ALASKA LEGISLATURE SPECIAL COMMITTEE / SUBJECT FILES 8672
238 SCOMM 9: HOUSE SPEC. COMM. ON PERMANENT FUND 1977-78

Bank Service Charges			Cost to Borrower			
Cost Per Loan	Cost Per $ of Loan	Average Loan Cost	Direct Cost	Service Fees	Discount Fees	Average Loan Cost
	N/A		Interest On Loan	None	None	* **

* Title Insurance when required

** Appraisal fee when applicable

Agricultural Revolving Loan Fund

INFOR ON COMPILED BY:

PROGRA ISCAL ACTIVITIES

Check One: 1977-78 Budget ( )
1976-77 Actual ( )
1975-76 Actual ( )
1974-75 Actual ( )

Staff *			Other Expenses					Workload		
Title	No. of Positions	Total Salary & Benefits	Travel	Professional Fees & Services	Other Contractual	All Other	Total	No. of Loans	$ Amount of Loans	COST PER WORKLOAD
Loan Administrator	1									
Loan Examiner (Vacant)	1									
Acctg. Clerk III, PFT	1									
Clerk Typist II, PPT	1	$63,079.74	$6,022.28	$165.87	$4,517.14	$976.21	$11,680.63	207	$4,270,851.30	$364.54

* If the staff is divided between loan processing and loan collections, please identify those persons associated with each.

Bank Service Charges			Cost to Borrower			
Cost Per Loan	Cost Per $ of Loan	Average Loan Cost	Direct Cost	Service Fees	Discount Fees	Average Loan Cost
	N/A		Interest on Loan	None	None	* **

* Title Insurance when required

** Appraisal fee when applicable

NAME OF PROGRAM: Agricultural Revolving Loan Fund

INFORMATION COMPILED BY:

PROGRAM FISCAL ACTIVITIES

Check One:
1977-78 Budget ( )
1976-77 Actual (X)
1975-76 Actual ( )
1974-75 Actual ( )

Staff *			Other Expenses					Workload		
Title	No. of Positions	Total Salary & Benefits	Travel	Professional Fees & Services	Other Contractual	All Other	Total	No. of Loans	$ Amount of Loans	COST PER WORKLOAD
Loan Administrator	1									
Loan Examiner (Vacant)	1									
Acctg. Clerk III, PFT	1									
Clerk Typist II, PPT	1									
		$62,106.20	$5,977.01	$14.54	$5,006.47	$2,489.25	$13,487.27	205	$4,546,164.27	$368.73

* If the staff is divided between loan processing and loan collections, please identify those persons associated with each.

NAME OF PROGRAM: Agricultural Revolving Loan Fund

INFORMA[illegible]ON COMPILED BY:

PROGRAM [illegible]CAL ACTIVITIES

Check One: 1977-78 Budget ( )
1976-77 Actual (XX[illegible]
1975-76 Actual ( )
1974-75 Actual ( )

Bank Service Charges			Cost to Borrower			
Cost Per Loan	Cost Per $ of Loan	Average Loan Cost	Direct Cost	Service Fees	Discount Fees	Average Loan Cost
	N/A		Interest on Loan	None	None	* **

* Title Insurance when required

** Appraisal fee when applicable

NAME OF PROGRAM: Agricultural Revolving Loan Fund

INFORMATI[illegible] COMPILED BY:

PROGRAM F[illegible]CAL ACTIVITIES

Check One: 1977-78 Budget (X[illegible]) 1976-77 Actual ( ) 1975-76 Actual ( ) 1974-75 Actual ( )

Staff *			Other Expenses					Workload		
Title	No. of Positions	Total Salary & Benefits	Travel	Professional Fees & Services	Other Contractual	All Other	Total	No. of Loans	$ Amount of Loans	COST PER WORKLOAD
Loan Administrator	1									
Loan Examiner	1									
Acctg. Clerk III, PFT	1									
Clerk Typist II, PFT	1									
		$104,500.00	$14,000.00	$11,000.00	$8,500.00	$1,200.00	$34,700.00	245	$5,000,000.00	$568.16

* If the staff is divided between loan processing and loan

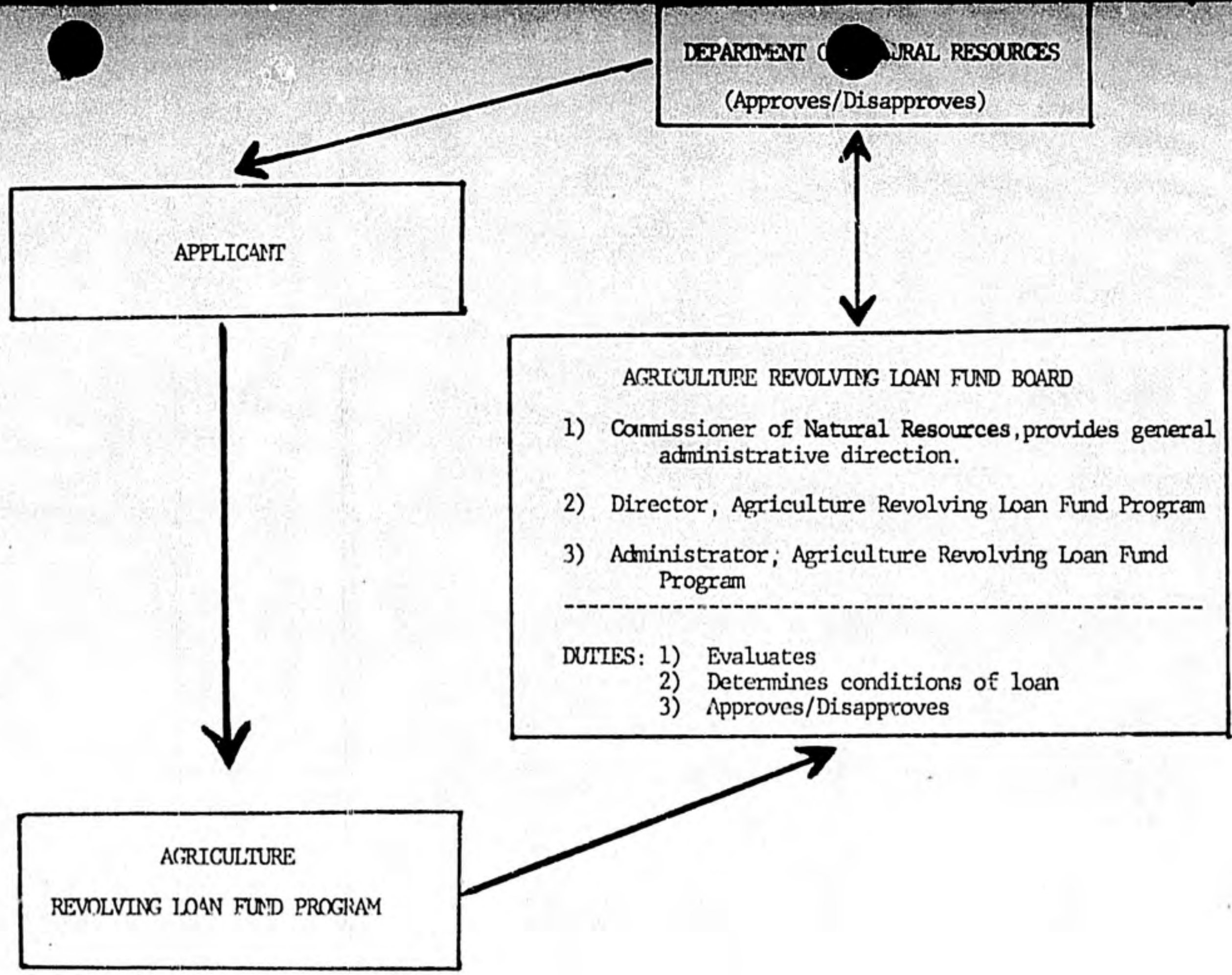
ORMAT COMPILED BY: PROGRAM CAL ACTIVITIES

1976-77 Actual ( ) of 2
1975-76 Actual (
1974-75 Actual (FY 78

Bank Service Charges			Cost to Borrower			
Cost Per Loan	Cost Per $ of Loan	Average Loan Cost	Direct Cost	Service Fees	Discount Fees	Average Loan Cost
	N/A		Interest on Loan	None	None	* **

* Title Insurance when required

** Appraisal fee when applicable


DEPARTMENT O
URAL RESOURCES
(Approves/Disapproves)
APPLICANT
AGRICULTURE REVOLVING LOAN FUND BOARD
1) Commissioner of Natural Resources, provides general administrative direction.
2) Director, Agriculture Revolving Loan Fund Program
3) Administrator, Agriculture Revolving Loan Fund Program
DUTIES: 1) Evaluates
2) Determines conditions of loan
3) Approves/Disapproves
AGRICULTURE
REVOLVING LOAN FUND PROGRAM

Veterans' Revolving Loan Fund
Per Legislative Audit Report

July 1, 1973-February 28, 1975

SCHEDULE OF DELINQUENT LOANS

On February 28, 1975 there were 1,790 individual loans, exceeding \$50.3 million posted to the "loan fund accounting system". On the same day, the value of "loans closed" and "loans in progress" posted to the State's General Ledger, exceeded \$57 million. Of the \$6.6 million difference, \$3.7 million was not readily reconcilable (see Finding No. 5).

A review of the delinquency list revealed that 13.1% of the loans, or 10.2% of the dollars outstanding were delinquent. The actual breakdown is as follows (see Finding No. 4):

	TOTAL		JUNEAU		ANCHORAGE		FAIRBANKS	
Days Delinquent	No. of Loans	\$ Amount	No. of Loans	\$ Amount	No. of Loans	\$ Amount	No. of Loans	\$ Amount
30-60	57	\$1,465,176.47	16	\$ 435,121.71	30	\$ 725,589.96	11	\$ 304,464.80
61-90	36	945,071.90	17	476,687.78	11	300,733.20	8	167,650.92
91-120	32	679,258.66	12	146,939.56	16	351,522.08	4	180,797.02
over 120	108	2,017,404.31	16	215,049.54	60	1,280,001.58	32	522,353.19
	233	\$5,106,911.34	61	\$1,273,798.49	117	\$2,657,846.82	55	\$1,175,265.93

PROGRAM: Division of Veterans Affairs (Loans)

Year	No. Employees	Salary/Benefits	Travel/Other	Grand Total	No. of Loans	$ Amt Loans	Cost per Loan
Budget 77 - 78	38	851.1 M	275.7 M	1,126.8 M	2,100	97 MM	$536.57
Actual 76 - 77	37	743.6 M	606.6 M	1,350.2 M	1,254	57 MM	$1,076.71
Actual 75 - 76	31	635.0 M	208.9 M	843.9 M	1,160	54 MM	$727.50
Actual 74 - 75	30	436.0 M	172.3 M	608.3 M	1,164	46 MM	$522.59

NAME OF PROGRAM: Veterans' Affairs Revolving Loan Fund

INFORMATION COMPILED BY: James A. Lynn, Jr.

PROGRAM FISCAL ACTIVITIES

Check One: 1977-78 Budget ( ) 1976-77 Actual ( ) 1975-76 Actual ( ) 1974-75 Actual (x)

Staff *			Other Expenses					Workload		
Title	No. of Positions	Total Salary & Benefits	Travel	Professional Fees & Services	Other Contractual	All Other	Total	No. of Loans	$ Amount of Loans	COST PER WORKLOAD
(A)	26.7M	388.0M	11.5M	36.2M	86.2M	19.5M	541.4M			
(B)	3.3M	48.0M	1.4M	4.5M	10.6M	2.4M	66.9M			
TOTAL:	30.0M	436.0M	12.9M	40.7M	96.8M	21.9M	608.3M	1,164	$46MM	$ 522.59

(A) Loan Processing
(B) LOan Collections

* If the staff is divided between loan processing and loan collections, please identify those persons associated with each.

