

BILLS 1981 - 1982
HB 165 cont. - CSHB 174

1471

1471

FISCAL NOTE DETAIL
HB 165 - Public Utility Loan Fund

100	1 Loan Examiner III @ \$2,837/mo.		\$34.0
	1 Documents Processing Clerk III @ \$1,564/mo.		<u>18.8</u>
	TOTAL WAGES		\$52.8
	Standard Benefits (Wages x .1555)		8.2
	Supplemental Benefits (Wages x .0613)		3.2
	Health Insurance (Man Months x \$150)		<u>3.6</u>
	TOTAL PERSONAL SERVICES		\$67.8
200	Trips to inspect collateral and close loans		
	10 trips @ \$500	\$5.0	
	20 days per diem @ \$70	<u>1.4</u>	6.4
300	Telephone & postage, printing of applications, advertising		10.0
400	Office supplies		<u>.5</u>
	TWELVE MONTHS' OPERATING COSTS		\$84.7
500	Equipment		
	2 Desks @ \$330	.7	
	1 Typist's extension	.5	
	1 Credenza	.5	
	1 Executive chair	.2	
	1 Secretarial chair	.2	
	2 Side chairs @ \$100	.2	
	2 File cabinets @ \$325	.7	
	2 Calculators @ \$200	.4	
	1 Typewriter	<u>1.0</u>	<u>4.4</u>
	TOTAL		\$89.1
	10% Inflation for succeeding years		

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 165 (Labor + Com)
Title An Act Creating the Public Utility Revolving Loan Fund
Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected Department of Commerce and Economic Development
Program Category Affected Development
BRU, Program, Or Subprogram(s) Affected Division of Business Loans
(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 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES	67.8	74.6	82.1	90.3	99.3	
200 TRAVEL	6.4	7.0	7.7	8.5	9.4	
300 CONTRACTUAL	110.0	121.0	133.1	146.4	161.0	
400 COMMODITIES	.5	.6	.6	.7	.8	
500 EQUIPMENT	4.4	-0-				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	189.1	203.2	223.5	255.9	270.5	

FUNDING (Thousands of Dollars)

	189.1	203.2	223.5	255.9	270.5	
GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

	2	2	2	2	2	
FULL TIME						
PART TIME						
TEMPORARY						

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

Staff required to process loans. Fiscal note detail attached.

IV. DATE _____

PREPARED BY D. A. Hostak

AGENCY Division of Business Loans/Dept. of Commerce
PHONE 465-2510 Economic Development

Original: Legislative Finance
cc: Budget and Management

Prime Sponsor (First Legislator Named)

FISCAL NOTE DETAIL
 HB 165 - Public Utility Loan Fund

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	TOTAL WAGES	\$52.8
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	Health Insurance (Man Months x \$150)	<u>3.6</u>
	TOTAL PERSONAL SERVICES	\$67.8
200	Trips to inspect collateral and close loans	
	10 trips @ \$500	\$5.0
	20 days per diem @ \$70	<u>1.4</u>
		6.4
300	Telephone and postage, printing of applications and advertising	
		10.0
	Economic Feasibility Studies	100.0
400	Office supplies	
		<u>.5</u>
	TWELVE MONTHS' OPERATING COSTS	\$184.7
500	Equipment	
	2 Desks @ \$330	.7
	1 Typist's extension	.5
	1 Credenza	.5
	1 Executive chair	.2
	1 Secretarial chair	.2
	2 Side chairs @ \$100	.2
	2 File cabinets @ \$325	.7
	2 Calculators @ \$200	.4
	1 Typewriter	<u>1.0</u>
		<u>4.4</u>
	TOTAL	\$189.1

10% Inflation for succeeding years

Alaska State Legislature

House of Representatives



Official Business

Pouch V
State Capitol
Juneau, Alaska 99811

LETTER OF INTENT

CSHB 165 (Labor & Commerce)

Dear Mr. Speaker:

Our committee on Labor and Commerce has had under consideration HB 165, " An Act creating the public utility revolving loan fund; and providing for an effective date."

We have approved a committee substitute that still addresses the intention of the original legislation: that is, to create a revolving loan fund for public telecommunications.

During public testimony the committee was convinced that administration of the fund should be on a priority basis so those public telecommunications utilities desiring to expand services to unserved areas would be given a priority.

The committee believes such priority would best serve the rural areas of the state that are in desperate need of a communications system and this in turn would best serve the state as a whole.

Respectfully submitted,

A handwritten signature in cursive script that reads "Vern Hurlbert".

Rep. Vern Hurlbert
Chairman

Original sponsors: Hurlbert, Vaska,
Chuckwuk and Moss

Offered: 4/30/81
Referred: Finance

1 IN THE HOUSE

BY THE LABOR AND
COMMERCE COMMITTEE

2

CS FOR HOUSE BILL NO. 165 (L&C)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

TWELFTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act creating the telecommunications revolving loan
fund; and providing for an effective date."

7

8

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

9

* Section 1. DECLARATION OF POLICY AND PURPOSE. The legislature finds
that

10

11

(1) the availability of adequate public telecommunications ser-
vices and facilities at reasonable rates in the state is a proper matter of
public concern;

13

14

(2) the ability of privately, municipally and cooperatively owned
public telecommunications utilities in the state to finance service to the
public and to finance capital improvements required to extend and improve
service on terms that will enable service rates to remain at reasonable
levels in the foreseeable future is seriously impaired by the unavailability
of low-cost private financing and by delays experienced in obtaining low-cost
federal loans;

20

21

(3) as a matter of public policy, to ensure the sound development
of the state and its resources and to provide an acceptable level of tele-
communications services to its residents at reasonable rates, the state
should assist telecommunications utilities in acquiring the money that is
essential to operate, maintain and expand facilities and services.

25

26

* Sec. 2. AS 44.88 is amended by adding new sections to read:

27

ARTICLE 5. TELECOMMUNICATIONS REVOLVING LOAN FUND.

28

Sec. 44.88.230. REVOLVING LOAN FUND CREATED. The telecommunica-
tions revolving loan fund is created in the Alaska Industrial Develop-

29

1 ment Authority.

2 Sec. 44.88.231. POWERS AND DUTIES OF THE AUTHORITY. (a) Unless
3 the application is deficient, the authority shall approve or deny an
4 application for a loan from the telecommunications revolving loan fund
5 within 90 days after receiving it. The authority shall return a defi-
6 cient application to the applicant for additions or corrections.

7 (b) The authority shall formulate procedures and adopt regulations
8 to implement AS 44.88.230 - 44.88.250 which do not conflict with regu-
9 lations or rulings of the Alaska Public Utilities Commission.

10 (c) The authority may

11 (1) make a loan from the telecommunications revolving loan
12 fund to a public telecommunications utility to finance capital improve-
13 ments, plant and facilities, and to improve and expand services, if
14 other credit is not readily available from private or federal lending
15 institutions;

16 (2) make a loan from the telecommunications revolving loan
17 fund to a public telecommunications utility to meet short-term or
18 interim capital needs before receipt by the utility of long-term loans;

19 (3) consult with appropriate federal agencies and other
20 lending institutions which make loans to public utilities in the state
21 concerning policies, regulations, and procedures to carry out the pro-
22 visions of AS 44.88.230 - 44.88.250;

23 (4) designate agents and delegate powers to them as is
24 necessary;

25 (5) require bonds and undertakings from persons employed by
26 the authority as necessary, and pay the premiums on the bonds and
27 undertakings;

28 (6) establish amortization plans as provided in AS 44.88.-
29 234(c).

1 Sec. 44.88.232. ELIGIBILITY FOR LOANS. A public telecommunica-
2 tions utility is eligible for a loan under AS 44.88.231 if

3 (1) it is a public utility for furnishing telecommunications
4 service under AS 42.05.701(2)(B);

5 (2) at the time of application for a loan it is serving the
6 public under a certificate of public convenience and necessity issued
7 by the Alaska Public Utilities Commission;

8 (3) in the judgment of the authority

9 (A) the public telecommunications utility shows a
10 definite potential for providing improved or expanded service in
11 the community or area it serves, or otherwise requires the financ-
12 ing to maintain adequate, efficient and safe service; and

13 (B) the utility will be able to repay the loan.

14 Sec. 44.88.234. CONDITIONS AND LIMITATIONS ON LOANS. (a) A loan
15 to a public telecommunications utility under AS 44.88.231 may not
16 exceed \$5,000,000 and shall be secured by collateral equal, in cost or
17 in fair market value, whichever is less, to at least the total amount
18 of the loan.

19 (b) A loan shall be on terms and conditions established by regula-
20 tion of the authority, except that money from a loan to be used to
21 provide services to an area not being served by the utility under a
22 certificate of public convenience and necessity at the time the loan
23 was applied for may not be disbursed to the utility until a certificate
24 to serve the area is issued by the Alaska Public Utilities Commission.

25 (c) Amortization plans for the repayment of a loan may not exceed
26 30 years. The rate of interest charged on the unpaid balance may not
27 exceed five percent annually.

28 (d) Subject to (e) of this section, a loan may not be made until
29 an investigation and an economic feasibility study are conducted and,

1 as a result of the investigation and study, the authority determines
2 that the loan is economically sound, that the utility will be finan-
3 cially self-sustaining, and the loan will be fully amortized in accor-
4 dance with the terms and conditions of the loan. The economic feasibil-
5 ity study shall be conducted by the authority staff or by consultants,
6 engineers, or other technical experts approved by the authority. To
7 facilitate an economic feasibility study the authority shall require
8 the applicant to furnish systems studies, long-range economic fore-
9 casts, financial data, and technical information which the authority
10 considers necessary.

11 (e) If a loan is participated in by a financial institution in an
12 amount not less than 20 percent of the total amount of the loan, the
13 authority may accept the investigation and economic feasibility study
14 made or accepted by the financial institution as a basis for its parti-
15 cipacion. If a utility applies for a short-term or interim loan, the
16 authority may accept as evidence of economic feasibility and as a basis
17 for awarding the loan, authorization by the federal Rural Electrifica-
18 tion Administration to seek interim financing pending approval of a
19 federal long-term loan to the applicant.

20 (f) If a financial institution participates in a loan made under
21 AS 44.88.231, it may elect to administer and service the loan for a
22 reasonable fee not exceeding one-half of one percent of the amount of
23 the loan.

24 (g) The state and a financial institution which participates in a
25 loan made under AS 44.88.231 shall each have a first lien on the col-
26 lateral or share the collateral to the extent of their respective parts
27 of the total loan, except the authority may subordinate a lien on
28 collateral to a lien of the federal Rural Electrification Administra-
29 tion.

1 Sec. 44.88.236. ADMINISTRATION. Money loaned under AS 44.88.231
2 shall be delivered to the borrower in the form of a warrant drawn on
3 the treasury, and charged against the telecommunications revolving loan
4 fund. Upon repayment of a loan in accordance with the prescribed
5 terms, or upon liquidation by foreclosure or other process, or upon
6 receipt of interest or other revenue, the money received shall be
7 turned over to the authority for deposit in the telecommunications
8 revolving loan fund.

9 Sec. 44.88.238. SALE OR TRANSFER OF NOTES, MORTGAGES AND OTHER
10 COLLATERAL. (a) The authority may sell or transfer at par value or at
11 a premium or discount to a bank or other financial institution, or to a
12 private purchaser for cash or other consideration the notes, mortgages
13 and collateral held by the authority as security for loans made under
14 AS 44.88.230 - 44.88.250.

15 (b) The authority may sell or transfer at par value to the Depart-
16 ment of Revenue the notes, mortgages and other collateral held by the
17 authority as security for loans made under AS 44.88.230 - 44.88.250.
18 The Department of Revenue may purchase the notes, mortgages, and other
19 collateral, allowing the authority one-half of one percent of the value
20 of the notes, mortgages, or collateral as a service fee.

21 Sec. 44.88.240. OPERATION OF FACILITY PENDING DEFAULT. During
22 the pendency of a default proceeding, the authority, another public
23 corporation, a state agency, or a political subdivision of the state
24 may, for a period up to six months, operate a facility which is held as
25 collateral for a loan made under AS 44.88.230 - 44.88.250, or the
26 authority may designate a private entity to operate the facility upon
27 the approval of the Alaska Public Utilities Commission. If the author-
28 ity, another public corporation, a state agency, or a political sub-
29 division of the state operates a facility under this section, it shall,

1 after six months, cease to operate the facility and the authority may
2 designate a private entity to assume operation of the facility upon the
3 approval of the Alaska Public Utilities Commission.

4 Sec. 44.88.250. PROCEEDINGS AND REGULATIONS. The Administrative
5 Procedure Act (AS 44.62) governs all proceedings and the adoption of
6 regulations under AS 44.88.230 - 44.88.250.

7 * Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-
8 070(c).

Introduced: 2/17/81
Referred: Labor & Commerce
and Finance

1 IN THE HOUSE

BY HURLBERT, VASKA, AND CHUCKWUK

2 HOUSE BILL NO. 165

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act creating the public utility revolving loan
7 fund; and providing for an effective date."

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

9 * Section 1. DECLARATION OF POLICY AND PURPOSE. The legislature finds
10 that

11 (1) the availability of adequate public utility services and
12 facilities at reasonable rates in the state is a proper matter of public
13 concern;

14 (2) the ability of privately, municipally and cooperatively owned
15 public utilities in the state to finance service to the public and to finance
16 capital improvements required to extend and improve those services on terms
17 that will enable utility service rates to remain at reasonable levels in the
18 foreseeable future is seriously impaired by the unavailability of low-cost
19 private financing and by the delays experienced in obtaining low-cost federal
20 loans;

21 (3) as a matter of public policy, to ensure the sound development
22 of the state and its resources and to provide an acceptable level of utility
23 services to its residents at reasonable rates, the state should assist these
24 public utilities in acquiring the money that is essential to operate, main-
25 tain and expand utility facilities and services.

26 * Sec. 2. AS 42 is amended by adding a new chapter to read:

27 CHAPTER 08. PUBLIC UTILITY REVOLVING LOAN FUND.

28 Sec. 42.08.010. REVOLVING LOAN FUND CREATED. The public utility
29 revolving loan fund is created in the Department of Commerce and Eco-

1 nomic Development.

2 Sec. 42.08.020. POWERS AND DUTIES OF THE DEPARTMENT. (a) The
3 department shall formulate procedures and adopt regulations to implement
4 this chapter in consultation with the Alaska Public Utilities Commis-
5 sion.

6 (b) The department may

7 (1) make a loan from the public utility revolving loan fund
8 to a public utility to finance or refinance capital improvements, plant
9 and facilities, and to improve and expand services, if other credit is
10 not readily available from private lending institutions at a rate of
11 interest less than the rate of interest which the state agreed to pay
12 on the most recent general obligation bonds issued before the applica-
13 tion for the loan under this chapter;

14 (2) make loans from the public utility revolving loan fund
15 to a public utility to meet short-term or interim capital needs before
16 receipt by the public utility of long-term loans;

17 (3) consult with appropriate federal agencies and other
18 lending institutions which make loans to public utilities in the state
19 concerning policies, regulations and procedures to carry out the pro-
20 visions of this chapter;

21 (4) designate agents and delegate powers to them as is
22 necessary;

23 (5) require bonds and undertakings from persons employed by
24 the department as in the commissioner's judgment are necessary, and pay
25 the premiums on the bonds and undertakings;

26 (6) establish amortization plans as provided in AS 42.08.-
27 040(c).

28 Sec. 42.08.030. ELIGIBILITY FOR LOANS. A public utility is eli-
29 gible for a loan under this chapter if

1 (1) it is a public utility as defined in AS 42.05.701(2)-
2 (A) - (E);

3 (2) at the time of application for a loan it is serving the
4 public under a certificate of public convenience and necessity issued
5 by the Alaska Public Utilities Commission;

6 (3) in the judgment of the department

7 (A) the public utility shows a definite potential for
8 providing improved or expanded service in the community or service
9 area it serves, or otherwise requires the financing to maintain
10 adequate, efficient and safe service; and

11 (B) the utility will be able to repay the loan.

12 Sec. 42.08.040. CONDITIONS AND LIMITATIONS ON LOANS. (a) A loan
13 to a public utility under this chapter may not exceed \$1,000,000.

