

LEG. FINANCE - BILLS 1977 - 1978 854

HB 946 cont., thru HB 954 854

1 (3) emergency temporary or casual workers not covered under
2 AS 39.35 (PERS) or AS 14.25 (TRS).

3 (c) From the amount contributed by an employee and on behalf of
4 that employee by the State of Alaska under this section, the Department
5 of Administration shall deduct:

6 (1) for each employee, the amount determined under (b) of
7 this section to pay the cost of providing benefits under secs. 150 and
8 160 of this chapter;

9 (2) for those employees covered under the Alaska Public
10 Employees' Retirement System (AS 39.35) except peace officers and fire-
11 men (as defined in AS 39.35.680(27)), an additional 7.7 per cent of
12 gross monthly compensation;

13 (3) for peace officers or firemen covered under AS 39.35
14 (PERS), an additional 6.8 per cent of gross monthly compensation.

15 (d) The balance of the contributions made by an employee and by
16 the state on behalf of that employee into the special employee benefit
17 account shall, after deduction of the amounts specified in (b) of this
18 section, be deposited in a deferred compensation account in the name of
19 that employee. The director of the division of retirement and benefits
20 shall administer the deferred compensation program and shall, by regula-
21 tion, establish operating procedures for the program which allow for
22 deferment of the state and federal income tax until benefits are receiv-
23 able in accordance with federal requirements under the Internal Revenue
24 Code.

25 * Sec. 7. If approved by employees of the State of Alaska as set out in
26 sec. 8 of this Act, the state's notice of intention to withdraw from the
27 federal Social Security System shall be allowed to become effective January 1,
28 1980.

29 * Sec. 8. The Department of Administration shall conduct an election by

1 secret ballot between February 1 and April 1, 1979. The department shall, at
2 least 90 days before the election, prepare a list of all affected state
3 employees, including permanent, seasonal and temporary employees, who shall
4 be eligible to vote, along with mailing addresses, and make the list avail-
5 able to interested persons or employee representative organizations. The
6 question on the ballot shall read: "Do you favor withdrawal from the Social
7 Security System?" The ballot shall contain a description of the benefits
8 provided for in this Act which would be provided in lieu of further benefits
9 under the Social Security System. No other information concerning the elec-
10 tion issue may be distributed with or attached to the ballot. A simple
11 majority of those employees voting shall determine the outcome of this issue.

12 * Sec. 9. Sections 1 - 7 of this Act take effect on January 1, 1980 if
13 approved by a majority of the votes cast by affected state employees under
14 sec. 8 of this Act. Section 8 of this Act takes effect immediately in accor-
15 dance with AS 01.10.070(c).

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THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

Com. File

I. REQUEST

Bill/Resolution No. HB 946
Title Withdrawal From The Federal Social Security System
Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected Administration - Division of Retirement and Benefits
Program Category Affected Retirement and Benefits (PERS)
Budget Request Unit(s) Affected Public Employees' Retirement System

EXPENDITURES (Thousands of Dollars)

	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83
100 PERSONAL SERVICES		37.3	79.1	83.8	88.8	94.2
200 TRAVEL		1.0	1.0	1.0	1.0	1.0
300 CONTRACTUAL		6.7				
400 COMMODITIES		0.6	0.6	0.6	0.6	0.6
500 EQUIPMENT		1.5				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
		4,232.5	4,655.8	5,121.3	5,633.5	6,196.8
TOTAL	-0-	4,279.6	4,736.5	5,206.7	5,723.9	6,292.6

FUNDING (Thousands of Dollars) See Attachment 1

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

FULL TIME		1.5	3	3	3	2
PART TIME						
TEMPORARY						

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

See Attachment 1

Paul B. Arnoldt

IV. DATE 5-31-78 PREPARED BY Paul B. Arnoldt, Director
AGENCY Division of Retirement & Benefits
PHONE 465-4460

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named) Rules Committee
Office of the Governor (Keith Specking)
33-001 (Rev. 12/77)

ATTACHMENT 1
HB 946

I. First Year Cost to the State:

1. Marine Transportation Employees	=	\$1,330,000
2. Police/Fire Employees	=	387,000
3. Other (PERS) Employees	=	<u>2,515,500</u>
Total	=	<u>\$4,232,500</u>

II. Funding:

1. The cost of this bill is determined as a percent of covered payroll. It is estimated that future payrolls will grow by 10% annually (salary and membership). Therefore, second year cost to the State will be \$4,655,750, and so forth for each year.

		<u>79</u>	<u>80</u>	<u>81</u>	<u>82</u>	<u>83</u>
General Fund	82.0 %	\$3,470.6	\$3,817.9	\$4,199.5	\$4,619.5	\$5,081.3
Federal Fund	4.5 %	190.5	209.5	230.5	253.5	278.9
Veteran's Fund	.2 %	8.5	9.3	10.2	11.3	12.4
Fish & Game Fund	.6 %	25.4	27.9	30.7	33.8	37.2
Highway Fund	1.3 %	55.0	60.5	66.6	73.2	80.6
Airport Fund	2.9 %	122.7	135.0	148.5	163.4	179.7
Capital Fund	8.5 %	359.8	395.7	435.3	478.8	526.7
PERS		<u>47.1</u>	<u>80.7</u>	<u>85.4</u>	<u>90.4</u>	<u>95.8</u>
Total		\$4,279.6	\$4,736.5	\$5,206.7	\$5,723.9	\$6,292.6

III. Administrative Costs:

1. Establish and administer new Deferred Compensation Program: One Retirement and Benefit Specialist (Range 16) and one Retirement and Benefit Technician (Range 12).
2. Administer new survivor benefits, disability benefits and basic benefits for employees not previously covered: One Retirement and Benefit Specialist (Range 16).
3. Equipment (\$1,500), travel (\$1,000), and commodities (\$600) for new employees.

IV. Special Election:

1. One-time Data Processing costs to generate employee lists and mailing addresses (\$5,000).
2. Postage (\$1,500) and printing of ballots (\$200).

V. Additional Information:

Two letters from Robert F. Richardson to Paul B. Arnoldt dated May 25, 1978.
(See Attachment 2 and Attachment 3)

Benefit Services / Consulting Actuaries

May 25, 1978

Mr. Paul Arnoldt, Director
Division of Retirement & Benefits
State of Alaska
Department of Administration
Pouch C7
Juneau, Alaska 99811

Re: House Bill 946 Costs

Dear Paul:

We have calculated that passage of House Bill 946 will cost 1.36% of earnings for State employees covered under PERS. This cost can be broken down in the following manner:

(1) An extra 1% on the benefit formula	8.45%
(2) 25-and-out provision for present and new State employees	.30%
(3) 25-and-out provision for employees who transfer to State employment from other political subdivisions	.10%
(4) Improved disability benefits	<u>.10%</u>
(5) Total Cost	8.95%
(6) Less average contribution from special fund	<u>7.59%</u>
(7) Additional cost to the State	1.36%

As you can see, this cost is higher than the cost calculated by Milliman & Robertson, Inc. There are several explanations for these differences. Of prime importance is the fact that different actuarial assumptions have been used in the two calculations. M&R based its calculations on the former actuarial assumptions whereas our calculations have been based upon new assumptions adopted by the PERS Board this Spring. Perhaps of greatest significance, especially as relates to this bill, is the fact that the new actuarial assumptions assume that salaries will increase at 6% per year until age 39 while the former actuarial assumption assumes that salaries will increase at 5% per year. As you can imagine, a benefit based upon final average pay

Mr. Paul Arnoldt

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May 25, 1978

will be more costly if salaries go up at a faster rate. The present cost to the State for PERS is 12.06% of earnings. Passage of House Bill 946 will add 8.95% to this cost, arriving at a total cost of 21.01%. Adding 7.7% to the present 12.06% would arrive at a total cost of 19.76%. Thus, our total cost calculation is about 6% higher than M&R's estimated cost. Such a 6% difference in cost is easily explainable by the differences in actuarial assumptions.

