

**ALASKA LEGISLATURE**

**HOUSE and SENATE FINANCE COMMITTEE FILES, 1995-1996**

**1436**

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A leading expert in marine mammal physiology was appointed Science Director of the Alaska SeaLife Center in mid-November. Substantial interest has already been expressed by Trustee Council researchers and the international scientific community in use of the facility, projected to open in spring 1998.



### RESTORATION RESERVE

Complete recovery from the *Exxon Valdez* oil spill may not occur for decades. To be effective, restoration activities may have to continue beyond 2001, the end of Exxon Corporation's payments to the settlement trust. For these reasons, in 1994 the Trustee Council began making deposits of \$12 million per year into a Restoration Reserve to be used for future restoration activities. Allocation of the Reserve funds to specific activities will be made by the Trustee Council at a later date. The Reserve now totals \$36 million and is expected to reach at least \$108 million, plus interest, by 2001.



photo by Kevin Murphy

*The outer coast of Shuyak Island is one of the areas of habitat protected by the Trustee Council in 1995.*

### HABITAT PROTECTION

The Trustee Council continued in 1995 to protect habitats important to recovery of injured resources and services. The habitat protection program involves working with property owners willing to sell lands in the oil spill area. The goals are to prevent additional injury to resources and services during recovery and to provide a long-term safety net of undisturbed habitat for these resources. As of December 1995, the Trustees had committed \$161.5 million to protect 361,000 acres of habitat. This includes actions taken in 1993 to contribute to protection of 23,800 acres in Kachemak Bay State Park and in 1994 to protect 41,549 acres near Kodiak as Afognak Island State Park. In January 1995, the Trustees purchased timber rights on 2,052 acres of Eyak Corporation land in Orca Narrows near Cordova in Prince William Sound. The Trustees paid \$3.65 million for this acquisition.

Following is a summary of recent habitat protection actions as part of the large parcel (greater than 1,000 acres) and small parcel (less than 1,000 acres) programs.

#### **Large parcel program:**

**Akhiok-Kaguyak** — The Kodiak National Wildlife Refuge gained 76,646 acres of land and conservation easements on 43,239 acres from Akhiok-Kaguyak, Inc., in May 1995. The Trustees contributed \$36 million toward this acquisition, with additional funds contributed from other sources.

**Old Harbor** — Also in May 1995, the

federal government purchased from the Old Harbor Native Corporation surface title to 29,100 acres and conservation easements on 3,000 acres, also within the Kodiak National Wildlife Refuge. In addition, the Old Harbor Native Corporation agreed to preserve 65,000 acres of land on nearby Sitalikadak Island as a private wildlife refuge. The Trustees contributed \$11.25 million toward this acquisition, in addition to funds from other sources.

**Koniag** — Surface title to 59,691 acres of prime habitat for bear, salmon, bald eagles, and other species in the Kodiak National Wildlife Refuge was purchased from Koniag, Inc., by the federal government in November 1995. This agreement protected an additional 56,048 acres under a conservation easement through 2001. The Trustees contributed \$21.5 million toward this acquisition, along with funds from other sources.

**Kodiak Island Borough/Shuyak Island** — The Trustees approved \$42 million toward purchase from the Kodiak Island Borough of surface title to 25,665 acres of prime habitat on Shuyak Island, at the northern tip of the Kodiak archipelago, also in November 1995. The Kodiak Island Borough agreed to commit \$6 million from the land sale to expansion of Kodiak's Fishery Industrial Technology Center.

**Negotiations Continuing** — Negotiations continue with English Bay, Port Graham, Tatitlek, Chenega, Eyak, Afognak Joint Ventures, and Koniag Corporations on long-term protection of another 415,000 acres of habitat in the spill area.

**Small parcel program.** In late 1995, the Trustees authorized \$15.6 million for offers to purchase fee interest in 22 small parcels located throughout the spill region. If all offers are accepted, 17,645 acres of habitat will be protected, including 2,500 acres along the Kenai River important for salmon habitat. Other small parcels are being evaluated and additional purchase offers may be made in the future.

## FISCAL ACCOUNTABILITY

**Independent audit.** The Trustee Council contracted with a private accounting firm, Elgee, Rehfeld, and Funk of Juneau, to conduct an external audit of the Council's financial activities. A summary of the audit of 1995 activities can be found beginning on page 29 of this report. The audit provides an independent assessment of the settlement funds held in trust and an analysis of expenditures against the trust.

**Administrative budget reduced.** Funding allocated to Trustee Council public information, science management, and administrative costs was reduced by 12 percent in 1995 in a continuing effort to maximize restoration benefits of the remaining settlement funds.

## COORDINATION WITH CRIMINAL SETTLEMENT FUNDS

**A**s part of the criminal plea agreement, Exxon paid \$50 million each to the State of Alaska and the United States to be used for restoration projects relating to the oil spill. The

state and federal governments separately manage these criminal payments; the funds are not under the authority of the Trustee Council. However, in order to maximize opportunities for restoration, the Trustees will continue to coordinate with activities funded through the criminal settlement.

The federal trustees have allocated funds from the federal criminal fines for habitat protection, shoreline monitoring in Prince William Sound, and other research projects.

**Habitat protection.** Habitat protection actions include authorizing the U.S. Forest Service to use \$20 million to acquire privately owned lands within the boundaries of the Chugach National Forest in Prince William Sound. In the Kodiak region, \$20.5 million of the federal criminal funds were used by the U.S. Fish and Wildlife Service to protect habitat within the Kodiak National Wildlife Refuge.

The federal trustees approved approximately \$5 million to appraise and acquire privately owned small parcels in the Chugach National Forest and the Kenai and Kodiak National Wildlife Refuges. To date the Fish and Wildlife Service has reached agreements to acquire 21 key parcels in the Kodiak Refuge.

**Shoreline monitoring and other research.** The National Oceanic and Atmospheric Administration received federal criminal funds for three projects: a long-term shoreline monitoring project to analyze the effectiveness of various responses to future oil spills, preliminary work to establish an Estuarine Research Reserve in the oil spill area, and research

to identify, design and implement changes enhancing navigational safety for oil tanker and other large commercial vessels transiting the Sound and Cook Inlet.

The state funds have been appropriated by the Alaska Legislature for a variety of purposes. Of particular interest:

**Subsistence.** Five million dollars were appropriated to the Alaska Department of Community and Regional Affairs for grants to restore subsistence resources in unincorporated communities. Two new grants were awarded in 1995, bringing the total to approximately \$3 million committed thus far. One new grant enhanced the silver salmon run in the Port Graham River on the Kenai Peninsula. The other extended fish-counting time at the Chignik River weir by four weeks to document and research late returns of sockeye, Dolly Varden and other anadromous fish. Several other grant proposals in the Kodiak area, Prince William Sound and the Kenai Peninsula are under review.

**Kenai River.** Three million dollars were appropriated to the Alaska Department of Fish and Game for habitat restoration and enhancement projects within the Kenai River watershed. In 1995, three restoration projects were completed in the lower Kenai River downstream of Skilak Lake. Techniques used at the three sites included river-bank revegetation, and construction of light-penetrating elevated walkways, stairs and floating docks. Efforts are continuing to acquire parcels of land adjacent to the river or lakes which are key to protecting salmon habitat.

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*Twenty-four Kodiak residents teamed up in September 1995 to help with building new trails in the Ft. Abercrombie State Historic Park. This project was supported with state criminal settlement funds.*

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**Recreation.** The Alaska Department of Natural Resources received \$10.8 million for restoring recreational services. During 1995 funding was used on several projects. A public boat dock was constructed in Halibut Cove Lagoon near Homer to provide access to a public use cabin. Construction began on two public use cabins in Resurrection Bay – one fully accessible to people with disabilities. Visitor information displays about Kachemak Bay State Park were placed at prominent locations in Homer. New trails were built at Fort Abercrombie State Park in Kodiak and at Caines Head State Recreation Area near Seward, and planning was completed for 30 miles of new trails in Kachemak Bay State Park. Additional recreational projects will be underway later in 1996.

**Oil Spill Prevention.** The Alaska Department of Environmental Conservation received \$3.3 million for research on prevention and cleanup of future oil spills. Contracts are in place for four projects in early 1996 totaling about \$300,000, with additional projects under review.



*photo by Tom Perez*

Current projects include a study of biodegradation of Alaska oils in fresh water, field tests of a device that will help prevent small fishing vessels from overfilling their fuel tanks, an on-land test of burning oil as a cleanup method, and updating data to help the department make the best decisions if burning was under consideration as an oil spill cleanup method.



# PUBLIC PARTICIPATION

Public participation is a key element in the Trustee Council's restoration process. Highlights of 1995 activities follow:

Community involvement was a major emphasis in 1995. A Community Involvement Coordinator joined the Restoration Office to assist residents of the spill region become more involved in restoration activities. Additional programs, including a Conference on Subsistence and the Oil Spill, a Workshop on Residual Oil and participation of about 20 representatives of spill area communities in the 1996 annual Restoration Workshop, reflect an increased commitment to involving residents of the spill region, especially in research activities where local and traditional knowledge can make important contributions.

The Trustees sponsored the third annual Restoration Workshop in January 1996. More than 250 people participated, including key personnel from each project funded by the Trustees in 1995 as well as members of the public, representatives from spill area communities, scientists and resource agency representatives. Presentations were made about each of the major components of the restoration program. A number of discussions took place on aspects of the program's future.



photo by L. J. Young

A number of Cordovans discussed their concerns with Council members at the Trustee Council meeting in Cordova on June 1, 1995.

The Trustee Council met in Cordova on June 1, 1995. The meeting was well attended and many Cordova residents offered comments and discussed their ideas with the Trustees. The Trustees plan to meet at least once a year in a spill region community.

During a field trip to Prince William Sound in September 1995, the Public Advisory Group toured a hatchery where otolith thermal marking equipment was in operation, viewed a number of land parcels under consideration for habitat protection, attended briefings on restoration activities and participated in public meetings in Valdez and Chenega Bay.

Trustee Council staff conducted public meetings throughout the spill region during April 1995 to take public comments on the 1996 Draft Work Plan and discuss scientific findings of the restoration program. Experts on restoration projects of particular interest to local residents participated in each meeting. Other, more informal community meetings took place throughout the year.

Restoration information became available on the world wide web through an electronic home page set up in the summer of 1995. Staff at the Oil Spill Public Information Center are providing information to Internet users on the status of recovery, restoration activities, background information on the spill, and a variety of other information, including the text to the Annual Status Report. The web page can be reached at:

<http://www.alaska.net/~ospic>

## PAST AND ESTIMATED FUTURE USES OF CIVIL SETTLEMENT

<b>Reimbursements for Damage Assessment and Response</b>	<b>213.6</b>
Governments (includes litigation and cleanup)	173.7 (a)
Exxon (for cleanup after 1/1/92)	39.9
<b>Research, Monitoring &amp; General Restoration</b>	<b>180.0</b>
Actual expenditures:	
• FY 1992 Work Plan	12.4
• FY 1993 Work Plan	8.8 (b)
• FY 1994 Work Plan	15.2
• FY 1995 Work Plan	17.1
• FY 1996 Work Plan (authorized)	18.2
FY 1992 — FY 1996 Work Plans	71.7
FY 1997 — FY 2002 Work Plans (estimate)	83.4
Alaska SeaLife Center	25.0
<b>Habitat Protection</b>	<b>381.5</b>
Large Parcel and Small Parcel programs (past expenditures, outstanding offers, estimated future commitments and parcel evaluation costs)	
<b>Restoration Reserve</b>	<b>108.0</b>
• FY 1994 — FY 1996	36.0
• FY 1997 — FY 2002 (anticipated)	72.0
<b>Public Information, Science Management &amp; Administration</b>	<b>30.9</b>
Actual Expenditures:	
• FY 1992 Work Plan	4.3
• FY 1993 Work Plan	2.7 (b)
• FY 1994 Work Plan	4.1
• FY 1995 Work Plan	3.2
• FY 1996 Work Plan (authorized)	3.4
FY 1997 — FY 2002 (estimate)	13.2
<b>TOTAL</b>	<b>914.0 (includes interest)</b>
Exxon Payments	900.0
Interest on Court Registry Investment System account (minus fees)	12.0
Interest on federal and state accounts	2.0

a) Reimbursement to governments reduced by \$2.7 M for expenditures included in FY 1992 Work Plan.

b) 1993 Work Plan was funded for only 7 months during transition to the federal fiscal year (Oct. 1 — Sept. 30).



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**INDEPENDENT AUDITORS' REPORT**

Members, *Exxon Valdez* Oil Spill Trustee Council,  
Anchorage, Alaska:

We have audited the financial statements of the *Exxon Valdez* Oil Spill Trustee Council, Trust Funds as of and for the year ended September 30, 1995, as listed in the accompanying table of contents. These financial statements are the responsibility of the *Exxon Valdez* Oil Spill Trustee Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 2, the financial presentation for the Court Registry Investment System (CRIS), *Exxon Valdez* Oil Spill Settlement Account (Joint Trust Account) is of this account only and is not intended to present the financial position of CRIS or the United States District Court for the Southern District of Texas and the results of their operations, in conformity with generally accepted accounting principles.

As discussed in Note 2, the financial presentation for the U.S. Department of the Interior, Fish and Wildlife Service, Natural Resources Damage Assessment and Restoration Fund (NRDA&R) is of the amounts related to the *Exxon Valdez* Oil Spill Trustee Council only and is not intended to present the financial position of NRDA&R or the U.S. Department of Interior Fish and Wildlife Service and the results of their operations, in conformity with generally accepted accounting principles.

As discussed in Note 2, the financial presentation for the State of Alaska, *Exxon Valdez* Oil Spill Settlement Trust (Settlement Trust) is of the Settlement Trust only and is not intended to present the financial position of the State of Alaska or any of its component units and the results of their operations.

As discussed in Note 2, the financial statements for the Joint Trust Account and NRDA&R are prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of the Joint Trust Account and NRDA&R and the financial position of the Settlement Trust as of and for the year ended September 30, 1995, and the results of their operations for the year then ended on the basis of accounting described in Note 2 for the Joint Trust Account and NRDA&R, and in conformity with generally accepted accounting principles for the Settlement Trust.

In accordance with *Government Auditing Standards*, we have also issued reports dated January 26, 1996 on our consideration of the *Exxon Valdez* Oil Spill Trustee Council, Trust Funds' internal control structure and a report dated January 26, 1996 on their compliance with laws and regulations, as listed in the table of contents.

*Elgee, Rehfeld & Funk*  
January 26, 1996

*Exxon Valdez* Oil Spill Trustee Council  
 UNITED STATE DISTRICT COURT - FIFTH CIRCUIT  
 COURT REGISTRY INVESTMENT SYSTEM  
 EXXON VALDEZ OIL SPILL SETTLEMENT ACCOUNT  
 STATEMENT OF ASSETS, LIABILITIES AND JOINT TRUST ACCOUNT  
 BALANCE ARISING FROM CASH TRANSACTIONS  
 September 30, 1995

ASSETS:

Cash and Investments	\$ 117,067,523
Total Assets	<u>\$ 117,067,523</u>

LIABILITIES AND JOINT TRUST ACCOUNT BALANCE:

Liabilities	\$ -
Joint Trust Account Balance	<u>117,067,523</u>
Total Liabilities and Joint Trust Account Balance	<u>\$ 117,067,523</u>

STATEMENT OF RECEIPTS, DISBURSEMENTS AND  
 CHANGES IN JOINT TRUST ACCOUNT BALANCE  
 For the Fiscal Year Ended September 30, 1995

Receipts:

Receipts	\$ 67,303,000
Investment Income	<u>5,483,088</u>
Total Receipts	<u>72,786,088</u>

Disbursements:

State of Alaska, <i>Exxon Valdez</i> Settlement Trust:	
Fiscal 1995 Natural Resource Damage Assessment and Restoration Projects	(16,494,749)
Fiscal 1995 Land Acquisitions	(3,111,204)
Fiscal 1996 Natural Resource Damage Assessment and Restoration Projects	(9,863,716)
Fiscal 1996 Research Infrastructure Improvements	<u>(12,500,000)</u>
Total Disbursements to State of Alaska	<u>(41,969,669)</u>
U.S. Department of Interior, Natural Resources Damage Assessment and Restoration Fund:	
Fiscal 1995 Natural Resource Damage Assessment and Restoration Projects	(8,282,612)
Fiscal 1995 Land Acquisitions	(33,900,000)
Fiscal 1996 Natural Resource Damage Assessment and Restoration Projects	<u>(5,837,316)</u>
Total Disbursements to United States	<u>(48,019,928)</u>
Court Registry Fees	<u>(542,728)</u>
Total Disbursements	<u>(90,532,325)</u>
Deficiency of Receipts Over Disbursements	(17,746,237)
Joint Trust Account Balance, Beginning of Year	<u>134,813,760</u>
Joint Trust Account Balance, End of Year	<u>\$ 117,067,523</u>

The accompanying notes to trust fund financial statements are an integral part of this statement.

*Exxon Valdez Oil Spill Trustee Council*  
**UNITED STATE DEPARTMENT OF THE INTERIOR,**  
**FISH AND WILDLIFE SERVICE**  
**NATURAL RESOURCES DAMAGE ASSESSMENT**  
**AND RESTORATION FUND**  
**STATEMENT OF ASSETS, LIABILITIES AND TRUST FUND**  
**BALANCE ARISING FROM CASH TRANSACTIONS**  
**September 30, 1995**

ASSETS:	
Cash and Investments	\$ 7,231,428
Total Assets	<u>\$ 7,231,428</u>
LIABILITIES AND FUND BALANCE:	
Liabilities	\$ -
Trust Fund Balance	7,231,428
Total Liabilities and Trust Fund Balance	<u>\$ 7,231,428</u>

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND**  
**CHANGES IN TRUST FUND BALANCE**  
**For the Fiscal Year Ended September 30, 1995**

Receipts:	
Contributions - Court Registry Investment System, Joint Trust Account	\$ 48,019,928
Unobligated Balances Returned to NRDA&R:	
U.S. Department of Interior:	
Fish and Wildlife Service	204,484
National Park Service	304,075
Minerals Management Service	56,301
Office of the Secretary	12,115
U.S. Department of Commerce, National Oceanic and Atmospheric Administration	80,700
	<u>657,675</u>
Investment Income	115,751
Total Receipts	<u>48,793,354</u>
Disbursements:	
U.S. Department of Interior:	
Fish and Wildlife Service	(33,887,200)
National Biological Service	(663,615)
National Park Service	(63,100)
Minerals Management Service	(17,400)
Office of the Secretary	(58,900)
U.S. Department of Agriculture, United States Forest Service	(4,047,000)
U.S. Department of Commerce, National Oceanic and Atmospheric Administration	(2,893,100)
Total Disbursements	<u>(41,630,315)</u>
Excess of Receipts Over Disbursements	7,163,039
Trust Fund Balance, Beginning of Year	6,389
Trust Fund Balance, End of Year	<u>\$ 7,231,428</u>

The accompanying notes to trust fund financial statements are an integral part of this statement.

*Exxon Valdez Oil Spill Trustee Council*  
**STATE OF ALASKA - EXXON VALDEZ OIL SPILL SETTLEMENT TRUST**  
**BALANCE SHEET**  
September 30, 1995

ASSETS:

Cash and Investments	\$ 21,823,265
Contributions Receivable	12,500,000
	\$ 34,323,265
Total Assets	\$ 34,323,265

LIABILITIES AND FUND BALANCES:

Liabilities:	
Accounts Payable	\$ 2,356,928
Deferred Revenues	22,363,716
	24,720,644
Total Liabilities	24,720,644
Fund Balances:	
Reserved for Encumbrances	2,691,943
Unreserved	6,910,678
	9,602,621
Total Fund Balances	9,602,621
Total Liabilities and Fund Balances	\$ 34,323,265

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES**  
For the Fiscal Year Ended September 30, 1995

Revenues:

Contributions - Court Registry Investment System, Joint Trust Account	\$ 19,605,953
Interest and Investment Income	943,577
	20,549,530
Total Revenues	20,549,530

Expenditures:

Current Operating:	
Natural Resources Damage Assessment and Restoration Projects	
Department of Fish and Game	12,679,279
Department of Environmental Conservation	1,472,568
Department of Natural Resources	1,252,755
	15,404,602
Total Current Operating	15,404,602

Capital Outlay:

Land Acquisitions - Alaska Department of Fish and Game	3,229,042
	3,229,042
Total Expenditures	18,633,644
Excess of Revenues Over Expenditures	1,915,886
Fund Balances, Beginning of Year	7,686,735
	9,602,621
Fund Balances, End of Year	\$ 9,602,621

The accompanying notes to trust fund financial statements are an integral part of this statement.

*Exxon Valdez Oil Spill Trustee Council*  
**NOTES TO TRUST FUNDS FINANCIAL STATEMENTS**  
Fiscal Year Ended September 30, 1995

**1. EXXON VALDEZ OIL SPILL TRUSTEE COUNCIL**

Formation of the Exxon Valdez Oil Spill Trustee Council

The United States of America (United States) and the State of Alaska (State) entered into a Memorandum of Agreement and Consent Decree (MOA) on August 28, 1991. The MOA was made to maximize the funds available for restoration of natural resources and to resolve the governments' claims against one another relating to the T/V *Exxon Valdez* Oil Spill (Oil Spill), which occurred on the night of March 23-24, 1989 in Prince William Sound, Alaska. Upon entering into the MOA, the United States and the State believed that the terms of the MOA were in the public interest and would best enable them to fulfill their duties as trustees to assess injuries and to restore, replace, rehabilitate, enhance, or acquire the equivalent of the natural resources injured, lost, or destroyed as a result of the Oil Spill.

Pursuant to the MOA and federal laws, the United States and State act as co-trustees in the collection and joint use of all natural resource damage recoveries for the benefit of natural resources injured, lost or destroyed as a result of the Oil Spill. To manage the co-trustee relationship, the *Exxon Valdez* Oil Spill Trustee Council (Council) was formed.

Exxon Valdez Oil Spill Trustee Council Structure

The Council consists of six trustees, three trustees represent the United States and three trustees represent the State. The United States' trustees are the Secretaries of the United States Departments of Interior and Agriculture and the Administrator of the National Oceanic and Atmospheric Administration (a bureau of the United States Department of Commerce). The State's trustees consist of the Commissioners of the State Departments of Environmental Conservation and Fish and Game, and the Attorney General of the State of Alaska. The MOA allows the President of the United States or the Governor of the State of Alaska to transfer trustee status from one official to another official of their respective governments.

All decisions of the Council must be made by the unanimous agreement of the trustees. The decisions of the United States' trustees must be made in consultation with the United States Environmental Protection Agency. If the trustees cannot reach unanimous consent, either the United States or the State may resort to litigation in the United States District Court for the District of Alaska (Court).

Restoration Office

The Council has established a Restoration Office which is responsible for the coordination and supervision of the activities of the Council. The Restoration Office is managed by an Executive Director who reports directly to the Council. Since the Council exists through the MOA, it and the Restoration Office operate within the framework of the Trustee Agencies. During fiscal 1995, all activities of the Restoration Office were conducted through the Alaska State Departments of Fish and Game and Environmental Conservation. In addition, the Alaska Department of Natural Resources and the U.S. Department of Commerce, National Oceanic and Atmospheric Administration administered certain parts of the Restoration Office's activities.

The Restoration Office develops an annual budget which, upon approval by the Council, sets forth the anticipated expenditures of the Restoration Office. The Council makes an annual contribution to the State agencies equal to the budget for the Restoration Office. The contributions are made using the disbursements procedures discussed in Note 6.

Termination of the Exxon Valdez Oil Spill Trustee Council

The MOA shall terminate when the United States and the State certify to the Court, or when the Court determines on application by either government, that all activities contemplated under the MOA have been completed.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Joint Trust Account - Court Registry Investment System

As further discussed in Note 5, amounts paid by Exxon Corporation are made directly to the United States and the State for reimbursement of certain costs incurred by them in connection with the Oil Spill. In accordance with the MOA and as ordered by the presiding Court, money that is not directly paid to the United States and the State is placed in an interest-bearing account in the Court Registry Investment System (CRIS) administered through the United States District Court for the Southern District of Texas. In addition, an account entitled "Exxon Valdez Oil Spill Settlement Account" (Joint Trust Account) was established in CRIS specifically for the Exxon settlement proceeds.

*Exxon Valdez Oil Spill Trustee Council*  
**NOTES TO TRUST FUNDS FINANCIAL STATEMENTS**  
Fiscal Year Ended September 30, 1995

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

CRIS is a cash management system developed by the United States District Court for the Southern District of Texas. All amounts placed with CRIS are maintained in United States government treasury securities with maturities of 100 days or less, and are held in the name of Clerk, U.S. District Court, Southern District of Texas at the Federal Reserve Bank. The financial presentation for the Joint Trust Account is of the Joint Trust Account only and is not intended to present the financial position of CRIS or the United States District Court for the Southern District of Texas and the results of their operations.

Upon unanimous approval of the Trustee Council, funds are disbursed to the United States and the State to be expended by the Trustee Agencies in accordance with the Council's wishes. The accompanying financial statements for the Joint Trust Account reflect the intent of the disbursements as to natural resource damage assessment and restoration, or the acquisition of land or research infrastructure improvements to further protect the natural resources. The financial statements also reflect the fiscal year which the disbursements are to be expended by the Trustee Agencies.

As allowed under 28 USC 1913, 1914 (b) and 1930(b), the Clerk of the Court for the United States Courts is allowed to charge a registry fee for administering investment holdings of funds held in their registry accounts. During the year ended December 31, 1995, the registry fee charged to the Joint Trust Account was 10 percent of investment income. In addition, CRIS has entered into a contract with a Houston, Texas based financial institution to provide investment advisory information, securities trading services, and accounting services at a fee of .025 percent added to the cost of securities purchased by CRIS.