14 (b) A loan made under this chapter shall be on terms and condi-
15 tions the department determines appropriate and, if secured by collat-
16 eral, may not exceed 75 percent of the value of the collateral offered.

17 (c) Amortization plans for the repayment of a loan made under
18 this chapter may not exceed 30 years. The rate of interest charged on
19 the unpaid balance may not exceed the rate of interest which the state
20 agreed to pay on the most recent general obligation bonds issued before
21 the application for the loan under this chapter.

22 (d) Unless a loan made under this chapter is participated in by a
23 financial institution as provided in (e) of this section, the loan may
24 not be made until an investigation and an economic feasibility study is
25 conducted and, as a result of the investigation and study, the depart-
26 ment determines that the loan is economically sound, that the utility
27 will be financially self-sustaining, and the loan will be fully amor-
28 tized in accordance with the terms and conditions of the loan. The
29 economic feasibility study shall be conducted by the department staff

1 or by consultants, engineers or other technical experts approved by the
2 department. To facilitate its determination of economic feasibility,
3 and its determination of the ability of the utility to be fully self-
4 sustaining and to amortize the loan, the department shall require the
5 applicant for a loan under this chapter to furnish the systems studies,
6 long-range economic forecasts, financial data, and technical information
7 that the department considers necessary.

8 (e) If a loan under this chapter is participated in by a financial
9 institution in an amount not less than 20 percent of the total amount
10 of the loan, the department may accept the investigation and economic
11 feasibility study made or accepted by the financial institution as a
12 basis for its participation.

13 (f) If a financial institution participates in a loan made under
14 this chapter, it may elect to administer and service the loan for a
15 reasonable fee not exceeding one-half of one percent.

16 (g) The state and the participating financial institution shall
17 each have a lien on the collateral or share the collateral to the
18 extent of their respective parts of the total loan to a public utility.

19 Sec. 42.08.050. ADMINISTRATION. Money loaned under this chapter
20 shall be delivered to the borrower in the form of a warrant drawn on
21 the treasury, and charged against the public utility revolving loan
22 fund. Upon repayment of loans in accordance with the prescribed terms,
23 or upon liquidation by foreclosure or other process, or upon receipt of
24 interest or other revenue, the money received shall be turned over to
25 the commissioner of revenue for deposit in the public utility revolving
26 loan fund.

27 Sec. 42.08.060. SALE OR TRANSFER OF NOTES, MORTGAGES AND OTHER
28 COLLATERAL. (a) The commissioner may sell or transfer at par value or
29 at a premium or discount to a bank or private purchaser for cash or

1 other consideration the notes, mortgages and collateral held by the
2 department as security for loans made under this chapter.

3 (b) The commissioner may sell or transfer at par value to the
4 Department of Revenue the notes, mortgages and other collateral held by
5 the Department of Commerce and Economic Development as security for
6 loans made under this chapter. The Department of Revenue may purchase
7 the notes, mortgages and other collateral so offered, allowing the
8 Department of Commerce and Economic Development a one-half of one
9 percent service fee.

10 Sec. 42.08.070. GUARANTEES OF LOANS. (a) The commissioner may
11 enter into agreements with other state departments and agencies, private
12 banks, other lending institutions, and individuals for the purpose of
13 guaranteeing loans made to qualified public utilities. The guarantees
14 may not exceed 90 percent of the amount loaned and the loans shall be
15 secured in the same manner as provided for direct loans under this
16 chapter.

17 (b) A loan made under this chapter and guaranteed by the state
18 shall bear an interest rate on the unpaid balance not exceeding the
19 rate of interest which the state agreed to pay on the most recent
20 general obligation bonds issued before the application for the loan.

21 Sec. 42.08.080. PROCEEDINGS AND REGULATIONS. The Administrative
22 Procedure Act (AS 44.62) governs all proceedings, and the adoption of
23 regulations, under this chapter.

24 Sec. 42.08.090. DEFINITIONS. In this chapter

25 (1) "commissioner" means the commissioner of commerce and
26 economic development;

27 (2) "department" means the Department of Commerce and Econo-
28 mic Development.

29 * Sec. 3. This Act takes effect July 1, 1981.

COMMITTEE REPORT

SENATE

FURTHER:

4/14/81

Date: April 16, 1981

Mr. President:

The Committee on FINANCE has had CSHB 173(Fin) am
making appropriations for residential energy programs

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:

Mr. J. J. [Signature]

[Signature]

[Signature]

[Signature] No Pro

[Signature]
CHAIRMAN

Original sponsors: Rogers, Brown,
Buchholdt, et al

Offered: 2/25/81
Referred: Rules

Funding Information

General Fund \$5,398,600
Other Funds -0-
\$5,398,600

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 173(Finance) am

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making appropriations for residential energy
7 programs; and providing for an effective date."

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

9 * Section 1. The sum of \$2,550,000 is appropriated from the general fund
10 to the residential energy conservation fund, Department of Commerce and
11 Economic Development, for refunds and grants under AS 45.89.020.

12 * Sec. 2: The sum of \$2,113,600 is appropriated from the general fund to
13 the Department of Commerce and Economic Development for costs of performance
14 of residential energy audits under AS 46.11.030 for the fiscal year ending
15 June 30, 1981.

16 * Sec. 3. The sum of \$735,000 is appropriated from the general fund to
17 the Department of Commerce and Economic Development for contracts with
18 municipalities and communities in rural Alaska for performance of energy
19 audits and for energy conservation improvements under AS 46.11.030(c) and
20 AS 45.89.020(c)(2).

21 * Sec. 4. The unexpended and unobligated portions of the appropriations
22 made in this Act lapse into the general fund June 30, 1982.

23 * Sec. 5. This Act takes effect immediately in accordance with AS 01.10.-
24 070(c).

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26
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29

HOUSE BILL 173

<u>100 PERSONAL SERVICES</u>	<u>\$ 14,315</u>
3 Energy Specialist I (16A) \$2211/mo. x 1 mo. plus 25.5% payroll burden x 3 =	\$ 8,325
2 Administrative Assistant I (12A) \$1695/mo. x 1 mo. plus 25.5% payroll burden x 2 =	\$ 4,255
1 Clerk Typist III (08A) \$1335/mo. x 1 mo. plus 30% payroll burden =	\$ 1,735
<u>200 TRAVEL</u>	<u>\$ 7,600</u>
15 trips @ \$300	\$ 4,500
38 days per diem @ \$80	\$ 3,100
<u>300 CONTRACTUAL</u>	<u>\$2,368,505</u>
Professional Services	
Technical review and upgrading residential audit	\$ 15,000
Development of commercial and institutional energy audit standards	\$ 25,000
Revision of auditor training materials	\$ 5,000
Instructor fees for four intensive auditor training workshops (Sitka, Unalaska, Dillingham, Nome)	\$ 12,000
Instructor fees for 10 auditor recertification and proficiency upgrading workshops (2 Fairbanks, 3 Anchorage, 1 Juneau, 1 Ketchikan, 1 Bethel, 1 Kodiak, 1 Barrow)	\$ 26,400
Monitoring of completed energy audits (These funds will be used to ensure that the audit quality is maintained by all energy auditors performing the State Energy Audit. These funds will provide quality control checks on all audits completed. On-site checks will be made on audits.)	\$ 108,055
Homeowner workshops and public education. "How-to- do-it" homeowner workshops to be sponsored in 10 Alaskan communities and publicity of availability of program	\$ 40,000
Statistical analysis and information retrieval	\$ 50,000
Energy audits (11,428 @ \$175)	\$2,000,000

Space Rental	
6 (\$1.50/sq. ft. x 150 sq. ft. x 3 mo.) =	\$ 4,050
Phones, Copying, Etc.	\$ 3,000
Printing	
Training Materials	\$ 10,000
Audit Forms and Manuals	\$ 70,000
<u>400 SUPPLIES</u>	<u>\$ 1,000</u>
<u>500 EQUIPMENT</u>	<u>\$ 8,180</u>
2 Calculators @ \$100 =	\$ 200
2 Programmable calculators @ \$240 =	\$ 480
3 Selectric typewriters @ \$900 =	\$ 2,700
6 Desks, chairs, files @ \$800 =	\$ 4,800
<u>700 GRANTS, CLAIMS, ETC.</u>	<u>\$3,000,000</u>
10,909 grants and refunds @ \$275	
TOTAL	<u>\$5,398,600</u>



ALASKA RESIDENTIAL ENERGY CONSERVATION PROGRAM

In July, 1980, the Alaska Legislature enacted a comprehensive energy act, SB 438. Included in the provisions of the act is the establishment of a Residential Energy Conservation Program. The Program provides for State-financed energy audits of residences with grants/refunds and low-interest loans for the homeowner to implement the energy saving improvements recommended by the audit.



ENERGY AUDIT

A home energy audit approved by the State of Alaska must be made before an energy conservation grant/refund or loan can be made. An energy audit is a site visit to the home in which an inspection of the building is made to determine its energy consumption characteristics. The audit would include a calculation of the building's heat loss and recommended energy conservation measures with calculated energy cost savings attributed to the energy improvements.

State of Alaska Financed Audits



The Division of Energy and Power Development has developed a program that will provide for State financed energy audits for Alaskans upon request. The Division of Energy has contracted with specially trained and certified auditors to participate in the State-financed Residential Audit Program. Only those auditors under contract with the Division of Energy will be able to perform audits under the program.

A person requesting an energy audit is only required to pay \$10 fee to the auditor for the audit. The State will pay the balance (the real cost of the audit) when the audit has been performed under contract and by a State certified auditor. The audit will include a site visit of the home and an analysis of the energy consumption characteristics of the residence. Recommended energy conservation calculations of the energy cost savings will be provided.

Persons requesting an audit should contact a State contractor. Current lists of contractors for energy audits are available from the Division of Energy and Power Development.



ENERGY CONSERVATION GRANT/REFUND

The Division of Energy and Power Development will make refunds or grants for the purchase and installation of energy-saving improvements that are recommended in an approved audit and shown to pay for themselves in seven years less in energy savings. The refund or grant is for an amount up to \$300 for a single-family dwelling and \$200 for each unit in qualified multi-family dwellings. A refund will be made for those who wish purchase the recommended energy-saving measures immediately. A grant is applied for in the case where one is willing to wait for or not capable of purchasing the material. For a grant you would obtain an estimate for the required materials from a vendor and submit the estimate with your application. Applications for refunds and grants will be provided by the auditor.



ENERGY CONSERVATION LOAN

Individuals who have received an approved audit of their home may also qualify for a 5% interest loan up to \$5,000 for energy conservation improvements that the energy audit shows to have a payback of less than ten years. The Division of Business Loans administers the program.

To apply, contact the Division of Business Loans:

Anchorage: 2600 Denali Street, Suite 401
Anchorage, Alaska 99501
PH: (907) 274-6693

Fairbanks: 675 7th Avenue
Fairbanks, Alaska 99701
PH: (907) 452-8182

Juneau:
P.O. Box 100
Juneau, Alaska 99801
PH: (907) 465-2510



ALASKA RESIDENTIAL ENERGY CONSERVATION PROGRAM

PROGRAM STATUS

MARCH 31, 1981

In July 1980, the Alaska Legislature enacted a comprehensive energy act, SB 438. Included in the provisions of the act is the establishment of a Residential Energy Conservation Program. The program provides for State-financed energy audits of residences with grants/refunds and low interest loans for the resident to purchase the energy saving improvements recommended by the audit.

The legislation mandates that a home energy audit approved by the Division of Energy and Power Development must be made before an energy conservation grant/refund or loan can be made. An energy audit is a site visit to the home by a State trained and certified auditor in which an inspection of the building is made to determine its energy consumption characteristics. The audit includes a calculation of the building's heat loss and will recommend energy conservation measures with calculated cost savings attributed to the energy improvements. The Division of Energy and Power Development has trained and contracted with a number of auditors Statewide to participate in the program. A person requesting an energy audit is only required to pay a \$10 fee to the contracted auditor. The Division of Energy will pay the balance of the real cost of the audit.

After the audit has been completed, the Division of Energy and Power Development will make refunds or grants for the purchase and installation of energy-saving improvements that are recommended by an approved audit and shown to pay for themselves in seven years or less in energy savings. The refund or grant is for an amount up to \$300 for a single-family dwelling and \$200 for each unit in qualifying multi-family dwellings. A refund will be made for those who wish to purchase the recommended energy-savings measures immediately. A grant is applied for in the case when one is willing to wait for, or is not capable of, purchasing the materials.

Individuals who have received an approved audit of their home may also qualify for a 5% interest loan up to \$5,000 from the Division of Business Loans for energy conservation improvements that the energy audit shows to have a payback of less than ten years.

The following represents the status of Alaska Residential Energy Auditing Program as of March 15, 1981.

1. Refunds and Grants (average processing time: 2 days)

<u>March 1-31, 1981</u>	<u>No. of Grants</u>	<u>No. of Refunds</u>	<u>Total</u>
Requests Received	237	294	531
Requests Processed	230	281	511
Amount Disbursed	\$68,719.44	\$82,156.29	\$150,875.73
<u>Total to Date</u>			
Requests Processed	782		
Amount Disbursed	\$228,434.31		

Refund/grant requests have been processed from the following communities:

Fairbanks, Anchorage, Homer, Kenai, Wasilla, Palmer, Juneau, Haines, McKinley Park, Seward, Ketchikan, Port Graham, Delta Junction, English Bay, Auke Bay, Valdez, Ward Cove, Cantwell, Willow, Talkeetna, Anchor Point.

2. No. of Audits in Contract: 7,208
 Monetary Amount of Contracts: \$1,013,345
 Audits Completed: Billing has been received for 3,112 completed audits, actual cost: \$354,423.70

3. Auditor Training Program

a. Training Classes Completed

<u>Class Location</u>	<u># Students</u>	<u># Certified</u>	<u>Class Location</u>	<u># Students</u>	<u># Certified</u>
Fairbanks	120	81	Anchorage	170	57
Mat-Su	44	34	Juneau	40	26
Kodiak	29	15	Kenai	20	18
Ketchikan	18	15	Valdez	16	10
Bethel	14	12	Barrow	8	8

b. Training Sessions Planned (dependent on passage of HB 173)

Sitka:	May 1-9, 1981	Nome:	April, 1981
Kotzebue:	April 20-25, 1981	Haines:	May 13-23, 1981
Sand Point:	April 20-25, 1981	Petersburg:	May 11-21, 1981
Ft. Yukon:	April 20-25, 1981	Dillingham:	May 27-June 6, 1981