Other differences bear mentioning. The present actuarial assumptions are more "liberal" than the former assumptions when it comes to determining cost for the 25-and-out provision. This is because we presently do not assume all employees will retire as soon as they meet the minimum eligibility for full retirement benefits. As pointed out in the Experience Analysis report presented this Spring, a large number of employees who are presently working are also eligible for unreduced full retirement benefits. I believe it is reasonable to assume that this phenomenon will continue in the future. In other words, even though an employee may be eligible to receive unreduced benefits after 25 years of service, he may elect to continue employment until age 55 or until he attains 30 years of service before actually retiring. In that event, the employee would not benefit at all from the 25 year and out provision of House Bill 946.

Only a small percentage of employees will actually "benefit" from this provision. At present, only 11 employees, or less than .15% of State employees, are eligible to retire under the 25-year-and-out provision. However, it is reasonable to assume that a good percentage of those 11 employees will work until at least age 55 or until they have 30 years of service and, therefore, not even utilize the 25-year-and-out provision. In fact, our records indicate that there are 22 employees who meet the present eligibility provisions for full retirement and yet who have not retired.

Finally, the advantage of the 25-year-and-out provision for those employees electing it is not as significant as you might expect. By retiring one year earlier, an employee would "pass up" an assumed 5% increase in salary and a 3% increase due to an extra year of credited service. Consequently, for each year earlier an employee retires, his benefit will be 8% less. Obviously, in highly inflationary times where salaries are going up faster than 5%, he will be reducing his total benefit by more than 8% per year. Almost exactly counterbalancing this "loss" in benefits is the value of receiving benefits for one more year.

The cost we have calculated for the 25-year-and-out provision is significantly less than the cost calculated by M&R. This difference can be attributed to the more "liberal" actuarial assumptions presently

William M. Mercer, Incorporated

Mr. Paul Arnoldt
Page Three
May 25, 1978

adopted by the Board. I have reviewed this with M&R and they have indicated that their costs are based upon the assumption that employees will retire as soon as possible.

As you can see, line 3 above indicates a cost of .10% associated with the cost of providing unreduced benefits for employees who transfer to State employment after having accumulated several years of employment with a political subdivision. As we discussed, our interpretation of House Bill 946 allows an employee to work 24 years with a political subdivision and one year with the State and thus receive all 25 years of his benefits unreduced. In this example, the employee would get 24 years at 2% and one year at 3%. My cost calculation is based upon the assumption that 50% of the employees in other political subdivisions who are so inclined to take advantage of the 25-year-and-out provision will find employment with the State and be able to utilize that provision. It is my understanding that M&R did not take into consideration the effect of transfers from other political subdivisions on retirement under the 25-year-and-out provision.

As line 4 above indicates, I have determined that there is a cost of .10% to provide disability benefits which are the greater of 40% of pay or the accrued benefit under the Plan. Based upon a 2% formula, it would take 20 years to arrive at 40%. Under such a 2% formula, there would be very little cost for providing this provision. However, under the 3% formula, it would take slightly more than 13 years to accumulate 40%. It is much more likely under a 3% formula for the employee to have an accrued benefit which is greater than 40%. Our calculations indicate that the cost will be .10% of PERS earnings for State employees. It is my understanding that the M&R calculation of no cost for this benefit is based upon the 2% formula.

In summary, we have calculated that passage of House Bill 946 will increase the State's cost to PERS to a total of 21.01% of earnings, or an increase of 8.95% over the present contribution rate. While this total cost is approximately 6% higher than the total cost for the System implied in the March 15, 1978 report by Milliman & Robertson, Inc., it is our opinion that these differences are explainable as outlined above.

House Bill 946 also calls for the inclusion of Marine Transportation Employees. I have calculated that the cost of their future service benefits under PERS will be 14.71% of their earnings. Please note that this cost calculation includes the cost of medical benefits under PERS. The cost calculations also assume that Marine Transportation Employees will be allowed to retire after 25 years of service although only service after 1-1-80 will be counted for benefit purposes. In other words, a Marine Transportation Employee with 20

William M. Mercer, Incorporated

Mr. Paul Arnoldt
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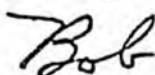
years of service on 1-1-80 will be allowed to retire on 1-1-85 with five years of credited service. If this is not the intent of HB946, then my costs will have been slightly overstated. It is my understanding that Milliman & Robertson, Inc. determined the cost for Marine Transportation Employees to be 13.4% of their earnings. This would indicate that my cost calculations are 1.31% higher than theirs. You will note that this is about the same as the 1.36% higher cost I have calculated for the present PERS employees. Please note that these cost calculations do not include any military service for Marine Transportation Employees prior to 1-1-80 although such military service is provided for under the bill.

The supplementary survivor benefits provided for under HB946 are anticipated to cost .86% of PERS earnings. We believe this .86% figure to be a very good estimate of the cost for these benefits. Of course, the exact cost would not be known until bids are received from interested insurance carriers.

Actual contributions required by Social Security will vary from year to year. However, an average annual contribution of 10.2% is a good estimate of average contributions. Based upon this average contribution, I believe that the attached table correctly summarizes the financial impact of House Bill 946.

I look forward to going over these cost calculations and other aspects of House Bill 946 when I am in Juneau on May 30.

Sincerely,



Robert F. Richardson, MAAA
Vice President

RFR:jn

cc: Mr. R. Winkenwerder

William M. Mercer, Incorporated

Financial Impact of HB946

	<u>Average*</u> <u>S.S.</u> <u>Contrib.</u>	<u>Transferred</u> <u>From</u> <u>Special</u> <u>Account</u>	<u>Survivor**</u> <u>Benefits</u>	<u>Deferred</u> <u>Comp.</u> <u>Contrib.</u>	<u>Additional</u> <u>Cost</u> <u>For</u> <u>PERS</u>	<u>Net</u> <u>Additional</u> <u>Cost to</u> <u>State</u>
Other Employees	10.2%	7.7%	.86%	1.64%	9.0%	1.3%
Police/Fire	10.2%	6.8%	.86%	2.54%	8.6%	1.8%
Marine Transportation	10.2%	7.7%	.86%	1.64%	14.7%	7.0%

* Will vary from year to year as S.S. rates and Wage Base change.

** Will vary from year to year based on experience.

WILLIAM M.
MERCER
INCORPORATED

ATTACHMENT 3

Benefit Services / Consulting Actuaries

May 25, 1978

Mr. Paul Arnoldt, Director
Division of Retirement & Benefits
State of Alaska
Department of Administration
Pouch CR
Juneau, Alaska 99811

Re: Comments on House Bill 946

Dear Paul:

Passage of House Bill 946 and subsequent opting out from Social Security will have monumental impact on the retirement system for State of Alaska employees. There are several aspects of this bill which should be understood completely by all affected parties.

(1) Cost

As indicated in a prior letter, the benefits provided by House Bill 946 will increase the State contribution to PERS to 21.01%, an increase of 8.95% over the present contribution rate. Contributions transferred from the "special account" to the State (presumably to pay for these increased benefits) will amount to an average of 7.59%. This 7.59% figure takes into consideration the relative weighting between police and fire employees who would contribute 6.8% of their earnings and other employees who would contribute 7.7%. Consequently, the total additional cost to the State will amount to 1.36% of earnings for State employees covered under PERS. Marine Transportation employees will cost 14.71% to include in PERS, or 7.01% more than the amount transferred from the special account for those employees.

(2) Equity

Benefits and contributions presently paid in PERS are equitable. By that, I mean that an employee contributes a given percentage on all his earnings and his benefit is related to a percentage of all earnings. Passage of HB946 would significantly alter this relationship. Both employees and the State would be contributing only on earnings up to the Social Security Wage Base whereas benefits would be based upon all earnings. Consequently, higher-paid employees would be getting a larger benefit relative to their contributions than lower-paid

William M. Mercer, Incorporated

Mr. Paul Arnoldt

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employees. Such a change would be a significant departure from the present philosophy underlying PERS.