U.S. Department of the Interior, Natural Resources Damage Assessment and Restoration Fund

Disbursements which are made from the Joint Trust Account to the United States are deposited in the U.S. Department of the Interior, Fish and Wildlife Service, Natural Resources Damage Assessment and Restoration Fund (NRDA&R). NRDA&R was established pursuant to Public Law 102-154, and is administered by the U.S. Department of Interior, Fish and Wildlife Service. It is a trust fund which was established to hold natural resources damage assessment and restoration settlement proceeds of the United States Government. Public Law 120-229 requires that federal proceeds from the Agreement and Consent Decree (see additional discussion in Note 4) be deposited in NRDA&R, and that all interest earned on these proceeds be available to the Federal Trustees for necessary expenses for assessment and restoration of areas affected by the Oil Spill. Public Law 120-229 also calls for amounts in NRDA&R to be invested by the U.S. Secretary of the Treasury in interest bearing obligations of the United States.

Disbursements from NRDA&R are made pursuant to the directions of the Council and as approved by the Court. At the beginning of each fiscal year, the Department of Interior, Fish and Wildlife Service communicates with each of the United States Trustee Agencies to determine the timing of disbursements from NRDA&R to each Federal Trustee Agency. Investments are purchased in order to earn interest on available balances within NRDA&R, and with scheduled maturity dates coincident with the scheduled date of disbursement.

The financial presentation for NRDA&R is of the amounts related to the Council only and is not intended to present the financial position of NRDA&R or the Department of Interior Fish and Wildlife Service and the results of their operations.

State of Alaska, Exxon Valdez Oil Spill Settlement Trust

Disbursements which are made from the Joint Trust Account to the State are deposited in the State of Alaska, Exxon Valdez Oil Spill Settlement Trust (Settlement Trust). The Settlement Trust is established pursuant to AS 37.14.400. Pursuant to State law a state agency may not expend money from the Settlement Trust unless the expenditure is in accordance with an appropriation made by law. Expenditures of funds are made upon properly approved requests for payment. The total of expenditures and encumbrances (obligations) may not exceed the appropriations to which they pertain.

The Settlement Trust is an expendable trust fund of the State. Expendable trust funds account for assets held by the State in a trustee capacity where the principal and income may be expended in the course of the fund's designated operations.

Upon approval by the Council, the Court, and the State of Alaska, Trustee Agencies make expenditures directly against the Settlement Trust.

The financial presentation for the Settlement Trust is of the Settlement Trust only and is not intended to present the financial position of the State of Alaska or any of its component units and the results of their operations.

*Exxon Valdez Oil Spill Trustee Council*  
**NOTES TO TRUST FUNDS FINANCIAL STATEMENTS**  
Fiscal Year Ended September 30, 1995

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Basis of Accounting

Basis of accounting refers to when revenues, expenditures and the related assets and liabilities are recorded in the accounts and financial statements. Specifically, it relates to the timing of the financial measurements made, regardless of the measurement focus applied.

The basis of accounting used by the Joint Trust Account, NRDA&R and the Settlement Trust are as follows:

Joint Trust Account - The financial statements of the Joint Trust Account are prepared on a cash basis of accounting. As such, revenues are recognized when received, and disbursements are recognized when paid.

NRDA&R - The financial statements of NRDA&R are prepared on a cash basis of accounting. As such, revenues are recognized when received, and disbursements are recognized when paid.

Settlement Trust - The financial statements of the Settlement Fund are accounted for using a current financial resources measurement focus on the modified accrual basis. The Settlement Fund recognizes revenues when the source is measurable and available, and intended for the fiscal year. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Assets are recorded when measurable and due.

Expenditures are recorded when the related liability is incurred. Encumbrance accounting, under which purchase orders and contracts for the expenditure of moneys are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of the formal budgetary integration of the Settlement Trust. Encumbrances outstanding at year-end are reported as reservations of fund balance since they do not constitute expenditures or liabilities.

Interest and investment income is allocated to the Settlement Trust as agreed to under a Memorandum of Understanding (MOU) by and between the State Departments of Revenue and Administration effective July 1, 1993. Under the MOU, interest is credited daily to the Settlement Trust by determining the Settlement Trust's daily cash balance and applying the current weekly 180 day Treasury Bill Rates based on the Treasury Bill auctions.

Statement Presentation

Separate balance sheets and statements of receipts and disbursements or revenues and expenditures are presented for each of the Joint Trust Account, NRDA&R and the Settlement Trust. This is due to the fact that ownership of the Trust Funds rests with the U.S. District Court, U.S. Department of Interior, Fish and Wildlife Service and the State of Alaska, respectively, and the different bases of accounting used by the Trust Funds.

Contributions Receivable - Settlement Trust

Contributions Receivable in the Settlement Trust financial statements include amounts disbursed from the Joint Trust Account pursuant to Council action prior to September 30, 1995, but which were received by the State subsequent to that date.

Accounts Payable and Deferred Revenue - Settlement Trust

Accounts payable in the Settlement Trust financial statements include disbursements made against the Settlement Trust subsequent to September 30, 1995, which relate to fiscal 1995 restoration activities.

Deferred Revenues in the Settlement Trust financial statements include amounts received or receivable at September 30, 1995, which are to be expended by the State in fiscal 1996.

Unobligated Balances Returned to Fund - NRDA&R

Unobligated Balances Returned to Fund in the NRDA&R financial statements represent unobligated amounts from Exxon Valdez oil spill restoration activities of prior fiscal years that the United States Trustee Agencies have transferred back to NRDA&R during fiscal 1995.

*Exxon Valdez Oil Spill Trustee Council*  
**NOTES TO TRUST FUNDS FINANCIAL STATEMENTS**  
 Fiscal Year Ended September 30, 1995

**3. CASH AND INVESTMENTS**

Cash and investments for the Joint Trust Account, NRDA&R and the Settlement Trust are as follows:

Joint Trust Account - All deposits and investments of the Joint Trust Account are held in the name of Clerk, U.S. District Court, Southern District of Texas at the Federal Reserve Bank. At September 30, 1995, substantially all balances are held in U.S. Treasury Bills with maturities less than 100 days. A nominal amount of cash is also included in the balance. There are no uninsured or unregistered deposits or investments. This places all of CRIS's investments and deposits in GASB credit risk category 1\*.

NRDA&R - All cash and investments of NRDA&R are held in the name of the U.S. Department of the Interior, Fish and Wildlife Service, Natural Resources Damage Assessment and Restoration Fund at the U.S. Department of the Treasury. At September 30, 1995, substantially all balances are held in U.S. Treasury Bills with maturities ranging from 30 to 300 days. A nominal amount of cash is also included in the balance. There are no uninsured or unregistered deposits or investments. This places all of NRDA&R's investments and deposits in GASB credit risk category 1\*.

Settlement Trust - Cash and Investments of the Settlement Trust represent cash on deposit in banks, and cash invested in various investments as a part of the State's short-term cash management pools. By law, all deposits and investments relating to the Settlement Trust are under the control of the Commissioner of the State Department of Revenue. The State's cash is invested pursuant to State laws which mandate that investments shall be made with the judgment and care exercised by an institutional investor of ordinary professional prudence, discretion and intelligence. All deposits are insured or collateralized with securities held by the State or by its custodian in its name. All investments are insured or registered in the State's name and are held by the State or its custodian. This places all of the State's General Investment Funds deposits and investments, of which the Settlement Trust cash and investments are a part, in GASB credit risk category 1\*.

- GASB Statement No. 3 requires deposits and investments to be categorized to indicate the level of risk assumed by an entity. For investments, category 1 consists of investments that are insured or registered for which the securities are held by the entity or its custodian in the entity's name, category 2 consists of uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the entity's name, and category 3 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent not in the entity's name.

**4. CONTRIBUTIONS BY EXXON CORPORATION**

Agreement and Consent Decree

On October 8, 1991, the United States, the State, Exxon Corporation (Exxon) and Exxon Shipping Company, and Exxon Pipeline Company entered into an Agreement and Consent Decree (Agreement). The Agreement principally stipulates that Exxon make certain payments, and that all parties release and covenant not to sue or to file any administrative claim against the other parties or specifically identified third parties. Pursuant to the Agreement Exxon is to pay the United States and the State a total of \$900 million as follows:

<u>Date Payment Due</u>	<u>Amount</u>
Ten days after the Agreement became effective	\$ 90,000,000
December 1, 1992	150,000,000
September 1, 1993	100,000,000
September 1, 1994	70,000,000
September 1, 1995	70,000,000
September 1, 1996	70,000,000
September 1, 1997	70,000,000
September 1, 1998	70,000,000
September 1, 1999	70,000,000
September 1, 2000	70,000,000
September 1, 2001	70,000,000
	<u>\$ 900,000,000</u>

*Exxon Valdez Oil Spill Trustee Council*  
**NOTES TO TRUST FUNDS FINANCIAL STATEMENTS**  
Fiscal Year Ended September 30, 1995

**4. CONTRIBUTIONS BY EXXON CORPORATION (Continued)**

During fiscal 1995, Exxon Corporation made the contribution to the Joint Trust Account as required by the Agreement. As further discussed in Note 5, \$2,697,000 of the \$70,000,000 contribution was paid directly to the U.S. Department of Agriculture, United States Forest Service. The balance of \$67,303,000 was placed with the Joint Trust Account.

Reopener for Unknown Injury

In addition to the payment terms discussed above, the Agreement also has a reopener provision that allows the governments to claim an additional \$100 million from Exxon between September 1, 2002, and September 1, 2006, as required for the performance of restoration projects in Prince William Sound and other areas affected by the Oil Spill to restore one or more populations, habitats, or species which, as a result of the Oil Spill, suffered substantial loss or substantial decline in the areas affected by the Oil Spill.

The cost of the restoration projects must not be grossly disproportionate to the magnitude of the benefits obtained, and the reopener is available only for any losses or declines that could not reasonably have been known or anticipated from information available at the time of the Agreement.

**5. REIMBURSEMENTS TO THE UNITED STATES AND THE STATE**

Under the terms of the Agreement, certain amounts paid by Exxon are to be made directly to the United States and the State. These payments are to be used solely to reimburse them for the following purposes:

1. Response and clean-up costs incurred by either of them on or before December 31, 1990 in connection with the Oil Spill;
2. Natural resource damages assessment costs incurred by either of them on or before March 12, 1991 in connection with the Oil Spill;
3. (State only) Attorneys fees, experts' fees, and other costs incurred by the State on or before March 12, 1991 in connection with litigation arising from the Oil Spill;
4. Response and clean-up costs incurred by either of them after December 31, 1990 in connection with the Oil Spill;
5. To assess injury resulting from the Oil Spill and to plan, implement, and monitor the restoration, rehabilitation, or replacement of natural resources, natural resource services, or archaeological sites and artifacts injured, lost or destroyed as a result of the Oil Spill, or the acquisition of equivalent resources or services after March 12, 1991; and
6. (State only) Reasonable litigation costs incurred by the State after March 12, 1991.

The agreement states that the amounts to be reimbursed to the United States for items one and two above are not to exceed \$67 million. The amounts to be reimbursed to the State for items one, two and three above are not to exceed \$75 million. The agreement does not place a cap on items four and five. The amounts paid to the State for item six above are not to exceed \$1 million per month. During fiscal 1995, \$2,697,000 was paid to the United States Department of Agriculture as a reimbursement pursuant to the Agreement. There were no other reimbursements made to the United States or the State during fiscal 1995 under the Agreement.

**6. DISBURSEMENTS FROM JOINT TRUST ACCOUNT**

Approved Payment Uses

Under the terms of the MOA, amounts paid by Exxon, excluding the reimbursements discussed in the preceding Note, are deposited into the Joint Trust Account. These payments are to be used solely to assess injury resulting from the Oil Spill and to plan, implement, and monitor the restoration, rehabilitation, or replacement of natural resources, natural resource services, or archaeological sites and artifacts injured, lost or destroyed as a result of the Oil Spill, or the acquisition of equivalent resources or services.

Project Approval

The Council has developed a solicitation and review process for projects to address the purposes stated above. The outcome of the process is the development of a fiscal year Work Plan which approves the funding for all projects to be conducted during the fiscal year. For the fiscal year ending September 30, 1995, the following project solicitation and review process was used by the Council:

*Exxon Valdez Oil Spill Trustee Council*  
**NOTES TO TRUST FUNDS FINANCIAL STATEMENTS**  
 Fiscal Year Ended September 30, 1995

**6. DISBURSEMENTS FROM JOINT TRUST ACCOUNT (Continued)**

1. In May 1994, the Council published an *Invitation to Submit Restoration Projects for Fiscal Year 1995*. The Council's Chief Scientist coordinated a preliminary scientific and technical review of the projects. The projects were also reviewed by the Council's Executive Director, Federal and State agency staff, and representatives of the Public Advisory Group (the Public Advisory Group consists of members of the public and concerned groups and was appointed by the Council in accordance with the MOA to help provide meaningful public participation in the injury assessment and restoration process).
2. In late August, all proposals and the results of the reviews were published in the *Draft Fiscal Year 1995 Work Plan*. The public comment period on the draft ran from late August until October 3, 1994.
3. Projects that were in process from the fiscal year ended September 30, 1994, and that were ongoing and required immediate funding, received interim funding from the Council on August 23, 1994.
4. During the public review period, the Council's Chief Scientist, peer reviewers, the Public Advisory Group, and others attended additional review sessions of the various proposed projects to assess the merits of each project.
5. In November and December 1994, the Council made final project approval. The approved projects were published in the *Fiscal Year 1995 Work Plan*.
6. The staff of the respective Federal and State agencies developed detailed project descriptions which were reviewed by the Council's Executive Director and Chief Scientist.

In addition to the process outlined above, the Council has also identified and acquired several tracts of land as permitted by the MOA. The land acquisition support costs are funded through the Work Plan, and all land acquisitions are separately approved by the Council.

Interest Income Recovery - NRDA&R and the Settlement Trust

The governments are to report to the Council the amount of interest earned on net available balances in NRDA&R and the Settlement Trust. The Council then recovers the interest reported by reducing subsequent disbursements from the Joint Trust Fund for future projects. During fiscal 1995, disbursements to the United States and the State were reduced by \$139,314 and \$985,423 for such interest earnings, respectively.

Unobligated Balance Recovery - NRDA&R and the Settlement Trust

Actual project costs are frequently less than the original project budgets. When this occurs, the United States and the State retain the unspent or unobligated balances. The Council then recovers these balances by reducing subsequent disbursements for new projects. During fiscal 1995, the United States and the State reported total unobligated balances of \$2,597,808. Of this amount, United States and the State reported \$220,858 and \$2,376,950, respectively. These unobligated funds were recovered through reduced project disbursements during the fiscal year ending September 30, 1995.

Disbursements from the Joint Trust Account

During fiscal 1995, the Council disbursed \$89,989,597 for restoration projects and land acquisition as follows:

Restoration Projects Authorized By the Council

For 1995 and 1996:

To be conducted by the United States	\$ 14,560,800
To be conducted by the State	<u>29,603,000</u>
Total	<u>44,163,800</u>

Land Acquisitions and Research Infrastructure

Improvements Authorized By The Council

For 1995 and 1996:

To be acquired by the United States	33,900,000
To be acquired by the State	<u>15,729,042</u>
Total	<u>49,629,042</u>
	93,792,842

Less:

Unobligated balances on prior years projects	(2,597,808)
Interest earnings on payments not yet disbursed by the United State and State	(1,124,737)
Other Adjustments	<u>(80,700)</u>

Disbursements from the Joint Trust Account	<u>\$ 89,989,597</u>
--	----------------------

*Exxon Valdez Oil Spill Trustee Council*  
**NOTES TO TRUST FUNDS FINANCIAL STATEMENTS**  
Fiscal Year Ended September 30, 1995

**7. CONTRIBUTIONS RECEIVABLE**

On November 2, 1994, the Council approved the disbursement of \$24,956,000 from the Joint Trust Account to the State. The money is to be expended by the State of Alaska, Department of Fish and Game to fund research infrastructure improvements affiliated with the University of Alaska, School of Fisheries and Ocean Sciences, Institute of Marine Science in Seward, Alaska. The amount is to be funded with a withdrawal of \$12,500,000 on September 15, 1995 and another withdrawal of \$12,456,000 on September 15, 1996.

On September 20, 1995, the first scheduled withdrawal was made. These amounts were disbursed from the Joint Trust Account. However, the funds were received and deposited to the Settlement Trust subsequent to September 30, 1995. For this reason, the Settlement trust has recorded a contribution receivable in the accompanying financial statements as of September 30, 1995.

**8. DEFERRED REVENUE**

Deferred revenue in the financial statements of the Settlement Trust has been recorded for two transactions:

1. The disbursement, in the amount of \$12,500,000 made from the Joint Trust Fund with CRIS to fund research infrastructure improvements affiliated with the University of Alaska, School of Fisheries and Ocean Sciences, Institute of Marine Science in Seward, Alaska as discussed in the preceding note is to be expended by the Alaska Department of Fish and Game upon final legislative approval by the State Legislature's Legislative Budget and Audit Committee. Pending this approval, the amount has been recorded as deferred revenue.
2. On August 25, 1995, the Council approved the initial funding for restoration projects to be conducted by the Trustee Agencies in fiscal 1996. The disbursement relating to this action was made from the Joint Trust Account on September 21, 1995, and the amount disbursed to the State Trustee Agencies' of \$9,863,716 has been recorded as deferred revenue.

NRDA&R also received the United States' disbursement prior to September 30 1995, relating to the initial funding for restoration projects to be conducted by the Trustee Agencies in fiscal 1996. The amount received of \$5,837,316 has been recorded as Receipts - CRIS in the NRDA&R financial statements since NRDA&R is accounted for using the cash basis of accounting, and is part of the ending Trust Fund Balance. However, this money will be made available to the Federal Trustee Agencies in fiscal 1996.

**9. REAL PROPERTY ACQUISITIONS OBLIGATIONS OUTSTANDING**

Alaska Sea Life Center

As discussed in Note 7, on November 2, 1994, the Council approved the disbursement of \$24,956,000 from the Joint Trust Account with CRIS to fund research infrastructure improvements affiliated with the University of Alaska, School of Fisheries and Ocean Sciences, Institute of Marine Science in Seward, Alaska. The first of two withdrawals to fund the project in the amount of \$12,500,000 was made on September 15, 1995. A final withdrawal of \$12,456,000 is scheduled for September 15, 1996.

Kodiak National Wildlife Refuge - AKI

On November 2, 1994, the Council approved the purchase of the surface estate in fee simple of approximately 76,700 acres of land within the boundaries of the Kodiak National Wildlife Refuge (Refuge) and conveyance of an in-perpetuity conservation easement on an additional approximately 43,200 acres of land within the Refuge. The purchase closed during year-end. The land was acquired by the United States Department of Interior, Fish and Wildlife Service. The total amount to be paid from the Joint Trust Account is \$36,000,000. The scheduled amounts paid or to be paid from the Joint Trust Account are as follows with no interest accruing on the unpaid amounts:

At initial closing (paid in fiscal 1995)	\$ 13,000,000
At subsequent closing (paid in fiscal 1995)	8,000,000
September 30, 1996	7,500,000
September 30, 1997	<u>7,500,000</u>
	<u>\$ 36,000,000</u>

*Exxon Valdez Oil Spill Trustee Council*  
**NOTES TO TRUST FUNDS FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 1995**

**9. REAL PROPERTY ACQUISITIONS OBLIGATIONS OUTSTANDING (Continued)**

Seal Bay, Alaska

On August 23, 1993, the Council approved the purchase of 41,549 acres of land in the vicinity Seal Bay, Alaska by the State as part of habitat protection activities consistent with its fiscal year 1993 Work Plan. The property, which was owned by a Corporation, was purchased for \$38,700,000 with \$29,950,000 paid at closing on November 10, 1993. The balance due is to be paid in three equal annual installments of \$2,917,000 with interest accruing on the unpaid balance at a rate equal to the fifty-two week United States treasury bill rate, adjusted and compounded annually. The first annual installment was paid on November 9, 1994. Interest paid on that date was \$312,000. The remaining unpaid balance due of \$5,833,000 plus interest will be disbursed from Joint Trust Account balances at the scheduled installment dates.

**10. SUBSEQUENT EVENTS**

Fiscal 1996 Restoration Activities

On December 11, 1995, the Council approved the second disbursement related to its fiscal 1996 *Work Plan* for Restoration Projects to be conducted by the Trustee Agencies. The total amount approved was \$5,502,000. The United States and the State reported \$48,676 and \$262,202, respectively, of interest earned on available balances in NRDA&R and the Settlement Trust since the previous disbursement. As a result, \$5,191,122 was withdrawn from the Joint Trust Account for disbursement to the United States and State. In addition, on January 12, 1996, the Council approved \$150,000 in additional funding for habitat protection and acquisition support activities (project #96126).

Kodiak National Wildlife Refuge - Kodiak

On December 2, 1994, the Council approved the purchase of the surface estate in fee simple of approximately 59,700 acres of land within the boundaries of the Kodiak National Wildlife Refuge (Refuge) and conveyance of a seven-year conservation easement on an additional approximately 56,000 acres of land within the Refuge. The purchase closed subsequent to year-end. The land was acquired by the United States Department of Interior, Fish and Wildlife Service. The total amount paid is to be \$28,500,000, including \$21,500,000 from the Joint Trust Account, and \$7,000,000 from separate federal funds. The amounts to be paid from the Joint Trust Account are as follows with no interest accruing on the unpaid amounts:

At closing (fiscal 1996)	\$ 8,000,000
September 30, 1996	4,500,000
September 30, 1997	4,500,000
September 30, 1998	<u>4,500,000</u>
	<u>\$ 21,500,000</u>

On November 21, 1995, the Court approved the Council's request to withdraw \$8,000,000 from the Joint Trust Account for the down payment and first installment relating to the acquisition of land at Kodiak National Wildlife Refuge as described above.

Seal Bay, Alaska Land Acquisition

On November 2, 1995, the Court approved the Council's request to withdraw \$3,294,667 from the Joint Trust Account for the second installment relating to the acquisition of land at Seal Bay, Alaska as described in Note 9. Of this amount, \$378,000 was for accrued interest, and \$2,916,667 was for principal.



HB 468

TONY KNOWLES, GOVERNOR

**DEPARTMENT OF ADMINISTRATION**

*DIVISION OF ADMINISTRATIVE SERVICES*

P.O. BOX 110208  
JUNEAU, ALASKA 99811-0208  
PHONE: (907) 465-2277  
FAX: (907) 465-2135

March 27, 1996

The Honorable Steve Frank, Co-Chair  
Senate Finance Committee  
Alaska State Legislature  
State Capitol Building, Room 518  
Juneau, Alaska 99801-1182

Dear Senator Frank:

During the Monday hearing on HB 468 (Supplemental Appropriations) a number of requests for additional information were made. This letter, with attachments, is in response to those requests.

**Public Defender**

Please find attached a memo detailing caseload by felony/misdemeanor for the period FY90 thru FY96 (projected). The memo also includes discussions of caseload trends and standards for the quality of defense.

**Office of Public Advocacy**

Please find attached a memo detailing FY95 caseload by child and adult cases. The memo includes a discussion of cost saving measures undertaken by OPA.

**Longevity Bonus**

Please find attached a Longevity Bonus Application form and a memo discussing elderly demographics.

**Leases**

Please find attached a series of spreadsheets and graphs showing lease funding and square footage by agency for the period FY91 thru FY97.

I hope the attached material addresses the committee's requests. If you need additional information or would like to discuss any of the material, please contact me.

Sincerely,



Sharon Barton  
Director

cc

**Senate Finance Committee**  
Mark Boyer  
Annalee McConnel  
Alison Elgee  
David Koivuniemi  
Division Directors

M E M O R A N D U M  
ALASKA PUBLIC DEFENDER AGENCY  
900 W. 5TH AVE., SUITE 200  
ANCHORAGE, ALASKA 99501  
PHONE: (907)264-4412 (direct number)  
Fax line: (907)269-5476

DATE: 3-26-96  
TO: Sharon Barton, DOA/DAS Director  
FROM: John B. Salemi, Public Defender  
RE: Info. re PD Agency

Per your request:

1. Caseload trends--

<u>FISCAL YEAR</u>	<u>CASELOAD</u>	<u># OF MISDEMEANORS</u>	<u># OF FELONIES</u>
1990	14,901	8,333	2,110
1991	15,030	8,679	1,953
1992	17,094	9,574	2,113
1993	16,137	8,617	2,258
1994	17,582	9,065	2,358
1995	17,393	8,799	2,466
1996 (Projected)	18,075	8,824	2,802

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Discussion re Caseload Trends--it is highly likely that PD is underreporting its workload in that it has no centralized data collection. (PD has no data entry positions). Data is gathered from each of the 13 offices state-wide. Current computer hard/software in use for this purpose is inadequate. Additionally, frequent computer breakdowns in bush offices, use of substitute clerical personnel and other factors contribute to PD's failure to "capture" entire workload.

It should also be noted that criminal litigation is becoming more complex, especially concerning the use of science in the courtroom. As a result, attorneys must spend more time educating themselves concerning forensic science as well as preparing expert witness

testimony in the fields of DNA, ballistics, blood spatter evidence, computer-generated crime scene reconstruction and like fields. (These developments also increase contractual expenditures).

2. Standards re "Quality of Defense"--

The standards are defined by statute, by state caselaw, and by the professional canons.

a. AS 18.85.100 states "An indigent person. . . is entitled to be represented by an attorney to the same extent as a person retaining an attorney is entitled; and to be provided with the necessary services and facilities of representation, including investigation and other preparation."

b. Risher v. State of Alaska, 523 P2d 421 (Alaska 1974) is a reported case which is the standard by which ineffective assistance of counsel claims are reviewed. This in and of itself does not defined quality of representation, but does provide some guidance.

c. Alaska Rules of Court/Alaska Rules of Professional Conduct provides that "A lawyer shall provide competent representation to a client. Ccmpetent representation requires the legal knowledge, skill, thoroughness and preparation reasonably necessary for the representation." Rule 1.1.

