

ALASKA LEGISLATURE SPECIAL COMMITTEE / SUBJECT FILES 86 / 2

237 SCOMM 9: HOUSE SPEC. COMM. ON PERMANENT FUND 1977-78

10) With which of the following state loan programs are you familiar?

- |                                                          |                                                    |
|----------------------------------------------------------|----------------------------------------------------|
| <input type="checkbox"/> Veterans                        | <input type="checkbox"/> Fisheries Enhancement     |
| <input type="checkbox"/> Commercial Fishing              | <input type="checkbox"/> AK State Development Corp |
| <input type="checkbox"/> Small Business                  | <input type="checkbox"/> Water Resources           |
| <input type="checkbox"/> Small Business Development Corp | <input type="checkbox"/> AK Housing Finance Corp   |
| <input type="checkbox"/> Child Care                      | <input type="checkbox"/> Senior Citizen Housing    |
| <input type="checkbox"/> Tourism                         | <input type="checkbox"/> Student Financial Aid     |
| <input type="checkbox"/> Agriculture                     |                                                    |

11) Please comment on your impressions of the state loan programs.

12) What rate of interest do you believe the state should charge for the loan programs and the Permanent Fund loans?

13) With which of the following Federal loan programs are you familiar?

- |                                                   |                                                        |
|---------------------------------------------------|--------------------------------------------------------|
| <input type="checkbox"/> BIA                      | <input type="checkbox"/> Small Business Administration |
| <input type="checkbox"/> Farm Home Administration | <input type="checkbox"/> Other (please specify)        |

What are your impressions of the federal loan programs?

14) In which areas would you like to see the Alaska Permanent Fund make loans available?

- |                                         |                                                 |
|-----------------------------------------|-------------------------------------------------|
| <input type="checkbox"/> None           | <input type="checkbox"/> Education              |
| <input type="checkbox"/> Housing        | <input type="checkbox"/> Environment            |
| <input type="checkbox"/> Small Business | <input type="checkbox"/> Other (please specify) |

## Page 4

If you have any personal ideas or suggestions regarding the Alaska Permanent Fund, please write or call. We will very much appreciate your input as we begin formulating the legislation to determine the working of the Permanent Fund. Thank you for your cooperation.

May we contact you personally or by phone?

Yes

No

Name \_\_\_\_\_

Address \_\_\_\_\_

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Phone \_\_\_\_\_

Chamber Questionnaire

Distributed via Don Dickey's office, Alaska State Chamber of Commerce, to all Chamber Members. We supplied him with 750 copies on August 18 and requested response prior to September 15, 1977

Chamber of Commerce  
Questionnaire

1) Do you own or manage or have you owned or managed a business in Alaska?

☐ Yes

☐ No

2) If you answered "yes" to Question No. 1, what type of business?

☐ Retail

☐ Services

☐ Other

Explain in more detail if necessary.

3) If you checked "no" to Question No. 1, have you ever thought seriously of entering business for yourself or with partners, or corporation?

☐ Yes

☐ No

Please explain the type of business that would be of interest to you.

4) Have you ever applied for a bank loan for home construction or small business?

☐ Yes

☐ No

5) If you answered "yes" to Question No. 4, was the loan denied or granted?

☐ Granted

☐ Denied

If denied, why?

6) Was bank consideration of your application:

☐ Satisfactory

☐ Unsatisfactory

Please explain.

7) Have you ever attempted to get business loans from sources other than commercial banks?

☐ Yes

☐ No

If "yes", from which source?

☐ State Loan  
☐ Federal Loan  
☐ Credit Union

☐ Friends or Family  
☐ Personal Sources  
☐ Other (please specify)

8) Do you think small business credit is adequately available to Alaska businesses?

☐ Yes

☐ No

Please explain.

9) Which types of credit do you think are insufficiently available?

☐ Housing  
☐ Venture  
☐ Expansion

☐ Research  
☐ Development

10) With which of the following state loan programs are you familiar?

☐ Veterans  
☐ Small Business  
☐ Child Care  
☐ Agriculture  
☐ AK State Development Corp  
☐ Senior Citizen Housing  
☐ Small Business Development Corp

☐ Commercial Fishing  
☐ Water Resources  
☐ Tourism  
☐ Fisheries Enhancement  
☐ AK Housing Finance Corp  
☐ Student Financial Aid

11) Please comment on your impressions of the state loan programs.

12) With which of the Federal loan programs are you familiar?

☐ Housing Loans  
☐ Agricultural Loans  
☐ Natural Resources Loans  
☐ Environmental Quality Loans

☐ Business Loans  
☐ Disaster  
☐ Employment Training Loans  
☐ Other (please specify)

13) Please comment on your impressions of the Federal loan programs.

## Page 3

14) How should the Alaska Permanent Fund invest it's capital?

- C. Other (please specify) \_\_\_\_\_

|       |     |   |
|-------|-----|---|
| TOTAL | 100 | % |
|-------|-----|---|

Please return this questionnaire to:

Juneau, Alaska 99811

Attn: Chamber Questionnaire

May we contact you by phone or personally at a later date?

Yes

No

Your Name \_\_\_\_\_

Address \_\_\_\_\_

Phone \_\_\_\_\_

Banker's Questionnaire

#138

Sent to main branches of all banks in Alaska on August 18, 1977.

Senator George Hohman, Chairman  
Senate Permanent Fund Committee  
Pouch Y  
Juneau, AK 99811

### QUESTIONNAIRE

1. Assuming that Anchorage, Fairbanks and environs are urban, would you supply the following information concerning your loan portfolio?

|                   | Urban | Rural | Total |
|-------------------|-------|-------|-------|
| Dollar amount     |       |       |       |
| Business loans    | _____ | _____ | _____ |
| Personal loans    | _____ | _____ | _____ |
| Number of loans   |       |       |       |
| Business loans    | _____ | _____ | _____ |
| Personal loans    | _____ | _____ | _____ |
| Mortgages         |       |       |       |
| Conventional      | _____ | _____ | _____ |
| Federally insured | _____ | _____ | _____ |

2. What are the averages concerning these loans?

|                         | Urban        | Rural        |
|-------------------------|--------------|--------------|
| Business loans          |              |              |
| Length of loans         | _____ months | _____ months |
| Average interest rate   | _____ %      | _____ %      |
| Range of interest rates | _____ %      | _____ %      |
| Personal loans          |              |              |
| Length of loans         | _____ months | _____ months |
| Average interest rate   | _____ %      | _____ %      |
| Range of interest rates | _____ %      | _____ %      |

Page 2  
QUESTIONNAIRE

2. (cont.)

|                             | Urban              | Rural              |
|-----------------------------|--------------------|--------------------|
| Conventional Mortgages      |                    |                    |
| Length of mortgage          | _____ months       | _____ months       |
| Average interest rate       | _____ %            | _____ %            |
| Range of interest rates     | _____ % to _____ % | _____ % to _____ % |
| Federally insured mortgages |                    |                    |
| Length of mortgage          | _____ months       | _____ months       |
| Average interest rate       | _____ %            | _____ %            |
| Range of interest rates     | _____ % to _____ % | _____ % to _____ % |

3. What is the approval rate (number of approvals ÷ number of applications) for:

|                | Urban | Rural |
|----------------|-------|-------|
| Business loans | _____ | _____ |
| Personal loans | _____ | _____ |

4. What factors are most important in loan denials in urban/rural areas? Please rate from 1 to 10, 1 being most important factor.

|                                     | Urban | Rural |
|-------------------------------------|-------|-------|
| Lack of applicant capital           | _____ | _____ |
| Undeveloped nature of local economy | _____ | _____ |
| Poor credit record of applicants    | _____ | _____ |
| Lack of applicant experience        | _____ | _____ |
| Lack of applicant education         | _____ | _____ |
| Difficulty of servicing loan        | _____ | _____ |
| Lack of local support services      | _____ | _____ |

Page 3  
QUESTIONNAIRE

4. (cont.)

|                                   | Urban | Rural |
|-----------------------------------|-------|-------|
| Lack of government infrastructure | _____ | _____ |
| Out of bank service area          | _____ | _____ |

Other (urban) please specify:

Other (rural) please specify:

5. Which types of credit do you think are insufficiently available to urban Alaska?

|                          |                              |
|--------------------------|------------------------------|
| Housing _____            | Development _____            |
| Business venture _____   | Other (please specify) _____ |
| Business expansion _____ | _____                        |
| Research _____           | None _____                   |

6. Which types of credit do you think are insufficiently available to rural Alaska?

|                          |                              |
|--------------------------|------------------------------|
| Housing _____            | Development _____            |
| Business venture _____   | Other (please specify) _____ |
| Business expansion _____ | _____                        |
| Research _____           | None _____                   |

Page 4  
QUESTIONNAIRE

7. Please comment on your impressions of the role played or potentially played by the state loan programs in the Alaska economy.
8. Please comment on your impressions of the role played or potentially played by the federal loan programs in the Alaska economy.
9. What do you perceive as the main credit availability problems in Alaska today?
10. What role should the Alaska Permanent Fund play in addressing these problems?

11. How should the Permanent Fund invest its capital?

- A. High grade stocks, bonds and federal paper \_\_\_\_\_%
- B. Certificates of deposit in Alaska banks \_\_\_\_\_%
- C. Alaska loan programs
  - 1. New loan programs \_\_\_\_\_%
  - 2. Housing loans \_\_\_\_\_%
  - 3. Expansion of existing loan programs \_\_\_\_\_%
  - 4. Community development \_\_\_\_\_%
  - 5. Technological development loans  
(energy, arctic construction, etc.) \_\_\_\_\_%
  - 6. Other (please specify) \_\_\_\_\_%

Please return completed questionnaire to:

Senator George Hohman, Chairman  
Senate Permanent Fund Committee  
Pouch Y  
Juneau, AK 99811

Attention: Banking Questionnaire

May we contact you personally or by telephone at a later date?

Yes \_\_\_\_\_ No \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

Telephone number \_\_\_\_\_

PROJECT WORK SHEET

PROJECT TITLE: \_\_\_\_\_

I. CONSTRUCTION TIME SCHEDULE

1. Estimated time required after approval of application:

To Complete final plans and specifications: \_\_\_\_\_ calendar days.

To start construction: \_\_\_\_\_ months.

2. Estimated construction period: \_\_\_\_\_ months.

II. ESTIMATED PROJECT COST

1. Preliminary Expense \$ \_\_\_\_\_

2. Land and Rights-of-Way \_\_\_\_\_

3. Construction (see breakdown in III below) \_\_\_\_\_

4. Architectural/Engineering Services:

Fees \$ \_\_\_\_\_

Residential Inspection \_\_\_\_\_

Surveys \_\_\_\_\_

Borings \_\_\_\_\_

Subtotal \_\_\_\_\_

5. Capitalized Interest (see breakdown below) \_\_\_\_\_

6. Legal Costs \_\_\_\_\_

7. Administrative Costs \_\_\_\_\_

8. Miscellaneous Allowable Costs  
Equipment/Initial Inventory \_\_\_\_\_

9. Project Contingency (2% of lines 1 through 7) \_\_\_\_\_

10. Subtotal \$ \_\_\_\_\_

11. Governmental Field Expense \_\_\_\_\_

TOTAL \$ \_\_\_\_\_

III. CONSTRUCTION COST BREAKDOWN

1. Contract Costs (including installed equipment) \$ \_\_\_\_\_

2. Construction Contingency (5% of III-1) \_\_\_\_\_

TOTAL CONSTRUCTION COST (as shown in 3 above) \$ \_\_\_\_\_

IV. CAPITALIZED INTEREST BREAKDOWN

1. Interest during construction: \_\_\_\_\_ months @ \_\_\_\_\_ % \$ \_\_\_\_\_

2. Interest during development and connection period  
\_\_\_\_\_ months @ \_\_\_\_\_ % \_\_\_\_\_

TOTAL CAPITALIZED INTEREST (as shown in 5 above) \_\_\_\_\_

V. SOURCE OF FUNDS

1. Local \$ \_\_\_\_\_

2. Federal \_\_\_\_\_

3. State \_\_\_\_\_

PLEASE ATTACH DESCRIPTION OF PROJECT.