(3) Deferred Compensation Contributions

We assume that the amounts allocated to each employee's deferred compensation account will be based upon an average rate differing only by "Police/Fire" and "Other Employees". Although the actual Social Security contributions will vary from year to year, it is anticipated that Social Security contributions made by both the State and the employees will average 10.2%. If we assume that the additional survivor benefits will cost .86% as indicated in the bill, this implies that all Police and Fire Employees will have 2.54% of their total earnings contributed to their deferred compensation accounts while all Other Employees and Marine Transportation Employees will have 1.64% contributed to their deferred compensation accounts.

Employees who earn less than the Social Security Wage Base as well as employees who earn more than the Social Security Wage Base will have the same percentage of total earnings contributed to their deferred compensation accounts. However, Social Security contributions are only made on earnings up to the Wage Base. Consequently, all employees who are earning less than the Social Security Wage Base would be "subsidizing" employees who earn above the Wage Base. I believe that such a situation is not desirable for the State of Alaska. The regressive tax aspects of Social Security are tolerated only because benefits, as a percentage of earnings, are also heavily weighted to the lower incomes.

As we discussed, there is an alternative way to administer this bill whereby all employees earning under the Wage Base would have a fixed percentage contributed to their deferred compensation accounts while employees earning above the Wage Base would have a declining percentage contributed to their deferred compensation account. Ignoring the administrative problems associated with this approach, this method will ultimately break down for employees in the upper salary bracket. In other words, total Social Security contributions for people in the upper salary ranges will be less than 7.7% of all earnings. Although it would be possible to have no amounts contributed to the deferred compensation accounts for these employees, the State would still have to pay for the additional benefits granted under PERS. For example, total Social Security contributions for a higher-paid individual might amount to only 6% of his total salary. After subtracting the .86% for the survivor

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benefits, this would leave only 5.14% to be transferred to the State in order to pay for the additional PERS benefits under HB946. Obviously, the State would have to pick up the additional cost between the 7.7% and the 5.14% in this example. As you can see, this approach would increase administrative problems associated with the deferred compensation contributions as well as lead to increases in the cost of this bill.

(4) Comparisons Between Police/Fire and Other Employees

In recent years, changes to PERS have attempted to minimize the differences between Police/Fire and Other Employees. To simplify, Police and Fire Employees contribute an additional .75% but enjoy 20 and out normal retirement. HB946 will allow Police and Fire Employees to have an additional .9% of their earnings contributed to their deferred compensation accounts. If that is in fact what happens, Police and Firemen will not contribute .75% more toward their benefits but in fact will contribute .15% less for the benefits. I believe that having Police and Firemen contribute less for a better benefit (20 and out) will present problems.

(5) 25 and Out Provisions

Only a very small percentage of employees who ultimately retire under this System will be able to take advantage of the 25 years and out provision provided by HB946. Of those employees ultimately receiving retirement benefits from the System, we have estimated that approximately 3% will in fact be retiring under the 25 year and out provision as opposed to 97% who will be retiring based upon the provisions presently found in PERS. Taking into consideration those who terminate before they become vested, we would estimate that the 25-and-out provision would benefit only 1% of all employees. Although all employees will be "paying" for the 25-year-and-out provision, only a small percentage will actually enjoy this benefit. An additional problem arises when an employee transfers from a political subdivision to employment with the State. As we have interpreted the Bill an employee who has 25 or more years of credited service with a political subdivision need only work 1 day with the State in order to be entitled to retire under the 25-year-and-out provision. Although such a situation will not increase the State's cost significantly (only .10% of earnings), it will perhaps lead to an inequitable situation. Some employees from the political subdivisions will be able to find State employment and receive the benefit of 25-year-and-out whereas other employees of political subdivisions may not be able to find such employment and, therefore, not be entitled to the 25-year-and-out provision.

William M. Mercer, Incorporated


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May 25, 1978

(6) Credit For Past Service

It appears that an employee who has any years of credited service with the State prior to January 1, 1980, may receive the additional 1% credit for that service so long as he makes some contributions under AS39.30.170. This again leads to the situation where an employee from another political subdivision (who has prior State service) may achieve a "windfall" by working for the State one day after January 1, 1980. In addition, there is a large unknown liability for present retirees. It appears that any present retiree might be able to work one day for the State after January 1, 1980 and thereby pick up the additional 1% windfall for all prior service with the State. Our cost calculations on this bill contemplate credit for past service only to present State employees and not to retirees or employees of other political subdivisions who have worked for the State.

I am sure we will discuss these comments and other aspects of House Bill 946 when I am in Juneau on May 30.

Sincerely,



Robert F. Richardson, MAAA
Vice President

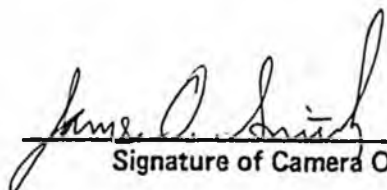
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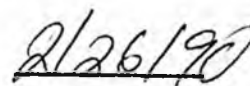
RECORDS CERTIFICATION



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: _____

4/25/78

Date: May 3 1978

Mr. Speaker:

The Committee on FINANCE has had HB 947
"An Act making a supplemental appropriation to the Legislative Affairs
Agency; 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 HB 947
and that it do pass 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]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

OTHER RECOMMENDATIONS:

[Signature]

Chairman

Introduced: 4/25/78
Referred: Finance

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 HOUSE BILL NO. 947

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 Legislative Affairs Agency; and legislative finance division and providing for an effective date."
8

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

10 * Section 1. The sum of \$443,900 is appropriated from the general fund to
11 the Legislative Affairs Agency for the additional expenses of the Second
12 Session, Tenth Legislature.

13 * Sec. ~~2~~³ This Act takes effect immediately in accordance with AS 01.10.-
14 070(c).

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16 ADD A NEW SEC. 2. "The sum of \$32,500 is appropriated from
17 the general fund to the legislative finance division for the
18 additional expenses of the Second Session, Tenth Legislature.

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STATE OF ALASKA

AUDIT DIVISION
POUCH W—ALASKA OFFICE BUILDING

THE LEGISLATURE

FINANCE DIVISION
POUCH WF—STATE CAPITOL

BUDGET AND AUDIT COMMITTEE

JUNEAU 99801

May 1, 1978

M E M O R A N D U M

TO: Chairman and Members
House Finance Committee

FROM: *[Signature]*
S. H. Hogan, Director
Legislative Finance Division

SUBJECT: HB 947 - Legislative Supplemental

I am requesting that the following amounts be considered for inclusion in HB 947 to cover costs to be incurred by Legislative Finance:

<u>Personal Services:</u>	\$660/day x 38 days for temporary session employees (through 5/31/78, the date budgeted by Leg. Affairs)	\$25,100
<u>Travel:</u>	Attendance at May 12 NCSL seminar as participants in the program "State Legislative Control of Federal Funds." (plane fare, per diem and registration fee = \$800 ea. x 3 participants)	2,400
<u>Contractual:</u>	IBM data processing services contract to develop personal services and other line item appropriation capability for the bill writer program.	<u>5,000</u>
	TOTAL REQUEST:	<u>\$32,500</u>

Original sponsor: Finance Committee

Offered: 5/4/78
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 947

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 supplemental appropriations to the
7 Legislative Affairs Agency and legislative finance
8 division; and providing for an effective date."

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

10 * Section 1. The sum of \$443,900 is appropriated from the general fund to
11 the Legislative Affairs Agency for the additional expenses of the Second
12 Session, Tenth Legislature.

13 * Sec. 2. The sum of \$32,500 is appropriated from the general fund to the
14 legislative finance division for the additional expenses of the Second Ses-
15 sion, Tenth Legislature.

16 * Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-
17 070(c).

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Introduced: 4/25/78
Referred: Finance

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 HOUSE BILL NO. 947

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 Legislative Affairs Agency; and providing for an effective
8 date."

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

10 * Section 1. The sum of \$443,900 is appropriated from the general fund to
11 the Legislative Affairs Agency for the additional expenses of the Second
12 Session, Tenth Legislature.

13 * Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-
14 070(c).

