity would probably be inadequate to meet the demand level expected in 2040. If the maximum expected volume of cushion gas required were equal to or slightly greater than the working gas, a total gas capacity of at least 50 Bcf would be needed. Two pools fail to satisfy this demand, Swanson River Tyonek and Cannery Loop Sterling and would not be adequate as stand-alone storage facilities. Thus under the foreseen demand scenario, 14 of the pools of Table 5.1 would have the necessary total gas storage capacity, if large volumes of cushion gas are required. Several of these have very large capacity and may be very costly to adequately charge if selected.

Porosity: Five of the pools lack data regarding porosity of the producing interval. Ten of the other eleven pools (Table 5.1) have porosities that are 15 percent or greater. The sole exception is the Beaver Creek Beluga pool, which averages 10 percent. There are no reliable porosity data for the reservoirs in the other five pools; which include the Cannery Loop pools and the Kenai upper Tyonek/Beluga and Beluga pools Table 5.1. By comparison with pools developed within the same interval and in relative proximity the Cannery Loop Sterling pool can be assumed to have porosity of 15 percent or more, and the Cannery Loop Beluga pool probably has porosities in the 10 percent range. Using Tyonek porosities from the Swanson River Tyonek pool it is reasonable to anticipate that the Kenai upper Tyonek/Beluga, Kenai Tyonek, and Cannery Loop upper Tyonek pools have porosities that exceed 15 percent and may range as high as 25 percent. Therefore, at least 14 of the pools have porosity of 15 percent or greater.

Permeability: The ability to produce at high rates requires the reservoir/pool have high permeability. Twelve of the pools have permeability data (Table 5.1) and four lack this information. For these four pools, the probable permeability range can be approximated by comparison with pools developed in similar units in nearby pools. Of the twelve pools with permeability data, at least ten equal or exceed 250 md (Table 5.1) and should be capable of high production rates. An additional three pools, the Kenai Tyonek Kenai upper Tyonek/Beluga, and Cannery Loop Sterling should also have permeabilities in this range. Based on the reported permeabilities or by analog with reported permeability ranges in the Beaver Creek Beluga and Kenai Beluga can be expected to have permeabilities of less than 100 md.

Pay: Net pay thickness is available for all the pools and ranges from a low of 10 ft in the Swanson River Sterling pool to more than 200 ft in the Beluga River Undefined. The net-to-gross ratio ranges from1.0 (Beaver Creek Beluga pool) to 0.39 (Ivan River Undefined), but the gross intervals are unknown for ten of the pools (Table 5.1). A high net-to-gross ratio combined with a pay thickness of 40 ft more provides for an excellent injection/withdrawal scenario. Ten of the pools have net pay in excess of 40 ft and three of those (Beaver Creek Sterling, Beaver Creek Beluga, and Kenai Sterling #6) have net-to-gross ratios in excess of 0.5. However, since

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there is little direct data on the nature of the interbedding of non-reservoir facies and the general lack of gross interval thicknesses, this parameter was not directly considered in the ranking of sites.

Pressure: Current pressure in the sixteen pools ranges from a high of 2,462 psi in the Swanson River Tyonek pool to a low of 100 to psi in four of the five Kenai Sterling pools (Table 5.1). Reservoir pressures near or above pipeline pressures are preferred to avoid the need for compression to get the gas into the pipeline system during periods of rapid withdrawal. Ten to twelve of the pools have pressures approaching or exceeding that goal. Pressures of this magnitude also reduce or eliminate the need for large volumes of cushion gas.

Estimated Reserves at 2020 and Estimated Year Depleted: The volume of recoverable native gas expected to remain in the reservoir at start up of the spur line potentially has a direct bearing on the availability or suitability of that pool as a potential storage facility. The estimated deletion rates suggest that only two pools, the Beluga River Undefined and the Kenai upper Tyonek/Beluga will still have significant remaining reserves in 2020; thus, essentially all of the remaining fourteen pools are storage candidates on this basis. The estimated year depleted refers to the date at which the field or pool would be no longer capable of economic production and a major impediment to development as a storage site would have been removed.

Reserves Growth: The life of these fields or pools depends not only on the existing known recoverable reserves but also on the as-yet-undiscovered or undeveloped/delineated resources within the known limits of the producing "structure." Single or two sandstone pools, such as the Kenai Sterling #6 pool are defined so that it is very difficult to "discover" additional reserves, unless a local fault block is indicated. On the other hand, fields like the Beluga River do not have defined single sandstone pools and in the fluvially dominated environment under which the sandstones were deposited, a multitude of additional channel sandstones are without question awaiting the properly placed extension or "exploration" well. The same is true of the Kenai field as a whole. While the probability of finding additional reserves in the Kenai Sterling #5.1 or #5.2 pools is essentially zero, the probability of finding gas within as yet untapped sandstones, present within the mapped outlines of the Kenai gas field is moderate to high. As an example of this Table 5.1 shows no anticipated reserves growth for the Kenai Sterling pools but indicates a moderate probability of reserve additions in the upper Tyonek/Beluga and Tyonek pools.

The effect of reserve additions would be to delay or make more difficult the transformation of a producing gas field into a storage facility. Table 5.1 indicates that six pools are considered to have no future reserve additions and should still be strong candidates for conversion to storage, six have a low probability of reserves growth and thus are good candidates for future natural gas storage; two pools have a moderate probability for reserves growth and combined with their anticipated depletion dates (Table 5.1) would be more risky choices, and one field, the Beluga River field has a high probability of significant reserves growth and on this basis presents one of the greatest challenges for conversion to storage.

These factors plus the infrastructure characteristics, location, pipeline access and other non-reservoir factors are examined and compared to the ideal facility for the purposes of ranking storage candidates in Section 6.

5.1.2 Potential Peak Storage Facilities

The need for a peaking storage facility is uncertain at this time. It is possible that a base load storage facility could be developed with the required working gas capacity, pressure regime, and spare wells for increased production during periods of high demand and thus eliminate the requirement for a smaller high rate, short term storage facility (see Table 2.7). However, it is necessary and prudent to identify possible peak load storage sites, even if they are not required

at the start up of the spur pipeline. The evaluation of peak storage sites is focused on smaller pools with high pressures and the reservoir parameters necessary for high production rates.

Table 1.1 identifies five pools with storage volumes of 6.2 to 15.1 Bcf, which is sufficient to meet the anticipated peak load requirements if large volumes of cushion gas are not required. These pools are presented in Table 5.2.

Table 5.2. Cook Inlet, Potential Peak Load Gas Storage Sites

Field/Pool	Reservoir Volume (Bcf)	Porosity (%)	Permeability (md)	Pay (n/g)	Current Pressure (psi)
Beaver Crk/Tyonek undefined	6.3	(25 ?) estimated	(5-500 ?) estimated	45 ft (??)	1,124
Lewis River/Undefined	14.3	22	45	85 (0.45)	1,687
Lone Creek/Undefined	6.2	19	100	??	475
Pretty Creek/Undefined	11.0	22	~120 estimated	60 (.67)	910
Sterling/Beluga Undefined	15.1	10	0.1	100 ft (??)	3,154

Table 5.2 includes most of the same data as Table 5.1 with the exception of the various reserve categories. The criteria for a peak load facility are presented in Section 3.0 and differ from those for the base load facility in three significant ways: 1) require smaller volumes, a capacity of 5 to 10 Bcf or so; 2) require high reservoir pressures (2.0 to 2.5 times ambient pipeline pressures) to assure high production rates, and 3) access to high volume pipeline.

Reservoir Storage Volume: The reservoir storage volume presented in Table 5.2 is the total gas capacity, which must be adequate to include any required cushion gas as well as working gas. As a consequence, the Beaver Creek Tyonek Undefined and the Lone Creek Undefined pools, at 6.3 and 6.2 Bcf, may have inadequate storage, if a significant volume of cushion gas is required to achieve the necessary pressure to assure high production rates. This is especially true of the Lone Creek Undefined pool, which has a current pressure of only 475 psi. On the sole basis of capacity, the Pretty Creek Undefined, Lewis River Undefined, and the Sterling Beluga Undefined pools appear to be capable of providing the storage volumes necessary for a stand-alone peak load facility.

Porosity and Permeability: Porosity values for three of the pools (Table 5.2) is approximately 20 percent, which is good to excellent. There are no published data for the Beaver Creek Tyonek Undefined pool, but by analogy with the Swanson River Tyonek Pool an average porosity of 25-29 percent can be expected. The porosity of the Sterling Beluga Undefined is low at 10 percent and further downgrades this candidate.

Permeability is low by most Cook Inlet standards in all five pools, but exceptionally low (0.1 md) in the Sterling Beluga Undefined pool. The Lone Creek and Pretty Creek pools (Table 5.2) have permeability in the 100 to 120 md range, which suggests that high reservoir pressures may be required to boost production rates for peak load conditions. The Lewis River Undefined pool has a permeability of 45 md, which would require even higher pressures than the Lone Creek and pretty Creek pools.

Pay: Good to excellent pay thickness is known to be present in four of the pools (Table 5.2). There is no reported pay thickness for the Lone Creek Undefined pool. The pay parameter does not eliminate any of the pools from consideration.

Pressure: Since the peak load storage facilities need to be able to produce large volumes for short periods, it is advantageous for the facilities to operate at relatively high pressures,

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definitely above the ambient pipeline pressure. The current reservoir pressure in these five pools spans a low of 475 psi in the Lone Creek Undefined pool to a maximum of 3,154 psi in the Sterling Beluga Undefined pool. Most of these pools will probably require a volume of cushion gas to attain an operating pressure sufficient to meet peak demand flow rates. The sole exception is the Sterling Beluga Undefined pool, which has high pressure at 3,154 psi; however, the reservoir has a permeability of only 0.1 md and on this basis is suspect as a viable storage candidate.

5.1.3 Summary of Future Natural Gas Storage Options

The options for potential future natural gas storage facilities have been addressed from both the base load and peak load perspectives and the preliminary listing consists of 16 base load candidates and five peak load possibilities. Based on geological and reservoir engineering criteria these choices have been evaluated in terms of suitability and are ranked in Section 6 with respect to their approximation to the ideal facility as described in Section 3. While several of these sites may not have the capacity, as stand alone facilities, to fulfill the storage requirements, it might be advantageous to have two smaller storage sites as opposed to one large facility.

5.2 Gas Storage Reservoir Conversion Design Criteria

The potential gas storage fields in the Cook Inlet as described above are partially depleted gas production reservoirs. The conversion of the gas production reservoirs to gas storage reservoirs should are expected to consist of the following steps:

- Gathering of geological and engineering information.
- Assessing the mechanical condition of wells.
- Determining additional surveys needed.
- Determining the working storage content of the reservoir.
- Determining the number of wells needed.

In order to find the working storage content of a reservoir, the range of pressures used must be selected. The upper pressure is set based upon the information available, particularly the mechanical condition of the wells. The pressure range also has much to do with the flow capacity of the wells.

5.2.1 Mechanical Condition

The mechanical condition of the wells and facilities will impact the technical and economic viability. First, it is necessary to gather information on the field, such as:

- Initial reservoir pressure
- Gas production versus reservoir pressure
- Reservoir temperature
- Gas composition, gravity
- Wells drilled, locations, depths
- Reservoir structure
- Degree of water drive
- Well flow capacity
- Mechanical condition of wells.

All wells drilled to the producing horizon must be located, checked by cement bond log, caliper logs, casing inspection logs, and made mechanically sound. Where poor bond exists, squeeze

cementing is required. When the casing is corroded, a liner may be cemented in place or other recompletion techniques with a non-corrosive completion fluid in the annulus. Even wells classed as dry holes should be reopened, re-cemented, or cased as observation wells.

5.2.2 Storage Capacity

Gas production and bottomhole pressure data were examined for each pool in the Cook Inlet area. Plots of P/Z versus cumulative production volumes were constructed for each pool resulting in estimates of original-gas-in-place (OGIP). Example data are shown in Appendix A, Figure A. and A.2. It was assumed that most pools would recover about 90% of OGIP at shut-in conditions. The two OGIP values were compared to insure a reasonable volume was estimated. The only pool for which the two values were not close was the Beaver Creek Sterling; the depletion performance indicates significant water influx occurred. The Kenai Sterling 5.2 also shows this characteristic behavior to a lesser degree but no water production was reported.

5.2.3 Field Deliverability

For most of the gas producing history of the Cook Inlet, supply exceeded demand; therefore, few, if any, wells were produced at capacity. Production history does not reflect the true deliverability of a pool. State of Alaska production records were used to determine the average production performance of each pool on a volume per day per well during the life of the pool. These data were combined on a plot of the P/Z versus cumulative recovery discussed in Section 5.2.2 (Appendix A). A best fit line was drawn to smooth the data over time and reservoir pressure. As noted above, these resulting flow rates are believed to be restricted volumetric rates. The flow rates used in this evaluation were increased by 50% to account for restricted flow rates, possible rate increases resulting from stimulation treatments, and current drilling and completion technology that will be used for any new wells. Marathon reports in a recent report (PN 2007a) that the use of their new Excape completion technology allows completion and fracture stimulation of several zones simultaneously, which will decrease costs and increase well productivity. A more complete well by well examination would be required to determine the amount of rate increase possible.

5.2.4 Design of Well Capacity

When the storage capacity has been set and the character of the market is known, a maximum flow rate for the field at a given content of gas can be estimated. From the estimated production schedule for the reservoir and peak day requirements, the amount of gas in the reservoir and hence the reservoir pressure can be determined. From the field performance curve and the reservoir pressure, the flowing well pressure can be determined for the stated flow rate. These calculations will give the suction pressure to the compressor required to send the gas to market.

5.2.5 Number and location of wells

The addition of the deliverabilities of the wells in the depleted field is likely to give a field deliverability curve that falls short of maximum flow rate. The remedy is to drill more wells or increase the deliverability of the old wells. A structure map of the field with the deliverability of the wells marked on it will provide a good tool to find locations in the reservoir that will give the higher deliverability needed. When drilling takes place, flow tests should be performed to determine the cumulative deliverability so that enough wells can be completed to match the predicted deliverability curve. When there is a high deliverability in part of the field and low in another the tendency may be to drill all new wells in the high permeability area. Care should be taken of creating a pressure sink if a common header gathering system is used. Wells from the

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high pressure, low permeability area will transfer the gas to low pressure area. Also to limit the surface piping gathering system, directional and horizontal wells should be considered.

5.2.6 Dehydration, Compression and Metering

Wellhead gas may pass directly to the gathering system without treatment, be heated, have alcohol injected into it or processed by a wellhead dehydration unit. Where central treating is performed, either solid absorbent or glycol absorption processes may be used. The solid adsorbents are more expensive to install, but easier to operate under overloaded, intermittent or short cycling conditions.

The compression requirement depends on the field operating pressure levels and market delivery pressure. Compression horsepower should be selected by an economic study of the number of wells, the field operating pressure level and the schedule of gas withdrawal in winter and need for injection in the summer.

Gas will be metered into and out of storage in American Gas Association standard meters to keep and accurate account of gas in the reservoir. Plant usage, gas losses while blowing of wells and even unaccounted for losses should be recorded.

5.2.7 Planned Observations

When converting a gas field to storage a long-term life is contemplated with a life cycle of over 30 years. The possibility that gas might find a way to leave the reservoir especially through mechanical imperfections should considered.

Gas analyses should be made of all natural gases in the vicinity of the depleted gas field to be converted to a storage field. These analyses may identify any gas found in water wells. A good guide or principle is that the water-filled confining zone above the caprock and in the gas zone on the edges of the field should be observed for both the absence of gas and the degree of pressure change.

6 Comparison of Ideal Storage Facility to Available Options

The criteria and characteristics identified in Section 3.0 are used to compare the variously identified potential storage facilities to the ideal Cook Inlet underground gas storage facility and rank them based on the results of this comparison. The ranking reflects how these options meet the optimum conditions required to satisfy base load and peak load needs associated with gas supply and usage in the Cook Inlet region. Table 6.1 was developed to facilitate the ranking process for the base load storage options but not all the criteria presented in Table 5.1 were used to construct Table 6.1. Some criteria will require additional study at the time of final selection, such as well integrity, water encroachment issues, and legal obstacles to use of the site for gas storage. Issues like access to a pipeline, relative proximity to customers, and tank-like characteristics are generally equivalent in all the remaining candidates and are excluded from the ranking criteria. The parameters of porosity, permeability, net pay, and net-to-gross have been replaced by a deliverability factor (Appendix A), which is the average well production rate derived from P/Z calculations times the anticipated number of producing wells. Finally, the total gas volume required to bring the reservoir to ambient pipeline pressure was added to the ranking process. Appendices A and B provide the basis for this table. Appendix A summarizes the process and values used to establish per well rates and volume of gas required to achieve ambient pipeline pressures. Appendix B shows the scaling used for the ranking criteria, where a ranking of 1 is best.

The limited number of peak load options did not require that a comparable table be constructed for that ranking.

6.1 Ranking Potential Base Load Storage Candidate Sites

The ranking of the base load storage candidate sites is shown in Table 6.1. It is an intermediate step in the final recommendation and reflects the comparison of the quantifiable criteria of the candidate sites to the ideal storage site, which is presented as standard for comparison. Pools with less than the ideal volume of 25 to 50 Bcf are included for consideration, as there may be justification for two or more storage facilities, as insurance against a disruption at the storage site or to reduce the potential need for large volumes of cushion gas at one of the larger sites.

The component values considered to constitute the Ideal Storage Facility are shown in Table 6.1. Pools 11 through 16 of Table 6.1 have very large reservoir size (capacity) and, with the sole exception of the Kenai Tyonek pool, require excessive volumes of cushion gas, 146 to 179 Bcf (Appendix A, Table A.1) to achieve pressures equivalent to the ambient pipeline pressure. As a consequence, these large Kenai Field pools and the Beluga River Undefined pool have been excluded from further consideration.

The Beluga River Undefined pool is somewhat unique. It includes numerous pay sandstones (more than 40) in the Sterling and Beluga formations. These pays are cut by an unknown number of the wells, probably ranging from 2 or 3 per pay to perhaps as many as 10 per pay interval. Individual wells may penetrate and produce from as many as 50 pays. The volume of cushion gas required is nearly 650 Bcf (Appendix A, Table A.2). The issues regarding well integrity, communication between pay zones, and depletion status of individual sandstones indicate that using any of these horizons for storage is not feasible based on current knowledge. Given that the operators continue to delineate and refine their understanding of the interrelations among pays, wells, and production, there may come a time when specific, depleted horizons are viable candidates for storage.

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Table 6.1. Preliminary Comparison of Base Load Storage Options to the Ideal Storage Facility

Pool	Reservoir Size (Bcf)	Deliverability (MMcf/d)	Cushion Gas Volume (Bcf)	Depletion Date (Year)	Rank
IDEAL	25-50	120-169	0.0	<2015	
Swanson River/Sterling	1	2	1	2	1
Beaver Creek/Beluga	2	1	1	4	2
Swanson River/Tyonek	1	5	1	1	3
Beaver Creek/Sterling	3	4	1	1	4
Kenai/Sterling #5.2	2	5	1	1	5
Ivan River	2	4	2	2	6
Cannery Loop/Sterling	1	5	1	3	7
Cannery Loop/Upper Tyonek	2	5	1	3	8
Kenai/Sterling #5.1	5	1	5	1	9
Cannery Loop/Beluga	3	2	3	5	10
Kenai/Sterling #6	5	1	5	2	11
Kenai/Sterling #4	5	1	5	2	12
Kenai/Sterling #3	5	1	5	3	13
Kenai/Tyonek	5	3	3	4	14
Kenai/Upper Tyonek-Beluga	5	1	5	5	15
Beluga River/Undefined	5	1	5	5	16

Reservoir Size: All of the top ten pools have reservoir size that is equal to or greater than the ideal storage facility and meet the anticipated storage needs well into the middle of the 21st century. These are presented in Table 6.1. The two pools, the Cannery Loop Sterling and Swanson River Tyonek pools (Table 5.1 and Appendix B, Table B.1) have reservoir sizes that are at the lower end of the acceptable range and under some conditions may be too small to be stand-alone storage facilities but may provide secondary sites; however, they have the additional constraint in that they have limited deliverability (Appendix A, Table A.2). The other eight pools have sufficient reservoir size to qualify as stand-alone storage sites. Of these, the Kenai Sterling #5.1 pool has a reservoir size of nearly 500 Bcf (Table 5.1) and would require 178 Bcf of cushion gas to reach adequate reservoir pressure; thus, it is eliminated from further consideration on this basis. The results are that seven pools clearly meet the requirements for reservoir size and two additional pools may, but are definitely adequate as secondary pools.

Deliverability: The seven stand-alone and two smaller pools were examined from the aspect of deliverability. Deliverability is defined here as the calculated "adjusted" low average well rate times the number of wells expected to be producing from the storage facility (Appendix A, Table A.1). Table A.1 also shows the "adjusted" average high rate. The low rate was chosen, since it is the rate that must be sustainable as the storage facility is drawn down by production. For example, the Kenai Tyonek pool has been assigned a deliverability of 48 MMcf/d, but at high rates may deliver as much as 72 MMcf/d.

The Beaver Creek Beluga and Swanson River Sterling pools are expected to have deliverability rates of about 60 MMcf/d, and the Cannery Loop Beluga pool has the potential for over 50 MMcf/d. The Ivan River and Beaver Creek Sterling pools are expected to be capable of 30 to 40 MMcf/d, and the Kenai Sterling #5.2, and the Cannery Loop upper Tyonek are rated at 20 to

30 MMcf/d. This reflects the order in which they would be ranked on deliverability. From the deliverability perspective, none of these pools appears to have adequate rates to be stand-alone facilities.

The smaller Cannery Loop Sterling and Swanson River Tyonek pools are rated at 20 to 30 MMcf/d; further diminishing their attractiveness as prospective storage sites.

Cushion Gas Volume Required: The volume of cushion gas required to achieve ambient pipeline pressures is an important consideration. In this evaluation the remaining seven stand-alone and two secondary candidates have cushion gas requirements ranging from zero, in the case of the Kenai Sterling #5.2 pool, to 43 Bcf in the Cannery Loop Beluga pool (Appendix A, Table A.1). This provides an additional measure of the relative value of the potential site, in terms of monetary savings related to gas purchases.

Depletion Date: The remaining candidate pools were next evaluated based on the anticipated depletion date, which is an important factor in this analysis. It is necessary that the potential site be available for storage by the time the spur pipeline is operational. In this scenario, that date has been assumed to be 2020. Many advocates hope to have the pipeline in operation at an earlier date – such as 2017. The assumption was made that a pool would need to be at or near the end of its commercial life before it was converted to storage. Based on this assumption, pools like the Cannery Loop Beluga and the Beaver Creek Beluga, which are not expected to be depleted until 2031 and 2028, respectively, would drop considerably in the ranking. Four of the seven larger pools (Table 6.1) are expected to be depleted by 2020 and would be potentially available for conversion to storage. The Cannery Loop Upper Tyonek pool depletion date is estimated to be about 2022.

Among the smaller pools the Swanson River Tyonek pool is also expected to be depleted by 2020 and would be a possible storage site, while the Cannery Loop Sterling is expected to be depleted about 2023.

The summation and discussion above constitutes the basis for the final list of recommended sites to be considered as potential future base load storage facilities. This listing will deviate in some details from that of Table 6.1 due to a more objective integration of timing, deliverability, and total gas volumes required to attain pipeline pressures. The foregoing discussions of Section 6.1 establish the rational for this approach.

6.1.1 Final Ranking

The ranking of potential future base load storage sites is strongly determined by the following considerations. The other criteria of Tables 5.1 and 6.1 do not vary significantly among the principal potential storage sites and were largely discounted in this final selection process.

- Reservoir size near the ideal volume–excessive capacity may require large volumes of cushion gas in order to achieve optimum operating rates, and capacity significantly below the ideal would require high existing reservoir pressures to minimize cushion gas and maximize working gas. Excessive storage concerns may be offset by using a greater number of wells to keep withdrawal rates at required levels. Reservoir size less than the ideal volume will require multiple facilities, which may be an advantage, when taking disruptions into consideration.
- The deliverability of a reservoir is a function of the number of wells and reservoir pressure and communication. In the scenario presented in the following discussions, the number of wells in each potential storage site is taken to be two times the number of wells utilized during that pools historically high production (Appendix A, Table A.2). It may be possible to achieve greater deliverability by drilling more infill wells.

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- Gas volume can be a very costly component of the storage issue. The amount of working gas is taken as a constant (20 Bcf) and the variable is the volume of cushion gas required, which is based largely on the reservoir pressure. Large low pressure reservoirs may require ten's to hundred's of Bcf's of gas to achieve the necessary pressure.
- Depletion prior to 2015 is preferred and prior to 2020 is a virtual necessity. This provides adequate time to plan and prepare the site for gas storage. Those that are depleted after 2020 would need to be deferred or some agreement with the lease holders/operators would need to be negotiated to use part of all the field/pool for storage.

Table 6.2 summarizes the rankings for the potential base load storage site candidates and compares them to the "Ideal Pool". The four criteria are listed with values extracted from Table 5.1 and Appendix A (Tables A.1 and A.2). Despite all efforts to base the decision on quantifiable, objective data, there remains an element of subjectivity in the selection process. Until detailed studies of the candidate pools are completed, the true strengths and weaknesses of these sites will be largely unknown. These ranked potential future base load storage sites are located on Figure 6.1.

Table 6.2. Ranked Candidates for Base Load Storage

Rank	Pool	Reservoir Size (Bcf)	Deliverability[1] (MMcf/d)	Cushion Gas Required (Bcf)	Depletion Date (Year)
	IDEAL POOL	**25-50**	**120-169**	**0.0**	**2010-2015**
1	Swanson River/Sterling	39	60 (160)	9.0	2019
2	Beaver Creek/Beluga	92	61 (106)	16.0	2028
3	Ivan River	97	34 (65)	8.0	2019
4	Kenai/Sterling # 5.2	66	30 (36)	0.0	1981
5	Swanson River/Tyonek	28	29 (89)	6.0	2006
6	Beaver Creek/Sterling	140	33 (51)	24.0	1994

1. The number in the column is the 'adjusted" low deliverability, which is the value used to rank the candidate sites, the number in parenthesis is the "adjusted" high deliverability and can be achieved but is not sustainable for the entire demand season (Table A.2).

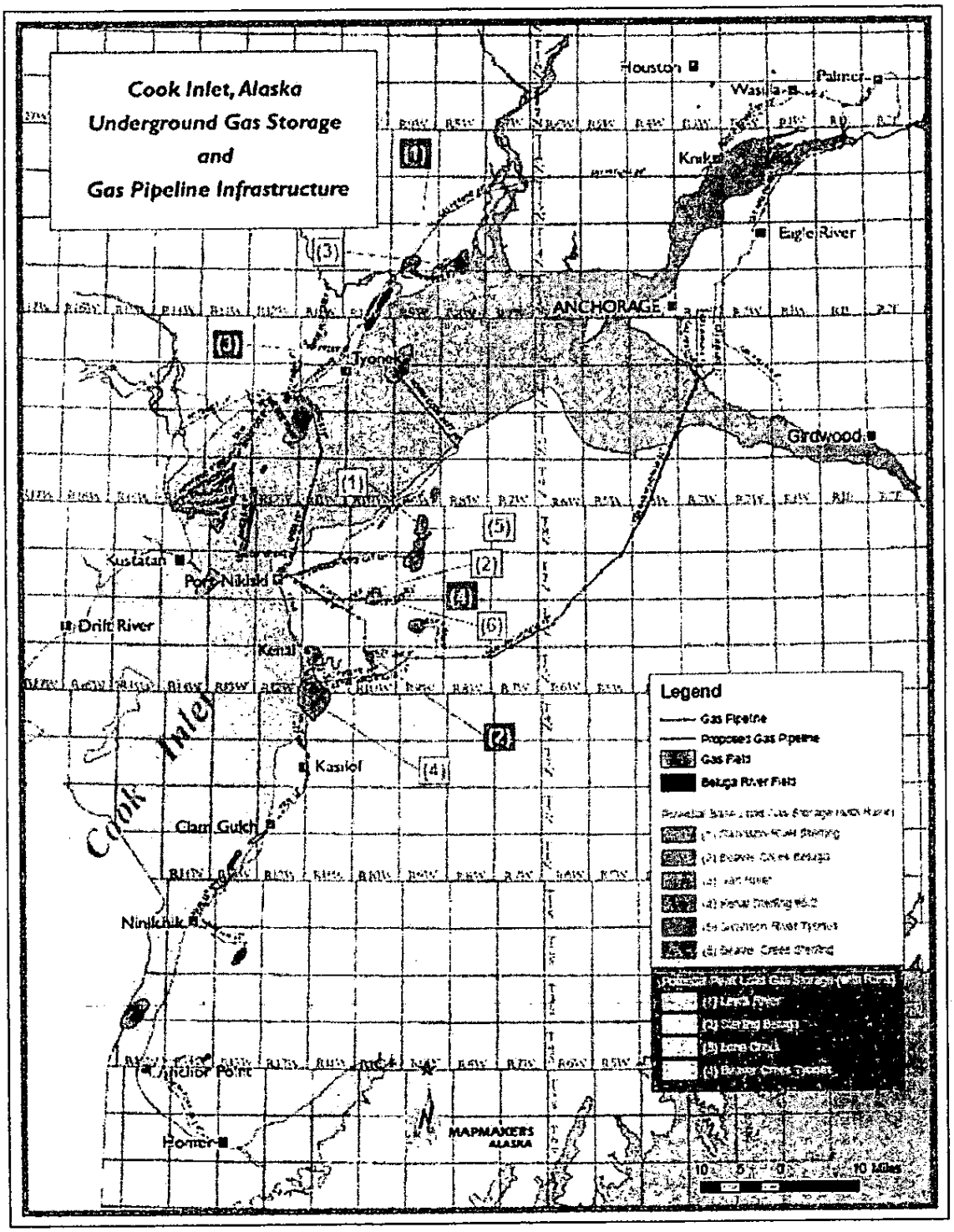
The Swanson River Sterling pool is ranked as number one primarily because it has good-to-high deliverability, is expected to be depleted by 2020 and requires moderate amounts of cushion gas. The reservoir size is adequate but falls in the mid-range of the preferred size class, and expansion of storage capacity is limited to about 10 Bcf.

The Beaver Creek Beluga site has excellent reservoir size, the highest deliverability, but requires more cushion gas and is not expected to be depleted until 2028. These latter two factors prevent it from being ranked No. 1 and could drop it below the Ivan River pool.

The Ivan River pool is rated as the third choice due to the capacity and moderate volume of cushion gas required. The expected depletion date of 2019 is an additional plus. The primary negative factor is the relatively low deliverability of only 34 MMcf/d.

The Kenai Sterling # 5.2 has been depleted since 1981 and has good-to-excellent reservoir size. The capacity is in excess of the requirements and no cushion gas is required to achieve ambient pipeline pressures. The chief problem is deliverability of only 30 MMcf/d using the one-to-one producing well scenario. There are suggestions that water encroachment has been detected, which may have the potential to reduce deliverability.

Figure 6.1. Cook Inlet Map of Storage Locations



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The Swanson River Tyonek pool is the smallest of the top six candidates at 28 Bcf, which is at the low end of the preferred size range. It requires a moderate amount of cushion gas, but has a projected deliverability in the one-to-one infill well case of only 29 MMcf/d.

The Beaver Creek Sterling pool is ranked No. 6 because of the problems with water encroachment, which requires a large volume of cushion gas and also reduces the deliverability. There is a large capacity for gas storage, and an early depletion date, but unfortunately that is due largely to the fact the pool watered out. The anticipated deliverability is about 33 MMcf/d.

The results of these evaluations indicate that there are viable potential future underground natural gas storage sites in the Cook Inlet gas fields. However, among the leading candidates there are no true stand-alone reservoirs with regard to sustainable deliverability. Each of the candidate pools meets the capacity needs but under the proposed development none of them are capable of achieving the 120 to 169 MMcf/d design withdrawal rates of Table 2.6 and Section 3.1.

The large pools, Kenai field pools and the Beluga River field, that were eliminated early in the evaluation process would have the deliverability required, if cushion gas volumes well in excess of 100 Bcf were injected (Appendix A, Table A.1). In fact, to establish ambient pipeline pressure, 648 Bcf of cushion gas would need to be injected into the Beluga River field (Appendix A, Table A.2) unless a zone or zones could be successfully isolated while maintaining active production operations. But, why shelve expensive cushion gas when the same volumes could be used as working gas in two or three smaller facilities, such as the Swanson River Sterling and others of Table 6.2? The use of two or more storage facilities also provides a safety measure in the case of a disruption at the storage facility. It would also be advantageous to have a facility located in both sides of the Cook Inlet for similar reasons.

Unless future detailed studies indicate otherwise, these pools in some combination should provide adequate storage for any reasonably forecast seasonal storage needs and achieve the deliverability needs for peak season demand. Under certain conditions, multiple base load storage facilities may negate the need for separate peak load storage, at least for the initial years of the pipelines existence.

6.2 Final Ranking Potential Peak Load Storage Candidate Sites

The need for a separate peak load facility or facilities depends on the ultimate nature of the base load storage facilities. At this time the working scenario requires peak load storage for the short, very high demand periods resulting from conditions of extreme cold weather. As identified in Section 5, there are five pools that would be candidates for potential peak load storage (Table 5.2) and the total storage capacity of these pools ranges from 6.2 Bcf to 15.1 Bcf (Appendix A, Table A.3). These pools are all on the pipeline system and are within 50 to 100 miles of the major consumers. Three key factors were utilized to rank or eliminate the pools. These are same factors used to develop the final rankings for the base load storage: reservoir size, deliverability, and cushion gas requirements.

The five identified pools/fields are of such a size that they meet the requirements of the peak load demand anticipated in 2020. In increasing order of total storage capacity they are (Appendix A, Table A.3):

- Lone Creek Undefined – 6.2 Bcf (requires zero cushion gas),
- Beaver Creek Tyonek Undefined – 6.3 Bcf (0.5 Bcf cushion gas),
- Pretty Creek Undefined – 11.0 Bcf (6.0 Bcf cushion gas),
- Lewis River Undefined – 14.3 Bcf (1.6 Bcf cushion gas),

- and Sterling Beluga Undefined – 15.1 Bcf (2.0 Bcf cushion gas).

The existing Cook Inlet gas storage facilities have gas volumes of this size or smaller and average deliverability rates are about one percent of the total working gas. Based on these averages, maximum deliverability rates may range from a low of 58 MMcf/d for the Beaver Creek Tyonek undefined pool to a high of 131 MMcf/d for the Sterling Beluga Undefined pool (Appendix A, Table A.3). This assumes the reservoirs are filled to capacity and the cushion gas has been discounted.

Based on minimization of cushion gas volume (Appendix A, Table A.3) the Pretty Creek Undefined pool would be eliminated, since nearly half the volume of gas in the pool would be unavailable for withdrawal.

Using the one percent of working gas volume (original gas in place minus cushion gas equals working gas) as average daily deliverability, the only two of the remaining pools are capable of achieving the 80 MMcf/d maximum anticipated peak gas requirements in 2040. The Lone Creek Undefined and the Beaver Creek Undefined pools are fall below the margin of 70 MMcf/d in 2025 for the assumed spur pipeline rates. Both the Lewis River and Sterling Beluga undefined pools have capability to achieve the desired deliverability in 2040 with potentials of approximately 125 to 130 MMcf/d each.

The ranking for peak load storage and reasons are given below, and their location and ranking are given in Figure 6.1.

1.) Lewis River Undefined: low cushion gas requirements, near power generation facility, and maximum potential deliverability of approximately 130 MMcf/d.

2.) Sterling Beluga Undefined: low cushion gas requirements, ready access to Anchorage area gas users, and maximum potential deliverability of 125+ MMcf/d.

3.) Lone Creek Undefined: falls short of the deliverability rate with a maximum rate of about 62 MMcf/d but requires no cushion gas and could provide a secondary peak storage facility.

4.) Beaver Creek Tyonek Undefined: falls short on deliverability rate at 58 MMcf/d but requires only 0.5 Bcf cushion gas and could provide a secondary peak storage facility.

The Lone Creek and Lewis River sites are located on the west side of the Cook Inlet and could easily supply the electrical generation plant, while the Beaver Creek and Sterling Beluga sites are located on the east side and could be dedicated to the gas utilities (Figure 6.1).

6.3 Summary of Potential Underground Natural Gas Storage Candidates

The evaluation has established the existence of six potential base load storage and four peak load storage sites. All the base load storage candidates are of sufficient size, that even with the anticipated cushion gas requirements of the various pools, they retain the capacity for the requisite volume of working gas. At the calculated low, sustainable deliverabilities none of them are gauged to have rates that are sufficient to serve as the sole storage facility and multiple storage units are required. At the calculated high deliverability rates the Beaver Creek Beluga (120 MMcf/d) and the Swanson River Sterling (160 MMcf/d) can meet the demand, but not for sustained periods or for the duration of the high demand winter season.

The four peak storage sites are equally distributed between the west and east sides of Cook Inlet and the Lewis River and Sterling Beluga undefined pools have the potential to meet any anticipated peak demand needs. The Lone Creek and Beaver Creek Tyonek, as a pair could also meet that demand.

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7 Costs of Potential Storage Facilities

The Federal Energy Regulatory Commission (FERC) published a report in 2004 describing the "Current State of and Issues Concerning Underground Natural Gas Storage" (FERC 2004) that describes the status and economics of underground storage in the U.S. Storage economics, storage development costs, and the value of storage as described. Storage development costs for a typical 2-cycle/yr depleted reservoir field can cost between $5 million and $6 million/Bcf of working gas capacity (FERC 2004). The costs are site-specific based on:

- the quality and variability of the geologic structure of the proposed site;
- the amount of compressive horsepower required;
- the type of surface facilities needed;
- the proximity to pipeline infrastructure; and
- permitting and environmental issues.

The FERC report (2004) reports that cost-of-service is frequently used to value services offered by regulated storage providers such as interstate pipeline companies. It allows for recovery of costs and a return on capital. The FERC review (2004) of 20 storage operator tariffs indicated a median cost-of-service of $0.64/Mcf. The economic evaluation of Cook Inlet gas storage is expected to be different, most likely higher cost, than Lower 48 gas storage because of the inability to purchase gas at low prices in the summer for storage and sell it at higher prices in the winter season and the more remote and higher cost environment in the Cook Inlet. A cost-of-service estimate is not included in the report.

Estimates for capital and operating costs associated with developing and operating potential Cook Inlet storage facilities are described below. These costs are generic and general at this stage of gas storage design and are intended as a basic guideline to identify the components and provide a reasonable estimate of the magnitude. The regulatory framework and the allowable rates of return have not been established for any regulated storage facilities in Alaska.

The factors influencing the cost of operating the storage facility includes such items as:

- Conditioning the reservoir to serve as a storage facility.
- Designing and developing the gas injection and withdrawal infrastructure including reconditioning of old wells and drilling and completing any new wells required to meet deliverability requirements.
- Construction or upgrades of a pipeline to connect the gas storage facility to the gas distribution system.
- Rentals or other fees to owner of pre-existing infrastructure.
- Costs (price/unit volume) associated with acquiring a gas storage lease and any fees associated with the injection of stored gas, docking (length of time stored), and withdrawal.
- Purchase cost of cushion gas and working gas.
- Operating and maintenance costs.

It is noted in the FERC report (2004) that the cost of purchasing cushion gas is one of the most expensive elements of a storage project. In addition, if there are remaining reserves in the field

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at the time of conversion, the value of those stranded reserves may need to be added to the costs or accounted for in the yearly production cycle.

The estimated cost data in Table 7.1 are for a 20 Bcf working gas storage facility requiring 20 Bcf of cushion gas, four new infill wells, and 100 MMcf/d of maximum deliverability to provide a general guideline for expected costs to construct a storage facility in the Cook Inlet. The total capital costs include the purchase of cushion gas. The costs will vary depending on the specific sites chosen. The operating costs needed for a cost-of-service calculation can be estimated as shown based on percentages of the capital cost on an annualized basis. These calculations are not included in this study.

Table 7.1. Estimated Cost of Construction of a 20 Bcf Gas Storage Facility

Expenditure item includes installation	Cost
Compressor 4000 hp	$8,000,000
Dehydration	$2,200,000
Piping and valves	$50,000
Instrumentation and controls including metering	$1,000,000
Civil, concrete etc	$1,750,000
Insulation and paint	$25,000
Electrical bulk material	$500,000
Engineering	$750,000
Make up wells @ $7MM	$28,000,000
20 Bcf cushion gas @ $6.00 Mcf	$120,000,000
Total Capital Costs	**$162,275,000**
Total Capital Costs ($millions/Bcf)	**$8.1 million/Bcf**

Operating cost
Fixed costs: Depreciation, interest taxes, insurance, etc. –41% of annualized capital costs
Direct costs: 3% of annualized capital costs

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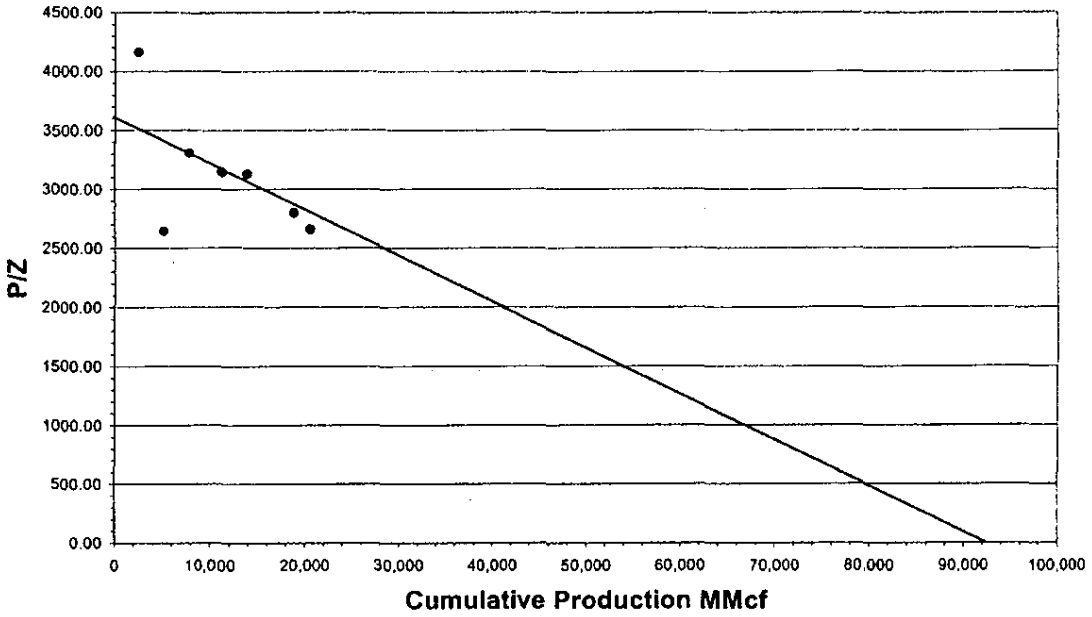
9 Attachments

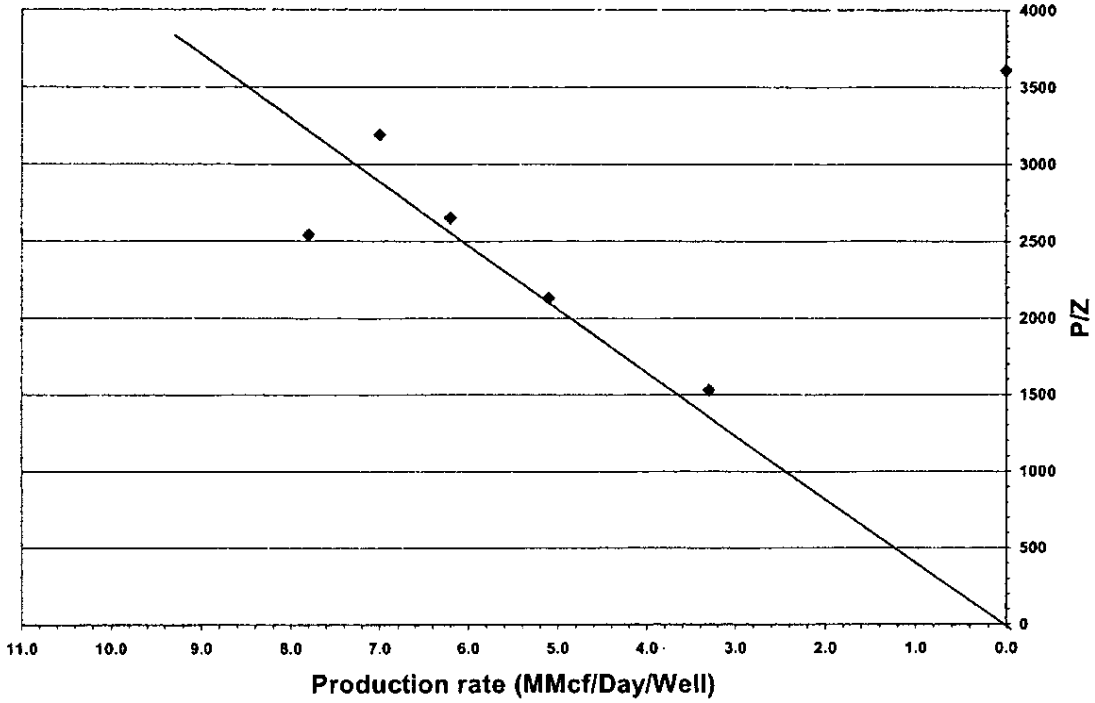
Appendix A: Gas production and bottomhole pressure data were examined for each pool in the Cook Inlet area. Plots of P/Z versus cumulative production volumes were constructed for each pool resulting in estimates of original-gas-in-place (OGIP) as shown in Figure A.1 for the Beaver Creek Beluga Pool. It was assumed that most pools would recover about 90% of OGIP at shut-in conditions. The two OGIP values were compared to insure a reasonable volume was estimated. The only pool for which the two values were not close was the Beaver Creek Sterling and the depletion performance indicates significant water influx occurred. The Kenai Sterling 5.2 also shows this characteristic behavior to a lesser degree but no water production was reported.

Figure A.1. Beaver Creek Beluga Pool, P/Z versus Cumulative Production



For most of the gas producing history of the Cook Inlet, supply exceeded demand; therefore, few if any wells were produced at capacity. Therefore, production history does not reflect the true deliverability of a pool in the Cook Inlet. State of Alaska production records were used to determine the average production performance of each pool on a volume per day per well during the life of the pool. These data were combined on a plot of the P/Z versus production rate as shown in Figure A.2. A best fit line was drawn to smooth the data over time and reservoir pressure. The flow rates on a per well basis were estimated from these curves for the as a function of pressure. The low rate is determined at a P/Z of 1000 and the high rate at the P/Z with 20 Bcf of Working Gas added to the remaining reserves at 2020. The pressures and rates are shown for each pool in Table A.1.

Figure A.2. Beaver Creek Beluga Pool P/Z versus Production Rate



The historical Cook Inlet flow rates are thought to be restricted in many cases; therefore the flow rates used in this evaluation were increased by 50% to account for restricted flow rates. Possible rate increases resulting from stimulation treatments and current drilling and completion technology used on any new wells as shown in Table A.1 (adjusted average well rates in the last two columns in the table). Marathon recently reported on the use of their Excape completion technology that allows completion and fracture stimulation of several zones simultaneously, which decrease costs and increases well productivity. A more complete well by well examination would be required to determine the amount of rate increase possible in any pool.

Table A.2 shows the Cook Inlet Pools as ranked in Section 6. The table includes the Total Gas Required to have 20 Bcf of working gas above a P/Z of 1000, the number of existing wells, and the number of wells and deliverability with 1-to-1 infill, ½–to-1 infill, and no infill.

Table A.3 contains evaluation data developed by the same methodology used for data in Table A.1 and A.2 for the potential peaking storage pools. None of these reservoirs are expected to have any remaining reserves in 2020. The maximum deliverability is taken to be 1% of the working gas volume.

Table A.1. Cook Inlet Potential Base Storage Pools: Evaluation data

Field/ Pool/ Formation	OGIP (Bcf)	2020 Status		Cushion Gas Volume[1]	P/Z with 20 Bcf Working Gas Added	Total Gas Required (Bcf)	Estimated Well Rate		Adjusted Avg. per well rate (MMcf/d)	
		P/Z	Remaining Reserves				Avg. at High P/Z (MMcf/d)	Avg. at P/Z of 1000 (MMcf/d)	High	Low
Beaver Creek										
Beluga	92.4	325	2.5	16	1800	36	4.4	2.5	6.6	3.8
Sterling	140.0	1,250	0	24[2]	1700	44	8.5	5.5	12.7	8.2
Ivan River										
Undefined	97.0	650	0	8	1,950	28	5.4	2.8	8.1	4.2
Cannery Loop										
Beluga	113.1	270	4.4	43	1,350	63	6.2	5.4	9.3	6.8
Sterling	32.0	300	0.6	9	2,520	29	15.0	6.0	22.5	9.0
Upper Tyonek	89.6	275	0.5	8	2,200	28	7.3	3.0	16.0	4.5
Kenai										
Sterling 3	375.5	225	0	146	1,120	166	5.7	5.2	8.6	7.8
Sterling 4	506.2	200	0	160	1,100	180	5.0	4.6	7.5	6.9
Sterling 5.1	538.4	250	0	178	1,080	198	4.7	4.4	7.1	6.5
Sterling 5.2	65.7	1,300	0	0	1,570	20	6.0	5.0	9.0	7.5
Sterling6	603.0	250	0	179	1,080	199	4.8	4.5	7.2	6.8
Tyonek	218.0	225	1.4	27	1,220	47	6.0	4.0	9.0	6.0
Upper Tyonek	457.4	610	22.7	60	1,210	80	1.3	1.0	2.0	1.5
Swanson River										
Sterling	39.2	330	0	9	2,580	29	13.4	5.0	20.1	7.5
Tyonek	28.0	340	0	6	3,090	25	7.4	2.4	11.1	3.6
Beluga River										
Undefined	1,614	295	83.8	628	1,020	648	12.2	12.0	18.3	18.0

1. Volume of gas required to increase P/Z to 1000 psi. Includes estimated reserves remaining at 2020.
2. This increases pressure to about 1,500 psi, which results in water-free reservoir conditions.

4707

Table A.2. Cook Inlet Potential Base Storage Pools: Number of Wells and Estimated Deliverability Rates

Rank	Pool (Preliminary Ranking – Table 6.1)	Total Gas Required (Bcf)	Wells		Estimated Delivery Rates (MMcf/d)					
			Existing wells	Number wells with 1 to 1 infill	1 to 1 infill		½ to 1 infill		No infill	
					Max[2]	Min[2]	Max	Min	Max	Min
1	Swanson River/Sterling (1)	29	4	8	160	60	121	45	80	30
2	Beaver Creek/ Beluga (2)	36	8	16	106	61	79	46	53	30
3	Ivan River (6)	28	4	8	65	34	49	25	33	17
4	Kenai/Sterling # 5.2 (5)	20	2	4	36	30	27	23	18	15
5	Swanson River/Tyonek (3)	25	4	8	89	29	67	22	45	15
6	Beaver Creek/ Sterling (4)	44	4[1]	4	51	33	38	25	25	16
	Kenai/ Sterling # 5.1 (9)	198	14	28	199	182	149	137	100	91
	Kenai/ Sterling # 4 (12)	180	14	28	210	193	158	145	105	97
	Kenai/Tyonek (14)	47	4	8	72	48	54	36	36	24
	Cannery Loop/ Beluga (10)	63	4	8	74	54	56	41	37	27
	Cannery Loop/ Sterling (7)	29	1	2	46	18	--	--	23	9
	Cannery Loop/Upper Tyonek (8)	28	2	4	44	18	33	14	22	9
	Kenai Sterling 6 (11)	199	12	24	173	163	130	122	86	82
	Kenai Sterling 3 (13)	47	9	18	155	140	112	101	77	70
	Kenai Upper Tyonek (15)	80	23	26	92	69	69	52	46	35
	Beluga River Undefined (16)	648	17	34	622	612	467	459	311	306

1. Two wells that watered out early in field life cannot be used.
2. From Table A.1, Adjusted average per well rate.

Table A.3. Cook Inlet Potential Peaking Storage Pools: Evaluation Data

Field/Pool	OGIP (Bcf)	2020 P/Z	Cushion Gas (Bcf)	Working Gas (Bcf)	Max. Rate = 1% Working Gas ((MMcf/d)
Lewis River Undefined	14.3	650	1.6	12.7	127
Sterling Beluga Undefined	15.1	400	2	13.1	131
Lone Creek Undefined	6.2	60	0	6.2	62
Beaver Creek Tyonek Undefined	6.3	600	0.5	5.8	58
Pretty Creek Undefined	11	240	5	6.0	60

APPENDIX B: Scaling criteria utilized to rank candidate gas pools as potential future base load gas storage facilities. These factors are used in constructing the various ranking tables of Sections 5 and 6. The specific criterion is shown with a range of values and the rank of 1 to 5, **with 1 being the best**.

Table B.1. Scaling Criteria to Rank Candidate Pools

CRITERION:	RANGE	RANKING	CRITERION:	RANGE	RANKING
Reservoir size	25-50 Bcf	1	Pay	>50'	1
	50-100 Bcf	2		40-50'	2
	100-150 Bcf	3		30-40'	3
	<25 Bcf	4		20-30'	4
	>150 Bcf	5		<20'	5
Depletion	<2015	1	Net-to-gross	0.8-1.0	1
	2015-2020	2		0.6-0.8	2
	2020-2025	3		0.4-0.6	3
	2025-2030	4		0.2-0.4	4
	>2030	5		<0.2	5
Proximity	<50 miles	1	Pressure	>2,000 psi	1
	50-75 miles	2		1,000-2,000 psi	2
	75-100 miles	3		500-1,000 psi	3
	100-125 miles	4		250-500 psi	4
	>125 miles	5		<250 psi	5
Porosity	>25 %	1	Cushion Gas Required	0-25 Bcf	1
	20-25 %	2		25-30 Bcf	2
	15-20 %	3		30-40 Bcf	3
	10-15 %	4		40-50 Bcf	4
	<10 %	5		>50 Bcf	5
Permeability	>1,000 md	1	Deliverability	>60 mmcf/d	1
	500-1,000 md	2		50-60 mmcf/d	2
	250-500 md	3		40-50 mmcf/d	3
	125-250 md	4		30-40 mmcf/d	4
	<125 md	5		< 30 mmcf/d	5

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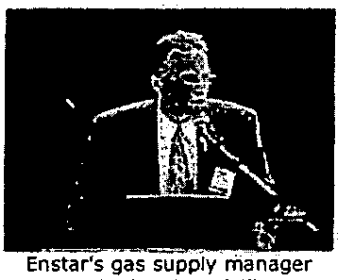
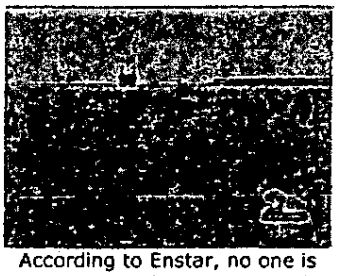
Enstar: Cook Inlet natural gas is rapidly diminishing



Enstar's gas supply manager Mark Slaughter (Mike Nederbrock/KTUU-DT)



According to Enstar, no one is sure exactly what is causing the depletion of reserves. (Mike Nederbrock/KTUU-DT)

by Lori Tipton
Wednesday, September 16, 2009

ANCHORAGE, Alaska -- The utility that uses Cook Inlet gas to help heat Southcentral Alaska says there is a steady depletion of gas reserves.

That was the topic of discussion Wednesday at the fifth annual Oil and Gas Congress meeting in Anchorage.

Enstar's gas supply manager, Mark Slaughter, says despite five new wells being drilled in the last year, research shows a considerable drop in the amount of gas in Cook Inlet.

In 2006, producers reported a rate of close to 150 million barrels per day, but as of last year they only reported about 50 million barrels per day.

According to Enstar, no one is sure exactly what is causing the depletion of reserves.

"There's a potential problem that's coming and we need to prepare for it, there's investments that need to be made, decisions that need to be made, and that date is coming," Slaughter said.

The U.S. Department of Energy has predicted local demand will outpace supply as early as 2014 -- producers are predicting it could happen by 2013.

Contact Lori Tipton at ltipton@ktuu.com

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Petroleum news

Providing coverage of Alaska and northern Canada's oil and gas industry
September 2009

Vol. 14, No. 38 **Week of September 20, 2009**

What price CI gas?

RCA gleans views on breaking utility supply contract approval logjam

Alan Bailey

Petroleum News

While concerns rise about whether natural gas supplies from Alaska's Cook Inlet basin will be able to keep up with local utility demand, especially during the depths of the winter, a debate continues regarding whether Cook Inlet gas prices are too low to entice sufficient new gas exploration and development, or whether the Cook Inlet gas producers are crying wolf over the gas supply situation, to increase their profits by pushing gas prices up.

Since 2004 the Regulatory Commission of Alaska, in its role of regulating the utilities and protecting energy consumers from unnecessarily high energy prices, has rejected as too expensive every gas supply contract that Enstar Natural Gas Co., the main Southcentral Alaska gas utility, has negotiated with Cook Inlet gas producers. A recent supply agreement between power utility Chugach Electric Association and gas producer ConocoPhillips is the only utility gas supply contract that the commission has approved in that time.

But what is a reasonable price for Cook Inlet natural gas?

On Sept. 16 RCA convened a technical conference to seek views on how to provide regulatory oversight of gas pricing, to help change the regulatory process for gas supply contract approval from what has all too often become an expensive and time consuming minefield, possibly delaying new gas development, into more of a well-marked pathway.

Producer view

The major Cook Inlet gas producers declined to participate in the conference, citing anti-trust issues that might be raised by their involvement in discussions about how gas prices might be set. But a written statement by Marathon, one of those producers, reiterated an often expressed oil company view that supply contracts, including gas pricing arrangements, should be "freely and fairly" negotiated between the producers and the utilities, rather than be specified in some way by regulators.

"The regulators should regulate the regulated, not the gas market," Marathon said. And negotiations between the producers and the utilities need to recognize that producers are driven by the balance between risk and reward, in a situation where gas projects in Alaska compete for finite funding with other projects on a global basis, the company said.

But the isolated nature of the tiny Cook Inlet utility gas market and the lack of a spot market for Cook Inlet gas have made it impossible to determine a market-driven local gas price and have led gas contract negotiations into some creative ways of establishing contract prices.

A few decades ago, prior to the formation of dynamic national and global natural gas markets, negotiations between Southcentral utilities and the Cook Inlet gas producers led to long-term contract gas prices indexed to the price of oil. And, with a large glut of Cook Inlet gas, those prices were low relative to other part of the United States.

Changing market

Then in the early 2000s, as tightening Cook Inlet gas supplies started to draw people's attention to the need for more Cook Inlet gas exploration, and as a burgeoning North American and global trade in natural gas drove the establishment of many gas trading hubs, Cook

Inlet gas contract negotiations moved toward the indexing of Cook Inlet gas prices to gas markets elsewhere, in particular to the Henry Hub market in the Lower 48.

Indexing Cook Inlet gas prices to Lower 48 prices would enable Cook Inlet gas exploration to compete for capital with gas exploration projects elsewhere, the gas producers argued.

In 2001 RCA approved a Unocal gas supply contract with Enstar that used a Henry Hub index, and in 2004 the commission approved a similar contract between Enstar and the NorthStar Energy Group. However, the commission subsequently dropped its support for Henry Hub indexing, and for other proposed indices involving North American trading points at the demand or downstream end of gas transmission networks, saying that these markets did not model the market situation in the Cook Inlet and resulted in over-priced Cook Inlet gas.

The commission proposed instead a price index based on a basket of producer basin markets, an approach that the producers rejected for contracts with Enstar but which forms the basis of the pricing in the recently approved Chugach contract.

Market index?

Is the use of this form of market index appropriate as a benchmark for gas prices in Cook Inlet, the commissioners asked at the Sept. 16 conference? And should the commission specify a "safe harbor" range of prices that would be acceptable to the commission and guarantee contract approval?

Some conference participants cautioned about the difficulty of restraining prices within a narrow range, an approach that seems akin to price controls. And Dan Dieckgraeff, Enstar's manager of rates and regulatory affairs, argued the case for price mechanism flexibility, given the inevitable differences between different contract situations and the evolving nature of gas markets.

Trying to pick a pricing mechanism that works perfectly today is not useful for determining gas prices in the future, given that gas markets around the world are changing continuously, he said.

And Commissioner Janis Wilson commented that experience of linking Cook Inlet gas prices to Lower 48 market indices has in practice demonstrated how little connection there is between the market dynamics in the Lower 48 and the gas supply and demand situation in the Cook Inlet.

"Here we are with a (gas) surplus in the Lower 48, prices going way down, and we're facing gas shortages (in the Inlet)," Wilson said.

Another possible Cook Inlet gas price model discussed at the conference is a price cap indexed to the estimated price of imported LNG, imports that would form an obvious alternative to the Cook Inlet basin as a gas source.

And Aurora Gas, the one producer to participate in the conference, would like to see some percentage of the total gas demand set aside for bidding in an open spot market that would give small producers like Aurora market access, while also establishing a market gas price. However, utilities have expressed concern about this concept, because of utility needs for assured supplies from medium- to long-term contracts.

No cost data

One problem that the commission faces when it comes to assessing a reasonable gas-price level is the absence of information regarding the cost of Cook Inlet gas production, information that the gas producers are unwilling to divulge, said Commissioner Anthony Price.

"One emphasis in prior gas contracts is that there's more cost in the Cook Inlet, and yet there's no evidence put on the record of the cost in the Cook Inlet," Price said. "... There's nothing we can land on."

Dieckgraeff said that, although costs factor into gas producer decision making, in his experience it is gas prices that determine gas producer investment commitments. On the other hand, the cost of servicing the extreme swings in Alaska utility gas demand between summer and winter must be taken into account when comparing Alaska gas prices with those in the Lower 48, he said.

In fact, the commission is seeking views on whether it should allow seasonal price variation, or possibly gas producer cost add-ons for the

storage of gas for winter use, in approved gas supply contracts. The conference participants seemed to share a view that new gas storage in the Cook Inlet basin will prove to be a key factor in managing gas supplies for winter use, and that the necessary storage facilities will come at a cost. Storage facilities could also provide a gas market for small producers such as Aurora Gas, said Alan Dennis, royalty manager in Alaska's Division of Oil and Gas.

Price flexibility

However, as in models for the base pricing of gas, there needs to be flexibility from one contract to another in the way in which storage costs can be recovered, whether cost recovery comes from tiering the gas prices to different levels of delivery, or from a single, year-round "bundled" price. Dieckgraeff argued.

"One size fits all isn't the way we want to go here," he said.

RCA is also considering whether there may be value in legislative changes to state statutes, to specify how the commission should review utility gas supply contracts, perhaps with a specified pricing mechanism for the gas. These possibilities did not provoke any response from the conference participants, other than one comment that a statutory standard of the review for the contracts might be helpful in improving the review process.

Other topics discussed during the conference included the fact that the utilities in general support RCA pre-approval of their gas supply contracts, prior to tariff approval, as an essential means of eliminating the significant financial risk that would otherwise result from the possibility of the commission rejecting a contract after a tariff has gone into effect. Some conference participants also expressed concern that a too broad participation in utility tariff hearings, including the involvement of entities with unclear or inappropriate agendas, had in some cases unduly increased the length and cost of the hearings.

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November 2009

Vol. 14, No. 45 Week of November 08, 2009

Tax incentives proposed for gas storage

Alaska Sen. French unveils bill offering tax credits, property tax relief to encourage Cook Inlet facilities for holding natural gas

Wesley Loy

For Petroleum News

Alaska state Sen. Hollis French plans to introduce legislation to provide tax incentives for development of Cook Inlet natural gas storage capacity.

French, an Anchorage Democrat who sits on the Senate Resources Committee, said he's concerned about potential winter gas supply shortages for homes and businesses in Southcentral Alaska.

"Storage makes sense. It's like cutting an extra cord of wood in the summer to burn in the winter," French said in a Nov. 2 press release.

A problem with storage, however, is the considerable expense.

"According to studies and industry sources, development of an adequate storage system could cost companies $100-$200 million," the press release said.

French's five-page draft bill defines a Cook Inlet gas storage facility as a tank, a depleted reservoir, an injection well for gas storage, "or other structure in the state for the storage of gas that is produced from the Cook Inlet sedimentary basin and designated for sale and delivery in the state."

The bill has two major elements.

First, it offers a state corporate income tax credit. A company may apply as a credit against its tax liability "20 percent of the taxpayer's qualified capital investment in a Cook Inlet gas storage facility," the bill says.

It defines a qualified capital investment as a cash expenditure or contract struck between Dec. 31 of this year and Jan. 1, 2013, for development of a storage facility.

Another qualified capital investment is the cost of "cushion gas" necessary to pressurize the storage facility. This permanent inventory of cushion gas is a major initial cost factor for storage developers.

The credit could not exceed 50 percent of a company's total tax liability each year, the bill says.

The bill's second major element would exempt gas storage facilities and equipment from the state oil and gas property tax.

Storage already happening

While Cook Inlet gas fields are approaching depletion, the most pressing issue right now is deliverability — getting enough gas into the distribution grid during the coldest winter days to meet peak demand. Regulators, energy companies and elected officials have talked increasingly of the possible need for consumer conservation measures or even rolling power blackouts as early as this winter.

French, a former oil industry worker and Senate bipartisan majority member who's running against Republican Gov. Sean Parnell, has touted storage as a way to squirrel away summer gas production for use during winter.

The storage incentives are akin to state perks now in place to encourage exploratory drilling, French said.

But some storage efforts already are progressing without the benefit of the tax incentives he is proposing.

Chevron and Marathon have established three storage facilities in depleted reservoirs at the Swanson River, Pretty Creek and Kenai fields.

Enstar Natural Gas Co., the major gas utility for Southcentral Alaska, is working with Houston-based ANR Pipeline Co., a TransCanada Corp. subsidiary, on development of a new storage facility.

Aurora Gas also wants to develop a gas storage facility at its Nicolai Creek gas field.

French's bill will be considered once the Legislature opens its new session on Jan. 19.

Two types of tax incentives

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vol. 14, No. 34 Week of August 23, 2009

Providing coverage of Alaska and northern Canada's oil and gas industry

Seeking CI gas storage

Enstar working with TransCanada subsidiary on Cook Inlet gas storage facility

By Alan Bailey

Petroleum News

Faced with a slowly increasing natural gas demand accompanied by steadily declining Cook Inlet gas deliverability, Enstar Natural Gas Co, the main gas utility in Southcentral Alaska, is working with Houston-based ANR Pipeline Co, a subsidiary of TransCanada, to establish a new Cook Inlet underground gas storage facility with an eventual capacity of up to 15 billion cubic feet, to alleviate a pending gas deliverability shortfall, John Lau, Enstar's director of transmission operations, told Petroleum News Aug. 17. The two companies plan to make a final decision by the end of this year on whether to proceed with construction of the facility, he said.

ANR would fund, build and operate the facility as a third-party operator, with Enstar and other utilities paying for storage space.

With Southcentral Alaska utility gas predominantly used for heating homes and business, gas demand in the cold of winter typically peaks at levels 10 times greater than the troughs in demand during the summer. And in the past this huge seasonal demand swing has been accommodated by full-service supply contracts, in which Cook Inlet gas producers take responsibility for upping the supply rates during the winter.

Years ago increasing gas delivery was simply a matter of opening up valves on gas wells, but now there isn't that excess deliverability, Lau said. Instead, the producers now need expensive infrastructure to accommodate the demand swings, he said.

No new contracts

In addition, with 25 percent of its required gas supplies in 2011 not under contract, and no significant new gas supply contracts in the offing, Enstar is facing a supply crunch in about 16 months. And, since the Regulatory Commission of Alaska has rejected as too expensive all new gas supply contracts that Enstar has negotiated since 2001, Enstar anticipates that any new contracts that might fill the pending gas supply gap would involve constant rates of delivery year-round at constant pricing, an arrangement known in gas utility parlance as "flat gas."

"There's noone coming to us with contracts for us to take before the RCA anymore," Lau said. "So what we're looking at for contracts that we ... most likely will get in the future is that we're going to have to buy flat gas, or near flat gas."

The expected future introduction of these near constant delivery rate contracts will require Enstar to have access to a storage facility, to warehouse gas purchased in the summer for bolstering winter delivery. That storage need is the more pressing because of the possibility of the LNG export terminal on the Kenai Peninsula closing in 2011, when the current U.S. Department of Energy LNG export license expires — the LNG plant currently provides an invaluable service during severe cold weather by curtailing LNG production, to divert gas for utility use.

And even if gas from the North Slope starts flowing into Southcentral Alaska through a direct "bullet" pipeline from the slope, or through a spur line off a main North Slope gas line, Cook Inlet gas storage will be needed to enable a relatively constant flow of gas through the line year-round, to ensure viable pipeline operations, and to provide backup capacity for periods when the pipeline is shut-in.

Investigating options

Enstar has been investigating gas storage options for about three years and had proposed establishing its own storage facilities as part of the terms of two gas supply contracts that RCA rejected in 2008, Lau said. Subsequently, the utility has been considering options for storage that it now believes will be vital to the future of Southcentral utility gas supplies.

"Now we're looking at what we need in four years, six years, eight years," Lau said. "... The storage that's implemented here in the next couple of years, it'll be used in the Cook Inlet for decades to come."

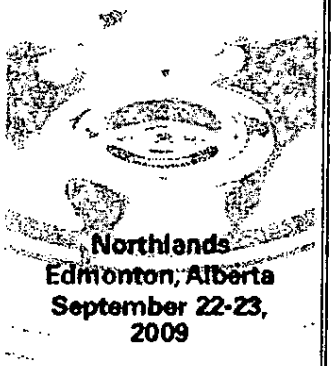
And the gas producers will likely need to continue to operate their own storage facilities, to enable them to accommodate utility demand swings under the terms of some gas supply contracts, he said.

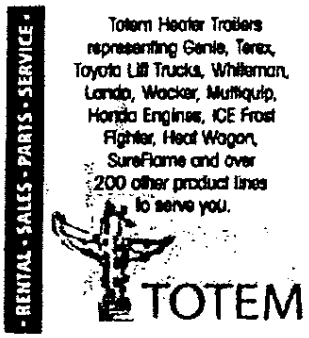
Although it would typically take about 36 months to permit, construct and fill a new underground storage facility, Enstar has asked ANR to work out how to make a new facility available to Enstar for the winter of 2011-2012, Lau said.

In fact, the coming winter of 2009-2010 could see a gas deliverability shortfall, if the weather becomes especially cold. But by 2011, under current supply arrangements, a shortfall will become certain, regardless of the weather, Lau said.

"We've identified dire consequences that will happen if we do not have gas

Alaska Telecom, Inc.





available out of storage in the winter of 2011-2012," he said.

Four issues

ANR has extensive experience of operating gas storage in the Lower 48 and believes that the 2011 deadline for bringing the new Cook Inlet storage into operation is feasible, Lau said. But the aggressive project timeline will involve spending the next six months resolving four crucially important issues.

First of all, the companies need certainty about whether the Regulatory Commission of Alaska would approve Enstar's tariff changes for factoring in the fees that Enstar will need to pay to ANR for storage usage — Enstar must be sure that it will be able to recover the storage costs from the gas supply rates that it charges its customers, Lau said.

"No private entity will spend any capital on putting together any process or storage, unless they're sure they can recover their costs," he said.

Secondly the companies need to make sure that it will be possible to obtain the use of a suitable storage reservoir, given that all Cook Inlet field reservoirs are currently controlled by gas producers. Four possible reservoirs are under consideration and discussions are in progress with the relevant producers about gas storage possibilities, Lau said.

All of the reservoirs being considered are currently producing gas, a situation preferable to converting a completely depleted reservoir for storage, given that the remaining field gas, occupying perhaps 20 to 30 percent of the field reservoir, can be purchased as "pad gas," gas that simply supports the underground gas pressure and which would otherwise have to be injected into the reservoir, Lau explained.

The purchase of this in-place pad gas from the field owners would form a significant part of the capital cost of the gas storage project, he said.

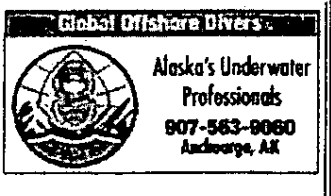
A third issue is ensuring that all of the permits required to build and operate the storage facility can be obtained, including environmental permits and state approval of a gas storage lease in the chosen field reservoir.

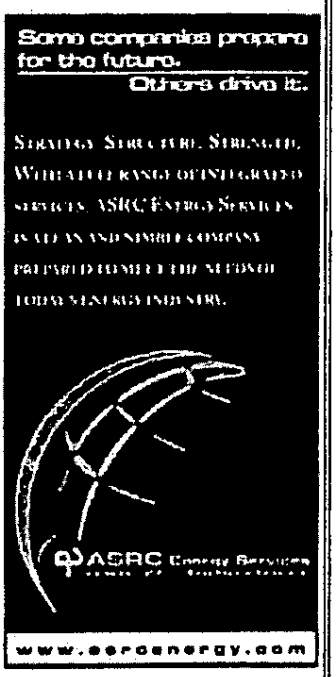
The fourth challenge being addressed in the coming six months is the development of a viable business plan that would work effectively for all of the companies involved in some way with the gas storage project, Lau said.

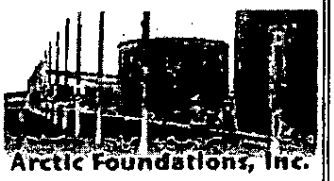
Supply uncertainty

In addition to these primary challenges, significant uncertainty about the sources of future Southcentral Alaska add complications to Enstar and ANR's gas storage plans — future gas supplies could come from new gas discoveries in the Cook Inlet basin, through some form of gas line connecting to the North Slope or from the import of LNG. In particular the import of LNG though the existing LNG export facility on the Kenai Peninsula — a scenario that, based on current trends, Enstar thinks could come into play around 2014, 2015 — would impact the optimum way in which to design the new storage facility.

In fact, Enstar has started evaluating what additions will be made to Cook Inlet gas reserves in the coming years, to try to pin down the time when will begin to be necessary to boost Cook Inlet gas supplies by importing gas from elsewhere.







In particular, the company wants to know how much of the reserve additions that the state has projected are certain rather than just being possible.

"When it comes to keeping customers warm we need 100 percent (certainty)," Lau said.

Enstar is also discussing with ConocoPhillips and Marathon, the owners of the LNG facility, the possibility of re-gasifying LNG, to support peak utility gas deliverability during severe winter cold. However, uncertainty regarding the renewal of the LNG export license in 2011 complicates that option — Enstar is seeking an opinion from the federal regulators on what the renewal decision is likely to be.

But the core question of establishing a new underground storage facility comes back to ensuring that utility gas continues to flow to consumers during the cold Alaska winter.

"It's not going to be cheap, but it's certain supply," Lau said.

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Vol. 14, No. 33 **Week of August 16, 2009**

Providing coverage of Alaska and northern Canada's oil and gas industry

More gas storage needed

Zager says a variety of storage options required; scope for conservation

Alan Bailey

Petroleum News

With winter cold in Southcentral Alaska perhaps three months away, the season is fast approaching when a severe cold snap could push the required delivery rate of utility natural gas for heating and power generation up to and perhaps beyond the limits of feasible production from gas wells in the Cook Inlet basin. One possible solution to this gas deliverability crunch is the use of gas storage facilities, to store excess gas produced during the summer and then release that gas into the utility system during the winter when demand is high.

Three facilities

There are already three storage facilities successfully operating in depleted gas fields around Cook Inlet. Marathon operates one of these facilities in its Kenai gas field; Chevron operates two facilities, one in the Swanson River field on the Kenai Peninsula and one in the Pretty Creek field on the west side of the Cook Inlet. And Aurora Gas is proposing to establish an additional storage facility in its Nicolai Creek field south of Tyonek.

"At peak, when our storage is full, we can do in excess of 60 million cubic feet per day out of the combined (Chevron) systems," John Zager, Chevron's Alaska manager, told Petroleum News Aug. 4.

Both facilities can help support either the on-going high gas load of a typical winter or the peak load during particularly severe cold. However, Chevron tends to use Pretty Creek primarily to bolster the on-going winter load.

"We tend to turn that on and leave it on throughout the winter, whereas we tend to use Swanson more as a peaking field," Zager said.

Zager said that gas storage is critical to addressing the short to intermediate issues relating to the deliverability of utility gas. And a variety of different types of storage could address different delivery needs, such as continuous or needle peaking supply. In addition to the type of below-ground storage that has been implemented already, the above-ground storage of LNG would be especially suitable for needle peaking delivery of gas.

Not cheap

But none of the gas storage options is cheap.

"People want to talk about affordable gas, which is a great desire, but you need to look at security of supply too," Zager said.

Both Chevron and Marathon operate their storage facilities in support of their own operations, to ensure that they can meet their contracted gas supply obligations during the winter. But the storage supports long-term, full-service supply contracts, with constant gas pricing regardless of season variations in demand. This type of contract is disappearing, in part because it does not recognize the full cost of meeting winter demand, Zager said.

Instead, pricing will likely become more flexible, perhaps tiered to the gas demand level, thus opening possible gas storage roles for gas utilities, power utilities or perhaps third-partY gas storage operators.

"The market will find an answer, given the opportunity," Zager said. "Tiered pricing may work. There may also be a mechanism whereby a utility and the customers would pay a capacity charge, whether they use the gas or not."

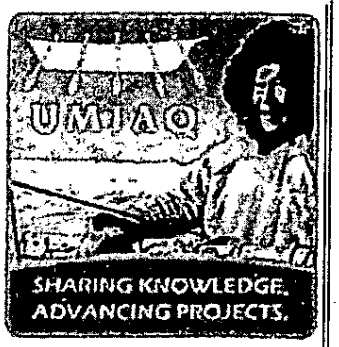
The concept of a capacity charge arises from the need to protect a gas storage operator from the risk of establishing and filling a storage facility, and then encountering a mild winter in which the storage is not needed — essentially the capacity charge would operate like an insurance premium, to ensure the availability of sufficient gas during exceptionally cold weather.

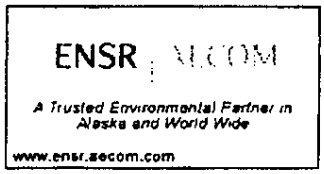
And then there is the risk associated with uncertainty in the future of the Cook Inlet gas market — in June Ethan Schutt, vice president for land and legal affairs for Cook Inlet Region Inc., a Native regional corporation with major land holdings around the Cook Inlet, told the Senate Resources Committee that CIRI had determined that the development of gas storage for third-party use in the Cook Inlet basin is very unattractive for private industry because of high development costs and high market uncertainty.

"Although the concept seems attractive and to serve a public purpose, the economics aren't worth the risk right now," Schutt said.

Technical challenges

However, aside from the commercial challenges of establishing a viable gas storage facility, anyone setting up an underground storage facility in the Cook Inlet basin faces some significant technical challenges. Whereas in the Lower 48 a company might construct an underground storage facility by using fossilized reef structures with large cavities, or by leaching salt from an underground salt dome to create a cavern that can be filled with gas, operators in the Cook Inlet basin have to use relatively poor reservoirs in muddy sandstones, Zager said.





"We in the Cook Inlet do not have what are considered good storage reservoirs," he said.

Producing gas too fast from a Cook Inlet sandstone reservoir runs the risk of sand production through the gas wells, while issues such as water encroachment in the reservoir need to be considered. There's also the risk of losing gas that's pumped into a less-than-optimum reservoir for storage.

"The first time you're filling that reservoir with gas, you're just hoping it comes back out again," Zager said.

And the need to use a depleted gas field for storage limits the number of underground storage facilities that can be brought into use, as well as determining the locations of gas storage sites and possibly introducing issues relating to joint ownership of field leases. The need to locate a storage facility at a place on the Cook Inlet pipeline system where stored gas can be delivered at sufficient rate through the pipelines further limits the availability of gas storage locations — many Chevron properties are offshore, where storage operation does not seem to make much sense, Zager said.

And no one is going to take the risk of trying to establish an underground facility in a location other than a depleted field.

"My theory would be if nature hasn't been able hold gas for a long period of time, I'm not going to bet on it," Zager said.

New gas

Zager also cautioned that, although gas storage can help with short-term gas deliverability issues, the storage does not actually create any new gas to bolster supplies. In the longer term gas from new Cook Inlet discoveries, from the North Slope or from LNG imports will have to come on line, he said.

And, in the short term, gas conservation, through measures such as turning down thermostats, using wood stoves and deferring activities with high power or gas consumption, could go a long way to overcoming the peak gas deliverability hurdle.

"If on a cold day you could shave demand by 10 percent, that would equate to a nice-sized gas field or an entire storage facility," Zager said.

And building a new storage facility, including permitting, and perhaps drilling a new well and installing compression, would likely take a couple of years.

"It's not like if we decided now, we can have anything ready for this winter, or probably even next winter," Zager said.

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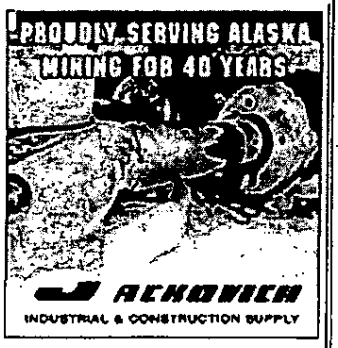

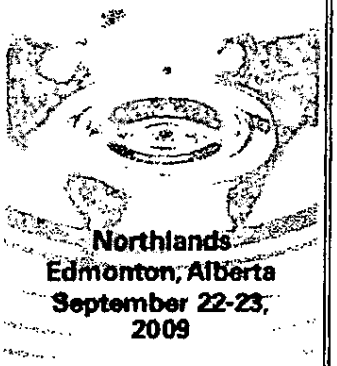

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October Mining News inside

The October issue of North of 60 Mining News is enclosed

Alberta's leader in a deep hole

Alberta Premier Ed Stelmach is in a struggle for his political life.

Consider this:

- His Progressive Conservative party got relegated to third place in a recent election to fill a vacancy in the provincial legislature.
- Support for his governing party has tumbled to 30 percent from 54 percent three years ago, when he was chosen to succeed Ralph Klein, and his own performance as leader has close to a 60 percent disapproval rating.
- Klein, in what was widely seen as a poison dart, suggested Stelmach would need 70 percent support at the party's mandatory leadership review on Nov. 7 if Stelmach was to remain at the helm.
- Alberta's Auditor-General Fred Dunn warned the province could lose C$100 million in royalties this year because it allowed oil sands giants Suncor Energy and Syncrude Canada

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EXPLORATION & PRODUCTION

OK for Shell plan

MMS approves Beaufort Sea 2010 drilling if permitting requirements met

By ALAN BAILEY
Petroleum News

On Oct. 19 Shell passed another major milestone in its multiyear quest to start exploration drilling on Alaska's Arctic outer continental shelf, when the U.S. Minerals Management Service approved the company's new Beaufort Sea exploration plan, a plan involving the drilling of two exploration wells during the 2010 open water season using a single drillship, the Frontier Discoverer.

"The Minerals Management Service is committed to developing offshore energy resources responsibly," said MMS Director Liz Birnbaum. "Now that we have approved Shell's plan and reached this important milestone, we will continue to work with Shell to ensure that all activities are conducted in a safe and environmentally responsible manner."

And time is of the essence for completion of the permitting for both the Beaufort and Chukchi Seas: The company has said that it needs it to be in a position to make a go-or-no-go decision on the 2010 drilling at the start of that year, given the expense and effort involved in ramping up for any Arctic outer continental shelf drilling activity.

Plan approval is subject to Shell obtaining all required permits and authorizations, including

see SHELL page 23

EXPLORATION & PRODUCTION

Cosmo back on track

Pioneer plans more appraisal work at offshore Cook Inlet prospect this year

By KAY CASHMAN
Petroleum News

Work on the Cosmopolitan oil prospect in Southcentral Alaska's Cook Inlet basin has ramped back up, operator Pioneer Natural Resources told Petroleum News Oct. 20.

In January, Pioneer put plans to drill an appraisal well on hold until 2010 because of low oil prices, although Tadd Owens said the company would continue to investigate the feasibility of commercial oil production from Cosmopolitan, which was discovered in 1967 by Pennzoil.

Owens, Pioneer's director of government and public affairs, also said Pioneer was "well positioned to ramp back up when prices recover."

"Pioneer will conduct additional appraisal work at Cosmopolitan during the fourth quarter of this year and first quarter of 2010. The company plans to work over and flow test the Hansen 1A L1 well — originally drilled in 2007 — in order to gain additional reservoir information."
—Tadd Owens, Pioneer Natural Resources Alaska spokesman

In August, Pioneer said it would continue with just one drilling rig in Alaska in 2009 and 2010 — at its offshore North Slope Oooguruk oil field —

see COSMO page 22

LAND & LEASING

Massive OCS feedback

NOAA, Natives oppose much of 2010-15 leasing plan; drillers, lawmakers endorse

By WESLEY LOY
For Petroleum News

A key scientific agency is advising the Obama administration against oil and gas leasing in large portions of the nation's Outer Continental Shelf.

The National Oceanic and Atmospheric Administration recommends that Alaska's North Aleutian basin, which takes in rich Bristol Bay commercial fishing and subsistence gathering grounds, be crossed off the government's proposed 2010-15 leasing schedule.

And NOAA also says no leasing should occur in Alaska's remote Chukchi Sea pending further research into oil spill risk and Arctic cleanup capabilities.

ALAN BAILEY
KEN SALAZAR

NOAA's position was amid an extraordinary outpouring of public feedback the U.S. Minerals Management Service received by the Sept. 21 extended deadline to comment on the new offshore leasing plan, which would revise the current 2007-12 plan.

MMS, an Interior Department agency that regulates offshore oil and gas activity, said it received more than 450,000 comments on the plan, which the Bush administration released in its final days in office.

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• NATURAL GAS

Mackenzie Gas Project mood on upswing on all sides

By GARY PARK
For Petroleum News

The key Canadian government and Imperial Oil leaders in the Mackenzie Gas Project are not even close to giving up on the scheme.

Environment Minister Jim Prentice said Oct. 14 the chances of a natural gas pipeline from Canada's Arctic have "never been closer" to success — a view strongly endorsed the next day by Imperial Chief Executive Officer Bruce March.

JIM PRENTICE

Prentice told the Calgary Herald's editorial board he is counting on the regulatory groundwork for the MGP to wrap up next spring.

March shares that view, saying the process is closer than ever to completion, although there is much work still to be done.

Despite an uncertain outlook for gas "those are the risks that all the developers and producers in the energy business know how to manage much easier than the risks" of the Joint Review Panel and other regulatory aspects of the MGP, he said.

"When we get to the point it is in our hands we will be thrilled," he said.

Prentice said he is confident the JRP, which is examining the socioeconomic and environmental aspects of the pipeline, will deliver its final report close to the December target date.

Assuming that happens, the National Energy Board should hear its final arguments in April, allowing the regulators to deliver their conclusions and recommendations to the federal cabinet.

Several years late

"As you know, (the JRP is) several years late," Prentice conceded. "But my understanding is that they should be able to get this done by the end of December.

"It's easy to be dismissive, but the truth is this has been a lot of work for many years and we've never been closer (in 40 years) to having the regulatory and environmental part finished."

Meanwhile, Imperial and its co-venturers (Shell Canada, ConocoPhillips Canada, ExxonMobil Canada and the Aboriginal Pipeline Group) have been working on a fiscal framework with the Canadian government.

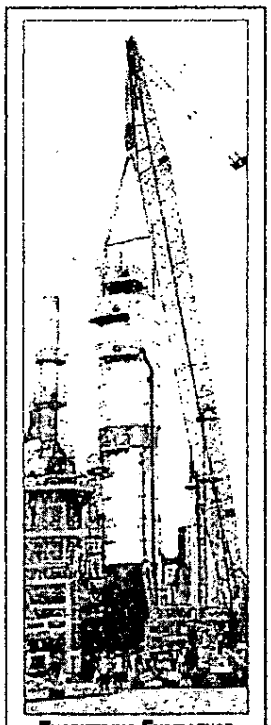
Prentice said those talks are upbeat, despite the slump in gas prices.

"I get the sense the proponents continue to be committed to the project," he said.

Inuvik Mayor Derek Lindsay told the Calgary Herald that he was living in Inuvik when the first serious attempt to develop Arctic gas fell through in 1977.

"I don't want to see that happen again," he said. "It crippled this town for 10 years."

If and when a pipeline gets a green light, there will be more activity in Inuvik and in the Beaufort Sea. •



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• SAFETY & ENVIRONMENT

Uncertainty over Copenhagen talks

Prentice suggests financial crisis trumping environmental concerns; Obama administration looking at bilateral pacts with India, China a to break developed-developing country deadlock

By GARY PARK
For Petroleum News

Hopes for a global climate-change agreement are wilting in the buildup to December's United Nations-sponsored talks in Copenhagen, with the Canadian government suggesting that the financial crisis is trumping environmental concerns.

Environment Minister Jim Prentice said Oct. 14 he is far from sure an agreement will be reached in Denmark, not least because of the differences emerging between the United States and the European Union.

The Obama administration is also turning its energies to alternative bilateral pacts with India and China, with the intention of breathing fresh life into the deadlock between developing and economically advanced countries.

In a candid assessment, Prentice said "increasingly people are being realistic" about the chances for a full and complete agreement.

"There's probably too much work to be done in that time that is left," he said.

Prentice said it is likely that Copenhagen will achieve nothing more than "some agreed principles."

Whatever happens on the global stage, Prentice said Canada intends to roll out its own plans for reducing greenhouse gas emissions by 20 percent from 2006 levels by 2020.

If that happens, each Canadian province will have to carry its share of the load, which could involve more ambitious federal targets than Alberta is currently willing to introduce on its own, he suggested.

But Prentice said the road to Copenhagen has encountered the compelling argument that reducing poverty is a greater priority for less-wealthy countries than reducing GHGs.

Some expect greater certainty

Despite Prentice's less than optimistic forecast for Copenhagen, there are petroleum industry leaders who expect greater certainty on issues such as cap-and-trade systems and carbon capture and storage.

Peter Voser, the chief executive officer of Royal Dutch Shell, told a Calgary conference that society "needs real progress on climate policy frameworks that put a price on emissions and promote CCS and other clean energy technologies."

A spokesman for Environment Canada said the Canadian government remains committed to tabling a "full suite of specific policies (prior to the Denmark summit) covering all major sources of Canadian greenhouse gas emissions."

He conceded that federal plan will involve major revisions to the Canadian strategy released 18 months ago to cut GHGs by 20 percent by 2020 and 60 percent by 2050.

"The economic downturn and the renewed engagement by the new U.S. administration has required that we fine tune our approach to tackling climate change," he said.

The spokesman said there has been progress in talks between U.S. and Canadian officials seeking to harmonize climate

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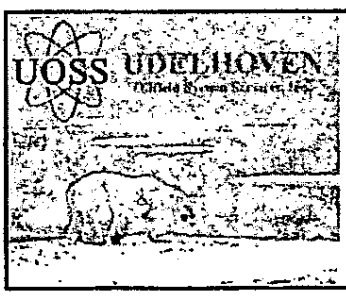

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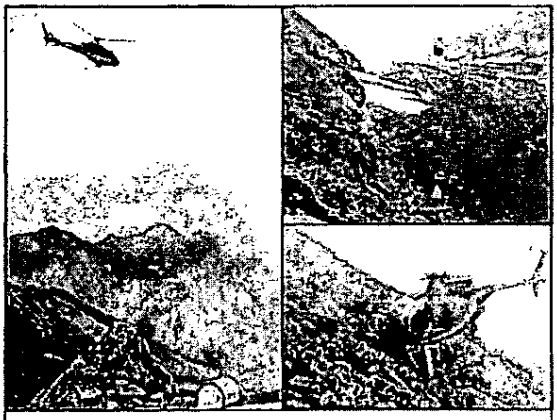

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Petroleum News (ISSN 1544-3612) • Vol. 14, No. 43 • Week of October 25, 2009
Published weekly. Address: 5441 Old Seward, #3, Anchorage, AK 99518
(Please mail ALL correspondence to:
P.O. Box 231647 Anchorage, AK 99523-1647)
Subscription prices in U.S. — $98.00 1 year, $176.00 2 years, $249.00 3 years
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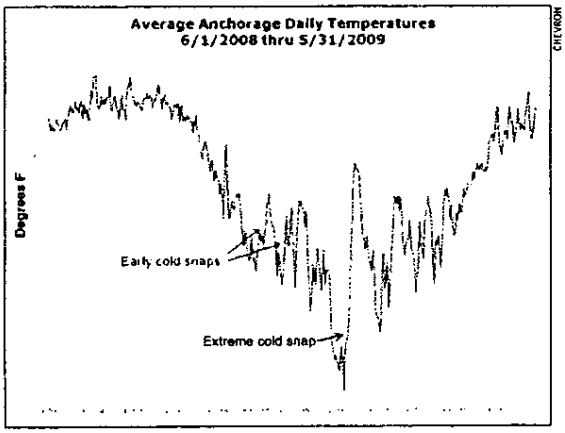

A graph of daily temperatures in Anchorage between June 2008 and May 2009 demonstrates the extreme fluctuations in temperature that typify a Southcentral Alaska winter. In this particular winter two cold snaps in October and November followed by an extreme cold spell in January nearly brought the Cook Inlet natural gas delivery system to its knees, especially when coupled with two gas compressor failures.

• NATURAL GAS

Are Cook Inlet gas supplies in crisis?

As winter approaches, Chevron manager presents facts, figures about natural gas supply and demand in Southcentral Alaska

By ALAN BAILEY
Petroleum News

Natural gas has flowed out of the Cook Inlet basin with apparent ease for around 40 years, in some ways the life blood of Southcentral Alaska, firing heater furnaces, fueling power stations and supporting significant industrial activity. But does recent talk about gas shortages in the basin signal the beginning of the end for Cook Inlet gas? Or is the region merely transitioning through a period when gas supplies come more into balance with demand, following years of excess gas resources?

At the Oct. 15 meeting of the Alaska Geological Society, Steve Wright, Chevron's Alaska development manager, presented his perspectives on the Cook Inlet gas situation. Wright, an experienced oil industry geologist, now oversees Chevron's Cook Inlet oil and gas development program.

Most of the Cook Inlet gas comes from oil and gas fields discovered during the heyday of oil exploration in the 1960s and 1970s. And, after many years of production, gas reserves — the volumes of gas confidently thought to exist in proven gas reservoirs — have declined by about 80 percent, from about 8 trillion cubic feet to about 1.5 tcf, Wright said.

"The Cook Inlet gas reserve base is now believed to be at its lowest point for 40 years," he said.

At the same time the gas deliverability — the rate at which gas can be produced and delivered to market — is also dropping.

"Total Cook Inlet gas deliverability has declined about 40 percent in the last three to four years," Wright said.

High investment

The declines in reserves and deliverability have come despite a high level of expenditure in Cook Inlet gas development in recent years, with something in excess of $500 million being invested in just the last two years, Wright said.

"Over the past two years alone there have been 29 gas development wells drilled in 11 different gas fields around the basin," he said.

Development activities have included six wells in the Grayling Gas Sands; three wells in the Beluga River field; two winter-drilled wells on the west side of Cook Inlet; two development wells and a compression project in the Ninilchik field; three development wells in the North Cook Inlet field; eight development and storage wells in the Kenai field; and two development wells in the Happy Valley field.

That development activity probably slowed the annual rate of the gas deliverability decline to between 10 and 15 percent; the natural decline rate would likely be 15 to 20 percent, were there to be no development intervention, Wright said.

Production data from the Alaska Oil and Gas Conservation Commission indi-

see GAS SUPPLIES page 5

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GAS SUPPLIES

cates that the deliverability decline has become especially pronounced in the last three years, mainly as a consequence of production declines from the four big legacy gas fields: Beluga River, North Cook Inlet, Grayling Gas Sands and Kenai. In fact, the Ninilchik field, a good-sized field that came on line in 2003 as a result of modern exploration, has actually been increasing its production, Wright said.

Faced with declining deliverability, Cook Inlet gas producers have developed three underground gas storage facilities, to warehouse summer-produced gas to help meet peak demand levels in the winter.

Grim picture

A chart of historic and forecast annual gas production, published by the Alaska Department of Natural Resources in December 2006 and sometimes referred to as the "gas cliff," paints a grim picture of future gas production expectations. According to this chart, after a huge ramp-up in Cook Inlet gas production in 1965 to 1970, production continued to climb for another 10 years before leveling off and remaining fairly constant until around 2006-07. Using future production estimates based on known gas reserves, DNR predicted that production would plunge precipitously in subsequent years.

But current estimates of gas production for 2009 indicate an overall production level considerably lower than the projected value on the 2006 DNR graph, Wright said.

"You might conclude that the DNR forecast was somewhat optimistic overall," he said.

And an Alaska Natural Gas Development Authority projection of gas supplies versus gas demand shows annual supply volumes dropping below total gas demand around 2012-13, Wright said.

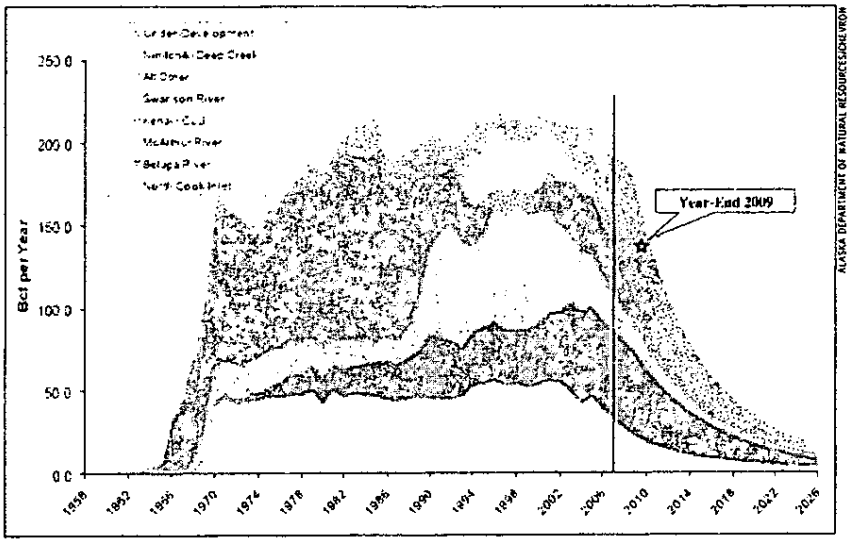
"After that point, total supply will not meet utility demand in the basin," he said.

Data presented to the Regulatory Commission of Alaska by Enstar Natural Gas Co., the main Southcentral Alaska gas utility, and by Chugach Electric Association, a major Southcentral electric utility, suggest shortfalls in utility gas supplies at around that same 2011-13 timeframe, Wright said.

Production figures from the LNG plant at Nikiski on the Kenai Peninsula also make sobering reading — the LNG plant was originally built to establish an export market for excess natural gas from the Cook Inlet basin.

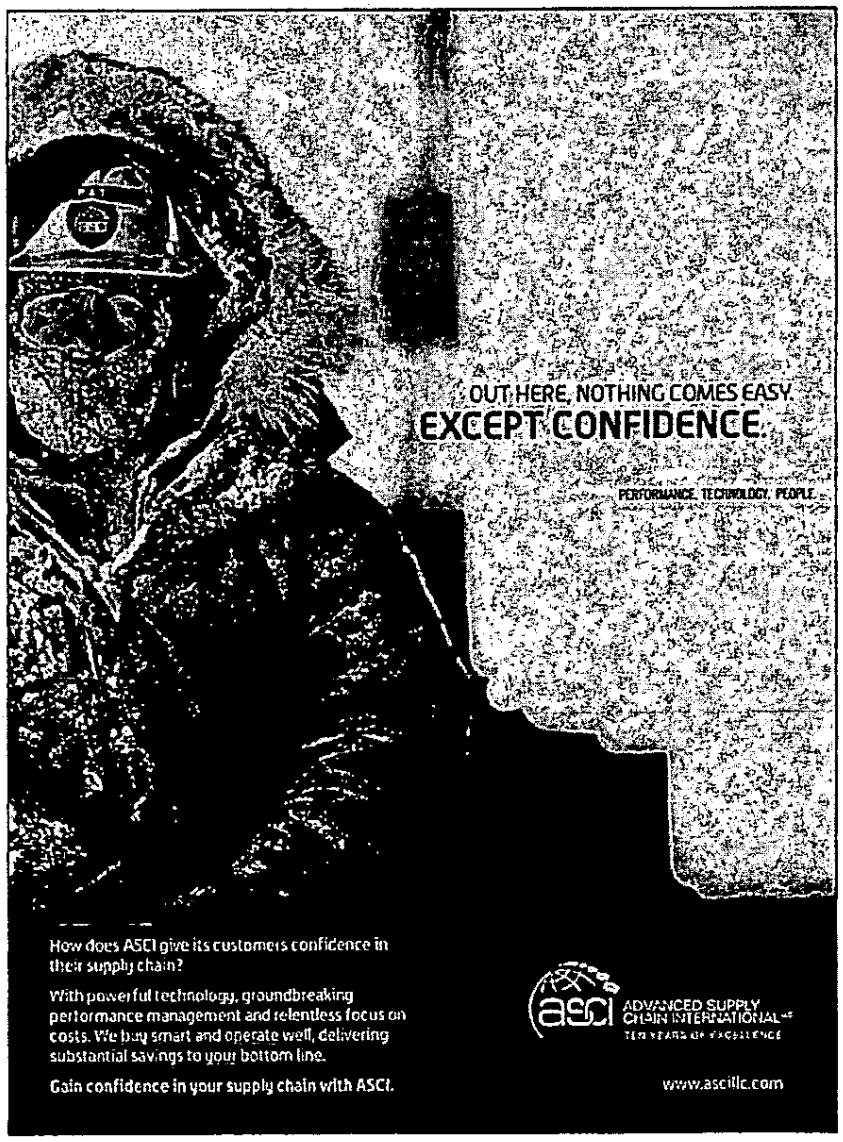
According to data from ANGDA, in 2008 the LNG plant used on average about 180 million cubic feet per day of Cook Inlet gas, a gas volume that repre-

see GAS SUPPLIES page 6



ALASKA DEPARTMENT OF NATURAL RESOURCES/DOR/DOG

A December 2006 Alaska Department of Natural Resources graph showing historic annual Cook Inlet natural gas production, and estimates of future production based on known gas reserves. A current estimate of total production for 2009 falls at a level below the 2006 DNR projection.



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continued from page 5

GAS SUPPLIES

sented about 42 percent of the total amount of gas produced from the basin.

"Exports from the LNG plant have ramped down significantly this year, and the 2009 numbers may actually show those LNG volumes to be half of what they were in 2008," Wright said.

Urgent

Plots of projected daily gas deliverability versus daily gas demand show an even more urgent problem: Daily gas deliverability will likely fall below peak demand requirements during the cold of the winter, well before total annual gas production drops below annual gas needs.

With much of the utility gas being burned to heat buildings, daily temperatures in Southcentral Alaska form the key drivers behind gas consumption, Wright explained. And there is an obvious annual cycle of temperature changes between warm summers and cold winters, he said. But superimposed onto that broad cycle are chaotic day-to-day temperature fluctuations, fluctuations that become much more extreme during the winter than during the summer.

"That's obvious to all of us who live here and know that winter temperatures can vary by 30 or even 50 degrees over a couple of days," Wright said.

Those extreme temperature fluctuations, on top of an already heightened winter demand, place a huge stress on the gas deliverability system. And at no time has that stress become more apparent than in January 2009, when a series of events brought utility gas delivery to the brink of failure.

The problem started with two early winter cold snaps in October and November of 2008.

"The gas storage project operators at the three gas storage projects around the inlet had to start depleting the volumes that they had in the reservoirs very early, to meet the demand during these cold snaps," Wright said.

Levels halved

As a consequence, gas levels in the storage facilities had dropped to half of their start-of-winter levels by the end of 2008.

Then came an exceptional, extreme cold period in January, with day temperatures averaging around minus 8 F to minus 10 F, and night temperature bumping 20 below zero for 10 days to two weeks: The semidepleted storage facilities struggled to keep up with the extreme gas demand.

> *"Exports from the LNG plant have ramped down significantly this year, and the 2009 numbers may actually show those LNG volumes to be half of what they were in 2008."*
>
> **—Steve Wright, Chevron's Alaska development manager**

"The reservoir pressures in the storage reservoirs were about half of what they had been," Wright said. "They could only deliver, because of the dynamics of gas flow, about a quarter of what their total deliverability would have been at the start of the winter."

The failure of two gas compressors, the machines used to drive gas through the gas pipeline system, then completed what Wright characterized as a perfect storm for gas supplies.

Then, as gas pressures in the gas transportation system started to fall rapidly, oil company and utility personnel swung into action.

"The producers and utilities went into emergency response mode and worked together very effectively and we were able to head off a potential catastrophic situation by supporting one another, moving gas around the system ... and working together to deal with this problem," Wright said.

The various stakeholders in the gas supply system have since been reviewing what happened in this emergency, refining contingency plans to deal with any similar situations in the future.

"What we do know is that these types of temperature scenarios can't be avoided," Wright said. "This is reality. What we've got to do is put plans in place to deal with those kinds of scenario when they develop."

Solutions?

But what's to be done about the bigger picture of dwindling Cook Inlet gas supplies?

Natural gas exploration in the Cook Inlet basin is especially challenging, thanks to a high-cost environment, a dwindling support industry, long development lead times and difficult operational logistics.

And the results of exploration over the past 10 years don't look too encouraging.

According to AOGCC data, eight different operators drilled 15 exploration wells and eight coalbed methane appraisal wells during that time period, Wright said.

"So we obviously had a lot of companies looking for gas," Wright said. "A lot of different ideas, concepts being generated, plays developed and wells drilled to test those concepts."

Five of the 15 exploration wells were classified as discoveries, with just two of the discoveries — the Ninilchik and Happy Valley fields — being deemed commercial.

"That translates to a commercial success rate of somewhere between 10 and 15 percent," Wright said. "Success rates for exploration in the Lower 48 are typically 50 percent or higher these days."

Moreover, in addition to land access being limited by the closure to oil and gas development of regions such as the Kenai National Wildlife Refuge, all of the moderate- to large-sized geologic structures that typify the reservoir settings of the established gas fields have now been drilled and tested, Wright said. Seasonal access restrictions on the western Cook Inlet coast result in a need to stage equipment over the winter. And, offshore, the listing of the Cook Inlet beluga whale and the increasing difficulty in renewing water discharge permits are raising new challenges for oil and gas development.

Wright also cautioned that, although there are explorers who want to drill offshore using a jack-up rig, a realistic time frame to bring a new offshore gas field on line, taking into account exploration, field appraisal, engineering, platform construction and development drilling, would likely be 10 years.

And, although there may well be potential to find new Cook Inlet natural gas resources in stratigraphic traps, subtle traps formed by the juxtaposition of rock strata, rather than the big structural traps of the established gas fields, discovering those subtle traps would be a major challenge, given the limitations of Cook Inlet seismic data. Essentially, the ancient river channels that would have generated these traps are quite narrow and cannot be resolved in the existing seismic, Wright said.

Other options

Other options being considered to bring new natural gas resources into Southcentral Alaska include a direct "bullet line" from the North Slope, or a spur line from a future main North Slope gas line. But first gas from a bullet line would be unlikely to appear before 2018, and first gas from a spur line might not flow until 2023.

Another possibility would be to import foreign LNG through the LNG plant on the Kenai Peninsula, although negotiating an acceptable LNG supply contract for the small quantities of utility gas required in Alaska could prove challenging, Wright said. And then there are possible alternative energy sources such as hydropower, geothermal power and CIRI's recently announced underground coal gasification plant.

But with so much uncertainty about the future, finding solutions will take a concerted effort by everyone, Wright said.

"We firmly believe that the best way to solve problems is through public and industry awareness, and working jointly," Wright said. "... There's no single entity, not a single producer, not a utility, not the regulatory agencies, not the State of Alaska, that can solve this problem on its own." ●

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● NATURAL GAS

Village corporations seek pipeline help

Coalition controls 100 miles of gas line route along Alaska Highway, wants partner to help pursue jobs, training for megaproject

By WESLEY LOY
For Petroleum News

A coalition of Alaska Native village corporations is seeking help in pursuing employment and other opportunities should a natural gas pipeline be constructed through their region.

The four corporations are arrayed along the Alaska Highway between Delta Junction and the border with Canada.

The coalition includes the Dot Lake, Northway, Tetlin and Tanacross village corporations. They are united as Din e'h LLC. State records show the limited liability company was organized on June 16 of this year.

Din e'h translates to "the people" in the Athabascan language of the Upper Tanana River valley.

Din e'h published an advertisement in the Oct. 11 edition of the Anchorage Daily News saying the group was "seeking a partner experienced in large project construction to provide capability, capacity, and proven performance for a joint venture in gas pipeline bidding processes.

"The goal is to create jobs, train workers, and encourage long-term economic opportunities for the Alaska Native people of the Upper Tanana."

The group planned to talk with qualified firms at an Oct. 24 meeting in Anchorage.

Belinda Thomas, general manager for Din e'h, told Petroleum News in an Oct. 20 e-mail the group had attracted several midsized and large contenders for the work.

Din e'h is looking for "teaming partners" who have "a strong commitment to local capacity building," Thomas said.

According to the group's newspaper ad, the four villages together own the surface estate of about 100 miles of the gas pipeline route between Delta Junction and the Canadian border.

Competing gas line projects

The four Native village corporations are among many localities likely to seek jobs or other benefits should major energy companies succeed in building a multibillion-dollar pipeline to carry the North Slope's prodigious natural gas reserves to market.

The project has been a dream of Alaska economic development boosters for decades, but the extreme cost and complexity of the project coupled with weak gas prices have kept the project from happening.

Currently, two competing projects are in the planning stages, with both aiming to hold open seasons next year to test interest among producers for signing long-term contracts to ship gas through a pipeline.

Both projects would follow the Alaska Highway into Canada, passing through the Din e'h region.

One project, called Denali, involves partners ConocoPhillips and BP. Pipeline operator TransCanada and ExxonMobil are teaming on the other project. ●

continued from page 3

UNCERTAINTY

change policies to advance "our respective environmental and energy objectives."

Voser said Shell endorses a cap and trade system that is at the core of the American Clean Energy and Security Act passed narrowly in June by the U.S. House of Representatives, viewing that as the lowest-cost means of reducing carbon dioxide emissions.

If that bill is adopted by the Senate, now seen as unlikely before 2010, the U.S. would be committed to lowering GHG emissions by 17 percent from the 2005 level by 2020 and 83 percent by 2050.

Alberta government hasn't wavered

The Alberta government has never wavered from its position that it will not support any national approach that erodes investment in the province's energy projects, notably the oil sands — something Prime Minister Stephen Harper put high on his list when he agreed to work with President Barack Obama on a joint climate change pact.

Harper reinforced that line after a meeting with Obama in mid-September when he reminded "all our American friends that Canada is by far the largest supplier of energy to the United States."

"And we are determined to be a continental partner in dealing with the very linked problems of climate change and energy security."

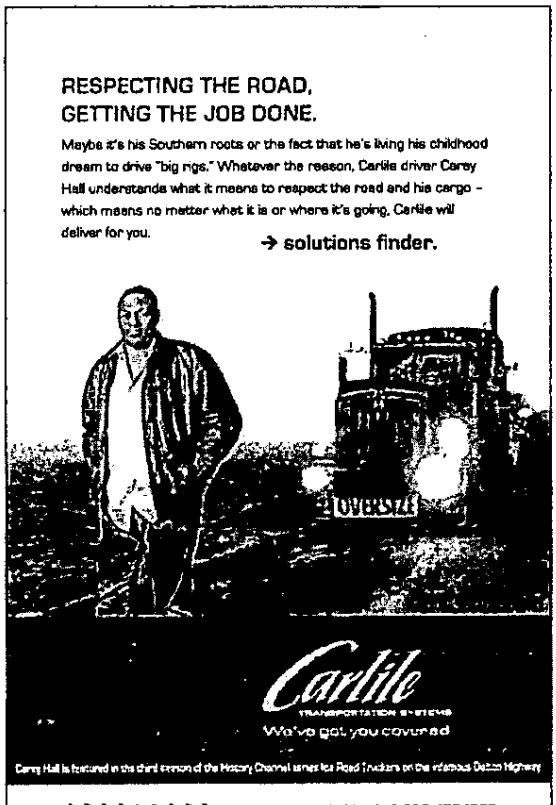
However, the two leaders made no specific reference to the oil sands.

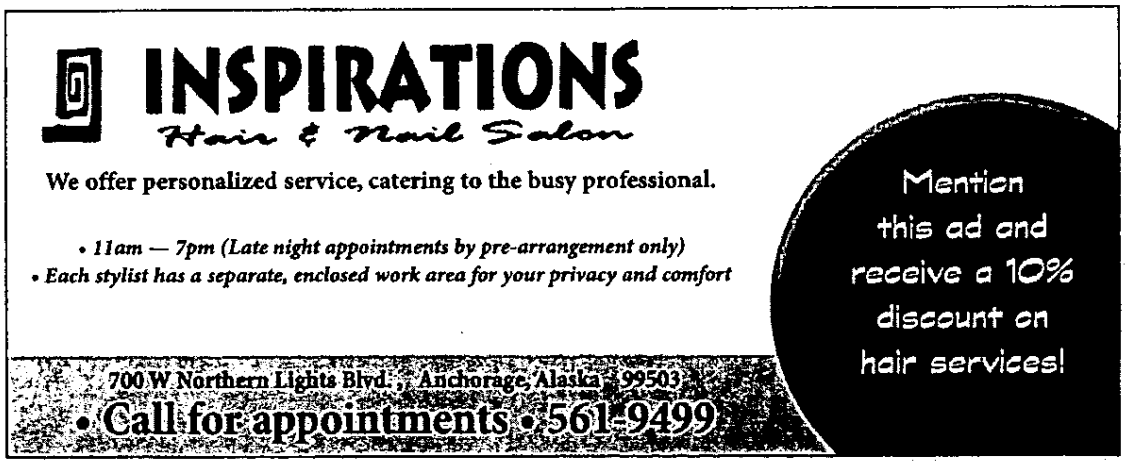
In a symbolic gesture, David Jacobson, the new U.S. ambassador to Canada, visited the oil sands on Oct. 14 in what was billed as an effort to help the Obama administration draft a policy on major sources of energy supply for the U.S.

He said officials in both countries recognize there must be a balance between the need for energy security and protecting the environment.

"I've learned a lot about the tremendous strides that have been taken over the last several years with respect to improving the environmental record in treating the oil sands," Jacobson told reporters in Calgary.

He echoed the suggestion by Prentice that a deal in Copenhagen is a long shot, noting that the U.S. health care debate has eclipsed work on energy legislation in Congress, meaning the chances of major energy policy decisions before the international conference are slim. ●





FINANCE & ECONOMY

Canadian trusts face 'brave new world'

NAL sets standard with 4 deals in recent months as it bulks up prior to joining corporate world once trusts lose tax-free shelters

By GARY PARK
For Petroleum News

NAL Oil & Gas Trust is rapidly becoming a leader among Canada's trusts as it settles on a future strategy with barely one year left before losing its tax-free status.

It struck an agreement Oct. 13 to take over Breaker Energy for C$403 million (including the assumption of C$93 million in net debt) — its fourth deal in recent months.

Launched six years ago by former executives of Alberta Energy Co. (a founding company of EnCana), NAL is moving into the midrange of Canadian oil and gas producers.

Assuming the Breaker transaction is concluded in early December, NAL expects to enter 2010 with production of 31,000 barrels of oil equivalent per day from properties in Alberta, British Columbia and Saskatchewan.

NAL's objective is to add "quality assets with upside opportunity through internal investment and acquisitions."
—NAL Oil & Gas Trust CEO Andrew Wiswell

It will have a proved-plus-probable reserve life index of 8.7 years from reserves of 96 million boe, undeveloped land of 550 acres and tax pools (or credits) of C$1.2 billion (including Breaker's contribution of C$270 million).

Breaker will contribute production of 6,700 boe per day (45 percent oil and gas liquids and the rest natural gas), 23 million boe of proved-plus-probable reserves and 140,000 net undeveloped acres.

Deal follows earlier buys

The deal follows NAL's acquisitions of Alberta Clipper for C$115 million and Spearpoint Energy for C$16 million, plus a joint venture to exploit central Alberta's Cardium oil play.

The trust will issue about 25 million trust units at C$12.54 each to finance the acquisition, which works out to C$5.96 a Breaker share, a 12 percent premium to the junior company's preceding 20-day average trading price.

On a production basis, NAL is paying about C$58,000 per flowing barrel and C$16.91 per barrel for reserves, compared with ATB Financial's estimated average of C$46,195 and C$12.93.

Kim Page, an analyst with Wellington West Capital Markets, said that given the valuation metrics there is unlikely to be a counterbid.

Breaker President Dan O'Neil said blending his company's assets with NAL's strong financial position "will allow the combined entity to high-grade its opportunities and fully develop and expand Breaker's potential."

Breaker has pinpointed about 400 (350 net) low-risk development prospects, including 190 horizontal resource-style locations on its land, with the prospect of adding 2,900 boe per day in central Alberta and long-term gas opportunities in northeastern British Columbia of 50-100 billion cubic feet of recoverable gas.

NAL Chief Executive Officer Andrew Wiswell said the inclusion of Breaker will be another significant step in repositioning to convert NAL from a trust to a corporation in 2011, when the Canadian government will put both sectors on the same tax footing.

He said NAL's objective is to add "quality assets with upside opportunity through internal investment and acquisitions."

Action on the M&A front has been quietly gathering speed this year as trusts have decided what route they will take in the post-2010 world.

No single solution

The decision making comes three years after Canada's Finance Minister Jim Flaherty dropped a bombshell on the sector to avert a stampede by corporations in all sectors to join trust ranks and take advantage of a tax loophole.

Now that the initial anger has faded, the bulk oil and gas trusts seem resigned to joining the corporate world, though some will delay their transition while they use tax pools to reduce their taxable income beyond Jan. 1, 2011.

Some apparently believe that it will make no difference if they continue as trusts and some have trimmed their monthly cash payouts in favor of increasing capital spending to strengthen their reserves and production.

The conclusion is that there is no single solution for trusts plotting their future direction. Sayer Energy Advisors has reported that trusts completed C$1.4 billion in unit issues in the first half of 2009, compared with a paltry C$218 million in the same period of 2008, raising the total from unit issues and debentures to C$2.1 billion.

Sayer said these moves could underscore M&A activity by trusts that want to expand their core operations before joining the corporate world in 2011.

In addition to NAL, the busiest acquisitors have been Penn West Energy Trust and Zargon Energy Trust.

Blackmont Capital said that comparing the "real-world valuation parameters" of the NAL-Breaker deal with current market valuations of some intermediate producers, "a couple of them appear to be overvalued."

More capital appreciation

One thought taking hold is that the next generation of trusts will lean more toward capital appreciation from their transition income-generating priority, which could benefit the struggling service sector if it results in increased exploration and development, with an emphasis on horizontal wells and multifracturing work.

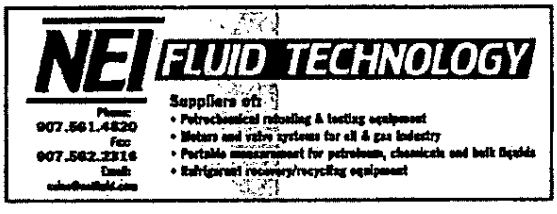
Meanwhile, Calgary-based investment dealer Peters & Co. has listed Pengrowth, Paramount Energy Trust and Peyto Energy Trust as relatively cheap takeover targets based on their expected 2010 cash flows per barrel of oil equivalent against their boe enterprise values.

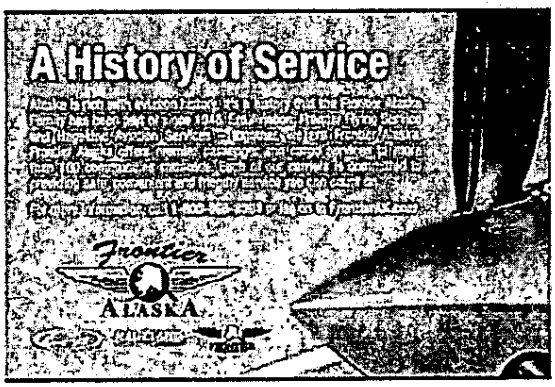
"From an acquirer's viewpoint, desirable entities possess above average cash-flow generating capabilities and below average current valuation levels," the firm said.

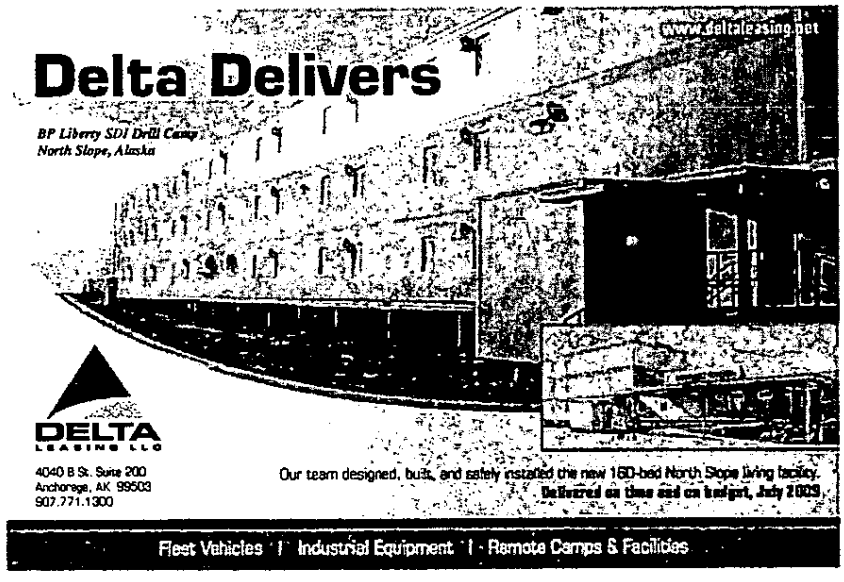
Blackmont Capital said that comparing the "real-world valuation parameters" of the NAL-Breaker deal with current market valuations of some intermediate producers, "a couple of them appear to be overvalued."

In particular, the firm identified Birchcliff Energy and Progress Energy Resources as "expensive on a flowing barrel basis," while Celtic Exploration and Progress "look expensive on a reserve basis."

However, Blackmont said it was "dangerous to draw conclusions based only on this one transaction" adding it would "not expect market valuations to vary too widely from what real-world purchasers are prepared to pay for assets." ●







ALTERNATIVE ENERGY

RCA to adopt net metering regulations

New regulations provide incentive for investment in renewable electric generation, allowing consumers to put power into utilities

By KRISTEN NELSON
Petroleum News

Renewable power generation may be coming to your neighborhood. And it may be built by your neighbor, thanks to proposed regulations that would require Alaska's largest utilities to allow hookups by such privately built generation to their power grids.

The Regulatory Commission of Alaska voted 4 to 1 on Oct. 14 to adopt regulations establishing net metering requirements for the state's largest electric utilities.

The vote ends a tussle between Alaska's electric utilities and proponents of net metering, who believe net metering will increase renewable energy development in the state, while utilities believe net metering will be a burden on other consumers.

Net metering allows a customer of an economically regulated utility to interconnect eligible onsite generation facilities with the electric utility's distribution system, the commission said in an Oct. 16 press release.

In 2008 RCA rejected net metering standards proposed by the Bush administration and began work on regulations targeted to Alaska, including workshops with participation by utilities and proponents of net metering.

The regulations commissioners approved are the result of work done since the Environmental Policy Act of 2005 created guidelines for net metering which state regulators were required to consider, but not to accept.

Alaska regulations

The new Alaska regulations apply to economically regulated electric utilities with total retail sales of 5 million kilowatt hours or more, which limits the RCA regulations to the state's largest electric utilities: Bethel Utilities Corp., TDX North Slope Generating, Alaska Power Co., Alaska Electric Light & Power, Homer Electric Association, Matanuska Electric Association, Municipal Light & Power, Chugach Electric Association and Golden Valley Electric Association, which sell from 39.1 million kilowatt hours (Bethel), to 1.349 billion kilowatt hours (Golden Valley Electric).

The affected utilities would be required to interconnect with eligible customer generation systems up to a systemwide total capacity of 1.5 percent of average retail demand. Eligible customer generation systems are limited to a total onsite capacity of 25 kilowatts.

Net metering customers would be billed for net consumption and receive bill credits when the customer's generation exceeds usage.

Technologies eligible for net metering generation are limited to solar photovoltaic, solar thermal, wind, biomass, hydroelectric, geothermal, hydrokinetic, ocean thermal, landfill gas and biogas energy. The commission may approve other sources that generally have similar environmental impact.

For and against

Summaries of comments on the proposed regulations by RCA staff highlighted some of the disputed issues between net metering proponents and the state's electric utilities.

Municipal Light & Power — one of two electric utilities serving the Anchorage area — told the commission it believed net metering would cause more harm than good while the Alaska Power Association, which represents major consumer-owned power utilities in the state, including ML&P, said that although the proposed regulations did not reflect its preferred position, they were a reasonable compromise between two extremes.

The Alaska Center for the Environment said net metering would reduce utility bills for participating consumers, while the APA said public benefits of net metering would be privately subsidized by non-net metering consumers rather than through typical public means such as grants, tax incentives or similar methods.

ML&P said net metering would cause generation to be built that is not cost effective, burdening ratepayers as a group with higher costs, and requiring ratepayers who do not own net metered generation to subsidize the small minority of ratepayers who will install net metered generation.

Golden Valley Electric Association concurred, telling the commission that net metering is in conflict with the cost-causer cost-payer principle, requiring nongenerating members to subsidize members installing small renewable generation and forcing the utility electrical system to act as a battery for renewable generating facilities.

What about smaller utilities?

In response to comments that the 5 million-kilowatt-hour limit would prevent smaller utilities from utilizing net metering, RCA staff said if a utility is too small to be covered by the RCA regulations it can enact its own net metering regulations.

"The regulations require certain larger utilities to enact net metering rules. Smaller utilities, or utilities that are outside of our authority to economically regulate, are exempted from the requirement and instead allowed to choose independently whether net metering makes sense for their system."

RCA staff said the limitations on net metering were imposed to protect the integrity of the systems:

"The Railbelt electric system, the largest interconnected 'grid' in Alaska is very small in comparison to the nationwide grid in the Lower 48 states and lacks a robust transmission and distribution network."

TDX Sand Point Generating is a case in point, the staff said, with retail sales for their last fiscal year 4.254 million kilowatt-hours, an average retail demand of 485 kilowatts per day.

With the proposed 1.5 percent of average retail demand limit, TDX Sand Point could have up to 7.3 kilowatts of installed on-site consumer renewable generation, less than half of the proposed 25 kilowatt per installation limit proposed in the regulations.

see NET METERING page 10

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GOVERNMENT

Senate passes bill with icebreaker funding

The full U.S. Senate has passed the 2010 Homeland Security Appropriations conference report that includes $32.5 million in funding for enhancements to U.S. icebreaker capability, Sen. Lisa Murkowski, R-Alaska, said Oct. 20. The bill, which also appropriates U.S. Coast Guard funding for fiscal year 2010, now goes to President Obama for his signature.

The United States currently has just two working icebreakers, the Healy and the Polar Sea, with a third icebreaker, the Polar Star, currently in caretaker status.

The United States currently has just two working icebreakers, the Healy and the Polar Sea, with a third ice breaker, the Polar Star, currently in caretaker status.

Funding from the conference report that the Senate has just passed would pay to finish refurbishment of the Polar Star, to reactivate this icebreaker and extend its service life. The conference report would also require the Coast Guard to investigate whether a new heavy polar icebreaker class vessel should be built, or whether money should be spent on extending the service lives of the existing icebreakers — the Polar Sea has a remaining service life of five years, Murkowski said.

"While reactivation of our second heavy icebreaker helps, the U.S. must begin to plan for the long term replacement or extension of our ice breaker fleet," Murkowski said. "These vessels are becoming increasingly important as access to the Arctic, and its resources, increases due to climate change and a reduction in summer sea ice. Activities such as energy development, tourism, marine transportation and shipping will increase and the Coast Guard must have the resources to respond. This funding is a good start."

—ALAN BAILEY

continued from page 9

NET METERING

Smaller utilities also have different operating parameters, staff said, and interconnecting small non-firm generation may create operational problems, with scenarios varying from utility to utility.

But, RCA staff said, nothing in the regulations prevents a rural community from implementing net metering.

Limit at 1.5 percent

There were a number of objections to a limitation in the regulations of 1.5 percent — that is, a utility may refuse to interconnect for new net metering if that connection would cause net metering to exceed 1.5 percent of the utility's average demand.

APA, Chugach Electric Association and ML&P all pointed out that 1.5 percent was the agreement reached at the commission's technical conference.

RCA staff said the proposed regulations allow a utility to approach the commission regarding increasing the cap to allow additional net metering beyond the 1.5 percent of average retail demand.

"Staff believes it is the intent of the commission to allow a controlled trial of net metering that will limit the potential rate increase for consumers who do not choose to net meter. This cap is an essential part of limiting that financial risk."

Utilities are required to publish annually the result of the 1.5 percent of average retail demand calculation and the total nameplate capacity of interconnected net metering consumers, which will allow the commission to monitor how quickly interconnection is occurring and revisit net metering regulations as required, RCA staff said.

Commercial generation not included

There were objections to the limit of 25 kilowatts on consumer generation and the staff said that limit was chosen so that smaller consumer generators would have the opportunity to participate.

"With a larger generator capacity and a limited system capacity for net metering, the smaller systems could be squeezed out," RCA staff said.

Larger corporate consumers did not participate in the process, staff said, indicating a lack of serious interest at this time.

There were a large number of comments arguing that excess generation should be valued at the full retail rate rather than the discounted avoided-cost rate.

RCA staff said the language was based on "the compromise reached by the net metering advocates and the utilities at the technical conference. To alter this section at this juncture would undermine the fragile agreement that was reached by the participants. The net metering rules contained herein are designed to limit the potential negative financial effects of net metering" on those consumers who do not participate in net metering.

"Staff concurs that this mutes the benefits of net metering for those who participate in the program. Both sides on this issue have strongly argued their positions but neither side has any real experience with net metering in Alaska. Staff believes that going forward with the substance of the proposed regulation is the best way to build experience in net metering. The rules can be revisited in the future as needed and with actual data."

There were a number of objections to language in the proposed regulations allowing utilities to petition the commission for special rates for net-metered consumers "if the utility can demonstrate an adverse material rate impact on utility consumers that do not participate in the net metering program."

RCA staff said utilities always have the right to petition the commission for changes in the rates they charge, and it "believes the proposed language offers a protection to net metering consumers by requiring the utility to demonstrate that the effect of net metering is both 'adverse' and 'material' to consumers that do not participate in net metering."

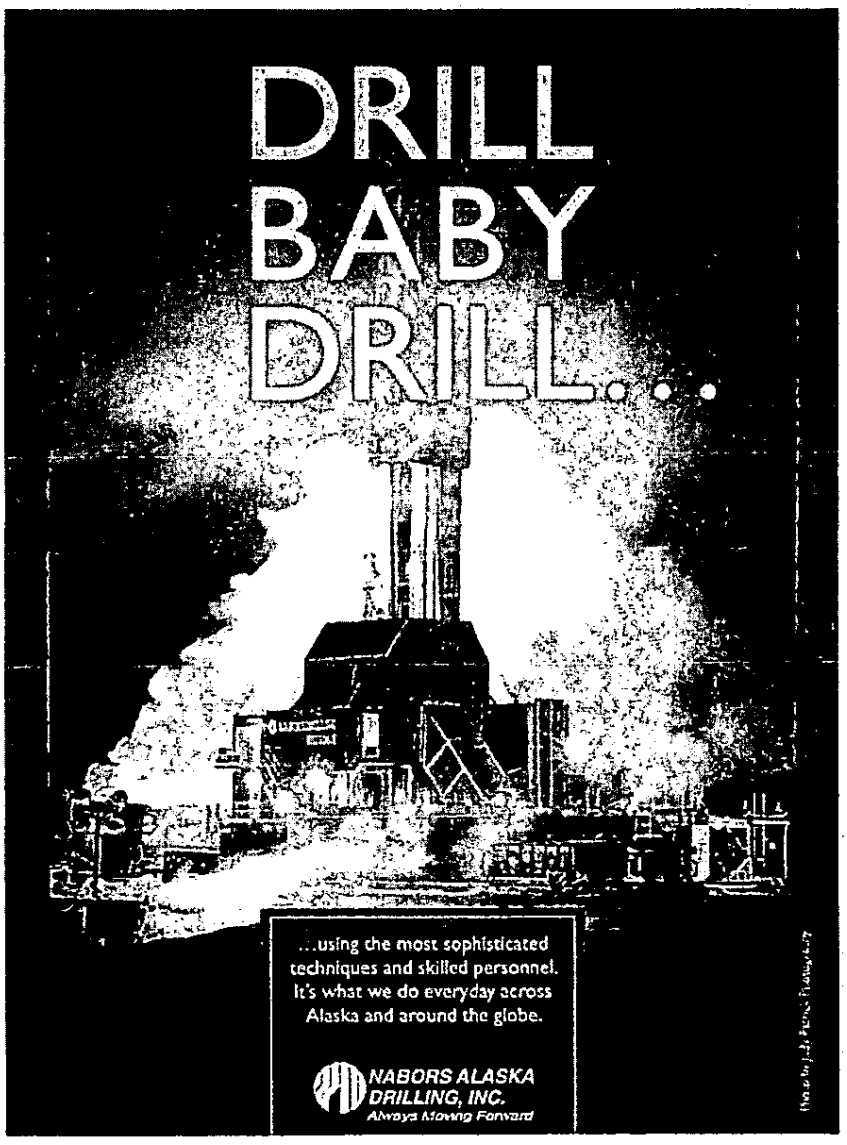
The commission will release an order adopting net metering regulations, which become official once reviewed by the attorney general and the lieutenant governor. ●

On the Web

See previous Petroleum News coverage:

"RCA rejects federal net metering rules." in Sept. 14, 2008, issue at www.petroleumnews.com/pnads/853433629.shtml

"RCA starts net metering discussions." in Oct. 26, 2008, issue at www.petroleumnews.com/pnads/419740526.shtml



● SAFETY & ENVIRONMENT

Canada backs carbon capture

Governments commit C$1.65B to 2 projects, claim they lead world in developing technology; others say industry should do cleanup

By GARY PARK
For Petroleum News

Canadian and Alberta taxpayers are starting to feel a rather large hand in their pockets as the two governments roll out plans for carbon capture and storage projects — their key technological initiative to remove greenhouse gas emissions from the atmosphere.

In early October, C$865 million in public money was pumped into Royal Dutch Shell's planned C$1.35 billion Quest project, with Chevron Canada and Marathon Canada as partners, to inject 1.1 million metric tons a year of carbon dioxide from the company's Edmonton-area heavy oil upgrader into underground storage, some of it for possible use in enhanced oil recovery.

STEPHEN HARPER

Less than a week later, the governments announced they would contribute C$781 million for a $1.4 billion CCS project TransAlta plans to capture about 1 million metric tons a year from its coal-fired electricity plant in central Alberta.

These handouts are taking place amid mounting questions about whether largely untested CCS technology will achieve its hoped-for goals without causing a financial boondoggle.

Of the public share, Alberta will account for almost C$1.2 billion, drawn over 15 years from the C$2 billion it has earmarked to develop and test CCS technology.

'Clean energy superpower'

Prime Minister Stephen Harper said the TransAlta venture, with Capital Power and Paris-based Alstom as partners, meets the federal government's objectives of helping economic recovery and improving the environment.

"To keep Canada on the cutting edge, we are investing massively in scientific research and development. A major focus of these investments is our energy sector."

Harper said that in order for Canada to meet its goal of becoming an "energy superpower" it must be a "clean energy superpower."

Alberta Premier Ed Stelmach said the benefits of Project Pioneer will extend far beyond the TransAlta plant by offering "lessons on how other plants might be retrofitted here in Alberta and around the world."

The project was not on the original short list of three projects that Alberta tagged for its CCS money.

A spokesman for Greenpeace said governments should play no role in subsidizing CCS efforts by giant companies.

"Industry created this toxic mess and they should be fully and financially responsible for cleaning it up," said Mike Hudema.

He also described CCS as a "risky, expensive smokescreen," urging governments to invest more in renewable energy technology, such as wind and solar power, which he said will create more jobs over time.

Alberta Energy Minister Mel Knight defended the approach, arguing government must be a partner in developing CCS technology.

Federal Natural Resources Minister Lisa Raitt, who joined Knight at the Quest announcement, said: "We have to start somewhere. We start today. There are some hurdles to CCS, but the good news is the technology has already been technologically proven."

Reduction in emissions pledged

The Canadian government has pledged to reduce greenhouse gas emissions by 20 percent below 2006 levels by 2020.

Graham Boje, vice president of health safety and sustainable development with Shell's Canadian division, cautioned that, despite the financial backing, Quest has yet to receive corporate sanctioning.

He said the project has a "long way to go before it becomes a fully operational CCS project. We're still in the project development phase and the final investment decision depends on a range of factors."

Boje said it will take about two years to complete engineering, undergo public consultation and obtain regulatory approvals.

The Alberta government is still working on the two other projects that made its initial short list: the Alberta Carbon Trunk Line, a joint proposal by Enhance Energy and North West Upgrading to incorporate gasification, carbon dioxide capture transportation, enhanced oil recovery and storage, drawing on carbon dioxide from the Agrium fertilizer plant and the planned North West heavy oil upgrader; and an integrated gasification combined-cycle power generation plant proposed by Epcor Utilities and Enbridge at the Genesee site in central Alberta.

Coalbed methane recovery honored

The Alberta government derived some hope when an enhanced coalbed methane recovery project, led by the Alberta Research Council, landed an international award in London, England, earlier in October.

The recognition from the Carbon Sequestration Leadership Forum was for work completed last year involving the injection of carbon dioxide into deep, unmineable coal bed, displacing the underground methane with CO2, reducing greenhouse gas emissions and improving the recovery of coalbed methane in the process.

Knight said the award established that the government-funded research council is a "global leader when it comes to contributing real solutions to address climate change."

The forum also endorsed a second Alberta project, co-led by ARC Resources and the research council, aiming to store carbon emissions from Alberta's industrial heartland region, north of Edmonton, in an underground reef formation, which is estimated to have the potential to handle 1 million metric tons a year of CO2 by 2015 for more than 20 years. ●

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• SAFETY & ENVIRONMENT

F&W proposes polar bear critical habitat

200,541 square-mile area includes much of the outer continental shelf, the barrier islands and land along the Beaufort Sea coast

By ALAN BAILEY
Petroleum News

On Oct. 22 the U.S. Fish and Wildlife Service announced its proposed designation of critical habitat for the polar bear, following the May 2008 listing of the bears as threatened under the Endangered Species Act. The proposed habitat region encompasses a total area of 200,541 square miles of U.S. territory covering those areas of the Arctic Alaska offshore continental shelf where water depths are 300 meters (980 feet) or less in depth; barrier islands and spits along Alaska's northern coast; and polar bear, on-land denning habitat along the Beaufort Sea coast.

The onshore denning habitat consists of lands within about 20 miles of the northern coast of Alaska between the Canadian border and the Kavik River, and within about eight miles of the coast between the Kavik River and the city of Barrow.

The announcement of the proposed critical habitat designation triggers a 60-day public comment period.

But Strickland emphasized that federal agencies had already been conducting Endangered Species Act section 7 consultations for the polar bear, prior to the critical habitat designation, and that the recent U.S. Minerals Management Service approval of Shell's Beaufort Sea exploration plan had successfully gone through this consultation process.

"This administration is fully committed to the protection and recovery of the polar bear," said Interior Assistant Secretary for Fish, Wildlife and Parks, Tom Strickland. "Proposing critical habitat for this iconic species is one step in the right direction to help this species stave off extinction, recognizing that the greatest threat to the polar bear is the melting of Arctic sea ice caused by climate change. As we move forward with a comprehensive energy and climate strategy, we will continue to work to protect the polar bear and its fragile environment."

Fish and Wildlife has also proposed the prohibition of international trade in polar bears and their parts, Strickland said.

Thorough evaluation

Although the Endangered Species Act requires the Department of the Interior to, if possible, designate critical habitat at the time a species is listed under the act, Fish and Wildlife has not proposed the critical habitat designation until now because of the time that it has taken to conduct a thorough evaluation and peer review of its proposal, Fish and Wildlife said.

Under the terms of the Endangered Species Act, geographic areas designated as critical habitat contain features that the Department of the Interior considers essential for the conservation of a listed species and that may require special management or protection. And under section 7 of the act, federal agencies must ensure that any federally authorized activities are unlikely to jeopardize the continued existence of the species or to destroy or adversely modify the critical habitat.

Oil industry

The designated critical habitat area for the polar bear includes places where the oil industry is active: Fish and Wildlife will evaluate the economic impacts of the habitat designation, Strickland said.

But Strickland emphasized that federal agencies had already been conducting Endangered Species Act section 7 consultations for the polar bear, prior to the critical habitat designation, and that the recent U.S. Minerals Management Service approval of Shell's Beaufort Sea exploration plan had successfully gone through this consultation process. Onshore and offshore oil and gas activities have also already been subject to significant review and regulation under the Marine Mammals Protection Act.

"We believe that it will not be a significant additional burden on the industry ... but it does further heighten the importance of trying to minimize any kinds of activity in these critical areas that might adversely affect the bear," Strickland said of the proposed critical habitat designation.

Critical habitat receives an additional level of legal protection under section 7 of the Endangered Species Act, he said.

Fish and Wildlife has stepped up its funding efforts and is expanding its consultation capabilities, including the deployment of staff to the North Slope to support the development and implementation of community-based, polar bear-human interaction plans for the North Slope villages, said Sam Hamilton, director of the U.S. Fish and Wildlife Service.

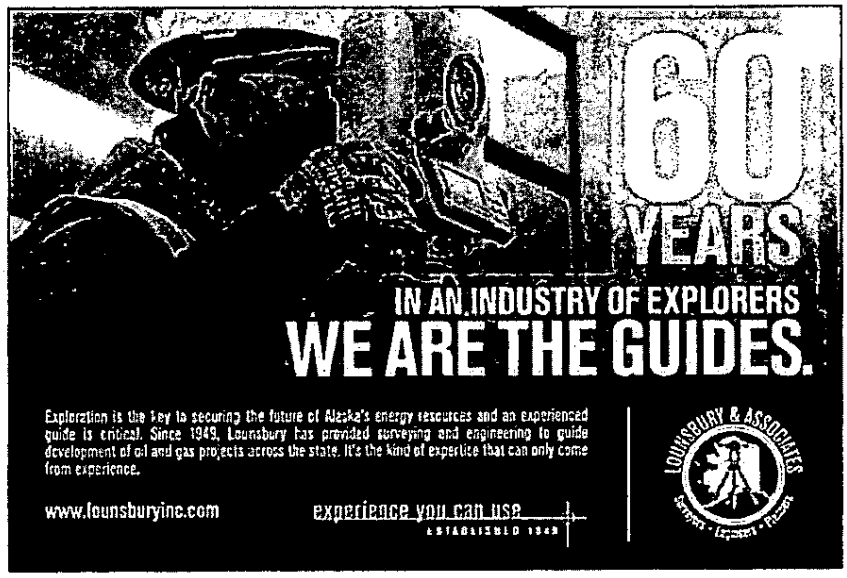
Sea ice

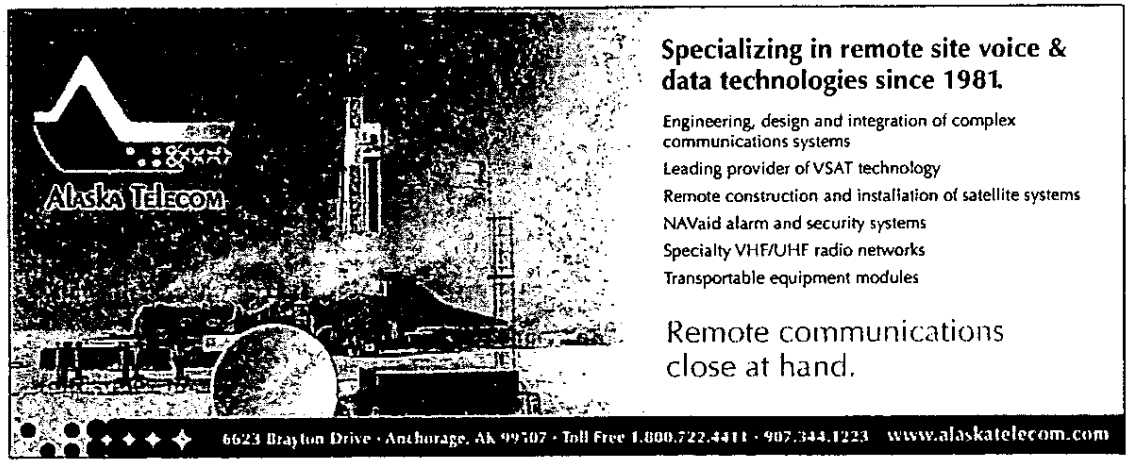
About 93 percent of the designated habitat area is occupied by winter sea ice, Strickland said.

"Through eons of time polar bears have evolved and adapted to life on the sea ice, and they depend on this area for resting, breeding, hunting and feeding," Hamilton said. "Polar bears require sea ice as a platform for hunting and feeding on seals; seasonal long-distance movements; travel to terrestrial maternal denning areas; resting and mating."

The majority of the U.S. polar bears remain on sea ice year round and prefer the shallow areas of the continental shelf, he said. And, according to Fish and Wildlife, most polar bear populations use onshore

see HABITAT page 19





• LAND & LEASING

B.C. lifts lid on new gas play

Government discloses 'sleeping dog' in Liard basin, west of Horn River, Montney plays; operators tight-lipped about plans, results

By GARY PARK
For Petroleum News

It's in a hush-hush mode right now, but E&P companies in British Columbia could be quietly extending the province's gas hot spot beyond the Montney and Horn River formations.

One of the first public hints came at a Northeast British Columbia Natural Gas Symposium in Calgary at the end of September, when a senior government official said the little-explored Liard basin — west of the Horn River shale gas basin and 65 miles northwest of Fort Nelson — is generating strong interest at monthly land auctions.

Vic Levson, executive director of the Resource Development and Geoscience Branch of the B.C. Energy Ministry, said the region is a "sleeping dog that has been lying quiet."

But bidders committed C$48.3 million in the first seven months of 2009 to secure exploration rights in the basin, compared with C$18.5 million for all of 2008, doubling the average price to C$1,500 per hectare.

However, he said the companies are "keeping a pretty low profile," although some of the operators are shifting their exploration efforts to unconventional from conventional prospects.

The players include two majors — Apache and EOG Resources — while three juniors (a partnership of Questerre Energy and Transeuro Energy and Stone Mountain Resources) have embarked on evaluation programs.

Levson said the government is hopeful that the early exploration is the start of a new trend.

He said the province believes the basin is a "good target ... we'd like to see more companies" take an interest in the area.

The lightly explored Beaver River area (incorporating the Liard basin and Fold Belt region) 100 miles northwest of Fort Nelson, has stirred interest among producers interested in evaluating and testing the potential of Mississippian-aged shales.

B.C. tops land sales

Otherwise, British Columbia, having topped Canada's provincial land sales for the first time in 2008, remains the frontrunner.

For the first nine months of the year, it generated C$330 million in successful bids, compared with C$247 million in Alberta and C$51 million in Saskatchewan.

That total was a starting C$3.5 billion behind the total for the same period last year, with British Columbia down about C$2 billion, Alberta off by C$715 million and Saskatchewan taking a C$797 million tumble, all paying the price for the industry-wide downturn.

British Columbia's per-hectare average price plunged to C$1,281 from C$3,820 in the first nine months of 2008; Alberta has edged up each quarter from C$119 to C$166 and C$257, but lags far behind the 2008 average of C$377; and Saskatchewan nosedived to C$297 from C$1,781.

There was no more hope for Alberta at its first October auction, which drew a mere C$21.9 million in successful bids and an average C$204 per hectare, compared with the C$38.7 million and C$329 per hectare at the comparable 2008 sale.

B.C. sees move to drilling

Otherwise, British Columbia is seeing the first signs that blockbuster land sales in 2007 and 2008 are being translated into drilling plans, although what is in store for the upcoming peak winter season has yet to be disclosed.

For the first nine months of 2009, the regulator has approved 532 new well licenses. Although that is down more than 30 percent from the same period of 2008, the September permits totaled 68, the most in any month since March and only 11 behind September 2008.

Alex Ferguson, commissioner of the B.C. Oil and Gas Commission, said the mood among operators is more positive than it was a few months ago, but until companies complete their budget plans the government is in a "blind spot."

Over the past seven years, the commission has approved 32 experimental schemes for shale gas formations, allowing ongoing research in drilling, completion and/or production technology.

For Horn River those in the experimental phase include majors such as Imperial Oil, EOG Resources Canada and Hunt Oil Company of Canada and smaller players such as Stone Mountain, Kodiak Bear Energy, Quicksilver Resources Canada and Storm Gas Resource.

EnCana has led the way in Horn River since 2001, listed as operator of 90 wells, 79 categorized as nonexperimental and five wells licensed as experimental, but not yet drilled, a commission report said.

It said that after completing its 2008 drilling program, EnCana reported average per well production rates of 5 million cubic feet per day, while the first wells of 2009 have posted flow rates of 9.5 million to 11 million cubic feet per day after 15 days.

The lightly explored Beaver River area (incorporating the Liard basin and Fold Belt region) 100 miles northwest of Fort Nelson, has stirred interest among producers interested in evaluating and testing the potential of Mississippian-aged shales. The commission said some promising results have already emerged from tests. ●

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OUR ARCTIC NEIGHBORS

Rosneft wants tax breaks for Arctic development

Russia needs to realistically assess the risks and costs of Arctic oil and gas development, Sergey Bogdanchikov, the president of state-owned oil company Rosneft, told the Murmansk International Economic Forum Oct. 15. Exploration drilling in the offshore Arctic can be done with far less certainty than drilling in traditional exploration areas in western Siberia, Bogdanchikov said. The cost of working in Arctic regions is also extremely high, he noted.

"Here we can already talk in quite concrete, specific terms, based on our development of the shelf off Sakhalin, and if you compare the figures from western Siberia, $30 to $50 to produce a ton of hydrocarbons, on the Far Eastern shelf we have about $300 and it will be at least $600 to $700 to produce a ton of hydrocarbons here on the Arctic shelf," Bogdanchikov said. "Companies have to be prepared for this and our government, of course, also has to be prepared for it. When it determines a tax policy for the offshore regions it can't be identical for the Caspian, the Sea of Azov, the Black Sea and the Arctic Shelf. We hope for mutual understanding with the government here.

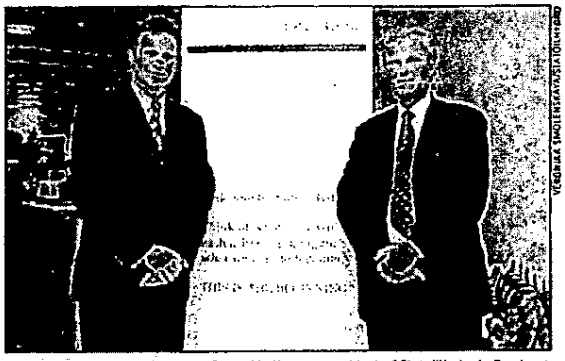
"We have to be honest above all with ourselves going into such a complex task as developing the Arctic shelf," Bogdanchikov said. "We are technologically backward here in the Russian Federation in virtually all the technology that is necessary."

At this point in Bogdanchikov's speech Alexei Miller, the CEO of Gazprom, Russia's other state-owned energy giant, interrupted to indicate that he agreed with the sentiment.

"We have to synchronize the following processes, the process of licensing on the shelf, the process of conducting geological exploration work and the process of preparing Russian industry, companies that are on both the regional and the national scale, in order to support these projects and to achieve the required production on time," Bogdanchikov said.

"When we're talking about investment of $250 to $300 billion, the question is whether this investment will go into Russian companies located in Russia or

see ROSNEFT page 16



VERONIKA SMOLENSKAYA/STATOILHYDRO

StatoilHydro CEO Helge Lund and Bengt Lie Hansen, president of StatoilHydro in Russia, at the signing of the Shtokman phase 1 agreement.

OUR ARCTIC NEIGHBORS

StatoilHydro ready for Shtokman collaboration

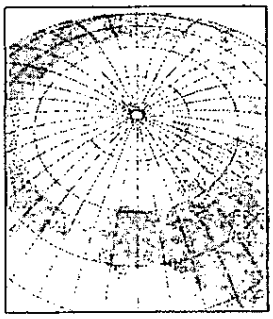
Norwegian company will use experience from Ormen Lange, Snohvit to develop subsea installations for Russian Barents Sea project

By SARAH HURST
For Petroleum News

Norway's StatoilHydro is gearing up for the "mother of all projects" — developing the Shtokman gas field in the Russian part of the Barents Sea — Bengt Lie Hansen, the company's president in Russia, said in a speech at the Murmansk International Economic Forum Oct. 15. StatoilHydro is a partner in phase one of Shtokman, with a 24 percent interest in the Shtokman Development company. Russia's Gazprom has a 51 percent interest and France's Total has the remaining 25 percent.

StatoilHydro was trying for 20 years to get involved in Shtokman before signing the phase-one agreement in February 2008, Hansen said.

"(Shtokman) I think will be the locomotive for developments in the Arctic," he said. "And I think that will not only have implications for the investing companies, it will have lots of implications for the Murmansk region, as we have seen in



other areas where there are offshore developments, you see a lot of spinoff effects that you hardly are able to assess before you start out."

Shtokman will provide gas to Europe via the planned Nord Stream pipeline under the Baltic Sea, and to Atlantic mar-

see SHTOKMAN page 16

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• SAFETY & ENVIRONMENT

No quick carbon fixes

Oil sands leader argues 'absolute' limits on oil sands' GHG would burden sector; Imperial boss says answers could take 100 years

By GARY PARK
For Petroleum News

Two leading players in the Alberta oil sands — the flashpoint of Canada's climate-change wrangling — have answered criticism that the sector is not doing enough to explain itself.

In the process, they got to grips with the range of challenges facing those seeking answers to greenhouse gas emissions.

Marcel Coutu, chief executive officer of Canadian Oil Sands Trust, which owns 36.7 percent of the giant Syncrude Canada operation, said oil sands producers should be allowed to raise GHGs, even if that means forcing other industrial sectors to shoulder a heavier share of meeting national climate change goals. Bruce March, chief executive officer of Imperial Oil, said it has taken 100 years to create the GHG problem and it will probably take another 100 years to meet growing global energy demand while dealing with climate change concerns.

Their comments came a month after Peter Voser, the new chief executive officer of Royal Dutch Shell, told a Calgary business summit that industry and governments have failed to promote the oil sands as a key answer to the energy needs of Asia and the wider world.

Arguing that oil sands opponents have done an effective job of trashing the resource, he called on industry and governments to play a more active role in promoting the oil sands and making a case for the future importance of unconventional oil.

New Alberta publicity campaign

The Alberta government has recently launched a three-year, C$25 million publicity campaign to counter some of the negative publicity from environmental groups who have labeled the oil sands as "dirty oil."

The Canadian Association of Petroleum Producers, whose member companies account for more than 90 percent of Canada's oil and natural gas production, has also admitted it is lagging in the battle for hearts and minds and has pledged to answer public concerns about the industry's environmental impact.

But Voser insists the oil sands could be taking a larger international role in energy markets by building pipelines to the British Columbia coast, opening up tanker routes to Asia-Pacific markets.

Speaking at the same Calgary conference, federal Environment Minister Jim Prentice agreed Canada needs to be more active in promoting its technological gains in energy production.

"Canada's role must be perceived as the most environmentally cautious producer of energy of all kinds, from green energy to hydrocarbons, in the world," he said.

Intensity-based limits proposed

But Coutu warned that if the oil sands face an absolute limit on their GHGs, regardless of increasing output, that would "put a very, very heavy burden on a business that is in a growth mode" and a key driver of the Canadian economy.

Rather that stifle oil sands output, the Canadian government should impose intensity-based limits, reducing per-barrel GHGs, leaving other industries to pick up the slack, he said.

Marcel Coutu, chief executive officer of Canadian Oil Sands Trust, which owns 36.7 percent of the giant Syncrude Canada operation, said oil sands producers should be allowed to raise GHGs, even if that means forcing other industrial sectors to shoulder a heavier share of meeting national climate change goals.

"What we have to do is prioritize what is most important to the economy and our quality of life," Coutu said. "At the end of the day I don't think there is a single element of our economy that is more important than energy."

He told the editorial board of The Globe and Mail that the vast majority of GHGs result from the consumption of energy by motor vehicles, airplanes and heating homes and commercial buildings — rather than the production phase.

He said the oil sands account for only 5 percent of Canada's total emissions, suggesting that figure should be measured from a global perspective.

Coutu said Canada's net export energy role should also be taken into account, because Canada could end up being saddled with the environmental costs of products that are used in other countries.

March, speaking to the Calgary Chamber of Commerce on Oct. 15, said the industry and governments must work on policies that allow energy to be developed from all available sources — such as wind, solar, nuclear, hydroelectric and geothermal power — not just oil and gas.

"We also require new transformative technologies such as second generation biofuels, which require long-term research investments, but will have the potential to effect change on a global scale," he said.

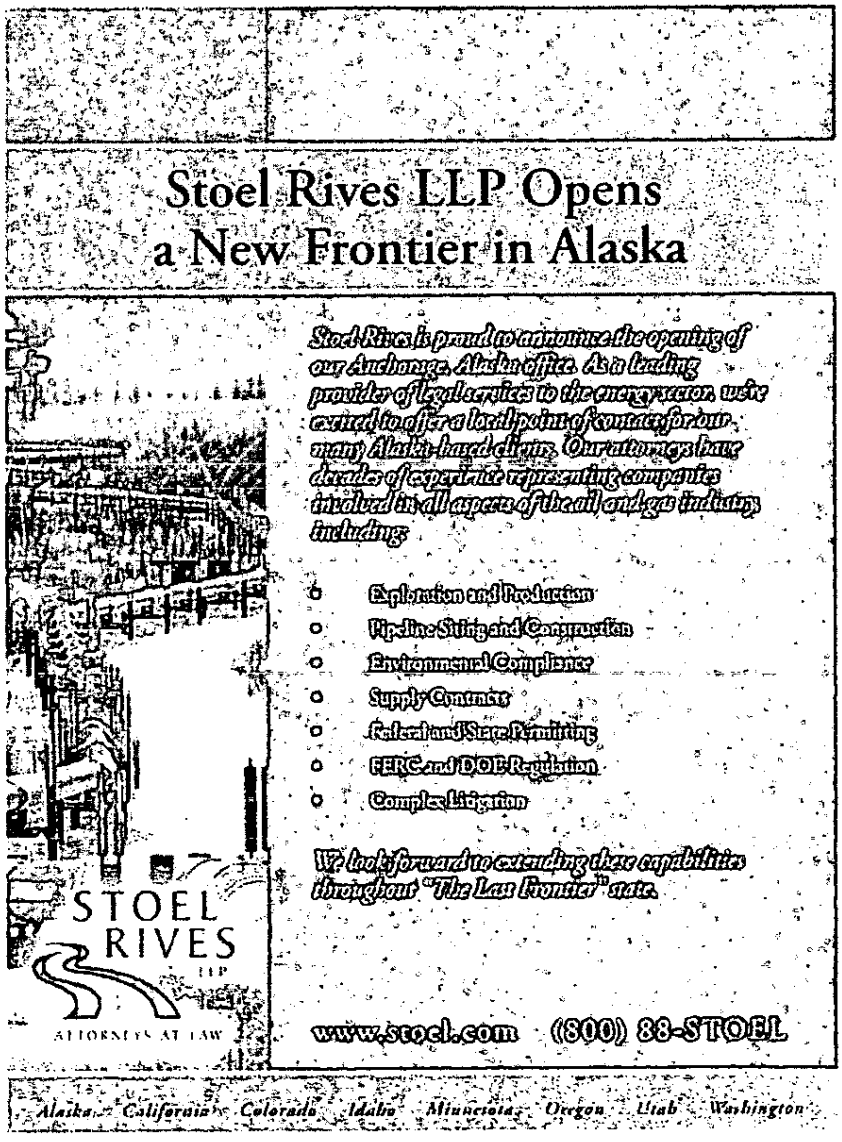
Exxon investing in algae

ExxonMobil, which owns 69.6 percent of Imperial, is planning to invest more than C$600 million in a venture to develop biofuels from algae in a research and development venture with Synthetic Genomics, a privately held company that is concentrating on gene-based research.