4. Certified Auditors by Residence Location

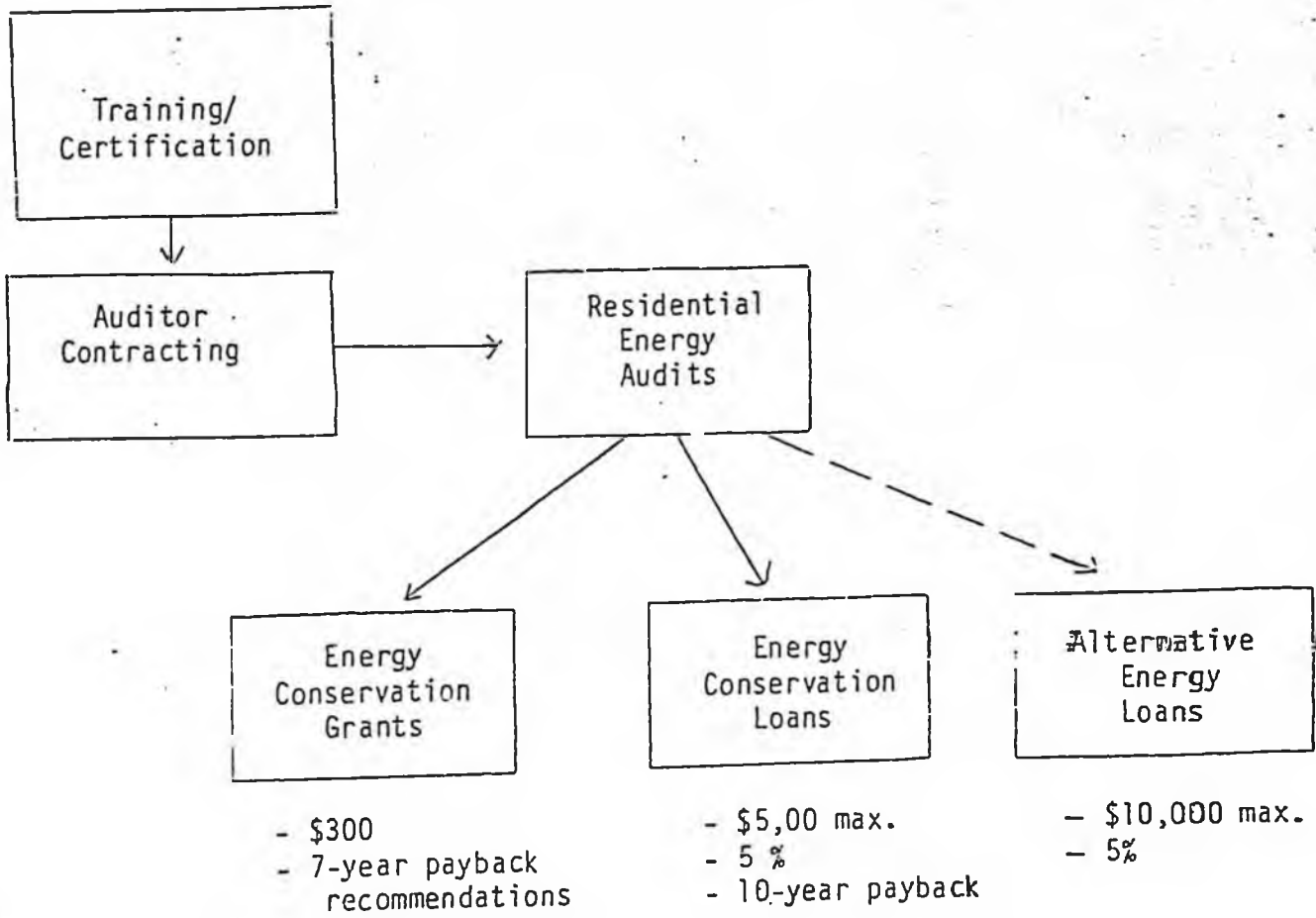
<u>Location</u>	<u># Auditors</u>	<u># Contracts</u>	<u>Location</u>	<u># Auditors</u>	<u># Contracts</u>
Fairbanks	81	29	Anchorage	59	23
Mat-Su	37	8	Juneau	27	8
Kodiak	19	12	Ketchikan	9	1
Homer	7	2	Soldotna/ Sterling	4	1
Seward	3	4	Valdez	5	1
Nome	2	1	Delta Junction	2	2
Haines	1	1	Wrangell	1	1
McKinley Park	1	1	Tok	1	0
Cordova	3	0	Bethel	5	0
Dillingham	4	0	Aniak	1	1
Barrow	8	0	Portage Creek	1	0
Unalaska- Dutch Harbor	1	1			

5. Contract Locations:

(contracts are currently in effect for the following locations)

Anchorage, Juneau, Mat-Su, Tanana, Ketchikan, Valdez, Nome, Kodiak, Unalaska-Dutch Harbor, Seward, Homer, Haines, Fairbanks, McKinley Park, Delta Junction, Bethel, Wrangell, Aniak

Residential Energy Conservation Program



Popular state energy audits draw huge response from homeowners

By JEANNE ABBOTT
Daily News homes editor

The biggest bargain in town has homeowners beating a path to the doors of a new collection of businesses

called energy auditors. For only \$10, a homeowner (or renter) can have his home analyzed for energy efficiency. Although the audit costs an average of \$125 to perform, the state picks up most of the cost. Most auditors are swamped with requests for the service.

"We've had an overwhelming response," says Dana Hedden of Heat Loss Analysis, one of 20 firms in Anchorage certified to perform the state-subsidized audits. "There are more requests for audits than money allocated for them."

The legislature appropriated \$1.2 million for the residential audits for fiscal year 1981. According to Steve Vaden of the Alaska Energy and Power Development office, the money for the audits has already been contracted out.

"When the auditors complete their contract, we won't be able to renew unless the legislature appropriates more money," Vaden said this week.

"But because we've committed the money doesn't mean a homeowner can't get an audit. If the quota hasn't been filled, an auditor can provide the

6 The grants are going faster than the loans, because it's upfront money.

service until his money runs out."

Based on the strong response, it is expected that most quotas will be filled by mid-March. The audits only began eight weeks ago.

Says Vaden: "Some contracts will run out faster than others."

When a homeowner or renter calls a company to request an audit, the appointment will generally be arranged for a two- to-three hour period.

During the appointment, an auditor will make an on-site inspection of the heating system, insulation, caulking and weatherstripping plus looking at the history of energy bills.

Vaden says all of the auditors were trained in November and passed an examination to be certified.

"An auditor will write up a report indicating how much energy a home is losing, and what can be done to improve the situation," he says.

The state legislature also appropriated money for outright grants and loans to undertake measures recommended by the audit.

Some \$2.2 million was allo-

cated for the grants which provide \$300 per housing unit (\$200 for a duplex) to fund the simpler measures — insulation, caulking, weatherstripping.

For major projects, like heat conversion, there are loans of up to \$5,000 available at low interest. The loans are administered through the state Division of Business Loans. They are part of a \$1.6 million program.

Vaden said 79 grants had been awarded through the energy office, and 42 of those were dedicated in January. The total amount awarded is \$22,000.

"The grants are going faster than the loans, because it's upfront money," says Vaden. With the grants, an audit must show that the money can be recouped in energy savings within seven years.

"Out of the \$22,000 we can already project a \$16,000 savings within the first year alone," he says. "That's pretty encouraging."

There are a total of 68 auditors certified statewide in Anchorage, Fairbanks, the Mat-Su Valley, Kodiak, Kenai, Juneau and Ketchikan. Training programs are yet to be held in Valdez, Bethel and Barrow.

Vaden said Gov. Jay Hammond has asked the legislature to continue the program, with an 8 percent increase in funding.

Numbers to call for an audit are:

- Alaska Energy Audits — 277-9342.
- Alaska Home Evaluators — 276-9254.
- Anchorage Community Development Corp. — 276-1625.
- Garnet-Adams — 349-4729.
- Bilderbach Enterprises — 344-5736.
- Chugach Electric Association — 276-3500.
- Arctic Energy Management — 266-1511.
- Heat Loss Analysis — 277-1601.
- Kyle Green — 376-5920.
- Charles Johnson — 688-2036.
- John Matus — 349-5007.
- C. Howdy Smith — 333-0709.
- Fred Thoman — 337-5600.
- Alaska Weatherbeaters — 243-5029.
- Pat Meyer — 344-5163.
- Charles Richner — 333-0272.
- Jean Currey — 344-8543.
- D. C. S. Energy Audits — 204-4070.
- Relches Services — 276-3788.
- John Werner — 276-6879.

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ENERGY AUDITS, \$\$\$ FOR NOME

"I'm ready to go. I've got my forms. I'm all ready to move."

With these remarks and recent appointment as state certified energy auditor, Frank DeCostanzo is ready to inaugurate a new service for Nome. A service unfamiliar to the sweating pipes, stuffy attics, and shivering foundations of his fellow tradesmen.

DeCostanzo's is a paper-filled world of forms and red tape, of calculators and calculations, but Frank and the bureaucracy he represents is in a position to help the homeowners of this area.

With oil prices skyrocketing and energy use of all types becoming increasingly more expensive, the State of Alaska passed in July 1980 a Residential Energy Conservation Program. As energy auditor Frank and his new service is the first signal of the state's involvement. It's the tip of an iceberg, with more beneath the surface than what meets the eye. His program provides for state-financed energy audits of residences, with grants and rebates, and low interest loans, for homeowners to implement the energy savings improvements recommended by the audit. The grant allows \$300 for a single family residence, and \$200 per unit for duplexes. According to Frank, the grants are there for the asking. And for homeowners willing to invest more seriously in an energy-efficient future, state financed loans up to \$5000, at five per cent interest, are available for improvements the auditor calculates will pay for themselves in energy savings in ten years or less. That include more insulation, better weatherstripping, thermal windows and doors, insulated shutters, a new heating system. It might include a sunporch or solar greenhouse, or for those remote souls on the periphery of our town, and even those on the utility grid, a wind energy system.

Hoping to be the first kid on my block to have his home audited, I contacted Frank and coughed up the ten dollar fee. My wife got her licks in first, complaining that the chore list for our home had long ago been developed. But Frank began by

measuring all the rooms. I saved him a nasty foundation crawl, by describing what was underneath. We then discussed the building's construction; walls, floors,



TINKER, TAYLOR...BEGGERMAN, THIEF??? Nome's Frank DeCostanzo is cooling his residence, but not for safecracking purposes. He's the new state certified energy auditor, and his program will help all of us who burn oil and power in Nome.

roof and ceilings, and what materials were actually used. Frank asked for our energy costs for 1980, fuel use and electricity. Boiler type, hot water heater, major appliances, how often exterior doors were opened and traffic flow, the patterns of our family energy use - all are included and more in this comprehensive study.

I counted at least twenty forms that Frank had to fill out. Part of his service is an offering; a state brochure entitled "Your Home Energy Audit: the First Step to More Energy-Efficient Living." Included is a comprehensive account of the state's program, what it is and what it can do, where to go for more information, and a series of energy conserving practices that homeowners can apply at any time to their lifestyle.

After these preliminaries, Frank returns to his office, to work out his calculations and research our situation. It is an expensive audit, paid for largely by the State of Alaska.

Yet to come, at this writing, are his recommendations and his final report. It will involve a series of measures for energy conservation, an estimate of materials costs for each, and estimate of labor costs for their installation. Also included will be the costs in actual energy savings, and how long the improvements will take, to actually pay for themselves. For our home the recommendations might include additional insulation for the floor, better weatherstripping, a storm porch or two, a more efficient boiler. But whatever they are, they will have the weight of the State of Alaska behind them. A state-audited home gives the homeowner access to those state grants and loans for energy improvements.

A white collar type who has pushed agency pencils for his four years in Nome, first for Social Services and now Kawaruk, Frank DeCostanzo at first glance is an unlikely candidate for the blue collar world. But for his unique service, Frank has impeccable credentials. Light on actual trades experience, Frank nevertheless understands how homes are put together. For eight and one-half years Frank was an architectural draftsman and

designer. In addition, Frank managed to graduate, one of the few to do so, from the State's energy auditor crash course in Anchorage. It lasted one week, and seventy per cent of the enrollees crashed; they failed the final.

"It was extremely intense," recalls Frank. "I was up to 1 PM every night, with studying and testing every day." The Fairbanks group fared no better. Only 11 of 44 passed their exam.

Why is Frank DeCostanzo an energy auditor? "It's a neat opportunity to do something creative. When you consider the incredible cost of power and fuel in this region, there is a definite need."

The ten dollar audit fee is a good investment, and cheap entry into our very expensive energy future. Nome homeowners need not be bashful about requesting their audits. The need is present, Frank's forms are ready, and the money is there for the asking. Rich Rusk

Anchorage Times
Anchorage, AK
FEB 3 1981

Energy audits now hot item

Associated Press

Anchorage — The \$1.2 million appropriated by the 1980 Legislature for residential energy audits in fiscal 1981 will be obligated by mid-March, the Division of Energy and Power Development says.

Director Clarissa Quinlan said during the last eight weeks alone the division has contracted for some 6,300 residential energy audits at a cost of \$1 million.

The program provides for state-financed energy audits of homes, with grants, refunds and low-interest loans available for energy conservation measures recommended by the audits.

Gov. Jay Hammond has asked the Legislature to continue the program at a similar level of funding for fiscal 1982, but that money, if approved, will not become available until July 1.

Fairbanks
News Miner
Fairbanks AK
MAR 13 1981

25
Likes audits

4061 Evergreen Ave.
Fairbanks
March 6, 1981

To the Editor:

I wish to thank the State of Alaska, Division of Energy & Power Development, for our Energy Audit Program.

This is one program that appears to truly give something back to the residents of Alaska.

We have had our Energy Audit and, as a result, have been able to buy energy saving material for our home that will benefit us for a long time. Even though we could not purchase everything recommended on the Audit, we at least know what we may do in the future to make our home more energy efficient. Some of the recommendations do not require purchasing any materials, just being more careful.

I am employed by one of our local

Building Supply Stores so have been able to realize more fully just what the program has meant to some of our residents, especially the Senior Citizens and those on limited incomes. What a rewarding experience it has been to talk and share their plans. They are able, through the program, to make some badly needed improvements which they would not have been able to afford with their limited budgets.

Hopefully, more funds will be appropriated in the near future to continue this program.

A special thanks to all the "Energy Auditors." All comments have been complimentary regarding the thoroughness of the audits.

Sincerely,
Pam Linsey

Anchorage Times
File 2017451
Energy audit

Dear Editor:

Last week on a local radio station I heard a public service announcement concerning an energy audit which could be provided by the state of Alaska for a \$10 auditor fee. I called the radio station and they gave me a telephone number of a Mr. Smith who is an energy auditor.

I called Smith and was given an appointment date. When the energy auditor arrived at my home he was very professional. He sat down at our kitchen table and through an interview gained all types of information about our home. Then Smith and I went through every room of our home. The auditor measured all the windows, doors and other openings in our home. With the aid of a ladder he went up into our attic and crawled on his hands and knees from one end to the other. He then went into our crawl-space, which is only three feet deep, and did the same thing.

He found that our home had a number of places that were causes of heat loss. The results of his audit showed that we needed more insulation on the ceiling. We need to have

our windows and doors sealed better. His inspection of our heating system resulted in us having the system cleaned and adjusted.

I called the state office in the MacKay Building that the auditors work out of to obtain the necessary information to obtain a grant or refund to have our home repaired. The auditor had left a lots of information with me, but I needed more complete details.

During the conversation with the state people, I was told that very few people were taking advantage of the state-approved home audits. I really think this is a big mistake. Even if a person did not desire to apply for a grant or a refund, it is well worth \$10 to know of the heat losses in your home and the ways you could save your money and the world's energy by having an audit.

My hats off to the state for this one and to the auditors who do such a outstanding job to help us all for only \$10, well spent.

Joe H. Goreman
Box 1012
Anchorage

State takes conservation lead with residential energy audits

By Empire Staff

Alaska took the lead in residential energy conservation last spring when the Legislature created a comprehensive energy act.

Part of the legislation provides for state-financed energy audits of residences with grants, rebates and low-interest loans available to the homeowner who wants to implement the improvements recommended by the audit. There is no obligation to make any of the improvements suggested by the audit.

For \$10 a resident can have his home inspected by a specially contracted auditor—not a state employee—to find out where heat losses are occurring and receive recommendations on how to make the home more energy efficient.

The two to three hour audit costs about \$128, but the state pays for all but \$10 of the audit.

People interested in having an energy audit of their home should contact Steve Shannon, an energy specialist with the Division of Energy and Power Development at 465-2591 or write to him at Pouch "D", Juneau, Alaska 99811.

An auditor will make a variety of recommendations ranging from no-cost energy-saving projects a homeowner can do himself to massive

undertakings such as installing insulation, said Shannon. An auditor will take a look at the insulation levels of the home, the hot water system, the heating system, and cracks around the window and doors, said Shannon. The auditor will also take a "thumbnail look" at the solar potential of the home, he said.

There are no income requirements in order for a person to qualify for an energy audit. Once an audit is completed the state will make refunds or grants of up to \$300 for the purchase and installation of energy saving improvements that are recommended by an approved auditor and shown to have a payback of seven years or less, said Steve Baden, public information officer for the Division of Energy and Power Development.

People who have received an approved audit of their home may also qualify for a 5 percent interest loan up to \$5,000 for energy conservation improvements that the energy audit shows to have a payback of less than 10 years.

Audits in Juneau are just beginning with the opening of a new energy office to serve Southeast. The office is located on the ninth floor of the State Office Building.