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 947
Title Supplemental Appropriation - Legislature
Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected Legislative Affairs Agency
Program Category Affected General Government
Budget Request Unit(s) Affected Session Expenses and other per attached

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES		266.8				
200 TRAVEL		75.9				
300 CONTRACTUAL		85.1				
400 COMMODITIES		16.1				
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		443.9				

FUNDING (Thousands of Dollars)

GENERAL FUND		443.9				
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

Bill would extend funding of 1978 Legislative Session for an additional 23 days (or through May 31, 1978).

Cost breakdown is given in Attachment #1

IV. DATE April 24, 1978 PREPARED BY M. R. Charney
AGENCY Legislative Affairs
PHONE 465-3850
Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

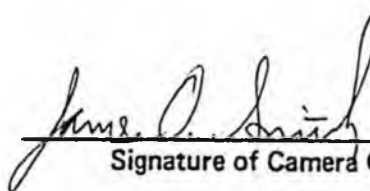
Supplemental Appropriation
1978 Session

<u>Object Code</u>	<u>Component</u>	<u>Daily Cost</u>	<u>23 days to 5/31/78</u>
Personal Services	Legis. Leadership	500	11,500
	Executive Admin.	200	4,600
	Admin. Services	1,800	41,400
	Research Services	100	2,300
	Legal Services	800	18,400
	Session	8,100	186,300
	Teleconferencing	100	2,300
Total Personal Services		<hr/> 11,600	<hr/> 266,800
Travel	Session (Per Diem)	3,000	69,000
	Session (Travel)	300	6,900
Total Travel		<hr/> 3,300	<hr/> 75,900
Contractual Services	Session (Routine)	2,000	46,000
	Session (Television)	800	18,400
	Session (Security)	200	4,600
	Teleconferencing	700	16,100
Total Contractual Services		<hr/> 3,700	<hr/> 85,100
Commodities	Session	700	16,100
TOTAL		<hr/> <hr/> 19,300	<hr/> <hr/> 443,900

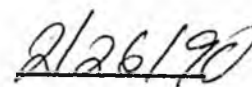


RECORDS CERTIFICATION

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

MEMORANDUM

TO: John Sackett

FROM: Judy Crondahl *Judy*

DATE: May 9, 1978

SUBJECT: HB 947

There are two reductions which can be made to HB 947 in addition to a deduction which can be made because of an over-calculation in the previous LAA Supplemental (HB 911).

The \$6,900 budgeting in HB 947 for travel can be deleted. Charney says that travel has tapered off and they have \$6,000 remaining from previous appropriations so they do not need the \$6,900 requested in this Supplemental.

Both HB 911 and HB 947 have budgeted \$50/day per diem for 60 legislators. Since only 57 legislators are paid per diem, \$4,500 can be deducted from HB 911 and \$3,450 from HB 947. The FY 79 budget for LAA which ran thru April 8 budgeted correctly for 57 legislators.

Because of these items, the amount for LAA can be reduced from \$443,900 to \$429,000.

COMMITTEE REPORT
SENATE

FURTHER: _____

5/8/78

Date: May 11, 1978

Mr. President:

The Committee on FINANCE has had CSRB 947
supplemental appropriations to Legislative Affairs Agency & legislative finance
division

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 HR 947

- and HR 947 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:

C. Tilton do not pass

John A. Sackoff
Chairman

Original sponsor: Finance Committee

Offered: 5/4/78
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 947

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 supplemental appropriations to the
7 Legislative Affairs Agency and legislative finance
8 division; and providing for an effective date."

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

10 * Section 1. The sum of \$443,900 is appropriated from the general fund to
11 the Legislative Affairs Agency for the additional expenses of the Second
12 Session, Tenth Legislature.

13 * Sec. 2. The sum of \$32,500 is appropriated from the general fund to the
14 legislative finance division for the additional expenses of the Second Ses-
15 sion, Tenth Legislature.

16 * Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-
17 070(c).

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Introduced: 4/25/78
Referred: Finance

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 HOUSE BILL NO. 947

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 Legislative Affairs Agency; and providing for an effective
8 date."

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

10 * Section 1. The sum of \$443,900 is appropriated from the general fund to
11 the Legislative Affairs Agency for the additional expenses of the Second
12 Session, Tenth Legislature.

13 * Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-
14 070(c).

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Work Draft

Original sponsor: Finance Committee

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2

SENATE CS FOR CS FOR HOUSE BILL NO. 947

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IN THE LEGISLATURE OF THE STATE OF ALASKA

4

TENTH LEGISLATURE - SECOND SESSION

5

A BILL

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For an Act entitled: "An Act making supplemental appropriations to the
Legislative Affairs Agency and legislative finance
division; and providing for an effective date."

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

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* Section 1. The sum of \$429,000 is appropriated from the general fund to
the Legislative Affairs Agency for the additional expenses of the Second
Session, Tenth Legislature.

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* Sec. 2. The sum of \$32,500 is appropriated from the general fund to the
legislative finance division for the additional expenses of the Second Ses-
sion, Tenth Legislature.

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* Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-
070(c).

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STATE OF ALASKA

AUDIT DIVISION
POUCH W—ALASKA OFFICE BUILDING

THE LEGISLATURE

FINANCE DIVISION
POUCH WF—STATE CAPITOL

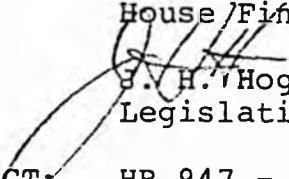
BUDGET AND AUDIT COMMITTEE

JUNEAU 99801

May 1, 1978

M E M O R A N D U M

TO: Chairman and Members
House Finance Committee

FROM:  S. H. Hogan, Director
Legislative Finance Division

SUBJECT: HB 947 - Legislative Supplemental

I am requesting that the following amounts be considered for inclusion in HB 947 to cover costs to be incurred by Legislative Finance:

<u>Personal Services:</u>	\$660/day x 38 days for temporary session employees (through 5/31/78, the date budgeted by Leg. Affairs)	\$25,100
<u>Travel:</u>	Attendance at May 12 NCSL seminar as participants in the program "State Legislative Control of Federal Funds." (plane fare, per diem and registration fee = \$800 ea. x 3 participants)	2,400
<u>Contractual:</u>	IBM data processing services contract to develop personal services and other line item appropriation capability for the bill writer program.	<u>5,000</u>
	TOTAL REQUEST:	<u>\$32,500</u>

MEMORANDUM

TO: John Sackett

FROM: Judy Crondahl

DATE: May 9, 1978

SUBJECT: HB 947

There are two reductions which can be made to HB 947 in addition to a deduction which can be made because of an over-calculation in the previous LAA Supplemental (HB 911).

The \$6,900 budgeting in HB 947 for travel can be deleted. Charney says that travel has tapered off and they have \$6,000 remaining from previous appropriations so they do not need the \$6,900 requested in this Supplemental.

Both HB 911 and HB 947 have budgeted \$50/day per diem for 60 legislators. Since only 57 legislators are paid per diem, \$4,500 can be deducted from HB 911 and \$3,450 from HB 947. The FY 79 budget for LAA which ran thru April 8 budgeted correctly for 57 legislators.

Because of these items, the amount for LAA can be reduced from \$443,900 to \$429,000.

C
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Y

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. HB 947
 Title Supplemental Appropriation - Legislature
 Requested by _____ Date _____

II. FISCAL DETAIL
 Agency Affected Legislative Affairs Agency
 Program Category Affected General Government
 Budget Request Unit(s) Affected Session Expenses and other per attached

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES		266.8				
200 TRAVEL		75.9				
300 CONTRACTUAL		85.1				
400 COMMODITIES		16.1				
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		443.9				

FUNDING (Thousands of Dollars)

GENERAL FUND		443.9				
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

Bill would extend funding of 1978 Legislative Session for an additional 23 days (or through May 31, 1978).

