

Leg Finance-House & Senate Fin Comte Files (1985-1986) 2453.04

STATE OF ALASKA 1986 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date : \_\_\_\_\_

**REQUEST**

Bill/Resolution No.: House Bill 600 (TRANS)  
 Title: An Act relating to acquisition of right of way by DOT&PF and providing for an effective date  
 Sponsor: Scnultz  
 Requestor: \_\_\_\_\_  
 Date of Request: \_\_\_\_\_

**FISCAL DETAIL**

Agency Affected: Department of Transportation & Public Facilities  
 BRU: \_\_\_\_\_  
 Components: \_\_\_\_\_

**EXPENDITURES/REVENUES : (Thousands of Dollars)**

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES		-0-				
TRAVEL		-0-				
CONTRACTUAL		-0-				
SUPPLIES		-0-				
EQUIPMENT		-0-				
LAND & STRUCTURES		-0-				
GRANTS, CLAIMS		-0-				
MISCELLANEOUS		-0-				
TOTAL OPERATING		-0-				

CAPITAL		-0-				
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REVENUE		-0-				
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**FUNDING : (Thousands of Dollars)**

GENERAL FUND		-0-				
FEDERAL FUNDS		-0-				
OTHER		-0-				
TOTAL		-0-				

**POSITIONS :**

FULL-TIME		-0-				
PART-TIME		-0-				
TEMPORARY		-0-				

**ANALYSIS :** Attach a separate page if necessary

Prepared by: Milton H. Lentz, CRA *2/27/86*  
 Division: Engineering & Operations Standards Phone: 465-2985  
 Date: 2/24/86  
 Approved by Commissioner: \_\_\_\_\_ Date: 2-26-86  
 Agency: Department of Transportation & Public Facilities

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

Offered: 2/28/86  
Referred: Finance

Original sponsor: Shultz and Koponen

1 IN THE HOUSE BY THE TRANSPORTATION COMMITTEE  
2 CS FOR HOUSE BILL NO. 600 (Transportation)  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to acquisition of rights-of-way by  
7 the Department of Transportation and Public Facili-  
8 ties; and providing for an effective date."

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

10 \* Section 1. AS 44.42.02C(b) is amended to read:

11 (b) The department may

12 (1) engage in experimental projects relating to available  
13 or future modes of transportation and any means of improving existing  
14 transportation facilities and service;

15 (2) exercise the power of eminent domain, including the  
16 declaration of taking as provided in AS 09.55;

17 (3) acquire, trade land for, or purchase undeveloped or  
18 prepared rights-of-way for present or future use as road, highway,  
19 railroad, or pipeline corridors.

20 \* Sec. 2. This Act takes effect July 1, 1986.

HB 600 ISSUE SUMMARY

HB 600 is introduced at the request of AHTNA Inc., in order to address several problems confronting AHTNA Inc., as well as other major landowners throughout the State of Alaska. These issues have been raised by AHTNA Inc. representatives in their discussions with DOT/PF employees and other administration and Legislative personnel. HB 600 is designed to respond to the counsel which AHTNA Inc. representatives received from those sources.

Among the specific issues of concern are the following:

1. Local hire: encouraging the employment of local people, within a community impacted by development, on projects in their community, especially where property-owned by those local citizens is to be used by the State in the development project.
2. Fair and equitable compensation: Often raw land, especially in rural areas, has a relatively low current appraised value, in part because of infrequent land transactions in those areas with a resultant scarcity of "comparables" for valuation purposes.
3. Expediting local construction projects: With the downturn in the State economy it has become a matter of economic necessity for many Alaskan residents that proposed public works projects be moved from legislative appropriation and administrative approval into the field as rapidly as possible.
4. Minimizing project costs to the State: In order to generate the greatest possible impact from Alaskas' increasingly limited capital budget, innovative processes and procedures for land or right-of-way acquisition and development should be explored.

DAVID L. ALLISON

ATTORNEY AT LAW

Although these four issues, obviously, do not address all of the concerns regarding local employment, fair compensation, accelerated construction schedules and maximum return on State capital expenditures, they do illustrate the primary issues addressed by the modification of AS 44.42.020 as proposed in HB 600. A brief summary of how HB 600 responds to these four issues is contained in Attachment # 3 in this package.

HB 600 JUSTIFICATION

HB 600 is a very simple bill with limited impact compared with many of the complex and extensive bills which regularly come before this committee. It is a bill, however, which holds real promise for assisting many individual Alaskans, major land owners and even, possibly, the State treasury, at little or no cost to the State.

The provisions of HB 600, in substance, allow the Department of Transportation and Public Facilities to acquire prepared, as well as undeveloped, rights-of-way for highways and certain other public purposes. These provisions are not mandatory and require no more of the DOT/PF personnel than is required at present.

The potential effects of HB 600, however, are significant. If, for example, DOT/PF were to exercise its' discretion to negotiate for and acquire prepared right-of-way for a highway extension or by-pass from the owner of the real estate parcel through which the highway was to pass, that property owner would be in a unique position to legally guarantee the employment of local people for the task of clearing the right-of-way. Not only would the property owner have the advantage of adding value to the land prior to selling it, but the buyer, DOT/PF, would have the advantage of acquiring in one transaction the cleared right-of-way which would, without HB 600, require at least two, if not more, separate transactions. HB 600, therefore, has the potential to address each of the four issues mentioned in the ISSUE SUMMARY, which is attachment # 2 herein.

HB 600 responds to the issue of local hire by providing an opportunity for Alaskans to obtain employment on construction projects which take place near their homes. This opportunity is especially available when the major land holder from whom the right-of-way is obtained is a Native Corporation in that those corporations have both a commitment to, and a demand for, shareholder hire. Since the majority of the Native Corporation shareholders are also Alaska citizens, shareholder hire is, effectively, local hire. To the extent that shareholders are not available or not qualified for the jobs, those jobs are very likely to go to other, non-shareholder, local people as the

DAVID L. ALLISON  
ATTORNEY AT LAW

Native Corporations have their headquarters, and, therefore, their hiring facilities, in Alaska.

The potential for fair and equitable compensation to the land owner is improved by the provisions of HB 600 by providing the opportunity to the land owner to add value to the right-of-way being acquired by DOT/PF prior to transfer of the property. Although the underlying value of the real estate is not changed by this bill, the opportunity to employ shareholders and to earn additional income from the right-of-way preparation, especially if the land clearing is done efficiently, adds significantly to the overall value and utility of the corporate land to the corporation without any additional cost to the State.

Because HB 600 would provide for acquisition of the prepared right-of-way in one transaction, rather than two or more transactions as is presently the case, implementation of HB 600 will be likely to expedite local construction projects, or, at least, offer an opportunity to expedite those projects. This potential benefit, like local hire, is most likely to be realized in situations where the right-of-way seller is a Native Corporation because such corporations are of sufficient size, with sufficient available employees and equipment, to undertake the clearing and other necessary or appropriate right-of-way preparation allowed for under the bill.

Maximizing local hire; expediting local construction projects; and providing fair and equitable compensation to the land owner; all improve the potential for minimizing the project costs to the State and reducing transfer payments from the State to both the individual Alaskans and the rural communities most severely impacted by declining revenues and limited local tax bases. Since HB 600 is discretionary rather than mandatory, DOT/PF would have the opportunity to experiment with the process on a limited basis, perhaps involving only one or two projects, until the benefits of the legislation are proven.

HB 600 is a simple bill which offers the potential for substantial benefits to the people of Alaska. Your positive recommendation is requested.

Collateral references. — 39 Am. Jur. 2d, Highways, Streets, and Bridges, § 1 et seq.  
39A C.J.S., Highways, § 1 et seq.

Sec. 44.42.010. Commissioner of transportation and public facilities. The principal executive officer of the Department of Transportation and Public Facilities is the commissioner of transportation and public facilities. (E.O. No. 39, § 2 (1977))

Sec. 44.42.020. Powers and duties. (a) The department shall

- (1) plan, design, construct and maintain all state modes of transportation and transportation facilities and all docks, floats, breakwaters, buildings and similar facilities;
- (2) study existing transportation modes and facilities in the state to determine how they might be improved or whether they should continue to be maintained;
- (3) study alternative means of improving transportation in the state with regard to the economic costs of each alternative and its environmental and social effects;
- (4) develop a comprehensive, long-range intermodal transportation plan for the state;
- (5) study alternatives to existing modes of transportation in urban areas and develop plans to improve urban transportation;
- (6) cooperate and coordinate with and enter into agreements with federal, state and local government agencies and private organizations and persons in exercising its powers and duties;
- (7) manage, operate, and maintain state transportation facilities and all docks, floats, breakwaters and buildings, including all state highways, vessels, railroads, pipelines, airports, and aviation facilities;
- (8) study alternative means of transportation in the state, considering the economic, social, and environmental impacts of each alternative;
- (9) coordinate and develop state and regional transportation systems, considering deletions, additions, and the absence of alterations;
- (10) develop facility program plans for transportation and state buildings, docks and breakwaters required to implement the duties set out in this section, including but not limited to (A) functional performance criteria; and (B) schedules for completion;
- (11) supervise and maintain all state automotive and mechanical equipment, aircraft, and vessels, except vessels and aircraft used by the Department of Fish and Game or the Department of Public Safety;
- (12) supervise aeronautics inside the state, under AS 02.10;

(13) complete and maintain a current inventory of public facilities, including a projection of the serviceability of the facilities and projections of replacements and additions to facilities needed to provide the level of services programmed by the various user agencies, for municipalities with populations of less than 12,000 and for unincorporated communities, and perform those duties on a cooperative basis with larger municipalities;

(14) adopt energy performance standards for public facilities of the state, the construction of which begins after July 1, 1980; the standards shall be based on thermal and lighting energy standards established by the American Society of Heating, Refrigeration and Air Conditioning Engineers as adapted for application in high latitude, cold climate environs;

(15) provide planning assistance, including but not limited to energy audits and related technical services, to school districts and regional educational attendance areas to develop and implement

(A) standards for the design, construction and operation of rural educational facilities; and

(B) energy conservation measures for rural educational facilities

(b) The department may

(1) engage in experiment or projects relating to available or future modes of transportation and any means of improving existing transportation facilities and services;

(2) exercise the power of eminent domain, including the declaration of taking as provided in AS 09.55, (E.O. No. 39, § 2 (1977); am § 13 ch 168 SLA 1978; am § 12 ch 83 SLA 1980; am E.O. No. 50, § 10 (1981))

Cross references. — For the responsibility and authority of the supreme court over state court facilities, see AS 22.05.025.

Effect of amendments. — The 1980 amendment added paragraphs (14) and (15) to subsection (a).

The 1981 amendment, in subsection (a), deleted "communication facilities" following "transportation facilities" in paragraph (1), deleted "and communication facilities" following "facilities and services" in paragraph (2), deleted "and communication" following "improving

transportation" in paragraph (3), deleted "communication facilities" following "transportation facilities" in paragraph (7), deleted "and communication facilities" following "plans for transportation" in paragraph (10), deleted "and" at the end of paragraph (11), deleted "and communications" following "aeronautics" and substituted a semicolon for a period near the end of paragraphs (12) and (13). The amendment also deleted "and communication" following "facilities and services" in paragraph (1) of subsection (b).

Sec. 44.42.030. Regulations. The department may adopt regulations under the Administrative Procedure Act (AS 44.62) to implement, interpret, or make more specific its powers and duties. (E.O. No. 39, § 2 (1977))

Sec. 44.42.040. Departmental organization. The commissioner shall establish regions within the state. The functions of the department within each region shall be performed, to the maximum extent

# Alaska Statutes

## Title 19. Highways and Ferries.

### Chapter

- 05. Administration (§ 19.05.040)
- 10. State Highway System (§§ 19.10.060, 19.10.170)
- 20. Cooperation by and with the State (§ 19.20.015)
- 30. Access Roads (§§ 19.30.080, 19.30.127, 19.30.241, 19.30.260 — 19.30.320)
- 40. James Dalton Highway (§§ 19.40.100, 19.40.200, 19.40.210)
- 60. Ferry Terminal Facilities (§ 19.60.070)
- 65. Alaska Marine Highway System (§ 19.65.010)

### Chapter 05. Administration.

#### Article

- 1. Department of Transportation and Public Facilities (§ 19.05.010)

#### Article 1. Department of Transportation and Public Facilities.

#### Section

- 40. Powers of department

**Sec. 19.05.040. Powers of department.** The department may

- (1) acquire property;
- (2) exercise the power of eminent domain;
- (3) take immediate possession of real property, or any interest in it under a declaration of taking or by other lawful means;
- (4) acquire rights-of-way for present or future use;
- (5) control access to highways;
- (6) regulate roadside development;
- (7) preserve and maintain the scenic beauty along state highways;
- (8) dispose of property acquired for highway purposes;
- (9) accept and dispose of federal funds or property available for highway construction, maintenance, or equipment;
- (10) enter into contracts or agreements relating to highways with the federal government, municipalities, a political subdivision, or with a foreign government, if the contract is approved by the federal government;
- (11) establish, levy, and collect tolls, fees, charges, and rentals for the use of state roads, highways, bridges, crossings, and causeways; and

(12) exercise any other power necessary to carry out the purpose of AS 19.05 — 19.25. (§ 2 art III title I ch 152 SLA 1957; am § 3 ch 35 SLA 1971; am § 2 ch 162 SLA 1984)

Effect of amendments. — The 1981 amendment deleted "and" at the end of paragraph (10), inserted present paragraph (11), and redesignated former paragraph (11) as present paragraph (12).

Chapter 10. State Highway System.

Article

- 1. Designation, Marking and Use (§ 19.10.060)
3. Construction (§ 19.10.170)

Article 1. Designation, Marking and Use.

Section

60. Regulation of weight and load of vehicles and use of highways during certain seasons

Sec. 19.10.010. Dedication of land for public highways.

NOTES TO DECISIONS

A utility may construct a powerline on an unused section line easement reserved for highway purposes under this section. Fisher v. Golden Valley Elec. Ass'n, Sup. Ct. Op. No. 2606 (File No. 6902), 658 P.2d 127 (1983).

