

LEG. FINANCE - BILLS 1979 - 1980 1129

CSHB 578 cont., thru HB 578 1129

①. ? of preserving
rights of legislature
"letter of intent" - or -
Committee report.

② That this is an alternative
which has merits of its own.

The appropriation shall be conveyed to the specific part, unless the ^{state} agency documents that it is not in the best public interest.

Named recipient

HB 578

REC
6/1-6/18/79

JAY S. HAMMOND
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

June 1, 1979

The Honorable Clem Tillion
President of the Senate
The Honorable Terry Gardiner
Speaker of the House
Alaska State Legislature
Juneau, Alaska 99811

RE: FCCS SB 53
CHAPTER 80

Dear Mr. President and Mr. Speaker:

I am today signing Free Conference Committee Substitute for Senate Bill 53 into law. For the first time in four years the legislature has passed an appropriation bill beneath the ceiling I presented to them in my budget message. This is a most significant precedent and one which I encouraged by assuring the legislature that so long as administrative priorities were accommodated, I would not be forced to veto legislative programs falling beneath such ceiling. While I may not agree with some of the specific uses proposed for these funds, compared to those proposed in my budget, joint acceptance by the legislature and administration of a budget ceiling is a far greater consideration.

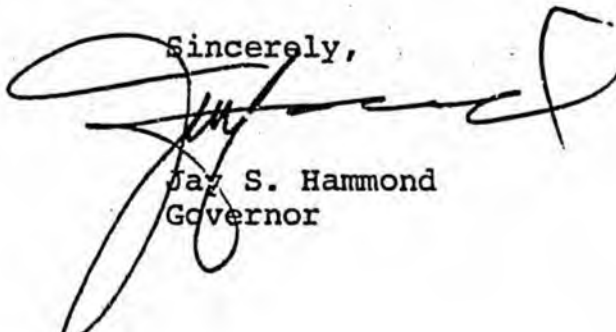
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I am, however, vetoing a portion of Section 15 of this bill, which would have amended Sections 1 and 2 of Chapter 2, SLA 1978 by reducing the appropriation made last year to the Department of Transportation and Public Facilities for delineation of a utility corridor and right-of-way extension of the Alaskan Railroad to the Canadian border from \$865,000 to \$600,000. This section then appropriated \$265,000 to the Legislative Council for a similar purpose which I have allowed to stand. The Department of Transportation and Public Facilities had already obligated the majority of these funds when the Free Conference Committee on the budget was taking this action and, therefore, these funds are not available for lapse.

In addition to this veto, I feel I must notify you that there are other sections and "riders" that you placed in the bill which are not legally binding. Since these are not binding, I have -- with notable exception of the bill of attainder at page 18 -- not lined them out in the bill, but I am attaching the review of the bill performed by the Department of Law which outlines the legal responsibilities imposed by the various "riders." As you will note when you read this attachment, many of the "riders" that were placed in the bill have no legal force and in other cases are in direct violation of existing law. Of course, state agencies must follow existing law when there is a conflict between the "rider" and other statutes.

The bill in Section 20 contains language that would lead the public, and perhaps some legislators, to believe that there would be no reduction in services below the level provided in fiscal 1979. This is simply not the case. While the budget I submitted could have retained such service levels, because the legislature shifted funds from my proposed operational budget to capital projects there will be a decrease in certain services. State agencies will, of course, attempt to minimize the service reductions, but there needs to be an understanding that service and employment reductions will occur.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read "Jay S. Hammond". The signature is written over the typed name and title.

Jay S. Hammond
Governor

APPENDIX

Review of Riders on FY 80 General
Appropriations Bill
May 17, 1979

OPERATIONAL BUDGET.

1. Positions. After many of the entries indicating the purpose of an appropriation is a parenthetical indicating a number of positions, i.e., permanent personnel. Appropriation bills must be confined to appropriations. Alaska Const., art. II, § 13. Fixing the numbers of positions in various offices is not an appropriation. Accordingly, these parentheticals are treated as informational, reflecting a likely understanding, but not having the force of law.

2. Page 9, lines 16-19 */ (Capital '80): An appropriation bill must be confined to appropriations. Alaska Const., art. II, § 13. The Fiscal Procedures Act covers purchases of goods and services by all state agencies. AS 37.05.220-280, 320(2). The rider on lines 12-13 cannot be construed to amend the Fiscal Procedures Act.

3. Page 11, lines 25-28, 30-33 (University of Alaska): This rider would require a transfer of \$125,000 from the "UNIVERSITY PLANT FUND TO THIS APPROPRIATION AS PROGRAM RECEIPTS FROM EXCESS COLLECTIONS OF DEDICATED REVENUE BOND FEES." The university has title to all its personal property. Alaska Const., art. VII, § 2. Its property is to be managed and disposed of as provided by law. Id. There is nothing in AS 14.40.280--450 which provides for the university to match appropriations from the general fund with money from one or another of its funds or accounts. Because it must be confined to appropriations, it is unlikely that an appropriation bill can be used to achieve that effect. The appropriation probably can be made conditional on a match from the university's own money. Specifying the source, however, gets into managing the university's money directly, and probably goes too far to be valid as a condition.

4. Page 12, lines 5-13, 17-25 (University of Alaska): This

*/ Page references are to the print of the bill as it will appear as a session law. The print is longer (84 pages) than the bill (71 pages) due to printing style differences. Thus, for example, page 56 of the print is page 47 of the bill.

rider contains a conditional exception to the statutory prohibition against making transfers between appropriations. Generally, an appropriation cannot amend other, substantive law. There are two reasons why the provisions here are probably valid. One, the exception made by them is one recognized by case law at any event. Even without these provisions, a reorganization which combined the two units to which the money was appropriated would result in the money's being combined. Two, the subject of the substantive law is appropriations; therefore, the bill is acting only on appropriations and does not exceed the constitutional restriction.

5. Page 13, lines 7-10 (University of Alaska): This is the same as 3, above, i.e., probably over intrusive and invalid. A less intrusive condition requiring a match from the university probably would be valid.

6. Page 13, line 21 (Ketchikan Community College): This is an explanatory item within an allocation and has no real effect.

7. Page 15, lines 20-24 (U of A, Mineral Industry Research Laboratory): The provisions in this rider for lapsing money in the event of a shortfall in the receipt of matching monies appear to duplicate the provisions of section 3 of the bill.

8. Page 16, lines 23-30 (Child Support Enforcement): This rider conditions the expenditure of funds on their not being used to invade constitutionally protected rights. It is directly and substantially related to the appropriation, and therefore, is valid.

9. Page 17, lines 14-16. (Youth Services): The use of the appropriations bill for pass-through grants where a grants program has not been established by law creates both legal and administrative problems because of the absence of standards for determining recipients and amounts. For example, if there are entities similarly situated to the named grantees which are ready, willing, and able to perform the same services, how is one selected and the other not. Does that deny equal protection. Is the legislature by selecting out a single, identified entity to perform a service for a specific amount of money actually contracting for the state for it. Does that violate the separation of powers. The Fiscal Procedures Act. Grants to municipalities (or their agencies) are clearly permissible; they are the state's political subdivisions. But grants to others must be treated as appropriations for contractual services and the provisions of the Fiscal Procedures Act must be followed.

10. Page 17, lines 18-31 (Adult Supportive Services): These

provisions create the same problems as 9, above. Of course, many of the named recipients provide a singular service, and it can be argued that, as a practical matter, each constitutes a single source. However, under ordinary and customary practice, the state agencies would make requests for proposals and by doing so could create additional sources. As a result, legislative identification of the grantee evades the requirements of the Fiscal Procedures Act. Because this bill cannot amend that Act, its provisions must be followed.

11. Page 18, lines 5-7 (Social Services, Southern Region): This appropriation bill cannot be used to impose a legal requirement that there be a night in-take program at Ketchikan. These provisions are valid as a statement of intent and are entitled to great weight. They also afford ample reason for the agency administrators to assume that the elimination of the program will be followed by a reduction in the appropriation by an amount equal to support two positions.

12. Page 18, lines 8-10 (Social Services, Southern Region): What is true for Ketchikan is also true for Wrangell. This appropriation bill cannot dictate the staffing of the Wrangell office.

13. Page 18, lines 13-16 (Social Services, Central Office): So too, no appropriation is made by a provision, such as in the rider here, relating to deleting a position. Moreover, since this rider applies to a clearly ascertainable person, and is clearly intended as a punishment, it is a bill of attainder prohibited by the constitution. United States v. Lovett, 328 U.S. 303, 315 (1946). Its invalidity is beyond reasonable dispute.

14. Page 18, lines 21-24 (Office on Aging): This is another grant where the selection of the grantee must follow the Fiscal Procedures Act as discussed in 9, above.

15. Page 18, lines 26-27 (Grants): Same problem.

16. Page 19, lines 9-12 (Internal Audit): The Legislative Auditor probably should be funded directly by program receipts rather than by a rider for these and similar audits.

17. Page 20, lines 17-20 (Social Services, CETA): This provision creates the grants problem discussed in 9, above.

18. Page 20, lines 21-37 (Adventure-Based Education Program): Notwithstanding the need for prompt action expressed by these provisions, the agency's administrators must comply with the applicable law covering contracts for goods and services. It is not the agency's fault that this appropriation came so late in the year. The directive to encumber

\$25,000 and transfer the money from other appropriations is of dubious validity. It does not effect a transfer by law as has been done in other bills this year.

19. Page 21, lines 28-29, 37-38 (Handicapped Children and Regional Labs): The direct grant raises the questions raised in 9, above.

20. Page 22, lines 7-13 (Public Health Administration): Same.

21. Page 23, lines 16-21 (Alcohol Abuse): The direct grants, because they are made to a municipality, are valid items.

22. Page 23, lines 30-34 (Mental Health): To the extent the grants are to municipalities, they are valid. To others, section 9, above, applies.

23. Page 24, lines 5-8 (Residential Care): Same.

24. Page 24, lines 10-15 (Family Support): Same.

25. Page 24, lines 20-21 (Mental Health): Same.

26. Page 25, lines 10-19 (Natural Resource Administration): Partial funding is patently inconsistent with the Executive Budget Act. This comment will not be repeated with respect to other agencies which are also partially funded.

27. Page 26, lines 35-38 (Commercial Fisheries): This appropriation bill cannot be used to set the staffing for Haines or Dillingham. This "condition" is invalid.

28. Page 27, lines 19-27 (Admin. and Support): The direct grants raise the questions discussed in 9, above. Contracts for performing the specific projects must be let under applicable law.

29. Page 27, lines 33-35 (Investigations and Research): Same as 27, above.

30. Page 30, lines 33-35 (Occupational Licensing): As this rider does, an appropriation bill can set the period for which an appropriation is made and it need not be the same as others in the same bill. Alaska Const., art. IX, § 13.

31. Page 31, lines 37-39 (Highway Safety): Same.

32. Page 32, lines 30-32 (Criminal Justice Planning): Same.

33. Page 35, lines 35-39 and page 36, lines 4-24 (Renewable Resources Board): While these provisions, being part of an

appropriations bill, can have no lawful force or effect, they constitute a valid statement of the legislature's wishes and should be responded to accordingly.

34. Page 36, lines 36-39 and page 37, line 4 (Economic Enterprise): The problem with this provision is that the \$65,000 appropriation referred to is not one expressly contained in the bill. Nevertheless, Budget and Management should be able to see that the sums come out as intended by the legislature.

35. Page 37, lines 19-21 (Tourism): Again, the direct grants must be governed by law as discussed in 9, above.

36. Page 38, lines 10-13 (Community Planning): Same.

37. Page 39, lines 5-10 (DOT/PF Commissioner's Office): These provisions add nothing to the existing law and, being part of an appropriations bill, cannot impose a legal duty on the commissioner beyond that imposed by existing laws.

38. Page 39, lines 28-36 (M & O, Administration): These provisions cannot compel the department to contract with the railroad for the specified service. This is an invalid rider on an appropriations bill.

39. Page 40, lines 14-19 (Highways): Nor can a rider be attached to provide for road maintenance on an off-system road in violation of existing law. The money probably could be used to support ferry service.

40. Page 40, lines 31-34 (Airports): The rider for a direct grant for air-taxi mail delivery raises the problems discussed in 9, above.

41. Page 42, lines 5-23 (Executive Office): The rider requiring the Governor to report on the consolidation of certain functions has no legal force or effect. The Governor can, of course, honor the rider as a request.

42. Page 42, lines 28-34 (Budget & Management): This rider, being part of an appropriation bill, has no legal force or effect. Moreover, insofar as it would intrude the legislative branch into the exercise of a power over the budget vested exclusively by the constitution in the executive, it would probably be invalid even if enacted as a separate law.