# MEMORANDUM

# STATE OF ALASKA

DEPARTMENT OF ADMINISTRATION  
OFFICE OF PUBLIC ADVOCACY  
PHONE 274-1684 FAX 274-8816

DATE: March 26, 1996

TO: Sharon Barton  
Director  
Division of Administrative Services  
Department of Administration

FROM: Brant McGee  
Public Advocate  
Office of Public Advocacy  
Department of Administration

RE: OPA expenditure information

In response to your questions concerning our FY96 expenditures and caseload is the following:

1. Our caseload breakout for FY 95 is 6,019 adult cases and 3,652 child cases.
2. Cost saving measures initiated in FY 96 include the establishment of the Office of Public Advocacy (OPA) Caseload Management System, which allows us to maintain and act upon specific information concerning billings in particular contractor cases; the addition of a staff civil attorney which will allow us to provide much cheaper staff representation in Anchorage civil cases, especially in the representation of respondents in guardianship proceedings; expanded use of volunteer guardians ad litem in Anchorage, Kenai, and Palmer; refused increases in contractor rates between FY 95 and FY 96; continued rigorous scrutiny of requests for extraordinary expenses such as investigation, expert witnesses, witness travel, and psychiatric/psychological examinations.
3. The "standards for quality of defense" question is addressed adequately by John Salemi in his memo to you of this date.

**State of Alaska • Department of Administration  
Longevity Bonus Application**

P O Box 110211  
Juneau, AK 99811-0211

Telephone: 465-4416 • Fax: 465-4108

**The Alaska Longevity Bonus is a monthly benefit paid to Alaskans who qualify.  
To qualify, a person must:**

- 1) be at least 65 years old;
- 2) be a resident of Alaska for at least one year immediately before applying;
- 3) be physically present in Alaska with the intention of making Alaska their home; and
- 4) apply for a bonus (or apply for reinstatement) before January 1, 1997.

**Please note:**

An application received by December 31, 1995, and which meets the above requirements, will receive \$150.00 per month

An application received by December 31, 1996, and which meets the above requirements, will receive \$100.00 per month

To confirm their age, applicants **must submit** a legible photocopy of their birth certificate, baptismal record, or passport with this application. If photocopies are not available, please contact the Longevity Bonus Office at (907) 465-4416 for more information.

Last Name	First Name	Middle Initial	Social Security Number
Full name as shown on your birth record			
Sex <input type="checkbox"/> Male <input type="checkbox"/> Female		Date of Birth	
Mailing Address			
City	State	ZIP Code	
Physical Address			
City	State	ZIP Code	
Telephone Area Code (    )	Description (home, work, etc)		
(    )			

**FOR OFFICE USE ONLY:**

Date Received:	Postmark Date: _____	None: _____	Not Readable: _____
Approval Date:	Approved by:	Amount:	

It is essential that everyone signing this application read the following statements before signing. This application will be rejected if you change the statements.

**I understand that a false claim of eligibility to obtain a Longevity Bonus for myself or another is a criminal offense.** I also understand that if I exercise gross negligence in reporting, willfully misrepresent, or recklessly disregard a material fact regarding eligibility for a Longevity Bonus, I will forfeit all future bonuses and be subject to a civil fine. I understand that these penalties are in addition to criminal penalties imposed.

**APPLICANT**

I certify that the information contained in this application is true.

I authorize the Alaska Department of Administration to obtain information from any source to verify my eligibility for the Longevity Bonus program and I agree that a copy of this authorization is as valid as the original.

Signature of Applicant

Date

Your signature must be certified by a notary public, postal official or other official authorized to take oaths in Alaska

Subscribed and sworn to me this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_\_

(STAMP OR SEAL)

\_\_\_\_\_  
Official for the State of Alaska

\_\_\_\_\_  
My Commission Expires

**WITNESSES**

The statement below must be read and signed by two adult residents of Alaska **unrelated** to the applicant who can confirm that the applicant is eligible for the Longevity Bonus program.

I certify that I have read and understand the statement above and the eligibility requirements of the Alaska Longevity Bonus program as stated on this application, and to the best of my knowledge and belief, the applicant (1) was an Alaska resident for the entire period indicated on this application, (2) is still an Alaska resident, and (3) was physically present in Alaska for at least one-half of the 12-month period ending on the date that I sign this application or was absent for a reason listed in the applicant's certification section of this application. I understand that I may be contacted by the Alaska Department of Administration regarding the eligibility of the applicant.

Witness Signature

Date

Witness Signature

Date

Printed Name

Social Security Number

Printed Name

Social Security Number

Mailing Address (Include City, State and ZIP Code)

Mailing Address (Include City, State and ZIP Code)

Daytime Telephone Number

Alaska Resident Since

Daytime Telephone Number

Alaska Resident Since

# CORRECTION

THE FOLLOWING DOCUMENT(S)  
HAVE BEEN REFILMED TO  
ASSURE LEGIBILITY OR PAGINATION



Rev. 6/98

Central Microfilm Services  
Department of Education  
State of Alaska

**State of Alaska • Department of Administration  
Longevity Bonus Application**

P.O. Box 110211  
Juneau, AK 99811-0211

Telephone: 465-4416 • Fax: 465-4108

**The Alaska Longevity Bonus is a monthly benefit paid to Alaskans who qualify.  
To qualify, a person must:**

- 1) be at least 65 years old;
- 2) be a resident of Alaska for at least one year immediately before applying;
- 3) be physically present in Alaska with the intention of making Alaska their home; and
- 4) apply for a bonus (or apply for reinstatement) before January 1, 1997.

**Please note:**

An application received by December 31, 1995, and which meets the above requirements, will receive \$150.00 per month  
An application received by December 31, 1996, and which meets the above requirements, will receive \$100.00 per month

To confirm their age, applicants **must submit** a legible photocopy of their birth certificate, baptismal record, or passport with this application. If photocopies are not available, please contact the Longevity Bonus Office at (907) 465-4416 for more information.

Last Name	First Name	Middle Initial	Social Security Number
Full name as shown on your birth record			
Sex <input type="checkbox"/> Male <input type="checkbox"/> Female		Date of Birth	
Mailing Address			
City		State	ZIP Code
Physical Address			
City		State	ZIP Code
Telephone Area Code (    )		Description (home, work, etc)	
(    )			

**FOR OFFICE USE ONLY:**

Date Received:	Postmark Date: _____	None: _____	Not Readable: _____
			In Person: _____
Approval Date:	Approved by:	Amount:	

State or Country of Birth:	Alaska resident since (date:month/year):
Are you a United States citizen? <input type="checkbox"/> Yes <input type="checkbox"/> No   If no, please indicate your status and submit proof of status.	
<input type="checkbox"/> Here on Visa <input type="checkbox"/> Refugee <input type="checkbox"/> Resident Alien	

If you have a husband or wife, is he or she a Longevity Bonus recipient? <input type="checkbox"/> Yes <input type="checkbox"/> No	
Spouse's name (Last name, first name, middle initial)	Social Security Number

Please list organization(s) or individual(s) who know how to contact you.

Name(s)	Address (Please include City, State, ZIP Code)	Telephone #
_____	_____	_____
_____	_____	_____
_____	_____	_____

Please provide names and addresses of your children.

Name(s)	Address (Please include City, State, ZIP Code)	Telephone #
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Are you living in a nursing home or Pioneers' Home? <input type="checkbox"/> Yes <input type="checkbox"/> No
If yes, name of facility: _____
Are you confined to a correctional or mental health facility? <input type="checkbox"/> Yes <input type="checkbox"/> No   If yes, date entered: _____

What are the physical addresses/locations of other homes (including mobile homes/trailers), condominiums and apartments?

	Type (home, mobile home, etc.)	Date Purchased	Physical Address
1)	_____	_____	_____
2)	_____	_____	_____

It is essential that everyone signing this application read the following statements before signing. This application will be rejected if you change the statements.

**I understand that a false claim of eligibility to obtain a Longevity Bonus for myself or another is a criminal offense.** I also understand that if I exercise gross negligence in reporting, willfully misrepresent, or recklessly disregard a material fact regarding eligibility for a Longevity Bonus, I will forfeit all future bonuses and be subject to a civil fine. I understand that these penalties are in addition to criminal penalties imposed.

**APPLICANT**

I certify that the information contained in this application is true.

I authorize the Alaska Department of Administration to obtain information from any source to verify my eligibility for the Longevity Bonus program and I agree that a copy of this authorization is as valid as the original.

Signature of Applicant

Date

Your signature must be certified by a notary public, postal official or other official authorized to take oaths in Alaska

Subscribed and sworn to me this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_\_

(STAMP OR SEAL)

\_\_\_\_\_  
Official for the State of Alaska

\_\_\_\_\_  
My Commission Expires

**WITNESSES**

The statement below must be read and signed by two adult residents of Alaska **unrelated** to the applicant who can confirm that the applicant is eligible for the Longevity Bonus program.

I certify that I have read and understand the statement above and the eligibility requirements of the Alaska Longevity Bonus program as stated on this application, and to the best of my knowledge and belief, the applicant (1) was an Alaska resident for the entire period indicated on this application, (2) is still an Alaska resident, and (3) was physically present in Alaska for at least one-half of the 12-month period ending on the date that I sign this application or was absent for a reason listed in the applicant's certification section of this application. I understand that I may be contacted by the Alaska Department of Administration regarding the eligibility of the applicant.

Witness Signature		Date	Witness Signature		Date
Printed Name	Social Security Number		Printed Name	Social Security Number	
Mailing Address (Include City, State and ZIP Code)			Mailing Address (Include City, State and ZIP Code)		
Daytime Telephone Number	Alaska Resident Since		Daytime Telephone Number	Alaska Resident Since	

Please list your residence addresses for the past 24 months. <b>Addresses (Include City, State, and ZIP Code)</b>	<b>Date of Residence</b>			
	From Month	Year	To Month	Year

Please list and describe the reason for all absences from Alaska in the 12 months immediately before the date you signed this application form.

From Month	Day	Year	To Month	Day	Year	Reason for Absence

If your absences exceeded 180 days in the 12 months prior to application, please explain why you think the absences should be excusable.

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In the past 2 years have you claimed residency or any benefits of residency outside Alaska?  Yes  No  
If yes, please give details.

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Do you have a driver's license?  Yes  No License # \_\_\_\_\_ State \_\_\_\_\_

Have you registered any vehicles outside Alaska in the past two years? If so, please describe.

Type of Vehicle	License Plate #/State	Date Purchased	Current Location
_____	_____/____	_____	_____
_____	_____/____	_____	_____

What businesses do you own and where are they located?

---



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*file Long Kansas*

MEMORANDUM

RECEIVED  
DEC 26 1995

TO: State Aging Directors  
FROM: Jim Whaley  
DATE: December 21, 1995  
RE: Elderly Demographics

Enclosed for your information is an article "*Elderly Demographic Profiles of U.S. States: Impacts of 'New Elderly Births,' Migration, and Immigration*" from The Gerontologist (Volume 35, Number 6, 1995). The article is written by William H. Frey, PhD, Population Studies Center, University of Michigan.

The article evaluates how new elderly births (state's population age 55-59 in 1985 and surviving to age 60-64 in 1990) compare with within-U.S. migration, and migration from other countries in affecting the elderly populations of the states. The author maintains that new elderly births exert much more pronounced impacts on a state's elderly population than migration. According to Frey's analysis, elderly births contribute more to the size, higher educational levels and lower poverty rates in a state's elderly population than migration.

New elderly births account for 42% of Alaska's older population but only 18% of Florida's. In most states, new elderly births account for 23-28% of the elderly population.

Frey categorizes states in to 5 groupings: Elderly In-Migration States; Elderly Out-Migration States; High Elderly Birth States; Low Elderly Birth States; and Other States. The high elderly birth states are identified as Maryland, Hawaii, Louisiana, Colorado, Texas, Ohio, Virginia, Delaware, Indiana and Georgia. Low elderly birth states are Kansas, Idaho, Nebraska, Iowa, North Dakota, and South Dakota.

Over the next 10 years, the smaller numbers of elderly births will reduce their overall impacts for most states. In 2006, when the first baby boom cohort members become age 60, the "new elderly birth" component will become a strong force.

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The Gerontologist  
Vol. 35, No. 6, 761-770

Many policy analysts take a narrow view toward assessing demographic change of state elderly populations by focusing only on the migration component. This article examines how 1990 state elderly populations have been affected by "new elderly births" (a state's population ages 55-59 in 1985 which survived to ages 60-64 in 1990) as well as by migration components, over the 1985-90 period. It utilizes 1990 Census migration tabulations of the residence 5-years-ago question, along with demographic decomposition analysis. During this period, elderly births exerted a greater impact than migration on elderly gains and demographic compositions for all states. Migration from abroad is also important for state Latino and Asian elderly populations.

Key Words: Migration, Immigration, Race and ethnicity, Demography

## Elderly Demographic Profiles of U.S. States: Impacts of "New Elderly Births," Migration, and Immigration<sup>1</sup>

William H. Frey, PhD<sup>2</sup>

The rise in numbers of the nation's elderly population holds important implications at the state level — ranging from the allocation of social services to formulating political agendas that cater to elderly concerns. Yet many policy analysts take a narrow view of assessing the changing demographics of state elderly populations by focusing only on the migration component. The purpose of this article is to broaden this focus by pointing up the significance of an even more dominant source of demographic change at the state level — "new elderly births," represented by the aging of the pre-elderly population into the elderly ranks as they pass their 60th birthday milestone. From a state's demographic standpoint, the emergence of these "births" over a given period constitute a component of change in its elderly population. Because these new elderly births vary across states in both numbers and demographic characteristics, they can and do exert quite different effects on state elderly population sizes and sociodemographic characteristics. Moreover, as our data will show, their impacts on state elderly populations are much more pronounced than those associated with migration.

New elderly births represented an especially strong component of elderly change over the past two decades. This is because large birth cohorts, reinforced by immigration in the early part of this century, turned age 60 during the 1970s and 1980s (Rogers & Woodward, 1988; Siegel, 1993; Soldo & Agree, 1988; Treas & Torrecilla, 1995). This partly explains why the nation's elderly population grew by 46% between 1970 and 1990, while its total population grew by only 22%. In a sense, this rising tide of elderly births lifted all boats across broad areas of the country. Most states and metropolitan areas experienced increases in their elderly populations, irrespective of their elderly migration patterns (Frey, 1992; Taeuber, 1992). This pervasive growth for larger areas should not be taken to imply that all local areas have registered elderly gains as a result of new elderly births. For many small areas, retirement migration has dominated elderly gains and, in others, elderly populations declined (Fuguitt, Brown, & Beale, 1989; Glasgow, 1988).

Although high elderly birth levels contributed to elderly population gains in most states, the states do vary in both the size and demographic attributes of their "newborn" elderly populations. Those best poised to gain large numbers of elderly births with the most select demographic characteristics — high educations, good health, and better incomes — were those which attracted large numbers of in-migrants during their pre-elderly working-aged years. States with smaller elderly birth levels, with less select demographic characteristics, tend to be located in the least prosperous parts of the country where significant pre-elderly working-aged outmigration took place.

<sup>1</sup>This is a revised version of a paper presented at the Annual Scientific Meeting of the Gerontological Society of America, Atlanta, GA, November 19, 1994. An extended version with detailed appendix tables is Research Report 95-325 available from Publications, Population Studies Center, University of Michigan. This research was supported by the National Institutes on Aging, Grant No. 1-R01-AG12291, "Migration and Redistribution of the U.S. Elderly." The migration data were prepared at the Population Studies Center from 1990 U.S. Census files. The author acknowledges Cathy Sun for computer programming assistance, and Ron Lue-Seng for preparing maps and graphics.

<sup>2</sup>Address correspondence to Dr. William H. Frey, Population Studies Center, University of Michigan, 1225 South University Avenue, Ann Arbor, MI 48104.

Previous research emphasizes elderly inter-state migration as a component of elderly demographic change (Bean, Myers, Angel, & Galle, 1992; Biggar, 1984; Flynn, Longino, Wiseman, & Biggar, 1985; Frey, 1995; Glasgow, 1988; Longino, 1990, 1994; Rogers, 1992; Serow, 1987). Although levels of migration among elderly persons are far lower than for the population as a whole (Long, 1988; Rogers, 1988), elderly migration makes a focused impact on a few selected states. This is because the migration streams from many origin states tend to converge primarily on only a few retiree "magnet" destination states, where the impact is especially strong (Longino, 1994; Rogers & Watkins, 1987). Moreover, demographic characteristics of elderly migrants to these states tend to be favorable — disproportionately comprising newly retired, relatively well-off, husband-and-wife couples (Yeatts, Biggar & Longino, 1987), especially those in their younger elderly ages (Speare & Meyer, 1988). Finally, increasingly large waves of immigrants from abroad suggest that these streams, too, will play a larger role in elderly population growth (Martin & Midgley, 1994). This should be particularly the case among the new minority groups, Latinos and Asians, since immigration laws permit the entry of family members, including elderly parents of current naturalized U.S. citizens.

This article evaluates how new elderly births compare with within-U.S. migration, and migration from abroad in affecting the elderly populations of U.S. states. Specifically, it employs special 1990 census tabulations to evaluate how each of these components, over the period 1985-90, affected 1990 state elderly population sizes and sociodemographic compositions. Three questions are addressed:

1. What are the relative impacts of recent elderly births, within-U.S. migration, and migration from abroad on state elderly population sizes?
2. What are the relative impacts of recent elderly births and migration on the sociodemographic characteristics of state elderly populations?
3. How have recent elderly births, within-U.S. migration, and immigration from abroad incremented the sizes of state elderly black, Latino, and Asian populations?

**Methods**

The data for this study are drawn from special migration tabulations of the 16.7% sample (weighted to the total population) of the 1990 census based on the "residence-5-years ago" question, which allows determination of population redistribution over the 1985-90 period. The data for interstate migrants, migrants from abroad, and non-migrants, when tabulated by age, permit estimation of contributions to 1990 state elderly populations associated with: 1985-90 within-U.S. migration, 1985-90 migration from abroad, and 1985-90 elderly births. Because the elderly population is considered to be aged 60 and above, the elderly birth component represents the

aging of the 1925-30 cohorts, from ages 55-59 in 1985 to 60-64 in 1990. These components pertain to migrants and non-migrants who survived (or did not die) over the 1985-90 period, for the purpose of comparing the relative impacts of these components across each state's 1990 elderly populations.

The equations below can be used to estimate the contributions to a state's 1990 population associated with each of these components.

$$P^{1990}(60+) = P^{1985}(60+) + B + I - O + A \quad (1)$$

where:

$P^{1990}(60+)$  = State's population age 60+ in 1990

$P^{1985}(60+)$  = State's population, age 60+, in 1985 and surviving to age 65+ 1990

B = Elderly Births  
(State's population age 55-59 in 1985 and surviving to age 60-64 in 1990)

I = In-migrants from another state  
(1985-90 in-migrants from another state, age 55+ in 1985, and surviving to age 60+ in 1990)

O = Outmigrants to another state  
(1985-90 outmigrants to another state, age 55+ in 1985 and surviving to age 60+ in 1990)

A = Immigrants from Abroad  
(1985-90 in-migrants from abroad, age 55+ in 1985 and surviving to age 60+ in 1990)

Each of the terms in the above equation can be estimated from the census residence 5-years-ago question when cross-tabulated by 1990 residence, for individual states. They can be used to calculate contributions that 1985-90 elderly births, within-U.S. migration, and migration from abroad make to a state's 1990 elderly population.

Contribution (expressed in percent) to 1990 State Elderly Populations Attributable to:

$$1985-90 \text{ Elderly Births} = \frac{B}{P^{1990}(60+)} \times 100 \quad (3)$$

$$1985-90 \text{ Interstate Migration} = \frac{(I - O)}{P^{1990}(60+)} \times 100 \quad (3)$$

$$1985-90 \text{ Migration from Abroad} = \frac{A}{P^{1990}(60+)} \times 100. \quad (4)$$

Each of these contributions indicates how much of the state's 1990 elderly population can be attributed to recent elderly births, interstate migration, or migration from abroad. They can be used to rank states on the degree to which, for example, recent elderly births have contributed to their current elderly population sizes. As discussed above, the significance of elderly births as a source of elderly population growth varies markedly across states. Equation (2) can be used to rank states on this contribution. Likewise, Equations (3) and (4) can be used to rank states on each migration contribution.

These measures will be used to investigate the first

two questions addressed in this research: What are the relative contributions of recent elderly births and recent migration in contributing to the size and composition of a state's 1990 elderly population? Contributions to a state's 1990 elderly composition can be assessed when the terms in Equation (1) are calculated separately for different population subgroups (e.g., education attainment categories, poverty status categories, gender categories). For example, it is possible to estimate the contribution that recent elderly births exert on a state's poverty rate (i.e., the percent of the state's elderly population which lies below the poverty level). As shown in Equation (5), this involves calculating the difference between the state's actual 1990 elderly poverty rate, and the hypothetical poverty rate that would have resulted in the absence of 1985-90 elderly births (Note: The subscript p denotes terms specific to the poverty population, whereas the subscript n denotes terms that are specific to the non-poverty population).

$$\left( \frac{P_p^{1990}(60+)}{P_p^{1990}(60+) + P_n^{1990}(60+)} \times 100 \right) - \left( \frac{P_p^{1990}(60+) - B_p}{(P_p^{1990}(60+) - B_p) + (P_n^{1990}(60+) - B_n)} \times 100 \right) \quad (5)$$

Two methodological points should be borne in mind in interpreting these results. The first has to do with the treatment of mortality. The primary purpose of this research is to compare the contributions of 1985-90 elderly births with the contributions of 1985-90 migration as they affect each state's 1990 elderly populations. The effect of mortality on each of these components is automatically taken into account because the census data record only individuals who arrived in 1985 and survived until 1990 (i.e., individuals who were "born" into the 60+ age group between 1985-90 but died before 1990, or 1985-90 elderly migrants who died before 1990 are considered as "deaths" rather than as elderly births or migrants, respectively). However, because of this, the results of this analysis cannot be directly compared with those which evaluate the combined effects of births and deaths, often termed "natural increase" or "aging-in-place" of the elderly population (Rogers & Woodward, 1988). Rather, the focus of the present study is to isolate the contributions of surviving 1985-90 elderly births as compared with those of surviving elderly migrants on state elderly population sizes and compositions.

The second methodological point pertains to the treatment of international migration. Its assessment in this study is limited to the one-way flow from residence abroad in 1985 to residence in the U.S. in 1990. This is because, unlike with internal migration, it is not possible to obtain outmigration flows from individual states to foreign residences from the U.S. census or any other statistical collection agency in a form that is comparable with the census immigration flow. This restriction to immigration only, therefore, overstates the net impact of international migration on the elderly population. However, the overstate-

ment is moderated by the fact that one-way immigration flows, as reported in the U.S. census, severely understate the number of illegal aliens who reside in the U.S. A crude estimate, based on national statistics for the year 1993, indicates that the number of emigrants from the U.S. amounted to approximately 18 to 23% of the number of immigrants for that year. However, it is also estimated that the number of legal immigrants understates the number of total immigrants (including illegal immigrants who stay permanently) by about 25% (Martin & Mldgley, 1994). These statistics represent national estimates rather than those for individual states, and apply to the total population rather than to the elderly population only. Nonetheless, they make plain that the migration-from-abroad statistics used in this analysis might be taken as a crude indication of the net contributions attributable to the international migration component.

Results

State Variations In Elderly Birth and Migration Contributions

Although previous research has shown that the contribution of interstate migration on a state's elderly population varies widely across states, less attention has been paid to the way new elderly births and migration from abroad vary in these contributions. Contributions of each of these components to the 1990 elderly populations of individual states are shown in Table 1 (based on Equations (2), (3) and (4), above).

Clearly, new elderly births vary across states in their contributions to 1990 elderly population sizes. They account for 42% of Alaska's elderly population but only 18% of Florida's. The contributions to most states fall within the narrower range of 23-28%. However, even an additional contribution of a few percentage points translates into a substantial numeric gain for a state's elderly population (for example, a 1% gain to Ohio's elderly population represents 19,023 people).

Although migration from abroad is not normally thought to be a large contributor to a state's elderly population, there are four states where this component accounts for 1% or greater—Hawaii, California, Florida, and New York. These represented sizeable numbers of elderly persons in the latter three states (75,608, 30,671, and 31,838, respectively). However, the contribution of 1985-90 migration from abroad is relatively small for most of the states. In fully 30 states, it represents .2% or less of the 1990 elderly population.

The contribution of internal migration is, consistent with previous literature, most pronounced in traditional "elderly magnet" states. Among all states, Nevada, Florida and Arizona lead the rest, where 1985-90 internal migration contributed 14.9, 10.6, and 9.4%, respectively, to their elderly populations. At the other end of the spectrum, the largest negative contributions attributable to recent internal migration are

Table 1. Percentage Contributions to 1990 Elderly Populations, U.S. States

State	1990 Elderly Population	1985-90 Within U.S. Migration	1985-90 Elderly Births	1985-90 Migration from Abroad
Alabama	704,530	1.0	25.2	0.1
Alaska	34,865	-9.4	42.1	0.8
Arizona	631,518	9.4	21.1	0.6
Arkansas	457,870	2.6	22.0	0.1
California	4,224,171	-1.3	25.9	1.8
Colorado	449,582	0.5	27.1	0.4
Connecticut	594,794	-4.0	26.4	0.4
Delaware	110,636	1.8	26.3	0.2
Washington, DC	103,211	-4.9	25.7	0.7
Florida	3,049,932	10.6	18.3	1.0
Georgia	890,552	1.5	26.1	0.2
Hawaii	173,521	-0.4	27.3	2.0
Idaho	159,776	0.7	23.7	0.2
Illinois	1,923,668	-3.6	26.6	0.5
Indiana	938,832	-1.1	26.3	0.1
Iowa	553,862	-1.2	23.5	0.1
Kansas	447,872	-1.4	23.9	0.1
Kentucky	627,589	0.3	25.3	0.1
Louisiana	638,787	-1.0	27.2	0.1
Maine	217,695	0.5	24.4	0.1
Maryland	710,517	-1.5	27.8	0.6
Massachusetts	1,081,161	-2.9	25.0	0.6
Michigan	1,508,964	-2.8	27.6	0.2
Minnesota	717,664	-0.6	24.2	0.2
Mississippi	427,191	0.9	24.2	0.1
Missouri	948,236	0.0	24.1	0.1
Montana	140,323	-0.4	24.1	0.1
Nebraska	290,441	-0.7	23.7	0.1
Nevada	180,638	14.9	23.7	0.8
New Hampshire	169,192	0.9	25.8	0.2
New Jersey	1,373,199	-4.0	27.1	0.7
New Mexico	222,300	2.2	25.8	0.4
New York	3,193,437	-5.7	27.4	1.0
North Carolina	1,092,556	3.3	25.4	0.1
North Dakota	118,175	-1.2	23.5	0.1
Ohio	1,902,329	-1.7	26.8	0.1
Oklahoma	561,060	0.3	24.4	0.1
Oregon	510,893	4.1	22.2	0.3
Pennsylvania	2,437,953	-1.0	25.2	0.2
Rhode Island	197,757	-1.5	24.0	0.4
South Carolina	541,061	3.5	25.3	0.1
South Dakota	133,350	-0.7	23.3	0.1
Tennessee	832,644	1.3	25.1	0.1
Texas	2,336,775	0.4	26.8	0.5
Utah	202,027	1.1	25.7	0.3
Vermont	80,645	1.1	24.9	0.1
Virginia	907,260	0.4	26.7	0.5
Washington	765,648	2.4	23.9	0.6
West Virginia	360,420	-0.2	25.3	0.0
Wisconsin	860,820	-0.8	24.6	0.1
Wyoming	64,910	-2.8	28.7	0.1

Note: Percentage contributions to elderly (Age 60+) population in 1990 attributable to 1985-90 net within-U.S. migration, elderly births and migration from abroad (see text Equations (2), (3), and (4)).

shown for Alaska and New York at -9.4% and -5.7%, respectively. Of the 51 states (including the District of Columbia), 25 show positive internal migration contributions, with 9 showing contributions greater than 2%. Among the elderly outmigration states, nine show negative contributions of 2% or more.