AS 19.25.010 places Alaska among

those states which permit powerline construction by a utility as an incidental and subordinate use of a highway easement. Fisher v. Golden Valley Elec. Ass'n, Sup. Ct. Op. No. 2606 (File No. 6902), 658 P.2d 127 (1983).

Sec. 19.10.060. Regulation of weight and load of vehicles and use of highways during certain seasons. The department, with respect to highways under its jurisdiction, may

- (1) establish limitations on weight, size, and load of vehicles;
(2) [Repealed, § 25 ch 144 SLA 1977.]

(3) prohibit the operation or impose restrictions on vehicular use of highways during certain seasons of the year. (§ 5 art III title II ch 152 SLA 1957; am § 1 ch 55 SLA 1963; am § 25 ch 144 SLA 1977; am § 2 ch 77 SLA 1982)

Cross references. For the duties of the Department of Commerce and Economic Development to operate weighing stations and enforce weight and load limitations based upon directions of the Department

of Transportation and Public Facilities, see AS 14.33.020(25).

Effect of amendments. -- The 1982 amendment inserted "size" in paragraph (1).

Article 3. Construction.

Section

170. Construction by department

Sec. 19.10.170. Construction by department. (a) Except as provided in AS 36.98 and AS 44.33.300, it shall be the general policy of the department to require the construction of all highways under bid contract. However, subject to the provisions of (b) of this section, when the estimated cost of a construction project is less than \$100,000 or when it appears to be in the best interests of the state, the department may perform the work notwithstanding any other provisions of law.

(b) Construction or professional services in connection with the construction of highways performed by the department under (a) of this section which have an estimated cost exceeding \$5,000 may not be performed by the department unless the commissioner determines, in writing, that the cost to the state will be less than that incurred as a result of a formally advertised or negotiated contract. The determination of the commissioner shall be supported by findings of fact which shall set out enough facts and circumstances to clearly justify the determination. The determinations and findings shall be maintained as a permanent record of the department.

(c) In this section, "professional services" means architectural, engineering, or land surveying services. (§ 1 art III title IV ch 152 SLA 1957; am § 2 ch 277 SLA 1976; am §§ 1, 2 ch 104 SLA 1978; am § 1 ch 144 SLA 1982)

Effect of amendments. — The 1982 amendment inserted "AS 36.98 and" in the first sentence of subsection (a).

Chapter 20. Cooperation by and with the State.

Section

15. Local control of state transportation corridors

Sec. 19.20.015. Local control of state transportation corridors. (a) A municipality, by resolution of its governing body, may request of the department the assumption of the department's responsibilities relating to planning of transportation corridors which are to be located within the boundaries or operating area of the municipality. After receipt of the request, the department shall provide by agreement for assumption by the municipality of the department's responsibilities relating to planning of transportation corridors, unless the commissioner determines that assumption of



## Dept. of Transportation & Public Facilities

# Position Paper

**BILL NO:** House Bill No. 600 and Senate Bill No. 428 **APPROVED:**

*Bill Knapp*  
R. J. Knapp  
Commissioner

**TITLE:** An Act relating to acquisition of right of way by DOT&PF and providing for an effective date

2/26/86

In reviewing both HB 600 and SB 428, it is our opinion that the language adds nothing to existing powers of the State of Alaska already under AS 44.42.020. We do, however, have some concern with the language and its impact.

The words "...prepared rights-of-way..." imply that preparation of the right of way is done prior to or as a condition of acquisition. The condemning authority could purchase the right of way in either an undeveloped or prepared condition under the power of eminent domain (AS 09.55); however, the condemning authority is limited to pay no more than fair market value for property. Fair market value does not include value that contributes to public construction or enhancement of a project. In other words, the price paid for right of way would be measured in terms of fair market value, not in terms of construction costs for performing project preparation. Providing that prepared rights of way were to be acquired, the fair market value of the land would have to be a separate issue from the price of doing the preparation to meet the requirements of the law. The increase in market value, if any, may or may not equal the cost of doing the preparations. It is noted that laws governing the fair market value concept are well established and defined by the courts.

Another question regarding the acquisition of prepared rights of way has to do with the competitive bid requirements of AS 37.05.230. The preparation of rights of way for a specific project surely would be deemed to be public construction, therefore subject to competitive bid. In a recent opinion of the Supreme Court of the State of Alaska, City and Borough of Sitka v. Construction ... General Laborers Local 942, 644 p. 2d 227, Op. No. 2495 (May 7, 1982, Alaska), it was held that clearing requirements included in a timber sale contract were "public construction" and therefore subject to the Little David-Bacon Act of Alaska. The primary test applied in the opinion was the extent to which the clearing work under the timber sale contract related to the construction of a dam. In essence, the court concluded that the clearing work would not have been done but for the construction of the dam. This opinion would surely have some effect on our issue in regard to acquiring project-specific prepared rights of way.

STATE OF ALASKA  
THE LEGISLATURE

POUCH Y - STATE CAPITOL  
JUNEAU, ALASKA 99911  
907-465-3800

LEGISLATIVE AFFAIRS AGENCY

M E M O R A N D U M

March 20, 1986

SUBJECT: Relationship of AS 37.05.230 to the acquisition of prepared right-of-ways under HB 600

TO: Representative Al Adams

FROM: George termohle *GU*  
Legislative Counsel

Louann Cutler of your staff requested an explanation of how acquisition of prepared right-of-ways under HB 600 relates to the competitive bid requirements of AS 37.05.230.

HB 600 authorizes the Department of Transportation and Public Facilities to acquire right-of-ways in undeveloped or prepared states for use as road, highway, railroad, or pipeline corridors. The bill, in part, affirms existing authority of the department to acquire right-of-ways for roads and highways under AS 19.05.040(1) and (4) and AS 19.05.080. The bill also clarifies the department's authority to acquire right-of-ways that have been prepared for use as a transportation corridor. A prepared right-of-way has had some work done to it that enhances its usefulness as a transportation corridor. The kinds of work that are involved include land clearing, brushing, and grading of the land.

AS 37.05.230 requires the state to award contracts for construction, supplies, materials, etc. on the basis of competitive bids.

The procedures for acquisition of right-of-ways are set out in AS 19.05 and AS 09.55.240 - 09.55.460.

Where the state purchases a right-of-way that is in its natural, unimproved condition, the state must perform the preparation and construction work itself or must let a construction contract for the work. When the state enters into a contract for construction to prepare a right-of-way for a

Representative Al Adams  
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road or other purpose that contract must be awarded on the basis of competitive bids.

Where the state purchases a right-of-way that already is in a prepared condition the state is acquiring the land and the improvements made by the landowner. No public construction contract is involved in the acquisition of the proposed right-of-way because the state did not contract for the improvements. The improvements were on the land when the state acquired the right-of-way.

If the state purchases a right-of-way on the condition that the right-of-way be prepared by the landowner then AS 37.05.230 is involved. In such a case the state is purchasing the right-of-way and contracting for construction of improvements to the right-of-way. The contract for construction would violate the requirements of AS 37.05.230 because it was awarded to the landowner without following the competitive bid process.

The landowner may make improvements to a right-of-way to get a higher price for the land because the improvements make the land more valuable to the department. Whether the landowner will receive a price that is high enough to cover the cost of making the improvements to the land, depends on the outcome of negotiations between the landowner and the department. If the department and the landowner cannot agree on a price, the department can acquire the land and the improvements attached to the land through eminent domain, in which case the department pays fair market value for the land. The fair market value of the land with the improvements may not be enough to pay the landowner for the cost of making the improvements.

HB 600 and AS 37.05.230 do not conflict, nor does HB 600 change the effect of AS 37.05.230. A contract for construction on a state owned right-of-way must be awarded on a competitive bid basis, and, to the extent that such a contract is involved in acquisition of a prepared right-of-way, that contract would be subject to AS 37.05.230.

Acquisition of prepared right-of-ways can be exempted from the requirements of competitive bidding by adding an exception to AS 37.05.230 that excludes from the competitive bidding statute any construction performed by a landowner as a

Representative Al Adams  
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~~condition of the acquisition of a right-of-way by the Department of Transportation and Public Facilities, if that is the intent of the legislature.~~

In summary, HB 600 does not change the requirement that the state award all public construction contracts on the basis of competitive bid. Once the state has agreed to acquire the right-of-way, any preparation of the right-of-way must be performed under a construction contract awarded according to the competitive bidding procedure of AS 37.05.230. HB 600 does clarify the authority of the state to acquire ~~prepared right-of-ways where the improvements to the right-of-way exist at the time of acquisition and to pay a higher price for the right-of-way.~~

Please contact me if I can provide more information.

GU:mkr  
m4/024

**DEPARTMENT OF LAW**  
OFFICE OF THE ATTORNEY GENERAL

March 21, 1986

The Honorable John B. Coghill  
Alaska Senate  
P.O. Box V  
Juneau, AK 99811

Re: SE 428/HB 600

Dear Senator Coghill:

You have inquired regarding the legal impact SE 428. Identical legislation has also been introduced in the House of Representatives as HB 600.

This bill amends AS 44.42.020 with new language, proposed as subsection (b)(3), which allows the Department of Transportation and Public Facilities (DOT/PF) the discretion to "acquire, purchase, or take over underdeveloped or prepared rights of way for present or future use as a road, highway, railroad or pipeline corridors." The language regarding prepared rights of way presents a number of legal difficulties, which arise from state procurement policies and general legal requirements regarding public construction contracts after award of the contract.

Under existing statutory authority, the Department of Transportation and Public Facilities has the duty to acquire land necessary as rights of way. AS 19.05.080 and AS 35.20.010. It is also required to construct public projects, with a cost of construction of more than \$100,000, by contracts awarded on the basis of competitive bidding to the lowest responsible bidder. The department can, upon a showing by ultimate facts, waive the requirements for competitive bidding when it is in the state's best interests. AS 19.10.170, 19.10.210, 35.15.010 and 35.15.050.

The new language contained in SE 428 grants no new authority to DOT/PF. The department presently has the ability to acquire land and to accomplish the construction of public works by means other than competitive bidding. The proposed language does blend the functions of land acquisition and construction

BILL SHEFFIELD, GOVERNOR

REPLY TO:

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465-3603

together, but in no way changes any other legal obligations of the department or other requirements which presently exist.

When the state acquires land it is obligated to render just compensation for the land, which is based upon the fair market value of the land without regard to any special value the land may have to the state for the project constructed in the manner proposed. AS 09.55.310 and Gackstetter v. State, 618 P.2d 564 (Alaska 1980). Its obligation can be characterized as a responsibility to pay as much money for the land as is reasonably supportable by external criteria found in the particular real estate market.

Public construction contracts are generally awarded to the lowest bidder which is determined on the basis of price competition among interested contractors. DOT/PF's duty in regard to these contracts may be characterized as the responsibility to accomplish the construction at the least cost to the state.

The proposed language of this bill does not alter DOT/PF's responsibilities under existing law regarding either land acquisition or public construction contracting. The department would still be required to prove by ultimate facts that the particular acquisition of prepared rights of way would be in the state's best interests compared to buying the land for fair market value and accomplishing the construction by competitive bidding with the award to the lowest responsible bidder.

There is a second set of legal requirements which also apply to public construction projects which the provisions of HB 428 do not alter. These requirements govern the performance of contracts for public construction projects and come into play after the contract has been awarded.

AS 36.05.010 through AS 36.05.110 require the payment of prevailing wage rates on public construction contracts. There is little doubt that the type of work contemplated by the term "prepared rights of way" would fall within the ambit of these statutes. Public construction is defined in AS 36.95.010(3) to mean ". . . the on site field surveying, erection, rehabilitation, alteration, extension or repair, including painting or redecorating of buildings, highways or other improvements to real property under contract for the state . . ." (Emphasis added). The fact that the state would be contracting for the purchase of land instead of the construction of a public works project would not defeat a worker's right to receive the prevailing wage rate. This conclusion is reached because of the close connection between the work to be done as an incident of the land

acquisition and the completed project, and the fact that the land as improved to the state's specifications will be used for a facility owned and used by the state. See, City and Borough of Sitka v. Construction and General Laborers Local 942, 644 P.2d 227 (Alaska 1982) and Alaska Federation of Labor v. State Department of Labor et al, Alaska Supreme Court Opinion No. 3014, January 31, 1986.

Under the provisions of AS 36.25.010 contractors on state public works projects, which have a contract price of more than \$100,000, are required to procure payment bonds to guarantee payment for laborers and material men providing services and goods necessary for the performance of the contract. There have been no cases which require payment bonding under circumstances similar to the requirement to pay prevailing wage rates which we have discussed above. However, it is probable that our courts could reach that conclusion in regard to prepared rights of way.

We reach this conclusion because payment bonds are required to serve two functions. They protect laborers and material men by ensuring that they will be paid for their services or goods. Coincidentally, payment bonds also protect the state because they provide the exclusive remedy in the event of nonpayment of laborers and material men. Hence, the state is not subject to liens filed by laborers and material men under AS 34.35.050. (The argument for requiring payment bonds for creation of prepared rights of way is amplified because the relationship is structured as a land transaction, which would be subject to liens filed by laborers and material men.)

If a major alteration in public policy is sought by the passage of HB 428, the bill is not successful. The bill does not grant any authority to DOT/PF which it does not already possess under existing law. The department would still be required to prove that it was in the state's best interests to purchase prepared rights of way rather than have the work preparing the right of way done under a contract awarded on the basis of competitive bidding. It is a virtual certainty that laborers actually performing the work would be entitled to receive the prevailing wage rate under AS 36.05.010 which would make labor costs for preparing the right of way equal to the labor costs under competitive bidding. Similarly, there is also a very strong possibility that payment bonding would be required when prepared rights of way are purchased. The costs of these bonds would have to be factored and would be the same for both property owners preparing rights of way for sale to the state and construction contractors. It appears, given the costs paying prevailing wage rates and procuring the appropriate bonding, that

Honorable John B. Coghill  
Alaska Senate

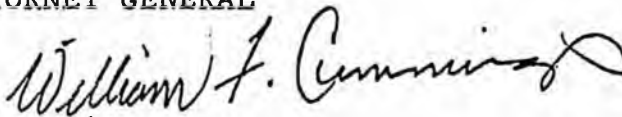
March 21, 1986  
Page 4

it would be unlikely that the necessary showing that a contract to acquire prepared rights of way would be in the state's best interest, except for very modest projects, unless the property owner is willing to accept greatly reduced equipment rates on equipment required for the work and give up normally expected returns for overhead and profit.