# SCHEDULE OF PROJECTED NEEDS

| Type of Project<br>per AS 29.48.030                | Description of Needs<br>(Use extra sheet if<br>necessary--refer to<br>item number) | Name of Community                                    |                                            | (In \$1,000's to nearest \$1,000)                  |                                  |                  |       |       |
|----------------------------------------------------|------------------------------------------------------------------------------------|------------------------------------------------------|--------------------------------------------|----------------------------------------------------|----------------------------------|------------------|-------|-------|
|                                                    |                                                                                    | Cost per foot/<br>per mile/ per<br>square foot, etc. | Estimated<br>Population<br>to be<br>Served | Estimated<br>Direct<br>Construction<br>Costs (000) | Estimated<br>Total Cost<br>(000) | Expected Funding |       |       |
|                                                    |                                                                                    |                                                      |                                            |                                                    |                                  | Fed              | State | Local |
| 1. Streets and Sidewalks                           |                                                                                    |                                                      |                                            | \$                                                 | \$                               | \$               | \$    | \$    |
| 2. Sewers                                          |                                                                                    |                                                      |                                            | \$                                                 | \$                               | \$               | \$    | \$    |
| 3. Sewage Treatment<br>Facilities                  |                                                                                    |                                                      |                                            | \$                                                 | \$                               | \$               | \$    | \$    |
| 4. Harbors, Wharves and<br>Other Marine Facilities |                                                                                    |                                                      |                                            | \$                                                 | \$                               | \$               | \$    | \$    |
| 5. Flood Control Facilities                        |                                                                                    |                                                      |                                            | \$                                                 | \$                               | \$               | \$    | \$    |
| 6. Health Clinics                                  |                                                                                    |                                                      |                                            | \$                                                 | \$                               | \$               | \$    | \$    |
| 7. Hospital Facilities                             |                                                                                    |                                                      |                                            | \$                                                 | \$                               | \$               | \$    | \$    |
| 8. Jail Facilities                                 |                                                                                    |                                                      |                                            | \$                                                 | \$                               | \$               | \$    | \$    |
| 9. Cold Storage Plants                             |                                                                                    |                                                      |                                            | \$                                                 | \$                               | \$               | \$    | \$    |
| 10. Telephone Systems                              |                                                                                    |                                                      |                                            | \$                                                 | \$                               | \$               | \$    | \$    |
| 11. Light and Power                                |                                                                                    |                                                      |                                            | \$                                                 | \$                               | \$               | \$    | \$    |
| 12. Heating Plants                                 |                                                                                    |                                                      |                                            | \$                                                 | \$                               | \$               | \$    | \$    |
| 13. Water Facilities                               |                                                                                    |                                                      |                                            | \$                                                 | \$                               | \$               | \$    | \$    |
| 14. Roads                                          |                                                                                    |                                                      |                                            | \$                                                 | \$                               | \$               | \$    | \$    |
| 15. Community Centers                              |                                                                                    |                                                      |                                            | \$                                                 | \$                               | \$               | \$    | \$    |
|                                                    |                                                                                    |                                                      |                                            | \$                                                 | \$                               | \$               | \$    | \$    |

# SCHEDULE OF PROJECTED NEEDS

Page 2

(In \$1,000's to nearest \$1,000)

| Type of Project<br>per AS 29.48.030                     | Description of Needs<br>(Use extra sheet if<br>necessary--refer to<br>item number) | Name of Community                                    |  | Estimated<br>Population<br>to be<br>Served | Estimated<br>Direct<br>Construction<br>Costs (000) | Estimated<br>Total<br>Cost<br>(000) | Expected Funding |       |       |
|---------------------------------------------------------|------------------------------------------------------------------------------------|------------------------------------------------------|--|--------------------------------------------|----------------------------------------------------|-------------------------------------|------------------|-------|-------|
|                                                         |                                                                                    | Cost per foot/<br>per mile/ per<br>square foot, etc. |  |                                            |                                                    |                                     | Fed              | State | Local |
| 16. Libraries                                           |                                                                                    |                                                      |  |                                            | \$                                                 | \$                                  | \$               | \$    | \$    |
| 17. Recreational Facilities                             |                                                                                    |                                                      |  |                                            | \$                                                 | \$                                  | \$               | \$    | \$    |
| 18. Airport                                             |                                                                                    |                                                      |  |                                            | \$                                                 | \$                                  | \$               | \$    | \$    |
| 19. Airport Buildings                                   |                                                                                    |                                                      |  |                                            | \$                                                 | \$                                  | \$               | \$    | \$    |
| 20. Garbage Collection                                  |                                                                                    |                                                      |  |                                            | \$                                                 | \$                                  | \$               | \$    | \$    |
| 21. Garbage Disposal/Dumps/<br>Landfill Facilities      |                                                                                    |                                                      |  |                                            | \$                                                 | \$                                  | \$               | \$    | \$    |
| 22. Fire Station                                        |                                                                                    |                                                      |  |                                            | \$                                                 | \$                                  | \$               | \$    | \$    |
| 23. Fire Equipment                                      |                                                                                    |                                                      |  |                                            | \$                                                 | \$                                  | \$               | \$    | \$    |
| 24. Parking Facilities                                  |                                                                                    |                                                      |  |                                            | \$                                                 | \$                                  | \$               | \$    | \$    |
| 25. Housing                                             |                                                                                    |                                                      |  |                                            | \$                                                 | \$                                  | \$               | \$    | \$    |
| 26. Public Buildings for<br>Administration/Police, etc. |                                                                                    |                                                      |  |                                            | \$                                                 | \$                                  | \$               | \$    | \$    |
| 27. Head Start Facilities                               |                                                                                    |                                                      |  |                                            | \$                                                 | \$                                  | \$               | \$    | \$    |
| 28. Schools - Elementary                                |                                                                                    |                                                      |  |                                            | \$                                                 | \$                                  | \$               | \$    | \$    |
| 29. Schools - Secondary                                 |                                                                                    |                                                      |  |                                            | \$                                                 | \$                                  | \$               | \$    | \$    |
| 30. Senior Citizen Housing                              |                                                                                    |                                                      |  |                                            | \$                                                 | \$                                  | \$               | \$    | \$    |
| 31. Senior Citizen Health<br>Facilities                 |                                                                                    |                                                      |  |                                            | \$                                                 | \$                                  | \$               | \$    | \$    |

September 21, 1977

Susan Fowler  
Senate Permanent Fund Committee  
Room 644  
State Court Building  
Juneau, AK 99801

Dear Ms. Fowler:

Enclosed please find a copy of Belden Daniels' report to the Committee and a copy of the sign-up sheet from the Committee's Fairbanks hearing. I suspect that the names of all those who attended the hearing do not appear on the sheet since no one was monitoring it.

In checking the Senate Permanent Fund Committee's work plan, as submitted to the Legislative Council, I find that the preliminary consultant review was scheduled to be completed by September 2. It would be greatly appreciated if you could forward a copy to this Committee at your earliest convenience.

Sincerely,



Mike Doogan  
Administrative Assistant  
House Permanent Fund Committee

MD:LAD

Enclosure

September 28, 1977

Susan Fowler  
State Court Building  
Room 644  
Juneau, AK 99811

Dear Susan:

The schedule for the Committee's Juneau meeting is as follows:

October 20--9:00 a.m. to 5:00 p.m.  
Fifth Floor Conference Room  
Alaska Office Building  
Public hearing on Permanent Fund goals

October 21--9:00 a.m. to 4:00 p.m.  
Hearing Room 123  
Committee Work Session

Enclosed please find copies of the prepared testimony of Tim Wallis (given in Fairbanks) and Harold Pomeroy and Betzi Woodman (given in Anchorage). Also enclosed is a copy of the Alaska Public Forum's schedule.

Sincerely,



Mike Doogan  
Administrative Assistant

MD:LAD

Enclosures

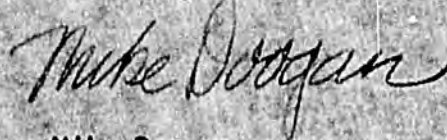
August 24, 1977

The Honorable George Hohman  
Chairman  
Senate Permanent Fund Committee  
Pouch V  
Juneau, AK 99811

Dear Senator Hohman:

Enclosed please find a copy of the House Committee's revised schedule.

Sincerely,

A handwritten signature in cursive script that reads "Mike Doogan".

Mike Doogan  
Administrative Assistant

Enclosure

August 24, 1975

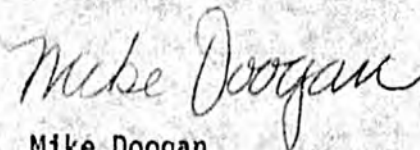
Ms. Susan Fowler  
Administrative Assistant  
Budget and Audit Committee  
Pouch V  
Juneau, AK 99811

Dear Ms. Fowler:

Enclosed please find a copy of the Committee's schedule, including the Kotzebue meeting about which we spoke. The details of the Kotzebue meeting have been arranged in conjunction with Rep. Leo Schaeffer and Mr. Tom Sheldon.

I hope the Budget and Audit Committee will be able to attend at least the public discussion scheduled for September 16. If I can be of any assistance in facilitating the convergence of the Committees in Kotzebue, please don't hesitate to call on me.

Sincerely,

A handwritten signature in cursive script that reads "Mike Doogan".

Mike Doogan  
Administrative Assistant

Enclosure

August 31, 1977

*Rodney  
Summer*

Dear :

Enclosed is a copy of the House Committee's meeting schedule. It is sent to you in the hopes that you will be able to attend the meetings and participate in our work.

We are particularly hopeful that you will be able to attend the symposium scheduled for September 10 in Anchorage. Participants will include Dr. Donald Gordon of Simon Fraser University, Dr. Barbara Bergman of the University of Maryland, Dr. George Rogers, John Havelock, Dr. John Lindauer and Jamie Love. The symposium begins at 9:00 a.m. in the Alaska Room of the Anchorage Westward Hilton Hotel.

Also enclosed are some legal opinions we have received on various matters pertaining to the Permanent Fund for your consideration.

Finally, we trust that you have received a copy of the Committee's brochure, "The Role of the Permanent Fund in Alaska's Future." If you'd like additional copies to distribute, please let us know. The number is limited, but, if the response makes it necessary, we may have additional copies printed.

Sincerely,

Mike Doogan  
Administrative Assistant

Enclosures

1



*File "Senate Interim Committee"*  
Senator John L. Rader

Anchorage

POUCH V  
JUNEAU, ALASKA 99801  
OR  
P. O. BOX 2068  
ANCHORAGE, ALASKA 99510

August 3, 1977

Senator Frank R. Ferguson  
Box 131  
Kotzebue, Alaska 99752

Dear Senator Ferguson:

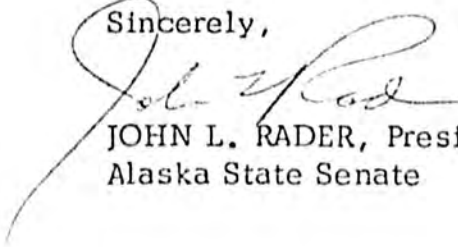
By virtue of the authority vested in me as President of the State Senate, I hereby appoint you to the Interim Committee on the Permanent Fund. In effect, you will be replacing me as a regular member.

By copy of this letter, I am notifying the interested parties that I am resigning as a regular member of the Permanent Fund Committee, but do intend to participate in Committee deliberations as an "ex officio" member whenever possible.

The work of this particular Committee is of extraordinary importance to all Alaskans. I think that you would bring to it valuable insight.

In as much as I will continue to act as an "ex officio" member, my appointment of you as a regular member can represent only a net gain to the Committee.