### A State Classification of Elderly Demographic Change

Because the questions to be addressed involve comparing the relative contributions the three components exert on a state's elderly population, we have constructed a typology of states to aid in these comparisons. This is shown in Table 2 and depicted in Figure 1. The typology includes: 9 Elderly In-Migration States, 9 Elderly Out-Migration States, 10 High Elderly Birth States, and 6 Low Elderly Birth States. In constructing this typology, we chose not to incorporate immigration as a separate dimension. This is because its relative contribution to elderly population, compared with the other components, is small. However, its contribution is important for selected race and ethnic groups, and this will be the focus of the final part of the analysis.

One of the purposes of this typology is to enable comparisons of distinct demographic selectivity patterns (by education, poverty status, etc.) that are associated with different mixes of components. For this reason, it is important to distinguish those few states with accentuated net in-migration and net out-migration of elderly populations, because migration is known to be highly selective on these demographic characteristics. The nine Elderly In-Migration States include the perennial retiree magnets, Florida and Arizona, that still attract the plurality of elderly migrants in terms of aggregate numbers. However, when the contribution of recent net migration is calculated as a percent of the elderly population (the measure used here), Nevada leads all states, and Oregon and the Carolinas fall in right behind the two traditional "magnets." It is noteworthy that while the elderly birth contribution is larger than the within-U.S. migration contribution in each of these states, the former is generally smaller in these Elderly In-Migration States than in most other categories.

The Elderly Out-Migration States include six large northeastern and midwest "Frost Belt" states, in addition to Alaska, Washington, DC, and Wyoming. Most of these states house industrialized urban populations which have typically been associated with accentuated elderly outmigration to South and West States. Yet, unlike the Elderly In-Migration States, several of the Elderly Out-Migration States show relatively high elderly birth contributions — which will more than compensate for the outmigration losses. For example, New York's 5.7% net migration loss represents net out-movement of 182,000 people. Yet, its 27.4% gain attributable to recent elderly births adds 873,000 to the state's 1990 elderly population.

The key group of states identified for this analysis are the High Elderly Birth States. States in this group are not typically thought of as elderly "magnets" in most analyses because they have relatively low levels of net in- and out-elderly migration. However, among states with low levels of elderly migration activity, these 10 states exhibited the highest 1985-90 elderly birth contributions to their 1990 elderly populations. They include the South Atlantic states of Delaware, Maryland, Virginia, and Georgia — all with dynamic economies over the last decade or two (Frey, 1995). Also included on this list are the mid-

**Table 2. State Classification of Elderly Demographic Change, 1985-90**

State	Contributions to 1990 Elderly Population		
	Within U.S. Migration	Elderly Births	Migration from Abroad
<b>Elderly In-Migration States</b>			
Nevada	14.9	23.7	0.8
Florida	10.6	18.3	1.0
Arizona	9.4	21.1	0.6
Oregon	4.1	22.2	0.3
South Carolina	3.5	25.3	0.1
North Carolina	3.3	25.4	0.1
Arkansas	2.6	22.0	0.1
Washington	2.4	23.9	0.6
New Mexico	2.2	25.8	0.4
<b>Elderly Out-Migration States</b>			
Wyoming	-2.8	28.7	0.1
Michigan	-2.8	27.6	0.2
Massachusetts	-2.9	25.0	0.6
Illinois	-3.6	26.6	0.5
New Jersey	-4.0	27.1	0.7
Connecticut	-4.0	26.4	0.4
Washington, DC	-4.9	25.7	0.7
New York	-5.7	27.4	1.0
Alaska	-9.4	42.1	0.8
<b>High Elderly Birth States</b>			
Maryland	-1.5	27.8	0.6
Hawaii	-0.4	27.3	2.0
Louisiana	-1.0	27.2	0.1
Colorado	0.5	27.1	0.4
Texas	0.4	26.8	0.5
Ohio	-1.7	26.8	0.1
Virginia	0.4	26.7	0.5
Delaware	1.8	26.3	0.2
Indiana	-1.1	26.3	0.1
Georgia	1.5	26.1	0.2
<b>Low Elderly Birth States</b>			
Kansas	-1.4	23.9	0.1
Idaho	0.7	23.7	0.2
Nebraska	-0.7	23.7	0.1
Iowa	-1.2	23.5	0.1
North Dakota	-1.2	23.5	0.1
South Dakota	-0.7	23.3	0.1
<b>Selected Other States</b>			
California	-1.3	25.9	1.8
Pennsylvania	-1.0	25.2	0.2
Tennessee	1.3	25.1	0.1

Note: Contributions to elderly (Age 60+) population in 1990 attributable to net within-U.S. migration, elderly births, and migration from abroad, 1985-90.

Source: 1990 U.S. Census tabulations of "residence 5 years ago" migration question compiled at the Population Studies Center, University of Michigan.

western states of Ohio and Indiana, the southwestern states of Texas and Louisiana, and also Colorado and Hawaii. Several of the latter states have had turbulent economies over the 1970s and 1980s, but each has had a period when it attracted in-migrants from other parts of the country. It is these states which are best poised to contribute not only sizeable numbers to their elderly populations, but more highly select sociodemographic characteristics.

## Elderly Demographic Change STATE CLASSIFICATION

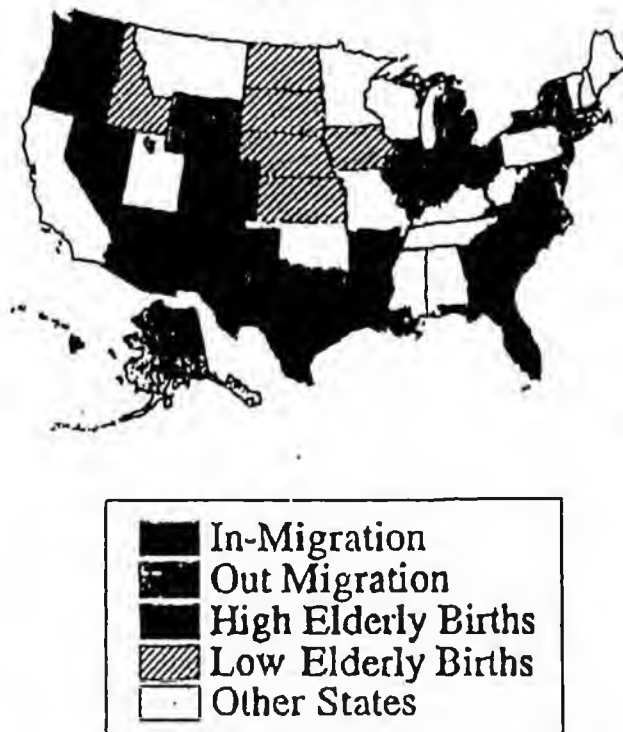


Figure 1. Elderly demographic change: State classification by In-migration, outmigration, and elderly births.

Finally, the classification scheme includes six Low Elderly Birth States. These states are all located in the western part of the Midwest region, except for Idaho. Economic downturns associated with agriculture and mining have caused them to lose and not attract large working-aged populations who would now be graduating into their elderly ages (Frey, 1995; Fugitt et al., 1989). Not only do these places show relatively low elderly birth contributions to their elderly populations, but five of the six exhibit a small net outmigration of their elderly populations.

These four classes of states represent distinct types of areas with respect to their mixes of demographic components. While a great deal of attention has been given to elderly "magnets" such as Nevada, Florida, and Arizona, the data make plain that other South Atlantic states such as Maryland, Virginia, and Georgia are gaining significant elderly as a result of new elderly births. Finally, it should be noted that there are 17 states which do not appear on this classification because they do not show extremely high or low contributions for either elderly births or internal migration. Among these are three large states which, nonetheless, have large elderly populations. California's elderly birth contribution of 25.9 is not extreme, but the state leads the nation in the absolute number of elderly births — 1,054,000 — over the 1985-90 period. While not approaching that magnitude, Pennsylvania and Tennessee are also

large states with sizeable numbers of elderly births. Because of the numbers of elderly that are represented in these three states, their statistics are presented in the text table comparisons.

*Impacts on State Sociodemographic Structures*

What were the relative impacts of 1985-90 new elderly births and elderly migration on the sociodemographic characteristics of 1990 state elderly populations? This question will be answered in this section. Previous research has shown that elderly migration is most selective on younger, better educated, and financially well-off elderly migrants (Longino, 1990; Yeatts et al., 1987). Partially because of these characteristics, more husband-wife couples are likely to migrate than single female-headed households (which comprise a large share of the total elderly population). As a consequence, states which gain more elderly migrants than they lose (with large elderly net migration contributions) should show disproportionate gains among elderly persons with these more "select" characteristics.

Are states with high net migration contributions likely to gain disproportionately in more well-off, and educated elderly? Do these more positive contributions to a state's sociodemographic structure also characterize their gains via new elderly births? The answers to these questions are a qualified "yes," based on the statistics in Table 3. Shown here are the

education, poverty, and gender-specific contributions associated with both within-U.S. migration and new elderly births for eight hand-picked states. (Note: These contributions were estimated from Equations (2) and (3) for specific population categories.) They include two Elderly In-Migration States (Florida and Arizona), two Elderly Out-Migration States (Illinois and New York), two High Elderly Birth States (Texas and Georgia), and two Low Elderly Birth States (Nebraska and South Dakota).

The migration contributions to a state's sociodemographic structure are evident for the Elderly In-Migration States. That is, in both Florida and Arizona, the impact of net in-migration on the state elderly population is much more pronounced for persons with high school educations or above, and especially college graduates. The contributions of nonpoverty net in-migration are about double those for the poverty population, and there is a distinct gender difference favoring the in-migration of males. Because education is often associated with health status, these statistics indicate that elderly in-migration states, such as Florida and Arizona, are attracting healthier migrants as well as those who are not impoverished. The gender differences are indicative of the fact that younger husband-wife couples comprise a large share of the in-migration flow.

The impact of net outmigration for the elderly populations of Illinois and New York is something of a mirror image of the net in-migration impacts. Al-

Table 3. 1985-90 Within-U.S. Migration and Elderly Births as Percent of 1990 State Elderly Populations by Education, Poverty, and Gender

	Elderly Migration			Elderly Births			Elderly Migration			Elderly Births		
	Florida	Illinois	Texas	Nebraska	Arizona	New York	Georgia	South Dakota				
<b>Education</b>												
Less than high school	7.4	16.5	25.3	-2.4	19.6	17.9	0.2	21.9	22.8	-0.1	15.8	15.8
High school graduate	11.9	18.7	31.2	-3.3	27.8	26.8	0.5	29.6	30.5	-0.8	28.5	27.8
Some college	12.7	19.9	33.4	-5.7	33.1	27.8	0.6	31.8	32.9	-0.9	27.0	26.1
College graduate	13.7	20.2	35.0	-6.6	37.2	31.3	0.4	33.3	34.4	-2.3	31.2	29.1
<b>Poverty Status</b>												
Poverty	5.0	10.2	26.4	-2.8	23.1	21.4	0.0	23.1	23.8	-0.1	16.8	16.7
Nonpoverty	11.6	10.7	31.2	-3.8	28.1	24.8	0.4	28.7	29.6	-1.0	26.1	25.2
<b>Gender</b>												
Male	12.7	19.0	32.8	-4.3	30.5	26.7	0.2	29.7	30.4	-0.9	27.2	26.4
Female	9.0	17.7	27.8	-3.0	23.8	21.3	0.5	24.7	25.8	-0.5	21.1	20.6
<b>Education</b>												
Less than high school	5.5	19.5	25.8	-4.2	20.9	18.1	1.4	21.0	22.6	-0.3	16.5	16.3
High school graduate	10.3	20.9	31.6	-6.3	30.0	24.3	1.9	31.6	33.7	-0.7	30.9	30.3
Some college	11.1	22.5	34.0	-8.1	33.8	26.4	1.7	32.1	34.0	-1.9	26.2	24.4
College graduate	13.6	22.0	37.1	-7.3	36.6	30.2	1.4	33.3	35.1	-1.1	27.5	26.7
<b>Poverty Status</b>												
Poverty	4.7	23.0	26.7	-3.9	23.0	21.4	1.0	19.5	20.7	0.2	17.2	17.7
Nonpoverty	10.3	21.3	32.1	-6.0	28.9	23.8	1.7	28.6	30.5	-0.8	25.8	25.1
<b>Gender</b>												
Male	10.8	22.1	33.5	-6.4	30.9	25.5	1.5	29.8	31.4	-0.5	26.0	25.7
Female	8.3	20.3	29.2	-5.2	24.9	20.7	1.6	23.7	25.5	-0.9	21.2	20.4

Note: Total columns include the combined components of 1985-90 Within-U.S. Migration, Elderly Births, and Migration From Abroad.

though the magnitudes of these percentages are lower, net outmigration is most prominent among the most educated, the nonpoverty population, and males in each of these states, and is consistent with the general "circulation of elites" model of migration. In the remaining four states, the levels of migration are much lower, and their impacts on sociodemographic structure are not nearly as distinct. In fact, the effects of net outmigration patterns in the two Low Elderly Birth States (Nebraska and South Dakota) are a bit more distinct than for the two High Elderly Birth States (Texas and Georgia). Hence, part of the qualified "yes" to the question raised above draws from the observation that migration has its most pronounced sociodemographic effect in those states with relatively large elderly migration contributions.

Turning now to the question of whether elderly birth contributions exhibit a similar sociodemographic impact as net migration, we focus first on the two High Elderly Birth States. The Table 3 data show that in both Texas and Georgia, there is a noticeable impact on education attainment structure associated with the elderly birth contribution. In fact, among all 10 High Elderly Birth States (not shown), the 1985-90 elderly birth component accounts for about one-third of these states' 1990 elderly college graduate populations. With respect to both poverty status and gender, elderly births contribute disproportionately to their nonpoverty and male elderly populations.

While Illinois and New York are both classed as Elderly Out-Migration States, they each have large elderly birth contributions. In each case, this contribution shows a significant impact on the state's education, poverty, and gender composition. These effects are also apparent in the Low Elderly Birth States (Nebraska and South Dakota). Only in Florida and Arizona does the elderly birth contribution not show up to be very sharply selective on measures of education, poverty, and gender.

Overall, these statistics show that elderly births over the 1985-90 period did contribute to more favorable effects on the 1990 elderly demographic compositions in states where this contribution was large. As a summary, Table 3 shows a "total" column which includes the effects of within-U.S. migration, elderly births, and also the small effect of migration from abroad, combined. When these are compared across different categories of states, it becomes clear that the combined effects of these contributions were not that much different in the Elderly In-Migration States of Florida and Arizona than they were for the High Elderly Birth States of Texas and Georgia. In the Elderly Out-Migration States, Illinois and New York, the overall impact was muted, since the negative sociodemographic impacts of net outmigration cancelled out some of the positive effects of elderly births. Although the overall impact of the elderly birth contribution was smaller in Nebraska and South Dakota, this component contributed to improved demographic characteristics in their elderly populations, as well.

The analyses of Table 3 assessed the selective impacts of elderly migration and elderly births on dif-

ferent social and demographic categories of state populations. Another, more comprehensive, way of evaluating the two components' impact is to assess their overall contributions on selected summary measures of state elderly population characteristics. These can be assessed with the statistics in Table 4. Shown here are 1990 state summary measures on: the percentage of elderly with at least high school educations, the percentage of elderly in poverty, and the percentage of elderly who are male. Next to each of these summary measures are the contributions that are attributable to 1985-90 within-U.S. migration, and 1985-90 elderly births.

For example, Table 4 shows that the elderly 1990 population of Maryland comprises 56.4% high school graduates. In the adjacent columns it shows that recent within-U.S. migration had the effect of reducing that percentage by .3, and recent elderly births had the effect of increasing it by 3.4. These contributions were arrived at by decomposing the overall elderly population's educational attainment into that which would have occurred in the absence of 1985-90 within-U.S. migration and elderly births, respectively. (See earlier discussion of this method and expression (5).) Although the contributions may appear to be small, it should be remembered that the overall summary measures will not change dramatically over a single five-year period, and it is the directions of change that are important to assess.

The contributions to percent high school graduates make clear that elderly births make a much greater impact than within-U.S. migration. In only two states (Florida and Arizona) has recent migration made a more positive contribution than recent elderly births on this measure, although migration's impact is generally positive in those states where there is a net in-migration. Although High Elderly Birth States show uniformly large positive contributions to the elderly education measure, the elderly birth component also shows large impacts in the Elderly Out-Migration States of New Jersey, Connecticut, Illinois, and Michigan. These are negated, somewhat, by the negative contributions of within-U.S. migration.

Turning to the impacts on state elderly poverty levels, one again finds an almost uniform contribution attributable to elderly births toward reducing the levels of elderly poverty. (Two exceptions are Arizona and Alaska, where elderly births slightly increase elderly poverty.) The magnitudes of these contributions are also greater than those associated with recent elderly migration, for the most part. The three notable exceptions here are Nevada, Florida, and Arizona, where elderly migration leads to a greater poverty reduction than recent elderly births.

The last comparison involves an assessment of the contributions to the percent of males in the elderly population, shown in the last three columns of Table 4. With the sole exception of Hawaii, elderly births serve to increase the male percentage of elderly populations. There are particularly strong contributions in the High Elderly Birth States of Maryland, Ohio, and Georgia, and in several of the Elderly Out-

Table 4. 1990 Elderly Demographic Characteristics and Contributions Attributable to 1985-90 Within-U.S. Migration and Elderly Births

State	Percent Who Are High School Graduates			Percent in Poverty			Percent Male		
	State 1990 Value	Contributions of 1985-90:		State 1990 Value	Contributions of 1985-90:		State 1990 Value	Contributions of 1985-90:	
		Within-U.S. Migration <sup>a</sup>	Elderly Births <sup>b</sup>		Within-U.S. Migration <sup>a</sup>	Elderly Births <sup>b</sup>		Within-U.S. Migration <sup>a</sup>	Elderly Births <sup>b</sup>
<b>Elderly In-Migration States</b>									
Nevada	64.6	0.4	1.8	9.3	-0.4	-0.1	47.2	0.4	0.9
Florida	63.1	1.3	0.8	10.6	-0.6	-0.1	43.1	1.0	0.4
Arizona	67.2	1.4	0.7	10.8	-0.6	0.2	43.9	0.7	0.6
Oregon	66.7	0.5	2.0	9.8	0.0	-0.3	43.3	0.1	1.1
South Carolina	46.3	1.0	2.3	18.6	-0.4	-1.6	40.6	0.4	1.5
North Carolina	46.6	1.0	2.6	17.5	-0.3	-1.8	40.7	0.2	1.7
Arkansas	43.4	0.8	2.7	21.2	-0.4	-1.4	41.9	0.6	0.9
Washington	68.6	0.3	2.1	8.6	0.0	-0.4	43.4	-0.1	1.3
New Mexico	57.5	0.5	1.9	16.1	-0.1	-0.3	44.1	0.1	1.0
<b>Elderly Out-Migration States</b>									
Wyoming	65.0	-0.3	2.9	10.3	0.0	-0.6	44.9	-0.3	2.4
Michigan	54.0	-0.5	4.1	10.3	0.2	-0.7	42.2	-0.3	2.1
Massachusetts	62.5	-0.3	2.7	8.7	0.1	-0.7	40.0	-0.3	2.0
Illinois	55.9	-0.5	4.2	10.1	0.1	-0.6	41.1	-0.3	2.2
New Jersey	55.6	-0.7	4.5	7.8	0.0	-0.8	41.4	-0.3	2.0
Connecticut	59.6	-0.7	4.0	6.5	0.1	-0.7	41.5	-0.5	2.2
Washington, DC	56.3	-0.7	1.5	16.8	0.8	-0.8	38.7	0.4	1.9
New York	56.6	-0.6	3.9	11.2	0.2	-0.8	40.6	-0.3	2.0
Alaska	62.9	-1.1	4.7	7.9	-0.4	1.2	48.9	-1.0	3.2
<b>High Elderly Birth States</b>									
Maryland	56.4	-0.3	3.4	9.6	0.1	-1.0	41.6	-0.4	2.2
Hawaii	51.2	0.0	5.5	7.3	0.0	-0.7	47.3	0.3	-0.5
Louisiana	45.5	-0.3	3.9	22.8	0.1	-1.4	41.1	0.0	1.6
Colorado	67.4	0.0	3.1	10.3	0.0	-0.8	42.8	-0.3	1.8
Texas	52.8	0.1	3.1	17.3	-0.1	-1.1	42.0	-0.1	1.6
Ohio	56.0	-0.4	2.8	10.1	0.1	-0.6	41.3	-0.2	2.1
Virginia	52.9	-0.2	3.3	12.8	0.0	-1.4	41.4	-0.2	1.0
Delaware	50.3	-0.2	2.8	9.4	-0.1	-0.6	42.2	-0.1	1.5
Indiana	56.2	-0.3	2.9	10.0	0.1	-0.8	41.1	-0.2	1.9
Georgia	45.8	0.1	3.7	10.5	-0.1	-1.9	40.1	0.0	2.0
<b>Low Elderly Birth States</b>									
Kansas	61.0	0.1	3.2	11.1	0.1	-1.0	41.7	0.1	1.9
Idaho	63.6	-0.1	2.5	10.9	0.0	-0.6	41.8	0.2	1.0
Nebraska	61.5	-0.2	3.9	11.0	0.1	-1.2	42.0	-0.1	2.0
Iowa	60.8	-0.3	3.5	10.4	0.1	-0.8	41.4	-0.1	1.0
North Dakota	48.6	-0.4	3.9	13.5	0.1	-1.2	43.9	0.0	1.3
South Dakota	54.9	-0.2	4.0	14.2	0.1	-1.4	43.5	0.1	1.5
<b>Selected Other States</b>									
California	65.0	-0.1	2.1	7.6	-0.1	-0.1	42.7	-0.1	1.6
Pennsylvania	52.4	-0.2	3.8	10.1	0.1	-0.6	40.9	-0.1	1.7
Tennessee	42.2	0.1	2.9	19.2	-0.1	-1.7	41.0	0.1	1.7

<sup>a</sup>Change in migration equals actual 1990 value minus the hypothetical value which would have resulted from the absence of 1985-90 Within-U.S. Migration.

<sup>b</sup>Changes in elderly births equal actual 1990 value minus the hypothetical value which would have resulted from the absence of 1985-90 Elderly Births.

Migration States which also have large elderly birth contributions. Alaska's 48.9 male elderly percentage has increased by 3.2% as a result of elderly births over the late 1980s. Migration's positive contribution to the elderly male percentage is highest in the Elderly In-Migration States. In only Florida and Arizona is this contribution larger than that shown for elderly births.

In sum, this review has shown that the positive sociodemographic impacts of elderly births are

greater and more pervasive than those for migration. While net migration to the few Elderly In-Migration States exerts a noticeable impact on these states' elderly education, poverty, and gender compositions, its impact is relatively small in other states. The elderly birth contributions to sociodemographic structure are far more prevalent — appearing to be strongest in the High Elderly Birth States, and serving to counter the negative effects of outmigration in the Elderly Out-Migration States.

*Contribution to Black, Latino, and Asian Elderly Populations*

The previous analysis has established the importance of elderly births during the late 1980s as an important component of state elderly population gains and sociodemographic compositions. Those states which have been able to garner large numbers of working-aged migrants in the past are now benefiting from their numbers and "good demographics" as they move into their elderly years. Yet, the past migration patterns of blacks have always been different from those of the white population (Longino & Smith, 1991; Watkins, 1989), and Latinos and Asians show migration and recent immigration patterns that are even more distinct (Barringer, Gardner, & Levin, 1993; Blafora & Longino, 1990). Do the conclusions drawn above, with respect to elderly birth contributions, hold as well for these three minority groups? Tables 5, 6, and 7 show selected data for each group, respectively, for states that house large numbers of elderly blacks, Latinos, or Asians.

As shown in Table 5, 26 states (including DC) housed more than 20,000 elderly blacks at the time of the 1990 census. While the elderly birth component makes the largest contribution to 1990 black elderly populations in all states, it is clear that Florida benefits most from within-U.S. black elderly migration. Still, only five additional states show elderly migration contributions greater than 1% (North and South Carolina, Maryland, Virginia, and Georgia), and 14 of

the 26 exhibit a net outmigration of black elderly led by New York and Connecticut. Certainly, elderly births make a strong contribution to the black elderly populations in most states. Their contributions are highest in states with a large black elderly outmigration, or with little migration change. These include all of the traditional northern destinations of blacks from the original South to North migration streams. Elderly births are likely to be a continued source of black elderly gains in these states.