NAME OF PROGRAM: Veterans' Affairs Revolving Loan Fund

INFORMATION COMPILED BY: James A. Lynn, Jr.

PROGRAM FISCAL ACTIVITIES

Check One: 1977-78 Budget ( ) 1976-77 Actual ( ) 1975-76 Actual ( ) 1974-75 Actual (X)

Bank Service Charges			Cost to Borrower			
Cost Per Loan	Cost Per $ of Loan	Average Loan Cost	Direct Cost	Service Fees	Discount Fees	Average Loan Cost
NONE			$50 application Fee.			7½%
			½ of 1% Commitment Fee(One time charge)	½ of 1% included in the 7½% annual interest charge.		

NAME OF PROGRAM: Veterans' Affairs Revolving Loan Fund

INFORMATION COMPILED BY: James A. Lynn, Jr.

PROGRAM FISCAL ACTIVITIES

Check One: 1977-78 Budget ( ) 1976-77 Actual ( ) 1975-76 Actual (x) 1974-75 Actual ( )

Staff *			Other Expenses					Workload		
Title	No. of Positions	Total Salary & Benefits	Travel	Professional Fees & Services	Other Contractual	All Other	Total	No. of Loans	$ Amount of Loans	COST PER WORKLOAD
(A)	26.4	539.8M	14.3M	48.7M	101.6M	13.0M	717.4M			
(B)	4.6	95.2M	2.5M	8.6M	17.9M	2.3M	126.5M			
TOTAL:	31.0	635.0M	16.8M	57.3M	119.5M	15.3M	843.9M	1,160	$54MM	$727.50

(A) Loan Processing
(B) Loan Collections

* If the staff is divided between loan processing and loan collections, please identify those persons associated with each.

NAME OF PROGRAM: Veterans' Affairs Revolving Loan Fund

INFORMATION COMPILED BY: James A. Lynn, Jr.

PROGRAM FISCAL ACTIVITIES

Check One:
1977-78 Budget ( )
1976-77 Actual ( )
1975-76 Actual (x)
1974-75 Actual ( )

Bank Service Charges

Cost Per Loan	Cost Per $ of Loan	Average Loan Cost
	NONE	

Cost to Borrower

Direct Cost	Service Fees	Discount Fees	Average Loan Cost
$50 Application Fee.			7½%
½ of 1% Commitment Fee(one time charge)			
	½ of 1% included in the 7½% annual interest charge.		

NAME OF PROGRAM: Veterans' Affairs Revolving Loan Fund

INFORMATION COMPILED BY: James A. Lynn, Jr.

PROGRAM FISCAL ACTIVITIES

Check One: 1977-78 Budget ( ) 1976-77 Actual (X) 1975-76 Actual ( ) 1974-75 Actual ( )

Staff *			Other Expenses					Workload		
Title	No. of Positions	Total Salary & Benefits	Travel	Professional Fees & Services	Other Contractual	All Other	Total	No. of Loans	$ Amount of Loans	COST PER WORKLOAD
(A)	33	661.8M	35.6M	73.3M	368.2M	62.8M	1201.7M			
(B)	4	81.8M	4.4M	9.1M	45.5M	7.7M	148.5M			
TOTAL:	37	743.6M	40.0M	82.4M	413.7M	70.5M	1350.2M	1,254	$57MM	$1,076.71

(A) Loan Processing
(B) Loan Collections

* If the staff is divided between loan processing and loan collections, please identify those persons associated with each.

NAME OF PROGRAM: Veterans' Affairs Revolving Loan Fund

INFORMATION COMPILED BY: James A. Lynn, Jr.

PROGRAM FISCAL ACTIVITIES

Check One:
1977-78 Budget ( )
1976-77 Actual (X)
1975-76 Actual ( )
1974-75 Actual ( )

Bank Service Charges			Cost to Borrower			
Cost Per Loan	Cost Per $ of Loan	Average Loan Cost	Direct Cost	Service Fees	Discount Fees	Average Loan Cost
None			$50 Application Fee. ½ of 1% Commitment Fee (one time item)	½ of 1% Included in the 7½% interest charge.		7½%

NAME OF PROGRAM: Veterans' Affairs Revolving Loan Fund

INFORMATION COMPILED BY: James A. Lynn, Jr.

PROGRAM FISCAL ACTIVITIES

Check One: 1977-78 Budget (x) 1976-77 Actual ( ) 1975-76 Actual ( ) 1974-75 Actual ( )

Staff *			Other Expenses					Workload		
Title	No. of Positions	Total Salary & Benefits	Travel	Professional Fees & Services	Other Contractual	All Other	Total	No. of Loans	$ Amount of Loans	COST PER WORKLOAD
(A)	34	757.5M	38.5M	112.7M	38.6M	55.6M	1,002.9M			
(B)	4	93.6M	4.7M	13.9M	4.8M	6.9M	123.9M			
Total:	38	851.1M	43.2M	126.6M	43.4M	62.5M	1,126.8M	2,100	$97MM	$536.57

(A) Loan Processing
(B) Loan Collections

* If the staff is divided between loan processing and loan collections, please identify those persons associated with each.

NAME OF PROGRAM: Veterans' Affairs Revolving Loan Fund

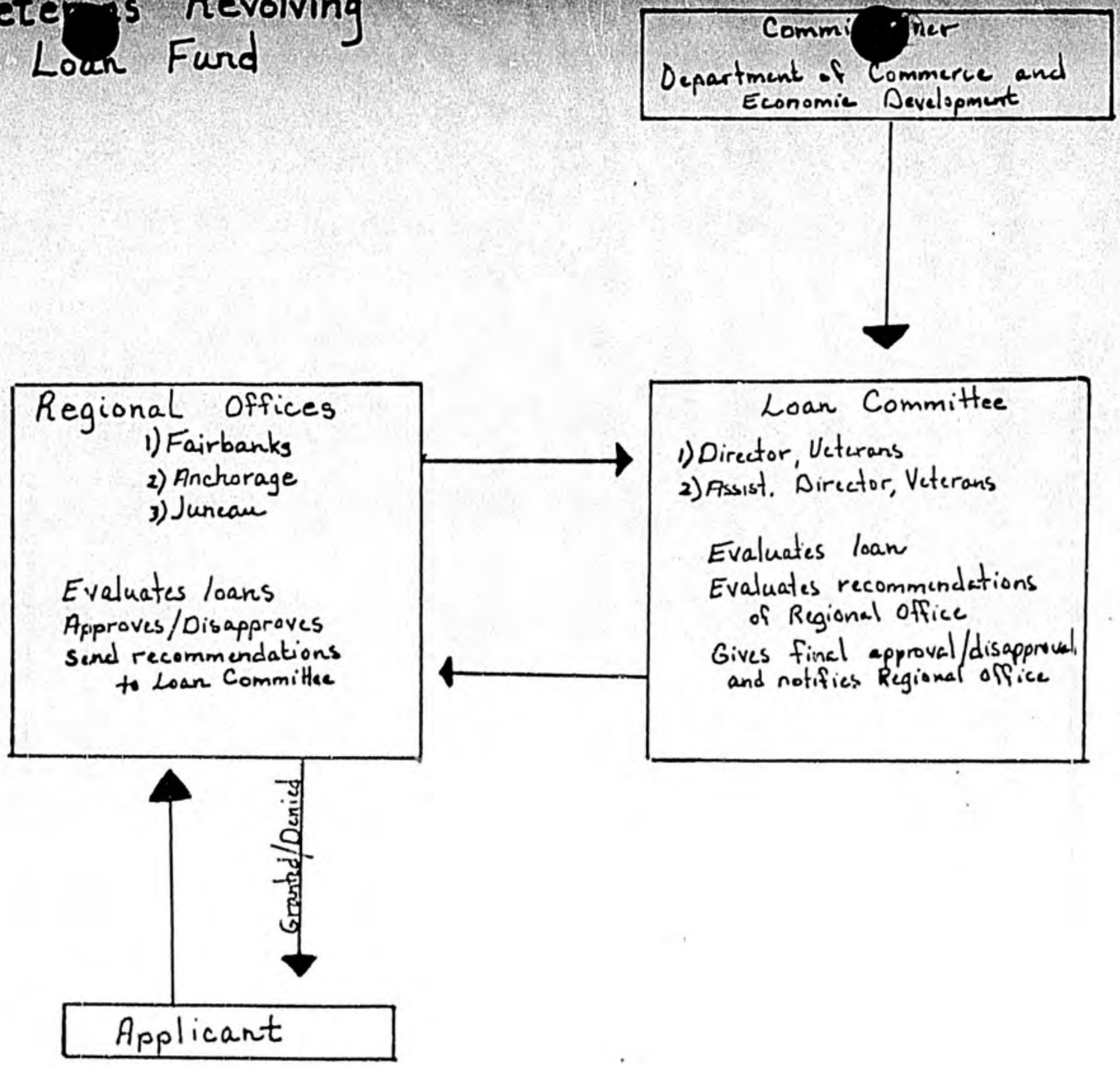
INFORMATION COMPILED BY: James A. Lynn, Jr.

PROGRAM FISCAL ACTIVITIES

Check One: 1977-78 Budget (X) 1976-77 Actual ( ) 1975-76 Actual ( ) 1974-75 Actual ( )

Bank Service Charges			Cost to Borrower			
Cost Per Loan	Cost Per $ of Loan	Average Loan Cost	Direct Cost	Service Fees	Discount Fees	Average Loan Cost
	NONE		$50 Application Fee. ½ of 1% Commitment Fee(one time item)	½ of 1% included in the 7½% annual interest Charge.		7½%

