

LEG. FINANCE - BILLS 1977 - 1978 827

HB 861 cont., thru HB 863



# RECORDS CERTIFICATION



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James O. Irish  
Signature of Camera Operator

2/23/90  
Date

COMMITTEE REPORT

SENATE

FURTHER: \_\_\_\_\_

5/5/78

Date: June 2, 1978

Mr. President:

The Committee on FINANCE has had CSHB 861  
~~special appropriations to Alaska Housing Finance Corporation~~

under consideration and (a majority of the committee) (the committee reports it back as follows)

- recommends it do pass                      ( ) recommends it do not pass
- ( ) recommends it do pass with attached amendment(s)
- ( ) recommends it be replaced with CS for \_\_\_\_\_

and \_\_\_\_\_ ( ) new title            ( ) same title

- ( ) AND attaches a Letter of Intent            ( ) New Fiscal Note
- ( ) reports it back without recommendation
- ( ) and recommends it be referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING DO PASS:

OTHER RECOMMENDATIONS:

John L. Buck  
 \_\_\_\_\_  
Robert J. ...  
 \_\_\_\_\_  
Tom F. ...  
 \_\_\_\_\_  
Clara Tillion  
 \_\_\_\_\_  
...  
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John ...  
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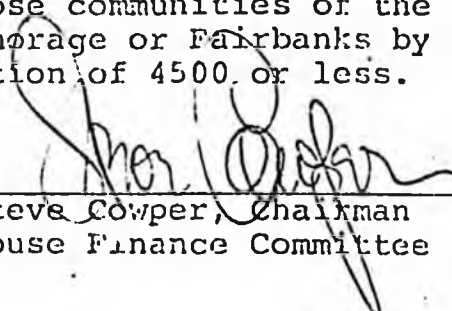
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John L. Buck  
 \_\_\_\_\_  
 Chairman

# HOUSE JOURNAL

## HOUSE FINANCE COMMITTEE Letter of Intent CSHB 861

Sec. 2 of CSHB 861 appropriates \$1,000,000 to the rural housing insurance account of the mortgage insurance fund of the Alaska Housing Finance Corporation for the benefit of rural housing programs. It is the intent of the House, for the purposes of this section, that the Alaska Housing Finance Corporation construe "rural" to be those communities of the state which do not have access to Anchorage or Fairbanks by road or railroad and that have a population of 4500 or less.



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Steve Cowper, Chairman  
House Finance Committee

Original sponsor: Finance Committee

Offered: 4/12/78  
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 861

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making special appropriations to the Alaska  
7 Housing Finance Corporation; and providing for an  
8 effective date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 \* Section 1. The sum of \$2,880,000 is appropriated from the general fund  
11 to the mortgage insurance fund of the Alaska Housing Finance Corporation for  
12 the period beginning July 1, 1978 and ending December 31, 1979 to be paid to  
13 the mortgage insurance fund in the amounts requested by the corporation as  
14 necessary in connection with the issuance of insured mortgage program bonds  
15 of the corporation.

16 \* Sec. 2. The sum of \$1,000,000 is appropriated from the general fund to  
17 the rural housing insurance account of the mortgage insurance fund of the  
18 Alaska Housing Finance Corporation, to be paid to the account in the amounts  
19 requested by the corporation as necessary in connection with the issuance of  
20 insured mortgage program bonds of the corporation for the benefit of rural  
21 housing programs.

22 \* Sec. 3. The sum of \$100,000 is appropriated from the general fund to  
23 the Alaska Housing Finance Corporation, Department of Commerce and Economic  
24 Development, to meet expenses of personnel training costs in conjunction with  
25 implementation of a rural housing program.

26 \* Sec. 4. The unexpended and unobligated portion of the appropriation  
27 made in sec. 3 of this Act lapses into the general fund June 30, 1979.

28 \* Sec. 5. This Act takes effect immediately in accordance with AS 01.10.-  
29 070(c).

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Introduced: 2/24/78  
Referred: Finance

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 HOUSE BILL NO. 861

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making special appropriations to the Alaska  
7 Housing Finance Corporation; and providing for an  
8 effective date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 \* Section 1. The sum of \$1,440,000 is appropriated from the general fund  
11 to the mortgage insurance fund of the Alaska Housing Finance Corporation for  
12 the period beginning July 1, 1978 and ending December 31, 1979 to be paid to  
13 the mortgage insurance fund in the amounts requested by the corporation as  
14 necessary in connection with the issuance of insured mortgage program bonds  
15 of the corporation.

16 \* Sec. 2. The sum of \$1,440,000 is appropriated from the general fund to  
17 the mortgage insurance fund of the Alaska Housing Finance Corporation for  
18 the period beginning July 1, 1978 and ending December 31, 1979 to be paid  
19 to the mortgage insurance fund in the amounts requested by the corporation  
20 as necessary in connection with the issuance of insured mortgage program  
21 bonds of the corporation. The appropriation made in this section is express-  
22 ly conditioned upon design and commencement by the Alaska Housing Finance  
23 Corporation of a direct loan program in the rural areas and certification by  
24 the Legislative Budget and Audit Committee that an adequate direct loan  
25 program has been designed and that satisfactory commencement of the direct  
26 loan program has occurred.

27 \* Sec. 3. The sum of \$3,000,000 is appropriated from the general fund to  
28 the housing development fund of the Alaska Housing Finance Corporation to be  
29 used only for the making of direct mortgage and construction loans in the

1 rural areas of the state.

2 \* Sec. 4. This Act takes effect July 1, 1978.

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AB 861

MEMORANDUM

TO: John Sackett  
FROM: Judy Crondahl  
DATE: May 5, 1978

The attached is the Alaska Housing Finance Corporation Bill you referred to the other day, which includes one million for rural housing. It has been help in (H) Rules since about the middle of April waiting for HB 642, which passed the Senate on Monday. However, yesterday, the House passed out Finance CS HB 861/with attached Letter of Intent. It should be read across Senate Floor today.

There are 3 differences between HB 861 and CSHB 861:

C  
O  
P  
Y

HB 861	CSHB 61
1. Sec. 1 & 2 appropriates total of 2,880.0 with 1/2 being contingent upon rural direct loan program.	1. Sec. 1 app opriates 2,880.0 in strings.
2. Sec. 3 appropriates 3,000.0 for rural housing programs.	2. Sec. 2 appropriates 1,000.0 for rural housing program.
3. Nothing appropriated for training costs of rural housing program.	3. 100.0 appropriated for training costs of rural housing program.

ALASKA HOUSING FINANCE CORPORATION  
FINANCIAL STATEMENTS

NOVEMBER 30, 1977

Price  
Waterhouse & Co.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

TO THE BOARD OF DIRECTORS  
ALASKA HOUSING FINANCE CORPORATION

In our opinion, the accompanying balance sheets and the related statements of revenues and expenses and fund balances and of changes in financial position present fairly the financial position of Alaska Housing Finance Corporation at November 30, 1977 and 1976 and the results of its operations and the changes in its financial position for the years ended November 30, 1977, 1976 and 1975, in conformity with generally accepted accounting principles consistently applied. Our examinations of these statements were made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

*Price Waterhouse & Co.*

Anchorage, Alaska  
December 30, 1977

ALASKA HOUSING FINANCE CORPORATION

BALANCE SHEET

November 30, 1977

	Corporation Operating Fund	Mortgage Program Note Fund	Housing Mortgage Bond Fund	Insured Mortgage Bond Fund	Housing Development Fund	Combined
<b>ASSETS:</b>						
Cash—						
Demand deposits .....	\$ 40,651	\$ 5	\$ 7,103	\$ 191		\$ 47,950
Savings accounts .....	316,443	51,730	788,684	614,641	\$ 187,710	1,959,208
Held in trust .....		60,242	4,164	4,469		68,875
	<u>357,094</u>	<u>111,977</u>	<u>799,951</u>	<u>619,301</u>	<u>187,710</u>	<u>2,076,033</u>
Investments (Note 1)—						
Certificates of deposit .....	3,870,000	10,000,000	4,033,028	17,258,454		35,161,482
U.S. Treasury .....				13,158,599		13,158,599
Bank repurchase agreements .....		4,566,589	8,011,631	22,978,765	12,015	35,569,000
	<u>3,870,000</u>	<u>14,566,589</u>	<u>12,044,659</u>	<u>53,395,818</u>	<u>12,015</u>	<u>83,889,081</u>
First mortgage loans, less net unamortized discount or premium of \$2,019,384 (Notes 1, 2 and 5) .....						
	257,847	11,395,383	99,566,908	133,127,954	2,812,911	246,903,156
Home improvement loans .....						
					48,209	306,056
Deed of trust note receivable from Alaska State Housing Authority (Note 4) .....						
	3,628	151,068	816,673	1,598,255	3,900,000	3,900,000
Accrued interest receivable .....						
				46,344		2,615,968
Bond issuance costs, net of amortization (Note 1) .....						
			374,614	307,820		682,434
Capital investment in State Mortgage Insurance Fund (Note 5) .....						
	175,000					175,000
Office equipment and improvements, net of accumulated depreciation of \$6,460 (Note 1) .....						
	27,377					27,377
Total Assets .....	<u>\$4,690,946</u>	<u>\$26,225,017</u>	<u>\$113,602,805</u>	<u>\$189,049,148</u>	<u>\$7,007,189</u>	<u>\$340,575,105</u>
<b>LIABILITIES AND FUND BALANCES:</b>						
Bonds and notes payable, less net unamortized discount or premium of \$2,980,327 (Notes 3 and 4)—						
Mortgage bonds .....			\$106,353,143	\$170,331,257		\$276,684,400
Notes payable .....		\$25,000,273				25,000,273
Payable to the State of Alaska .....				12,798,000	\$6,801,073	19,599,073
Accrued interest payable .....		736,743	3,564,593	5,298,565	58,291	9,658,192
Accrued expenses .....	\$ 48,917	3,577	34,473	52,731	907	140,605
Total Liabilities .....	<u>48,917</u>	<u>25,740,593</u>	<u>109,952,209</u>	<u>188,480,553</u>	<u>6,860,271</u>	<u>331,082,543</u>
Fund balances, designated for purposes allowed within the respective funds (Notes 3, 5 and 6) .....						
	4,642,029	484,424	3,650,596	568,595	146,918	9,492,562
Total Fund Balances .....	<u>4,642,029</u>	<u>484,424</u>	<u>3,650,596</u>	<u>568,595</u>	<u>146,918</u>	<u>9,492,562</u>
Commitments (Note 6)						
Total Liabilities and Fund Balances .....	<u>\$4,690,946</u>	<u>\$26,225,017</u>	<u>\$113,602,805</u>	<u>\$189,049,148</u>	<u>\$7,007,189</u>	<u>\$340,575,105</u>

