

333 HCRA HB 133 - HB 202 UNORGANIZED BOROUGH TAXES

Municipality of Anchorage



OFFICE OF THE MAYOR

POUCH 6-650
ANCHORAGE, ALASKA 99502
(907) 274-2525

GEORGE M. SULLIVAN,
MAYOR

3/13/78
Deliver to Rep. Rudd
ASAP.

Representative Lisa Rudd
Community & Regional Affairs Committee
Pouch V
Juneau, Alaska 99811

Dear Representative Rudd:

You have asked for comment concerning CSHB 133 (Finance) relating to selection of state land by municipalities. In general, the Municipality of Anchorage strongly supports this legislation and urges its expedited approval by the House and Senate. However, a number of problems and ambiguities should be addressed in order to make the proposed legislation an equitable settlement of land entitlements between local governments and the state.

AS 29.18.202(C) (D) in the proposed bill would, in essence, require some municipalities to promise that large amounts of land received from the state would be "committed to disposal to private ownership." Although such a proposal may have merit with respect to boroughs with large amounts of available vacant land, it is manifestly unreasonable for a municipality such as Anchorage that does not possess enough vacant land to satisfy even its own governmental needs. Anchorage is presently engaged in an on-going land acquisition program to provide land for streets, utilities, and park and recreation purposes. This land is being acquired at a tremendous cost in order to provide critically needed municipal facilities and services. Faced with such a situation, the idea of requiring Anchorage to give away vacant land for private ownership is, at best, unreasonable.

I realize that proposed AS 29.18.202(E) authorizes the director to waive the above-described requirements in certain cases. However, the Municipality feels that it should not be left to the director to decide on a waiver of a provision that is, on its face, unreasonable with respect to some local governments. I would suggest that a specific exemption for municipalities such as Anchorage be inserted in place of the proposed AS 29.18.202(E).



With respect to the proposed AS 29.18.206 (school, university and mental health lands) the Municipality strongly supports this concept and urges its retention in the proposed bill. However, I would like to call your attention to some confusion in subsection (D) and (E) of this provision. Subsection (D) provides:

No selection of school, university or mental health land may be approved by the director under this section without the concurrence of (1) the State Board of Education, for school lands; (2) the Board of Regents of the University of Alaska, for university lands; or (3) the members of the Mental Health Land Board specified in AS 38.05.035(13), for mental health land.

However, subsection (e) states that:

Within three years after the approval under (D) of this section of a municipal selection of school, university or mental health lands, the director, with the concurrence of the respective board, shall designate appropriate state general grant land of approximately value as school, university or mental health replacement land.

It seems to me that school, university or mental health land officials are not going to concur in the transfer of their lands until after the state has identified alternative equal value land and obtained their approval. I would suggest that the Director of Lands be required, at the request of a municipality, to initiate an active program of identifying alternative equal value lands and to obtain the approval of the necessary school, university or mental health board officials within a specified time period in order to implement the policies expressed in proposed AS 29.18.206. For example, the Director could be required to identify a specific amount of land and present a proposal to school, university or mental health officials within one year from a request by a municipality. This would allow the municipality some degree of certainty in determining whether or not it would be able to acquire school, university or mental health lands.


Finally, the Municipality of Anchorage continues to support the proposed AS 29.18.208 (payment in lieu of land). This section is the only hope for Anchorage to obtain something approaching equitable treatment under the old municipal land selection program. For example, I call your attention to the fact that, under the old system, Anchorage, with a population of close to 200,000, was entitled to at most 20,865 acres. On the other hand, the Mat-Su Borough, with a small fraction of the Anchorage population, is

entitled to 355,210 acres of extremely valuable state land. The in lieu payment system proposed by CSHB 133 would at least allow Anchorage to receive in lieu payments to be used in aid of its own acquisition programs or for other important municipal purposes. Faced with the extreme inequity of the old land selection formula, the Municipality has serious objection to proposed AS 29.18.208(F) that would limit payments in lieu of land to no more than \$100 per capita. Since the Municipality is willing to take its in lieu payments over a number of years, I see no reason why Anchorage should be arbitrarily denied a major portion of its in lieu entitlement by the \$100 per capita limit. Such a provision should be seen as an outrage by Anchorage taxpayers, and should be deleted from the proposed legislation.

Thank you for the opportunity to comment on CSHB 133 (Finance). The Municipality will have representatives available to testify on this bill at any time, and will provide whatever data or other assistance you may require. If you have any questions concerning the above, please contact Mr. Ted Berns, Municipal Attorney, at 264-4237.

Sincerely yours,

MUNICIPALITY OF ANCHORAGE


George M. Sullivan
Mayor

GMS:TDB:gml

Municipality
of
Anchorage



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ANCHORAGE, ALASKA 99502
(907) 274-2525

GEORGE M. SULLIVAN,
MAYOR

OFFICE OF THE MUNICIPAL ATTORNEY

April 4, 1978

Senator Kay Poland, Chairman
Senate Resource Committee
Pouch V
Juneau, Alaska 99811

Dear Senator Poland:

Thank you for the recent opportunity to testify before your committee on CSHB 133 Finance am. The Municipality of Anchorage continues to strongly support this legislation and urges its expedited approval by your committee. However, as I indicated during my testimony, the Municipality believes that a number of amendments should be made in order to make the proposed legislation an equitable settlement of land entitlements between local governments and the state.

AS 29.18.202(C)(D) in the proposed bill would, in essence, require some municipalities to promise that large amounts of land received from the state would be "committed to disposal to private ownership." Although such a proposal may have merit with respect to boroughs with large amounts of available vacant land, it is manifestly unreasonable for a municipality such as Anchorage that does not possess enough vacant land to satisfy even its own governmental needs. Anchorage is presently engaged in an on-going land acquisition program to provide land for streets, utilities, and park and recreation purposes. This land is being acquired at a tremendous cost in order to provide critically needed municipal facilities and services. Faced with such a situation, the idea of requiring Anchorage to dispose of a fixed amount of vacant land for private ownership is, at best, unreasonable. Although it may be desirable to sell municipal lands not needed for public purposes, such a decision should be left to the sound discretion of local elected officials.

I realize that proposed AS 29.18.202(E) authorizes the director to waive the above-described requirements in certain cases. However, the Municipality feels that it should not be left to the director to decide on a waiver of a provision that is, on its face,

Senator Kay Poland

April 4, 1978

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unreasonable with respect to some local governments. I would suggest that a specific exemption for municipalities such as Anchorage be inserted in place of the proposed AS 29.18.202(E).

With respect to the proposed AS 29.18.206 (school, university and mental health lands) the Municipality strongly supports this concept and urges its retention in the proposed bill. However, I would like to call your attention to some confusion in subsection (D) and (E) of this provision. Subsection (D) provides:

No selection of school, university or mental health land may be approved by the director under this section without the concurrence of (1) the State Board of Education, for school lands; (2) the Board of Regents of the University of Alaska, for university lands; or (3) the members of the Mental Health Land Board specified in AS 38.05.035(13), for mental health land.

However subsection (e) states that:

Within three years after the approval under (d) of this section of a municipal selection of school, university or mental health lands, the director, with the concurrence of the respective board, shall designate appropriate state general grant land of approximately equal value as school, university or mental health replacement land. (emphasis added)

It seems to me that school, university or mental health land officials are not going to "concur" in the transfer of their lands until after the state has identified alternative equal value land and obtained their approval. I would suggest that the Director of Lands be required, at the request of a municipality, to initiate an active program of identifying alternative equal value lands and to obtain the approval of the necessary school, university or mental health board officials within a specified time period in order to implement the policies expressed in proposed AS 29.18.206.

For example, the Director could be required to identify a specific amount of land and present a proposal to school, university or mental health officials within six months from a request by a municipality. This would allow municipalities some degree of certainty in determining whether or not they would be able to acquire school, university or mental health lands. The following is suggested language for such an amendment:

29.18.206(e) (replacement for existing subsection (e))

(e) Within six months after request by a municipality for selection of school, university or mental health land, the director shall identify state general grant land of approximately equal value to the land requested by the municipality, and shall propose such replacement land for the concurrence of the appropriate board under (d) of this section. If a proposal by the director is rejected by the board, the director shall meet with the board as often as necessary to determine the type and amount of equal value replacement land that would be required to obtain the board's concurrence under (d) of this section, and shall propose such land for consideration by the board. The replacement land shall thereafter be managed for the purposes for which the land selected by the municipality was acquired by the Territory and the State of Alaska.

In regard to the proposed AS 29.18.206(c), the present language provides that, "upon receipt of a selection by a municipality of school, university or mental health land, the director shall determine whether the land selection should be approved." The Municipality believes that, if the appropriate board concurs in a proposed exchange of land under AS 29.18.206, the director should not have the unfettered discretion to deny approval.

Finally, the Municipality of Anchorage continues to support the proposed AS 29.18.208 (payment in-lieu of land). This selection is the only hope for Anchorage to obtain something approaching equitable treatment under the old municipal land selection program. For example, I call your attention to the fact that, under the old system, Anchorage, with a population of close to 200,000, was entitled to at most 20,865 acres. On the other hand, the Mat-Su Borough, with a small fraction of the Anchorage population, is entitled to 355,210 acres of extremely valuable state land. The in-lieu payment system proposed by CSHB 133 would at least allow Anchorage to receive in-lieu payments to be used in aid of its own acquisition programs or for other important municipal purposes. However, faced with the extreme inequity of the old land selection formula, the Municipality has serious objection to proposed AS 29.18.208(F) that would limit payments in-lieu of land to no more than \$100 per capita.

A brief analysis will reveal the inequity of the \$100 per capita limit. Under the present bill, the in-lieu entitlement for Anchorage is 90,863 acres. Although the precise amount of land

Senator Kay Poland

April 4, 1978

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that Anchorage may be able to obtain is difficult to compute, our staff estimates that the figure will almost certainly be less than 12,000 acres. This leaves an unfulfilled entitlement of 78,863 acres to be satisfied by the payment in-lieu of land provision of CSHB 133. Under the payment schedule contained on page 10 of the bill, Anchorage should therefore be able to obtain a total of \$43,102,050 over a period of not less than eight (8) years. However, Anchorage would not object to taking its in-lieu payments over a period of from 10 to 15 years, if the per capita limit of \$100 is increased.

Under the arbitrary \$100 per capita limit however, Anchorage would be entitled to a total of not more than \$20,000,000, which amounts to payment on 46% of its actual, unfulfilled entitlement. In other words, the \$100 per capita limit would have the effect of arbitrarily denying payment for 54% of the 78,863 acres that Anchorage cannot obtain in the form of land. Moreover, it appears from our research that Anchorage may be the only municipality that would be denied a major portion of its in-lieu entitlement through the proposed \$100 per capita limit.

I can understand why some per capita limit is necessary as a safeguard to protect the state treasury. However, I suggest that a limit of not less than \$250 per capita would serve this function and yet allow Anchorage to receive at least a major portion of its entitlement either as land or payment in-lieu of land. I strongly urge your committee and the entire Senate to amend CSHB 133 to increase the present \$100 per capita limit to not less than \$250.

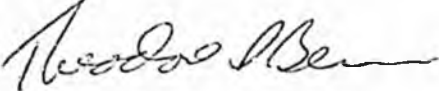
At the committee hearing, some objection was raised to the effect that the payment in-lieu of land provision would constitute an unjust enrichment of Anchorage at the expense of the State. However, as I noted in my testimony, the proposed bill would have the effect of transferring a truly incredible amount of valuable land to Alaska municipalities. Given the ever increasing demands for land and ever increasing land prices in Alaska, the State must view land transferred to local governments at least in part as the equivalent of money. Using what I feel are very conservative assumptions of average land value, it is not difficult to see that in terms of total value received, expressed in monetary terms, the proposed bill is far from any sort of unjust enrichment of Anchorage. The attached chart lists some of the comparisons that I mentioned to the committee during my testimony.