43. Page 43, lines 6-9 (Internal Audit): A rider in an appropriations bill cannot be used to effect a transfer of an agency or function between the principal departments of the executive branch. Accordingly, this is an invalid condition. The function of the Internal Auditor is not, however, placed

in the Department of Administration by law; and therefore, the Governor has authority to relocate it.

44. Page 43, lines 10-13 (Internal Audit): A rider on an appropriations bill cannot establish a legal duty. Nevertheless, duplication of functions by the executive and legislative auditors should be avoided.

45. Page 43, lines 16-20 (Bethel Office): The legislature may refuse to fund a given function, and when it does, that will generally be the end of it. The rider here, however, has no effect on the Governor's use of his contingency fund, which may be used to fund a trouble shooter at Bethel. Additionally, the legislature's power to refuse funding cannot be used to inflict a punishment, for to do so would make the rider an unconstitutional bill of attainder.

46. Page 43, lines 25-30 (HWCF Services): This is merely an explanation of an accounting adjustment.

47. Page 43, lines 34-38 (U of A Audit): This rider has no legal force or effect.

48. Page 44, lines 6-18 (Salary Increases): This rider has no legal force or effect. Neither the executive nor legislative branches are bound by it. Nevertheless, it is a valid statement of the consensus of the 11th State Legislature and entitled to great deference and respect.

49. Page 44, lines 26-32 (Risk Management): It is highly unlikely that a \$13.6 million appropriation for insurance, half of which will be expended before the so-called condition can occur, will be held to be conditioned on a report concerning four positions. This rider merely illustrates how any requirement can be stated as a condition.

50. Page 44, lines 35-39 and page 45, line 4 (General Services): The rider requiring the Departments of Administration and of Transportation and Public Facilities to establish joint car rental policies can have no legal effect.

51. Page 45, lines 13-17 (Data Processing): This rider appears to make storage space a purpose of the FY 79 appropriation for data processing. In effect, it amends last year's appropriation bill. That is almost certainly permissible.

52. Page 45, lines 19-38 and page 46, lines 4-9 (Data Processing): This rider appears to both explain and reflect an adjustment by the legislature in the budget for data processing. It relates directly and solely to appropriations, and therefore, is valid.

53. Page 46, lines 23-26 (FERC Proceedings): This language provides for a lapse of the appropriation when the tariff proceedings terminate. It is valid.

54. Page 46, lines 33-36 (Permanent Fund Management): This is a similar provision for a lapse.

55. Page 47, lines 23-31 (Procurement): This language specifies the period of a portion of the appropriation. That is valid.

56. Page 47, lines 32-35 (Tenakee Health Center): This rider has no legal force or effect.

57. Page 47, lines 36-39 and page 48, lines 4-5 (Combined Facilities): This rider has no legal force or effect.

58. Page 48, lines 17-19 (Communications): This rider has no legal effect, but it is a proper statement of legislative intent, as are similar riders mentioned above and below. Ordinarily, it is the kind of statement which is placed in a committee report, as are many of this bill's riders.

59. Page 48, lines 21-25 (Communications): This rider has no legal force or effect.

60. Page 48, lines 29-37 (Communications): The breakdown of the appropriation item contained in this rider does not impose a legal restriction on the use of the appropriated money.

61. Page 49, lines 4-19 (Television): These riders place no legal duty on anyone to do anything.

62. Page 49, lines 20-38 (Television): This rider appears to state that, notwithstanding the actual apparent appropriation of \$2,170,815 for television, the agency should spend \$2,553,000, the "full funding" for FY 80. Unfortunately, the language does not parallel that used by other riders which clearly state the legislature's intent to fund at a higher level than the amount appropriated in the bill. Accordingly, that intent probably cannot be inferred, and the expenditures cannot be made, absent some other evidence of it.

63. Page 50, lines 11-19 (Vehicle Repairs and Rentals): These riders have no legal force or effect.

64. Page 50, lines 24-27 (Audits): This rider has no legal force or effect.

65. Page 51, lines 5-35 (Legislative Council): This rider

is explanatory and has no legal effect. Again, it is the kind of material which ordinarily appears in a committee report.

CAPITAL BUDGET.

66. Page 55, lines 8 and 19 (Election District): The indication of election districts is informational only. An error in district designation has no effect on the appropriation or its expenditure.

67. Page 60, lines 18-27, 32, 36, etc. (Grants): The capital budget, like the operating budget, includes a large number of "grants" to nongovernmental entities for services or facilities or both. The same questions raised under 9, above, are raised by the "grants" in this portion of the bill. They will have to be handled as discussed in 9, above, i.e., under applicable statutes, most particularly the Fiscal Procedures Act and the Public Facilities Procurement Act.

68. Page 62, lines 29-30 (Sutton Community Building): There is no municipality of Sutton, and the "community of Sutton" is not a juridicial entity with which the state can transact business. It appears, therefore, that the agency must, in this and similar situations, seek out a responsible group or association in the community to be responsible legally for the community building, and to contract with the state for the money.

69. Page 63, lines 20-22 (St. James Mission): There is a City of Tanana. Presumably, the grant is to it. The purpose of the grant, rehabilitation of a mission, raises establishment of religion problems. In order to expend public funds, it must be for a non-religious purpose.

70. Page 63, lines 23-26 (Gateway R.E.A.A.): Direct grants to the named villages raise public purpose questions. This appropriation appears to be to the Department of Natural Resources for Parks and Recreation (page 62, lines 4-5) for the Gateway REAA, to be divided among five communities. No purpose is stated. Presumably it relates to recreation. The agency and the intended recipients are, however, apparently left to devise a purpose. This is almost certainly an overly broad and unconstitutional delegation of the power of appropriation. It appears that the bill contains a large number of such items. Unless there is some legislative documentation of the purpose of these grants, they raise real questions of validity.

71. Page 66, lines 9-12 (Commercial Fisheries and Agriculture Bank): The rider's explanatory material limits the appropriation. It is a valid limitation, relating solely and directly to the appropriation.

72. Page 66, lines 22-29 (AHFC Mobile Homes): This rider states an "intent" rather than a condition. "Legislative intention without more is not legislation." Train v. City of New York, 420 U.S. 35, 45 (1975). Had the legislature intended to make \$1 million solely available for a mortgage insurance for mortgage financing for mobile homes, it would have appropriated it that way. A statement of intent must be perceived as a lesser restriction.

73. Page 68, lines 8-13 (Farm Projects): These are more examples of the problems discussed above in 9 relating to legislatively prescribed, non-governmental grantees.

74. Page 68, lines 15, 17-35 (Grants): Same.

75. Page 70, lines 23-26 (Firehalls): Volunteer fire departments fall into a category which is quite close to municipalities. They probably constitute de facto service areas in the unorganized borough, and because of the statutorily prescribed governmental functions they perform, may well be de jure service areas. Grants to them should, therefore, be treated much the same as grants to municipalities.

76. Page 70, lines 30-33, 34-36, 37-39 (Grants): While these riders name entities within municipalities, it is best to infer that they are part of the object or purpose of the appropriation and that the grant is to the respective municipalities for those purposes, e.g., for recreational facilities in Spenard.

77. Page 71, lines 7-9 (Grant): The grant to the Thomas Bay Power Authority raises questions concerning its purpose. If there is no legislative documentation on the purpose, it may well be an invalid appropriation.

78. Page 71, lines 21-24 (Takotna Grant): Takotna does not appear to be a city. If not, the grant must be handled so as to ensure its expenditure is for a public purpose and not for private benefit.

79. Page 73, lines 13-15, 16-18 (Grants): Chalkyitsik and Cantwell were not incorporated cities as of 1978. Where a grantee does not exist, the grant probably fails. Legislative documentation (or lack of it) should be determinative.

80. Page 73, lines 22-24 (Grants): Healy Lake was not an

incorporated city in 1978.

81. Page 73, lines 31-35 (Grants): These grants may be too indefinite as to recipient and purpose to be valid constitutionally. It will depend upon the existence of legislative documentation identifying both more precisely.

82. Page 75, lines 7-9 (Traffic Signals): This rider merely further identifies the purpose of the appropriation.

83. Page 75, lines 11-12 (Street Repairs): As a general rule, a "community council" cannot be given power to supervise the expenditure of public funds. This rider, therefore, does not have the force of law.

84. Page 75, lines 21-24 (Road Improvements): Same.

85. Page 76, lines 11-13 (Paradise Haven Lodge): This rider is invalid. First, in order for a condition on an appropriation to be valid, it must have a direct and substantial connection to the appropriation. Second, the law-making power is not the power to pick and choose the buildings to be used for park facilities.

86. Page 77, lines 19-20 (Priorities): While a valid statement of concern and entitled to great weight, this rider can have no legal effect.

87. Page 79, lines 12-23 (Landscaping): This rider's statement of intent does not have the force of law required to remove these projects from the application of other laws which could frustrate the very intent stated by the rider.

88. Page 81, lines 19-22 (Fourth Floor): This rider -- vesting the Legislative Finance Division with control over the fourth floor in the capitol -- has no legal effect. First, so long as there is space on the fourth floor of the capitol occupied by another branch of the government, an agency of the legislature cannot -- under the separation of powers -- usurp that space or have supervening control over it. Second, under existing law, space occupied by the legislature and its agencies is under the control of the Legislative Affairs Agency. AS 24.20.060(5). A rider on an appropriations bill cannot amend that substantive law. Of course, the second consideration is solely a matter of internal concern to the legislature, and no law on the subject is required at all.

JAY S. HAMMOND
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

May 5, 1979

The Honorable Russ Meekins
The Honorable John Sackett
Chairmen, Finance Committees
Alaska State Legislature
Juneau, Alaska 99811

Dear Chairmen:

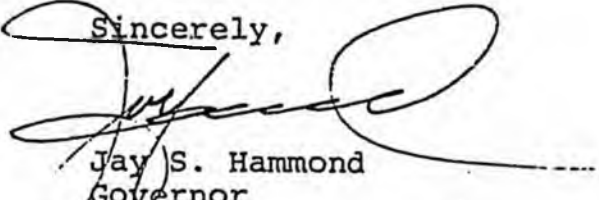
I have reviewed the budget estimates supplied by the Free Conference Committee and find that I am in agreement with their estimated total of expenditures for 1980.

57
These estimates provide sufficient latitude to accommodate beneath my budget ceiling the approximately \$16.6 million required to fund the proposed pay bills. Accordingly, I can assure you that should the pay bills pass, no reductions will be required of other items the Free Conference Committee on the Budget has included.

Moreover, I'm pleased to be able to assure you that there will be no veto of those items you have identified as included in your budget estimates. However, of course, should other appropriation bills be passed which were not considered in these calculations, they may be subject to veto should they exceed my budget ceiling.

My appreciation to those of you who worked in good faith and cooperation to remain within the predetermined budget ceiling. This unprecedented action sets a pattern which if continued augurs well for the future of the state.

Sincerely,



Jay S. Hammond
Governor

cc: The Honorable Terry Gardiner
Speaker of the House

The Honorable Clem Tillion
President of the Senate



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.

James O. Smith
Signature of Camera Operator

3/20/90
Date

(11)

COMMITTEE REPORT

HOUSE

1/18/80

FURTHER:

Date: March 19, 1980

Mr. Speaker:

The Committee on FINANCE has had HB 578

"An Act relating to state grants; and providing for an effective date."

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

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for HB 578 same title
 new title
- and recommends that it do pass
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

McKerns

W. W.

McKerns

Smith

Roger

Freeman

W. W.

Montgomery

Hunt

McKerns

CHAIRMAN

1380
Burr

Original sponsor: Finance Committee

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 578

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act establishing the municipal grant account; and
7 providing for an effective date."

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

9 * Section 1. AS 37.10 is amended by adding a new section to read:

10 ARTICLE 5. SPECIAL STATE ACCOUNTS.

11 Sec. 37.10.110. MUNICIPAL GRANT ACCOUNT. There is established as
12 a separate account in the general fund the municipal grant account.
13 When an appropriation in a specific amount is made to a municipality and
14 the appropriation is a grant, whether the grant is absolute or condi-
15 tional, the amount granted shall be paid directly to the municipality by
16 the commissioner of administration at the time the grant, by its terms
17 becomes effective.

18 * Sec. 2. This Act takes effect immediately in accordance with AS 01.10
19 070(c).