See accompanying notes to financial statements

ALASKA HOUSING FINANCE CORPORATION

BALANCE SHEET

November 30, 1976

	Corporation Operating Fund	Mortgage Program Note Fund	Housing Mortgage Bond Fund	Insured Mortgage Bond Fund	Housing Development Fund	Combined
<b>ASSETS:</b>						
<b>Cash—</b>						
Demand deposits .....	\$ 66,188	\$ 18,764	\$ 565,753	\$ 125,785		\$ 776,490
Savings accounts .....	644,546				\$ 267,332	911,878
Held in trust .....		843,711	74,158	284,550		1,202,419
	<u>710,734</u>	<u>862,475</u>	<u>639,911</u>	<u>410,335</u>	<u>267,332</u>	<u>2,890,787</u>
<b>Investments (Note 1)—</b>						
Certificates of deposit .....	975,992	49,300	4,978,039	21,845,778		27,849,109
U.S. Treasury .....				4,495,265		4,495,265
Bank repurchase agreements .....			1,189,920	60,780		1,250,700
	<u>975,992</u>	<u>49,300</u>	<u>6,167,959</u>	<u>26,401,823</u>	<u>-</u>	<u>33,595,074</u>
First mortgage loans, less net unamortized discount or premium of \$2,143,557 (Notes 1 and 5) .....	1,873,085	9,414,521	105,866,647	23,581,528	4,683,882	145,419,663
Home improvement loans .....	187,116				64,923	252,039
Deed of trust note receivable from Alaska State Housing Authority (Note 4) .....					3,900,000	3,900,000
Accrued interest receivable .....	28,984	79,601	900,576	227,465	60,885	1,297,511
Bond issuance costs, net of amortization (Note 1) .....			396,418	48,000		444,418
Prepaid expenses .....	50,000					50,000
Office equipment and improvements, net of accumulated depreciation of \$4,159 (Note 1) .....	22,604					22,604
<b>Total Assets .....</b>	<u>\$3,848,515</u>	<u>\$10,405,897</u>	<u>\$113,971,511</u>	<u>\$50,669,151</u>	<u>\$8,977,022</u>	<u>\$187,872,096</u>
<b>LIABILITIES AND FUND BALANCES:</b>						
<b>Bonds and notes payable, less net unamortized discount or premium of \$1,136,999 (Notes 3 and 4)—</b>						
Mortgage bonds .....			\$107,685,140	\$49,212,861		\$156,898,001
Notes payable .....		\$10,000,089				10,000,089
Payable to the State of Alaska .....				500,000	\$8,674,782	9,174,782
Accrued interest payable .....		291,597	3,615,018	854,146	150,392	4,911,153
Accrued expenses .....	\$ 51,226	3,275	39,077	7,862	1,684	103,124
<b>Total Liabilities .....</b>	<u>51,226</u>	<u>10,294,961</u>	<u>111,339,235</u>	<u>50,574,869</u>	<u>8,826,858</u>	<u>181,087,149</u>
<b>Fund balances, designated for—</b>						
Special reserves (Note 3) .....	1,330,696					1,330,696
Purposes allowed within the respective funds (Note 5) .....	2,466,593	110,936	2,632,276	94,282	150,164	5,454,251
<b>Total Fund Balances .....</b>	<u>3,797,289</u>	<u>110,936</u>	<u>2,632,276</u>	<u>94,282</u>	<u>150,164</u>	<u>6,784,947</u>
<b>Commitments (Note 6)</b>						
<b>Total Liabilities and Fund Balances .....</b>	<u>\$3,848,515</u>	<u>\$10,405,897</u>	<u>\$113,971,511</u>	<u>\$50,669,151</u>	<u>\$8,977,022</u>	<u>\$187,872,096</u>

See accompanying notes to financial statements

ALASKA HOUSING FINANCE CORPORATION

STATEMENT OF REVENUES AND EXPENSES AND FUND BALANCES

	Year Ended November 30, 1977					Combined
	Corporation Operating Fund	Mortgage Program Note Fund	Housing Mortgage Bond Fund	Insur. Mortgage Bond Fund	Housing Development Fund	
Revenues:						
Interest income—						
Mortgages .....	\$ 128,865	\$ 892,189	\$ 475,362	\$ 6,127,803	\$ 318,673	\$ 15,942,892
Investments .....	133,623	524,117	364,135	1,805,968	11,533	2,839,376
	262,488	1,416,306	8,839,497	7,933,771	330,206	18,782,268
Loan fees .....	591,915			107,787		699,702
Total revenues .....	<u>854,403</u>	<u>1,416,306</u>	<u>8,839,497</u>	<u>8,041,558</u>	<u>330,206</u>	<u>19,481,970</u>
Operating expenses:						
Interest on notes and bonds .....		857,523	7,147,188	6,859,107	313,141	15,176,959
Mortgage service fees .....	5,219	37,526	378,415	267,054	5,426	693,640
General and administrative expenses ..	407,759	16,088	32,592	5,309		461,748
Legal, accounting and trustee fees .. .	140,840					140,840
Loan losses .....	69,496				14,885	84,381
Insured Mortgage Program (Note 5) ..				107,787		107,787
Interfund operating charge (credit) ....	(590,970)		262,982	327,988		
Total operating expenses .....	<u>32,344</u>	<u>911,157</u>	<u>7,821,177</u>	<u>7,567,245</u>	<u>333,452</u>	<u>16,665,355</u>
Revenues in excess (less than) operating expenses .....	822,059	505,169	1,018,320	474,313	(3,246)	2,816,615
Contribution to State Mortgage Insurance Fund (Note 5) .....	109,000					109,000
Revenues in excess (less than) expenses ....	713,059	505,169	1,018,320	474,313	(3,246)	2,707,615
Fund balance, beginning of period .....	3,797,289	110,936	2,632,276	94,282	150,164	6,784,947
Transfer of net assets applicable to matured bond anticipation notes to the Corporation Operating Fund .....	131,681	(131,681)				
Fund balance, end of period (Notes 3, 5 and 6) .....	<u>\$4,642,029</u>	<u>\$ 484,424</u>	<u>\$3,650,596</u>	<u>\$ 568,595</u>	<u>\$146,918</u>	<u>\$ 9,492,562</u>

See accompanying notes to financial statements

ALASKA HOUSING FINANCE CORPORATION

STATEMENT OF REVENUES AND EXPENSES AND FUND BALANCES

	Year Ended November 30, 1976						
	Corporation Operating Fund	Housing Mortgage Note Fund	Mortgage Program Note Fund	Housing Mortgage Bond Fund	Insured Mortgage Bond Fund	Housing Development Fund	Combined
<b>Revenues:</b>							
Interest income—							
Mortgages .....	\$ 72,402		\$ 58,364	\$ 8,425,808	\$ 801,750	\$ 449,308	\$ 9,807,632
Investments .....	117,504	\$ 1,170,445	347,719	315,046	137,586	10,521	2,098,821
	189,906	1,170,445	406,083	8,740,854	939,336	459,829	11,906,453
Loan fees .....	470,287				111,590		581,877
Total revenues .....	<u>660,193</u>	<u>1,170,445</u>	<u>406,083</u>	<u>8,740,854</u>	<u>1,050,926</u>	<u>459,829</u>	<u>12,488,330</u>
<b>Operating expenses:</b>							
Interest on notes and bonds .....		736,564	291,386	7,248,208	809,917	411,902	9,497,977
Mortgage service fees .....	1,363		3,761	394,140	32,819	14,243	446,326
General and administrative ex- penses .....	436,667			22,041	2,319		461,027
Legal, accounting and trustee fees	108,203						108,203
Insured Mortgage Program (Note 5) .....					111,589		111,589
Interfund operating charge (credit)	(361,608)			361,608			
Total operating expenses .....	<u>184,625</u>	<u>736,564</u>	<u>295,147</u>	<u>8,025,997</u>	<u>956,644</u>	<u>426,145</u>	<u>10,625,122</u>
Revenues in excess of operating ex- penses .....	475,568	433,881	110,936	714,857	94,282	33,684	1,863,208
Contribution to State Mortgage In- surance Fund (Note 5) .....	491,000						491,000
Revenues in excess (less than) ex- penses .....	(15,432)	433,881	110,936	714,857	94,282	33,684	1,372,208
Fund balance, beginning of period ..	1,542,355	1,836,485		1,917,419		116,480	5,412,739
Transfer of net assets applicable to matured bond anticipation notes to the Corporation Operating Fund ..	2,270,366	(2,270,366)					
Fund balance, end of period (Notes 3 and 5) .....	<u>\$ 3,797,289</u>	<u>\$ -</u>	<u>\$ 110,936</u>	<u>\$ 2,632,276</u>	<u>\$ 94,282</u>	<u>\$ 150,164</u>	<u>\$ 6,784,947</u>

	Year Ended November 30, 1975						
<b>Revenues:</b>							
Interest income—							
Mortgages .....	\$ 514	\$ 849,678		\$ 6,425,219		\$ 464,413	\$ 7,739,824
Investments .....	91,417	2,827,101		553,563		19,055	3,491,136
	91,931	3,676,779		6,978,782		483,468	11,230,960
Loan fees .....	215,579						215,579
Total revenues .....	<u>307,510</u>	<u>3,676,779</u>		<u>6,978,782</u>		<u>483,468</u>	<u>11,446,539</u>
<b>Operating expenses:</b>							
Interest on notes and bonds .....		2,607,195		5,822,987		423,535	8,853,717
Mortgage service fees .....		25,112		316,078		11,593	352,783
General and administrative ex- penses .....	136,207	41,921		27,176			205,304
Legal, accounting and trustee fees	153,108						153,108
Interfund operating charge (credit)	(275,076)			275,076			
Total operating expenses .....	<u>14,239</u>	<u>2,674,228</u>		<u>6,441,317</u>		<u>435,128</u>	<u>9,564,912</u>
Revenues in excess of expenses .....	293,271	1,002,551		537,465		48,340	1,881,627
Fund balance, beginning of period ..	1,059,072	1,023,946		1,379,954		68,140	3,531,112
Transfer of net assets applicable to matured bond anticipation notes to the Corporation Operating Fund ..	190,012	(190,012)					
Fund balance, end of period .....	<u>\$ 1,542,355</u>	<u>\$ 1,836,485</u>	<u>\$ -</u>	<u>\$ 1,917,419</u>	<u>\$ -</u>	<u>\$ 116,480</u>	<u>\$ 5,412,739</u>

See accompanying notes to financial statements

ALASKA HOUSING FINANCE CORPORATION

STATEMENT OF CHANGES IN FINANCIAL POSITION

	Year Ended November 30, 1977					
	Corporation Operating Fund	Mortgage Program Note Fund	Housing Mortgage Bond Fund	Insured Mortgage Bond Fund	Housing Development Fund	Combined
<b>Sources of cash:</b>						
From operations—						
Revenues over (under) expenses .....	\$ 713,059	\$ 505,169	\$ 1,018,320	\$ 474,313	\$ (3,246)	\$ 2,707,615
Add (deduct) items not requiring (providing) cash:						
Net amortization of discounts, premiums and bond issuance costs ..	(2,146)	(3,048)	(380,427)	78,255		(307,366)
Depreciation .....	2,301					2,301
(Increase) decrease in accrued interest receivable .....	25,356	(71,467)	83,903	(1,370,790)	14,541	(1,318,457)
Increase (decrease) in accrued interest payable .....		445,146	(50,425)	4,444,419	(92,101)	4,747,039
Net increase (decrease) in accrued and pre-paid expenses .....	47,691	302	(4,604)	44,869	(778)	87,480
Loan losses .....	69,496				14,885	84,381
Cash provided (used) by operations .....	855,757	876,102	666,767	3,671,066	(66,699)	6,002,993
Transfer from (to) other funds .....	131,681	(131,681)				
Mortgages (purchased) sold to other funds .....	1,864,276	33,331,813	(3,934,795)	(32,898,007)	1,636,713	
Mortgage principal repayments .....	24,728	315,279	16,588,397	3,808,868	236,088	20,973,360
Net proceeds from sale of housing mortgage bonds ..				120,786,265		120,786,265
Net proceeds from sale of bond anticipation notes ..		25,001,002				25,001,002
Increase in notes payable to the State of Alaska .....				12,300,000		12,300,000
Total .....	<u>2,876,442</u>	<u>59,392,515</u>	<u>13,320,369</u>	<u>107,668,192</u>	<u>1,806,102</u>	<u>185,063,620</u>
<b>Uses of cash:</b>						
State Mortgage Insurance Fund .....	175,000					175,000
Increase (decrease) in investments .....	2,894,008	14,517,289	5,876,700	26,993,995	12,015	50,294,007
Purchase of first mortgage loans .....	154,000	35,625,724	5,933,629	80,443,231		122,156,584
Payment of housing and insured mortgage bonds ...			1,350,000	20,000		1,370,000
Payment of bond anticipation notes .....		10,000,000				10,000,000
Payment of State of Alaska notes .....				2,000	1,873,709	1,875,709
Other .....	7,074					7,074
Total .....	<u>3,230,082</u>	<u>60,143,013</u>	<u>13,160,329</u>	<u>107,459,226</u>	<u>1,885,724</u>	<u>185,878,374</u>
Increase (decrease) in cash ..	(353,640)	(750,498)	160,040	208,966	(79,622)	(814,754)
Cash balance, beginning of period .....	710,734	862,475	639,911	410,335	267,332	2,890,787
Cash balance, end of period ..	<u>\$ 357,094</u>	<u>\$ 111,977</u>	<u>\$ 799,951</u>	<u>\$ 619,301</u>	<u>\$ 187,710</u>	<u>\$ 2,076,033</u>

