

LEG. FINANCE - BILLS 1979 - 1980 1150

CASHB 670 thru HB 672 • • 450



RECORDS CERTIFICATION



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James O Smith
Signature of Camera Operator

3/20/90
Date

COMMITTEE REPORT

SENATE

FURTHER: None

3/25/80

Date: 6/4/80

Mr. President:

The Committee on FINANCE has had CSHB 670(Fin) making appropriations to the Dept. of Labor, workmen's compensation division

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 ^SCS for CS HB 670. same title
 new title
- and recommends industrial acc.
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING DO PASS

[Signature]
[Signature]

MEMBERS HAVING OTHER RECOMMENDATIONS:

[Signature]

[Signature]
[Signature] DO NOT PASS
[Signature]

[Signature]
CHAIRMAN
[Signature]

Cook ✓
05:29:80

sent 6/4/80
4:30 pm.

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 670

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act giving the supreme court authority over court
7 facilities; and providing for an effective date."

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

9 * Section 1. AS 22.05 is amended by adding a new section to read:

10 Sec. 22.05.025. COURT FACILITIES. (a) The supreme court has
11 authority over all matters relating to the planning, design, construc-
12 tion, maintenance, occupancy, and operation of all court facilities and
13 shall cooperate and coordinate with the Department of Transportation and
14 Public Facilities so that court facility construction projects are
15 carried out in accordance with the statutes and regulations applicable
16 to state public works projects.

17 (b) In this section, "court facility" means

18 (1) a state facility in which 75 percent or more of the net
19 usable space is occupied by the court system and other justice-related
20 agencies; or

21 (2) the space actually occupied by the court system in a
22 state facility in which less than 75 percent of the net usable space is
23 occupied by the court system and other justice-related agencies.

24 * Sec. 2. AS 35.05.010 is amended to read:

25 Sec. 35.05.010. PLANNING AND CONSTRUCTION. The department is
26 responsible for the planning and construction of public works except as
27 provided for court facilities in AS 22.05.025.

28 * Sec. 3. This Act terminates June 30, 1982.

29 * Sec. 4. This Act takes effect immediately in accordance with AS 01.10.-

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070(c).

Original sponsor: Rules/Governor

Offered: 2/22/80

Referred: Finance

Funding Information

General Fund \$265,800

Other Funds - 0 -
\$265,800

BY THE LABOR AND
MANAGEMENT COMMITTEE

1 IN THE HOUSE

2 CS FOR HOUSE BILL NO. 670

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 appropriations to the Department of
7 Labor, workmen's compensation division; and providing
8 for an effective date."

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

10 * Section 1. The sum of \$54,600 is appropriated from the general fund to
11 the Department of Labor, workmen's compensation division, to finance new
12 positions from April 1, 1980, through June 30, 1980.

13 * Sec. 2. The sum of \$211,200 is appropriated from the general fund to
14 the Department of Labor, workmen's compensation division, to establish a
15 workmen's compensation information handling system.

16 * Sec. 3. The unexpended and unobligated portion of the appropriation
17 made by sec. 2 of this Act lapses into the general fund July 30, 1982.

18 * Sec. 4. This Act takes effect immediately in accordance with AS 01.10.-
19 070(c).

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Funding Information:
General Fund: \$54,600
Other Fund: -0-
\$54,600

Introduced: 2/4/80
Referred: Labor & Management
and Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 HOUSE BILL NO. 670

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 supplemental appropriation to the
7 Department of Labor, Division of Workers' Compensa-
8 tion; and providing for an effective date."

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

10 * Section 1. The sum of \$54,600 is appropriated from the general fund
11 to the Department of Labor, Division of Workers' Compensation, to fund new
12 positions for the period of April 1, 1980 -- June 30, 1980.

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

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PROJECT TITLE W/Comp. Information Handling System		LOCATION(S) Juneau	AREA SERVED Statewide	ELECTION DISTRICT(S) A11
OBJ. NO(S) 2 and 3	OPERATING BUDGET BRU(S) Workers Comp.	NAME(S)	BUDGET COMPONENT NUMBERS 07-51-3-01-07-00	START DATE
				COMPLETION DATE

PROJECT NARRATIVE
I. Project Need Statement:

One of the objectives of the Workmen's Compensation Division is to assure timely first payment of benefits to claimants who have suffered time-loss due to injury or illness on the job. The present computer system is inadequate to provide timely management information or retrieval of claims data. In order to monitor claims activity for timely reporting and resolution, the Division receives copies of all injury reports, physicians reports and first and final payment reports from insurance carriers or self-insured employers. The present method for monitoring the approximately 20,000 cases per year includes 4 manual processes; receipt, sorting, assignment of case numbers and coding. These amount to more than 180,000 clerical transactions per year. Of these transactions 9 out of 10 must be completed before the Division can respond to or resolve problems. The Division, due to limited funding and workload increases has been unable to complete these mandatory processes in a timely manner. This untimeliness has prevented the consistent enforcement of the statutory claims payment provisions, resolution of disputes, where possible, before a board hearing is required, and the assurance that all documentation is present for the board to review. Further, the information availability is so untimely the staff spends inordinate time manually searching on any request for information from the parties to a claim. Searching for files is further complicated because time-loss cases are often out of circulation for statistical data entry. In addition, when action is being taken on a claim the case file is in the custody of a

PROJECT TYPE		
<input type="checkbox"/>	Building Construction (C)	
<input type="checkbox"/>	Other Improvement (I)	
<input type="checkbox"/>	Equipment (E)	
<input type="checkbox"/>	Land (L)	
<input type="checkbox"/>	Professional Services (P)	
<input checked="" type="checkbox"/>	Other (O)	

APPROPRIATION REQUEST		
1002	FED. RCPTS.	
1003	G/F MATCH	
1004	GEN. FUND	211.2
1005	I/A RCPTS.	
	G.O. BONDS	
	TOTAL	211.2

PROJECT CHARACTERISTICS		PROJECT PURPOSES	
<input type="checkbox"/>	Totally New Facility	<input checked="" type="checkbox"/>	Protect Human Health & Safety
<input checked="" type="checkbox"/>	Addition to Existing Facility	<input type="checkbox"/>	Protect Capital Assets
<input type="checkbox"/>	Renovation of Existing Facility	<input type="checkbox"/>	Protect Natural Resources or Natural Environment
<input type="checkbox"/>	Major Maintenance or Repair	<input type="checkbox"/>	Improve Efficiency & Economy of State Government
<input type="checkbox"/>	Supplement Previously Authorized Funds to Enable Completion	<input checked="" type="checkbox"/>	Improve Services or Accommodate Increased Demand for Services
<input type="checkbox"/>	One of Several Phases	<input type="checkbox"/>	Accommodate New Program Requirements
<input type="checkbox"/>	Major External Funding Source	<input checked="" type="checkbox"/>	Respond to Legal or Policy Mandate
<input checked="" type="checkbox"/>	Other	<input type="checkbox"/>	Improve Efficiency & Economy of Alaskan Infrastructure
<input type="checkbox"/>	Other	<input type="checkbox"/>	Other

NO YES		SITE FEATURES	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Site Currently Owned?
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	All Utilities Available?
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Access Area Available?

OPERATIONAL COST & NO. PERSONNEL		FIRST OPERATING YEAR	ULTIMATE ANNUAL YEAR	PREVIOUS YR-PRIORITY
INCREASE (DECREASE)		82	83	
FUNDING SOURCE	FED. RCPTS.			AGENCY PRIORITY
	GEN. FUND	132.6	108.3	
TOTAL ANNUAL OPERATIONAL COST		132.6	108.3	GOVERNOR'S PRIORITY
POSITION (FTE) D.P. Maint.		1.0	.5	

ECONOMY Economic & Community Development AGENCY Labor PROGRAM Worker Protection

35a PROPOSED CAPITAL PROJECT

REVISED DATE _____

CAPITAL PROJECT EXPENDITURES (CASH FLOW)	TOTAL	BUDGET YEAR	BUDGET YEAR Plus 1	BUDGET YEAR Plus 2	BUDGET YEAR Plus 3	BUDGET YEAR Plus 4	REMAINING COST
Planning and Engineering	211.2	211.2					
Land							
Construction							
Equipment							
Administration and Other							
Total Annual Expenditure (Capital Cost)	211.2	211.2					

CONTINUATION OF NARRATIVE

Compensation Officer, again removing the case records from circulation for review by the Second Injury Fund Officer or response to an inquiry.

A second objective of the Workmen's Compensation Division is to reduce the time the parties must wait for decisions of the Board after hearings. There is currently no retrieval system for researching Board or Supreme Court decisions; consequently decisions issued by the two regional panels are sometimes inconsistent with precedence and even each other. Access to a digest of prior decisions will provide a much needed research tool that will enable the Board to issue orders promptly and consistent with prior decisions. This will reduce hearings which are a result of court remands or Board modifications. The digest will provide immediate access to claimants and Employer/Carriers on precedent rulings of the Board and/or Court on similar issues which may enable the parties to resolve a dispute without a Board hearing. Also, the digest will be invaluable for training Board Members and Division staff.

II. Project Description

The primary requirements for an upgraded data processing and information handling system are (1) front-end batch data entry of key claimant information, (2) timely updates to the system, (3) on-line inquiry capability through remote terminals in Juneau, Anchorage and Fairbanks, (4) front-end microfilming of all active files, and (5) batch entry and on-line retrieval capability of the legal digest of prior decisions from the Board. To achieve these results, a Request For Proposal will be issued for a multi-phase project to include (1) definition of user requirements, (2) general design with redefined requirements of the project in phase I, (3) detail design and (4) programming through implementation. The Request For Proposal will further specify a random access microfilm capability under central office control and access to the Legislative Affairs STAIRS system for the legal digest of decisions.