Veterans Revolving Loan Fund



Charts
&
Diagrams

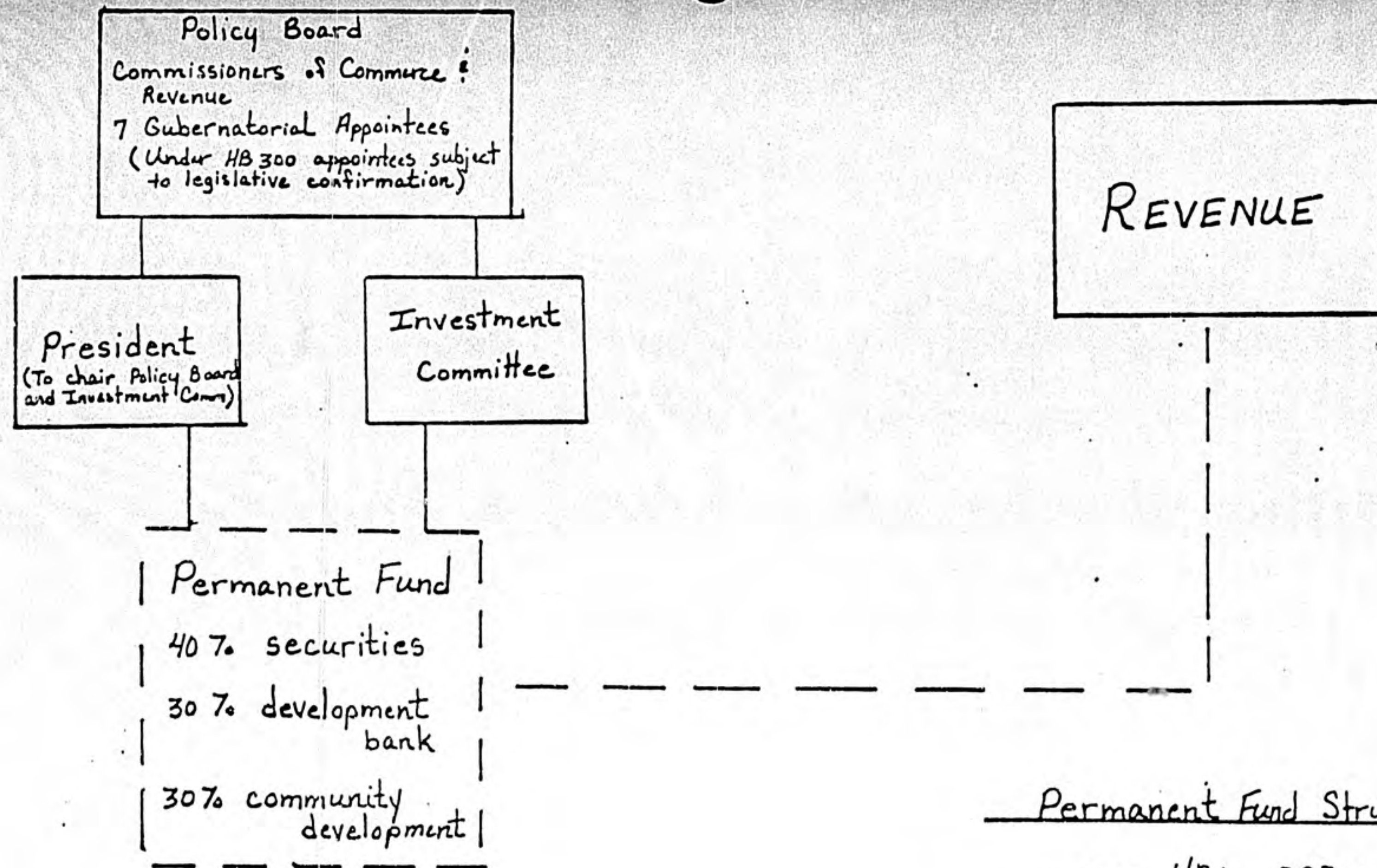
Description
Section 1

Chart 1a

Shows Permanent Fund Management Structure with the Permanent Fund placed under the Department of Revenue as an independent corporation per House Bill 298.

Chart 1b

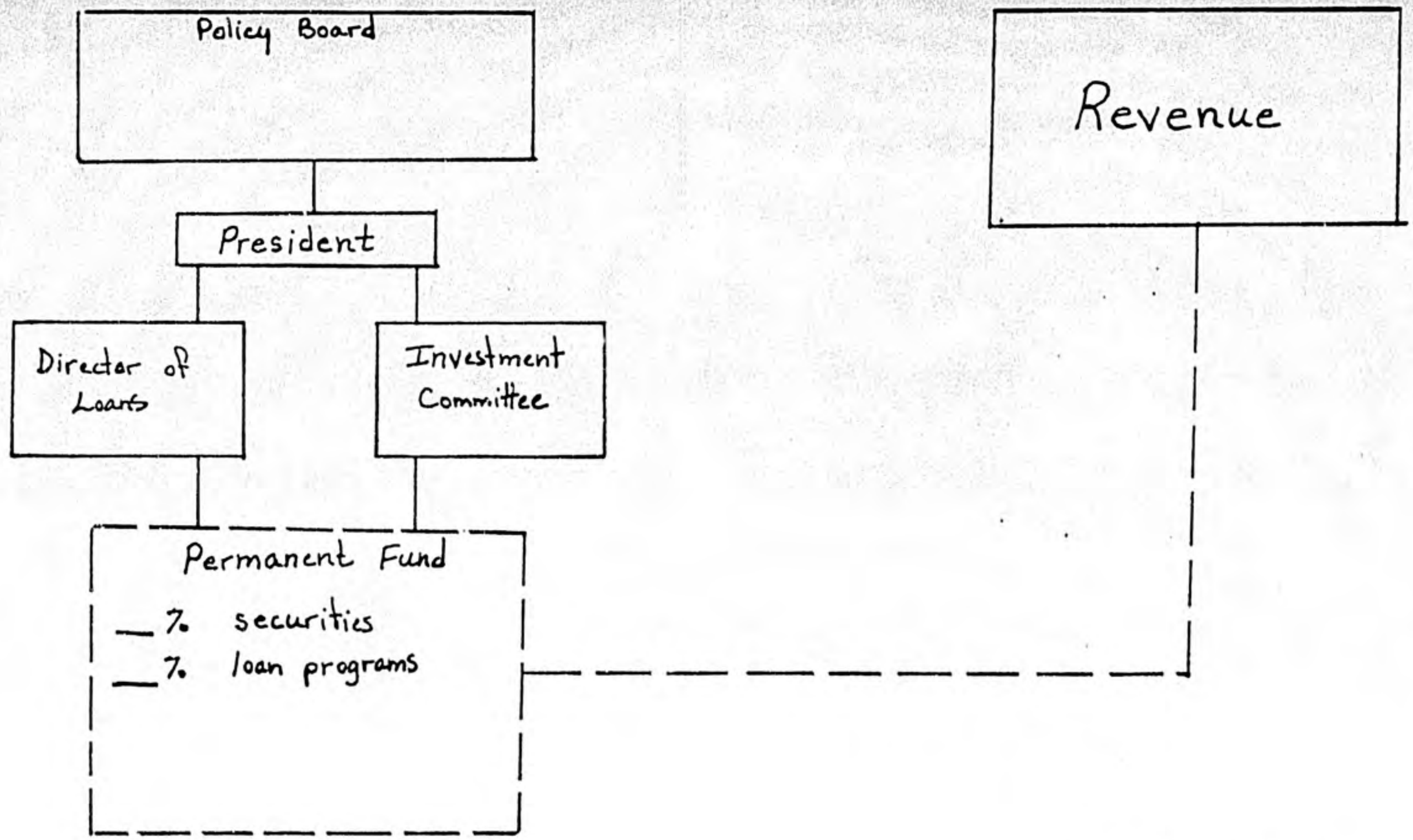
Shows an alternate structure for Permanent Fund management with the Permanent Fund placed under the Department of Revenue as an independent corporation.



Permanent Fund Structure

per HB's 298 and 300

— — — Independent Corporation



Alternate 1

Permanent Fund Structure

— — — Independent Corporation

1b

Description
Section 2

Chart 2a

Per House Bill 298 (Governor's Bill) the Permanent Fund is designated as an independent corporation under the Department of Revenue. The Permanent Fund would invest 30% of its funds in community development, 30% in a development bank, and 40% would be invested in securities.
The six independent corporations would continue to function as they are now. The four loaning division would continue to function as they are presently under 3 separate departments. Each loaning division would continue to do its own admininstration and collection of loans. The Department of Revenue would continue to monitor the separate programs.

Chart 2b

Alternate #1 as presented by the Senate Committee on the Permanent Fund places the Permanent Fund as an independent corporation under the Department of Revenue. The Permanent Fund would invest a portion of its money in high grade stocks and bonds, and another portion would fund the various existing loan programs. The six independent corporations would continue to function as they are presently, and the four loaning divisions would continue as they are now doing their own administering and collection of loans.

Chart 2c

Alternate #2 as presented by the Senate Committee on the Permanent Fund is identical to Alternate #1 (Chart 2b) except that the Permanent Fund would be placed directly in the Treasury, Department of Revenue.

Chart 2d

Alternate #3 as presented by the Senate Committee on the Permanent Fund places the Permanent Fund directly in the Treasury, Department of Revenue. The existing independent corporations and separate loan divisions would be streamlined into the Alaska Loan Program. Revenue would handle the collection procedures of all loans and Administration would do the accounting. The principal of the Fund would be invested in high grade stocks and bonds and a portion of the earnings would be used to guarantee revenue bonds which would fund the Alaska Loan Program Fund.

Chart 2d (continued)

Those earning not used to guarantee revenue bonds would remain in the Permanent Fund.

A Citizens Advisory would be created to oversee the activity of the various departments (Revenue, Administration, and Commerce) as related to the Alaska Loan Program.

The placement of the Renewable Resource Development Fund is not known at this time and has been placed under the Department of Commerce as the most likely department for handling its activities.

The field offices listed under the Alaska Loan Program would initially be in perhaps Juneau, Anchorage, and Fairbanks but eventually would operate in other areas of the state to give easy access to the people. The field offices would do all the loan processing, granting or denying of loans, and have authority to issue warrants to loan recipients.

Attachment 2e

An explanation of the manner in which revenue bonds could be used to fund the Alaska Loan Program.

Attachment 2f

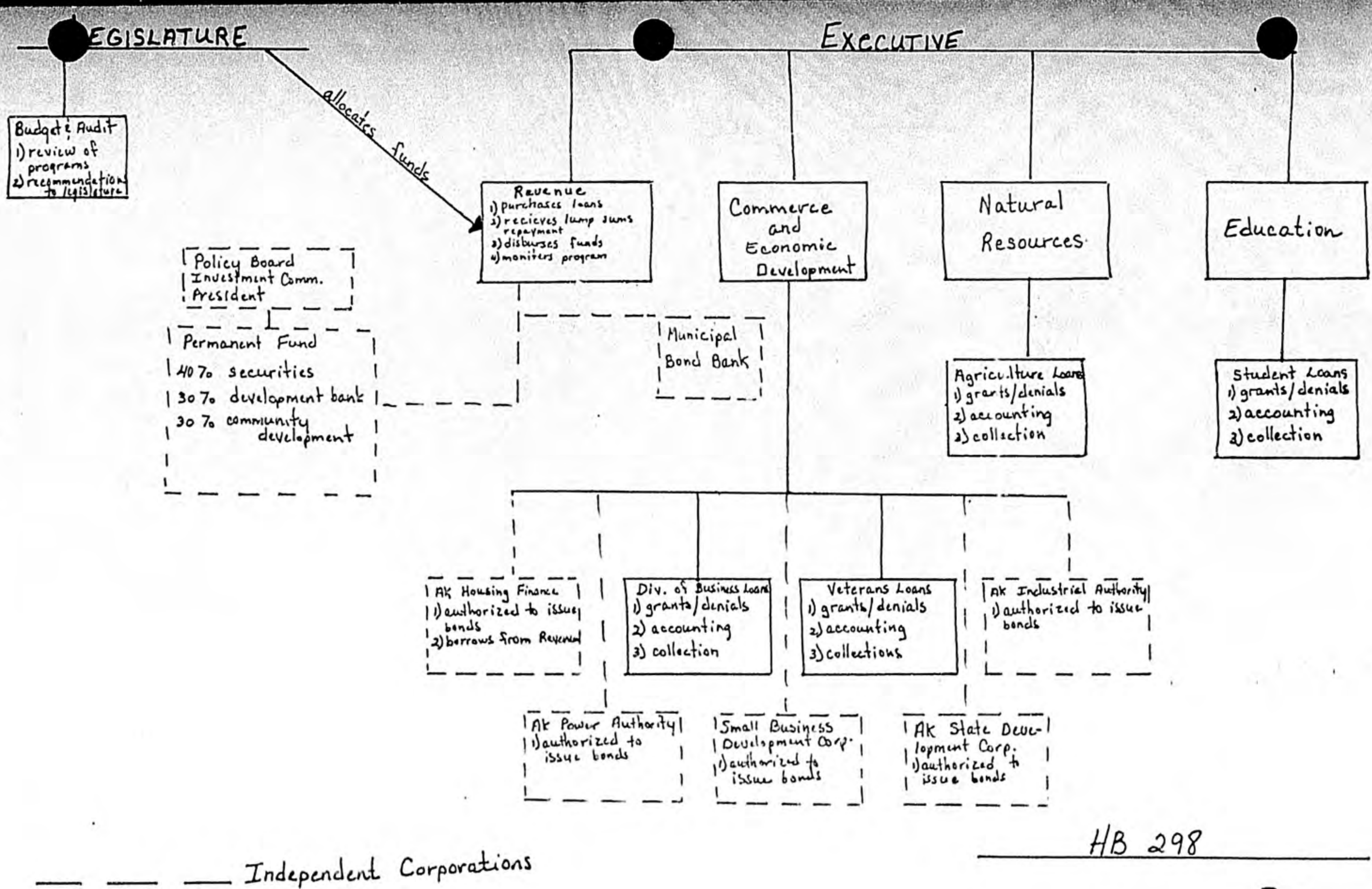
Existing duties of the Treasury Division, Department of Revenue and those that would be added were the Permanent Fund to be placed in Treasury.