See accompanying notes to financial statements

ALASKA HOUSING FINANCE CORPORATION

STATEMENT OF CHANGES IN FINANCIAL POSITION

Year Ended November 30, 1976

	Corporation Operating Fund	Housing Mortgage Note Fund	Mortgage Program Note Fund	Housing Mortgage Bond Fund	Insured Mortgage Bond Fund	Housing Development Fund	Combined
Sources of cash:							
From operations—							
Revenues over (under) expenses .....	\$ (15,432)	\$ 433,881	\$ 110,936	\$ 714,857	\$ 94,282	\$ 33,684	\$ 1,372,208
Add (deduct) items not requiring (providing) cash: .....							
Net amortization of discounts, premiums and bond issuance costs .	114,890		(415)	(250,217)	9,753		(125,989)
Depreciation .....	1,667						1,667
(Increase) decrease in accrued interest receivable .....	(12,770)	1,382,557	(79,601)	(68,224)	(227,465)	8,597	1,003,094
Increase (decrease) in accrued interest payable .....		(2,061,250)	291,597	(28,993)	854,146	67,988	(876,512)
Net increase (decrease) in accrued and pre-paid expenses .....	(151,449)	(264)	3,275	9,147	7,862	1,683	(129,746)
Cash provided (used) by operations .....	(63,094)	(245,076)	325,792	376,570	738,578	111,952	1,244,722
Transfer from (to) other funds	2,270,366	(2,270,366)					
Mortgages (purchased) sold to other funds .....	852,780	3,121,413	5,018,042	(1,969,797)	(7,022,438)		
Mortgage principal repayments	12,713	935	5,030	15,639,591	198,323	277,776	16,134,368
Net proceeds from sale of housing mortgage bonds ..					49,154,226		49,154,226
Net proceeds from sale of bond anticipation notes .....			10,000,300				10,000,300
Increase in notes payable to the State of Alaska .....					500,000		500,000
Total .....	<u>3,072,765</u>	<u>606,906</u>	<u>15,349,164</u>	<u>14,046,364</u>	<u>43,568,689</u>	<u>389,728</u>	<u>77,033,616</u>
Uses of cash:							
Increase (decrease) in investments .....	(324,008)	(51,604,000)	49,300	(6,611,402)	26,401,823		(32,088,287)
Purchase of first mortgage loans .....	2,879,150	2,221,042	14,437,389	19,772,745	16,756,531	124,200	56,191,057
Payment of housing mortgage bonds .....				835,000			835,000
Payment of bond anticipation notes .....		50,000,000					50,000,000
Payment of State of Alaska notes .....						279,858	279,858
Other .....	10,170						10,170
Total .....	<u>2,565,312</u>	<u>617,042</u>	<u>14,486,689</u>	<u>13,996,343</u>	<u>43,158,354</u>	<u>404,058</u>	<u>75,227,798</u>
Increase (decrease) in cash ..	507,453	(10,136)	862,475	50,021	410,335	(14,330)	1,805,818
Cash balance, beginning of period .....	203,281	10,136		589,890		281,662	1,084,969
Cash balance, end of period ..	<u>\$ 710,734</u>	<u>-0-</u>	<u>\$ 862,475</u>	<u>\$ 639,911</u>	<u>\$ 410,335</u>	<u>\$267,332</u>	<u>\$ 2,890,787</u>

See accompanying notes to financial statements

**ALASKA HOUSING FINANCE CORPORATION**  
**STATEMENT OF CHANGES IN FINANCIAL POSITION**

	Year Ended November 30, 1975				
	Corporation Operating Fund	Housing Mortgage Note Fund	Housing Mortgage Bond Fund	Housing Development Fund	Combined
<b>Sources of cash:</b>					
From operations—					
Revenues over expenses .....	\$293,271	\$ 1,002,551	\$ 537,465	\$ 48,340	\$ 1,881,627
Add (deduct) items not requiring (providing) cash:					
Net amortization of discounts, premiums and bond issuance costs .....		(17,977)	(172,552)		(190,529)
Depreciation .....	746				746
(Increase) decrease in accrued interest receivable	(15,794)	(470,242)	(356,621)	(10,094)	(852,751)
Increase (decrease) in accrued interest payable ..		274,250	1,781,020	(1,379)	2,053,891
Net increase (decrease) in accrued and prepaid expenses .....	23,340	(5,915)	11,438	(8,962)	19,901
Cash provided by operations .....	301,563	782,667	1,800,750	27,905	2,912,885
Transfer from (to) other funds .....	233,329	(84,497)	(25,509)	(123,323)	
Mortgages (purchased) sold to other funds .....		30,924,711	(30,924,711)		
Mortgage principal repayments .....	287	9,333,943	7,125,447	87,002	16,546,679
Net proceeds from sale of housing mortgage bonds ..			46,330,221		46,330,221
Net proceeds from sale of bond anticipation notes ...		50,000,000			50,000,000
Total .....	<u>535,179</u>	<u>90,956,824</u>	<u>24,306,198</u>	<u>(8,416)</u>	<u>115,789,785</u>
<b>Uses of cash:</b>					
Increase (decrease) in investments .....	450,000	30,505,000	9,749,061	(250,000)	40,454,061
Purchase of first mortgage loans .....		20,160,267	14,974,815	61,885	35,196,967
Home improvement loans .....	46,500				46,500
Payment of housing mortgage bonds .....			555,000		555,000
Payment of bond anticipation notes .....		52,000,000			52,000,000
Payment of State of Alaska notes .....				154,133	154,133
Other .....	10,199				10,199
Total .....	<u>506,699</u>	<u>102,665,267</u>	<u>25,278,876</u>	<u>(33,982)</u>	<u>128,416,860</u>
Increase (decrease) in cash .....	78,480	(11,708,443)	(972,678)	25,566	(12,627,075)
Cash balance, beginning of period .....	174,801	11,718,579	1,562,568	256,096	13,712,044
Cash balance, end of period .....	<u>\$203,281</u>	<u>\$ 10,136</u>	<u>\$ 589,890</u>	<u>\$281,662</u>	<u>\$ 1,084,969</u>

See accompanying notes to financial statements

# ALASKA HOUSING FINANCE CORPORATION

## NOTES TO FINANCIAL STATEMENTS

### Note 1—Accounting Policies:

The Alaska Housing Finance Corporation (the Corporation) is a tax-exempt public corporation and government instrumentality created by the Alaska Legislature to assist in the financing, development, sale and rental of dwelling units for persons of low and moderate income and for persons in remote, underdeveloped or blighted areas of the State. Generally, this is being accomplished by functioning as a secondary market for qualified real estate loans originated by financial institutions. Significant policies used in the preparation of its financial statements are as follows:

#### *Fund Accounting*

The financial activities of the Corporation, which are restricted by the Corporation's Bond Resolutions, Note Resolutions and Housing Development Fund Agreement, are recorded in various specific purpose funds and accounts as specified in such instruments. Financial activities and resulting account balances which are not so restricted are recorded in the Corporation Operating Fund.

#### *Combined Totals*

The "Note Funds" and "Bond Funds" columns contain the totals of the similar accounts of such Funds and the "Combined" column contains the total of all Funds of the Corporation. Since the assets of certain of the Funds are restricted by the Resolutions and Housing Development Fund Agreement, the totaling of the accounts, including assets therein, is for convenience only and does not indicate that the combined assets are available in any manner other than that provided for in the Resolutions and Agreement relating to the separate funds.

#### *Investments*

Investments are carried at amortized cost, which approximates market.

#### *Mortgage Loans*

Mortgage loans are carried at their unpaid principal balance less net unamortized discount or premium.

#### *Provision for Loan Losses*

Provision for loan losses is determined from specific evaluation of delinquencies and charged directly against operations in the period that the loss exposure becomes known.

#### *Amortization and Depreciation*

Since December 1, 1976, mortgage discounts and premiums have been amortized on a yield method (sum of the months digits) over the lives of the related loans. In prior years, mortgage discounts and premiums were amortized by the straight-line method; the resulting credit to income is not significantly different under either method.

Discount, premium and issuance expenses on debt are deferred and amortized, on a yield method, over the terms of the related issue.

Depreciation is computed on a straight-line basis over the estimated useful lives of the related assets. Estimated useful lives are generally 5 to 20 years.

### Note 2—Unamortized Discount and Premium on Mortgages:

The net unamortized discount and premium on mortgages outstanding at November 20, 1977 is composed of the following:

Fund	Mortgage Principal Balance	Net Unamortized Discount	Net
Mortgage Program Note .....	\$ 11,438,795	\$ (43,412)	\$ 11,395,383
Housing Mortgage Bond .....	101,341,169	(1,774,261)	99,566,908
Insured Mortgage Bond .....	133,329,665	(201,711)	133,127,954
Housing Development .....	2,812,911		2,812,911
	<u>\$248,922,540</u>	<u>\$ (2,019,384)</u>	<u>\$246,903,156</u>

**Note 3—Bonds and Notes Payable:**

The Act of the Alaska Legislature which created the Corporation authorizes it to issue its own bonds, bond anticipation notes and other obligations in such principal amounts as in the opinion of the Corporation will be necessary to provide sufficient funds for carrying out its purposes. Generally, bond anticipation notes have been issued for the temporary accumulation of mortgage loans while long-term bonds have been issued for permanent mortgage financing. The Corporation's principal programs are its Housing Mortgage Program and Insured Mortgage Program. The principal distinction between the two is that mortgages purchased under the Insured Program are expected to be primarily conventional in nature carrying private mortgage insurance (rather than FHA, VA, etc.) and are also insured under a State Mortgage Insurance Fund described at Note 5.