March said this effort, which could bolster the world's transportation fuel supply and eventually reduce GHGs, needs long-term planning horizons to deal with climate change.

GHGs have been "created for 100 years and I believe it will take at least

see CARBON FIXES page 16



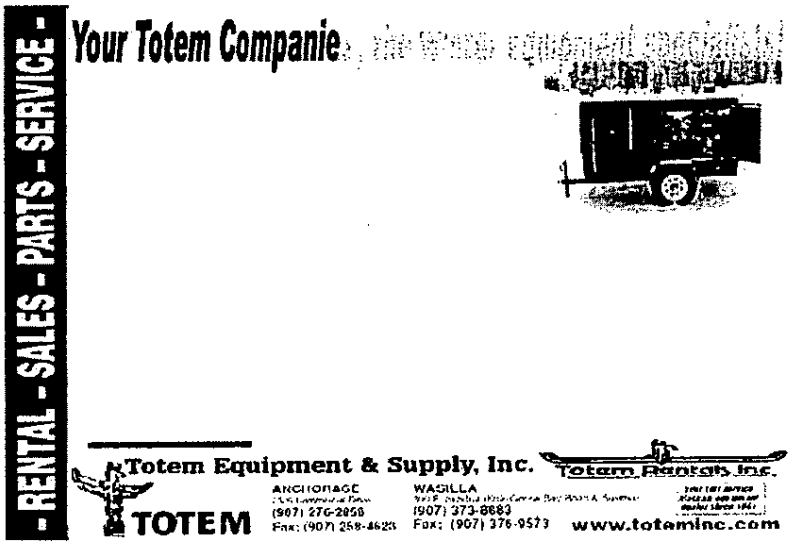
kets in the form of LNG, according to Hansen. StatoilHydro's experience developing the Ormen Lange gas field in the Norwegian Sea just south of the Arctic Circle and the Snohvit gas field in the Barents Sea will enable it to develop the subsea installations for Shtokman, he said.

"Tie these installations after they've been pre-drilled by floating units to the large floating unit, which will be the floating production ship, which will be disconnectable due to the harsh environment and the ice," Hansen said. "Bring the gas and the condensate onshore to Teriberka, a journey of about 600 kilometers (373 miles), for processing and ready for transportation as pipeline gas as well as LNG.

"StatoilHydro feels prepared for venturing north together and we think that we can bring three main elements to that table, called TPC," Hansen said. TPC stands for "technology enabler," "performing challenging development tasks" and "cooperation across borders." The company has been an architect in developing technology on the Norwegian continental shelf and its skills in that regard are highly relevant in Russia, Hansen explained.

"We have been able to carry out megaprojects within cost and schedule — complex projects," Hansen said. "We know that these ... have a tendency to experience cost overruns and schedule slippages, which of course has a detrimental effect on the viability of the project. So no one can guarantee, but I think we have to use the best experience and the best expertise we can get hold of.

"And my last comment is cooperation," Hansen said. "I think that is very important: We have been able to drive the cooperation between the authorities, the suppliers, the research facilities and the oil companies to obtain maximum value for everyone involved, and I think that is also some luggage that we would like to bring to Russia, which I think can create even better results in the future. So we are looking forward to be one of the partners in developing these fantastic possibilities that we can see in the Arctic." ●



SB 208

<target><bill>SB 208</bill><subject>SB 208</subject><comm>SFIN26</comm></target>

SENATE FINANCE COMMITTEE REPORT

DATE: 3/10/10

FURTHER: Rules

DATE TURNED
IN TO OFFICE: 4-7-10

Finance Committee considered SENATE BILL NO. 208

SB 208 DNR STUDY ON NATURAL GAS

"An Act requiring the Department of Natural Resources to evaluate current incentives and recommend additional incentives that would increase gas exploration, development, and production in the Cook Inlet sedimentary basin; and requiring the Department of Natural Resources to evaluate the means by which the department may explore for, purchase, and sell natural gas from newly proved gas reserves in the Cook Inlet sedimentary basin."

and recommends:

[✓] adopt previous [ ] SCS or [✓] CS SB 208 (RES)

[ ] adopt previous [ ] SCS or [ ] CS _____ (_____)

[ ] attached amendment(s)

[ ] adopt _____ Letter of Intent

[ ] further referral to _____ Committee

SENATE BILL:
[ ] Same Title
[✓] New Title

HOUSE BILL:
[ ] Same Title
[ ] Technical Title Change
[ ] New Title w/ SCR #_____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
SFIN for DNR	4/6			✓	2
REV	4/5			✓	3

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

[ ] **APPROPRIATION - no fiscal note**

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	Huggins	X			
Joe Thomas	Thomas	✓			
Donald D. Olson	Olson			X	
Jay Ellis	Ellis	✓			
CO-CHAIR:	Hoffman	✓			
CO-CHAIR:	Stedman			✓	

4744

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 2
Bill Version: CSSB 208 (RES)
() Publish Date: 4/7/10

Identifier (file name):
Title: Cook Inlet Gas Exploratoin Incentives
Sponsor: Sen. Wielechowski
Requester: Senate Finance Committee

Dept. Affected: Natural Resources
RDU: Resource Development
Component: Oil and Gas Development
Component Number: 439

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2010) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

Funding for this report is included in the FY11 capital budget.

Prepared by: Darwin Peterson
Senate Finance Committee Staff
Phone 465-3873/465-4453
Date/Time

Approved by: Senate Finance Committee
Co-Chair Bert Stedman/Co-Chair Lyman Hoffman
Date 4/6/2010

(Revised 11/6/2009 OMB)

4745

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 3
Bill Version: CSSB 208(RES)
() Publish Date: 4/7/10

Identifier (file name): CSSB208(RES)-REV-TAX-04-05-10
Dept. Affected: Revenue
Title: DNR Study on Natural Gas
RDU: Taxation and Treasury
Component: Tax Division
Sponsor: Senator Wielechowski
Requester: Senate Finance Committee
Component Number: 2476

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

***** See Analysis Section for Additional Information *****

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2010) cost: 0.0

POSITIONS

Full-time	**0.0**	0.00	0	0	0	0	0
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

SB 208 requires the Department of Natural Resources and Department of Revenue to complete a report by November 1, 2010 for the legislature dealing with potential measures to encourage the investment needed to bring on undeveloped and unproven gas resources in the Cook Inlet.

$200,000 is included in the Natural Resources fiscal note for SB208 to cover the costs of an outside consultant and legal advice. Both departments will supplement this amount with exisiting resources, and will work together to complete the study by November 1, 2010. Becuase of the short timeline, the departments will evaluate whether an existing contract with an outside consultant can be modified to include this work.

Prepared by: Ian Laing, Project Manager — Phone 907-392-9449
Division: Tax Division — Date/Time 4/5/10; 5:05 pm
Approved by: Ginger Blaisdell, Director — Date 04-05-10; 5:43pm
Administrative Services Division

4746

1 of 1

SENATE FINANCE COMMITTEE REPORT

DATE: 3/10/10

FURTHER:

DATE TURNED IN TO OFFICE: 4-7-10

Finance Committee considered SENATE BILL NO. 208

SB 208 DNR STUDY ON NATURAL GAS

"An Act requiring the Department of Natural Resources to evaluate current incentives and recommend additional incentives that would increase gas exploration, development, and production in the Cook Inlet sedimentary basin; and requiring the Department of Natural Resources to evaluate the means by which the department may explore for, purchase, and sell natural gas from newly proved gas reserves in the Cook Inlet sedimentary basin."

and recommends:

[✓] be **replaced** with [ ] **SCS** or [✓] **CS** SB 208 (RES)

[ ] adopt **previous** [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] attached amendment(s)

[ ] adopt _____ Letter of Intent

[ ] further referral to _____ Committee

SENATE BILL:
[ ] Same Title
[✓] New Title

HOUSE BILL:
[ ] Same Title
[ ] Technical Title Change
[ ] New Title w/ SCR #_____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet	Zero	FN#
SFIN for DNR	4/6			✓	
REV	4/5			✓	

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet	Zero	FN#

[ ] **APPROPRIATION - no fiscal note**

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	Huggins	✓			
	Thomas	✓			
	Olson			✓	
	Ellis	✓			
CO-CHAIR:	Hoffman	✓			
CO-CHAIR:	Stedman			✓	

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: **CSSB 208 (RES)**
() Publish Date:

Identifier (file name):
Title: Cook Inlet Gas Exploratoin Incentives
Sponsor: Sen. Wielechowski
Requester: Senate Finance Committee

Dept. Affected: Natural Resources
RDU: Resource Development
Component: Oil and Gas Development
Component Number: 439

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2010) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

Funding for this report is included in the FY11 capital budget.

Prepared by: Darwin Peterson
Senate Finance Committee Staff
Phone 465-3873/465-4453
Date/Time

Approved by: Senate Finance Committee
Co-Chair Bert Stedman/Co-Chair Lyman Hoffman
Date 4/6/2010

(Revised 11/6/2009 OMB)

4748

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: **SB 208**
() Publish Date:

Identifier (file name): CSSB208(RES)-REV-TAX-04-05-10
Title: DNR Study on Natural Gas
Sponsor: Senator Wielechowski
Requester: Senate Finance Committee

Dept. Affected: Revenue
RDU: Taxation and Treasury
Component: Tax Division
Component Number: 2476

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

***** See Analysis Section for Additional Information *****

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2010) cost: 0.0

POSITIONS

Full-time	**0.0**	0.00	0	0	0	0	0
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

SB 208 requires the Department of Natural Resources and Department of Revenue to complete a report by November 1, 2010 for the legislature dealing with potential measures to encourage the investment needed to bring on undeveloped and unproven gas resources in the Cook Inlet.

$200,000 is included in the Natural Resources fiscal note for SB208 to cover the costs of an outside consultant and legal advice. Both departments will supplement this amount with exisiting resources, and will work together to complete the study by November 1, 2010. Becuase of the short timeline, the departments will evaluate whether an existing contract with an outside consultant can be modified to include this work.

Prepared by: Ian Laing, Project Manager — Phone 907-392-9449
Division: Tax Division — Date/Time 4/5/10; 5:05 pm
Approved by: Ginger Blaisdell, Director — Date 04-05-10; 5:43pm
Administrative Services Division

4749

replaced

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: CSSB 208(RES)
(S) Publish Date: 3/10/10

Identifier (file name): SB 208-DNR-O&G-02-04-10
Dept. Affected: Natural Resources
Title: Cook Inlet Gas Exploration Incentives
RDU: Resource Development
Component: Oil and Gas Development
Sponsor: Sen. Wielechowski
Requester: Senate Resources
Component Number: 439

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual	200.0						
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**200.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF	200.0						
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**200.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2010) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

SB 208 requires the Department of Natural resources to complete a report by November 1, 2010 for the legislature dealing with potential measures to encourage the investment needed to bring on undeveloped and unproven gas resources in the Cook Inlet.

It is estimated that $200,000 will be required for an outside consultant and legal advice. If the study must be completed by November 1, 2010, DNR will evaluate whether an existing contract with an outside consultant can be modified to include this work. It will be a challenge to complete a thoughtful and comprehensive study in such a short period of time.

Prepared by: Kevin Banks — Phone 269-8800
Division: Director — Date/Time 2/4/10 5:00 PM
Approved by: Tom Irwin — Date 2/5/2010
Natural Resources

(Revised 11/6/2009 OMB)

4750

ALASKA STATE LEGISLATURE

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Senator_Bill_Wielechowski@legis.state.ak.us

Co-chair
Senate Resources Committee
Joint Armed Services Committee

Vice-chair, Judiciary Committee

Member, Energy Committee
Member, World Trade and Technology

SENATOR BILL WIELECHOWSKI

Sponsor Statement

CS for SB 208: Cook Inlet Energy Incentives Act

SB 208 tasks the Departments of Natural Resources and Revenue with evaluating existing incentives designed to promote more natural gas exploration and production in the Cook Inlet Basin and recommending additional strategies that might encourage greater levels of production. The departments would be required to complete this analysis and provide recommendations to the legislature by November 1, 2010, in time for legislative action in 2011.

For over three decades, Cook Inlet gas has been vital to the economic wellbeing of Southcentral Alaska. It is has been an affordable source of fuel for more than half of the state's population, heating more than 130,000 homes and businesses. In addition, it is has been used to generate approximately 90% of the electricity used in the region.

For many years, there was far more gas in Cook Inlet than could be consumed by Alaskans. Existing "proven" reserves of gas, however, have declined from more than 8 trillion cubic feet to just over 1 trillion, with relatively little replacement of what has been consumed or exported. Substantial exploration will be required to augment remaining reserves and maintain production levels necessary to meet the needs of the Railbelt. Without this, known reserves of gas within Cook Inlet may be depleted within two decades, and yearly instate demand may exceed supply within one decade. Investment both within existing fields and in prospective new areas will be required.

Fortunately geologists estimate there are trillions of cubic feet of undiscovered and technically recoverable gas in the Inlet. The challenge will be to encourage companies to invest in the Inlet and "prove up" these vast reserves, so that Alaskans will have access to this local, affordable supply of gas.

This bill tasks the Departments of Natural Resources and Revenue with the responsibility of identifying and evaluating new strategies to ensure that Alaskans have access to this gas. It sets an ambitious timeline for this analysis, mandating submission of recommendations to the legislature by November 2010.

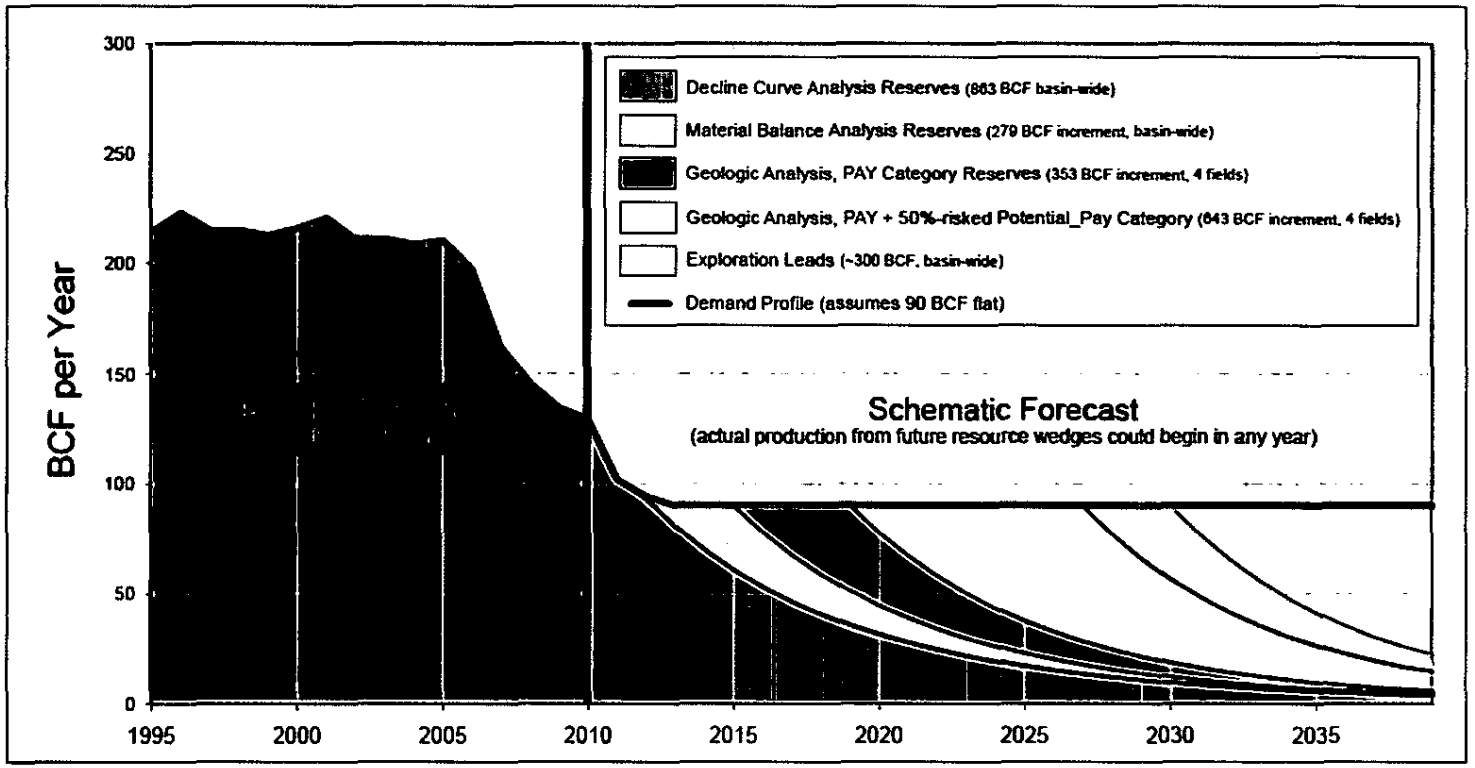
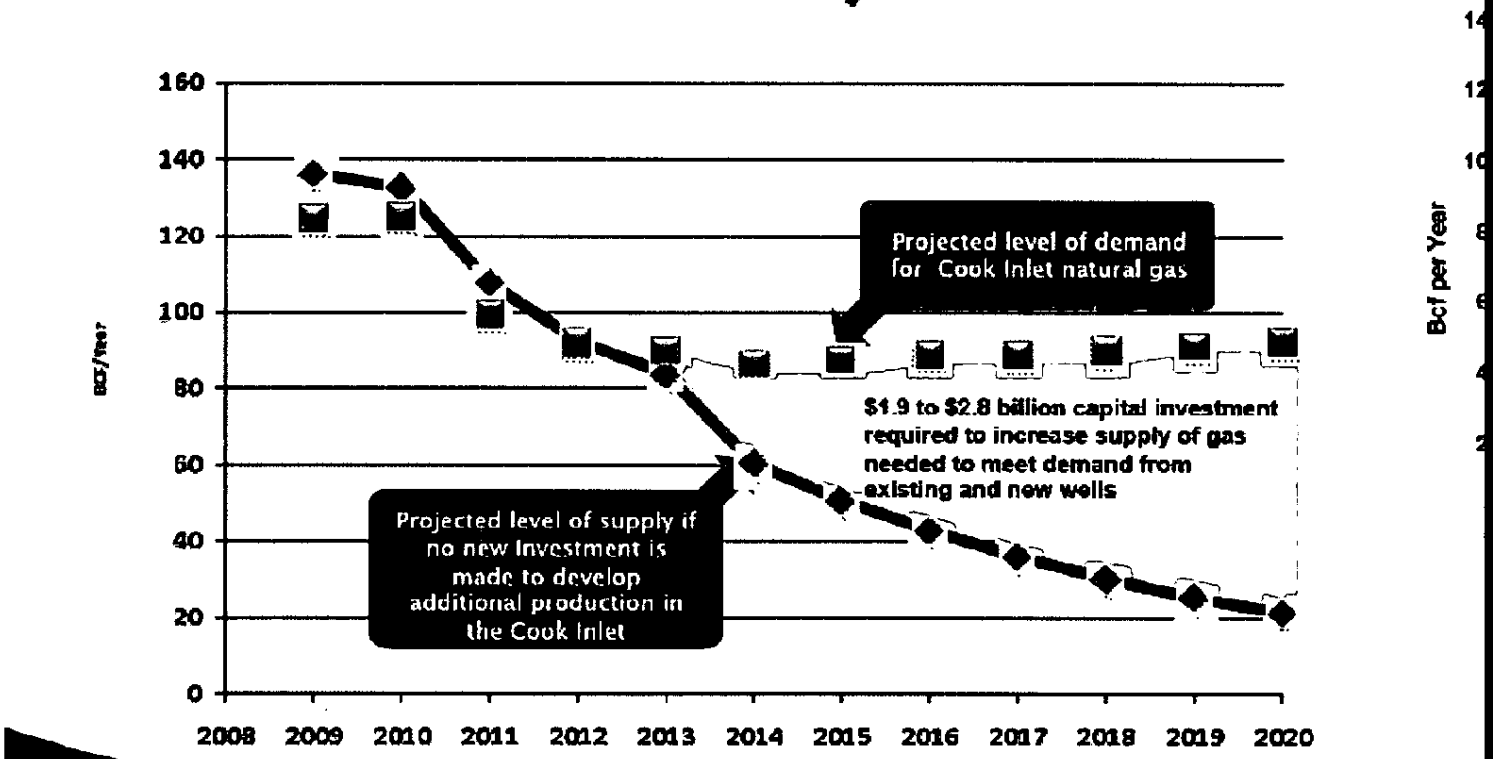


Figure 14. Hypothetical production forecast for the Cook Inlet basin showing increments of reserves and resources identified by engineering and geological analyses discussed in text. This schematic diagram assumes that near-term production will come from gas volumes documented by the most conservative estimation techniques. Successive wedges are introduced with progressively lower certainty regarding commerciality, volume, and timing of first production. Production from future resource wedges could begin in any year, resulting in a more complex forecast, and extending the production lifespan of previous wedges. On the other hand, we are unable to predict the commercial thresholds at which volumes from future wedges become economic to recover. Wedges show gas volume increments from basin-wide decline curve analyses (red), basin-wide material balance analyses (orange), deterministic geologic mapping of PAY (green), and 50 percent-risked Potential_Pay (yellow) in four large gas fields (Beluga River, North Cook Inlet, Ninilchik, and McArthur River Grayling gas sands). The last wedge (gray) is a more speculative estimate of aggregated gas volumes that may be recoverable from the exploration leads discussed in text.

See text for additional discussion.

Exerpt from: Hartz, J.D., Kremer, M.C., Krouskop, D.L., Silliphant, L.J., Houle, J.A., Anderson P.C., and LePain, D.L., 2009, Decker, P.L., ed., Preliminary engineering and geological evaluation of remaining Cook Inlet gas reserves: Alaska Division of Oil and Gas report, 37 p., available online at: http://www.dog.dnr.state.ak.us/oil/

Summary


160
140
120
100
80
60
40
20
0
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020
Bcf per Year
Projected level of demand for Cook Inlet natural gas
$1.9 to $2.8 billion capital investment required to increase supply of gas needed to meet demand from existing and new wells
Projected level of supply if no new investment is made to develop additional production in the Cook Inlet

FISCAL NOTE

Replaced

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: **SB 208**
() Publish Date:

Identifier (file name): CSSB208(RES)-REV-TAX-04-05-10
Dept. Affected: Revenue
Title: DNR Study on Natural Gas
RDU: Taxation and Treasury
Component: Tax Division
Sponsor: Senator Wielechowski
Requester: Senate Finance Committee
Component Number: 2476

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

***** See Analysis Section for Additional Information *****

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2010) cost: 0.0

POSITIONS

Full-time	**0.0**	0.00	0	0	0	0	0
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

SB 208 requires the Department of Natural Resources and Department of Revenue to complete a report by November 1, 2010 for the legislature dealing with potential measures to encourage the investment needed to bring on undeveloped and unproven gas resources in the Cook Inlet.

$200,000 is included in the Natural Resources fiscal note for SB208 to cover the costs of an outside consultant and legal advice. Both departments will supplement this amount with exisiting resources, and will work together to complete the study by November 1, 2010. Becuase of the short timeline, the departments will evaluate whether an existing contract with an outside consultant can be modified to include this work.

Prepared by: Ian Laing, Project Manager — Phone 907-392-9449
Division: Tax Division — Date/Time 4/5/10; 5:05 pm
Approved by: Ginger Blaisdell, Director — Date 04-05-10; 5:43pm
Administrative Services Division

4754

SB 210

<target><bill>SB 210</bill><subject>SB 210</subject><comm>SFIN26</comm></target>

ALASKA STATE LEGISLATURE

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Charlie Huggins
Senator

Sponsor Statement SB 210

"An Act establishing child custody, modification, and visitation standards for a military parent who is deployed; and amending Rule 99, Alaska Rules of Civil Procedure."

For nearly a decade, the War on Terror has required Alaska to frequently deploy our active military, reserve, and National Guard troops. This high deployment tempo is putting even more pressure on our already strained military families. Children who are already in unusual circumstances due to their parents' military careers are being put in the situation of having to deal with a deployed parent. It is no wonder that the divorce rate for members in the military has been steadily rising for the past decade.

However, while the travesty of divorce is hard enough on all members of a family, the court system is also finding it difficult to balance the issues of deployment with child custody issues. A deploying family member now must fight a battle on two fronts, the one in the Middle East, and the one at home. SB 210 ensures that the court system has clear directive as to how it should deal with a deploying military member if they should find themselves in the midst of a child custody battle. It affords them the right to an expedited hearing so that matters can be taken care of before deployment, if necessary, and it also allows the member to delegate their visitation rights to another family member in order for the child to maintain all familial connections. Most importantly, SB 210 requires that a court ***not*** use deployment as the sole reason for a change in a child custody order. Our men and women are sacrificing enough for our country, their military service should not be a reason in itself for them to lose custody of their children.

In 2009, because of the potential for conflict with current states child custody laws, congress deemed military child custody to be the responsibility of individual states.

SB 210 includes the following items and restrictions:

- A definition of a military absence.
- Assurance that military duties cannot be the sole reason for a permanent change of custody.
- Allowance of expedited hearings with restrictions.
- The right to delegate visitation to another family member.
- Allowance of electronic testimony.
- Limitations on temporary custody orders.

In recognizing that the federal government should not legislate a Military Child Custody statute, that Alaska has many service-members, that the United States military currently has a high rate of deployment, and that military divorce rates continue to rise, now is a good time for the Alaska Legislature to address military child custody.

ALASKA STATE LEGISLATURE

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Charlie Huggins
Senator

Sectional
SB 210

"An Act establishing child custody, modification, and visitation standards for a military parent; and amending Rule 99, Alaska Rules of Civil Procedure."

Section 1: AS 25.20 adds a new section:

Sec. 25.20.095. Custody and visitation proceedings involving a military parent.
(a) Military service cannot be a factor in granting or denying a petition for custody or visitation.

(b) – (e) Upon receiving deployment orders a military parent shall receive an expedited hearing and the parent can delegate visitation rights to a family member if doing so is within a child's best interests. Any petition for custody or visitation will be given the same protections as afforded under the SCRA. Additionally, rights or protections regarding custody or visitation can only be waived writing

(f) A court order entered under this section must require
(1) a child be made reasonably available during periods of leave
(2) the facilitation of written and electronic contact between the deployed parent and the child, preferably electronic contact with a video image
(3) the deployed parent provide timely leave information

(g) Factors in determining a child's best interests. Cross reference to AS 25.24.150(c) and AS 25.24.150(g)

(h) Definition of "deployment," "family member," and "military service"

Section 2: AS 25.20.110 is amended by adding new subsection to read:

(d) Except as provided in (e) – (h) military service cannot be a factor in finding a change of circumstances on a motion to modify child custody or visitation

(e) A court may provide for a temporary modification of a custody or visitation order to make reasonable accommodation for a deployment. The temporary order must include provisions for

(1) custody or visitation during periods of leave if doing so is within the child's best interests.

(2) termination of the temporary order within 10 days of notification of the deployed parent's ability to resume custody if doing so is within the child's best interests. The non-deployed parent shall bear the burden of proof.

(3) a hearing if a child of a deployed parent moved out of state and the non-deployed parent files a motion that alleges that resumption of the permanent custody order will result in immediate danger of irreparable harm to the child or that the presumption under AS 25.24.150(g) exists

(4) delegation of the deployed parent's visitation rights to a family member if doing so is within the child's best interests.

(5) immediate notification from the non-deployed parent of a change of address or contact information.

(f) A court shall expedite a hearing to modify custody or visitation on a motion made by a parent who is subject to deployment.

(g) Factors in determining a child's best interests. Cross reference to AS 25.24.150(c) and AS 25.24.150(g)

(h) Definition of "deployment," "family member," and "military service." Cross reference to AS 25.20.095

Section 3: AS 25.24.150 is amended by adding new subsection to read:

(l) Except as provided in AS 25.20.095 and 25.20.110 military service cannot be a factor in determining the best interest of the child under (c) of this section.

Section 4: The uncodified law of the State of Alaska is amended by adding a new section to read:

(a) Authorization for Telephonic, Video, or Internet Participation.
The court shall allow video or Internet testimony if the hearing or deposition involves the custody or visitation of a child of a parent who is deployed, as that term is defined in AS 25.20.095, at the request of the deployed parent.

SECRETARY OF DEFENSE
1000 DEFENSE PENTAGON
WASHINGTON, DC 20301-1000

OFFICE OF THE GOVERNOR
MAILROOM
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The Honorable Sean Parnell
Governor of Alaska
State Capitol
P.O. Box 110001
Juneau, AK 99811-0001

Dear Governor Parnell:

I am writing to you about a matter that is of critical concern to me - the support of our Service members and their families in child custody disputes. I am deeply committed to preventing any inequitable treatment our deployed soldiers, sailors, airmen, and Marines may face in child custody disputes as a result of their service to the Nation.

I ask that you consider how your state can address the special difficulties facing military parents who must balance the demands of military service with the equally compelling demands of parenthood. These demands are often felt most acutely when military members must deploy and either lose visitation time or face challenges to existing custody orders by a parent to whom the military member is not married.

To date, thirty states have passed laws that address some aspect of the difficulties facing parents who must temporarily give up custody of their children or who must forgo visitation when called to take up the burdens of the nation. One possible legislative response could include the presumption that the prior custody agreement be restored upon the military member's return from deployment. Another legislative response could be to allow a parent with visitation rights the ability to delegate those rights to a third party during the deployment. I note that Alaska has not passed legislation to address military and visitation issues.

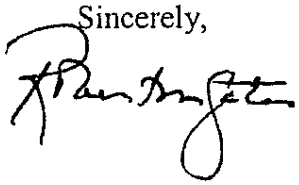
The Department recognizes the complexities of such cases and the difficulties in balancing the interests of the Service member against the best interests of the child. The Department also believes that the States are in the best position to balance the needs of both within the context of existing domestic relations laws.

Because of the potential impact this could have on the full spectrum of our

military families, I am writing you directly to let you know that we stand ready to assist you with any additional information that you may need to address this issue. Mr. Ed Kringer, my staff contact, can provide a more detailed description about how other states have approached this issue. Your staff can contact him at 703-602-4949, ext. 114, or at ed.kringer@osd.mil.

Thank you for all you do for our Service members and their families. Helping them with this extremely important family concern would provide a great service to our men and women in uniform, as well as to your State and the nation as a whole.

Sincerely,



NO RESOLUTION PRESENTED HEREIN REPRESENTS THE POLICY OF THE ASSOCIATION UNTIL IT SHALL HAVE BEEN APPROVED BY THE HOUSE OF DELEGATES. INFORMATIONAL REPORTS, COMMENTS AND SUPPORTING DATA ARE NOT APPROVED BY THE HOUSE IN ITS VOTING AND REPRESENT ONLY THE VIEWS OF THE SECTION OR COMMITTEE SUBMITTING THEM.

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AMERICAN BAR ASSOCIATION

SECTION OF FAMILY LAW
STANDING COMMITTEE ON LEGAL ASSISTANCE FOR MILITARY PERSONNEL
STANDING COMMITTEE ON LEGAL AID AND INDIGENT DEFENDANTS

REPORT TO THE HOUSE OF DELEGATES

RECOMMENDATION

RESOLVED, That the American Bar Association opposes the enactment of federal legislation that would:

(a) create federal-question jurisdiction in child custody cases, including cases involving servicemember-parents;

(b) dictate case outcomes or impose evidentiary burdens in state child-custody matters involving servicemember-parents;

(c) co-opt the discretionary authority of state courts, in cases involving servicemember-parents, to determine the best interests of the child and award custody accordingly; and

(d) pre-empt the growing body of state laws that comprehensively address servicemember domestic relations matters, including child custody.

FURTHER RESOLVED, That the American Bar Association urges states to enact legislation prohibiting denial of child custody to a servicemember based solely on absence due to military deployment.

REPORT

We Americans owe many things to those who disproportionately bear the burden of national sacrifice, but bad law is not one of them. Today as always, the American Bar Association is as resolutely committed to the legal rights of American military members as it is to those of America's children. Yet there can be no Solomon-like splitting of interests when it comes to legislation that, in the name of deployed servicemembers' parental rights, would create a federal child custody law that usurps the historic primacy of the states in domestic relations law and relegates the best interests of the child to a secondary consideration in custody disputes.

Such legislation was kept out of the Fiscal Year 2009 National Defense Authorization Act at the eleventh hour. Similar measures had been introduced in prior sessions of Congress, and there is every reason to believe that this measure will keep resurfacing until either passed, or finally dispatched after a full vetting. Should such a measure re-surface, the ABA urges Congress to reject in its entirety this unsound incursion into the realm of the states, however well-intentioned its proponents, with the understanding that the rights of servicemembers and their children are best served within the existing framework of state laws and court-integrated social services, and the formidable procedural protections already built into the federal Servicemembers Civil Relief Act (SCRA).

The Recent Legislation

The latest iteration of the opposed legislation, section 4510 of H.R. 5658, 110th Congress, would have amended 50 U.S.C. App. § 521, the SCRA, by adding language dictating outcomes in child custody cases, where a servicemember parent had legal custody of the child at the time the parent was deployed to a contingency operation such as Iraq or Afghanistan. The bill would have compelled courts to restore custody of the child to the servicemember parent upon his or her return home post-deployment, unless it could be demonstrated by "clear and convincing evidence" that it was not in the child's best interest to have custody restored to the returning servicemember parent. The bill also would have prohibited a court, in deciding the child's interests, from considering how a servicemember's extended absence due to deployment may have affected those interests. The bill further would have prohibited change in child custody while a servicemember was deployed, through modification of a child custody arrangement that existed at the time of deployment, absent clear and convincing evidence that the change was in the child's best interests.

The Threat to Existing, Effective Legal Mechanisms

On its face, the proposition that an American servicemember must not lose custody of his or her child by virtue of service to our country in distant danger zones seems unassailable. On the other hand, is it ever reasonable to suggest that a court, in deciding a child's best interest, be prohibited from even considering how a parent's prolonged military deployment, *among other factors*, might affect the child's-best-interests analysis? The reality is that conflicting interests within separated families do not lend themselves to inflexible legal prescriptions. Such matters must be

decided on a case-by-case basis, always focusing on the best interest of the child as the primary factor.

Wielding the club of a federal child-custody law that pre-ordains pro-servicemember outcomes in these cases would compromise the generally-accepted "best interests of the child" standard governing custody decisions.

A. Creating a Federal Law of Child Custody for These Servicemember-Parent Cases Would Invade the Province of State Courts and Disrupt Existing, Effective Legal Frameworks for Resolving Child Custody Disputes.

Child Custody Is Not a Federal Question.

The opposed legislation would create a new substantive legal interest in restored child-custody rights, under the SCRA. It would thus create federal-question jurisdiction over covered child custody cases, forcing federal judges to venture into the *terra incognita* of child custody jurisprudence when a covered case is originally filed in federal court pursuant to 28 U.S.C. §1331 or removed to federal court pursuant to 28 U.S.C. §1446.

Such an outcome would run counter to a long and unbroken history of federal deference to state courts on subject matters not expressly reserved to federal judicial authority. In particular, federal courts have not entertained claims addressing child custody or visitation, or other "adjustments to family status." *See Ankenbrandt v. Richards and Kessler*, 504 U.S. 689 (1992); *Thompson v. Thompson*, 798 F.2d 1547 (9th Cir. 1986), aff'd 484 U.S. 174 (1988); Cole *v. Cole*, 693 F.2d 1083 (4th Cir. 1980); *Doe v. Doe*, 660 F.2d 101 (4th Cir. 1981). In *Ankenbrandt*, the Supreme Court observed:

> Issuance of [custody] decrees . . . not infrequently involves retention of jurisdiction by the court and deployment of social workers to monitor compliance. As a matter of judicial economy, state courts are more eminently suited to work of this type than are federal courts, which lack the close association with state and local government organizations dedicated to handling that arise out of conflicts over divorce, alimony, and child custody decrees. Moreover, as a matter of judicial expertise, it makes far more sense to retain the rule that federal courts lack power to issue these types of decrees because of the special proficiency developed by state tribunals of the past century and a half. 504 U.S. at 703-04.

The same reasoning must guide Congress in consideration of the next bill purporting to create a federal law of child custody.

Such Legislation Would Tie the Hands of Judges.

Whether these matters are decided in federal or state court, the opposed legislation would tie the hands of judges by mandating a particular result in favor of the servicemember parent returning from deployment. It would mandate automatic restoration of custody to the returning parent, provided that he or she had custody of the child at the time of deployment. In forcing that decision, the opposed rule would bar a court from even considering the effect of prolonged parental absence, due to deployment, on the child's best interests. The court would have no discretion in these custody decisions, absent a showing by "clear and convincing" evidence that the child should not resume residence with that parent.

Even where it could be proven by a preponderance of the evidence that the child's best interests lay with a grant of custody to the other parent, the court would be forced to restore the child to the custody of the returning servicemember, unless the more stringent "clear and convincing" threshold could be met.

The States Are Making Rapid Progress in Addressing These Matters.

The states have moved rapidly and responsibly to address the extraordinarily complex set of family law and other legal issues confronting this generation of servicemembers and their families, of whom so much has been demanded. Nine states have enacted legislation squarely addressing the child custody circumstances at issue in the opposed legislation: Arizona, California, Kansas, Kentucky, Louisiana, Michigan, Mississippi, North Carolina and Virginia. More than 20 states have adopted legislation acknowledging the potentially competing interests of the child and custodial servicemember and seeking to balance those interests within the framework of the individual states family service systems. These recent state statutes provide, or will provide, broad protections of family member interests, addressing not only restoration of custody but representation of the servicemember's interests in state proceedings and incorporation of mental health and other state support services.

The typical emergent state statute goes much further than the opposed federal bill in protecting servicemembers' interests. For example, it provides for electronic testimony by deployed servicemembers and expedited dockets for those wishing to organize their affairs in advance of deployment.

Importantly, many of the new comprehensive state laws, unlike the proposed federal legislation, also address child-visitation for servicemembers who do *not* have custody. Most active-duty servicemembers who have minor children are not custodial parents. Department of Defense regulations generally prohibit first-term single parents from having legal custody of a minor child. Moreover, the military lifestyle often compels the servicemember parent to relinquish custody to the non-servicemember parent.

These state-law solutions, tailored to and consonant with particular state social service systems and the broad array of servicemember parental interests, represent by far the better and more effective remedy.

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The U.S. Department of Defense strongly opposes the type of legislation at issue -- the department has urged in its position statement on point:

> The progress with which the states have embraced the military-specific issues has been phenomenal and shows no indication of waning. Five military custody bills became law in just the first six months of 2008. It would be a mistake to intrude on the significant protections and creativity demonstrated by the states.

The opposed bill would do substantial damage to this significant new line of state-based protections, as federal law would be pre-emptive on the burden of proof question and, in a radical and unprecedented departure from the long history of state dominion over family relations disputes, would mandate custody-dispute outcomes from afar without due consideration of the child's best interests. It must be recognized that, at the end of the day, the creative servicemember-parent protections offered by the new and growing array of state statutes are significantly stronger than those contained in this misguided proposal.

B. This Legislation Would Undermine and Misuse The Servicemembers Civil Relief Act.

The opposed bill would compromise the purpose and effect of the SCRA by converting it into a results-driven hammer for forcing particular outcomes in child custody cases. Such a misuse of this far-reaching legal shield for American servicemembers and their families would destroy its procedural focus, as it applies to courts and litigation, with its provisions for issuing automatic stays, vacating default judgments and appointing counsel for servicemembers.

As the Department of Defense noted in its opposition:

> The SCRA . . . currently provides powerful rights to mobilized custodial caregivers. A number of high-visibility custody cases have resulted in custody decisions adverse to deployed servicemembers; however, in many of these cases the basic and generally easily met prerequisites for automatic 90-day stays under the SCRA were not followed. In other cases, judges simply ignored the SCRA. This indicates a problem of a lack of education about the effect and use of the SCRA rather than a problem with its substantive limitations.

The opposed initiative would also introduce a real risk of dilution of important protections already found in the SCRA, by creating the possibility of a legal inference that those protections *only* apply to the particular child custody circumstances addressed by the bill, (i.e., the custody rights of servicemembers who had custody pre-deployment and are returning from deployment.)

The Department of Defense also points out that passage of the proposal could leave "other types of domestic cases vulnerable to arguments that the failure to explicitly address them indicates a legislative intent to exclude them" from SCRA procedural protections."

The SCRA, as it is written, provides clear protections for civil litigants in uniform, including deployed servicemembers in child custody matters, and it means what it says. Doubt as to the scope and reach of this seminal statute's array of servicemember protections must not be legislatively introduced, where no such doubt currently exists.

Damage to the purpose and function of this pre-eminent servicemember-protection statute was a primary consideration of an original sponsoring entity of the instant resolution, the Standing Committee on Legal Assistance for Military Personnel (LAMP), in its decision to strongly oppose the legislative proposal at issue here. LAMP exists to serve and support American servicemembers and their families. While on its face the offending legislation purports to support servicemember parents, the LAMP Committee has concluded that this support is largely illusory, as the bill would do irreparable harm to state-law-based servicemember protections, which are rapidly improving, and upset the well-established legal-social framework for managing child custody cases affecting military and civilian families alike.

C. The Best Interests of the Child Standard Must be Preserved in Custody Cases.

The opposed bill would compromise the best interest of the child standard in custody decisions. To be sure, in fairness to those who leave home to answer their country's call to arms, the mere fact of deployment of a custodial caregiver, standing alone, cannot constitute legal grounds for depriving a servicemember parent of custody. But the proposal in question veers off to the opposite extreme, making restoration of pre-deployment custody *automatic* and relegating the child's interests to a secondary consideration, unless it can be shown by "clear and convincing" evidence that restoring custody to that servicemember-parent would be against the child's best interests. In the murky world of most family relationships, proving anything to a "clear and convincing" certainty is a tall order indeed. The proposed standard thus would turn on its head the generally-accepted "best interests" standard, a deviation that would represent a dangerous precedent that ultimately serves no one's interests, including those of servicemembers or their families.

Additional Considerations

The proposal is also unworkable to the extent that it would only create custody rights in cases involving the actual deployment of a servicemember to a "contingency operation," which means a designated conflict zone such as Iraq or Afghanistan. As the Department of Defense noted, this introduces

> another arbitrarily created distinction between those involved in a contingency operation and those who must be absent from their child for other military-directed reasons. Why should the deployment of a servicemember in support of a humanitarian operation, as opposed to a peacekeeping operation, be forced to operate under different laws and perhaps different courts? Few other provisions of the SCRA turn on such arbitrarily imposed distinctions.

Likewise, no protections would be afforded servicemembers who are called up to replace those mobilized and who take their places, yet are not on a humanitarian mission, and those who face military absence due to the nature of the mission – an "unaccompanied tour." There is no reason why these members of the military should face disparate treatment.

On a separate point, all of the service branches (Army, Navy, Air Force, Coast Guard and Marine Corps) have been developing new Family Care Plan instructions designed to encourage servicemembers to create explicit plans for the handling of child custody issues and other family matters in the event of deployment. Going forward, the revised Family Care Plan instructions, once completed by all the services, should prevent a number of these custody disputes from arising, further obviating a statutory fix that would be far worse than the problem.

Respectfully submitted by:

Anita M. Ventrelli, Chair, Section of Family Law
Donald J. Guter, Chair, Standing Committee on Legal Assistance for Military Personnel

February 2009

GENERAL INFORMATION FORM

Submitting Entities: ABA Section of Family Law
ABA Standing Committee on Legal Assistance for Military Personnel

Submitted By: Anita M. Ventrelli, Chair, Section of Family Law
Donald J. Guter, Chair, Standing Committee on Legal Assistance for Military Personnel

1. Summary of Recommendation(s).

The Section of Family Law and the Standing Committee on Legal Assistance for Military Personnel (LAMP) of the American Bar Association recommend to the ABA House of Delegates that the ABA urge Congress to oppose any federal legislation that would create a new federal law of child custody controlling resolution of child-custody disputes involving the custodial rights of servicemember-parents. They recommend opposition to such legislation to the extent that it would: create federal-question jurisdiction over these child custody cases; threaten existing procedural protections for American servicemembers found in the Servicemembers Civil Relief Act; co-opt the growing body of state laws that comprehensively address the domestic relations interests of servicemembers; and legislatively dictate outcomes and evidentiary burdens in child-custody cases, while compromising the best-interests-of-the-child standard.

2. Approval by Submitting Entity.

This Recommendation was approved by the Council of the Section of Family Law on October 2, 2008 and by the LAMP Committee on November 14, 2008.

3. Has this or a similar recommendation been submitted to the ABA House of Delegates or Board of Governors previously?

No

4. What existing Association policies are relevant to this recommendation and how would they be affected by its adoption?

This Recommendation is consistent with the American Bar Association's 1984 policy urging the legal profession to direct attention to issues affecting children, including the preservation of children's legal rights; the 1995 policy urging respect of the rights of all children in the United States; and the 1993 policy urging amendment of the former Soldiers' and Sailors' Civil Relief Act to clarify and modernize the Act's protections of American servicemembers.

5. What urgency exists which requires action at this meeting of the House?
The latest iteration of the opposed legislation was introduced as part of the Fiscal Year 2009 National Defense Authorization Act. Only at the eleventh hour was this bill, along with other bills amending the Servicemembers Civil Relief Act, purged from the Defense Authorization Act. Congressional staff and observers who closely follow this subject expect the bill to be reintroduced in 2009. Action by the House at this time is necessary to have an influence on Senate and Congressional action.

6. Status of Legislation. (If applicable.)

The opposed bill, section 4510 of H.R. 5658, would have amended 50 U.S.C. App. § 521, the Servicemembers Civil Relief Act. It was introduced in the 110th Congress in 2008. It was not adopted as part of the final FY 2009 National Defense Authorization Act. It is not a currently pending bill, but is expected to be reintroduced.

7. Cost to the Association. (Both direct and indirect costs.)

None.

8. Disclosure of Interest. (If applicable.)

None.

9. Referrals. (List entities to which the recommendation has been referred, the date of referral and the response of each entity if known.)
The Resolution and Report were distributed to the following ABA entities on Nov. 13, 2008, with the request for their co-sponsorship:
Standing Committee on Armed Forces Law,
Standing Committee on Legal Aid and Indigent Defense (SLCAID),
Section of Litigation,
Center for Children and the Law,
General Practice, Solo, and Small Firm Division (Military Committee),
Government and Public Sector Lawyers Division,
Judicial Division,
Section of Individual Rights and Responsibilities, and
Young Lawyers Division.

Government and Public Sector Lawyers Division is reviewing the recommendation; SLCAID will vote on co-sponsorship on Nov. 22, 2008.

10. Contact Persons. (Prior to the meeting. Please include name, address, telephone number and email address.)

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11. Contact Persons. (Who will present the report to the House. Please include email address and cell phone number.)

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EXECUTIVE SUMMARY

1. Summary of the Recommendation

The Recommendation calls for the American Bar Association to urge Congress to oppose legislation that would create a federal law of child custody controlling state custody cases involving servicemember-parents. The Recommendation urges that the legislation be stopped because it would dictate court outcomes in child custody cases, even where the child's best interests do not support that outcome; create federal-question jurisdiction over child custody cases, long the province of state courts; impose federally-mandated evidentiary burdens on state courts; co-opt the growing body of state laws that comprehensively and appropriately address domestic relations matters affecting servicemembers; and cast doubt on existing servicemember protections found in the Servicemembers Civil Relief Act (SCRA), 50 U.S.C. App. §§ 501-596.

2. Summary of the Issue that the Resolution Addresses

The issue arises from strong concern among child advocates, military legal assistance experts and others that the opposed legislation would inappropriately employ federal fiat to invade the province of the states by dictating court outcomes in child custody cases affecting deployed servicemembers. The opposed legislation provides that deployed servicemembers who had child custody at the time of their deployment would automatically have that custody restored upon their return, irrespective of other considerations affecting the best interests of the child. The opposed legislation would provide that custody could be denied to the returning servicemember in such a case only by a showing of "clear and convincing" evidence that it was not in the child's best interests. The opposed legislation improperly creates federal substantive law and evidentiary rules for custody determinations historically left to state courts. The opposed legislation would misuse the Servicemembers Civil Relief Act, the source of important procedural protections for servicemembers in litigation, to dictate substantive outcomes in custody cases. The legislation would cast doubt of the ample and adequate servicemember protections already found in the SCRA. The opposed legislation would create federal-question jurisdiction over these child custody cases, a role federal courts are ill-equipped to fulfill. The opposed legislation would pre-empt the emerging body of state laws that comprehensively and organically address servicemember domestic relations interests. The essence of the issue is that the opposed legislation is not in the interest of children or servicemembers.

3. Please Explain How the Proposed Policy Position will Address the Issue

The Proposed Policy would influence the United States Senate and the House of Representatives to oppose the legislation and thereby remove the threat to the interests of children and servicemembers posed thereby.

4. Summary of Minority Views

We are aware of no minority views within the ABA.

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National Association for Uniformed Services

Military Divorce Rate Continues to Climb
The divorce rate in the armed forces continues to grow, despite efforts by the military to help struggling couples.

The Pentagon recently reported there were an estimated 27,312 divorces among roughly 765,000 married members of the active-duty Army, Air Force, Navy and Marine Corps in fiscal year 2009.

That's a divorce rate of about 3.6 percent, compared with 3.4 percent a year earlier, according to figures from the Defense Manpower Data Center. Marriages among reservists failed at a rate of 2.8 percent compared to 2.7 the previous year.

The reported 3.6 percent rate is a full percentage point above the 2.6 percent reported in late 2001, when the U.S. began sending troops to Afghanistan in response to the Sept 11 terrorist attacks.

As in previous years, women in uniform suffered much higher divorce rates than their male counterparts: 7.7 percent compared to 3 percent for men in 2009.

The only comparable measure for civilian divorce rates is what the Centers for Disease Control said in 2005 that 43 percent of all first marriages end in divorce within 10 years.

Critics believe that the divorce rate reported by the Pentagon comes nowhere close to depicting the damage done to marriages and families by the two ongoing wars.

The Pentagon number doesn't count veterans, who divorce after leaving the services, let alone reflect other possible wartime consequences on families, such as increases in alcoholism or the toll on orphaned or emotionally stressed children of troops.

In an Army battlefield survey taken in Iraq in the spring, nearly 22 percent of young combat soldiers questioned said they planned to get a divorce or separation, compared to 12.4 percent in a survey conducted in 2003.

http://timesargus.com/article/20100120/NEWS01/1200341/1002/NEWS01

For deployed Vermont military, help with child custody

By **Peter Hirschfeld** Vermont Press Bureau - Published: January 20, 2010

MONTPELIER – For military parents deployed to war zones overseas, the toughest battle can often be the child-custody dispute awaiting them back home.

The call to duty, family-law experts told Vermont lawmakers on Tuesday, can be used in court against military parents who split custody of their children with a former spouse or partner. And the impacts, they said, can exacerbate the intense emotional trauma that long deployments inflict on troops and their children.

"We don't have a lot of horror stories here, but boy are they out there in the rest of the country," said Patricia Benelli, a family-law attorney from Chester. "And we're trying to avoid them here."

Lt. Col. Ellen Abbott, a judge-advocate general in the Vermont National Guard, said she had to assist a Vermont soldier who returned from a long deployment to Iraq only to find that his ex-partner had been granted full custody of their child in his absence. It took months of court proceedings and $23,000 in legal fees, Abbott said, for the man to regain custody of his child.

"It was a very difficult thing for this soldier to go through," Abbott said. "Had we had something in place to provide protections to him, it might have made things easier."

Lawmakers this session will consider a bill that supporters say would provide those protections by addressing the legal pitfalls into which at least some military parents fall. Without such reforms, Benelli said, the state risks "penalizing people in the military for serving their country."

Rep. Maxine Grad, a Waitsfield Democrat and vice-chairwoman of the House Judiciary Committee, introduced the legislation, which now has 88 co-sponsors. With more than 5,000 Vermonters serving as active members of the military, including 1,500 headed for Afghanistan next month, she said it's incumbent upon the state to protect the parental rights of servicemen and women.

When deployment orders come through, Abbott said, many military parents "are afraid to go to court because they're going to take their children away."

Indeed, legal experts said Tuesday, a military deployment can be construed by family-court judges as the "real, substantial and unanticipated change" required by Vermont statutes to amend child-custody arrangements.

Proposed legislation would prevent judges from using deployment-related separation as the sole reason for changing custody or visitation orders.

"I think this bill provides the framework to give assurances to military parents that they won't lose contact with their children either before, during or after their deployment," Abbott said.

The bill would also ensure that parents forced to cede custody or visitation during a deployment could appoint a friend or family member to assume those rights on their behalf. The measure is needed, lawyers said Tuesday, to ensure a continued bond with members of the deployed parent's family.

The legislation additionally ensures contact rights for deployed parents wishing to correspond with their children via telephone, e-mail or Web cameras. Abbott, who herself has been deployed to Iraq, said contact with children is important to sustaining soldiers' morale.

"Being over there I can tell you soldiers live for contact with their children," Abbott said. "We also have soldiers who are devastated when they get no response from their children – none whatsoever. It degrades their ability to focus on the mission and that's what we need – the ability to focus on the mission so they can come back."

The bill would also force family courts to make deployment-related custody hearings priority cases, and allow deployed soldiers to participate in those hearings via phone.

SB 213

<target><bill>SB 213</bill><subject>SB 213</subject><comm>SFIN26</comm></target>

ALASKA STATE LEGISLATURE

Session
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Co-chair
Joint Armed Services Committee
Resources Committee

Member
Energy Committee
Judiciary Committee
World Trade Committee

SENATOR BILL WIELECHOWSKI

Sponsor Statement

Senate Bill 213 – Funding for School Meals

"An Act providing for funding for school lunch and breakfast."

Senate Bill 213 will provide a state match for schools participating in the federal Free and Reduced Price School Breakfast and Lunch Program. This legislation will encourage more schools to provide nutritious meals for underprivileged children and allow schools that already do so to improve their programs. Currently in Alaska, thirty-two percent of schools offering school lunch do not offer school breakfast, leaving 10,000 Alaskan children with no access to affordable breakfast. For many children, these are the only nutritious meals they will get on a regular basis. Alaska is one of the only states that does not help supplement the program.

This legislation will provide school districts with a base amount of 35 cents for each breakfast served and 15 cents per lunch. To compensate for higher costs, rural schools will receive additional assistance through a funding formula based on the applicable School District Cost Factor for each district.

In addition to fighting childhood hunger, investing in school meals has been shown to improve school attendance and performance, reduce violence, and combat childhood obesity.

This legislation was requested by the Food Bank of Alaska, The Alaska Food Coalition, and the Alaska School Nutrition Association; and currently has been endorsed by the Yakutat Board of Education, the Petersburg Indian Association, the Petersburg School District, the Lower Kuskokwim School District, the Bering Strait School Board, the Cordova School District, the Yupiit School District, the Kenai Peninsula School District, the Chugach School District, and the AARP.

ALASKA STATE LEGISLATURE

Session
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Co-chair
Joint Armed Services Committee
Resources Committee

Member
Energy Committee
Judiciary Committee
World Trade Committee

SENATOR BILL WIELECHOWSKI

How Senate Bill 213 Works

The Federal Free and Reduced Price Breakfast and Lunch Program

The USDA reimburses school districts in Alaska for each meal provided to children who qualify for the Federal Free and Reduced Price Breakfast and Lunch Program.

Children who fall below 130 percent of the Federal Poverty Level (FPL) qualify for the Free Breakfast and Lunch Program. School districts are reimbursed by the USDA at $4.35 for each lunch and $2.33 for each breakfast they provide to the child.

Children who fall between 130 and 185 percent of the FPL qualify for the Reduced Price Breakfast and Lunch Program and school districts are reimbursed at $3.95 per lunch and $2.03 per breakfast.

These numbers are adjusted annually each July 1, based on the Consumer Price Index.

There are a variety of factors, such as percentage of children per district who qualify, which can change these numbers slightly.

How Senate Bill 213 works:

Senate Bill 213 will provide a state match of 15 cents for every Free or Reduced Price School Lunch and 35 cents for every Free or Reduced Price School Breakfast.

Most school districts will receive additional funding with a formula based on the applicable School District Cost Factor for each district. They will receive ¼ the difference between the base rate of 1.00 and the cost factor for that district, in cents.

For example, for 2010, the Nome School District has a cost factor of 1.402.

Subtracting the base rate of 1.00, .402 remains; which is then divided by four, leaving .1005, rounded to .10, or 10 cents.

The Nome School District will be reimbursed at the standard match of 15 cents for every lunch plus an additional 10 cents (25 cents total), and for every breakfast at the standard match of 35 cents plus an additional 10 cents (45 cents total).

Each school district will be reimbursed at a rate based on this calculation.

Sec. 14.17.460. District cost factors.

(a) For purposes of calculating a district's adjusted ADM under AS 14.17.410 (b)(1), the district cost factor for a school district is (1) for the fiscal year ending June 30, 2009, the factor set out under column (A) of this subsection, (2) for the fiscal year ending June 30, 2010, the factor set out under column (B) of this subsection, (3) for the fiscal year ending June 30, 2011, the factor set out under column (C) of this subsection, (4) for the fiscal year ending June 30, 2012, the factor set out under column (D) of this subsection, and (5) for fiscal years ending on or after June 30, 2013, the factor set out under column (E) of this subsection:

DISTRICT COST FACTOR

DISTRICT (A) (B) (C) (D) (E)

Alaska Gateway 1.443 1.481 1.519 1.557 1.594

Aleutians East 1.707 1.778 1.849 1.920 1.991

Aleutians Region 1.838 1.864 1.890 1.916 1.939

Anchorage 1.000 1.000 1.000 1.000 1.000

Annette Island 1.175 1.216 1.257 1.298 1.338

Bering Strait 1.762 1.821 1.880 1.939 1.998

Bristol Bay 1.370 1.397 1.424 1.451 1.478

Chatham 1.348 1.405 1.462 1.519 1.576

Chugach 1.395 1.420 1.445 1.470 1.496

Copper River 1.246 1.264 1.282 1.300 1.316

Cordova 1.165 1.182 1.199 1.216 1.234

Craig 1.108 1.133 1.158 1.183 1.206

Deltareely 1.174 1.191 1.208 1.225 1.241

Denail 1.323 1.326 1.329 1.332 1.332

Dillingham 1.300 1.312 1.324 1.336 1.346

Fairbanks 1.055 1.059 1.063 1.067 1.070

Galena 1.370 1.376 1.382 1.388 1.391

Haines 1.104 1.128 1.152 1.176 1.200

Hoonah 1.227 1.270 1.313 1.356 1.399

Hydaburg 1.295 1.348 1.401 1.454 1.504

Iditarod 1.658 1.705 1.752 1.799 1.846

Juneau 1.075 1.093 1.111 1.129 1.145

Kake 1.242 1.296 1.350 1.404 1.459

Kashunamiut 1.504 1.533 1.562 1.591 1.619

Kenai Peninsula 1.088 1.109 1.130 1.151 1.171

Ketchikan 1.085 1.106 1.127 1.148 1.170

Klawock 1.160 1.196 1.232 1.268 1.302

Kodiak Island 1.191 1.216 1.241 1.266 1.289

Kuspuk 1.584 1.622 1.660 1.698 1.734

Lake and Peninsula 1.776 1.831 1.886 1.941 1.994

Lower Kuskokwim 1.577 1.599 1.621 1.643 1.663

Lower Yukon 1.650 1.703 1.756 1.809 1.861

Matanuska-Susitna 1.040 1.048 1.056 1.064 1.070

Mt. Edgecumbe 1.098 1.123 1.148 1.173 1.195

Nenana 1.304 1.313 1.322 1.331 1.338

Nome 1.385 1.402 1.419 1.436 1.450

North Slope 1.648 1.684 1.720 1.756 1.791

Northwest Arctic 1.686 1.720 1.754 1.788 1.823

Pelican 1.384 1.408 1.432 1.456 1.477

Petersburg 1.122 1.153 1.184 1.215 1.244

Pribilof 1.555 1.589 1.623 1.657 1.691

Sitka 1.098 1.123 1.148 1.173 1.195

Skagway 1.159 1.163 1.167 1.171 1.174

Southeast Island 1.264 1.299 1.334 1.369 1.403

Southwest Region 1.554 1.587 1.620 1.653 1.685

St. Mary's 1.488 1.522 1.556 1.590 1.624

Tanana 1.641 1.677 1.713 1.749 1.786

Unalaska 1.343 1.368 1.393 1.418 1.441

Valdez 1.133 1.143 1.153 1.163 1.170

Wrangell 1.080 1.100 1.120 1.140 1.159

Yakutat 1.229 1.275 1.321 1.367 1.412

Yukon Flats 1.892 1.948 2.004 2.060 2.116

Yukon/Koyukuk 1.669 1.711 1.753 1.795 1.835

Yupiit 1.596 1.628 1.660 1.692 1.723.

(b) The department shall monitor the cost factors established under (a) of this section and shall prepare and submit to the legislature by January 15 of every other fiscal year proposed district cost factors.

SENATE FINANCE COMMITTEE REPORT

DATE: 3/10/10

FURTHER:

DATE TURNED
IN TO OFFICE: _____

Finance Committee considered SENATE BILL NO. 213

SB 213 FUNDING FOR SCHOOL MEALS

"An Act providing for funding for school lunch and breakfast."

and recommends:

[✓] be **replaced** with [ ] **SCS** or [✓] **CS** SB 213 (FIN)

[ ] adopt **previous** [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] attached amendment(s)

[ ] adopt _____ Letter of Intent

[ ] further referral to _____ Committee

SENATE BILL:
[ ] Same Title
[ ] New Title

HOUSE BILL:
[ ] Same Title
[ ] Technical Title Change
[ ] New Title w/ SCR #_____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
DEED	4/8/10	✓			

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

[ ] **APPROPRIATION - no fiscal note**

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	Thomas	✓			
	EGAN	✓			
	OLSON			X	
	ELLIS	✓			
		✓			
CO-CHAIR:					
CO-CHAIR:		✓			

4780

Adopted 4/10/10

26-LS1301\P
Mischel
3/23/10

CS FOR SENATE BILL NO. 213( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): SENATORS WIELECHOWSKI, McGuire, Ellis, Paskvan, Menard, Thomas, Davis, French, Kookesh

A BILL

FOR AN ACT ENTITLED

"An Act providing for funding for school lunch and breakfast."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** AS 14.03 is amended by adding a new section to read:

Sec. 14.03.127. State funding for school lunch and breakfast. (a) To supplement the cost of lunch and breakfast provided to each student who is eligible for a free or reduced-price lunch under 42 U.S.C. 1771 - 1784, in addition to public school funding and subject to appropriation, the department shall provide funding to a school district for lunch and for breakfast to each eligible student. To implement this subsection, the department shall provide a base amount of 15 cents for each lunch or 35 cents for each breakfast, to which amount the department shall add an additional amount, expressed in cents and not applied as a cost factor, that is determined by

(1) reducing the applicable district cost factor provided in AS 14.17.460 by 1.0; and

(2) dividing the remainder determined under (1) of this subsection by four; the department shall round to the nearest cent a quotient that is not a whole

number.

(b) Beginning July 1, 2011, the base amount under (a) of this section shall be adjusted annually on October 1 according to changes in the Consumer Price Index for all urban consumers for the Anchorage metropolitan area compiled by the United States Department of Labor, Bureau of Labor Statistics. The index for 2009 is the reference base index for an adjustment made under this subsection.

(c) In this section, "district" has the meaning given in AS 14.17.990.

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: **CS SB 213**
() Publish Date: 4/8/2010

Identifier (file name): CSSB213-EED-TLS-2-17-10
Title "An Act providing for funding for school lunch and breakfast
Dept. Affected: Education & Early Development
RDU: K-12 Support
Component: Foundation Program
Sponsor: Senator Wielechowski
Requester: Senate Finance
Component Number: 141

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims	2,046.6		2,155.5	2,265.0	2,342.2	2,419.4	2,496.7
Miscellaneous							
TOTAL OPERATING	**2,046.6**	**0.0**	**2,155.5**	**2,265.0**	**2,342.2**	**2,419.4**	**2,496.7**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF	2,046.6		2,155.5	2,265.0	2,342.2	2,419.4	2,496.7
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**2,046.6**	**0.0**	**2,155.5**	**2,265.0**	**2,342.2**	**2,419.4**	**2,496.7**

Estimate of any current year (FY2010) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This legislation will establish a school lunch and breakfast funding program with-in the public school funding formula. School districts will be eligible for 35 cents for each breakfast and 15 cents for each lunch served. The program adjusts for regional differentials and the base amount is annually adjusted by the Anchorage CPI.

Prepared by: Eddy Jeans
Phone 465-8679
Division: School Finance
Date/Time 4/8/10 12:00 AM
Approved by: Larry LeDoux
Date 4/8/2010
Commissioner

(Revised 10/13/2009 OMB)

4783

Alaska Department of Education & Early Development
CS SB 213 Fiscal analysis, AS 14.17.425
Prepared 4-8-10
YEAR 1

Program Name	Est. Total Breakfasts Served	Breakfast Differential Adjustment	.35 rate adjusted Breakfast Rate	Estimated Breakfast Grant	Est. Total Lunches Served	Lunch Differential Adjustment	.15 rate adjusted Lunch Rate	Estimated Lunch Grant	FY11 Estimated Grant
Alaska Gateway Schools	30,544	.13	.48	14,661.12	39,868	.13	.28	11,163.04	25,824.16
Aleutians East Borough Schools	0	.21	.56	0.00	13,875	.21	.36	4,995.00	4,995.00
Anchorage School District	632,055	.00	.35	221,219.25	2,011,126	.00	.15	301,668.90	522,888.15
Annette Island School District	7,391	.06	.41	3,030.31	19,092	.06	.21	4,009.32	7,039.63
Bering Strait School District	95,565	.22	.57	54,472.05	197,672	.22	.37	73,138.64	127,610.69
Bristol Bay Borough Schools	2,286	.11	.46	1,051.56	7,343	.11	.26	1,909.18	2,960.74
Chatham School District	0	.12	.47	0.00	3,160	.12	.27	853.20	853.20
Copper River School District	0	.07	.42	0.00	18,084	.07	.22	3,978.48	3,978.48
Cordova Public Schools	8,326	.05	.40	3,330.40	22,228	.05	.20	4,445.60	7,776.00
Craig City Schools	21,844	.04	.39	8,519.16	33,816	.04	.19	6,425.04	14,944.20
Delta Greely School District	0	.05	.40	0.00	42,292	.05	.20	8,458.40	8,458.40
Dillingham City Schools	15,435	.08	.43	6,637.05	37,386	.08	.23	8,598.78	15,235.83
Fairbanks North Star Borough Schools	203,932	.02	.37	75,454.84	489,378	.02	.17	83,194.26	158,649.10
Galena City Schools	14,746	.10	.45	6,635.70	11,368	.10	.25	2,842.00	9,477.70
Haines Borough Schools	12,940	.04	.39	5,046.60	15,924	.04	.19	3,025.56	8,072.16
Hoonah City Schools	6,236	.08	.43	2,681.48	9,206	.08	.23	2,117.38	4,798.86
Hydaburg City School District	0	.10	.45	0.00	5,080	.10	.25	1,270.00	1,270.00
Iditarod Area Schools	11,262	.19	.54	6,081.48	18,880	.19	.34	6,419.20	12,500.68
Juneau School District	7,082	.03	.38	2,691.16	121,761	.03	.18	21,916.98	24,608.14
Kake City Schools	3,658	.09	.44	1,609.52	6,873	.09	.24	1,649.52	3,259.04
Kashunamuit School District	18,581	.14	.49	9,104.69	33,513	.14	.29	9,718.77	18,823.46
Kenai Peninsula School District	67,077	.03	.38	25,489.26	334,832	.03	.18	60,269.76	85,759.02
Ketchikan Gateway Schools	2,889	.03	.38	1,097.82	82,566	.03	.18	14,861.88	15,959.70
Klawock City Schools	0	.06	.41	0.00	9,965	.06	.21	2,092.65	2,092.65
Kodiak Island Borough Schools	37,947	.06	.41	15,558.27	123,643	.06	.21	25,965.03	41,523.30
Kuspuk School District	28,942	.17	.52	15,049.84	34,169	.17	.32	10,934.08	25,983.92
Lake Peninsula School District	0	.22	.57	0.00	34,707	.22	.37	12,841.59	12,841.59
Lower Kuskokwim Schools	202,328	.16	.51	103,187.28	406,487	.16	.31	126,010.97	229,198.25
Lower Yukon School District	142,456	.19	.54	76,926.24	215,905	.19	.34	73,407.70	150,333.94
Matanuska-Susitna Borough School District	292,340	.01	.36	105,242.40	605,266	.01	.16	96,842.56	202,084.96
Nenana City Public Schools	5,826	.08	.43	2,505.18	8,839	.08	.23	2,032.97	4,538.15
Nome Public Schools	0	.10	.45	0.00	46,767	.10	.25	11,691.75	11,691.75
North Slope Borough School District	54,058	.18	.53	28,650.74	86,800	.18	.33	28,644.00	57,294.74
Northwest Arctic Borough School	78,033	.19	.54	42,137.82	186,235	.19	.34	63,319.90	105,457.72
Petersburg Public Schools	13,067	.05	.40	5,226.80	27,189	.05	.20	5,437.80	10,664.60
Saint Mary's School District	7,486	.14	.49	3,668.14	22,678	.14	.29	6,576.62	10,244.76
Sitka Borough School District	5,028	.04	.39	1,960.92	38,071	.04	.19	7,233.49	9,194.41
Skagway City Schools	0	.04	.39	0.00	1,606	.04	.19	305.14	305.14
Southeast Island School District	8,821	.08	.43	3,793.03	11,344	.08	.23	2,609.12	6,402.15
Southwest Region Schools	0	.16	.51	0.00	70,538	.16	.31	21,866.78	21,866.78
Unalaska City School District	8,156	.10	.45	3,670.20	12,299	.10	.25	3,074.75	6,744.95
Valdez City Schools	9,383	.04	.39	3,659.37	20,033	.04	.19	3,806.27	7,465.64
Yakutat School District	10,023	.08	.43	4,309.89	9,530	.08	.23	2,191.90	6,501.79
Yukon Koyukuk School District	0	.19	.54	0.00	11,157	.19	.34	3,793.38	3,793.38
Yupiit School District	20,748	.17	.52	10,788.96	43,728	.17	.32	13,992.96	24,781.92
Mt. Edgecumbe High School	15,137	.04	.39	5,903.43	20,269	.04	.19	3,851.11	9,754.54
Total	**2,101,628**			881,051.96	**5,622,548**			1,165,451.41	**2,046,503.37**

Alaska Department of Education & Early Development
CS SB 213 Fiscal analysis, AS 14.17.425
Prepared 4-8-10
YEAR 2

Anch. CPI EST. 2.9% .35 Prior year FY12 rate is .36

Anch. CPI EST. 2.9% .15 Prior year FY12 rate is .16

Program Name	Est. Total Breakfasts Served	FY12 Breakfast Differential Adjustment	Adjusted Breakfast Rate	Estimated Breakfast Grant	Est. Total Lunches Served	FY12 Lunch Differential Adjustment	Adjusted Lunch Rate	Estimated Lunch Grant	FY12 Estimated Grant
Alaska Gateway Schools	30,544	0.14	.50	15,272.00	39,868	.14	.30	11,960.40	27,232.40
Aleutians East Borough Schools	0	0.23	.59	0.00	13,875	.23	.39	5,411.25	5,411.25
Anchorage School District	632,055	0.00	.36	227,539.80	2,011,126	.00	.16	321,780.16	549,319.96
Annette Island School District	7,391	0.07	.43	3,178.13	19,092	.07	.23	4,391.16	7,569.29
Bering Strait School District	95,565	0.23	.59	56,383.35	197,672	.23	.39	77,092.08	133,475.43
Bristol Bay Borough Schools	2,286	0.11	.47	1,074.42	7,343	.11	.27	1,982.61	3,057.03
Chatham School District	0	0.13	.49	0.00	3,160	.13	.29	916.40	916.40
Copper River School District	0	0.08	.44	0.00	18,084	.08	.24	4,340.16	4,340.16
Cordova Public Schools	8,326	0.05	.41	3,413.66	22,228	.05	.21	4,667.88	8,081.54
Craig City Schools	21,844	0.05	.41	8,956.04	33,816	.05	.21	7,101.36	16,057.40
Delta Greely School District	0	0.06	.42	0.00	42,292	.06	.22	9,304.24	9,304.24
Dillingham City Schools	15,435	0.08	.44	6,791.40	37,386	.08	.24	8,972.64	15,764.04
Fairbanks North Star Borough Schools	203,932	0.02	.38	77,494.16	489,378	.02	.18	88,088.04	165,582.20
Galena City Schools	14,746	0.10	.46	6,783.16	11,368	.10	.26	2,955.68	9,738.84
Haines Borough Schools	12,940	0.04	.40	5,176.00	15,924	.04	.20	3,184.80	8,360.80
Hoonah City Schools	6,236	0.09	.45	2,806.20	9,206	.09	.25	2,301.50	5,107.70
Hydaburg City School District	0	0.11	.47	0.00	5,080	.11	.27	1,371.60	1,371.60
Iditarod Area Schools	11,262	0.20	.56	6,306.72	18,880	.20	.36	6,796.80	13,103.52
Juneau School District	7,082	0.03	.39	2,761.98	121,761	.03	.19	23,134.59	25,896.57
Kake City Schools	3,658	0.10	.46	1,682.68	6,873	.10	.26	1,786.98	3,469.66
Kashunamuit School District	18,581	0.15	.51	9,476.31	33,513	.15	.31	10,389.03	19,865.34
Kenai Peninsula School District	67,077	0.04	.40	26,830.80	334,832	.04	.20	66,966.40	93,797.20
Ketchikan Gateway Schools	2,889	0.04	.40	1,155.60	82,566	.04	.20	16,513.20	17,668.80
Klawock City Schools	0	0.07	.43	0.00	9,965	.07	.23	2,291.95	2,291.95
Kodiak Island Borough Schools	37,947	0.07	.43	16,317.21	123,643	.07	.23	28,437.89	44,755.10
Kuspuk School District	28,942	0.17	.53	15,339.26	34,169	.17	.33	11,275.77	26,615.03
Lake Peninsula School District	0	0.24	.60	0.00	34,707	.24	.40	13,882.80	13,882.80
Lower Kuskokwim Schools	202,328	0.16	.52	105,210.56	406,487	.16	.32	130,075.84	235,286.40
Lower Yukon School District	142,456	0.20	.56	79,775.36	215,905	.20	.36	77,725.80	157,501.16
Matanuska-Susitna Borough School District	292,340	0.02	.38	111,089.20	605,266	.02	.18	108,947.88	220,037.08
Nenana City Public Schools	5,826	0.08	.44	2,563.44	8,839	.08	.24	2,121.36	4,684.80
Nome Public Schools	0	0.11	.47	0.00	46,767	.11	.27	12,627.09	12,627.09
North Slope Borough School District	54,058	0.19	.55	29,731.90	86,800	.19	.35	30,380.00	60,111.90
Northwest Arctic Borough School	78,033	0.20	.56	43,698.48	186,235	.20	.36	67,044.60	110,743.08
Petersburg Public Schools	13,067	0.05	.41	5,357.47	27,189	.05	.21	5,709.69	11,067.16
Saint Mary's School District	7,486	0.15	.51	3,817.86	22,678	.15	.31	7,030.18	10,848.04
Sitka Borough School District	5,028	0.04	.40	2,011.20	38,071	.04	.20	7,614.20	9,625.40
Skagway City Schools	0	0.04	.40	0.00	1,606	.04	.20	321.20	321.20
Southeast Island School District	8,821	0.09	.45	3,969.45	11,344	.09	.25	2,836.00	6,805.45
Southwest Region Schools	0	0.16	.52	0.00	70,538	.16	.32	22,572.16	22,572.16
Unalaska City School District	8,156	0.10	.46	3,751.76	12,299	.10	.26	3,197.74	6,949.50
Valdez City Schools	9,383	0.04	.40	3,753.20	20,033	.04	.20	4,006.60	7,759.80
Yakutat School District	10,023	0.09	.45	4,510.35	9,530	.09	.25	2,382.50	6,892.85
Yukon Koyukuk School District	0	0.20	.56	0.00	11,157	.20	.36	4,016.52	4,016.52
Yupiit School District	20,748	0.17	.53	10,996.44	43,728	.17	.33	14,430.24	25,426.68
Mt. Edgecumbe High School	15,137	0.04	.40	6,054.80	20,269	.04	.20	4,053.80	10,108.60
Total	**2,101,628**			911,030.35	**5,622,548**			1,244,390.77	**2,155,421.12**

Alaska Department of Education & Early Development
CS SB 213 Fiscal analysis, AS 14.17.425
Prepared 4-8-10
YEAR 3

Anch. CPI EST. 2.9%
.36 Prior year FY12 rate is .37

Anch. CPI EST. 2.9%
.16 Prior year FY12 rate is .17

Program Name	Est. Total Breakfasts Served	FY13 Breakfast Differential Adjustment	Adjusted Breakfast Rate	Estimated Breakfast Grant	Est. Total Lunches Served	FY13 Lunch Differential Adjustment	Adjusted Lunch Rate	Estimated Lunch Grant	FY13 Estimated Grant
Alaska Gateway Schools	30,544	0.15	.52	15,882.88	39,868	.15	.32	12,757.76	28,640.64
Aleutians East Borough Schools	0	0.25	.62	0.00	13,875	.25	.42	5,827.50	5,827.50
Anchorage School District	632,055	0.00	.37	233,860.35	2,011,126	.00	.17	341,891.42	575,751.77
Annette Island School District	7,391	0.08	.45	3,325.95	19,092	.08	.25	4,773.00	8,098.95
Bering Strait School District	95,565	0.25	.62	59,250.30	197,672	.25	.42	83,022.24	142,272.54
Bristol Bay Borough Schools	2,286	0.12	.49	1,120.14	7,343	.12	.29	2,129.47	3,249.61
Chatham School District	0	0.14	.51	0.00	3,160	.14	.31	979.60	979.60
Copper River School District	0	0.08	.45	0.00	18,084	.08	.25	4,521.00	4,521.00
Cordova Public Schools	8,326	0.06	.43	3,580.18	22,228	.06	.23	5,112.44	8,692.62
Craig City Schools	21,844	0.05	.42	9,174.48	33,816	.05	.22	7,439.52	16,614.00
Delta Greely School District	0	0.06	.43	0.00	42,292	.06	.23	9,727.16	9,727.16
Dillingham City Schools	15,435	0.09	.46	7,100.10	37,386	.09	.26	9,720.36	16,820.46
Fairbanks North Star Borough Schools	203,932	0.02	.39	79,533.48	489,378	.02	.19	92,981.82	172,515.30
Galena City Schools	14,746	0.10	.47	6,930.62	11,368	.10	.27	3,069.36	9,999.98
Haines Borough Schools	12,940	0.05	.42	5,434.80	15,924	.05	.22	3,503.28	8,938.08
Hoonah City Schools	6,236	0.10	.47	2,930.92	9,206	.10	.27	2,485.62	5,416.54
Hydaburg City School District	0	0.13	.50	0.00	5,080	.13	.30	1,524.00	1,524.00
Iditarod Area Schools	11,262	0.21	.58	6,531.96	18,880	.21	.38	7,174.40	13,706.36
Juneau School District	7,082	0.04	.41	2,903.62	121,761	.04	.21	25,569.81	28,473.43
Kake City Schools	3,658	0.11	.48	1,755.84	6,873	.11	.28	1,924.44	3,680.28
Kashunamuit School District	18,581	0.15	.52	9,662.12	33,513	.15	.32	10,724.16	20,386.28
Kenai Peninsula School District	67,077	0.04	.41	27,501.57	334,832	.04	.21	70,314.72	97,816.29
Ketchikan Gateway Schools	2,889	0.04	.41	1,184.49	82,566	.04	.21	17,338.86	18,523.35
Klawock City Schools	0	0.08	.45	0.00	9,965	.08	.25	2,491.25	2,491.25
Kodiak Island Borough Schools	37,947	0.07	.44	16,696.68	123,643	.07	.24	29,674.32	46,371.00
Kuspuk School District	28,942	0.18	.55	15,918.10	34,169	.18	.35	11,959.15	27,877.25
Lake Peninsula School District	0	0.25	.62	0.00	34,707	.25	.42	14,576.94	14,576.94
Lower Kuskokwim Schools	202,328	0.17	.54	109,257.12	406,487	.17	.34	138,205.58	247,462.70
Lower Yukon School District	142,456	0.22	.59	84,049.04	215,905	.22	.39	84,202.95	168,251.99
Matanuska-Susitna Borough School District	292,340	0.02	.39	114,012.60	605,266	.02	.19	115,000.54	229,013.14
Nenana City Public Schools	5,826	0.08	.45	2,621.70	8,839	.08	.25	2,209.75	4,831.45
Nome Public Schools	0	0.11	.48	0.00	46,767	.11	.28	13,094.76	13,094.76
North Slope Borough School District	54,058	0.20	.57	30,813.06	86,800	.20	.37	32,116.00	62,929.06
Northwest Arctic Borough School	78,033	0.21	.58	45,259.14	186,235	.21	.38	70,769.30	116,028.44
Petersburg Public Schools	13,067	0.06	.43	5,618.81	27,189	.06	.23	6,253.47	11,872.28
Saint Mary's School District	7,486	0.16	.53	3,967.58	22,678	.16	.33	7,483.74	11,451.32
Sitka Borough School District	5,028	0.05	.42	2,111.76	38,071	.05	.22	8,375.62	10,487.38
Skagway City Schools	0	0.04	.41	0.00	1,606	.04	.21	337.26	337.26
Southeast Island School District	8,821	0.10	.47	4,145.87	11,344	.10	.27	3,062.88	7,208.75
Southwest Region Schools	0	0.17	.54	0.00	70,538	.17	.34	23,982.92	23,982.92
Unalaska City School District	8,156	0.11	.48	3,914.88	12,299	.11	.28	3,443.72	7,358.60
Valdez City Schools	9,383	0.04	.41	3,847.03	20,033	.04	.21	4,206.93	8,053.96
Yakutat School District	10,023	0.10	.47	4,710.81	9,530	.10	.27	2,573.10	7,283.91
Yukon Koyukuk School District	0	0.21	.58	0.00	11,157	.21	.38	4,239.66	4,239.66
Yupiit School District	20,748	0.18	.55	11,411.40	43,728	.18	.35	15,304.80	26,716.20
Mt. Edgecumbe High School	15,137	0.05	.42	6,357.54	20,269	.05	.22	4,459.18	10,816.72
Total	**2,101,628**			942,376.92	**5,622,548**			1,322,535.76	**2,264,912.68**

Alaska Department of Education & Early Development
CS SB 213 Fiscal analysis, AS 14.17.425
Prepared 4-8-10
YEAR 4

Anch. CPI EST. 2.9% .37 Prior year FY12 rate is .38

Anch. CPI EST. 2.9% .17 Prior year FY12 rate is .18

Program Name	Est. Total Breakfasts Served	FY14 Breakfast Differential Adjustment	Adjusted Breakfast Rate	Estimated Breakfast Grant	Est. Total Lunches Served	FY14 Lunch Differential Adjustment	Adjusted Lunch Rate	Estimated Lunch Grant	FY14 Estimated Grant
Alaska Gateway Schools	30,544	0.15	.53	16,188.32	39,868	.15	.33	13,156.44	29,344.76
Aleutians East Borough Schools	0	0.25	.63	0.00	13,875	.25	.43	5,966.25	5,966.25
Anchorage School District	632,055	0.00	.38	240,180.90	2,011,126	.00	.18	362,002.68	602,183.58
Annette Island School District	7,391	0.08	.46	3,399.86	19,092	.08	.26	4,963.92	8,363.78
Bering Strait School District	95,565	0.25	.63	60,205.95	197,672	.25	.43	84,998.96	145,204.91
Bristol Bay Borough Schools	2,286	0.12	.50	1,143.00	7,343	.12	.30	2,202.90	3,345.90
Chatham School District	0	0.14	.52	0.00	3,160	.14	.32	1,011.20	1,011.20
Copper River School District	0	0.08	.46	0.00	18,084	.08	.26	4,701.84	4,701.84
Cordova Public Schools	8,326	0.06	.44	3,663.44	22,228	.06	.24	5,334.72	8,998.16
Craig City Schools	21,844	0.05	.43	9,392.92	33,816	.05	.23	7,777.68	17,170.60
Delta Greely School District	0	0.06	.44	0.00	42,292	.06	.24	10,150.08	10,150.08
Dillingham City Schools	15,435	0.09	.47	7,254.45	37,386	.09	.27	10,094.22	17,348.67
Fairbanks North Star Borough Schools	203,932	0.02	.40	81,572.80	489,378	.02	.20	97,875.60	179,448.40
Galena City Schools	14,746	0.10	.48	7,078.08	11,368	.10	.28	3,183.04	10,261.12
Haines Borough Schools	12,940	0.05	.43	5,564.20	15,924	.05	.23	3,662.52	9,226.72
Hoonah City Schools	6,236	0.10	.48	2,993.28	9,206	.10	.28	2,577.68	5,570.96
Hydaburg City School District	0	0.13	.51	0.00	5,080	.13	.31	1,574.80	1,574.80
Iditarod Area Schools	11,262	0.21	.59	6,644.58	18,880	.21	.39	7,363.20	14,007.78
Juneau School District	7,082	0.04	.42	2,974.44	121,761	.04	.22	26,787.42	29,761.86
Kake City Schools	3,658	0.11	.49	1,792.42	6,873	.11	.29	1,993.17	3,785.59
Kashunamuit School District	18,581	0.15	.53	9,847.93	33,513	.15	.33	11,059.29	20,907.22
Kenai Peninsula School District	67,077	0.04	.42	28,172.34	334,832	.04	.22	73,663.04	101,835.38
Ketchikan Gateway Schools	2,889	0.04	.42	1,213.38	82,566	.04	.22	18,164.52	19,377.90
Klawock City Schools	0	0.08	.46	0.00	9,965	.08	.26	2,590.90	2,590.90
Kodiak Island Borough Schools	37,947	0.07	.45	17,076.15	123,643	.07	.25	30,910.75	47,986.90
Kuspuk School District	28,942	0.18	.56	16,207.52	34,169	.18	.36	12,300.84	28,508.36
Lake Peninsula School District	0	0.25	.63	0.00	34,707	.25	.43	14,924.01	14,924.01
Lower Kuskokwim Schools	202,328	0.17	.55	111,280.40	406,487	.17	.35	142,270.45	253,550.85
Lower Yukon School District	142,456	0.22	.60	85,473.60	215,905	.22	.40	86,362.00	171,835.60
Matanuska-Susitna Borough School District	292,340	0.02	.40	116,936.00	605,266	.02	.20	121,053.20	237,989.20
Nenana City Public Schools	5,826	0.08	.46	2,679.96	8,839	.08	.26	2,298.14	4,978.10
Nome Public Schools	0	0.11	.49	0.00	46,767	.11	.29	13,562.43	13,562.43
North Slope Borough School District	54,058	0.20	.58	31,353.64	86,800	.20	.38	32,984.00	64,337.64
Northwest Arctic Borough School	78,033	0.21	.59	46,039.47	186,235	.21	.39	72,631.65	118,671.12
Petersburg Public Schools	13,067	0.06	.44	5,749.48	27,189	.06	.24	6,525.36	12,274.84
Saint Mary's School District	7,486	0.16	.54	4,042.44	22,678	.16	.34	7,710.52	11,752.96
Sitka Borough School District	5,028	0.05	.43	2,162.04	38,071	.05	.23	8,756.33	10,918.37
Skagway City Schools	0	0.04	.42	0.00	1,606	.04	.22	353.32	353.32
Southeast Island School District	8,821	0.10	.48	4,234.08	11,344	.10	.28	3,176.32	7,410.40
Southwest Region Schools	0	0.17	.55	0.00	70,538	.17	.35	24,688.30	24,688.30
Unalaska City School District	8,156	0.11	.49	3,996.44	12,299	.11	.29	3,566.71	7,563.15
Valdez City Schools	9,383	0.04	.42	3,940.86	20,033	.04	.22	4,407.26	8,348.12
Yakutat School District	10,023	0.10	.48	4,811.04	9,530	.10	.28	2,668.40	7,479.44
Yukon Koyukuk School District	0	0.21	.59	0.00	11,157	.21	.39	4,351.23	4,351.23
Yupiit School District	20,748	0.18	.56	11,618.88	43,728	.18	.36	15,742.08	27,360.96
Mt. Edgecumbe High School	15,137	0.05	.43	6,508.91	20,269	.05	.23	4,661.87	11,170.78
Total	**2,101,628**			963,393.20	**5,622,548**			1,378,761.24	**2,342,154.44**

Alaska Department of Education & Early Development
CS SB 213 Fiscal analysis, AS 14.17.425
Prepared 4-8-10
YEAR 5

Anch. CPI
EST. 2.9%
.38 Prior year
FY12 rate
is .39

Anch. CPI
EST. 2.9%
.18 Prior year
FY12 rate is
.19

Program Name	Est. Total Breakfasts Served	FY15 Breakfast Differential Adjustment	Adjusted Breakfast Rate	Estimated Breakfast Grant	Est. Total Lunches Served	FY15 Lunch Differential Adjustment	Adjusted Lunch Rate	Estimated Lunch Grant	FY15 Estimated Grant
Alaska Gateway Schools	30,544	0.15	.54	16,493.76	39,868	.15	.34	13,555.12	30,048.88
Aleutians East Borough Schools	0	0.25	.64	0.00	13,875	.25	.44	6,105.00	6,105.00
Anchorage School District	632,055	0.00	.39	246,501.45	2,011,126	.00	.19	382,113.94	628,615.39
Annette Island School District	7,391	0.08	.47	3,473.77	19,092	.08	.27	5,154.84	8,628.61
Bering Strait School District	95,565	0.25	.64	61,161.60	197,672	.25	.44	86,975.68	148,137.28
Bristol Bay Borough Schools	2,286	0.12	.51	1,165.86	7,343	.12	.31	2,276.33	3,442.19
Chatham School District	0	0.14	.53	0.00	3,160	.14	.33	1,042.80	1,042.80
Copper River School District	0	0.08	.47	0.00	18,084	.08	.27	4,882.68	4,882.68
Cordova Public Schools	8,326	0.06	.45	3,746.70	22,228	.06	.25	5,557.00	9,303.70
Craig City Schools	21,844	0.05	.44	9,611.36	33,816	.05	.24	8,115.84	17,727.20
Delta Greely School District	0	0.06	.45	0.00	42,292	.06	.25	10,573.00	10,573.00
Dillingham City Schools	15,435	0.09	.48	7,408.80	37,386	.09	.28	10,468.08	17,876.88
Fairbanks North Star Borough Schools	203,932	0.02	.41	83,612.12	489,378	.02	.21	102,769.38	186,381.50
Galena City Schools	14,746	0.10	.49	7,225.54	11,368	.10	.29	3,296.72	10,522.26
Haines Borough Schools	12,940	0.05	.44	5,693.60	15,924	.05	.24	3,821.76	9,515.36
Hoonah City Schools	6,236	0.10	.49	3,055.64	9,206	.10	.29	2,669.74	5,725.38
Hydaburg City School District	0	0.13	.52	0.00	5,080	.13	.32	1,625.60	1,625.60
Iditarod Area Schools	11,262	0.21	.60	6,757.20	18,880	.21	.40	7,552.00	14,309.20
Juneau School District	7,082	0.04	.43	3,045.26	121,761	.04	.23	28,005.03	31,050.29
Kake City Schools	3,658	0.11	.50	1,829.00	6,873	.11	.30	2,061.90	3,890.90
Kashunamuit School District	18,581	0.15	.54	10,033.74	33,513	.15	.34	11,394.42	21,428.16
Kenai Peninsula School District	67,077	0.04	.43	28,843.11	334,832	.04	.23	77,011.36	105,854.47
Ketchikan Gateway Schools	2,889	0.04	.43	1,242.27	82,566	.04	.23	18,990.18	20,232.45
Klawock City Schools	0	0.08	.47	0.00	9,965	.08	.27	2,690.55	2,690.55
Kodiak Island Borough Schools	37,947	0.07	.46	17,455.62	123,643	.07	.26	32,147.18	49,602.80
Kuspuk School District	28,942	0.18	.57	16,496.94	34,169	.18	.37	12,642.53	29,139.47
Lake Peninsula School District	0	0.25	.64	0.00	34,707	.25	.44	15,271.08	15,271.08
Lower Kuskokwim Schools	202,328	0.17	.56	113,303.68	406,487	.17	.36	146,335.32	259,639.00
Lower Yukon School District	142,456	0.22	.61	86,898.16	215,905	.22	.41	88,521.05	175,419.21
Matanuska-Susitna Borough School District	292,340	0.02	.41	119,859.40	605,266	.02	.21	127,105.86	246,965.26
Nenana City Public Schools	5,826	0.08	.47	2,738.22	8,839	.08	.27	2,386.53	5,124.75
Nome Public Schools	0	0.11	.50	0.00	46,767	.11	.30	14,030.10	14,030.10
North Slope Borough School District	54,058	0.20	.59	31,894.22	86,800	.20	.39	33,852.00	65,746.22
Northwest Arctic Borough School	78,033	0.21	.60	46,819.80	186,235	.21	.40	74,494.00	121,313.80
Petersburg Public Schools	13,067	0.06	.45	5,880.15	27,189	.06	.25	6,797.25	12,677.40
Saint Mary's School District	7,486	0.16	.55	4,117.30	22,678	.16	.35	7,937.30	12,054.60
Sitka Borough School District	5,028	0.05	.44	2,212.32	38,071	.05	.24	9,137.04	11,349.36
Skagway City Schools	0	0.04	.43	0.00	1,606	.04	.23	369.38	369.38
Southeast Island School District	8,821	0.10	.49	4,322.29	11,344	.10	.29	3,289.76	7,612.05
Southwest Region Schools	0	0.17	.56	0.00	70,538	.17	.36	25,393.68	25,393.68
Unalaska City School District	8,156	0.11	.50	4,078.00	12,299	.11	.30	3,689.70	7,767.70
Valdez City Schools	9,383	0.04	.43	4,034.69	20,033	.04	.23	4,607.59	8,642.28
Yakutat School District	10,023	0.10	.49	4,911.27	9,530	.10	.29	2,763.70	7,674.97
Yukon Koyukuk School District	0	0.21	.60	0.00	11,157	.21	.40	4,462.80	4,462.80
Yupiit School District	20,748	0.18	.57	11,826.36	43,728	.18	.37	16,179.36	28,005.72
Mt. Edgecumbe High School	15,137	0.05	.44	6,660.28	20,269	.05	.24	4,864.56	11,524.84
Total	**2,101,628**			984,409.48	**5,622,548**			1,434,986.72	**2,419,396.20**

Alaska Department of Education & Early Development
CS SB 213 Fiscal analysis, AS 14.17.425
Prepared 4-8-10
YEAR 6

Anch. CPI EST. 2.9% .39 Prior year FY12 rate is .40

Anch. CPI EST. 2.9% .19 Prior year FY12 rate is .20

Program Name	Est. Total Breakfasts Served	FY16 Breakfast Differential Adjustment	Adjusted Breakfast Rate	Estimated Breakfast Grant	Est. Total Lunches Served	FY16 Lunch Differential Adjustment	Adjusted Lunch Rate	Estimated Lunch Grant	FY16 Estimated Grant
Alaska Gateway Schools	30,544	0.15	.55	16,799.20	39,868	.15	.35	13,953.80	30,753.00
Aleutians East Borough Schools	0	0.25	.65	0.00	13,875	.25	.45	6,243.75	6,243.75
Anchorage School District	632,055	0.00	.40	252,822.00	2,011,126	.00	.20	402,225.20	655,047.20
Annette Island School District	7,391	0.08	.48	3,547.68	19,092	.08	.28	5,345.76	8,893.44
Bering Strait School District	95,565	0.25	.65	62,117.25	197,672	.25	.45	88,952.40	151,069.65
Bristol Bay Borough Schools	2,286	0.12	.52	1,188.72	7,343	.12	.32	2,349.76	3,538.48
Chatham School District	0	0.14	.54	0.00	3,160	.14	.34	1,074.40	1,074.40
Copper River School District	0	0.08	.48	0.00	18,084	.08	.28	5,063.52	5,063.52
Cordova Public Schools	8,326	0.06	.46	3,829.96	22,228	.06	.26	5,779.28	9,609.24
Craig City Schools	21,844	0.05	.45	9,829.80	33,816	.05	.25	8,454.00	18,283.80
Delta Greely School District	0	0.06	.46	0.00	42,292	.06	.26	10,995.92	10,995.92
Dillingham City Schools	15,435	0.09	.49	7,563.15	37,386	.09	.29	10,841.94	18,405.09
Fairbanks North Star Borough Schools	203,932	0.02	.42	85,651.44	489,378	.02	.22	107,663.16	193,314.60
Galena City Schools	14,746	0.10	.50	7,373.00	11,368	.10	.30	3,410.40	10,783.40
Haines Borough Schools	12,940	0.05	.45	5,823.00	15,924	.05	.25	3,981.00	9,804.00
Hoonah City Schools	6,236	0.10	.50	3,118.00	9,206	.10	.30	2,761.80	5,879.80
Hydaburg City School District	0	0.13	.53	0.00	5,080	.13	.33	1,676.40	1,676.40
Iditarod Area Schools	11,262	0.21	.61	6,869.82	18,880	.21	.41	7,740.80	14,610.62
Juneau School District	7,082	0.04	.44	3,116.08	121,761	.04	.24	29,222.64	32,338.72
Kake City Schools	3,658	0.11	.51	1,865.58	6,873	.11	.31	2,130.63	3,996.21
Kashunamuit School District	18,581	0.15	.55	10,219.55	33,513	.15	.35	11,729.55	21,949.10
Kenai Peninsula School District	67,077	0.04	.44	29,513.88	334,832	.04	.24	80,359.68	109,873.56
Ketchikan Gateway Schools	2,889	0.04	.44	1,271.16	82,566	.04	.24	19,815.84	21,087.00
Klawock City Schools	0	0.08	.48	0.00	9,965	.08	.28	2,790.20	2,790.20
Kodiak Island Borough Schools	37,947	0.07	.47	17,835.09	123,643	.07	.27	33,383.61	51,218.70
Kuspuk School District	28,942	0.18	.58	16,786.36	34,169	.18	.38	12,984.22	29,770.58
Lake Peninsula School District	0	0.25	.65	0.00	34,707	.25	.45	15,618.15	15,618.15
Lower Kuskokwim Schools	202,328	0.17	.57	115,326.96	406,487	.17	.37	150,400.19	265,727.15
Lower Yukon School District	142,456	0.22	.62	88,322.72	215,905	.22	.42	90,680.10	179,002.82
Matanuska-Susitna Borough School District	292,340	0.02	.42	122,782.80	605,266	.02	.22	133,158.52	255,941.32
Nenana City Public Schools	5,826	0.08	.48	2,796.48	8,839	.08	.28	2,474.92	5,271.40
Nome Public Schools	0	0.11	.51	0.00	46,767	.11	.31	14,497.77	14,497.77
North Slope Borough School District	54,058	0.20	.60	32,434.80	86,800	.20	.40	34,720.00	67,154.80
Northwest Arctic Borough School	78,033	0.21	.61	47,600.13	186,235	.21	.41	76,356.35	123,956.48
Petersburg Public Schools	13,067	0.06	.46	6,010.82	27,189	.06	.26	7,069.14	13,079.96
Saint Mary's School District	7,486	0.16	.56	4,192.16	22,678	.16	.36	8,164.08	12,356.24
Sitka Borough School District	5,028	0.05	.45	2,262.60	38,071	.05	.25	9,517.75	11,780.35
Skagway City Schools	0	0.04	.44	0.00	1,606	.04	.24	385.44	385.44
Southeast Island School District	8,821	0.10	.50	4,410.50	11,344	.10	.30	3,403.20	7,813.70
Southwest Region Schools	0	0.17	.57	0.00	70,538	.17	.37	26,099.06	26,099.06
Unalaska City School District	8,156	0.11	.51	4,159.56	12,299	.11	.31	3,812.69	7,972.25
Valdez City Schools	9,383	0.04	.44	4,128.52	20,033	.04	.24	4,807.92	8,936.44
Yakutat School District	10,023	0.10	.50	5,011.50	9,530	.10	.30	2,859.00	7,870.50
Yukon Koyukuk School District	0	0.21	.61	0.00	11,157	.21	.41	4,574.37	4,574.37
Yupiit School District	20,748	0.18	.58	12,033.84	43,728	.18	.38	16,616.64	28,650.48
Mt. Edgecumbe High School	15,137	0.05	.45	6,811.65	20,269	.05	.25	5,067.25	11,878.90
Total	**2,101,628**			1,005,425.76	**5,622,548**			1,491,212.20	**2,496,637.96**

Adopted 4/10/10

26-LS1301\P
Mischel
3/23/10

CS FOR SENATE BILL NO. 213( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): SENATORS WIELECHOWSKI, McGuire, Ellis, Paskvan, Menard, Thomas, Davis, French, Kookesh

A BILL

FOR AN ACT ENTITLED

"An Act providing for funding for school lunch and breakfast."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** AS 14.03 is amended by adding a new section to read:

Sec. 14.03.127. State funding for school lunch and breakfast. (a) To supplement the cost of lunch and breakfast provided to each student who is eligible for a free or reduced-price lunch under 42 U.S.C. 1771 - 1784, in addition to public school funding and subject to appropriation, the department shall provide funding to a school district for lunch and for breakfast to each eligible student. To implement this subsection, the department shall provide a base amount of 15 cents for each lunch or 35 cents for each breakfast, to which amount the department shall add an additional amount, expressed in cents and not applied as a cost factor, that is determined by

(1) reducing the applicable district cost factor provided in AS 14.17.460 by 1.0; and

(2) dividing the remainder determined under (1) of this subsection by four; the department shall round to the nearest cent a quotient that is not a whole

number.

(b) Beginning July 1, 2011, the base amount under (a) of this section shall be adjusted annually on October 1 according to changes in the Consumer Price Index for all urban consumers for the Anchorage metropolitan area compiled by the United States Department of Labor, Bureau of Labor Statistics. The index for 2009 is the reference base index for an adjustment made under this subsection.

(c) In this section, "district" has the meaning given in AS 14.17.990.

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 2
Bill Version: CSSB 213(FIN)
(S) Publish Date: 4/10/10

Identifier (file name): CSSB213-EED-TLS-2-17-10
Title "An Act providing for funding for school lunch and breakfast
Sponsor Senator Wielechowski
Requester Senate Finance

Dept. Affecte Education & Early Development
RDU K-12 Support
Component Foundation Program
Component Number 141

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims	2,046.6		2,155.5	2,265.0	2,342.2	2,419.4	2,496.7
Miscellaneous							
TOTAL OPERATING	**2,046.6**	**0.0**	**2,155.5**	**2,265.0**	**2,342.2**	**2,419.4**	**2,496.7**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF	2,046.6		2,155.5	2,265.0	2,342.2	2,419.4	2,496.7
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**2,046.6**	**0.0**	**2,155.5**	**2,265.0**	**2,342.2**	**2,419.4**	**2,496.7**

Estimate of any current year (FY2010) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This legislation will establish a school lunch and breakfast funding program with-in the public school funding formula. School districts will be eligible for 35 cents for each breakfast and 15 cents for each lunch served. The program adjusts for regional differentials and the base amount is annually adjusted by the Anchorage CPI.

Prepared by: Eddy Jeans — Phone 465-8679
Division School Finance — Date/Time 4/8/10 12:00 AM
Approved by: Larry LeDoux — Date 4/8/2010
Commissioner

Alaska Department of Education & Early Development
CS SB 213 Fiscal analysis, AS 14.17.425
Prepared 4-8-10
YEAR 1

Program Name	Est. Total Breakfasts Served	Breakfast Differential Adjustment	.35 rate adjusted Breakfast Rate	Estimated Breakfast Grant	Est. Total Lunches Served	Lunch Differential Adjustment	.15 rate adjusted Lunch Rate	Estimated Lunch Grant	FY11 Estimated Grant
Alaska Gateway Schools	30,544	.13	.48	14,661.12	39,868	.13	.28	11,163.04	25,824.16
Aleutians East Borough Schools	0	.21	.56	0.00	13,875	.21	.36	4,995.00	4,995.00
Anchorage School District	632,055	.00	.35	221,219.25	2,011,126	.00	.15	301,668.90	522,888.15
Annette Island School District	7,391	.06	.41	3,030.31	19,092	.06	.21	4,009.32	7,039.63
Bering Strait School District	95,565	.22	.57	54,472.05	197,672	.22	.37	73,138.64	127,610.69
Bristol Bay Borough Schools	2,286	.11	.46	1,051.56	7,343	.11	.26	1,909.18	2,960.74
Chatham School District	0	.12	.47	0.00	3,160	.12	.27	853.20	853.20
Copper River School District	0	.07	.42	0.00	18,084	.07	.22	3,978.48	3,978.48
Cordova Public Schools	8,326	.05	.40	3,330.40	22,228	.05	.20	4,445.60	7,776.00
Craig City Schools	21,844	.04	.39	8,519.16	33,816	.04	.19	6,425.04	14,944.20
Delta Greely School District	0	.05	.40	0.00	42,292	.05	.20	8,458.40	8,458.40
Dillingham City Schools	15,435	.08	.43	6,637.05	37,386	.08	.23	8,598.78	15,235.83
Fairbanks North Star Borough Schools	203,932	.02	.37	75,454.84	489,378	.02	.17	83,194.26	158,649.10
Galena City Schools	14,746	.10	.45	6,635.70	11,368	.10	.25	2,842.00	9,477.70
Haines Borough Schools	12,940	.04	.39	5,046.60	15,924	.04	.19	3,025.56	8,072.16
Hoonah City Schools	6,236	.08	.43	2,681.48	9,206	.08	.23	2,117.38	4,798.86
Hydaburg City School District	0	.10	.45	0.00	5,080	.10	.25	1,270.00	1,270.00
Iditarod Area Schools	11,262	.19	.54	6,081.48	18,880	.19	.34	6,419.20	12,500.68
Juneau School District	7,082	.03	.38	2,691.16	121,761	.03	.18	21,916.98	24,608.14
Kake City Schools	3,658	.09	.44	1,609.52	6,873	.09	.24	1,649.52	3,259.04
Kashunamuit School District	18,581	.14	.49	9,104.69	33,513	.14	.29	9,718.77	18,823.46
Kenai Peninsula School District	67,077	.03	.38	25,489.26	334,832	.03	.18	60,269.76	85,759.02
Ketchikan Gateway Schools	2,889	.03	.38	1,097.82	82,566	.03	.18	14,861.88	15,959.70
Klawock City Schools	0	.06	.41	0.00	9,965	.06	.21	2,092.65	2,092.65
Kodiak Island Borough Schools	37,947	.06	.41	15,558.27	123,643	.06	.21	25,965.03	41,523.30
Kuspuk School District	28,942	.17	.52	15,049.84	34,169	.17	.32	10,934.08	25,983.92
Lake Peninsula School District	0	.22	.57	0.00	34,707	.22	.37	12,841.59	12,841.59
Lower Kuskokwim Schools	202,328	.16	.51	103,187.28	406,487	.16	.31	126,010.97	229,198.25
Lower Yukon School District	142,456	.19	.54	76,926.24	215,905	.19	.34	73,407.70	150,333.94
Matanuska-Susitna Borough School District	292,340	.01	.36	105,242.40	605,266	.01	.16	96,842.56	202,084.96
Nenana City Public Schools	5,826	.08	.43	2,505.18	8,839	.08	.23	2,032.97	4,538.15
Nome Public Schools	0	.10	.45	0.00	46,767	.10	.25	11,691.75	11,691.75
North Slope Borough School District	54,058	.18	.53	28,650.74	86,800	.18	.33	28,644.00	57,294.74
Northwest Arctic Borough School	78,033	.19	.54	42,137.82	186,235	.19	.34	63,319.90	105,457.72
Petersburg Public Schools	13,067	.05	.40	5,226.80	27,189	.05	.20	5,437.80	10,664.60
Saint Mary's School District	7,486	.14	.49	3,668.14	22,678	.14	.29	6,576.62	10,244.76
Sitka Borough School District	5,028	.04	.39	1,960.92	38,071	.04	.19	7,233.49	9,194.41
Skagway City Schools	0	.04	.39	0.00	1,606	.04	.19	305.14	305.14
Southeast Island School District	8,821	.08	.43	3,793.03	11,344	.08	.23	2,609.12	6,402.15
Southwest Region Schools	0	.16	.51	0.00	70,538	.16	.31	21,866.78	21,866.78
Unalaska City School District	8,156	.10	.45	3,670.20	12,299	.10	.25	3,074.75	6,744.95
Valdez City Schools	9,383	.04	.39	3,659.37	20,033	.04	.19	3,806.27	7,465.64
Yakutat School District	10,023	.08	.43	4,309.89	9,530	.08	.23	2,191.90	6,501.79
Yukon Koyukuk School District	0	.19	.54	0.00	11,157	.19	.34	3,793.38	3,793.38
Yupiit School District	20,748	.17	.52	10,788.96	43,728	.17	.32	13,992.96	24,781.92
Mt. Edgecumbe High School	15,137	.04	.39	5,903.43	20,269	.04	.19	3,851.11	9,754.54
Total	**2,101,628**			881,051.96	**5,622,548**			1,165,451.41	**2,046,503.37**

Alaska Department of Education & Early Development
CS SB 213 Fiscal analysis, AS 14.17.425
Prepared 4-8-10
YEAR 2

Anch. CPI EST. 2.9% .35 Prior year FY12 rate is .36

Anch. CPI EST. 2.9% .15 Prior year FY12 rate is .16

Program Name	Est. Total Breakfasts Served	FY12 Breakfast Differential Adjustment	Adjusted Breakfast Rate	Estimated Breakfast Grant	Est. Total Lunches Served	FY12 Lunch Differential Adjustment	Adjusted Lunch Rate	Estimated Lunch Grant	FY12 Estimated Grant
Alaska Gateway Schools	30,544	0.14	.50	15,272.00	39,868	.14	.30	11,960.40	27,232.40
Aleutians East Borough Schools	0	0.23	.59	0.00	13,875	.23	.39	5,411.25	5,411.25
Anchorage School District	632,055	0.00	.36	227,539.80	2,011,126	.00	.16	321,780.16	549,319.96
Annette Island School District	7,391	0.07	.43	3,178.13	19,092	.07	.23	4,391.16	7,569.29
Bering Strait School District	95,565	0.23	.59	56,383.35	197,672	.23	.39	77,092.08	133,475.43
Bristol Bay Borough Schools	2,286	0.11	.47	1,074.42	7,343	.11	.27	1,982.61	3,057.03
Chatham School District	0	0.13	.49	0.00	3,160	.13	.29	916.40	916.40
Copper River School District	0	0.08	.44	0.00	18,084	.08	.24	4,340.16	4,340.16
Cordova Public Schools	8,326	0.05	.41	3,413.66	22,228	.05	.21	4,667.88	8,081.54
Craig City Schools	21,844	0.05	.41	8,956.04	33,816	.05	.21	7,101.36	16,057.40
Delta Greely School District	0	0.06	.42	0.00	42,292	.06	.22	9,304.24	9,304.24
Dillingham City Schools	15,435	0.08	.44	6,791.40	37,386	.08	.24	8,972.64	15,764.04
Fairbanks North Star Borough Schools	203,932	0.02	.38	77,494.16	489,378	.02	.18	88,088.04	165,582.20
Galena City Schools	14,746	0.10	.46	6,783.16	11,368	.10	.26	2,955.68	9,738.84
Haines Borough Schools	12,940	0.04	.40	5,176.00	15,924	.04	.20	3,184.80	8,360.80
Hoonah City Schools	6,236	0.09	.45	2,806.20	9,206	.09	.25	2,301.50	5,107.70
Hydaburg City School District	0	0.11	.47	0.00	5,080	.11	.27	1,371.60	1,371.60
Iditarod Area Schools	11,262	0.20	.56	6,306.72	18,880	.20	.36	6,796.80	13,103.52
Juneau School District	7,082	0.03	.39	2,761.98	121,761	.03	.19	23,134.59	25,896.57
Kake City Schools	3,658	0.10	.46	1,682.68	6,873	.10	.26	1,786.98	3,469.66
Kashunamuit School District	18,581	0.15	.51	9,476.31	33,513	.15	.31	10,389.03	19,865.34
Kenai Peninsula School District	67,077	0.04	.40	26,830.80	334,832	.04	.20	66,966.40	93,797.20
Ketchikan Gateway Schools	2,889	0.04	.40	1,155.60	82,566	.04	.20	16,513.20	17,668.80
Klawock City Schools	0	0.07	.43	0.00	9,965	.07	.23	2,291.95	2,291.95
Kodiak Island Borough Schools	37,947	0.07	.43	16,317.21	123,643	.07	.23	28,437.89	44,755.10
Kuspuk School District	28,942	0.17	.53	15,339.26	34,169	.17	.33	11,275.77	26,615.03
Lake Peninsula School District	0	0.24	.60	0.00	34,707	.24	.40	13,882.80	13,882.80
Lower Kuskokwim Schools	202,328	0.16	.52	105,210.56	406,487	.16	.32	130,075.84	235,286.40
Lower Yukon School District	142,456	0.20	.56	79,775.36	215,905	.20	.36	77,725.80	157,501.16
Matanuska-Susitna Borough School District	292,340	0.02	.38	111,089.20	605,266	.02	.18	108,947.88	220,037.08
Nenana City Public Schools	5,826	0.08	.44	2,563.44	8,839	.08	.24	2,121.36	4,684.80
Nome Public Schools	0	0.11	.47	0.00	46,767	.11	.27	12,627.09	12,627.09
North Slope Borough School District	54,058	0.19	.55	29,731.90	86,800	.19	.35	30,380.00	60,111.90
Northwest Arctic Borough School	78,033	0.20	.56	43,698.48	186,235	.20	.36	67,044.60	110,743.08
Petersburg Public Schools	13,067	0.05	.41	5,357.47	27,189	.05	.21	5,709.69	11,067.16
Saint Mary's School District	7,486	0.15	.51	3,817.86	22,678	.15	.31	7,030.18	10,848.04
Sitka Borough School District	5,028	0.04	.40	2,011.20	38,071	.04	.20	7,614.20	9,625.40
Skagway City Schools	0	0.04	.40	0.00	1,606	.04	.20	321.20	321.20
Southeast Island School District	8,821	0.09	.45	3,969.45	11,344	.09	.25	2,836.00	6,805.45
Southwest Region Schools	0	0.16	.52	0.00	70,538	.16	.32	22,572.16	22,572.16
Unalaska City School District	8,156	0.10	.46	3,751.76	12,299	.10	.26	3,197.74	6,949.50
Valdez City Schools	9,383	0.04	.40	3,753.20	20,033	.04	.20	4,006.60	7,759.80
Yakutat School District	10,023	0.09	.45	4,510.35	9,530	.09	.25	2,382.50	6,892.85
Yukon Koyukuk School District	0	0.20	.56	0.00	11,157	.20	.36	4,016.52	4,016.52
Yupiit School District	20,748	0.17	.53	10,996.44	43,728	.17	.33	14,430.24	25,426.68
Mt. Edgecumbe High School	15,137	0.04	.40	6,054.80	20,269	.04	.20	4,053.80	10,108.60
Total	**2,101,628**			911,030.35	**5,622,548**			1,244,390.77	**2,155,421.12**

Alaska Department of Education & Early Development
CS SB 213 Fiscal analysis, AS 14.17.425
Prepared 4-8-10
YEAR 3

Anch. CPI EST. 2.9% .36 Prior year FY12 rate is .37

Anch. CPI EST. 2.9% .16 Prior year FY12 rate is .17

Program Name	Est. Total Breakfasts Served	FY13 Breakfast Differential Adjustment	Adjusted Breakfast Rate	Estimated Breakfast Grant	Est. Total Lunches Served	FY13 Lunch Differential Adjustment	Adjusted Lunch Rate	Estimated Lunch Grant	FY13 Estimated Grant
Alaska Gateway Schools	30,544	0.15	.52	15,882.88	39,868	.15	.32	12,757.76	28,640.64
Aleutians East Borough Schools	0	0.25	.62	0.00	13,875	.25	.42	5,827.50	5,827.50
Anchorage School District	632,055	0.00	.37	233,860.35	2,011,126	.00	.17	341,891.42	575,751.77
Annette Island School District	7,391	0.08	.45	3,325.95	19,092	.08	.25	4,773.00	8,098.95
Bering Strait School District	95,565	0.25	.62	59,250.30	197,672	.25	.42	83,022.24	142,272.54
Bristol Bay Borough Schools	2,286	0.12	.49	1,120.14	7,343	.12	.29	2,129.47	3,249.61
Chatham School District	0	0.14	.51	0.00	3,160	.14	.31	979.60	979.60
Copper River School District	0	0.08	.45	0.00	18,084	.08	.25	4,521.00	4,521.00
Cordova Public Schools	8,326	0.06	.43	3,580.18	22,228	.06	.23	5,112.44	8,692.62
Craig City Schools	21,844	0.05	.42	9,174.48	33,816	.05	.22	7,439.52	16,614.00
Delta Greely School District	0	0.06	.43	0.00	42,292	.06	.23	9,727.16	9,727.16
Dillingham City Schools	15,435	0.09	.46	7,100.10	37,386	.09	.26	9,720.36	16,820.46
Fairbanks North Star Borough Schools	203,932	0.02	.39	79,533.48	489,378	.02	.19	92,981.82	172,515.30
Galena City Schools	14,746	0.10	.47	6,930.62	11,368	.10	.27	3,069.36	9,999.98
Haines Borough Schools	12,940	0.05	.42	5,434.80	15,924	.05	.22	3,503.28	8,938.08
Hoonah City Schools	6,236	0.10	.47	2,930.92	9,206	.10	.27	2,485.62	5,416.54
Hydaburg City School District	0	0.13	.50	0.00	5,080	.13	.30	1,524.00	1,524.00
Iditarod Area Schools	11,262	0.21	.58	6,531.96	18,880	.21	.38	7,174.40	13,706.36
Juneau School District	7,082	0.04	.41	2,903.62	121,761	.04	.21	25,569.81	28,473.43
Kake City Schools	3,658	0.11	.48	1,755.84	6,873	.11	.28	1,924.44	3,680.28
Kashunamuit School District	18,581	0.15	.52	9,662.12	33,513	.15	.32	10,724.16	20,386.28
Kenai Peninsula School District	67,077	0.04	.41	27,501.57	334,832	.04	.21	70,314.72	97,816.29
Ketchikan Gateway Schools	2,889	0.04	.41	1,184.49	82,566	.04	.21	17,338.86	18,523.35
Klawock City Schools	0	0.08	.45	0.00	9,965	.08	.25	2,491.25	2,491.25
Kodiak Island Borough Schools	37,947	0.07	.44	16,696.68	123,643	.07	.24	29,674.32	46,371.00
Kuspuk School District	28,942	0.18	.55	15,918.10	34,169	.18	.35	11,959.15	27,877.25
Lake Peninsula School District	0	0.25	.62	0.00	34,707	.25	.42	14,576.94	14,576.94
Lower Kuskokwim Schools	202,328	0.17	.54	109,257.12	406,487	.17	.34	138,205.58	247,462.70
Lower Yukon School District	142,456	0.22	.59	84,049.04	215,905	.22	.39	84,202.95	168,251.99
Matanuska-Susitna Borough School District	292,340	0.02	.39	114,012.60	605,266	.02	.19	115,000.54	229,013.14
Nenana City Public Schools	5,826	0.08	.45	2,621.70	8,839	.08	.25	2,209.75	4,831.45
Nome Public Schools	0	0.11	.48	0.00	46,767	.11	.28	13,094.76	13,094.76
North Slope Borough School District	54,058	0.20	.57	30,813.06	86,800	.20	.37	32,116.00	62,929.06
Northwest Arctic Borough School	78,033	0.21	.58	45,259.14	186,235	.21	.38	70,769.30	116,028.44
Petersburg Public Schools	13,067	0.06	.43	5,618.81	27,189	.06	.23	6,253.47	11,872.28
Saint Mary's School District	7,486	0.16	.53	3,967.58	22,678	.16	.33	7,483.74	11,451.32
Sitka Borough School District	5,028	0.05	.42	2,111.76	38,071	.05	.22	8,375.62	10,487.38
Skagway City Schools	0	0.04	.41	0.00	1,606	.04	.21	337.26	337.26
Southeast Island School District	8,821	0.10	.47	4,145.87	11,344	.10	.27	3,062.88	7,208.75
Southwest Region Schools	0	0.17	.54	0.00	70,538	.17	.34	23,982.92	23,982.92
Unalaska City School District	8,156	0.11	.48	3,914.88	12,299	.11	.28	3,443.72	7,358.60
Valdez City Schools	9,383	0.04	.41	3,847.03	20,033	.04	.21	4,206.93	8,053.96
Yakutat School District	10,023	0.10	.47	4,710.81	9,530	.10	.27	2,573.10	7,283.91
Yukon Koyukuk School District	0	0.21	.58	0.00	11,157	.21	.38	4,239.66	4,239.66
Yupiit School District	20,748	0.18	.55	11,411.40	43,728	.18	.35	15,304.80	26,716.20
Mt. Edgecumbe High School	15,137	0.05	.42	6,357.54	20,269	.05	.22	4,459.18	10,816.72
Total	**2,101,628**			942,376.92	**5,622,548**			1,322,535.76	**2,264,912.68**

Alaska Department of Education & Early Development
CS SB 213 Fiscal analysis, AS 14.17.425
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YEAR 4

Anch. CPI EST. 2.9% .37 Prior year FY12 rate is .38

Anch. CPI EST. 2.9% .17 Prior year FY12 rate is .18

Program Name	Est. Total Breakfasts Served	FY14 Breakfast Differential Adjustment	Adjusted Breakfast Rate	Estimated Breakfast Grant	Est. Total Lunches Served	FY14 Lunch Differential Adjustment	Adjusted Lunch Rate	Estimated Lunch Grant	FY14 Estimated Grant
Alaska Gateway Schools	30,544	0.15	.53	16,188.32	39,868	.15	.33	13,156.44	29,344.76
Aleutians East Borough Schools	0	0.25	.63	0.00	13,875	.25	.43	5,966.25	5,966.25
Anchorage School District	632,055	0.00	.38	240,180.90	2,011,126	.00	.18	362,002.68	602,183.58
Annette Island School District	7,391	0.08	.46	3,399.86	19,092	.08	.26	4,963.92	8,363.78
Bering Strait School District	95,565	0.25	.63	60,205.95	197,672	.25	.43	84,998.96	145,204.91
Bristol Bay Borough Schools	2,286	0.12	.50	1,143.00	7,343	.12	.30	2,202.90	3,345.90
Chatham School District	0	0.14	.52	0.00	3,160	.14	.32	1,011.20	1,011.20
Copper River School District	0	0.08	.46	0.00	18,084	.08	.26	4,701.84	4,701.84
Cordova Public Schools	8,326	0.06	.44	3,663.44	22,228	.06	.24	5,334.72	8,998.16
Craig City Schools	21,844	0.05	.43	9,392.92	33,816	.05	.23	7,777.68	17,170.60
Delta Greely School District	0	0.06	.44	0.00	42,292	.06	.24	10,150.08	10,150.08
Dillingham City Schools	15,435	0.09	.47	7,254.45	37,386	.09	.27	10,094.22	17,348.67
Fairbanks North Star Borough Schools	203,932	0.02	.40	81,572.80	489,378	.02	.20	97,875.60	179,448.40
Galena City Schools	14,746	0.10	.48	7,078.08	11,368	.10	.28	3,183.04	10,261.12
Haines Borough Schools	12,940	0.05	.43	5,564.20	15,924	.05	.23	3,662.52	9,226.72
Hoonah City Schools	6,236	0.10	.48	2,993.28	9,206	.10	.28	2,577.68	5,570.96
Hydaburg City School District	0	0.13	.51	0.00	5,080	.13	.31	1,574.80	1,574.80
Iditarod Area Schools	11,262	0.21	.59	6,644.58	18,880	.21	.39	7,363.20	14,007.78
Juneau School District	7,082	0.04	.42	2,974.44	121,761	.04	.22	26,787.42	29,761.86
Kake City Schools	3,658	0.11	.49	1,792.42	6,873	.11	.29	1,993.17	3,785.59
Kashunamuit School District	18,581	0.15	.53	9,847.93	33,513	.15	.33	11,059.29	20,907.22
Kenai Peninsula School District	67,077	0.04	.42	28,172.34	334,832	.04	.22	73,663.04	101,835.38
Ketchikan Gateway Schools	2,889	0.04	.42	1,213.38	82,566	.04	.22	18,164.52	19,377.90
Klawock City Schools	0	0.08	.46	0.00	9,965	.08	.26	2,590.90	2,590.90
Kodiak Island Borough Schools	37,947	0.07	.45	17,076.15	123,643	.07	.25	30,910.75	47,986.90
Kuspuk School District	28,942	0.18	.56	16,207.52	34,169	.18	.36	12,300.84	28,508.36
Lake Peninsula School District	0	0.25	.63	0.00	34,707	.25	.43	14,924.01	14,924.01
Lower Kuskokwim Schools	202,328	0.17	.55	111,280.40	406,487	.17	.35	142,270.45	253,550.85
Lower Yukon School District	142,456	0.22	.60	85,473.60	215,905	.22	.40	86,362.00	171,835.60
Matanuska-Susitna Borough School District	292,340	0.02	.40	116,936.00	605,266	.02	.20	121,053.20	237,989.20
Nenana City Public Schools	5,826	0.08	.46	2,679.96	8,839	.08	.26	2,298.14	4,978.10
Nome Public Schools	0	0.11	.49	0.00	46,767	.11	.29	13,562.43	13,562.43
North Slope Borough School District	54,058	0.20	.58	31,353.64	86,800	.20	.38	32,984.00	64,337.64
Northwest Arctic Borough School	78,033	0.21	.59	46,039.47	186,235	.21	.39	72,631.65	118,671.12
Petersburg Public Schools	13,067	0.06	.44	5,749.48	27,189	.06	.24	6,525.36	12,274.84
Saint Mary's School District	7,486	0.16	.54	4,042.44	22,678	.16	.34	7,710.52	11,752.96
Sitka Borough School District	5,028	0.05	.43	2,162.04	38,071	.05	.23	8,756.33	10,918.37
Skagway City Schools	0	0.04	.42	0.00	1,606	.04	.22	353.32	353.32
Southeast Island School District	8,821	0.10	.48	4,234.08	11,344	.10	.28	3,176.32	7,410.40
Southwest Region Schools	0	0.17	.55	0.00	70,538	.17	.35	24,688.30	24,688.30
Unalaska City School District	8,156	0.11	.49	3,996.44	12,299	.11	.29	3,566.71	7,563.15
Valdez City Schools	9,383	0.04	.42	3,940.86	20,033	.04	.22	4,407.26	8,348.12
Yakutat School District	10,023	0.10	.48	4,811.04	9,530	.10	.28	2,668.40	7,479.44
Yukon Koyukuk School District	0	0.21	.59	0.00	11,157	.21	.39	4,351.23	4,351.23
Yupiit School District	20,748	0.18	.56	11,618.88	43,728	.18	.36	15,742.08	27,360.96
Mt. Edgecumbe High School	15,137	0.05	.43	6,508.91	20,269	.05	.23	4,661.87	11,170.78
Total	**2,101,628**			963,393.20	**5,622,548**			1,378,761.24	**2,342,154.44**

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YEAR 5

Anch. CPI EST. 2.9% .38 Prior year FY12 rate is .39

Anch. CPI EST. 2.9% .18 Prior year FY12 rate is .19

Program Name	Est. Total Breakfasts Served	FY15 Breakfast Differential Adjustment	Adjusted Breakfast Rate	Estimated Breakfast Grant	Est. Total Lunches Served	FY15 Lunch Differential Adjustment	Adjusted Lunch Rate	Estimated Lunch Grant	FY15 Estimated Grant
Alaska Gateway Schools	30,544	0.15	.54	16,493.76	39,868	.15	.34	13,555.12	30,048.88
Aleutians East Borough Schools	0	0.25	.64	0.00	13,875	.25	.44	6,105.00	6,105.00
Anchorage School District	632,055	0.00	.39	246,501.45	2,011,126	.00	.19	382,113.94	628,615.39
Annette Island School District	7,391	0.08	.47	3,473.77	19,092	.08	.27	5,154.84	8,628.61
Bering Strait School District	95,565	0.25	.64	61,161.60	197,672	.25	.44	86,975.68	148,137.28
Bristol Bay Borough Schools	2,286	0.12	.51	1,165.86	7,343	.12	.31	2,276.33	3,442.19
Chatham School District	0	0.14	.53	0.00	3,160	.14	.33	1,042.80	1,042.80
Copper River School District	0	0.08	.47	0.00	18,084	.08	.27	4,882.68	4,882.68
Cordova Public Schools	8,326	0.06	.45	3,746.70	22,228	.06	.25	5,557.00	9,303.70
Craig City Schools	21,844	0.05	.44	9,611.36	33,816	.05	.24	8,115.84	17,727.20
Delta Greely School District	0	0.06	.45	0.00	42,292	.06	.25	10,573.00	10,573.00
Dillingham City Schools	15,435	0.09	.48	7,408.80	37,386	.09	.28	10,468.08	17,876.88
Fairbanks North Star Borough Schools	203,932	0.02	.41	83,612.12	489,378	.02	.21	102,769.38	186,381.50
Galena City Schools	14,746	0.10	.49	7,225.54	11,368	.10	.29	3,296.72	10,522.26
Haines Borough Schools	12,940	0.05	.44	5,693.60	15,924	.05	.24	3,821.76	9,515.36
Hoonah City Schools	6,236	0.10	.49	3,055.64	9,206	.10	.29	2,669.74	5,725.38
Hydaburg City School District	0	0.13	.52	0.00	5,080	.13	.32	1,625.60	1,625.60
Iditarod Area Schools	11,262	0.21	.60	6,757.20	18,880	.21	.40	7,552.00	14,309.20
Juneau School District	7,082	0.04	.43	3,045.26	121,761	.04	.23	28,005.03	31,050.29
Kake City Schools	3,658	0.11	.50	1,829.00	6,873	.11	.30	2,061.90	3,890.90
Kashunamuit School District	18,581	0.15	.54	10,033.74	33,513	.15	.34	11,394.42	21,428.16
Kenai Peninsula School District	67,077	0.04	.43	28,843.11	334,832	.04	.23	77,011.36	105,854.47
Ketchikan Gateway Schools	2,889	0.04	.43	1,242.27	82,566	.04	.23	18,990.18	20,232.45
Klawock City Schools	0	0.08	.47	0.00	9,965	.08	.27	2,690.55	2,690.55
Kodiak Island Borough Schools	37,947	0.07	.46	17,455.62	123,643	.07	.26	32,147.18	49,602.80
Kuspuk School District	28,942	0.18	.57	16,496.94	34,169	.18	.37	12,642.53	29,139.47
Lake Peninsula School District	0	0.25	.64	0.00	34,707	.25	.44	15,271.08	15,271.08
Lower Kuskokwim Schools	202,328	0.17	.56	113,303.68	406,487	.17	.36	146,335.32	259,639.00
Lower Yukon School District	142,456	0.22	.61	86,898.16	215,905	.22	.41	88,521.05	175,419.21
Matanuska-Susitna Borough School District	292,340	0.02	.41	119,859.40	605,266	.02	.21	127,105.86	246,965.26
Nenana City Public Schools	5,826	0.08	.47	2,738.22	8,839	.08	.27	2,386.53	5,124.75
Nome Public Schools	0	0.11	.50	0.00	46,767	.11	.30	14,030.10	14,030.10
North Slope Borough School District	54,058	0.20	.59	31,894.22	86,800	.20	.39	33,852.00	65,746.22
Northwest Arctic Borough School	78,033	0.21	.60	46,819.80	186,235	.21	.40	74,494.00	121,313.80
Petersburg Public Schools	13,067	0.06	.45	5,880.15	27,189	.06	.25	6,797.25	12,677.40
Saint Mary's School District	7,486	0.16	.55	4,117.30	22,678	.16	.35	7,937.30	12,054.60
Sitka Borough School District	5,028	0.05	.44	2,212.32	38,071	.05	.24	9,137.04	11,349.36
Skagway City Schools	0	0.04	.43	0.00	1,606	.04	.23	369.38	369.38
Southeast Island School District	8,821	0.10	.49	4,322.29	11,344	.10	.29	3,289.76	7,612.05
Southwest Region Schools	0	0.17	.56	0.00	70,538	.17	.36	25,393.68	25,393.68
Unalaska City School District	8,156	0.11	.50	4,078.00	12,299	.11	.30	3,689.70	7,767.70
Valdez City Schools	9,383	0.04	.43	4,034.69	20,033	.04	.23	4,607.59	8,642.28
Yakutat School District	10,023	0.10	.49	4,911.27	9,530	.10	.29	2,763.70	7,674.97
Yukon Koyukuk School District	0	0.21	.60	0.00	11,157	.21	.40	4,462.80	4,462.80
Yupiit School District	20,748	0.18	.57	11,826.36	43,728	.18	.37	16,179.36	28,005.72
Mt. Edgecumbe High School	15,137	0.05	.44	6,660.28	20,269	.05	.24	4,864.56	11,524.84
Total	**2,101,628**			984,409.48	**5,622,548**			1,434,986.72	**2,419,396.20**

Alaska Department of Education & Early Development
CS SB 213 Fiscal analysis, AS 14.17.425
Prepared 4-8-10
YEAR 6

Anch. CPI EST. 2.9% .39 Prior year FY12 rate is .40

Anch. CPI EST. 2.9% .19 Prior year FY12 rate is .20

Program Name	Est. Total Breakfasts Served	FY16 Breakfast Differential Adjustment	Adjusted Breakfast Rate	Estimated Breakfast Grant	Est. Total Lunches Served	FY16 Lunch Differential Adjustment	Adjusted Lunch Rate	Estimated Lunch Grant	FY16 Estimated Grant
Alaska Gateway Schools	30,544	0.15	.55	16,799.20	39,868	.15	.35	13,953.80	30,753.00
Aleutians East Borough Schools	0	0.25	.65	0.00	13,875	.25	.45	6,243.75	6,243.75
Anchorage School District	632,055	0.00	.40	252,822.00	2,011,126	.00	.20	402,225.20	655,047.20
Annette Island School District	7,391	0.08	.48	3,547.68	19,092	.08	.28	5,345.76	8,893.44
Bering Strait School District	95,565	0.25	.65	62,117.25	197,672	.25	.45	88,952.40	151,069.65
Bristol Bay Borough Schools	2,286	0.12	.52	1,188.72	7,343	.12	.32	2,349.76	3,538.48
Chatham School District	0	0.14	.54	0.00	3,160	.14	.34	1,074.40	1,074.40
Copper River School District	0	0.08	.48	0.00	18,084	.08	.28	5,063.52	5,063.52
Cordova Public Schools	8,326	0.06	.46	3,829.96	22,228	.06	.26	5,779.28	9,609.24
Craig City Schools	21,844	0.05	.45	9,829.80	33,816	.05	.25	8,454.00	18,283.80
Delta Greely School District	0	0.06	.46	0.00	42,292	.06	.26	10,995.92	10,995.92
Dillingham City Schools	15,435	0.09	.49	7,563.15	37,386	.09	.29	10,841.94	18,405.09
Fairbanks North Star Borough Schools	203,932	0.02	.42	85,651.44	489,378	.02	.22	107,663.16	193,314.60
Galena City Schools	14,746	0.10	.50	7,373.00	11,368	.10	.30	3,410.40	10,783.40
Haines Borough Schools	12,940	0.05	.45	5,823.00	15,924	.05	.25	3,981.00	9,804.00
Hoonah City Schools	6,236	0.10	.50	3,118.00	9,206	.10	.30	2,761.80	5,879.80
Hydaburg City School District	0	0.13	.53	0.00	5,080	.13	.33	1,676.40	1,676.40
Iditarod Area Schools	11,262	0.21	.61	6,869.82	18,880	.21	.41	7,740.80	14,610.62
Juneau School District	7,082	0.04	.44	3,116.08	121,761	.04	.24	29,222.64	32,338.72
Kake City Schools	3,658	0.11	.51	1,865.58	6,873	.11	.31	2,130.63	3,996.21
Kashunamuit School District	18,581	0.15	.55	10,219.55	33,513	.15	.35	11,729.55	21,949.10
Kenai Peninsula School District	67,077	0.04	.44	29,513.88	334,832	.04	.24	80,359.68	109,873.56
Ketchikan Gateway Schools	2,889	0.04	.44	1,271.16	82,566	.04	.24	19,815.84	21,087.00
Klawock City Schools	0	0.08	.48	0.00	9,965	.08	.28	2,790.20	2,790.20
Kodiak Island Borough Schools	37,947	0.07	.47	17,835.09	123,643	.07	.27	33,383.61	51,218.70
Kuspuk School District	28,942	0.18	.58	16,786.36	34,169	.18	.38	12,984.22	29,770.58
Lake Peninsula School District	0	0.25	.65	0.00	34,707	.25	.45	15,618.15	15,618.15
Lower Kuskokwim Schools	202,328	0.17	.57	115,326.96	406,487	.17	.37	150,400.19	265,727.15
Lower Yukon School District	142,456	0.22	.62	88,322.72	215,905	.22	.42	90,680.10	179,002.82
Matanuska-Susitna Borough School District	292,340	0.02	.42	122,782.80	605,266	.02	.22	133,158.52	255,941.32
Nenana City Public Schools	5,826	0.08	.48	2,796.48	8,839	.08	.28	2,474.92	5,271.40
Nome Public Schools	0	0.11	.51	0.00	46,767	.11	.31	14,497.77	14,497.77
North Slope Borough School District	54,058	0.20	.60	32,434.80	86,800	.20	.40	34,720.00	67,154.80
Northwest Arctic Borough School	78,033	0.21	.61	47,600.13	186,235	.21	.41	76,356.35	123,956.48
Petersburg Public Schools	13,067	0.06	.46	6,010.82	27,189	.06	.26	7,069.14	13,079.96
Saint Mary's School District	7,486	0.16	.56	4,192.16	22,678	.16	.36	8,164.08	12,356.24
Sitka Borough School District	5,028	0.05	.45	2,262.60	38,071	.05	.25	9,517.75	11,780.35
Skagway City Schools	0	0.04	.44	0.00	1,606	.04	.24	385.44	385.44
Southeast Island School District	8,821	0.10	.50	4,410.50	11,344	.10	.30	3,403.20	7,813.70
Southwest Region Schools	0	0.17	.57	0.00	70,538	.17	.37	26,099.06	26,099.06
Unalaska City School District	8,156	0.11	.51	4,159.56	12,299	.11	.31	3,812.69	7,972.25
Valdez City Schools	9,383	0.04	.44	4,128.52	20,033	.04	.24	4,807.92	8,936.44
Yakutat School District	10,023	0.10	.50	5,011.50	9,530	.10	.30	2,859.00	7,870.50
Yukon Koyukuk School District	0	0.21	.61	0.00	11,157	.21	.41	4,574.37	4,574.37
Yupiit School District	20,748	0.18	.58	12,033.84	43,728	.18	.38	16,616.64	28,650.48
Mt. Edgecumbe High School	15,137	0.05	.45	6,811.65	20,269	.05	.25	5,067.25	11,878.90
Total	**2,101,628**			1,005,425.76	**5,622,548**			1,491,212.20	**2,496,637.96**

ALASKA FOOD COALITION

School Breakfast: Questions and Answers

Questions about School Breakfast	How School Breakfast and Lunch Work
Isn't it a family's responsibility to feed its kids? Schools have no role here.	Many families cannot afford to feed their children the healthy meals they would like to provide. One out of eight Alaska families struggles to put enough food on the table.[1] Even for more fortunate families, bus and commuting schedules can interfere with children being fed and ready to learn when they arrive at school.
How can schools make this work with everything else they are required to do?	School breakfast and lunch supports the educational mission of schools by enhancing student achievement and learning. Hungry children show lower test scores, more absenteeism and tardiness, and more behavioral and emotional problems.[2]
How does the state government get involved in supporting breakfast and lunch in schools?	**39 states** have passed legislation supporting school meal reimbursements. Alaska is not one of them.[3] Alaska is missing out on $1.9 million in federal funds due to underutilization of the School Breakfast Program—and state action can help leverage those federal dollars.[4] School Lunch programs in Alaska are experiencing extraordinary expense increases, as are Alaska families. State assistance with the federal national School Breakfast and Lunch programs will add to success for Alaska children in Alaska classrooms.
Shouldn't schools be working on the obesity problem instead?	Eating a healthy breakfast and lunches is associated with reduced risk of obesity.[5] Children who eat school breakfast start their day with healthy foods including milk, fruits, vegetables, and whole or enriched grains.

References: [1]Nord, Mark, Margaret Andrews and Steven Carlson. "Household Food Security in the United States, 2005." Economic Research Report 29. Washington, DC: U.S. Department of Agriculture, Economic Research Service, November 2006. Available at http://www.ers.usda.gov/Publications/ERR29/. [2]Center on Hunger and Poverty. "The Consequences of Hunger and Food Insecurity for Children: Evidence from Recent Scientific Studies." June 2002. Available at http://www.centeronhunger.org/pdf/ConsequencesofHunger.pdf. [3]Food Research and Action Center (FRAC). "School Breakfast Scorecard 2007." Washington, DC: FRAC, December 2007. Available at http://www.frac.org/pdf/SBP_2007.pdf. [4]Ibid. [5]*Archives of Pediatric and Adolescent Medicine.* 2003;157:780-784. See also Center on Weight & Health, *Pediatric Overweight: A Review of the Literature*, June 2001, page 48.

SCHOOL BREAKFAST FACT SHEET (Provided by the Alaska Food Coalition)

- **Improves Student Performance**:

Children who eat a complete breakfast, verses a partial one, make fewer mistakes and work faster in math and number checking tests.
Wyon D, Abrahamson L, Jartelius M, Fletcher R, "An Experimental Study of the Effects of Energy Intake at Breakfast on the Test Performance of 10 Year-Old Children in School." International Journal of Food Science and Nutrition, 1997, 48 (1): 5-12.

Children who eat breakfast at school – closer to class and test taking time – perform better on standardized tests than those who skip breakfast or eat breakfast at home.
Vaisman N, Voet H, Akivis A, Valil E, "Effects of Breakfast Timing on the Cognitive Functions of Elementary School Students." Archives of Pediatric and Adolescent Medicine 1996 150:1089-1092

Serving breakfast to kids at school significantly improves their cognitive or mental abilities, enabling them to be more alert, pay better attention, and to perform better in reading and math.
Brown, JL, Beardslee, WH, Prothrow-Stith, D, "Impact of School Breakfast of Children's Health and Learning: An Analysis of the Scientific Research," 2008, available through www.SodexoFoundation.org.

- **Increases School Attendance**

Schools breakfast programs can lower absence and tardiness rates and improve standardized achievement test scores.
Meyers A, Sampson AE, Weitzman M, Rogers BL, Kayne H, "School Breakfast program and School Performance." American Journal of Diseases of Children 1989; 143: 1234-39.

School administrators in Minnesota reported significant improvements in school attendance as the result of instituting a breakfast program over a two-year period.
Begalle. "More Than Test Scores: Results of the Universal Breakfast Pilot in MN," Topics in Clinical Nutrition, 1999:15.

- **Decreases School Violence**

Teens experiencing hunger are more likely to have been suspended from school, have difficulty getting along with other children, and have no friends
Kleinman RE, Murphy JM, Little M, Pagano M, Wehler CA, Regal K, Kellinek MS. "Hunger in Children in the United States: Potential Behavioral and Emotional Correlates" Pediatrics 1998: 101(1):E3.

Research shows corresponding decrease in discipline problems directly related to participation in the breakfast program.
Begalle. "More Than Test Scores: Results of the Universal Breakfast Pilot in MN," Topics in Clinical Nutrition, 1999:15.

Centers for Disease Control and Prevention (CDC) found "strong evidence that school-based meal programs "decrease rates of violence and aggressive behavior among school-aged children. *(www.cdc.gov, 2008)*

- **Fights Obesity and Improves Nutrition**

Adolescents who eat breakfast tend to have a lower body mass index (BMI); higher BMI's can indicate overweight and obesity

Fiore H, Travis S, Whalen A, Auinger P, Ryan S. "Potentially Protective Factors Associated with Healthful Body Mass Index in Adolescents with Obese and Non-Obese Parents: A Secondary Data Analysis of the Third National Health and Nutrition Examination Survey, 1988-1994, "Journal of the American Dietetic Association 2006; 106: 55-64.

Studies show that nutritionally at-risk kids in the U.S. exhibited improvements in nutritional intake as a result of participating in the School Breakfast Program.
Kleinman, Hall, et. al, "Diet, Breakfast and Academic Performance in Children, Annals of Nutritional Metabolism, 2002:46

LEGISLATIVE RESEARCH REPORT

NOVEMBER 2, 2009 REPORT NUMBER 10.047

STATE FUNDING OF FEDERAL SCHOOL BREAKFAST AND LUNCH PROGRAMS

PREPARED FOR SENATOR WIELECHOWSKI

BY TIM SPENGLER, LEGISLATIVE ANALYST

You asked about the National School Lunch Program and the School Breakfast Program. Specifically, you were interested in how states supplement the federal funding these programs provide.

National School Lunch Program and School Breakfast Program

The National School Lunch Act of 1946 and the Child Nutrition Act of 1966 authorized the National School Lunch Program (NSLP) and School Breakfast Program (SBP), respectively. These federal school meal programs provide reimbursements that assist schools to provide lunches and breakfasts to kindergarten through high school students enrolled in public and non-profit private schools or residential child care institutions across the country. In order to participate in the programs, schools must serve meals that meet federal nutrition requirements, and must offer these meals free and at a reduced price to eligible children

Both programs have gradually increased the number of children they serve over the decades. In 2008, the NSLP provided low-cost or free lunches to more than 30 million children nationwide while the SBP served around 10 million children. On the federal level, the program is administered by the U.S. Department of Agriculture's (USDA) Food and Nutrition Service, while at the state level it is usually administered by state education agencies, which operate the program through agreements with local school food authorities.[1]

Federal Funding

Most of the support the USDA provides to schools for the National School Lunch Program and School Breakfast Program comes in the form of cash reimbursement for each meal served. Children from families with incomes at or below 130 percent of the poverty level are eligible for

[1] As Attachment A, we include fact sheets from the USDA that detail the National School Lunch Program and the School Breakfast Program. Additional USDA information on these programs is available at *http://www.fns.usda.gov/cnd/lunch/* and *http://www.fns.usda.gov/cnd/breakfast/*.

907-465-3991
907-465-3908 (fax)
Alaska Legislature
Legislative Research Services
w3.legis.state.ak.us/laa/research/research.php
State Capitol
Juneau, AK 99801

free meals. Students from families whose income is between 130 percent and 185 percent of the poverty level are eligible for reduced-priced meals, for which students can be charged no more than 40 cents.[2] Children from families with incomes over 185 percent of poverty pay a full price for meals. Local schools set their own prices for full-price meals, but must operate their meal service as a non-profit program. In Table 1, we present the federal reimbursement rates states receive for serving full price, reduced price, and free breakfasts and lunches.

Table 1: Federal Reimbursement Rates for the National School Lunch Program and the School Breakfast Program, (Fiscal Year 2010)

National School Lunch Program			
	Full Price	Reduced Price	Free
Contiguous United States	$0.25	$2.28	$2.68
Alaska	$0.41	$3.95	$4.35
Hawaii	$0.30	$2.75	$3.15
School Breakfast Program			
	Full Price	Reduced Price	Free
Contiguous United States	$0.26	$1.16	$1.46
Alaska	$0.26	$1.16	$2.33
Hawaii	$0.29	$1.40	$1.70

Notes: In schools that serve 60 percent or more free or reduced price lunches, reimbursement rates are slightly higher.
Sources: U.S. Department of Agriculture, Food and Nutrition Service.

State Efforts to Supplement Federal Funding for Meals for Students

To participate in the federal lunch and breakfast programs, states provide a partial match for the administrative costs of their state programs (generally around 30 percent of the federal funding). As mentioned, states usually operate their school food programs through their departments of education, which in turn have agreements with school food authorities (SFA). SFAs are responsible for the administration of school food services in one or more schools. While the vast majority of the school breakfast and lunch program funding comes from federal cash reimbursements, SFAs may also receive funds from state meal reimbursement programs—which we discuss below—student and adult food sales, and other sources such as catering services, interest on deposits, and revenues from the sale of used equipment.

Federal reimbursement does not fully cover the cost of meals served to students. Initially the programs were intended to cover these costs and appear to have done so in the past. In 1996, however, the USDA established more stringent requirements for the nutritional contents of school meals, which subsequently raised the preparation costs. Reimbursement rates have not increased proportionally as food costs have risen over the years. We were unable to find evidence that schools in any region of the country are able to pay for their school meals solely from federal reimbursement funds.

As mentioned above, some states also supplement federal funding, usually reimbursing schools on a per meal basis. Pennsylvania's state reimbursement rates, for example, range between

[2] For Fiscal Year 2010, 130 percent of the poverty level for a family of four is $28,655; and 185 percent is $40,793.

0.10 to 0.17 cents per meal depending on a number of factors. Even with the augmentation, however, the costs of meals are not covered, according to Vonda Fekete, chief state director, Child Nutrition Programs, Pennsylvania Department of Education.[3] Ms. Fekete told us that revenue from the sales of á la carte food items is the primary funding mechanism schools use to bridge the fiscal gap. School districts in Pennsylvania also sometimes use general funds, albeit reluctantly, to finance the breakfast and lunch programs.

Along with Pennsylvania, a number of other states augment federal funds for the National Lunch Program and the School Breakfast Program. We identified 23 states that reimburse schools (or otherwise provide state funding) for providing breakfast or lunches.[4] State reimbursement rates range from 3 cents per meal (Iowa, New Hampshire) up to 20 cent per meal (Virginia). Additionally, five other states mandate that a universal breakfast program be in place.[5] For example, New Mexico appropriated $3.45 million for the 2008-2009 school year so that all children at low performing elementary schools can have a free breakfast regardless of the income of their family.

We include, as Attachment B, a report from the Food Research and Action Center entitled "School Breakfast Scorecards: School Year 2007-2008," that details state meal legislation, including mandates, funding, and other requirements.[6] (You may find the table on page 20 particularly useful in comparing state actions in this area.) According to this report, one of most effective ways for states to help ensure their students are getting enough food is to implement a robust school breakfast program. Some of the benefits of serving breakfast in school include improved school performance, reduced behavioral problems, and improved student diets.

Historically, the NSLP serves around three times as many meals nationwide than the SBP, according to the USDA. The primary reason for many schools not serving breakfast involves logistical, rather than fiscal, difficulties (breakfast is usually more cost effective for schools to serve than lunch). Whereas lunch occurs during a traditional break in the middle of the school day, breakfast often must be served while class is in session, which can be disruptive to teachers and children.[7]

Alaska does not provide state reimbursement to schools that participate in the NSLP or the SBP. Additionally, Alaska is one of 11 states, along with the District of Columbia, that does not have legislation mandating that all or certain schools participate in the federal school meal programs.[8]

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[3] Vonda Fekete, chief state director, Child Nutrition Programs, Pennsylvania Department of Education can be reached at (717) 787-7698.

[4] These 23 states are California, Colorado, Connecticut, Florida, Hawaii, Illinois, Iowa, Maine, Maryland, Massachusetts, Michigan, Minnesota, Missouri, Nebraska, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont, Virginia, Washington, and Wisconsin.

[5] The five states that mandate a universal breakfast program are Illinois, Maryland, Massachusetts, New Mexico, and North Carolina.

[6] The Food Research and Action Center (FRAC) is a nonprofit organization that works to eradicate hunger and under- nutrition in the United States. (*http://www.frac.org/index.html*) The report details how states are using both the School Breakfast Program and the National School Lunch Program.

[7] USDA Strategies for schools that are considering implementing or expanding breakfast programs can be viewed at *http://www.fns.usda.gov/cnd/breakfast/expansion/expansionstrategies.htm.*

[8] This information came from the Food Research and Action Center. Along with the District of Columbia, the 11 states that do not require all or certain school to participate are Alabama, Alaska, Arizona, Delaware, Idaho, Mississippi, Montana, North Dakota, Oklahoma, South Dakota, and Wyoming.

According to information provided by Linda Cote, food service coordinator for the state of Alaska, 43 of the 53 school districts in Alaska have implemented a school lunch program while 34 districts participate in the school breakfast program; although not all schools in each of the participating districts have these programs.[9]

According to Ms. Coate, despite Alaska's higher federal reimbursement rates, she is unaware of any districts where these funds alone are sufficient to cover the expense of the meals. Ms. Coate informs us that larger schools come closest to being able to pay for the meals with the federal reimbursement they receive, as a result of more participants. But even these schools must supplement federal reimbursement funds in some other manner usually in the form of á la carte food sales and monies from school operating funds.

We hope you find this information to be useful. Please let us know if you have questions or need additional information.

[9] Linda Coate, school food coordinator, Department of Education and Early Development, State of Alaska, (907) 465-8708.

Attachment A

School Breakfast Program and National School Lunch Program, Fact Sheets, United States Department of Agriculture, Food and Nutritional Service, August 2009

NATIONAL SCHOOL LUNCH PROGRAM

1. What is the National School Lunch Program?

The National School Lunch Program is a federally assisted meal program operating in over 101,000 public and non-profit private schools and residential child care institutions. It provides nutritionally balanced, low-cost or free lunches to more than 30.5 million children each school day in 2008. In 1998, Congress expanded the National School Lunch Program to include reimbursement for snacks served to children in afterschool educational and enrichment programs to include children through 18 years of age.

The Food and Nutrition Service administers the program at the Federal level. At the State level, the National School Lunch Program is usually administered by State education agencies, which operate the program through agreements with school food authorities.

2. How does the National School Lunch Program work?

Generally, public or nonprofit private schools of high school grade or under and public or nonprofit private residential child care institutions may participate in the school lunch program. School districts and independent schools that choose to take part in the lunch program get cash subsidies and donated commodities from the U.S. Department of Agriculture (USDA) for each meal they serve. In return, they must serve lunches that meet Federal requirements, and they must offer free or reduced price lunches to eligible children. School food authorities can also be reimbursed for snacks served to children through age 18 in afterschool educational or enrichment programs.

3. What are the nutritional requirements for school lunches?

School lunches must meet the applicable recommendations of the 1995 Dietary Guidelines for Americans, which recommend that no more than 30 percent of an individual's calories come from fat, and less than 10 percent from saturated fat. Regulations also establish a standard for school lunches to provide one-third of the Recommended Dietary Allowances of protein, Vitamin A, Vitamin C, iron, calcium, and calories.

School lunches must meet Federal nutrition requirements, but decisions about what specific foods to serve and how they are prepared are made by local school food authorities.

4. How do children qualify for free and reduced-price meals?

Any child at a participating school may purchase a meal through the National School Lunch Program. Children from families with incomes at or below 130 percent of the poverty level are eligible for free meals. Those with incomes between 130 percent and 185 percent of the poverty level are eligible for reduced-price meals, for which students can be charged no more than 40 cents. (For the period July 1, 2009, through June 30, 2010, 130 percent of the poverty level is $28,665 for a family of four; 185 percent is $40,793.)

Children from families with incomes over 185 percent of poverty pay a full price, though their meals are still subsidized to some extent. Local school food authorities set their own prices for full-price (paid) meals, but must operate their meal services as non-profit programs.

Afterschool snacks are provided to children on the same income eligibility basis as school meals. However, programs that operate in areas where at least 50 percent of students are eligible for free or reduced-price meals may serve all their snacks for free.

5. How much reimbursement do schools get?

Most of the support USDA provides to schools in the National School Lunch Program comes in the form of a cash reimbursement for each meal served. The current (July 1, 2009 through June 30, 2010) basic cash reimbursement rates if school food authorities served less than 60% free and reduced price lunches during the second preceding school year are:

Free lunches:	**Reduced-price lunches:**	**Paid lunches:**
$2.68	**$2.28**	**$0.25**
Free snacks:	**Reduced-price snacks:**	**Paid snacks:**
$0.74	**$0.37**	**$0.06**

Higher reimbursement rates are in effect for Alaska and Hawaii, and for schools with high percentages of low-income students. For the latest reimbursement rates visit FNS website at www.fns.usda.gov/cnd/Governance/notices/naps/NAPs.htm.

6. What other support do schools get from USDA?

In addition to cash reimbursements, schools are entitled by law to receive USDA foods, called "entitlement" foods, at a value of 19.50 cents for each meal served in Fiscal Year 2009-2010. Schools can also get "bonus" USDA foods as they are available from surplus agricultural stocks.

Through Team Nutrition USDA provides schools with technical training and assistance to help school food service staffs prepare healthful meals, and with nutrition education to help children understand the link between diet and health.

7. What types of foods do schools get from USDA?

States select entitlement foods for their schools from a list of various foods purchased by USDA and offered through the school lunch program. Bonus foods are offered only as they become available through agricultural surplus. The variety of both entitlement and bonus USDA foods schools can get from USDA depends on quantities available and market prices.

A very successful project between USDA and the Department of Defense (DoD) has helped provide schools with fresh produce purchased through DoD. USDA has also worked with schools to help promote connections with local small farmers who may be able to provide fresh produce.

8. How many children have been served over the years?

The National School Lunch Act in 1946 created the modern school lunch program, though USDA had provided funds and food to schools for many years prior to that. About 7.1 million children were participating in the National School Lunch Program by the end of its first year, 1946-47. By 1970, 22 million children were participating, and by 1980 the figure was nearly 27 million. In 1990, over 24 million children ate school lunch every day. In Fiscal Year 2007, more than 30.5 million children each day got their lunch through the National School Lunch Program. Since the modern program began, more than 219 billion lunches have been served.

9. How much does the program cost?

The National School Lunch Program cost $9.3 billion in FY 2008. By comparison, the lunch program's total cost in 1947 was $70 million; in 1950, $119.7 million; in 1960, $225.8 million; in 1970, $565.5 million; in 1980, $3.2 billion; in 1990, $3.7 billion; and in 2000, 6.1 billion.

For more information:

For information on the operation of the National School Lunch Program and all the Child Nutrition Programs, contact the State agency in your state that is responsible for the administration of the programs. A listing of all our State agencies may be found on our web site at www.fns.usda.gov/cnd, select "Contact Us", then select "Child Nutrition Programs."

You may also contact us through the office of USDA, Food and Nutrition Service, Public Information Staff at 703-305-2286, or by mail at 3101 Park Center Drive, Room 914, Alexandria, Virginia 22302.

August 2009

THE SCHOOL BREAKFAST PROGRAM

1. What is the School Breakfast Program?

The School Breakfast Program is a federally assisted meal program operating in public and nonprofit private schools and residential child care institutions. It began as a pilot project in 1966, and was made permanent in 1975. The School Breakfast Program is administered at the Federal level by the Food and Nutrition Service. At the State level, the program is usually administered by State education agencies, which operate the program through agreements with local school food authorities in more than 87,000 schools and institutions.

2. How does the School Breakfast Program work?

The School Breakfast Program operates in the same manner as the National School Lunch Program. Generally, public or nonprofit private schools of high school grade or under and public or nonprofit private residential child care institutions may participate in the School Breakfast Program. School districts and independent schools that choose to take part in the breakfast program receive cash subsidies from the U.S. Department of Agriculture (USDA) for each meal they serve. In return, they must serve breakfasts that meet Federal requirements, and they must offer free or reduced price breakfasts to eligible children.

3. What are the nutritional requirements for school breakfasts?

School breakfasts must meet the applicable recommendations of the Dietary Guidelines for Americans which recommend that no more than 30 percent of an individual's calories come from fat, and less than 10 percent from saturated fat. In addition, breakfasts must provide one-fourth of the Recommended Dietary Allowance for protein, calcium, iron, Vitamin A, Vitamin C and calories. The decisions about what specific food to serve and how they are prepared are made by local school food authorities.