Cost breakdown is given in Attachment #1

IV. DATE April 24, 1978 PREPARED BY M. R. Charney
 AGENCY Legislative Affairs
 PHONE 465-3850
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

Supplemental Appropriation
1978 Session

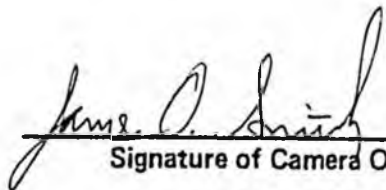
<u>Object Code</u>	<u>Component</u>	<u>Daily Cost</u>	<u>23 days to 5/31/78</u>
Personal Services	Legis. Leadership	500	11,500
	Executive Admin.	200	4,600
	Admin. Services	1,800	41,400
	Research Services	100	2,300
	Legal Services	800	18,400
	Session	8,100	186,300
	Teleconferencing	100	2,300
Total Personal Services		<u>11,600</u>	<u>266,800</u>
Travel	Session (Per Diem)	3,000	69,000
	Session (Travel)	300	6,900
Total Travel		<u>3,300</u>	<u>75,900</u>
Contractual Services	Session (Routine)	2,000	46,000
	Session (Television)	800	18,400
	Session (Security)	200	4,600
	Teleconferencing	700	16,100
Total Contractual Services		<u>3,700</u>	<u>85,100</u>
Commodities	Session	700	16,100
		<u> </u>	<u> </u>
TOTAL		<u>19,300</u>	<u>443,900</u>



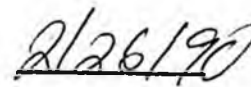
RECORDS CERTIFICATION



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Signature of Camera Operator



Date

COMMITTEE REPORT

HOUSE

FURTHER: _____

5/12/78

Date: 5/12/78

Mr. Speaker:

The Committee on Finance has had HB 948
"An Act transferring the Bristol Bay Regional Development Council from
the Office of the Governor to the Department of Commerce and Economic
Development; 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 HB 948

and HB 948 () 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:

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

Chairman

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HB 948

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE -- SECOND SESSION

5 A BILL

6 For An Act Entitled: "An Act extending the term of the Bristol Bay
7 Regional Development Council; and providing for an
8 effective date."

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

10 * Section 1. Section 6, ch. 4, SSSLA 1974, as amended by sec. 1,
11 ch. 209, SLA 1976, is amended to read:

12 Sec. 6. This Act expires June 30, 1979.

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

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Introduced: 4/26/78
Referred: Commerce and Finance

1 IN THE HOUSE

BY THE COMMERCE COMMITTEE

2 HOUSE BILL NO. 948

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act transferring the Bristol Bay Regional Develop-
7 ment Council from the Office of the Governor to the
8 Department of Commerce and Economic Development; and
9 providing for an effective date."

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

11 * Section 1. AS 44.33 is amended by adding new sections to read:

12 ARTICLE 8. BRISTOL BAY REGIONAL DEVELOPMENT COUNCIL.

13 Sec. 44.33.320. COUNCIL ESTABLISHED. There is established in the
14 Department of Commerce and Economic Development the Bristol Bay Regional
15 Development Council.

16 Sec. 44.33.330. COMPOSITION. The council consists of the commis-
17 sioner of commerce and economic development who is chairman, the
18 commissioner of community and regional affairs, the commissioner of fish
19 and game, and six public members appointed by the governor. The public
20 members may not be state officers or employees, shall be chosen from the
21 Bristol Bay region, and shall represent a cross section of the economic
22 interests of the region.

23 Sec. 44.33.340. TERMS OF OFFICE. (a) Public members of the
24 council shall be appointed for overlapping terms of three years.

25 (b) The governor shall appoint the initial public members of the
26 council within 30 days of the effective date of this Act. Of the six
27 initial appointees to the council, two shall be appointed for three-year
28 terms, two for two-year terms, and two for one-year terms.

29 (c) Subsequent terms for all public members are three years.

1 (d) A vacancy occurring in the public membership of the council
2 shall be filled by appointment of the governor for the unexpired portion
3 of the vacated term.

4 (e) Public council members serve at the pleasure of the governor.

5 Sec. 44.33.350. COMPENSATION, PER DIEM, AND EXPENSES. Members of
6 the council receive no salary, but are entitled to per diem, reimburse-
7 ment for travel, costs of child care consequent to service on the
8 council, and other expenses authorized by law.

9 Sec. 44.33.360. MEETINGS. The council shall meet at the call of
10 the chairman not less frequently than twice a year. A majority of the
11 members constitutes a quorum.

12 Sec. 44.33.370. POWERS. The council may

13 (1) hire staff and consultants to carry out its responsibili-
14 ties under secs. 320 - 380 of this chapter;

15 (2) promulgate regulations under the Administrative Procedure
16 Act (AS 44.62) that it considers necessary to carry out its responsibili-
17 ties under secs. 320 - 380 of this chapter;

18 (3) hold meetings and public hearings in the Bristol Bay
19 region;

20 (4) require all state departments and agencies to cooperate
21 by furnishing all necessary material not prohibited by law.

22 Sec. 44.33.380. DUTIES. The council has the authority and respon-
23 sibility to explore the short-term and long-term economic factors and
24 federal and state programs and policies affecting the Bristol Bay region
25 with a view toward producing a long-term social and economic development
26 program for the region consistent with the living patterns of the resi-
27 dent population and integrating natural resources development with the
28 environmental concerns of the region.

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

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 948 - Transferring Bristol Bay Regional Development Council
Title from Office of Governor to Department of Commerce & Economic Development
Requested by _____ Date 4/26/78

II. FISCAL DETAIL

Agency Affected Commerce & Economic Development
Program Category Affected Development
Budget Request Unit(s) Affected Economic Enterprise

EXPENDITURES (Thousands of Dollars)

	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83
100 PERSONAL SERVICES						
200 TRAVEL		6.6	7.0			
300 CONTRACTUAL		84.1	89.1			
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		90.7	96.1			

FUNDING (Thousands of Dollars)

GENERAL FUND		90.7	96.1			
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

FULL TIME		0	0			
PART TIME						
TEMPORARY						

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

FY 79 Budget attached
F& 80 Budget assumes 6% inflation

IV. DATE April 28, 1978

PREPARED BY

J.R. Deagen
James R. Deagen

AGENCY

Economic Enterprise

PHONE

465-2021

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

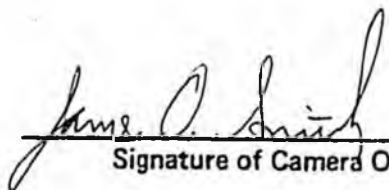
HB 948



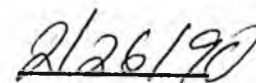
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Signature of Camera Operator



Date

STATE OF ALASKA
THE LEGISLATURE

POUCH V, STATE CAPITOL
JUNEAU, ALASKA 99811

HOUSE OF REPRESENTATIVES

TO FINANCE COMMITTEE

REMARKS:

Please return HB 950 to Chief Clerk's
Office. Finance has been waived. It will
now go to Rules.

FROM edith

DATE 5/12/78

LAA 25-H

Introduced: 4/27/78
Referred: Health, Education &
Social Services and Finance

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

2 HOUSE BILL NO. 950

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to student loans for students attend-
7 ing foreign colleges or universities."

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

9 * Section 1. AS 14.40.763(b) is amended to read:

10 (b) The loans may only be used to attend a career education pro-
11 gram approved by the commission, [OR] a college or university accredited
12 by the accreditation association for the region in which the college or
13 university is located, or a foreign college or university approved by
14 the commission.

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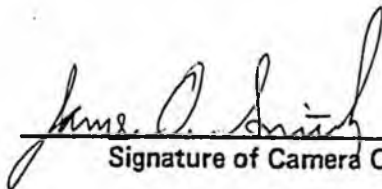
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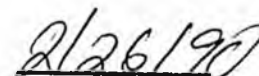
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Signature of Camera Operator



Date

COMMITTEE REPORT
SENATE

5/8/78

FURTHER: _____

Date: June 7, 1978

Mr. President:

The Committee on FINANCE has had HB 953 authorizing Dept. of Administration to make advances to University of Alaska

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)

(X) recommends it be replaced with CS for HB 953

and CS HB 953 () 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 Luskott
George Holcomb Jr.
Richard Bl
William D...
Alan Tillison
John But...

John Luskott
Chairman

Original sponsor: Finance Committee

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 SENATE CS FOR HOUSE BILL NO. 953

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act authorizing the Department of Administration to
7 make advances to the University of Alaska; and pro-
8 viding for an effective date."