Juneau News
Fairness
DEC 11 1980

Audits save money, energy

By Sharon Resnick

HAINES — You don't get much for nothing these days, but you can get a lot for almost nothing if you take advantage of the state-sponsored energy audit program and then follow the recommendations given as a result of that audit.

According to energy auditor Bob Schwalbach, "It'll cost people more not to participate in this program than it will cost them to participate."

It will cost Haines, Skagway and Klukwan area residents \$10 to have an energy audit on their home. The state picks up the rest of the \$155 tab for the auditor who will come to your home to look for places where energy is being consumed needlessly.

It is then the auditor's job to determine which of the "energy drains" could most quickly pay for itself if corrected, Schwalbach said. A seven-year pay-back period is used by the state to determine the cost-effectiveness of energy-loss remedies, he said.

In addition to paying for the bulk of the audit cost, the state will also grant up to \$300 and or loan up to \$5,000 at five percent interest rates for up to ten years to applicants who intend to follow the energy-saving recommendations of the auditor.

Other programs available to energy-conscious dwellers are the alternative energy revolving loan fund and credits on federal income tax. Unlike the grant program or the other loan program, neither of these two programs require that an audit be done.

The revolving loan fund will provide loans for people who want to use alternative energy methods such as windmills, solar energy or even the tried-and-true wood-burning stoves. The five percent loan can be up to \$10,000 for up to 20 years.

Schwalbach said that though he does not anticipate a shortage of grant or loan funds, he can only guarantee that about 50 audits will be done between now and the middle of March unless supplemental funds are made available to the energy program by the legislature. There is a possibility for more audits if a large number of people ask for them early enough, he might be able to justify a request for additional audits, he said.

Schwalbach is especially interested in seeing that low-income people are able to take advantage of the program.

"They are the people who would benefit the most, yet they are usually the last to know about such programs," he said.

It has been estimated that 30 to 40 percent of America's energy needs could be met by energy management.

According to statistics, 20 percent of America's energy is used to heat residences. In many cases relatively small purchases and simple installation procedures such as caulking, weather stripping and storm windows could lessen that percentage drastically, Schwalbach said.

"I'm not going to recommend to them anything that won't save them money."

Those interested in having an energy audit should call Schwalbach at 766-2397

rd Builders Supply

SBS Minnesota

Tudor & Minnesota
Anchorage 279-8611

SBS Wasilla

1 Mile 44 Park Hwy. 50876-5231

SBS Fairbanks

100 Railroad Ave. 452-5051

We've got it all!

Building Up To Spring!



As the days get warmer, the days are longer and Mother Nature's building up to spring. You can start building too . . . and add up savings with specials like these:

Receive up to \$300 to make your home energy efficient!

March 20 and 21 all three stores will have personnel to answer your questions about the state-funded "energy audit." SBS will help you

choose the products you'll need to make your home energy efficient for the least amount of money!

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THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FIFTH LEGISLATURE

*Fiscal note
not considered
by House
Finance*

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. C.S. for House Bill 173 (fin)
 Title "An Act making appropriations for residential energy programs"
 Requested by Finance Date _____

II. FISCAL DETAIL
 Agency Affected Department of Commerce and Economic Development
 Program Category Affected Development
 BRU, Program, or Subprogram(s) Affected Division of Energy and Power Development
 (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 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES	14.315					
200 TRAVEL	7.600					
300 CONTRACTUAL	2368.505					
400 COMMODITIES						
500 EQUIPMENT	8.180					
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.	3000.000					
TOTAL	5398.600					

FUNDING (Thousands of Dollars)

GENERAL FUND	5398.600					
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME	6					
PART TIME						
TEMPORARY						

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

The budget presented provides for sufficient support for the Division to provide a technical review and upgrade of the Residential Energy Audit, continue the training of residential auditors in areas where there are no auditors, and provide for the payment of residential audits and grants and refunds for energy conservation measures.

IV. DATE 3-2-81 PREPARED BY *Claudia Penland*
 AGENCY Division of Energy and Power Development
 PHONE 276-0508
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

HOUSE BILL 173

<u>100 PERSONAL SERVICES</u>	<u>\$. 14,315</u>
3 Energy Specialist I (16A) \$2211/mo. x 1 mo. plus 25.5% payroll burden x 3 =	\$ 8,325
2 Administrative Assistant I (12A) \$1695/mo. x 1 mo. plus 25.5% payroll burden x 2 =	\$ 4,255
1 Clerk Typist III (08A) \$1335/mo. x 1 mo. plus 30% payroll burden =	\$ 1,735
<u>200 TRAVEL</u>	<u>\$ 7,600</u>
15 trips @ \$300	\$ 4,500
38 days per diem @ \$80	\$ 3,100
<u>300 CONTRACTUAL</u>	<u>\$2,368,505</u>
Professional Services	
Technical review and upgrading residential audit	\$ 15,000
Development of commercial and institutional energy audit standards	\$ 25,000
Revision of auditor training materials	\$ 5,000
Instructor fees for four intensive auditor training workshops (Sitka, Unalaska, Dillingham, Nome)	\$ 12,000
Instructor fees for 10 auditor recertification and proficiency upgrading workshops (2 Fairbanks, 3 Anchorage, 1 Juneau, 1 Ketchikan, 1 Bethel, 1 Kodiak, 1 Barrow)	\$ 26,400
Monitoring of completed energy audits (These funds will be used to ensure that the audit quality is maintained by all energy auditors performing the State Energy Audit. These funds will provide quality control checks on all audits completed. On-site checks will be made on audits.)	\$ 108,055
Homeowner workshops and public education. "How-to- do-it" homeowner workshops to be sponsored in 10 Alaskan communities and publicity of availability of program	\$ 40,000
Statistical analysis and information retrieval	\$ 50,000
Energy audits (11,428 @ \$175)	\$2,000,000

Space Rental	
6 (\$1.50/sq. ft. x 150 sq. ft. x 3 mo.) =	\$ 4,050
Phones, Copying, Etc.	\$ 3,000
Printing	
Training Materials	\$ 10,000
Audit Forms and Manuals	\$ 70,000
<u>400 SUPPLIES</u>	<u>\$ 1,000</u>
<u>500 EQUIPMENT</u>	<u>\$ 8,180</u>
2 Calculators @ \$100 =	\$ 200
2 Programmable calculators @ \$240 =	\$ 480
3 Selectric typewriters @ \$900 =	\$ 2,700
6 Desks, chairs, files @ \$800 =	\$ 4,800
<u>700 GRANTS, CLAIMS, ETC.</u>	<u>\$3,000,000</u>
10,909 grants and refunds @ \$275	
TOTAL	<u>\$5,398,600</u>

Original sponsors: Rogers, Brown,
Buchholdt, et al

Offered: 2/25/81
Referred: Rules

Funding Information

General Fund	\$5,398,600
Other Funds	-0-
	<u>\$5,398,600</u>

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2

CS FOR HOUSE BILL NO. 173 (Finance)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

TWELFTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act making appropriations for residential energy
7 programs; and providing for an effective date."

8

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

9

* Section 1. The sum of \$3,000,000 is appropriated from the general fund
10 to the residential energy conservation fund, Department of Commerce and
11 Economic Development, for refunds and grants under AS 45.89.020.

12

* Sec. 2. The sum of \$2,398,600 is appropriated from the general fund to
13 the Department of Commerce and Economic Development for costs of performance
14 of residential energy audits under AS 46.11.030 for the fiscal year ending
15 June 30, 1981.

16

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

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Original Sponsors: Rogers, Brown,
Buchholdt, et al

Offered: 2/20/81
Referred: Finance

Funding Information.

General Fund	\$152,000,000
Other Funds	-0-
	<u>\$152,000,000</u>

1 IN THE HOUSE BY THE LABOR AND COMMERCE COMMITTEE

2 CS FOR HOUSE BILL NO. 173 (L&C)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making appropriations for the special mortgage
7 loan purchase program and for residential energy
8 audits; and providing for an effective date."

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

10 * Section 1. The sum of \$150,000,000 is appropriated from the general
11 fund to the Alaska Housing Finance Corporation, Department of Revenue, for
12 the special mortgage loan purchase program (AS 18.56.098).

13 * Sec. 2. The sum of \$2,000,000 is appropriated from the general fund to
14 the Department of Commerce and Economic Development for costs of performance
15 of residential energy audits under AS 46.11.030 for the fiscal year ending
16 June 30, 1981.

17 * Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-
18 070(c).

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Funding Information

General Fund \$154,000,000
Other Funds -0-
\$154,000,000

Introduced: 2/18/81
Referred: Labor & Commerce
and Finance

BY ROGERS, BROWN, BUCHHOLDT, ADAMS,
BETTISWORTH, FULLER, GARDINER,
HURLBERT, RANDOLPH AND VASKA

1 IN THE HOUSE

2 HOUSE BILL NO. 173

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making appropriations for housing loan pro-
7 grams and for residential energy programs; and pro-
8 viding for an effective date."

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

10 * Section 1. The sum of \$140,000,000 is appropriated from the general
11 fund to the Alaska Housing Finance Corporation, Department of Revenue, for
12 the special mortgage loan purchase program (AS 18.56.098).

13 * Sec. 2. The sum of \$10,000,000 is appropriated from the general fund
14 to the Department of Community and Regional Affairs for the nonconforming
15 housing loan fund (AS 44.47.380).

16 * Sec. 3. The sum of \$2,000,000 is appropriated from the general fund to
17 the Department of Commerce and Economic Development for the residential
18 energy conservation fund (AS 45.89.010).

19 * Sec. 4. The sum of \$2,000,000 is appropriated from the general fund to
20 the Department of Commerce and Economic Development for costs of performance
21 of residential energy audits under AS 46.11.030 for the fiscal year ending
22 June 30, 1981.

23 * Sec. 5. This Act takes effect immediately in accordance with AS 01.10.-
24 070(c).

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THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

*Fiscal note
not considered
by House
Finance*

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. C.S. for House Bill 173 (fin)
 Title "An Act making appropriations for residential energy programs"
 Requested by Finance Date _____

II. FISCAL DETAIL
 Agency Affected Department of Commerce and Economic Development
 Program Category Affected Development
 BRU, Program, or Subprogram(s) Affected Division of Energy and Power Development
 (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 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES	14.315					
200 TRAVEL	7.600					
300 CONTRACTUAL	2368.505					
400 COMMODITIES						
500 EQUIPMENT	8.180					
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.	3000.000					
TOTAL	5398.600					

FUNDING (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
GENERAL FUND	5398.600					
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
FULL TIME	6					
PART TIME						
TEMPORARY						

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

The budget presented provides for sufficient support for the Division to provide a technical review and upgrade of the Residential Energy Audit, continue the training of residential auditors in areas where there are no auditors, and provide for the payment of residential audits and grants and refunds for energy conservation measures.

IV. DATE 3-2-81 PREPARED BY *Claudia Dunbar*
 AGENCY Division of Energy and Power Development
 PHONE 276-0508
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

HOUSE BILL 173

<u>100 PERSONAL SERVICES</u>	<u>\$. 14,315</u>
3 Energy Specialist I (16')	
\$2211/mo. x 1 mo. plus 25.5% payroll burden x 3 =	\$ 8,325
2 Administrative Assistant I (12A)	
\$1695/mo. x 1 mo. plus 25.5% payroll burden x 2 =	\$ 4,255
1 Clerk Typist III (08A)	
\$1335/mo. x 1 mo. plus 30% payroll burden =	\$ 1,735
<u>200 TRAVEL</u>	<u>\$ 7,600</u>
15 trips @ \$300	\$ 4,500
38 days per diem @ \$80	\$ 3,100
<u>300 CONTRACTUAL</u>	<u>\$2,368,505</u>
Professional Services	
Technical review and upgrading residential audit	\$ 15,000
Development of commercial and institutional energy	
audit standards	\$ 25,000
Revision of auditor training materials	\$ 5,000
Instructor fees for four intensive auditor training	
workshops (Sitka, Unalaska, Dillingham, Nome)	\$ 12,000
Instructor fees for 10 auditor recertification and	
proficiency upgrading workshops (2 Fairbanks,	
3 Anchorage, 1 Juneau, 1 Ketchikan, 1 Bethel,	
1 Kodiak, 1 Barrow)	\$ 26,400
Monitoring of completed energy audits (These funds	
will be used to ensure that the audit quality	
is maintained by all energy auditors performing	
the State Energy Audit. These funds will	
provide quality control checks on all audits	
completed. On-site checks will be made on	
audits.)	\$ 108,055
Homeowner workshops and public education. "How-to-	
do-it" homeowner workshops to be sponsored in	
10 Alaskan communities and publicity of	
availability of program	\$ 40,000
Statistical analysis and information retrieval	\$ 50,000
Energy audits (11,428 @ \$175)	\$2,000,000

Space Rental	
6 (\$1.50/sq. ft. x 150 sq. ft. x 3 mo.) =	\$ 4,050
Phones, Copying, Etc.	\$ 3,000
Printing	.
Training Materials	\$ 10,000
Audit Forms and Manuals	\$ 70,000
<u>400 SUPPLIES</u>	<u>\$ 1,000</u>
<u>500 EQUIPMENT</u>	<u>\$ 8,180</u>
2 Calculators @ \$100 =	\$ 200
2 Programmable calculators @ \$240 =	\$ 480
3 Selectric typewriters @ \$900 =	\$ 2,700
6 Desks, chairs, files @ \$800 =	\$ 4,800
<u>700 GRANTS, CLAIMS, ETC.</u>	<u>\$3,000,000</u>
10,909 grants and refunds @ \$275	
TOTAL	<u><u>\$5,398,600</u></u>

COMMITTEE REPORT

HOUSE

2/20/81

FURTHER:

(11)

Date: Feb. 24, 1981

Mr. Speaker:

The Committee on FINANCE has had HB 173

"An Act making appropriations for housing loan programs and for residential energy programs; 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 173 (Finance) same title new title
- and recommends that it do pass
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

[Signature]
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MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Signature]
[Signature]

[Signature]
 CHAIRMAN

Peque

Original sponsors: Rogers, Brown,
Buchholdt, et al

Funding Information

General Fund	\$5,398,600
Other Funds	-0-
	<u>\$5,398,600</u>

1 IN THE HOUSE BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 173 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making appropriations for residential energy
7 programs; and providing for an effective date."

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

9 * Section 1. The sum of \$3,000,000 is appropriated from the general fund
10 to the residential energy conservation fund, Department of Commerce and
11 Economic Development, for refunds and grants under AS 45.89.020.

12 * Sec. 2. The sum of \$2,398,600 is appropriated from the general fund to
13 the Department of Commerce and Economic Development for costs of performance
14 of residential energy audits under AS 46.11.030 for the fiscal year ending
15 June 30, 1981.

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

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FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 173

Title An Act making appropriations for housing loans programs and for residential energy

Requested by _____ Date _____ programs

II. FISCAL DETAIL

Agency Affected Commerce & Economic Development

Program Category Affected Development

BRU, Program, or Subprogram(s) Affected Division of Business Loans

(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 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		-0-	-0-	-0-	-0-	-0-

FUNDING (Thousands of Dollars)

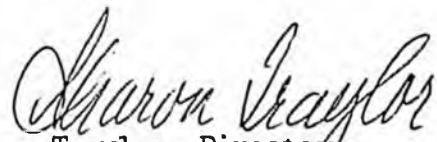
GENERAL FUND		-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

Additional loans to be processed can be handled by existing staff.



IV. DATE Feb. 20, 1981

PREPARED BY Sharon Traylor, Director
AGENCY Div. of Business Loans, Dept. of Commerce & Eco. Dev

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

PHONE 465-2510

Original Sponsors: Rogers, Brown,
Buchholdt, et al

Offered: 2/20/81
Referred: Finance

Funding Information

General Fund	\$152,000,000
Other Funds	-0-
	<u>\$152,000,000</u>

1 IN THE HOUSE BY THE LABOR AND COMMERCE COMMITTEE

2 CS FOR HOUSE BILL NO. 173 (L&C)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making appropriations for the special mortgage
7 loan purchase program and for residential energy
8 audits; and providing for an effective date."