Sincerely,

  
JOHN L. RADER, President  
Alaska State Senate

JLR/js

cc: Governor Jay Hammond  
Senator George Hohman  
Hugh Malone, Speaker of the House  
Rep. Clark Gruening  
Peggy Mulligan, Secretary of the Senate  
Jack Doyle, Legislative Affairs

September 21, 1977

Susan Fowler  
Senate Permanent Fund Committee  
Room 644  
State Court Building  
Juneau, AK 99801

Dear Ms. Fowler:

Enclosed please find a copy of Belden Daniels' report to the Committee and a copy of the sign-up sheet from the Committee's Fairbanks hearing. I suspect that the names of all those who attended the hearing do not appear on the sheet since no one was monitoring it.

In checking the Senate Permanent Fund Committee's work plan, as submitted to the Legislative Council, I find that the preliminary consultant review was scheduled to be completed by September 2. It would be greatly appreciated if you could forward a copy to this Committee at your earliest convenience.

Sincerely,



Mike Doogan  
Administrative Assistant  
House Permanent Fund Committee

MD:LAD

Enclosure

- 1) Do you own or have you owned a business in Alaska?

\_\_\_\_\_ Yes

\_\_\_\_\_ No

- 2) If you checked "yes" to question #1, what type of business do you or have you owned?

Please explain nature of business venture:

\_\_\_\_\_ Retail sales (grocery, boats&motors, snow vehicles, etc.)

\_\_\_\_\_ Services (cafe, movie theater, professional, etc.)

\_\_\_\_\_ Other (agricultural, logging, fishing, etc.)

- 3) If you checked "no" to question #1, have you ever thought seriously of entering business for yourself or with partners?

\_\_\_\_\_ Yes

\_\_\_\_\_ No

Please explain type of business enterprise you would be interested in.

- 4) Have you ever applied for a bank loan in any of the following categories?:

\_\_\_\_\_ Home mortgage

\_\_\_\_\_ Automobile loan

\_\_\_\_\_ Home construction

\_\_\_\_\_ Agricultural loan

\_\_\_\_\_ Small business

\_\_\_\_\_ Other (please specify)

\_\_\_\_\_ Personal loan

- 5) If you checked any of the loan categories in question #4, was the loan/s granted or denied?

\_\_\_\_\_ Granted

\_\_\_\_\_ Denied

If denied, please explain.

- 6) Was bank consideration of your application: ☐ Satisfactory  
☐ Unsatisfactory

Please explain.

- 7) Have you ever attempted to get loans from sources other than commercial banks?

☐ Yes

☐ No

If "yes", from which of the following?:

☐ State loan

☐ Friends or family

☐ Federal loan

☐ Personal resources

☐ Credit union

☐ Other

Please give any details you feel are relevant.

- 8) Do you think loans are adequately available to Alaska residents?

☐ Yes

☐ No

Please explain.

- 9) We would appreciate any further statement or information you may wish to give relevant to credit and opportunities in Alaska.

10) With which of the following state loan programs are you familiar?

- |                                                                 |                                                               |
|-----------------------------------------------------------------|---------------------------------------------------------------|
| <input type="checkbox"/> Veterans                               | <input type="checkbox"/> Fisheries Enhancement                |
| <input type="checkbox"/> Small Business                         | <input type="checkbox"/> Commercial Fishing                   |
| <input type="checkbox"/> Small Business Development Corporation | <input type="checkbox"/> Alaska State Development Corporation |
| <input type="checkbox"/> Child Care                             | <input type="checkbox"/> Water Resources                      |
| <input type="checkbox"/> Tourism                                | <input type="checkbox"/> Alaska Housing Finance Corporation   |
| <input type="checkbox"/> Agriculture                            | <input type="checkbox"/> Senior Citizen Housing               |
| <input type="checkbox"/> Student Financial Aid                  |                                                               |

11) Please comment on your impressions of the state loan programs.

12) What rate of interest do you believe the state should charge for its loan programs and Permanent Fund loans?

13) With which of the following federal loan programs are you familiar?

- |                                                             |                                                              |
|-------------------------------------------------------------|--------------------------------------------------------------|
| <input type="checkbox"/> Bureau of Indian Affairs (BIA)     | <input type="checkbox"/> Small Business Administration (SBA) |
| <input type="checkbox"/> Farmer's Home Administration (FHA) | <input type="checkbox"/> Other (please specify)              |

What are your impressions of the federal loan programs?

14) In which areas would you like to see the Alaska Permanent Fund make loans available?

- |                                         |                                                 |
|-----------------------------------------|-------------------------------------------------|
| <input type="checkbox"/> None           | <input type="checkbox"/> Education              |
| <input type="checkbox"/> Housing        | <input type="checkbox"/> Environment            |
| <input type="checkbox"/> Small Business | <input type="checkbox"/> Other (please specify) |

If you have any personal ideas or suggestions regarding the Alaska Permanent Fund, please write or call. Your input will be very much appreciated as we begin formulating the legislation to determine the structure and activities of the Permanent Fund. Thank you for your cooperation.

Additional comments:

May we contact you personally or by phone? ☐ Yes ☐ No

Name

Address

Telephone

Please return completed questionnaire to:

Senator George Hohman, Chairman  
Senate Permanent Fund Committee  
Pouch V  
Juneau, AK 99811

Telephone: 907 465-3880/465-3743

*Senate interim committee*

September 6, 1977

Sterling Gallagher, Commissioner  
Department of Revenue  
Pouch S  
Juneau, AK 99811

Dear Commissioner Gallagher:

The present financial forecasts for Permanent Fund planning as provided by your Department are projected through 1985. As we examine the various aspects of the Permanent Fund study, it becomes apparent that a sound policy-decision can only be made if projections are provided through year 2005 with said projections tying into the life of the Prudhoe Bay field.

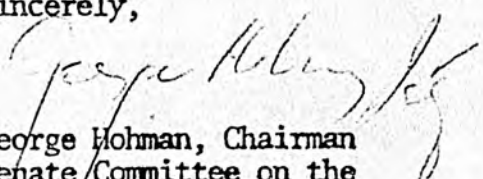
The present lack of a comprehensive long-range capital improvement program and financial plan leaves us in a foggy position as to whether there are other portions of the non-renewable resource receipts, beyond the constitutional 25%, which could be placed into the Permanent Fund. I understand that the elements of this type of planning are:

1. Inventory of capital improvement project needs for a 6 year period
  - a. State direct
  - b. Political sub-division
2. Projections of operating expenditures - 6 years and beyond
3. Projections of revenues - 6 years and beyond
4. Match non-recurring revenues with non-recurring expenditures (capital projects)
5. Schedule ~~these~~ projects which cannot be financed from non-recurring revenues for:
  - a. Deferred, beyond 6 year period
  - b. Bond issue
  - c. Grants and aids - Federal, if possible

Based on the statutory requirements of AS 37.07.010 (2) and AS 37.07.040 (2), I feel it is reasonable to request revenue projections through the year 2005,

and am requesting the projection of net available revenues for each fiscal period from 1985 through 2005 in the same general format provided by Richard Haggart, Legislative Research Division, on July 7, 1977 in memo to Rep. Gruening and on August 1 in memo to Senator Hohman.

Sincerely,

  
George Hohman, Chairman  
Senate Committee on the  
Permanent Fund

cc Richard Haggart  
Legislative Research

Clark Gruening  
House Special Committee on  
the Permanent Fund

Fran Ulmer  
Policy Development & Planning

Governor Hammond

## I. Work Plan for Senate Permanent Fund Committee

### A. Philosophy of Senate Approach

*use  
also present  
when possible*

It is the intent of the Senate members of the Permanent Fund Committee to fulfill their charge by giving priority in research methodology to those Alaskans experienced in the various sectors of capital need. Simply stated, we believe deeply in the wisdom and expertise of Alaskans who have struggled so long with the same questions we will be dealing with during the interim. Furthermore, the committee will seek to examine the role this fund will play in the panorama of revenues and programs presently and potentially available, not as an isolated add on to an already complicated and overlapping financial infra structure. It is also the committees belief that the capability of Alaskans to take full advantage of Permanent Fund stimulation of certain renewable resources may well require substantial changes in their views toward the use of such resources.

#### 1. Goals and Objectives of the Work Plan

GOAL ONE: Develop broad and specific understandings of Alaskan capital needs.

OBJECTIVE ONE: Supply the committee with both the historical data available in determining capital needs and projections based on that data.

OBJECTIVE TWO: To evaluate factors capable of major movement in renewable resource areas.

*human  
economic  
ecological*

OBJECTIVE THREE: Suggest methods by which these factors might be stimulated, encouraged or facilitated.

GOAL TWO: Provide an analysis of existing capital programs.

OBJECTIVE ONE: Analysis of structures as they relate to other organizations and needs. *delivery impact - overlays etc.*

OBJECTIVE TWO: Analysis of performance as related to existing and forecasted needs. *delivery effectiveness*

GOAL THREE: Provide continuing input process to Alaskans who have subject matter expertise. *also input and impact*

OBJECTIVE ONE: Form six subcommittees on subjects picked by the Senate committee.

OBJECTIVE TWO: Through use of these resources, staff and associated contractual services, provide an articulated response to subject needs, as well as to innovate forecasts for future needs.

GOAL FOUR: Explore necessary changes in economic or social views. *human resource development*

OBJECTIVE ONE: To determine what changes may be necessary in educational systems to make available manpower for the performance of tasks related to permanent fund sectoral stimulation. *people planning*

OBJECTIVE TWO: Start the planning for such changes.

#### B. Methodology of Approach

1. Examination of existing proposed work plans show a reactive and pre-judgemental tendency ~~attitude~~ toward the research necessary to decision making of this magnitude. The senate members believe a broader approach is necessary.

*relationship to resource.  
Capital needs*

*Human  
Resource  
Development*

*Education*

A particularly weak area is the determination of capital need in rural Alaska, the source both of the permanent fund revenue and the development of renewable resources, such as agriculture, timber and fisheries. The senate also senses a need to explore the actual capability of Alaskan society to fulfill its role as a partner with the fund. The members further see the development of innovative technology as being of particular interest when considerations are given to the effects such development might have on the lives of Alaskans.

*Individual  
Impact  
emphasis*

2. Overall emphasis should be given with the constant thought that the true effects of the fund, while very important in the economic generic, are most important in the way they will touch the lives of individual citizens for generations to come.

*citizen  
participation*

3. The Senate members will call on the assistance of and work closely with Alaskans through the use subcommittees made up of Alaskans experienced in the subject matter, to develop forecasts and needs.

*Human  
Resource*

The Senate members will make full use of all resources available to it, both from an informational and manpower basis.