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STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

POUCH K-STATE CAPITOL
JUNEAU, ALASKA 99811

April 18, 1980

465-3600

The Honorable George Hohman
The Honorable Russ Meekins
Chairmen, Free Conference
Committee on HB 60 Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Senator Hohman and Representative Meekins:

The question of direct grants from the legislature to private entities has raised serious legal questions. We have attempted to avoid those questions by previously suggesting means by which the legislature may constitutionally set up a private grant program. The most recent draft of HB 60, however, indicates that the legislature intends to go ahead with direct appropriations to private entities without standards for the award or a procedure for monitoring the grants being first established. If that occurs, we will be required to advise the Governor that grants of this nature are beyond the legislature's authority, and that funds for them may not be validly expended or withdrawn from the treasury.

The Governor has asked that we advise you prior to passage of the bill of the legal position of the department. He wanted us to do this so that there would be time available for the legislature to take reasonable steps to make the grant program constitutional. As previously indicated, we stand ready to assist you in completing that task.

The basis for our legal objections may be simply stated. They are grounded in the separation of powers principle which governs the relationship between branches of government. Under that principle, the legislature has the function of passing laws and appropriating money to carry out those laws. The responsibility of the executive branch is to use the money appropriated under the conditions imposed by the legislature to implement whatever programs the legislature deems proper. The executive branch has no authority

The Honorable George Hohman
The Honorable Russ Meekins
April 18, 1980
Page 2

to appropriate money or adopt laws, and the legislative branch has no authority to administer laws either directly or through private agents selected by the legislature. The legislature, for instance, has tried in the past to administer grant programs, but these efforts were deemed unconstitutional by the superior court here in Juneau. Egan v. Special Legislation Committee on Oil Pipeline Impact. Similarly, the legislature attempted directly to hire counsel to represent the state in the D-2 litigation, and the federal court struck down that attempted exercise of authority. Alaska v. Carter. Courts have universally ruled that the legislature has no executive or administrative authority to carry out programs--only to establish and fund them.

This legal principle is not merely academic. It is grounded on practical and public policy considerations. As a practical matter, the appropriation of funds directly to private organizations with no prescreening, no rational or objective criteria by which the organizations are selected, and no monitoring of how public moneys are spent is obviously bad public policy. Moreover, the implementation of laws--the manner in which legislatively approved programs are carried out is a responsibility of the Governor, and he is properly held accountable for that function by the electorate. If the legislature makes a \$100,000 grant to a private group, and the group mismanages funds without performing the desired function, the Governor will be held responsible. But under the grant program as the legislature seeks to implement it, he would have no control over the agents selected to carry out the program. Responsibility, coupled with the authority to meet that responsibility, is the hallmark of separation of powers. The Constitution vests the Governor with executive responsibility--he cannot be stripped of the authority by which he exercises that responsibility.

There is nothing legally wrong with grants as such. The legislature can appropriate moneys to be disposed of in private grants for public purposes and can establish rigid and quite specific criteria over the type of agency that will dispense those grants. But the final decision on the selection of private agents to receive the grants under the criteria established by the legislature must be the Governor and the executive agencies. The legislature can establish streamlined processes which must be followed by the executive branch in the selection and monitoring process. The legislature may advise the administration formally

The Honorable George Hohman
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or informally as to who they think best qualified to receive the grant. But the legislature may not go the last step and make the selection itself.

We want to make it clear that it makes no difference whether the appropriation of a grant is made directly to a named private entity or through a state agency or political subdivision to a named entity. The constitutional defect lies in the legislature's selecting the persons to carry out the program or to provide the service for which the money is being appropriated.

With the above-mentioned principles in mind, we have reviewed the latest draft of HB 60 and are required to advise you that the grants to private agencies are invalid, and we will so advise the Governor if the bill passes in this form. We have prepared a bill which, if enacted, would establish a streamlined process for issuance of grants and establish the criteria under which the grantees should be selected. This bill would, we believe, alleviate the legal problem. In the absence of such a bill, we see no way in which these direct grants can be constitutionally funded.

So there can be no question over the matters to which we've referenced, I have reviewed HB 60 section by section, and I will outline here the sections which we believe to be invalid:

1. Sec. 1. This section appears to present no problems.
2. This grant is invalid not only under grounds discussed above, but under the additional ground that it violates the constitutional prohibition on the use of public money for private educational institutions.
3. Sec. 3. This section presents no problems.
4. Sec. 4. This grant is invalid.
5. Sec. 5. This grant is invalid.
6. Sec. 6. This section presents no problems.
7. Sec. 7. This section presents no problems.
8. Sec. 8. This section presents no problems.

9. Sec. 9. This grant is invalid.
10. Sec. 10. This section presents no problem.
11. Sec. 11. This grant is invalid.
12. Sec. 12. This grant is invalid.
13. Sec. 13. This grant is invalid.
14. Sec. 14. This section presents no problem.
15. Sec. 15. This section probably presents no problem, as it appears to provide for a study of a subject on which the legislature may act and not to require or provide for a private organization to provide education as that term is used in the constitution.
16. Sec. 16. This section presents no problem.
17. Sec. 17. This section presents no problem.
18. Sec. 18. This grant is invalid.
19. Sec. 19. This grant is invalid.
20. Sec. 20. This grant is invalid.
21. Sec. 21. This section presents no problem.
22. Sec. 22. This grant is invalid.
23. Sec. 23. This grant is invalid.
24. Secs. 24 through 60. These sections present no problems.
25. Sec. 61. This section presents a problem as to the nature of the Anchorage Child Abuse Board. If it constitutes a municipal agency or instrumentality, it may be no real problem. Otherwise, the grant is invalid.
26. Sec. 62. This grant is invalid.
27. Sec. 63. This section presents no problem.
28. Secs. 64 through 68. These sections raise the same kind of question as section 62, i.e., they are invalid.

29. Secs. 69 through 71. These sections present no problem.

30. Sec. 72. This grant is invalid.

31. Sec. 73. This grant is invalid.

32. Sec. 74. This grant is invalid.

33. Secs. 75 through 79. These sections present no problems.

34. Sec. 80. This grant is invalid.

35. Sec. 81. This grant is invalid.

36. Sec. 82. This grant is invalid.

37. Sec. 83. This section presents no problem.

38. Sec. 84. This grant is invalid.

39. Sec. 85. This grant is invalid.

40. Sec. 86. This grant is invalid.

41. Sec. 87. This section looks valid.

42. Secs. 88 and 89 present no problems.

43. Sec. 90. This section raises the separation of powers question but appears to be valid on the basis that the legislature may contract to study matters which it may act upon in its law-making capacity.

44. Secs. 91 and 92. These sections present no problems.

45. Sec. 93. This grant is invalid.

46. Sec. 94. This section has no problems.

47. Sec. 95. This grant is invalid.

48. Sec. 96. This grant is invalid.

49. Secs. 97 and 98. These sections present no problems.

50. Sec. 99. This grant is invalid.

51. Sec. 100. This section raises questions. Whether public money can be expended to host a conference depends on the nature of the conference. This is probably valid.

52. Sec. 101. This section appears not to present a problem, although there is a question of the legislature's contracting with the Senior Citizens' Center to provide certain services. However, again it appears that the center is a quasi-municipal institution, an adjunct or instrumentality of the Municipality of Anchorage.

53. Sec. 102. This section raises no problem.

54. Sec. 103. This grant is invalid.

55. Sec. 104. This section presents a problem because it involves an educational program. If the program is essentially a social service, pre-school program, the problem may not exist. It also presents a problem concerning the legislature's selecting the contractor to provide a government service. Again, if the contractor is a municipal instrumentality, there is no problem.

56. Sec. 105. This grant is invalid.

57. Sec. 106. This grant is invalid.

58. Sec. 107. This section presents no problem.

59. Sec. 108. This grant is invalid.

60. Secs. 109 through 117. These sections present no problems.

61. Sec. 118. This grant is invalid.

62. Secs. 119 through 132. These sections present no problems.

63. Sec. 133. This section raises the problem of the legislature's selecting the contractor to carry on a governmental program; however, a study of aquaculture on the lower Yukon would be well within the legislature's province

and it would therefore be valid for the legislature to contract for this program.

64. Sec. 134. This section raises questions concerning the public purpose of Fairbanks Pet Pride, and also raises the question of the legislature's selecting the contractor to carry out a governmental program. It is possible that Fairbanks Pet Pride is a quasi-municipal institution, in which case neither of the questions arises.

65. Secs. 135 through 166. These sections present no problems.

66. Sec. 167. This section is probably valid as a matter of tradition. That is, the state legislature has traditionally provided money for state fairs. Additionally, the state fair associations are unique instrumentalities, and there does not appear to be any question here of the legislature's usurping the power of the executive to carry out the law.

67. Sec. 168. This section presents no problem.

68. Sec. 169. This section probably doesn't present a problem in that the Haines Centennial Commission would be considered an instrumentality of the municipality.

69. Secs. 170 and 171. These sections present no problems.

70. Sec. 172. This grant is invalid.

71. Sec. 173. This section is probably valid in that it is a state fair, and it is for matching funds.

72. Secs. 174 through 178. These sections raise no problems.

73. Sec. 179. This grant is invalid.

74. Sec. 180. This grant is invalid.

75. Sec. 181. This grant is invalid.

76. Sec. 182. This section provides for the legislature's selecting the contractor, but since the study

is the kind of study the legislature may itself conduct, it presents no separation of powers problem.

77. Secs. 183 through 186. These sections present no problems.

78. Sec. 187. This section presents a problem on its face. There needs at the least to be some additional explanation of the public purpose of the appropriation.

79. Secs. 188 through 219. These sections present no problems.

80. Sec. 220. This section presents a serious problem in that it appropriates money to a legislative agency to use a contractor to carry out the law. It is invalid.

81. Secs. 221 and 222. These sections present no problem.

82. Sec. 223. This section presents a problem in that it does not say how much of the appropriation is for each of the two purposes mentioned in the appropriation.

83. Secs. 224 through 236. These sections present no problems.

84. Page 36, lines 12 and 13. Presents no problem.

85. Page 36, lines 12 and 13. These grants are invalid like the others mentioned. A well-drawn grants statute could as a practical matter channel funds to these agencies, but without it, these grants are invalid.

86. Page 45, lines 21 and 22. These grants are invalid.

87. Page 48, lines 23 and 24. If the health center and the task force are agencies of the municipality, the grant would be valid. If not, they are invalid.

88. Page 49, line 20. Raises the same kind of question.

89. Page 55, lines 24 and 25. These two appropriations raise the same kind of questions.

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90. Page 56, lines 13, 14, and 15. This item raises public question on the one hand, selection of contractor questions on the other, and requires greater definition.

91. Page 56, lines 25. This item requires further definition to ascertain the public purpose.

92. Page 57, lines 5 through 7. These grants are invalid.

93. Page 57, line 18. There is no city at Kipnuk, therefore, some association must be found. Line 19, there is no city at Iliamna, with the same result. Line 20, Egegik, the same result. Line 21, needs further definition; electric power to the Kuskokwim Native Association simply doesn't say enough to define the public purpose. Line 22, Ugashik, no city. Line 23, Telida, same problem. Line 24, Portage Creek, same problem. Line 25, Indian-Bird Creek, same problem.

94. Page 58, line 4. Portage Creek, no city. Line 5, Kwigillingok, same problem. Line 6, Healy, same problem. Line 8, the appropriation for the Coalition for Economic Justice-Low Income Forums is invalid. Line 9, Chignik, no city. Line 10, Iliamna, same problem. Line 11, Iliamna, same problem. Line 12, Kokhanok, same problem. Line 13, Pedro Bay, same problem. Line 14, Portage Creek, same problem. Line 15, Twin Hills, same problem. Line 16, the Ester Volunteer Fire Department, while there is no city, probably does not present the same problem, if there is a volunteer fire association there. Line 17, Senior Citizens-Interior Alaska, needs further definition. Line 19, Chena Goldstream Volunteer Fire Department, probably valid. Line 20, grant to Mauneluk Association Sawmill Project, is invalid. Line 21, same problem. Line 22, same problem. Line 24, Cantwell, there is no city. Line 25, Dot Lake, the same problem.

95. Page 59, Lines 4 through 17. Present the same kind of problems, either there is no city or the appropriation is invalid.

96. Page 65, Lines 9, 12, 13, and 14. All are invalid.

97. Page 76, Line 15. This needs further definition to ascertain its public purpose. Line 19, a loan is ordinarily

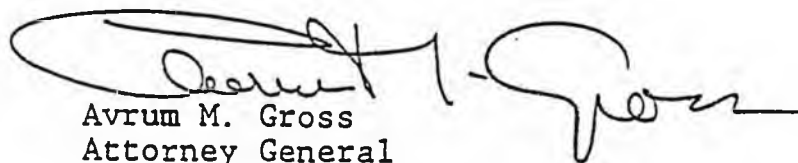
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not lawful, and this would need further definition to indicate its public purpose.