Attachment 2g

Existing duties of the Division of Finance, Department of Administration and those that would be added to accomodate accounting for the Alaska Loan Program.

Attachment 2h

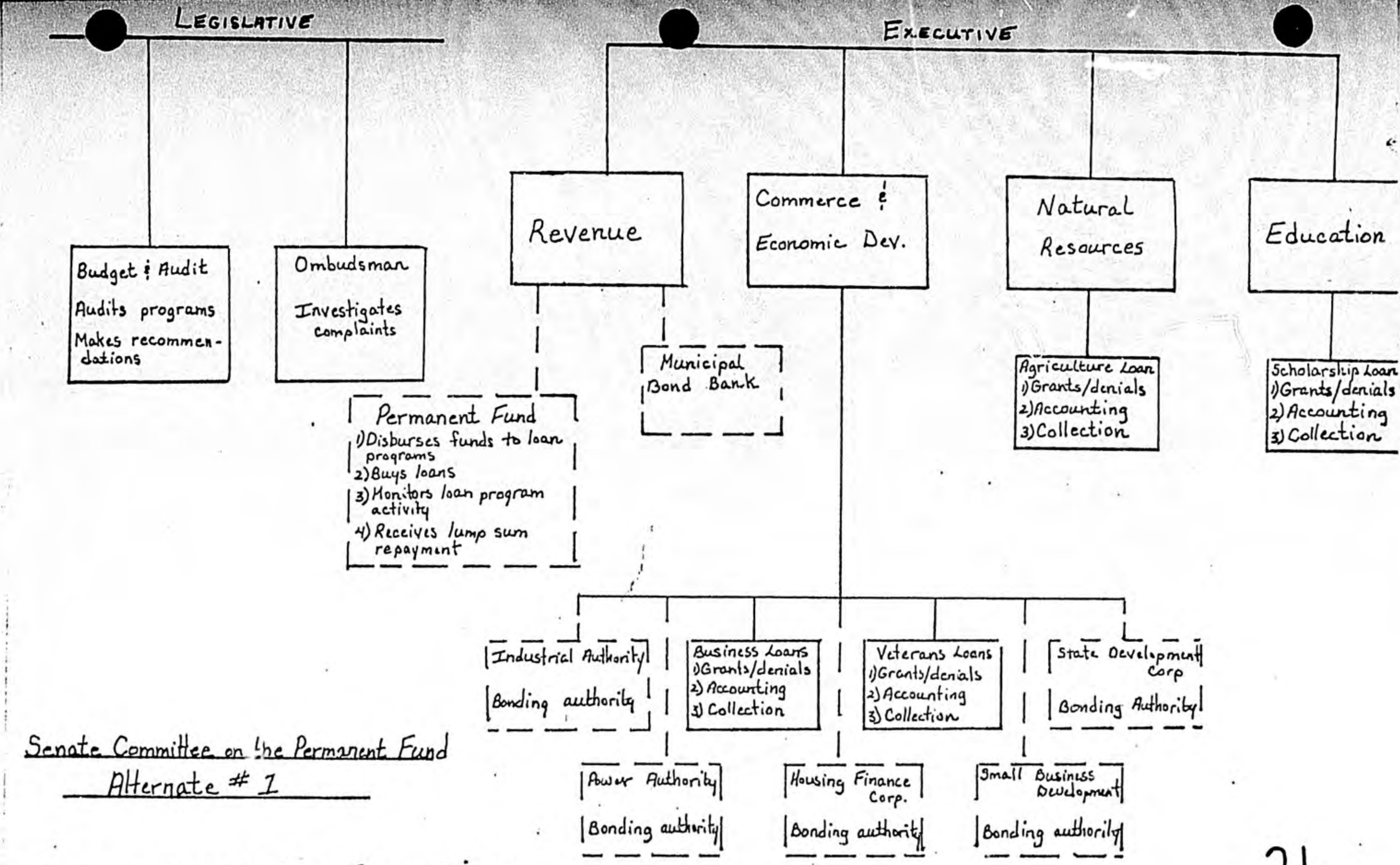
Duties of the Citizens Advisory as outlined in Alternate #3 (Chart 2d).



LEGISLATURE
EXECUTIVE
Budget & Audit
1) review of programs
2) recommendation to legislature
allocates funds
Revenue
1) purchases loans
2) recieves lump sums repayment
3) disburses funds
4) monitors program
Commerce and Economic Development
Natural Resources
Education
Policy Board
Investment Comm.
President
Permanent Fund
40% securities
30% development bank
30% community development
Municipal Bond Bank
Agriculture Loans
1) grants/denials
2) accounting
3) collection
Student Loans
1) grants/denials
2) accounting
3) collection
AK Housing Finance
1) authorized to issue bonds
2) borrows from Revenue
Div. of Business Loans
1) grants/denials
2) accounting
3) collection
Veterans Loans
1) grants/denials
2) accounting
3) collections
AK Industrial Authority
1) authorized to issue bonds
AK Power Authority
1) authorized to issue bonds
Small Business Development Corp.
1) authorized to issue bonds
AK State Development Corp.
1) authorized to issue bonds
Independent Corporations