5. Staff time will be spent in project activities, involving coordination and original research.

I. PERSONNEL SERVICES

A. Committee Staff

|                             |               |
|-----------------------------|---------------|
| 1. Administrative Assistant | \$22,400      |
| 2. Research Assistant       | 14,140        |
| 3. Secretary                | 7,880         |
| 4. Benefits                 | <u>11,050</u> |
| TOTAL                       | \$55,470      |

B. Cooperative Use of Existing Staff Positions

1. Legislative Affairs Personnel
2. Budget and Audit Personnel
3. Other Resources

## II. TRAVEL AND PER DIEM

### A. Staff

#### 1. Administrative Assistant

a. Travel \$ 4,000

b. Per Diem 2,400

#### 2. Research Assistant

a. Travel 1,250

b. Per Diem 750

#### 3. Secretary

a. Travel 1,000

b. Per Diem 600

B. Committee/Subcommittee . . . Travel and Per Diem 59,250

TOTAL \$69,250

### III. Contractual

#### A. Proposed New Studies

- |                                                                                                                       |                         |          |
|-----------------------------------------------------------------------------------------------------------------------|-------------------------|----------|
| 1. Assessment of Alaska Capital Needs                                                                                 |                         | \$34,000 |
| 2. Analysis of Existing Capital Funding<br>Structures; Availability and Performance                                   | $\frac{19,000}{36,000}$ | 21,000   |
| 3. Subcommittee Studies Funding                                                                                       | —                       | 30,000   |
| 4. General and Specific Research on Economic<br>Multipliers in Alaska Based on <del>Past</del> Dollar<br>Availability | $\phi$                  | 12,000   |

#### B. Use of Existing and Proposed Studies

1. General Availability of Studies Performed  
With Public Monies
2. Access to House Permanent Fund Studies
3. Access to Administration Permanent Fund  
Studies

#### C. Communications

- |                         |                      |        |
|-------------------------|----------------------|--------|
| 1. Printing and Mailing | $\frac{0.17}{2,130}$ | 11,130 |
| 2. Electronic           | $\phi$               | 5,000  |

#### D. Space Rental

|   |              |
|---|--------------|
| — | <u>8,000</u> |
|---|--------------|

|       |           |
|-------|-----------|
| TOTAL | \$121,130 |
|-------|-----------|

✓

IV. Commodities

|                          |              |
|--------------------------|--------------|
| A. Postage               | \$1,200      |
| B. Telephone - Telegraph | 2,000        |
| C. Office Supplies       | <u>2,400</u> |
| TOTAL                    | \$5,600      |

V. Equipment

|                                                       |                       |
|-------------------------------------------------------|-----------------------|
| A. <del>Word Processing Equipment</del> New Equipment | \$3,600 <sup>75</sup> |
| B. Use of Existing Equipment                          |                       |

TOTALS

|                         |              |
|-------------------------|--------------|
| Personnel Services      | \$ 55,470    |
| Travel and Per Diem     | 69,250       |
| Contractual             | 121,130      |
| Commodities             | 5,600        |
| Equipment               | <u>8,675</u> |
| <sup>115</sup><br>TOTAL | \$260,125    |

✓

## I. Personnel Services

A. The Administrative Assistant position is proposed as an analytical as well as coordinating slot. The AA will serve three primary functions in the performance of the committees work:

1. Act as liaison between the committee as a whole, the subcommittees on specific subject areas and the experts chosen by the subcommittees. The AA will be responsible for assisting individual subcommittees in developing information and will assist in preparing a final ~~sub~~ ~~committees in developing information and will assist in~~ ~~preparing a final~~ subcommittee presentation to the committee of the whole.

*facilitator  
technical  
input resources  
(tie-in with  
the efforts)*

Develop independent information and data for the committee. This may consist of the development of completely new material and/or the use of existing materials in new correlations and configurations.

*creation of  
production of data*

*work product  
delivery responsibility*

Oversee the committees time frame progress on development of final committee report/proposal. This will include responsibility for securing and reporting on contractor compliance on all contractual services.

In addition the AA will be expected to perform such other duties as the chairman may direct.

*Technical Support*

B. The Research Assistant position is proposed as support for the individual subcommittees specifically and the committee of the whole generally. The RA will be responsible for assisting in the research and development of new materials as well as correlation of existing information.

C. The Secretary position is proposed as normal office support, including but not limited to word processing, filing, materials preparation and receptionist.

## II. Travel and Per Diem

### A. Staff

The committee proposes a staff travel budget that includes the following:

1. *2 per m* Sixteen trips by the administrative assistant over the expected 8 month interim period. Each trip is projected for 3 days, with costs estimated at \$250 per trip and per diem at \$50 per day.
2. Five trips by the research assistant over the expected interim period. The cost breakdown is, again, \$250 per three-day trip for transportation plus per diem at \$50 per day.
3. Four trips by the secretary with the same duration and cost factors as those used for the administrative and research assistants.

### B. Committees

As outlined previously the committee proposes the creation of 6 subcommittees to study and make recommendations in 6 areas of special interest. We propose that each subcommittee hold three meetings during the course of its study. It is anticipated that seven persons will attend each meeting.

#### 1. Senate Full Committee

5 Members times \$250 times 5 Meetings = \$6250

5 Members times \$50 times 5 Meetings times 2 Days = \$2500

#### 2. Subcommittees

7 Members times \$250 times 3 Meetings times

6 Committees = \$31,500

7 Members times \$50 times 3 Meetings times 3 Days

times 6 Committees = \$18,900

### III. Contractual

- A. In reviewing the list of existing and proposed studies relating to the Alaska Permanent Fund the committee has identified and recommends two specific studies at this time:

1. An assessment of Alaska's capital needs.
2. Analysis of existing capital funding structures; availability and performance.

In addition the committee is recommending the creation of 6 subcommittees to enable an in depth, analytical study of 6 specific areas of identifiable concern. It is proposed that each subcommittee have a contractual budget of \$5,000 to facilitate such studies. The committee also expects to contract other studies relating to broad economic policy.

- B. We anticipate an ability on the committees part and a willingness on the part of persons who have or are developing studies or information relating to the permanent fund to share such studies and information. Specifically we anticipate using studies and information that have been or will be developed by any source that has been funded with public monies.

In addition we expect to share access to any studies performed by or at the request of this committee with the house committee and anticipate a similar cooperation.

C. The committee proposes primary ~~to~~ communication with the Alaska public through a series of 3 tabloid publications'

1. Educational/Informational
2. Informational/Posing specific questions
3. Posing general solution alternatives in specific areas of concern.

In addition we have provided an amount for electronic communications. We anticipate a minimum amount of actual dollars will be needed in this area as communications through these mediums can be accomplished as a public service.

D. The committee anticipates a physical space need of approximately 750 square feet. This amount of space should prove adequate to committee needs.

IV. Commodities The committee proposes the following commodities budget as adequate to support its proposed work:

- A. Postage \$150 per month
- B. Telephone - Telegraph \$250 per month
- C. Office Supplies \$300 per month

V. Equipment

| <u>Equipment</u>                       | <u>Unit Cost</u> | <u>Total</u> |
|----------------------------------------|------------------|--------------|
| 3 Executive Desks                      | \$ 300           | \$ 900       |
| 3 Executive Chairs                     | 300              | 900          |
| 1 Standard Desk                        | 225              | 225          |
| 1 Typing Stand                         | 50               | 50           |
| 1 Typist Chair                         | 100              | 100          |
| 2 Calculators                          | 500              | 1000         |
| 1 Table                                | 400              | 400          |
| 6 Straight Back Chairs                 | 100              | 600          |
| 1 Coat Rack                            | 100              | 100          |
| 2 Bookcases                            | 100              | 200          |
| 2 File Cabinets<br>2-drawer legal size | 200              | 400          |
| 1 File Cabinet<br>4-drawer legal size  | 200              | 200          |
| 1 Mag Card II                          | <u>3600</u>      | <u>3600</u>  |
|                                        | TOTAL            | \$8675       |

SCOMM

#9:139

SENATE COMMITTEE ON THE PERMANENT FUND

OCTOBER 21, 1977

- A. SENATE PERMANENT FUND COMMITTEE OUTLINE
- B. LOAN PROGRAMS
  - 1. Budget & Audit narrative on loan programs and back-up.
  - 2. Agriculture Revolving Loan Fund Program, and Veterans' Revolving Loan Fund Program
- C. PERMANENT FUND COMMITTEE STRUCTURAL CHARTS AND DIAGRAMS
- D. OUTREACH QUESTIONNAIRES
  - 1. Banker Questionnaire
  - 2. Chamber of Commerce Questionnaire
  - 3. Rural Outreach Questionnaire
  - 4. Alaskan (Veteran) Questionnaire
  - 5. Teacher Questionnaire
  - 6. Veteran Questionnaire
  - 7. Public Employee Questionnaire
  - 8. Credit Union Questionnaire
- E. COMPTROLLER OF THE CURRENCY - LETTER
- F. SENATE PERMANENT FUND COMMITTEE RECENT CONTRACTS
  - 1. Dittman
  - 2. Alaska Sea Grant Program

# SPEC Outline

## I. ALASKA PERMANENT FUND

### A. Description of Funds

A special revenue fund created by Article IX, Section 15 of the Alaska Constitution.

1. The amendment provides that at least 25% of all:

- (a) mineral lease rentals
- (b) royalties
- (c) royalty sale proceeds
- (d) federal mineral revenue sharing payments
- (e) bonuses

will be placed in the Permanent Fund.

2. The amendment also provides that the principal amount of the Fund must be used for income-producing, investments specifically designated by the legislature as eligible investments.

3. The amendment provides that income from Permanent Fund investments shall be deposited in the General Fund unless otherwise provided by law.

### B. Purpose and Intent

1. The basic reasoning given for creation of the Fund was to provide a savings account for future use of non-recurring revenues from non-renewable resources.

2. The principal of the Fund remains intact while the interest could be used for general fund purposes.

## II. RENEWABLE RESOURCES FUND

### A. Description of Funds

A special revenue fund created by the legislature which is to comprise 5% of non-renewable resource revenues (as outlined in I.1.a-e).

### B. Purpose and Intent

1. To guarantee the enhancement and development of the state's renewable resources.

2. To provide funding for capital and operating appropriations for the rehabilitation, enhancement and development of renewable resource programs.

III. ALASKA LOAN PROGRAMS FUNDA. Description of Funds

A proposed enterprise fund which would provide for a single financial source of all the state-sponsored loan programs and to the private and public sector of Alaska. Program monies would be raised through the issuance of tax-exempt bonds.

1. The tax-exempt bonds would receive backup support from a portion of the interest earnings of the Permanent Fund.

2. The Renewable Resources Fund would be used to appropriate any subsidy to another loan program since it may appropriate by principal and interest. These subsidies may be in the form of:

- (a) ratio of loan to equity
- (b) lower than cost interest rates

3. The General Fund would be used to appropriate any subsidy to another loan program which is not within the areas covered by the Renewable Resources Fund.

B. Purpose and Intent

1. Low interest cost loans--The minimum markup of interest costs to the borrower, i.e. lowest possible interest cost, is the first recommended goal of the fund.

2. Long term money--The second goal is to make available to all sectors of Alaska long term money not available currently from existing Alaskan financial institutions.

3. Cost of living--If the two goals above are accomplished, this program should make a significant contribution to lowering the cost of living for Alaskan residents and operations of the private and public sector.

4. Efficient and effective service--The potential users would have a single source from which to gain assistance in obtaining a state loan or information as to where to be better served by an existing federal loan program.

5. Efficient and effective source of revenue--The fund raising is to be concentrated at one single state source rather than the various non-profit corporations or state single-purpose agencies. The subsequent bond issues are to be designed to provide the highest assurance that the money will be repaid on time, thus lowering the cost of borrowing and enhancing the total financial status of the state and its political subdivisions (boroughs and cities).

### C. Organization

1. Executive branch--In lieu of establishing a separate corporation or semi-independent agency, one proposal is to maintain all segments of the delivery of services, maintenance of fund management and bond issuances within the executive branch. An initial view would be:

(a) loan program services--all loans for whatever purposes would be processed through a Loan Program Division, Department of Commerce. The district offices would service all types of loans based upon detailed and uniform statutory standards.

(b) treasury management/collections

(1) cash management and investments--the fund would have a cash position with the state treasury, a division of the Department of Revenue, and all of its idle cash balances would be invested by the treasury, as well as various reserves created in each bond issued or created by statute.

(2) collection--The Department of Revenue would also be assigned the duty of collection of delinquent accounts. The statutes should give the state broad set-off powers to collect on delinquent loans from whatever funds come within the purview of the state.

(c) accounting

(1) the Department of Administration now accounts for the major government and business functions of the state. Responsibility for fund accounting would be assigned to this department.

(d) legislative checks and balances

(1) Budget and Audit Division--in lieu of periodic review of the various separate loan programs, this agency would have the responsibility for not less than quarterly review, but preferably continual auditing.

(2) State Bond Committee--the addition of a state senator and a state representative to the State Bond Committee, which is now comprised of the Commissioners of Administration, Revenue, and Commerce and Economic Development.