The initial definition phase will include analysis of the current system for possible modification,

CATEGORY Economic & Community Development AGENCY Labor PROGRAM Worker Protection
 PROJECT TITLE Workers Comp. Info. Handling System
 1-10356 (7/79)

35b PROPOSED PROJECT ANALYSIS

REVISED DATE _____

This proposed system will accomplish the following:

A. Claimant Injury File

1. Front-end entry of injury/illness reports.
2. Prompt timely first pays.
3. Prompt listings of missing information and/or reports.
4. Assist Worker Compensation Officers in maintaining current case files.
5. Allows Worker Compensation Officers to promptly docket controverted cases for Board hearings.
6. Provide accurate and timely management reports.
7. Monitor final pay of Employer/Carrier with affirmation of claimant.
8. Provide front-end coding for SDS report.
9. Identify Employer/Insurance carrier.

B. Legal Digest File

1. Provide Board with index of precedent decisions of similar cases.
(indexed case files will be available at law libraries in Anchorage, Fairbanks and Juneau).
2. Provide claimants, Employer, and/or carriers with same information.
3. Insure consistent type of decisions from both panels of Board.
4. Provide new Board members with a learning tool to enable them to reach quick and logical decisions.
5. Maintain an updated central file of all Board and Court Decisions on Workers' Compensation cases.

CATEGORY _____

AGENCY _____

PROGRAM _____

31

ANALYTIC STATEMENT
(Six-Year Capital Program)

REVISED
DATE _____

CAPITAL PROJECT EXPENDITURES (CASH FLOW)	TOTAL	BUDGET YEAR	BUDGET YEAR Plus 1	BUDGET YEAR Plus 2	BUDGET YEAR Plus 3	BUDGET YEAR Plus 4	REMAINING COST
Planning and Engineering							
Land							
Construction							
Equipment							
Administration and Other							
Total Annual Expenditure (Capital Cost)							

CONTINUATION OF NARRATIVE

The physical requirements would be:

- (a) 1 3M Micrapoint I Type Microfilm System
- (b) 6-8 input-inquiry Terminals
- (c) Disc Pacs for both claimant files and legal digest files
- (d) Word processing system for decision writing which either direct accesses the computer or provides input to the computer. (possibly compatible with ATMS).

III. Documentation of Capital Costs

1 Microfilm: Estimate is based on a 3M micrapoint I type system:

Systems Interface	-	\$ 2,251	
Mini computer	-	11,562	
600 Reader-Printer	-	8,700	
Screen	-	62	
Lens	-	191	
Work Station	-	747	
1st year maintenance-		2,700	
TOTAL	-	26,213	(1)

- 2 Definition of User Requirements - 25,000 (2)
- 3 General Design - 20,000 (2)
- 4 Detail Design - 60,000 (3)
- 5 Programming through Implementation- 80,000 (4)

(1) This cost is based on current quotes for a random access type microfilming and retrieval system.

(2) These estimates are based on the study done in 1977 with a 15% increase added due to inflation. This study was done for the automation of the Pressure Vessel inspection and billing system.

REGORY Economic & Community AGENCY Labor PROGRAM Worker Protection

PROJECT Development
TITLE Workers Comp. Info. Handling System

35b

PROPOSED PROJECT
ANALYSIS

REVISED
DATE

CAPITAL PROJECT EXPENDITURES (CASH FLOW)	TOTAL	BUDGET YEAR	BUDGET YEAR Plus 1	BUDGET YEAR Plus 2	BUDGET YEAR Plus 3	BUDGET YEAR Plus 4	REMAINING COST
Planning and Engineering							
Land							
Construction							
Equipment							
Administration and Other							
Total Annual Expenditure (Capital Cost)							

CONTINUATION OF NARRATIVE

- (3) This estimate takes into consideration using an existing system from a model state and redesign to meet the user needs. This Department has reviewed the Washington Department of Labor and Industries system and determined that this program would provide the necessary requirements of the Worker's Compensation Division.
- (4) This estimate would be refined further in the final phase with costs of equipment, capability and availability of DP facilities in place at that time.

IV. Analysis of Estimated Impact on Operating Budget

The system envisioned will require on going operational funding in two cost objects within Workmen's Compensation;

A. Year One (FY 82)
300 contractual

Annual Cost

382 Data Processing services equipment rent through Division of Data Processing (DDP):

a. 1 Terminal at Fairbanks with printer/line charges/modem	6,760
b. 2 terminals at Anchorage	13,520
c. 3 terminals at Juneau	20,280
d. DDP-charge back for storage; I/O usage; printing; overnight batch processing; inquiry (CPU, etc.) @ 200/workday	50,000
e. Personnel costs for (1.0 FTE) Programmer/analyst; maintenance	35,000
TOTAL 382	125,560

CATEGORY Economic & Community Dev.

AGENCY Labor

PROGRAM Worker Protection

PROJECT TITLE Workers Comp. Info. Handling System

35b

PROPOSED PROJECT
ANALYSIS

REVISED
DATE

CAPITAL PROJECT EXPENDITURES (CASH FLOW)	TOTAL	BUDGET YEAR	BUDGET YEAR Plus 1	BUDGET YEAR Plus 2	BUDGET YEAR Plus 3	BUDGET YEAR Plus 4	REMAINING COST
Planning and Engineering							
Land							
Construction							
Equipment							
Administration and Other							
Total Annual Expenditure (Capital Cost)							

CONTINUATION OF NARRATIVE

400 Commodities

480 Operating Supplies

- a. Microfilm supplies for random access microfilm equipment 5,000
- b. Paper for Terminal printers 2,000

TOTAL 480 7,000

GRAND TOTAL OPERATING COSTS 132,560

B. Year Two (FY 83)

- 382(e) ½ FTE maintenance 18,000
- Contractual Total 100,800

480(a)&(b) 7% Inflation 7,490

GRAND TOTAL OPERATING COSTS 108,290

V. Identification of Alternatives

- A. The Department will request RFP respondents to identify viable alternative systems in response to Phase I.
- B. An alternative is to leave the system as it is. The increasing court interest and inefficiency in information handling make continuance of a manual system undesirable in both a "quality of decision" and "timeliness" sense. The Department introduced administrative reforms in FY 78 with limited Data Processing support. The system was soon swamped and discarded because it didn't offer a solution that was meaningful in terms of timely output and workload reduction. (i.e., no ready access to information, no machine prompting on problems developing). It just changed the manual handling techniques.
- C. An alternative is to adopt only one inquiry system ("STAIRS" model or claim processing).

CATEGORY Economic & Community Development AGENCY Labor PROGRAM Worker Protection

PROJECT TITLE Workers Comp. Info. Handling System

35b PROPOSED PROJECT ANALYSIS

REVISED DATE

01-1035b (7/79)

CAPITAL PROJECT EXPENDITURES (CASH FLOW)	TOTAL	BUDGET YEAR	BUDGET YEAR Plus 1	BUDGET YEAR Plus 2	BUDGET YEAR Plus 3	BUDGET YEAR Plus 4	REMAINING COST
Planning and Engineering							
Land							
Construction							
Equipment							
Administration and Other							
Total Annual Expenditure (Capital Cost)							

CONTINUATION OF NARRATIVE

1. Adaptation of "STAIRS" model, only, could be done for less cost since it is an adaptation of an existing system.
2. Adaptation of the claims processing system is more complex and would probably cost almost as much to design and implement as the total package since a model states system would require adaptation to Alaska's requirements.

CATEGORY Economic & Community Dev. AGENCY Labor PROGRAM Worker Protection
 PROJECT TITLE Workers Comp. Info. Handling System

35b

PROPOSED PROJECT
ANALYSIS

REVISED
DATE



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

14B671

The Honorable Terry Gardiner
Speaker of the House
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Mr. Speaker:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill to establish a special mortgage purchase program, an interest reduction fund, and a special housing mortgage insurance fund, to be administered by the Alaska Housing Finance Corporation. A more detailed description of these programs is as follows:

1. Special Mortgage Purchase Program. The special mortgage purchase program permits AHFC to purchase certain residential mortgage loans. The limitations on loans to be purchased would be the same limitations prescribed by the Federal National Mortgage Association for loans purchased by that agency. At the present time those limitations would permit the purchase of a single-family home mortgage up to \$112,500 with a five per cent down payment and up to \$140,625 with a 10 per cent down payment. They would also permit the purchase of loans for owner-occupied duplexes up to \$150,000 with a 10 per cent down payment. The purchases by AHFC under this bill would be funded by an annual appropriation. The corporation could create a pool of such mortgages and sell participations in the pool. Sales of the mortgages or participations would make additional amounts

available for further mortgage loan purchases. In addition, the corporation would be authorized to issue bonds to provide further amounts for the special mortgage purchase program.

2. Interest Reduction Fund. The interest reduction fund would provide for reduced interest rates to borrowers. This would be accomplished through an appropriation to fund the interest reduction for borrowers on mortgage loans that are purchased by AHFC under its special mortgage purchase program. The corporation would fix the amount of the interest reduction for each mortgage, at a rate that would provide nine and one-quarter per cent mortgage loans to state veterans and nine and one-half per cent mortgage loans to other borrowers.

The interest reduction fund would be capitalized each year by direct legislative appropriation to cover the amount necessary to provide the interest reductions for all mortgage loans purchased during the fiscal year of the appropriation. When the corporation determines the amount of the reduction for any particular loan, the corporation would then invest the total amount of the interest reduction calculated over the term of the loan in investments, to the extent available, to provide the additional funding which, along with the amount appropriated by the legislature, would be sufficient to pay the amount of the interest reduction over the term of the loan. The interest reduction is made a contractual obligation of the fund, with the actual amount of the reduction stated as an increment of interest payable on the mortgage note.

3. Special Mortgage Insurance Fund. A new insurance fund is also established in this bill. This will provide additional guarantees to prospective purchasers of taxable bonds issued by the corporation so that if these bonds are issued, they could be marketed at competitive rates.

Finally, the bill would change the membership of the corporation's board of directors. Under the proposed amendment, the board would be composed only of the commissioners of the Departments of Commerce and Economic Development, Administration, and Revenue.

An appropriation bill to fund the programs established in this bill will be transmitted to you separately and at a later date.

Sincerely

S/JS H

Jay S. Hammond
Governor

Introduced: 2/4/80
Referred: Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 671

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 the Alaska Housing Finance Cor-
7 poration; establishing a Special Mortgage Purchase
8 Program, a Mortgage Interest Reduction Fund, and a
9 Housing Insurance Fund; and providing for an effec-
10 tive date."