Migration from abroad represents a relatively small contribution to black elderly gain. Only in four states (Massachusetts, New York, Florida, and Connecticut) is its contribution greater than 1%, and this represents, largely, black movement from the Caribbean. Yet among the new immigrant groups, Latinos and Asians, migration from abroad is more substantial. Twenty-two states house more than 5,000 Latino elderly, and in eight of these, recent migration from abroad accounts for more than 5% of their 1990 elderly populations (Table 6). Among the 14 states with more than 5,000 Asian elderly (Table 7), migration from abroad accounts for more than 10% in all but one (Hawaii). Among Asians, in particular, the migration-from-abroad component is far more significant than the within-U.S. migration component. This is the case, for several states, with the Latino population as well. Elderly births still make the dominant contribution to all states' elderly Latino and Asian populations, but the impact of migration from abroad is also significant.

Table 5. Contributions to 1990 State Elderly Populations: Blacks

State	Percent of 1990 Elderly Black Population		
	Within-U.S. Migration	Elderly Births	Migration from Abroad
Florida	4.5	26.9	1.2
North Carolina	2.1	25.4	0.1
Maryland	2.0	30.2	0.4
Virginia	2.0	26.0	0.1
Georgia	1.8	25.0	0.1
South Carolina	1.6	24.6	0.0
Indiana	0.9	28.8	0.0
Oklahoma	0.8	24.2	0.0
Alabama	0.6	23.6	0.0
Tennessee	0.6	24.6	0.0
Mississippi	0.3	21.9	0.0
Texas	0.1	27.2	0.1
Missouri	-0.1	27.3	0.0
Kentucky	-0.1	24.8	0.0
Louisiana	-0.2	26.3	0.0
Michigan	-0.2	28.8	0.0
Ohio	-0.3	29.9	0.0
Arkansas	-0.3	21.2	0.0
California	-0.3	29.2	0.4
Pennsylvania	-0.5	28.7	0.1
New Jersey	-1.6	31.7	0.8
Illinois	-1.8	31.0	0.1
Massachusetts	-2.3	29.4	3.2
Washington, DC	-2.5	27.0	0.2
Connecticut	-4.2	32.6	1.1
New York	-5.0	32.0	1.7

Note: Includes states with 1990 black elderly populations that exceed 20,000.

Discussion

This article offers a comprehensive view of how 1990 state elderly populations have been affected by recent migration and "new elderly births." It differs from many earlier studies, which focused only on the migration component in evaluating changes in state elderly demographic profiles. The analyses presented here make plain that, during the 1985-90 period, elderly births contributed significantly to both the sizes and improved demographic compositions of states that had been successful in attracting working-aged in-migrants in the past. The "good" demographics — high educations, lower poverty levels, and preponderance of males (indicating more husband-wife couples) — associated with these advancing new elderly cohorts, when coupled with their large sizes, effected positive impacts on the elderly populations of more states than did selective migration over the same period. This is especially the case in High Elderly Birth States such as Maryland, Virginia, Georgia, Colorado, and Texas. Moreover, in several states with large elderly outmigration flows such as New York, New Jersey, Illinois, and Michigan, the beneficial demographic effects of elderly births have more than compensated for these losses. Elderly births also make a large contribution to state black, Latino and Asian elderly populations although, for the latter two groups, recent migration from abroad is often a significant source of elderly gain.

Table 6. Contributions to 1990 State Elderly Populations: Latinos

State	Percent of 1990 Elderly Latino Population		
	Within-U.S. Migration	Elderly Births	Migration from Abroad
Nevada	13.2	29.5	4.7
Florida	7.8	24.2	6.7
Washington	4.0	32.5	4.0
Arizona	2.2	32.3	1.9
Virginia	2.2	33.5	10.4
New Mexico	1.1	29.2	0.5
Colorado	0.6	32.7	1.0
Texas	0.4	31.9	1.6
Kansas	0.4	33.9	1.1
Hawaii	-0.7	34.4	1.2
California	-1.0	34.3	3.7
Massachusetts	-1.2	31.1	11.6
Maryland	-1.4	31.9	9.0
Pennsylvania	-1.5	33.2	5.7
Ohio	-1.7	37.3	2.1
Michigan	-1.8	36.7	1.8
Indiana	-2.6	38.3	1.3
Louisiana	-3.2	31.9	3.4
Connecticut	-3.5	34.3	9.4
Illinois	-5.4	42.6	5.0
New York	-6.3	35.9	4.9
New Jersey	-7.6	37.2	6.1

Note: Includes states with 1990 Latino elderly populations that exceed 5,000.

Table 7. Contributions to 1990 State Elderly Populations: Asians

State	Percent of 1990 Elderly Asian Population		
	Within-U.S. Migration	Elderly Births	Migration from Abroad
Florida	9.4	20.2	15.2
New Jersey	4.0	24.0	21.1
Virginia	2.4	32.6	18.0
Washington	2.4	28.7	11.4
California	1.8	26.7	13.7
Hawaii	-0.2	27.5	2.3
Oregon	-0.3	20.2	10.7
Massachusetts	-0.7	20.0	15.2
Maryland	-3.2	32.2	16.2
New York	-4.0	30.0	15.6
Pennsylvania	-4.0	29.6	19.0
Texas	-4.8	31.9	19.7
Michigan	-5.7	30.5	17.2
Illinois	-6.3	29.6	10.5

Note: Includes states with 1990 Asian elderly populations that exceed 5,000.

The importance of recent elderly births lies largely with the sizes of the population cohorts that survive to 60+ ages. Over the 1970 through 1990 period, these cohorts were relatively large due to the high birth rates and sizeable immigration waves in the early part of this century. As a result, most states saw gains in their elderly populations although, as shown here, some fared much better than others. This historical note holds an important implication for the contribution of elderly births over the next 10 years. It will be during this period that the tiny birth cohorts of the Great Depression will be advancing to their 60+ ages. These cohorts are still better educated and

more well-off financially than most of today's elderly population (Treas & Torrecilla, 1995) but their smaller numbers will reduce the overall impact of elderly births for most States. It will not be until the year 2006, when the first baby boom cohort members turn 60 — that the "new elderly birth" component will again become a strong force.

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Received February 28, 1995  
Accepted August 8, 1995

**Leasing and Facilities  
Funding by Department (in thousands)  
FY 91 - FY 97**

	Administration		Commerce		C&RA		Corrections		Education		Environ. Cons	
	GF	I/A	GF	I/A	GF	I/A	GF	I/A	GF	I/A	GF	I/A
FY 91	\$ 1,273.2	\$ 76.2	\$ 888.5	\$ 130.6	\$ 595.1	\$ 23.0	\$ 1,027.4	\$ 259.1	\$ 2,103.5	\$ 245.4	\$ 1,271.0	\$ 402.4
FY 92	\$ 1,098.0	\$ 104.3	\$ 1,009.9	\$ 148.4	\$ 604.2	\$ 2.6	\$ 1,215.2	\$ 135.5	\$ 2,205.3	\$ 271.5	\$ 1,725.8	\$ 762.9
FY 93	\$ 1,149.1	\$ 75.9	\$ 1,211.6	\$ 353.2	\$ 582.3	\$ -	\$ 636.8	\$ 168.5	\$ 2,197.7	\$ 292.9	\$ 1,961.7	\$ 956.9
FY 94	\$ 1,231.6	\$ 104.6	\$ 933.2	\$ 290.5	\$ 737.3	\$ 25.7	\$ 686.2	\$ 79.8	\$ 2,199.5	\$ 277.4	\$ 1,953.8	\$ 921.7
FY 95	\$ 1,197.6	\$ 135.4	\$ 890.1	\$ 304.8	\$ 642.7	\$ -	\$ 601.6	\$ 393.4	\$ 2,073.9	\$ 282.3	\$ 1,928.9	\$ 925.5
FY 96	\$ 1,171.7	\$ 239.4	\$ 809.1	\$ 303.4	\$ 640.8	\$ -	\$ 1,006.1	\$ 16.7	\$ 2,062.3	\$ 324.2	\$ 1,770.0	\$ 1,163.9
FY 97	\$ 1,553.8	\$ 234.1	\$ 598.0	\$ 525.9	\$ 649.8	\$ -	\$ 1,011.2	\$ 19.6	\$ 2,079.2	\$ 324.2	\$ 1,756.5	\$ 1,164.6

- Notes:
- Includes funding for Subport land leases
  - Includes additional space costs required by the agencies after budget submission

**Leasing and Facilities  
Funding by Department (in thousands)  
FY 91 - FY 97**

	Fish & Game		Governors Office		Health & Soc Svcs		Labor		Law		DMVA	
	GF	I/A	GF	I/A	GF	I/A	GF	I/A	GF	I/A	GF	I/A
FY 91	\$ 2,613.0	\$ 164.6	\$ 786.2	\$ 61.4	\$ 2,603.0	\$ 956.3	\$ 1,839.9	\$ 976.4	\$ 1,283.1	\$ 346.2	\$ 317.1	\$ 52.3
FY 92	\$ 2,823.7	\$ 137.3	\$ 840.6	\$ 14.5	\$ 2,318.7	\$ 1,103.6	\$ 2,019.9	\$ 1,106.9	\$ 1,331.3	\$ 372.6	\$ 176.9	\$ 59.7
FY 93	\$ 2,792.3	\$ 153.2	\$ 673.4	\$ 14.5	\$ 2,494.2	\$ 1,395.3	\$ 2,379.8	\$ 914.9	\$ 1,410.0	\$ 351.6	\$ 156.1	\$ 49.6
FY 94	\$ 2,902.1	\$ 157.0	\$ 507.6	\$ 13.3	\$ 2,486.5	\$ 1,446.8	\$ 2,381.1	\$ 915.9	\$ 2,034.9	\$ 669.5	\$ 142.1	\$ 49.6
FY 95	\$ 2,931.1	\$ 155.0	\$ 378.5	\$ -	\$ 2,818.1	\$ 1,522.6	\$ 2,483.3	\$ 850.5	\$ 1,284.2	\$ 608.1	\$ 154.0	\$ 22.8
FY 96	\$ 2,839.4	\$ 164.3	\$ 313.0	\$ 45.0	\$ 2,788.4	\$ 1,804.0	\$ 2,444.5	\$ 930.4	\$ 1,327.9	\$ 531.9	\$ 117.9	\$ 23.2
FY 97	\$ 2,856.2	\$ 164.3	\$ 316.3	\$ 46.4	\$ 2,790.6	\$ 1,875.0	\$ 2,468.4	\$ 930.4	\$ 1,332.8	\$ 521.7	\$ 99.7	\$ 23.2

**Leasing and Facilities  
Funding by Department (in thousands)  
FY 91 - FY 97**

	Natural Resources		Public Safety		Revenue		DOT/PF		Totals	
	GF	I/A	GF	I/A	GF	I/A	GF	I/A	GF	I/A
FY 91	\$ 4,735.3	\$ 155.5	\$ 1,059.7	\$ 30.7	\$ 1,025.7	\$ 113.9	\$ 1,315.7	\$ 77.5	\$ 24,737.4	\$ 4,071.5
FY 92	\$ 5,166.6	\$ 162.2	\$ 1,178.9	\$ 174.6	\$ 924.3	\$ 115.5	\$ 1,321.0	\$ 37.6	\$ 25,960.3	\$ 4,709.7
FY 93	\$ 5,259.7	\$ 186.2	\$ 1,268.8	\$ 162.2	\$ 761.6	\$ 81.8	\$ 1,369.8	\$ 11.4	\$ 26,304.9	\$ 5,168.1
FY 94	\$ 5,259.5	\$ 186.2	\$ 1,217.4	\$ 149.0	\$ 763.5	\$ 141.0	\$ 1,359.0	\$ 11.4	\$ 26,795.3	\$ 5,439.4
FY 95	\$ 4,504.4	\$ 194.1	\$ 1,208.5	\$ 191.6	\$ 739.8	\$ 198.0	\$ 1,503.5	\$ 11.0	\$ 25,340.2	\$ 5,795.1
FY 96	\$ 3,452.0	\$ 198.9	\$ 1,194.8	\$ 193.6	\$ 792.2	\$ 262.3	\$ 1,518.3	\$ -	\$ 24,248.4	\$ 6,201.2
FY 97	\$ 3,457.4	\$ 198.9	\$ 1,202.5	\$ 193.1	\$ 792.2	\$ 279.9	\$ 1,533.8	\$ -	\$ 24,498.4	\$ 6,501.3

**Leasing and Facilities  
Square Footage by Department  
FY 91 - FY97**

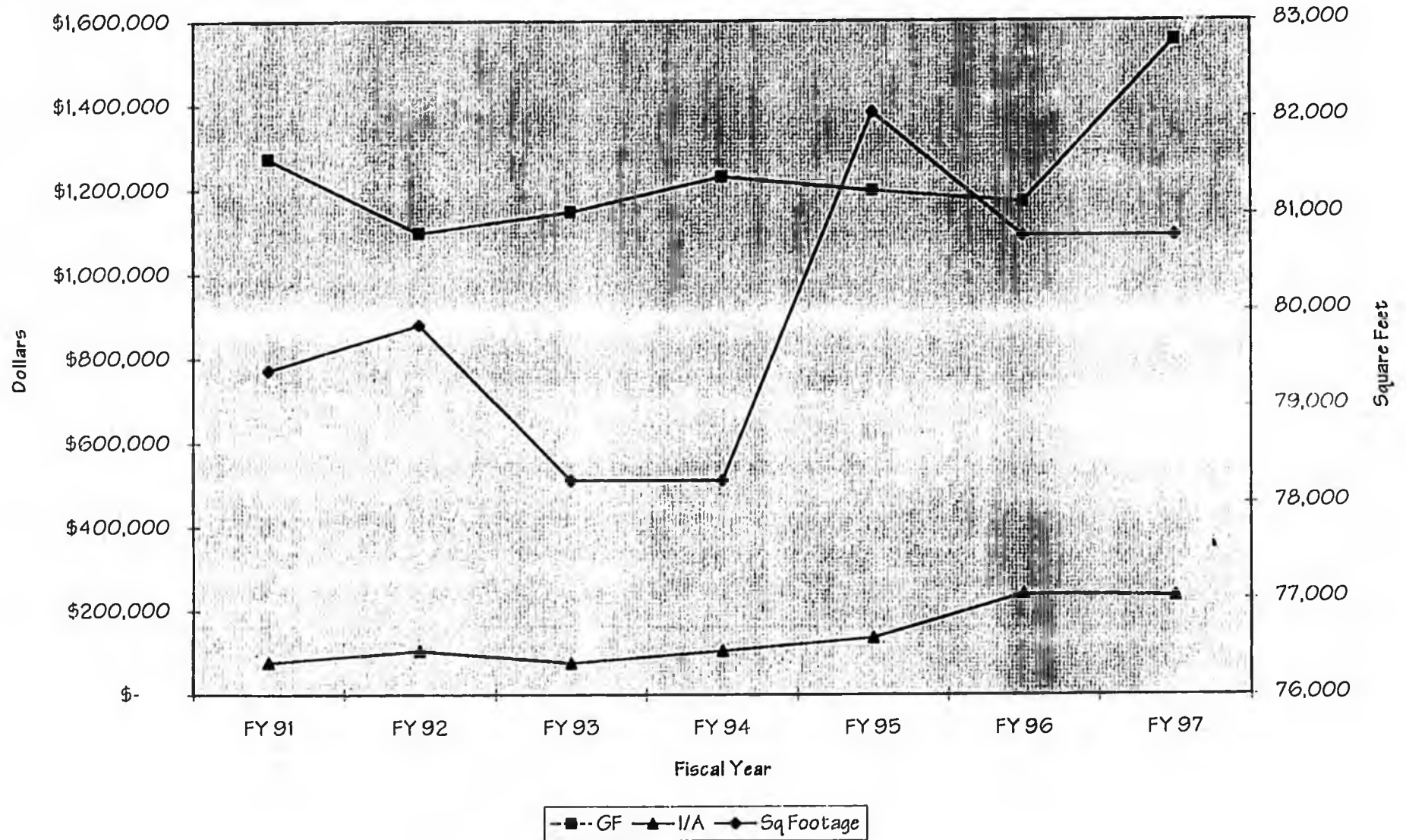
	<b>Admin</b>	<b>Commerce</b>	<b>C&amp;RA</b>	<b>Corrections</b>	<b>Education</b>	<b>Env. Cons.</b>	<b>Fish &amp; Game</b>	<b>Gov Office</b>	<b>H&amp;SS</b>
<b>FY 91</b>	79,377	60,221	29,929	211,526	183,597	146,377	212,354	30,834	154,811
<b>FY 92</b>	79,850	73,337	30,065	188,948	189,348	123,320	218,230	33,917	209,383
<b>FY 93</b>	78,234	76,491	30,065	104,494	186,791	126,981	218,183	28,863	220,921
<b>FY 94</b>	78,234	52,902	35,253	48,940	191,830	126,427	241,127	19,149	227,845
<b>FY 95</b>	82,053	54,373	34,778	57,571	188,375	154,537	241,881	16,092	219,110
<b>FY 96</b>	80,775	54,645	34,778	58,551	188,375	137,901	235,346	19,712	235,459
<b>FY 97</b>	80,775	54,645	34,778	58,551	188,375	137,901	235,346	19,712	235,459

Note: FY 97 known square footage same as FY 96

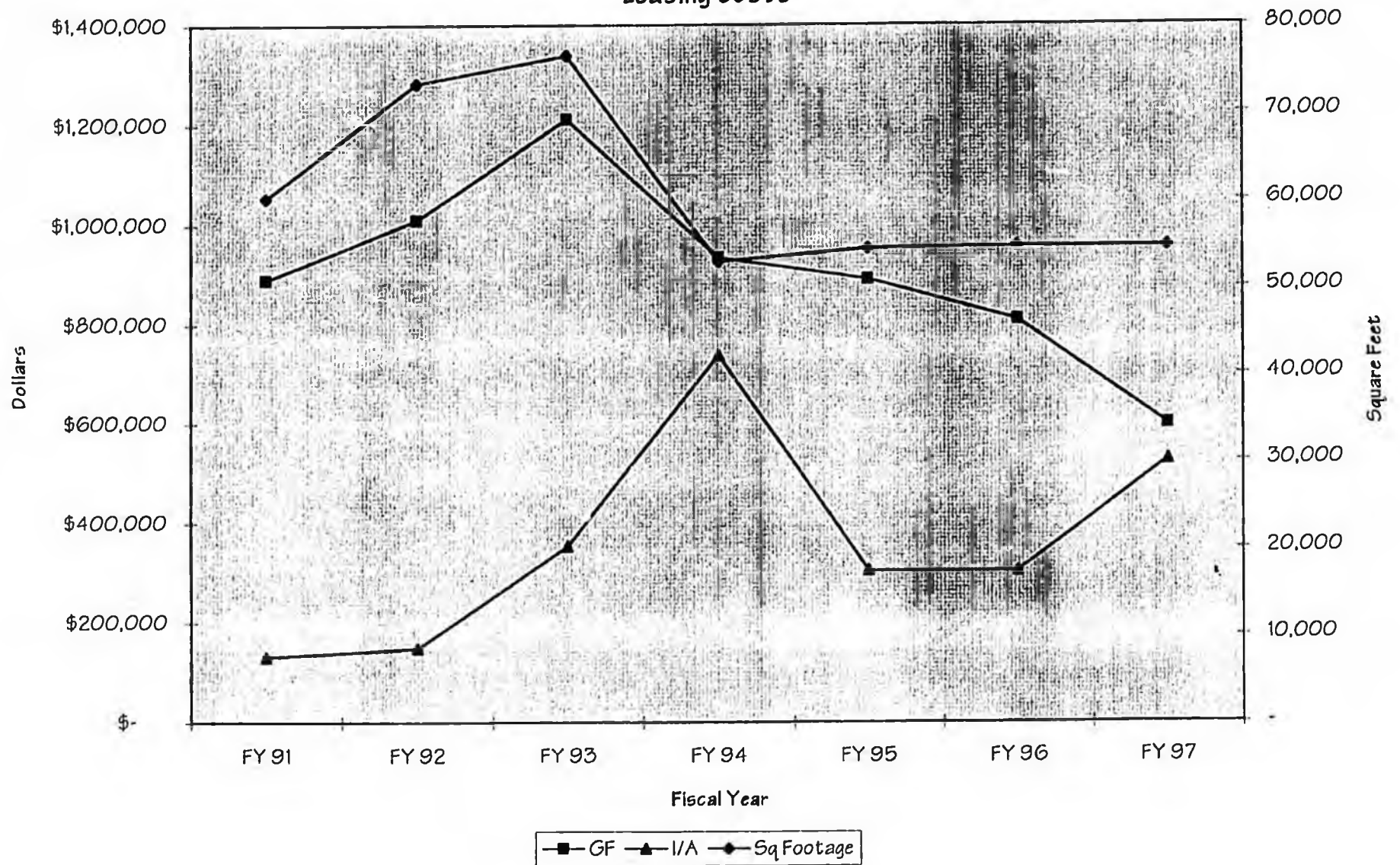
**Leasing and Facilities  
Square Footage by Department  
FY 91 - FY97**

	<b>Lebor</b>	<b>Law</b>	<b>DMVA</b>	<b>Nat Res</b>	<b>Pub Safety</b>	<b>Revenue</b>	<b>DOT/PE</b>	<b>Totals</b>
<b>FY 91</b>	149,245	68,960	35,350	180,433	82,038	60,568	83,011	1,768,631
<b>FY 92</b>	156,365	75,954	18,803	192,445	81,151	49,610	75,653	1,796,379
<b>FY 93</b>	157,378	75,954	18,803	184,164	87,574	49,649	83,785	1,728,330
<b>FY 94</b>	157,544	84,420	20,803	184,164	104,001	55,257	79,373	1,707,269
<b>FY 95</b>	158,844	78,513	19,734	171,714	99,369	61,615	78,773	1,717,332
<b>FY 96</b>	158,844	79,141	18,830	172,424	99,715	64,344	75,973	1,714,813
<b>FY 97</b>	158,844	79,141	18,830	172,424	99,715	64,344	75,973	1,714,813

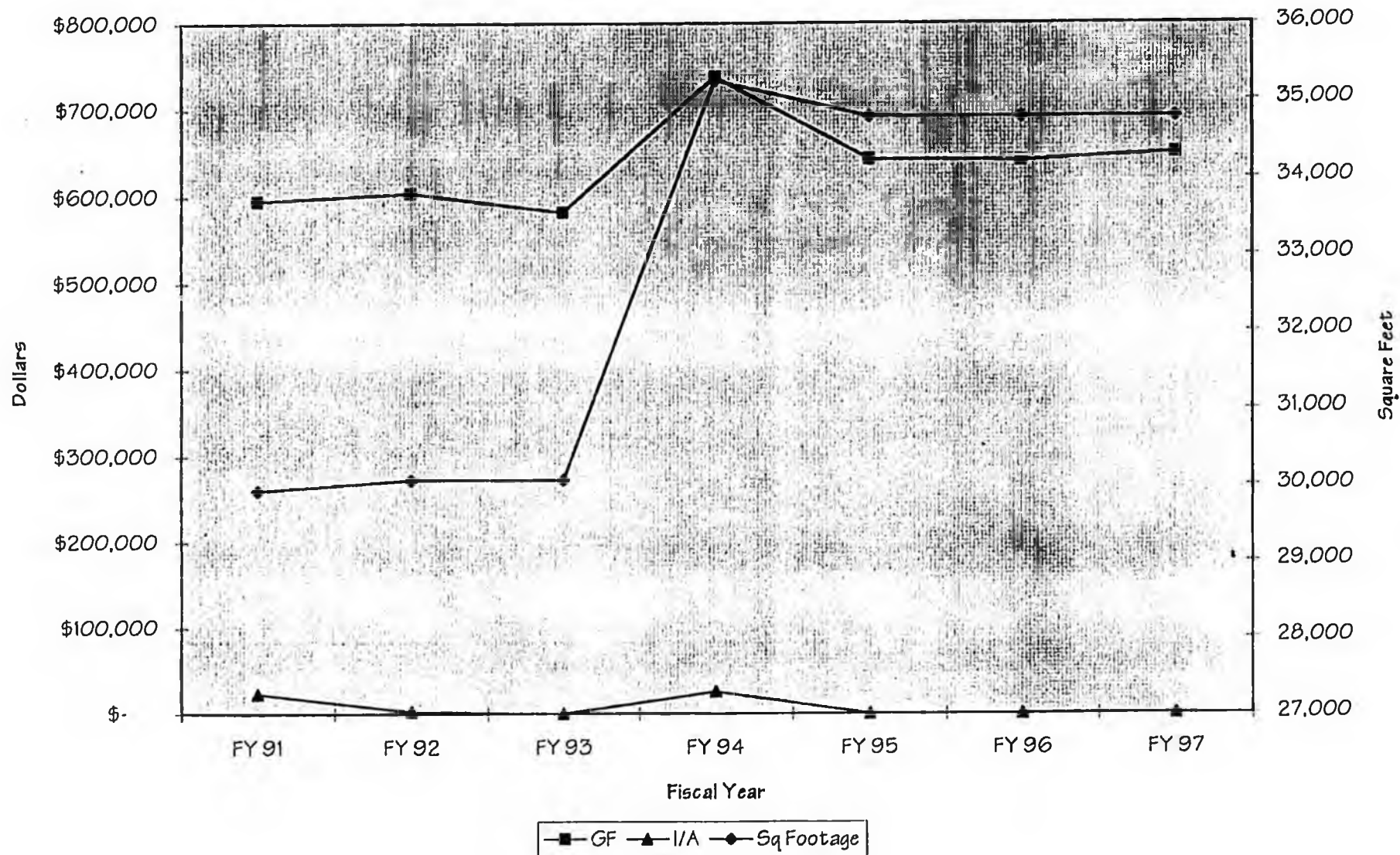
## Department of Administration Leasing Costs