4. How do children qualify for free and reduced price breakfasts?

Any child at a participating school may purchase a meal through the School Breakfast Program. Children from families with incomes at or below 130 percent of the Federal poverty level are eligible for free meals. Those with incomes between 130 percent and 185 percent of the poverty level are eligible for reduced-price meals. (For the period July 1, 2009, through June 30, 2010, 130 percent of the poverty level is $28,665 for a family of four; 185 percent is $40,793.) Children from families over 185 percent of poverty pay full price, though their meals are still subsidized to some extent.

5. How much reimbursement do schools get?

Most of the support USDA provides to schools in the School Breakfast Program comes in the form of a cash reimbursement for each breakfast served. The current (July 1, 2009 through June 30, 2010) basic cash reimbursement rates for non-severe need are:

Free breakfasts	**$1.46**
Reduced-price breakfasts	**$1.16**
Paid breakfasts	**$0.26**

Schools may qualify for higher "severe need" reimbursements if 40% of their lunches are served free or at a reduced price in the second preceding year. Severe need payments are up to 28 cents higher than the normal reimbursements for free and reduced-price breakfasts. About 74 percent of the breakfasts served in the School Breakfast Program receive severe need payments. Higher reimbursement rates are in effect for Alaska and Hawaii.

Schools may charge no more than 30 cents for a reduced-price breakfast. Schools set their own prices for breakfasts served to students who pay the full meal price (paid), though they must operate their meal services as non-profit programs.

For the latest reimbursement rates visit FNS website at

www.fns.usda.gov/cnd/Governance/notices/naps/NAPs.htm

6. What other support do schools get from USDA?

Through Team Nutrition, USDA provides schools with technical training and assistance to help school food service staffs prepare healthy meals, and with nutrition education to help children understand the link between diet and health.

7. How many children have been served over the years?

In Fiscal Year 2007, over 10.1 million children participated every day. That number grew to 10.5 million in Fiscal Year 2007. Of those, 8.1 million received their meals free or at a reduced-price.

Participation has slowly but steadily grown over the years: 1970: 0.5 million children; 1975: 1.8 million children; 1980: 3.6 million children; 1985: 3.4 million children; 1990: 4.0 million children; 1995: 6.3 million children; 2000: 7.5 million children.

8. How much does the program cost?

For Fiscal Year 2008, the School Breakfast Program cost $2.4 billion, up from $1.9 billion in Fiscal Year 2005. The cost in previous years was in 1970, $ 10.8 million; in 1980, $287.8 million; in 1990, $ 599.1 million; and in 2000, $1.39 billion.

For more information:

For information on the operation of the School Breakfast Program and all the Child Nutrition Programs, contact the State agency in your state that is responsible for the administration of the programs. A listing of all our State agencies may be found on our web site at www.fns.usda.gov/cnd, select "Contact Us" then select "Child Nutrition Programs."

You may also contact us through the office of USDA, Food and Nutrition Service, Public Information Staff at 703-305-2286, or by mail at 3101 Park Center Drive, Room 914, Alexandria, Virginia 22302.

August 2009

Attachment B

"School Breakfast Scorecard: School Year 2007-2008," Food Research and Action Center, January 2009

School Breakfast Scorecard

School Year 2007-2008

FOOD RESEARCH AND ACTION CENTER

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January 2009

About FRAC

The Food Research and Action Center (FRAC) is the leading national organization working for more effective public and private policies to eradicate domestic hunger and undernutrition.

For more information about FRAC, or to sign up for FRAC's Weekly News Digest, visit www.frac.org. For information about school meals, go to http://www.frac.org/html/federal_food_programs/federal_index.html.

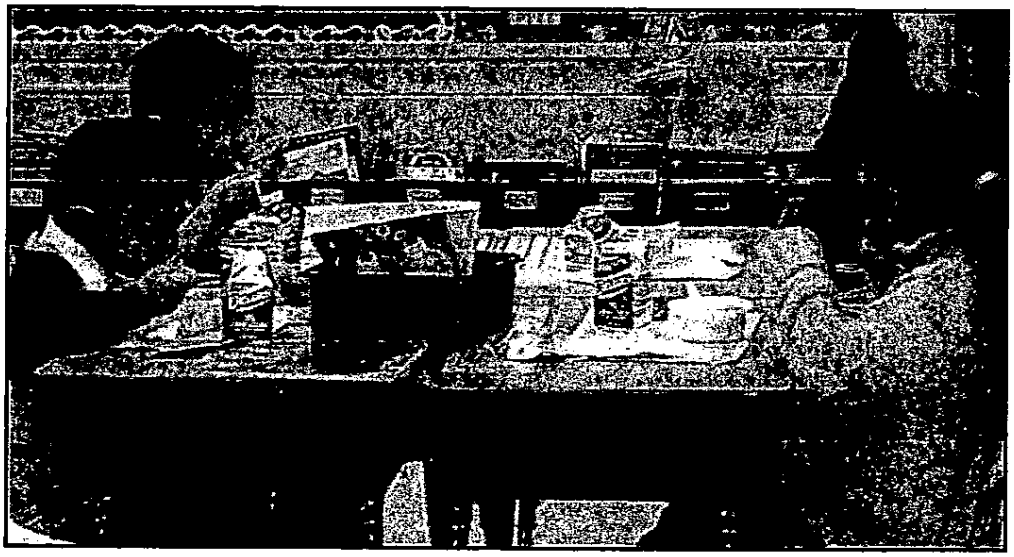
Acknowledgements

This report was prepared by Rachel Cooper and Madeleine Levin, with assistance from Jennifer Adach.

The Food Research and Action Center gratefully acknowledges major support of our work to expand and improve the School Breakfast Program in 2007-2008 from East Side Entrées, Inc., Kraft Foods, Inc., the National Dairy Council/Dairy Management, Inc., the Sara Lee Foundation, and the UPS Foundation.

Additional support for our work on the federal child nutrition programs in 2007-2008 was provided by:

A.M. Fund
Anonymous Donors
The Atlantic Philanthropies
The California Endowment
Annie E. Casey Foundation
Claneil Foundation
Entertainment Industry Foundation
Evangelical Lutheran Church in America
General Mills Foundation
Robert Wood Johnson Foundation
Land O'Lakes Foundation
A.L. Mailman Family Foundation
MAZON: A Jewish Response to Hunger
The Moriah Fund
Charles Stewart Mott Foundation
New Directions Foundation
David and Lucile Packard Foundation
Presbyterian Hunger Program
Pritzker Early Childhood Foundation
Public Welfare Foundation
Taste of the NFL



Executive Summary

The School Breakfast Program plays an invaluable role in reducing childhood hunger and improving nutrition, as well as supporting a range of positive outcomes that advance key national priorities. School breakfast supports child development, improves health, boosts student achievement and student behavior, and reduces obesity. But with less than half of eligible low-income children participating in the breakfast program now, and as substantial numbers of new children become eligible as families lose jobs or see their incomes reduced dramatically during this recession, it is essential to reduce barriers to participation and accelerate the expansion of school breakfast participation.

Key Findings for 2008

- In 2007-2008 8.5 million low-income children participated in the School Breakfast Program on an average day, an increase of 327,000 children or 4 percent compared to the prior school year.

- In 2007-2008, the National School Lunch Program reached 18.4 million low-income children on an average day, an increase of 2.5 percent compared to the prior year. Nationally, comparing free and reduced-price school breakfast participation to free and reduced-price lunch participation, 45.9 low-income children ate breakfast for every 100 children who ate lunch in school year 2007-2008. This was up from a ratio of 45.3:100 in 2006-2007, and 40.9:100 in school year 1997-1998.

- Nationally, if the school breakfast to lunch ratio had reached the goal of 60:100, 2.5 million more children would have been eating a healthy school breakfast every day, and states would have received an additional $561 million in federal child nutrition funding in school year 2007-2008.

- South Carolina joined New Mexico in exceeding the ratio of 60 low-income children eating breakfast for every 100 eating lunch. Seven other states – West Virginia, Oklahoma, Kentucky, Mississippi, Georgia, Idaho and Vermont – surpassed the ratio of 55 low-income children for every 100 eating lunch.

- The lowest ranked states continued to be Illinois, Utah, Alaska, New Hampshire, and Connecticut.

- The new Administration, Congress, states and local school districts all have an important role to play in expanding the participation of low-income children in the School Breakfast Program.

Key School Breakfast Program Policy Recommendations for Child Nutrition Reauthorization

- Provide funding to start up and sustain universal classroom breakfast programs (free for all students), especially in schools that qualify for "severe need" breakfast reimbursement.
- Provide funding for outreach activities so that more children receive the nutrition they need.
- Raise the income eligibility cut-off for free school breakfast to 185 percent of poverty and eliminate the reduced-price copayment.
- Provide USDA commodities to schools for breakfast meals.
- Require USDA to issue proposed regulations updating the school meal patterns within 18 months of publication of the Institute of Medicine report.
- Provide funding to improve the quality of school breakfast (and all school meals).
- Strengthen the local school wellness policies to improve their impact at the local school level.

Introduction

At a time when the nation is in a recession that likely will be longer and deeper than any in recent decades, federal nutrition programs like the School Breakfast Program are more indispensable than ever to the economic security, health and well-being of low-income children and their families.

The School Breakfast Program is a miracle of good public policy. It not only reduces hunger, but it has a range of other positive outcomes that advance key priorities outlined by President-elect Obama during his campaign. The School Breakfast Program supports child development, improves health, boosts school achievement and student behavior, and reduces obesity.

In this year's report, the Food Research and Action Center (FRAC) finds that student participation in the School Breakfast Program continued modest but steady growth in school year 2007-2008. A record 10.5 million students ate breakfast at school on an average day in the last academic year; 8.5 million of those children came from low-income families. This represents a 4 percent increase in school breakfast participation since 2006-2007 by low-income children.

Overall, participation by schools in the School Breakfast Program grew by 1.1 percent last year, with 85.7 percent of schools that participate in the National School Lunch Program offering breakfast as well.

With this growth, nationally the School Breakfast Program reaches on an average day 45.9 low-income children for every 100 reached by the National School Lunch Program. There is considerable room for improvement. If every state had met an attainable goal of serving breakfast to 60 low-income children for every 100 eating lunch, as New Mexico and South Carolina showed was possible, 2.5 million more needy children would have been served nationally and states would have collected an additional $561 million in federal child nutrition funding last year.

School breakfast also is a prime example of the potential of the nutrition programs to mitigate the serious negative effects of an economic recession. Because it is an entitlement, the program can be particularly responsive during times of economic downturn: the program can grow when the economy is weak and more children need help. But with less than half of eligible low-income children taking advantage of the breakfast program now, and as substantial numbers of new children become eligible when families lose jobs or have their incomes cut during this recession, it is essential to accelerate the expansion of school breakfast participation.

FRAC publishes this annual School Breakfast Scorecard to document the current state of the program as well as to present recommendations on administrative and legislative improvements that can be undertaken at the local, state, and national level to immediately get healthy school breakfasts to more of our nation's children.

Who is Eligible for School Breakfast?

- Any public school, nonprofit private school or residential child care institution can choose to participate in the School Breakfast Program, which is funded through and administered by the United States Department of Agriculture (USDA).
- Any student attending a school that offers the program can eat breakfast. The amount the school is reimbursed by the federal government depends on the student's family income.
- Families must complete an application or be directly certified to determine eligibility for free or reduced-price meals through the National School Lunch Program. Based on their family income, children fall into one of three groups:
  - **Free:** Children from families with incomes at or below 130 percent of the federal poverty level eat at no cost. Also, children directly certified because of their participation in TANF, FDPIR or SNAP/Food Stamp Program eat at no cost.
  - **Reduced-Price:** Children from families with incomes between 130 and 185 percent of poverty can be charged no more than 30 cents per meal.
  - **Paid:** Children with family incomes above 185 percent of poverty pay the charges which are set by the school, but schools are reimbursed 24 cents per meal by USDA.

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Why School Breakfast is Important

Even before the recent rapid economic downturn, in 2007 approximately 12.4 million American children, or one in six, lived in food insecure households. These are the most recent U.S. Department of Agriculture (USDA) data. Food insecurity means the households faced a constant struggle against hunger. Although experts agree that breakfast is the most important meal of the day, for children living in these struggling households a filling, nutritious meal every morning is often beyond their parents' ability to provide.

For millions of other children, the barriers to eating breakfast at home are a matter of time, transportation, or physiology, not money. As the demands on working parents have grown, and parents face longer commutes to distant jobs or jobs with non-traditional work hours, or children face long bus rides, sitting down to a healthy breakfast has become a rare event for many families. Along with the early morning rush, many children do not have an appetite when they first start the day, so skipping breakfast becomes an unhealthy routine for many.

During his campaign, President-elect Obama pledged to end childhood hunger by 2015 as well as to improve schools, raise educational achievement, improve child nutrition and tackle childhood obesity. Investing in the expansion of the School Breakfast Program is a key tool in meeting all of these goals.

Eating Breakfast Improves School Performance

As schools work to raise their students' academic performance and test scores, making sure every child has eaten a nourishing breakfast is an important but often overlooked tool. Researchers report that children who skip breakfast have more difficulty distinguishing among similar images, show increased errors, and have slower memory recall. Studies also show that children who live in families that experience hunger have lower math scores, are more likely to repeat a grade, and receive more special education services.

Eating a healthy breakfast helps to lay the groundwork children need to learn. Eating breakfast improves math grades, vocabulary skills and memory. Children who eat breakfast at school – closer to class and test-taking time – perform better on standardized tests than those who skip breakfast or eat breakfast hours earlier at home.

U.S. Census Bureau Data: Family Breakfast not the Norm

Only 35 percent of parents of children ages 6 to 11 report eating breakfast each day with their children, according to statistics from the U.S. Census Bureau. Data from the Survey of Income and Program Participation show that most American families of school-age children do not eat breakfast together every day. On average, only 22 percent of parents of middle- and high-school-aged students report eating breakfast daily with their children. More than twice as many parents report eating dinner with their children each day. These percentages are similar across income levels, race, areas of the country, and community type (urban, suburban, or rural). These figures demonstrate how important it can be for schools to provide breakfast to ensure that all children have the opportunity to eat a nourishing meal so they can learn and thrive.

Eating Breakfast Reduces Behavioral Problems

As any parent knows, a hungry child is much more likely to be irritable and poorly behaved. Research has confirmed this connection. For example, teenagers experiencing hunger are more likely to be suspended from school, have difficulty getting along with other children, and to have few friends. In addition, hungry children are more likely to be absent and tardy.

Encouraging participation in the School Breakfast Program is a good way to improve school attendance and discipline. Studies have shown that students who participate in school breakfast have lower rates of absence and tardiness and exhibit decreased behavioral and psychological problems. Researchers have discovered that children who eat school breakfast have fewer discipline problems and visit school nurses' offices less often.

School Breakfast Improves Children's Diets
Many children in the United States grow up surrounded by "junk food," and many have developed unhealthy eating habits. In contrast, breakfasts served as part of the School Breakfast Program are required to provide one-fourth or more of the key nutrients children need every day, and contain no more than 30 percent of calories from fat and 10 percent of calories from saturated fat.

USDA reports that children with access to school breakfast eat a better overall diet, less fat, and more magnesium, vitamin C and folate. Other USDA research shows that children who participate in school breakfast eat more fruits, drink more milk, and consume a wider variety of foods than those who do not eat school breakfast or who have breakfast at home.

School Breakfast Can Help Reduce Obesity
Childhood obesity is a major public health epidemic. The Institute of Medicine reports that fully one third of America's children are obese or at risk of obesity. Obesity rates have doubled among young children and tripled among adolescents over the past 20 years. Most troubling, they translate into increased risks of premature death and an overall lower quality of life because obesity is associated with greater risk of diabetes, heart disease, stroke, asthma, osteoarthritis, cancer and even psychological disorders.

Children and adolescents who eat breakfast are significantly less likely to be overweight, while skipping breakfast is associated with a higher risk of obesity. Researchers suggest that people who do not eat breakfast get very hungry later on in the day and tend to overeat as a result — consuming more calories each day than they would if they had eaten breakfast in the morning. School breakfast helps ensure that children will not be tempted to overeat at other meals or snack before lunch. School breakfast also helps to build lifelong healthy eating habits.

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Student Participation

In 2007-2008, 8.5 million low-income children participated in the national School Breakfast Program on an average school day, an increase of 327,000 children or 4 percent compared to the prior school year. Combined with the previous year's increase of 391,000 children, participation in the School Breakfast Program among low-income children has grown by 9.3 percent since 2005-2006.

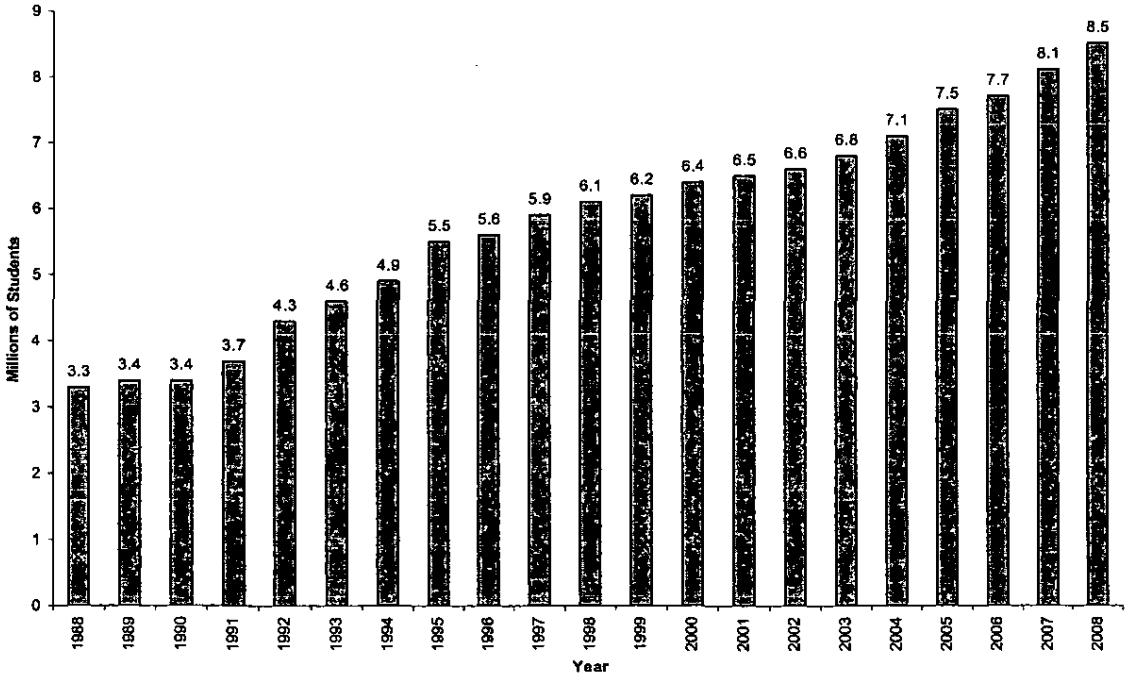
When children who received paid meals (those with family incomes above 185 percent of the federal poverty level) are included, total participation in the School Breakfast Program rose to 10.5 million children on an average morning in the 2007-2008 school year, a 4.2 percent increase overall from 2006-2007.

Because there is very broad participation in the National School Lunch Program by low-income students who receive the meal for free or at a reduced price, FRAC uses lunch participation as a benchmark against which to measure participation in school breakfast. In the 2007-2008 school year, 18.4 million low-income children ate a school lunch each day, 447,000 more than the year before, an increase of 2.5 percent.

Comparing free and reduced-price breakfast participation to free and reduced-price lunch participation, for every 100 children in the U.S. who ate lunch, 45.9 children ate breakfast in school year 2007-2008. This is an improvement from the previous year, when the ratio of breakfast to lunch participation was 45.3. Compared to a decade ago, the national ratio of breakfast participation has grown substantially, from 40.9 students in breakfast for every 100 in lunch in 1998 to 45.9 children now.

But with less than half of eligible low-income children taking advantage of the breakfast program now, and as substantial numbers of new children become eligible as families lose jobs or have their incomes cut during this recession, it is essential to reduce barriers to participation and accelerate the expansion of school breakfast participation.

Figure 1: Student Participation in the Free and Reduced-Price School Breakfast Program



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Student Participation by State

Numbers of Students

Forty-nine states saw an increase in the number of free and reduced-price children eating breakfast, but wide variation among states in the underlying performance of their School Breakfast Programs continues to exist. In general, increases in low-income student breakfast participation were modest - 5 percent or less compared to the prior year. However, Rhode Island, Indiana, Delaware, Wisconsin, and Colorado led the states in participation growth, with Rhode Island achieving a 12 percent growth rate. This is the second year in a row that Wisconsin has been in the top five states in percentage increase.

While program growth was negligible in Oklahoma, Florida and Vermont, only Alaska and Oregon experienced an actual decrease.

Change in Number of Children Eating Free and Reduced-Price Breakfast School Year 2006-2007 to School Year 2007-2008

State	Percent Change
Top 5 States	
Rhode Island	12.0%
Indiana	10.7%
Delaware	8.5%
Wisconsin	8.1%
Colorado	8.0%
Bottom 5 States	
Oklahoma	0.6%
Florida	0.4%
Vermont	0.0%
Alaska	-0.6%
Oregon	-1.4%

Forty-two states also had increased breakfast participation by children receiving paid meals. Only Arkansas, Florida, Hawaii, Iowa, Kentucky, New Hampshire, North Carolina, South Dakota, and Vermont had a decrease in the number of paid children in 2007-2008 compared to the prior year.

Ratios

When comparing states' ratios of student participation in the School Breakfast Program to the National School Lunch Program, most states' ratios improved, yet wide disparities remain. The 16 highest-performing states reach at least half of their eligible low-income children with breakfast, with New Mexico reaching 62.9 children for every 100 eating lunch. But participation in many states still lags, with the bottom 14 states all serving fewer than 40 eligible low-income children and three states -- Alaska, Utah, and Illinois - serving fewer than 35 low-income children breakfast for every 100 eating lunch.

Overall, 46 states improved their participation ratios in 2007-2008, with the largest increase, 3.2 points, happening in the District of Columbia, which moved to 16th place in 2007-2008 with a ratio of 50:100.

New Mexico retained the number one ranking, with a ratio of 62.9:100 in school year 2007-2008, while South Carolina became only the second state to surpass the goal of 60 low-income children eating breakfast for every 100 eating lunch with a ratio of 60.2:100. Arkansas replaced Oregon among the top ten states based on breakfast-to-lunch ratios.

Although most showed some improvement, the overall list of the ten lowest performing states is unchanged from last year, except for some changes in order. The worst performing state, Illinois, reached a dismal 33.4 children for every 100 eating lunch.

Students Participating in the School Breakfast Program (SBP) per 100 in the National School Lunch Program (NSLP)

State	Ratio
Top 10 States	
New Mexico	62.9
South Carolina	60.2
West Virginia	57.4
Oklahoma	57.2
Kentucky	57.0
Mississippi	56.3
Georgia	55.8
Idaho	55.4
Vermont	55.4
Arkansas	53.9
Bottom 10 States:	
Colorado	37.8
Wisconsin	37.6
Iowa	37.1
Nebraska	36.9
New Jersey	36.7
Connecticut	35.7
New Hampshire	35.0
Alaska	34.7
Utah	34.0
Illinois	33.4

School Participation

In order for hungry children to have access to school breakfast, their school must participate in the program. While any school participating in the National School Lunch Program can also offer the School Breakfast Program, in the past many such schools failed to do so.

Over time, however, there has been a major shift. Nationally the percentage of schools offering breakfast as compared to lunch has grown from 48.8 percent in 1991 when FRAC initiated this scorecard, to 85.7 percent in 2007-2008. Last year 900 more schools across the country instituted a breakfast program, an increase of 1.1 percent from 2006-2007 in the number of schools, raising the ratio from 84.8 to 85.7. One in seven schools that offer the School Lunch Program still fails to offer its students this important meal.

School Participation in the States

The rate of school participation in the School Breakfast Program varies widely from state to state. In 2007-2008, 27 states had more than 90 percent of their schools with lunch programs also participating in the breakfast program. Twelve states operated breakfast in at least 95 percent of such schools, and Alabama actually served breakfast in more schools than lunch. Most of these high-performing states also have high student participation rates, reinforcing the fact that increasing school participation is a key way to boost the number of children eating breakfast every day.

Eight states served breakfast in less than 75 percent of their schools participating in lunch, with Connecticut covering an abysmally low 52 percent of schools.

While the large majority of states continued to improve their school participation rates from 2006-2007 to 2007-2008, 14 states lost ground, with the largest percentage changes occurring in New York, Wisconsin, Oklahoma, Washington and Kentucky.

School Breakfast Program (SBP) Schools as a Percentage of National School Lunch Program (NSLP) Schools

State	Percentage
Top 10 States:	
Alabama*	100.3%
Texas	99.5%
North Carolina	99.2%
South Carolina	99.2%
Florida	99.2%
West Virginia	98.8%
Delaware	97.9%
Georgia	96.7%
New Mexico	96.6%
Rhode Island	96.5%
Bottom 10 States:	
South Dakota	79.2%
Minnesota	75.2%
Ohio	71.5%
Massachusetts	70.5%
Illinois	70.0%
Alaska	69.0%
Nebraska	69.0%
New Jersey	65.1%
Wisconsin	61.8%
Connecticut	52.0%

*Alabama served breakfast in more schools than lunch.

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The Cost of Low Participation Rates

Low participation in the School Breakfast Program has real consequences, particularly for the children who are not getting to eat a healthy meal, but also for state budgets. For each day a low-income child was not being served breakfast in school year 2007-2008, states lost at least $1.35 in federal funding for every child who would have received a free breakfast, and $1.05 for every child who would have received a reduced-price breakfast. If those children attended a "severe need" school – one in which at least 40 percent of lunches served were free or reduced-price – an additional $0.26 per meal was forfeited.

Reimbursement Rate for the School Breakfast Program (2007-2008)

	Non-Severe Need School	Severe Need School	Price of Meals To Children
Free	$1.35	$1.61	$0
Reduced Price	$1.05	$1.31	$0.30 (maximum school can charge)
Paid	$0.24	$0.24	varies

Those meals add up to hundreds of millions of dollars in federal child nutrition funding going unclaimed by the states every year.

Each year FRAC sets a benchmark for estimating a reasonable participation goal for states, and the dollars being lost to those states with participation in school breakfast below that goal. Based on the participation rates of the top-performing states, FRAC has set the achievable goal of 60 low-income children eating breakfast for every 100 eating lunch. (Two states were above that ratio in school year 2007-2008, and three states were within three points of that.) By calculating the additional number of children that would be reached if this goal were met, and multiplying by the appropriate reimbursement rate for the national average number of school days breakfast is served, we can estimate of the amount of federal funding being lost by each state. (This method is conservative, as it does not include the additional severe need funds for which a state would qualify).

In the 2007-2008 school year, nationally, if the school breakfast-to-lunch ratio had reached the goal of 60:100, versus the actual rate of 45.9, 2.5 million more low-income children would have been eating a healthy school breakfast every day, and states would have received an additional $561 million in federal child nutrition funding. While much of this money was lost by states with larger populations, (e.g., more than $94 million in California, $53 million in New York and nearly $43 million in Illinois), 14 states each forfeited more than $10 million in federal funding, and 30 states lost more than $5 million.

In any time, leaving federal dollars to feed low-income children untapped is fiscally irresponsible and poor public policy. It is especially short-sighted in times such as these when states have severe budget problems and families are struggling with hard economic times.

Top Ten States in Lost Federal Funds (Amounts Foregone Because State Falls Short of Reaching 60 Free and Reduced Price Students in the School Breakfast Program per 100 Such Students in the School Lunch Program)

State	Additional Students	Dollars Lost
California	426,062	$94,450,100
New York	240,127	$53,461,219
Illinois	189,668	$42,655,714
Florida	156,300	$34,671,483
Texas	136,494	$30,463,459
Pennsylvania	114,676	$25,560,996
Michigan	99,900	$22,370,943
Ohio	82,233	$18,388,832
Arizona	79,198	$17,609,906
New Jersey	78,990	$17,588,755

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Responding to the Growing Need:
An Agenda for Reform at the National, State and Local Level

Participation in school breakfast around the nation simply is too low, and the responsibility for that is shared at the federal, state, and local levels. The new Administration, Congress, states, and local school districts all have important roles to play in substantially raising breakfast participation levels and improving nutrition quality.

Child Nutrition Reauthorization

The School Breakfast Program, along with all of the other child nutrition programs, is scheduled to be reauthorized by Congress in 2009. That means that Congress will review and should strengthen the laws governing the child nutrition programs. A well-conceived and adequately financed reauthorization bill, focused on the right program improvements, can increase participation in school nutrition programs, do much to ease hunger, and improve nutrition for America's children. The new Administration and Congress will need to work together to develop and enact a reauthorization that focuses on better meeting the needs of the low-income children who are meant to be the primary beneficiaries of the child nutrition programs. The reauthorization should make the following improvements to the School Breakfast Program:

Provide funding to start up and sustain universal classroom breakfast programs (free for all students), especially in schools that qualify for "severe need" breakfast reimbursement. The traditional means-tested school breakfast served in the cafeteria before school (in which the meal is free or the child pays, depending on family income) creates a sense among the children that the program is just "for poor kids." Universal breakfast reduces the stigma, making school breakfast more attractive to children who need it, and providing all children the opportunity to start the school day ready to learn. Universal breakfast has proven to be an effective strategy for increasing student participation and also for enabling the implementation of breakfast in the classroom, which has an even larger impact on participation. Breakfast in the classroom helps reach children whose school bus or parent commuting schedules, or lines at school security keep them from getting to a cafeteria-based program on time, or who aren't ready to settle down until class begins. Universal and in-classroom strategies can be implemented most easily in schools that serve large numbers of low-income students, designated as "severe need" schools by USDA. These are schools where at least 40 percent of the lunches served during a preceding school year were free or reduced price; they receive a slightly higher reimbursement for each free and reduced-price breakfast they serve.

Federal support is needed for:

- one-time start up costs for equipment, materials and staff training to implement in-classroom programs;
- on-going subsidies for low-income schools to offset the lost revenue that they would otherwise receive for breakfasts served to students that qualify for reduced-price and paid meals;
- administrative funding to allow USDA and state agencies to provide additional technical assistance and support to school districts as they implement classroom breakfast models.

Provide funding for outreach activities so that more children receive the nutrition they need. Outreach activities to increase participation in the School Breakfast Program draw more children into healthier eating environments and make the provision of healthier foods more feasible through greater economies of scale. Increasing outreach and improving program access ultimately will have a positive impact not only on the health of children, but also on the ability of school districts to afford healthier foods by profiting from economies of scale.

Raise the income eligibility cut-off for free school breakfast to 185 percent of poverty and eliminate the reduced-price copayment. Universal breakfast, in-classroom breakfast and outreach are essential ways to bring more children into the program, but they are particularly important because, when targeted, they reach many of the poorest children. But the benefits of school breakfast in improving nutrition, health and school achievement are so powerful that it is "penny-wise and pound-foolish" to require a copayment for near-poor families which so many parents can't afford. This results in many

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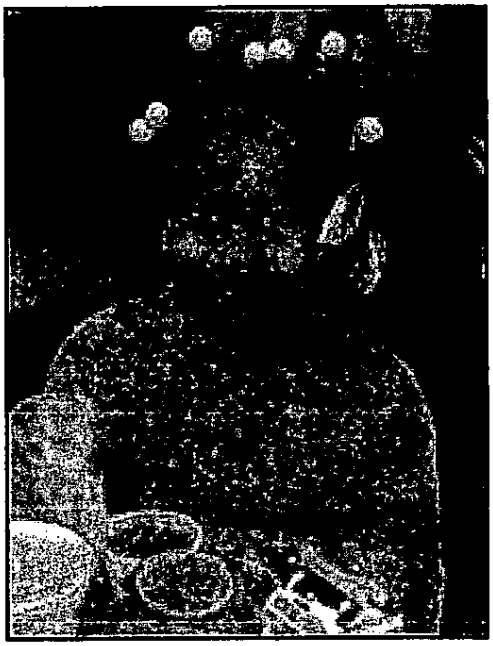
such children (with family incomes between 130 and 185 percent if the poverty line) not benefiting from the program. Improving school breakfast access for near-poor children by eliminating the reduced-price category will reduce hunger and improve educational and health outcomes.

Provide USDA commodities to schools for breakfast meals. Currently, school districts are entitled to a federal commodity contribution for each lunch served, but not for breakfast. Most schools struggle to provide a healthy breakfast to their students without losing money. If commodity support is expanded to breakfasts, schools will have more resources to provide healthy breakfasts and can use fresh fruit and vegetable commodities to improve the quality of the meals.

Require USDA to issue proposed regulations updating the school meal patterns within 18 months of publication of the Institute of Medicine report. The Institute of Medicine (IOM) will release in 2009 recommendations for a revision of the school meal nutrition standards, including breakfast, to bring them into compliance with the 2005 Dietary Guidelines. These important updates must be implemented as soon as possible to insure that school meals meet the criteria of advancing nutrition science and the needs of the current generation of children. A reasonable time frame for USDA would be to issue new regulations within 18 months of receiving the final IOM report.

Provide funding to improve the quality of school breakfast (and all school meals). School breakfast helps build healthy eating habits in children, which can help prevent obesity and other nutrition-related diseases. Increasing the availability and consumption of fruits, vegetables and whole grains, and moving to lower fat dairy products are central to strengthening the quality of school breakfast. As new standards for school meal patterns are implemented, school nutrition programs will need additional resources to make these important changes.

Strengthen the local school wellness policies to improve their impact at the local school level. The Child Nutrition and WIC Reauthorization Act of 2004 required all school districts to develop policies to improve the nutrition and physical activity environment in each school building. While these policies are having a positive impact in many schools, there is still much to be done to realize their full potential to improve the health of American youth. School wellness policies can be strengthened by requiring school districts to: include policies to promote participation in school, afterschool and summer meal programs; notify and make easily accessible their wellness policies and their implementation plans to parents, school staff, and state officials; periodically assess implementation and update policies as appropriate; maintain standing local wellness policy committees (or work within existing school health committees) to lead implementation and assessment of school wellness policies; and strengthening enforcement mechanisms.



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Federal Administrative Changes

In addition to improving the School Breakfast Program through legislation, the new Administration can implement important initiatives administratively that can significantly improve low-income children's access to school breakfast:

Expand a pilot project that allows high-poverty school districts to provide free school meals to all students based on statistically reliable household sampling rather than collecting paper applications from all families. The current family application process requires a great deal of paperwork by schools and parents, and keeps some low-income families from participating in the program. Years ago Congress authorized USDA to allow districts to pilot other methods. Of those original pilots, one has continued: a paperless system successfully piloted by the School District of Philadelphia. It has significantly increased participation and reduced the district's administrative work, while at the same time providing a reliable way to determine reimbursement levels. USDA recently disapproved its continuation. Philadelphia should be allowed to continue operating the pilot and USDA should allow additional large, high-poverty school districts to pilot this and similar approaches.

Require all states to use the best (and most cost-effective) method for direct certification – computer data matching conducted at the state level – to help insure that more eligible families are enrolled for free school meals. Federal law requires that all school districts "directly certify" students who receive SNAP/Food Stamp or Food Distribution Program on Indian Reservation benefits. (Schools also can directly certify children from households receiving Temporary Assistance for Needy Families.) This means that families do not have to fill out a paper application to be processed by the school for determination of eligibility for free or reduced-price meals. Despite this requirement, the systems in place in too many states are not the most effective, or efficient, resulting in many children not being seamlessly qualified for school meals.

States should be required to implement systems where school enrollment and SNAP/Food Stamp participation data are matched at the state level, with easy access by local school districts. Data matches can be updated monthly, with school districts regularly checking for newly eligible students. This is especially important for assuring access by the most vulnerable families, including those who may experience temporary homelessness or housing problems during the school year. The alternate "letter system" should be discontinued because it is much less effective in insuring that all eligible families are directly certified.

Require that school districts effectively communicate with all parents and legal guardians about school meals benefits. This requirement was included in the 2004 Child Nutrition Reauthorization, but the Bush Administration failed to issue guidance that outlines the steps school districts must take. The new Administration should require school districts: to identify the primary languages of the households that might be eligible for free or reduced-price school meals; to provide written translations of application, certification, and verification materials in those languages, to the greatest extent possible; to provide oral translation services in a parent's primary language, including for parents who do not read at all; and to use plain language in all written application and verification materials to make them more comprehensible to parents who have difficulty reading.

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State Level Changes

States need not and should not wait for the federal government to act in order to improve low-income children's access to the School Breakfast Program. States should make a range of policy improvements and investments in school breakfast, including:

Provide state funding to support universal and in-classroom breakfast programs. Twenty-five states provide some funds to supplement the federal dollars for the School Breakfast Program. More should do so, and all states should use their supplementary state funding to support policy priorities. For example, five states provide funding specifically for universal breakfast programs, two support classroom breakfast, and four provide funding to eliminate the reduced-price copayment for breakfast so that all children from households whose income is below 185 percent of the poverty line are able to receive a free breakfast.

Enact a state mandate that requires schools to operate the School Breakfast Program or strengthen the existing state mandate to increase the number of schools that are required to provide breakfast. The number of schools offering breakfast has grown significantly in the past 20 years; 85 percent of schools now offer breakfast. This is due in substantial part to the large number of states that have passed mandates. Twenty-seven states require that all or some of their schools participate in the program. Generally, requirements are linked to the schools' percentage of low-income students, defined by the proportion of students who apply and are eligible for free and reduced-price meals, or by the proportion of students receiving free or reduced-price lunches. The percentage required before the school must offer a breakfast program varies widely. Typical requirements are set at 25 or 30 percent – the lower, the better.

Improve the state process for direct certification. Direct certification is the process of qualifying children automatically for free school meals if they receive benefits through the SNAP/Food Stamp Program, the Food Distribution Program on Indian Reservations, or Temporary Assistance for Needy Families. The best method for conducting direct certification is computer data matching conducted at the state level with easy access by local school districts. Therefore, each state's child nutrition agency has an important role to play in ensuring the effectiveness of the direct certification process.

States should assess their direct certification processes and make the necessary improvements. This is particularly urgent now at a time of substantial growth in the number of children on SNAP/Food Stamps. States without a state data match system should implement one as soon as possible, and those with such systems should look at updating the data more frequently so that districts can access up-to-date data throughout the school year. Pennsylvania, for example, has recently announced that it will conduct a second state match in January to insure that its system responds to the increase in the number of families newly enrolled in the SNAP/Food Stamp Program.

Step up efforts to monitor for compliance, and encourage best practices in school district food service programs to improve the nutrition quality of school breakfast. State child nutrition agencies are responsible for monitoring school nutrition programs for compliance with federal regulations, including all nutrition requirements. States also are required to help districts improve their programs to better meet standards and best practices. They should increase their efforts to provide training and technical assistance resources to school districts to help them revise menus and recipes to reduce fat and sodium, increase fiber, offer more of the foods that children typically need to improve their diets, and adhere to the nutrition standards districts set for themselves when they adopted wellness policies in 2006.

School District Level Changes

School districts, like states, do not have to wait and should not for action by Congress or USDA to increase participation in their school breakfast programs. District-level initiatives should:

Offer a breakfast program in all schools to insure that children can access this important meal and start their day ready to learn. School districts should implement a breakfast program at each of their schools and structure it in a way that encourages participation. Every student in the district should be able to eat a healthy breakfast at school, regardless of which school building he or she attends.

Offer universal breakfast (free for all students) in the classroom, especially in schools with high percentages of free and reduced-price students. School districts with large percentages of free and reduced-price eligible students can implement universal breakfast programs without experiencing a significant negative impact – or, often, any impact – on their bottom line. Indeed, USDA studies suggest that expanding breakfast participation can help food service programs cover their indirect as well as direct costs. Districts can take advantage of "Provision 2" to help cut down on paperwork by reducing the requirements for meal counting and claiming procedures. The increased participation and resulting federal reimbursements, coupled with the reduced administrative efforts spent on recovering unpaid fees, helps districts break even. Studies have found that providing breakfast in the classroom at no charge to all students also results in higher attendance, lower absenteeism, reduced behavior problems, fewer visits to the school nurse, and higher student achievement.

Implement automated payment systems so that students receiving free or reduced-price meals are not overtly identified. Students who feel singled out as "'poor" are less likely to participate in school breakfast and miss out on possibly the most nutritious meal of their day. "Point of service" systems create a centralized location for the tabulation of meals served, and the collection of fees by school food service staff. Each student receives an individual identification number that is entered into a computer as he or she goes through the serving line. This eliminates the stigma that keeps many low-income students from participating in the program.

Improve nutrition quality by increasing the availability and consumption of fruits, vegetables and whole grains, and serving lower-fat dairy products. Districts' food service programs should already be implementing the 2005 Dietary Guidelines to better meet the nutrition needs of their students. Districts can utilize the multiple training resources available from their state child nutrition agency, as well as from the USDA to revise menus and recipes to reduce fat and sodium, increase fiber and offer more of the foods that children typically need to improve their diets. Districts can also enhance the nutrition profile of school meals by improving their use of USDA commodities. (For a full discussion of the role of commodities see FRAC's report at www.frac.org/pdf/commodities08.pdf.)

Improve direct certification at the district level. Many school districts have opted to use direct certification for years, but all school districts now are required to do so. Districts should continue to work with their state programs (and in the case of very large districts, even local programs) for TANF and SNAP/Food Stamps to insure that the most frequent data matching occurs. Districts should advocate with state agencies to improve data matching on the state level and assure that their local computer capacity allows them to take full advantage of these systems.

Promote school breakfast to make sure that students and their families know that it's for everyone. All schools should conduct breakfast promotion activities regularly to make sure that students and their families are aware of the program and its benefits. These activities can include flyers sent home in children's backpacks, public service announcements, contests that reward student participation, and incentives to principals to increase participation in their school buildings. There are many resources available for promoting school breakfast programs including the USDA School Breakfast Tool Kit, (www.fns.usda.gov/cnd/Breakfast/toolkit/Default.htm) FRAC's website (www.frac.org/html/federal_food_programs/programs/sbp.html) and stage agency materials.

Increase participation and enhance the school breakfast experience through educational enrichment activities. School breakfast can be a time to enhance learning and build on the curriculum. Schools can increase participation in breakfast while increasing

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students' interest in reading by establishing a reading program in conjunction with the breakfast program. Some strategies include giving books to children who participate on a regular basis, having "celebrity readers" to read out loud to children during breakfast, and creating a library in the cafeteria and allowing students to read while they are eating breakfast. Schools also have had success with creating a story time which takes place after children eat and before the start of school.

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Income Guidelines & Reimbursement Rates for the School Breakfast Program

Income Guidelines for School Year 2007 - 2008[1]

Household Size	Free Meals Maximum Household Income (130% of Poverty)			Reduced Price Meals Maximum Household Income (185% of Poverty)		
	Annual	Monthly	Weekly	Annual	Monthly	Weekly
1	$13,273	$1,107	$256	$18,889	$1,575	$364
2	17,797	1,484	343	25,327	2,111	488
3	22,321	1,861	430	31,765	2,648	611
4	26,845	2,238	517	38,203	3,184	735
5	31,369	2,615	604	44,641	3,721	859
6	35,893	2,992	691	51,079	4,257	983
7	40,417	3,369	778	57,517	4,794	1,107
8	44,941	3,746	865	63,955	5,330	1,230
Add for each additional	4,524	377	87	6,438	537	124

Reimbursement Rates for School Year 2007 - 2008[2]

	Non-Severe Need	Severe Need[3]	Price of Meals To Children
Free	$1.35	$1.61	$0
Reduced Price	$1.05	$1.31	$0.30 (maximum school can charge)
Paid	$0.24	$0.24	varies

Income Guidelines for School Year 2008 - 2009[4]

Household Size	Free Meals Maximum Household Income (130% of Poverty)			Reduced Price Meals Maximum Household Income (185% of Poverty)		
	Annual	Monthly	Weekly	Annual	Monthly	Weekly
1	$13,520	$1,127	$260	$19,240	$1,604	$370
2	18,200	1,517	350	25,900	2,159	499
3	22,880	1,907	440	32,560	2,714	627
4	27,560	2,297	530	39,220	3,269	755
5	32,240	2,687	620	45,880	3,824	883
6	36,920	3,077	710	52,540	4,379	1,011
7	41,600	3,467	800	59,200	4,934	1,139
8	46,280	3,857	890	65,860	5,489	1,267
Add for each additional	4,680	390	90	6,660	555	129

Reimbursement Rates for School Year 2008 - 2009[5]

	Non-Severe Need	Severe Need	Price of Meals To Children
Free	$1.40	$1.68	$0
Reduced Price	$1.10	$1.38	$0.30 (maximum school can charge)
Paid	$0.25	$0.25	varies[6]

[1] Federal Register, Vol. 72, No. 38, 2/27/07, pp. 8685- 8688. These guidelines apply to the 48 contiguous United States, the District of Columbia, Guam and the Territories. Alaska and Hawaii have higher maximum income limits.

[2] Federal Register, Vol. 72, No. 131, 7/10/07, pp. 37508-37511. These reimbursement rates apply to the 48 contiguous United States, the District of Columbia, Guam and the Territories. Alaska and Hawaii receive higher rates.

[3] Schools where at least 40 percent of the lunches served during the second preceding school year were free or reduced price qualify for extra "severe need" school breakfast reimbursements. New schools may qualify if it is determined that the 40 percent free or reduced price requirement would have been met in the second preceding year [7 C.F.R. 220.9 (d)].

[4] Federal Register, Vol. 73, No. 69, 4/09/08, pp. 19186-19187.

[5] Federal Register, Vol. 73, No. 130, 7/7/08, pp. 38392-38394.

[6] According to the School Nutrition Association, the 2006-2007 national average for a school lunch was $1.80 ($1.66 for elementary schools; $1.85 for middle schools and $1.90 for high schools).

Technical Notes

The data in this report are collected from the United States Department of Agriculture (USDA) and an annual survey of state child nutrition officials conducted by FRAC. This report does not include students or schools that participate in school meal programs in Puerto Rico, Guam, the Virgin Islands, or Department of Defense schools.

Due to rounding, totals in the tables may not add up to 100 percent.

Student Participation
Student participation data for the 2006-2007 and 2007-2008 school years are based on daily averages of the number of breakfasts and lunches served during the nine months from September through May of each year, as provided by the USDA.

States report to the USDA the number of meals they serve each month. These numbers may undergo revisions by states as accounting procedures find errors, or other estimates become confirmed. For consistency, all USDA data used in this report are from the states' 90-day revisions of the monthly reports. The 90-day revisions are the final required reports from the states; but states have the option to revise numbers further at any time after this point. USDA applies a formula (divide by 0.927) to adjust numbers upwards to account for participation by students who are absent from school on one or more days or otherwise do not eat meals every day in a month.

School Participation
The number of participating schools is reported by states to the USDA in October of the relevant school year. The number includes not only public schools but also private schools, residential child care institutions, and other institutions that operate school meal programs. FRAC's School Breakfast Scorecard uses the October number which is verified by FRAC with state officials.

The Cost of Low Participation Rates
For each state, FRAC calculated the average daily number of children receiving free or reduced-price breakfasts for every 100 children, on an average day, receiving free or reduced-price lunches during the same school year. Based on the performance of the top states, FRAC set a benchmark of every state reaching an average ratio of 60 children receiving free or reduced-price breakfast for every 100 receiving free or reduced-price lunch.

FRAC calculated the number of additional children who would be reached if each state reached this 60-to-100 ratio. FRAC then multiplied this "unserved" population by the reimbursement rate for 169 school days of breakfast. (While some states served breakfast for more or fewer days during the 2007-2008 school year, 169 was the national average.) FRAC assumed each state's mix of free and reduced-price students would apply to any new participants, and conservatively assumed that no additional student's meal is reimbursed at the higher rate that "severe need" schools receive.

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TABLE 1: LOW-INCOME STUDENT PARTICIPATION IN SCHOOL LUNCH (NSLP) AND SCHOOL BREAKFAST (SBP)

School Years 2006-2007 and 2007-2008

State	School Year 2006-2007				School Year 2007-2008				Change in Ratio of SBP to NSLP Participation	Percent Change in Number of F&RP Students in SBP
	Free & Reduced-Price (F&RP) SBP Students	F&RP NSLP Students	F&RP Students in SBP per 100 in NSLP	Rank	F&RP SBP Students	F&RP NSLP Students	F&RP Students in SBP per 100 in NSLP	Rank		
Alabama	161,443	349,721	46.2	21	169,615	353,085	48.0	19	1.87	5.1%
Alaska	11,921	35,080	34.0	48	11,844	34,158	34.7	49	0.69	-0.6%
Arizona	167,112	408,557	40.9	32	176,003	425,335	41.4	35	0.48	5.3%
Arkansas	121,008	225,793	53.6	11	124,514	231,088	53.9	10	0.29	2.9%
California	893,491	2,192,981	40.7	35	962,238	2,313,833	41.6	33	0.84	7.7%
Colorado	69,493	194,551	35.7	45	75,039	198,610	37.8	42	2.06	8.0%
Connecticut	49,255	142,370	34.6	47	51,215	143,458	35.7	47	1.10	4.0%
Delaware	19,758	41,310	47.8	17	21,431	43,665	49.1	18	1.25	8.5%
District of Columbia	15,274	32,647	46.8	19	15,921	31,842	50.0	16	3.21	4.2%
Florida	468,420	999,697	46.9	18	470,276	1,044,294	45.0	22	-1.82	0.4%
Georgia	412,616	761,561	54.2	9	434,819	779,577	55.8	7	1.60	5.4%
Hawaii	20,760	47,741	43.5	24	21,133	47,859	44.2	25	0.67	1.8%
Idaho	46,468	86,512	53.7	10	49,234	88,794	55.4	8	1.73	6.0%
Illinois	232,064	704,944	32.9	51	238,585	713,755	33.4	51	0.51	2.8%
Indiana	140,118	343,367	40.8	34	155,094	365,890	42.4	31	1.58	10.7%
Iowa	53,484	143,703	37.2	42	54,610	147,219	37.1	44	-0.12	2.1%
Kansas	67,473	159,640	42.3	29	70,939	164,560	43.1	28	0.84	5.1%
Kentucky	175,693	312,152	56.3	5	180,329	316,625	57.0	5	0.67	2.6%
Louisiana	193,518	376,520	51.4	13	199,990	381,610	52.4	13	1.01	3.3%
Maine	23,008	53,364	43.1	25	24,226	54,517	44.4	23	1.32	5.3%
Maryland	94,962	220,848	43.0	26	101,228	228,972	44.2	24	1.21	6.6%
Massachusetts	106,564	243,239	43.8	23	109,584	248,251	44.1	26	0.33	2.8%
Michigan	197,635	495,883	39.9	37	204,377	507,128	40.3	36	0.45	3.4%
Minnesota	92,276	225,975	40.8	33	96,406	232,079	41.5	34	0.71	4.5%
Mississippi	167,377	301,641	55.5	8	169,853	301,546	56.3	6	0.84	1.5%
Missouri	163,133	324,678	50.2	14	168,966	328,354	51.5	15	1.21	3.6%
Montana	17,199	40,556	42.4	28	18,135	42,273	42.9	29	0.49	5.4%
Nebraska	36,660	99,999	36.7	43	37,899	102,622	36.9	45	0.27	3.4%
Nevada	45,904	120,608	38.1	39	48,201	125,148	38.5	40	0.45	5.0%
New Hampshire	11,109	32,865	33.8	50	11,898	34,014	35.0	48	1.18	7.1%
New Jersey	118,673	329,160	36.1	44	124,206	338,661	36.7	46	0.62	4.7%
New Mexico	95,873	156,893	61.1	1	99,686	158,447	62.9	1	1.81	4.0%
New York	430,013	1,137,091	37.8	40	445,489	1,142,693	39.0	39	1.17	3.6%
North Carolina	290,185	580,874	50.0	15	293,905	589,006	49.9	17	-0.06	1.3%
North Dakota	11,452	27,457	41.7	30	11,937	27,827	42.9	30	1.19	4.2%
Ohio	241,669	551,114	43.9	22	256,793	565,043	45.4	21	1.60	6.3%
Oklahoma	155,221	272,682	56.9	4	156,222	273,114	57.2	4	0.28	0.6%
Oregon	104,156	186,354	55.9	6	102,700	191,287	53.7	12	-2.20	1.4%
Pennsylvania	193,979	520,410	37.3	41	204,054	531,217	38.4	41	1.14	5.2%
Rhode Island	18,403	46,034	40.0	36	20,606	51,580	39.9	38	-0.03	12.0%
South Carolina	188,940	318,939	59.2	2	193,498	321,261	60.2	2	0.99	2.4%
South Dakota	18,524	44,589	41.5	31	18,752	44,666	42.0	32	0.44	1.2%
Tennessee	207,440	416,048	49.9	16	211,837	405,469	52.2	14	2.39	2.1%
Texas	1,146,477	2,162,780	53.0	12	1,191,140	2,212,723	53.8	11	0.82	3.9%
Utah	44,995	133,071	33.8	49	46,610	137,003	34.0	50	0.21	3.6%
Vermont	12,832	23,102	55.5	7	12,833	23,176	55.4	9	-0.17	0.0%
Virginia	154,049	331,956	46.4	20	161,327	341,254	47.3	20	0.87	4.7%
Washington	126,397	297,019	42.6	27	132,088	301,571	43.8	27	1.24	4.5%
West Virginia	66,439	116,489	57.0	3	67,451	117,582	57.4	3	0.33	1.5%
Wisconsin	85,326	239,063	35.7	46	92,240	245,025	37.6	43	1.95	8.1%
Wyoming	8,527	22,230	38.4	38	9,026	22,529	40.1	37	1.71	5.9%
TOTAL	**8,130,457**	**17,966,115**	**45.3**		**8,457,861**	**18,412,978**	**45.9**		**0.68**	**4.0%**

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Table 2: SCHOOL PARTICIPATION IN SCHOOL LUNCH (NSLP) AND SCHOOL BREAKFAST (SBP)

School Years 2006-2007 and 2007-2008

State	School Year 2006-2007				School Year 2007-2008				Percent Change in Number of SBP Schools
	SBP Schools	NSLP Schools	SBP Schools as % of NSLP Schools	Rank	SBP Schools	NSLP Schools	SBP Schools as % of NSLP Schools	Rank	
Alabama	1,373	1,527	89.9%	27	1,533	1,529	100.3%	1	11.7%
Alaska	295	432	68.3%	46	300	435	69.0%	47	1.7%
Arizona	1,477	1,630	90.6%	26	1,545	1,687	91.6%	23	4.6%
Arkansas	1,084	1,083	100.1%	1	1,148	1,221	94.0%	16	5.9%
California	8,665	10,796	80.3%	36	8,922	10,893	81.9%	35	3.0%
Colorado	1,344	1,643	81.8%	34	1,404	1,718	81.7%	36	4.5%
Connecticut	596	1,158	51.5%	51	608	1,169	52.0%	51	2.0%
Delaware	238	240	99.2%	5	230	235	97.9%	7	-3.4%
District of Columbia	208	218	95.4%	15	209	221	94.6%	13	0.5%
Florida	3,648	3,680	99.1%	6	3,630	3,660	99.2%	5	-0.5%
Georgia	2,098	2,189	95.8%	12	2,311	2,391	96.7%	8	10.2%
Hawaii	292	305	95.7%	13	288	306	94.1%	15	-1.4%
Idaho	644	695	92.7%	20	657	708	92.8%	20	2.0%
Illinois	2,981	4,332	68.8%	45	3,022	4,315	70.0%	46	1.4%
Indiana	1,815	2,268	80.0%	38	1,952	2,265	86.2%	32	7.5%
Iowa	1,375	1,516	90.7%	24	1,382	1,516	91.2%	25	0.5%
Kansas	1,390	1,616	86.0%	31	1,393	1,610	86.5%	31	0.2%
Kentucky	1,458	1,494	97.6%	8	1,396	1,503	92.9%	19	-4.3%
Louisiana	1,466	1,563	93.8%	17	1,534	1,627	94.3%	14	4.6%
Maine	629	716	87.8%	30	621	710	87.5%	30	-1.3%
Maryland	1,466	1,576	93.0%	19	1,475	1,572	93.8%	17	0.6%
Massachusetts	1,596	2,319	68.8%	44	1,604	2,276	70.5%	45	0.5%
Michigan	2,961	3,702	80.0%	39	3,050	3,818	79.9%	41	3.0%
Minnesota	1,558	2,117	73.6%	43	1,597	2,124	75.2%	43	2.5%
Mississippi	866	949	91.3%	22	874	952	91.8%	22	0.9%
Missouri	2,219	2,518	88.1%	29	2,247	2,516	89.3%	28	1.3%
Montana	656	805	81.5%	35	690	808	85.4%	33	5.2%
Nebraska	694	1,047	66.3%	48	684	992	69.0%	48	-1.4%
Nevada	496	544	91.2%	23	510	560	91.1%	26	2.8%
New Hampshire	409	497	82.3%	33	407	499	81.6%	37	-0.5%
New Jersey	1,730	2,681	64.5%	49	1,744	2,680	65.1%	49	0.8%
New Mexico	766	797	96.1%	11	778	805	96.6%	9	1.6%
New York	5,771	6,442	89.6%	28	5,198	5,912	87.9%	29	-9.9%
North Carolina	2,398	2,417	99.2%	4	2,454	2,473	99.2%	3	2.3%
North Dakota	337	420	80.2%	37	339	417	81.3%	38	0.6%
Ohio	2,794	4,122	67.8%	47	2,925	4,091	71.5%	44	4.7%
Oklahoma	1,901	1,956	97.2%	9	1,801	1,896	95.0%	12	-5.3%
Oregon	1,282	1,342	95.5%	14	1,261	1,318	95.7%	11	-1.6%
Pennsylvania	2,936	3,828	76.7%	41	3,097	3,838	80.7%	39	5.5%
Rhode Island	419	434	96.5%	10	417	432	96.5%	10	-0.5%
South Carolina	1,140	1,139	100.1%	2	1,141	1,150	99.2%	4	0.1%
South Dakota	517	677	76.4%	42	541	683	79.2%	42	4.6%
Tennessee	1,637	1,751	93.5%	18	1,647	1,771	93.0%	18	0.6%
Texas	7,427	7,505	99.0%	7	7,616	7,654	99.5%	2	2.5%
Utah	708	852	83.1%	32	713	856	83.3%	34	0.7%
Vermont	311	343	90.7%	25	314	344	91.3%	24	1.0%
Virginia	1,861	2,015	92.4%	21	1,869	2,023	92.4%	21	0.4%
Washington	2,020	2,127	95.0%	16	1,921	2,113	90.9%	27	-4.9%
West Virginia	768	768	100.0%	3	736	745	98.8%	6	-4.2%
Wisconsin	1,628	2,685	60.6%	50	1,530	2,474	61.8%	50	-6.0%
Wyoming	279	363	76.9%	40	294	365	80.5%	40	5.4%
TOTAL	**84,627**	**99,839**	**84.8%**		**85,559**	**99,876**	**85.7%**		**1.1%**

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Table 3: AVERAGE DAILY STUDENT PARTICIPATION IN SCHOOL BREAKFAST PROGRAM (SBP)
School Year 2007-2008

State	Free (F) SBP Students		Reduced Price (RP) SBP Students		Total F&RP SBP Students		Paid SBP Students		Total SBP Students
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	
Alabama	152,328	74.4%	17,287	8.4%	169,615	82.9%	35,107	17.1%	204,723
Alaska	10,203	69.3%	1,641	11.2%	11,844	80.5%	2,873	19.5%	14,717
Arizona	153,849	70.5%	22,153	10.1%	176,003	80.6%	42,325	19.4%	218,328
Arkansas	110,261	73.3%	14,252	9.5%	124,514	82.7%	25,984	17.3%	150,497
California	828,419	74.9%	133,818	12.1%	962,238	87.0%	143,151	13.0%	1,105,389
Colorado	63,721	66.1%	11,318	11.7%	75,039	77.9%	21,341	22.1%	96,380
Connecticut	46,184	73.5%	5,031	8.0%	51,215	81.6%	11,580	18.4%	62,795
Delaware	19,171	62.5%	2,260	7.4%	21,431	69.8%	9,251	30.2%	30,682
District of Columbia	14,376	68.4%	1,545	7.4%	15,921	75.8%	5,087	24.2%	21,008
Florida	406,219	67.6%	64,057	10.7%	470,276	78.2%	130,833	21.8%	601,110
Georgia	382,377	69.7%	52,442	9.6%	434,819	79.2%	113,885	20.8%	548,705
Hawaii	16,679	48.6%	4,454	13.0%	21,133	61.5%	13,217	38.5%	34,350
Idaho	40,555	59.8%	8,678	12.8%	49,234	72.6%	18,555	27.4%	67,789
Illinois	220,494	80.0%	18,091	6.6%	238,585	86.6%	36,884	13.4%	275,469
Indiana	136,109	69.8%	18,986	9.7%	155,094	79.5%	39,899	20.5%	194,993
Iowa	46,711	57.7%	7,900	9.8%	54,610	67.4%	26,391	32.6%	81,001
Kansas	58,798	64.2%	12,141	13.3%	70,939	77.5%	20,629	22.5%	91,569
Kentucky	159,038	68.7%	21,291	9.2%	180,329	77.9%	51,193	22.1%	231,522
Louisiana	183,053	76.8%	16,937	7.1%	199,990	83.9%	38,334	16.1%	238,324
Maine	21,055	61.4%	3,171	9.2%	24,226	70.6%	10,080	29.4%	34,306
Maryland	84,165	58.6%	17,063	11.9%	101,228	70.5%	42,320	29.5%	143,548
Massachusetts	99,740	74.7%	9,844	7.4%	109,584	82.1%	23,854	17.9%	133,438
Michigan	185,012	74.4%	19,366	7.8%	204,377	82.2%	44,270	17.8%	248,647
Minnesota	78,641	57.3%	17,764	12.9%	96,406	70.2%	40,941	29.8%	137,346
Mississippi	154,902	80.6%	14,951	7.8%	169,853	88.4%	22,276	11.6%	192,129
Missouri	145,974	64.8%	22,992	10.2%	168,966	75.0%	56,292	25.0%	225,258
Montana	15,330	62.3%	2,806	11.4%	18,135	73.7%	6,466	26.3%	24,601
Nebraska	31,898	58.4%	6,002	11.0%	37,899	69.4%	16,692	30.6%	54,591
Nevada	41,147	66.3%	7,054	11.4%	48,201	77.7%	13,821	22.3%	62,022
New Hampshire	10,125	48.3%	1,773	8.5%	11,898	56.8%	9,043	43.2%	20,942
New Jersey	109,347	70.8%	14,859	9.6%	124,206	80.4%	30,236	19.6%	154,443
New Mexico	87,121	70.4%	12,565	10.1%	99,686	80.5%	24,127	19.5%	123,813
New York	391,913	70.9%	53,576	9.7%	445,489	80.6%	107,141	19.4%	552,630
North Carolina	258,302	70.7%	35,602	9.7%	293,905	80.5%	71,403	19.5%	365,307
North Dakota	10,045	50.6%	1,892	9.5%	11,937	60.1%	7,911	39.9%	19,848
Ohio	230,863	68.9%	25,930	7.7%	256,793	76.6%	78,298	23.4%	335,091
Oklahoma	136,276	69.2%	19,946	10.1%	156,222	79.4%	40,607	20.6%	196,829
Oregon	87,804	63.2%	14,896	10.7%	102,700	73.9%	36,204	26.1%	138,904
Pennsylvania	180,560	67.0%	23,494	8.7%	204,054	75.7%	65,611	24.3%	269,666
Rhode Island	18,784	74.2%	1,821	7.2%	20,606	81.4%	4,722	18.6%	25,327
South Carolina	173,639	71.5%	19,860	8.2%	193,498	79.7%	49,331	20.3%	242,829
South Dakota	16,227	65.1%	2,525	10.1%	18,752	75.3%	6,168	24.7%	24,920
Tennessee	187,937	72.1%	23,900	9.2%	211,837	81.3%	48,756	18.7%	260,593
Texas	1,060,741	73.7%	130,399	9.1%	1,191,140	82.8%	247,422	17.2%	1,438,562
Utah	38,079	61.3%	8,531	13.7%	46,610	75.0%	15,560	25.0%	62,170
Vermont	10,707	54.8%	2,126	10.9%	12,833	65.7%	6,696	34.3%	19,529
Virginia	138,287	61.7%	23,040	10.3%	161,327	72.0%	62,825	28.0%	224,153
Washington	106,801	66.1%	25,287	15.6%	132,088	81.7%	29,552	18.3%	161,640
West Virginia	57,624	59.9%	9,827	10.2%	67,451	70.1%	28,765	29.9%	96,216
Wisconsin	79,003	63.0%	13,237	10.6%	92,240	73.6%	33,114	26.4%	125,354
Wyoming	7,134	52.3%	1,893	13.9%	9,026	66.2%	4,609	33.8%	13,635
TOTAL	**7,421,243**	**70.4%**	**1,036,618**	**9.8%**	**8,457,861**	**80.2%**	**2,087,695**	**19.8%**	**10,545,556**

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Table 4: ADDITIONAL PARTICIPATION AND FUNDING IF 60 LOW-INCOME (FREE AND REDUCED PRICE) STUDENTS WERE SERVED SCHOOL BREAKFAST (SBP) PER 100 SERVED SCHOOL LUNCH (NSLP)

School Year 2007-2008

State	Actual Total Free & Reduced Price (F&RP) SBP Students	Total F&RP Students if 60 SBP per 100 NSLP	Additional F&RP Students if 60 SBP per 100 NSLP	Additional Annual Funding if 60 SBP per 100 NSLP F&RP Students
Alabama	169,615	211,851	42,235	$9,442,592
Alaska	11,844	20,495	8,650	$1,917,816
Arizona	176,003	255,201	79,198	$17,609,906
Arkansas	124,514	138,653	14,139	$3,152,103
California	962,238	1,388,300	426,062	$94,450,100
Colorado	75,039	119,166	44,127	$9,755,799
Connecticut	51,215	86,075	34,860	$7,800,134
Delaware	21,431	26,199	4,768	$1,065,237
District of Columbia	15,921	19,105	3,185	$712,760
Florida	470,276	626,576	156,300	$34,671,483
Georgia	434,819	467,746	32,927	$7,330,156
Hawaii	21,133	28,716	7,583	$1,653,355
Idaho	49,234	53,277	4,043	$888,566
Illinois	238,585	428,253	189,668	$42,655,714
Indiana	155,094	219,534	64,440	$14,339,659
Iowa	54,610	88,331	33,721	$7,465,740
Kansas	70,939	98,736	27,797	$6,116,666
Kentucky	180,329	189,975	9,646	$2,148,579
Louisiana	199,990	228,966	28,976	$6,503,441
Maine	24,226	32,710	8,484	$1,884,297
Maryland	101,228	137,383	36,155	$7,960,685
Massachusetts	109,584	148,951	39,367	$8,825,533
Michigan	204,377	304,277	99,900	$22,370,943
Minnesota	96,406	139,248	42,842	$9,398,835
Mississippi	169,853	180,928	11,075	$2,483,876
Missouri	168,966	197,012	28,046	$6,221,591
Montana	18,135	25,364	7,228	$1,596,639
Nebraska	37,899	61,573	23,674	$5,224,880
Nevada	48,201	75,089	26,887	$5,950,489
New Hampshire	11,898	20,409	8,510	$1,882,259
New Jersey	124,206	203,197	78,990	$17,588,755
New Mexico	99,686	95,068	--	--
New York	445,489	685,616	240,127	$53,461,219
North Carolina	293,905	353,404	59,499	$13,244,032
North Dakota	11,937	16,696	4,759	$1,050,367
Ohio	256,793	339,026	82,233	$18,388,832
Oklahoma	156,222	163,868	7,647	$1,699,567
Oregon	102,700	114,772	12,072	$2,672,550
Pennsylvania	204,054	318,730	114,676	$25,560,996
Rhode Island	20,606	30,948	10,342	$2,319,308
South Carolina	193,498	192,757	--	--
South Dakota	18,752	26,800	8,048	$1,785,795
Tennessee	211,837	243,281	31,444	$7,012,608
Texas	1,191,140	1,327,634	136,494	$30,463,459
Utah	46,610	82,202	35,592	$7,810,474
Vermont	12,833	13,905	1,072	$236,262
Virginia	161,327	204,752	43,425	$9,618,193
Washington	132,088	180,943	48,855	$10,700,149
West Virginia	67,451	70,549	3,098	$685,799
Wisconsin	92,240	147,015	54,775	$12,130,291
Wyoming	9,026	13,518	4,491	$979,464
TOTAL	**8,457,861**	**11,047,787**	**2,522,132**	**$561,226,537**

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School Meals Legislation by State

Types of state legislation (school breakfast and school lunch) included in this table:

State mandate (M) – State law requiring that all or certain schools participate in the School Breakfast Program (SBP).
State funding ($) – State funds for a purpose related to the SBP.
Universal breakfast funding (U) – State funding for universal free school breakfast in certain schools.
Reporting requirement (R) – State law that schools or districts report reasons for nonparticipation in the SBP.
Scheduling requirement (S) – State law that school schedules allow students time to eat breakfast.
Outreach requirement (O) – State law that requires outreach related to the SBP.

Alabama		NONE
Alaska		NONE
Arizona		NONE
Arkansas	M	School breakfast is required in schools with 20 percent or more free and reduced-price (F&RP) eligible students. ARK. CODE ANN. § 6-18-705
California	M	Public schools must provide at least one free or reduced-price meal daily to all F&RP eligible students. CAL. EDUC. CODE § 49558
	$	Grants of up to $15,000 are available per school, on a competitive basis, up to the annual appropriation ($1,017,000), for nonrecurring breakfast start-up and expansion expenses where 20 percent or more of students are approved for F&RP meals CAL. EDUC. CODE § 49550.3 The State provides an additional reimbursement for all free and reduced-price meals, adjusted annually. The 2007-08 rate was $0.2195; the 2006-07 rate was $0.1563. The 2007 Budget Act (and its accompanying legislation) had appropriated $24.9 million in additional funding to increase state meal reimbursement to $0.2195; in exchange, foods provided in a school meal cannot contain transfats or be deep or flash fried. CAL. EDUC. CODE §49536 Senate Bill 281, signed into law on September 15, 2005, provided $18.2 million annually to increase fruit and vegetable consumption through the School Breakfast Program. Schools could receive $0.10 for additional fruit or vegetables served with each breakfast. **This funding was repealed in 2007.**
Colorado	$	The State may appropriate moneys for the creation, expansion, or enhancement of the SBP in low performing schools (any school that received an academic performance rating of low or unsatisfactory the preceding school year). The State appropriated $250,000 for 2007-08, and $350,000 for 2006-07. COL. REV. STAT. § 22-54-123.5 The State created the Start Smart Program for the elimination of the reduced-price co-payment for school breakfast and appropriated $700,000 for the program for School Year 2007-2008. COL. REV. STAT. § 22-82.7-101 In 2008, the State eliminated the reduced-price copayment for lunch in grades K-2. The state reimburses school districts $0.40 per each reduced-price lunch served.

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Connecticut	M	School breakfast is required in K-8 schools where 80 percent of lunches served are F&RP eligible. CONN. GEN. STAT. ANN. § 10-266w
	$	The State sponsored an In-Classroom School Breakfast Pilot Program. For school year 2006-2007, $50,000 was allocated to provide competitive grants-in-aid for the purpose of assisting up to ten severe need schools to establish an in-classroom school breakfast program. CONN. GEN. STAT. ANN. §10-215g(a) All Connecticut public school districts that participate in the National School Lunch Program are required to take action to certify whether all food items sold to students will or will not meet the Connecticut Nutrition Standards. (Compliance is optional for all eligible public school districts.) Eligible districts that opt for the "healthy food certification" receive 10 cents per lunch, based on the total number of reimbursable lunches (paid, free and reduced) served in the district in the prior school year. CONN. GEN. STAT. ANN. §10-215f
Delaware		NONE
District of Columbia		NONE
Florida	M	School breakfast is required in all public elementary schools. FLA. STAT. § 1006.06
	$	The State annually allocates funds to public school districts provided from the school breakfast supplement in the General Appropriations Act based on each district's total number of free and reduced-price breakfast meals served. FLA. STAT. § 1006.06
Georgia	M	School breakfast is required in K-8 schools with 25 percent or more F&RP eligible students and in all other schools with 40 percent or more F&RP eligible students. GA. CODE ANN. § 20-2-66
Hawaii	M	School lunches must be made available in every school where the students are required to eat lunch at school. §302A-404
	$	The State provides approximately $0.13 per breakfast.
Idaho		NONE
Illinois	M	School breakfast is required in all public schools with 40 percent or more F&RP eligible students. Each school district's board of education must determine each school year which schools meet the 40 percent F&RP criterion, based on data submitted to the Illinois State Board of Education. Schools that have 40 percent or more of their students eligible for F&RP meals the previous school year must offer breakfast. School districts may opt out under certain circumstances. Every public school must have a free lunch program.
	$	The State provides start-up funds of up to $3,500 per school for nonrecurring costs; priority is given to schools with at least 40 percent F&RP eligible students. IL. STAT. § 105 ILCS 125/2.5 The State also provides $0.15 per free breakfast served. Schools are eligible for an additional $0.10 reimbursement for each free, reduced-price and paid breakfast served if breakfast participation increases; the additional reimbursement is automatic if the number of breakfasts served in the month exceeds the number of breakfasts served in the same month of the previous year by 10 percent. IL. STAT. § 105 ILCS 125/2.5 The State may reduce or disapprove state funding if it is found that the total funding for the SBP exceeds expenditures. IL. STAT. § 105 ILCS 125/6

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Illinois (cont.)	U	The State provides incentive funding for universal breakfast programs; schools with 80 percent or more F&RP lunch eligible students receive the difference between what the federal government pays and what the actual cost is for free and reduced-price breakfasts. IL. STAT. § 105 ILCS 125/2.5
	R	The State Board of Education is required to provide the Governor and the General Assembly lists of schools that have started breakfast programs during the past year, that have utilized the above grant funds, and that have exercised Provisions 2 or 3. In 2009, and 2011, the State Board also shall report on parental interest in the SBP and barriers to establishing SBPs. IL. STAT. § 105 ILCS IL. STAT. § 105 ILCS
Indiana	M	School breakfast is required in public schools with 25 percent or more F&RP eligible students. IND. CODE ANN. § 20-5-13.5-4 Effective July 1, 2007, school buildings that serve lunch and have at least 15 percent of the enrolled students qualifying for free or reduced-price meals, must implement a school breakfast program. Ind. Code ANN. § 20-26-9 (13-17).
Iowa	M	All schools must provide a school lunch program. The school lunch program shall be provided for all students in each district who attend public school four or more hours each school day and wish to participate in a school lunch program. IA Code § 283A.2
	$	The State provides $0.03 per breakfast until appropriated funds are depleted. The State provides $0.04 per lunch until appropriated funds are depleted.
Kansas	M	All public schools must offer breakfast unless they have been granted an annual waiver by the Kansas State Board of Education. No waiver shall be granted for a school building in which 35 percent or more of the students are F&RP eligible. KAN. STAT. ANN. § 72-5125
Kentucky	S	School districts are required to arrange bus schedules so that all buses arrive in sufficient time for schools to serve breakfast prior to the instructional day. KY. REV. STAT. ANN. § 158.070
	M	Lunches must be made available to all children attending each school. Schools may not have physical segregation or other discrimination against any child because of inability to pay the full cost of a meal. 702 KAR 6:050
	R	All schools without breakfast must report the reasons and any problems that inhibit participation by September 15th. The state shall inform the school of the value of the SBP (its favorable effects on attendance and performance) and the availability of funds. KY. REV. STAT. ANN. § 157.065
Louisiana	M	The school board must operate the National School Lunch Program and also the School Breakfast Program if at least 25 percent of the students enrolled in one or more schools in the system are F&RP eligible. LA. REV. STAT. ANN. §17:192
Maine	M	Public schools serving K – 8 must participate in the National School Lunch Program. Title 20-A, Section 6602
	$	Public schools receive a State reimbursement per lunch and breakfast in addition to the Federal reimbursement. Currently, the amount of money available for reimbursement for breakfast is $80,000 or about .0175 per breakfast. Generally, state reimbursement for lunch is between .03 and .05 depending on participation state wide. Starting in SY 2008-2009, all public schools must provide school breakfast to all children eligible for free and reduced-price meals at no cost to the student. The State provides funding for the costs of the program that are not reimbursed by the Federal Government. $1.4 million is allocated from the Fund for a Healthy Maine for fiscal year 2008-09 and the school breakfast program is added to the health-related initiatives that are eligible to receive funds from the Fund for a Healthy Maine. Sec. 8. 22 MRSA §1511

Maryland	M	School breakfast is required in public elementary schools, but those schools with less than 15 percent F&RP eligible students may be exempted. MD. CODE. ANN. EDUC. § 7-701 and §7-702 Each public school must provide a subsidized or free lunch program. MD. CODE. ANN. EDUC. § 7-603
	$	The State provides $0.1325 for F&RP breakfasts in non-severe need schools and $0.05 in severe need schools. For the 2007-2008 school year, LEAs receive State funding for lunch of approximately $0.0462 per lunch.
	U	The State sponsors Maryland Meals for Achievement, an in-classroom universal free school breakfast program. [MD. CODE. ANN., EDUC. § 7-704] The allocation has been approximately $3 million annually since school year 2006-2007.
Massachusetts	M	School lunch is required in all public schools. School breakfast is required in public schools in severe need schools and where more than 50 F&RP meal applications are on file from the preceding school year. MASS. GEN. LAWS ch.69 §1C
	$	Mandated schools receive an additional $0.14 for F&RP meals if breakfast costs exceed federal severe need reimbursements.
	U	The State provides $2 million to support universal breakfast in elementary schools with 60 percent or more free and reduced-price eligible students. The State requires schools that receive these funds to use Provision 2 as well. Participating schools receive approximately $0.42 per breakfast if costs exceed other reimbursements (this reimbursement is separate from the additional $0.10 for mandated schools).
Michigan	M	School lunch is required in all schools. School breakfast is required in schools with 20 percent or more F&RP eligible students during the immediately preceding school year. MICH. COMP. LAWS § 380.1272a
	$	The State provides per meal reimbursements, subject to annual appropriation, to cover the lesser of actual costs or 100 percent of the cost of an efficiently operated program. [MICH. COMP. LAWS § 380.1272d] $9.625 million was appropriated for FY 2008.
Minnesota	M	School breakfast is required in public schools at which 33 percent of school lunches were served free or at reduced-price in the second preceding year. MINN. STAT. § 124D.117
	$	The State provides each elementary and secondary school that participates in the SBP with a state reimbursement of $0.30 for each fully paid breakfast and for each free and reduced price breakfast not eligible for the "severe need" rate. In addition, each school year the state must reimburse schools $0.55 for each free and reduced price breakfast not eligible for the "severe need" rate if between 33 and 40 percent of the school lunches served during the second preceding school year were served free or at a reduced price. MINN. STAT. §124D.1158 The state provided each elementary and secondary school that participates in the national school lunch program $0.105 in 2006-2007 for each full paid, reduced and free lunch served to students. This payment was increased to $0.12 in 2007-2008. MINN. STAT. §124D.111
Mississippi		NONE

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Missouri	M	School breakfast is required in schools with 35 percent or more F&RP eligible students. A school may receive a waiver from this requirement through a majority vote of the school board. MO. REV. STAT. § 191.803
	O	Agencies responsible for administering food programs, including the SBP, shall collaborate in designing and implementing outreach programs focused on populations at risk of hunger, that effectively describe the programs, their purposes, and how to apply for them. These programs shall be culturally and linguistically appropriate for the populations most at risk. MO. REV. STAT. § 191.813
	$	Subject to appropriation, the state board of education shall establish a hardship grant program to provide state supplemental funding for the federal SBP. Any school that participates in the SBP can apply for a hardship grant. Hardship grants will be awarded to schools with the highest need. MO. ANN. STAT. § 191.805
Montana		NONE
Nebraska	$	The State provides $0.05 per breakfast in those public schools that also participate in a lunch program. NEB. REV. STAT. § 79-10,138
Nevada		Through a Resolution, the state legislature strongly encourages school districts to offer school breakfast in every school that has a population of more than 100 students, and increase the number of students participating in the School Breakfast Program. NV ASSEMBLY CONCURRENT RESOLUTION 5
New Hampshire	M	Each school board shall make a meal available during school hours to every pupil and shall provide free and reduced-price meals to any needy children. Schools may receive waivers from the state school board, but the state is then directed to study and formulate a plan to implement the above requirement in those schools that have been granted waivers. N.H. Stat. § 189:11-a
	$	The State provides $0.03 for every breakfast served by districts that have complied with the federal wellness policy requirement of the 2004 Child Nutrition and WIC Reauthorization Act. N.H. Stat. § 189:11-a
New Jersey	M	Any school (pre-K – 12th grade) that has 20 percent or more students eligible for free or reduced-price lunch must participate in the SBP. [N. J. STAT. § 18A:33-10] One-year waivers may be granted by the New Jersey Department of Agriculture to schools that lack the staff, facilities, or equipment to offer the SBP. N. J. 210TH LEG, 2ND REG. SESSION, NO. 1498 Each school district must make school lunch available to all children enrolled in the district. Any school in which less than 5 percent of pupils enrolled meet the eligibility requirements for a free or reduced price lunch may apply for an exemption. L.1974, c. 53, s. 1, 18A:33-4.
	$	The State appropriates approximately $3.2 million annually to provide $0.10 for all breakfasts served: free, reduced-price and paid.
New Mexico	U	The State appropriates funds to support universal breakfast (to all children regardless of income) at low performing elementary schools (any school not meeting adequate yearly progress performance rating). Current year SY 08-09 funding is 3.45 million for 213 Elementary schools. For school year 2007-2008 the State appropriated $ 2.8 million; $1.8 million was appropriated for school year 2006-07.

New York	M	School breakfast is required in elementary schools; in schools located in school districts with at least 125,000 inhabitants; and in schools that participate in the school lunch program and have 40 percent or more of lunches served to F&RP eligible students. N.Y. COMP. CODES R. & REGS. tit. 8, § 114.2
	$	The State provided reimbursements of $0.11 for free breakfasts, $0.17 for reduced-price breakfasts, and $0.0025 for paid breakfasts. The State also provides reimbursement of all expenses exceeding revenues in first year of breakfast implementation in a public school. Due to lower state revenues, the state reimbursement has been reduced for the 2008-2009 school year. Breakfast is reimbursed at .0023 cents per meal for paid, .1566 cents for reduced and .1013 cents for free.
North Carolina	U	The State provides approximately $2.2 million per year to provide free universal school breakfast to kindergarten students in districts where 50 percent or more of the kindergarten students are eligible for F&RP school meals.
North Dakota		NONE
Ohio	M	Each school district is required to establish and maintain a school lunch program. As of school year 2006-2007 each school district and each chartered or non-chartered nonpublic school must establish a breakfast program in every school where at least 20 percent of students are eligible for free meals. OHIO REV. CODE ANN. § 3313.81.3
	$	The State appropriated $3.7 million for SBPs, including $900,000 for outreach. Funds are used to supplement reimbursements at approximately $0.07 per breakfast, and for a Breakfast Incentive Program to reward schools for significantly increasing breakfast participation, for starting a new breakfast program with a certain level of participation, or for schools that maintain a 75 percent participation rate.
Oklahoma		NONE
Oregon	M	School breakfast is required in all schools where 25 percent or more of the students are F&RP eligible, and in Title 1 schools. OR. REV. STAT. §327.535
Pennsylvania	$	The State provides no less than $0.10 per breakfast and lunch served. The State provides an additional $0.02 ($0.12 total) per lunch to schools that participate in both lunch and breakfast. The State also provides an additional $0.04 ($0.14 total) per lunch to schools that have over 20 percent of student enrollment participating in school breakfast. 22 PA. STAT. § 13-1337.1 (2000)
Rhode Island	M	School lunch and breakfast are required in all public schools. R.I. GEN. LAWS § 16-8-10.1
	$	The State appropriates $600,000 per year for breakfast supervision costs. Due to RI's large deficit, the SBP subsidy was cut in half to $300,000 in the 2008-09 school year. The per-breakfast subsidy, based on breakfasts served during school year 2007-08, is $0.077572538.
South Carolina	M	School breakfast is required in all public schools. The State Board of Education may grant a waiver if the school lacks equipment or facilities to implement such a program, if the program is not cost-effective, or if implementation creates substantial scheduling difficulties. SC CODE ANN. §59-63-790 and §59-63-800
South Dakota		NONE

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Tennessee	M	Every school must offer school lunch. School breakfast is required in K-8 schools with 25 percent or more F&RP eligible students and in all other schools with 40 percent or more F&RP eligible students. TENN. CODE ANN. § 49-6-2302
Texas	M	School breakfast is required in public schools and open-enrollment charter schools with 10 percent or more F&RP eligible students. TEX. EDUC. CODE ANN. § 33.901
	R	The commissioner shall prepare and deliver a report describing the results of a study regarding participation in breakfast programs no later than October 31, 2008, to the governor, the lieutenant governor, and the speaker of the house of representatives. The report must include a cost-benefit analysis; outline effective programs and practices; and recommend to the legislature methods for increasing participation in the breakfast program. Chapter 12, Agriculture Code, Sec. 12.043
Utah	R	The State requires elementary schools without breakfast to report reasons for nonparticipation for three years. UTAH CODE ANN. § 53A-19-301
Vermont	M	School lunch and breakfast are required in all public schools unless the commissioner grants a waiver or the district is exempt from the requirement. VT. STAT. ANN. § 1265
		Exemptions are granted for one year if the voters of the district vote for exemption at an annual or special meeting, and the school board must review the exemption annually. VT. STAT. ANN. § 1265
	$	The State appropriates approximately $133,000 in for breakfast reimbursements. The per plate reimbursement rate is determined by dividing total funds by total number of breakfasts served.
		In 2008, $170,000 was appropriated to extend free breakfast by eliminating the $0.30 copayment for all students eligible for reduced-price meals starting in school year 2008-2009.
Virginia	M	School breakfast is required in public schools with 25 percent or more F&RP eligible students. VA. CODE ANN. § 22.1-207.3
	$	The State appropriated funds beginning in FY 2006 to establish an incentive program to increase student participation in the SBP. The funds are available to any school division as a reimbursement for school breakfast meals served in excess of the per student baseline established in 2003-2004. Schools are eligible to receive up to $0.20 per breakfast for increased student participation.
Washington	M	School lunch must be offered to children in grades kindergarten through four enrolled in schools where twenty-five percent or more of the enrolled students qualify for a free or reduced-price lunch. WASH. REV. CODE § 28A.235.160 and 2004 c 54 s 2
		Any school with 40 percent or more enrollment of students that qualify for free or reduced-price meals must have a school breakfast program. HB 1771 (July, 2005)
	$	The State appropriated $2.5 million in 2006 and $4.5 million in 2007 to eliminate the co-payment for breakfasts served to students eligible for reduced-price meals and to provide a reimbursement for every free and reduced-price breakfast served.
		For school year 2007-08 the state provided funding to eliminate the reduced price co-payment for lunch for all public school students in grades K-3.
		The superintendent of public instruction may grant additional funds for breakfast start-up and expansion grants, when appropriated. WASH. REV. CODE § 28A.235.150

M: State mandate; R: Reporting requirement; U: Universal breakfast funding; $: State funding; S: Scheduling requirement; O: Outreach requirement

West Virginia	M	School breakfast is required in all schools. Waivers, of up to two years, may be granted to schools with compelling circumstances. W. VA. CODE § 18-5-37
	S	The Board of Education requires that students be afforded at least 10 minutes to eat after receiving their breakfast. W. VA. CODE ST. R. tit. 126, § 86-7
Wisconsin	$	In the 2007-2009 State Biennial Budget, the legislature provided $1,458,100 in addition to the base funding of $1,055,400 to increase the state school breakfast reimbursement from $0.10 to $0.15 per breakfast served that meets the nutritional requirements in both public and private schools. WIS. STAT. §115.341
Wyoming		NONE

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February 16, 2010

The Honorable Kevin Meyer, Co-Chair
Senate Education Committee
Alaska State Capitol, Room 101
Juneau, AK 99801-1182

The Honorable Joe Thomas, Co-Chair
Senate Education Committee
Alaska State Capitol, Room 514
Juneau, AK 99801-1182

RE: SB 213 (Wielechowski)--Support

Dear Co-Chairs Meyer and Thomas:

On behalf of the members of AARP in Alaska, we encourage you and your colleagues on the Senate Education Committee to support SB 213, authored by Senator Bill Wielechowski, and co-sponsored by Senators McGuire, Ellis, Paskvan, Menard, Thomas, Davis, French and Kookesh.

AARP is the world's largest organization of grandparents. We are concerned about good nutrition for everyone's grandchildren.

We have many grandparents who are raising their grandchildren.

- As of October, 2007, Alaska had 8,188 children living in grandparent-headed households (4.3% of all the children in the state).
- Of the children living in households headed by grandparents in Alaska, 5,110 are living there without either parent present.
- 5,419 grandparents report they are responsible for their grandchildren living with them (43% are Alaska Natives, 41% are White).
- 67.4% of these grandparents are under age 60. Many of them are still in the workforce.
- 11.5% of these grandparents live below the federal poverty level.

A healthy future for Alaska's children should be something everyone can agree on.

You will see all the statistics about how school breakfasts and lunches improve education for these children. Their test scores are higher, their cognition is enhanced, and they make fewer mistakes and work faster. Children who participate in the school nutrition programs have fewer problems with obesity and school violence even drops. All these factors will help grandparents who are raising grandchildren, especially those who are

still in the workforce and leave home before the grandchildren leave for school. Obviously these programs are even more important for those 11.5% of grandparents raising grandchildren who are themselves below the poverty level.

Grandparents don't plan on raising their grandchildren. Circumstances happen to families and these grandparents step up to the plate to take care of these kids and keep them out of the foster care program. SB 213 is one more way that the state can help support the efforts of these grandparents. They can certainly use it.

AARP requests an "AYE" vote on SB 213.

Should you have any questions about our position, please feel free to contact me (586-3637) or Patrick Luby, AARP Advocacy Director (907-762-3314).

Thank you for your consideration.

Sincerely,

Marie Darlin

Marie Darlin, Coordinator
AARP Capital City Task Force
415 Willoughby Avenue, Apt. 506
Juneau, AK 99801
586-3637 (voice)
463-3580 (fax)

CC: Vice-Chair Bettye Davis
Senator Charlie Huggins
Senator Donald Olson
Senator Gary Stevens
Senator Bill Wielechowski

Yupiit School District
P O Box 51190
Akiachak, Alaska 99551
Phone (907) 825-3600
Fax: (907) 825-3655

RESOLUTION
Supporting for State Funding for School Meals
Passed at Regional School Board Meeting Nov 19, 2009

WHEREAS The mission of the Alaska Food Coalition (AFC) – a statewide group of 77 non profit, faith-based, tribal and government organizations is working to help feed hungry Alaskans in their communities and strengthen and coordinate public and private food and nutrition assistance programs in the state, and

WHEREAS Yupiit School District fully supports AFC's efforts to ensure children start each school day with a healthy and balanced meal; and

WHEREAS according to data from the 2006 Behavioral Risk Factor Surveillance System (BRFSS), 15% of Alaskan children experience food insecurity, compared with 11% of Alaskan adults, meaning they don't have access at all times to enough food for a healthy active life; this problem is more severe in rural Alaska, where nearly one child in four experience food insecurity, and

WHEREAS insufficient nutrition puts children at risk for illness and weakens their immune system. In comparison to food secure children, children from food insecure families are 90% more likely to be in fair or poor health and have 30% higher rates of hospitalization, and

WHEREAS the lack of adequate nutrition affects the cognitive and behavioral development of children. Food insecurity is associated with grade repetition, absenteeism, tardiness, anxiety, aggression, poor mathematics scores, psychosocial dysfunction and difficulty with social interaction among 6 to 12 year old children; and

WHEREAS food security puts children in development in jeopardy, characterized by challenges with speaking, behavior, and movement, increasing the likelihood of later problems with attention, learning and social interaction. Young children living in low income and food insecure households are more likely to be developmentally at risk than children from food secure households, and

WHEREAS federal programs exist to assist in providing nutrition to children through the schools most notably the National School Lunch Program and the School Breakfast Program, and

WHEREAS the School Breakfast Program decreases food insecurity in children by providing five healthy meals a week in Alaska schools. 40% of students qualify for free/reduced school meals over 15,000 students, of these, 15% do not attend schools that offer a breakfast program – that's over 7,000 missed meals each day; and

WHEREAS 101 out of 400 schools in Alaska did not offer the federal School Breakfast Program in the 2008-2009 school year, and

WHEREAS Alaskan schools primarily do not offer breakfast programs because it is not economically feasible. The federal reimbursement for breakfast does not cover the high cost of food and transportation in Alaska.

THEREFORE BE IT RESOLVED that Yupiit School District supports an adequate financial appropriation from the state to strengthen and expand the School Breakfast Program in Alaska, so that breakfast may be available to all children at all schools throughout the state, including low income children and children with food insecurity. No child in Alaska should go without breakfast.

ADOPTED this 19th day of November 2009 at the YSD's Regional Board of Education meeting held in Tuluksak, Alaska, at which a duly constituted quorum of Regional Board members were present

Willie Kasayulie, Chairman

Howard Diamond, Superintendent

Yakutat School District
City & Borough of Yakutat
429 Forest Hwy. P.O. Box 429
Yakutat, Alaska 99689

District Office (907) 784-3317
High School (907) 784-3318
Fax (907) 784-3446

YAKUTAT BOARD OF EDUCATION
RESOLUTION
Support for State Funding for School Meals

WHEREAS the mission of the Alaska Food Coalition (AFC) - a statewide group of 80 non-profit, faith-based, tribal and government organizations is working to help feed hungry Alaskans in their communities and strengthen and coordinate public and private food and nutrition assistance programs in the state; and

WHEREAS the Yakutat School District supports AFC's efforts to ensure children start each school day with a healthy and balanced meal; and

WHEREAS according to data from the 2006 Behavioral Risk Factor Surveillance System (BRFSS), 15% of Alaskan children experienced food insecurity, compared with 11% of Alaskan adults, meaning they don't have access at all times to enough food for a healthy active life; this problem is more severe in rural Alaska, where nearly one child in four experienced food insecurity; and

WHEREAS insufficient nutrition puts children at risk for illness and weakens their immune system. In comparison to food secure children, children from food insecure families are 90% more likely to be in fair or poor health and have 30% higher rates of hospitalization; and

WHEREAS the lack of adequate nutrition affects the cognitive and behavioral development of children. Food insecurity is associated with grade repetition, absenteeism, tardiness, anxiety, aggression, poor mathematics scores, psychosocial dysfunction and difficulty with social interaction among 6 to 12 year old children; and

WHEREAS food insecurity puts children in development in jeopardy, characterized by challenges with speaking, behavior, and movement; increasing the likelihood of later problems with attention, learning, and social interaction. Young children living in low income and food insecure households are more likely to be developmentally at risk than children from food secure households; and

WHEREAS federal programs exist to assist in providing nutrition to children through the schools, most notably the National School Lunch Program and the School Breakfast Program; and

WHEREAS the School Breakfast Program decreases food insecurity in children by providing five healthy meals a week in Alaska schools. 40% of students qualify for free/reduced schools meals, over 45,000 students, of these, 15% do not attend schools that offer a breakfast program – that's over 7,000 missed meals each day; and

WHEREAS 104 out of 406 schools in 46 districts in Alaska did not offer the federal School Breakfast Program in the 2008-2009 school year; and

WHEREAS Alaskan schools primarily do not offer breakfast programs because it is not economically feasible. The federal reimbursement for breakfast does not cover the high costs of food and transportation in Alaska;

THEREFORE BE IT RESOLVED that the Yakutat School District supports an adequate financial appropriation from the state to strengthen and expand the School Breakfast Program in Alaska, so that breakfast may be available to all children at all schools throughout the state, including low income children and children with food insecurity. No child in Alaska should go without breakfast.

Adopted by the Yakutat Board of Education on the 11th day of January, 2010.

Cecilia C. Ryman
Cecilia C. Ryman, President
Yakutat School Board

Jonathan D. Jensen
Jonathan Jensen, Clerk
Yakutat School Board

ALASKA

FOOD COALITION

RESOLUTION
Support for State Funding for School Meals

WHEREAS the mission of the Alaska Food Coalition (AFC) - a statewide group of 80 non-profit, faith-based, tribal and government organizations is working to help feed hungry Alaskans in their communities and strengthen and coordinate public and private food and nutrition assistance programs in the state; and

WHEREAS CEO Bethel Promise Partnership supports AFC's efforts to ensure children start each school day with a healthy and balanced meal; and

WHEREAS according to data from the 2006 Behavioral Risk Factor Surveillance System (BRFSS), 15% of Alaskan children experienced food insecurity, compared with 11% of Alaskan adults, meaning they don't have access at all times to enough food for a healthy active life; this problem is more severe in rural Alaska, where nearly one child in four experienced food insecurity; and

WHEREAS insufficient nutrition puts children at risk for illness and weakens their immune system. In comparison to food secure children, children from food insecure families are 90% more likely to be in fair or poor health and have 30% higher rates of hospitalization; and

WHEREAS the lack of adequate nutrition affects the cognitive and behavioral development of children. Food insecurity is associated with grade repetition, absenteeism, tardiness, anxiety, aggression, poor mathematics scores, psychosocial dysfunction and difficulty with social interaction among 6 to 12 year old children; and

WHEREAS food insecurity puts children in development in jeopardy, characterized by challenges with speaking, behavior, and movement; increasing the likelihood of later problems with attention, learning, and social interaction. Young children living in low income and food insecure households are more likely to be developmentally at risk than children from food secure households; and

WHEREAS federal programs exist to assist in providing nutrition to children through the schools, most notably the National School Lunch Program and the School Breakfast Program; and

WHEREAS the School Breakfast Program decreases food insecurity in children by providing five healthy meals a week in Alaska schools. 40% of students qualify for free/reduced schools meals, over 45,000 students, of these, 15% do not attend schools that offer a breakfast program – that's over 7,000 missed meals each day; and

WHEREAS 104 out of 406 schools in 46 districts in Alaska did not offer the federal School Breakfast Program in the 2008-2009 school year; and

WHEREAS Alaskan schools primarily do not offer breakfast programs because it is not economically feasible. The federal reimbursement for breakfast does not cover the high costs of food and transportation in Alaska;

THEREFORE BE IT RESOLVED that the CEO Unity Outreach Inc supports an adequate financial appropriation from the state to strengthen and expand the School Breakfast Program in Alaska, so that breakfast may be available to all children at all schools throughout the state, including low income children and children with food insecurity. No child in Alaska should go without breakfast.

Barbara A. Bongard

Petersburg City Schools

☎ 907.772.4271
Fax 907.772.4719

P. O. Box 289
Petersburg, Alaska 99833-0289

Dr. Robert Thomason
Superintendent

December 21, 2009

Vanessa Salinas
Program Manager
The Alaska Food Coalition
c/o Food Bank of Alaska
2121 Spar Avenue
Anchorage, AK 99501-1855

Dear Ms. Salinas:

The Petersburg City School Board at their regular December 15, 2009 meeting passed Resolution 10-03 (A resolution in support of State Funding for School Meals). Please let me know if there are additional places I should send a copy to.

Thank you.

Sincerely,

Sharon Anderson

Sharon Anderson
District Secretary

enclosure

Resolution 10-03
A resolution in support of State Funding for School Meals

WHEREAS, the mission of the Alaska Food Coalition (AFC) - a statewide group of 80 non-profit, faith-based, tribal and government organizations is working to help feed hungry Alaskans in their communities and strengthen and coordinate public and private food and nutrition assistance programs in the state; and

WHEREAS, Petersburg City Schools Board of Education supports AFC's efforts to ensure children start each school day with a healthy and balanced meal; and

WHEREAS, according to data from the 2006 Behavioral Risk Factor Surveillance System (BRFSS), 15% of Alaskan children experienced food insecurity, compared with 11% of Alaskan adults, meaning they don't have access at all times to enough food for a healthy active life; this problem is more severe in rural Alaska, where nearly one child in four experienced food insecurity; and

WHEREAS, insufficient nutrition puts children at risk for illness and weakens their immune system. In comparison to food secure children, children from food insecure families are 90% more likely to be in fair or poor health and have 30% higher rates of hospitalization; and

WHEREAS, the lack of adequate nutrition affects the cognitive and behavioral development of children. Food insecurity is associated with grade repetition, absenteeism, tardiness, anxiety, aggression, poor mathematics scores, psychosocial dysfunction and difficulty with social interaction among 6 to 12 year old children; and

WHEREAS, food insecurity puts children in development in jeopardy, characterized by challenges with speaking, behavior, and movement; increasing the likelihood of later problems with attention, learning, and social interaction. Young children living in low income and food insecure households are more likely to be developmentally at risk than children from food secure households; and

WHEREAS, federal programs exist to assist in providing nutrition to children through the schools, most notably the National School Lunch Program and the School Breakfast Program; and

WHEREAS, the School Breakfast Program decreases food insecurity in children by providing five healthy meals a week in Alaska schools. 40% of students qualify for free/reduced schools meals, over 45,000 students, of these, 15% do not attend schools that offer a breakfast program – that's over 7,000 missed meals each day; and

WHEREAS, 104 out of 406 schools in 46 districts in Alaska did not offer the federal School Breakfast Program in the 2008-2009 school year; and

WHEREAS, Alaskan schools primarily do not offer breakfast programs because it is not economically feasible. The federal reimbursement for breakfast does not cover the high costs of food and transportation in Alaska;

THEREFORE BE IT RESOLVED on this 15th day of December 2009, that the Petersburg City Schools Board of Education supports an adequate financial appropriation from the state to strengthen and expand the School Breakfast Program in Alaska, so that breakfast may be available to all children at all schools throughout the state, including low income children and children with food insecurity. No child in Alaska should go without breakfast.

Jean Ellis, Board President

Randy Lantiegne, Board Vice President

Petersburg Indian
Association
P.O. Box 1418
Petersburg, AK 99833
Phone 907.772.3636
Fax 907 772 3637

ALASKA FOOD COALITION

RESOLUTION
Support for State Funding for School Meals
Resolution 2010-1-6

WHEREAS the mission of the Alaska Food Coalition (AFC) - a statewide group of 80 non-profit, faith-based, tribal and government organizations is working to help feed hungry Alaskans in their communities and strengthen and coordinate public and private food and nutrition assistance programs in the state; and

WHEREAS Petersburg Indian Association supports AFC's efforts to ensure children start each school day with a healthy and balanced meal; and

WHEREAS according to data from the 2006 Behavioral Risk Factor Surveillance System (BRFSS), 15% of Alaskan children experienced food insecurity, compared with 11% of Alaskan adults, meaning they don't have access at all times to enough food for a healthy active life; this problem is more severe in rural Alaska, where nearly one child in four experienced food insecurity; and

WHEREAS insufficient nutrition puts children at risk for illness and weakens their immune system. In comparison to food secure children, children from food insecure families are 90% more likely to be in fair or poor health and have 30% higher rates of hospitalization; and

WHEREAS the lack of adequate nutrition affects the cognitive and behavioral development of children. Food insecurity is associated with grade repetition, absenteeism, tardiness, anxiety, aggression, poor mathematics scores, psychosocial dysfunction and difficulty with social interaction among 6 to 12 year old children; and

WHEREAS food insecurity puts children in development in jeopardy, characterized by challenges with speaking, behavior, and movement; increasing the likelihood of later problems with attention, learning, and social interaction. Young children living in low income and food insecure households are more likely to be developmentally at risk than children from food secure households; and

WHEREAS federal programs exist to assist in providing nutrition to children through the schools, most notably the National School Lunch Program and the School Breakfast Program; and

WHEREAS the School Breakfast Program decreases food insecurity in children by providing five healthy meals a week in Alaska schools. 40% of students qualify for free/reduced schools meals, over 45,000 students, of these, 15% do not attend schools that offer a breakfast program – that's over 7,000 missed meals each day; and

WHEREAS 104 out of 406 schools in 46 districts in Alaska did not offer the federal School Breakfast Program in the 2008-2009 school year; and

WHEREAS Alaskan schools primarily do not offer breakfast programs because it is not economically feasible. The federal reimbursement for breakfast does not cover the high costs of food and transportation in Alaska;

THEREFORE BE IT RESOLVED that the **Petersburg Indian Association** supports an adequate financial appropriation from the state to strengthen and expand the School Breakfast Program in Alaska, so that breakfast may be available to all children at all schools throughout the state, including low income children and children with food insecurity. No child in Alaska should go without breakfast.

CERTIFICATION

We, the undersigned hereby certify that the Petersburg Indian Association's Tribal Council is composed of 7 Board members of whom 6 Board members were present at the meeting held on March 10, 2008 and this resolution was adopted by a vote of 6 Council Members for and 0 Board members voting against and 0 Board members abstaining 1 Council member excused.

Derek Lopez, Chairman of the Petersburg Indian Association — Date 01/05/10

John R. Havrilek, Tribal Administrator — Date 1-5-10

Lower Kuskokwim School District Resolution

10-05
RESOLUTION
Support for State Funding for School Meals

WHEREAS the mission of the Alaska Food Coalition (AFC) - a statewide group of 77 non-profit, faith-based, tribal and government organizations is working to help feed hungry Alaskans in their communities and strengthen and coordinate public and private food and nutrition assistance programs in the state; and

WHEREAS the Lower Kuskokwim School District supports AFC's efforts to ensure children start each school day with a healthy and balanced meal; and

WHEREAS according to data from the 2006 Behavioral Risk Factor Surveillance System (BRFSS), 15% of Alaskan children experienced food insecurity, compared with 11% of Alaskan adults, meaning they don't have access at all times to enough food for a healthy active life; this problem is more severe in rural Alaska, where nearly one child in four experienced food insecurity; and

WHEREAS insufficient nutrition puts children at risk for illness and weakens their immune system. In comparison to food secure children, children from food insecure families are 90% more likely to be in fair or poor health and have 30% higher rates of hospitalization; and

WHEREAS the lack of adequate nutrition affects the cognitive and behavioral development of children. Food insecurity is associated with grade repetition, absenteeism, tardiness, anxiety, aggression, poor mathematics scores, psychosocial dysfunction and difficulty with social interaction among 6 to 12 year old children; and

WHEREAS food insecurity puts children in development in jeopardy, characterized by challenges with speaking, behavior, and movement; increasing the likelihood of later problems with attention, learning, and social interaction. Young children living in low income and food insecure households are more likely to be developmentally at risk than children from food secure households; and

WHEREAS federal programs exist to assist in providing nutrition to children through the schools, most notably the National School Lunch Program and the School Breakfast Program; and

WHEREAS the School Breakfast Program decreases food insecurity in children by providing five healthy meals a week in Alaska schools. 40% of students qualify for free/reduced schools meals, over 45,000 students, of these, 15% do not attend schools that offer a breakfast program – that's over 7,000 missed meals each day; and

WHEREAS 104 out of 406 schools in 46 districts in Alaska did not offer the federal School Breakfast Program in the 2008-2009 school year; and

WHEREAS Alaskan schools primarily do not offer breakfast programs because it is not economically feasible. The federal reimbursement for breakfast does not cover the high costs of food and transportation in Alaska;

THEREFORE BE IT RESOLVED that the Lower Kuskokwim School District supports an adequate financial appropriation from the state to strengthen and expand the School Breakfast Program in Alaska, so that breakfast may be available to all children at all schools throughout the state, including low income children and children with food insecurity. No child in Alaska should go without breakfast.

PASSED THIS 11TH DAY OF DECEMBER, 2009

Richard Curtis, Board President — Date 12/11/09

Gary Baldwin, Superintendent of Schools — Date 12/11/09

KENAI PENINSULA BOROUGH SCHOOL DISTRICT

RESOLUTION 09-10-2

SUPPORT FOR STATE FUNDING FOR SCHOOL MEALS

Pursuant to the filing of Senate Bill No. 213, "An Act providing for funding for school lunch and breakfast", the Board of Education of the Kenai Peninsula Borough School District at a meeting held at Soldotna, Alaska on February 1, 2010, proposed the following resolution:

WHEREAS, according to data from the 2006 Behavioral Risk Factor Surveillance System (BRFSS), 15% of Alaskan children experienced food insecurity, compared with 11% of Alaskan adults, meaning they don't have access at all times to enough food for a healthy active life; this problem is more severe in rural Alaska, where nearly one child in four experienced food insecurity; and

WHEREAS, insufficient nutrition puts children at risk for illness and weakens their immune system. In comparison to food secure children, children from food insecure families are 90% more likely to be in fair or poor health and have 30% higher rates of hospitalization; and

WHEREAS, the lack of adequate nutrition affects the cognitive and behavioral development of children. Food insecurity is associated with grade repetition, absenteeism, tardiness, anxiety, aggression, poor mathematics scores, psycho-social dysfunction and difficulty with social interaction among 6 to 12 year old children; and

WHEREAS, food insecurity puts children in development in jeopardy, characterized by challenges with speaking, behavior, and movement; increasing the likelihood of later problems with attention, learning, and social interaction. Young children living in low income and food insecure households are more likely to be developmentally at risk than children from food secure households; and

WHEREAS, the United States Department of Agriculture (USDA) lunch and breakfast programs exist as the base support for nutrition to children through the school meal programs, most notably the National School Lunch Program and the National School Breakfast Program; and

WHEREAS, the National School Breakfast Program decreases food insecurity in children by providing five healthy meals a week. In Alaska schools 40% of students qualify for free/reduced school meals, over 45,000 students; of these, 15% do not attend schools that offer a breakfast program – that's approximately 7,000 missed meals each day; and

WHEREAS, 104 out of 406 schools in 46 districts in Alaska did not sponsor/offer the federal School Breakfast Program in the 2008-2009 school year; and

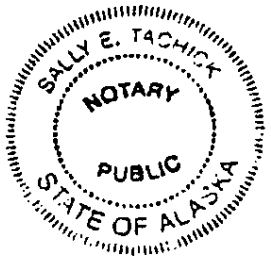
WHEREAS, Alaskan schools primarily do not sponsor National School Breakfast Programs because it is not economically feasible. While USDA funding support per meal for Alaska school breakfasts is 43% greater than support for school breakfasts in the contiguous states, funding levels are still not sufficient for many Alaska school meal sponsors to sustain or enhance nutrition services to students; and

WHEREAS, 29 states do take responsibility for assisting federally supported school meal programs for success in the classroom and relief from food security;

THEREFORE BE IT RESOLVED, that the Kenai Peninsula Borough School District supports an adequate financial appropriation from the state to strengthen and expand the National School Lunch and Breakfast Program in Alaska, so that school breakfast programs and sustainable lunch may be available to all children at all schools throughout the state, including low income children and children with food insecurity. No child in Alaska should go without breakfast.

Joe Arness, President
Kenai Peninsula Borough School District
Board of Education

ATTEST: Sally E Tachick
Sally Tachick
Notary Public, State of Alaska
My Commission Expires 07/25/2013



CORDOVA SCHOOL DISTRICT

PO Box 140 * 100 Fisherman Avenue
Cordova, Alaska 99574-0140
(907) 424-3265 * FAX (907) 424-3271

Cordova Jr/Sr High School
(907) 424-3266
FAX (907) 424-5215

Mt Eccles Elementary
(907) 424-3265
FAX (907) 424-3117

Resolution #10-06

Alaska Food Coalition
Support for State Funding for School Meals

WHEREAS, the mission of the Alaska Food Coalition (AFC) - a statewide group of 80 non-profit, faith-based, tribal and government organizations is working to help feed hungry Alaskans in their communities and strengthen and coordinate public and private food and nutrition assistance programs in the state; and

WHEREAS Cordova Schools supports AFC's efforts to ensure children start each school day with a healthy and balanced meal; and

WHEREAS, according to data from the 2006 Behavioral Risk Factor Surveillance System (BRFSS), 15% of Alaskan children experienced food insecurity, compared with 11% of Alaskan adults, meaning they don't have access at all times to enough food for a healthy active life; this problem is more severe in rural Alaska, where nearly one child in four experienced food insecurity; and

WHEREAS, insufficient nutrition puts children at risk for illness and weakens their immune system. In comparison to food secure children, children from food insecure families are 90% more likely to be in fair or poor health and have 30% higher rates of hospitalization; and

WHEREAS, the lack of adequate nutrition affects the cognitive and behavioral development of children. Food insecurity is associated with grade repetition, absenteeism, tardiness, anxiety, aggression, poor mathematics scores, psychosocial dysfunction and difficulty with social interaction among 6 to 12 year old children; and

WHEREAS, food insecurity puts children in development in jeopardy, characterized by challenges with speaking, behavior, and movement; increasing the likelihood of later problems with attention, learning, and social interaction. Young children living in low income and food insecure households are more likely to be developmentally at risk than children from food secure households; and

WHEREAS, federal programs exist to assist in providing nutrition to children through the schools, most notably the National School Lunch Program and the School Breakfast Program; and

WHEREAS, the School Breakfast Program decreases food insecurity in children by providing five healthy meals a week in Alaska schools. 40% of students qualify for free/reduced schools meals over 45,000 students, of these, 15% do not attend schools that offer a breakfast program - that's over 7,000 missed meals each day; and

CORDOVA SCHOOL DISTRICT

PO Box 140 * 100 Fisherman Avenue
Cordova, Alaska 99574-0140
(907) 424-3265 * FAX (907) 424-3271

Cordova Jr/Sr High School
(907) 424-3266
FAX (907) 424-5215

Mt Eccles Elementary
(907) 424-3265
FAX (907) 424-3117

WHEREAS, 104 out of 406 schools in 46 districts in Alaska did not offer the federal School Breakfast Program in the 2008-2009 school year; and

WHEREAS, Alaskan schools primarily do not offer breakfast programs because it is not economically feasible. The federal reimbursement for breakfast does not cover the high costs of food and transportation in Alaska;

THEREFORE BE IT RESOVED that the Cordova School District supports an adequate financial appropriation from the state to strengthen and expand the School Breakfast Program in Alaska, so that breakfast may be available to all children at all schools throughout the state, including low income children and children with food insecurity. No child in Alaska should go without breakfast.

Valerie Covel, President
Cordova Board of Education

Pete Hoepfner, Clerk
Cordova Board of Education

Chugach School District

Resolution Number 10-02

Support for State Funding for School Meals

WHEREAS the mission of the Alaska Food Coalition (AFC) - a statewide group of 80 non-profit, faith-based, tribal and government organizations is working to help feed hungry Alaskans in their communities and strengthen and coordinate public and private food and nutrition assistance programs in the state; and

WHEREAS Chugach School District supports AFC's efforts to ensure children start each school day with a healthy and balanced meal; and

WHEREAS according to data from the 2006 Behavioral Risk Factor Surveillance System (BRFSS), 15% of Alaskan children experienced food insecurity, compared with 11% of Alaskan adults, meaning they don't have access at all times to enough food for a healthy active life; this problem is more severe in rural Alaska, where nearly one child in four experienced food insecurity; and

WHEREAS insufficient nutrition puts children at risk for illness and weakens their immune system. In comparison to food secure children, children from food insecure families are 90% more likely to be in fair or poor health and have 30% higher rates of hospitalization; and

WHEREAS the lack of adequate nutrition affects the cognitive and behavioral development of children. Food insecurity is associated with grade repetition, absenteeism, tardiness, anxiety, aggression, poor mathematics scores, psychosocial dysfunction and difficulty with social interaction among 6 to 12 year old children; and

WHEREAS food insecurity puts children in development in jeopardy, characterized by challenges with speaking, behavior, and movement; increasing the likelihood of later problems with attention, learning, and social interaction. Young children living in low income and food insecure households are more likely to be developmentally at risk than children from food secure households; and

WHEREAS federal programs exist to assist in providing nutrition to children through the schools, most notably the National School Lunch Program and the School Breakfast Program; and

WHEREAS the School Breakfast Program decreases food insecurity in children by providing five healthy meals a week in Alaska schools. 40% of students qualify for free/reduced schools meals, over 45,000 students, of these, 15% do not attend schools that offer a breakfast program – that's over 7,000 missed meals each day; and

WHEREAS 104 out of 406 schools in 46 districts in Alaska did not offer the federal School Breakfast Program in the 2008-2009 school year; and

WHEREAS Alaskan schools primarily do not offer breakfast programs because it is not economically feasible. The federal reimbursement for breakfast does not cover the high costs of food and transportation in Alaska;

THEREFORE BE IT RESOLVED that the Chugach School District supports an adequate financial appropriation from the state to strengthen and expand the School Breakfast Program in Alaska, so that breakfast may be available to all children at all schools throughout the state, including low income children and children with food insecurity. No child in Alaska should go without breakfast.

PASSES, APPROVED AND ADOPTED BY THE CHUGACH SCHOOL DISTRICT OF PRINCE WILLIAM SOUND, AT ANCHORAGE, ALASKA THIS 12th DAY OF JANUARY 2010

Board Member	Approve/Yea	Reject/Nea	Abstain
Charlene Arneson	X		
Terry Bender			
Thelma Vlasoff	X		
Roselene Vlasoff	X		
Katherine Kompkoff	X		

ATTESTED: Deborah Page DATE: 1/12/10

TITLE: Board Secretary

SB 215

<target><bill>SB 215</bill><subject>SB 215</subject><comm>SFIN26</comm></target>

SENATE FINANCE COMMITTEE REPORT

DATE: 2/10/10

FURTHER: Rules

DATE TURNED IN TO OFFICE: 3/22/10

Finance Committee considered SENATE BILL NO. 215

SB 215 PIONEERS HOME RX DRUG BENEFIT

"An Act requiring the Department of Health and Social Services to accept federal prescription drug benefits or to provide comparable benefits for residents of the Alaska Pioneers' Home."

and recommends:

[ ] be **replaced** with [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] adopt **previous** [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] attached amendment(s)

[ ] adopt _____ Letter of Intent

[ ] further referral to _____ Committee

SENATE BILL:
[ ] Same Title
[ ] New Title

HOUSE BILL:
[ ] Same Title
[ ] Technical Title Change
[ ] New Title w/ SCR #_____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
DHSS	2/2/10			✓	1

[ ] **APPROPRIATION - no fiscal note**

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	~~EGAN~~	✓			
	OLSON	✓			
	Huggins			✓	
CO-CHAIR:	Hoffman	✓			
CO-CHAIR:	Stedman			✓	

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: SB 215
(S) Publish Date: 2/10/10

Identifier (file name): SB215-DHSS-PH-02-02-10
Dept. Affected: Health & Social Services

Title: Pioneers Home Rx Drug Benefit
RDU: Alaska Pioneer Homes
Component: Pioneer Homes

Sponsor: Wielechowski, Olson

Requester: Senate HSS
Component Number: 2671

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2010) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

SB 215 ensures that eligible Pioneer Home residents will continue to have access to federal prescripton drug benefits available from the Veterans Administration or Indian Health Services. There is no fiscal impact to this bill as the Pioneer Homes are already allowing residents to access their federal prescription benefits.

Prepared by: Dave Cote, Director
Division: Alaska Pioneer Homes
Phone: 465-5737
Date/Time: 1/21/10 12:00 AM

Approved by: Alison Elgee, Assistant Commissioner
DHSS Finance & Management Services
Date: 2/2/2010

SENATE FINANCE COMMITTEE REPORT

DATE: 2/10/10

FURTHER:

DATE TURNED
IN TO OFFICE: _____

Finance Committee considered SENATE BILL NO. 215

SB 215 PIONEERS HOME RX DRUG BENEFIT

"An Act requiring the Department of Health and Social Services to accept federal prescription drug benefits or to provide comparable benefits for residents of the Alaska Pioneers' Home."

and recommends:

[ ] be **replaced** with [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] adopt **previous** [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] attached amendment(s)

[ ] adopt _____Letter of Intent

[ ] further referral to _____Committee

SENATE BILL:
[ ] Same Title
[ ] New Title

HOUSE BILL:
[ ] Same Title
[ ] Technical Title Change
[ ] New Title w/ SCR #_____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet	Zero	FN#
HSS	2/2/10			✓	1

[ ] **APPROPRIATION - no fiscal note**

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	Egan	✓			
	Olson			✓	
	Huggins			✓	
CO-CHAIR:		✓			
CO-CHAIR:				✓	

SB 215 – Maintaining Federal Prescription Benefits at Pioneer Homes

Fact Sheet

PROBLEM:

- In April 2009, Veterans in the Pioneer Homes who can no longer administer their own medications stopped receiving the free or low cost medications which they are entitled through the VA.

- These veterans were forced to purchase the same medications from the Pioneer Homes pharmacy.

- The Pioneer Homes pharmacy prepares medications in blister packs so that nurse aides can safely and accurately administer medications to patients.

- The VA cannot provide medications in blister packs – the preferred method of disbursing medicine at the Pioneer Homes.

- VA doctors cannot write prescriptions to the Pioneer Homes because the Pioneer Homes are outside the VA system.

- The Pioneer Homes cannot repackage VA medications because the lot number and expiration would change upon repackaging.

- The Pioneer Homes claimed they did not have enough qualified nursing staff to administer medicine from a bottle (using the VA packaging).

SOLUTION:

- Pioneer Homes involved all interested parties to determine appropriate protocol for ordering, receiving, storing, administering and disposing of medications.

- The Alaska VA Healthcare System and Regional Office Chief Pharmacist and Chief of Staff conducted in-service visits to the Pioneer Homes to ensure nurses are properly administering medications directly from original VA bottles.

STATUTORY NEED:

- SB 215 will ensure that the solution put in place by the Pioneer Homes will remain in statute.

- If the Pioneer Homes identify a safety precaution that prevents them from disbursing medications as they currently are, the state run Pioneer Homes would cover the costs of the medications.

- The Pioneer Homes does not anticipate any changes to what they are doing currently.

- SB 215 prevents the need to "re-create the wheel" and ensures that individuals who have earned federal prescription benefits will continue to receive their benefits, even in the face of future administrative staffing changes.

adn.com
Anchorage Daily News

Veterans in Pioneer Homes will get their medicines from VA

FREE OR LOW COST: Issue of distribution safety resolved.

By ROSEMARY SHINOHARA
rshinohara@adn.com

(11/13/09 23:47:55)

The state announced Friday that it has found a solution that will allow veterans who live in state-run Alaska Pioneer Homes to get the free or low-cost medicines they are entitled to from the VA, but have been denied in recent months.

The state will also refund the money the affected veterans had to pay to fill prescriptions through the Pioneer Homes pharmacy, according to officials from the state Department of Health and Social Services.

The Pioneer Homes quit accepting medicine from the VA last April for veterans who need help from staff to take their pills. The decision affected about a dozen veterans in the Anchorage Pioneers' Home, and perhaps a couple of veterans at the Palmer home.

Pioneer Homes director Dave Cote said the VA medicine wasn't packaged in the right kind of packs to make sure staff could safely distribute it. The Pioneer Homes wanted the medicine to come in blister packs labeled with the patient's name, with foil on one side and plastic on the other and each pill ready to be popped out individually. That way it would be easy to tell if the pill had been administered.

But Cote said after a high-level meeting with Veterans Administration last week, it became clear "they could not be flexible. ... There was not anything they were going to do on their side of things."

Ken Strum, pharmacy chief for the Veterans Administration in Anchorage, said the VA doesn't have equipment needed to package medicine in blister packs as the Pioneer Homes wanted. And, Strum said, it would be against state regulation for the Pioneer Homes pharmacy to repackage in blister packs medicine it receives from the VA pharmacy.

So Cote and the Pioneer Homes nurses instead figured out the safest way to distribute VA medicine from the bottles it comes in, Cote said. Basically, they're going to be more careful.

The Pioneer Homes nursing staff will keep the pills in the original bottles, instead of transferring all of a veteran's pills into a pill box where all meds to be taken at a time would be mixed together. That's to prevent a problem in case certain prescriptions are discontinued, which happens often with older folks, Cote said.

Also, instead of allowing aides to dispense VA pills, nurses will do it, he said.

The dispute between the VA and the Pioneer Homes gained attention this fall after Bea Combs, stepdaughter of Pioneers Homes veteran Melvin Ertwine, went to a legislator's office seeking to get the free or low-cost medicines re-instated.

State Reps. Les Gara of Anchorage and Nancy Dahlstrom of Eagle River and Sen. Bill Wielechowski of Anchorage began sending letters and meeting with state administrators about it.

"I think it's a great solution," Wielechowski said Friday. "It was sort of two large bureaucracies clashing with each other. Somebody had to give."

The state was able to be "a little more nimble," he said. "One reason we were able to do it is it's a small number of people."

Find Rosemary Shinohara online at adn.com/contact/rshinohara or call her at 257-4340.

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Anchorage Daily News

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Veterans caught in dispute over medicines

By ROSEMARY SHINOHARA
rshinohara@adn.com
(11/03/09 22:26:20)

Military veterans living in the state-run Alaska Pioneer Homes are losing out on free or low-cost prescription benefits they are entitled to for serving their country because two medical bureaucracies can't seem to figure out how to get VA drugs to them.

The problem -- mostly about the packaging the medicines come in -- affects those veterans who need help from staff to take their meds.

Instead of pill bottles, the Pioneer Homes want the medicine to come in blister packs -- foil on one side, plastic on the other, name of pill and patient on the package, with each pill ready to be individually popped out.

That's for safety, says Dave Cote, head of the Pioneer Homes.

But the Veterans Administration isn't set up to make blister packs, says Marcia Hoffman-Devoe, spokeswoman for the agency. "We don't have the space to do that. We do not have the capability to do that."

Bea Combs's stepfather, a Navy man from 1943 to 1945, was affected when the Anchorage Pioneers' Home quit accepting medicine from the VA last spring. So she's trying to get the problem taken care of for all veterans.

"I was very upset when they notified me I had to get drugs from the Pioneer Home pharmacy," she said. That change came with a bill for $120, on top of the $6,178 monthly her family is already paying for care of Melvin Ertwine, who is 86.

Ertwine was a yeoman 3rd class. He went on to become an engineer for the Alaska Railroad. He drove trains, including the engine that sits on the Delaney Park Strip downtown, Combs said.

Between the VA and Ertwine's Blue Cross retirement insurance, Combs didn't have to pay anything for her stepdad's medications until all the Pioneer Homes stopped accepting VA drugs in mid-April, she said.

A PACKAGING DIFFERENCE

Veterans can get prescriptions for free if they are considered more than 50 percent disabled from their service, and the most any honorably discharged veteran has to pay is $8 for a month's prescription.

Many veterans in Pioneer Homes were not taking advantage of VA benefits but instead used private insurance or the Medicare Part D prescription benefit, Cote said. A dozen of the 36 veterans in the Anchorage Pioneers' Home were getting their medicines from the VA, he said. A couple veterans in Palmer may also have been getting VA medicines, but that's about the extent

of the number of people affected, he said.

The state has Pioneer Homes, which are assisted-living facilities, in Anchorage, Palmer, Fairbanks, Juneau, Ketchikan, Palmer and Sitka. There are 114 veterans in Pioneer Home beds statewide, Cote said.

Until last spring, the Pioneer Homes received medicine packaged by the VA pharmacy in bottles. Pioneer Homes nurses would transfer the pills to pill boxes for each resident who needs assistance with medications. All the pills for a particular resident on a particular day and time would be mingled together in the pill boxes, which are similar to the pill boxes, or medi-sets, people might have at home.

Pioneer Homes nurses complained that wasn't safe enough, said Cote.

Once a medicine is in the pill box, it's not easy to identify which pill is what, Cote said. And besides, medication in medi-sets is supposed to be administered only by nurses, not nurse assistants, under state regulation, Cote says. The Pioneer Homes want to be able to use nurse assistants, which is OK if the drugs are in blister packs, he said.

In blister packs, "it's easy to tell if you're supposed to take a medicine on the 27 th of October at noon. If it's not punched out and gone, you can assume it's not administered," he said.

SEEKING A REFEREE

Bea Combs at first went to Cote trying to get her stepdad's VA drugs reinstated, then called Anchorage state Rep. Les Gara's office. Gara, Rep. Nancy Dahlstrom of Eagle River and Sen. Bill Wielechowski of Anchorage began sending letters and meeting with the Pioneer Homes officials.

One possible solution the legislators and Pioneer Homes came up with last week, said Cote, is for the state to contract with a provider to prescribe the medicines the dozen or so veterans who used VA prescriptions in Anchorage need; the state, in consideration of these veterans being unable to use their VA benefits, would then pick up the cost of the medicines. Cote is going to investigate this idea.

Combs doesn't see why it's such a difficult problem to solve.

The pills go from one pharmacy, unopened, to another pharmacy, she said. "To me, the liability doesn't make sense," she said. "Is there something else going on that I don't know?"

The two bureaucracies -- the VA and the Pioneer Homes -- both say they want to resolve the issue somehow.

Find Rosemary Shinohara online at adn.com/contact/rshinohara or call her at 257-4340.

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MEMORANDUM for the STATE OF ALASKA

To: Senator Bill Wielechowski **Date:** 5 Feb 2010

From: Verdie Bowen
Director, Office of Veterans Affairs **Phone:** 907-428-6016

Subject: Senate Bill No. 215

I support Senate Bill No. 215 in its entirety. The problem experienced this past year to issue prescription medication through the Veterans Administration Pharmacy to the veterans population at the Alaska Pioneer Home should have been an easy one, but when federal and state governments are involved it becomes very complicated. Each time a solution was reached between the government agencies, a new reason was found not to issue the medications. Several work a rounds were attained until finally a good solution was reached. The time that passed between solution and implementation was way too long for the veterans and their families. The stress caused on the family members was enormous.

The basic issue of this problem was it affected the veterans who could not speak for themselves. I am speaking of those veterans with severe Alzheimer's and Dementia. I know a good solution was attained in the end and it does help the veterans who live in the Pioneer Homes now. But, I fear when we are all gone and this problem arises again no one will have the corporate knowledge to help these veterans again. By enacting Senate Bill 215 this will take the administration solution today and make it law and the concern I have about this issue arising again will be unfounded.

Thanks you for your support of SB 215.

v/r

Verdie A. Bowen

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State of Alaska
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SB 217

<target><bill>SB 217</bill><subject>SB 217</subject><comm>SFIN26</comm></target>

Alaska Housing
FINANCE CORPORATION

Headquarters
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Anchorage, Alaska 99504
(907) 338-6100

Mailing Address
P.O. Box 101020
Anchorage, AK 99510-1020

Internet Web Site
http://www.ahfc.state.ak.us

SB 217 AHFC Vets Bonds
Sponsor Statement

SB 217 will place a question on the ballot for the general election of 2010 asking voters to approve an additional $600 million of state guaranteed bonds to be issued by the Alaska Housing Finance Corporation for the purchase of mortgage loans made to qualifying veterans.
The Veterans Mortgage Loan Program allows the Alaska Housing Finance Corporation to sell tax-exempt bonds to fund the program. Because of this, the Veterans Mortgage Loan Program generally offers a lower interest rate than the conventional single family mortgage loan program. As of December 23, 2009, the Veterans program interest rate was 3/8 of a percent below the Corporation's conventional taxable mortgage loan program.

To qualify, veterans must apply to AHFC within 25 years of his/her date of discharge from "active duty service." (Active duty service is full-time duty, other than for training.) Active duty service in the US Armed Forces, US Armed Forces Reserves, Public Health Service, NOAA, or service as a cadet at the US Military, Air Force, Coast Guard or Naval Academy may meet requirements.

Qualified veterans may be retired or active duty personnel. If retired, discharged, or released from active duty, separation must have been under conditions other than dishonorable. Active duty personnel must have completed their initial military obligation.

The last time veterans bonds were on the general election ballot was 2002, when Alaskans approved the bonds by over seventy percent. As a result of recent passed legislation in Congress, Alaska along with the states of California, Oregon, Texas and Wisconsin have been able to offer more loans to veterans through the program than the previous years. Because of this, it is estimated that the Corporation could run out of bond authorization for the veterans loan program some time in 2011. This is the reason for the urgency of getting the issue to the ballot in 2010.

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Governor Sean Parnell
STATE OF ALASKA

January 12, 2010

The Honorable Gary Stevens
President of the Senate
Alaska State Legislature
State Capitol, Room 111
Juneau, AK 99801-1182

Dear President Stevens,

Under the authority of Art. III, Sec. 18, of the Alaska Constitution, I am transmitting a bill relating to the issuance of state-guaranteed revenue bonds by the Alaska Housing Finance Corporation to finance mortgages for qualifying veterans.

Alaska has one of the largest percentages of veterans of any state in the nation. This bill will provide continuation of guaranteed veteran housing loans, by the Alaska Housing Finance Corporation. Passage of this legislation is necessary to assure this progress continues.

The State of Alaska is one of only a few states that receives favorable treatment under the Internal Revenue Code for guaranteed veterans bonds. This program is designed to provide the lowest possible interest rates to our veterans, without any income limitations.

The accompanying bill would provide for a statewide vote at the next general election on authorizing $600 million in Alaska Housing Finance Corporation (AHFC) bonds for qualifying veterans. This would be the sixth such bond approval; the voters authorized a total of $2.7 billion in state-guaranteed AHFC veterans bonds in five elections between 1982 and 2002. AHFC has issued nearly all of those bonds, requiring new authorization.

The need for continuing this guaranteed housing loan program for veterans may well increase. Congress has recently expanded the current Internal Revenue Service Code definition of "qualified veterans" to include participants who have served in the more recent years and who were honorably discharged.

I urge your prompt and favorable action on this bill.

Sincerely,

Sean Parnell
Governor

Enclosure

COMMITTEE COPY

Senate Bill 217

Sectional Analysis

Section 1 -

Section 1 adds the unconditional guarantee of the state of Alaska to bonds issued by the Alaska Housing Finance Corporation for the purchase of mortgage loans made to qualifying veterans. The principal amount of the bonds shall not exceed $600 million.

Section 2 -

Section 2 gives the Alaska Housing Finance Corporation the authorization to sell bonds guaranteed under Section 1 of the bill, pending the approval of the voters of Alaska.

Section 3 -

Section 3 changes the definition of 'qualifying veteran' in state statute to conform to the federal definition that was changed effective May 30, 2006. The federal definition for eligibility changed from a veteran having served in the military prior to January 1, 1977 and not having been out of the service more than 30 years to the new definition of a veteran not having been out of the military more than 25 years with no specific dates during which he/she must have served.

Section 4 -

Section 4 adds the language that will be included on the general election ballot in 2010.

Section 5 -

Section 5 provides for an immediate effective date.

Alaska Housing
FINANCE CORPORATION

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(907) 338-6100

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Anchorage, AK 99510-1020

Internet Web Site
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ALASKA HOUSING FINANCE CORPORATION
VETERANS MORTGAGE LOAN PROGRAM ACTIVITY
FISCAL YEAR 1994-2010

Fiscal Year	Number Of Loans	Loan Total
2010	54	$11,728,123
2009	168	$40,134,867
2008	230	$51,046,577
2007	270	$58,411,919
2006	44	$11,549,485
2005	57	$12,260,899
2004	125	$25,472,549
2003	187	$38,782,068
2002	315	$59,339,089
2001	430	$73,184,764
2000	496	$85,877,200
1999	540	$91,249,038
1998	597	$93,885,910
1997	340	$52,161,904
1996	246	$35,650,186
1995	482	$68,947,388
1994	177	$24,435,920
Total	**4758**	**$834,117,886**

On January 25, 2010, Standard and Poor's looked at the delinquency rates of the loan portfolios of 34 state Housing Finance Agency bond programs. Of those, the Alaska Housing Finance Corporation's Veterans Mortgage Loan program had the LOWEST delinquency rate of any other state program at 1.28 percent.

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 2
Bill Version: SB 217
(S) Publish Date: 2/5/10

Identifier (file name): 0879-DOR-AHFC-12-17-09
Dept. Affected: Revenue
Title: AHFC Veterans Housing Loan Bonds
RDU: Alaska Housing Finance Corp.
Component: Operations
Sponsor: Rules Committee
Requester: Governor
Component Number: 110

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual	150.0						
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**150.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
AHFC Receipts	150.0						
TOTAL	**150.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2010) cost: _____

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This bill authorizes a statewide public vote on $600 million in revenue bonds to finance the Veterans Mortgage Program. Alaska is one of five states in the nation that established this program under the federal tax code. AHFC administers the program on behalf of the State.

Costs associated with the issuance of these bonds are anticipated to be covered with annual operating budget authorizations. Anticipated costs related to voter information education and dissemination about the bonds and the program will be approximately $150,000.

If approved by voters, bond issuances in the future will be done based on loan demand.

Prepared by: Bryan Butcher, Director, Gov't Relations/Public Affairs
Phone 330-8445
Division: Alaska Housing Finance Corporation
Date/Time 2/4/10 12:00 AM
Approved by: _____
Date _____

(Revised 11/6/2009 OMB)

4879

SENATE FINANCE COMMITTEE REPORT

DATE: 2/5/10

FURTHER:

DATE TURNED
IN TO OFFICE: _____

Finance Committee considered SENATE BILL NO. 217

SB 217 GUARANTEED REVENUE BONDS FOR VETERANS

"An Act relating to the issuance of state-guaranteed revenue bonds by the Alaska Housing Finance Corporation to finance mortgages for qualifying veterans; and providing for an effective date."

and recommends:

[✓] be **replaced** with [ ] **SCS** or [✓] **CS** SB 217 (FIN)

[ ] adopt **previous** [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] attached amendment(s)

[ ] adopt _____ Letter of Intent

[ ] further referral to _____ Committee

SENATE BILL:
[ ] Same Title
[x] New Title

HOUSE BILL:
[ ] Same Title
[ ] Technical Title Change
[ ] New Title w/ SCR #_____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet	Zero	FN#
REV	3/28	✓			

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet	Zero	FN#

[ ] **APPROPRIATION - no fiscal note**

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	Huggins	X			
	Thomas	✓			
	Egan	✓			
	Olson			✓	
CO-CHAIR:	Hoffman	✓			
CO-CHAIR:	Stedman	✓			

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: **CSSB217(FIN)**
() Publish Date:

Identifier (file name): CSSB217(FIN)-REV-AHFC-3-29-10
Dept. Affected: Revenue
Title: GUARANTEED REVENUE BONDS FOR VETERANS
RDU: Alaska Housing Finance Corp.
Component: Operations
Sponsor: Senate Rules by Request of Governor
Requester: Senate Finance Committee
Component Number: 110

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual	150.0		(1,235.6)	(1,246.8)	(1,258.0)	(1,269.3)	(1,280.7)
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous			1,275.6	1,292.1	1,129.1	1,141.2	1,153.7
TOTAL OPERATING	**150.0**	**0.0**	**40.0**	**45.3**	**(128.9)**	**(128.1)**	**(127.0)**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
1103 AHFC Receipts	150.0		40.0	45.3	(128.9)	(128.1)	(127.0)
TOTAL	**150.0**	**0.0**	**40.0**	**45.3**	**(128.9)**	**(128.1)**	**(127.0)**

Estimate of any current year (FY2010) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

SB 217 authorizes a statewide public vote on $600 million in revenue bonds to finance the Veterans Mortgage Program. Alaska is one of five states in the nation that established this program under the federal tax code. AHFC administers the program on behalf of the State.

Costs associated with the issuance of these bonds are anticipated to be covered with annual operating budget authorizations. Anticipated costs related to voter information education and dissemination about the bonds and the program will be approximately $150,000. If approved by voters, bond issuances in the future will be done based on

Prepared by: Bryan Butcher, Director, Governmental Relations/Public Affairs — Phone 330-8445
Division: Alaska Housing Finance Corporation — Date/Time 03-28-10; 11:40pm
Approved by: Ginger Blaisdell, Director — Date 03-29-10; 7:45am
Administrative Services Division

(Revised 11/6/2009 OMB)

4881

STATE OF ALASKA
2010 LEGISLATIVE SESSION

BILL NO. CSSB217(FIN)

ANALYSIS CONTINUATION

The Senate Finance Committee draft of SB 217 includes language that authorizes AHFC to acquire the building they currently reside in at 4300 Boniface Parkway in Anchorage. The estimate is for a building cost of no more than $14.5 million, of which $5 million will be a land exchange with the Tatitlek Corporation and $9.5 million will be from the sale of 25 year bonds. The Corporation expects a savings of purchasing the building compared to continuing to lease of approximately $15.2 million in net present value cost.

The bill also authorizes AHFC to acquire or purchase a site for relocating its public housing client intake and assisted housing center in Anchorage for an amount not to exceed $3.5 million. AHFC already has federal and corporate funds in hand that would allow this transaction to occur without the need for a new appropriation.

adopted 3/29/10 N/O

26-GS2879\R
Cook
3/25/10

CS FOR SENATE BILL NO. 217(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

"An Act relating to the issuance of state-guaranteed revenue bonds by the Alaska Housing Finance Corporation to finance mortgages for qualifying veterans; authorizing the Alaska Housing Finance Corporation to acquire the building that it occupies for an amount that does not exceed $14,500,000; authorizing the Alaska Housing Finance Corporation to acquire a building or purchase an undesignated site for the relocation of its public housing client intake and assisted housing center for an amount that does not exceed $3,500,000; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** The uncodified law of the State of Alaska is amended by adding a new section to read:

GUARANTEE OF REVENUE BONDS. For the purpose of assisting the Alaska Housing Finance Corporation to provide money for the purchase under AS 18.56 of mortgages made for residences for qualifying veterans, revenue bonds of the Alaska Housing

Finance Corporation are unconditionally guaranteed as to principal and interest by the state in the principal amount of not more than $600,000,000. The full faith, credit, and resources of the state are pledged to the payment of the principal of and interest on these bonds, and the principal of and interest on the bonds are secured by the general obligation of the State of Alaska. A statement of this pledge must be printed on the face of the bonds and must be signed in manual or facsimile form by the governor. The provisions of AS 37.15 do not apply to the bonds. The guarantee authorized by this section is in addition to the guarantees authorized by sec. 5, ch. 35, SLA 1982; sec. 1, ch. 81, SLA 1983; sec. 1, ch. 115, SLA 1984; sec. 1, ch. 134, SLA 1986; and sec. 1, ch. 34, SLA 2002.

*** Sec. 2.** The uncodified law of the State of Alaska is amended by adding a new section to read:

BOND AUTHORIZATION. If the question set out in sec. 4 of this Act is approved by the qualified voters of the state who vote on the question, the Alaska Housing Finance Corporation may issue not more than the principal amount of $600,000,000 of its revenue bonds that are unconditionally guaranteed as to principal and interest by the state, the proceeds of which are to be expended by the Alaska Housing Finance Corporation to provide money for the purchase of mortgages made for residences for qualifying veterans. The authorization in this section to issue bonds is in addition to the authorizations to issue bonds that appear in sec. 6, ch. 35, SLA 1982; sec. 2, ch. 81, SLA 1983; sec. 2, ch. 115, SLA 1984; sec. 2, ch. 134, SLA 1986; and sec. 2, ch. 34, SLA 2002.

*** Sec. 3.** The uncodified law of the State of Alaska is amended by adding a new section to read:

DEFINITION. As used in secs. 1, 2, and 4 of this Act, a "qualifying veteran" is a person who is a "qualified veteran" as that term is defined, or may be subsequently defined, under 26 U.S.C. 143.

*** Sec. 4.** The uncodified law of the State of Alaska is amended by adding a new section to read:

BALLOT QUESTION. The question of the state guarantee of bonds referred to in this Act shall be submitted to the qualified voters of the state at the first general election after the effective date of this Act and shall read substantially as follows:

PROPOSITION

State Guaranteed Veterans $600,000,000
Residential Mortgage Bonds

Shall the State of Alaska unconditionally guarantee as a general obligation of the state the payment of principal and interest on revenue bonds of the Alaska Housing Finance Corporation issued in the principal amount of not more than $600,000,000 for the purpose of purchasing mortgages made for residences for qualifying veterans, as defined by law?

Bonds Yes [ ]

Bonds No [ ]

*** Sec. 5.** The uncodified law of the State of Alaska is amended by adding a new section to read:

AUTHORIZING THE ALASKA HOUSING FINANCE CORPORATION TO ACQUIRE OR PURCHASE CERTAIN BUILDINGS OR SITES. (a) The Alaska Housing Finance Corporation is authorized to acquire the building in Anchorage that it occupies on the effective date of this Act for an amount that does not exceed $14,500,000.

(b) The Alaska Housing Finance Corporation is authorized to acquire a building or purchase an undesignated site for relocation of its public housing client intake and assisted housing center in Anchorage, for an amount that does not exceed $3,500,000.

(c) This section constitutes the approval required by AS 18.55.100(d) and AS 18.56.090(d) for the acquisition or purchase as described in (a) and (b) of this section.

*** Sec. 6.** This Act takes effect immediately under AS 01.10.070(c).

Alaska Housing
FINANCE CORPORATION

Headquarters
4300 Boniface Parkway
Anchorage, Alaska 99504
(907) 338-6100

Mailing Address
P.O. Box 101020
Anchorage, AK 99510-1020

Internet Web Site
http://www.ahfc.state.ak.us

MEMORANDUM

Date: February 9, 2010

To: Senator Lyman Hoffman, Co-Chair
Senator Bert Stedman, Co-Chair
Senate Finance Committee

From: Dan Fauske, Executive Director/CEO
Alaska Housing Finance Corporation

Re: SB 217, AHFC Vets Bond Bill

This is a request for the scheduling of Senate Bill 217, An Act relating to the issuance of state-guaranteed revenue bonds by the Alaska Housing Finance Corporation to finance mortgages for qualifying veterans; and providing for an effective date. The bill passed out of the Senate State Affairs Committee last week and is currently in the Senate Finance Committee.

SB 217 will put on the general election 2010 ballot a question for voters on whether or not to approve having AHFC issue up to $600 million in bonds to fund the Alaska Veterans Mortgage Loan Program.

Alaska is one of five states in the country that has a veterans mortgage loan program. This program requires the general obligation of the state of Alaska to back the bonds sold to fund the program. Over the years the vets program has been very successful, having one of the lowest foreclosure rates of any of AHFC's programs.

The last time this question was on the general election ballot was 2002, when over seventy percent of voters approved $500 million in bonds for the program.

Due to recent positive changes that the five states were able to get through Congress, there are now more veterans eligible for the program than past years. As a result, the Corporation estimates that we may run out of funds for the program some time in 2011. As a result, a vote will be needed this year to make sure that the program doesn't have to be shut down.

I would appreciate the scheduling of SB 217 in the Finance Committee at your earliest possible convenience. If you have any questions or need any further information about the bill, please contact Bryan Butcher in my office at 330-8445.

SB 219

<target><bill>SB 219</bill><subject>SB 219</subject><comm>SFIN26</comm></target>

ALASKA STATE LEGISLATURE

Session
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Senate Special Committee on Energy
Senate Committee on World Trade, Technology and Innovations

Co-Chair
Senate Resources Committee

Member
Senate Judiciary Committee

SENATOR LESIL MCGUIRE

Sponsor Statement
CS for Senate Bill 219 (26-LS1312\E)

The CS for Senate Bill 219E establishes a traumatic or acquired brain injury program and registry in the Department of Health and Social Services. Currently, Alaska has no specific program specifically to deal with brain injury and yet Alaska has one of the highest rates in the nation. Annually, there are about 800 Alaskans hospitalized with a traumatic brain injury resulting from falls, car crashes, domestic violence, All Terrain Vehicle crashes, and snow-machine crashes, among others. Furthermore, an approximately equal number of Alaskans are suffering from acquired brain injuries resulting from stroke, aneurism, or tumors.

Alaska urban and rural residents, including military are being discharged to their homes with little understanding of brain injury or access to in-state rehabilitation, severely impacting their families. Limited education about the injury, learning to cope with a person who has changed, overwhelming stress from insurance, bureaucracy, and financial burdens and change in family roles may render families dysfunctional.

With appropriate and available care, rehabilitation, community and family support, even the individual who is most severely injured can live at home, return to school or work, or engage in meaningful and productive lives.

Funding a Traumatic or Acquired Brain Injury (T/ABI) Program gives authority to the Department of Health and Social Services to collect data on the injured, positioning the state to access Medicaid funds for T/ABI. Medicaid services for T/ABI will be matched 50% by federal funds. The bill allows for streamlining department services and activities that are unique to T/ABI. This would better assist families and individuals with T/ABI in knowing how to access services and supports.

Early treatment may reduce future medical and social costs. Without appropriate services, some individuals with T/ABI may pose a threat to themselves or others. Without assistance, individuals with TBI often end up homeless, in jail or in nursing homes. Service coordination, rehabilitation, and appropriate supports can help to minimize these risks.

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Co-Chair
Senate Resources Committee

Member
Senate Judiciary Committee

SENATOR LESIL MCGUIRE

Summary of Changes
Between SB 219\A and CS for SB 219\E

This document is an identification of the changes between W.O. 26-LS1312\A and W.O. 26-LS1312\E. Some of the changes between SB 219A and CS for SB 219E are based on recommendations from the Department of Health and Social Services.

Title of SB 219A is amended so that "traumatic brain injury" is replaced with "traumatic or acquired brain injury" in CS for SB 219E because the program, registry, and medical assistance coverage deals with brain injury that is not only a result of sudden trauma but also otherwise acquired through stroke, aneurism, or tumors. All other references in **SB 219A** to "traumatic brain injury" have been replaced by "traumatic or acquired brain injury" in **CS for SB 219E.**

Section 1 of CS for SB 219E amends AS 18.15.360(a)(4) to state "longitudinal data on traumatic or acquired brain injury from the registry established under AS 47.80.500(c)(1); and." This section refers to a registry established under AS 47.80.500(c)(1) in **CS for SB 219E**, which lists specific longitudinal data on traumatic or acquired brain injury that the Department of Health and Social Services is authorized to collect.

4(A) through 4(D) in **Section 1 of SB 219A** is moved to **Section 5(c)(1) in CS for SB 219E** as (A) through (H).

Based on recommendations from the Department of Health and Social Services, the **CS for SB 219E** establishes the registry under AS 47.80, which deals with Persons with Disabilities under the Welfare, Social Services and Institutions. Persons with traumatic or acquired brain injury are currently under the jurisdiction of this sub-department. Originally in **SB 219A**, the registry would have fallen under AS 18.15, which deals with Disease Control and Threats to Public Health under Health, Safety, and Housing.

Section 2 of SB 219A is moved and established in **Section 5 of CS for SB 219E**. As a result, CS for SB 219E establishes the brain injury program in Title 47 of Alaska Statute, removing the program from Title 18 as established in SB 219A. The specifications in (c)(1) and (c)(2) in **SB 219A** are deleted in the **CS SB 219E.**

CS SB 219E therefore also amends the placement of the definition of "traumatic or acquired brain injury" to AS 47.80.590 from AS 18.15.590 in **SB 219A**. The CS for SB 219E changes the definition to "an insult from physical force or internal damage to the brain or its coverings, not of a degenerative or congenital nature, that produces an altered mental state and that results in a decrease in cognitive, behavioral, emotional, or physical functioning."

Some further clarifications are made in the CS for SB 219E, which are detailed later.

Section 3 of SB 219A is moved and established as **Section 2 of CS for SB 219E**. Section 2 of CS for SB 219E amends the bill to offer case management services for traumatic or acquired brain injury. The wording has not been changed between SB 219A and CS for SB 219 except for the use of "traumatic or acquired brain injury."

Section 4 of SB 219A is moved and established as **Section 3 of CS for SB 219E**.

Section 3 of CS for SB 219E:

- Adds a new subsection (e)(1) in AS 47.07.030 that defines what "case management services for traumatic or acquired brain injury" means as referred to in AS 47.07.030(b).
- Amends AS 47.07.030(e) by replacing "In this section, case management services for traumatic brain injury means" with "In this section,"
- Adds subsections AS 47.07.030(e)(1)(A), which further defines case management services as "care and service coordination to assist individuals and families affected by traumatic or acquired brain injury to minimize the disabling effects of the injury;"
- Moves what was AS 47.07.030(e)(2) and AS 47.07.030(e)(3) **in SB 219A** to AS 47.07.030(e)(1)(C) and AS 47.07.030(e)(1)(D) in **CS for SB 219E**.
- Based on recommendations of the Department of Health and Social Services, the language of AS 47.07.030(e)(1) **in SB 219A** is modified and moved to 47.07.030(e)(1)(B). Originally, the definition included: "and strengthen the local capacity for delivery of needed services, including housing."
- Adds 47.07.030(e)(2), which indicates where the definition of "traumatic or acquired brain injury" can be found in Alaska Statute.

Section 5 of SB 219A is moved and established as **Section 4 of CS for SB 219E**.

Section 4 of **CS for SB 219E** adopts the new section AS 47.07.046 as established in **SB 219A**. The CS for SB 219E adds subsection AS 47.07.046(c) which specifies that the definition of "traumatic or acquired brain injury" can be found in AS 47.80.590.

Section 6 of SB 219A is removed in its entirety. However, **CS for SB 219E** does add a subsection (b)(10) in AS 47.80.500 which suggests that the Department of Health and Social Services deliver "a plan that describes recommendations for the development of a statewide delivery continuum of comprehensive rehabilitative, supportive, living, and community programs."

Section 5 of CS for SB 219E adds new sections to AS 47.80 that define "Article 5A. Traumatic or Acquired Brain Injury" and establish a statewide program under AS 47.80.500. The change was recommended by the Department of Health and Social Services because a traumatic or acquired brain injury registry would be better placed under AS 47.80, which deals with Persons with Disabilities under the Welfare, Social Services and Institutions.

The CS for SB 219E:

a. Establishes that a statewide traumatic or acquired brain injury program will be covered under AS 47.80 in **CS for SB 219E. SB 219A** had the program under AS 18.15.

b. Clarifies what must be included under the statewide traumatic or acquired brain injury program in AS 47.80.500(b).

   1. AS 47.80.500(b)(1) amends that the data collected under the registry can be found in AS 47.80.500 (c)(1) in **CS for SB 219E** and not AS 18.15.360(a)(4) in **SB 219A**

   2. AS 47.80.500(b)(2) in **CS for SB 219E** is now what was AS 18.15.500(b)(2) in **SB 219A**

   3. AS 47.80.500(b)(3) in **CS for SB 219E** is now what was AS 18.15.500(b)(3) in **SB 219A**

   4. The CS for SB 219E clarifies in AS 47.80.500(b)(4) that there needs to be an "assessment of the availability acute and long-term care treatment, care, and support options in and outside the state for persons with traumatic or acquired brain injury;" rather than an "assessment of the availability of acute and long term care options in and outside the state for persons with traumatic brain injury."

   5. AS 47.80.500(b)(5) in **CS for SB 219E** is now what was AS 18.15.500(b)(5) in **SB 219A**

   6. AS 47.80.500(b)(6) in **CS for SB 219E** is now what was AS 18.15.500(b)(6) in **SB 219A**

   7. The CS for SB 219E specifies in AS 47.80.500(b)(7) that there needs to be "coordination and expansion of public and privately funded residential and non-residential acute and long-term services, which includes education, referral, and home and community-based services."

   8. AS 47.80.500(b)(8) in **CS for SB 219E** is now what was AS 18.15.500(b)(8) in **SB 219A**

   9. Adds AS 47.80.500(b)(9), which further defines that there is more than just the traditional treatment and care facilities, which may include long-term acute care hospitals, neurobehavioral programs, neuro-rehabilitation, supportive living, clubhouse model, and home and community based services.

   10. Adds AS 47.80.500(b)(10), which describes recommendations for the development of a statewide service delivery continuum of comprehensive rehabilitative, supportive, living and community programs. This change replaces what was originally Section 6 in **SB 219A**, which developed a pilot project for a statewide traumatic brain injury program under the uncodified law of the State of Alaska.

c. CS for SB 219E adds a new subsection AS 47.80.500(c), which calls the Department of Health and Social Services to "establish and implement a traumatic or acquired brain injury registry of information from service providers" in AS 47.80.500(c)(1)

1. Moves what was originally AS 18.15.360(a)(4)(A), AS 18.15.360(a)(4)(B), AS 18.15.360(a)(4)(C), and AS 18.15.360(a)(4)(D) **in SB 219A** under AS 47.80.500(c)(1) **in CS for SB 219E**

    A. Clarifies what constitutes "health status" in AS 47.80.500(c)(1)(A)

    B. Identifies "acute recovery period" in AS 47.80.500(c)(1)(B)

    C. Adds "location of the" in AS 47.80.500(c)(1)(C)

        i. Adds location of the "event that caused the injury" in AS 47.80.500(c)(1)(C)(i)

        ii. Adds location of the "hospital treating the injury" in AS 47.80.500(c)(1)(C)(ii)

        iii. Adds location of the "residence of the person with traumatic or acquired brain injury" in AS 47.80.500(c)(1)(C)(iii)

    D. Clarifies what "access to and use of rehabilitation services" includes in AS 47.80.500(c)(1)(D)

    E. Adds "access to and use of neuropsychological assessment" under AS 47.80.500(c)(1)(E)

    F. Adds "status of long-term recovery at five-year intervals" under AS 47.80.500(c)(1)(F)

    G. Clarifies "family impacts" in **SB 219A** as "financial and social effects on family" in **CS for SB 219E** with AS 47.80.500(c)(1)(G)

    H. Adds "cost associated with services" in AS 47.80.500(c)(1)(H)

2. Moves what was originally AS 18.15.500(c)(3) **in SB 219A** to AS 47.80.500(c)(2) in **CS for SB 219E**

3. Moves AS 18.15.500(c)(4) in **SB 219A** to AS 47.80.500(c)(3) in **CS for SB 219E**

4. Adds AS 47.80.500(c)(4), which calls the Department of Health and Social Services to "provide a standardized reporting form for use in gathering data for the registry"

d. Adds AS 47.80.500(d) which establishes the definition of "service provider" mentioned in AS 47.80.500(c)

ALASKA STATE LEGISLATURE

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Senate Special Committee on Energy
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Senate Resources Committee

Member
Senate Judiciary Committee

SENATOR LESIL MCGUIRE

Summary of Changes
Between CS SB 219(HSS)\E and CS for SB 219\S

This document is an identification of the changes between W.O. 26-LS1312\E and W.O. 26-LS1312\S.

Section 3 (page 2) amends the definition of "case management services for traumatic or acquired brain injury" to: "services furnished to assist individuals who reside in a community setting or who are transitioning to a community setting to gain access to needed medical, social, educational, and other available services."

Deletes subsections AS 47.07.030(A), (B), (C), and (D) from version E.

This change was a result of discussions with the Department of Health and Social Services. The definition was amended in the Health and Social Services Committee Hearing; however, after further consultation with the Department's Attorney General, the definition of case management services as provided in version E is more limiting than the Federal definition and the Department is uncertain as to whether or not Centers for Medicaid and Medicare Services would accept it.

After discussions with Legislative Legal Services and the Department, it has been determined that the definition in version S would not conflict with the Federal definition and thus would not complicate the process when the Department submits an amendment to the state's Medicaid plan.

LEGAL SERVICES

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MEMORANDUM February 9, 2010

SUBJECT: Sectional Summary (SB 219 (Work Order No. 26-LS1312\R))

TO: Senator Lesil McGuire
Attn: Esther Cha

FROM: Jean M. Mischel
Legislative Counsel

You have requested a sectional summary of the above-described bill.

As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

Section 1. Adds longitudinal data on traumatic or acquired brain injury from the registry established under sec. 5 of the bill to the list of databases that the Department of Health and Social Services is authorized to collect, analyze, and maintain.

Section 2. Adds case management services for traumatic or acquired brain injury to the optional services provided to recipients of state medical assistance (Medicaid).

Section 3. Defines "case management services for traumatic or acquired brain injury" and "traumatic or acquired brain injury" for purposes of the optional services added by sec. 2 of the bill.

Section 4. Requires the Department of Health and Social Services to provide medical assistance services under a waiver if approved by the federal government and if the legislature appropriates necessary funding for the services.

Section 5. Establishes a statewide traumatic or acquired brain injury program in the Department of Health and Social Services to evaluate the effectiveness and availability of information and services for the prevention and treatment of traumatic or acquired brain injury in the state. Requires consultation and collaboration with public and private entities to fulfill a list of programmatic requirements including development of a statewide service delivery plan and registry of information and evaluation of current laws and standards pertaining to traumatic or acquired brain injury.