(e) citizen advisory

(1) to periodically observe, review operations, and report to the Governor and the Legislature;

- (a) any indication of political favoritism in any loan program
- (b) any apparent mismanagement
- (c) any apparent procedures which result in a disservice to those for whom the program was established

D. Bond Issuing Agencies

1. General Bond Issue - to Public

- (a) the State of Alaska
- (b) State of Alaska boroughs
- (c) State of Alaska cities

2. Special Bond Issue to Federal Agencies

In addition to the entities in III.D.1.a-c, (above) the following would be able to issue revenue bonds to federal agencies:

- (a) Native housing corporations
- (b) non-profit corporations
- (c) special federal corporations and agencies

3. Special Bond Issue to Alaska Loan Program Fund

- (a) Native housing corporations
- (b) non-profit corporations performing duties outlined in AS 29.48, or specific statutorily assigned functions
- (c) special federal corporations and agencies

IV. THE BONDS

A. Description of Bonds

The bonds are to be paid from the interest earnings and principal payments of the various loan programs. As such, the bonds do not have the full faith and credit pledge of the State of Alaska as is the case with general obligation bonds.

B. Proceeds of the Bonds

The proceeds of each issue shall be distributed as follows:

1. Debt Service Reserve

The capital reserve accounts shall be equal to the lesser of either 15% of the original face amount of the issue, or the sum of 5% of the original face amount of the issue, plus the lesser c

- (a) 1 1/3 times equal to one year's debt service on the issue on an assumed level annual debt service schedule over the term of the issue, or;
- (b) an amount equal to the maximum annual debt service of the issue.

2. Operating Account

That amount of the proceeds necessary to pay for the total expense of the bond issue.

3. Loan Account

The balance of the proceeds

C. Debt Service Reserves

1. Authorized Investments

- (a) all direct obligations of the U.S. Government
- (b) all agency issues guaranteed by the U.S. Government
- (c) taxable corporate bonds with at least an AA rating from one of the national rating bureaus

2. Distribution of Interest Earnings

- (a) operating accounts
- (b) repayment of any advances from the General Fund
- (c) insurance reserve in the Alaska Permanent Fund

3. Distribution of Debt Service Reserve Upon Final Bond Payment

- (a) upon payment of bonds, the reserve is transferred to the debt service payment account
- (b) any excess may be transferred to the General Fund

D. Loan Program

1. Multi-purpose--The bonds will be utilized to fund all those presently qualifying as non-industrial bonds and industrial bonds (exempt), and those non-exempt but qualified under the statutory \$5 million rule.

D. Loan Program (cont.)

Care will be taken to comply with the IRS guidelines of less than a major portion going into the industrial bond classification; these being:

- (a) housing
- (b) commercial-general
- (c) commercial-renewable resource
  - (1) agriculture
  - (2) fishing
  - (3) timber
  - (4) municipal loans
  - (5) non-profit corporations operating hospitals or providing functions that the state or a municipality may perform
  - (6) those exempt from the industrial bonding limitations in transportation, pollution control and industrial parks

2. Back-up Provisions

- (a) the Alaska Permanent Fund is to be utilized to provide:
  - (1) make-up reserves account within the Alaska Permanent Fund--this account to be that necessary percentage to bring the basic bond issue to an AA bond rating
  - (2) insurance account--with the Alaska Permanent Fund, an insurance account will be established from the fees paid by loan program users, which will be used to pay the Alaska Loan Program for any default in specific loans outstanding. Specific liability for large AA corporation issues may not be provided, but all will pay the insurance fee to the Alaska Permanent Fund.
  - (3) reserve accounts released-- these reserve accounts are to be released when the specific issue has been repaid or refunded.
- (b) the Renewable Resources Development Fund will be utilized to provide a subsidy in the form of less than standard loan to equity ratio, lower than going rate of interest and fee requirements, and/or high risk loans by:
  - (1) direct appropriation of the difference between the standard statutory ration outlined for the loan program. This appropriation is to be maintained in a make-up reserve account within the Renewable Resources Development Fund.
  - (2) direct appropriation for loans which have interest charges below interest cost. Said appropriation is to take place annually and be transferred to the Alaska Loan Program Fund.
  - (3) grants or participation to the commercial activity may be processed at the same time the loan is being processed.

- (c) the General Fund will be used to provide subsidies for those areas which are below the required interest rates and fees of the Alaska Loan Program Fund, including:
  - (1) student loans
  - (2) child care facilities
  - (3) water resources
  - (4) senior citizens housing
  - (5) historical projects
  - (6) some types of municipal borrowing
  - (7) any other projects specified by the legislature
- (d) World War II Veteran's Fund would no longer be a direct loan program, but would supply the subsidized interest cost if loans are to be made at below the cost of the Alaska Loan Program Fund. Special loans, (such as the presently authorized \$10,000 character loan) would be fully insured by this fund. If and when the available fund's balance is exhausted, the subsidy program could be continued by the general fund.
- (e) Agricultural Revolving Loan Fund. Same as (d) above. In this case, irrigation loans and the balance of the program's subsidy activities would be carried out by the Renewable Resources Fund when the available fund balance is exhausted.

#### E. Alaska Permanent Fund

##### 1. Loss reserve account for the Alaska Loan Program Fund Bonds

- (a) interest earnings appropriated on a continuing basis to fund this reserve account, which will be not less than \_\_\_\_\_% of the principal amount of debt outstanding in the Alaska Loan Program Fund.
- (b) investments authorized are the same as the capital reserve of the Alaska Loan Program Fund.
- (c) interest thereon reinvested with the account until the statutory balance is reached.
- (d) excess is to go to the insurance reserve account until a statutory balance is reached.
- (e) this account is to make up any deficiency in either the capital reserve account of the Alaska Loan Program Fund or the insurance reserve account if it is depleted by losses.
- (f) there is appropriated from the first available earnings of the Permanent Fund principal monies to replace any disbursements from this account to bring the balance to \_\_\_\_\_%.

(2) Fire insurance reserve account

- (a) a fee on money borrowed from the Alaska Loan Program Fund will be deposited into this account for those areas where fire insurance is unavailable at reasonable cost.
- (b) the account will either purchase group fire insurance on all loans or self-insure.
- (c) if depleted because of losses, the funds will be made up in turn by the mortgage insurance reserve account or the loss capital reserve account.
- (d) a reserve balance will be established based upon a study of Alaskan fire losses

(3) Mortgage insurance reserve account for the Alaska Loan Program Fund

- (a) a fee on money borrowed from the Alaska Loan Program Fund will be deposited into this account.
- (b) an accommodation fee for each industrial bond issued will be deposited to this account, although the issue may not be insured.
- (c) investments in securities as authorized in the capital reserve account of the Alaska Loan Program Fund.
- (d) when the account reaches the greater of the total of the highest ten (10) loans, or 2% of the total outstanding loans, the balance may be appropriated for other purposes.
- (e) all loans in default will be transferred from the Alaska Loan Program Fund, which will be totally reimbursed. Thereafter, the treasury division will proceed to process collections and reimburse this account with any proceeds received from that action.

# LOAN PROGRAMS

At the direction of the prime contractor of the Senate Permanent Fund Committee, inquiries were sent out to the state agencies administering loan programs (including the Alaska Housing Finance Corporation, which enjoys an independent status and is on a different fiscal year than the other agencies). The agencies were requested to fill out forms defining their personal service and other operating costs for fiscal years 1975 through 1978 (estimating for FY 78). They were also requested to provide the number of loans, total amount of loans granted, and average "cost per loan", (that being determined by dividing the total program cost by the number of loans processed). Where possible, agencies were requested to identify personnel and costs associated with loan processing and personnel and costs associated with loan collections. Many agencies, however, have no such breakdown and for that reason, direct comparison of workload cost figures is not possible.

The reason for requesting this information was to determine what costs the state incurs in its administration of loan programs. It should be pointed out that the charts which follow should not be examined as a strict measure of cost effectiveness of programs. There are obviously many other factors to be taken into consideration in measuring the cost and program effectiveness of loan programs, including delinquency rates, adherence to legislative directives, satisfaction of the public, and, of course, the difference in complexity of the various programs (for example, much less is involved in processing a student loan application than in a loan for a senior citizens' housing development). It should also be noted that the Municipal Bond Bank experienced high costs in its formation which are reflected in the figures but gives an inflated impression of its "cost per loan".

Figures on the Agricultural Loan Fund and Veteran Loan Fund, which can be viewed as "bad" and "good" programs based on delinquency figures, follow the fiscal year charts for all loan programs.

In FY 75, the state loan programs employed 49.2 people, with salary and benefits of \$758,125; all other costs of \$288,937; making a total of \$1,047,062. In FY 78, there are 69.2 positions; salary and benefits of \$1,637,100; all other costs of 709,600; for a total of \$2,346,700.

These figures do not include Alaska Housing Finance Corporation, which is the last chart in the group. Our information from them is incomplete, (forms lost in the mail for a month, not lack of cooperation). However, the information received over the telephone indicates that their per loan cost is substantially lower than all other state programs. The information we do have is not incorporated in the totals because they are an independent corporation operating on a different fiscal year than the rest of the state.

## GRAM: Student Financial Aid

| Year  | No. Employees | Salary/Benefits | Travel/Other | Grand Total | No. of Loans       | \$ Amt Loans            | Cost per Loan |
|-------|---------------|-----------------|--------------|-------------|--------------------|-------------------------|---------------|
| FY 75 | 5.8           | 94.6            | 45.90        | 140.5       | 1457               | 2,659,807               | \$96          |
| FY 76 | 7.8           | 128.8           | 50.10        | 178.9       | 1719               | 3,382,997               | \$104         |
| FY 77 | 7.8           | 165.9           | 83.7         | 249.6       | 1921               | 3,850,507               | \$130         |
| FY 78 | 14.2          | 252.3           | 82.90        | 335.2       | 2100<br>(estimate) | no estimate<br>provided | \$160         |

PROGRAM:

## Division of Veteran's Affairs (Loans)

| Year  | No. Employees | Salary/Benefits | Travel/Other | Grand Total | No. of Loans | \$ Amt Loans | Cost per Loan |
|-------|---------------|-----------------|--------------|-------------|--------------|--------------|---------------|
| FY 75 | 30            | 436,000         | 172,300      | 608,300     | 1,164        | 46,000,000   | 522.59        |
| FY 76 | 31            | 635,000         | 208,900      | 843,900     | 1,160        | 54,000,000   | 727.50        |
| FY 77 | 37            | 743,600         | 606,600      | 1,350,200   | 1,254        | 57,000,000   | 1,076.71      |
| 38    | 851,100       | 275,700         | 1,126,800    | 2,100       | 97,000,000   | 536.57       |               |

GRAM:

## Bond Bank Authority

| Year  | No. Employees  | Salary/Benefits | Travel/Other | Grand Total | No. of Loans | \$ Amt Loans             | Cost per Loan |
|-------|----------------|-----------------|--------------|-------------|--------------|--------------------------|---------------|
| FY 75 | Created during | 75 legislative  | session.     |             |              |                          |               |
| FY 76 | 1              | 31,566          | 92,726       | 124,292     | 2            | 3,000,000                | 62,146        |
| FY 77 | 1              | 45,240          | 154,069      | 199,309     | 6            | 12,670,000               | 33,218        |
| FY 78 | 1              | 65,000          | 186,200      | 251,200     |              | 15,000,000<br>(estimate) |               |

PROGRAM: Senior Citizens Housing Development Fund

| Year  | No. Employees | Salary/Benefits | Travel/Other | Grand Total | No. of Loans | \$ Amt Loans | Cost per Loan |
|-------|---------------|-----------------|--------------|-------------|--------------|--------------|---------------|
| FY 75 | NO ACTIVITY   |                 |              |             |              |              |               |
| FY 76 | NO ACTIVITY   |                 |              |             |              |              |               |
| FY 77 | 1             | 12,569          | 16,329       | 28,898      | 2            | 1,300,000    | 14,449        |
| FY 78 | 1             | 39,400          | 29,200       | 68,600      | 6,200,000    |              |               |