The Corporation's obligations are not a debt of the State of Alaska and the State is not directly liable thereon. Obligations outstanding at November 30, 1977 and November 30, 1976 were as follows:

	Notes Outstanding	
	November 30, 1977	November 30, 1976
Mortgage program notes, 1976 First Series, 4.25% maturing March 14, 1977, including unamortized premium of \$89 .....		\$ 10,000,089
Mortgage program notes, 1977 First Series, 3.83% maturing March 14, 1978, including unamortized premium of \$273 .....	\$ 25,000,273	
	<u>\$ 25,000,273</u>	<u>\$ 10,000,089</u>

	Original Amount (In 000's)	Bonds Outstanding	
		November 30, 1977	November 30, 1976
<b>Housing Mortgage Program:</b>			
1972 Series A, 5.4%-7%, maturing serially in annual amounts varying from \$220,000 to \$900,000 from December 1, 1977 through 2002, including unamortized premium of \$7,623 and \$8,117 .....	\$ 13,500	\$ 12,837,623	\$ 13,048,117
1973 Series A, 5.5%-6.75% maturing serially in annual amounts varying from \$210,000 to \$885,000 from December 1, 1977 through 2002 .....	13,000	12,445,000	12,645,000
1973 Series B, 5.8%-7%, maturing serially in annual amounts varying from \$515,000 to \$1,105,000 from December 1, 1977 through 1989, and \$24,700,000 in term bonds due December 1, 2003, including unamortized premiums of \$23,253 and \$24,663 ....	36,000	34,893,253	35,374,663
1975 Series A, 7%-8.75% maturing serially in annual amounts varying from \$370,000 to \$1,410,000 from December 1, 1977 through 1995, and \$19,445,000 in term bonds due December 1, 2005, net of unamortized discount of \$151,768 and \$160,131 ....	35,000	34,508,232	34,839,869

	Original Amount (in 000's)	Bonds Outstanding (Cont'd)	
		November 30, 1977	November 30, 1976
1975 Series B, 6.5%-7.75%, maturing serially in annual amounts varying from \$130,000 to \$470,000 from December 1, 1977 through 1995, and \$6,740,000 in term bonds due December 1, 2005, net of unamortized discount of \$210,965 and \$222,509 ..	\$ 12,000	\$ 11,669,035	\$ 11,777,491
Subtotal .....	<u>\$109,500</u>	<u>\$106,353,143</u>	<u>\$107,685,140</u>
<i>Insured Mortgage Program:</i>			
1975 First Series, 7.9%-9.0%, maturing serially in annual amounts varying from \$40,000 to \$120,000 from December 1, 1977 through 1990, and \$3,945,000 in term bonds due December 1, 2005, net of unamortized discount of \$45,347 and \$47,669 ....	5,000	4,934,653	4,952,331
1976 First Series, 6.5%-8.0%, maturing serially in annual amounts varying from \$165,000 to \$325,000 from December 1, 1977 through 1986, and \$2,250,000 and \$15,380,000 in term bonds due December 1, 1991 and 2006, respectively, net of unamortized discount of \$281,639 and \$295,409 .....	20,000	19,718,361	19,704,591
1976 Second Series, 5.4%-8.0%, maturing serially in annual amounts varying from \$200,000 to \$390,000 from December 1, 1977 through 1986, and \$2,580,000 and \$19,575,000 in term bonds due December 1, 1991 and 2006, respectively, net of unamortized discount of \$423,664 and \$444,061 .....	25,000	24,576,336	24,555,939
1977 First Series, 5.35%-6.625%, maturing serially in annual amounts varying from \$450,000 to \$960,000 from December 1, 1978 to 1992, and \$24,920,000 in term bonds due December 1, 2007, net of unamortized discount of \$657,500 .....	35,000	34,342,500	
1977 Second Series, 5.20%-6.50%, maturing serially in annual amounts varying from \$595,000 to \$1,355,000 from December 1, 1978 to 1992 and \$33,970,000 in term bonds due December 1, 2007, net of unamortized discount of \$669,301 .....	48,000	47,330,699	
1977 Third Series, 4.85%-6.50%, maturing serially in annual amounts varying from \$450,000 to \$1,225,000 from December 1, 1978 to 1992 and \$27,250,000 in term bonds due December 1, 2007, net of unamortized discount of \$571,292 .....	40,000	39,428,708	
Subtotal .....	<u>173,000</u>	<u>170,331,257</u>	<u>49,212,861</u>
	<u>\$282,500</u>	<u>\$276,684,400</u>	<u>\$156,898,001</u>

The principal security for the Corporation's outstanding mortgage program notes is the mortgages and investments purchased from note proceeds, including earnings thereon. In order to provide additional protection to holders of the 1977 First Series Notes maturing March 14, 1978, the Corporation entered into an agreement with the State of Alaska which provides that the State will purchase a sufficient amount of mortgages to retire the notes at maturity if other financing is not obtainable and the Corporation's unrestricted funds are insufficient for such purpose.

At November 30, 1976, the Corporation had set aside \$1,330,696 of its Operating Fund Balance in special reserves. The majority of this amount, \$1,000,000, was to be used to pay any losses that might be incurred in the event of a sale of mortgage loans to retire the 1976 First Series Notes. This arrangement expired upon payment of the notes at their maturity. The remaining special reserve of

\$330,696 was removed by action of the Corporation's Board during the year ended November 30, 1977.

The following sources are available and pledged for the payment of Housing Mortgage Bond principal and interest: (1) the proceeds derived from the sale of such bonds, (2) the repayments from all mortgage loans financed under the program net of service fees and operating expenses of the Corporation, (3) all monies and securities of the Reserve Fund held by the Trustee (\$1,999,750 and \$1,400,227 at November 30, 1977 and November 30, 1976, respectively), and (4) a Special Pledged Fund (approximately \$21,439,000 and \$21,870,000 at November 30, 1977 and November 30, 1976, respectively) consisting of first mortgage loans, permitted investments and cash held by the Commissioner of Revenue for the State of Alaska. This latter fund is not reflected in the accompanying financial statements.

The following sources are available and pledged for the payment of Insured Mortgage Bond principal and interest: (1) the repayments from all mortgage loans financed under the program net of service fees and operating expenses of the Corporation, and (2) all monies and securities of the Capital Reserve Fund held by the Trustee (\$17,302,403 of principally U.S. Government obligations at November 30, 1977). This latter fund is required to be maintained at an amount equal to 10% of the outstanding balance of Insured Mortgage Bonds.

The remaining debt service payments on bonds outstanding at November 30, 1977 are as follows:

*Housing Mortgage Program*

<u>During Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
November 30, 1978 .....	\$ 1,445,000	\$ 7,129,183	\$ 8,574,183
November 30, 1979 .....	1,550,000	7,021,108	8,571,108
November 30, 1980 .....	1,670,000	6,905,121	8,575,121
November 30, 1981 .....	1,790,000	6,784,434	8,574,434
November 30, 1982 .....	1,925,000	6,656,461	8,581,461
	<u>8,380,000</u>	<u>34,496,307</u>	<u>42,876,307</u>
Thereafter .....	<u>98,305,000</u>	<u>94,213,961</u>	<u>192,518,961</u>
	<u>106,685,000</u>	<u>128,710,268</u>	<u>235,395,268</u>

*Insured Mortgage Program*

<u>During Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
November 30, 1978 .....	405,000	6,967,363	7,372,363
November 30, 1979 .....	1,930,000	11,271,142	13,201,142
November 30, 1980 .....	2,135,000	11,138,715	13,273,715
November 30, 1981 .....	2,295,000	10,992,516	13,287,516
November 30, 1982 .....	2,455,000	10,835,267	13,290,267
	<u>9,220,000</u>	<u>51,205,003</u>	<u>60,425,003</u>
Thereafter .....	<u>163,760,000</u>	<u>181,078,851</u>	<u>344,838,851</u>
	<u>172,980,000</u>	<u>232,283,854</u>	<u>405,263,854</u>
Total .....	<u>\$279,665,000</u>	<u>\$360,994,122</u>	<u>\$640,659,122</u>

The bonds are subject to certain early redemption provisions at the option of the Corporation.

**Note 4—Notes Payable to the State of Alaska:**

As part of the Corporation's Housing Development Fund programs, it entered into agreements with the State of Alaska and Alaska State Housing Authority, whereby the Corporation borrowed \$3,900,000 from the State for a term of 36 years at an annual interest rate of 3% which is collateralized by a deed of trust note receivable from the Authority. Concurrently, funds were loaned by the Corporation to the Authority for a term of 36 years at an annual interest rate of 3% for the construction of an apartment building in Juneau, Alaska. No principal reduction is required until September 1, 1978 when the first of 30 equal annual debt service payments of \$198,974 begins.

There is an additional note payable to the State of Alaska under the Housing Development Fund programs in the amount of \$2,901,073 and \$4,774,782 at November 30, 1977 and 1976, respectively, bearing interest at 6% which matures in 2014 and is renewable at the option of the Commissioner of Revenue. Principal reductions are required on these notes until maturity in an amount equal to the principal portion of the loan payments on the mortgage loans assigned as security for the notes.

Under the Insured Mortgage Bond Program, the Corporation is required to maintain a Capital Reserve Fund equal to 10% of the outstanding balance of Insured Mortgage Bonds. In order to fulfill a portion of the requirement, the Corporation borrowed \$12,800,000 from the State with outstanding balances as follows:

Balances at November 30, 1977

1975 First Series .....	\$ 498,000
1977 First Series .....	3,500,000
1977 Second Series .....	4,800,000
1977 Third Series .....	4,000,000
Total .....	<u>\$12,798,000</u>

The interest rate on the loans is equal to earnings on the proceeds of such loans deposited in the Capital Reserve Fund with principal reductions pro-rata to those required for the Insured Mortgage Bonds relating to such loans. The principal reduction required for the forthcoming year on December 2, 1977, is \$4,000.

**Note 5—State Mortgage Insurance Fund:**

In connection with the establishment of the Insured Mortgage Program described at Note 3, an Insurance Fund of the State of Alaska (the Fund) was created for the exclusive purpose of insuring the acquired mortgages. Mortgage loans which may be insured under the program must either have a loan-to-value ratio of less than 80% or be the subject of insurance or guarantee by the FHA, VA or other federal agency or by private mortgage insurance to the extent that such ratio is greater than 80%. The capital of the fund is required to be maintained at an amount equal to the greater of 2% of the unpaid principal amount of all acquired mortgages or a percentage which the Corporation and the State agree is actuarially sound for operation of the Fund. The initial capital requirements associated with the 1975 through 1977 First Series Bonds were partially funded by contributions from the Corporation Operating Fund. The Corporation considered these initial contributions of \$600,000 to be permanent costs of initiating the program and charged such amounts against operations; subsequent contributions of \$175,000 have been capitalized since the ongoing nature of the program is expected to produce a probable likelihood of return. Such return is, however, limited to amounts in excess of the capital requirement described previously and contingent upon that requirement having been continuously met for two consecutive fiscal years preceding the withdrawal.

The Fund is held in trust by a commercial lending institution pursuant to a custody agreement entered into by the State of Alaska and administered by the management of the Corporation. Generally, the Fund's activities through November 30, 1977 have been limited to receipt of capital contributions, premiums and interest on investments. However, the premium charge, originally equal to 1/2% of the principal amount on each conventional mortgage loan financed under the program, was discontinued January 24, 1977.

A summary of the Fund's financial statements for the two years ended November 30, 1977 follows:

	<u>November 30,</u>	
	<u>1977</u>	<u>1976</u>
<b>ASSETS:</b>		
Cash and short-term investments .....	<u>\$3,608,133</u>	<u>\$1,000,354</u>
<b>LIABILITIES:</b>		
Deferred premiums .....	\$ 188,938	\$ 106,086
<b>CAPITAL:</b>		
Contributions from—		
State of Alaska .....	2,500,000	391,000
Alaska Housing Finance Corporation .....	775,000	491,000
Retained earnings .....	<u>144,195</u>	<u>12,268</u>
	<u>\$3,608,133</u>	<u>\$1,000,354</u>
	<u>Year Ended</u>	
	<u>November 30,</u>	
	<u>1977</u>	<u>1976</u>
<b>REVENUES:</b>		
Interest on investments .....	\$ 107,272	\$ 6,825
Earned premiums .....	<u>24,935</u>	<u>5,473</u>
	132,207	12,298
	<u>280</u>	<u>30</u>
<b>EXPENSES:</b>		
Net Income .....	<u>\$ 131,927</u>	<u>\$ 12,268</u>

The Fund has not recorded any provision for loan losses since no losses have presently been experienced and an inadequate history exists within the State to form a credible basis for future loss projections. However, it is the opinion of management of the Corporation that such losses, if any, will be minimal in view of the traditional economic strength of the Alaska housing market and the previously described loan-to-value criteria which must be met by eligible loans in the Insured Mortgage Program.

**Note 6—Commitments:**

At November 30, 1977 the Corporation had commitments to purchase first mortgage loans of approximately \$28,129,000. Additionally, in connection with potential future bond offerings under the Insured Mortgage Program, the Corporation has authorized the funding of up to \$825,000 of any capital requirement of the Insurance Fund (see Note 5) from the unrestricted fund balance of the Corporation Operating Fund should such funds not be appropriated by the Alaska Legislature.