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

10 * Section 1. The sum of \$150,000,000 is appropriated from the general
11 fund to the Alaska Housing Finance Corporation, Department of Revenue, for
12 the special mortgage loan purchase program (AS 18.56.098).

13 * Sec. 2. The sum of \$2,000,000 is appropriated from the general fund to
14 the Department of Commerce and Economic Development for costs of performance
15 of residential energy audits under AS 46.11.030 for the fiscal year ending
16 June 30, 1981.

17 * Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-
18 070(c).

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Funding Information
General Fund \$154,000,000
Other Funds -0-
\$154,000,000

Introduced: 2/18/81
Referred: Labor & Commerce
and Finance

BY ROGERS, BROWN, BUCHHOLDT, ADAMS,
BETTISWORTH, FULLER, GARDINER,
HURLBERT, RANDOLPH AND VASKA

1 IN THE HOUSE

2 HOUSE BILL NO. 173

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making appropriations for housing loan pro-
7 grams and for residential energy programs; and pro-
8 viding for an effective date."

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

10 * Section 1. The sum of \$140,000,000 is appropriated from the general
11 fund to the Alaska Housing Finance Corporation, Department of Revenue, for
12 the special mortgage loan purchase program (AS 18.56.098).

13 * Sec. 2. The sum of \$10,000,000 is appropriated from the general fund
14 to the Department of Community and Regional Affairs for the nonconforming
15 housing loan fund (AS 44.47.380).

16 * Sec. 3. The sum of \$2,000,000 is appropriated from the general fund to
17 the Department of Commerce and Economic Development for the residential
18 energy conservation fund (AS 45.89.010).

19 * Sec. 4. The sum of \$2,000,000 is appropriated from the general fund to
20 the Department of Commerce and Economic Development for costs of performance
21 of residential energy audits under AS 46.11.030 for the fiscal year ending
22 June 30, 1981.

23 * Sec. 5. This Act takes effect immediately in accordance with AS 01.10.-
24 070(c).

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POSITION PAPER

ON

CS FOR HOUSE BILL NO. 174 (Finance)

Rec'd 5/12/81
after bill
was reported
out of HFC

"An Act relating to aid to families with dependent children; and providing for an effective date."

CSHB No. 174 is intended to increase payments to families receiving Aid to Families with Dependent Children (AFDC) monthly cash assistance, and to add AFDC coverage for pregnant women with no other qualified children. The bill, as amended in both the House Committees of Referral, has been informally reviewed by Federal AFDC program authorities and appears to them to comply with regulations and case law. However, the amended current wording of Sec. 3, offered before House Finance by the sponsor, may not clearly authorize the payment levels intended by the sponsor. We have asked for a legal interpretation of Sec. 3; pending receipt of that interpretation, we are assuming that the following chart does accurately present the increases intended by the bill. (This chart was presented to the House Finance Committee as part of our position paper on CSHB 174 (HESS). In testimony, the sponsor concurred that the chart accurately presented his intent.)

	Current Payment	Payment after 7/1/81 w/out CSHB 174	Payment if CSHB 174 enacted
First child, with non-needy relative	\$200	\$222	\$247 (+25%)
Second child	\$200	\$223	\$248 (+25%)
Each additional child	\$ 57	\$ 63	\$ 78 (+15%)
One child and needy relative	\$457	\$508	\$551 (+43)
Second child	\$ 57	\$ 63	\$ 78 (+15%)
Each additional child	\$ 57	\$ 63	\$ 78 (+15%)

This position paper and attached fiscal note assume that CSHB 174, as amended, calls for the increases described above. (We are being particularly careful to state all increases precisely, for AS 47.25.320 is a very complicated statute, and the legislative amendment made to it last year was in fact subject to differing interpretations.)

The current maximum payment levels for children in the home of non-needy relatives (such as living with grandparents or aunts and uncles) are half, or less than half, the payment levels determined by the Department to be necessary to provide for the direct costs of maintaining foster children in licensed private foster homes. Even after the July 1, 1981 cost of living increase, the maximum AFDC payment made to a mother and one child will be

approximately \$83.00 less per month than the federal CSA poverty guideline for an Alaskan non-farm family of two. Maximum payments to a two person family in AFDC are currently \$16 a month less than is paid to a single needy blind, disabled, or elderly adult. By those simple measurements, an AFDC maximum payment increase would seem justified.

Coverage for a needy pregnant woman is optional under federal AFDC regulations; 34 states currently offer this coverage. Until the option was deleted in 1976 as a cost-containment legislative action, Alaska's AFDC program included pregnant eligible women. The 7/1/81 single person AFDC maximum payment, set administratively will be \$286. With the \$20 special needs allowance established by Sec. 2 of CSHB 174, a pregnant woman with no other income would receive a \$306 AFDC payment each month. In addition to these regular monthly payments, each AFDC-eligible woman would be automatically entitled to Medicaid coverage. Mandating this optional coverage would accomplish by a different method the expansion of pregnancy-related health care proposed by Sec. 1 of House Bill No. 330 and by HB 41.

Almost all of the 34 states offering this AFDC coverage pay a pregnant woman a special needs allowance for such items as clothing, diet and vitamins, and/or layette items. The arguments used most often by these states to support offering both this coverage and a special needs allowance tend to be supported by our own experience when Alaska's AFDC program had this coverage: pregnant single women tend to be young and without income. Without financial assistance, this group of women tend to be especially liable to abuse-producing living situations and dependency. Obviously, lack of adequate income can also create health problems caused by stress, poor living conditions and inadequate diet.

The Department does support the concept of increasing AFDC benefit levels, and it does support the concept of improving the availability of pregnancy-related health care to needy Alaskans.

Recommended by

Rod Betit

Rod Betit, Director
Division of Public
Assistance

Date:

May 18, 1981

Approved by:

Helen D. Beirne

Helen D. Beirne, Commissioner
Dept. of Health and
Social Services

Date:

5/18/81

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CS House Bill No. 174 (Finance)
 Title An Act relating to aid to families with dependent children
 Requested by Clocksini Date 5/18/81

II. FISCAL DETAIL

Agency Affected Health and Social Services
 Program Category Affected Soc. and Econ. Assistance for the General Pop. etc.
 BRU, Program, or Subprogram(s) Affected See analysis: 4 BRUs affected
 (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 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		29.3				
200 TRAVEL		2.0				
300 CONTRACTUAL		10.0				
400 COMMODITIES		1.5				
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		6119.9				
TOTAL		6162.7				

FUNDING (Thousands of Dollars)

GENERAL FUND		3014.5				
FEDERAL FUNDS		3148.2				
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME		1				
PART TIME		0				
TEMPORARY		0				

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

(1) Existing Cases

(a) The FY 82 budget request calls for 7078 families to receive an average payment of \$521.22. 25% of these families consist of an average of 1.60 children living with a non-needy relative. Each of these families would experience a \$40 per month payment increase (\$25 for the first child, + .60 x \$25 = \$40). The total FY 82 cost of these families would be 849.6 (\$40 per month per family x 1770 families x 12 months).

IV. DATE 6/18/81 PREPARED BY *[Signature]*
 AGENCY DHSI, DPA
 PHONE 465-3747
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named) *[Signature]* 5/18/81

(b) 75% of the anticipated families, or 5308 families, consist of a needy relative and children, an average 2.80 persons per family. Each of these families would experience \$70 per month payment increase (\$43 for the first person + \$15 for the second + $.80 \times \$15 = \70). The total FY 82 cost of these families would be 4,458.7 (\$70 per month per family x 5308 families x 12 months).

(c) The total AFDC BRU cost for payment increases for existing cases would be 5308.2 (2654.1 state, 2654.2 federal).

(2) New cases: Payment Increases

(a) In the AFDC program the statutory maximum payment levels are also the qualifying standards for entry into the program. CSHB 174 would increase some of these standards. For example, the maximum countable income a needy applicant with two children can have and still qualify for AFDC payment is currently \$514. (This also would be the recipient's AFDC payment if he or she had no other countable income.) The effect of CSHB 174 and of the existing cost-of-living provision in statute would establish a new qualifying limit of \$629 for this 3-person family.

It is reasonable to assume that there are Alaskan families who have countable incomes over the current standards but under the higher proposed standards, and to assume that some of these families would choose to apply and would meet all other eligibility factors. However, there is no data, either within the past ten years of AFDC program utilization or from any other source, that indicates whether new families would enter the program, or if they would, in what numbers.

Indeed, the payment increases during the current year were almost the same size as those proposed in CSHB 174. Actual program utilization figures since July 1, 1980, show no growth in number of cases beyond what was anticipated without the payment increases. For this reason, we have no grounds to assume any new cases will enter the program if CSHB 174 were to be enacted.

(3) New Cases: Pregnant Women

Addition of pregnant women to the AFDC program would add new cases. No data exists to provide anything but an "informed guess" estimate of 286 new cases in FY 82. (See fiscal note, HB 330) This new case-load would impact 4 BRUs as follows:

(a) AFDC BRU:

286 new cases per year x \$306 average payment per month x 6 months per case = 525.1 in FY 82 costs (50% federal, 50% state funds). The \$306 payment consists of the \$286 maximum individual payment plus a \$20 special needs allowance for dietary needs. (See Position Paper). We assume the maximum payment to each recipient based on our pre-1976 pregnant woman caseload, in which most recipients had no earned or unearned non-AFDC income.

(b) MEDICAID BRU:

Each of the 286 new cases would receive Medicaid coverage at an average cost per case of \$1500, increasing Medicaid expenditures by 429.0 (214.5 State, 214.5 federal).

(c) General Relief BRU:

Approximately 95 of the 286 cases added to Medicaid would have been covered under the existing General Relief Medical program, which is totally state-funded. Therefore, GRM BRU FY 82 expenditures would decrease by 142.5 (95 x \$1500 = 142.5).

This shift in program coverage would therefore increase federal fund expenditures by 214.5 but state expenditures would increase by only 72.0 (214.5 Medicaid-142.5 GRM = 72.0)

(d) Eligibility Determination BRU"

In addition to adding 286 new AFDC cases, additional work would be involved in providing medical coverage and, for a majority, Food Stamp benefits. This workload would require the addition of one Eligibility Technician II, with related costs to the Eligibility Determination BRU. Total cost will be 42.8 (25.9 state funds, 16.9 federal funds).

4. Summary

Item	State Funds	Federal Funds	Total
(a) AFDC Payment Increase Adult Not Included	424.8	424.8	849.6
(b) AFDC Payment Increase Adult Included	2229.3	2229.4	4458.7
(c) AFDC New cases, Pregnant Women	262.5	1262.6	525.1
(d) Medicaid New cases	214.5	214.5	429.0
(e) General-Relief Medical caseload decrease	(142.5)	0	(142.5)
(f) Eligibility Determination, new Worker	25.9	16.9	42.8
Total	<u>3014.5</u>	<u>3148.2</u>	<u>6162.7</u>

COORDINATOR (DN)
RIF

Original sponsor: Clocksin

Offered: 5/1/81
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 174 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to aid to families with dependent
7 children; and providing for an effective date."

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

9 * Section 1. AS 47.25.310 is amended to read:

10 Sec. 47.25.310. ELIGIBILITY FOR ASSISTANCE. The department shall
11 grant assistance to the family of each dependent child and each pregnant
12 woman it determines is eligible for assistance under AS 47.25.310 -
13 47.25.420, or to employers under a work incentive program established
14 by AS 23.15.650, and by sec. 433(e)(1) of the Federal Social Security
15 Act (42 USC 601 et seq.), as amended.

16 * Sec. 2. AS 47.25.320(a) is amended to read:

17 (a) The department shall determine the amount of assistance for a
18 dependent child and the relative with whom the dependent child is
19 living, with regard to the resources and necessary expenditures of the
20 family and the condition existing in each case. Assistance is sufficient
21 if, when added to all other income and support available to the child,
22 the child and relative have reasonable subsistence compatible with
23 decency and health. However, the amount of assistance may not exceed
24 the following:

25 (1) dependent child living with nonneedy relative: for a
26 child under age 18 who is living in the home of a nonneedy relative,
27 \$200 [\$175], plus an additional \$200 [\$175] for the second child, and
28 \$65 [\$50] a child for the third and each additional child; [.]

29 (2) dependent child living with parent:

1 (A) for a parent and one child under 18, a maximum of
2 \$500 [~~\$400~~];

3 (B) (repealed)

4 (C) for each additional child under age 18, \$65 [~~\$50~~] a
5 month per child;

6 (3) pregnant woman who is otherwise eligible for assistance
7 under this section: an amount equal to the assistance received by a
8 single-person household under this section as determined by the depart-
9 ment plus a special needs allowance not to exceed \$20 a month.

10 * Sec. 3. The amount of assistance payable to a recipient under AS 47.-
11 25.320 on July 1, 1981, may not exceed the amounts in AS 47.25.320(a) as
12 amended in sec. 2 of this Act as increased under AS 47.25.320(d).

13 * Sec. 4. This Act takes effect July 1, 1981.
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COMMITTEE REPORT

HOUSE

FURTHER:

3/30/81

(11)

Date: April 30 1981

Mr. Speaker:

The Committee on FINANCE has had HB 174

"An Act relating to aid to families with dependent children; 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 174 (FIN) 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**

[Signature]

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[Signature]

**MEMBERS HAVING
OTHER RECOMMENDATIONS:**

[Signature]

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[Signature]

CHAIRMAN

Original sponsor: Clocksin

1 IN THE HOUSE BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 174 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to aid to families with dependent
7 children; and providing for an effective date."

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

9 * Section 1. AS 47.25.310 is amended to read:

10 Sec. 47.25.310. ELIGIBILITY FOR ASSISTANCE. The department shall
11 grant assistance to the family of each dependent child and each pregnant
12 woman it determines is eligible for assistance under AS 47.25.310 -
13 47.25.420, or to employers under a work incentive program established
14 by AS 23.15.650, and by sec. 433(e)(1) of the Federal Social Security
15 Act (42 USC 601 et seq.), as amended.

16 * Sec. 2. AS 47.25.320(a) is amended to read:

17 (a) The department shall determine the amount of assistance for a
18 dependent child and the relative with whom the dependent child is
19 living, with regard to the resources and necessary expenditures of the
20 family and the condition existing in each case. Assistance is sufficient
21 if, when added to all other income and support available to the child,
22 the child and relative have reasonable subsistence compatible with
23 decency and health. However, the amount of assistance may not exceed
24 the following:

25 (1) dependent child living with nonneedy relative: for a
26 child under age 18 who is living in the home of a nonneedy relative,
27 \$200 [\$175], plus an additional \$200 [\$175] for the second child, and
28 \$65 [\$50] a child for the third and each additional child; [.]

29 (2) dependent child living with parent:

1 (A) for a parent and one child under 18, a maximum of
2 \$500 [\$400];

3 (B) (repealed)

4 (C) for each additional child under age 18, \$65 [\$50] a
5 month per child;

6 (3) pregnant woman who is otherwise eligible for assistance
7 under this section: an amount equal to the assistance received by a
8 single-person household under this section as determined by the depart-
9 ment plus a special needs allowance not to exceed \$20 a month.

10 * Sec. 3. The amount of assistance payable to a recipient under AS 47.-
11 25.320 on July 1, 1981, may not exceed the amounts in AS 47.25.320(a) as
12 amended in sec. 2 of this Act as increased under AS 47.25.320(d).

13 * Sec. 4. This Act takes effect July 1, 1981.
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Corrections on P. 2)

Original sponsor: Clocksin

Offered: 3/30/81
Referred: Finance

BY THE ^{Finance} ~~HEALTH, EDUCATION AND~~
~~SOCIAL SERVICES~~ COMMITTEE
(Finance)

1 IN THE HOUSE

2

CS FOR HOUSE BILL NO. 174 (HESS)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

TWELFTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act relating to aid to families with dependent children; and providing for an effective date."

7

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

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* Section 1. AS 47.25.310 is amended to read:

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(a) The department shall determine the amount of assistance for a dependent child and the relative with whom the dependent child is living, with regard to the resources and necessary expenditures of the family and the condition existing in each case. Assistance is sufficient if, when added to all other income and support available to the child, the child and relative have reasonable subsistence compatible with decency and health. However, the amount of assistance may not exceed the following:

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(2) dependent child living with parent:

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(A) for a parent and one child under 18, a maximum of \$500 [\$400];

(B) (repealed)

(C) for each additional child under age 18, \$65 [\$50] a month per child;

(3) pregnant woman who is otherwise eligible for assistance under this section: an amount equal to the assistance received by a single-person household under this section as determined by the department, plus a special needs allowance not to exceed \$20 a month.