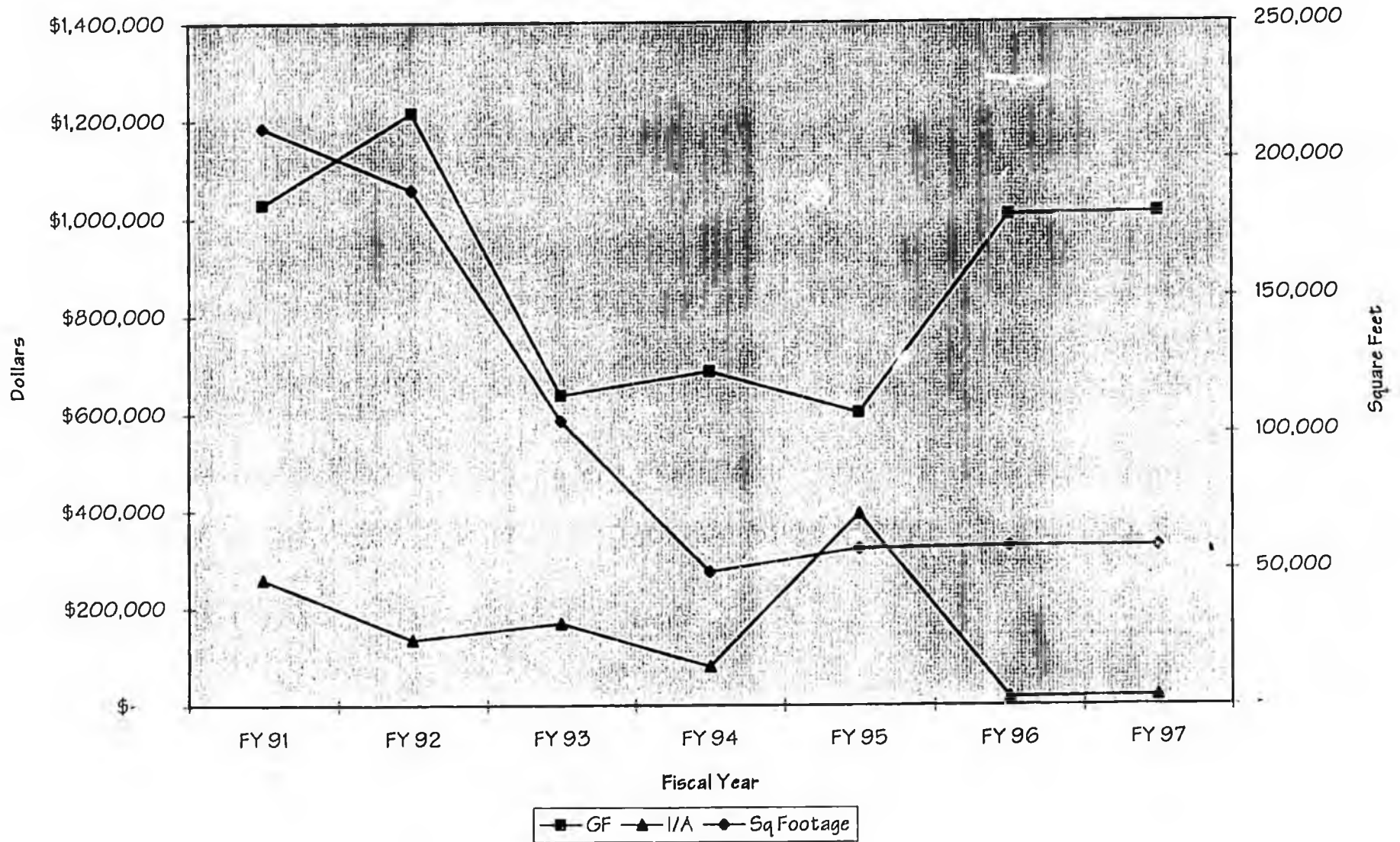
## Department of Commerce & Economic Development Leasing Costs



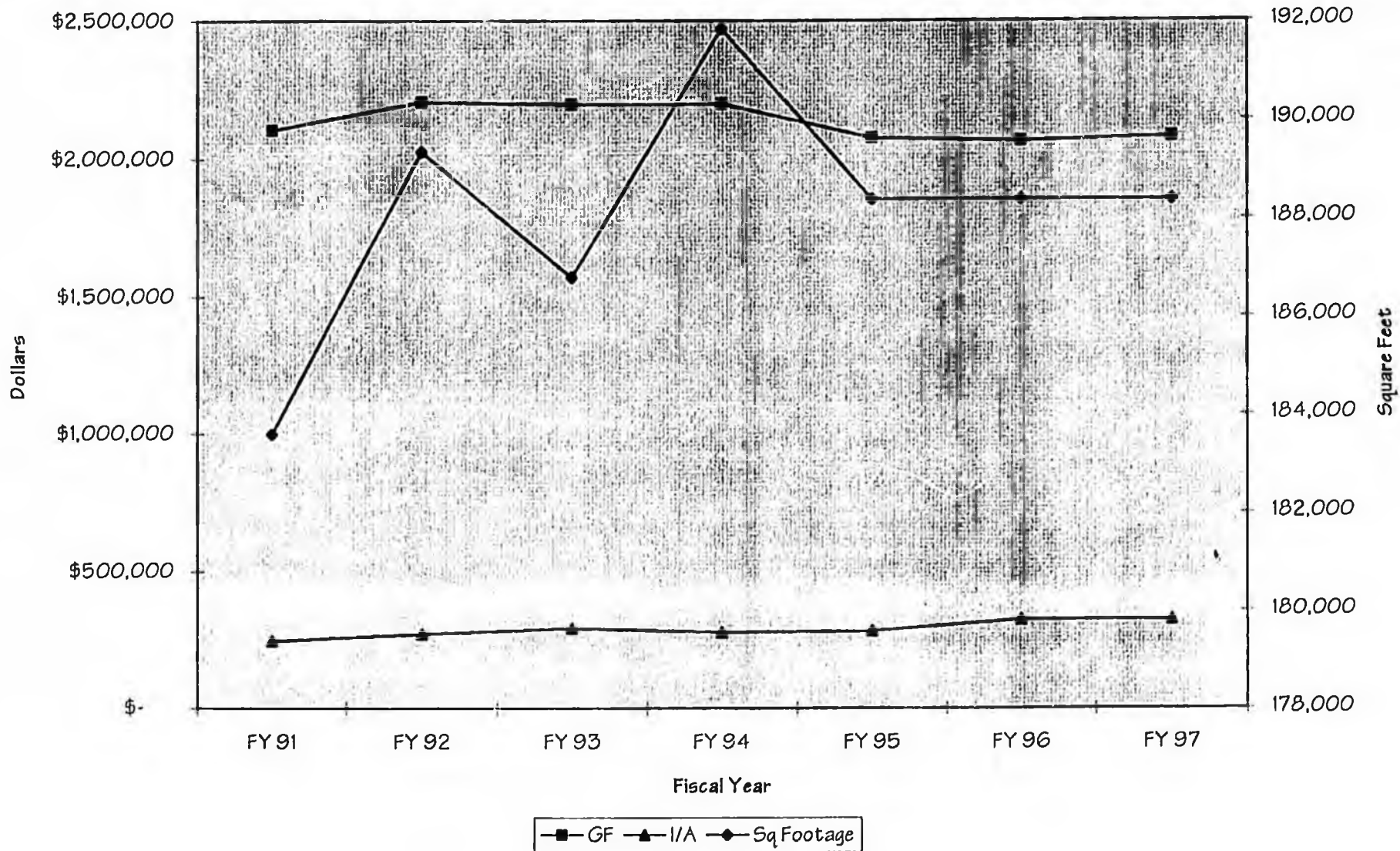
# Department of Community & Regional Affairs Leasing Costs



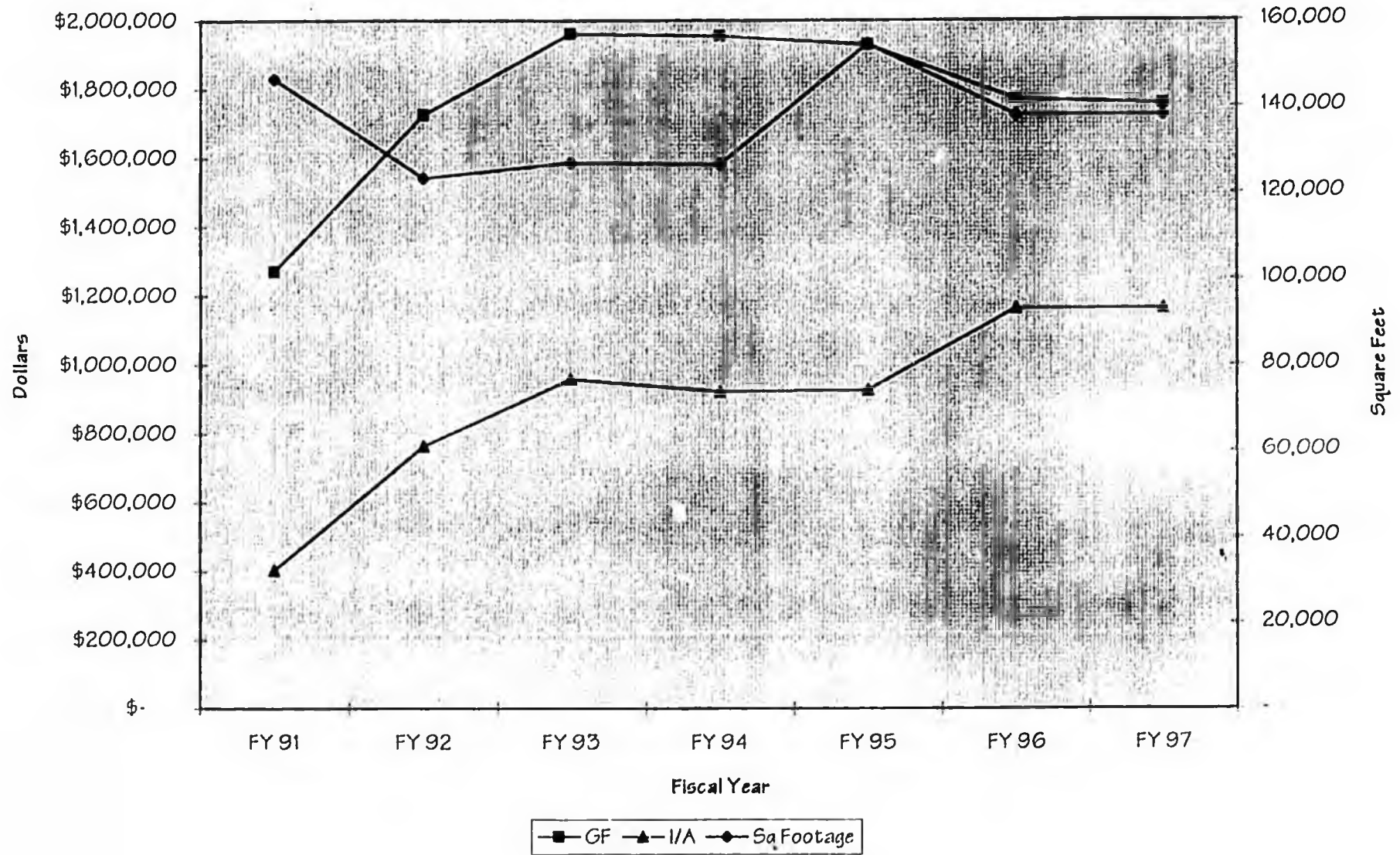
## Department of Corrections Leasing Costs



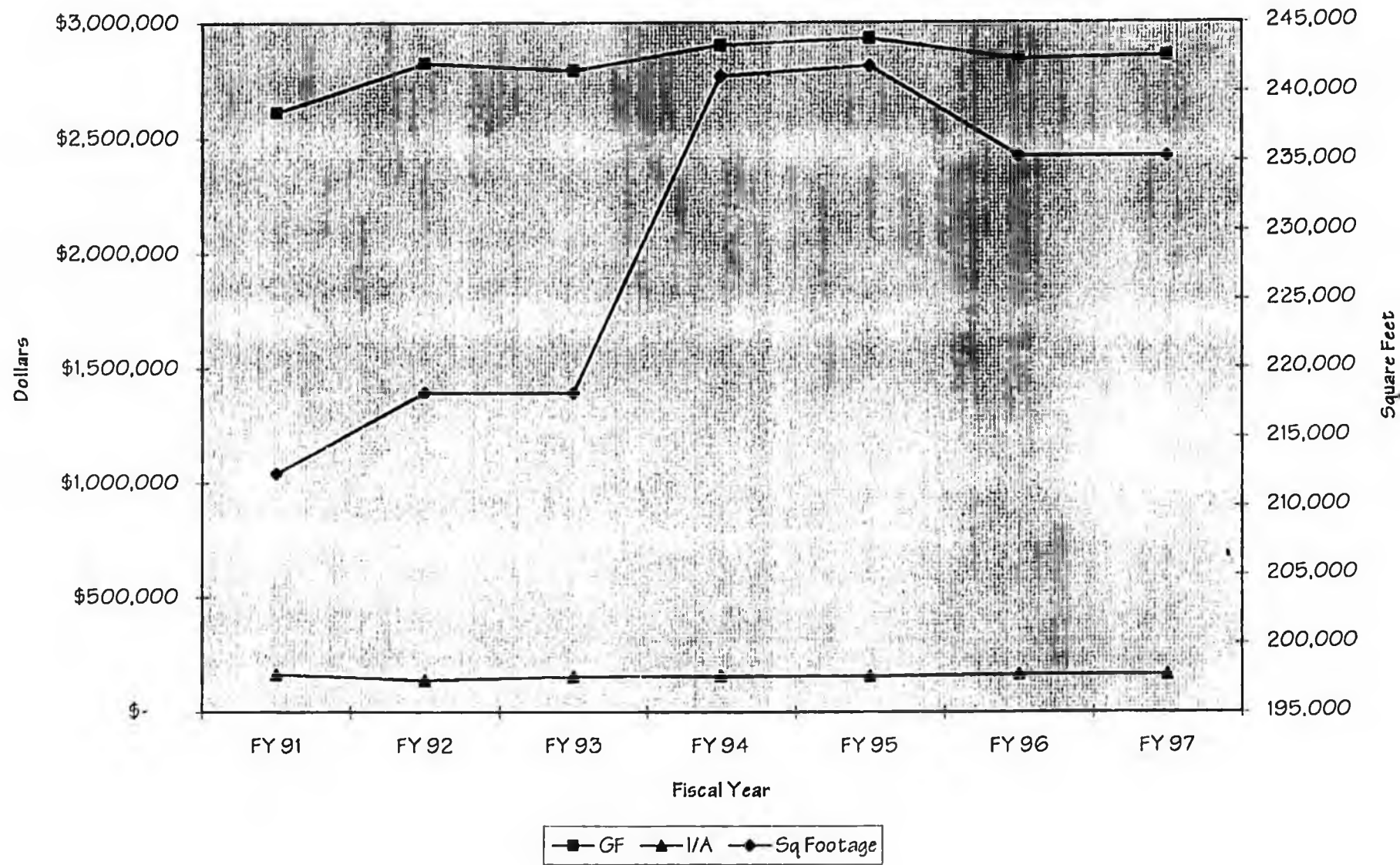
### Department of Education Leasing Costs



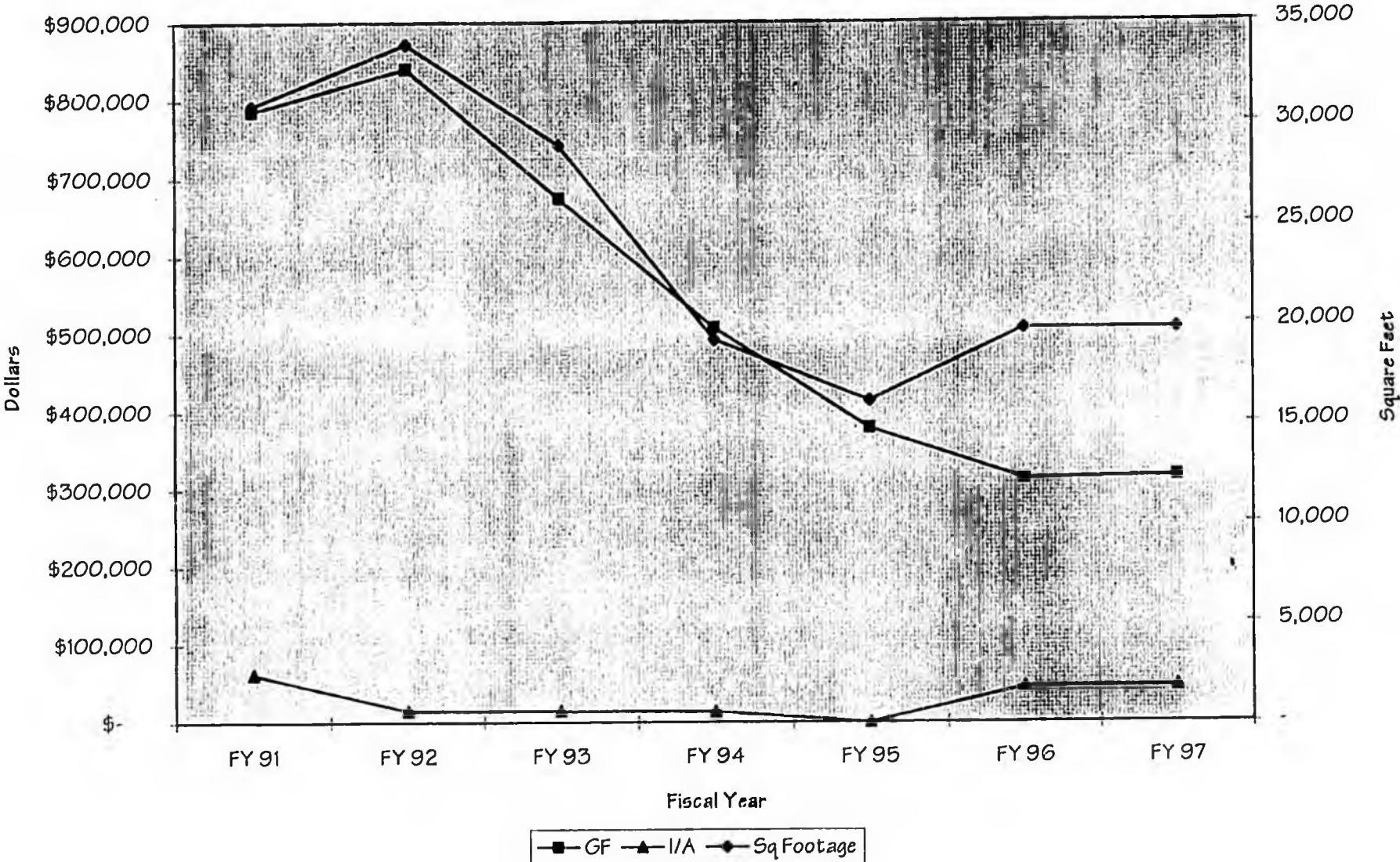
### Department of Environmental Conservation Leasing Costs



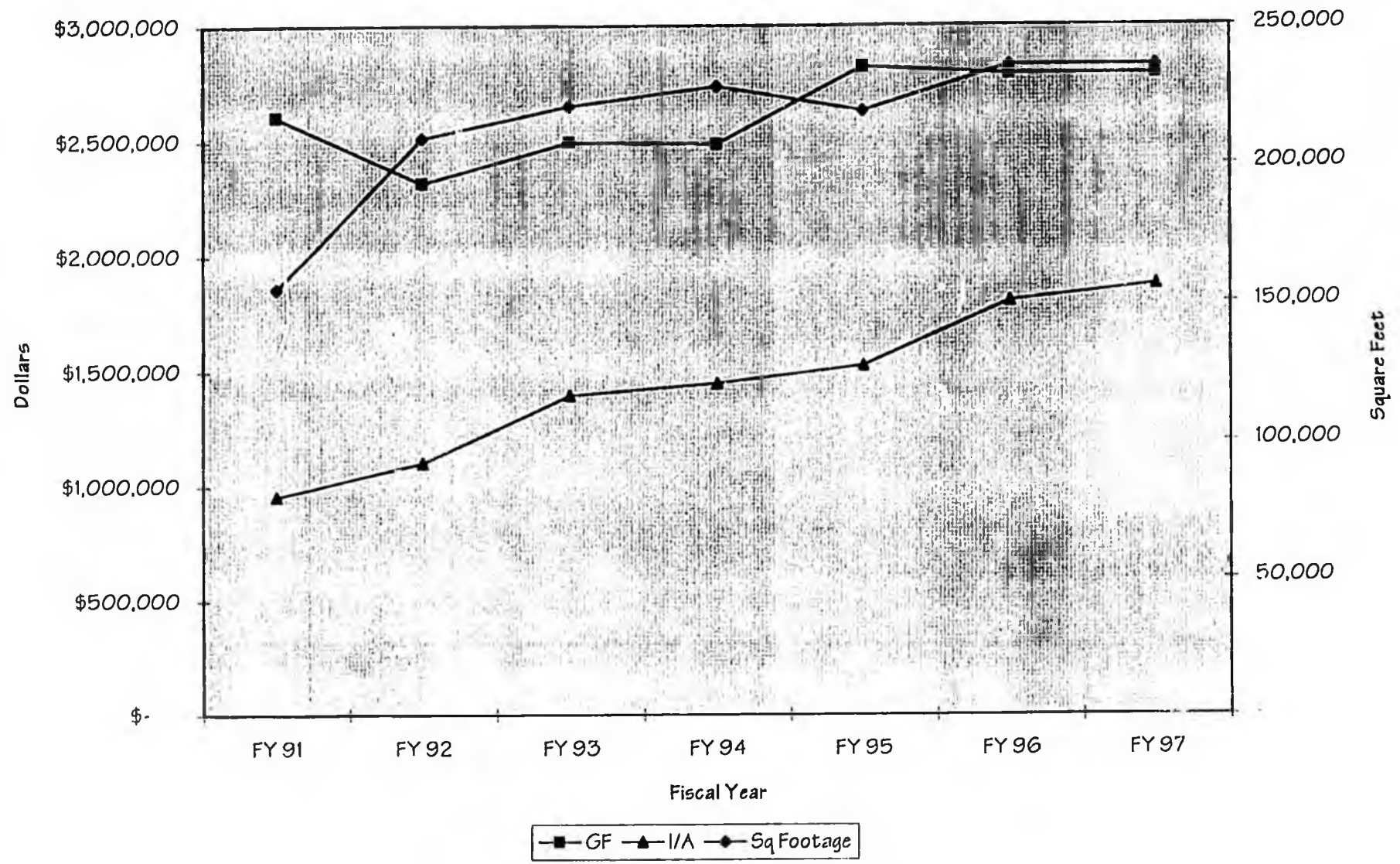
### Department of Fish & Game Leasing Costs