HB 298

2a

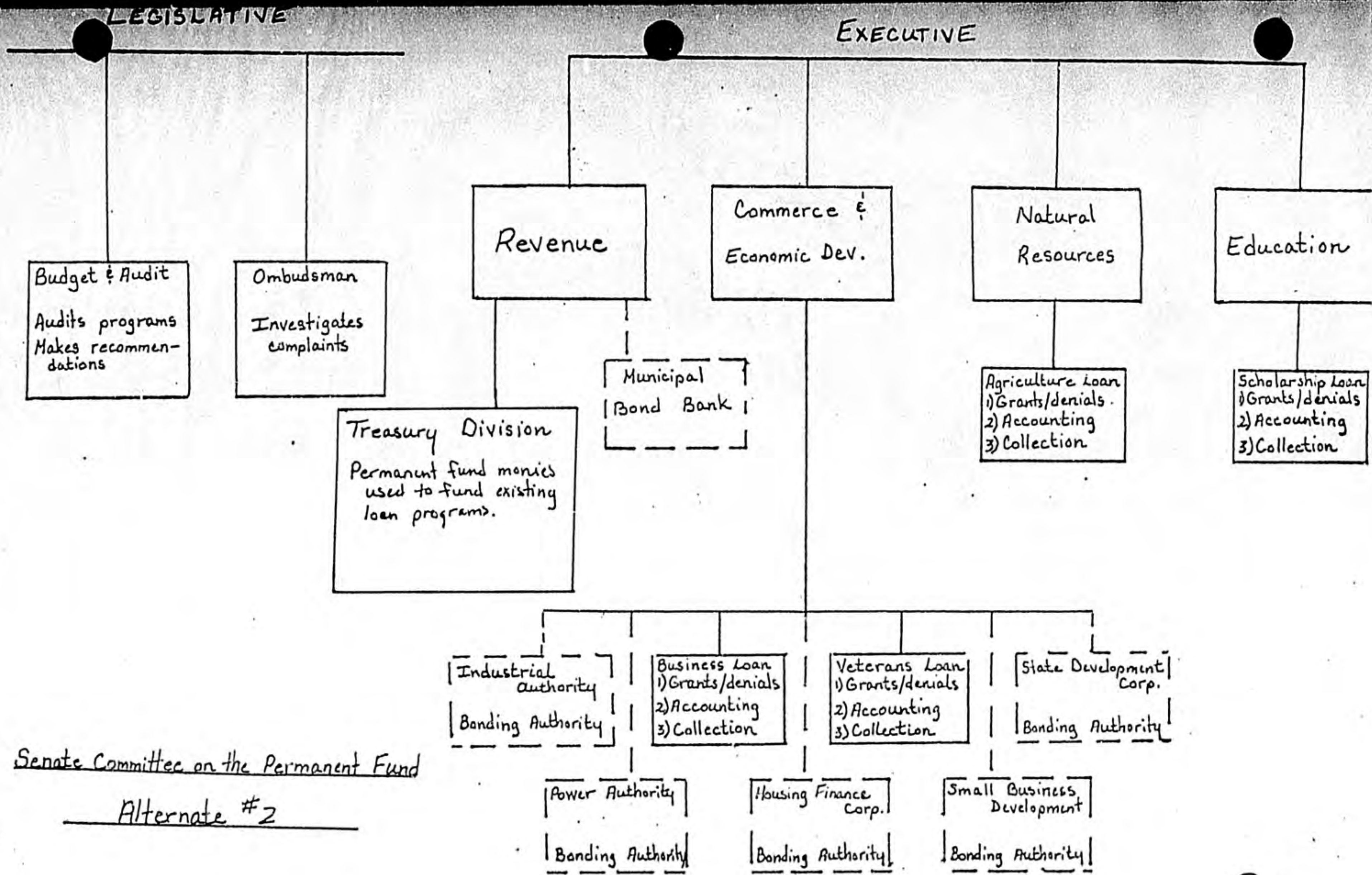


Senate Committee on the Permanent Fund

Alternate # 1

— — — Independent Corporations

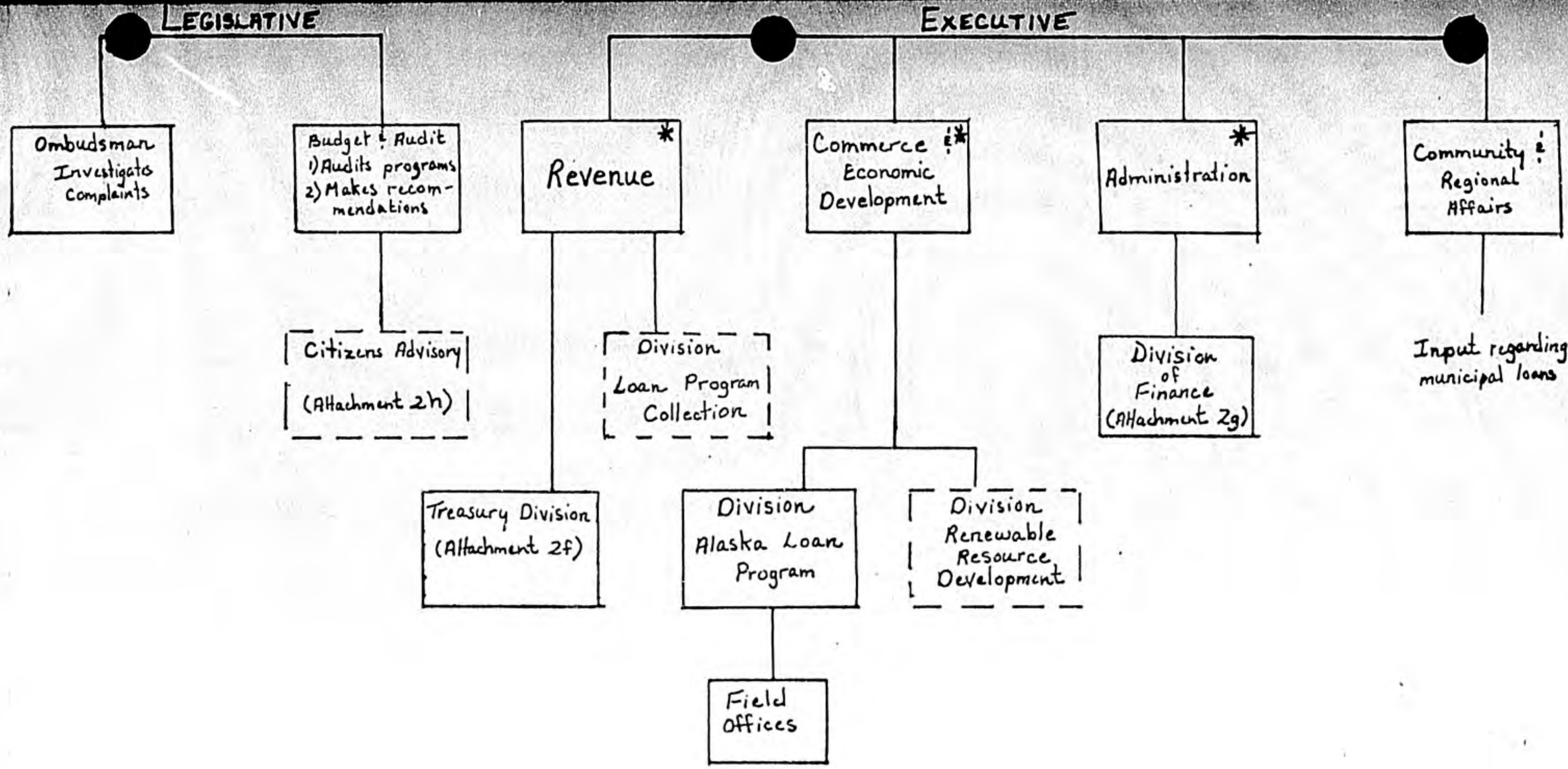
2b



Senate Committee on the Permanent Fund

Alternate #2

2c



— — — to be created

* State bond committee issues revenue bonds to fund Alaska Loan Program.

Senate Committee on the Permanent Fund

Alternate # 3

2d

ALASKA LOAN PROGRAM FUND FINANCING ALTERNATIVES--STATE REVENUE BONDS

LEGAL BASE--Section II, Article IX, Constitution of the State of Alaska states, "The restrictions on contracting debt do not apply to debt incurred through the issuance of revenue bonds by a public enterprise or public corporation of the State or a political subdivision, when the only security is the revenues of the enterprise or corporation. The restrictions do not apply to indebtedness to be paid from special assessments on the benefited property, nor do they apply to refunding indebtedness of the State or its political subdivisions."

ORGANIZATION--The issuance of direct revenue bonds of the State contributes to a tighter and streamlined organizational structure in contrast to creating separate corporations or authorities. The financing of the Anchorage and Fairbanks airports is a case in point. The existing agencies and departments of the Executive Department carried out the service program while the Legislature reviews the budget each year, appropriates funds and conducts post-audits of same. Thus, checks and balances are maintained. In contrast, the Alaska Housing Finance Corporation and the Alaska State Housing Authority are examples of carrying on State business through separate corporations. The Legislature only sees the non-compliance with its intent when a major problem erupts.

REVENUE BONDS--These are bonds whose principal and interest are payable exclusively from earnings of a public enterprise. That is, the users of the program pay the debt service. The tailoring of security features as well as the underlying resources determines the credit rating. The interest cost will follow the credit rating. Examples of different credit ratings are:

Valdez Port Bond Exxon	AA Credit	5.50%
Valdez Port Bond Sohio	A Credit	6.05%

These bonds are due in the year 2007. The point here is that if the State can borrow funds for reloaning to Alaskans at 6%-6.50%, it does not need to make a big profit on savings, thus enabling it to make loans available at 7%-7.50%.

The Alaska Permanent Fund can then be maintained as a "savings account", not risking any of its principal and investing in high grade stocks, bonds, and Government securities at rates of 8.50% for A bonds maturing in 2007, or U.S. Government bonds maturing in 2002 paying 7.78% as of this writing.

ALASKA PERMANENT FUND--------The maintenance of this fund in safe haven securities would insure that, when needed in the year 2007 (or whenever), the nest egg is still there. The approach being discussed here would cause the interest earnings to be used to provide bond reserves for the revenue bonds in lieu of the General Fund. These reserves would be released in the future when each bond issue is repaid--again servicing the nest egg approach.

Treasury Division
Department of Revenue

Current Functions---

Invests state general fund and retirement fund monies.

Receives broad direction regarding general fund investment strategies from the State Investment Advisory Committee. The Retirement Fund Advisory Committee provides investment direction on a semi-annual basis.

Receives funds collected by other state agencies and places same in clearing accounts, investments, or uses monies to redeem outstanding state warrants.

Purchases state loans mandated by statute, commercial loans and mortgages, and certificates of deposit.

Maintains compensating balances (non-interest bearing) at commercial banks in exchange for warrant clearing services.

Makes loans (mortgage and commercial) from state retirement program funds at the discretion of the Commissioner.

Monitors activities of other state loan programs, receives and records payments.

Proposed Functions---

Continue to invest Permanent Fund principal--per legislative guidelines to be determined.

Invest interest from Permanent Fund and interest generated by reserve accounts of the Alaska Loan Program Fund.

Invest temporary cash from Alaska Loan Program Fund revenue bonds.

Continue to invest Renewable Resource Fund monies--per legislative guidelines to be determined.

Collection Division to be established to perform collection actions for all delinquent loans of the Alaska Loan Program Fund.

ATTACHMENT 2g

Finance Division
Department of Administration

Current Functions---

Keeps a centralized accounting system.

Maintains statistical and cost accounts.

Provides records showing at all times by funds, accounts or other pertinent classifications the amounts appropriated, estimated revenues, actual revenues and receipts.

Keeps accounts of the General Fund, the Public Employees Retirement System, and the Teachers Retirement System.

Approves vouchers and disburses funds for all purposes.

Proposed functions---

Keep accounts of the Permanent Fund.

Keep accounts of the Renewable Resources Fund.

Keep accounts of the Alaska Loan Program Fund.

Keep detailed accounts of the loans outstanding in the Alaska Loan Program Fund.

ATTACHMENT 2h

Citizens Advisory Committee (proposed)

Membership:

4 appointees of the Legislative Council to be confirmed by the Legislature

3 appointees of the Governor to be confirmed by the Legislature

Chairman of the Citizens Advisory Committee will be the Director of the Alaska Loan Program Fund, but shall not have a vote.*

Staff:

Staff and administrative support to be provided by Legislative Budget and Audit.

Tasks:

To evaluate and present recommendations of the Budget and Audit Committee:

a. request, through the Legislature, that Budget and Audit do additional audits.

b. present recommendations to Department in question and oversee their implementation.

To work with the Office of Ombudsman in investigating complaints concerning the Alaska Loan Program Fund.

To present complaints to the Legislature and the Office of Ombudsman.

To oversee generally operations of the Departments involved in the administration of the Alaska Loan Program Fund and keep the Legislature informed.

To review the quarterly reports prepared by the Budget and Audit Committee and make recommendations to the Legislature.

Meetings:

The Citizens Advisory Committee shall meet four times a year coincidental to the release of quarterly reports prepared by the Budget and Audit Committee, and any additional times the Committee deems necessary.

Citizens Advisory Committee (cont.)

Compensation:

Travel expenses and any other expenses incurred while attending meetings or performing duties.

*Another alternative is to have the Director of Budget and Audit chair the Committee.

Description
Section 3

Chart 3a

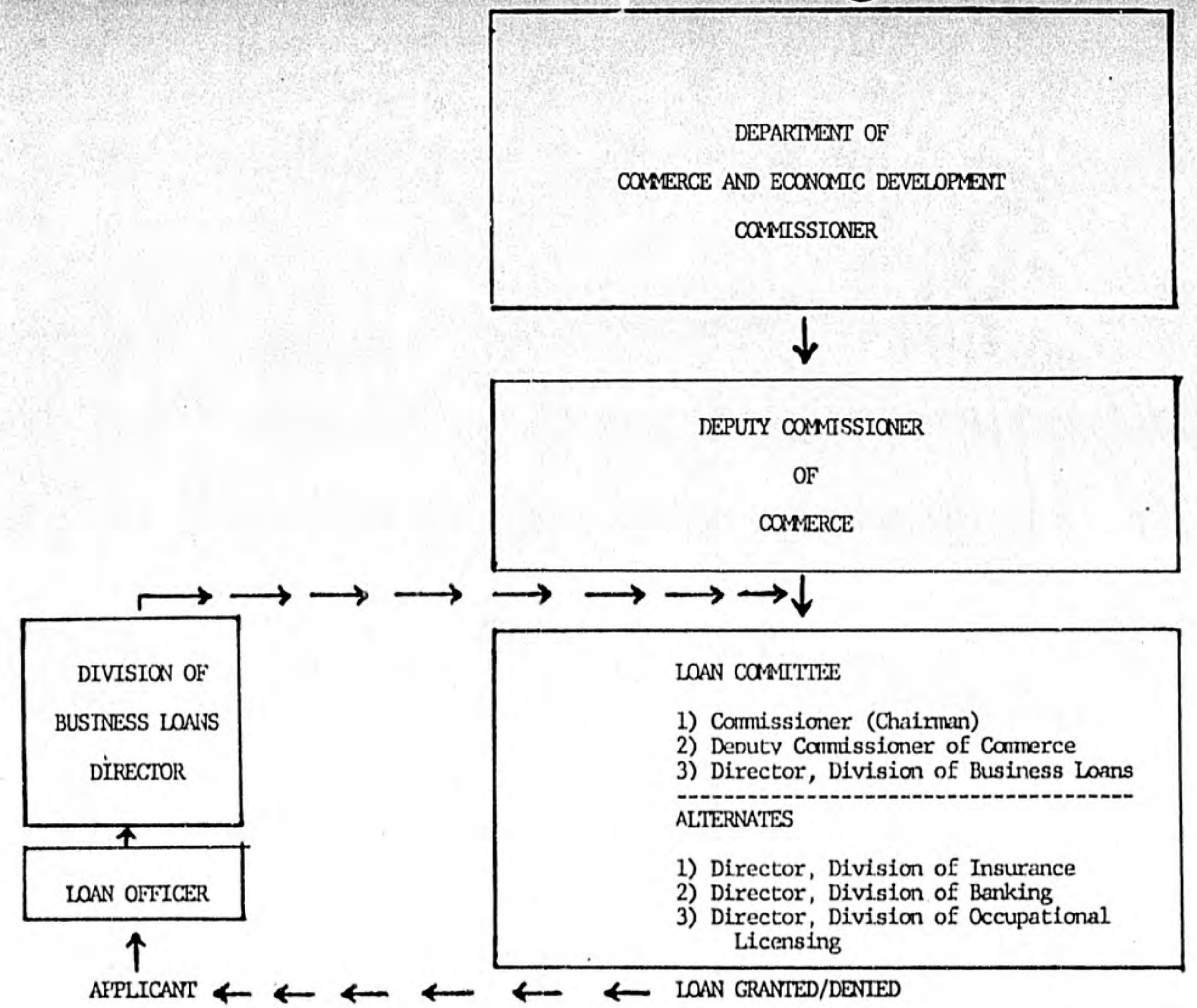
A description of the movement of an application for loan as presently exists in the Division of Business Loans, Department of Commerce.