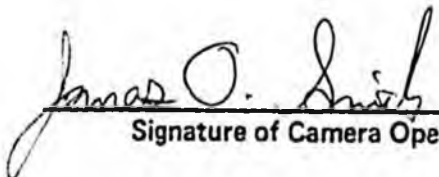
The Corporation leases its office facilities and certain equipment for periods expiring between July, 1979 and October, 1980 with annual rental payments of approximately \$56,000 in 1978 and decreasing to \$11,000 by 1980. The Corporation is also obligated for a pro-rata portion of any increase in property taxes paid by the lessor.

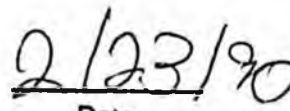


# RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

  
\_\_\_\_\_  
Signature of Camera Operator

  
\_\_\_\_\_  
Date

# COMMITTEE REPORT

## HOUSE

3/10/78

FURTHER: \_\_\_\_\_

Date: 5/4/78

Mr. Speaker:

The Committee on EDUCATION has had HB 862  
"An Act making special appropriations to the Department of Education  
for the Transportation Museum of Alaska, Inc.; effective date."

under consideration and (a majority of the committee) (the committee  
reports it back as follows)

- recommends it do pass                      ( ) recommends it do not pass
- ( ) recommends it do pass with attached amendment(s)
- ( ) recommends it be replaced with CS for \_\_\_\_\_
- and \_\_\_\_\_ ( ) new title              ( ) same title
- ( ) AND attaches a Letter of Intent              ( ) New Fiscal Note
- ( ) reports it back without recommendation
- ( ) and recommends it be referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING DO PASS:

[Signature]  
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OTHER RECOMMENDATIONS:

\_\_\_\_\_  
\_\_\_\_\_  
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[Signature]  
Chairman

Introduced: 2/28/78  
Referred: Health, Education &  
Social Services and Finance

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND  
SOCIAL SERVICES COMMITTEE

2 HOUSE BILL NO. 862

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making special appropriations to the Department  
7 of Education for the Transportation Museum of Alaska,  
8 Inc.; and providing for an effective date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 \* Section 1. The sum of \$55,500 is appropriated from the general fund to  
11 the Department of Education for the purpose of making a direct grant to the  
12 Transportation Museum of Alaska, Inc. to enable the museum to house and re-  
13 furbish exhibits.

14 \* Sec. 2. The sum of \$125,495 is appropriated from the general fund to  
15 the Department of Education for the purpose of making a direct grant to the  
16 Transportation Museum of Alaska, Inc. for use in maintaining and displaying  
17 exhibits.

18 \* Sec. 3. This Act takes effect July 1, 1978.

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THE LEGISLATURE OF THE STATE OF ALASKA  
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST  
 Bill/Resolution No. HB 862  
 Title An Act making special appropriations...for the Transportation Museum...  
 Requested by Hess Date 3-13-78

II. FISCAL DETAIL  
 Agency Affected Education  
 Program Category Affected Education  
 Budget Request Unit(s) Affected State Museum

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.			181,000			
<b>TOTAL</b>			<b>181,000</b>			

FUNDING (Thousands of Dollars)

GENERAL FUND			181,000			
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

FULL TIME			3			
PART TIME			1			
TEMPORARY						

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

\$55,500 - Funds for improvements, remodeling, and maintenance of the grounds and structures housing the Transportation Museum of Alaska, Inc.

\$125,495 - Funds for basic operations including personnel, travel, insurance, office supplies, restoration supplies and equipment.

Detailed budget plans for use of the total grant of 180,995 are attached.

IV. DATE March 13, 1978 PREPARED BY Pat Cole  
 Original: Legislative Finance AGENCY \_\_\_\_\_  
 cc: Budget and Management PHONE \_\_\_\_\_  
 Prime Sponsor (First Legislator Named)

HB 862

15862

TRANSPORTATION MUSEUM OF ALASKA INC.

OPERATING BUDGET FY 1978/79

OBJECTS

100	PERSONNEL SERVICES	
110	Salaries and Wages	\$ 59,600
120	Benefits and Costs	<u>7,870</u>
	100 SERIES TOTALS	67,470
200	TRAVEL	<u>1,100</u>
	200 SERIES TOTALS	1,100
300	CONTRACTUAL	
	Communications	1,200
	Advertising and Printing	950
	Rent and Utilities	11,600
	Insurance and Bond	3,700
	Professional Fees and Services	200
	Other Contractual	<u>100</u>
	300 SERIES TOTALS	17,750
400	COMMODITIES	
	Clothing and Personnel Supplies	325
	Office Supplies	500
	Household Supplies	350
	Other Supplies (Misc)	3,200
	Restoration Supplies	<u>34,100</u>
	400 SERIES TOTALS	38,475
500	EQUIPMENT	
	Filing cabinet, calculator, table, hydraulic cylinders	<u>700</u>
	500 SERIES TOTALS	700
	FUNCTION TOTALS	\$ <u>125,495</u>

TRANSPORTATION MUSEUM OF ALASKA, INC.

CAPITAL BUDGET FY 1978/79

NB862

EXHIBITION, RESTORATION & WAREHOUSE BUILDING

Concrete walkway, front & rear of building with sloping ends for handicapped. 160' x 6' x 6" \$ 6,000

Restroom facilities (2) for public, handicapped & employees. Includes fixtures, wiring, water & sewer to building. 9,000

WELL & PUMP HOUSE

Electrical, plumbing, drilling, pump and building. 14,500

PAINT

For 14 Railroad cars, includes rust primer and roof sealant. 4,000

WHITNEY SECTION HOUSE

New roof, toilet facilities, rewiring, replacing outside porch & steps. Floor covering inside, refinishing inside walls & woodwork. 16,000

LANDSCAPING, WALKWAYS & SIGNS

Gravel walkways to and around outside exhibits, fertilizer and grass seed for lawns, reflective metal signs for gates. Individual all weather descriptive exhibit signs for outside exhibits. 6,000

55,500

---

OPERATING BUDGET \$ 125,495

CAPITAL BUDGET 55,500

TOTAL BUDGET 180,995

Introduced: 2/28/78  
Referred: Health, Education &  
Social Services and Finance

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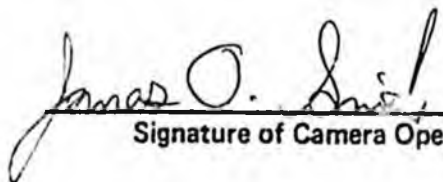
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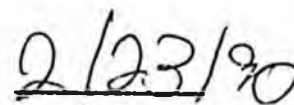


# RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

  
Signature of Camera Operator

  
Date

# COMMITTEE REPORT

## HOUSE

FURTHER: \_\_\_\_\_

2/28/68

Date: 3-1-75

Mr. Speaker:

The Committee on FINANCE has had HB 863

"An Act making a supplemental appropriation to the Department of Health and Social Services, General Relief; eff. date."

under consideration and (a majority of the committee) (the committee reports it back as follows)

- recommends it do pass       recommends it do not pass  
 recommends it do pass with attached amendment(s)  
 recommends it be replaced with CS for \_\_\_\_\_

and \_\_\_\_\_  new title       same title

- AND attaches a Letter of Intent       New Fiscal Note  
 reports it back without recommendation  
 and recommends it be referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING DO PASS:

[Signature]  
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OTHER RECOMMENDATIONS:

Freeman No Rec  
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\_\_\_\_\_  
\_\_\_\_\_

[Signature]  
Chairman

Introduced: 2/28/78  
Referred: Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 863

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a supplemental appropriation to the  
7 Department of Health and Social Services, General  
8 Relief; and providing for an effective date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 \* Section 1. The sum of \$404,200 is appropriated from the general fund  
11 to the Department of Health and Social Services, for the purpose of the  
12 General Relief Program.

13 \* Sec. 2. This Act takes effect immediately in accordance with AS 01.-  
14 10.070(c).

Introduced: 2/28/78  
Referred: Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 863

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

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## POSITION PAPER

ON

HOUSE BILL NO. 863

"An Act making a supplemental appropriation to the Department of Health and Social Services, General Relief; and providing for an effective date."

## I. HISTORICAL PERSPECTIVE

For many years the total GR program appropriation had been divided in half and 6-month allocations had been made by region. These allocations were based on the previous year's expenditures in each region. Regions kept their own program balances and could not exceed their allocations without Central Office approval. In order to avoid over-spending, regions followed a priority system for granting General Relief Assistance. The granting of aid by a priority system related primarily to family composition and allowed certain eligible persons to be denied assistance when funding was short. For the most part, under this system so long as funds were regionally available, aid was granted to eligible needy families with young children. However, even when funds remained available single persons (and particularly employable single persons) were generally refused assistance even if they were eligible.

In March 1977, the priority system of controlling GR funds was protested by Legal Services in Anchorage. We consulted with the Attorney General's Office, and it was agreed that we should begin meeting the full need in Anchorage. (It was only the fact that the remaining regions continued to restrict payments which allowed us to make this concession in Anchorage.) However, within a short time, the expenditure pattern started to go into an over-expenditure pattern. We again met with Liz Arnold, Assistant Attorney General. She recommended the immediate restrictions be placed upon spending of funds in Anchorage. This was done.

At this point, the situation in Anchorage became "desperate." Other agencies as well as Legal Services contacted us on the situation.

The Agency met with other helping agencies in Anchorage to explain our funding situation and to seek and coordinate all available resources to meet our mutual clients needs. It appeared that the situation was critical.

Legal Services at this point was ready to go to suit if the restrictions were not immediately lifted statewide. Our Assistant Attorney General, Liz Arnold, attended this meeting with the agency. She advised us that she did not feel we could win the case against Legal Services.

On September 30, 1977 the agency met with the Administration. It was agreed that restrictions should be lifted statewide. *supplemental*

We were to keep informed on the expenditure levels and go for a supplemental.

II. FINANCIAL INFORMATION

In late January 1978, all information assembled to date confirmed that the Program would require a supplemental no later than March 31, 1978. Under the Program, the average monthly expenditure rested at approximately \$43,000. There was no information which indicated that this expenditure level would continue to accelerate; therefore, the Department submitted an initial supplemental request based on a monthly expenditure level of \$43,000 for the remainder of FY 78.

Unexpectedly, expenditure reports received in early February 1978 disclosed an expenditure level of \$62,900 for January, an increase of \$19,900 over the \$43,000 forecast in January. More alarmingly, expenditure information for February to date demonstrates that the rate of acceleration has not subsided. Anticipated expenditures for February are now expected to reach \$77,400, an increase of \$34,400 over that forecast in January.

The extreme fluctuations in this program make it impossible to accurately predict the final outcome for FY 78 (see attachment). However, assuming no further acceleration of the monthly payment level for the remainder of the fiscal year, it becomes readily apparent that there will be a \$404,200 shortfall unless cost containment measures are reinserted in this program. This figure was derived as follows:

\$343.9	Total GR Commitments through February 22.
- 288.0	FY 78 FCC Appropriation
<u>\$ 55.9</u>	GR Commitment in excess of FY 78 appropriation as of February 22.
+ 348.3	Estimated expenditure for remainder of FY 78. This was derived by taking the expected February expenditure level of \$77,400 x 4.5 months to cover the period February 22 through June 30.
<u>\$404.2</u>	Total FY 78 GR supplemental need as of this time.