* Sec. 3. ~~Notwithstanding AS 47.25.320(d)~~ The amount of assistance payable to a recipient under AS 47.25.320 on July 1, 1981, may not exceed the amounts in AS 47.25.320(a) as amended in sec. 2 of this Act.

* Sec. 4. This Act takes effect July 1, 1981.

↓
as increased pursuant to AS 47.25.320(d).

Original sponsor: Clocksin

Offered: 3/30/81
Referred: Finance

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

2

CS FOR HOUSE BILL NO. 174 (HESS)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

TWELFTH LEGISLATURE - FIRST SESSION

5

A BILL

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For an Act entitled: "An Act relating to aid to families with dependent

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Act (42 USC 601 et seq.), as amended.

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\$65 [\$50] a child for the third and each additional child; [.]

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1 (A) for a parent and one child under 18, a maximum of
2 \$500 [\$400];

3 (B) (repealed)

4 (C) for each additional child under age 18, \$65 [\$50] a
5 month per child;

6 (3) pregnant woman who is otherwise eligible for assistance
7 under this section: an amount equal to the assistance received by a
8 single-person household under this section as determined by the
9 department, plus a special needs allowance not to exceed
10 \$200 per month.

G Rogers

11 * Sec. 3. Notwithstanding ~~AS 47.25.320(d)~~ The amount of assistance
12 payable to a recipient under AS 47.25.320 on July 1, 1981, may not exceed
13 the amounts in AS 47.25.320(a) as amended in sec. 2 of this Act.

14 * Sec. 4. This Act takes effect July 1, 1981.

*as increased
pursuant to
AS 25.
AS 47.25.320(d).*

clocks

Introduced: 2/18/81
Referred: Health, Education &
Social Services and Finance

1 IN THE HOUSE

BY CLOCKSIN

2 HOUSE BILL NO. 174

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

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14 if, when added to all other income and support available to the child,
15 the child and relative have reasonable subsistence compatible with
16 decency and health. However, the amount of assistance may not exceed
17 the following:

18 (1) dependent child living with nonneedy relative: for a
19 child under age 18 who is living in the home of a nonneedy relative,
20 \$175, plus an additional \$175 for the second child, and \$50 a child for
21 the third and each additional child; [.]

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23 (A) for a parent and one child under 18, a maximum of
24 \$500 [\$400];

25 (B) (repealed)

26 (C) for each additional child under age 18, \$50 a month
27 per child.

28 * Sec. 2. This Act takes effect July 1, 1981.

29

POSITION PAPER

ON

CS House Bill No 174 (HESS)

"An Act relating to aid to families with dependent children; and providing for an effective date."

CSHB No. 174 is intended to increase payments to families receiving Aid to Families with Dependent Children (AFDC) monthly cash assistance, and to add AFDC coverage to pregnant women with no other qualified children. Unfortunately, an error seems to have been made in drafting Sec. 3 of the bill: The current wording of this section would suspend the July 1 cost of living increases required by AS 47.25.320(d) and impose lower payment maximums than recipients would otherwise be entitled to receive, in effect lowering payments made to each family by between \$22 and \$58.

We understand that the sponsor will offer an amendment to the current bill which will clarify that the intent of CSHB No. 174 is to increase payments as shown in this chart:

	Current Payment	Payment after 7/1/81 w/out CSHB 174	Payment if CSHB 174 corrected	
First child, with non-needy relative	\$200	\$229	\$254	(+25)
Second child	\$200	\$229	\$254	(+25)
Each additional child	\$ 57	\$ 65	\$ 80	(+15)
One child and needy relative	\$457	\$522	\$565	(+43)
Second child	\$ 57	\$ 65	\$ 80	(+15)
Each additional child	\$ 57	\$ 65	\$ 80	(+15)

This position paper and attached fiscal note assume that CSHB 174 will be amended to call for the increases described above.

The current maximum payment levels for children in the home of non-needy relatives (such as living with grandparents or aunts and uncles) are half, or less than half, the payment levels determined by the Department to be necessary to provide for the direct costs of maintaining foster children in licensed private foster homes. Even after the July 1, 1981 cost of living increase, the maximum AFDC payment made to a mother and

one child will be \$60.50 less per month than the federal CSA poverty guideline for an Alaskan non-farm family of two. Minimum payments to a two person family in AFDC are currently \$16 a month less than is paid to a single needy blind, disabled, or elderly adult. By those simple measurements, an AFDC maximum payment increase would seem justified.

Coverage for a needy pregnant woman is optional under federal AFDC regulations; 34 states currently offer this coverage. Until the option deleted in 1976 as a cost-containment legislative action, Alaska's AFDC program included pregnant eligible women. The 7/1/81 single person maximum payment level, set administratively, is expected to be \$294. In addition to these regular monthly payments, each AFDC-eligible person is automatically entitled to Medicaid coverage. Mandating this optional coverage would accomplish by a different method the expansion of pregnancy-related health care proposed by Sec. 1 of House Bill No. 330.

However, CSHB 174 Sec. 2(a)3 as currently worded may not comply with federal program requirements. This opinion was informally conveyed by Region X Office of Family Assistance program experts who briefly studied a copy of the current bill. Though their preliminary opinion is open to argument, the Department basically agrees that changing the bill would avoid a major non-compliance question that could actually threaten the entire 50% federal matching funds of the AFDC program.

The issue involves the "reasonable assessment of needs" of eligible persons in the AFDC program. Federal statutes require us to provide AFDC coverage to a single adult whose only child is disabled and receives federal Supplemental Security Income disability assistance payments. The 6 to 10 Alaskan parents in this category receive \$257 per month maximum AFDC payments. This amount is set by the Department; it is derived by subtracting the one child maximum (\$200) from the parent and one child maximum (\$457).

Almost all of the 34 states pay a pregnant woman more than they pay a parent of a disabled child, most by declaring that a pregnant woman has special extra needs for which an extra allowance should be paid, such as clothing, diet and vitamins, and/or layette items. It is hard to argue against the reasonableness of recognizing these legitimate extra needs.

The Department therefore proposes that CSHB 174 be amended by changing line 9 of page 2, Sec. 2(a)(3) to read "department, plus special needs allowance not to exceed \$20 per month." This amendment would add \$34,320 (\$16,160 in state funds) to the total cost of this bill. The attached fiscal note includes the budgetary effect of this suggested amendment.

The Department does support the concept of increasing AFDC benefit levels, and it does support the concept of improving the availability of pregnancy-related health care to needy Alaskans.

Recommended by:

Rod Betit

Rod Betit, Director
Division of Public Assistance

Date:

April 10, 1981

Approved by:

Helen D. Beirne

Helen D. Beirne
Commissioner

Date:

4/13/81

TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CS House Bill No. 174 (HESS)
 Title An Act relating to aid to families with dependent children
 Requested by Clocksinn Date 4/2/81

II. FISCAL DETAIL

Agency Affected Health and Social Services
 Program Category Affected Soc. and Econ. Assistance for the General Pop. etc
 BRU, Program, or Subprogram(s) Affected See analysis: 4 BRUs affected
 (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 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		29.3				
200 TRAVEL		2.0				
300 CONTRACTUAL		10.0				
400 COMMODITIES		1.5				
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		6133.6				
TOTAL		6176.4				

FUNDING (Thousands of Dollars)

GENERAL FUND		3021.4				
FEDERAL FUNDS		3155.0				
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME		1				
PART TIME		0				
TEMPORARY		0				

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

(1). Existing Cases

(a) The FY82 budget request calls for 7078 families to receive an average payment of \$521.22. 25% of these families consist of an average of 1.60 children living with a non-needly relative. Each of these families would experience a \$40 per month payment increase (\$25 for the first child, + .60 x \$25 = \$40). The total FY82 cost of these families would be 849.6 (\$40 per month per family x 1770 families x 12 months).

IV. DATE 4/3/81 PREPARED BY [Signature]

Original: Legislative Finance AGENCY HESS 130A
 cc: Budget and Management PHONE 465-7347
 Prime Sponsor (First Legislator Named) M&B Approval [Signature] Date 4/6/81

(b) 75% of the anticipated families, or 5308 families, consist of a needy relative and children, an average 2.80 persons per family. Each of these families would experience \$70 per month payment increase (\$43 for the first person + \$15 for the second + .80 x \$15 = \$70). The total FY82 cost of these families would be 4,458.7 (\$70 per month per family x 5308 families x 12 months).

(c) The total AFDC BRU cost for payment increases for existing cases would be 5308.2 (2654.1 state, 2654.2 federal).

(2) New cases: Payment Increases

(a) In the AFDC program the statutory maximum payment levels are also the qualifying standards for entry into the program. HB 174 would increase some of these standards. For example, the maximum countable income a needy applicant with two children can have and still qualify for AFDC assistance is currently \$514. (This would also be the recipient's AFDC payment if he or she had no other countable income.) The provision of CSHB 174 and of the existing cost-of-living provision in statute would establish a new qualifying limit of \$725 for this 3-person family.

It is reasonable to assume that there are Alaskan families who have countable incomes over the current standards but under the higher proposed standards, and to assume that some of these families would choose to apply and would meet all other eligibility factors. However, there is no data, either within the past ten years of AFDC program utilization or from any other source, that indicates whether new families would enter the program, or if they would, in what numbers.

Indeed, the payment increases during the current year were almost the same size as those proposed in CSHB 174. Actual program utilization figures since July 1, 1980, show no growth in number of cases beyond what was anticipated without the payment increases. For this reason, we have no grounds to assume any new cases will enter the program if CSHB 174 were to be enacted.

(3) New Cases: Pregnant Women

Addition of pregnant women to the AFDC program would add new cases. No data exists to provide anything but an "informed guess" estimate of 286 new cases in FY82. (See fiscal note, HB 330) This new caseload would impact 4 BRUs as follows:

(a) AFDC BRU:

286 new cases per year x 314 average 538.8 payment per month x 6 months per case = 538.8 in FY82 costs (50% federal, 50% state funds). The \$314 payment consists of the \$294 maximum individual payment plus a \$20 special needs allowance for dietary needs. (See Position Paper). We assume the maximum payment to each recipient based on our pre-1976 pregnant woman caseload, in which most recipients had no earned or unearned non-AFDC income.

(b) MEDICAID BRU:

Each of the 286 new cases would receive Medicaid coverage at an average cost per case of \$1500, increasing Medicaid expenditures by 429.0 (214.5 State, 214.5 federal).

(c) General Relief BRU:

Approximately 95 of the 286 cases added to Medicaid would have been covered under the existing General Relief Medical program, which is totally state-funded. Therefore, GRM BRU FY82 expenditures would decrease by 142.5 (95 x \$1500 = 142.5).

This shift in program coverage would therefore increase federal fund expenditures by 214.5, but state expenditures would increase by only 72.0 (214.5 Medicaid-142.5 GRM = 72.0)

(d) Eligibility Determination BRU:

In addition to adding 286 new AFDC cases, additional work would be involved in providing medical coverage and, for a majority, Food Stamp benefits. This workload would require the addition of one Eligibility Technician II, with related costs to the Eligibility Determination BRU. Total cost will be 42.8 (25.9 state funds, 16.9 federal funds).

4. Summary

Item	State Funds	Federal Funds	Total
(a) AFDC Payment Increase Adult Not Included	424.8	424.8	849.6
(b) AFDC Payment Increase Adult Included	2229.3	2229.4	4458.7
(c) AFDC New cases, Pregnant Women	269.4	269.4	538.8
(d) Medicaid New cases	214.5	214.5	429.0
(e) General-Relief Medical caseload decrease	(142.5)	0	(142.5)
e) Eligibility Determination, new Worker	25.9	16.9	42.8

5. Note: AFDC BRU figures are based on the assumption that the annual cost-of-living increase effective July 1, 1981, will be 14.3%. This percentage is announced by the Social Security Administration in late April or early May. Preliminary COLI estimates by SSA are traditionally quite close to, but slightly lower than, the final percentage. SSA has just announced their preliminary estimate of 11.6%. If the final percentage were 12.0% rather than 14.3%, the total funding for this fiscal note would only decrease by approximately 10.3 (5.1 state, 5.2 federal).

ATDC
GORDON
PH

Original sponsor: Clocksin

Offered: 3/30/81
Referred: Finance

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

2 CS FOR HOUSE BILL NO. 174 (HESS)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to aid to families with dependent
7 children; and providing for an effective date."

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

9 * Section 1. AS 47.25.310 is amended to read:

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11 grant assistance to the family of each dependent child and each pregnant
12 woman it determines is eligible for assistance under AS 47.25.310 -
13 47.25.420, or to employers under a work incentive program established
14 by AS 23.15.650, and by sec. 433(e)(1) of the Federal Social Security
15 Act (42 USC 601 et seq.), as amended.

16 * Sec. 2. AS 47.25.320(a) is amended to read:

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18 dependent child and the relative with whom the dependent child is
19 living, with regard to the resources and necessary expenditures of the
20 family and the condition existing in each case. Assistance is sufficient
21 if, when added to all other income and support available to the child,
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23 decency and health. However, the amount of assistance may not exceed
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26 child under age 18 who is living in the home of a nonneedy relative,
27 \$200 [\$175], plus an additional \$200 [\$175] for the second child, and
28 \$65 [\$50] a child for the third and each additional child; [.]

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7 under this section: an amount equal to the assistance received by a
8 single-person household under this section as determined by the
9 department.

10 * Sec. 3. Notwithstanding AS 47.25.320(d) the amount of assistance
11 payable to a recipient under AS 47.25.320 on July 1, 1981, may not exceed
12 the amounts in AS 47.25.320(a) as amended in sec. 2 of this Act.

13 * Sec. 4. This Act takes effect July 1, 1981.
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THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. House Bill No. 174
 Title An Act relating to aid to families with dependent children
 Requested by Clocks in Date 2/21/81

II. FISCAL DETAIL
 Agency Affected Health & Social Services
 Program Category Affected Social and Economic Assistance for the General Public
 BRU, Program, or Subprogram(s) Affected Assistance Payments, (AFDC)
 (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 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		6370.8	7007.9	7708.7	8479.6	9327.6
TOTAL		6370.8	7007.9	7708.7	8479.6	9327.6

FUNDING (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
GENERAL FUND		3185.4	3504.0	3854.3	4239.8	4663.8
FEDERAL FUNDS		3185.4	3503.9	3854.4	4239.8	4663.8
OTHER (Specify Fund Source)						

POSITIONS

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
FULL TIME						
PART TIME						
TEMPORARY						

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

(1) Existing Cases

The FY82 budget request for the AFDC program calls for 7078 families to receive an average monthly payment of \$521.22. Seventy five percent of these families, or 5309 families, consist of both a needy adults and children. HB No. 174 would require an increase of \$100.00 in the average monthly payment for each of these families. Thus the cost of this measure would be 6,370.8 (5309 families x \$100 monthly payment increase, x 12 months). Fifty percent, 3185.4, would be federal matching funds, and 3185.4 would be state matching funds.

IV. DATE 3/10/81 PREPARED BY [Signature]
 AGENCY DHS 1347
 PHONE 586-1347
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named) [Signature] Approval [Signature] Date 3/10/81

Position Paper

House Bill No. 174

HB 174

"An Act relating to Aid to Families with Dependent Children, and providing for an effective date."

This act would provide for a \$100 per month increase in the maximum payment paid to some families found eligible for Aid to Families with Dependent Children (AFDC). This increase would apply only to families which consist of a needy caretaker relative and children; it would not apply to families consisting of children who live with a non-needy relative. (The payment maximums specified in AS 47.25.320(a) are also the maximum countable income limits which are used to determine if an applying family is eligible for AFDC assistance.)