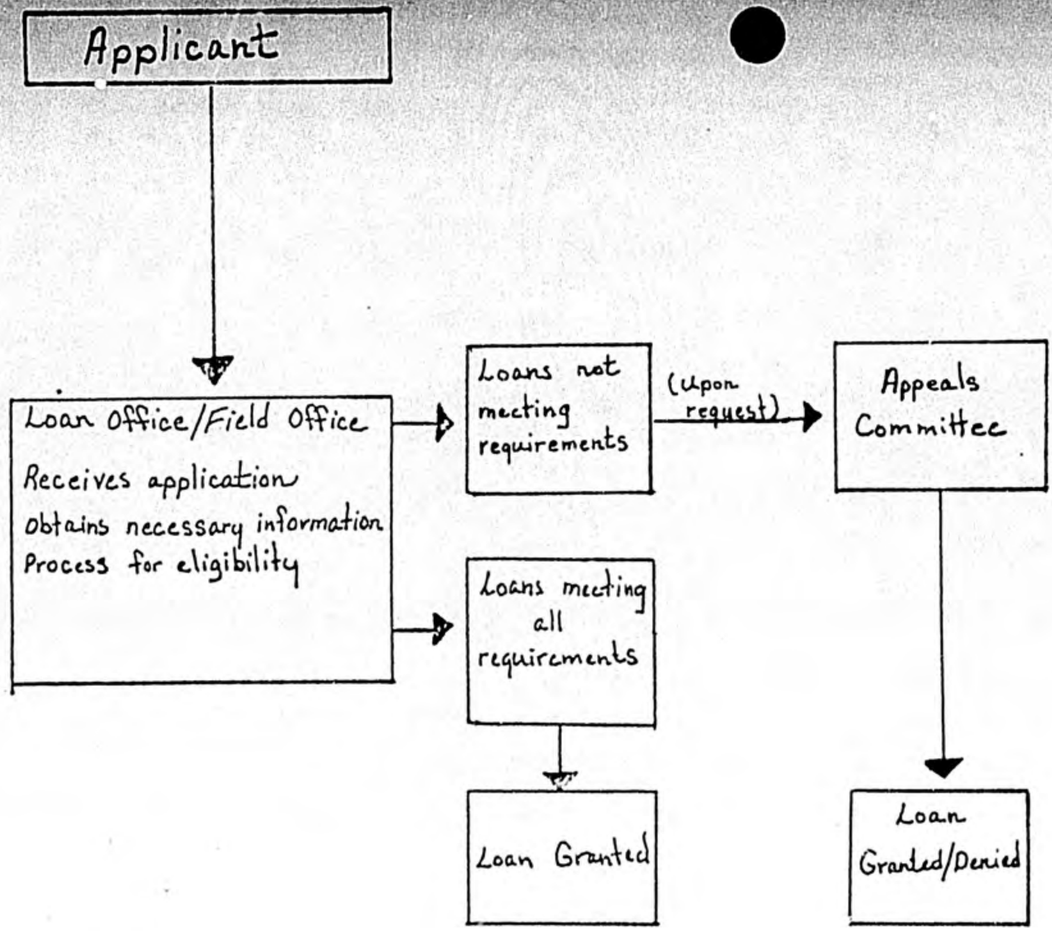
Chart 3b

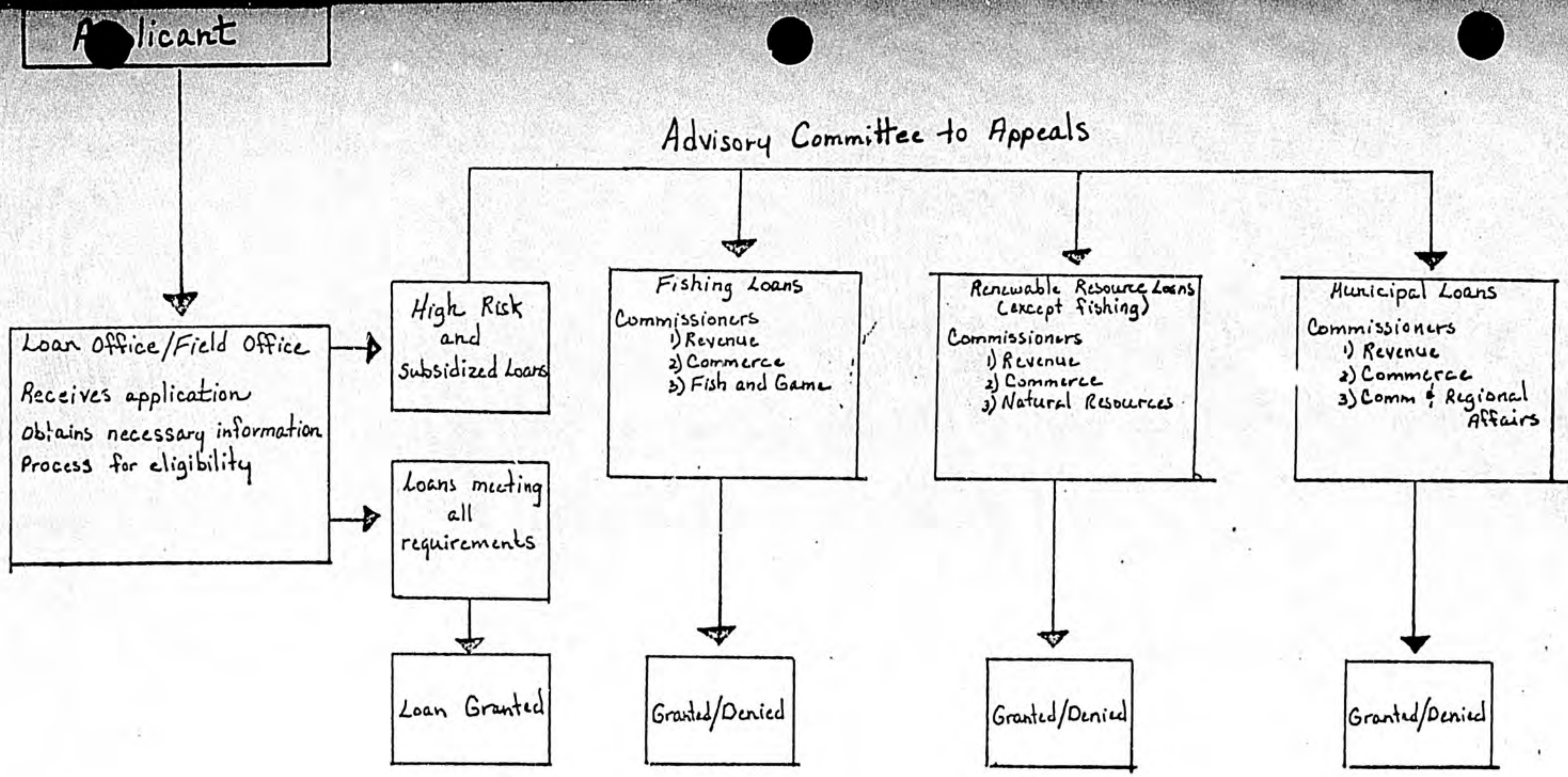
A description of the movement of an application for loan as proposed by the Senate Committee on the Permanent Fund should the Alaska Loan Program (Chart 2d) be implemented.

Chart 3c

An alternate description for movement of an application for loan as proposed by the Senate Committee on the Permanent Fund should the Alaska Loan Program (Chart 2d) be implemented.


DEPARTMENT OF
COMMERCE AND ECONOMIC DEVELOPMENT
COMMISSIONER
DEPUTY COMMISSIONER
OF
COMMERCE
DIVISION OF
BUSINESS LOANS
DIRECTOR
LOAN OFFICER
APPLICANT
LOAN COMMITTEE
1) Commissioner (Chairman)
2) Deputy Commissioner of Commerce
3) Director, Division of Business Loans
ALTERNATES
1) Director, Division of Insurance
2) Director, Division of Banking
3) Director, Division of Occupational Licensing
LOAN GRANTED/DENIED


Applicant
Loan Office/Field Office
Receives application
obtains necessary information
Process for eligibility
Loans not meeting requirements
(Upon request)
Appeals Committee
Loans meeting all requirements
Loan Granted
Loan Granted/Denied



Applicant
Advisory Committee to Appeals
Loan Office/Field Office
Receives application
obtains necessary information
Process for eligibility
High Risk and Subsidized Loans
Loans meeting all requirements
Loan Granted
Fishing Loans
Commissioners
1) Revenue
2) Commerce
3) Fish and Game
Granted/Denied
Renewable Resource Loans (except fishing)
Commissioners
1) Revenue
2) Commerce
3) Natural Resources
Granted/Denied
Municipal Loans
Commissioners
1) Revenue
2) Commerce
3) Comm & Regional Affairs
Granted/Denied

3c

Questionaires

BANKERS QUESTIONNAIRE

A total of 18 Bankers questionnaires were mailed on September 18 to the banks listed on the attached page.

To date, we have received 6 completed questionnaires. It is our understanding that various bankers have organized a task force to respond to the questionnaire.

Attached letter sent to:

R.J. Miller, Jr., President
AK Bank of Commerce
712 W. 4th Avenue
Anchorage, AK 99501

L.C. Coffman, Pres.
AK Federal Savings & Loan Assoc.
301 N. Franklin
Juneau, AK 99801

Ron Rettig, President
AK Mutual Savings Bank
601 W. 5th Avenue
Anchrage, AK 99501

Frank Murkowski, Pres.
AK National Bank of the North
College Office and Administrative Center
Fairbanks, AK 99701

A.G. Espe, Pres.
AK Pacific Bank
Box 420
Anchorage, AK 99510

Robert Barnes, Pres.
AK Statebank
422 W. 5th Avenue
Anchorage, AK 99501

Walter Sczudlo, Pres.
Arctic First Federal Savings & Loan of Fairbanks
570 Gaffney Road
Fairbanks, AK 99701

William G. Brock, Pres.
The B.M. Behrends Bank
234 Seward Street
Juneau, AK 99801

Raymond M. Hartilieb, Pres.
First Federal Savings & Loan of Anchorage
813 Northern Lights Blvd.
Anchorage, AK 99504

Daniel H. Cuddy, President
First National Bank of Anchorage
645 G Street
P.O. Box 720
Anchorage, AK 99510

William G. Stroecker, Pres.
First National Bank of Fairbanks
2nd & Cushman Street
Fairbanks, AK 99701

W.G. Moran, President
First National Bank of Ketchikan
Box 7920
Ketchikan, AK 99901

Paul Kapansky, President
Home Federal Savings & Loan Association
535 D Street
Anchorage, AK 99501

Mt. McKinley Mutual Savings Bank
531 3rd Avenue
Fairbanks, AK 99701

Edward Rasmuson, Pres.
National Bank of Alaska
P.O. Box 600
Anchorage, AK 99510

Richard Kennard, Pres.
Peoples Bank & Trust
644 W. 8th Avenue
Anchorage, AK 99501

Wayne Littleton, Pres.
Security National Bank
880 H Street
Anchorage, AK 99501

Arnold W. Gietz, Pres.
United Bank Alaska
645 G Street
Anchorage, AK 99501

Alaska State Legislature

Pouch V
JUNEAU ALASKA
99811

Senate Committee
on the
Permanent Fund

August 18, 1977

Dear :

During the next session of the Alaska Legislature, various pieces of legislation will be proposed concerning the Alaska Permanent Fund. As Chairman of the Senate Committee on the Permanent Fund, I have the responsibility of directing the Senate effort toward this legislation.

Because of your position in the banking industry, I am requesting your assistance in evaluating the availability of credit to Alaskans. The enclosed questionnaire is a step in this effort. Please identify any information in the questionnaire you might consider confidential. At your request, a summary of questionnaire information will be made available to you.