JMM:ljw
10-078.ljw

SENATE FINANCE COMMITTEE REPORT

DATE: 2/18/10

FURTHER:

DATE TURNED
IN TO OFFICE: _____

Finance Committee considered SENATE BILL NO. 219

SB 219 TRAUMATIC BRAIN INJURY:PROGRAM/MEDICAID

"An Act establishing a traumatic brain injury program and registry within the Department of Health and Social Services; and relating to medical assistance coverage for traumatic brain injury services."

and recommends:

[√] be **replaced** with [ ] **SCS** or [√] **CS** SB 219 (FIN)

[ ] adopt **previous** [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] attached amendment(s)

[ ] adopt _____Letter of Intent

[ ] further referral to _____Committee

SENATE BILL:
[ ] Same Title
[ ] New Title

HOUSE BILL:
[ ] Same Title
[ ] Technical Title Change
[ ] New Title w/ SCR #_____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet	Zero	FN#
HSS	2/17			✓	1
HSS	2/12	✓			2

[ ] **APPROPRIATION - no fiscal note**

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC.	AMEND
	Huggins			X	
	Thomas			✓	
	Egan			✓	
CO-CHAIR:	Hoffman	✓		BS	
CO-CHAIR:	Stedman	✓			

4896

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: CSSB 219(HSS)
(S) Publish Date: 2/18/10

Identifier (file name): SB219CS(HSS)-DHSS-SDSA-2-17-10
Dept. Affected: Health & Social Services

Title: Traumatic Brain Injury: Program/Medicaid
RDU: Senior and Disabilities Services
Component: Senior and Disabilities Services-Administration

Sponsor: McGuire

Requester: Senate HSS
Component Number: 2663

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES (							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2010) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This bill will establish a Traumatic or Acquired Brain Injury (TABI) Registry; establish a TABI case management program within the Division of Senior and Disabilities Services; and add case management services for people with TABI to the list of optional Medicaid services available in Alaska.

Two positions will be tasked with implementing the proposed legislation: a TABI Program Manager who will supervise data collection and analysis, coordinate services to people with TABI, evaluate standards and laws related to TABI, assess the availability of and evaluate acute and long-term care community services, investigate model community services, and coordinate funding of TABI care; and a Research Analyst to develop procedures for the collection of TABI information statewide, design and present statistical data, construct and modify research procedures and instruct others in their proper use. Current resources within the Division of Senior and Disabilities Services are sufficient to meet program needs.

Prepared by: Rebecca Hilgendorf, Director
Phone 907-269-2083
Division: Division of Senior and Disabilities Services
Date/Time 2/17/10 12:11 PM

Approved by: Alison Elgee, Assistant Commissioner
Date 2/17/2010
DHSS Finance & Management Services

4897

(Revised 11/6/2009 OMB)

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 2
Bill Version: **CSSB 219(HSS)**
(S) Publish Date: 2/18/10

Identifier (file name): SB219CS(HSS)-DHSS-SDMS-2-12-10
Dept. Affected: Health & Social Services

Title: Traumatic Brain Injury: Program/Medicaid
RDU: Senior and Disability Services
Component: Senior and Disability Medicaid Services

Sponsor: McGuire

Requester: Senate HSS
Component Number: 2662

Expenditures/Revenue (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITU	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims	1,272.0		1,221.0	1,230.0	1,239.0	1,248.0	1,257.0
Miscellaneous							
TOTAL OPERATING	**1,272.0**	**0.0**	**1,221.0**	**1,230.0**	**1,239.0**	**1,248.0**	**1,257.0**
CAPITAL EXPENDITURE							
CHANGE IN REVENUES							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	777.4		610.5	615.0	619.5	624.0	628.5
1003 GF Match	494.6		610.5	615.0	619.5	624.0	628.5
1004 GF							
1005 GF/Program Receipt							
1037 GF/Mental Health							
Other Interagency Receipt							
TOTAL	**1,272.0**	**0.0**	**1,221.0**	**1,230.0**	**1,239.0**	**1,248.0**	**1,257.0**

Estimate of any current year (FY2010) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if nece*

SB 219 requires the Department of Health & Social Services (DHSS) to establish a traumatic or acquired brain injury (TABI) program and to provide Medicaid coverage for TBI services.

Section 2 amends the Medicaid statutes to include case management services for individuals with TABI to the list of optional Medicaid services. The provision adding TABI case management services to Alaska's optional Medicaid services has the potential to increase Medicaid utilization. This would necessitate an amendment to the state Medicaid Plan.

(continued on page 2)

Prepared by: William J. Streur, Deputy Commissioner
Division: Health Care Services
Phone: 269-7827
Date/Time: 2/3/10 1:00 PM

Approved by: Alison Elgee, Assistant Commissioner
DHSS Finance & Management Services
Date: 2/12/2010

STATE OF ALASKA **BILL NO.** CSSB 219(HSS)

2010 LEGISLATIVE SESSION

ANALYSIS CONTINUATION

Assumptions:
The Alaska Brain Injury network estimates approximately 1,300 new hospital discharges per year due to TABI. The department estimates approximately 20% of new TABI discharges would be on Medicaid, which is the same prevalence of Medicaid enrollees in the general population. Also the number of new TABI cases is expected to grow with the population at 1% per year.

1,300 * 0.20 = 260 new cases in FY11
260*1.01=262.6, rounded to 263 new cases in FY12, and so on

Case management services, based on an examination of similar services covered by Medicaid, is estimated to cost $250/month for new TABI cases.

New Case Cost for FY12: 263*(12*250)=789,000

In addition, there were approximately 9,200 hospital discharges due to TABI from 2001-2007 and it is estimated that 30% of these discharged individuals are still living with TABI related effects. It is estimated that 30% of people living with disabilities or effects from past TABI (existing cases) are currently on Medicaid. This estimate is somewhat higher than the general population due to a higher prevalence of disability, unemployment and lower income in this group.

9,200 past discharges * 0.30 living with effects from TABI = 2,760
2,760 * 0.30 on Medicaid = 828 existing TABI cases

It is expected that approximately half of those cases would continue services. For existing cases - Medicaid currently has about 100 persons on waiver due to TABI (see below).

828 - 100 on waiver = 728

This would mean approximately 360 existing cases using case management services in FY11. Although it is anticipated that in the first year there would be a higher demand for services that in following years meaning an additional 50 cases in FY11. Future years the demand would level at about 360 continuing cases each year.

It is estimated that these existing cases would use services , but at a lower level than new cases, so $100/month for 12 months.

Continuing Case Cost for FY12: 360*(12*100) = 432,000

Total FY12 Case Management Costs Estimate: 432,000+789,000 = 1,221,000

For 2011, Title XIX services are expected be reimbursed at 61.12%, in further years, the federal reimbursement rate is estimated at 50%.

The department will also be required to either develop a new TBI Medicaid waiver or modify an existing waiver to accommodate the needs of TABI survivors. Federal regulations require that in order for individuals to be eligible for home- and community-based waivers, they must meet the state's criteria as needing an institutional level of care. Currently, those individuals with TABI who meet this level of care are already being served under the current waiver program. As of February 1, 2010 that number is 102 individuals. An increase in the cost of waiver service is not expected with this bill.

26-LS1312\P
Mischel
3/22/10

CS FOR SENATE BILL NO. 219(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): SENATORS MCGUIRE, Ellis, Egan

A BILL

FOR AN ACT ENTITLED

"An Act establishing a traumatic or acquired brain injury program and registry within the Department of Health and Social Services; and relating to medical assistance coverage for traumatic or acquired brain injury services."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** AS 18.15.360(a) is amended to read:

(a) The department is authorized to collect, analyze, and maintain databases of information related to

(1) risk factors identified for conditions of public health importance;

(2) morbidity and mortality rates for conditions of public health importance;

(3) community indicators relevant to conditions of public health importance; [AND]

(4) **longitudinal data on traumatic or acquired brain injury from the registry established under AS 47.80.500(c)(1); and**

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4900

(5) any other data needed to accomplish or further the mission or goals of public health or provide essential public health services and functions.

*** Sec. 2.** AS 47.07.030(b) is amended to read:

(b) In addition to the mandatory services specified in (a) of this section and the services provided under (d) of this section, the department may offer only the following optional services: **case management services for traumatic or acquired brain injury;** case management and nutrition services for pregnant women; personal care services in a recipient's home; emergency hospital services; long-term care noninstitutional services; medical supplies and equipment; advanced nurse practitioner services; clinic services; rehabilitative services for children eligible for services under AS 47.07.063, substance abusers, and emotionally disturbed or chronically mentally ill adults; targeted case management services; inpatient psychiatric facility services for individuals age 65 or older and individuals under age 21; psychologists' services; clinical social workers' services; midwife services; prescribed drugs; physical therapy; occupational therapy; chiropractic services; low-dose mammography screening, as defined in AS 21.42.375(e); hospice care; treatment of speech, hearing, and language disorders; adult dental services; prosthetic devices and eyeglasses; optometrists' services; intermediate care facility services, including intermediate care facility services for the mentally retarded; skilled nursing facility services for individuals under age 21; and reasonable transportation to and from the point of medical care.

*** Sec. 3.** AS 47.07.030 is amended by adding a new subsection to read:

(e) In this section,

(1) "case management services for traumatic or acquired brain injury" means services furnished to assist individuals who reside in a community setting or who are transitioning to a community setting to gain access to needed medical, social, educational, and other available services;

(2) "traumatic or acquired brain injury" has the meaning given in AS 47.80.590.

*** Sec. 4.** AS 47.07 is amended by adding a new section to read:

Sec. 47.07.046. Traumatic or acquired brain injury services. (a) The department shall provide traumatic or acquired brain injury services under a waiver in

accordance with 42 U.S.C. 1396 - 1396p (Title XIX, Social Security Act), this chapter, and regulations adopted under this chapter, if the department has received approval from the federal government and the department has appropriations allocated for the purpose. In addition to the annual assessment required in (b) of this section, the department shall establish in regulation additional standards for eligibility and payment for the services.

(b) Before the department may terminate payment for services provided under (a) of this section, the recipient must have had an annual assessment to determine whether the recipient continues to meet the standards established by regulation under (a) of this section.

(c) In this section, "traumatic or acquired brain injury" has the meaning given in AS 47.80.590.

*** Sec. 5.** AS 47.80 is amended by adding new sections to read:

Article 5A. Traumatic or Acquired Brain Injury.

Sec. 47.80.500. Statewide traumatic or acquired brain injury program. (a) A statewide traumatic or acquired brain injury program is established in the department for the purpose of evaluating the effectiveness and availability of information and services for the prevention and treatment of traumatic or acquired brain injury in the state. The department shall consult and collaborate with state agencies, private nonprofit entities, and other organizations in the state that provide brain injury services in implementing all aspects of the program.

(b) The program established under this section must include

(1) review and consideration of data collected under (c)(1) of this section;

(2) supervision and coordination of services provided to persons with traumatic or acquired brain injury;

(3) evaluation of standards pertaining to the treatment, care, and support of persons with traumatic or acquired brain injury;

(4) assessment of the availability of acute and long-term treatment, care, and support options in and outside the state for persons with traumatic or acquired brain injury;

(5) evaluation of the need for and scope of community services for persons with traumatic or acquired brain injury throughout the state;

(6) investigation of the models of service coordination that can be replicated at a local level in the state;

(7) coordination and expansion of publicly and privately funded residential and nonresidential acute and long-term services to persons with traumatic or acquired brain injury, including education, referral, and home and community-based services;

(8) facilitation of admissions to and discharges from acute and long-term care facilities for the treatment of traumatic or acquired brain injury;

(9) identification and description of available treatment and care facilities of all types for persons with traumatic or acquired brain injury based on length of stay, patient capacity, available services, and barriers encountered to community placement after discharge;

(10) a plan that describes recommendations for the development of a statewide service delivery continuum of comprehensive rehabilitative, supportive living, and community programs.

(c) The department shall

(1) establish and implement a traumatic or acquired brain injury registry of information from service providers that includes

(A) health status, including age, cause, and severity of injury and region of brain affected;

(B) acute recovery period;

(C) location of the

(i) event that caused the injury;

(ii) hospital treating the injury; and

(iii) residence of the person with traumatic or acquired brain injury;

(D) access to and use of rehabilitation services, including behavioral, vocational, and long-term care services;

(E) access to and use of neuropsychological assessment;

(F) status of long-term recovery at five-year intervals;

(G) financial and social effects on family;

(H) cost associated with services;

(2) establish standards and recommendations for improvement of prevention, assessment, treatment, and care of persons with traumatic or acquired brain injury in the state;

(3) contract with service providers and qualified entities to carry out the purposes of this section;

(4) provide a standardized reporting form for use in gathering data for the registry.

(d) In (c) of this section, "service provider" means a public or private entity that provides health education, group shelter, or criminal justice services to individuals in the state.

Sec. 47.80.590. Definition. In AS 47.80.500 - 47.80.590, "traumatic or acquired brain injury" means an insult from physical force or internal damage to the brain or its coverings, not of a degenerative or congenital nature, that produces an altered mental state and that results in a decrease in cognitive, behavioral, emotional, or physical functioning.

adopted 3/22/10
as amended

26-LS1312\E.1
Mischel
3/17/10

AMENDMENT 1

OFFERED IN THE SENATE

BY SENATOR HUGGINS

TO: CSSB 219(HSS)

Page ~~4~~ 3, lines ~~6 - 7.~~ 27-28

Delete "and laws pertaining to the prevention of traumatic or acquired brain injury and"

Insert "pertaining"

adopted 3/22/10 N/O

26-LS1312\S
Mischel
3/2/10

CS FOR SENATE BILL NO. 219( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): SENATORS MCGUIRE, Ellis

A BILL

FOR AN ACT ENTITLED

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(4) **longitudinal data on traumatic or acquired brain injury from the registry established under AS 47.80.500(c)(1); and**

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(5) any other data needed to accomplish or further the mission or goals of public health or provide essential public health services and functions.

* **Sec. 2.** AS 47.07.030(b) is amended to read:

(b) In addition to the mandatory services specified in (a) of this section and the services provided under (d) of this section, the department may offer only the following optional services: **case management services for traumatic or acquired brain injury;** case management and nutrition services for pregnant women; personal care services in a recipient's home; emergency hospital services; long-term care noninstitutional services; medical supplies and equipment; advanced nurse practitioner services; clinic services; rehabilitative services for children eligible for services under AS 47.07.063, substance abusers, and emotionally disturbed or chronically mentally ill adults; targeted case management services; inpatient psychiatric facility services for individuals age 65 or older and individuals under age 21; psychologists' services; clinical social workers' services; midwife services; prescribed drugs; physical therapy; occupational therapy; chiropractic services; low-dose mammography screening, as defined in AS 21.42.375(e); hospice care; treatment of speech, hearing, and language disorders; adult dental services; prosthetic devices and eyeglasses; optometrists' services; intermediate care facility services, including intermediate care facility services for the mentally retarded; skilled nursing facility services for individuals under age 21; and reasonable transportation to and from the point of medical care.

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accordance with 42 U.S.C. 1396 - 1396p (Title XIX, Social Security Act), this chapter, and regulations adopted under this chapter, if the department has received approval from the federal government and the department has appropriations allocated for the purpose. In addition to the annual assessment required in (b) of this section, the department shall establish in regulation additional standards for eligibility and payment for the services.

(b) Before the department may terminate payment for services provided under (a) of this section, the recipient must have had an annual assessment to determine whether the recipient continues to meet the standards established by regulation under (a) of this section.

(c) In this section, "traumatic or acquired brain injury" has the meaning given in AS 47.80.590.

*** Sec. 5.** AS 47.80 is amended by adding new sections to read:

Article 5A. Traumatic or Acquired Brain Injury.

Sec. 47.80.500. Statewide traumatic or acquired brain injury program. (a) A statewide traumatic or acquired brain injury program is established in the department for the purpose of evaluating the effectiveness and availability of information and services for the prevention and treatment of traumatic or acquired brain injury in the state. The department shall consult and collaborate with state agencies, private nonprofit entities, and other organizations in the state that provide brain injury services in implementing all aspects of the program.

(b) The program established under this section must include

(1) review and consideration of data collected under (c)(1) of this section;

(2) supervision and coordination of services provided to persons with traumatic or acquired brain injury;

(3) evaluation of standards and laws pertaining to the prevention of traumatic or acquired brain injury and to the treatment, care, and support of persons with traumatic or acquired brain injury;

(4) assessment of the availability of acute and long-term treatment, care, and support options in and outside the state for persons with traumatic or

acquired brain injury;

(5) evaluation of the need for and scope of community services for persons with traumatic or acquired brain injury throughout the state;

(6) investigation of the models of service coordination that can be replicated at a local level in the state;

(7) coordination and expansion of publicly and privately funded residential and nonresidential acute and long-term services to persons with traumatic or acquired brain injury, including education, referral, and home and community-based services;

(8) facilitation of admissions to and discharges from acute and long-term care facilities for the treatment of traumatic or acquired brain injury;

(9) identification and description of available treatment and care facilities of all types for persons with traumatic or acquired brain injury based on length of stay, patient capacity, available services, and barriers encountered to community placement after discharge;

(10) a plan that describes recommendations for the development of a statewide service delivery continuum of comprehensive rehabilitative, supportive living, and community programs.

(c) The department shall

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(A) health status, including age, cause, and severity of injury and region of brain affected;

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(C) location of the

(i) event that caused the injury;

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(iii) residence of the person with traumatic or acquired brain injury;

(D) access to and use of rehabilitation services, including behavioral, vocational, and long-term care services;

(E) access to and use of neuropsychological assessment;

(F) status of long-term recovery at five-year intervals;

(G) financial and social effects on family;

(H) cost associated with services;

(2) establish standards and recommendations for improvement of prevention, assessment, treatment, and care of persons with traumatic or acquired brain injury in the state;

(3) contract with service providers and qualified entities to carry out the purposes of this section;

(4) provide a standardized reporting form for use in gathering data for the registry.

(d) In (c) of this section, "service provider" means a public or private entity that provides health education, group shelter, or criminal justice services to individuals in the state.

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(2) On a mandatory basis under section 1932 (a)(1) of the Act or under section 1915(b) or section 1115 waiver authority.

[67 FR 41115, June 14, 2002]

§440.169 Case management services.

(a) *Case management services* means services furnished to assist individuals, eligible under the State plan who reside in a community setting or are transitioning to a community setting, in gaining access to needed medical, social, educational, and other services, in accordance with §441.18 of this chapter.

(b) *Targeted case management services* means case management services furnished without regard to the requirements of §431.50(b) of this chapter (related to statewide provision of services) and §440.240 (related to comparability). Targeted case management services may be offered to individuals in any defined location of the State or to individuals within targeted groups specified in the State plan.

(c) [Reserved]

(d) The assistance that case managers provide in assisting eligible individuals obtain services includes—

(1) Comprehensive assessment and periodic reassessment of individual needs, to determine the need for any medical, educational, social, or other services. These assessment activities include the following:

(i) Taking client history.

(ii) Identifying the needs of the individual, and completing related documentation.

(iii) Gathering information from other sources, such as family members, medical providers, social workers, and educators (if necessary) to form a complete assessment of the eligible individual.

(2) Development (and periodic revision) of a specific care plan based on the information collected through the assessment, that includes the following:

(i) Specifies the goals and actions to address the medical, social, educational, and other services needed by the eligible individual.

(ii) Includes activities such as ensuring the active participation of the eligible individual and working with the individual (or the individual's authorized health care decision maker) and others to develop those goals.

(iii) Identifies a course of action to respond to the assessed needs of the eligible individual.

(3) Referral and related activities (such as scheduling appointments for the individual) to help the eligible individual obtain needed services, including activities that help link the individual with medical, social, and educational providers or other programs and services that are capable of providing needed services to address identified needs and achieve goals specified in the care plan.

(4) Monitoring and follow-up activities, including activities and contacts that are necessary to ensure that the care plan is effectively implemented and adequately addresses the needs of the eligible individual and which may be with the individual, family members, service providers, or other entities or individuals and conducted as frequently as necessary, and including at least one annual monitoring, to help determine whether the following conditions are met:

(i) Services are being furnished in accordance with the individual's care plan.

(ii) Services in the care plan are adequate.

(iii) There are changes in the needs or status of the eligible individual. Monitoring and follow-up activities include making necessary adjustments in the care plan and service arrangements with providers.

(e) Case management may include contacts with non-eligible individuals that are directly related to the identification of the eligible individual's needs and care, for the purposes of helping the eligible individual access services, identifying needs and supports to assist the eligible individual in obtaining services, providing case managers with useful feedback, and alerting case managers to changes in the eligible individual's needs.

[72 FR 68091, Dec. 4, 2007, as amended at 74 FR 31196, June 30, 2009]

provided by Senator McGuire

Alaska Brain Injury Network

Alaska Scorecard and TBI Dashboard – (DRAFT)

DRAFT #1 – May 22, 2008

○ Getting worse ⟺ Not changing ● Improving

	5-year Trend	Current Data	Source
SCORECARD: A "scorecard" provides a snapshot of the status of TBI issues in the State of Alaska			
Traumatic Brain Injury Non-fatal Incidence Rates			
TBI rate per 100,000	●	98.6	1
Causes			
Falls	○	28.7	1
Motor Vehicle Transportation Occupant	●	24.7	1
Assault	●	12.2	1
ATV	○	6.5	1
Bicycle	●	4.5	1
Snowmachine	●	4.4	1
Pedestrian	●	3.6	1
Sports	●	1.8	1
Water Transport	⟺	1.3	1
Suicide Attempt	●	.8	1
Gender			
TBI percentage among males		65.4 %	1
TBI percentage among females	⟺	33.2 %	1
Ethnicity			
Percentage of TBI population that is Alaska Native		34%	1.a
Percentage of TBI population that is White		53%	1.a
Percentage of TBI population that is Other; unknown, Pacific Islander, Hispanic, Black, American Indian, Asian		22%	1.a
Those at highest risk for hospitalization due to TBI (rate per 100,000)			
Males age 80+		301.3	1
Females age 80+		217.2	1
Males age 70-79		215.7	1
Males age 15-19		200.9	1
Traumatic Brain Injury Numbers			
TBI hospitalizations/year		640	1.b
TBI deaths/year		150	1.b
Est. TBI-related Emergency Department Visits		2953	2

1 Alaska Trauma Registry 2001-2005 – Non-fatal TBI hospitalizations
1.a Alaska Trauma Registry 1996-2005 – Non-fatal TBI hospitalizations
1.b Alaska Trauma Registry 2006 – Non-fatal TBI hospitalizations
2 HRSA TBI Implementation Grant

Alaska Trauma Registry records those who are hospitalized for more than 24 hours. This does not include the number of people who visit the emergency department and are sent home in the same day. This does not include the number of returning service members with traumatic brain injury.

DASHBOARD: A "dashboard" provides a way to see how well an activity is working to affect the TBI population			
● Getting worse	⇔ Not changing	○ Improving	
Dashboard: Behavioral Health			
TBI and Mental Health	Spot look trend	Current Data	Source
Percentage BH clients screening positive for TBI	⇔	32%	3
TBI and Substance Use			
Alcohol-related TBI 100,000		33%	1
TBI and Suicide			
Percentage of suicide victims with history of TBI		32%	4
Dashboard: Education			
Special Education			
Number of children in Special Education statewide with TBI diagnosis (2007)	⇔	66	5
Dashboard: Justice			
Corrections			
Percent of incarcerated Alaskans (adults) who are Trust beneficiaries, including those with cognitive disabilities		42%	6
Dashboard: Employment			
Vocational Rehabilitation			
Number of TBI cases		167	7
Number of TBI cases closed employed		17	7
Number of TBI cases closed with plan for employment		11	7
Average wage at closure		$12.54	7
Dashboard: Providence			
ImPACT Program			
Number of baselines (ImPACT)		57	8
Number of student/athletes seen in program (ImPACT)		25	8
Emergency Department			
Patients given the diagnosis of "head injury" or "concussion in Emergency Department in 2006		547	8
% of TBI-related ED visits that led to hospitalizations		1%	8
% of ED visits that are Pediatric		15%	8
Dashboard: Alaska Brain Injury Network			
TBI Advisory Board			
Est. Board Member Volunteer hours/year	●	1054	9
Board Member Participation in Quarterly Board Meetings		83%	9
Ex-officio participation in quarterly board meetings		65-80%	9
% of survivors/family members on TBI board		55%	9
% Board Members who give a financial contribution		100%	9
TBI Resource Navigation			
Average new consumer contacts per month	●	30	9
Average unique visitors/month to ABIN website	●	750	9
Number of people on Alaska Brain Matters Listserve	●	100+	9

3 AKAIMS
4 Suicide Follow-back Study
5 http://www.eed.state.ak.us/stats/
6 Trust/DOC Study 07
7 Division of Vocational Rehabilitation (FY07)
8 Providence Neuroservices
9 Alaska Brain Injury Network

TBI in Alaska, 1995-2005 Hospitalization greater than 24 hours

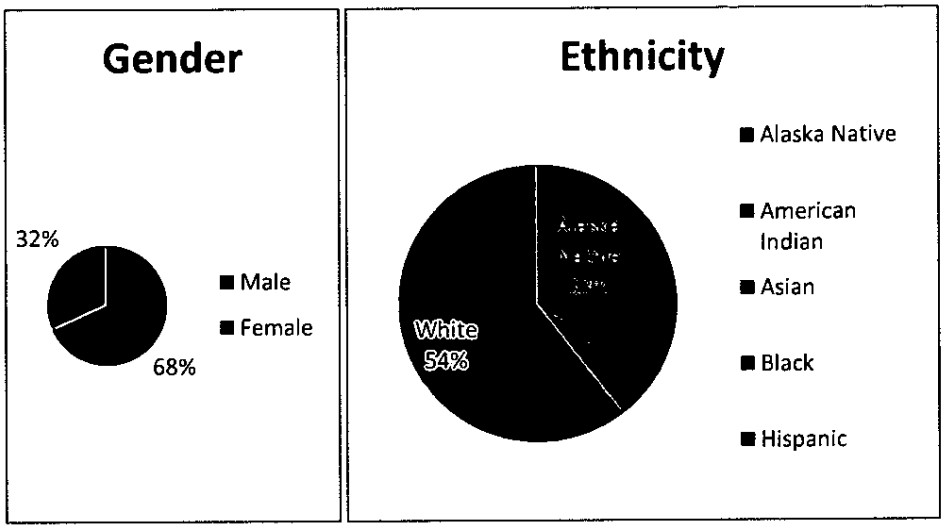

Figure 1: Males sustain TBI at twice the rate of females

Figure 2: TBI's are sustained primarily by White and Alaska Native populations

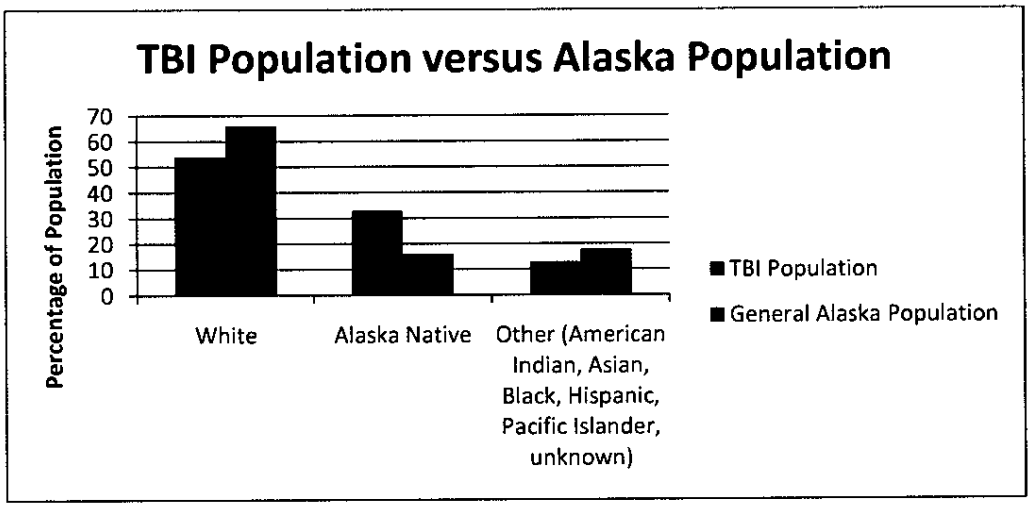

Figure 3: Alaskan Natives and rural residents sustain TBI at disproportionate rates compared to census data

TBI in Alaska, 1995-2005 Hospitalization greater than 24 hours

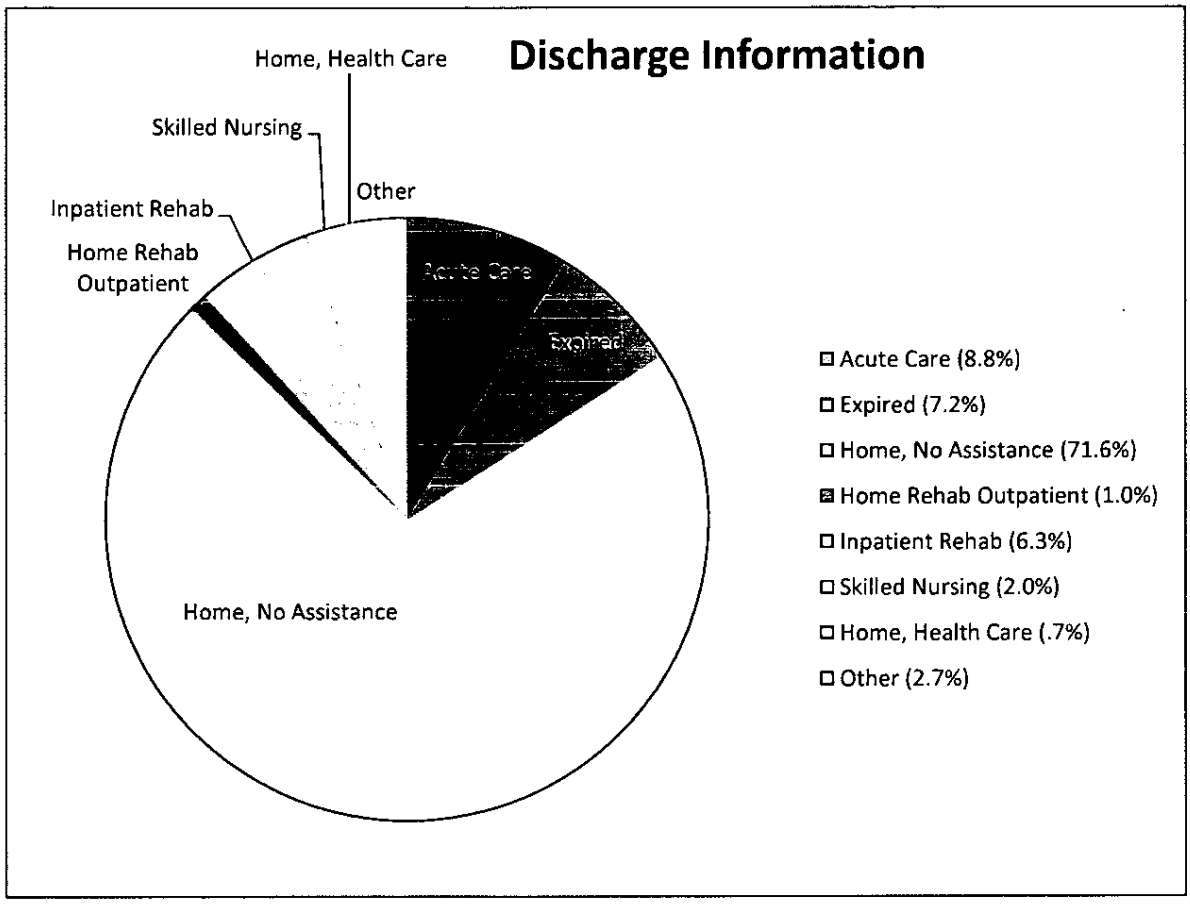

Figure 7: 72% of TBI survivors are sent home with no assistance. 1% of TBI survivors have access to rehab once they return home.

TBI in Alaska, 1995-2005 Hospitalization greater than 24 hours

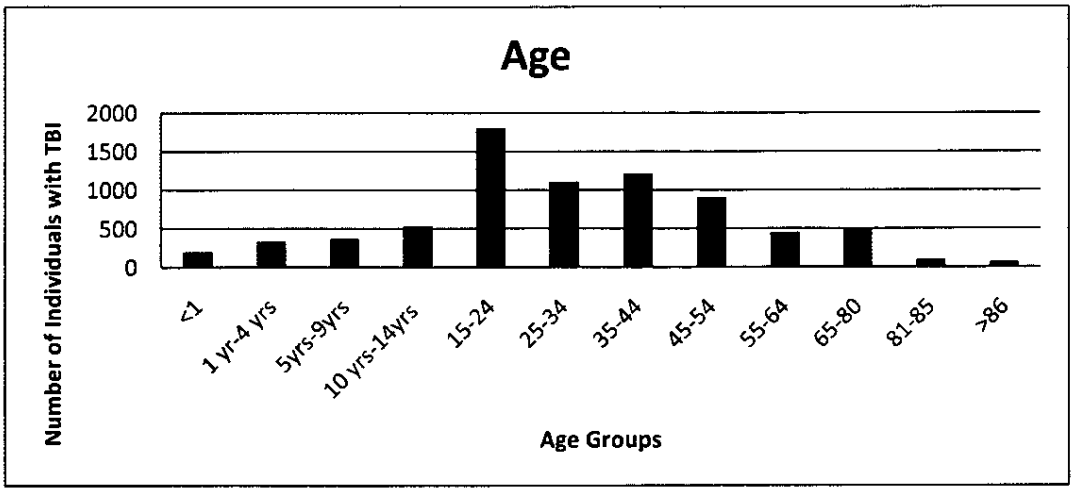

Figure 4: Highest incidence rates are among 15-24 year old males. The highest prevalence rates are among Elders who fall.

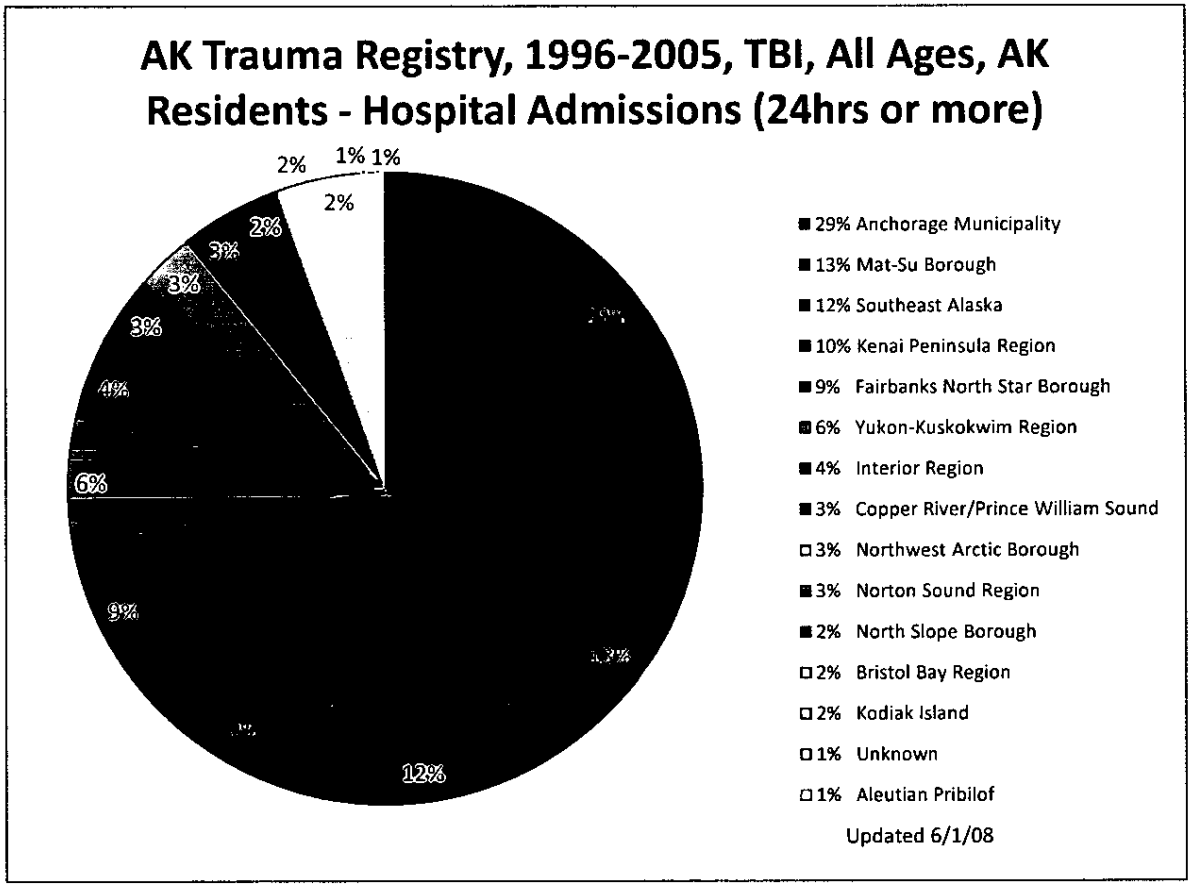

Figure 5: Highest incidence rates are among Anchorage, Mat-Su, and Southeast regions. The highest prevalence rates are in the Yukon-Kuskokwim Region.

TBI in Alaska, 1995-2005 Hospitalization greater than 24 hours

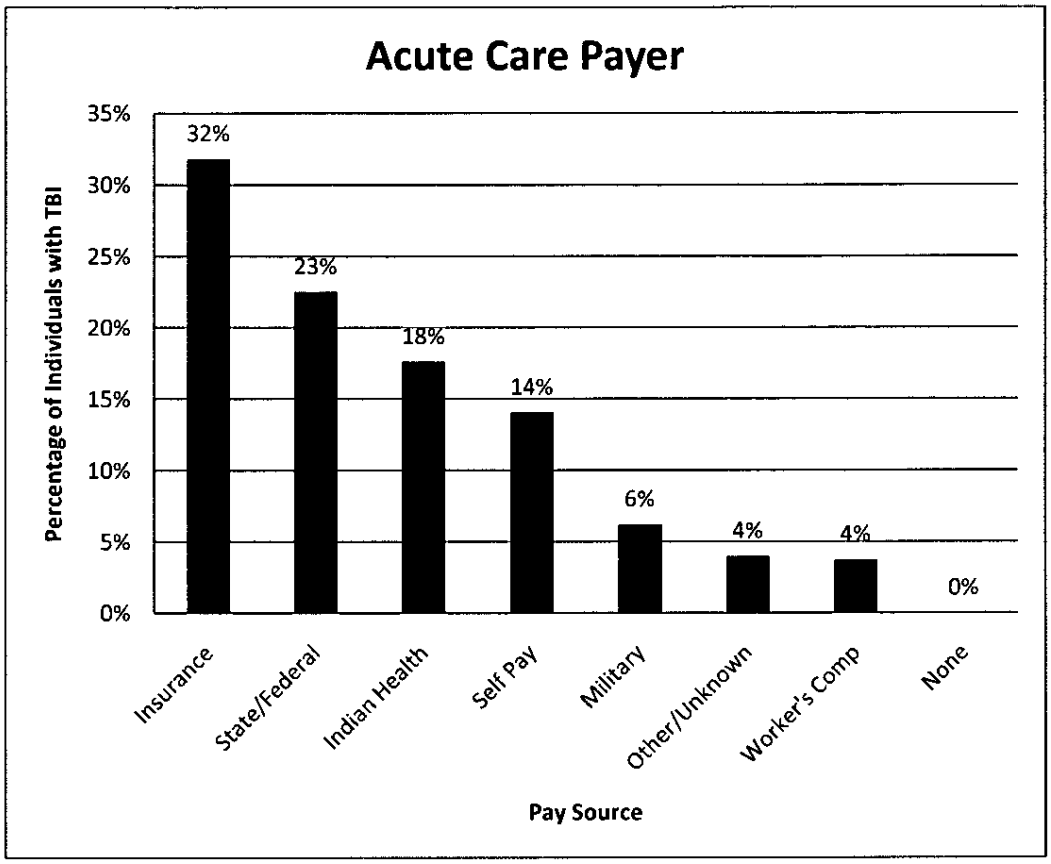

Figure 6: Acute care costs are paid by major payers. Inpatient and post-acute rehabilitation is limited. There is not a post-acute rehabilitation facility in-state.

Rutgers Centers for State Health Policy, Issue Brief: A Survey of Medicaid Brain Injury Programs, March 2008

State	Waiver year ending	Number Serviced	Expenditures (GF and Federal match)	Annual Per Capita Costs	Average Length of Stay	Per Diem Costs
New York	2006	1953	$79,029,120	$40,465	310	$131
Minnesota	2006	1372	$68,965,299	$50,266	320	$157
Illinois	2006	3,601	$42,541,226	$11,814	264	$45
Connecticut	2006	344	$25,691,011	$74,683	305	$245
Wisconsin	2006	334	$20,095,110	$60,165	351	$171
New Jersey	2006	276	$18,374,797	$66,575	329	$202
South Carolina	2006	497	$12,247,128	$24,642	338	$73
New Hampshire	2006	140	$11,487,626	$82,054	332	$247
Iowa	2006	825	$10,883,459	$13,192	296	$45
Colorado	2006	293	$9,027,736	$30,811	247	$125
Pennsylvania	2005	152-324	$6,897,762	$45,380	285	$159
Kentucky	2005	98	$6,532,587	$66,659	285	$234
Kansas	2006	269	$6,289,071	$23,379	242	$97
Florida	2006	283	$5,903,410	$20,860	316	$66
Massachusetts	2006	90	$4,883,813	$54,265	315	$172
Wyoming	2006	137	$3,940,878	$28,766	297	$97
Indiana	2006	131	$3,390,758	$25,884	355	$73
Utah	2006	91	$2,079,141	$22,848	333	$69
Maryland	2006	23	$1,489,321	$64,753	255	$254
Idaho	2006	19	$1,133,542	$59,660	354	$169
North Dakota	2006	29	$797,371	$27,496	315	$29
Nebraska	2006	26	$733,247	$28,202	335	$84
Vermont	2006	68		$5,500/month	no data	
Alaska	2008		$0.00*			

$150,000 FY10 MHTAAR for brain injury case management-DHSS SDS Administration

Blue states have been identified has Waiver programs that may meet Alaska's needs (more up to date funding levels needed)

Yellow areas are Waiver programs that have a rehabilitation focus and long-term care option

Alaska Brain Injury Network

Alaska Scorecard and TBI Dashboard – (DRAFT)

DRAFT #1 – May 22, 2008

○ Getting worse ⟺ Not changing ● Improving

	5-year Trend	Current Data	Source
SCORECARD: A "scorecard" provides a snapshot of the status of TBI issues in the State of Alaska			
Traumatic Brain Injury Non-fatal Incidence Rates			
TBI rate per 100,000	●	98.6	1
Causes			
Falls	○	28.7	1
Motor Vehicle Transportation Occupant	●	24.7	1
Assault	●	12.2	1
ATV	○	6.5	1
Bicycle	●	4.5	1
Snowmachine	●	4.4	1
Pedestrian	●	3.6	1
Sports	●	1.8	1
Water Transport	⟺	1.3	1
Suicide Attempt	●	.8	1
Gender			
TBI percentage among males		65.4 %	1
TBI percentage among females	⟺	33.2 %	1
Ethnicity			
Percentage of TBI population that is Alaska Native		34%	1.a
Percentage of TBI population that is White		53%	1.a
Percentage of TBI population that is Other; unknown, Pacific Islander, Hispanic, Black, American Indian, Asian		22%	1.a
Those at highest risk for hospitalization due to TBI (rate per 100,000)			
Males age 80+		301.3	1
Females age 80+		217.2	1
Males age 70-79		215.7	1
Males age 15-19		200.9	1
Traumatic Brain Injury Numbers			
TBI hospitalizations/year		640	1.b
TBI deaths/year		150	1.b
Est. TBI-related Emergency Department Visits		2953	2

1 Alaska Trauma Registry 2001-2005 – Non-fatal TBI hospitalizations
1.a Alaska Trauma Registry 1996-2005 – Non-fatal TBI hospitalizations
1.b Alaska Trauma Registry 2006 – Non-fatal TBI hospitalizations
2 HRSA TBI Implementation Grant

Alaska Trauma Registry records those who are hospitalized for more than 24 hours. This does not include the number of people who visit the emergency department and are sent home in the same day. This does not include the number of returning service members with traumatic brain injury.

DASHBOARD: A "dashboard" provides a way to see how well an activity is working to affect the TBI population

O Getting worse ⟺ Not changing O Improving

TBI and Mental Health	Spot look trend	Current Data	Source
Dashboard: Behavioral Health			
Percentage BH clients screening positive for TBI	⟺	32%	3
TBI and Substance Use			
Alcohol-related TBI 100,000		33%	1
TBI and Suicide			
Percentage of suicide victims with history of TBI		32%	4
Dashboard: Education			
Special Education			
Number of children in Special Education statewide with TBI diagnosis (2007)	⟺	66	5
Dashboard: Justice			
Corrections			
Percent of incarcerated Alaskans (adults) who are Trust beneficiaries, including those with cognitive disabilities		42%	6
Dashboard: Employment			
Vocational Rehabilitation			
Number of TBI cases		167	7
Number of TBI cases closed employed		17	7
Number of TBI cases closed with plan for employment		11	7
Average wage at closure		$12.54	7
Dashboard: Providence			
ImPACT Program			
Number of baselines (ImPACT)		57	8
Number of student/athletes seen in program (ImPACT)		25	8
Emergency Department			
Patients given the diagnosis of "head injury" or "concussion in Emergency Department in 2006		547	8
% of TBI-related ED visits that led to hospitalizations		1%	8
% of ED visits that are Pediatric		15%	8
Dashboard: Alaska Brain Injury Network			
TBI Advisory Board			
Est. Board Member Volunteer hours/year	⇧	1054	9
Board Member Participation in Quarterly Board Meetings		83%	9
Ex-officio participation in quarterly board meetings		65-80%	9
% of survivors/family members on TBI board		55%	9
% Board Members who give a financial contribution		100%	9
TBI Resource Navigation			
Average new consumer contacts per month	⇧	30	9
Average unique visitors/month to ABIN website	⇧	750	9
Number of people on Alaska Brain Matters Listserve	⇧	100+	9

3 AKAIMS
4 Suicide Follow-back Study
5 http://www.eed.state.ak.us/stats/
6 Trust/DOC Study 07
7 Division of Vocational Rehabilitation (FY07)
8 Providence Neuroservices
9 Alaska Brain Injury Network

Rutgers Centers for State Health Policy, Issue Brief: A Survey of Medicaid Brain Injury Programs, March 2008

State	Waiver year ending	Number Serviced	Expenditures (GF and Federal match)	Annual Per Capita Costs	Average Length of Stay	Per Diem Costs
New York	2006	1953	$79,029,120	$40,465	310	$131
Minnesota	2006	1372	$68,965,299	$50,266	320	$157
Illinois	2006	3,601	$42,541,226	$11,814	264	$45
Connecticut	2006	344	$25,691,011	$74,683	305	$245
Wisconsin	2006	334	$20,095,110	$60,165	351	$171
New Jersey	2006	276	$18,374,797	$66,575	329	$202
South Carolina	2006	497	$12,247,128	$24,642	338	$73
New Hampshire	2006	140	$11,487,626	$82,054	332	$247
Iowa	2006	825	$10,883,459	$13,192	296	$45
Colorado	2006	293	$9,027,736	$30,811	247	$125
Pennsylvania	2005	152-324	$6,897,762	$45,380	285	$159
Kentucky	2005	98	$6,532,587	$66,659	285	$234
Kansas	2006	269	$6,289,071	$23,379	242	$97
Florida	2006	283	$5,903,410	$20,860	316	$66
Massachusetts	2006	90	$4,883,813	$54,265	315	$172
Wyoming	2006	137	$3,940,878	$28,766	297	$97
Indiana	2006	131	$3,390,758	$25,884	355	$73
Utah	2006	91	$2,079,141	$22,848	333	$69
Maryland	2006	23	$1,489,321	$64,753	255	$254
Idaho	2006	19	$1,133,542	$59,660	354	$169
North Dakota	2006	29	$797,371	$27,496	315	$29
Nebraska	2006	26	$733,247	$28,202	335	$84
Vermont	2006	68		$5,500/month	no data	
Alaska	2008		$0.00*			

$150,000 FY10 MHTAAR for brain injury case management-DHSS SDS Administration

Blue states have been identified has Waiver programs that may meet Alaska's needs (more up to date funding levels needed)

Yellow areas are Waiver programs that have a rehabilitation focus and long-term care option

TBI in Alaska, 1995-2005 Hospitalization greater than 24 hours

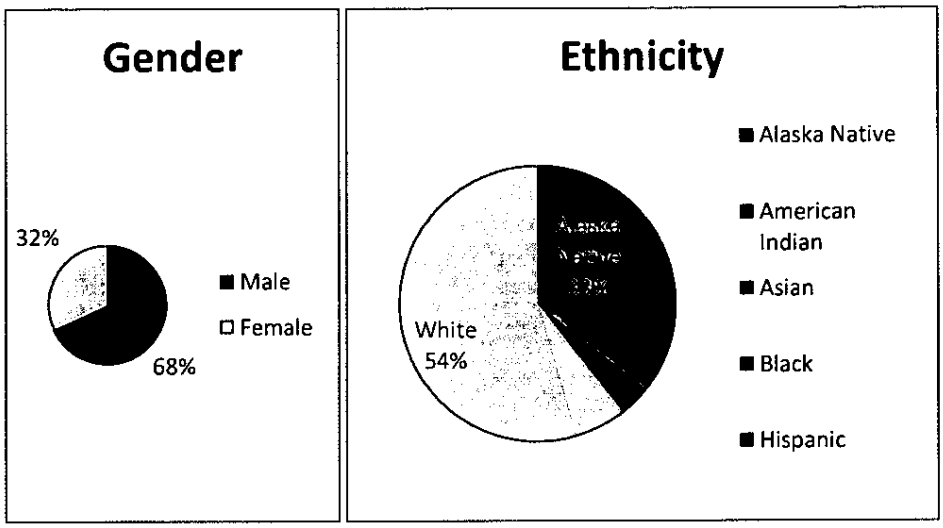

Figure 1: Males sustain TBI at twice the rate of females

Figure 2: TBI's are sustained primarily by White and Alaska Native populations

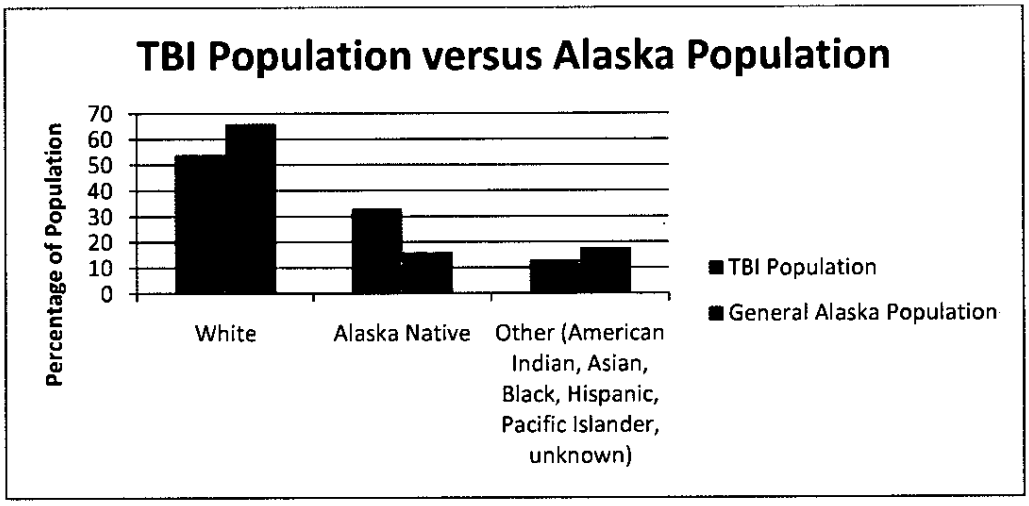

Figure 3: Alaskan Natives and rural residents sustain TBI at disproportionate rates compared to census data

TBI in Alaska, 1995-2005 Hospitalization greater than 24 hours

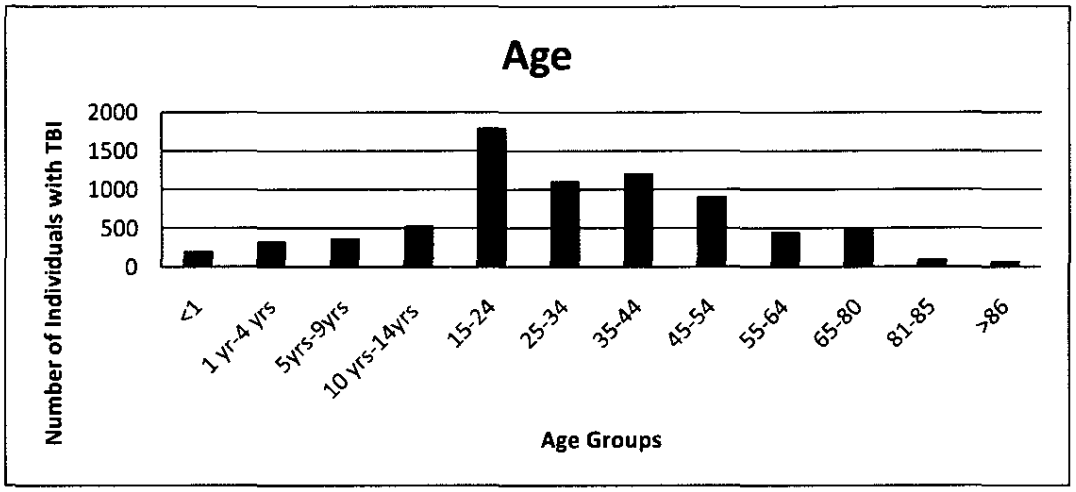

Figure 4: Highest incidence rates are among 15-24 year old males. The highest prevalence rates are among Elders who fall.

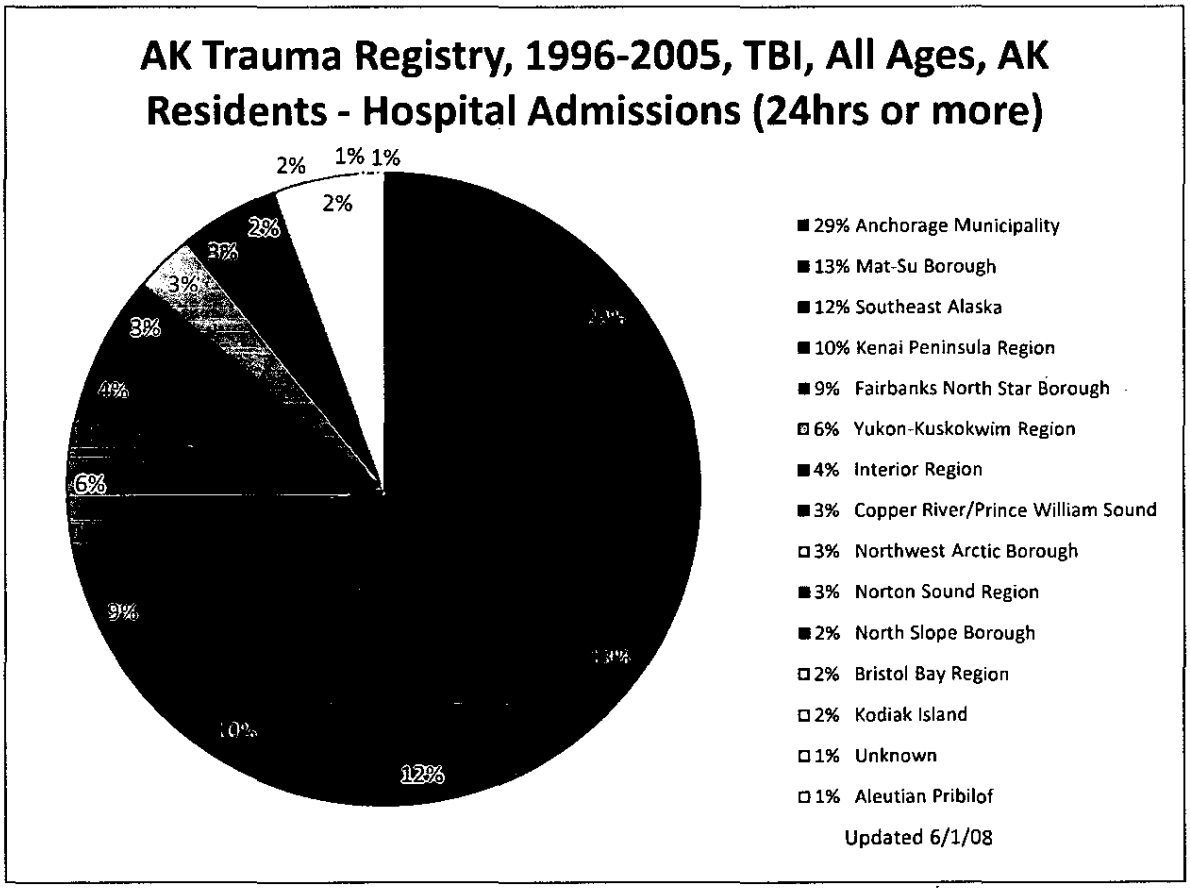

Figure 5: Highest incidence rates are among Anchorage, Mat-Su, and Southeast regions. The highest prevalence rates are in the Yukon-Kuskokwim Region.

TBI in Alaska, 1995-2005 Hospitalization greater than 24 hours

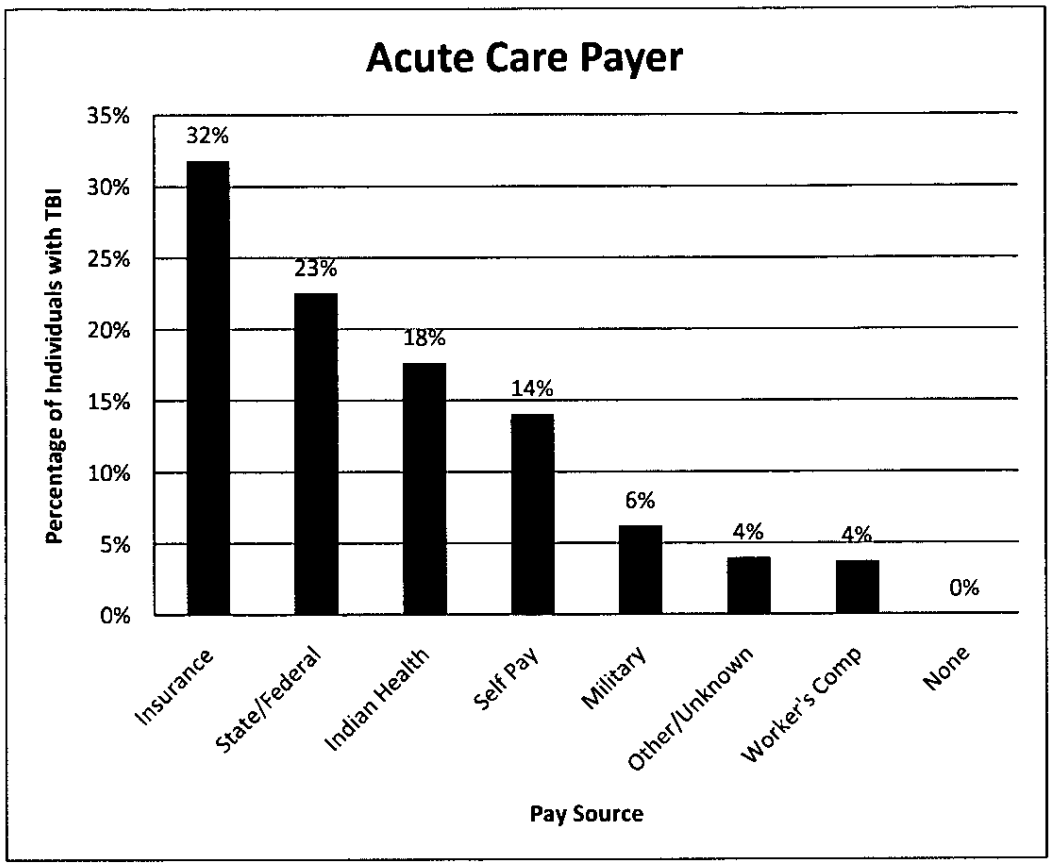

Figure 6: Acute care costs are paid by major payers. Inpatient and post-acute rehabilitation is limited. There is not a post-acute rehabilitation facility in-state.

TBI in Alaska, 1995-2005 Hospitalization greater than 24 hours

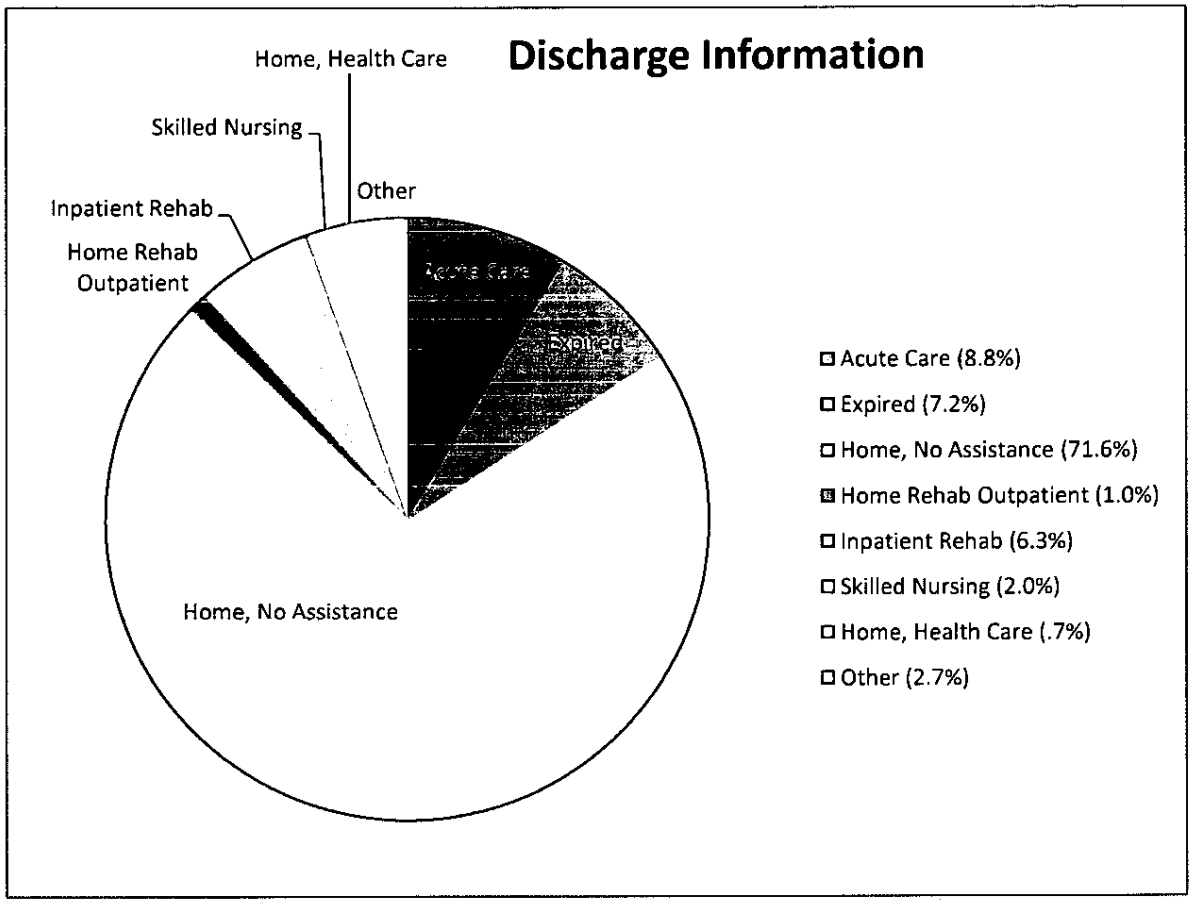

Figure 7: 72% of TBI survivors are sent home with no assistance. 1% of TBI survivors have access to rehab once they return home.

alaska brain injury network

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Anchorage, Alaska 99508
office: (907) 274-2824 fax: (907) 274-2826
www.alaskabraininjury.net

The Honorable Lesil McGuire
Alaska Senate
Alaska State Capitol, Rm 125
Juneau, Alaska 99801

Dear Senator McGuire,

Thank you for introducing SB219, the act which relates to medical assistance coverage for traumatic or acquired brain injury services and which will establish a traumatic or acquired brain injury program and registry within the Department of Health and Social Services.

The Alaska Brain Injury Network, Inc (ABIN) is a non-profit organization dedicated to Alaskans whose lives have been changed by brain injury. ABIN's eighteen member board represents all regions of Alaska and at least 50 percent are TBI survivors or family members.

The primary ABIN mission is to educate, plan, coordinate, and advocate for a comprehensive service delivery system for the survivors of traumatic brain injury and their families. ABIN also serves as a statewide resource navigation agency specializing in information and referral for brain injury services and supports available in Alaska. ABIN has heard from 600 Alaskans requesting brain injury services since 2007. In addition, ABIN has heard public testimony from hundreds of Alaskans from Anchorage, Juneau, Fairbanks, Kenai, Barrow, Nome, Kodiak, Dillingham, Bethel, Copper River Basin, Tok, Ketchikan, Sitka, and more.

In the past several years, ABIN has worked collaboratively with the State of Alaska, Alaska Mental Health Trust Authority, the Alaska Native Tribal Health Consortium, Alaska Federal Health Care Partnership, major hospital providers, community providers, and many more agencies to coordinate the development of brain injury services in Alaska. We have coordinated meetings with these agencies to identify:

1. the services we have available in the State,
2. the services we do not have available,
3. which providers have the capacity to develop different segments in the continuum of care,
4. barriers; and
5. solutions for the development of this care.

The agencies participating and the findings are depicted in a document titled "Demonstrating the Need for Community-Based Rehabilitation."

Barriers to treating brain injury include:

- Brain injury as a medical condition versus a long-term condition: Patient often enters an injury-based medical model to treat what may become a manageable, chronic condition.
- Post-acute/Treatment/Rehabilitation funding for those who are Medicaid eligible: Currently, Medicaid funding is available for acute care, but does not cover brain injury specialty residential and day programs, often resulting in a higher level of care (more expensive) than what is needed.
- Workforce capacity- Alaska is too small of a state, with a strong yet limited workforce, to support separate brain injury systems of care in each service sector: military, tribal, and civilian.

4926

- Screening/assessment in all state programs and primary care clinics- appropriate identification begins with screening and then assessment. Behavioral Health is the only state program that includes brain injury screening questions.

SB219 provides many direct and indirect opportunities to resolve these barriers:

- Creates longitudinal data on persons with brain injury to identify demographics, cause of injury, severity, diagnosis, treatments, medical and social costs which will help determine future policy and budget recommendations.
- Increases access to case management for those who are Medicaid eligible.
- Evaluates the need for and scope of acute, post-acute, long-term, and community treatment, care, and supports.
- Positions the state to identify the best 'menu' of brain injury services to include under a Medicaid Waiver.
- Positions the state to access federal funding for TBI services and for targeted case management.
- Encourages a seamless transition from acute settings to transitional and community settings.
- Establishes standards and recommendations for improvement of prevention, assessment, treatment, and care.

Indirect Opportunities

- Many Alaskans with undiagnosed or unrecognized brain injury currently access State of Alaska services and supports. The T/ABI program encourages screening and identification, as well as development of and access to appropriate treatment.
- A T/ABI program may create cost savings in acute care costs and existing state programs budgets, including behavioral health, juvenile justice, corrections, homeless initiatives, and long-term care in institutional facilities.
- Research shows, Medicaid funding specifically for brain injury services supports the growth of community-based rehabilitation programs (residential and day programs).
- Provides framework for the Department of Defense (DoD), Alaska Veterans Affairs Health System, Alaska Tribal Health System, State of Alaska, and private/non-profit entities to coordinate planning and implementation of rehabilitation and community re-entry programs.
- Development of these programs increases access for all Alaskans with a variety of pay sources, including insurance, private pay, and federal health care.
- Research shows early treatment and access to appropriate brain injury services may reduce future medical and social costs.

The Alaska Brain Injury Network has worked diligently to create a 'framework' for successful development of a seamless system of care for Alaskans with brain injury, including the development of a comprehensive plan and the coordination of the many key providers that will build the system. The State of Alaska T/ABI program will be the 'foundation' that will allow the 'entire state system' to develop and grow. The State T/ABI Program, the 'foundation', is the first step to resolving the barriers, so providers can act, and Alaskans will have an opportunity for a more successful and positive life.

The Alaska Brain Injury Network appreciates your ongoing support of this important legislation.

Our organization is made up of many professionals, providers, and specialists. If you have any questions I would be happy to answer them or connect you to someone with that knowledge.

Sincerely,

Jill Hodges
Executive Director

brain injury network

Attachment: ABIN Letter of Support for SB 219/HB 328

Why brain injury begins as an emergency medical condition and often becomes a social catastrophe?

Several decades ago brain injury was viewed solely as a medical condition, more specifically a life or death injury. Because of the advances in emergency medical services and intensive/acute care, more people are surviving very severe brain injuries. These advances have created an entire new system of care, a brain injury continuum of care. This system of care is essential because of the long-term cognitive effects caused by the injury. After 30 years of state and federal government recognition, research, and longitudinal studies, it is now understood that 'brain injury begins as an emergency medical condition, and often becomes a social catastrophe.' Because of the potential for many different social challenges, it is essential that those who survive brain injuries receive timely, appropriate services and ongoing supports.

How did other states develop brain injury programs?

In addition to the local networking, ABIN is well connected to many state brain injury programs (public and private) outside of Alaska. Through conferences and ongoing dialogue, ABIN has learned the role legislation (in other states) has played in developing a seamless, comprehensive service system for after hospital care for brain injury. In 1980 the first appropriation for brain injury funding for case management was accomplished in Missouri. Legislation for a T/ABI program soon followed. 2005 data shows at least 44 states had a formal T/ABI program in their state government or funded brain injury specific programs.

The following is an example of the order in which legislation and funding has progressed in other states.

Step 1: Establish a T/ABI program in statute
Step 2: Approve general funds for case management, position state to access federal funds to expand this service to more people (targeted case management).
Step 3: Approve a Medicaid brain injury waiver (50% Federal match)
Step 4: Prevention and concussion management legislation.
Step 5: Screening and case management for military

HB 328/SB 219 gives Alaska the opportunity to not only 'catch up' developmentally with other States, but it also positions Alaska to become a national leader in providing brain injury case management and treatment to rural and remote citizens across service sectors (military, tribal, civilian).

How do other states fund and sustain a T/ABI Program?

States use a variety and combination of funding streams for planning, policy, prevention and research activities, and to serve individuals with brain injuries and their families who have no other access to needed care or supports. Medicaid, Home and Community-Based Services and Medicaid Waivers, and Federal Block Grant programs are used to serve individuals with disabilities and special health care needs including people with brain injury. At the State level, common non-Federal funding sources for TBI service delivery include trust funds, general

revenue and special revenue. Often when two or more sources exist, funds from one are used to leverage funds from the other.
There are 24 States that have a Brain Injury Medicaid Waiver (2006). There are 20 states that have General Revenue or Special Revenue specific to brain injury (NASHIA 2005).

Medicaid waivers targeted to individuals with brain injuries operate in half of the states and are small when compared to waivers targeting other groups. These waivers provide significant cost savings, on average $30,000 annually per person, when compared to institutional facility-based services (Rutgers 2008).

These waivers have been successful both programmatically and financially. In addition to cost savings, these waivers have provided other significant benefits. The existence of these waivers supports the growth of community non-profit brain injury agencies. There is clear evidence of the desirability of home and community-based services among those directly affected by brain injury: there has been growth of these waivers that has resulted in a doubling of the number of persons served over five years; in addition, there is a visible role played by advocates in encouraging states to develop these waivers. These waivers, over time, have contributed to states' efforts to create and grow an in-state service capacity to provide services to individuals with brain injuries.[1]

[1]Hendrickson, L. & Blume, R. (2008). Issue brief: A survey of Medicaid brain injury programs. *Rutgers Center for State Health Policy*

The TRUST

The Alaska Mental Health Trust Authority

February 10, 2010

The Honorable Lesil McGuire
Alaska State Senate
Alaska State Capitol, Room 125
Juneau, Alaska 99801

Re: **Letter of Support for SB 219**

Dear Senator McGuire,

The Alaska Mental Health Trust Authority (The Trust) is pleased to support SB 219, an act establishing a traumatic or acquired brain injury program and registry within the Department of Health and Social Services (DHSS); and relating to medical assistance coverage for traumatic or acquired brain injury services. This bill is a significant step forward and will bolster the existing statewide efforts of a diverse and active committee which has been focused on brain injury services for several years.

The Trust is a state corporation that administers the Alaska Mental Health Trust, a perpetual trust managed on behalf of Trust beneficiaries who include individuals with mental illness, developmental disabilities, chronic alcoholism and those with dementia or other related disorders; many also have a co-occurring traumatic brain injury. Our goal is to partner with the Department of Health and Social Services as well as other state departments and branches of government, as a catalyst for change towards the improvement in Alaska's mental health continuum of care. The Trust has and will continue to partner with DHSS and the aforementioned statewide committee to ensure a system of care for Alaskans with brain injuries is developed.

It is an unfortunate reality that Alaska has one of the highest rates of TBI in the country. Upwards of 800 Alaskans are seriously injured or die from a TBI annually. It is estimated that at least 10,000 Alaskans are currently living with TBI in our communities, some with support services, most undoubtedly without. This bill will assure the development and implementation of services for Alaskans with brain injuries; specifically, it provides direction to the Department of Health and Social Services to assess prevalence, service gaps, and the development services in a targeted, effective, and fiscally responsible manner. Thereby, increasing and improving access to much needed services and supports for these Alaskans. Furthermore, this bill places the State of Alaska in position to access federal dollars for payment of these services through grants and Medicaid.

The Trust appreciates your leadership on this very important issue. Please let us know if there is anything we can do to further support your efforts and the successful passage of this bill.

Sincerely,

Jeff Jessee, CEO

3745 Community Park Loop, Suite 200 Anchorage, Alaska 99508 Tel: 907-269-7960 Fax: 907-269-7966 www.mhtrust.org

COOK INLET
TRIBAL
COUNCIL, INC.

3600 SAN JERONIMO DRIVE, ANCHORAGE, ALASKA 99508

FAX: (907) 793-3422

PHONE: (907) 793-3600

March 3, 2010

The Honorable Lesil McGuire
Alaska State Senate
State Capitol
Juneau, AK 99801-1182

Dear Senator McGuire:

Thank you for your sponsorship of Senate Bill 219, which would establish a registry and program for Traumatic or Acquired Brain Injury (TABI) and provides for the inclusion of case management services to the Alaska list of optional Medicaid services. The reporting and data collection of Alaskans with these injuries is long overdue and would be of great benefit.

Cook Inlet Tribal Council (CITC) is about People, Partnership, and Potential. We serve 13,000 participants annually, administering 85 grants and contracts funded by federal, state, and private agencies. Our programs address many of the social, economic, and educational challenges faced by Native people in Anchorage and in the Cook Inlet Region. One of our main departments is Recovery Services. CITC provides both outpatient services and also operates the Ernie Turner Center for residential care pertaining to alcohol and drug treatment.

CITC can attest to the high level of TABI cases in Alaska. Statistics from 2009 indicates that about 37% of our participants seeking intervention services (including brief treatment and outpatient recovery) report head trauma or have a history of TABI. From a sampling of 552 individuals seeking admission last year to the Ernie Turner Center (for detox or residential treatment), 46% of them had experienced some type of brain injury in their past.

If I can provide any further assistance with passage of this measure through the legislative process, please let me know. I would be willing to testify on the impact of TABI and the need for this bill to be enacted. On behalf of Cook Inlet Tribal Council and the many participants we serve, you have our full support for SB 219.

Sincerely,

Gloria O'Neill
President/CEO

Senator,
Please let
me know
if we can be
any further
assistance!

4931

STATE OF ALASKA

DEPARTMENT OF CORRECTIONS

Division of Administrative Services

SEAN PARNELL, GOVERNOR

REPLY TO:
Behavioral Health Services
550 W. 7th Avenue, Suite 601
Anchorage, AK 99501
Mental Health Phone: (907) 269-7320
Mental Health Fax: (907) 269-7321

March 5, 2010

The Honorable Lesil McGuire
Alaska State Senate
Alaska State Capitol, Room 125
Juneau, Alaska 99801

Re: Letter of Support for SB 219

Dear Senator McGuire,

The Behavioral Health Department of the Alaska Department of Corrections is pleased to support SB 219, an act that will help ensure medical coverage for traumatic brain injuries (TBI) and also establish a statewide registry for related services within the Department of Health and Social Services.

Alaska DOC processes 38,000 bookings of over 22,000 unique individuals each year and has more than 5,600 inmates in custody on any given day. Over 42% of our population has a diagnosable mental health disorder and we typically have between 100 and 110 inmates on our caseload because of TBI.

Alaska DOC recognizes that there is a critical need to increase identification of and resources for people who have experienced traumatic brain injury. Release planning for this population has proven to be difficult as there currently are very few agencies and programs that serve people with TBI. In addition, access to those resources is often limited due to inadequate medical coverage.

We appreciate your work on behalf of this population. Please let us know if there is anything else we can do to further support you in your efforts.

Sincerely,

Laura M. Brooks, MS, LPA
Director of Behavioral Health
Alaska Department of Corrections

January 29, 2010

The Honorable Lesil McGuire
Alaska State Capitol
Room 125
Juneau, Alaska 99801

Dear Senator McGuire,

Thank you for introducing Senate Bill 219, which establishes a traumatic or acquired brain injury program registry within the Department of Health and Human Services, and also relates to the medical assistance coverage for traumatic or acquired brain injury services.

At St. Elias Specialty Hospital, we treat and assist many patients who are affected by brain injury. Our patients' stories are personal to them and to us; but the outcomes of their injuries effect us all. Frequently, many patients who have suffered from a brain injury come to St. Elias on a ventilator and are unable to speak, eat, or walk. We have been fortunate to be able to watch many patients walk out of the hospital. Others have suffered injuries too significant and are not that lucky. We are very concerned about the resources available to our patients after they leave St. Elias.

We, at St. Elias, support SB219 because it would provide a mechanism for better tracking of the traumatic brain injury (TBI) patients in Alaska. We also feel that it would identify what services are lacking for patients post hospital discharge. This bill would create a more public awareness of the increasing numbers of Alaskans living with TBI, who may not be receiving the necessary help for their condition. Sadly, due to lack of rehabilitative services, many of our patients and families have been forced to leave the state for much needed long term rehabilitative services. We think Senate Bill 219 would combine all entities including profit, not for profit, military, and native to better serve all Alaskans. Possibly, the outcome would be an inpatient rehabilitation unit that would serve all Alaskans.

St. Elias Specialty Hospital is expanding its programs to better serve patients with traumatic and acquired brain injuries; however, we believe Senate Bill 219 could help us provide a better discharge plan for our patients with brain injury so they can continue their recovery and lead productive lives.

Senate Bill 219 would also help identify TBI patients who need early treatment. This in turn may reduce future medical and social costs and would help TBI patients integrate into the community positively as active and participating Alaskans.

Senator McGuire, thank you for your consideration and introduction of this bill. It is vital to the hospitals, our state, and most importantly, our patients.

Sincerely,

Sharon Kurz

Sharon Kurz, PhD
Chief Executive Officer
St. Elias Specialty Hospital

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Area Operations Administration
3760 Piper Street, Suite 3013
Anchorage, AK 99508
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www.providence.org

PROVIDENCE
Health & Services
Alaska

March 9, 2010

The Honorable Lesil McGuire
Alaska State Capitol, Room 125
Juneau, Alaska 99801-1182

Dear Senator McGuire:

Thank you for introducing SB 219.

As the Area Operations Administrator for Providence Health & Services Alaska, I have seen both an increase in the need for services to brain-injured Alaskans and an increase in services available to them. However, as you know, much more needs to be done. Your bill will provide for that work to be accomplished.

Alaska remains a young state and sometimes the need for services has to reach a critical mass before we can afford to address those needs. Long time Alaskans will recall that back in the 1960s, Alaskans experiencing mental illness were sent out of state to a facility in Oregon. Eventually, services were established in Alaska.

I believe we have reached the critical mass needed to address brain injury in a comprehensive manner in Alaska. Too many Alaskans with brain injuries receive limited services, uncoordinated services or have to leave the state for services.

I support this bill and applaud your efforts to help Alaskans with brain injury.

Sincerely,

Susan Humphrey-Barnett

Susan Humphrey-Barnett
Area Operations Administrator
Alaska Health & Services Alaska

cc: Laurie Herman
Jill Hodges

ALASKA STATEWIDE INDEPENDENT LIVING COUNCIL, INC.

1057 W. Fireweed Lane, Ste. 206
Anchorage, AK 99503

Toll Free 1 888 294 7452
Phone 907 263-2092, 2011
Fax 907 263-2012

February 1, 2010

The Honorable Lesil McGuire
Alaska State Capitol, Room 125
Juneau, Alaska 99801

Dear Senator McGuire,

Thank you for introducing SB 219, the act which relates to medical assistance coverage for traumatic or acquired brain injury services and which will establish a traumatic or acquired brain injury program and registry within the Department of Health and Social Services.

The State Independent Living Council (SILC) is comprised of Alaskans, a majority of whom have disabilities, and who are appointed by the Governor to promote the philosophy of independent living, including a philosophy of consumer control, peer-support, self-help, self-determination, equal access, and individual and system advocacy in order to maximize opportunities for individuals with disabilities, and the integration and full inclusion of individuals with disabilities into the mainstream of society.

The program supports four Centers for Independent Living (CILs). These Centers provided a wide array of services in 2009 to 3,828 Alaskans with disabilities and seniors who seek to live independently in their communities. Many of those Alaskans have sustained traumatic or acquired brain injuries and are in desperate need for services to become available in Alaska that can be tailored to their individual circumstances.

The SILC is very supportive of SB 219, which will streamline services delivered by the State of Alaska by helping families with TBI better access services and supports. The bill directs the Department of Health and Social Services to assess both the needs of individuals with TBI and the state capacity for services based on data collected. This will ensure any planned services and supports are targeted to meet needs effectively and economically.

SB 219 facilitates and links services from hospital to home and community in order to ensure that individuals have resources necessary to live independently in their homes. It will allow for them to return to work, thus diverting them from more expensive alternatives.

SHB 219 will help people in the community access case management services, which will, in turn, promote better access to TBI services. Case managements helps to support families and individuals with TBI by bringing resources together and avoiding potential duplication of efforts across agencies.

SB 219 provides many benefits to the State of Alaska. It positions the state to potentially access a federal funding stream for TBI services. The bill would give the Department of Health and Social Services the authority to access Medicaid funds for TBI, thus maximizing resources.

The Statewide Independent Living Council appreciates your ongoing support of this important legislation. Please let us know if there is anything we can do to promote swift passage of this bill.

Sincerely,

Andra Nations
Executive Director

Anchorage Community Mental Health Services, Inc.

4020 Folker Street • Anchorage, Alaska 99508 • 907-563-1000 • (Fax) 907-563-2045 • e-mail: acmhs@acmhs.com • website: www.acmhs.com

17 February 2010

The Honorable Lesil McGuire
Alaska State Capitol, Room 125
Juneau, Alaska 99801

Dear Senator Lesil McGuire:

First, thank you for your interest in traumatic or acquired brain injury. Second, thank you for supporting the development of specific services addressing traumatic or acquired brain injury.

Anchorage Community Mental Health Services serves a number of clients impacted by brain injury. Some have been impacted by stroke while others have injuries resulting from accidents. The long lasting impact of brain injury results in some of our clients having great difficulty in adapting to normal life. Issues include things like being able to maintain housing, being able to work and self care. Additional focus on developing community based brain injury rehabilitative services will be invaluable to this population and their families.

So, thank you for introducing Senate Bill 219. Let us know if we can be assistance in promoting passage.

Sincerely,

John Fugett, MA, LPC
Director, Adult Services

Jerry A. Jenkins, M.Ed., MAC
Executive Directors

Mat-Su Health Services, Inc.

February 25, 2010

The Honorable Lesil McGuire
120 4th St, State Capitol, Room 125
Juneau, AK 99801

Dear Senator McGuire:

I am writing in support of Senate Bill 219, an act concerning traumatic or acquired brain injuries. As a health care professional who administers an agency that provides both primary health care and behavioral health care I and my Agency are well acquainted with the devastating consequences of even a mild brain injury can have on individuals and their families. The bill you have sponsored, if passed, will enable the State to take important, concrete steps that are necessary in creating evidence based, coordinated and effective services to this group of citizens in need. The creation of an operational definition, the development and tracking of important incident data, the promotion of waiver services and the building of case management capacity are all important first steps.

Sincerely,

Kevin Munson
CEO

1363 West Spruce Ave, Wasilla, AK 99654 Ph: 907-376-2411 • Fax: 907-352-3363
Member Agency United Way

Esther Cha

From: Murphy, Sean [Sean.Murphy@asrcenergy.com]
Sent: Wednesday, February 03, 2010 2:04 PM
To: Esther Cha
Cc: jill@alaskabraininjury.net
Subject: SB 219
Attachments: TBI Accident.pdf

Sean & Dee Murphy
5745 Greece Dr.
Anchorage, AK 99516
Feb 3rd, 2010

The Honorable Lesil McGuire
Alaska State Capitol, RM 125
Juneau, Alaska, 99801

Dear Senator Lesil McGuire:

First, I would like to thank you for introducing SB 219: An Act establishing a traumatic or acquired brain injury program and registry within the Department of Health and Social Services; and relating to medical assistance coverage for traumatic or acquired brain injury services.

My name is Sean Murphy and I am recovering from a traumatic brain injury from a skiing accident two years ago at Whistler/Blackcomb B.C. I hit a tree at nearly 30 MPH head first, thankfully I was wearing a helmet or the recovery process could have been much worse. I was air lifted down the mountain to the clinic at W/B where they kept me on life support until the second air medivac was available to transport me to Vancouver General Hospital. Three days later I awoke from my coma and my wife realized she would have to raise another child (husband) since I could not talk, walk or even feed myself.

SB 219 gives the Department of Health and Social Services many specifics to help address issues related to TBI which are all necessary here in Alaska. However, the main reason for writing you today is not for me or the treatment and support from my injury; but the needed support for family members dealing with TBI patients. TBI patients often have emotional issues that impact the entire family. It was extremely difficult to obtain any information, a single agency to assist in identifying resources, support groups, etc. would have been most beneficial for families in this situation.

As I found out weeks or understood months later, was the amount of stress that my wife had to endure. From first, being out of the country, then in Seattle and then again in Anchorage my wife had to continually start the processes over again to get me needed treatment. Again, having case management services to assist would have been extremely helpful in finding a neurologist, physical therapist, and the resources needed to aide in the recovery process. While researching these types of injuries, my wife and I noticed that the majority of states have facilities to assist people in obtaining the information and contacts needed. We could not find this in the state of Alaska. With the many outdoor activities and amount of highway accidents in Alaska we were surprised to find that this was the case.

Sincerely,

Sean Murphy

My husband Sean and I spent a week in Whistler/Blackcomb, BC. Sean was skiing expert terain all week. On the last day of the trip, he and his buddies stopped for a bowl of soup before heading home. After lunch, he got into his skis and picked a casual groomed ski trail to head down the mountain. He was the first one back in his skis as they started down the mountain. When his friends started down the trail, they saw him veer across the trail over an embankment into the tree line. To this day, having lunch is the last thing that he remembers. They both called down to see if he was ok, when he doesn't respond, one friend came down to check on him and found that he was not conscious. The second friend began stopping others for assistance. A doctor and nurse happened to ski near the accident and began CPR and a ski instructor stopped and contacted ski patrol. Ski patrol arrived within minutes and provided an open airway and artificial respiration while packaging Sean for transport to a helicopter arriving. We believe that due to preparation for the Olympics, the response time of the ski patrol and helicopter was extremely quick, within minutes, Sean was transported to the clinic at the base of the mountain, examined and prepped for another helicopter ride to Vancouver General Hospital.

Our friends and I packed and drove from Whistler to Vancouver only to discover that he had still not awaken and they might have to drill into his brain to release some of the pressure due to swelling caused from severe bruising and 8 sub dermal hematomas. The good news was that after a full body CAT scan to determine the extent of his injuries, other than the head injury, he had a broken finger. After three unconscious days in the ER Sean finally came out of a coma. The doctors asked if he knew what happened, he shook his head no, he asked if he knew who was next to him. All he could do was say wife, but that was more than enough considering we were told that his long term memory would probably be affected by the injury.

On the evening of the third day, Sean was transferred to the Neurological Intensive Care Unit. He was unable to speak coherently, sit up, walk, and other basic motor functions. The doctors informed me that the recovery process would more than likely take months and that we would need to stay in Vancouver until the pressure on his brain decreased considerably and he was able to walk with assistance. The Neurologist stated that if he hadn't been wearing a helmet he would not be here today. In fact, his helmet was used during several meetings to encourage the use of helmets with the staff at VGH.

Sean began the process of recovery, and I began the process of notifying employers and family of our situation. Luckily for me, two of the friends that were on vacation with us offered to stay in Vancouver for support. I was surprised to find out that Canada does not accept health insurance, so having to figure out how to pay for this care, and my stay in Vancouver and trying to keep our daughter from knowing how serious the injury was since she was alone in Anchorage was almost more than I could tolerate. To this day, I cannot thank our friends enough who stayed with us in Vancouver.

The days following consisted of me massaging his legs and arms, little stretches to keep him from stiffening up and numerous trips to the nurse's station trying to reach the Doctor for an update. I was told that he did not see patients during visiting hours because time was allotted for surgeries. The only care provide for the first two days in NICU were hourly vitals check by the nursing staff and my attempts to do stretches with him lying in bed. After 3 days in the NICU, and dozens of requests to see the doctor, he finally stopped in to provide an update. He stated that the bruising was improving, but had not decreased enough for air travel and that air travel could cause further damage to his brain. I asked about road travel so that we could get back to the US, he indicated that since he was barely able to feed himself, had not walked yet, and could not speak more than a word or two when responding to questions, that we needed to realize that long term hospital care and physical therapy was required. I asked when physical therapy would begin, and he indicated that the physical therapist would be by to see us that day.

I increased our efforts to get him to do more on his own. I asked that he feed himself; even though he wore more of the food then he ate. I got him to stand next to the bed with me and our friend on either side to see if he was able. He was not able to take a step or stand on his own, but it strengthened my resolve to get him walking again. Later that date, the PT examined Sean and gave us stretches that we could do to help him improve and that we could attempt to get him to stand periodically throughout the day. We followed the regiment for two days, than were given approval to see if he could walk. We began walking him to the restroom, which was only about 8-10 steps from the bed. The following day the Physical Therapist was surprised to see how much he had improved. Much less food on his clothes, able to speak short sentences and could walk with assistance to the restroom. She then gave us permission to walk the halls as long as our friend and I were with him at all times. We began this trek immediately after she left and continued every hour if he was awake. Day 8, he can walk two times around the NICU floor and we attempt the stairs without the PT's knowledge. He was able to take two steps. We continued to walk as often as possible so that he could build up his strength and improve his balance. The following day, I asked that he be examined again to see if the bleeding and swelling had gone down. It had, I then ask the PT if we can attempt the 5 steps so that we could travel to Washington by car. Sean climbed 5 stairs with Danny and me on either side. The PT consulted with the doctor and they gave us authorization to travel to Washington after resting at the hotel for 1-2 days to ensure that he is able to travel. I asked that they provide a CD of his cat scan and all medical records; they indicated that they would fax the reports to the doctor in Seattle and would provide the CD prior to checkout. So with a stop by accounting, I paid the bill by check and credit card. (I had contacted our credit card company earlier in the week and told them of the situation. They agreed to increase our limit enough to cover the hotel and hospital bill). Sean rested in the hotel and our friends from Seattle came to pick us up. I felt we were one step closer to getting home.

In Seattle, I made numerous calls to Neurologists, but none would take a new patient without a referral. After several calls to Vancouver General and little success in

getting help, our friend Jane said she had an appointment and we could go with her, so we did. We explained to her doctor why we were crashing Jane's appointment, and to our surprise, she examined Jane in 10 minutes and the remainder of the appointment was Sean's. She was astounded that this accident was less than two weeks prior and immediately contacted a Neurologist that she knew and had an appointment for Sean the following day. Again, we were told that it would be several weeks before we could travel and were surprised that we were given approval to leave Vancouver as there were still several areas still swollen and bleeding on the brain. Three times a week, Sean and I went to see the Neurologist. They worked motor skills and did brain teasers and each visit seemed to be better than the last. At the end of the third week, we were given the green light to travel home to Anchorage.

I thought the process would be much easier in Anchorage, only to find out we had to start the process all over again. Neurologists and Physical Therapists require a referral. We went to our family physician and were referred. My Dad agreed to come to Alaska to help care for Sean since he could not be left alone and I needed to get back to work since we had used all of our vacation time and all that could be done now FMLA, which is family medical leave without pay. Without both our incomes, this was not an option.

Sean could not be left alone, could not cook, could not take stairs on his own, etc. So I was so thankful that my Dad was with me to care for him because I needed to get back to work at least part time. As I finish this letter, I have a tough time keeping my composure, I reflect on the stress that I had to endure due to Sean's accident and the fact there wasn't someone I could talk to that understood what we were going through. The angry outburst from Sean which are typical of head injuries, the fact that he was basically having to develop mentally and physically, newborn through adult hood all over again.

After two years, there are still outburst, but they are less frequent, and his short term memory has been affected where he must keep more detailed notes. But on a positive note, the recovery was much quicker than anyone thought it would be and physically he is in the best shape of his life. He is running under 6 minute miles now and he continues to improve emotionally, mentally and physically.

Esther Cha

From: The Children's Lunchbox [thechildrenslunchbox@alaska.net]
Sent: Wednesday, February 17, 2010 8:48 AM
To: Esther Cha
Cc: 'Jill Hodges'; jennifer@alaskabraininjury.net
Subject: SB219 - Letter from constituent
Attachments: B Thompson TBI Advocacy Letter.doc

Thank you for accepting my letter in support of SB219. If you have any questions please feel free to call or email.

Sincerely,

Becky

Rebecca (Becky) Thompson
2328 E. 20th Ave
Anchorage, AK 99508
(907) 230-6382

P.S. I do have permission to send this from my work email as The Children's Lunchbox a Program of Bean's Café is aware of the TBI issue as well.

Rebecca (Becky) A. Thompson
2328 E. 20th Ave.
Anchorage, AK 99508
(907) 230-6382

February 16, 2010

The Honorable Lesil McGuire
Alaska State Capitol, Rm 125
Juneau, Alaska 99801

Dear Senator Lesil McGuire:

Thank you for introducing Senate Bill 219: **An Act establishing a traumatic or acquired brain injury program and registry within the Department of Health and Social Services; and relating to medical assistance coverage for traumatic or acquired brain injury services.**

Thank you for your interest in how Traumatic Brain Injuries affect our citizens and their families.

On March 31, 2005 I was rear-ended at a stop light. Unfortunately, my head and body was turned at such an angle to do an unusual amount of damage. My neck "popped", my cervical ligaments were damaged, etc., and I received what is thought to be a "shearing" Traumatic Brain Injury.

To keep a very long five years short; I was finally diagnosed in 2007 with the alar ligament issues, etc. and it was suggested I had a minor TBI and needed to be treated out of state. I did go out of state (California twice) and started being treated in Oak Park, IL in 2008 with continued success.

My injuries caused great suffering in my family. Being diagnosed so late, the cognitive issues such as short term memory loss, irrational irritability, loss of math skills, fatigue, etc. put a huge strain on our family. I truly believe that if the health professionals in our community were educated on TBI they would be able to better assist their patients.

Thank you again, Senator McGuire, for introducing this bill and your commitment to bringing more awareness to this topic.

Thank you,

Rebecca A. Thompson

Rebecca (Becky) A. Thompson

Christine A. DeCourtney
6920 Gemini Dr.
Anchorage AK, 99504
February 15, 2010

The Honorable Lesil McGuire
Alaska State Capitol, Rm 125
Juneau, Alaska 99801

Dear Senator Lesil McGuire:

I am writing to request your support of Senate Bill 219: **An Act establishing a traumatic or acquired brain injury program and registry within the Department of Health and Social Services; and relating to medical assistance coverage for traumatic or acquired brain injury services.** I wish to speak from two views:

1) I have worked in the healthcare field ever since I graduated from university

2) I have suffered two Traumatic Brain Injuries (TBI) and major surgery for a brain tumor in the last five years

I have worked in healthcare for many years, including ten years at the Bristol Bay Area Health Corporation in Dillingham and the past seven years at the Alaska Native Tribal Health Consortium. As such, I strongly believe that not only are there many people living in remote communities who have suffered a brain injury with no treatment available, I also believe that there are many people who have physical, mental and emotional problems as a result of an undiagnosed brain injury. The Trauma Registry only counts those that are hospitalized. It is critical that the people of Alaska have better access to brain injury prevention, treatment and rehabilitation services.

I suffered head and severe facial injuries from a bicycle fall in 2004. Though I spent many hours in the Emergency Room having many tests and 50 facial stitches, I received no information about head injuries. Eight months later, I was at a stop sign in downtown Anchorage and was hit in the driver's side by a van that came around the corner. This time I did not experience visible injuries. However, I suffered neck injuries and another TBI. It is not healthy to have another TBI so soon after the first one. It is also "easier" to have an injury that people can "see."

In spite of the fact that I am gainfully employed and insured, I have spent a great deal of out-of-pocket funds to try to "get better." While my insurer was quite willing to pay for physician visits and medications, which did not help me a great deal, they were not willing to pay for other therapies that have helped me. When I had out-of-state major neurosurgery two years ago, once again therapy modalities that helped me return to work and function at the level I am expected to by my employer, were denied.

My injuries and experiences are minor compared to some of the people in Alaska who now face a lifetime of problems so different from those that they had pre-TBI. The people of Alaska need to have prevention, treatment and rehabilitation services that can help increase awareness of preventing TBI's; treatment provided regardless of location or insurance availability and rehabilitation services that incorporate all programs and services that give the patient the best quality of life possible.

I never expected to be in a position of fighting to explain my difficulties as a result of a TBI or trying to find care that helped me get better. After all, being now defined as "average" should be ok. Right?

On behalf of myself and all the patients, families and providers who work to prevent TBI's, provide treatment and care for patients, I urge you to support SB 219.

Respectfully,

Christine A. DeCourtney

Esther Cha

From: Jill Hodges [jill@alaskabraininjury.net]
Sent: Wednesday, February 24, 2010 10:23 AM
To: Esther Cha; Jeanne Ostnes
Subject: FW: Fay's letter
Attachments: Fay letter.docx

Jennifer in our office had been working with Fay to finalize this letter.

Five days after finalizing this letter, Fay fell down the stairs, suffering a severe brain injury. She is currently in the hospital suffering from severe cognitive symptoms. She had given us permission to send this letter out before the fall occurred.

Jennifer Charvet, CBIS
Resource Navigator

Alaska Brain Injury Network, Inc.
3745 Community Park Loop, Suite 140
Anchorage, Alaska 99508

888-574-2824 or 907-274-2824
www.alaskabraininjury.net

GoodSearch for Alaska Brain Injury Network - Raise money for ABIN just by searching the Internet or shopping online with GoodSearch - www.goodsearch.com - powered by Yahoo!
ABIN has now earned $227.26 since December 2006!

February 11, 2010

To Whom It May Concern:

I worked for years as a Care Coordinator for people experiencing Alzheimer's and/or mental illness. As a professional in this field I helped many people find services and information. I didn't realize I'd be the one needing assistance so soon. For an unknown reason, I've lost my eyesight over the last couple of years. I'm in my 30's. While struggling to learn to live with a visual impairment, I lost my job. One of the dangers of living with a visual impairment that I had not anticipated was the numerous concussions I have experienced. The most serious of these was when my weed-whacker fell on my head causing a mild brain injury. It took me at least five to six months to feel "normal" again after that. I believe many people experiencing visual impairments are suffering brain injuries at a rather high rate.

Just as it is important for those with Alzheimer's to have access to services and information through a Care Coordinator, it is also important for those experiencing brain injury to have assistance. Accessing services is very difficult when your brain isn't functioning at its' best. Each person who has experienced a brain injury should be linked to a care coordinator so that they have help accessing services. It's hard enough for me to find the help with a visual impairment, it is even harder when I've suffered yet another concussion and can't remember who to call or don't know what services will help.

It's imperative that people with brain injuries have a good advocate. It can be very hard to access services even when they are available. Often times a person with a brain injury has difficulty remembering things, making phone calls, knowing how to ask the right questions to get an appointment, etc. Having strong advocates such as Alaska Brain Injury Network and a Care Coordinator is necessary for a good recovery.

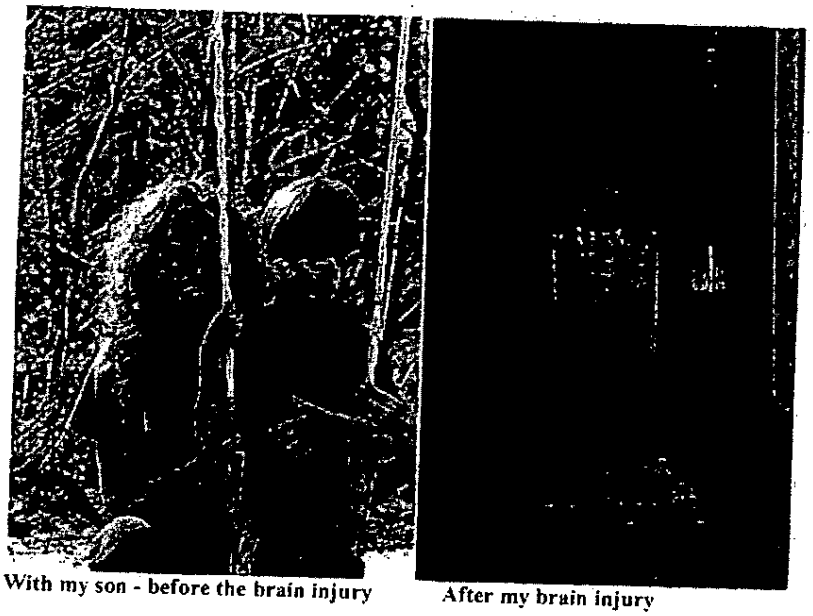
I encourage you to please support Senate Bill 219 presented by Senator McGuire and House Bill 328 presented by Representative Johnson. Having a brain injury program as they describe would benefit many Alaskans currently struggling on their own. There is also $350,000 currently in the budget for brain injury. Please support the bill and leave the funding that is in the budget there. Thank you for your support. This is something that mattered to me as a provider and now it matters to me on a personal level.

Sincerely,

Fay Nakamura
2746 W 42nd Place Apt #1
Anchorage, AK 99517

Note: I had assistance writing this letter.

To Whom It May Concern:



With my son - before the brain injury

After my brain injury

Apx 3years ago I was a Flight Attendant with Alaska Airlines. Now I dont swim, drive or do ANYTHING because overnight my life was CHANGED. Basically I had an ARYCHNOID CYCST which the Doctors watched, at Providence Hospital, since I was a teenager (although I was born with it) and suffered horrendous headaches. Noone ever told me that it could change my life so. In any case, I have two kids with Autism, 11 and 12 and a 15yr old with ADD so my life has been in shambles for quite sometime in any case. As for Providence, the commercials they put on TV are GREAT however noone ever tells you the BAD SIDE of things. I underwent surgery to no avail. There was NO PROBLEM until I came down with STAFF INFECTIONS that the doctors couldnt stop it. Needless to say, There was NOTHING in Alaska for me then and I was medivacked to Seattle after suffering Staff Infections but where the doctors only do ONE TYPE of surgery , basically up here it is OK if you have a broken arm or something but Brain Injury is nothing you want to MESS WITH. Needless to say I was put in OT, PT and SPEECH services and the only thing to come out of it all was that I had BRAIN INJURY! I couldnt, or still cannot, walk a straight line, I lost my job, what good is a F/A who cannot walk a straight line, I wear Prisms in my glasses now as well as DARK GLASSES, the sun hurts my eyes, I am in a Wheelchair and I was destined to live a life of NO DRIVING! Not even to the Grocery Store. Because I was married it was ASSUMED that my husband could work all day, do all the housework and watch the kids. I had three kids and he had Three kids and the BRADY BUNCH IT WASNT! In any case, my marriage has ended in divorce because of many different reasons however Brain Injury was NOT the least of the worries I had come to deal with! Only recently there is a hospital up here that deals with Brain Injury, at the Bases. It is HARD to find a doctor who knows ANYTHING about Brain Injury, much less a PCA (Personal Care Attendant) who knows anything about Brain Injury. I have had two PCA's quit on me and

am on my third, mainly because they are UNTRAINED in the needs of TBI. They were good as PCA's however NOT at Brain Injury and finding a doctor is a FIASCO because no doctors know about Brain Injury either. In any case, I was set to retire and "lost" my job and cannot get another one without alot of work and someone who knows about TBI. Brain Injury is EXPENSIVE to say the least and I am on Medicaid and Medicare due to all the tests I have to have done and all the medication I am on. For years I advocated for my kids with Autism however that was NOTHING COMPARED to what I go through now. I have managed to get around my house and take my own showers. Needless to say, even as a CONSUMER now there are certain things I will NOT, I am too proud, to let people do for me. Help me go to the bathroom is one of them but it is HARD and I rely on my BARS in the bathroom plus a toilet that is up a little higher. I am destined to be in a Wheelchair and flying, I am the Chair of the Governors Council now and need someone to go with me WHEREVER I GO! My life has CHANGED to say the least and I dont have the ability to be SELF SUFFICIENT in any case, I used to go to Prince Willian Sound Halibut fishing and owned a TimeShare in Puerto Vallarta where I cought a WORLD RENOWNED SailFish. THANK GOD FOR THOSE DAYS AND THOSE MEMORIES of which I have to look at pictures or have to be TOLD to remember, remember I have TBI so those dont come NATURALLY to me! Those times are all but over for me and even though I still love Fishing, I HATE THE WATER so fishing and I dont go together so well. In any case, I used to advocate for my kids and AUTISM, which I still do, but now I am a CONSUMER FOR BRAIN INJURY which has opened my eyes big time. I still go to Key Campaign and am on the BOD (Board of Directors) of the Key Coalition which deals with Legislatures on an ongoing basis and am a founding mother for LINKS in the Mat-Su. We are a Community PTI and work very closely with MATSU SCHOOL DISTRICT, and am past Chair of the EIC (Early Intervention Committee) of the Gov. Council, however that will not take away my problems and makes being involved very difficult for me. THANK GOD also for the Flight Attendants of Alaska Airlines because without them my kids wouldnt have had a Christmas! I can only say my life has taken a TURN and Brain Injury only takes a SECOND but can ruin your ENTIRE LIFE! This is something I will live with EVERY DAY and not something that will ever GO AWAY! In closing. I can say that life DOESNT END HERE! I have taken the "bull by the horns" so to speak and have become quite the advocate of Brain Injury on top of it all. I joke about Disabilities and it was my own mother who said she thinks I AM GETTING BETTER! When I asked WHY she said BECAUSE I CAN JOKE ABOUT IT NOW where before I could NOT.

Please oh please take this to heart. It can happen in an instant and take your entire life away from you. PLEASE CONSIDER what you can do to help not only people with BRAIN INJURY but to also get the word out that this EFFECTS THE REST OF YOUR LIFE! It is EXPENSIVE MONETARILY and HARD ON FAMILIES and ON THE CONSUMER AS WELL. Thank you for your time.

Donna Swihart, MAT-SU, ABIN ADVOCATE AND CONSUMER
5450 N. Rhonda Drive
Palmer, AK 99645

Dave Eubank
9527 Victor Rd.
Anchorage, AK 99515

Good afternoon:

My name is Dave Eubank and I approve this message. A few long years ago I sustained an acquired brain injury, not to be confused with traumatic; it was pretty traumatic to me but acquired? I didn't ask for any of this but it seems as though it was required because I see life through a different set of eyes and have been blessed with a different set of values. I, as well as a host of many others, have had to work twice as hard to get back half of what I lost but I appreciate life more than twice as much so in a sense, ... doesn't that make me twice the person I once was?

Just for starters I have an awful lot of admiration for the people who are in the health care industry for the support, care, and understanding they provide to others who are less fortunate than you. The T.B.I. Resource Navigator allows access to monitor a wealth of information for this silent minority. The DHSS provides additional funding for thankful services to a thankful people. I am not thankless; I am thankful, I am thankful I do not require such needful things but I know. I know exactly what it's like to be on the inside looking out and I know exactly what it's like to have the ability to absorb the incoming information but not having the capability to process it and I know exactly how frustrating that can be and for some people there is no way out and I know that too.

****

You see, once upon a time, in a land far, far, away, I collapsed as the result of a life threatening, death defying, brain aneurysm; grade 5. You name it and I did not have it but in comparison to what I had lost, I have gained a whole lot more and what it was that I really lost, really was not even worth having and I am thankful for the things I have gained rather than being resentful over the things I have lost but it literally turned my life upside down yet here I am ... 10 years post, standing right side up and sitting right side down, still there are an awful lot of questions and *not* many answers; **however:**

Would a T.B.I. Care Coordinator have been helpful in my own recovery? Absolutely! We all have to crawl before we can walk and we seem to forget all about that but not me because in the bitter end of this past century I tried to walk before I could crawl and I fell flat on my face. But when I went down, I got up and when I got up, I woke up, and when I woke up, I got a grip and I can see much more clear this second time around but instead of taking my life, it gave me a life *however;* I may have gotten it a whole lot quicker with a T.B.I. Care Coordinator.

Would the funding for T.B.I. Care Coordination and Case Management have been helpful in my situation? Absolutely! I as well as a host of many others often felt like beating my head up against a brick wall but soon discovered that there was nobody home but suddenly on one bright, sunny, and cheerful summer day, a light bulb went off, BING!!! And as I wondered my way through this maze of uncertainty, I realized that I could not change people. I could not change anything about them. The only thing I could change was *myself* and when I changed myself? Poof!!! It was magic because I would change the perception of how others perceived me. A T.B.I. survivor is scarred for life and even though it may not be the kiss of death, there is a distinction and it is *not* a real good one but, ... *By choosing the path of least resistance and combining the elements of good with that of the bad, you rise above the distinguished height of an unjust society and you still embrace it* (Martin Luther King).....and yet it works.

Do I have any regrets on how I've approached and sidestepped the obstacles that have obstructed my most difficult challenges? Absolutely not! Very few of us get out of here alive without being rudely slammed down by some sort of adversity but there's an old saying that adversity has a peculiar way of introducing you to yourself. Welcome to my world; we all make choices in life but I really don't know anyone who chose to walk a path which has no end and for some people there is no end but for others who wish to boldly go where many have gone before, with careful consideration of care coordination and case management there is. You probably think it's pretty easy for me to discuss this stuff; it's not easy, ... it's not easy at all. That's it, my work is done here.

Thank you

ALASKA STATE LEGISLATURE

Session
State Capitol Building, Room 125
Juneau, Alaska 99801-1182
Phone (907) 465-2995
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Interim
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Chair
Senate Special Committee on Energy
Senate Committee on World Trade,
Technology and Innovations

Co-Chair
Senate Resources Committee

Member
Senate Judiciary Committee

SENATOR LESIL MCGUIRE

Sponsor Statement
CS for Senate Bill 219 (26-LS1312\E)

The CS for Senate Bill 219E establishes a traumatic or acquired brain injury program and registry in the Department of Health and Social Services. Currently, Alaska has no specific program specifically to deal with brain injury and yet Alaska has one of the highest rates in the nation. Annually, there are about 800 Alaskans hospitalized with a traumatic brain injury resulting from falls, car crashes, domestic violence, All Terrain Vehicle crashes, and snow-machine crashes, among others. Furthermore, an approximately equal number of Alaskans are suffering from acquired brain injuries resulting from stroke, aneurism, or tumors.

Alaska urban and rural residents, including military are being discharged to their homes with little understanding of brain injury or access to in-state rehabilitation, severely impacting their families. Limited education about the injury, learning to cope with a person who has changed, overwhelming stress from insurance, bureaucracy, and financial burdens and change in family roles may render families dysfunctional.

With appropriate and available care, rehabilitation, community and family support, even the individual who is most severely injured can live at home, return to school or work, or engage in meaningful and productive lives.

Funding a Traumatic or Acquired Brain Injury (T/ABI) Program gives authority to the Department of Health and Social Services to collect data on the injured, positioning the state to access Medicaid funds for T/ABI. Medicaid services for T/ABI will be matched 50% by federal funds. The bill allows for streamlining department services and activities that are unique to T/ABI. This would better assist families and individuals with T/ABI in knowing how to access services and supports.

Early treatment may reduce future medical and social costs. Without appropriate services, some individuals with T/ABI may pose a threat to themselves or others. Without assistance, individuals with TBI often end up homeless, in jail or in nursing homes. Service coordination, rehabilitation, and appropriate supports can help to minimize these risks.

Acquired Brain Injury

Functional and cognitive deficits resulting from injuries to the main and associated structures that:

1) Are results from injury post partum
2) Are not a result of a congenital disorder
3) Are not a result of a deteriorating disorder related to age (i.e. dementia, picks, etc) a

And fall within in the broad categories:

a. Hypoxic or Anoxic events
b. Chemical induced except alcohol related
c. Medical accidents (i.e. stroke, aneurysm)
d. Viral, bacterial or parasitic attack
e. Radiation poisoning
f. Medication effects (prescribed)
g. Idiopathic causes

The deficits must be long-standing, significantly below baseline, impact productivity in the three areas, school, work, relationship, and affect the life trajectory of the individual

Provided by bill sponsor.

SB 220

<target><bill>SB 220</bill><subject>SB 220</subject><comm>SFIN26</comm></target>

ALASKA STATE LEGISLATURE
Senate Resources Committee

Senator Bill Wielechowski,
Co-Chair Senate Resources
State Capitol Building, Room 115
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Phone (907) 465-2435
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Senate Resources
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SPONSOR STATEMENT

Senate Bill # 220: *Alaska Sustainable Energy Act*

During the summer and fall of 2010, the Senate Special Committee on Energy and Senate Resources Committee held hearings across the state on the energy challenges and opportunities facing Alaskans. Starting from the premise that Alaskans want to live and work where energy is available, reliable and affordable; we took testimony and learned firsthand about the impacts high energy costs have had on businesses, communities and families. The diverse range of ideas we received were integrated into a broad *Draft State Energy Policy and Program Recommendations* document that is available on the Alaska Senate Energy Policy Group's website: www.energy.aksenate.org

Working together as chairs of the Senate Resources Committee, we drafted the *Alaska Sustainable Energy Act* (SB 220) as an omnibus bill to address the challenges we heard from Alaskans. In addition to the omnibus energy bill, we also released a detailed list of funding recommendations that are available on the website. Where the *Alaska Sustainable Energy Act* breaks new ground, the funding recommendations are intended to build on previous efforts by the Legislature.

The *Alaska Sustainable Energy Act* starts by establishing a statewide energy policy that recognizes the importance of Alaska's fossil fuel resources but also identifies Alaska's vast renewable energy potential. With largely under-explored wind, wave and geothermal resources, Alaska can become a global leader in renewable energy. The policy also seeks to find ways to use energy more wisely and sets goals for energy efficiency. Finally, the policy states that cost-effective solutions need to be found for every community. Despite our vast distances and unique local challenges, energy is a basic need in Alaska and the foundation of our economy. Finding ways to meet the energy needs of our neighbors will make all of Alaska stronger. Therefore, we drafted the *Alaska Sustainable Energy Act* to provide the tools to move Alaska forward into a sustainable future.

SENATE FINANCE COMMITTEE REPORT

DATE: 3/10/10

FURTHER: Rules / T. Cal

DATE TURNED IN TO OFFICE: 4/9/10

Finance Committee considered SENATE BILL NO. 220

SB 220 ENERGY EFFICIENCY/ ALTERNATIVE ENERGY

"An Act declaring a state energy policy; relating to energy efficiency and alternative energy; establishing the energy efficiency grant fund, an emerging energy technology fund, a renewable energy production tax credit, and an energy use index; and relating to a fuel purchasing cooperative, to energy codes and efficiency standards, to energy conservation targets in public buildings, to a state agency energy use reduction plan, to the alternative energy revolving loan fund, and to the renewable energy grant fund."

and recommends:

[✓] be **replaced** with [ ] **SCS** or [✓] **CS** SB 220 (FIN)

[ ] adopt **previous** [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] attached amendment(s)

[ ] adopt _____ Letter of Intent

[ ] further referral to _____ Committee

SENATE BILL:
[ ] Same Title
[✓] New Title

HOUSE BILL:
[ ] Same Title
[ ] Technical Title Change
[ ] New Title w/ SCR #_____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
CED/AIDEA	4/9	✓			7
CED/AEA	4/9	✓			8
REV/MBBA	4/9			✓	9
REV/AHFC	4/9			✓	10
ADM/DGS	4/9			✓	11
DOT/SPF	4/10	✓			12

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
DEC	3/4			✓	3
DHS	3/5		✓		6

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	Huggins				
	Thomas	✓			
	Eggan	✓			
	Ellis	✓			
	Olson			X	
CO-CHAIR:	Hoffman	✓			
CO-CHAIR:	Stedman	✓			

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: CSSB 220 (FIN)
() Publish Date:

Identifier (file name): CSSB220(FIN)-REV-MBBA-04-09-10
Dept. Affected: Revenue
Title ENERGY EFFICIENCY/ ALTERNATIVE ENERGY
RDU AK Municipal Bond Bank Authority
Component AMBBA Operations
Sponsor Senate Resources Committee
Requester Senate Finance Committee
Component Number 108

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Reserve Fund							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
Charges for services							
Reserve Fund Earnings							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2010) cost: 0.0

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

Seante Bill 220 requires that the Alaska Municipal Bond Bank Authority prepare a report annually. The AMBBA should be able to fulfill this requirement with no additional cost to operations.

Prepared by: Deven Mitchell, Debt Manager
Phone 465-3750
Division Treasury
Date/Time 04-09-10; 6:52pm
Approved by: Ginger Blaisdell, Director
Administrative Services Division, Department of Revenue
Date 04-09-10; 6:55pm

(Revised 11/6/2009 OMB)

4956

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: **CSSB 220(FIN)**
() Publish Date:

Identifier (file name): CSSB220(FIN)-REV-AHFC-4-9-10
Dept. Affected: Revenue
Title: ENERGY EFFICIENCY/ ALTERNATIVE ENERGY
RDU: Alaska Housing Finance Corp.
Component: Operations
Sponsor: Senate Resources Committee
Requester: Senate Finance Committee
Component Number: 110

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2010) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

CS for Senate Bill 220(FIN) includes language that will set up an energy efficiency revolving loan fund and authorize the Alaska Housing Finance Corporation to sell up to $250 million in bonds to fund the program.

Costs associated with the issuance of these bonds are anticipated to be covered with annual operating budget authorizations. Operational costs for issuing and monitoring these bonds will be done with existing personnel and within the authorized operating budget for FY11 and beyond.

Prepared by: Bryan Butcher, Director, Governmental Relations/Public Affairs — Phone 330-8445
Division: Alaska Housing Finance Corporation — Date/Time 4/9/10 12:00 AM
Approved by: Ginger Blaisdell, Director — Date 04-09-10; 6:42pm
Administrative Services Division, Department of Revenue

(Revised 11/6/2009 OMB)

4957

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: **CSSB220(RES)**
() Publish Date:

Identifier (file name): SB220CS(RES)-DOA-DGS-04-09-10
Dept. Affected: DOA
Title "An act declaring a state energy policy..."
RDU Centralized Administrative Services
Component Purchasing
Sponsor (S) RES
Requester (S) FIN
Component Number 81

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							
FUND SOURCE		(Thousands of Dollars)					
1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2010) cost:

POSITIONS							
Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This legislation will have no fiscal impact on the Department of Administration.

Prepared by: Vern Jones, Chief Procurement Officer
Phone 907-465-2250
Division General Services
Date/Time 4/9/10 5:00 PM
Approved by: Kevin Brooks, Deputy Commissioner
Date 4/9/2010
Department of Administration

(Revised 11/6/2009 OMB)

4958

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 6
Bill Version: CSSB 220(RES)
(S) Publish Date: 3/10/10

Identifier (file name): SB220CS(RES)-DHSS-EA-03-05-10
Dept. Affected: Health & Social Services

Title: Energy Efficiency/Alternative Energy
RDU: Public Assistance
Component: Energy Assistance Program

Sponsor: Senate Resources

Requester: Senate Resources
Component Number: 226

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	*	*	*	*	*
CAPITAL EXPENDITURES							
CHANGE IN REVENUES (							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	*	*	*	*	*

Estimate of any current year (FY2010) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

CSSB220 changes the name of the Alaska heating assistance program (AKHAP) to the Alaska affordable heating program (AAHP) and allows for an income eligibility limit of up to 250% of the federal poverty guidelines (FPG) when the average price of a barrel of North Slope Crude (NSC) between February and September of the preceding year exceeds $150 per barrel. The bill also fixes the dollar value of a Community Heating Point (CHP). CHP is the key factor in determining the amount of heating assistance payments and, under this bill, the dollar value assigned to the CHP is linked to the average price of a barrel of NSC. This legislation allows payments for households receiving federal assistance from LIHEAP to be supplemented by AAHP funds to ensure payments to lowest income households is based on the same dollar per CHP value used to determine payments for the Alaska affordable heating program. It also establishes the Alaska affordable heating fund (AAHF) in the Department of Revenue (DOR) to be used by the Department of Health and Social Services (DHSS) to provide heating assistance payments to eligible households.

continued on next page

Prepared by: Ellie Fitzjarrald, Director
Phone 465-5847
Division: Public Assistance
Date/Time 3/3/10 10:51 AM

Approved by: Alison Elgee, Assistant Commissioner
Date 3/5/2010
DHSS Finance & Management Services

STATE OF ALASKA FISCAL NOTE # 6 BILL NO. CSSB 220(RES)

2010 LEGISLATIVE SESSION

ANALYSIS CONTINUATION

Assumptions

The $5,000.0 in the governor's FY11 proposed budget for the Alaska heating assistance program is adequate to cover the initial benefit and administrative costs for the new Alaska affordable heating program. This would require an average price of a barrel of North Slope Crude oil (NSC) in the preceding year (Feb. - Sept. 2010) below $75, which triggers a CHP value of $130.

In general, AAHP will be administered and operated in the same manner as AKHAP.

A fair and equitable share of the appropriation for the Alaska affordable heating fund will be distributed to tribal organizations operating a regional affordable heating program.

Eligible households with incomes at or below 150% FPG may have their LIHEAP payment augmented with funds from the Alaska affordable heating fund.

For FY10, the state's share of the federal LIHEAP block grant only allows the state to provide awards based on a Community Heating Point (CHP) value of $115 per point to eligible households. It is assumed federal funding for FY11 and the per-point value assigned to a CHP will remain the same.

In FY11, it is estimated that the state and tribal affordable heating programs will serve 21,600 households. Approximately 19,000 will be recipient households of the LIHEAP program and 2,600 will only be beneficiaries of the affordable heating program. It is assumed that the average number of points for which a household below 150% FPG is eligible is 10. The average number of points for a household between 151% and 225% FPG is 5.

Benefit costs will increase in FY12 due to a projected caseload growth of 3%, with costs remaining relatively stable in out years if the average price of a barrel of NSC remains below $75. However, assessing program impacts is complicated by the uncertainty in estimating program participation. The cost of heating fuel for consumers increases as the value of NSC increases. Increased consumer costs are likely to increase demand for the program's services and benefits. This is expected to be most pronounced when the value of NSC exceeds $150 per barrel and the higher income limit is triggered. It is estimated that as many as 5,000 more households may be eligible when the income limit reaches 250% FPG.

Projections of Total Benefit Costs: The $5,000.0 currently in the governor's FY11 approved budget for the Alaska Heating Assistance Program will be used to cover benefit and administrative costs of the initial year of the Alaska Affordable Heating Program.

The total costs for benefits in FY11 are estimated to be $4,540.0 in state general funds as shown below.

LIHEAP (State and Tribal) households: $130-$115 = $15 x 10 CHP x 19,000 households =	$2,850.0
For AAHP (State and Tribal) households: $130 x 5 CHP x 2,600 households =	$1,690.0
	$4,540.0

Changing only the NSC sale price, the annual costs for benefits would be:
$6,570.0 when a barrel of NSC sells for $75 to $100 per barrel ($140 per CHP); and
$8,600.0 when a barrel of NSC sells for $100 to $150 per barrel ($150 per CHP).

When NSC exceeds $150 per barrel, the 250% income limit and the highest $/CHP value is triggered and as many as 5,000 additional households may become eligible for a total cost of $15,770.0 ($165 per CHP).

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 3
Bill Version: CSSB 220(RES)
(S) Publish Date: 3/10/10

Identifier (file name): SB220CS(RES)-DEC-CO-3-04-10
Dept. Affected: Environmental Conservation
Title: Energy Efficiency / Alternative Energy
RDU: Administration
Component: Office of the Commissioner
Sponsor: Senate Resources Committee
Requester: Senate Resources Committee
Component Number: 633

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							
FUND SOURCE		(Thousands of Dollars)					
1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2010) cost: 0.0

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

While section 6 and section 8 of the bill amends statutes which are to be implemented by the Department of Environmental Conservation, the amendments will have no additional fiscal impact. It should be noted, however, that there is currently no budget for implementing these statutes pertaining to permitting nuclear facility sites.

Prepared by: Marit Carlson-Van Dort
Phone 465-5871
Division: Office of the Commissioner
Date/Time 3/4/10 4:00 PM
Approved by: Larry Hartig
Commissioner
Date 3/4/2010

(Revised 11/6/2009 OMB)

4961

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: **CS SB220 (FIN)**
() Publish Date:

Identifier (file name): SB220CS(FIN)-CED-AIDEA-4-9-10
Dept. Affected: DCCED
Title: Omnibus Energy Bill
RDU: AIDEA
Component: AIDEA operations
Sponsor: Senate Resources Committee
Requester: Senate Finance Committee
Component Number: 1234

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services	276.5		276.5	276.5	276.5	276.5	276.5
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**276.5**	**0.0**	**276.5**	**276.5**	**276.5**	**276.5**	**276.5**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ()							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts	276.5		276.5	276.5	276.5	276.5	276.5
TOTAL	**276.5**	**0.0**	**276.5**	**276.5**	**276.5**	**276.5**	**276.5**

Estimate of any current year (FY2010) cost:

POSITIONS

Full-time	**3.0**		3	3	3	3	3
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

SB 220, titled the "Alaska Sustainable Energy Act," impacts the Alaska Industrial Development and Export Authority by increasing needed positions for Alaska Energy Authority requirements.

Section 12 - establishing the "Emerging Energy Technology Fund" and requiring the authority to administer the fund by making grants to eligible applicants. Cost assumptions include:

Approximately $276,518 per year to cover contract for personal services with AIDEA
Positions required: 1 Range 22 for program/project management; 1 Range 15 for finance/grant administration; 1Range 12 for administrative support.

Prepared by: Sara Fisher-Goad, Deputy Director-Operations — Phone 907-771-3012
Division: Alaska Industrial Development and Export Authority — Date/Time 4/9/10 12:00 AM
Approved by: Emil Notti, Commissioner — Date 4/9/2010
Commerce, Community and Economic Development

(Revised 11/6/2009 OMB)

4962

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: **CS SB220 (FIN)**
() Publish Date:

Identifier (file name): SB220CS(FIN)-CED-AEA-4-9-10
Dept. Affected: DCCED
Title: Omnibus Energy Bill
RDU: Alaska Energy Authority
Component: Statewide Project Development
Sponsor: Senate Resources Committee
Requester: Senate Finance Committee
Component Number: 2888

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel	21.8		20.2	20.2	20.2	20.2	20.2
Contractual	358.5		276.5	276.5	276.5	276.5	276.5
Supplies							
Equipment	10.0						
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**390.3**	**0.0**	**296.7**	**296.7**	**296.7**	**296.7**	**296.7**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ()							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF	390.3		296.7	296.7	296.7	296.7	296.7
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**390.3**	**0.0**	**296.7**	**296.7**	**296.7**	**296.7**	**296.7**

Estimate of any current year (FY2010) cost:

POSITIONS (see AIDEA FN for details)

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

SB 220, titled the "Alaska Sustainable Energy Act," impacts the Alaska Energy Authority by:

Section 11 - repealing and reenacting the purpose of the existing Southeast Energy Fund managed by the Alaska Energy Authority. From this fund AEA could award grants to a municipality, a joint action agency, or a utility cooperative for power projects, repayment of loans, and payments on bonds for hydroelectric projects and electrical transmission lines or interties serving Southeast Alaska that are entirely owned by the grantee.

(Continued)

Prepared by: Sara Fisher-Goad, Deputy Director-Operations — Phone 907-771-3012
Division: Alaska Energy Authority — Date/Time 4/9/10 12:00 AM
Approved by: Emil Notti, Commissioner — Date 4/9/2010
Commerce, Community and Economic Development

STATE OF ALASKA
2010 LEGISLATIVE SESSION

BILL NO. CSSB 220(FIN)

ANALYSIS CONTINUATION

Currently the fund balance is zero. Depending on the capitalization, AEA would need to draft regulations and develop a process to administer grants including an allocation method for the various types of eligible projects which would bring additional expenses. Costs are unknown at this time.

Section 12 - establishing the "Emerging Energy Technology Fund" and requiring the authority to administer the fund by making grants to eligible applicants. Cost Assumptions:

Approximately **$82,000** in one-time start up costs to develop program ciriteria, RFA process, review process, grant agreements, etc. (Contractual)

Approximately **$21,840** per year to cover Advisory Committee expenses (travel - assume $660 airfare + 120 per diem x 7 members x 4 quarterly meetings)

Approximately **$276,518** per year to cover contract for personal services with AIDEA
Positions required: 1 Range 22 for program/project management; 1 Range 15 for finance/grant administration; 1Range 12 for administrative support.(Contractual)

Approximately **$10,000** (Equipment) for new staff

Section 13 - changing the definition of a power project relative to the power project fund to include nuclear production. AEA's costs are zero because there are currently no projects of this type. However, in the event viable nuclear projects are identified, annual operating costs would increase by $365,000 for each nuclear power project that has to be managed; $165,000 for a project manager with technical nuclear knowledge and $200,000 for contractual advisory service in the field.

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: **CSSB 220 (FIN)**
() Publish Date:

Identifier: CSSB220(FIN)-DOT-SPF-4-10-10
Title: Omnibus Energy
Sponsor: Senate Resources
Requester: Senate Finance

Dept. Affected: DOT&PF
RDU: Design, Engineering & Construction
Component: Statewide Public Facilities
Component Number: 2882

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services	117.8		117.8	117.8	117.8	117.8	117.8
Travel	10.0		10.0	10.0	10.0	10.0	10.0
Contractual	96.0		6.0	6.0	6.0	6.0	6.0
Supplies	9.5		1.5	1.5	1.5	1.5	1.5
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**233.3**	**0.0**	**135.3**	**135.3**	**135.3**	**135.3**	**135.3**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF	233.3		135.3	135.3	135.3	135.3	135.3
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**233.3**	**0.0**	**135.3**	**135.3**	**135.3**	**135.3**	**135.3**

Estimate of any current year (FY2010) cost:

POSITIONS

Full-time	**1.0**		1	1	1	1	1
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

DOT&PF will hire an Engineer/Architect II to oversee the retrofits of public buildings done through the revolving loan program. This position will be the state's expert on energy audits, retrofits and performance contracting and will work closely with the Alaska Housing Finance Corporation on the Alaska Energy Efficiency Revolving Loan Program providing assistance with the development and management of performance contracts, reviewing loan applications and setting standards. The position will standardize the collection of energy consumption data and expenses for those state facilities owned and operated by DOT&PF.

A consultant ($90.0 budgeted) will study the feasibility of using compressed natural gas to power state vehicles and develop a pilot project with estimated costs by the required due date of January 2011. Supply costs in FY2011 include the cost of outfitting the new position with desk, computer, phone, and general office supplies. On going contractual costs include costs for copier, fax, phone, maintenance costs, core services costs and training and professional development.

Prepared by: Mary Siroky, Legislative Liaison — Phone 465-4772
Division: Department of Transportation and Public Facilities — Date/Time 4/10/10 10:00am
Approved by: Frank Richards, Deputy Commissioner — Date 4/10/2010
Department of Transportation and Public Facilities

(Revised 11/6/2009 OMB)

adopted 4-9-10

26-LS1197\B
Kane
4/8/2010

CS FOR SENATE BILL NO. 220(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): SENATE RESOURCES COMMITTEE

A BILL

FOR AN ACT ENTITLED

"An Act relating to energy efficiency, energy conservation, and alternative energy, to an emerging energy technology fund, to the lease of state land to a public electric utility, to the Alaska heating assistance program, to state energy use data, to the Southeast energy fund, to nuclear energy production and facilities, to the definition of 'power project' or 'project' as it relates to rural and statewide energy programs and the Alaska Energy Authority, and to the definition of 'alternative energy system'; establishing an Alaska energy efficiency revolving loan fund; directing the Department of Transportation and Public Facilities to prepare a report on the feasibility of using compressed natural gas to power vehicles in the state, including vehicles owned or operated by the state, and including in that study, if warranted, a pilot program proposal for powering some vehicles owned or operated by the state with compressed natural gas; authorizing and relating to the issuance of bonds by the Alaska Housing Finance Corporation; relating

to a report regarding a municipal energy improvements financing program and to an energy report by the Office of the Governor; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** The uncodified law of the State of Alaska is amended by adding a new section to read:

SHORT TITLE. This Act may be known as the Alaska Sustainable Energy Act.

*** Sec. 2.** AS 14.08.101 is amended to read:

Sec. 14.08.101. Powers. A regional school board may

(1) sue and be sued;

(2) contract with the department, the Bureau of Indian Affairs, or any other school district, agency, or regional board for the provision of services, facilities, supplies, or utilities;

(3) determine its own fiscal procedures, including but not limited to policies and procedures for the purchase of supplies and equipment; the regional school boards are exempt from AS 37.05 (Fiscal Procedures Act) and AS 36.30 (State Procurement Code);

(4) appoint, compensate, and otherwise control all school employees in accordance with this title; these employees are not subject to AS 39.25 (State Personnel Act);

(5) adopt regulations governing organization, policies, and procedures for the operation of the schools;

(6) establish, maintain, operate, discontinue, and combine schools subject to the approval of the commissioner;

(7) recommend to the department projects for construction, rehabilitation, and improvement of schools and education-related facilities as specified in AS 14.11.011(b), and plan, design, and construct the project when the responsibility for it is assumed under AS 14.11.020;

(8) by resolution adopted by a majority of all the members of the board and provided to the commissioner of the department, assume ownership of all land and buildings used in relation to the schools in the regional educational attendance area, as

provided for in AS 14.08.151(b);

(9) provide housing for rental to teachers, by leasing existing housing from a local agency or individual, by entering into contractual arrangements with a local agency or individual to lease housing that will be constructed by the local agency or individual for that purpose, or, without using for the purpose that portion of public school funding that consists of state aid provided under AS 14.17, by constructing or otherwise acquiring housing that is owned and managed by the regional educational attendance area for rental to teachers;

(10) employ a chief school administrator;

(11) **apply for and use the proceeds of a loan from the Alaska energy efficiency revolving loan fund (AS 18.56.855);**

(12) exercise those other functions that may be necessary for the proper performance of its responsibilities.

*** Sec. 3.** AS 18.45.020 is amended to read:

Sec. 18.45.020. United States licenses or permits required. A person may not manufacture, construct, produce, transfer, acquire, or possess a special nuclear material, by-product material, **special nuclear material facility, by-product material facility,** production facility, or utilization facility, or act as an operator of a production **facility** or utilization facility, wholly within the state without first obtaining a license or permit for the activity in which the person proposes to engage from the Nuclear Regulatory Commission if the commission requires a license or permit to be obtained by persons proposing to engage in the activities.

*** Sec. 4.** AS 18.45.025(a) is amended to read:

(a) A person may not construct a nuclear fuel production facility, **nuclear utilization facility,** utilization facility, reprocessing facility, or nuclear waste disposal facility in the state without first obtaining a permit from the Department of Environmental Conservation to construct the facility on land designated by the legislature under (b) of this section.

*** Sec. 5.** AS 18.45.025(b) is amended to read:

(b) The legislature shall designate by law the land in the state on which a nuclear fuel production **facility**, nuclear utilization **facility, utilization facility,**

nuclear reprocessing **facility**, or nuclear waste disposal facility may be located. In designating the land in the state on which

(1) a nuclear utilization facility or utilization facility may be located, the legislature shall act in the interest of regulating the economics of nuclear energy;

(2) a nuclear fuel production **facility**, [NUCLEAR UTILIZATION,] nuclear reprocessing **facility**, or nuclear waste disposal facility may be located, the legislature shall act to protect the public health and safety.

*** Sec. 6.** AS 18.45.025(c) is repealed and reenacted to read:

(c) The Department of Environmental Conservation shall adopt regulations governing the issuance of permits required by (a) of this section. However, a permit may not be issued until the municipality with jurisdiction over the proposed facility site has approved the permit.

*** Sec. 7.** AS 18.56.090 is amended by adding a new subsection to read:

(f) In furtherance of its corporate purpose, the corporation may, in cooperation with the Alaska Energy Authority, provide technical assistance to municipalities related to residential and commercial building energy codes and energy efficiency standards.

*** Sec. 8.** AS 18.56 is amended by adding a new section to read:

Sec. 18.56.855. Alaska energy efficiency revolving loan fund. (a) The Alaska energy efficiency revolving loan fund is established in the corporation to carry out the purposes of this section. The revolving loan fund consists of money or assets appropriated or transferred to the corporation for the revolving loan fund, including money and assets deposited in the revolving loan fund by the corporation and earnings on investments of money held in the revolving loan fund. The corporation may establish separate accounts in the fund. The corporation shall establish the interest rates, security provisions, and other terms of a loan made under this section taking into consideration the corporation's cost of funds and other factors the corporation considers appropriate.

(b) Money and other assets of the Alaska energy efficiency revolving loan fund may be used to

(1) make loans to regional educational attendance areas or to municipal governments, including subdivisions of municipal governments, or to the state for the purpose of financing energy efficiency improvements to buildings owned by regional educational attendance areas, by the state, or by municipalities in the state;

(2) secure bonds issued by the corporation to finance the loans described in (1) of this subsection;

(3) pay costs of administering the revolving loan fund; and

(4) pay the costs of administering and enforcing the terms of loans made by the corporation from the revolving loan fund.

(c) Before a regional educational attendance area, a municipal government, or a subdivision of a municipal government, may borrow money from the corporation under this section, the regional educational attendance area or the municipal government shall waive any sovereign immunity defense it may have available to it with respect to enforcement of the terms of the loan. A regional educational attendance area or a municipal government may waive sovereign immunity to comply with the requirement of this subsection. The state waives any sovereign immunity defense against enforcement of the terms of a loan made to the state under this section. A person or corporation having a claim under this section shall bring an action in a state court in Alaska that has jurisdiction over the claim.

(d) All regional educational attendance areas and municipal governments in the state are authorized to borrow from the corporation under this section. The corporation shall set out the terms of a loan to a regional educational attendance area in a loan agreement or similar document. At the discretion of the corporation, a borrowing by a regional educational attendance area or a municipal government under this section may be effected by use of a loan agreement or similar document evidencing and setting out the terms of the loan or by issuance of a bond by the municipal government to the corporation. Notwithstanding a charter provision requiring public sale by a regional educational attendance area or a municipality of its municipal bonds or other indebtedness, a regional educational attendance area or municipality may sell its bonds under this section to the corporation at a negotiated, private sale. At the discretion of the corporation, the bonds or other indebtedness of

the municipality may be general obligations of the municipality or may be secured by an identified revenue source or by a combination of the full faith and credit of the municipality and an identified revenue source.

(e) Notwithstanding any other provision of law, to the extent that a department or agency of the state is the custodian of money payable to a regional educational attendance area or to a municipality, at any time after written notice to the department or agency head from the corporation that the regional educational attendance area or municipality is in default on the payment of principal of or interest on municipal bonds or other indebtedness then held or owned by the corporation, or amounts due under an agreement between the corporation and a regional educational attendance area or a municipality, the department or agency shall withhold the payment of that money from that regional educational attendance area or municipality and pay over the money to the corporation for the purpose of paying the principal of and interest on the bonds or indebtedness. The notice must be given in each instance of default. If a notice is given under this subsection and under AS 44.85.170 and the default is continuing under this subsection and under AS 44.85.170, the department or agency shall make payment to the corporation and to the Alaska Municipal Bond Bank Authority on a pro rata basis, taking into consideration the principal amount of the respective default amounts.

(f) An authorized state officer may borrow from the corporation under this section for buildings owned by the state. The superintendent of a regional educational attendance area, at the direction of the regional educational attendance area school board, may borrow from the corporation under this section for buildings owned by the regional educational attendance area.

(g) In addition to other security that may be given with respect to a loan made under this section, the corporation may require a deed of trust on the building that is the subject of the energy efficiency loan and the real estate on which the building is located. A regional educational attendance area or a municipality may grant a deed of trust to the corporation as needed for this purpose. An authorized state officer may grant a deed of trust to the corporation as needed for this purpose.

(h) The corporation shall administer the Alaska energy efficiency revolving

loan fund in accordance with regulations adopted by the corporation. The corporation may adopt regulations under AS 18.56.088 to carry out the purposes of this section.

(i) This section applies to home rule municipalities.

(j) In this section, "authorized state officer" means

(1) the commissioner of the department of the state for a building owned by the state;

(2) the executive director of a public corporation for a building owned by the public corporation;

(3) the legislative council for a building owned by the legislature;

(4) the administrative director of courts for a building owned by the judicial system;

(5) any other person designated in writing by a person listed in (1) - (4) of this subsection.

*** Sec. 9.** AS 37.07.040 is amended to read:

Sec. 37.07.040. Office of management and budget. The Alaska office of management and budget shall

(1) assist the governor in meeting the requirements of AS 37.07.020, including the coordination and analysis of state agency goals and objectives, plans, and budget requests;

(2) prepare for submission to the governor an annually updated six-year capital improvements program and the proposed capital improvements budget for the coming fiscal year, the latter to include individual project justification with documentation of estimated project cost;

(3) develop procedures to produce the information needed for effective policy decision making, including procedures to provide for the dissemination of information about plans, programs, and budget requests to be included in the annual budget and opportunity for public review and comment during the period of budget preparation;

(4) assist state agencies in their statement of goals and objectives to achieve, among other things, the legislature's mission and desired results, preparation of plans, assessments of the extent to which missions and desired results have been

achieved, budget requests, and reporting of program performance; all documents forwarded by the office to a state agency containing instructions for the preparation of program plans and budget requests and the reporting of program performance are public information after the date they are forwarded;

(5) administer its responsibilities under the program execution provisions of this chapter so that the policy decisions and budget determinations of the governor and the legislature are implemented;

(6) provide the legislative finance division with the budget information it may request;

(7) provide the legislative finance division with an advance copy of the governor's budget workbooks at least seven days before the legislature convenes in a regular session;

(8) prepare the proposed capital improvements budget for the coming fiscal year evaluating both state and local requests from the standpoint of need, equity, and priorities of the jurisdiction; other factors such as project amounts, population, local financial match, federal funds being used for local match, municipality or unincorporated community acceptance of the facility, and all associated costs of the facility may be considered;

(9) for each department in the executive branch, report to the legislature by the 45th day of each regular session the amount of money appropriated to the department that is expected to lapse into the general fund at the end of the current fiscal year;

(10) establish and administer a state agency program performance management system involving planning, performance budgeting, performance measurement, and program evaluation; the office shall ensure that information generated under this system is useful for managing and improving the efficiency and effectiveness of agency operations;

(11) by January 15, list each lease-purchase agreement entered into by an agency during the immediately preceding fiscal year for the acquisition of equipment or other personal property, together with a description of the property acquired and financial details, including the purchase price, the term for payments, the

amount of each payment, and the amount of interest or financing charges paid;

(12) work with state agencies to develop a standardized methodology to collect and store energy consumption and expense data.

*** Sec. 10.** AS 38.05.810(e) is amended to read:

(e) The lease, sale, or other disposal of state land at appraised fair market value may be negotiated with a licensed public utility or a licensed common carrier by the director with the approval of the commissioner if the utility or carrier reasonably requires the land for the conduct of its business under its license. **A lease with a licensed public utility that is an electric utility entered into under this subsection may not include, as part of the rent or other fee that is negotiated or charged, an amount that is based on or determined by a percentage of gross revenue for renewable energy produced by the electric utility.**

*** Sec. 11.** AS 42.45.040 is repealed and reenacted to read:

Sec. 42.45.040. Southeast energy fund. (a) The Southeast energy fund is established as a separate fund. The fund consists of

(1) money appropriated to the fund by the legislature;

(2) money transferred to it under former AS 42.45.050;

(3) gifts, bequests, contributions from other sources, and federal money;

(4) interest earned on the fund balance; and

(5) investments, to be managed by the Department of Revenue, which shall be the fiduciary of the fund under AS 37.10.071.

(b) The fund is not a dedicated fund.

(c) The authority may make grants from the Southeast energy fund to a municipality of the state, a joint action agency established under AS 42.45.300, or a member-owned electric cooperative established under AS 10.25, for power projects, repayment of loans, and payments on bonds for hydroelectric projects and electrical transmission lines or interties serving Southeast Alaska that are entirely owned by the grantee.

(d) An appropriation from the fund for a project described in (c) of this section lapses back into the fund if substantial, ongoing work on the project has not begun

within seven years after the effective date of the appropriation.

*** Sec. 12.** AS 42.45 is amended by adding a new section to read:

Article 7A. Emerging Energy Technology Fund.

Sec. 42.45.375. Emerging energy technology fund. (a) In order to promote the expansion of energy sources available to Alaskans, the emerging energy technology fund is established. The fund consists of

(1) money appropriated to the fund by the legislature to provide grants for energy projects; and

(2) gifts, bequests, contributions from other sources, and federal money appropriated to the fund.

(b) The fund is not a dedicated fund.

(c) The fund shall be administered by the authority, but the authority may contract for the investment of money appropriated to the fund but not disbursed for a grant. The authority, in consultation with the advisory committee established under (f) of this section, may make grants from the fund to eligible applicants for demonstration projects of technologies that have a reasonable expectation to be commercially viable within five years and that are designed to

(1) test emerging energy technologies or methods of conserving energy;

(2) improve an existing energy technology; or

(3) deploy an existing technology that has not previously been demonstrated in the state.

(d) In making grants under this section, the authority, in consultation with the advisory committee established under (f) of this section, shall give priority to

(1) Alaska residents, associations, organizations, or institutions;

(2) projects that demonstrate partnership with the University of Alaska or another Alaska postsecondary institution;

(3) projects supported by matching funds or in-kind partnerships; and

(4) projects with potential for widespread deployment in the state.

(e) In administering the fund, the authority may enter into a contract or agreement with the University of Alaska to provide technical and economic review

and analysis for the advisory committee established under (f) of this section and data acquisition and analysis of the projects awarded grants.

(f) An advisory committee is established and consists of seven members. Each member of the committee shall have a degree in science or engineering, or equivalent professional experience, and at least two years of experience working in the state. Members of the committee shall be appointed by the governor to staggered three-year terms. The committee consists of one representative of each of the following groups:

(1) a business or organization engaged in the renewable energy sector;

(2) a business or organization engaged in the fossil fuel energy sector;

(3) the Alaska Power Association or an Alaska electric utility;

(4) the Denali Commission established under P.L. 105-277 and mentioned in a note at 42 U.S.C. 3121;

(5) the National Renewable Energy Laboratory;

(6) the Arctic Energy Office of the National Energy Technology Laboratory;

(7) the Alaska Industrial Development and Export Authority.

(g) A member of the advisory committee appointed under (f) of this section serves without compensation but is entitled to per diem and travel expenses as provided in AS 39.20.180.

(h) If a member of the advisory committee appointed under (f)(4), (5), or (6) of this section is not available to serve as a member of the committee, the governor shall appoint a representative from a federal agency or department with a comparable mission or purpose to the agency listed in (f)(4), (5), or (6) of this section to fill the position on the committee. If a representative from a federal agency or department is not available to fill the position, the governor may appoint a member from a state agency or department.

(i) A business or organization represented by a member of the advisory committee under (f) of this section is not eligible to receive a grant from the fund.

(j) In this section,

(1) "eligible applicant" means

(A) an electric utility holding a certificate of public

convenience and necessity under AS 42.05;

(B) an independent power producer;

(C) a local government, quasi-governmental entity, or other governmental entity, including a tribal council or housing authority;

(D) a business holding an Alaska business license; or

(E) a nonprofit organization.

(2) "energy technology" means technology that promotes, enhances, or expands the diversity of available energy supply sources or means of transmission, increases energy efficiency, or reduces negative energy-related environmental effects; "energy technology" includes technology related to renewable sources of energy, conservation of energy, enabling technologies, efficient and effective use of hydrocarbons, and integrated energy systems;

(3) "fund" means the emerging energy technology fund.

*** Sec. 13.** AS 42.45.990(4) is amended to read:

(4) "power project" or "project" means a plant, works, system, or facility, together with related or necessary facilities and appurtenances, including a divided or undivided interest in or a right to the capacity of a power project or project, that is used or is useful for the purpose of

(A) electrical or thermal energy production [OTHER THAN NUCLEAR ENERGY PRODUCTION];

(B) waste energy utilization and energy conservation; or

(C) transmission, purchase, sale, exchange, and interchange of electrical or thermal energy, including district heating or interties;

*** Sec. 14.** AS 44.42.020(a) is amended to read:

(a) The department shall

(1) plan, design, construct, and maintain all state modes of transportation and transportation facilities and all docks, floats, breakwaters, buildings, and similar facilities;

(2) study existing transportation modes and facilities in the state to determine how they might be improved or whether they should continue to be maintained;

(3) study alternative means of improving transportation in the state with regard to the economic costs of each alternative and its environmental and social effects;

(4) develop a comprehensive, long-range, intermodal transportation plan for the state;

(5) study alternatives to existing modes of transportation in urban areas and develop plans to improve urban transportation;

(6) cooperate and coordinate with and enter into agreements with federal, state, and local government agencies and private organizations and persons in exercising its powers and duties;

(7) manage, operate, and maintain state transportation facilities and all docks, floats, breakwaters, and buildings, including all state highways, vessels, railroads, pipelines, airports, and aviation facilities;

(8) study alternative means of transportation in the state, considering the economic, social, and environmental effects of each alternative;

(9) coordinate and develop state and regional transportation systems, considering deletions, additions, and the absence of alterations;

(10) develop facility program plans for transportation and state buildings, docks, and breakwaters required to implement the duties set out in this section, including but not limited to functional performance criteria and schedules for completion;

(11) supervise and maintain all state automotive and mechanical equipment, aircraft, and vessels, except vessels and aircraft used by the Department of Fish and Game or the Department of Public Safety; for state vehicles maintained by the department, the department shall every five years evaluate the cost, efficiency, and commercial availability of alternative fuels for automotive purposes, and the purpose for which the vehicles are intended to be used, and convert **vehicles to use alternative fuels** or purchase **energy efficient** vehicles [TO USE ALTERNATIVE FUELS] whenever practicable; the department may participate in joint ventures with public or private partners that will foster the availability of alternative fuels for all automotive fuel consumers;

(12) supervise aeronautics inside the state, under AS 02.10;

(13) implement the safety and financial responsibility requirements for air carriers under AS 02.40;

(14) inspect weights and measures;

(15) at least every four years study alternatives available to finance transportation systems in order to provide an adequate level of funding to sustain and improve the state's transportation system.

*** Sec. 15.** AS 44.83.990(6) is amended to read:

(6) "power project" or "project" means a plant, works, system, or facility, together with related or necessary facilities and appurtenances, including a divided or undivided interest in or a right to the capacity of a power project or project, that is used or is useful for the purpose of

(A) electrical or thermal energy production [OTHER THAN NUCLEAR ENERGY PRODUCTION];

(B) waste energy utilization and energy conservation; or

(C) transmission, purchase, sale, exchange, and interchange of electrical or thermal energy, including district heating or interties;

*** Sec. 16.** AS 46.11.900(1) is amended to read:

(1) "alternative energy system"

(A) means a source of thermal, mechanical, or electrical energy that is not dependent on oil or gas [OR A NUCLEAR FUEL] for the supply of energy for space heating and cooling, refrigeration and cold storage, electrical power, mechanical power, or the heating of water;

(B) includes

(i) an alternative energy property as defined by 26 U.S.C. 48(a)(3)(A); and

(ii) a method of architectural design and construction that provides for the collection, storage, and use of direct radiation from the sun;

*** Sec. 17.** AS 47.25.621 is amended to read:

Sec. 47.25.621. Alaska <u>affordable</u> heating [ASSISTANCE] program. (a)

The Alaska **affordable** heating [ASSISTANCE] program is established in the Department of Health and Social Services to provide expanded eligibility for Alaska residents for home heating assistance, to the extent funds are **available in the Alaska affordable heating fund** [APPROPRIATED BY THE LEGISLATURE FOR THAT PURPOSE].

(b) The **Alaska affordable** heating [ASSISTANCE] program established under this section is in addition to the federal low-income heating and energy assistance provided under 42 U.S.C. 8621 - 8629 (Low-Income Home Energy Assistance Act of 1981), as amended, and implementing regulations.

*** Sec. 18.** AS 47.25.621 is amended by adding a new subsection to read:

(c) The Alaska affordable heating fund is established as a separate fund to be managed by the Department of Revenue. The fund consists of appropriations made to it. Interest earned by the fund may be appropriated to it. The Department of Health and Social Services shall use money in the fund for Alaska affordable heating payments.

*** Sec. 19.** AS 47.25.622 is amended to read:

Sec. 47.25.622. Duties. The **Department of Health and Social Services** [DEPARTMENT] shall

(1) administer the Alaska **affordable** heating [ASSISTANCE] program provided under AS 47.25.621;

(2) adopt regulations under AS 44.62 (Administrative Procedure Act) to carry out the purpose of the program;

(3) coordinate payments among other heating assistance programs to avoid duplication of payments.

*** Sec. 20.** AS 47.25.623 is amended to read:

Sec. 47.25.623. Eligibility; payment amount. An individual is eligible for home heating assistance payments under the Alaska **affordable** heating [ASSISTANCE] program if the individual

(1) is a resident of the state;

(2) is physically present and resides in a home in the state when the home heating costs are incurred;

(3) **for assistance calculated under (b) and (c) of this section, has**

gross household income not to exceed, as a percentage of the federal poverty guideline for Alaska set by the United States Department of Health and Human Services and revised under 42 U.S.C. 9902(2),

(A) 225 percent for a determination to be made under (c)(1) - (3) of this section; and

(B) 250 percent for a determination to be made under (c)(4) of this section; and [HAS GROSS HOUSEHOLD INCOME ABOVE 150 PERCENT BUT THAT DOES NOT EXCEED 225 PERCENT OF THE FEDERAL POVERTY GUIDELINE FOR ALASKA SET BY THE UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES AND REVISED UNDER 42 U.S.C. 9902(2);]

(4) meets other eligibility requirements specified in regulations adopted under AS 47.25.622.

* **Sec. 21.** AS 47.25.623 is amended by adding new subsections to read:

(b) The Department of Health and Social Services shall determine the number of points for each eligible individual based on the point formula used under 42 U.S.C. 8621 - 8629 (Low-Income Home Energy Assistance Act of 1981), as amended, and implementing regulations. Except as provided in (d) of this section, the amount of the Alaska affordable heating payment for an individual equals the base amount calculated under (c) of this section minus the amount the individual is eligible to receive under the federal low-income home energy assistance program under 42 U.S.C. 8621 - 8629, as amended, and implementing regulations.

(c) The Department of Health and Social Services shall calculate the base amount of the Alaska affordable heating payment for the individual based on points determined under (b) of this section and on the average price a barrel of Alaska North Slope crude oil for sale on the United States West Coast during September through February of the preceding fiscal year as follows:

(1) $130 a point when the average price is not more than $75 a barrel;

(2) $140 a point when the average price is more than $75 and not more than $100 a barrel;

(3) $150 a point when the average price is more than $100 and not

more than $150 a barrel;

(4) $165 a point when the average price is more than $150 a barrel.

(d) Under the program authorized by AS 47.25.621 - 47.25.626, taking into consideration the gross household income rates established in (a) of this section and the base amounts to be calculated under (b) and (c) of this section,

(1) if insufficient money is appropriated to fully fund the Alaska affordable heating payments during the fiscal year, the department

(A) shall, for the duration of that fiscal year, suspend calculation and payment under (a)(3)(B) of this section and calculate and pay all eligible individuals under (a)(3)(A) of this section; and

(B) may, to the extent there is or may be an appropriation balance surplus to the amount required to make all payments under (A) of this paragraph, by regulation, establish at any time during the fiscal year a prospective pro rata reduction of the payment rates that the department will pay to eligible individuals under the program during that fiscal year qualifying under (a)(3)(B) of this section and, thereafter, may provide for prorated payments; and

(2) if the commissioner reasonably determines that the total of appropriations from all sources during the fiscal year may exceed the amount required to fully fund all applications for assistance for Alaska affordable heating payments, the commissioner may expend the amount of excess money, not to exceed the total amount of the appropriations, to carry out the purpose of AS 47.25.621 - 47.25.626; under the authority of this paragraph, the commissioner shall distribute the estimated excess money pro rata among individuals receiving assistance under this section without regard to the limitations set out in the dollar value of the point formula expressed in (c)(1) - (4) of this section.

* **Sec. 22.** AS 47.25.626(a) is amended to read:

(a) The **Department of Health and Social Services** [DEPARTMENT] may develop a regional Alaska heating [ASSISTANCE] program for the administration of AS 47.25.621 - 47.25.626 to provide home heating assistance in a uniform and cost-effective manner in a region of this state if an Alaska Native organization is authorized

to implement a federally approved tribal family assistance plan that includes that region and has been awarded a tribal energy assistance grant for a program that includes that region under 42 U.S.C. 8623(d).

*** Sec. 23.** AS 47.25.626(b) is amended to read:

(b) The department may award contracts to implement a program developed under (a) of this section. A contract authorized for delivery of home heating assistance under a regional Alaska heating [ASSISTANCE] program under this section is exempt from the competitive bid requirements of AS 36.30 (State Procurement Code). Subject to appropriation, a contract under this section must be in an amount that represents a fair and equitable share of the money appropriated for the Alaska **affordable** heating [ASSISTANCE] program under AS 47.25.621 - 47.25.626 to serve the state residents specified in (a) of this section. The authority provided under this section to contract is in addition to the authority to contract in AS 47.05.015 or other law.

*** Sec. 24.** AS 47.25.626(f) is amended to read:

(f) If the department establishes a regional Alaska heating [ASSISTANCE] program and awards a contract to provide home heating assistance under this section,

(1) a person applying for home heating assistance under AS 47.25.621 - 47.25.626 in the region of the state covered by the regional Alaska heating assistance program may obtain home heating [ASSISTANCE] from the department only through the organization designated by the department to serve the region**;**

(2) the department may require the contractor

(A) to operate and administer the contract in a manner consistent with the organization's federally approved energy assistance grant and plan; or

(B) to apply the provisions of AS 47.25.623 to determine eligibility for home heating assistance to a person for whom assistance may be paid under the contract or may allow the contractor to use other criteria to determine that eligibility.

*** Sec. 25.** AS 42.45.375, enacted by sec. 12 of this Act, is repealed January 1, 2015.

*** Sec. 26.** The uncodified law of the State of Alaska is amended by adding a new section to read:

OFFICE OF MANAGEMENT AND BUDGET. Not later than January 31, 2011, the Office of Management and Budget shall develop a standardized methodology to collect and store energy consumption and expense data as described in AS 37.07.040(12), as enacted by sec. 9 of this Act.

*** Sec. 27.** The uncodified law of the State of Alaska is amended by adding a new section to read:

OFFICE OF THE GOVERNOR ENERGY REPORT. Not later than January 31, 2011, the governor shall submit a report to the legislature providing recommendations for how best to structure state energy programs and offices to increase the coordination and efficiency of the state's efforts. The report must also include an examination of existing powers and duties and the structure of the Alaska Energy Authority and its board of directors, specifically analyzing the relationship between the Alaska Energy Authority and the Alaska Industrial Development and Export Authority.