By revealing the comparisons shown on the attached chart, the Municipality does not object to the entitlement of any other borough under the proposed bill. By allowing Anchorage to take its entitlement in the form of in-lieu payments perhaps over a substantial period of time, the needs of all municipalities can be met and an equitable final settlement of the long standing controversy over land selections can be achieved.

Senator Kay Poland
April 4, 1978
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Thank you for the opportunity to comment on CSHB 133 (Finance)am. The Municipality will have representatives available to testify on this bill at any time, and will provide whatever data or other assistance you may require. If you have any questions concerning the above, please contact me at 264-4237.

DEPARTMENT OF LAW



Theodore D. Berns
Municipal Attorney

TDB:gml
Attachment

cc: Members of the Committee
Senator Orsini
Representative Rudd

ANALYSIS OF CSHB 133 (FINANCE)AM

Assume: Average land values equal \$1,500 per acre

Population equals most recent revenue sharing data

Total Value of Land Transferred
to Municipalities Under CSHB 133

1. Kenai Peninsula Borough

Entitlement = 155,780 acres
Land value = \$233,670,000
Population = 24,611

Per capita value = \$9,495

2. Fairbanks North Star Borough

Entitlement = 112,000 acres
Land value = \$168,000,000
Population = 60,227

Per capita value = \$2,789

3. Mat-Su Borough

Entitlement = 355,210 acres
Land value = \$532,815,000
Population = 16,774

Per capita value = \$31,859

4. Ketchikan Gateway Borough

Entitlement = 11,500 acres
Land value = \$17,939,500
Population = 11,490

Per capita value = \$1,513

5. Kodiak Borough

Entitlement = 45,200 acres
Land value = \$67,800,000
Population = 7,901

Per capita value = \$8,581

6. Bristol Bay Borough

Entitlement = 2,898 acres
Land value = \$4,347,000
Population = 1,311

Per capita value = \$3,316

7. City and Borough of Juneau

Entitlement = 19,584 acres
Land value = \$29,376,000
Population = 20,465

Per capita value = \$1,435

8. Haines Borough

Entitlement = 3,985 acre
Land value = \$5,977,500
Population = 1,924

Per capita value = \$3.107

9. Anchorage

Entitlement = 90,863 acres
Land value = \$136,294,500
Population = 180,363

Per capita value = \$754 ^{1/}

^{1/} Note that Anchorage in fact would be able to exchange only approximately 78,000 acres for payment in-lieu of land. Under the formula in HB 133, this works out to less than \$250 per capita.

Municipality
of
Anchorage



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GEORGE M. SULLIVAN,
MAYOR

OFFICE OF THE MUNICIPAL ATTORNEY

May 5, 1978

Senator Joseph Orsini, Chairman
Senate Community & Regional
Affairs Committee
Pouch V
Juneau, Alaska 99811

Dear Senator Orsini:

On May 2, 1978, the Anchorage Assembly adopted Resolution AR 78-61 (copy attached as Exhibit A) dealing with SCS CS HB 133, presently before your Committee. In this resolution, the Assembly, together with the Municipal Administration, point to the inequitable treatment received by Anchorage under the present version of HB 133. The following is a brief summary of the major points:

With respect to land entitlement figures, at least seven, and probably more, of the municipalities listed on pages 1-2 of the bill have had their entitlements substantially increased over a literal application of the 10% VUU formula contemplated by existing law. For example, one municipality has been increased from 25 acres to 9,200, another has gone from 440 acres to 13,600 acres, and another has been adjusted from 645 acres to 89,850 acres. Anchorage, on the other hand, has remained at its 10% figure of 20,865 acres even though this entitlement results in by far the lowest per capita entitlement of any local government in the state.

SCS CS HB 133 also deleted language that would have prevented the area known as the "Campbell Tract" (approximately 5,000 acres) from being deducted from the Anchorage entitlement if that land eventually is transferred to the Municipality. Use of the Campbell Tract is restricted, by federal act, to a specific park plan that contemplates management by the state and federal governments as well as the Municipality. Any change in use from that listed in the federally recognized plan, even for such things as necessary expansion of local roads, may well require approval by the Congress. To my knowledge, no other municipality has had

Senator Joseph Orsini

May 5, 1978

Page 2

land that is so restricted and encumbered counted against its land selection entitlement. Anchorage should not be forced to decide whether to reject a transfer of the Campbell Tract in order to prevent using a major part of its remaining entitlement for land that is subject to severe use restrictions.

In the Senate Resources Committee, a great deal of rhetoric was addressed to the point that Anchorage should not be entitled to receive any payments in lieu of land under A.S. 29.18.207 in the proposed legislation. The Committee reviewed figures from the Alaska Division of Lands (ADL) attempting to create the impression that there is ample available land to meet the Anchorage entitlement of 20,865 acres. As discussed later in this letter, subsequent investigation has revealed that these figures are, at best, misleading, and in fact, have been acknowledged to be in error by ADL staff. The figures presented by the State speak in large part to land for which the State does not even have tentative approval or lands that are otherwise clearly not presently available for local selection. Of the small amount of land that might be available for selection by Anchorage, most is clearly inappropriate and therefore unavailable for municipal use under the criteria advanced by the State on pages 4-5 of SCS CS HB 133. (See Exhibit B)

The figures advanced by ADL to the Senate Resources Committee are an attempt to create the illusion of adequate, appropriate state land in Anchorage that would, I can assure you, disappear once the bill is enacted into law. The simple fact is, as anyone who is even remotely familiar with Anchorage land clearly knows, the Municipality cannot expect with any assurance to obtain any appreciable amount of its entitlement in the form of land in the foreseeable future. It is, however, the Municipality's position, as stated in the Assembly's Resolution, to accept any appropriate state land within the Municipality in partial satisfaction of its entitlement.

It is the position of the Municipality that Anchorage be entitled to payment in lieu of land for any portion of its entitlement that cannot be satisfied through a timely transfer of appropriate state land. Hollow promises concerning various types of land that "might" be available "sometime" for use by the Municipality are unacceptable. It is my belief that a majority, if not all, municipalities in the state support the in lieu payment schedule in SCS CS HB 133 as at least a small attempt to achieve equity for Anchorage taxpayers in a final settlement of the land selection program.

Based on the attached analysis (Exhibit B) of appropriate state land in Anchorage, it is anticipated that Anchorage might eventually request payment in lieu of land for up to 12,500 acres of entitlement. This would mean that Anchorage would receive approximately \$16,875,000 in payments over approximately four

Senator Joseph Orsini

May 5, 1978

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years under the present entitlement figure of 20,865 acres. In the Resources Committee, great concern was expressed over any payment to Anchorage. However, that Committee added language to the bill that may result in payment to Kodiak Island Borough of up to \$26,000,000 based on a legal argument concerning the Native Claims Act (ANCSA) which is tenuous at best. The logic of such action is difficult to fathom.

The State Administration has indicated that it will not accept an in lieu payment system that would commit the State to payment of over approximately \$20,000,000. Apparently this figure is advanced as the Administration's "bottom line" regardless of the time period over which municipalities are willing to accept payment. Again, the logic of this position is difficult to understand when the value of state land to be transferred to other municipalities under the bill could be over one billion dollars (\$1,000,000,000.). (See attached analysis, Exhibit C). The Administration apparently either believes that Alaska land does not readily translate into money (a position so naive it cannot be accepted) or (more likely) that by attempts to frighten the Legislature with large dollar figures and veiled threats of veto, it can force Anchorage legislators to accept less than an equitable settlement for their municipality.

One other alternative that has received some discussion is to force Anchorage to select state land in other boroughs or in the unorganized borough in satisfaction of its entitlement. Although it is conceivable that such a plan could have merit, it would clearly force the Municipality into a speculative gamble on the availability of suitable land not already subject to selection by other boroughs or native claims. The potential administrative expense and land management problems that such a proposal would entail are substantial. The Municipality could not know beyond mere speculation what land it might receive or what the costs associated with such land might be. Although the Assembly's resolution did not specifically address this option, as the Municipal Attorney, I would be forced to advise against such an uncertain solution to an equitable settlement for Anchorage.

Attached to this letter as Exhibit D, are suggested specific amendments to SCS CS HB 133 together with brief explanations of the reasons for such amendments. It should be noted that Anchorage has not and does not begrudge other boroughs their relatively large entitlements under the proposed bill. Certainly no one would argue that all of the circumstances existing when the land selection program was started exist today. Consequently, it could be argued that it would be in the best interests of Anchorage to propose a simple repeal of the old program. The sale of state land could then be used to fund local government programs on some sort of equitable, per capita basis. The Municipality has not taken such a position and has instead agreed to work toward an equitable settlement of the old land selection program. With this

Senator Joseph Orsini

May 5, 1978

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in mind, I urge your committee and all Anchorage legislators to adopt the attached amendments to SCS CS HB 133.

If you have any questions concerning the above, please contact me at 264-4237. Thank you for the opportunity to comment on this legislation.

Sincerely yours,

DEPARTMENT OF LAW



Theodore D. Berns
Municipal Attorney

TDB:ah

Enclosures

Exhibit A

Submitted by: Chairman of the Assembly
at the request of the Mayor
Prepared by: Department of Law
For Reading:

ANCHORAGE, ALASKA
AR NO. 78-61

A RESOLUTION REQUESTING EQUITABLE TREATMENT OF ANCHORAGE IN
SETTLEMENT OF THE MUNICIPAL LAND SELECTION PROGRAM.

WHEREAS, the Alaska Legislature has had House Bill 133 entitled, "An Act relating to selection and transfer of state land to municipalities; and providing for an effective date" under consideration, and the Senate Resources Committee has recently reported out SCS CSHB 133 for further consideration by the Senate Community and Regional Affairs Committee; and

WHEREAS, the intent of the present version of HB 133 is to provide for an immediate, equitable settlement of municipal land entitlements under the municipal land selection program existing pursuant to AS 29.18.190 - .200; and

WHEREAS, land entitlements confirmed under HB 133 have been substantially adjusted upward for several municipalities other than Anchorage from the actual figure of ten percent (10%) of state vacant, unappropriated and unreserved land within local boundaries as contemplated by AS 29.18.190 - .200; and

WHEREAS, Anchorage has been denied any similar adjustment of its land entitlement notwithstanding the fact that the Municipality is already scheduled to receive by far the lowest per capita land entitlement of any local government in the state; and

WHEREAS, there exists no justification in law or fact for such inequitable and discriminatory treatment of Anchorage in the settlement of disputes over the municipal land selection program; and

"A"

WHEREAS, there is a serious shortage of appropriate and available state land for municipal selection in the Anchorage area as well as a shortage of funds available for land acquisition and other land related needs of municipal residents; and

WHEREAS, HB 133 provides for payment in lieu of land to municipalities such as Anchorage that are unable to obtain sufficient, appropriate state land to meet their entitlements; and

WHEREAS, such in-lieu payments are desperately needed to assist in meeting the land related needs of the Municipality but are threatened by the discriminatory and inequitable treatment of the land entitlement established for Anchorage in HB 133;

NOW, THEREFORE, the Anchorage Assembly in conjunction with the Municipal Administration hereby resolves:

Section 1. That the position of Anchorage with respect to HB 133 is to accept every available acre of appropriate state land within the Municipality in partial satisfaction of its land entitlement; and

Section 2. That Anchorage residents are entitled to equitable, nondiscriminatory treatment with respect to other municipalities in the upward adjustment of land entitlement figures under HB 133 over the entitlements authorized by a strict application of AS 29.18.190 - .200; and

Section 3. That land, such as the area commonly known as the Campbell tract, that is subject to preexisting federal or state restrictions on use or management not be counted toward the Municipality's land entitlement, and that the Municipality

"A"

be required to count against its entitlement only land that is appropriate for municipal selection, and subject exclusively to municipal control.