I stress again in closing that we have no desire to block funds going to entities that the legislature has selected, since we assume that these organizations are probably best qualified and would receive the funds under any statutorily established grant program by the legislature. These organizations, however, may not simply receive direct grants without any established criteria for the selection and without any monitoring of how money is used and spent.

We stand available to assist you in resolving the constitutional problems which will inevitably arise from the bill in its present form.

Yours very truly,


Avrum M. Gross
Attorney General

AMG:chw

cc: The Honorable Bill Ray



STATE OF ALASKA _____

JAY S. HAMMOND _____

GOVERNOR

OFFICE OF THE GOVERNOR

STATE INTERNAL AUDIT

POUCH AU

JUNEAU, ALASKA 99811

(907) 465-2203

February 22, 1980

Mr. Robert A. Grove
Program Director, RCIP
Fairbanks Town and Village Association
P. O. Box 74080
Fairbanks, Alaska 99707

Dear Mr. Grove:

Attached is a preliminary draft of procedures for administration of State grants appropriated by the Legislature for local governments and nonprofit corporations.

Copies have been distributed to several State agencies for review and comment and because you have expressed interest in State grant program management we would like to obtain your input.

Upon final review by this office and the Division of Finance grant management procedures will be added to the State Administrative Manual thereby making use by State agencies mandatory.

Please review the attached package and provide us with your comments.

Sincerely,

Richard A. Smith
State Internal Auditor

RAS/RR/mjc
Attachment

NOTE: ATTACHED TO THIS COVER LETTER IS A
41-PAGE DRAFT OF REGULATIONS APPLICABLE
TO STATE GRANTS. A COPY OF THE DRAFT
IS AVAILABLE IN THE MASTER BILL FILE.

FEB 24 1980
FEB 21 1980

A. NOTICE TO GRANTEE

Prospective grantees will be sent a letter informing them that they have received an appropriation from the Legislature. The letter should specify the purpose for which the grant is intended.

B. APPLICATION/PROPOSAL

Prospective grantees will be required to submit a proposal consisting of the following items:

(a) A statement of what the grant money will be expended for and when the project will be completed.

(b) A concise work plan

(c) A detailed budget showing anticipated expenditures in personnel services, travel, contractual, supplies and materials, equipment, real property, and indirect costs.

(d) Funding sources for the particular project.

(e) A signed copy of grantee/grantor assurances (See Appendix A).

It should be stressed that the primary concern in applying for and granting of State funds is the identification of the public value to be gained through the grant and the capability of the grantee to advance such value.

C. GRANT OFFER AND AWARD

The grant offer will be made by a letter to the grantee. Acceptance by the grantee shall be in the form of a resolution by the Assembly of the local government or the board of directors of if the grantee is a nonprofit corporation.

A copy of the resolution should be sent to the State grantor agency. Upon receipt of the resolution, the grant program will begin and the first grant payment may be made.

D. MONITORING AND REPORTING PROGRAM PERFORMANCE

Grantees shall constantly monitor the performance under State-grant supported activities to assure that time schedules are being met, projected work units are being accomplished, and other performance goals are being achieved.

State grant agencies shall require grantees to submit performance reports for each grant which briefly presents the following:

(a) A comparison of actual accomplishments to the goals established for the period.

(b) Reasons for slippage in those instances where established goals were not met.

(c) Other pertinent information including, when appropriate, analysis and explanation of cost overruns.

These performance reports must be included when the grantee submits a request for advance or reimbursement of State funds in the appropriate time frames as established in the grant award document.

If any performance review conducted by the grantee discloses the need for change in the budget estimates in accordance with Budget Revision Procedures in the grantee/grantor assurances, the grantee shall submit a request for budget revision.

The State grantor agency shall make site visits as frequently as practicable to:

(a) Review program accomplishments and management control systems.

(b) Provide such technical programmatic and financial assistance as may be required.

E. ALLOWABLE AND UNALLOWABLE COSTS

1. Factors affecting allowability of costs. To be allowable under a grant program, costs must meet the following general criteria:

* (a) Be necessary and reasonable for proper and efficient administration of the grant program, be allocable thereto under these principles, and, except as specifically provided herein, not be a general expense required to carry out the overall responsibilities of the local governments or nonprofit corporation.

carry out business of organization i.e. accounting

(b) Be authorized or not prohibited under State or local laws or regulations.

(c) Conform to any limitations or exclusions set forth in these principles, or other governing limitations as to types or amounts of cost items.

(d) Be consistent with policies, regulations, and procedures that apply uniformly to both State assisted and other activities of the unit of government or nonprofit corporation of which the grantee is a part.

(e) Be accorded consistent treatment through application of generally accepted accounting principles appropriate to the circumstances.

(f) Not be allocable to or included as a cost of any other State or federally financed program in either the current or a prior period.

? (g) Be net of all applicable credits.

2. Allocable costs.

? (a) A cost is allocable to a particular cost objective to the extent of benefits received by such objective.

(b) Any cost allocable to a particular grant or cost objective under the principles provided for in this circular may not be shifted to other State grant programs to overcome fund deficiencies, avoid restrictions imposed by law or grant agreements, or for other reasons.

(c) Where an allocation of joint cost will ultimately result in charges to a grant program, grantees will be required to adhere to the indirect cost provisions prescribed in number 6 in this section.

3. Applicable credits.

(a) Applicable credits refer to those receipts or reduction of expenditure-type transactions which offset or reduce expense items allocable to grants as direct or indirect costs. Examples of such transactions are: Purchase discounts; rebates or allowances; recoveries or indemnities on losses; sale of publication, equipment, and scrap; income from personal or incidental services; and adjustments of overpayments or erroneous charges.

4. Composition of cost.

(a) Total cost. The total cost of a grant program is comprised of the allowable direct cost incident to its performance, plus its allocable portion of allowable indirect costs, less applicable credits.

(b) Classification of costs. There is no universal rule for classifying certain costs as either direct or indirect under every accounting system. A cost may be direct with respect to some specific service or function, but indirect with respect to the grant or other ultimate cost objective. It is essential, therefore, that each item of cost be treated

*writes so
we can
understand*

consistently either as a direct or an indirect cost. Specific guides for determining direct and indirect costs allocable under grant programs are provided in the sections which follow.

5. Direct costs.

(a) General. Direct costs are those that can be identified specifically with a particular cost objective. These costs may be charged directly to grants, contracts, or to other programs against which costs are finally lodged. Direct costs may also be charged to cost objectives used for the accumulation of costs pending distribution in due course to grants and other ultimate cost objectives.

(b) Application. Typical direct costs chargeable to grant programs are:

(i) Compensation of employees for the time and effort devoted specifically to the execution of grant programs.

(ii) Cost of materials acquired, consumed, or expended specifically for the purpose of the grant.

(iii) Equipment and other approved capital expenditures.

(iv) Other items of expense incurred specifically to carry out the grant agreement.

(v) Services furnished specifically for the grant program by other agencies.

6. Indirect costs.

(a) General. Indirect costs are those (a) incurred for a common or joint purpose benefiting more than one cost objective, and (b) not readily assignable to the cost objectives specifically benefitted without effort disproportionate to the results achieved. The term "indirect costs," as

used herein, applies to costs of this type originating in the grantee department, as well as those incurred by other departments in supplying goods, services, and facilities, to the grantee department.

7. APPLYING INDIRECT COSTS TO STATE GRANTS

(a) Grantees may charge indirect costs based on the following criteria:

(i) A federally approved indirect cost rate may be used on State grants.

* (ii) An indirect cost rate approved by the State granter agency not to exceed eight (8) percent.

(b) Indirect costs may not be charged on expenditures for:

(i) Equipment *office*

(ii) Capital Outlays -

(iii) Contractual services or any other services furnished specifically for the grant program by other agencies.

8. Unallowed Costs

The following costs will be considered unallowable for State granting purposes:

(a) Bad debts. Any losses arising from uncollectible account and other claims, and related costs, are unallowable.

(b) Contingencies. Contributions to a contingency reserve or any similar provision for unforeseen events are unallowable.

cost over runs in lines

(c) Contributions and donations. Unallowable.

(d) Entertainment. Costs of amusements, social activities, and incidental costs relating thereto, such as meals, beverages, lodgings, rentals, transportation, and gratuities, are unallowable.

(e) Fines and penalties. Costs resulting from violations of, or failure to comply with federal, State and local laws and regulations are unallowable.

How can we do this if you don't pay us ahead!!!

(f) Interest and other financial costs. Interest on borrowings (however represented), bond discounts, costs of financing and refinancing operations, and legal and professional fees paid in connection therewith, are unallowable except when authorized by State legislation.

(g) Legislative expenses. Salaries and other expenses of local assemblies and governing boards of nonprofit corporations, whether incurred for purposes of legislative or executive direction, are unallowable.

(h) Underrecovery of costs under grant agreements. Any excess of cost over a State or federal contribution under one grant agreement is unallowable under other grant agreements.

F. FINANCIAL REPORTING AND GRANT PAYMENT PROCEDURES

1. Grantor agencies shall determine the frequency with which the grantee will submit expenditure and performance reports and requests for cash payment. A standardized financial report and instructions is presented in Appendix B.

2. The grantor agency may prescribe a single lump sum grant payment if the grant is less than \$10,000, or if the period of performance is anticipated to be less than thirty (30) days.

* 3. Advance payments during the grant period shall be limited to \$10,000 or 10% of the grant award, whichever is less.

* 4. The State grantor agency shall withhold 10% of the grant amount until it is determined that the grantee has fulfilled the conditions of the grant in a satisfactory manner.

G. GRANT CLOSEOUT AND TERMINATION

State grantor agencies shall establish grant closeout procedures which include the following requirements:

(a) Upon request, the State grantor agency shall make prompt payment to a grantee for allowable reimbursable cost under the grant being closed out.

(b) The grantee shall immediately refund to the State grantor agency any unencumbered balance of cash advanced to the grantee.

(c) Upon completion of the grant, the State grantor agency shall obtain from the grantee all financial, performance, and other reports required as a condition of the grant.

make decision this??

In addition to grant closeout procedures, State grantor agencies shall establish procedures to follow when a grantee has failed to comply with the grant award stipulations, standards, conditions, or assurances. When that occurs, the State grantor agency may, on reasonable notice to the grantee, suspend the grant, and withhold further payments, or prohibit the grantee from incurring additional obligations of grant funds, pending corrective action by the grantee or a decision by the grantor agency to terminate the grant either in whole or in part. In suspending a grant, the State grantor agency may allow all necessary and proper costs which the grantee could not reasonably avoid during the period of suspension.

(a) Termination for cause. The grantor agency may terminate any grant in whole, or in part, at any time before the date of completion, whenever it is determined that the grantee has failed to comply with the conditions of the grant. The grantor agency shall promptly notify the grantee in writing of the determination and the reasons for the termination, together with the effective date. Payments made to grantees or recoveries by the grantor agencies under grants terminated for cause shall be in accord with the legal rights and liabilities of the parties.

(b) Termination for convenience. The grantor agency or grantee may terminate grants in whole, or in part, when both parties agree that the continuation of the project would not produce beneficial results commensurate with the further expenditure of funds. The two parties shall agree upon the termination conditions, including the effective date and, in the case of partial terminations, the portion to be terminated. The grantee shall not incur new obligations for the terminated portion after the effective date, and shall cancel as many outstanding obligations as possible. The State grantor agency shall allow full credit to the grantee for the State share of the noncancellable obligations, properly incurred by the grantee prior to termination.

H. PERFORMANCE EVALUATION

Upon completion of the grant program, a performance evaluation will be conducted by the grantor agency. The evaluation should be used to assist program managers in making future decisions about granting State funds for a particular purpose or to a specific grantee.

A suggested performance evaluation form is shown in Appendix C.

I. AUDIT REQUIREMENTS

Upon completion of the grant program, the State grantor agency shall determine if a financial/compliance audit is necessary before release of the final grant payment. In determining whether an audit is necessary, the grantor agency must be assured that the grantee:

(a) Maintained effective control over State grant funds, expenditures, assets, and liabilities.

(b) Properly accounted for resources, liabilities, and operations.

(c) Submitted financial and performance reports which contained accurate, reliable and useful data and were fairly presented.

(d) Complied with legislative intent and with the requirements of the applicable laws and regulations.

If improprieties exist relating to the above criteria, the grantor agency should consult with the State Internal Auditor to determine an appropriate course of action.

J. CLAIMS AGAINST THE STATE

AS 44.77 provides for settlement of claims against the State when an administrative or executive officer disallows all or a portion of a claim submitted for money expended or for compensation for labor, materials, or supplies, or services given to or for the State. However, these statutes are not applicable if a department has established its own mandatory claims and appeal procedure. Departments employing such a procedure must set forth instructions in the Grantee/Grantor Assurances to be followed when the grantee elects to appeal a decision of the grantor agency.