*** Sec. 28.** The uncodified law of the State of Alaska is amended by adding a new section to read:

USE OF COMPRESSED NATURAL GAS TO POWER VEHICLES; PILOT PROGRAM; STUDY; PROPOSAL; REPORT. (a) The Department of Transportation and Public Facilities shall, under the authority of AS 44.42.020(a)(3), study the feasibility of using compressed natural gas to power vehicles in the state. The study must

(1) review existing government programs and incentives offered in Utah and other North American jurisdictions that promote the use of compressed natural gas to power vehicles;

(2) review and summarize relevant studies and investigations on existing public policy incentives that encourage the use of compressed natural gas to power vehicles;

(3) evaluate the environmental benefits and technical merits of using compressed natural gas to power vehicles;

(4) consider the economic, environmental, and technological advantages and disadvantages of using and promoting the use of compressed natural gas to power vehicles in the state; and

(5) if warranted by the findings of the study, set out a proposal for a pilot program in the state to test the use of compressed natural gas to power vehicles owned or

operated by the state; the proposal must

(A) recommend the most cost-effective and appropriate departments and geographic locations for a pilot program;

(B) detail how the pilot program, if successful, could be expanded to provide for increased use of compressed natural gas to power vehicles owned or operated by the state, as well as privately owned or operated vehicles;

(C) estimate the costs to the state of a pilot program in which the state would purchase vehicles powered by compressed natural gas or convert existing vehicles to be powered by compressed natural gas, including

(i) the costs of maintaining vehicles powered by compressed natural gas and training maintenance personnel;

(ii) the costs of adapting, or encouraging the adapting of, state vehicle fueling locations to provide compressed natural gas;

(iii) the costs of using compressed natural gas instead of diesel fuel or gasoline;

(iv) the costs of expanding the pilot program or developing additional pilot programs under (B) of this paragraph;

(v) other costs or savings that can be reasonably expected to accompany the pilot program.

(b) The Department of Transportation and Public Facilities shall prepare a report containing the results of the study under (a) of this section not later than January 31, 2011. The department shall notify the legislature when the report is available.

* **Sec. 29.** The uncodified law of the State of Alaska is amended by adding a new section to read:

BOND AUTHORIZATION AND PROVISIONS. (a) In addition to the powers in AS 18.56.090, the Alaska Housing Finance Corporation may issue bonds in an amount not to exceed $250,000,000 to make loans from the energy efficiency revolving loan fund established by AS 18.56.855, enacted by sec. 8 of this Act, and to finance the purposes permitted by AS 18.56.855, enacted by sec. 8 of this Act. AS 18.56.110 - 18.56.190 and 18.56.855, enacted by sec. 8 of this Act, apply to bonds issued under this section, except that bonds issued under this section are not subject to, and may not be counted against, the bond

issuance limitation set out in AS 18.56.110(g).

(b) The Alaska Housing Finance Corporation shall deposit the proceeds of bonds issued under (a) of this section in the Alaska energy efficiency revolving loan fund in accordance with AS 18.56.855, enacted by sec. 8 of this Act.

*** Sec. 30.** The uncodified law of the State of Alaska is amended by adding a new section to read:

MUNICIPAL ENERGY IMPROVEMENTS FINANCING PROGRAM RECOMMENDATION. Not later than January 31, 2011, the Department of Revenue shall submit to the legislature a report and recommendations regarding the feasibility of a municipal energy improvements financing program. The report must

(1) address financing programs for energy efficiency and renewable energy projects on residential, commercial, and industrial property through property tax assessments; and

(2) identify the costs and benefits of a municipal energy improvements financing program in the state.

*** Sec. 31.** The uncodified law of the State of Alaska is amended by adding a new section to read:

TRANSITION: REGULATIONS. (a) To the extent consistent with secs. 17 - 24 of this Act, regulations of the Department of Health and Social Services adopted under the authority of AS 47.25.622 that are in effect on the effective date of secs. 17 - 24 of this Act remain in effect until the department adopts regulations consistent with secs. 17 - 24 of this Act.

(b) A state agency affected by this Act with the authority to adopt regulations under state law may proceed to adopt regulations necessary to implement the changes made by this Act. The regulations take effect in accordance with applicable state law but not before the effective date of the law implemented by the regulation.

*** Sec. 32.** The uncodified law of the State of Alaska is amended by adding a new section to read:

REGULATIONS: ATTORNEY INSTRUCTION. Throughout the Alaska Administrative Code, the regulations attorney is instructed to change the phrase "Alaska Heating Assistance Program" to "Alaska Affordable Heating Program," as appropriate, if

consistent with the changes made in secs. 17 - 24 of this Act.

*** Sec. 33.** The uncodified law of the State of Alaska is amended by adding a new section to read:

REVISOR'S INSTRUCTIONS. (a) The revisor of statutes is instructed to change the heading of art. 6 of AS 18.56 from "Energy Conservation" to "Energy Efficiency and Conservation Programs."

(b) The revisor of statutes is instructed to change the heading of art. 4 of AS 47.25 from "Alaska Heating Assistance Program" to "Alaska Affordable Heating Program."

*** Sec. 34.** Section 31(b) of this Act takes effect immediately under AS 01.10.070(c).

26-LS1197\Q
Kane
4/6/2010

CS FOR SENATE BILL NO. 220(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): SENATE RESOURCES COMMITTEE

A BILL

FOR AN ACT ENTITLED

"An Act declaring a state energy policy; relating to energy efficiency, energy conservation, and alternative energy; relating to an emerging energy technology fund; relating to the lease of state land to a public electric utility; relating to the Alaska heating assistance program, to state energy use data, to the Southeast energy fund, to nuclear energy production and facilities, to the definition of 'power project' or 'project' as it relates to rural and statewide energy programs and the Alaska Energy Authority, and to the definition of 'alternative energy system'; establishing an Alaska energy efficiency revolving loan fund; directing the Department of Transportation and Public Facilities to prepare a report on the feasibility of using compressed natural gas to power vehicles in the state, including vehicles owned or operated by the state, and including in that study, if warranted, a pilot program proposal for powering some vehicles owned or operated by the state with compressed natural gas; authorizing and relating to the

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issuance of bonds by the Alaska Housing Finance Corporation; relating to a report regarding a municipal energy improvements financing program; relating to an energy report by the Office of the Governor; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** The uncodified law of the State of Alaska is amended by adding a new section to read:

SHORT TITLE. This Act may be known as the Alaska Sustainable Energy Act.

*** Sec. 2.** The uncodified law of the State of Alaska is amended by adding a new section to read:

LEGISLATIVE POLICY. The legislature recognizes that the state's economic prosperity is dependent on available, reliable, and affordable residential, commercial, and industrial energy to supply the state's electric, heating, and transportation needs. The legislature further recognizes that energy efficiency, renewable energy, fossil fuels, and conservation will each play an important role in meeting the state's energy needs, which vary widely across the state's diverse geographic regions. In establishing a state energy policy, the legislature intends for the state to achieve a 10 percent increase in energy efficiency from 2010 levels by 2015 and a 15 percent increase in energy efficiency by 2020, after accounting for growth in population and economy. Therefore, it is the policy of the state to

(1) institute a comprehensive and coordinated approach to supporting energy efficiency and conservation by

(A) establishing statewide energy efficiency codes for new and renovated public buildings and by assisting local communities interested in adopting energy efficiency codes for new and renovated residential and commercial buildings;

(B) decreasing public building energy consumption through conservation measures and energy-efficient technologies; and

(C) educating state residents on the benefits of energy efficiency and conservation, including dissemination of information on state and federal programs that reward energy efficiency;

(2) encourage economic development by

(A) promoting the development of renewable energy resources,

including geothermal, wind, solar, hydroelectric, hydrokinetic, tidal, and biomass energy with a goal of generating 50 percent of the state's electricity using renewable energy resources by 2020;

(B) promoting the development, transport, and efficient use of nonrenewable energy resources, including natural gas, coal, oil, nuclear energy, gas hydrates, and heavy oil, for use by Alaskans, for export, and as feedstock for value-added enterprises;

(C) working to identify and assist with development of the most cost-effective, long-term sources of energy for each community statewide;

(D) creating and maintaining a state fiscal regime that encourages private sector development of the state's energy resources;

(3) support energy research, education, and workforce development by investing in

(A) training and education programs that address energy conservation, efficiency, extraction, processing, and transportation, including programs that address workforce development and workforce transition; and

(B) applied energy research and development of emerging technologies, including university programs, to achieve reductions in state energy costs and stimulate industry investment in the state;

(4) coordinate governmental functions by

(A) actively collaborating with the private sector and local and federal agencies to achieve the state's energy goals and to meet emissions, renewable energy, and energy production targets; and

(B) reviewing and streamlining state and federal regulatory processes and balancing the economic costs of review with the level of review necessary to protect the public interest.

*** Sec. 3.** AS 14.08.101 is amended to read:

Sec. 14.08.101. Powers. A regional school board may

(1) sue and be sued;

(2) contract with the department, the Bureau of Indian Affairs, or any other school district, agency, or regional board for the provision of services, facilities,

supplies, or utilities;

(3) determine its own fiscal procedures, including but not limited to policies and procedures for the purchase of supplies and equipment; the regional school boards are exempt from AS 37.05 (Fiscal Procedures Act) and AS 36.30 (State Procurement Code);

(4) appoint, compensate, and otherwise control all school employees in accordance with this title; these employees are not subject to AS 39.25 (State Personnel Act);

(5) adopt regulations governing organization, policies, and procedures for the operation of the schools;

(6) establish, maintain, operate, discontinue, and combine schools subject to the approval of the commissioner;

(7) recommend to the department projects for construction, rehabilitation, and improvement of schools and education-related facilities as specified in AS 14.11.011(b), and plan, design, and construct the project when the responsibility for it is assumed under AS 14.11.020;

(8) by resolution adopted by a majority of all the members of the board and provided to the commissioner of the department, assume ownership of all land and buildings used in relation to the schools in the regional educational attendance area, as provided for in AS 14.08.151(b);

(9) provide housing for rental to teachers, by leasing existing housing from a local agency or individual, by entering into contractual arrangements with a local agency or individual to lease housing that will be constructed by the local agency or individual for that purpose, or, without using for the purpose that portion of public school funding that consists of state aid provided under AS 14.17, by constructing or otherwise acquiring housing that is owned and managed by the regional educational attendance area for rental to teachers;

(10) employ a chief school administrator;

(11) **apply for and use the proceeds of a loan from the Alaska energy efficiency revolving loan fund (AS 18.56.855);**

(12) exercise those other functions that may be necessary for the

proper performance of its responsibilities.

*** Sec. 4.** AS 18.45.020 is amended to read:

Sec. 18.45.020. United States licenses or permits required. A person may not manufacture, construct, produce, transfer, acquire, or possess a special nuclear material, by-product material, **special nuclear material facility, by-product material facility,** production facility, or utilization facility, or act as an operator of a production **facility** or utilization facility, wholly within the state without first obtaining a license or permit for the activity in which the person proposes to engage from the Nuclear Regulatory Commission if the commission requires a license or permit to be obtained by persons proposing to engage in the activities.

*** Sec. 5.** AS 18.45.025(a) is amended to read:

(a) A person may not construct a nuclear fuel production facility, **nuclear utilization facility,** utilization facility, reprocessing facility, or nuclear waste disposal facility in the state without first obtaining a permit from the Department of Environmental Conservation to construct the facility on land designated by the legislature under (b) of this section.

*** Sec. 6.** AS 18.45.025(b) is amended to read:

(b) The legislature shall designate by law the land in the state on which a nuclear fuel production **facility**, nuclear utilization **facility, utilization facility**, nuclear reprocessing **facility**, or nuclear waste disposal facility may be located. In designating the land in the state on which

(1) a nuclear utilization facility or utilization facility may be located, the legislature shall act in the interest of regulating the economics of nuclear energy;

(2) a nuclear fuel production **facility**, [NUCLEAR UTILIZATION,] nuclear reprocessing **facility**, or nuclear waste disposal facility may be located, the legislature shall act to protect the public health and safety.

*** Sec. 7.** AS 18.45.025(c) is repealed and reenacted to read:

(c) The Department of Environmental Conservation shall adopt regulations governing the issuance of permits required by (a) of this section. However, a permit may not be issued until the municipality with jurisdiction over the proposed facility

site has approved the permit.

* **Sec. 8.** AS 18.56.090 is amended by adding a new subsection to read:

(f) In furtherance of its corporate purpose, the corporation may, in cooperation with the Alaska Energy Authority, provide technical assistance to municipalities related to residential and commercial building energy codes and energy efficiency standards.

* **Sec. 9.** AS 18.56 is amended by adding a new section to read:

Sec. 18.56.855. Alaska energy efficiency revolving loan fund. (a) The Alaska energy efficiency revolving loan fund is established in the corporation to carry out the purposes of this section. The revolving loan fund consists of money or assets appropriated or transferred to the corporation for the revolving loan fund, including money and assets deposited in the revolving loan fund by the corporation and earnings on investments of money held in the revolving loan fund. The corporation may establish separate accounts in the fund. The corporation shall establish the interest rates, security provisions, and other terms of a loan made under this section taking into consideration the corporation's cost of funds and other factors the corporation considers appropriate.

(b) Money and other assets of the Alaska energy efficiency revolving loan fund may be used to

(1) make loans to regional educational attendance areas or to municipal governments, including subdivisions of municipal governments, for the purpose of financing energy efficiency improvements to buildings owned by regional educational attendance areas or by municipalities in the state;

(2) secure bonds issued by the corporation to finance the loans described in (1) of this subsection;

(3) pay costs of administering the revolving loan fund; and

(4) pay the costs of administering and enforcing the terms of loans made by the corporation from the revolving loan fund.

(c) Before a regional educational attendance area, a municipal government, or a subdivision of a municipal government may borrow money from the corporation under this section, the regional educational attendance area or the municipal

government shall waive any sovereign immunity defense it may have available to it with respect to enforcement of the terms of the loan. A regional educational attendance area or a municipal government may waive sovereign immunity to comply with the requirement of this subsection. A person or corporation having a claim under this section shall bring an action in a state court in Alaska that has jurisdiction over the claim.

(d) All regional educational attendance areas and municipal governments in the state are authorized to borrow from the corporation under this section. The corporation shall set out the terms of a loan to a regional educational attendance area in a loan agreement or similar document. At the discretion of the corporation, a borrowing by a regional educational attendance area or a municipal government under this section may be effected by use of a loan agreement or similar document evidencing and setting out the terms of the loan or by issuance of a bond by the municipal government to the corporation. Notwithstanding a charter provision requiring public sale by a regional educational attendance area or a municipality of its municipal bonds or other indebtedness, a regional educational attendance area or municipality may sell its bonds under this section to the corporation at a negotiated, private sale. At the discretion of the corporation, the bonds or other indebtedness of the municipality may be general obligations of the municipality or may be secured by an identified revenue source or by a combination of the full faith and credit of the municipality and an identified revenue source.

(e) Notwithstanding any other provision of law, to the extent that a department or agency of the state is the custodian of money payable to a regional educational attendance area or to a municipality, at any time after written notice to the department or agency head from the corporation that the regional educational attendance area or municipality is in default on the payment of principal of or interest on municipal bonds or other indebtedness then held or owned by the corporation, or amounts due under an agreement between the corporation and a regional educational attendance area or a municipality, the department or agency shall withhold the payment of that money from that regional educational attendance area or municipality and pay over the money to the corporation for the purpose of paying the principal of and interest on the

bonds or indebtedness. The notice must be given in each instance of default. If a notice is given under this subsection and under AS 44.85.170 and the default is continuing under this subsection and under AS 44.85.170, the department or agency shall make payment to the corporation and to the Alaska Municipal Bond Bank Authority on a pro rata basis, taking into consideration the principal amount of the respective default amounts.

(f) The superintendent of a regional educational attendance area, at the direction of the regional educational attendance area school board, may borrow from the corporation under this section for buildings owned by the regional educational attendance area.

(g) In addition to other security that may be given with respect to a loan made under this section, the corporation may require a deed of trust on the building that is the subject of the energy efficiency loan and the real estate on which the building is located. A regional educational attendance area or a municipality may grant a deed of trust to the corporation as needed for this purpose.

(h) The corporation shall administer the Alaska energy efficiency revolving loan fund in accordance with regulations adopted by the corporation. The corporation may adopt regulations under AS 18.56.088 to carry out the purposes of this section.

(i) This section applies to home rule municipalities.

*** Sec. 10.** AS 37.07.040 is amended to read:

Sec. 37.07.040. Office of management and budget. The Alaska office of management and budget shall

(1) assist the governor in meeting the requirements of AS 37.07.020, including the coordination and analysis of state agency goals and objectives, plans, and budget requests;

(2) prepare for submission to the governor an annually updated six-year capital improvements program and the proposed capital improvements budget for the coming fiscal year, the latter to include individual project justification with documentation of estimated project cost;

(3) develop procedures to produce the information needed for effective policy decision making, including procedures to provide for the dissemination of

information about plans, programs, and budget requests to be included in the annual budget and opportunity for public review and comment during the period of budget preparation;

(4) assist state agencies in their statement of goals and objectives to achieve, among other things, the legislature's mission and desired results, preparation of plans, assessments of the extent to which missions and desired results have been achieved, budget requests, and reporting of program performance; all documents forwarded by the office to a state agency containing instructions for the preparation of program plans and budget requests and the reporting of program performance are public information after the date they are forwarded;

(5) administer its responsibilities under the program execution provisions of this chapter so that the policy decisions and budget determinations of the governor and the legislature are implemented;

(6) provide the legislative finance division with the budget information it may request;

(7) provide the legislative finance division with an advance copy of the governor's budget workbooks at least seven days before the legislature convenes in a regular session;

(8) prepare the proposed capital improvements budget for the coming fiscal year evaluating both state and local requests from the standpoint of need, equity, and priorities of the jurisdiction; other factors such as project amounts, population, local financial match, federal funds being used for local match, municipality or unincorporated community acceptance of the facility, and all associated costs of the facility may be considered;

(9) for each department in the executive branch, report to the legislature by the 45th day of each regular session the amount of money appropriated to the department that is expected to lapse into the general fund at the end of the current fiscal year;

(10) establish and administer a state agency program performance management system involving planning, performance budgeting, performance measurement, and program evaluation; the office shall ensure that information

generated under this system is useful for managing and improving the efficiency and effectiveness of agency operations;

(11) by January 15, list each lease-purchase agreement entered into by an agency during the immediately preceding fiscal year for the acquisition of equipment or other personal property, together with a description of the property acquired and financial details, including the purchase price, the term for payments, the amount of each payment, and the amount of interest or financing charges paid;

(12) work with state agencies to develop a standardized methodology to collect and store energy consumption and expense data.

*** Sec. 11.** AS 38.05.810(e) is amended to read:

(e) The lease, sale, or other disposal of state land at appraised fair market value may be negotiated with a licensed public utility or a licensed common carrier by the director with the approval of the commissioner if the utility or carrier reasonably requires the land for the conduct of its business under its license. **A lease with a licensed public utility that is an electric utility entered into under this subsection may not include, as part of the rent or other fee that is negotiated or charged, an amount that is based on or determined by a percentage of gross revenue for renewable energy produced by the electric utility.**

*** Sec. 12.** AS 42.45.040 is repealed and reenacted to read:

Sec. 42.45.040. Southeast energy fund. (a) The Southeast energy fund is established as a separate fund. The fund consists of

(1) money appropriated to the fund by the legislature;

(2) money transferred to it under former AS 42.45.050;

(3) gifts, bequests, contributions from other sources, and federal money;

(4) interest earned on the fund balance; and

(5) investments, to be managed by the Department of Revenue, which shall be the fiduciary of the fund under AS 37.10.071.

(b) The fund is not a dedicated fund.

(c) The authority may make grants from the Southeast energy fund to a municipality of the state, a joint action agency established under AS 42.45.300, or a

member-owned electric cooperative established under AS 10.25, for power projects, repayment of loans, and payments on bonds for hydroelectric projects and electrical transmission lines or interties serving Southeast Alaska that are entirely owned by the grantee.

(d) An appropriation from the fund for a project described in (c) of this section lapses back into the fund if substantial, ongoing work on the project has not begun within seven years after the effective date of the appropriation.

*** Sec. 13.** AS 42.45 is amended by adding a new section to read:

Article 7A. Emerging Energy Technology Fund.

Sec. 42.45.375. Emerging energy technology fund. (a) In order to promote the expansion of energy sources available to Alaskans, the emerging energy technology fund is established. The fund consists of

(1) money appropriated to the fund by the legislature to provide grants for energy projects; and

(2) gifts, bequests, contributions from other sources, and federal money appropriated to the fund.

(b) The fund is not a dedicated fund.

(c) The fund shall be administered by the authority, but the authority may contract for the investment of money appropriated to the fund but not disbursed for a grant. The authority, in consultation with the advisory committee established under (f) of this section, may make grants from the fund to eligible applicants for demonstration projects of technologies that have a reasonable expectation to be commercially viable within five years and that are designed to

(1) test emerging energy technologies or methods of conserving energy;

(2) improve an existing energy technology; or

(3) deploy an existing technology that has not previously been demonstrated in the state.

(d) In making grants under this section, the authority, in consultation with the advisory committee established under (f) of this section, shall give priority to

(1) Alaska residents, associations, organizations, or institutions;

(2) projects that demonstrate partnership with the University of Alaska or another Alaska postsecondary institution;

(3) projects supported by matching funds or in-kind partnerships; and

(4) projects with potential for widespread deployment in the state.

(e) In administering the fund, the authority may enter into a contract or agreement with the University of Alaska to provide technical and economic review and analysis for the advisory committee established under (f) of this section and data acquisition and analysis of the projects awarded grants.

(f) An advisory committee is established and consists of seven members. Each member of the committee shall have a degree in science or engineering, or equivalent professional experience, and at least two years of experience working in the state. Members of the committee shall be appointed by the governor to staggered three-year terms. The committee consists of one representative of each of the following groups:

(1) a business or organization engaged in the renewable energy sector;

(2) a business or organization engaged in the fossil fuel energy sector;

(3) the Alaska Power Association or an Alaska electric utility;

(4) the Denali Commission established under P.L. 105-277 and mentioned in a note at 42 U.S.C. 3121;

(5) the National Renewable Energy Laboratory;

(6) the Arctic Energy Office of the National Energy Technology Laboratory;

(7) the Alaska Industrial Development and Export Authority.

(g) A member of the advisory committee appointed under (f) of this section serves without compensation but is entitled to per diem and travel expenses as provided in AS 39.20.180.

(h) If a member of the advisory committee appointed under (f)(4), (5), or (6) of this section is not available to serve as a member of the committee, the governor shall appoint a representative from a federal agency or department with a comparable mission or purpose to the agency listed in (f)(4), (5), or (6) of this section to fill the position on the committee. If a representative from a federal agency or department is not available to fill the position, the governor may appoint a member from a state

agency or department.

(i) A business or organization represented by a member of the advisory committee under (f) of this section is not eligible to receive a grant from the fund.

(j) In this section,

(1) "eligible applicant" means

(A) an electric utility holding a certificate of public convenience and necessity under AS 42.05;

(B) an independent power producer;

(C) a local government, quasi-governmental entity, or other governmental entity, including a tribal council or housing authority;

(D) a business holding an Alaska business license; or

(E) a nonprofit organization.

(2) "energy technology" means technology that promotes, enhances, or expands the diversity of available energy supply sources or means of transmission, increases energy efficiency, or reduces negative energy-related environmental effects; "energy technology" includes technology related to renewable sources of energy, conservation of energy, enabling technologies, efficient and effective use of hydrocarbons, and integrated energy systems;

(3) "fund" means the emerging energy technology fund.

*** Sec. 14.** AS 42.45.990(4) is amended to read:

(4) "power project" or "project" means a plant, works, system, or facility, together with related or necessary facilities and appurtenances, including a divided or undivided interest in or a right to the capacity of a power project or project, that is used or is useful for the purpose of

(A) electrical or thermal energy production [OTHER THAN NUCLEAR ENERGY PRODUCTION];

(B) waste energy utilization and energy conservation; or

(C) transmission, purchase, sale, exchange, and interchange of electrical or thermal energy, including district heating or interties;

*** Sec. 15.** AS 44.42.020(a) is amended to read:

(a) The department shall

(1) plan, design, construct, and maintain all state modes of transportation and transportation facilities and all docks, floats, breakwaters, buildings, and similar facilities;

(2) study existing transportation modes and facilities in the state to determine how they might be improved or whether they should continue to be maintained;

(3) study alternative means of improving transportation in the state with regard to the economic costs of each alternative and its environmental and social effects;

(4) develop a comprehensive, long-range, intermodal transportation plan for the state;

(5) study alternatives to existing modes of transportation in urban areas and develop plans to improve urban transportation;

(6) cooperate and coordinate with and enter into agreements with federal, state, and local government agencies and private organizations and persons in exercising its powers and duties;

(7) manage, operate, and maintain state transportation facilities and all docks, floats, breakwaters, and buildings, including all state highways, vessels, railroads, pipelines, airports, and aviation facilities;

(8) study alternative means of transportation in the state, considering the economic, social, and environmental effects of each alternative;

(9) coordinate and develop state and regional transportation systems, considering deletions, additions, and the absence of alterations;

(10) develop facility program plans for transportation and state buildings, docks, and breakwaters required to implement the duties set out in this section, including but not limited to functional performance criteria and schedules for completion;

(11) supervise and maintain all state automotive and mechanical equipment, aircraft, and vessels, except vessels and aircraft used by the Department of Fish and Game or the Department of Public Safety; for state vehicles maintained by the department, the department shall every five years evaluate the cost, efficiency, and

commercial availability of alternative fuels for automotive purposes, and the purpose for which the vehicles are intended to be used, and convert **vehicles to use alternative fuels** or purchase **energy efficient** vehicles [TO USE ALTERNATIVE FUELS] whenever practicable; the department may participate in joint ventures with public or private partners that will foster the availability of alternative fuels for all automotive fuel consumers;

(12) supervise aeronautics inside the state, under AS 02.10;

(13) implement the safety and financial responsibility requirements for air carriers under AS 02.40;

(14) inspect weights and measures;

(15) at least every four years study alternatives available to finance transportation systems in order to provide an adequate level of funding to sustain and improve the state's transportation system.

* **Sec. 16.** AS 44.83.990(6) is amended to read:

(6) "power project" or "project" means a plant, works, system, or facility, together with related or necessary facilities and appurtenances, including a divided or undivided interest in or a right to the capacity of a power project or project, that is used or is useful for the purpose of

(A) electrical or thermal energy production [OTHER THAN NUCLEAR ENERGY PRODUCTION];

(B) waste energy utilization and energy conservation; or

(C) transmission, purchase, sale, exchange, and interchange of electrical or thermal energy, including district heating or interties;

* **Sec. 17.** AS 46.11.900(1) is amended to read:

(1) "alternative energy system"

(A) means a source of thermal, mechanical, or electrical energy that is not dependent on oil or gas [OR A NUCLEAR FUEL] for the supply of energy for space heating and cooling, refrigeration and cold storage, electrical power, mechanical power, or the heating of water;

(B) includes

(i) an alternative energy property as defined by 26

U.S.C. 48(a)(3)(A); and

(ii) a method of architectural design and construction that provides for the collection, storage, and use of direct radiation from the sun;

*** Sec. 18.** AS 47.25.621 is amended to read:

Sec. 47.25.621. Alaska affordable heating [ASSISTANCE] program. (a) The Alaska **affordable** heating [ASSISTANCE] program is established in the Department of Health and Social Services to provide expanded eligibility for Alaska residents for home heating assistance, to the extent funds are **available in the Alaska affordable heating fund** [APPROPRIATED BY THE LEGISLATURE FOR THAT PURPOSE].

(b) The **Alaska affordable** heating [ASSISTANCE] program established under this section is in addition to the federal low-income heating and energy assistance provided under 42 U.S.C. 8621 - 8629 (Low-Income Home Energy Assistance Act of 1981), as amended, and implementing regulations.

*** Sec. 19.** AS 47.25.621 is amended by adding a new subsection to read:

(c) The Alaska affordable heating fund is established as a separate fund to be managed by the Department of Revenue. The fund consists of appropriations made to it. Interest earned by the fund may be appropriated to it. The Department of Health and Social Services shall use money in the fund for Alaska affordable heating payments.

*** Sec. 20.** AS 47.25.622 is amended to read:

Sec. 47.25.622. Duties. The **Department of Health and Social Services** [DEPARTMENT] shall

(1) administer the Alaska **affordable** heating [ASSISTANCE] program provided under AS 47.25.621;

(2) adopt regulations under AS 44.62 (Administrative Procedure Act) to carry out the purpose of the program;

(3) coordinate payments among other heating assistance programs to avoid duplication of payments.

*** Sec. 21.** AS 47.25.623 is amended to read:

Sec. 47.25.623. Eligibility; payment amount. An individual is eligible for

home heating assistance payments under the Alaska **affordable** heating [ASSISTANCE] program if the individual

(1) is a resident of the state;

(2) is physically present and resides in a home in the state when the home heating costs are incurred;

(3) **for assistance calculated under (b) and (c) of this section, has gross household income not to exceed, as a percentage of the federal poverty guideline for Alaska set by the United States Department of Health and Human Services and revised under 42 U.S.C. 9902(2),**

(A) 225 percent for a determination to be made under (c)(1) - (3) of this section; and

(B) 250 percent for a determination to be made under (c)(4) of this section; and [HAS GROSS HOUSEHOLD INCOME ABOVE 150 PERCENT BUT THAT DOES NOT EXCEED 225 PERCENT OF THE FEDERAL POVERTY GUIDELINE FOR ALASKA SET BY THE UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES AND REVISED UNDER 42 U.S.C. 9902(2);]

(4) meets other eligibility requirements specified in regulations adopted under AS 47.25.622.

*** Sec. 22.** AS 47.25.623 is amended by adding new subsections to read:

(b) The Department of Health and Social Services shall determine the number of points for each eligible individual based on the point formula used under 42 U.S.C. 8621 - 8629 (Low-Income Home Energy Assistance Act of 1981), as amended, and implementing regulations. Except as provided in (d) of this section, the amount of the Alaska affordable heating payment for an individual equals the base amount calculated under (c) of this section minus the amount the individual is eligible to receive under the federal low-income home energy assistance program under 42 U.S.C. 8621 - 8629, as amended, and implementing regulations.

(c) The Department of Health and Social Services shall calculate the base amount of the Alaska affordable heating payment for the individual based on points determined under (b) of this section and on the average price a barrel of Alaska North

Slope crude oil for sale on the United States West Coast during September through February of the preceding fiscal year as follows:

(1) $130 a point when the average price is not more than $75 a barrel;

(2) $140 a point when the average price is more than $75 and not more than $100 a barrel;

(3) $150 a point when the average price is more than $100 and not more than $150 a barrel;

(4) $165 a point when the average price is more than $150 a barrel.

(d) Under the program authorized by AS 47.25.621 - 47.25.626, taking into consideration the gross household income rates established in (a) of this section and the base amounts to be calculated under (b) and (c) of this section,

(1) if insufficient money is appropriated to fully fund the Alaska affordable heating payments during the fiscal year, the department

(A) shall, for the duration of that fiscal year, suspend calculation and payment under (a)(3)(B) of this section and calculate and pay all eligible individuals under (a)(3)(A) of this section; and

(B) may, to the extent there is or may be an appropriation balance surplus to the amount required to make all payments under (A) of this paragraph, by regulation, establish at any time during the fiscal year a prospective pro rata reduction of the payment rates that the department will pay to eligible individuals under the program during that fiscal year qualifying under (a)(3)(B) of this section and, thereafter, may provide for prorated payments; and

(2) if the commissioner reasonably determines that the total of appropriations from all sources during the fiscal year may exceed the amount required to fully fund all applications for assistance for Alaska affordable heating payments, the commissioner may expend the amount of excess money, not to exceed the total amount of the appropriations, to carry out the purpose of AS 47.25.621 - 47.25.626; under the authority of this paragraph, the commissioner shall distribute the estimated excess money pro rata among individuals receiving assistance under this section without regard to the limitations set out in the dollar value of the point formula

expressed in (c)(1) - (4) of this section.

*** Sec. 23.** AS 47.25.626(a) is amended to read:

(a) The **Department of Health and Social Services** [DEPARTMENT] may develop a regional Alaska heating [ASSISTANCE] program for the administration of AS 47.25.621 - 47.25.626 to provide home heating assistance in a uniform and cost-effective manner in a region of this state if an Alaska Native organization is authorized to implement a federally approved tribal family assistance plan that includes that region and has been awarded a tribal energy assistance grant for a program that includes that region under 42 U.S.C. 8623(d).

*** Sec. 24.** AS 47.25.626(b) is amended to read:

(b) The department may award contracts to implement a program developed under (a) of this section. A contract authorized for delivery of home heating assistance under a regional Alaska heating [ASSISTANCE] program under this section is exempt from the competitive bid requirements of AS 36.30 (State Procurement Code). Subject to appropriation, a contract under this section must be in an amount that represents a fair and equitable share of the money appropriated for the Alaska **affordable** heating [ASSISTANCE] program under AS 47.25.621 - 47.25.626 to serve the state residents specified in (a) of this section. The authority provided under this section to contract is in addition to the authority to contract in AS 47.05.015 or other law.

*** Sec. 25.** AS 47.25.626(f) is amended to read:

(f) If the department establishes a regional Alaska heating [ASSISTANCE] program and awards a contract to provide home heating assistance under this section,

(1) a person applying for home heating assistance under AS 47.25.621 - 47.25.626 in the region of the state covered by the regional Alaska heating assistance program may obtain home heating [ASSISTANCE] from the department only through the organization designated by the department to serve the region;

(2) the department may require the contractor

(A) to operate and administer the contract in a manner consistent with the organization's federally approved energy assistance grant and plan; or

(B) to apply the provisions of AS 47.25.623 to determine

eligibility for home heating assistance to a person for whom assistance may be paid under the contract or may allow the contractor to use other criteria to determine that eligibility.

*** Sec. 26.** AS 42.45.375, enacted by sec. 13 of this Act, is repealed January 1, 2015.

*** Sec. 27.** The uncodified law of the State of Alaska is amended by adding a new section to read:

OFFICE OF MANAGEMENT AND BUDGET. Not later than January 31, 2011, the Office of Management and Budget shall develop a standardized methodology to collect and store energy consumption and expense data as described in AS 37.07.040(12), as enacted by sec. 10 of this Act.

*** Sec. 28.** The uncodified law of the State of Alaska is amended by adding a new section to read:

OFFICE OF THE GOVERNOR ENERGY REPORT. Not later than January 31, 2011, the governor shall submit a report to the legislature providing recommendations for how best to structure state energy programs and offices to increase the coordination and efficiency of the state's efforts. The report must also include an examination of existing powers and duties and the structure of the Alaska Energy Authority and its board of directors, specifically analyzing the relationship between the Alaska Energy Authority and the Alaska Industrial Development and Export Authority.

*** Sec. 29.** The uncodified law of the State of Alaska is amended by adding a new section to read:

USE OF COMPRESSED NATURAL GAS TO POWER VEHICLES; PILOT PROGRAM; STUDY; PROPOSAL; REPORT. (a) The Department of Transportation and Public Facilities shall, under the authority of AS 44.42.020(a)(3), study the feasibility of using compressed natural gas to power vehicles in the state. The study must

(1) review existing government programs and incentives offered in Utah and other North American jurisdictions that promote the use of compressed natural gas to power vehicles;

(2) review and summarize relevant studies and investigations on existing public policy incentives that encourage the use of compressed natural gas to power vehicles;

(3) evaluate the environmental benefits and technical merits of using

compressed natural gas to power vehicles;

(4) consider the economic, environmental, and technological advantages and disadvantages of using and promoting the use of compressed natural gas to power vehicles in the state; and

(5) if warranted by the findings of the study, set out a proposal for a pilot program in the state to test the use of compressed natural gas to power vehicles owned or operated by the state; the proposal must

(A) recommend the most cost-effective and appropriate departments and geographic locations for a pilot program;

(B) detail how the pilot program, if successful, could be expanded to provide for increased use of compressed natural gas to power vehicles owned or operated by the state, as well as privately owned or operated vehicles;

(C) estimate the costs to the state of a pilot program in which the state would purchase vehicles powered by compressed natural gas or convert existing vehicles to be powered by compressed natural gas, including

(i) the costs of maintaining vehicles powered by compressed natural gas and training maintenance personnel;

(ii) the costs of adapting, or encouraging the adapting of, state vehicle fueling locations to provide compressed natural gas;

(iii) the costs of using compressed natural gas instead of diesel fuel or gasoline;

(iv) the costs of expanding the pilot program or developing additional pilot programs under (B) of this paragraph;

(v) other costs or savings that can be reasonably expected to accompany the pilot program.

(b) The Department of Transportation and Public Facilities shall prepare a report containing the results of the study under (a) of this section not later than January 31, 2011. The department shall notify the legislature when the report is available.

*** Sec. 30.** The uncodified law of the State of Alaska is amended by adding a new section to read:

BOND AUTHORIZATION AND PROVISIONS. (a) In addition to the powers in

AS 18.56.090, the Alaska Housing Finance Corporation may issue bonds in an amount not to exceed $250,000,000 to make loans from the energy efficiency revolving loan fund established by AS 18.56.855, enacted by sec. 9 of this Act, and to finance the purposes permitted by AS 18.56.855, enacted by sec. 9 of this Act. AS 18.56.110 - 18.56.190 and 18.56.855, enacted by sec. 9 of this Act, apply to bonds issued under this section, except that bonds issued under this section are not subject to, and may not be counted against, the bond issuance limitation set out in AS 18.56.110(g).

(b) The Alaska Housing Finance Corporation shall deposit the proceeds of bonds issued under (a) of this section in the Alaska energy efficiency revolving loan fund in accordance with AS 18.56.855, enacted by sec. 9 of this Act.

*** Sec. 31.** The uncodified law of the State of Alaska is amended by adding a new section to read:

MUNICIPAL ENERGY IMPROVEMENTS FINANCING PROGRAM RECOMMENDATION. Not later than January 31, 2011, the Department of Revenue shall submit to the legislature a report and recommendations regarding the feasibility of a municipal energy improvements financing program. The report must

(1) address financing programs for energy efficiency and renewable energy projects on residential, commercial, and industrial property through property tax assessments; and

(2) identify the costs and benefits of a municipal energy improvements financing program in the state.

*** Sec. 32.** The uncodified law of the State of Alaska is amended by adding a new section to read:

TRANSITION: REGULATIONS. (a) To the extent consistent with secs. 18 - 25 of this Act, regulations of the Department of Health and Social Services adopted under the authority of AS 47.25.622 that are in effect on the effective date of secs. 18 - 25 of this Act remain in effect until the department adopts regulations consistent with secs. 18 - 25 of this Act.

(b) A state agency affected by this Act with the authority to adopt regulations under state law may proceed to adopt regulations necessary to implement the changes made by this Act. The regulations take effect in accordance with applicable state law but not before the

effective date of the law implemented by the regulation.

*** Sec. 33.** The uncodified law of the State of Alaska is amended by adding a new section to read:

REGULATIONS: ATTORNEY INSTRUCTION. Throughout the Alaska Administrative Code, the regulations attorney is instructed to change the phrase "Alaska Heating Assistance Program" to "Alaska Affordable Heating Program," as appropriate, if consistent with the changes made in secs. 18 - 25 of this Act.

*** Sec. 34.** The uncodified law of the State of Alaska is amended by adding a new section to read:

REVISOR'S INSTRUCTIONS. (a) The revisor of statutes is instructed to change the heading of art. 6 of AS 18.56 from "Energy Conservation" to "Energy Efficiency and Conservation Programs."

(b) The revisor of statutes is instructed to change the heading of art. 4 of AS 47.25 from "Alaska Heating Assistance Program" to "Alaska Affordable Heating Program."

*** Sec. 35.** Section 32(b) of this Act takes effect immediately under AS 01.10.070(c).

LEGAL SERVICES

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MEMORANDUM March 5, 2010

SUBJECT: Sectional summary of CSSB 220(RES) (Work Order No. 26-LS1197\D)

TO: Senator Lesil McGuire
Co-Chair of the Senate Resources Committee
Attn: Mike Pawlowski

FROM: Brian J. Kane BJK
Legislative Counsel

You have requested a sectional summary of Work Order No. 26-LS1197\D, a bill draft known as the Alaska Sustainable Energy Act.

Please note that a sectional summary of a bill is not an authoritative interpretation of a bill. The bill itself is the best statement of its contents.

Section 1 of the bill provides for the short title of the bill.

Sections 2 and 3 of the bill offer the legislative policy and purpose for certain sections of the bill.

Section 4 of the bill allows a regional school board to apply for and use the proceeds of a loan from the Alaska energy efficiency revolving loan fund.

Section 5 of the bill amends AS 18.45.020 to include the phrases "special nuclear material facility" and "by-product material facility" in order to cover more projects or activities in this section for which a license or permit may be needed from the Nuclear Regulatory Commission.

Section 6 of the bill adds the phrase "nuclear utilization facility" to AS 18.45.025(a) in order to conform with definitions listed in AS 18.45.900.

Section 7 of the bill amends AS 18.45.025(b) to state that when the legislature designates by law the land in the state on which a nuclear utilization facility or utilization facility may be located, it must act only in the interest of regulating the economics of nuclear energy.

Section 8 of the bill deletes a line of AS 18.45.025(c) that states that a permit may not be issued unless approved by the governor, leaving only a requirement for approval by the Department of Environmental Conservation and a municipality.

Section 9 of the bill provides the Alaska Housing Finance Corporation with the power to provide technical assistance to municipalities regarding energy codes and efficiency standards.

Section 10 of the bill creates an energy efficiency revolving loan fund in the Alaska Housing Finance Corporation for providing loans to regional attendance areas, municipalities, or the state for the purpose of financing energy efficiency improvements to buildings.

Section 11 of the bill tasks the Department of Transportation and Public Facilities with reviewing the option of using alternative energy when adopting plans and specifications for public works.

Section 12 of the bill provides that the state shall give consideration in procurements to purchasing energy efficient equipment.

Section 13 of the bill requires the Office of Management and Budget to work with state agencies to develop a standardized methodology to collect and store energy consumption and expense data.

Section 14 of the bill repeals and reenacts the Southeast Energy Fund to expand the options for money going into the fund and expands the projects for which the fund may be used.

Section 15 of the bill amends a provision of the renewable energy grant fund regarding the methodology for determining the order of projects to receive funding and requiring activity reports to be filed by grant recipients.

Section 16 of the bill amends the renewable energy fund statute by requiring the Alaska Energy Authority to hire an expert to conduct financial and economic analysis for each recommended grant application.

Section 17 of the bill tasks the Alaska Energy Authority with facilitating the organization of a statewide fuel purchasing cooperative.

Section 18 of the bill creates the emerging energy technology fund.

Section 19 of the bill amends the definition of "power project" or "project" in AS 42.45.990(4) to delete the exclusion of nuclear energy from the definition in relation to statewide and rural energy programs.

Section 20 of the bill adds the renewable energy production tax credit as an exception to a tax credit limitation set for corporations.

Section 21 of the bill establishes a renewable energy production tax credit.

Section 22 of the bill requires the Department of Transportation and Public Facilities to purchase energy efficient cars whenever practicable.

Section 23 of the bill tasks the Department of Transportation and Public Facilities with retrofitting 25 percent of all public facilities by 2020, making sure that deferred maintenance and new construction meet national standards for energy efficiency, and reporting to the legislature on the department's progress.

Section 24 of the bill requires the Alaska Energy Authority to annually plan and conduct, in cooperation with the Alaska Housing Finance Corporation, a public education campaign to promote energy efficiency and conservation.

Section 25 of the bill amends the definition of "power project" or "project" in AS 44.83.990(6) to delete the exclusion of nuclear energy from the definition in relation to the Alaska Energy Authority.

Sections 26 - 33 of the bill amend the alternative energy revolving loan fund by amending the funding sources and having the fund used only for commercial buildings.

Section 34 of the amendment amends the definition of "alternative energy system" in AS 46.11.900(1) to remove the exclusion of nuclear fuel as it relates to financing of energy efficient homes and buildings.

Sections 35 - 42 converts the Alaska heating assistance program into the Alaska affordable heating program and makes substantive and conforming changes to that program.

Section 43 of the bill repeals AS 43.20.046 and 43.98.040, which are the renewable energy production tax credit sections of the bill, on January 1, 2018.

Section 44 of the bill repeals AS 44.42.067(c) (retrofit and new construction for energy efficiency, added by bill section 23) on January 1, 2021.

Section 45 of the bill repeals AS 45.88.010(c), 45.88.030(c), 45.88.030(d), and 45.88.040(a).

Section 46 of the bill requires the Office of Management and Budget to work with state agencies to develop a standardized methodology to collect and store energy consumption and expense data no later than November 1, 2010.

Section 47 of the bill requires the Department of Transportation and Public Facilities, in consultation with the Alaska Energy Authority, to adopt and implement a systematic process for prioritizing the retrofitting of state facilities for a long-term increase in energy efficiency and reduction of energy costs.

Section 48 of the bill requires the Department of Transportation and Public Facilities to study the feasibility of using compressed natural gas to power vehicles in the state and develop a proposal for a pilot program if warranted by the study.

Section 50 of the bill authorizes the Alaska Housing Finance Corporation to issue bonds to support making loans from the energy efficiency revolving loan fund established by AS 18.56.855.

Section 51 of the bill directs the revisor of statutes to make two changes to article headings to conform with statutory changes.

BJK:plm
10-140.plm

Good morning Chairman Stedman – Members of HB 306 ** passed

My name is – Bill Allen

City Manager – City of Palmer / President of Alaska Municipal Managers Association

I am testifying in support of CS for Senate Bill 220. Thanks to State Resources and the special committee on energy for the Bill declaring a State Energy Policy – my opinion is the proposed legislation is clear & clear – Very well written –

The goals of SB 220 are "spot on" regarding a state energy policy relating to energy efficiency, energy conservation & alternative energy.

The goals of SB 220 That I refer to: address –

1) providing affordable & reliable energy for Alaskan families & businesses;
2) will stimulate private sector investment;
3) produce long term savings by maximizing energy efficiency;
4) the State leading by example &
5) promote innovation

I support the "high level" goals of the proposed energy policy i.e. increase energy efficiency by 15% by 2020. This is a goal that our city will also establish – we are ~~Here~~ well on our way with the assistance from the State – We received an energy grant & we are ~~cleaning out~~ removing old lights & replacing them with more energy efficient

ones — the State has been very generous to the City of Palmer providing grants for water line replacement projects — because we have eliminated Considerable water leakage (3 years ago it was 46%) in our water distribution system the water pumps don't run as much therefore a Considerable savings in power — maybe as much as 15% — 20%.

We also support the State endorsing the development of non-renewable energy resources including traditional sources as also by-product of hot waste water from power plants —

The Energy Efficiency Revolving Loan Fund is a great idea by Capitalizing the fund with bond sales, federal stimulus funds —

I note that the Bill proposes 60% to retrofit State buildings & 40% to retrofit school and municipal facilities — please consider both @ 60% — we both have the same Mission

The City of Palmer's Power & heat expense in 2009 was $ 769,255. Our goal is to reduce that expense to the City by 25% over the next 3 years ($192,314). We are currently exploring the possibility of using hot water discharge for heating public buildings & the waste water treatment plant in Palmer as well as generating additional power to put on the MEA grid. ☆ Passage of SB 220 would be very helpful

5016

To that end we strongly support the Emerging Energy Technology Competitive grant proposed @ AEA, ~~to~~ greater innovation
other states have similar funds established.

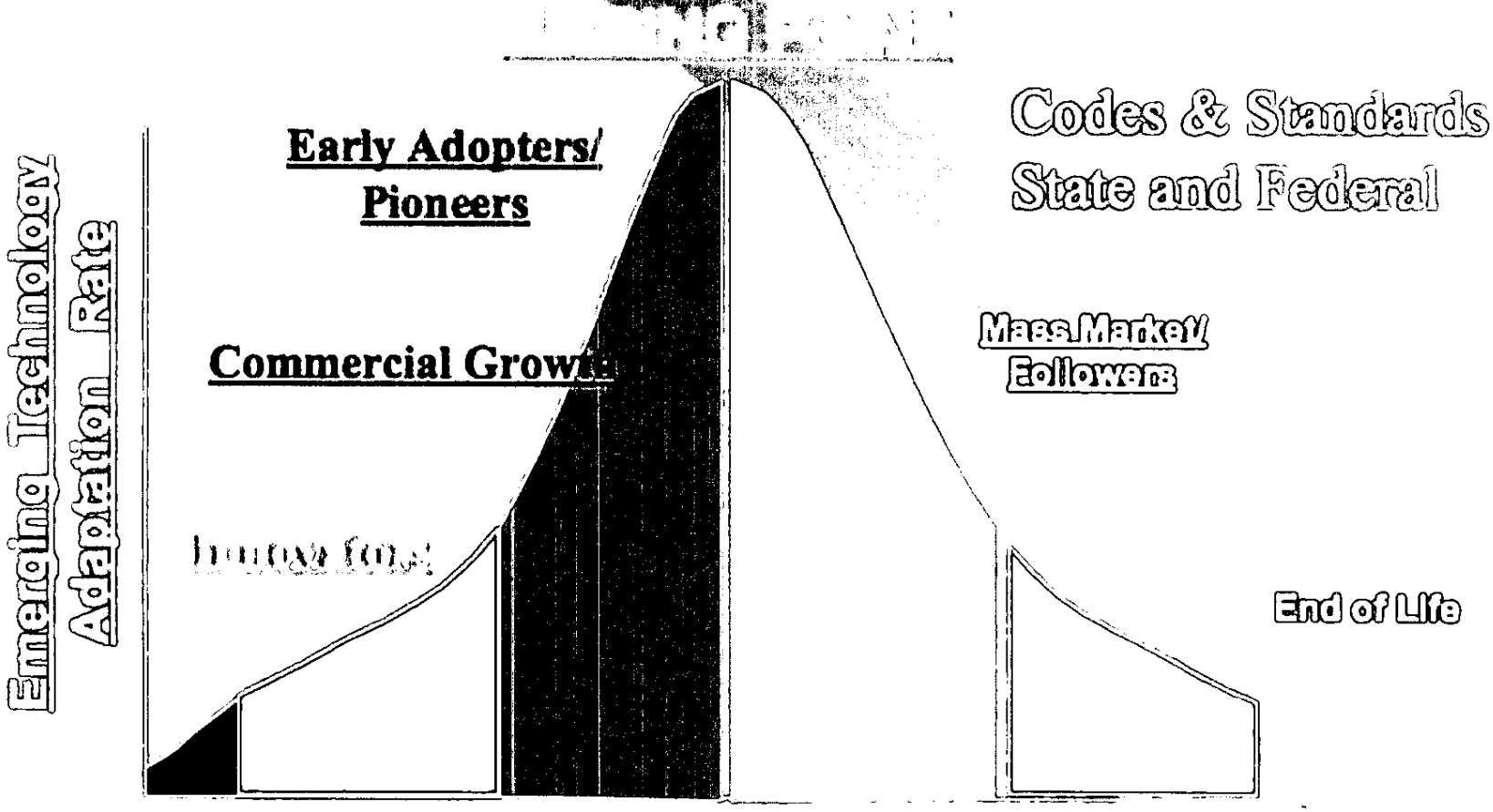
And finally, I appreciate the proposed legislation including a provision for technical assistance for municipalities regarding energy codes and efficiency standards in addition to that!

Also, the motion to develop a plan to coordinate & consolidate energy programs in the State makes a lot of sense.

SB 220 appears to be a great first step in leading our State to greater self-sufficiency & sustainability of energy resources.

Thank you Resources Committee and the Senate's Special Committee on Energy - good piece of work ——

Product Commercialization Curve Emerging Technology



KIRK HARDCASTLE - TAKU RENEWABLE RESOURCES / ACEP

Legislative Testimony
Senate Finance SB 220
March 2010

Good morning, my name is Robert Venables and I am the Energy Coordinator for Southeast Conference. Southeast Conference is the State's regional development organization (ARDOR) whose mission is to undertake activities that promote strong economies, healthy communities and a quality environment in Southeast Alaska. For over a dozen years our energy committee has worked with the State, local governments and utilities toward reducing and someday, eliminating the use of diesel as a primary fuel source for the generation of electricity (primarily through the utilization of the region's plentiful hydroelectric potential and development of an interconnected transmission system to share those resources to adjacent communities without sufficient resources of their own.

Southeast Conference applauds the work of the Senate Resources and Energy Committee, creating an energy policy and long-term vision for the state that can serve as a guide for meeting Alaskan's current and future energy needs. We especially appreciate the committee taking the time to meet in southeast and take input on the many components of this bill. This far-reaching legislation addresses the need for a comprehensive energy policy that goes beyond the renewable grant program (as great as that program is), and provides guidance and goals that gives the state and its citizens more "tools" in the tool box. The Production Tax Credit and the Alternative Energy Loan fund along with other provisions of this bill do exactly that. The Emerging Energy Technology Fund will encourage innovation and exploration of new sources of renewable energy such as tidal and wave energy for our coastal communities. And those of us in southeast particularly appreciate the inclusion of SB 132 into this omnibus bill as that will allow a mechanism to address the long list of energy infrastructure needs in the region.

Senate Bill 220 addresses many of the priorities long sought by our region and we eagerly look forward to continuing our collaborative work with the legislature and state agencies to implement the steps outlined in this important legislation. Again thank you for your considerable work on this legislation and we look forward to its passage and enactment.

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March 24, 2010

Senate Finance Committee
Honorable Co-Chair Senator Burt Stedman
Honorable Co-Chair Senator Lyman Hoffman
Alaska State Capitol
Juneau AK, 99801-1182

RE: - CSSB220(RES) Sec 15(d)(1) Pg 12, Ln 21 - Renewable Energy project preference

Honorable Senate Finance Committee:

Kawerak, Inc. is a regional Native non-profit organization providing services to 15 Native Villages in the Bering Strait Region. Energy consumes from 40-60% of per-capita income in these small remote communities. The Renewable Energy Grant Fund offers hope for some long term relief. Please think carefully about proposed changes in the project ranking method.

We oppose the proposed amendment to AS 42.45.045(d) found in Section 15 of CSSB220(RES) that would give Renewable Energy Grant preference to "*projects that are likely to have financial benefit that exceeds the amount of grant funds received*" because it would divert renewable energy grant funding away from small isolated rural communities, where it is needed most, and into regional hubs and big cities. Financial analysis is bound to favor places where construction costs are low and projects can capture economies of scale.

We recommend the Renewable Energy Grant Fund AS 42.45.045(d) continue to give preference "*to projects that serve any area in which the average cost of energy to each resident of the area exceeds the average cost to each resident of other areas of the state.*"

Respectfully,

Loretta Bullard, President, Kawerak Inc

CC: Honorable Co-Chair Senator Bert Stedman, Room 516
CC: Honorable Co-Chair Senator Lyman Hoffman, Room 518
CC: Honorable Senator Donald Olson, Room 508

5021

Alaska Sustainable Energy Act: SB 220

Presentation to Senate Finance (3/25/10)

1

Product of the Senate Resources Committee and Senate Special Committee on Energy

Interim Field Hearings

- Tanana
- Fairbanks
- Ruby
- Kenai
- Anchorage
- Kenai
- Haines
- Ouzinkie

Reached out to:

- Renewable Energy Alaska Program
- Alaska Center for Energy and Power
- Alaska Federation of Natives
- Cold Climate Housing Research Center
- Commonwealth North
- Alaska Power Association
- Southeast Conference
- Many other organizations

5025

Products:

State Energy Policy and Program Recommendations (50+ pages)

- Budgetary (Letter to Senate Finance Committee)
- Statutory (SB 220)

Hundreds of Comments Received

- Sifted through comments
- Met with stakeholders
- Reviewed plans & policies from other states
- Refined ideas with experts

SB 220 Goals

- Provide affordable and reliable energy for Alaskan families and businesses
- Stimulate private sector investment
- Produce long-term savings by maximizing energy efficiency
- Lead by example
- Promote innovation

Major Bill Components

- State Energy Policy
- Energy Efficiency Revolving Loan Fund
- Efficiency in Government
- Renewable Energy Tax Credit
- Emerging Energy Technology Fund
- Energy Loans for Businesses
- Alaska Affordable Heating Program

State Energy Policy

(Sections 2 & 3)

- High level goals
- Increase energy efficiency by 15% by 2020
- Generate 50% of electricity statewide using renewable energy by 2020

5030

State Energy Policy

(Sections 2 & 3)

- Promote the development of nonrenewable energy resources, including natural gas, heavy oil, nuclear energy, coal, gas hydrates, etc...
- Support energy research, education and workforce development
- Maintain a fiscal regime that encourages private sector development

Nuclear Energy

(Sections 5, 6, 7, 8, 19 & 25)

- Levels playing field for nuclear energy.
- Removes requirement for Governor's approval of projects.
- Leaves in place requirement for municipal and DEC approval.
- Stringent federal permitting process.
- Enables nuclear projects to apply for funding from the Power Project Fund.

Energy Efficiency Revolving Loan Fund

(Sections 4 & 10)

- Authorizes AHFC to sell up to $250 million in bonds
- Leverages $18 million in federal stimulus funds
- 60% to retrofit state buildings and 40% to retrofit school and municipal facilities
- Fund should operate in perpetuity
- Could create hundreds or thousands of job as weatherization & home energy rebate program have (estimated at 2,500 jobs)

Leading By Example

(Sections 11, 12, 23, & 24)

- **Retrofit at least 25% of state buildings by 2020. Shown to save at least 20% a year on energy costs.**

- **Could translate into $2.75[1] million/year since state spends roughly $55 million on heating & lighting.**

1. [based on 25% of facilities being retrofitted

Pay-offs from Retrofitting

(Sections 10 & 23)

- State recently retrofit 8 state buildings
- Were guaranteed savings of at least $278,000/year by the contractor.
- In year 1, savings = $366,000
- In year 2, savings = $592,000
- Last year's savings = $571,000
- Savings alone from retrofitting 25 % of state buildings could cover the fiscal note for SB 220.

Leading By Example

(Sections 23, 11 & 22)

- Build all new state buildings to high efficiency standards.
- Use alternative energy for new public works, if viable and cost-effective.
- Purchase energy efficient appliances, equipment and vehicles.

Energy Efficiency Campaign

(Section 24)

- Tasks AEA and AHFC with educating Alaskans about low-costs ways to save energy.
- Not only help for individual households, but way to contain cost of building new power generation facilities. ($9 billion needed in Railbelt alone over next 50 years)
- Experts estimate between 8% and 50% can be saved through efficiency measures alone.
- Cheapest ways to meet energy needs.

Emerging Energy Technologies

(Section 18)

- With high energy costs, Alaska is perfect place to test emerging technologies.
- Can demonstrate technologies and reduce costs for local residents
- Potential to export technologies
- 25% of world's population lives without access to electricity – looking for new ways to energize

Emerging Energy Technologies

(Section 18)

- Would establish competitive grant program at AEA to foster innovation.
- Matched with federal funds from Denali Commission, DOE & private research dollars.
- Creates high-tech jobs and spurs investment in Alaska's economy.
- NY, CA, TX, MA, and others have funds.
- Alaska has potential in be world leader in emerging technologies, given our resources.

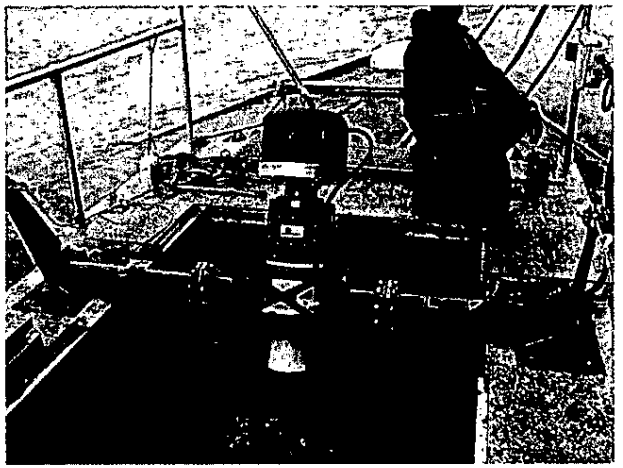
Emerging Technology Fund

(Section 18)

- In 2009, Denali Commission solicited proposals.
- 50 proposals totaling $29 million were submitted.
- 9 selected to receive $4 million in grants.
- Goal: To develop emerging technologies that have the potential for widespread deployment.

Example of EETF Project

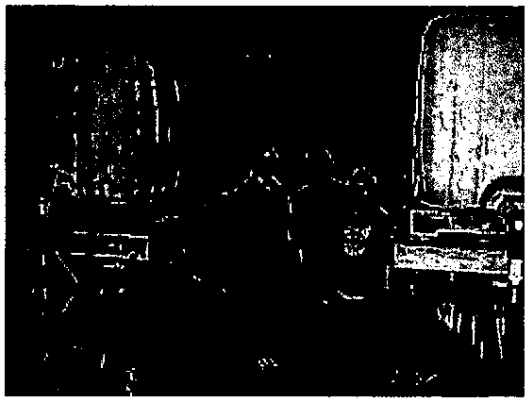
- Nenana Hydrokinetic Turbine: Ocean Renewable Power Corp.
- Tests whether power can be reliably and economically generated from the movement of the Nenana River.
- Alaska has significant hydrokinetic potential in both rivers and tidal basins.
- Most in-land communities are situated along navigable waterways, such as the Yukon and Kuskokwim, that could produce hydrokinetic energy.

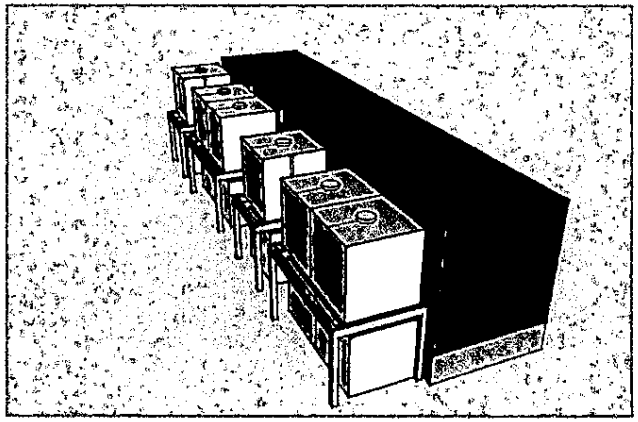


Ruby Hydrokinetic Turbine
Alaska Center for Energy & Power

Example of EETF Project

- Cordova Electric Cooperative: "Biogas digestor" technology
  - Widespread in India and China.
  - Microbes naturally break down organic feedstock to produce methane. Can be used for heating & cooking.
  - Will test use of various cold-loving microbes and compare efficiency for household scale projects.
  - Digestors could be used as a local, renewable energy source for Alaskan homes.

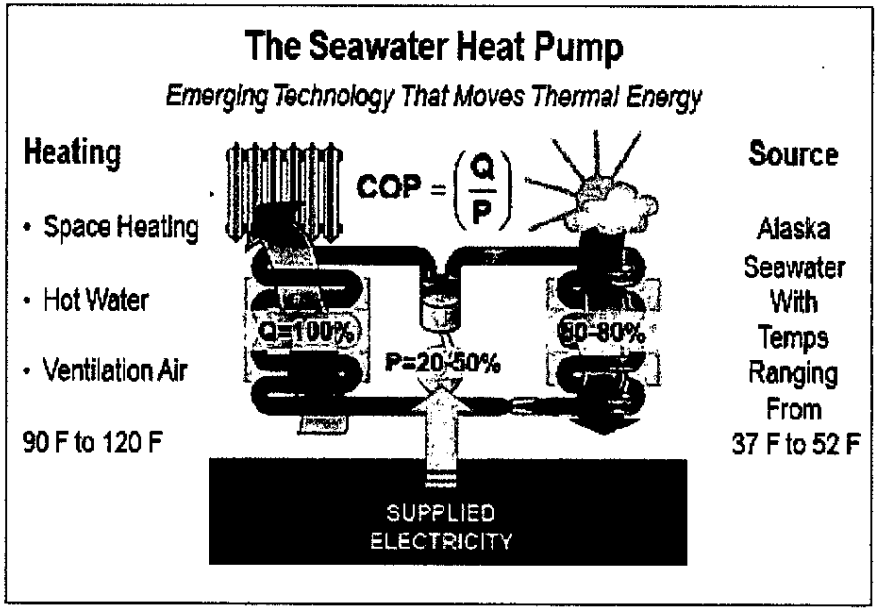




Source: freewheelings.com

Example of EETF Project

- **Alaska SeaLife Center: Seawater Heat Pump**
- **Will pump seawater through a heat exchanger containing antifreeze which will boil and vaporize a refrigerant into a pressurized compressor.**
- **The condensed heat circulates into building at 120 degrees F.**
- **Technology successfully deployed in Norway and Sweden.**



Source: Denali Commission

Renewable Energy Tax Credit

(Sections 20 & 21)

- Encourages investment by the private sector in renewable energy
- Supports the goal of generating 50% of electricity using renewable by 2025
- 25 states offer renewable energy corporate tax incentives; 5 states and the federal government offer production tax credits
- Only accrue once a project is in operation
- 15% tax refundable credit based on sales
- Capped at 10% of capital investment
- Sunsets January 1, 2018

Renewable Energy Tax Credit

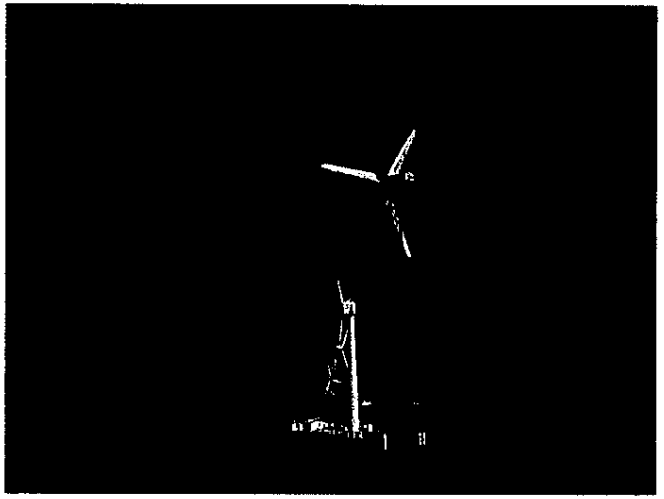
(Sections 20 and 21)

- **Calculating the credit, what do we need to know?**
  1. **What is the capital cost?**
  2. **What state/federal grants did the project receive?**
  3. **What is the cost per kilowatt-hour?**
  4. **What is the capacity factor?**

Remember:

- **There are 8760 hours in a year.**
- **1 Megawatt/hr = 1000 Kilowatt/hrs**
- **$.01 KW/hr = $10 MW/hr**

RETC: An Example



- A 5 MW Wind Farm
- CAPEX: $23.5 million
- Grants:
  - $2 million federal grant
  - $3.5 million renewable energy grant fund
- Capacity Factor: 20%
- Cost per KW/hr: $.38

RETC: An Example

- **Step 1: Calculate gross electricity sales**
  - 5 MW/hr x 8760 hrs/yr x 20% capacity factor = 8760 MW/yr
  - 8760 MW/yr x 1000 KW/MW x $.38 KW = $3,328,800 year
- **Step 2: Calculate the annual credit**
  - $3,328,800 x 15% = $499,320
- **Step 3: Calculate the total allowable credit**
  - CAPEX = ($23.5 mm - $2 mm - $3.5 mm = $18 mm) x 10% = $1.8 mm
- **Step 4: How does it work in practice?**
  - Year 1: $499,320 Year 2: $499,320 Year 3: $499,320
  - Year 4 ($1.8 - [$499,320x3]): $302,040 Year 5: $0

RETC: Transferable vs. Refundable

- **Transferable credits are:**
  - Approved by the Department.
  - Must be marketed and purchased.
    - Broker fees and demands of purchaser means less than full credit goes to the person receiving the incentive.
  - The cost to the state is the same. $1 in credit = $1 in forgone revenue.

- **Refundable credits are:**
  - Subject to Appropriation.
  - 100% of credit goes to the recipient.
  - Easier to administer.

Loans to Businesses

(Sections 26-33)

- Would provide loans of up to $50,000 for alternative energy systems and energy conservation improvements.
- Businesses must be primarily owned by Alaskans. Interest rate: prime, plus 1%. Minimum of 5%.
- Money can be used for insulation, thermal windows, furnace replacement, etc... Or on energy systems which are not dependent on oil or gas.

Affordable Heating Program

(Section 35-42)

- Objectives:
  - Make program more responsive to a family's actual heating costs.
  - Increase assistance as oil prices rise, need increases & the state enjoys a budget surplus.
  - Maintain statewide eligibility.
  - Use existing administrative structure.

How LIHEAP Works

(Section 35-42)

- Benefits are calculated by multiplying each applicant's "points" by the dollar per point available.
- Points are awarded based on household income; heating degree days in household location; type and size of house; presence of children, elderly or disabled in home.

Program refinement #1

(Sections 35-42)

- Link program eligibility to price of oil.
- Oil under $150/barrel = 225% of poverty level ($62,000 for a family of four).
- Oil over $150/barrel = 250% of FPL ($69,000 for a family of four).

Program Refinement #2

(Sections 35-42)

- Link program benefits to the price of oil
  - $130/point when crude is < $75/barrel
  - $140/point when crude is $75-$100/barrel
  - $150/point when crude is $100-$150/barrel
  - $165/point when crude is > $150/barrel
- This year points are valued at $115.
- Last year, points were valued at $220, which was bumped up to $316 by a special approp.

Program Details

(Sections 35-42)

- DHSS will pro-rate payments if appropriations are insufficient to cover full program cost.
- Payments go to fuel vendors, not households.
- Individuals must apply and qualify each year.
- Current federal appropriation is $28 million.
- Current state appropriation is $5 million.
- 20,191 households currently served.

Other Provisions

- Technical assistance for municipalities regarding energy codes and efficiency standards. (S.9)
- Standard methodology for energy consumption and expense date (S. 10)
- Expands purposes of the Southeast Energy Fund (S.14)

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Other Provisions

- AEA facilitate organization and provide technical assistance for a statewide fuel cooperative (S.17)
- Develop a plan to coordinate & consolidate energy programs (S. 48)
- Study CNG vehicles (S.49)

Conclusion

- SB 220 not a panacea, but a step forward
- Proposes a variety of steps to stimulate private investment, lead by example, and promote efficiency and innovation.
- Other bills address instate gas, gas storage, gas-to-liquids, exploration incentives, O&G taxes, etc...
- Working closely with our House counterparts
- SB 220 is just a piece of the pie, leading Alaska to greater self-sufficiency and sustainability

House energy omnibus

- HB 305 = House energy omnibus bill
- House Energy Committee held extensive field hearings during the interim
- Assembled a stakeholder group
- High level of commitment to passage of a meaningful omnibus bill
- Just this week, the House unanimously passed HB 306, a declaration of state energy policy. Great 1st step.

Tools in the Toolbox

The *Alaska Sustainable Energy Act* includes a broad range of policy tools designed to attract investment in Alaska's energy sector and stimulate the economy. The programs in SB 220 fall into three basic categories: near-term, mid-term and long-term solutions.

Near Term Solutions: Plan and Assist

- **Energy Efficiency Revolving Loan Fund**: Senate Bill 220 creates a revolving loan program to fund energy efficiency improvements in public buildings. School districts, municipalities and state government will have access to the funds needed to upgrade their facilities. Based on what we have seen from the State's *Weatherization* and *Home Energy Rebate* programs, this fund will foster 1,500 to 2,000 jobs in the construction industry in Alaska. SB 220 authorizes the Alaska Housing Finance Corporation to issue $250 million in bonds to capitalize this critical new loan fund.

- **Help for Alaskan Families When Fuel Prices Soar**: SB 220 links benefits from the state's Heating Assistance Program to the price of oil, providing additional assistance to low-income families when fuel prices are high, Alaskans need help the most, and the state enjoys significant surpluses. This program is a supplement to the federal Low-Income Heating Assistance Program (LIHEAP).

- **Retrofit State Buildings:** Just like a person's home, state buildings can be made more energy efficient. Currently, the State of Alaska alone (not counting schools) spends roughly $55 million per year on heating and lighting its buildings. Energy efficiency improvements can save 20% in energy costs, which could translate to more than $10 million in savings per year. SB 220 requires the Department of Transportation and Public Facilities to prioritize which buildings to fix first and to construct any new buildings to high efficiency standards. It also mandates that renewable energy systems be considered when constructing new public works projects.

- **Energy Policy for Alaska**: SB 220 adopts an energy policy for Alaska, including the goal to increase energy efficiency by 15% and generate 50% of the state's electricity using renewable energy sources by 2020.

- **Statewide Fuel Cooperative**: Many rural communities struggle with crippling fuel costs. SB 220 directs the Alaska Energy Authority to work with interested communities to establish a fuel coop that will facilitate bulk purchases, lowering costs especially for small communities.

- **Coordinate and Consolidate State Energy Programs:** SB 220 asks the Governor to evaluate how best to coordinate the State's energy departments and programs in order to avoid duplication of efforts. The Governor is directed to provide a plan to the legislature by November of 2010.

- **Purchase Energy Efficient Vehicles and Equipment**: SB 220 mandates that the state consider long-term energy costs when purchasing vehicles for its fleet and equipment for its operations. It also requires the state to study the feasibility of using compressed natural gas to power vehicles in Alaska.

- **Public Education Campaign**: SB 220 tasks the Alaska Energy Authority and the Alaska Housing Finance Corporation (AHFC) with educating Alaskans about low-cost ways they can cut their energy consumption and costs. Using energy more efficiently helps not only individual households, but also assists the state in containing the cost of new power generation facilities. In addition, the bill directs the AHFC to provide technical assistance to municipalities interested in adopting local energy codes.

Medium Term Solutions: Incentivize Investment

- **Renewable Energy Tax Credit:** Several states have passed renewable energy tax credits to encourage investment in renewable energy resources. SB 220 provides a refundable tax credit to investors to encourage private sector investment in Alaska's renewable energy sector.

- **Loans to Businesses for Energy Conservation Improvements**: Alaska already provides loan programs to households for energy improvements. SB 220 includes loans of up to $50,000 for businesses to enable investments in energy efficiency. This program will help primarily small businesses get access to the capital they need to make investments that will save money and encourage economic development.

- **Nuclear Energy:** SB 220 levels the playing field for nuclear energy projects in Alaska, ensuring that as new technologies are developed, Alaska can consider them alongside other options. It also enables proponents of small-scale nuclear energy projects to apply for funding from the state's Power Project Fund.

- **Southeast Energy Fund**: SB 220 expands the purposes for which this fund may be used, providing an improved mechanism for constructing generation and transmission projects in Southeast Alaska. Many communities in the region are still powered by high-cost diesel systems, despite the region's enormous hydropower potential.

Long Term Solutions: Innovate

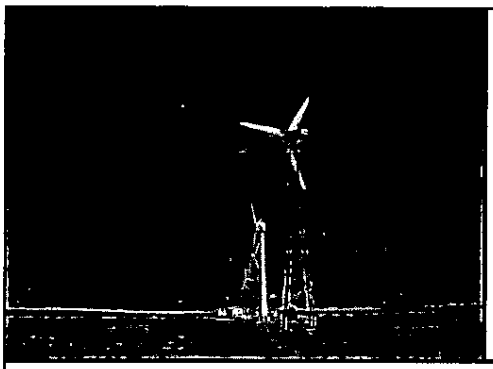
- **Emerging Energy Technology Fund (EETF)**: With the high cost of energy in many of our communities, Alaska provides a unique opportunity for innovation. The *Alaska Sustainable Energy Act* would create a fund that would provide grants for testing energy technologies in Alaska. The EETF would foster innovation and enable Alaskans to develop solutions to our energy challenges in Alaska; creating high-tech jobs and spurring investment in our economy.

Fact Sheet for the Renewable Energy Refundable Tax Credit

Senate Bill 220: 26-LS1197\D Sections 20 & 21

Prepared By: Michael Pawlowski, Aide Senator Lesil McGuire

Production tax credits have been used by the federal government and other states to encourage the development of electricity from renewable energy sources. Unlike grants or other incentives offered during the design and construction phases, production credits only accrue to a project when it begins generating electricity. This attribute makes production tax credits an attractive incentive mechanism. The *Alaska Sustainable Energy Act* (Senate Bill 220) offers a renewable energy refundable tax credit as policy alternative to encourage investment in renewable energy in Alaska. This fact sheet is intended to provide an explanation of how the refundable credit is calculated. The projects selected are for illustrative purposes only and do not represent actual projects. Data for the calculations were taken from potential projects identified in the *Alaska Energy Report* prepared by the Alaska Energy Authority and available online.



Example 1: A 5 MW Wind Power Plant

Capital Cost:	$23.5 million
Installed Capacity:	10%
Kilowatt-Hours/yr:	4,380,000
KwH Charge:	.63 cents
Grants:	$3.5 million Renewable Energy Fund $2 million Federal

Step 1: ***Calculate the base credit***: 15% of the electricity sold.

.63 cents x 4,380,000 kilowatt-hours/year = $2,759,400 in gross sales of electricity.

$2,759,400 per year x 15% credit rate = $413,910 annual refundable credit

Step 2: ***Calculate the total allowable credit***: 10% of CAPEX (excluding grants)

CAPEX: $23.5 million - $3.5 million REF - $2 million in federal = $18 million

Allowable CAPEX of $18 million x 10% = allowable cap of $1.8 million.

Step 3: ***In Practice:*** the credits are available for 5 years subject to the cap for CAPEX:

Base Credit: $413,910 over 5 years = $2,069,550 but maximum = $1.8 million

Year 1: $413,910 : Year 2: $413,910 : Year 3: $413,910 Year 4: $413,910

Year 5: **$144,360** ($1.8 million - $1,655,640 [$413,910 x 4])

Total Renewable Energy Refundable Tax Credit: **$1,800,000**

DSIRE

Database of State Incentives for Renewables & Efficiency

North Carolina Solar Center

IREC

Financial Incentives for Renewable Energy

State	Personal Tax	Corp. Tax	Sales Tax	Prop. Tax	Rebates	Grants	Loans	Industry Support	Bonds	Production Incentives
Federal	3-F	4-F				3-F	5-F	1-F		1-F
Alabama	1-S				2-U	1-S	1-S 1-U			1-U
Alaska						1-S	2-S			1-U
Arizona	3-S	1-S	1-S	2-S	6-U		1-U	1-S		
Arkansas					1-U		1-U			
California				1-S	6-S 38-U 2-L		2-S 1-U 2-L			1-S 2-U
Colorado			2-S 1-L	2-S	9-U 1-L	1-S 1-L	1-S 3-U 1-L			
Connecticut			2-S	1-S	3-S 2-U	2-S	2-S 1-P	2-S		
Delaware					1-S	2-S				
Florida		2-S	2-S		1-S 10-U 1-L		1-S 5-U	1-L		2-U
Georgia	1-S	1-S	1-S		1-S 8-U		1-U			2-U
Hawaii	1-S	1-S		1-L	1-S 1-U		2-S 2-U 1-L	1-S		1-S
Idaho	1-S		1-S	1-S		1-P	1-S		1-S	1-P
Illinois			1-S	2-S	1-S 3-U	1-S 1-L 1-P	1-S		1-S	1-P
Indiana	1-S			1-S	1-S 4-U	1-S	1-U			
Iowa	1-S	2-S	1-S	3-S	11-U	1-S	2-S 1-U			1-U
Kansas				1-S	2-U		1-S	1-S		
Kentucky	1-S	2-S	1-S		7-U	1-S	1-S 1-L 1-P			1-U
Louisiana	1-S	1-S		1-S			2-S			
Maine			1-S		2-S	1-S	1-P			1-S
Maryland	3-S	3-S	2-S	4-S 7-L	4-S 1-L	1-S	3-S	1-S		
Massachusetts	1-S	2-S	1-S	1-S	3-S 5-U	4-S	1-S 1-U 1-P	3-S		1-S 1-P
Michigan				2-S	2-S 3-U	2-S		4-S		1-U
Minnesota			2-S	1-S	3-S 23-U	2-S 2-U	5-S 3-U			1-S 1-U
Mississippi					4-U		1-S 2-U			1-U
Missouri		1-S			9-U		1-S 1-U			
Montana	3-S	1-S		3-S	4-U	1-U	1-S	2-S		1-P
Nebraska			1-S		2-U		1-S			
Nevada			1-S	3-S	1-S 1-U		1-S			
New Hampshire				1-S	1-S 4-U		1-S 1-P			
New Jersey			1-S	1-S	6-S	1-S	2-S 1-U	1-S		2-S
New Mexico	5-S	4-S	3-S				1-S	1-S	1-S	3-U
New York	3-S	1-S	1-S	2-S 1-L	6-S 4-U	2-S	3-S 1-L	2-S		
North Carolina	1-S	1-S	1-S	2-S	6-U	1-S	3-S 1-U			3-U 1-P
North Dakota	1-S	1-S		2-S			2-U			
Ohio		1-S	1-S	1-L	5-U 1-P	6-S	2-S 1-U 1-L	1-S		
Oklahoma		1-S			3-U		4-S 2-U	1-S		
Oregon	1-S	1-S		1-S	8-S 21-U	2-S 1-P	3-S 9-U	1-S		1-S 1-U 1-P
Pennsylvania				1-S	1-S 1-L	8-S 1-U 2-L	6-S 1-U 5-L	3-S		
Rhode Island	1-S	1-S	1-S	2-S	1-U	1-S	1-S 1-P			1-P
South Carolina	1-S	2-S	1-S		5-U		1-S 5-U			1-S 2-U 1-P
South Dakota				3-S	4-U		2-U			
Tennessee				1-S	1-U	2-S	2-S 1-U	1-S		1-U
Texas		1-S		1-S	19-U 2-L	2-S	2-S	1-S		2-U
Utah	1-S	1-S	1-S		6-U			1-S		
Vermont	1-S	1-S	1-S	1-S	1-S	2-S 1-U	3-S 1-P			1-S 2-U
Virginia				1-S	1-S		1-S	1-S		1-U
Washington			1-S		16-U	1-L 1-P	13-U	1-S		1-S 3-U 1-P
West Virginia	1-S	1-S		1-S						
Wisconsin			1-S	1-S	7-S 4-U	1-S 2-U	2-S	2-S		5-U
Wyoming			1-S		1-S 3-U		2-U			
District of Columbia					1-S					
Palau										
Guam										
Puerto Rico	2-S	1-S	2-S	1-S	5-S			1-S		
Virgin Islands					1-S	1-S	1-S			
N. Mariana Islands										
American Samoa										

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Totals	39	39	37	61	335	69	159	35	3	57

F = Federal S = State/Territory L = Local U = Utility P = Private

Energy Conservation Pilot School Report

By Jon Paxton
January 30, 2010

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Introduction

One of the purpose is to educate how to save energy by changing habits and to be more aware of energy saving. The pilot schools were identified by having larger usages of electricity or gas then the average school. In the summer of 2007 the schools are Baxter Elementary, Creekside Elementary, Muldoon Elementary, Ptarmigan Elementary, Senic Park Elementary, Taku Elementary, Service High, Aquarian Charter, and Benney Benson Charter were selected to be the pilots.

This program provides the principles of these schools with a binder of information. The information that was included was energy saving tips that consists of low cost, no cost ideas, and tables for electricity and gas usages for each month from January 2002 to July 2009. The tables have current five year average, 2007 five year average, and the difference between them.

The analysis used the breakdown of the monthly electrical and gas usages, the difference between the five year current and the 2007 five year. Another investigation considered the square footage of the school and the degree days. Degree days are difference be between the building and the outside temperature then for the month the differences are added together. The square footages were obtained from the Ten-Year Capital Improvement Plan.

Analysis

For the energy usage tables that were provided to the principles the calculations were.

The current five year average was calculated by;

For each month (current+2008+2007+2006+2005)/5

The 2007 five year average was calculated by;

For each month (2006+2005+2004+2003+2002)/5

The difference was calculated by;

For each month (Current five year average- 2007 five year average)

The tables containing the degree day and the square footage calculation for the energy usages are.

For each month (usage/(square footage x degree days))

Percent Difference for 5 year average to 2007

For each month ((2007-5 year average)/ 5 year average) x 100

Percent Difference for 2007 to 2008

For each month ((2008-2007)/2007) x 100

Percent Difference for 2007 to 2009

For each month ((2009-2007)/2007) x 100

These calculations were used to find how efficient the school is in the usage of the electricity and gas. The degree days help to take into consideration the outside temperature. The square footage brings the schools to a usage per foot. The five year averages take into consideration variations in usage. The difference between the current

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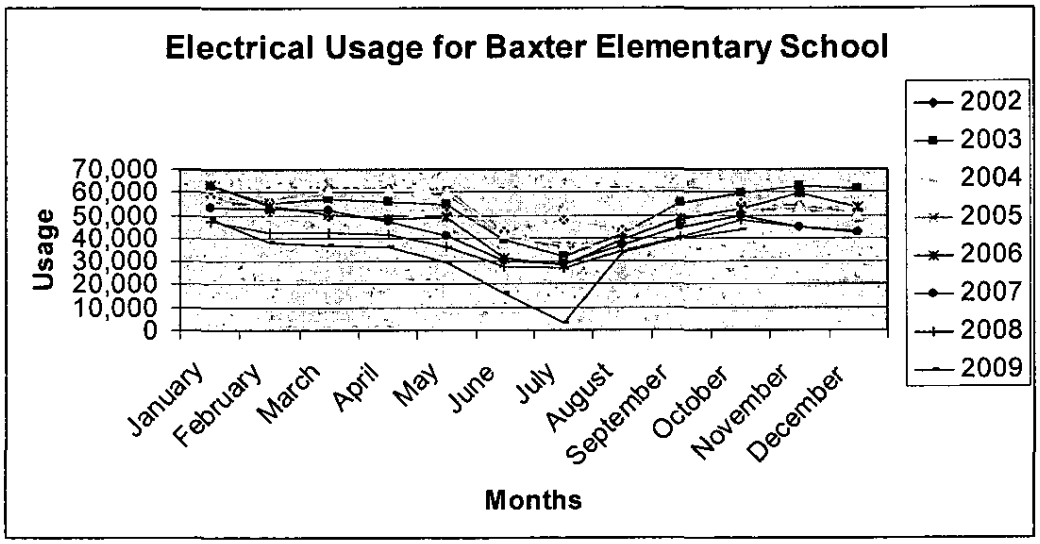
and the 2007 averages will show if there has been an improvement. The percent difference between the five year average, 2008, and 2009 to 2007 (this is the base year) will show if there has been an improvement.

Baxter Elementary

Baxter Elementary School has shown significant improvement in both electrical and gas usages. The largest difference between current five year average and the 2007 five year average in electricity was in May. The usage of electricity has show improvement over the last three years to be constant and in general lower then the year before. The largest difference for gas was in April. The usage of gas has also shown a stead decline in use over the last three years with each year being better then the one before. The month that have the most electrical and gas usage is January.

The electrical usage per square footage per degree days there was an improvement of 87% was obtained in July between 2007 and 2009 in percent difference in electricity. The months with the highest usage of electricity are July and August. For gas the largest percent difference is 32% between 2007 and 2009. The months with the most gas usage per square foot and degree days are July and August. There is a general show of decline in usage per square foot and degree days with the exception of July and August there was an increases in electricity in 2009.



Graph I Electrical Usage for Baxter Elementary School

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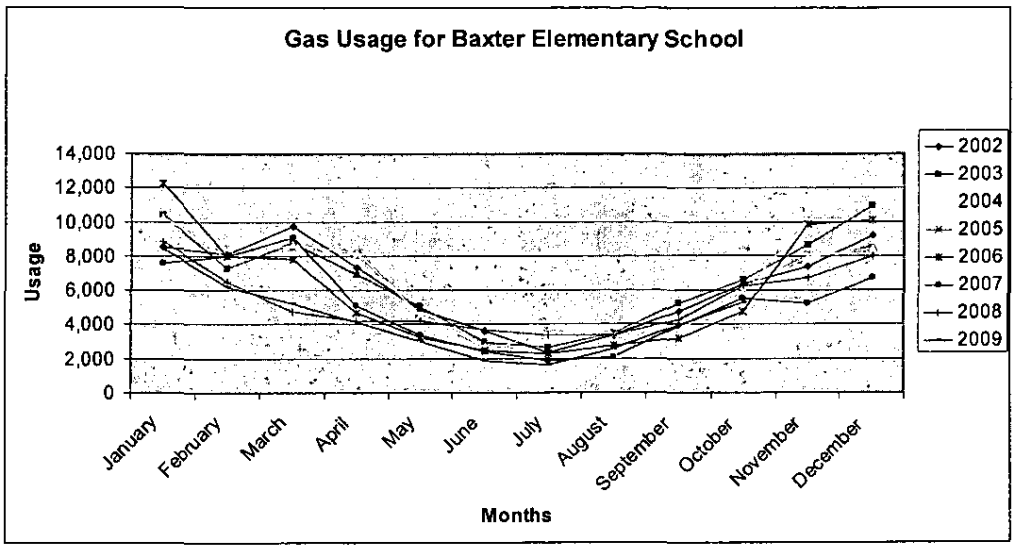

Graph II Gas Usage for Baxter Elementary School

Creekside Elementary

Creekside Elementary School has shown some improvement in electrical usage when comparing the current five year average to the 2007 five year average. In the gas comparison there was improvement and some loss. The largest electrical improvement was in June and the smallest was in April. When looking at 2009 to 2008 usage in electricity went up in January, March, April, May, and September. The gas usage shows improvement between the current five year average and the 2007 five year average for the months of January, February, March, April, October, November, and December. In the months of May, June, July, August, and September there is an increase in gas usage in the difference between the current and 2007 five year averages. In comparing the years of 2008 and 2009 for gas usage there is an improvement in seven months of the year. The month with the highest usage for electrical and gas is January.

In the electrical usage per square footage per degree days the percent difference between 2007 and 2009 show improvement with the highest being 47% in July. The months with the highest usage per square footage per degree days are June and August for electricity. The gas usage there is an improvement for the percent difference between 2007 and 2009 for the months of March, April, May, and June, however for January, February, July, August, and September there is an increase. The months having the highest usage of gas per square footage per degree days are July and August.

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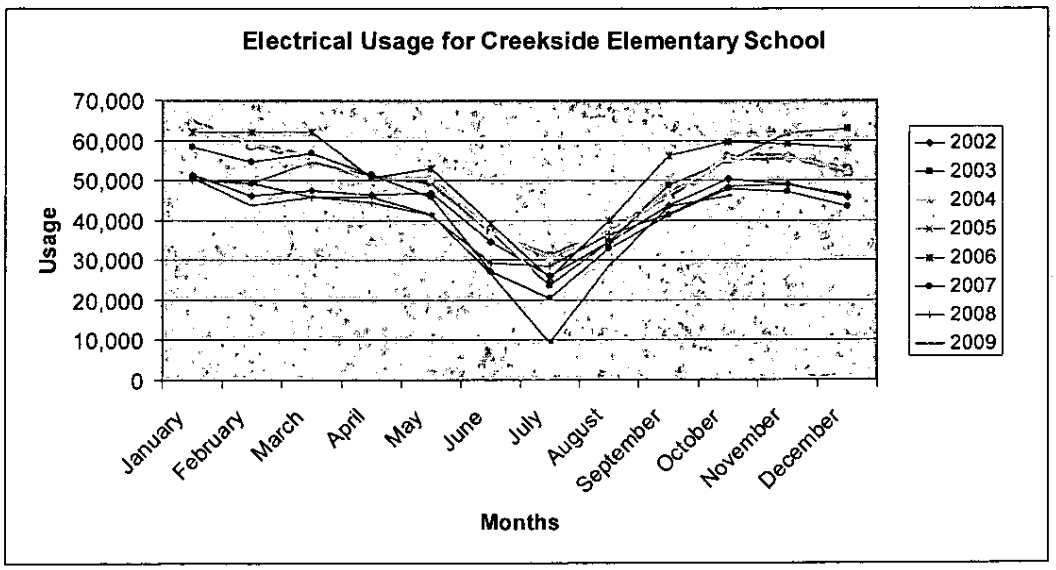
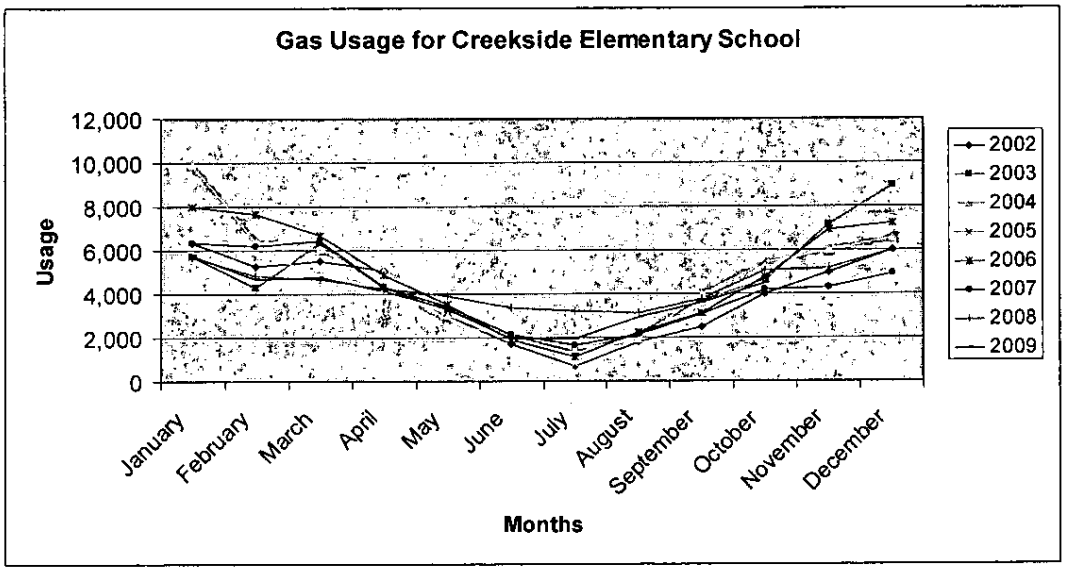


Graph III Electrical Usage for Creekside Elementary School



Graph IV Gas Usage for Creekside Elementary School

Muldoon Elementary

Muldoon Elementary School has shown an improvement in the electrical usage. The largest difference in electrical usage is in May and the second largest in June. The

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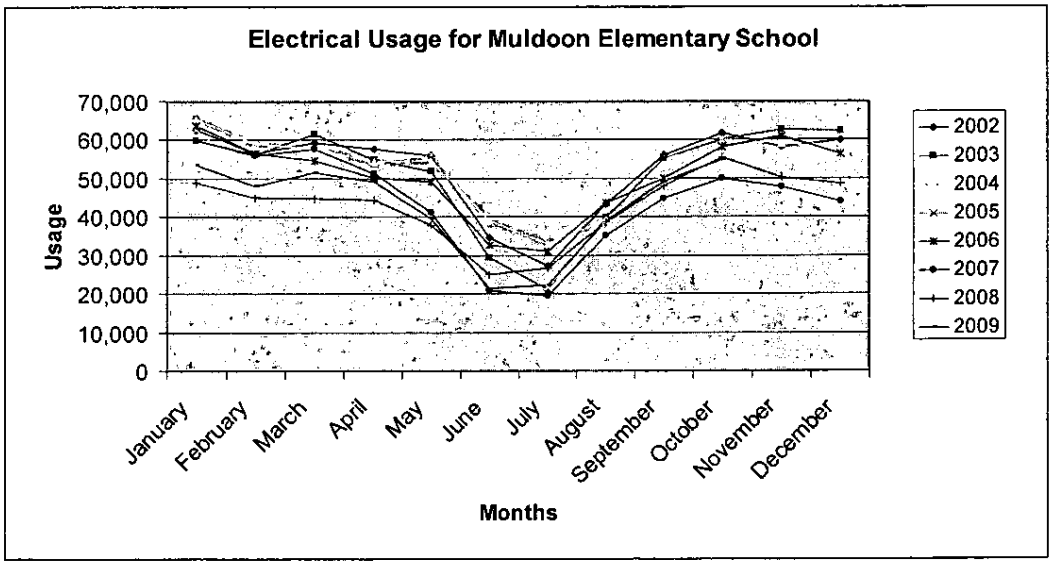
usage went up in 2009 from 2008 in March, April, May, June, July, August, and September. The months that show improvement between 2008 and 2009 are January, February, and October. The month with the highest electrical usage is January. The difference between the current and 2007 five yare averages show that there was no improvement in the gas usage. There was more gas energy used in the current five year average then the 2007 five year average. The largest gas usage is in January and the second largest is in December. There has been an increase in gas usage between 2008 and 2009.

The percent difference between 2008 and 2007 for the electrical usage per square foot per degree days in electricity show improvement except for March. In the percent difference between 2009 and 2007 for electricity show an increase in usage for May, June, July, and September per square foot per degree days. This also showed improvement in January, February, March, and August. In the usage of electricity per square foot per degree days the usage in 2009 was up from 2008. The highest electricity usages are July and August. In the gas usage per square footage per degree days shows little improvement for the percent difference between 2007 and 2009. There is an increase in usage for January, February, March, May, June, and July. The largest percent difference was in January. The months with the highest gas usage per square footage per degree days are June and July. Between the years of 2008 and 2009 the months show a decrease in March, August, and September.



Graph V Electrical Usage for Muldoon Elementary School

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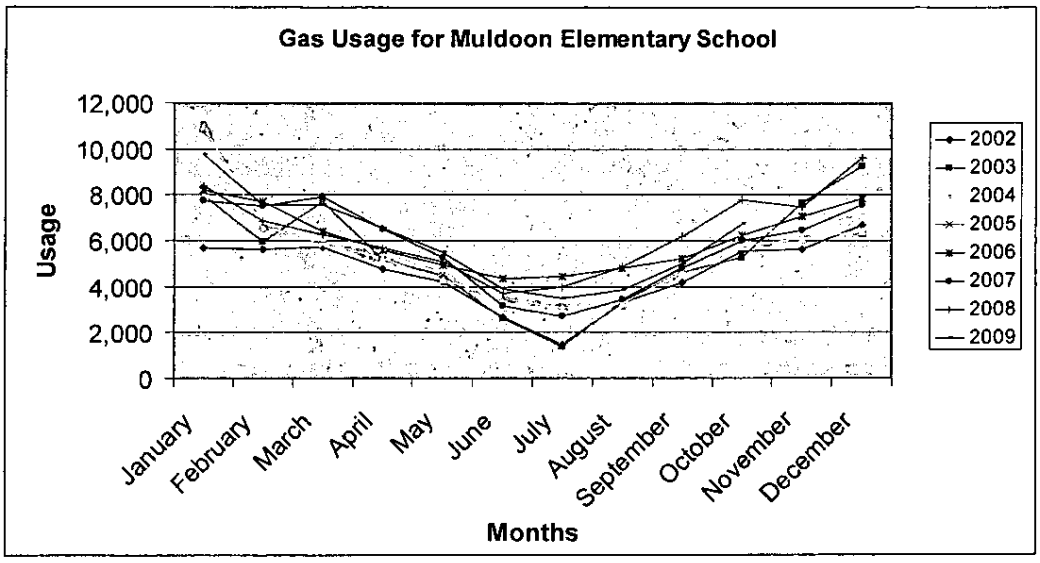


Graph VI Gas Usage for Creekside Elementary School

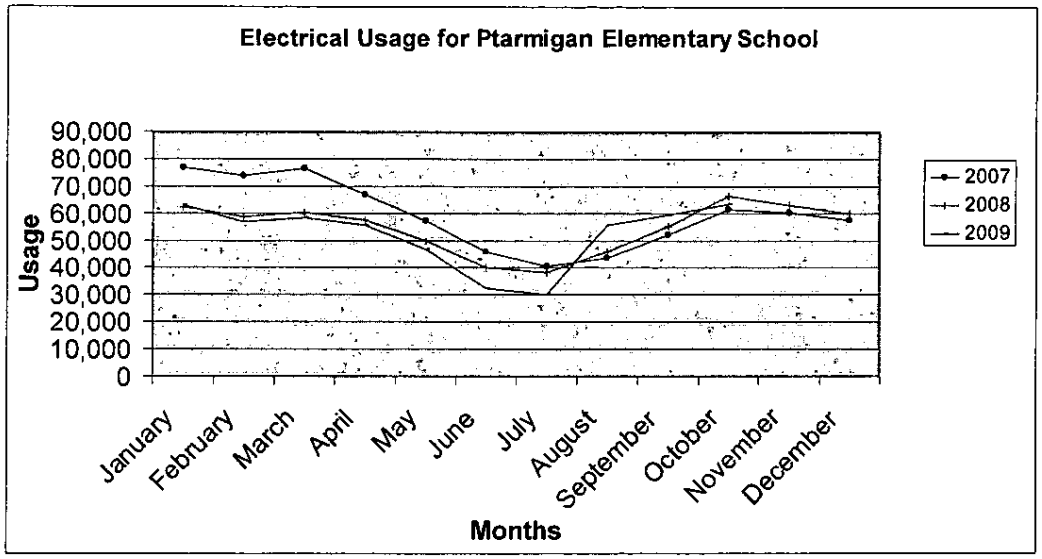
Ptarmigan Elementary

Ptarmigan Elementary School was renovated in 2004 there was an increase in square footage for the school. To account for the renovation another analysis was done. Taking the average of the usage data from September 2004 to December 2006 and comparing it to the current five year average. With this analysis for electrical there is an improvement in all the months except September where there is an increase in usage. There is a general decline in the usage of electricity between 2007 and 2009. The month of September shows an increase in usage over the year. The months with the highest usage for electricity are January and October. The gas usage there is an improvement. Between the years of 2007 and 2009 the months that show a decline in the usage of gas are January, February, May, and June. The months that have the highest usage of gas are January and February.

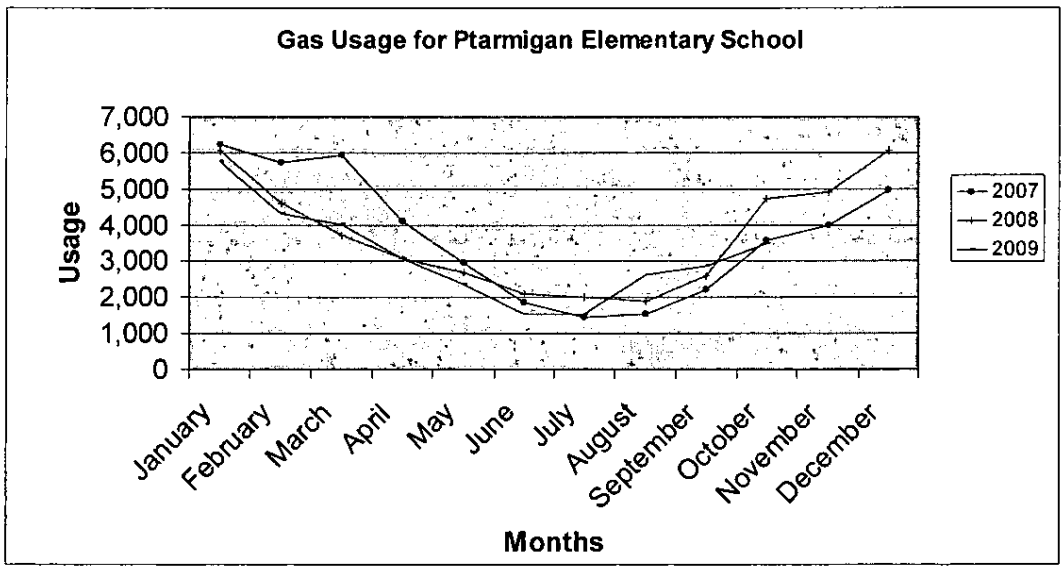
The 2002 to 2009 analysis of the usages shows improvement in electricity between the 2007 five year average and the current five year average. The months that have the highest usage in electricity are January and October. The month that shows the greatest improvement is August. The usage in gas showed an improvement for the months of January, March, May, June, July, August, September, and December in the difference between the 2007 and current five year averages. In the month of July 2003 no data on the gas usage was found. Over all the usage of gas declines between the years of 2008 and 2009, this shows improvement. The months with the highest usage in gas are January and February.

The analysis of usage per square foot and degree days the electrical usage shows improvement for the percent difference between 2009 and 2007, only September shows and increases in usage. Comparing the percent differences of 2007 and 2008 to 2007 and 2009 there was an increase in electrical usage. For the gas usage there is improvement looking at the percent difference between 2007 and 2009 except in July, August, and

September. When looking at the percent difference between 2007 to 2008 and 2007 to 2009 there was improvement in the months of January, March, and June. There was an increase of energy usage in 2009 from 2008. The months with the most usage in gas are July and August for 2009.



Graph VII Electrical Usage for Ptarmigan Elementary School



Graph VIII Gas Usage for Ptarmigan Elementary School

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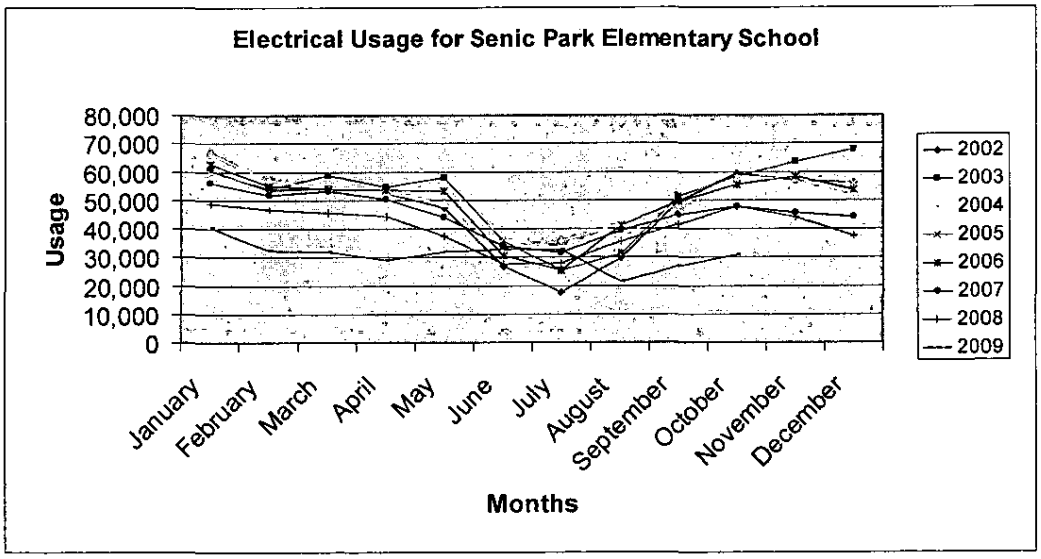
Senic Park Elementary

Senic Park Elementary School shows improvement in electrical usage when comparing the 2007 to the current five year averages. One month shows an increase in electrical usages between the 2007 and the current five year averages in July. When looking at the electrical usage between 2008 and 2009 there is a decrease in usage except in June and July. The months that have the highest usage are January and July. The gas usage show improvement as well except for February, June, July, and August when looking at the 2007 and current five year averages. Comparing the usage of gas from 2008 to 2009 there is a decrease in the usages except for January and February. The over all between 2007 and 2009 there is a gradual decrease in usage. The months with the highest usage in gas are January and February.

The usage per square footage per degree days for electricity there is improvement; however there is an increase in the percent difference of 2007 to 2009 in February and July. Comparing the percent difference of 2007 to 2008 and 2007 to 2009 there is an increase in the electrical usage per square footage per degree days in the months of February, May, June, and July. The months that have the largest usages per square footage and degree days are February, and July in 2009. The gas usage per square footage per degree days there is improvement when looking at the percent difference of 2007 to 2009 except in January. Comparing the percent differences of 2007 to 2008 and 2007 to 2009 there is an increase in January and February, all the other months there is a decrease in the usage. The months that have the highest usage in gas per square footage per degree days are July and August.



Graph IX Electrical Usage for Senic Park Elementary School

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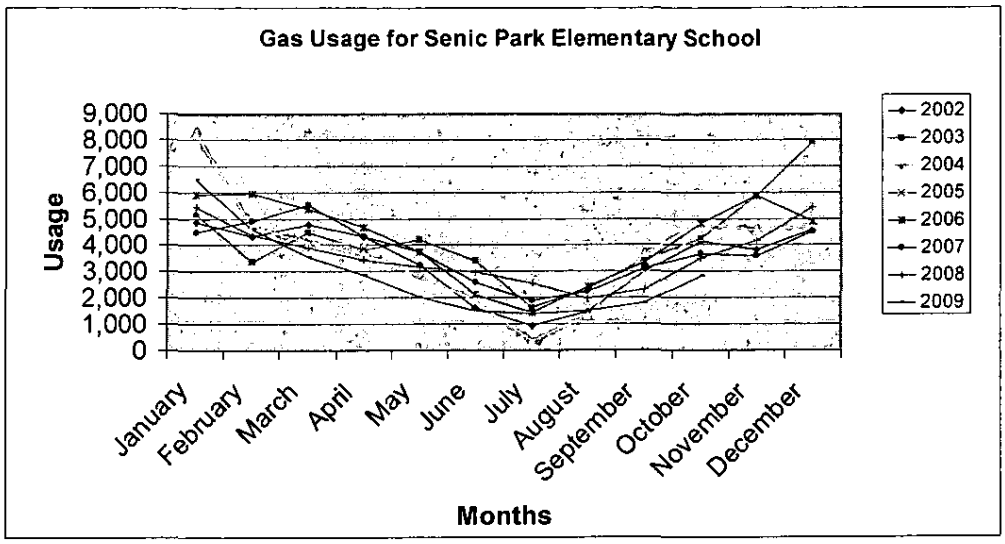

Graph X Gas Usage for Senic Park Elementary School

Taku Elementary

Taku Elementary School decreased in electrical usage between 2007 and 2008 however in 2008 to 2009 there was an increase in the usage. There was more electrical usage in the current five year average then the 2007 five year average with the exception of five months. For the months of February, May, June, July, and October there was a decrease in the electrical usage between 2008 and 2009. The months with the highest electrical usages are October and November. The gas usage also declined between 2007 and 2008 similar to the electrical between 2008 and 2009 there is an increase in the usage. Comparing the current and the 2007 five year averages there was an increase in the usages in eight of the months. The months that had a decrease in gas usage between 2008 and 2009 are May, June, July, and August. The months with the highest gas usages are January and November.

In the analysis of the electrical usage per square footage per degree days there was improvement. Comparing the percent differences between 2007 and 2008 to 2007 and 2009 a decrease in the electrical usage, however two months show an increase in the usage. The percent difference between 2007 and 2009 there is an increase in the electrical usage in March, April, and May. Comparing the percent difference of 2007 to 2008 and 2007 to 2009 one month has improved March. The other months show an increase in the usage between 2008 and 2009. The analysis for the gas usage per square footage per degree days there are three months that show improvement in the percent difference between 2007 to 2008 and 2007 to 2009. The usages decrease from 2007 to 2008 but then an increase in the usage from 2008 to 2009. The months with the highest usage of electricity per square feet and degree days are August and July in 2009. For the gas usage per square feet per degree day the months with the highest usages are September and July in 2009.

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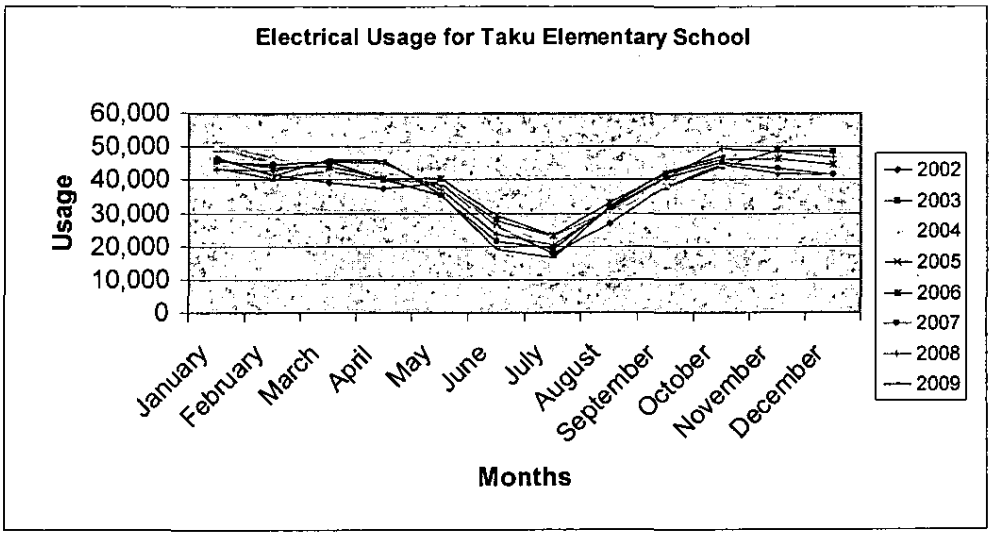
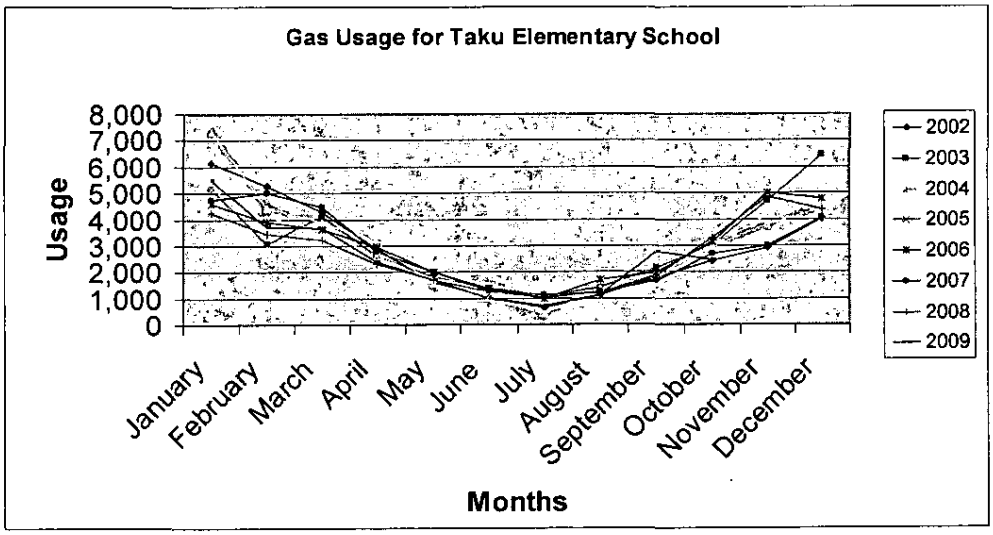


Graph XI Electrical Usage for Taku Elementary School



Graph XII Gas Usage for Taku Elementary School

Aquarian Charter

Aquarian Charter School the electrical usage shows a general decrease in usage over the three year span. Between the years of 2007 and 2008 there was an increase in electrical usage in the months of March, July, August, September, October, and December. January and August of 2009 have increase in the electrical usage compared to 2008. Comparing the 2007 and the current five year averages there is a decline in electrical usages except for July and August. The gas usage increased over the three years except in the months of June, July, and August there was a decline in the usage. There has been an increase in gas usage between the 2007 and the current five year

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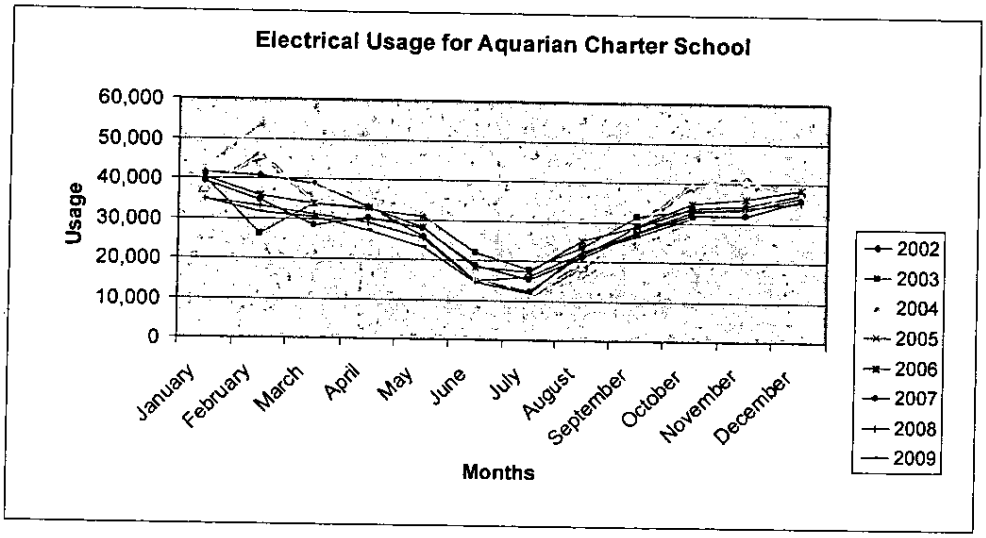
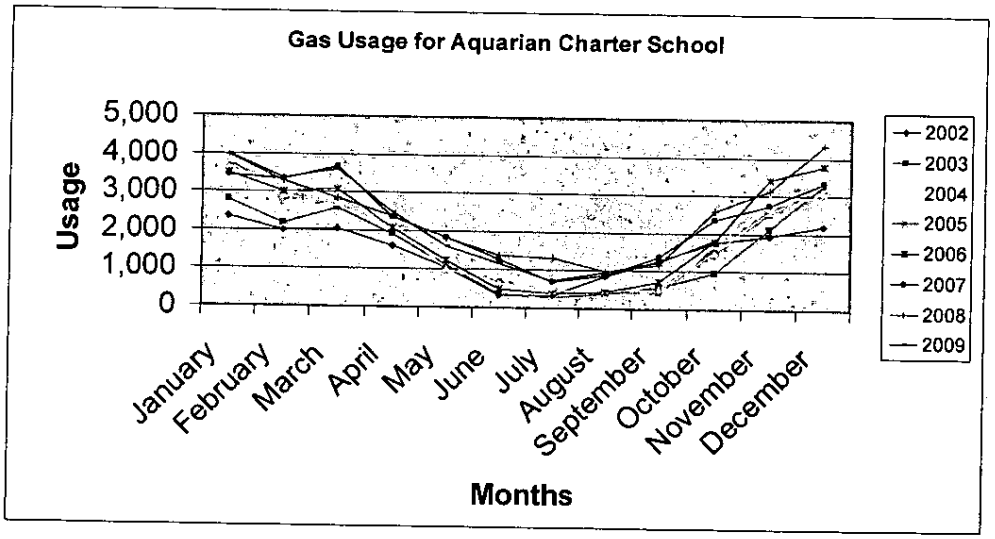
averages. The months with the highest usages are January and December for the electrical and the gas.

The electrical usage per square footage per degree days the percent difference of 2007 to 2008 and 2007 to 2009 there was improvement in January, March, April, November, and December. The months of July and August have the highest usage of electricity per square footage per degree days. The gas usage per square footage per degree days in comparing the percent difference of 2007 to 2008 and 2007 to 2009 the usage declined in four of the months. The months with the highest usage per square footage per degree days are July and August.



Graph XIII Electrical Usage for Aquarian Charter School

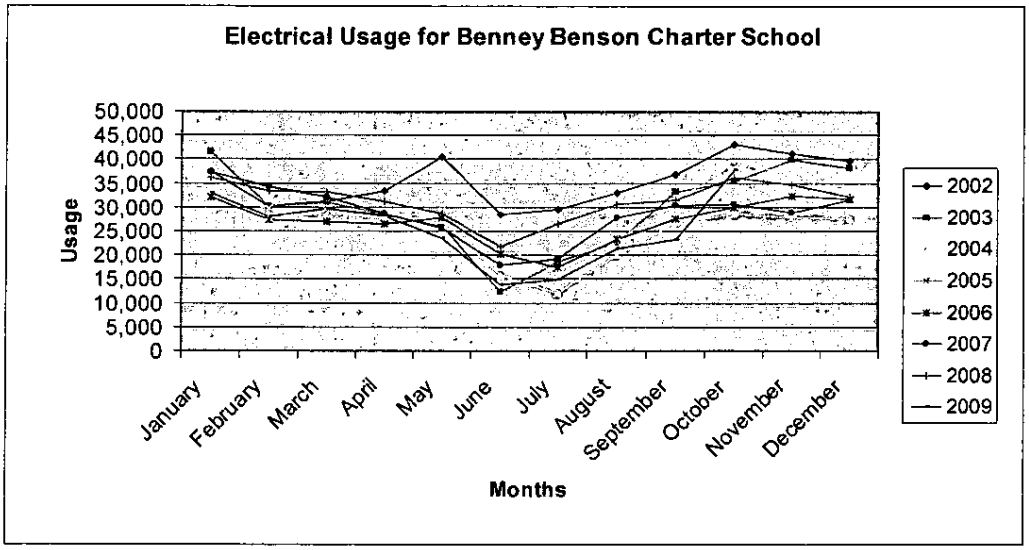


Graph XIV Gas Usage for Aquarian Charter School

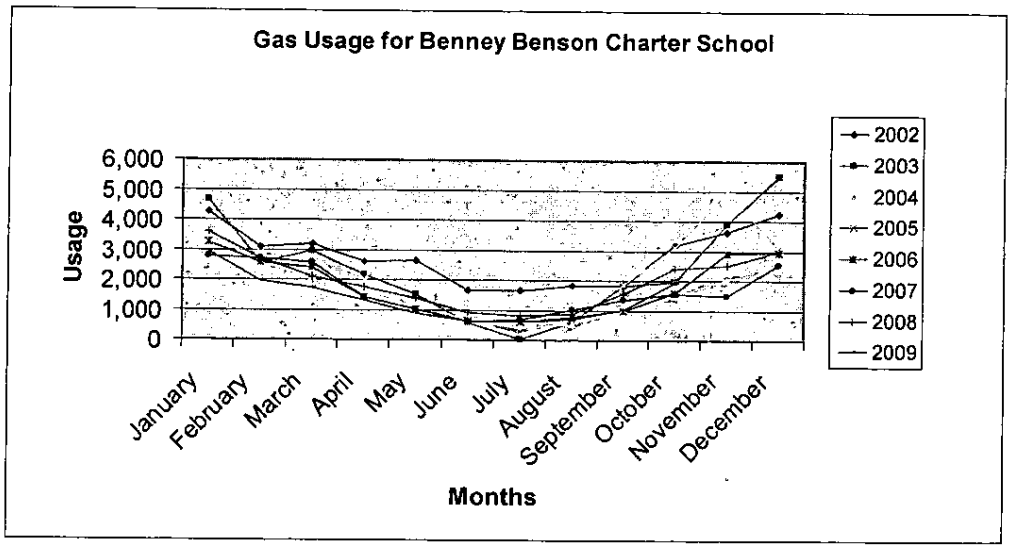
Benney Benson Charter

Benney Benson Charter School shows improvement in the electrical usage over the three years. In the months of October, November, and December there was an increase of the electrical usage. Comparing the 2007 and the current five year average a decrease in eight of the months. The months with the highest electrical usages are January and October. The usage in the gas also shows a decline with November and December showing an increase in the usage. Comparing the 2007 and the current five year averages show a decline except for June and July. The months have the highest usage of gas are November and December.

The electrical usage per square footage per degree day there is a decline in the usage. Analyzing the percent difference between 2007 to 2008 and 2007 to 2009 there is an improvement of the electrical usage. The months that have the highest usage per square footage per degree day are July and August. The gas usage per square footage per degree day there is decline in seven of the months. Comparing the percent difference between the years of 2007 to 2008 and 2007 to 2009 it show seven months having an improvement. The months with the highest usage per square footage per degree days are July and August.



Graph XV Electrical Usage for Benney Benson Charter School



Graph XVI Gas Usage for Benney Benson Charter School

Service High

Service High School was renovated in 2006 there was an addition of square footage with this our usage analysis starts in July 2006. The energy usage of the pool was removed from the schools usages. The electrical usage has decreased in seven of the months. There was an increase in electrical usage in the months of January, July, August, October, and November. The gas usage shows improvement in seven of the months. There was an increase in usage in January, March, April, November, and December. The months with the highest electrical usages are March and April. The months of January and December had the highest gas usage.

The analysis with the usages per square footage per degree days also does not include the swimming pool in the usage or square footages. The electrical usage per square footage per degree days the comparison between the percent difference of 2007 to 2008 and 2007 to 2009 there was an increase in usage. Three months show an improvement over the percent difference of 2007 to 2008 in the 2007 to 2009. The months with the highest electrical usage per square footage per degree days are July and August. The gas usage per square footage per degree days shows improvement in the percent difference of 2007 to 2009 over the 2007 to 2008 percent difference in seven of the months. The months that have the highest usage of gas per square footage per degree days are September and October.

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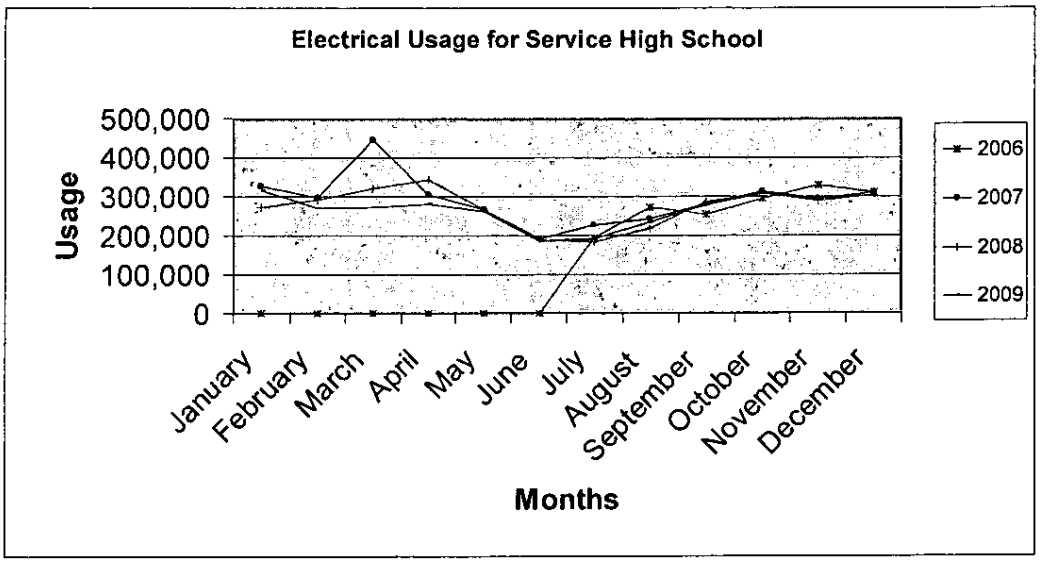
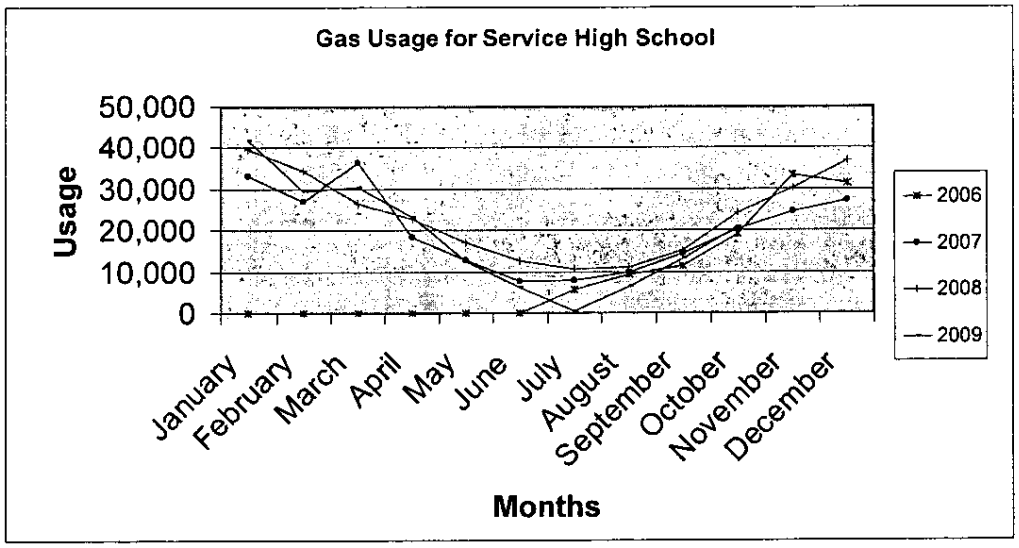


Graph XVII Electrical Usage for Service High School



Graph XVII Gas Usage for Service High School

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Conclusion

The schools in the pilot program all show improvement in at least one of the energy usages. The schools that have improvement in both electricity and gas usages are Baxter, Benney Benson, Service, and Senic Park. Ptarmigan Elementary School improved in gas and for part of the year in electricity. Muldoon and Creekside Elementary Schools improved in natural gas usage. Aquarian and Taku improved in electrical usage. The school that did not have improvement in electrical is Taku Elementary. Aquarian Charter, Creekside, and Muldoon did not have improvement in the natural gas usage.

The month with the highest usage of electricity and gas is January. The month with the highest usage per square footage per degree days in electrical and gas is July. The degree days account for the variations in temperature. The square footage removes if the school was renovated during the analysis time period.

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Emerging Energy Technology Grant

Highlights of the Denali Commission EETG

Overview

In June of 2008, the Denali Commission (Commission) released a unique public solicitation entitled the Emerging Energy Technology Grant (EETG). This competitive solicitation, with a total funding opportunity of $4 million, targeted alternative and renewable emerging energy technology proposals from Alaskan applicants. In total, 50 applicants applied to the first round of the solicitation, requesting over $29 million in funding. Of these proposals, 15 were selected for a second round review, with nine proposals eventually being selected for awards.

Highlights of the EETG

The Denali Commission

Introduced by Congress in 1998, the Denali Commission is an independent federal agency designed to provide critical utilities, infrastructure, and economic support throughout Alaska. With the creation of the Denali Commission, Congress acknowledged the need for increased inter-agency cooperation and focus on Alaska's remote communities. Since its first meeting in April 1999, the Commission is credited with providing numerous cost-shared infrastructure projects across the State that exemplify effective and efficient partnership between federal and state agencies, and the private sector.

Development of the EETG

The development of the EETG came from a host of identified needs and gaps in funding availability in Alaska. In particular, the Commission identified that:

- There is no established mechanism within Alaska to fund emerging energy technology projects.
- There is no established mechanism within Alaska to partner with national incentives for emerging energy technology.
- Emerging energy technology is a vital step to the future development of energy independence.
- Emerging energy technology and demonstration projects have a high associated risk of failure, limiting venture capital, loans, or other means of private investment.
- Alaska's bountiful renewable and alternative energy resources, combined with the acute energy needs of Alaskan communities and accompanying economics, provides a great opportunity for energy technology demonstration.

By nature, emerging energy technology carries must risk for investment. Much focus, therefore, was given to data analysis, collection, reporting, and "lessons learned" for each project, with results being made available to the public. This information will be invaluable for future energy project development, regardless of success or failure of a specific project.

It was intended that the Commission funding would provide seed funding, establishing partnerships, momentum, and a track record for future iterations of the solicitation, or similar funding opportunities.

SB150

On the State side, there is much movement towards the development of an emerging energy technology fund. Indeed, proposed legislation, Senate Bill 150 (SB150), provided much of the policy framework of the EETG. Specifically, SB150 "...creates a funding mechanism and designates an administrating agency for a competitive grant program aimed at funding projects designed to research and test new energy technologies. It establishes the Emerging Energy Technology Fund (EFFT) to be administered by the Alaska Center for Energy Power, the University of Alaska agency whose mission is to meet state, industry, and federal demand for applied energy research in order to lower the cost of energy throughout Alaska and develop economic opportunities for the state, its residents, and its industries."[1]

As of 04/06/09, SB150 has been referred to the Senate Finance Committee, and awaits further action once the legislature resumes.

Eligibility

The intended focus of the EETG was on (1) research, development, or demonstration projects designed to (a) test new energy technologies or methods of conserving energy or (b) improve an existing energy technology; and (2) applied research projects that employ energy technology with a reasonable expectation that the technology will be commercially viable in Alaska in not more than five years. The EETG sought to develop emerging alternative and renewable energy technology that had the potential of widespread deployment in Alaska, and that had the potential to reduce energy costs for Alaskans.

The eligibility requirements of this solicitation were intentionally kept simple and included 1) applicants must meet Commission due diligence and reporting criteria[2], and follow Commission policies[3], 2) eligible projects must primarily focus on alternative or renewable energy and meet the intended funding use, and 3) eligible applicants include: an electric utility holding a certificate of public convenience and necessity under AS 42.05; an independent power producer; a local government, quasi-governmental entity, or other governmental entity, including a tribal council or housing authority; a business holding an Alaska business license; or a nonprofit organization.

For the purposes of defining eligible project scopes, the following definitions were used:

- "**Energy Technology**" means technology that promotes, enhances, or expands the diversity of available energy supply sources or means of transmission, increases energy efficiency, or reduces negative energy-related environmental effects. "Energy Technology" includes technology related to renewable sources of energy, conservation of energy, enabling technologies, efficient and effective use of hydrocarbons, and integrated energy systems.
- "**Renewable Energy**" means energy derived from wind, solar, geothermal, hydrothermal, wave, tidal, river in-stream, or hydropower; low-emission nontoxic biomass based on solid or liquid

[1] Sponsor statement from of the office of Senator Lesil McGuire

[2] Required due diligence material included: a) Authorization to Request Federal Tax Information, b) Verification of the current business license (if applicable), c) Verification of insurance (if applicable), d) Verification of worker's compensation or occupational health and safety.

[3] http://www.denali.gov/images/announcements/denali20commission20policy20document2011-18-08.pdf

organic fuels from wood, forest and field residues, or animal or fish products; dedicated energy crops available on a renewable basis; or landfill gas and digester gas.

- "**Alternative Energy**" refers to (1) energy derived from nontraditional sources or the utilization of traditional sources in a new or unconventional manner; (2) the supplementation, integration, or alteration of an energy system with a new or unconventional process that is not typically reliant on traditional fossil fuels.

Process

Project applications entered a competitive two-round selection process with a review committee of technical and industry experts making selection recommendations to the Commission. In the first round, applicants submitted an abbreviated four-page project proposal summary. The review committee reviewed the proposal summaries and created a short list of applicants for second round consideration. In the second round, selected applicants submitted a robust project proposal and were also required to give a 15 minute presentation, subject to a question-and-answer period by the review committee. Final project selections were made after the second round.[4]

Partnerships

The intent of this solicitation was cross-cutting and had wide appeal with various funding entities within Alaska and nationally. For this solicitation, the following were partner entities:

- Alaska Energy Authority
- Alaska Industrial Development and Export Authority
- Alaska Power Association
- Denali Commission Energy Advisory Committee
- Denali Commission Energy Program Staff
- National Energy Technology Laboratory
- National Renewable Energy Laboratory

The partners to this solicitation were intentionally selected for their 1) technical expertise in energy technology, 2) their programmatic or institutional interest in developing emerging energy technology, and 3) their institutional perspective. Due to the short time frame of program development and implementation, the Commission was the sole financial backer of this solicitation; the partner entities served as members of the review committee, providing technical advice and selection recommendations to the Commission.

Program Management

The Alaska Center for Energy and Power (ACEP), an energy research group housed under the Institute of Northern Engineering at the University of Alaska, Fairbanks, is serving as the program manager of the solicitation, and was not involved in the proposal review or selection process. As the project proposals deal with emerging energy technology and by nature are high risk, high reward, ACEP's technical

[4] This selection process of multiple rounds and presentations is based on a process previously established by the Arctic Energy Technology Development Laboratory (AETDL)

knowledge and objective academic management of the projects, specifically for data collection, analysis, and reporting, is a vital component to the intent of the solicitation, i.e., providing lessons learned and recommendations.

EETG Results

Trends

One overall trend emerged from this solicitation: many of the proposals featured a technology area that has limited funding opportunity, and for other reasons than the technology being an emerging energy technology. Such areas included:

- Waste and energy (solid waste, biomass, other waste, etc.)
- Alaskan applications of proven international technology
- Electric vehicles for rural and Arctic applications

A similar trend was that several applicants, not the technologies, had limited opportunity for funding. For example, the Seward Sealife Center is an aquarium and is restricted from many federal grants, including federal stimulus opportunities.

First Round Results

Response to the solicitation was extremely positive, with 50 applicants submitting a first round proposal. The total requested funding from the first round was $29.5 million. Of these 50 applicants, 16 were selected for the second round. One applicant withdrew their proposal just prior to the second round deadline, leaving 15 applicants for second round consideration.

Second Round Results

15 applicants submitted a robust project proposal for second round consideration. Total funding requested was $8.5 million, with total project costs equaling $17.9 million. The $9.4 million in cost share was made up of in-kind, cash, and other grant contributions.

Of these 15 finalists, 9 were selected for grant awards. The results are as follows:

2009 EETG Grantee	Project Summary
Cordova Electric Cooperative	Psychrophiles for Generating Heating Gas
Kotzebue Electric Association	Feasibility of Solar Hot Water Systems
Kotzebue Electric Association	Flow Battery Energy Storage Systems
Kotzebue Electric Association	Wales Diesel-Off High Penetration Wind System
ORPC Alaska LLC	Nenana Hydrokinetic Turbine
Sealaska Corporation	Commercial Scale Wood Pellet Fired Boiler
Seward Sealife Center	Seawater Heat Pump Demonstration Project
Tanana Chiefs Conference	Organic Rankine Cycle Heat Recovery System
University of Alaska, Fairbanks	High Penetration Hybrid Power System

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Emerging Energy Technology Grant

Lessons Learned from the Denali Commission EETG Solicitation

Emerging Energy Technology Grant

FAQs

How is the EETG different from the ....

Is the EETG just for renewable energy projects?

10/19/09

DRAFT

State Energy Policy and Program Recommendations

This document was created by the chairs of the Alaska State Senate Resources and Energy Committees, Senator Bill Wielechowski and Senator Lesil McGuire.

October 19, 2009

Dear Alaskans,

When oil hit $147 a barrel, the state's coffers overflowed, but Alaskans felt the pain of the highest gasoline and heating oil costs in the nation. With all our tremendous resources, we're facing natural gas shortages in Southcentral, businesses are closing their doors because of the price of energy, and some rural Alaskans are leaving their communities because they can't afford to heat their homes and keep their lights on. Members of the Senate Resources and Energy Committees have heard the urgent calls of Alaskans for help, and we've been working this past summer to find long-term solutions to many of the energy issues that have plagued Alaska for years.

In May, we traveled to Ruby, where we saw an experimental turbine in the Yukon River that works like a fish wheel and generates electricity. In Tanana, we saw people gathering hundreds of cords of drift wood from the Yukon to burn in an ultra-clean and efficient boiler to heat water and public buildings. At Chena Hot Springs, we were inspired by owner Bernie Karl, who generates electricity from geothermal wells in a project experts said could never be built. And on Kodiak Island we saw fish waste turned into biodiesel and a village that has cut its fuel use in half by ensuring that its power generation systems are efficient.

Alaskans are innovative people. As we look for way to address our energy challenges, we'd like your input. What's the best way to solve our gas shortage in Cook Inlet? How can we lower energy costs in rural Alaska and the interior? How can we take better advantage of hydro and tidal resources in Southeast?

This draft report is a compilation of the ideas and recommendations we've heard to date. As we consider these ideas, we want to hear your views about the recommendations presented here and those we've missed. To make this easier, we've set up a web site at www.energy.aksenate.org to let you know about our progress and to take your comments. What is your vision for Alaska's energy future? And how can we get there? Working together we can ensure all Alaskans have affordable and reliable energy now and in the future.

Bill Wielechowski

Senator Bill Wielechowski
Co-chair, Senate Resources Committee
Member, Senate Energy Committee

Senator Lesil McGuire
Co-chair, Senate Resources Committee
Chair, Senate Energy Committee

Introduction

Alaska is blessed with abundant energy resources, including oil, natural gas, and coal. We also have considerable, largely untapped renewable energy resources -- from ocean, wind and solar energy to geothermal, hydro and biomass. Yet, despite this wealth in resources, we are a vast, largely undeveloped state with a relatively small population. Unlike most of the Lower 48, many of our communities are not connected by roads or electrical grids. Most communities generate their own power and fuel is transported to them at great expense. Lack of infrastructure and high cost impede Alaska's development, even as we enjoy vast energy reserves.

Alaska faces many challenges. We rank 1st among the 50 states in terms of our energy consumption per capita and the prices we pay for energy are among the highest in the nation. In July 2009, the mean price for gasoline in 99 Alaska communities surveyed was $5.37 per gallon, with some communities paying up to $10/gallon. Alaskans pay 50% more for electricity than the U.S. average. And heating fuel costs are more than double the national average. To make matters worse, these costs are growing. In 2000, low-income households in remote, rural communities spent 16% of their income on energy. By 2008, this had grown to 47%.

Ensuring that energy is supplied in a reliable fashion is also a challenge. If freeze-up comes early and barge travel is blocked, fuel may not be delivered to a village on the brink of running out. If the generators in a remote community fail, power can be out for days. Even Alaska's largest city faces the prospect of natural gas shortages this winter, which could result in rolling black-outs and the need to cut back on home heating.

Meeting these challenges will be expensive. Building a small diameter in-state gasline or "bullet line" to deliver North Slope natural gas to the Interior and Southcentral could cost in excess of $4 billion. Constructing the proposed Susitna hydroelectric plant could cost $16 billion or more. And ensuring that communities have adequate bulk fuel storage and efficient generators could cost hundreds of millions of dollars.

The purpose of this document is to lay out some ideas for how Alaska can move forward towards greater energy independence and more affordable, reliable energy supplies over the long-term. Progress in this arena is necessary for the survival of Alaska's remote villages and unique cultures, for the health of Alaska's larger, more urban communities, and for the economic well-being of the state as a whole. Alaskan businesses require affordable energy just as its families do. A robust economy with plentiful, well-paying jobs depends on reasonably priced power. Quality of life in the 21st century depends on being able to stay warm, get to one's job, and use modern appliances and technologies to their fullest extent.

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The draft recommendations in this report come from many sources – from testimony given at legislative hearings around the state, from conversations with energy experts and average Alaskans, and from taking note of the energy innovations and achievements of Alaskans. In addition, we've reviewed the energy policies and programs of others states and countries and considered which would make sense in Alaska.

The ideas presented here are just that – ideas. This document is an initial compilation of what we've heard and learned from Alaskans. They are presented here for public review and comment.

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Statewide Summary of Utilities Expenditures

(in thousands)

	Statewide Costs	
	FY09	FY10
Electricity	29,286.0	13,119.0
Water & Sewage	3,626.0	1,527.0
Disposal	2,418.0	1,165.0
Natural Gas/Propane	8,439.0	3,449.0
Heating Oil	11,998.0	5,317.0
Utilities Total Cost	**$ 55,767.0**	**$ 24,577.0**

	Electricity		Water & Sewage		Disposal		Natural Gas/Propane		Heating Oil		Total cost per year	
Agencies	**FY09**	**FY10**	**FY09**	**FY10**	**FY09**	**FY10**	**FY09**	**FY10**	**FY09**	**FY10**	**FY09**	**FY10**
Administration	1,670.0	847.0	78.0	58.0	137.0	67.0	25.0	11.0	789.0	456.0	2,699.0	1,439.0
Commerce, Community & Economic Development	14.0	-	-	-	1.0	1.0	-	-	-	-	15.0	1.0
Corrections	6,259.0	1,578.0	1,675.0	420.0	579.0	160.0	2,265.0	522.0	3,620.0	1,123.0	14,398.0	3,803.0
Education & Early Childhood Development	166.0	102.0	68.0	43.0	77.0	57.0	10.0	-	336.0	157.0	657.0	359.0
Environmental Conservation	135.0	57.0	13.0	5.0	14.0	5.0	154.0	74.0	3.0	2.0	319.0	143.0
Fish & Game	797.0	441.0	124.0	63.0	67.0	39.0	321.0	165.0	324.0	144.0	1,633.0	852.0
Governor	26.0	11.0	1.0	1.0	22.0	2.0	1.0	1.0	24.0	12.0	74.0	27.0
Health & Social Services	1,774.0	970.0	347.0	206.0	261.0	148.0	1,167.0	578.0	646.0	316.0	4,195.0	2,218.0
Labor & Workforce Development	399.0	203.0	43.0	25.0	43.0	23.0	12.0	5.0	264.0	159.0	761.0	415.0
Law	-	-	2.0	1.0	13.0	8.0	-	-	-	-	15.0	9.0
Military & Veterans Affairs	2,390.0	1,032.0	229.0	97.0	192.0	43.0	1,629.0	615.0	797.0	396.0	5,237.0	2,183.0
Natural Resources	374.0	220.0	108.0	115.0	162.0	115.0	182.0	83.0	117.0	56.0	943.0	589.0
Public Safety	820.0	366.0	88.0	42.0	52.0	28.0	72.0	26.0	469.0	212.0	1,501.0	674.0
Revenue	8.0	6.0	-		10.0	5.0	-	-	-	-	18.0	11.0
Transportation	13,652.0	6,872.0	795.0	429.0	741.0	444.0	2,324.0	1,213.0	4,433.0	2,200.0	21,945.0	11,158.0
Alaska Court System	664.0	356.0	36.0	13.0	13.0	5.0	275.0	155.0	0.0	0.0	988.0	529.0
Legislature	139.0	59.0	17.0	9.0	34.0	16.0	1.0	0.0	174.0	83.0	365.0	167.0
Total	29,287.0	13,120.0	3,624.0	1,527.0	2,418.0	1,166.0	8,438.0	3,448.0	11,996.0	5,316.0	55,763.0	24,577.0

Data as of 2/11/10

Energy Goals:

Goal 1: Ensure all Alaskans have access to reliable energy supplies at the lowest cost over the long-term.

Goal 2: Develop Alaska's energy resources in a responsible manner with the aim of providing for the economic sustainability and growth of Alaska's communities and industries.

Goal 3: Ensure continued responsible exploration and development of Alaska's oil and gas resources and manage these resources for the maximum long-term benefit of all Alaskans.

Goal 4: Reduce the dependence of Alaskan communities on fossil fuels for electricity and heat by developing our renewable and alternative energy resources and by promoting energy efficiency and conservation.

Goal 5: Strive to produce 50% renewable energy by 2025 and increase energy efficiency at the household and utility level by 10% by 2015.

Goal 6: Maintain a commitment to environmental stewardship and responsible resource development, including anticipating the environmental effects of and regulatory response to climate change.

Goal 7: Promote energy research at Alaska's universities, energy education in our public schools, and workforce development programs at our post-secondary institutions and vocational schools.

A. Powering Alaska

Alaska ranks sixth in the nation for electrical rates, with costs 50% higher than the U.S. average. Electrical costs in some Alaskan communities, such as Lime Village ($1.17), exceed a dollar per kWh before Power Cost Equalization payments are factored in. In comparison, the average cost of electricity in the United States in 2008 was $.11 per kWh. Alaska's higher costs are due, in part, to the fact that most electricity consumers outside of Alaska's major cities are not linked to large electric grids; they are instead connected to mini-grids powered by diesel generators. Statewide, about half of electricity is generated using natural gas; nearly a quarter with hydropower; 20% with diesel; less than 10% with coal; and less than 1% with other renewables. In the Railbelt, peak energy consumption is about 800MW, with power generated by six member-owned, co-op utilities. Electrical consumption is growing much faster in Alaska than in the United States as a whole.

1. **Consolidate the six existing Railbelt utilities into a single entity for the purpose of planning, financing and building future electrical generation and transmission projects with maximum efficiency.**

   Discussion: Much of the generation and transmission infrastructure in the Railbelt is aging and will need to be replaced in the near future. In a September 12, 2008, report, consultants Black and Veatch projected that "the Railbelt region will need to issue new debt between $2.5 - $8.1 billion over the next 30 years to build new generation and transmission facilities to reliably serve the electric needs of citizens and businesses in the region. This level of investment. . . represents a significant challenge for the Railbelt region given its small size. Having the good faith and credit of the State supporting the regional entity will minimize the financial risks and result in a lower cost for debt." Formation of such an entity could lower consumer costs, increase efficiency, and improve the reliability of power generation and transmission systems in the Railbelt.

   Actions: Work with stakeholders to amend SB 143, "An Act establishing the Greater Railbelt Energy and Transmission Corporation," and pass a revised bill.

2. **Fully evaluate the costs and benefits of a variety of new potential sources of power production for the Railbelt.**

   Discussion: A Regional Integrated Resource Plan (RIRP) is currently being developed for the Railbelt, which will guide development of the region's power systems over the next 50 years. A draft report is due in November, with a final by December. This report will assess the cost and feasibility of numerous power production scenarios, including purchasing new gas-fired generators; constructing the Susitna hydro project;

constructing a hydro project at Lake Chakachamna; installing wind farms on Fire Island, at Eva Creek, and/or in Nikiski and Delta; producing power from the Healy Clean Coal Plant and/or using Chuitna coal; development of tidal energy in Cook Inlet; and development of geothermal energy from Mt. Spurr.

Actions: Schedule Senate Resource and Energy Committee hearings as soon as the legislative session convenes in January to review the findings of the RIRP and make recommendations.

3. **Invest in those Railbelt projects that will provide the lowest cost, most reliable energy for the Railbelt over the long-term, giving due consideration to renewable energy.**

Discussion: Once the Regional Integrated Resource Plan is thoroughly reviewed, the Administration and legislature must make hard decisions about which projects to fund to ensure a reliable and affordable long-term power supply for the Railbelt. The cost will be great, but timely action is needed.

Actions: Add capital to the Railbelt Energy Fund and/or appropriate funding for specific projects, as needed.

4. **Add capital to the state's Power Project Loan Fund.**

Discussion: The Power Project Fund provides loans to utilities, local governments and independent power producers for the development or upgrade of electric power facilities, including conservation, bulk fuel storage, and waste energy conservation. The loan term is related to the productive life of the project, but cannot exceed 50 years. Interest rates vary between tax-exempt rates at the high end and zero on the low end. Forty-seven loans for a total of $26 million are currently out, with only one past due. The Fund balance is running low and more funding is necessary to respond to legitimate, cost-saving requests from applicants.

Action: Add a minimum of $10 million to the Power Project Fund.

5. **Improve the efficiency of diesel power generation through increased funding for the Alaska Energy Authority's Rural Power System Upgrade Program.**

Discussion: In the last decade, the Alaska Energy Authority has upgraded about 35 rural power systems, resulting in an average increase in efficiency of 26%. These upgrades have saved these communities more than $1 million a year in fuel costs. About 25-30 community power systems still need to be upgraded. Since 2000, funding for these

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upgrades has come predominantly from the Denali Commission. However, the Commission's budget is in sharp decline and the state will have to step in if it wishes to assist the 25-30 communities still in severe need of upgrades.

Action: Provide $10 million in state funding for the Rural Power System Upgrade Program for the next four years.

6. **Increase funding for the Rural Power Systems Technical Assistance Program, also known as the Circuit Rider Program.**

Discussion: The Alaska Energy Authority (AEA) currently provides assistance to power system operators in more than 120 villages. The goal of this program is to enable local operators to become self-sufficient in running remote systems in an efficient and cost-effective manner. Unfortunately AEA staff are stretched thin and cannot respond to many requests for assistance.

Action: Increase funding annually to $200,000 to enable AEA to provide technical assistance to more villages, cutting costs and increasing the reliability of power systems

7. **Continue to fund the Power Cost Equalization (PCE) Program. Review its rules to ensure they are not a disincentive to developing local renewable energy sources and increasing energy efficiency.**

Discussion: The PCE Program provides assistance to households in rural areas of Alaska, where the cost of electricity can be three to five times higher than in more urban areas. It improves the standard of living for more than 78,000 Alaskans by helping to pay for power costs that average $.60/KWh, but can be as high as $1. PCE pays a portion of about 30% of the power sold by participating utilities and has a total annual cost of about $37 million. Some observers, however, believe the program provides a disincentive for utilities to achieve greater efficiency and use renewable energy. These concerns should be reviewed and appropriate programmatic changes made if necessary.

Action: Appropriate $37 million for the PCE program in FY'11.

8. **Continue to develop Southeast Alaska's hydroelectric potential to eliminate dependence on fossil fuels and provide affordable, renewable energy to make Southeast Alaska self-sufficient on its energy supplies.**

Discussion: Projects under consideration or development include Reynolds Creek Hydro near Hydaburg, Falls Creek Hydro in Gustavus, Whitman Lake Hydro in Ketchikan, Ruth

Lake Hydro near Petersburg, Burro Creek Hydro near Skagway, Elfin Cove Hydro, Triangle Lake Hydro in Metlakatla, Takatz Lake and Blue Lake Hydro in Sitka, Thayer Creek in Angoon, Connelly Lake in Haines and the run of the river hydros proposed in Hoonah.

Actions: Complete an Integrated Resource Plan (IRP) for Southeast Alaska to assess regional needs, power production alternatives and their costs. The IRP will build on the current Southeast Alaska Electrical Intertie System Plan and create a sustainable and rational approach that will provide an economic pathway for prioritized state investment.

9. **Develop regional electrical grids interconnecting adjacent Southeast communities and utilities with hydropower generation via economically rational transmission lines.**

Discussion: Regional grid systems will allow for the development of local resources, displacing diesel dependence while dispatching cost-effective and environmentally preferred renewable energy resources throughout the region. Components underway include the Kate-Petersburg Intertie, Coffman Cove to Naukati Intertie, Metlakatla-Ketchikan Intertie, Swan-Tyee intertie, and Prince of Wales Intertie.

Actions: Where economically feasible, allow for regional and sub-regional development of electrical grid networks to allow for the efficient dispatch of renewable energy resources. Utility corridors should be developed to support multiple uses such as electrical transmission, transportation and telecommunication.

10. **Broaden the scope of the Southeast Alaska Energy Fund and capitalize it.**

Discussion: This fund would provide a mechanism to help pay for construction of power generation projects in Southeast and completion of appropriate electrical grids throughout the region. Many communities in the region are not on hydropower and still burn oil to generate electricity and heat. Communities now on hydro are facing capacity shortages and face supplemental use of diesel-generated power. While hydroelectric projects provide low-cost, renewable power over the long-term, they are extremely capital intensive. The state can play a critical role in helping to capitalize these projects on the front end. The completed IRP will guide expenditures of these funds.

Actions: Pass SB 132 and capitalize it once an Integrated Resource Plan has been completed.

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11. **Increase state funding for the Bulk Fuel Upgrade Program to ensure that communities have adequate storage to make cost-saving bulk fuel purchases.**

    Discussion: In the early 1990s, many rural communities faced the threat that they would no longer be allowed to take delivery of fuel in bulk quantities because of the condition of their bulk fuel storage tank farms. The Bulk Fuel Upgrade Program, which has been largely supported by the Denali Commission, provides funding for repairs to enable affected communities to continue to receive fuel. Sixty-four projects have been completed so far, seven are underway, and 33 remain. Unfortunately funding from the Denali Commission is in decline and the state will have to step in to complete this effort.

    Action: Increase state funding for the Bulk Fuel Upgrade program to $5 million a year for the next three years.

12. **Revise the interest rates for the Bulk Fuel Revolving Loan Program and Bridge Fuel Loan Program to ensure that there is an incentive for communities to maintain good credit histories.**

    Discussion: There are two state loan programs designed to help communities purchase fuel in bulk at competitive rates. The first is the Bulk Fuel Loan Program, administered by the Alaska Energy Authority (AEA), which has an interest rate equal to the 12-month average of municipal revenue bonds for communities that have borrowed at least twice previously. The second is the Bridge Loan Program, administered by the Department of Commerce, which has a zero interest rate. The Bulk Fuel Loan Program is only available to communities that maintain a good credit history; the Bridge Loan Program is available to any community that has applied to the AEA and been rejected, usually because of poor credit history. These communities are rewarded with an interest rate that is better than what they could have gotten from AEA. This situation needs to be reviewed to remove this incentive for poor repayment and to ensure that all communities receive the technical assistance they need to maintain financial fitness.

    Actions: Draft appropriate statutory changes.

13. **Hold 5-10 training classes annually for power plant and bulk fuel operators at the Alaska Vocational Technical Center to teach operations, maintenance and management best practices.**

    Discussion: The Alaska Vocation Technical Center (AVTEC) has purchased high efficiency generators and switchgear on which power plant operators can be trained. In the past funding for this training has come from the Denali Commission; that funding, however,

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is in sharp decline. Bringing power plant managers and well as bulk fuel operators to AVTEC is an effective way to train plant managers, improve reliability of service, and reduce ongoing operational costs.

Action: Invest $250,000 in FY'11 to ensure adequate training for power plant and bulk fuel operators.

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B. Heating Our Homes

Alaska is one of the coldest states in the nation, and many Alaskans struggle to meet their most basic winter necessity – a warm and comfortable home. Not surprisingly, Alaska homes use more energy for space heat than their Lower 48 counterparts. According to the Institute of Social and Economic Research, the average annual cost for heating a home in Alaska was around $4,500 in 2008. This accounts for about 45% of the total energy used to run a home.

The high cost of heating fuels and inefficiently designed homes in such a cold climate are the main contributing factors to this problem. When temperatures dip, Alaskans turn up the thermostat, but far too often much of that heat disappears through drafty windows and poorly insulated walls. For 30 years, the Weatherization program has helped low-income Alaskans identify and eliminate energy inefficiencies. The Home Energy Rebate program provides rebates to home owners who invest their own money in increasing the efficiency of their homes. Continued appropriations to these two programs will help Alaskans stay warm during the winter, while cutting fuel costs and reducing the future demand for energy assistance programs.

1. **Provide additional funding for the state's weatherization program.**

   Discussion: According to a recent report prepared for the Alaska Housing Finance Corporation, more than 27,000 housing units statewide still need to be weatherized. One in five rural homes and nearly 8,000 homes in Anchorage cannot maintain a comfortable room temperature during winter. In addition, more than 115,000 homes statewide are said to be "drafty." Weatherization is a proven way to reduce energy costs over the long-term. Annual savings from weatherization average $526/year or $7,565 over the life of the improvements. Nationally, the Department of Energy (DOE) reports that weatherization saves the equivalent of 3 barrels of oil per dwelling a year or 60 barrels over 20 years. DOE reports that $1.83 is saved for every dollar spent on weatherization. The $200 million the state appropriated in 2008 for weatherization is likely to be fully encumbered by the end of FY'10.

   Action: Invest an additional $150 million in the state's weatherization program in FY'11.

2. **Provide additional funding for the state's Home Energy Rebate program.**

   Discussion: This program assists homeowners in making energy efficiency improvements for their home. The program requires a home energy rater to evaluate homes before and after the improvements. The more a home's energy efficiency improves, the greater

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the possible rebate. Participating homeowners have seen an average reduction of 45 percent in the energy used to run their space-heating appliances (e.g. furnace, stove, etc.) and an average reduction in energy costs of 30 percent. More than 15,000 Alaskan homeowners are currently participating in the program and 3,000 remain on the waitlist. In 2008 the legislature appropriated $160 million for this program. This funding is likely to be fully encumbered by June 30, 2010.

Action: Invest an additional $50 million in the state's Home Energy Rebate program in FY'11.

3. **In years when oil averages over $75/barrel and surplus funds are available, expand the state's heating assistance program to assist more Alaskan families.**

Discussion: The federal Low Income Heating Assistance Program pays a portion of the heating bills for about 9,500 Alaskan families that earn up to 150% of the poverty level. The new state Heating Assistance Program helps families earning up to 225% of the poverty level. However, when oil prices skyrocket, heating costs become a burden even for middle-income Alaskans. Consider expanding the program to include families up to 350% of the poverty level during times when the state is most able to afford it and Alaskans are most in need. Tier benefits by income level and other measures of need (e.g., local fuel costs).

Action: Draft legislation to expand the state's heating assistance program when surplus state funds are available.

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C. Maximizing Energy Efficiency

Energy efficiency is a clean, cheap, abundant, and immediately available source of energy savings for Alaska and the nation. It helps to reduce carbon emissions, dependence on foreign oil, and the impact of debilitating energy costs. It is also a bargain. In contrast with conventional electrical generation, which nationally costs an average of $.07-$.15 a kilowatt hour, energy efficiency generally costs about $.025 a kilowatt hour. It is also stably priced, in contrast with volatile fossil fuels, and beyond the reach of international disruptions.

The push for energy efficiency has been cast as an effort to "save negawatts" instead of generating more megawatts. It's a way to meet energy needs without constructing costly new facilities. Most importantly, energy efficiency is not about sacrificing and deprivation. It's about minimizing waste and doing the same or more with less. The cheapest form of energy is that which is not used.

The American Council for an Energy-Efficient Economy ranks Alaska 37th among the 50 states in terms of its energy efficiency policies. This provides Alaska with an opportunity. We can reduce our energy consumption and costs more easily than other states by harvesting the "low-hanging fruit" of energy efficiency.