Section 4. That Anchorage be entitled to payment in-lieu of land for any portion of its land entitlement that cannot be satisfied through a timely transfer of appropriate state land, and that such payment, as a minimum, follow the payment scale and other payment provisions expressed in SCS CSHB 133; and

Section 5. That the Governor and Legislature be reminded that both the total and per capita dollar value of state lands to be transferred to many other municipalities under HB 133 far exceeds the amount that could possibly be awarded to Anchorage as payment in-lieu of land, and that equity demands the Administration's support for funding any in-lieu payment system established by HB 133.

Section 6. That the Senate Community and Regional Affairs Committee address the inequities and discriminatory treatment of Anchorage under the present SCS CSHB 133 and that all Anchorage legislators make the expeditious passage of an acceptable version of HB 133 a matter of highest priority for the present legislative session.

Passed and approved by the Anchorage Assembly, this

_____ day of _____, 1978.

Chairman

ATTEST:

Municipal Clerk

"A"

EXHIBIT B

ANCHORAGE LAND STATUS

It should be noted that the following figures are the result of a cooperative effort between municipal staff and ADL personnel to determine the status of government owned land in Anchorage. Data and records at both the State and local level is at best imprecise. However, the figures below represent the best possible estimates to date.

State Land

Trust Lands
(not presently available
for selection)

Mental Health	1,806 acres
School	2,294
University	<u>6,200</u>
TOTAL:	10,300

It should be noted that a great deal of these trust lands would probably not be suitable for land exchanges under the proposal contained in SCS CS HB 133.

Vacant, Unappropriated,
Unreserved Lands 6,720 acres

Of the 6,720 acres identified by the State as VUU on maps presented to the Municipality, analysis has shown that probably no more than 1,700 acres that would meet the criteria for local selection and use outlined on pages 4-5 of the proposed bill.

Selected from the Federal
Government (No Tentative Approval) 240,280 acres

Virtually all of these lands are located east of Chugach State Park. There is presently no way of knowing for certain whether all or part of this land would be available or appropriate for local selection under the proposed bill.

Municipal Land

Patented or Approved To Anchorage	4,253 patent <u>2,475 TA</u> 6,728 acres
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Under AS 29.18.204(b) of the proposed bill, some or all of the 2,475 acres of TA land could be rejected as inappropriate for local selection. There is no way to know at this time precisely how many acres could be affected.

It should also be noted that state records show another 9,770 acres of municipal selections for which TA has not been received. This figure, however, includes over 5,000 acres of Campbell Tract and other lands that apparently do not meet VUU criteria. As noted above, from data supplied by the State and from working with ADL staff, it appears that only up to 1,700 acres of VUU land would be available to Anchorage in addition to land for which TA or Patent has been received.

Summary Of Lands
Available To Anchorage

Patent	4,253	
TA	2,475	
To be selected	1,700	
	<u>8,428</u>	acres
Entitlement under SCS CS HB 133	20,865	
	- 8,428	
Remaining Entitlement	<u>12,437</u>	acres

EXHIBIT C

ANALYSIS OF SCS CS HB 133

Assume: Average land values equal \$1,500 per acre

Population figures are from revenue sharing data

Value of Land Transferred to
Municipalities Under SCS CS HB 133

1. Kenai Peninsula Borough

Entitlement = 155,780 acres
Land value = \$233,670,000
Population = 24,611

Per capita value = \$9,495

2. Fairbanks North Star Borough

Entitlement = 112,000 acres
Land value = \$168,000,000
Population = 60,227

Per capita value = \$2,789

3. Mat-Su Borough

Entitlement = 355,210 acres
Land value = \$532,815,000
Population = 16,724

Per capita value = \$31,859

4. Ketchikan Gateway Borough

Entitlement = 9,200
Land value = \$13,800,000
Population = 11,190

Per capita value = \$1,201

5. Kodiak Borough

Entitlement = 56,500
Land value = \$84,750,000
Population = 7,901

Per capita value = \$10,726

6. Bristol Bay Borough

Entitlement = 1,940
Land value = \$2,910,000
Population = 1,311

Per capita value = \$2,219

7. City and Borough of Juneau

Entitlement = 13,600
Land value = \$20,400,000
Population = 20,465

Per capita value = \$997.

8. Haines Borough

Entitlement = 1,080
Land value = \$1,620,000
Population = 1,924

Per capita value = \$842.

EXHIBIT D

SUGGESTED AMENDMENTS TO SCS CS HB 133

1. Page 1, lines 17-18: Delete "to assist in meeting costs of acquisition of land to meet public needs."

Although this would no doubt be a legitimate use of in lieu payments, actual expenditures of funds should be left to the decision of local elected officials. Other boroughs have for years sold land received from the state and have used the proceeds for public purposes without restrictions. Anchorage should be allowed the same flexibility with respect to any in-lieu payments received under HB 133.

2. Page 1, line 24: Delete "20,865" and insert "44,893."

The state has selected 240,280 acres of land in Anchorage but has not yet received tentative approval. Consequently, the figure was not included in the 20,865 acres listed in SCS CS HB 133. Since the bill fixes and thereby cuts off entitlements, it is only fair for Anchorage to be credited with at least 10% of the above-described state selected land.

3. Page 2, line 28: Add "or to that portion of an entitlement that cannot be satisfied by such date due to a shortage of appropriate available state land."

This amendment would allow municipalities such as Anchorage more time to fill their entitlements with appropriate state land should it become available in the future. In Anchorage, for example, it is possible that land controlled by the Army or Air Force could become available in the future and be used to fill part of any remaining entitlement for which in lieu payment had not been reviewed.

4. Page . line 12: Add after the period-

"Land deemed appropriate for municipal selection shall be land that is suitable and appropriate for an identifiable present or future municipal use or for disposal to private use by the municipality by sale or other means."

This language would protect municipalities from possible abuse of the broad criteria expressed in subsections (g) and (h) on pages 4 and 5. The intent of the language is to minimize disputes with the state over the type of land that is appropriate for local selection and management.

5. Page 9, line 10: Add after the period-

"In certifying a municipality's remaining entitlement and available vacant, unappropriated, unreserved land under this subsection, only land meeting the criteria for local selection and use under 204(g) of this chapter shall be considered."

The purpose of this amendment is to eliminate ambiguity in applying the payment in lieu of land formula. Since only VUU land meeting the criteria of 204(g) can be approved for transfer to municipalities, it is only consistent to use these lands in applying the in lieu payment formula.

6. Page 10, Line 13: "Except as provided in (g) of this section,"
(Comment)

This language has the effect of possibly allowing Kodiak Island Borough to receive up to \$26,000,000 in in lieu payments. Kodiak's claim is based on a legal theory concerning lands selected under the Native Claims Act (ANCSA) over which there is no doubt considerable disagreement. It is by no means clear that Kodiak will not be able to obtain many of the disputed lands for which payment might be claimed under this section. If, as the State Administration indicates, the dollar impact of the bill must be limited to less than full compensation for all municipalities entitled to in lieu payment, any per capita limit should be applied evenly to all municipalities.

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

POUCH K - STATE CAPITOL
JUNEAU 99811

March 15, 1978

The Honorable Hugh Malone
Speaker of the House
and
The Honorable John Rader
President of the Senate
Alaska State Legislature
Juneau, Alaska 99811

Re: ● Oil Spill Civil Penalties

Gentlemen:

On March 7, you requested the Department of Law to review the legality of the submission process utilized by the Department of Environmental Conservation for the oil spill civil penalty regulations pending before the Administrative Regulations Review Committee. Our opinion, issued on March 9, concluded that the regulations were indeed properly before the legislature.

It has come to my attention that a March 7 memorandum from Joseph A. Guthrie of the Legislative Affairs Agency is being cited for the proposition that our conclusion was erroneous. The memorandum, of course, was prepared without prior review of the Department of Law opinion. In our view, the memo rather badly misconceives both the nature and purpose of the Department of Environmental Conservation's actions in this matter.

As you are aware, the Department of Environmental Conservation submitted these regulations to the legislature prior to their adoption and filing. The Legislative Affairs memo asserts that, in doing so, that Department was attempting to escape the adoption requirements of the Administrative Procedure Act (AS 44.62). The memo then suggests the obvious conclusion that the specific review provisions of the civil penalty law (AS 46.03.758) do not excuse that Department from compliance with the APA--a view with which the Department of Law has no quarrel. Thus, the memo concludes, the Department of Environmental Conservation's actions must be illegal.

The Honorable Hugh Malone
The Honorable John Rader

March 15, 1978

-2-

The flaw in the memo's reasoning is that the Department of Environmental Conservation is not attempting to short-cut the APA. As our March 9 opinion makes clear, the APA requires adoption and filing prior to regulations becoming effective, and there is no question that the Department of Environmental Conservation must adopt and file the regulations before they may become effective. Thus, the question in this matter is not whether Environmental Conservation must comply with the APA but, rather, in what sequence should the steps required by the APA be taken in relation to the peculiar provisions of AS 46.03.758.

The question is thus one of timing--which the March 7 memo does not even address, much less attempt to resolve. As our March 9 opinion concludes, the language of sec. 758 and the APA do not answer the question. The APA, of course, does not require adoption at any particular time. Moreover, sec. 758(b) does not require the submission of "adopted" regulations. Indeed, the only use of the term "adoption" in the statute is found in subsection (c), in which the sixty-day review period provided in (b) is referred to as an "adoption" process.

Given the ambiguous wording of sec. 758, our March 9 opinion takes the next necessary step of looking to the legislative intent of the law. Particularly in light of the fact that the legislature already possesses post-adoption review authority under AS 44.63.320, it is our view that the review provisions of AS 46.03.760(b)-(c) were intended to give the legislature a meaningful role in the promulgation of the regulations. Given this intent, the only action the Department of Environmental Conservation could have taken was to submit the regulations unadopted. Had they been submitted then in adopted and filed form, the unique limitations of sec. 758(c) would have precluded any changes--no matter how strongly urged by the legislature--for an entire year. The role which sec. 758 was intended to guarantee for the legislature would have been abrogated.

The March 7 memo also concludes that, since the sixty-day review provisions of sec. 758 "have the same essential effect" as AS 44.62.320, which grants the legislature broad annulment authority over all administrative regulations, the former section impliedly repeals the latter. This conclusion, if correct, would mean the legislature would have no power to subsequently annul these regulations, if it permits them to go into effect at this time.

The Honorable Hugh Malone
The Honorable John Rader

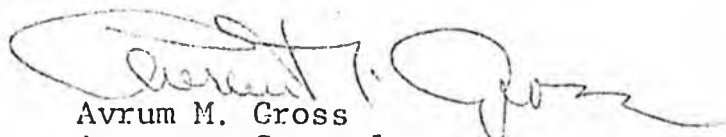
March 15, 1978

-3-

It is our view that the legislature intended to expand, rather than limit its regulations review role, and that sec. 758 should be viewed as a supplement to, rather than an implied repealer of AS 44.62.320. One can reach that conclusion, of course, only if one shares our view that sec. 758 was intended as a pre-adoption review. However, once that conclusion is reached, the basis for concluding that the post-adoption annulment authority of sec. 320 is impliedly repealed vanishes.

Thus, assuming the constitutionality of the legislature's basic power to annul regulations of any kind, the legislature, after March 20, will retain its authority to annul these particular regulations.

Yours very truly,



Avrum M. Gross
Attorney General

AMG:as

cc: Representative Al Ose
Representative Rick Urion

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

POUCH K - STATE CAPITOL
JUNEAU 99811

March 9, 1978

The Honorable John Rader
President
Alaska State Senate
Pouch V
Juneau, Alaska 99811

Re: Submission of Oil Spill
Civil Penalty Regulations

Dear President Rader:

You have asked whether the regulations for oil spill civil penalties have been properly submitted to the legislature.

The short answer is yes.