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

12 * Section 1. FINDINGS. (a) The legislature finds that the Alaska
13 Housing Finance Corporation program of financing the purchase of residential
14 mortgage loans is in jeopardy because of legislation pending in the United
15 States Congress which would deny tax exemption to bonds issued by the
16 corporation to provide funds for purchasing the mortgage loans. In addition,
17 extremely high interest rates have adversely affected the ability of persons
18 not eligible for the corporation's programs to secure mortgage loans from
19 conventional lending sources to purchase residential housing. The con-
20 tinuance of the residential mortgage purchase program of the corporation
21 and of residential mortgage lending activities of other mortgage lenders
22 and the reduction of mortgage interest rates are essential to help assure a
23 supply of housing for home purchasers in the state.

24 (b) The legislature further finds that establishment of a special
25 mortgage purchase program authorizing the creation, purchase, and sale of
26 mortgage participations, a mortgage interest reduction fund providing for
27 reduced interest rates on home mortgages, and a special housing mortgage
28 insurance program providing for insurance of home mortgages purchased by
29 the corporation will assist the Alaska Housing Finance Corporation and

1 private mortgage lenders to continue to finance the purchase of residential
2 mortgage loans and enable Alaskans to achieve home ownership at affordable
3 mortgage interest rates even if the ability of the corporation to issue tax
4 exempt obligations is ultimately withdrawn by the United States Congress
5 and mortgage interest rates continue at the present levels, which are now
6 higher than they have ever been in recent economic history.

7 * Sec. 2. AS 18.56.030(a) is amended to read:

8 (a) The corporation shall be governed by a board of directors.
9 The board of directors of the corporation consists of the commissioner
10 of the Department of Commerce and Economic Development, the commissioner
11 of the Department of Revenue, and the commissioner of the Department
12 of Administration [AND SIX MEMBERS APPOINTED BY THE GOVERNOR]. If a
13 member of the board is absent or otherwise unable to act, he may
14 designate an employee in his department to act as a member of the
15 board in his place.

16 * Sec. 3. AS 18.56.030 is amended by adding a new subsection to read:

17 (e) The commissioner of the Department of Commerce and Economic
18 Development is the chairman of the board and the commissioner of the
19 Department of Revenue is the secretary. A majority of the members of
20 the board constitutes a quorum.

21 * Sec. 4. AS 18.56 is amended by adding new sections to read:

22 Sec. 18.56.097. MORTGAGE INTEREST REDUCTION FUND AND SPECIAL
23 MORTGAGE PURCHASE PROGRAM. (a) There is established in the corpora-
24 tion the "mortgage interest reduction fund." The fund must be com-
25 pletely segregated from all other funds of the corporation, and is a
26 trust fund for the uses and purposes of this section. Money may be
27 paid into and out of the fund only as provided in this section.

28 (b) The purpose of the fund is to provide for interest rate
29 reductions to mortgagors on mortgage loans made under the special

1 mortgage purchase program of the corporation. Under the special
2 mortgage purchase program, the corporation may purchase any housing
3 mortgage loan, including a housing mortgage loan for a mobile home,
4 and any other housing mortgage loan for a single-family residence or
5 an owner-occupied duplex which does not exceed the limitations on
6 mortgage loans purchased by the Federal National Mortgage Association
7 as to principal amount and loan-to-value ratio and which meets prudent
8 lending criteria. The corporation may purchase, sell, hold, or other-
9 wise deal in any mortgage loan purchased as part of its special mort-
10 gage purchase program. In this section and in AS 18.56.098, "mortgage
11 loan" includes a beneficial interest or participation in a mortgage
12 loan. In connection with the purchase or sale of a beneficial interest
13 or participation in mortgage loans, the corporation may enter into a
14 trust agreement providing for the custody, control, and administration
15 of the mortgage loans. The trust agreement may provide that the cor-
16 poration or any bank or trust company act as creditor or trustee under
17 the trust and that title to the mortgage loans be considered to have
18 passed as provided in the trust agreement. To the extent provided in
19 the trust agreement, the effect of sale of beneficial interests or
20 participations is the same as the sale of the mortgage loans subject
21 to the trust. The corporation may adopt regulations prohibiting,
22 limiting, or setting conditions on the right to assume a mortgage loan
23 made as part of the special mortgage purchase program.

24 (c) The corporation shall fix from time to time an interest rate
25 reduction for mortgages purchased as part of its special mortgage
26 purchase program in an amount such that the interest rate to a state
27 veteran does not exceed nine and one-quarter per cent a year and the
28 interest rate to any other borrower does not exceed nine and one-half
29 per cent a year, or another amount or percentage the legislature may

1 establish. The interest rate reduction fund may be funded only from
2 appropriations by the legislature. In this section, "state veteran"
3 means a veteran eligible for a loan under AS 26.15.

4 (d) When the corporation determines the amount of the appropriate
5 interest reduction on a mortgage loan which it has committed to
6 purchase as part of its special mortgage purchase program, it shall
7 calculate the total amount of the interest reduction payable over the
8 scheduled term of the mortgage loan, together with the total amount of
9 servicing fees and administrative expenses estimated to be payable
10 over the term of the mortgage loan. To the extent investments are
11 available, the corporation shall invest an amount held in the fund in
12 investments earning interest or yielding amount payable at the times
13 and in the amounts which together with the principal of the investments
14 and cash held will be sufficient to pay the interest reduction and
15 expenses as they become due. The corporation shall set aside the
16 investments and cash held irrevocably in trust or otherwise for the
17 purpose of paying the interest reduction and expenses. The statement
18 of the corporation on the mortgage note that the amount of the interest
19 reduction is payable from the fund constitutes the obligation of the
20 corporation to pay that amount from the fund according to the terms of
21 the statement, and is conclusive evidence that the amount of the
22 interest reduction is so payable. Interest reductions may be paid
23 only from the fund. In this subsection, "expenses" means servicing
24 fees and administrative expenses.

25 (f) The corporation may enter into agreements as to the use of
26 money in the fund, including, without limitation, trust or custody
27 agreements with banks or trust companies and may pledge, assign, or
28 grant an agreement, an interest under an agreement, or an interest in
29 the interest reduction fund to provide for timely payments of the

1 amounts of the interest reduction and expenses and as may be necessary
2 or appropriate to provide for the payment of and security for bonds of
3 the corporation.

4 Sec. 18.56.098. INSURANCE. (a) There is established in the
5 corporation the "housing insurance fund." The fund must be completely
6 segregated from all other funds of the corporation, and is a trust
7 fund for the uses and purposes of this section. Money may be paid
8 into and out of the housing insurance fund only as provided in this
9 section. The corporation may enter into agreements as to the use of
10 money in the housing insurance fund, agreements with respect to the
11 terms and conditions upon which payments from the housing insurance
12 fund must be made to the corporation with respect to mortgage loans
13 insured under this section, and agreements regarding the payment of
14 and security for bonds of the corporation. The corporation may pledge,
15 assign, or grant other interests in the housing insurance fund as may
16 be necessary or appropriate in connection with the insurance of mort-
17 gage loans and to provide for the payment of and security for bonds of
18 the corporation.

19 (b) In addition to any other fees and charges which the corpora-
20 tion may charge on mortgage loans, the corporation may collect or
21 cause to be collected on all mortgage loans insured under this section
22 either a housing loan insurance commitment fee or a housing loan
23 insurance premium or both. The housing loan insurance commitment fees
24 and housing loan insurance premiums when received must be deposited in
25 the housing insurance fund by the corporation, or by the mortgage loan
26 servicer, trustee, or agent designated by the corporation to receive
27 them.

28 (c) A mortgage loan purchased by the corporation as part of its
29 special mortgage purchase program, including a housing mortgage loan

1 for a mobile home, and any other housing mortgage loan for a single-
2 family residence or an owner-occupied duplex which does not exceed the
3 limitations on mortgage loans purchased by the Federal National Mort-
4 gage Association as to principal amount and loan-to-value ratio and
5 which meets prudent lending criteria, may be insured by the housing
6 insurance fund. The endorsement of the corporation on the mortgage
7 that it is insured under this section at the time of purchase or
8 acquisition of the mortgage loan is conclusive evidence that the
9 mortgage loan is insured under the provisions of this section.

10 (d) Mortgage loans may be insured only when the amount in the
11 housing insurance fund as a percentage of the sum of all mortgage
12 loans to be insured and all unpaid principal on mortgage loans insured
13 by the corporation equals or exceeds the fund requirement. The fund
14 requirement is calculated as a percentage of the unpaid principal
15 balance of the mortgage loans insured which the corporation determines
16 is actuarially sound for operation of the housing insurance fund.

17 (e) When the corporation determines what is "actuarially sound"
18 with respect to the operation of the housing insurance fund, it shall
19 consider means of providing sufficient revenues for the operation of
20 the fund, without regard to amounts which may have been or may, after
21 the date of determination of actuarial soundness, be appropriated
22 under (f) of this section and it shall consider factors which must
23 include, without limitation, estimates of future defaults and losses
24 on mortgage loans insured under this section based on actual default
25 and loss experience on those mortgage loans or on similar mortgage
26 loans in Alaska or elsewhere, estimates of recoveries on defaulted or
27 foreclosed mortgage loans based on that experience, the terms and
28 conditions of the mortgage loans insured under this section, estimates
29 of earnings and income of amounts on deposit in the housing insurance

1 fund, and other appropriate factors.

2 (f) On December 1 of each year, the corporation shall ascertain
3 the amount on deposit in the housing insurance fund. If the amount in
4 the housing insurance fund is less than the fund requirement, the
5 corporation shall transfer the amount necessary to restore the housing
6 insurance fund from any available funds which are not encumbered or
7 restricted for other use under the terms of contracts with bondholders
8 or others. If the amount in the fund is less than the fund require-
9 ment, the corporation shall, no later than January 2 of the following
10 year, certify in writing to the governor and to the legislature the
11 amount, if any, required to restore the fund to the fund requirement.
12 The legislature may appropriate the amount and the corporation shall
13 deposit in the fund all amounts appropriated during the then current
14 state fiscal year. Nothing in this subsection creates a debt or
15 liability of the state.