1. **Reduce demand for electricity and heating fuels by 10% by 2015.**

   Discussion: Fifteen states have adopted energy efficiency targets, known as Energy Efficiency Resource Standards. Texas began in 1999 with a goal of offsetting 10% of electric load growth with energy efficiency. With minimal cost, this goal was met and then increased to 15% by 2009 and 20% by 2010. Vermont achieved their 7% target in 7 years, with 1.5% more in 2007 and a goal of 2% per year thereafter. Since 2004, Hawaii has been meeting a 0.4-0.6% efficiency savings target each year, with a goal of 20% combined energy efficiency savings and renewable energy production by 2020. Nevada is shooting for a 20% decrease in electrical consumption by 2020 and an 18% decrease in natural gas use. After making energy efficiency upgrades to 8 public facilities, the State of Alaska reduced energy in those buildings by 24% in the first year alone.

   Action: Establish an Energy Efficiency Resource Standard of 10% reduction in electricity and heating fuels by 2015.

2. **Provide incentives to encourage Alaskans to replace inefficient appliances with more efficient ones.**

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Discussion: Several states (e.g., Oregon, Wisconsin, and Connecticut) provide rebates to homeowners who replace older energy-inefficient appliances (e.g., furnaces, clothes washers, dishwashers, refrigerators, and water heaters) with appliances that are substantially more efficient than federal standards. The Department of Energy reports that last year savings from Energy Star appliances were enough to power 10 million homes and avoid greenhouse gas emissions from 12 million cars. Consumers also saved a total of $6 billion.

Action: Draft legislation to create an Alaska appliance rebate program and appropriate $2 million to this program initially.

3. **Provide technical assistance to businesses (e.g., through a commercial energy audit program) to help reduce overall energy demand and help businesses improve their profitability through energy efficiency.**

Discussion: The Alaska Energy Authority (AEA) plans to use federal stimulus funds to initiate a pilot technical assistance program. Such a program should be continued with state general funds.

Action: Appropriate $100,000 to AEA for an ongoing technical assistance program to assist businesses with efficiency improvements.

4. **Require Alaska's largest electric utilities to develop plans to increase their energy efficiency, including adoption of annual and 10-year energy savings targets, and annually report on their progress.**

Discussion: Setting measurable efficiency targets (known as Energy Efficiency Resource Standards) and looking at efficiency as a resource that must be attained will help utilities and the state to maximize energy efficiency. Annual reporting will provide consumers and the state with information that can be used to determine progress toward meeting statewide energy efficiency goals. It will also allow for a comparative analysis of actions designed to reduce energy consumption.

Action: Draft legislation requiring Alaska's largest utilities to develop and implement plans to increase energy efficiency and to provide annual progress reports to their customers.

5. **Establish a pilot program to install building energy monitors in homes and small businesses to enable consumers to reduce their energy use in response to meter readings that reveal current energy usage and costs.**

Discussion: Building energy monitors help consumers determine how much energy they are consuming or a particular appliance is using. They have been shown to influence consumers to reduce consumption by 10-15%. The Alaska Energy Authority has $75,000 to put towards a pilot building energy monitor program. States employing monitor technology by way of Smart Meters include Arizona, Idaho, and Missouri. California recently required utilities to provide Smart Meters to all customers. Some meters are available for Anchorage residents to rent at the Loussac and Anchorage School District libraries.

Action: Pending success of the Alaska Energy Authority's building energy monitor pilot program, appropriate an additional $250,000 towards a more extensive building energy monitor program.

6. **Implement a comprehensive public education campaign to increase energy efficiency and conservation to minimize the need for costly investments in additional energy infrastructure.**

Discussion: Energy efficiency and conservation is typically 50-75% cheaper than building new power plants or buying energy on the open market. By setting efficiency goals and implementing a strong education campaign to meet those goals, the state and utilities can forecast anticipated energy efficiency gains over a set number of years and make appropriate infrastructure decisions to reduce the amount of energy produced by an equivalent amount, thereby saving energy and money.

Action: Task the Alaska Energy Authority and Alaska Housing Finance Corporation with conducting a statewide energy efficiency educational campaign and appropriate $175,000 annually for this purpose.

7. **Encourage the Department of Education to include energy efficiency lessons in K-12 curriculum.**

Discussion: Educating children about energy efficiency helps them to develop energy efficiency habits which they will carry with them into adulthood. Children also inspire and influence the adults in their lives.

Action: Work with school districts and the state Department of Education to encourage integration of energy efficiency lessons into K-12 curriculum.

8. **Investigate the costs and benefits of requiring utilities to decouple revenues from sales to provide greater incentives for utilities to promote and invest in energy efficiency.**

   Discussion: Decoupling separates utilities' revenue from their sales, thereby eliminating a disincentive for them to promote and invest in energy efficiency. Because most Alaska utilities are cooperatively rather than investor owned, decoupling in Alaska will require more research to ensure that it will not result in higher costs for ratepayers. According to the American Gas Association, 18 states had implemented revenue decoupling, with two states pending, including Nevada, Wyoming, Washington, and Oregon.

   Action: Hold legislative hearings to better understand the pros and cons of decoupling utility revenues from sales in Alaska.

9. **Provide technical assistance to local governments interested in adopting energy efficiency standards for residential and commercial buildings.**

   Discussion: Ninety-two percent of Alaskans live in communities with populations over 2,500; of those, 68% live in communities with building codes in place and 52% live in communities with energy codes in place. The Alaska Building Energy Efficiency Standard is already in place for residential energy efficiency through the Alaska Housing Finance Corporation. If we build new structures to be energy efficient, we won't need to weatherize as many structures, saving money in the long run.

   Action: Provide assistance through the Alaska Housing Finance Corporation and Alaska Energy Authority in implementation, code enforcement, energy audits, and efficient building design to communities interested in establishing energy codes.

10. **Implement a voluntary Energy Efficiency Labeling Program for buildings.**

    Discussion: Energy performance labeling supports increased energy efficiency by making the efficiency of buildings observable, in much the same way that the Energy Star labels provide information for consumers on appliance energy use. Labeling also supports other policies and programs, such as energy-efficient mortgages, promotion of energy efficiency by realtors and property inspectors, and incentives to promote energy efficiency upgrades of houses and buildings. This program could use the Alaska Housing Finance Corporation's AKWarm Energy Star rating system for new construction as well as the Weatherization program to rate retrofits. The American Society for Heating, Refrigerating and Air-Conditioning Engineers will release a building energy label in 2010.

Action: Hold legislative hearings to better understand the pros and cons of implementing an Energy Efficiency Labeling Program for buildings.

11. Make low-interest loans available to Alaska's commercial fishers for energy efficiency upgrades.

Discussion: Volatility in fuel costs continues to have an impact on Alaska's commercial fishing fleets, cutting into profits and threatening productivity. In recent years, advances have been made in diesel and outboard engine technologies, vastly improving fuel efficiency and performance. There have also been substantial developments in alternatives to traditional diesel and gasoline generator sets and modifications to vessel hulls, which significantly boost energy efficiency. Commercial fishers across the state are eager to take advantage of these and other new technologies that significantly lower operating costs.

Action: Consider HB 20, "An Act relating to commercial fishing loans for energy efficiency upgrades and increasing the maximum amount for certain loans under the Commercial Fishing Loan Act."

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D. Investing in Renewable Energy

While energy efficiency and conservation are the most immediate and cost-effective ways to address the high cost of energy in Alaskan communities, renewable energy development will play an important role in creating long-term solutions to Alaska's energy challenges. By providing a source of flat-priced, inexhaustible, and locally produced electricity, renewable energy offers many advantages over the unstably priced, finite, and logistically challenging fossil fuels that many communities rely upon for electricity, heat, and transportation. Hydroelectric, biomass, wind, geothermal, and solar power are all renewable energy sources that utilize proven and commercially available technologies.

Hydroelectric

Hydroelectric power is generated from the movement of water flowing from a higher to a lower elevation. It is Alaska's largest source of renewable energy, accounting for 24% of the state's electrical generation. Alaska has an estimated 40% of the U.S.'s untapped hydroelectric power. While most of Alaska's hydroelectric potential is in the Southeast region, there are two Southcentral projects currently being studied that could meet a significant portion of the Railbelt's annual energy needs: the Susitna Dam project, which would be located in the Mat-Su region and feature a system of two dams producing up to 1,800 MW, and the 330 MW Chakachamna Project, a proposed lake tap system that would be located 84 miles southwest of Anchorage.

Biomass

Biomass energy, which can be used for both heat and power, is generated through the combustion of biomass materials, including wood, agriculture products, solid waste, fish waste, biodiesel and other biofuels. Biomass, in the form of cordwood, has long been a staple for heat generation in Alaskan homes, but new technologies and high diesel prices are making wood, fish waste, solid waste, and other types of biomass a viable source of heat and even electricity. Alaska's potential for biomass development is high, with an estimated 10 times more unused biomass energy resource potential than needed to offset diesel fuel used for power production in rural Alaska.

Wind

Wind energy is generated by using turbines to harness the kinetic energy of the wind to generate electrical energy. Alaska has abundant wind resources suitable for development. The largest areas of class 7 "superior" wind power in the U.S. are located in Alaska and much of coastal Alaska has "good," "excellent," or "superior" wind resources. While some

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rural communities in Western Alaska have been using wind energy to displace diesel fuel for over a decade, the installed capacity of wind energy in Alaska is comparatively small and was recently doubled with the completion of the 4.5MW Pillar Mountain Wind Project in Kodiak. Other wind energy projects being planned or developed include a 54MW project on Fire Island near Anchorage and the 25MW Eva Creek project north of Healy, which together could provide approximately 5% of the Railbelt's annual electrical energy.

Geothermal

Geothermal energy is derived from heat within the earth and is used to provide either direct heat or to produce electricity. While there is only one operating geothermal electric plant in Alaska, a 400kW plant at Chena Hot Springs near Fairbanks, the potential for the development of this resource is well documented, with vast resources along the Aleutian Islands and significant prospects in dispersed areas throughout the state. Sites that have significant potential for electrical generation and that are near enough to population centers to be developable include Akutan on the Aleutians Islands; Mt. Makushin, near Dutch Harbor; and Mt. Spurr, across Cook Inlet from Anchorage.

A form of heating/cooling technology called geothermal heat pumps or ground-source heat pumps utilize geothermal energy to extract heat from or disperse heat to the ground. These devices, despite their high installation costs, are becoming an increasingly cost-effective means to heat and cool buildings and may be particularly viable in areas where the only option for heating is costly diesel fuel.

Solar

Solar energy uses radiation from the sun for heating and electrical generation. Although somewhat limited by Alaska's long, dark winters, solar power is being used in a handful of Interior rural communities, including Lime Village, Stony River, and Tanana, to offset power otherwise produced through diesel generators.

Renewable Energy Policies

1. **Incentivize the development of renewable energy sources by creating a state production tax credit for renewable energy generation.**

   Discussion: In energy plans across the nation, production incentives are playing an increasingly important role in encouraging the development of renewable energy resources. Twenty-five states offer some sort of renewable energy corporate tax incentives and five states and the federal government offer production tax credits.

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Because a production tax credit can only be claimed by a power producer that has made a significant investment in infrastructure and is already producing electricity, it allows the state to incentivize renewable energy development without requiring large state appropriations to unproven projects and technologies.

Action: Pass SB 31, "An Act relating to a geothermal electricity production tax credit under the Alaska Net Income Tax Act."

2. **Provide low-cost financing for customer-owned renewable energy systems.**

Discussion: Fifteen other states have programs that offer reduced-interest loans to businesses, residents, non-profits, and other sectors for installing renewable energy systems that generate energy for their own use or otherwise reduce the amount of electricity consumed. A state renewable energy loan program could provide an alternative to costly state grant programs while still assisting end-users with the high capital costs of purchasing and installing renewable energy systems.

Action: Draft legislation establishing a low-interest loan program for businesses, residents, and non-profits interested in investing in a renewable energy project.

3. **Provide financial incentives to utilities to invest in renewable energy systems.**

Discussion: Community- or utility-scale renewable energy production is generally more cost effective than smaller scale renewable energy projects. The Power Project Fund currently has $5.2 million remaining for loans at a variable rate of 5.7%. Increasing the funding and relaxing the interest rate for renewable energy projects will help incentivize utilities to develop and expand renewable projects. These incentives will also help utilities meet renewable portfolio goals or standards.

Action: Lower the interest rates for Power Project Fund loans for renewable energy projects.

4. **Continue to appropriate $50 million a year to the Renewable Energy Fund through 2012.**

Discussion: In 2008, the Legislature pledged $300 million in funding over a five-year period for in-state renewable energy projects by creating the Renewable Energy Fund. The Renewable Energy Fund provides grants of up to $4 million dollars to eligible renewable energy studies and projects including feasibility and reconnaissance studies, energy resource monitoring, and construction of renewable energy projects, natural gas

projects, or infrastructure for transmission or distribution. Continuing to support the Renewable Energy Fund through FY2012 will allow the Legislature to fulfill its five-year pledge to helping communities throughout the state develop their renewable energy resources and transition off of traditional fossil fuels sources.

Action: The Legislature should continue to appropriate $50 million a year through 2012 to the Renewable Energy Fund.

5. **Ensure utilities generate and/or purchase renewable energy by establishing a renewable portfolio standard or goal.**

Discussion: Thirty-two states have some sort of renewable portfolio standard or goal in place. Despite having their own unique challenges to producing renewable energy, these 32 states realized the importance of increasing their renewable energy production capacity and the necessity of having a quantifiable goal to work towards. These states have taken varying approaches to crafting renewable portfolio standards or goals that take into account their own unique energy needs and individual challenges.

Action: Work with utilities and other stakeholder groups to draft legislation establishing renewable portfolio standards or goals for the state.

6. **Institute a net-metering program.**

Discussion: Net-metering is required by law in most US states. It is an important component in the efforts of other states to encourage businesses and individuals to invest in renewable energy systems and to generate their own power. As with renewable portfolio goals, there have been a wide range of approaches taken to adopting net-metering programs and Alaska should be able to develop a program that works for our unique energy needs and challenges.

Action: Consider SB 131, HB 31, and HB 66, "An Act relating to net energy metering for retail electricity suppliers and customers."

7. **Require utilities to report annually to their retail customers their sources of electricity (i.e., their "fuel mix").**

Discussion: Utilities in Washington, Oregon, and many other states regularly report the sources of the electricity sold to retail ratepayers to encourage investment in renewable energy. These initiatives, known as "fuel mix disclosures," are intended to educate

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customers about the fuels that are used in producing the electricity they use in their homes and businesses.

Actions: Draft legislation requiring electric utilities to report their fuel mix to customers on an annual or semi-annual basis. Encourage utilities to offer renewable energy purchase plans in addition to the standard rate plans, This could be modeled after the Sustainable Natural Alternatives Program (SNAP) offered by Golden Valley Electric Association and Homer Electric Association.

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E. Ensuring that Energy is Affordable for Alaskans

The prices Alaskans pay for energy are among the highest in the nation. In July 2009, the mean price for gasoline in 99 Alaska communities was $5.37 per gallon, with some communities (e.g., Arctic Village) paying up to $10/gallon. Nationally, the average price for gasoline was $2.46. During the same month, heating fuel averaged $5.36 a gallon in Alaska, with some communities (e.g., Wainwright) charging nearly $8/gallon to commercial customers. Nationally the average price for heating fuel during 2009 averaged $2.51.

Unfortunately, these costs are growing, especially as a percentage of household income. In 2000, remote households with the lowest incomes spent an estimated 16% of their income on home energy. By 2008, this had ballooned to 47%, according to the Institute for Social and Economic Research. For many Alaskans, help is needed.

1. **Ensure Alaskans pay a fair price for the energy they consume.**

   Discussion: Alaskans pay significantly more for energy than residents of other states. For example, gasoline prices are significantly higher in Alaska than in other western states, even when transportation costs are included. Heating fuel costs are also exceptionally high, particularly in rural areas, burdening families and crippling businesses. One tool other states have employed to control costs is to prohibit sellers from charging excessive and exorbitant prices for products consumers rely on and to require them to justify those prices when they're necessary.

   Action: Consider price gouging legislation, including amended versions of SB 54 and HB 68.

2. **Evaluate whether the State of Alaska should help to lower heating fuel prices or smooth out price volatility and if so, how this can be accomplished in a way that minimizes unintended consequences.**

   Discussion: Implementation of a program to subsidize fuel costs or smooth out price volatility is complicated and requires thorough consideration and input from a wide range of stakeholders. However, it could have substantial benefits for Alaskan households and businesses and deserves further study.

   Action: Consider SB 162, "An Act relating to a heating fuel energy relief program," SB 91, "An Act relating to the emergency energy relief program of the Alaska Energy Authority," and related proposals.

3. **Encourage the Regulatory Commission of Alaska (RCA) to come up with a predictable pricing methodology for Cook Inlet gas in collaboration with utilities, gas producers and consumers.**

   Discussion: Review and approval of gas supply contracts is a time-consuming and expensive process for all parties. Achieving agreement early on about an acceptable pricing methodology will facilitate future reviews, reducing costs and delays.

   Action: Consider legislation that would either establish a pricing methodology or require the RCA, in concert with stakeholders, to develop one.

4. **Develop a statewide fuel buying cooperative to cut the costs of heating fuel for Alaskans.**

   Discussion: In many communities, fuel purchases are made independently by the utility, school, and other entities. Communities don't attain the benefits of buying fuel in as large a quantity as possible. If purchasers within communities and between communities were able to join together and purchase fuel through a regional or statewide cooperative, they should be able to secure lower prices and better terms.

   Action: Draft legislation mandating the Alaska Energy Authority to assess interest in developing such a cooperative and assist in its development, if warranted.

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F. Developing Alaska's Energy Resources

Alaska's natural resources are vast and impressive. We are the second largest oil producer among the 50 states, having produced almost 17 billion barrels of oil since statehood. Prudhoe Bay is the largest oil field in the United States, and the North Slope contains 14 of the 100 largest oil fields in the country. Alaska also contains huge reserves of natural gas. The Department of Energy estimates that there may be up to 124 trillion cubic feet of recoverable natural gas on Alaska's North Slope alone. We also have roughly half of the coal reserves in the U.S. and nearly 1/8 of the world's reserves. With the potential for 5,500 billion short tons of coal, Alaska has been referred to as the "Saudi Arabia of Coal."

Yet, resource development in Alaska, with its rough conditions and vast distances, is challenging and expensive. North Slope oil production peaked at over 2 million barrels a day in 1998 and has declined to about 662,000 barrels per day in 2009 -- a 66% reduction. Currently, Alaska accounts for about 13% of the nation's domestic oil production, while for years it averaged 20%. Alaska has only one operating coal mine, and natural gas production in Cook Inlet is declining rapidly, threatening businesses and households with the prospect of rolling back-outs and the need to turn down thermostats.

Alaska must act with purpose and resolve if we wish to maintain a robust economy with high paying jobs and a state government capable of providing needed services to its citizens. About 42% of current state revenue comes from oil production. This revenue stream must be enhanced and diversified if Alaska is to have the resources to build new infrastructure to meet its energy needs over the next fifty years.

1. **Fully support efforts to bring Alaska's North Slope natural gas to market, maximizing benefits to Alaskans.**

   Discussion: More than 35 trillion cubic feet of natural gas are known to exist on Alaska's North Slope, and geologists estimate that an additional 150 trillion cubic feet will likely be discovered. As oil production on the North Slope declines, these vast reserves of gas can provide clean- burning affordable gas to Alaskans and the Lower 48, jobs for Alaskans, and a steady source of income to the state to pay for state services. Construction of a pipeline to bring Alaska's gas to market is one of Alaska's highest energy priorities.

   Actions: Stay the present course and await the results of the competing "open seasons" scheduled for 2010, one by TransCanada Alaska and ExxonMobil and the other by

ConocoPhillips and British Petroleum. During open seasons, pipeline builders solicit interest from gas producers and others in shipping their gas. Prepare for negotiations with gas producers by ensuring that the state has the technical and commercial expertise to carry out effective negotiations.

2. **Evaluate Alaska's natural gas tax regime to ensure it maximizes returns to the state for its gas resources, while providing a reasonable incentive to monetize Alaska's gas.**

   Discussion: When oil prices are high and gas prices are low, Alaska's current production tax may not adequately compensate Alaska for its valuable gas resources. The legislature should thoroughly evaluate the current tax system to ensure that Alaskans receive a fair return for their gas under all price scenarios.

   Actions: Following conclusion of the two "open seasons" and once there is greater alignment between gas producers and pipeline companies and more data available about the economics of the various proposals, undertake a review of Alaska's gas tax regime to determine whether modifications are necessary.

3. **Pursue environmentally responsible drilling off Alaska's coast with significant sharing of associated revenues between the state and federal government.**

   Discussion: Responsible oil and gas development in federal waters off Alaska's coast will provide jobs for Alaskans, extend the life of the Trans-Alaska Pipeline, and move Alaska and the nation towards energy independence and security. This must be accompanied by significant sharing of revenue from offshore development between the federal government and affected coastal states, including Alaska. These states support offshore development with infrastructure, such as roads, docks and pipelines, and bear the responsibility for dealing with impacts from offshore development. Persistent leadership from the legislature and executive branch and close coordination with Alaska's congressional delegation will be needed to ensure that drilling is allowed and revenue shared in a fair manner.

   Actions: Actively promote oil and gas development off Alaska's coast and a system of revenue sharing that fairly compensates coastal states for their support of offshore development. Work closely with Alaska's congressional delegation and Secretary of the Interior Salazar.

4. **Support the development and extraction of Alaska's heavy and viscous oil resources and pursue opportunities to make Alaska a worldwide center for heavy and viscous oil research and development.**

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Discussion: Heavy oil, a type of crude oil which is very viscous and does not flow easily, is far more difficult and costly to extract, transport, and refine than the medium grade Alaska North Slope crude traditionally extracted from the North Slope. However, heavy oil is also far more abundant: there are over 20 billion barrels of known heavy oil reserves on Alaska's North Slope, with the potential for another estimated 100 billion barrels yet to be discovered. The State of Alaska should encourage and support the development and use of new technologies to develop these heavy oil resources. The State of Alaska should also take the lead in viscous oil research by creating an Arctic Resource Research Center that could serve as a central research facility for heavy and viscous oil development worldwide. By engaging partners with heavy oil resources from around the world, Alaska could facilitate research and provide insights into viscous oil development and environmental issues that could be exported to northern climate countries and other regions with abundant viscous oil resources. (Source: DOR 2006 Fall Revenue Sources Book.)

Action: Maintain support for Alaska's net profits tax, which enables producers to deduct expenditures and receive tax credits for costly capital investments, making it more economic to develop more challenging oil fields.

5. **Urge Congress to pass legislation to open the coastal plain of the Arctic National Wildlife Refuge to responsible oil and gas exploration and production.**

Discussion: The oil industry, the state, and the United States Department of the Interior consider the Arctic coastal plain to have the highest potential for discovery of very large oil and gas accumulations on the continent of North America, estimated to be as much as 10.4 billion barrels of recoverable oil. Opening the Arctic coastal plain to oil and gas exploration and development could strengthen the nation's energy security while ensuring a long-term revenue source for the state and creating jobs for Alaskans. Furthermore, new technologies and drilling practices have greatly reduced the impact of oil and gas exploration and development on the environment, allowing for a smaller environmental footprint than previously possible.

Action: Maintain pressure on Congress and President to authorize oil and gas development in the Arctic coastal plain.

6. **Support efforts to open the National Petroleum Reserve, Alaska to responsible oil and gas development.**

Discussion: The National Petroleum Reserve, Alaska is a 23-million acre area on the North Slope set aside in 1923 to provide an emergency oil supply for the nation. It contains an estimated 9.3 billion barrels of oil and 59.7 trillion cubic feet of natural gas. Environmentally responsible development of this area, which considers local subsistence activities and critical wildlife needs, would extend the life of the Trans-Alaska Pipeline, provide jobs for Alaskans, and help support construction of a natural gas pipeline.

Actions: Advocate for regularly scheduled lease sales within NPRA and streamlined permitting.

7. **Ensure and expedite the development of oil and gas resources in the Pt. Thomson area of Alaska's North Slope.**

Discussion: The Pt. Thomson Oil Field, about 60 miles east of Prudhoe Bay, is believed to hold 200 million barrels of liquid hydrocarbons and 8 trillion cubic feet of gas. This vast gas reserve is equal to about a quarter of the known gas reserves on the North Slope and is critical to construction of a large diameter gas pipeline from the Slope. For several decades, the gas at Pt. Thomson has not been developed, despite repeated assurances from North Slope producers that the area would be developed. As a result, the Department of Natural Resources terminated the Pt. Thomson unit and revoked leases within it, citing breach of contract. This summer, in keeping with an agreement with the state, ExxonMobil and its partners drilled the first exploratory wells in the area since 1982. The state must be vigilant to ensure that work continues and this resource is developed for the benefit of all Alaskans.

Action: Support the Administration's efforts to ensure that oil and gas exploration and development activities proceed at Pt. Thomson.

8. **Closely monitor all state oil and gas leases to ensure that leasees actively explore for and produce oil and gas wherever economically practicable.**

Discussion: Alaska's oil and gas is a public resource that Alaskans rely on to fuel our economy and support critical state services. Alaskans deserve the assurance that when we lease land to an exploration or development company, exploration and production will proceed if economically feasible. Close monitoring will help assure that.

Action: Ensure that the Department of Natural Resources has adequate staffing to monitor lease activity, using the best available information on reservoir engineering and production costs.

9. **Evaluate the costs and benefits of constructing an instate pipeline (bullet line) to transport North Slope or Foothills gas to the Railbelt, including associated transportation tariffs.**

   Discussion: No decision should be made about state support or financial incentives for an in-state gas line until policy makers and the public know the cost of transporting gas to the Railbelt. Those costs will depend in great part on anticipated demand for gas; volume and construction cost will determine the pipeline tariff.

   Actions: Review the results of economic analyses, due in June 2010, which will estimate pipeline costs and tariffs. Determine private sector interest in the project and determine whether state participation is needed.

10. **Support efforts to develop additional storage capacity for natural gas in Southcentral Alaska to meet peak winter demand.**

    Discussion: Regardless of where the Railbelt gets its natural gas in the decades ahead, the region will need additional storage capacity to enable utilities to buy gas in the spring, summer and fall and hold it for use during peak-demand winter months. Developing large-volume storage capacity in the Railbelt will be costly and must be initiated soon to meet anticipated need.

    Action: Analyze whether incentives are needed to encourage private developers to develop Cook Inlet storage capacity open to all gas producers for a reasonable fee.

11. **Provide incentives for new oil and gas development in Cook Inlet.**

    Discussion: Alaska's largest population center, Anchorage, along with the Kenai Peninsula and Mat-Su Valley, relies on natural gas from Cook Inlet to generate power and heat homes. However, production in the Inlet is rapidly declining and Railbelt utilities lack sufficient gas under contract starting in 2011. Without new exploration and gas production from Cook Inlet, consumers could face electricity and gas shortages, higher rates and/or forced conversion to other power-generating fuels such as diesel. It is imperative that the state consider a range of incentives and strategies to increase exploration and production in Cook Inlet, where the Department of Natural Resources estimates 7-8 trillion cubic feet of gas likely remain.

    Actions: Evaluate a range of incentives to stimulate additional investment in Cook Inlet, including providing a state subsidy or matching grant for exploration; paying to mobilize

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or demobilize a jack-up rig; creating state/private sector partnerships to explore outside of existing units; conditioning state support for a renewed liquefied natural gas (LNG) export license on development of new reserves in exchange for export license; and creating a more functional market for Cook Inlet gas through posting of gas prices and flexible pricing. Complete updated gas reserve estimates for Cook Inlet. Ensure that gas explorers and producers have access to the non-wilderness areas of Kenai National Wildlife Refuge. Improve the pipeline system to ensure gas can flow wherever needed. Encourage development of storage facilities that are open to all producers. Require the Regulatory Commission of Alaska to consider supply as well as price. Require companies doing business in Cook Inlet to share subsurface information, including engineering data, reservoir characteristics, and seismic mapping in exchange for the unusually low tax rates in the Inlet.

12. Identify and evaluate all potential sources of natural gas for the Railbelt.

Discussion: In addition to increased production from Cook Inlet and pipeline gas from the North Slope or the Foothills, the other two options for a gas supply for the Railbelt are Doyon's gas prospects in the Nenana Basin and imported liquefied natural gas delivered by tanker to Cook Inlet. Either option would require substantial capital investment and thorough economic evaluation to determine their economic feasibility as a temporary source of gas for the Railbelt.

Action: Evaluate the findings and recommendations of the Regional Integrated Resource Plan for Southcentral, once the plan is completed in December 2009.

13. Ensure the continued viability of Alaska's largest refinery.

Discussion: The Flint Hills North Pole Refinery is the state's largest refinery, with a crude oil processing capacity of about 220,000 barrels per day. It supplies gasoline, jet fuel, heating oil, and diesel to Alaska markets. Due to decreased demand for jet fuel, the refinery has shut down one of its three processing units. In addition, when oil prices skyrocketed in 2008, the refinery experienced financial difficulties and managers said they were considering whether to shut down, sell or significantly alter the refinery. Current cuts in production have already affected the state's economy, causing the Alaska Railroad to lay off employees and reduce service. State policymakers have suggested various strategies to help sustain the refinery, including possible transfer of ownership to a state corporation and/or breaks in royalty prices paid on state oil used by the refinery. At current oil prices this may not be necessary, but future oil price spikes could threaten the viability of the refinery.

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Action: Ask the Department of Natural Resources to prepare an action plan for maintaining the viability of this refinery, including possible transfer to a state corporation.

14. **Support responsible exploration and development of Alaska's coalbed gas resources and continue to study the potential for coalbed methane to serve as a local energy source for rural Alaskan communities.**

Discussion: Coalbed methane or coalbed gas is a form of natural gas extracted from coal beds. Alaska's hypothetical coal resources exceed 5.5 trillion short tons and may contain up to 1,000 trillion cubic feet of coalbed methane and other coalbed gases. Coalbed methane could be an attractive alternative to diesel fuel, particularly in rural Alaska. The Division of Geological and Geophysical Surveys, in cooperation with the U.S. Geological Survey, is currently developing a drilling program that will assess the coalbed gas potential for identified sites in western North Slope, the Yukon, and Alaska Peninsula. The State should continue to support these efforts and others like it to access the potential for coalbed gas as an energy source.

Actions: Offer shallow gas leases as interest is expressed and ensure that local input is fully considered. Gather data on coalbed methane resources.

15. **Support the development of underground coal gasification (UCG) technology in Alaska.**

Discussion: Cook Inlet Region Inc. (CIRI) is proposing to develop an innovative underground coal gasification project in Cook Inlet to fuel a new 100 MW power plant. The coal would be turned into a synthetic gas, similar to natural gas, underground, leaving ash and other hazardous byproducts far below the surface. This technology, which does not require any mining, has been used in other countries for over 50 years. The CIRI project would also capture and sequester carbon emissions and use them to enhance oil recovery in the Inlet. CIRI believes they have enough coal on their land to produce power for the Railbelt for 10,000 years. Because the process for underground coal gasification is new to Alaska, there currently is no regulatory structure or permitting process appropriate for this form of development.

Action: Work with the Department of Natural Resources to draft legislation to craft a regulatory structure and permitting process appropriate for underground coal gasification.

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16. Support efforts to separate propane from North Slope natural gas and transport it to communities around the state.

Discussion: About 2% of North Slope natural gas is propane, which could be separated from the rest of the gas stream and trucked or barged to communities around the state for heating, cooking, and electrical generation. Such a plan would require construction of a propane processing plant on the North Slope. Propane could serve as a bridge fuel until a gas pipeline is built and could support a value-added export industry in the long-term.

Actions: Evaluate storage and distribution needs within communities if this project is shown to be economically viable. Make appropriate investments.

17. Support efforts to explore for natural gas in the Nenana Basin, Gubik Field, and other promising areas.

Discussion: Rather than place all hopes on a North Slope pipeline or increased Cook Inlet discoveries, the state should support efforts to search for gas in the Nenana Basin and Gubik fields. Diversifying gas sources and evaluating multiple options will help ensure a stable source of gas supply for the Railbelt.

Action: Thoroughly evaluate oil and resource potential on state lands. Maintain a robust and easily accessible database of this information for new explorers. Provide predictable land access.

18. Address Alaska's marine infrastructure deficit in the Arctic.

Discussion: As arctic marine shipping increases to support the State's on-shore and off-shore oil and gas development, Alaska must improve its arctic marine infrastructure. Examples of needed infrastructure include communications systems, port facilities, ice information centers, places of refuge, icebreakers, and equipment to assist in emergency response and oil spill clean-up.

Action: Request the Governor's Administration to develop cost estimates and timelines for making needed infrastructure improvements.

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19. **Support efforts to ratify the United Nations Convention on the Law of the Sea to enable greater oil and gas development off Alaska's coast.**

Discussion: The U.N. Convention on the Law of the Sea permits member nations to claim an exclusive economic zone out to 200 nautical miles from shore, with an exclusive sovereign right to explore, manage, and develop all living and nonliving resources, including deep sea mining, within that exclusive economic zone. The U.S. Arctic Research Commission estimates that the Law of the Sea Treaty would permit the U.S. to lay claim beyond the present 200-mile exclusive economic zone to an area of the northern seabed off Alaska that is equal in size to California. This area is likely rich in oil and gas resources. In order for the U.S. to exercise greater control over the Arctic and exercise jurisdiction over an extended area of the continental shelf, the U.S. must ratify the Law of the Sea Treaty, which has been pending since 1994.

Action: Advocate for U.S. Senate ratification of the Law of the Sea Treaty.

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G. Leading by Example: State Government Initiatives

State government is one of the largest energy consumers in Alaska. There are nearly 1,800 state owned buildings and facilities, 24,500 state employees, and 6,291 vehicles in the state fleet. In just 12 of its buildings, the state spent nearly $1.9 million on electricity and $1.2 million on heat last year. In addition, more than $4.3 million was spent on transportation fuels. By committing to reducing the amount of energy used in public buildings and fuel consumed by state vehicles, not only can the State of Alaska save money and reduce environmental impacts, but it can also serve as an example to local governments, businesses, nonprofits, and citizens that energy efficiency and conservation measures work.

Committing state funding toward energy efficiency in state operations could also have the secondary benefit of providing the business to attract performance contractors, energy auditors, and retailers that sell efficient appliances, vehicles, and other products to Alaska. Additionally, by committing to purchasing electricity produced from renewable energy sources like wind, hydro, and geothermal and to using alternative and renewable energy fuels like biodiesel, compressed natural gas, and synfuels in state vehicles, the state could encourage the further development of those technologies.

1. **Adopt energy savings targets for state agencies.**

   Discussion: In addition to retrofitting public facilities to meet energy efficiency standards, setting energy efficiency targets within state agencies can help reduce energy consumption. Idaho and Kentucky are among the states that have set efficiency targets for state agencies.

   Action: Draft legislation requiring the Department of Administration to set energy savings targets for state agencies.

2. **Set standards of efficiency for construction of new public facilities and complete energy audits and efficiency retrofits for existing public facilities.**

   Discussion: As the owner of nearly 1,800 public facilities, the easiest way for the state to reduce energy costs is to maximize the energy efficiency of these facilities. Efficiency measures put in place in eight state buildings cut electricity usage by 22%, natural gas by 15%, and fuel oil by 36%. The total reduction in energy use for these eight facilities in the first year was 24%.

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Performance contracts, under which contractors pay for energy assessments and building retrofits upfront and then are reimbursed incrementally through annual energy savings, allow the state to retrofit many more buildings than could be funded normally. To help the state identify which facilities consume the most energy and prioritize energy retrofit projects accordingly, an energy use index database containing energy use data for each public facility should be established using utility bills. By prioritizing retrofit projects and using performance contracts, the state, school districts and the University can begin saving energy right away and save in operating costs for years to come.

Actions: Draft legislation directing the Department of Transportation and Public Facilities to adopt energy efficiency standards for new public facilities and to retrofit as many existing facilities as possible, using cost-effective performance contracting. Pass SB 121, "An Act relating to energy efficiency for public facilities with the intent to reduce state operating costs."

3. **Establish standards favoring the procurement of appliances, equipment, lighting and other devices that bear the "Energy Star" label or meet other requirements prescribed by federal or state law, whenever cost-effective.**

Discussion: Energy Star appliances can save upwards of 60% in energy consumption. Compact fluorescent lights use 75% less energy and last 10 times as long as incandescent bulbs. These more efficient products save in energy, replacement and operating costs.

Action: Draft legislation requiring the Department of Administration to adopt regulations establishing standards favoring the procurement of equipment that bears the "Energy Star" label or meets other requirements prescribed by federal or state law, whenever cost-effective.

4. **Use the most cost-effective, safe and energy efficient broad spectrum lights on roadways.**

Discussion: There are approximately 31,000-36,000 roadway lights in Alaska. Current maintenance costs are $200/hr and replacements occur every 2.5 years. The per lamp cost for energy efficient LED lights is about $268. These energy efficient bulbs last 15-20 years with no maintenance required. Payback is approximately 7 years. The Municipality of Anchorage has replaced most of the bulbs throughout the municipality. Unfortunately, because many arterial roadways are state roadways, the Municipality has been unable to replace the bulbs at those intersections. A state requirement for efficient lighting at these arterial intersections is estimated to achieve an additional 20%

in efficiency. As of early September 2009, the Municipality of Anchorage had already realized approximately $150,000 in savings from replacement of 4,200 roadway fixtures in Anchorage.

Action: Draft legislation requiring the Department of Transportation and Public facilities to use energy efficient broad spectrum lights on roadways, where safe and cost-effective.

5. **Update state vehicle fleets to be more fuel efficient.**

Discussion: Last year the state spent roughly $4.3 million on transportation fuel. If state fleets were even 10% more efficient, savings would exceed $400,000 annually. Replacement of inefficient vehicles with vehicles that meet the EPA's fuel economy guide will save costs and reduce greenhouse gases. Montana, Maine, Washington and Utah are among the states that require state agencies to manage transportation fuel consumption and promote the use of clean domestic alternative fuels.

Action: Draft legislation requiring the Department of Administration to adopt a policy that favors purchase of high-efficiency vehicles.

6. **Purchase renewable energy, where available and affordable, to account for a certain percentage of state agency electrical consumption.**

Discussion: Renewable energy purchase programs support renewable energy generation by providing a consistent, reliable consumer that is willing to pay a premium for electricity from renewable energy sources. By guaranteeing that the government will purchase a certain amount of renewable energy, purchase programs provide a degree of security that makes investment in renewable energy projects more attractive to utilities. Purchase programs also help utilities meet renewable energy portfolio standards and goals, providing a guaranteed payback on a certain portion of renewable energy production. Nine other states have green or renewable energy purchase programs established on the state level.

Action: Draft legislation requiring the Department of Administration to adopt a policy requiring state facilities to purchase renewable energy, wherever available and affordable.

7. **Incorporate viable renewable energy sources into the planning, construction, and operation of new public works projects.**

   Discussion: By incorporating viable renewable energy systems (ground and water source heat pumps, solar, micro-hydro, etc.) into new public works projects, the state could offset considerable long-term operating costs for a relatively small, if any, increase in capital costs for new public works projects.

   Action: Pass SB 71, "An act relating to alternative energy systems for public works."

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H. Moving Forward: Transportation in the 21st Century

Transportation accounts for 33% of all energy consumed in Alaska, which makes it the second largest energy-consuming sector of the state economy. As with other types of energy, transportation fuels are also more expensive in Alaska than elsewhere. In July 2009, the average price for gasoline in 99 Alaska communities was $5.37 per gallon, with some communities paying up to $10/gallon. Nationally, the average price for gasoline in July was $2.46.

Moving Alaska forward in the 21st century will require using more efficient vehicles and providing a greater variety of transportation options. Improving public transportation and pedestrian and bike trails will help to reduce fuel consumption, congestion and greenhouse gases. Nationwide, only 2.5% of trips are made using public transit. If that percentage were increased to 10%, research shows that our nation's dependence on foreign oil could be reduced by more than 40%.

1. **Support the development of community transit systems and plans to provide alternatives to private passenger vehicles for transportation.**

   Discussion: On-road vehicles account for approximately 18% of household energy budgets and a similar proportion of greenhouse gas emissions. Community transportation systems provide accessibility to underserved members of the public, including senior citizens, low income workers, the physically handicapped and students, and facilitate their ability to get to jobs, school, and medical facilities. Alaska currently has 11 land-based community transit systems and is one of only three states that do not invest any general funds in public transit operations.

   In 2008, Anchorage's People Mover transported over 4.2 million riders an average of 4.5 miles per rider, displacing approximately 1 million gallons of gasoline and 20 million pounds of CO_2. Although ridership has increased on People Mover, lack of public transit funds has lead to service cuts. Other local governments (e.g., the Mat-Su Borough and Kenai Peninsula Borough) are also struggling to raise sufficient local matching funds to secure federal funds and have had to leave federal funds on the table.

   Actions: Appropriate up to $3 million annually to help communities match up to $9 million in federal public transit dollars. In addition, create a Community Transportation Trust Fund to provide long-term support for public transit programs and consider SB 152, "An Act relating to municipal transportation systems and to regional transit authorities."

5126

2. **Remove from law limits on the percentage of State Transportation Improvement Program (STIP) funds that can be spent on alternative transportation infrastructure.**

   Discussion: Such decisions should be left to local government and transportation experts, so they have the flexibility to make decisions which will help reduce congestion and save energy. Funding decisions should be made on a case by case basis.

   Action: Draft legislation to modify state law so that State Transportation Improvement Program funds can be spent on alternative transportation infrastructure.

3. **Support legislation that encourages the expanded use of electric cars.**

   Discussion: Electric cars have the potential to reduce energy costs in Alaska communities, in some cases with excess electricity from renewable sources. Electric cars and potentially four-wheelers are well suited for off-highway use and are a natural fit for rural Alaskan communities. Every 1,000 miles driven in a low-speed electric vehicle saves 39 gallons of gasoline, which requires two 55-gallon barrels of crude oil to produce.

   Action: Consider SB 59 "An Act relating to the operation of low-speed vehicles" and consider establishing a grant fund to help local governments to install electric car recharging stations and to incentivize the purchase of electric cars.

4. **Encourage drivers to minimize unnecessary idling through a public education campaign.**

   Discussion: Idling an engine for more than 10 seconds wastes more fuel and produces more carbon dioxide than restarting an engine. Twenty-two states plus the District of Columbia have enacted some form of anti-idling regulations. Idling in temperatures below freezing and of emergency, repair and safety vehicles can be exempted. With technology that is now available, buses can be automatically switched off if left idling for over five minutes.

   Action: Consider initiating a public education campaign to minimize unnecessary vehicle idling when temperatures permit. Investigate adoption of idling regulations for state fleets, buses and heavy equipment.

I. Supporting Emerging Energy Technologies

Alaska is fortunate to have ample energy resources from both renewable sources like hydro, geothermal, and wind as well as nonrenewable sources, including oil, gas, and coal. While the state has been investing in state of the art technology that capitalizes on both types of resources for decades, those investments have tended toward proven, "off-the-shelf" technologies. It is equally important that the state also support and encourage the research and development of emerging and pre-commercial energy technologies.

New energy technologies will be key not only in getting the most out of Alaska's known energy resources, but also in encouraging the discovery and development of new and untapped sources of energy. Liquefaction technologies that turn coal and gas into liquid fuels, gas hydrates trapped beneath the permafrost of the North Slope, electricity generated from the energy potential of ocean tides and waves – each of these new energy technologies could provide promising solutions to some of Alaska's energy challenges.

Alaska, because of its extreme landscapes, varied climates, and, most importantly, because of its high energy costs, has the advantage of being one of the most promising places to develop pre-commercial energy technologies. With many places in the state paying over $1/kWh for electricity and $8/gallon of diesel, research and development projects can prove financially viable here where they would no place else in the United States.

1. **Create and fund a grant program targeted toward the development of "pre-commercial" energy technologies that have a reasonable expectation of commercial viability within five years.**

   Discussion: Currently, there is little or no state funding available for the research and development of new energy technologies. Although the state generously funds renewable energy development through the Renewable Energy Fund, projects funded through the Renewable Energy Fund are limited to proven, "off the shelf" technologies. In order to encourage innovation and exploration of new sources of renewable energy, the state should fund a competitive grant program targeted toward emerging energy research and development projects.

   Action: Pass SB 150, "An Act establishing an emerging energy technology fund."

5128

2. **Support efforts to utilize solid waste and landfill products, including landfill gasses and waste paper, cardboard, and other biomass products, to generate electricity and heat.**

   Discussion: Alaskans produce roughly 650,000 tons of garbage annually, most of which is deposited in landfills. Landfills generate methane gas, which can be captured and burned in a boiler to produce heat or in a gas turbine or engine-generator to produce electricity. Capturing and using methane can not only generate heat and/or electricity, but it also helps reduce greenhouse gas emissions caused by landfill off-gassing.

   Waste paper and other combustible waste products can also be used to generate heat and electricity. The Eielson Air Force Base near Fairbanks co-burns densified waste paper with coal to generate up to 1.5% of the base's heat and power and Chena Power plans to build a power plant in Fairbanks that would generate 400 kWh by burning 5,000 tons of waste paper, cardboard, and other landfill waste annually.

   Action: Ask the Alaska Energy Authority to assess Alaska's largest landfills to determine the feasibility of capturing landfill gas and other waste products to generate heat and/or electricity.

3. **Support projects that employ liquefaction technologies, including gas-to-liquids and coal-to-liquids, to convert Alaska's natural gas and coal resources into synthetic fuels.**

   Discussion: Gas-to-liquids (GTL) and coal-to-liquids (CTL) are both proven technologies that could provide an alternative to transportation fuels derived from costly crude oil. However, full commercialization of these technologies has been hampered by high capital and operations costs and by significant environmental concerns. In particular, the commercial viability of GTL technology is limited by the fact that nearly 30-40% of the natural gas feedstock is used in the process of converting natural gas to a synfuel; the viability of CTL is undermined by the amount of greenhouse gas emissions generated during the life cycle of a coal-based synfuel, which is nearly double that of a traditional diesel fuel product.

   However, companies worldwide are engaged in research and development of new technology to reduce the amount of gas consumed in the GTL process and to reduce or sequester emissions produced in the CTL process. Given technological breakthroughs, GTL could prove a valuable option for commercializing North Slope natural gas if the proposed gas pipeline fails to proceed and CTL could play an important role in the development of Alaska's vast coal resources. As such, the state should look for opportunities to support the research and development of improved GTL and CLT technologies.

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Action: Pass SB 150, "An Act establishing an emerging energy technology fund."

4. **Support resource assessment, feasibility studies, and the research and development of hydrokinetic and wave energy technologies in order to encourage the development of Alaska's vast in-river, tidal, ocean current, and wave energy resources.**

Discussion: Hydrokinetic devices generate electricity from the kinetic energy of moving water. They differ from traditional hydropower, which uses a dam or diversion structure to channel water to a turbine to generate power, in that they are placed directly in a river, ocean, or tidal current. Wave energy devices take several different forms, including devices that utilize the ebb and flow of waves to push and pull air out of a cylinder to move an air powered turbine, and devices that use the motion of waves to power a piston attached to a generator.

Alaska has significant potential for hydrokinetic development in both rivers and tidal basins and wave energy development in offshore ocean basins near coastal communities. Most inland communities in Alaska are situated along navigable rivers that could host hydrokinetic installations, and Alaska, with an estimated 90% of the total U.S. tidal energy resources, has vast potential for tidal energy development. Alaska also has an estimated 60% of the total U.S. potential for ocean wave energy development.

Action: Pass SB 150, "An Act establishing an emerging energy technology fund."

5. **Support the assessment and study of North Slope gas hydrates and the research and development of gas hydrate extraction technologies.**

Discussion: Gas hydrates are naturally occurring, ice-like solids in which water molecules trap gas molecules in a lattice-like structure. Although many gases form hydrates in nature, methane hydrate is by far the most common. In 2008, the U.S. Geological Survey (USGS) completed the first assessment of gas hydrate resources on the North Slope of Alaska. The USGS estimates that there are about 85 trillion cubic feet of undiscovered, technically recoverable gas resources within gas hydrates in northern Alaska.

However, gas hydrates are a traditionally unconventional resource with no confirmed production history. In order to learn more about this potentially promising resource, the State of Alaska should support further assessment and study of North Slope gas hydrates and, should they prove a viable resource, encourage the research and development of technologies to extract and utilize gas hydrates.

Action: Pass SB 150, "An Act establishing an emerging energy technology fund."

6. **Develop and maintain baseline data needed for conducting applied energy research.**

Discussion: Collection of baseline data enables policy makers to assess current energy needs, identify potential strategies to meet those needs, and evaluate retrospectively whether a particular strategy has achieved its objective. This type of data collection and analysis are necessary to ensure that Alaska uses its limited financial resources optimally to meet Alaskans' energy needs.

Action: Request the Alaska Energy Authority to work with the Alaska Center for Energy and Power, the Institute for Social and Economic Research and others to identify baseline data needs as well as data gathering and storage protocols.

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J. Providing Jobs for Alaskans

Maintaining a steady supply of energy for Alaskans requires a skilled and well-trained workforce. While there are numerous job training programs around the state that support energy-related resource development and energy system operations, many are grant-funded and subject to the whims of granting agencies. In addition, funding provided by the Denali Commission for energy training programs is declining, leaving Alaska at risk of losing programs that are helping to ensure that Alaskans are qualified for high-paying jobs and prepared to meet the needs of industry and utilities for skilled labor.

1. **Ensure adequate, on-going funding for energy-related job training programs.**

   Discussion: The Alaska Vocational Technical Center (AVTEC) is one of many centers around the state that offer energy-related training programs. Courses in Diesel/Heavy Equipment Technologies, Welding, Industrial Electricity, Renewable Energy, Bulk Fuel, and Power Plant Operations are helping to build a skilled workforce, capable of supporting energy systems throughout the state. Funding for these programs needs to be sustained at a consistent and adequate level.

   Action: Ask the Department of Labor to review training program budgets and funding sources and report back to the legislature by February 2010.

2. **Encourage the University of Alaska to strengthen energy-related education programs to help train a skilled workforce.**

   Discussion: Achieving energy independence will require a trained workforce and will generate high-paying jobs for Alaskans in the process. The University can play an important role in teaching Alaskans the skills they will need to get jobs in energy resource development and operations, renewable energy and energy efficiency.

   Action: Ask the University to assess its programs and report back to the legislature by February 2010.

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K. Safeguarding Our Environment

1. **Address and mitigate the root causes of global climate change.**

   Discussion: Alaska is warming at more than twice the rate of the rest of the United States. Average annual temperatures rose by 3.4 degrees Fahrenheit in the past 50 years, while winter temperatures increased by 6.3 degrees. Precipitation also increased by 30% between 1988 and 1990 over much of the state. These changes have led to thawing of permafrost, causing damage to roads, buildings, and other infrastructure. Warming has also caused thinning of sea ice, exposing Alaska's coastal communities to more severe storm surges and coastal erosion. Three communities (Shishmaref, Kivalina and Newtok) have already initiated costly relocation efforts. Thinning of sea ice and changes in ocean temperature also threaten populations of ice-dependent marine mammals, such as walrus and polar bears, subsistence activities, and the state's billion-dollar commercial fisheries. In the Interior, warming has increased the risk of wild fires and destructive insect infestations, such as the spruce bark beetle.

   Action: Schedule legislative hearings to consider the recommendations of the Alaska Climate Change Sub-Cabinet and related recommendations.

2. **Ensure that Alaska's interests are fully considered in energy and climate change legislation being debated by Congress.**

   Discussion: In June, the U.S. House of Representatives passed the Waxman–Markey climate change bill, which includes a cap-and-trade program designed to curb global warming by imposing strict limits on the emission of six greenhouse gases. This bill requires emitters to acquire federally created permits (or "allowances") for each ton of greenhouse gas emitted, particularly CO_2. Because Alaska relies on energy production for a significant share of its revenues and for thousands of high-paying jobs, climate change legislation needs to be closely monitored to ensure that it does not have an adverse effect on our economy. Well-crafted legislation could enhance prospects for construction of a natural gas pipeline
   , while poorly drafted legislation could harm the state's interests.

   Action: Actively monitor the status of federal climate change legislation and coordinate with Alaska's congressional delegation to ensure Alaska's interests are fully considered.

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3. **Establish policies and measures to reduce industrial greenhouse gas emissions.**

   Discussion: Alaska industries with the highest greenhouse gas emission estimates are those engaged in the energy production and delivery business, accounting for approximately 36% of greenhouse gas air emissions. The Governor's Sub-Cabinet for Climate Change identified several steps that could be taken by the oil and gas industry to minimize its potential impact on climate change. They include reducing fugitive methane emissions; electrifying oil and gas operations; improving the efficiency of fuel-burning equipment; using renewable energy; and capturing and sequestering carbon (http://www.akclimatechange.us/ewebeditpro/items/O97F21715.pdf).

   Action: Work with the Sub-Cabinet for Climate Change to prioritize and implement its recommendations.

4. **Encourage recycling and reduction of garbage to landfills.**

   Discussion: Recycling reduces the need for energy intensive manufacturing processes. The Environmental Protection Agency reports that in 2005 recycling in the U.S. saved 900 quadrillion BTUs which would have been used in manufacturing products from raw materials. This is enough to power nearly 11 million homes for a year. The energy saved from recycling just one aluminum can provides enough electricity to run a 100-watt bulb for 3.5 hours, and recycling one pound of steel saves enough energy to light a 60-watt bulb for more than 26 hours. Likewise, recycling paper cuts manufacturing energy costs by 50 percent and recycling a ton of glass saves the equivalent of nine gallons of fuel oil.

   Action: Initiate a public education campaign to encourage recycling and re-use. Assist local governments with recycling programs and demonstrate leadership and commitment at the state-level to recycling.

5. **Encourage use of sawmill residues, logging debris and beetle-killed timber for space heating and electricity generation to help mitigate impacts from bark beetle infestation.**

   Discussion: The spruce bark beetle outbreak in Southcentral Alaska has affected 2 to 3 million acres in the past 10 years. In heavily affected stands, often all spruce trees greater than 10 cm are killed. The area affected by tree death is one of the largest ever documented from an insect outbreak in North America. Using this biomass for energy will reduce fire danger while restoring damaged forests and lowering energy costs.

Action: Support pilot projects to use waste wood to generate heat and power. Encourage the Alaska departments of Natural Resources and Fish and Game to coordinate with the U.S. Forest Service and U.S. Fish and Wildlife Service to inventory and make readily available spruce bark beetle killed timber for use in biomass projects.

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L. Ensuring a Bright Energy Future for Alaska

Ensuring that these recommendations are thoroughly considered and those with merit are implemented will require great focus and dedication. The state has many needs; energy is just one. If we hope to move forward as a state and improve our quality of life as well as our economic health and competitiveness, we will have to hold our feet to the fire, make hard decisions, and invest considerable sums in energy infrastructure. The pay off promises to be great, but the costs will be as well. Creating the governance structures needed to carry these recommendations forward will be critical. Collaboration between both houses of the legislature and the Administration will be essential.

1. **Evaluate the administration of state energy programs and the desirability of centralizing energy offices to increase efficiency and sharpen the focus on meeting the state's energy needs.**

   Discussion: State energy programs and duties are currently distributed among a number of state and quasi-state entities, including the Alaska Energy Authority, the Alaska Housing Finance Corporation, the Department of Natural Resources, the Alaska Natural Gas Development Authority, and the University of Alaska, among others. In order to minimize duplication of efforts, increase efficiencies and the sharing of information, reduce the burden to businesses, and improve public access to information and programs, the state should consider options for centralization of energy offices and programs, including creating a Department of Energy.

   Actions: Consider HB 218, SB 185 and related proposals. Ensure that there are adequate staff within the Alaska Energy Authority to effectively fulfill its mission and responsibilities.

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SB 220

Denali Commission Emerging Energy Technology Grant: Final Project Descriptions

Alaska Sealife Center: Seawater Heat Pump Demonstration Project

The Alaska SeaLife Center's overall goal for this project is to demonstrate a heat pump system that will "lift" latent heat from raw seawater and transfer the energy into building heat.

Cordova Electric Cooperative: Psychrophiles for Generating Heating Gas

This research and application project will deploy the use of psychrophiles (cold loving microbes) to improve efficiency in biogas digestors for generating cooking and heating gas for Alaskan households. The first phase will compare the efficiencies of mesophiles (conventional digestor microbes) and psychrophiles on common household and rural Alaska feedstock at various temperatures. The second phase will deploy digestor(s) in practical houseghold scale project(s) to operate appliance and an electrical generator to evaluate feasibility and sustainability in an applied setting for widespread use in Alaska.

Kotzebue Electric Association: Feasibility of Solar Hot Water Systems

Assess the feasibility of solar hot water heating systems on residential units in the NANA region.

Kotzebue Electric Association: Flow Battery Energy Storage Systems

Analyze and demonstrate flow battery systems and their potential for energy storage in rural wind systems.

Kotzebue Electric Association: Wales Diesel-Off High Penetration Wind System

Retrofit the Wales Wind-Diesel Hybrid Power System by adding remote web access monitoring and control systems, getting the two Entegrity turbines back online and allowing for increased data logging capabilities and developing long term operations and maintenance strategies for replicating diesel-off configurations in other communities. Kotzebue Electric Association's overall goal for this project is to demonstrate diesel-off configuration for a remote wind-diesel hybrid power system through the retrofit of existing equipment and controls.

Ocean Renewable Power Corporation: Nenana Hydrokinetic Turbine

Build, install and test the RivGenTM Power System, a hydrokinetic energy unit, at the Nenana hydrokinetic test bed, and analyze resource and technology results.

Sealaska Corporation: Commercial Scale Wood Pellet Fired Boiler

This project will convert Sealaska's corporate headquarters building from a diesel fired boiler to a wood pellet fired boiler. The overall goal of this project is to demonstrate that wood heat can be cost effective and feasible for larger commercial, industrial, and municipal buildings, and has the potential to effect demand for Southeast Alaska second growth wood fiber.

Tanana Chiefs Conference: Organic Rankine Cycle Heat Recovery System

Tanana Chiefs Conference's goal for this project is to demonstrate the potential improved fuel efficiency of the diesel power plant in a village in the TCC region through the use of an Organic Rankine Cycle (ORC) system for heat recovery from engine jacket water and exhaust.

University of Alaska Fairbanks, WIDAC: High Penetration Hybrid Power System

The Wind Diesel Application Center will analyze state of the art power electronics to assess options for wind-diesel hybrid power systems to operate in a diesel-off mode.

5137 Provided by Sponsor

Emerging Energy Technology: A Global Opportunity for Alaska

Alaska has the opportunity to be a world leader in developing, optimizing and exporting renewable energy technology. The state is uniquely situated to capitalize on the growing market for new energy technologies, particularly clean energy technologies for the developing world. Because energy prices are so high in rural Alaska, we can *both* demonstrate technology *and* begin to save money for local residents immediately. Recognizing that Alaska can be a laboratory for testing new energy technology will lead to outside investments in our state and keep Alaska competitive in the increasingly competitive world economy.

More than 150 of Alaska's 350 communities are in remote rural areas without roads or grid-connected power, and suffer from high energy prices that handicap their economies.

Let's connect the dots

Nearly 1.6 billion people, about 25% of the world's population, live without access to electricity, and are looking for ways to energize their communities.

Investment in clean energy worldwide is currently about a $155 billion a year business that is projected to grow exponentially in the coming years. Alaska's high energy costs, abundant renewable energy resources, remote locations and challenging climate make it ideal for researching and developing emerging energy technologies that can help stabilize energy costs for Alaskans *and* be exported to communities in the developing world that lack electricity.

REAP Renewable Energy Alaska Project

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Emerging Technology for Alaska's Future

There is currently no state program dedicated to supporting emerging energy technologies. Alaska has the Renewable Energy Grant Fund, but it is directed at mature technologies. Emerging technologies such as tidal power and biomass gasification need more testing and development in order to become commercially available. Strategically investing in an Emerging Energy Technology Fund today will position Alaska to:

- Provide relief for communities in rural Alaska crippled by high energy prices
- Attract innovative technology companies to the state
- Create high-tech jobs
- Develop Alaska's university programs through private partnerships
- Give Alaska an advantage when competing with other states for federal funding programs for green industry and job development
- Capitalize on growing worldwide demand for energy, parcticularly clean energy which in 2008 was estimated at $155 billion/year business
- Become a leader in developing energy technologies, particularly small-scale technologies that can be exported to remote communities around the developing world

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Legislation currently pending would establish an Emerging Energy Technology Fund to be administered by the Alaska Energy Authority. The fund would be financed by appropriations from the state legislature, federal appropriations, and contributions from other sources and would be available to utilities, independent power producers, local and tribal governments, Alaskan businesses, and non-profits. In order to receive grants from the fund, the benefiting project would need to be for the research, development, or demonstration of a new energy or conservation technology or for the improvement of an existing technology, with the reasonable expectation the technology would be commercially viable within 5 years.

Examples of Emerging Technology in Alaska

- Tidal power
- Wave power
- Biomass gasification
- High-penetration wind-diesel systems
- In-river hydrokinetics
- Next generation energy storage technology

Alaska Market for Emerging technology

In 2009, the Denali Commission solicited proposals for emerging energy technology projects. Fifty proposals totaling $29 million were submitted, from which nine were selected to receive $4 million in grants. The Commission's goal was to develop emerging energy technology that has the potential of widespread deployment in Alaska and has the long-term goal of reducing energy costs for Alaskans. The robust response to the Commission's request for proposals highlights the need for an emerging energy technology fund. The projects listed below were among those selected by the Commission and are examples of types of technology that could benefit Alaskans.

Alaska Sealife Center: Seawater Heat Pump Demonstration Project

The Alaska SeaLife Center proposes to employ a heat pump system that will "lift" latent heat from raw seawater at temperatures ranging from 35F to 55F, and transfer this heat energy into building heat at a temperature of 120F. Sea water would first be pumped through a heat exchanger containing propylene glycol, an antifreeze commonly used in northern latitude commercial and residential heating systems. The glycol, warmed by the seawater, will boil a refrigerant that would go to an electric-powered compressor. In the compressor, the refrigerant vapor will be heated through pressurization. The refrigerant will then be condensed by giving up this heat to a second glycol loop that circulates to the building's heating system at 120F. While this technology has been successfully deployed in Norway and Sweden, this innovative process of removing latent heat from seawater and using it to heat buildings has not yet been tested in Alaska.

Cordova Electric Cooperative: Psychrophiles for Generating Heating Gas

This research and application project will deploy the use of psychrophiles (cold-loving microbes) to improve efficiency in biogas digestors for generating cooking and heating gas for Alaskan households. Biogas digestor technology is proven and in widespread implementation in India and China, with emerging efforts in Africa, California, and Europe. The technology is based on the biological production of methane by archeal microbes called methanogens, which naturally break down organic feedstock to produce methane. In Alaska, deployment of *cold-region* digestors could be used as a local, renewable energy source for home cooking and heating.

Kotzebue Electric Association (KEA): Flow Battery Energy Storage Systems

KEA's goal for this project is to analyze and demonstrate flow battery systems and their potential for energy storage in rural wind-diesel systems. Efficient storage remains a barrier to the optimal deployment of some renewable energy technology in remote areas. Large-scale batteries for wind-diesel systems that could provide village utility grid stabilization and load shifting are currently being developed by several suppliers. If these batteries become commercial products at the price points currently being anticipated, they would provide even more diesel fuel savings in communities with wind resources.

Ocean Renewable Power Company (ORPC): Nenana Hydrokinetic Turbine

ORPC proposes to build, install and test the RivGenTM Power System, a hydrokinetic energy unit, at the Nenana hydrokinetic test bed and then analyze the resource and technology results. Hydrokinetic devices are placed directly in a river, ocean or tidal current, and generate power from the kinetic energy of moving water. Alaska has significant potential for hydrokinetic development in both rivers and tidal basins. Indeed, most inland communities in Alaska are situated along navigable waterways like the Yukon and Kuskokwim rivers that could host hydrokinetic installations.

Worldwide Market

Examples of Emerging Energy Technology Worldwide

Salt Water Power (Osmotic Power): In November 2009, Norway opened the world's first osmotic power generator prototype. The protoype employs a semi-permeable membrane that uses the same principle of osmosis that governs how leaves absorb moisture. The membrane separates fresh water provided by a nearby river from saltwater from the sea. The saltwater molecules in the sea water pull the fresh water through the membrane, increasing the pressure on the sea water side to a level where it is high enough to drive a turbine to generate power. The Norwegian energy company, Statkraft, estimates global potential for osmotic power at more than 1,600 GWh per year. Alaska's freshwater streams and extensive coastline offer great potential for researching and developing osmotic power.

Storing Renewable Energy with Hydrogen: In 2009, Greenland's national energy company, Nukissiorfiit, announced a plan to establish a demonstration hydrogen and fuel cell plant for storing energy created by hydro and wind turbines. With numerous villages relying on diesel generators not connected to a main utility grid, Greenland is similar to Alaska in that in order to implement high-penetration renewable systems, advancement in energy storage technologies is needed.

Thermoelectric-Chalcogenide Based Chips (Heat to Electricity): As a direct result of Texas' Emerging Technology Fund, Texas State University is partnering with MicroPower Global to develop thermoelectric-chalcogenide based chips. The chips take heat from an engine and convert it directly to electricity. Ultimately, development of this technology will capture heat from jet engines and convert that waste heat into electricity. This technology could have widespread application in Alaska.

Snow Cooling Plant: Sweden's Sundsvall Regional Hospital was built in 2000 and now meets over 90% of its cooling needs by circulating melted snow. Snow is collected during the winter at Sundsvall, then covered and insulated. As the snow melts, the runoff water is filtered and pumped via a heat exchanger through pipes to hospital buildings where it provides cooling. The warmed water is then routed back to the snow bank to be chilled again. Japan is in the process of constructing a similarplant for the New Chitose Airport in Hokkaido and expects it to be operational by 2010.

Demand for Clean Energy

In 2008, about $155 billion was invested in clean energy companies and projects around the world. That money was spent on renewable energy projects that tapped wind, solar, micro-hydro, biomass, and geothermal resources. Countries and international banks around the world are making investments in clean energy industries. Some examples of investments made in clean energy in 2009 include:

•A $9 billion *a month* investment by China on the development of renewable energy.

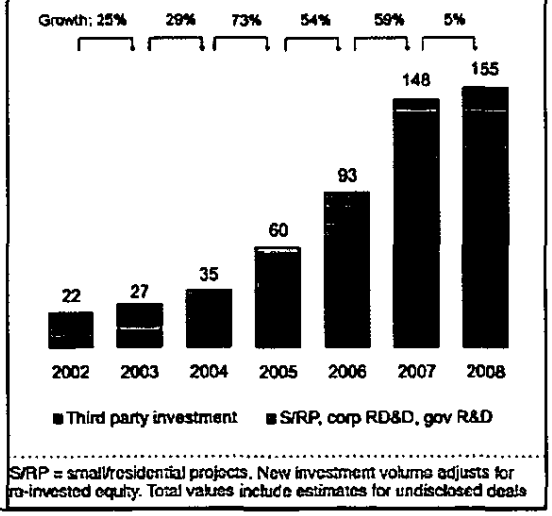
•A $250 million award to the Philippines from the Clean Technology Fund (CTF) to invest in energy efficiency and renewable energy. The CTF is made up of the Asian Development Bank and the World Bank.

•A $72.2 million pledge by South Korea to spur renewable energy production. South Korean manufacturing companies are also expected to spend $3.4 billion in 2010 for clean tech, including research and development, and manufacturing facilities related to solar cells, wind power, and hydrogen fuel cells.

• $16.8 billion allocated to U.S. Department of Energy's office of Energy Efficiency and Renewable Energy.

•$350 million pledged by the United States to developing countries for clean energy.

Figure 1: New Investment in Sustainable Energy, 2002-2008
$ billion



S/RP = small/residential projects. New investment volume adjusts for re-invested equity. Total values include estimates for undisclosed deals

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Existing Emerging Technology Funds

Emerging Technology Funds have helped other states, provinces, and countries attract private investment, create jobs, and develop cutting-edge renewable energy technologies. These funds serve as examples of how government investment in innovative research and development creates jobs, fosters entrepreneurship, and increases the quality of life for the community.

New York State Energy Research and Development Authority

The authority's aim is to help New York meet its energy goals: reducing energy consumption, promoting the use of renewable energy sources, and protecting the environment. A research and development program supports the development and commercialization of innovative energy and environmental products, technologies, and processes that improve the quality of life for New York's citizens and help New York businesses to compete and grow in the global economy.

California Energy Commission's Public Interest Energy Research (PIER) Program

This program supports public interest energy research, development, and demonstration, including in the areas of building efficiency, renewable energy technologies and advance grid technology. The program is funded through surcharges on electricity and natural gas rates and has invested a total of more than $587 million in innovative energy technologies since inception.

Texas Emerging Technology Fund

Created by legislation in 2005, the $200 million Texas Emerging Technology Fund (ETF) is designed to create high-tech jobs, and attract private businesses to Texas. The ETF has funded projects from cancer research to developing energy efficient and renewable energy technologies. In 2009, the Small Business and Entrepreneurial Council ranked Texas in the top three states for small business and entrepreneurship.

Michigan Emerging Technology Fund

The Michigan Emerging Technology Fund is designed to expand funding opportunities for Michigan-based technology companies in the innovation research and development arena.

Massachusetts Emerging Technology Fund

The Massachusetts Emerging Technology Fund offers loans to technology companies in the state to finance manufacturing facilities and equipment.

Sustainable Development Technology Canada's Tech Fund

Established by the government of Canada, this $550 million fund is one of two aimed at the development and demonstration of innovative technological solutions. It supports projects that address climate change, air quality, clean water and clean soil.

Ontario Emerging Technologies Fund

In 2009, the Canadian Province of Ontario committed $250 million to the development of an Emerging Technologies Fund for the development of green technologies.

World Bank Clean Technology Fund

The fund is one of two Climate Investment Funds that promote scaled-up financing for demonstration, deployment and transfer of low-carbon technologies, including renewable energy, with significant potential for long-term greenhouse gas emissions savings. As of January 2009, twelve countries including the United States had pledged $5.7 billion to the fund.

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LINKS

Senate Bill 150 http://www.legis.state.ak.us/basis/get_bill_text.asp?hsid=SB0150A&session=26
Senate Bill 220 http://www.legis.state.ak.us/basis/get_bill.asp?bill=SB%20220&session=26
House Bill 305 http://www.legis.state.ak.us/basis/get_bill.asp?bill=HB%20305&session=26

Existing Emerging Technology Funds
Texas - http://txed.convio.net/site/PageServer?pagename=tetf_homepage
Michigan - http://www.mietf.org/Default.aspx
Massachusetts - www.massdevelopment.com/financing/specialty-loan-programs/emerging-technology-fund/
Ontario - http://www.ocgc.gov.on.ca/site/en
Sustainable Development Technology Canada Tech Fund - http://www.sdtc.ca/en/SOIinfo.htm
Masdar Clean Technology Fund - http://www.masdarctf.com/default.htm
World Bank Clean Technology Fund - http://www.climateinvestmentfunds.org/cif/
Google.org - http://www.google.org/projects.html

Denali Commission Emerging Technology Grants
http://www.denali.gov/index.php?option=com_content&view=category&id=1:energy&layout=blog&Itemid=13

World Market for Renewables
General Trends:
http://sefi.unep.org/english/globaltrends2009.html
http://www1.eere.energy.gov/recovery/
http://energy.gov/news2009/8391.htm

China - http://www.csmonitor.com/Commentary/the-monitors-view/2009/1204/p08s01-comv.html
Philippines - http://businessmirror.com.ph/home/economy/19354-multilateral-lenders-endorse-p250m-for-clean-technology-fund-to-doe.html
South Korea - http://cleantech.com/news/4113/s-korea-plans-72m-renewable-energy

Examples of Emerging Technology Worldwide
Osmotic Power - http://news.bbc.co.uk/2/hi/europe/8377186.stm
Storing RE with Hydrogen - http://www.newenergy.is/newenergy/upload/files/naha/h2kt_info-sheet-eng.pdf
Thermo-Chalcogenide Based Chips - http://crc.mse.txstate.edu/newsrelease.html
Snow Cooling Plant -Sweden - http://advantage-environment.com/byggnader/stored-snow-for-summer-cooling/
Snow Cooling Plant - Japan - http://cleantechnica.com/2008/10/16/airport-will-use-snow-for-30-of-cooling-needs/

SB 221

<target><bill>SB 221</bill><subject>SB 221</subject><comm>SFIN26</comm></target>

SENATE FINANCE COMMITTEE REPORT

DATE: 2/1/10

FURTHER:

DATE TURNED
IN TO OFFICE: _____

Finance Committee considered SENATE BILL NO. 221

SB 221 LEGISLATIVE TASK FORCE ON HIGHER ED

"An Act establishing an advisory task force on higher education in the legislative branch of government; and providing for an effective date."

and recommends:

[ ] be **replaced** with [ ] **SCS** or [ ] **CS** ___ _____ (_____)

[✓] adopt **previous** [ ] **SCS** or [✓] **CS** SB 221 (EDC)

[ ] attached amendment(s)

[ ] adopt _____Letter of Intent

[ ] further referral to _____Committee

SENATE BILL:
[ ] Same Title
[x] New Title

HOUSE BILL:
[ ] Same Title
[ ] Technical Title Change
[ ] New Title w/ SCR #_____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
SFIN	3/5/10			✓	

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
EED	2/1/10			✓	1
EED	2/1/10			✓	3

[ ] **APPROPRIATION - no fiscal note**

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	Douglas	✓			
	Thomas	✓			
	ECON	✓			
	Ellis	✓			
CO-CHAIR:		✓			
CO-CHAIR:	Steinmann	✓			

5145

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: **CSSB 221(EDC)**
() Publish Date:

Identifier (file name):
Dept. Affected: Legislature
Title: Legislative Task Force on Higher Education
RDU: Legislative Operating Budget
Component: Legislative Operating Budget
Sponsor: Stevens
Requester: Senate Finance Committee
Component Number: 796

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							
FUND SOURCE		(Thousands of Dollars)					
1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2010) cost:

POSITIONS							
Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

SB 221 establishes an Advisory Task Force on Higher Education in the Legislative Branch. The Task Force consists of 13 members from various entities. Members serve without compensation but are entitled to per diem and travel expenses paid from the budget of the agency or institution the member represents. It is anticipated that the Task Force will hold six meetings; two in Anchorage, two in Fairbanks and two via teleconference. The Legislature has two members on the Task Force, the Chairs of the Senate and House Education Committees Travel and support costs for the Legislators and staff will be absorbed within the Legislature's existing budget.

Prepared by: Senate Finance Committee
Co-Chair Bert Stedman
Phone 465-3873
Date/Time 3/5/10 12:50 PM

Approved by:
Date 3/5/2010

(Revised 11/6/2009 OMB)

5146

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 3
Bill Version: CSSB 221(EDC)
(S) Publish Date: 2/1/10

Identifier (file name): SB221-EED-ESS-1-22-10
Dept. Affected: Education & Early Development
Title: "An Act establishing an advisory task force on higher education in the legislative branch of government..."
RDU: Education Support Services
Component: Executive Administration
Sponsor: Senators Stevens & McGuire
Requester: Education, Finance
Component Number: 2736

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							
FUND SOURCE		(Thousands of Dollars)					
1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2010) cost:

POSITIONS							
Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

There is no fiscal impact on the Department of Education and Early Development

Prepared by: Eddy Jeans
Phone 465-8679
Division: School Finance
Date/Time 1/22/10 12:00 AM
Approved by: Larry LeDoux
Date 1/22/2010
Commissioner

(Revised 10/13/2009 OMB)

5147

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: CSSB 221(EDC)
(S) Publish Date: 2/1/10

Identifier (file name): SB221-EED-ACPE-01-25-10
Dept. Affected: Education
Title: An Act establishing an advisory task force on higher education in the legislative branch of government;...
RDU: ACPE
Component: Program Administration and Operations
Sponsor: Senator Stevens
Requester: (S)EDC
Component Number: 2738

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2010) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*
Participation in higher education related working groups, advisory bodies, etc. are within the regular duties of ACPE's executive. As currently drafted, ACPE costs related to quarterly meetings would be diminimus and absorbed within existing budget authority.

Prepared by: Diane Barrans, Executive Director
Phone 907-465-6740
Division: Alaska Commission on Postsecondary Education
Date/Time 1/25/10 9:00 AM
Approved by: Diane Barrans, Executive Director
Date 1/25/2010
Alaska Commission on Postseconary Education

(Revised 11/6/2009 OMB)

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ALASKA STATE LEGISLATURE

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Senator Gary Stevens
President of the Senate

SPONSOR STATEMENT
Senate Bill 221

Excerpt from NCSL's "The Path to a Degree" by Brenda Bautsch, November 2009:

"America is no longer the world leader in education. U.S. performance at the K-12 and postsecondary levels is falling behind other countries. According to the Organization for Economic Co-operation and Development (OECD), America and Germany are the only two OECD countries where the younger generation is actually less educated than the older generation. In February 2009, President Obama declared the lack of educational attainment in the United States a 'prescription for economic decline, because we know the countries that out-teach us today will out-compete us tomorrow,' and he set a goal for the United States to reclaim its position as the leader in college graduates by 2020. To accomplish that, states need to set their own college completion goals; study and diagnose where and why students are dropping out of the education system; and target state policy to those problem areas. Effective state policy can help more students obtain college degrees, be successful in life and contribute to the economy. "

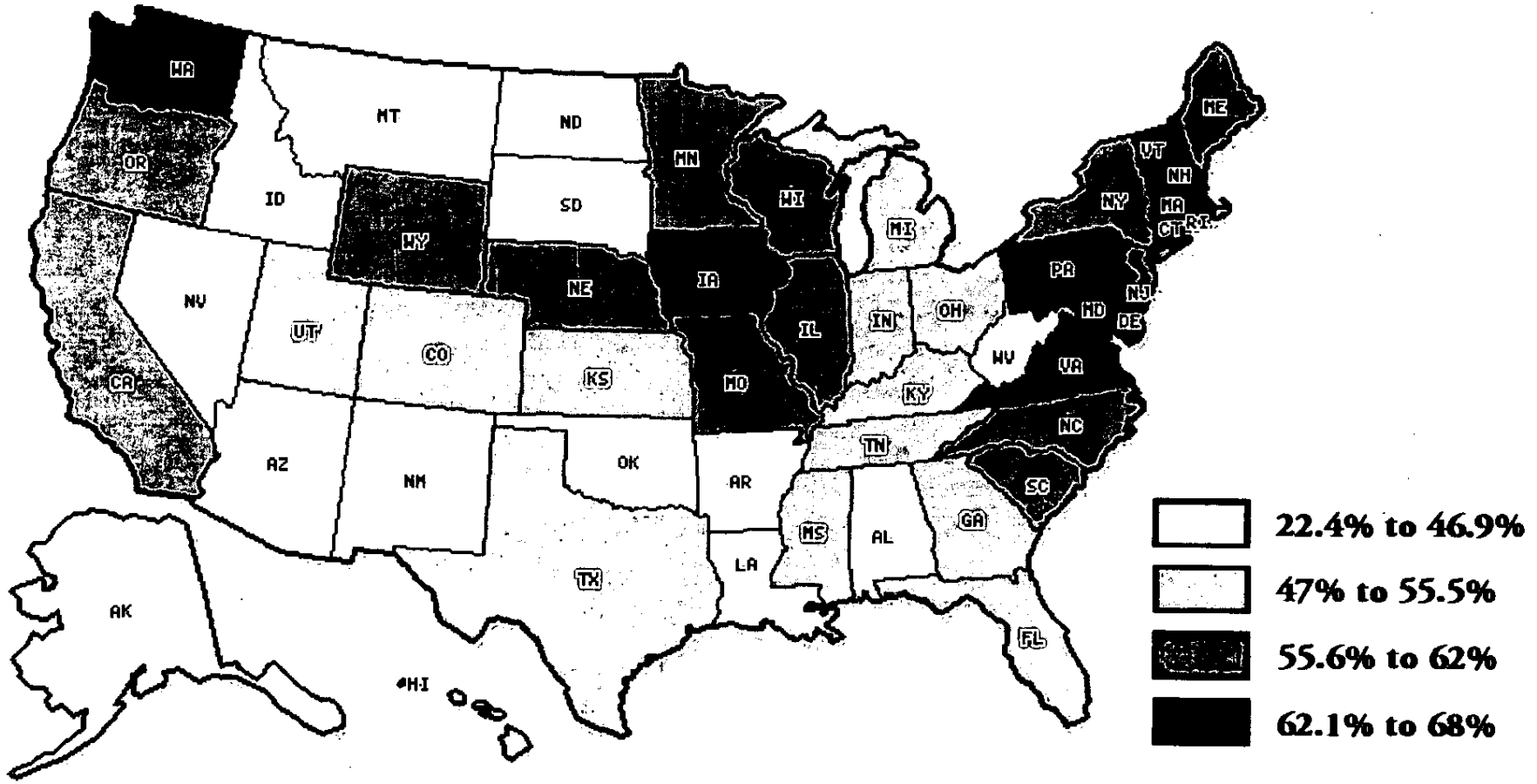
Alaska has seen this problem growing for many years. There is a disconnect in our education system. If enrollment in and completion of some form of higher education is the goal, then we must clearly identify why our students are failing to perform and devise a means to help them succeed. There are several challenges that must be faced. We have the resources to improve the situation, and Senate Bill 221 calls for the stakeholders to assemble and devise a plan to do so.

This task force will serve to identify ways to strengthen the education pipeline, improve student preparation for college, decrease the need for remediation in college, improve access to financial aid, increase retention and graduation rates in postsecondary education, provide enhanced funding and governance for our education system, address data and tracking needs, and ultimately to support economic development vis-à-vis a better trained, better educated citizenry.

Thank you for your consideration of this worthwhile legislation.

Graduation Rates: Six-Year Graduation Rates for Bachelor's Students, 2007

Rates for first-time, full-time bachelor's degree-seeking students, 2007
US Average = 56.1% Alaska Average = 22.4% (The bottom)



Source: The National Center for Higher Education Management Systems; National Center for Education Statistics, IPEDS Enrollment Survey

ALASKA STATE LEGISLATURE

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Senator Gary Stevens
President of the Senate

SECTIONAL ANALYSIS
Senate Bill 221

SECTION 1:
Establishes an advisory task force on higher education for the purpose of compiling data and advising the legislature on matters pertaining to college readiness of students who graduate from public secondary schools in Alaska.

It's composed of 13 members representing the Governor, the Alaska Commission on Postsecondary Education, the University of Alaska, the Alaska School Board Association, the National Education Association, Alaskan private colleges or universities, other public (non-UA) postsecondary institutions in Alaska, relevant faculty from around the UA system, and the chairpersons of the respective House and Senate Education Committees.

The respective entity that each task force member represents is expected to pay for their share of the expenses of participating in the task force.

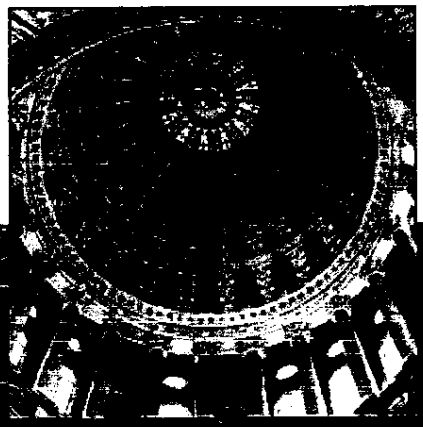
The staff of the legislative members of the task force shall serve as staff for the task force.

The members of the task force shall elect a chair from among its members.

The task force shall compile research and summarize data regarding remediation, retention, and graduation rates in the state. There shall be developed a definition of remediation. The task force shall identify contributing causes for lack of college readiness, and best practices to reduce the need for remediation, and prepare a report to the legislature outlining strategies and recommendations to reduce remediation, improve college readiness, and increase college graduation rates. The report is to be submitted by March 1, 2011.

SECTION 2:
Repeals the act and dissolves the task force on July 1, 2011.

SECTION 3:
Makes the act take effect the day after the governor signs it.

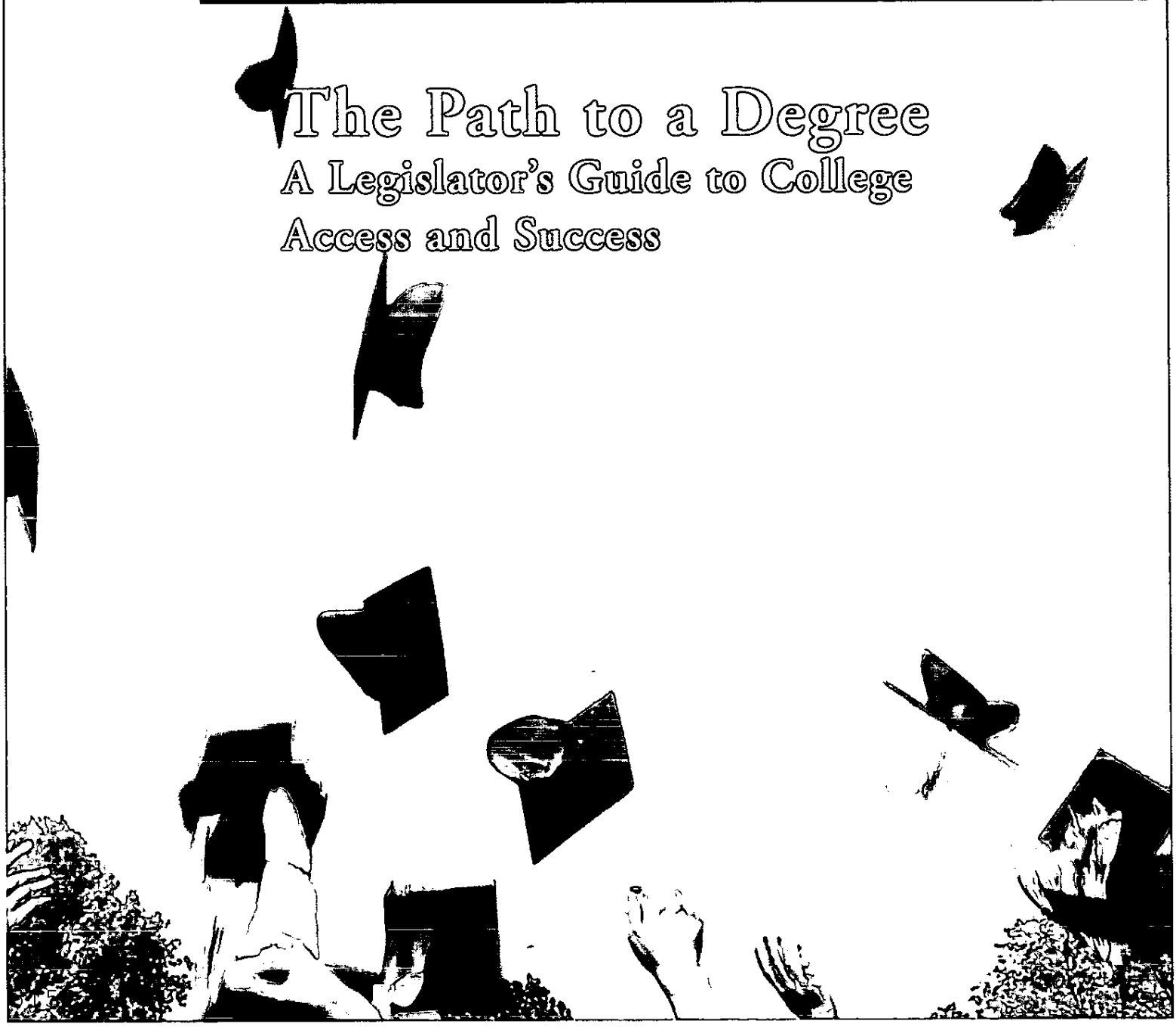


NATIONAL CONFERENCE
of STATE LEGISLATURES

The Forum for America's Ideas

The Path to a Degree

A Legislator's Guide to College Access and Success



Overview: The Path to a Degree

By Brenda Bautsch

November 2009

America is no longer the world leader in education. U.S. performance at the K-12 and postsecondary levels is falling behind other countries. According to the Organisation for Economic Co-operation and Development (OECD), America and Germany are the only two OECD countries where the younger generation is actually less educated than the older generation. In February 2009, President Obama declared the lack of educational attainment in the United States a "prescription for economic decline, because we know the countries that out-teach us today will out-compete us tomorrow," and he set a goal for the United States to reclaim its position as the leader in college graduates by 2020. To accomplish that, states need to set their own college completion goals; study and diagnose where and why students are dropping out of the education system; and target state policy to those problem areas. Effective state policy can help more students obtain college degrees, be successful in life and contribute to the economy.

According to the Bureau of Labor Statistics, 54 percent of all new jobs and 75 percent of the fastest-growing jobs require some form of postsecondary education. In addition, people with bachelor's degrees earn 60 percent more over their lifetime than those with only a high school diploma, which translates into higher tax revenues for states and the federal government. College graduates also live healthier and longer lives and rely less on social programs such as welfare or Medicaid, saving states a significant amount of money. College graduates participate more in civic activities, such as voting, and in charitable activities, such as donating blood. States that improve college access and success increase these individual, economic and societal benefits.

College enrollment and completion rates will not alter significantly unless policymakers focus on nontraditional students, particularly low-income, minority and first-generation students, who are underrepresented and underserved in the education system. These students are the fastest growing populations and the least likely to finish high school, enroll in college or earn a degree. The result is a significant and serious achievement gap that threatens states and the nation.

To meet President Obama's college completion goal and to preserve America's status as a world leader in education, state policy will need to focus on closing the achievement gap. State legislators have the power to design and implement policies that help prepare all students academically and financially for college and effectively support them to ensure they complete a degree.

The Path to a Degree: A Legislator's Guide to College Access and Success contains five briefs that provide an overview of key issues, discuss research findings, and offer examples of specific state action that can improve college access and success for underrepresented students.

Raising Awareness: College Planning Strategies focuses on early awareness and preparation as an essential component of college access. The brief discusses two strategies to increase early college planning among low-income, minority and first-generation students: information dissemination and student support services, both beginning no later than middle school.

Increasing College and Workforce Readiness discusses policies that can improve college and workforce readiness, such as aligning high school standards, adjusting graduation requirements, and using college-ready assessments. College readiness is a key component of both college access and success; students who take college preparatory courses in high school, for example, are more likely to enroll in and graduate from college.

Improving College Affordability for Underrepresented Students: Financial Aid Strategies discusses the three components of the higher education finance system: tuition, financial aid and state appropriations. The brief fo-

cuses on financial aid as a policy option to increase college affordability for low-income, minority and first-generation students and provides examples of effective financial aid programs.

Engaging Students Academically and Socially: College Success Strategies highlights evidence-based college success programs that help more students remain in college and graduate. Programs that increase student academic and social engagement have the greatest effect on completion rates. The brief provides examples of legislative action that encourages and supports college success programs.

What You Need to Know About Minority-Serving Institutions provides an overview of historically black colleges and universities, Hispanic-serving institutions, and tribal colleges and universities—known collectively as minority-serving institutions. The brief highlights why an increasing number of students choose to attend these institutions; their effect on the educational attainment of underrepresented students; and the challenges such institutions face.

Higher education can improve individual lives, bolster state economies, fill workforce needs, and sustain America's economic competitiveness. Now is the time for states to act to improve the path to a degree for all students.

Acknowledgments

This publication was made possible by generous funding from the Ford Foundation. NCSL is grateful to the foundation for the support of this project and for its strong commitment to improving higher education outcomes for all students.

This publication was written by Brenda Bautsch as a Policy Specialist in the NCSL Education Program. Brenda works on issues regarding college access and success.

The author wishes to thank the following people for taking the time to review briefs and provide valuable feedback: Rep. Maggie Jeffus, Rep. Betty Komp, Rep. Denise Merrill, Rep. Corey Mock, Deborah Santiago, Rita Barr, Paula Dominguez, Sara Fidler, David Harrell, Vincent Badolato, Lamar Bailey, Heather Chikoore, and Yilan Shen. Special thanks to Julie Davis Bell for her immeasurable guidance on the publication, and to Leann Stelzer for her work on editing and design.

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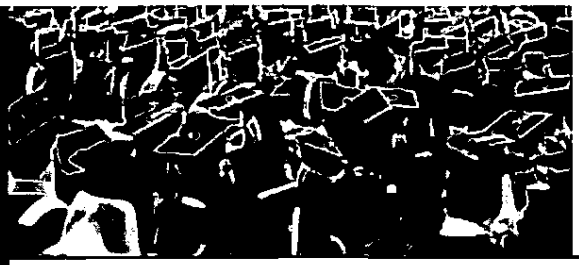


Raising Awareness: College Planning Strategies

By Brenda Bautsch

November 2009

Nine of 10 parents expect their child to go to college, according to an Institute for Higher Education Policy survey of middle school parents. Parents recognize that a college degree leads to better job opportunities and higher wages. The same survey, however, found that 45 percent of those parents had not yet taken any steps to plan for college. As Figure 1 shows, they had not started saving money, had not looked at college admission requirements, had not visited campuses, and had not talked with a school counselor or teacher. Parents who did not have a college degree were most likely not to have begun planning, while three of four parents with a bachelor's degree had begun the process.[1]

The survey results are troubling because college planning ideally begins at the middle school level. The path to college involves many steps that are better started at an early age. College-bound students should begin in middle school to consider what classes they need to take for college. They should understand the importance of studying hard and getting good grades. They should start preparing for standardized testing. They should think about financial aid and scholarships, some of which are contingent upon high school grades, curriculum or extracurricular activities. Various actions need to be taken in college planning, and being aware of what those actions are early in the process is an important part of college access.

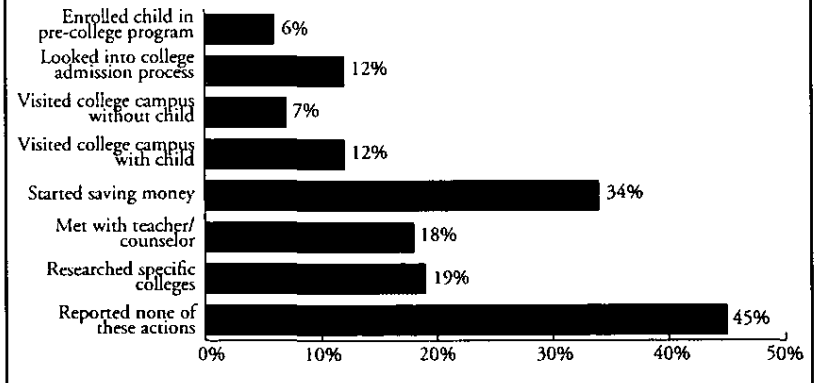
Unfortunately, college planning information is not reaching all families. Many disadvantaged school districts have limited college preparation resources and few guidance counselors who can help students navigate the college path. Many low-income, minority and first-generation students do not have a college-educated parent or role model to help guide them. Without information, students may be unaware that colleges require certain classes, or that scholarships require certain grade point averages. In fact, many of these students do not know financial aid and scholarships are available. Lack of information can lead to missed opportunities for getting more students into college.

This brief discusses two strategies that can be used to increase awareness of college planning among underrepresented students: 1) information dissemination to middle and high school students and parents, and 2) student support services throughout secondary school. Both strategies have an early outreach component that starts their college planning efforts at the middle school level. This brief examines the various tactics and methods of implementation involved in these two strategies and provides examples of current programs.

Information Dissemination

Low-income and minority students have less access to college planning information than other students. This is especially the case for first-generation students who may not be able to rely on their parents to direct them in the college preparation process. Families that are unaware of college options also typically do not know where to obtain information, and they have less access to school guidance counselors who could help them.[2]

Figure 1. What college planning steps have parents of middle school students taken?



Source: IHEP survey of middle school parents, 2007.

Information dissemination can be an inexpensive and effective way to communicate college planning information to families. Several states have conducted college information campaigns using various media outlets. Web-based campaigns can be effective because the Internet has become widely accessible and creating a website is inexpensive. Research indicates that minorities access the Internet at nearly the same rate as whites; 86 percent of white high school seniors have access to a broadband connection, compared to 85 percent of African Americans and 77 percent of Hispanics.[3]

Web Campaigns North Carolina has been hit hard by declines in skill-based industries such as manufacturing and agriculture. In efforts to develop a knowledge-based workforce, North Carolina's General Assembly created the College Foundation of North Carolina, a program focused on increasing college access for poor and minority students. The foundation is a collaboration of the K-12 and state college systems. Most of its college planning services are available on its website: www.cfnc.org. North Carolina conducted a publicity campaign to promote the website, and now 80 percent of middle and high school parents know about it.

The website allows students to track high school courses, grades and activities; search for financial aid; apply to North Carolina colleges; and apply for loans. The site provides free test preparation materials for the SAT and ACT. Applicants can electronically submit their high school transcript to colleges through the website. With such a wealth of information and resources in one place, students and parents from all backgrounds can easily educate themselves on the various aspects of college planning. As a result of the foundation's efforts, college enrollment rates for low-income students have been on the rise; in fact, North Carolina holds the record for the greatest increase—3.4 percent—from 1999 to 2006.[4]

A great benefit of web campaigns is that they can extend across state borders to reach an even larger audience. The Southern Regional Education Board, for example, has a website called "Electronic Campus" that provides information about the colleges and universities in the 16 states it represents. Students in all of those states can use the website to gather helpful information about campus tours, applications, academic programs and financial aid. A student in Arkansas could use the Electronic Campus website to easily obtain information about schools in Florida. Using the Internet to disseminate information can foster regional collaboration to efficiently reach out to students about higher education.

New Media Other methods of communication popular with students from all backgrounds are cell phone text messaging, online social networking and Internet videos, sometimes referred to as "new media." A survey of low-income and minority students in Boston found that most 11th and 12th graders own cell phones; of those, 88 percent use text messaging. The survey also indicates that the top Internet programs students use are YouTube, MySpace and AIM.[5] Taking advantage of these information pipelines can be a great way to reach out to students about college. Best of all, they are low-cost options. Text messages could be sent alerting students of upcoming college events. YouTube videos could be made to promote a college access campaign. AIM could be used by school counselors to inform students of pending deadlines.

Delaware has used new media for disseminating college information. Its Department of Education created a MySpace profile to promote its *"Yes You Can"* campaign, which encourages college and career preparation for high school students. Creating a MySpace profile is free; it requires only staff time to set it up, invite students to be friends and monitor it. Using media forums that are popular with students can have to a greater effect on their knowledge and views about higher education.

Traditional Media In addition to the Internet and new media, marketing through traditional media outlets such as radio, TV and print also can be effective to disseminate college planning information. A national initiative, KnowHow2Go, reaches out to middle and high school students through TV commercials, billboards and magazine ads. Creatively targeted toward teens, the message is simple—kids must research college options and take challenging classes. Commercials depict comic-book-like villains representing algebra, biology and foreign languages and urge kids to take on these tough courses.

Although KnowHow2Go is a national initiative, several states have teamed with the program to personalize the campaign. Nebraska, for example, launched its KnowHow2Go campaign as a collaboration among the state Department of Education, the governor's office, the state P-16 initiative,

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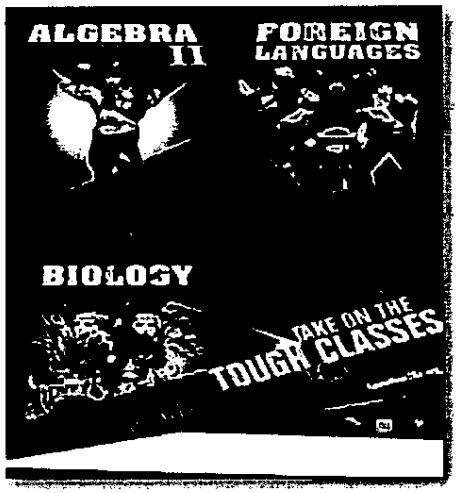
the University of Nebraska system and others. KnowHow-2Go can be a great resource for states that want to conduct a major college access marketing effort. KnowHow2Go can provide advertising advice and materials, help the state assemble partnerships, and help secure funding for the campaign.[6]



Financial Aid Workshops Another way to disseminate information is through specialized workshops. One college topic many students and families lack knowledge on is financial aid. College Goal Sunday, an annual workshop, was created to provide low-income and first-generation students with financial aid information and help them fill out the Free Application for Federal Student Aid (FAFSA) form. Started in Indiana in 1989, it has since expanded to serve 35 states and the District of Columbia with assistance and funding from the Lumina Foundation and the National Association of Student Financial Aid Administrators (NASFAA). Each state coordinates its College Goal Sunday event, which occurs on a Sunday afternoon in January through March, the peak financial aid time. The free College Goal Sunday program is run by volunteers. Financial aid experts, guidance counselors and others come to help students and families fill out the FAFSA and learn about financial aid opportunities.

College affordability is a significant barrier for many students, and the FAFSA is the first step toward receiving financial aid. The event has had a positive response from participants; in 2008, 83 percent of those who attended a College Goal Sunday said either they could not have filled out the FAFSA on their own, or could not have done it as well.[7]

College Goal Sunday is successful only if students and families are aware of the event and attend. Legislators can help promote the event by recording public service announcements on the radio, writing about it in their newsletters, and speaking about it at constituent forums. In 2008, for example, the Tennessee College Goal Sunday program created a script for a radio announcement, and 65 state legislators participated in the recording.

Another way legislators can promote the event is to write a resolution declaring one day in January through March to be College Goal Sunday, as Michigan and Arkansas did. Or, the resolution could declare one month a Financial Aid Awareness Month as the Kentucky House of Representatives did. Legislators also can use their political ties to urge other political figures, such as mayors or governors, to publicly endorse College Goal Sunday. Using their position as public leaders, legislators can be of great help in supporting College Goal Sunday without having to spend state money.[8]

By using the web, new and traditional media, and financial aid workshops, states can effectively spread information about college planning. Information dissemination is only one strategy to improve college access, however. Another important aspect is providing students with personal support.

Student Support Services

Research indicates that information alone is not enough. Students need an adult figure who believes in them and encourages them along the way.[9] If students do not have such a role model in their family or among teachers, counselors can fill that void. College guidance counselors help students handle the preparation steps needed to enroll in college. They can help students plan their course load, prepare for the SAT and ACT, and research college and career options. Counselors who are invested in the success of their students can be important mentors, providing encouragement and support.

It is important, however, that counselors have time to help each individual and are not assigned too many students or too many tasks unrelated to college counseling. Nationally, the average counselor-to-student ratio is one to 490, but at poor schools counselors are assigned an average of 1,056 students. Such schools serve mainly minority and low-income students who are most in need of college advice and support. Moreover, counselors at these schools typically focus on behavior problems, not college planning.[10]

Nationally, the average counselor-to-student ratio is 1 to 490, but at poor schools, counselors are assigned an average of 1,056 students.

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Increasing the number of counselors who are focused on college and career planning at low-income schools is a good way to increase college readiness for underrepresented students, but it can be costly. Where state funds are limited, one option is to leverage federal, private or foundation programs.

GEAR UP Gaining Early Awareness and Readiness of Undergraduate Programs (GEAR UP) is a federal grant program that works to increase college awareness and preparation among low-income and minority students. GEAR UP provides matching grants to state governments and partnerships that administer programs with an early outreach component focused on readying students for postsecondary education. The early outreach requirement refers to programs that start in middle school. Programs that increase staffing of counselors in low-income middle and high schools can apply for GEAR UP grants.

Washington's College Success Foundation, for example, used GEAR UP funds to increase school counselors, referred to as "College Prep Advisors." The advisors work with eighth, ninth and 10th graders to provide college information, course advice and encouragement. The advisors reach out to students through various formats such as after-school programs, brown-bag lunches and classroom visits.[11]

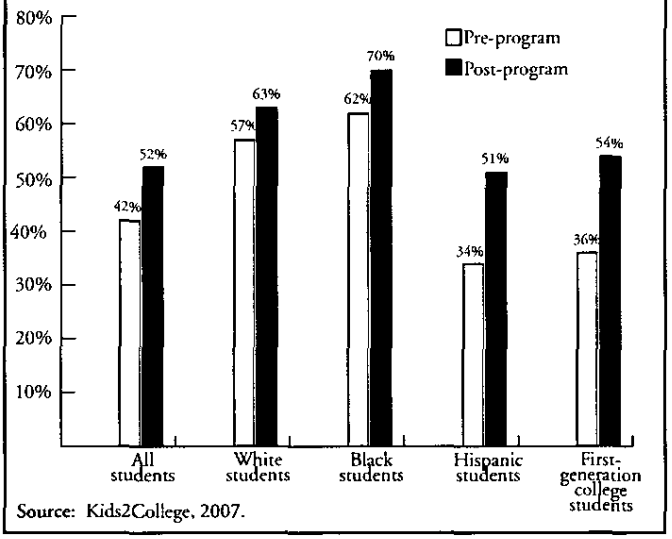
Louisiana uses GEAR UP grants to provide week-long summer learning camps held on college campuses for middle and high school students. Since low-income and first-generation students may never have been to a college campus and may have no one to describe college life, it is important to inspire a belief that they someday could be college students. College visits can expose students to the world of higher education and help them envision themselves as college students.

Along with the campus experience, Louisiana's GEAR UP summer camps provide valuable counseling. Camp themes vary and include tutoring, math and science enrichment, and leadership skills. Career-centered camps include topics such as engineering, sports medicine or culinary arts. Students also gain early awareness of how to plan for college both academically and financially. According to the Institute of Education Sciences, programs that incorporate college and career advising, college campus visits and financial aid planning increase rates of high school completion.[12]

Kids2College Another counseling program that incorporates college visits is Kids2College, a national program sponsored by the Sallie Mae Fund. The program, built on local partnerships, provides sixth graders at low-income schools with college planning sessions throughout the school year. The creative, hands-on sessions are used to expose the kids to the many opportunities available in postsecondary education. The program culminates with a campus visit to a local college or university.

When first-generation students were asked at the beginning of the Kids2College program whether they could envision themselves as a college student, 36 percent said yes. When asked the same question after the program, the number jumped to 54 percent. Figure 2 also shows increases in the percentage of white, black and Hispanic students who can envision themselves in college after participating in Kids2College.

Figure 2. Percentage of K2C Students Who Said They Can Definitely Imagine Themselves in College



Source: Kids2College, 2007.

Another positive effect of the Kids2Collge program is that more students know they should start taking college preparatory classes in eighth or ninth grade and that they should take four years of math in high school. Early awareness of which math classes to take is important; research indicates that minority and first-generation students who take upper-level math classes have higher college enrollment rates. After participating in Kids2College, students also are more likely to talk about college with friends and teachers and have a better understanding of career options.[13] A sixth-grade teacher in California whose students participated in Kids-2College said:

> "I was very moved by some of the changes in attitude I have seen with some of my toughest students. Many students are now talking about want-

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ing to go to college, when a few weeks ago they would have insisted otherwise. The trip to [California State University, Fullerton] seemed to make the whole idea of "college" real and attainable for my students. Overall, students are doing more homework and taking their studies more seriously as they now know that college is not only possible, but that preparation starts early in the sixth grade."

Kentucky's Individual Graduation Plan A different strategy to increase school counseling is to make college and career preparation part of graduation requirements. In 2002, Kentucky's General Assembly created the Individual Graduation Plan and made it a requirement for high school graduation. The graduation plan is a comprehensive college and career counseling program aimed at helping students connect their high school classes and activities with their post-high school goals. The plan, administered by school staff, begins in eighth grade and runs through 12th grade.

The Individual Graduation Plan is used to assess each student's academic interests, skills and hobbies and suggests possible careers. The program then creates a four-year high school plan that is in line with the student's college and career goals. It is reviewed regularly throughout high school to track progress and any shifts in aspirations. The program promotes the idea that early planning gives students the opportunity to fully prepare for college and careers.[14]

Washington's Navigation 101 Another state-supported program is Navigation 101, a middle and high school counseling program funded by the Washington Legislature. Select schools administer the program, which matches each student within the school to an advisor—a teacher, counselor, principal or social worker. Advisors work closely with students from grade six through grade 12 on college and career planning. Having an assigned advisor ensures that each student has at least one adult at the school who knows them and cares about their future. The advisors follow a curriculum that was developed using academic and counseling standards. It covers topics such as setting personal and academic goals, improving class grades, planning for college, exploring careers, joining extracurricular activities and managing money. Early data shows that students who participate in the program are more likely to take Advanced Placement courses, graduate from high school and enroll in college.

The programs highlighted in this section have the ultimate goal of providing students with more guidance on college and careers, whether by increasing the counselor staff at schools, delivering information sessions to families, chaperoning college visits, or implementing state-supported college preparation programs. Whatever the method used, the key is to increase support services to all students, particularly those who are low-income, minority or first-generation, to help them prepare for life after high school.

Conclusion

Inadequate college planning can be a barrier to higher education for many students. Research indicates that middle school is the best time to start planning for higher education because it allows time for students to complete necessary courses, participate in extracurricular activities, study for college entrance exams, apply for financial aid, and apply for college. If students are not aware early on of specific college and program requirements, they could be at a disadvantage.

Almost all parents expect their child to attain some level of education beyond high school. However, almost half those parents have not taken any preparation steps by the time their child is in middle school. The two main strategies described in this brief—disseminating information about college planning, and increasing college counselor services for middle and high school students—can help change that trend.

The various programs highlighted demonstrate different ways to increase college planning awareness. Policymakers can consider the demographics, the current programs, and the specific needs of the schools and students in their community to decide which strategy would be best. As the examples in this brief demonstrate, partnerships can be an effective way to create or expand a program and share the costs and planning efforts. Partnerships could be forged with local nonprofits, university systems, federal grant programs, and state departments of education, among others.

As policymakers consider increasing college planning awareness among underrepresented students, these are some points to keep in mind.

- It is important to begin the college planning process in middle school to allow enough time for sufficient preparation.

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- Information dissemination can be an inexpensive and effective way to communicate college planning information.
- The Internet and "new media" (i.e., text messages, social networks and web videos), which are popular with teenagers of all backgrounds, can be a low-cost way to reach out to students.
- By partnering with a national initiative such as KnowHow2Go, states can create college access campaigns tailored to their constituency.
- College Goal Sunday is an example of a workshop focused on increasing awareness of financial aid options, a subject with which many students and families are unfamiliar.
- Support services such as school counseling can provide students with valuable college information, advice and support.
- Low-income school districts typically have fewer school counselors; increasing the counseling staff at those schools could improve the college readiness of disadvantaged students.
- College visits can help students, especially those who are first-generation, to envision themselves at college, thus encouraging them to aspire to attend.
- Incorporating a college preparation plan into high school graduation requirements can be a strategy to increase college awareness.
- State legislatures can provide financial support for college and career planning programs in public middle and high schools; Washington's Navigation 101 program is one example.

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The Path to a Degree

A Legislator's Guide to College Access and Success

Increasing College and Workforce Readiness

By Brenda Bautsch

November 2009

Policymakers and their constituents have been shocked to learn about the low college graduation rates of America's students. Nearly half of students who enter a four-year college do not earn a bachelor's degree within six years. Two-thirds of associate degree-seeking students do not earn a degree within three years. Why do so many students fail to complete a degree?

Poor academic preparation is one significant reason why students drop out before graduation. Each year, 1 million high school graduates fail college placement tests, and 35 percent of all public college students enroll in at least one remedial course. It is clear that K-12 education is not preparing many students for college-level work. The consequences are costly—students must pay to take courses for which they receive no credit, and states must pay to teach students material they should have learned in middle and high school. Further, students who take remedial classes are much more likely to drop out of college.

Often, the high school curriculum is not properly aligned with college requirements. Too many students do not gain the knowledge and skills necessary to succeed in postsecondary education. Those who are most affected by inadequate college preparation are low-income, minority and first-generation students who attend schools that do not offer rigorous courses, college preparatory diplomas, or college guidance counseling.

Because an increasing number of jobs require some level of postsecondary education, high school graduates should be prepared for higher education. In response, states have begun to enact policies to graduate high school students "college and career ready." These policies:

- Align high school curriculum standards and graduation requirements with college and career requirements to better prepare students;
- Require all schools to offer a college- and career-ready diploma—a rigorous diploma aimed at preparing students to succeed in any level of postsecondary education, whether technical certification, a two-year degree or a four-year degree;
- Use college-readiness tests and end-of-course exams to identify students who are in need of extra preparation before college;
- Include college- and career-ready indicators, such as the number of students taking AP classes or a college preparatory diploma, into school accountability systems. Including these indicators can reward high schools that are focusing on graduating college-ready students.

What Does it Mean to Be College Ready?

College readiness simply means students are prepared for entry-level, credit-bearing college courses immediately after high school.

The simple definition of college readiness is being prepared for entry-level, credit-bearing college courses immediately after high school. More detailed definitions of college readiness specify high school course standards, course-taking requirements and minimum test scores. According to Education Week's Diplomas Count 2009 survey, 20 states have adopted formal definitions of college readiness, and 11 more currently are developing a definition.

In 14 states, the college-readiness definition identifies content standards for courses; in 13 states, the definition identifies specific courses students should take to be college ready. Seven states identify behavioral skills, such as time management and critical thinking, that students should possess.

Twenty-eight states have adopted a formal workforce-readiness definition, indicating courses, skills, content knowledge or test scores necessary to be prepared for a career. Only five states reported in the Diplomas Count survey that their definitions for college and workforce readiness differ. Several states define college and workforce readiness as the same. (See Figure 1 for an example.)

Figure 1. Excerpt from the Colorado Postsecondary and Workforce Readiness Definition

Postsecondary education and workforce readiness assumes that students are ready and able to demonstrate the following without the need for remediation.

I. Content Knowledge

Literacy

- Read fiction and non-fiction, understanding conclusions reached and points of view expressed
- Write clearly and coherently for a variety of purposes and audiences
- Use logic and rhetoric to analyze and critique ideas
- Access and use primary and secondary sources to explain questions being researched
- Use standard language properly: correct grammar, usage and spelling

Science

- Think scientifically and apply the scientific method to complex systems and phenomena
- Recognize conclusions are subject to interpretation and can be challenged
- Understand the core scientific concepts, principles, laws, and vocabulary, and how scientific knowledge is extended, refined, and revised over time

II. Learning and Life Skills

Critical Thinking and Problem-Solving

- Apply logical reasoning and analytical skills
- Evaluate the credibility and merit of information, ideas, and arguments
- Discern bias, pose questions, marshal evidence, and present solutions

Work Ethic

- Set priorities and manage time
- Take initiative, and follow through
- Learn from instruction and criticism
- Take responsibility for actions and work
- Act with maturity, civility, and politeness

Source: Colorado Department of Education and Department of Higher Education, June 2009.

Not all policymakers, scholars and educators agree that a college-readiness definition is necessary. Some believe that not all students should go to college and that there should be a stronger emphasis on career and technical education. Others argue that, even though not all students should or will go to college, all should be prepared for some form of postsecondary education, which can include vocational training and certification.

College readiness can provide all students with the option of higher learning, with the understanding that not every student must attend college. Proponents of this perspective point to studies indicating that similar skills and knowledge are desired by colleges and employers. Employers—including those in labor fields such as construction—want high school graduates who can read and write at a college freshman level.

Moreover, according to the Bureau of Labor Statistics, 54 percent of all new jobs and 75 percent of the fastest-growing jobs require some form of postsecondary education, ranging from a vocational certificate to a professional degree. Preparing all students for the option of higher education ensures that they can pursue their desired career field.

Why Students Are not College Ready

One reason students are not college ready is because high school course standards and graduation requirements are not aligned with college entrance requirements. Students are not learning what they need to be successful in credit-bearing college courses, and high school classes are not challenging enough for some students. In addition, some students do not learn study skills or time management, both of which are necessary for college.

In many instances, students are not aware that they are unprepared until they take college placement tests. Strong American Schools, an education policy organization, found that, in a survey of students in developmental courses, 80 percent said they had a 3.0 or higher high school grade point average. Many students said their high school classes were easy and noted they would have worked harder if expectations were higher. The Strong American Schools report, *Diploma to Nowhere*, notes that these survey results demonstrate a "severe disconnect between the knowledge and skills that students learn in high school and the knowledge and skills they need to succeed in college."[1] Fixing the academic disconnect between high school and college is a key step in the movement to increase college readiness, and thereby increase college graduation rates.

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High school and college alignment is particularly important for closing college attainment gaps between whites and minorities and wealthy and poor students. A significant number of students who are not prepared for college are minority, low-income and first-generation students. Schools are not equally able to prepare students for higher education, and underrepresented students are more likely to attend a school where few resources are devoted to college preparation. Schools in low-income neighborhoods are less likely than schools in wealthier areas to offer a rigorous college-preparatory curriculum or to have enough school counselors to provide college and career guidance.

Lack of counseling is most detrimental to first-generation students. They often lack the parental guidance to take college preparation steps. One study found that only 33 percent of first-generation students graduated academically prepared for college, compared to 78 percent of students whose parents have a bachelor's degree.[2]

First-generation students who take a rigorous curriculum that includes advanced math are twice as likely as their peers to enroll in a four-year college.

Statewide action on aligning high school standards with college requirements can have a positive effect for underrepresented students. Many of these students excel when given the opportunity to take more difficult classes. Research finds that first-generation students who take a rigorous curriculum that includes advanced math are twice as likely as their peers to enroll in a four-year college.[3] Ensuring that all students have access to a college preparatory curriculum and counseling can improve college readiness and close postsecondary attainment gaps.

Preparation for College Can Begin in Middle School

Closing the academic gap between high school and college is crucial. However, it is also important that middle schools prepare students for rigorous high school curriculums. Otherwise, students will not be prepared for high school's challenging courses and diplomas. One study by the University of Illinois found that middle school math is linked to academic achievement in high school, particularly for African American students in urban schools. Those who took advanced math in middle school were more likely to take higher-level math in high school and, all around, perform better academically. The study found the opposite to be true as well. African American students who took lower-level math in middle school were behind their peers in high school and had poor academic achievement.[4]

Florida's school accountability system considers how many students take advanced courses in high school, specifically Advanced Placement (AP) courses. One district increased the number of AP courses offered, but recognized that students might not be prepared for the classes if they took less difficult courses in middle school. That district is now working with the College Board to create a special "pre-AP" program to prepare middle school students for advanced courses in high school. (Refer to the *Raising Awareness: College Planning Strategies* brief for more ways to encourage early preparation.)

The Consequences of Unprepared Students

Focusing on college readiness in secondary school is important because students who fail college placement exams must enroll in remedial courses (also referred to as developmental courses). Data from the National Center for Education Statistics reveals that 34 percent of all undergraduates in public colleges in 2004 reported enrolling in at least one remedial course. At community colleges, the number was 43 percent; at four-year institutions, 29 percent of students needed remedial classes. Remediation rates fluctuate widely among institutions. At some community colleges, 60 percent to 80 percent of incoming freshmen need remediation. The fact that more than one third of students in all public institutions need to learn basic math and English skills that should have been acquired in high school is disheartening for policymakers, education leaders, students and families alike. The numbers do not even reveal the full extent of the problem because they do not include students in private schools or students who drop out. In 2004, 1.2 million students dropped out of college, many because they were not academically prepared.[5]

The fact that more than one third of students in all public institutions need to learn basic math and English skills that should have been acquired in high school is disheartening for policymakers, education leaders, students and families alike.

Underrepresented students are most in need of remediation because they are likely to be inadequately prepared. Thirty-seven percent of low-income students enroll in remedial

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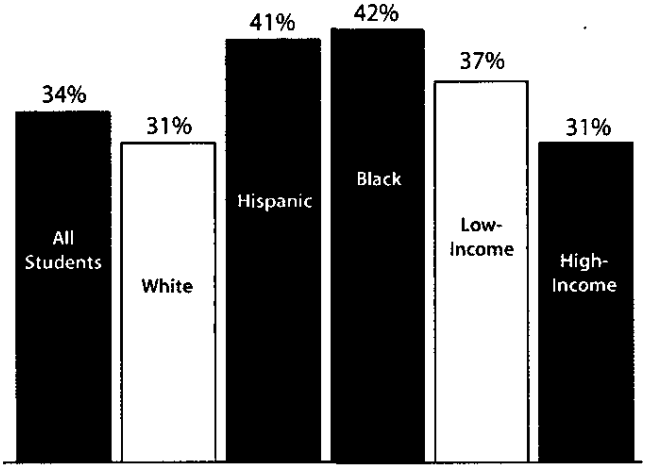
education, compared to 31 percent of the high-income students. Forty-two percent of African American and 41 percent of Hispanic college students were enrolled in remediation in 2004, compared to 31 percent of white students (Figure 2).[6]

Figure 2. Percentage of Students Who Need Remediation, by Race and Income



Source: Strong American Schools, *Diploma to Nowhere*, 2008.

These statistics come with a high cost. Strong American Schools estimates the costs of developmental education to states and students as $2.3 billion to $2.8 billion per year. Of that cost, students pay $706 million to $886 million per year in tuition, and schools pay $1.6 billion to $2.1 billion.[7] Not calculated in that figure is the loss of state revenue incurred when students drop out of college.

One study that followed a cohort of 1992 high school graduates found that, eight years later, 57 percent of students who had not taken a developmental class graduated with a bachelor's degree, while only 29 percent of students who took one or two developmental classes earned their degree. The need for remediation in reading is particularly hazardous for students—only 16 percent of those enrolled in developmental reading earned a bachelor's degree.[8]

Research indicates that students drop out during remediation. A study by the Community College Research Center found that 60 percent to 70 percent of community college students who required more than one remedial course did not complete the classes. Nearly half failed their first remedial course and did not return to finish college. However, research also indicates that students who complete remedial courses have nearly the same rate of success in credit-bearing courses as those who went directly into them.

To increase success rates in remedial courses, colleges are redesigning how the classes are delivered. In Tennessee, for example, six institutions are participating in redesign efforts guided by the Board of Regents and the National Center for Academic Transformation (NCAT). The NCAT project on redesigning introductory courses, described in *Engaging Students Academically and Socially: College Success Strategies*, is the basis for the Tennessee community college redesign of developmental courses.

State and institutional efforts to help students already in remedial classes advance to credit-bearing classes are important for increasing college completion, but states ultimately want to eliminate the need for remediation. The Alliance for Excellent Education estimates that reducing the need for remediation could generate an extra $3.7 billion annually from reduced spending for delivery of developmental education and increased tax revenue from students who graduate with a bachelor's degree.[9] Recognizing the urgency of the situation, states have taken a variety of actions to help high school students graduate ready for college.

State Standards, Graduation Requirements, Assessments and Accountability

Preparation of students for college and the workforce is the responsibility of both the K-12 and higher education systems. Postsecondary institutions need to define the skills and knowledge necessary to be successful in first-year, credit-bearing courses. K-12 systems need to consider those benchmarks and align curriculum standards and graduation requirements. Legislators can play an important role in this process by encouraging collaboration between K-12 and postsecondary institutions and by constructing policy on high school standards, graduation requirements, college readiness assessments and accountability systems. The following sections highlight legislative activity in these four areas.

Standards

Aligning high school course standards with college and workplace requirements is an important step in ensuring that all students, particularly those who are underserved, receive an education that adequately prepares them for life after high school. According to the education organization Achieve, "Standards provide the underpinning for decisions on curriculum, instruction and assessment, and they communicate core knowledge and skills to teachers, parents and students."[10] Standards provide consistency in what students learn—naming a course "Algebra I" does not mean it covers

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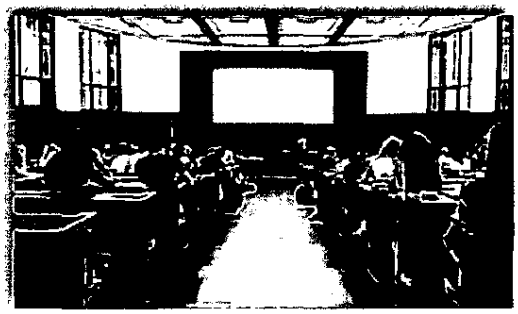
all necessary aspects. Standards help clarify what should be included in a course curriculum.

American Diploma Project In 2004, Achieve's American Diploma Project (ADP) brought together business and higher education leaders to analyze the skills necessary to succeed in college and the workforce and to examine what current high school students are learning. The project reached two main conclusions: 1) both employers and colleges require the same basic knowledge and skill set; and 2) most students do not receive that knowledge and skill set in high school.[11] From the findings, the American Diploma Project created a list of recommended academic standards to fully prepare students for both the workplace and higher education. For example, project standards for English recommend four years that cover subjects such as writing, literature, oral and written communication, and logic and reasoning. The American Diploma Project also recommends four years of math, covering topics such as algebra, geometry, statistics, data analysis and problem solving.



Almost all states have considered reassessing their high school standards to better align with college and career requirements. The American Diploma Project reports that, as of 2009, ADP-recommended standards are in place in 23 states, and another 14 states plan to have college- and career-ready standards in place by 2010.[12]

Common Core State Standards Initiative Although some states have improved their standards, they have done so individually, with the result that each state has a different set of academic standards. This can be a problem for today's increasingly mobile students, who often cross state lines to attend college or find jobs. Students currently may be deemed proficient by one state's math standards, but may be considered less than proficient by another state's benchmarks. A new movement is under way to create a set of state-led, voluntary common standards in English and mathematics. The Common Core State Standards Initiative is led by the National Governors Association and the Council of Chief State School Officers. According to the initiative, "These standards will be research and evidence-based, internationally benchmarked, aligned with college and work expectations and include rigorous content and skills."

The two groups are developing the standards by building upon existing research on standards, such as that by the American Diploma Project. Content experts from Achieve, ACT and the College Board are writing the standards, which will undergo an extensive review and validation process. It is expected that 85 percent of the standards for English and math will be common, leaving 15 percent for states to develop at their discretion. Forty-eight states, the District of Columbia, Puerto Rico and the Virgin Islands have joined the Common Standards Initiative.

Texas In 2006, the Texas Legislature enacted the "Advancement of College Readiness in Curriculum" initiative, which required a realignment of high school standards to increase the number of Texas high school graduates ready for college. The legislation brought together the higher education and K-12 communities to investigate and determine what students must learn in K-12 in all subject areas to be ready for entry-level college courses. More than 800 postsecondary instructors participated in the alignment analysis. The resulting College and Career Readiness Standards, adopted in 2008, now are being integrated into the Texas public education curriculum. By working with both the higher education and K-12 communities, the Texas Legislature fostered a cohesive discussion on what is required of postsecondary institutions and how high schools can adjust to meet those prerequisites. Figure 2 on page 6 provides examples of the Texas standards on writing, numeric reasoning and algebraic reasoning.

Graduation Requirements

With standards for course content in place that meet the expectations of the higher education and business communities, states can consider which courses should be required for graduation. One discussion concerns the appropriate math requirements. Some groups recommend requiring four years of math, including Algebra II, for graduation, while others assert that three years are sufficient.

Many argue that the more math students take, the more prepared they will be for higher education. The *Diploma to Nowhere* report found that students who take four years of math are much less likely to need remediation than those who take only three years. In addition to the number of courses, the level of math attained also is important. Students who take a Calculus class, for example, are half as likely to need remediation than students who complete only Algebra II.[13] This is especially true for underrepresented stu-

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Figure 2. Excerpt from the Texas College and Career Readiness Standards

English Standards

I. Writing

A. Compose a variety of texts that demonstrate clear focus, the logical development of ideas in well-organized paragraphs, and the use of appropriate language that advances the author's purpose.

1. Determine effective approaches, forms, and rhetorical techniques that demonstrate understanding of the writer's purpose and audience.
2. Generate ideas and gather information relevant to the topic and purpose, keeping careful records of outside sources.
3. Evaluate relevance, quality, sufficiency, and depth of preliminary ideas and information, organize material generated, and formulate a thesis.
4. Recognize the importance of revision as the key to effective writing. Each draft should refine key ideas and organize them more logically and fluidly, use language more precisely and effectively, and draw the reader to the author's purpose.
5. Edit writing for proper voice, tense, and syntax, assuring that it conforms to standard English, when appropriate.

Mathematics Standards

I. Numeric Reasoning

A. Number representation

1. Compare real numbers.
2. Define and give examples of complex numbers.

B. Number operations

1. Perform computations with real and complex numbers.

C. Number sense and number concepts

1. Use estimation to check for errors and reasonableness of solutions.

II. Algebraic Reasoning

A. Expressions and equations

1. Explain and differentiate between expressions and equations using words such as "solve," "evaluate," and "simplify."

B. Manipulating expressions

1. Recognize and use algebraic (field) properties, concepts, procedures, and algorithms to combine, transform, and evaluate expressions (e.g., polynomials, radicals, rational expressions).

C. Solving equations, inequalities, and systems of equations

1. Recognize and use algebraic (field) properties, concepts, procedures, and algorithms to solve equations, inequalities, and systems of linear equations.
2. Explain the difference between the solution set of an equation and the solution set of an inequality.

D. Representations

1. Interpret multiple representations of equations and relationships.
2. Translate among multiple representations of equations and relationships.

Source: Texas Higher Education Coordinating Board and Texas Education Agency, 2008.

dents. Studies have shown that low-income, minority and first-generation students who take advanced math are much more likely to attend college and graduate. The degree attainment gap between whites and minorities drops by half when minorities take math through at least Algebra II.[14]

Others argue that advanced math is not necessary for high school graduation and that not all students are capable of passing higher level math classes. Students who are required to take advanced math and cannot pass the course may be more likely to drop out of school. Districts also may struggle to find qualified math teachers, so requiring four years for all students could be a burden on schools.[15]

States that require four years of math for graduation do so as part of a college- and career-ready diploma. In this curriculum, students take not only advanced math, but also rigorous science, English, and social studies classes. The curriculum is designed to prepare students for success in credit-bearing college courses and postsecondary training programs.

Twenty states and the District of Columbia currently offer a college- and career-ready diploma that schools require all students to take. Of those states, 14 allow students with parental approval to opt out of the advanced math course or the diploma as a whole, in which case they enroll in a less rigorous diploma track. In Delaware, the District of Columbia, Georgia, Kentucky, Minnesota, New York and Tennessee there is no alternative to the college- and career-ready diploma.[16]

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National Advanced Placement Program

The Advanced Placement program consists of classes that give students the opportunity to learn college-level material while in high school. Many colleges award credit for AP classes, providing students the option to graduate early and potentially save money. Students who pass an AP course in high school are more likely to enroll in college, perform academically well and persist to graduation. AP classes give students the chance to experience college-level rigor and position them for college success.

Historically, minorities and low-income students have been underrepresented in AP courses. The College Board's 2009 *AP Report to the Nation* indicates that 18 states have closed the equity gap for Hispanic or Latino students, so that the percentage of Latinos passing an AP class is equal to or higher than their percentage of the student population. Statewide efforts to increase participation in AP classes occurred in California, Florida and Texas, which have large Latino populations. In Texas, for example, Hispanic or Latino students comprise 37.6 percent of the student population and 32 percent of students passing an AP course. Nationally, Hispanics comprised 15.4 percent of the 2008 public high school graduation class and 14.8 percent of students taking an AP course. Comparatively, whites represented 62.8 percent of the 2008 graduation class and 61 percent of AP students.

Although Hispanic students are taking AP classes at the same rate as white students, a large gap in enrollment still persists for African American students. They made up 14.4 percent of the 2008 graduation class but only 7.8 of the AP student population and only 3.5 percent passed the AP course. The *AP Report to the Nation* suggests that, for African Americans, classes taken during their middle and early high school years are not preparing them for Advanced Placement courses.

Some states reward schools for the number of students that take AP classes. In its school evaluation process, Florida considers how many students take at least one AP course. Including AP enrollment as an indicator of high school performance encourages schools to promote AP classes for all students. It is important, however, to ensure that all schools have the resources to offer AP classes at a similar level. A study of California public high schools indicated that schools with high numbers of low-income students offered fewer AP courses than schools with a wealthier populace. When enacting policies to encourage AP enrollment, states can verify that all schools are equitably offering AP classes.[18]

Many states supplement rigorous high school curriculum with college-level courses through programs such as the International Baccalaureate, Advanced Placement or dual enrollment. Exposing students to the challenges of college courses while they are in high school can increase their preparedness and ease the transition to college. Such programs also can help students build their confidence to succeed in college. In fact, studies suggest that taking college-level courses in high school can improve results for many struggling students and returning dropouts. State polices that support such programs can help to increase the college readiness and success of students.[17] (See box on the National Advanced Placement Program.)

Assessing College and Career Readiness

Many states are developing assessments to measure college readiness. Postsecondary institutions in these states use the assessment results to place freshmen into first-year courses.

ACT Five states use the ACT college admission and placement test to evaluate if a student is college and career ready. Colorado, Illinois, Kentucky, Michigan and Tennessee require all students to take the ACT during their junior year of high school, and the states cover the costs of the test. Illinois and Michigan supplement the ACT with WorkKeys, a test to measure workforce skills, and with state-developed tests. The ACT is administered during junior year of high school to allow students who score poorly an opportunity to take the needed classes their senior year, catch up academically, and decrease the chance that they will need remediation in college. Colleges use the ACT scores to place students who do well on the test into first-year courses.

In addition to assessing college readiness, the ACT can be used to encourage students to apply for college—students who score at a college-ready level may be more likely to apply to college. This is particularly the case for underrepresented students who may not sign up for the ACT. Colorado and Illinois—which have had the ACT as a requirement since 2001—have shown increased college enrollment and retention. An average of 15 percent of students who said at the time of test-taking that they did not plan to enroll in college later did so.[19]

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California The California Department of Education and the State Board of Education collaborated with the California State University (CSU) system to develop the Early Assessment Program in 2004. The goal of the program is to decrease the large number of students who need remediation in English and math at CSU campuses. To meet that goal, test questions were added to the required 11th grade state math and English tests. Answering the extra questions is optional, but students who take the test and meet CSU expectations need not take placement tests when they enroll at a CSU campus. Students who score poorly can take courses in 12th grade to prepare for college-level work.[20] A 2009 study of Sacramento State found that, in the five years since the program's implementation, remediation rates dropped by 6 percent for English and 4 percent for math.

A 2009 study of Sacramento State found that, in the five years since implementation of California's Early Assessment Program, remediation rates dropped by 6 percent for English and 4 percent for math.

Florida In 2008, the Florida Legislature required that high schools use the 10th grade Florida Comprehensive Assessment Test (FCAT) to evaluate college readiness. Students who score poorly on the FCAT are given the option to take college placement tests during their junior year. Students who pass the placement tests are guaranteed admission to a Florida community college with no requirement for remediation. Students who do not pass are offered a postsecondary readiness curriculum in their senior year to gain the needed competencies before they graduate.

The legislation specifies that high schools and postsecondary institutions should collaborate on developing the 12th grade readiness curriculum. High schools will base the readiness curriculum on community college remedial courses. As in California, Florida's goal for the early assessment is to decrease the need for remediation in college. In Florida, 55 percent of students who enter a public postsecondary institution need at least one remedial class in math, reading or writing.

End-of-Course Exams Another strategy states use to evaluate college readiness is to administer end-of-course exams in key subjects. These exams measure student proficiency in core subject matter and help to identify those who need extra support. The exams also reflect how rigorous the curriculum is and indicate if adjustments are needed to course standards. Sixteen states use end-of-course exams as a part of their statewide assessment system.[21]

Achieve's American Diploma Project is leading an effort with 15 states to develop and implement common end-of-course exams in core subjects. In 2009, 13 states participated for the second year in a pilot program to use a standardized Algebra II end-of-course exam. Eighty percent of students who took the exam scored below the standard that indicated readiness for entry-level college math. Although test results are poor, the movement has fostered discussion between states, high schools and postsecondary institutions about college readiness. Many view the multi-state collaboration to develop an exam as encouraging, including the U.S. Department of Education, which provides competitive funding for states that pool resources and develop effective shared assessments.

Accountability for College and Career Readiness

Many states are moving toward rigorous standards and college- and career-ready diplomas and assessments, but few factor those measures into school accountability systems. Accountability systems currently measure student proficiency on eighth and ninth grade content. Policymakers who want to stress the importance of graduating more high school students who are ready for success in higher education and the workplace can consider including college- and career-ready indicators in accountability systems.

The cohort graduation rate, which calculates how many students from a ninth grade class graduate on time, is being implemented by all states as a result of 2008 federal regulations. States can use the cohort graduation rate as an accountability indicator to promote a focus on graduating every student—especially underrepresented students who are at-risk of dropping out of high school. In conjunction with the focus on graduating all students, indicators can encourage the preparation of college-ready graduates by measuring the number who earn a college- and career-ready diploma, how many earn college or industry credits in high school, and how many pass college-ready assessments.

Eighteen states already monitor and publicly report college remediation rates, but only two states factor that rate into their accountability system. Using remediation rates as an accountability indicator can be another way for states to en-

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courage schools to focus on college preparation. Further, by incorporating college- and career-ready indicators into the accountability system, states can accurately see how their schools perform in those areas. States then can target incentives and resources to schools that are struggling to meet state standards and goals.[22]

Louisiana In Louisiana's accountability system, 30 percent of the high school performance score is based on a point system that measures how well schools are graduating students and preparing them for college and the workforce. Schools receive zero points for dropouts, 30 points for students who attend, and 120 points for students who graduate. Schools receive more points for students who earn college or industry credit while in high school and the most points—180—for students who graduate college-ready. In this system, schools receive more points for retaining students, even if they score low on statewide assessments. Schools are encouraged by this system to provide a rigorous curriculum and other opportunities such as dual enrollment and AP classes.[23]

Texas The 2009 Texas Legislature enacted a bill to revamp its school accountability system by including college readiness as an indicator of school performance. The legislation establishes two standards—a passing standard and a higher college readiness standard—for end-of-course exams in English III and Algebra II. To earn accreditation, school districts must have a certain number of students who meet the passing and college readiness standards. Students who meet the college readiness standard on the exams are guaranteed enrollment in credit-bearing courses in that subject at Texas postsecondary institutions. By holding schools accountable for their students' college readiness, Texas reinforces the importance of college access and success as a state goal.

Conclusion

Ensuring educational opportunities for all students is an increasing priority. Many students discover too late that they are not academically prepared to succeed in college. Others find that their high school diplomas do not equip them to succeed in a career after high school.

The high number of students who need remedial education indicates that academic preparation is inadequate in many high schools. Studies show that the knowledge and skills students acquire in high school do not match those required by the workforce and higher education.

To better prepare students for success after high school, states are realigning high school standards, adjusting graduation requirements, offering college-ready assessments, and refocusing accountability systems to measure college- and career- readiness. As legislators enact policy changes in these areas, some key points to consider include the following.

- More than one third of students in public institutions require at least one remedial education course.
- First-generation, low-income and minority students are more likely to need remediation in college.
- Studies indicate that higher education and the workforce require that high school graduates have the same knowledge and skill set.
- To graduate college- and career-ready students, high school standards must be aligned with college requirements.
- Legislators can facilitate discussion between higher education and K-12 leaders on aligning standards.
- Studies indicate that students, especially those who are underrepresented, who take a rigorous curriculum in high school and earn a college- and career-ready diploma are better prepared for college success.
- Administering assessments that measure the college readiness during the junior year of high school allows students to use their senior year to improve deficient skills so they can avoid remediation and be successful in college.
- Shifting state accountability systems to focus on college- and career-ready indicators (e.g., college credit earned in high school, remediation rates, and college- and career-ready diplomas) can encourage schools to focus on preparing graduates to be ready for the workforce and higher education.

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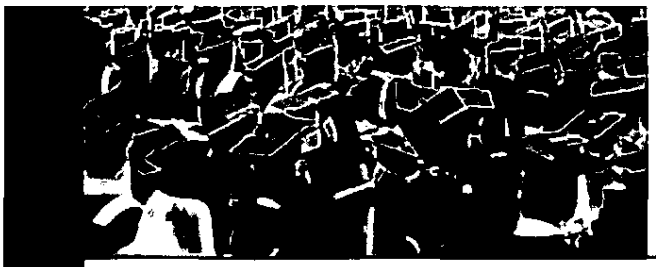

Improving College Affordability for Underrepresented Students: Financial Aid Strategies

By Brenda Bautsch *November 2009*

Access to higher education is not equal. Only 55 percent of the poorest high school graduates enroll in college the next fall, compared to 78 percent of the wealthiest students. Seventy percent of white high school graduates immediately enroll in college, compared to 56 percent of blacks and 61 percent of Hispanics.[1] Many low-income, minority and first-generation students do not enroll in college because they cannot afford the cost, and many are unaware of available financial aid. According to the Advisory Committee on Student Financial Assistance, during this decade financial barriers will prevent approximately 4.4 million low- to moderate-income high school graduates from attending a four-year college, and 2 million from attending college at all.[2]

Although low-income students are less likely to attend college than wealthier students in good economic times and bad, economic downturns hit low-income students disproportionately hard. The same economic problems facing state budgets also affect family incomes, but low-income students have fewer savings, loans and work options than their higher-income counterparts to help them endure the tough times. Further, policies and programs for these students often are an easy target for cuts. Payoffs for state investment in these programs can be significant, however. Low-income minorities are the fastest growing student population and traditionally are the least successful in the education system. Improving college affordability and access for low-income, minority and first-generation students—underrepresented students—not only improves their individual lives, but also improves state economies, increases per-capita income and fills workforce needs.

What Does Affordability Mean?

When addressing the issue of college affordability for underrepresented students, it is important for states to consider it as more than the tuition price tag. Rather, affordability can be considered the total price of an education—calculated by adding tuition, room and board expenses and subtracting financial aid—and, most important, how that cost affects particular families. Using the "family ability to pay" measurement, the poorest families spend 55 percent of their median family income on the total cost to attend a four-year public college, while the wealthiest families spend only 9 percent.[3] From this perspective, it is crucial to discuss tuition, room and board, and financial aid when examining affordability since all are factors in the amount families pay for college. State appropriations to higher education also are fundamental components of affordability because legislative funding directly affects tuition and financial aid.

Tuition, financial aid and state appropriations often are described as the three legs of the higher education finance stool. When one leg is changed, the other two also must be considered to keep the stool level and stable. These policies typically are not determined together, however, because the decision-making occurs in different places. For example, a higher education governing board may set tuition levels, while one committee in the legislature sets appropriations and another determines financial aid. This can lead to disjointed policymaking, with unintended consequences for students and institutions. Taking steps to ensure that tuition, appropriations, and financial aid policy are considered in a cohesive manner is important for an effective higher education finance system.[4]

Tuition Policy

Tuition is the most obvious indicator of affordability, and an issue that policymakers hear about often from constituents. Students and their families want to know why tuition costs are rising so fast and by so much. They want to know who decides tuition amounts and what is driving the higher prices.

The responsibility for setting tuition varies widely among states. More than half have a decentralized policy where institutions or governing boards set tuition. The other half give tuition-setting authority to the legislature, the governor or statewide agencies. The philosophy that drives how tuition is set also varies among states. Most have a tuition-setting philosophy, whether official or informal, that takes into account both tuition and financial aid levels.

There are three categories of tuition-setting philosophy. The first, "high tuition, high aid," is largely represented in the Northeast and Midwest. States such as Ohio and Pennsylvania that employ this practice have higher than average tuition rates at their public institutions, but they provide high levels of financial aid to preserve access for all students. By allocating state funds to student aid rather than using them to subsidize the cost of college, these states say they are more directly increasing access for students. A second tuition-setting philosophy is "low tuition, low aid," which has strong representation in the South and West. States such as Arizona and Tennessee historically have kept tuition low at their postsecondary institutions, which they argue encourages more students to attend who otherwise might have turned away because of high sticker prices. States with that philosophy have fewer resources dedicated to financial aid. The third philosophy is "moderate tuition, moderate aid." Iowa and Oregon take this approach; they use national averages to set both tuition and financial aid levels. They argue that this model encourages more equal state and student contributions and preserves both quality and access.

Although tuition philosophies differ among states, the rise of tuition costs has been a national trend. Institutional spending—on items such as capital construction, faculty increases and technological upgrades—can affect tuition prices. The Delta Cost Project found that from 1998 to 2005, spending by public research institutions rose 3 percent.[5] During the same time, tuition and fees at public four-year institutions increased on average by 4 percent each year, accounting for inflation.[6] This suggests that spending increases account for only part of tuition increases.

State Higher Education Appropriations

Other data from the Delta Cost Project reveals a direct correlation between tuition prices and state appropriations—as appropriations decline, tuition increases. During the last decade there has been a significant decline in state appropriations to higher education. With decreased state funds, institutions have shifted the financial burden to students and their parents through higher tuition. At public four-year institutions in 1998, students paid for 35 percent of the cost of their education, and state appropriations subsidized the remaining 65 percent. By 2005, those figures had shifted so that students covered 47 percent of the cost and states 53 percent. Although these numbers show the long-term trend, appropriations vary more in the short-term depending on the fiscal climate. In good times, higher education receives a boost in funding, but in tough times, appropriations are cut, sometimes drastically. The unstable nature of higher education appropriations can negatively affect student access and success. However, financial aid can be a tool for states to maintain affordability.

In good times, higher education receives a boost in funding, but in tough times, appropriations are cut, sometimes drastically.

Financial Aid

The three main approaches to financial aid are need-based, merit-based and mixed aid programs. Need-based aid is awarded to students based on a formula that considers family income, while merit-based aid is awarded to students who meet a predefined merit requirement such as grade point average. Recently, states also have implemented mixed aid programs that combine both need and merit requirements. These three approaches target different students. Effective policymakers will determine which financial aid strategy is best for their state by evaluating state needs and goals.

Need-Based Aid Traditionally, the federal government has been the main source of financial aid for low-income students. The Higher Education Act of 1965 created the Basic Educational Opportunity Grant Program, now called the Federal Pell Grant Program, to increase college access by providing low-income undergraduate students with need-based grants. Grant amounts depend on expected family contribution, cost of college attendance, and part-time or full time status.

Funding for the Federal Pell Grant Program has increased over the years but has not kept pace with increased tuition costs. The American Recovery and Reinvestment Act of 2009 supplemented the Federal Pell Grant Program with $17 billion in funding to close the previous funding shortfall and to increase the maximum award from $4,850 to

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$5,350. According to the U.S. Department of Education, this additional funding will serve approximately 7 million low- and moderate-income students.

Another federal need-based aid program is the Federal Work-Study program. It provides postsecondary institutions with funding to employ low- and moderate-income students in part-time positions. A wide-range of jobs are available to eligible students, including community service positions and jobs related to the student's field of study. Research has linked the work-study program with increased student success. Most students are employed during college, but research shows that those who are employed in part-time work-study jobs have a better chance of graduating than students who hold full-time off-campus jobs.[7]

State need-based aid programs began evolving after creation of the Federal Pell Grant and Work-Study programs. The federal Leveraging Educational Assistance Partnership (LEAP) program created the largest incentive for states to develop need-based aid programs. LEAP provides matching grants to states that have financial aid programs targeted to low-income students. Many states created need-based programs to be eligible for federal LEAP funding.

States with a policy of high tuition and high aid, such as Ohio and Pennsylvania, developed larger need-based financial aid programs than other states. New York also developed a robust need-based aid program, the Tuition Assistance Program, which currently is the nation's largest. Considering the amount of need-based aid available per full-time equivalent undergraduate student, New York is at the top with $1,049; the national average is $440.[8]

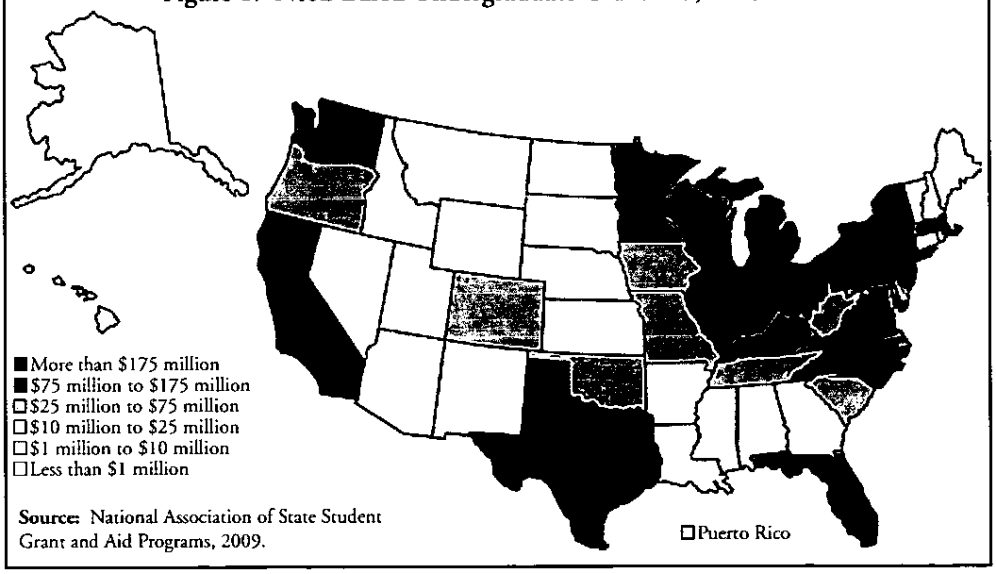
Depending on their level of need, students in New York can receive grants of up to $5,000. The program supplements Pell grants for low-income students and provides aid to middle-income students who are not eligible for Pell grants. In fiscal year 2006, New York awarded $862 million in Tuition Assistance Program grants to 323,290 students, about 15 percent of the total amount all states spent on need-based aid that year.[9] California, Illinois, Indiana, New Jersey, New York, North Carolina, Pennsylvania, Texas and Washington together account for almost 70 percent of all state need-based grant aid.[10] Figure 1 depicts need-based financial aid levels.

Merit-Based Aid Beginning with the Georgia Helping Outstanding Pupils Educationally (HOPE) scholarship program in 1993, merit-based financial aid programs emerged as a popular policy option. Financed by the Georgia lottery, HOPE scholarships reward academic achievement by covering tuition, fees and books at in-state public colleges or universities. Students must graduate from a state high school with a B average or higher to qualify, and they must maintain that average throughout college to renew the grant. The HOPE scholarship program has awarded more than $4.9 billion to more than 1.2 million students since its inception, and it continues to be the largest program of its kind.[11]

Georgia's goal for the HOPE scholarship was to increase enrollment at Georgia colleges and universities, particularly of the state's top students. Research indicates the program has met that goal. Overall, the HOPE scholarship program tends to benefit middle- and upper-income students and to influence where, not whether, these students attend college. When the program first began, only 23 percent of HOPE-eligible high school graduates enrolled in Georgia institutions. By 1999, that percentage had risen to 70 percent.[12] The HOPE scholarship seems to have had little effect on access—getting someone to go to college who was not planning to attend—but that was not the primary aim of the program.

States such as Arkansas, Florida, Kentucky, Louisiana, Mississippi, Nevada, New Mexico, South Carolina, South Dakota, Tennessee and West Virginia have replicated the HOPE program during the past decade by implementing

Figure 1. Need-Based Undergraduate Grant Aid, 2007-2008



Source: National Association of State Student Grant and Aid Programs, 2009.

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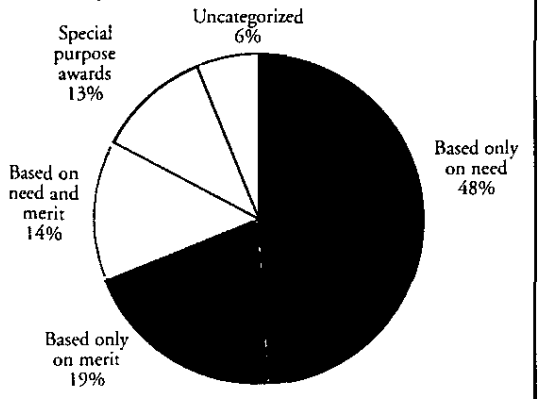
merit-based aid programs. As a result, merit-based aid has grown proportionately faster than need-based aid, although need-based aid still receives more appropriations overall. In 1997-1998, states spent $2.79 billion on need-based aid and $603 million on non-need-based aid. During the next 10 years need-based aid grew by 110 percent, while non-need-based aid increased by 267 percent. In 2007-2008, states spent $5.8 billion on need-based aid and $2.2 billion on non-need-based aid.[13] As shown in Figure 2, almost half of total state grant aid spent in 2007-2008 was based only on need, 19 percent was based only on merit, and 14 percent was based on a combination of need and merit.

Figure 2. Total State Undergraduate Aid by Standard for Award, 2007-2008



Source: National Association of State Student Grant and Aid Programs, 2009.

As the HOPE scholarship example demonstrates, merit programs are useful in meeting state goals such as keeping the highest achieving students in state. In addition, many low-income and minority students meet the merit requirements and receive the HOPE scholarship. However, because research indicates that merit-based aid tends to disproportionately benefit upper-income students, it may not be the best policy option for increasing the enrollment of low-income students. Rather, need-based aid may be a more effective approach to improve college access for underrepresented students.[14]

Mixed Aid Many states are finding mixed financial aid programs to be effective and appealing because they can serve multiple state goals. Mixed financial aid programs reward merit but also recognize need. One example is the Cal Grant program. Students who meet both the income and high school grade point average requirements are guaranteed a Cal Grant that ranges from stipends for books to full tuition at a state college.

Indiana and Oklahoma also have incorporated merit and need requirements into their comprehensive early commitment programs (also referred to as promise scholarships). The programs require an early commitment from low-income students to take a rigorous high school curriculum and stay out of trouble. In exchange for the student's pledge, the state promises to provide four years of tuition and fees at an in-state college or university.

The theory behind early commitment programs is that, if students are guaranteed a free college education and made aware of the possibilities higher education offers, they will be more dedicated to working hard in class, staying out of trouble and graduating from high school. Some low-income students see a college education as unattainable because of its high costs and essentially give up in middle or high school. Early commitment programs aim to catch those students before they drop out and steer them toward college.

Indiana's Twenty-First Century Scholars Program

Indiana's Twenty-First Century Scholars program was created to increase college enrollment among low- to moderate-income families in order to improve individual economic circumstances and create a stronger Indiana economy. To be eligible for the program, students must live in a household at about 185 percent of the federal poverty level. (In 2008-2009 this translated into a maximum annual income for a family of four of $39,220.)

Eligible students sign up for the Twenty-First Century Scholars program during middle school and commit to taking Indiana's Core 40 curriculum, comprised of rigorous college preparatory classes. The students also agree to stay out of legal trouble and maintain at least a 2.0 GPA. Students who meet both the need and merit requirements are guaranteed four-year tuition at an in-state public school, or the equivalent amount toward an in-state private school.

To help students fulfill their commitment, the Twenty-First Century Scholars program provides ongoing support from sign up through high school graduation. The program offers tutoring and counseling and organizes college visits and planning activities for students and their parents.

Oklahoma's Promise Program

Oklahoma devised a similar plan to increase college degree attainment rates and bolster its economy. The Oklahoma

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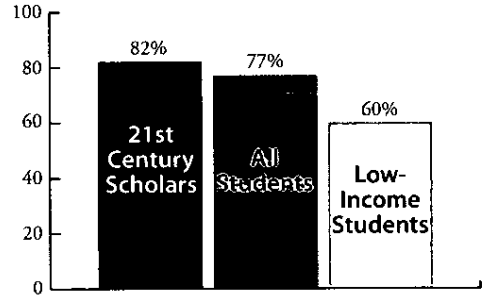
Promise program began as the Oklahoma Higher Learning Access Program (OHLAP) in 1992. The program requires students to sign up before their sophomore year in high school and make a commitment to maintain a 2.5 GPA, complete rigorous college preparatory classes, and meet behavioral standards. In return for the student's commitment, Oklahoma promises to pay the student's tuition at an in-state public two-year or four-year school, or part of the tuition at an in-state private school.

In 2009, students' annual family income had to be below $50,000 when they applied for the scholarship in middle or high school. The family also must earn less than $100,000 when the student begins college. The Legislature is considering basing the formula for income eligibility on adjusted gross income minus personal and dependent exemptions.

Effectiveness of Indiana and Oklahoma Programs The Institute for Higher Education Policy conducted a rigorous evaluation of Indiana's Twenty-First Century Scholars program and found that it has improved high school graduation rates for low-income students. Scholars have higher graduation rates than Indiana students overall—82 percent of scholars in the class of 2006 graduated, compared to 77 percent of all Indiana students. Scholars also are more likely to graduate than their low-income peers who did not participate in the program—only 60 percent of low-income students graduated from high school in 2006 (see Figure 3).[15] The report also indicates that Scholars are more likely to enroll in college than their peers.

Figure 3. Percentage of Indiana High School Seniors Graduating from High School, 2006



Source: Institute for Higher Education Policy, 2008.

The report reveals that college graduation rates are not improving, however. The class of 1999 was tracked through college, and the report found that 50 percent of scholars received a bachelor's degree—the same rate as other low-income students in Indiana.[16] These results highlight the need for college retention and success programs, especially those geared toward low-income students. Programs such as Indiana's Twenty-First Century Scholars can improve access, but college programs such as tutoring, learning communities and mentoring also are needed to ensure success. (See the brief *Engaging Students Academically and Socially: College Success Strategies.)*

Students participating in the Oklahoma Promise program also have demonstrated improvement. The students have better high school GPAs and standardized test scores than their non-Promise peers, and they enroll in college at higher rates. Eighty-one percent of the 2007 Promise high school graduates enrolled in college the following fall, compared with 57 percent of all Oklahoma high school graduates.

In addition to increasing college access, the Oklahoma Promise program has improved student preparation. In 2007, 89 percent of Promise freshmen college students had at least a 2.0 GPA, compared to 70 percent of all Oklahoma freshmen. Promise students also have lower dropout rates during their first year of college compared to non-Promise students.[17]

As in Indiana, however, college degree completion rates are still low for Promise students. The six-year degree completion rate is 51 percent for Promise students and 43 percent for all Oklahoma students.[18] Although the figure for Promise program participants is higher, it still is low and lags behind national averages.

Alternative Financial Aid Options

Statewide promise scholarships like those in Indiana and Oklahoma require significant coordination and outreach. Although the programs can influence many students, it also can mean state costs are higher. In 2007-2008, Oklahoma spent $43 million on the Promise program, awarding 16,920 scholarships.[19] Indiana appropriated $25.4 million to the Twenty-First Century Scholars program in 2006–2007, which provided 8,949 scholarships.[20]

To supplement state funding for financial aid programs for low-income students, legislatures can seek matching grant programs, such as those provided by private donors and foundations. These programs often provide other services in addition to awarding student financial aid. Programs in Colorado and Massachusetts, for example, offer scholarships and provide extensive financial aid counseling services to help low-income students find and apply for other aid. Partnering with such organizations can be an effective way for states to ensure college affordability for all students.

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Massachusetts: ACCESS

Historically, Massachusetts has not had a large state grant aid program for students. In response, private organizations have developed financial assistance programs. One example is the Action Center for Education Services and Scholarships (ACCESS), which provides financial aid counseling to low-income students in Boston and Springfield. An endowment created by the founders and supported by corporations, foundations and individuals provides funding for ACCESS. In the past, ACCESS also has received funding from the legislature.

In 1999-2000, 1.7 million low- to moderate-income students did not fill out the FAFSA, thus missing out on available federal, state and institutional funding.

ACCESS advisors help students and parents fill out state and federal financial aid forms and search and apply for scholarships and loans. ACCESS also provides financial aid through its Last Dollar Scholarship program. All Boston Public School students—most of which are low-income minorities—are eligible for the program. In the 2008-2009 school year, 72 percent of Boston Public School students were at or below the federal poverty level. The schools' populations are 39 percent African American, 37 percent Hispanic and 13 percent white.

Effectiveness ACCESS attempts to ensure that every student is aware of available funding and perceives college as affordable. Many families are unaware of the financial aid options available to them. A study by the American Council on Education found that, in 1999-2000, 1.7 million low- to moderate-income students did not fill out the Free Application for Federal Student Aid (FAFSA).[21] By not filling out the FAFSA, students miss out on available federal, state and institutional funding.

Reviews of ACCESS efforts indicate that the program does help students apply for and earn financial aid. In the 2007-2008 school year, ACCESS helped students acquire $34.2 million in financial aid. In the 2008-2009 school year, that figure increased to $45 million, which equaled a return on investment of $57 in aid for each $1 ACCESS spent on advising programs. The program is growing each year, improving its return on investment, and helping more students afford college.

ACCESS provides Last Dollar Scholarships to fill any remaining gaps in financial need. These scholarships go to high school seniors and current college students who are struggling to pay for the remainder of their education. The scholarship program exists to ensure that finances are not a barrier to graduation. In 2009, ACCESS provided $600,000 in Last Dollar Scholarships.

The scholarships and financial aid advising provided by ACCESS have a clear effect on college completion. A 2008 study found that 75 percent of Boston Public School students who received both advising and a Last Dollar Scholarship from ACCESS graduated with an associate's or bachelor's degree within seven years, compared to only 35 percent of all Boston Public School students.[22]

Colorado: Denver Scholarship Foundation

In 2006, private donors created the Denver Scholarship Foundation (DSF) to increase college access and affordability for low-income Denver students. DSF currently is raising funds for its endowment, which will be used to build a permanent source of postsecondary, need-based scholarships for Denver public school students. The DSF founders have agreed to match all endowment money raised, dollar for dollar, making it a good investment for donors and for state funding. In addition to need-based scholarships, the organization also provides college guidance counseling and college retention services.