If we may be of any further assistance on these matters, please contact us at your earliest convenience.

Sincerely yours,

HAROLD M. BROWN  
ATTORNEY GENERAL

By:   
William F. Cummings  
Assistant Attorney General

WFC:prm

Introduced: 2/14/86  
Referred: Transportation  
and Finance

1 IN THE HOUSE

BY SHULTZ

2

HOUSE BILL NO. 600

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act relating to acquisition of rights-of-way by  
7 the Department of Transportation and Public Facili-  
8 ties; and providing for an effective date."

9

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

10

\* Section 1. AS 44.42.020(b) is amended to read:

11

(b) The department may

12

(1) engage in experimental projects relating to available

13

or future modes of transportation and any means of improving existing  
14 transportation facilities and service;

15

(2) exercise the power of eminent domain, including the

16

declaration of taking as provided in AS 09.55;

17

(3) acquire, purchase, or take over undeveloped or prepared

18

rights-of-way for present or future use as road, highway, railroad, or

19

pipeline corridors.

20

\* Sec. 2. This Act takes effect July 1, 1986.

**HOUSE  
COMMITTEE REPORT**

(11)

Date referred: 4/3/86

FURTHER REFERRALS:

DATE: 4-14-86

The FINANCE Committee has considered HB 601

"An Act abolishing inactive boards, councils, commissions, and centers."

and recommends:

- do pass
- do not pass
- do pass with attached amendment(s)
- no recommendation
- replace with \_\_\_\_\_  same title
- \_\_\_\_\_  new title

and recommends \_\_\_\_\_

further referral to the \_\_\_\_\_ Committee

- and attaches:
- letter of intent
  - first fiscal note
  - new fiscal note
  - zero fiscal note 4-12-86 New

SIGNING DO PASS:

SIGNING OTHER RECOMMENDATIONS:

Albert B. Adams  
Mike Szumowski  
John Duncan  
Ronald G. Turner  
Pat Fournier  
Rich Velt (DO PASS)  
Steve Rieger  
[Signature]  
[Signature]  
Jim Galt

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Albert B. Adams  
Chairman

Introduced: 2/14/86  
Referred: State Affairs  
and Finance

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 HOUSE BILL NO. 601

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act abolishing inactive boards, councils, com-  
7 missions, and centers."

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

9 \* Section 1 AS 44.99.001 is amended to read:

10 Sec. 44.99.001. ADMINISTRATION OF HIGHWAY SAFETY PROGRAM. The  
11 governor may contract and do all other things necessary on behalf of  
12 this state under 23 U.S.C. sec. 401 -- 404 (Highway Safety Act of  
13 1966), and may cooperate with interested persons and agencies to  
14 effectuate the purposes of that Act. The governor may designate a  
15 person to serve as the governor's highway safety representative;  
16 however, the governor is the official in this state having the ulti-  
17 mate responsibility for dealing with the federal government with  
18 respect to programs and activities under the Federal Highway Safety  
19 Act of 1966. The governor shall coordinate the activities relating to  
20 highway safety of state departments, agencies, and subdivisions [AND  
21 OF THE GOVERNOR'S COMMISSION ON TRANSPORTATION SAFETY ESTABLISHED IN  
22 AS 44.19.190].

23 \* Sec. 2. AS 44.19.064 -- 44.19.072; 44.19.131 -- 44.19.140; 44.19.190  
24 -- 44.19.192; AS 44.27.050(5); AS 44.33.020(23); 44.33.190 -- 44.33.230;  
25 44.33.401 -- 44.33.430; AS 44.47.160 -- 44.47.190; AS 44.66.010(a)(9); and  
26 AS 46.12 are repealed.

# STATE OF ALASKA 1986 LEGISLATIVE SESSION FISCAL NOTE

Revision Date : \_\_\_\_\_

**REQUEST**

Bill/Resolution No. : HB 601  
 Title : Abolishing Boards and Commissions.

Sponsor : Governor  
 Requestor : House Finance Committee  
 Date of Request : 4/12/86

**FISCAL DETAIL**

Agency Affected : Department of Public Safety  
BRM: Dept. Comm. Reg. Affairs, DOT&PF and  
Dept. Commerce & Economic Development

Components : \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**EXPENDITURES/REVENUES : (Thousands of Dollars)**

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES		-0-	-0-	-0-	-0-	-0-
TRAVEL		-0-	-0-	-0-	-0-	-0-
CONTRACTUAL		-0-	-0-	-0-	-0-	-0-
SUPPLIES		-0-	-0-	-0-	-0-	-0-
EQUIPMENT		-0-	-0-	-0-	-0-	-0-
LAND & STRUCTURES		-0-	-0-	-0-	-0-	-0-
GRANTS, CLAIMS		-0-	-0-	-0-	-0-	-0-
MISCELLANEOUS		-0-	-0-	-0-	-0-	-0-
TOTAL OPERATING		-0-	-0-	-0-	-0-	-0-

CAPITAL		-0-	-0-	-0-	-0-	-0-
---------	--	-----	-----	-----	-----	-----

REVENUE		-0-	-0-	-0-	-0-	-0-
---------	--	-----	-----	-----	-----	-----

**FUNDING : (Thousands of Dollars)**

GENERAL FUND		-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS		-0-	-0-	-0-	-0-	-0-
OTHER		-0-	-0-	-0-	-0-	-0-
TOTAL		-0-	-0-	-0-	-0-	-0-

**POSITIONS :**

FULL-TIME		-0-	-0-	-0-	-0-	-0-
PART-TIME		-0-	-0-	-0-	-0-	-0-
TEMPORARY		-0-	-0-	-0-	-0-	-0-

**ANALYSIS :** Attach a separate page if necessary

None of these Boards have received any funding recently, so there is no savings from passage of this bill.

Prepared by : Representative Al Adams - Chairman Phone : 465-3706  
 Division : House Finance Committee Date : 4/12/86

Approved by Commissioner : \_\_\_\_\_ Date : \_\_\_\_\_  
 Agency : \_\_\_\_\_

**Distribution (by Agency preparing fiscal note) :**

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

February 14, 1986

The Honorable Ben Grussendorf  
Speaker of the House  
Alaska State Legislature  
P.O. Box V  
Juneau, AK 99811

Dear Representative Grussendorf:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill abolishing seven non-functional boards, councils, commissions, and centers. The repealers in sec. 2 are the heart of this bill and sec. 1 makes an amendment to correspond with one of the repeals.

Two years ago, the Office of the Governor conducted an inventory of all state boards and commissions. Several of these entities were determined to be nonfunctional, and the following require legislative action to repeal statutes: (1) Alaska International Development Commission (AS 44.19.064 -- 44.19.072); (2) Governor's Commission on the Administration of Justice (AS 44.119.110 -- 44.19.122), which is dealt with separately in HB 183 introduced last year at my request; (3) Commission on the Conference of the Law of the Sea (AS 44.19.131 -- 44.19.140); (4) Governor's Commission on Transportation Safety (AS 44.19.192); (5) Tourism Advisory Board (AS 44.33.230); (6) Advisory Council on Cultural Facilities (AS 44.33.401 -- 44.33.430); (7) Rural Development Council (AS 44.47.160 -- 44.47.190); and (8) the Alaska Energy Center (AS 46.12).

All of these entities are considered nonfunctional for one or more of the following reasons:

1. their function has been absorbed by another entity;
2. they have lacked funding by legislative appropriations more than two years in a row;

3. the specific need for which they were established no longer exists.

Despite their dormant status, these entities all continue to exist on the pages of the Alaska Statutes. The purpose of this bill is to officially abolish these entities and repeal the statutes governing their operation. The cultural facilities development fund, AS 44.33.401 -- 44.33.417, which was to be handled by the Advisory Council on Cultural Facilities, is also repealed, as are references to the council in AS 44.27.050(5), and to the fund in AS 44.33.020(23). No money has ever been appropriated to the fund, and no grants have ever been awarded from it. In addition, a reference to the Rural Development Council in AS 44.66.010(a)(9) is repealed.

I urge your prompt and favorable action on this measure, to clean up the statutes and to clear up public confusion about these entities.

Sincerely,

A handwritten signature in cursive script that reads "Bill Sheffield".

Bill Sheffield  
Governor

BILL SHEFFIELD, GOVERNOR

REPLY TO:

1031 W 4th AVENUE  
SUITE 200  
ANCHORAGE, ALASKA 99501  
PHONE: (907) 276-3550

1st NATIONAL CENTER  
100 CUSHMAN ST.  
SUITE 400  
FAIRBANKS, ALASKA 99701  
PHONE: (907) 452-1568

POUCH K - STATE CAPITOL  
JUNEAU, ALASKA 99811  
PHONE: (907) 465-3600

**DEPARTMENT OF LAW**

OFFICE OF THE ATTORNEY GENERAL

March 17, 1986

MAR 17 1986

The Honorable Katie Hurley  
Chair, House State Affairs  
Committee  
Alaska State Legislature  
P.O. Box V  
Juneau, AK 99811

Re: HB 601 (Abolishing inactive  
state entities)

Dear Representative Hurley:

At the hearing last week on this bill, your committee requested more information about the inactive entities which would be formally abolished by the repeal of their respective authorizing statutes in section 2 of the bill. On March 11, I provided your staff a February 20, 1985 letter to you from Carol Derfner, former special assistant to the governor for Boards and Commissions concerning HB 122, the predecessor of HB 601. A copy of that letter is also enclosed with this letter. It provides some specific information on six of the seven entities dealt with in HB 601 along with information on the Governor's Commission on the Administration of Justice which is dealt with separately in HB 183.

The Alaska Energy Center (AS 46.12) is the one additional entity that would be formally abolished by HB 601 but which was not mentioned in the February, 1985 letter because it was not included in HB 122. The center was established in 1980 and disbanded in 1982 and has not been funded since. The Department of Commerce and Economic Development, which had responsibility for the wind-down of the center, has recommended that AS 46.12 be repealed now that the last residual court case related to it has been decided by the Alaska Supreme Court. Zerbetz v. Alaska Energy Center, 708 P.2d 1270 (Alaska 1985), concerning the employment contract of the former executive director of the short-lived center, was, for the most part, resolved by the Alaska Supreme Court's May 10, 1985 decision. The center has not been funded since 1980 and the remainder of that appropriation was transferred to the Department of Commerce and Economic Development in 1981 "to be used only to complete projects to pay overhead expenses" (sec. 20, ch. 82, SLA 1981).

Honorable Katie Hurley  
Chair, House State Affairs Committee  
Alaska State Legislature  
Re: HB 601

March 17, 1986  
Page 2

A summary of all seven entities which would be formally abolished by sec. 2 of HB 601, along with the statutes to be repealed and the reasons, follows:

- (1) Alaska International Development Commission.
  - AS 44.19.131 -- AS 44.19.072.
  - Functions absorbed by Department of Commerce and Economic Development, Department of Natural Resources and Governor's Office.
  - No appropriation since at least FY 1975.
- (2) Commission of the Conference of the Law of the Sea.
  - AS 44.19.131 -- AS 44.19.140.
  - Functions absorbed by Department of Fish and Game and Governor's Office.
  - No appropriation since FY 1981.
- (3) Governor's Commission of Transportation Safety.
  - AS 44.19.190 -- AS 44.19.192 (and mentioned in AS 44.99.001).
  - Functions absorbed by Department of Public Safety.
  - Never funded since creation in FY 1982.
- (4) Tourism Advisory Board.
  - AS 44.33.190 -- AS 44.33.230.
  - Functions absorbed by Department of Commerce and Economic Development, Department of Natural Resources and Governor's Office.
  - No appropriation since at least FY 1981.
- (5) Advisory Council of Cultural Facilities.
  - AS 44.33.401 -- AS 44.33.430.
  - Function accomplished.
  - No appropriation since FY 1980.
- (6) Rural Development Council.
  - AS 44.47.160 -- AS 44.47.190.
  - Functions absorbed by Department of Community and Regional Affairs and Governor's Office.
  - No appropriation since FY 1982.
- (7) Alaska Energy Center.
  - AS 46.12
  - Functions absorbed by Department of Commerce and Economic Development, Department of Community and Regional Affairs.
  - No appropriation since FY 1980.

Honorable Katie Hurley  
Chair, House State Affairs Committee  
Alaska State Legislature  
Re: HB 601

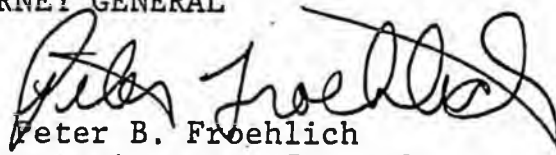
March 17, 1986  
Page 3

The reason for the repeal of the statutes creating the defunct entities is to eliminate confusion and to conform the codified Alaska statutes with the reality established by the lack of appropriation by the legislature. According to the inventory conducted by the Governor's Office in 1983 there were 124 Boards and Commissions "on the books." Passage of this bill is a necessary step in the effort to weed out those unnecessary and unfunded entities whose functions have either been absorbed by other agencies or accomplished.

Please let me know if I can provide further information or assistance concerning this bill.

Sincerely yours,

HAROLD M. BROWN  
ATTORNEY GENERAL

By:   
Peter B. Froehlich  
Assistant Attorney General

HMB:PBF:cck

Enclosure

cc w/o enc.:

Hon. Loren Lounsbury, Commissioner  
Dept. of Commerce & Economic Development

Hon. Emil Notti, Commissioner  
Dept. of Community & Regional Affairs

Hon. Richard Knapp, Commissioner  
Dept. of Transportation and Public Facilities

Hon. Robert Sundberg, Commissioner  
Dept. of Public Safety

Barbara Dale, Special Assistant for  
Boards & Commissions  
Office of the Governor

BILL SHEFFIELD  
GOVERNOR



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

February 14, 1986

The Honorable Ben Grussendorf  
Speaker of the House  
Alaska State Legislature  
P.O. Box V  
Juneau, AK 99811

Dear Representative Grussendorf:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill abolishing seven non-functional boards, councils, commissions, and centers. The repealers in sec. 2 are the heart of this bill and sec. 1 makes an amendment to correspond with one of the repeals.