AS 46.03.758(b) requires that "regulations" establishing a schedule of penalties for oil spills be submitted to the legislature no later than 10 days after the convening of the Second Session of the Tenth Alaska Legislature. AS 46.03.758(c) provides as follows:

Regulations adopted under (b) of this section shall become effective 60 days after submission to the legislature, unless disapproved by a special concurrent resolution. . . within 60 days of the submission of the regulations. . . . Revised regulations shall be submitted to the legislature no later than 10 days after the convening of the appropriate regular session of the legislature, and are subject to disapproval as specified in this subsection. */

*/ It is, of course, the executive's contention that a legislative veto of the adoption of an administrative regulation is unconstitutional. The defect does not affect the validity of the regulations which ultimately may be adopted.

These provisions may be viewed as prescribing one of two, contrary results. One, they may be viewed as prescribing that regulations be adopted formally under the Administrative Procedure Act (APA) AS 44.62, and then submitted to the legislature to be voted up or down as adopted. Two, they may be viewed as prescribing that regulations be proposed as provided for in the APA, but not formally adopted, and then submitted for approval or disapproval. The latter method allows the proposed regulations to be altered prior to final approval or disapproval by the legislature. If, and as, approved, the regulations are then filed with the Lieutenant Governor for codification. We believe that the second view is the correct view.

To begin with, the statute itself contemplates a one-time procedure for submitting and adopting the regulations, i.e., at this session of the Tenth State Legislature. It is not reasonable to suppose that this legislature, at its last session, sought or intended to tie its own hands with a yes-or-no, all-or-nothing proposition. It is much more reasonable to assume that it intended to allow itself some degree of flexibility by using the veto power to compel the rulemaker to modify its proposed rules to avoid a veto. Were the regulations already adopted, this could not be done.

We are supported in our belief by the Administrative Regulation Review Committee's actual use of the veto power to compel modification of the proposed regulations. Additionally,

Chairman Gardiner--whose Judiciary Committee inserted these provisions for the legislative veto--confirms our view. While his confirmation is not cognizable evidence in a court of law, A.P.E.A. v. State, 525 P.2d 12 (Alaska 1974), it is certainly cognizable by the legislature in its consideration of the matter.

We are further supported in our belief by the existence of AS 44.62.320, which purports to vest the legislature with a power to annul an administrative regulation by a concurrent resolution. */ The provisions for legislative annulment of an administrative regulation is an all-or-nothing thing, the legislature examines a regulation which has already been adopted and determines whether it is consistent with the law under which it was adopted. If the legislature determines that it was not, it annuls it by adoption of a concurrent resolution.

While the same result could be achieved by a veto of a final administrative adoption of the regulation, as it is under AS 44.62.320, it would, in this case, also result in no penalties being set whatsoever, an unlikely result at best. The net effect would be to repeal the statutory provision for civil penalties by a concurrent resolution. We cannot attribute this intent to the legislature. It, therefore, seems more likely that the legislative veto was to be employed to obtain

*/ It is, of course, the executive's contention that this provision is unconstitutional. The issue is now before the Alaska Supreme Court.

President John Rader

- 4 -

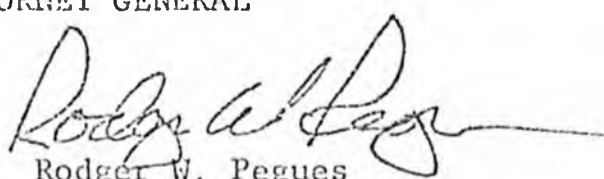
March 9, 1978

regulations for penalties which met with legislative approval. This could only be achieved, however, if the regulations before the legislature were proposed, but not adopted, prior to their submission.

Sincerely yours,

AVRUM M. GROSS
ATTORNEY GENERAL

By:


Rodger W. Pegues
Assistant Attorney General

RWP:d1m

CSHB 133 Fin am

<u>Borough</u>	<u>Maximum Entitlement</u>	<u>In Lieu By \$ per Acre</u>	<u>\$100 Pop. Limit</u>	<u>\$250 Pop. Limit</u>
Anchorage	90,863	\$ 47,302,050	\$18,065,300	\$45,163,250
Juneau	19,584	22,188,000	2,046,500	5,116,250
Sitka	11,593	16,194,750	765,000	1,912,500
Bristol Bay	2,898	4,347,000	131,100	327,750
Haines	3,985	5,977,500	192,400	481,000
Ketchikan	11,593	16,194,750	1,149,000	287,250
North Slope	89,850	46,947,500	913,900	2,284,750
Kodiak	45,200	31,320,000	790,100	1,975,250
Kenai	155,780	50,023,000	2,461,100	6,152,750
Mat-Su Boro	355,210	139,323,500	1,672,400	4,181,000

CSHB 133 Fin am

Hearing before Senate Resources
March 29, 1978

Committee Members

Poland
Meland
Tillian
Huber
Sumner
Croft

Municipal Representatives

Bob Hardig, Kodiak
Dale Tubbs, Kodiak
Gillman, Kenai
Sharp, Juneau
Berns, Anchorage
Carlson, Fairbanks
Slajer, Ketchikan
Jim Rolle

Main Items of Testimony:

1. The deletion of (g) and (h) of 29,18.205 which established criteria for approval or disapproval of municipal selections by the ADL. Testimony by Mike Smith indicated this also eliminates the possibility of considering selections from other than the strict definition of vacant, unappropriated, unreserved land and general grant land (see definition section). For example, it eliminates lands classified as resource management (this is a very general classification) and future state land selections. Eliminates land for new communities.

Several communities pointed out that deletion of (g) and (h) also eliminates the criteria for judging whether a municipality should select certain trust lands as well.

2. In Lieu Payments were considered by several municipalities to be too low. The \$1,500 etc./acre figure was found fault with as being no where near fair market value. The \$100 per capita limit was considered way too low. Anchorage stated \$250/capita would be the least they could live with.

Testimony on CSHB133 Fin am
Senate Resources
March 29, 1978

Kodiak

1. felt legislation should consider the unique problems of each municipality.

2. outlined problems they have had in receiving their entitlements.

a) 9,700 acres selected (approx.)

2,100 acres patented

7,600 acres tentative approval

b) Running into problems with Native Claims Act; villages are selecting same lands.

c) ADL has classified several areas over the years w/ coop. from boros.

d) Borough did not realize this would preclude borough selection.

e) Feels that ADL deliberately stalled on approving selections & duped them into coop. on land classification.

f) Looks like only mountain tops left for borough selection.

g) May have to take in lieu payments. \$100 per capita should be recinded.

3. Would not want to be precluded from pursuing litigation.

4. Eliminate "grazing" from definition of classified lands.

insert "or classified as per state resource mgmt classification."

and on 38.05.321

There are grazing leases on Kodiak; sometimes 30-40 thousand acres — no revenue.

Kodiak (cont.)

5. Feels ADL has made a mistake in calculating their entitlement. Should be 65,000 acres.
(see attached correspondence)

Anchorage

1. Strongly supports trust lands swap
2. Value of land (in lieu payments) not near enough; should be fair market value.
3. ADL should not have veto power over trust land selection
4. \$100/capita limit way too low
Should be \$250 = \$43,268,000.

Bristol Bay

1. Supports bill
2. Concurs w/ Kodiak's comments
3. Prefers land to in lieu buy
\$100/capita too limiting
small population

Fairbanks

1. Favors reinstatement of (g) + (h)
2. Supports trust lands swap
but (g) + (h) needed for criteria

Kenai

1. (g) + (h) restored
2. Supports trust lands portion
3. Agreed on Kenai's portion, no matter what other boros get
4. Stressed expeditious action —
land use planning + energy planning.

TELEGRAM

HCA ALASKA COMMUNICATIONS, INC.
PHONE: 586-6440
JUNEAU, ALASKA 99801

#

H

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PMS REP LISA RUDD

ALASKA STATE LEGISLATURE POUCH V

JUNEAU ALASKA "

THE CITY AND BOROUGH OF SITKA SUPPORTS THE PASSAGE OF CS FOR
SENATE BILL NO. 241.

ROCKY GUTIERRES ADMINISTRATOR CITY AND BOROUGH OF SITKA

TELEGRAM

HCA ALASKA COMMUNICATIONS, INC

PHONE: 868-6440

JUNEAU, ALASKA 99801

1977 APR 27 42 47

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PMS REP LISA RIDD CHAIRMAN

HOUSE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

JUN

MATANUSKA-SUSITNA BOROUGH SUPPORT CSSR WITH CHANGES IN

SECTION 38.05.321 C. AND SECTION 29.13.202 D. LETTER WILL

FOLLOW.

WESLEY M HOWE BOROUGH MANAGER

HB


147

Municipality of Anchorage

MEMORANDUM

DATE: February 7, 1977

TO: Ted Berns, Legal

FROM: Tom Nelson, Planning 

SUBJECT: House Bill No. 147

This is just a brief outline of our concern over actions taken by the Alaska State Highway Department that do not comply with Municipal land use regulations such as the Zoning Ordinance and Subdivision Regulations which everyone else must and do comply with. Specific cases of Highway Department actions that have created problems and conflicts will be presented at a later date when more time is available to gather the information together.

The primary cause of most land use problems created by the Highway Department is the creation of non-conforming lots following land acquisition for additional right-of-way. In several instances the Highway Department acquired a portion of a lot or tract and left the owner with a relatively useless parcel. In doing so, resulting land use patterns are ignored. Thus, access problems develop; either normal access is shut off on the front of the lot and thence, alleys become thoroughfares, or every little non-conforming lot remaining has its own access onto the arterial being up-graded. The end result is additional traffic circulation and safety problems.

In several instances the Highway Department has split lots, but filed no plat, thus leaving no record after land was taken. Land is subdivided without filing a plat. The Highway Department may know better, but as long as they can ignore local land use regulations they'll try to get by with it.

These types of actions present problems to land owners and developers. Tax inequities result when owners are taxed for useless land, and Municipal government loses tax revenue when relief is given to the owner because of the non-conformity-- all or most of which could have been prevented through adherence to local regulations. In addition, developers are severely limited by problems with access and setbacks for structures.

Another problem that has arisen in regard to highway projects is the Highway Department's source of gravel materials. They have had a practice to buy gravel from private landholders. The private landholder in that case is responsible for getting a Special Exception to extract gravel. However, the Highway Department may not always inform the landholder of that when entering an agreement for the gravel. If the Highway Department decides to extract gravel itself, it can presently do so, without any regulations on such operations. This may be a possibility in the Eagle River/Chugiak area where the Highway Department plans to utilize gravel resources for the construction of Minnesota Drive Extension. In such an instance there is no way the neighboring residents could be protected from noise, dust, traffic, or hazards from such activity.

Memo re House Bill No. 147
page 2

The purpose of having Special Exceptions, platting procedures, along with all the other land use regulations is to "protect the health, safety and welfare of the public." This responsibility is entailed to the Anchorage Municipality, yet little protection can be offered from actions taken by the Highway Department.

These problems also create unnecessary and costly administration problems with requests for zone changes and variances, not to mention the litigation that has been leveled against the Municipality.

These problems will continue until the Highway Department is forced to abide by the same rules as everyone else. It is this department's firm belief that the Highway Department does not deserve to have any privilege status in regard to local land use regulations. As with other State agencies, if there is a clearly demonstrated over-riding State interest, a waiver from the local compliance requirements may be granted by the governor.

Dave Doris, a member of the Platting Board, is quite familiar with the practices of the Highway Department here in Alaska and similar problems in other states. I would suggest having him testify on this Bill. He would strongly support our stand and has indicated a willingness to help.

February 24, 1977

TO: LISA
FROM: JUDITH

RE: HB 147

I spoke with Mr. Constantine of the Department of Highways this morning at 9:40 a.m. and dictated verbatim the proposed changes. We discussed them briefly and he didn't feel that said changes would be any problem whatsoever for the department.

I informed him that in light of his approval a committee substitute would be drafted and brought before our committee on Friday, February 25, 1977.