16 (g) In this section:

17 (1) "housing loan insurance commitment fee" means a fee of
18 such per cent of the principal amount of a mortgage loan to be insured
19 under this section as the corporation determines is actuarially sound
20 for the operation of the housing insurance fund;

21 (2) "housing loan insurance premium" means an annual insur-
22 ance premium of such per cent of the portion of the unpaid principal
23 amount of a mortgage insured under this section as the corporation
24 determines is actuarially sound for the operation of the housing
25 insurance fund.

26 * Sec. 5. AS 18.56.030(b) and (c) are repealed.

27 * Sec. 6. This Act takes effect immediately in accordance with AS 01.-
28 10.070(c).

29

ORIGINAL

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
Bill/Resolution No. HOUSE BILL NO. 671 (Page 1 of 2)

Title An Act to establish a Special Mortgage Purchase Program, a Mortgage Interest Reduction Fund and a Housing Mortgage Insurance Fund; and providing Date February 1, 1980 for an effective date.

Requested by: Governor

II. FISCAL DETAIL

Agency Affected Department of Revenue

Program Category Affected Revenue Collection & Management

BRU, Program, or Subprogram(s) Affected Treasury Management

(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						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		200,000.0				
700 GRANTS (Rate Subsidy)		67,354.0	67,354.0	67,354.0	67,354.0	67,354.0
TOTAL		267,354.0	67,354.0	67,354.0	67,354.0	67,354.0

FUNDING (Thousands of Dollars)

GENERAL FUND		267,354.0	67,354.0	67,354.0	67,354.0	67,354.0
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

The initial \$200,000,000 appropriated would be used to make mortgages at the specified rates. In order to regain capital invested, GNMA type pool certificates would be issued. In effect, the market would require a \$67,354,000 discount so that investors could earn the market rate of interest. A subsidy in the amount of the discount would be necessary to replenish funds to the original \$200,000,000 level so that new loans could be made.

See attached Assumptions.

Anselm C. Staack

IV. DATE February 1, 1980 PREPARED BY Anselm C. Staack, Treasury Comptroller
AGENCY Department of Revenue, Treasury Division
PHONE 465-2351

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

FISCAL NOTE

Bill/Resolution No.:

Title: An Act to establish a Special Mortgage Purchase Program, a Mortgage Interest Reduction Fund and a Housing Mortgage Insurance Fund; and providing for an effective date.

Requested by: Governor

Assumptions:

Rate: 9-1/2% regular rate to borrower, 9-1/4% to Veterans.

Costs: 3/8% service fee, 1/8% other costs; net yield therefor
9% regular, 8-3/4% Veterans.

Term: 25 years.

Composition: 90% regular mortgages, 10% Veterans.

Market: 13-1/2% required to sell in GNMA type pool.

Effective Date: July 1, 1980

Mortgage Level: \$200,000,000 per year.

Prepared by: Anselm C. Staack, Treasury Comptroller

Agency: Department of Revenue, Treasury Division

Phone: 465-2351

Date: February 1, 1980

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HOUSE BILL NO. 671 (Page 1 of 2)

Title An Act to establish a Special Mortgage Purchase Program, a Mortgage Interest Reduction Fund and a Housing Mortgage Insurance Fund; and providing Date February 1, 1980 for an effective date.

Requested by: Governor

II. FISCAL DETAIL

Agency Affected Department of Revenue

Program Category Affected Revenue Collection & Management

BRU, Program, or Subprogram(s) Affected: Treasury Management

(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						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
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Annalyn C. Staack

IV. DATE February 1, 1980 PREPARED BY Annalyn C. Staack, Treasury Controller
AGENCY Department of Revenue, Treasury Division
PHONE 465-2351

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

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Composition: 90% regular mortgages, 10% Veterans.

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Mortgage Level: \$200,000,000 per year.

Prepared by: Anselm C. Staack, Treasury Comptroller

Agency: Department of Revenue, Treasury Division

Phone: 465-2351

Date: February 1, 1980

CORRECTION

**THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY**

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. HOUSE BILL NO. 671 (Page 1 of 2)
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II. FISCAL DETAIL
 Agency Affected Department of Revenue
 Program Category Affected Revenue Collection & Management
 BRU, Program, or Subprogram(s) Affected: Treasury Management
 (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						
200 TRAVEL						
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FULL TIME						
PART TIME						
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The initial \$200,000,000 appropriated would be used to make mortgages at the specified rates. In order to regain capital invested, GNMA type pool certificates would be issued. In effect, the market would require a \$67,354,000 discount so that investors could earn the market rate of interest. A subsidy in the amount of the discount would be necessary to replenish funds to the original \$200,000,000 level so that new loans could be made.

See attached Assumptions.

Anselm C. Staack

IV. DATE February 1, 1980 PREPARED BY Anselm C. Staack, Treasury Controller
 AGENCY Department of Revenue, Treasury Division
 PHONE 465-2351
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

CATEGORY: GENERAL GOVERNMENT

AGENCY: REVENUE

PROGRAM: REVENUE COLLECTION AND MANAGEMENT

BRU (s): AUDIT; PETROLEUM REVENUE; ENFORCEMENT; TREASURY
MANAGEMENT; ADMINISTRATION AND SUPPORT

All Department of Revenue BRU's in the Revenue Collection and Management cover program are included herein. A major emphasis on identifying the "invisible taxpayer" is planned in the FY 81 budget, primarily in the BRUs of Audit, Enforcement, and Administration and Support.

The goals of the Audit BRU are to achieve effective compliance by taxpayers with the tax laws of Alaska, and to raise revenues through an effective audit program. The Revenue Audit staff concentrates on corporate and individual income tax, estate taxes, excise taxes, business license tax, fisheries tax, mining license tax, and the issuance of permits for games or skill or chance.

The goals of the Petroleum Revenue BRU are to administer state taxes on oil and gas production, which includes the State oil and gas property tax, oil and gas production tax and the oil and gas corporate income tax, and also to coordinate with local governments also taxing that property. The Division of Petroleum Revenue also generates revenue estimates for the State of projected oil and gas related revenues.

The goal of the Enforcement BRU is to enforce the collection of taxes from all taxpayers in a fair and equitable manner. The Division is responsible for billing and collecting all delinquent tax accounts.

The goals of the Treasury Management BRU are to manage available funds for a maximum return consistent with statutory limitations; to place general bonded debt as needed for capital projects at minimum cost to the State; and to report the management of funds in accordance with current reporting standards. The Treasury Management Division works closely with the State Bond Committee in performing these functions. Fund management is centralized for the Public Employees Retirement Fund, the Teachers Retirement Fund, and the General Fund, as well as other special funds.

COMPONENT DESCRIPTION	79 AUTH	79 FINAL	79 ACT	80 AUTH	80 SUPL	80 RP	GOVERNOR
AUDIT	2461.5	2530.6	2513.1	2691.6			3223.6
PETROLEUM REVENUE	1279.6	1240.1	1187.3	1435.0			1447.2
ENFORCEMENT	1196.5	1335.4	1324.7	1217.0			1366.3
TREASURY MANAGEMENT	1232.3	1227.9	1120.3	1357.1			1436.9
OFFICE OF THE COMMISSIONER	877.3	1077.4	1054.4	757.6			964.5
ADMINISTRATIVE SERVICES	1630.0	1783.7	1746.5	1773.6			2361.4
FISH AND GAME LICENSING	572.1	580.6	531.6	259.0			298.0
** TOTAL	9249.3	9775.7	9477.9	9490.9			11097.9
** CHANGE VERSUS 80 AUTH							10.9%
OBJECT DESCRIPTION							
PERS. SERV.	6294.0	6685.5	6654.2	6784.4			7519.5
TRAVEL	336.8	333.8	316.3	315.7			419.6
CONTRACTUAL	2218.2	2320.1	2075.1	2031.5			2728.1
COMMODITIES	68.5	69.3	59.0	58.2			80.9
EQUIPMENT	23.5	58.7	65.3				37.0
LANDS/BLDGS	308.3	308.3	308.0	301.1			312.8
FUNDING SOURCE							
GENERAL FUND	8446.3	9040.7	8835.4	8956.9			10520.7
PGM RECEIPTS	308.0	240.0	217.5				577.2
OTHER FUNDS	495.0	495.0	425.0	534.0			
** GENERAL FUND CHANGE VS. 80 AUTH							17.4%
POSITIONS							
FULL-TIME	220.0	220.0	220.0	224.0			237.0
PART-TIME	8.0	8.0	8.0	8.0			21.0
TEMPORARY	14.0	14.0	14.0	13.0			
STAFF MONTHS	2715.1	2715.1	2715.1	2784.0			2944.2

FISCAL NOTE

Bill/Resolution No.:

Title: An Act to establish a Special Mortgage Purchase Program, a Mortgage Interest Reduction Fund and a Housing Mortgage Insurance Fund; and providing for an effective date.

Requested by: Governor

Assumptions:

Rate: 9-1/2% regular rate to borrower, 9-1/4% to Veterans.

Costs: 3/8% service fee, 1/8% other costs; net yield therefor
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Term: 25 years.

Composition: 90% regular mortgages, 10% Veterans.

Market: 13-1/2% required to sell in GNMA type pool.

Effective Date: July 1, 1980

Mortgage Level: \$200,000,000 per year.

Prepared by: Anselm C. Staack, Treasury Comptroller

Agency: Department of Revenue, Treasury Division

Phone: 465-2351

Date: February 1, 1980

(11)

COMMITTEE REPORT HOUSE

2/4/80

FURTHER:

Date: _____

Mr. Speaker:

The Committee on FINANCE has had HB 671

"An Act relating to the Alaska Housing Finance Corporation; establishing a Special Mortgage Purchase Program, a Mortgage Interest Reduction Fund, and a Housing Insurance Fund; 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 _____ same title
 new title
- and recommends _____
- 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:

CHAIRMAN

Introduced: 2/4/80
Referred: Finance

*letter
Special note*

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 HOUSE BILL NO. 671

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 the Alaska Housing Finance Cor-
7 poration; establishing a Special Mortgage Purchase
8 Program, a Mortgage Interest Reduction Fund, and a
9 Housing Insurance Fund; and providing for an effec-
10 tive date."