The Denver Scholarship Foundation operates "Future Centers" in Denver public high schools that provide a wide range of college guidance counseling services. These college resource centers, open during and after school hours, are professionally staffed with a full-time DSF employee. The Future Center helps students with every aspect of postsecondary planning, ranging from assistance with financial aid forms to help with choosing a college.

Another component of the Denver Scholarship Foundation is its need-based scholarship, which is provided to eligible Denver public school graduates who enroll in any one of Colorado's 39 participating technical, community, or four-year colleges and universities. DSF scholarship awards range from $1,650 to $5,000 per year. The foundation requires that students apply for three other scholarships in order to qualify for the foundation scholarship. This requirement acts as a leveraging tool to help students acquire money from other sources and increase their ability to afford college.

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The Denver Scholarship Foundation recognizes the need to follow through with support for students who receive DSF scholarship money while they are in college. The foundation tracks and supports DSF scholarship recipients throughout their postsecondary education to ensure that they graduate. The foundation is developing relationships with Colorado postsecondary institutions to collaborate on support services for the scholarship students.

Effectiveness The Denver Scholarship Foundation helps students from a school district with a large population of low-income minorities. In the Denver Public School system, 55 percent of students are Hispanic, 23 percent are white and 18 percent are African American. About 66 percent of the students are eligible for free or reduced lunch, and 40 percent speak Spanish. During the 2008-2009 academic year, DSF awarded $2.6 million to help 712 of these students attend a Colorado postsecondary institution. By making college more affordable for these students, the Denver Scholarship Foundation is improving college-going rates. In fact, of the students receiving a DSF Scholarship in 2008-2009, 73 percent were the first in their families to attend a postsecondary institution.

The foundation also provides a valuable service through its Future Centers. The Denver Public School system has a high ratio of students to counselors, so some students may not receive the attention they need from school counselors. DSF has an official partnership with Denver Public Schools to ensure that students are reached most effectively and take full advantage of the services provided in Future Centers.

66	The percent of Denver Public School students eligible for free or reduced price lunch
40	The percent of Denver Public School students who speak Spanish
712	The number of students who received a DSF Scholarship in 2008-2009
510	The number of students who received a DSF Scholarship in 2008-2009 and were first in their families to attend college

Finally, the Denver Scholarship Foundation demonstrates the effects local programs can have. The University of Colorado system recently recognized the value of the foundation's efforts and announced it would provide additional grant money, up to $3,000, for recipients of the foundation's scholarship who attend any University of Colorado campus. Such partnerships between DSF and Colorado postsecondary institutions will help even more students afford college.[23]

Conclusion

Low-income, minority and first-generation students are much less likely to attend college than wealthier students—in part because they cannot afford the education. In tough economic times, college affordability is even more important for underrepresented students and families. As states work to preserve and improve access for those students, it is important to discuss affordability as the result of legislative policy choices on tuition, financial aid and appropriations. Because these policies are interconnected, a cohesive state higher education policy is crucial.

Many state higher education finance decisions are made without a focus on family ability to pay. Given that low-income families can spend more than half of their annual income on a college education, financial aid programs can make or break their ability to succeed. Programs that reach out to low-income, minority and first-generation students can be a powerful tool to preserve affordability and close the college attainment gap.

States have different options for financial aid programs, but those that are most significant for underrepresented students are need-based aid, mixed aid and early commitment programs. Early commitment programs guarantee students that they will be able to attend college if they want to, and if they complete the necessary work and preparation in high school. If such programs are to be effective, students need to be aware of them. State partnerships with private foundations and organizations can be an effective way to disseminate information about financial aid programs. Organizations such as ACCESS and the Denver Scholarship Foundation work closely with underrepresented students to help them find and apply for the necessary financial aid, and they also award scholarships. Investing in and encouraging such programs can be a good way for legislatures to supplement state funding for financial aid.

As policymakers address college affordability, some key points to consider include the following.

- Prioritizing and preserving college access for underrepresented students can improve the state's economy; increase per-capita income; improve individual lives; and fill workforce needs.

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- Need-based aid typically is more effective than merit-based aid to increase access for underrepresented students.
- Mixed aid programs such as California's Cal Grant are good options for states that want to incorporate both merit and need requirements into financial aid programs.
- Indiana's and Oklahoma's early commitment programs incorporate need and merit components and also provide incentives and support for middle and high school students to work hard and take challenging courses in preparation for college.
- As studies on the early commitment programs show, financial aid alone is not enough to guarantee success; students need additional support throughout college in order to improve completion rates.
- Matching grant programs, such as those provided by private donors and foundations, can help supplement state funding for financial aid programs for low-income students.
- Local programs also can provide financial aid counseling—helping students find and apply for existing financial aid—which can play a vital role in increasing college access.

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Engaging Students Academically and Socially: College Success Strategies

By Brenda Bautsch

November 2009

America is losing its lead as the country with the highest percentage of college-educated citizens. According to the Organisation for Economic Co-operation and Development (OECD), America and Germany are the only two OECD countries with a younger generation that is less educated than the older generation. While college access for underrepresented students is still a concern, overall, America ranks high in the world for the proportion of high school graduates that enroll in college. The problem is that too few of America's college students complete their degrees.

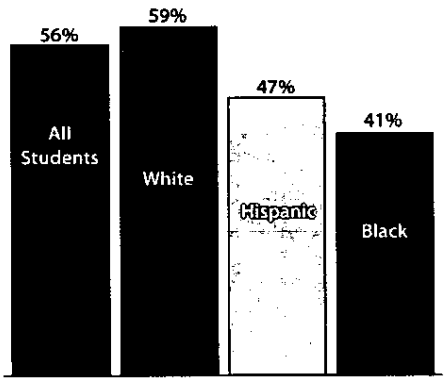
Just over half—56 percent—of students that enroll in a four-year institution earn a bachelor's degree within six years. Only 28 percent of associate degree-seeking students earn their degree within three years.[1] The statistics for students of color are even worse—just 41 percent of black and 47 percent of Hispanic college students attain their bachelor's degree in six years, compared to 59 percent of white students (Figure 1).[2] Just over one third of students who are both low-income and first-generation earn a bachelor's degree within six years at public four-year institutions, compared to 66 percent of their more advantaged peers.[3] These low graduation rates translate into missed economic opportunities for states and for the nation.

People with bachelor's degrees earn 61 percent more during their lifetime than those with only a high school diploma, and 42 percent more than those with some college but no degree.[4] Students who leave college without completing a degree lose money spent on tuition and fees and may incur loan debt. The gaps in completion across groups of students have implications that go beyond the individual. Federal and state governments incur losses when money spent on higher education appropriations and financial aid supports a student who does not complete college. Moreover, college graduates bolster state economies. Not only do college graduates pay more in taxes, they also save states money because they rely less on social programs such as welfare or Medicaid. College graduates participate in more civic activities, such as voting, and in charitable activities, such as donating blood. In addition, children of college graduates are more likely to achieve higher levels of education, so society continues to reap benefits generation after generation.[5]

College success programs are designed to help at-risk students graduate from postsecondary education. Given their vested interest in having as many college-going students as possible graduate, states will want to consider which programs and policies represent the soundest investment for their limited resources. Various programs that focus on improving college success differ with respect to structure, identified student population, and the amount of financial support required. College success programs include academic counseling and student support services administered in and out of the classroom. These programs are usually targeted to students who are most at-risk of dropping out of college—low-income, minority and first-generation students, and those students who score low on placement exams.

Consensus has emerged that students who are academically and socially engaged during college are more likely

Figure 1. Six-Year Graduation Rates for Four-Year Institutions, By Race



Sources: National Center for Higher Education Management Systems, 2009; National Center for Public Policy and Higher Education, 2008.

to graduate. A student is academically engaged when he or she interacts with faculty and finds learning meaningful. Social engagement refers to participation in campus activities and multiple connections with other students. Programs that increase academic and social engagement improve the degree attainment of underrepresented students.

Many postsecondary institutions design and implement college success programs, but state legislators can play an important role by providing incentives, funding and reporting requirements. Several states—such as Arkansas, Illinois and South Carolina—have created task forces to develop a state agenda on college success, set state goals, and provide recommendations for increasing degree attainment. Legislatures can require institutions of higher education to report student data on enrollment, retention and graduation so the legislature can track and monitor progress. In Massachusetts, for example, public two-year and four-year colleges are required by law to report annually to the governor and the legislature on a variety of higher education performance measures, including student success.

Successful state policies and programs recognize and address the factors that cause students to drop out of college.

This brief describes barriers to graduation for underrepresented students, highlights college success programs that researchers have found to have the most effect on increasing retention and graduation rates, and provides examples of legislative action that encourages and supports such programs.

Barriers to College Graduation

Several factors increase the likelihood that a student will drop out of college. For example, full-time employment, dependent children, weak academic preparation, off-campus residency and college affordability can negatively affect student retention and graduation. Low-income, minority and first-generation students likely face one or more of these factors. Low-income students are more likely to work full-time during college. This places them at a disadvantage, since research shows that working more than 20 hours per week hurts student academic performance.[6] Some estimates suggest that as few as 25 percent of low-income youth are academically well-prepared for college, compared to 60 percent of high-income youth.[7]

It is important to note that the issue of academic preparation can lead to discussion of inadequate high school preparation and remedial education. Those discussions are covered in the brief *Increasing College and Workforce Readiness.*

In particular, many community college students face barriers to graduation. The Community College Survey of Student Engagement found that 75 percent of students at public two-year colleges face at least one risk factor, compared to 14 percent of students at four-year universities. The survey also found that 25 percent of community college students had children living with them, 25 percent were not native English speakers, and 50 percent worked more than 20 hours per week.[8]

Successful state policies and programs recognize and address the multiple factors that cause students to drop out of college. Factors such as full-time employment, off-campus residency and family responsibilities keep students from having time to engage in campus activities or receive needed academic help. By not integrating with the larger campus community, students do not make the personal connections with peers or with faculty that often motivate them to stay in school. College success programs that work with a student's over-loaded schedule by using class time to promote academic engagement or that have flexible hours for support services can be helpful. Such programs can be most effective if they reach out to at-risk students during their first year of college.

First-Year Retention Strategies

Research indicates that students who return for their second year of college have a higher chance of graduating. Twenty-five percent of students who enroll at four-year colleges and one-half of those at two-year colleges do not continue to their second year on campus.[9] Six in 10 low-income and first-generation students who do not complete their college education drop out after their first year.[10] Because of this, many colleges focus success programs on retaining first-year students through bridge and orientation programs, first-year seminars and learning communities. These programs help underrepresented students engage academically and socially, increasing the chance that they will persist to graduation.[11]

Summer Bridge and Orientation Programs To help high school graduates prepare for their first year of college, summer bridge and orientation programs take place before classes convene. They vary in length; orientations usually last a day or two, and bridge programs unfold over a one- to

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eight-week period. The goal is to better equip students for their first year in college by helping them build the necessary academic and personal skills. Bridge and orientation programs administer remedial coursework, teach study skills, and provide opportunities to adjust to campus life and meet other students.

Many programs specifically target low-income, first-generation and minority students. Colorado State University's Bridge Scholars program, for example, hosts underrepresented students on campus for eight weeks. Students take classes, learn study skills, and become familiar with the campus and its support services. The Bridge Scholars program recognizes the special needs of underrepresented students and provides them with the opportunity to catch up or even get a head start for college.

Some research indicates that summer bridge and orientation programs can increase retention rates and student participation in campus activities. According to the Pell Institute, bridge programs at Georgia State University, the University of California-San Diego, the University of Maryland-College Park, and California State University contributed to retention gains from freshman to sophomore year. Other studies indicate that bridge and orientation programs increase the likelihood that community college students will become academically engaged. The Community College Survey of Student Engagement found that 40 percent of students have participated in an orientation program.[12]

First-Year Seminars Another retention strategy is first-year seminars, which are small classes, typically of 10 to 25 students, that usually are taught by a faculty member. Since most freshmen enroll in large introductory courses with a lecture format and little interaction with faculty members, the seminars give students an opportunity to connect with faculty and receive personal attention and frequent feedback. The small class setting encourages participation in group discussion and fosters development of critical thinking and collaborative learning skills. The relationships with faculty and other students increase the level of academic and social integration for students who participate.[13]

According to the National Resource Center's 2006 survey on first-year seminars, 43 percent of the responding institutions credited the first-year seminar with increasing student persistence to sophomore year. About one third of the institutions indicated that the seminars increased the students' satisfaction with the school and faculty, and reported higher levels of student participation in campus activities. Seminars also have been linked to better chances of graduation; some research suggests that students who complete freshman seminar courses are 5 percent to 15 percent more likely to earn their bachelor's degrees in four years.[14]

Other research, such as that conducted by the Policy Center on the First Year of College, makes the case that seminars are most effective if they are linked to one or more other courses, a practice commonly referred to as a learning community.

Learning Communities Like first-year seminars, the learning community concept is based on the notion that small class size promotes academic and social engagement. Students take two or more classes together as a group, often with an overarching theme that connects the classes. By keeping the same group of students together for multiple classes, learning communities create more opportunities for social integration. Creating opportunities for social and academic engagement during class time when students are already on campus is an effective retention strategy for low-income and minority students.

There are various examples of the positive effects of learning communities. At the University of Southern Maine, a commuter school, the learning communities have had positive results for at-risk students. The students who participate in learning communities have higher persistence rates than students who participate in other retention programs. Similarly, students who participate in the Seattle Central Community College learning community exhibit higher rates of retention than do nonparticipants. The students in the Seattle Central learning communities also tend to express higher levels of social and academic satisfaction. The research organization MDRC conducted an experimental program at Kingsborough Community College in which some freshmen participated in a learning community that included remedial English. Students who participated in the learning community were more likely than nonparticipants to take and pass the English skills assessment tests necessary to enroll in college-level English.[15]

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In both first-year seminars and learning communities, a major focus is on giving the student personal attention, which translates into small class sizes. However, many required introductory courses are taught in lecture format to large numbers of students, a format in which students can easily feel lost. To ensure that students receive the attention and support they need to be successful in larger courses, many colleges and universities have redesigned their introductory classes.

Redesigning Courses for Success

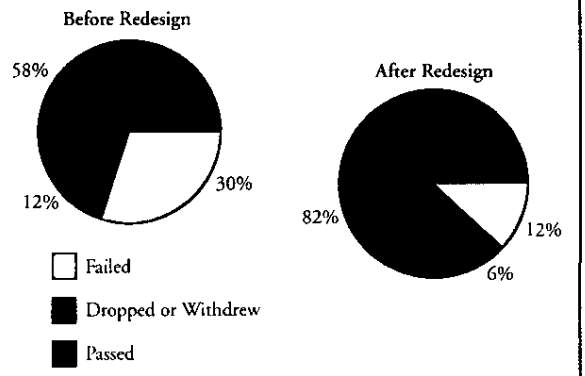
Not surprisingly, large and often impersonal introductory courses have high failure and dropout rates. About 25 introductory courses serve half the student population at community colleges and one third of the students at four-year colleges. These 25 courses have high drop, failure and withdrawal rates, and the rates can vary dramatically across institutions. At four-year institutions the drop, failure and withdrawal rates average from 22 percent to 45 percent, while at community colleges the rates average 40 to 50 percent, but can be much higher. Since these few courses affect such a large proportion of college students, restructuring them to improve student success can significantly affect retention and graduation rates.[16]

The National Center for Academic Transformation (NCAT) conducted research to redesign one introductory course at 30 postsecondary institutions. After evaluating the newly designed courses, the center found that 25 of the 30 colleges showed significant improvement in student performance in class, and all 30 cut costs by an average of 37 percent. According to the project report, "Collectively, the 30 redesigned courses affect more than 50,000 students nationwide and produce a savings of $3.1 million in operating expenses each year."[17] Half of the institutions were studied closely to evaluate the effect on low-income and minority students; of those, 90 percent demonstrated positive effects on student learning.

University of New Mexico At the University of New Mexico, 47 percent of students are minorities, most of whom commute to school and work more than 30 hours per week. The introductory psychology course, one of the largest classes, had one of the highest failure rates. This course is taken by more than 2,000 students each year; of those students, 30 percent failed and another 12 percent dropped out or withdrew. To increase student success, the University of New Mexico worked with the National Center for Academic Transformation to redesign the course.

The new psychology course employed the main NCAT strategies: reduced lecture time and increased time for activities and group work, frequent quizzes, and computer-based learning techniques. The results from the newly designed course were positive—the failure rate dropped 18 percentage points and the drop/withdrawal shrunk by half (Figure 2). At the same time, due to the weekly quizzes and in-class study time, students covered the material more thoroughly than before. Student grades rose, and the learning quality improved. Yet another positive result was the cost savings. The redesigned course cost almost 50 percent less, from $72 per student to $37 per student.

Figure 2. Redesigning the University of New Mexico's General Psychology Course: Student Success Rates



Source: The National Center for Academic Transformation, 2005.

The cost savings realized by the University of New Mexico—and the 29 other institutions that participated in the redesign project—demonstrate that improving student success need not cost more money, but can be accomplished by changing how courses are taught to be more relevant and more effective for today's generation of students. Further, by using technology, some tasks become more efficient. Quizzes and assignments can be administered and graded through automated computer programs, thus increasing feedback to students and freeing time for faculty and teaching assistants.[18]

Technology in Redesigned Math Courses Computer-based practices can be used to redesign a wide range of courses—from psychology and literature to statistics and math. *MyMathLab* is an example of a computer program used in math courses. The software allows students to do as many math problems as they need and receive instant feedback on their answers. The program also sends faculty detailed information on student progress. The University of Alabama uses *MyMathLab* in its redesigned intermediate algebra course. Students are required to spend time working on problems

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in the math computer center using the software. Faculty or graduate students staff the center to help students when needed.

Within four years, the University of Alabama saw a significant increase—from 44 percent to 80 percent—in the number of students who receive a C- or better in the class. In the redesigned algebra course, African Americans, who comprise 14 percent of the undergraduate population, scored significantly higher than their peers in the traditional course. As in the University of New Mexico example, the gains did not come at a higher cost; rather the cost-per-student dropped 33 percent, saving the university about $60,000 per year.[19]

Effective support services help students stay enrolled in college by targeting those in need before they drop out.

First-year retention strategies such as redesigned courses, summer bridge and orientation programs, first-year seminars and learning communities are key to helping underrepresented students continue to their second year of college. Legislators can provide important support and incentives for institutions to implement such practices. Although the focus on first-year retention programs is crucial, it is not sufficient. An effective state strategy also requires that programs and activities be in place to move students from the second year of college to graduation.

From Second Year to Graduation: Practices to Increase Degree Attainment

For college students to persist to graduation, they need to remain engaged academically and socially beyond their first year. Students who participate in activities such as internships, faculty-guided research, and service learning are more likely to remain engaged. If students receive the information and support they need when they need it, they have a greater chance of attaining a degree. Support services can provide students with needed help through academic advising, career counseling, mentoring, tutoring, and financial aid guidance. One program that includes all these services is the federally funded TRIO Student Support Services program.

Federal TRIO Program: Student Support Services The federal TRIO Student Support Services program helps low-income, first-generation and disabled students attain a college degree. Of the students participating in TRIO, two-thirds must be both low-income and first generation. Institutions of higher education can apply to the Student Support Services program for competitive grants to fund student support projects on campus.

Recognizing that students who are both first-generation and low-income are more at-risk of dropping out of college, Student Support Services program staff meet often with participating students to monitor their academic progress and track their use of available services. For many students, the Student Support Services office is a "home base" for them on campus—a place they can go at any time and receive needed help or guidance, whether for academic or personal reasons. For those in need of academic help, the program provides supplementary instruction through tutoring, workshops, group study sessions and computer-based exercises.

Research indicates that Student Support Services programs have had positive results on student retention and persistence. Overall, the 950 programs nationwide serve more than 200,000 students. According to the U.S. Department of Education's analysis of the program, those students are more likely to persist through college and attain a degree than other low-income and first-generation students. The more involved the students are—by spending more time in the program or using more services—the more likely they are to complete college.[20]

State Educational Opportunity Programs Legislators can encourage colleges to apply for federal Student Support Services grants or can provide state funding for institutions to provide similar services. California and New York, for example, have state-funded Educational Opportunity Programs to help low-income, academically disadvantaged youth succeed in college through financial aid and comprehensive student support. Implementation varies by college; while some require participants to enroll in summer bridge programs or orientations, others require a specific course load. Institutions provide Educational Opportunity Program students with individual attention and extensive academic and personal counseling. Nyack College in New York testifies that it has seen noticeable positive effects from the program. Many of its program students have become leaders on campus, have made the dean's list and have graduated with honors.[21]

Early Warning Systems Effective support services help students stay enrolled in college by proactively targeting those in need before they drop out. Many postsecondary institutions have early warning systems to identify students who are struggling academically and provide them with immediate help. At Hudson Valley Community College, for

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example, faculty use the early warning system to alert academic counselors of students who are struggling in class, are misbehaving or are frequently absent. Faculty members notify counselors early in the semester to give students ample time to improve. The early warning system provides training and support to help faculty identify at-risk students.

High-Impact Practices In addition to providing support services for students, colleges and universities can promote other practices that increase degree attainment. Student research, service-learning courses, and internships have proven to help students remain in college and graduate.

The Association of American Colleges and Universities considers research with faculty, service learning and internships "high-impact practices" because of their positive results. Students that participate in these activities not only have higher rates of persistence and graduation, but also gain more personally, intellectually and culturally from their education. These positive results apply to all students, but appear to be even more evident in minorities and low-income students. Compared to non-Hispanic students, Hispanic students that participated in "high-impact" activities had better grade point averages, and African American students had higher chances of persisting in college than whites.[22]

Research Experience Undergraduate research opportunities give students the chance to work closely with faculty. Research experience can motivate students to continue their education toward advanced degrees. According to the *High-Impact Educational Practices* report, "Students who do research with faculty also are more likely to persist, gain more intellectually and personally, and choose a research-related field as a career."[23] The report also indicates that students have positive and supportive relationships with the faculty.

Service Learning Service learning courses require that students apply what they are learning in class to a community service experience. For example, a public policy course on women as leaders could have its students mentor at-risk girls at local middle schools. The students then would reflect on their mentoring experiences in class. By connecting the classroom with the community, learning becomes more meaningful and engaging—the students integrate what they learn in school into their lives and careers. They also learn the importance of civic responsibility and giving back to their communities. Further, by having a service project that classmates work and reflect on together, service learning courses can increase the social connection among students.

Internships Internships embed students in a job in a career field of interest and enable them to see how their degree can help them. These experiences can lead to greater persistence because students see a tangible result of their educational efforts. Internships also allow students to encounter a work environment with which they may not be familiar, increasing student confidence that they can do the job. If the internship leads them to see that job is not something they want to do after college, students still have time to change their major.

Encouraging underrepresented students to participate in activities such as research with faculty, service learning and internships can be an effective strategy for increasing graduation rates and overall student success. Although most institutions develop and implement their own programs, legislators can offer funding or other incentives to promote high-impact activities. A state plan or agenda on higher education is a good place for legislators to encourage institutions to provide and promote high-impact practices.

Creating State Agendas that Promote College Success

State legislators can take leadership to improve college completion by letting institutions know that student retention and success are state priorities and that the institutions will be held accountable for results. A state agenda on college success can send that signal. These agendas identify priorities, set goals, and recommend policies and practices to improve college completion. Several legislatures have created task forces that bring together policymakers and higher education stakeholders to articulate state agendas.

Arkansas In 2007, the Arkansas General Assembly passed Act 570, creating the Legislative Task Force on Higher Education Remediation, Retention and Graduation Rates. The task force consisted of the governor, legislative leaders, college administrators, faculty and state education board members. The task force was charged with researching and analyzing Arkansas trends and data on student success, and creating a plan to decrease remedial education and increase student retention and graduation. The task force held 16 meetings, during which outside stakeholders presented members with comprehensive testimony and information.

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In 2008, the task force released a report of its findings with a set of recommendations, incorporating many of the practices highlighted in this brief.

For example, the task force suggests requiring colleges and universities to use an early warning system to identify students struggling academically. The report also encourages colleges to increase student support services and recommends appropriating $500,000 for the expanded services. Specifically, the task force mentions such strategies as learning communities, academic help measures and personal support services. Another recommendation is for colleges to take into special consideration the needs of underrepresented students and the fact that they are most likely to drop out during their first year. The task force suggests that colleges offer first-year experiences and evaluate how introductory courses could be redesigned to improve student success. Finally, the task force proposes an annual statewide conference where two- and four-year institutions could share strategies on retention and graduation. The conference could be valuable in continuing reform efforts and providing an opportunity for collaboration.[24]

Illinois In 2007, the Illinois General Assembly adopted House Joint Resolution 69, which created the Public Agenda Task Force and directed it to study higher education challenges and opportunities. As in Arkansas, the task force consisted of policymakers, state education leaders, and administrators and faculty from postsecondary institutions. The task force held six formal meetings and conducted regional forums and special briefings. The task force developed a state plan for higher education, taking into consideration input from a wide range of stakeholders. The final report, the *Public Agenda for College and Career Success*, lays out the state plan and serves as a guide for policymakers and higher education institutions as they consider policies, priorities and funding. It defines four main goals for Illinois: to increase access to postsecondary education; to make affordability a priority; to increase the number of degree holders in the state; and to use education, research and innovation to meet economic needs.

Legislators played an integral part in developing the public agenda, and also have a key role in implementing it and monitoring institutional progress. To facilitate institutional accountability to the legislature, the public agenda report advocates more robust state data systems that can accurately track retention and graduation rates.[25]

South Carolina In South Carolina, the Higher Education Study Committee was formed by the General Assembly to create a state agenda to improve the higher education system. To accomplish that task, the study committee developed a project plan involving participants from the education, business and government sectors. Subcommittees and additional task forces were formed to study specific issues in depth. The result, a comprehensive report titled *Leveraging Higher Education for a Stronger South Carolina*, includes detailed analysis and recommendations. The report provides information regarding cost, priority, timeline and responsibility for each recommendation.[26]

The report highlights the need for redesigning introductory courses that currently have high failure rates. Another recommendation urges institutions to develop early warning systems to provide students with immediate academic help, particularly during their first year. The report also advises continuing and expanding support for retention programs such as "academic support services, new student orientation, service learning, academic advisement, counseling, tutoring, cultural enrichment, 'freshman year' and 'sophomore year' programs."[27] Summer transition and bridge programs also are mentioned as useful to help students adapt to college.

Conclusion

To maximize a state's investment in higher education and reach state goals for higher college completion rates, state legislators will want to understand the array of college success programs and know which are effective. Students who are supported in their classes and involved on campus are more likely to graduate. Therefore, student success programs should aim to increase the academic and social engagement of the students beginning in the first year of college and continuing until graduation.

As policymakers work to improve college success for underrepresented students, some points to consider include the following.

- Recognize the common risk factors that underrepresented students face and consider them in developing success programs.
- Use funding or other incentives to encourage institutions to target programs to first-year students.
- Encourage institutions to promote first-year programs such as learning communities, bridge and orientation programs, and first-year seminars to help students remain in school.

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- Press institutions to measure the comparative effectiveness of the success programs.
- Support the redesign of introductory courses that have high failure rates to help students be more successful, and use technology to lower costs and improve efficiency.
- Consider funding or incentives to help institutions expand student support services that help students progress from first year to graduation.
- Fully leverage federal funding such as the TRIO programs, which award grants to institutions for student support.
- Recommend that institutions expand programs that keep students engaged academically and socially, such as research with faculty, service learning and internships.
- Create legislative task forces to bring together various stakeholders to develop a state agenda on student success. Institutions need clear signals from state legislatures that retention and success are priorities and that they will be held accountable for results.

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What You Need to Know About Minority-Serving Institutions

By Brenda Bautsch

November 2009

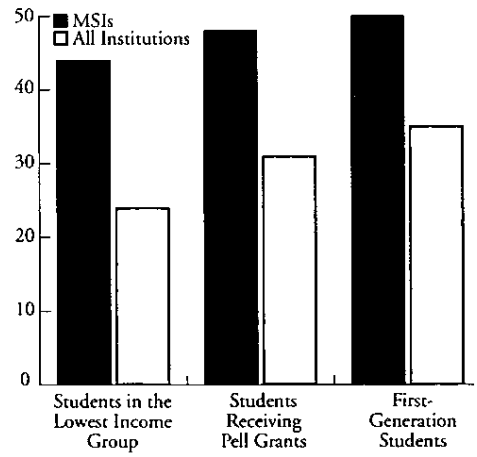
Minority-serving institutions (MSIs) are a group of colleges and universities that educate a large percentage of minority students. They traditionally include historically black colleges and universities (HBCUs), Hispanic-serving institutions (HSIs) and tribal colleges and universities (TCUs). More recently, others such as predominantly black institutions and Asian-serving institutions have been included. This brief focuses on HBCUs, HSIs and TCUs, which collectively educate more than one-third—more than1.3 million—of students of color.

Whom Do MSIs Serve?

Minority-serving institutions play an important role in America's higher education system, educating a significant number of minority, low-income and first-generation students. At historically black colleges and universities, an average 85 percent of the total student enrollment is African American. At Hispanic-serving institutions, the average Hispanic enrollment constitutes 44 percent of the student body. Minorities other than Hispanics make up more than 20 percent of the student population at HSIs, bringing the total minority enrollment to around 64 percent.[1] Eighty-two percent of first-time students at tribal colleges and universities are American Indian.[2]

In 2004, 44 percent of students at minority-serving institutions were in the lowest income group, and almost half received Pell Grants. By comparison, 24 percent of students at all institutions were in the lowest income group, and 31 percent received Pell Grants. Almost 50 percent of students at MSIs are first-generation, compared to 35 percent of students at all institutions (see Figure 1).

Figure 1. Student Characteristics



Source: Institute for Higher Education Policy, 2009.

While African-American students at HBCUs are more likely to be low-income or first-generation, they do not display increased levels of other nontraditional characteristics (i.e., over age 24; single parents; delayed college entry; attending part-time; employed full-time; financially independent; no high school diploma). Hispanic students at HSIs are more likely to be of independent status and over age 24 than those at non-HSIs.[3] Most TCU students are traditional college age but are more likely that other undergraduates to be single parents and hold GEDs.[4]

Nearly all the 104 HBCUs are four-year public or private institutions. Most of the 35 TCUs are two-year institutions; only seven offer bachelor's degrees.[5] The 268 HSIs are split almost evenly—48 percent are public two-year institutions, and 47 percent are either private or public four-year institutions.[6]

Why Do Students Choose MSIs?

The type of minority-serving institution affects why students enroll at MSIs. Historically black colleges and universities are defined by their historical mission to serve African-American students. Their long presence in the educational system has earned a reputation for successfully meeting the needs of black students. HBCUs are known for employing diverse faculty to serve as role models for students of color, and faculty members frequently interact with students. Students at HBCUs have a supportive cultural environment that encourages learning, leadership and commu-

nity involvement. Many students choose to attend HBCUs because of their mission and reputation.

In contrast, Hispanic-serving institutions are defined by the percentage of enrolled students who are Hispanic, not by a mission to serve those students. Most HSIs began enrolling large numbers of Hispanic students as a result of demographic trends. As Hispanic communities grew in certain regions, the colleges and universities in those areas by default served those students. Today, HSIs use their high Hispanic enrollment to receive federal funding, but some do not include in their mission the charge to serve Hispanic students. Others have embraced the mission and make concerted efforts to support their Hispanic students' success. Nonetheless, the HSI label does not largely affect students' college choices. Many students at HSIs do not know that they attend a Hispanic-serving institution. A report by a Latino advocacy organization, *Excelencia* in Education, found the top reasons for enrollment at HSIs were low costs, proximity to home, and an approachable campus environment.[7]

Tribal colleges and universities attract students for the same reasons as both HBCUs and HSIs. Like HBCUs, TCUs have a specific mission to serve American Indian students. According to the American Indian Higher Education Consortium, TCUs "offer higher education that is uniquely tribal with culturally relevant curricula, extended family support, and community educational services." Like HSIs, TCUs appeal to students because of low costs and proximity to home; most are located on reservations. The specialized mission of tribal colleges receives positive reviews from TCU graduates. Eighty-eight percent say they were satisfied or very satisfied with their college experience.[8]

How Effective Are MSIs?

Minorities are less likely to be academically prepared for college than white students. Math and reading levels of African-American and Hispanic high school graduates are, on average, at that of an 8th grade white student. Accordingly, minorities have higher rates of remediation and are less likely to complete college. White students are twice as likely to earn a four-year degree by age 29 than African American students, and two-thirds more likely than Hispanic students.[9]

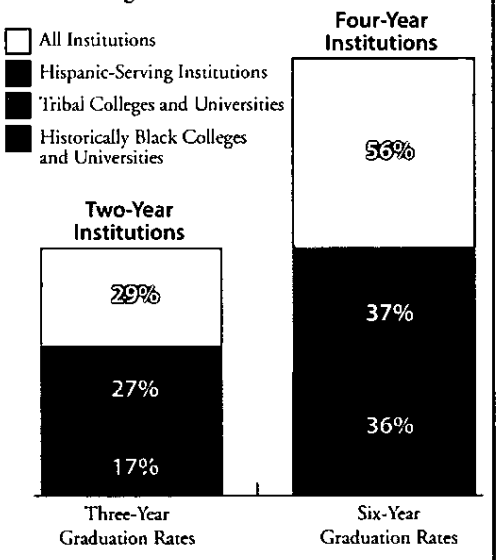
Since minority-serving institutions educate a large number of minorities, they are in a position to help close the achievement gap. Evaluating how successful MSIs are at closing the achievement gap is difficult, however. Some point to dismal graduation rates as a sign of failure (see Figure 2).

The latest data indicate that 17 percent of students at two-year tribal colleges and 27 percent of students at two-year Hispanic-serving institutions earn an associate's degree within three years.[10] The national average three-year graduation rate for all students at any two-year institution is 29 percent. At four-year historically black colleges and universities, 37 percent of students earn a bachelor's degree within six years. Four-year HSIs have a similar graduation rate—36 percent.[11] Nationally, 56 percent of all students at any four-year institution graduate within six years.

Others argue that graduation rates cannot be used to evaluate the success of MSIs because the institutions serve a unique and disadvantaged population, and they do so with fewer resources than majority institutions. MSIs receive less funding and tuition revenues than other institutions. Students at MSIs are more likely to come from low-income high schools that did not offer college preparatory curriculums or have counselors on staff. Many MSIs have an open admission policy; they accept all students regardless of their academic qualifications. In 2003-2004, 60 percent of Hispanic-serving institutions had an open admission policy, compared to 44 percent of all institutions.[12] As a result, MSIs spend more money on remedial education and student support services.

Despite the challenges MSIs face, there are several positive results. The institutions play an important role in graduating students with degrees in fields where minorities traditionally are underrepresented. Almost half of all Hispanic, African-American and Native American teachers, for example, graduate from minority-serving institutions. Minorities

Figure 2. Graduation Rates



Sources: National Center for Education Statistics, 2007; American Indian Higher Education Consortium, 2008.

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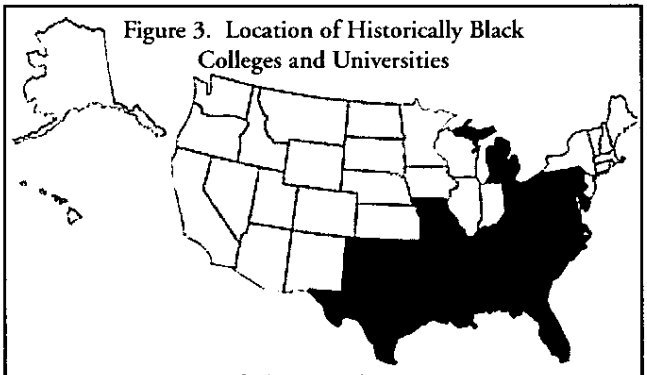
who major in science, technology, engineering and math (STEM) fields disproportionately attend MSIs. HBCUs also have a high number of students that continue their education at graduate and professional schools. Two HBCUs—Spelman and Bennett—graduate 50 percent of all African-American women in science graduate programs. Xavier University produces the most African-American graduates who attend medical school and pass board exams—about 100 graduates per year. Xavier also has low admission standards, so it accepts students with poor academic records and makes them successful.[13]

MSIs also try to tailor the educational experience to meet their students' needs. Knowing that their students are at-risk, many minority-serving institutions require students to participate in retention-increasing activities such as community service or service learning courses. MSI students receive more substantive faculty interaction, which has also been linked to increased student success.

Overview: Historically Black Colleges and Universities

Historically black colleges and universities are degree-granting institutions that were established before 1964 primarily to serve African Americans. HBCUs began forming in the 19th century to educate African Americans who were excluded from white colleges and universities. One hundred four HBCUs currently are located in 20 eastern and midwestern states and the District of Columbia (see Figure 3).

Figure 3. Location of Historically Black Colleges and Universities



Source: U.S. Department of Education, White House Initiative on Historically Black Colleges and Universities, 2009.

Constituting just 3 percent of all postsecondary institutions, HBCUs educate 13 percent of African Americans and award 30 percent of African-American bachelor's degrees.[14] Nearly 90 percent of students enrolled at an HBCU attend a four-year institution; the remaining 10 percent attend a two-year HBCU. The effect of historically black colleges and universities on bachelor's degree attainment is important because disparities between white and black students exist. Only 41 percent of African-American students earn a bachelor's degree, compared to 59 percent of white students.[15]

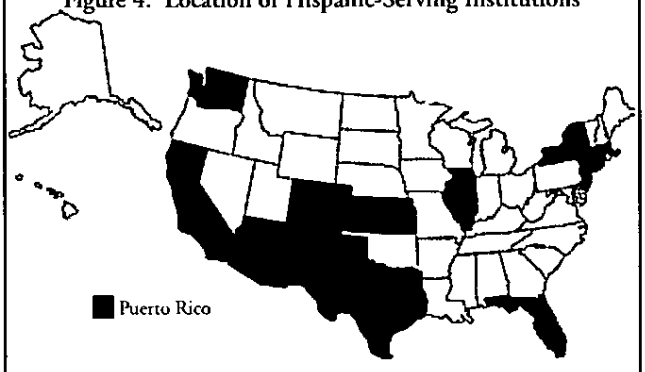
HBCUs also play an important role in educating African Americans in disciplines where they traditionally are underrepresented. Of the top 10 institutions that graduate African-American engineers, eight are HBCUs. Further, two-fifths of all African American students who major in a STEM field earn their degree from an HBCU, as do more than half of all African-American public school teachers and more than two-thirds of African-American dentists. Almost 85 percent of African-American doctors graduated from an HBCU.[16]

Overview: Hispanic-Serving Institutions

Federal and state policymakers began recognizing in the 1980s that Hispanic-serving institutions educated a large proportion of the Hispanic population and were inadequately funded. In 1992, Hispanic-serving institutions were formally recognized and defined in the Higher Education Act, which created a grant program to provide federal funding to qualifying institutions. In 1998, the definition of HSIs was changed to its current status—institutions where 25 percent of the undergraduate full-time equivalent (FTE) enrollment is Hispanic. In 1995, the first year of federal funding, $12 million was appropriated for HSIs. In 2009, $93.2 million of federal funding was appropriated to these institutions.[17]

In the 2005-2006 academic year, 51 percent of all Hispanic undergraduates were enrolled in one of the 268 Hispanic-serving institutions in the United States and Puerto Rico. As shown in Figure 4, these institutions are clustered in 13 states and Puerto Rico; California, New Mexico, Texas and Puerto Rico host the majority. Overall, Hispanic-serving

Figure 4. Location of Hispanic-Serving Institutions



Source: Hispanic Association of Colleges and Universities, 2008.

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institutions constitute 8 percent of all U.S. postsecondary institutions. More than half are two-year public or private colleges, 26 percent are private four-year, and 21 percent are public four-year institutions.[18]

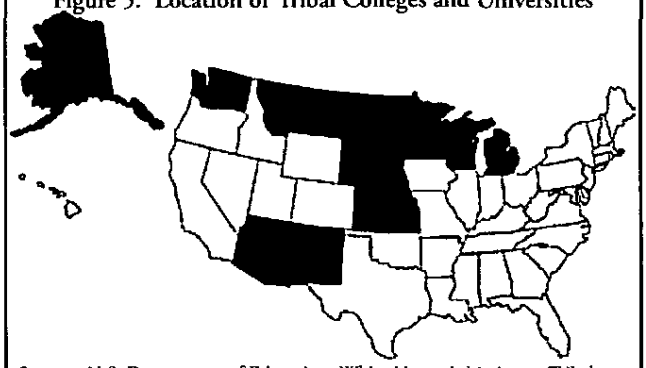
Hispanic-serving institutions award a high number of diplomas to Hispanic students. In 2003-2004, HSIs represented 5 percent of all two-year institutions but awarded 42 percent of all Hispanic associate degrees. In the same year, HSIs represented 2 percent of four-year institutions but awarded 40 percent of all Hispanic bachelor's degrees.[19]

In comparison to white students, Hispanics' participation and graduation rates overall remain low. According to the U.S. Census Bureau, 58 percent of Hispanic high school graduates in 2006 enrolled in college the next fall, compared to 69 percent of whites. Only 47 percent of Hispanic students who enroll in a four-year institution graduate with a bachelor's degree within six years, compared to 59 percent of white students.[20] In 2008, 19 percent of Hispanic adults over age 25 held at least an associate's degree, compared to 39 percent of white adults.[21] Given the low college attainment of the Hispanic population and the fact that currently half of all Hispanic students are enrolled at HSIs, it is important to support these institutions and improve student completion rates.

Overview: Tribal Colleges and Universities

The first tribal colleges and universities emerged in 1968 to promote higher education among American Indians living on reservations. A decade later, President Jimmy Carter signed the Tribally Controlled Community College Assistance Act of 1978, providing tribal colleges with stable federal funding. To be considered a tribal college, an institution's student population must be more than 50 percent American Indian. Most tribal colleges are chartered by an American Indian tribe and are located on a remote reservation. They are fully accredited institutions, held to the same standards as all other colleges. The 35 federally recognized tribal colleges and universities all began as two-year colleges. Now, seven are four-year universities that offer bachelor's degrees, and two offer master's degrees. The TCUs, located in 12 western and midwestern states, serve approximately 30,000 students (see Figure 5).

Figure 5. Location of Tribal Colleges and Universities



Source: U.S. Department of Education, White House Initiative on Tribal Colleges and Universities, 2009.

Tribal colleges and universities play an important role in improving the poor economic conditions of their students and communities. Poverty is a major factor for American Indian students—more than 85 percent of students enrolled at a TCU live at or below the poverty level. TCUs serve many students who would not be able to go to college if a tribal college were not located nearby. The integration of Indian culture with academics makes the TCUs appealing to tribal members and increases participation. According to the American Indian College Fund, 64 percent of TCU graduates say they want to use their knowledge and skills to benefit their tribes and better their communities.

During the last 30 years, the number of American Indians with postsecondary degrees has more than doubled, and TCUs have contributed to this increase.[22] Although they educate only 6 percent of American Indians, TCUs award 17 percent of associate degrees earned by this group.[23] Further, 56 percent of students who graduate from a two-year tribal college enroll at a four-year institution, which is a high percentage compared to the overall community college transfer rate.[24]

Trends and Challenges for MSIs

Enrollment Growth In the last two decades, Hispanic, African-American and American Indian populations have been growing at a faster pace than whites, and they are expected to continue to do so. In the 1990s, the Hispanic population grew by 58 percent, the African-American population by 16 percent, and the American Indian population by 132 percent, compared to a 6 percent growth in the white population. In 1995, whites comprised 73.6 percent of the population, and Hispanics made up 10.2 percent. It is projected that, by 2050, the Hispanic population share will have more than doubled and will make up 24.5 percent of Americans. The white population share, on the other hand, will decrease and will comprise 52.8 percent in 2050.[25]

As minority populations grow, more minority students are participating in higher education. Enrollment at tribal colleges and universities grew by 32 percent between 1997 and 2002, while enrollment at postsecondary institutions overall increased by 16 percent.[26] Hispanic college enrollment also is on the rise, re-

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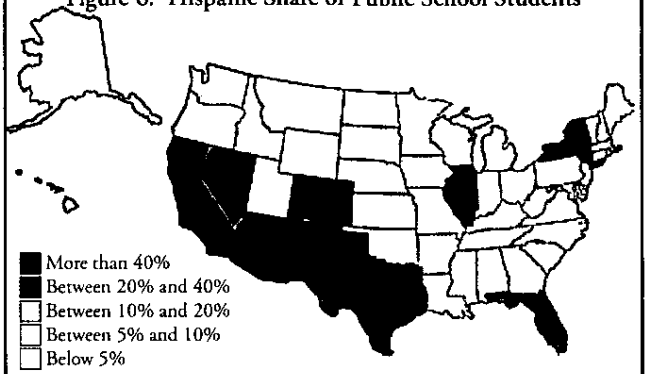
sulting in an increase of approximately 100 Hispanic-serving institutions between 1995 and 2006.[27]

Enrollment growth at minority-serving institutions is expected to continue because of the large number of minorities currently in the K-12 system. According to the U.S. Census, 42 percent of elementary and secondary students in 2007 were minorities. That figure is expected to exceed 50 percent by 2023, making minority children the majority.

Currently, one in five students in the nation's K-12 public schools is Hispanic. Figure 6 depicts the percentage of Hispanic students in public schools by state. In Arizona, California, New Mexico and Texas, two in five public school students are Hispanic. The U.S. Census Bureau predicts that the Hispanic school-age population will increase by as much as 166 percent in the next 30 years, compared to a 4 percent growth for all non-Hispanic school-age populations.[28] As the number of minorities in elementary and secondary schools increases, more of those students will apply to and enroll in college, likely resulting in an increased enrollment at MSIs.

Figure 6. Hispanic Share of Public School Students



Source: Pew Hispanic Center, 2008.

Financial Woes Minority-serving institutions receive special funding from the federal government, but their financial resources often are limited compared to other institutions. Average MSI revenues are 36 percent lower than the average revenues at all institutions, partly due to lower tuition levels at MSIs. Because minority-serving institutions serve more low-income students, they strive to keep tuition and fees below national averages to help students afford college.

In the 2003-2004 academic year, tuition and fees for full-time undergraduates at all postsecondary institutions averaged $6,814, while the average was $3,986 at HBCUs and HSIs and $1,951 at TCUs. According to an Institute for Higher Education Policy report on minority-serving institutions, "Low tuition and fees, along with other limited resources, constrain the revenue an institution has available for faculty salaries, infrastructure expenses, and technology updates."[29] Recognizing the financial struggles many MSIs face, the federal government provides supplemental funding through the Higher Education Act. For many institutions, however, this does not significantly close the funding gap between MSIs and predominantly white institutions.

Hispanic-serving institutions compete for designated federal funding, but they are not distinguished from other institutions for state-level funding. State funding for public HSIs is the same as for other public institutions. Many HSIs struggle financially to support a student body composed of low-income, minority students who require more resources. Leaders at Hispanic-serving institutions commit significant time and effort to raise funds to help finance student support services.[30]

Tribal colleges and universities are considered federal trust territories; as a result, most TCU funding comes from the federal government, and they receive little or no state or local funding. TCU federal funding is distributed mainly through the Tribally Controlled College or University Assistance Act of 1978. TCUs also receive some funding through the minority-serving institution provision of Title III of the Higher Education Act and through 1994 federal legislation that classified TCUs as land-grant institutions.

Funds distributed under the Tribal College Act have never met authorized levels. Under Title I of the act, for example, TCUs receive funding based on enrollment. The act authorizes $6,000 per Indian student, but in FY 2008, TCU appropriations were $5,304 per student. Accounting for inflation, that amount is actually $1,400 less per student than the first appropriation under the act in 1981 of $2,831 per student. Many TCUs find that federal funding is insufficient—especially with recent and continuing growth in enrollment. With limited resources, tribal colleges offer students little institutional aid. Most TCU students rely on federal and state financial aid, increasing the importance of those programs. (For more information about financial aid, see the brief *Improving College Affordability for Underrepresented Students: Financial Aid Strategies.*)

Historically black colleges and universities receive federal and state funding, but state funding often is less than that for other state institutions. For example, a study found that, in 2007, the University of North Carolina-Chapel Hill received $15,700 per student in state appropriations, while

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two North Carolina HBCUs—Fayetteville State University and North Carolina A&T—received $7,800 per student.[31] In North Carolina, a budget process that includes input from administrators and leaders in the University of North Carolina system and the Board of Governors determines funding for public universities. The General Assembly reviews the budget request and determines final appropriations.

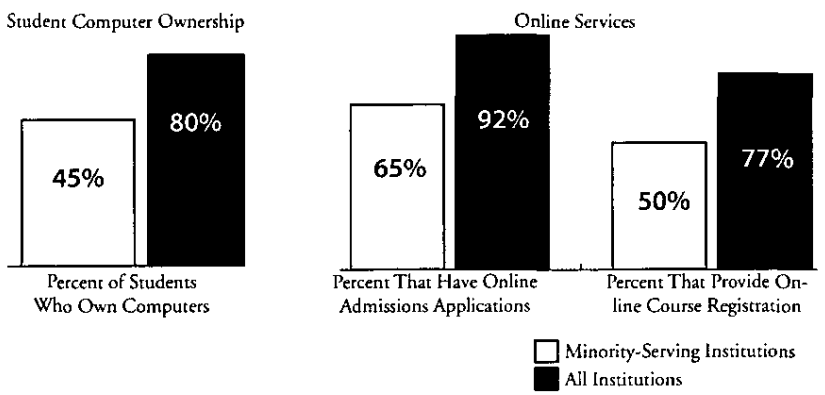
Other states have different budget processes or use funding formulas to calculate budget allocations. Regardless of the budget process, however, research indicates that institutions with larger enrollments and a greater variety of academic programs and degree opportunities receive significantly more money.

Larger schools tend to receive more money than smaller schools because they serve more students. As exemplified by North Carolina, however, per-student funding reveals discrepancies between majority and minority institutions. Further, some argue that, although some HBCUs are small, they serve a needy, disadvantaged population and so require more resources than other small institutions. Limited funding, coupled with a predominantly low-income student body, has created financial challenges for many HBCUs. According to researcher Dr. James T. Minor, "Current appropriation processes essentially ignore institutions most capable of educating those least likely to receive postsecondary degrees. There are few instances where state appropriations are directly used to narrow gaps in degree attainment by investing in institutions most capable of serving underrepresented populations."[32]

The North Carolina legislature recently passed an initiative to fund capacity-building projects at seven four-year public institutions that have growth potential. All five North Carolina HBCUs were included in the initiative. Many HBCUs nationwide have similar growth possibilities that could be developed if resources are available. Taking advantage of capacity-building opportunities at HBCUs could improve their ability to graduate African Americans.

Digital Divide Due to limited resources, minority-serving institutions face challenges in equipping their campuses and students with modern digital infrastructure. According to the Institute of Higher Education Policy, MSIs are behind other institutions in faculty use of technology, student computer ownership and provision of online student services, such as admissions applications, financial services and class registration. Figure 7 highlights these differences.

Figure 7. Digital Divide



Source: Institute for Higher Education Policy, *Serving the Nation*, 2004.

Some MSIs have developed programs to increase student computer access and use. Most campuses have computer labs, but many have a limited number of computers. Further, staying on campus to use a school computer may not be an option for students with long commutes, jobs or family responsibilities. As a response, tribal colleges such as Northwest Indian College and Diné College created laptop loan programs that allow students to check out laptops at no cost. In addition, TCUs, HBCUs and HSIs have joined under the Alliance for Equity in Higher Education to support federal legislation that appropriates funding to eligible MSIs for digital and wireless technology improvements. This legislation was incorporated into the reauthorized Higher Education Act in 2008 and provides program funding for FY 2009 through FY 2012.

Recruiting and Retaining Faculty Average faculty salaries at minority-serving institutions are 10 percent lower than salaries at other institutions, which can be a deterrent for recruiting and retaining excellent faculty.[33] Tribal colleges and universities in particular struggle with recruiting and retaining faculty and staff members because many TCUs are located in remote areas. Because there are few American Indian professors, TCUs must recruit non-Indian faculty, and the location and low-pay often are disincentives. One recruiting strategy TCUs employ is to encourage students who pursue academic professions to remain on campus to teach after they graduate.

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Buildings and Facilities Maintaining old buildings and constructing new ones can be a challenge for MSIs. Minority-serving institutions with limited resources often cannot spend money on buildings and facilities, even if the project is a priority. TCUs report that they need classrooms, science and math labs, and libraries. Several tribal colleges have received private or government grants to fund new construction. Bay Mills Community College, for example, received grants in 2005 and 2006 from the U.S. Department of Education and the U.S. Department of Housing and Urban Development to build a large facility for classrooms, computer labs and dorm rooms. HSIs and HBCUs also actively seek federal and private grants for infrastructure projects.

Partnerships Partnerships with majority institutions can effectively supplement limited MSI resources. Such partnerships allow MSIs to take advantage of the research and program resources of majority institutions and allow majority institutions to gain diverse perspectives from MSI students and faculty. In a partnership dating back to 1964 between Tougaloo College, an HBCU, and Brown University, the two institutions conduct student and faculty exchanges and collaborate on research initiatives. Advisory boards at each school oversee the partnership and conduct an annual evaluation to ensure that both institutions benefit from the partnership. Similar partnerships exist between majority institutions and TCUs and HSIs. The University of Texas, El Paso, a Hispanic-serving institution, partners with the University of Texas, Austin; and Diné College, a tribal college, partners with the University of California, Los Angeles. [34]

Conclusion

Focusing on the educational attainment of fast-growing minority populations is essential for America's continued economic prosperity. Minority-serving institutions are in a unique position to educate these students. MSIs vary by mission, type of institution and geographic region, but they share the common trait of serving a large number of minority students. Historically black colleges and universities and tribal colleges and universities have focused missions to successfully educate African-American and American Indian students, respectively. Since their inception, these institutions have provided students with academic and cultural support, preparing them for the workforce or for graduate education. Hispanic-serving institutions are defined by the number of enrolled Hispanic students rather than a specific mission, but many are dedicated to promoting Hispanic students' educational success.

MSIs face numerous challenges, from limited resources to serving students who are at high risk of dropping out. Despite these challenges, promising results exist. MSIs educate one-third of all students of color, but educate half of all minority teachers. A high number of MSI graduates continue to medical school or graduate school in STEM fields. Above all, enrollment at minority-serving institutions is growing. For that reason, it is important to assess how to best support minority-serving institutions so they can fully serve their students.

As policymakers consider this issue, some action steps to take include the following.

- Get to know the minority-serving institutions in your state. Where are they? Who are they? Whom do they serve? How many students are enrolled? What are their retention and graduation rates?
- Study how minority-serving institutions are funded and consider if there are gaps in legislative policy that need to be addressed.
- Identify minority-serving institutions that have growth potential and support them in capacity-building projects.
- Encourage minority-serving institutions to partner with majority institutions to supplement their resources.
- Consider how to leverage state, federal and private-

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sector resources for minority-serving institutions' technology and infrastructure improvements and student financial aid.

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6. Hispanic Association of Colleges and Universities (HACU), *Fact Sheet Hispanic Higher Education and HSIs* (Washington, D.C.: HACU, 2008); www.hacu.net/hacu/HSI_Fact_Sheet_EN.asp?SnID=399408611.

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8. Michelle Asha Cooper, "Minority-Serving Institutions: An Overview" (presentation at the National Conference of State Legislature's National Education Seminar, Scottsdale, Ariz., March 2009).

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24. American Indian College Fund, "Did you Know?" (Denver: American Indian College Fund, 2009); www.collegefund.org/about/didyouknow.html.

25. James Johnson, "People on the Move: Implications for K-20 Education" (presentation at the National Conference of State Legislature's National Education Seminar, Scottsdale, Ariz., Feb. 2009).

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31. Minor, *Contemporary HBCUs*, 23.

32. Ibid.

33. Cooper, "Minority-Serving Institutions."

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The Path to a Degree

A Legislator's Guide to College Access and Success

This guide provides an overview of key issues, discusses research findings, and offers examples of specific state action that can improve college access and success for low-income, minority and first-generation students. *The Path to a Degree* contains six briefs.

- Overview: The Path to a Degree
- Raising Awareness: College Planning Strategies
- Increasing College and Workforce Readiness
- Improving College Affordability for Underrepresented Students: Financial Aid Strategies
- Engaging Students Academically and Socially: College Success Strategies
- What You Need to Know About Minority-Serving Institutions

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FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 2
Bill Version: CSSB 221(EDC)
(S) Publish Date: 2/1/10

Identifier (file name): SB221-LEG-LOB-01-25-10
Dept. Affected: Legislature
Title "An Act establishing an advisory task force on higher education in education in the legislative branch of government;..."
RDU Legislative Operating Budget
Component Legislative Operating Budget
Sponsor Senators Stevens, McGuire
Requester Senate Education Committee
Component Number 796

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel	14.0						
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**14.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							
FUND SOURCE		(Thousands of Dollars)					
1002 Federal Receipts							
1003 GF Match							
1004 GF	14.0						
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**14.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2010) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

SB 221 establishes an Advisory Task Force on Higher Education in the Legislative Branch of government. The Task Force consists of 13 members from various education and government entities. Members serve without compensation but are entitled to per diem and travel expenses. The legislation provides that per diem and travel expenses shall be paid from the budget of the agency or institution the member represents on the Task Force. The agency or institution can opt out of participating to avoid payment of per diem and travel expenses. The Legislature has two members on the Task Force, the Chairs of the Senate and House Education Committees.

It is anticipated that the Task Force will hold six meetings. Travel costs for the Legislators and staff are included in this fiscal note for two meetings in Anchorage and two meetings in Fairbanks. The other two meetings will be teleconferenced. The costs for employees of the Education Committee Chairs to staff the Task Force, costs for teleconferencing meetings, and printing the final the report which is due March 1, 2011 will be absorbed within existing budgets.

Prepared by: Karla Schofield, Deputy Director
Phone 465-6626
Division Legislative Affairs Agency
Date/Time 1/25/10 1:43 PM
Approved by: Pamela Varni, Executive Director
Date 1/25/2010
Legislative Affairs Agency

(Revised 11/6/2009 OMB)

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The Forum for America's Ideas

National Conference of State Legislatures

Presentation to the Alaska State Legislature
Improving Higher Education
January 27, 2010

[redacted]

How does Alaska compare to other states and the nation?

RETENTION AND GRADUATION RATES

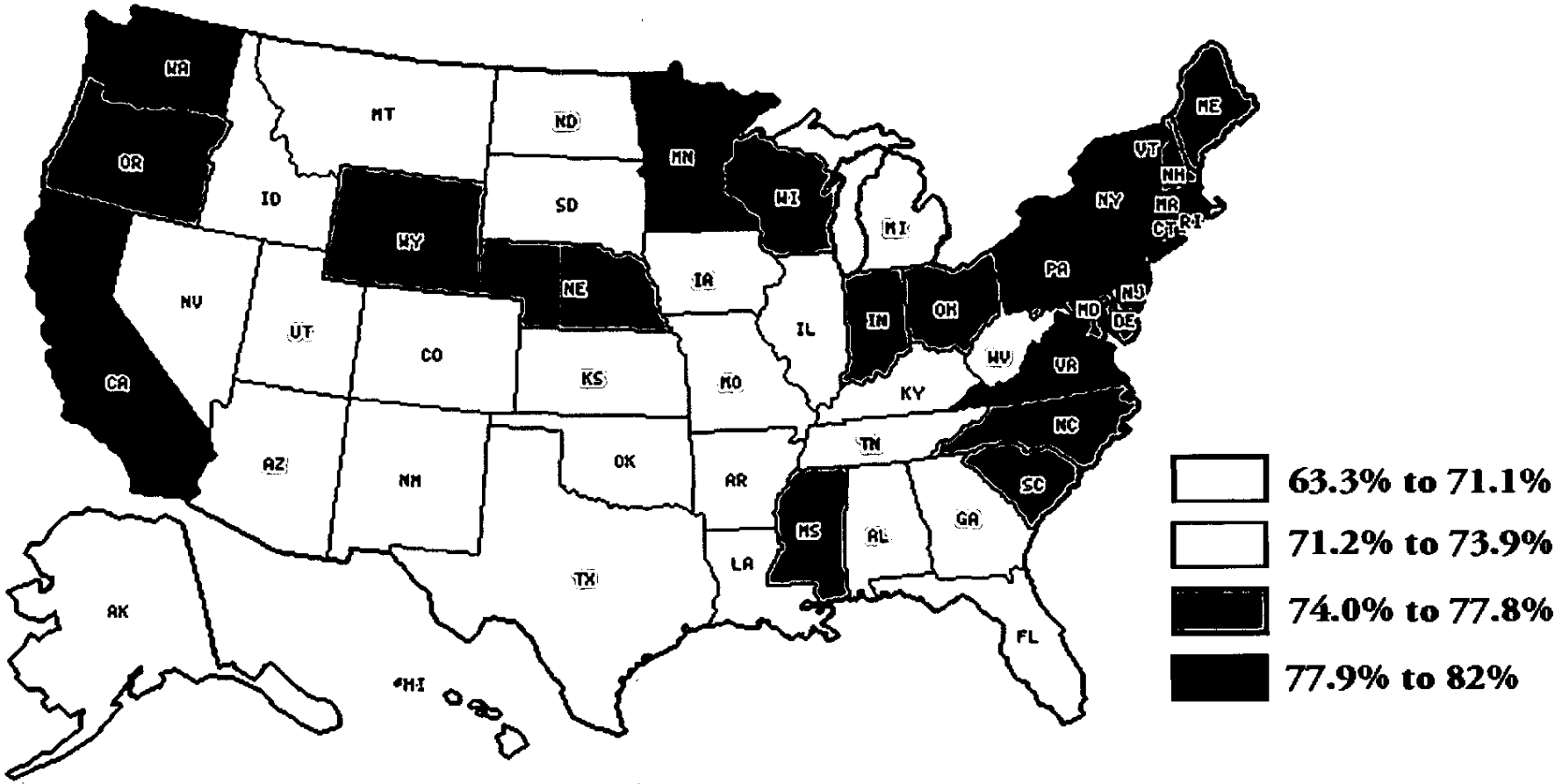
Non-Traditional Student Population

University of Alaska, Anchorage

- 55% of students are full-time, 45% are part-time
- 10% are American Indian or Alaska Native
- 44% are age 25 or older
- Open access university - serves students that do not have sufficient academic preparation and need remedial coursework

Retention Rates: First-Time College Freshmen Returning Their Second Year

Rates for full- and part-time students attending four-year institutions, 2007
US Average = 75.5% Alaska Average = 66.6% (5th from bottom)

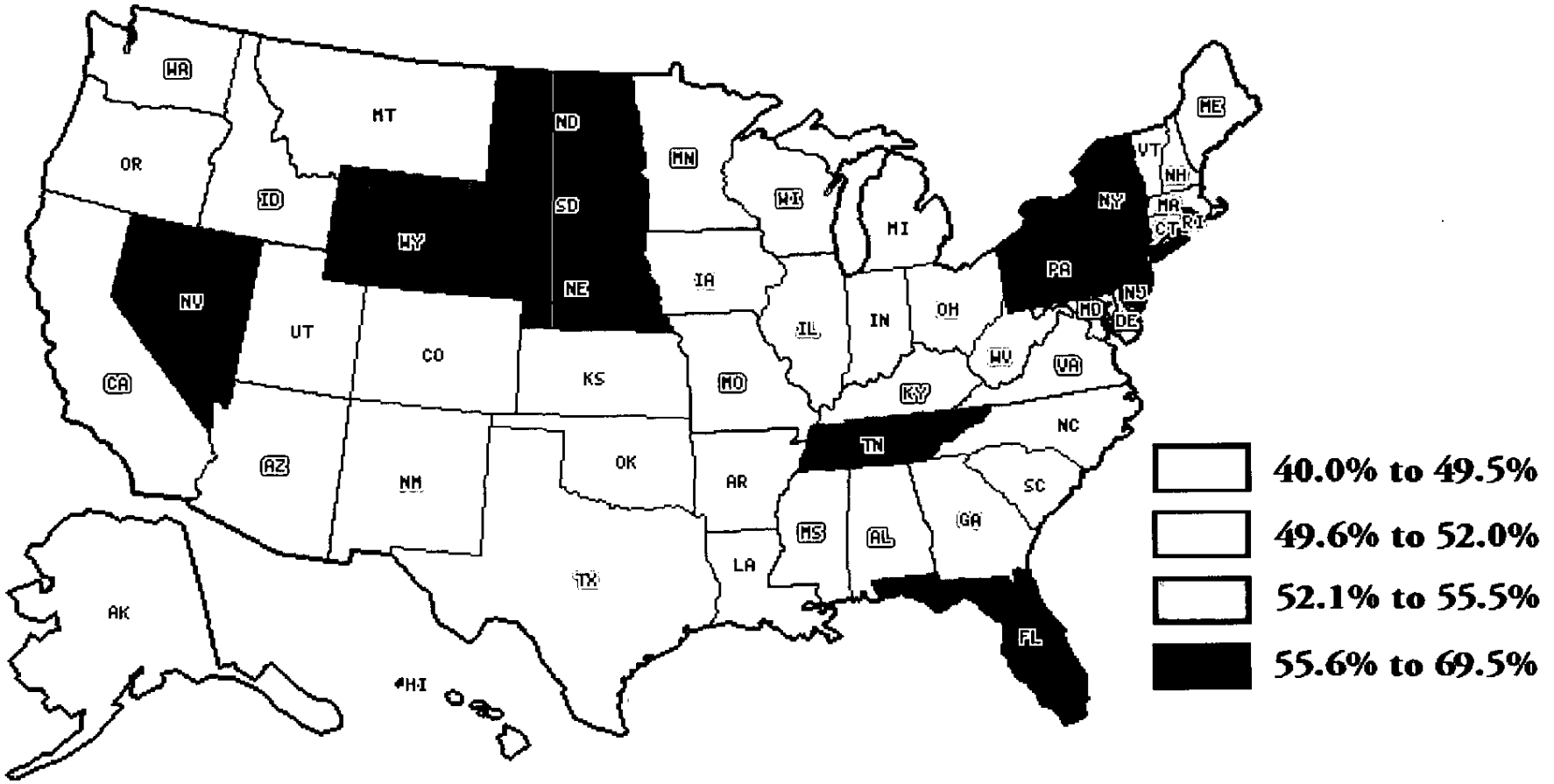


Source: The National Center for Higher Education Management Systems; National Center for Education Statistics, IPEDS Enrollment Survey

Retention Rates: First-Time College Freshmen Returning Their Second Year

The Forum for America's Ideas

Rates for full- and part-time students attending two-year institutions, 2007
US Average = 53% Alaska Average = 47.6% (6th from bottom)

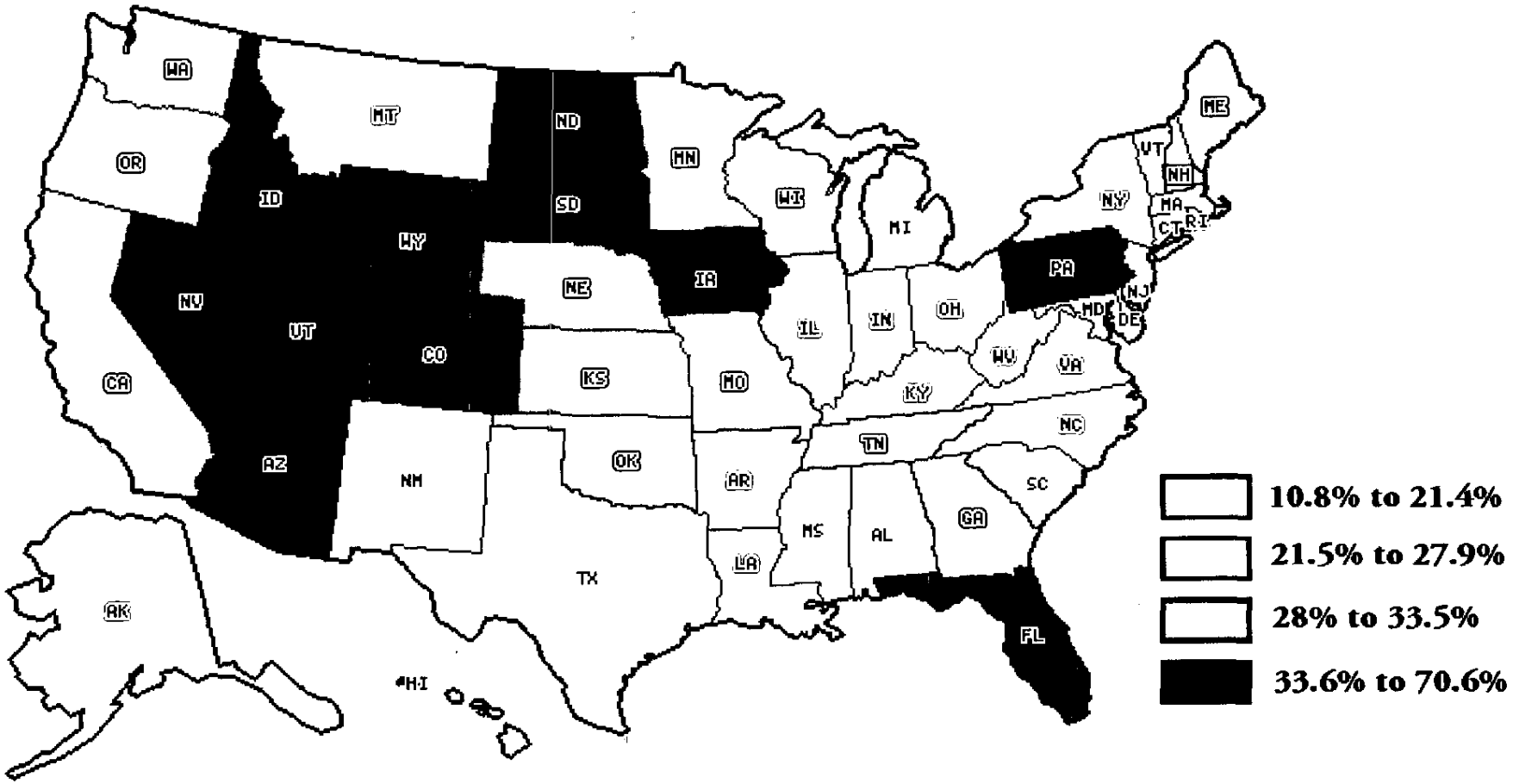


Source: The National Center for Higher Education Management Systems; National Center for Education Statistics, IPEDS Enrollment Survey

Graduation Rates: Three-Year Graduation Rates for Associate Students

The Forum for America's Ideas

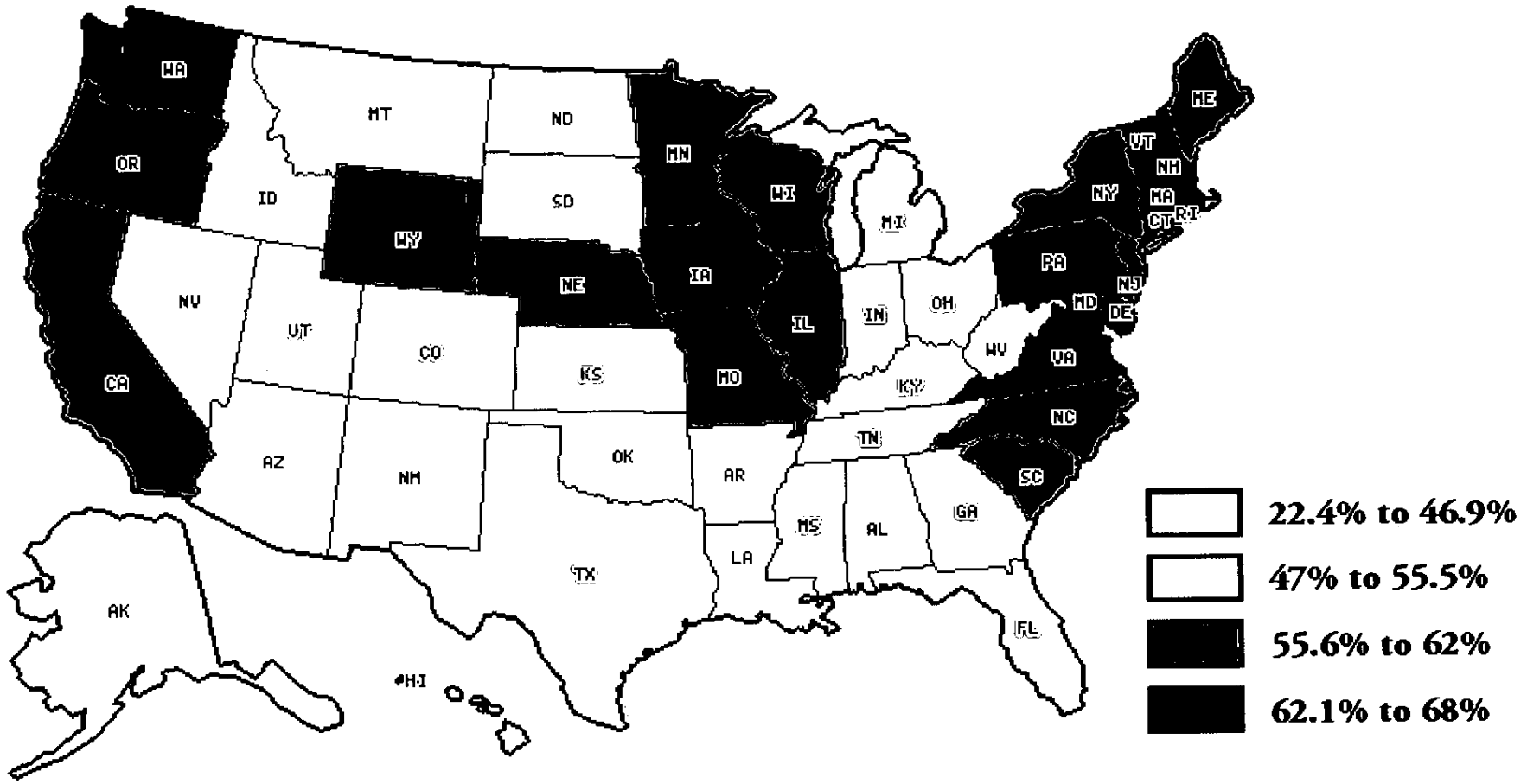
Rates for first-time, full-time associate degree-seeking students, 2007
US Average = 27.8% Alaska Average = 24.1%



Source: The National Center for Higher Education Management Systems; National Center for Education Statistics, IPEDS Enrollment Survey

Graduation Rates: Six-Year Graduation Rates for Bachelor's Students, 2007

Rates for first-time, full-time bachelor's degree-seeking students, 2007
US Average = 56.1% Alaska Average = 22.4% (The bottom)



Source: The National Center for Higher Education Management Systems; National Center for Education Statistics, IPEDS Enrollment Survey

HIGHER EDUCATION TASK FORCES

Examples of Recent Legislative Higher Education Task Forces

- **Arizona**: 2009 Task Force on Assessments to Measure College and Career Readiness
- **Arkansas**: 2007 Legislative Task Force on Higher Education Remediation, Retention and Graduation Rates
- **Illinois**: 2007 Public Agenda Task Force
- **Massachusetts**: 2005 Senate Task Force on Public Higher Education
- **Minnesota**: 2005 Task Force on Public Postsecondary Funding
- **South Carolina**: 2007 Higher Education Study Committee
- **NCSL**: 2006 Blue Ribbon Commission on Higher Education

Arkansas

Legislative Task Force on Higher Education Remediation, Retention and Graduation Rates

- Final report released August 2008
- Task Force Chair, Representative Johnnie Roebuck, keeps track of actions that have resulted from task force recommendations
  - 22 Acts have been signed
  - Several policies and programs not requiring legislation have been implemented

Excerpt from Arkansas Spreadsheet: Efforts Addressing Task Force Recommendations

Recommendation from Task Force Report	Bill Number	Bill Title	Sponsor	Bill Status
3.2. Mandate that colleges and universities set clear, measurable exit standards for remedial courses, to be reviewed by ADHE, that correlate with the ACT 19 threshold and send results of how students do in meeting these standards to ADHE in a biennial report that should also include student success rates in subsequent courses.	HB1808	An act to require clear exit standards for all remedial courses taken at state-supported institutions of higher education; to improve the teaching techniques of remedial courses	Roebuck	Signed as Act 971
	HB1764	An act to expand reporting of postsecondary remediation	Hutchinson	Signed as Act 970

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SB 222

<target><bill>SB 222</bill><subject>SB 222</subject><comm>SFIN26</comm></target>

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Governor Sean Parnell
STATE OF ALASKA

January 15, 2010

The Honorable Gary Stevens
President of the Senate
Alaska State Legislature
State Capitol, Room 111
Juneau, AK 99801-1182

Dear President Stevens,

Under the authority of Art. III, Sec. 18, of the Alaska Constitution, I am transmitting a bill that provides Alaska law enforcement and other agencies the resources needed to prevent sexual assault and domestic violence crimes in Alaska. Sexual assault and domestic violence crimes destroy individuals and families, eroding the foundation of a just society. Alaska's challenge is to stop child pornography, sexual assault, and sexual abuse of minors in addition to ending the cycle of domestic violence.

Alaska's criminal laws concerning domestic violence, sexual assault, sexual abuse of a minor, and child pornography are strong. However, a few changes would improve prosecution of these offenses. The bill will adopt a class A misdemeanor for offensive touching that does not arise to sexual assault in the first, second, or third degree. It will also adopt a class C felony, the offense of knowingly accessing child pornography on a computer, and extend the prohibition of distributing indecent material to a minor to all forms of distribution.

The bill provides that a person convicted of human trafficking, possession, or distribution of child pornography may not be given a suspended imposition of sentence. It will specify conditions of probation for child predators that allow a court to forbid the defendant from using a computer or internet site, and prohibit contact with children.

The bill will give the courts more discretion in sentencing defendants. Specifically, it will allow a court to increase a person's sentence above the usual sentencing range if the defendant knew that the victim was particularly vulnerable as a result of having consumed alcohol or drugs. It will also allow an increased sentence if the crime is a felony and is committed against a person whom the offender is in a relationship of trust, such as dating or sexual relationship, or the offense involves a defendant who is 18 years of age or older and has sexual contact with a minor under 13 years of age.

Sex offenders and child kidnappers required to register elsewhere should not be able to move to Alaska and avoid registration. The bill will make it mandatory for a registered sex offender or child kidnapper from another state to register in Alaska when the intention is to live in Alaska. This would apply even when Alaska does not have a substantive law that is similar to the crime the person committed.

Finally, the bill protects victims of child pornography from being victimized or traumatized by the pre-trial discovery process in a criminal prosecution. While it allows the pornographic material to be inspected by the defendant, defense counsel, and experts the defense may use, copying the material would be prohibited and required to remain in the possession of law enforcement.

I urge your prompt and favorable consideration of this bill.

Sincerely,

Sean Parnell
Governor

Enclosure

SENATE FINANCE COMMITTEE REPORT

DATE: 4/7/10

FURTHER:

DATE TURNED
IN TO OFFICE: _____

Finance Committee considered SENATE BILL NO. 222

SB 222 SEX OFFENSES; OFFENDER REGIS.; SENTENCING

"An Act relating to the crimes of harassment, possession of child pornography, and distribution of indecent material to a minor; relating to suspending imposition of sentence and conditions of probation or parole for certain sex offenses; relating to aggravating factors in sentencing; relating to registration as a sex offender or child kidnapper; amending Rule 16, Alaska Rules of Criminal Procedure; and providing for an effective date."

and recommends:

[ ] be **replaced** with [ ] **SCS** or [ ] **CS** _____ (_____)

[✓] adopt **previous** [ ] **SCS** or [✓] **CS** SB222 (Jud)

[ ] attached amendment(s)

[ ] adopt _____ Letter of Intent

[ ] further referral to _____ Committee

SENATE BILL:
[ ] Same Title
[X] New Title

HOUSE BILL:
[ ] Same Title
[ ] Technical Title Change
[ ] New Title w/ SCR #_____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
DPS	4/7/10	✓			

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
DOA	12/31/10			✓	1
DOR	1/7/10	✓			2
ADM	12/31/10			✓	3
LAW	12/30/10			✓	4
Court	1/22/10			✓	5

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	THOMAS	✓			
	EGAN	✓			
	OLSON			X	
	ELLIS	✓			
CO-CHAIR:		X			
CO-CHAIR:		✓			

5212

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: SB 222
(S) Publish Date: 1/19/10

Identifier (file name): 0859-DOA-OPA-12-31-09
Dept. Affected: DOA
Title: An Act relating to the crimes of sexual assault, possession of child pornography and . . .
RDU: Legal and Advocacy Services
Component: Office of Public Advocacy
Sponsor
Requester: Governor
Component Number: 43

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2010) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This bill makes additions and changes to a number of criminal statutes and discovery procedures associated with sex offenses and child pornography prosecutions. Some of these changes could have a fiscal impact on the agency although it is not anticipated to be significant. Therefore, the agency has submitted a zero fiscal note.

Analysis continued on the second page.

Prepared by: Rachel Levitt, Director — Phone 907 269-3504
Division: Office of Public Advocacy — Date/Time 12/31/09, 4:30 p.m.
Approved by: Rachael Petro, Deputy Commissioner — Date 12/31/2009
Department of Administration

FISCAL NOTE # 1

STATE OF ALASKA
2010 LEGISLATIVE SESSION

BILL NO. SB 222

ANALYSIS CONTINUATION

The bill will create a new misdemeanor crime of harassment for touching another person's genitals, anus or female breast, directly or through clothing. Additionally, the bill will eliminate the mens rea element associated with circumstances under which someone fails to register as a sex offender. These changes could increase prosecutions and litigation associated with failure to register as a sex offender and child pornography cases.

This bill will also change the procedures for defense access to evidence in child pornography cases. Under the proposed change to Criminal Rule 16, the evidence that forms the basis of such charges must remain in the custody and control of a law enforcement agency and the prosecuting attorney, and no copies can be made. This could result in additional costs associated with the logistics of the defense reviewing and testing evidence. For example, in a child pornography case any experts hired to review evidence would have to be paid for time involved with traveling and reviewing evidence where it is being held by the prosecutor or police agency, and facilities will have to be made available for evidence review and testing.

The agency does not predict a significant fiscal impact as a result of the proposed statute. Accordingly, the agency submits a zero fiscal note.

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 2
Bill Version: SB 222
(S) Publish Date: 1/19/10

Identifier (file name): "Act relating to crimes of sexual assault, possession
Title of child pornography, and distribution of indecent material to a minor...."
Sponsor Rules Committee
Requester Governor

Dept. Affected: DOC
RDU Adminstration & Support
Component Office of the Commissioner
Component Number 694

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services	0.0	0.0	77.1	103.0	128.9	154.8	180.7
Travel	0.0	0.0	1.5	2.0	2.5	3.0	3.5
Contractual	0.0	0.0	50.4	67.3	84.2	101.2	118.1
Supplies	0.0	0.0	7.9	10.6	13.3	15.9	18.6
Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	**0.0**	**0.0**	**136.9**	**182.9**	**228.9**	**274.9**	**320.9**
CAPITAL EXPENDITURES	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CHANGE IN REVENUES ( )	**0.0**	**0.0**	**136.9**	**182.9**	**228.9**	**274.9**	**320.9**
FUND SOURCE		(Thousands of Dollars)					
1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	**136.9**	**182.9**	**228.9**	**274.9**	**320.9**
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Interagency Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	**0.0**	**0.0**	**136.9**	**182.9**	**228.9**	**274.9**	**320.9**

Estimate of any current year (FY2010) cost: 0.0

POSITIONS

Full-time	**0.0**	0.00	0	0	0	0	0
Part-time	0.0	0	0	0	0	0	0
Temporary	0.0	0	0	0	0	0	0

ANALYSIS: *(Attach a separate page if necessary)*

This bill will have the effect of increasing the number of prisoners the Department of Corrections (DOC) will have to house beginning in Fiscal Year 2012. These approximate costs are based on the average number of new convictions or remands per year and the average estimated sentences associated with each change in the draft legislation. DOC will track the impact and could potentially request additional funding based on actual impacts.

Continued on page 2

Prepared by: Leslie Houston, Director — Phone (907) 465-3339
Division Administration and Support — Date/Time 1/7/10 8:30 AM
Approved by: Dwayne Peeples, Deputy Commissioner — Date 1/7/2010
Department of Corrections

STATE OF ALASKA
2010 LEGISLATIVE SESSION

BILL NO. SB 222

ANALYSIS CONTINUATION

This bill specifically adds a number of new crimes, expands existing crimes, and enhances sentences for existing crimes:

- Sections 1 and 2 remove parolees from the statute. This change should have little to no fiscal impact.

- Section 3 changes the elements for failure to register as a Sex Offender or child kidnapper in the second degree. It is estimated this will generate 3 new convictions per year carrying an average 2 month sentence.

- Section 4 raises a form of harassment in the second degree to harassment in the first degree if the offensive physical contact is by the offender touching the other person's genitals, anus, or female breast. The change from a Class B misdemeanor to a Class A misdemeanor is estimated to generate 18 convictions per year that carry an average 30 day sentence.

- Sections 5, 6, and 7 address a problem with current Alaska law prohibiting possession of child pornography. This amendment prohibits possession of child pornography, and also prohibits a person from knowingly accessing child pornography on a computer with the intent to view. We anticipate a relatively low number of new convictions and a possible increase in remands. Convictions would generate an estimated average 4 year sentence. The actual impact will be closely tracked by DOC.

- Section 8, 9, and 10 changes the elements of distribution of indecent material to minors to include any distribution in addition to electronic distribution. Because most of these cases are by computer, the impact on DOC is small and is included in Sections 5-6-7.

- Section 11 prohibits the suspension of sentences for human trafficking and possession of child pornography. DOC will track the actual impact.

- Section 12 adds discretionary probation conditions for Sex Offenders providing available electronic mail addresses and prohibiting internet use, communication with children, and possession or use of a computer. DOC believes this will have minimal impact above the number of remands that occur each year for such violations, however, we will track any impact this change to the bill may have.

- Section 13 adds as a sentencing aggravator adding the incapacity of a victim by alcohol or drugs. Due to a lack of data, the DOC is unable to assess an impact. The impact will be closely tracked.

- Section 14 adds two sentencing aggravators in a sex offense: first, to increase a sentence for a crime against a person committed against a person that the defendant was dating or with whom the defendant has engaged a sexual relationship; second, the sentence is increased if the defendant is 18 or over and is convicted of sexual abuse of a minor in the second degree under AS 11.41.436(a). Due to a lack of data, the DOC is unable to assess an impact. The impact will be closely tracked.

- Section 15 expands the definition of sex offense for sex offender registration to include sex offenses committed in other states where a person must register as a Sex Offender or child kidnapper. There are too many factors involved to determine a fiscal impact. DOC will track the actual impact.

- Section 16 amends criminal discovery restriction regarding child pornography. This represents no fiscal impact for DOC.

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 3
Bill Version: SB 222
(S) Publish Date: 1/19/10

Identifier (file name): 0859-DOA-PDA-12-31-09
Dept. Affected: Administration
Title: An Act relating to the crimes of sexual assualt, ...
RDU: Legal and Advocacy Services
Component: Public Defender Agency
Sponsor: Rules Committee
Requester: Governor
Component Number: 1631

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2010) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

See attached page

Prepared by: Quinlan Steiner, Director
Phone 907 334-4414
Division: Public Defender Agency
Date/Time 12/31/2009, 4:00PM
Approved by: Rachael Petro, Deputy Commissioner
Date 12/31/2009
Department of Administration

(Revised 10/13/2009 OMB)

5217

FISCAL NOTE # 3

STATE OF ALASKA
2010 LEGISLATIVE SESSION

BILL NO. SB 222

ANALYSIS CONTINUATION

The bill will create a new misdemeanor crime of harassment for touching another person without consent. Additionally, the bill will eliminate the mens rea element associated with circumstances under which someone fails to register as a sex offender.

This bill will also change the procedures for defense access to evidence in child pornography cases. Under the proposed change to Criminal Rule 16, the evidence that forms the basis of such charges must remain in the custody and control of a law enforcement agency and the prosecuting attorney, and no copies can be made. This could result in additional costs associated with the logistics of reviewing and evaluating evidence.

The agency does not predict a significant fiscal impact as a result of the proposed statute. Accordingly, the agency submits a zero fiscal note.

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 4
Bill Version: SB 222
(S) Publish Date: 1/19/10

Identifier (file name): 0859 -Law-Crim-12-30-09
Dept. Affected: Law
Title: An Act relating to the crimes of sexual assault, possession of child pornography and distribution of indecent material to a minor.
RDU: Criminal
Component: Criminal Justice Litigation
Sponsor: Rules
Requester: Governor
Component Number: 2202

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2010) cost: _____

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This bill adopts a class A misdemeanor for offensive touching that does not arise to sexual assault in the first, second or third degree. The bill adopts a class C felony for a person who knowingly accesses child pornography on a computer. The bill extends the prohibition of distributing indecent material to a minor to all forms of distribution. The bill provides that a person convicted of human trafficking or possession or distribution of child pornography may not be given a suspended imposition of sentence, and imposes certain restrictions on defendants.

Prepared by: Eileen Donahue, Division Operations Manager
Phone (907)465-5427
Division: Administrative Services
Date/Time 12/30/09 12:00 AM
Approved by: Daniel S. Sullivan, Attorney General
Department of Law
Date 12/30/2009

(Revised 11/6/2009 OMB)

5219

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 5
Bill Version: CSSB 222(JUD)
(S) Publish Date: 4/7/10

Identifier (file name):
Title: Sex Offenses; Offender Registration; Sentencing
Sponsor: Senate Rules
Requester: Governor

Dept. Affected:
RDU: Alaska Court System
Component: Trial Courts
Component Number:

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2010) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*
The court system does not anticipate any fiscal impact from the passage of SB 222.

Prepared by: Doug Wooliver, Administrative Attorney — Phone 907-463-4750
Division: Alaska Court System — Date/Time 01-22-10 @ 8:30 am
Approved by: Doug Wooliver for Christine Johnson, Administrative Director — Date 1/22/2010
Alaska Court System

(Revised 10/13/2009 OMB)

5220

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: **CSSB222(JUD)**
() Publish Date:

Identifier (file name): CSSB222(JUD)-DPS-R&I-04-07-10
Dept. Affected: Public Safety
Title "An Act relating to the crimes of harassment, distribution, and possession of child pornography, and distribution of indecent materials..."
RDU Statewide Support
Component Records & Identification
Sponsor Rules Committee
Requester Senate Finance Committee
Component Number 1190

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services	83.8		83.8	83.8	83.8	83.8	83.8
Travel	10.0		10.0	10.0	10.0	10.0	10.0
Contractual	25.8		5.8	5.8	5.8	5.8	5.8
Supplies	1.0		1.0	1.0	1.0	1.0	1.0
Equipment	2.9						
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**123.5**	**0.0**	**100.6**	**100.6**	**100.6**	**100.6**	**100.6**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF	123.5		100.6	100.6	100.6	100.6	100.6
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**123.5**	**0.0**	**100.6**	**100.6**	**100.6**	**100.6**	**100.6**

Estimate of any current year (FY2010) cost:

POSITIONS

Full-time	**1.0**		**1.0**	**1.0**	**1.0**	**1.0**	**1.0**
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This proposed legislation amends AS 12.62.130 to require law enforcement agencies to report to the department data regarding each type of felony sex offense committed within that agency's jurisdiction.

Enactment of this legislation would necessitate the development of an enhanced reporting mechanism and data system to collect and track felony sex offenses so that the department can provide timely, accurate and meaningful statistics specific to those felony sex offenses defined under AS 12.63.100(6).

Because the mechanism currently being used to report uniform crime report information to the department does not include the data this legislation requires, an enhanced reporting mechanism that captures the data elements (cont.)

Prepared by: David Schade
Phone (907) 269-0202
Division Statewide Services
Date/Time 4/7/10 3:28 PM
Approved by: Joe Masters
Date 4/7/2010
Commissioner

5221

ANALYSIS CONTINUATION

(cont.) specific to felony sex offenses will be needed. To meet this requirement, the department proposes to create a secure electronic form for reporting felony sex offense data as well as a separate database to collect, store and report the information. Law enforcement agencies would complete the form online and submit it electronically to DPS through a secure Internet connection. Reports would be assigned and identified by a unique identifier which would be used to track felony sex offenses. It is envisioned that the electronic form would interface with the database and auto-populate the data. As an alternative, hardcopy forms would be completed by law enforcement and manually entered into the database by DPS personnel.

The one-time costs associated with development of the form, electronic interface and database are estimated to be $20,000.

The department anticipates these additional data collection and analysis efforts will require one new full-time Criminal Justice Specialist position. This position would be responsible to:

* Train, functionally test, and affirm the proficiency of state and local law enforcement agency personnel responsible for reporting data regarding each type of felony sex offense reported within that agency's jurisdiction;
* Provide continuing training and technical assistance to law enforcement agencies across the state as needed;
* Review, audit and validate the data reported for agency adherence to prescribed reporting standards including completeness, timeliness and accuracy;
* Enter hardcopy reports into the database;
* Track, or assist in tracking, each type of felony sex offense reported;
* Identify data reporting and collection issues and determine appropriate action;
* Ensure law enforcement agency compliance with reporting requirements;
* Compile and distribute statistical information and reports to authorized/interested parties;
* Assist in the compilation of an annual report concerning the number, nature and outcomes of felony sex offenses reported in the state.

SENATE BILL 222
SEXUAL ASSAULT AND DOMESTIC VIOLENCE
Sectional Analysis

Sections 1 and 2 correct an error made in 2007 when the legislature enacted AS 11.56.759, that adopted a class A misdemeanor if a sex offender violates specific conditions of probation or parole. One of the requirements of the crime is that the person have served the entire period of incarceration imposed for the crime. This is effective for probationers, but not for parolees, because a person is never on parole if he or she has served the entire period of incarceration. A member of the Parole Board brought this issue to our attention, because the statute has caused problems for the board in dealing with parolees. These sections remove parolees from the statute.

Section 3 rewrites AS 11.56.840, failure to register as a sex offender in the second degree. Although the proposal is similar to current law, it removes the requirement that the state prove a culpable mental state for the conduct of not registering or otherwise filing the required notices and information. The state would still be required to prove that the person knew he or she was required to register and failed to do so. The section also adopts an affirmative defense that unforeseeable circumstances outside the control of the person prevented him or her from registering, and that the person contacted the Department of Public Safety immediately upon being able to do so.

Section 4 would raise a form of harassment in the second degree (that is, with intent to harass or annoy another person, the person subjects the other person to offensive physical contact) to harassment in first degree if the offensive physical contact is by the offender touching the other person's genitals, anus, or female breast. Harassment in the first degree is a class A misdemeanor; the second degree offense is a class B misdemeanor. There have been prosecutions recently involving offensive touchings that occurred so quickly that the court concluded that the victim did not have time to convey lack of consent to the offender. The court reduced these charges from sexual assault to harassment in the second degree. This conduct is more serious that a class B misdemeanor; the bill would raise it to a class A misdemeanor.

Sections 5, 6, and 7 address a problem with Alaska law prohibiting possession of child pornography that was raised by a recent decision of the Alaska Court of Appeals, *Worden v. State*, 213 P.3d 144 (Alaska App. 2009). *Worden* held that our current statute does not prohibit a person from viewing child pornography on a computer; rather, the statute requires that the person must also save it on the computer to be considered to possess it. In response to this decision, the bill adopts the federal approach. It prohibits possession of child pornography, and it also prohibits a person from knowingly accessing child pornography on a computer with the intent to view it.

The bill also proposes an affirmative defense that is similar to federal law. The affirmative defense would address a situation where a person finds child pornography on their computer, and did not obtain it themselves. The defense requires that there are three or less depictions, and the person, without showing the material to another person except law enforcement, destroys the depictions or contacts law enforcement and turns it over to them.

Sections 8, 9, and 10 amend the crime that prohibits the electronic distribution of indecent material to minors by expanding the offense to prohibit any distribution of indecent material to minors. The section adds an element requiring proof that the indecent material is harmful to minors.

Section 11 increases the penalty for distribution of indecent materials to minors to a class B felony if the offender was required to register as a sex offender at the time of the offense.

Section 12 defines the meaning of "harmful to minors". The definition reflects the contemporary law pertaining to the type of pornography which a state may regulate.

Section 13 adds the crimes of human trafficking in the first and second degrees, distribution of child pornography, possession of child pornography, and distribution of indecent materials to minors to the crimes that are not eligible for a suspended imposition of sentence.

Section 13 also includes an amendment that removes "substantially" when describing a crime in another jurisdiction that may be a predicate conviction that would disallow the use of a suspended imposition of sentence for other offenses. This conforms with other statutes that require that a predicate offense in another jurisdiction be only similar to an offense in Alaska. Examples include AS 12.55.145(a) (presumptive sentencing), AS 11.41.320(a)(5) (third degree assault), and AS 11.41.110(a)(5) (murder in the second degree).

Section 14 adds to the conditions of probation that may be imposed on a person convicted of a sex offense. It gives the court discretion to order the person to submit e-mail addresses and other networking addresses to his or her probation officer, who would be required to give this information to the Troopers and to the local law enforcement agency. If the person was convicted of sexual abuse of a minor or an offense related to child pornography, it gives the court discretion to prohibit the person from using an Internet site, communicating with children under 16 years of age, or possessing or using a computer.

Section 15 amends the aggravating factor at sentencing that allows the court to increase a sentence above the sentencing range if the defendant knew that the victim was particularly vulnerable. It does this by adding the consumption of alcohol or drugs as factors that might make a victim particularly vulnerable.

Section 16 adds two new aggravating factors to the sentencing law. First, it allows the court to increase a sentence above the sentencing range for a crime against a person (AS 11.41) committed against a person that the defendant was dating or with whom the defendant has engaged in a sexual relationship. Second, it allows the court to increase the sentence if the defendant is convicted of sexual abuse of a minor in the second degree under AS 11.41.436(a)(2) (a person 16 years of age or older having sexual contact with a child under 13 years old), if the defendant is 18 years old or older.

Section 17 amends AS 12.62.130, which requires criminal justice agencies to report crime data to the department of public safety to include the mandatory requirement that at a minimum the agencies must report data pertaining to sex offenses, or face possible loss of funding the agencies receive from the department.

Section 18 amends the definition of sex offenses under AS 12.63.100 to include individuals who are convicted of harassment under AS 11.61.118(a)(2) and have previously convicted of that offense.

Section 19 grants the Attorney General the power to issue subpoenas in connection with investigations of crimes relating to the exploitation or attempted exploitation of children. Upon a showing of reasonable cause to believe that an Internet service account was used in these crimes, the Attorney General would be authorized to issue a subpoena requiring the Internet service provider to disclose the name and address of the account holder and the length of service used by the account.

Section 20 amends Rule 16(b)(1)(A) by prohibiting the copying of child pornography as part of the discovery process in a criminal prosecution. It would allow defense counsel, the defendant, and defense experts to examine the material, but it must be kept in the custody and control of a law enforcement agency or the prosecuting authority. Federal law has a similar provision. 18 U.S.C.A. § 3509(m).

Section 21 adds a new section to the uncodified law of the State of Alaska, providing a statement of legislative intent regarding the applicable culpable mental state for the crime of failure to register as a sex offender.

Sections 22 and 23 include the applicability and effective date provisions.

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: SB 222
(S) Publish Date: 1/19/10

Identifier (file name): 0859-DOA-OPA-12-31-09
Dept. Affected: DOA
Title: An Act relating to the crimes of sexual assault, possession of child pornography and . . .
RDU: Legal and Advocacy Services
Component: Office of Public Advocacy
Sponsor
Requester: Governor
Component Number: 43

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2010) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This bill makes additions and changes to a number of criminal statutes and discovery procedures associated with sex offenses and child pornography prosecutions. Some of these changes could have a fiscal impact on the agency although it is not anticipated to be significant. Therefore, the agency has submitted a zero fiscal note.

Analysis continued on the second page.

Prepared by: Rachel Levitt, Director — Phone 907 269-3504
Division: Office of Public Advocacy — Date/Time 12/31/09, 4:30 p.m.
Approved by: Rachael Petro, Deputy Commissioner — Date 12/31/2009
Department of Administration

STATE OF ALASKA
2010 LEGISLATIVE SESSION

BILL NO. SB 222

ANALYSIS CONTINUATION

The bill will create a new misdemeanor crime of harassment for touching another person's genitals, anus or female breast, directly or through clothing. Additionally, the bill will eliminate the mens rea element associated with circumstances under which someone fails to register as a sex offender. These changes could increase prosecutions and litigation associated with failure to register as a sex offender and child pornography cases.

This bill will also change the procedures for defense access to evidence in child pornography cases. Under the proposed change to Criminal Rule 16, the evidence that forms the basis of such charges must remain in the custody and control of a law enforcement agency and the prosecuting attorney, and no copies can be made. This could result in additional costs associated with the logistics of the defense reviewing and testing evidence. For example, in a child pornography case any experts hired to review evidence would have to be paid for time involved with traveling and reviewing evidence where it is being held by the prosecutor or police agency, and facilities will have to be made available for evidence review and testing.

The agency does not predict a significant fiscal impact as a result of the proposed statute. Accordingly, the agency submits a zero fiscal note.

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 2
Bill Version: SB 222
(S) Publish Date: 1/19/10

Identifier (file name): "Act relating to crimes of sexual assault, possession
Title of child pornography, and distribution of indecent material to a minor...."
Sponsor Rules Committee
Requester Governor

Dept. Affected: DOC
RDU Adminstration & Support
Component Office of the Commissioner
Component Number 694

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services	0.0	0.0	77.1	103.0	128.9	154.8	180.7
Travel	0.0	0.0	1.5	2.0	2.5	3.0	3.5
Contractual	0.0	0.0	50.4	67.3	84.2	101.2	118.1
Supplies	0.0	0.0	7.9	10.6	13.3	15.9	18.6
Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	**0.0**	**0.0**	**136.9**	**182.9**	**228.9**	**274.9**	**320.9**
CAPITAL EXPENDITURES	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CHANGE IN REVENUES ( )	**0.0**	**0.0**	**136.9**	**182.9**	**228.9**	**274.9**	**320.9**

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	**136.9**	**182.9**	**228.9**	**274.9**	**320.9**
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Interagency Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	**0.0**	**0.0**	**136.9**	**182.9**	**228.9**	**274.9**	**320.9**

Estimate of any current year (FY2010) cost: 0.0

POSITIONS

Full-time	**0.0**	0.00	0	0	0	0	0
Part-time	0.0	0	0	0	0	0	0
Temporary	0.0	0	0	0	0	0	0

ANALYSIS: *(Attach a separate page if necessary)*

This bill will have the effect of increasing the number of prisoners the Department of Corrections (DOC) will have to house beginning in Fiscal Year 2012. These approximate costs are based on the average number of new convictions or remands per year and the average estimated sentences associated with each change in the draft legislation. DOC will track the impact and could potentially request additional funding based on actual impacts.

Continued on page 2

Prepared by: Leslie Houston, Director — Phone (907) 465-3339
Division Administration and Support — Date/Time 1/7/10 8:30 AM
Approved by: Dwayne Peeples, Deputy Commissioner — Date 1/7/2010
Department of Corrections

FISCAL NOTE # 2

STATE OF ALASKA
2010 LEGISLATIVE SESSION

BILL NO. SB 222

ANALYSIS CONTINUATION

This bill specifically adds a number of new crimes, expands existing crimes, and enhances sentences for existing crimes:

- Sections 1 and 2 remove parolees from the statute. This change should have little to no fiscal impact.

- Section 3 changes the elements for failure to register as a Sex Offender or child kidnapper in the second degree. It is estimated this will generate 3 new convictions per year carrying an average 2 month sentence.

- Section 4 raises a form of harassment in the second degree to harassment in the first degree if the offensive physical contact is by the offender touching the other person's genitals, anus, or female breast. The change from a Class B misdemeanor to a Class A misdemeanor is estimated to generate 18 convictions per year that carry an average 30 day sentence.

- Sections 5, 6, and 7 address a problem with current Alaska law prohibiting possession of child pornography. This amendment prohibits possession of child pornography, and also prohibits a person from knowingly accessing child pornography on a computer with the intent to view. We anticipate a relatively low number of new convictions and a possible increase in remands. Convictions would generate an estimated average 4 year sentence. The actual impact will be closely tracked by DOC.

- Section 8, 9, and 10 changes the elements of distribution of indecent material to minors to include any distribution in addition to electronic distribution. Because most of these cases are by computer, the impact on DOC is small and is included in Sections 5-6-7.

- Section 11 prohibits the suspension of sentences for human trafficking and possession of child pornography. DOC will track the actual impact.

- Section 12 adds discretionary probation conditions for Sex Offenders providing available electronic mail addresses and prohibiting internet use, communication with children, and possession or use of a computer. DOC believes this will have minimal impact above the number of remands that occur each year for such violations, however, we will track any impact this change to the bill may have.

- Section 13 adds as a sentencing aggravator adding the incapacity of a victim by alcohol or drugs. Due to a lack of data, the DOC is unable to assess an impact. The impact will be closely tracked.

- Section 14 adds two sentencing aggravators in a sex offense: first, to increase a sentence for a crime against a person committed against a person that the defendant was dating or with whom the defendant has engaged a sexual relationship; second, the sentence is increased if the defendant is 18 or over and is convicted of sexual abuse of a minor in the second degree under AS 11.41.436(a). Due to a lack of data, the DOC is unable to assess an impact. The impact will be closely tracked.

- Section 15 expands the definition of sex offense for sex offender registration to include sex offenses committed in other states where a person must register as a Sex Offender or child kidnapper. There are too many factors involved to determine a fiscal impact. DOC will track the actual impact.

- Section 16 amends criminal discovery restriction regarding child pornography. This represents no fiscal impact for DOC.

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 3
Bill Version: SB 222
(S) Publish Date: 1/19/10

Identifier (file name): 0859-DOA-PDA-12-31-09
Dept. Affected: Administration
Title: An Act relating to the crimes of sexual assualt, ...
RDU: Legal and Advocacy Services
Component: Public Defender Agency
Sponsor: Rules Committee
Requester: Governor
Component Number: 1631

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2010) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

See attached page

Prepared by: Quinlan Steiner, Director
Phone 907 334-4414
Division: Public Defender Agency
Date/Time 12/31/2009, 4:00PM
Approved by: Rachael Petro, Deputy Commissioner
Date 12/31/2009
Department of Administration

(Revised 10/13/2009 OMB)

5230

FISCAL NOTE # 3

STATE OF ALASKA
2010 LEGISLATIVE SESSION

BILL NO. SB 222

ANALYSIS CONTINUATION

The bill will create a new misdemeanor crime of harassment for touching another person without consent. Additionally, the bill will eliminate the mens rea element associated with circumstances under which someone fails to register as a sex offender.

This bill will also change the procedures for defense access to evidence in child pornography cases. Under the proposed change to Criminal Rule 16, the evidence that forms the basis of such charges must remain in the custody and control of a law enforcement agency and the prosecuting attorney, and no copies can be made. This could result in additional costs associated with the logistics of reviewing and evaluating evidence.

The agency does not predict a significant fiscal impact as a result of the proposed statute. Accordingly, the agency submits a zero fiscal note.

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 4
Bill Version: SB 222
(S) Publish Date: 1/19/10

Identifier (file name): 0859 -Law-Crim-12-30-09
Dept. Affected: Law
Title: An Act relating to the crimes of sexual assault, possession of child pornography and distribution of indecent material to a minor.
RDU: Criminal
Component: Criminal Justice Litigation
Sponsor: Rules
Requester: Governor
Component Number: 2202

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							
FUND SOURCE		(Thousands of Dollars)					
1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2010) cost:

POSITIONS							
Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This bill adopts a class A misdemeanor for offensive touching that does not arise to sexual assault in the first, second or third degree. The bill adopts a class C felony for a person who knowingly accesses child pornography on a computer. The bill extends the prohibition of distributing indecent material to a minor to all forms of distribution. The bill provides that a person convicted of human trafficking or possession or distribution of child pornography may not be given a suspended imposition of sentence, and imposes certain restrictions on defendants.

Prepared by: Eileen Donahue, Division Operations Manager
Phone (907)465-5427
Division: Administrative Services
Date/Time 12/30/09 12:00 AM
Approved by: Daniel S. Sullivan, Attorney General
Department of Law
Date 12/30/2009

(Revised 11/6/2009 OMB)

5232

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 5
Bill Version: CSSB 222(JUD)
(S) Publish Date: 4/7/10

Identifier (file name):
Dept. Affected:

Title: Sex Offenses; Offender Registration; Sentencing
RDU: Alaska Court System
Component: Trial Courts

Sponsor: Senate Rules
Requester: Governor
Component Number:

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2010) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*
The court system does not anticipate any fiscal impact from the passage of SB 222.

Prepared by: Doug Wooliver, Administrative Attorney
Phone 907-463-4750
Division: Alaska Court System
Date/Time 01-22-10 @ 8:30 am
Approved by: Doug Wooliver for Christine Johnson, Administrative Director
Date 1/22/2010
Alaska Court System

(Revised 10/13/2009 OMB)

5233

SB 224

<target><bill>SB 224</bill><subject>SB 224</subject><comm>SFIN26</comm></target>

SENATE FINANCE COMMITTEE REPORT

DATE: 3/26/10

FURTHER:

DATE TURNED
IN TO OFFICE: _____

Finance Committee considered SENATE BILL NO. 224

SB 224 POSTSECONDARY SCHOLARSHIPS

"An Act establishing the governor's performance scholarship program and relating to the program; establishing the governor's performance scholarship fund and relating to the fund; relating to student records; making conforming amendments; and providing for an effective date."

and recommends:

[X] be **replaced** with [ ] **SCS** or [X] **CS** SB 224 (FIN)

[ ] adopt **previous** [ ] **SCS** or [ ] **CS** _____ (_____)

[ ] attached amendment(s)

[ ] adopt _____ Letter of Intent

[ ] further referral to _____ Committee

SENATE BILL:
[ ] Same Title
[ ] New Title

HOUSE BILL:
[ ] Same Title
[ ] Technical Title Change
[ ] New Title w/ SCR #_____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet	Zero	FN#
SFIN/EED	1/18				

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet	Zero	FN#

[ ] **APPROPRIATION - no fiscal note**

SIGNATURES AND RECOMMENDATIONS	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	Hagg MS				
	Thomas	✓			
	Egan	✓			
	Olson			✓	
	Ellis	✓			
CO-CHAIR:		✓			
CO-CHAIR:				✓	

5235

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: **CSSB 224(FIN)**
() Publish Date:

Identifier (file name):
Dept. Affected: Education and Early Development
Title: Postsecondary Scholarships
RDU: ACPE
Component:
Sponsor: Governor
Requester: Senate Finance Committee
Component Number:

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims	3,000.0						
Miscellaneous							
TOTAL OPERATING	**3,000.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF	3,000.0						
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**3,000.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2010) cost: 0.0

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

Prepared by: Darwin Peterson — Phone 465-3873/465-4453
Senate Finance Committee Staff — Date/Time

Approved by: Senate Finance Committee — Date
Co-Chair Bert Stedman/Co-Chair Lyman Hoffman

(Revised 11/6/2009 OMB)

5236

FISCAL NOTE Replaced

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 4
Bill Version: SB 224
(S) Publish Date: 1/19/10

Identifier (file name): 0771-EED-TLS-12-1-09
Dept. Affected: Education
Title "An Act establishing the governor's performance scholarship..."
RDU Teaching & Learning Support
Component School & Student Achievement
Sponsor Rules at the request of the Governor
Requester Governor
Component Number 2796

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services	87.3						
Travel							
Contractual							
Supplies	30.0						
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**117.3**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF	117.3						
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**117.3**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2010) cost:

POSITIONS

Full-time	1.0						
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

Teaching and Learning Support will need to hire one staff member to oversee the promulgation and implementation of the department's regulations along coordination between EED, the University of Alaska, Department of Labor and Workforce Development and the Alaska Commission on Postsecondary Education (ACPE).

Education Specialist I at $87,306 plus start-up office supplies (computer, furniture, etc.) at $30,000 = $117,306

Prepared by: Eddy Jeans, Director
Phone 465-8679
Division School Finance and Facilities
Date/Time 12/1/09 12:00 AM
Approved by: Larry LeDoux
Date 12/1/2009
Commissioner

(Revised 10/13/2009 OMB)

5237

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Governor Sean Parnell
STATE OF ALASKA

January 15, 2010

The Honorable Gary Stevens
President of the Senate
Alaska State Legislature
State Capitol, Room 111
Juneau, AK 99801-1182

Dear President Stevens,

Under the authority of Art. III, Sec. 18, of the Alaska Constitution, I am transmitting a bill that will create a merit-based scholarship program for Alaska high school students who pursue higher education in Alaska.

This legislation, referred to as the Governor's Performance Scholarship (GPS), is patterned after successful scholarship programs in 22 other states. The GPS will improve high school graduation rates, prepare students for college or job training, provide Alaskan students with affordable opportunities for higher education, sustain Alaska's economy with a capable workforce, and retain equipped, hardworking Alaskan students.

This bill provides four tiers of scholarship payment for qualified high school graduates. Three of these tiers would be designated for academic scholarships, and the fourth for career and technical school scholarships.

The key feature of the scholarship program is that it is merit-based. All students who participate will be required to complete a more rigorous high school curriculum consisting of four years of language arts, mathematics, and science, and three years of social studies. Students will also be evaluated according to standards established for their grade-point averages and scores on college entrance or work-ready examinations.

The program will provide an incentive for students to challenge themselves in high school and to graduate. It also provides an impetus for schools to enhance curriculum. Studies have shown that students who take a rigorous curriculum in high school are more likely to do well in college and job training programs. Thus, the scholarship recipients will be more likely to achieve their certification or degree.

Students who achieve the highest attainable grade point average and examination scores will be awarded the highest tier of the academic scholarship for an Alaska-based college or university. This tier will equal the full cost of tuition at an Alaskan university for the 2010-2011 school year. The second and third tiers of the academic scholarship will be 75 and 50 percent the amount of

COMMITTEE COPY

respective tuition. Students will be eligible for the academic scholarship for a maximum of eight semesters. Students who qualify for a career or technical school scholarship will receive an award of full fees for training, the maximum at $3,000 per year. The career and technical scholarship may be used by a student for up to two years.

The GPS will only be accessible to Alaska residents. However, this bill will allow that Alaskan military members and their families will not lose eligibility on account of their service.

The bill will require that money from these scholarships will only be spent at qualified Alaska post-secondary institutions or training programs. Students educated in the state are more likely to remain in the state. This provision encourages our best and brightest young people to remain in the state and prepare qualified Alaskan workers for Alaskan jobs.

The GPS program contains a "use it or lose it" provision: students will have a six-year window to apply the scholarship to a postsecondary institution. This protects the State of Alaska from an extended liability. As previously stated, the bill will provide extensions for Alaskans who serve in the military.

The GPS will be administered by the Alaska Department of Education and Early Development, the Department of Labor and Workforce Development, and the Alaska Commission on Postsecondary Education. Regulations will be adopted to govern the program, grade-point average standard, eligibility criteria and an appeals process to consider extraordinary circumstances. The Alaska Commission on Postsecondary Education will adopt regulations for streamlined application, award, and continuing eligibility standards.

Also, this bill will establish a fund whose earnings could be used to pay for scholarships. The proposed fund is based on other funds established in statute, such as the Alaska Veterans' Memorial endowment fund, and will be managed by the Department of Revenue. Nothing in this bill will establish a dedicated fund.

The GPS is modeled after the famous "Taylor plan," established by private businessman, Patrick Taylor, to keep students in school and motivate them to pursue successful postsecondary education. Currently, twenty-two states have "Taylor like" state-sponsored plans.

I urge your prompt and favorable action on this bill.

Sincerely,

Sean Parnell
Governor

Enclosure

Governor's Performance Scholarship
Math and Science Four Year Course Offerings

How many schools do not currently offer the four years of math and science required in the GPS bill?

School Course Offering Counts for Mathematics and Science

339 schools were considered because they enroll high school students.

• Offer less than four years of mathematics		32
o 2 math courses	16	
o 3 math courses	16	
• Offer less than four years of science		65
o 2 science courses	32	
o 3 science courses	33	

Of the total 97 schools listed above 16 are the same schools, from 7 districts, that do not offer either four years of math and science.

Submitted by Department of Education and Early Development
March 25, 2010

ALASKA DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT
SECTIONAL ANALYSIS
CSSB224 3/25/2010

Establishing the Alaska student achievement scholarship program and relating to the program; establishing the Alaska student achievement scholarship fund and relating to the fund; relating to student records; making conforming amendments.

BILL SECTION	AK STATUTE SECTION TITLE	PAGE	LINE	PURPOSE OF SECTION	Impact Notes	Questions	EFF. DATE
1	14.03.113 – District determination of scholarship eligibility.	1	6-13	Provides that school district will determine and include in a student's permanent record their level of ASAP eligibility, if any, and provide for opportunity to dispute determination.	DEED - Public Schools Generally	ASAP=Alaska Student Achievement scholarship Program	
2	14.07.020(a) (Duties of the Department.)	1 2 3 4	14 1-31 1-31 1-7	Provides that DEED will perform duties as assigned under ASAP.	Administration of Public Schools		
3	14.42.030(e) (Functions, duties, and powers of the commission.)	4 5	8-31 1-15	Authorizes ACPE to adopt regulations for the ASAP program.	Postsecondary Education Commission and Loan Corporation		
4	Article 11A. Alaska Student Achievement Scholarship Program added in Chapter 43				New Article		
4	14.43.810 – Alaska Student Achievement Scholarship Program established; Alaska residency	5 6	16-31 1-3	Describes the ASAP program to provide merit-based academic (three tiers) or technical school (one tier) scholarships for qualifying Alaska residents. Provides that DEED is responsible for program standards [included in 14.43.820 and 14.43.825] and ACPE is responsible for administering the program. Students are required to apply for other non-loan financial aid. DEED and the commission will consult on terms and conditions to be set out in regulation.	DEED – New Chapter 43 ACPE - Financial Aid Programs for Postsecondary Students		
4	14.43.815 – Qualifications of applicants	6	4-31	To be eligible an applicant must: • be an Alaska resident	DEED – New Chapter 43		

		7	1-10	• be an Alaska high school graduate attending a qualified Alaska institution • meet other minimum qualifications • must comply with Selective Service Act • be current on federal and state loans, and • cannot be a felon • provides for military service flexibility. Directs to commission to adopt regulations relating to an application procedure for an eligible applicant who has either withdrawn from or delayed enrollment in a qualified postsecondary institution in the state, regardless of age.	ACPE - Financial Aid Programs for Postsecondary Students		
4	14.43.820 – Eligibility for an academic scholarship	7 8	11-31 1-26	Directs the commission to award academic scholarships to eligible applicants, described as having met program standards [as designed by DEED per Sec. 5], including • choice of two four-year core high school academic curriculums adding foreign language, cultural heritage or fine arts component, • minimum high school grade-point average • minimum score on college entrance exam • enrolled in degree or certificate program in accredited Alaska institution. Program standards include a process for a student that meets GPA but does not meet college entrance test scores, may apply for lower scholarship level; for regaining eligibility; and for home-schooled and private-schooled students to qualify.	DEED – New Chapter 43 ACPE - Financial Aid Programs for Postsecondary Students		
4	14.43.825 – Eligibility for a career and technical school scholarship	8 9 10	27-31 1-31 1-2	Directs the commission to award career and technical school scholarship to eligible applicants. Applicants described as having met program standards, including choice of two four-year high school academic curriculums adding foreign language, cultural heritage or fine arts component, minimum grade-point average, minimum score achieved on college entrance exam or standardized	DEED – New Chapter 43 ACPE - Financial Aid Programs for Postsecondary Students		

				exam measuring level of preparedness, enrollment in qualifying program at certified institution. Must also provide for method to regain lost eligibility once in program.			
4	14.43.827 – Maximum awards and allowable uses	10 11	3-31 1-9	Provides for three award levels, up to 100% for very high academic achievement, 75% for high academic achievement and 50% for moderate academic achievement, not to exceed cost of attendance less other scholarships and non-loan financial aid, with award amount based on a percentage of UA 2010/2011 tuition. Award may be applied to career and technical school program. Part-time student enrolled half-time is eligible for an award of 50% of the amount of the scholarship award for which student is eligible. Student is eligible for one merit-based scholarship for up to 8 semesters at qualified college, or two years at qualified career or technical school. Career and technical award is actual cost up to $3,000, and student remains eligible for two years. Eligibility terminates six years from graduation, unless extended by the department. A student may qualify for only one scholarship. Amount of scholarship award may not exceed the amount of the student's costs of attendance, less any other scholarships or non financial aid.	DEED – New Chapter 43 ACPE - Financial Aid Programs for Postsecondary Students		
4	14.43.828 – Eligibility for an unmet need scholarship supplement and maximum awards	11 12	10-31 1-10	Commission may award needs-based scholarships of 50% of unmet need greater than $2,000 for full-time students and 25% of unmet need greater than $2,000 for part-time students, if otherwise eligible for a ASAP award. Unmet need of at least $2,000 determined by costs of attendance (COA) less non-loan sources of financial aid, EFC, and other scholarships. Costs of attendance are the lesser of actual or the costs according to UA's standard	DEED – New Chapter 43 ACPE - Financial Aid Programs for Postsecondary Students	EFC= Expected Family Contribution COA= Cost of Attendance FAFSA=Free Application for Student Aid	

				COA budget. EFC is determined through the FAFSA.			
4	14.43.830 – Programmatic standards	12	11-28	Directs DEED to develop programmatic standards [listed in 14.43.820 and 14.43.825] to include a procedure for alternate means of qualifying, relative to unavailability of curriculum, and rare circumstances beyond student's control.	Direction to DEED p. 12, line 13. ACPE - Financial Aid Programs for Postsecondary Students		
5	14.43.835 – Qualified postsecondary institutions	12 13	296-31 1-30	Defines qualified academic institution as Alaska institution authorized by the state or exempt from authorization and regionally accredited; a qualified career and technical program in the state certified by the DOLWD, with agreement from DEED, with criteria outlined in regulation to include • Job-training program quality • Employability of certificate or license recipient • Fulfill a job need in the state • Other criteria established by DOLWD.	Direction to DOLWD and DEED to establish criteria for career and technical school programs, p. 9 (b) ACPE - Financial Aid Programs for Postsecondary Students		
4	14.43.840 – Application and award	13 14	31 1-8	Directs the commission to develop application and award procedures, based on appropriation; an award made in error shall be refunded.	DEED – New chapter 43 ACPE - Financial Aid Programs for Postsecondary Students		
4	14.43.845 – Alaska student achievement scholarship fund income account	14	9-14	Creates an income account for the commission to make awards from; expendable earnings from the ASAP fund (37.14.750 – 37.14.790) may be appropriated to the account.	DEED – New Chapter 43 ACPE - Financial Aid Programs for Postsecondary		

					Students		
4	14.43.850 – Report to the legislature	14	15-29	Directs the commission, DEED, Revenue and DOLWD, and UA to share information and report within 10 days of the start of each legislature, information on the ASAP, to include number of applicants and number of awards of each type scholarship in current and past years and anticipate in the following year, and trends in data reflecting goals in 14.43.810.	DEED, ACPE, Revenue, Labor and UA directed to report on program		
4	14.43.890 – Definitions	14 15	30-31 1-13	Defines commission, department, grade-point average, military service, program and school district.	DEED- New Chapter 43		
5	14.45.130(a) - Records	15	14-19	Directs secondary schools exempt under 14.45.100 to maintain records of ASAP eligibility.	DEED – Private and Denominational Schools ACPE – Private and denominational schools		
6	23.05.060 – Powers of the department	15 16	20-31 1-7	Authorizes DOLWD to perform duties assigned under the ASAP program.	Labor & Workforce Development - Administration		
7	36.30.850(b) – [Application of this Chapter] exemption from procurement code	16 17-19 20	8-31 1-31 1-28	Excludes Alaska student achievement scholarship program from procurement code for contracts entered into for the disbursement of scholarships to institutions.			
8	Article 8A. Alaska Student Achievement Scholarship Program Fund added in Chapter 14. Trust Funds				New Article		
8	37.14.750 Alaska Student Achievement Scholarship Program fund established	20 21	29-31 1-11	Creates the ASAP fund and directs commissioner of Revenue to invest fund assets with a 5% return target to prevent diminishment over time; the fund consists of appropriations, donations and income on investments. Specifies no dedication of funds.	Dept of Revenue – Trust Funds		
8	37.14.755 – Powers and duties of the commissioner of revenue.	21	12-17	Authorizes the commissioner of Revenue to perform investment duties for the ASAP fund and	Dept of Revenue – Trust Funds		

				directs the commissioner to report on its performance to DEED, DOLWD, and the commission.			
8	37.14.760 – Use of fund.	21	18-27	Directs the Revenue commissioner to calculate an amount to be appropriated to the ASAP fund after July 1 based on the average month-end market value for the preceding three years.	Dept of Revenue – Trust Funds		
8	37.14.790 – Definitions.	21	28-31	Defines commissioner and fund.	Dept of Revenue – Trust Funds		
9	Uncodified law	22	1-17	Transition language authorizes DEED and DOLWD, after conferring with the commission, to adopt regulations that provide that, in school years 7/1/2009 through 6/30/2013, students may be eligible under the ASAP even though core academic curriculum has not been met; and eligible students may apply for ASAP awards beginning 7/1/2011.			
10	Uncodified law	22	18-24	Provides that state agencies may proceed to adopt regulations to implement Act, but their effective date is no earlier than 9/1/2010.			
11		22	25	Section 10 takes effect immediately			
12		22	26	Except as in Sec. 11, Act is effective 9/1/2010			

Governor's Performance Scholarship Aid by Family Income

Assumes: Minimal net assets
Family size of four/one in college
Dependent student, attending full-time and residing on campus
Cost of attendance is averaged between UAA/UAF for 2009-10 year

A-level GPS Award

Family income	$25,000	$50,000	$75,000	$100,000
Cost of Attendance	$18,500	$18,500	$18,500	$18,500
Less Pell Grant	-$5,550	-$0	-$0	-$0
Remaining Costs	$12,950	$18,500	$18,500	$18,500
Less GPS	-$4,775	-$4,775	-$4,775	-$4,775
Remaining Costs	$8,175	$13,725	$13,725	$13,725
Less EFC	-$2,000	-$6,772	-$14,157	-$15,401
Unmet Need	$6,175	$6,953	$0	$0
Less Needs GPS @ 50%	-$3,088	-$3,476	$0	$0
Remaining Costs	$3,088	$3,477	$0	$0
Total State Aid	$7,862	$8,251	$4,775	$4,775
Total Student & Family Paid	$5,087	$10,249	$13,725	$15,401

Note: Actual results will vary based on family size, net assets, enrollment level, eligibility for additional non-loan aid, dependency status of student and whether the student resides: at home, on campus, or off campus but independent from parental household.

Provided by Diane Barrans February 25, 2010

Governor's Performance Scholarship Aid by Family Income

Assumes: Minimal net assets
Family size of four/one in college
Dependent student, attending full-time and residing on campus
Cost of attendance is averaged between UAA/UAF for 2009-10 year

B-level GPS Award

Family income	$25,000	$50,000	$75,000	$100,000
Cost of Attendance	$18,500	$18,500	$18,500	$18,500
Less Pell Grant	-$5,550	-$0	-$0	-$0
Remaining Costs	$12,950	$18,500	$18,500	$18,500
Less GPS	-$3,566	-$3,566	-$3,566	-$3,566
Remaining Costs	$9,384	$14,934	$14,934	$14,934
Less EFC	-$2,000	-$6,772	-$14,157	-$15,401
Unmet Need	$7,384	$8,212	$777	$0
Less Needs GPS @ 50%	-$3,692	-$4,106	-$388	$0
Remaining Costs	$3,692	$4,106	$389	$0
Total State Aid	$7,258	$7,672	$3,954	$3,566
Total Student & Family Paid	$5,692	$10,878	$14,546	$15,401

Note: Actual results will vary based on family size, net assets, enrollment level, eligibility for additional non-loan aid, dependency status of student and whether the student resides: at home, on campus, or off campus but independent from parental household.

Provided by Diane Barrans February 25, 2010

Governor's Performance Scholarship Aid by Family Income

Assumes: Minimal net assets
Family size of four/one in college
Dependent student, attending full-time and residing on campus
Cost of attendance is averaged between UAA/UAF for 2009-10 year

C-level GPS Award

Family income	$25,000	$50,000	$75,000	$100,000
Cost of Attendance	$18,500	$18,500	$18,500	$18,500
Less Pell Grant	-$5,550	-$0	-$0	-$0
Remaining Costs	$12,950	$18,500	$18,500	$18,500
Less GPS	-$2,378	-$2,378	-$2,378	-$2,378
Remaining Costs	$10,572	$16,122	$16,122	$16,122
Less EFC	-$2,000	-$6,772	-$14,157	-$15,401
Unmet Need	$8,572	$9,350	$1,965	$721
Less Needs GPS @ 50%	-$4,286	-$4,675	-$982	-$360
Remaining Costs	$4,286	$4,675	$983	$361
Total State Aid	$6,664	$7,053	$3,360	$2,738
Total Student & Family Paid	$6,286	$11,447	$15,140	$15,762

Note: Actual results will vary based on family size, net assets, enrollment level, eligibility for additional non-loan aid, dependency status of student and whether the student resides: at home, on campus, or off campus but independent from parental household.

Provided by Diane Barrans February 25, 2010

SB 226

<target><bill>SB 226</bill><subject>SB 226</subject><comm>SFIN26</comm></target>

S.F.C.
3-15-10

Tim BENINTENDI
465-4989
SN. OLSON'S OFFICE

VERBAL PRESENTATION

SB 144 – Musk Oxen Permits and Tags

Mr. Chairman and Committee Members:

Thank you for hearing this bill. At its core, SB 144 would authorize a second permit hunt for resident and subsistence hunters, for the taking of musk oxen. It would double the chances of taking an animal, but would not change the current bag limit of one animal per year, bull or cow.

Non-resident hunters would not qualify.

If a hunter did not harvest a musk ox under their first permit, a second permit could be issued upon application, for another chance in a different hunt area or different Game Management Unit. Musk oxen are the only game animals in Alaska to which the one-permit restriction still applies.

There are four Game Management Units where these animals are found in Alaska; Unit 18 on both Nunivak and Nelson Islands, Units 22 and 23 on Seward Peninsula and in the Northwest, and Unit 26 in the Northeast.

The wild musk oxen population in Alaska is currently estimated to be about 4,400 animals, and annually, between 325 and 350 are available for harvest.

Wildlife biologists and regulators within the Department of Fish and Game have determined that the health and size of the state's herd is well past the threshold for expanding opportunities for Alaskan hunters.

They estimate that a minimal number of additional permits would be issued under this bill, and perhaps 25 more animals might be harvested annually.

Under SB 144, the Board of Game would have the authority to reduce or eliminate subsistence tag and fee requirements.

And, because SB 144 changes a year from "calendar year" to "regulatory year," the department would be able to issue permits for seasons which straddle a calendar year end, without the hunter having to apply twice for a single season.

If passed this legislative session, these new provisions would be in place for seasons beginning in August of this year.

SB 144 carries a ZERO fiscal note, and has the support of the department. Support from the hunting community in Northwest Alaska includes the Northern and Southern Norton Sound Advisory Committees, and the Seward Peninsula Musk Ox Cooperators' Group.

We have discovered no opposition to this bill, and so I'll take any questions you may have.

State of Alaska

Department of Revenue

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January 27, 2010

Certificates of Participation
Crime Lab and University Life Sciences Building

Sectional Analysis
HB 299 / SB226

Section 1: Established the findings and intent of financing the crime lab and life sciences building.

(a) Identifies the amount of $75,750,000 for the crime laboratory

(b) Identifies the amount of $109,475,000 for the life sciences building ($88,875,000 DOR financing and $20,600,000 University revenue bonds)

Section 2: States that lease-purchase payments are subject to appropriation by the legislature.

Section 3:

(a) Authorizes the Department of Public Safety to enter into a lease-purchase agreement related to the crime lab

(b) Authorizes the Department of Revenue to issue Certificates of Participation to finance the construction, acquisition and equipping of the Crime Laboratory in the amount of $75,750,000.

Section 4:

(a) Authorizes the University of Alaska to enter into a lease-purchase agreement related to the life sciences building

(b) Authorizes the Department of Revenue to issue Certificates of Participation to finance the construction, acquisition and equipping of the University of Alaska Life Science Building for a portion of the project in the amount of $88,875,000.

(c) The title of the new facility will be property of the State of Alaska.

(d) The Department of Revenue may contract for services that are necessary in financing the project.

Section 5:

(a) Authorizes the University of Alaska to issue revenue bonds to partially finance the life sciences building in the amount of $20,600,000.

(b) Authorizes the bonds issued to refund the bonds authorized in this act.

(c) Estimates the total cost of the project at $109,475,000.

Section 6:

(a) Identifies legislative approvals for the notice of the lease-purchase agreement.

(b) Identifies that the annual financial obligation of the state would exceed $1,000,000.

State of Alaska

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January 26, 2010

Certificates of Participation
Crime Laboratory and University Life Science Building
HB299 / SB226

Sponsor Statement

Introduced January 19, 2010

This legislation would authorize the Department of Revenue to issue certificates of participation for the construction, acquisition and equipping of two facilities; the Alaska Scientific Crime Detection Laboratory in Anchorage and the University of Alaska Fairbanks Life Sciences Building in Fairbanks.

Bonding:
It is time to finance these projects. The Department of Revenue has based the payback estimate on 20 year financing with the State's AA credit rating for appropriation based credit. In the current market, the Department of Revenue estimates that the State will be able to achieve a total interest cost of approximately 4.2 % using tax exempt securities. However, through a combination of tax exempt securities for shorter maturities and Build America Bonds or BABs (Taxable securities with a 35% federal subsidy) for the longer term maturities, the State could achieve a rate as low as 3.5%. The final structure will be designed to result in the lowest cost at the time of issuance. Authorization to participate in BAB's will close at the end of 2010.

Crime Laboratory:
Alaska needs a crime laboratory to prevent crime and protect Alaskans. The proposed laboratory is the right size, the right cost and it will benefit Alaskans now and long into the future. The benefits from this project include: 1) convicting the guilty before they commit other crimes; 2) protect the innocent from false accusation; 3) reduce rape; 4) reduce violent crime; 5) process evidence from home burglaries; 6) solve more cases with new techniques and faster output; and more.

Building the crime lab will provide an economic boost to Anchorage by providing for 170,000 labor hours in 250 jobs for Alaskans. $12 million in Alaska wages, $20 million to materials supplied by local vendors and business for approximately 15 Alaska subcontractors. The facility will be 84,000 SF on Tudor Road in Anchorage. $16.8 million spent to date on design and site work on 15 acres leased from the Municipality of Anchorage at $1 per year for 50 years with an option to extend. The crime lab is planned to meet the state's needs for growth beyond 75 years.

University Life Science Building:
The UA Life Science Facility is Important to Alaska and Alaskans. This facility (approximately 97,700 square feet) will meet critical needs for modern classrooms and teaching laboratories and provide critical research space to allow for continued growth in many successful life sciences programs. The proposal includes approximately 40,000 SF of teaching space and 57,700 SF of research space in one centralized location.

The investment of $108.4 million ($87.9 m state/$20.6 m UA revenue bonds) yields long-term dividends; 1) short-term--Construction will inject new dollars into the statewide economy and provide approximately 370 jobs during construction, infusing approximately $170 million in direct and indirect economic output, including $80 million in labor income; and 2) long-term--Life Sciences research attracts 'new' money, since research revenue comes mostly from federal science agencies. Every $1 in state funds invested in UA research yields $6 in research funding from other sources.

The Governor urges your prompt and favorable action on this bill.

Contributions of UAF Life Sciences Research to the State of Alaska

In Support of Funding for the UAF Life Sciences Innovation and Learning Facility

Prepared for:

University of Alaska Fairbanks

Prepared by:

McDowell GROUP

Juneau • Anchorage

February 2009

5257

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Executive Summary

The purpose of this study is to demonstrate the economic, social, and cultural benefits to Alaskans of the life sciences programs at the University of Alaska Fairbanks. The Life Sciences Innovation and Learning Facility is the number one new capital project priority for the University of Alaska system. This study highlights the important contributions of UAF life sciences research and the critical need for the new facility.

Critical Need for a New Life Sciences Facility

The Life Sciences Innovation and Learning Facility is designed to meet the critical need for updated classrooms and provide research space allowing for UAF's continued growth in its successful life sciences research programs. It will be difficult for UAF to expand life sciences research grant revenues without new facilities. Currently, there is insufficient space in modern facilities to attract and retain top researchers.

The new facility will feature 37,000 square feet of academic space, including approximately 40 classrooms with computer and lab capabilities, and a lecture hall capable of seating 80 students. The research space, at 50,000 square feet, will provide 18 research labs and 10 support labs.

The UAF Life Sciences Innovation and Learning Facility is a scaled-down version of the Biological Sciences Facility (BIOS). Total cost for the new 87,000-square-foot research and teaching facility is $102.82 million. UAF has committed to non-General Fund support for 20 percent of the new facility. The FY10 University of Alaska capital budget requests state General Funds of $82.2 million and provides non-General Fund support from UAF totaling $20.6 million for the new Life Sciences facility.

Benefits to Alaska of a New Life Sciences Innovation and Learning Facility

- **STIMULATES A HIGH-VALUE GROWTH INDUSTRY FOR ALASKA: Life sciences research is a high-value growth industry, and the facility is essential to capitalize on this growth. Externally funded life sciences research expenditures at UAF is $20 million with potential for much more if adequate research space is available.** The new facility is essential for UAF to attract and retain top researchers, and allows for continued growth (+30 percent in 5 years) in externally funded research.

- **EXCELLENT RETURN ON INVESTMENT OF ALASKA'S PUBLIC DOLLARS: Every $1 in General Fund money invested in research at the University of Alaska yields $6 in research funding attracted from out-of-state sources.** In essence, life sciences research functions as a basic industry – just as do mining, tourism, seafood and oil – attracting revenue and good jobs into Alaska, stimulating economic growth. The new facility will stimulate research revenue growth and increase Alaska's funding leverage even further.

- **INCREASES THE VALUE OF ALASKA EDUCATION: Additional research increases the value of student education.** The new facility will allow positive interaction among life sciences faculty and students, with research adding value to the student experience, and in turn, engaging more Alaska students in science and health care related careers.

- **ADDITIONAL RESEARCH PROGRAM GROWTH: Critical mass is essential for attracting the best researchers and tens of millions of dollars in additional research funding.** The University of Alaska competes with other universities for research funding and the best researchers. A competitive facility will help attract top researchers who will intern attract additional researchers.

- **ADDITIONAL ALASKA ECONOMIC GROWTH: Continuing economic growth from research will benefit the overall University of Alaska system and Alaska as a whole.** Economic benefits of research include increasing employment, payroll, and expenditure impacts; construction activity impacts; and substantial indirect cost recovery revenue from research programs ($26 million in FY 2007) that accrues to the overall University of Alaska system.

- **MORE ALASKAN GRADUATES SERVING ALASKA: The facility will have a positive impact on creating Alaskan graduates for Alaskan jobs.** UAF life sciences graduates tend to stay in Alaska and already fill many important professional positions throughout the state in business, government and health care. A new facility will help attract and retain more Alaskan students.

- **RESEARCH BENEFITS ARE FOR ALASKANS: Increased contributions of life sciences research benefit the lives of all Alaskans.** Life sciences research is aimed at benefiting Alaska's people and communities. Potential discoveries related to diabetes, food safety and nutrition, SIDS, avian flu, and therapies that may help victims of stroke, heart attack and traumatic brain injury, are just a few examples of the hundreds of research projects currently underway at UAF with potential statewide benefits.

Below are highlights and key points from this study. The body of the document provides greater detail on the impacts and benefits of the life sciences program at UAF.

Importance of Research at UAF

- The majority of UA research (more than 90 percent as measured by research expenditures) takes place at UAF. UAF research expenditures of funding from external sources was approximately $113 million in FY07, up 30 percent from FY02.

- UAF received 424 grants and managed more than 1,446 grants in FY07.

- Indirect cost recovery (ICR) is an important revenue source for UA. Of the $30.9 million in ICR revenue in FY07, $26 million (85 percent) was generated by research at UAF. If UAF research grants stagnate or decline, so will ICR, which would negatively impact UAF and the entire UA system.

- The federal government, through agencies such as the National Institutes of Health, National Science Foundation and Department of Defense, funded the majority (88 percent) of research at UAF in FY07.

UAF Research Funding

- UAF was successful in acquiring federally funded life sciences research capacity-building grants worth $95 million for 2000 to 2014 with an additional $17.7 million pending.

- As a result of the research capacity created at UAF, they have been able to acquire competitive life sciences grants worth an additional $29 million.
- For every $1 of State-funded research UAF received, UAF was able to leverage an additional $5.80 from external funding sources.
- Even though UAF has been historically successful in leveraging state funding, strong General Fund support is still needed to provide the infrastructure (including facilities and human resources) that will allow UAF to be competitive for future grants. General Fund support is used by the university for recruitment, salaries, offices, laboratories, and equipment to build capacity.

Research at UAF

One area of research where UAF has become particularly strong is life sciences. Almost all UAF life sciences research and teaching takes place in two units, the Institute of Arctic Biology (IAB) and Idea Network of Biomedical Research Excellence (INBRE). There are many research programs within these two units that are important and beneficial to Alaskans.

The largest component of UAF life sciences research and academics is contained within the IAB. IAB currently supports roughly 150 ongoing research projects, and IAB faculty (through the Department of Wildlife and Biology in the College of Natural Sciences and Math) are responsible for all academic delivery for classes in life sciences.

INBRE studies organisms that cause diseases in Alaska and toxic substances in our environment. INBRE also has a mission of outreach and support for students (high school and college) who show interest in life sciences research. Combined, IAB and INBRE have approximately 150 faculty, staff and graduate student assistants at UAF. IAB and INBRE had combined research expenditures of nearly $22 million[1]. The majority of expenditures were for wages and benefits, commodities, services and equipment at UAF.

Life sciences research at UAF is ultimately about people, especially Alaskans. Some of the major life sciences programs and projects beneficial to Alaskans under IAB and INBRE are described below.

Monitoring Toxicants and Disease in Alaska

UAF researcher Todd O'Hara is studying contaminants and infectious disease in the Arctic. Infectious agents and toxicants can be easily transmitted through commercial, sport and subsistence harvest in Alaska. INBRE toxicology projects study animals that are at the top of the food chain such as Arctic fox, polar bear and Stellar sea lions, and numerous subsistence foods.

What effect do toxicants have on animals and people? If diets change because of changing environmental conditions, will these animals be exposed to new or higher levels of toxicants and/or infectious agents? If so, how will this affect their health, as well as the health of Alaskans who rely on fish and game for food?

[1] The majority of INBRE expenditures were at UAF but INBRE also supports research at UAA and UAS.

Another of O'Hara's roles is to study and understand how infectious diseases are present in Alaska and how they can be transmitted to the public via handling and consumption of fish and wildlife. For example, there have been periodic outbreaks of rabies in Arctic foxes on the North Slope; this is potentially hazardous to North Slope residents and oil field workers. The better these outbreaks are understood, the better the public can be educated about the associated risks, and measures that can be taken to avoid contact with these diseases.

Center for Alaska Native Health Research (CANHR)

CANHR's mission is "to build and increase research capacity that will contribute knowledge to improve Alaska Native health." The primary focus of this research center is on obesity and its relationship to diabetes and cardiovascular disease among Alaskan Natives. CANHR seeks new knowledge through research that can ultimately be applied to understand, reduce and prevent health disparities in Alaska's Native communities. CAHNR partners with the Yukon-Kuskokwim Health Corporation and communities in Southwest Alaska, using a collaborative approach that incorporates local knowledge and culture into the process of scientific investigation. Following are two of CANHR's current projects.

UAF Research into Contaminants and Nutrients in Alaskan Subsistence Foods

This CANHR project is also headed by researcher Todd O'Hara. It takes the "under the microscope" work of INBRE and utilizes it to the study of how nutrients and toxicants (such as mercury, PCB's DDT, lead, arsenic and many other pesticides) directly affect Alaskans. As these toxicants work their way up the food chain, they can eventually impact human health.

UAF laboratories measure toxicants in subsistence foods such as salmon, seals, and reindeer and go beyond the lab to study how their consumption affects humans. The project also measures nutrient levels in these traditional foods. Contaminant and nutrient levels in foods that are dried, smoked, baked or rendered may change, becoming more or less concentrated. Certain preservation methods can neutralize toxicants and/or impact the nutrients available. This research is very relevant to the health of all Alaskans who consume fish and game. From an economic standpoint, Alaska needs to be vigilant in protecting the pristine image of our valuable commercial marine resources. Scientists are also learning new things about the nutritional benefits of eating fish, an important message for the state's commercial fishing industry.

Alaska Basic Neuroscience Program (ABNP)

ABNP strives to expand and stimulate basic neuroscience research (scientific study of the nervous system) with a focus on protection of the nervous system, including the brain, from disease such as stroke or physical injury. ABNP scientists also study sudden infant death syndrome (SIDS), a particular risk for Alaska infants, by studying how breathing is controlled.

UAF Sudden Infant Death Syndrome Research

SIDS is the leading cause of death in the US for infants one month to one year old. The national rate of SIDS deaths is about 0.7 (less than one) per 1,000 births. Caucasian babies born in Alaska die of SIDS at more than twice the national rate (1.6 per 1,000), and babies born to Alaska Natives die of SIDS at more than five times the national average at 3.6 per 1,000 births. SIDS is an Alaskan problem.

A look at occupational death rates helps to put Alaska SIDS death rates in perspective. In the 1990s, Alaska workers had a death rate of 0.22 per 1,000. The Alaska rate is five times that of the overall US work-related fatality rate. When you compare the Alaska worker death rate with SIDS death rates for approximately the same period, SIDS mortality among Caucasians in Alaska was seven times higher and 16 times higher among Alaska Natives than worker deaths. By far, the most dangerous occupation in Alaska is being an infant. ABNP researcher Mike Harris and his team are working to reduce vulnerability by looking at genetics, biology and behavior in Alaskan babies.

Another UAF SIDS-related research project is led by Barb Taylor and her team. They are looking at the potential effects of exposure to alcohol and nicotine on infants and unborn babies as risk factors in SIDS vulnerability. Other UAF SIDS research is trying to determine if alcohol and nicotine exposure affects the central nervous system and carbon dioxide transfer.

Hibernation Science

The Center for Molecular and Genetic Studies of Hibernation monitors Alaskan animals like the arctic ground squirrel and black bear. These hibernators spend each winter in a state in which their need for food and water is reduced to zero for six to eight months at a time. During hibernation, these animals are also resistant to harm from low blood pressure and the minimal availability of oxygen and blood sugar. Ground squirrels actually spend part of their time in hibernation with their body temperature below freezing with no ill effect.

If researchers can determine how the mechanisms that allow hibernating animals to slow body function work, there is potential for new therapies and drugs that, when administered to humans, would slow body function (including the onset of damage) and could allow first responders to stabilize patients with life-threatening conditions.

This research could lead to increasing the time that sick and injured patients have to get to a critical care facility, increasing their chances of recovery. This could be especially important in Alaska where many residents are injured in remote vehicle, ATV and snow machine accidents, or work in remote locations in the timber, fishing, oil, gas and mining industries and are hours or even days away from a critical care facility. The US Army has been financially supportive of this cutting edge research at UAF because of the potential for stabilizing seriously injured soldiers prior to treatment.

Bird Flu Research

According to the Center for Disease Control and Prevention, "The highly pathogenic avian influenza A H5N1 animal outbreak in Asia, Europe, the Near East, and Africa is not expected to diminish significantly in the short term. It is likely that H5N1 virus infections among domestic poultry have become endemic in certain areas and that sporadic human infections resulting from direct contact with infected poultry and/or wild birds will continue to occur. So far, the spread of H5N1 virus from person-to-person has been very rare, limited and unsustained. However, this epizootic (transferrable from animals to humans) continues to pose an important public health threat."[2]

[2] Center for Disease Control and Prevention website 2/6/2009. http://www.cdc.gov/flu/avian/outbreaks/

UAF researcher Jon Runstadler and his team have been researching biological mechanisms in birds (mostly ducks). How are the viruses transferred among birds? How are they transferred to humans? What are the risks to human health in Alaska?

The migration routes of many species of ducks cross paths where Alaska and Asia meet over the Bering Sea. There is potential for Asian ducks to spread H5N1 bird flu to Alaska and other parts of North America. If the highly pathogenic H5N1 were to occur in Alaska, there could be serious implications for the health of Alaskans.

Because of the capacity built by INBRE, Runstadler's team was able to acquire RO1 grant funding for the Center for Rapid Influenza Surveillance and Research (CRISAR). This five-year, $3.8 million, NIH-funded RO1 grant is a joint UAF, UCLA and UC Davis research project. The research involves surveillance and monitoring of birds in the US, Russia, Japan, China and Southeast Asia to see were there may be a potential threat of an outbreak of bird flu. The study looks at how the virus is carried and transferred as birds migrate around the Pacific Rim. CRISAR is an excellent example of how place-based research has been enhanced by the research capacity built through INBRE. CRISAR allows UAF to use its traditional strengths in wildlife biology to benefit people both inside and outside of Alaska.

Life Sciences Academic Program

Some of the benefits of investment in UA research are quantifiable; however, many benefits are less readily valued. How do we quantify the results of research spending that excites a young Alaskan student to pursue an academic career in a science or health-related field, who then returns to her home community and increases the quality of life for those she serves? UAF research, in close coordination with academic programs, allows many Alaskans opportunities to pursue science or health-related education that not only lead to better income and increased quality of life for their household, but also provides benefits to many other Alaskans and their communities.

Enrollment

- With nearly 500 degree-seeking students, the UAF biology and wildlife program is one of the largest degree programs in the entire UA system. This includes enrollment of over 300 life sciences graduate students. Compared to other programs, UAF life sciences programs, particularly biology, have seen the greatest increases in enrollments at UAF in recent years.

Quality Faculty

- Academic delivery in life sciences at UAF is provided by some of the best researchers in their fields. In order to attract and retain these top instructors, UAF academic facilities need to be on par with other institutions.

- If top researchers can be attracted to UAF, they not only bring their research skills but also increase the number and quality of classes that can be offered at UAF. Additionally, the availability of high-quality research options provides critical hands-on experiences where students can apply their academics.

Alaskan Graduates

- Producing graduates with the skills needed by businesses, government and other agencies in Alaska is a crucial contribution of UA to the state's economy. UA graduates also contribute to the Alaskan economy at a higher level than non-graduates (on average, university graduates earn substantially more over their lifetime than non-graduates).

- UAF educates Alaskans who will be making policy decisions for Alaskans. UAF graduates have worked for local, state and federal agencies such as schools, Alaska Department of Fish and Game, National Park Service, US Forest Service and US Fish and Wildlife. Many of these positions have direct influence on issues that affect all Alaskans.

- Alaskan graduates tend to live and work in Alaska, helping the economy grow and serving state residents. Nearly two-thirds of UAF graduates (from 1989 to 2006) were still living in the state of Alaska in 2006. Rural Alaskan graduates have an even higher likelihood of staying in the state after graduation.

- As of 2005, nearly three-quarters of UAF graduates still living in Alaska worked in a field related to their UAF education. This high retention rate is an important element in creating economic growth within the state.

The Economic Impact of Life Sciences Research

Impacts of Construction

The following impacts of construction of the new Life Sciences Learning and Innovation Facility are estimated based on a 2006 McDowell Group study of the impacts of construction of the BIOS facility. Cost estimates for BIOS were $105 million in 2006; the cost of the redesigned Life Sciences Innovation and Learning Facility is estimated at $102.8 million. Adjustment were made for inflation and cost differences.

- **There will be a substantial amount of short-term employment and economic activity related to the construction of a new Life Sciences Facility in Fairbanks** as well as in other areas of the state. Estimated statewide output associated with facility construction would be substantial, at about $170 million in total direct economic output, $80 million in labor income, and annual average employment of about 370 workers over a four-year construction period. A total of about $145 million ($103 million for construction plus $42 million in indirect and induced spending) in spending activity would occur in the Fairbanks economy.

- **The economic effects of this project would benefit other areas of the state, primarily Anchorage, Mat-Su and the Kenai Peninsula.** Total economic output for the Southcentral region of the state from the facility project would be about $20 million with total direct and indirect annual average employment of about 50, and total payroll of about $8 million. The majority of these benefits would occur in the Anchorage area.

Impacts of a Research Team

- **A new Life Sciences Facility at UAF could generate $1 million to $3 million in new wages and benefits.** Adding new space, and the resulting space made available by intercampus moves, could result in an increase in new research-related wages and benefits in the range of $1 million to $3 million at UAF. In addition to these wages and benefits, there would be increases in direct spending for goods and services. Indirect and induced impacts would have further positive effects on Alaska's economy.

- **On average, a research team at UAF is worth $850,000 to $1 million per year in economic activity for the state.** According the economic modeling system IMPLAN, for every dollar spent on university research in Alaska there is additional economic activity of $0.70.[3] Multiplying the average range of $500,000 to $600,000 in grants acquired per year, per researcher, by the 1.7 multiplier results in a range of $850,000 to $1 million in economic activity for the state, per research team. Twelve research teams at UAF represents approximately $10.2 million to $12 million in economic activity for the state.

[3] Minnesota IMPLAN Group, *IMPLAN Professional Version2*. 2006: Stillwater, MN

Importance of Research at UA

The three primary missions of the University of Alaska are instruction, research and public service. Research at UA plays a key role in expanding and diversifying the state's economy, protecting the health of Alaskans and their environment, and strengthening state agencies and institutions. The extensive economic benefits of UA research programs were documented in a 2007 study by the Institute of Social and Economic Research (ISER).[4]

- In 2006, 2,392 jobs were supported by university research spending, including 1,292 direct jobs and 1,100 indirect jobs.
- The combined direct and indirect payroll for jobs generated by university research was $92 million in 2006.
- Direct and indirect university research generated $125 million in sales throughout Alaska in 2006 (including procurement, business sales, and employee spending).
- In 2006, each $1 million in General Fund appropriations for UA research resulted in 121jobs and $4.7 million in payroll within the state.
- Because non-General Fund research revenue comes mostly from outside Alaska, the University's research programs (like mainstream industries) bring new dollars into the state.

In addition to the economic benefits, research at UA is an important component in the delivery of academic and service programs that are valuable to Alaskans. Building a strong research program also increases the intellectual capital available in the state to help train residents to solve Alaskan problems, increasing the quality of life in the state.

UA is the primary source of research and development in the state of Alaska. In most states, private industry conducts a majority of research and development efforts. The majority of UA research (more than 90 percent as measured by research expenditures) takes place at UAF.

Even though UAF is a small school on a national scale, it has been very successful in research and development. UAF conducts research that is relevant to human health and climate change in Alaska, translating into solutions for problems unique to our environment.[5]

Alaska's proximity to the Arctic has allowed UAF researchers an advantage in competing for grants. While UAF is a small school and does not have the same level of facilities and equipment as some of the largest institutions, "place-based research" has allowed them to be competitive on a national scale.

[4] Goldsmith, S., *University of Alaska research: an economic enterprise.* 2007, Institute of Social and Economic Research: Anchorage, Alaska.
[5] Maddox, David C., *Environmental Scan for the University of Alaska's Research Enterprise,* 2006.

Measuring UAF Research

Two measures that gauge the scale of research at UAF are the volume of restricted revenue generated by grants and actual research expenditures. Reviewing the volume of grant awards shows the level of success that a university has had in obtaining funding for specific research projects. Some portions of research grant dollars are reallocated through indirect cost recovery (ICR) to fund other campus and system-wide activities. Looking at actual research expenditures allows a more focused view of research program impacts.

Note: Unless otherwise stated, all figures in this document are for FY07.

Grant Awards

The UA system received 694 new grants and managed 2,136 ongoing grants.[6] New grants totaled $237.5 million systemwide. During the year, UAF received 424 of all new grants and managed 1,446 of all ongoing grants. In comparison, UAA received 217 new grant awards and managed 546 ongoing grants.

New grants totaled $237.5 million system wide of which approximately $200 million (83 percent) were at UAF.

Research Expenditures

UAF research expenditures from externally sponsored funding sources totaled about $113 million in FY07, up 30 percent from FY02. (This does not include $22.8 million in State General Fund support.) The majority of UA research (more than 90 percent as measured in research expenditures) takes place at UAF.

Research Expenditures by Major Academic Unit, FY02 to FY07

MAU	FY02 ($millions)	FY07 ($millions)	% Change FY02 – FY07
UAF	$87.2	$113.0	+30%
UAA	9.1	10.3	+13
UAS	0.8	1.2	+42
Total	**$97.1**	**$124.5**	**+28%**

Note: Figures are in millions and have been rounded; they include indirect cost recovery distributed to each MAU (Major Academic Unit).
Source: UA in Review 2008.

Indirect Cost Recovery

Indirect cost recovery (ICR) is an important revenue source for UA. Of the $30.9 million in ICR revenue, $26 million (85 percent) was generated by research at UAF. ICR is revenue captured from federal and other

[6] 2008 UA in Review, UA Statewide Planning and Budget, http://www.alaska.edu/swbir/ir/ua-in-review/

restricted grants that reimburses the University for related administrative, facility, and other support costs. ICR is charged to the grant source as a percentage, up to 42 percent of the grant amount.

UAF Indirect Cost Recovery Distribution, FY02 to FY07

	FY02 ($millions)	FY07 ($millions)	% Change FY02 – FY07
ICR distributed back to originating unit	$10.3	$14.0	+36%
ICR distributed to other UAF departments	5.9	8.9	+50
ICR distributed to UA Statewide MAU	2.4	3.3	+38
Total ICR	**$18.6**	**$26.2**	**+41%**

Note: Figures are in millions and have been rounded.
Source: UA Banner Finance.

Total UAF-generated ICR has increased by 41 percent from FY02 and has become an increasingly important revenue source for maintaining UA facilities and administrative functions.

Slightly more than half (about $14 million) of ICR collected from UAF research went directly to augment the research program or unit that brought in that revenue (the originating unit), while 34 percent ($8.9 million) was distributed to other areas of UAF, such as the library, administrative services and building maintenance. The remaining 13 percent ($3.3 million) was distributed to the UA Statewide MAU.[7] The Statewide MAU provides services such as accounting, legal, human resource and information technology services to UA system-wide.

ICR has been the revenue source for much of the construction of new research space in the last decade, including the West Ridge Research Building, UAF Museum research space, Institute of Arctic Research Center, Lena Point facility, and the BiRD Building.

The $3.3 million distributed to the Statewide MAU represented approximately 6 percent of its revenues. The $8.9 million distributed to other UAF departments accounted for about 2.5 percent of UAF revenues. If the level of UAF research were to stagnate or decline, the effect could have serious implications for university operations.

[7] UA has four major administrative units (MAU's): UAA, UAF, UAS and Statewide.

Funding for UAF Research

Overall, externally funded (non-General Funds) research at UAF increased by 30 percent from FY02 to FY07. The federal government, through agencies such as the National Institutes of Health, National Science Foundation and Department of Defense, funded the majority (88 percent) of research at UAF. Other sources of funding included Native Corporations, non-profit organizations, private businesses and other universities, which accounted for about 11 percent of research revenue. State General Fund support increased slightly from about $1.4 million to $1.5 million and accounted for about 1 percent of total research revenue at UAF.

The majority of growth (in dollars) was due to federal funding, while funding from sources such as Native Corporations, non-profit organizations, private businesses and other universities increased at the highest rate (46 percent) over the period. Examples of state agencies include the Department of Natural Resources and the Department of Health and Social Services.

UAF Externally Funded Research Expenditures by Sponsor, FY02 to FY07

	FY02 ($millions)	FY07 ($millions)	% of Expend. FY07	% Change FY02 – FY07
Federal	$77.6	$99.4	88%	+28%
Other	8.2	12.0	11	+46
State agencies	1.4	1.5	1	+6
Total	**$87.2**	**$113**	**100%**	**+30%**

Note: Figures are in millions and have been rounded. Figures include ICR expenditures.
Source: UA in Review 2008.