PUBLIC WORKS/HIGHWAY PROJECTS--PLANNING

Current Law

AS 35.10.020, as amended by the Ninth Legislature, requires that the construction of a "public works" be commenced only after consultation with municipal planning and zoning authorities and compliance with local planning and zoning ordinances. However, this statute is ambiguous in terms of its affect on highway construction projects and the Department of Highways. The construction or modification of a state highway often poses serious problems for municipal planning programs and should therefore be commenced only after consultation with local planning authorities. Of course, if an overriding state interest in a highway project is demonstrated, a state agency should possess the ability to override local planning and zoning ordinances. This, however, does not detract from the need to incorporate local planning and zoning review into the design and construction of state highway projects.

Proposed Bill

The proposed legislation would clarify the scope of AS 35.10.020 to require consultation with municipal planning authorities and compliance with local planning and zoning ordinances prior to the construction of "any building,

structure, public works, or highway project and prior to commencement of extraction activities in a municipality".

In addition, the bill would maintain the state's present authority to override local planning and zoning ordinances to serve overriding state interests in construction projects.

HB

193

MEMORANDUM

State of Alaska

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

TO: Eric Lee, Director
Division of Community
and Rural Development

DATE: February 14, 1977

FILE NO:

TELEPHONE NO:

FROM: *Jan*
Janice S. Brewer
Field Training Officer

SUBJECT: January FY 77 Child
Care Programs Status
Report

Per your request, information concerning the total number of children and families participating in the day care assistance program as of the January FY 77 Status Report is as follows:

	<u>AS OF</u>	<u>TOTAL # OF CHILDREN</u>	<u>TOTAL # OF FAMILIES</u>
Anchorage	12/76	537	404
Anderson	1 /77	3	2
Bethel	1 /77	9	9
Fairbanks	12/76	61	50
Ft. Creely	12/76	27	15
Juneau	8 /76	77	63
Kodiak	12/76	26	22
Nome	12/76 1 /77	6 12	4 8
Petersburg	12/76	30	19
Wasilla	12/76	12	5

This information will be up-dated on a monthly basis.

JSB:sb

STATE OF ALASKA
THE LEGISLATURE
LEGISLATIVE AFFAIRS AGENCY


POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99817
907-465-3800

MEMORANDUM

March 22, 1977

SUBJECT: Day Care Statistics (W.O. #3824)

TO: The Honorable Lisa Rudd, Chairman
House Community and Regional Affairs Committee

FROM: Deborah Behr 
Research Analyst

As you requested, I have obtained statistics from the Department of Community and Regional Affairs regarding their AFDC and WIN day care clients. At the present time, the department reports that all of these families are receiving 100% subsidy by the state for their day care payments. Please note that the statistics represent both the AFDC and WIN recipients, as the Department of Community and Regional Affairs records do not separate payments by category of client eligibility.

I hope this answers your questions. If you require additional information on this topic, please do not hesitate to contact me at 465-4917.

DB:jm
Attachments

CHART A

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS
 DAY CARE PROGRAM
 AFDC DAY CARE EXPENDITURE STATISTICS¹
 (as of March, 1977)

Location	Number of AFDC Families	Number of AFDC Children	Average Monthly Cost to State Per Child	Average Monthly Cost to State Per Child
Anchorage	135	207	\$252	\$3,024
Fairbanks ²	8	10	\$165	\$1,980
Juneau ³	11	15	\$175	\$2,100
Kodiak	2	2	\$217	\$2,604
Petersburg	5	7	\$125	\$1,500
Total	161	241	\$240 ⁴	\$2,875 ⁴

¹ Includes both WIN and AFDC families receiving day care services.

² Fairbanks uses advance payment procedures, which are negotiated at lower daily rate.

³ Juneau includes more children using day care services on part-time basis, thus the cost per month to state is lower than expected.

⁴ Figure represents average expenditure weighted by number of children utilizing services at that particular monthly payment rate.

CHART B

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS
 DAY CARE PROGRAM
 AFDC FAMILY INCOME STATISTICS
 (as of March, 1977)

Net Adjusted Annual Income ¹	Number of Selected Families by Geographic Location ²			
	Anchorage	Juneau	Fairbanks	Total
Up to \$3,600	8	4	1	13
\$3,601 to \$4,000	0	0	0	0
\$4,001 to \$4,500	3	2	0	5
\$4,501 to \$5,000	3	0	0	3
\$5,001 to \$5,500	0	0	0	0
\$5,501 to \$6,000	0	0	1	1
\$6,001 to \$6,500	6	0	1	7
\$6,501 to \$7,000	1	1	2	4
\$7,001 to \$7,500	4	0	0	4
\$7,501 and Over	3	4	1	8
Total	28	11	6	45
Average Family Net Adjusted Annual Income	\$5,640	\$5,523	\$6,395	\$5,712 ³

¹ The Department of Community and Regional Affairs uses certain deductions to determine net adjusted annual income for each family. These deductions include state and federal income taxes, social security deductions, mandatory union dues, and automatic \$1,000 deduction for each child starting with second child in the family.

² Families in sample selected on basis of availability of data. Both AFDC and WIN families are included, as statistics maintained by the Department of Community and Regional Affairs cannot be separated by category of client eligibility.

³ Figure represents average net adjusted annual income for a family, weighted by number of families receiving day care subsidy payment at particular income level.

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HCS HB 193
Title An Act Relating to Day Care
Requested by Representative Liba Rudd Date 3/21/77

II. FISCAL DETAIL

Agency Affected Department of Community and Regional Affairs
Program Category Affected Social Services
Budget Request Unit(s) Affected Child Assistance Programs/Day Care Assistance

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES		0	0	0	0	0
200 TRAVEL		0	0	0	0	0
300 CONTRACTUAL		0	0	0	0	0
400 COMMODITIES		0	0	0	0	0
500 EQUIPMENT		0	0	0	0	0
600 LAND & STRUCTURES		0	0	0	0	0
700 GRANTS, CLAIMS, ETC.		0	0	0	0	0
TOTAL		0	0	0	0	0

FUNDING (Thousands of Dollars)

GENERAL FUND		0	0	0	0	0
FEDERAL FUNDS		0	0	0	0	0
OTHER (Specify)		0	0	0	0	0

POSITIONS

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

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

Assumptions:

1. The Governor's request for the Child Assistance Program in his budget request for FY 78 will be funded.
2. All families eligible to receive Aid to Families With Dependent Children (AFDC) and Work Incentive Program (WIN) benefits will be subsidized for day care assistance according to where their adjusted family incomes places them on the existing Differential Subsidy Schedule.

J. Harvey Pitts

IV. DATE 3/21/77 PREPARED BY J. Harvey Pitts
AGENCY Department of Community & Regional Affairs
PHONE: 279-3462
Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

DISCUSSION

During the 1975 Legislative Session, HCS SB 753 as H was enacted. A part of the effect of that legislation was the transfer of day care assistance for families eligible to receive AFDC and WIN from the Division of Social Services, Department of Health and Social Services, to the Department of Community and Regional Affairs Day Care Assistance Program. This created two very different types of day care assistance clientele: 1) non welfare recipient children through age 6 years; and 2) AFDC/WIN recipient children through age 13 years. One of the goals for the Day Care Assistance Program since its inception is to prevent the cost of day care from being or becoming a significant factor in determining whether a family can be or become self-supporting. Having two types of day care recipients works in direct opposition to that goal since there is obviously very little incentive in dropping from the welfare rolls only to learn that one must now assume total liability for paying the cost of day care for one's children - a cost which would be provided at the State's expense should one remain on the welfare rolls. This cost could prove quite significant to a family since the average cost of day care for AFDC/WIN recipient's children varies from a low of \$125 in the City of Petersburg to a high of \$252 per month per child in the Municipality of Anchorage. On the other hand, the non welfare recipients are certainly treated unequally since they must currently assume total liability for the cost of their children's day care when the child reaches age 7 years.

FISCAL EFFECT

The fiscal and social impact projected for AFDC/WIN program recipients is minimal. Based on current families subsidized only 6 children would be ineligible for day care assistance should the age limitation be reduced from age 14 to age 11. All these children live in Anchorage, and once dropped from the Day Care Assistance Program, their families would then be liable for their day care costs. In return they would receive an offsetting increase in their AFDC/WIN cash entitlement - 50% of which is Federally funded and which would result in savings to the State General Fund, and the remaining 50% State Funded through the Division of Public Assistance.

The greatest impact will be in increasing the age limitations for non welfare recipients from age 7 to age 11. Several considerations were analyzed to determine fiscal and social impact: 1) school age children are subsidized predominantly on a part-time day care need basis except on school holidays and summer vacations; 2) cost savings realized from removing the 100% preferential rate from AFDC/WIN recipients and providing day care assistance according to family income; and 3) increase in number of persons enabled to work or train as a result of day care assistance. It is estimated that the savings gained from dropping the 100% preferential assistance rate for AFDC/WIN clientele will result in an annual savings of \$133,000 to the Day Care Assistance Program. This savings would become a liability to the Division of Public Assistance and, as above, the State would realize a savings of \$66,500 - the State's share of AFDC cash entitlements.

Of the 831 children who were receiving day care assistance on 2/29/77, 241 (or 29%) were from families who are AFDC/WIN eligible. The average age of the AFDC/WIN child receiving day care assistance is 4 years 2 months. Since the AFDC family's child is eligible for day care through age 13, we assume that raising the age limitation for non welfare recipients would not significantly increase the average age of their day care assisted children. This assumption is based on the 29% sample of AFDC/WIN recipients which could have been subsidized to a significantly higher age.

Children aged 6 years and over who attended school need day care assistance for less than full time. We estimated these children need part-time care for 8 months annually while they attend school and full time care for only 4 months during holidays and summer vacations. The estimated cost for each of these children is \$2,400 annually in day care of which the State would pay approximately 75% or \$1,965. Since dropping the preferential 100% rate for AFDC/WIN recipients would result in an estimated savings of \$133,000, an additional 68 children or an increase of 8% over the total currently assisted could be added at no additional cost to the Program. Since we feel that current AFDC/WIN recipients are a good representative sample of the program should the age limitation be raised to 11 years, and because only 20 of the 241 welfare children subsidized are over age 7, which is the current age limitation, we feel that at most only an 8% increase in total children subsidized would result. This increase would then be offset by abolishing the 100% preferential AFDC/WIN rate.

In summary, we feel the proposed adjustment of age limitation for assistance eligibility would: result in equal treatment for all families; allow an increase in the number of children and families assisted; assist more families in becoming self-supporting; provide incentive for low income or single parent families to work or train; not result in an increase in cost to the State.


*J - file w/ other info on raising
age to 11 (will use in floor
debate)*

STATE OF ALASKA
THE LEGISLATURE
LEGISLATIVE AFFAIRS AGENCY

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

MEMORANDUM

March 24, 1977

SUBJECT: Day Care Statistics (W.O. #3824)
TO: The Honorable Lisa Rudd, Chairman
House Community and Regional Affairs Committee
FROM: Deborah Behr 
Research Analyst

Attached please find the additional material you requested.

If you require more information on this topic, please do not hesitate to contact me.