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

12 * Section 1. FINDINGS. (a) The legislature finds that the Alaska
13 Housing Finance Corporation program of financing the purchase of residential
14 mortgage loans is in jeopardy because of legislation pending in the United
15 States Congress which would deny tax exemption to bonds issued by the
16 corporation to provide funds for purchasing the mortgage loans. In addition,
17 extremely high interest rates have adversely affected the ability of persons
18 not eligible for the corporation's programs to secure mortgage loans from
19 conventional lending sources to purchase residential housing. The con-
20 tinuance of the residential mortgage purchase program of the corporation
21 and of residential mortgage lending activities of other mortgage lenders
22 and the reduction of mortgage interest rates are essential to help assure a
23 supply of housing for home purchasers in the state.

24 (b) The legislature further finds that establishment of a special
25 mortgage purchase program authorizing the creation, purchase, and sale of
26 mortgage participations, a mortgage interest reduction fund providing for
27 reduced interest rates on home mortgages, and a special housing mortgage
28 insurance program providing for insurance of home mortgages purchased by
29 the corporation will assist the Alaska Housing Finance Corporation and

COMMITTEE COPY

1 private mortgage lenders to continue to finance the purchase of residential
2 mortgage loans and enable Alaskans to achieve home ownership at affordable
3 mortgage interest rates even if the ability of the corporation to issue tax
4 exempt obligations is ultimately withdrawn by the United States Congress
5 and mortgage interest rates continue at the present levels, which are now
6 higher than they have ever been in recent economic history.

7 * Sec. 2. AS 18.56.030(a) is amended to read:

8 (a) The corporation shall be governed by a board of directors.
9 The board of directors of the corporation consists of the commissioner
10 of the Department of Commerce and Economic Development, the commissioner
11 of the Department of Revenue, and the commissioner of the Department
12 of Administration [AND SIX MEMBERS APPOINTED BY THE GOVERNOR]. If a
13 member of the board is absent or otherwise unable to act, he may
14 designate an employee in his department to act as a member of the
15 board in his place.

16 * Sec. 3. AS 18.56.030 is amended by adding a new subsection to read:

17 (e) The commissioner of the Department of Commerce and Economic
18 Development is the chairman of the board and the commissioner of the
19 Department of Revenue is the secretary. A majority of the members of
20 the board constitutes a quorum.

21 * Sec. 4. AS 18.56 is amended by adding new sections to read:

22 Sec. 18.56.097. MORTGAGE INTEREST REDUCTION FUND AND SPECIAL
23 MORTGAGE PURCHASE PROGRAM. (a) There is established in the corpora-
24 tion the "mortgage interest reduction fund." The fund must be com-
25 pletely segregated from all other funds of the corporation, and is a
26 trust fund for the uses and purposes of this section. Money may be
27 paid into and out of the fund only as provided in this section.

28 (b) The purpose of the fund is to provide for interest rate
29 reductions to mortgagors on mortgage loans made under the special

1 mortgage purchase program of the corporation. Under the special
2 mortgage purchase program, the corporation may purchase any housing
3 mortgage loan, including a housing mortgage loan for a mobile home,
4 and any other housing mortgage loan for a single-family residence or
5 an owner-occupied duplex which does not exceed the limitations on
6 mortgage loans purchased by the Federal National Mortgage Association
7 as to principal amount and loan-to-value ratio and which meets prudent
8 lending criteria. The corporation may purchase, sell, hold, or other-
9 wise deal in any mortgage loan purchased as part of its special mort-
10 gage purchase program. In this section and in AS 18.56.098, "mortgage
11 loan" includes a beneficial interest or participation in a mortgage
12 loan. In connection with the purchase or sale of a beneficial interest
13 or participation in mortgage loans, the corporation may enter into a
14 trust agreement providing for the custody, control, and administration
15 of the mortgage loans. The trust agreement may provide that the cor-
16 poration or any bank or trust company act as trustor or trustee under
17 the trust and that title to the mortgage loans be considered to have
18 passed as provided in the trust agreement. To the extent provided in
19 the trust agreement, the effect of sale of beneficial interests or
20 participations is the same as the sale of the mortgage loans subject
21 to the trust. The corporation may adopt regulations prohibiting,
22 limiting, or setting conditions on the right to assume a mortgage loan
23 made as part of the special mortgage purchase program.

24 (c) The corporation shall fix from time to time an interest rate
25 reduction for mortgages purchased as part of its special mortgage
26 purchase program in an amount such that the interest rate to a state
27 veteran does not exceed nine and one-quarter per cent a year and the
28 interest rate to any other borrower does not exceed nine and one-half
29 per cent a year, or another amount or percentage the legislature may

1 establish. The interest rate reduction fund may be funded only from
2 appropriations by the legislature. In this section, "state veteran"
3 means a veteran eligible for a loan under AS 26.15.

4 (d) When the corporation determines the amount of the appropriate
5 interest reduction on a mortgage loan which it has committed to
6 purchase as part of its special mortgage purchase program, it shall
7 calculate the total amount of the interest reduction payable over the
8 scheduled term of the mortgage loan, together with the total amount of
9 servicing fees and administrative expenses estimated to be payable
10 over the term of the mortgage loan. To the extent investments are
11 available, the corporation shall invest an amount held in the fund in
12 investments earning interest or yielding amount payable at the times
13 and in the amounts which together with the principal of the investments
14 and cash held will be sufficient to pay the interest reduction and
15 expenses as they become due. The corporation shall set aside the
16 investments and cash held irrevocably in trust or otherwise for the
17 purpose of paying the interest reduction and expenses. The statement
18 of the corporation on the mortgage note that the amount of the interest
19 reduction is payable from the fund constitutes the obligation of the
20 corporation to pay that amount from the fund according to the terms of
21 the statement, and is conclusive evidence that the amount of the
22 interest reduction is so payable. Interest reductions may be paid
23 only from the fund. In this subsection, "expenses" means servicing
24 fees and administrative expenses.

25 (f) The corporation may enter into agreements as to the use of
26 money in the fund, including, without limitation, trust or custody
27 agreements with banks or trust companies and may pledge, assign, or
28 grant an agreement, an interest under an agreement, or an interest in
29 the interest reduction fund to provide for timely payments of the

1 amounts of the interest reduction and expenses and as may be necessary
2 or appropriate to provide for the payment of and security for bonds of
3 the corporation.

4 Sec. 18.56.098. INSURANCE. (a) There is established in the
5 corporation the "housing insurance fund." The fund must be completely
6 segregated from all other funds of the corporation, and is a trust
7 fund for the uses and purposes of this section. Money may be paid
8 into and out of the housing insurance fund only as provided in this
9 section. The corporation may enter into agreements as to the use of
10 money in the housing insurance fund, agreements with respect to the
11 terms and conditions upon which payments from the housing insurance
12 fund must be made to the corporation with respect to mortgage loans
13 insured under this section, and agreements regarding the payment of
14 and security for bonds of the corporation. The corporation may pledge,
15 assign, or grant other interests in the housing insurance fund as may
16 be necessary or appropriate in connection with the insurance of mort-
17 gage loans and to provide for the payment of and security for bonds of
18 the corporation.

19 (b) In addition to any other fees and charges which the corpora-
20 tion may charge on mortgage loans, the corporation may collect or
21 cause to be collected on all mortgage loans insured under this section
22 either a housing loan insurance commitment fee or a housing loan
23 insurance premium or both. The housing loan insurance commitment fees
24 and housing loan insurance premiums when received must be deposited in
25 the housing insurance fund by the corporation, or by the mortgage loan
26 servicer, trustee, or agent designated by the corporation to receive
27 them.

28 (c) A mortgage loan purchased by the corporation as part of its
29 special mortgage purchase program, including a housing mortgage loan

1 for a mobile home, and any other housing mortgage loan for a single-
2 family residence or an owner-occupied duplex which does not exceed the
3 limitations on mortgage loans purchased by the Federal National Mort-
4 gage Association as to principal amount and loan-to-value ratio and
5 which meets prudent lending criteria, may be insured by the housing
6 insurance fund. The endorsement of the corporation on the mortgage
7 that it is insured under this section at the time of purchase or
8 acquisition of the mortgage loan is conclusive evidence that the
9 mortgage loan is insured under the provisions of this section.

10 (d) Mortgage loans may be insured only when the amount in the
11 housing insurance fund as a percentage of the sum of all mortgage
12 loans to be insured and all unpaid principal on mortgage loans insured
13 by the corporation equals or exceeds the fund requirement. The fund
14 requirement is calculated as a percentage of the unpaid principal
15 balance of the mortgage loans insured which the corporation determines
16 is actuarially sound for operation of the housing insurance fund.

17 (e) When the corporation determines what is "actuarially sound"
18 with respect to the operation of the housing insurance fund, it shall
19 consider means of providing sufficient revenues for the operation of
20 the fund, without regard to amounts which may have been or may, after
21 the date of determination of actuarial soundness, be appropriated
22 under (f) of this section and it shall consider factors which must
23 include, without limitation, estimates of future defaults and losses
24 on mortgage loans insured under this section based on actual default
25 and loss experience on those mortgage loans or on similar mortgage
26 loans in Alaska or elsewhere, estimates of recoveries on defaulted or
27 foreclosed mortgage loans based on that experience, the terms and
28 conditions of the mortgage loans insured under this section, estimates
29 of earnings and income of amounts on deposit in the housing insurance

1 fund, and other appropriate factors.

2 (f) On December 1 of each year the corporation shall ascertain
3 the amount on deposit in the housing insurance fund. If the amount in
4 the housing insurance fund is less than the fund requirement, the
5 corporation shall transfer the amount necessary to restore the housing
6 insurance fund from any available funds which are not encumbered or
7 restricted for other use under the terms of contracts with bondholders
8 or others. If the amount in the fund is less than the fund require-
9 ment, the corporation shall, no later than January 2 of the following
10 year, certify in writing to the governor and to the legislature the
11 amount, if any, required to restore the fund to the fund requirement.
12 The legislature may appropriate the amount and the corporation shall
13 deposit in the fund all amounts appropriated during the then current
14 state fiscal year. Nothing in this subsection creates a debt or
15 liability of the state.