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

10 * Section 1. AS 37.10.088(a) and (b) are amended to read:

11 (a) During any fiscal year the Department of Administration may
12 make advances to the University of Alaska against verified receivables
13 from appropriations for grants and contracts from federal or private
14 [NONSTATE] sources of the university and upon condition that the univer-
15 sity reimburse the fund for these advances from [NONSTATE] funds
16 received by the university from federal or private sources. The
17 advances may not exceed 80 per cent of the verified [NONSTATE] receiv-
18 ables from grants and contracts appropriated from federal or private
19 sources.

20 (b) The total of advances in any fiscal year may not exceed 10 per
21 cent of the total of grants and contracts from federal and private
22 sources [NONSTATE FUNDS] appropriated to the university for that fiscal
23 year. The amounts advanced in any fiscal year shall be repaid in full
24 to the department within 120 [90] days following the close of that
25 fiscal year. If the repayment is not made on a timely basis, the de-
26 partment may withhold amounts due from state fund appropriations for the
27 university.

28 * Sec. 2. Notwithstanding the provision of AS 37.10.088(b) establishing a
29 percentage limitation for advances to the University of Alaska, until

1 June 30, 1980 the total of advances to the University of Alaska in any fiscal
2 year may not exceed 20 per cent of the total of grants and contracts from
3 federal and private sources appropriated to the university for that fiscal
4 year.

5 * Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-
6 070(c).

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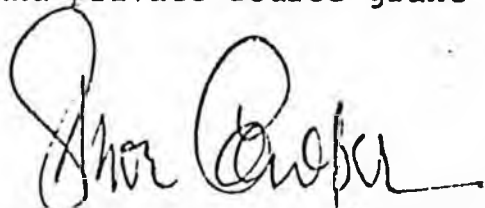
HOUSE FINANCE COMMITTEE
LETTER OF INTENT
HB 953

(For an Act Entitled: "Department of Administration authorized to make advances to the University of Alaska; and providing for an effective date.)

HB 953, in conjunction with CSHB 935, addresses the cash flow/deficit problems of the University of Alaska. The University's Annual Statement is prepared in conformance with national guidelines for colleges and universities, which conflict with audit guidelines for state agencies. During its transition into conformance with the Executive Budget Act, the Legislature recognizes that items that are acceptable as accrual liabilities in the college and universities guidelines are not acceptable as entries under current state agencies guidelines. This conflict may result in a University Annual Statement with a deficit, which would not be reflected as a deficit if state agencies guidelines were utilized.

The Legislature intends that the University direct its auditors to note this conflict as an exception to any future Annual Statements prepared under college and universities guidelines. This exception notice is for the benefit of legislators and the public, and would indicate that the conflict results in an "accounting" deficit, but is not recognized as a fiscal deficit by state standards.

The changes reflected in HB 953 will provide additional necessary flexibility for University cash management in dealing with the large amounts of federal and private source grant and contract reimbursements.



Steve Cowper, Chairman
House Finance Committee

Introduced: 4/28/78
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 HOUSE BILL NO. 953

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act authorizing the Department of Administration to
7 make advances to the University of Alaska; and providing
8 for an effective date."

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

10 *Section 1. AS 37.10.088(b) is amended to read:

11 (b) The total of advances in any fiscal year may not exceed 20
12 [10] per cent of the total of nonstate funds appropriated to the
13 university for that fiscal year. The amounts advanced in any fiscal
14 year shall be repaid in full to the department within 120 [90] days
15 following the close of that fiscal year. If the repayment is not made
16 on a timely basis, the department may withhold amounts due from state
17 fund appropriations for the university.

18 * Sec. 2. AS 37.10.088 is amended by adding a new subsection to read:

19 (e) In this section, the term "nonstate funds" means grants and
20 contracts from federal and private sources; the term excludes state
21 general fund appropriations, university fees, and program and interagency
22 receipts of the university.

23 * Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-
24 070(c).

THIS [] BILL [] RESOLUTION

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

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

Delivered to requestor

5-8-78

Introduced: 4/27/78
Referred: Finance

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

1 IN THE HOUSE

2 HOUSE BILL NO. 951

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 *Community + Regional* Department of Health and Social Services, *Department of*
8 *affairs, + University of Alaska;* ~~for a model~~ *child-care program?* and providing for an effective
9 date."

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

11 * Section 1. The sum of \$50,000 is appropriated from the general fund to
12 the Department of Health and Social Services for a grant to Play 'n Learn
13 Center, Inc. for the operation of a model child care program. The program
14 shall be designed to test the feasibility of multi-modal child care including
15 crisis, drop-in, evening, and after-school care, parental counseling and
16 support activities. The Department of Health and Social Services shall
17 evaluate the program after no less than six months of operation and shall
18 furnish copies of the evaluation to the presiding officer of each house of
19 the legislature.

20 * Sec. ~~2~~. The unexpended and unobligated portion of this appropriation
21 lapses into the general fund June 30, 1979.

22 * Sec. ~~3~~. This Act takes effect immediately in accordance with AS 01.10.-
23 070(c).

24
25 *add new sections 2-65 attached.*
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NEW SECTIONS TO BE ADDED TO FINANCE CSHB 951:

Sec. 2. The sum of \$50,000 is appropriated from the general fund to the Department of Health and Social Services for a grant to the Enep'ut Children Center for a child care program.

Sec. 3. The sum of \$50,000 is appropriated from the general fund to the Department of Health and Social Services for a grant to the Kotzebue Day Care Center for a child care program.

Sec. 4. The sum of \$250,000 is appropriated from the general fund to the Department of Community and Regional Affairs for payment as a grant to the Kenai Care Center, a community residential treatment program for adolescents, to complete capital improvements.

Sec. 5. The sum of \$304,000 is appropriated from the general fund to the University of Alaska for payment as a grant to the Anchorage Community College to meet the costs of operation of a model educational child care program.

Introduced: 4/27/78
Referred: Finance

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SOCIAL SERVICES COMMITTEE

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23 070(c).

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Original sponsor: Health, Education
and Social Services Committee

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 951

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4 TENTH LEGISLATURE - SECOND SESSION

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7 lapses into the general fund June 30, 1979.

8 * Sec. 7. This Act takes effect immediately in accordance with AS 01.10.-
9 070(c).

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Original sponsor: Health, Education
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COMMITTEE REPORT

HOUSE

4/27/78

FURTHER: _____

Date: _____

Mr. Speaker:

The Committee on FINANCE has had HB 951
"An Act making a supplemental appropriation to the Department of
Health and Social Services for a model child care program; 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:

OTHER RECOMMENDATIONS:

5426
Vassar

Introduced: 4/27/78
Referred: Finance

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

2 HOUSE BILL NO. 951

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

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23 070(c).

ALASKA STATE LEGISLATURE

TENTH Legislature SECOND Session

HOUSE BILL NO. 951

By THE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

"An Act making a supplemental appropriation to the Department of Health and Social Services for a model child care program and providing for an effective date."

model child care program

Introduced in the House 4-27-78, 19....

HISTORY IN THE HOUSE

19 78

Apr. 27

Read first time and referred to Committee on Finance

Reported back with recommendation that

Read second time and

Read third time and

PASS Effective Date
Yeas Yeas
Nays Nays
Absent Absent
Excused Excused

Reconsideration

PASS Effective Date
Yeas Yeas
Nays Nays
Absent Absent
Excused Excused

Reported correctly engrossed
Signed by Speaker
Sent to Senate

CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE

19

Read first time and referred to Committee on

Reported back with recommendation that

Read second time and

Read third time and

PASS Effective Date
Yeas Yeas
Nays Nays
Absent Absent
Excused Excused

Reconsideration

PASS Effective Date
Yeas Yeas
Nays Nays
Absent Absent
Excused Excused

Reported correctly engrossed
Signed by President
Returned to House

SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

19

Received from Senate

Concurred in Senate amendment thus adopting:

Failed to concur in Senate amendment; asked Sen. to recede

Senate receded from amendment

Senate failed to recede from amendment

FCC appointed by House

FCC appointed by Senate

FCC adopted

To enrolling

Reported correctly enrolled

Sent to Governor

..... by Governor

Filed with Lt. Governor

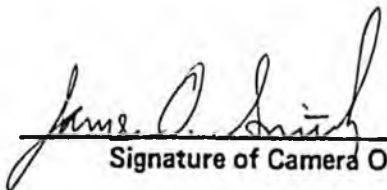
Chapter No.