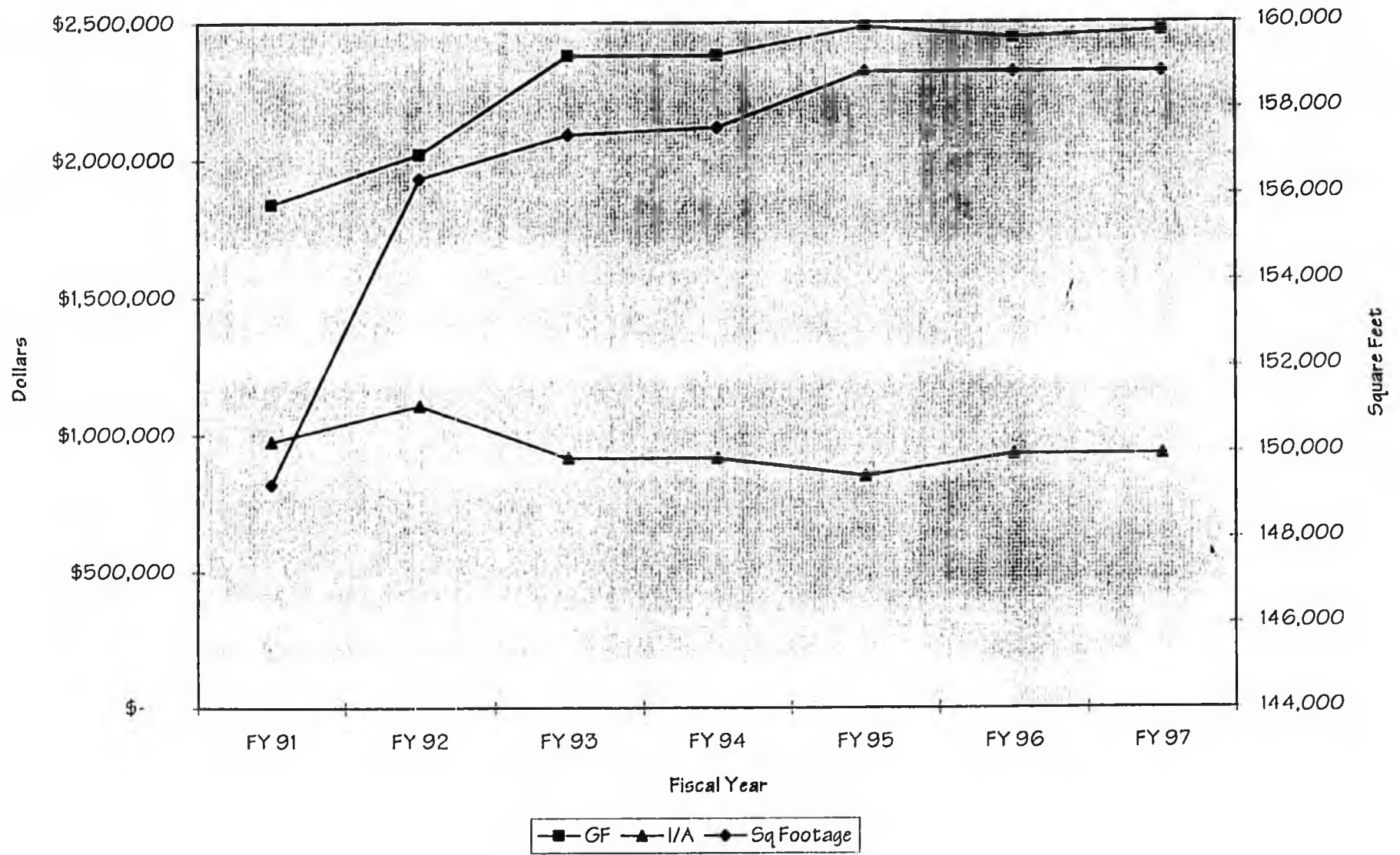
Office of the Governor  
Leasing Costs



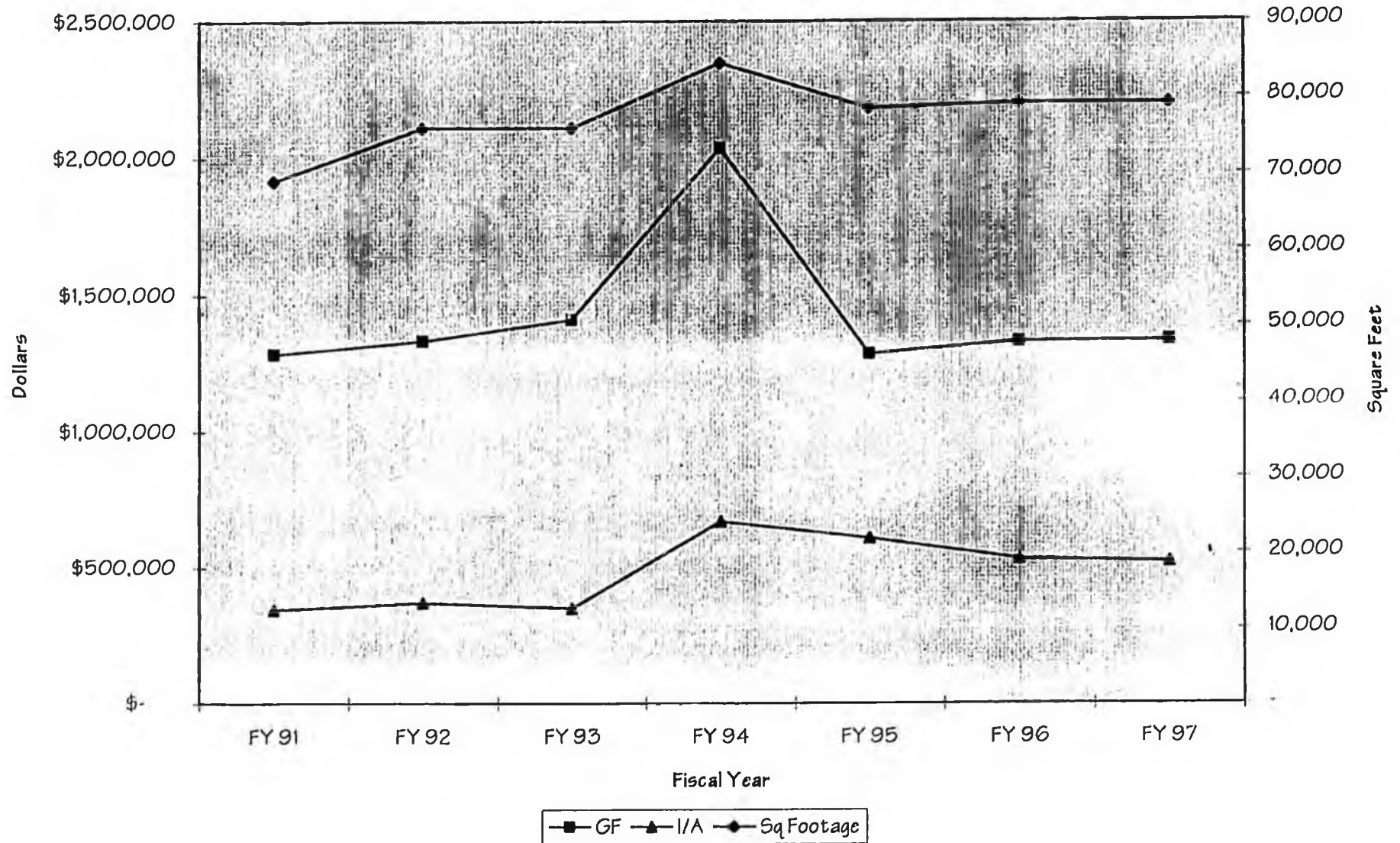
### Department of Health & Social Services Leasing Costs



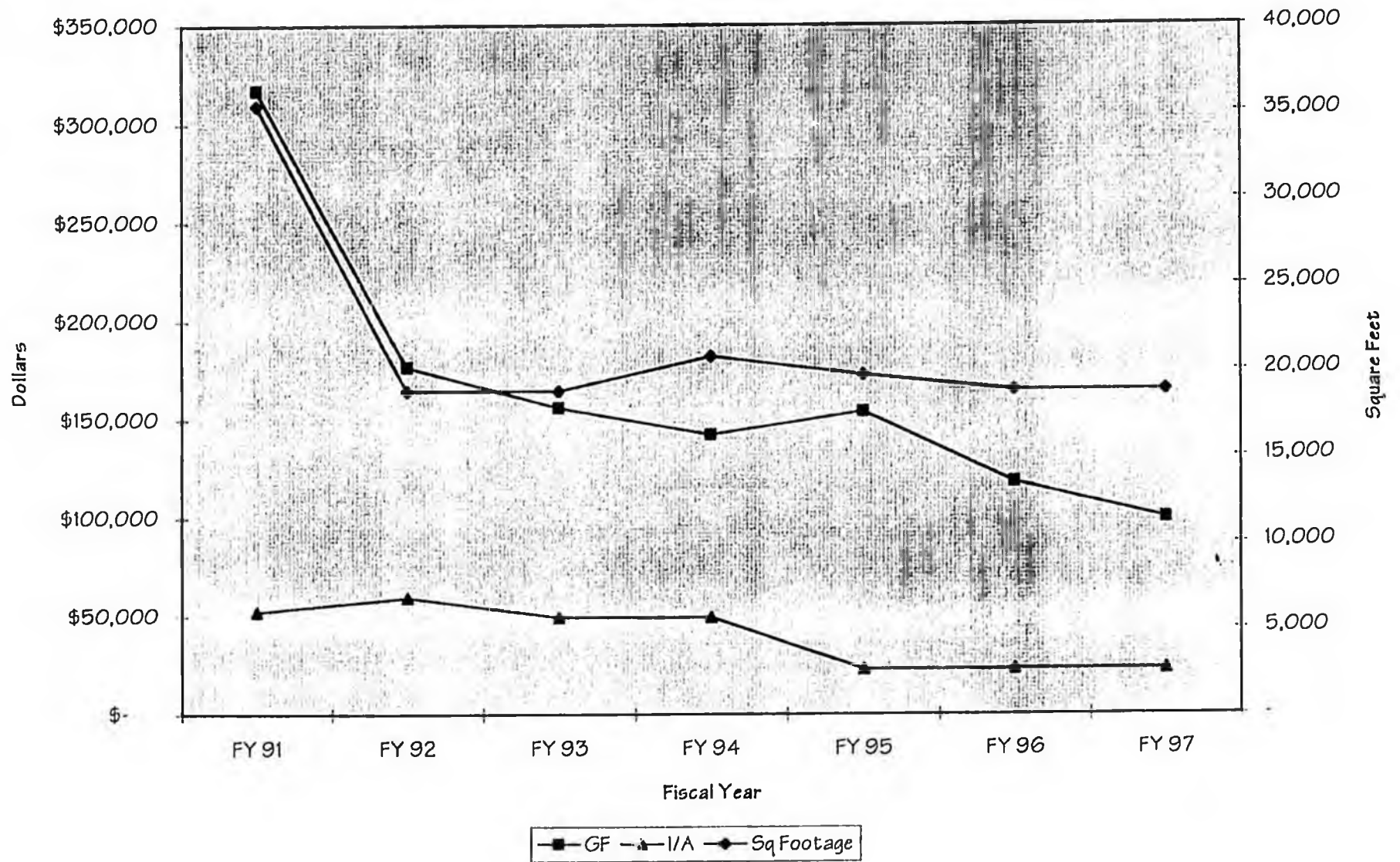
### Department of Labor Leasing Costs



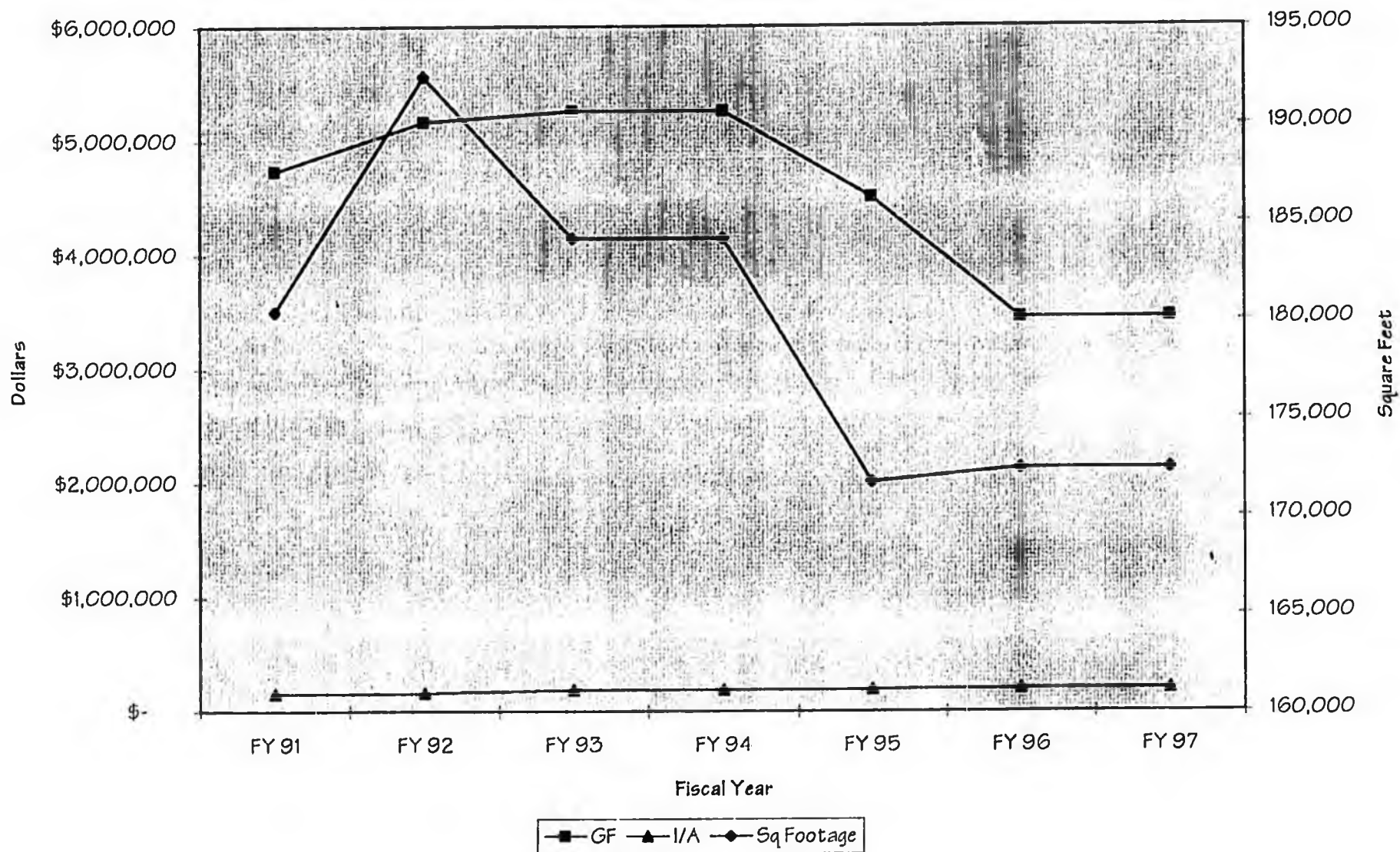
### Department of Law Leasing Costs



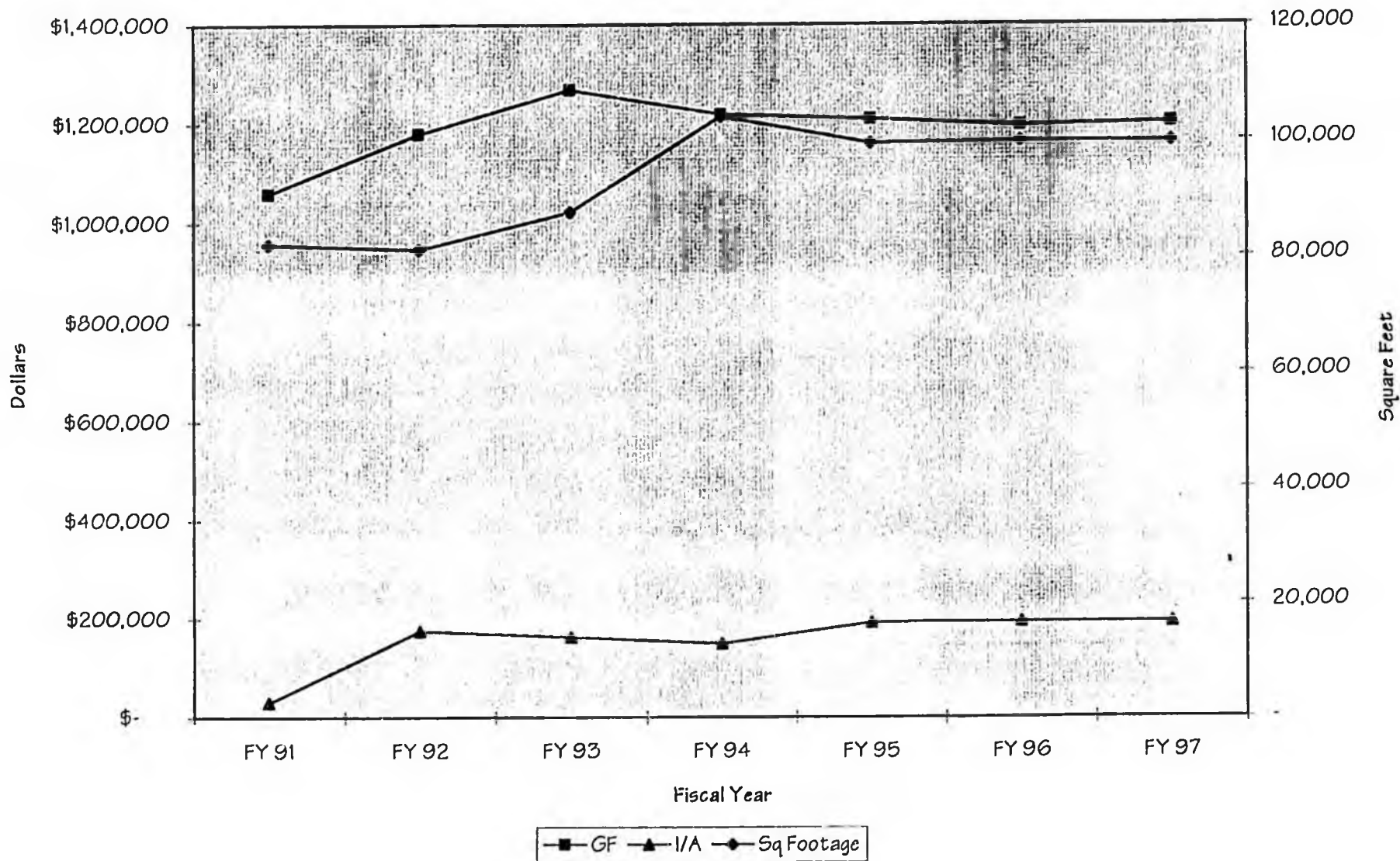
## Department of Military & Veteran's Affairs Leasing Costs



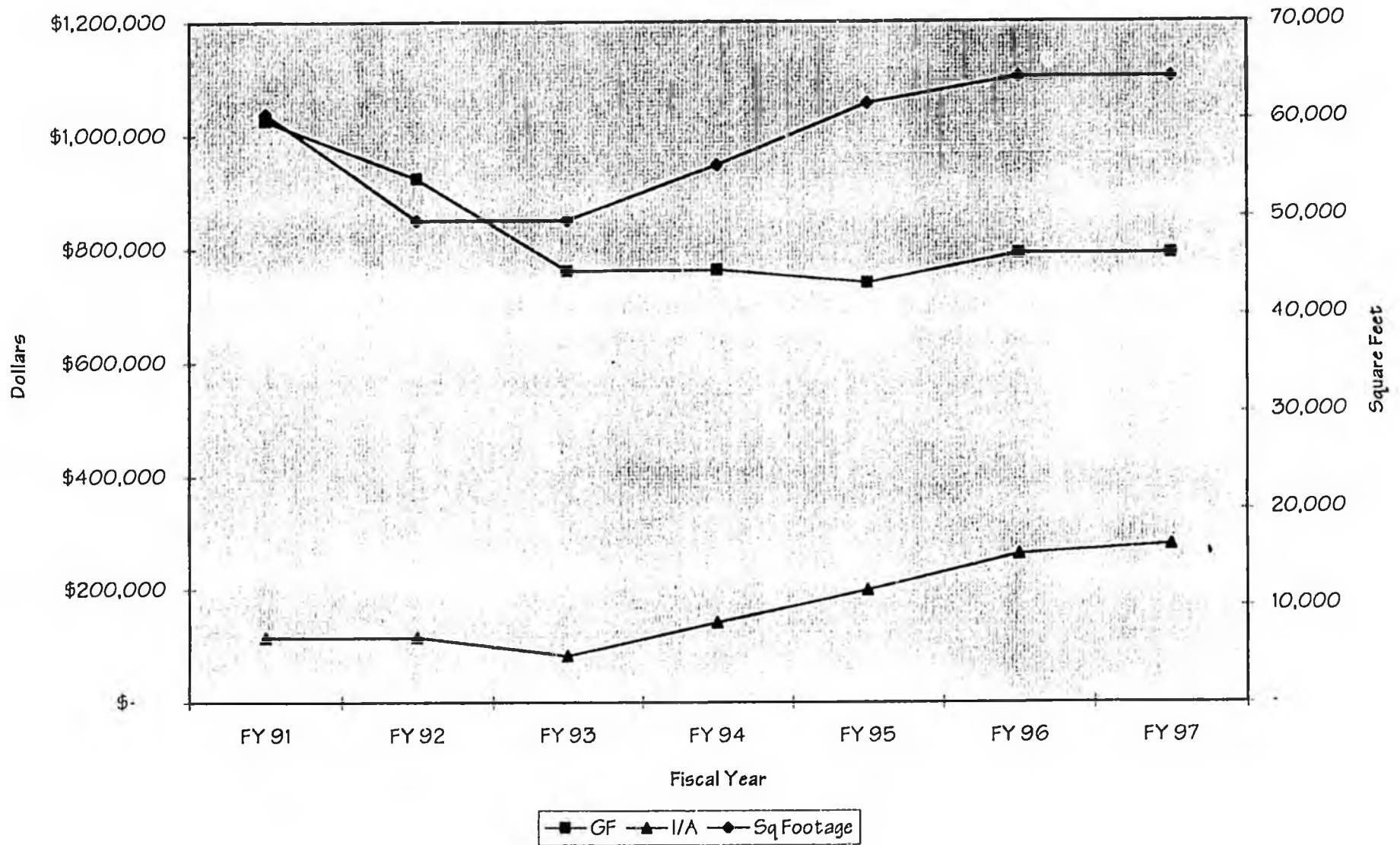
### Department of Natural Resources Leasing Costs



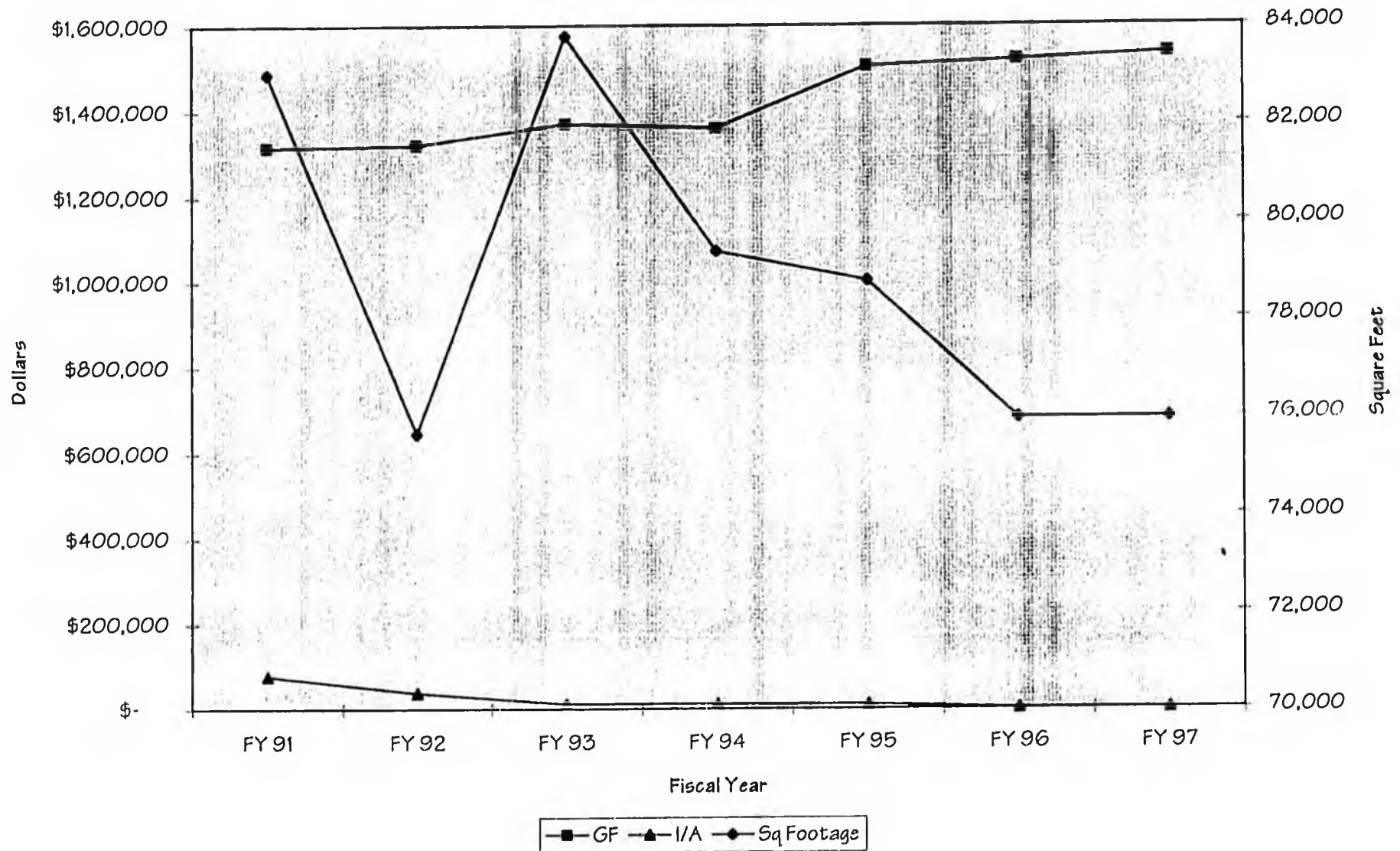
### Department of Public Safety Leasing Costs



### Department of Revenue Leasing Costs



### Department of Transportation & Public Facilities Leasing Costs



**OFFICE OF THE GOVERNOR**

OFFICE OF MANAGEMENT AND BUDGET  
DIVISION OF BUDGET REVIEW

P.O. BOX 110020  
JUNEAU, ALASKA 99811-0020  
PHONE: (907) 465-2178  
FAX: (907) 465-2090

April 1, 1996

The Honorable Steve Frank  
The Honorable Rick Halford  
Co-Chairs, Senate Finance Committee  
State Capitol  
Juneau, AK 99801-1182

Dear Co-Chairs Frank and Halford:

As you begin your review of HB 468, the Governor's supplemental legislation, please consider the following amendments.

Attached is the Department of Administration's memo identifying the Longevity Bonus Program's additional FY96 need as \$1,600,000.

Section 9 (a) should be amended to reflect a total request of \$441,634 and identify the following fund source changes for additional judgments:

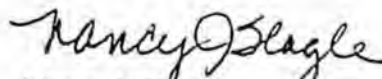
General fund	<u>184,836</u>
	[130,415]
International airports revenue fund	<u>239,201</u>
	[225,300]
Public employees retirement fund	<u>4,012</u>

Section 14 (a) of the bill should be amended to reflect an additional stale dated warrant:

Administration	<u>\$42,566</u>
	[12,565]

Thank you for your consideration of these amendments.

Sincerely,



Nancy J. Slagle  
Director

cc: Representative Mark Hanley  
Representative Richard Foster

MEMORANDUM RECEIVED STATE OF ALASKA  
DEPARTMENT OF ADMINISTRATION  
MAR 29 1996

To: Annalee McConnell      **BUDGET REVIEW**      Date: March 29, 1996  
Director  
Office of Management and Budget      File No:  
Office of the Governor

Phone: 465-5655

From: Sharon Barron *Sharon Barron*  
Director  
Division of Administrative Services

Subject: FY 96 Supplemental  
Longevity Bonus Grants

Updated Longevity Bonus Grants projections, with March checks having been issued, confirm the need for a \$1.6 million FY 96 supplemental appropriation.

If you have any questions, please call.

cc: Mark Boyer  
Commissioner  
Department of Administration

Alison Elgee  
Deputy Commissioner  
Department of Administration

David Koivuniemi  
Assistant Commissioner  
Department of Administration

# MEMORANDUM

RECEIVED

MAR 29 1996

State of Alaska

Department of Law

## BUDGET REVIEW

TO: Nancy J. Slagle, Director  
Division of Budget Review  
Office of Management and Budget

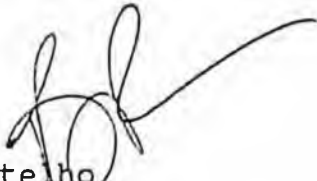
DATE: March 28, 1996

FILE NO.:

TEL. NO.: 465-3600

SUBJECT: Amendment No. 1  
FY96 Judgments  
Supplemental Appropriation

FROM: Bruce M. Botelho  
Attorney General



This is to amend the Department of Law's request of January 5, 1996, for a supplemental appropriation to pay judgments awarded against the state, to include eight new judgments that have been awarded since our original request was made. These include 7 judgments in the amount of \$54,422, which should be paid from the general fund, and 1 judgment in the amount of \$4,012, which should be paid from the public employees retirement fund. In addition, the Brantly and Palmer judgments, in the amount of \$225,300 from the international airports revenue fund, should be increased by \$13,900 to reflect the statutory interest that is now accruing. The interest cost was apparently omitted when the two judgments were submitted by the Department of Transportation and Public Facilities.