16 (g) In this section:

17 (1) "housing loan insurance commitment fee" means a fee of
18 such per cent of the principal amount of a mortgage loan to be insured
19 under this section as the corporation determines is actuarially sound
20 for the operation of the housing insurance fund;

21 (2) "housing loan insurance premium" means an annual insur-
22 ance premium of such per cent of the portion of the unpaid principal
23 amount of a mortgage insured under this section as the corporation
24 determines is actuarially sound for the operation of the housing
25 insurance fund.

26 * Sec. 5. AS 18.56.030(b) and (c) are repealed.

27 * Sec. 6. This Act takes effect immediately in accordance with AS 01.-
28 10.070(c).

29 COMMITTEE COPY

143671

The Honorable Terry Gardiner
Speaker of the House
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Mr. Speaker:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill to establish a special mortgage purchase program, an interest reduction fund, and a special housing mortgage insurance fund, to be administered by the Alaska Housing Finance Corporation. A more detailed description of these programs is as follows:

1. Special Mortgage Purchase Program. The special mortgage purchase program permits AHFC to purchase certain residential mortgage loans. The limitations on loans to be purchased would be the same limitations prescribed by the Federal National Mortgage Association for loans purchased by that agency. At the present time those limitations would permit the purchase of a single-family home mortgage up to \$112,500 with a five per cent down payment and up to \$140,625 with a 10 per cent down payment. They would also permit the purchase of loans for owner-occupied duplexes up to \$150,000 with a 10 per cent down payment. The purchases by AHFC under this bill would be funded by an annual appropriation. The corporation could create a pool of such mortgages and sell participations in the pool. Sales of the mortgages or participations would make additional amounts

available for further mortgage loan purchases. In addition, the corporation would be authorized to issue bonds to provide further amounts for the special mortgage purchase program.

2. Interest Reduction Fund. The interest reduction fund would provide for reduced interest rates to borrowers. This would be accomplished through an appropriation to fund the interest reduction for borrowers on mortgage loans that are purchased by AHFC under its special mortgage purchase program. The corporation would fix the amount of the interest reduction for each mortgage, at a rate that would provide nine and one-quarter per cent mortgage loans to state veterans and nine and one-half per cent mortgage loans to other borrowers.

The interest reduction fund would be capitalized each year by direct legislative appropriation to cover the amount necessary to provide the interest reductions for all mortgage loans purchased during the fiscal year of the appropriation. When the corporation determines the amount of the reduction for any particular loan, the corporation would then invest the total amount of the interest reduction calculated over the term of the loan in investments, to the extent available, to provide the additional funding which, along with the amount appropriated by the legislature, would be sufficient to pay the amount of the interest reduction over the term of the loan. The interest reduction is made a contractual obligation of the fund, with the actual amount of the reduction stated as an increment of interest payable on the mortgage note.

3. Special Mortgage Insurance Fund. A new insurance fund is also established in this bill. This will provide additional guarantees to prospective purchasers of taxable bonds issued by the corporation so that if these bonds are issued, they could be marketed at competitive rates.

Finally, the bill would change the membership of the corporation's board of directors. Under the proposed amendment, the board would be composed only of the commissioners of the Departments of Commerce and Economic Development, Administration, and Revenue.

An appropriation bill to fund the programs established in this bill will be transmitted to you separately and at a later date.

Sincerely

S/JS H

Jay S. Hammond
Governor

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. HOUSE BILL NO. 671 (Page 1 of 2)
 Title An Act to establish a Special Mortgage Purchase Program, a Mortgage Interest Reduction Fund and a Housing Mortgage Insurance Fund; and providing Date February 1, 1980
 for an effective date.
 Requested by: Governor

II. FISCAL DETAIL
 Agency Affected Department of Revenue
 Program Category Affected Revenue Collection & Management
 BRU, Program, or Subprogram(s) Affected Treasury Management
 (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						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		200,000.0				
700 GRANTS (Rate Subsidy)		67,354.0	67,354.0	67,354.0	67,354.0	67,354.0
TOTAL		267,354.0	67,354.0	67,354.0	67,354.0	67,354.0

FUNDING (Thousands of Dollars)

GENERAL FUND	267,354.0	67,354.0	67,354.0	67,354.0	67,354.0
FEDERAL FUNDS					
OTHER (Specify Fund Source)					

POSITIONS

FULL TIME					
PART TIME					
TEMPORARY					

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

The initial \$200,000,000 appropriated would be used to make mortgages at the specified rates. In order to regain capital invested, GNMA type pool certificates would be issued. In effect, the market would require a \$67,354,000 discount so that investors could earn the market rate of interest. A subsidy in the amount of the discount would be necessary to replenish funds to the original \$200,000,000 level so that new loans could be made.

See attached Assumptions.

Anselm C. Staack

IV. DATE February 1, 1980 PREPARED BY Anselm C. Staack, Treasury Comptroller
 AGENCY Department of Revenue, Treasury Division
 Original: Legislative Finance PHONE 465-2351
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

FISCAL NOTE

Bill/Resolution No.:

Title: An Act to establish a Special Mortgage Purchase Program, a Mortgage Interest Reduction Fund and a Housing Mortgage Insurance Fund; and providing for an effective date.

Requested by: Governor

Assumptions:

Rate: 9-1/2% regular rate to borrower, 9-1/4% to Veterans.

Costs: 3/8% service fee, 1/8% other costs; net yield therefor
9% regular, 8-3/4% Veterans.

Term: 25 years.

Composition: 90% regular mortgages, 10% Veterans.

Market: 13-1/2% required to sell in GNMA type pool.

Effective Date: July 1, 1980

Mortgage Level: \$200,000,000 per year.

Prepared by: Anselm C. Staack, Treasury Comptroller

Agency: Department of Revenue, Treasury Division

Phone: 465-2351

Date: February 1, 1980

ALASKA STATE LEGISLATURE

ELEVENTH Legislature SECOND Session

HOUSE BILL NO. 671

By THE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

"An Act relating to the Alaska Housing Finance Corporation; establishing a Special Mortgage Purchase Program, a Mortgage Interest Reduction Fund, and a Housing Insurance Fund; and providing for an effective date."

Alaska Housing Finance Corp

Introduced in the House 2/4/1980

HISTORY IN THE HOUSE

19 80	Read first time and referred to Committee on																												
Feb. 4	Finance																												
	Reported back with recommendation that																												
	Read second time and																												
	Read third time and																												
	<table border="0"> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> <tr> <td colspan="2">Reconsideration</td> </tr> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> <tr> <td colspan="2">Reported correctly engrossed</td> </tr> <tr> <td colspan="2">Signed by Speaker</td> </tr> <tr> <td colspan="2">Sent to Senate</td> </tr> </table>	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused	Reconsideration		PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused	Reported correctly engrossed		Signed by Speaker		Sent to Senate	
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CHIEF CLERK OF THE HOUSE																													

HISTORY IN THE SENATE

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	Reported back with recommendation that																												
	Read second time and																												
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SECRETARY OF THE SENATE																													

HISTORY IN THE HOUSE

19	Received from Senate
	Concurred in Senate amendment thus adopting: VOTE
	Failed to concur in Senate amendment; asked Senate to recede VOTE
	Senate receded from amendment VOTE
	Senate failed to recede from amendment VOTE
	CC appointed by House
	CC appointed by Senate
	CC adopted by House VOTE
	CC adopted by Senate VOTE
	To enrolling Reported correctly enrolled Sent to Governor by Governor
	Filed with Lt. Governor
	Chapter No.

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
Bill/Resolution No. HB 671/SB 384
Title An Act to establish a Special Mortgage Purchase Program, a Mortgage Interest Reduction Fund and a Housing Mortgage Insurance Fund; and providing Date February 1, 1980
for an effective date.
Requested by: Governor

II. FISCAL DETAIL
Agency Affected Department of Revenue
Program Category Affected Revenue Collection & Management
BRU, Program, or Subprogram(s) Affected Treasury Management
(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						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		200,000.0				
700 GRANTS (Rate Subsidy)		67,354.0	67,354.0	67,354.0	67,354.0	67,354.0
TOTAL		267,354.0	67,354.0	67,354.0	67,354.0	67,354.0

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FEDERAL FUNDS						
OTHER (Specify Fund Source)						

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FULL TIME						
PART TIME						
TEMPORARY						

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

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See attached Assumptions.

Anselm C. Staack

IV. DATE February 1, 1980 PREPARED BY Anselm C. Staack, Treasury Comptroller
AGENCY Department of Revenue, Treasury Division
PHONE 465-2351
Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)



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

3/19/80

FURTHER:

Date: 4/28/80

Mr. Speaker:

The Committee on FINANCE has had HB 672

"An Act making an appropriation to the Department of Education for the adult basic education program; 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 672 same title
 new title
- and recommends individual rec.
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

Freeman
11/2
Smith
Kee
37

MEMBERS HAVING
OTHER RECOMMENDATIONS:

Freeman
 CHAIRMAN

7879
Peques

Original sponsor: Anderson

<u>Funding Information</u>	
General Fund	\$767,500
Other Funds	-0-
	<u>\$767,500</u>

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 672

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 an appropriation to the Department of
7 Education for the adult basic education program; and
8 providing for an effective date."

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

10 * Section 1. The sum of \$767,500 is appropriated from the general fund to
11 the Department of Education for the adult basic education program for the
12 fiscal year ending June 30, 1981.

13 * Sec. 2. This Act takes effect July 1, 1980.