GRAM: Agricultural Revolving Loan Fund

| Year  | No. Employees | Salary/Benefits | Travel/Other | Grand Total | No. of Loans | \$ Amt Loans | Cost per Loan |
|-------|---------------|-----------------|--------------|-------------|--------------|--------------|---------------|
| FY 75 | 4             | 60,571.28       | 17,667.02    | 78,238.30   | 245          | 4,185,590.39 | 247.23        |
| FY 76 | 4             | 63,079.74       | 11,680.63    | 74,760.37   | 207          | 4,270,851.30 | 364.54        |
| FY 77 | 4             | 62,106.20       | 13,487.27    | 75,593.47   | 205          | 4,546,164.27 | 368.73        |
| FY 78 | 4             | 104,500.00      | 34,700.00    | 139,200.00  | 245          | 5,000,000.00 | 563/16        |

GRAM: Small Business Revolving Loan Fund

| Year        | No. Employees                                                                                                                                 | Salary/Benefits | Travel/Other  | Grand Total   | No. of Loans | \$ Amt Loans | Cost per Loan |
|-------------|-----------------------------------------------------------------------------------------------------------------------------------------------|-----------------|---------------|---------------|--------------|--------------|---------------|
| FY 75       |                                                                                                                                               |                 |               |               |              |              |               |
| processing  | 3                                                                                                                                             | 57,593          | 17,404        | 72,302        | 105          | 6,605,009    | \$688         |
| collections | <u>.7</u>                                                                                                                                     | <u>14,398</u>   | <u>      </u> | <u>17,404</u> | 88           | 4,098,925    | <u>\$194</u>  |
|             | 3.7                                                                                                                                           | 71,991          | 17,404        | 89,395        | 88           |              |               |
| FY 76       |                                                                                                                                               |                 |               |               |              |              |               |
| processing  | 1.8                                                                                                                                           | 45,338          | 12,948        | 58,286        | 79           | 5,917,609    | \$737         |
| collections | <u>.5</u>                                                                                                                                     | <u>11,334</u>   | <u>2,207</u>  | <u>13,541</u> | 113          | 6,160,805    | \$120         |
|             | 2.3                                                                                                                                           | 56,672          | 15,155        | 71,827        |              |              |               |
| FY 77       |                                                                                                                                               |                 |               |               |              |              |               |
| processing  | 2.4                                                                                                                                           | 61,583          | 21,941        | 83,524        | 109          | 7,865,955    | 766           |
| collections | .6                                                                                                                                            | 15,395          | 3,960         | 19,355        | 145          | 8,296,189    | 133           |
|             | 3.0                                                                                                                                           | 76,978          | 25,901        | 102,879       |              |              |               |
| FY 78       | In FY 78 several loan programs were consolidated under the Division of Business Loans in the Department of Commerce and Economic Development. |                 |               |               |              |              |               |

PROGRAM:

## Commercial Fishing Revolving Loan Fund

| Year        | No. Employees                                                                                                                                 | Salary/Benefits | Travel/Other | Grand Total   | No. of Loans | \$ Amt Loans | Cost per Loan |
|-------------|-----------------------------------------------------------------------------------------------------------------------------------------------|-----------------|--------------|---------------|--------------|--------------|---------------|
| FY 75       |                                                                                                                                               |                 |              |               |              |              |               |
| processing  | 3                                                                                                                                             | 57,593          | 14,709       | 72,302        | 105          | 4,122,099    | 688           |
| collections | <u>.7</u>                                                                                                                                     | <u>14,398</u>   | <u>2,965</u> | <u>17,093</u> | 76           | 2,819,829    | 224           |
|             | 3.7                                                                                                                                           | 71,991          | 17,404       | 89,395        |              |              |               |
| FY 76       |                                                                                                                                               |                 |              |               |              |              |               |
| processing  | 4.3                                                                                                                                           | 104,800         | 28,740       | 133,540       | 184          | 8,533,310    | 726           |
| collecting  | <u>1.0</u>                                                                                                                                    | <u>26,200</u>   | <u>7,185</u> | <u>33,385</u> | 141          | 5,724,919    | 236           |
|             | 5.3                                                                                                                                           | 131,000         | 35,925       | 166,925       |              |              |               |
| FY 77       |                                                                                                                                               |                 |              |               |              |              |               |
| processing  | 5.7                                                                                                                                           | 138,031         | 46,785       | 184,816       | 244          | 10,695,498   | 757           |
| collecting  | <u>1.4</u>                                                                                                                                    | <u>34,507</u>   | <u>9,713</u> | <u>44,220</u> |              |              |               |
|             | 7.1                                                                                                                                           | 172,538         | 56,498       | 229,036       |              |              |               |
| FY 78       | In FY 78 several loan programs were consolidated under the Division of Business Loans in the Department of Commerce and Economic Development. |                 |              |               |              |              |               |

| Year  | No. Employees                                                       | Salary/Benefits | Travel/Other | Grand Total | No. of Loans | \$ Amt Loans | Cost per Loan |
|-------|---------------------------------------------------------------------|-----------------|--------------|-------------|--------------|--------------|---------------|
| FY 75 | 1                                                                   | 10,452          | 12,296       | 22,748      | 19           | 3,055,248    | 1197          |
| FY 76 | 1                                                                   | 11,711          | 12,488       | 24,199      | 18           | 2,237,499    | 1344          |
| FY 77 | 1                                                                   | 7,850           | 10,270       | 18,120      | 16           | 1,988,716    | 1133          |
| FY 78 | COMBINED WITH OTHER LOANS UNDER DIVISION OF BUSINESS LOANS IN FY 78 |                 |              |             |              |              |               |

GRAM: Child Care Facilities Revolving Loan Fund

| Year        | No. Employees | Salary/Benefits                                                                                                                                 | Travel/Other | Grand Total | No. of Loans | \$ Amt Loans | Cost per Loan |
|-------------|---------------|-------------------------------------------------------------------------------------------------------------------------------------------------|--------------|-------------|--------------|--------------|---------------|
| FY 75       | NO ACTIVITY   |                                                                                                                                                 |              |             |              |              |               |
| FY 76       | NO ACTIVITY   |                                                                                                                                                 |              |             |              |              |               |
| FY 77       |               |                                                                                                                                                 |              |             |              |              |               |
| processing  | .04           | 1061                                                                                                                                            | 380          | 1441        | 2            | 20,000       | 720           |
| collections | <u>.01</u>    | <u>265</u>                                                                                                                                      | <u>73</u>    | <u>338</u>  | 1            | 9,691        | 338           |
|             | .05           | 1326                                                                                                                                            | 453          | 1779        |              |              |               |
| FY 78       |               | In FY 78 several loan programs were consolidated under the Department of Business Loans in the Department of Commerce and Economic Development. |              |             |              |              |               |

**GRAM:**

FY 75

NO ACTIVITY

FY 76

NO ACTIVITY

FY 77

Processing  
collections

.04

1061

380

1441

2

600,000

720

.01

265

73

338

1

450,000

338

.05

1326

453

1779

FY 78

In FY 78 several loan programs were consolidated under the Department of Business Loans in the Department of Commerce and Economic Development.

### PROGRAM:

FY 75

NO ACTIVITY

FY 76

NO ACTIVITY

FY 77  
processing  
collecting

.08

2,123

761

2,884

4

1,600,000

721

.02

530

148

678

1

1,400,000

678

.1

2,653

909

3,562

FY 78

In FY 78 several loan programs were consolidated under the Division of Business Loans in the Department of Commerce and Economic Development.

GRAM:

## Tourism Revolving Loan Fund

| Year        | No. Employees                                                                                                                                | Salary/Benefits | Travel/Other | Grand Total  | No. of Loans | \$ Amt Loans | Cost per Loan |
|-------------|----------------------------------------------------------------------------------------------------------------------------------------------|-----------------|--------------|--------------|--------------|--------------|---------------|
| FY 75       |                                                                                                                                              |                 |              |              |              |              |               |
| processing  | .8                                                                                                                                           | 10,016          | 2,556        | 12,572       | 18           | 8,983,925    | 698           |
| collections | <u>.2</u>                                                                                                                                    | <u>2,504</u>    | <u>468</u>   | <u>2,972</u> | 14           | 4,808,425    | 212           |
|             | 1.0                                                                                                                                          | 12,520          | 3,024        | 15,544       |              |              |               |
| FY 76       |                                                                                                                                              |                 |              |              |              |              |               |
| processing  | .4                                                                                                                                           | 6,256           | 1,828        | 8,084        | 11           | 3,816,725    | 734           |
| collections | <u>.1</u>                                                                                                                                    | <u>1,564</u>    | <u>315</u>   | <u>1,879</u> | 21           | 8,611,947    | 89            |
|             | .5                                                                                                                                           | 7,820           | 2,143        | 9,963        |              |              |               |
| FY 77       |                                                                                                                                              |                 |              |              |              |              |               |
| processing  | .24                                                                                                                                          | 6,370           | 2,199        | 8,563        | 11           | 5,749,857    | 779           |
| collections | <u>.06</u>                                                                                                                                   | <u>1,592</u>    | <u>448</u>   | <u>2,040</u> | 24           | 10,076,750   | 85            |
|             | .30                                                                                                                                          | 7,962           | 2,647        | 10,608       |              |              |               |
| FY 78       | In FY 78 several loan programs were consolidated under the Division of Business Loans in the Department of Commerce and Economic Development |                 |              |              |              |              |               |

GRAM: SMALL BUSINESS DEVELOPMENT CORPORATION

| Year  | No. Employees                                                                           | Salary/Benefits | Travel/Other | Grand Total | No. of Loans | \$ Amt Loans | Cost per Loan |
|-------|-----------------------------------------------------------------------------------------|-----------------|--------------|-------------|--------------|--------------|---------------|
| FY 75 |                                                                                         |                 | 2,942        | 2,942       | 20           | 439,585      | 147           |
| FY 76 |                                                                                         |                 | 4,740        | 4,740       | 20           | 390,699      | 237           |
| FY 77 |                                                                                         |                 | 9,023        | 9,023       | 20           | 379,350      | 451           |
| FY 78 | CONSOLIDATED WITH SEVERAL OTHER LOAN PROGRAMS UNDER DIVISION OF BUSINESS LOANS IN FY 78 |                 |              |             |              |              |               |

PROGRAM: DIVISION OF BUSINESS LOANS/COMBINED PROGRAMS

| Year                               | No. Employees           | Salary/Benefits                     | Travel/Other                       | Grand Total                         | No. of Loans | \$ Amt Loans | Cost per Loan |
|------------------------------------|-------------------------|-------------------------------------|------------------------------------|-------------------------------------|--------------|--------------|---------------|
|                                    |                         |                                     |                                    |                                     |              |              |               |
|                                    |                         |                                     |                                    |                                     |              |              |               |
|                                    |                         |                                     |                                    |                                     |              |              |               |
| FY 78<br>Processing<br>Collections | 8.8<br><u>2.2</u><br>11 | 259,840<br><u>64,960</u><br>324,800 | 87,640<br><u>13,260</u><br>100,900 | 347,480<br><u>78,200</u><br>425,700 | 500<br>1000  |              | 695<br>78     |

GRAM:

ALASKA HOUSING FINANCE CORPORATION

INFO IN COMPLETE

| Year                                           | No. Employees | Salary/Benefits | Travel/Other | Grand Total | No. of Loans | \$ Amt Loans | Cost per Loan |
|------------------------------------------------|---------------|-----------------|--------------|-------------|--------------|--------------|---------------|
| FY 77<br>(Dec. 1, 1976<br>to Nov. 30,<br>1977) | 10            |                 |              | 265,850     | 2365         |              | \$112.41      |
| FY 78                                          | 10            |                 |              | 341 800     | 1750, est.   |              | 195.31        |
|                                                |               |                 |              |             |              |              |               |
|                                                |               |                 |              |             |              |              |               |

The data sheets attached relate specifically to the Veterans Loan Program and the Agricultural Loan Program. These two were chosen as examples of programs at opposite ends of the spectrum as evidenced by their delinquency rate. Budget and Audit recently completed an audit on the Agricultural Loan Program and found that of roughly \$4 million outstanding in loans, \$1.4 million was delinquent. This was chosen as the "worst" case, primarily because it is the only loan program that has been recently audited. The Veterans Loan Program has not been audited since February, 1975, but at that time 10.2% of the outstanding loans were delinquent - in excess of \$5 million. In a recent conversation with the Assistant Director of Veterans Loans, the current rate of delinquency was stated as being under 2%. There is no way of determining the accuracy of this information at the present time.