Two years ago, the Office of the Governor conducted an inventory of all state boards and commissions. Several of these entities were determined to be nonfunctional, and the following require legislative action to repeal statutes: (1) Alaska International Development Commission (AS 44.19.064 -- 44.19.072); (2) Governor's Commission on the Administration of Justice (AS 44.119.110 -- 44.19.122), which is dealt with separately in HB 183 introduced last year at my request; (3) Commission on the Conference of the Law of the Sea (AS 44.19.131 -- 44.19.140); (4) Governor's Commission on Transportation Safety (AS 44.19.190 -- 44.19.192); (5) Tourism Advisory Board (AS 44.33.190 -- 44.33.230); (6) Advisory Council on Cultural Facilities (AS 44.33.401 -- 44.33.430); (7) Rural Development Council (AS 44.47.160 -- 44.47.190); and (8) the Alaska Energy Center (AS 46.12).

All of these entities are considered nonfunctional for one or more of the following reasons:

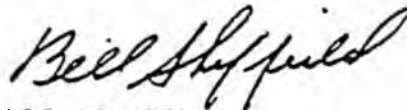
1. their function has been absorbed by another entity;
2. they have lacked funding by legislative appropriations more than two years in a row;

3. the specific need for which they were established no longer exists.

Despite their dormant status, these entities all continue to exist on the pages of the Alaska Statutes. The purpose of this bill is to officially abolish these entities and repeal the statutes governing their operation. The cultural facilities development fund, AS 44.33.401 -- 44.33.417, which was to be handled by the Advisory Council on Cultural Facilities, is also repealed, as are references to the council in AS 44.27.050(5), and to the fund in AS 44.33.020(23). No money has ever been appropriated to the fund, and no grants have ever been awarded from it. In addition, a reference to the Rural Development Council in AS 44.66.010(a)(9) is repealed.

I urge your prompt and favorable action on this measure, to clean up the statutes and to clear up public confusion about these entities.

Sincerely,



Bill Sheffield  
Governor

Introduced: 2/14/86  
Referred: State Affairs  
and Finance

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 HOUSE BILL NO. 601

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act abolishing inactive boards, councils, com-  
7 missions, and centers."

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

9 \* Section 1. AS 44.99.001 is amended to read:

10 Sec. 44.99.001. ADMINISTRATION OF HIGHWAY SAFETY PROGRAM. The  
11 governor may contract and do all other things necessary on behalf of  
12 this state under 23 U.S.C. sec. 401 -- 404 (Highway Safety Act of  
13 1966), and may cooperate with interested persons and agencies to  
14 effectuate the purposes of that Act. The governor may designate a  
15 person to serve as the governor's highway safety representative;  
16 however, the governor is the official in this state having the ulti-  
17 mate responsibility for dealing with the federal government with  
18 respect to programs and activities under the Federal Highway Safety  
19 Act of 1966. The governor shall coordinate the activities relating to  
20 highway safety of state departments, agencies, and subdivisions [AND  
21 OF THE GOVERNOR'S COMMISSION ON TRANSPORTATION SAFETY ESTABLISHED IN  
22 AS 44.19.190].

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25 44.33.401 -- 44.33.430; AS 44.47.160 -- 44.47.190; AS 44.66.010(a)(9); and  
26 AS 46.12 are repealed.

**COMMITTEE REPORT**  
**SENATE**

FURTHER:

5/1/86

Date 5/6/86

Mr. President

The Committee on FINANCE considered HB 601

abolishing inactive boards, councils, commissions, and centers.

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

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for \_\_\_\_\_
- new title
- same title and recommends \_\_\_\_\_
- and attached a "LETTER OF INTENT"  NEW FISCAL NOTE
- reports it back without recommendation  C&RA, Comm's Off     C&RA, Local Govt Ass't
- recommends referral to \_\_\_\_\_  DOT/PF     HFC
- recommends referral to \_\_\_\_\_  DPS     C&ED     Committee

**MEMBERS SIGNING  
DO PASS**

Rich Hallford  
Carl Frick  
J. J. [unclear]  
D. [unclear]  
J. [unclear]  
\_\_\_\_\_  
\_\_\_\_\_

**MEMBERS HAVING  
OTHER RECOMMENDATIONS**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

J. [unclear]  
Co-Chairman  
do pass  
Chairman recommendation

Introduced: 2/14/86  
Referred: State Affairs  
and Finance

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 HOUSE BILL NO. 601

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act abolishing inactive boards, councils, com-  
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13 1966), and may cooperate with interested persons and agencies to  
14 effectuate the purposes of that Act. The governor may designate a  
15 person to serve as the governor's highway safety representative;  
16 however, the governor is the official in this state having the ulti-  
17 mate responsibility for dealing with the federal government with  
18 respect to programs and activities under the Federal Highway Safety  
19 Act of 1966. The governor shall coordinate the activities relating to  
20 highway safety of state departments, agencies, and subdivisions [AND  
21 OF THE GOVERNOR'S COMMISSION ON TRANSPORTATION SAFETY ESTABLISHED IN  
22 AS 44.19.190].

23 \* Sec. 2. AS 44.19.064 -- 44.19.072; 44.19.131 -- 44.19.140; 44.19.190  
24 -- 44.19.192; AS 44.27.050(5); AS 44.33.020(23); 44.33.190 -- 44.33.230;  
25 44.33.401 -- 44.33.430; AS 44.47.160 -- 44.47.190; AS 44.66.010(a)(9); and  
26 AS 46.12 are repealed.

4/13

7/14

# STATE OF ALASKA 1986 LEGISLATIVE SESSION FISCAL NOTE

Revision Date : \_\_\_\_\_

REQUEST SLB 601 #1

FISCAL DETAIL

Bill/Resolution No. : \_\_\_\_\_  
Title : Abolishing inactive boards,  
councils, commissions, and centers

Agency Affected : Community and Regional  
BRU : N/A

Sponsor : Governor Sheffield  
Requestor : Harold Brown, Attorney General  
Date of Request : \_\_\_\_\_

Components : N/A

### EXPENDITURES/REVENUES : (Thousands of Dollars)

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

### FUNDING : (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

### POSITIONS :

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

ANALYSIS : Attach a separate page if necessary

The Rural Development Council --AS44.47.160--44.47.190--  
was not funded in the FY 85 Budget, and is defunct.

Prepared by : Jennifer Fate  
Division : Commissioner's Office

Phone : 465-4700  
Date : 1/6/86

Approved by Commissioner : Emil Notti  
Agency : Community and Regional Affairs

Date : 1/6/86

Distribution (by Agency preparing fiscal note) :

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

A/S

# STATE OF ALASKA 1986 LEGISLATIVE SESSION FISCAL NOTE

**REQUEST** HB 601 #2

Bill/Resolution No. : \_\_\_\_\_  
 Title : An Act Abolishing Inactive  
Boards, Councils, Commissions, and  
Centers  
 Sponsor : Governor  
 Requestor : \_\_\_\_\_  
 Date of Request : \_\_\_\_\_

Revision Date : \_\_\_\_\_

**FISCAL DETAIL**

Agency Affected : DOT&PF  
 BRU : \_\_\_\_\_  
 \_\_\_\_\_  
 Components : \_\_\_\_\_  
 \_\_\_\_\_

**EXPENDITURES/REVENUES : (Thousands of Dollars)**

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
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REVENUE	-0-	-0-	-0-	-0-	-0-	-0-
---------	-----	-----	-----	-----	-----	-----

**FUNDING : (Thousands of Dollars)**

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

**POSITIONS :**

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME	-0-	-0-	-0-	-0-	-0-	-0-
TEMPORARY	-0-	-0-	-0-	-0-	-0-	-0-

**ANALYSIS :** Attach a separate page if necessary

Abolishment of the Governor's Commission on Transportation Safety  
will not affect the Department of Transportation and Public Facilities.

Prepared by: Susan K. Fleischhauer, Legislative Liaison Phone: 465-3900  
 Division: Office of the Commissioner Date: 1-3-86

Approved by Commissioner: R. J. Knapp Date: 1-3-86  
 Agency: Transportation and Public Facilities

**Distribution (by Agency preparing fiscal note) :**

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

1/13

# STATE OF ALASKA 1986 LEGISLATIVE SESSION FISCAL NOTE

**REQUEST** HB 601 # 3

Bill/Resolution No. : \_\_\_\_\_  
 Title: Abolishing Inactive boards, councils, and commissions.  
 \_\_\_\_\_  
 Sponsor: Rules Committee  
 Requestor: Governor  
 Date of Request: 1-2-86

Revision Date : \_\_\_\_\_

**FISCAL DETAIL**

Agency Affected: Public Safety  
 BRU: Highway Safety  
 \_\_\_\_\_  
 Components : \_\_\_\_\_  
 \_\_\_\_\_

**EXPENDITURES/REVENUES : (Thousands of Dollars)**

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	-0-	-0-	-0-	-0-	-0-	-0-
<b>CAPITAL</b>						
<b>REVENUE</b>						

**FUNDING : (Thousands of Dollars)**

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	-0-	-0-	-0-	-0-	-0-	-0-

**POSITIONS :**

FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS :** Attach a separate page if necessary

Prepared by: T. Michael Lewis Phone: 465-4374  
 Division: Highway Safety Planning Agency Date: 1/2/86  
 Approved by Commissioner: [Signature] Date: 1/2/86  
 Agency: Public Safety

Distribution (by Agency preparing fiscal note) :

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

1/3

# STATE OF ALASKA 1986 LEGISLATIVE SESSION FISCAL NOTE

Revision Date: \_\_\_\_\_

**REQUEST** HB 601 #4

Bill/Resolution No.: 377-024 086  
Title: An Act abolishing inactive boards, councils, commissions and centers.  
Sponsor: \_\_\_\_\_  
Requestor: \_\_\_\_\_  
Date of Request: \_\_\_\_\_

**FISCAL DETAIL**

Agency Affected: Dept. Comm. & Econ. Dev.  
BRU: \_\_\_\_\_  
Components: \_\_\_\_\_

**EXPENDITURES/REVENUES : (Thousands of Dollars)**

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>

<b>CAPITAL</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>
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<b>REVENUE</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>
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**FUNDING : (Thousands of Dollars)**

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>

**POSITIONS : NONE**

FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS :** Attach a separate page if necessary

Prepared by: \_\_\_\_\_

Division: Dept. of Admin. Serv.

Phone: 465-2505

Date: 12-30-85

Approved by Commissioner: \_\_\_\_\_

Agency: Commerce & Economic Development

Date: \_\_\_\_\_

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

A/B

# STATE OF ALASKA 1986 LEGISLATIVE SESSION FISCAL NOTE

Revision Date : \_\_\_\_\_

### REQUEST

Bill/Resolution No. : HB 601  
Title : An act abolishing inactive boards, councils, commissions, and centers.

Sponsor : Rules Committee  
Requestor : Governor  
Date of Request : \_\_\_\_\_

### FISCAL DETAIL

Agency Affected : \_\_\_\_\_  
BRU : Local Government Assistance

Components : Training Development

### EXPENDITURES/REVENUES : (Thousands of Dollars)

OPERATING	FY 86	FY 87	FY 88	- FY 89	FY 90	FY 91
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL						
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REVENUE						
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### FUNDING : (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL						

### POSITIONS :

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

ANALYSIS : Attach a separate page if necessary

Prepared by : Doug Griffin, Deputy Director  
Division : Municipal & Regional Assistance

Phone : 465-4750  
Date : 03/17/86

Approved by Commissioner : Emil Notti  
Agency : Community & Regional Affairs

Date : \_\_\_\_\_

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

# STATE OF ALASKA 1986 LEGISLATIVE SESSION

## FISCAL NOTE

1/13

Revision Date : \_\_\_\_\_

**REQUEST**

Bill/Resolution No. : HB 601  
 Title : Abolishing Boards and Commissions.  
 \_\_\_\_\_  
 \_\_\_\_\_  
 Sponsor : Governor  
 Requestor : House Finance Committee  
 Date of Request : 4/12/86

**FISCAL DETAIL**

Agency Affected : Department of Public Safety  
BRAX: Dept. Comm. Reg. Affairs, DOT&PF and  
Dept. Commerce & Economic Development  
 \_\_\_\_\_  
 Components : \_\_\_\_\_  
 \_\_\_\_\_

**EXPENDITURES/REVENUES : (Thousands of Dollars)**

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES		-0-	-0-	-0-	-0-	-0-
TRAVEL		-0-	-0-	-0-	-0-	-0-
CONTRACTUAL		-0-	-0-	-0-	-0-	-0-
SUPPLIES		-0-	-0-	-0-	-0-	-0-
EQUIPMENT		-0-	-0-	-0-	-0-	-0-
LAND & STRUCTURES		-0-	-0-	-0-	-0-	-0-
GRANTS, CLAIMS		-0-	-0-	-0-	-0-	-0-
MISCELLANEOUS		-0-	-0-	-0-	-0-	-0-
TOTAL OPERATING		-0-	-0-	-0-	-0-	-0-

CAPITAL		-0-	-0-	-0-	-0-	-0-
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REVENUE		-0-	-0-	-0-	-0-	-0-
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**FUNDING : (Thousands of Dollars)**

GENERAL FUND		-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS		-0-	-0-	-0-	-0-	-0-
OTHER		-0-	-0-	-0-	-0-	-0-
TOTAL		-0-	-0-	-0-	-0-	-0-

**POSITIONS :**

FULL-TIME		-0-	-0-	-0-	-0-	-0-
PART-TIME		-0-	-0-	-0-	-0-	-0-
TEMPORARY		-0-	-0-	-0-	-0-	-0-

**ANALYSIS :** Attach a separate page if necessary

None of these Boards have received any funding recently, so there is no savings from passage of this bill.