III. PROGRAM INFORMATION

Distribution of GR Assistance Recipients

<u>Region</u>	<u>October, 1977</u> (Partial Figures)	<u>November, 1977</u>	<u>December, 1977</u>
Anchorage	191	335	433
Fairbanks	44	47	99
Juneau	95	59	110
Bethel	22	31	34
Kotzebue	<u>11</u>	<u>14</u>	<u>14</u>
TOTALS	363	486	690

Characteristics of GR Recipients, October - December, 1977

1. Average age of recipient was 28.7 years
2. 79.6% of all recipients had resided in Alaska one (1) year or longer
3. 69.5% of all recipients had no income in their household in the month aid was granted. The majority of those who did have income were receiving Unemployment Compensation Benefits.
4. The average GR recipient household contained 2.65 persons.
5. 51.9% of all GR recipients lived in single person households.
6. 87.2% of all GR recipients receiving GR vendor payments obtained aid for rent costs.

IV. ALTERNATIVES

- A. Suspend the General Relief Assistance Program for the balance of FY 78.

This alternative would result in the following impacts:

1. Would create a severe hardship on the existing client population of 590 families.
2. Would possibly violate the Administrative Procedures Act which requires any state action having public impact be placed in promulgated regulations.

3. Would be blocked by a temporary restraining order because although the GR statutes are vague and permissive, there is some question as to the legality of suspending the program in its entirety for a long period of time, either with or without regulations.
- B. Reduce the General Relief Assistance Program for the balance of FY 78. This alternative would have the following impact:
1. Would produce a need to develop special restrictive measures.
  2. Would require changes to the Administrative Code Regulations which will become final March 23.
  3. There would in all probability be a temporary restraining order issued through the courts to block this action.
- C. Continue the GR Assistance Program under current program guidelines by passing a supplemental for 404.2.
- This alternative would result in the following impacts:
1. Continuing increased expenditures in the GR program.
  2. No state-induced hardships to present or potential clients.
  3. Would allow the necessary time needed for deliberate and legal reconsideration of GR program changes.

Attachments

APPROVED: Helen D. Beirne  
Helen D. Beirne, Commissioner  
Department of Health and Social Services

2/28/78  
(Date)

September 9, 1977

Human Support Services  
Anchorage Municipality  
3500 Tudor Road  
Anchorage, Alaska 99503

Dear People:

This is to request your participation in a meeting sponsored by the Department of Health & Social Services, Division of Public Assistance, regarding the shortage of funds for emergency assistance in the Anchorage area.

The meeting is scheduled for Wednesday, September 14 at 9:00 a.m. in Room 426 of the McKay Building.

The current situation is becoming increasingly critical, with funds available through our General Relief program having been depleted to the point where services have been dramatically reduced in recent weeks. It is anticipated that this reduction will continue in upcoming months.

The objectives of the meeting are:

- (1) establish an understanding among concerned agencies as to the nature and extent of the emergency assistance problem;
- (2) develop information as to all emergency services available through the agencies represented; and
- (3) develop a comprehensive prioritized referral system for all agencies to use in providing maximum assistance to persons in need of help in emergency situations.

The meeting will be chaired by Deputy Commissioner Cathy Lloyd.

If you are unable to attend, it would be appreciated if another person could represent your agency.

Should you have any questions on this meeting, please do not hesitate to contact either myself at 465-3355, or our local Regional Manager, Mr. Garth Patterson at 274-6524.

Thank you.

Sincerely,

Don Kamp  
Acting Director

cc: Fred McGinnis, Deputy Commissioner  
Cathy Loyd, Deputy Commissioner  
Garth Patterson, Regional Manager  
Liz Arnold, Assistant Attorney General  
Saa Granato, Director, Social Services

# MINUTES OF GENERAL RELIEF PROGRAM PUBLIC MEETING

ANCHORAGE, ALASKA

Wednesday, September 14, 1977

The meeting was called to order by Catherine M. Lloyd, Deputy Commissioner, Department of Health and Social Services, at 9:10 a.m. Ms. Lloyd and Garth Patterson, Division of Public Assistance, presented statements in explanation of the purpose of the meeting, which was to explain our funding situation and to seek and coordinate all available resources to meet our mutual clients' needs.

Each agency representative present introduced himself and explained the services, his agency offers the indigent in Anchorage. A list of these agencies and participants is attached.

Mr. Patterson explained that the shortage of funds for his region for the remaining 9 1/2 months of the fiscal year was so severe that the program has stopped serving all eligible clients except 18 year old high school students, persons who have pending SSI disability determinations, and funeral expense cases. There were questions from the floor concerning past and present DPA procedures of making 6 month allocations by region, the granting of aid by a priority system related primarily to family composition which allows certain eligible persons to be denied assistance when funding was short, and related program questions.

It appeared to be the sense of the meeting that the situation was critical; specific case examples of the result of the Anchorage funding restriction were presented. In particular, there were questions concerning the necessity for more timely SSI determinations of disability, and the Department representatives were asked to further investigate the possibility of reducing all GR expenditures by obtaining reimbursement from SSI for GR payments made to this group of eligibles and the possibility of making these payments under the Aid to the Disabled budget, thus relieving GR of this client pressure in funding. The participants requested that another meeting be held as soon as possible to further explore these issues and to present a detailed analysis of the statewide expenditure patterns in the program in order to predict how long funds would be available if the full needs (under the statutory maximum \$80 payment limit) of all eligibles were to be met. A desire was expressed that the media and appropriate legislators be informed of the situation and that the agencies represented be kept informed of GR expenditures on a regular monthly basis.

Two motions were made, seconded, and passed unanimously (state personnel abstaining):

1. That the priority system now in place in Anchorage be abandoned and the full needs of all eligibles be met until program funds were exhausted statewide; and
2. If necessary, that there then be a request made for a special legislative session to provide additional funding.

Ms. Lloyd was asked to discuss these motions with the Commissioner and with the Governor and report their reactions.

Questions were raised about delays in processing Food Stamp applications in the Anchorage Office. Mr. Patterson responded by noting that the current performance averaged 11 days between receipt of application and determination of eligibility and that further reduction of this average would require additional staff. Several agencies testified that current levels of service in the Food Stamp Program impacted their programs negatively. It was the feeling of the group that the eligibility office was understaffed, and that with more staff the process would be speeded up.

Ms. Lloyd expressed the Departments' appreciation for the attendance and suggestions and stated that the next meeting would be held as soon as further information on spending patterns was gathered.

The meeting was adjourned at 10:55 a.m.

Robert Cotant  
Anchorage Community Mental  
Health Center

Carl John, Liz Blakely,  
Dianne Dougherty, Patty More  
Anchorage Municipality

Therese Donnelly  
Day Care Consultants

Bruce Garberding  
Social Services  
Cook Inlet Native Association

Rick Brown  
Don Clocksin  
Alaska Legal Services

Ella Craig  
Social Services  
Bureau of Indian Affairs

Capt. Clithero  
Francis Pate  
Salvation Army

Pat Michaelson  
Jo Sullivan  
Evelyn Moss  
St. Francis House

Gay Hunt  
Older Persons Action Group

Meredith Hilby  
Social Security Administration

Judy Sharpe  
Providence Hospital

Liz Arnold  
Department of Law

Faye Guthrie  
Division of Social Services

Catherine Lloyd, Deputy Commissioner  
Department of Health & Social Services

Gordon Landes  
Garth Patterson  
Division of Public Assistance

GR FY78 Appropriation  
 Estimated BIA 18 yr. old cost  
 Remaining available

\$288,00  
 (26,600)  
 261,400

For first 6 months of FY78

261,400 x 40% = 104,560

SERO 104560 x .129\* = 13488  
 SCRO 104560 x .748 = 78210  
 NRO 104560 x .109 = 11397  
 SWRO 104560 x .003 = 314  
 NWRO 104560 x .011 = 1150  
 104559

GR Dist. by first 6 months of FY78

	<u>GR</u>	<u>BIA (18 yr. old)</u>	<u>TOTAL GR</u>
SERO	13,500	2,100	15,600
SCRO	78,200	0	78,200
NRO	11,400	1,600	13,000
SWRO	300	7,500	7,800
NWRO	1,200	2,100	3,300
TOTAL	104,600	13,300	117,900

\* indicates percentage of non-native caseload.

NON-Native Cases - October, 1976

	<u>OMA</u>	<u>AB</u>	<u>AD</u>	<u>AFDC</u>	<u>TOTAL</u>	
SERO	107	1	59	159	326	.129
SCRO	364	13	335	1186	1898	.748
NRO	57	2	105	111	275	.108
SWRO	1	1	1	5	8	.003
NWRO	2	1	20	5	28	.011
TOTAL	531	13	520	1456	2535	

SERO 12.9%  
 SCRO 74.8%  
 NRO 10.9%  
 SWRO 0.3%  
 NWRO 1.1%

18 Year Olds

	<u>Jan, Feb, March Payment</u>	<u>For Provisions Months</u>	<u>12 month x 4</u>	<u>6 month x 2</u>
SERO	\$1054	--	1054	2100
NRO	800	--	800	1600
SWRO	3719	--	3719	7500
NWRO	1510 (770)	--	1050	2100
			6603	13,300 x 2 = 26,600

GENERAL RELIEF EXPENDITURES

<u>Location</u>	<u>6 month allocation 6-12/77</u>	<u>July Exp.</u>	<u>Aug. Exp.</u>	<u>Sept. Exp. thru 9/24 PM</u>	<u>6 month remaining allocation</u>
Beau	\$15,600	\$3,023.49	\$2,061.14	\$1,867.87	\$8,647.50
Arbanks	13,000	2,399.02	3,156.08	720.00	6,724.90
Storage	78,200	28,022.27	28,323.84	4,971.12	16,882.77
Shel	7,800	1,694.00	1,820.00	2,022.57	2,263.33
Seebue	3,300	212.80	210.00	530.00	2,347.20
Statewide cash amounts (included in above figures)	13,300	1,410.00	4,166.00	4,760.00	2,694.00

GENERAL RELIEF PROJECTIONS, FY 78

Original FY 78 GR Allocation	\$288,000.00
Total Funds Expended Through 9/23/77	81,034.20
GR Program Balance as of 9/24/77 =	206,965.80
Estimate of Expenditures for Remainder of September =	1,055.00
Projected Program Balance as of 10/1/77 =	205,910.80

1. If the September (restricted) expenditure rate continues unchanged statewide for each of the remaining 9 months of FY 78, the program will end the year with a surplus of \$105,411.76.  
( $11,166.56 \times 9 \text{ months} = \$100,499.04$ )
2. If the Anchorage region returns to meeting full need effective 10/1/77, if the August Anchorage expenditures rate continues unchanged for each of the remaining 9 months, and if the August expenditure rates for all other regions continue unchanged for each of the remaining 9 months, the GR program would exhaust all funds in mid-March, 1978.  
( $\$35,571.06 \times 5.79 \text{ months} = \$205,910.80$ )
3. If all regions begin meeting full need effective October 1, 1977, the program would exhaust all funds in late February, 1978.

- Assumptions:
1. Bethel and Kotzebue September expenditure rates would continue unchanged for each of the remaining 9 months.
  2. Anchorage August expenditure rate would continue unchanged for each of the remaining 9 months.
  3. Fairbanks expenditure rate would increase by 75% over its August rate, to \$5523.14 per month.
  4. Juneau expenditure rate would increase to 3 times its August rate (to \$6,183.42 per month).

( $\$42,532.97 \times 4.84 \text{ months} = \$205,910.80$ ).

TO: RAPS

DATE: October 3, 1977

*Eric Hansen*  
Eric Hansen, CFO

FILE NO.

TELEPHONE NO.