However, under sec. (d) of AS 47.25.320, the cost of living increase already applied to the \$400 maximum payment stated in sec. (a) of the statute means that a parent and one child with no other income can now receive a maximum payment of \$457 per month. Under the automatic cost-of-living increase provision added last year, the anticipated maximum AFDC payment for a two-person family will increase July 1, 1981, to \$522. The federal CSA poverty guideline for Alaska for 1981 for a two-person non-farm family is \$582.50 per month. Even this simple measurement would indicate that, at best, AFDC maximum payment levels are barely adequate to fulfill the statutory purposes of the AFDC program.

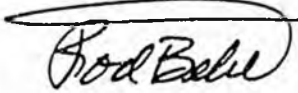
The Department knows of no measurements of AFDC payment adequacy which would indicate that it would be inappropriate to propose payment increases additional to those passed last year. However, HB 174 appears to present two significant problems:

- (1) Actual Increase Amount. As drafted, we do not clearly understand if the intent of the bill is to grant a simple \$100 per month increase to all adult-included cases, effective July 1, 1981, or to grant these cases a \$43 increase, or to apply the provisions of sec. (d) to either of these two amounts (making them either approximately \$114 or \$54). The fiscal note assumes the bill intends a \$100 increase.
- (2) Compliance with Federal Requirements. In last session's work on versions of HB 968, which passed as SCSCSHB 968, 14 ch133 SLA 1980, one version was introduced which proposed the exact amount and type of increase as proposed by HB 167. This version was modified when federal AFDC program authorities presented a written objection, in which they demonstrated to the Department's and to the Legislature's satisfaction that federal law, federal regulations, and case law precedence would not allow them to approve raising only the adult-included families' maximum payments. A copy of that letter is attached.

Thus it is clear to us that passage of HB 174, as it is currently written, would seriously jeopardize all of the 50% federal matching funds in the AFDC program by placing the program out of compliance with federal requirements. This could cost the State over \$22,000,000 in federal matching funds. Apparently, the only way to avoid this very real financial threat would be to increase both the adult-included and adult-not-included statutory maximums by the same dollar amount.

Because HB 174 would not comply with federal AFDC program requirements, and because of its fiscal impact, the Department cannot support passage of this bill. However, the Department does support the concept of increasing AFDC benefits levels.

Recommended by:

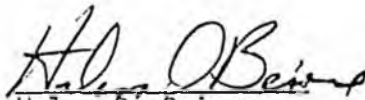


Rod Betit, Director

Date:

March 10, 1981

Approved By:



Helen D. Beirne
Commissioner

Date:

3-11-81

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House Bill No. 174

Title An Act relating to aid to families with dependent children

Requested by CLOCKSTN

Date 2/27/81

II. FISCAL DETAIL

Agency Affected Health & Social Services

Program Category Affected Social and Economic Assistance for the General Public

BRU, Program, or Subprogram(s) Affected Assistance Payments, (AFDC)

(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 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		6370.8	7007.9	7708.7	8479.6	9327.6
TOTAL		6370.8	7007.9	7708.7	8479.6	9327.6

FUNDING (Thousands of Dollars)

GENERAL FUND		3185.4	3504.0	3854.3	4239.8	4663.8
FEDERAL FUNDS		3185.4	3503.9	3854.4	4239.8	4663.8
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

(1) Existing Cases

The FY82 budget request for the AFDC program calls for 7078 families to receive an average monthly payment of \$521.22. Seventy five percent of these families, or 5309 families, consist of both a needy adults and children. HB No. 174 would require an increase of \$100.00 in the average monthly payment for each of these families. Thus the cost of this measure would be 6,370.8 (5309 families x \$100 monthly payment increase, x 12 months). Fifty percent, 3185.4, would be federal matching funds, and 3185.4 would be state matching funds.

IV. DATE

3/10/81

PREPARED BY

[Signature]

AGENCY

HEALTH SERVICES

PHONE

585-3347

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named M&B Approval

[Signature]

Date

3/10/81

(2) New Cases

In the AFDC program the statutory maximum payment levels are also the qualifying standards for entry into the program. HB 174 would increase some of these standards. For example, the maximum countable income a needy applicant with two children can have and still qualify for AFDC assistance is currently \$514. (This would also be the recipient's AFDC payment if he or she had no other countable income.) The provision of HB 174 would establish a new qualifying limit of \$614 for this 3-person family.

It is reasonable to assume that there are Alaskan families who have countable incomes over the current standards but under the higher proposed standards, and to assume that some of these families would choose to apply and would meet all other eligibility factors. However, there is no data, either within the past ten years of AFDC program utilization or from any other source, that indicates whether new families would enter the program, or if they would, in what numbers.

Indeed, the payment increases during the current year were approximately the same size as those proposed in HB 174. Actual program utilization figures since July 1, 1980, show no growth in number of cases beyond what was anticipated without the payment increases. For this reason, we have no grounds to assume any new cases will enter the program if HB 174 were to be enacted. (Note that even the smallest addition of new AFDC cases results in significant new expenditures in 3 BRUs. For example, only 400 additional AFDC cases would add approximately 2,981.9 to AFDC expenditures, 443.5 to Medicaid BRU expenditures, and 90.0 to the Eligibility Determination BRU.)

- (3) Assumptions: (a) FY82 projected costs assume that the annual cost of living increase provided under existing statutes would not apply to the \$100 increase in payment maximums. (b) FY83 and later years' costs assume a 10% annual inflation increase.
- (4) Non Compliance: As noted in the Position Paper on HB 174, federal program authorities will not approve this payment increase. FY82 funding request for AFDC includes 22,135.1 in federal matching funds. This amount would probably be withheld if HB 174 were passed, making the total fiscal impact of this bill 22,320.5. (We cannot predict if the withholding would occur during FY82 or would occur in FY83.)

S. L. ...
3/10/81



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
REGION X
ARCADE PLAZA BUILDING
1321 SECOND AVENUE
SEATTLE, WASHINGTON 98101

MAY 16 1980

SOCIAL SECURITY ADMINISTRATION
OFFICE OF THE REGIONAL
COMMISSIONER

RECEIVED
MAY 20 1980
Reference: SFDX11-2
CENTRAL OFFICE BUREAU

Dr. Helen D. Beirne
Commissioner
Department of Health & Social Services
Pouch H-01
Juneau, Alaska 99811

Dear Dr. Beirne:

We have analyzed Alaska House Bill 968, dated May 1, 1980 and wish to comment on certain of its provisions which, if enacted, would raise compliance issues with respect to Federal regulations.

Alaska House Bill 968 provides an Aid for Dependent Children (AFDC) benefit payment increase of \$100 for a family household consisting of a caretaker parent and one child under age eighteen. If enacted, this legislation would increase the current payment provided under AS 47.25.320(a)(2)(A) from \$350 to \$450. The Bill would also provide a benefit payment increase of \$25 for each additional child in the home (after the second child) under the age of eighteen. This would increase the current payment provided to those children, under AS 47.25.320(a)(2)(C) from \$50 to \$75.

The increases provided under House Bill 968 do not appear to apply to the category of children living with non-needy, non-legally responsible relatives. This category is described under AS 47.25.320(a)(1). The omission of provision of these benefit increases to the category of recipient children living with non-needy relatives, while provided for the category of recipient children living with needy parents, appears to be based on the assumptions that:

- (1) children who live with non-needy, non-legally responsible relatives are less needy than children who live with needy relatives; and,
- (2) non-legally responsible, non-needy relatives automatically provide some support for the child's(ren) needs; and,
- (3) such child's(ren) needs are reduced by shared costs.

These assumptions are in direct conflict with Federal Regulations:

- (a) To treat groups of children differently because of living arrangement based on legal responsibility or not of non-needy caretaker relatives distinguishes the groups on an arbitrary basis thereby creating an unreasonable classification which is expressly prohibited at 45 CFR 233.10(a)(1) which states:

- (a) State plan requirements. A State plan under title I, IV-A, X, XIV, or XVI, of the Social Security Act must:

- (1) Specify the groups of individuals based on reasonable classifications, that will be included in the program, and all the conditions of eligibility that must be met by the individuals in the groups. The groups selected for inclusion in the plan and the eligibility conditions imposed must not exclude individuals or groups on an arbitrary or unreasonable basis, and must not result in inequitable treatment of individuals or groups in the light of the provisions and purposes of the public assistance titles of the Social Security Act.

- (b) The assumption that non-legally responsible caretaker relatives automatically provide some support for the dependent child(ren) and a grant reduction based on that assumption (in this instance, a different and reduced standard as compared to needy children in other circumstances) is expressly prohibited at 45 CFR 233.20(a)(2)(viii) which states:

- " . . . Provided that the money amount of any need item included in the standard will not be prorated or otherwise reduced solely because of the presence in the household of a non-legally responsible individual; and the agency will not assume any contribution from such individual for the support of the assistance unit."

- (c) The assumption that a child's(ren) needs are reduced by shared costs and a grant reduction based on that assumption clearly constitutes proration which is expressly prohibited at 45 CFR 233.90(a) which states in part:

" . . . nor may the State agency prorate or otherwise reduce the money amount for any need item included in the standard on the basis of assumed contributions from non-legally responsible individuals living in the household."

Further, the Supreme Court case of Van Lare v. Hurley (1975) prohibits assumption of income for AFDC children in a household with non-needy individuals. A State may not have a separate and reduced standard of living for a child with non-needy, non-legally liable caretaker relatives than with needy caretakers. A State is required to have a single statewide standard, expressed in money amounts, to be used in determining on an objective and equitable basis the needs of applicants and recipients and the amount of the assistance payment (45 CFR 233.20(a)(1) and (2)). To assign two different values to the same item or items of need (such items collectively constitute the standard) for a child based solely on whether or not the child lives with a non-needy, non-legally liable caretaker relative is arbitrary, bearing no relationship to the needs of the child who is receiving the lesser payment.

A State standard may have different dollar amounts for food or clothing for different reasonably defined age groups since older individuals may generally have more costly needs than younger individuals. Differing shelter amounts may result from a State's election to have shelter differentials but this is permitted only when there is objective evidence that there are actual differences in shelter costs between geographic areas and such differences are appreciable. However, such differences appear reasonably based. But this bears no relation to an assumption of income on the unsubstantiated basis that a non-needy, non-legally liable caretaker relative is contributing income towards the support of the needy child in his care and custody.

These rules prohibiting the assumption of income apply to non-legally liable relatives, and to legally liable relatives

other than spouse for spouse or parent for minor child as specified above. Thus, except for spouse for spouse or parent for minor child, a State may not assume that the income of other legally responsible relatives under State law is available to the child.

Notwithstanding, a grant reduction (not a standard reduction), is permitted in these instances where a documented voluntary contribution is made by the non-needy, non-legally responsible caretaker relative.

The following table illustrates the effect of H.B. 968 without the cost-of-living adjustment on State AFDC standards:

Family Size	Children with Needy Relatives		Children with Non-Needy, Non-Legally Responsible Relatives	
	Current Standard	Proposed Standard Under H.B. 968	Current Standard	Proposed Standard Under H.B. 968
1			\$150	\$150
2	\$350	\$450	\$300	\$300
3	\$400	\$525	\$350	\$350
4	\$450	\$600	\$400	\$400
	Plus \$50/month for each additional child under 18	Plus \$75/month for each additional child under 18	Plus \$50/month for each additional child under 18	Plus \$50/month for each additional child under 18

Note that for the category of children living with needy relatives, there is no identification of the amount of the standard that is attributable to the adult caretaker relative. It merely says that for family size of two; a grant of \$350 is made. For two children living with non-needy, non-legally responsible relatives, a grant of \$300 is made. It may be reckoned that the additional \$50 (\$350-50) provided to the needy relative situation is reasonable due to increased costs of shared standard items for adults (this would not hold true for shelter). This was the rationale for Federal approval of the current standard.

Under the proposed H.B. 968 standard, no standard increment is provided to the category of children with non-needy, non-legally responsible caretaker relatives. A difference of \$150 between the two categories

Dr. Helen D. Beirne - page 5

of recipients is too great to account for an addition based on shared costs that would require an amount of that magnitude for the adult. The Bill did not even address the non-needy, non-legally responsible caretaker relative category. It would appear clear that legislative intent was to increase the needy caretaker relative group, per se.

It must, therefore, be concluded that the new standard results in proration and assumes the availability of income for the non-needy, non-legally responsible caretaker relative category. In no event may income be assumed or shelter costs be prorated.

In summary, should Alaska House Bill 968 be enacted, the State agency, upon implementation, would be out of compliance with Federal regulations as cited herein. In addition, a new or revised State plan submitted to implement such legislation would be unapprovable.

We would be pleased to offer technical assistance including testifying before the legislature on this Bill if so desired.

Sincerely,



Donald C. Sutcliffe
Regional Commissioner

Enclosures

cc:
Rod Betit

Original sponsor: Rules/Governor

Offered: 5/1/80
Referred: Finance

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

2 CS FOR HOUSE BILL NO. 968

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 maximum benefits paid as aid to
7 families with dependent children; and providing for an
8 effective date."

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

10 * Section 1. AS 47.25.320(a)(2)(A) is amended to read:

11 (A) for a parent and one child under 18, a maximum of
12 \$450 [\$350];

13 * Sec. 2. AS 47.25.320(a)(2)(C) is amended to read:

14 (C) for each additional child under age 18, \$75 [\$50] a
15 month per child.

16 * Sec. 3. AS 47.25.320 is amended by adding a new subsection to read:

17 (d) If benefits under Title XVI of the Social Security Act (42
18 U.S.C. 1381 - 1385) are increased because of an increase in the cost of
19 living, the department shall increase the monetary maximums in (a) of
20 this section by a percentage equal to the percentage increase in bene-
21 fits under Title XVI.

22 * Sec. 4. AS 47.25.320(c) is repealed.

23 * Sec. 5. This Act takes effect July 1, 1980.
24
25
26
27
28
29

§ 47.25.310 WELFARE, SOCIAL SERVICES AND INSTITUTIONS § 47.25.320

Article 3. Aid to Families with Dependent Children Act.

Section	Section
310. Eligibility for assistance	380. Reconsideration and alteration of assistance
320. Amount of assistance	390. [Repealed]
330. Duties of department	395. Alienation and attachment
340. Application for assistance	400. Purpose
350. Investigation of application	403. Reporting change of status
360. Granting of assistance	405. Obtaining assistance by fraud
365. Retaining of parent or family member	410. Definitions
370. Appeal	420. Short title

Sec. 47.25.310. Eligibility for assistance. The department shall grant assistance to the family of each dependent child it determines is eligible for assistance under AS 47.25.310 — 47.25.320, or to employers under a work incentive program established by AS 23.15.650, and by § 433(c) (1) of the Federal Social Security Act (42 USC 601 et seq.), as amended. (§ 51-2-32 ACLA 1949; am § 2 ch 57 SLA 1949; am § 1 ch 73 SLA 1963; am § 2 ch 134 SLA 1968)

Editor's note. — The federal provision referred to in this section was added by § 204 of the Social Security Amendments of 1967 (PL 90-248; 81 Stat. §21).

A statutory prohibition of welfare benefits to residents of less than a year creates a classification which constitutes an invidious discrimination denying such

residents equal protection of the laws. *Shapiro v. Thompson*, 394 U.S. 618, 89 S. Ct. 1322, 22 L. Ed. 2d 609 (1969).

Cited in *Public Defender Agency v. Superior Court*, Third Judicial Dist., Sup. Ct. Op. No. 1140 (File No. 2071), 534 P.2d 947 (1975).

Sec. 47.25.320. Amount of assistance. (a) The department shall determine the amount of assistance for a dependent child and the relative with whom the dependent child is living, with regard to the resources and necessary expenditures of the family and the condition existing in each case. Assistance is sufficient if, when added to all other income and support available to the child, the child and relative have reasonable subsistence compatible with decency and health. However, the amount of assistance may not exceed the following:

(1) dependent child living with nonneedy relative: for a child under age 18 who is living in the home of a nonneedy relative, \$150, plus an additional \$150 for the second child, and \$50 a child for the third and each additional child;

(2) dependent child living with parent:

(A) for a parent and one child under 18, a maximum of \$350;

(B) (repealed)

(C) for each additional child under age 18, \$50 a month per child.