Prepared by : Representative Al Adams - Chairman  
 Division : House Finance Committee

Phone : 465-3706  
 Date : 4/12/86

Approved by Commissioner : \_\_\_\_\_  
 Agency : \_\_\_\_\_

Date : \_\_\_\_\_

**Distribution (by Agency preparing fiscal note) :**

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

## SECTIONAL ANALYSIS FOR HOUSE BILL 601

An Act abolishing inactive boards, councils, commissions and centers.

### Section 1

Deletes the reference to the Governor's Commission on Transportation Safety in the statute relating to administration of the Highway Safety program because it is abolished in Section 2 of this act.

### Section 2

Abolishes the following boards, councils, commissions and centers:

- 1) Alaska International Development Commission
- 2) Governor's Commission on the Administration of Justice
- 3) Commission on the Conference of the Law of the Sea
- 4) Governor's Commission on Transportation Safety
- 5) Tourism Advisory Board
- 6) Advisory Council on Cultural Facilities
- 7) Rural Development Council
- 8) Alaska Energy Center

BILL SHEFFERLO  
GOVERNOR



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

February 14, 1986

The Honorable Ben Grussendorf  
Speaker of the House  
Alaska State Legislature  
P.O. Box V  
Juneau, AK 99811

Dear Representative Grussendorf:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill abolishing seven non-functional boards, councils, commissions, and centers. The repealers in sec. 2 are the heart of this bill and sec. 1 makes an amendment to correspond with one of the repeals.

Two years ago, the Office of the Governor conducted an inventory of all state boards and commissions. Several of these entities were determined to be nonfunctional, and the following require legislative action to repeal statutes: (1) Alaska International Development Commission (AS 44.19.064 -- 44.19.072); (2) Governor's Commission on the Administration of Justice (AS 44.119.110 -- 44.19.122), which is dealt with separately in HB 183 introduced last year at my request; (3) Commission on the Conference of the Law of the Sea (AS 44.19.131 -- 44.19.140); (4) Governor's Commission on Transportation Safety (AS 44.19.190 -- 44.19.192); (5) Tourism Advisory Board (AS 44.33.190 -- 44.33.230); (6) Advisory Council on Cultural Facilities (AS 44.33.401 -- 44.33.430); (7) Rural Development Council (AS 44.47.160 -- 44.47.190); and (8) the Alaska Energy Center (AS 46.12).

All of these entities are considered nonfunctional for one or more of the following reasons:

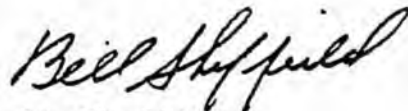
1. their function has been absorbed by another entity;
2. they have lacked funding by legislative appropriations more than two years in a row;

3. the specific need for which they were established no longer exists.

Despite their dormant status, these entities all continue to exist on the pages of the Alaska Statutes. The purpose of this bill is to officially abolish these entities and repeal the statutes governing their operation. The cultural facilities development fund, AS 44.33.401 -- 44.33.417, which was to be handled by the Advisory Council on Cultural Facilities, is also repealed, as are references to the council in AS 44.27.050(5), and to the fund in AS 44.33.020(23). No money has ever been appropriated to the fund, and no grants have ever been awarded from it. In addition, a reference to the Rural Development Council in AS 44.66.010(a)(9) is repealed.

I urge your prompt and favorable action on this measure, to clean up the statutes and to clear up public confusion about these entities.

Sincerely,

A handwritten signature in cursive script that reads "Bill Sheffield".

Bill Sheffield  
Governor

COMMITTEE REPORT  
SENATE

FURTHER: FINANCE

4/18/86

Date May 1, 1986

Mr. President

The Committee on STATE AFFAIRS considered HB 601  
abolishing inactive boards, ~~and~~ Councils, Commissioners, and  
Centers

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

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for \_\_\_\_\_
- new title \_\_\_\_\_
- same title and recommends \_\_\_\_\_
- and attached a "LETTER OF INTENT" [ ] NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

Edna de Vries  
V. Bischoff  
Tim Keeg  
Bill Kay  
\_\_\_\_\_  
\_\_\_\_\_

MEMBERS HAVING  
OTHER RECOMMENDATIONS

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

[Signature]  
Chairman  
[Signature]  
Chairman recommendation



HOUSE  
COMMITTEE REPORT

4/17

(7)

Date referred: 2/14/86

FURTHER REFERRALS: FINANCE

DATE: 4/16/86

HEALTH, EDUCATION AND  
SOCIAL SERVICES

Committee has considered HB 604

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

and recommends:

- do pass
- do not pass
- do pass with attached amendment(s)
- no recommendation
- replace with CS HB 604 (HESS)  same title
- new title

and recommends NO REC

further referral to the \_\_\_\_\_ Committee

- and attaches:
- letter of intent (*forthcoming*)
  - first fiscal note
  - new fiscal note
  - zero fiscal note

SIGNING DO PASS:

*Steve Kosman*

*George Stanley*

*Marie Shulley*

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

SIGNING OTHER RECOMMENDATIONS:

*Bill [unclear] NO REC*

*David W. Shuman NO REC*

*Adrian Taylor NO REC.*

*Max F. Guenther no rec*

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

*Steve Kosman* CO-CHM

Chairman

*Max F. Guenther* Co-Ch.

Offered: 4/17/86  
Referred: Finance

*Ford*

*3rd Rate  
Hello Faith Coming*

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND  
SOCIAL SERVICES COMMITTEE

2 CS FOR HOUSE BILL NO. 604 (HESS)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

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

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

9 \* Section 1. AS 14.17.021 is repealed and reenacted to read:

10 Sec. 14.17.021. AID TO SCHOOL DISTRICTS. (a) The amount of  
11 assistance that a school district is eligible to receive from the  
12 public school foundation account in each fiscal year is initially  
13 calculated by multiplying the funding unit value established under  
14 AS 14.17.056 by the total number of allowable funding units for the  
15 district established under AS 14.17.045.

16 (b) The amount of assistance established under (a) of this  
17 section is then reduced by

18 (1) for all school districts, 80 percent of the federal  
19 financial assistance received by the district under 20 U.S.C. 236 -  
20 244 (P.L. 81-874, as amended) for the preceding fiscal year, or some  
21 lower percentage of that assistance if necessary to comply with 20  
22 U.S.C. 240(d) and the regulations adopted under it (34 C.F.R. Part  
23 222, subpart C);

24 (2) for city or borough school districts, an amount equal  
25 to an assessment of two mills on 100 percent of the full and true  
26 value, as reported by the Department of Community and Regional Affairs  
27 under AS 14.17.140, of the taxable real and personal property in the  
28 district on January 1 of the assessment year preceding the year in  
29 which the fiscal year in (a) of this section begins, up to a limit of

1 \$1,000 per mill, multiplied by the district's ADM/FTE.

2 \* Sec. 2. AS 14.17.022 is amended to read:

3 Sec. 14.17.022. FUNDS FOR CENTRALIZED CORRESPONDENCE STUDY.  
4 Funds for providing centralized correspondence study programs for  
5 students not enrolled in an approved school district correspondence  
6 study program must [SHALL] include an amount [APPROPRIATION] from the  
7 public school foundation account [IN AN AMOUNT] calculated by multi-  
8 plying the funding unit value established under AS 14.17.056 by the  
9 number of allowable basic funding units that would be established  
10 under AS 14.17.055(a) for a community with the same ADM/FTE as that of  
11 centralized correspondence study [BASE INSTRUCTIONAL UNIT BY THE TOTAL  
12 NUMBER OF INSTRUCTIONAL UNITS AS DETERMINED BY APPLYING THE NUMBER OF  
13 CORRESPONDENCE STUDENTS TO AS 14.17.041(a)].

14 \* Sec. 3. AS 14.17 is amended by adding a new section to read:

15 Sec. 14.17.045. ALLOWABLE FUNDING UNITS. The total number of  
16 funding units within each school district for any fiscal year is the  
17 sum of the following, calculated to the third decimal place, for that  
18 fiscal year:

- 19 (1) the number of basic funding units for each city or  
20 unincorporated community in the district, calculated under AS 14.17.-  
21 055(a);
- 22 (2) the number of funding units for cities or unincorporat-  
23 ed communities in the district with low school enrollments calculated  
24 under AS 14.17.055(b);
- 25 (3) the number of funding units for districts with low  
26 school enrollments that have at least one city or unincorporated  
27 community with an ADM/FTE greater than 500, calculated under AS 14.-  
28 17.055(c);
- 29 (4) the number of funding units for special education

1 calculated under AS 14.17.055(d);

2 (5) the number of funding units for bilingual/bicultural  
3 education calculated under AS 14.17.055(e);

4 (6) the number of funding units for vocational education  
5 calculated under AS 14.17.055(f);

6 (7) the number of funding units for training and experience  
7 of district personnel calculated under AS 14.17.055(g); and

8 (8) the number of district location units for the district  
9 calculated under AS 14.17.055(h).

10 \* Sec. 4. AS 14.17 is amended by adding a new section to read:

11 Sec. 14.17.055. CALCULATION OF ALLOWABLE UNITS. (a) The number  
12 of basic funding units for each district is the sum of units calculat-  
13 ed by the department for each city or unincorporated community within  
14 the district according to the following table:

15 (1) Kindergarten	ADM/FTE x 1.3
16 (2) Grades 1 - 2	ADM/FTE x 1.15
17 (3) Grades 3 - 6	ADM/FTE x 1.0
18 (4) Grades 7 - 12	ADM/FTE x 1.2

19 (b) Small school funding units for cities or unincorporated  
20 communities with K - 12 ADM/FTE of 500 or less are calculated accord-  
21 ing to the following table:

22 ADM/FTE	UNITS
23 1 - 10	25
24 11 - 15	25 + (4 x (ADM-10))
25 16 - 25	45 + (1 x (ADM-15))
26 26 - 200	55 + (0.5 x (ADM-25))
27 201 - 500	142.5 + (0.025 x (ADM-200))

28 (c) Economy of scale units are calculated according to the  
29 following formula for school districts with K - 12 ADM/FTE greater

1 than 500 and no more than 3,500, and with at least one city or unin-  
2 corporated community with an ADM/FTE greater than 500:

3 
$$\text{Units} = \frac{(3,500 - \text{District ADM/FTE})}{150}$$

4 
$$3,000$$

5 (d) Special education funding units according to the following  
6 table are added for each city or unincorporated community within the  
7 district based on the number of students enrolled in each program  
8 category on the last day of the counting period under AS 14.17.179  
9 that is used to determine state aid:

10 (1) Resource Services

Enrollment	Funding Units
1 - 8	10.000
9 - 18	20.000
Over 18	$20 \times (\text{Enrollment}/18)$

15 (2) Self-Contained Services

Enrollment	Funding Units
1 - 5	10.000
6 - 10	20.000
Over 10	$20 \times (\text{Enrollment}/10)$

20 (3) Gifted-Talented Services

Enrollment	Funding Units
1 - 9	5.000
10 - 19	10.000
20 - 29	15.000
30 - 40	20.000
Over 40	$20 \times (\text{Enrollment}/40)$

27 (4) Intensive Services

Enrollment	Funding Units
3	20.000

Over 3                      20 x (Enrollment/3)

(e) Bilingual/bicultural funding units are calculated by multiplying by 0.7 the number of students enrolled in bilingual classes, approved by the department, as of the last day of the counting period under AS 14.17.170 that is used to determine state aid.

(f) Vocational education funding units are calculated by multiplying by .5 the number of ADN/FTE students enrolled in vocational education classes approved by the department, as of the last day of the counting period under AS 14.17.170 that is used to determine state aid.

(g) District training and experience funding units for any fiscal year are calculated by multiplying 40 percent of the subtotal of units calculated under (a), (b), (c), (d), (e), and (f) of this section for that fiscal year by the district's training and experience index. The training and experience index is determined as follows:

(1) the department shall assign each district teacher to a value in the following table in accordance with regulations adopted by the department:

Years of Experience	Training					
	BA	BA+	MA	MA+18	MA+36	MA+54
0	0.00	0.05	0.15	0.20	0.25	0.30
2	0.10	0.15	0.25	0.30	0.35	0.40
5	0.25	0.30	0.40	0.45	0.50	0.55
8	0.35	0.40	0.50	0.55	0.60	0.65
10		0.50	0.60	0.65	0.70	0.75
12			0.65	0.70	0.75	0.80
15			0.75	0.80	0.85	1.00

In the training side of this table.

1 (A) column 1 refers to a salary based upon a bache-  
2 lor's degree;

3 (B) column 2 refers to a salary based upon semester  
4 hours beyond a bachelor's degree but less than a master's degree;

5 (C) column 3 refers to a salary based upon a master's  
6 degree or its equivalent;

7 (D) column 4 refers to a salary based upon a master's  
8 degree plus 18 or more, but fewer than 36, semester hours of  
9 training or the equivalent;

10 (E) column 5 refers to a salary based upon a master's  
11 degree plus 36 or more, but fewer than 54, semester hours of  
12 training or the equivalent;

13 (F) column 6 refers to a salary based upon a master's  
14 degree and 54 or more semester hours of training or the equiva-  
15 lent;

16 (2) each district's training and experience index is the  
17 average of the values assigned to all teachers in the district under  
18 (1) of this subsection, minus the average of the district with the  
19 lowest average.