DB:jm
Attachments

*59 over me. Lurks
on AFDC - Ann. - Fby -
Jm.*

CHART C

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS
 SELECTED AFDC FAMILIES' NET ADJUSTED INCOME
 DAY CARE PROGRAM SUMMARY STATISTICS

Region	Total AFDC Families	Total AFDC Families in Sample	% AFDC Families Represented	Total in Sample AFDC Families With Income Over \$6,900 (Juneau) or \$7,700 (Anch & Fbks)	% of Sample With Incomes Over \$6,900 (Juneau) or \$7,700 (Anch & Fbks)	Range of Net Adjusted Annual Income Over Set Figures
Anchorage	135	95	70 %	31	33 %	\$7,000 to \$13,264
Juneau	11	11	100 %	5	45 %	\$6,998 to \$ 9,897
Fairbanks	8	8	100 %	2	25 %	\$7,200 to \$10,008
Kodiak	2	0	0 %	N/A	N/A	N/A
Petersburg	5	0	0 %	N/A	N/A	N/A
Total	161	114	71 %	38	33 %	\$6,998 to \$13,264

CHART D

(Anchorage - Page 1)

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS }
 ANCHORAGE AFDC DAY CARE }
 FAMILIES OVER \$7,000 }

*Anch - 49 }
 JMO - 8 } 59
 Eby - 2 }*

Department of Community and Regional Affairs Family ID Number	Number of Children in Family	Ages of Children	Family Net Adjusted Income
# 2	2	2 Years 14 Months	\$ 7,136
# 5	2	6 Years 9 Years	\$ 8,167
#12	1	3 Years	\$10,790
#17	2	1 Year 5 Years	\$ 7,316
#20	3	4 Years 10 Years 11 Years	\$ 9,954
#21	1	9 Years	\$ 7,463
#24	1	2 Years	\$ 7,083
#31	1	4 Years	\$ 7,291
#32	1	4 Years	\$ 7,214
#33	1	1 Year	\$ 7,694
#34	1	4 Years	\$ 7,106
#37	2	6 Years 8 Years	\$ 8,642
#41	1	3 Years	\$ 7,259
#42	2	5 Years 9 Years	\$ 9,635

2.1

CHART D (continued)

(Anchorage - Page 2)

 DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS
 ANCHORAGE AFDC DAY CARE
 FAMILIES OVER \$7,000

Department of Community and Regional Affairs Family ID Number	Number of Children in Family	Ages of Children	Family Net Adjusted Income
#43	2	5 Years 11 Years	\$ 8,278
#46	2	3 Years 4 Years	\$ 9,112
#47	1	2 Years	\$ 7,186
#51	3	3 Years 5 Years 9 Years	\$ 9,806
#52	1	5 Years	\$ 7,000
#53	2	4 Years 6 Years	\$13,264
#54	1	7 Years	\$ 7,249
#55	2	3 Years 6 Years	\$11,669
#58	2	3 Years 6 Years	\$ 7,371
#63	2	3 Years 4 Years	\$11,156
#65	1	11 Months	\$ 7,594

CHART D (continued)

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS
ANCHORAGE AFDC DAY CARE
FAMILIES OVER \$7,000

Department of Community and Regional Affairs Family ID Number	Number of Children in Family	Ages of Children	Family Net Adjusted Income
#70	2	4 Years 6 Years	\$ 9,793
#72	1	7 Months	\$11,142
#73	1	3 Years	\$ 9,314
#76	2	5 Years 9 Years	\$ 9,485
#89	2	2 Years 4 Years	\$ 7,911
#90	1	2 Years	\$11,624

9
19
21

49

CHART E

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS
 FAIRBANKS AFDC DAY CARE
 FAMILIES OVER \$7,000

Department of Community and Regional Affairs Family ID Number	Number of Children in Family	Ages of Children	Family Net Adjusted Income
#110	1	3 Years	\$10,008
#113	1 1/2	7 Years	\$ 7,200

CHART F

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS
 JUNEAU AFDC DAY CARE
 FAMILIES OVER \$6,900

Department of Community and Regional Affairs Family ID Number	Number of Children in Family	Ages of Children	Family Net Adjusted Income
# 96	1	3 Years	\$9,004
# 97	1	2 Years	\$7,972
#100	2	3 Years 4 Years	\$9,897
#104	2	1 1/2 Years 3 Years	\$6,998
#105	2 <i>8</i>	5 Months 5 Years	\$8,182

STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

Division of Community and Rural Development

*keep w/ bill on defini-
tion of child, etc.*

JAY S. HAMMOND, GOVERNOR

*(LSP committee
file)*

Division of
Community & Rural Development
Bayview Commercial Bldg., Suite 230
619 Warehouse Avenue
Anchorage, Alaska 99501

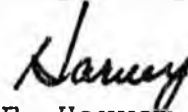
April 4, 1977

Representative Lisa Rudd
House of Representatives
Pouch V
Juneau, Alaska 99811

Dear Representative Rudd:

Enclosed is a copy of a letter which I received from Don Kemp in the Division of Public Assistance regarding my inquiry as to whether or not it would be possible to place AFDC/WIN recipients who are receiving day care assistance on our sliding fee schedule. It appears there will be no difficulty in accomplishing this since the payments received by families eligible for AFDC/WIN recipients would in no case ever result in a reduction of eligibility for day care assistance under our current program guidelines. If I can be of further assistance to you please do not hesitate to call upon me.

Very truly yours,



F. Harvey Pitts
Child Care Programs
Coordinator

FHP:sb

Enclosure

STATE OF ALASKA

DEPT. OF HEALTH AND SOCIAL SERVICES

DIVISION OF PUBLIC ASSISTANCE

JAY S. HAMMOND, GOVERNOR

POUCH H 07 - JUNEAU 99811

March 25, 1977

Mr. F. Harvey Pitts
Child Care Programs Coordinator
Division of Community & Rural Development
Bayview Commercial Building - Suite 230
619 Warehouse Avenue
Anchorage, Alaska 99501

Dear Mr. Pitts:

Re: Your March 7, 1977 Letter

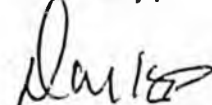
Mr. Landes and I have discussed Representative Rudd's request that you explore the possibility of reducing the 100% subsidy of AFDC/WIN recipients' day care costs; there is nothing in federal regulations or in our AFDC State Plan that would prohibit such a change.

Under 45 CFR 233.20, all reasonable costs of earning must be deducted from gross earned income in determining AFDC eligibility and grant amounts. Any payment for work-necessary child care which is verified as made by an AFDC recipient will be reflected dollar for dollar in her AFDC grant. For example, if you began charging a recipient \$50 per month for day care, and she had been previously subsidized at 100% and was receiving a \$150 AFDC monthly payment, we would rebudget her case and increase her grant to \$200. (AFDC funding is 50% federal, 50% state general fund match.)

We would be concerned about the effect of subsidy reduction upon AFDC recipients who are in a training program and who have no income other than their AFDC payments. If your income schedules count AFDC payments, and our maximum allowable AFDC payments would place such clients in a less-than-100% subsidy category, the AFDC program cannot increase payment to them, and they would suffer a net loss in total available income. We can deduct only the costs of child care directly related to the earning of income.

Obviously, any contemplated change in your subsidization patterns will produce a corresponding change in the AFDC component of the Assistance Payments BRU. Because of this, and because of the time which will be required for our field staff to rebudget our shared clients, we would appreciate the earliest possible notice of any subsidy change.

Sincerely,



Don Kemp
Acting Director

SUPPORT RAISING DAY CARE ASSISTANCE AGE TO 11 FOR SCHOOL AGE
CHILDREN AFTER SCHOOL

977 MAR 22 PM

RICK WICKS DIRECTOR BUTTERFLY CHILDRENS CENTER
3388 WEST NORTHERN LIGHTS ANCHORAGE 99583

WE ENCOURAGE YOUR SUPPORT TO EXTEND CHILD CARE FROM AGE 7
TO 12 YEARS UNDER CRA PROGRAM

JANE AGNEW, DIANNA ANDERSON, SHARON BLAKE, SUSAN BURRIS,
LENN CARROLL, BEATRICE CANN, ELIZABETH DRAMOSH, JOYCE HARDY,
CHRISTINE HODGE, SUSAN JOHNSON, CRETCHIE MANIX, MARILYN
MILLER, NANCY MORGAN, JANE MULLINGS, FREDA SCHWARZ,
CARI SMITH, MARILYN SWANSON, JEFF WESLEY, RUBY WOOD, PAULY
PAXTON

SUPPORT THE AMENDMENT TO HB215 RAISING THE AGE LIMIT
FOR DAY CARE ASSISTANCE

LYNN STEARNS 752 FAIRBANKS ST ANCHORAGE AK 99501

SUPPORT RAISING DAY CARE ASSISTANCE AGE TO 11 FOR SCHOOL
AGE CHILDREN AFTER SCHOOL

MATHEE LAGERQUIST
2532 DISCOVERY COURT
ANCHORAGE AK 99515

SV11 0903 11.13 J601 0010 11.20 03/03/77

J601 ATTN: JESSIE DOOSO:
RE: DAY CARE AMENDMENT

SUGGEST THE FOLLOWING BE INTRODUCED TO RESOLVE CURRENT AND ANTICIPATED PROBLEMS:

SEC. 44.47.230 (4)
DELETE ALL

SEC 44.47.310

DELETE LANGUAGE TO BE ADDED THAT IS EFFECTIVE FOR FY 77 ONLY IN REFERENCE TO AFDC. (THE HOUSE CRA COM. WILL BE ADDING THIS TO CORRECT A MISTAKE BY THE REVISOR. IT IS NECESSARY TO MAKE ALL OF OUR PAYMENTS THIS YEAR LEGAL AND WILL BE MADE RETRO TO JULY 1, 1976). THIS SHOULD THEN BE DELETED EFFECTIVE JULY 1, 1977 AND REPLACED WITH THE FOLLOWING:

((44.47.310 (3) DEFINITION OF A CHILD
(3) "CHILD" MEANS A PERSON WHO HAS NOT YET REACHED THE AGE OF 11))

THIS REDUCES THE AGE OF THE AFDC RECIPIANT CHILDREN FROM AGE 14 AND RAISES THE OTHERS FROM AGE 7. THE NET EFFECT SHOULD APPROXIMATELY BALANCE OUT IN NUMBERS. WE DO PROJECT AN ACTUAL COST SAVINGS BECAUSE WE WOULD NO LONGER NEED TO FUND ALL AFDC AT 100%. EVERYONE WOULD BE TREATED EQUALLY.

NEED TO GET INTRODUCED PROMPTLY. PLEASE ADVISE.

ERIC

also, if they don't have to work w/ federal funds next year they plan to institute adm. changes which will save \$1000 per day

*Natural cut off seems to be age 11
11 kids in day care program now over age 11 (out ~ 800)
14% more kids eligible w/ new age than now*

*4056
HE 193*

POSITION PAPER
ON
HOUSE BILL NO. 193

"An Act relating to child care; and providing for an effective date."

This bill would make certain amendments to AS 47.35.101(b), which was enacted last year by sec. 3, ch. 253 SLA 1976, to provide for delegation by the Department of Health and Social Services of its powers relating to nurseries to municipalities which have adopted their own ordinance to provide for day care licensing.

The first proposed change is the addition of a requirement that the municipality notify the Department in writing that licensing powers have been assumed and that the department formally delegate its licensing powers within 90 days from receipt of the written notification. By providing for a written request for delegation of licensing powers and a time period for action, a more orderly process can be followed which will reduce confusion between the municipality and the Department.

The second proposed change would make it clear that delegation of licensing powers by the Department applies to home rule municipalities which derive their powers from the Alaska Constitution. The addition of home rule municipalities corrects an oversight in the technical aspects of the original statute. The City of Anchorage claims that their ordinance was enacted prior to the new state statute and was derived from Article 10, Sec. 11 of the Alaska Constitution, not under AS 29.48.030(a) (20). Anchorage, therefore, will not accept delegation of powers. This amendment to the Bill will clarify legislative intent.

Additional proposed changes are to clarify the intent of the Bill in its relationship to day care licensing.

The Department supports this Bill as a necessary step in appropriately fulfilling the intention of the statute. During the past 6 months, letters were mailed by The Division of Social Services in the Department to each of the 180 units of local government eligible to assume day care licensing power, providing information about the statute and offering technical assistance. The communities of Anderson, Bethel

and Nome enacted ordinances. The City of Nome had the misunderstanding that the assumption of licensing powers was required to receive State funds under the Day Care Assistance program. When this misunderstanding was corrected, the City Council rescinded the ordinance. The cities of Hoonah, Tununak and Petersburg made inquires, but have taken no action.

The Department supports the bill without change.