(b) The monetary maximums in (a) of this section do not apply to payments made under this program for the care of a dependent child in a foster family home. The payment shall conform to foster care rates as provided by the department.

NOTE TO THE FILE:

SCS CSHB 174 (Fin) - An Act relating to public employees subject to collective bargaining.

In reporting out SCS CSHB 174 (Finance) on April 22, 1982, the Senate Finance Committee adopted the April 23, 1982 fiscal note in the amount of \$159,000 (copy attached).



Senator Don Bennett, Co-chairman
Senate Finance Committee

PUT IN
S. FINANCE
BILLS PASSED
OUT FILE S.

TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Senate CS for CS for House Bill No. 174 (Finance)
 Title "An Act relating to public employees subject to collective bargaining."
 Requested by Senate Finance Committee Date 4/23/82

II. FISCAL DETAIL

Agency Affected Labor
 Program Category Affected Public Protection
 BRU, Program, or Subprogram(s) Affected Labor Standards and Safety
 (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) *Wage Hour Admin.*

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES		87.0	95.7	105.3	115.8	127.4
200 TRAVEL		22.9	25.2	27.7	30.5	33.5
300 CONTRACTUAL		43.0	47.3	52.0	57.2	63.0
400 COMMODITIES		3.5	3.9	4.2	4.7	5.2
500 EQUIPMENT		2.6	0	0	0	0
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	0	159.0	172.1	189.2	208.2	229.1

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND	0	159.0	172.1	189.2	208.2	229.1
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME		2.0	2.0	2.0	2.0	2.0
PART TIME						
TEMPORARY						

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

Other states which have enacted PERA type laws that cover teachers have advised us that during the first few years the laws were in effect, management or employee representatives of 50% of the affected school districts filed unfair labor practice charges each year which resulted in hearings before the labor relations agency. The average hearing lasted six hours (or one day).

Assuming that the contracts of approximately 26 of Alaska's 52 school districts come up for renegotiation each year and that our experience would be comparable to that of other states, we can expect that 13 of the school districts will generate unfair labor practice charges requiring hearing before the labor relations agency.

Assumes the Department of Labor is not responsible for conducting elections provided in Section II (AS 23.40.202).

IV. DATE April 23, 1982 PREPARED BY *Mico Bus* Nico Bus
 AGENCY Labor
 PHONE 465-2720
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

NOTE TO THE FILE:

SCS CSHB 174 (Fin) - An Act relating to public employees subject to collective bargaining.

In reporting out SCS CSHB 174 (Finance) on April 22, 1982, the Senate Finance Committee adopted the April 23, 1982 fiscal note in the amount of \$159,000 (copy attached).

A handwritten signature in black ink, appearing to read "Don Bennett", with a long, sweeping underline that extends to the left and right.

Senator Don Bennett, Co-chairman
Senate Finance Committee

THE LEGISLATURE OF THE STATE OF ALASKA

TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Senate CS for CS for House Bill No. 174 (Finance)
 Title "An Act relating to public employees subject to collective bargaining."
 Requested by Senate Finance Committee Date 4/23/82

II. FISCAL DETAIL

Agency Affected Labor
 Program Category Affected Public Protection
 BRU, Program, or Subprogram(s) Affected Labor Standards and Safety
 (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) Wage Hour Admin.

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES		87.0	95.7	105.3	115.8	127.4
200 TRAVEL		22.9	25.2	27.7	30.5	33.5
300 CONTRACTUAL		43.0	47.3	52.0	57.2	63.0
400 COMMODITIES		3.5	3.9	4.2	4.7	5.2
500 EQUIPMENT		2.6	0	0	0	0
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	0	159.0	172.1	189.2	208.2	229.1

FUNDING (Thousands of Dollars)

GENERAL FUND	0	159.0	172.1	189.2	208.2	229.1
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME		2.0	2.0	2.0	2.0	2.0
PART TIME						
TEMPORARY						

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

Other states which have enacted PERA type laws that cover teachers have advised us that during the first few years the laws were in effect, management or employee representatives of 50% of the affected school districts filed unfair labor practice charges each year which resulted in hearings before the labor relations agency. The average hearing lasted six hours (or one day).

Assuming that the contracts of approximately 26 of Alaska's 52 school districts come up for renegotiation each year and that our experience would be comparable to that of other states, we can expect that 13 of the school districts will generate unfair labor practice charges requiring hearing before the labor relations agency.

Assumes the Department of Labor is not responsible for conducting elections provided in Section II (AS 23.40.202).

IV. DATE April 23, 1982 PREPARED BY *Mico Bus* Nico Bus

AGENCY Labor
 PHONE 465-2720

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

COMMITTEE REPORT
SENATE

FURTHER: None

5/12/81

Date: 7 22 82

Mr. President:

The Committee on FINANCE has had CS HB 174 (FIN)

relating to aid to families with dependent children

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 174 (FIN) 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

Original sponsor: Rules/Governor

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 *House Bill No 174*
SCS FOR ~~SENATE BILL NO. 653~~ (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to public employees subject to collec-
7 tive bargaining."

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

9 * Section 1. AS 14.20.550 is amended to read:

10 Sec. 14.20.550. NEGOTIATION WITH CERTIFICATED ADMINISTRATIVE EM-
11 PLOYEES. Each city, borough and regional school board, shall negotiate
12 with its certificated administrative employees in good faith on matters
13 pertaining to their employment and the fulfillment of their professional
14 duties.

15 * Sec. 2. AS 14.20.555(a) is amended to read:

16 (a) Negotiations between the certificated administrative employees
17 of the regional educational attendance areas and the respective regional
18 school boards shall be conducted by one team representing all the cer-
19 tificated administrative employees [, ONE TEAM REPRESENTING ALL THE CER-
20 TIFICATED ADMINISTRATIVE PERSONNEL IF THEY HAVE JOINED TOGETHER TO
21 NEGOTIATE INDEPENDENTLY AS PROVIDED IN SEC. 560(f) OF THIS CHAPTER,) and
22 one team representing all the participating regional school boards.

23 * Sec. 3. AS 14.20.560 is amended to read:

24 Sec. 14.20.560. ADMINISTRATIVE EMPLOYEE [TEACHERS'] BARGAINING
25 GROUPS. (a) When a majority of the certificated administrative em-
26 ployees in a school district have designated an educational organization
27 of their own choosing to bargain for them, the organization shall be
28 recognized by the school board as the bargaining agent for all the cer-
29 tificated administrative staff, except superintendents of schools. [THE

MEMBERSHIP OF ANY SUCH RECOGNIZED EDUCATIONAL ORGANIZATION SHALL BE COMPOSED PRINCIPALLY OF THOSE EMPLOYED IN THE TEACHING PROFESSION IN ALASKA.]

(b) The organization representing a majority of the certificated administrative employees of a school district shall, upon the request of the school board, submit an affidavit verifying that it does represent a majority of the certificated administrative employees. Recognition of the employee bargaining agency by a school board is valid for one year or a term agreed upon by the two parties to an agreement, unless a majority of the certificated administrative employees [CERTIFIED STAFF] votes to request the termination of recognition of the employee bargaining agency. The school board is entitled to an affidavit of membership from the employee bargaining agency once each year.

(c) Upon the request of 25 percent of the certificated administrative employees in a district, the school board shall hold, within 20 days, an election by secret ballot of all the certificated administrative employees in order to determine their choice of a bargaining agency. The results of this election are binding for one year.

(d) A school board shall, upon the written request of the employee bargaining organization, meet with the representative of the organization within 20 days of the request at a time and place to be mutually agreed upon. In the same manner, representatives of an employee bargaining organization are required to meet with a school board or its representatives within 20 days after receiving a written request. The school board and the employee organization may not select more than five representatives each to negotiate for them.

(e) The negotiating meeting may be held in executive session upon mutual agreement of both parties, but all final agreements shall be made at a public meeting of the school board.

[(f) NOTHING IN THIS SECTION SHALL BE CONSTRUED TO PREVENT CERTIFICATED ADMINISTRATIVE PERSONNEL GROUPS, INCLUDING PRINCIPALS AND ASSISTANT PRINCIPALS, FROM HAVING THE RIGHT TO NEGOTIATE INDEPENDENTLY OF THE OTHER CERTIFICATED PERSONNEL IF THEY CHOOSE TO DO SO AS THE RESULT OF A SECRET BALLOT.]

* Sec. 4. AS 14.20.570(b) is amended to read:

(b) If the mediation meetings are held during the school day, certificated administrative employees [TEACHERS] representing an employee bargaining agency shall be released from their [CLASSROOM OR OTHER] assigned duties without penalty or loss of pay.

* Sec. 5. AS 14.20.590 is amended to read:

Sec. 14.20.590. GRIEVANCE PROCEDURES. Negotiations agreements executed under AS 14.20.550 - 14.20.590 [AFTER THE EFFECTIVE DATE OF THIS ACT] shall define "grievances" and provide for grievance procedures for the certificated staff subject to AS 14.20.550 - 14.20.590. The grievance procedures shall provide that the final step in the procedure shall be binding arbitration. The negotiations agreement shall provide a method for the selection of an arbitrator.

* Sec. 6. AS 14.20.600 is amended to read:

Sec. 14.20.600. INDIVIDUAL CASES. Nothing in AS 14.20.550 - 14.20.590 prohibits a certificated administrative [AN] employee from addressing a school board, as an individual, through the regular procedures of the school board for hearing individual cases.

* Sec. 7. AS 14.20.610 is amended to read:

Sec. 14.20.610. LEGAL RESPONSIBILITIES OF BOARDS. Nothing in AS 14.20.550 - 14.20.600 or in AS 23.40.070 - 23.40.260 may be construed as an abrogation or delegation of the legal responsibilities, powers, and duties of the school board including its right to make final decisions on policies.

1 * Sec 8. AS 23.40.200(b) is amended to read:

2 (b) The class in (a)(1) of this section is composed of police and
3 fire protection employees, jail, prison and other correctional institu-
4 tion employees, [AND] hospital employees, and emergency services em-
5 ployees of the Department of Military Affairs. Employees in this class
6 may not engage in strikes. Upon a showing by a public employer, [OR]
7 the labor relations agency, or a school board for teachers included in
8 the class under this subsection, that employees in this class are
9 engaging or about to engage in a strike, an injunction, restraining
10 order, or other order which may be appropriate shall be granted by the
11 superior court in the judicial district in which the strike is occurring
12 or is about to occur. If an impasse or deadlock is reached in collective
13 bargaining between the public employer and employees in this class, and
14 mediation has been utilized without resolving the deadlock, the parties
15 shall submit to arbitration to be carried out under AS 23.40.205 [AS 09.
16 43.030].

17 * Sec. 9. AS 23.40.200(c) is amended to read:

18 (c) The class in (a)(2) of this section is composed of public
19 utility, snow removal, and sanitation employees and public school and
20 other educational institution employees, including teachers except
21 teachers included in the class in (b) of this section by a majority of
22 voters under AS 23.40.202. Employees in this class may engage in a
23 strike after mediation, subject to the voting requirement of (d) of this
24 section, for a limited time. The limit is determined by the interests
25 of the health, safety or welfare of the public. The public employer,
26 [OR] the labor relations agency, or, if teachers are engaging in a
27 strike, the school board may apply to the superior court in the judicial
28 district in which the strike is occurring for an order enjoining the
29 strike. A strike may not be enjoined unless it can be shown that it has

1 begun to threaten the health, safety or welfare of the public. A court,
2 in deciding whether or not to enjoin the strike, shall consider the
3 total equities in the particular class. "Total equities" includes not
4 only the impact of a strike on the public but also the extent to which
5 employee organizations and public employers have met their statutory
6 obligations. If an impasse or deadlock still exists after the issuance
7 of an injunction, the parties shall submit to arbitration to be carried
8 out under AS 23.40.205 [AS 09.43.030].

9 * Sec. 10. AS 23.40.200(e) is amended to read:

10 (e) Notwithstanding the provisions of (b), (c) and (d) of this
11 section, the employees with the concurrence of the employer may agree in
12 writing to submit a dispute arising from interpretation or application
13 of a collective bargaining agreement to arbitration under AS 23.40.205.

14 * Sec. 11. AS 23.40 is amended by adding new sections to read:

15 Sec. 23.40.202. LOCAL OPTION FOR DETERMINING THE CLASSIFICATION OF
16 TEACHERS. (a) The following question, if approved by a majority of the
17 members of a school board, shall be placed before the voters of the
18 school district in accordance with (b) of this section: "Shall teachers
19 employed by the (name of school district) be subject to
20 AS 23.40.200(b), prohibiting certain public employees from engaging in a
21 strike? Yes [] No []"

22 (b) If a school board approves the question under (a) of this
23 section, the local governing body of the municipality, or the director
24 of elections if the board is a regional school board, shall place the
25 question set out in (a) of this section on a separate ballot at the next
26 regular election held in the municipality or regional educational atten-
27 dance area. The local governing body shall conduct the election in
28 accordance with the election ordinance of the municipality. The director
29 of elections shall conduct the election in the general manner prescribed

1 by AS 14.08.071 and the Alaska Election Code (AS 15).

2 (c) If a majority of voters voting on the question vote "yes" on
3 the question set out in (a) of this section, teachers in that school
4 district shall be included in the class under AS 23.40.200(b) and
5 removed from the class under AS 23.40.200(c).

6 Sec. 23.40.205. ARBITRATION. (a) When an organization and a
7 public employer are unable to reach an agreement through negotiations
8 and an impasse exists, arbitration shall be conducted before an arbitra-
9 tion board of five persons consisting of one professional arbitrator
10 with substantial experience in the field of labor relations, selected by
11 the labor relations agency, who shall serve as chairperson, and four
12 public members selected from the panel described in (c) of this section,
13 or, if the impasse involves teachers, selected in accordance with (d) of
14 this section. If a controversy involves state employees, the arbitra-
15 tion board shall include residents of at least three of the four state
16 judicial districts. If a controversy involves teachers, the four public
17 members shall be residents of the ^{affected} school district.

18 (b) Each party shall submit to the arbitration board its final
19 offer on the impasse. The board shall select either the final offer of
20 the organization or the final offer of the public employer. The selec-
21 tion of the board shall be considered to be the collective bargaining
22 agreement between the parties. The determination of the board on the
23 final offer shall be final and binding on the parties as if the arbitra-
24 tion had been conducted under the Uniform Arbitration Act (AS 09.43).

25 (c) ^{For} ~~if~~ an impasse ^{involves} ~~involves~~ ¹⁷⁹ public employees other than teachers,
26 the labor relations agency shall select a standing panel to provide
27 public members for an arbitration board from among persons who (1) have
28 broad and varied experience in the conduct of human affairs, (2) have
29 resided in the state for a substantial period of time, and (3) are not

1 at the time of selection employed in a position that requires direct
2 participation in labor-management relations. The number of members of
3 the standing panel shall be a number that the labor relations agency
4 determines to be adequate to ensure the availability of four persons
5 when needed. The standing panel shall include at least one resident of
6 each state judicial district. A person who resides for a period of more
7 than three months at a place outside the state, or who becomes employed
8 in a position that requires direct participation in labor-management
9 relations shall be removed from the panel.

10 (d) If an impasse involves teachers, the arbitrator selected by
11 the labor relations agency shall request the organization and the school
12 board to submit to the other party by a date certain the names of public
13 members to serve on the board described in (a) of this section. The
14 organization and the school board shall each select for this purpose two
15 persons who (1) have broad and varied experience in the conduct of human
16 affairs, (2) reside in the ^{affected} school district, and (3) are not at the time
17 of selection employed in a position that requires direct participation
18 in labor-management relations. Within one week of the date designated
19 for submission of names under this subsection the organization and the
20 board shall each notify the arbitrator if it accepts the persons
21 selected by the other party. If the parties agree, the persons selected
22 shall serve on the board described in (a) of this section. If the
23 organization and the board do not agree on the members selected, the
24 arbitrator shall request each party to submit to the labor relations
25 agency a list consisting of not less than five nor more than seven
26 persons who meet the criteria set out in (1), (2), and (3) of this
27 subsection. From each list submitted to the labor relations agency, the
28 agency shall choose two persons who shall serve on the board described
29 in (a) of this section.