20 (h) District location units for each district are calculated by  
21 multiplying 60 percent of the district's subtotal of units under (a),  
22 (b), (c), (d), (e), and (f) of this section by the district's location  
23 index in the following table:

District	District Location Index
Adak	0.500
Alaska Gateway	0.300
Aleutians	1.000
Anchorage	0.000
Annette	0.350

1	Bering Strait	0.850
2	Bristol Bay	0.500
3	Chatham	0.350
4	Chugach	0.180
5	Copper River	0.300
6	Cordova	0.130
7	Craig	0.350
8	Delta	0.300
9	Dillingham	0.500
10	Fairbanks	0.100
11	Galena	0.500
12	Haines	0.130
13	Hoonah	0.130
14	Hydaburg	0.350
15	Iditarod	0.750
16	Juneau	0.050
17	Kake	0.350
18	Kashunamiut	0.650
19	Kenai	0.050
20	Ketchikan	0.050
21	King Cove	0.500
22	Klawock	0.350
23	Kodiak	0.180
24	Kuspuk	0.750
25	Lake & Peninsula	0.850
26	Lower Kuskokwim	0.650
27	Lower Yukon	0.650
28	Natruska-Susitna	0.000
29	Nezma	0.300

1	None	0.500
2	North Slope	1.000
3	Northwest	0.850
4	Pelican	0.350
5	Petersburg	0.050
6	Pribilofs	0.650
7	Railbelt	0.300
8	Sand Point	0.500
9	Sitka	0.050
10	Skagway	0.130
11	Southeast	0.350
12	Southwest	0.850
13	St. Mary's	0.650
14	Tanana	0.650
15	Unalaska	0.650
16	Valdez	0.130
17	Wrangell	0.050
18	Yakutat	0.350
19	Yukon Flats	0.850
20	Yukon Koyukuk	0.850
21	Yupit	0.650

\* Sec. 5. AS 14.17.056 is amended to read:

Sec. 14.17.056. [BASE INSTRUCTIONAL] UNIT VALUE. The funding [BASE INSTRUCTIONAL] unit value for fiscal years beginning on or after July 1, 1986 shall be equal to the amount appropriated by the legislature to the public school foundation account for the fiscal year, divided by the total number of allowable funding units for all districts under AS 14.17.045 [1982, IS \$42,450. THE BASE INSTRUCTION UNIT VALUE FOR THE FISCAL YEAR BEGINNING JULY 1, 1981, IS \$38,590].

1 \* Sec. 6. AS 14.17.080 is amended to read:

2       Sec. 14.17.080. PRELIMINARY REPORTS [COMPUTATION] BY DISTRICTS  
3 [DISTRICT]. By October 15 [30] of the pre-fiscal year each district  
4 shall submit to the department, in the manner and on forms to be  
5 prescribed by the commissioner, a preliminary report of estimates and  
6 data upon which computations can be made [FOR THE FOLLOWING FISCAL  
7 YEAR] of the amount of [BASIC] state aid for which the district is  
8 eligible the following fiscal year under AS 14.17.021[]; AND THE AMOUNT  
9 FOR SUPPLEMENTAL PROGRAMS WHICH HAS BEEN APPROVED FOR FUNDING CONSID-  
10 ERATION BY THE COMMISSIONER. EACH DISTRICT SHALL MAKE THE COMPUTA-  
11 TIONS IN THE MANNER PRESCRIBED BY AS 14.17.080 - 14.17.150]. The  
12 preliminary reports required by this section [COMPUTATIONS] are the  
13 basis for requesting legislative appropriations and for making prelim-  
14 inary payments under the public school foundation program for the  
15 following fiscal year.

16 \* Sec. 7. AS 14.17.082(a) is amended to read:

17       Sec. 14.17.082. FUND BALANCE [CHANGES] IN SCHOOL OPERATING FUND.  
18 (a) Each district having an ADM/FTE of 500 or more [AT LEAST 400  
19 INSTRUCTIONAL UNITS UNDER AS 14.17.031(a)] may accumulate an unre-  
20 stricted, undesignated [A] fund balance, as defined by the department  
21 by regulation, in the school operating fund of seven percent of its  
22 expenditures for the preceding fiscal year. Each district having an  
23 ADM/FTE of less than 500 [400 INSTRUCTIONAL UNITS] may accumulate an  
24 unrestricted, undesignated [A] fund balance of 10 percent of its  
25 expenditures for the preceding fiscal year.

26 \* Sec. 8. AS 14.17.082(b) is amended to read:

27       (b) The commissioner shall review the annual audit of each  
28 district to ascertain changes in the year-end operating fund balance  
29 of the districts, and notify districts and the board, through a

1 written report, of any unrestricted, undesignated fund balances  
2 [BALANCE ACCUMULATION] greater than that permitted under (a) of this  
3 section.

4 \* Sec. 9. AS 14.17.082(c) is repealed and reenacted to read:

5 (c) The amount by which a district's eligibility for state  
6 assistance under AS 14.17.021 or 14.17.035 exceeds the amount per  
7 ADM/FTE that it received for the preceding fiscal year, must be  
8 reduced in any fiscal year by the amount by which the district's  
9 unrestricted, undesignated fund balances exceed the amount permitted  
10 under (a) of this section.

11 \* Sec. 10. AS 14.17.150 is amended to read:

12 Sec. 14.17.150. DUTY OF COMMISSIONER TO EXAMINE AND TABULATE  
13 COMPUTATIONS. (a) The commissioner shall examine the preliminary  
14 reports submitted by each district under AS 14.17.080, to determine  
15 that data are correctly reported and estimates and computations are  
16 made in accordance with the department's regulations [THEY ARE COR-  
17 RECTLY COMPUTED]. If the reports contain errors in data, estimates,  
18 or computations [ALLOTMENTS ARE INCORRECTLY COMPUTED], the commission-  
19 er shall either (1) obtain corrections [A CORRECT COMPUTATION] from  
20 the district, or (2) make corrections [A CORRECT COMPUTATION] based on  
21 information available, and give notice of the corrections [CORRECTED  
22 COMPUTATION] to the district. [THE COMMISSIONER SHALL REVIEW SUPPLE-  
23 MENTAL PROGRAM APPLICATIONS AND NOTIFY THE DISTRICT WHETHER ITS SUP-  
24 PLEMENTAL PROGRAM IS APPROVED FOR INCLUSION IN ITS FOUNDATION PROGRAM  
25 COMPUTATIONS.]

26 (b) The commissioner shall reduce the data, estimates, and  
27 computations reported by the districts and the computations made by  
28 the department [THESE COMPUTATIONS] to a report in tabular [FORM] or  
29 other [ANOTHER] form helpful in determining the amount of state aid

1 for which each district is eligible (EXAMINING THE COMPUTATIONS OF THE  
2 DISTRICTS) and shall transmit the report to the governor. The commis-  
3 sioner shall maintain additional copies of this report in the commis-  
4 sioner's office as a matter of public record. This report must  
5 [SHALL] be entitled "Public School Foundation Program Computations."

6 \* Sec. 11. AS 14.17.160 is amended to read:

7 Sec. 14.17.160. ALLOCATION OF FUNDS ON PRELIMINARY COMPUTATIONS.  
8 The commissioner shall determine the state aid for each school dis-  
9 trict for each fiscal year based on the pre-fiscal year estimates  
10 contained in the preliminary reports submitted under AS 14.17.080 (ON  
11 THE BASIS OF THE PRE-FISCAL YEAR COMPUTATIONS). Beginning July 15 of  
12 each [THE] fiscal year and on the 15th day of each month[,] for the  
13 next eight [SEVEN SUCCESSIVE] months, one-twelfth of each district's  
14 state aid as so determined must [SHALL] be distributed.

15 \* Sec. 12. AS 14.17.170 is amended to read:

16 Sec. 14.17.170. PAYMENT UNDER ADJUSTED COMPUTATIONS. Each  
17 district shall make a report at the end of the 20-school-day period  
18 ending the fourth Friday in October, and may make a report at the end  
19 of the 20-school-day period ending the second Friday in February that,  
20 in accordance with regulations adopted by the department, reports  
21 [FIRST NINE WEEKS OF SCHOOL, WHICH CONTAINS A NEW ESTIMATE OF] its  
22 average daily membership for that counting period, [THE FISCAL YEAR]  
23 and other information that [WHICH] will aid the commissioner in making  
24 a more accurate determination of each district's state aid. The  
25 October report, or the February report if it makes the district eligi-  
26 ble for more state aid, is [THIS NEW ESTIMATE AND INFORMATION OF  
27 AVERAGE DAILY MEMBERSHIP SHALL BE] the basis for the computation and  
28 distribution of each district's state aid for the balance of the  
29 fiscal year. As soon as possible after receiving each district's

1 report [THE COMMISSIONER SHALL, ON THE BASIS OF THIS NEW ESTIMATE AND  
2 INFORMATION, MAKE A RECOMPUTATION OF EACH DISTRICT'S STATE AID.  
3 BEFORE DECEMBER 2], the commissioner shall notify each district of  
4 changes made in the number of funding units calculated for that dis-  
5 trict [ITS STATE AID]. The commissioner shall also determine whether  
6 the money in the public school foundation account is sufficient to  
7 meet each district's state aid for the fiscal year, and, if the money  
8 is not sufficient, the commissioner shall immediately inform the  
9 governor of the amount of additional appropriation the commissioner  
10 estimates will be necessary to carry out the public school foundation  
11 program for the rest of the fiscal year. Beginning April [FEBRUARY]  
12 15 and on the 15th of each subsequent month, one-third [ONE-FIFTH] of  
13 the recomputed balance of each district's state aid must [SHALL] be  
14 distributed. [HOWEVER, ONE-HALF OF THE JUNE PAYMENT SHALL BE WITHHELD  
15 PENDING A FINAL DETERMINATION OF THE DISTRICT'S STATE AID.]

16 \* Sec. 13. AS 14.17.180 is amended to read:

17 Sec. 14.17.130. [PAYMENT UNDER] FINAL COMPUTATION. Before June  
18 16 each district shall transmit to the commissioner a final report of  
19 its enrollment and other information required by the commissioner  
20 [COMPUTATION OF THE DISTRICT'S STATE AID. THE COMMISSIONER SHALL  
21 PROCESS EACH DISTRICT'S COMPUTATION IN THE MANNER PROVIDED BY AS 14.-  
22 17.150(a). HOWEVER, IN NO EVENT MAY THE ENTITLEMENT OF A SCHOOL  
23 DISTRICT TO STATE AID UNDER AS 14.17.021 BE LESS THAN THAT COMPUTED  
24 UNDER THIS SECTION FOR THE PRECEDING YEAR, EXCEPT AS OTHERWISE PROVID-  
25 ED IN AS 14.17.031, OR UNDER AS 14.17.170, WHICHEVER IS GREATER.  
26 ADDITIONAL STATE AID SHALL BE OBLIGATED BY THE COMMISSIONER BEFORE  
27 JUNE 30]. If the district received more state aid money than it was  
28 entitled to under this chapter, it shall immediately, after notice  
29 from the commissioner of the overpayment, remit the amount of

1 overpayment to the commissioner to be returned to the public school  
2 foundation account. If the remittance is not made within 30 days  
3 after the date of the commissioner's notice, the commissioner shall  
4 withhold the amount of the overpayment from subsequent payments to the  
5 district under this chapter.

6 \* Sec. 14. AS 14.17.190 is amended to read:

7 Sec. 14.17.190. RESTRICTIONS GOVERNING RECEIPT AND EXPENDITURE  
8 OF MONEY FROM PUBLIC SCHOOL FOUNDATION ACCOUNT. (a) The public  
9 school foundation money distributed to a district, together with any  
10 interest earned by the district on the money, must [DURING A YEAR  
11 SHALL] be received, held, and expended by the district subject to the  
12 provisions of law and regulations adopted [PROMULGATED] by the depart-  
13 ment.

14 (b) Each district shall maintain financial records of the re-  
15 ceipt and disbursement of public school foundation money, interest  
16 earned on that money, and money acquired from local effort. The  
17 records must be in the form required by the commissioner and are  
18 subject to audit by the commissioner or the board at any time.

19 \* Sec. 15. AS 14.17.225(b) is amended to read:

20 (b) Money [FUNDS] to carry out the provisions of this chapter  
21 [AS 14.17.010 - 14.17.190] may be appropriated annually by the legis-  
22 lature into the public school foundation account. If the amount  
23 appropriated to the account for any fiscal year exceeds the alloca-  
24 tions otherwise authorized under this chapter, the excess money must  
25 be distributed pro rata among those school districts eligible for less  
26 aid per ADM/FTE under AS 14.17.021 than they would have received under  
27 sec. 2, ch. 75, SLA 1985. The pro rata distribution must be based  
28 upon the funding units that those districts are eligible to receive  
29 under this chapter. If amounts in the account are insufficient to

1 meet the allocations authorized under this chapter, the available  
2 money [AS 14.17.010 - 14.17.190, SUCH FUNDS AS ARE AVAILABLE] shall be  
3 distributed pro rata among centralized correspondence study programs  
4 and each school district based upon the funding units for which they  
5 are eligible under this chapter [DISTRICT'S BASIC NEED].

6 \* Sec. 16. AS 14.17.250(1) is amended to read:

7 (1) "ADN" or "average daily membership" means the aggregate  
8 days of membership of pupils divided by the actual number of days in  
9 session for the school term;

10 \* Sec. 17. AS 14.17.350(17) is amended to read:

11 (17) "ADM/PTE" or "ADM full-time equivalent" means the  
12 average daily membership (ADM) as proportionately reduced, under  
13 regulations adopted by the department, to reflect the enrollment of  
14 part-time students [QUOTIENT OF THE AGGREGATE PERIODS OF PUPIL MEMBER-  
15 SHIP PER DAY IN SPECIFIED CLASSES, DIVIDED BY THE NUMBER OF CLASS  
16 PERIODS IN THE SCHOOL DAY];

17 \* Sec. 18. AS 14.17.023, 14.17.031, 14.17.041, 14.17.051, 14.17.061,  
18 14.17.081, 14.17.090, 14.17.205, 14.17.225(f), and 14.17.250(4), (9), (18),  
19 and (19) are repealed.

20 \* Sec. 19. The Department of Education may adopt regulations under  
21 AS 14.17.200 to implement the changes made by this Act. Those regulations  
22 take effect in accordance with the Administrative Procedure Act (AS 44.62),  
23 but not before the effective date of sec. 1 - 18 of this Act.

24 \* Sec. 20. Section 19 of this Act takes effect immediately in accor-  
25 dance with AS 01.10.070(c).

26 \* Sec. 21. Sections 1 - 18 of this Act take effect July 1, 1986.  
27  
28  
29

*For Bill w/ See Analysis  
Date - Sept 85*

Introduced: 2/14/86  
Referred: Health, Education  
& Social Services and  
Finance

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 HOUSE BILL NO. 604

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

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

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

9 \* Section 1. AS 14.17.021 is repealed and reenacted to read:

10 Sec. 14.17.021. AID TO SCHOOL DISTRICTS. (a) The amount of  
11 assistance for which a school district is eligible from the public  
12 school foundation account in each fiscal year is initially calculated  
13 by multiplying the funding unit value established under AS 14.17.056  
14 by the total number of allowable funding units for the district estab-  
15 lished under AS 14.17.045.