An amended judgments supplemental list is attached for your review.

Attachment

Updated 1/23/96

International Airport Fund

Description	Date	Amount	Interest	Total	Cumulative
1 Milburn Brantley Brantley v. State	12/1/95	146,470.76	9,056.88	155,527.64	155,527.64
2 Michael Palmer Brantley v. State	12/1/95	78,800.35	4,872.54	83,672.89	239,200.53

# MEMORANDUM

*State of Alaska*

*Department of Administration  
Division of Administrative Services*

To: Nancy Slagle  
Director  
Division of Budget Review

Date: March 29, 1996

From: Sharon Burdick  
Director

Phone: 465-5655

Subject: Stale Dated Warrants

Please find attached a fifth stale-dated warrant request amounting to \$826.93. As you recall, we have previously submitted four requests amounting to \$41,738.52 for a five request total of \$42,565.45.

If you need additional information, please call.

cc: Mark Boyer  
Alison Elgee  
Don Wanie  
Dan Spencer  
Mary Capobianco  
Eric Swanson

**OFFICE OF  
MANAGEMENT & BUDGET**

**MAR 29 1996**

**BUDGET REVIEW**

No. 52329076

# ALASKA PERMANENT FUND DIVIDEND



This warrant will be deemed paid unless redeemed within two years after the date of issue per AS 37.05.180. DATE OF ISSUE

89-52/1252

52329076

12 15 83

TREASURY WARRANT

DOLLARS CENTS

\$\*\*\*\*\*826.93

PAY TO THE ORDER OF

*Void*

*Ear Cooper*  
GOVERNOR

IRENE  
3021  
ANCH  
ART  
S DIVISION  
AK 99517

\$\*326.93

⑈52329076⑈ ⑆125200523⑆

# Alaska State Legislature

**Mark Hanley**  
Co-Chair  
(907) 465-4939

INTERIM ADDRESS  
716 W. 4th Ave., Suite 300  
Anchorage, Alaska 99501-2133  
(907) 258-8192



**Richard Foster**  
Co-Chair  
(907) 465-3763

INTERIM ADDRESS  
P.O. Box 1630  
Nome, Alaska 99762-1630  
(907) 443-5036

**House of Representatives**  
Committee on Finance  
State Capitol, Juneau, Alaska 99801-1182

## MEMORANDUM

DATE: March 30, 1996

TO: Senator Steve Frank, Co-Chair  
Senate Finance Committee

FROM: Representative Mark Hanley, Co-Chair *MH*  
House Finance Committee

SUBJECT: FY96 Supplemental - Salary and Benefit Study

Before the Senate Finance Committee completes work on the FY96 supplemental request, HB468, I ask that you consider the addition of funding to pay for a salary and benefit study. The need for such a study was initially pointed out by the Long Range Fiscal Planning Commission which recommended a study be done to:

"Compare salaries and benefits of public employees to appropriate private markets in Alaska and the Pacific Northwest. Use that comparison to move Alaska's pay system for State Employees, local government employees, and school districts to market".

During the House Finance Committee hearings on the new collective bargaining agreements, the Administration argued that state employee salaries have not kept up with inflation and that the new three year agreements will bring state salary in line with the private sector. While the information available does not support these arguments, it is less than perfect. For instance, while the Department of Administration's 1994 Salary Study shows that state worker salaries are 8% above the private sector, the report did not fully compare the cost of benefits.

Senator Steve Frank

(2)

March 30, 1996

The attached sheet provides a rough outline of what I feel the study should address, the oversight of the study, and the approximate costs. The actual appropriation should be crafted by Legal Services to specify the appointment of a group to oversee the study composed of both Legislative and Governor appointees as well as a detailed purpose of the study.

Thank you for your consideration.

attachment

cc: House Leadership  
Senate Leadership

## SALARY AND BENEFIT STUDY

- Funded in supplemental so RFP can be "on street" as early as possible.
- Results ready by beginning of session next year
- Work to be done by an independent company - big 10 accounting firm or similar with expertise in exactly this sort of study
- RFP, bid award and work product to be developed and overseen by a steering committee consisting of equal members from Legislature and the Administration.
- Members to be appointed by the Presiding Officers and the Governor.
- Approximate costs \$250 to \$500 thousand.
- Put to rest myths/rumors about over/under compensation
- Must cover both salary & benefits
- Compare to Government entities (Feds, Local) in Alaska & other states
- Compare to private sector in AK & Outside
- Consider Cost of Living, Merit Pay, Longevity
- Evaluate individual bargaining units & look at equity within units
- Compare averages & job classes
- Point out unusual benefits, or benefits Alaska state employees have that other states do not have
- Look at all aspects; salary, health, PERS, SBS, leave, per diem, hours worked (37.5); job security vs. private sector (how much is it worth)

3/29/96

Hold for  
updated material  
relating to the  
Supplemental  
HB 468.

pk

STATE OF ALASKA  
ROUTE SLIP

TO: Mail Station	Department Sen Fin	Division
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Attention

Kathy Holmquist

- |  |   |
|--|---|
| <input type="checkbox"/> Approval      | <input type="checkbox"/> Note & Return        |
| <input type="checkbox"/> Signature     | <input type="checkbox"/> Initial & Return     |
| <input type="checkbox"/> Comment       | <input type="checkbox"/> Return as Requested  |
| <input type="checkbox"/> Contact Me    | <input type="checkbox"/> Return for Approval  |
| <input type="checkbox"/> Prepare Reply | <input type="checkbox"/> Necessary Action     |
| <input type="checkbox"/> For Your File | <input type="checkbox"/> For Your Information |

Remarks:

This was submitted w/ amendments to HB 412 (the operating bill) & on page 3, references the shortfall to Longevity Bonus.

FROM: Mail Station	Department Leg Fin	Division
--------------------	-----------------------	----------

By Kathryn	Date 3/22/96
---------------	-----------------

**OFFICE OF THE GOVERNOR**

OFFICE OF MANAGEMENT AND BUDGET  
DIVISION OF BUDGET REVIEW

P.O. BOX 110020  
JUNEAU, ALASKA 99811-0020  
PHONE: (907) 465-2178  
FAX: (907) 465-2090

March 7, 1996

The Honorable Steve Frank  
The Honorable Rick Halford  
Co-Chairs, Senate Finance Committee  
State Capitol  
Juneau, AK 99801-1182

Dear Senators Frank and Halford:

As the Finance Committee continues to review the Governor's FY97 operating budget (SB213), I would appreciate the committee's consideration of the enclosed budget amendments. These are in addition to the technical amendments submitted to you on February 23, 1996.

The following are changes that are being requested for front section language:

Section 12 of the original bill contains some drafting errors and should reflect the same language that was in the FY96 appropriation bill. The section should be replaced with the following language:

\*Sec. 12. INSURANCE AND BOND CLAIMS. (a) Amounts necessary to fund the uses of the state insurance catastrophe reserve account described in AS 37.05.289(a) are appropriated from that account to the Department of Administration.

(b) Amounts equivalent to the amounts to be received in settlement of insurance claims for losses and the amounts to be received as recovery for losses are appropriated from the general fund to the state insurance catastrophe reserve account established by AS 37.05.289.

(c) Amounts equivalent to the amounts to be received in settlement of claims against bonds guaranteeing the reclamation of state land are appropriated from the general fund to the agency secured by the bond. This appropriation is made for the purpose of reclaiming state land affected by a use covered by the bond.

(d) The appropriations made in (b) and (c) of this section are contingent upon compliance with the program review provisions of AS 37.07.080(h).

Also, we are asking that three sections be added to the front section of the bill:

This section will provide transitional language for the use of revenues related to the Clean Air Protection Fund. The fund takes effect upon the date the federal government approves the state plan. It is unknown when that might occur, but we anticipate it sometime during FY97. Contained in the attached amendments is a partial transfer of spending authorization from the Clean Air Protection Fund to the general fund to accommodate expenditures during the first part of the year until the federal plan approval is received. The following front section language will allow excess revenues received prior to approval of the plan to be transferred into the Clean Air Protection Fund.

\*Sec. . ALASKA CLEAN AIR PROTECTION FUND. Upon the effective date of the Alaska Clean Air Protection Fund established in AS 46.14.260, an amount equal to the fiscal year 1997 receipts from air permit fees collected under AS 46.14.240-250 less the amount expended or obligated for expenditure is appropriated to the Clean Air Protection Fund .

The following section appropriates the funds for the Exxon Valdez Oil Spill restoration projects. This is in accordance with the Legislative Budget and Audit Committee's request to incorporate these projects into the Governor's budget request. Please be aware that these are simply estimates and the Trustee Council will be completing their project review and approval process sometime in August and September.

\*Sec. . EXXON VALDEZ OIL SPILL SETTLEMENT FUND. (a) The sum of \$14,604,400 is appropriated from the Exxon Valdez oil spill settlement fund for restoration projects. The amount appropriated in this section is allocated as follows:

Department of Environmental Conservation	\$130,300
Department of Fish and Game	\$12,500,300
Department of Natural Resources	\$1,973,800

(b) The allocations of Exxon Valdez oil spill settlement funds made in (a) of this section for restoration projects are set out as interagency receipts in section 47 [OR APPROPRIATE NUMBER FOR THE BACK SECTION OF THE BUDGET BILL] of this act and may be reallocated by the Trustee Council upon approval of the Office of Management and Budget.

(c) Trust funds that exceed the amount appropriated in (a) of this section are appropriated conditioned upon compliance with the program review provisions of AS 37.07.080(h). If trust funds fall short of the estimate appropriated in (a) of this section, the appropriation in (a) of this section, and the corresponding restoration project described in Section 47 of this act, is reduced by the amount of the shortfall.

(d) This appropriation lapses September 30, 1997.

In some instances departments have authority to allow vendors to retain a portion of the fees that they collect on behalf of the state as compensation for their services. Examples include the amounts retained by vendors for selling fish and game licenses or credit card fees retained on issuing motor vehicle licenses. Although the funds never enter the state treasury, the Legislature has wanted to see the entire cost of a particular program when reviewing the state budget. The following section allows departments that have the appropriate authority to record into the state accounting system the amounts retained by vendors as state revenue and expenditures.

\*Sec. . FEES RETENTION. An amount not to exceed the amount retained as fees by a collector of fees, licenses, taxes, or other money belonging to the state is appropriated from the general fund to the agency authorized by law to generate the revenue for the purpose of compensating the collector for services rendered.

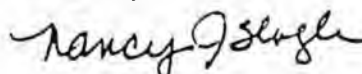
At this time we want to inform you of the Longevity Bonus Grant Program's potential need for additional funds. We observed over the last couple of months an increasing number of applications and payments. At first it was not clear whether this was a short-term increase or a trend. Based on the best estimate so far, an additional need for FY96 funding could \$1.6 million and for FY97 as much as \$2 million. In order to get a more accurate number, we suggest waiting for a full 9 months of activity before adjusting the appropriations. Our intent is to give you a more precise estimate after the March bonus checks are distributed. Attached is a memo from the Department of Administration explaining the trends they are now experiencing in this program.

We are also requesting a budget structure change for the Department of Health and Social Services. This request is to separate the institutions and administration functions of the Division of Mental Health and Developmental Disabilities from the grant programs within that division.

In light of Annalee McConnell's conversations with you this week on program receipts, we would like to work with you to clarify for the Legislature and the public that an increase in designated program receipts does not affect the fiscal gap. We will be providing to you a listing of all programs identified in the designated program receipt category and their related budget amounts.

Thank you for your consideration of these amendments.

Sincerely,



Nancy J. Slagle  
Director

# STATE OF ALASKA

TONY KNOWLES, GOVERNOR

## OFFICE OF THE GOVERNOR

OFFICE OF MANAGEMENT AND BUDGET

P.O. BOX 110020  
JUNEAU, ALASKA 99811-0020  
PHONE: (907) 465-4660  
FAX: (907) 465-3008

March 14, 1996

Senator Steve Frank  
Senator Rick Halford  
Co-Chairs, Senate Finance Committee  
Alaska State Legislature  
Juneau, AK 99811

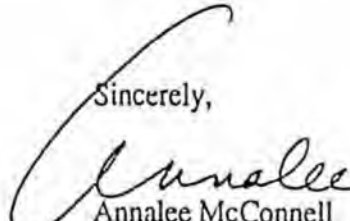
Dear Senators Frank and Halford:

I would like to clarify any misunderstandings that may have occurred regarding the need for additional funds for the Longevity Bonus Program for FY97. It is our intention to submit a request to increase FY97 Longevity Bonus funding prior to the end of March. As I mentioned to Senator Frank and Representative Hanley and as Nancy Slagle mentioned in the amendment transmittal letter of March 7, we are waiting until the March checks have been issued before we submit our formal request. At that time we will have nine months of payment experience upon which to base our projection for next year. As Nancy stated in her letter, the approximate level could be as much as \$2 million, not the \$1.4 million included in the House Cap documents. We are trying hard to avoid a supplemental situation next year or over-budget for this program by giving you the most accurate information possible.

When we submit the increase request for FY97, we will also request supplemental funds for the FY96 Longevity Bonus Program shortage.

Please let me know if you have questions regarding this issue.

Sincerely,



Annalee McConnell  
Director

STATE OF

TONY KNOWLES, GOVERNOR

OFFICE OF THE GOVERNOR

OFFICE OF MANAGEMENT AND BUDGET

March 11, 1996

P.O. BOX 110020  
JUNEAU, ALASKA 99811-0020  
PHONE: (907) 465-4660  
FAX: (907) 465-3008

The Honorable Steve Frank  
The Honorable Rick Halford  
Co-Chairs, Senate Finance Committee  
State Capitol  
Juneau, Alaska 99801-1182

Dear Senators Frank and Halford:

By request of the Governor, HB468 (An Act making supplemental appropriations ...) was introduced, passed by the House and, subsequently, referred to your committee. On behalf of Governor Knowles, I urge you to schedule a hearing as soon as possible.

We have discussed with you and your staff the critical timing of the fire suppression appropriation within this bill. As you recall, the funding for FY96 fire suppression activities was severely underfunded this year with the anticipation that additional need would be provided in the supplemental. The fire suppression budget is out of funds for FY96. Contracts have been negotiated for the upcoming fire season, but can not be encumbered due to the lack of funds. If funds are not available to cover these obligations, contracts may need to be canceled, which will leave the state without aviation resources to deal with fires if, and when, they occur. Attached is a memo from the Department of Natural Resources explaining their concern.

This is just one of the issues raised by delaying action on this bill. Retirement and Benefits' request for funding is also time-critical to their operation. Your quick attention to this request is greatly appreciated.

Sincerely,



Annalee McConnell

Director

cc: Senator Rieger  
Senator Sharp  
Senator Phillips  
Senator Zharoff  
Senator Donley

**MEMORANDUM**  
DEPARTMENT OF NATURAL RESOURCES

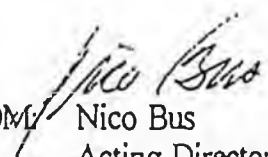
**State of Alaska**  
SUPPORT SERVICES DIVISION

TO: Nancy Slagle, Director  
OMB - Budget Review  
Office of the Governor

DATE: March 5, 1996

FILE NO:

PHONE: 465-2406

FROM:   
Nico Bus  
Acting Director

SUBJECT: Fire Suppression

The Fire Suppression aviation contracts for the last half of FY96 have now been awarded and total \$1.0 million. We have been unable to encumber these obligations due to insufficient funds available on AKSAS. We have now over-obligated the Fire Suppression general fund budget.

Currently, there is an unobligated general fund balance of \$78,678 on AKSAS and \$389,942 encumbered. We have released what encumbrances we can to have cash available to make vendor payments and the bi-monthly payroll, but now are running out of options. Many of the encumbrances we have are for services that have already been performed and we are waiting for a bill.

Between April 1st and May 22nd we have 11 aviation contracts that become active. We must have funds available 30 days prior to the start of the contract. According to AS 36.30.390 and AS 36.30.470, if funds are not available we must release the contractor from the obligation. This would not be a good management decision and would probably increase the cost of the aviation contracts if they had to be re-bid. It may also jeopardies the availability of aircraft to fight fire. Between April 1st and May 1st the first five contracts become active. In order to keep these contracts we need to have \$270,330 available by April 1st.

Technically we need to cancel these contracts now, 30 days prior to activation in order not to be bound to this obligation. We need your approval or authorization to keep our obligations in anticipation of a "spec'y" FY96 supplemental.

We look forward to working with you to resolve this funding problem.

cc: Tom Boutin, Director, Division of Forestry  
Chris Christianson, Division of Forestry  
Bill Andrews, Support Services  
Jean Davis, Support Services

**OFFICE OF  
MANAGEMENT & BUDGET**

MAR 05 1996

**BUDGET REVIEW**

Received by SFC 3/28/96

**OFFICE OF THE GOVERNOR**

OFFICE OF MANAGEMENT AND BUDGET  
DIVISION OF BUDGET REVIEW

P.O. BOX 110020  
JUNEAU, ALASKA 99811-0020  
PHONE: (907) 465-2178  
FAX: (907) 465-2090

February 16, 1996

The Honorable Mrk Hanley  
The Honorable Richard Foster  
Co-Chairs, House Finance Committee  
State Capitol  
Juneau, AK 99801-1182

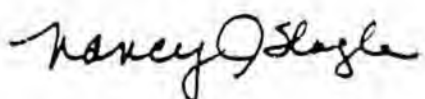
Dear Co-Chairs Hanley and Foster:

As you continue your review of HB 468, the Governor's supplemental legislation, please consider the following amendment.

We are now requesting reinstatement of Section 10(c) of the original supplemental request at a reduced amount. The Department of Law has settled the Berger case. The final request with interest to May 31, 1996 is \$3,605,800. Attached is the documentation provided by the department regarding the settlement..

Thank you for your consideration of these amendments.

Sincerely,



Nancy J. Slagle  
Director

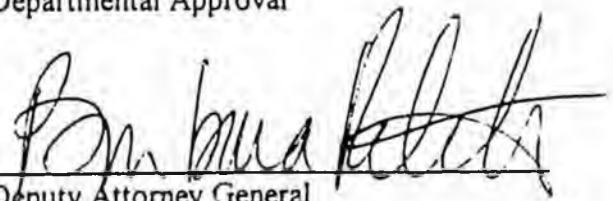
Department of Law

JUDGMENTS/CLAIMS FOR PAYMENT

1. Case Name: *Berger v. State*
2. Case Number: Superior Court: 3AN-89-8710 Supreme Court: S-6078 Civil
3. Date Judgment entered: Supreme Court decision - December 1, 1995  
Revised opinion issued January 25, 1996<sup>i</sup>
4. Amount to be paid: \$3,500,000
5. Interest Rate: 10.5% Effective Date: February 16, 1996
6. Payable to: Inslee, Best, Doezie & Ryder, In Trust  
ATTN: Andrew Symons, Esq.  
Security Pacific Plaza, Suite 1900  
777 108th Avenue N.E.  
Bellevue, Washington 98009-9016
7. SSN or EIN: To be provided.
8. Send check to:  above address  Departmental contact

Departmental contact: Vincent L. Usera  
Telephone Number 465-4118

Departmental Approval

  
Deputy Attorney General

Date: February 16, 1996

This form will be used for the purpose of standardizing the submission of claims and will expedite the payments to the claimants, thereby reducing the amount of lost interest to the state. If any of the information changes, please advise the Deputy Director, Administrative Services division, P.O. Box 110300, Juneau, Alaska, 99811, or call (907)465-3672 as soon as any changes are known.

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i. The revised opinion merely clarified the Court's ruling, substantively there was no change in the decision.

## DEPARTMENT OF LAW

### Judgment/Claims for Payment

CASE NAME: *Roger Berger d/b/a Frontier Financial Services v. State of Alaska, Department of Revenue* (Anchorage Superior Court and Alaska Supreme Court).

CASE No.: AN-89-8710 and Supreme Court No. S-6078 (Civil)

1. Describe the circumstances or events resulting in this case and ultimately this judgment against the state.

In early 1989, Roger Berger, doing business as Frontier Financial Services (Frontier), entered into transactions with persons eligible for Alaska Permanent Fund dividends (PFDs) in which a person received between \$325 and \$400 in exchange for the person's assignment of rights to the 1989 PFD. That year the PFD was valued \$873.16. The individual was required to complete a fairly extensive process establishing not only a present expectation of a PFD, but also general creditworthiness. The documentation required of the applicant included a purchase agreement which obligated the individual, in any event, to repay to Frontier the amount of the 1989 PFD. This obligation was further secured by the execution of a Confession of Judgment for that amount.

Faced with both an extraordinary logistical burden because of the escalation of assignments and an alarming increase in multiple applications from individuals entering into these transactions, the Department of Revenue adopted a regulation<sup>1</sup> under which it would decline to honor PFD assignments to other than governmental agencies. For that reason, Frontier altered its handling of these transactions opting instead to have the PFDs for which it had transacted sent directly to it. This was accomplished by having the applicant complete a change of address form instructing the Department of Revenue to send his or her PFD to Frontier. The person then executed a Power of Attorney authorizing Frontier to negotiate the PFD warrant when it was received.

The volume of address changes soon caused the department to realize

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1. 15 AAC 23.220 also repealing 15 AAC 23.715.

that this was simply a means of circumventing the anti-assignment regulation and to decide, therefore, that it would not implement these address changes. Parties were notified accordingly.

Frontier brought an action in December, 1989, challenging the anti-assignment regulation and the department's refusal to implement address changes. The Superior Court declared the regulation to be invalid as beyond the scope and authority of the department. In addition to opposing the challenge to the regulation, the State raised the defenses of usury and violation of the Alaska Small Loans Act as barring any recovery. Frontier asserted that the State lacked standing to raise these defenses. The Superior Court held that the State lacked standing to raise the defense of usury, based on the premise that this defense is personal to the borrower, but that the State did have standing to raise a violation of the Small Loans Act in defense of Frontier's action.

After the Superior Court invalidated the regulation and dismissed the defense of usury, briefing was had on the State's standing to raise the Small Loans Act as a defense. The Court ruled that the State did, in fact, have standing. On subsequent cross-motions for summary judgment, the Court ruled that the transactions were loans within the meaning of the Small Loans Act, that the terms of repayment called for excessive interest, and that the Small Loans Act made these transactions unenforceable. An appeal to the Alaska Supreme Court followed.

The Supreme Court in December, 1995, overturned the Superior Court ruling in a three-to-two decision. The Court held that these transactions were not loans, advancing the unique view that 1) to find a loan, the borrower must be shown to have an unconditional expectation to repay, and 2) that that expectation is lacking where the value of the collateral does not exceed the amount to be repaid. In this case, since the individual who sold his rights to the 1989 PFD promised to repay the same amount as the PFD if it were not transferred from the Department of Revenue to Frontier, it made no difference to the person whether the repayment came from the PFD itself or from the person. From this, the Court reasoned that there existed no unconditional expectation to repay, hence there was a sale rather than a loan. Since there was no loan, the interest restrictions contained in the Small Loan Act did not apply.

The State moved for a rehearing pointing out certain dangers in the Court's adoption of this very narrow construction of a loan. In a two-to-two decision, the motion was denied.

Copies of the Supreme Court decision and the State's Motion for rehearing are attached to this questionnaire.

2. Describe issues of state policy or law involved in this case, if they are relevant to and resulted in substantial effort and expense for the department to bring or defend this lawsuit.

The issues considered in this lawsuit were unique and not likely to recur. In 1992 the Legislature enacted AS 43.23.069 which prohibits assignments of PFDs to other than state agencies and the courts. Unless this statute were to be changed, the buying and selling of PFDs could not be "supported" by the availability of assignments.

The suit was carried on over an extensive period of time with a variety of issues being decided on a piecemeal basis. The first decision revolved around the department's regulation. This was found to be outside statutory authority and, therefore, unconstitutional. Had the regulation been upheld, the suit would have ended there. Next came a summary judgment motion dealing with the State's proffered defense of usury. The State had to concede that it was not entitled to raise this defense as the United States Supreme Court, in a factually similar matter, had ruled relatively recently that a government could not use the defense of usury as it was personal to the borrower.

At this point the State moved to add the defense of violation of the Small Loans Act by amending its answer to the complaint. The Superior Court ruled in favor of the State and allowed the defense to be added. Frontier countered with a summary judgment motion charging the Attorney General could not enforce the Small Loans Act. The Superior Court -- and later the Supreme Court -- held that it was perfectly appropriate that the Attorney General undertake enforcement of this statute. This cleared the way for final motion for summary judgment.

3. Did the State prevail on any issues; if so describe those.

The State prevailed on the issue of the Attorney General having authority to enforce the terms of the Small Loans Act and, therefore, to raise that as a defense to Frontier's claims. The Court reaffirmed prior rulings that the Attorney General has the power to intervene in cases in the public interest.

4. Did we challenge plaintiff's request for costs and fees or in other ways seek to reduce the costs to the state? If so describe to what extent they were successful.

The Supreme Court remanded this case to the Superior Court for a determination of the amount of the judgment, including costs and attorney's fees. The State contacted the plaintiff's attorney and discussed settling at a figure below

what might be predictable were the matter to go to trial, in exchange for not having to incur the time and expense of having to go through a trial.

The Plaintiff claimed payment for the full value of some 2,600 PFDs and partial payment for 330 PFDs against which prior claims had been exercised. Claims for PFDs under review or otherwise unaccounted for in 1989 and 1990 could have raised this total. This could have resulted in a total potential judgment of well over \$5 million, including principal, pre-judgment interest for 74 months, and attorney's fees.

Negotiation has resulted in a settlement and judgment in the total amount of \$3.5 million. This amount includes principal, pre-judgment interest through February 15, 1996, and attorney's fees.

**5. Any recommendations concerning cases of this type in the future?**

Given the statute change in 1992 concerning PFD assignments, this type of case should be repeated.

Attorney completing form: Vincent L. Usera

Date: February 15, 1996