APPENDIX A

Prior to the granting of any State monies, the prospective grantee must submit a written agreement to conform to the following grantee/grantor assurances.

APPENDIX A

Assurances

1. Bonding and Insurance
2. Retention and Custodial Requirements for Records
3. Audits and Inspections
4. Land Status and Public Access
5. Program Income
6. Standards for Grantee Financial Management Systems
7. Budget Revision Procedures
8. Property Management Standards
9. Procurement Standards
10. Claims Against the State

1. Bonding and Insurance

1. Except for situations described in 2 below, the State grantor agency shall not impose bonding and insurance requirements, including fidelity bonds, over and above those normally required by the grantee.

2. A grantee receiving a grant from the State government which requires contracting for construction or facility improvement shall follow its own requirements relating to bid guarantees, performance bonds, and payment bonds except for contracts exceeding \$100,000. For contracts exceeding \$100,000, the minimum requirements shall be as follows:

(a) A bid guarantee from each bidder equivalent to five (5) percent of the bid price. The "bid guarantee" shall consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the bidder will, upon acceptance of his bid, execute such contractual documents as may be required within the time specified.

(b) A performance bond on the part of the contractor for one hundred (100) percent of the contract price. A "performance bond" is one executed in connection with a contract to secure fulfillment of all the contractor's obligations under such contract.

(c) A payment bond on the part of the contractor for one hundred (100) percent of the contract price. A "payment bond" is one executed in connection with a contract to assure payment as required by law of all persons supplying labor and material in the execution of the work provided for in the contract.

2. Retention and Custodial Requirements for Records

1. State grantor agencies shall not impose record retention requirements over and above those established by the grantee except that financial records, supporting documents, statistical records, and all other records, pertinent to a grant program, shall be retained for a period of three (3) years with the following qualifications:

(a) The records shall be retained beyond the three (3) year period if audit findings have not been resolved.

(b) When grant records are transferred to or maintained by the State grantor agency, the three-year retention requirement is not applicable to the grantee.

2. The retention period starts from the date of submission of the final expenditure report or, for grants which are reviewed annually, from the date of the submission of the annual expenditure report.

3. The grantee may, if it so desires, substitute microfilm copies in lieu of original records.

4. The head of the State grantor agency or any of his duly authorized representatives, shall have access to any books, documents, papers, and records of the grantee and its subgrantees which are pertinent to a specific grant program for the purpose of making audit, examination, excerpts, and transcripts.

3. Audits and Inspections

At any time during normal business hours and as often as the State or an agent of the State considers necessary, there shall be made available to the State or an agent of the State for examination all records regarding matters covered by this proposal. The State or an agent of the State will be permitted to audit, examine, and make excerpts or transcripts from the records, and will be permitted to audit all contracts, invoices, materials, payrolls, personnel records, conditions of employment, and other data relating to matters covered by this proposal.

At any time during normal business hours and as often as the State or an agent of the State considers necessary, the State or an agent of the State shall be permitted to physically inspect the project.

4. Land Status and Public Access

The land and structures acquired with the funds appropriated for this project will be designated for public use upon completion of the project. The Facilities constructed with the funds appropriated for this project will be located on publicly owned or controlled lands. Public access will be assured for a period of ten (10) years from the date that notice of completion is filed with the department, after which time it will be automatically extended for successive ten (10) year periods unless a contrary arrangement is agreed to by the department.

5. Program Income

* The grantee will be required to return to the State government interest earned on grant funds.

How can you earn it if you can't get it!

6. Standards for Grantee Financial Management Systems

1) The grantee financial management system shall provide for:

a) Accurate, current and complete disclosure of the financial results of each grant program in accordance with State reporting requirements.

b) Records which identify adequately the source and application of funds for grant-supported activities (including in-kind contributions and other matching shares). These records shall contain information pertaining to grant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays, and income.

c) Effective control over and accountability for all funds, property, and other assets. Grantees shall adequately safeguard all such assets and shall assure that they are used solely for authorized purposes.

d) Comparison of actual with budgeted amounts for each grant. Also, relation of financial information with performance or productive data, including the production of unit cost information whenever appropriate and required by the grantor agency.

e) Accounting records which are supported by source documentation.

f) Audits to be made by the grantee or at his direction to determine, at a minimum, the fiscal integrity of financial transactions and reports, and the compliance with laws, regulations, and administrative requirements. The grantee will schedule such audits with reasonable frequency, usually annually, but not less frequently than once every two years, considering the nature, size, and complexity of the activity.

g) A systematic method to assure timely and appropriate resolution of audit findings and recommendations.

7. Budget Revision Procedures

1) The following section establishes criteria and procedures to be followed in requiring grantees to report deviations from grant budgets and to request approvals for budget revisions.

2) The grant budget used in this section means the approved financial plan for both State and non-State shares to carry out the purpose of the grant. This plan is the financial expression of the project or program as approved during the grant application and award process. It should be related to performance for program evaluation purposes whenever appropriate and required by the grantor agency.

3) For nonconstruction grants, grantees shall request prior approvals promptly from grantor agencies for budget revisions whenever:

a) The revision results from changes in the scope or the objective of the grant-supported program.

b) The revision indicates the need for additional State funding.

c) The grant budget is over \$100,000 and the cumulative amount of transfers among direct costs object class budget categories exceeds or is expected to exceed \$10,000 or five percent of the grant budget, whichever is

greater. The same criteria apply to the cumulative amount of transfers among programs, functions, and activities when budgeted separately for a grant, except that the grantor agency shall permit no transfer which would cause any State appropriation or part thereof, to be used for purposes other than those intended.

d) The grant budget is \$100,000, or less, and the cumulative amount of transfers among direct cost object class budget categories exceeds or is expected to exceed five percent of the grant budget. The same criteria apply to the cumulative amount of transfers among programs, functions, and activities when budgeted separately for a grant, except that the grantor agency shall permit no transfer which would cause any State appropriation, or part thereof, to be used for purposes other than those intended.

e) The revisions involve the transfer of amounts budgeted for indirect costs to absorb increases in direct costs.

4) All other changes to nonconstruction grant budgets do not require approval. These changes include (a) the use of grantee funds in furtherance of program objectives over and above the grantee minimum share included in the approved grant budget and (b) the transfer of amounts budgeted for direct costs to absorb authorized increases in indirect costs.

5) For construction grants, grantees shall request prior approvals promptly from grantor agencies for budget revisions whenever:

a) The revision results from changes in the scope or the objective of the grant-supported programs.

b) The revision increases the budgeted amounts of State funds needed to complete the project.

6) Within 30 days from the date of receipt of the request for budget revisions, grantor agencies shall review the request and notify the grantee whether or not the budget revisions have been approved. If the revision is still under consideration at the end of 30 days, the grantor shall inform the grantee in writing as to when the grantee may expect the decision.

8. Property Management Standards

1) The State grantor agency shall not impose additional standards above those normally required by the grantee governing the utilization, acquisition, and disposition of property furnished by the State government or acquired in whole or in part with State funds.

9. Procurement Standards

1) The State grantor agency shall not impose additional standards above those normally required by the grantee governing procedures for the procurement of supplies, equipment, construction and other services with State funds.

10. Claims Against the State

(This provision will not be applicable if the grantor agency is covered by a departmental mandatory claims and appeal procedure. Departments covered by an appeal process shall prepare and include a provision in the Grantee/Grantor Assurances covering instructions the grantee must follow if it elects to appeal the actions of the grantor agency).

1) Upon disallowance of all or a portion of a grantee's claim for reimbursement for money expended, the grantee may obtain a review of the grantor's action by applying within 60 calendar days after receipt of the disallowance to the Department of Administration, Pouch C, Juneau, Alaska 99811, either orally or in writing.

2) The Department of Administration will assign the matter to a hearing officer who will set a time and place for hearing the appeal.

3) Specific procedures for hearing a claim against the State will be in accordance with 2 AAC 25.

INSTRUCTIONS FOR PREPARING THE FINANCIAL REPORT

1. Grantee Name and Address: Enter the name and address of the grantee.
2. State Grantor Agency: Enter the name of the State grantor agency.
3. Grant Number: Enter the grant number or other identifying number used by the State grantor agency.
4. Report Number: Enter the payment request number; i.e., first payment request would be denoted by number "1."
5. Project Period: Enter the month, day, and year of the beginning and ending of the project period.
6. Report Period: Enter the month, day, and year of the beginning and ending dates of the period for which this report is prepared. The frequency of the report will be established by the State grantor agency.
7. Basis of Report: Mark the appropriate box.
8. Final Report: Mark the appropriate box.
9. Expenditure Report: Total amounts expended for both State and non-State shares must be included in this report.

Budgeted: Enter approved budget amount for each object of expenditure.

Expenditures This Period: Enter amount expended in the reporting period for each object of expenditure.

Cumulative Expenditures Total: Enter the cumulative amounts expended for each object of expenditure since grant inception.

10. Indirect Expense Type: Mark the appropriate box.
11. Approved Rate: Enter the rate in effect during the reporting period.
12. Base: Enter the amount of the base to which the rate was applied.
13. Total: Enter the total amount of indirect cost charged during the report period.
14. Status of Funds Report: Note: This report will be used in conjunction with the Expenditure Report when the grant program includes more than one funding source. Under these circumstances, expenditures applied to all funding sources must be shown on the Expenditure Report.

Budgeted: Enter the approved budget amounts for the State and all non-State funding sources.

Expenditures This Period: Enter total expenditures allocated to the funding sources in the reporting period.

Cumulative Expenditures Total: Enter cumulative amounts expended since grant inception.

15. Payment Request:

Type of Payment Requested: Mark the appropriate box.

Basis of Report: Mark the appropriate box.

Computation of Amount Requested:

Line a - On the stub enter the month, day, and year of the ending of the accounting period to which this amount applies. Enter program outlays to date in the appropriate columns. For reports which are prepared on a cash basis, outlays are the sum of actual disbursements for goods and services, the amount of indirect expenses charged, the value of in-kind contributions applied, and the amount of cash advances and payments made to sub-contractors and sub-grantees. For reports prepared on an accrued expenditure basis, outlays are the sum of the actual cash disbursements, the amount of indirect expenses incurred, the value of in-kind contributions applied, amounts owed by the grantee for goods and other property received, amounts owed for services performed by employees, contractors, sub-grantees, and other payees, and amounts becoming owed for which no current service or performance is required.

Line b - Enter the cumulative cash income received to date, if reports are prepared on a cash basis. For reports prepared on an accrued expenditure basis, enter the cumulative income earned to date. Under either basis, enter only the amount applicable to program income which was required to be used for the project or program by the terms of the grant.

Line c - This amount should be the difference between the amounts shown on Line "a" less the amounts shown on Line "b."

Line d - Only when making requests for advance payments, enter the total estimated amount of cash outlays that will be made during the period covered by the advance. The maximum advance amount allowed on state grants will be 10,000 or 10% of the grant amount, whichever is less.

Line e - Enter the total of Lines "c" and "d."

Line f - Enter the non-State share of the amount shown on Line "e."

Line g - Enter the State share of the amount shown on Line "e."

Line h - Enter the cumulative amount of State payments received and amounts included in outstanding requests.

Line i - Enter the State share now requested. (Line "g" minus Line "h").

16. Other Information:

Interest Income on State Grant Funds: Enter the cumulative amount of interest income earned on State grants.

Advances to Subgrantees: Enter any advances made to subgrantees in the reporting period.

17. Remarks: This space is provided for any explanation deemed necessary by the grantee and for any information required by the State grantor agency in compliance with the governing legislation.

18. Complete the certification before submitting this report.

PERFORMANCE EVALUATION

Grantee:

Grantor Agency:

Grant Number:

Grant Amount:

Grant Period:

Purpose of Grant:

- (1) Were any changes made in the grant award to:
 - (a) Increase the cost
 - (b) Extend the period of performance
 - (c) Revise budget amounts
 - (d) Change the scope of work

- (2) In performance of the grant did the grantee:
 - (a) Exercise reasonable cost and quality controls in accomplishing the grant objective?
 - (b) Carry out the grant program efficiently and in compliance with the intent of the Legislature?
 - (c) Coordinate this grant with other programs aimed at similar objectives?
 - (d) Assign competent individuals to administer the grant program?
 - (e) Demonstrate the ability to work independently without excessive guidance from the State?
 - (f) Exercise the utmost integrity in managing public funds?

- (3) Were the program costs reasonably commensurate with the benefits achieved?

- (4) Would you grant State funds to this agency to perform similar services in the future?