Leverage

One measure of the productivity of a research program is to compare the value of external funding leveraged by university General Funds. For every dollar of state-funds for reserach in FY07, UAF was able to leverage an additional $5.80 from external funding sources. UAF has been fortunate to receive multiple capacity-building grants over the last six to eight years. The State must capitalize on this opportunity.

Strong General Fund support is still needed to build the infrastructure (including facilities and human resources) so that UAF has the capacity to be competitive for new grants. Such funds will be used for recruitment, salaries, offices, laboratories, and equipment to build capacity.

The expectation of top UAF researchers is that they will eventually bring in significant grant funding to support their own salaries, staff and equipment, as well as contribute to the university as a whole.

UAF Life Sciences Research Capacity

Building Research Capacity

Since 2000, UAF has made a concentrated effort to build capacity for life sciences research. Since that time UAF has received a series of grants designed to increase capacity in basic and applied research. These grants are for limited periods of time (some can be renewed for a second or third phase) but are not long-term sources of funding for research. The purpose of the grants is to build capacity among research programs so that they can conduct research that is capable of receiving funding on a nationally competitive basis.

Most research at UAF is funded by either the National Institute of Health (NIH) or the National Science Foundation (NSF).

NIH Funding

In addition to capacity-building grants, NIH RO1 grants are made to support specific projects to be performed by an investigator in an area representing the investigator's competencies, and to meet the mission of the NIH. One intent of the capacity-building grants is to increase the number of RO1 awards to Alaska which is currently at or near the bottom of all states in NIH-funded RO1 research grants.

NIH RO1 grants are awarded to the top 10 to 15 percent of applicants. Even Harvard University researchers have a success rate of only about 50 percent when applying for NIH grants.

In addition to the merits of an individual proposal, NIH looks at several critical components of a proposed research project:

- Research must be relevant to health issues on a national level.
- NIH panels look for strong scientists with quality degrees, a pattern of excellent work, public speaking, published work, and previous receipt of grant funding.
- Laboratory facilities and equipment must be up to date.
- Research programs need a strong intellectual community (a critical mass of students, graduates and other researchers) for support.

NSF Funding

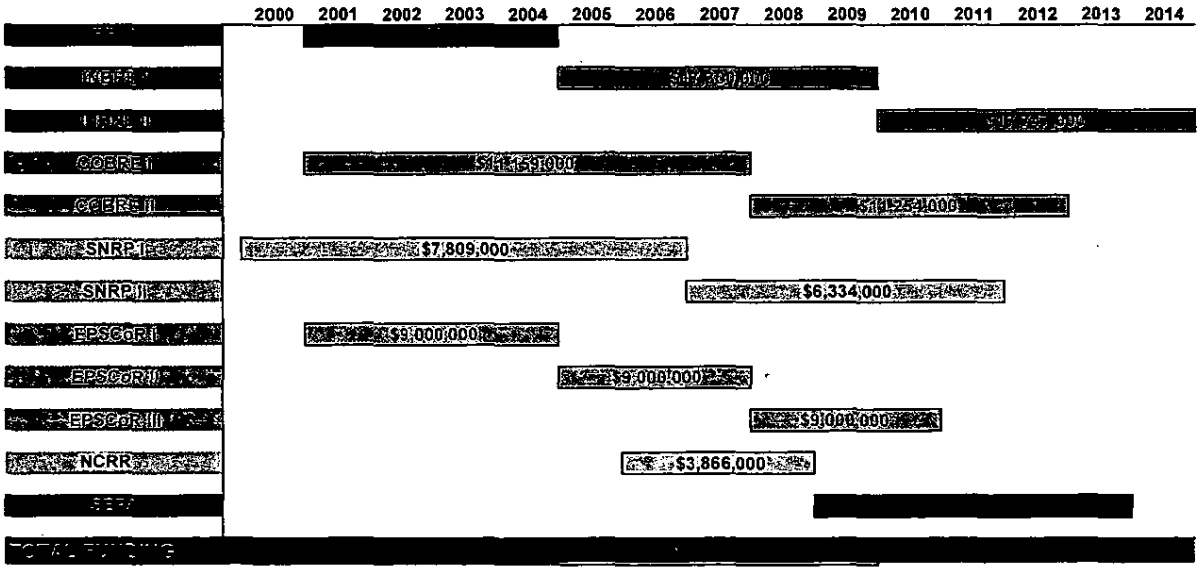
The National Science Foundation (NSF) is an independent federal agency that promotes science to advance national health, prosperity, welfare and national defense. NSF funds about $6 billion worth of research through term-limited grants. NSF currently issues about 10,000 new awards per year, with an average project duration of three years. Research proposals must be judged the most promising by a rigorous and objective merit-review system. Most of these awards go to individuals or small groups of investigators. Others provide funding for research centers, instruments and facilities that allow scientists, engineers and students to work at the outermost frontiers of knowledge.

"NSF's goals—discovery, learning, research infrastructure and stewardship—provide an integrated strategy to: advance the frontiers of knowledge; cultivate a world-class; broadly inclusive science and engineering workforce and expand the scientific literacy of all citizens; build the nation's research capability through investments in advanced instrumentation and facilities, and support excellence in science and engineering research and education through a capable and responsive organization. NSF's mission includes support for science and engineering education, from pre-K through graduate school and beyond. The research is thoroughly integrated with education to help ensure that there will always be skilled people available to work in new and emerging scientific, engineering and technological fields, and capable teachers to educate the next generation."[8]

The challenge at UAF is to create and maintain a research program that has a critical mass of top researchers, facilities and intellectual strength. To meet these criteria, a research program must have very strong support from the University of Alaska and from the State. In order to meet NIH and NSF qualifications and the goals of UAF, proposed research needs to be relevant not only on a national level, but also relevant within the state.

The table below shows federal funding for capacity-building grants received by UA. Almost all funding shown in the table was for research conducted at UAF. The exceptions are INBRE which has program components at UAA and UAS, and EPSCoR which provides programs statewide. Following the table are brief descriptions of these capacity-building grants. To date approximately $95 million has been received and an additional $17.7 for INBRE II is pending.

Life Sciences Capacity-Building Federal Grant Funding



*Note: INBRE II is not included in this total but the expectation is that this grant will be awarded.

[8] National Science Foundation website 2/8/2009 http://www.nsf.gov/index.jsp

INBRE/BRIN

The Idea Network of Biomedical Research Excellence (INBRE) is a national program of grants from National Institutes of Health designed to increase capacity for high quality research. INBRE provides grants for research institutes like UAF that have strong programs and the potential to be increasingly competitive with top researchers from other states for NIH RO1 grants. After the grant period ends, the program is expected to be at a level where its researchers can be nationally competitive. UAF received its first NIH capacity-building grant (then called BRIN) for 2001 to 2004. The first INBRE grant was for 2004 to 2009. INBRE at UAF is in the process of being renewed and is likely to be funded for 2009 through 2013. More details about INBRE projects will be presented in the UAF Life Sciences Research Programs section of this report. INBRE funds research at UAF, UAA and UAS.

COBRE

The Center of Biomedical Research Excellence (COBRE) is an NIH-funded program to build research capacity in specially designated areas. The COBRE program promotes the initiation and development or expansion of unique, innovative state-of-the-art biomedical and behavioral research centers at institutions. COBRE funds basic and applied research. The objectives of COBRE are to strengthen institutions' biomedical research infrastructure and to enhance the ability of investigators to compete independently for NIH individual research grants.[9] COBRE funds Center for Alaska Native Health Research at UAF.

SNRP

Specialized Neuroscience Research Programs (SNRP) program is designed to strengthen research capabilities of faculty, students, and fellows at minority institutions by supporting the development and/or the enhancement of ongoing, basic and clinical neuroscience research projects and programs. SNRP funds the Alaska Basic Neuroscience Program.

SNRP grants are intended "to enhance the research capacity of a group of academic institutions that historically have not been major participants in NIH [neuroscience] programs specifically." An important long-term goal has been to foster the capability of minority institutions to compete successfully within the NIH peer review process for research grants. SNRP grants were designed to achieve the following programmatic goals:

- To assist in infrastructure development leading to well established, state-of-the-art neuroscience research programs.
- To foster innovative and effective partnerships and collaborations between minority institutions and established neuroscience laboratories at federal and non-federal research institutions.
- To create, support, and maintain a stimulating academic and intellectual milieu to inspire and prepare students and fellows to pursue research centers in neuroscience.[10]

[9] National Institutes of Health website 2/8/09 http://grants.nih.gov/grants/guide/pa-files/PAR-09-079.html#SectionI

[10] National Institutes of Health, Specialized Center Cooperatives Agreement Programs website http://snrp.nih.gov/about_SNRP/about.htm

- To provide support to develop and sustain competitively funded neuroscience research projects and programs.

EPSCoR

The Experimental Program to Stimulate Competitive Research (EPSCoR) is a National Science Foundation university-based grant program that is designed to develop states' research capabilities; increase student participation in science, math and engineering; increase the coordinated efforts between states and their universities; and to ultimately increase economic development. EPSCoR creates partnerships with states and universities to spark interest in research and build capacity among researchers. Alaska EPSCoR began in 2000 and partners with UA and the State of Alaska. Alaska EPSCoR is in its third phase (2007-2010). Each phase has granted about $4 million annually for EPSCoR with three-quarters coming from NSF and one-quarter coming from the State of Alaska (through UA) as matching funds. EPSCoR is a statewide program with a mandate to increase student participation in all areas of the state, including UA's major and remote campuses.

SEPA

Science Education Partnership Awards (SEPA) are NIH-funded, with the goal of increasing biomedical research education in Alaska middle and high schools. The grant is part of an estimated $17 million awarded by NIH to fund 16 Science Education Partnership Awards across the country.

UAF's award will provide support for the Biomedical Partnership for Research Education Pipeline in Alaska, or Alaska BioPREP, to be administrated by INBRE. According to INBRE Director George Happ, "This program blends the talents and facilities of local school teachers and health providers with those of UAF to create venues where secondary school students can pose biological and biomedical questions, find answers using molecular approaches, and gain appreciation of the importance of modern science to the practice of medicine and health policy in their daily lives."

An immediate aim of the project will be to keep students in high school through graduation by ensuring that their high school science courses are focused, challenging and relevant. The BioPREP partnership group includes school districts, teachers, researchers, science education groups and Alaska Teacher Placement. Through the partnership, university researchers provide the technical expertise, teachers provide the instructional expertise, and health care providers and community members supply practical applications and encouragement for the students.

"Hands-on investigations, individual mentoring relationships, community involvement, and incentives such as travel and scholarships all improve student enthusiasm and retention in school, and all are part of BioPREP," explained Sue Hills, outreach director of Alaska INBRE. "With the skills the students learn in BioPREP, they can jump right into undergraduate research programs or lab assistant positions when they get to college."

NCRR

The National Center for Research Resources (NCRR) was funded by NIH. Funds are granted to expand, remodel and renovate research and animal facilities.

A $3.87 million NCRR grant was used to help complete construction of the Biological Research and Diagnostic Facility (known as the BiRD building).

Capacity-Building Success at UAF

Overall, UAF research has been increasingly successful at winning competitive grants. As a result of the research capacity built by BRIN/INBRE, COBRE and SNRP, UA has been able to acquire competitive life sciences grants totaling approximately $29 million dollars.

One example of how capacity-building grants can lead to success with competitive grants is the Center for Rapid Influenza Surveillance and Research (CRISAR) project. This $3.8 million NIH-funded RO1 grant is a joint effort between UAF, UCLA and UC Davis. The 5-year competitive grant was awarded to UAF in 2007 as a result of the capacity built from INBRE funding. The research involves surveillance and monitoring of birds in the US, Russia, Japan, China and Southeast Asia to identify were there may be a potential threat of an outbreak of bird flu. The study looks at how the virus is carried and transferred. According to principal investigator Jon Runstadler, "Our proximity to the birds and the research capacity that we have built from INBRE allowed us to be successful in securing this competitive research proposal for UAF." Runstadler's team works with Mark Lindberg, a UAF wildlife biologist and expert on the life-cycle of ducks in Alaska. His understanding of migration patterns also allows researchers to know when and where to intercept wild birds so that they can be monitored for various strains of avian flu.

CRISAR is an excellent example of how place-based research has been enhanced by the research capacity built through INBRE. CRISAR allows UAF to use its traditional strengths in wildlife biology to benefit people both inside and outside of Alaska.

There are many similar examples of research success at UAF. The next section will provide an overview of the primary life sciences programs at UAF.

UAF Life Sciences Research Programs

One area of research where UAF has become particularly strong is life sciences. Almost all UAF life sciences research and takes place within Institute of Arctic Biology (IAB) or Idea Network of Biomedical Excellence (INBRE).

Institute of Arctic Biology

The largest component of UAF life sciences research and academics is contained within the IAB. IAB currently supports about 150 ongoing research projects, and IAB faculty (through the Department of Wildlife and Biology in the College of Natural Sciences and Math) teach all of the classes for undergraduate majors in biology; teach components of chemistry and biochemistry; and provide support for graduate and post-graduate education and research in biology, molecular biology, wildlife biology, physiology, genetics, and ecology.

IAB had total research expenditures of $20.1 million, up 78 percent from $11.3 million in FY02.[11] The majority (61 percent) of expenditures were for wages and benefits. Nearly one-third (30 percent) of expenditures were for commodities, services and equipment. The remaining 9 percent was spent on travel, land and buildings, student aid and miscellaneous items.

The total number of faculty, staff and graduate students involved in research at IAB was 134. There were 57 faculty and 77 staff and graduate positions (held by either post doctoral researchers, graduate researchers or undergraduate students).

IAB Faculty and Staff, 2007

	# of Faculty and Staff
IAB	105
AK Coop Fish/Wildlife Research Unit	24
Toolik Field Station	5
Total Staff	**134**

Major IAB Programs

Basic and applied research conducted at UAF has significant economic impact and quality of life benefits for Alaskans. Major research programs include the Toolik Field Station, Robert White Large Animal Research Station, Center for Alaska Native Health Research, Alaska Basic Neuroscience Program, Center for Molecular and Genetic Studies of Hibernation, Alaska Geobotany Center, the Resilience and Adaption Program, and Bonanza Creek Long-Term Ecological Research Program. Following are brief discussions of what these programs do and how they are relevant to Alaskans.

[11] Source: UA Unit Profile-UAF IAB. These figures do not include indirect cost recovery.

TOOLIK FIELD STATION (TFS)

IAB maintains the Toolik Field Station (TFS). TFS is a national and international Arctic climate change research center, primarily sponsored by the NSF. The facility is located 158 miles north of the Arctic Circle along the Dalton Highway. TFS has been operating for 30 years and is on the forefront of research on climate change that is gathered by over 300 scientists and students each year. Work at TFS will pay a key role in providing current and historic data that will help researchers, agencies, and industry to understand environmental changes in Arctic land and water based environments. Research based at TFS has been widely published in more than 225 journal articles (including *Nature* and *Science*), and portions of 47 books. The facility provides hands on research opportunities for under graduates, graduates and Alaska high school students.

ROBERT WHITE LARGE ANIMAL RESEARCH STATION (LARS)

LARS was created in 1979 and allows scientists and students hands-on opportunities to work with musk oxen, caribou and reindeer to better understand the nutritional, physiological and behavioral systems of these unique northern animals. The facility also provides educational opportunities for the general public and Alaskan schoolchildren from grade school through high school.

Basic and applied research conducted at UAF has significant economic impact and quality of life benefits for Alaskans. Major research programs include the Center for Alaska Native Health Research, Alaska Basic Neuroscience Program, Center for Molecular and Genetic studies of Hibernation, Alaska Geobotany Center, the Resilience and Adaption Program and Bonanza Creek Long-Term Ecological Research Program. Following are brief discussions of what these programs do and how they are relevant to Alaskans.

Monitoring Toxicants and Disease in Alaska

UAF researcher Todd O'Hara is studying contaminants and infectious disease in the Arctic. Infectious agents and toxicants can be easily transmitted through commercial, sport and subsistence harvest in Alaska. INBRE toxicology projects study animals that are at the top of the food chain such as arctic fox, polar bear and Stellar sea lions, and numerous subsistence foods.

What effect do toxicants have on animals and people? If diets change because of changing environmental conditions, will these animals be exposed to new or higher levels of toxicants and/or infectious agents? If so, how will this affect their health, as well as the health of Alaskans who rely on fish and game for food?

Another of O'Hara's roles is to study and understand how infectious diseases are present in Alaska and how they can be transmitted to the public via handling and consumption of fish and wildlife. For example, there have been periodic outbreaks of rabies in Arctic foxes on the North Slope; this is potentially hazardous to North Slope residents and oil field workers. The better these outbreaks are understood, the better the public can be educated about the associated risks, and measures that can be taken to avoid contact with these diseases.

CENTER FOR ALASKA NATIVE HEALTH RESEARCH (CANHR)

CANHR's mission is "to build and increase research capacity that will contribute knowledge to improve Alaska Native health." CANHR has been funded by two, 5-year, $11 million capacity-building grants (COBRE I and II). The center began operations in 2001 and was again funded in 2007. The primary focus of research at the center is obesity and its relationship to diabetes and cardiovascular disease among Alaska Natives. CANHR seeks new knowledge through basic and applied research that can ultimately be applied to understand, reduce and prevent health disparities in Alaska's Native communities.

CAHNR partners with the Yukon-Kuskokwim Health Corporation and communities in Southwest Alaska, and uses a collaborative approach that incorporates local knowledge and culture into the process of scientific investigation. By working closely with community members, local residents become part of the research process and can help to guide research and facilitate results that are culturally appropriate.

CANHR travels to communities with a team of three to four including researchers, nurses, technicians and other support staff. CANHR makes significant research expenditures in rural Alaska on travel, rent, food, fuel and supplies. They employ local workers to assist on projects as much as possible.

The following projects are an example of how CAHNR research can result in a better quality of life for Alaskans.

UAF Research into Contaminants and Nutrients in Alaska Subsistence Foods

Todd O'Hara is a UAF researcher that conducts studies for both INBRE and CANHR. His INBRE research involves microbial agents (human and wildlife diseases that can be transferred between the two) and toxicants, while his CANHR projects focus on the study of nutrients and toxicants related to human health issues that directly affect Alaskans. All of the toxicants that O'Hara studies as part of his INBRE projects end up in the food chain, such as mercury, PCB's, DDT, lead, arsenic and many other pesticides. As these toxicants work their way up the food chain, they are easily transmitted to humans through commercial, sport and subsistence harvest in Alaska, and can eventually impact human health.

UAF laboratories measure toxicants in subsistence foods such as salmon, seals, and reindeer and study how their use affects humans. This research project also measures nutrient levels in these traditional foods. O'Hara and his CANHR team study the effects that preparation methods can have on concentrations of toxicants and nutrients in food from these Alaskan animals. Contaminant and nutrient levels in foods that are dried, smoked, baked or rendered may change, becoming more or less concentrated. CANHR scientists measure levels of these contaminants to see how various preservation techniques may affect toxicity and critical nutrients. Certain preservation methods can neutralize toxicants and/or impact the nutrients available. This research is very relevant to the health of all Alaskans who consume fish and game.

From an economic standpoint, Alaska needs to be vigilant in protecting the pristine image of our valuable commercial marine resources. For example, the level of contaminants in some fish from around the world has made news in recent years. Alaska needs to be watchful that our species are not caught up in negative publicity. While there may be concerns about contaminants in farm-raised salmon, wild Alaskan salmon are

low in contaminants. Just as important, spreading the message about the nutritional value of Alaskan fish is good for Alaska and the state's economy.

UAF Research into Measuring Alaskan Subsistence Diets

Bert Boyer is a researcher with CANHR studying how diet interacts with genes to predispose people, particularly Yup'ik Eskimos, to obesity. He suspected that the Yup'ik diet, rich in polyunsaturated fatty acids found in salmon and marine mammals, might protect them from diabetes but was frustrated by the difficulty in quantifying what Yukon-Kuskokwim Delta Yup'iks were eating regularly through self-reported diet surveys and questionnaires.

He shared his concern with Diane O'Brien, a new faculty member at UAF who was not yet a part of CANHR. She suggested it is possible to measure PUFAs indirectly by using isotopic signatures that are unique to fish and marine mammals and found in human blood, fingernails or hair. Such analyses are fairly cheap, easy to do and very accurate. That idea resonated with Boyer, and testing her assumption became part of the CANHR II study. She has since proven that these cheap, easily measured markers are highly accurate proxies for polyunsaturated fatty acids in the diet in a study to be published in March.

O'Brien's isotopic work is important on two fronts. First, it will help CANHR researchers understand the relationships between a changing diet and obesity in Alaska Natives, which is a growing public health problem for Alaska; and secondly, it will develop better methods for any researcher who needs diet assessments for a wide range of medical issues."

ALASKA BASIC NEUROSCIENCE PROGRAM

The Alaska Basic Neuroscience Program (ABNP) strives to expand and stimulate basic neuroscience research (scientific study of the nervous system) with a focus on protection of the nervous system, including the brain, from disease such as stroke or physical injury. ABNP scientists also study sudden infant death syndrome (SIDS), a particular risk for Alaska infants, by studying how breathing is controlled.

ABNP is supported by an NIH capacity-building grant from the Specialized Neuroscience Research Program (SNRP). The first NIH $7.8 million grant was for 2000 to 2006, and the current grant (2006 to 2011) is for $6.3 million. Other program supporters include National Institute of Mental Health (NIMH) and National Center for Research Resources (NCRR). The following projects are an example of how ABNP research can result in a better quality of life for Alaskans.

UAF Sudden Infant Death Syndrome (SIDS) Research

SIDS is a leading cause of death in the US for infants one month to one year old. The national rate of SIDS deaths is about 0.6 (less than one) per 1,000 births. Alaskan babies born in the Caucasian population die of SIDS at more than twice the national rate (1.6 per 1,000), and babies born to Alaska Natives die of SIDS at more than five times the national average at 3.6 per 1,000 births.

In order to put Alaska SIDS death rates in perspective, consider a comparison with some of the most dangerous occupations in the world. Alaska is seen as a dangerous place to work. Commercial logging, commercial fishing and flying are considered by most as high risk occupations. For the 1990's Alaska workers

had a death rate of .22 per 1,000 (less than one-quarter person per 1,000). When you compare this death rate with the incidence of SIDs for approximately the same period, rates of SIDS death among Caucasians in Alaska were seven times higher than rates of worker deaths, and 16 time higher among Alaska Natives. By far, the most dangerous occupation in Alaska is being an infant. It is a dangerous place to be born and researchers don't know why. SIDS research done outside the state of Alaska will not address why Alaskan rates are so much higher than the national average. Alaskans need to take ownership of this problem. ABNP researcher Michael Harris and his team are working to understand vulnerability by looking at genetics, biology and behavior, with a goal to prevent the occurrence of SIDS in Alaskan babies.

A normal response in babies is to wake up when breathing is hindered, for example from sleeping on their stomach. The sequence is to wake up, move their head and enhance breathing (three separate reflexes.) If any one of the reflexes does not work, a relatively common occurrence, sleeping with a face in the bedding, can become a life threatening situation. One theory is that a serotonin deficiency may lead to greater vulnerability to SIDS by disrupting reflexes such as these. UAF researcher Michael Harris and his team want to know if there is anything about serotonin that can be linked to important reflex functions. They are conducting basic research at the molecular level. If a connection can be made between serotonin dysfunction and vulnerability to SIDS, then pharmacological solutions can be developed.

In order to understand how SIDS works, researchers must first identify not only the causes of increased vulnerability, but also the symptoms associated with vulnerability. If researchers can understand such symptoms then they can more readily identify which infants may be vulnerable. If simple screening tools can be developed to indentify infants at risk of SIDS ahead of time this would help save lives and facilitate further research. For example, if doctors or parents knew a particular infant had symptoms that indicated vulnerability to SIDS, in cases such as failed reflexes, steps could be taken to supplement the reflex or avoid the potentially life threatening situations. This would lead to fewer deaths. One of ABNP's current projects involves trying to develop a non-invasive screening tool that could help predict vulnerability for SIDS. The results of this research could help save lives and reduce the number of Alaskan infants that die of SIDS.

Another UAF SIDS related research project is lead by Barbara Taylor and her team. They are looking at the effects of exposure to alcohol and nicotine in animal models, that can explain why exposure to these substances in infants and unborn babies are risk factor contributing to SIDS vulnerability. Their research is trying to determine if alcohol and nicotine exposure affects the central nervous system and sensitivity to low oxygen or carbon dioxide. Basic animal research shows that exposure does have an impact. Once you have determined that there is an impact you investigate at a cellular level to understand the problem and then find solutions.

Center for Molecular and Genetic Studies of Hibernation

Scientists at the Center for Molecular and Genetic Studies of Hibernation investigate the molecular and genetic basis of hibernation in mammals, focusing on development of potential new therapies and drugs to protect and treat victims of stroke, heart attack, and severe trauma. The project has been funded by the National Science Foundation and the United States Army Medical Research and Materiel Command since 2005. Grant and non-restricted spending for this program is about $5 million to date.

Hibernation Science

Alaskan animals, like the arctic ground squirrel and black bear, spend each winter in a state of hibernation during which their need for food and water is reduced to zero for six to eight months at a time. During hibernation, these animals are also resistant to harm from low blood pressure and the minimal availability of oxygen and blood sugar. Ground squirrels actually spend part of their time in hibernation with their body temperature below freezing with no ill effect.

UAF researchers Brian Barnes, Kelly Drew and their team are trying to develop an understanding of the molecular and biochemical mechanisms that slow body function and protect hibernators, which could lead to the development of new drugs that lessen the harm from stroke, heart attack and injuries such as gunshot and head trauma.

Over 160,000 people die of stroke each year in the US (an age-adjusted rate of about 47 people per 100,000; in Alaska the age-adjusted rate for stroke is even higher, at 53 per 100,000).[12] In 2004, 858 Alaskans died from either heart disease or a stoke.[13] Essential for patient recovery from these dangerous events is to stabilize them as quickly as possible, until advanced medical care is available. If researchers can determine how mechanisms that allow hibernating animals to slow body function work, there is potential for new therapies and drugs that, when administered to humans, would quickly slow body function (including the onset of damage) and could allow first responders to stabilize patients with life-threatening conditions.

This research could lead to increasing the time that sick and injured patients have to get to a critical care facility, increasing their chances of recovery. This could be especially important in Alaska where many residents are injured in remote vehicle, ATV and snow machine accidents, or work in remote locations in the timber, fishing, oil, gas and mining industries and are hours or even days away from a critical care facility. The US Army has been financially supportive of this cutting edge research at UAF because of the potential for stabilizing seriously injured soldiers.

This type of research is an excellent example of place-based research that has significant potential to benefit Alaska and the nation. UAF's northern Alaska location and proximity to ground squirrels and bears allows researchers to study and closely monitor the animals while attempting to unlock the biological keys to slowing body functions.

BONANZA CREEK LONG-TERM ECOLOGICAL RESEARCH PROGRAM

Bonanza Creek Research focuses on improving prediction and understanding of the long-term consequences of changing climate and disturbances such as fire, insects, pathogen outbreaks, and permafrost thaw in Alaska's boreal forests.

The boreal forest is considered the second largest terrestrial ecosystem in the world, after tropical forests. The boreal forest comprises one of the world's largest carbon reservoirs. Changes or disturbances in the volume and distribution of coniferous versus deciduous boreal forests are known to affect regional and global climate.

[12] Center for Disease Control (CDC) National Center for Health Statistics and National Vital Statistics Reports
[13] The Burden of Heart Disease and Stroke in Alaska: *Mortality, Morbidity, and Risk Factors* http://www.hss.state.ak.us/dph/chronic/chp/pubs/burden_july06.pdf

The program's objectives are to study factors like fires, melting permafrost and insects that might result in serious changes in the Arctic environment and to identify human and environmental factors that may reduce stresses on ecosystem structure and function that could otherwise lead to serious changes. For example, as the Arctic climate changes (warms), forests are more susceptible and less resistant to insect and pathogen attack. Research is conducted at two main sites: the Bonanza Creek Experimental Forest and Caribou-Poker Creeks Research Watershed.

Changes in the Arctic could have serious implications for Alaskans who rely upon animals and plants for food, soil stability (for houses, roads), water patterns and filtering (streams, rivers, wells), forest productivity (timber), and for recreational opportunities (skiing, snowmachining, camping, hunting, fishing).

Information gathered at Bonanza Creek is used by agencies such as the Alaska Fire Service and the Alaska Department of Fish and Game. For example, the Alaska Department of Fish and Game may use background data from Bonanza Creek to better understand how moose and caribou populations may be affected in fire-damaged areas in order to meet population and harvest goals.

The Bureau of Land Management Alaska Fire Service (AFS) located at Fort Wainwright, Alaska, provides fire suppression services for all Department of the Interior and Native Corporation lands in Alaska. In addition to fire suppression, AFS has other statewide responsibilities, including interpretation of fire management policy. AFS operates on an interagency basis; cooperators include the Bureau of Land Management, State of Alaska Department of Natural Resources, USDA Forest Service, National Park Service, Bureau of Indian Affairs, U.S. Fish and Wildlife Service, and the U.S. Military in Alaska.[14]

The Bonanza Creek Program has received $2.6 million to date from the National Science Foundation and supports 25 large scale research projects. In addition to principal investigator Terry Chapin and co-principal investigators Roger Ruess and David McGuire, the program is staffed by 23 senior investigators, 57 affiliated scientists, 16 master's degree students, ten Ph.D. students, one post-doctoral research associate, one data manager, one site manager, and eight technicians.

Resilience and Adaption Program

The Resilience and Adaptation Program (RAP) explores the links among cultural, economic, and ecological conditions of Alaska and the North, and provides training that prepares scholars, policy-makers, and managers to address issues of sustainability. Alaska and the Circumpolar North are appropriate places to train researchers in the dynamics of social-ecological systems because of climatic, cultural and socio-economic change. This program places special emphasis on training Alaska Native Ph.D.s who are needed as university faculty, researchers, educators, and community leaders.

Students work with UAF faculty on a broad range of interdisciplinary research projects at community, regional, and circumpolar levels. RAP offers master's and Ph.D. degrees in Biology and Wildlife, Anthropology, Resource Economics, Natural Resource Management, Northern Studies, and Interdisciplinary Studies.

RAP has received nearly $1.3 million to date from the National Science Foundation's Integrative Graduate Education and Research Traineeship Program.

[14] Alaska Fire Service website 2/10/2009 http://fire.ak.blm.gov/afs/

Alaska Geobotany Center

The Alaska Geobotany Center (AGC) is dedicated to understanding northern ecosystems through the use of geographic information systems (GIS), remote sensing, field experiments, and cooperative team research projects. AGC documents changes in vegetation across the circumpolar Arctic and is a critical component to the understanding of permafrost, carbon reserves, water systems, wildlife populations, and the ability of humans, plants, and animals to live in the Arctic. Researchers examine landscape patterns including vegetation, snow ecology, and the disturbance and recovery of plants. This information is used by resource managers, land-use planners, ecosystem scientists, and government land agencies. These mapping resources are valuable to wildlife biologists, fire managers and timber managers in Alaska.

AGC projects collectively known as "Greening of the Arctic" include:

- **Arctic Systems Science**: Addresses the question of how vegetation of the Arctic has responded to climate change.
- **Land Cover and Land Use Change**: Addresses how the decline in Arctic sea ice will affect, and is affected by, the greening of vegetation in the Arctic.
- **Arctic Geobotanical Atlas**: Education and outreach component comprised of a Web-based, multi-scale collection of geobotanical maps and related data.
- **North American Arctic Transect**: Creates baseline information on Arctic vegetation.
- **Circumpolar Arctic Vegetation Map**: International project that mapped the vegetation and associated characteristics of the circumpolar region using a common base map.

The ACG has $755,534 in current funding from NASA and is expected to confirm receipt of approximately $950,000 in additional NASA funding in the first quarter of 2009.

Idea Network of Biomedical Research Excellence (INBRE)

Another major life sciences unit at UAF is INBRE. INBRE is supported by a national program of capacity-building grants from the National Institute of Health designed to increase capacity for high quality research. INBRE uses expertise in biology to investigate organisms that cause disease and toxic substances in the environment. INBRE operates independently from the Institute of Arctic Biology.

An additional mission of INBRE is outreach and support for students (high school and college) who show interest in life sciences research.

INBRE receives approximately $3.5 million in annual grant revenue with approximately $1.8 million in research expenditures (not including ICR contributions). Wages and benefits made up the greatest portion of expenditures (39 percent). Additionally, significant expenditures were made for commodities, contract services and equipment (32 percent). Travel expenditures accounted for 13 percent of INBRE's research expenses.

INBRE supports research at UAF, UAA and UAS. There are a total of approximately eight faculty and graduate students and four and a half staff positions.

INBRE Faculty and Staff, 2007

	# of Faculty	# of Grad Students	# of Staff
UAF	4	6	4
UAA*	3	2	0.5
UAS	1	0	0
Total INBRE staff	8	8	4.5

*The staff position is less than one full-time equivalent.

The following projects highlight the valuable contributions INBRE research is making to the state of Alaska.

UAF Bird Flu Research

To better understand avian flu research at UAF, following is a brief summary of the current status of avian flu. According to the Center for Disease Control and Prevention,

> *Avian influenza is an infection caused by avian (bird) influenza (flu) viruses. These influenza viruses occur naturally among birds. Wild birds worldwide carry the viruses in their intestines, but usually do not get sick from them. However, avian influenza is very contagious among birds and can make some domesticated birds, including chickens, ducks, and turkeys, very sick and kill them.*
>
> *Usually, avian influenza virus refers to influenza A viruses found chiefly in birds, but infections with these viruses can occur in humans. The risk from avian influenza is generally low for most people because the viruses do not usually infect humans. However, confirmed cases of human infection from several subtypes of avian influenza infection have been reported since 1997. Most cases of avian influenza infection in humans have resulted from contact with infected poultry (e.g., domesticated chicken, ducks, and turkeys) or surfaces contaminated with secretions/excretions from infected birds. The spread of avian influenza viruses from one ill person to another has been reported very rarely, and has been limited. However, (A) viruses are constantly changing, and they might adapt over time to infect and spread among humans.*
>
> *Influenza A H5N1 is an influenza A virus subtype that occurs mainly in birds, is highly contagious among birds, and can be deadly to them. H5N1 virus does not usually infect people, but infections have occurred in humans. Most recently, outbreaks of highly pathogenic avian influenza A (H5N1) among poultry have been associated with illness and death in humans in Asia, Africa, Europe, the Pacific, and the Near East. In the United States, from 1997 to 2005, there were 16 outbreaks of low pathogenic avian influenza A viruses (H5 and H7 subtype) and one outbreak of highly pathogenic avian influenza A (H5N2) in poultry.*
>
> *The highly pathogenic avian influenza A H5N1 animal outbreak in Asia, Europe, the Near East, and Africa is not expected to diminish significantly in the short term. It is likely that H5N1 virus infections among domestic poultry have become endemic in certain areas and that sporadic human infections resulting from direct contact with infected poultry and/or wild birds will continue to occur. So far, the spread of H5N1 virus from person-to-person has been very rare, limited and unsustained. However, this epizootic (transferrable from animals to humans) continues to pose an important public health threat.*[15]

[15] Center for Disease Control and Prevention website 2/6/2009. http://www.cdc.gov/flu/avian/outbreaks/

UAF researcher Jon Runstadler and his team have been researching biological mechanisms in birds (mostly ducks). How are the viruses transferred among birds? How are they transferred to humans? What are the risks to human health in Alaska?

The migration routes of many species of ducks cross paths where Alaska and Asia meet over the Bering Sea. There is potential for Asian ducks to spread H5N1 bird flu to Alaska and other parts of North America. If the highly pathogenic H5N1 were to occur in Alaska, there could be serious implications for the health of Alaskans.

The ability to work with Mark Lindberg, a UAF wildlife biologist specializing in ducks, facilitates Rundstadler's work because Lindberg has intimate knowledge of the life-cycle of ducks in Alaska. His knowledge of migration patterns also allows researchers to know when and where to intercept wild birds so that they can be monitored for various strains of avian flu.

Because of the capacity built by INBRE, Runstadler's team was able to acquire an NIH RO1 grant for the Center for Rapid Influenza Surveillance and Research (CRISAR). Awarded in 2007, this five-year, $3.8 million grant is a joint UAF, UCLA and UC Davis research project. This competitively funded research is a result of the capacity that was built from INBRE funding. The research involves surveillance and monitoring of birds in the US, Russia, Japan, China and Southeast Asia to see were there may be a potential threat of an outbreak of bird flu. The study looks at how the virus is carried and transferred as birds migrate around the Pacific Rim.

Monitoring Toxicants and Disease in Alaskan

UAF researcher Todd O'Hara and his team are studying contaminants, and infectious disease in the Arctic. What affect do they have on animals and people? Infectious agents and toxicants can be easily transmitted through commercial, sport and subsistence harvest in Alaska. O'Hara and his team study toxicants that can end up in the food chain, such as mercury, PCB's DDT, lead, and other pesticides. These contaminants can work their way up the food chain and eventually impact human and wildlife health. INBRE toxicology projects study animals that are at the top of the food chain such as arctic fox, polar bear and Stellar sea lions, and numerous subsistence foods.

INBRE investigator O'Hara has reported on how climate change may affect the distribution and accumulation of toxicants and infectious agents. There have been changes in the Arctic climate, and researchers are monitoring how changes may affect what Alaskan fish and animals eat. If diets change because of changing environmental conditions, will these animals be exposed to new or higher levels of toxicants and/or infectious agents? If so, how will this affect their health as well as the health of Alaskans who rely on fish and game for food?

Another of O'Hara's roles is to study and understand how infectious diseases are present in Alaska, and how they can be transmitted to the public via handling and consumption of fish and wildlife. For example, there have been periodic outbreaks of rabies in Arctic foxes on the North Slope; this is potentially hazardous to North Slope residents and oil field workers. When INBRE monitoring efforts find potentially harmful diseases such as rabies, they are reported to state epidemiology officials and the Center for Disease Control (CDC) via the appropriate management agencies (such as the Alaska Department of Fish and Game). The better these

outbreaks are understood, the better the public can be educated about the associated dangers, and the measures that can be taken to avoid contact with the diseases.

INBRE Outreach Sparks Excitement about Science

According to INBRE outreach coordinator Sue Hills, their goal is to get students (especially Alaskans) in the "pipeline" that leads to careers in health and science. The earlier they can get students involved in science the greater the potential that students will go on to study science and to make a career in science or health related fields. There is an acute shortage of qualified health care workers and scientists in Alaska. Students who have been involved in the program stay in school, and a high percentage have gone on to college, many in science and health. Many have returned to Alaska.

According to Hills, "if UAF can help get students interested in science and health care early on and provide them with some of the tools that will help them continue their education, we feel we can have a positive impact on filling health care and other science-related positions in Alaska with Alaskans."

INBRE has several programs designed to engage students in the sciences.

Alaska Rural Research Partnership (ARRP)

ARRP involves Alaskan high school students in scientific research in their own villages and encourages them to consider science and health care careers. The goal is to bring meaningful, hands-on science to rural schools using modern molecular biology. ARRP students study genetics of the animals that Native and rural children eat. Students are encouraged to graduate high school and go on to college (hopefully pursuing careers in the sciences).

Nearly 60 students, at six sites, from 11 villages, have been involved in ARRP. The students have looked at genes in caribou, reindeer, whales, and salmon. Students have also determined gender in humpback whales, investigated soil bacteria and parasites using genetics.

ARRP loans about $10,000 worth of lab equipment to each partner school, and provides chemical supplies, genetics training for teachers and students, and technical support. The school supplies students, teachers, and a small lab area. Students work during free periods or before or after regular school hours. ARRP sets up a complete genetics lab in the schools with equipment similar to what you would find in a UAF lab, such as a centrifuge (used to isolate DNA samples), a thermal cycler, a PCR (polymerase chain reaction) machine, pipettes, racks and other equipment. Students participate in either the Alaska Science Symposium or the Alaska State Science Fair. The presentations give them experience in critical thinking, scientific writing, and public speaking. Students have competed in local, regional and even national science fairs. Each student completing the project is awarded up to $1,500 as a scholarship to the college of their choice.

ARRP has been very successful. Of the approximately 115 ARRP students, most are Alaska Native. All participants have gone on to graduate from high school. Seventy-five percent of those graduates went on to attend college. To date, most have either graduated from college, or they are still attending school. Many of them are in science and health-related fields.

Alaska Summer Research Academy (ASRA)

The course was started in 2004 by a nurse at Fairbanks Memorial Hospital (FMH) in response to the serious shortage of nurses in Alaska. UAF and FMH teamed up in 2007. During two-week modules, students are exposed to several areas of health care services including handling traumas, x-rays, pharmacy, and operating room procedures. Learning about health care fields gives them an opportunity to think about careers in specific areas while they are still in high school and have time to adequately prepare academically for these challenging careers. The program has created a great deal of excitement; in 2008 there were more applications than spots available. ASRSA is a life-changing experience for many students.

The hospital is going to track students after they graduate high school (the first group graduated in 2008) to see if they continue in health and science-related careers. The hope is that some of them will take health care and science jobs in Alaska when they finish their education and help reduce the significant need for health care professionals in the State. ASRA is currently offered at four schools and will be adding four more schools each year, for the next five years.

Rural Alaska Honors Institute (RAHI)

RAHI was started in 1982. The program brings honors level students from rural communities, as well as Alaska Native honors students from semi-urban areas, to the UAF campus for six weeks. The focus is on math, English, and various science classes. Students who graduate earn between seven and 11 college credits.

RAHI II the Next Step started in 2007 with about a half-dozen students. RAHI students are introduced to more hands-on laboratory techniques, and they participate in real research side-by-side with top UAF scientists. The students take part in top-level experiments. They work with the same high-tech, expensive equipment that graduate students, PhD candidates and the researchers do. Students also earn college credits for their work.

UAF Student Support

Many undergraduate students are not sure if they want to go into a science or health-related degree program. INBRE helps them gain exposure to science in the labs. This helps them understand why they are taking calculus, chemistry, etc. They become comfortable with faculty and staff, and with basic lab procedures. The hands-on lab work and their personal contact makes them feel more comfortable when they are deciding whether to pursue science beyond the undergraduate level. INBRE also helps UAF students interested in medicine apply for the University of Washington's WWAMI program which is administrated through UAA. There are 20 scholarships available and nearly 100 UAF students who apply annually.

WWAMI is a partnership between the University of Washington School Of Medicine and the states of Wyoming, Alaska, Montana, and Idaho. The WWAMI program's purpose is to provide access to publicly-supported medical education across the five-state region. Each of the participating states designates a specific number of medical school seats. These are supported through a combination of appropriated State funds and student tuition which cover the full cost of medical education. The tuition paid by students in Wyoming, Alaska, Montana and Idaho is the same as that paid by Washington state residents. This allows for publicly supported medical education in states where no freestanding medical school exists.

Outcomes of the program at the University of Washington School of Medicine and WWAMI indicate that, over 30 years, 61 percent of graduating students stay within the five-state area to practice. Over the past 20 years, nearly 50 percent of graduating students have chosen to pursue careers in primary care. This is particularly important since 35 percent of the population in the WWAMI region lives in rural, generally underserved areas. Upon graduation, an estimated 20 percent of WWAMI graduates will practice in Health Professional Shortage Areas (HPSAs) following graduate medical education.[16]

[16] University of Washington Medicine website 2/7/2009 http://uwmedicine.washington.edu/Education/WWAMI/

Life Sciences Academic Programs

Life Sciences Programs

Through the Department of Wildlife and Biology in the College of Natural Sciences and Math UAF offers undergraduate and graduate programs in biology, botany, wildlife biology, chemistry, biochemistry, molecular chemistry, environmental chemistry, fisheries, marine biology, ocean fisheries, natural resources and agricultural sciences. A wide range of classes are offered in life sciences including: ecology, conservation biology, and environmental sciences; wildlife biology; zoology, animal physiology and animal behavior; plant biology; marine biology; cell and molecular biology; and genetics and evolutionary biology. There are a substantial number of students not pursuing a life sciences degree who enroll in Life Sciences courses for other reasons, including fulfillment of Core curriculum requirements.

This wide range of programs offers exceptional opportunities for Alaskans to engage in education that could lead to careers with policy-making agencies that are essential to our state such as the Alaska Department of Fish and Game, US Fish and Wildlife Service and the Nation Park Service.

When top researchers are attracted to UAF, they not only bring their research skills but also increase the number and quality of classes that can be offered at UAF. Additionally, the availability of high-quality research options provides critical hands-on experience for students to apply their academics. UAF must have high quality facilities for research and teaching to attract the best scientists to the campus. One example is Karsten Hueffer and assistant professor of microbiology. Hueffer came to UAF as a part of INBRE's capacity-building grants. Since arriving at UAF, Hueffer has added one class in infectious disease and another in virology. The availability of specific classes like these, taught by skilled scientists, benefits a range of students from those in pre-health to those looking for careers in research.

Enrollment

Total enrollment in UAF life sciences classes is nearly 1,200 students. UAF life sciences programs, most specifically biology, have seen the greatest increase in enrollments at UAF in recent years.

- With nearly 500 degree-seeking students, UAF biology and wildlife programs are among the largest degree programs in the entire UA system.
- The largest undergraduate enrollment increases at UAF have been in biology and wildlife, with an increase of 25 percent from 303 to 380 over a ten-year period (1998 to 2007). Total undergraduate enrollment in life sciences increased by 8 percent, from 473 to 513.
- There were just over 300 graduate students enrolled in life sciences programs. The largest increase over the ten-year period was in biology and wildlife, with a 48 percent increase from 76 to 119 enrollments.
- Undergraduate enrollment in biological sciences increased by 26 percent, from 217 in 1998 to 275 in 2007. Graduate enrollment in biological sciences increased by 170 percent, from 20 in 1998 to 54 in 2007.

Alaskan Graduates Benefit Alaska

Producing workers who have the skills needed by Alaskan businesses, government and agencies is a crucial contribution of UA to the economy of Alaska. In addition to providing the skills and services needed by the state, UA graduates also contribute to the Alaskan economy at a higher level than non-graduates (on average, university graduates earn substantially more over their lifetime than non-graduates).

Alaskan graduates tend to live and work in Alaska, helping the economy grow, and serving state residents. While there has not been a specific study of UAF life sciences program graduates, there are several indicators of the value these graduates offer to the state of Alaska and its residents.

A McDowell Group study of UA graduates[17] showed that in 2006, two-thirds of UAF graduates (from 1989 to 2006) were still living in the state of Alaska, and 54 percent were known to be working in the state. (Note: Employment information was based on private sector, state and local government employment. Graduates working for the federal government or the self employed were not counted. Therefore, it is likely that more than 54 percent are working in Alaska.) Rural Alaskan graduates have an even higher likelihood of staying in the state after graduation.

As of 2005, nearly three-quarters (73 percent) of the UAF graduates still living in Alaska worked in a field related to their UAF education. This high retention rate is an important element in creating economic growth within the state.

UAF Graduate Careers

The tables on the following pages show a sample of some of the agencies and businesses where UAF life sciences program graduates have been employed. The tables of employers and positions were compiled informally in October 2008 by UAF faculty for UAF masters and PhD graduates. The tables do not represent all UAF graduates, undergraduates or transfers. While not complete, the tables show the variety of important positions that UAF life sciences graduates have filled. Many of these positions have direct influence on issues that affect all Alaskans.

[17] McDowell Group, *The Economic Impacts of University of Alaska, 2007 Update* pg 53.

It is of particular importance to Alaskans that decision-makers in areas such wildlife biology and fisheries understand Alaska and our unique environment. It is clearly preferable to have a UAF graduate making decisions about how and when Alaskans are able to harvest moose or salmon, rather than a biologist trained in the lower 48.

UAF Graduate Careers in Alaska

Employer	Position
ABR Environmental Research Services, Fairbanks	Senior wildlife biologist
Alaska Biological Research	Biological technician
Alaska Center for Coastal Studies, Homer	Director of Programs
Alaska Department of Fish and Game, Anchorage	Area wildlife biologist, assistant area biologist, wildlife biologist, research biologist, fisheries biologist, non-game biologist, statistician, wildlife technician
Alaska Department of Natural Resources, Fairbanks	Natural resource specialist
Alaska Sea Life Center	Research biologist
Fairbanks Christian School	Science teacher
Fairbanks North Star Borough School District	Develop curricula on invasive plants
Flint Hills, Fairbanks	Chemical technician
Hart-Crowser, Inc., Anchorage	Wildlife biologist
Juneau School District	K-12 Teacher
National Park Service, Gates of the Arctic	Research biologist
National Park Service, Denali	Ecologist
National Park Service, Glacier Bay	Research scientist
National Park Service, Wrangell-St. Elias	Biological science technician
Nature Conservancy, Anchorage	Biologist
North Pacific Halibut Commission	Research biologist, analyst,
Petersburg High School	Biology teacher
Providence Hospital	Resident, family medicine
Scenarios Network for Alaska Planning (SNAP)	Network coordinator
School of Fisheries and Ocean Sciences, UAF, Fairbanks	Assistant professor of Marine Mammalogy
US Bureau of Land Management, Glennallen	Wildlife biologist
US Fish and Wildlife Service, Anchorage and Tetlin	Wildlife biologist
US Fish and Wildlife Service, Environmental Contaminants, Fairbanks	Biologist
US Fish and Wildlife Service, Migratory Bird Management, Anchorage	Pilot-biologist
US Forest Service	Research technician, staff scientist
US Forest Service, Petersburg	Botanist
US Forest Service, Yakutat	District forester
US Geological Survey, Alaska Science Center, Anchorage	Research biologist, wildlife biologist, research geneticist

Many UAF life sciences graduates hold key positions in national and international organizations, agencies and schools such as those listed below.

UAF Graduate Careers Outside Alaska

Employer	Position
Ducks Unlimited	Biologist
Middlebury College	Affiliate Faculty
National Park Service	Research Technician, data manager
National Park Service, Painted Rocks, Michigan	Research Biologist
NOAA, National Marine Fisheries Service, CA	Analysis Specialist
Olympics National Park	Staff Scientist
Sierra Nevada Aquatic Research Laboratory, CA	Aquatic Biologist
State University of New York (SUNY) Syracuse	Assistant Professor
Syracuse University, New York	Assistant Professor
University of Oklahoma	Affiliate Assistant Professor
University of Puerto Rico	Assistant Professor
Utah Department of Natural Resources, Provo, UT	Endangered Species Specialist
Yukon Flats NWR	Biologist
Yukon Government	Caribou Biologist
Yukon River Intertribal Watershed Council	Water-quality Monitoring Technician
Yukon River Intertribal Watershed Council	Science, Research, and Mapping Technician
Zymogenetics, Inc., WA	Scientist

Benefits of a New UAF Life Sciences Building

Research Space

There is a current lack of space for researchers at UAF, and many of the facilities are not comparable to high quality labs at competing universities. High-quality research facilities (labs and equipment) are required to attract the caliber of researchers needed to enhance and expand current UAF programs. A new life sciences building will greatly increase UAF's ability to attract high-quality researchers. Adding these talented researchers will also facilitate additional staff positions for post graduates, post doctorates and lab technicians.

Academics

At UAF there is a serious need for modern classrooms that are appropriate for teaching modern science in fields such as marine biology, cell and molecular biology, and genetics. Most of the current science class rooms and laboratories were built in the 1960s. Some Alaska high schools like West Valley and Barrow have newer lab facilities for teaching than those currently available at UAF.

The Need for a New Life Sciences Facility

BIOS

The original solution to the academic and research space problem at UAF was the Biological Sciences Facility (BIOS). The BIOS facility was originally proposed in FY08 with a total square footage of 110,000 square feet. The plan called for 40,000 square feet of teaching space and 70,000 square feet of research space. The cost of the facility in FY08 was $105 million. The $105 million capital budget request was not funded by the legislature in FY08. In FY09, inflation had increased the cost of the facility to $113 million. The $113 million request was not approved in FY09.

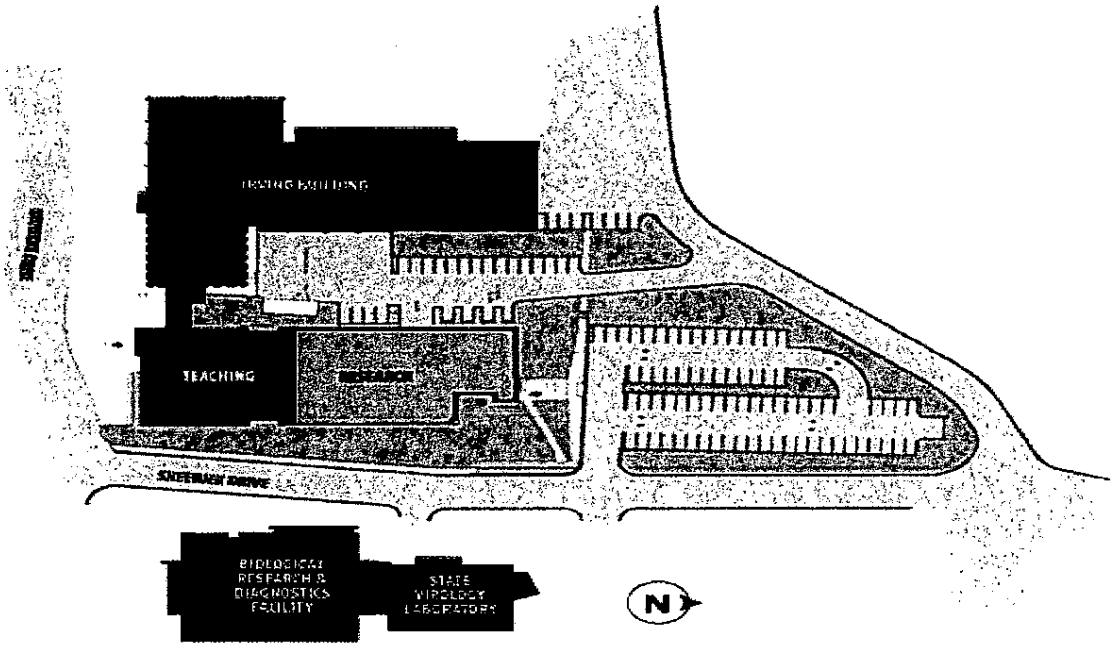
UAF Life Sciences Innovation and Learning Facility

The Life Sciences facility is the UA Board of Regents' number one new capital priority for the UA system. Because of the desperate and immediate need for a new life sciences facility, the UAF project team felt that in order to increase the likelihood of funding for a building, the facility plan should be redesigned to reduce the overall cost, and additional funding should be provided by UAF. The new facility was named the UAF Life Sciences Innovation and Learning Facility and scaled down from 110,000 to 87,000 square feet. The total cost of the new project is $102.8 million. UAF committed to non-General Fund support for 20 percent of the new facility. The FY10 capital budget requests General Funds of $82.2 million with non-General Fund support from UAF of $20.6 million for the Life Sciences facility.

The Life Sciences Innovation and Learning facility is designed to meet the critical need for updated classrooms (both instructional space and lab space) and provide much-needed space that will allow UAF's research programs to continue to grow. The facility will feature 37,000 square feet of academic space, including

approximately 40 classrooms with computer and lab capabilities and a lecture hall capable of seating 80 students. The research space, at 50,000 square feet, will provide 18 research labs and 10 support labs. Additionally, there will be lab space for 12 primary investigators, 36 graduate students and 12 post doctoral researchers.

Life sciences Innovation and Learning Facility Proposed Location



The facility is designed to be constructed in two phases. (The preferred solution is to complete the entire facility in one phase, but it can be completed in two phases if necessary.) The research portion would be constructed first. This would allow for continued growth in research revenues that are critical to UAF and the entire UA system while additional funding is sought to complete the academic portion of the building.

Interaction

As UAF works to transition from their life sciences capacity-building grant programs to seek more competitive grants, they must develop a critical mass of qualified researchers. If additional top-notch scientists can be attracted to UAF, they will in turn attract high quality research staff and students. This critical mass is important to create an atmosphere that enhances teaching and research, and stimulates intellectual growth among faculty and students. It is critical to get Alaskan students excited about research in science and health-related subjects because it will make them much more likely to stay in Alaska.

Because UAF is a small campus with exceptional scientists, undergraduates have the opportunity to work closely with them. Undergraduates actively participate in research at UAF, and their work has even been published alongside top researchers. Students usually do not find these types of opportunities on larger campuses.

Currently biology and other life sciences classes are spread all over campus (mostly away from the building where research is conducted), making logistics difficult for students and faculty – especially when there is a need for laboratory access. New classrooms, all located in the new life sciences building with close proximity to labs and faculty offices, would allow more students to come in contact with research and possibly spark an interest in a life sciences or health-related carrier.

If the new Life Sciences building is completed and UAF is able to attract new high-level research scientists to the campus, these researchers would also teach, increasing the level of academic delivery. This would bring new areas of expertise to the UAF program and build even more capacity for future research. Currently, UAF has to look outside to find top researchers to fill these high-level positions. As life sciences research and academic programs move forward with high-level teaching input from these new researchers, UAF hopes to grow more of their own future researchers.

Proximity to State Virology Lab and BiRD Building

The new Life Sciences facility will be located in the heart of the UAF research campus, on the West Ridge across Sheenjek Drive from the new Alaska State Public Health Virology lab and the Biological Research and Diagnostic facility (known as the BiRD building). Both facilities are heavily used by life sciences researchers. All three facilities would be interconnected. The Life Sciences building would be connected by an underground walkway with the State Public Health Virology lab; the BiRD building is adjacent to the virology lab.

Alaska State Public Health Virology Laboratory

The new $35.5 million Alaska State Public Health Laboratory opened in early 2009 on the UAF campus. The facility provides important routine testing for HIV, hepatitis rabies, rubella, mumps, herpes, rabies, influenza as well as testing for other potentially serious threats to public health such as SARS infections, avian flu, West Nile Virus infections, and norovirus infections. Virus detection services are provided to private and public health care providers throughout the state. The lab also monitors and reports incidents of the outbreaks of disease to national, state and local authorities, and e-mails a weekly report of recent virus disease activity to physicians, nurses, and other interested individuals around the state.

While the Alaska State Public Health Virology lab provides identification and monitoring serves that contribute to public health, to date they have not been tasked with studying what they find. Locating the new Life Sciences facility in close proximity to the Alaska State Public Health Virology lab will allow for close coordination of the virology labs' monitoring function and the high-level research functions available at UAF.

According to Dr. Bernd Jilly, Chief, Alaska State Public Health Laboratories, locating the new state lab on the UAF campus near scientists who conduct basic and applied research was extremely important. The state does not currently have a clinical virologist. They are trying to create a senior virologist position that will be co-funded by the state and UAF. By combining resources with UAF, they will enhance their ability to attract a top quality scientist. This position would run the lab, teach classes at UAF and do basic virology research.

The virology lab will be able to more closely monitor what diseases are present in the state. For example, flu strains start in China, then move east through Alaska, the US and on to Europe. If strains can be identified early, therapies can be developed in time to help prevent serious health problems in other parts of the

country and the world. Another issue of concern is norovirus. Over the last few years, bouts of norvirus have taken place in Southeast Alaska. Likely transferred from cruise ship passengers, the illness can lead to dehydration from loss of body fluids. If outbreaks can be quickly identified, the number of infected people can be reduced. By having a high-level virology scientist available, the state can likely reduce the incidence of illness in Alaska, resulting in less days of missed school and work (which can have a negative economic impact on the state).

Additionally, the state wants to develop a Level III laboratory where potentially dangerous microbes (such as rabies) can be safely studied. UAF currently has the researcher capability but not the laboratory capability to study level II microbes.

BiRD Building

Locating the new Life Sciences facility in close proximity to the BiRD building provides researchers with direct access to this state-of-the-art animal facility. The BiRD facility meets the specific needs of modern researchers by providing them with modern tools for their research. Close proximity allows researchers to better coordinate acquisition of lab animals such as rats and mice without exposure to inclement weather and potential contamination.

Economic Impacts of Life Sciences

Construction Impacts

The new Life Sciences building will facilitate long-term employment and spending in Alaska. Additionally, there will be a substantial level of short-term employment and economic activity related to construction in Fairbanks and in other areas of Alaska.

The original BIOS plan was for construction to take place from 2008 to 2012. According to McDowell Group research,[18] statewide output associated with BIOS facility construction would be substantial, with $170 million in total direct economic output, $80 million in labor income, and annual average employment of 370 workers over a four-year construction period. A total of $145 million ($103 million for construction, plus $42 million in indirect and induced spending) would enter the Fairbanks economy.

The economic effects of this project would benefit other areas of the state, primarily Anchorage, Mat-Su and the Kenai Peninsula. To a large degree, Anchorage is the commercial hub for all of Alaska. Construction companies, engineering firms, wholesalers and retailers, and many other types of businesses are headquartered in Anchorage. Further, large volumes of freight destined for the Interior move through the Port of Anchorage. With half of Alaska's population, the Anchorage area (in combination with the Matanuska-Susitna Borough and Kenai Peninsula Borough) is home to a large pool of skilled construction labor. Because of this, construction activity in the Interior stimulates economic activity in Southcentral Alaska.

[18] The Economic Impact of the University of Fairbanks Biosciences Facility (BIOS) McDowell Group, 2006

Total economic output for the Southcentral region of the state from construction of the new Life Sciences facility would be $20 million, with total direct and indirect annual average employment of 50, and total payroll of about $8 million. The vast majority of these benefits would occur in the Anchorage area.

Research Spending

Most UAF direct research expenditures are for wages and benefits. Most other expenditures are for items such as contracted services, equipment, commodities, travel, and student aid, and are purchased within the state. While UAF research spending has the greatest impact in Fairbanks and the vicinity, a significant amount of UAF research spending takes place in Southcentral Alaska. According to the McDowell Group,[19] one-third of all UAF spending takes place in the Anchorage and Mat-Su areas.

The Economic Value of Researchers

One way to estimate the economic value of a researcher to the state is to take an average of the research revenue a top-level researcher is expected to bring and look at the multiplier effect. According the economic modeling system IMPLAN, for every dollar spent on university research in Alaska, there is additional economic activity worth $0.70. [20] On average, an experienced top-level researcher would be expected to bring in annual grants worth between $300,000 and $1 million to fund research (including a portion of their salary and benefits, and the salaries and benefits of a research team).

Multiplying the average range of $500,000 to $600,000 in grants acquired per year, per researcher, by the 1.7 IMPLAN multiplier used for university research in Alaska[21] results in a range of $850,000 to $1.2 million in economic activity for the state, per researcher. Therefore, 12 research positions at UAF represents approximately $10.2 million to $12 million in economic activity for the state.

In general, the largest portion of research expenditures are for wages and benefits. Looking at just the value of wages and benefits generated by a research team provides another measure of a researcher's economic value. There is variability in the size of team that a researcher is able to assemble. Factors that can shape the content of a research team include total funding, subject matter, and availability of lab space. Currently, an average research team at IAB consists of one researcher, one graduate student and one or two technicians. Wages and benefits paid to research teams are in the range of $350,000 to $400,000 annually. For the purpose of this example we will use an average of $375,000 per team. The current facility plan has room for 12 primary investigators, as well as 36 graduate students and 12 post doctoral researchers. A dozen research teams worth an average of $375,000 in wages and benefits would result in approximately $4.5 million in direct wages and benefits.

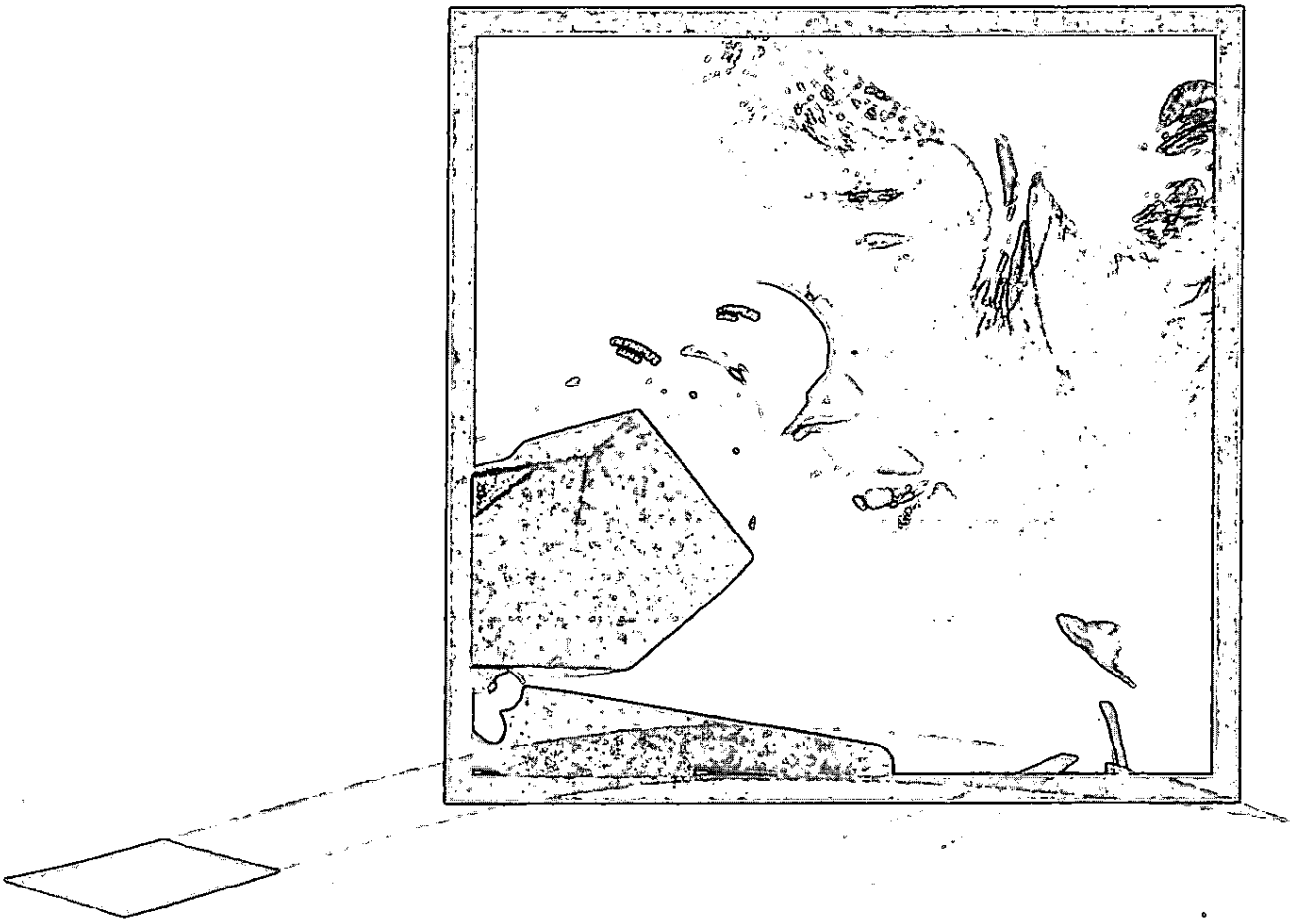
A realistic scenario when the new facility is built will be movement of eight to ten current researchers (who need an updated facility) to the new building and the addition of two to four new researchers. As researchers move from their current space into the new facility, the space they vacate will be rehabilitated and used by other researchers (also increasing their potential to acquire new grants). It seems reasonable to assume that, based on a facility with space for 12 researchers plus the resulting space made available by intercampus

[19] McDowell Group, *The Economic Impacts of University of Alaska, 2007 Update*
[20] Minnesota IMPLAN Group, *IMPLAN Professional Version2*. 2006: Stillwater, MN
[21] Ibid

moves, UAF could see an increase in new research-related wages and benefits in the range of about $1 million to $3 million annually. In addition to these wages and benefits, there would be increases in direct spending for goods and services. Indirect and induced impacts would have further positive effects on the Alaskan economy.

UNIVERSITY OF ALASKA FAIRBANKS

LIFE Sciences



Life Sciences
Classroom and Lab Facility

An integrated research
and teaching facility
for all of Alaska

UAF

Alaska's First University

5299

BY THE NUMBERS

UAF ranks in the top 100 of the nearly 700 U.S. universities that conduct research, in the top 70 among public universities, and in the top 20 among public universities without medical schools.

A recent McDowell Group study shows that for every $1 million invested by the state in university research, 149 jobs are created with $4.8 million in payroll and another $1.5 to $2 million in purchases. Since UAF accounts for 90 percent of all UA research, we are the primary contributor to those jobs and purchases.

The University of Alaska Fairbanks is accredited by the Northwest Commission on Colleges and Universities. UAF is an AA/EO employer and educational institution. All UAF photos by Todd Paris, except page 2, UAF photo by Allison Blanchard.
Produced by UAF Marketing and Communications. 02/2010

www.uaf.edu

INTRODUCTION

The University of Alaska's Life Sciences Classroom and Lab Facility will replace cramped and antiquated research and teaching space at UAF. The building will integrate teaching and research in biological, wildlife and biomedical sciences; improve the university's competitive research position; strengthen Alaska's economy; improve undergraduate and graduate training for necessary careers in the biological sciences; and support research relevant to Alaskans and the nation.

Life sciences includes research on obesity, diabetes, sudden infant death syndrome, avian flu, food safety and nutrition, heart-attack and brain-injury treatments, and suicide and substance abuse prevention; and undergraduate and graduate programs covering a broad range of the biological sciences, including human biology, cell and molecular biology, genetics, mammalogy, and wildlife biology and conservation.

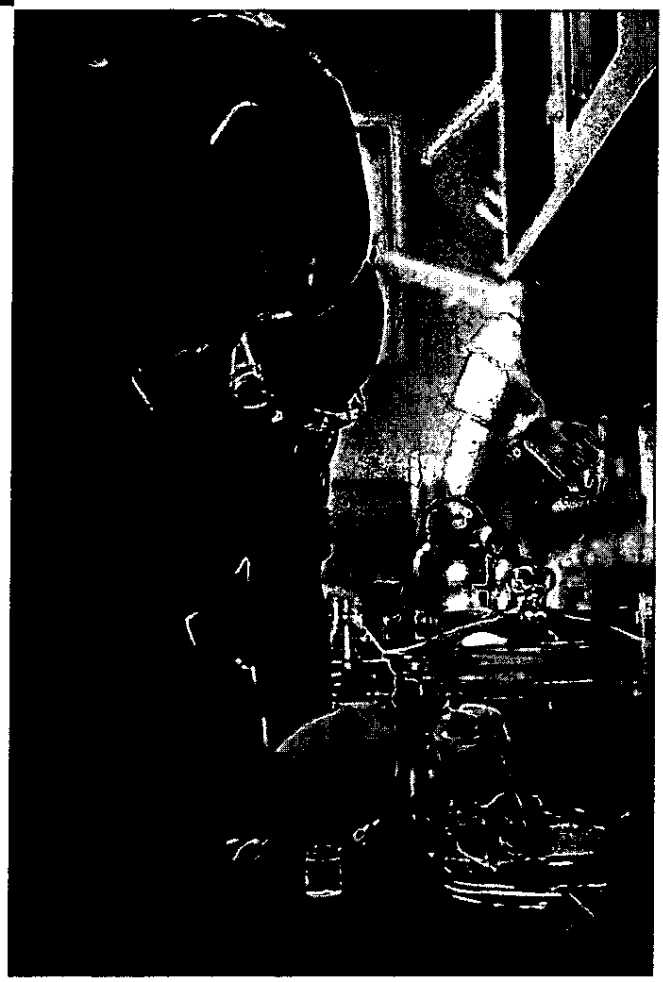
Life sciences trains biologists who improve the quality of life for all Alaskans. Graduates include doctors, nurses, dentists and physical therapists; veterinarians; teachers; and biologists in all of the state and federal agencies in Alaska (e.g. U.S. Fish and Wildlife Service, Alaska Department of Fish and Game, National Park Service) which manage our natural resources for their scenic value and hunting and fishing. Many life sciences graduates remain in Alaska and continue to contribute to the state's economy and way of life.

The facility is UA's top priority for new construction, and understandably so when you consider the statewide impact of the teaching and research that will take place within its walls.

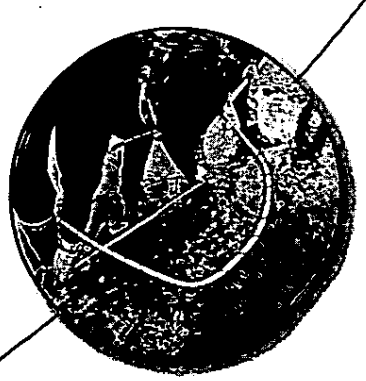
Enrollment and research in this area has been surging, but we've packed too many people into too-small classrooms and laboratories for too long already.

The Life Sciences Classroom and Lab Facility is needed now — for all of Alaska.

Brian Rogers, Chancellor, University of Alaska Fairbanks



Undergraduate student Sargent Shriver (red shirt) works with Professor Abel Bult-Ito mixing drugs to feed mice as part of his neuroscience research in the Arctic Health Research Building. Below: Exchange student Zachary Brown collects spawning salmon from the Salcha River during a fisheries health study.



LIFE SCIENCES

= Teaching for Alaska

UAF's biological sciences program prepares students for high-demand careers and advanced degrees in all areas of biological sciences including animal and human health, wildlife management, physiology, ecosystems studies and others. As the state's only doctoral degree-granting institution, UAF's expertise in basic biological research provides an exceptional opportunity for students to learn in an environment that integrates teaching with cutting edge research. Increasing numbers of undergraduate students are combining coursework with a faculty-guided research experience.

All of UAF's biology teaching facilities date from the 1970s or earlier. Although there have been some renovations, they have not been adequate to accommodate the 25 percent growth in enrollment over the past decade, or to ensure the employment competitiveness and competency of Alaska graduates in biological disciplines that are undergoing dramatic changes.

Since 1999, enrollments in biology and wildlife have increased by 25 percent while there has only been a 5.5 percent increase in teaching space, which was achieved through reassigning existing space.

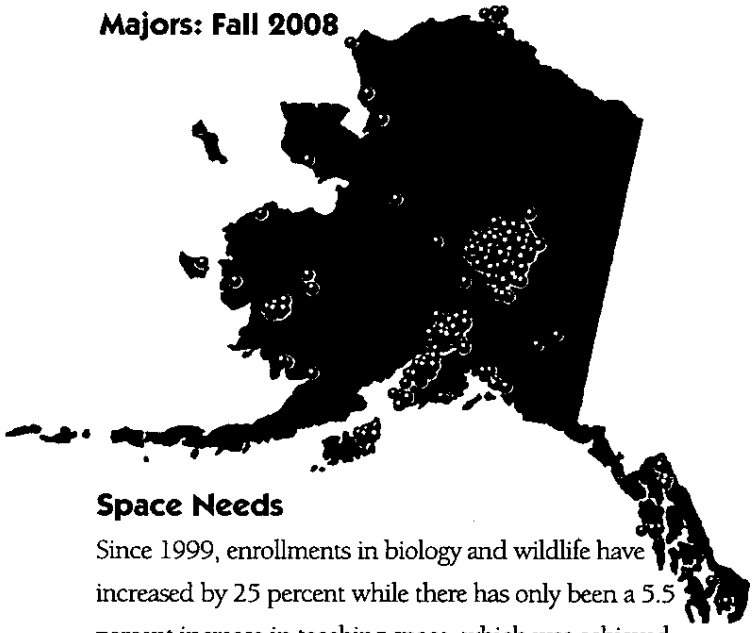
The Life Sciences Classroom and Lab Facility will provide versatile state-of the-art laboratories to support research and teaching in cell and molecular biology, physiology, infectious diseases and neurobiology; several classrooms, including a 150-seat auditorium; and a centralized instructional and administrative home for the Biology and Wildlife Department. The facility will allow continued growth of life sciences research and academic programs. Growth in the life sciences research and graduate programs (grants and student numbers) is nearly capped now because of space limitations.

Students have been turned away from classes and labs because of inadequate space.

Alaskan Student Needs

- Of the 444 undergraduates majoring in biology and wildlife programs in FY08, close to 75 percent are from Alaska.
- More than 40 percent of all Alaska biology and wildlife students are from outside the Fairbanks North Star Borough.
- Biology courses support students in associated fields such as chemistry, biochemistry and psychology. Biology courses are popular with students in all majors who take them to fulfill the science core curriculum requirement.

Community of Origin of Biology and Wildlife Majors: Fall 2008



Space Needs

Since 1999, enrollments in biology and wildlife have increased by 25 percent while there has only been a 5.5 percent increase in teaching space, which was achieved through reassigning existing space. UAF's biological sciences program requires more adequate space for this burgeoning area of studies. Students have been turned away from classes and labs because of inadequate space. **For example, BIOL 342 (Microbiology), a course required for pre-med and other related degrees, turns away students due to the small room size for teaching the lab.**

Personnel with the Alaska Bird Observatory measure and band migratory birds at the Creamer's Field Migratory Waterfowl Refuge. Pictured is a slate-colored junco.

Positive Outcomes

Graduates of the UAF biology and wildlife program go on to careers across the state — and beyond — in jobs that affect all Alaskans. Our graduates have become physicians, dentists, nurses, physical therapists, physician's assistants and veterinarians.

We have produced scientists such as David R. Klein and George Schaller who have received national and international recognition for their work in wildlife biology. Our program has trained commissioners for wildlife (Jim Brooks, Ronald Skoog) and natural resources (Bob LeResche) as well as more than 40 other positions in research and management for the state of Alaska, including the Department of Fish and Game, the Department of Natural Resources, the Department of Environmental Conservation, and the Department of Transportation and Public Facilities.

Our graduates hold positions at the U.S. Department of the Interior (National Park Service, U.S. Fish and Wildlife Service, U.S. Geological Survey) and in private-sector organizations (Audubon, Ducks Unlimited, Defenders of Wildlife, World Wildlife Fund, and ABR, Inc. Environmental Research and Services).

LIFE SCIENCES

= Research for Alaska and Alaskans

Lack of sufficient research space continues to hamper UAF life sciences research programs. After growing rapidly between 2000 and 2006, research funding has been flat since 2007. Since UAF researchers secure 90 percent of all UA system research grants, and many research projects are collaborations between UAF and UAA, this single project has a great financial impact on the entire state of Alaska.

Founded in 1963, the Institute of Arctic Biology advances basic and applied knowledge of high-latitude biological systems through the integration of research, student education and service to the state of Alaska and beyond. IAB supports research and graduate education in wildlife, physiology, genetics and evolutionary biology, ecology and ecosystems, biomedicine, and bioinformatics and computational biology.

UAF's future research success will be determined by the construction of this important facility.

Life Sciences = Life Saving

Alaskans are front-line recipients of assaults from environmental agents causing disease. The health impacts of global climate change stem in part from the spread of infectious agents including new and emerging diseases, mobilization of contaminants, and shifting availability and quality of subsistence foods. Alaska is subject to extreme seasonality, which can be challenging to humans and animals alike. Nowhere else is the concept of "One Health" more relevant than Alaska, where the health of people, animals and the environment are inextricably linked.

UAF life sciences research includes studies on environmental agents and diseases, with a focus on diseases of public health importance to the state, such as the avian influenza virus and diabetes.

UAF life science research includes neuroscience studies that are important to Alaskans, such as understanding and preventing sudden infant death syndrome and protecting against brain injury following heart attack or stroke.

UAF life science research includes ecological and wildlife research in areas such as understanding climate change effects on Alaska and other northern ecosystems, and the occurrence and risk of contaminants in wildlife and in subsistence foods.

Additionally, the co-location of research with the teaching component of life sciences allows for better collaboration between the two areas.

UAF life science research is real and relevant to the people and the state of Alaska.

The Life Sciences Classroom and Lab Facility is the final structure of a trio of interconnected buildings on the UAF campus to house and support the university's developing programs in life science research, specifically the study of disease-causing agents.

The **Biological Research and Diagnostic (BiRD) building**, completed in early 2007, provides the animal research support infrastructure to work with animal models of human disease.

UAF's research **success depends on immediate funding** for the Life Sciences Classroom and Lab Facility.

Since 2001 IAB has shown more growth in research expenditures than any other research unit in the UA system.

The new state virology laboratory is a key part of this effort. Connectivity to both BiRD and the new life sciences facility is integral to the new collaborative research effort between the state and the university in areas such as state health and environmental safety.

This trio of buildings is an example of what can be done when the university and the state work together. Fostering and promoting an integrated working relationship between the university's life sciences program and the state's public health laboratories will significantly benefit human health in Alaska.

"Life" Partners

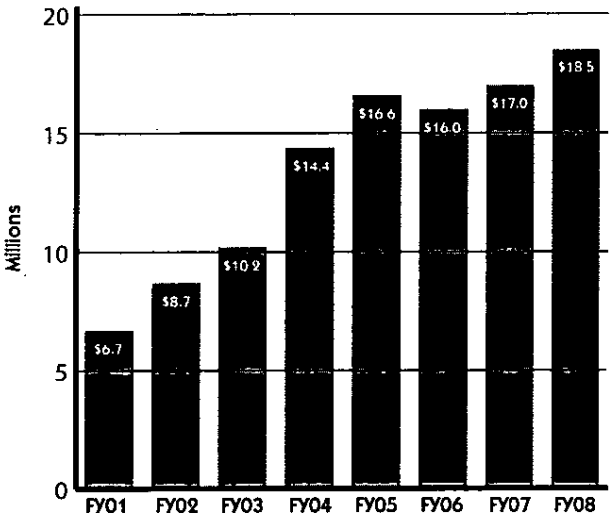
Life sciences research at UAF is conducted in partnership with many local, state and national agencies, which have included the following over the years:

- Alaska Department of Environmental Conservation
- Alaska Department of Fish and Game
- Alaska Department of Health and Social Services
- BP Exploration Alaska Inc.
- Bureau of Indian Affairs
- Bureau of Land Management
- Kenai Peninsula Borough
- National Institutes of Health
- National Park Service
- National Oceanic and Atmospheric Administration
- National Science Foundation
- North Slope Borough
- U.S. Geological Survey
- U.S. Fish and Wildlife Service
- U.S. Department of Agriculture
- U.S. Department of Health and Human Services

Life Sciences Research Expenditures

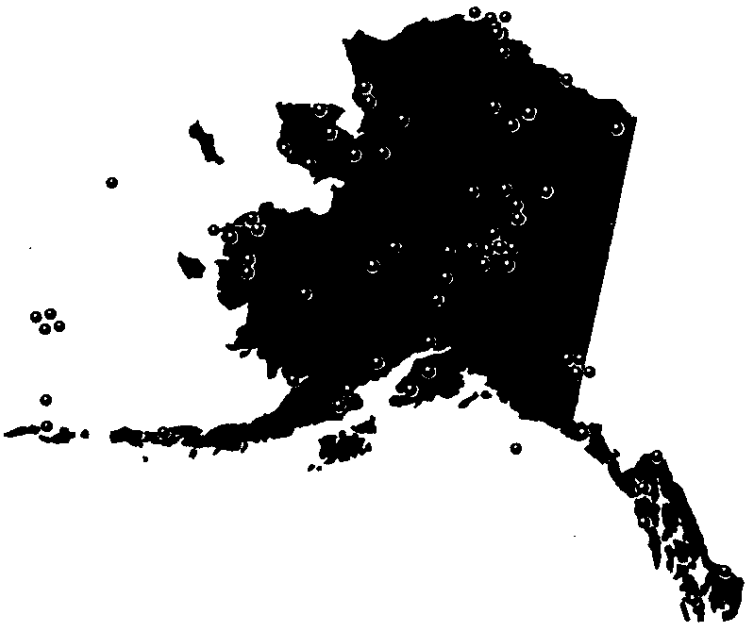
Since 2001 IAB has shown more growth in research expenditures than any other research unit in the UA system.

IAB Research Expenditures



Reaching Across the State

Areas in Alaska where life science research is conducted:



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LIFE SCIENCES

= Alaska

An integrated research and teaching facility for all of Alaska

The Life Sciences Classroom and Lab Facility will allow UAF to:

- address a critical shortage of instructional classrooms and research lab space for life sciences programs, UAF's most popular degree programs.
- meet the goals of the UAF Strategic Plan 2010 by providing required infrastructure for research and academic programs.
- provide space to attract and retain talented research investigators to secure competitive research grants.

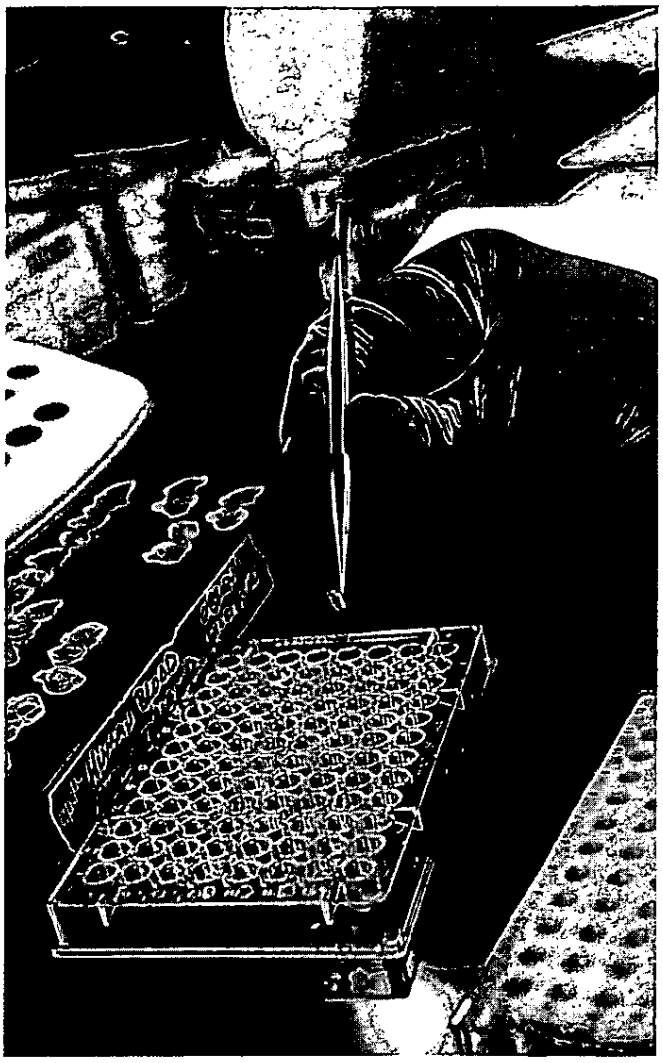
The Life Sciences Classroom and Lab Facility is needed for Alaska to maintain high standards of instruction, training and research.

Project Scope

The Life Sciences Classroom and Lab Facility will feature modern academic space for more than 600 biology and wildlife degree students and more than 1,200 students who take biology courses each year.

Research space will feature a series of labs for as many as 12 lead researchers who will also employ seven to 10 scientists each.

The facility will connect 40,000 square feet of academic space with 57,700 square feet of research space. Once complete, space in other buildings will become available for renovation and reassignment for other programs, creating a domino effect that will benefit all students, staff and faculty at UAF.



FY11 Capital Budget Request

New construction .....$88 million general fund

New construction ... $20.6 million nongeneral fund

Capital request .....$108.6 million

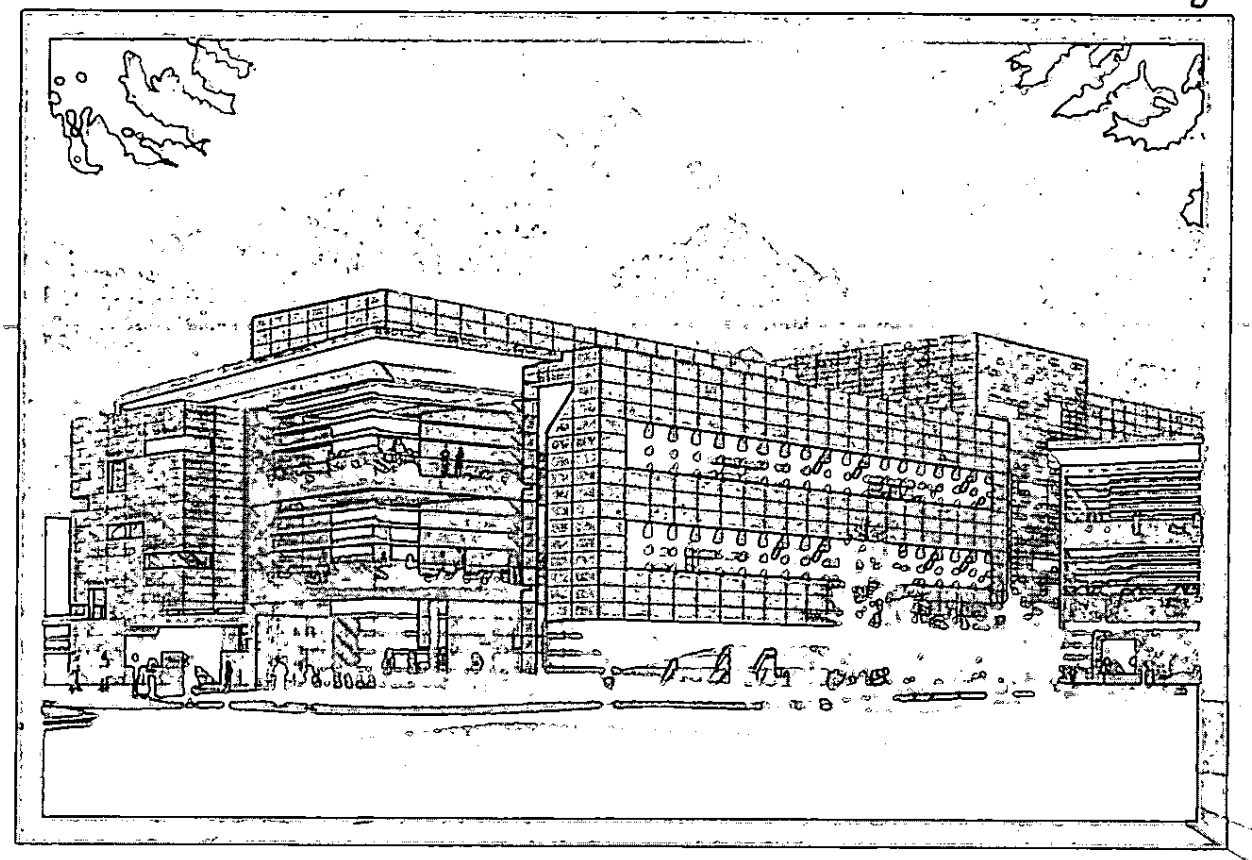
BY THE NUMBERS

Compared to the mid-1990s, UAF now conducts four times the level of research activity with only 25 percent more space.

Investment in life sciences research provides a high return; every $1 in state funds leverages an average of $6 in federal research funding.

LIFE SCIENCES

Classroom and Lab Facility



UAF

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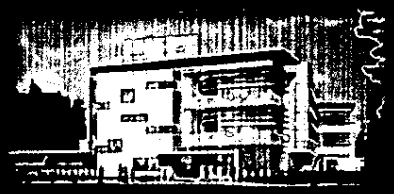

FY11 Capital Request:
$87.9 Million GF
UA receipt authority
$20.6 Million

UNIVERSITY of ALASKA
Many Traditions One Alaska

UA LIFE SCIENCES

Project Description

The University of Alaska's Life Sciences Classroom and Lab Facility will replace cramped and antiquated research and teaching space at UAF. The need for space is so great that some graduate and staff scientists are currently housed in a fleet of nine temporary ATCO units.

The proposed 98,000 square-foot building (approx. 40,000 SF teaching space and 57,700 SF research space) will:

- ✓ integrate teaching and research in biological, wildlife and biomedical sciences;
- ✓ improve the university's competitive research position;
- ✓ strengthen Alaska's economy;
- ✓ improve undergraduate and graduate training for necessary careers in the biological sciences;
- ✓ and support research relevant to Alaskans and the nation.

Life Sciences faculty and students are productive and well-respected internationally for their research and quality of education. However, current classroom and laboratory facilities are inadequate for modern learning, research and collaboration. The project has been on the Board of Regents' request list for each of the last 10 budget cycles.

Research Needs

- ✓ Current lack of space and outdated facilities weakens the university's ability to attract top students, faculty and researchers. This in turn hampers faculty in securing research grants for projects important to Alaskans.
- ✓ This single project has great impact on the entire UA System as well as the state of Alaska:
  - o UAF researchers secure 90 percent of all UA System research grants; many research projects are collaborative between UAF and UAA and many are of great importance to Alaskans.
  - o Potential discoveries related to obesity, diabetes, SIDS, avian flu, food safety and nutrition, wildlife and climate change, treating heart attack and traumatic brain injury, and preventing suicide and substance abuse are a few examples of the hundreds of research projects currently under way.
- ✓ The facility will be located next to the State of Alaska Virology Lab, to facilitate collaboration/partnership opportunities in state health and environmental safety.
- ✓ Investment in Life Sciences research provides a high return; every $1 in state funds leverages an average of $6 in federal research funding.
- ✓ UA research supports good jobs in Alaska communities, with an annual payroll of $92 million split 50-50 between UA and the private sector.
- ✓ The new Life Sciences building will open additional research space and facilities, including a new research greenhouse, for other important programs on UAF's West Ridge, such as ecology and climate change research.

Teaching Needs

- ✓ Biology is UAF's largest undergraduate major and supports the largest graduate student program.
- ✓ Many graduating seniors have engaged in undergraduate research thanks to the guidance of quality research faculty—directly linking research with teaching.
- ✓ The United States lags other countries in science and math. Alaska must invest in its own people to secure a solid economic future.
- ✓ A strong Life Sciences program is the foundation for preparing Alaska students for high-demand science careers in human, wildlife and environmental biology, as well as advanced degrees in animal and human health.
- ✓ UAF biology and wildlife graduates work for, and bring local knowledge to, in-state hospitals and the health-care industry, environmental consulting firms, and local, state and federal agencies including schools, the state Department of Fish and Game, the National Park Service, the U.S. Fish and Wildlife Service and the U.S. Forest Service.
- ✓ Life Sciences programs are dispersed across campus; a single location is critical to ensure proper student mentoring, integration and collaboration across disciplines.

Project construction benefits

In addition to long-term economic benefits of research, the state's $88 million investment in the facility (matched by $20 million in non-state funding) will provide short- term benefits:

- Approximately $170 million in direct and indirect economic output during construction
- About 370 workers employed over the construction period will earn estimated $80 million payroll

State of Alaska

Department of Revenue

Administrative Services Division

SEAN PARNELL, GOVERNOR

333 Willoughby Avenue, 11th Floor

P.O. Box 110400

Juneau, Alaska 99811-0405

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January 20, 2010

The Honorable Bert Stedman
Senate Finance Committee
Alaska State Legislature
State Capitol
Juneau, AK 99801

Dear Senator Stedman:

Senate Bill 226 was read across the floor on January 19, 2010 and transmitted to the Senate Finance Committee for consideration. I respectfully request a hearing to be scheduled at your earliest convenience for the certificates of participation (COP) for the crime lab and University life science building to be discussed.

This bill requests that the legislature approve the issuance of COPs for the construction, acquisition and equipping of the Alaska Scientific Crime Detection laboratory in Anchorage; providing that the Department of Administration would enter into a lease-purchase agreement with the Department of Public Safety.

The bill also requests that the legislature approve the issuance of COPs for the construction, acquisition and equipping of University of Alaska Fairbanks Life Sciences Building; providing that the Department of Administration enter into a lease-purchase agreement with the University. The bill would also authorize the University to issue revenue bonds for a portion of the building project funding.

If the Committee requires any additional information, please contact me.

Sincerely,

Ginger Blaisdell
Director

ALASKA SCIENTIFIC CRIME LABORATORY REPLACEMENT PROJECT

Legislative Brief
SB 226/HB 299

February 18, 2010

Prevent crime...protect Alaskans

5312

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EXECUTIVE SUMMARY

Summary: The state needs a new crime lab to prevent crime and protect Alaskans. The proposed lab is the right size. It is the right cost. It will benefit Alaskans now and long into the future.

This legislative brief presents general information about the Alaska Scientific Crime Laboratory Project in support of SB226/HB299, a bill to provide $75.75 million in funding for finishing lab construction. The brief explores the following topics:

- Benefit
- Scope
- Cost
- Status

The benefit: prevent crime and protect Alaskans

Alaska ranks 1st in the nation in rape and 9th in violent crime. The state clearly needs a new lab to responsibly attack its problem. A new lab does more than process evidence to convict the guilty. It actually reduces rape and other violent crime rates by preventing some of these crimes from occurring in the first place.

It prevents crime in several ways. The capacity of a new lab provides more timely analysis of evidence to move perpetrators off the street before they commit more crimes. Most significantly, for the first time it enables the state to apply DNA techniques to evidence from "gateway crimes" such as home burglaries, providing possible answers when latent fingerprints cannot. Evidence from these crimes often link criminals to more serious crimes and gets them off the street before they victimize others.

A new lab protects Alaskans in other ways. It can shield the innocent from false accusation with timely evidence processing to clear them of suspicion. And it can lead to the exoneration of the wrongly convicted.

Further, new laws virtually mandate the construction of a new lab. HB316 requires long term evidence retention. The existing lab does not have the capacity to sustain this requirement. Finally, post conviction DNA testing will increase case load and require a larger DNA suite.

The scope: a crime lab sized to meet today's need, with room for future growth

The lab is sized optimally with compatibility for future growth. Most of the new 84,000 sf lab building will be finished internally to meet today's highest priority needs. About 19% of the facility will remain unfinished ("shelled out") for completion when further funding is available to meet second priority needs. This strategy will carry the laboratory for the next 20 years. The site is large enough to permit subsequent building expansion to serve the state's forensic need beyond the next 75 years.

The cost: optimized, validated, delivered with synergy

Synergy at the local level benefits all Alaskans. The state leased the lab's 12 acre site from the Municipality of Anchorage at $1 per year for 50 years with an option to extend for 25 years. The Municipality of Anchorage's contribution benefits all Alaska as the crime lab processes evidence for all law enforcement agencies throughout the state. This will be especially beneficial for rural Alaska where over 60% of the state's violent crimes occur.

The state spent $8 million to date on design and $8.8 million on site construction. The $75 million appropriation under SB226/HB299 will fund the completion of the construction work.

The project team optimized and validated the cost of the project. It trimmed $20 million from its initial budget through value engineering and deferred build-out of some lab spaces to time of need.

The status: hammer ready

The design of the new crime lab is finished and we are now under contract with Neeser Construction, Inc. All site preparation work is finished. SB226/HB299 will fund the rest of construction from the foundation up. The project is currently on time and on budget. It will provide an immediate economic boost with over 250 new jobs, $30 million toward Alaskan wages, $30 million toward materials supplied by local vendors, and business for 15 Alaska subcontractors.

****

INTRODUCTION

The state needs a new crime lab to prevent crime and protect Alaskans. The proposed lab is the right size. It is the right cost. It will benefit Alaskans now and long into the future.

This legislative brief explores several topics of relevance to a new crime lab for the entire state of Alaska. The Governor introduced SB226/HB299 to the legislature in January, 2010. The bill requests an appropriation of $75.75 million to supplement prior appropriations amounting to $16.8 million. The new appropriation will fund the completion of work on the new lab located on Tudor Road in Anchorage, Alaska.

The brief opens with an explanation of why the state needs a new crime lab and how it benefits Alaskans. It follows with a description of the project's scope and how it meets the needs of the state, its cost, and finally the status of the project.

Services provided

The state's new crime laboratory will be the only full-service, accredited forensic lab supporting Alaska's state and municipal law enforcement agencies. Its mission is to provide forensic science support to all Alaskan law enforcement agencies and the criminal justice system. This is accomplished by:

- Examining physical evidence in a manner that is objective, reliable, and timely.
- Conveying the results of these examinations through clear and objective laboratory reports, consultations, and expert witness testimony.
- Managing the state breath alcohol testing program.
- Providing crime scene investigation support.
- Providing investigative information through the use of individual characteristic databases.
- Providing training to law enforcement and other members of the criminal justice system in the proper use and application of forensic evidence.

The lab provides expert and professional forensic examination and testimony to aid in the investigation, prosecution, and defense of criminal defendants through the analysis of physical evidence collected and submitted by law enforcement personnel.

Examination of evidence utilizes sophisticated equipment and scientific techniques. The majority of evidence submitted to the forensic laboratory establishes an association among offenders, victims, scenes, and objects (weapons, tools, etc.). The lab receives evidence for the purpose of corroborating or refuting other information gathered by investigating officers from victims, witnesses, and suspects. Evidence often helps reconstruct how a crime actually occurred. Examiners prepare written reports of examination results.

In addition to providing forensic testing services, the examiners from each laboratory section frequently provide expert witness consultation and/or testimony in criminal proceedings. The staff can be called upon to provide information relevant to chain-of-custody issues as well. Staff might also give scientific expertise to assist law enforcement personnel with crime scene review or case investigation. Forensic technicians are called to crime scenes to assist in evidence collection.

Also, the forensic laboratory provides training of in-house staff and external personnel, such as law enforcement officers, attorneys (both prosecution and defense) and students.

Laboratory sections

The existing laboratory provides 12 functions that will carry over into the new lab. The functions include:

- Laboratory Administration
- Laboratory Support
- Training/Classroom/Break Room
- Central Evidence Section
- DNA section (including CODIS)
- Bio-Screening Section
- Firearms/Tool Marks Section
- Controlled Substances Section
- Latent Prints Section / AFIS / Footwear and Tire Impressions
- Breath Alcohol Section
- Blood Alcohol Section
- Crime Scene / Vehicle Exam

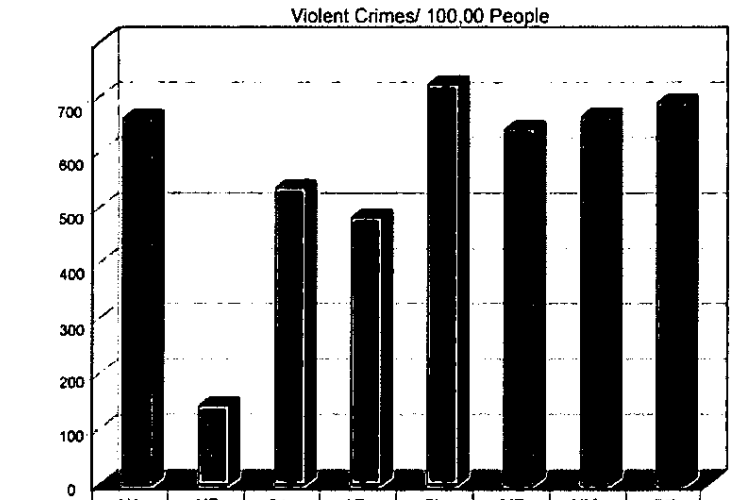
The new lab will still include all of these programs, but will also include three new lab sections when funding is available to complete them.

- Trace Evidence Section
- Toxicology
- Questioned Documents / Digital Evidence Section

NEED

Alaska is ranked 1st in the country in per capita rape. It ranks 9th in the nation in violent crime, sandwiched between Florida and California. Alaska simply cannot afford to see its current state of affairs continue or deteriorate further. Without a new lab the state's problems may persist and become worse.

The state's new crime lab is a key element of a comprehensive strategy to prevent crime and protect Alaskans.



	AK	ND	CA	AZ	FL	MD	NM	DE
VC/100K	661	142	535	482	722	641	664	689
National Rank	9	49	14	19	6	10	8	7

Governor Sean Parnell ~

> "Last month, I promised Alaskans that we would take every step necessary to move this state out of our shameful first-place ranking among the states in this terrible category," Governor Parnell said. "This legislation won't solve the problem on its own, but these are important steps we must pursue, even as we take action in the executive branch and urge our civic leaders to spread the message that epidemic rates of domestic violence and sexual assault must be ended."

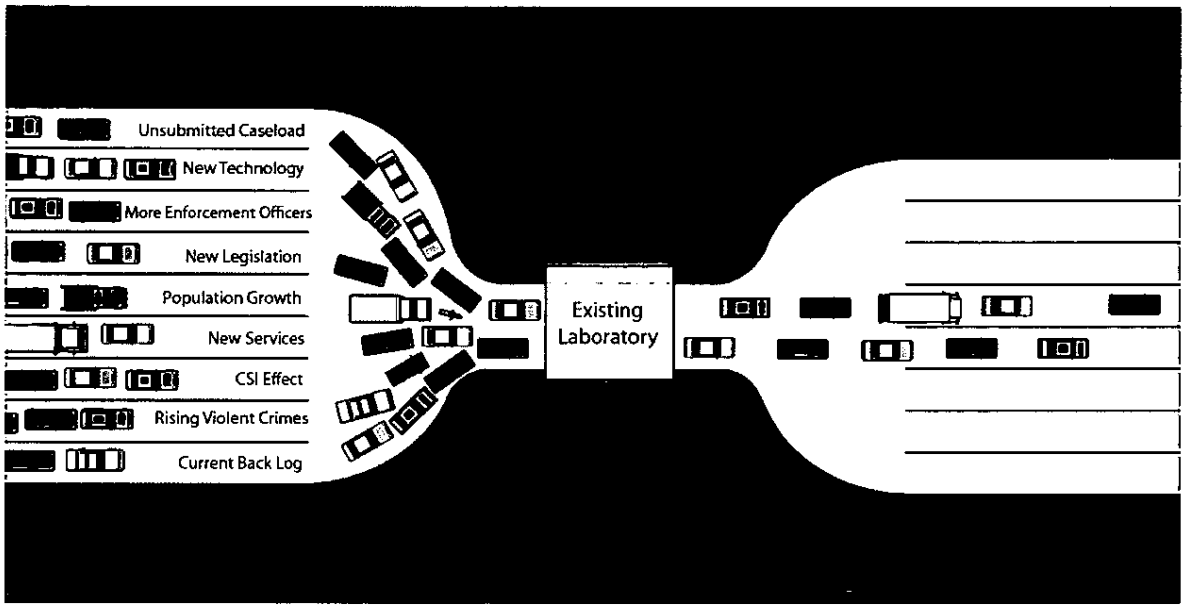
On January 18, 2010 Governor Sean Parnell announced that he will present the Legislature with four bills related to his 10-year plan to end the scourge of domestic violence and sexual assault in Alaska. The bills include:

- The Alaska Scientific Crime Detection Laboratory in Anchorage ($75.75 million)
- Specific procedures for post-conviction DNA testing
- A revision of bail laws
- Changes in crimes and sentences involving sexual assault and domestic violence

Unfortunately the state has long outgrown its existing laboratory to the extent where it can no longer keep up with the demand to process evidence from crimes. The problem has become so severe that the size of the lab, not the number of people employed there, is what restricts lab output. Placing roughly the same number of employees in a new lab sized to meet need will enable the

state to keep up with current forensic caseloads. That is what this project accomplishes.

The existing crime lab creates a traffic jam in the criminal justice system.



Major developments creating a worsening problem for the state's existing crime lab include:

- **Recent legislation increases work load.** HB90 generates an additional 7,000 samples per year. HB 316 requires long term retention of all biological evidence. The existing lab does not have the secure storage capacity to accept more evidence for retention.
- **The CSI effect.** Law enforcement agencies, judges and attorneys expect far broader arrays of analytical methods in part because they know it's available. The expectations of forensic crime laboratories by the public and juries continues to escalate, creating higher case loads for the lab.
- **New technologies.** New technologies as Low Copy DNA, YSTR, and Minifiler increase demand on the lab and the need for more building space to accommodate them.
- **Increased numbers of law enforcement officers.** More boots on the ground will lead to a significant increase of evidence requiring analysis. The state will add 150 new Village Public Safety Officers (VSPOs) to its force. Municipalities will increase their number of patrol officers as well. The old lab can't handle higher evidence submission rates. The lab's backlog will

increase and/or the law enforcement agencies may not submit evidence to the crime lab or collect it at the crime scene.

- **New crime lab services.** New services create a need for more lab space. Toxicology samples are presently sent to outside labs for analysis. However the state's crime lab can do it for less cost and more efficiently. Similarly, funding constraints of the FBI require that the state's computer forensics work occur in a certified crime lab. The new lab has space for the computer forensics section.
- **Population growth.** Evidence submissions to the lab may increase as the state's population continues to grow. Population growth projections published by the State of Alaska show a steady increase for the future.

Noteworthy signs of the traffic jam caused by the lab include:

- **DNA backlog is not eliminated**. The new lab is sized to eliminate the DNA backlog. Without it the backlog will remain. The existing laboratory has eliminated its backlog of database samples, and significantly reduced its backlog of cases awaiting biological screening. However, the backlog of cases awaiting DNA analysis remains high. Currently, 422 cases (227 violent crimes, 195 property crimes) are backlogged awaiting DNA analysis. A committee of prosecutors from the Department of Law was formed to prioritize which DNA cases will be worked each month. Officers and prosecutors must plead their case to this committee as to why their case is more important than other cases and warrants being worked ahead of another case. Likewise, sexual assault cases where there is not a readily identifiable suspect are given lower priority for investigation (due to backload of cases) than those with a more readily identifiable suspect.
- **Cannot handle evidence from burglaries.** With the backlog of violent crime cases awaiting DNA analysis, crimes related to lesser offenses are simply not being worked. The backlog DNA requests for the analysis of property crimes has remained unchanged for years, and the submissions of these cases stopped nearly completely two years ago as agencies realized their cases simply were not getting worked.
- **Evidence not submitted by law enforcement agencies.** A recent study documented that law enforcement agencies withhold a very significant body of evidence from the state's crime lab that is plugged with an evidence backlog. When evidence goes un-submitted, it goes un-worked, related crimes may go unsolved, the public loses some measure of protection, and the justice system is compromised. The phenomenon of

evidence withholding to a backlogged lab is a clear and present danger to Alaska.

Popular notions offered to enhance the existing lab's output would not solve the problem either.

- **Outsourcing to reduce lab crowding is not effective**. Outsourcing DNA analysis costs more than processing it in-house. When the costs of analysis, testimony, discovery, and case consultation are evaluated, even with the cost of the new crime laboratory amortized over the life of the building, the Alaska Scientific Crime Detection Laboratory is a more cost effective operation than outsourcing.

  In addition to being cost effective, the State must have an accredited crime laboratory and DNA section (including a CODIS administrator and Technical Manager) to participate in the DNA database. No private laboratory is permitted to have access to the database. When DNA cases are sent to private labs to be worked, the Alaska crime laboratory must "Take Ownership" of the case by performing technical and administrative reviews of the casework, site visits and proficiency testing of the private laboratory, as well as having analysts proficient in the techniques used by the private lab. This burden of case ownership places 80% of the work load of case work on the Alaska crime lab for outsourced cases.

- **24-hour shifts to improve output do not work**. To reduce the problems of overcrowding, the crime lab is currently operating 13 hours a day through flexible scheduling. While shift work can be used for short term relief, it is not a cost effective solution. If analytical space and reagents are to be shared, then the measures needed to prevent cross contamination (complete cleaning and storage of evidence at the end of a shift, set up at start of a shift) will consume 1 hour (30 minutes front and rear) of a 7.5 hour work shift.

  Also, while officers work 24 hour shifts, prosecutors, defense attorneys, and the courts (felony trials) work roughly 8-5 shifts. This creates the problem of B and C shift scientists not being available, and having to continually shift and adjust their hours to be available for court testimony. Furthermore, the requirements of technical oversight and quality assurance compliance, as well as other staff to support second and third shifts greatly increases expenses without a corresponding return in productivity.

Conclusion: Alaska needs a new crime lab sized to get the job done.

BENEFIT

Prevent crime and protect Alaskans: A new crime lab will do more than process evidence used to put criminals in jail. It will effectively prevent some crimes from occurring and it will protect Alaskans in meaningful ways, some of which appear below.

- **Convict the guilty before they commit other crimes**. The crime laboratory provides accurate and objective information that reflects the events that have occurred at a crime. On the path of justice, the crime laboratory bridges law enforcement (boots on the ground) with correct and successful prosecution of the guilty. Once removed from society, perpetrators can no longer offend.
- **Protect the innocent from false accusation**. Reliable scientific testing ensures protection of the wrongly accused and identifies the true perpetrator. In 40% of DNA cases submitted for analysis, the suspect is eliminated as the source of DNA. Once a suspect is eliminated, the investigation can continue to identify other possible suspects.
- **Reduce rape – Alaska is number 1 in the nation.** While Alaska's rape rate holds steady, it declines elsewhere around the country. A new crime lab will help Alaska follow the national trend. From USA Today 10/6/2009— Reported rapes hit 20-year low

  > "Reported rapes have fallen to the lowest level in 20 years as DNA evidence helps send more rapists to prison and victims are more willing to work with police and prosecutors, victims' advocates and crime researchers say. Rape prosecutions have improved dramatically over the past two decades because of advances in DNA testing to pinpoint a rapist rather than forcing prosecutors to rely solely on a victim's identification of her attacker, says Kim Gandy, past president of the National Organization for Women and a former prosecutor. Use of DNA evidence has expanded gradually over the past 15 years and can put a rapist in prison the first time he's caught, preventing him from harming other women, Berkowitz says. Many rapists are repeat offenders."

- **Reduce violent crime – Alaska is 9th in the nation.** Alaska is nearly as bad as Florida (6^{th}). Early identification of criminals prevents further criminal activity. A crime laboratory with sufficient capacity ensures timely analysis and rapid identification of the perpetrator.
- **Process evidence from home burglaries.** The new lab will enable routine evidence processing for burglary cases and reduce crime in Alaska.

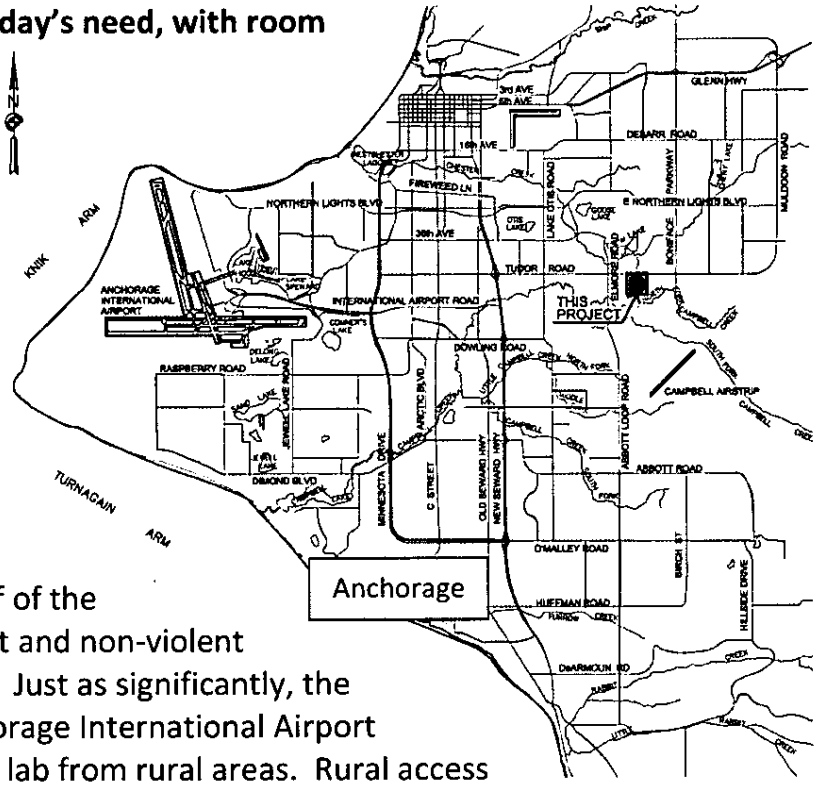
Intervention in the criminal cycle at the non violent stage affords the opportunity to affect real change in Alaska's violent crime rate. Studies show most burglars are caught by their 9th break-in. Studies also show that burglars may be involved with other more serious crimes, or go on to commit them. A study by the Urban Institute of Justice Policy Center determined that evidence from 40% of these non-violent crime scenes could contain evidence leading to a match from a previous assault, rape or murder.

In other words the lab will result in more burglars being caught before they violate the sanctity of more homes and before they move on to more serious crimes. The lab may also link about half of the burglars to other more serious crimes.

- **Solve more cases with new techniques and faster output**. A properly sized crime laboratory will allow for more efficient operations and enhanced techniques yielding greater scientific information.
- **Support rural Alaska** – 60% of Alaska's violent crimes happen outside Anchorage. Although the lab is located in Anchorage, it benefits the entire state. Anchorage yields the best access to and from rural Alaska because of Anchorage International Airport, the air hub of the state.
- **Economic boost** - over 50 new jobs within 1st month of construction, 250 jobs overall, $30 million to Alaska wages, $30 million to materials supplied by local vendors, business for 15 Alaska subcontractors

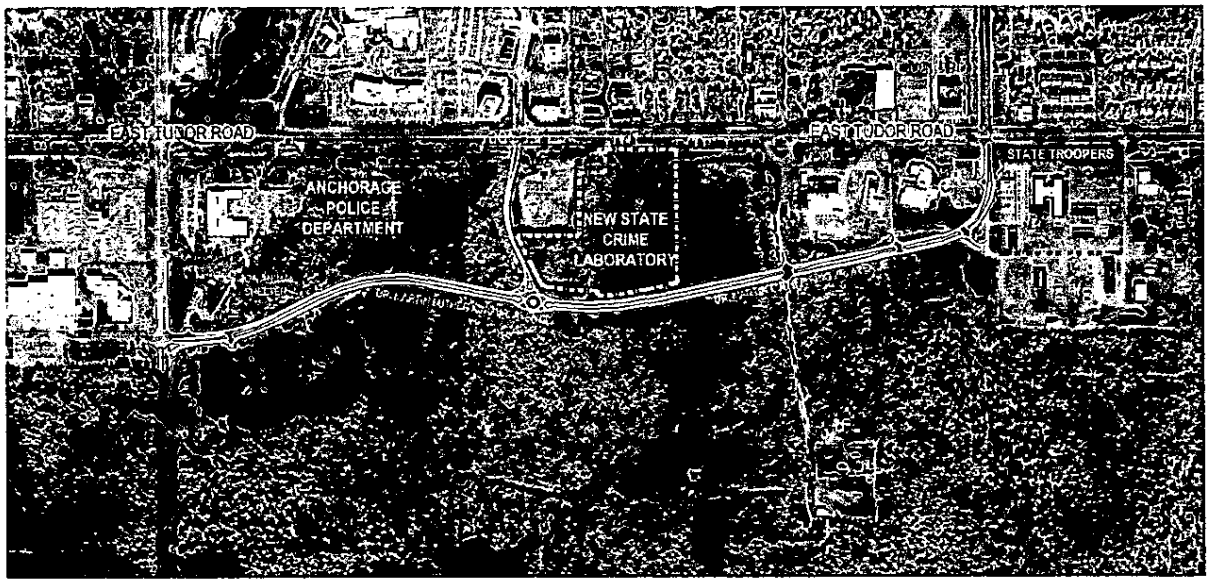
SCOPE

A crime lab sized to meet today's need, with room for future growth



Location

The new crime lab is under construction on an approximately 12 acre parcel of land in Anchorage, Alaska. It is situated conveniently near the Anchorage Police Department off Tudor Road. Being near the APD benefits Anchorage because over half of the state's total caseload (violent and non-violent crimes) comes from the city. Just as significantly, the lab's location near the Anchorage International Airport provides direct access to the lab from rural areas. Rural access to the lab is important because, while fewer crimes occur in rural areas, more of the crimes committed there tend to be violent. In fact, over 60% of the state's violent crimes happen outside of Anchorage.



East Tudor Road Vicinity Map

Synergistic Municipal Land Lease

Synergy at the local level benefits all Alaskans. The state leased the lab's 12 acre site from the Municipality of Anchorage at $1 per year for 50 years with an option to extend for 25 years.

Size

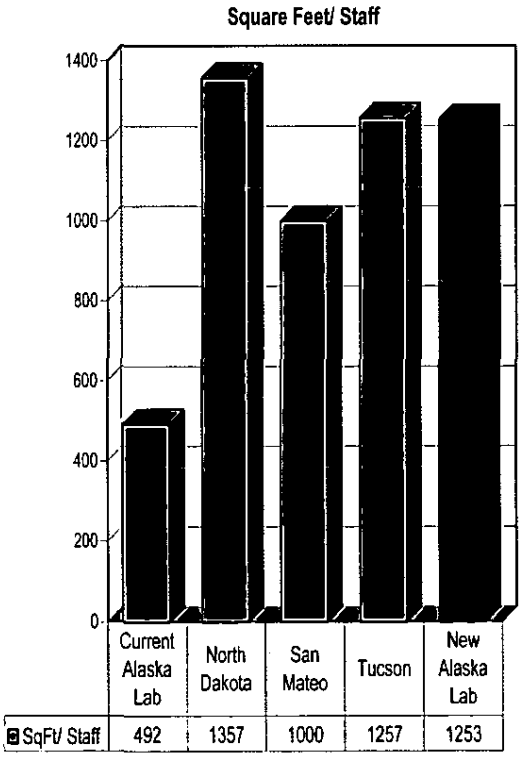
The new lab facility is approximately 84,000 gross square feet, of which 19% will be unfinished, or "shelled out" initially until time of future need. The building space is broken down as follows:

▪ Laboratory	45,000 sf
▪ Evidence storage	6,000 sf
▪ Office	10,000 sf
▪ Mechanical support*	12,000 sf
▪ Building support**	11,000 sf
TOTAL:	84,000 sf

*Boiler rooms, hvac rooms, etc.

**stairs, elevators, corridors, bathrooms, etc.

At 45,000 sf, the new lab space is slightly over double the size of the existing lab. As shown in the figure below, the size of Alaska's new lab compares well with those of other states. Its existing lab is significantly undersized.



Basis of sizing

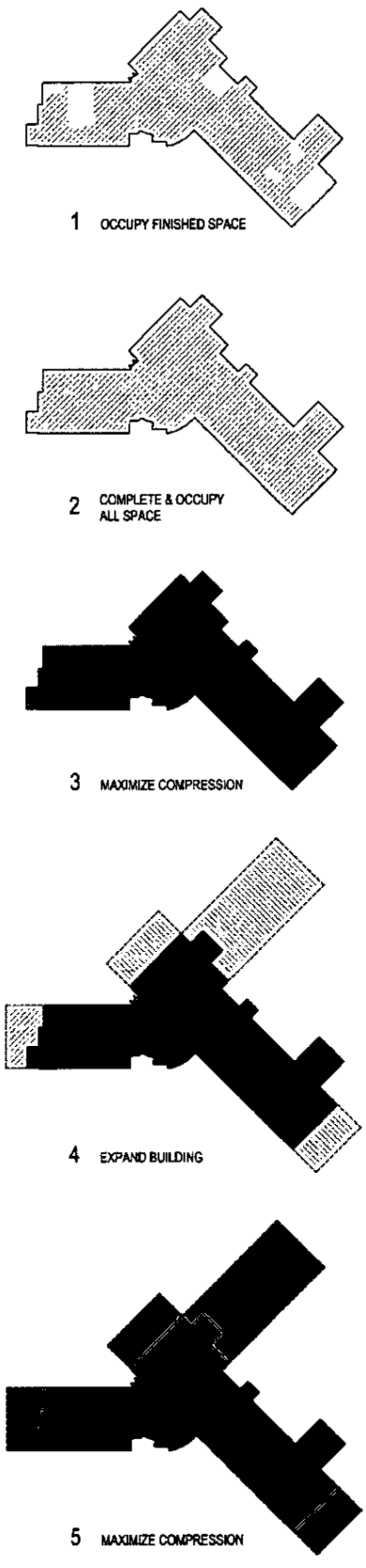
Internal Expansion,
Compression & Growth

The lab is sized optimally for today with compatibility for internal growth without an expansion of the building footprint for 20 years or more. Expansion and growth are accommodated in the design in several ways. Sufficient space has been included in the floor plan to accommodate new laboratory sections including Toxicology, Trace Evidence, Questioned Documents, and a dedicated CODIS lab. These sections can be rapidly brought online when staff, equipment, and finish funding is appropriated in the future. No expansion of the building footprint or structure will be necessary. However, once the programmed space is fully occupied and maximum compression is reached, building expansion can occur on site, attached to existing infrastructure. The orientation of the building wings will accommodate future expansion in four directions.

To meet today's highest priority needs, about 81% of the building will be finished initially and the current staff of 40 employees plus a few new positions will work within the finished space. To meet second priority needs of today, the remaining 19% of unfinished "shell space" will be built out when possible. A supplemental appropriation may be necessary for shell space build-out. Expansion within shell space is the most cost efficient way to serve today's need while planning for near- and long-term growth.

Building expandable to meet need beyond 75 years

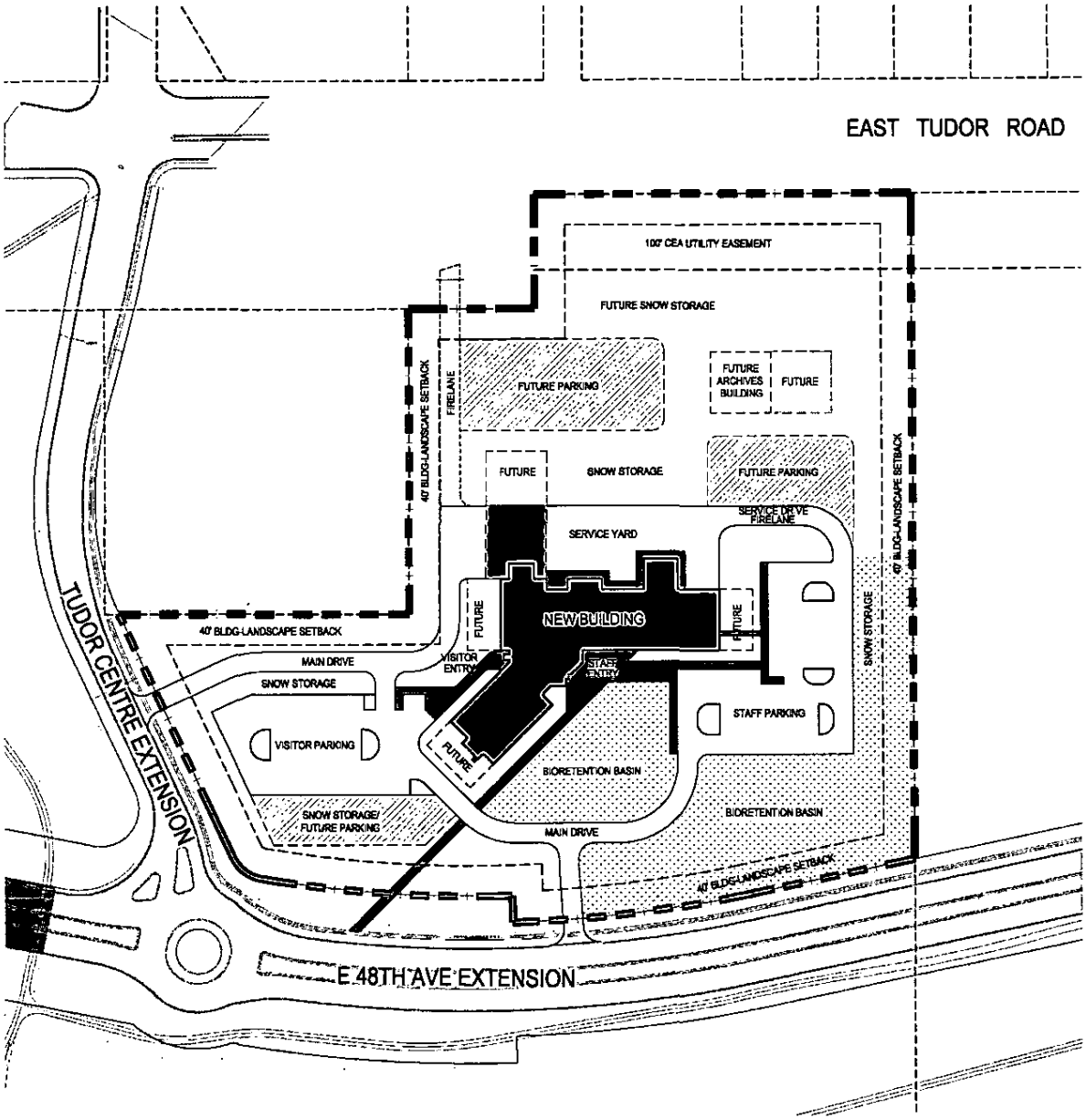
The building is designed for expansion without disruption to lab operations. As shown in the figure at right, additions to each wing of the building can accommodate future growth. This planning assures the state will not find itself in another situation like today



Expansion & Growth Plan

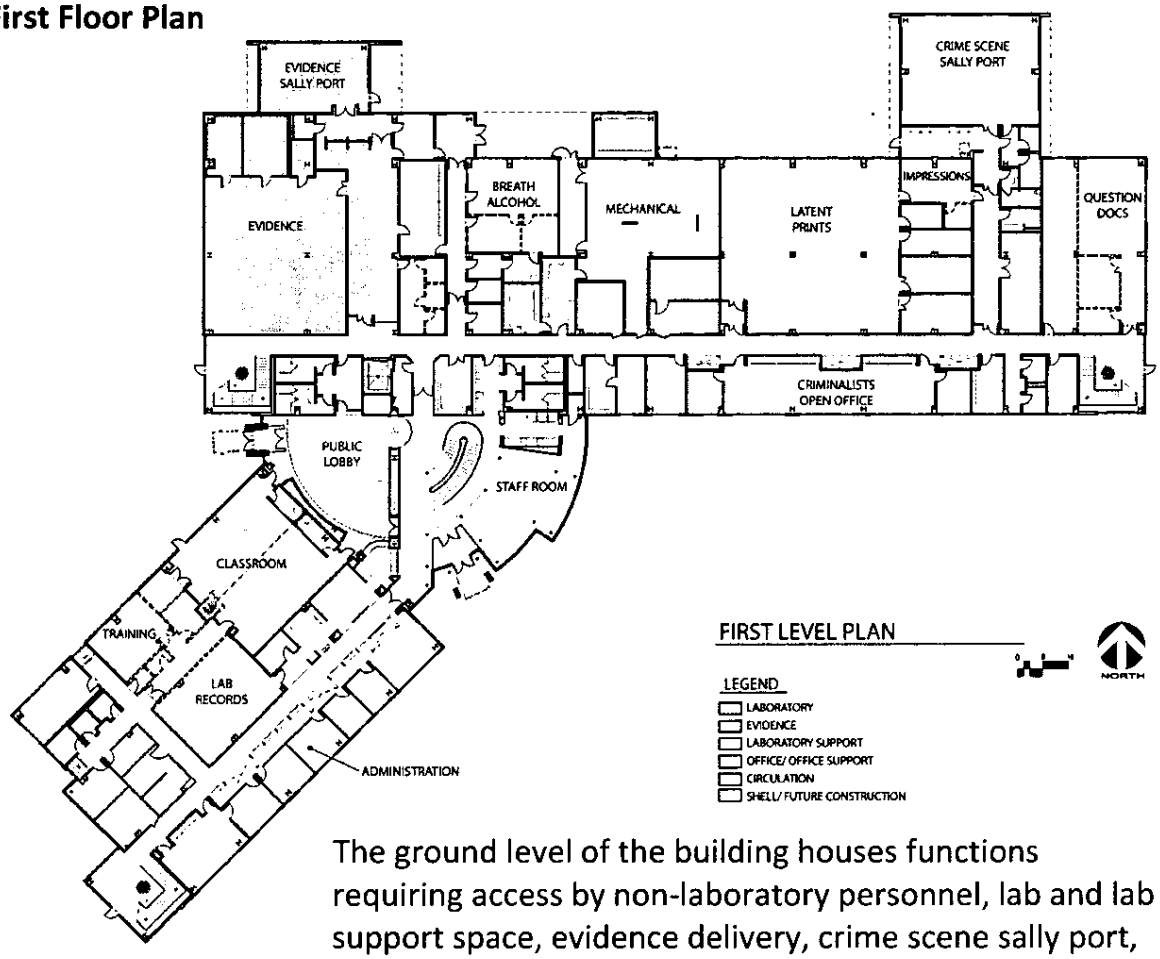
where it must relocate its laboratory. The existing lab was designed such that it cannot expand without going out of service or causing unacceptable disruption to forensic science during construction.

Site Plan



The site is located between Martin Luther King Boulevard to the south (formerly East 48th Avenue Extension), Tudor Road at the north, and Tudor Centre Drive to the West. Public and delivery access to the lab is off the Tudor Centre Drive entrance. Staff can enter off Martin Luther King Boulevard. A driveway off Tudor Road provides north access to the site for the Anchorage Fire Department.

First Floor Plan



The ground level of the building houses functions requiring access by non-laboratory personnel, lab and lab support space, evidence delivery, crime scene sally port, mechanical space, and administrative office areas.

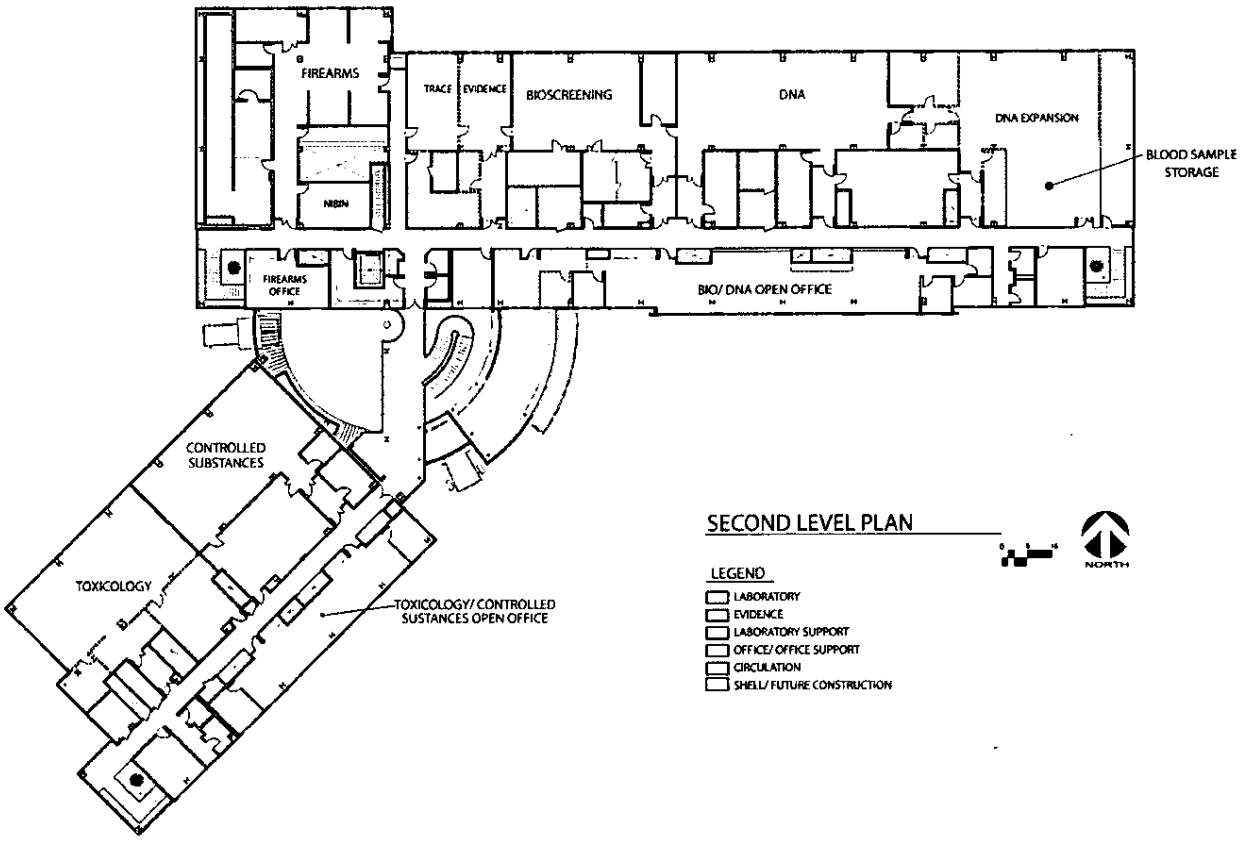
Priority functions to be finished include:

- Training Classroom
- Administrative Offices
- Public Lobby and Staff room
- Central Evidence Storage
- Evidence Receiving
- Evidence Sally Port
- Crime Scene Sally Port
- Latent Prints

Second priority spaces slated for build-out when possible include:

- Questioned Documents
- Impressions / Alternate Light Source / Latents Supervisor Office
- Breath Alcohol program
- Lab Records Storage / Library / Assistant director's office
- Training Lab & Blood Spatter
- Evidence Lab

Second Floor Plan



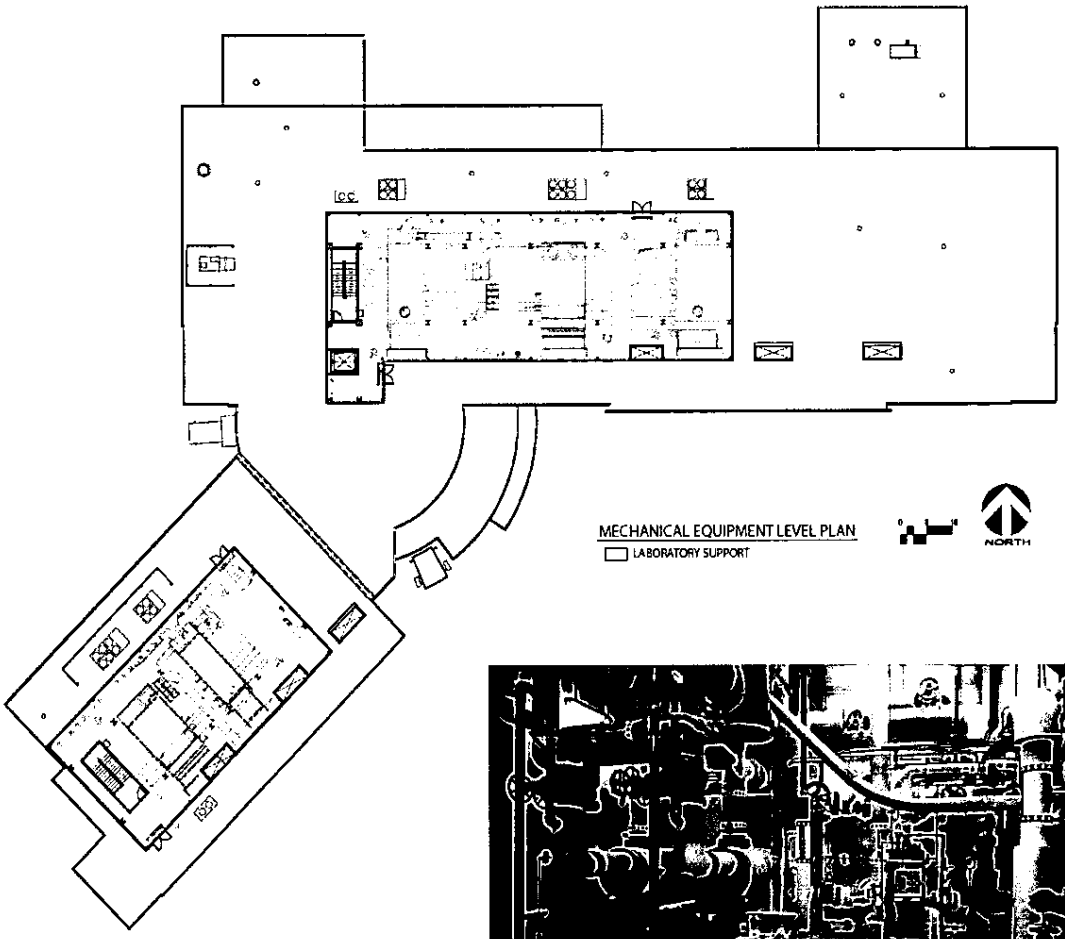
The second floor contains trace evidence, biological and chemical laboratory suites, and the forensic firearms section. Priority lab functions slated for immediate build-out include:

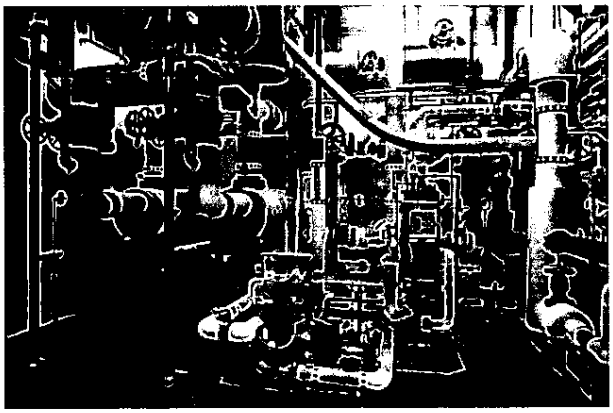
- Controlled substances
- Firearms
- Bioscreening
- DNA

Second priority lab functions slated for build-out when possible include:

- Toxicology
- Trace evidence
- DNA expansion
- Alternate light source labs

Third Floor Plan





The third level of the building houses major heating, ventilating, and air conditioning systems. Subarctic conditions in Alaska make it standard practice to house major mechanical equipment in roof-top penthouses. This feature adds cost to the project, but is necessary. Similar buildings in the lower 48 states often do not require penthouses for mechanical equipment, sometimes resulting in lower cost.

COST

Cost of the lab

The appropriation under consideration is for an amount of $75.75 million. It will fund the completion of construction work at the lab from the foundation up. Prior appropriations of $16.8million for design and site work construction were used for their intended purpose.

The construction cost is valid

The cost of the lab is in line with those of other laboratories built in the State, as shown below.

Alaska Scientific Crime Detection Laboratory
Location: Anchorage
Project Cost per Square-foot: $1,258

UAF / DHHS Virology Laboratory
Location: Fairbanks
Project Cost per Square-foot: $1,136

DEC Food Safety Laboratory
Location: Anchorage
Project Cost per Square-foot: $949

Laboratories cost more than other types of buildings primarily because they come densely packed with lab equipment, mechanical systems and casework.

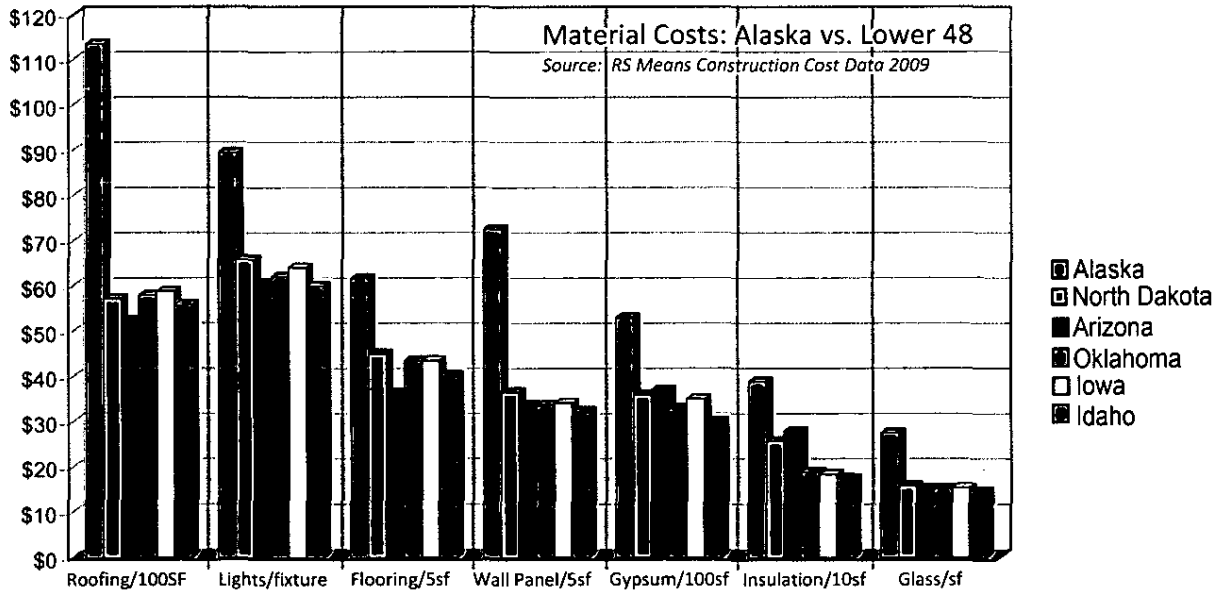
The methodology used to develop and validate the construction cost estimate is more rigorous than the industry typically applies (the project team prepared eight estimates). The process includes several elements:

- Construction Manager/General Contractor (CM/GC) delivery method - the general contractor, mechanical and electrical subcontractors bring expertise to the design team
- Independent estimates - develop and reconcile separate estimates from contractor and architect's estimator at each design phase
- Third-party opinion of cost – by an independent Alaskan estimator
- Fourth-party validation - of estimating process
- Competitive bidding – by building trades

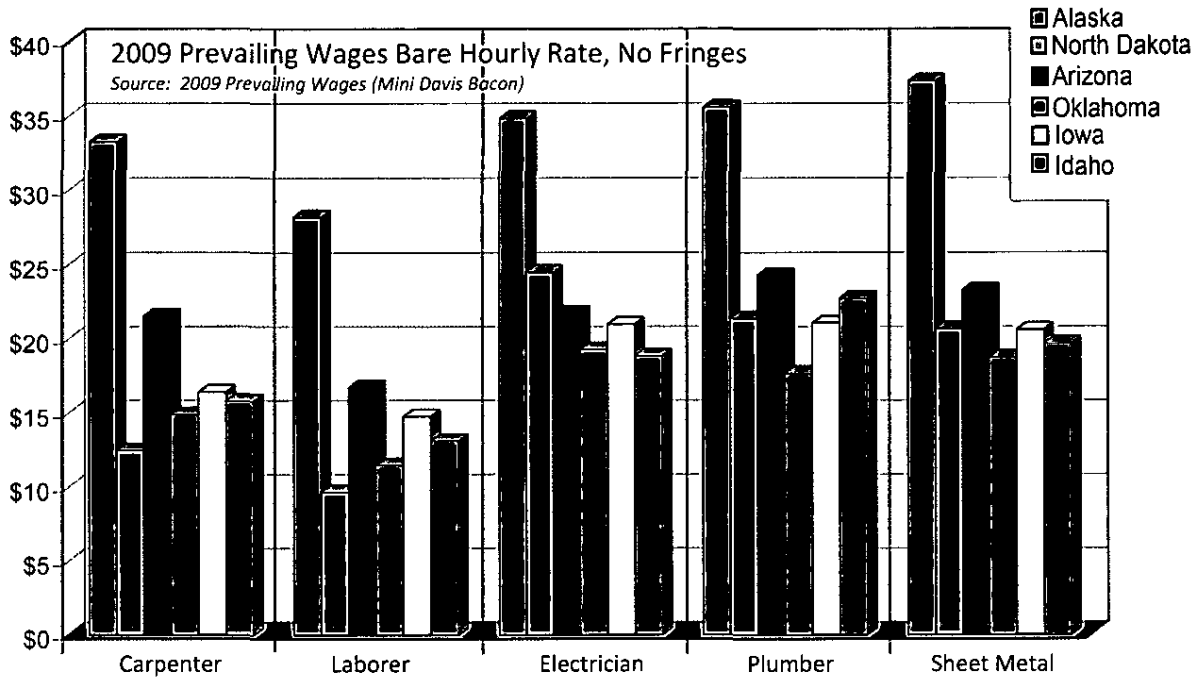
In summary, the project team used an exhaustive estimating process to arrive at the project's cost. Cost comparisons with other labs built in Alaska show conclusively that the cost of the Crime Lab is in line with what it actually costs to build labs in Alaska.

Construction costs are higher in Alaska than in the lower 48 states

It costs more to build in Alaska than in the lower 48 states. Many factors account for this trend. Materials in particular cost more in Alaska primarily because they must ship from the lower 48. The figure below illustrates this point.



The largest cost increase in Alaska comes from higher labor costs, because they can make up over half the cost of a building. And Alaska's labor costs greatly exceed those of the lower 48 states, as shown in the following figure.

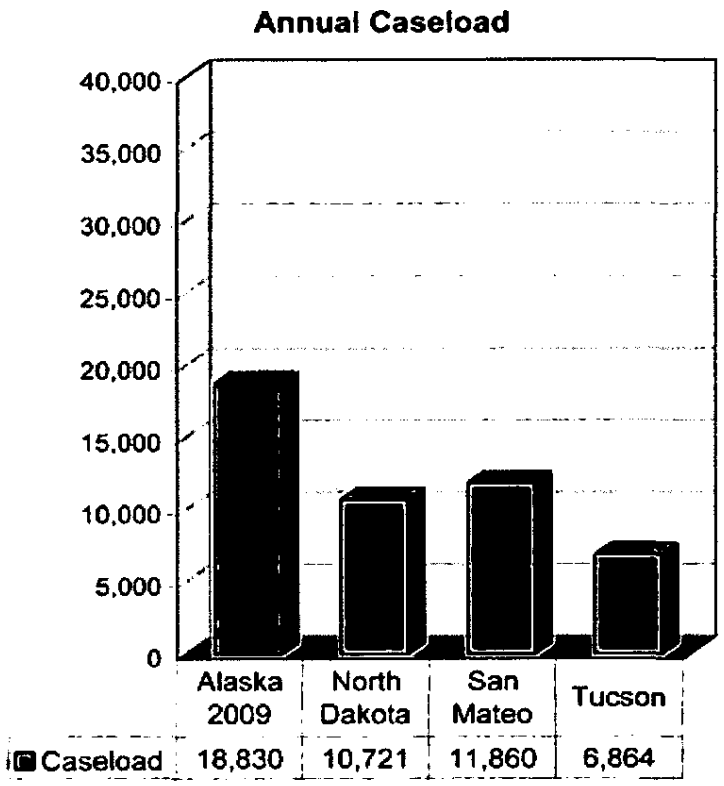


For example, Davis Bacon Prevailing Wage Rates for some labor types are as much as five times higher in Alaska than elsewhere. Even greater discrepancies occur for 18 other states that do not require contractors to pay established wage rates mandated by "Little Davis Bacon" laws for state funded projects, or the Davis Bacon Act for federally funded projects. Alaska law requires payment of "Little Davis Bacon" wage rates for state funded construction contracts like the Alaska crime lab. That is why the labor costs for the Alaska crime lab are orders of magnitude higher than those for many other states that do not require payment of higher wage rates.

<u>The cost of Alaska's crime lab is comparable to others in the Lower 48 when scope and cost adjusted</u>

A question has arisen about why Alaska's proposed crime lab appears to cost more than some other, seemingly comparable labs around the country. With regard to building materials and labor costs, this trend is valid. It is an unavoidable cost of doing business in Alaska.

The apparent difference between the Alaska crime lab's cost and that of other labs around the country more often reflects significant dissimilarities of project scope. Incorrect conclusions occur when one compares the published cost of another lab with that of the Alaska lab without first understanding, then normalizing the scope of the two projects. For example, Alaska's annual case load is higher than those of other recently completed labs in the lower 48, as shown in the figure at right.



The figure illustrates that one cannot compare the size of labs without considering differences in case load.

Another example is the North Dakota Lab. Last legislative session it was referred to by others as an outside lab that cost significantly less to build. Upon further study it was determined this conclusion was invalid because the scope of the projects were vastly dissimilar. By accounting for scope differences between the projects, the costs were actually proven similar.

One can continue indefinitely scope and cost comparisons with other labs anywhere around the world and, like the North Dakota Lab, they will validate the cost of the Alaska crime lab. This is because the Alaska lab was sized correctly by a team of experts. And its price is a phenomenon of the local construction market.

A team of experts delivers a valid project

The state's design team consists of leading experts in all related fields. The assembly of a team of experts best assures the lab is the right size, right design, and optimized to meet the current and future needs of the State of Alaska. Their product, the new Alaska Scientific Crime Detection Laboratory, has been well vetted and it has withstood the challenge of public scrutiny. The team includes:

The best crime lab expert in Alaska. The assembly of a successful project team begins with the laboratory director. A new and more expert laboratory director, Mr. Orin Dym, came into the project at the onset to infuse national crime lab experience, and to strengthen and improve local crime lab capabilities. Mr. Dym's

experience with numerous other crime labs in the lower 48, when coupled with that gained at Alaska's lab, makes him the state's premier and unmatched authority in the crime lab arena.

The most experienced crime lab architect in the United States. The keystone of the design team is the laboratory architect, Bill Lawrie, of McClaren, Wilson & Lawrie, Inc. Bill's experience and reputation is virtually unparalleled in the design industry. He has designed over 90 crime labs when his peers at best can offer the experience of only a few labs. His experience and international reputation are well deserved. Alaska can rest assured that its new crime lab design is sized optimally to meet its needs.

The most experienced lab designer in Alaska. To put crime lab concepts onto paper, a local architectural firm, Livingston Slone Inc., teamed with Bill Lawrie. LSI has successfully designed 5 large, state-of-art labs in Alaska in addition to several smaller labs. LSI's experience in Alaska lab design is virtually unchallenged in the State.

The most experienced lab project manager in Alaska. The design team is under the management of the Statewide Public Facilities Section of the Department of Transportation and Public Facilities. Project manager, Matt Tanaka P.E., has successfully delivered other laboratory projects for the state. He completed the Department of Environmental Conservation's Environmental Health Lab, and also the Department of Health and Social Service's Virology Laboratory on time and under budget. Mr. Tanaka has more recent experience managing laboratory projects than anyone in the State of Alaska and his track record is excellent.

A most experienced and reputable contractor in Alaska. Assisting the design team is one of the state's leading and most experienced contractors, Neeser Construction, Inc. They built the State's Public Health Laboratory & Medical Examiner's Facility, a building comparable in sophistication to the crime lab. Their expertise with design-assist and construction projects in the state further validates the project cost, and assures it will arrive on time and under budget.

COST SAVINGS

When the legislature considered the crime lab for funding in 2008, the design was largely complete. A significant capital investment of about $8 million went to planning and design activities. But, concern arose about the size of the $95 million capital appropriation the State would need to build the facility. To address this concern, the State considered at least three options to reduce capital and operating costs without diminishing forensic service to Alaska.

Options include:

- **On-site expansion –** expand the existing lab and renovate the existing lab
- **Split facility** - build a smaller new lab elsewhere and stay in existing lab
- **Smaller replacement lab –** build a smaller new lab and stop using existing lab
- **Full size new lab** - build the full laboratory structure but leave some space unfinished and seek a smaller capital appropriation.

On-site expansion

Several consultants have explored the concept of on-site renovation and expansion, beginning with the original 2005 Expansion Study conducted by USKH, Inc. in association with Earl Walls Associates (lab design specialists), and continuing through the site analysis and site selection process conducted independently in 2007 by DOWL/HKM in association with Livingston Slone and McClaren, Wilson & Lawrie. It is important to note that both the 2005 Expansion Study and the later site analysis process both indicated that this option, while possible, was less practical and more costly in the long term than building a new lab on a different site. Taken together, the significant disadvantages of renovation and expansion make the option simply unworkable.

Split facility

The existing lab is deficient and needs a $12 million capital appropriation to remain in service. The funding will correct failed mechanical, roofing and other building elements, and code problems. Most significantly, **the existing lab will shut down for up to 6 months** to make way for construction work.

Split facility use is also infeasible operationally. This is because forensic departments must often pass evidence between themselves to work all sides of a case. If some departments reside in different buildings, evidence must pass outside the secure perimeter of the lab. This may compromise

defensibility of forensic results and slow down lab operations, creating chain-of-custody and evidence handling issues that may compromise the evidence and the possibility of securing criminal convictions. All departments should be under one roof.

Smaller replacement lab

This option is not cost effective and will delay the project several more years. The State spent about $8 million on design for the new lab. It will lose most of this investment and spend millions more to scale back the design. Redesign costs and potential escalation during the delay will offset savings achieved by building a smaller lab. The State will spend about as much to build a smaller lab as to build the full size lab.

Build full size new lab

This option is most cost effective and offers the greatest benefit to the state. It delivers the full building structure now but leaves some areas within it unfinished, or "shelled-out". The State finishes interior space it needs most urgently and defers finishing lower priority, shelled-out space until it is possible to finish it.

Today, this option saves the State $20 million. Tomorrow it reduces operating costs by about $43,000 per year. The annual energy cost of the new laboratory with shell space is about $412,000. This figure is about 2.7 times higher than that of the existing crime lab.

STATUS

Construction

The new crime laboratory is under construction. 2009 saw the completion of site clearing, utilities construction, and building pad preparation for a cost of $8.8 million. The $75 million appropriation under SB226/HB299 will fund the continuation of building construction from the foundation up. The project is literally "hammer ready" and it awaits a final appropriation of funding.

	Regulatory Approvals Obtained to-date:	
US Army Corps of Engineers	*Wetlands Development Permit*	Federal
US Environmental Protection Agency	*Phase I Environmental Site Assessment*	
	National Pollutant Discharge Elimination System (NPDES) Construction General Permit (for Alaska) Determination	
	Storm Water Pollution Prevention Plan & Notice of Intent	
US Bureau of Land Management	*Land Use Concurrence*	
US Fish & Wildlife Service	*No Endangered Species Determination*	
Department of Environmental Conservation	*Notice of Disposal for Excavation Dewatering*	State
Department of Transportation & Public Facilities	*Temporary Construction (Utility) Permit for Tudor Road Water Sewer Crossings*	
	Lane Closure Permit for Tudor Road Water & Sewer Crossings	
Department of Natural Resources	*Alaska Heritage Resources Survey, Historic Preservation, Historic Sites Determination*	
Municipality of Anchorage	*Site Selection Study*	Local
	Heritage Land Bank Lease Agreement	
	Heritage Land Bank Right of Entry Permits for Geotechnical Investigation & Surveys	
	Site Plan Review	
	Dewatering Application & Notice of Disposal (NCI)	
	Water Course Mapping Report	
	Alaska Coastal Management Program Compliance	
	Traffic Engineering, Parking Variance	
	Fire Department Fire Hydrant Approval	
	Storm Water	
	Right-of-Way Driveway Permits	
	Phase 1 Site Construction Permit	
	Plumbing	
	Mechanical Engineering	
	Fire, Architectural, Electrical & Structural (approval pending)	
Urban Design Commission	*Landscape Design Approval*	
Anchorage Water & Wastewater Utility	*Water & Sewer Private Development-Main Extensions*	
	Water & Sewer Private On-site Improvements	
	Notice of Intent to Discharge Industrial Wastewater	

Design

The design of the lab is finished. It began 5 years ago with the support of a series of appropriations amounting to about $8 million. A fully-vetted design process has yielded numerous planning and design deliverables, including:

	Investigation, Planning & Design Documents:
USKH / Earl Walls Associates	2005 Existing Lab Expansion Study
DOWL Engineers	2007 Site Evaluation Study, republished 2008
R&M Consultants, Inc.	2008 Phase I Environmental Site Assessment
Shannon & Wilson, Inc.	2008 Geotechnical Engineering Report
McClaren Wilson & Lawrie, Inc.	2007 Space Needs Assessment
Earthscape / DOWL / Livingston Slone	2008 Public Facility Site Plan & Landscape Plan Review
Livingston Slone / McClaren Wilson & Lawrie, Inc.	2007 Conceptual Design 2008 Revised Conceptual Design 2008 Schematic Design 2008 Design Development Submittal 2009 Early Site Preparation Documents 2009 Construction Documents 2009 Revised Construction Documents (shell space)
AMC Engineers Inc.	2008 Projected Energy Use Estimate
Affiliated Engineers, Inc.	2009 Mechanical & Electrical Design Peer Review
HMS, Inc.	2009 Construction Cost Estimate Peer Review
RWDI Consulting Engineers & Scientists	2009 Exhaust Re-entrainment Assessment
Neeser Construction / Estimations Inc.	2007 Conceptual Design Cost Estimate 2008 Schematic Design Cost Estimate 2008 Design Development Cost Estimate 2009 Early Site Preparation Bid 2009 Construction Documents Cost Estimate

Public Process

The crime laboratory project went through a rigorous public process spanning the course of over 5 years. The public process involved municipal, state, and federal arenas associated with various elements of the project. The process included:

State

The Department of Public Safety and/or the Governor's Administration introduced the crime lab to three legislative sessions to obtain funding for the project. Current Governor Sean Parnell also introduced a bill to a fourth legislative session to obtain the balance of construction funding. During each session the project received public comment and legislative scrutiny.

Municipal

- Planning and Zoning Commission - review and approval
- Urban Design Commission - review and approval
- Heritage Land Bank board - approval obtained prior to assembly approval of land lease.
- Assembly - hearing and approval obtained prior to municipal land lease
- Municipal land lease – signed by the Mayor of Anchorage and the State of Alaska
- Campbell Creek Community Council – briefing and resolution of approval
- Fire marshal - approval
- AWWU - approval of water and sewer utilities
- Chugach Electric Association - approval of power service
- Re-platting - requiring public notice period
- Enstar Natural Gas - approval of natural gas service

Federal

- Corps of Engineers wetlands permit – for construction in class B wetlands, requiring public notice periods
- NEPA storm water permit

END

OF

ROLL