FROM: Gordon Landes, PAPO *GL*

SUBJECT: GR Program Changes

Effective immediately the following changes must be made in the General Relief program:

1. All eligible applicants will be provided assistance, regardless of their living situation, family composition, or employability. Single employable adults, childless couples, etc. will be issued vendor payments if they are financially eligible and have a need for a specific subsistence item.
2. There are to be no limits on the number of consecutive months an eligible applicant can receive assistance. That is, a client who receives GR in October must be served again in November if he reapplies and is found eligible.
3. The amount of assistance granted to each eligible person will:
  - (a) continue to be no more than \$80 per month for pending AD cases and 18 year old high school students (who were included in AFDC households and became ineligible for AFDC solely because of age);
  - (b) continue at the existing and appropriate level for AFDC "grandmothered" cases;
  - (c) continue at \$700 maximum for all burials; and
  - (d) for all GR cases involving vendor payments, the payment will be either the full amount of the specified subsistence item, or \$80 per person times the number of persons in the household, whichever is less.
4. GR allocations on a regional basis have been eliminated. Until further notice, you may serve all eligibles as detailed above.
5. You should continue to log each and every GR expenditure (field warrant and authorization for Central Office-generated regular warrant), but these are to be totalled on a weekly basis. Your total regional expenditure for each week must be telephoned to Eric Hansen on the following Monday. Weekly totals should be kept beginning 8 am, Monday, October 10, 1977.

6. The "GR Information Report" is discontinued. In its place you must use the attached summary sheet. This sheet should have a line entry for each GR expenditure, and it should list the initials of the case name, the age of the primary recipient, date of authorization, number of persons in the household, length of residence in Alaska (specify weeks, months, or years), amount of gross monthly household income, the source of that income, the type of GR aid provided (ie, "cash", "rent", "fuel", etc.) and the amount of the assistance provided.

These tally sheets should be kept on a weekly basis. At the close of each week's business, they should be mailed to Central Office, attention: Eric Hansen. Unfortunately, it is necessary that you complete these sheets retroactive to 8 am Monday, October 3.

These changes were mandated by the Commissioner's Office, with the concurrence of the Office of the Governor, after considerable discussion with the Attorney General's Office, Legal Services, and others, and they will remain in effect until further notice.

We recognize that all GR funds will be exhausted well before the end of the fiscal year, and hope that the Legislature will approve a supplemental appropriation. However, this must have no effect on the authorization of GR benefits through your offices.

If you have any questions, please call immediately.

cc: Catherine M. Lloyd  
Fredrick McGinnis  
Richard R. Wilson  
Liz Arnold

Introduced: 2/28/78  
Referred: Finance

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 HOUSE BILL NO. 863

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a supplemental appropriation to the  
7 Department of Health and Social Services, General  
8 Relief; and providing for an effective date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 \* Section 1. The sum of \$404,200 is appropriated from the general fund  
11 to the Department of Health and Social Services, for the purpose of the  
12 General Relief Program.

13 \* Sec. 2. This Act takes effect immediately in accordance with AS 01.-  
14 10.070(c).

FY 78 SUPPLEMENTAL REQUEST ANALYSIS

	FY 75 ACTUAL	FY 77 FINAL AUTH.	FY 77 ACTUAL	FY 78 GOV. BUDGET	FY 78 INITIAL AUTH.	FY 78 CURRENT AUTH.	EXPENDITURES + ENCUMBRANCES 7/1 - 12/31	OTHER OBLIGATIONS 7/1 - 12/31	PROJECTED EXPENDITURES + ENCUMBRANCES 1/1 - 3/31	FY 78 (DEFICIT) OR EXCESS	FY 79 MAINTENANCE REQUEST
SPECIAL SERVICES											
TRAVEL	19.6										
CONTRACTUAL SERVICES	141.9										
COMMODITIES	10.8										
EQUIPMENT											
GRANTS, BLESS. ...											
RENTS, CLAIMS, ...	20.2	330.0	293.9	288.0	288.0	288.0	239.4	-0-	692.2	404.2	500.0
miscellaneous											
TOTAL	192.5	330.0	293.9	288.0	288.0	288.0	239.4	-0-	692.2	404.2	500.0
FEDERAL RECEIPTS	2.8										
COPIED OF MATCHING	-0-										
OTHER GENERAL FUND	189.7	330.0	293.9	288.0	288.0	288.0	239.4	-0-	692.2	404.2	500.0
INTER-AGENCY RECEIPTS											

Agency Department of Health & Social Svcs. E20 General Relief Assistance

COMPONENT

RECEIVED February 24, 1978

GENERAL RELIEF ASSISTANCE  
FY 77MONTHLY EXPENDITURES

	JUL 76	AUG 76	SEPT 76	OCT 76	NOV 76	DEC 76	JAN 77	FEB 77	MAR 77	APR 77	MAY 77	JUN 77
MONTHLY EXPENDITURES	2.9	9.7	15.8	11.8	12.8	18.2	20.0	24.7	35.9	35.4	31.5	31.5
CASH BALANCE	327.1	317.4	305.6	291.0	279.0	260.8	240.8	216.1	180.2	146.8	115.5	84.0
MONTH TO MONTH GROWTH RATE		255%	43%	(15%)	9%	43%	10%	24%	46%	(7%)	(7%)	1%

GENERAL RELIEF ASSISTANCE  
FY 78MONTHLY EXPENDITURES

	JULY 77	AUGUST 77	SEPTEMBER 77	OCTOBER 77	NOVEMBER 77	DECEMBER 77	JANUARY 78	FEBRUARY 17, 1978
MONTHLY EXPENDITURES	20.5	38.8	16.7	18.2	38.9	45.4	62.9	58.7
CASH BALANCE	267.5	228.7	212.0	195.8	154.9	111.5	48.6	9.9
MONTH TO MONTH GROWTH RATE		90%	(57%)	9%	114%	12%	45%	
GROWTH RATES		AUG - FEB	100%					
		OCT - FEB	326%					
		NOV - FEB	99%					
		DEC - FEB	79%					

Introduced: 2/28/78  
Referred: Finance

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

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## POSITION PAPER

ON

HOUSE BILL NO. 863

"An Act making a supplemental appropriation to the Department of Health and Social Services, General Relief; and providing for an effective date."

## I. HISTORICAL PERSPECTIVE

For many years the total GR program appropriation had been divided in half and 6-month allocations had been made by region. These allocations were based on the previous year's expenditures in each region. Regions kept their own program balances and could not exceed their allocations without Central Office approval. In order to avoid over-spending, regions followed a priority system for granting General Relief Assistance. The granting of aid by a priority system related primarily to family composition and allowed certain eligible persons to be denied assistance when funding was short. For the most part, under this system so long as funds were regionally available, aid was granted to eligible needy families with young children. However, even when funds remained available single persons (and particularly employable single persons) were generally refused assistance even if they were eligible.

In March 1977, the priority system of controlling GR funds was protested by Legal Services in Anchorage. We consulted with the Attorney General's Office, and it was agreed that we should begin meeting the full need in Anchorage. (It was only the fact that the remaining regions continued to restrict payments which allowed us to make this concession in Anchorage.) However, within a short time, the expenditure pattern started to go into an over-expenditure pattern. We again met with Liz Arnold, Assistant Attorney General. She recommended the immediate restrictions be placed upon spending of funds in Anchorage. This was done.

At this point, the situation in Anchorage became "desperate." Other agencies as well as Legal Services contacted us on the situation.

The Agency met with other helping agencies in Anchorage to explain our funding situation and to seek and coordinate all available resources to meet our mutual clients needs. It appeared that the situation was critical.

Legal Services at this point was ready to go to suit if the restrictions were not immediately lifted statewide. Our Assistant Attorney General, Liz Arnold, attended this meeting with the agency. She advised us that she did not feel we could win the case against Legal Services.

On September 30, 1977 the agency met with the Administration. It was agreed that restrictions should be lifted statewide.

We were to keep informed on the expenditure levels and go for a supplemental.

II. FINANCIAL INFORMATION

In late January 1978, all information assembled to date confirmed that the Program would require a supplemental no later than March 31, 1978. Under the Program, the average monthly expenditure rested at approximately \$43,000. There was no information which indicated that this expenditure level would continue to accelerate; therefore, the Department submitted an initial supplemental request based on a monthly expenditure level of \$43,000 for the remainder of FY 78.

Unexpectedly, expenditure reports received in early February 1978 disclosed an expenditure level of \$62,900 for January, an increase of \$19,900 over the \$43,000 forecast in January. More alarmingly, expenditure information for February to date demonstrates that the rate of acceleration has not subsided. Anticipated expenditures for February are now expected to reach \$77,400, an increase of \$34,400 over that forecast in January.

The extreme fluctuations in this program make it impossible to accurately predict the final outcome for FY 78 (see attachment). However, assuming no further acceleration of the monthly payment level for the remainder of the fiscal year, it becomes readily apparent that there will be a \$404,200 shortfall unless cost containment measures are reinserted in this program. This figure was derived as follows:

\$343.9	Total GR Commitments through February 22.
- 288.0	FY 78 FCC Appropriation
<u>\$ 55.9</u>	GR Commitment in excess of FY 78 appropriation as of February 22.
+ 348.3	Estimated expenditure for remainder of FY 78. This was derived by taking the expected February expenditure level of \$77,400 x 4.5 months to cover the period February 22 through June 30.
<u>\$404.2</u>	Total FY 78 GR supplemental need as of this time.

III. PROGRAM INFORMATION

Distribution of GR Assistance Recipients

<u>Region</u>	<u>October, 1977</u> (Partial Figures)	<u>November, 1977</u>	<u>December, 1977</u>
Anchorage	191	335	433
Fairbanks	44	47	99
Juneau	95	59	110
Bethel	22	31	34
Kotzebue	<u>11</u>	<u>14</u>	<u>14</u>
TOTALS	363	486	690

Characteristics of GR Recipients, October - December, 1977

1. Average age of recipient was 28.7 years
2. 79.6% of all recipients had resided in Alaska one (1) year or longer
3. 69.5% of all recipients had no income in their household in the month aid was granted. The majority of those who did have income were receiving Unemployment Compensation Benefits.
4. The average GR recipient household contained 2.65 persons.
5. 51.9% of all GR recipients lived in single person households.
6. 87.2% of all GR recipients receiving GR vendor payments obtained aid for rent costs.

IV. ALTERNATIVES

- A. Suspend the General Relief Assistance Program for the balance of FY 78.

This alternative would result in the following impacts:

1. Would create a severe hardship on the existing client population of 590 families.
2. Would possibly violate the Administrative Procedures Act which requires any state action having public impact be placed in promulgated regulations.

- 3. Would be blocked by a temporary restraining order because although the GR statutes are vague and permissive, there is some question as to the legality of suspending the program in its entirety for a long period of time, either with or without regulations.
- B. Reduce the General Relief Assistance Program for the balance of FY 78. This alternative would have the following impact:
  - 1. Would produce a need to develop special restrictive measures.
  - 2. Would require changes to the Administrative Code Regulations which will become final March 23.
  - 3. There would in all probability be a temporary restraining order issued through the courts to block this action.
- C. Continue the GR Assistance Program under current program guidelines by passing a supplemental for 404.2.

This alternative would result in the following impacts:

- 1. Continuing increased expenditures in the GR program.
- 2. No state-induced hardships to present or potential clients.
- 3. Would allow the necessary time needed for deliberate and legal reconsideration of GR program changes.

Attachments

APPROVED: Helen D. Beirne  
 Helen D. Beirne, Commissioner  
 Department of Health and Social Services

2/28/75  
 (Date)

September 9, 1977

Human Support Services  
Anchorage Municipality  
3500 Tudor Road  
Anchorage, Alaska 99503

Dear People:

This is to request your participation in a meeting sponsored by the Department of Health & Social Services, Division of Public Assistance, regarding the shortage of funds for emergency assistance in the Anchorage area.

The meeting is scheduled for Wednesday, September 14 at 9:00 a.m. in Room 426 of the McKay Building.

The current situation is becoming increasingly critical, with funds available through our General Relief program having been depleted to the point where services have been dramatically reduced in recent weeks. It is anticipated that this reduction will continue in upcoming months.