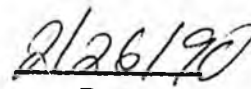


RECORDS CERTIFICATION



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: _____

Date: 5/4/78

4-28-78

Mr. Speaker:

The Committee on FINANCE has had HB 954

"An Act making a special appropriation to the Dept. of Transportation & Public Facilities for the acquisition of a site for a permanent maintenance facility for state ferries; 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:

OTHER RECOMMENDATIONS:

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

Chairman

Introduced: 4/28/78
Referred: State Affairs and
Finance

1 IN THE HOUSE

BY THE JUDICIARY COMMITTEE

2 HOUSE BILL NO. 954

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

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8 acquisition of a site for a permanent maintenance
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10 effective date."

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

12 * Section 1. The sum of \$1,000,000 is appropriated from the general fund
13 to the Department of Transportation and Public Facilities for the acquisition
14 of a site suitable for the maintenance of state ferries in Ketchikan.

15 * Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-
16 070(c).

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Introduced: 4/28/78
Referred: State Affairs and
Finance

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Introduced: 4/28/78
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TELECOPIED ON 5/4/78 TO HOUSE FINANCE.

THIS IS THE ORIGINAL OF TELECOPY.

Ketchikan Legislative Information Office
415 Main Street Room 301
Ketchikan, Alaska 99901



KETCHIKAN GATEWAY BOROUGH

344 FRONT STREET
KETCHIKAN, ALASKA 99901

May 3, 1978

House Finance Committee
Pouch V
Juneau, Alaska 99811

Dear Sirs:

Re: H.B. 954 - Alaska Marine Highway Winter Maintenance

My name is Anthony Nakazawa. I am employed as the Economic Development Specialist for the Ketchikan Gateway Borough. I would like to offer the following testimony in support of H.B. 954:

ALASKA MARINE HIGHWAY WINTER MAINTENANCE PROGRAM

I. Project

To locate an Alaska Marine Highway (A.M.H.) winter maintenance program in Alaska. All non-drydock maintenance will be performed at a site chosen for its ability to enable an efficient and growing State maintenance program.

An additional aspect of the project is the provision of spin-off benefits to the local community. It is preferable for these benefits to accrue to the basic or export sectors because the non-basic sectors are dependent on the ability of local economies to attract outside dollars. The export or basic sectors of an economy refer to the sectors which bring in outside dollars to fuel the local economy. The predominant basic industries in the Southeast maritime communities are regional government, forestry, seafood harvesting and processing, and tourism in descending order of importance. The proposed project will stimulate the basic sector directly and through spin-off effects which will increase investments in the seafood industry.

II. Objectives

The A.M.H. is financed by passenger fares, freight tariffs and a \$16,400,000 public subsidy. A domestic maintenance program will

H file

recirculate within the State that part of the subsidy program which is currently drained off by the Puget Sound shipyards. The annual maintenance budget is approximately \$3,500,000 and most of it is for non-drydock work which could be performed in Alaska. The State would also develop an expertise in the repair of large vessels and this can serve as a base for a developing marine repair industry.

A winter maintenance program would have a strategic impact on the seasonal economies of Southeast. The program can reach its full potential to alleviate seasonal unemployment if it is located where there is an adequate reserve labor supply so the resident unemployed will have first chance at new employment. Therefore, it should be located in a large maritime community.

Non-drydock repair work is environmentally clean and in harmony with the maritime orientation of Southeast communities. It satisfies the objectives of economic growth and environmental protection in this harsh, yet fragile environment.

Since the maintenance program entails an influx of outside dollars into the local economy, it expands and diversifies the basic sector of the economy. The long term stability of many Southeastern communities is threatened by their limited ways of obtaining outside dollars. Any activity which provides basic sector diversification will help obtain long run socio-economic stability and stability is a prerequisite for the development of a strong local economy which is able to adapt to changing market conditions.

III. Rationale

A recent study was commissioned by the State of Alaska, Division of Legislative Finance, to explore the feasibility of alternative sites for a marine maintenance program. The report, "Alaska Marine Maintenance Feasibility Study", analyzed market conditions, infrastructure characteristics, and site characteristics for the ports of Ketchikan, Juneau, Sitka, Seward and Kodiak.

Ketchikan was chosen as the most suitable site for a domestic maintenance program and it was noted that Ketchikan has the most highly developed marine repair infrastructure of any of the other study areas. The report also concluded that it is financially feasible to conduct all non-drydock repair work in Alaska.

Several developments, such as increased fishing activity, shipping increases due to oil-gas trade, and Coast Guard activity further complement the decision for A.M.H. winter maintenance in Ketchikan. Within a decade or so the marine repair industry may develop into a growing business in Ketchikan. Due to Ketchikan's mild climatic conditions, it is the only logical site in Alaska to repair and maintain a large domestic fleet of groundfish vessels. In fact, the existence of a repair facility will help secure a domestic groundfish fleet for Alaska. Over time, it is possible to expand the facilities to include dry-docking so that ships in Alaskan waters will be able to avoid the long emergency or off-season run to Puget Sound.

IV. Options

On March 30, 1978 the Division of Marine Highway Systems issued an agenda and policy statement for public discussions. It stated that "In 1978-79 it will be our goal to attempt significant vessel maintenance and repair works in Alaska". This is in accordance with the directions of Governor Hammond. However, they have opted to simply announce their repair specifications in the usual manner except that Alaskans will be given a chance to bid on the projects. Under this option, it is very unlikely that any marine repair work will be completed in Alaska. The State has to give further consideration to sponsorship options if it is serious about a domestic repair program. This consideration can come from the Administration or the Legislature.

There are three basic options for sponsorship:

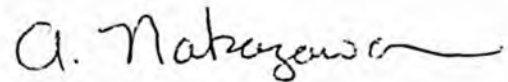
- 1) The State can refuse to make any investment in facilities or equipment and continue to put all items out for bid or crew repair. The problem with this option is that domestic firms cannot afford to gear up for a large contract when they have no guarantee that additional work will be done in their locale in future years. This the option which the administration has chosen. It will not implement a domestic maintenance program.
- 2) The State can establish a state-owned marine maintenance base complete with shops, equipment and a labor force. Under this option the State loses the advantages of competitive biddings and it would be given new administrative burdens.
- 3) The State could finance site acquisition for a permanent maintenance facility. The present combination of bidding and crew labor could be continued. It is reasonable to expect that local firms will gear up for competitive bidding when they know that they have a reasonable chance to obtain work on a yearly basis. Local merchants in Ketchikan who are interested in marine repair business have already met to discuss how they might participate in a bidding process. Under this option, a domestic maintenance program would develop and the State would not have to invest in shops, equipment or additional labor. The acquired site could be managed by setting up a Ketchikan Local Economic Development Corporation as a non-profit private enterprise. It would be eligible for financial loans from the Small Business Administration and other agencies, and it would have the authority to create an industrial park, thus gaining eligibility for Economic Development Administration funding.

A decision as to State participation has to be made. The seasonality of Ketchikan's marine repair industry hinders private capital investments in ship repair facilities. The private market cannot expand and develop facilities sufficient to realize the potential economies available. Washington State operators, who through the assistance

of past public investments, are now able to realize the benefits that capacity considerations and large markets enable them. If Southeast is to remain economically viable, given the present bottlenecks for development, the issues of diversification and stability have to be addressed by the public sector. The third option, while ambitious, is a very feasible approach whose time has come. Public investment is needed to achieve the so-called, but very real, "take-off" stage in developing local economies.

Thank you.

Respectfully,

A handwritten signature in cursive script that reads "A. Nakazawa". The signature is written in dark ink and has a fluid, connected style.