I do hope I can call upon you in the immediate future in this regard for additional advise and assistance. Upon completion of the questionnaire, please return to:

Senator George Hohman, Chairman
Senate Committee on the Permanent Fund
Pouch V
Juneau, Alaska 99811

Attn: Banker's Questionnaire

Thank you for your cooperation.

Sincerely,

George H. Hohman Jr

George Hohman, Chairman
Senate Committee on the
Permanent Fund

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	______%	______%

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	______	______

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_____

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________________________

CHAMBER OF COMMERCE QUESTIONNAIRE

A total of 750 Chamber of Commerce questionnaires were mailed on August 18. Similar questionnaires were also sent to 50 veterans, teachers, and public employees.

The results of the Chamber of Commerce questionnaire are indicated on the attached pages.

Alaska State Legislature

Pouch V
JUNEAU ALASKA
99811

Senate Committee
on the
Permanent Fund

Dear Chamber of Commerce Member:

As Chairman of the Senate Interim Committee on the Alaska Permanent Fund, I have been asked to speak to you and other Chamber of Commerce members at your September 29th meeting in Anchorage, regarding the Fund; our progress so far and some prospects for the future.

As part of the Committee's interim effort, we are soliciting information on the actualities of and expectations for Alaskan capital markets. Preliminary economic studies on the fund indicate that existing Alaskan capital market institutions are adequately meeting the capital needs of urban Alaska and that infusions of permanent fund monies into these urban capital markets would not result in any significant increase in either profitability or growth of basic industrial or commercial enterprises in Alaska. The same studies indicate that existing capital market institutions are not adequately meeting the capital needs of rural Alaska.

In order to explore these and other working premises on the Alaska capital markets and the Permanent Fund, I have prepared the attached questionnaire. I will very much appreciate your time in completing the questionnaire and returning it to me in order that the Committee's work generally and my presentation to your membership specifically will address your concerns about and expectations for the Alaska Permanent Fund.

I would appreciate your response by September 15, 1977 to:

Senator George Hohman, Chairman
Senate Committee on the Permanent Fund
Pouch V
Juneau, Alaska 99811

Attn: Chamber Questionnaire

If you have any questions or other thoughts on the matter, please feel free to contact me or my staff by telephone at 907-465-3880. I look forward to hearing from you and meeting with you on September 29.

Sincerely,

George Hohman, Chairman
Senate Committee on the
Permanent Fund

RESULTS OF CHAMBER QUESTIONNAIRE

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

   99 respondents own or have owned or managed businesses in Alaska

   2 respondents do not own or manage Alaska businesses

2) Of those respondents who answered "yes" to Question 1, the breakdown of business follows:

   17 retail

   39 services

   3 lumber

   4 wholesale trade

   3 manufacturing

   10 construction

   10 transportation

   3 fishing and/or processing

   1 agricultural products

   7 banks

   2 other

3) Of those respondents answering "no" to Question 1:

   2 have not considered entering business

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

   84 Yes

   17 No

5) If you answered "yes" to Queston 4, was the loan denied or granted?

   78 Granted

   6 Denied for the following reasons

   - 2 inadequate security
   - 1 long term loans not available
   - 2 other

6) Was bank consideration of your application satisfactory or unsatisfactory?

77 respondents felt bank consideration was satisfactory

7 respondents felt bank consideration was unsatisfactory

Additional comments on bank service:

7 very satisfactory

1 satisfactory

3 terms too short

4 appraisals too conservative

1 no established credit

3 other

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

39 respondents have attempted to get business loans from other sources

62 respondents have not sought loans outside banking institutions

The following lenders were commonly approached:

2 no response

16 state loan

8 federal loan

3 credit union

3 friends or family

7 other

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

51 respondents thought credit adequately available

41 respondents do not believe credit adequately available

Additional comments:

3 inadequate in rural areas

5 available credit is short term only

8) continued

4 not enought competition among banks

8 Alaska banks unable to finance many projects

19 other

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

33 no response

22 housing

46 venture

23 expansion

16 research

27 development

2 other

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

28 no response

49 veterans

48 small business

6 child care

14 agriculture

17 Alaska State Development Corporation

7 senior citizen housing

18 Small Business Development Corporation

18 commercial fishing

6 water resources

36 tourism

6 fisheries enhancement

23 Alaska Housing Finance Corporation

18 student financial aid

11) Additional comments on state loan programs offered by respondents

34 no comment

14 adequate

5 excessive red tape

7 inadequate funding

11 inadequate servicing

3 inadequate programs

8 inadequate limits

5 more responsive to venture and development loans

10 inadequate other

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

30 no response

43 housing loans

10 agricultural loans

1 natural resources loans

6 environmental quality loans

50 business loans

31 disaster loans

6 employment training loans

4 other

13) Respondents comments on impressions of the federal loan programs.

43 no comment

13 adequate

22 excessive red tape

1 inadequate funding

7 inadequate services

3 inadequate programs

2 inadequate limits

14) Respondents gave the following percentile (averaged) recommendations for investment of Permanent Fund capital:

43.0% high grade stocks, bonds, and federal paper

9.0% new loan programs

12.5% housing loans

11.0% expand existing state loans

10.5% community development

8.0% technological development loans (energy - methods of construction)

6.0% other

The following comments were returned regarding Permanent Fund investment alternatives:

81 no further response

7 loans based on competent management

8 state development is first priority

2 investments must be insulated from political considerations

1 loans funded from income or profit of Permanent Fund investments

2 invest in large corporations operating in Alaska

TOTAL NUMBER OF RESPONDENTS: 101

RURAL OUTREACH QUESTIONNAIRE

A total of 668 Rural Outreach questionnaires were mailed on September 22.

The results of the questionnaire are indicated on the attached pages.

Alaska State Legislature

Pouch V
JUNEAU ALASKA
99811

Senate Committee
on the
Permanent Fund

Dear Sir:

As you may know, Alaska will receive large sums of money from oil royalties and lease sales within the next few years. At least 25% of this money will go into the Permanent Fund. It is my hope that this money can be used to the advantage of all Alaskans.

As a representative of rural Alaska, we would appreciate your help in assessing the needs of your community by filling out the attached questionnaire. If you feel your views are not representative of your area, we would ask that you give the extra questionnaire (attached) to another individual with views other than your own.

If you have any questions, please contact my office at 907-465-3880. Thank you for your cooperation.

Sincerely,

George H. Hohman Jr.

George Hohman, Chairman
Senate Committee on the
Permanent Fund

Updated Results of Rural Questionnaire

1. Do you own or have you owned a business in Rural Alaska?

   64 Yes

   10 No

2. If you have checked "yes" on the above, what type of business do you or have you owned?

   17 Retail

   2 Services

   4 Lumber

   2 Wholesale Trade

   3 Manufacturing

   5 Construction

   5 Transportation

   10 Fishing and/or Processing

   4 Mining and Prospecting

   1 Regional and Village Corporation

   4 Other

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

   7 Yes

   3 No

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

   44 Yes

   30 No

5. If you checked "yes" to Question #4, was the loan granted or denied?

   29 Granted

   15 Denied for the following reasons:

   5 Inadequate Security ; 3 No Established Security; 6 Other

Updated Results of Rural Questionnaire
(continued)

6. Was bank consideration of your application satisfactory or unsatisfactory?

   30 Satisfactory

   14 Unsatisfactory

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

   33 Yes

   41 No

   Common Lenders Approached were:

   16 State Loan

   6 Federal Loan

   6 Credit Unions

   1 Friends or Family

   4 Other

8. Do you think small business loans are adequately available to rural Alaskans?

   8 Yes

   56 No

   Additional comments as follows:

   21 Inadequate in Rural Areas

   2 Available Credit is Short Term Only

   2 Not Enough Competition among Banks

   4 Alaskan Banks Unable to Finance Many Projects

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

   1 Credit in Rural Alaska is Poor

   1 Available Credit is Short Term Only

   2 Alaska Banks Unable to Finance Many Projects

Updated Results of Rural Questionnaire
(continued)

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

    31 Veterans

    23 Small Business

    2 Child Care

    10 Agriculture

    1 Alaska State Development Corporation

    2 Senior Citizens Housing

    13 Small Business Development Corporation

    13 Commercial Fishing

    5 Tourism

    5 Fisheries Enhancement

    5 Alaska Housing Finance Corporation

    10 Student Financial Aid

    0 Water Resources

11. The following comments were offered by respondents regarding their impressions of the state loan programs.

    6 Adequate

    8 Excessive Red Tape

    1 Inadequate Funding

    13 Inadequate Servicing

    1 Inadequate Programs

    4 Inadequate Limits

    2 Desire Venture and Development Loans

    3 Inadequate Other

    4 Positive Benefit to Alaska

12. What rate of interest should the State charge for their loan programs?

    20 Less Than Prime Rate

    28 Prime Rate

    18 Greater than Prime Rate

Updated Results of Rural Questionnaire
(continued)

13. With which of the following Federal Loan Programs are you familiar?

 1 Housing Loans

15 BIA Loans

25 Farmers Home Administration

38 SBA

 1 Other

Impressions of the Federal Loan Programs.

 6 Adequate

14 Excessive Red Tape

 2 Inadequate Funding

 3 Inadequate Servicing

 2 Inadequate Programs

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

 3 None

50 Housing

64 Small Business

43 Education

10 Environment

 2 Utilities

 4 Agriculture

 7 Renewable Resource Development

 4 Other

Total Number of Respondents: 74

ALASKAN QUESTIONNAIRE

A total of 100 Alaskan questionnaires were mailed on September 27 to individuals listed on the attached pages.

This questionnaire was sent to 100 Alaskan registered voters, whose veteran's status was unknown.

No results have yet been tabulated.

Box 561
Cordova, Alaska 99674

Charles Maxwell
Box 622
Cordova, Alaska 99574

ul Barrett
ox 1089
Valdez, Alaska 99686

Lester Black
Post Office Box 1006
Valdez, Alaska 99686

Ralph Brumbaugh
Box 864
Wasilla, Alaska 99687

Authur Pierson
Post Office Box 509
Palmer, Alaska 99645

Willis Radford
Star Route Box 24
Willow, Alaska 99688

Harold Smith
Post Office Box 118
Talkeetna, Alaska 99676

Paul Breton
Post Office Box 831
Eagle River, Alaska 99577

Lyle Carr
Post Office Box 974
Eagle River, Alaska 99577

Dale Bowers
Star Route Box 1451
Chugiak, Alaska 99567

David Edlund
Box 4-162
Spenard, Alaska 99509

James Houghton
Box 11
Glennallen, Alaska 99588

Randy Skow
Box 1182
ward, Alaska 99664

David Anderson
Box 1237
Homer, Alaska 99603

Leonard Bunts
P O Box 147
Anchor Point, Alaska 99556

Perry Hawkins
P O Box 1712
Soldotna, Ak. 99669

Michael King
Box 3250
Kenai, Alaska 99611

Joe Leman
Box 87
Ninilchik, Alaska 99639

Elmer Wood
Box 11
Clam Gulch, Alaska 99568

Alfred Bond
Box 94
Seldovia, Alaska 99663

David Honeywell
Box 1305
Kodiak, Alaska 99615

Gary Hunter
Box 1622
Kodiak, Alaska 99615

Philip Katelnikoff
Box 72
Ousinkie, Alaska 99644

Harry Kalmakoff
Chignik Lake, Alaska 99695

James Bennett
Post Office Box 115
Cold Bay, Alaska 99571

Peter Devine
General Delivery
Sand Point, Alaska 99661

Daniel Caldwell
Captains Bay
Unalaska, Alaska 99685

Paul Ilutsik
Aleknagik, Alaska 99555

Andy Simon
Allakaket, Alaska 99720

Richard B. Dayey
16th Ave
Anchorage , AK. 99501

~~Teresa Bailey~~
~~919 W. 9th Ave.~~
~~Anchorage, Alaska 99503~~
Returned - No such No.