16 (b) The amount of assistance established under (a) of this  
17 section is then reduced by

18 (1) for regional educational attendance areas, 80 percent  
19 of the federal financial assistance received by the district under 20  
20 U.S.C. 236 -- 244 (P.L. 81-874, as amended) for the preceding fiscal  
21 year, or some lower percentage of that assistance if necessary to  
22 comply with 20 U.S.C. 240(d) and the regulations adopted under it (34  
23 C.F.R. Part 222, subpart G);

24 (2) for city or borough school districts, an amount equal  
25 to an assessment of two mills on 100 percent of the full and true  
26 value, as reported by the Department of Community and Regional Affairs  
27 under AS 14.17.140, of the taxable real and personal property in the  
28 district on January 1 of the assessment year preceding the year in  
29 which the fiscal year in (a) of this section begins, up to a limit of

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1 \$1,000 per mill, multiplied by the district's ADM/FTE.

2 \* Sec. 2. AS 14.17.022 is amended to read:

3 Sec. 14.17.022. FUNDS FOR CENTRALIZED CORRESPONDENCE STUDY.

4 Funds for providing centralized correspondence study programs for  
5 students not enrolled in an approved school district correspondence  
6 study program must [SHALL] include an amount [APPROPRIATION] from the  
7 public school foundation account [IN AN AMOUNT] calculated by multi-  
8 plying the funding unit value established under AS 14.17.056 by the  
9 number of allowable basic funding units that would be established  
10 under AS 14.17.055(a) for a community with the same ADM/FTE as that of  
11 centralized correspondence study [BASE INSTRUCTIONAL UNIT BY THE TOTAL  
12 NUMBER OF INSTRUCTIONAL UNITS AS DETERMINED BY APPLYING THE NUMBER OF  
13 CORRESPONDENCE STUDENTS TO AS 14.17.041(a)].

14 \* Sec. 3. AS 14.17 is amended by adding a new section to read:

15 Sec. 14.17.025. GUARANTEED FUNDING LEVEL. If the amount of  
16 assistance per ADM/FTE for which a school district is eligible for a  
17 fiscal year under AS 14.17.021 is less than 95 percent of the amount  
18 per ADM/FTE it would have received under sec. 2, ch. 75, SLA 1985, the  
19 district is eligible for 95 percent of the amount per ADM/FTE it would  
20 have received under sec. 2, ch. 75, SLA 1985.

21 \* Sec. 4. AS 14.17 is amended by adding a new section to read:

22 Sec. 14.17.035. LIMITED INCREASE IN FUNDING. If the amount of  
23 assistance per ADM/FTE for which a school district is eligible under  
24 AS 14.17.021 for the fiscal year beginning July 1, 1986 is more than 5  
25 percent greater than the amount of state assistance per ADM/FTE it  
26 received for the preceding fiscal year, the district is entitled only  
27 to five percent more per ADM/FTE than it received for the previous  
28 fiscal year.

29 \* Sec. 5. AS 14.17 is amended by adding a new section to read:

1           Sec. 14.17.045. ALLOWABLE FUNDING UNITS. The total number of  
2 funding units within each school district for any fiscal year is the  
3 sum of the following, calculated to the third decimal place, for that  
4 fiscal year:

5           (1) the number of basic funding units for each city or  
6 unincorporated community in the district, calculated under AS 14.17.-  
7 055(a);

8           (2) the number of funding units for cities or unincorporat-  
9 ed communities in the district with low school enrollments calculated  
10 under AS 14.17.055(b);

11           (3) the number of funding units for districts with low  
12 school enrollments which have at least one city or unincorporated  
13 community with an ADM/FTE greater than 500, calculated under AS 14.-  
14 17.055(c);

15           (4) the number of funding units for special education  
16 calculated under AS 14.17.055(d);

17           (5) the number of funding units for bilingual/bicultural  
18 education calculated under AS 14.17.055(e);

19           (6) the number of funding units for training and experience  
20 of district personnel calculated under AS 14.17.055(f); and

21           (7) the number of district location units for the district  
22 calculated under AS 14.17.055(g).

23 \* Sec. 6. AS 14.17 is amended by adding a new section to read:

24           Sec. 14.17.055. CALCULATION OF ALLOWABLE UNITS. (a) The number  
25 of basic funding units for each district is the sum of units calculat-  
26 ed by the department for each city or unincorporated community within  
27 the district according to the following table:

- 28           (1) Kindergarten           ADM/FTE x 1.3  
29           (2) Grades 1 -- 2         ADM/FTE x 1.15

1 (3) Grades 3 -- 6 ADM/FTE x 1.0

2 (4) Grades 7 -- 12 ADM/FTE x 1.25

3 (b) Small school funding units for cities or unincorporated  
4 communities with K -- 12 ADM/FTE of 500 or less are calculated accord-  
5 ing to the following table:

ADM/FTE	UNITS
1 -- 10	25
11 -- 15	25 + (4 x (ADM-10))
16 -- 25	45 + (1 x (ADM-15))
26 -- 200	55 + (0.5 x (ADM-25))
201 -- 500	142.5 + (0.025 x (ADM-200))

12 (c) Small district funding units are calculated according to the  
13 following formula for school districts with K -- 12 ADM/FTE greater  
14 than 500 and no more than 3,500, and with at least one city or unin-  
15 corporated community with an ADM/FTE greater than 500:

$$\text{Units} = \frac{(3,500 - \text{District ADM/FTE}) \times 15}{3,000}$$

17

18 (d) Special education funding units according to the following  
19 table are added for each city or unincorporated community within the  
20 district based on the number of students enrolled in each program  
21 category on the last day of the counting period under AS 14.17.170  
22 which is used to determine state aid:

23 (1) Resource Services

Enrollment	Funding Units
1 -- 8	10.000
9 -- 18	20.000
Over 18	20 x (Enrollment/18)

28 (2) Self-Contained Services

Enrollment	Funding Units
------------	---------------

1 -- 5	10.000
6 -- 10	20.000
Over 10	20 x (Enrollment/10)

(3) Gifted-Talented Services

Enrollment	Funding Units
1 -- 9	5.000
10 -- 19	10.000
20 -- 29	15.000
30 -- 40	20.000
Over 40	20 x (Enrollment/40)

(4) Intensive Services

Enrollment	Funding Units
3	20.000
Over 3	20 x (Enrollment/3)

(e) Bilingual/bicultural funding units are calculated by multiplying by 0.7 the number of students enrolled in bilingual classes, approved by the department, as of the last day of the counting period under AS 14.17.170 which is used to determine state aid.

(f) District training and experience funding units for any fiscal year are calculated by multiplying 40 percent of the subtotal of units calculated under (a), (b), (c), (d), and (e) of this section for that fiscal year by the district's training and experience index. The training and experience index is determined as follows:

(1) the department shall assign each district teacher to a value in the following table in accordance with regulations adopted by the department:

Years of Experience	Training					
	BA	BA+	MA	MA+18	MA+36	MA+54
	1	2	3	4	5	6

1	0	0.00	0.05	0.15	0.20	0.25	0.30
2	2	0.10	0.15	0.25	0.30	0.35	0.40
3	5	0.25	0.30	0.40	0.45	0.50	0.55
4	8	0.35	0.40	0.50	0.55	0.60	0.65
5	10		0.50	0.60	0.65	0.70	0.75
6	12			0.65	0.70	0.75	0.80
7	15			0.75	0.80	0.85	1.00

8 In the training side of this table,

9 (A) column 1 refers to a salary based upon a bache-  
10 lor's degree;

11 (B) column 2 refers to a salary based upon semester  
12 hours beyond a bachelor's degree but less than a master's degree;

13 (C) column 3 refers to a salary based upon a master's  
14 degree or its equivalent;

15 (D) column 4 refers to a salary based upon a master's  
16 degree plus 18 or more, but fewer than 36, semester hours of  
17 training or the equivalent;

18 (E) column 5 refers to a salary based upon a master's  
19 degree plus 36 or more, but fewer than 54, semester hours of  
20 training or the equivalent;

21 (F) column 6 refers to a salary based upon a master's  
22 degree and 54 or more semester hours of training or the equiva-  
23 lent;

24 (2) each district's training and experience index is the  
25 average of the values assigned to all teachers in the district under  
26 (1) of this subsection, minus the average of the district with the  
27 lowest average.

28 (g) District location units for each district are calculated by  
29 multiplying 60 percent of the district's subtotal of units under (a),

1 (b), (c), (d) and (e) of this section by the district's location index  
2 in the following table:

3	District	District Location Index
4	Adak	0.500
5	Alaska Gateway	0.300
6	Aleutians	1.000
7	Anchorage	0.000
8	Annette	0.350
9	Bering Strait	0.850
10	Bristol Bay	0.500
11	Chatham	0.350
12	Chugach	0.180
13	Copper River	0.300
14	Cordova	0.130
15	Craig	0.350
16	Delta	0.300
17	Dillingham	0.500
18	Fairbanks	0.100
19	Galena	0.500
20	Haines	0.130
21	Hoonah	0.130
22	Hydaburg	0.350
23	Iditarod	0.750
24	Juneau	0.050
25	Kake	0.350
26	Kashunamiut	0.650
27	Kenai	0.050
28	Ketchikan	0.050
29	King Cove	0.500

1	Klawock	0.350
2	Kodiak	0.180
3	Kuspuk	0.750
4	Lake & Peninsula	0.850
5	Lower Kuskokwim	0.650
6	Lower Yukon	0.650
7	Maranuska-Susitna	0.000
8	Nenana	0.300
9	Nome	0.500
10	North Slope	1.000
11	Northwest	0.850
12	Pelican	0.350
13	Petersburg	0.050
14	Pribilofs	0.650
15	Railbelt	0.300
16	Sand Point	0.500
17	Sitka	0.050
18	Skagway	0.130
19	Southeast	0.350
20	Southwest	0.850
21	St. Mary's	0.650
22	Tanana	0.650
23	Unalaska	0.650
24	Valdez	0.130
25	Wrangell	0.050
26	Yakutat	0.350
27	Yukon Flats	0.850
28	Yukon Koyukuk	0.850
29	Yup'it	0.650

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1 \* Sec. 7. AS 14.17.056 is amended to read:

2       Sec. 14.17.056. [BASE INSTRUCTIONAL] UNIT VALUE. The funding  
3 [BASE INSTRUCTIONAL] unit value for fiscal years beginning on or after  
4 July 1, 1986 [1982], is \$2,770 [\$42,450. THE BASE INSTRUCTION UNIT  
5 VALUE FOR THE FISCAL YEAR BEGINNING JULY 1, 1981, IS \$38,590].

6 \* Sec. 8. AS 14.17.080 is amended to read:

7       Sec. 14.17.080. PRELIMINARY REPORTS [COMPUTATION] BY DISTRICTS  
8 [DISTRICT]. By October 15 [30] of the pre-fiscal year each district  
9 shall submit to the department, in the manner and on forms to be  
10 prescribed by the commissioner, a preliminary report of estimates and  
11 data upon which computations can be made [FOR THE FOLLOWING FISCAL  
12 YEAR] of the amount of [BASIC] state aid for which the district is  
13 eligible the following fiscal year under AS 14.17.021[; AND THE AMOUNT  
14 FOR SUPPLEMENTAL PROGRAMS WHICH HAS BEEN APPROVED FOR FUNDING CONSID-  
15 ERATION BY THE COMMISSIONER. EACH DISTRICT SHALL MAKE THE COMPUTA-  
16 TIONS IN THE MANNER PRESCRIBED BY AS 14.17.080 -- 14.17.150]. The  
17 preliminary reports required by this section [COMPUTATIONS] are the  
18 basis for requesting legislative appropriations and for making prelim-  
19 inary payments under the public school foundation program for the  
20 following fiscal year.

21 \* Sec. 9. AS 14.17.082 is amended to read:

22       Sec. 14.17.082. FUND BALANCE [CHANGES] IN SCHOOL OPERATING FUND.  
23 (a) Each district having an ADM/FTE of 500 or more [AT LEAST 400  
24 INSTRUCTIONAL UNITS UNDER AS 14.17.031(a)] may accumulate an unre-  
25 stricted, undesignated [A] fund balance, as defined by the department  
26 by regulation, in the school operating fund of seven percent of its  
27 expenditures for the preceding fiscal year. Each district having an  
28 ADM/FTE of less than 500 [400 INSTRUCTIONAL UNITS] may accumulate an  
29 unrestricted, undesignated [A] fund balance of 10 percent of its

1 expenditures for the preceding fiscal year.

2 (b) The commissioner shall review the annual audit of each  
3 district to ascertain changes in the year-end operating fund balance  
4 of the districts, and notify districts and the board, through a writ-  
5 ten report, of any unrestricted, undesignated fund balances [BALANCE  
6 ACCUMULATION] greater than that permitted under (a) of this section.

7 (c) The amount of additional assistance for which a district is  
8 eligible under the guaranteed funding level provision of AS 14.17.025,  
9 or the amount by which a district's eligibility for state assistance  
10 under AS 14.17.021 or 14.17.035 exceeds the amount per ADM/FTE that it  
11 received for the preceding fiscal year, must be reduced in any fiscal  
12 year by the amount by which the district's unrestricted, undesignated  
13 fund balances exceed the amount permitted under (a) of this section  
14 [THE BOARD SHALL REVIEW THE REPORTS SUBMITTED TO IT UNDER (b) OF THIS  
15 SECTION AND SUBMIT A REPORT MAKING RECOMMENDATIONS WITH RESPECT TO THE  
16 LEGISLATIVE TREATMENT OF THE FUND BALANCES OF THOSE DISTRICTS TO THE  
17 LEGISLATIVE BUDGET AND AUDIT COMMITTEE BY APRIL 15 OF EACH YEAR].