- (5) Comments:

Signature

Date: _____

Funding Information
General Fund \$100,000
Other Funds -0-
\$100,000

Introduced: 1/28/80
Referred: Community & Regional
Affairs and Finance

1 IN THE HOUSE

BY ROGERS, SMITH AND MOSS

2 HOUSE BILL NO. 625

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Department
7 of Administration to be paid as a grant for the
8 assistance program of the Fairbanks Town and Village
9 Association for Development, Inc.; and providing for an
10 effective date."

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

12 * Section 1. The sum of \$100,000 is appropriated from the general fund to
13 the Department of Administration for payment as a grant to the Fairbanks Town
14 and Village Association for Development, Inc.:

15 (1) to continue its program of helping its member communities
16 assure construction of capital projects included in past and current
17 state budgets; and

18 (2) to assist its member communities in developing capital
19 improvement programs.

20 * Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-
21 070(c).

22 Hearing before House Committee on Community and Regional Affairs:
23 Friday February 1, 1980

24 Testifying in Support:
25 Mayor William R. Wood
26 Mayor John A. Carlson

Representative Brian Rogers
Mayor Jack Coghill
Jerry Smetzer

27 Testifying in Opposition:

None

28 Also Testifying:

Palmer McCarter, DCRA

Motion to Move from Committee:

Charlie Parr, Fairbanks

VOTING DO PASS:

Ray Metcalfe, Anchorage
Pat Carney, Wasilla
Charlie Parr, Fairbanks
Fred Zharoff, Kodiak

VOTING NO RECOMMENDATION:

Bill Parker, Anchorage

Funding Information
General Fund \$100,000
Other Funds - 0 -
\$100,000

Introduced: 1/28/80
Referred: Community & Regional
Affairs and Finance

1 IN THE HOUSE

BY ROGERS, SMITH AND MOSS

2 HOUSE BILL NO. 626

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Depart-
7 ment of Administration to be paid as a grant for the
8 operating costs and project development activities of
9 the Fairbanks Town and Village Association for Develop-
10 ment, Inc.; and providing for an effective date."

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

12 * Section 1. The sum of \$100,000 is appropriated from the general fund to
13 the Department of Administration for payment as a grant to the Fairbanks Town
14 and Village Association for Development, Inc., for current operating costs
15 and project development activities related to its program to diversify and
16 strengthen the economic base of Fairbanks and interior Alaska.

17 * Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-
18 070(c).

19
20 Hearing before House Committee on Community and Regional Affairs:
Friday February 1, 1980

21 Testifying in Support:
22 Mayor William R. Wood
23 Mayor John A. Carlson

Representative Brian Rogers
Mayor Jack Coghill
Jerry Smetzer

24 Testifying in Opposition:

None

25 Also Testifying:

Palmer McCarter, DCRA

26 Motion to Move from Committee:

Fred Zharoff, Kodiak

27 VOTING DO PASS:

28 Bill Parker, Anchorage
Pat Carney, Wasilla
Charlie Parr, Fairbanks
Fred Zharoff, Kodiak

VOTING NO RECOMMENDATION:

Ray Metcalfe, Anchorage

The following is an edited transcript of a meeting held January 10, 1980, in Dick Smith's office, State of Alaska, Department of Administration, Juneau, Alaska. Present were: Dick Smith, Deputy Director, Department of Administration; Bob Rehfeld, Aide to Dick Smith; and, Robert Grove, Fairbanks Town and Village Association.

SMITH: Is Rogers, for example, on the legislature's Budget and Audit Committee?

GROVE: Yes, he's on the Finance Committee. He definitely supports us and he is very interested to hear what comes out of this meeting. He is well aware of the problem in the Interior, and of the situation I was speaking of earlier, about having control of projects that we feel have been and continue to be successful and need to be funded, and we don't want to get into in-house fighting with the agencies over how we spend the appropriations.

SMITH: We are not going to do that! We have no quarrels, no questions. If we can draft something up then we can soon get as much input as we need. Basically, what we will do is draft this up with Budget and Management and then we will take into consideration what you have that is going to be within the state's purposes and turn it over to the appropriate agencies to get some of their concerns. We have had discussions with that particular legislative committee.

GROVE: There are several agencies that are defensive on capital improvement projects.

SMITH: I think I understand a little bit more of what you are saying about programs, than what I did the other day. I was really under the impression that you just wanted monies free of any control. *Money in pieces*

GROVE: No, the Association's situation is unique.

REHFELD: Our office, as the executive branch, has responsibility for the money being appropriated. Naturally we have to assure that when we give the funds to organizations that it will be managed responsibly.

SMITH: As monitors in the state, some of our concerns have not been that an agency has been overprotecting its money, but focused on when it goes out too freely; there has to be an objective for whatever the purpose of grant will be. *who decides the objective*

GROVE: I know that the legislature is concerned with that matter also. When there is a line item in the budget and not all of the money is used, this presents a problem. In some cases, money that was over-appropriated on a certain project and any remaining funds could not be used for other projects. Somewhere there is a happy medium. We are not trying to get money without any controls at all, but we want to have procedures set down specifically addressing any kind of problem with performance, if any such problems should arise.

SMITH: I don't think our office has any problem with that. There is nothing wrong with an appeal procedure. *None proposed in current session*



GROVE: That's in the process.

SMITH: We are taking our knocks from it, and it was started before any input into the budget took place. We went through a court case a month ago and the judge was a little taken aback that we did not have uniform procedures for money disbursed from the state treasury. So we probably would have started this process even if we hadn't been asked to.

REHFELD: Your organization deals with federal grants that probably have to conform to standards that are set forth, such as 74-7. Does that sound familiar?

GROVE: Not to me personally.

SMITH: EDA is even more specific. As I recall there are some requirements that call for uniform standards or procedures which are quite stringent. However, I don't believe you would want the State of Alaska to place such strong restrictions on certain programs because they would be more detrimental than helpful.

GROVE: There are some strong regulations that we have to meet on some grants. The OEDP is ongoing and not merely something that is published explaining how the program is progressing for a specific year. It is constantly being updated.

SMITH: We are going to have to work on uniform procedures because they can't be incorporated into a relationship with federal funds. It is presumed to be a set of standards to administer all federal monies flowing into state governments that are expanded into local governments. If the state has good procedures then you will abide by those procedures. Certain regulations will be completely different from others, e.g. transportation, labor and social services. We would like to get ahead of that at least for the state money; and even that will be somewhat complicated because if we are talking about clemency with each separate grant we are going to have it under mandates set by statutes which would supercede anything that our office will be able to establish. An example is the water program, such as sewer projects. Statutes pertaining to that subject state that if federal monies are used, you comply to federal regulation. If state monies are used, you comply to state regulation. And state regulations have never been as stringent as federal regulations. Many federal rules don't even apply in the state, especially when considering some villages which have very unique problems. Could we go ahead and draft the proposed regulations and you can tell us who else might want to review them, other non-profit organizations.

True... result is too much restriction in hands of State.

- GROVE: The borough, Tanana Chiefs Conference, and some others are involved in planning in the Interior.
- SMITH: Our exposure to many non-profit organizations has been through recommendations, and the regional associations have set a limit group, mostly because we examine their certain activities and only when those agencies are involved with programs that we are involved in do we consider them. In the past, non-profit organizations have not always administered monies in the best way.
- GROVE: That is why we made every attempt to report the Association's fiscal records and to prove our fiscal responsibility. I think that it has been proven by the fact that we have on-going grants with EDA, the borough, and others, some of which have very stringent requirements.
- SMITH: We are not going to be asking you to give competitive bids for something or ask you to compromise yourself ...
- REHFELD: What we are planning on implementing are the broad, general guidelines. → *not true*
- SMITH: But we will include the appeal idea. → *not in 1980*
- GROVE: That is basically what we are interested in ... In reviewing some of the procedures, do you feel that there is anything in there that is too much off the wall?
- SMITH: No, this supports exactly what you are saying. But if we look at audit reports and this is what you have contracted with the auditor to give you, that is exactly what you will get. If you are also willing to pay that same auditor to give you not only a fiscal examination, but a compliance examination as well, it will cost more money because you have changed the scope of the audit. Then the auditor will inform you that you did comply with all the terms of the grants, if such be the case.
- REHFELD: The test of this internal control is going to tell you what kind of accounting system you have.
- SMITH: This is an indication of how the organization manages its activities, because there is no requirement that you have an examination. The only requirement for an examination is one that you impose upon yourself ... there is nothing in your corporation papers or state statutes that covers it.
- GROVE: You might want to review the material to see how the Association represents a different cross section of the community.
- REHFELD: I am not sure how we are going to present this matter. We could draft some type of a manual which would make it uniform for state agencies, with the exception of DOT.

SMITH: I am sure Mullen would be agreeable to that. The state administrative manual is designed within the State of Alaska. It is approved by the Department of Administration, but it is applicable to all agencies. We do not want to put it in the Alaska Administrative Code, although you could, because we are really talking about the government of the agencies.

GROVE: So you haven't been approached by any other economic development non-profit entities at all?

SMITH: Not in this manner. We have been involved with other non-profit organizations, but not as you are approaching us.

GROVE: We have weathered some major storms as far as economics. The situation in Fairbanks is grim economically. That is why we are trying to get money on the street, in an attempt to relieve the situation. The Association is trying to convince some of the different agencies, for example, DOTPF and DCRA, that we know of certain reasons why some of the projects are not being accomplished. Some of the appropriations that have been made, the contracts have not been let on them for various reasons. What we want to do is find out more of the reasons why.

SMITH: Last session and the session before there were some real constraints on money. This is probably a good time, and there is a better chance to go with programs this year than there have been in the last several years.

GROVE: It is important that there are set guidelines because there is such a potential for abuse of funds when there is that much money available.

REHFELD: Primarily the legislature is offering direct appropriations to municipalities or non-profits, we are setting up regulations.

GROVE: The legislature realizes what the problems are and they are trying to expedite the process. Some of the agencies are overloaded with work and they have many appropriations that are backed up. I think the intent is to get things moving and that is why they are wanting to make these direct grants.

SMITH: Someone in each state agency is responsible, under personal liability, if any money is disbursed erroneously. They have to recognize what the programs are and what they are charged by law in administering.

REHFELD: One of the problems faced by the executive branch is that the grants, the specific line appropriations, to the various municipalities and non-profit organizations come out in the last few hours of the legislative session. There is some direct correlation between grant money and administrative costs and it presents real problems for the program managers in departments to try to get the money disbursed.

SMITH: Many of us within the state agencies are trying to determine what was intended by a portion of a statute, such as going back to review minutes of various meetings to find out what the purpose of the statute was.

GROVE: Hypothetically, if an appropriation went through the legislature to Town and Village Association, obviously there is going to be a set of procedures coming out. Would you be willing to administer the appropriation?

SMITH: Even without those procedures, if absolutely everything is silent on that, and you are restricted solely to the budget act which has an appropriation to Town and Village. The Attorney General, I believe last year or last session, and whether it was formal or informal, the legislature can, may and does appropriate to political subdivisions and there is no quarrel. Are you a political subdivision?

GROVE: You wouldn't have any problem administering money to an organization like Town and Village?

REHFELD: We do right now. Such an organization would have to go through the professional service contracting procedures, which in your instance would be a sole source contract. There are procedures to be followed one way or another.

SMITH: It will be a bit different for you though, because you are not a political subdivision, correct?

GROVE: What exactly do you mean by "political"?

SMITH: You are not considered a town or a village or a city.

GROVE: We are an economic district with the boundaries the same as those of the Doyon region.

SMITH: And whether or not that is the same as a political subdivision, I don't know. We would probably look at your charter or your incorporation papers, and you would probably be listed as a non-profit corporation so you could expect not to get money quite as easily as, for example, a grant to the City of Fairbanks.

Discussion concerning division of paperwork.

REHFELD: We just decided that we were going to include non-profit organizations in these procedures, and we will see if we can incorporate it altogether.

SMITH: In fact, it is our thought that whether we get somebody quarreling with us or not, we will at least argue in your favor.

GROVE: We are talking about non-profit economic development corporations. It is true there are very few non-profit corporations that have the capabilities of meeting the stringent fiscal responsibility requirements and that is why they have had problems in the past. Fairbanks Town and Village, as far as I know, is the only non-profit corporation of its type in the whole state. I may be wrong, because I am not too familiar with Anchorage, but as far as the type of work and the type of contracts that it handles I am fairly sure we are one of a kind.

REHFELD: We just view it in much more general terms, by viewing non-profit much the same as the Salvation Army, and that is how we try to define our regulations to encompass all those types.

More discussion concerning paperwork.

Discussion of weather and cancelled flights. Also discussion concerning gasohol.

GROVE: That concludes the meeting with the Department of Administration, Dick Smith. Very successful meeting.