Hazel B. Butcher
919 W. 23rd
Anchorage, Alaska 99503

~~Mark J. Figgins~~ returned
~~1013 Fireweed Ln.~~
~~Anchorage, Alaska 99503~~

Gregory H. Luther
2806 Turnagain
Anchorage, Alaska 99503

Allen L. Wernberg
1932 Spenard Road
orage, Ak. 99503

Cleo H. Sims
1577 I ST.
Anchorage, Ak. 99501

Kerry E. Brenner
1435 Denali St. # 1
Anchorage, Ak. 99501

Sharon R. Bezek
729 W. 18th St.
Anchorage, Ak. 99503

Scott Christian
2306 Eagle ST.
Anchorage, Ak. 99503

James C. Russell
436 Aurora Dr.
Anchorage, Alaska 99503

Norman Jones
601 E. 15th Terrace #6
Anchorage, Alaska 99501

~~John E. Patton~~
~~338 Denali Apt. 1207~~ moved
~~Anchorage, Ak. 99501~~

Florence L. Hunt
1509 E. Bluff Rd. #11-238
Anchorage, Ak. 99501

Dolores J. Gatlin
700 Gum ST. Bldg. 35-2037
Anchorage, AK. 99501

Robert H. Schenker
801 Airport Hghts # 243
Anchorage, Alaska 99504

Susan R. Jones
1119 LaTouche
Anchorage, Alaska 99501

Jack D. Wilson
1025 LaTouch St.
Anchorage, Alaska 99501

Vickie S. Bates
701 S. Klevin Sp 112
Anchorage, Alaska 99504

Susan K. King
P.O. Box 8049
Anchorage, Alaska 99508

Clay M. Sharp
701 S. Klevin #83
Anchorage, Ak. 99504

Linda D. Battles
4314 San Roberto #4
Anchorage, Ak. 99504

Elizabeth P. Brown
701 S. Klevin Sp 14
Anchorage, Alaska 99504

Lillie M. Hemphill
1434 LaTouche St. Apt. 1
Anchorage, Ak. 99501

Dianne M. Campbell
1111 E. 19th
Anchorage, Ak. 99501

Dorothea A. Barnett
1516 Birchwood St.
Anchorage, Ak. 99504

William F. Zimmerman
1438 1/2 E. 11th Ave.
Anchorage, Ak. 99501

Michael J. Voyles
1301 1/2 Juneau
Anchorage, Ak. 99501

Thomas W. Spurlock II
1135 E. 15th Ave.
Anchorage, Alaska 99501

Brenda C. Pitts
941 E. 20th
Anchorage, Alaska 99501

Linda Buckley
Box 52
Hydaburg, Alaska 99922

[illegible]hard Wilkerson
[illegible]st Office Box 1698
Ketchikan, Alaska 99901

Stephen Reeve
344 Front Street
Ketchikan, Alaska 99901

Robert Olsen
Box 1053
Ward Cove, Alaska 99901

Mable Smeltzer
Route 1, Box 932
Ketchikan, Alaska 99901

James See
General Delivery
Craig, Alaska 99921

John Hayward
P.O. Box 101
Metlakatla, Alaska 99926

Mike Lopez
Box 1004
Petersburg, Alaska 99833

William Ely
Box 66
Wrangell, Alaska 99929

Donald Hull
Box 1170
Wrangell, Alaska 99929

Frank Wright, Sr.
Box 131
Hoonah, Alaska 99829

Joe Garrison
Box 860
Sitka, Alaska 99835

Leslie Williams
[illegible] 405
[illegible]e, Alaska 99830

Richard Adair
Box 371
Juneau, Alaska 99801

Donald Bedford
Box 111
Auke Bay, Alaska 99821

John Vavalis, Jr.
Box 1293, R.R. 2
Juneau, Alaska 99801

Earl Lammers
Box 412
Haines, Alaska 99827

Woodford Perry
Box 216
Haines, Alaska 99827

Peter Munro
120 W. 9th
Juneau, Alaska 99801

David Miller
330 W. 8th Street
Juneau, Alaska 99801

Thomas Mortell
E 2 Cedar Park
Juneau, Alaska 99801

Albert Kadush
R.R. 3, Box 3270
Juneau, Alaska 99801

Jesse Bulkley
Route 6, Box 4074
Juneau, Alaska 99801

Randall Cooper
Route 4, Box 4100 91
[illegible]u, Alaska 99801

Jerry Wallace
Box 860
Sitka, Alaska 99835

James Schmitt
545 Crosson Avenue
Fairbanks, Alaska 99701

Charles Ray
1209 10th Avenue
Fairbanks, Alaska 99701

Richard Barton
1881 Marika Street
Fairbanks, Alaska 99701

Larry Stangland
2243 Bridgewater Drive
Fairbanks, Alaska 99701

Wayne Vonclasen
1616 Cushman
Fairbanks, Alaska 99701

Dale Ranstead
Box 3172
Fairbanks, Alaska 99701

Betty Hoch
Star Route, Box 10851
Fairbanks, Alaska 99701

Gary Wilke
315 5th
Fairbanks, Alaska 99701

Dale Polston
909 1st Avenue
Fairbanks, Alaska 99701

Carl Parker
Box 552
Fairbanks, Alaska 9970

Walter Williams
542 2nd Avenue
Fairbanks, Alaska 99701

John Young
815 8th Avenue
Fairbanks, Alaska 99701

Westeen Holmes
2326 Gillam Way
Fairbanks, Alaska 99701

John Wathen
1409 Bluebell
Fairbanks, Alaska 99701

Henri Gibbs, Jr.
1325 Cushman Street
Fairbanks, Alaska 99701

Alaska State Legislature

Pouch V
JUNEAU ALASKA
99811

Senate Committee
on the
Permanent Fund

September 27, 1977

Dear Alaskan:

During the next session of the Alaska legislature, various pieces of legislation will be proposed concerning the structure, management, and activities of the Alaska Permanent Fund. As Chairman of the Senate Committee on the Permanent Fund, I have the responsibility of directing the Senate effort toward preparing legislative alternatives for consideration.

Our committee has been examining existing state loan programs, and would appreciate your participation in completing and returning the enclosed questionnaire. Your comments will be helpful to the Committee in our further studies regarding various state loan programs.

Please return the questionnaire to me at the following address by October 15th:

Senator George Hohman, Chairman
Senate Committee on the Permanent Fund
Pouch Y
Juneau, Alaska 99811

Attention: Veterans' Questionnaire

Sincerely,

George Hohman, Chairman
Senate Committee on the
Permanent Fund

Enclosures

Veteran's Revolving Loan Program
Questionnaire

If all loans were processed through one office, all personnel now paid by the Veteran's Revolving Loan Program could be paid by the interest earnings of the Permanent Fund, allowing cash in the Veteran's Revolving Loan fund to subsidize loans made to veterans by charging a lower interest rate to veterans and having the balance paid from some other source.

1. Do you feel the veteran should be able to borrow below a uniform rate? Yes_______ No_______

   If so, how much lower? 1%_______

   1/2%_______

   Other_______

2. If a business loan limitation is $500,000 for all Alaskans, do you feel an Alaskan veteran should be recognized by having a limitation above that limit? (Example: 5% higher for each loan program limitation).

   Yes_______ No_______

   If so, what percentage above the maximum amount? _______%

3. The following are considered eligible for the Alaska Veteran's Revolving Loan Program:

   a. A veteran who entered the military from Alaska,

   b. A veteran who has lived in Alaska five years after leaving the military,

   c. A person who has served six years in the Alaska National Guard.

To encourage veterans to join the Alaska National Guard, would you recommend allowing those who do so for six years eligibility preference as outlined in No. 2 above?

Yes_______ No_______

If so, allow a rate of _______%.

4. To encourage veterans to join the Alaska National Guard, would you recommend a further reduction in interest rates as outlined in No. 1 above?

Yes_______ No_______

If yes, how much? 1%_______

1/2%_______

Other_______

5. Are you a veteran? Yes_______ No_______

Other comments:

After completing the questionnaire, please return it to me at the following address by October 15th.

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

Attention: Veterans' Questionnaire

Sincerely,

George M. Hohman

George Hohman, Chairman
Senate Committee on the
Permanent Fund

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

Yes______ No______

Name______________________________

Address______________________________

____

Phone number______________________________

Senator George Hohman, Chairman
Senate Committee on the Permanent Fund
Pouch Y
Juneau, Alaska 99811

TEACHERS QUESTIONNAIRE

Approximately 4000 Teachers questionnaires were mailed on September 29, to teachers whose names were provided to us by NEA-Alaska.

Over 500 teachers have responded to the questionnaire. At the present time, the results are being tabulated.

Alaska State Legislature

Pouch V
JUNEAU ALASKA
99811

September 21, 1977

Senate Committee
on the
Permanent Fund

Dear Teacher:

As you are aware, the voters of the State of Alaska approved a constitutional amendment to create the Alaska Permanent Fund. The Senate Committee on the Permanent Fund is presently examining possible uses of this Fund. One facet of our study is an examination of the existing state loan programs and the means by which low interest housing loans may be made available to rural Alaskans which would, of course, include teachers.

Somewhere in the future, it is possible low interest home loans may become available to both rural and urban Alaskans - if the legislature reflects the indicated opinions of Alaskans. However, cash flow will be such that all Alaskans may not be served immediately. The rural school teacher has a particular need for housing and is often unable to obtain adequate financing. One method of obtaining the necessary financing would be to allow the rural teacher to borrow money for home construction through the Teacher Retirement Fund which has a balance of $180 million as of August 31, 1977. It seems possible that monies from this fund could be available almost immediately for low interest housing loans to rural teachers. This same approach could be used for public employees located in rural Alaska. These loans, of course, would be made only to those teachers with appropriate credit status and would not adversely effect any retirement eligibility for Alaskan teachers.

Enclosed is a questionnaire dealing with low interest housing loans to be made through the Teachers Retirement Fund. As Chairman of the Senate Committee on the Permanent Fund, I would appreciate your attention in completing the questionnaire and returning it to the following address by October 15, 1977.

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

Attention: Teacher's Questionnaire

Sincerely,

George Hohman

George Hohman, Chairman
Senate Committee on the
Permanent Fund

Enclosures (2)

Teacher's Questionnaire
Results as of October 21, 1977

Combined Urban and Rural Respondents: 428

1. Do you approve of making loans to teachers from the Teacher's Retirement System?

   221 Yes

   205 No

Questions 2 through 5 are applicable only to those responding "yes" to Question 1.

2. Considering the difficulty faced by the rural teacher in obtaining financing, would you support giving these rural Alaskans priority?

   173 Yes

   49 No, with the following comments:

      35 Suggest Equal Distribution

      1 Suggests a Greater Percentage Rural

      3 Dependent on Accumulated Credit in TRS

3. An interest rate of 7% was recommended for the above loans taking into consideration the high cost of living in rural Alaska as well as the high cost of construction. Such a loan on a 30 year basis would be a major contribution in lowering the cost of the teachers living in rural Alaska (and reduce the cost of all Alaskans). Would you support an interest rate of 7%?

   183 Yes

   37 No, with the following preferences:

      26 Greater than 7%

      5 Less than 7%

4. When the needs of the rural teacher are met, would you recommend such a loan program for the urban teacher (those in Anchorage, Fairbanks, and Juneau)?

   153 Yes

   20 No, with the following comments

      14 Feel Sufficient Financing in Urban Areas

      4 Gave Other Reasons