The objectives of the meeting are:

- (1) establish an understanding among concerned agencies as to the nature and extent of the emergency assistance problem;
- (2) develop information as to all emergency services available through the agencies represented; and
- (3) develop a comprehensive prioritized referral system for all agencies to use in providing maximum assistance to persons in need of help in emergency situations.

The meeting will be chaired by Deputy Commissioner Cathy Lloyd.

If you are unable to attend, it would be appreciated if another person could represent your agency.

Should you have any questions on this meeting, please do not hesitate to contact either myself at 465-3355, or our local Regional Manager, Mr. Garth Patterson at 274-6524.

Thank you.

Sincerely,

Don Kemp  
Acting Director

cc: Fred McGinnis, Deputy Commissioner  
Cathy Loyd, Deputy Commissioner  
Garth Patterson, Regional Manager  
Liz Arnold, Assistant Attorney General  
Sara Granato, Director, Social Services

# MINUTES OF GENERAL RELIEF PROGRAM PUBLIC MEETING

ANCHORAGE, ALASKA

Wednesday, September 14, 1977

The meeting was called to order by Catherine M. Lloyd, Deputy Commissioner, Department of Health and Social Services, at 9:10 a.m. Ms. Lloyd and Garth Patterson, Division of Public Assistance, presented statements in explanation of the purpose of the meeting, which was to explain our funding situation and to seek and coordinate all available resources to meet our mutual clients' needs.

Each agency representative present introduced himself and explained the services, his agency offers the indigent in Anchorage. A list of these agencies and participants is attached.

Mr. Patterson explained that the shortage of funds for his region for the remaining 9 1/2 months of the fiscal year was so severe that the program has stopped serving all eligible clients except 18 year old high school students, persons who have pending SSI disability determinations, and funeral expense cases. There were questions from the floor concerning past and present DPA procedures of making 6 month allocations by region, the granting of aid by a priority system related primarily to family composition which allows certain eligible persons to be denied assistance when funding was short, and related program questions.

It appeared to be the sense of the meeting that the situation was critical; specific case examples of the result of the Anchorage funding restriction were presented. In particular, there were questions concerning the necessity for more timely SSI determinations of disability, and the Department representatives were asked to further investigate the possibility of reducing all GR expenditures by obtaining reimbursement from SSI for GR payments made to this group of eligibles and the possibility of making these payments under the Aid to the Disabled budget, thus relieving GR of this client pressure in funding. The participants requested that another meeting be held as soon as possible to further explore these issues and to present a detailed analysis of the statewide expenditure patterns in the program in order to predict how long funds would be available if the full needs (under the statutory maximum \$80 payment limit) of all eligibles were to be met. A desire was expressed that the media and appropriate legislators be informed of the situation and that the agencies represented be kept informed of GR expenditures on a regular monthly basis.

Two motions were made, seconded, and passed unanimously (state personnel abstaining):

1. That the priority system now in place in Anchorage be abandoned and the full needs of all eligibles be met until program funds were exhausted statewide; and
2. If necessary, that there then be a request made for a special legislative session to provide additional funding.

Ms. Lloyd was asked to discuss these motions with the Commissioner and with the Governor and report their reactions.

Questions were raised about delays in processing Food Stamp applications in the Anchorage Office. Mr. Patterson responded by noting that the current performance averaged 11 days between receipt of application and determination of eligibility and that further reduction of this average would require additional staff. Several agencies testified that current levels of service in the Food Stamp Program impacted their programs negatively. It was the feeling of the group that the eligibility office was understaffed, and that with more staff the process would be speeded up.

Ms. Lloyd expressed the Departments' appreciation for the attendance and suggestions and stated that the next meeting would be held as soon as further information on spending patterns was gathered.

The meeting was adjourned at 10:55 a.m.

Robert Cotant  
Anchorage Community Mental  
Health Center

Carl John, Liz Blakely,  
Dianne Dougherty, Patty More  
Anchorage Municipality

Therese Donnelly  
Day Care Consultants

Bruce Garberding  
Social Services  
Cook Inlet Native Association

Rick Brown  
Don Clocksin  
Alaska Legal Services

Ella Craig  
Social Services  
Bureau of Indian Affairs

Capt. Clithero  
Francis Pate  
Salvation Army

Pat Michaelson  
Jo Sullivan  
Evelyn Moss  
St. Francis House

Gay Hunt  
Older Persons Action Group

Meredith Hilby  
Social Security Administration

Juuy Sharpe  
Providence Hospital

Liz Arnold  
Department of Law

Faye Guthrie  
Division of Social Services

Catherine Lloyd, Deputy Commissioner  
Department of Health & Social Services

Gordon Landes  
Garth Patterson  
Division of Public Assistance

GR FY78 Appropriation \$288,00  
 Estimated BIA 18 yr. old cost (26,600)  
 Remaining available 261,400

For first 6 months of FY78

261,400 x 40% = 104,560

SERO	104560	x	.129*	=	13488
SCRO	104560	x	.748	=	78210
NRO	104560	x	.109	=	11397
SWRO	104560	x	.003	=	314
NWRO	104560	x	.011	=	1150
					<u>104559</u>

GR Dist. by first 6 months of FY78

	<u>GR</u>	<u>BIA (18 yr. old)</u>	<u>TOTAL GR</u>
SERO	13,500	2,100	15,600
SCRO	78,200	0	78,200
NRO	11,400	1,600	13,000
SWRO	300	7,500	7,800
NWRO	1,200	2,100	3,300
TOTAL	<u>104,600</u>	<u>13,300</u>	<u>117,900</u>

\* indicates percentage of non-native caseload.

NON-Native Cases - October, 1976

	<u>OMA</u>	<u>AB</u>	<u>AD</u>	<u>AFDC</u>	<u>TOTAL</u>	
SERO	107	1	59	159	326	.129
SCRO	364	13	335	1186	1898	.748
NRO	57	2	105	111	275	.108
SWRO	1	1	1	5	8	.003
NWRO	2	1	20	5	28	.011
TOTAL	<u>531</u>	<u>18</u>	<u>520</u>	<u>1466</u>	<u>2535</u>	

SERO 12.9%  
 SCRO 74.8%  
 NRO 10.9%  
 SWRO 0.3%  
 NWRO 1.1%

18 Year Olds

	<u>Jan, Feb, March Payment</u>	<u>For Provisions Months</u>	<u>12 month x 4</u>	<u>6 month x 2</u>
SERO	\$1044	--	4176	2100
NRO	800	--	3200	1600
SWRO	3719	--	14876	7500
NWRO	1510 (770)	--	6040	2100
			6603	13,300 x 2 = 26,600

GENERAL RELIEF EXPENDITURES

<u>Category</u>	<u>6 month allocation 6-12/77</u>	<u>July Exp.</u>	<u>Aug. Exp.</u>	<u>Sept. Exp. thru 9/24 PM</u>	<u>6 month remaining allocation</u>
Seau	\$15,600	\$3,023.49	\$2,061.14	\$1,867.87	\$8,647.50
Libraries	13,000	2,399.02	3,156.08	720.00	6,724.90
Storage	78,200	28,022.27	28,323.84	4,971.12	16,882.77
Fuel	7,800	1,694.00	1,820.00	2,022.57	2,263.33
Truck	3,300	212.80	210.00	530.00	2,347.20
Statewide cash grants (included in above figures)	13,300	1,410.00	4,166.00	4,760.00	2,694.00

GENERAL RELIEF PROJECTIONS, FY 78

Original FY 78 GR Allocation	\$288,000.00
Total Funds Expended Through 9/23/77	81,034.20
GR Program Balance as of 9/24/77 =	206,965.80
Estimate of Expenditures for Remainder of September =	1,055.00
Projected Program Balance as of 10/1/77 =	205,910.80

1. If the September (restricted) expenditure rate continues unchanged statewide for each of the remaining 9 months of FY 78, the program will end the year with a surplus of \$105,411.76.  
(11,166.56 x 9 months = \$100,499.04)
2. If the Anchorage region returns to meeting full need effective 10/1/77, if the August Anchorage expenditures rate continues unchanged for each of the remaining 9 months, and if the August expenditure rates for all other regions continue unchanged for each of the remaining 9 months, the GR program would exhaust all funds in mid-March, 1978.  
(\$35,571.06 x 5.79 months = \$205,910.80)
3. If all regions begin meeting full need effective October 1, 1977, the program would exhaust all funds in late February, 1978.

- Assumptions:
1. Bethel and Kotzebue September expenditure rates would continue unchanged for each of the remaining 9 months.
  2. Anchorage August expenditure rate would continue unchanged for each of the remaining 9 months.
  3. Fairbanks expenditure rate would increase by 75% over its August rate, to \$5523.14 per month.
  4. Juneau expenditure rate would increase to 3 times its August rate (to \$6,183.42 per month).

(\$42,582.97 x 4.84 months = \$205,910.80).

TO: RAPMS

DATE: October 3, 1977

*Eric Hansen*  
Eric Hansen, CFO

FILE NO.

TELEPHONE NO.

FROM:

Gordon Landes, PAPO *GL*

SUBJECT: GR Program Changes

Effective immediately the following changes must be made in the General Relief program:

1. All eligible applicants will be provided assistance, regardless of their living situation, family composition, or employability. Single employable adults, childless couples, etc. will be issued vendor payments if they are financially eligible and have a need for a specific subsistence item.
2. There are to be no limits on the number of consecutive months an eligible applicant can receive assistance. That is, a client who receives GR in October must be served again in November if he reapplies and is found eligible.
3. The amount of assistance granted to each eligible person will:
  - (a) continue to be no more than \$80 per month for pending AD cases and 18 year old high school students (who were included in AFDC households and became ineligible for AFDC solely because of age);
  - (b) continue at the existing and appropriate level for AFDC "grandmothered" cases;
  - (d) continue at \$700 maximum for all burials; and
  - (d) for all GR cases involving vendor payments, the payment will be either the full amount of the specified subsistence item, or \$80 per person times the number of persons in the household, whichever is less.
4. GR allocations on a regional basis have been eliminated. Until further notice, you may serve all eligibles as detailed above.
5. You should continue to log each and every GR expenditure (field warrant and authorization for Central Office-generated regular warrant), but these are to be totalled on a weekly basis. Your total regional expenditure for each week must be telephoned to Eric Hansen on the following Monday. Weekly totals should be kept beginning 8 am, Monday, October 10, 1977.

6. The "GR Information Report" is discontinued. In its place you must use the attached summary sheet. This sheet should have a line entry for each GR expenditure, and it should list the initials of the case name, the age of the primary recipient, date of authorization, number of persons in the household, length of residence in Alaska (specify weeks, months, or years), amount of gross monthly household income, the source of that income, the type of GR aid provided (ie, "cash", "rent", "fuel", etc.) and the amount of the assistance provided.

These tally sheets should be kept on a weekly basis. At the close of each week's business, they should be mailed to Central Office, attention: Eric Hanson. Unfortunately, it is necessary that you complete these sheets retroactive to 8 am Monday, October 3.

These changes were mandated by the Commissioner's Office, with the concurrence of the Office of the Governor, after considerable discussion with the Attorney General's Office, Legal Services, and others, and they will remain in effect until further notice.

We recognize that all GR funds will be exhausted well before the end of the fiscal year, and hope that the Legislature will approve a supplemental appropriation. However, this must have no effect on the authorization of GR benefits through your offices.

If you have any questions, please call immediately.

cc: Catherine H. Lloyd  
Fredrick McGinnis  
Richard R. Wilson  
Liz Arnold

Introduced: 2/28/78  
Referred: Finance

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AGENCY Department of Health & Social Svcs. ERU General Relief Assistance

COMPONENT

REVISED February 21, 1978

GENERAL RELIEF ASSISTANCE  
FY 77

MONTHLY EXPENDITURES

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FY 78

MONTHLY EXPENDITURES

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