8:36 a.m., Fairbanks time
Department of Administration; Juneau
January 3, 1980

Bill Hudson, Commissioner
Bill Mullin, Director of Finance
Dick Smith, Director of Internal Audit, soon to be Deputy Commissioner
George Elgy, Director of General Service & Supply
George Crowder, Director of Data Processing

Jerry: Talked with Mullen yesterday with suggestions for dealing with non-profit corporations. There has been difficulty dealing with state agencies because they don't understand what a non-profit corporation does. There needs to be a means to check non-profits and see if they are capable of managing public funds from the state. Suggested to Mullen yesterday what documents would be used to certify a non-profit corporation, and understood that other non-profits are concerned about the same problem with contracts with them.

Hudson: Yes, there has been some concern, particularly municipal agencies are concerned. Introduced Mr. Smith.

Smith: There is a uniform procedure being drafted to govern money disbursed to non-profit corporations or governments. They want suggestions on how the money should be disbursed, how retentions should be used and overhead procedures.

Jerry: Asked if overhead meant indirect costs.

Smith: Overhead in dealing with state.

Jerry: Suggested they scrutinize the current federal system for overhead and indirect cost procedures.

Smith: Would expect there shouldn't be difficulties with coordinating the two.

Jerry: Does "retention" mean holding part of the grant monies for state costs of administering the grant?

Smith: No, holding a portion (say 10%) until satisfactory grant completion.

Jerry: When the project is completed, does the 10% go to the grantee or to the state?

Smith: To the grantee.

Jerry: Will there be a portion held for state costs?

Hudson: Not in my opinion. But there is a possibility, for instance in a broad energy project that requires a lot of state monitoring. But that would most likely be made in the form of additional funding to the state agency, not from the grant.

(At this point, I am not sure who is speaking)

State: Are you having a problem with getting advance money?

Jerry: It is more complex than that for us. We had that problem early on and it is a problem with any new organization; but with our rigorous fiscal procedures we don't get into projects that cause these problems anymore. We have had more experience than some newly formed non-profit corporations, and are more able to manage front-end costs until a reimbursement is sent. But if the process is to work, there does need to be the ability for non-profit corporations and small municipalities to get advance payments to finance start-up costs.

Smith: What have been the problems you have had in dealing with the state in the past?

Jerry: I don't want to get into specifics.

Smith: Was it with a particular agency?

Jerry: This is not the context in which to discuss it. We can talk about it later. One of the problems is that money appropriated by the Legislature goes to a state agency. The problem comes when the agency says the money is state money, and, therefore, can only be applied to a state program as defined by the designated agency. We as a non-profit corporation have our own view of what our problems are and how we should solve them. So when there is a difference of opinion, the state can simply withhold payment. When funds are arbitrarily stopped, it not only destroys the program, but can wreck our entire management system and force unanticipated layoffs.

Smith: So the problem is with the state agency putting restraints on the grant from the Legislature.

Jerry: When our views of what the grant was for differs from the state agency's view there are usually problems.

Smith: When you get money from the state agency, do they spell out what is to be done with the money?

Jerry: We sign a contract, so it is agreed what both parties will do. Sometimes that has not worked out very smoothly.

Hudson: I hear your concern. The problem with evaluating satisfactory performance is related to the intent of the Legislative appropriation.

Jerry: The question of intent comes up all the time. There is no method to present both sides to a third party arbitrator.

Smith(?): You can negotiate, but it is usually only one-sided, the state's side.

Jerry: We can't play the state's game. They can just withhold the money and we have no reserves of cash with which to fight back or conduct lengthy appeal procedures.

Smith(?): They write the contract, you sign it or not, no option.

Jerry: The Legislature appropriation is usually to an agency. The agency says here is the contract, sign or you won't get your money. We are willing to enter into a contract and try to do what is required. But in a question of intent or even compliance with contract requirements, we are at the mercy of the contract officer. There is no procedure for a arbitrator. Do as the contract officer says or the money is simply cut off.

Hudson: That is not an alien concern. Rep. Haugen had a similar problem with the City of Petersburg. The state agency felt responsible and became at odds with the city. If there is ever a dispute or problem, go to the Department of Administration. They are the fiscal department and can put pressure when necessary on other state agencies. They are an appeals agency and can often help. Where grants are made, there needs to be specific intent language understood by both the non-profit corporation and the state agency. If a problem arises, contact the Commissioner, Deputy Commissioner or Director of Finance. Also contact Rep. Rogers. He is concerned with the problem. The Governor is also concerned about this problem. The best way to avoid communications problems is to identify intent. The Legislature could say that the primary responsibility is on the non-profit corporation; and that the state agency is only for timely disbursement.

Jerry: I have spoken with Brian Rogers. He thought it desirable to ... If the Legislature appropriated money to a state agency (I don't have a problem with the state protecting its money from misuse) that the Department of Administration be willing to be the disbursing agency. Sometimes our program is at odds with the state agency disbursing the funds at the same time it is pursuing its own program goals and objectives. The problem would be neutralized by the Department of Administration being the disbursing agency. What do you think?

Hudson: That is a big undertaking. I would not like to comment freely until I could understand the scope of your proposal. There is a draft legislation, like the Older Alaskans Act, that would use the Department of Administration to control and disburse the funds. There has been some objection from other agencies. Each agency tends to protect their own domain. It should be clearly defined in the Legislative appropriation. We will do it if the Legislature gives to us. I do see why you need a state agency with no vested interest to conflict with your program. If the Legislature's intent is that money responsibility be with the granting agency rather than the designated recipient I would be concerned about our ability to monitor grants that are now monitored by state agencies.

Jerry: I can see your objections. We have published an OEDP, have a large Board of Directors, are broad based, work with Tanana Chiefs Conference and have a system of checks and balances. Other non-profit corporations also have public responsibility on their Board. We would like the Department of Administration to have fiscal responsibility for our grants. I like the idea of grantees taking the heat if the money is misused. I hope the state realizes that we have a good track record, can do what is expected of us and can handle state funds. A certification process is the best way to determine this. We think we know what we are doing, but just need the money to do it and the confidence of the state that we can put state funds to good use.

Hudson: I suggest that if you have recommended procedures you send them down to us as soon as possible so we can apply them to the draft of the new procedures we are writing.

(1) Jerry: I do have. I will be in Juneau on Monday and Tuesday. The procedure provides eight things we should supply to the state. (Read them) Those eight documents we would supply, then the Department of Administration would issue a certificate. The next move would be a disbursement contract from the Department of Administration. We would send regular financial and progress reports. You would give regular payments, only stopped by the Department if there is evidence of misuse. Then there would be a provision for expedited third-party appeal. The main criteria in the contract would be fiscal management and not the resolution of program conflicts with other agencies.

Hudson: Send it in writing. It is evident that if the Department of Administration were to assume central management of all these kinds of grants, there would definitely be problems with other state agencies.

Jerry: Did you say that if the Legislature asked you to use this procedure on a particular grant to a particular non-profit corporation, you would do it?

Hudson: We do one now, so the idea is not foreign. But to do them all... The Legislature appropriates large amounts of monies to local subdivisions without direct relation to state agencies. A future irate Legislature could eventually not appropriate enough funds to those state agencies and instead disburse program funds entirely to non-profits and municipalities.

Jerry: I understand your concern. Maybe up to a certain amount this procedure could be used, but the agency with that power would have control when the grant is for more than that certain amount. It would benefit the state to provide a little independent work in areas covered by state agencies in my opinion. Don't want a large scale appropriation to a non-profit and not a state agency. If I come to Juneau on Monday afternoon, could I meet with one of you and show you the paperwork that we would propose for a certification procedure?

Hudson: Someone will be here to meet with you.

Jerry: I will bring the paper I read from and the certifying documents it mentions. You can judge whether, based on these documents, we are able to handle state funds.

Hudson: Thanks. I do see where you are coming from. If I were in your position, I would want to streamline the flow of state funds so no money is wasted on unnecessary administrative problems ... you make a good point. We will discuss it further and see what the Governor and the Attorney General have to say before we take it further.

Jerry: Thank you all for your time.

Call ended 9:15 a.m.

ADDENDUM: The resolution of program conflicts between state agencies and non-profit corporations and municipalities who receive grants from the state could also either be resolved by a third-party appeal procedure or the conflicts clarified for resolution by designated policy-making officials. However a program conflict procedure should not be allowed to influence an existing disbursement contract with the Department of Administration since a finding resulting from such a procedure will obviously be a factor in future grants.

7. was created for, or is currently carrying out, a public purpose as defined by state, federal and/or municipal ordinances, statutes, or current contracts with agencies of government; and
8. has an overall budget approved by the organization's Executive Committee showing revenues and expenditures for the corporation's current fiscal year, and a budget for the expenditure of appropriations from the state's general funds.

Upon presentation by the corporation of the certifying documents required by 1 through 8 above to the Department of Administration, the Commissioner of the Department shall, within ten (10) days, issue an appropriate certificate to the corporation, which shall be valid for two years and which shall state that, based on a review of the certifying documents, the corporation is judged by the Department to be capable of responsibly managing and accounting for state general funds under the corporation's established fiscal control procedures.

The Department shall then proceed within ten (10) days of the date of certification or, if a valid certificate has already been issued within ten (10) days of the effective date of any statute which appropriates money from the state's general fund to the corporation to negotiate a contract with the Association which provides for prompt and regular expenditure and progress reporting by the corporation on its expenditures of state funds appropriated herein; and which provides for prompt and regular disbursements of appropriated funds to the corporation by the Department.

ANALYZING NON-PROFIT CORPORATIONS
TO DETERMINE IF THEY ARE
CAPABLE OF CARRYING OUT
STATE PROGRAMS

You asked how to select a non-profit corporation to do work now being done by an agency of the state. I've prepared the following list of 11 check points for you:

1. Non-profit corporations involved with government service delivery are usually created under an existing state or federal statute to deliver government services authorized by that statute and also authorized to receive grants to do the work. Be suspicious of corporate staffers who can't immediately cite that state or federal statute.

There are many other non-profit corporations that have little to do with government and only very infrequently receive any funds from government agencies in the form of a grant for service delivery.

You should only consider the former unless you want to get into the institution building necessary to get a non-profit up to the point where they can handle state and federal contracting. I know we'd like to avoid creating new bureaucracies, but we can't. The only real question is whether you want a single big expensive bureaucracy in Juneau, or a lot of little cheap bureaucracies run by people who live in your home town.

2. The corporate charter sets out the principal purposes for which the corporation was formed. If the corporation has no charter or if the charter has not been registered with the state Department of Commerce ignore them; they can't legally do business in the state anyway. Charters which do not state clearly what the corporation's principal purpose is should also be ignored because it means the incorporators probably are not sure what it is they are supposed to be doing or they may have incorporated only for the purpose of receiving a particular grant offered to one of the incorporators as an individual.
3. If the corporation has an I.R.S. 501(c)(3) designation it means that private contributions are tax exempt. That's good.
4. If the corporation does not have a federal ID number it means they can't legally receive federal grants. That's bad because one of the great benefits of non-profits is their ability to reduce the costs of delivery services by using federal funds.
5. Stay away from a corporation that doesn't have a published annual audit of its fiscal affairs by a reputable auditor.
6. Stay away from a corporation that can't show you a set of minutes from its most recent board meeting with the names of the members attending and the votes on individual motions.

7. Stay away from a corporation that can't show you a published advertisement for a professional staff member with the words "Equal Opportunity Employer" in bold type.

8. The most important subjective criteria in evaluating a non-profit corporation is the composition of the Board of Directors. Who is on the board is less important than the name of the organization or the social, political or economic class of citizens whose interests they are supposed to represent.

Board composition has to be related to the purposes of the corporation as they are set out in the corporate charter. I would be very suspicious of a corporation whose purpose it was to distribute food stamps if all the corporation's directors were private business people.

Board composition also has to do with the geographic area within which the corporation is to operate. Like the lack of a clear purpose the lack of a defined geographic area betrays a lack of corporate direction ... confused management, and, sooner or later, an identity crisis.

There must be a correlation between the geographic area and the residences of individual board members. If the correlation is poor, be suspicious. It may be an indication that the corporation is trying to impose its will on an area that doesn't want anything to do with the corporation.

At an absolute minimum 51% of the members of the Board of Directors should be elected officials of state, federal, local or Indian tribal governments.

This is also a minimum federal requirement to receive federal grants.

9. The method of decision-making on the Board of Directors is critically important. If a casual reader cannot figure out from the charter how or whether an individual citizen can become a director on the board; how that individual, once a director, can become a member of the Executive Committee; and whether, once a member of the Executive Committee, he or she can vote to hire or fire the Executive Director, then, sooner or later, the corporation will have the same problem as it would have without a clear purpose or a clear definition of its territory.