The Veterans Loan Program presently is operating 3 regional offices, one each in Juneau, Anchorage, and Fairbanks. The Agricultural Loan Program has an office in Palmer and loans are processed through this office only.

The attached sheets break down the costs of the loan programs by number of employees and workload for each year since 1975.

AGRICULTURE REVOLVING LOAN FUND  
PRO FORMA BALANCE SHEET - CASH BASIS  
June 30, 1976

ASSETS:

|                                   |                    |
|-----------------------------------|--------------------|
| Cash in Transit                   | \$ 43,525          |
| Cash in Treasury                  | 166,715            |
| Loans Receivable                  | 3,764,294          |
| Allowance for Uncollectable Loans | <u>(640,480)</u>   |
| Total Assets                      | <u>\$3,334,054</u> |

LIABILITIES AND FUND BALANCE

LIABILITIES:

|                                    |                    |
|------------------------------------|--------------------|
| Due General Fund                   | \$ 150,000         |
| Reserve for Encumbrances           | <u>-0-</u>         |
| Total Liabilities                  | <u>150,000</u>     |
| Fund Balance:                      |                    |
| General Fund Contributions         | 3,440,000          |
| Retained Earnings                  | <u>(255,946)</u>   |
| Total Fund Balance                 | <u>3,184,054</u>   |
| Total Liabilities and Fund Balance | <u>\$3,334,054</u> |

The above Pro Forma Balance Sheet has been adjusted to give retroactive recognition as of June 30, 1976, to an allowance for uncollectable loans in the amount of \$640,480.

AGRICULTURE REVOLVING LOAN FUND  
SCHEDULE OF DELINQUENT LOANS  
June 30, 1976 and January 31, 1977

| Name               | Loan No.<br>Int. Rate | Date     | Originals<br>Amount | Matures  | Principal<br>Balance<br>6/30/76 | Amount<br>of<br>Payment | No. of<br>Payments<br>Past Due | Principal<br>Balance<br>1/31/77 (1) | No. of<br>Payments<br>Past Due | Comments         |
|--------------------|-----------------------|----------|---------------------|----------|---------------------------------|-------------------------|--------------------------------|-------------------------------------|--------------------------------|------------------|
| Bannon             | C-515-6               | 8-19-71  | \$ 2,394            | 8-19-76  | \$ 712                          | \$ 281-S/A              | 1                              | \$ 712                              | 2                              |                  |
| Bannon             | IR-7-4                | 5-14-70  | 10,350              | 12-31-76 | 4,974                           | 860-S/A                 | 4                              | 4,974                               | 6                              |                  |
| Bannon             | IR-30-4               | 7- 2-70  | 11,000              | 7- 2-80  | 7,427                           | 1,357-A                 | 2                              | 7,427                               | 3                              |                  |
| Depriest           | IR-13-4               | 12-10-70 | 16,000              | 5-10-80  | 12,105                          | 471-Q                   | 8                              | 11,159                              | 8                              |                  |
| Devillbiss         | IR-24-4               | 10-23-70 | 13,000              | 10-23-80 | 11,980                          | Beg. 10-71              | 35                             | 11,980                              | 42                             |                  |
|                    |                       |          |                     |          |                                 | 146-M                   |                                |                                     |                                |                  |
| Devillbiss         | IR-37-4               | 1-28-71  | 16,000              | 1-28-81  | 13,747                          | Beg. 10-71              | 29                             | 13,449                              | 30                             |                  |
|                    |                       |          |                     |          |                                 | 173-M                   |                                |                                     |                                |                  |
| Hartman            | C-575-6               | 8-30-74  | 54,000              | 7-25-81  | 50,305                          | 789-M                   | 13                             | 50,305                              | 20                             |                  |
| Hartman            | C-594-6               | 4-30-75  | 44,750              | 4-25-78  | 41,280                          | 1,361-M                 | 10                             | 41,280                              | 17                             |                  |
| Lewis              | F-292-6               | 4-15-74  | 37,431              | 3-15-94  | 36,790                          | 1,620-S/A               | 2                              | 36,790                              | 3                              |                  |
| Lewis              | IR-4-4                | 5-21-70  | 20,000              | 5-20-77  | 9,615                           | 1,650-S/A               | 4                              | 9,615                               | 5                              |                  |
| Lewis              | IR-44-4               | 8-16-72  | 5,531               | 8-16-77  | 3,490                           | 1,236-A                 | 1                              | 3,490                               | 2                              |                  |
| Mothershead        | F-261-5½              | 3-15-72  | 12,000              | 2-15-97  | 12,000                          | 76-M                    | 47                             | 12,000                              | 12                             |                  |
| Vickaryous         | IR-9-4                | 12-31-71 | 27,000              | 6-15-81  | 21,332                          | 303-M                   | 20                             | 21,332                              | 27                             |                  |
| Vickaryous         | IR-36-4               | 12-31-71 | 18,000              | 6-15-81  | 14,222                          | 202-M                   | 20                             | 14,222                              | 27                             |                  |
| Wolverine          | F-230-5½              | 12- 9-70 | 100,000             | 4- 9-98  | 98,293                          | 600-M                   | 7                              | 96,779                              | 5                              |                  |
| Barnett            | F-162-4½              | 6-10-64  | 6,000               | 6- 9-84  | 2,881                           | 40-M                    | 5                              | 2,881                               | 12                             |                  |
| Cowell             | C-444-5½              | 4- 1-68  | 8,400               | 3-31-75  | 8,398                           | Beg. 4-69               | 8                              | 8,398                               | 8                              |                  |
|                    |                       |          |                     |          |                                 | 1,200-A+                |                                |                                     |                                |                  |
| McKee              | C-525-6               | 11-12-71 | 7,000               | 12-10-76 | 5,967                           | 136-M                   | 33                             | 5,959                               | -0-                            | (Extended 11-4-7 |
| McKee              | F-165-4½              | 6-15-64  | 11,000              | 6-15-84  | 8,073                           | 65-M                    | 19                             | 8,073                               | -0-                            | " "              |
| McKee              | F-211-5½              | 10- 9-70 | 65,156              | 10- 9-90 | 64,600                          | 455-M                   | 36                             | 64,600                              | -0-                            | " "              |
| McKee              | F-238-5½              | 4-28-71  | 15,000              | 5- 1-91  | 14,779                          | 108-M                   | 17                             | 14,779                              | -0-                            | " "              |
| McKee              | F-304-6               | 7- 9-75  | 27,490              | 7- 9-90  | 27,430                          | 236-M                   | 4                              | 27,430                              | -0-                            | " "              |
| OHM Inc.           | F-220-5½              | 12- 1-72 | 37,000              | 12- 1-91 | 37,000                          | 3,188-A                 | 2                              | 37,000                              | 3                              |                  |
| OHM Inc.           | F-228-4               | 12- 1-72 | 16,000              | 12- 1-82 | 16,000                          | 979-S/A                 | 6                              | 16,000                              | 7                              |                  |
| OHM Inc.           | F-244-5½              | 12- 1-72 | 40,000              | 12- 1-91 | 40,000                          | 3,447-A                 | 2                              | 40,000                              | 3                              |                  |
| OHM Inc.           | F-266-5½              | 12- 1-72 | 32,103              | 12- 1-94 | 32,103                          | 2,552-A                 | 2                              | 32,103                              | 3                              |                  |
| OHM Inc.           | IR-23-4               | 7- 1-70  | 80,000              | 10- 1-90 | 79,989                          | 4,000-A                 | 5                              | 79,989                              | 6                              |                  |
|                    |                       |          |                     |          |                                 | + Int.                  |                                |                                     |                                |                  |
| Becker/<br>Johnson | S-735-6               | 11-27-72 | 6,000               | 11-27-73 | 5,379                           | 200-M                   | 12                             | 5,379                               | 12                             |                  |
|                    |                       |          |                     |          |                                 | for 11 Mo.              |                                |                                     |                                |                  |
|                    |                       |          |                     |          |                                 | Balloon 11/73           |                                |                                     |                                |                  |
| Becker/<br>Johnson | F-240-5½              | 7-26-71  | 25,000              | 7-26-91  | 23,751                          | 2,092-A                 | 2                              | 23,751                              | 1                              |                  |
| Jefferson          | F-167-6               | 5-15-71  | 16,500              | 9- 1-84  | 11,865                          | 150-M                   | 3                              | 11,361                              | 2                              |                  |
| Clark              | S-728-6               | 6-23-72  | 3,000               | 6-23-73  | 2,751                           | 1,500-A                 | 2                              | 2,751                               | 2                              |                  |
| Doll               | F-247-5½              | 10- 1-71 | 30,000              | 10- 1-91 | 30,000                          | 217-M                   | 36                             | 30,000                              | 43                             |                  |
| Doll               | F-259-5½              | 2-23-72  | 15,000              | 2-23-77  | 14,825                          | 277-M                   | 45                             | 14,825                              | 52                             |                  |
| Fett               | S-632-6               | 5- 8-70  | 13,800              | 5- 7-71  | 8,818                           | In Full 71              | 1                              | 8,818                               | 1                              |                  |

STATE OF ALASKA

18 (a)