Anthony Nakazawa

Economic Development Specialist
Ketchikan Gateway Borough



Alaska State Legislature

House of Representatives

Committee on Judiciary

Pouch V
State Capitol
Juneau, Alaska 99811

Official Business

TO: Senator Ziegler
FROM: Rep. Gardiner
RE: HB 954, Marine Maintenance

DATE: May 22, 1978

Attached are back up materials for HB 954 which would appropriate \$1 million for the development of a marine maintenance facility capable of maintenancing Alaska ferries in Ketchikan.

Coupled with \$500,000 of local port funds and \$500,000 of HUD development funds being applied for a total of \$2 million would be available. This would provide 1,100 feet of dock frontage, necessary utilities, a crane and 78,000 sq. ft. of upland dock and land fill area. This would provide the basic elements now missing in Alaska to adequately provide a maintenance program in state.

The Department of Transportation is presently studying several alternatives for the actual maintenance work. This facility would allow the flexibility for all of those alternatives under consideration.

Other organizations such as the U.S. Coast Guard have expressed interest in using such a maintenance facility. Also the port facility can be used by other commercial users and other industries especially during the summer months.

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF TRANSPORTATION
and PUBLIC FACILITIES

MAINTENANCE AND OPERATIONS

4111 AVIATION AVENUE, POUCH 6900
ANCHORAGE 99502 (TELEX 25-185)

February 22, 1978

Mr. Ira Winograd
Office of Economic Programs
Ketchikan Gateway Borough
344 Front Street
Ketchikan, Alaska 99901

Dear Mr. Winograd:

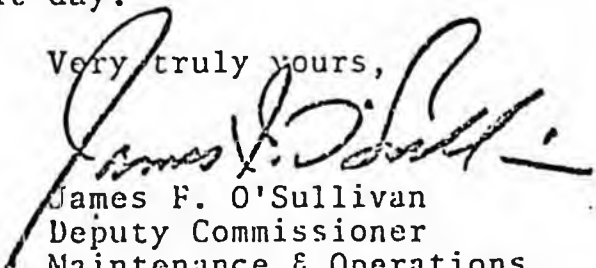
The Alaska Marine Highway System has high hopes that we will soon have Southeastern Alaska maintenance bases available to us. We look forward to the day when only dry docking and associated work will be let to bidders outside Alaska. To that end we are encouraging Southeastern ports to participate with us in activity which will result in new business for those communities.

Our study of this system change was not entered into in 1977 due to the lack of all definitive data. With inauguration of our new winter maintenance and lay up procedure this year, we have now defined our requirements.

We plan to meet with your members during the month of March and our proposal will be laid before you at that time. You may rest assured that this administration - the Governor and Commissioner Harris - are intensely interested in performing the maximum amount of repair and maintenance work on these vessels in the State of Alaska. We wish to give the Southeast communities and the local businesses the opportunity to present their proposals for filling our requirements.

Bill Hudson will coordinate the date of this first meeting. He and I both look forward to that day.

Very truly yours,



James F. O'Sullivan
Deputy Commissioner
Maintenance & Operations

JFO'S:hj

cc: Representative Terry Gardiner
Representative Oral Freeman
Senator Robert Ziegler, Sr.
Commissioner Donald Harris

MEMORANDUM

May 4, 1978

TO: House Finance Committee

FROM: Ira Winograd, acting planner
Ketchikan Gateway Borough

RE: HB 954, Alaska Marine Highway
Winter Maintenance Facility

The project is to locate an Alaska Marine Highway winter maintenance program in Alaska. All non-drydock maintenance will be performed at a site chosen for its ability to enable an efficient and growing state maintenance program.

An additional aspect of the project is provision of spin-off benefits to the local community. It is preferable for these benefits to accrue to the basic or export sectors because the non-basic sectors are dependent on the ability of local economies to attract outside dollars. The export or basic sectors of an economy refer to the sectors which bring in outside dollars to fuel the local economy.

The predominant basic industries in the Southeast maritime communities are regional government, forestry, seafood harvesting and processing, and tourism in descending order of importance. The proposed project will stimulate the basic sector directly and through a spin-off effect which will increase investments in the seafood industry.

The Alaska Marine Highway is financed by passenger fares, freight tariffs and a \$16,400,000 public subsidy. A domestic maintenance program will recirculate within the state that part of the subsidy which is currently drained off to Puget Sound shipyards. The annual maintenance budget is about \$3,500,000 and

most of it is for non-drydock work which could be performed in Alaska. The state would also develop an expertise in the repair of large vessels and this can serve as a base to develop a marine repair industry.

A winter maintenance program would have a strategic impact on the seasonal economies of Southeast. The program can reach its full potential to alleviate seasonal unemployment if it is located where there is an adequate reserve labor supply so that unemployed residents will have first chance at new jobs. Therefore, it should be located in a large maritime community.

A recent study was commissioned by the State of Alaska, Division of Legislative Finance, to explore the feasibility of alternative sites for a marine maintenance program. The report, "Alaska Marine Maintenance Feasibility Study," analyzed market conditions, infrastructure characteristics, and site characteristics for the ports of Ketchikan, Juneau, Sitka, Seward and Kodiak. The report concluded that it is financially feasible to conduct all non-drydock repair work in Alaska and that Ketchikan has the most highly developed marine repair infrastructure.

From a local perspective, an expanded marine repair industry will help cushion impending crises in the event the Louisiana-Pacific pulp mill were to close, which company officials say is a real possibility because of market conditions and land withdrawals.

Within a decade, the marine repair industry may develop into a growing business in Ketchikan. Because of Ketchikan's mild climate, it is the only logical site in Alaska to repair and maintain a

Winter Ferry Maintenance
Ira Winograd .
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large domestic fleet of groundfish vessels. In fact, existence of a repair facility will help secure a domestic groundfish fleet for Alaska. Over time it is possible to expand the facilities to include drydocking so that ships in Alaska will be able to avoid the long emergency or off-season run to Puget Sound.

NB 954



KETCHIKAN GATEWAY BOROUGH

344 FRONT STREET
KETCHIKAN, ALASKA 99901

April 21, 1978

Terry Gardiner
House of Representatives
Pouch V
Juneau, AK 99811

Dear Terry:

ALASKA MARINE HIGHWAY WINTER MAINTENANCE PROGRAM

I. Project

To locate an Alaska Marine Highway winter maintenance program in Alaska. All non-drydock maintenance will be performed at a site chosen for its ability to enable an efficient and growing State maintenance program.

An additional aspect of the project is the provision of spin-off benefits to the local community. It is preferable for these benefits to accrue to the basic or export sectors because the non-basic sectors are dependent on the ability of local economies to attract outside dollars. The export or basic sectors of an economy refer to the sectors which bring in outside dollars to fuel the local economy. The predominant basic industries in the Southeast maritime communities are regional government, forestry, seafood harvesting and processing, and tourism in descending order of importance. The proposed project will stimulate the basic sector directly and through a spin-off effect which will increase investments in the seafood industry.

II. Objectives

The Alaska Marine Highway is financed by passenger fares, freight tariffs and a \$16,400,000 public subsidy. A domestic maintenance program will recirculate within the State that part of the subsidy which is currently drained off to the Puget Sound shipyards. The annual maintenance budget is approximately \$3,500,000 and most of it is for non-drydock work which could be performed in Alaska. The State would also develop an expertise in the repair of large vessels and this can serve as a base for a developing marine repair industry.

A winter maintenance program would have a strategic impact on the seasonal economies of Southeast. The program can reach its full potential to alleviate seasonal unemployment if it is located where there is an adequate reserve labor supply so the resident unemployed will have first chance at new employment. Therefore, it should be located in a large maritime community.

Non-drydock repair work is environmentally clean and in harmony with the maritime orientation of Southeast communities. It satisfies the objectives of economic growth and environmental protection in this harsh, yet fragile environment.

Since the maintenance program entails an influx of outside dollars into the local economy, it expands and diversifies the basic sector of the economy. The long term stability of many Southeastern communities is threatened by their limited ways of obtaining outside dollars. Any activity which provides basic sector diversification will help obtain long run socio-economic stability and stability is a prerequisite for