10. Finally if you're satisfied that the corporate charter is clear about its purposes, its territory, and its basic decision-making process and their audit says that management knows the difference between money "in the bank" and money "in the mail", then you are prepared to decide if they can take over the work of a particular state agency ... become the instrument of decentralized state government in other words.

For that you need to look at their principal annual report ... that is the one that tells you, as a reader, the progress the corporation is making in carrying out their principal purpose as defined by the charter.

The purpose, keep in mind, is probably related directly to that state or federal statute which provided the primary reason for forming the corporation in the first place.

The annual program report - not the audit report - should be cast in terms of the corporation's major goals and objectives and their current activities, projects and programs.

FTVAD for example has seven major program categories:

1. Economic Development (FTVAD's principal purpose)
2. Transport Development
3. Community Facilities Development
4. Energy Conservation and Housing Rehabilitation
5. Petroleum Resource Policy
6. Workforce Development
7. Renewable Resource Development

Insofar as the state is involved in any of these areas and insofar as their involvement includes regional policy-making, economic development planning, project development or community and business assistance activity within the Interior I feel confident we can do the work at far less cost than the agency can do it "in-house" ... so long as there are clear procedures regulating contract payments by the state and a clear understanding that a portion of the contract payments must go into the overhead costs of maintaining the corporation.

11. Finally non-profit corporations though they may be heavily involved in government contracting are not agencies or instrumentalities of government and should never be considered for the exercise of political authority, police powers, taxing authority, or providing for the common defense. Almost any other function of the administrative apparatus controlling state programs - as opposed to the exercise of political authority - are fair game for non-profit corporations and likely prospects for conducting decentralized state programs.

Introduced: 1/18/80
Referred: Finance

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 HOUSE BILL NO. 578

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to state grants; and providing for an
7 effective date."

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

9 * Section 1. AS 37.05 is amended by adding a new section to read:

10 Sec 37.05.315. PAYMENT OF STATE GRANTS. When an appropriation in
11 a specific amount is made to a person or governmental agency which is
12 not a state agency as defined in AS 37.05.320(2) and the appropriation
13 is a grant, whether the grant is absolute or conditional, the amount
14 granted shall be paid directly to the grantee by the commissioner of
15 revenue when the grant, by its terms, becomes effective.

16 * Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-
17 070(c).

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Introduced: 1/18/80
Referred: Finance

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

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STATE OF ALASKA
Interdepartmental Route Slip

TO: Mail Station 3100	Department Alaska State Legislature												
Attention Representative Russ Meekins													
<table style="width: 100%;"><tr><td><input type="checkbox"/> Approval</td><td><input type="checkbox"/> Note & Return</td></tr><tr><td><input type="checkbox"/> Signature</td><td><input type="checkbox"/> Initial & Return</td></tr><tr><td><input type="checkbox"/> Comment</td><td><input type="checkbox"/> Return as Requested</td></tr><tr><td><input type="checkbox"/> Contact Me</td><td><input type="checkbox"/> Return for Approval</td></tr><tr><td><input type="checkbox"/> Prepare Reply</td><td><input type="checkbox"/> Necessary Action</td></tr><tr><td><input type="checkbox"/> For Your File</td><td><input type="checkbox"/> For Your Information</td></tr></table>		<input type="checkbox"/> Approval	<input type="checkbox"/> Note & Return	<input type="checkbox"/> Signature	<input type="checkbox"/> Initial & Return	<input type="checkbox"/> Comment	<input type="checkbox"/> Return as Requested	<input type="checkbox"/> Contact Me	<input type="checkbox"/> Return for Approval	<input type="checkbox"/> Prepare Reply	<input type="checkbox"/> Necessary Action	<input type="checkbox"/> For Your File	<input type="checkbox"/> For Your Information
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<input type="checkbox"/> For Your File	<input type="checkbox"/> For Your Information												
Remarks: Room 507 Capitol													
FROM: Mail Station 0208	Department Admin/Admin Services												
By Judy Crondahl	Date 5/7												

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SCS CS HB 578 am S

Title An act relating to State Grants

Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected Administration

Program Category Affected Admin. Service to State Agencies

BRU, Program, or Subprogram(s) Affected Admin. Services

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES	4.1	48.7	53.6	58.9	64.8	71.3
200 TRAVEL		1.5	1.7	1.8	2.0	2.2
300 CONTRACTUAL		3.0	3.3	3.6	4.0	4.4
400 COMMODITIES		2.0	2.2	2.4	2.7	3.0
500 EQUIPMENT		3.6				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	4.1	58.8	60.8	66.7	73.5	80.9

FUNDING (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
GENERAL FUND	4.1	58.8	60.8	66.7	73.5	80.9
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
FULL TIME	2.0	2.0	2.0	2.0	2.0	2.0
PART TIME						
TEMPORARY						

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

A minimum of two positions will be required to administer the grants program beginning in the last month of FY 80. Details are explained on the attached Forms 13. It is likely that audit positions will need to be added in FY 82 for the State Internal Auditor to audit these grants. Inflation has been calculated at 10% per year.

IV. DATE 05/05/80

PREPARED BY Judy Crondahl

AGENCY Administration

PHONE 465-2277

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named) Representative Meekins

Keith Specking

33-001 (Rev. 12/79)

Alison Elgee

1	POSITION TITLE Accounting Technician I				RANGE/STEP 12B	FARG. UNIT G	LOCATION	GOV.	APPROV.	DISAPP.
2	TYPE OF POSITION PFT	STAFF MONTHS 12	RP No.	FCN No.	PRIORITY	FORM 12	PAGE LINE	LEG.		

3	TYPE OF EXPENDITURE	AMOUNT	JUSTIFICATION
	1	2	3
4	PERSONAL SERVICES- SALARY 1678/mo	20,136	<p>This position will be responsible for establishing and administering the grant program in the Department of Administration. This will involve designing agreement and report forms, researching for other providers, writing RFP's, notifying grantees, establishing the chart of accounts for more than 300 codes, recording appropriations, and establishing a filing system for all the new records. Because of the time constraints mandated in this bill, all agreements must be completed within a very short period of time after the appropriation has been made.</p> <p>Travel costs will be incurred for any necessary meetings between the Department and grantee. Contractual and commodities are required for additional long distance phone costs, newspaper ads for RFP's, forms and office supplies.</p>
5	BENEFITS 15.15%	3,051	
6	FICA 6.65%	1,339	
7	HEALTH INS 127/mo	1,524	
8	TOTAL PERSONAL SERVICES	26.1	
9	TRAVEL	1.5	
10	CONTRACTUAL	1.5	
11	COMMODITIES	1.0	
12	EQUIPMENT	1.8	
13	OTHER		
14	TOTAL COST	31.9	

	CODE	FUNDING SOURCE	
15		FED RCPTS	
16		GF MATCH	
17	100	GEN FUND	31.9
18		I-A RCPTS	
19		PGM RCPTS	
20		OTHER	

21 CONTINUATION
22 ADDITION

FOR E&R USE ONLY

KEY NUMBER _____ COLUMN NO. _____

AGENCY Administration PROGRAM AREA Admin. Services to State Agencies

BRU Admin. Services

FY 81

13 REQUEST FOR NEW POSITION.

COMPONENT _____

Page 1 of 2

REVISED DATE _____

1	POSITION TITLE Accounting Clerk III			RANGE/STEP 10B	BARG. UNIT G	LOCATION Jungau	APPROV GOV.	DISAPP.
2	TYPE OF POSITION PFT	STAFF MONTHS 12	RP No.	PCN No.	PRIORITY	FORM 12 PAGE/LINE	LEG.	

3	TYPE OF EXPENDITURE	AMOUNT
	1	2
4	PERSONAL SERVICES: SALARY 1440/mo	17,280
5	PEREFITS 15.15%	2,618
6	FICA 6.65%	1,149
7	HEALTH INS. 127/mo	1,524
8	TOTAL PERSONAL SERVICES	22.6
9	TRAVEL	
10	CONTRACTUAL	1.5
11	COMMODITIES	1.0
12	EQUIPMENT	1.8
13	OTHER	
14	TOTAL COST	26.9

JUSTIFICATION:

This position will perform accounting functions of a clerical nature in the administration of the grants program. Over 300 accounting codes will be added to the Department's chart of accounts as each grant will be controlled separately. This position will be required to handle the notifications to the grantee, placing ads for RFP's, recording and filing agreements, writing warrants and making payments to grantees (in some cases on a continuing, monthly basis), and maintaining an extensive new filing system.

	CODE	FUNDING SOURCE
15		FED RCPTS.
16		GF MATCH
17	100	GEN. FUND
18		I-A RCPTS
19		PGM RCPTS
20		OTHER

21	CONTINUATION	
22	ADDITION	FOR B&M USE ONLY

4A KEY NUMBER _____ COLUMN NO. _____

AGENCY Administration PROGRAM AREA Admin Services to State Agencies

BRU Admin Services

FY 81

13 REQUEST FOR NEW POSITION.

COMPONENT _____

Page 2 of 2

REVISED DATE _____

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

Original

CSHB 578

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Committee Substitute for House Bill 578 am
Title An Act Establishing the Municipal Grant Account
Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected Administration
Program Category Affected General Government
BRU, Program, or Subprogram(s) Affected Administrative Services
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
100 PERSONAL SERVICES		1.8	5.3	5.8	6.4	7.0
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES		.1	.1	.2	.2	.2
500 EQUIPMENT		.9				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		2.8	5.4	6.0	6.6	7.2

FUNDING (Thousands of Dollars)

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
GENERAL FUND		2.8	5.4	6.0	6.6	7.2
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
FULL TIME						
PART TIME		.3	.3	.3	.3	.3
TEMPORARY						

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

See attached Form 13.

IV. DATE March 26, 1980 PREPARED BY Judy Crondahl
AGENCY Administration
PHONE 465-2277

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

1	POSITION TITLE Accounting Clerk II			RANGE/STEP 9 A	BARG. UNIT G	LOCATION Juneau	GOV.	APPROV.	DISAPP.
2	TYPE OF POSITION SEAS	STAFF MONTHS 3	RP No. CSHB 578 am	PCN No.	PRIORITY	FORM 12 PAGE/LINE	LEG.		

3	TYPE OF EXPENDITURE	AMOUNT
	1	2
4	PERSONAL SERVICES: SALARY \$1355/mo	4,065
5	BENEFITS 15.15%	616
6	FICA 6.65%	270
7	HEALTH INS. \$127/mo	381
8	TOTAL PERSONAL SERVICES	5.3
9	TRAVEL	
10	CONTRACTUAL	
11	COMMODITIES	.1
12	EQUIPMENT	.9
13	OTHER	
14	TOTAL COST	6.3

JUSTIFICATION:

CSHB 60 contains 195 separate appropriations for grants. It is assumed that when this bill passes the Senate that more appropriations for grants will be added. Each appropriation will have to be recorded separately with its own budget structure and collocation code. Vouchers for disbursement of these grants must be written and filed appropriately. If CSHB 60 is passed prior to the end of the fiscal year, much of the preliminary work will be done in FY 80. This will fund a three month seasonal position on a continuing basis with one month in FY 80.

	CODE	FUNDING SOURCE
15		FED RCPTS.
16		GF MATCH.
17	100	GEN. FUND
18		I-A RCPTS.
19		PGM RCPTS
20		OTHER

21	CONTINUATION	FOR B&M USE ONLY
22	ADDITION	

4A KEY NUMBER _____ COLUMN NO. _____

AGENCY Administration PROGRAM AREA Administrative Services to State Agencies

BRU Administrative Services

FY 81

13 REQUEST FOR NEW POSITION.

COMPONENT _____

Page 1 of 1

REVISED DATE _____

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House Bill 578
 Title An Act Relating to State Grants
 Requested by Legislative Finance Date 1-23-80

II. FISCAL DETAIL

Agency Affected Administration
 Program Category Affected General Government
 BRU, Program, or Subprogram(s) Affected Administrative Services
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES		3.0	3.2	3.4	3.7	3.9
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES		.1	.1	.2	.2	.3
500 EQUIPMENT		.9				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		4.0	3.3	3.6	3.9	4.2

FUNDING (Thousands of Dollars)

GENERAL FUND		4.0	3.3	3.6	3.9	4.2
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME		1.0	1.0	1.0	1.0	1.0
TEMPORARY						

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

It is assumed that all transactions related to these grants would be done early in the fiscal year. The above funding would provide an accounting clerk position and related expenses for two months to record the appropriations and process the payments.

IV. DATE January 25, 1980 PREPARED BY Judy Crondahl
 AGENCY Administration
 Original: Legislative Finance PHONE 465-2277
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)