DIVISION OF LEGISLATIVE AUDIT

AGRICULTURE REVOLVING LOAN FUND  
SCHEDULE OF DELINQUENT LOANS  
June 30, 1976 and January 31, 1977

| Name                         | Loan No.<br>Int. Rate | Date     | Originals<br>Amount | Matures  | Principal<br>Balance<br>6/30/76 | Amount<br>of<br>Payment                   | No. of<br>Payments<br>Past Due | Principal<br>Balance<br>1/31/77 (1) | No. of<br>Payments<br>Past Due | Comments                                        |
|------------------------------|-----------------------|----------|---------------------|----------|---------------------------------|-------------------------------------------|--------------------------------|-------------------------------------|--------------------------------|-------------------------------------------------|
| Fetts Mt.<br>View Farm       | S-666-6               | 4-27-71  | \$ 13,500           | 4- 7-72  | \$ 13,500                       | In Full 72                                | 1                              | \$ 13,500                           | 1                              |                                                 |
| Fetts Mt.<br>View Farm       | C-549-6               | 9-29-72  | 28,277              | 11-15-77 | 27,950                          | 550-M                                     | 43                             | 27,950                              | 50                             |                                                 |
| Fetts Mt.<br>View Farm       | F-264-5½              | 5-10-72  | 13,000              | 8-10-92  | 13,000                          | 90-M                                      | 49                             | 13,000                              | 56                             |                                                 |
| Fetts Mt.<br>View Farm       | F-226-5½              | 11- 3-70 | 137,027             | 11- 3-90 | 137,061                         | 832-M                                     | 54                             | 137,061                             | 52                             |                                                 |
| Fett                         | IR-14-4               | 5-25-70  | 40,272              | 12-15-77 | 37,495                          | 3,310-S/A                                 | 9                              | 37,495                              | 10                             |                                                 |
| Green, Dennis                | IR-15-4               | 5-11-70  | 5,300               | 11-15-77 | 1,283                           | 435-S/A                                   | 1                              | 460                                 | -0-                            |                                                 |
| Gurd, Royce                  | F-307-6               | 6-18-75  | 4,500               | 5- 1-78  | 3,876                           | 830-S/A                                   | 1                              | 3,876                               | 2                              |                                                 |
| Sanderson                    | F-257-5½              | 12-31-71 | 2,200               | 12-23-76 | 2,169                           | 43-M                                      | 41                             | 950                                 | 17                             |                                                 |
| Sturgis                      | S-795-6               | 5-17-74  | 20,998              | 5-17-75  | 12,592                          | In full 75                                | 1                              | 12,592                              | 1                              |                                                 |
| Sturgis                      | F-277-5½              | 5-10-73  | 75,600              | 2- 1-93  | 73,053                          | 6,327-A                                   | 2                              | -0-                                 | -0-                            | Assumed by 3rd party                            |
| Aleutian.<br>Livestock       | F-232-5½              | 12- 7-70 | 120,000             | 12-15-77 | 111,045                         | 10,000-73<br>20,000-74<br>30,000-75-76-77 | 3                              | 111,675                             | 4                              |                                                 |
| Vickaryous                   | S-830-6               | 5-21-75  | 25,000              | 5-21-76  | 25,000                          | In full 76                                | 1                              | 25,000                              | 1                              |                                                 |
| Wilson                       | C-500-6               | 4-20-73  | 4,300               | 4-20-78  | 2,846                           | 1,021-A                                   | 1                              | 1,961                               | -0-                            |                                                 |
| Bramond                      | S-603-6               | 4-19-69  | 1,900               | 4-18-70  | 571                             | 950-S/A                                   | 1                              | 570                                 | 1                              | Written off<br>March 24, 1977                   |
| Bramond                      | C-454-5½              | 11-10-68 | 6,269               | 11-10-73 | 5,528                           | 625-S/A                                   | 9                              | 5,528                               | 9                              | " "                                             |
| Loud                         | S-497-6               | 4- 5-65  | 5,000               | 10- 1-75 | 2,176                           | 100-M                                     | 22                             | 2,176                               | 22                             | " "                                             |
| Kelly                        | C-280-5               | 6-23-63  | 5,400               | 5-22-68  | 2,658                           | 105-M                                     | 25                             | 2,658                               | 25                             | " "                                             |
| Mothershead                  | C-546-6               | 5-25-72  | 1,613               | 11-25-72 | 576                             | In full 72                                | 1                              | 576                                 | 1                              | " "                                             |
| Poindexter                   | S-576-6               | 6-20-67  | 2,000               | 6-19-68  | 1,908                           | In full 68                                | 1                              | 1,908                               | 1                              | " "                                             |
| Poindexter                   | C-422-5½              | 5-23-67  | 1,200               | 5-22-72  | 684                             | 250-A                                     | 3                              | 684                                 | 3                              | " "                                             |
| Poindexter                   | C-424-5½              | 6-20-67  | 750                 | 6-10-70  | 750                             | 250-A                                     | 3                              | 750                                 | 3                              | " "                                             |
| Poindexter                   | C-430-5½              | 8- 3-67  | 2,000               | 8- 3-68  | 2,000                           | In full 68                                | 1                              | 2,000                               | 1                              | " "                                             |
| Richmond                     | C-469-5½              | 11-15-69 | 21,280              | 11-15-74 | 21,280                          | 4,256-A                                   | 5                              | 21,280                              | 5                              | " "                                             |
| Smith                        | S-667-6               | 4-14-71  | 800                 | 4-14-72  | 800                             | In full 72                                | 1                              | 800                                 | 1                              | " "                                             |
| Kodiak<br>Slaughter<br>House | KSH-1-4               | 11- 1-71 | 125,000             | 1-15-97  | 125,000                         | I/O 1-15-78 Then<br>1,000-M               | *                              | 125,000                             | *                              | *Interest was 3<br>yr. delinquent<br>at 1/31/77 |

STATE OF ALASKA

18(b)

DIVISION OF LEGISLATIVE AUDIT

AGRICULTURE REVOLVING LOAN FUND  
SCHEDULE OF DELINQUENT LOANS  
June 30, 1976 and January 31, 1977

| Name                         | Loan No.<br>Int. Rate | Date   | Amount             | Matures | Principal<br>Balance<br>6/30/76 | Amount<br>of<br>Payment        | No. of<br>Payments<br>Past Due | Principal<br>Balance<br>1/31/77 | No. of<br>Payments<br>Past Due | Comments                                           |
|------------------------------|-----------------------|--------|--------------------|---------|---------------------------------|--------------------------------|--------------------------------|---------------------------------|--------------------------------|----------------------------------------------------|
| Kodiak<br>Slaughter<br>House | KSH-2-4               | 9-8-72 | \$ 25,000          | 1-15-98 | \$ 25,000                       | I/O 1-15-74<br>Then<br>1,000-M | *                              | \$ 25,000                       | *                              | *Interest<br>was 1 yr.<br>delinquent<br>at 1/31/77 |
|                              |                       |        | <u>\$1,530,091</u> |         | <u>\$1,422,682</u>              |                                |                                | <u>\$1,344,061</u>              | (2)                            |                                                    |

- (1) Statistical information at January 31, 1977 is presented to allow a comparison of more recent loan status with status at June 30, 1976. This information is not intended to represent total ARLF delinquent loans at January 31, 1977, since loans which became delinquent during the period June 30, 1976 to January 31, 1977 have not been added to this schedule.
- (2) The decrease in principal amount due at January 31, 1977 of approximately \$80,000 under the amount due at June 30, 1976, is largely attributable to the assumption of loan No. F-277, in the amount of \$73,053, by a 3rd party.

# STATE OF ALASKA

## DEPARTMENT OF NATURAL RESOURCES

JAY S. HAMMOND, GOVERNOR

OFFICE OF THE COMMISSIONER

POUCH M - JUNEAU 99811

August 12, 1977

RECEIVED

AUG 16 1977

LEGISLATIVE  
AUDIT

Mr. Gerald L. Wilkerson, CPA  
Legislative Auditor  
Division of Legislative Audit  
Pouch W  
Alaska Office Building  
Juneau, Alaska 99801

Dear Mr. Wilkerson:

In connection with your letter of July 22, 1977, forwarding a copy of the Preliminary Audit "A Review of Alaska Agricultural Revolving Loan Fund, Department of Natural Resources, July 1, 1975 - June 30, 1976" the following responses apply:

- a. Agree with recommendation number 1. An uncollectible allowance should become a part of the ARLF accounting system. The ARLF disagrees with the amount recommended. Following the audit recommendation would require establishment of a "probable recovery through litigation account" for the same reasons that the high uncollectible allowance had to be established. The next Loan Board meeting will consider recommendations for an uncollectible allowance.
- b. Agree with recommendation number 2. ARLF has implemented improved aging flagging procedures to preclude the problem from recurring, including rearrangement of both physical office and specific personnel assignments.
- c. Agree with recommendation number 3 to the extent of the concept of acceleration of loan repayment when a borrower is no longer engaged in agriculture. To this end, accelerated repayment schedules are presently being pursued where the condition exists in previously executed notes. The advisability of a rigid statutory provision requiring loans to be repaid in full if borrowers permanently cease agricultural activities is questioned as to whether it solves a problem without creating significant new ones.
- d. Agree with recommendation number 4. ARLF conforms to this recommendation regarding title insurance and property appraisals on large loans secured by real property.

August 12, 1977

e. Agree with recommendation number 5. Present operating policy uses concurrence in loan guarantee requests by the Loan Board President, affected area Board Member, and the Loan Administrator. Loan guarantees are not used if at all avoidable.

1. A monetary limit represents a "responsible need" rather than a "reasonable amount". Any guarantee is used within the requirements of statutes, regulations and policies of the ARLF.

2. ARLF policy has been that 90 days is the maximum guarantee period established; that policy continues.

3. Advance review of the Board is in use and will be continued.

4. It is a recognized requirement that the sum of loan guarantees plus ARLF loans outstanding must not exceed the statutory loan authority.

f. Agree with recommendation number 6 regarding accuracy of statistical reports. ARLF recently has improved capability of record keeping with respect to accuracy through staffing and procedures.

Delinquency measurement has been discussed for years. ARLF has historically used the method described and, in discussions with banking officials, has found the procedure similar to theirs. ARLF has no major objection to reporting on a number-of-loans basis; however, ARLF sees no major value to it. ARLF's opinion is that dollar measurements are more valuable than numbers of instances as a percentage.

g. Agree with recommendation number 7. The Loan Examiner in coordination with our Fiscal Officer will establish a separate receipt code for allocation of service fees and will revise the procedure in regard to interest collected and interest expense on loans sold to Treasury. Once service fees are separated it appears we could handle the interest collected/interest expense in the same manner as we have and by adjustment voucher reduce both items to zero at year end so no overstatement would occur.

h. Agree with recommendation number 8. The method currently in use is preferred and a 360 day year for interest computation appears to be the standard in private banking institutions. However, the fact that interest on farm development loans and chattel loans is limited to six percent by AS 03.10.030 and the use of a 360 day year results in payment of approximately 6.01% interest, means the statutory limit on interest is exceeded. Accordingly, the Loan Administrator will now insure that interest is computed using a 365 day year factor.

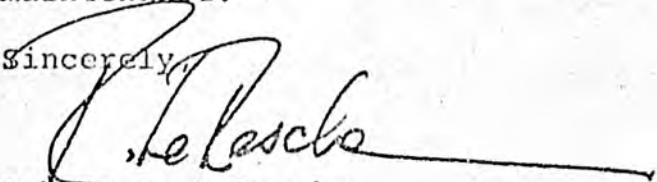
Mr. Gerald Wilkerson

-3-

August 12, 1977

i. Agree with recommendation number 9. The conversion of a seasonal position to year around status together with the recent hire of a Loan Examiner to fill a long vacant but needed position, should provide the staffing capability to fulfill the recommendation. In addition, fire-safe file facilities have been secured which provide more efficient access for records maintenance.

Sincerely,



Robert E. LeResche  
Commissioner

cc: Director, Agriculture  
ARLF Loan Administrator  
State Veterinarian  
Fiscal Officer

| Year      | No. Employees | Salary/Benefits | Travel/Other | Grand Total  | No. of Loans | \$ Amt Loans   | Cost per Loan |
|-----------|---------------|-----------------|--------------|--------------|--------------|----------------|---------------|
| 1977-1978 | 4             | \$104,500.00    | \$34,700.00  | \$139,200.00 | 245          | \$5,000,000.00 | \$563.16      |
| 1976-1977 | 4             | \$ 62,106.20    | \$13,487.27  | \$ 75,593.47 | 205          | \$4,546,164.27 | \$368.73      |
| 1975-1976 | 4             | \$ 63,079.74    | \$11,680.63  | \$ 74,760.37 | 207          | \$4,270,851.30 | \$364.54      |
| 1974-1975 | 4             | \$ 60,571.28    | \$17,667.02  | \$ 78,238.30 | 245          | \$4,185,590.39 | \$247.23      |

| Staff *                |                         | Other Expenses                     |               |                                         |                          |                  | Workload     |                     |                           |                          |
|------------------------|-------------------------|------------------------------------|---------------|-----------------------------------------|--------------------------|------------------|--------------|---------------------|---------------------------|--------------------------|
| <u>Title</u>           | <u>No. of Positions</u> | <u>Total Salary &amp; Benefits</u> | <u>Travel</u> | <u>Professional Fees &amp; Services</u> | <u>Other Contractual</u> | <u>All Other</u> | <u>Total</u> | <u>No. of Loans</u> | <u>\$ Amount of Loans</u> | <u>COST PER WORKLOAD</u> |
| Loan Administrator     | 1                       |                                    |               |                                         |                          |                  |              |                     |                           |                          |
| Loan Examiner (Vacant) | 1                       |                                    |               |                                         |                          |                  |              |                     |                           |                          |
| Acctg. Clerk III, PFT  | 1                       |                                    |               |                                         |                          |                  |              |                     |                           |                          |
| Clerk Typist II, PPT   | 1                       | \$60,571.28                        | \$7,214.92    | -0-                                     | \$10,176.30              | \$275.80         | \$17,667.02  | 245                 | \$4,185,590.39            | \$247.23                 |

\* If the staff is divided between loan processing and loan collections, please identify the number of staff assigned to each function.

\* If the staff is divided between loan processing and loan collections, please divide for each.