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Funding Information
General Fund \$617,500
Other Funds -0-
\$617,500

Introduced: 2/4/80
Referred: Health, Education &
Social Services and Finance

Finance Committee
BY ANDERSON

1 IN THE HOUSE

2 CS HOUSE BILL NO. 672

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

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Funding Information
General Fund \$617,500
Other Funds -0-
\$617,500

Introduced: 2/4/80
Referred: Health, Education &
Social Services and Finance

1 IN THE HOUSE

BY ANDERSON

2 HOUSE BILL NO. 672

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

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A PROPOSAL FOR EDUCATION LEGISLATION TO SERVE SEVEN REGIONS IN ALASKA

INTRODUCTION

This state offers a free education to every member of its varied society. Even so, there are many adults among us who either could not or would not finish (or, in some cases, even start) their elementary or secondary education. Because these adults are poorly educated, they have, throughout an entire lifetime, held some of the least rewarding jobs in our society. Frequently, they have held no jobs at all. They find themselves on the welfare rolls, and each generation begets yet another generation of those who are uneducated, unskilled, and unemployed.

There are men and women in the state who cannot fill out job applications, who cannot read labels on prescriptions or prices at the grocery store, and who cannot help their children with even the simplest homework. They are people who need Adult Basic Education.

On the other hand, there are men and women among us who have recently applied for and received either their first job or a better job. We have adults who no longer must depend upon others to read for them on shopping trips. We have people who take new pride in helping their children learn, who pass that pride in education along to their formerly indifferent families. These are men and women who have received and are now demonstrating the benefits of Adult Basic Education.

DEFINITION

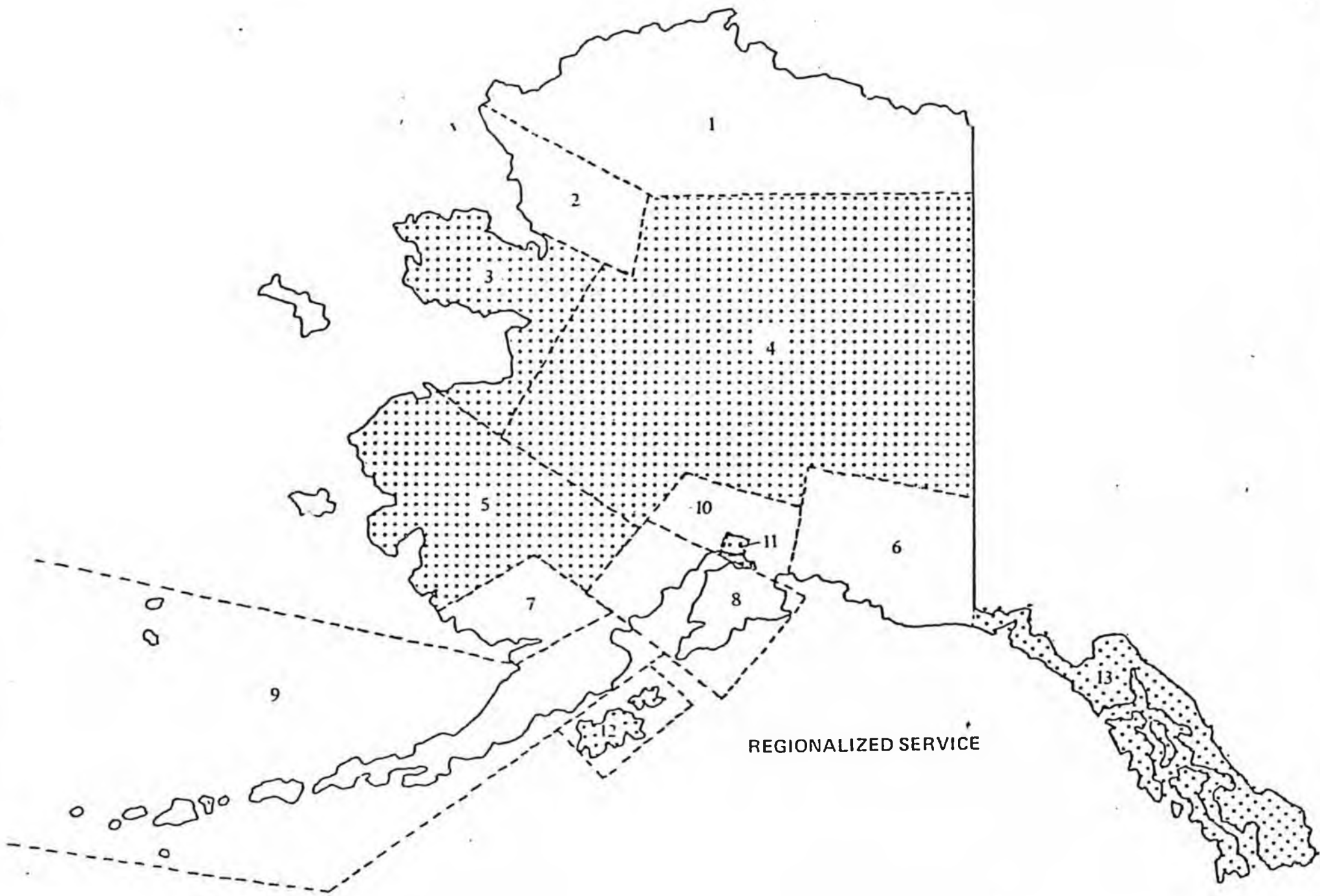
Adult A person sixteen years of age or older who is not enrolled in a regular public or private school program and who is in need of basic literacy skills, English Language instruction, life skills instruction or other assistance up to secondary school completion.

STATEMENT OF NEED

The goals of Alaska Adult Basic Education are:

...to provide the best possible educational opportunities for all undereducated adults in Alaska ... to provide adults opportunities to continue their education to at least the level ... of secondary school ... (to make these) opportunities available for adults who have not completed secondary training as well as adults who have received a certificate of graduation from a school providing a secondary education but are functioning at less than a secondary competency.

There are presently seven geographic regions in the state receiving little or no instructional money for Adult Basic Education. The North Slope, Northwest Arctic, Aleutian/Pribilof Islands and Bristol Bay and Rural Anchorage Regions receive no funding. The Kenai Region receives



REGIONALIZED SERVICE

funding for two part-time classes and Valdez is funded for one teacher. This means that approximately 68,000 Alaskans are being denied access to the advantages of adult education.

At current funding level options are limited. Programs could be drawn out of one region and relocated in another region, but this would cause the loss of experienced staff in whom the state has a considerable investment in training. This would further cause the discontinuation of programs for many students who have had a long term commitment and are in the advanced stages of completion.

A second alternative would be to trim a percentage of money from existing programs and put into the unserved regions. Once again this would cause many people to lose service and take away from program which already operate at only a minimal level. A case in point is Kuskokwim Region which serves fourteen out of fifty-three villages no

The third alternative and that being suggested by this proposal is to leave present funding in place and add minimum funds necessary to complete the network. The state is already in the unfortunate position of denying many of its citizens equal access to educational opportunity. To reduce or remove the programs currently thinly spread over the state would be a denial to our responsibility.

Great social pressure is being exerted upon the Native populations of the state. With Indian Self Determination, the advent of Native Land Claims and localization of the schools people with little education are being required to sit on boards of directors of corporations making decisions with great environmental and financial impact, sitting on school boards making decisions in hiring and firing professional staff as well as judgements on quality of education.

This press for educated adults cannot depend strictly upon the new young graduates to fill the need. Every effort must be made to tap the knowledge and experience of the mature adult in the older generations. This can be done only through basic education.

The following statistics corroborate the need for basic education in the proposed regions to be served.

REGIONAL NEEDS STATEMENTS

1. Bristol Bay:

"In a special report prepared by Robert Natham and Associates for the Federal Government, a number of statistics were identified relative to the well being of Alaska Natives. For Bristol Bay, the figures are indeed stark:

The Median education in school years completed by	
Alaska Native <u>(as a whole)</u> is:.....	7.4
For Bristol Bay.....	3.5

Further, the studies identified 50.3% of the population 25 years of age or older as having an educational attainment of 0-4 years of formal schooling. In this same population group, only 8.6% have

completed four years of high school or have an equivalent high school diploma. There is an immediate need for Adult Basic Education Courses in virtually all Bristol Bay villages."

No Adult Basic Education courses are currently being taught, therefore, there is no existing program or vehicle for adults within the villages to obtain the basic skills necessary to even apply for and pass the five sub-tests for a General Education Diploma (GED). An Adult Basic Education program would not only provide this service but would help provide for equal educational and growth opportunities for those adults who have been and are still being neglected.

2. Northwest Arctic:

An active, comprehensive program of adult education, based on the conceptual framework of Adult Performance Levels, is a prime requisite for growth of political, social, personal, and economic skills of NANA Region residents. In a recent (December 1978) survey, it was found that 42% of respondents had attended school to eighth grade or less. Another 13% attended between nine and eleven years. 45% were at least high school graduates. Teachers and other relatively transient professionals were included in the random sample and contributed to this last category. The indigenous, stable population is primarily of Inupiaq Eskimo heritage and fewer of this group have completed high school than the survey results suggest. Complicated further by multilingualism, the adult populations thus has a high rate of functional illiteracy. The region's people also suffer a high rate of unemployment. Inuit respondents, 52% had not had a job for the past year. An additional 41% were employed part-time. Only 7% had fulltime jobs. Besides unemployment, alcoholism, high prices, and lack of something to do, were seen by the respondents as the region's major problems.

The above statistics would in themselves suggest a need for an adult basic education/adult education program. But there is further evidence as well. When asked the question, "If a school for adults was available here, would you be likely to go?", 73% replied they would. And 90% said they would attend workshops or classes to teach people self-health care.

In follow-up interviews by school district personnel (April 1979), Ambler adults indicated that an average of 36% of respondents would attend each of sixteen (16) vocationally oriented classes. An average of 61% would enroll in each of two (2) consumer education classes, and in each of four (4) health and safety classes. Three (3) ABE courses would each have an enrollment of 10% of the adult population of this village, and a GED preparation course 32%. If extrapolated to the region's adult residents (approximately 2,500 people in eleven villages), one could anticipate about 150 people interested in a ABE program, 800 in a GED program, 900 in job skills, and 1,525 in other life skills program. Of course, many people indicated interest in several programs, and actual attendance would be well below the level of interest, but the need for an adult education program is apparent.