Recommended By: Sam J. Roberts 2/15/77
Director (Date)

Approved By: John M. J. J. 2/15/1977
Commissioner (Date)

Comments by Governor's Office:

By: _____ (Date)

AFDC

COLUMBIAN WHITE CO.

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Fam #	Community	Ages of Ch. Assisted (Yrs)	No. of Ch. Assisted	Amount of Assistance Per Child	Total Assistance Col (2) X (3)	Family Income (Adjusted)	Cost to State Using 100% Assistance - Annual	% of ASST Using DSS	Cost to State Using DSS	Ch. Savings Under Proposed State DSS
1	Anchorage	6	1	252-	252-	6056	3,024	80	2,419	605
2	"	2	2	252-	504-	7136	6,048	20	4,832	1210
		14 mo								
3	"	6	1	252-	252	6206	3,024	20	2,419	605
4	"	12 mo	1	252-	252	3600	3,024	100	3,024	-
5	"	6	2	252-	504	8,167	6,048	60	3,629	2,419
		9								
6	"	4	2	252-	504	4200	6,048	100	6,048	-
		2 1/2								
7	"	3	2	252	504	4,671	6,048	100	6,048	-
		2								
8	"	6	1	252	252	3600	3,024	100	3,024	-
9	"	3	1	252	252	3600	3,024	100	3,024	-
10	"	6	2	252	504	4200	6,048	100	6,048	-
		4								
11	"	5	1	252	252	6,716	3,024	20	2,419	605
12	"	3	1	252	252	10,770	3,024	20	1,814	1210
13	"	2	1	252	252	3600	3,024	100	3,024	-
14	"	1	1	252	252	3600	3,024	100	3,024	-
15	"	2	1	252	252	3600	3,024	100	3,024	-
16	"	11 mo	1	315	315	4,856	3,780	100	3,780	-
17	"	1	2	252	504	7,316	6,048	20	4,832	1,210
		5								
18	"	3	1	252	252	6,251	3,024	20	2,419	605
19	"	1	2	252	504	6,241	6,048	20	4,832	1,510
		6								
20	"	4	3	252	756	9,954	9,072	60	5,442	3,629
		10								
		11								
21	"	9	1	252	252	7,163	3,024	20	2,419	605
22	"	2	1	252	252	6,357	3,024	20	2,419	605
23	"	3	1	252	252	3,600	3,024	100	3,024	-
24	"	2	1	252	252	7,082	3,024	20	2,419	605
25	"	5	2	252	504	4,200	6,804	100	6,804	-
		6 mo		315						
26	"	5	1	252	252	3,600	3,024	100	3,024	-
27	"	7	1	252	252	6,476	3,024	20	2,419	605
28	"	3	3	252	756	4,200	9,072	100	9,072	-
		7								
		8								

122,972 - 106,944 - 15,028

	(INDEX FACTOR)	(BASE)	103.75	107.50	115.00	118.75	126.25	130.00	133.75
	INCOME GROUP (Net Adjusted)	Anchorage Juneau Ketchikan	Petersburg Wrangell Sitka, Palmer	Kodiak, Homer Seward, Kenai Hoonah	Fairbanks College Cordova	Valdez	Nome Dillingham	Bethel Emmonak	Healy Clear Tanana
	INCOME GROUP I	0	0	0	0	0	0	0	0
State	100 %								
Parent	0 %	5,999	6,224	6,449	6,899	7,124	7,574	7,799	8,024
	INCOME GROUP II	6,000	6,225	6,450	6,900	7,125	7,575	7,800	8,025
State	80 - 100 %								
Parent	20 - 0%	7,999	8,299	8,599	9,199	9,499	10,099	10,399	10,699
	INCOME GROUP III	8,000	8,300	8,600	9,200	9,500	10,100	10,400	10,700
State	60 - 80 %								
Parent	40 - 20 %	10,999	11,411	11,824	12,649	13,061	13,886	14,299	14,711
	INCOME GROUP IV	11,000	11,412	11,825	12,650	13,062	13,887	14,300	14,712
State	40 - 60 %								
Parent	40 - 60 %	12,999	13,486	13,974	14,949	15,436	16,411	16,899	17,386
	INCOME GROUP V	13,000	13,487	13,975	14,950	15,437	16,412	16,900	17,387
State	20 - 40 %								
Parent	80 - 60 %	14,999	15,561	16,124	17,249	17,811	18,936	19,499	20,061

"An Act relating to child care; and providing for an effective date."

Although this bill amends existing statutes governing the Department of Community and Regional Affairs Day Care Assistance Program, two of its provisions would impact this Department's Aid to Families with Dependent Children (AFDC) cash assistance program:

1. Sec. 2 of CHSB No. 193 would reduce the maximum age of AFDC eligible children covered by the Day Care program from age 14 to age 11. The AFDC parents of children in this deleted age group would therefore be required to pay their own full day care costs. Community and Regional Affairs notes that 6 AFDC children would become ineligible for day care subsidy if this measure were to be enacted, and that current costs of day care for these 6 children averages \$2600 per year per child.

Federal Regulations governing the AFDC program mandate that all reasonable costs of earning income, including client-paid day care costs, be deducted from gross monthly income in determining AFDC eligibility and payment amounts (45 CFR 232.20). Under this provision, client-paid day care expenses would qualify as a budgeting deduction, decreasing AFDC adjusted gross income and thus increasing the amount of the monthly AFDC grant on a dollar-for-dollar basis.

Thus the parents of each of these 6 affected AFDC children would be required to pay an average of \$2600 per year per child to their day care contractor, but each client would receive an exactly compensatory increase in AFDC monthly payments. The effect of this change would be to increase expenditures within the AFDC program component of the Assistance Payments BRU by \$15,600 in FY 78 (6 children times \$2600 per child per year = \$15,600). Since AFDC funding is 50% federal, 50% State General Fund matching, and the Day Care program is 100% General Funds, the impact of passage of Sec. 2 upon the General Fund expenditures would be a net reduction of \$7,800 for FY 78.

2. Sec. 3 of CHSB No. 193 would remove all AFDC eligible children from 100% subsidization of Day Care costs and place such children upon varying percentage subsidies appropriate to family income levels. Currently C & RA serves 235 AFDC children who would be affected by enactment of this measure; they estimate that placement on existing subsidy/income schedules would require parents of these children to pay an average of \$499.57 per year per child for day care.

As noted above, the AFDC grants to each of the families affected would have to be increased to allow a dollar-for-dollar compensation for the actual client-paid day care expenses. Thus the effect of enactment of Sec. 3 upon the FY 78 Assistance Payments BRU would be to increase AFDC program expenditures by \$117,400 (235 children times \$499.75 per child per year = \$117,400; \$58,700 Federal Funds, \$58,700 in State General Funds). The net effect of passage of Sec. 3 upon total General Fund expenditures would be a net reduction of \$58,700 for FY 78.

The Department supports the concept of removing the preferential treatment for working AFDC recipients which might tend to emphasize their welfare-related status and to reinforce dependency patterns. The Department further supports the concept of expanding the availability of the Day Care Assistance Program without increasing total State expenditures.

However, if CSHB No. 193 were to be enacted, an increased appropriation of 133.0 for FY 78 for the Assistance Payments BRU would be required. Such increase would result in a net savings of 66.5 SGF.

John J. Lander
Dir. Public Assistance
3/04/77

"For Your Information"
OFFICE OF CHILD ADVOCACY
2457 Arctic Boulevard
Anchorage, Alaska 99503

FACTS ABOUT DAY CARE IN ANCHORAGE -- 1974

I. DAY CARE NEEDS (see page 4 for further statistics)

10,677 children need out of home day care
1,043 licensed day care slots available
as recorded by Division of Family
& Children Services

II. FINANCIAL COSTS OF OPERATING A DAY CARE CENTER

A. Minimal Budget

Based on enrollment of 40 children at an average
of \$150.00 a month per child.

$$40 \text{ children} \times \$150/\text{month} = \$6,000.00$$

Budget sheet on page 5 shows average expenditures
for a center based on this income with minimal
staff and minimal expenses

B. Well Balanced Budget

A well balanced program with trained and well paid
staff would cost \$10,600.00 a month. (see budget sheet
on page 7 for further explanation)

COSTS FOR A WELL DEVELOPED CENTER WITH TRAINED AND WELL
PAID STAFF IS PRESENTLY PROHIBITIVE. QUALITY DAY CARE
CANNOT BE DEMANDED DUE TO FINANCIAL UNFEASIBILITY.

page 2

MONTHLY BUDGET

SUMMARY:

Ending Balance:	.00
Expected Income:	\$6,232.00
Expected Expenditures:	\$6,232.00
Balance:	.00

	Explanation		Final
<hr/>			
40 Children x \$150 per month			
<hr/>			
I.	Fixed Expenditures		
	*Rent	\$.70/sq. ft. x 2,000 sq. ft. = \$1,400	\$1,400.00
	Insurance	\$350/yr. ÷ 12 mo. = \$30	30.00
	Licensing	\$25 Business License + \$25 Inspection	50.00
	Total		<u>\$1,480.00</u>
II.	Administrative Costs		
	Director's Salary	\$10,000 ÷ 12 mo. = \$820/mo.	\$ 820.00
	FICA & Workmans Comp.	15% of \$10,000 = \$1500 ÷ 12 mo. = \$125/mo.	125.00
	**Consultants		
	**Mileage		
	**Staff Conferences		
	Office Supplies	\$20/mo.	20.00
	Total		<u>\$ 965.00</u>
III.	Operational Costs		
	Heat	\$55.00	
	Light	16.00	
	Water	6.00	
	Garbage	4.00	
	Telephone	10.00	
	Sever	9.00	
	Total	<u>\$109.00</u>	\$ 109.00
	Paper Products	30.00	
	Soap	10.00	
	Kitchen Supplies	10.00	
	Advertising	.00	
	Total	<u>\$50.00</u>	50.00
IV.	Staff		
	Teachers (list name, time, & amount)	2 staff x 11 hrs. = 22hr. x \$2.60/hr. 2 staff x 11 hrs. = 22hr. x \$3.25/hr.	\$2,574.00
	Cook	3 hr./day x \$3.00/hr. x 22 days	198.00
	**Secretary		
	**Janitor		
	**Bookkeeper		
	FICA & Workmans Comp.	15% of \$2,772.00 = \$415.00	415.00
	Total		<u>\$3,187.00</u>
V.	Instructional Supplies		
	Paper, paint, brushes, paste		
	Expendible Equipment (list)	\$10.00/mo	\$ 10.00
	Total		<u>\$ 10.00</u>
VI.	Food	\$.50/day x 22 days x 40 children = \$440	\$ 440.00
	Total		<u>\$ 440.00</u>
VII.	Transportation		
	**Total	\$.00	<u>\$.00</u>
VIII.	Maintenance		
	**Building		
	**Equipment		
	**Total	\$.00	<u>\$.00</u>
<hr/>			
TOTAL OPERATING COSTS			<u>\$6,232.00</u>

IX. Capital Outlay	\$.00	
**Facility	.00	
**Program	.00	
Total		<u>\$.00</u>

TOTAL EXPENDITURES \$6,232.00

X. Income (Figured on 40 children)		
Tuition	\$150/no. x 40 = \$6,000	\$6,000.00
Supply Fee	\$10/yr x 40 = \$400 - 12 no. = \$34	34.00
Pre-Registration Fee	\$5/yr x 40 = \$200 - 12 no. = \$18	18.00
Miscellaneous (Sales, grant)	\$180.00	<u>180.00</u>
Total		\$6,232.00