18 \* Sec. 10. AS 14.17.150 is amended to read:

19 Sec. 14.17.150. DUTY OF COMMISSIONER TO EXAMINE AND TABULATE  
20 COMPUTATIONS. (a) The commissioner shall examine the preliminary  
21 reports submitted by each district under AS 14.17.080, to determine  
22 that data are correctly reported and estimates and computations are  
23 made in accordance with the department's regulations [THEY ARE COR-  
24 RECTLY COMPUTED]. If the reports contain errors in data, estimates,  
25 or computations [ALLOTMENTS ARE INCORRECTLY COMPUTED], the commission-  
26 er shall either (1) obtain corrections [A CORRECT COMPUTATION] from  
27 the district, or (2) make corrections [A CORRECT COMPUTATION] based on  
28 information available, and give notice of the corrections [CORRECTED  
29 COMPUTATION] to the district. [THE COMMISSIONER SHALL REVIEW

1 SUPPLEMENTAL PROGRAM APPLICATIONS AND NOTIFY THE DISTRICT WHETHER ITS  
2 SUPPLEMENTAL PROGRAM IS APPROVED FOR INCLUSION IN ITS FOUNDATION  
3 PROGRAM COMPUTATIONS.]

4 (b) The commissioner shall reduce the data, estimates, and  
5 computations reported by the districts and the computations made by  
6 the department [THESE COMPUTATIONS] to a report in tabular [FORM] or  
7 other [ANOTHER] form helpful in determining the amount of state aid  
8 for which each district is eligible [EXAMINING THE COMPUTATIONS OF THE  
9 DISTRICTS] and shall transmit the report to the governor. The commis-  
10 sioner shall maintain additional copies of this report in the commis-  
11 sioner's office as a matter of public record. This report must  
12 [SHALL] be entitled "Public School Foundation Program Computations."

13 \* Sec. 11. AS 14.17.160 is amended to read:

14 Sec. 14.17.160. ALLOCATION OF FUNDS ON PRELIMINARY COMPUTATIONS.  
15 The commissioner shall determine the state aid for each school dis-  
16 trict for each fiscal year based on the pre-fiscal year estimates  
17 contained in the preliminary reports submitted under AS 14.17.080 [ON  
18 THE BASIS OF THE PRE-FISCAL YEAR COMPUTATIONS]. Beginning July 15 of  
19 each [THE] fiscal year and on the 15th day of each month[,] for the  
20 next eight [SEVEN SUCCESSIVE] months, one-twelfth of each district's  
21 state aid as so determined must [SHALL] be distributed.

22 \* Sec. 12. AS 14.17.170 is amended to read:

23 Sec. 14.17.170. PAYMENT UNDER ADJUSTED COMPUTATIONS. Each  
24 district shall make a report at the end of the 20-school-day period  
25 ending the fourth Friday in October, and may make a report at the end  
26 of the 20-school-day period ending the second Friday in February  
27 [FIRST NINE WEEKS OF SCHOOL], which, in accor se with regulations  
28 adopted by the department, reports [CONTAINS NEW ESTIMATE OF] its  
29 average daily membership for that counting period, [THE FISCAL YEAR]

1 and other information which will aid the commissioner in making a more  
2 accurate determination of each district's state aid. The October  
3 report, or the February report if it makes the district eligible for  
4 more state aid, is [THIS NEW ESTIMATE AND INFORMATION OF AVERAGE DAILY  
5 MEMBERSHIP SHALL BE] the basis for the computation and distribution of  
6 each district's state aid for the balance of the fiscal year. As soon  
7 as possible after receiving each district's report [THE COMMISSIONER  
8 SHALL, ON THE BASIS OF THIS NEW ESTIMATE AND INFORMATION, MAKE A  
9 RECOMPUTATION OF EACH DISTRICT'S STATE AID. BEFORE DECEMBER 2], the  
10 commissioner shall notify each district of changes made in the number  
11 of funding units calculated for that district [ITS STATE AID]. The  
12 commissioner shall also determine whether the money in the public  
13 school foundation account is sufficient to meet each district's state  
14 aid for the fiscal year, and, if the money is not sufficient, the  
15 commissioner shall immediately inform the governor of the amount of  
16 additional appropriation the commissioner estimates will be necessary  
17 to carry out the public school foundation program for the rest of the  
18 fiscal year. Beginning April [FEBRUARY] 15 and on the 15th of each  
19 subsequent month, one-third [ONE-FIFTH] of the recomputed balance of  
20 each district's state aid must [SHALL] be distributed. [HOWEVER,  
21 ONE-HALF OF THE JUNE PAYMENT SHALL BE WITHHELD PENDING A FINAL DETER-  
22 MINATION OF THE DISTRICT'S STATE AID.]

23 \* Sec. 13. AS 14.17.180 is amended to read:

24 Sec. 14.17.180. [PAYMENT UNDER] FINAL COMPUTATION. Before June  
25 16 each district shall transmit to the commissioner a final report of  
26 its enrollment and other information required by the commissioner  
27 [COMPUTATION OF THE DISTRICT'S STATE AID. THE COMMISSIONER SHALL  
28 PROCESS EACH DISTRICT'S COMPUTATION IN THE MANNER PROVIDED BY AS 14.-  
29 17.150(a). HOWEVER, IN NO EVENT MAY THE ENTITLEMENT OF A SCHOOL

1 DISTRICT TO STATE AID UNDER AS 14.17.02) BE LESS THAN THAT COMPUTED  
2 UNDER THIS SECTION FOR THE PRECEDING YEAR, EXCEPT AS OTHERWISE PROVID-  
3 ED IN AS 14.17.031, OR UNDER AS 14.17.170, WHICHEVER IS GREATER.  
4 ADDITIONAL STATE AID SHALL BE OBLIGATED BY THE COMMISSIONER BEFORE  
5 JUNE 30]. If the district received more state aid money than it was  
6 entitled to under this chapter, it shall immediately, after notice  
7 from the commissioner of the overpayment, remit the amount of overpay-  
8 ment to the commissioner to be returned to the public school founda-  
9 tion account. If the remittance is not made within 30 days after the  
10 date of the commissioner's notice, the commissioner shall withhold the  
11 amount of the overpayment from subsequent payments to the district  
12 under this chapter.

13 \* Sec. 14. AS 14.17.190 is amended to read:

14 Sec. 14.17.190. RESTRICTIONS GOVERNING RECEIPT AND EXPENDITURE  
15 OF MONEY FROM PUBLIC SCHOOL FOUNDATION ACCOUNT. (a) The public  
16 school foundation money distributed to a district, together with any  
17 interest earned by the district on the money, must [DURING A YEAR  
18 SHALL] be received, held, and expended by the district subject to the  
19 provisions of law and regulations adopted [PROMULGATED] by the depart-  
20 ment.

21 (b) Each district shall maintain financial records of the re-  
22 ceipt and disbursement of public school foundation money, interest  
23 earned on that money, and money acquired from local effort. The  
24 records must be in the form required by the commissioner and are  
25 subject to audit by the commissioner or the board at any time.

26 \* Sec. 15. AS 14.17.225(b) is amended to read:

27 (b) Money [FUNDS] to carry out the provisions of this chapter  
28 [AS 14.17.010 -- 14.17.190] may be appropriated annually by the legis-  
29 lature into the public school foundation account. If the amount

1 appropriated to the account for any fiscal year exceeds the alloca-  
2 tions otherwise authorized under this chapter, the excess money must  
3 be distributed pro rata among those school districts eligible for less  
4 aid per ADM/FTE under AS 14.17.021 than they would have received under  
5 sec. 2, ch. 75, SLA 1985. The pro rata distribution must be based  
6 upon the funding units for which those districts are eligible under  
7 this chapter. If amounts in the account are insufficient to meet the  
8 allocations authorized under this chapter [AS 14.17.010 -- 14.17.190],  
9 the available money must [SUCH FUNDS AS ARE AVAILABLE SHALL] be dis-  
10 tributed pro rata among centralized correspondence study programs and  
11 each school district based upon the funding units for which they are  
12 eligible under this chapter [DISTRICT'S BASIC NEED].

13 \* Sec. 16. AS 14.17.250(1) is amended to read:

14 (1) "ADM" or "average daily membership" means the aggregate  
15 days of membership of pupils divided by the actual number of days in  
16 session for the school term;

17 \* Sec. 17. AS 14.17.250(17) is amended to read:

18 (17) "ADM/FTE" or "ADM full-time equivalent" means the  
19 average daily membership (ADM) as proportionately reduced, under  
20 regulations adopted by the department, to reflect the enrollment of  
21 part-time students [QUOTIENT OF THE AGGREGATE PERIODS OF PUPIL MEMBER-  
22 SHIP PER DAY IN SPECIFIED CLASSES, DIVIDED BY THE NUMBER OF CLASS  
23 PERIODS IN THE SCHOOL DAY];

24 \* Sec. 18. AS 14.17.023, 14.17.031, 14.17.041, 14.17.051, 14.17.061,  
25 14.17.081, 14.17.090, 14.17.205, 14.17.225(f), and 14.17.250(4), (9), (18),  
26 and (19) are repealed.

27 \* Sec. 19. The Department of Education may adopt regulations under  
28 AS 14.17.200 to implement the changes made by this Act. Those regulations  
29 take effect in accordance with the Administrative Procedure Act (AS 44.62),

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but not before the effective date of secs. 1 -- 18 of this Act.

\* Sec. 20. Section 19 of this Act takes effect immediately in accordance with AS 01.19.070(c).

\* Sec. 21. Sections 1 -- 18 of this Act take effect July 1, 1986.

cc/

LETTER OF INTENT FOR FOUNDATION FUNDING BILLS  
CS HB 604 (HESS) AND CS SS HB 637 (HESS)  
HOUSE HESS COMMITTEE

It is the intent of the HESS Committee that reductions in public school funding be met by local school districts in a manner that has the least possible impact on programs that directly affect the education of the children for whom they are responsible. To that end, we urge that experienced teachers be retained and that class size and the pupil/teacher ratio be as low as finances allow. Cutting central office personnel should be considered before class size is increased or classroom teachers dismissed. It is important that basic education programs and the personnel needed to fully implement those programs not be lost. By basic educational programs we mean a full complement of programs including: basic academics (including languages); physical education; vocational education; special education; music; art; bi-lingual and bi-cultural education; and counseling, library and health care programs.

We realize that situations differ from community to community and that the opportunity for local control brings with it the responsibilities for local decision making and for local support. Communities should consider the extent to which the schools can be assisted by use of state-provided municipal assistance or other funds by other local income sources. Smaller districts should explore consolidating service functions sharing purchasing, maintenance, curriculum and other special services, including joint superintendencies as is done by many school districts in other states.

State funds should not be used for consultant/lobbying contracts, the payment of professional membership dues, fees and assessments, or for out-of-state-travel.

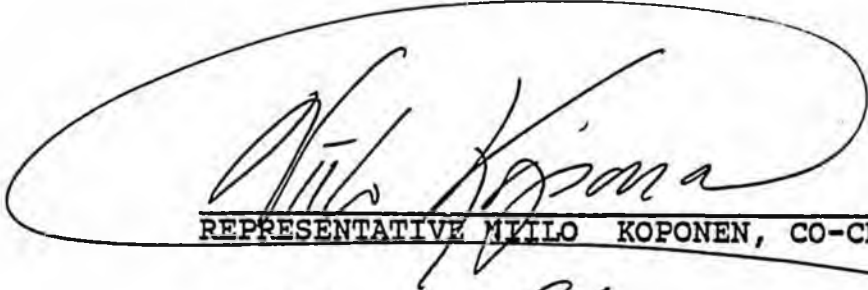
Where further economies must be achieved, the committee urges districts to meet lowered funding levels through:

- (1) full utilization of all operating and capital budget carry-over funds;
- (2) delaying capital improvements;
- (3) changing existing programmatic priorities within the budget;
- (4) limiting out-of-district travel and extracurricular activities;
- (5) prohibiting new programs;
- (6) selling assets of the district;

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- (7) maximizing the district's revenue raising capacity
- (8) lower administrative, upper-level and management salaries; and
- (9) voluntary demotion in lieu of layoff, and attrition from offering early retirement incentives, job-sharing, shorter work week, sabbatical leaves at half-pay, and various forms of leave without pay including long-term leaves without pay but with full return and seniority rights.

If these measures are not sufficient, cuts may have to be made in administrative and non-institutional personnel and non-educational services.



REPRESENTATIVE MILO KOPONEN, CO-CHAIR



REPRESENTATIVE MAX F. GRUENBERG, JR., CO-CHAIR

FINDINGS REGARDING FOUNDATION FUNDING PROPOSALS  
HOUSE HESS COMMITTEE

CSHB 604(HESS) and CSSSHB 637(HESS)

Five issues require special attention:

1). Vocational Education - It is the opinion of the HESS Committee that a foundation funding formula should include specific set-asides for vocational education. When set-asides for vocational education were eliminated years ago and funds were lumped, it was not with any logical reasoning or specific intent.

2). Fund Balances - Fund balances must be examined. We recognize the potential usefulness of maintaining the current statutory limits for a fund balance of 7% or 10%. However, fund balances in excess of these limits should be subtracted from the district's state aid entitlement. The Department of Education must watchdog fund balances and protect them from current or potential abuses.

3). Special Education/ARMSI - The method for funding special education differs in the various foundation formula bills. In determining the most appropriate method and the level of such funding, the Finance Committee should consider HB 543 and SB 319 in conjunction with foundation funding proposals to ensure that special education intensive services are funded in a comprehensive, service effective, cost-effective, and non-duplicative manner.

4). Local Contribution - The issue of local contribution is a confusing one because of the differences in local taxation powers, tax bases, property values, and PL 81-874. We wish to encourage local contribution. Whether it is most beneficial to require it at a given level, what that level is to be, and whether a higher local contribution should be reimbursed are other concerns which must be addressed. Certain districts in the state have been supplemented with a much higher than average local contribution. We wish to assure that this extraordinary local contribution level is not required as a result of funding inequities between districts in Alaska and, on the other hand, we wish to encourage the participation of localities providing for educational needs. The Alaska Constitution clearly mandates funding for basic education as a responsibility of the State and that responsibility must not be abrogated.

5). PL 81-874 - Regardless of the formula to be utilized for FY87 foundation funding, how P.L. 81-874 funds are utilized is a critical issue for school districts and the state.