MEDIAN YEARS OF SCHOOL COMPLETED BY REGIONAL POPULATIONS

The following chart was compiled in an effort to show both the educational services needs and the income levels of the target area populations the A.S.H.E.S. Talent Search Project would be aimed at.

Region	Median Years School Completed		Highest Grade Completed by largest % of population				Eligible youth age 14-24 (17.4% of poverty population)	Total below poverty pop.		Total Pop.
	Native	Non-Native	Native %	Non-N. %						
ALUET	7.2	12.7	5-6	23.9	12	46.7	73	419	9.6	4359
ARCTIC SLOPE	5.6	18.0	5-6	23.9	12	35.9	154	887	28.8	3079
CALISTA	3.0	13.5	0	33.9	12	33.6	1378	7889	65.5	12040
BERING STRAITS	7.0	13.8	1-4	21.8	12	28.5	387	1938	35.3	5497
BRISTOL BAY	3.9	12.6	1-4	29.9	12	38.3	256	1471	33.1	4446
CHUGACH	8.2	12.5	1-4	17.1	12	41.3	146	839	14.5	5794
COOK INLET	10.2	12.6	12	24.8	12	48.3	1791	10292	7.0	140323
ATHMA	5.8	12.4	0	22.9	12	46.2	42	240	18.0	1336
COMIAG	8.6	12.5	8	28.8	12	41.9	135	773	9.3	8338
ANA	6.2	13.5	1-4	29.2	12	34.2	238	1369	37.2	3634
OYON	6.7	12.6	1-4	21.4	12	42.4	892	5127	10.4	49233
EALASKA	10.3	12.5	9-11	25.3	12	38.1	760	4370	10.4	41957
TOTAL	7.5	12.6					6197	35614	12.7	280536

Data compiled from 2(c) Report, Task I. Excerpt from 2(c) Report, Task II, "The lack of basic statistical information prevents educational agencies from evaluating current educational efforts and identifying unmet needs."

3. Aleutian/Pribilof

Due to limited educational opportunities in the past, the people of the Aleutian/Pribilof region have faced many difficulties coping with 20th Century corporate life thrust upon them by the Native Claims Settlement Act. Leadership has been developing with incredible rapidity and effectiveness, but the heavy pressures involved in rapid change have caused frustrations resulting in social disorganization. Village corporations, councils, school committees and school boards have all been forced into leadership decisions for which they often lack basic training and experience. According to the 1970 U.S. Census in the Aleut Corporation area, 15% of the Native people 25 years or older completed grades 1-4; 25% grades 5-6; and 16% grades 7-8. Unless educational needs are met, the following will continue to occur:

- A. Village and city governments will fail or falter or will be dominated by non-Natives.
- B. School boards will be dominated by non-Natives, and Native parents will have little to say about education of their children.
- C. Village corporations will not function at their full potential.
- D. Outside investors will reap fortunes in the Aleutian/Pribilof area while the majority of Aleut people will subsist virtually at poverty level.
- E. The Aleut cultural heritage will be overrun and lost, leaving behind the vicious circle of poverty, alcoholism, drug abuse, family disintegration and loss of identity.

4. Matanuska-Susitna

Matanuska-Susitna Community College identified 4,600 adults having less than a secondary education in the Matanuska-Susitna service area. Bureau of Labor statistics revealed a July unemployment rate of 15.1 percent and November 23.3 percent combined with Decembers 24.9 percent are symptomatic of the need for basic education and life coping skills training.

5. North Slope

The native residents of the North Slope have a median school completion level of 5.6 years. This lack of education has significant impact upon the ability of natives to compete for and maintain jobs in the now technologically oriented North Slope Region. Additionally, a bank of educated persons is necessary to train for the roles necessary if the new affluence introduced by massive oil revenues is to remain under control of its rightful owners. The few individuals represented in the leadership need many more trained, educated people to take on the many emerging roles in business, education, industry and arctic leadership.

6. Kenai Region

During the summer of 1979, an assessment of the available educational resources and needs of the adult client population was done under a federally funded program named NETWORK. (Network of Education, Training and work Opportunity Resources Knowledge Bank). The final report will not be in this office until October 30, however, preliminary analysis indicates that the statistics presented last year were in the ball park. Thus, they are repeated here.

The population of the Kenai Peninsula is approximately 25,000 with most of the people living in the Kenai-Soldotna area. In Level I (1-9), it is estimated that 1,500 adults could be served. Additional estimates are that there are approximately 3,000 adults in Level II and 150 needing ESL training.

7. Valdez/Copper River

The Valdez/Copper River Region encompasses a population of nearly ten thousand people. Of this ten thousand an estimated 2,400 have less than a high school education. The Native adult population has a median school completion level of 5.8 years. With the pipeline terminal, pumping and maintenance stations throughout the region it is apparent that employment opportunities are fast appearing, but they are at a level which demand solid-scholastic background. Unless the region is given the benefit of ABE services, these opportunities will once again fall to outsiders.

PROPOSED SERVICES

Services shall include instruction in basic literacy, English as a Second Language, life coping skills and vocational counseling in the form of:

an "individualized educational program" a written statement jointly developed by a qualified instructor and by the person, to include:

- present achievement level analysis
- short range and long range goals
- identification of specific services that will be provided toward meeting those goals
- when and where these services will be provided and how long they will last
- a schedule for checking progress achieved under the plan and for rating necessary revisions

These services shall take place in the towns and villages of the respective regions as selected by the educational institution providing the service. Curriculum shall be determined by the student, local educational institution in concert with their local advisory council and the citizens participatory planning process used by the state ABE program.

PROGRAM IMPLEMENTATION

Organization for Delivery of Services

State Organization: In an effort to prevent proliferation of state bureaucracy, these funds should be located in the Alaska Department of Education, Adult Basic Education Section.

This section already has in place the mechanisms for granting and administering funds. A statewide network of curriculum assistance, technical assistance and staff development. The addition of this program to the present network could achieve maximum benefit at minimum cost.

LOCAL DELIVERY

Local/Regional delivery is currently conducted throughout the state by a variety of organizations. These organizations include school districts, community colleges, Native Non-profits, private non-profits and public non-profit agencies. The funds are placed on a competitive basis to the organization offering the most service for the available dollars. Programs in most regions reflect cooperation between two or more agencies for delivery of service. The competition between agencies has been very effective in holding down costs without causing instability in the program. In the case of similar bids the program operator with the proven history of performance is always funded.

Program operators not performing will have historically been given one year grace to upgrade and it has been necessary to pull only a program in six years.

FUNDS NECESSARY TO IMPLEMENT NEW REGIONS

North Slope	\$80,000
Northwest Arctic	80,000
Bristol Bay	75,000
Aleutian/Pribilof Islands	85,000
Kenai Peninsula	75,000
Rural Anchorage (Mat-Su)	75,000
Valdez/Copper River	75,000
Total Program	<u>\$545,000</u>
Staff Development @ 10%	54,500
Support Services - 1 clerk typist III @ 18,000 including fringe, etc.	18,000
Total Cost	<u>\$617,500</u>

Justification:

Regional Allotments

North Slope, Northwest Arctic and Aleutian/Pribilof Islands Regions are suggested at a higher level of support due to unusual travel costs. Although travel will be much cheaper in the Kenai and Rural Anchorage regions extra funds are justified due to the population density they must serve.

Staff development is a vital component to ABE. Rural teachers are taken from the indigenous population and trained as ABE instructors. This training is a rich source of leaders in the rural areas. Attached find statements of what have happened to many of the ex-instructors once the role of ABE instructor gave them responsibility in the political/social process.

Furthermore, staff development is inherent in quality instruction, particularly when dealing with people who have never taught before or even experienced teachers dealing for the first time with adult students.

Support services are necessary if reasonable service is to be available to the new regions. Although ABE is funded over three times as high as four years ago and is offering many more services to field programs, the present administrative staff need not be expanded but the present 1/2 time secretarial clerical arrangement simply cannot keep up with present volume let alone be expected to handle nearly double the number of contracts currently served.

Matching funds are available from many sources including C.E.T.A., B.I.A., Indian Education, Labor, Social Services, boroughs, etc., once a knowledgeable organization services and negotiates contracts. It is anticipated that the first fiscal year funds at least equal the initial grant will be generated by and the third year they would be generating as much as three dollars per state dollar.

The money being generated tends to be dollars that previously created overlap programs or furnish ancillary services which, though useful, were not coordinated with ABE, therefore seldom used.

United States Council of State Directors

Adult Education Economic Impact Survey
Alaska - FY79

INDICATORS OF ECONOMIC IMPACT:

A. Public Assistance

1. List the number of Adult Education Learners removed from public assistance in FY79 (as reported in Table 5, Item 12 in Annual Report). 24
2. Average annual cost per adult for public assistance in your state. Households average 1 adult and 2 dependents nationally and FY77 statistics from USOHEW reveal national costs to be 12,948 per household including case work, etc. 12,948
3. Total projected savings per year. (Multiply answer in number one times the answer in number two.) 310,752

B. Employment

1. List the number of Adult Education learners who became employed in FY77 as a result of Adult Education (as reported in Table 5, Item 13 in Annual Report). 112
2. Projected income earned by adults who became employed. Take the number of adults receiving jobs as a direct or indirect result of attending Adult Education class: Multiply this number by the U.S. minimum hourly wage (now \$2.30) x 40 hours x 52 weeks. If the actual income is known, then use this instead of minimum rate. 1,164,800

EXAMPLE: 112 persons who became employed x \$5.00 per hour =
\$672.00 per hour x 40 hours per week = \$10,400 x
52 weeks = \$1,164,800 per year new income.

C. Job Promotions

1. List the number of adults who were promoted as a result of Adult Education (as reported in Table 5, Item 14 in Annual Report). 222
2. Using Laborers Union salary scale minimum is 48¢ per hour. Projected additional money earned by adults who were promoted as a result of Adult Education. Multiply the number of adults receiving a promotion by .48 per hour (which is minimal figure) x 40 hours x 52 weeks. 221,644

EXAMPLE: 222 promotions x .48 per hour = \$106.56 per hour
x 40 hours per week = \$4,262 per week x 52 weeks =
\$221,644 per year.

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