*Licensing Requirement: 50 sq. ft. per child

**no money allotted

MODEL MONTHLY BUDGET

	Explanation	Final
I.	Fixed Expenditures	
	*Rent	\$2,000.00
	Insurance	40.00
	Licensing	50.00
	Total	<u>\$2,090.00</u>
II.	Administrative Costs	
	Director's Salary	\$1,100.00
	FICA & Workmans Comp.	140.00
	Consultants	in gratis
	Mileage	
	**Staff Conferences	Substitute payment=\$3.50/hrx2hr/mo = \$23.00
	Office Supplies	\$20/mo.
	Total	<u>\$1,383.00</u>
III.	Operational Costs	
	Heat	\$55.00
	Light	10.00
	Water	6.00
	Garbage	4.00
	Telephone	10.00
	Sewer	5.00
	Total	<u>\$100.00</u>
	Paper Products	30.00
	Soap	10.00
	Kitchen Supplies	10.00
	Advertising	.00
	Total	<u>\$150.00</u>
IV.	Staff	
	***Teachers	\$4,040.00
	Cook	4 hr./day x \$30/hr. x 22 days = \$300
	****Secretary	
	Janitor	2 hr./day x \$2.00/hr. x 22 days = \$154
	Bookkeeper	32 hrs./month x \$3.50 = \$112
	FICA & Workmans Comp.	15% of \$5,414 = \$810
	Total	<u>\$6,224.00</u>
V.	Instructional Supplies	
	Paper, paint, brushes, paste	\$25
	Expendible Equipment	\$15
	Total	<u>\$40.00</u>
VI.	Food	
	Total	\$.75/day x 22 days x 40 children = \$670
	Total	<u>\$ 670.00</u>
VII.	Transportation	
	****Total	\$.00
VIII.	Maintenance	
	Building	\$30
	Equipment	\$20
	Total	<u>\$ 50.00</u>
IX.	Capital Outlay	
	****Facility	.00
	****Program	.00
	Total	<u>\$.00</u>
<u>TOTAL EXPENDITURES</u>		<u>\$10,000.00</u>

*Licensing Requirement: 50 sq. ft. per child

**Staff Conferences: Substitute payment--coverage for 2 hours a week to enable staff to utilize training services.

***Teachers' Salaries:

\$5.00 x 2 morning teachers @ 7 hr./day	308 hr/mo	\$1,540.00
\$4.00 x 2 morning teachers @ 6 hr./day	264 hr/mo	1,056.00
\$5.00 x 2 afternoon teachers @ 7 hr./day	308 hr/mo	1,540.00
\$4.00 x 2 afternoon teachers @ 4 hr./day	176 hr/mo	<u>704.00</u>
		\$4,840.00

***No money allotted

HB

202.

(UNORGANIZED
Borough TAXES)

COMMITTEE REPORT

2-10-77

HOUSE

FINANCE

_____ Date

Mr. Speaker:

The Committee on OSRC has had HB 202

under consideration. A majority of the members of the Committee

- recommends it do pass
- recommends it do not pass
- recommends it do pass with attached amendment(s)
- recommends it be replaced with CS for _____ and that CS for _____ do pass
- (and) recommends it be referred to the _____ committee
- reports it back without recommendation
- AND attaches a report of its intent
- (other) _____

MEMBERS SIGNING THE MAJORITY REPORT:

L. Rudd - do Pass _____

MEMBERS NOT CONCURRING IN THE MAJORITY REPORT:

_____ recommends: _____

[Signature] recommends: [Signature]

[Signature] recommends: [Signature]

_____ Chairman



LISA RUDD

ALASKA HOUSE OF REPRESENTATIVES

Pouch V
Juneau 99811

2827 Lore Road
Anchorage 99507

December 1, 1977

Mr. Carl A. Propes, Jr.
Land Manager
Chugach Natives, Inc.
912 East 15th Avenue
Anchorage, Alaska 99501

Dear Mr. Propes:

Thank you for your letter regarding HB 202.
The Committee is looking at several other means by which
rural residents could help with school costs.

In my opinion, the new law on 3rd class boroughs
provides a means for rural areas to incorporate and pro-
vide themselves with needed local government services
without placing an onerous tax burden upon themselves.
You might call the Anchorage Legislative Information
office and ask them to send you a copy of the new law.

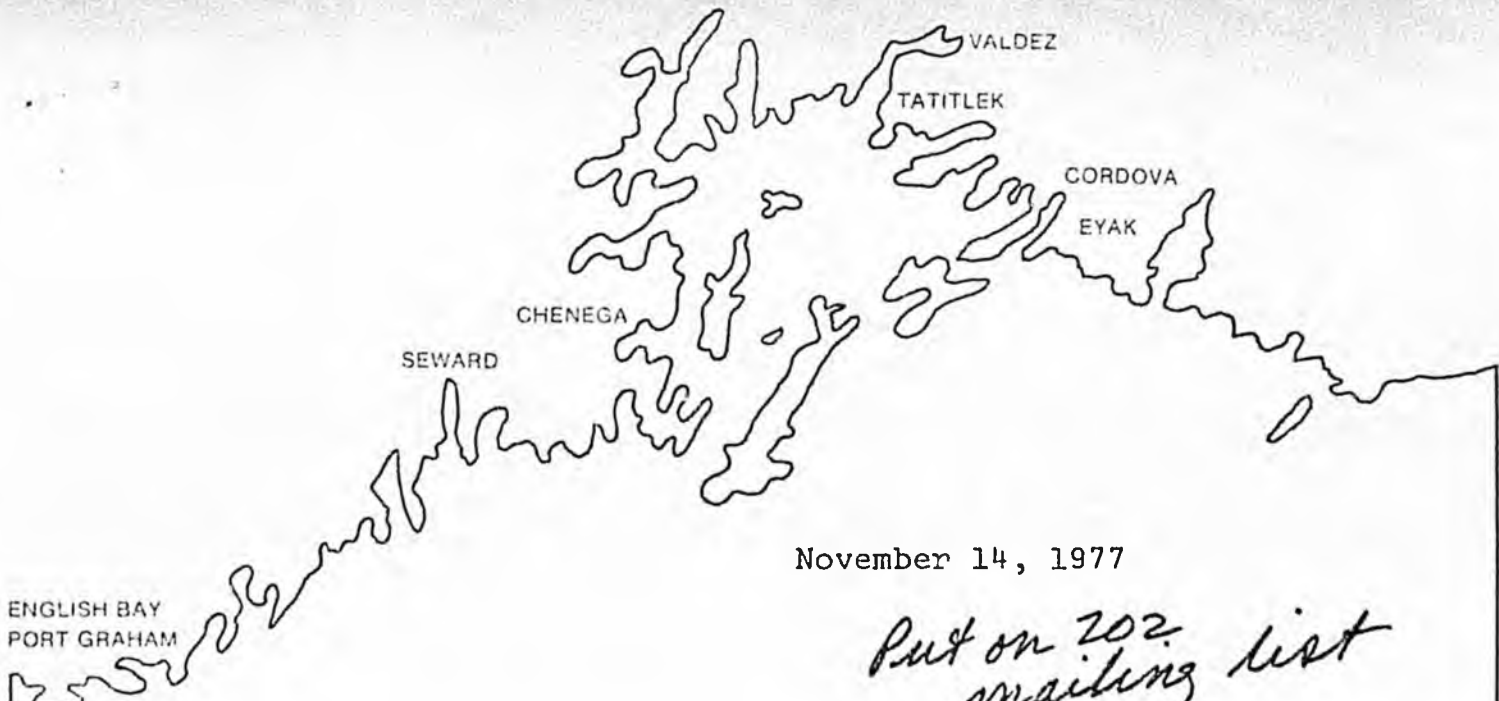
We will try to keep you informed of further action
on HB 202.

Cordially,

Lisa Rudd

LR/l.cv

cc: C&RA Committee Members



ENGLISH BAY
PORT GRAHAM

November 14, 1977

*Put on 202
mailing list*

Rep. Lisa Rudd, Chairman
Interim Committee on Taxation
in the Unorganized Borough
Alaska State Legislature
Juneau, Alaska 99811

Dear Representative Rudd,

I have seen several articles recently in the Tundra Times concerning your hearings in Delta, Tok and Fort Yukon on House Bill 202. The possibility of a tax on personal and real property within the unorganized areas of Alaska greatly concerns Chugach Natives, as the majority of our land selections under the Alaska Native Claims Settlement Act lie outside of incorporated areas. We would therefore like to be kept informed of any developments which take place on this subject, both during the "off-season" and the regular legislative session.

Of special concern to me is the definition of "unimproved land" in section 29.03.230(2) of H.B. 202. This may have to be refined so that the discretion of the state assessor in making his own definitions is kept to a minimum.

What troubles me most about H.B. 202 is its potential for indirectly instigating areas and communities which are presently unincorporated to organize. If they are to be taxed anyway, why shouldn't the inhabitants of these regions want increased local control over how their tax dollars are spent? Most of the state's rural areas which would be caught in this bind lack the unity of interest and the economic base needed to sustain viable organized governments. Moreover, I believe that the majority of residents in these remote areas and villages prefer to continue to

Chugach
Natives, Inc.

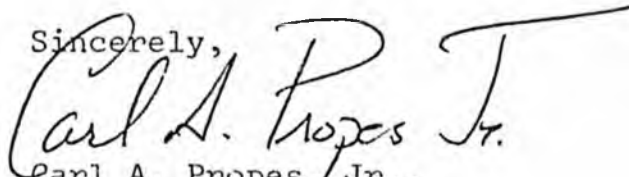
live as they have traditionally, without being bothered by more restrictions imposed by government.

Therefore, I recommend that if H.B. 202 is to be passed by the Legislature, a strong statement of purpose is needed to declare that the intent of the bill is not to compel hasty and premature incorporations of new governmental entities. Those brave and hardy persons who reside in the Alaskan "bush" must be allowed full self-determination over issues such as this, and only as a last resort should the Legislature enact a bill which would have the effect of reducing their freedoms.

Before H.B. 202 is seriously considered by the Legislature I would further hope that all other means by which rural residents could pay their fair share of school costs would be thoroughly analyzed.

I appreciate this opportunity to communicate my views on H.B. 202 to you and your Committee.

Sincerely,



Carl A. Propes, Jr.,
Land Manager

cc: Rep. Bill Miles
Rep. Sally Smith
Rep. Merle Snider
Rep. Pete Loveseth
Rep. Nels Anderson
Rep. Tim Kelly
Rep. Al Ose

Leston L. McNeil
P.O. Box 333
Delta Junction, Ak 99737

Ms Lisa Rudd
Community and Regional Affairs Committee
Alaska House of Representatives
Pouch V, Juneau, Alaska 99811

19 October 1977

Dear Chairperson:

I regret that I was unable to attend the public hearing on HB 202, (Real Property Tax in Rural Alaska), that was held in Delta Junction on October 17. You have asked for written comments on this Bill and my comments are as follow.

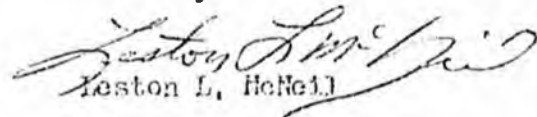
First I would like to state that the people living in Rural Alaska, ie, the unorganized boroughs, pay exactly the same Alaska State and Federal taxes as does anyone else living in the Cities or in the Organized boroughs. We pay the Federal and Alaska State Income tax and the Alaska School tax and these are the only Federal and State taxes paid by anyone in the State.

Secondly I would like to point out that the State of Alaska does not pay one cent more towards the education of a child living in the unorganized borough than it does to help educate one living in the organized boroughs. The amount paid per child is the same. At least this is my understanding.

In that the people in the unorganized boroughs pay the same State and Federal taxes as does the people in the organized boroughs it would appear to be an act of gross discrimination for the State of Alaska to place a Real Property tax on one part of the State population and not on the other part. The fact that one part of the population has voted to tax it's self and the other part has chosen not to tax themselves should have no bearing on whether the State levies a tax or not.

Unless HB 202 is expanded to tax ALL the people of Alaska equally I will provide financial support to any group of citizens formed to challenge the constitutionality of this discriminatory tax in the courts.

Sincerely


Leston L. McNeil

CC: Fairbanks Daily News Miner
The Delta Paper